Company Earnings, Management Strategy
Q. How is OMRON thinking about expense control in light of the deteriorating operating environment?
A. Given the increased uncertainty of the operating environment, we are stepping up controls for overall expenses and inventory management from Q2 onward. However, we will fully follow through on key investments, such as enhancing our IT system. It is a balancing act between belt-tightening on general expenses but continuing to invest in strategically important areas.

Q. Based on the Q1 results and OMRON's view of the market going forward, the hurdle for achieving the full-year targets has risen from Q2. How should we think about OMRON's earnings outlook, including the earnings fluctuation risk factors of ¥10bn at the net sales level and ¥5bn at the operating income level?
A. Achieving the sales target will likely be challenging but we believe the operating income target, including the earnings fluctuation risk factor, is achievable. We will review the impact of the deteriorating operating environment and provide an update in October at our next results briefing.

Q. It is possible to roughly back out the expected profits from the transfer of the AEC by referring to the balance sheet. Will the profits from the transaction be allocated toward strengthening FA and Healthcare?
A. The profit from the sale of the AEC has not been determined yet. In terms of the use of profits, priority will be given to growth investments in FA and Healthcare.

Industrial Automation Business (IAB)
Q. Please talk about monthly sales trends for the first quarter.
A. Sales became progressively weaker over the course of Q1. We have seen no signs of a recovery yet.

Q. Please provide an update for the 4 focus domains (Automotive, Digital, Food & Beverage and Social Infrastructure) for Q1.
A. Digital was weak. With Automotive customers, the cautious capex appetite is increasingly widespread. Food & Beverage was largely unchanged Y/Y, while Social Infrastructure was solid in China.

Q. How should we think about sales in Q2 and beyond?
A. We would expect sales to remain at low levels for a while. However, given the positive impact from initiatives to support self-sustaining growth, we would not expect IAB’s sales to be as weak as the overall market.
Q. Please discuss progress on i-BELT.
A. The scale of revenues is still small but we are making good progress on collaborative initiatives with large-scale customers. We aim to grow recurring revenue businesses. We will continue to invest in this business.

**Electronic & Mechanical Components (EMC)**

Q. Why is Q1 operating income down significantly Y/Y?
A. Operating income is down on lower sales, which reflects slowing demand, and declines in high-margin internal sales to IAB.

**Social Systems, Solutions and Service (SSB)**

Q. Do you have overseas expansion initiatives for SSB?
A. Currently we are not proactively considering overseas expansion. We are concentrating on achieving steady growth in the domestic market by leveraging our capability to provide one-stop solutions, a key strength.