

Q&A Session Summary

OMRON Corporation

Financial Results for the Second Quarter Ended September 30, 2013

(FY13 Q2) October 29, 2013, Tokyo

*Supplemental. Original presentation given in Japanese.

Consolidated Performance, Management, VG2020 Strategies

Q: What are your policies on cash flow, dividend and FY14 shareholder return?

A: Basically, our policy is to prioritize investments for future growth. Shareholder return, too, is important, and we are increasing dividend this fiscal year. Share buyback can be an option depending on cash surplus.

Q: How are you looking at FY14 – consumption tax impact, and growth by business segment?

A: It's a bit too early. What we can tell you so far is that we want to shift into growth, after having made investments for growth such as strengthening sales & marketing.

Q: Omron seems to be getting more flexible and resistant to changes. Inventory is well managed in spite of year-on-year sales growth, for example. Why? How are you leading the Company as President?

A: We've made a number of improvements since last year, and our focus for VG2020 is top-down, side-side inter-company ties. That is, Company HQ and business segments top officers are working closely on better production and cost reduction.

Industrial Automation Business (IAB)

Q: Why IAB's OP margin is improving in spite of not-so-favorable foreign exchanges?

A: It's because of our structural reform measures not limited to IAB. Introduction of standardized platform systems and area-mix measures are surely bringing results, though, as for profit structure reform, it takes time before we see the effects.

Q: How is IAB going to differentiate itself from competitors? How about product strategies, and sales and marketing?

A: Overseas market development is a key. IAB boasts a wide range of unique products and extensive customers, and has set up the Automation Technology Centers globally to meet customers' demand. IAB will keep working on this business model.

Q: Any changes in business environment outlook by area in the past three months?

A: In Japan, order is on the rise, with semiconductors- and automotive-related capital investments coming back. Europe is still uncertain, but we see some signs of bottoming out. Asia is rather weak. Greater China will keep flat.

Healthcare Business (HCB)

Q: You mentioned that HCB entered into a “next growth stage” ahead of other businesses. What was the drive? Any changes in staff awareness and organization?

A: We position HCB as a forerunner in developing emerging markets. HCB has contributed most in business expansion in the markets, which is why we are confident. Besides, as for profit structure reform, HCB is most progressed in introduction of standardized platform systems in products.

Q: How do you envision HCB’s sales growth - developed vs. emerging countries?

A: Rough picture is that emerging countries make 40% of total sales with double-digit growth, as the number of patients with lifestyle-related diseases is on the rise. In developed countries, there are growing demands for new products, such as devices to monitor walking posture or sleep status.

“Other” Businesses

Q: PV inverters and backlights were good in 1H. Are they going to remain solid 2H?

A: The PV inverter market is on the rise, and our business will remain solid. Backlights will stay at 1H level, as the smartphone & tablet markets remain steady globally.
