



NOMURA Asia Equity Forum

OMRON's Business Strategy

July 8, 2008

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**President and CEO
OMRON Corporation**



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Notes:

1. The consolidated statements of Omron Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results and future developments are based on information available to the Company at present, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to, (i) economic conditions affecting the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Omron Group to develop new technologies and new products, (iv) major changes in the fund-raising environment, (v) tie-ups or cooperative relationships with other companies, and (vi) movements in currency exchange rates and stock markets.

1. Corporate Profile

Corporate Profile

**Business
Inauguration**

May 10, 1933

Sales

763.0 billion yen (FY2007)

**Operating
Income**

65.3 billion yen (FY2007)

Assets

617.4 billion yen (FY2007)

Rating

A1 (By Moody's Investors Service)

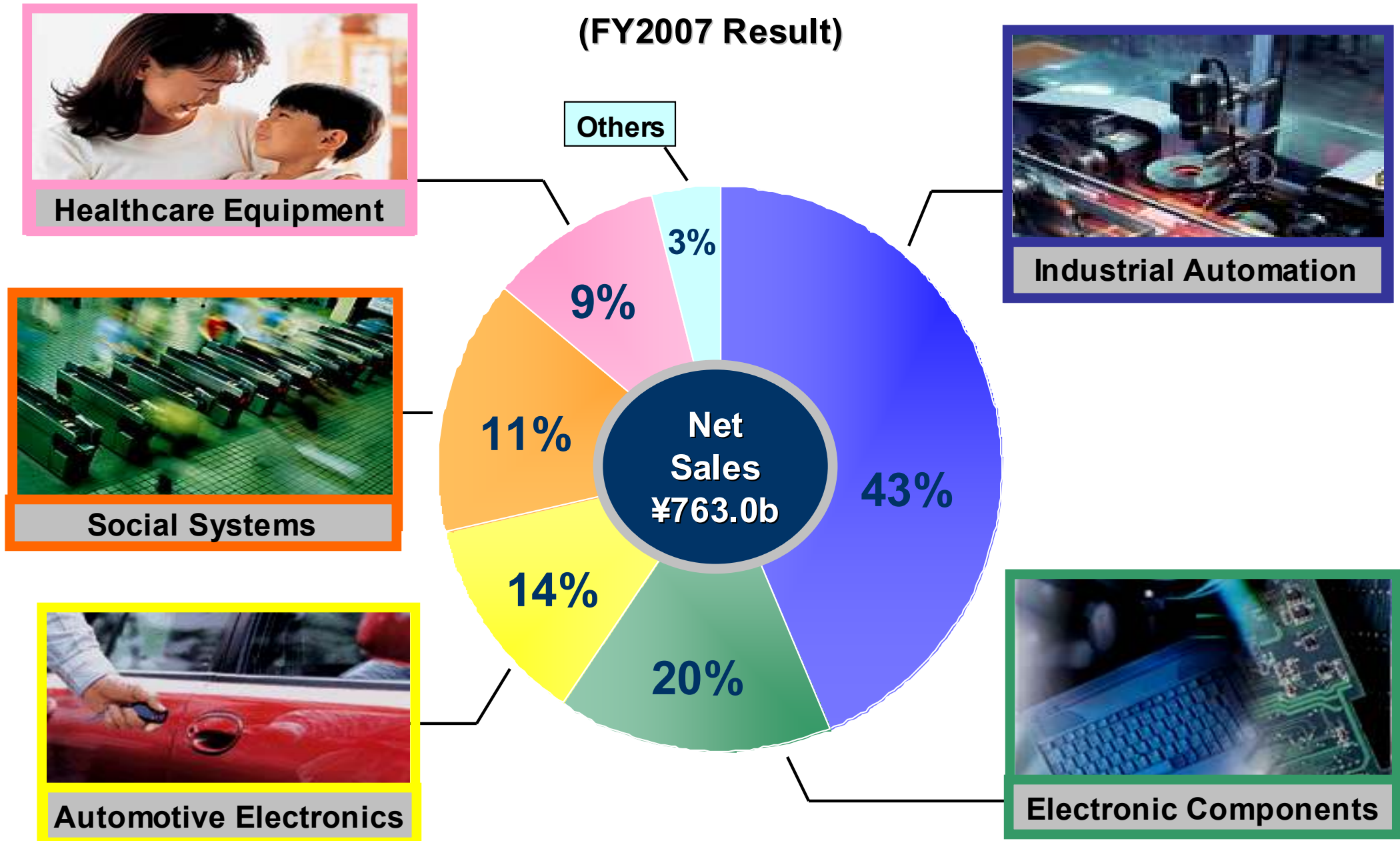
**Number of
Employees**

OMRON Group	35,486
OMRON Corporation	5,402
Japanese Subsidiaries	6,520
International Subsidiaries	23,564
	(FY2007)

Business Areas and Products

Industrial Automation Business	
IAB	Sensing devices, control devices, safety devices, inspection systems
Electronic Components Business	
ECB	Relays, switches, connectors, LCD backlights, amusement equipment parts, mobile equipment parts, optical communication devices
Automotive Electronic Components Business	
AEC	Keyless entry systems, power window switches, automotive relays components, laser radars, TPMS, EPS (electronic power steering devices)
Social Systems, Solutions and Service Business	
SSB	Automated ticket gates and ticket vending machines, road management systems, security management systems, face recognition systems
Healthcare Business	
HCB	Professional & home-use digital blood pressure monitors, body composition analyzers, thermometers, pedometers, nebulizers, healthcare services
Others	
	PC peripherals, RFID systems, energy management systems

Composition of sales



2. GD2010: OMRON's Long-term Corporate Vision

Using sensing and control technology to anticipate social needs
**Omron sees itself as a group of business units
that are global leaders in their respective industries**

GD2010

**Management objective:
Long-term maximization of corporate value**

By 2010

Achieving profit-driven growth

GD2010 1st-stage (Apr. 2001 – Mar. 2004) goal

Establishing a profit structure, achieving ROE of 10%



Achieved ROE of 10.2% in March 2004

GD2010 2nd-stage (Apr. 2004 – Mar. 2008) goal

Balancing growth and profits, doubling business value

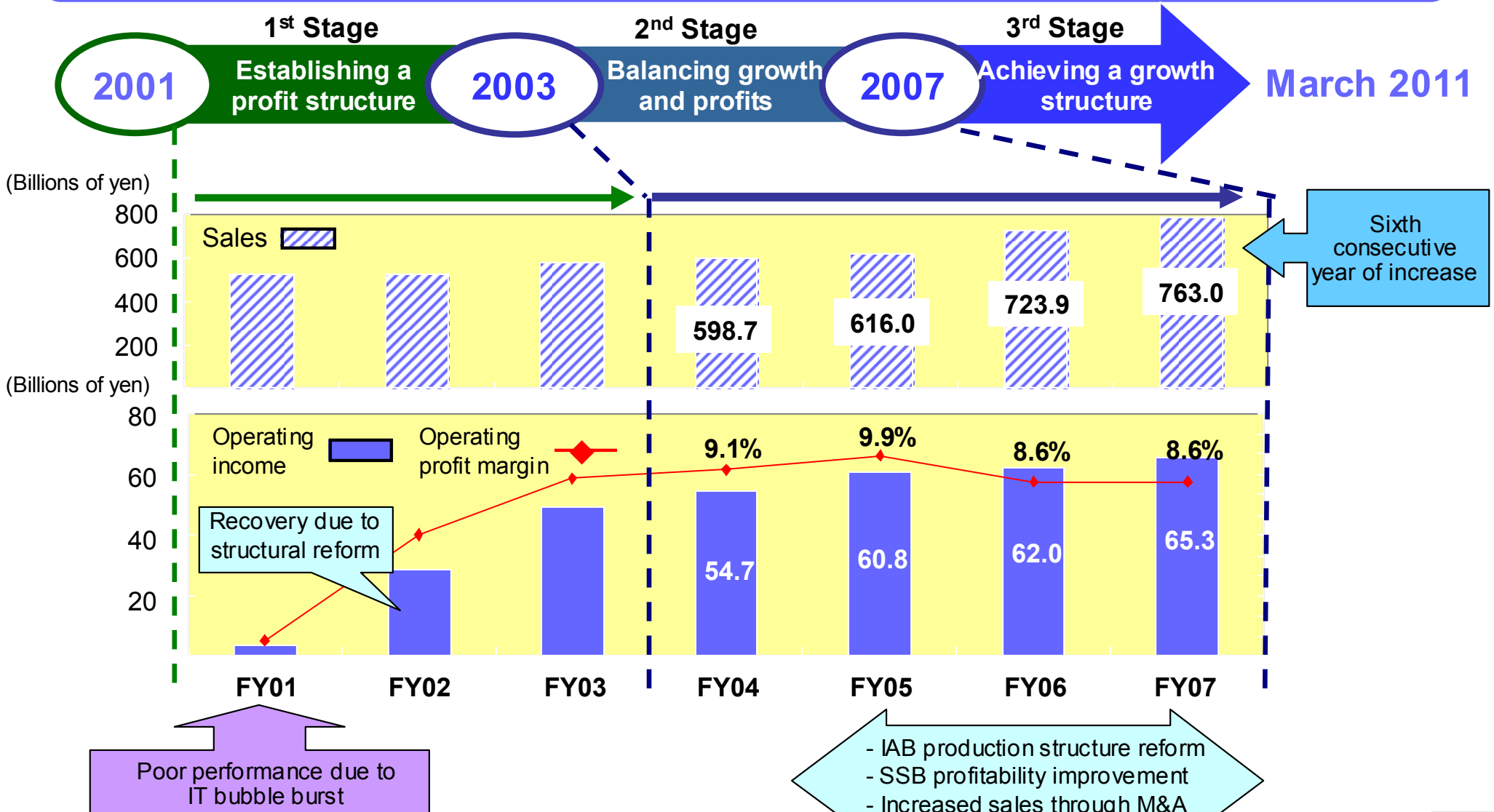


- Business value* projected to double
- Earnings per share (EPS) projected to increase from 108 yen (FY03) to 186 yen (FY07)

* Based on internal calculations made during the 2nd stage

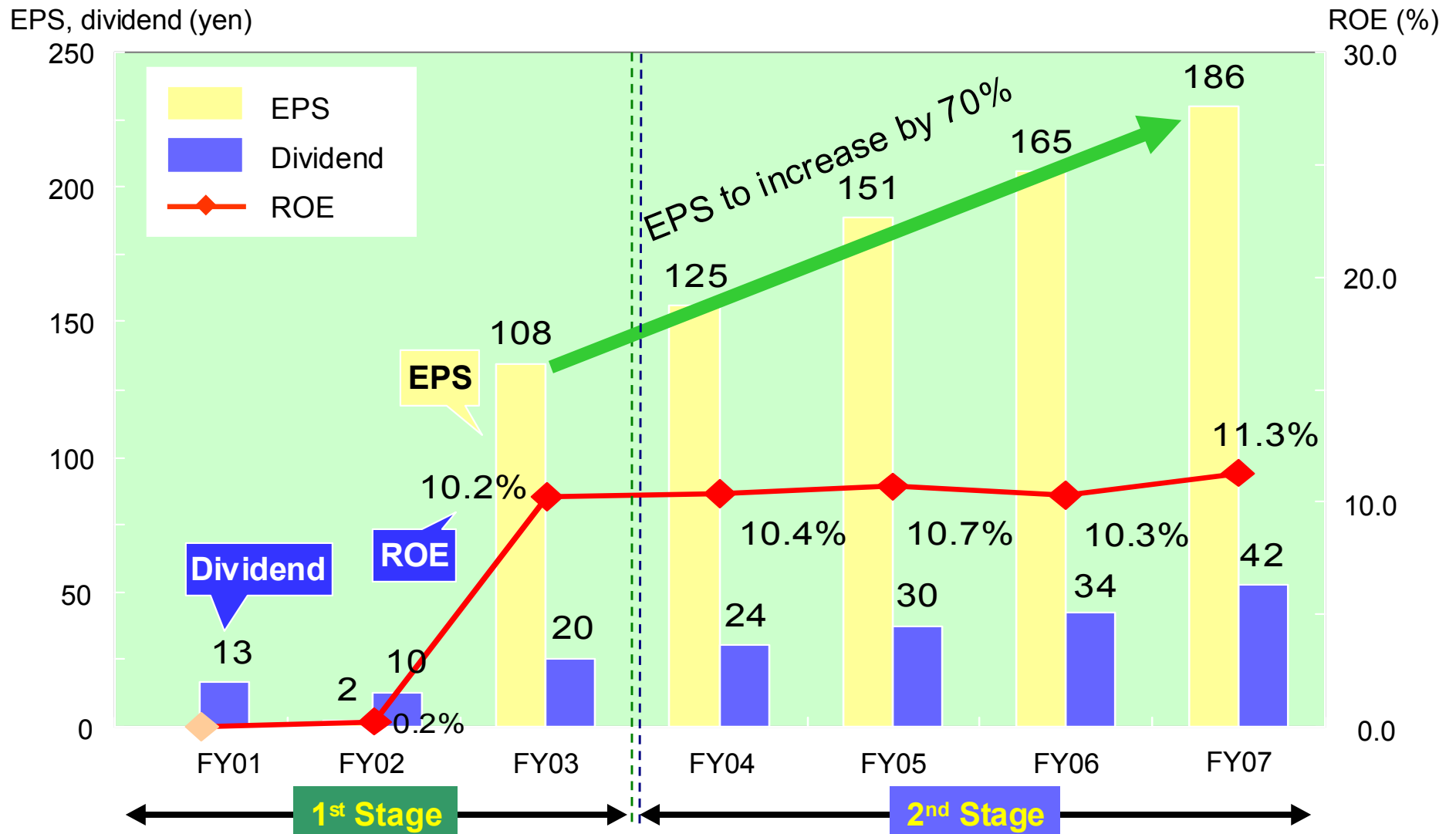
GD2010 Performance (Sales and Profits)

Sales, profit increased during 1st and 2nd stages
Sixth consecutive year of sales/profit growth achieved in FY07



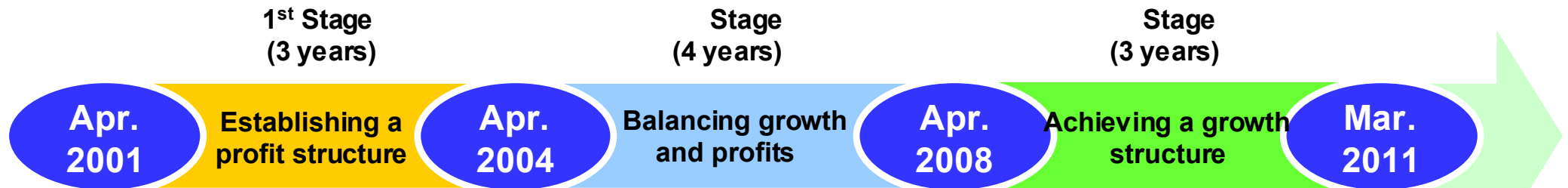
GD2010 Performance (EPS, ROE, Dividends)

Maintained ROE of 10% in the 2nd stage
EPS expected to increase by 70%



GD2010 3rd-stage Mid-term Goal

Raise business value by an annual average of at least 10%



GD2010 3rd-stage Mid-term Goal

Raise business value by an annual average of at least 10%

Performance Indicators

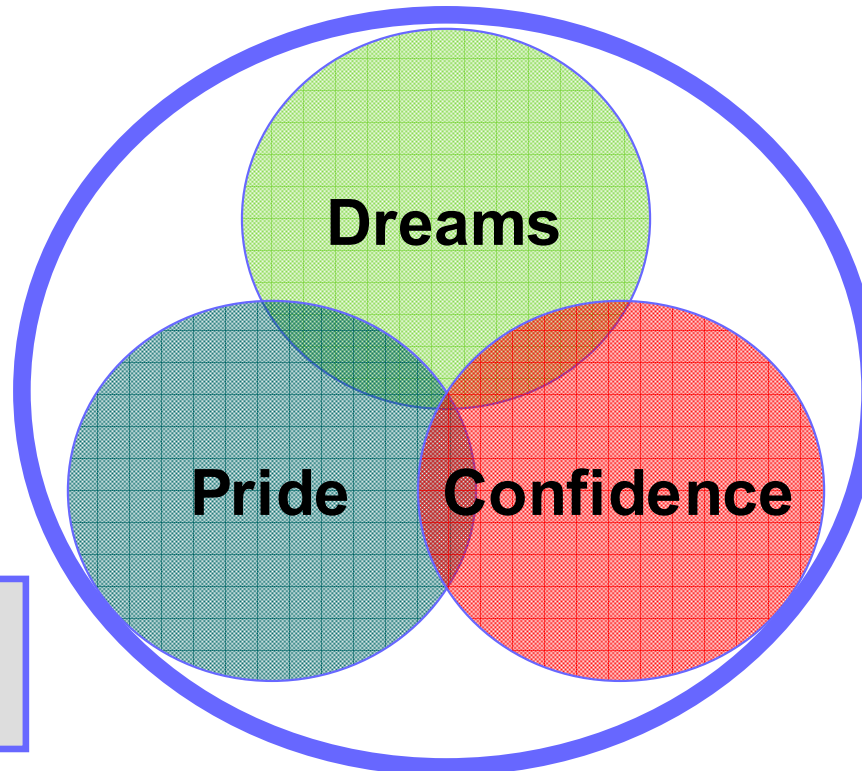
- ROIC (Return on Invested Capital): 12% or more
- ROS (Return on Sales): Approx. 10%
- Capital efficiency: 10% ROIC Improvement

"Ideal Image" for the Omron Group in the 3rd Stage

Dreams, Pride and Confidence

Omron will strive to be a company that is recognized around the world

**Innovation to create
social needs**

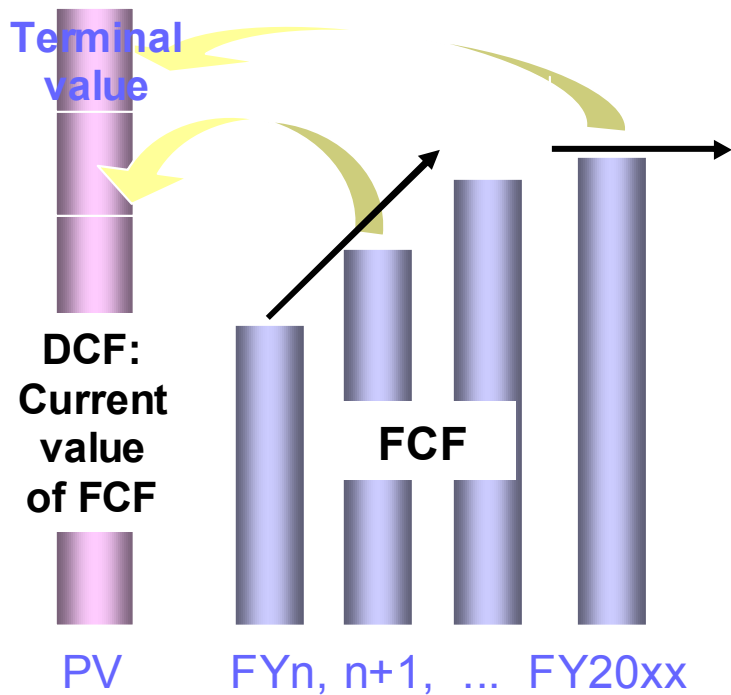


**Working for the
benefit of society**

**Continued profit
generation**

How Omron Calculates Business Value

Present business value (PV) = Total current value of future free cash flow (FCF) generated by each business



In order to increase business value...

$$PV = \sum \{FCF / R^*\} \quad *R = \text{Reduction rate (capital cost)}$$

Increase in FCF

- Increase in profits
- Decrease in working capital

Decrease in reduction rate (capital cost)

- Increased capital efficiency

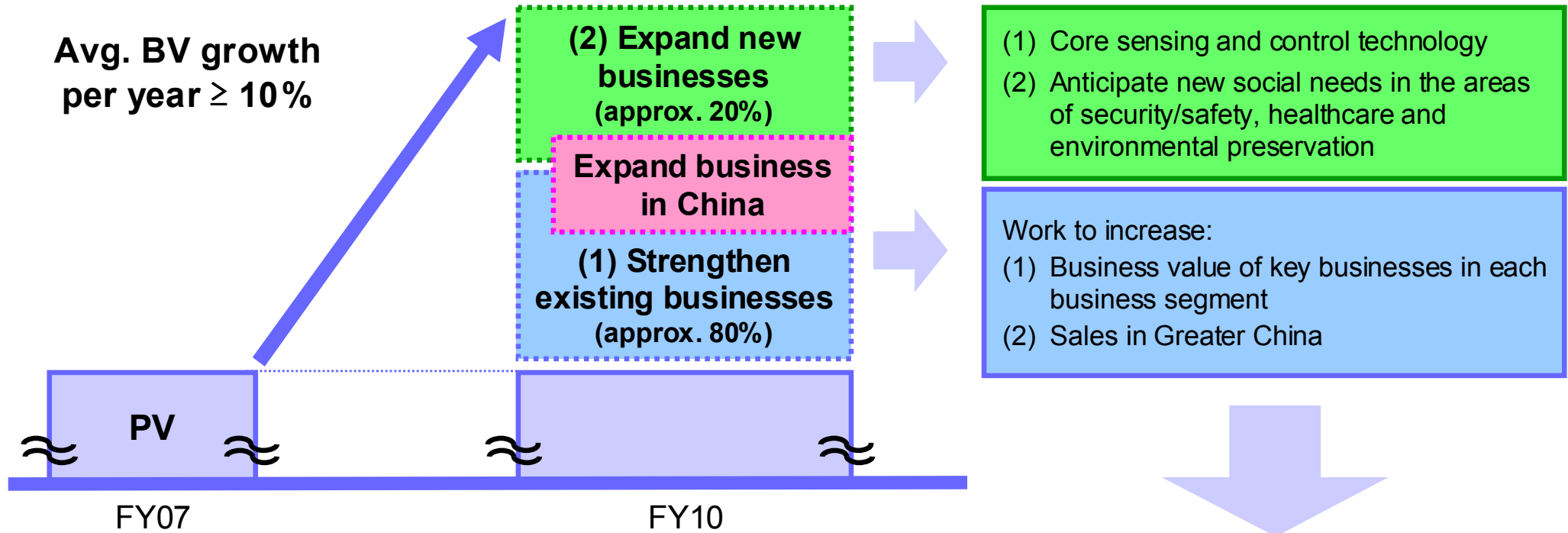
Scenario for Achieving 3rd-stage Mid-term Goal **OMRON**

Sensing tomorrow™

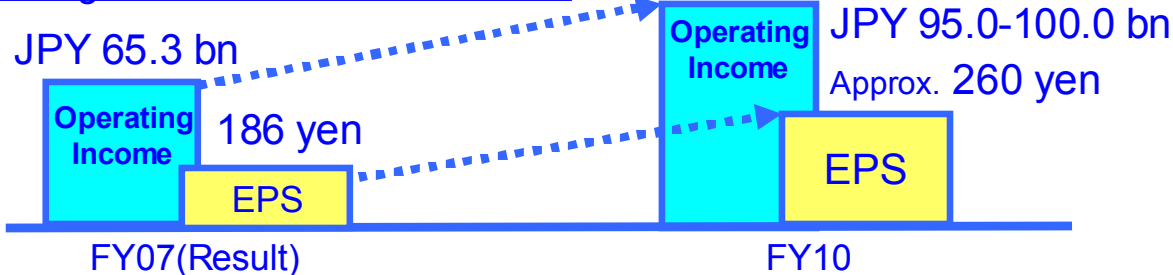
Strengthen existing businesses and expand new businesses to achieve sustainable growth

<Mid-term Goal>

Avg. BV growth per year $\geq 10\%$



Operating Income and EPS indicators



Higher business value through improved profitability, coming mainly from reinforced existing businesses

Boost business value of key businesses in each business segment

Industrial Automation Business (IAB)	Focus on the security/safety and environment-related applications domain in factory automation (FA). Prioritize high value-added businesses such as safety, QLM ¹ and micro PLC businesses
Electronic Components Business (ECB)	In Micro Electro Mechanical Systems (MEMS) business, focus on high value-added products that can translate various phenomena - such as pressure, acceleration, flow, temperature and sound – into valuable information with the use of "sensing & control" technologies
Automotive Electronic Components Business (AEC)	Seek high growth especially in the electric power steering (EPS) market
Social Systems, Solutions and Service Business (SSB)	Position social sensors systems ² business as another business pillar to realize security and safety at stores, stations, facilities, factories and more
Healthcare Business (HCB)	Realize "Healthcare at Home" with online healthcare service as a basis, to promote total healthcare solution packages for the lifestyle-disease prevention and treatment

¹ QLM business is a business centered around the provision of solutions that both equip machines with quality inspection capabilities comparable with those of human experts, and enable efficient and effective quality control/ improvement.

² Social sensors are expected to contribute to security/safety of society by accurately reading and analyzing the movement of people, cars and other objects on display, along with other tracking information.

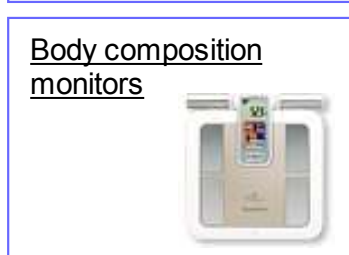
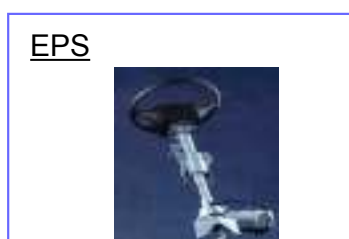
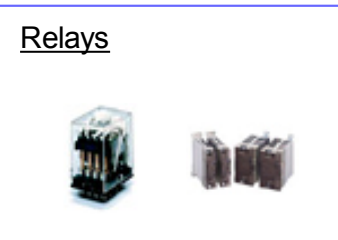
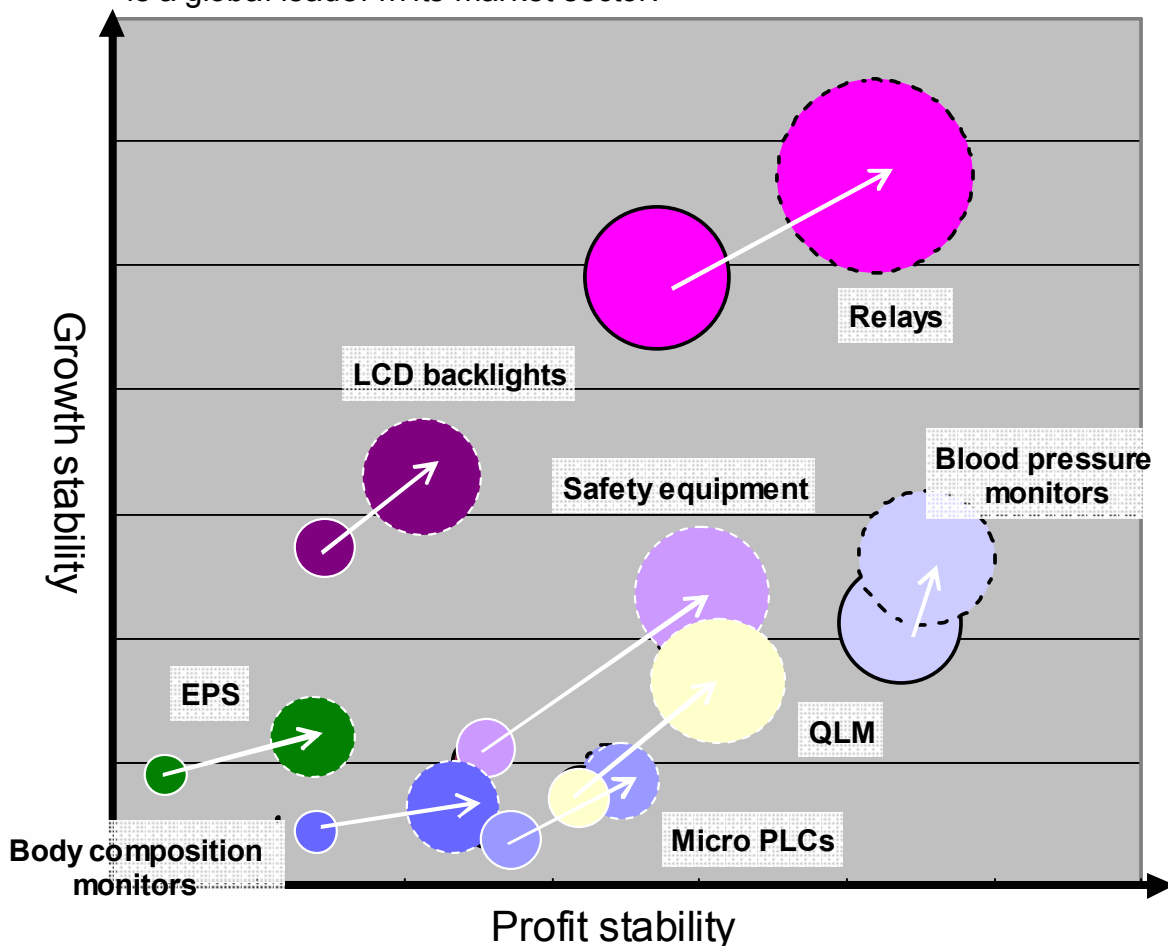
(1)-1 Strengthening Existing Businesses - Re-positioning ourselves as global no. 1 -

Existing Businesses

Increasing business value by focusing on certain businesses
Company-wide efforts to strengthen business in eight areas

Strategy: Shift to global no. 1

Enhance the value of each business through portfolio management. Omron wants to be seen as a group of business units, each of which is a global leader in its market sector.



Note: We will also keep working to strengthen existing business units that are already global no. 1 (e.g. photoelectric/ proximity sensors)

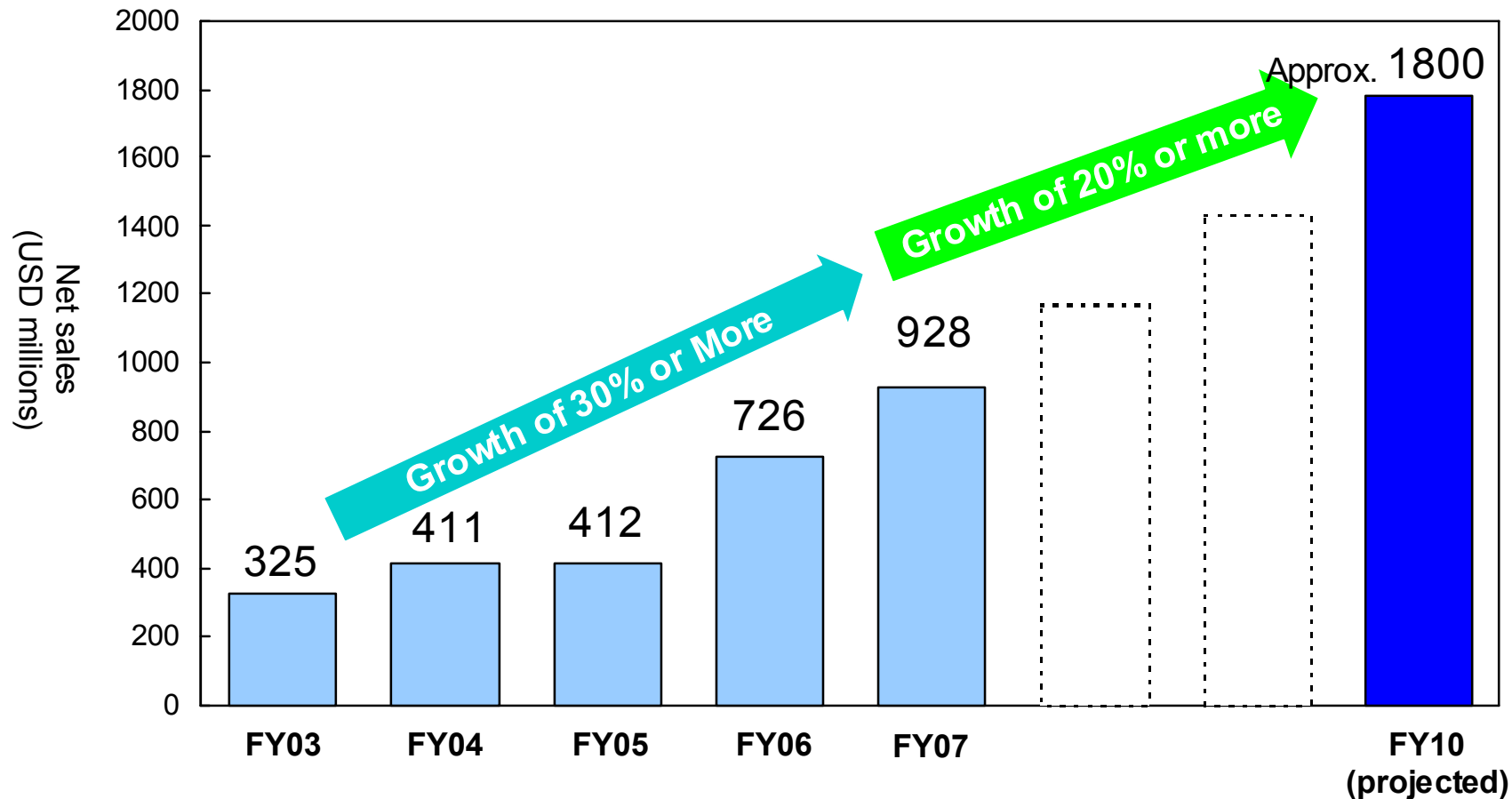
(1)-2 Strengthening Existing Businesses (Growth in Greater China)

Existing Businesses

Projecting average annual growth of 20% or more

In the 3rd stage, we must work to secure return on investments made in the 2nd stage

Sales in Greater China



(2)-1 Expanding New Businesses

New Businesses

Anticipating social needs in the areas of security/safety, healthcare and environmental preservation

New businesses to account for 15% of consolidated sales in FY20

Domain/ Contribution

Security/safety: Industry
(Improved quality, efficiency)



Laser microfabrication
MEMS

Security/safety: Society
(Security)



Face recognition systems
Social sensors¹

Healthcare
(Home medical care)



Online healthcare management

Environment/energy
(Energy/resource saving)

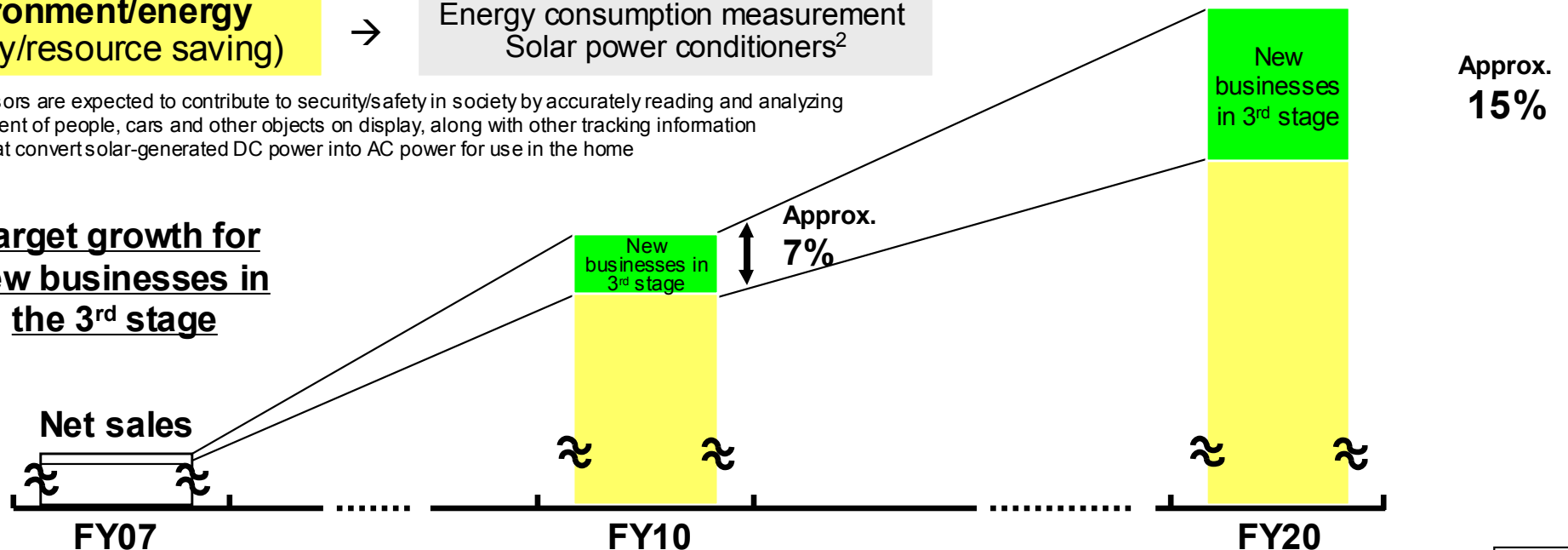


Energy consumption measurement
Solar power conditioners²

**Approach to new business development in the 3rd stage:
Aim for growth over the next 10 years and beyond**

- ¹ These sensors are expected to contribute to security/safety in society by accurately reading and analyzing the movement of people, cars and other objects on display, along with other tracking information
- ² Devices that convert solar-generated DC power into AC power for use in the home

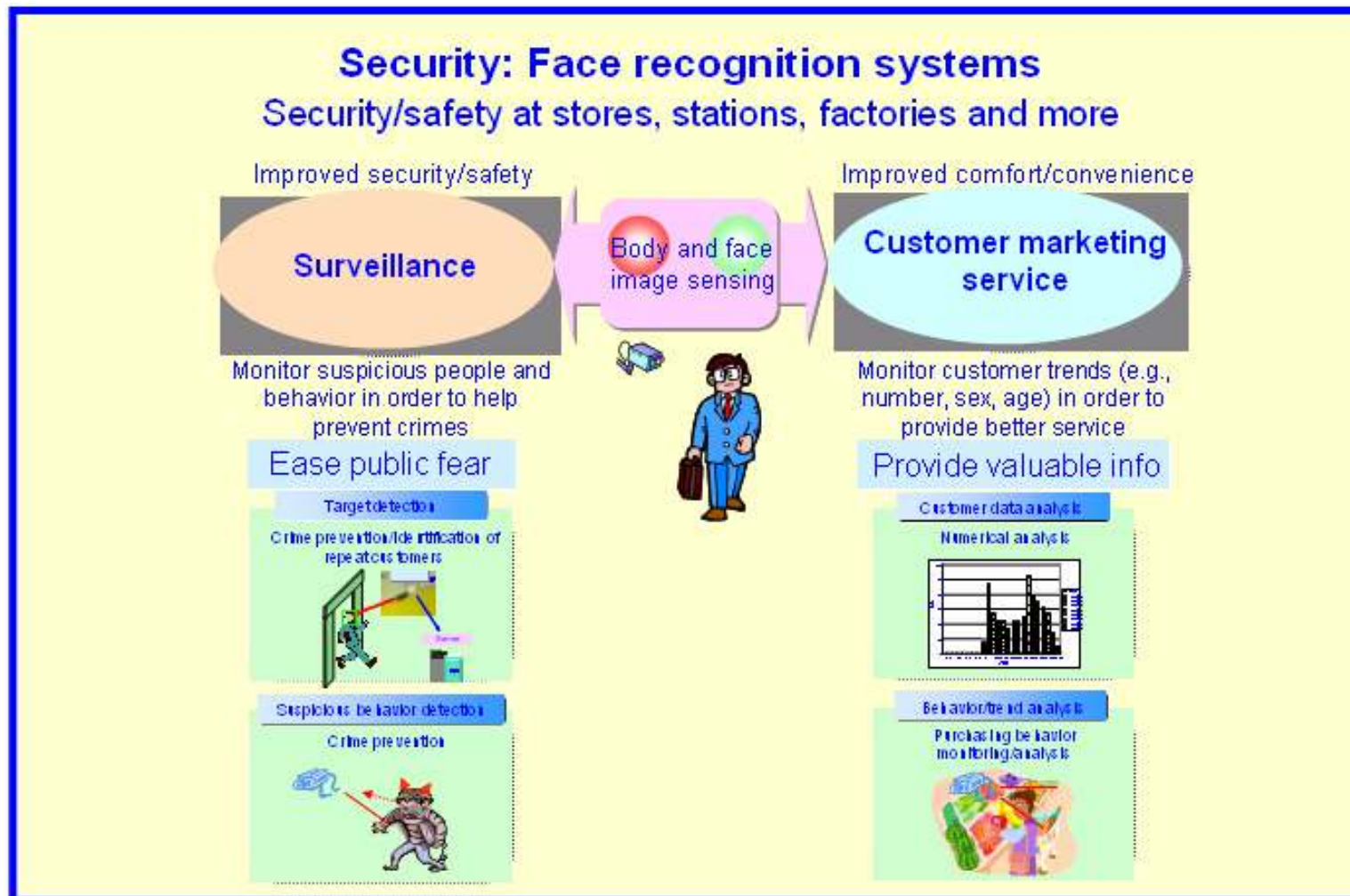
Target growth for new businesses in the 3rd stage



New Businesses

Using our core sensing and control technology, we will create new businesses with an eye to the future 10 or more years from now

- Example of new business application in the 3rd stage: Security/safety

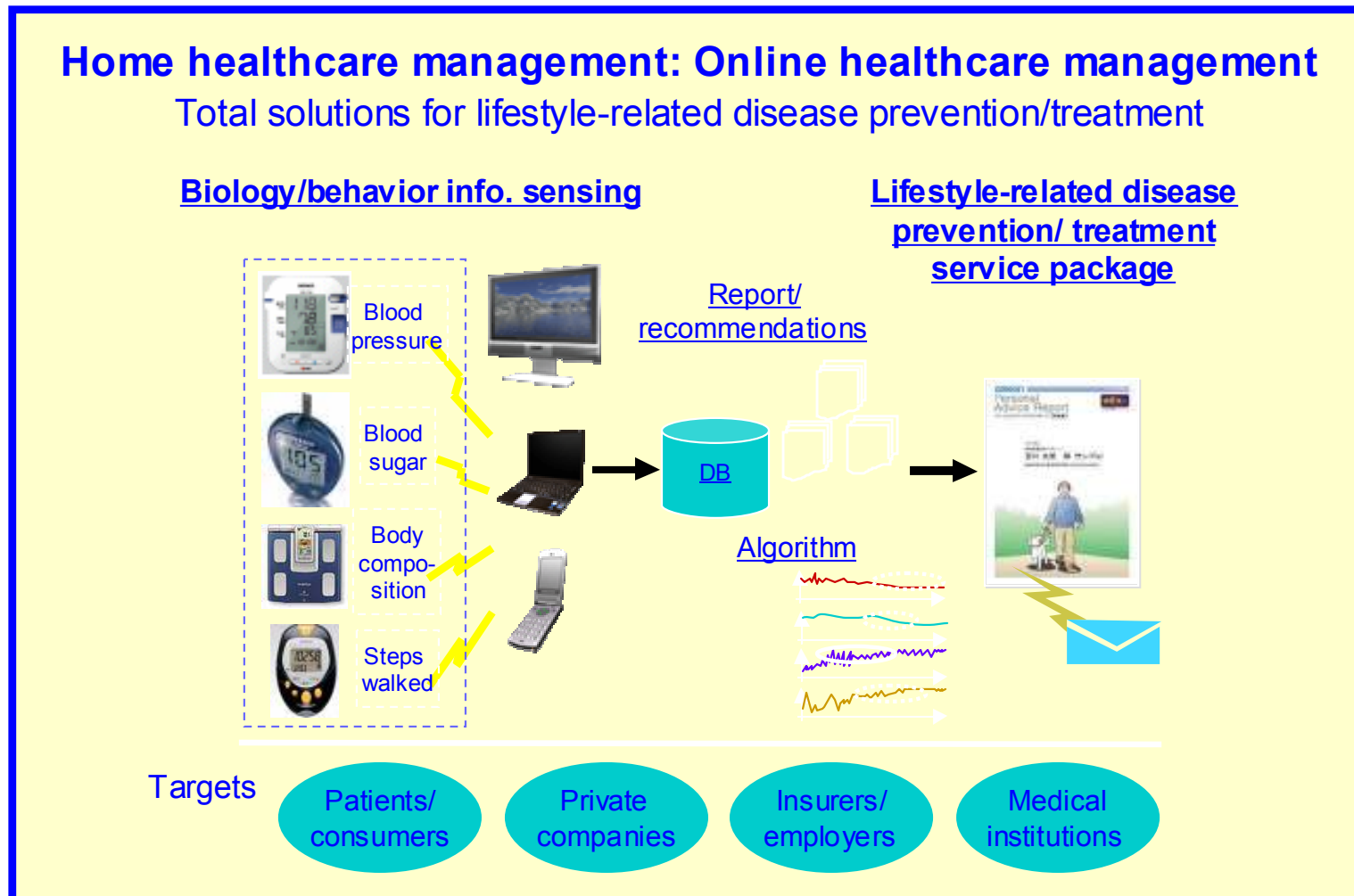


(2)-2 Expanding New Businesses Application (2/3)

New Businesses

Using our core sensing and control technology, we will create new businesses with an eye to the future 10 or more years from now

- Example of new business application in the 3rd stage: Healthcare

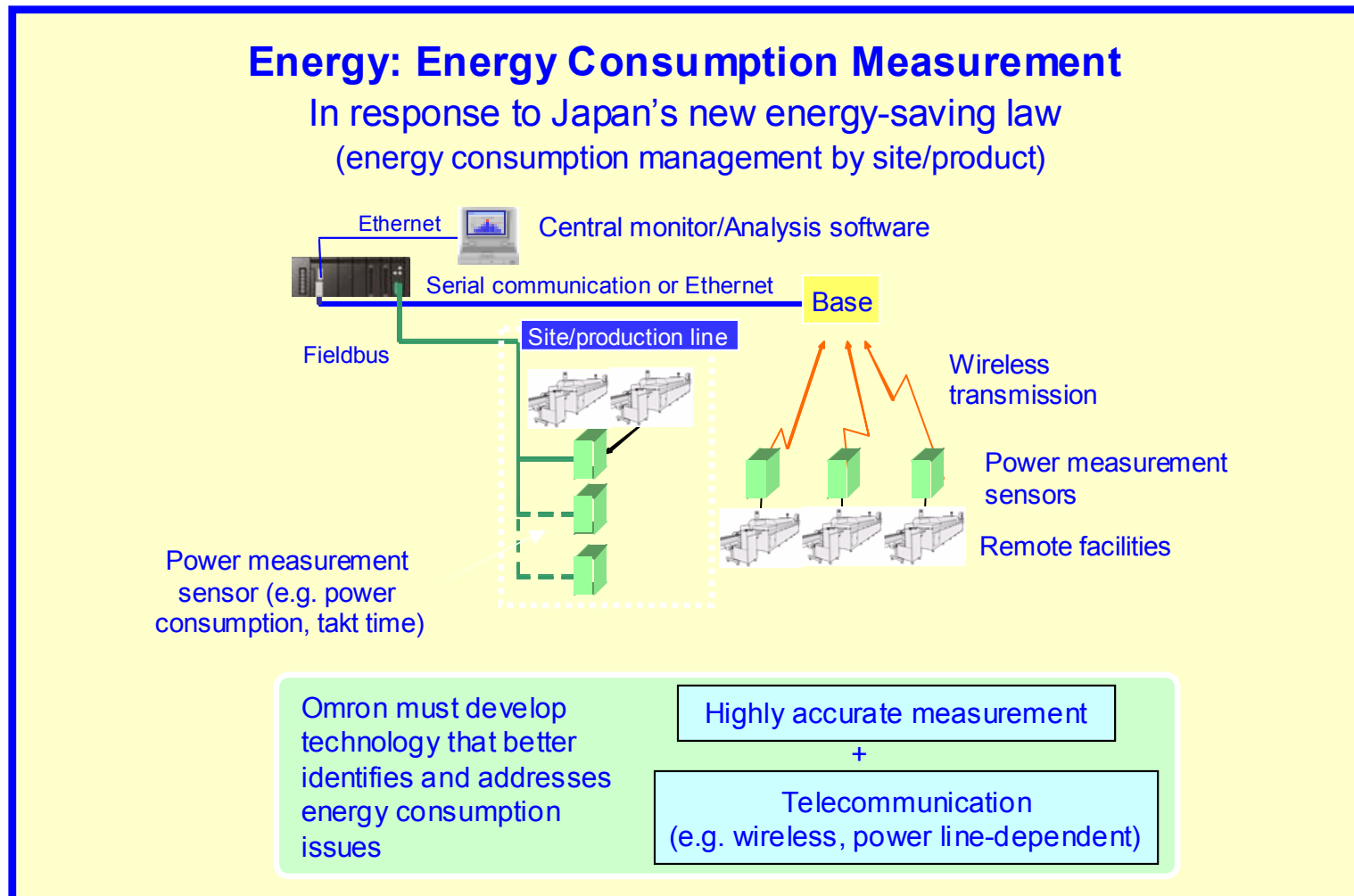


(2)-2 Expanding New Businesses Application (3/3)

New Businesses

Using our core sensing and control technology, we will create new businesses with an eye to the future 10 or more years from now

- Example of new business application in the 3rd stage: Environmental preservation

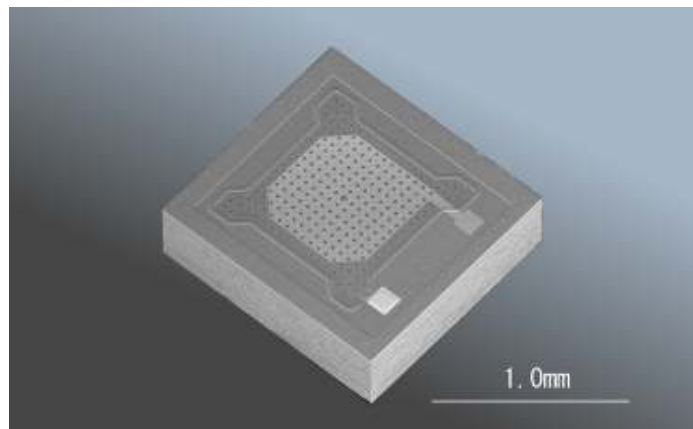


New Businesses

Existing Businesses

Use semiconductor technology to strengthen sensing and control technology

MEMS (Micro Electro Mechanical Systems)



MEMS microphone chip

OMRON Yasu Factory (Shiga Prefecture, Japan)

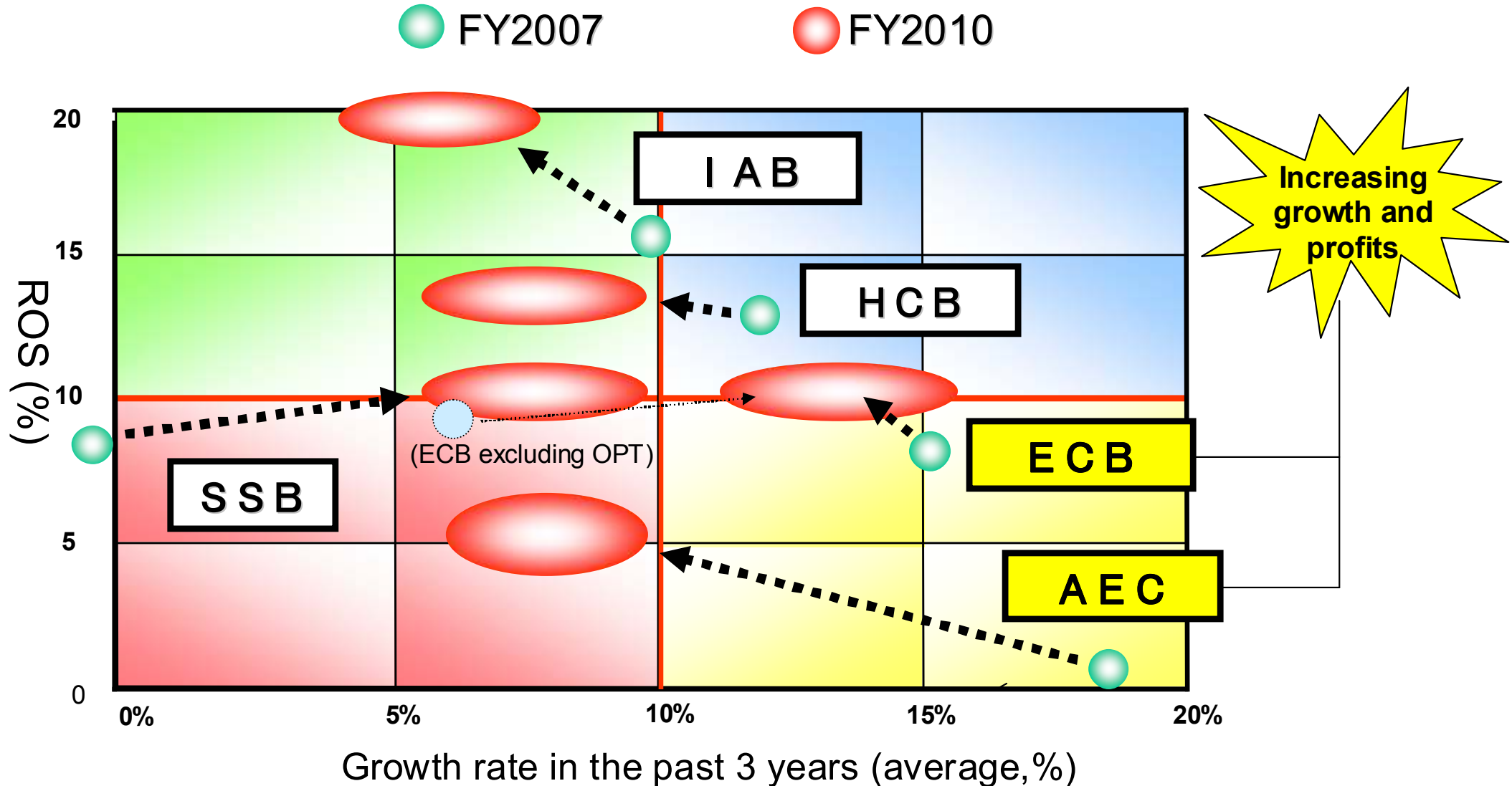


Site area: 42,000m²
Floor area: 39,900m²



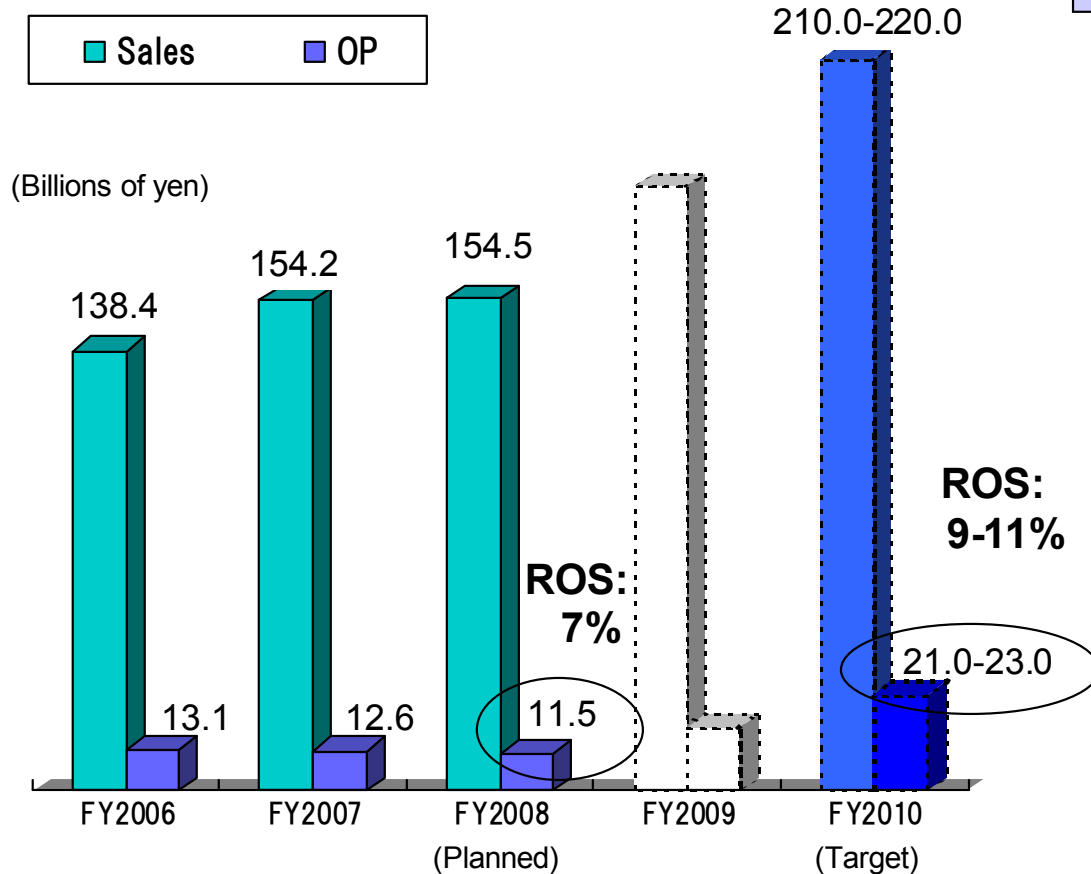
Increasing Business Value by an Annual Average of at Least 10%: Indicators

Estimated growth and profitability by segment in FY2010



ECB will achieve ROS of 10% or more in FY2010

ECB Sales and OP



Measures to improve ROS by FY2010

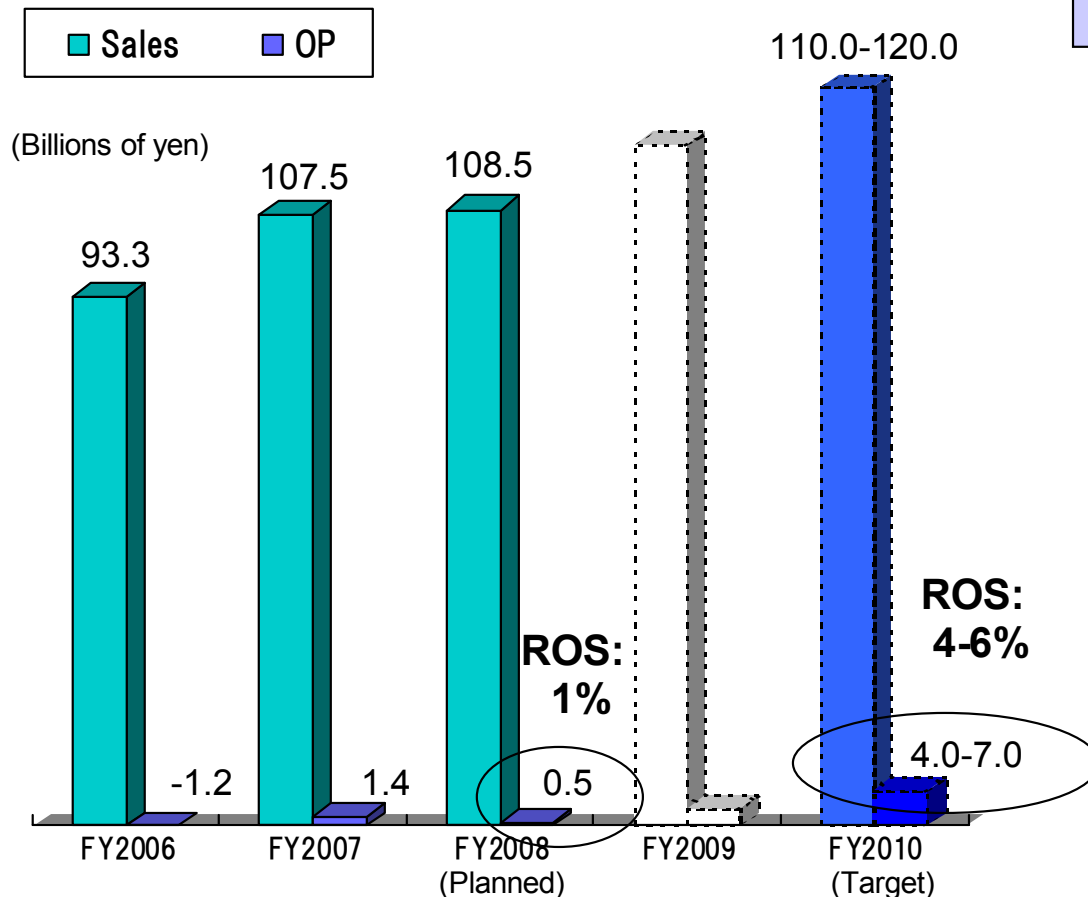
1) Maximize profitability of relay business, expand switch/connector business

2) Improve profitability of small- and mid-sized backlight business
 - Sales expansion
 - Profitability improvement (ROS 4% point improvement)

3) Expand micro device business
 - MEMS sales expansion

AEC will achieve ROS of 5% in FY2010

AEC Sales and OP



Measures to improve ROS by FY2010

- 1) Expand EPS business and improve profitability
 - Expand global sales
 - Use product mix to improve profitability
- 2) Improve productivity
 - Central purchasing
 - Optimal site production
- 3) SG&A control
 - SCM process innovation

Supplementary Information

Industrial Automation

Net sales : ¥328.8b / Operating profit: ¥51.9b

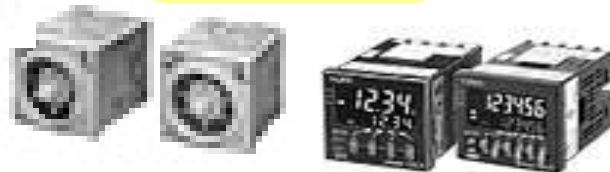
PLC



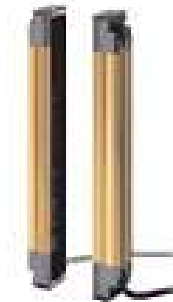
Temperature Controllers



Timers



Safety sensors



Sensors



AOI



Electronic Components

Components for home appliances, mobile phones, telecommunication equipments, amusements and Back light units

Net sales : ¥154.2 b / Operating profit: ¥12.6b



MEMS



Backlights for LCD

Components for home appliances



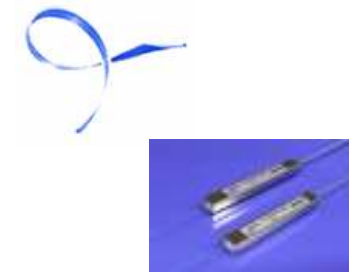
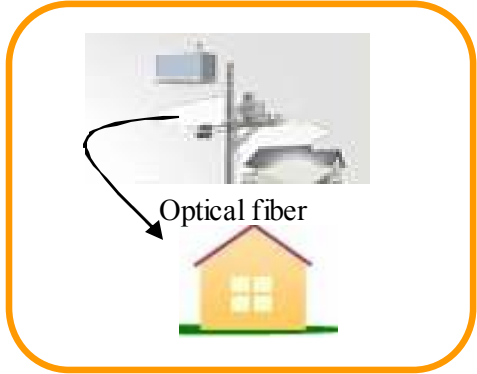
Connectors



Switches



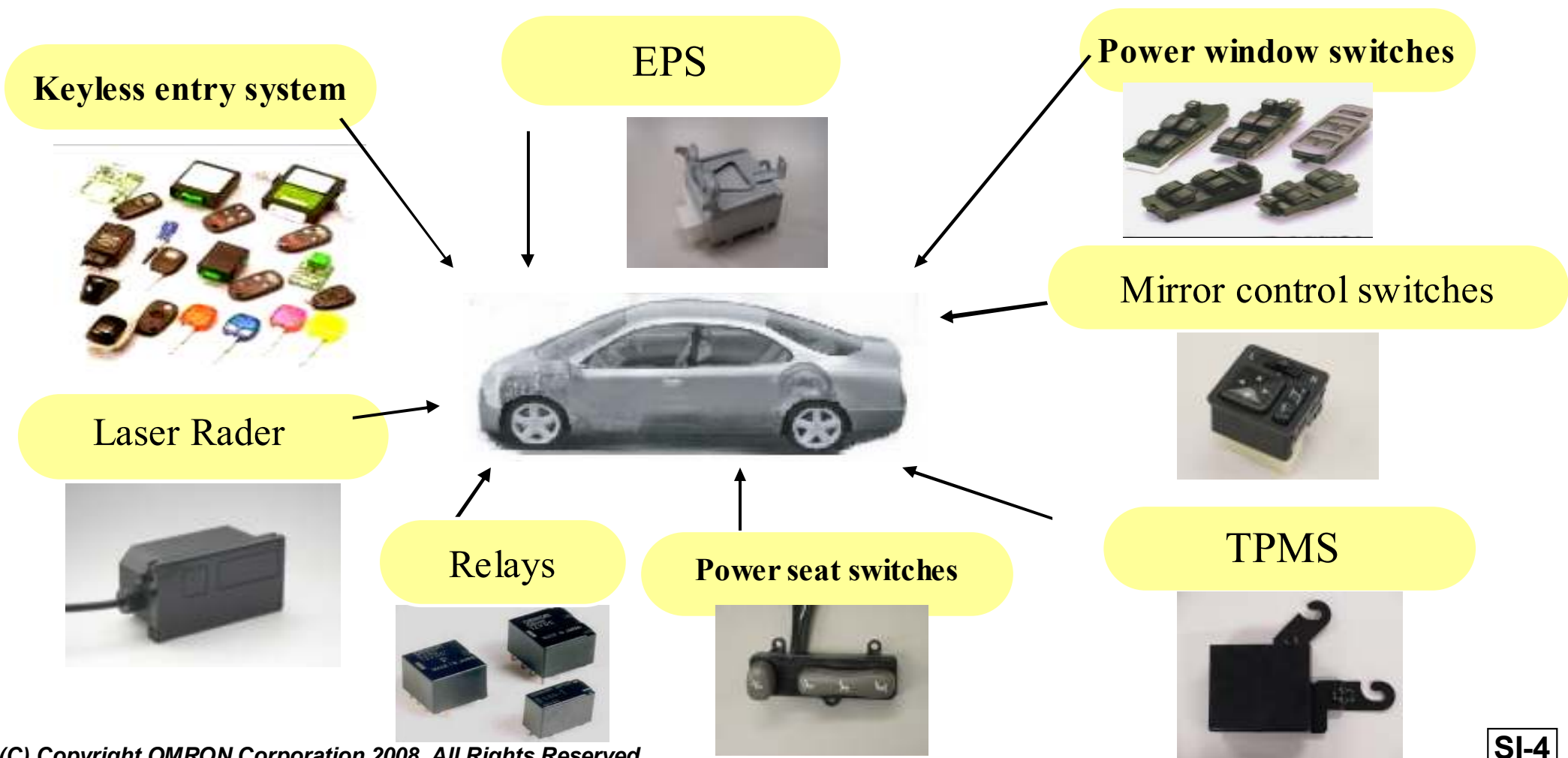
Relays



Optical devices

Automotive Electronic Components

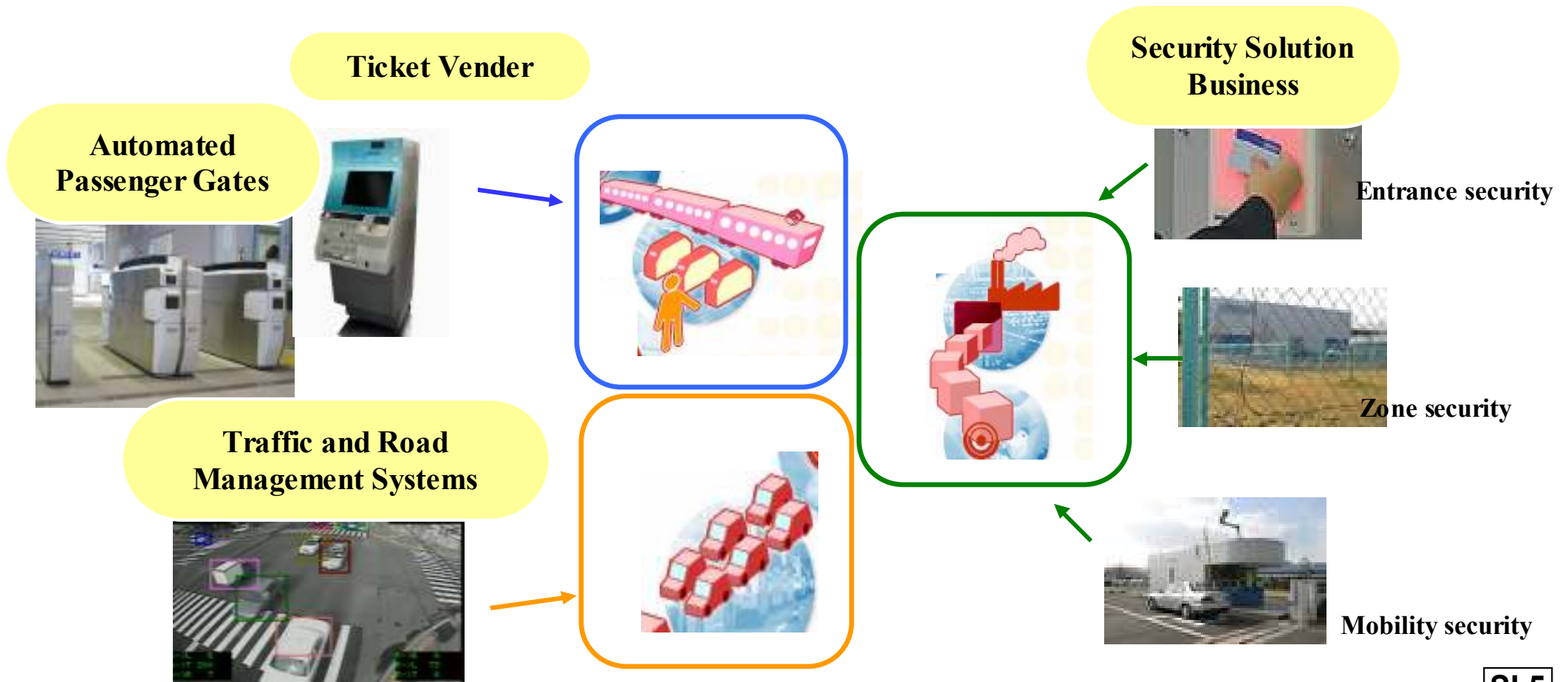
Net sales : ¥107.5b / Operating profit: ¥ 1.4b



Social Systems

Public Transportation Systems and Modules
Traffic and Road Management Systems

Net sales : ¥85.2 b / Operating profit: ¥7.0b



Healthcare Equipment

Net sales : ¥71.6 b / Operating profit: ¥9.4b

Home use devices

Body composition analyzers



Digital Blood Pressure Monitors



Thermometer



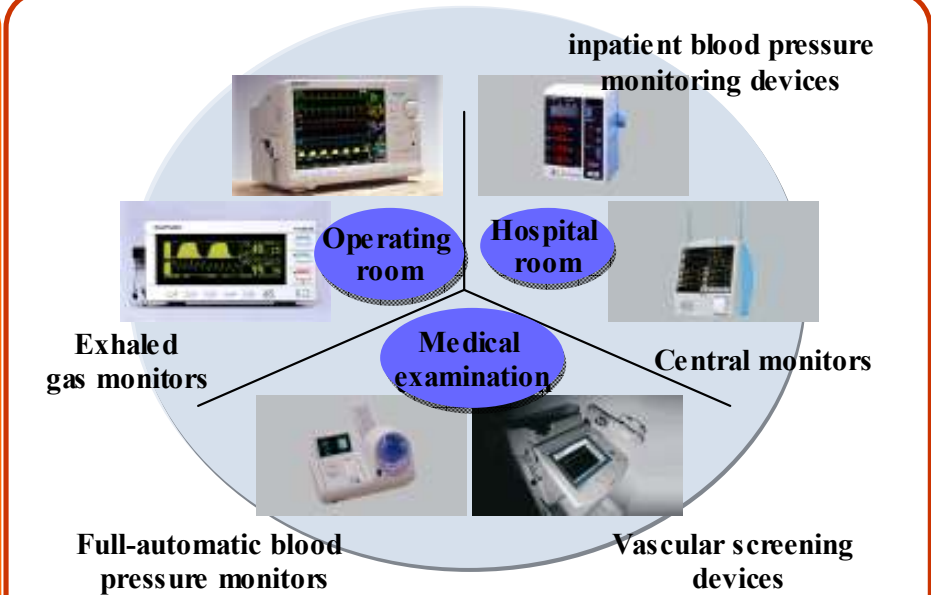
ECG



low-frequency massage device



Professional medical devices



Solidify its position in the professional segment of the medical business by acquisition of COLIN

Other Information

Stock Listings	Osaka, Tokyo, Nagoya, Frankfurt
Ticker Symbol Number	6645
ADR (American Depositary Receipts)	
Type	Level 1 with sponsorship
ADR Ratio	1 ADR = 1 Common Stocks of Omron
Listing	Over the Counter (OTC)
Symbol	OMRNY
Depository	JPMorgan Chase Bank
Homepage	http://www.omron.co.jp (Japanese) http://www.omron.com (English)
Contact	Investor Relations Department Tel. : +81-3-3436-7170 E-mail : omron_ir@omron.co.jp