Company Earnings, Management Strategy
Q: You have cited rising levels of uncertainty as a result of US-China trade friction. Is it already starting to have a concrete impact?
A: There has been no clear and specific impact yet. However, we are monitoring the situation closely, given that the first impact of a macro downturn is typically a capex slowdown.

Q: The Q1 ¥4.2 billion increase in added value appears to lag your full-year expectation for an increase of ¥29.2 billion. Is the Q1 result in line with plan?
A: Progress is in line with our expectations. In looking at Q1, it is necessary to factor in the impact of SSB seasonality, where the Q1 profit contribution is usually negative. In addition, the typical trend is for the impact of rising sales and an improved added value ratio to pick up from Q2 onward.

Q: What percentage of the increase in SG&A and R&D expenses are fixed in nature? What was the percentage of expenses that should be considered advance investments? If the macro backdrop were to deteriorate, what would you do to control expenses?
A: It is tough to split out these elements clearly. However, roughly speaking about half was from the addition of human resources in front office functions, and therefore, fixed in nature. The increases were primarily at IAB and HCB. Obviously, as a part of how we manage our business, we do ensure we retain the flexibility to control our expenses in the event of an economic slowdown.

Industrial Automation Business (IAB)
Q: What are the initiatives you are implementing to boost added value?
A: By taking a solutions-based sales approach focused on products with high added value, we seek to avoid being drawn into competing on price for individual devices on a standalone basis. In addition, we are consistently focused on improving added value over time, through the development of new products, and cost reductions that leverage our knowhow to improve the efficiency of our own manufacturing facilities.

Q: Some suggest that semiconductor market demand is poised for a downturn. Is OMRON's outlook optimistic or cautious?
A: We are not optimistic; we are actively monitoring market trends.

Healthcare (HCB)
Q: The Q1 OPM was high. Should we view this as a level that you can maintain?
A: We believe we are at cruising altitude. On the back of increased sales of high added value products, primarily BPMs, we have been able to minimize general downward pressure on selling prices.