

## Q&A Session Summary, Q1 FY2021

### OMRON Corporation

July 29, 2021

#### **Company Earnings, Management Strategy**

Q. What sort of discussions are you having as you prepare for the next Long-term Vision?

A. We are obviously looking at sales and profits levels, but with the emphasis on how best to enhance corporate value. We are trying to determine the most effective way to improve the financial and non-financial metrics for each business in order to maximize market capitalization, as well as considering the appropriate KPIs to make this happen. We will be able to provide more detail when we present the Long-term Vision. We are planning to hold a briefing next February.

Q. Are the component and materials shortages having an impact on production?

A. Despite the impact of component shortages, our order intake has been higher than expected; we are trying to assess true demand in managing production. We are effectively running at full capacity. If necessary, we are open to expanding capacity going forward.

#### **Industrial Automation Business (IAB)**

Q. In projecting full-year earnings, would it be fair to assume that OMRON will be able to maintain the level of sales generated in Q1?

A. We expect the operating environment to remain favorable but given risks associated with the supply chain, it is too early to say whether the Q1 sales level can be maintained. We believe Q1 sales are largely reflective of true demand, but our order backlog is rising on higher-than-expected order intake, which includes orders for forward deliveries. We will review our full-year forecasts when we announce Q2 results.

Q. Domestic sales are recovering. Can you discuss the backdrop to the recovery and the outlook going forward?

A. The recovery is mainly related to SPE within digital and EV-related investments within automotive. We do not view the near term trend as temporary; we expect the demand recovery will continue. That said, investments related to internal combustion engine vehicles have yet to fully recover.

## **Healthcare (HCB)**

Q. Please discuss the progress you are making on enhancing your solutions capabilities, such as the remote medical service.

A. Our stated goal for the remote medical service is to have 1 million users on a global basis by 2025. We will provide more information on how we propose to achieve this target at the briefing for the next Long-term Vision planned for February.

Q. Have you seen a pull-back from the COVID-19-driven demand of last year?

A. Even prior to the pandemic, BPMs were generating good momentum with double-digit sales growth; we have not seen a pull-back in BPMs. While there has been a pull-back in thermometers from last year, the magnitude has been smaller than we had expected. The nebulizer business, which had been sluggish last year, is now in recovery mode, mainly in China. Overall, HCB sales are growing.