

Outlook for Fiscal 2024

The business environment for OMRON in fiscal 2024 will likely remain uncertain owing to global inflation and persisting geopolitical risks in Europe, Russia, the Middle East, and elsewhere.

In the business domains in which OMRON operates, gradual recovery in demand is expected in the second half of the year for the Industrial Automation Business and the Device & Module Solutions Business. Meanwhile, the market for the Healthcare Business is expected to grow steadily, and the Social Systems, Solutions and Service Business is also expected to continue benefitting from a favorable business environment.

Given these circumstances, OMRON forecasts an increase in net sales and operating income as a result of restructuring the foundation for earnings and growth under Structural Reform Program NEXT 2025. On the other hand, we expect income before income taxes to decrease since we have included a one-time cost of approximately JPY 28.0 billion resulting from a workforce reduction of 2,000 employees in the forecast.

In fiscal 2024, we will accelerate initiatives to complete Structural Reform Program NEXT 2025 under the companywide policy of "All for Creating Customer Value: Focus all actions on creating value for customers and restructure the foundation for earnings and growth." In view of these initiatives, plans call for net sales of JPY 825.0 billion (up 0.8% year on year), a gross profit margin of 44.7% (up 2.4 percentage points year on year), and operating income of JPY 49.0 billion (up 42.7% year on year) for fiscal 2024.

(Billions of yen, except exchange rate data and percentages)						
	FY2023		FY2024 (Plan)		Change	
Net sales	JPY 818.8		JPY 825.0		+0.8%	
Gross profit (Gross profit margin)	JPY 346.5 (42.3%)		JPY 368.5 (44.7%)		+6.4% (+2.4P)	
Operating income (Operating income margin)	JPY 34.3 (4.2%)		JPY 49.0 (5.9%)		+42.7% (+1.7P)	
Net Income Before Income Taxes	JPY 35.0		JPY 21.0		-39.9%	
Net income attributable to OMRON shareholders	JPY 8.1		JPY 8.5*		+4.9%	
Average USD exchange rate (Yen)	JPY 143.9		JPY 145.0		+JPY 1.1	
Average EUR exchange rate (Yen)	JPY 156.3		JPY 155.0		-JPY 1.3	
Average RMB exchange rate (Yen)	JPY 20.1		JPY 20.0		-JPY 0.1	

* Reflects non-operating expenses of approximately 28.0 billion yen as expenses such as special lump-sum payments associated with "optimizing the number of personnel and capabilities" in structural reforms

	Net sales			Operating income		
	FY2023	FY2024 (Plan)	Change	FY2023	FY2024 (Plan)	Change
Industrial Automation Business (IAB)	JPY 393.6	JPY 355.0	-9.8%	JPY 21.5 (5.5%)	JPY 27.5 (7.7%)	+27.9% (+2.2P)
Healthcare Business (HCB)	JPY 149.7	JPY 161.0	+7.5%	JPY 18.5 (12.3%)	JPY 22.0 (13.7%)	+18.9% (+1.4P)
Social Systems, Solutions and Service Business (SSB)	JPY 141.6	JPY 154.5	+9.1%	JPY 14.0 (9.9%)	JPY 17.0 (11.0%)	+21.4% (+1.1P)
Device & Module Solutions Business (DMB)	JPY 114.4	JPY 110.0	-3.8%	JPY 3.1 (2.8%)	JPY 4.0 (3.6%)	+29.0% (+0.8P)
Data Solution Business (DSB)	JPY 17.4	JPY 43.0	+147.1%	JPY 2.2 (12.6%)	JPY 3.0 (7.0%)	+36.4% (-5.6P)
Eliminations and Corporate	JPY 2.1	JPY 1.5	-28.6%	-JPY 24.2	-JPY 24.5	-1.2%
Risk of performance fluctuations	-	-	-	-	-	-
Total	JPY 818.8	JPY 825.0	+0.8%	JPY 34.3 (4.2%)	JPY 49.0 (5.9%)	+42.7% (+1.7P)

■ Industrial Automation Business (IAB)

Net Sales	We expect investment demand related to semiconductors to recover beginning in the third quarter, centering on Japan and Korea. At the same time, we assume that the recovery in demand for investment in other industries will be gradual. We believe that in the first half of the year, our distributors will generally reach normalization of inventory levels that have remained at high to date. Given the circumstances, we project a year-on-year decrease in sales to JPY 355.0 billion in fiscal 2024.
Operating Income	Despite lower net sales compared with the fiscal year under review, we forecast an increase in operating income to JPY 27.5 billion in fiscal 2024 through improvement of gross profit margin and optimization of fixed costs by steady implementation of structural reform.

■ Healthcare Business (HCB)

Net Sales	As the number of patients suffering from chronic diseases continues to increase worldwide, we expect rising global demand for blood pressure monitors and other health devices. In these circumstances, we intend to boost sales through expansion of online channels globally and to capture growing demand in emerging countries. We expect net sales in fiscal 2024 to increase year on year to JPY 161.0 billion owing to growing sales of ECG monitors in Japan, Europe, the U.S., and China, as well as focused product development in response to local needs in each area.
Operating Income	We expect operating income to increase year on year to JPY 22.0 billion in fiscal 2024, owing to prudent fixed cost management, improved profit margins resulting from changes in the sales composition, and cost reductions related to logistics expenses, in addition to the increase in sales.

■ Social Systems, Solutions and Service Business (SSB)

Net Sales	In view of soaring energy prices and ongoing initiatives to achieve carbon neutrality, we expect demand for renewable energy in the residential and industrial domains of the Energy Solutions Business to remain firm. The Public Transportation System Business should benefit from customers' continued robust capital investment. As a result, we project a year-on-year increase in sales to JPY 154.5 billion in fiscal 2024.
Operating Income	We expect operating income to increase to JPY 17.0 billion in fiscal 2024 owing to sales growth and improved productivity.

■ Device & Module Solutions Business (DMB)

Net Sales	While a moderate recovery in demand from semiconductor-related industries is in prospect, we expect demand for the consumer industry to remain weak as customers continue to adjust inventories. We do not expect normalization of inventory levels until the third quarter or later. We expect these developments will result in a year-on-year decrease in net sales to JPY 110.0 billion in fiscal 2024.
Operating Income	While we forecast a decrease in sales, operating income for fiscal 2024 is expected to increase to JPY 4.0 billion owing to business structure reform that includes price optimization and fixed cost reductions.

■ Data Solution Business (DSB)

Net Sales	As regards the JMDC Inc. business, we expect the trend toward increased medical data use, mainly by pharmaceutical companies, to continue. We also expect further growth in demand for services for insurers and consumers as individuals become more conscious of health and prevention. We expect net sales for fiscal 2024 to increase significantly to JPY 43.0 billion, reflecting the full-year contribution of JMDC Inc. to this segment.
Operating Income	We expect operating income to increase to JPY 3.0 billion in fiscal 2024 owing to an increase in sales. Our forecasts for this segment also incorporate growth investments to create new data services. (This segment includes the financial results of JMDC Inc., as well as the amortization of intangible assets identified in the consolidation of JMDC Inc. and financial figures related to the Data Solution Business promoted by OMRON.)