FY2017 Q3 Earnings
Financial Results for the Third Quarter
Ended December 31, 2017

Jan 30, 2018
OMRON Corporation
Summary

■ Q1-Q3 results
  • Substantial Y/Y gains in both sales and profit. New record highs for sales, gross profit and operating income
  • Strong IAB drove overall performance
  • Also made solid progress on investments for future growth

■ Full-year forecasts
  • Strong performance to continue in Q4
  • Expect to achieve most recent consolidated forecast despite accelerating investments.
  • IAB segment forecast revised up again on positive performance (although Other segment forecast revised down)

■ HCB strategy
  • HCB is a key growth driver for OMRON, second only to IAB
Contents

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Q1-Q3 Results
**Q1-Q3 Results**

Significant sales and profit growth. Set new record highs in sales, gross profit and operating income. GP margin of 41.7%, reflecting enhanced profit-generating capabilities.

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Q1-Q3</th>
<th>FY2017 Q1-Q3</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>568.7</td>
<td>624.9</td>
<td>+9.9%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>224.0 (39.4%)</td>
<td>260.8 (41.7%)</td>
<td>+16.4% (+2.3%pt)</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>45.8 (8.1%)</td>
<td>64.4 (10.3%)</td>
<td>+40.5% (+2.2%pt)</td>
</tr>
<tr>
<td>Net Income Attributable to Shareholders</td>
<td>30.6</td>
<td>46.7</td>
<td>+52.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1USD (JPY)</th>
<th>1EUR (JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>106.9</td>
<td>118.7</td>
</tr>
<tr>
<td></td>
<td>111.7</td>
<td>127.9</td>
</tr>
<tr>
<td></td>
<td>+4.8</td>
<td>+9.2</td>
</tr>
</tbody>
</table>
Operating Income Analysis, Y/Y

GP margin up substantially on improved sales and added value. Leverage higher profits to proactively invest for future growth. Operating income up despite increased investments.

- Gross profit +27.1
- Added Value Up +26.6
- Fixed manufacturing costs down +0.5
- Sales up
- Added Value ratio up
- Forex impacts +5.2
- SG&A up -9.0
- R&D up -4.7
- Enhance core technologies
- New product development
- Sales up
- Added Value ratio up
- FY2017 Q1-Q3 64.4 (¥bn)
- FY2016 Q1-Q3 45.8
### Sales by Business Segment

**IAB sales growth exceeds 20% Y/Y. EMC, HCB* also achieve growth of more than 10% Y/Y**

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Q1-Q3</th>
<th>FY2017 Q1-Q3</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>240.0</td>
<td>292.1</td>
<td>+21.7%</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td>68.9</td>
<td>77.7</td>
<td>+12.8%</td>
</tr>
<tr>
<td><strong>AEC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Electronic Components</td>
<td>96.9</td>
<td>97.6</td>
<td>+0.7%</td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td>30.9</td>
<td>31.0</td>
<td>+0.2%</td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td>76.0</td>
<td>82.0</td>
<td>+8.0%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Businesses under the Direct Control of HQ</td>
<td>52.3</td>
<td>41.6</td>
<td>-20.3%</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>3.8</td>
<td>2.9</td>
<td>-23.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>568.7</td>
<td>624.9</td>
<td>+9.9%</td>
</tr>
</tbody>
</table>

* Excl. Omron Colin

* Certain operations previously included in SSB have been reclassified to Other.
### Operating Income by Business Segment

#### Profit growth particularly substantial at IAB. EMC, HCB also reported strong Y/Y profit gains.

<table>
<thead>
<tr>
<th></th>
<th>(1) FY2016 Q1-Q3</th>
<th>(2) FY2017 Q1-Q3</th>
<th>(2)-(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>37.1 (15.4%)</td>
<td>55.2 (18.9%)</td>
<td>+18.2 (+3.5%pt)</td>
</tr>
<tr>
<td>EMC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td>7.1 (10.4%)</td>
<td>10.8 (13.9%)</td>
<td>+3.7 (+3.6%pt)</td>
</tr>
<tr>
<td>AEC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Electronic Components</td>
<td>4.9 (5.0%)</td>
<td>4.3 (4.4%)</td>
<td>-0.6 (-0.7%pt)</td>
</tr>
<tr>
<td>SSB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td>-3.5 (-)</td>
<td>-3.3 (-)</td>
<td>+0.2 (-)</td>
</tr>
<tr>
<td>HCB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td>7.6 (10.0%)</td>
<td>10.2 (12.4%)</td>
<td>+2.6 (+2.4%pt)</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Businesses under the Direct Control of HQ</td>
<td>-1.3 (-)</td>
<td>-1.1 (-)</td>
<td>+0.2 (-)</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>-6.0 (-)</td>
<td>-11.7 (-)</td>
<td>-5.6 (-)</td>
</tr>
<tr>
<td>Total</td>
<td>45.8 (8.1%)</td>
<td>64.4 (10.3%)</td>
<td>+18.6 (+2.2%pt)</td>
</tr>
</tbody>
</table>

* Certain operations previously included in SSB have been reclassified to Other.
Q1-Q3 Net Sales (Global) of Focus Industries + 25% (vs FY2016 Q1-Q3, on a local currency basis)
Global economy continues to recover gradually

Japan:
Solid environment continues on increased capex by the semiconductor and auto industries

Overseas:
Americas: Continued correction in US auto industry but overall economic recovery continues
Europe : Gradual recovery maintained on continued capex, capacity expansion
China : Growth rate continues to moderate on government-led capex restraint
Asia : Korea remains strong, recovery in Thailand and India continues
### Q4 Business Environment by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Japan: Auto, semiconductors remain solid</th>
<th>Overseas: China &amp; Asia moderating relative to H1 but still strong overall</th>
<th>Europe remains firm. Autos, semiconductors solid in Americas</th>
</tr>
</thead>
</table>
| IAB  
Industrial Automation |                                          |                                                                         |                                                               |
| EMC  
Electronic & Mechanical Components | Consumer: Semiconductor/industrial equipment demand remains strong. | Consumer electronics strong in China | Automotive: Europe remains firm, Asia motorcycle demand solid |
| AEC  
Automotive Electronic Components | Japan: Continued strength on recovering market conditions | Overseas: China largely flat. US solid and stable at lower levels |                                                               |
| SSB  
Social Systems, Solutions and Service | Public Transportation: Remain stagnant on completion of upgrade cycle | Road Traffic: Solid replacement demand |                                                               |
| HCB  
Healthcare | Japan: Remain solid, primarily in online channel | Overseas: Remain strong on rising health consciousness in China, Asia and other EM |                                                               |
| Other  
Businesses under the Direct Control of HQ | Environmental Solutions: Renewable energy markets remain weak | Backlights: High-end backlight market flat |                                                               |
Full-year Forecasts

Current forecasts maintained. Expect to achieve most recent overall full-year forecast despite accelerating investments. Solid progress toward achieving VG2.0 targets.

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Actual</th>
<th>FY2017 Fcst (Oct. /Jan)</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>794.2</td>
<td>850.0</td>
<td>+7.0%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>311.8 (39.3%)</td>
<td>353.5 (41.6%)</td>
<td>+13.4% (+2.3%pt)</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>67.6 (8.5%)</td>
<td>85.0 (10.0%)</td>
<td>+25.8% (+1.5%pt)</td>
</tr>
<tr>
<td>Net Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attributable to Shareholders</td>
<td>46.0</td>
<td>59.0</td>
<td>+28.3%</td>
</tr>
<tr>
<td>1USD (JPY)</td>
<td>108.9</td>
<td>111.3</td>
<td>+2.4</td>
</tr>
<tr>
<td>1EUR (JPY)</td>
<td>119.4</td>
<td>127.9</td>
<td>+8.5</td>
</tr>
</tbody>
</table>

*Q4 forex assumptions: 1USD = ¥110, 1EUR = ¥128
Revise up IAB segment forecast but revise down Other segment. In addition to IAB, HCB showing solid growth, supporting overall growth.

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>IAB Industrial Automation</td>
<td>388.0</td>
<td>393.0</td>
<td>331.0</td>
<td>+18.7%</td>
</tr>
<tr>
<td>EMC Electronic &amp; Mechanical Components</td>
<td>99.5</td>
<td>99.5</td>
<td>93.9</td>
<td>+5.9%</td>
</tr>
<tr>
<td>AEC Automotive Electronic Components</td>
<td>129.5</td>
<td>129.5</td>
<td>132.1</td>
<td>-1.9%</td>
</tr>
<tr>
<td>SSB Social Systems, Solutions &amp; Service</td>
<td>63.5</td>
<td>63.5</td>
<td>61.9</td>
<td>+2.6%</td>
</tr>
<tr>
<td>HCB Healthcare</td>
<td>108.5</td>
<td>108.5</td>
<td>101.3</td>
<td>+7.1%</td>
</tr>
<tr>
<td>Other Businesses under the Direct Control of HQ</td>
<td>57.0</td>
<td>52.0</td>
<td>68.5</td>
<td>-24.1%</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>4.0</td>
<td>4.0</td>
<td>5.5</td>
<td>-28.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>850.0</strong></td>
<td><strong>850.0</strong></td>
<td><strong>794.2</strong></td>
<td><strong>+7.0%</strong></td>
</tr>
</tbody>
</table>

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* Excl. Omron Colin
### Operating Income by Business Segment

**Revise up IAB but revise down AEC/Other.**

IAB, supported by EMC and HCB, to contribute to overall profit growth.

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>71.5 (18.4%)</td>
<td>73.0 (18.6%)</td>
<td></td>
<td>+1.5 (+0.1%pt)</td>
<td>+21.0 (15.7%)</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td>12.0 (12.1%)</td>
<td>12.0 (12.1%)</td>
<td>9.4 (10.0%)</td>
<td>±0</td>
<td>+2.6 (10.0%)</td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td>6.5 (5.0%)</td>
<td>6.0 (4.6%)</td>
<td>7.1 (5.4%)</td>
<td>-0.5 (-0.4%pt)</td>
<td>-1.1 (-0.8%)</td>
</tr>
<tr>
<td><strong>AEC</strong></td>
<td>4.0 (6.3%)</td>
<td>4.0 (6.3%)</td>
<td>3.7 (6.0%)</td>
<td>±0</td>
<td>+0.3 (6.0%)</td>
</tr>
<tr>
<td>Automotive Electronic Components</td>
<td>10.5 (9.7%)</td>
<td>10.5 (9.7%)</td>
<td>8.5 (8.4%)</td>
<td>±0</td>
<td>+2.0 (8.4%)</td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td>-1.5 (-)</td>
<td>-2.5 (-)</td>
<td>-1.8 (-)</td>
<td>-1.0</td>
<td>-0.6 (-)</td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td>-18.0</td>
<td>-18.0 (-)</td>
<td>-11.3 (-)</td>
<td>±0</td>
<td>-6.6 (-)</td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td></td>
<td></td>
<td>67.6 (8.5%)</td>
<td>±0</td>
<td>+17.4 (8.5%)</td>
</tr>
<tr>
<td>Healthcare</td>
<td>10.5 (9.7%)</td>
<td>10.5 (9.7%)</td>
<td>8.5 (8.4%)</td>
<td>±0</td>
<td>+2.0 (8.4%)</td>
</tr>
<tr>
<td><strong>Eliminations &amp; Corporate</strong></td>
<td>-18.0 (-)</td>
<td>-18.0 (-)</td>
<td>-11.3 (-)</td>
<td>±0</td>
<td>-6.6 (-)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>85.0 (10.0%)</td>
<td>85.0 (10.0%)</td>
<td>67.6 (8.5%)</td>
<td>±0</td>
<td>+17.4 (8.5%)</td>
</tr>
</tbody>
</table>

* Certain operations previously included in SSB have been reclassified to Other.
IAB performance strong due to focus on growth industries and success of innovative Automation.

HCB, along with IAB, is driving overall growth.

Improved profit-generating capability enhances our ability to proactively invest. Focus on accelerating development of growth structure and enhancing profitability.
Positioning of HCB

Positioned as a key domain alongside FA, even within the 4 focus domains

Factory Automation

Healthcare

Mobility

Energy Management
Healthcare Business (HCB) Mission

To Help Realize Healthy and Comfortable Lives for People around the World

All for Healthcare
Social changes in developed and developing countries have led to new challenges in healthcare, driving severe increases in medical expenditures.

**Social changes**
- Middle class expanding in both developed and developing countries
- Population aging in developed countries

**New challenges**
- Increase in lifestyle diseases
- Widening gap between life expectancy and healthy life expectancy

**Social issues**
- Rising medical expenditures
Healthcare: 3 Focus Fields

Aim to resolve social challenges through personalized medical solutions in the 3 therapeutic areas with sufficient global market scale and where OMRON can fully leverage its strengths

Cardiovascular Disease

Cerebral and cardiovascular event patients

17.5 Million

Medical expenses for cardiovascular disease

¥120 Trillion

Respiratory Disease

Global respiratory disease patients

440 Million

Medical expenses for respiratory diseases in Japan, US, and Europe

¥19 Trillion

Pain Management

Chronic pain patients in Japan and US

73 Million

Analgesic market in Japan and US

¥2.4 Trillion

Healthcare: Basic Strategies

Reinforcement of 3 Core Categories

Blood Pressure Monitor
Nebulizer
Pain Management

Initiatives to Promote
Zero Cerebral and Cardiovascular Events
Reinforcement of 3 Core Categories
Reinforcement of 3 Core Categories

Reinforce strengths and aim for an overwhelming market share in the 3 core categories

**<Cardiovascular>**
Home-use Blood Pressure Monitor

**<Respiratory>**
Nebulizer

**<Pain Management>**
Low-frequency Therapy Equipment

**FY2016 Actual**
- Cardiovascular: 50%
- Respiratory: 30%
- Pain Management: 35%

**FY2020 Targets**
- Cardiovascular: >55%
- Respiratory: >40%
- Pain Management: >45%

Source: Estimates by Omron based on GFK, Nielsen Data and other third-party research
* World market share for blood pressure monitor and nebulizer; Japan and US market share for low frequency therapy equipment
* Amount-based share
Global hypertension population continues to rise, expected to hit 1.5 billion by 2025. Implied growth potential for the BPM market very strong.

Source:  
*1: WHO  
*2: Lancet
OMRON’s Strengths

The medical device business requires the ability to meet rigorous standards. OMRON has 3 key strengths, as a result of a 40 year-plus track record in the BPM business.

1. Significant regulatory expertise, ability to secure approvals (barrier to entry for others)

2. Well trusted by medical practitioners based on high degree of performance accuracy

3. Established channel network
Strength 1. Regulatory Expertise (Barrier to Entry)

OMRON products sold in 117 countries, 90 of which have a product approval process. OMRON has met the safety and efficacy requirements of regulators in each country.
Many papers have been written assessing the accuracy of OMRON BPMs. OMRON has the highest number of recommendations from dabl, a third-party resource used by doctors in evaluating BPMs.

**# of BPMs recommended by dabl**

- **OMRON**: 75
- **A**: 24
- **B**: 20
- **C**: 14
- **D**: 12
- **E**: 12
- **F**: 11
- **G**: 10

Based on database search by Omron. Search preconditions: Upper Arm Devices & Wrist Devices for Self-measurement of Blood Pressure, from dabl Educational Trust Searched on March 2016. Note: Only showing results for manufacturers with more than 5 registered devices.
OMRON BPMs widely used in large-scale clinical trials on a global basis, starting with the Ohasama Longitudinal Study, which is considered to be the basis for WHO’s home blood pressure measurement standards.
Strength 3. Established Channels (Expanding retail footprint)

Increasing the number of retailers, primarily in emerging markets (FY13 360,000 -> FY16 460,000)

- **W. Europe**: FY13 -> FY16
- **Russia**: FY13 -> FY16
- **China**: FY13 -> FY16
- **Japan**: FY13 -> FY16
- **N. America**: FY13 -> FY16
- **CIS/E. Europe/MEA**: FY13 -> FY16
- **India**: FY13 -> FY16
- **Asia Pacific**: FY13 -> FY16
- **Central/S. America**: FY13 -> FY16
OMRON dominates rankings for BPMs on Amazon

(As of 19 January 2018)

8 of Top 10 are OMRON products

5 of Top 10 are OMRON products
Zero Cerebral and Cardiovascular Events
Our Vision for the Cardiovascular Domain

OMRON Healthcare is Going for Zero.
We aim to eliminate cerebral and cardiac events, such as stroke or heart attacks, that can lead to fatalities or being bedridden.
Number of deaths from cerebral and cardiac events continues to rise

Cerebral/Cardiac Event Fatalities (Global)*1

*1:WHO Global Health Estimates 2015
Challenges in Treating Hypertension (Japan)

Leading cause of cerebral and cardiac events. Only 13% of patients successfully lower blood pressure. Better outcomes require changes to patient behavior and personalized diagnosis and treatment.

<table>
<thead>
<tr>
<th>Hypertension patients 43 million</th>
<th>Untreated 60%</th>
<th>Untreated 60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quit treatment 16%</td>
<td></td>
<td>Quit treatment 16%</td>
</tr>
<tr>
<td>In treatment 24%</td>
<td>Poorly controlled 11%</td>
<td>Controlled 13%</td>
</tr>
</tbody>
</table>

Change Behavior
Seek treatment, take medication, continue to be treated

Personalized diagnosis & treatment
Only half of patients on medication report reduced blood pressure

Source: NPO Hypertension Improvement Forum
HCB Targets Innovation in Hypertension Treatment

Innovative devices make it possible to capture a wide array of vital signs. Analytics can then be applied to create innovative diagnostic and therapeutic services for the treatment of hypertension. This can contribute to Zero Events.

Providing Innovative Devices
- Blood Pressure
- Activities
- Sleep
- ECG

Diagnosis & Treatment Support Service
- Support Behavior Change
- Personalized Diagnosis & Treatment

Data Accumulation & Analysis
First Steps for New Hypertension Treatment (with AliveCor)

Achieve Zero Events with new devices that capture a wider variety of vital sign and behavioral data to enhance diagnosis and provide more sophisticated treatment.

**AliveCor’s Strengths**
- Mobile cardiograph unit (FDA-cleared) to detect atrial fibrillation
- Remote monitoring platform for cardiologists and patients

**OMRON’s Strengths**
- Development capability
  - Integrated tubeless cuff-type BPM (Launched Mar. 2017)
  - Wearable BPM (In development for US launch in 2018)
- Algorithm
  - Diagnostic algorithm
  - Optimal dosing algorithm

**Collaboration**
- Developing ECG+BPM (Plan to seek FDA approval)
  - Developing service platform that uses ECG+BP Data (Plan to seek FDA approval)

Example of New Device
Potential Markets Related to Blood Pressure

Potential market is growing, due to increase in number of hypertension patients, development of high performance measurement equipment suited for personalized treatment, and emergence of markets for services.

*OMRON estimates
Healthcare Business (HCB) FY2020 Target

Aim for 10% CAGR up to FY2020 through a combination of enhancing the 3 core categories and accelerating the Zero Events’ initiatives.

CAGR +10%

Sales

FY2016 Actual: 101.3 ¥bn

FY2020 Target: 150.0 ¥bn
OMRON’s Integrated Report 2017 recognized for multiple awards

- WICI Japan Excellence in Integrated Reporting
  - Grand Prize

- Nikkei Annual Report Award
  - Grand Prix

- Excellence in Integrated Reporting by GPIF’s Managers
  - ‘Excellence in Integrated Reporting’, ‘Significant Improvement in Integrated Reporting’
In Conclusion

We have gotten off to a good start in FY2017 for achieving VG2.0 targets.

<table>
<thead>
<tr>
<th>(¥bn)</th>
<th>FY2016 Actual</th>
<th>FY2017 Init. Plan</th>
<th>FY2017 Fcst.</th>
<th>FY2020 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>794.2</td>
<td>810.0</td>
<td>850.0</td>
<td>Revised Upward</td>
</tr>
<tr>
<td>Operating Income</td>
<td>67.6</td>
<td>68.0</td>
<td>85.0</td>
<td>1 trillion</td>
</tr>
<tr>
<td>Revised Upward</td>
<td>850.0</td>
<td>85.0</td>
<td>100.0</td>
<td>FY2020 Targets</td>
</tr>
</tbody>
</table>
Reference
### Q4 Assumptions: Exchange Rates

<table>
<thead>
<tr>
<th>Q4 Assumptions</th>
<th>¥1 fluctuation impact (full-year, approx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
</tr>
<tr>
<td><strong>USD</strong></td>
<td>¥110</td>
</tr>
<tr>
<td><strong>EUR</strong></td>
<td>¥128</td>
</tr>
</tbody>
</table>

*If emerging-market currency trends diverge from USD and/or EUR contrary to our expectations, sensitivities will be impacted.*
## VG2.0 Management Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY2016 Actual</th>
<th>FY2017 Fcst</th>
<th>FY2020 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥794.2bn</td>
<td>¥850.0bn</td>
<td>¥1 Trillion</td>
</tr>
<tr>
<td>GP Margin</td>
<td>39.3%</td>
<td>41.6%</td>
<td>&gt; 41%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥67.6bn</td>
<td>¥85.0bn</td>
<td>¥100bn</td>
</tr>
<tr>
<td>ROIC</td>
<td>10.3%</td>
<td>Approx. 12%</td>
<td>&gt; 10%</td>
</tr>
<tr>
<td>ROE</td>
<td>10.1%</td>
<td>Approx. 12%</td>
<td>&gt; 10%</td>
</tr>
<tr>
<td>EPS</td>
<td>¥215.1</td>
<td>¥277.0</td>
<td>&gt; ¥300</td>
</tr>
<tr>
<td>USD / EUR</td>
<td>¥108.9 / ¥119.4</td>
<td>¥111.3 / ¥127.9</td>
<td>¥110 / ¥118</td>
</tr>
</tbody>
</table>
VG2.0 and Sustainability Strategies

OMRON Principles

Management Philosophy & Sustainability Policy

**VG2.0**

**Business Strategies**

1. Reinforce businesses by designating focus domains
2. Business model evolution
3. Enhance core technologies

**Operational & Functional Strategies**

- Collaboration with partners

**Sustainability Issues**

Solving social issues through our businesses: Responding to social needs

- FA
- Health-care
- Mobility
- Energy Mgmt.

Collaboration with Partners

Responding to stakeholder expectations

- Human Capital Mgmt.
- Manufacturing
- Risk Management

OMRON Principles

Management Philosophy & Sustainability Policy
Healthcare Sustainability Targets (a/o start of VG2.0)

Aim to allow people around the world to live healthy and rewarding lives by extending healthy life expectancy and contributing to a reduction in medical spending. We will achieve this by realizing zero cerebral and cardiac events through the use of self-monitoring of blood pressure in the home, and zero incidence of severe asthma.

### Healthcare

<table>
<thead>
<tr>
<th>Social Issues</th>
<th>Goals for Fiscal 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increasing frequency of brain and cardiovascular diseases caused by hypertension</strong></td>
<td>Blood pressure monitor sales: 25 million units / year</td>
</tr>
<tr>
<td><strong>Worldwide increase in respiratory disease</strong></td>
<td>Nebulizer/Asthma Wheeze Monitors: 7.65 million units / year</td>
</tr>
</tbody>
</table>

Non-HCB sustainability targets here:
- Related to VG2.0 [https://www.omron.com/vg2020/](https://www.omron.com/vg2020/)
OMRON Included in Major ESG Indices (As of Jan, 2018)

Selected for all major sustainability indices. Continue to focus on contributing to society through our business.

ESG Indices which include OMRON

- **DJSI – World**
  - FTSE4Good Index Series
  - MSCI ESG Leaders Indexes
  - MSCI SRI Indexes
  - STOXX Global ESG Leaders indices
  - CDP
  - MS-SRI

- **FTSE Blossom Japan Index**
- **MSCI Japan ESG Select Leaders Index**
- **MSCI Japan Empowering Women Index**

Selected by GPIF
Down-Top ROIC Tree

To-Dos

Cycle

On-site

PLAN

DO

CHECK

KPI

• Sales in focus industries/areas
• Sales of new/focus products
• Selling price control
• Variable cost reduction, value/%
• Defect cost %

• Per-head production # unit
• Automation % (headcount reduction)

• Labor costs–sales %

• Inventory turnover months
• Slow-moving inv. months
• Credits & debts months

• Facilities turnover (1/N automation ratio)

Drivers

GP Margin

Added -value %

Fixed manuf. costs %

SG&A %
R&D %

Working capital turnover

Invested Capital Turnover

ROS

ROIC

ROS

Invested Capital Turnover

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ROIC Definition

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

**Invested capital**

\[= \text{Net assets + Interest-bearing debt}\]

*The average of previous fiscal year-end result and quarterly results (or forecasts) of current fiscal year.

**Capital cost forecast at 6% for FY2017 - 2020**
Notes
1. The consolidated statements of OMRON Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results are based on information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable. Various risks and uncertain factors could cause actual results to differ materially from these projections.
3. The presentation slides are based on "Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018 (U.S. GAAP)."
Figures rounded to the nearest million JPY and percentage to one decimal place.