

**OMRON**

# **Q1 FY2024 Earnings**

**August 2, 2024**  
**OMRON Corporation**

# Summary

## ● Q1 Results

- Overall performance progressing as planned
- Sluggish market conditions continued at IAB and DMB. Sales and profits declined compared to the same period last year when backlogs were high
- SSB and HCB posted sales growth Y/Y on favorable demand in BPM and railroad businesses, with OP at the same level Y/Y
- Structural reforms progressing as planned. Structural reform costs of ¥19.6bn recorded associated with optimizing the number of personnel

## ● Outlook for operating environment for Q2 and beyond

- Expect business environment in line with the initial forecasts in general, in Q2 and beyond, despite the variance among industries
- Gradual recovery in demand is expected at IAB and DMB from Q2, mainly in the semiconductor area. Strong environment to continue at HCB, SSB and DSB

## ● Message from CFO: ROIC improvement

- 1 . Q1 FY2024 Results** . . . . **P.4 ~ 7**
- 2 . Outlook: Q2 and beyond** . . . . **P.8 ~ 12**

# 1. Q1 FY2024 Results

---

# Q1 Consolidated Results

## Overall decline in sales and profits due to Y/Y decline in backlog of orders

(¥bn)

	FY2023 Q1 Actual	FY2024 Q1 Actual	Y/Y
Net Sales	203.4	<b>183.7</b>	-9.7%
Gross Profit (%)	90.5 (44.5%)	<b>83.5</b> <b>(45.4%)</b>	-7.8% (+0.9%pt)
Operating Income (%)	14.3 (7.0%)	<b>6.3</b> <b>(3.4%)</b>	-56.2% (-3.6%pt)
Net Income attributable to OMRON shareholders	13.4	<b>-9.6</b> <sup>*</sup>	—
Average USD rate (JPY)	135.8	154.6	+18.8
Average EUR rate (JPY)	147.9	166.7	+18.8
Average CNY rate (JPY)	19.5	21.3	+1.8

\*Structural reform expenses of ¥19.6 bn is recorded as one-time expenses associated with optimizing personnel numbers and capabilities.

# Q1 Results by Segment

Sales and profits down Y/Y at IAB and DMB. Sales up Y/Y at HCB and SSB

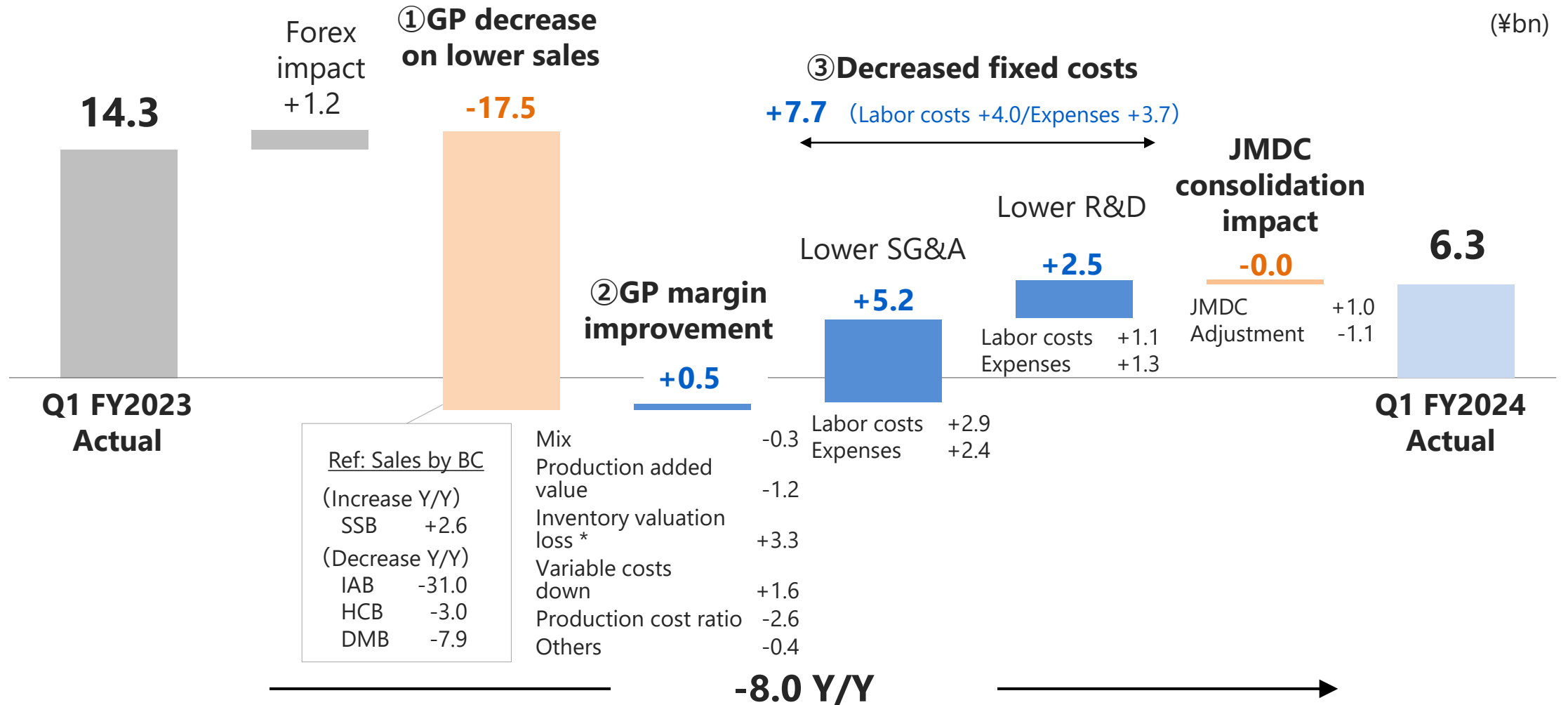
	Sales			OP			(¥bn)
	FY2023 Q1 Actual	FY2024 Q1 Actual	Y/Y	FY2023 Q1 Actual	FY2024 Q1 Actual	Y/Y	
<b>IAB</b> Industrial Automation	110.6	<b>85.6</b>	-22.6%	12.2 (11.1%)* <sup>1</sup>	<b>7.2</b> <b>(8.4%)</b>	-41.5% (-2.7%pt)	
<b>HCB</b> Healthcare	37.7	<b>38.0</b>	+1.0%	4.8 (12.8%)	<b>4.8</b> <b>(12.5%)</b>	-1.2% (-0.3%pt)	
<b>SSB</b> Social Systems, Solutions & Service	23.5	<b>26.1</b>	+11.1%	-0.0 -	<b>-0.1</b> -	- -	
<b>DMB</b> Device & Module Solutions	31.2	<b>25.2</b>	-19.3%	2.5 (8.1%)	<b>0.1</b> <b>(0.2%)</b>	-98.0% (-7.9%pt)	
<b>DSB</b> * <sup>2</sup> Data Solutions	-	<b>8.4</b>	-	-	<b>-0.3</b>	-	
<b>Include JMDC</b>	-	<b>8.4</b>	-	-	<b>1.0</b> <b>(12.5%)</b>	-	
Eliminations & Corporate	0.4	<b>0.4</b>	-7.6%	-5.3	<b>-5.3</b>	-	
<b>Total</b>	203.4	<b>183.7</b>	-9.7%	14.3 (7.0%)	<b>6.3</b> <b>(3.4%)</b>	-56.2% (-3.6%pt)	

\*1. Figures shown in brackets under OP are segment OPMs.

\*2. DSB includes the financial results of JMDC, the amortization of intangible assets other than goodwill associated with the consolidation, and other financial figures related to data business.

# Q1 Results: Analysis of Change in Operating Income (Y/Y)

Despite the fixed costs reductions, profits fell due to the impact of lower sales in IAB and DMB



\* Changed from "Inventory provision" in the previous financial materials to "Inventory valuation loss"

## 2. Outlook: Q2 and beyond

---



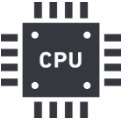




# Operating Environment: Q2 and beyond

**Expect business environment in line with the initial forecasts in general, despite the variance among industries**

<p><b>IAB</b> Industrial Automation</p>	<p><b>In line with the initial forecasts, business environment remains sluggish in Q2. In H2, expect gradual recovery in demand, mainly in digital market</b> *Details on later pages</p>
<p><b>HCB</b> Healthcare</p>	<p><b>In line with the initial forecasts, BPM market to grow gradually on a global basis</b> Cardiovascular: Expect gradual growth on a global basis, centered on Europe, while growth in China slightly below initial expectations Respiratory: Weaker demand for nebulizers than the initial expectations, affected by the backlash from China's special demand for respiratory diseases and sluggish market conditions</p>
<p><b>SSB</b> Social Systems, Solutions &amp; Service</p>	<p><b>Overall favorable business environment continues; energy market is expected to grow slower than expected in the residential area</b> Energy: Despite the stagnant demand growth until Q2 due to the resumption of measures to mitigate the sudden change in electricity prices, demand is expected to return to the level initially expected in H2 Railway: Favorable demand as initially expected due to continued capital investment by railway companies</p>
<p><b>DMB</b> Device &amp; Module Solutions</p>	<p><b>In line with the initial forecasts, expect gradual recovery from H2</b> DC Equipment/Microwave Devices: Demand continues as initially expected. Driven by increased demand for advanced semiconductors, expect growth from H2 Commodity Devices: Despite some differences among markets, expect gradual recovery from H2</p>
<p><b>DSB</b> Data Solutions</p>	<p><b>In line with the initial forecasts, strong business environment continues, centered on health big data business</b> JMDC: Expect expansion of medical data utilization movements, mainly among pharmaceutical and Life and non-life insurance industries. In response to growing social awareness of health and prevention, expect demand for services for insurers and consumers to increase</p>

# IAB: Operating Environment Outlook

**Expect business environment in line with the initial forecasts in general.  
In H2, expect gradual recovery in the semiconductor industry, while NEV demand will remain at a low level**

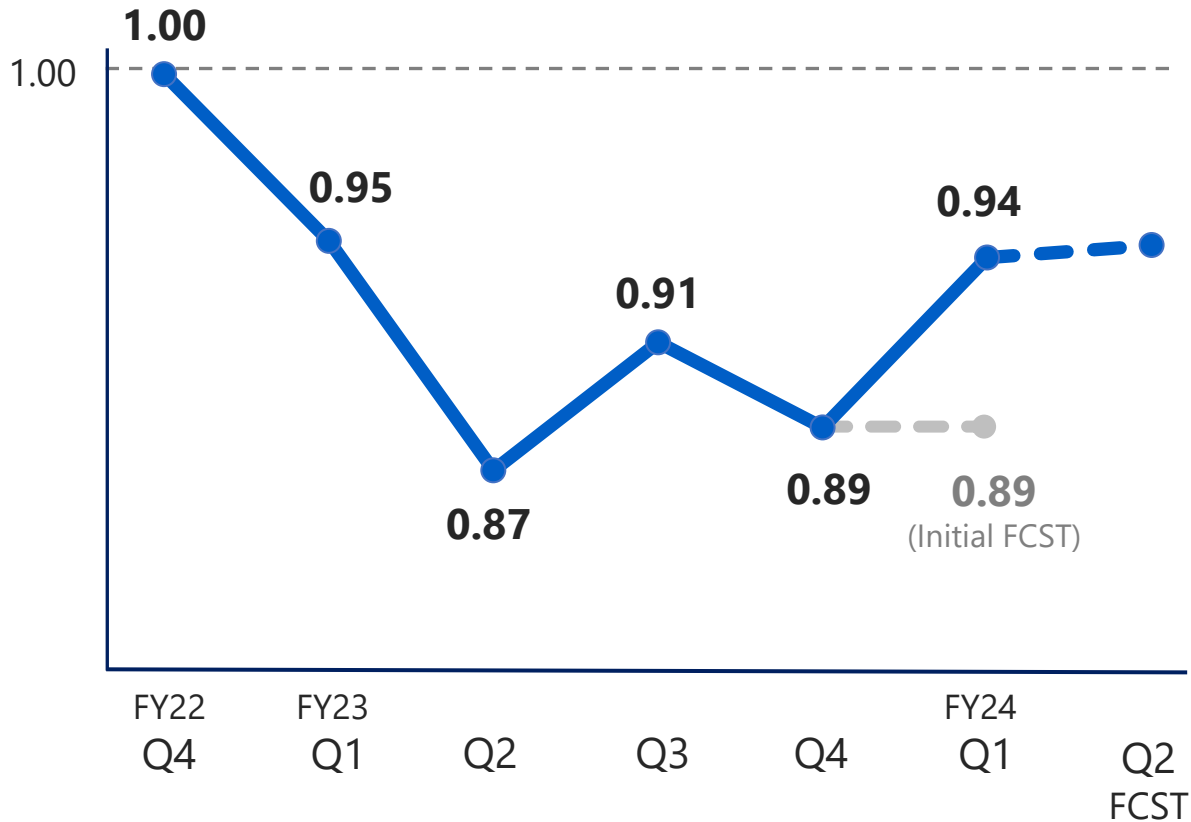
Domains	Outlook for 2Q and beyond
 <b>Digital</b>	<ul style="list-style-type: none"> <li>• Semiconductors are showing signs of recovery due to increased investment in AI demand and domestic production in China. Orders recover gradually in H2 as inventory at customers/distributors normalizes</li> <li>• PV systems continue to remain at low levels</li> </ul>
 <b>NEV</b>	<ul style="list-style-type: none"> <li>• Investment in EVs/components to remain at the same level as previous year</li> <li>• Cautious investment stance held on in batteries due to the oversupply in China and slowing demand for EVs. With some investments being scaled back or delayed, demand remains low with uncertainty throughout the year</li> </ul>
 <b>Food/ Household goods</b>	<ul style="list-style-type: none"> <li>• Sluggish investment in Q2, mainly in Europe, but gradual recovery expected from H2</li> </ul>
 <b>Medicine/L ogistics</b>	<ul style="list-style-type: none"> <li>• Investments in both medicine/logistics remain at the same level as in H2 of FY23</li> </ul>
 <b>Others</b>	<ul style="list-style-type: none"> <li>• Investment recovery only at a gradual level, from H1 to H2, remaining at a low level throughout the year</li> </ul>

# IAB: Changes in Orders and Distributor Inventory levels

Order levels in Q1 are showing an upturn.

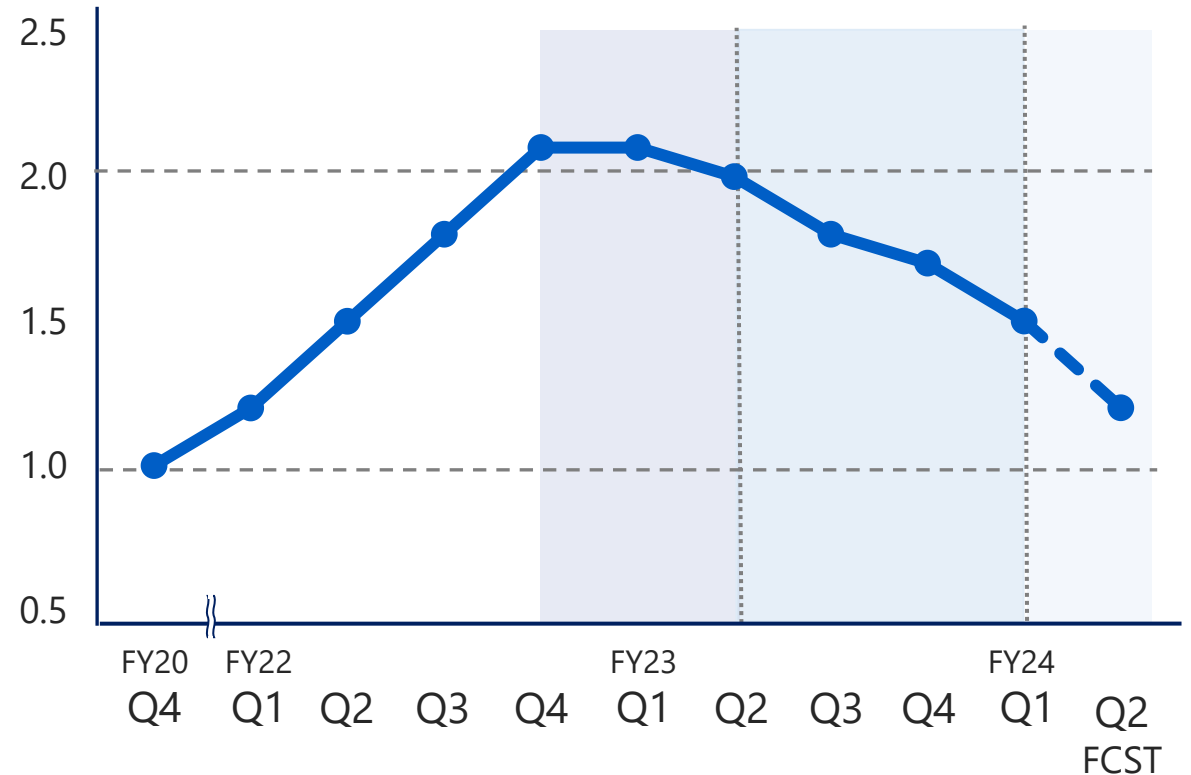
Distributors inventory levels are progressing steadily for the normalization during H1

Order levels (FY24 FX FCST rate base)



(Based on FY22 Q4)

Distributors inventory levels (all area avg.)



(Based on FY20 4Q)

# FY2024 Forecasts: Consolidated Earnings

## Full-year forecasts unchanged

(¥bn)

	FY2023 Actual	FY2024 Forecast	Y/Y
Net Sales	818.8	<b>825.0</b>	+0.8%
Gross Profit (%)	346.5 (42.3%)	<b>368.5</b> <b>(44.7%)</b>	+6.4% (+2.4%pt)
Operating Income (%)	34.3 (4.2%)	<b>49.0</b> <b>(5.9%)</b>	+42.7% (+1.7%pt)
Net Income attributable to OMRON shareholders	8.1	<b>8.5</b> <sup>*</sup>	+4.9%
ROE	1.1%	<b>Approx. 1%</b>	—
ROIC	1.0%	<b>Approx. 1%</b>	—
EPS (JPY)	41	<b>43</b>	+2
Average USD rate (JPY)	143.9	145.0	+1.1
Average EUR rate (JPY)	156.3	155.0	-1.3
Average CNY rate (JPY)	20.1	20.0	-0.1

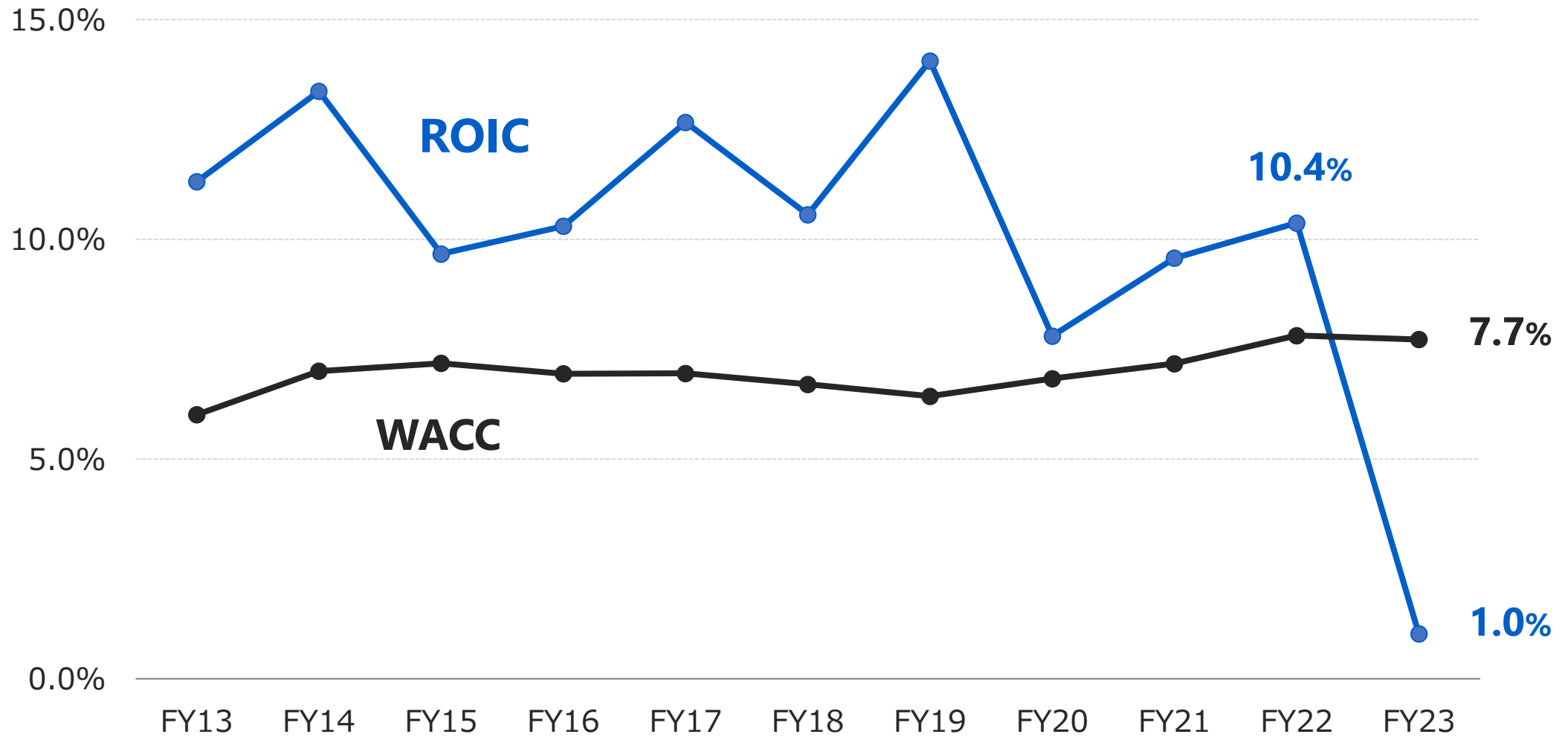
\*Structural reform expenses of approximately ¥28.0 bn is recorded as one-time expenses associated with optimizing personnel numbers and capabilities.

# Message from CFO

---

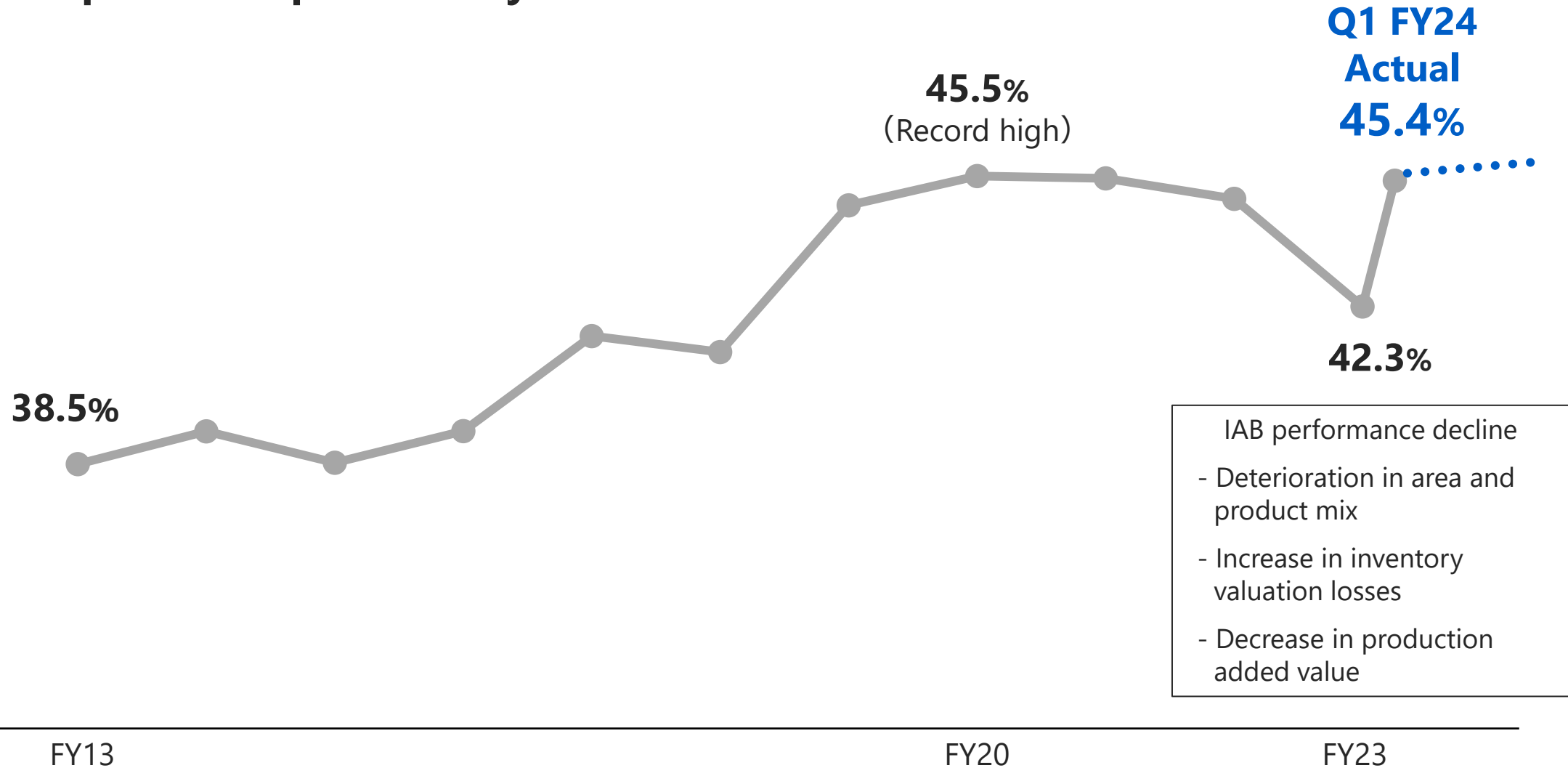
# Trend of ROIC·WACC

Quickly restore ROIC to a level exceeding the cost of capital



# ROIC Improvement: ① Reinforcement of Earning Power (GPM)

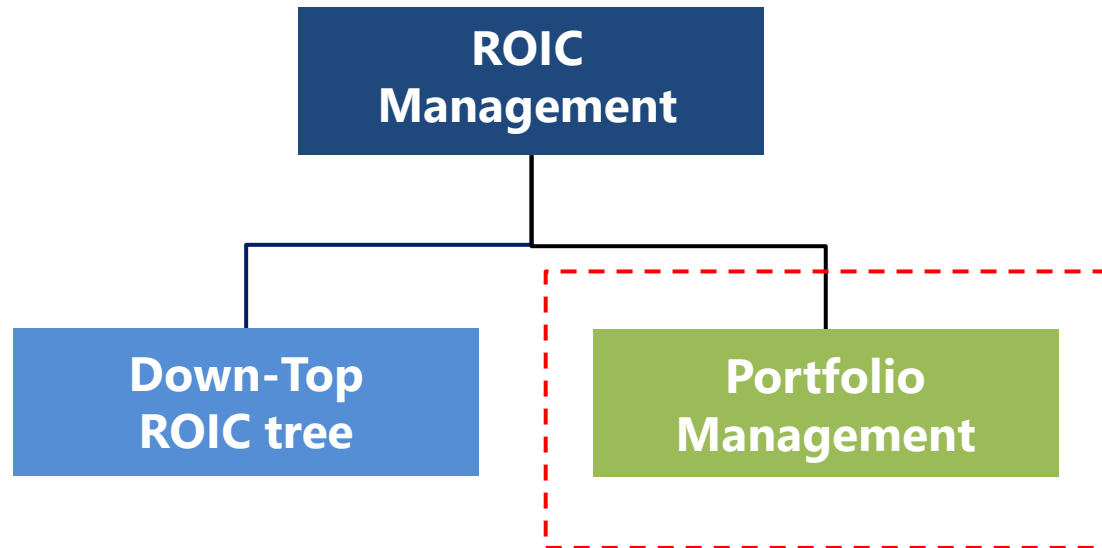
GPM improved significantly in Q1. Will continue to strengthen GPM as a key component of profitability



# ROIC Improvement: ② Reinforcement of Portfolio Management

Reevaluate businesses and allocate capital from the perspective of future business environment and competitive advantage

## ROIC Management of OMRON



## Reinforcement of Portfolio Management

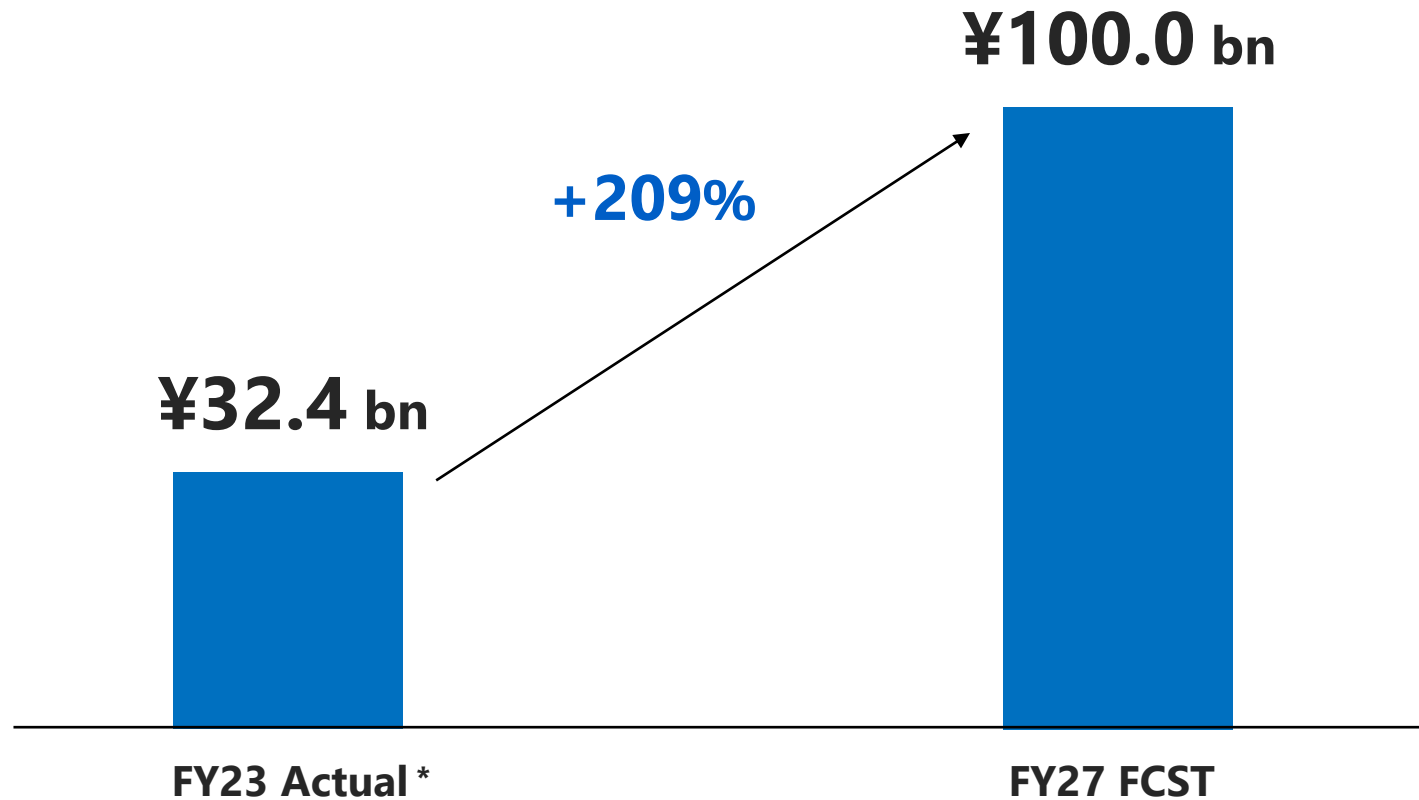
- **Reevaluate businesses from the perspective of future business environment and competitive advantage**
  - Inhouse investment
  - Partnering
  - Business convergence
- **Prioritize capital allocation to growth and cash cow businesses**
- **Strengthen area strategies**
  - Correct the China-biased growth and profit structure



# ROIC Improvement: ③ Expanding Revenue from Data Solutions Business

Accelerating initiatives to create/expand new data businesses

## OMRON Group's Data Solutions Sales



\*JMDC's FY23 full-year results (OMRON's consolidated impact: ¥17.4 bn)

**OMRON**

# Reference

---

# Consolidated Balance Sheet

(¥bn)

	End-March 2024	End-June2024	Chg, vs. End-FY 2023
Current assets	547.6	560.3	+12.7
(Cash and cash equivalents)	(143.1)	(163.8)	(+20.7)
(Inventory)	(174.0)	(187.0)	(+13.0)
Property, plant and equipment	136.8	138.4	+1.6
Investments and other assets	670.4	685.0	+14.6
<b>Total assets</b>	<b>1,354.7</b>	<b>1,383.7</b>	<b>+29.0</b>
Current liabilities	231.2	244.9	+13.7
Long-term liabilities	172.6	172.0	-0.6
<b>Total Liabilities</b>	<b>403.7</b>	<b>416.9</b>	<b>+13.2</b>
Shareholders' equity	786.7	803.3	+16.6
Noncontrolling interests	164.3	163.5	-0.8
<b>Total net assets</b>	<b>951.0</b>	<b>966.8</b>	<b>+15.8</b>
<b>Total Liabilities and net assets</b>	<b>1,354.7</b>	<b>1,383.7</b>	<b>+29.0</b>
Equity ratio	58.1%	58.1%	±0.0%pt

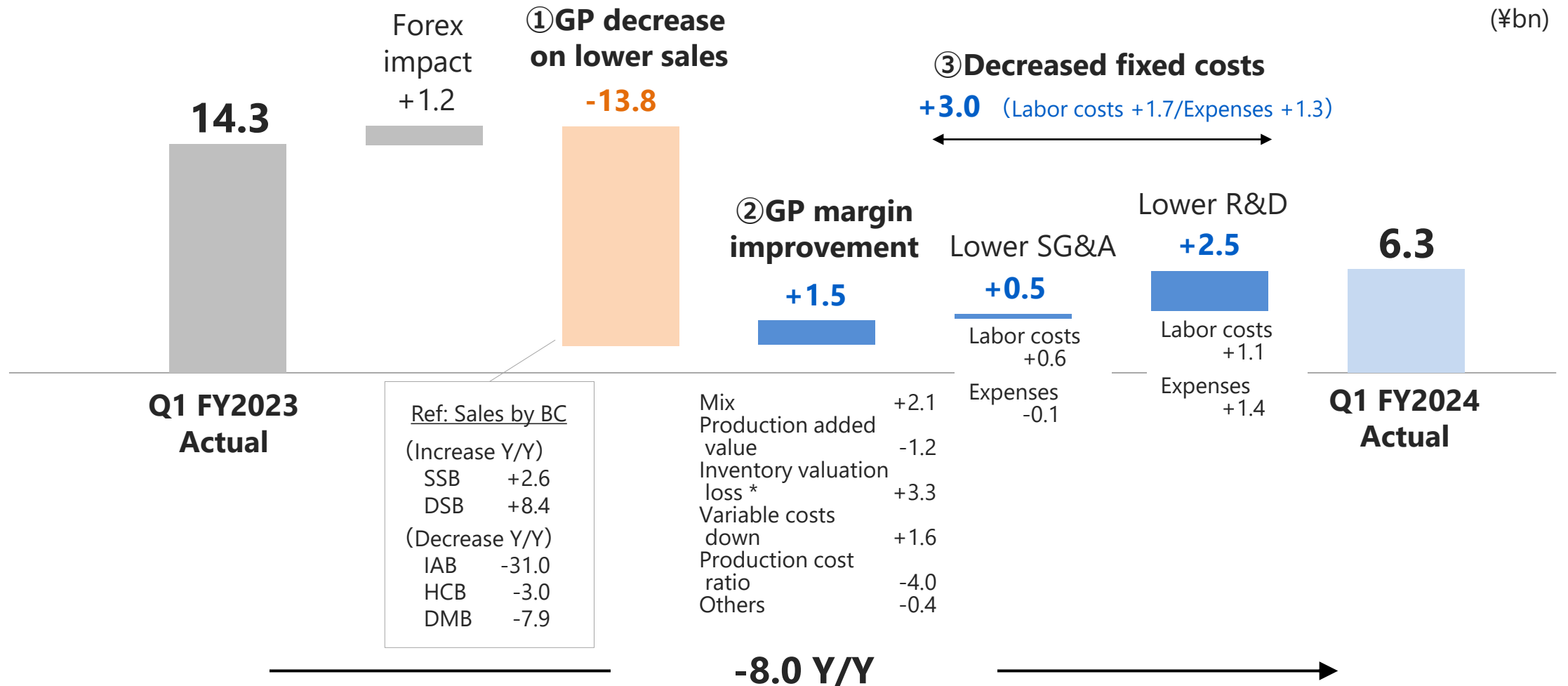
# Consolidated Cash Flow Statement

(¥bn)

	FY2023 Q1 Actual	FY2024 Q1 Actual	Y/Y
Operating cash flow	7.9	5.5	-2.4
Investment cash flow	-9.5	-13.6	-4.1
Free cash flow (FCF)	-1.6	-8.0	-6.4
Financing cash flow	-10.6	17.4	+28.0
Cash and cash equivalents as of end of period	97.7	163.8	+66.1
Capital expenditure	7.4	7.2	-0.2
Depreciation	6.9	8.4	+1.5

# Q1 Results: Analysis of Change in Operating Income (Y/Y)

**\*Includes JMDC consolidated impact**



\* Changed from "Inventory provision" in the previous financial materials to "Inventory valuation loss"

# FY2024 Forecasts: Earnings by Segment

## Full-year forecasts unchanged

	Sales			OP		
	FY2023 Actual	FY2024 Forecast	Y/Y	FY2023 Actual	FY2024 Forecast	Y/Y
<b>IAB</b> Industrial Automation	393.6	<b>355.0</b>	-9.8%	21.5 (5.5%)*1	<b>27.5</b> <b>(7.7%)</b>	+28.1% (+2.2%pt)
<b>HCB</b> Healthcare	149.7	<b>161.0</b>	+7.5%	18.5 (12.3%)	<b>22.0</b> <b>(13.7%)</b>	+19.2% (+1.4%pt)
<b>SSB</b> Social Systems, Solutions & Service	141.6	<b>154.5</b>	+9.1%	14.0 (9.9%)	<b>17.0</b> <b>(11.0%)</b>	+21.3% (+1.1%pt)
<b>DMB</b> Device & Module Solutions	114.4	<b>110.0</b>	-3.8%	3.1 (2.8%)	<b>4.0</b> <b>(3.6%)</b>	+27.1% (+0.8%pt)
<b>DSB</b> *2 Data Solutions	17.4	<b>43.0</b>	—	2.2 (12.6%)	<b>3.0</b> <b>(7.0%)</b>	— —
<b>Include JMDC</b> *3	17.4	<b>43.0</b>	—	4.8 (27.6%)	<b>9.3</b> <b>(21.6%)</b>	— —
Eliminations & Corporate	2.1	<b>1.5</b>	—	-24.9	<b>-24.5</b>	—
<b>Total</b>	<b>818.8</b>	<b>825.0</b>	+0.8%	<b>34.3</b> (4.2%)	<b>49.0</b> <b>(5.9%)</b>	+42.7% (+1.7%pt)

\*1. Figures shown in brackets under OP are segment OPMs.

\*2. DSB includes the financial results of JMDC, the amortization of intangible assets other than goodwill associated with the consolidation, and other financial figures related to data business.

\*3. JMDC's FY2023 results include financial figures since becoming a consolidated subsidiary on October 16, 2023, and FY2024 forecasts are full-year financial figures.

# FY2024 Forex Sensitivities and Assumptions

Impact of 1 yen move (full year)  
CNY impact of 0.1 yen move

	Sensitivities		Assumptions
	Sales	OP	FY2024 Assumptions
USD	Approx. ¥1.3 bn	Approx. ¥-0.1 bn	¥145.0
EUR	Approx. ¥0.8 bn	Approx. ¥0.3 bn	¥155.0
CNY	Approx. ¥0.7 bn	Approx. ¥0.1 bn	¥20.0

\* If emerging market currency trends diverge from trends in major currencies contrary to our expectations, it will impact sensitivities.



# ROIC Definition

$$\text{ROIC} = \frac{\text{Net income attributable to OMRON shareholders}}{\text{Invested capital}^*}$$

\*Invested capital = Borrowings + Shareholders' equity

Invested capital: The average of previous fiscal year-end result and quarterly results (or forecasts) of current fiscal year

## 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.

Contact:

**Investor Relations Department**  
**Global Strategy Headquarters**  
**OMRON Corporation**

Email: [omron-ir@omron.com](mailto:omron-ir@omron.com)

Website: [www.omron.com/global/en/](http://www.omron.com/global/en/)