



OMRON

Sensing tomorrow™

**Financial Results
for the Second Quarter
Ended September 30, 2013
(FY13 Q1-Q2)**

**October 29, 2013
OMRON Corporation**



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FY13 1H Results



FY13 1H Results Overview

- Omron steadily carried out VG2020 strategy and outnumbered targets, posting growth both in sales and profits.
- Gross profit margin met initial target as well.
- Even with strategic investments, operating income turned much higher. Net income was record-high.

(Billions of yen)

	FY2013 1H Actual	FY2013 1H Apr. 25 fcst	vs. Forecast	FY2012 1H Actual	Y/Y
Net sales	359.7	336.0	+7.1%	304.2	+18.2%
Gross profit margin	38.3%	38.2%	+0.1% pt	36.7%	+1.6% pt
Operating income	30.8	22.5	+36.8%	18.0	+71.1%
Net Income attributable to shareholders	21.2	15.5	+36.6%	12.3	+72.6%



Consolidated P/L

➤ Gross profit margin met April forecast, up 1.6% pt y/y.

(Billions of yen)

	FY2013 1H Actual	FY2013 1H Apr. 25 fcst	vs. Forecast	FY2012 1H Actual	Y/Y
Net sales	359.7	336.0	+7.1%	304.2	+18.2%
Gross profit	137.8	128.5	+7.2%	111.7	+23.4%
(%)	(38.3%)	(38.2%)	(+0.1% pt)	(36.7%)	(+1.6% pt)
SG&A	85.0	83.0	+2.4%	72.1	+17.8%
R&D	22.0	23.0	-4.1%	21.6	+2.0%
Operating income	30.8	22.5	+36.8%	18.0	+71.1%
(%)	(8.6%)	(6.7%)	(+1.9% pt)	(5.9%)	(+2.6% pt)
NIBT	30.0	22.0	+36.5%	17.2	+74.4%
Net income attributable to shareholders	21.2	15.5	+36.6%	12.3	+72.6%

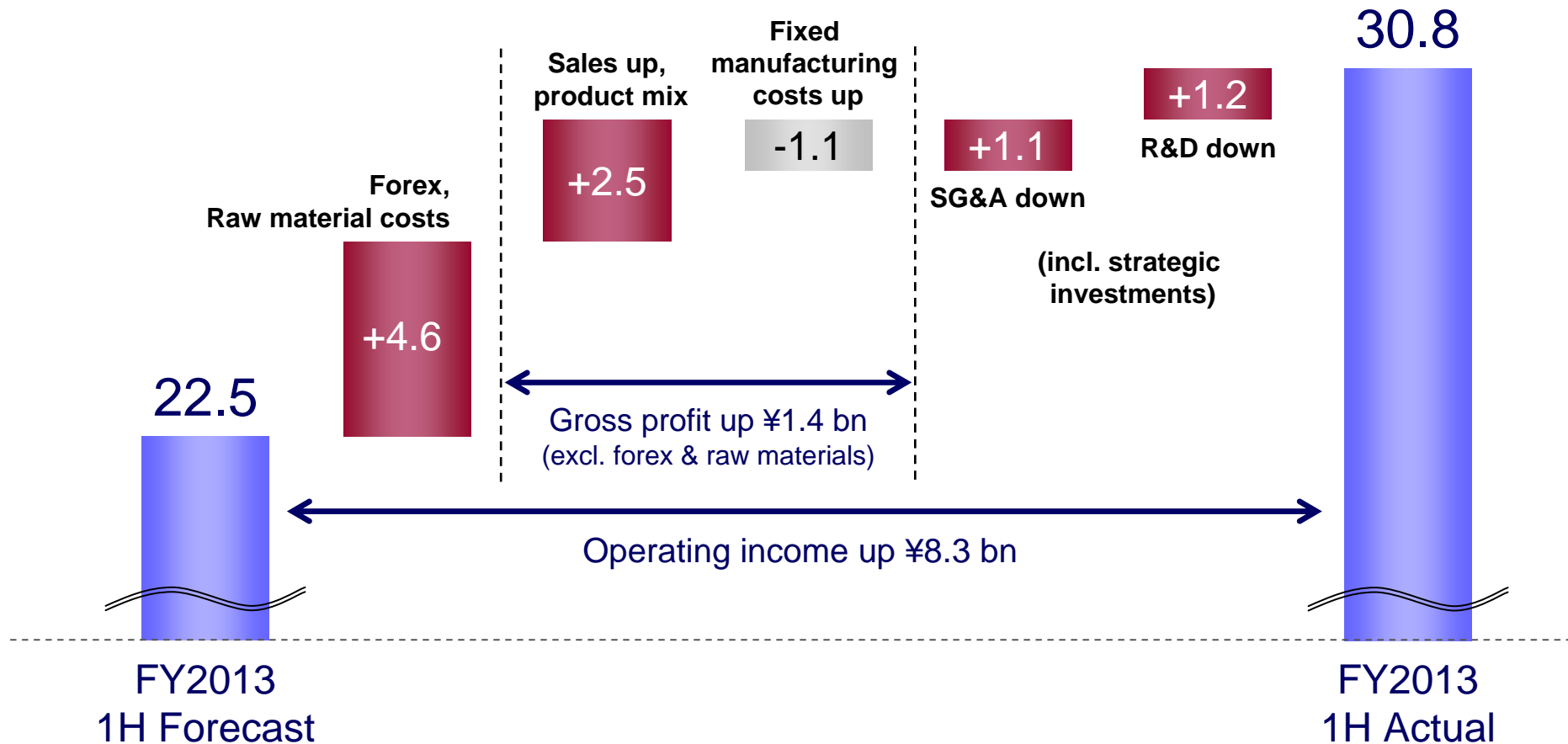
1USD (JPY)	98.2	90.0	+8.2	79.4	+18.8
1EUR (JPY)	128.9	120.0	+8.9	101.1	+27.8
Copper (JPY/kg)	761	770	-9	686	+75
Silver (JPY/kg)	75,083	88,500	-13,417	77,833	-2,750



Operating Income Analysis, vs. Forecast

- OP turned much higher than April forecast due to favorable forex and sales increase.

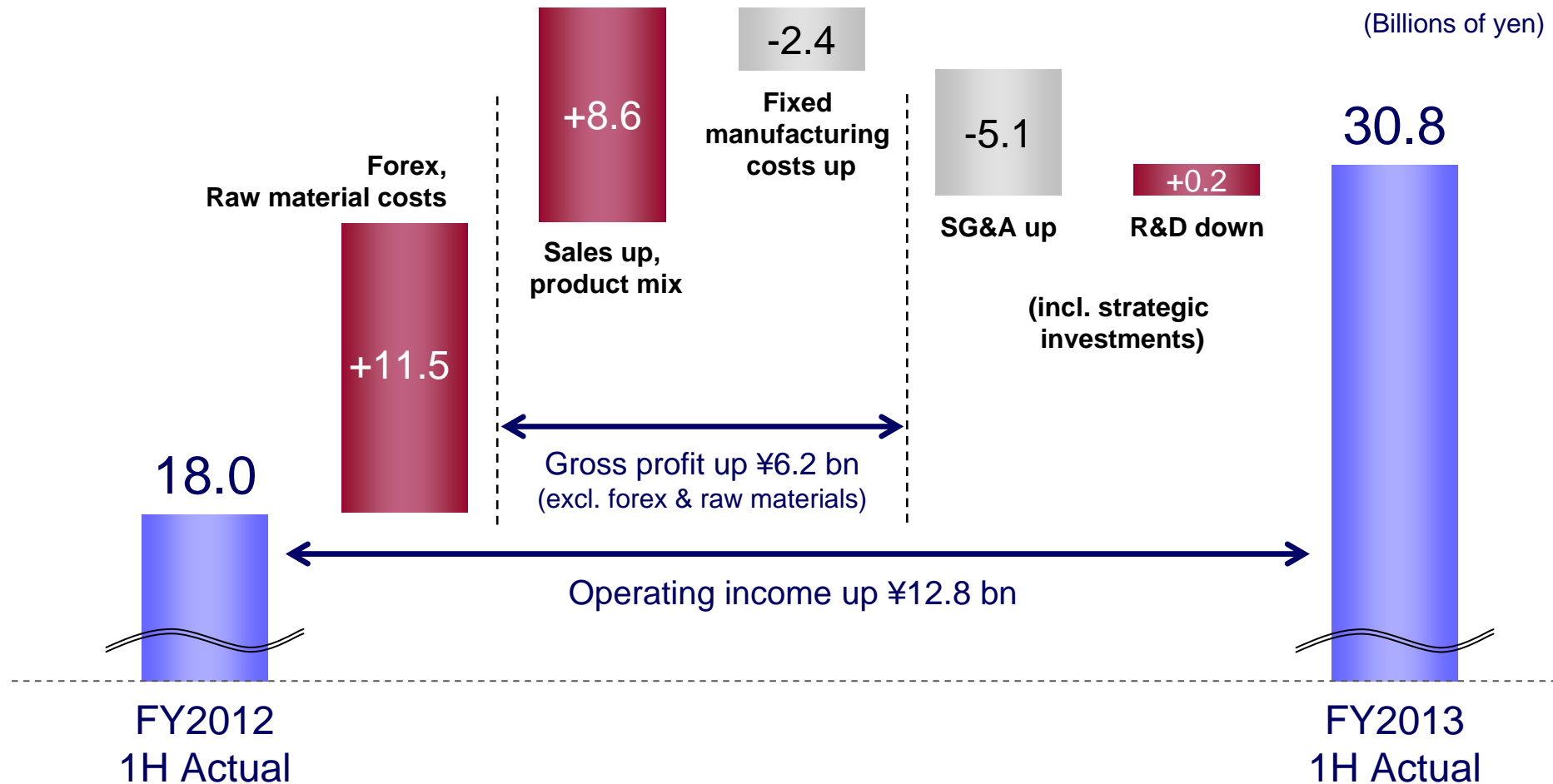
(Billions of yen)





Operating Income Analysis, Y/Y

- OP notably up y/y due to sales increase and favorable forex.





Consolidated B/S

➤ Sales up, but inventory well managed at FY12/1H level.

(Billions of yen)

	Sept. 30, 2013	Sept. 30, 2012	Ref. Mar. 31, 2013
Assets	601.5	514.7	573.6
Cash and cash equivalents	66.9	49.5	55.7
Notes and accounts receivable - trade	148.2	121.1	156.9
Inventories	106.2	92.4	91.0
(w/o forex impact)	91.6	92.4	-
Deferred income taxes, other current assets	33.8	28.4	30.1
Property, plant and equipment	130.1	118.9	126.8
Investments and other assets	116.3	104.4	113.1
Liabilities	203.6	195.3	204.9
Short-term debt	0.2	13.7	5.6
Long-term debt	0.0	0.0	0.0
Notes and accounts payable - trade	79.2	69.9	75.6
Termination and retirement benefits	53.8	57.6	56.9
Other liabilities	70.4	54.1	66.8
Net Assets	397.9	319.4	368.8
Common stock and retained earnings	443.4	442.9	427.7
Accumulated other comprehensive income (loss)	-31.1	-80.3	-44.3
Treasury stock	-16.4	-44.5	-16.4
Non-controlling interests	2.0	1.3	1.8
Total Liabilities and Shareholders' Equity	601.5	514.7	573.6



Consolidated Cash Flows

- FCF up y/y due to operating CF increase, while we steadily made investments.

(Billions of yen)

	FY2013 1H	FY2012 1H	(Ref. FY2012 full year)
Operating activities	33.8	27.0	53.1
Investing activities	-12.9	-13.9	-28.5
Free cash flow	20.9	13.1	24.6
Financing activities	-10.8	-7.4	-18.6
Effect of exchange rate changes on cash and cash equivalents	1.2	-1.5	4.4
Net increase/decrease in cash and cash equivalents	11.2	4.2	10.5
Cash and cash equivalents at end of the period	66.9	49.5	55.7
Capital expenditures	13.6	14.1	28.3
Depreciation and amortization	11.9	10.7	22.5

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



Sales by Segment

➤ All business segments met initial targets. Notably up y/y.

(Billions of yen)

	FY2013 1H	FY2013 1H Apr. 25 fcst	vs. Apr. fcst	FY2012 1H	Y/Y
IAB Industrial Automation	138.0	137.0	+0.7%	129.9	+6.3%
EMC Electronic & Mechanical Components	48.8	45.5	+7.2%	42.6	+14.5%
AEC Automotive Electronic Components	59.5	53.0	+12.2%	47.3	+25.8%
SSB Social Systems, Solutions & Service	29.1	27.0	+7.8%	23.5	+24.0%
HCB Healthcare	42.8	39.0	+9.8%	32.6	+31.6%
Other	38.5	32.0	+20.2%	25.5	+51.1%
Eliminations & Corporate	3.0	2.5	+21.9%	2.8	+7.1%
Total	359.7	336.0	+7.1%	304.2	+18.2%



Operating Income by Segment

- Not only sales, but all segments met initial OP & OP margin targets. Notably up y/y.

(Billions of yen)

	FY2013 1H	FY2013 1H Apr. 25 fcst	vs. Apr. fcst	FY2012 1H	Y/Y
IAB Industrial Automation	17.8 (12.9%)	17.0 (12.4%)	+0.8 (+0.5% pt)	15.6* (12.0%)	+2.2 (+0.9% pt)
EMC Electronic & Mechanical Components	3.9 (8.1%)	3.5 (7.7%)	+0.4 (+0.4% pt)	2.3* (5.5%)	+1.6 (+2.6% pt)
AEC Automotive Electronic Components	4.3 (7.3%)	3.5 (6.6%)	+0.8 (+0.7% pt)	2.8 (5.9%)	+1.5 (+1.4% pt)
SSB Social Systems, Solutions & Service	-1.8 (-)	-2.5 (-)	+0.7 (-)	-1.9 (-)	+0.1 (-)
HCB Healthcare	4.4 (10.3%)	3.0 (7.7%)	+1.4 (+2.6% pt)	1.9 (5.9%)	+2.5 (+4.4% pt)
Other	5.8 (15.0%)	1.5 (4.7%)	+4.3 (+10.3% pt)	-0.6 (-)	+6.4 (-)
Eliminations & Corporate	-3.6	-3.5	-0.1	-2.1	-1.5
Total	30.8 (8.6%)	22.5 (6.7%)	+8.3 (+1.9% pt)	18.0 (5.9%)	+12.8 (+2.7% pt)

(%): Operating income/External sales. *Reclassified for comparison with FY13, in which some EMC divisions are included in IAB following new management categorization.



GLOBE STAGE Progress

- Omron is steadily carrying out VG measures and achieved sales growth in each task toward the end of GLOBE STAGE.

(Billions of yen)

Sales	FY2013 1H	FY2012 1H	Y/Y
IA Business (IAB + EMC)	186.8	172.5	+8%
Emerging Markets	121.2	89.8	+35%
Environmental Solutions Business	24.2	12.1	+100%



Emerging Markets Sales Growth (in local currencies)

- Each emerging market posted sales growth as a result of VG measures, though there are some concerns over slowing growth in the markets.

	FY2013 1H, Y/Y
Greater China	+4%
Asia Pacific	+12%
(of which, India)	+26%
Russia, East Europe	+12%
Latin America	+27%
(of which, Brasil)	+38%



FY13 Full-Year Forecast



FY13 Full-Year Forecast Overview

- Upward revisions to sales and incomes.
- Gross profit margin as initially planned.
- Expecting highest net income ever, and record-high level operating income as well.

(Billions of yen)

	FY13 Forecast, Oct. 29	FY13 Initial Apr. 25 Forecast	vs. Initial	FY12 Results	Y/Y
Net sales	750.0	710.0	+5.6%	650.5	+15.3%
Gross profit margin	39.0%	39.0%	±0.0% pt	37.1%	+1.9% pt
Operating income	65.0	58.0	+12.1%	45.3	+43.4%
Net Income attributable to shareholders	43.0	40.0	+7.5%	30.2	+42.4%
EPS (JPY)	195.3	181.7	+13.6	137.2	+58.1



Conditions for FY13 Q3-Q4

External Environment

- The global economy will recover gradually overall.
- Japan will recover moderately.
- Overseas: US capital investments will be firm especially in the automotive industry.
Europe will steadily go back on a recovery track.
China will still be uncertain.
Emerging markets will maintain steady growth but see slowing domestic demand.

Conditions: Exchange rates & raw material costs

Exchange rates

1 USD = ¥95; 1 EUR = ¥130

(Previous forecast: 1 USD = ¥90; 1 EUR = ¥120)

¥1 fluctuation impact
(full-year, approx)

	Sales	OP
USD	¥3.1 bn	¥0.5 bn
EUR	¥0.8 bn	¥0.4 bn

Raw material costs

Silver = ¥76,000/kg; Copper:= ¥750/kg

(Previous forecast: Silver ¥88,500/kg; Copper ¥770/kg)

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

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



FY13 Business Environment by Segment

Segment	FY13 Q3-Q4 Business Environment
<p>IAB Industrial Automation</p>	<ul style="list-style-type: none"> • Japan: Semiconductors & automotive capital investments will improve gradually. • Overseas: <ul style="list-style-type: none"> • Americas: Automotive investments in North America will remain steady. • Europe will show signs of bottoming out. • Asia Pacific: South Korea will be solid in semiconductors, but Southeast Asia will be uncertain. • Greater China will remain uncertain.
<p>EMC Electronic & Mechanical Components</p>	<ul style="list-style-type: none"> • Japan: White electronic appliances will go up gradually. • Overseas: Demand solid in US and Asia. Flat in Europe and Greater China.
<p>AEC Automotive Electronic Components</p>	<ul style="list-style-type: none"> • Japan: Healthy, mainly mini-vehicles. Expecting last-minute pre-tax hike demand. • Overseas: North America and Greater China will be solid. Asia will slow down due to fuel price hike caused by weak currencies, and the end of subsidiaries.
<p>SSB Social Systems, Solutions & Service</p>	<p>Demand for train system renewal will remain solid. Environmental solutions will see rising demand for installation, repair & maintenance.</p>
<p>HCB Healthcare</p>	<ul style="list-style-type: none"> • Japan: Expecting a growing business opportunities in a new market that uses healthcare & medical data. • Overseas: BRICs will keep growing. Emerging markets, too, but Southeast Asia will go on a slowdown trend.
<p>Other</p>	<p>Environmental Solutions: PV inverter business will keep growing. Backlight business will go flat.</p>



Full-Year Sales Forecast by Segment

- All business segments look to achieve their initial targets, with large increase y/y.

(Billions of yen)

	FY13 Forecast, Oct. 29	FY13 Initial Apr. 25 fcst	vs. Initial	FY12 Results	Y/Y
IAB Industrial Automation	283.0	282.0	+0.4%	263.0	+7.6%
EMC Electronic & Mechanical Components	98.0	94.0	+4.3%	84.1	+16.5%
AEC Automotive Electronic Components	121.0	108.5	+11.5%	97.6	+23.9%
SSB Social Systems, Solutions & Service	83.0	76.0	+9.2%	68.8	+20.7%
HCB Healthcare	88.0	82.5	+6.7%	71.5	+23.0%
Other	72.0	62.0	+16.1%	59.2	+21.5%
Eliminations & Corporate	5.0	5.0	±0.0%	6.3	-20.6%
Total	750.0	710.0	+5.6%	650.5	+15.3%



Full-Year Operating Income Forecast by Segment

- Besides sales, all segments look to achieve target OP & OP margins, up notably y/y.

(Billions of yen)

	FY13 Forecast, Oct. 29	FY13 Initial Apr. 25 fcst	vs. Initial	FY12 Results	Y/Y
IAB Industrial Automation	37.0 (13.1%)	36.5 (12.9%)	+0.5 (+0.2% pt)	31.3* (11.9%)	+5.7 (+1.2% pt)
EMC Electronic & Mechanical Components	8.5 (8.7%)	7.0 (7.4%)	+1.5 (+1.3% pt)	4.4* (5.2%)	+4.1 (+3.5% pt)
AEC Automotive Electronic Components	8.5 (7.0%)	7.0 (6.5%)	+1.5 (+0.5% pt)	5.0 (5.1%)	+3.5 (+1.9P)
SSB Social Systems, Solutions & Service	5.5 (6.6%)	4.5 (5.9%)	+1.0 (+0.7% pt)	2.9 (4.2%)	+2.6 (+2.4% pt)
HCB Healthcare	7.5 (8.5%)	7.0 (8.5%)	+0.5 (+0.0% pt)	4.4 (6.2%)	+3.1 (+2.4% pt)
Other	7.0 (9.7%)	3.5 (5.6%)	+3.5 (+4.1% pt)	2.5 (4.3%)	+4.5 (+5.5% pt)
Eliminations & Corporate	-9.0	-7.5	-1.5	-5.2	-3.8
Total	65.0 (8.7%)	58.0 (8.2%)	+7.0 (+0.5% pt)	45.3 (7.0%)	+19.7 (+1.7% pt)

(%): Operating income/External sales. *Reclassified for comparison with FY13, in which some EMC divisions are included in IAB following new management categorization.



1H vs. 2H Sales & OP by Segment

- Expecting sales increase in IAB, EMC, AEC, SSB and HCB.

(Billions of yen)

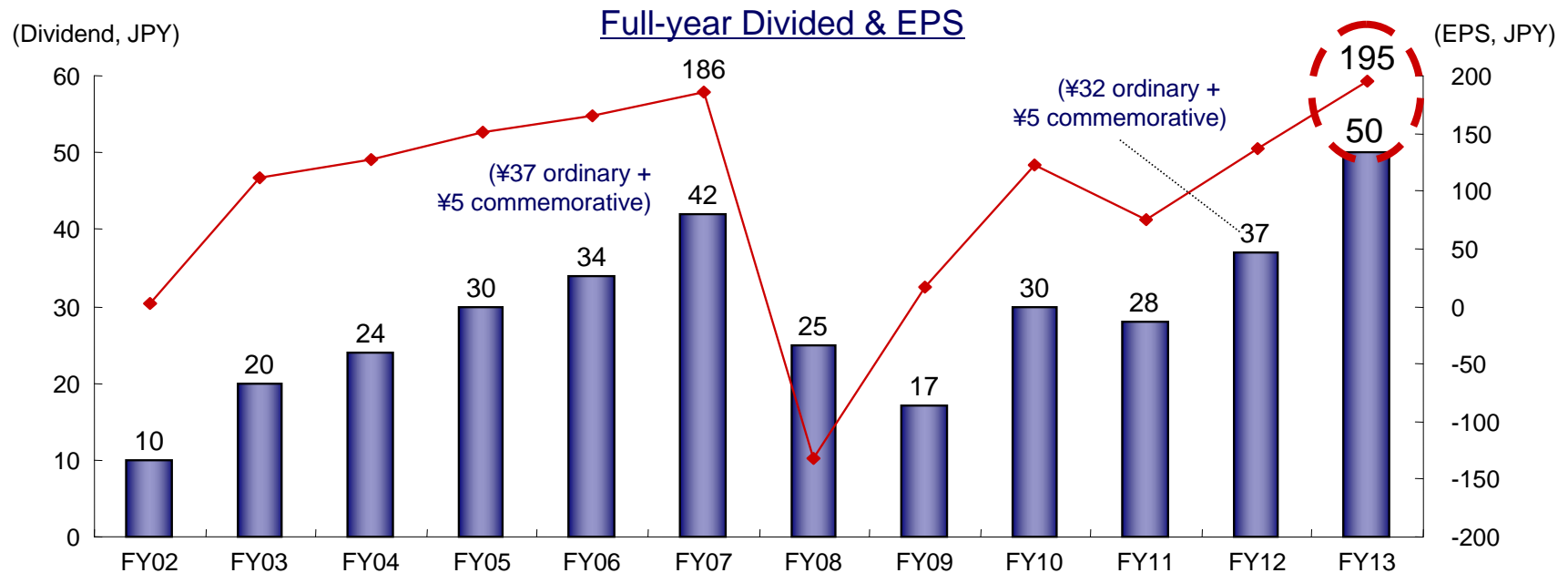
	Net Sales		Operating Income	
	FY2013 1H	FY2013 2H fcst	FY2013 1H	FY2013 2H fcst
IAB Industrial Automation	138.0	145.0	17.8	19.2
EMC Electronic & Mechanical Components	48.8	49.2	3.9	4.6
AEC Automotive Electronic Components	59.5	61.5	4.3	4.2
SSB Social Systems, Solutions & Service	29.1	53.9	-1.8	7.3
HCB Healthcare	42.8	45.2	4.4	3.1
Other	38.5	33.5	5.8	1.2
Eliminations & Corporate	3.0	2.0	-3.6	-5.4
Total	359.7	390.3	30.8	34.2



Interim & Full-Year Dividends

- Omron revised interim dividend upward to ¥25/share, based on its “minimum 25% payout ratio” policy. Year-end dividend forecast set at ¥25 (previously undecided), to amount to record-high ¥50 a year.

Dividend Record Date		Interim (Sept. 30)	Year-end Forecast	Full-year Forecast
Dividend per Share	Previous Forecast	¥18	tbd	tbd
	Oct. 29 Announcement	¥25	¥25	¥50
Payout Ratio		26.0%	-	25.6%
EPS		¥96.2	-	¥195.3





Management Indicators

- Management with focus on ROIC and other financial indicators to enhance Omron corporate value.

Major Indicators	FY13 forecast	FY13 initial target	FY12 actual
Gross Profit Margin	39%	39%	37.1%
Operating Income Margin	8.7%	8.2%	7.0%
ROE	approx. 11%	>10%	8.8%
ROIC	approx. 11%	>10%	8.6%

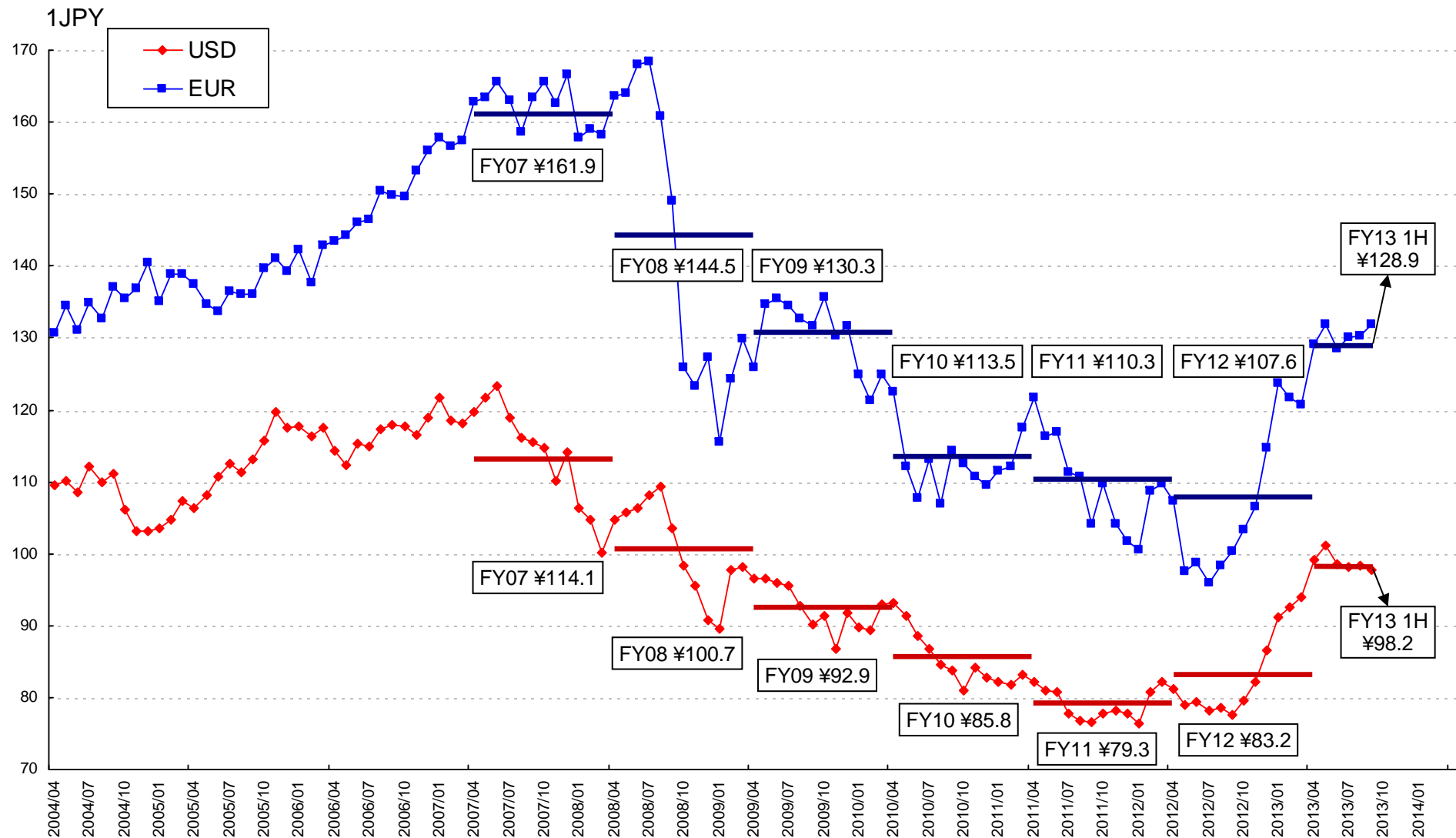
ROIC = Net income attributable to shareholders / invested capital



References

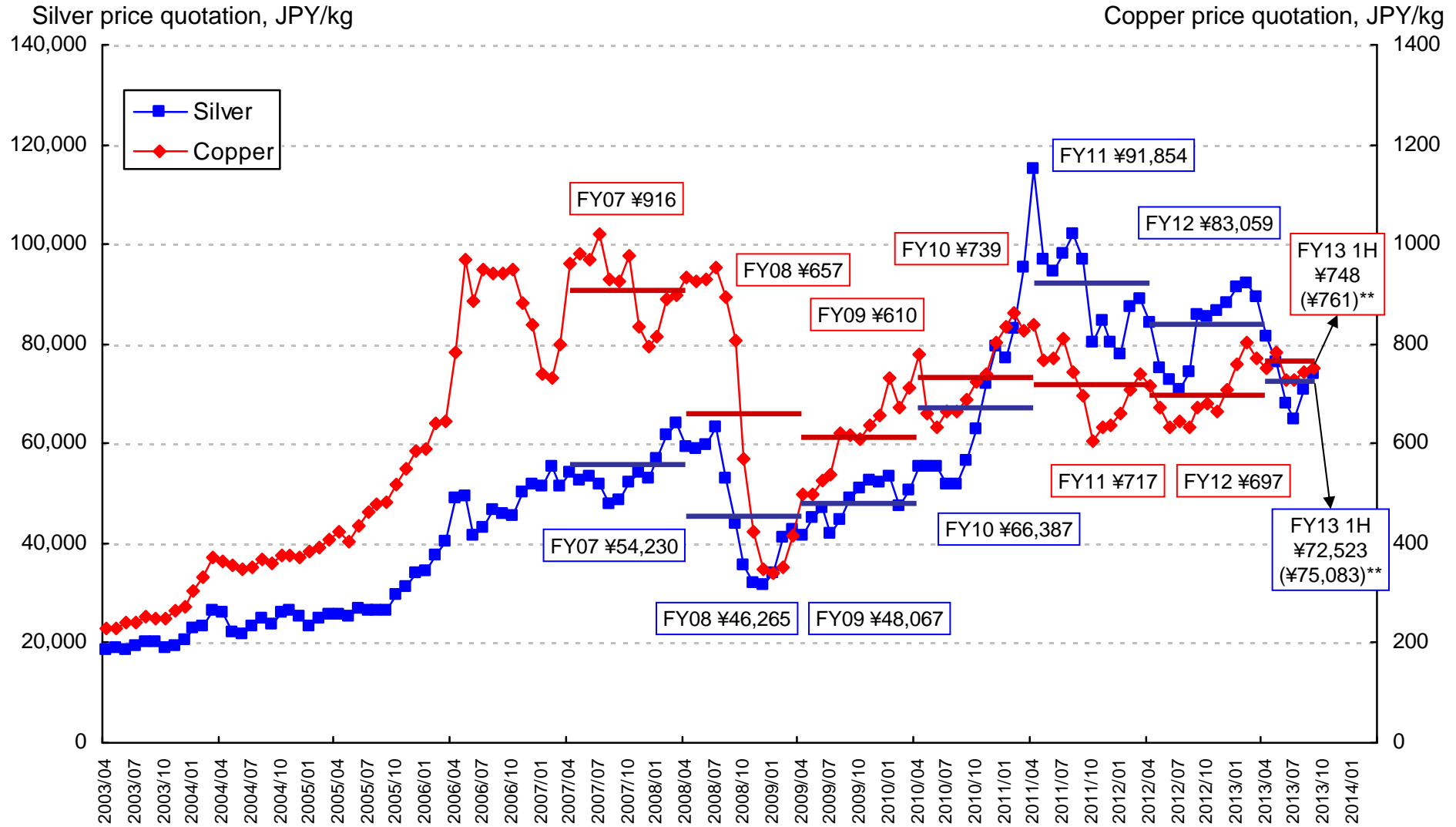


Exchange Rates (USD, EUR)





Raw Material Prices (Silver, Copper)



*Monthly simple moving average (SMA) of price quotations. **(1H): Average used for 1H earnings.



Businesses and Major Products

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

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

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

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

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

- *Ticket gate mechanisms*
- *Car & human sensing*

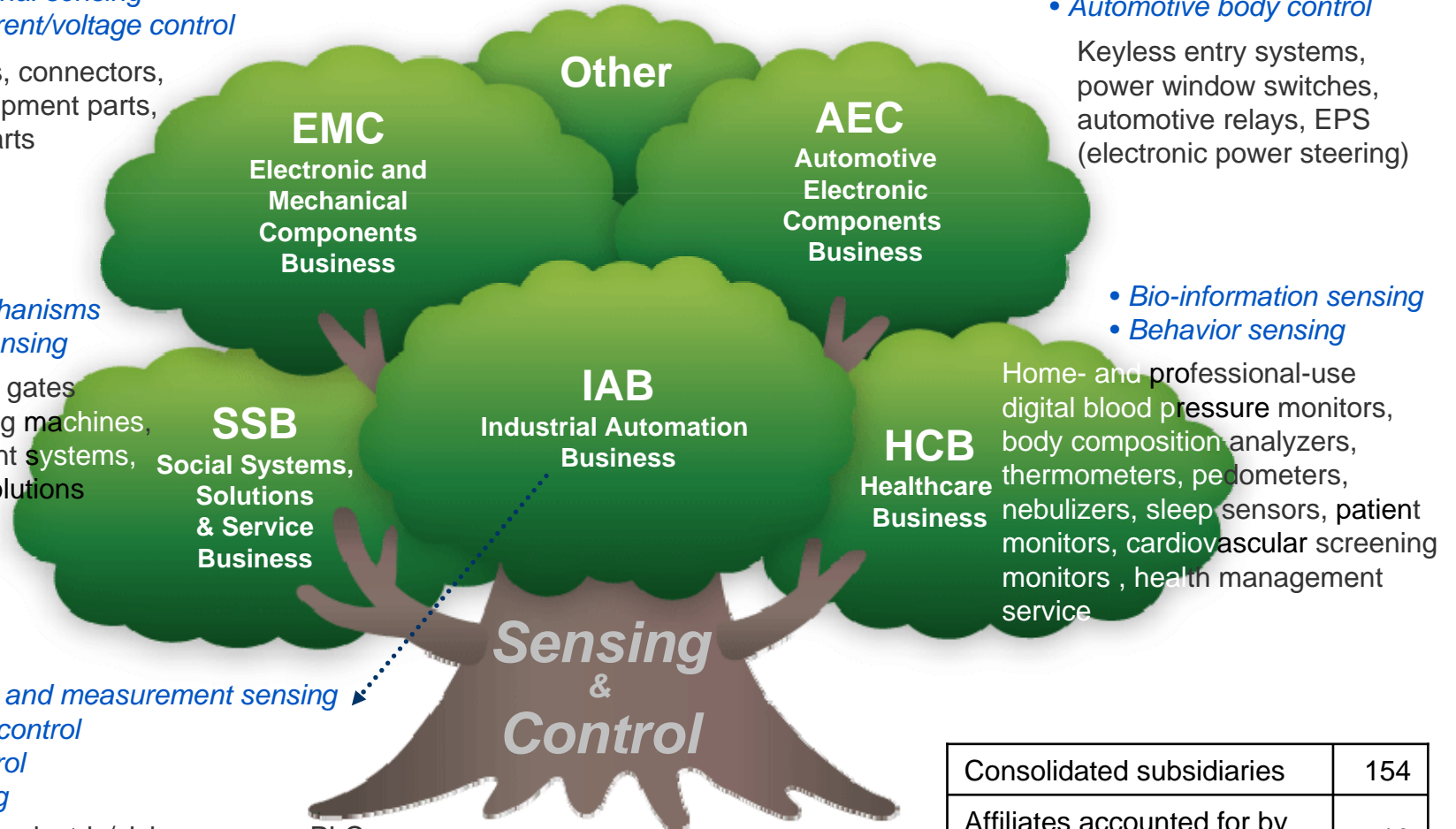
Automated ticket gates and ticket vending machines, road management systems, environmental solutions business

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

Home- and professional-use digital blood pressure monitors, body composition analyzers, thermometers, pedometers, nebulizers, sleep sensors, patient monitors, cardiovascular screening monitors, health management service

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

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



Consolidated subsidiaries	154
Affiliates accounted for by the equity method	10

(as of September 30, 2013)



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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