FY2018 Full-Year Earnings
Ended March 31, 2019

Results Briefing

April 24, 2019
OMRON Corporation
Summary

■ FY2018 Results
  • Q4 operating environment tough as expected but earnings exceeded January revision

■ Optimizing Business Portfolio
  • Completed agreement to transfer Automotive Business to Nidec

■ FY2019 Plan
  • Project Y/Y declines in sales and profits. Assume tough Q4 environment will continue. Also factored in risk of volatility to overall earnings to reflect uncertainty
  • Despite tough environment, did not ease up on necessary investments needed to enhance self-driven growth capability
  • Full-year dividend guidance unchanged YoY at ¥84

■ Growth Driving Assets Acquired in First 2 Years of VG2.0
  • Proactively undertook investments for IAB and HCB in first 2 years of VG2.0. Built up technology, products and infrastructure to support self-driven growth
FY2018 Results
Tough December conditions continued into Q4 as expected but full-year results exceeded revised January forecast

<table>
<thead>
<tr>
<th></th>
<th>(1) FY2018 Fcst (Jan)</th>
<th>(2) FY2018 Actual</th>
<th>(2) / (1)</th>
<th>FY2017 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>855.0</td>
<td>859.5</td>
<td>+0.5%</td>
<td>860.0</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>352.5 (41.2%)</td>
<td>354.1 (41.2%)</td>
<td>+0.5%</td>
<td>357.8</td>
<td>-1.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(-0.0%pt)</td>
<td>(41.6%)</td>
<td>(-0.4%pt)</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>72.0 (8.4%)</td>
<td>76.6 (8.9%)</td>
<td>+6.4%</td>
<td>86.3</td>
<td>-11.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(+0.5%pt)</td>
<td>(10.0%)</td>
<td>(-1.1%pt)</td>
</tr>
<tr>
<td>Net Income Attributable to Shareholders</td>
<td>50.0</td>
<td>54.3</td>
<td>+8.6%</td>
<td>63.2</td>
<td>-14.0%</td>
</tr>
<tr>
<td>1USD (JPY)</td>
<td>110.1</td>
<td>110.7</td>
<td>+0.6</td>
<td>111.2</td>
<td>-0.5</td>
</tr>
<tr>
<td>1EUR (JPY)</td>
<td>128.2</td>
<td>128.8</td>
<td>+0.6</td>
<td>129.4</td>
<td>-0.6</td>
</tr>
<tr>
<td>1RMB (JPY)</td>
<td>16.4</td>
<td>16.5</td>
<td>+0.1</td>
<td>16.7</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

* Figures presented reflect the application of FASB Accounting Standards Update 2017-17 ‘Improving the Presentation of Net Periodic Pension Cost and Net Postretirement Benefit Cost
## Sales by Business Segment

**IAB, EMC down Y/Y on deterioration in operating environment. Sales up Y/Y at SSB, HCB and Environmental Solutions**

<table>
<thead>
<tr>
<th>Segment</th>
<th>(1) FY2018 Fcst (Jan)</th>
<th>(2) FY2018 Actual</th>
<th>(2) / (1)</th>
<th>FY2017 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong> Industrial Automation</td>
<td>390.0</td>
<td>391.8</td>
<td>+0.5%</td>
<td>396.1</td>
<td>-1.1%</td>
</tr>
<tr>
<td><strong>EMC</strong> Electronic and Mechanical Components</td>
<td>99.0</td>
<td>99.7</td>
<td>+0.7%</td>
<td>104.4</td>
<td>-4.5%</td>
</tr>
<tr>
<td><strong>AEC</strong> Automotive Electronic Components</td>
<td>130.0</td>
<td>130.5</td>
<td>+0.4%</td>
<td>131.2</td>
<td>-0.5%</td>
</tr>
<tr>
<td><strong>SSB</strong> Social Systems, Solutions &amp; Service</td>
<td>76.0</td>
<td>75.0</td>
<td>-1.3%</td>
<td>70.3</td>
<td>+6.7%</td>
</tr>
<tr>
<td><strong>HCB</strong> Healthcare</td>
<td>115.5</td>
<td>115.5</td>
<td>-0.0%</td>
<td>108.5</td>
<td>+6.5%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business under Direct Control of HQ</td>
<td>40.0</td>
<td>41.7</td>
<td>+4.3%</td>
<td>44.4</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>4.5</td>
<td>5.2</td>
<td>+16.1%</td>
<td>5.2</td>
<td>+1.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>855.0</td>
<td>859.5</td>
<td>+0.5%</td>
<td>860.0</td>
<td>-0.1%</td>
</tr>
</tbody>
</table>
## Operating Income by Business Segment

IAB, EMC down Y/Y, partly due to increased growth investments. SSB, HCB, Environmental Solutions business profits up Y/Y

<table>
<thead>
<tr>
<th></th>
<th>(1) FY2018 Fcst (Jan)</th>
<th>(2) FY2018 Actual</th>
<th>(2) / (1)</th>
<th>FY2017 Actual</th>
<th>Y/Y</th>
</tr>
</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>61.0</td>
<td>62.9</td>
<td>+1.9</td>
<td>74.0</td>
<td>-11.1</td>
</tr>
<tr>
<td></td>
<td>(15.6%)</td>
<td>(16.1%)</td>
<td>(+0.4%pt)</td>
<td>(18.7%)</td>
<td>(-2.6%pt)</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td>8.5</td>
<td>8.2</td>
<td>-0.3</td>
<td>12.5</td>
<td>-4.3</td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td>(8.6%)</td>
<td>(8.2%)</td>
<td>(-0.4%pt)</td>
<td>(12.0%)</td>
<td>(-3.8%pt)</td>
</tr>
<tr>
<td><strong>AEC</strong></td>
<td>6.0</td>
<td>6.3</td>
<td>+0.3</td>
<td>5.8</td>
<td>+0.5</td>
</tr>
<tr>
<td>Automotive Electronic Components</td>
<td>(4.6%)</td>
<td>(4.8%)</td>
<td>(+0.2P)</td>
<td>(4.4%)</td>
<td>(+0.4%pt)</td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td>6.0</td>
<td>5.8</td>
<td>-0.2</td>
<td>4.8</td>
<td>+0.9</td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td>(7.9%)</td>
<td>(7.7%)</td>
<td>(-0.2%pt)</td>
<td>(6.9%)</td>
<td>(+0.8%pt)</td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td>13.0</td>
<td>13.0</td>
<td>+0.0</td>
<td>11.2</td>
<td>+1.8</td>
</tr>
<tr>
<td>Healthcare</td>
<td>(11.3%)</td>
<td>(11.3%)</td>
<td>(+0.0%pt)</td>
<td>(10.3%)</td>
<td>(+1.0%pt)</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>-1.0</td>
<td>-0.5</td>
<td>+0.5</td>
<td>-1.2</td>
<td>+0.7</td>
</tr>
<tr>
<td>Businesses under Directo Control of HQ</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td><strong>Eliminations &amp; Corporate</strong></td>
<td>-21.5</td>
<td>-19.1</td>
<td>+2.4</td>
<td>-20.9</td>
<td>+1.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>72.0</td>
<td>76.6</td>
<td>+4.6</td>
<td>86.3</td>
<td>-9.6</td>
</tr>
<tr>
<td></td>
<td>(8.4%)</td>
<td>(8.9%)</td>
<td>(+0.5%pt)</td>
<td>(10.0%)</td>
<td>(-1.1%pt)</td>
</tr>
</tbody>
</table>
Consolidated inventory declined at fiscal year-end, largely unchanged Y/Y

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Value (Unit: ¥bn)</td>
<td>129.6 (2.8)</td>
<td>145.3 (3.6)</td>
<td>146.8 (3.4)</td>
<td>130.1 (2.9)</td>
</tr>
</tbody>
</table>

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Optimizing Business Portfolio
Transfer Shares in AEC Business

Completed agreement to transfer shares in AEC business to Nidec Corporation

**AEC Overview**

- OMRON Automotive Electronics, other related companies.
- FY2018 Sales ¥130.5 bn*, OP ¥6.3 bn.
- Purchase Amount: ¥100 bn

*Excludes internal sales

**Schedule**

- Contract date: April 16, 2019
- Completion: TBD (around end-Oct. 2019)

(Completion date TBD as the transaction is subject to securing the approval of anti-trust regulators in relevant jurisdictions.)

**Objective**

- Further development of automotive business
  - ‘Control technology x actuator’ to create new value
- Stronger, more resilient business portfolio for OMRON
- Execute on long-term growth strategy
## Acquisitions and Divestments during VG2020

Executing on business acquisitions and divestments to optimize the business portfolio

<table>
<thead>
<tr>
<th>Acquisitions</th>
<th>Divestments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014  S. America Nebulizers (HCB)</td>
<td>2012  Capacitors (EMC)</td>
</tr>
<tr>
<td>2015  Motion Controllers (IAB)</td>
<td>2012  Consignment Development of Embedded SW/HW (Other)</td>
</tr>
<tr>
<td>2015  Industrial Robots (IAB)</td>
<td>2013  Optical Communications (EMC)</td>
</tr>
<tr>
<td>2017  Industrial Cameras (IAB)</td>
<td>2016  Oil &amp; Gas (IAB)</td>
</tr>
<tr>
<td>2017  Industrial Code Readers (IAB)</td>
<td>2016  Hospital-use Med. Eq. (HCB)</td>
</tr>
<tr>
<td>2018  Europe Nebulizers (HCB)</td>
<td>2018  Laser Processing Eq. (IAB)</td>
</tr>
<tr>
<td></td>
<td>2019  EDMS* (Other)</td>
</tr>
</tbody>
</table>

*Development and manufacture of industrial-use electronic devices on consignment*
Focus on 3 domains where OMRON is competitive and has high market share
FY2019 Plan
# FY2019 Business Environment by Segment

**Expect the operating environment to remain uncertain and challenging for the full year**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Industrial Automation | Auto: Uncertainty continues for auto investments but ADAS/EV, electrification-related investment still firm  
                  Digital: Semiconductor/smartphone-related investments remain weak, especially in Asia  
                  Food & Beverage: Flat trend continues. Labor-saving, quality control investments still firm  
                  Social Infrastructure: Solid on increase in investments to support economic growth                                                                                                                                           |
| **EMC**          |                                                                                                                                                                                                                                                                                                                                           |
| Electronic & Mechanical Components | Consumer: China market weaker. Consumer electronics, semiconductors and smartphone capex to remain weak. Europe market also weak  
                  Automotive: Globally, expect gradual growth but consumer appetite in China continues to weaken                                                                                                                                   |
| **AEC**          |                                                                                                                                                                                                                                                                                                                                           |
| Automotive Electronic Components | Expect China demand will keep weakening on cooling consumer sentiment, weak sales of US auto brands  
                  Japan, US to remain firm overall                                                                                                                                                                                                                                    |
| **SSB**          |                                                                                                                                                                                                                                                                                                                                           |
| Social Systems, Solutions and Service | Station sys: Solid capex replacement cycle, expect demand to increase  
                  Transport: Expect solid replacement demand  
                  Payment sys: Demand for payment system terminals to rise on increasing need for cashless pymt systems                                                                                                                                                     |
| **HCB**          |                                                                                                                                                                                                                                                                                                                                           |
| Healthcare | Expect solid demand on increase in hypertension and asthma patients, although there is potential risk that global slowdown could depress consumption                                                                                                                                                                       |
| **Other**        |                                                                                                                                                                                                                                                                                                                                           |
| Businesses under the Direct Control of HQ | Env. Soln: PV inverters weak but continued growth for storage systems  
                  Backlight: Smartphon market to remain weak                                                                                                                                                                                                                           |

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Assume tough environment but also factored in expected earnings fluctuation risk (Sales -¥10bn, OP -¥5bn). Aiming to improve GP margin

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Actual</th>
<th>FY2019 Plan</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>859.5</td>
<td>* 830.0</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>354.1 (41.2%)</td>
<td>349.0 (42.0%)</td>
<td>+0.8%pt</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>76.6 (8.9%)</td>
<td>* 65.0 (7.8%)</td>
<td>-1.1%pt</td>
</tr>
<tr>
<td>Net Income Attributable to Shareholders</td>
<td>54.3</td>
<td>42.5</td>
<td>-21.8%</td>
</tr>
</tbody>
</table>

*Includes ¥10 bn in expected earnings fluctuation risk

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY2018</th>
<th>FY2019</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>1USD (JPY)</td>
<td>110.7</td>
<td>108.0</td>
<td>-2.7</td>
</tr>
<tr>
<td>1EUR (JPY)</td>
<td>128.8</td>
<td>123.0</td>
<td>-5.8</td>
</tr>
<tr>
<td>1RMB (JPY)</td>
<td>16.5</td>
<td>16.2</td>
<td>-0.3</td>
</tr>
</tbody>
</table>
## Expect sales decline at IAB, EMC and AEC but sales growth at SSB and HCB

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>FY2018 Actual</th>
<th>FY2019 Plan</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB Industrial Automation</td>
<td>391.8</td>
<td>378.0</td>
<td>-3.5%</td>
</tr>
<tr>
<td>EMC Electronic &amp; Mechanical Components</td>
<td>99.7</td>
<td>98.0</td>
<td>-1.7%</td>
</tr>
<tr>
<td>AEC Automotive Electronic Components</td>
<td>130.5</td>
<td>124.0</td>
<td>-5.0%</td>
</tr>
<tr>
<td>SSB Social Systems, Solutions &amp; Service</td>
<td>75.0</td>
<td>83.0</td>
<td>+10.6%</td>
</tr>
<tr>
<td>HCB Healthcare</td>
<td>115.5</td>
<td>123.0</td>
<td>+6.5%</td>
</tr>
<tr>
<td>Other Businesses under the Direct Control of HQ</td>
<td>41.7</td>
<td>32.0</td>
<td>-23.3%</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>5.2</td>
<td>2.0</td>
<td>-61.7%</td>
</tr>
<tr>
<td>Earnings Fluctuation Risk</td>
<td></td>
<td>-10.0</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>859.5</td>
<td>830.0</td>
<td>-3.4%</td>
</tr>
</tbody>
</table>
### Assume tough operating environment but aim for slight increase Y/Y at IAB

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2018 Actual</th>
<th>FY2019 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>62.9 (16.1%)</td>
<td>63.0 (16.7%)</td>
<td>+0.1 (+0.6%pt)</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td>8.2 (8.2%)</td>
<td>8.5 (8.7%)</td>
<td>+0.3 (+0.5%pt)</td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>AEC</strong></td>
<td>6.3 (4.8%)</td>
<td>4.0 (3.2%)</td>
<td>-2.3 (-1.6%pt)</td>
</tr>
<tr>
<td>Automotive Electronic Components</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td>5.8 (7.7%)</td>
<td>6.5 (7.8%)</td>
<td>+0.7 (+0.2%pt)</td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td>13.0 (11.3%)</td>
<td>14.0 (11.4%)</td>
<td>+1.0 (+0.1%pt)</td>
</tr>
<tr>
<td>Healthcare</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>-0.5 (-)</td>
<td>-1.0 (-)</td>
<td>-0.5 (-)</td>
</tr>
<tr>
<td>Businesses under Direct Control of HQ</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Eliminations &amp; Corporate</strong></td>
<td>-19.1 (-)</td>
<td>-25.0 (-)</td>
<td>-5.9 (-)</td>
</tr>
<tr>
<td><strong>Earnings Fluctuation Risk</strong></td>
<td>-5.0 (-)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>76.6 (8.9%)</td>
<td>65.0 (7.8%)</td>
<td>-11.6 (-1.1%pt)</td>
</tr>
</tbody>
</table>

(¥bn, %: OPM)
Operating Income Analysis (Y/Y)

Make strategic investments necessary for medium- and long-term growth and to enhance business foundation

<table>
<thead>
<tr>
<th>FY2018 Actual</th>
<th>FY2019 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>65.0 (¥bn)</td>
</tr>
<tr>
<td>Operating Income Analysis (Y/Y)</td>
<td></td>
</tr>
<tr>
<td>Forex impact</td>
<td>-5.2</td>
</tr>
<tr>
<td>Added value up</td>
<td>+0.5</td>
</tr>
<tr>
<td>Fixed* manufacturing costs down</td>
<td>+4.7</td>
</tr>
<tr>
<td>SG&amp;A up*</td>
<td>-5.1</td>
</tr>
<tr>
<td>R&amp;D Up</td>
<td>-1.5</td>
</tr>
<tr>
<td>Earnings Fluctuation Risk</td>
<td>-5.0</td>
</tr>
<tr>
<td>*Excludes impact of SSB human resource reallocation</td>
<td></td>
</tr>
</tbody>
</table>

Strategic investments
- Upgrade global core system
- Enhancements to IAB locations
- New Open Innovation base

*Strategic investments
- Upgrade global core system
- Enhancements to IAB locations
- New Open Innovation base
Strategic Investments to Enhance Business Foundation

Execute with intent on investments needed to support the business in 10 years’ time

- Upgrade global core system
- Enhance IAB production and development bases
- Create new base for Open Innovation
Full-year Dividend Guidance

Reflecting DOE standard, aim to maintain stable returns. Full-year dividend guidance unchanged Y/Y at ¥84

<table>
<thead>
<tr>
<th></th>
<th>FY2017 (Actual)</th>
<th>FY2018 (Actual)</th>
<th>FY2019 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-year Dividend</td>
<td>¥76</td>
<td>¥84</td>
<td>¥84</td>
</tr>
</tbody>
</table>

* FY2018 full-year dividend to be approved at Annual General Shareholders’ Meeting. FY2019 split between interim and 2H dividend guidance TBD.
Assets Acquired in First Half of VG2.0

1. IAB
2. HCB
Innovative Automation

- **Intelligent Machine**
  - Learning & evolving machine
  - High-speed, high-precision fabrication
  - Innovative control

- **Integrated**
  - Evolution of control
  - Integration of factory floor & office
  - Integration of equipment & management technology
  - Factory data

- **Interactive**
  - New harmonization between people & machine
  - Factory data
  - Harmonization with people

- **Innovative Cell-line**
  - Data collect, store & analyze

- **Automated Cell-line**
  - Harmonization with people

- **Zero failure Equipment**
  - Predictive maintenance

- **Mobile Robot**
  - Moving robots
  - Conveyor-less

- **Senses inspection**
  - Close to human senses

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Despite tough operating environment, IAB able to achieve sales growth on a global basis

**FY2018 Sales Growth by Area**
*(Y/Y, local currency basis)*

<table>
<thead>
<tr>
<th>Japan</th>
<th>Americas</th>
<th>Europe</th>
<th>Greater China</th>
<th>SE Asia, Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>+2%</td>
<td>+1%</td>
<td>+6%</td>
<td>+2%</td>
<td>+6%</td>
</tr>
</tbody>
</table>

Excluding Korea

-17%
IAB: Hannover Messe

World’s largest trade show held every year in Hannover in April. Showcase for German industrial machinery and global players

<table>
<thead>
<tr>
<th>Dates</th>
<th>April 1(Mon)-5(Fri), 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitors</td>
<td>210,000 visitors</td>
</tr>
<tr>
<td>Exhibitors</td>
<td>5,000 cos./75 countries and regions</td>
</tr>
</tbody>
</table>
IAB: 3 Products Showing Strong Growth

Strong growing products which embody innovative-Automation concept driving growth

**AXI**
(X-ray substrate inspection)

*Y/Y + 73% (FY2018 Actual)*

**Mobile Robot**

*Y/Y + 34% (FY2018 Actual)*

**Co-bot**

Launched Oct. 2018
Selling well
## IAB: X-ray Substrate Inspection Equipment

### Enabling internal visualization

<table>
<thead>
<tr>
<th>Description</th>
<th>Radiography (2D)</th>
<th>Computed Tomography (3D)</th>
</tr>
</thead>
</table>
| **Medical** | • Image from projected beam  
              • High-speed image capture (seconds) | • Multi-angle cross-sectional images  
                                             • Time-consuming (minutes) |
| **Industrial** | Simple testing: Radiography  
                  [Image of radiography equipment]  
                  [Image of X-ray image] | Precision testing: CT Scan  
                                [Image of CT equipment]  
                                [Image of CT scan] |
| **2D testing using radiographic images** | ➢ All players have models | ➢ Focus on analytical applications  
                                           Only OMRON has testing equipment |
| **Industrial** | Blurry images of cavities  
                  Backside visible | Clear cavity image  
                                 3D, backside not visible |
| **Industrial** | [Image of blurry X-ray image]  
                  [Image of backside visible image] | [Image of clear cavity image]  
                                 [Image of 3D, backside not visible] |

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Achieve high speed 3D image inspection through proprietary innovative Automation technology

Conventional Technology

Stop at each point to capture images
Sampling inspection

Unique OMRON Technology

Continuous image capture
In-line inspection

MOVIE
HCB: 3 Domains

Resolve social issues with personalized medical solutions in 3 domains where OMRON can maximize strengths globally

Cardiovascular

Global Hypertension Patients
1.13bn
BPM

Respiratory

Global Patients with Respiratory Conditions
440 mil
Nebulizer

Pain Management

Patients with Chronic Pain Japan & US
73 mil
Low Frequency Therapy Device

*1 From Lancet 2017; 389: 37–55 *2 From International Respiratory Societies *3 From Pain in Japan (Japan), National Health Interview (US)
HCB: Strengths and BPM Business

Dominant global No. 1 market share. Market continues to expand on increase in patients. Maintaining stable sales growth

HCB Strengths

1. Highly trusted by medical professionals for superior accuracy (strong medical brand recognition)
2. Know-how in securing medical device approvals
3. Global sales channels in place

BPM Global Share

Approx. 50%

Share: No.1

FY2018 Actual

BPM Sales Growth (Value)

+10% / Year
HCB: Evolution in Blood Pressure Data

New device enables capture of data heretofore impossible to collect

- Readings possible any time, any place

Wearable BPM*

Able to identify factors contributing to changes in blood pressure

*FDA approved
HCB: Evolution in Blood Pressure Data

Collaborating with service providers around the world. Data being leveraged in multiple apps

■ Collaborations with Service Providers

Connectivity App
OMRON connect

Leveraging BP data
HCB: Developing a Data Business

Develop personalized/preventative medicine business by use of blood pressure and ECG data. Contribute to personalized treatment

BPM enabled for ECG readings*
(Simultaneous readings)

*FDA approved
VG2.0 and Sustainability Policy are Linked

OMRON Principles

VG2.0

Business Strategies

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

Collaboration with partners

Human capital management, manufacturing, risk management...

Sustainability Issues

A value-generator for people and the Earth that is qualitatively and quantitatively superior

Collaboration with partners

- FA
- Healthcare
- Mobility
- Energy Mgmt.

+ Human Capital Mgmt.
+ Manufacturing
+ Risk Management
OMRON Included in Major ESG Indices (As of April, 2019)

ESG Indices which include OMRON

- DJSI – World
- FTSE4Good Index Series
- MSCI ESG Leaders Indexes
- MSCI SRI Indexes
- STOXX Global ESG Leaders indices
- MS-SRI
- FTSE Blossom Japan Index
- MSCI Japan ESG Select Leaders INdex
- MSCI Japan Empowering Women Index
- S&P/JPX Carbon Efficient Index

*OMRON discloses information and contributes to numerous external surveys for ESG assessment organizations, including the CDP Climate Change & Water Security questionnaires*
External Recognition (As of April, 2019)

Domestic ESG awards, selection for inclusion

Japan Association of Corporate Directors
✓ Corporate Governance of the Year 2018
  METI Minister’s Award for Corporate Governance of the Year  FY2018

Selected by METI, TSE
✓ Nadeshiko Brand  2nd consecutive year from FY2017
✓ 2019 Health & Productivity Stock  From FY2018, 1st time
✓ 2019 Health & Productivity: White 500  3rd consecutive year from FY2016

Selected by Nikkei Inc.
✓ Nikkei 225  March 2019, 1st time
Reference
Operating Income Analysis (Y/Y)

FY2017 Actual

- Forex impact: -2.7
- Gross Profit: +11

Added value up: +6.1
Fixed manufacturing costs Up: -5.0

SG&A up: -9.3
R&D Down: +1.2

FY2018 Actual

- Gross Profit: 76.6 (¥bn)
### FY2019 Assumptions: Exchange Rates

<table>
<thead>
<tr>
<th>FY2019 Assumption</th>
<th>Impact of ¥1 move (full-year, approx.) * RMB impact of ¥0.1 move</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
</tr>
<tr>
<td>USD</td>
<td>¥108</td>
</tr>
<tr>
<td>EUR</td>
<td>¥123</td>
</tr>
<tr>
<td>RMB</td>
<td>¥16.2</td>
</tr>
</tbody>
</table>

* If emerging-market currency trends diverge from trends in major currencies contrary to our expectations, it will impact sensitivities.
**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
- Fixed assets turnover

---

**Down-Top ROIC Tree**

**On-site**

**To-Dos Cycle**

**PLAN**

**DO**

**CHECK**

**ACT**

---

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Portfolio Management

Assessing Economic Value

- **B** Expecting Growth
- **C** Profit Restructuring
- **S** Investment
- **A** Examining Regrowth

Assessing Competitiveness

- **B**
- **C**
- **S**
- **A**

Axis:
- Sales Growth Rate (%)
- ROIC (%)
- Market Growth Rate (%)
- Market Share (%)

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ROIC Definition

Net income attributable to shareholders

Invested capital

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

Invested capital* = 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
Reference
Attracting Talent
OMRON considered an attractive employer for both new graduates and mid-career hires

Survey of Most Attractive Employers: 10th for overall STEM graduates
Top for Kansai region

<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall STEM</th>
<th>Kansai</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sony</td>
<td>OMRON</td>
</tr>
<tr>
<td>2</td>
<td>Ajinomoto</td>
<td>Sky</td>
</tr>
<tr>
<td>3</td>
<td>Meiji Group</td>
<td>Sekisui House</td>
</tr>
<tr>
<td>4</td>
<td>Kagome</td>
<td>Nippon Life</td>
</tr>
<tr>
<td>5</td>
<td>Fujitsu</td>
<td>Nintendo</td>
</tr>
<tr>
<td>6</td>
<td>Toyota Motor</td>
<td>Daiwa House</td>
</tr>
<tr>
<td>7</td>
<td>Suntory Group</td>
<td>JR West</td>
</tr>
<tr>
<td>8</td>
<td>Asahi Beer</td>
<td>Ezaki Glico</td>
</tr>
<tr>
<td>9</td>
<td>Morinaga Milk</td>
<td>Wacoal</td>
</tr>
<tr>
<td>10</td>
<td>OMRON</td>
<td>Asics</td>
</tr>
</tbody>
</table>

Successful hires of top AI experts reported in Nihon Keizai Shimbun

- Successfully hiring cutting-edge young AI engineers
- Top AI developer Yoshitaka Ushiku joined OMRON SINICX as head of R&D from teaching post at Tokyo University

Source: April 8, 2019 Nihon Keizai Shimbun morning edition

Source: Ranking of Most Attractive Employers for undergraduate/graduate school students completing degrees in spring 2020 as announced by the Nihon Keizai Shimbun and MyNavi on April 9, 2019
Enhancing Initiatives to Realize OMRON’s Principles

Many activities to deepen understanding of link between OMRON Principles to improved management throughout the organization.

(1) Understand

(2) Resonate, Share

(3) Monitor, improve

Message from Senior Management

OMRON Principles Dialogue

CEO Circle

Engagement Survey

The Omron Global Award (TOGA)

OMRON Principles Workplace Interchange
Engagement Survey VOICE

Survey results used by management to understand and identify issues. Objective is to prompt actions to address issues

**Goal**
To support OMRON’s continuous development, VOICE allows the management team to:
1. Measure the attractiveness of the workplace
2. Understand and identify issues
3. Create a framework for actions to resolve issues

**Target**
Global Employees 23,920
* Excludes overseas production workers

**Results**
- No. of Respondents: 20,161
- Response Rate: 84.3%
- Additional Comments: 8,496

*VOICE: VOICE OMRON Interactive Communication with Employees*
## Engagement Survey VOICE

### Healthy embrace of OMRON Principles; a strength for OMRON

<table>
<thead>
<tr>
<th>15 categories of questions</th>
<th>Subject of assessment</th>
<th>Positives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principles/VG2.0 Targets</strong></td>
<td>Understand, embrace, act on principles, strategies, targets</td>
<td><strong>75%</strong></td>
</tr>
<tr>
<td>Customer-centric/quality focus</td>
<td>Customer-centric, quality focus in operational processes, actions</td>
<td>70%</td>
</tr>
<tr>
<td>Workplace, team atmosphere</td>
<td>Delegation of work, participation in decisions, work attitude</td>
<td>70%</td>
</tr>
<tr>
<td>Response to change, challenges</td>
<td>Atmosphere conducive to embracing change and challenges</td>
<td>66%</td>
</tr>
<tr>
<td>Team work, collaboration</td>
<td>Collaboration within units/with other units, team work</td>
<td>67%</td>
</tr>
<tr>
<td>Talent/career development</td>
<td>Opportunities for skill/career development in the workplace</td>
<td>61%</td>
</tr>
<tr>
<td>Diversity, mutual respect</td>
<td>Status of diversity, atmosphere accepting of diversity</td>
<td>64%</td>
</tr>
<tr>
<td>Management</td>
<td>Employees’ view of management actions and leadership</td>
<td>65%</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>Work environment, operational efficiency, decision process</td>
<td>49%</td>
</tr>
<tr>
<td><strong>Sincerity, Ethical Conduct</strong></td>
<td>Ethical conduct, compliance culture in managing operations</td>
<td><strong>77%</strong></td>
</tr>
<tr>
<td>Direct superior</td>
<td>Actions and words of direct superior</td>
<td>73%</td>
</tr>
<tr>
<td>Communication</td>
<td>Communication in the workplace</td>
<td>63%</td>
</tr>
<tr>
<td>Performance management</td>
<td>Evaluations, compensation</td>
<td>54%</td>
</tr>
<tr>
<td>Work-life balance</td>
<td>Status of work-life balance</td>
<td>73%</td>
</tr>
<tr>
<td>Engagement</td>
<td>Attractiveness, pride in company</td>
<td>70%</td>
</tr>
</tbody>
</table>

Towers Watson assessment scale for % of positive responses: 70-80%: Healthy, 50-70%: Seek to maintain/improve, sub-50%: Requires improvement
OMRON Principles are a touchstone for hiring superior resources. Focus on both external hires and nurturing internal candidates.
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 Fiscal Year Ended March 31, 2019 (U.S. GAAP)."

Figures rounded to the nearest million JPY and percentage to one decimal place.

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