FY2017 Full-Year Earnings
Ended March 31, 2018
<table>
<thead>
<tr>
<th></th>
<th>FY2011 Actual</th>
<th>FY2017 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥619.5bn</td>
<td>×1.4 ¥860.0bn</td>
</tr>
<tr>
<td>GP Margin</td>
<td>36.8%</td>
<td>+4.8%pt 41.6%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>¥42.1bn</td>
<td>×1.4 ¥59.1bn</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥40.1bn</td>
<td>×2.1 ¥85.9bn</td>
</tr>
<tr>
<td>ROIC</td>
<td>4.8%</td>
<td>+7.9%pt 12.7%</td>
</tr>
<tr>
<td>EPS</td>
<td>¥74.5</td>
<td>×4.0 ¥296.9</td>
</tr>
<tr>
<td>Dividend</td>
<td>¥28</td>
<td>×2.7 ¥76</td>
</tr>
<tr>
<td>Stock Price</td>
<td>¥1,780</td>
<td>×3.5 ¥6,260</td>
</tr>
</tbody>
</table>

N.B. Closing price as of the end of March
VG2020: Key Initiatives For The Past 7 Years

- Establish ROIC management
- Implement Corporate Principles Management
- Enhance technology management
Summary

■ FY2017 Results
  • Sales and profits up Y/Y. Excellent start to new medium-term management plan VG2.0.
  • Strong IAB, HCB drove overall growth.
  • Executed on investments for future growth as planned.

■ FY2018 Plan
  • Expect to achieve new record high profits on further growth in IAB and HCB, the priority focus businesses under VG2.0.
  • Further improve GP margin to generate funds for investments while maintaining ROIC management discipline in continuing structural reforms.
  • Guiding for a full-year dividend of ¥92, up ¥16.

■ Enhance Technology Management
  • Build foundation for growth focused on IAB, leveraging technology management initiatives to date.
  • Accelerate development of new platforms to support growth beyond 2020.
Contents

1. FY2017 Results  P.  5

2. FY2018 Plan  P.  11

3. Technology Management  P.  26

4. VG2.0: Progress Update  P.  37

Reference  P.  40
FY2017 Results
Sales and profits up Y/Y. New record highs for sales, gross profit and net income. GP margin was 41.6%, reflecting significant improvement in ability to generate profits.

<table>
<thead>
<tr>
<th>FY2017 Results</th>
<th>FY2018 Plan</th>
<th>Technology Mgmt.</th>
<th>VG2.0 Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) FY2017 Fcst (Jan)</td>
<td>(2) FY2017 Actual</td>
<td>(2) / (1)</td>
<td>FY2016 Actual</td>
</tr>
<tr>
<td>Net Sales</td>
<td>850.0</td>
<td>860.0</td>
<td>+1.2%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>353.5</td>
<td>357.7</td>
<td>+1.2%</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>85.0</td>
<td>85.9</td>
<td>+1.1%</td>
</tr>
<tr>
<td>Net Income Attributable to Shareholders</td>
<td>59.0</td>
<td>63.2</td>
<td>+7.0%</td>
</tr>
<tr>
<td>1USD (JPY)</td>
<td>111.3</td>
<td>111.2</td>
<td>-0.1</td>
</tr>
<tr>
<td>1EUR (JPY)</td>
<td>127.9</td>
<td>129.4</td>
<td>+1.5</td>
</tr>
</tbody>
</table>
GP margin significantly higher. Able to proactively invest for the future while also growing profits substantially

- Sales up
- Added Value ratio up
- Gross profit up +33.5

- Added Value Up +34.9
- Fixed manufacturing costs up -1.4
- SG&A up -14.3
- R&D up -8.1
- Fiscal year 2017 actual: 85.9 ¥bn

- Sales up
- Added Value ratio up
- Fixed manufacturing costs up
- SG&A up
- R&D up
- Fiscal year 2018 plan: 67.6 + 7.2 = 84.8 ¥bn

- Fiscal year 2016 actual: 67.6 ¥bn

- Add sales engineers
- Enhance marketing
- Investments in IT, others
- Enhance core technologies
- New product development

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### Sales by Business Segment

**Substantial growth at IAB of approx. 20%.  HCB also posted solid growth**

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>(1) FY2017 Fcst (Jan)</th>
<th>(2) FY2017 Actual</th>
<th>(2) / (1)</th>
<th>FY2016 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong> Industrial Automation</td>
<td>393.0</td>
<td>396.1</td>
<td>+0.8%</td>
<td>331.0</td>
<td>+19.7%</td>
</tr>
<tr>
<td><strong>EMC</strong> Electronic &amp; Mechanical Components</td>
<td>99.5</td>
<td>102.8</td>
<td>+3.4%</td>
<td>93.9</td>
<td>+9.5%</td>
</tr>
<tr>
<td><strong>AEC</strong> Automotive Electronic Components</td>
<td>129.5</td>
<td>131.2</td>
<td>+1.3%</td>
<td>132.1</td>
<td>-0.7%</td>
</tr>
<tr>
<td><strong>SSB</strong> Social Systems, Solutions &amp; Service</td>
<td>63.5</td>
<td>63.7</td>
<td>+0.3%</td>
<td>61.9</td>
<td>+3.0%</td>
</tr>
<tr>
<td><strong>HCB</strong> Healthcare</td>
<td>108.5</td>
<td>108.5</td>
<td>-0.0%</td>
<td>101.3</td>
<td><em>(+11%)</em></td>
</tr>
<tr>
<td><strong>Other</strong> Businesses under the Direct Control of HQ</td>
<td>52.0</td>
<td>54.8</td>
<td>+5.4%</td>
<td>68.5</td>
<td>-20.0%</td>
</tr>
<tr>
<td><strong>Eliminations &amp; Corporate</strong></td>
<td>4.0</td>
<td>2.8</td>
<td>-29.5%</td>
<td>5.5</td>
<td>-49.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>850.0</td>
<td>860.0</td>
<td>+1.2%</td>
<td>794.2</td>
<td>+8.3%</td>
</tr>
</tbody>
</table>

* Certain operations previously included in SSB have been reclassified to Other.

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

**IAB up significantly. HCB also contributed to overall profit growth**

<table>
<thead>
<tr>
<th></th>
<th>(1) FY2017 Fcst (Jan)</th>
<th>(2) FY2017 Actual</th>
<th>(2) - (1)</th>
<th>(3) FY2016 Actual</th>
<th>(2) - (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td>73.0 (18.6%)</td>
<td>74.0 (18.7%)</td>
<td>+1.0</td>
<td>52.0 (15.7%)</td>
<td>+22.0 (+3.0%pt)</td>
</tr>
<tr>
<td>Automation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td>12.0 (12.1%)</td>
<td>12.1 (11.8%)</td>
<td>+0.1</td>
<td>9.4 (10.0%)</td>
<td>+2.7 (+1.8%pt)</td>
</tr>
<tr>
<td>Electronic &amp;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mechanical</td>
<td>6.0 (4.6%)</td>
<td>5.8 (4.4%)</td>
<td>-0.2</td>
<td>7.1 (5.4%)</td>
<td>-1.3 (-1.0P%)</td>
</tr>
<tr>
<td>Components</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td>4.0 (6.3%)</td>
<td>4.1 (6.5%)</td>
<td>+0.1</td>
<td>3.7 (6.0%)</td>
<td>+0.4 (+0.5%pt)</td>
</tr>
<tr>
<td>Social Systems,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solutions &amp;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td>10.5 (9.7%)</td>
<td>11.2 (10.3%)</td>
<td>+0.7</td>
<td>8.5 (8.4%)</td>
<td>+2.7 (+1.9%pt)</td>
</tr>
<tr>
<td>Healthcare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>-2.5 (-)</td>
<td>-2.1 (-)</td>
<td>+0.4</td>
<td>-1.8 (-)</td>
<td>-0.3 (-)</td>
</tr>
<tr>
<td>Businesses under</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the Direct Control of HQ</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Eliminations &amp; Corporate</strong></td>
<td>-18.0 (-)</td>
<td>-19.2 (-)</td>
<td>-1.2</td>
<td>-11.3 (-)</td>
<td>-7.9 (-)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>85.0 (10.0%)</td>
<td>85.9 (10.0%)</td>
<td>+0.9</td>
<td>67.6 (8.5%)</td>
<td>18.3 (+1.5%pt)</td>
</tr>
</tbody>
</table>

*Certain operations previously included in SSB have been reclassified to Other.*
Backdrop to IAB Growth: High Growth in Focus

Net Sales (Global) of Focus Industries
(vs FY2016, on a local currency basis)

+ 23%

FY2016 FY2017
Net Sales (Global) of Focus Industries

Japan, Americas, Europe, Southeast Asia
+ 21%

FY2016 FY2017
Greater China
+ 28%

FY2016 FY2017

Auto Digital Food & Beverage Infrastructure
FY2018 Plan
Key Initiatives for FY2018

Continue to enhance growth cycle to achieve VG2.0 goals

Sales Growth

Improve GP Margin

Continue to Enhance Growth Cycle

Growth Investments

IAB
- Develop innovative products / applications
- Enhance total solution capabilities

HCB
- Develop innovative devices
- Enhance production / sales channels

Ongoing Restructuring
- Backlights
- Micro devices

Overall
- Launch strong products
- Raise added value through integrated production, sales, development & planning activities

Enhance Technology Mgmt.
- Improve ability to create innovation
- Cultivate and hire high-caliber engineering talent

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**FY2018 Plan**

**Project new record high earnings. Key GP margin to rise to 42.5%**

<table>
<thead>
<tr>
<th></th>
<th>FY2017 Actual</th>
<th>FY2018 Plan</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>860.0</td>
<td>900.0</td>
<td>+4.7%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>357.7, (41.6%)</td>
<td>382.5, (42.5%)</td>
<td>+6.9% (+0.9% pt)</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>85.9, (10.0%)</td>
<td>93.0, (10.3%)</td>
<td>+8.3% (+0.3% pt)</td>
</tr>
<tr>
<td>Net Income A/S</td>
<td>63.2</td>
<td>64.5</td>
<td>+2.1%</td>
</tr>
<tr>
<td>1USD (JPY)</td>
<td>111.2</td>
<td>107.0</td>
<td>-4.2%</td>
</tr>
<tr>
<td>1EUR (JPY)</td>
<td>129.4</td>
<td>131.0</td>
<td>+1.6%</td>
</tr>
</tbody>
</table>
Proactively invest for future growth, supported by higher added value generation. While investing, also achieve Y/Y profit growth

Added Value Up

Fixed manufacturing costs up -1.5

SG&A up -14.6

R&D up -5.4

Enhance ability to create innovation
New product development

Sales up
Added Value ratio up

Forex impacts -0.6

Gross profit +27.7
## Sales by Business Segment

**Strong growth from IAB, HCB to drive overall growth**

<table>
<thead>
<tr>
<th></th>
<th>FY2017 Actual</th>
<th>FY2018 Plan</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>396.1</td>
<td>428.0</td>
<td>+8.0%</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td>104.4</td>
<td>102.0</td>
<td>-2.3%</td>
</tr>
<tr>
<td><strong>AEC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Electronic Components</td>
<td>131.2</td>
<td>128.0</td>
<td>-2.4%</td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td>63.7</td>
<td>67.0</td>
<td>+5.2%</td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td>108.5</td>
<td>119.0</td>
<td>+9.7%</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>51.0</td>
<td>50.5</td>
<td>-0.9%</td>
</tr>
<tr>
<td><strong>Eliminations &amp; Corporate</strong></td>
<td>5.2</td>
<td>5.5</td>
<td>+6.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>860.0</td>
<td>900.0</td>
<td>+4.7%</td>
</tr>
</tbody>
</table>

N.B. Micro device business previously included in Other segment now included in EMC and Eliminations & Corporate
## Operating Income by Business Segment

### Targeting substantial growth at IAB and HCB

<table>
<thead>
<tr>
<th>Segment</th>
<th>(1) FY2017 Actual</th>
<th>(2) FY2018 Plan</th>
<th>(2) - (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB Industrial Automation</td>
<td>74.0 (18.7%)</td>
<td>82.0 (19.2%)</td>
<td>+8.0 (+0.5%pt)</td>
</tr>
<tr>
<td>EMC Electronic &amp; Mechanical Components</td>
<td>12.5 (12.0%)</td>
<td>12.5 (12.3%)</td>
<td>+0.0 (+0.3%pt)</td>
</tr>
<tr>
<td>AEC Automotive Electronic Components</td>
<td>5.8 (4.4%)</td>
<td>6.0 (4.7%)</td>
<td>+0.2 (+0.3%pt)</td>
</tr>
<tr>
<td>SSB Social Systems, Solutions &amp; Service</td>
<td>4.1 (6.5%)</td>
<td>4.5 (6.7%)</td>
<td>+0.4 (+0.3%pt)</td>
</tr>
<tr>
<td>HCB Healthcare</td>
<td>11.2 (10.3%)</td>
<td>12.5 (10.5%)</td>
<td>+1.3 (+0.2%pt)</td>
</tr>
<tr>
<td>Other Businesses under the Direct Control of HQ</td>
<td>-0.5 (-)</td>
<td>0.0 (-)</td>
<td>+0.5 (-)</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>-21.2</td>
<td>-24.5</td>
<td>-3.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>85.9 (10.0%)</td>
<td>93.0 (10.3%)</td>
<td>+7.1 (+0.3%pt)</td>
</tr>
</tbody>
</table>

N.B. Micro device business previously included in Other segment now included in EMC and Eliminations & Corporate

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Guiding for ¥92 dividend in FY2018 (up ¥16)

N.B. FY2017 full-year dividend to be approved at AGM; FY2018 interim and year-end dividend TBD. Aim for dividend payout ratio of approximately 30% and DOE of approximately 3%. 
Share Buybacks

Buy back ¥14.3 billion in shares in FY2017, enhancing shareholder returns

N.B. The above does not include ¥4.7 billion yen in share buybacks for the BIP (Board Incentive Plan) trust. (If included, total buybacks were ¥19 billion.)
Accelerate Growth with Innovative Concept for Manufacturing

Accelerating growth with innovative-Automation

Concept

innovative-Automation
Bring innovation to manufacturing by OMRON

Direction

Evolution in control integrated

Intelligence developed through ICT intelligent

New harmonization between humans and machines interactive
Accelerating **innovative-Automation**

Enhance total solution capabilities to accelerate **innovative-Automation**. Apply to the 4 Global Focus Industries

**4 Global Focus Industries**

- Auto
- Digital
- Food & Beverage
- Infrastructure

Enhance Total Solution Capabilities
Enhance Total Solution Capabilities

Control Applications Software

Input
Sentech

Logic
Microscan

Output
Delta Tau

Robot
Adept

Safety
Enhance Total Solution Capabilities (Code Readers)

Expanding opportunity in traceability with the combination of code readers and our broad product lineup (ILOR+S)

Server (Easily save traceability data)
Improve productivity, address labor shortages with total solutions using robotics. Sales to continue accelerating beyond FY2018.
Enhancing Total Solution Capabilities (ATCs)

We use our Automation Technology Centers to help customers address their challenges. Expanding our global network to 35

<table>
<thead>
<tr>
<th>Region</th>
<th>As of FY2016</th>
<th>Opened FY2017</th>
<th>New in FY18 (Plan)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>8</td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Greater China</td>
<td>8</td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>8</td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Americas</td>
<td>8</td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Japan</td>
<td>8</td>
<td></td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

Total 35
VG2020: Key Initiatives For The Past 7 Years

- Establish ROIC management
- Implement Corporate Principles Management
- Enhance technology management
Enhancing Technology Management
OMRON’s Unique Technology Management

Aim to solve social issues with our innovation-based Near Future Design. Based on our NFD, develop and execute on clear strategies.

Now

Backcasting

Near Future Design
Design a super-specific architecture

Business Architecture

Technology

IP

Business Model

Projected Future

Social Issues

Evolution of Technology

What applications, products or technologies should we be developing now?
Technology Mgmt: A Core Tenet Since OMRON’s Founding Days

1933
Tateisi Electric Manufacturing founded

1953
Inspecting the US FA market

1960
Central R&D Laboratory established

1930  1940  1950  1960  1970

1943
Successfully develop micro switch

1955
Enter FA market. Focus on a fully domestically developed micro switch

Tackling the Cybernation Challenge
1964
Automated traffic signal
1967
Unmanned train station
1971
Automated cash dispenser

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Innovation in manufacturing underpins the FA Near Future Design. We identify the applications required for NFD and backcast to develop the appropriate products and technology.

Now

Backcasting

What applications, products or technologies should we be developing now?

Concept
- **innovative-Automation**
  Bring innovation to manufacturing by OMRON

Direction
- Evolution in control **integrated**
- Intelligence developed through ICT **intelligent**
- New harmonization between humans and machines **interactive**

Projected Future

Social Issues
- Labor shortages
- Manufacturing sophistication

Technological Evolution
- AI
- Robotics
- IoT
**Near Future Design for Manufacturing**

**innovative-Automation: 3 “i”s drive innovation in manufacturing**

- **intelligent**
  - Intelligent Machine: Learning & evolving machine
  - Craftsmanship: High-speed / High-precision fabrication
    - Innovative XX control
- **integrated**
  - Zero Failure Equipment: Predictive maintenance
  - Intelligent Cell-line: Collect, store & analyze data
  - Intelligent Cell-line: Collect, store & analyze data
  - Mobile Robot: Moving robots
    - Conveyor-less
- **interactive**
  - Senses Inspection: Close to human senses
  - Automated Cell-line: Harmonization with people
  - Factory data

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Innovative Applications Based on our Near Future Design

- **intelligent**
  - Zero Failure Equipment
  - Predictive maintenance
  - Senses Inspection
  - Close to human senses

- **Craftsmanship**
  - High-speed / High-precision fabrication
  - Innovative XX control

- **integrated**
  - P&P Pack Expert
  - Sub1-μ Precision Processing
  - Robot Vision
  - Hi-speed Inspection
  - Hi-speed Synchronized Assembly
  - 1μm Precision Alignment

- **interactive**
  - Mobile Robot
  - Moving robots
  - Conveyer-less
  - Automated Picking/Handling

- **Task Management**
  - Analysis/Instruction

- **Conveyor-less**

- **Senses Inspection**
  - Collect, store & analyze data

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Technology Architecture for Creating Innovative Applications

**innovative-Automation**

- **Innovative Applications**
- **Integrated** Evolution in Control
- **Intelligent** Intelligence through ICT
- **Interactive** New human-machine harmonization

**ILOR+S Alignment Technology**
- Control Technology / Robotics
- AI / IoT
- Robotics × AI

**Common Platform Technologies**
- Cost
- Design
- Standardization
- Robust
Value of AI Technology in FA

Incorporating know-how of highly experienced engineers into devices and production lines

Shop floor data → Converting accumulated human expertise into AI → Breakdown prediction, preventative maintenance, productivity improvements

Incorporating know-how of highly experienced engineers into devices and production lines

AI controller

Incorporating know-how of highly experienced engineers into devices and production lines

IT

Control

Handler

Robot
Beyond VG: Investing in Technology Management

Technology Management Concept

What We Aim to Achieve in FY2018 - 2020

Serial creation of new value across the organization in the run-up to the next decade beyond VG

Invest in initiatives to further enhance technology management
Technology Mgmt: Improving Innovation-creating Capability

Substantially enhance technology management by building out the organization, R&D bases and human capital

Organization

Establish the **Innovation Promotion HQ**
Firm-wide innovation platform. Responsible for innovation initiatives from developing NFD strategy through to evaluating businesses

R&D Bases

Establish **R&D bases**
To promote R&D for AI / Robotics, proactively leveraging open innovation

- Near Future Design R&D Company OSX (Tokyo)
- Edge AI Development Center (Tokyo)
- Robotics Development Center (West Coast, U.S.)

Human Capital

Hire/cultivate **High-caliber Engineering Human Resources**
To tackle AI, Robotics and Near Future Design
Developing new businesses, innovative applications, products and technologies based on NFD to drive VG2.0, post-VG2.0 growth.
VG2.0: Progress Update
**VG2.0: Progress Update**

Achieved 4 of the 6 management metrics set out under VG2.0

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY2018 Plan</th>
<th>FY2020 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥900.0bn</td>
<td>¥1 Trillion</td>
</tr>
<tr>
<td>GP Margin</td>
<td>42.5%</td>
<td>&gt; 41%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥93.0bn</td>
<td>¥100bn</td>
</tr>
<tr>
<td>ROIC</td>
<td>Approx. 12%</td>
<td>&gt; 10%</td>
</tr>
<tr>
<td>ROE</td>
<td>Approx. 12%</td>
<td>&gt; 10%</td>
</tr>
<tr>
<td>EPS</td>
<td>¥306</td>
<td>&gt; ¥300</td>
</tr>
</tbody>
</table>
Reference
Global economy to remain firm

Japan
Solid conditions to continue, on capex growth in the semiconductor and auto industries

Overseas
Americas: Major tax cuts and other policy measures to support continued macro recovery
Europe: Gradual recovery to continue on increased capex and higher production levels
China: Growth rate to continue to moderate but demand for automation from manufacturers to remain firm
Asia: Korea to remain strong. Economies of Thailand, India, Indonesia to continue to recover
## FY2018 Business Environment by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Japan</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong> Industrial Automation</td>
<td>Strength in autos, semiconductors to continue</td>
<td>Smartphone-related visibility in China/Asia poor but semiconductors remain strong. Firm demand from food industry in Europe. U.S. remains solid but some uncertainty</td>
</tr>
<tr>
<td><strong>EMC</strong> Electronic &amp; Mechanical Components</td>
<td>Markets in Europe/Americas firm. Demand for consumer and commercial products in China/Asia to remain solid</td>
<td>Global outlook remains firm. Expect growth rates for China to moderate</td>
</tr>
<tr>
<td><strong>AEC</strong> Automotive Electronic Components</td>
<td>Weaker as customers increase overseas production</td>
<td>Global outlook remains firm. Expect growth rates for China to moderate</td>
</tr>
<tr>
<td><strong>SSB</strong> Social Systems, Solutions and Service</td>
<td>Fallow period for replacement cycle ending; demand expected to pick up</td>
<td>Solid replacement demand expected</td>
</tr>
<tr>
<td><strong>HCB</strong> Healthcare</td>
<td>Expect solid conditions, primarily online channel</td>
<td>Strong conditions expected for China and Asia</td>
</tr>
<tr>
<td><strong>Other Businesses under the Direct Control of HQ</strong></td>
<td>PV inverters weak but continued growth for storage systems</td>
<td>Smartphone market to remain weak</td>
</tr>
</tbody>
</table>

**Japan:**
- Weaker as customers increase overseas production
- Expect solid conditions, primarily online channel

**Overseas:**
- Global outlook remains firm. Expect growth rates for China to moderate
- Solid replacement demand expected
- Strong conditions expected for China and Asia
- PV inverters weak but continued growth for storage systems
- Smartphone market to remain weak
### FY2018 Assumptions: Exchange Rates

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>Impact of ¥1 fluctuation (full-year, approx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
<td>OP</td>
</tr>
<tr>
<td><strong>USD</strong></td>
<td>¥107</td>
<td>¥3.9bn</td>
</tr>
<tr>
<td><strong>EUR</strong></td>
<td>¥131</td>
<td>¥1.0bn</td>
</tr>
</tbody>
</table>

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


**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**
  - Human capital management, manufacturing, risk management...

**Sustainability Issues**

Solving social issues through our businesses: Responding to social needs

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

Responding to stakeholder expectations

- Human Capital Mgmt.
- Manufacturing
- Risk Management

Collaboration with Partners
OMRON Included in Major ESG Indices (As of April, 2018)

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
Down-Top ROIC Tree

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
- Fixed assets turnover

Invested Capital Turnover

ROS

ROIC

On-site

To-Dos Cycle

PLAN

DO

CHECK

ACT

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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

**Net income attributable to shareholders**

**Invested capital**

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

**Invested capital**

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

*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**

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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 Ended March 31, 2018 (U.S. GAAP)."
Figures rounded to the nearest million JPY and percentage to one decimal place.