



OMRON Investor Meeting

FY13 Full-Year Earnings & VG2020 Midterm Strategy (EARTH-1 Stage)

April 24, 2014

OMRON Corporation



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GLOBE Stage

(1) FY13 Full-Year Performance



FY13 Consolidated P/L

Highest-ever in sales, gross profit, operating income and net income.

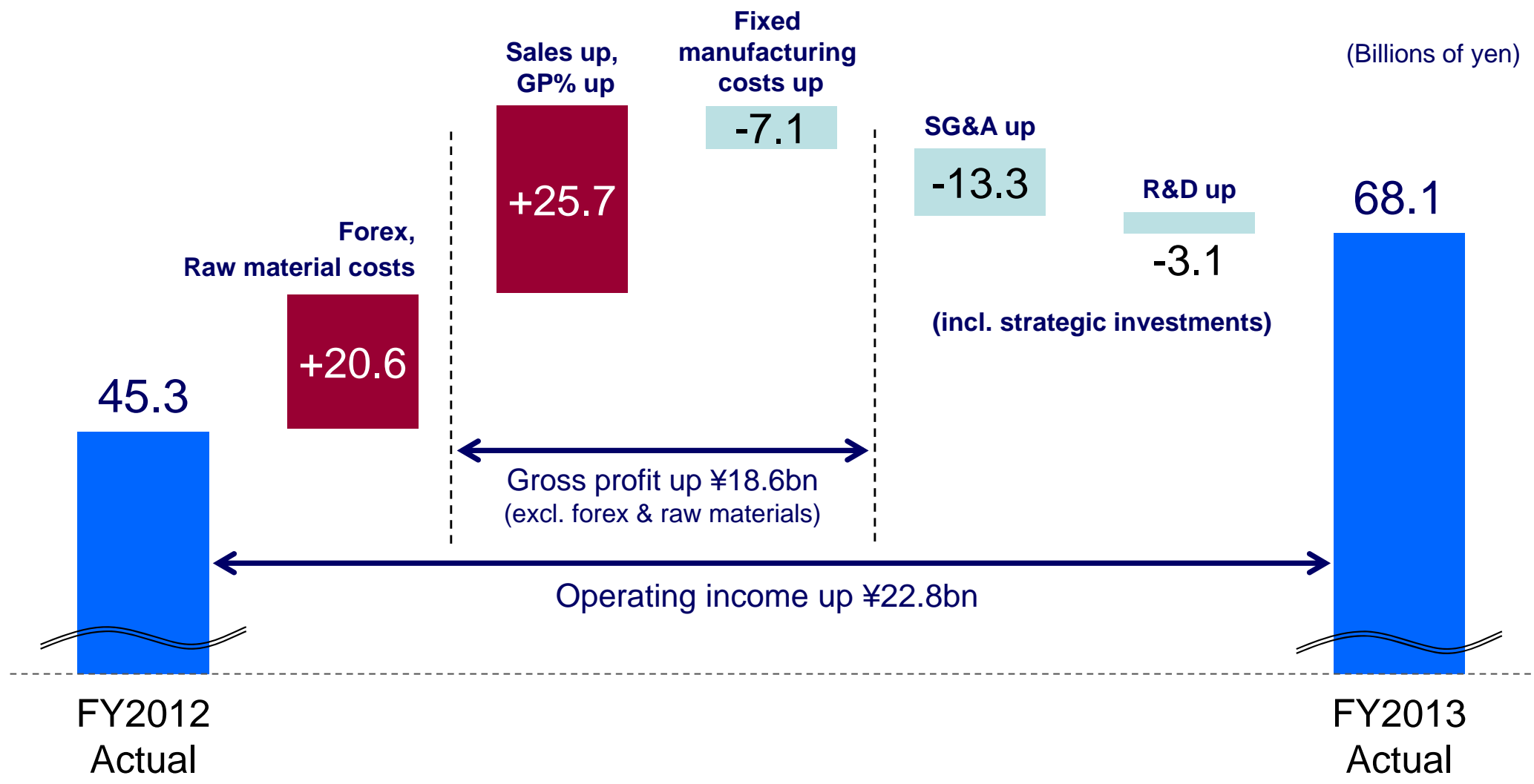
(Billions of yen)

	FY2013	FY2013 last forecast	vs. Fcst (fcst = 100%)	FY2012	Y/Y
Net Sales	773.0	750.0	+3.1%	650.5	+18.8%
Gross Profit (%)	297.2 (38.5%)	292.5 (39.0%)	+1.6% (-0.5%pt)	241.5 (37.1%)	+23.1% (+1.4%pt)
Operating Income (%)	68.1 (8.8%)	65.0 (8.7%)	+4.7% (+0.1%pt)	45.3 (7.0%)	+50.1% (+1.8%pt)
NIBT	62.0	62.0	+0.0%	41.2	+50.4%
Net Income attributable to shareholders	46.2	43.0	+7.4%	30.2	+52.9%
EPS (JPY)	210	195	+7.4%	13.7	+52.9%
1USD (JPY)	100.1	98.3	+1.8	83.2	+16.9
1EUR (JPY)	134.0	131.6	+2.4	107.6	+26.4



Operating Income Analysis, Y/Y

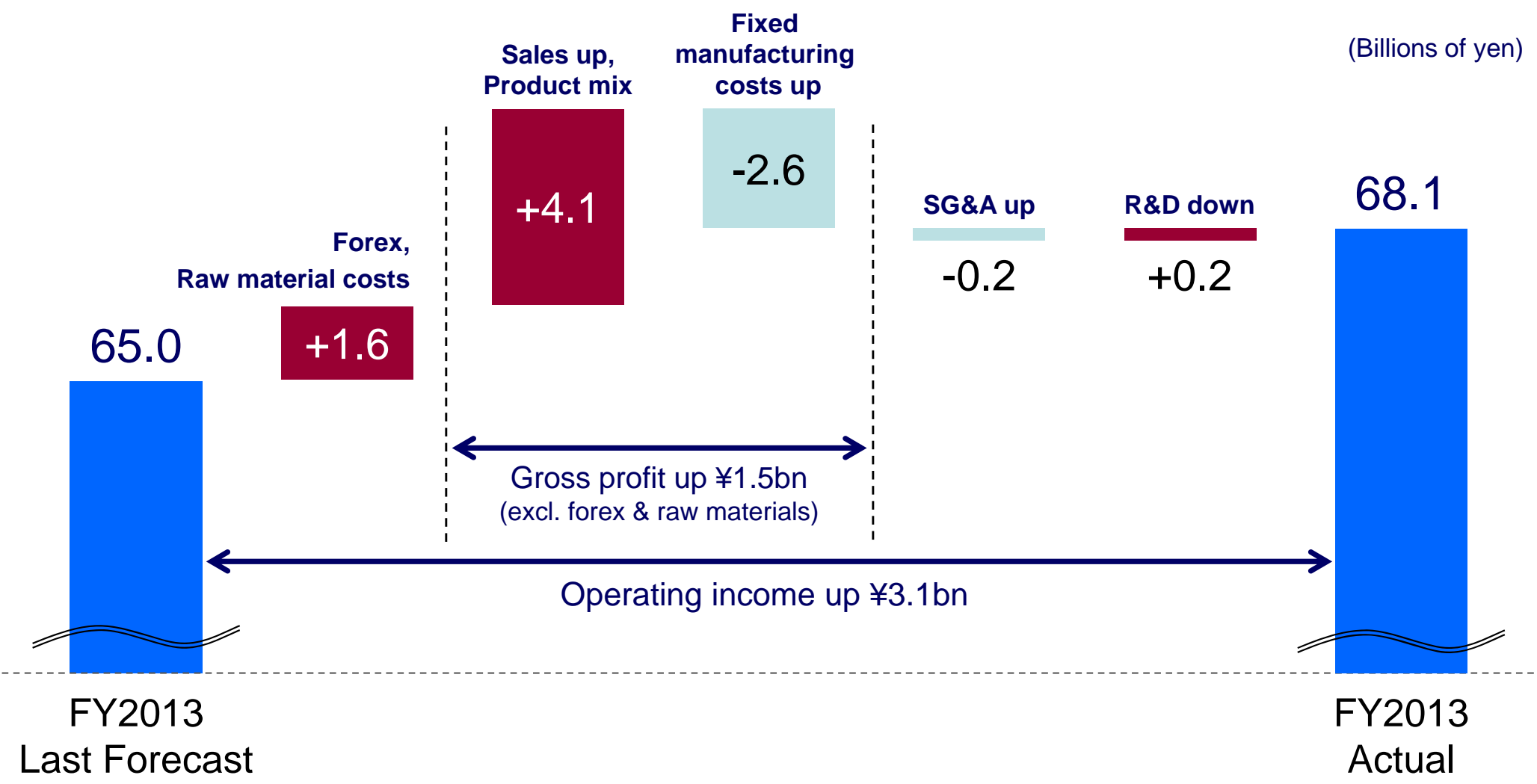
OP soared y/y due to higher sales and better GP margin.





Operating Income Analysis, vs. Forecast

Higher-than-forecasted OP due to last-minute purchase before consumption tax hike and favorable forex.





Consolidated B/S

Sales up, but inventory well managed.

(Billions of yen)

	Mar. 31, 2014	Mar. 31, 2013
Assets	654.7	573.6
Cash and cash equivalents	90.3	55.7
Notes and accounts receivable - trade	172.4	156.9
Inventories	97.7	91.0
(w/o forex impact)	91.2	-
Deferred income taxes, other current assets	36.2	30.1
Property, plant and equipment	135.6	126.8
Investments and other assets	122.5	113.1
Liabilities	221.9	204.9
Short-term debt	0.5	5.6
Notes and accounts payable - trade	85.2	75.6
Termination and retirement benefits	50.7	56.9
Other liabilities	85.5	66.8
Net Assets	432.8	368.8
Common stock and retained earnings	462.2	427.7
Accumulated other comprehensive income (loss)	-15.2	-44.3
Treasury stock	-16.5	-16.4
Non-controlling interests	2.3	1.8
Total Liabilities and Shareholders' Equity	654.7	573.6
Shareholders' equity to total assets	65.8%	64.0%



Consolidated Cash Flows

FCF jumped y/y due to net income increase.

(Billions of yen)

	FY2013	FY2012
Operating activities	79.0	53.1
Investing activities	-31.1	-28.5
Free cash flow	47.9	24.6
Financing activities	-16.3	-18.6
Effect of exchange rate changes on cash and cash equivalents	2.9	4.4
Net increase/decrease in cash and cash equivalents	34.5	10.5
Cash and cash equivalents at end of the period	90.3	55.7
Capital expenditures	33.7	28.3
Depreciation and amortization	25.1	22.5



Sales by Segment

All business segments posted two-digit y/y increase.

(Billions of yen)

	FY2013	FY2013 last forecast	vs. Fcst	FY2012	Y/Y
IAB Industrial Automation	291.7	283.0	+3.1%	263.0	+10.9%
EMC Electronic & Mechanical Components	97.7	98.0	-0.3%	84.1	+16.2%
AEC Automotive Electronic Components	126.6	121.0	+4.6%	97.6	+29.7%
SSB Social Systems, Solutions & Service	82.7	83.0	-0.4%	68.8	+20.3%
HCB Healthcare	89.3	88.0	+1.4%	71.5	+24.8%
Other	78.9	72.0	+9.7%	59.2	+33.3%
Eliminations & Corporate	6.1	5.0	+22.0%	6.3	-3.2%
Total	773.0	750.0	+3.1%	650.5	+18.8%



Operating Income by Segment

All business segments posted large y/y increase.

(Billions of yen)

	FY2013	FY2013 last forecast	vs. Fcst	FY2012	Y/Y
IAB Industrial Automation	38.8 (13.3%)	37.0 (13.1%)	+4.7% (+0.2%pt)	31.3 (11.9%)	+23.6% (+1.4%pt)
EMC Electronic & Mechanical Components	8.7 (8.9%)	8.5 (8.7%)	+1.8% (+0.2%pt)	4.4 (5.2%)	+98.9% (+3.7%pt)
AEC Automotive Electronic Components	9.1 (7.2%)	8.5 (7.0%)	+6.9% (+0.2%pt)	5.0 (5.1%)	+81.4% (+2.1%pt)
SSB Social Systems, Solutions & Service	5.6 (6.7%)	5.5 (6.6%)	+0.9% (+0.1%pt)	2.9 (4.2%)	+90.5% (+2.5%pt)
HCB Healthcare	7.5 (8.5%)	7.5 (8.5%)	+0.6% (+0.0%pt)	4.4 (6.2%)	+71.2% (+2.3%pt)
Other	8.7 (11.0%)	7.0 (9.7%)	+23.9% (+1.3%pt)	2.5 (4.3%)	+243.5% (+6.7%pt)
Eliminations & Corporate	-10.3	-9.0	-	-5.2	-
Total	68.1 (8.8%)	65.0 (8.7%)	+4.7% (+0.1%pt)	45.3 (7.0%)	+50.1% (+1.8%pt)

(%): Operating income/External sales



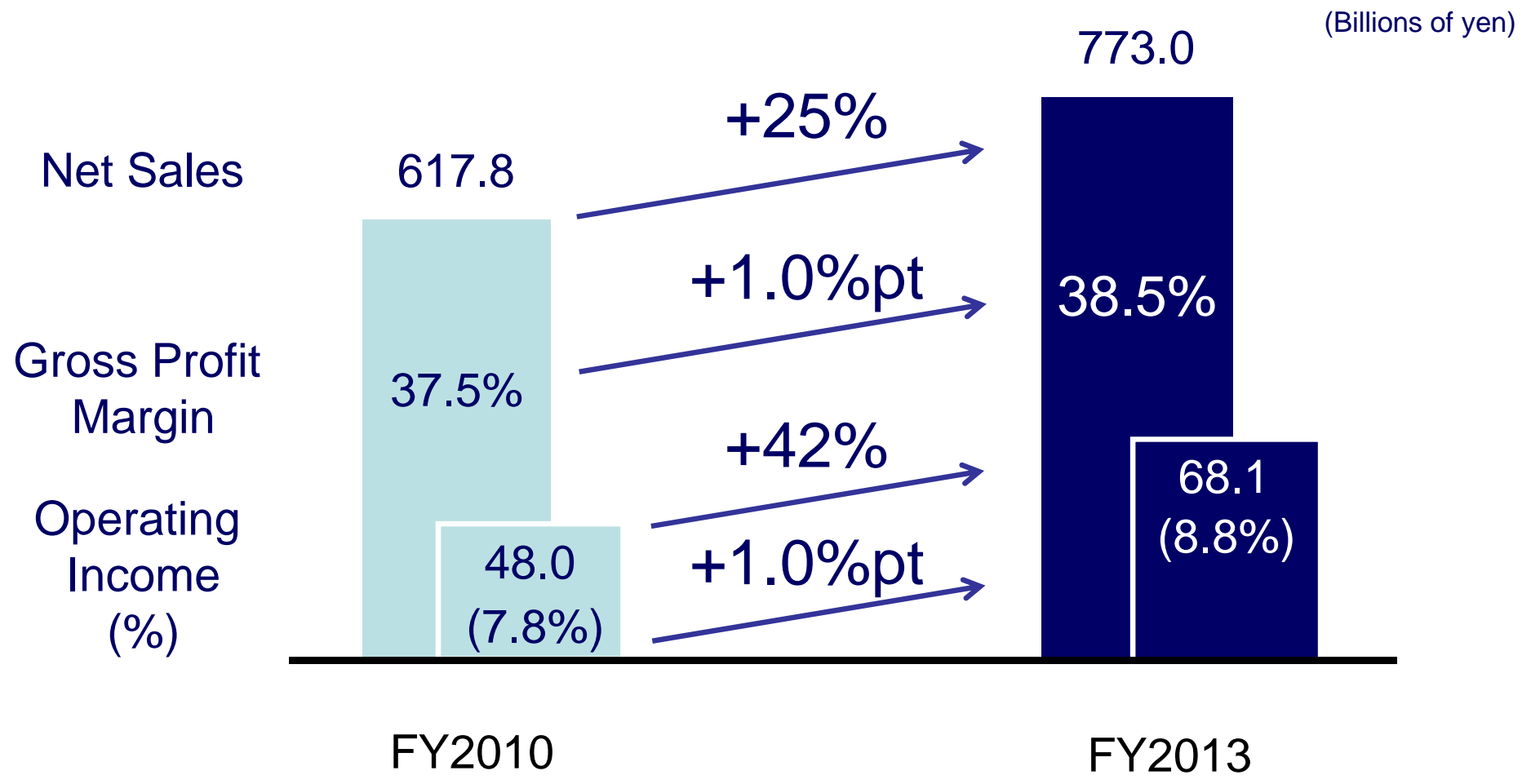
GLOBE Stage

(2) GLOBE Stage Review



GLOBE Stage Performance

Sales and operating income notably up, with better profit structure.





GLOBE Stage: Shareholder Value Up

	GLOBE STAGE	FY2013	FY2010
EPS	+72%	¥210	¥122
ROIC	+3.5%pt	11.3%	7.8%
ROE	+2.9%pt	11.6%	8.7%
Share Price	+82%	¥4,260 (Year-end) Record-high ¥4,730 on Jan 7, 2014	¥2,338 (Year-end)
Dividend Per Share	+77%	¥53	¥30
3-Year TSR (Total Shareholder Return)	87%	--	--



GLOBE Stage: Management Indicators

	FY2013 Actual	FY2013 Targets (Apr. 2012)	FY2010 Actual
Sales	¥773.0bn	approx. ¥700bn	¥617.8bn
Operating Income	¥68.1bn	approx. ¥63.0bn	¥48.0bn
GP Margin	38.5%	39%	37.5%
OP Margin	8.8%	9%	7.8%
ROIC	11.3%	(not disclosed)	7.8%
ROE	11.6%	11%	8.7%

1USD = ¥100
1EUR = ¥134

1USD = ¥78
1EUR = ¥104

1USD = ¥86
1EUR = ¥114



GLOBE Stage: Top Tasks

	FY2013 Actual	FY2013 Targets (Apr. 2012)	FY2010 Actual
IA Sales	¥389.4bn	¥392.0bn	¥353.1bn
Emerging Market Sales	¥247.6bn	¥220.0bn	¥163.6bn
Sales in New Business for Optimization Society (Environment-related)	¥52.2bn	¥40.0bn	¥12.8bn

1USD = ¥100
1EUR = ¥134

1USD = ¥78
1EUR = ¥104

1USD = ¥86
1EUR = ¥114



GLOBE Stage: Done & Undone

Achievements	Growth	<ul style="list-style-type: none">• Big growth in emerging markets and environmental business.• Brisk growth in AEC, SSB, HCB and Backlight Business.
	Profitability	<ul style="list-style-type: none">• Constant GP margin improvements.• Better profitability in all business segments.
	Response to Changes	<ul style="list-style-type: none">• Establishment of systems resistant to forex fluctuation.• ROIC-oriented, stronger global vertical-horizontal “matrix” management. (Intra-BC top-down & BCs-HQ ties)
Remaining Tasks		<ul style="list-style-type: none">• IA Business: Establishment of growth structure.• Growth by better working with external enterprises.



EARTH Stage

(1) EARTH-1 Stage Plans
(FY14-16)



VG2020 EARTH-1 Stage: Policy & Targets

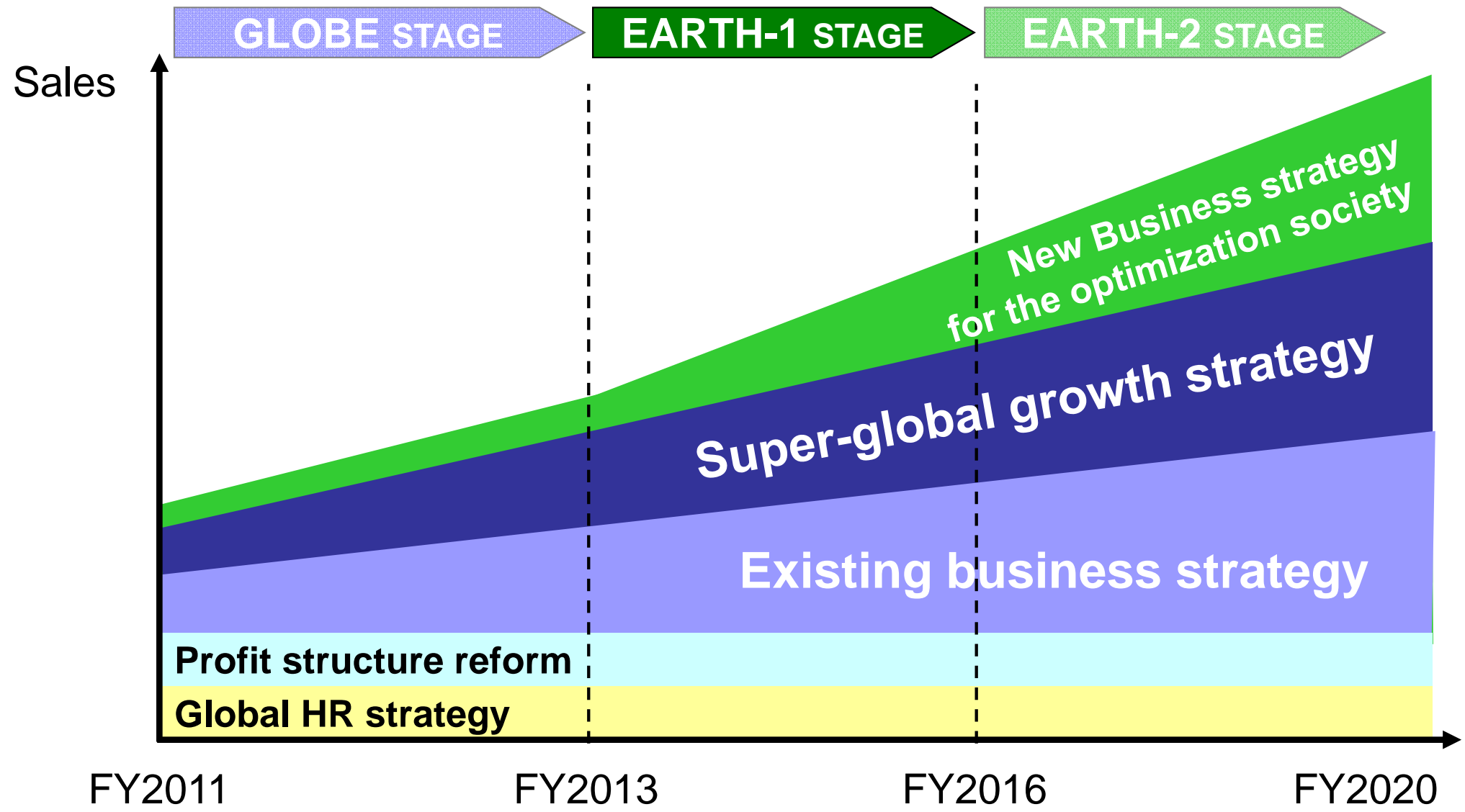
Policy		Establishment of "Self-driven" Growth Structure
FY2016 Targets	Sales	> ¥900bn
	GP Margin	> 40%
	OP Margin	> 10%
	ROIC*	approx. 13%
	ROE	approx. 13%
	EPS*	approx. ¥290

*New

**FY2016 assumed exchange rates: 1USD = ¥100; 1EUR = ¥135



EARTH-1 Stage Scenario





EARTH-1 Stage Focus vs. GLOBE Stage

Existing Business

Continued efforts in
IA Business reinforcement

Super-Global

Establishment of basis to achieve
dramatic growth in wider Asia,
(incl. Greater China)

New Business for
Optimization
Society

Creation of NBs in industry, society
and daily life in addition to
environmental business



EARTH-1 Stage Targets

	FY2016 Targets	FY2013 Actual	Up by
<u>Existing Business</u> IA Sales	¥440.0bn	¥389.4bn	¥50bn
<u>Super-Global</u> Emerging Market Sales	¥320.0bn	¥247.6bn	¥72bn
<u>New Business for</u> <u>Optimization Society</u> New Business Sales	¥90.0bn	¥52.2bn	¥38bn



Sales Target by Segment

	FY2016 Targets	FY2013 Actual	Up by value, %/yr	
IAB Industrial Automation	¥325.0bn	¥291.7 _{bn}	¥33 _{bn}	4%
EMC Electronic & Mechanical Components	¥115.0bn	¥97.7 _{bn}	¥17 _{bn}	6%
AEC Automotive Electronic Components	¥135.0bn	¥126.6 _{bn}	¥8 _{bn}	2%
SSB Social Systems, Solutions & Service	¥95.0bn	¥82.7 _{bn}	¥12 _{bn}	5%
HCB Healthcare	¥120.0bn	¥89.3 _{bn}	¥30 _{bn}	10%
Other	¥105.0bn	¥78.9 _{bn}	¥26 _{bn}	10%

*Excluding "Eliminations & Corporate"



Investments for Growth

Three-year Investment Total

Growth Investment

approx. **¥100bn**

Capital Investment

approx. **¥100bn**

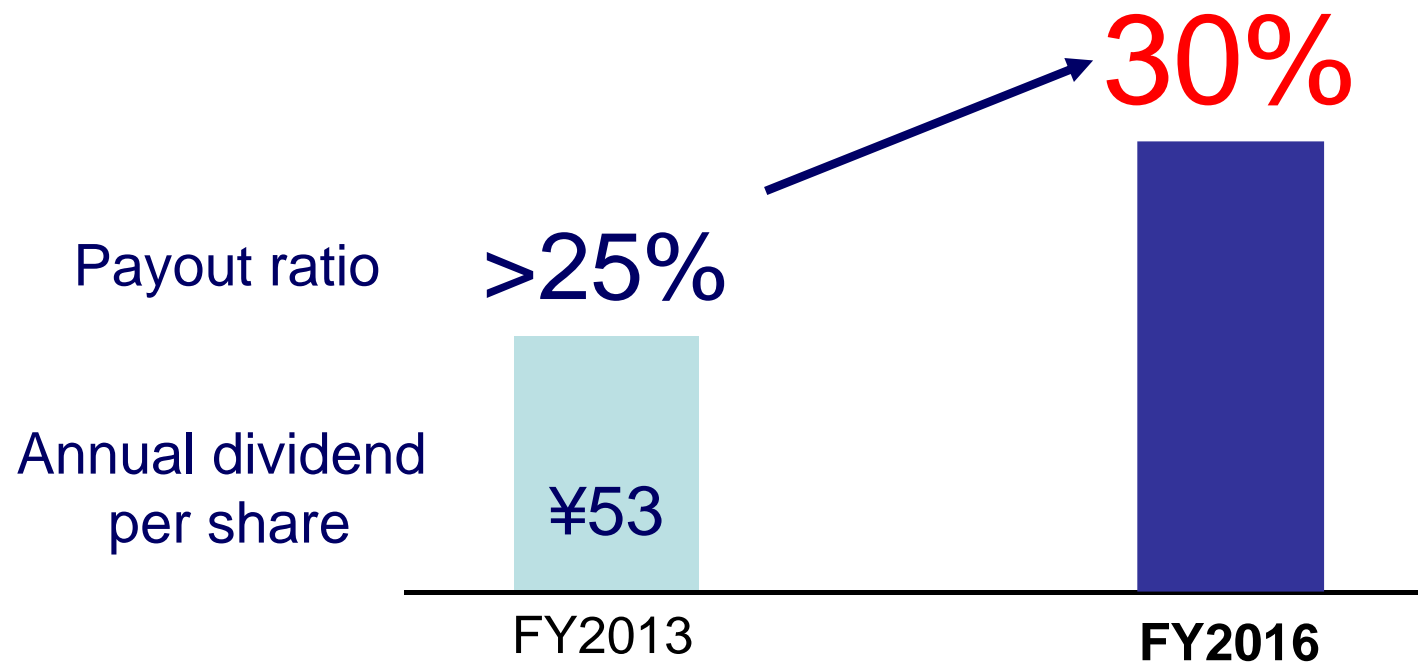
R&D

approx. **¥150bn**



Toward Higher Shareholder Return

OMRON aims to increase payout ratio to **30%** by FY2016
(Three-year payout total of ¥50bn)





EARTH Stage

(2) FY14 Plans: Earth-1 Startup



FY14 Conditions

External Environment

- Developed countries will come back slowly, but emerging markets will still be uncertain.
- By Area:
 - Japan will recover moderately after one-time drop due to consumption tax hike.
 - Overseas
 - Europe will keep going on a slow recovery track.
 - US will be firm thanks to consumer spending and capital investment.
 - China will still be vulnerable.
 - Emerging markets will remain uncertain with some countries staying flat.

Exchange Rates & Raw Material Costs

Exchange rates

- 1 USD = ¥100
- 1 EUR = ¥135

¥1 fluctuation impact (full-year, approx.)

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

Raw material costs

- Silver = ¥72,000/kg
- Copper = ¥760/kg

Price change impact (full-year, approx.)

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



FY14 Consolidated P/L

Aiming at another highest-ever year in sales and profit.

(Billions of yen)

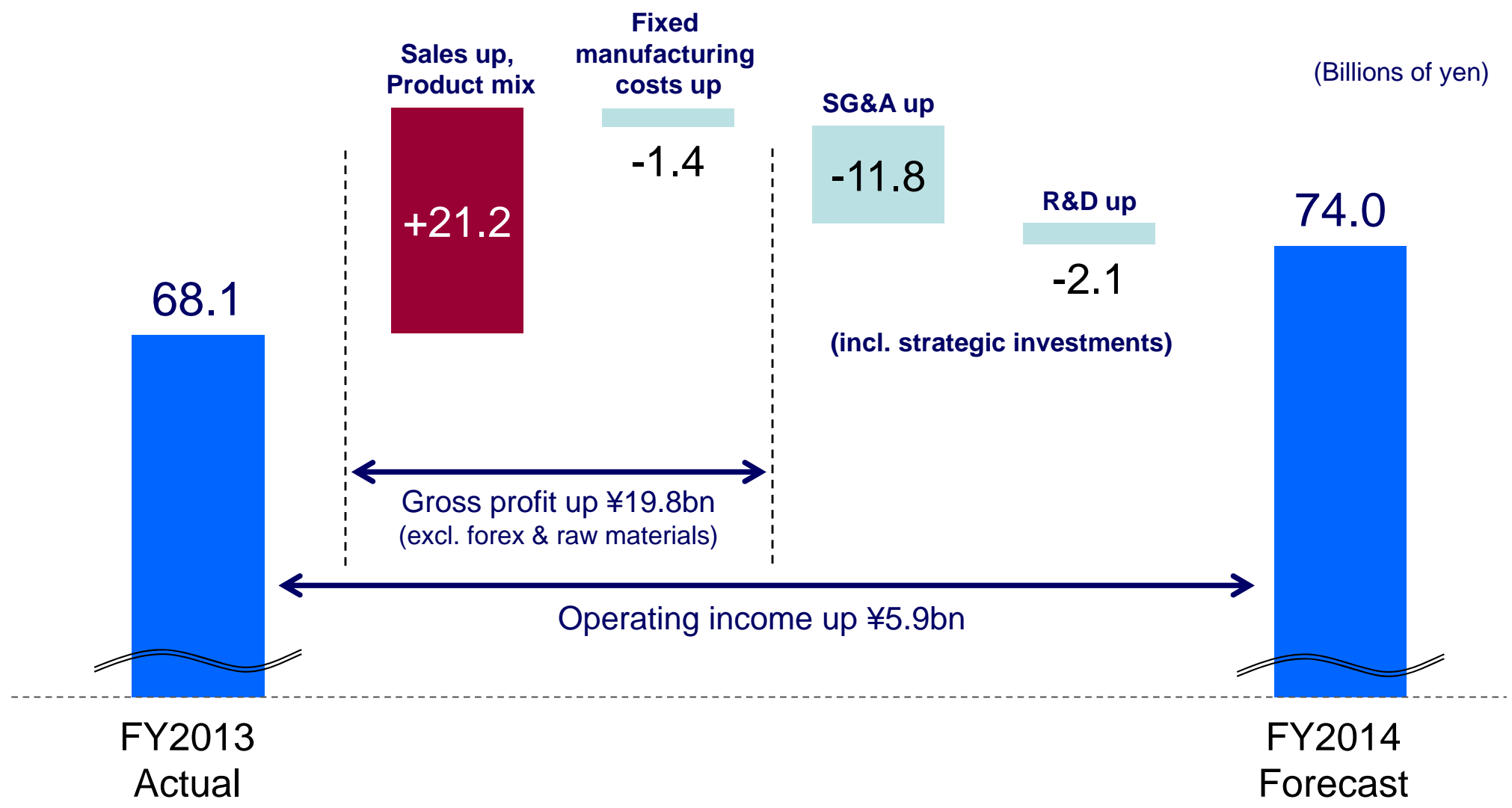
	FY2014 Forecast	FY2013 Actual	Y/Y*
Net Sales	800.0	773.0	+3.5%
Gross Profit	317.0	297.2	+6.7%
(%)	(39.6%)	(38.5%)	(+1.2%pt)
Operating Income	74.0	68.1	+8.7%
(%)	(9.3%)	(8.8%)	(+0.4%pt)
NIBT	71.0	62.0	+14.5%
Net Income attributable to shareholders	51.0	46.2	+10.4%

*FY14 & FY13 figures rounded to million to calculate Y/Y growth.



Operating Income Analysis, Y/Y

Aiming at higher OP while working on investments for growth.





FY14 Business Environment by Segment

Segment	FY2014 Business Environment
<p>IAB Industrial Automation</p>	<ul style="list-style-type: none"> • Japan: Automotive-related demand will come back gradually after one-time drop. Electronic components will remain solid as smartphone/tablet-related demand goes up. Infrastructure/ equipment-replacement related demand will show upward trend thanks to <i>Abenomics</i> economic policy. • Overseas: <ul style="list-style-type: none"> • Europe will show recovery signs. • Americas will remain steady, led by Automotive-related demand. • Greater China will remain uncertain. • Asia Pacific will be slow, especially Thailand.
<p>EMC Electronic & Mechanical Components</p>	<ul style="list-style-type: none"> • Japan: Home electronics will drop temporarily due to consumption tax hike in April. Automotive-related demand will slow down due to manufacturing transfer to overseas. • Overseas: Europe will recover gradually. US Automotive-related demand will go solid. Greater China and Asia, too, will go steady.
<p>AEC Automotive Electronic Components</p>	<ul style="list-style-type: none"> • Japan: Consumption tax won't hit so long, with automakers' launching new models, and the government's cutting automotive acquisition tax. • Overseas: North America and China will be solid. Europe will go back on a recovery track. Asia will slow down due to sluggish economy.
<p>SSB Social Systems, Solutions & Service</p>	<p>Demand for train system will go flat, after one-time, consumption-tax-related investment is over. Environmental solutions will go brisk.</p>
<p>HCB Healthcare</p>	<ul style="list-style-type: none"> • Japan: Consumer spending will go down temporarily, but will go healthy overall. • Overseas: Europe, Americas, and China will be solid. Asia will turn around
<p>Other</p>	<p>Environmental Solutions and Backlight business will be brisk.</p>



Full-Year Sales & OP by Segment

Aiming at sales & OP growth in all segments 2 years in a row.

(Billions of yen)

	Net Sales			Operating Income, (%)*		
	FY2014 Forecast	FY2013 Actual	Y/Y	FY2014 Forecast	FY2013 Actual	Y/Y
IAB Industrial Automation	300.0	291.7	+2.8%	40.0 (13.3%)	38.8 (13.3%)	+3.2% (0.0%pt)
EMC Electronic & Mechanical Components	101.0	97.7	+3.4%	9.2 (9.1%)	8.7 (8.9%)	+6.3% (+0.2%pt)
AEC Automotive Electronic Components	128.5	126.6	+1.5%	9.2 (7.2%)	9.1 (7.2%)	+1.3% (0.0%pt)
SSB Social Systems, Solutions & Service	85.5	82.7	+3.4%	6.5 (7.6%)	5.6 (6.7%)	+17.1% (+0.9%pt)
HCB Healthcare	98.5	89.3	+10.3%	8.0 (8.1%)	7.5 (8.5%)	+6.0% (-0.4%pt)
Other	83.0	78.9	+5.1%	9.5 (11.4%)	8.7 (11.0%)	+9.5% (+0.4%pt)
Eliminations & Corporate	3.5	6.1	-42.6%	-8.4	-10.3	--
Total	800.0	773.0	+3.5%	74.0 (9.3%)	68.1 (8.8%)	+8.7% (+0.5%pt)

*(%): Operating income/External sales



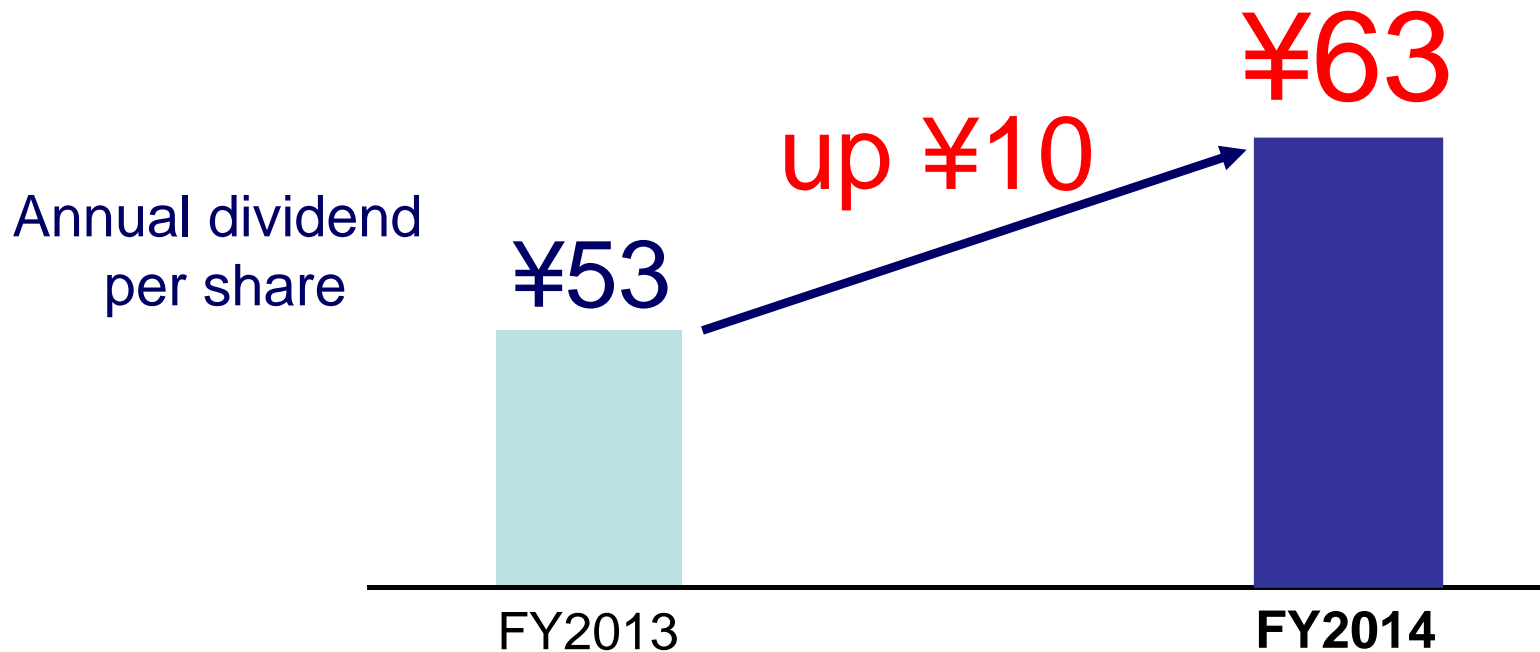
FY14 Goals: Management Indicators & Top Tasks

	FY2014 Targets	FY2013 Actual
GP Margin	39.6%	38.5%
OP Margin	9.3%	8.8%
ROIC	approx. 12%	11.3%
ROE	approx. 12%	11.6%
<u>Existing Business</u> IA Sales	¥401.0bn	¥389.4bn
<u>Super-Global</u> Emerging Market Sales	¥268.0bn	¥247.6bn
<u>New Business for</u> <u>Optimization Society</u> New Business Sales	¥60.0bn	¥52.2bn



FY14 Dividend Forecast

Annual dividend payout forecast:
¥63 (¥27 interim + ¥36 year-end)



OMRON

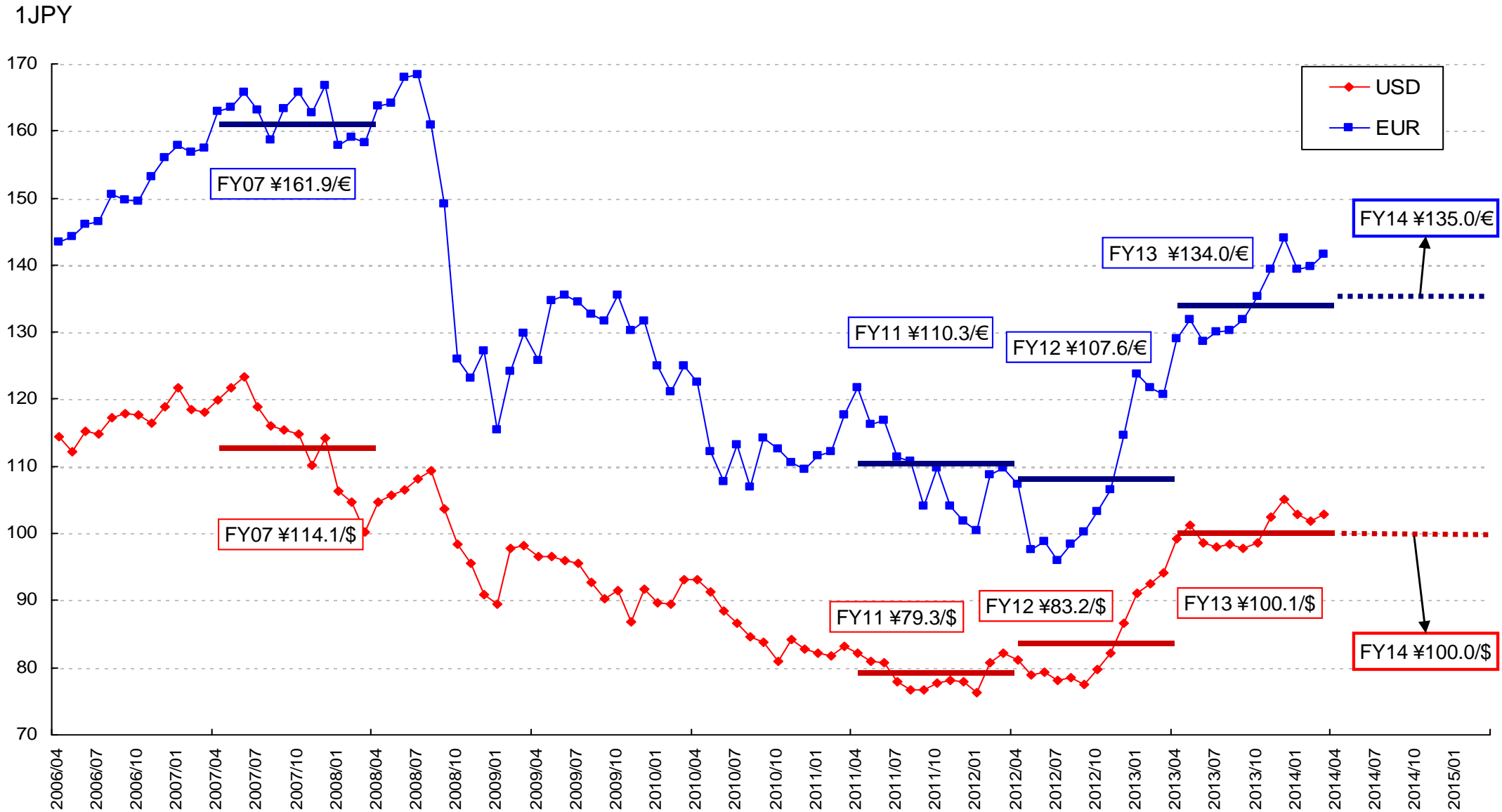
Sensing tomorrow™



References



Exchange Rates (USD, EUR)

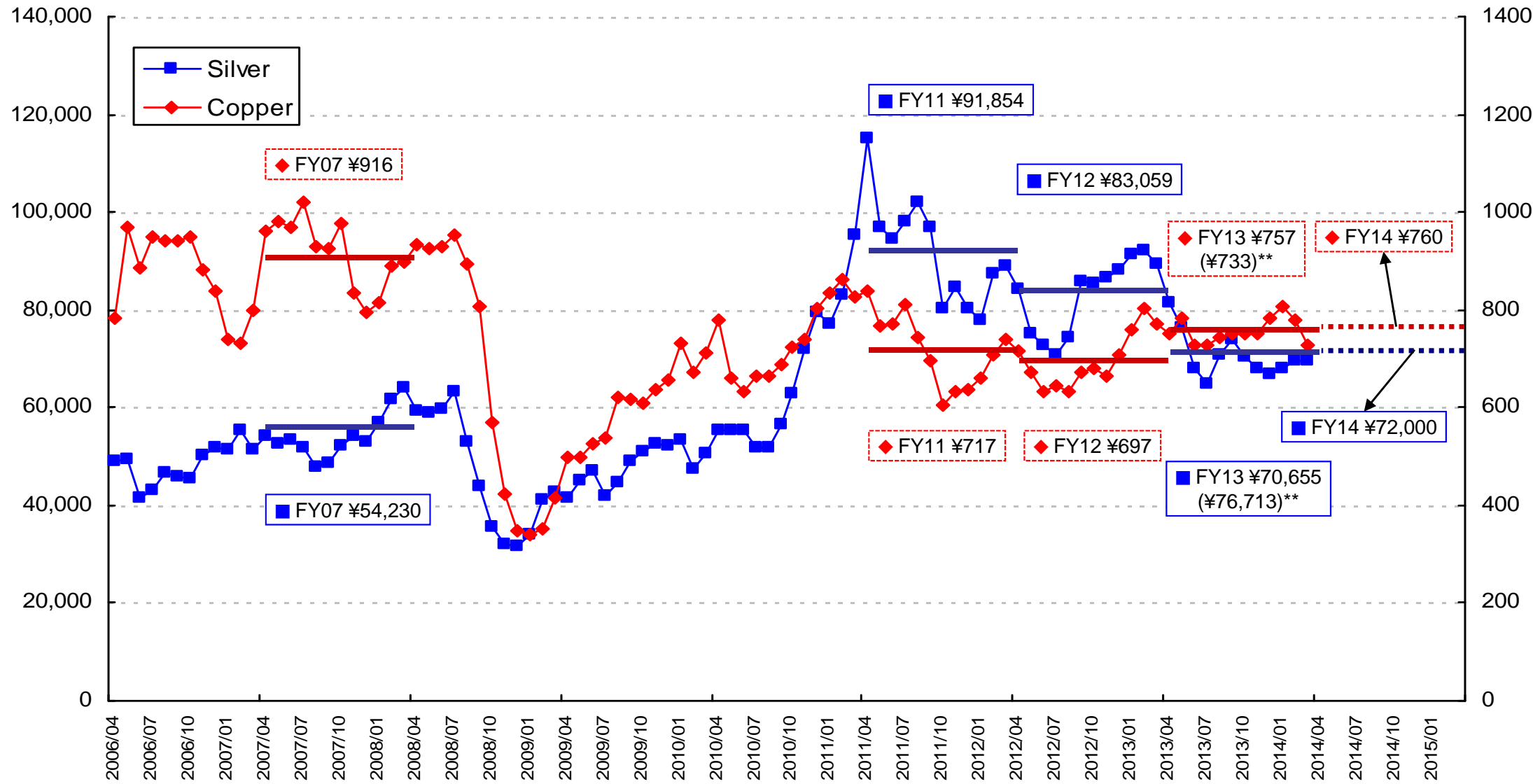




Raw Material Prices (Silver, Copper)

Silver price quotation, JPY/kg

Copper price quotation, JPY/kg



*Monthly simple moving average (SMA) of price quotations. ** (¥): Average used for FY13 earnings.



ROIC Definition

Consol. B/S

LIABILITIES	
Current liabilities:	
Short-term debt	
Notes and accounts payable — trade	
Accrued expenses	
Income taxes payable	
Other current liabilities	
Deferred income taxes	
Termination and retirement benefits	
Other long-term liabilities	
Total liabilities	
NET ASSETS	
Shareholders' equity	
Common stock	
Capital surplus	
Legal reserve	
Retained earnings	
Accumulated other comprehensive income (loss)	
Foreign currency translation adjustments	
Minimum pension liability adjustments	
Net unrealized gains on available-for-sale securities	
Net losses on derivative instruments	
Treasury stock	
Noncontrolling interests	
Total net assets	
Total liabilities and net assets	

$$\text{ROIC} = \frac{\text{Net income attributable to shareholders}}{\text{Invested capital}}$$

Invested capital*

= Net assets + Interest-bearing debt

*Average of FY12 year-end & FY13 quarterly figures.



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*

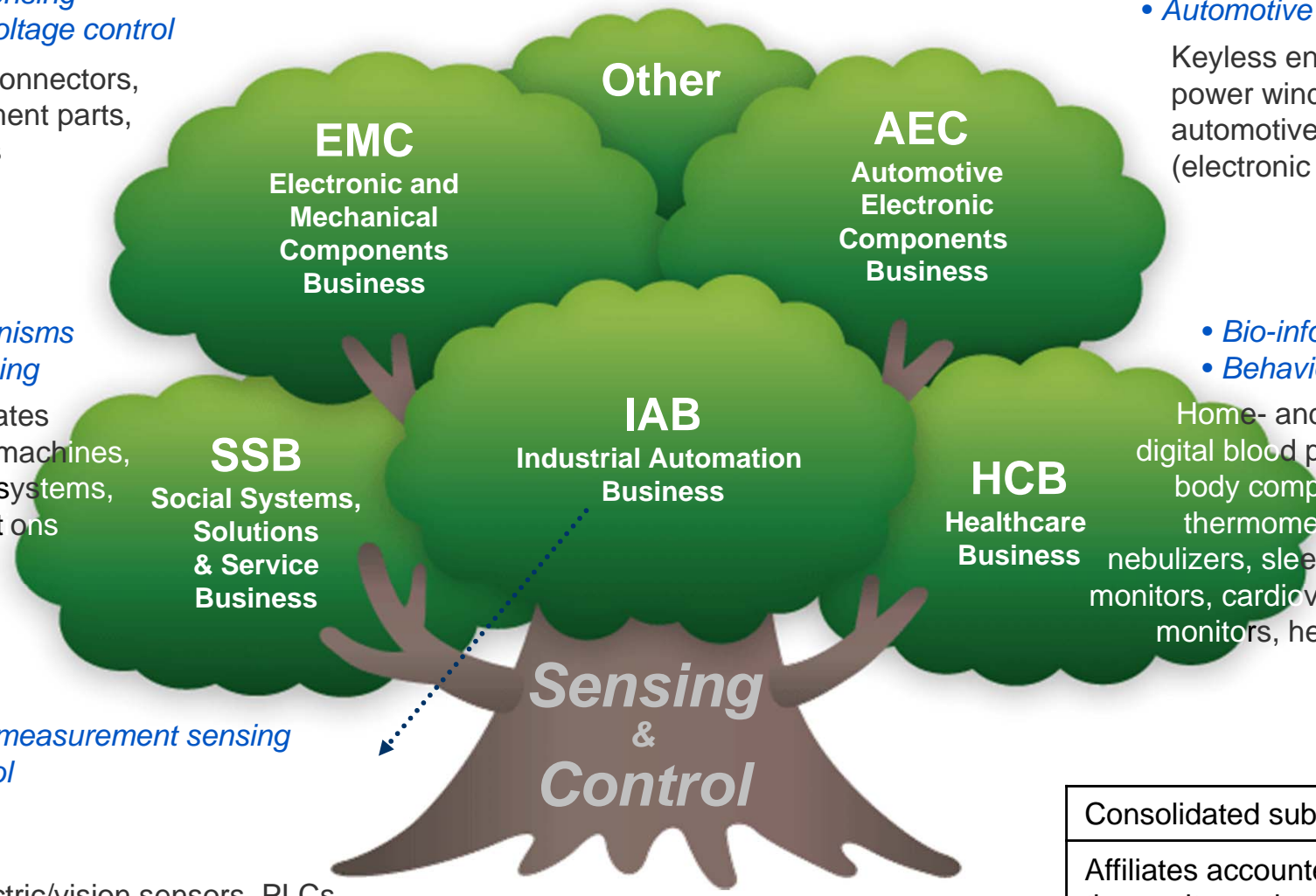
Automated ticket gates and ticket vending machines, road management systems, environmental solutions business

- *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	156
Affiliates accounted for by the equity method	10

(as of March 31, 2014)

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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