



April 16, 2019

Company name: OMRON Corporation

Representative: Yoshihito Yamada, President and CEO

Stock Code: 6645

Stock exchanges: Tokyo (First Section)

Contact: Koji Nitto, Senior General Manager

Global Strategy Headquarters

Phone: +81-75-344-7175

## **Notice about the Transfer (Share Transfer, etc.) of Our Consolidated Subsidiary**

We hereby announce that the Omron Corporation Board of Directors meeting held on April 16, 2019 approved a resolution to transfer all of OMRON's shares in OMRON Automotive Electronics Co., Ltd. ("OAE") to Nidec Corporation ("Nidec") together with other related transactions and a sale and purchase agreement (the "Sale and Purchase Agreement") for this share transfer (the "Share Transfer") was executed as follows.

### **1. Reason for the Share Transfer, etc.**

OAE started its business in 1983 as an automotive electronics components division of OMRON Corporation (which was then OMRON Tateisi Electronics) ("OMRON") and since then it has contributed to the development of the automotive industry by developing the world's first infrared keyless entry system and electric power steering system. In 2010, OAE was split from OMRON and became its wholly-owned subsidiary and today, with four core businesses comprising body control systems, motor control systems, active safety systems and power control systems, OAE serves the needs of consumers and society.

Presently, with the technological innovation known as "CASE (Connected, Autonomous, Shared and Electric)" and the evolution of the business model in the background, the automotive and the automotive components industry have commenced a once-in-a-century transformation and the structure of these industries has begun to change incredibly. In order for OAE to take advantage of this transformation and develop with it, OAE not only needs to

strengthen its existing business (body electronic components and motor control systems) and expand them globally, but it must also further develop technology and products that can be adapted to the new mobile society anticipated to result from CASE. In particular, in order to remain competitive against other strong suppliers, including mega-suppliers in the CASE market, it is indispensable for OAE to make investments on a much larger scale than before in terms of quality and quantity.

In order for OAE to continue to address the social issues in the automobile industry in the future as an independent automotive electronics components manufacturer in such a drastically changing environment, we determined that we must create new and greater value by facilitating the merger of OAE's renowned control technology and products with the synergistic technology and products of another company. Specifically, we concluded that the best option for OAE is to accelerate its business together with other companies that define the automotive components as a field of growth, have the investment appetite and capacity, and have solid technology and products in the CASE field.

Nidec is one of the world's leading motor manufacturing companies, places the automotive motor business as one of its strategically material businesses, and has been expanding its business through various investments. Through the Transactions (to be defined below) including the Share Transfer, we can expect further growth through substantial synergy effects, such as development of value-added products by combining Nidec's motor and OAE's control technologies, and function enhancement by mutually utilizing both companies' customer bases and global manufacturing capacities.

As stated above, we believe that the Transactions including the Share Transfer will deliver greater value to customers, the automotive industry and society as well as to OAE and its employees. OMRON will concentrate its management resources through portfolio management addressed in ROIC management, and achieve development of the control device business and healthcare business that it particularly emphasizes.

## 2. Summary of the Transferred Subsidiary

(1)	Company name	OMRON Automotive Electronics Co., Ltd.		
(2)	Location	6368 Nenjouzaka, Okusa, Komaki-shi, Aichi		
(3)	Name and title of representative	Katsuhiro Wada President and CEO		
(4)	Description of business	Manufacturing and sales of automotive electronics components		
(5)	Share capital	5 billion yen		
(6)	Date of incorporation	May 6, 2010		
(7)	Major shareholders and holding ratio	OMRON Corporation 100.00%		
(8)	Relationship between OMRON and OAE	Capital relationship	OMRON holds 100% of the shares in OAE.	
		Personnel relationship	Three (3) executives of OMRON concurrently serve as directors of OAE, and one (1) executive of OMRON concurrently serves as an auditor of OAE.	
		Business relationship	Loan of working capital, etc.: short-term loan of 8,269 million yen. Purchase of products, etc.: accounts payable of 870 million yen. Exchange reservation (year-end outstanding contract amount): 8,793 million yen.	
(9)	Operating results and financial condition of OAE for the last three (3) years (unconsolidated)			
	Fiscal year	FY ended 3/31/2016	FY ended 3/31/2017	FY ended 3/31/2018
	Net assets	25,176 million yen	24,067 million yen	26,480 million yen
	Total assets	38,921 million yen	37,314 million yen	40,357 million yen
	Net asset per share	252 thousand yen	241 thousand yen	265 thousand yen
	Sales	39,208 million yen	36,727 million yen	36,327 million yen
	Ordinary profit	2,834 million yen	685 million yen	1,092 million yen
	Net profit for the period	552 million yen	769 million yen	3,610 million yen
	Net profit for the period per share	6 thousand yen	8 thousand yen	36 thousand yen

Through the Share Transfer, OAE's subsidiaries, i.e., OMRON (GUANGZHOU) AUTOMOTIVE ELECTRONICS CO., LTD., OMRON AUTOMOTIVE ELECTRONICS

KOREA CO., LTD., and seven (7) other companies, will also cease to be subsidiaries of OMRON. In addition, simultaneous with the Share Transfer, the shares, etc. of OMRON's subsidiaries, OMRON AUTOMOTIVE ELECTRONICS de Mexico, S. de R.L. de C.V. ("OAX"<sup>(Note)</sup>) and OMRON COMPONENTS AUTOMOTIVOS LTDA. (collectively, the "Transferred Foreign Subsidiaries"), will be transferred to Nidec or its subsidiaries, etc., as a result of which the Transferred Foreign Subsidiaries will cease to be subsidiaries of OMRON, and the automotive electronics components business of OMRON's subsidiaries, OMRON VIETNAM CO., LTD., PT. OMRON MANUFACTURING OF INDONESIA, and OMRON HONG KONG LTD. (collectively, the "Transferred Foreign Business") will also be transferred to Nidec or its subsidiaries, etc. (the Share Transfer, and the transfer of the shares, etc., of the Transferred Foreign Subsidiaries and Transferred Foreign Business shall be collectively referred to as the "Transactions").

(Note) With respect to the transfer of the ownership quotas in OAX, which is OMRON's subsidiary, this transfer alone is subject to an additional timely disclosure requirement as the transfer of an OMRON subsidiary. Therefore, we hereby provide the description of OAX as follows.

(1)	Company name	OMRON AUTOMOTIVE ELECTRONICS de Mexico, S. de R.L. de C.V.	
(2)	Location	Av. Paraiso No. 344 Parque Industrial y de Negocios Las Colinas Silao, Guanajuato C.P. 36270 Mexico	
(3)	Name and title of representative	Randy Wara President	
(4)	Description of business	Manufacture of automotive electronic components	
(5)	Quote share capital	1,115 million Mexican pesos (6,421 million yen)	
(6)	Date of incorporation	February 25, 2008	
(7)	Amount of ownership quotas	OMRON Mexico, S.A. de C.V.	1,115 million Mexican pesos (6,421 million yen)
		OMRON Automotive Electronics Co., Ltd.	0.002 million Mexican pesos (0.01 million yen)
(8)	Relationship between OMRON and OAX	Capital relationship	OMRON's subsidiaries contribute 100% of the capital.
		Personnel relationship	One (1) executive of OMRON concurrently serves as director of OAX.

	Business relationship	There is no important business relationship between OMRON and OAX.	
(9) Operating results and financial condition of OAX for the last three (3) years (unconsolidated) (in millions of Mexican pesos)			
Fiscal year	FY ended 12/31/2015	FY ended 12/31/2016	FY ended 12/31/2017
Net assets	219 (1,261 million yen)	688 (3,961 million yen)	1,166 (6,717 million yen)
Total assets	403 (2,320 million yen)	1,649 (9,501 million yen)	1,798 (10,356 million yen)
Sales	488 (2,813 million yen)	2,959 (17,043 million yen)	3,767 (21,698 million yen)
Before tax profit	18 (102 million yen)	10 (57 million yen)	130 (747 million yen)
Net profit for the period	14 (79 million yen)	(50) ((287) million yen)	119 (684 million yen)

(Reference) one (1) Mexican peso = approximately 5.8 yen (exchange rate as of the end of December 2017)

(Reference) Automotive electronics components business (automotive business) segment information (in millions of yen)

Fiscal year	FY ended 3/31/2016	FY ended 3/31/2017	FY ended 3/31/2018
Sales	140,546	132,562	133,186
Segment profits	7,342	7,127	5,816
Assets	76,421	81,024	89,048

### 3. Summary of the counterparty to the Share Transfer

(1)	Company name	Nidec Corporation	
(2)	Location	338 Kuzetonoshiro-cho, Minami-ku, Kyoto-shi, Kyoto	
(3)	Name and title of representative	Shigenobu Nagamori Chairman and CEO	
(4)	Description of business	Development, manufacturing, and sales of small precision motors, automotive motors, home appliance motors, commercial and industrial motors, motors for machinery, electronic and optical components, and other related products	
(5)	Share capital	87,784 million yen (as of December 31, 2018)	
(6)	Date of incorporation	July 23, 1973	
(7)	Consolidated net assets	1,002,645 million yen (as of December 31, 2018)	
(8)	Consolidated total assets	1,882,860 million yen (as of December 31, 2018)	
(9)	Major shareholders and holding ratio (as of September 30, 2018)	Shigenobu Nagamori	8.40%
		Japan Trustee Services Bank, Ltd. (trust account)	6.18%
		The Master Trust Bank of Japan, Ltd. (trust account)	5.35%
		The Bank of Kyoto, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	4.21%
		SN Kosan, Co., Ltd.	3.43%
		SSBTC Client Omnibus Account (Standing proxy: HSBC Tokyo Branch)	2.99%
		MUFJ Bank, Ltd.	2.52%
		Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2.23%
		Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	2.17%
		Japan Trustee Services Bank, Ltd. (5 trust accounts)	1.59%
(10)	Relationship between OMRON and Nidec	Capital relationship	N/A
		Personnel relationship	N/A
		Business relationship	N/A
		Applicability to related parties	N/A

#### 4. Number of transferred shares, transfer price, and ownership of the shares before and after the transfer

Pursuant to the Sale and Purchase Agreement, all shares held by OMRON in OAE (number of shares held before the transfer: 100,000 shares; number of voting rights held before the transfer: 100,000; holding ratio of the voting rights before the transfer: 100.00%) will be transferred to Nidec, and all shares, etc. of the Transferred Foreign Subsidiaries, including company quotas held directly or indirectly by OMRON and OAE in OAX (number of quotas held in OAX before the transfer: 2 (equivalent to 1,115 million Mexican pesos (6,421 million yen)), number of voting rights held in OAX before the transfer: 2; holding ratio of the voting rights held in OAX before the transfer: 100.00%) will be transferred to Nidec or its subsidiaries, etc. respectively.

After the transfer, OMRON will no longer hold any shares, quotas or ownership interests in OAE or the Transferred Foreign Subsidiaries (number of shares, etc. held after the transfer: 0; number of voting rights held after the transfer: 0; holding ratio of the voting rights held after the transfer: 0.00%).

It is expected that the transfer price (the total amount of consideration for the Transactions including the portion equivalent to the consideration for the Share Transfer and the transfer of shares, etc. of the Transferred Foreign Subsidiaries including OAX and the Transferred Foreign Business) will be approximately 100 billion yen.<sup>(Note)</sup>

(Note) The transfer price is scheduled to be finalized based on conditions indicated in the Sale and Purchase Agreement including financial figures, etc. and is subject to further adjustment.

#### 5. Schedule

(1) Date of board resolution	April 16, 2019
(2) Date of execution of the Sale and Purchase Agreement	April 16, 2019
(3) Closing date for the Transactions	To be decided (but is currently projected to occur by the end of October, 2019)

(Note) The Transactions are subject to antitrust approval of the relevant authority in each country and other conditions and the closing date for the Transactions is yet to be decided.

## **6. Future projections**

After the closing of the Transactions, it is projected that OAE and the Transferred Foreign Subsidiaries including OAX will become beyond the scope of the consolidated OMRON group and will become subsidiaries of Nidec. The effect of the Transactions on OMRON's performance is currently under review and we will promptly disclose any matter that needs to be disclosed as required.

END