



OMRON

Sensing tomorrow™

**Financial Results
for the Third Quarter
Ended December 31, 2012
(FY12 Q3)**

**January 30, 2013
OMRON Corporation**



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FY12 Q3 & Full-Year Overview



FY12 Q3 & Full-Year Overview

Q3 (Oct-Dec) Review

- Business environment remained challenging in Japan and overseas. Especially Japan, mainly the automotive industry, worsened gradually.
- But Omron recorded year-on-year increase both in sales and operating profit, carrying out VG2020 mid-/long-term measures and demonstrating its strength in its business-mix operation, to meet the initial forecast overall.

Q4 & Full-Year Outlook

- The global economy is unlikely to improve as much as Omron expected in October, and the current difficulty will continue in Japan and overseas.
- On the other hand, the weaker yen will work positively for Omron's yen-translated figures.
- With VG2020 success and forex gain, no change to the Oct. 30 full-year forecast.

Dividends

- FY12 year-end dividend is forecasted at ¥18 (¥32/year).
- Omron wishes to pay ¥5 commemorative dividend to mark its 80th founding anniversary and to show gratitude to its shareholders, ¥37/year in total.



Executive Summary



Executive Summary

FY12 Q3 (October- December) Results

- Sales up ¥9.9 bn (+6.6%), OP up ¥2.5 bn (+32.8%) Y/Y.
- Year-on-year, Industrial Automation (IAB) almost flat. Electronic & Mechanical Components (EMC) down. Automotive Electronic Components (AEC), Social Systems (SSB), Healthcare (HCB) and Other saw sales increase.
- OP up due to steady improvement in gross profit margin.
(without forex impact, ¥157.2 bn sales (+5.1%) and ¥9.3 bn OP (+25.9%))
- Exchange rates: 1 USD = ¥81.5; 1 EUR = ¥106.2 (FY11 Q3: 1 USD = ¥77.6; 1 EUR = ¥104.9)
- Raw material prices: Copper ¥662/kg; Silver ¥ 85,960/kg
(FY11 Q3: Copper ¥681/kg; Silver ¥87,110/kg)

	FY2012 Q3	FY2011 Q3	Y/Y	(Billions of yen)
Net Sales	159.5	149.6	+6.6%	
Gross Profit Margin	37.1%	36.3%	+0.8% pt	
Operating Income	9.9	7.4	+32.8%	

Full-Year Forecast

- Looking to achieve full-year sales & OP goals as originally planned, revising forex & raw material price conditions.
- Q4 exchange rates: 1 USD = ¥89; 1 EUR = ¥118
(Oct. 30 assumptions: 1 USD = ¥79; 1 EUR = ¥102)
- Raw material prices: Copper ¥680/kg; Silver ¥82,000/kg
(Oct. 30 assumptions: Copper ¥700/kg; Silver ¥85,000/kg)



FY12 Q3 Results



Q3 Consolidated P/L

- Both sales and OP up Y/Y. Sales up ¥9.9 bn (+6.6%), OP up ¥2.5 bn (+32.8%). (without forex impact, ¥157.2 bn sales (+5.1%), ¥9.3 bn OP (+25.9%))
- Gross profit margin up to 37.1% (+0.8% pt) Y/Y due to profit structure reform.

(Billions of yen)

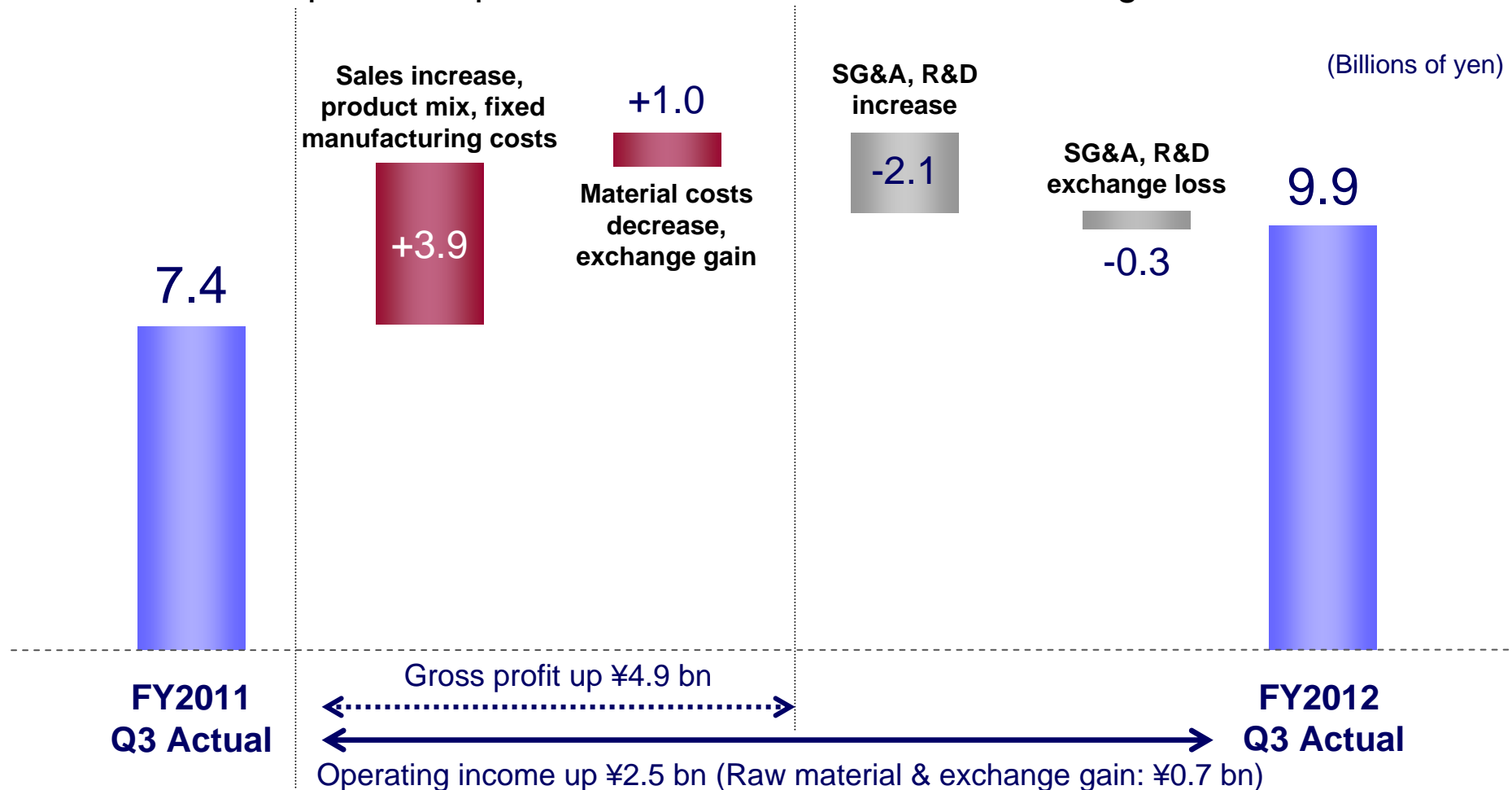
	FY2012 Q3	FY2011 Q3	Y/Y
Net Sales	159.5	149.6	+6.6%
Gross Profit (%)	59.2 (37.1%)	54.3 (36.3%)	+9.1% (+0.8% pt)
SG&A	38.9	36.0	+7.9%
R&D	10.5	10.8	-2.8%
Operating Income (%)	9.9 (6.2%)	7.4 (5.0%)	+32.8% (+1.2% pt)
Non-operating Income (loss), net	-1.1	2.2	--
NIBT	11.0	5.2	+109.4%
Net Income attributable to shareholders	8.4	-1.4	--

1USD (JPY)	81.5	77.6	+3.9
1EUR (JPY)	106.2	104.9	+1.3
Copper (JPY/kg)	662	681	-19
Silver (JPY/kg)	85,960	87,100	-1,150



Operating Income Analysis (Y/Y)

- Sales increase, profit structure reform and exchange gain pushed gross profit upward.
- OP up Y/Y in spite of increased SG&A and R&D for growth.





Consolidated B/S

- Inventory down Y/Y but little improvement shown in value due to ¥7.3 bn forex impact.

(Billions of yen)

	Dec 31, 2012	Dec. 31, 2011	Mar. 31, 2012
Assets	559.5	523.3	537.3
Cash and cash equivalents	54.7	44.7	45.3
Notes and accounts receivable - trade	138.7	122.7	141.1
Inventories	101.5	102.3	92.3
Inventories (w/o forex)	94.2	102.3	--
Deferred income taxes, other current assets	30.1	31.0	29.5
Property, plant and equipment	124.7	117.9	120.7
Investments and other assets	109.8	104.8	108.4
Liabilities	209.9	215.0	215.6
Short-term debt	19.7	29.7	18.8
Long-term debt	0.0	0.0	0.0
Notes and accounts payable - trade	77.1	77.1	79.3
Termination and retirement benefits	57.0	60.8	61.1
Other liabilities	56.1	47.5	56.4
Net Assets	349.6	308.2	321.7
Common stock and retained earnings	451.4	432.1	433.8
Accumulated other comprehensive income (loss)	-59.0	-80.2	-68.4
Treasury stock	-44.5	-44.6	-44.5
Non-controlling interests	1.7	0.9	0.8
Total Liabilities and Shareholders' Equity	559.5	523.3	537.3



Consolidated Cash Flows

- FCF notably up Y/Y due to net income increase, while we steadily carried out investments for growth.

(Billions of yen)

	FY2012 Q3	FY2011 Q3	(Ref. FY2011)
Operating activities	31.9	13.0	31.9
Investing activities	-20.4	-17.7	-26.5
Free cash flow	11.5	-4.7	5.4
Financing activities	-4.3	-22.5	-33.5
Effect of exchange rate changes on cash and cash equivalents	2.3	-2.8	-1.5
Net increase/decrease in cash and cash equivalents	9.5	-30.0	-29.5
Cash and cash equivalents at end of the period	54.7	44.7	45.3
Capital expenditures	21.3	19.4	28.3
Depreciation and amortization	16.4	16.2	22.6

*Capital investment is represented as capital expenditures on the consolidated cash flow statement.



Ref. Q1-Q3 Consolidated P/L

- Sales up, OP down Y/Y.
(without forex impact, ¥468.3 bn sales (+3.4%), ¥29.4 bn OP (-2.6%).
- Gross profit margin down from post-earthquake FY11.

(Billions of yen)

	FY12 Q1-Q3	FY11 Q1-Q3	Y/Y
Net sales	463.7	452.9	+2.4%
Gross profit (%)	171.0 (36.9%)	169.3 (37.4%)	+1.0% (-0.5% pt)
SG&A	111.0	107.6	+3.1%
R&D	32.1	31.5	+1.9%
Operating income (%)	27.8 (6.0%)	30.1 (6.7%)	-7.6% (-0.7% pt)
Non-operating income (loss), net	-0.4	3.8	--
NIBT	28.2	26.3	+7.2%
Net income attributable to shareholders	20.7	11.6	+77.7%

1USD (JPY)	80.4	79.2	+1.2
1EUR (JPY)	103.2	111.4	-8.2
Copper (JPY/kg)	678	76.9	-91
Silver (JPY/kg)	80,542	95,883	-15,341



Q3 Sales by Segment

- IAB almost the same Y/Y. EMC down. AEC, SSB, HCB and Other up.
- Omron demonstrated its strength in its business-mix operation to post profit increase overall.

(Billions of yen)

	FY2012 Q3	FY2011 Q3	Y/Y
IAB Industrial Automation	62.6	62.7	-0.3%
EMC Electronic & Mechanical Components	19.3	21.2	-8.8%
AEC Automotive Electronic Components	24.4	21.2	+15.3%
SSB Social Systems, Solutions & Service	13.3	12.5	+6.4%
HCB Healthcare	19.4	16.9	+14.6%
Other	18.7	13.3	+40.2%
Eliminations & Corporate	1.7	1.7	+2.2%
Total	159.5	149.6	+6.6%



Q3 Operating Income by Segment

➤ AEC, HCB and Other's OP up due to sales increase.

(Billions of yen)

	FY2012 Q3	FY2011 Q3	Y/Y
IAB	5.6 (8.9%)	6.4 (10.1%)	-12.1% (-1.2% pt)
EMC	1.3 (6.6%)	1.7 (8.2%)	-26.5% (-1.6% pt)
AEC	1.3 (5.2%)	0.4 (2.0%)	+205.3% (+3.2% pt)
SSB	-0.7 (-)	-0.3 (-)	- (-)
HCB	1.8 (9.4%)	0.9 (5.1%)	+108.5% (+4.3% pt)
Other	2.2	-0.9	-
Eliminations & Corporate	-1.6	-0.8	-
Total	9.9 (6.2%)	7.4 (5.0%)	+32.8% (+1.2% pt)

(%): Operating income/External sales



FY12 Full-Year Forecast



Conditions for FY12 Q4

External Environment

- The global economy will be still uncertain, with some areas showing recovery.
- Japan: Will remain challenging. Full-fledged recovery not expected until the next fiscal year at the earliest.
- Overseas: Europe will remain sluggish. In China, domestic demand will show signs of recovery but external demand will remain low. Emerging markets will enjoy steady growth and increases in consumer spending and capital investments.

Conditions: Exchange rates & raw material costs

Exchange rates

1 USD = ¥89; 1 EUR = ¥118

(Previous forecast: 1 USD = ¥79; 1 EUR = ¥102)

¥1 fluctuation impact
(full-year, approx)

	Sales	OP
USD	¥2.8 bn	¥0.7 bn
EUR	¥0.8 bn	¥0.4 bn

Raw material costs

Silver = ¥82,000/kg; Copper = ¥680/kg

(Previous forecast: Silver ¥85,000/kg; Copper ¥700/kg)

Silver & copper price change impact
(full-year, approx)

	Price change	OP
Silver	¥1,000/kg	¥100 mil
Copper	¥10/kg	¥100 mil



Q4 Business Environment by Segment

Segment	Q4 Business Environment
IAB	<ul style="list-style-type: none">• Japan: Still uncertain overall. Automotive and electronic components go slow, though there are investment projects going on. Machine tools remain tough. Semiconductors are not seeing much recovery against expectation.• Overseas:<ul style="list-style-type: none">• Europe: Production and new investments continue to drop, though economic indicators are showing improvement.• Greater China: Automotive and machine tools are going down. Domestic demand is on the rise with better PMI, but overall struggling with downward trend.
EMC	<ul style="list-style-type: none">• Japan: White electronic appliances is trending a bit slow.• Overseas:<ul style="list-style-type: none">• Greater China & Asia Pacific: Small signs of recovery.• Automotive components: Delay in demand recovery in Europe.
AEC	<ul style="list-style-type: none">• Japan: Hit by decreasing exports to ailing Europe and China-related sales.• Overseas: Little change in North America. Demand in China is growing. Customers in Asia are cutting back on production.
SSB	Demand for train system upgrading remains solid. Environmental solutions are seeing rising demand for power conditioner installations.
HCB	<ul style="list-style-type: none">• Japan: New products launched this FY (sleep sensors, blood pressure monitors and massagers) are selling well.• Overseas: Europe, especially Russia remains healthy.
Other	Environmental Solutions: Power conditioner sales keep growing. Backlights go soft.



FY12 Full-Year Forecast

- Looking to achieve full-year sales & OP goals as originally planned.
- Increase both in sales and OP by strategic investments and the weaker yen.

(Billions of yen)

	FY12 Forecast, Jan. 30	FY11 Results	Y/Y	FY12 Initial Forecast
Net sales	650.0	619.5	+4.9%	650.0
Gross profit	243.5	227.9	+6.9%	243.5
(%)	(37.5%)	(36.8%)	(+0.7% pt)	(37.5%)
SG&A	152.0	145.7	+4.4%	152.0
R&D	45.5	42.1	+8.1%	45.5
Operating income	46.0	40.1	+14.6%	46.0
(%)	(7.1%)	(6.5%)	(+0.6% pt)	(7.1%)
Non-operating income (loss), net	3.0	6.6	-54.5%	3.0
NIBT	43.0	33.5	+28.2%	43.0
Net income attributable to shareholders	28.5	16.4	+73.9%	28.5
1USD (JPY)	82.6	79.3	+3.3	78.0
1EUR (JPY)	107.1	110.3	-3.2	104.0
Copper (JPY/kg)	680	738	-58	700
Silver (JPY/kg)	81,910	92,379	-10,469	87,000



Ref. Full-Year Sales Forecast by Segment

➤ No change to Oct. 30 forecast.

(Billions of yen)

	FY12 Forecast, Jan. 30	FY12 Forecast, Oct. 30	FY11 Results	Y/Y
IAB	267.0	267.0	270.8	-1.4%
EMC	87.5	87.5	83.0	+5.4%
AEC	95.0	95.0	85.0	+11.7%
SSB	66.0	66.0	57.2	+15.4%
HCB	69.5	69.5	62.4	+11.3%
Other	59.0	59.0	53.5	+10.2%
Eliminations & Corporate	6.0	6.0	7.6	-21.1%
Total	650.0	650.0	619.5	+4.9%



Ref. Full-Year Operating Income Forecast by Segment

➤ No change to Oct. 30 forecast.

(Billions of yen)

	FY12 Forecast, Jan. 30	FY12 Forecast, Jan. 30	FY11 Results
IAB	33.5 (12.5%)	33.5 (12.5%)	33.3 (12.3%)
EMC	8.0 (9.1%)	8.0 (9.1%)	7.2 (8.7%)
AEC	5.0 (5.3%)	5.0 (5.3%)	2.7 (3.2%)
SSB	2.5 (3.8%)	2.5 (3.8%)	0.1 (0.2%)
HCB	4.5 (6.5%)	4.5 (6.5%)	2.9 (4.7%)
Other	-0.5	-0.5	-3.6
Eliminations & Corporate	-7.0	-7.0	-2.5
Total	46.0 (7.1%)	46.0 (7.1%)	40.1 (6.5%)



Shareholder Return to Mark Omron's 80th Anniversary



Year-End & Commemorative Dividends

- Omron plans to pay year-end ordinary dividend of ¥18 per share (¥32/yr) based on its profit distribution policy of min. 20% payout ratio and 2% DOE, aiming at stable and sustainable distribution.
- In addition, Omron wishes to pay a commemorative dividend of ¥5 to mark its 80th anniversary on May 10 this year, and to express gratitude to its shareholders for their support (¥37/yr total).

	Per-share Dividends		
Term	Interim	Year-end	Total
Amount	¥14	¥23 (Ordinary: ¥18) (Commemorative: ¥5)	¥37 (Ordinary: ¥32) (Commemorative: ¥5)

Annual Payout Ratio	
w/o Commemorative Dividend	w/ Commemorative Dividend
24.7%	28.6%

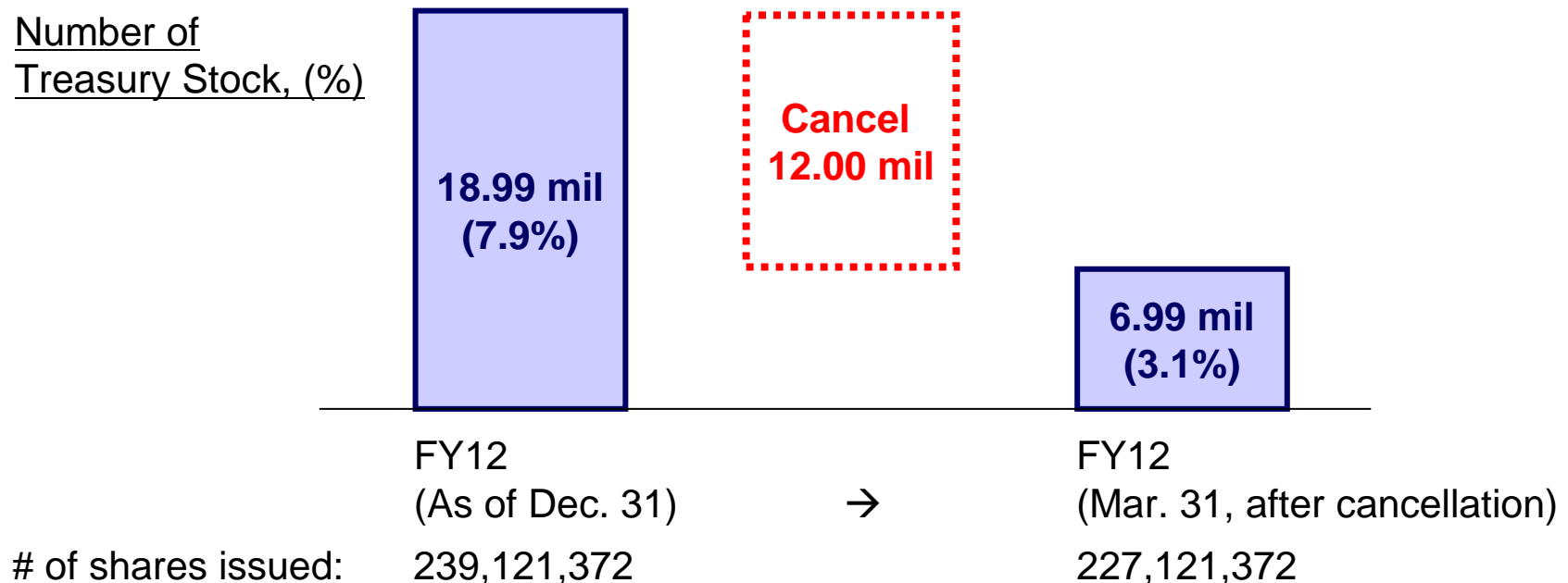


Cancellation of Treasury Stock

- Omron will cancel a part of treasury stock to maximize shareholder value, from 8% to 3% of the outstanding shares.

- (1) Type of shares to be cancelled: Common stock of the Company
- (2) Number of shares to be cancelled: 12,000,000 shares (¥28.1 bn)
- (3) Scheduled date of cancellation: February 28, 2013

Number of Treasury Stock, (%)





Shareholder Benefit Program

- Omron will introduce a shareholder benefit program to commemorate its 80th founding anniversary and to thank shareholders for their support.

(1) Eligible shareholders:

Shareholders recorded in the shareholders' register as of March 31 every year.

(2) Benefits:

(i) Special discount on the purchase of Omron Healthcare products
(product price ranging ¥2,000-30,000)

> 100 shares: ¥2,000 off; > 300 shares: ¥6,000 off

or

(ii) Donation to social welfare corporation Japan Sun Industries:

> 100 shares: ¥2,000; > 300 shares: ¥6,000

(3) Start of the Program:

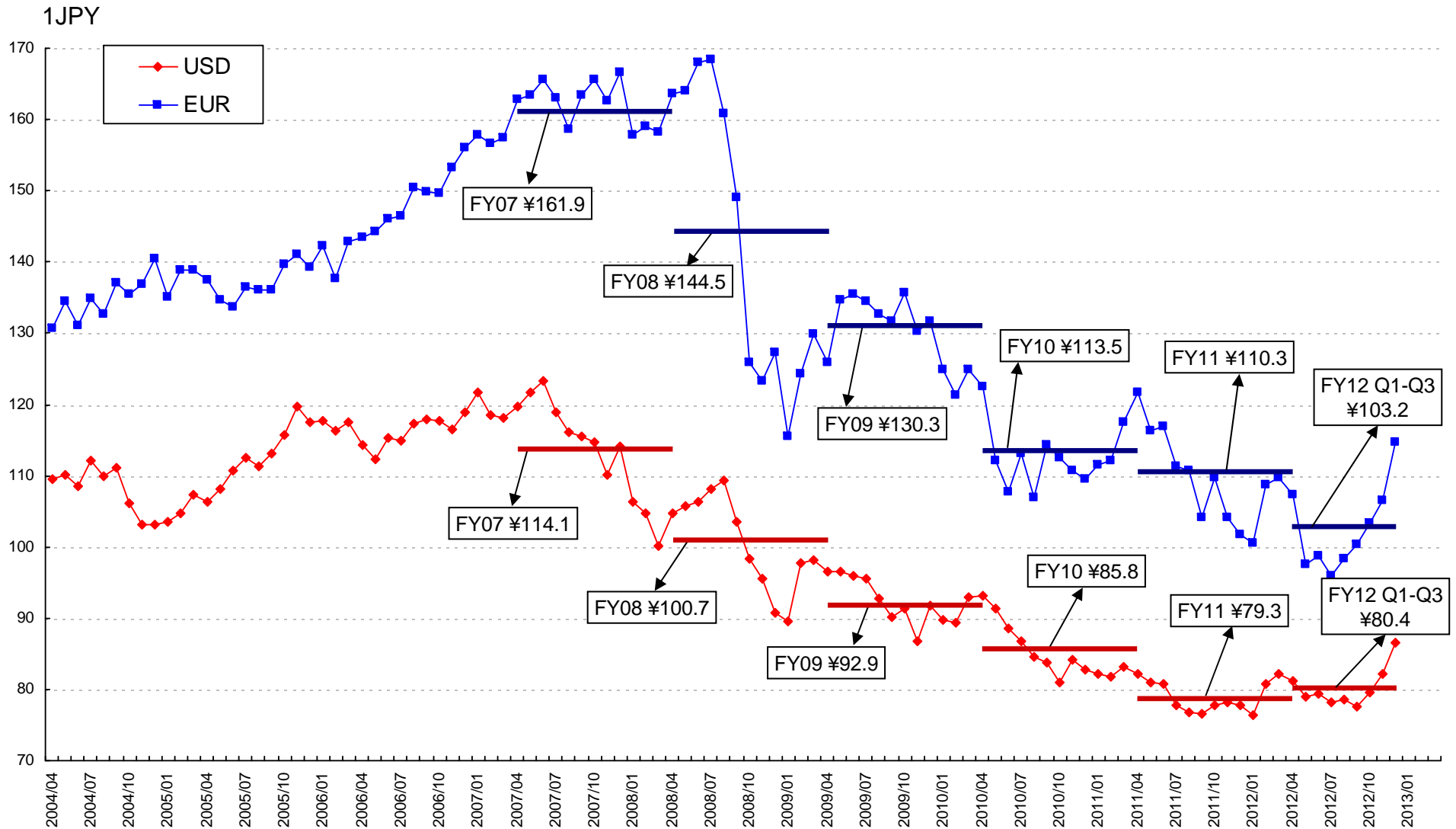
The program will be introduced to the shareholders eligible as of March 31, 2013.



References

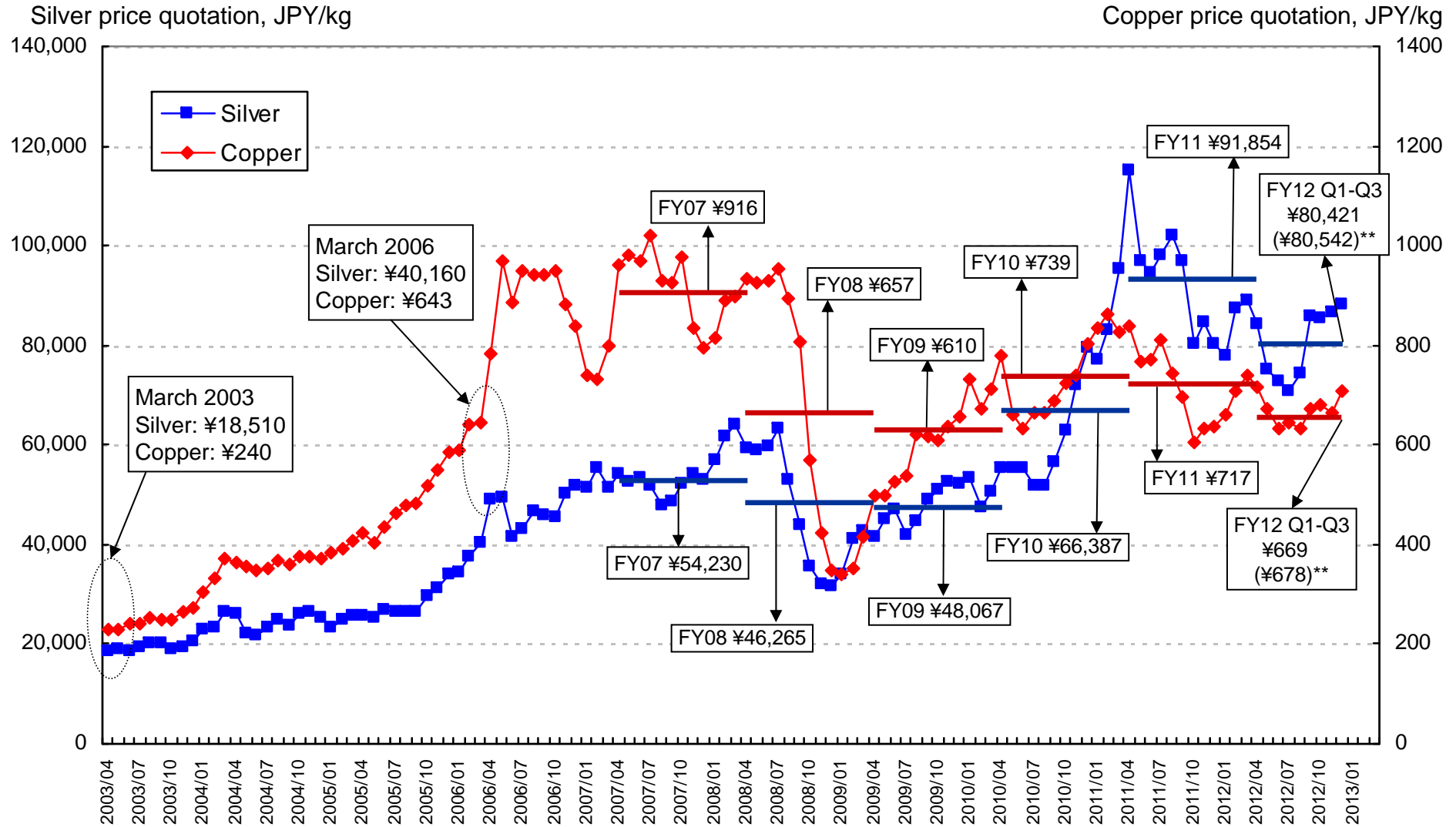


Exchange Rates (USD, EUR)





Raw Material Prices (Silver, Copper)



*Monthly simple moving average (SMA) of price quotations. **Average used for financial results.



Businesses and Major Products

LCD backlights, semiconductors/MEMS,
energy saving/environmental solutions business,
electronic systems and equipment

- *Electronic signal sensing*
- *Electrical current/voltage control*

- *Radio wave sensing*
- *Automotive body control*

Relays, switches, connectors,
amusement equipment parts,
mobile device parts

Keyless entry systems,
power window switches,
automotive relays, EPS
(electronic power steering)

- *Human sensing*
- *Traffic sensing*
- *IC card technology*

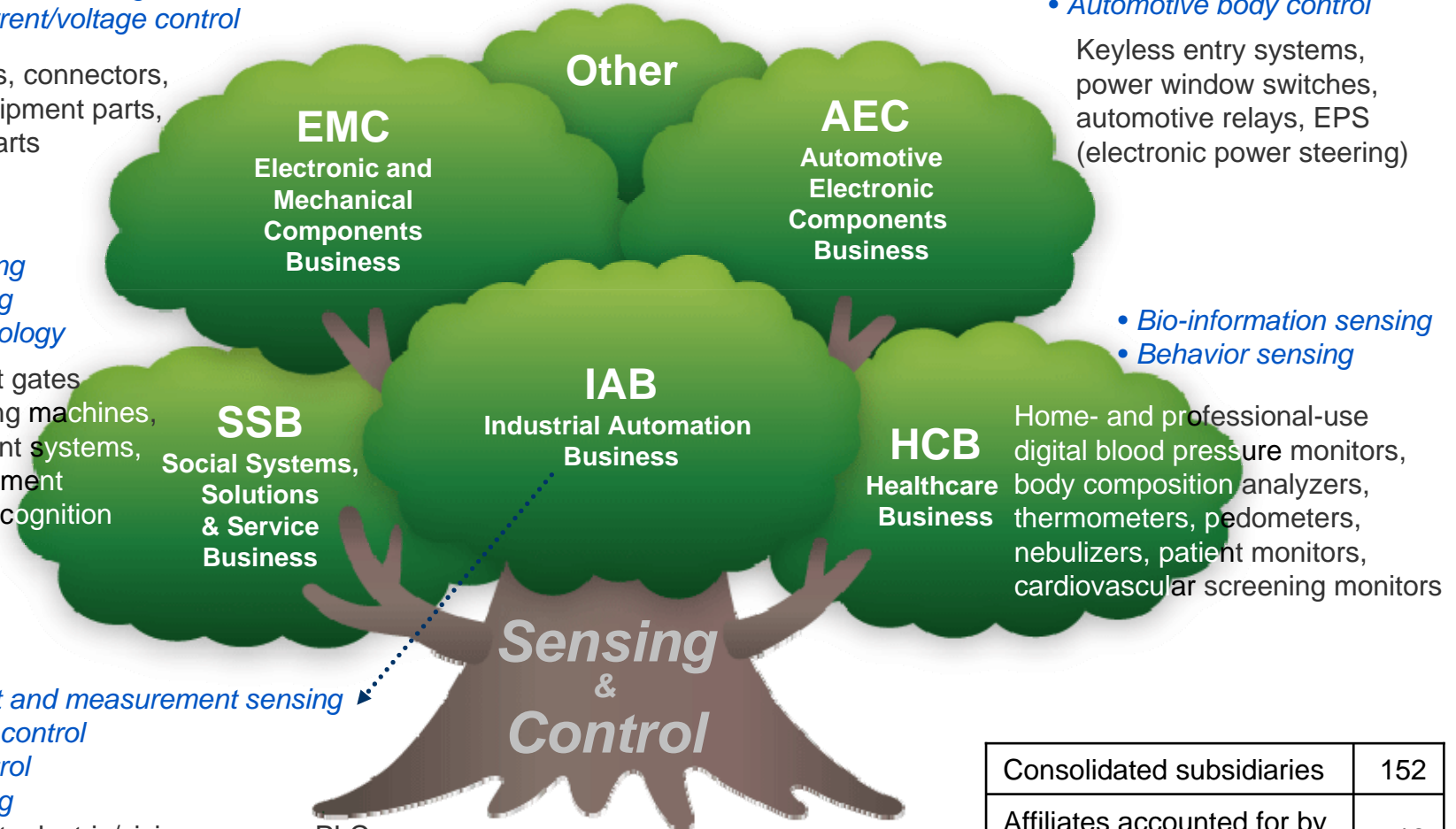
- *Bio-information sensing*
- *Behavior sensing*

Automated ticket gates
and ticket vending machines,
road management systems,
security management
systems, face recognition
systems

Home- and professional-use
digital blood pressure monitors,
body composition analyzers,
thermometers, pedometers,
nebulizers, patient monitors,
cardiovascular screening monitors

- *Displacement and measurement sensing*
- *Temperature control*
- *Machine control*
- *Vision sensing*

Proximity/photoelectric/vision sensors, PLCs,
temperature controllers, machine safeguarding
equipment, inspection systems



Consolidated subsidiaries	152
Affiliates accounted for by the equity method	12

(as of December 31, 2012)



Notes

1. The consolidated statements of Omron Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to, (i) economic conditions affecting the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Company to develop new technologies and products, (iv) major changes in the fundraising environment, (v) tie-ups or cooperative relationships with other companies, (vi) movements in currency exchange rates and stock markets, and (vii) accidents and natural disasters.

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