



Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (U.S. GAAP)

April 26, 2018

OMRON Corporation (6645)

Exchanges Listed:	Tokyo (first section)
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Annual General Shareholders' Meeting (Scheduled):	June 19, 2018
Start of Distribution of Dividends (Scheduled):	June 20, 2018
Filing of Securities Report (<i>Yuka shoken hokokusho</i>) (Scheduled):	June 20, 2018
Preparation of Supplementary Materials for the Financial Results:	Yes
Holding of Presentation of Financial Results:	Yes (for investors)

Note: This document has been translated from the Japanese original as a guide to non-Japanese investors and contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

Note: Figures rounded to the nearest million yen.

1. Consolidated Financial Results for the Year Ended March 31, 2018

(April 1, 2017 – March 31, 2018)

(1) Sales and Income (cumulative)

(Percentages represent changes compared with the previous fiscal year.)

	Millions of yen - except per share data and percentages			
	Year ended March 31, 2018		Year ended March 31, 2017	
		Change (%)		Change (%)
Net sales	859,982	+8.3	794,201	-4.7
Operating income	85,910	+27.1	67,566	+8.5
Income before income taxes	83,367	+27.3	65,492	-0.3
Net income attributable to shareholders	63,159	+37.3	45,987	-2.8
Net income per share attributable to shareholders, basic (JPY)	296.85		215.09	
Net income per share attributable to shareholders, diluted (JPY)	—		215.09	
Return on equity	13.0%		10.1%	
Income before income taxes / total assets ratio	11.6%		9.5%	
Operating income / net sales ratio	10.0%		8.5%	

Note: Comprehensive income (loss): Year ended March 31, 2018: JPY 71,512 million (+83.3% change);

Year ended March 31, 2017: JPY 39,021 million (—% change)

(Reference) Equity in loss (earnings) of affiliates: Year ended March 31, 2018: JPY (1,754 million);

Year ended March 31, 2017: JPY (712 million)

(2) Consolidated Financial Position

	Millions of yen - except per share data and percentages	
	As of March 31, 2018	As of March 31, 2017
Total assets	744,952	697,701
Net assets	507,386	470,757
Shareholders' equity	505,530	469,029
Shareholders' equity ratio (%)	67.9	67.2
Shareholders' equity per share (JPY)	2,400.37	2,193.72

(3) Consolidated Cash Flows

	Millions of yen	
	Year ended March 31, 2018	Year ended March 31, 2017
Net cash provided by operating activities	73,673	77,875
Net cash used in investing activities	(55,842)	(15,041)
Net cash used in financing activities	(33,082)	(15,012)
Cash and cash equivalents at end of period	113,023	126,026

2. Dividends

		Year ended March 31, 2017	Year ended March 31, 2018	Year ending March 31, 2019 (projected)
Dividends per share	1st quarter dividend (JPY)	—	—	—
	Interim dividend (JPY)	34.00	38.00	—
	3rd quarter dividend (JPY)	—	—	—
	Year-end dividend (JPY)	34.00	38.00	—
	Total dividends for the year (JPY)	68.00	76.00	92.00
Total cash dividends paid (JPY million)		14,539	16,141	
Payout ratio (%)		31.6	25.6	30.0
Dividends / Shareholders' equity ratio (%)		3.2	3.3	

Notes: Interim and year-end dividends for the year ending March 31, 2019 are undetermined.

3. Projected Results for the Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent changes compared with the previous fiscal year.)

	Millions of yen	
	Full year ending March 31, 2019	Change (%)
Net sales	900,000	+4.7
Operating income	93,000	+8.3
Income before income taxes	88,000	+5.6
Net income attributable to shareholders	64,500	+2.1
Net income per share attributable to shareholders (JPY)	306.26	

Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No
New: – companies (–) Excluded: – companies (–)
- (2) Changes in accounting policy
(a) Changes in accounting policy accompanying revision of accounting standards: Yes
(b) Changes in accounting policy other than (a) above: No
Note: For more, see 5. Consolidated Financial Statements and Notes (5) Notes Regarding Consolidated Financial Statements(Changes in Accounting Policy) on P.21
- (3) Number of shares issued and outstanding (common stock)
(a) Number of shares at end of period (including treasury stock): March 31, 2018: 213,958,172 shares;
March 31, 2017: 213,958,172 shares
(b) Treasury stock at end of period: March 31, 2018: 3,352,916 shares; March 31, 2017: 152,836 shares
(c) Average number of shares during the period: Year ended March 31, 2018: 212,766,401 shares;
Year ended March 31, 2017: 213,807,653 shares
Note: As of the end of the fiscal year ending March 2018, 770,100 shares in OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes are included in period-end treasury stock. The average number of shares during the period includes treasury shares deducted in the calculation of net income per share attributable to shareholders.

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Financial Results for the Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Non-consolidated Sales and Income

(Percentages represent changes compared with the previous fiscal year.)

Millions of yen - except per share data and percentages				
	Year ended March 31, 2018		Year ended March 31, 2017	
		Change (%)		Change (%)
Net sales	320,048	+18.9	269,083	+2.1
Operating income	27,934	+25.7	22,230	+8.6
Ordinary income	38,275	-8.8	41,963	+19.9
Net income	30,458	+2.7	29,652	-9.2
Net income per share (JPY)	143.15		138.69	
Net income per share, diluted (JPY)	—		138.69	

(2) Non-consolidated Financial Position

Millions of yen - except per share data and percentages		
	As of March 31, 2018	As of March 31, 2017
Total assets	485,113	448,158
Net assets.....	257,956	260,124
Net worth ratio (%)	53.2	58.0
Net assets per share (JPY).....	1,224.83	1,216.64

(Reference) Net worth: Year ended March 31, 2018: JPY 257,956 million; Year ended March 31, 2017: JPY 260,124 million

This summary of consolidated results is exempt from the review procedures.

Commentary Regarding Appropriate Use of Projections of Results and Other Matters

1. Projections of results and future developments 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, uncertainties and other factors could cause actual results to differ materially from these projections. For the assumptions that form the basis of the projected results, see “1. Analysis of Results of Operations and Financial Condition, (5) Outlook for the Year Ending March 31, 2019” on page 8.
2. The Company applies the single step method for presentation of its Consolidated Financial Statements based on U.S. GAAP. However, to facilitate comparison with other companies, operating income on the Consolidated Income Statement is presented by subtracting selling, general and administrative expenses and research and development expenses from gross profit.
3. The interim and year-end dividends for the year ending March 31, 2019 will be set and disclosed at a point when there is a high level of certainty of achieving the Company’s performance forecast. The Company plans to announce its interim dividend by October 2018 at the latest and its year-end dividend in April 2019.
4. The Company plans to hold a presentation for investors on Thursday, April 26, 2018. The Company also plans to post an overview and the (voice) content of its explanations, together with financial materials used at the presentation, promptly on its website.

Note: The following abbreviations of business segment names are used in the attached materials.

IAB: Industrial Automation Business

EMC: Electronic and Mechanical Components Business

AEC: Automotive Electronic Components Business

SSB: Social Systems, Solutions and Service Business

HCB: Healthcare Business

Other: Environmental Solutions Business, Electronic Systems & Equipments Division, Micro Devices, Backlight and others (Businesses under direct control of Headquarters)

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1. Analysis of Results of Operations and Financial Condition

(1) Analysis of Results of Operations

General Overview

The OMRON Group recorded year-on-year growth, setting record highs for net sales, gross profit margin, and net income attributable to shareholders. Our core Industrial Automation Business (IAB) and Healthcare Business (HCB) drove group performance, reporting higher revenues compared to the prior fiscal year. The OMRON way of working in close coordination with production, sales, and development groups helped the company achieve a company-wide gross profit ratio of 41.6 percent, a 2.3-point increase year on year. We have achieved significant profit improvements, even as we invest for sustainable growth over the medium and long term.

Consolidated results for fiscal 2017 were as follows.

Billions of yen, except exchange rate data and percentages			
	Year ended March 31, 2017	Year ended March 31, 2018	Change
Net sales	794.2	860.0	+8.3%
Gross profit	311.8	357.7	+14.7%
[% of net sales]	[39.3%]	[41.6%]	[+2.3%pt]
Operating income	67.6	85.9	+27.1%
[% of net sales]	[8.5%]	[10.0%]	[+1.5%pt]
Income before income taxes	65.5	83.4	+27.3%
Net income attributable to shareholders	46.0	63.2	+37.3%
Average USD exchange rate (JPY)	108.9	111.2	+2.3
Average EUR exchange rate (JPY)	119.4	129.4	+10.0

Results by Business Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

		Year ended March 31, 2017	Year ended March 31, 2018	Change
Sales to external customers	Japan	133.5	152.0	+13.8%
	Overseas	197.5	244.2	+23.7%
	Total	331.0	396.1	+19.7%
Segment profit		52.0	74.0	+42.3%

Sales in Japan

Sales in Japan increased significantly year on year. We have added resources, acquired companies, and otherwise added to our product lineup in response to investment demand in the global automobile and digital industries, as well as to rising needs for factory automation to generate labor savings. These measures have allowed us to propose more detailed and effective solutions to our customers.

Overseas Sales

Investment demand was firm among the semiconductor-related and automobile markets in the Americas. Meanwhile a more settled political situation and gradual economic recovery in Europe, accompanied by strong machinery exports, led to greater demand in the food and other industries in that region. The digital industries (semiconductors, etc.) in Greater China and Asia have significantly increased the pace and scale of investment. In response to this demand and investment, we are working to offer even more effective solutions to our customers. At the same time, synergies from companies we acquired have resulted in sharp growth in overseas net sales.

Segment Profit

Segment profit was substantially higher than the previous year. This result was driven by higher sales, stemming from effective sales activities that leveraged our broad product lineup and solutions.

EMC (Electronic and Mechanical Components Business)

(Billions of yen, %)

		Year ended March 31, 2017	Year ended March 31, 2018	Change
Sales to external customers	Japan	22.5	22.8	+1.4%
	Overseas	71.4	80.1	+12.0%
	Total	93.9	102.8	+9.5%
Segment profit		9.4	12.1	+28.7%

Sales in Japan

Sales were higher year on year, supported by an increase in inquiries from the automotive industry and strong sales of new vehicles among our customers.

Overseas Sales

Sales were strong in the Americas and Europe, mainly due to our capture of demand for consumer and commercial products driven by growth in these markets. Sales rose by a wide margin in Asia, owing to higher demand for motorcycles and an increasing number of adoptions for home appliance applications. Sales were firm in Greater China, supported by higher incomes and improving living standards in inland urban centers, which led to higher demand in the high-function appliances market. As a result, overseas sales were significantly higher compared to the prior fiscal year.

Segment Profit

Segment profits were significantly higher year on year, mainly due to increased external sales and internal sales growth to the Industrial Automation Business.

AEC (Automotive Electronic Components Business)

(Billions of yen, %)

		Year ended March 31, 2017	Year ended March 31, 2018	Change
Sales to external customers	Japan	19.0	17.3	-9.0%
	Overseas	113.1	113.9	+0.7%
	Total	132.1	131.2	-0.7%
Segment profit		7.1	5.8	-18.4%

Sales in Japan

Sales were lower for the year, mainly due to vehicle model changes resulting in the termination of models using OMRON products.

Overseas Sales

In the Americas, sales were lower, mainly due to a decrease in the number of automobiles produced in North America and model changes resulting in the termination of models using OMRON products. In Asia, sales were higher in response to strong automotive production in India, rising sales of motorcycles in Indonesia, and other factors. As a result, overseas sales for the segment were level with the prior fiscal year.

Segment Profit

Segment profit decreased significantly compared to the prior fiscal year, mainly due to flat sales and higher research and development expenses incurred for next-generation products.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

	Year ended March 31, 2017	Year ended March 31, 2018	Change
Sales to external customers	61.9	63.7	+3.0%
Segment profit	3.7	4.1	+11.6%

Note: OMRON revised business classifications, reclassifying certain operations under SSB to the Other Businesses segment beginning with the fiscal year ended March 31, 2018. The company reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

Sales

In our Public Transportation Business, demand for upgrades were flat year on year. Despite weak replacement demand for road traffic terminals, firm demand for upgrades to traffic and road management systems helped drive sales in our Traffic and Road Management Systems Business. As a result of these factors, sales increased for the year.

Segment Profit

In addition to higher sales, segment profits rose due to enhanced earnings capabilities stemming from moving design and production in-house.

HCB (Healthcare Business)

(Billions of yen, %)

		Year ended March 31, 2017	Year ended March 31, 2018	Change
Sales to external customers	Japan	28.9	26.0	-10.0%
	Overseas	72.4	82.5	+13.9%
	Total	101.3	108.5	+7.1%
Segment profit		8.5	11.2	+31.4%

Sales in Japan

Home-use healthcare and medical device sales were strong for the period, supported by greater promotion of blood pressure monitors and low-frequency therapy equipment in online sales channels. However, sales of professional-use products decreased due to the transfer of shares of Omron Colin Co., Ltd. in December 2016. As a result, Japan sales were lower year on year.

Overseas Sales

Sales of blood pressure monitors and nebulizers in the Americas were strong, mainly due to promotional activity in online sales channels in the U.S. and an expansion of our store network in South America. Our business in Europe saw strong sales of blood pressure monitors in Russia. Greater China reported strong sales of blood pressure monitors and nebulizers through online channels. Sales of blood pressure monitors in Indonesia and elsewhere in Asia were strong, mainly due to an expansion in our store network. As a result, overseas sales were significantly higher compared to the prior fiscal year.

Segment Profit

The HCB segment reported higher profit, due to greater sales and productivity improvements.

Other (Businesses under the Direct Control of Headquarters)

(Billions of yen, %)

	Year ended March 31, 2017	Year ended March 31, 2018	Change
Sales to external customers	68.5	54.8	-20.0%
Segment profit (loss)	(1.8)	(2.1)	—

Notes: 1. The Other segment includes new exploratory or incubation businesses, as well as businesses being nurtured under the direct control of headquarters.

2. OMRON revised business classifications, reclassifying certain operations under SSB to the Other Businesses segment beginning with the fiscal year ended March 31, 2018. The company reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

Environmental Solutions Business Sales

Despite the positive impact of expanding our lineup of storage battery products, sluggish demand for PV inverters used in solar panels resulted in a decrease in sales year on year.

Electronic Systems & Equipment Business Sales

Demand was strong for uninterruptible power supplies and contract services for development and production of electronic devices. Accordingly, sales increased compared to the prior fiscal year.

Micro Devices Business Sales

Sales increased year on year, owing to a temporary increase in demand for smartphone microphones.

Backlight Business Sales

Sales in this business fell year on year by a wide margin, due to further business optimization initiatives.

Segment Profit

Despite restructuring measures, lower sales and other factors resulted in wider segment losses year on year.

(2) Analysis of Financial Condition

Total assets as of the end of the fiscal year amounted to JPY745.0 billion, an increase of JPY47.3 billion compared to the end of the prior fiscal year. This increase was mainly due to increases in inventories. Total liabilities increased JPY10.6 billion compared to the end of prior fiscal year, amounting to JPY237.6 billion. This result was mainly due to increases in accounts payable. Net assets increased JPY36.6 billion compared to the end of the prior fiscal year, up to JPY507.4 billion. This result was mainly due to an increase in net income attributable to shareholders. OMRON Group shareholders' equity ratio was 67.9 percent, up 0.6 points compared to 67.2 percent at the end of the prior fiscal year.

(3) Summary of Cash Flows for the Year Ended March 31, 2018

Net cash provided by operating activities for the fiscal year amounted to JPY73.7 billion (a decrease in cash provided of JPY4.2 billion compared to the prior fiscal year). This result was mainly due to the recording of JPY63.5 billion in net income and amortization and depreciation of JPY29.5 billion.

Net cash used in investing activities was JPY55.8 billion, representing an increase in net cash used of JPY40.8 billion compared to the prior fiscal year. This result was mainly due to capital expenditures and business acquisitions.

Net cash used in financing activities was JPY33.1 billion, which was an increase in net cash used of JPY18.1 billion compared to the prior fiscal year. This result was mainly due to dividends paid and stock buybacks.

As a result, the balance of cash and cash equivalents at March 31, 2018 amounted to JPY113.0 billion.

Cash Flow Indicators and Trends

Consolidated cash flow indicators and trends for the 5 most-recent fiscal years are as follows:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Shareholders' equity ratio (%)	65.8	68.9	65.1	67.2	67.9
Shareholders' equity ratio on market value basis (%)	143.2	165.6	104.8	149.7	177.0
Debt coverage ratio	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio	265.7	310.5	219.6	487.0	429.5

Notes: Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on market value basis: Total market value of shares/Total assets

Debt coverage ratio: Interest-bearing liabilities/Net cash provided by operations

Interest coverage ratio: Net cash provided by operations/Interest expense

1. All indicators are calculated on a consolidated basis.
2. Total market value of shares is calculated by multiplying the total number of shares outstanding at the end of the period (excluding treasury stock) by the closing share price at the end of the period.
3. Net cash provided by operations is as reported in the consolidated statement of cash flows. Interest-bearing liabilities are liabilities stated on the consolidated balance sheets on which interest is paid. Interest expense is as stated in the notes to the consolidated statements of cash flows.

(4) Basic Policy for Distribution of Profits, and Dividends for the Year Ended March 31, 2018 and the Year Ending March 31, 2019

OMRON consults with its general meeting of Shareholders regarding decisions on dividends from retained earnings, with the exception of interim dividends, which are decided by resolution of the Board of Directors based on the provisions of the Articles of Incorporation. OMRON views dividend policy as one of its most important management issues, and applies the following basic policy with regard to distribution of profits to shareholders:

- 1) Aiming for sustainable corporate value growth, OMRON prioritizes investment necessary for future business expansion. These investments include research and development, capital investments, mergers and acquisitions, and other investments for future growth. Having secured internal reserves, the company makes decisions regarding ongoing profit distribution to shareholders in consideration of capital efficiency.
- 2) Annual dividends are based on consolidated earnings, payout ratio, and dividends on equity (return on equity multiplied by payout ratio). These considerations reflect the company's policy to provide stable and sustainable profit distributions to shareholders.
Specifically, the company has established a guideline of approximately 30% in payout ratio and approximately 3 percent in DOE for profit distributions for the fiscal years 2017 through 2020 covered by our medium-term management plan, VG2.0.
- 3) The company will distribute retained earnings accumulated over the long term to shareholders through strategic share repurchases and other measures.

Based on the preceding policy, OMRON plans to pay a full-year dividend for fiscal 2017 of JPY76 per share. This full-year dividend consists of a JPY38 per share interim dividend (paid December 4, 2017) and a year-end dividend of JPY38 per share. For the year ending March 31, 2019 (fiscal 2018), OMRON plans to increase dividends by JPY16, paying an annual total of JPY92 per share, in line with the policy above. Note that the amounts of the interim and year-end dividends for fiscal 2018 have yet to be determined.

(5) Outlook for the Year Ending March 31, 2019

General Outlook

Despite uncertainties in some regions, the economic environment should be firm in general throughout the next fiscal year (fiscal 2018). In response to this business climate, the OMRON Group operating policy for fiscal 2018 will be *Creating Change: Accelerate growth and transform profit structure through innovation*. We intend to accelerate investment for growth in our Industrial Automation Business, Healthcare Business, and other core businesses. At the same time, we will strive for greater improvement in gross profit margin, optimize certain businesses managed under our headquarters, and engage in other measures as we aim for revenue and profit growth.

The following provides an overview of our consolidated earnings forecast for fiscal 2018.

Billions of yen, except exchange rate data and percentages			
	Year ended March 31, 2018	Year ending March 31, 2019	Change
Net sales	860.0	900.0	+4.7%
Gross profit	357.7	382.5	+6.9%
[% of net sales]	[41.6%]	[42.5%]	[+0.9%pt]
Operating income	85.9	93.0	+8.3%
[% of net sales]	[10.0%]	[10.3%]	[+0.3%pt]
Income before income taxes	83.4	88.0	+5.6%
Net income attributable to shareholders	63.2	64.5	+2.1%
Average USD exchange rate (JPY)	111.2	107.0	-4.2
Average EUR exchange rate (JPY)	129.4	131.0	+1.6

Outlook by Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

		Year ended March 31, 2018	Year ending March 31, 2019	Change
Sales to external customers	Japan	152.0	163.0	+7.3%
	Overseas	244.2	265.0	+8.5%
	Total	396.1	428.0	+8.0%
Segment profit		74.0	82.0	+10.8%

Outlook for Sales

We expect to see firm growth in needs for labor-savings and automation globally. In particular, we forecast higher demand for capital investment in the digital (rising needs for IoT) and automotive (needs related to automated driving technologies, environmentally friendly vehicles) industries. In response, we will continue to propose optimal solutions to our customers.

We will also leverage the industrial code reader and industrial camera businesses we acquired recently to capture demand for traceability resulting from a rising global awareness of product quality.

Given these forecasts, we expect to report sales growth for the upcoming period.

Outlook for Segment Profit

We will continue to accelerate investments in growth, but expect sales increases to result in higher segment profit for the year.

EMC (Electronic and Mechanical Components Business)

(Billions of yen, %)

		Year ended March 31, 2018	Year ending March 31, 2019	Change
Sales to external customers	Japan	24.4	21.0	-13.9%
	Overseas	80.0	81.0	+1.3%
	Total	104.4	102.0	-2.3%
Segment profit		12.5	12.5	+0.2%

Note: OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC and Other segments beginning with the fiscal year ending March 31, 2019. We have reclassified segment results for the fiscal year ended March 31, 2018 to reflect this change in classifications. Accordingly, EMC segment sales to external customers and profits shown here differ from those shown on P.3.

Outlook for Sales in Japan

We expect sales in Japan to fall significantly, impacted by a contraction in demand in the amusement industry and level demand in the automobile-related industries. As a result, we forecast fiscal 2018 segment sales to be significantly lower than the previous year.

Outlook for Overseas Sales

We project firm demand in the consumer markets of the Americas and Europe. In Asia, demand for semiconductor inspection equipment and home appliances should grow. In Greater China, demand in the high-function home appliance market should continue to grow, while government environmental policies are likely to drive growth in markets for water heaters and home furnaces. As a result, we forecast segment sales to be higher for fiscal 2018 than fiscal 2017.

Outlook for Segment Profit

Despite our forecasts for higher overseas and internal sales, we expect a contraction in domestic sales to result in profits level with the prior fiscal year.

AEC (Automotive Electronic Components Business)

(Billions of yen, %)

		Year ended March 31, 2018	Year ending March 31, 2019	Change
Sales to external customers	Japan	17.3	16.0	-7.4%
	Overseas	113.9	112.0	-1.6%
	Total	131.2	128.0	-2.4%
Segment profit		5.8	6.0	+3.2%

Outlook for Sales in Japan

We expect sales in Japan to decline year on year on, the assumption that domestic auto volumes will contract versus the prior year.

Outlook for Overseas Sales

We forecast lower sales for the Americas. Despite expectations that automobile production in North America will be level with the prior fiscal year, vehicle model changes will result in the termination of models using OMRON products. In Asia, we forecast higher sales, based mainly on strong automobile unit production in the region. As a result of these factors and the negative impact of foreign exchange, we forecast overseas sales to be lower than the prior fiscal year for this segment.

Outlook for Segment Profit

Despite lower sales, we expect segment profit growth, driven mainly by productivity improvements.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

		Year ended March 31, 2018	Year ending March 31, 2019	Change
Sales to external customers		63.7	67.0	+5.2%
Segment profit		4.1	4.5	+9.5%

Outlook for Sales

We project higher sales for our Public Transportation Business, mainly due to firm replacement demand. We also expect higher sales for our Traffic and Road Management Systems Business, driven by firm demand resulting from ongoing needs for security and safety. As a result, we forecast segment sales to be higher for fiscal 2018 than fiscal 2017.

Outlook for Segment Profit

We forecast higher sales to result in higher segment profit.

HCB (Healthcare Business)

(Billions of yen, %)

		Year ended March 31, 2018	Year ending March 31, 2019	Change
Sales to external customers	Japan	26.0	28.5	+9.5%
	Overseas	82.5	90.5	+9.8%
	Total	108.5	119.0	+9.7%
Segment profit		11.2	12.5	+11.5%

Outlook for Sales in Japan

The increase in individuals suffering from lifestyle diseases associated with Japan's aging society and greater interest in health lead us to expect firm demand, mainly via online channels. Accordingly, we expect higher sales in this category compared to the prior fiscal year.

Outlook for Overseas Sales

With economic growth spurring lifestyle changes and an increase in interest in health, the emerging economies of the world, particularly in Asia, should see higher demand for related products. As a result, we forecast segment sales to be higher for fiscal 2018 than fiscal 2017.

Outlook for Segment Profit

We expect significant segment profit growth driven by higher sales and productivity improvements.

Other Businesses (Businesses under the Direct Control of Headquarters)

(Billions of yen, %)

		Year ended March 31, 2018	Year ending March 31, 2019	Change
Sales to external customers		51.0	50.5	-0.9%
Segment profit (loss)		(0.5)	0.0	—

Notes: 1. The Other Businesses segment includes new exploratory or incubation businesses as well as businesses being nurtured under the direct control of Headquarters.

2. OMRON revised business classifications, reclassifying certain operations under the Other Businesses segment to the EMC and other segments beginning with the fiscal year ending March 31, 2019. We have reclassified segment results for the fiscal year ended March 31, 2018 to reflect this change in classifications. Accordingly, Other Businesses segment sales to external customers and profits shown here differ from those shown on Other Businesses segment on P.5.

Outlook for Environmental Solutions Business Sales

We forecast higher fiscal 2018 sales in this business, driven by growth in the storage battery market and recovery in the solar power market.

Outlook for Electric Systems and Equipment Business Sales

We expect higher fiscal 2018 sales as we expand our lineup of uninterruptible power supplies.

Outlook for Backlights Business Sales

We forecast a major decline in next-period sales, mainly due to business optimization measures.

Outlook for Segment Profit

Due to the effects of business optimization, we expect to see a narrowing of segment losses for fiscal 2018.

Forecast of Financial Condition for the Year Ending March 31, 2019

In keeping with our fiscal 2018 operating policy (*Creating Change: Accelerate growth and transform profit structure through innovation*), we intend to continue to make capital investments and engage in investment and financing activities. We will engage in flexible financing and investing, efficiently allocating capital across the OMRON Group in a manner reflecting our financial state.

Given the preceding, we believe that our current balance of cash and cash equivalents in the amount of JPY113.0 billion is an appropriate level for our business activities under our current financial condition.

2. The OMRON Group

The OMRON Group made no significant changes in the details of our businesses or affiliated companies since submitting our most recent securities report (June 23, 2017). Accordingly, we have omitted disclosures here.

3. Management Policies

(1) OMRON's Basic Management Policies

The OMRON Group aims to become a value-generator for people and the Earth that is qualitatively and quantitatively superior by conducting management based on Value Generation 2020 (VG2020), our ten-year vision formulated in 2011.

(2) Targeted Management Indicators and Medium-to-Long-Term Corporate Management Strategy

The OMRON Group began operating under the new VG2.0 medium-term management plan in fiscal 2017 as the final stage of our VG2020 strategy. VG2.0 will guide the company through the year 2020. Under VG2.0, our quantitative goals for fiscal 2020 are to reach JPY1.0 trillion in net sales and JPY100 billion in operating income. We will work toward these goals under the group-wide banner of achieving growth by proactively creating innovation originating in technological evolution.

Artificial intelligence, IoT, robotics, and other technologies have evolved to an amazing degree since the year 2010, the year in which we formulated VG2020. These technological innovations serve to speed the advancement of our own core “Sensing & Control + THINK” technologies, representing a major opportunity for further business growth. Pursuing this policy, the OMRON Group will continue engaging in technological innovation, advancing our “Sensing & Control + THINK” technologies through investments in R&D and other initiatives to achieve sustainable growth.

Fiscal 2017 Results

Fiscal 2017 was the first year of VG2.0, driven by a basic policy defined as *Start up VG2.0 “A Firm First Step Toward Innovation”*. During the year, we took on three key initiatives:

- Group growth driven by focus domains (Industrial Automation Business, Healthcare Business)
- Profit creation through improved group-wide earnings
- Stronger investment in growth fields and technologies

Our efforts resulted in earnings far above prior year in terms of revenues and profits. The following describes our main activities in pursuing the above-mentioned three key initiatives.

We executed key strategies in our Industrial Automation Business, a driver of group growth, in the automotive, digital, food, and infrastructure growth industries. By understanding production floor issues at each customer, we were able to offer innovative value through “innovative-Automation”*, recording year-on-year growth of 19.7 percent. Our Healthcare Business experienced global growth and generated new demands as we focused our efforts on blood pressure monitors, nebulizers, and low-frequency therapy equipment, three key product categories. In particular, our blood pressure monitors enjoy the trust of the medical community. This product category saw 7.1 percent growth compared to the prior year, due in part to greater product value as we rolled out a service to manage blood pressure data.

We improved our earnings capabilities in all business segments throughout the year to achieve profit creation through improved group-wide earnings. As a result, the gross profit ratio rose 2.3 percent points to 41.6 percent. In addition to providing customers with high-value-added products across each business segment, we strove for consistent cost savings, production equipment operating efficiencies, and production line automation through advancements in design and production technology.

During the year, we stepped up investments in our Industrial Automation Business, Healthcare Business, and core technologies (Sensing & Control + THINK) toward stronger investment in growth fields and technologies. Besides accelerating “innovative-Automation” toward advanced manufacturing, our OMRON Industrial Automation Business bolstered product offerings and provided even more effective solutions to customers throughout the year. The segment acquired industrial camera and industrial code reader manufacturing businesses, not only adding to our technology and product lineups, but also producing synergies in combination with existing technologies and products. Our Healthcare Business made further investments in technology development to reduce the incidence of brain and cardiovascular diseases. We made further investments to strengthen our core AI, robotics, IoT, and other related technologies. These activities included joint research with top-class research organizations and hiring experts in new technologies.

(3) Issues Facing the Company

Fiscal 2018 Plan

While the economic environment over the upcoming year is uncertain for some regions, we expect overall strength globally. The key to success for the second year of VG2.0 will be active innovation, as prompted by our basic policy defined as *Creating Change: Accelerate growth and transform profit structure through innovation*. The following is a description of our main initiatives for the upcoming fiscal year.

To accelerate growth, we plan to invest funds generated through improved earnings power into our Industrial Automation Business, Healthcare Business, and core technologies. The innovation that we create will accelerate our progress along an ever-expanding growth cycle. Society faces critical issues, including an aging population and labor shortages. These issues become more diverse and apparent every day. Generating world-leading value through innovation driven by social needs is key to solving these issues. We intend to clarify those issues which we must solve, setting up a cutting-edge research center to formulate specific businesses to answer these social needs. We also intend to incorporate ongoing advancements in AI, investing to further evolve our sensing and control technologies.

To reinvent our earnings structure, we consolidated the human resources, general administration, and specialty finance and technical functions spread across our group, rebuilding our earnings structure through business process reengineering. This is part of how we will build a strong management foundation capable of brushing aside the impact of any change in the business environment. We intend to use the time saved through reengineered business processes to adopt a more creative approach to our work, leading the OMRON Group toward work style innovation.

Based on the preceding measures to solve new social issues, as well as group-wide efforts to put the OMRON Principles into practice, we set fiscal 2018 numerical targets for JPY900.0 billion in net sales, 42.5 percent in gross profit ratio, JPY93.0 billion in operating income, JPY64.5 billion in net income attributable to shareholders, ROIC of 12 percent, and ROE of 12 percent.

- *1 “innovative-Automation” is the OMRON concept to introduce innovations to manufacturing.
“innovative-Automation” consists of three “I”s, representing evolutions in automation that bring dramatic advancements to the production floor and high added value to manufacturing processes.
“integrated”: Evolution in control technologies allowing any operator of any experience the ability to perform work efficiently.
“intelligent”: Using a broad range of control devices and AI connected through ICT to introduce self-learning and self-maintenance in production machinery for ever-evolving equipment and production lines.
“interactive”: Machines in the workplace anticipate and assist human movement, introducing a new harmony between human and machine.

4. Basic Stance on the Selection of Accounting Standards

The OMRON Group has adopted U.S. GAAP, an international accounting standard, to secure the trust of stakeholders worldwide.

5. Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	As of		As of		Increase (decrease)
	March 31, 2017		March 31, 2018		
ASSETS		%		%	
Current assets:	435,904	62.5	437,385	58.7	1,481
Cash and cash equivalents	126,026		113,023		(13,003)
Notes and accounts receivable — trade	169,210		174,065		4,855
Allowance for doubtful receivables	(1,320)		(1,117)		203
Inventories	109,404		129,581		20,177
Deferred income taxes	19,123		-		(19,123)
Other current assets	13,461		21,833		8,372
Property, plant and equipment:	127,615	18.3	135,103	18.1	7,488
Land	25,550		24,886		(664)
Buildings	141,527		145,389		3,862
Machinery and equipment	189,286		205,233		15,947
Construction in progress	6,104		10,063		3,959
Accumulated depreciation	(234,852)		(250,468)		(15,616)
Investments and other assets:	134,182	19.2	172,464	23.2	38,282
Goodwill	30,385		38,705		8,320
Investments in and advances to affiliates	25,303		27,195		1,892
Investment securities	27,006		29,016		2,010
Leasehold deposits	6,907		7,531		624
Deferred income taxes	21,101		39,947		18,846
Other assets	23,480		30,070		6,590
Total assets	697,701	100.0	744,952	100.0	47,251

(Millions of yen)

	As of March 31, 2017		As of March 31, 2018		Increase (decrease)
		%		%	
LIABILITIES					
Current liabilities	172,081	24.7	182,778	24.5	10,697
Notes and accounts payable — trade	89,362		93,792		4,430
Accrued expenses	39,354		44,291		4,937
Income taxes payable	6,994		6,414		(580)
Other current liabilities	36,371		38,281		1,910
Deferred income taxes	763	0.1	706	0.1	(57)
Termination and retirement benefits	43,708	6.2	42,342	5.7	(1,366)
Other long-term liabilities	10,392	1.5	11,740	1.6	1,348
Total liabilities	226,944	32.5	237,566	31.9	10,622
NET ASSETS					
Shareholders' equity	469,029	67.2	505,530	67.9	36,501
Common stock	64,100	9.2	64,100	8.6	-
Capital surplus	99,138	14.2	99,588	13.4	450
Legal reserve	17,813	2.5	19,940	2.7	2,127
Retained earnings	346,000	49.6	390,950	52.4	44,950
Accumulated other comprehensive income (loss)	(57,363)	(8.2)	(49,359)	(6.6)	8,004
Foreign currency translation adjustments	(6,327)		(3,176)		3,151
Pension liability adjustments	(56,571)		(53,785)		2,786
Unrealized gains (losses) on available-for-sale securities	5,765		7,426		1,661
Net gains (losses) on derivative instruments	(230)		176		406
Treasury stock	(659)	(0.1)	(19,689)	(2.6)	(19,030)
Noncontrolling interests	1,728	0.3	1,856	0.2	128
Total net assets	470,757	67.5	507,386	68.1	36,629
Total liabilities and shareholders' equity	697,701	100.0	744,952	100.0	47,251

**(2) Consolidated Statements of Operations and Consolidated
Statements of Comprehensive Income
(Consolidated Statements of Operations)**

(Millions of yen)

	Year ended March 31, 2017		Year ended March 31, 2018		Increase (decrease)
		%		%	
Net sales	794,201	100.0	859,982	100.0	65,781
Cost of sales	482,399	60.7	502,297	58.4	19,898
Gross profit	311,802	39.3	357,685	41.6	45,883
Selling, general and administrative expenses	193,539	24.4	212,641	24.7	19,102
Research and development expenses	50,697	6.4	59,134	6.9	8,437
Operating income	67,566	8.5	85,910	10.0	18,344
Other expenses, net	2,074	0.3	2,543	0.3	469
Income before income taxes and equity in loss (earnings) of affiliates	65,492	8.2	83,367	9.7	17,875
Income taxes	19,882	2.5	21,615	2.5	1,733
Current	19,871		24,222		4,351
Deferred	11		(2,607)		(2,618)
Equity in loss (earnings) of affiliates	(712)	(0.1)	(1,754)	(0.2)	(1,042)
Net income	46,322	5.8	63,506	7.4	17,184
Net income attributable to noncontrolling interests	335	0.0	347	0.1	12
Net income attributable to OMRON shareholders	45,987	5.8	63,159	7.3	17,172

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (decrease)
Net income	46,322	63,506	17,184
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(9,010)	3,153	12,163
Pension liability adjustments	7,954	2,786	(5,168)
Unrealized gains (losses) on available-for-sale securities	(6,119)	1,661	7,780
Net gains (losses) on derivative instruments	(126)	406	532
Other comprehensive income (loss)	(7,301)	8,006	15,307
Comprehensive income	39,021	71,512	32,491
(Breakdown)			
Comprehensive income attributable to noncontrolling interests	193	349	156
Comprehensive income attributable to OMRON shareholders	38,828	71,163	32,335

(3) Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity	Non-controlling interests	Total net assets
Balance, March 31, 2016	64,100	99,101	15,194	317,171	(50,204)	(644)	444,718	2,316	447,034
Net income				45,987			45,987	335	46,322
Cash dividends paid to OMRON Corporation shareholders				(14,539)			(14,539)		(14,539)
Cash dividends paid to noncontrolling interests							-	(297)	(297)
Equity transactions with noncontrolling interests and other		14					14	(484)	(470)
Transfer to legal reserve			2,619	(2,619)			-		-
Foreign currency translation adjustments					(8,868)		(8,868)	(142)	(9,010)
Pension liability adjustments					7,954		7,954		7,954
Unrealized gains (losses) on available-for-sale securities					(6,119)		(6,119)		(6,119)
Net gains (losses) on derivative instruments					(126)		(126)		(126)
Acquisition of treasury stock						(16)	(16)		(16)
Sale of treasury stock				(0)		1	1		1
Issuance of stock acquisition rights		23					23		23
Balance, March 31, 2017	64,100	99,138	17,813	346,000	(57,363)	(659)	469,029	1,728	470,757
Net income				63,159			63,159	347	63,506
Cash dividends paid to OMRON Corporation shareholders				(16,083)			(16,083)		(16,083)
Cash dividends paid to noncontrolling interests							-	(215)	(215)
Equity transactions with noncontrolling interests and other		6		1			7	(6)	1
Share-based payment		444					444		444
Transfer to legal reserve			2,127	(2,127)			-		-
Foreign currency translation adjustments					3,151		3,151	2	3,153
Pension liability adjustments					2,786		2,786		2,786
Unrealized gains (losses) on available-for-sale securities					1,661		1,661		1,661
Net gains (losses) on derivative instruments					406		406		406
Acquisition of treasury stock						(19,030)	(19,030)		(19,030)
Balance, March 31, 2018	64,100	99,588	19,940	390,950	(49,359)	(19,689)	505,530	1,856	507,386

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (decrease)
I. Operating Activities:			
1. Net income	46,322	63,506	17,184
2. Adjustments to reconcile net income to net cash provided by operating activities:			
(1) Depreciation and amortization	28,966	29,465	
(2) Net loss on sale and disposals of property, plant and equipment	705	949	
(3) Loss on impairment of long-lived assets	12,998	911	
(4) Net gain on sale of investment securities	(3,764)	(3,003)	
(5) Loss on impairment of investment securities	558	155	
(6) Gain on contribution of securities to retirement benefit trust	(7,004)	-	
(7) Termination and retirement benefits	2,863	2,706	
(8) Deferred income taxes	11	(2,607)	
(9) Equity in loss (earnings) of affiliates	(712)	(1,754)	
(10) Net loss (gain) on sale of business	(3,686)	14	
(11) Changes in assets and liabilities:			
(i) Increase in notes and accounts receivable — trade	(8,923)	(3,210)	
(ii) Increase in inventories	(7,112)	(17,409)	
(iii) Decrease (increase) in other assets	2,604	(6,113)	
(iv) Increase in notes and accounts payable — trade	8,384	4,116	
(v) Increase (decrease) in income taxes payable	852	(614)	
(vi) Increase in accrued expenses and other current liabilities	5,097	6,276	
(12) Other, net	(284)	285	
Subtotal	31,553	10,167	(21,386)
Net cash provided by operating activities	77,875	73,673	(4,202)
II. Investing Activities:			
1. Proceeds from sale or maturities of investment securities	4,606	3,776	(830)
2. Purchase of investment securities	(3,274)	(649)	2,625
3. Capital expenditures	(25,816)	(38,542)	(12,726)
4. Increase in leasehold deposits, net	(145)	(634)	(489)
5. Proceeds from sale of property, plant and equipment	2,278	990	(1,288)
6. Decrease in investment in and loans to affiliates	30	-	(30)
7. Proceeds from sale of business, net of cash paid	7,187	(427)	(7,614)
8. Payment for acquisition of business, net of cash acquired	-	(20,445)	(20,445)
9. Other, net	93	89	(4)
Net cash used in investing activities	(15,041)	(55,842)	(40,801)
III. Financing Activities:			
1. Net increase in short-term debt	155	951	796
2. Dividends paid by the Company	(14,539)	(15,378)	(839)
3. Dividends paid to noncontrolling interests	(297)	(215)	82
4. Payments for equity transactions with noncontrolling interests	(470)	-	470
5. Acquisition of treasury stock	(16)	(18,530)	(18,514)
6. Other, net	155	90	(65)
Net cash used in financing activities	(15,012)	(33,082)	(18,070)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(4,706)	2,248	6,954
Net Increase (Decrease) in Cash and Cash Equivalents	43,116	(13,003)	(56,119)
Cash and Cash Equivalents at Beginning of the Period	82,910	126,026	43,116
Cash and Cash Equivalents at End of the Period	126,026	113,023	(13,003)
Notes to cash flows from operating activities:			
1. Interest paid	160	172	12
2. Taxes paid	20,261	23,678	3,417
Notes to investing and financing activities not involving cash flow:			
1. Debt related to capital expenditures	1,095	1,405	310
2. Fair value of contribution of securities to retirement benefit trust	9,962	-	(9,962)

(5) Notes Regarding Consolidated Financial Statements

(Notes Regarding Assumptions of Continuing Operations)

None applicable

(Preparation of the Consolidated Financial Statements)

Omitted because no material changes have been made since publication of the most recent Securities Report (*Yuka shoken hokokusho*), submitted on June 23, 2017.

(Changes in Accounting Policy)

Beginning with the current period, OMRON has applied Balance Sheet Classification of Deferred Taxes (U.S. Financial Accounting Standards Board Accounting Standards Update No. 2015-17). Under this standards update, deferred tax assets and deferred tax liabilities are required to be classified as non-current items. The company has not made any retroactive revisions with respect to this standards update. Further, deferred tax assets and deferred tax liabilities classified as current as of March 31, 2017 are JPY19,123 million and JPY32 million.

(Per Share Data)

The Company calculates net income per share in accordance with FASB Statement No. 260, "Earnings per Share." The number of shares used to compute basic and diluted net income per share available to shareholders is as follows:

(Number of shares)	Year ended March 31, 2017	Year ended March 31, 2018
Basic	213,807,653	212,766,401
Diluted	213,807,653	—

(Note) Presentation of diluted shares for the fiscal year ended March 2018 omitted as no potentially dilutive shares were outstanding for the period.

(Major Components of Other Expenses, Net)

The major components of Other Expenses, Net are as follows:

Year ended March 31, 2017

Loss on impairment of long-lived assets	JPY 12,998 million
Net loss on sales and disposals of property, plant, and equipment	JPY 705 million
Loss on impairment of investment securities	JPY 558 million
Gain on sale of business	JPY (3,686) million
Net gain on sale of investment securities	JPY (3,764) million
Gain on contribution of securities to retirement benefit trust	JPY (7,004) million

Year ended March 31, 2018

Foreign exchange loss, net	JPY3,328 million
Net loss on sales and disposals of property, plant, and equipment	JPY 949 million
Loss on impairment of long-lived assets	JPY 911 million
Loss on impairment of investment securities	JPY 155 million
Net gain on sale of investment securities	JPY (3,003) million

(Subsequent Events)

None applicable

Notes concerning asset retirement obligations such as lease transactions, related party transactions, tax effect accounting, financial products, securities, derivative transactions, retirement benefits, business combinations and asset retirement obligations have not been included in this summary of consolidated financial results, as the Company considers their disclosure here to be of marginal importance.

(Segment Information)

1. Business Segment Information

Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Net sales									
(1) Sales to external customers	330,959	93,938	132,060	61,883	101,295	68,509	788,644	5,557	794,201
(2) Intersegment sales	5,268	48,348	502	4,169	239	10,077	68,603	(68,603)	—
Total	336,227	142,286	132,562	66,052	101,534	78,586	857,247	(63,046)	794,201
Operating expenses	284,222	132,858	125,435	62,367	92,999	80,439	778,320	(51,685)	726,635
Segment profit (loss)	52,005	9,428	7,127	3,685	8,535	(1,853)	78,927	(11,361)	67,566

Notes: OMRON revised business classifications, reclassifying certain operations under SSB to the Other business segment beginning with the fiscal year ended March 31, 2018. The company reclassified results for the fiscal year ended March 31, 2018 under this new categorization for presentation herein.

Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Net sales									
(1) Sales to external customers	396,140	102,842	131,152	63,713	108,489	54,826	857,162	2,820	859,982
(2) Intersegment sales	6,724	56,226	2,034	4,542	306	10,251	80,083	(80,083)	—
Total	402,864	159,068	133,186	68,255	108,795	65,077	937,245	(77,263)	859,982
Operating expenses	328,884	146,937	127,370	64,144	97,584	67,199	832,118	(58,046)	774,072
Segment profit (loss)	73,980	12,131	5,816	4,111	11,211	(2,122)	105,127	(19,217)	85,910

2. Geographical Segment Information

Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(Millions of yen)

	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Total	Eliminations & Corporate	Consolidated
Net sales								
(1) Sales to external customers	339,841	112,191	102,633	147,751	91,785	794,201	—	794,201
(2) Intersegment sales	175,041	6,869	1,904	94,332	25,452	303,598	(303,598)	—
Total	514,882	119,060	104,537	242,083	117,237	1,097,799	(303,598)	794,201
Operating expenses	475,129	120,055	99,320	221,719	109,035	1,025,258	(298,623)	726,635
Segment profit (loss)	39,753	(995)	5,217	20,364	8,202	72,541	(4,975)	67,566

Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(Millions of yen)

	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Total	Eliminations & Corporate	Consolidated
Net sales								
(1) Sales to external customers	340,703	118,490	118,001	171,856	110,932	859,982	—	859,982
(2) Intersegment sales	208,039	9,267	2,334	86,766	29,999	336,405	(336,405)	—
Total	548,742	127,757	120,335	258,622	140,931	1,196,387	(336,405)	859,982
Operating expenses	491,557	125,612	113,638	235,144	132,649	1,098,600	(324,528)	774,072
Segment profit (loss)	57,185	2,145	6,697	23,478	8,282	97,787	(11,877)	85,910

Notes: Major countries or regions belonging to segments other than Japan are as follows:

- (1) Americas: United States of America, Canada, Brazil
- (2) Europe: Netherlands, Great Britain, Germany, France, Italy, Spain
- (3) Greater China: China, Hong Kong, Taiwan
- (4) Southeast Asia and Others: Singapore, Republic of Korea, India, Australia

3. Overseas Sales

Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(Millions of yen)

	Americas	Europe	Greater China	Southeast Asia and Others	Total
I Overseas sales	114,699	108,054	148,332	92,726	463,811
II Consolidated net sales					794,201
III Overseas sales as a percentage of consolidated net sales (%)	14.4	13.6	18.7	11.7	58.4

Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(Millions of yen)

	Americas	Europe	Greater China	Southeast Asia and Others	Total
I Overseas sales	120,509	124,164	174,602	112,192	531,467
II Consolidated net sales					859,982
III Overseas sales as a percentage of consolidated net sales (%)	14.0	14.4	20.3	13.1	61.8

Notes: Major countries or regions belonging to segments other than Japan are as follows:

- (1) Americas: United States of America, Canada, Brazil
- (2) Europe: Netherlands, Great Britain, Germany, France, Italy, Spain
- (3) Greater China: China, Hong Kong, Taiwan
- (4) Southeast Asia and Others: Singapore, Republic of Korea, India, Australia

6. Supplementary Information

(1) Consolidated Financial Results (U.S. GAAP)

(Millions of yen, %)

	Year ended March 31, 2017	Year ended March 31, 2018	Year-on- year change
Net sales	794,201	859,982	+8.3%
Operating income	67,566	85,910	+27.1%
[% of net sales]	[8.5%]	[10.0%]	[+1.5%pt]
Income before income taxes	65,492	83,367	+27.3%
[% of net sales]	[8.2%]	[9.7%]	[+1.4%pt]
Net income attributable to shareholders	45,987	63,159	+37.3%
Net income per share attributable to shareholders (basic) (¥)	215.09	296.85	+81.76
Net income per share attributable to shareholders (diluted) (¥)	215.09	—	—
Return on equity (%)	10.1%	13.0%	+2.9%pt
Total assets	697,701	744,952	+6.8%
Shareholders' equity	469,029	505,530	+7.8%
[Shareholders' equity ratio (%)]	[67.2%]	[67.9%]	[+0.6%pt]
Shareholders' equity per share (¥)	2,193.72	2,400.37	+206.65
Net cash provided by operating activities	77,875	73,673	(-4,202)
Net cash used in investing activities	(15,041)	(55,842)	(-40,801)
Net cash used in financing activities	(15,012)	(33,082)	(-18,070)
Cash and cash equivalents at end of period	126,026	113,023	(-13,003)
Cash dividends per share (¥)	68.00	76.00	+8.00

Note: The number of consolidated subsidiaries is 165, and the number of companies accounted for by the equity method is 17.

(2) Non-consolidated Financial Results

(Millions of yen, %)

	Year ended March 31, 2017	Year ended March 31, 2018	Year-on- year change
Net sales	269,083	320,048	+18.9%
Operating income	22,230	27,934	+25.7%
[% of net sales]	[8.3%]	[8.7%]	[+0.5%pt]
Ordinary income	41,963	38,275	-8.8%
[% of net sales]	[15.6%]	[12.0%]	[-3.6%pt]
Income before income taxes	38,790	37,765	-2.6%
[% of net sales]	[14.4%]	[11.8%]	[-2.6%pt]
Net income	29,652	30,458	+2.7%
Net income per share (basic) (¥)	138.69	143.15	+4.46
Net income per share (diluted) (¥)	138.69	—	—
Common stock	64,100	64,100	±0.0%
Total assets	448,158	485,113	+8.2%
Net assets	260,124	257,956	-0.8%
Net worth ratio (%)	58.0%	53.2%	-4.8%pt
Net assets per share (¥)	1,216.64	1,224.83	+8.19

(3) Consolidated Net Sales by Business Segment

(Billions of yen)

		Year ended March 31, 2017	Year ended March 31, 2018	Year-on-year change (%)
IAB	Japan	133.5	152.0	+13.8%
	Overseas	197.5	244.2	+23.7%
	Total	331.0	396.1	+19.7%
EMC	Japan	22.5	22.8	+1.4%
	Overseas	71.4	80.1	+12.0%
	Total	93.9	102.8	+9.5%
AEC	Japan	19.0	17.3	-9.0%
	Overseas	113.1	113.9	+0.7%
	Total	132.1	131.2	-0.7%
SSB	Japan	61.3	62.8	+2.5%
	Overseas	0.6	0.9	+51.2%
	Total	61.9	63.7	+3.0%
HCB	Japan	28.9	26.0	-10.0%
	Overseas	72.4	82.5	+13.9%
	Total	101.3	108.5	+7.1%
Other	Japan	60.2	44.8	-25.6%
	Overseas	8.3	10.0	+20.6%
	Total	68.5	54.8	-20.0%
Eliminations & Corporate	Japan	5.0	2.8	-43.9%
	Overseas	0.5	0.0	—
	Total	5.5	2.8	-49.2%
Total	Japan	330.4	328.5	-0.6%
	Overseas	463.8	531.5	+14.6%
	[% of total]	[58.4%]	[61.8%]	[+3.4%pt]
	Total	794.2	860.0	+8.3%

Notes: OMRON revised business classifications, reclassifying certain operations under SSB to the Other business segment beginning with the fiscal year ended March 31, 2018. The company reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

(4) Consolidated Operating Income (Loss) by Business Segment

(Billions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Year-on-year change (%)
IAB	52.0	74.0	+42.3%
EMC	9.4	12.1	+28.7%
AEC	7.1	5.8	-18.4%
SSB	3.7	4.1	+11.6%
HCB	8.5	11.2	+31.4%
Other	(1.8)	(2.1)	—
Eliminations & Corporate	(11.3)	(19.2)	—
Total	67.6	85.9	+27.1%

Notes: OMRON revised business classifications, reclassifying certain operations under SSB to the Other business segment beginning with the fiscal year ended March 31, 2018. The company reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

(5) Average Currency Exchange Rate

(One unit of currency, in yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Year-on-year change
USD	108.9	111.2	+2.3
EUR	119.4	129.4	+10.0

(6) Projected Consolidated Net Sales by Business Segment

(Billions of yen)

		Year ended March 31, 2018	Year ending March 31, 2019 (est.)	Year-on-year change (%)
IAB	Japan	152.0	163.0	+7.3%
	Overseas	244.2	265.0	+8.5%
	Total	396.1	428.0	+8.0%
EMC	Japan	24.4	21.0	-13.9%
	Overseas	80.0	81.0	+1.3%
	Total	104.4	102.0	-2.3%
AEC	Japan	17.3	16.0	-7.4%
	Overseas	113.9	112.0	-1.6%
	Total	131.2	128.0	-2.4%
SSB	Japan	62.8	66.5	+5.8%
	Overseas	0.9	0.5	-42.2%
	Total	63.7	67.0	+5.2%
HCB	Japan	26.0	28.5	+9.5%
	Overseas	82.5	90.5	+9.8%
	Total	108.5	119.0	+9.7%
Other	Japan	42.0	43.5	+3.5%
	Overseas	8.9	7.0	-21.5%
	Total	51.0	50.5	-0.9%
Eliminations & Corporate	Japan	3.9	5.0	+26.6%
	Overseas	1.2	0.5	-59.1%
	Total	5.2	5.5	+6.3%
Total	Japan	328.5	343.5	+4.6%
	Overseas	531.5	556.5	+4.7%
	[% of total]	[61.8%]	[61.8%]	[+0.0%pt]
	Total	860.0	900.0	+4.7%

Notes: OMRON has revised business classifications, reclassifying certain operations under Other to the EMC segment or to Eliminations & Corporate beginning with the fiscal year ending March 31, 2019. The company reclassified results for the fiscal year ended March 31, 2018 under this new categorization for presentation herein. These figures are different than net sales by consolidated segment as presented on

(7) Projected Consolidated Operating Income (Loss) by Business Segment

(Billions of yen)

	Year ended March 31, 2018	Year ending March 31, 2019 (est.)	Year-on-year change (%)
IAB	74.0	82.0	+10.8%
EMC	12.5	12.5	+0.2%
AEC	5.8	6.0	+3.2%
SSB	4.1	4.5	+9.5%
HCB	11.2	12.5	+11.5%
Other	(0.5)	0.0	—
Eliminations & Corporate	(21.2)	(24.5)	—
Total	85.9	93.0	+8.3%

Notes: OMRON has revised business classifications, reclassifying certain operations under Other to the EMC segment or to Eliminations & Corporate beginning with the fiscal year ending March 31, 2019. The company reclassified results for the fiscal year ended March 31, 2018 under this new categorization for presentation herein. These figures are different than operating income by consolidated segment as

(8) Projected Average Currency Exchange Rate

(One unit of currency, in yen)

	Year ended March 31, 2018	Year ending March 31, 2019 (est.)	Year-on-year change
USD	111.2	107.0	-4.2
EUR	129.4	131.0	+1.6