

Financial Results

Fiscal 2019 in Review

Consolidated Earnings

The business environment surrounding the OMRON Group in fiscal 2019, the third year of the VG2.0 medium-term management plan, was underscored by severe conditions globally. The U.S.-China trade frictions from the beginning of the fiscal year resulted in weak business sentiment among manufacturers, while the negative impact of the spread of COVID-19 beginning in the fourth quarter expanded.

In this environment, the OMRON Group results for net sales and operating income underperformed the prior fiscal year. The OMRON Group recorded a record high in gross profit margin, owing to earnings structure reforms conducted jointly among manufacturing, sales, and development across our organization, steadily improving our earnings capacity. Net income attributable to OMRON shareholders rose significantly compared to the previous fiscal year. This result was due to a gain on sale of ¥51.5 billion recorded in connection with the completion of the transfer of the Automotive Electronic Components Business (AEC) to the Nidec Corporation Group on October 31, 2019.

Consolidated Statements of Income

Net Sales





OMRON Group net sales for fiscal 2019 amounted to ¥678.0 billion, down 7.5% from the prior year. Despite signs of recovery in certain areas of the digital industry during the second half of the fiscal year, our Industrial Automation Business (IAB) and Electronic and Mechanical Components Business (EMC) recorded lower sales compared to the prior fiscal year due to weakening capital investment in the automobile and other industries. Meanwhile, our Public Transportation (Automated Ticket Gates, Ticket Vending Machines) and Road Management Systems businesses experienced firm demand for upgrades, which helped drive Social Systems, Solutions and Service Business (SSB) sales significantly higher. The Healthcare Business (HCB) reported lower sales due to slow demand in Japan and North America.

Gross Profit Margin, SG&A Expenses, and R&D Expenses

Gross profit margin was 44.8%, up 0.4 points from the prior year, owing to earnings structure reforms conducted jointly among manufacturing, sales, and development across our organization. Selling, general and administrative expenses were down ¥5.9 billion to ¥203.0 billion, mainly due to company-wide efforts to control and reduce fixed costs. Research and development expenses fell ¥3.3 billion year on year to ¥46.0 billion, mainly due to detailed selection in research and development projects.

Operating Income and Net Income Attributable to OMRON Shareholders

OMRON Group operating income for the year was ¥54.8 billion (18.6% decrease), while our operating income margin was 8.1% (1.1-point decrease). Net income attributable to OMRON shareholders came in at ¥74.9 billion (37.9% increase). This result was due to a gain on sale of ¥51.5 billion recorded in connection with the completion of the transfer of the Automotive Electronic Components Business (AEC) to the Nidec Corporation Group.

Net sales ¥678.0 billion YoY -7.5% 	Gross profit margin 44.8% YoY +0.4%pt 
Operating income ¥54.8 billion YoY -18.6% 	Net income attributable to OMRON shareholders ¥74.9 billion YoY +37.9% 
Average exchange rate during the period USD ¥109.1 EUR ¥121.2 RMB ¥15.7	

Review of Financial Condition

Total assets at the end of fiscal 2019 amounted to ¥758.1 billion, an increase of ¥8.2 billion compared to the end of the prior fiscal year. This was mainly due to an increase in cash and cash equivalents and the recording of right-of-use assets under operating leases.

Total liabilities decreased ¥18.0 billion to ¥225.5 billion, mainly due to a decrease in termination and retirement benefits stemming from a revision to our corporate pension plan, in addition to a decrease in liabilities held for sale due to the completion of the transfer of the Automotive Electronic Components Business.

Total net assets increased ¥26.3 billion compared to the end of the prior fiscal year to ¥532.6 billion, mainly due the recording net income attributable to OMRON shareholders. Our shareholders' equity ratio was 70.0%, up 2.8 points compared to 67.2% at the end of the prior fiscal year. Accordingly, the Company has maintained a firm financial foundation.

Capital Expenditures

Strictly selecting targets for investments, such as base investments, total capital investments of ¥33.1 billion were made during fiscal 2019, representing a 7.2% decrease compared to the prior fiscal year.

Cash Flows

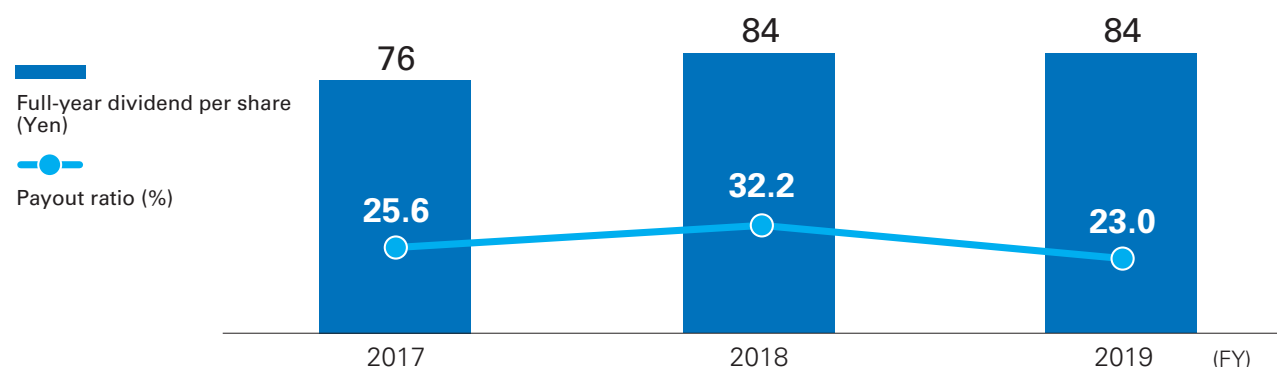
Net cash provided by operating activities for the fiscal year amounted to ¥89.8 billion (an increase in cash provided of ¥18.5 billion compared to the prior fiscal year). This result was mainly due to the recording of net income (¥75.3 billion, up ¥20.3 billion year on year) and increases in notes and accounts payable-trade and income taxes payable. Net cash provided by investing activities was ¥28.6 billion (an increase in cash provided of ¥63.6 billion compared to the prior fiscal year). This result was mainly due to the recognition of a gain in connection with the transfer of a business. Free cash flows (cash provided by operating activities less cash provided by investing activities) amounted to ¥118.4 billion, an increase of ¥82.1 billion compared to the prior fiscal year. Net cash used in financing activities was ¥29.4 billion, which was a decrease in net cash used of ¥11.4 billion compared to the prior fiscal year. This result was mainly due to dividends paid and stock buybacks. In addition to the preceding, changes in foreign currency translation were factors having an impact on cash and cash equivalents. As a result, the balance of cash and cash equivalents at March 31, 2020 amounted to ¥185.5 billion, an increase of ¥81.7 billion compared to the end of the prior consolidated fiscal year.

Dividend Policy

Our basic policy for profit distribution is to aim for sustainable corporate value growth, and thus OMRON prioritizes investment necessary for future business expansion. These investments include research and development, capital investments, mergers and acquisitions, and other investments for future growth. Having secured internal reserves, the Company makes decisions regarding ongoing profit distribution to shareholders in consideration of capital efficiency. The Company has established a guideline of approximately 30% in payout ratio and approximately 3% of DOE for profit distributions for the period covered by the VG2.0 medium-term management plan.

Our full-year dividend for fiscal 2019 was ¥84 per share, the same as the prior fiscal year. As a result, our dividend payout ratio was 23.0%, and our dividend on equity ratio was 3.3%.

Full-year dividend per share and dividend payout ratio



Outlook for Fiscal 2020

The OMRON Group forecasts a significant decline in sales and income in fiscal 2020, based on the assumption that the impact of the global COVID-19 pandemic will persist during the current fiscal year at the least.

In terms of net sales, we project a significant decrease from the prior fiscal year due mainly to sluggish demand associated with the stagnation of manufacturing and sales activities and reduction in capital investments of our customers in the Industrial Automation Business (IAB), Electronic and Mechanical Components Business (EMC), and Social Systems, Solutions and Service Business (SSB). In the Healthcare Business (HCB), we expect firm demand associated with the rise in healthcare needs globally. We will continue our efforts to strengthen our product capabilities and carry out structural reform, and thus expect our gross profit margin to be level with the prior fiscal year when we reached a record high. Also, while carrying out initiatives to reduce fixed costs in an amount of approximately ¥20.0 billion annually as planned at the beginning of the fiscal year, we will continue to make investments indispensable for future growth, with a view to the post-COVID-19 era. Based on the above assumptions, we project a significant decline in operating income year on year.

The spread of COVID-19 has had an impact on our personal values and industrial structures, accelerating social reform in a variety of areas. New social issues have emerged, leading to more potential business opportunities. OMRON will accelerate initiatives to leverage business opportunities in our three focus domains for the post-COVID-19 world. Some examples of tying opportunities to growth include our factory automation business, which is pursuing new projects to expand 5G, a part of future social infrastructure supporting medical and food product security and safety. This business is also working on new automation projects to prevent the spread of disease on production floors. In the healthcare field, we are solving social issues through remote medicine services and other programs. We also plan to integrate our Social Systems, Solutions and Service Business and Environmental Solutions Business to accelerate social solutions in energy management and other fields. At the same time, we intend to strengthen our IT infrastructure. Moving forward, the OMRON Group will reach new levels of growth power, earnings power, and ability to respond to change, allowing us to make a dramatic leap ahead after the impact of COVID-19 has settled.

	FY2019	FY2020	Change
Net sales	¥678.0 billion	¥590.0 billion	-13.0%
Gross profit (Gross profit margin)	¥303.7 billion (44.8%)	¥264.5 billion (44.8%)	-12.9% [+0.0%pt]
Operating income (Operating income margin)	¥54.8 billion (8.1%)	¥30.0 billion (5.1%)	-45.2% [-3.0%pt]
Income before income taxes from continuing operations	¥51.8 billion	¥25.0 billion	-51.8%
Net income attributable to OMRON shareholders	¥74.9 billion	¥16.5 billion	-78.0%
Average USD exchange rate	¥109.1	¥106.5	-¥2.6
Average EUR exchange rate	¥121.2	¥119.6	-¥1.6
Average RMB exchange rate	¥15.7	¥15.0	-¥0.7

Note 1: Net income attributable to OMRON shareholders for FY2019 includes income from discontinued operations (including gain on sales of AEC).

Net income attributable to OMRON shareholders for FY2019 calculated by excluding the impact of income from discontinued operations is ¥39.2 billion, and the rate of change calculated based on the above assumption is -57.9%.

Note 2: From FY2020, the OMRON Group has changed the method of depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries from the declining-balance method to the straight-line method. In line with this change, depreciation and amortization for FY2020 is expected to decrease by approximately ¥2.0 billion when compared with the amount calculated using the previous method.

Consolidated Financial Statements

Consolidated Balance Sheets

OMRON Corporation and Subsidiaries
March 31, 2019 and 2020

(Millions of yen)

ASSETS	FY2018	FY2019
Current Assets:		
Cash and cash equivalents	¥ 103,850	¥ 185,533
Notes and accounts receivable - trade	149,171	134,786
Allowance for doubtful receivables	(861)	(759)
Inventories	120,379	104,301
Assets held for sale	73,331	441
Other current assets	14,103	22,837
Total Current Assets	459,973	447,139
Property, Plant and Equipment:		
Land	21,746	20,446
Buildings	118,036	129,110
Machinery and equipment	151,355	147,038
Construction in progress	11,316	5,467
Total	302,453	302,061
Accumulated depreciation	(187,370)	(187,535)
Net Property, Plant and Equipment	115,083	114,526
Investments and Other Assets:		
Right-of-use assets under operating leases	—	30,327
Goodwill	40,532	38,568
Investments in and advances to affiliates	26,022	29,251
Investment securities	28,997	25,782
Leasehold deposits	7,533	7,486
Deferred income taxes	42,537	37,416
Other assets	29,201	27,629
Total Investments and Other Assets	174,822	196,459
Total	¥ 749,878	¥ 758,124

(Millions of yen)

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2018	FY2019
Current Liabilities:		
Notes and accounts payable - trade	¥ 71,360	¥ 64,496
Accrued expenses	38,290	37,179
Income taxes payable	3,174	2,516
Short-term operating lease liabilities	—	11,070
Liabilities held for sale	27,730	—
Other current liabilities	35,001	36,038
Total Current Liabilities	175,555	151,299
Deferred Income Taxes	733	1,717
Termination and Retirement Benefits	55,036	40,236
Long-Term Operating Lease Liabilities	—	19,820
Other Long-Term Liabilities	12,243	12,463
Total Liabilities	243,567	225,535
Shareholders' Equity:		
Capital	64,100	64,100
Common stock		
Authorized: 487,000,000 shares in FY2018		
487,000,000 shares in FY2019		
Issued: 213,958,172 shares in FY2018		
206,244,872 shares in FY2019		
Capital surplus	100,233	100,521
Legal reserve	21,826	20,981
Retained earnings	433,639	451,768
Accumulated other comprehensive income (loss)	(70,200)	(83,606)
Treasury stock	(45,386)	(23,349)
8,596,608 shares in FY2018		
4,306,748 shares in FY2019		
Total Shareholders' Equity	504,212	530,415
Noncontrolling Interests	2,099	2,174
Total Net Assets	506,311	532,589
Total	¥ 749,878	¥ 758,124

* The consolidated balance sheets for FY2018 have been reclassified in line with the classification change of the Automotive Electronic Components Business (AEC) to discontinued operations.

Consolidated Statements of Income

OMRON Corporation and Subsidiaries
Years ended March 31, 2018, 2019 and 2020

(Millions of yen)

	FY2017	FY2018	FY2019
Net sales	¥ 732,306	¥ 732,581	¥ 677,980
Costs and Expenses:			
Cost of sales	404,721	407,097	374,278
Selling, general and administrative expenses	201,777	208,895	202,954
Research and development expenses	48,622	49,335	45,988
Other expenses, net	2,053	1,342	2,924
Total	657,173	666,669	626,144
Income before Income Taxes and Equity in Earnings of Affiliates	75,133	65,912	51,836
Income Taxes	19,968	17,016	11,270
Equity in Earnings of Affiliates	(1,754)	1,578	963
Net Income from Continuing Operations	56,919	47,318	39,603
Net Income from Discontinued Operations	6,587	7,673	35,732
Net Income	63,506	54,991	75,335
Net Income Attributable to Noncontrolling Interests	347	668	440
Net Income Attributable to OMRON Shareholders	¥ 63,159	¥ 54,323	¥ 74,895

(Yen)

	FY2017	FY2018	FY2019
Per Share Data:			
Net Income Attributable to OMRON Shareholders:			
Net Income Attributable to OMRON Shareholders from Continuing Operations	¥ 265.89	¥ 223.95	¥ 191.00
Net Income Attributable to OMRON Shareholders from Discontinued Operations	30.96	36.84	174.26
Basic	¥ 296.85	¥ 260.78	¥ 365.26
Diluted	—	—	—

* The consolidated statements of income for FY2018 and FY2017 have been reclassified in line with the classification change of the Automotive Electronic Components Business (AEC) to discontinued operations.

Consolidated Statements of Comprehensive Income

OMRON Corporation and Subsidiaries
Years ended March 31, 2018, 2019 and 2020

(Millions of yen)

	FY2017	FY2018	FY2019
Net Income	¥ 63,506	¥ 54,991	¥ 75,335
Other Comprehensive Income (Loss), Net of Tax:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during the year	3,153	(4,419)	(23,674)
Reclassification adjustment for the portion realized in net income	—	(109)	(119)
Net unrealized gain (loss)	3,153	(4,528)	(23,793)
Pension liability adjustments:			
Pension liability adjustments arising during the year	451	(11,419)	7,033
Reclassification adjustment for the portion realized in net income	2,335	2,556	3,365
Net unrealized gain (loss)	2,786	(8,863)	10,398
Unrealized gains (losses) on available-for-sale securities:			
Unrealized holding gains (losses) arising during the year	3,695	—	—
Reclassification adjustment for the portion realized in net income	(2,034)	—	—
Net unrealized gain (loss)	1,661	—	—
Net gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	(514)	32	77
Reclassification adjustment for the portion realized in net income	920	(73)	(160)
Net unrealized gain (loss)	406	(41)	(83)
Other Comprehensive Income (Loss)	8,006	(13,432)	(13,478)
Comprehensive Income	71,512	41,559	61,857
Comprehensive Income Attributable to Noncontrolling Interests	349	651	368
Comprehensive Income Attributable to OMRON Shareholders	¥ 71,163	¥ 40,908	¥ 61,489

Consolidated Statements of Shareholders' Equity

OMRON Corporation and Subsidiaries
Years ended March 31, 2018, 2019 and 2020

(Millions of yen)

	Number of common shares issued	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity	Noncontrolling Interests	Total net assets
Balance, March 31, 2017	213,958,172	¥ 64,100	¥ 99,138	¥ 17,813	¥ 346,000	¥ (57,363)	¥ (659)	¥ 469,029	¥ 1,728	¥ 470,757
Net Income					63,159			63,159	347	63,506
Cash dividends paid to OMRON Corporation shareholders, ¥76 per share					(16,083)			(16,083)		(16,083)
Cash dividends paid to noncontrolling interests								—	(215)	(215)
Equity transactions with noncontrolling interests and other			6		1			7	(6)	1
Stock-based payment			444					444		444
Transfer to legal reserve				2,127	(2,127)			—		—
Other comprehensive income (loss)						8,004		8,004	2	8,006
Acquisition of treasury stock							(19,030)	(19,030)		(19,030)
Balance, March 31, 2018	213,958,172	64,100	99,588	19,940	390,950	(49,359)	(19,689)	505,530	1,856	507,386
Cumulative impact of the application of FASB Accounting Standards Update 2016-01 and 2018-03*1					7,650	(7,426)		224		224
Balance, April 1, 2018 (reflecting application of FASB Accounting Standards Update 2016-01 and 2018-03)	213,958,172	64,100	99,588	19,940	398,600	(56,785)	(19,689)	505,754	1,856	507,610
Net Income					54,323			54,323	668	54,991
Cash dividends paid to OMRON Corporation shareholders, ¥84 per share					(17,398)			(17,398)		(17,398)
Cash dividends paid to noncontrolling interests								—	(343)	(343)
Equity transactions with noncontrolling interests and other								—	(65)	(65)
Stock-based payment			645					645		645
Transfer to legal reserve				1,886	(1,886)			—		—
Other comprehensive income (loss)						(13,415)		(13,415)	(17)	(13,432)
Acquisition of treasury stock							(25,697)	(25,697)		(25,697)
Balance, March 31, 2019	213,958,172	64,100	100,233	21,826	433,639	(70,200)	(45,386)	504,212	2,099	506,311
Net Income					74,895			74,895	440	75,335
Cash dividends paid to OMRON Corporation shareholders, ¥84 per share					(17,107)			(17,107)		(17,107)
Cash dividends paid to noncontrolling interests								—	(293)	(293)
Equity transactions with noncontrolling interests and other			2					2		2
Change in shareholders' equity due to decrease in consolidated subsidiaries			(74)	(2,386)	2,460			—		—
Stock-based payment*2			360					360		360
Transfer to legal reserve				1,541	(1,541)			—		—
Other comprehensive income (loss)						(13,406)		(13,406)	(72)	(13,478)
Acquisition of treasury stock							(18,541)	(18,541)		(18,541)
Cancellation of treasury stock					(40,578)		40,578	—		—
Balance, March 31, 2020	206,244,872	¥ 64,100	¥ 100,521	¥ 20,981	¥ 451,768	¥ (83,606)	¥ (23,349)	¥ 530,415	¥ 2,174	¥ 532,589

*1 Represents the impact of applying FASB Accounting Standards Update 2016-01 and 2018-03.

*2 Includes ¥(275) million, the amount of decrease in capital surplus due to changes in the estimates of stock-based payment.

Consolidated Statements of Cash Flows

OMRON Corporation and Subsidiaries
Years ended March 31, 2018, 2019 and 2020

(Millions of yen)

	FY2017	FY2018	FY2019
Operating Activities:			
Net Income	¥ 63,506	¥ 54,991	¥ 75,335
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	29,465	30,459	28,605
Net loss (gain) on sale and disposals of property, plant, and equipment	949	(1,098)	(1,487)
Impairment losses on long-lived assets	911	196	498
Net loss on valuation of investment securities	—	563	1,170
Net loss on sale of investment securities	(3,003)	—	43
Impairment losses on investment securities	155	—	—
Termination and Retirement Benefits	2,706	3,818	(436)
Deferred income taxes	(2,607)	(383)	(125)
Equity in earnings of affiliates	(1,754)	1,578	963
Gain on sales of business	14	(407)	(51,450)
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable - trade	(3,210)	(534)	12,944
Decrease (increase) in inventories	(17,409)	(3,491)	10,704
Increase in other assets	(6,113)	(294)	(6,422)
Decrease in notes and accounts payable - trade	4,116	(5,401)	(1,319)
Increase (decrease) in income taxes payable	(614)	(2,775)	15,614
Increase (decrease) in accrued expenses and other current liabilities	6,276	(6,851)	3,570
Other, net	285	874	1,600
Total adjustments	10,167	16,254	14,452
Net Cash Provided by Operating Activities	73,673	71,245	89,787
Investing Activities:			
Proceeds from sale or maturities of investment securities	3,776	465	1,423
Purchase of investment securities	(649)	(602)	(2,344)
Capital expenditures	(38,542)	(39,045)	(37,629)
Decrease (increase) in leasehold deposits, net	(634)	(193)	62
Proceeds from sale of property, plant, and equipment	990	3,475	4,565
Increase in investments in affiliates	—	(498)	(2,231)
Proceeds from sale of business, net of cash paid	(427)	1,817	64,460
Acquisition of business, net of cash acquired	(20,445)	(830)	—
Other, net	89	454	333
Net Cash Provided by (Used in) Investing Activities	(55,842)	(34,957)	28,639
Financing Activities:			
Net borrowings (repayments) of short-term debt	951	2,109	6,365
Dividends paid by the Company	(15,378)	(16,776)	(17,250)
Dividends paid to noncontrolling interests	(215)	(343)	(293)
Acquisition of treasury stock	(18,530)	(25,716)	(18,571)
Other, net	90	(57)	(319)
Net Cash Used in Financing Activities	(33,082)	(40,783)	(29,430)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,248	1,722	(13,713)
Net Increase (Decrease) in Cash and Cash Equivalents	(13,003)	(2,773)	75,283
Cash and Cash Equivalents at Beginning of the Year	126,026	113,023	110,250
Cash and Cash Equivalents at End of the Year	113,023	110,250	185,533
Cash and Cash Equivalents from Discontinued Operations at End of the Year	6,800	6,400	—
Cash and Cash Equivalents from Continuing Operations at End of the Year	¥ 106,223	¥ 103,850	¥ 185,533

* Consolidated statements of cash flows consist of cash flows from continuing operations and cash flows from discontinued operations. We have not presented cash flows separately for discontinued operations.

11-Year Financial and Non-Financial Highlights

OMRON Corporation and Subsidiaries (As of and for the years ended March 31)

Long-Term Management Strategy

Grand Design 2010 (GD2010)				
	FY2009	FY2010	FY2011	FY2012

Financial Indicators:

Operating Results:

Net sales	¥524,694	¥617,825	¥619,461	¥650,461
Gross profit	184,342	231,702	227,887	241,507
Selling, general and administrative expenses (excl. R&D expenses)	133,426	142,365	145,662	152,676
R&D expenses	37,842	41,300	42,089	43,488
Operating income	13,074	48,037	40,136	45,343
EBITDA ^(Note 1)	40,088	71,021	62,753	67,795
Net income (loss) attributable to OMRON shareholders	3,518	26,782	16,389	30,203

Cash Flows:

Net cash provided by operating activities	42,759	41,956	31,946	53,058
Net cash used in investing activities	(18,584)	(20,210)	(26,486)	(28,471)
Free cash flow ^(Note 2)	24,175	21,746	5,460	24,587
Net cash provided by (used in) financing activities	(20,358)	3,333	(33,492)	(18,550)

Financial Position:

Total assets	532,254	562,790	537,323	573,637
Cash and cash equivalents	51,726	74,735	45,257	55,708
Total interest-bearing liabilities	36,612	45,519	18,774	5,570
Total shareholders' equity	306,327	312,753	320,840	366,962

Per Share Data:

Net income (loss) attributable to OMRON shareholders (EPS) (Yen)	16.0	121.7	74.5	137.2
Shareholders' equity	1,391.4	1,421.0	1,457.5	1,667.0
Cash dividends ^(Note 3) (Yen)	17	30	28	37
Dividend payout ratio	106.4%	24.7%	37.6%	27.0%

Other Financial Data:

Gross profit margin	35.1%	37.5%	36.8%	37.1%
Operating income margin	2.5%	7.8%	6.5%	7.0%
EBITDA margin	7.6%	11.5%	10.1%	10.4%
Return on invested capital (ROIC)	1.0%	7.8%	4.8%	8.6%
Return on equity (ROE)	1.2%	8.7%	5.2%	8.8%
Ratio of shareholders' equity to total assets	57.6%	55.6%	59.7%	64.0%
Total return ratio ^(Note 4)	106.7%	25.2%	37.7%	27.0%
Capital expenditures	19,524	23,192	28,341	28,285
Depreciation and amortization	27,014	22,984	22,617	22,452
Ratio of overseas sales	50.7%	51.4%	52.2%	51.1%

Non-Financial Indicators:

Number of employees	36,299	35,684	35,992	35,411
Ratio of overseas employees to total employees	68.1%	67.8%	67.7%	67.4%
Ratio of non-Japanese in managerial positions overseas ^(Note 5)	—	—	34%	36%
Ratio of women in managerial roles (OMRON Group in Japan) ^(Note 6)	—	—	—	1.4%
Number of women in managerial roles	—	—	—	22
Ratio of employees with disabilities (OMRON Group in Japan) ^(Note 7)	2.1%	2.2%	2.2%	2.2%
Number of patents held ^(Note 8)	5,218	5,452	5,959	6,448
Environmental contribution (thousand ton-CO ₂)	—	193	189	313
CO ₂ emissions of production sites (thousand ton-CO ₂)	—	187	193	203
Net sales to CO ₂ emissions (million yen / ton-CO ₂)	—	3.31	3.21	3.21
Greenhouse gas emissions (thousand ton-CO ₂)	—	—	—	—

Note: 1. EBITDA = Operating income + Depreciation and amortization
2. Free cash flow = Net cash provided by operating activities + Net cash used in investing activities
3. Cash dividends per share represent the amounts applicable to the respective year, including dividends to be paid after the end of the fiscal year.
4. Total return ratio = (Total dividends paid + Amount of shares repurchased) / Net income (loss) attributable to OMRON shareholders (does not include repurchases of less than one trading unit)
5. The ratio of local employees to the number of important positions determined by OMRON depending on the size of the overseas OMRON Group companies, concurrent positions for governance and development positions are excluded.
6. Figures represent results as of April 20.
In the domestic OMRON group, the number of women in managerial positions ratio.
7. Figures represent results as of June 20.
Group companies in Japan that must observe the "Promotion of the Employment of Persons with Disabilities Law"
(June 2019: including 20 consolidated subsidiaries) and follow the law's method of calculation of the ratio of employment of persons with disabilities.
8. Patent information is as of March 31 each year.

★ Indicates assurance performed by independent third party.

☆ Indicates verification or review performed by independent third party.

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Value Generation 2020 (VG2020)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
(Millions of yen)							
	¥772,966	¥847,252	¥833,604	¥794,201	¥732,306	¥732,581	¥677,980
	297,208	332,607	320,812	312,161	327,585	325,484	303,702
	181,225	198,103	205,735	193,093	201,777	208,895	202,954
	47,928	47,913	52,790	50,539	48,622	49,335	45,988
	68,055	86,591	62,287	68,529	77,186	67,254	54,760
	93,144	114,930	93,747	97,495	101,501	92,609	80,466
	46,185	62,170	47,290	45,987	63,159	54,323	74,895
	79,044	77,057	84,207	77,875	73,673	71,245	89,787
	(31,125)	(39,517)	(67,116)	(15,041)	(55,842)	(34,957)	28,639
	47,919	37,540	17,091	62,834	17,831	36,288	118,426
	(16,298)	(29,303)	(31,550)	(15,012)	(33,082)	(40,783)	(29,430)
	654,704	711,011	683,325	697,701	744,952	749,878	758,124
	90,251	102,622	82,910	126,026	106,223	103,850	185,533
	488	0	0	156	298	2,086	1,593
	430,509	489,769	444,718	469,029	505,530	504,212	530,415
	209.8	283.9	219.0	215.1	296.9	260.8	365.3
	1,956.1	2,254.4	2,080.0	2,193.7	2,400.4	2,455.2	2,626.6
	53	71	68	68	76	84	84
	25.3%	25.0%	31.1%	31.6%	25.6%	32.2%	23.0%
	38.5%	39.3%	38.5%	39.3%	44.7%	44.4%	44.8%
	8.8%	10.2%	7.5%	8.6%	10.5%	9.2%	8.1%
	12.1%	13.6%	11.2%	12.2%	14.6%	12.6%	11.9%
	11.3%	13.4%	9.7%	10.3%	12.7%	10.6%	14.1%
	11.6%	13.5%	10.1%	10.1%	13.0%	10.8%	14.5%
	65.8%	68.9%	65.1%	67.2%	67.9%	67.2%	70.0%
	25.3%	49.1%	62.7%	31.6%	48.2%	79.5%	47.7%
	33,653	38,143	36,859	25,692	33,027	35,661	33,110
	25,089	28,339	31,460	28,966	24,315	25,355	25,706
	55.4%	60.1%	60.3%	58.4%	57.3%	56.5%	54.1%
	36,842	37,572	37,709	36,008	36,193	35,090	28,006
	69.1%	69.7%	69.3%	68.3%	68.1%	67.6%	62.2%
	42%	42%	46%	49%	49%	62%	70% ★
	1.5%	1.8%	1.9%	2.3%	3.3%	3.6%	5.2%
	23	27	30	36	53	59	85
	2.4%	2.4%	2.4%	2.5%	2.6%	2.5%	2.8% ★
	6,635	7,194	7,686	8,224	8,774	9,782	10,087
	661	851	508	593	659	1,055	971 ☆
	215	221	202	202	204	193	135
	3.60	3.83	4.12	3.94	4.22	4.47	5.02 ☆
	—	—	—	250	271	235	166 ☆

Operating Income

OMRON applies the single step presentation of income under U.S. GAAP (that is, the various levels of income are not presented) in its consolidated statements of income. For comparison with other companies, operating income is presented as gross profit less selling, general and administrative expenses and research and development expenses.

Changes in Accounting Policies

With the company's adoption of US GAAP in fiscal 2018, we have reclassified consolidated statements of income for fiscal years 2016 and later for presentation herein.

Financial Data Reclassification

The Automotive Electronics Components Business (AEC) was transferred, and the AEC business was classified as a "discontinued business." Accordingly, some financial data for fiscal 2017 and 2018 have been reclassified.

Corporate Information As of March 31, 2020

Established

May 10, 1933

Incorporated

May 19, 1948

Capital

¥64,100 million

Number of Employees (Consolidated)

28,006

Common Stock

Issued 206,245 thousand shares

Trading Unit 100 shares

Number of Shareholders 32,238

Stock Listings

Tokyo Stock Exchange, Frankfurt

Stock Exchange

Securities Code

6645

Fiscal Year-End

March 31

Annual Shareholders' Meeting

June

Custodian of Register of

Shareholders

Mitsubishi UFJ Trust and Banking Corporation

Depository and Transfer Agent for American Depositary Receipts

JPMorgan Chase Bank, N.A.

Head Office

Shiokoji Horikawa,

Shimogyo-ku, Kyoto

600-8530, Japan

Tel : +81-75-344-7000

Fax: +81-75-344-7001

Major Manufacturing & Development, Sales & Marketing, and Research & Development Centers in Japan

Manufacturing & Development

Kusatsu Office

Okayama Office

Ayabe Office

Yasu Office

Research & Development

Keihanna Technology

Innovation Center

Sales & Marketing

Tokyo Office

Osaka Office

Nagoya Office

Mishima Office

Subsidiaries and Affiliates

OMRON SOCIAL SOLUTIONS Co., Ltd.

OMRON HEALTHCARE Co., Ltd.

OMRON RELAY & DEVICES Co., Ltd.

OMRON SWITCH & DEVICES Co., Ltd.

OMRON AMUSEMENT CO., Ltd

OMRON FIELD ENGINEERING Co., Ltd.

OMRON SOFTWARE Co., Ltd.

OMRON ASO Co., Ltd.

OMRON EXPERTLINK Co., Ltd.

Regional Headquarters

North America

OMRON MANAGEMENT

CENTER OF AMERICA

(United States of America, Illinois)

Europe

OMRON MANAGEMENT

CENTER OF EUROPE

(The Netherlands, North Holland)

Greater China

OMRON MANAGEMENT

CENTER OF CHINA (Shanghai)

Asia Pacific

OMRON MANAGEMENT

CENTER OF ASIA PACIFIC

(Singapore)

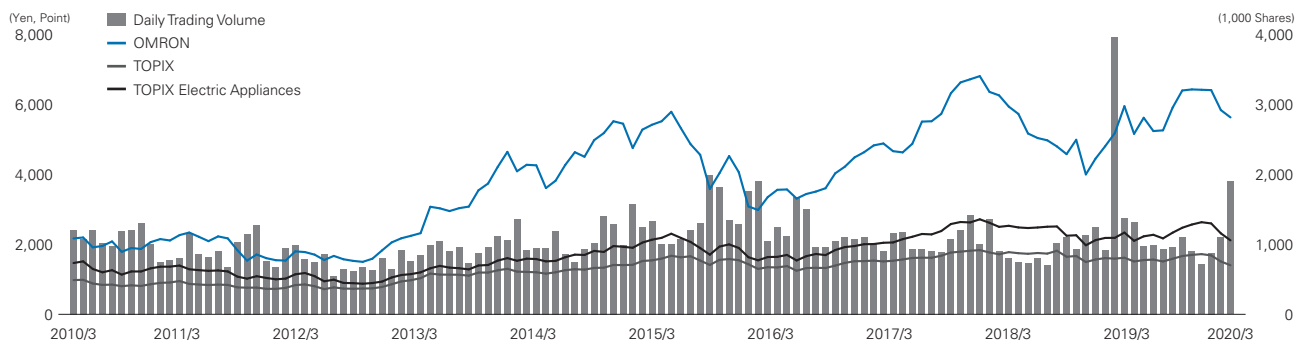
Korea

OMRON MANAGEMENT

CENTER OF KOREA (Seoul)

Stock Information

Share Price and Volume



† OMRON share prices prior to July 16, 2013 reflect prices on the First Section of the Osaka Securities Exchange. Share prices on July 16, 2013 and later reflect prices on the First Section of the Tokyo Stock Exchange.

Total Shareholder Return (TSR*¹)

FY	2015	2016	2017	2018	2019
OMRON	63.1%	92.6%	119.4%	101.0%	110.9%
TOPIX	89.2%	102.3%	118.5%	112.5%	101.8%
TOPIX Electric Appliances	78.4%	99.5%	123.7%	110.4%	108.9%

*¹ Represents total investment return to shareholders, combining capital gains and dividends.

The calculation of this figure is a required disclosure under Cabinet Office Ordinance.

† This figure reflects period-end value for fiscal years beginning with fiscal 2015, assuming an investment at the fiscal 2014 year-end closing price.

52-Week High / Low, Volatility*²

FY	High (¥)	Low (¥)	Volatility (%)
2019	6,870	4,410	32.3
2018	6,300	3,740	34.5
2017	7,670	4,385	27.1
2016	5,120	3,045	32.5
2015	5,900	2,742	40.0
2014	5,800	3,365	30.9
2013	4,730	2,213	39.7
2012	2,478	1,436	29.9
2011	2,357	1,381	36.5
2010	2,418	1,749	34.7

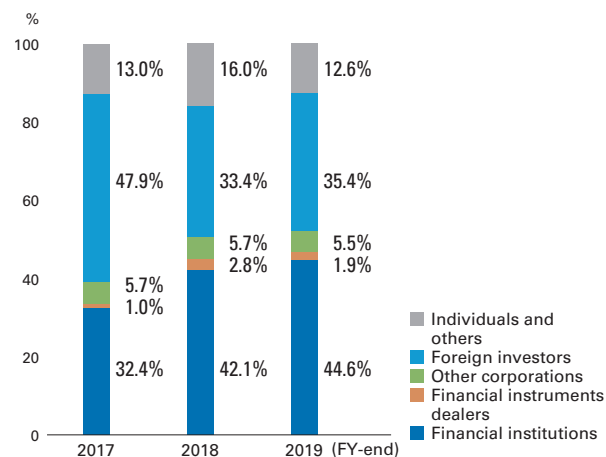
*² Volatility: Price fluctuation risk expressed in standard deviations

Dividends per Share / Payout Ratio

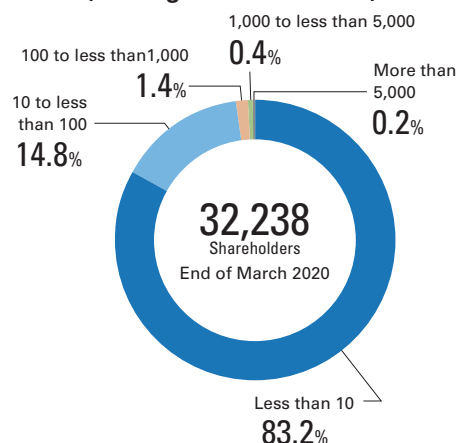
FY	Dividends per Share (¥)	Payout Ratio (%)
2019	84	23.0
2018	84	32.2
2017	76	25.6
2016	68	31.6
2015	68	31.1
2014	71	25.0
2013	53	25.3
2012	37 ^{*3}	27.0
2011	28	37.6
2010	30	24.7

*³ Including ¥5.0 per share of 80th anniversary memorial dividend

Ownership and Distribution of Shares



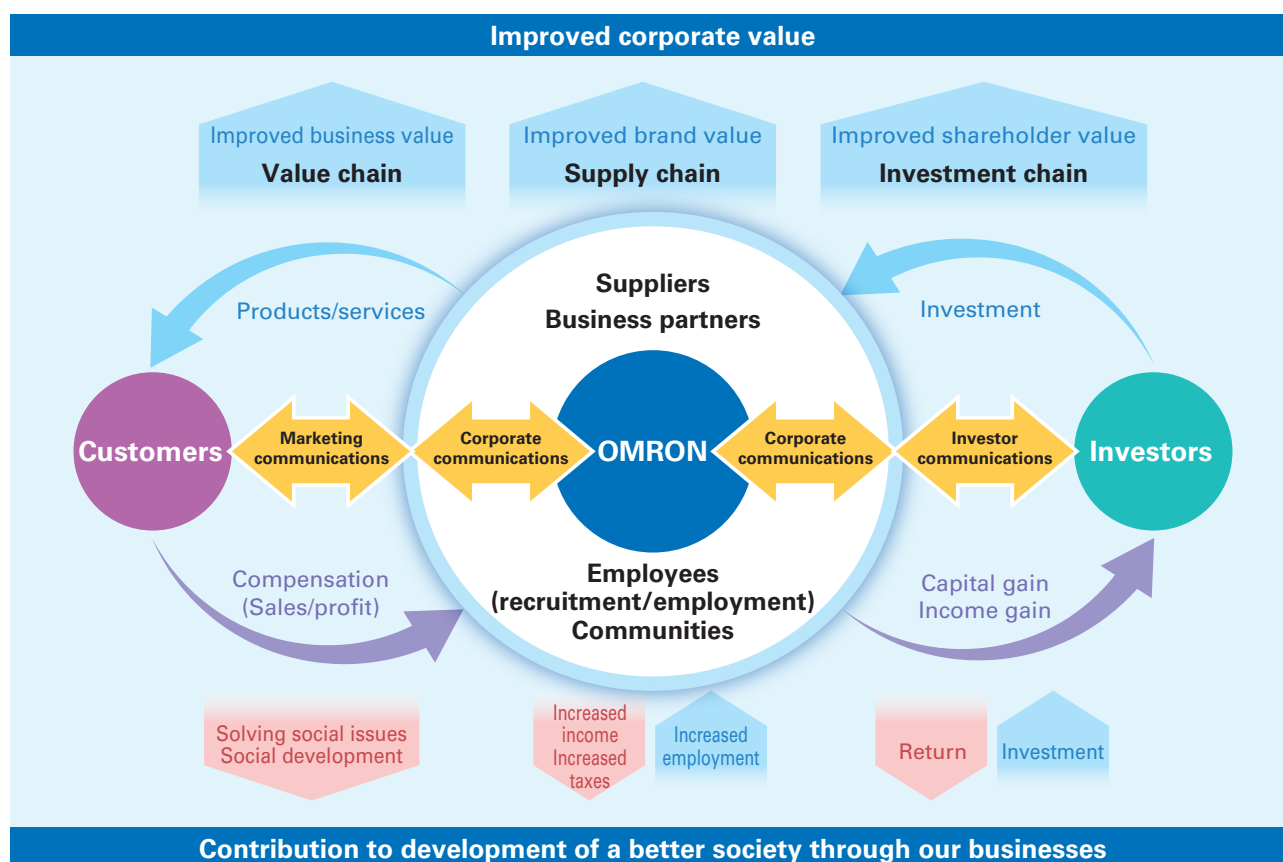
Shareholder Distribution by Number of Shares Held (Trading unit: 100 shares)



Responsible Engagement With Our Stakeholders

As stated in our Sustainability Policy, OMRON cultivates strong relationships with our stakeholders through responsible engagement. We see these strong relationships as invisible assets important for our sustainable growth. These relationships are also an indispensable part of creating innovation driven by social needs. We engaged in responsible Dialogues with our stakeholders to improve corporate value and contribute to a better society through our businesses by using marketing, corporate, and investor communications.

Responsible Engagement with Our Stakeholders



Case Studies: Dialogues with Stakeholders

Marketing communications / Dialogues with customers

In the Healthcare Business, we are promoting dialogue with healthcare professionals and consumers to spread the importance of home blood pressure monitoring. In fiscal 2019, we expanded our activities globally, holding educational programs for healthcare professionals called “OMRON Academy” in 12 locations across India and blood pressure measurement events for consumers in 10 cities. We will continue to promote achieving “zero events (zero cerebrovascular and cardiovascular events)” in various locations by having people understand the importance of home blood pressure monitoring and utilize these events for medical care.



The OMRON Academy

Corporate communications / Dialogues with suppliers

Every year, OMRON holds a Global Partner Conference with representatives for major suppliers. At this conference, we share details of our management policy initiatives, business structures, procurement policies, and sustainable procurement practices. A total of 110 supplier companies participated in the May 2019 conference, showing that sustainable procurement efforts are progressing smoothly. We asked suppliers to continue working with OMRON to contribute a sustainable society throughout the supply chain.



Global Partner Conference
(May 2019)

Corporate communications / Dialogues with business partners

At OMRON, we strive to create business through co-creation with business partners. Industrial Automation Business is conducting trials utilizing the fifth-generation mobile communication system (5G) in factories and other manufacturing sites under the collaborative efforts of NTT DOCOMO, NOKIA, and OMRON. We jointly evaluate the usefulness and possibilities of 5G with the aim of solving the challenges facing the manufacturing industry and developing communications technology required in manufacturing sites of the future.



Announcement of joint trial by three companies (September 2019)

Corporate communications / Dialogues with employees

Since 2016, OMRON has been conducting the engagement survey VOICE that aims to listen directly to feedback from our global employees, identify management issues, and take actions to solve those issues. In fiscal 2019, we introduced an application program for personnel transfer in response to requests from employees in the fiscal 2018 survey. The application program provides employees with opportunities to advertise their talents and transfer to other department to challenge themselves in even if there are no job openings. By reflecting the opinions of employees, we will work to create a company where employees can play an active role.



A poster calling on employees to reply to VOICE

Corporate communications / Dialogues with communities

OMRON is working to solve community-specific social issues. In March 2020, the Social Systems, Solutions and Service Business signed a comprehensive collaboration agreement with Uki City, Kumamoto Prefecture to mutually engage in a collaborative effort to realize Society 5.0 that solves regional issues with new technologies. We will contribute to developing sustainable towns through the introduction of management systems that utilize IoT for disaster prevention sensors and the introduction of renewable energy management systems to public facilities.



Comprehensive collaboration agreement signed with Uki City (March 2020)

Investor communications / Dialogues with investors

OMRON strives to raise corporate value through dialogues with shareholders and investors. In fiscal 2019, we held the 82nd Ordinary General Meeting of Shareholders, as well as the third ESG Meeting. At the ESG Meeting, we took the opportunity to explain OMRON's business, initiatives for human resources centered on management based on the OMRON Principles, climate change initiatives, and corporate governance. We fielded many questions and listened to opinions from the shareholders and investors who participated in the meeting. Also, we implemented a total of 680 interviews with institutional investors in fiscal 2019. The knowledge we received from interactions with our shareholders and investors has led to improvements in our management initiatives.



The 82nd Ordinary General Meeting of Shareholders (June 18, 2019)



Fiscal 2019 ESG Meeting
(February 17, 2020)

OMRON Recognitions

OMRON Innovations Recognized



Selected as Top 100 Global Innovator 2019

OMRON was selected for a fourth consecutive year from fiscal 2016 as a Top 100 Global Innovator, an award recognizing the best 100 innovative companies and research institutes.



Coverage in Various Indexes

We are honored to have been included for the tenth consecutive year in the Dow Jones Sustainability (DJSI) Asia/Pacific Index from 2010 and for the third consecutive year in the DJSI World Index from fiscal 2017. We have also been included for the sixth consecutive year in the MSCI ESG Leaders Index from 2015 and for the fifth consecutive year in the FTSE4Good Index Series. We have also been included in a range of other indexes.

ESG Indexes



With the commencement of ESG investing by the Japan Government Pension Investment Fund (GPIF), OMRON was selected as a component member of three ESG indexes in July 2017 for the fourth consecutive year. In 2018, we were also selected for the S&P/JPX Carbon Efficient index for the second consecutive year.



**2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

**2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

Major Indexes in Japan

Since March 2019, we have been included as one of the 225 stocks that make up the Nikkei Stock Average.



OMRON Contributions to Sustainability Recognized

Designated 2020 Health & Productivity Stock Selection

OMRON was recognized for the second consecutive year as a Health Management Brand stemming from our OMRON Employee Health Management Declaration (led by senior management) and the OMRON Health White Paper (visualization of employee health).



Selected as a Nadeshiko Brand

OMRON was recognized for our engagement in diversity promotion activities for the third consecutive year.



Received the SDGs Strategy/ Economic Value Award at the Nikkei SDGs Management Grand Prix

OMRON was recognized and awarded for our company-wide efforts to put the OMRON Principles and management based on the OMRON Principles into practice.



Awarded Gold rating, the highest distinction from EcoVadis, for sustainability for the first time

OMRON was highly recognized and awarded for our approaches in environmental fields in CSR activities.



OMRON Communications Recognized

Received the Winners Award at the Japan Branding Awards 2019

We received a high evaluation as a "company that implements excellent branding" selected by Interbrand Japan.



Ranked No.45 in Best Japan Brands 2020

We were included in the Japan business brand evaluation ranking announced each year by Interbrand Japan for the third consecutive year and our brand was valued at ¥88.0 billion.

