

Q&A Session Summary

OMRON Corporation

Financial Results for the Second Quarter Ended September 30, 2012

(FY12 Q2) October 31, 2012, Tokyo

*Supplemental. Original presentation given in Japanese.

Profit Strategy

- Q1:** In Europe, operating income margin was down in Q2. Any plans in mind, such as restructuring?
- A1:** No plans to shrink our operation in Europe. We regard the drop was temporary. In the first half, profit margin went down due to weaker IAB sales and negative forex.
- Q2:** Your focus is to re-strengthen IA (industrial automation) business. Why not revise the strategy and give more focus on the rest of businesses?
- A2:** We will not change the strategy, because we see IAB (Industrial Automation Business) is the highest growing business.
- Q3:** How do you see your FY13 gross profit margin goal of 39 percent? Is it attainable?
- A3:** We are more confident as we work on various measures: cutting variable costs; reducing the number of components; and introducing standardized platform systems. Also Social Solutions Business improved its profit, which we see is not temporary but sustainable.

Industrial Automation Business (IAB)

- Q1:** Can you explain what happened to the US sales in September?
- A1:** A large oil-and-gas-related contract expected for the month was carried over to pull the monthly sales down. Except that, there was no major change in the business environment.
- Q2:** How do you - and are you going to - sell global standard (GS) products in China?
- A2:** For large-sized customers, we directly work with them to improve their processes and production lines. And for mid-/small-sized businesses, we do so through distributors. We expect LCA (low-cost automation) has business opportunities. We have experience in responding to any customers' demand, high spec or low spec.
- Q3:** Any risks of IAB's slowing down in Q4?
- A3:** It is true that the business environment is uncertain, but IAB will work on its own against the headwind. The automotive market will be weak, but the semiconductor market will slightly turn around in Q4. Active sales promotion, such as sales campaigns, will also contribute to lift sales.

Q4: What is gross profit margin of IAB alone, the number that indicates IAB's true strength?

A4: We do not disclose precise figures by business. IAB is high in profit margin, and we will keep working to lift its profitability by profit structural reform and introduction of GS products.

Q5: About your sales strategy in China. How does Omron differentiate itself from competitors in the market?

A5: Our advantage is in reliability. Our product quality and customer support are far better. We offer a wider range of products, and give technical support to flawlessly connect products in customers' systems, not only Omron's but also other makers' products.

Healthcare Business (HCB, Omron Healthcare, Co., Ltd.)

Q1: I think there's more HCB can do to increase its sales. Any M&A?

A1: HCB, which is mainly B-to-C, is working to boost its sales, by, for example, using its strength in approval and licensing. As for M&A, we are seeking possibilities, especially tie-ups that lead to expand our sales network in emerging markets and a range of products.

Environmental Solutions Business

Q1: How about sales, vs. forecast?

A1: Outnumbering the forecast. Both energy creation and energy saving are fine, and we expect the upward trend to continue.
