

OMRON

Basic Information



About OMRON

Corporate Profile

Established

May 10, 1933

Head Office

Shiokoji Horikawa, Shimogyo-ku, Kyoto 600-8530 Japan

Capital

¥64.1bn

Net Sales

¥859.5bn (Year ended Mar 31, 2019; Overseas: 60%)

**Number of
Employees**

35,090 (As of Mar 31, 2019)

Stock Listing

Tokyo (Ticker symbol: 6645)

**Number of
Shares Issued**

213,958 thousand shares (As of Mar 31, 2019)

Established in 1933 as "Tateishi Electric Manufacturing Co."

Kazuma Tateishi established "Tateishi Electric Manufacturing Co." in Higashi-Osaka in 1933.

The first launched product which led to the foundation of OMRON was X-ray timers. With accurate shooting in 1/20 second, it was a revolutionary product at the time.

In 1945, moved the head office to Omuro in Kyoto to escape war damage.

In 1990, changed the company name to "OMRON Corporation"



Founder Kazuma Tateishi
(1900~1991)



At the time of
establishment



X-ray timer

Our DNA: Contributing to the Society Through Business

In 1959, publicly announced the OMRON's Corporate Motto



【Corporate Motto】

To improve lives and contribute to a better society.

Handwritten Sketch by Our Founder

Corporate Principles (Revised in 2015)

Our Mission

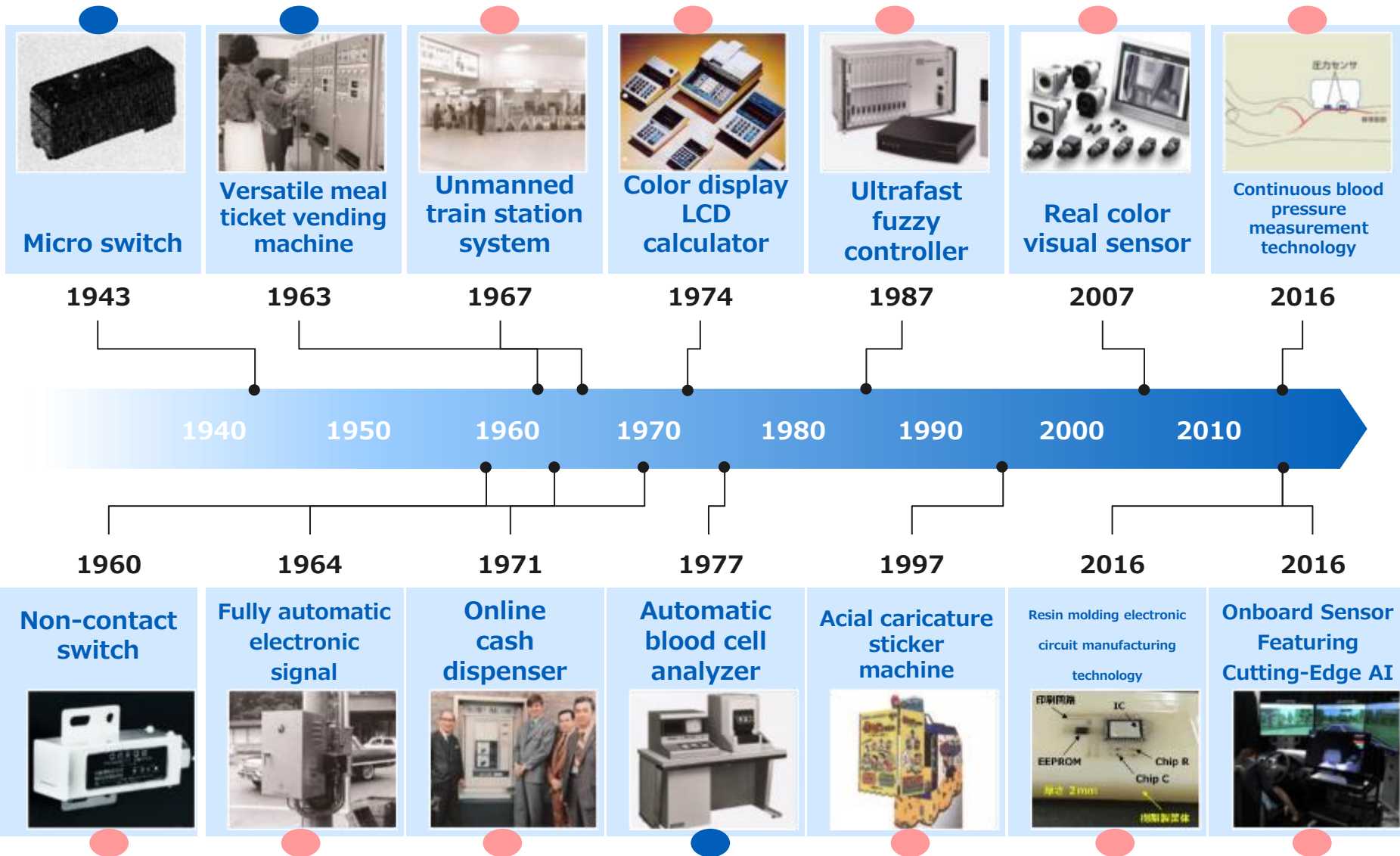
To improve lives and contribute to a better society

Our Values

- **Innovation Driven by Social Needs**
Be a pioneer in creating inspired solutions for the future.
- **Challenging Ourselves**
Pursue new challenges with passion and courage.
- **Respect for All**
Act with integrity and encourage everyone's potential.

OMRON's History: Innovation Driven by Social Needs

● The World's First ● First in Japan



OMRON's Core Technologies

OMRON's core technology is "Sensing & Control + Think".
Analyzes a variety of information and converts into value.

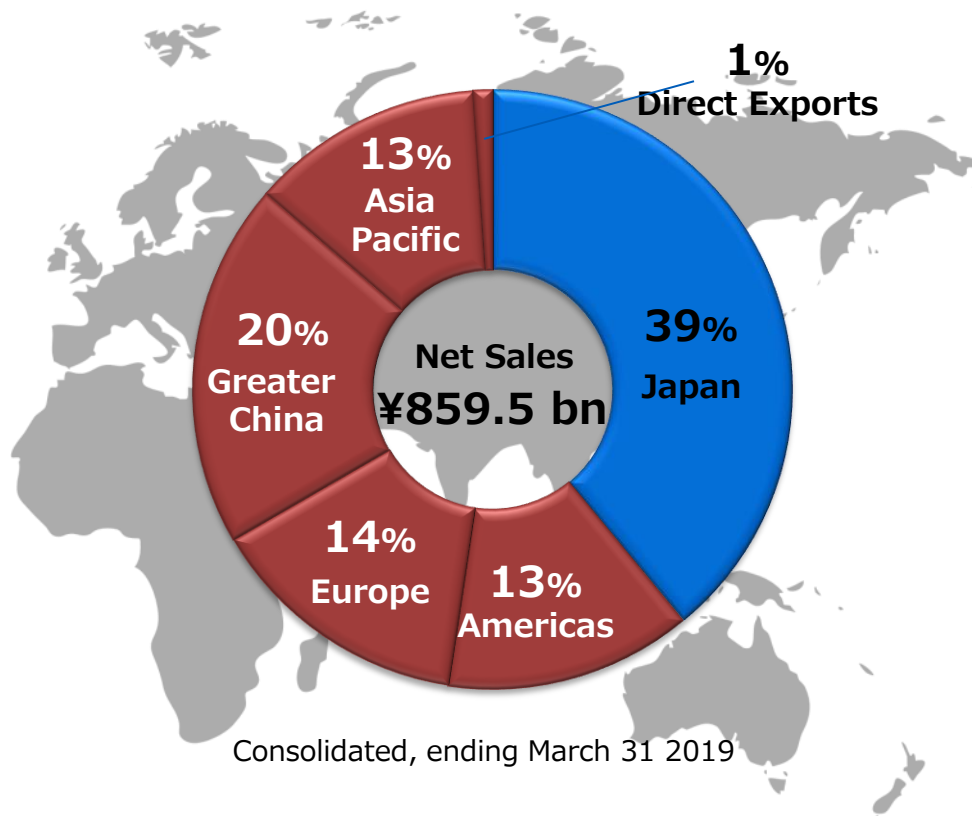


Technology that converts
sensed information into value
(Software)

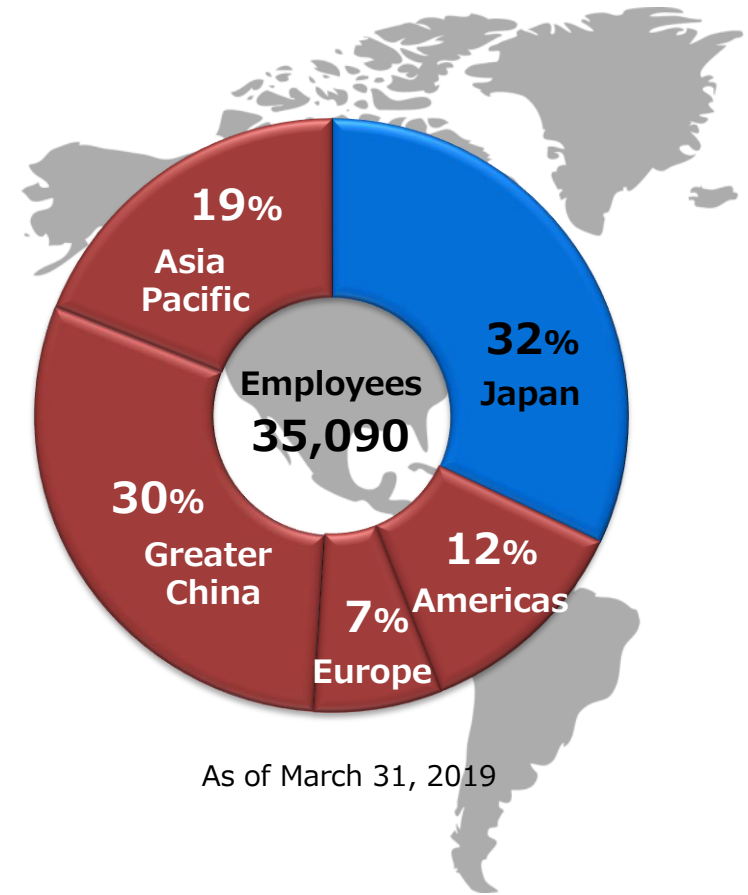
**Technology that integrates all into one
product which automates all
= "Sensing & Control + Think".**

Business Develops in about 120 Countries and Areas

Approx. 60% is Overseas' sales



Approx. 70% are non-Japanese



OMRON's Diverse Business Portfolio

Other

Business under the Direct Control of HQ



PV inverters, Storage systems, etc.

HCB

Healthcare

Supporting the health of people around the world (electronic bpm, thermometer, etc.)



SSB

Social Systems, Solution & Service

Contributing to the comfortable and safe life by diverse systems for social infrastructure (automatic ticket gates, ticket vending machine, etc.)



**FY2019
Net Sales
by Segment
¥670bn
(Estimate)**

IAB

Industrial Automation

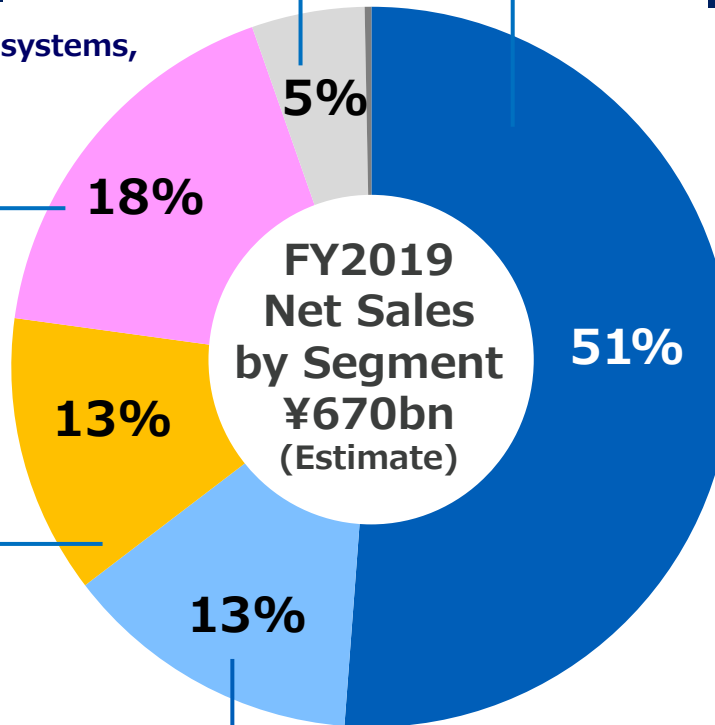
OMRON's mainstay business, leading the innovation of global manufacturing through factory automation (FA)



EMC

Electronic & Mechanical Components

Contributing to the high performance of consumer electronics, telecommunication equipment, etc. (relays, switches, etc.)



Industrial Automation (IAB)

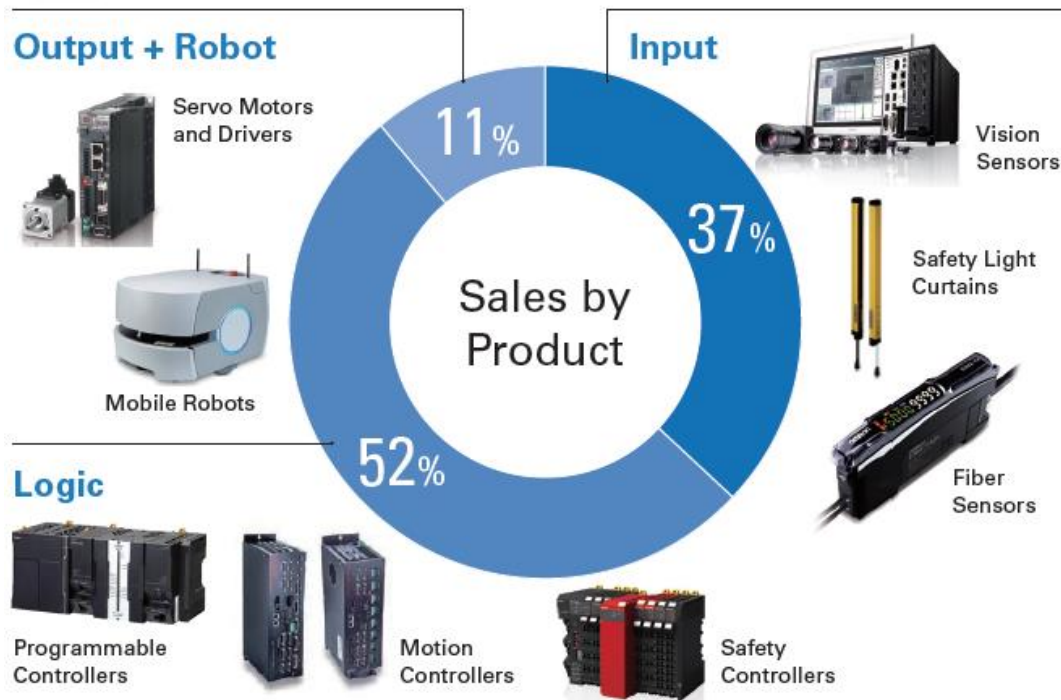


Industrial Automation Business

Share of the Control-Related Equipment Market (Japan)

Approx. **40%**

Source: Nippon Electric Control Equipment Industries Association



Full Coverage of Products

Broadly line-uped over 200,000 products
× as many as 300 control application software generation



Electronic & Mechanical Components (EMC)



Electric and Mechanical Components Business

Share of the Relays Market (Global)

Approx. **20%**

Source: Internal survey

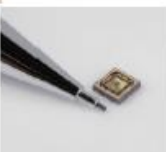
Other Electric Components
(Amusement Equipment,
Image Sensing, MEMS
Sensors etc.)



Power Supply Units for
Amusement Devices

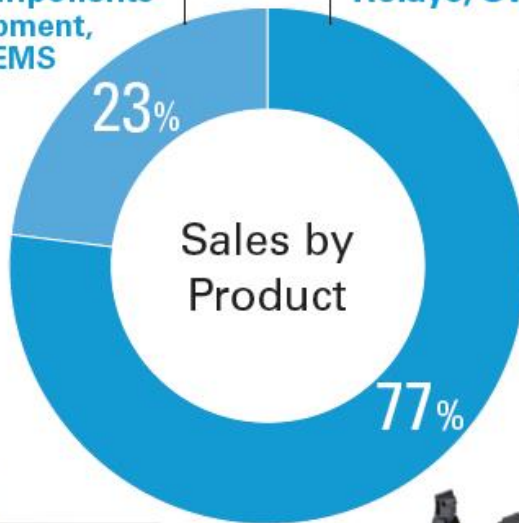


Image Sensing



MEMS Pressure
Sensors

Relays, Switches, Connectors



Power Relays for
Printed Circuit Boards



Surface-Mounted
Switches



MIL Connectors



Social Systems, Solution & Service (SSB)



Social Systems, Solutions and Service Business

Share of the Station
Equipment Market (Japan)

Approx. **50%**

Source: Internal survey



Other
(Software Development, etc.)

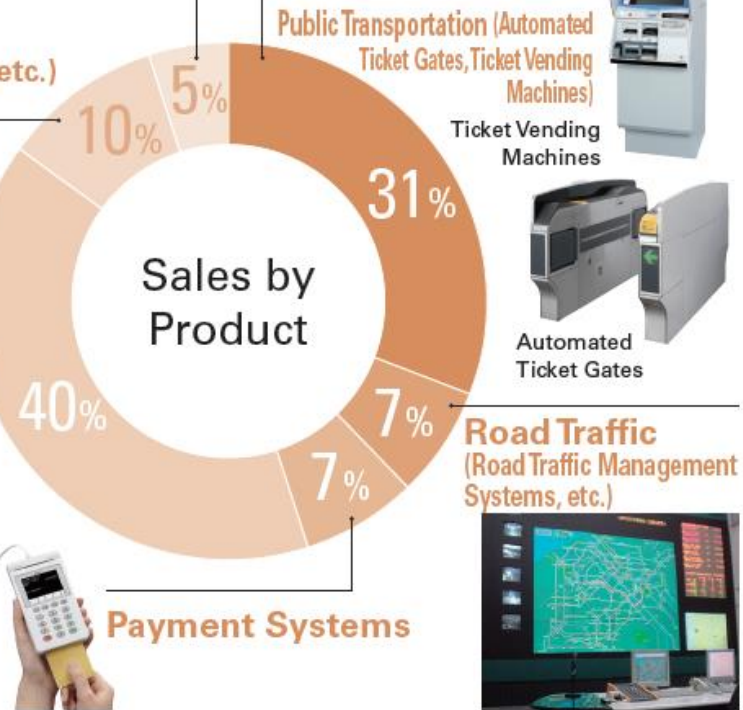
**Uninterruptible Power
Supply Units (UPS)**



**Engineering,
Environmental Solutions**



**Sales by
Product**



Healthcare (HCB)



Healthcare Business

Share of the Home-Use Blood Pressure Monitors Market (Global) Approx. **50%**

Source: Internal survey

Other (Activity Trackers, etc.)



Body Composition Monitors

Thermometers



Low-frequency therapy equipment



Blood Pressure Monitors



Nebulizers



Sales by Product

56%

15%

4%

7%

7%

11%

Enhancement of Corporate Value

Long-Term Vision and Medium-Term Management Plan "VG2.0"

Set a vision for 10 years and
implement a management plan for 3/4 years

Long-Term Vision VG2020

2019

2021~

VG2.0
(2017~2020)

Net Sales **¥1** trillion

Operating Income **¥100** billion

**EARTH-1
STAGE**
(2014~2016)

**GLOBE
STAGE**
(2011~2013)

VG2.0 Goals & Group Policy

Integration of Sustainability Initiative into VG2.0

OMRON Principles

VG2.0

Business Strategies

Sustainability Issues

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

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

×

Collaboration with partners

+

Human capital management,
manufacturing, risk management...

FA



Healthcare



Social
Solutions



×

Collaboration with partners



+

Human
Capital Mgmt.



Manufacturing



Risk
Management



OMRON Included in Major ESG Indices

ESG Indices which include OMRON

- ✓ DJSI – World
- ✓ FTSE4Good Index Series
- ✓ MSCI ESG Leaders Indexes
- ✓ MSCI SRI Indexes
- ✓ STOXX Global ESG Leaders indices
- ✓ FTSE Blossom Japan Index
- ✓ MSCI Japan ESG Select Leaders Index
- ✓ MSCI Japan Empowering Women Index
- ✓ S&P/JPX Carbon Efficient Index
- ✓ Euronext Vigeo Eiris World Index 120 **2019, 1st time**

* OMRON discloses information and contributes to numerous external surveys for ESG assessment organizations, including the CDP Climate Change & Water Security questionnaires

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



MSCI



2018 Constituent
MSCI ESG
Leaders Indexes



FTSE Blossom
Japan

MSCI



MSCI Japan ESG
Select Leaders Index

MSCI



MSCI Japan Empowering
Women Index (WIN)



External Recognition

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**



Corporate Governance
of The Year

Ministry of the Environment

- ✓ FY2018 Minister's Award for Global Warming Prevention Activity

'Implementation of Countermeasures and Dissemination Category' **FY2018**

Selected by METI, TSE

- ✓ Nadeshiko Brand
- ✓ 2019 Health & Productivity Stock
- ✓ 2019 Health & Productivity:White 500

2nd consecutive year from FY2017

From FY2018, 1st time

3rd consecutive year from FY2016



Selected by Nikkei Inc.

- ✓ Nikkei 225

March 2019, 1st time

Basic Policy on Profit Sharing

The priority of profit sharing is
(1) investment for future growth (2) dividends (3) share buybacks

Investment for Future Growth

Focusing on Factory Automation and Healthcare, allocate investment for growth (M & A), R & D, and capital expenditures.

Dividend

Decide on a target of

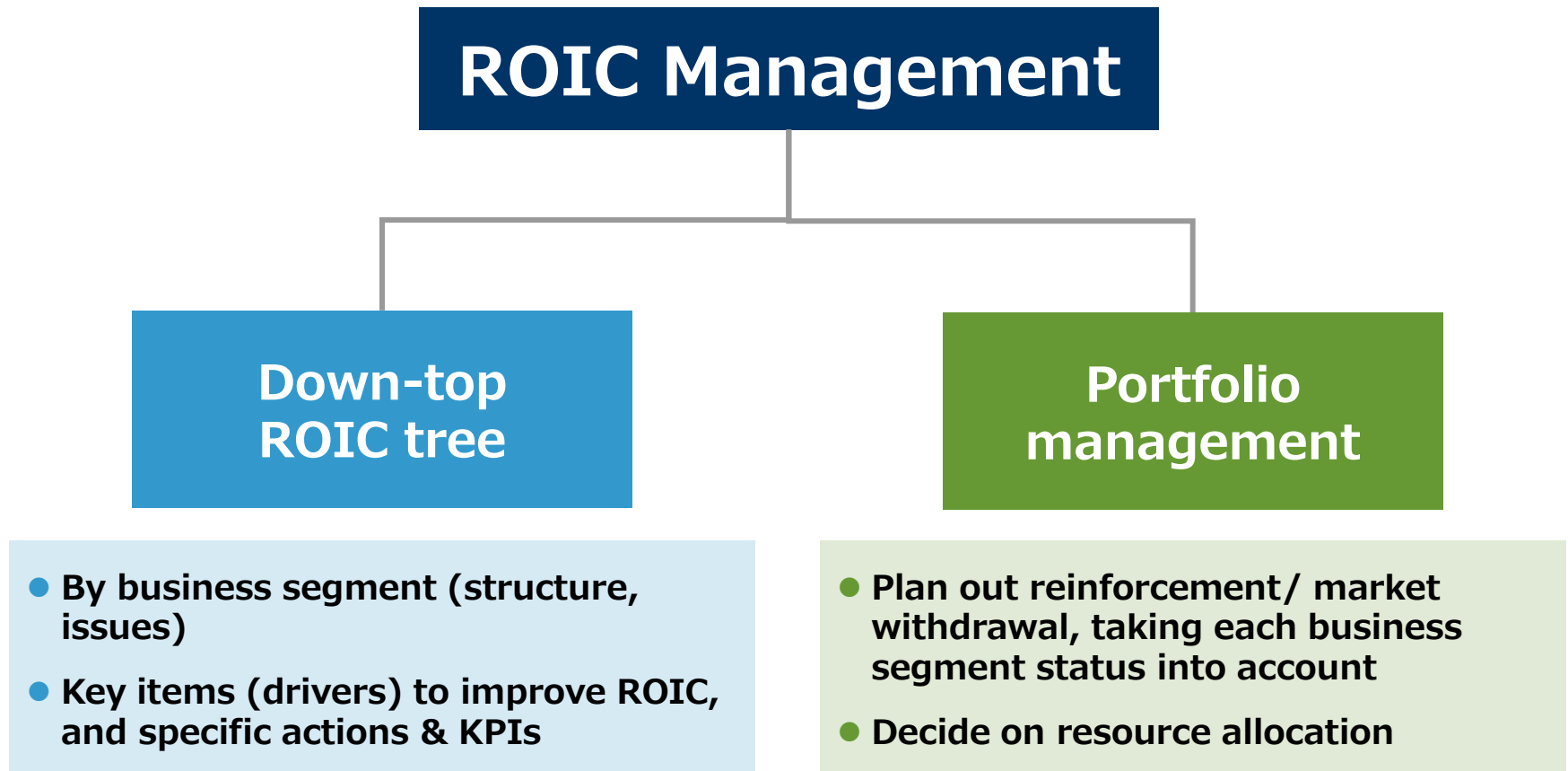
- full-year dividend payout ratio as approximately 30%.
- dividend on equity ratio (DOE) as approximately 3%.

Share Buyback

Retained earnings held over the long term are repurchased in a flexible manner.

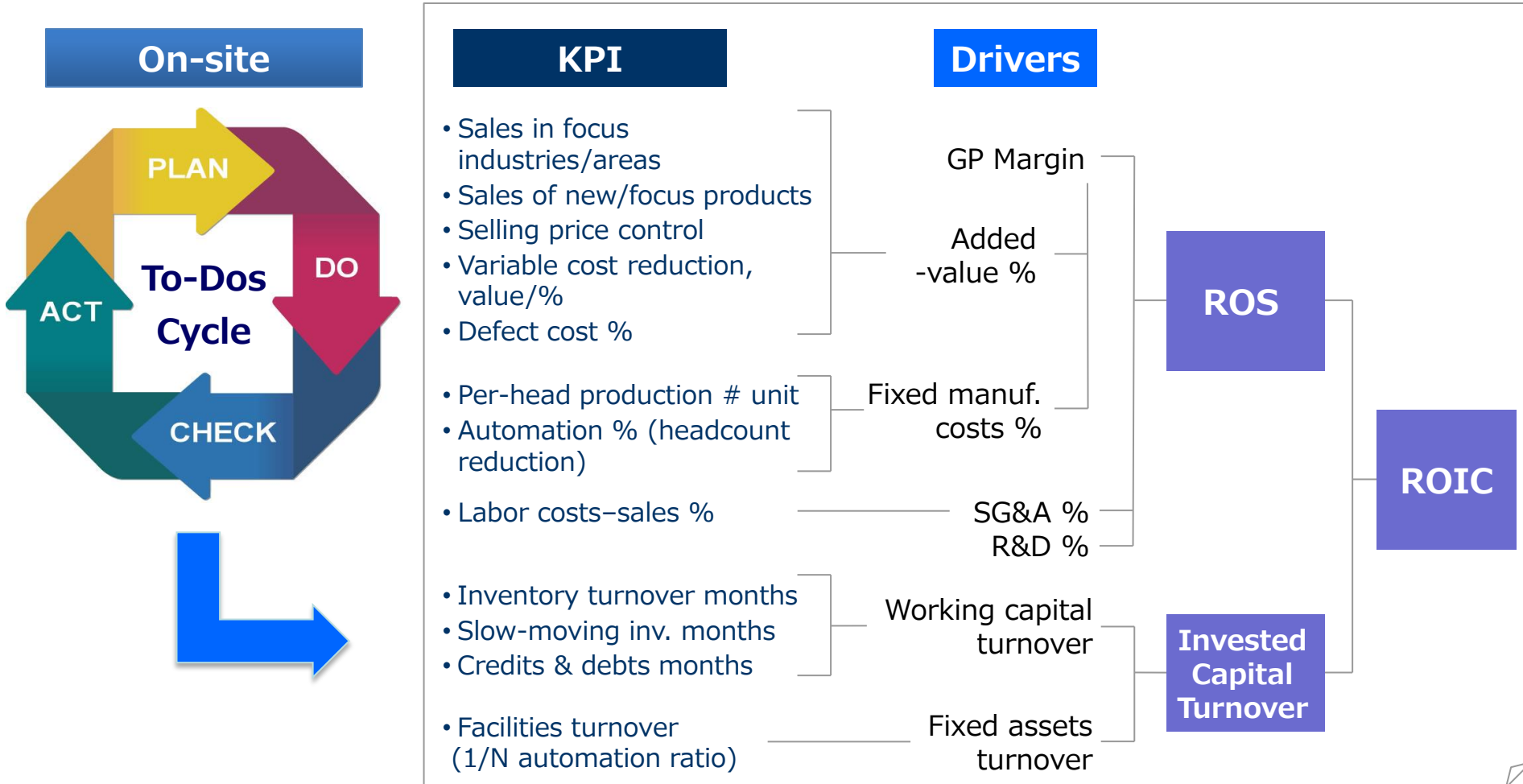
ROIC Management

Set ROIC Management as medium- to long-term management decision making tools



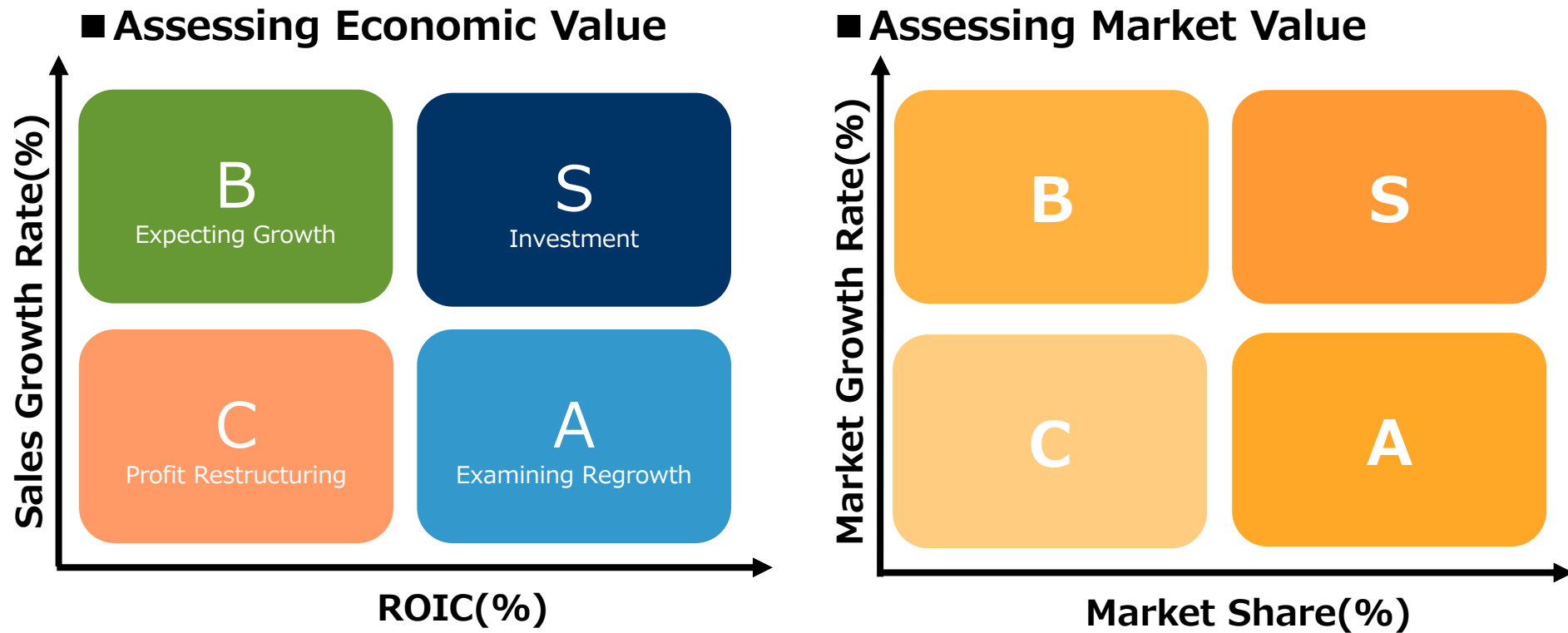
Down-Top ROIC Tree

Down-top ROIC tree to work on KPI/PDCA at all level down to one-site staff



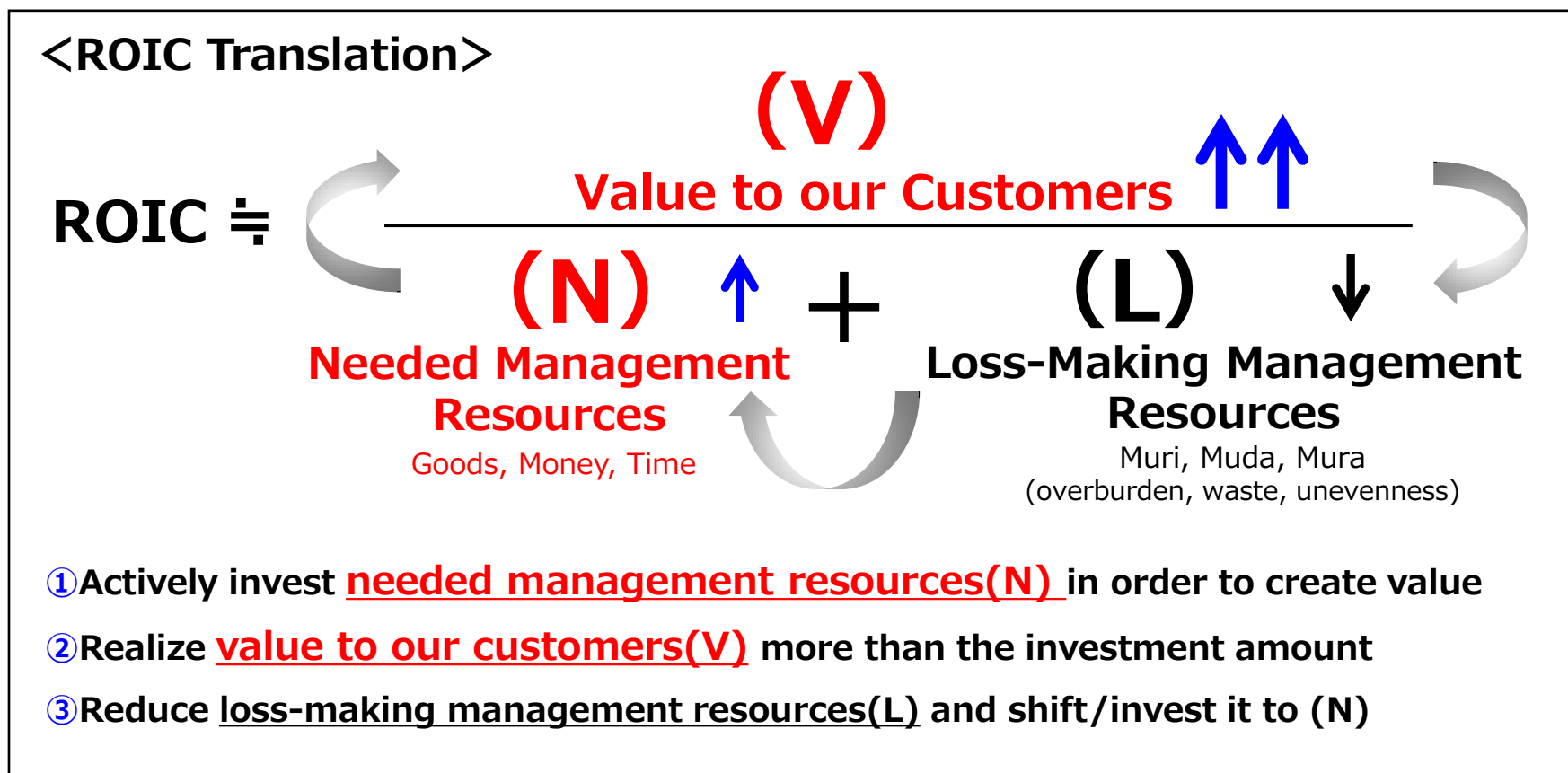
Portfolio Management

After assessing economic and market value, allocate investment resources in an optimal manner



ROIC Management Upgrading (ROIC 2.0)

Upgrading ROIC management to encourage an awareness and better understanding on ROIC

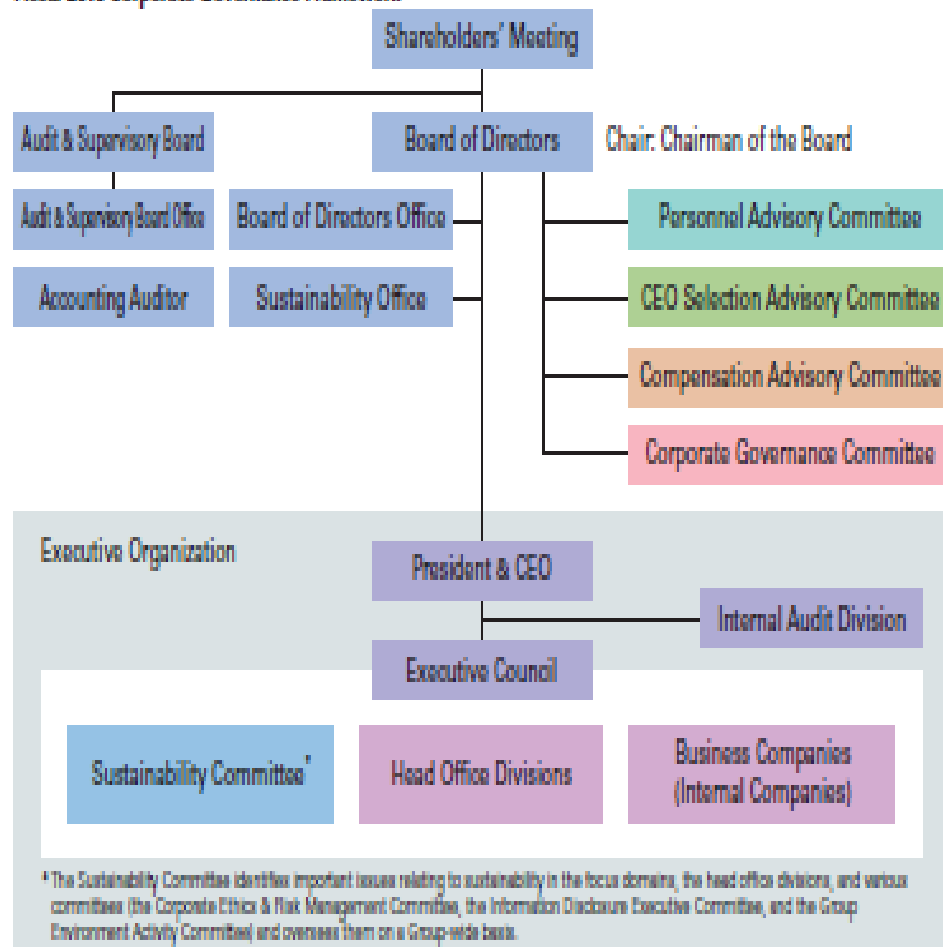


Corporate Governance

Highly transparent and effective corporate governance structure as a basis for sustainable value creation

- ✓ **Separation of management oversight and business execution**
 - **Separate position:**
Chairperson of the BoD and CEO
 - **Of 8 directors, 3 are independent, with majority being non-executive**
 - **Larger authority given to business company presidents for swifter decision-making**
- ✓ **Personnel/ CEO selection/ compensation advisory committees and corporate governance committee**
 - **While OMRON is a company with an audit & supervisory board under Japan's Companies Act, it has 3 advisory committees and 1 committee**
 - **The four chaired by independent directors**
 - **President does not belong to any of the committees**

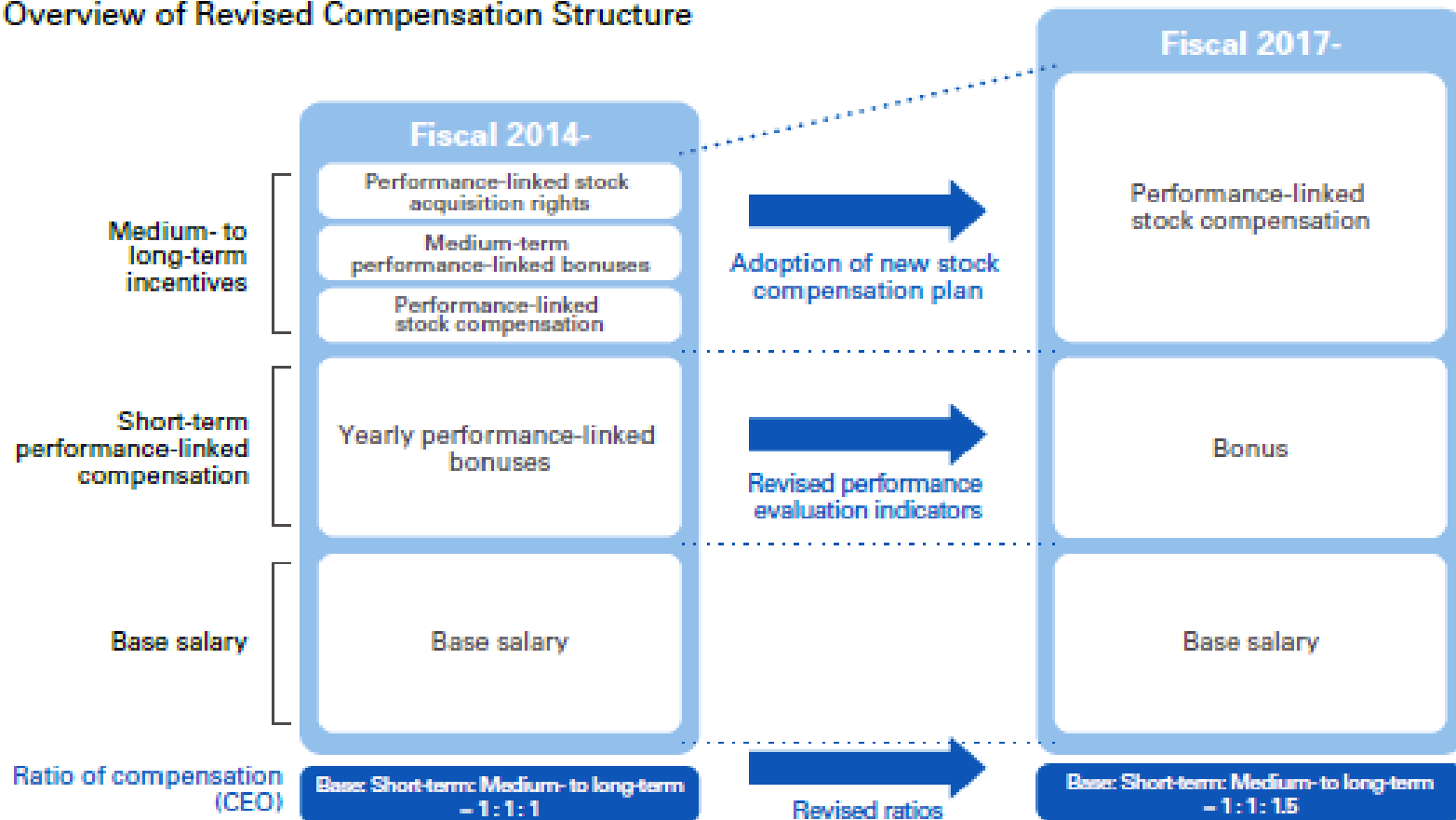
Fiscal 2019 Corporate Governance Framework



Compensation Scheme

Increased ratio of medium- to long-term performance-lined bonuses

■ Overview of Revised Compensation Structure



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