Summary

■ Q1-Q3 FY2020 Results
  - Q3 (3 months) sales, OP up Y/Y. Q1-Q3 OP also rose Y/Y
  - GP margin continued to improve, setting new record high for Q1-Q3
  - Earnings driven by core businesses of IAB and HCB

■ Full-year Forecasts
  - Revised full-year forecasts. Now expect Y/Y improvement in profits. Maintain fiscal year-end DPS guidance of ¥42
  - Expect continuation of Q3’s firm global operating environment
  - IAB, HCB to remain the main drivers of earnings

■ Growth Strategies for HCB and IAB
  - HCB targeting further growth, by leveraging strengths unmatched by peers in the growing BPM market
  - IAB focusing on evolution of innovative-Automation concept, centered around robotic integrated controller
Contents

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3. HCB Growth Strategy  P.  17

4. IAB Growth Strategy  P.  25

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Q1-Q3 FY2020 Results
### Q1-Q3 Results

#### Full-year Forecasts

#### HCB Growth Strategy

#### IAB Growth Strategy

---

**Sales by Segment: Q3 (Three Months)**

Q3 sales up Y/Y at all segments except SSB. Change in trend from Q3

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q3 FY2019 Actual</th>
<th>Q3 FY2020 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB</td>
<td>87.5</td>
<td>88.0</td>
<td>+0.5%</td>
</tr>
<tr>
<td>EMC</td>
<td>21.4</td>
<td>23.0</td>
<td>+7.5%</td>
</tr>
<tr>
<td>SSB</td>
<td>27.2</td>
<td>21.2</td>
<td>-22.1%</td>
</tr>
<tr>
<td>HCB</td>
<td>30.7</td>
<td>35.0</td>
<td>+13.9%</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>1.2</td>
<td>1.1</td>
<td>-8.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>168.1</strong></td>
<td><strong>168.3</strong></td>
<td><strong>+0.1%</strong></td>
</tr>
</tbody>
</table>

* FY2019 figures adjusted to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business.
## Q1-Q3 FY2020 Results

Reduced magnitude of sales declines, profits improved Y/Y. GP margin hits new record high

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>498.3</td>
<td>469.6</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>225.2 (45.2%)</td>
<td>213.9 (45.6%)</td>
<td>-5.0%+0.4%pt</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>40.1 (8.0%)</td>
<td>42.4 (9.0%)</td>
<td>+5.8%+1.0%pt</td>
</tr>
<tr>
<td>Net Income</td>
<td>32.6*</td>
<td>33.9</td>
<td>+4.1%</td>
</tr>
</tbody>
</table>

---

1USD (JPY) 109.1 106.2 -2.9  
1EUR (JPY) 121.3 121.8 +0.5  
1RMB (JPY) 15.7 15.3 -0.4  

*FY2019 Net Income excludes Net Income from Discontinued Operations. If Net Income from Discontinued Operations is included, Net Income would be ¥71.0bn

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Operating Income Analysis (Y/Y)

Profit up Y/Y on sales recovery, higher GP margin and fixed cost control. Planned ¥20bn fixed cost cuts completed early, while executing on strategic investments.

- Added value down on lower sales: -6.3
- Fixed value up on higher added value rate: +0.9
- Fixed mfg. costs down: +12.8
- SG&A down: +3.1
- R&D down: +5.8
- IT sys.: -1.2
- IAB: -0.5
- HCB: -0.6

* Includes impact of yen appreciation

Fixed cost reduction: 21.6

Q1-Q3 FY2019 Actual

Q1-Q3 FY2020 Actual

40.1

42.4

Profit up Y/Y on sales recovery, higher GP margin and fixed cost control. Planned ¥20bn fixed cost cuts completed early, while executing on strategic investments.
### Sales by Segment

**IAB successfully captured global demand recovery, minimizing sales decline. Continued strong HCB growth: sales up in all regions**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>265.4</td>
<td>252.9</td>
<td>-4.7%</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td>67.3</td>
<td>61.8</td>
<td>-8.1%</td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td>73.7</td>
<td>58.6</td>
<td>-20.4%</td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td>85.3</td>
<td>92.5</td>
<td>+8.4%</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>6.6</td>
<td>3.7</td>
<td>-43.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>498.3</td>
<td>469.6</td>
<td>-5.8%</td>
</tr>
</tbody>
</table>

*FY2019 figures adjusted to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business.*
Greater China Q3 (3 months) sales up significantly. Demand recovering on global basis, declines in other regions narrowing.

Q3 FY2020 (3 months)
IAB Sales Growth by Region
(Y/Y, local currency basis)

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1 (%)</th>
<th>Q2 (%)</th>
<th>Q3 (%)</th>
<th>SE Asia/Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>-12%</td>
<td>-12%</td>
<td>-12%</td>
<td>±0%</td>
</tr>
<tr>
<td>Americas</td>
<td>-7%</td>
<td>-7%</td>
<td>-7%</td>
<td>±0%</td>
</tr>
<tr>
<td>Europe</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
<td>±0%</td>
</tr>
<tr>
<td>Greater China</td>
<td>+37%</td>
<td>+37%</td>
<td>+37%</td>
<td>±0%</td>
</tr>
<tr>
<td>SE Asia/Other</td>
<td>±0%</td>
<td>±0%</td>
<td>±0%</td>
<td>-2%</td>
</tr>
<tr>
<td>Ex-S. Korea</td>
<td>±0%</td>
<td>±0%</td>
<td>±0%</td>
<td>-2%</td>
</tr>
<tr>
<td>S. Korea</td>
<td>±0%</td>
<td>±0%</td>
<td>±0%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

H1  (-12%)    (-12%)    (-15%)    (+19%)    (-15%)    (+17%)
### Operating Income by Segment

Profits up at IAB, EMC and HCB. In particular, HCB achieved high OPM on substantial sales growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td>40.7 (15.3%)</td>
<td>41.9 (16.6%)</td>
<td>+1.2 (+1.2%pt)</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td>0.9 (1.4%)</td>
<td>1.5 (2.5%)</td>
<td>+0.6 (+1.1%pt)</td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td>4.3 (5.9%)</td>
<td>-0.6 (-)</td>
<td>-5.0 (-)</td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td>11.2 (13.2%)</td>
<td>16.9 (18.3%)</td>
<td>+5.7 (+5.1%pt)</td>
</tr>
<tr>
<td>Healthcare</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>-17.0</td>
<td>-17.3</td>
<td>-0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40.1 (8.0%)</td>
<td>42.4 (9.0%)</td>
<td>+2.3 (+1.0%pt)</td>
</tr>
</tbody>
</table>

*FY2019 figures adjusted to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business.
Full-year Forecasts
## Q4 Business Environment by Segment (Change vs Q2 Outlook)

**Expect gradual recovery on global basis, primarily in IAB**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Automotive</th>
<th>Digital</th>
<th>Food &amp; bev.</th>
<th>Social infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB (Industrial Automation)</td>
<td>Continued strength in EV/ADAS. Expect gradual recovery in capex for gasoline-powered cars, on MRO* demand</td>
<td>China semiconductor, smartphone demand rising, expect strong capex</td>
<td>Continued COVID-19-related demand; expect firm trend</td>
<td>China 5G, solar investments strong; expect overall trend to be flat</td>
</tr>
<tr>
<td>EMC (Electronic &amp; Mechanical Components)</td>
<td>Trends still mixed but overall, expect gradual recovery. Solid recovery trend in China</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSB (Social Systems, Solutions &amp; Service)</td>
<td>Continued constraints on capex; expect weak demand trend</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HCB (Healthcare)</td>
<td>Expect continued strength globally, on strong online sales</td>
<td></td>
<td>Expect recovery to be delayed owing to COVID-19 impact</td>
<td></td>
</tr>
</tbody>
</table>

---

*IAB* | *EMC* | *SSB* | *HCB* |
--- | --- | --- | ---
*Industrial Automation* | *Electronic & Mechanical Components* | *Social Systems, Solutions & Service* | *Healthcare* |
*Automotive* | *Consumer* | *Station sys.* | *BPM* |
*Continued strength in EV/ADAS.* | *Trends still mixed but overall, expect gradual recovery.* | *Continued constraints on capex; expect weak demand trend.* | *Expect continued strength globally, on strong online sales.* |
| *Expect gradual recovery in capex for gasoline-powered cars, on MRO* demand* | | | |
| *China semiconductor, smartphone demand rising, expect strong capex* | | | | |
| *Continued COVID-19-related demand; expect firm trend* | | | | |
| *China 5G, solar investments strong; expect overall trend to be flat* | | | | |

---

*MRO: Maintenance Repair Order*
### Full-year Forecasts

Full-year forecasts revised up. Now projecting Y/Y rise in OP, NP. Expect to hit a new high for GP margin in spite of COVID-19.

<table>
<thead>
<tr>
<th></th>
<th>FY2020 Previous Plan</th>
<th>FY2020 Forecast</th>
<th>Chg. Vs Plan</th>
<th>FY2019 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>620.0</td>
<td>645.0</td>
<td>+4.0%</td>
<td>678.0</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>279.5 (45.1%)</td>
<td>293.0 (45.4%)</td>
<td>+4.8% (+0.3%pt)</td>
<td>303.7 (44.8%)</td>
<td>-3.5% (+0.6%pt)</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>40.0 (6.5%)</td>
<td>56.0 (8.7%)</td>
<td>+40.0% (+2.2%pt)</td>
<td>54.8 (8.1%)</td>
<td>+2.3% (+0.6%pt)</td>
</tr>
<tr>
<td>Net Income</td>
<td>24.0</td>
<td>40.0</td>
<td>+66.7%</td>
<td>39.2*</td>
<td>+2.1%</td>
</tr>
</tbody>
</table>

1USD (JPY)           | 105.9                | 105.9           | -0.0         | 109.1         | -3.2     |
1EUR (JPY)            | 122.5                | 122.4           | -0.1         | 121.2         | +1.2     |
1RMB (JPY)            | 15.2                 | 15.3            | +0.1         | 15.7          | -0.4     |

*FY2019 Net Income excludes Net Income from Discontinued Operations. If Net Income from Discontinued Operations is included, Net Income would be ¥74.9bn.
Operating Income Analysis (Y/Y)

Profit to rise on sales recovery, improving GP margin and cutting fixed costs. Strategic investment to support next FY’s growth

- FX impact on added value: +54.8
- Added value down on lower sales: -6.9
- Added value up on higher added value rate: -19.2
- Added value up on higher added value rate: +9.2
- Fixed mfg. costs down: +6.2
- SG&A down: +13.0
- R&D down: +3.0
- Fixed cost reduction: 22.3
- Strategic investments up: -4.1

Profit to rise on sales recovery, improving GP margin and cutting fixed costs. Strategic investment to support next FY’s growth.

*Includes impact of yen appreciation

FY2019 Actual: 54.8
FY2020 Forecast: 56.0

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### Sales by Segment

**Revised up forecast for IAB, EMC and HCB**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2019 Actual</th>
<th>FY2020 Forecast</th>
<th>Chg. Vs Plan</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>8.9</td>
<td>6.0</td>
<td>+20.0%</td>
<td>-32.2%</td>
</tr>
<tr>
<td>Total</td>
<td>678.0</td>
<td>645.0</td>
<td>+4.0%</td>
<td>-4.9%</td>
</tr>
<tr>
<td>HCB Healthcare</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>112.0</td>
<td>122.0</td>
<td>+2.5%</td>
<td>+8.9%</td>
</tr>
<tr>
<td>SSB Social Systems, Solutions &amp; Service</td>
<td>116.0</td>
<td>93.0</td>
<td>±0.0%</td>
<td>-19.8%</td>
</tr>
<tr>
<td>EMC Electronic &amp; Mechanical Components</td>
<td>88.4</td>
<td>84.0</td>
<td>+3.7%</td>
<td>-4.9%</td>
</tr>
<tr>
<td>IAB Industrial Automation</td>
<td>352.8</td>
<td>340.0</td>
<td>+5.6%</td>
<td>+5.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2019 Actual</th>
<th>FY2020 Forecast</th>
<th>Chg. Vs Plan</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>620.0</td>
<td>645.0</td>
<td>+4.0%</td>
<td></td>
</tr>
</tbody>
</table>

*FY2019 figures adjusted to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business.*
## Operating Income by Segment

### Upward revisions focused primarily on IAB, HCB

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB Industrial Automation</td>
<td>44.0 (13.7%)</td>
<td>55.0 (16.2%)</td>
<td>+11.0 (+2.5%pt)</td>
<td>53.6 (15.2%)</td>
<td>+1.4 (+1.0%pt)</td>
</tr>
<tr>
<td>EMC Electronic &amp; Mechanical Components</td>
<td>1.0 (1.2%)</td>
<td>2.5 (3.0%)</td>
<td>+1.5 (+1.7%pt)</td>
<td>0.9 (1.0%)</td>
<td>+1.6 (+1.9%pt)</td>
</tr>
<tr>
<td>SSB Social Systems, Solutions &amp; Service</td>
<td>5.0 (5.4%)</td>
<td>5.0 (5.4%)</td>
<td>±0.0 (0.0%pt)</td>
<td>10.9 (9.4%)</td>
<td>-5.9 (-4.0%pt)</td>
</tr>
<tr>
<td>HCB Healthcare</td>
<td>17.0 (14.3%)</td>
<td>20.0 (16.4%)</td>
<td>+3.0 (+2.1%pt)</td>
<td>13.5 (12.1%)</td>
<td>+6.5 (+4.3%pt)</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>-27.0</td>
<td>-26.5</td>
<td>+0.5</td>
<td>-24.1</td>
<td>-2.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40.0 (6.5%)</td>
<td>56.0 (8.7%)</td>
<td>+16.0 (+2.2%pt)</td>
<td>54.8 (8.1%)</td>
<td>+1.2 (+0.6%pt)</td>
</tr>
</tbody>
</table>

*FY2019 figures adjusted to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business.
Key Focus for CFO

Maintain operational discipline regardless of COVID-19. Continue to focus on strengthening growth cycle for longer-term value growth.

GP Margin Trend

Enhanced Profit Generation Capability (Improved GP Margin)

Continue to Strengthen Growth Cycle

Sales Growth

Growth Investments

Forecast

38%
39%
40%
41%
42%
43%
44%
45%

11 12 13 14 15 16 17 18 19 20 (FY)
HCB Growth Strategy
HCB: Operating Income Trend

Achieving sustainable profit growth over the last 10 years

CAGR 24%

FY11: 2.9 (4.7%)
FY12: 4.4 (6.2%)
FY13: 7.5 (8.5%)
FY14: 6.5 (6.5%)
FY15: 7.3 (6.7%)
FY16: 8.5 (8.4%)
FY17: 11.2 (10.3%)
FY18: 13.0 (11.3%)
FY19: 13.5 (12.1%)
FY20: 20.0 (16.4%)

*FY20 is forecast
### HCB’s Strengths (BPM Business)

Within consumer-use medical device market, hold global No. 1 share (50%*) in home use BPMs

#### OMRON’s Strengths

**Trusted by Medical Practitioners**
- OMRON is No. 1 BPM used in studies

**Robust Global Sales Channels**
- Registered retailers
  - FY16 500K stores → FY20 560K stores
- Online as a percentage of total sales
  - FY16 15% → FY20 25%

**Global Approvals Capability**
- Approved in 90 countries

#### No. of Academic Studies Using OMRON BPMs*

<table>
<thead>
<tr>
<th></th>
<th>OMRON</th>
<th>Co. A</th>
<th>Co. B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>199</td>
<td>31</td>
<td>20</td>
</tr>
</tbody>
</table>

* OMRON Estimates
** Search conditions: Searched PubMed using ‘Home BP’ as base. Includes keywords like white coat hypertension and masked hypertension
Search limited to research papers published in 6 major publications (Circulation, Hypertension, J Hypertension, J Hum Hypertens., Am J Hypertens., Blood Press. Monit.)
Period: 2000 – Nov. 2018
HCB: Increasing Importance of Treating Hypertension

Cardiovascular disease is No. 1 cause of non-infectious deaths by disease in the world. Deaths to continue to rise to 2030, led by China and India

**2017 Deaths by Disease (Global)**

<table>
<thead>
<tr>
<th>Disease</th>
<th>Deaths (mn people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardiovascular</td>
<td>17.8</td>
</tr>
<tr>
<td>Cancer</td>
<td>9.6</td>
</tr>
<tr>
<td>Respiratory Disease</td>
<td>3.9</td>
</tr>
<tr>
<td>Lower Respiratory Tract Infection</td>
<td>2.6</td>
</tr>
<tr>
<td>Dementia</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**Source:** Global Burden of Disease Collaborative Network 2018
* OMRON estimates based on trends to 2018

**Trend in Cardiovascular Deaths**

<table>
<thead>
<tr>
<th>Year</th>
<th>Emerging countries</th>
<th>Developed countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>1.3</td>
<td>2.2</td>
</tr>
<tr>
<td>2000</td>
<td>1.6</td>
<td>2.7</td>
</tr>
<tr>
<td>2010</td>
<td>2.1</td>
<td>3.6</td>
</tr>
<tr>
<td>2020</td>
<td>2.9</td>
<td>4.8</td>
</tr>
<tr>
<td>2030</td>
<td>4.0 (India)</td>
<td>6.3 (China)</td>
</tr>
</tbody>
</table>

* Forecast
HCB: BPM Market in Major Countries

Big global market potential, particularly in emerging markets. Aging, rising hypertension cases driving growth in developed markets

BPM Penetration Rate

Rising penetration rate

<table>
<thead>
<tr>
<th>Region</th>
<th>BPM Penetration Rate</th>
<th>Potential Market</th>
<th>Existing Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>50%</td>
<td>33</td>
<td>23</td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>W. Europe</td>
<td>50%</td>
<td>33</td>
<td>23</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>India</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Russia</td>
<td></td>
<td></td>
<td>38</td>
</tr>
</tbody>
</table>

* Hypertension patients: Based on WHO data for incidence of adult hypertension and adult population figures for each country
** BPM penetration rates: Based on estimates of total installed base (all brands) using estimated number of hypertension patients and assuming a replacement cycle of 5 years
Global BPM market expected to reach 100mn units in 2030. Enhance and leverage strengths to grow sales in China and India

*CAGR 6%*  

**HCB: BPM Market Scale (Volume Basis)**

- *OMRON forecasts extrapolated from overall BPM market CAGR for 2015-2020*
HCB Remote Medicine Service: Leveraging Trust of Practitioners

Leverage trust of medical practitioners, innovative devices and collaborative partnerships to launch remote medicine service

**Market Growth Forecast: Remote Medicine Services**

- **CAGR**: approx. 40%
- **FY20**: $23.2bn
- **FY25**: $117.1bn

**OMRON’s Remote Medical Service**

- **Trusted by Medical Practitioners**: Overwhelming use of OMRON BPMs in academic studies
- **Innovative Devices**:
  - Wearable BPM
  - BPM Enabled for EKG
- **Collaborations with local partners**: Japan, U.S., Netherlands, Singapore, India

Source: MarketsandMarkets ‘RPM Global Market Forecast’ (RPM: Remote Patient Monitoring)
OMRON Healthcare is Going for Zero.

We aim to eliminate cerebral and cardiac events, such as stroke or heart attacks, that can lead to fatalities or being bedridden.
IAB Growth Strategy
My Career at OMRON

Yutaka Miyanaga
OMRON Corporation
Executive Vice President
Company President, Industrial Automation Company

Apr. 1985    Joined OMRON, assigned to Industrial Automation Company
Mar. 2008    General Manager, Strategic Planning Dept., Corporate Strategic Planning HQ
Jun. 2010    Executive Officer
Mar. 2011    Senior General Manager, Global Strategy HQ
Apr. 2013    Managing Executive Officer
Mar. 2014    Company President, Industrial Automation Company
Apr. 2014    Senior Managing Executive Officer
Apr. 2017    Executive Vice President
OMRON’s Unique Value Creation Concept

**Sparking innovation on the shop floor with the 3 “i”s**

**Elevating Intelligence**
- Leveraging data to the maximum to enable machines to learn and evolve

**Evolving Machine Control**
- Improving productivity with super high-speed, high-precision machine control

**Innovative-Automation**

**Interactive**
- Harmonizing with Machines
- Pursuing super adaptability through human-machine harmonization

Copyright: 2021 OMRON Corporation. All Rights Reserved.
OMRON’s solutions business: Driven by more than 170 control applications with software fully harmonized with devices
Automation Centers: Developing Control Applications with Customers

More than 1,000 sales engineers around the world jointly creating solutions with customers

8 locations (FY16) → 37 locations (FY20)

Europe 10
Greater China 5
Korea 2
Japan 5
Americas 9
Asia 6

Copyright: 2021 OMRON Corporation. All Rights Reserved.
“ILOR+S” is at the Heart of Control Applications

Robust ILOR + S portfolio created through M&A. Having the robotic integrated controller as the core strengthens the linkages to ILOR+S.
Robotic Integrated Controller: Giant Leap for innovative-Automation

A new game changer

Design/Ramp up ◀ Operation ▶ Enhance/Maintain

- ✔ Single programming language
- ✔ ILOR + S
- ✔ Full visualization of equipment

Seamless solutions

- ✔ Single programming language
- ✔ ILOR + S
- ✔ Software is the key

Controller language + Robot language

One Controller

- ✔ Simulation
- ✔ Software is the key
- ✔ Remote maintenance

Copyright: 2021 OMRON Corporation. All Rights Reserved.
Seamless solutions only possible with robotic integrated controller

From: Conventional Control

To: Control with Robotic Integrated Controller

* Images from internal validation process
Robotic Integrated Controller: Driving innovative-Automation 2

Automating delicate processes only possible by human hands to date
Robotic Integrated Controller: Driving innovative-Automation 3

Simulation and remote maintenance
OMRON’s Unique Value Creation Concept

Sparking innovation on the shop floor with the 3 “i”s

**Elevating Intelligence (intelligent)**
Leveraging data to the maximum to enable machines to learn and evolve

**Evolving Machine Control (integrated)**
Improving productivity with super high-speed, high-precision machine control

**innovative-Automation**

**interactive**
Harmonizing with Machines
Pursuing super adaptability through human-machine harmonization
Eliminating Other segment: Environmental Solutions business transferred to SSB, winding down Backlight business

Up to FY2019:
- IAB: Industrial Automation
- EMC: Electronic & Mechanical Components
- SSB: Social Systems, Solutions & Service
- HCB: Healthcare
- Other: Businesses under Direct Control of HQ
  - Eliminations & Corporate
  - Env.Solutions
  - Backlight

From FY2020:
- IAB: Industrial Automation
- EMC: Electronic & Mechanical Components
- SSB: Social Systems, Solutions & Service
  - Env.Solutions
- HCB: Healthcare
  - Backlight

Wind down
## Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>End-March 2020</th>
<th>End-Dec. 2020</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Cash and cash equivalents)</td>
<td>(185.5)</td>
<td>(211.4)</td>
<td>(+25.9)</td>
</tr>
<tr>
<td>(Inventory)</td>
<td>(104.3)</td>
<td>(108.5)</td>
<td>(+4.2)</td>
</tr>
<tr>
<td><strong>Property, plant and equipment</strong></td>
<td>114.5</td>
<td>110.6</td>
<td>-3.9</td>
</tr>
<tr>
<td><strong>Investments and other assets</strong></td>
<td>196.5</td>
<td>201.1</td>
<td>+4.6</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>758.1</td>
<td>767.2</td>
<td>+9.1</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td>74.2</td>
<td>69.1</td>
<td>-5.1</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>225.5</td>
<td>203.2</td>
<td>-22.4</td>
</tr>
<tr>
<td><strong>Shareholders' equity</strong></td>
<td>530.4</td>
<td>561.7</td>
<td>+31.3</td>
</tr>
<tr>
<td><strong>Noncontrolling interests</strong></td>
<td>2.2</td>
<td>2.4</td>
<td>+0.2</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>532.6</td>
<td>564.1</td>
<td>+31.5</td>
</tr>
<tr>
<td><strong>Total Liabilities and net assets</strong></td>
<td>758.1</td>
<td>767.2</td>
<td>+9.1</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>70.0%</td>
<td>73.2%</td>
<td>+3.2%pt</td>
</tr>
</tbody>
</table>
## Consolidated Statement of Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>61.4</td>
<td>62.6</td>
<td>+1.2</td>
</tr>
<tr>
<td>Investment cash flow</td>
<td>56.9</td>
<td>-17.7</td>
<td>-74.6</td>
</tr>
<tr>
<td>Free cash flow (FCF)</td>
<td>118.3</td>
<td>45.0</td>
<td>-73.4</td>
</tr>
<tr>
<td>Financing cash flow</td>
<td>-10.7</td>
<td>-20.4</td>
<td>-9.7</td>
</tr>
<tr>
<td>Cash and cash equivalents as of end of period</td>
<td>208.1</td>
<td>211.4</td>
<td>+3.3</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>24.4</td>
<td>13.3</td>
<td>-11.1</td>
</tr>
<tr>
<td>Depreciation</td>
<td>18.8</td>
<td>17.2</td>
<td>-1.6</td>
</tr>
</tbody>
</table>
## Q3 FY2020 Results (Three Months)

<table>
<thead>
<tr>
<th></th>
<th>FY2019 Q3 Actual</th>
<th>FY2020 Q3 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>168.1</td>
<td>168.3</td>
<td>+0.1%</td>
</tr>
<tr>
<td><strong>Gross Profit (%)</strong></td>
<td>76.4 (45.4%)</td>
<td>77.6 (46.1%)</td>
<td>+1.6% (+0.7%pt)</td>
</tr>
<tr>
<td><strong>Operating Income (%)</strong></td>
<td>14.4 (8.5%)</td>
<td>17.7 (10.5%)</td>
<td>+23.3% (+2.0%pt)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>10.1*</td>
<td>14.7</td>
<td>+45.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY2019 Q3 Actual</th>
<th>FY2020 Q3 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>1USD (JPY)</td>
<td>108.8</td>
<td>104.8</td>
<td>-4.0</td>
</tr>
<tr>
<td>1EUR (JPY)</td>
<td>120.0</td>
<td>123.6</td>
<td>+3.6</td>
</tr>
<tr>
<td>1RMB (JPY)</td>
<td>15.4</td>
<td>15.7</td>
<td>+0.3</td>
</tr>
</tbody>
</table>

*FY2019 Net Income excludes Quarterly Net Income from Discontinued Operations. If Quarterly Net Income from Discontinued Operations is included, Net Income would be ¥51.9bn.
## Operating Income by Segment: Q3 (Three Months)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2019 Q3 Actual</th>
<th>FY2020 Q3 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td>13.1</td>
<td>15.5</td>
<td>+2.4</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>(14.9%)</td>
<td>(17.6%)</td>
<td>(+2.7%pt)</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td>0.2</td>
<td>1.2</td>
<td>+1.0</td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td>(1.1%)</td>
<td>(5.3%)</td>
<td>(+4.2%pt)</td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td>2.5</td>
<td>0.6</td>
<td>-1.9</td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td>(9.1%)</td>
<td>(2.6%)</td>
<td>(-6.5%pt)</td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td>4.4</td>
<td>6.3</td>
<td>+2.0</td>
</tr>
<tr>
<td>Healthcare</td>
<td>(14.2%)</td>
<td>(18.1%)</td>
<td>(+3.9%pt)</td>
</tr>
<tr>
<td><strong>Eliminations &amp; Corporate</strong></td>
<td>-5.8</td>
<td>-5.9</td>
<td>-0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14.4</td>
<td>17.7</td>
<td>+3.3</td>
</tr>
<tr>
<td></td>
<td>(8.5%)</td>
<td>(10.5%)</td>
<td>(+2.0%pt)</td>
</tr>
</tbody>
</table>

*FY2019 figures adjusted to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business.
## FY2020 Forex Assumptions

<table>
<thead>
<tr>
<th>Q4 FY2020 Assumptions</th>
<th>Impact of ¥1 move (full-year, approx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
</tr>
<tr>
<td>USD</td>
<td>¥105</td>
</tr>
<tr>
<td>EUR</td>
<td>¥124</td>
</tr>
<tr>
<td>RMB</td>
<td>¥15.2</td>
</tr>
</tbody>
</table>

* If emerging market currency trends diverge from trends in major currencies contrary to our expectations, it will impact sensitivities.
OMRON Included in Major ESG Indices (As of January 2021)

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

4th consecutive year
5th consecutive year
6th consecutive year
4th consecutive year
5th consecutive year
4th consecutive year
4th consecutive year
3rd consecutive year

* 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 January 2021)

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

Ministry of the Environment
- FY2018 Minister’s Award for Global Warming Prevention Activity
  ‘Implementation of Countermeasures and Dissemination Category’ FY2018

Sponsored by Nikkei Inc
- Nikkei SDGs Management Grand Prix SDGs Strategy/Economic Value Award December 2019

Selected by METI, TSE
- TSE 2014 Corporate Value Improvement Award, Grand Prix. FY2014
- Nadeshiko Brand 3rd consecutive year from FY2017
- Health & Productivity Stock 2nd consecutive year from FY2018
- Health & Productivity: White 500 4th consecutive year from FY2016

Selected by Nikkei Inc.
- Nikkei 225 March 2019, 1st time
Down-Top ROIC Tree (2.0)

- **KPI**
  - Focus industry / New product sales (¥)
  - Service / Recurring rev. (¥)
  - Online channel sales (¥)
  - # of revolutionary apps
  - % std. components used
  - CD % / Defect cost %
  - Units produced/employee
  - Automation ratio % (headcount reduction)
  - Labor cost/sales %
  - Back office employees (#)
  - IT cost / Facilities cost (¥)
  - Production LT
  - Slow-moving inv. (¥)
  - Overdue Receivables (¥)
  - Capex (¥)
  - M&A synergies (¥)

- **Driver**
  - GP Margin
  - Added-value %
  - Fixed manuf. costs %
  - SG&A %
  - R&D %
  - ROS
  - Working capital turnover
  - Fixed asset turnover
  - Invested Capital Turnover

**On-site**

**To-Dos Cycle**

**PLAN**

**ACT**

**CHECK**
Portfolio Management

Assessing Economic Value

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

Assessing Competitiveness

- B: 
- C: 
- S: 
- A: 

Sales Growth Rate (%) vs. ROIC(%) vs. Market Growth Rate (%) vs. Market Share (%)
**ROIC Definition**

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

**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
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 Third Quarter of the Fiscal Year Ending March 31, 2021 (U.S. GAAP)."
   Figures rounded to the nearest million JPY and percentage to one decimal place.

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Investor Relations Department
Global Investor & Brand Communications
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Email: omron-ir@omron.com
Website: www.omron.com