

Q&A Session Summary, Q3 FY2021
OMRON Corporation
January 28, 2022

Company Earnings, Management Strategy

Q. What was the magnitude of the shortfall versus internal plan for Q3 (3 month) earnings?

A. Compared to internal plan, sales were roughly 10 billion yen lower and OP was roughly 3 billion yen lower.

Q. Is it fair to say that the supply chain issues are the sole reason for the downward revision to full-year forecasts?

A. Yes, that is correct. Orders are strong, so if we had access to more components, we believe we could achieve higher sales. However, we are not optimistic about the supply chain issues; we expect current conditions to persist for some time.

Q. Please describe the measures you are implementing to address logistics and component issues.

A. On the logistics side, for international shipping we are consolidating on a firm-wide basis and are focused on improving efficiency. On component procurements, IAB in particular is broadly affected, partly reflecting the wide range of products. As such, there is a need to consolidate components. We do not expect the logistics and component issues to be resolved in the short term; we are focused on enhancing our resilience from a medium- to long-term perspective.

Industrial Automation (IAB)

Q. At the last results briefing, you had indicated that it would be possible to address component shortages through design changes. How has the situation changed since then?

A. Demand remains strong but there were many instances where we suddenly experienced delivery delays for components that we had believed we could procure. We expect this situation to continue for some time but are focused on securing necessary components.

Q. Given the supply chain issues, have you lost market share?

A. Frankly, we are struggling to cope with the supply chain issues. That said, we believe we have been able to gain market share in China, despite current conditions.

Healthcare (HCB)

Q. On the back of the supply chain issues, OPM has declined. Do you expect OPM to remain at this level going forward?

A. The negative impact from the increased use of air shipments is significant. The flow of goods overseas has been sluggish to date, but if this were to improve, we believe margins would rebound sharply.