

## **Q&A Session Summary**

### **OMRON Corporation**

#### **Financial Results for the Year Ended March 31, 2013 (FY12)**

April 26, 2013, Tokyo

\*Supplemental. Original presentation given in Japanese.

#### **VG2020 Strategy**

**Q:** How did structural reform go for so far? IAB?

**A:** New product development has been almost as planned. Capex-related demand held back due to sluggish external environment, but we expect the demand to turn around following the market recovery. Overall, we are confident we've been on the right track.

**Q:** Any specific turn-around likely, as you increase added-value to products and services?

**A:** Factory automation. The FA market is more sophisticated while low-end price competition is intense especially in emerging markets. To meet the upper end, IAB has set up service centers, working harder to provide added value together – solutions and proposals – rather than simply selling PLC, sensors, components and other products alone.

**Q:** Specifically, how are you going to increase gross profit margin and added value?

**A:** Environment-related, and in the future, "eco-FA" collaboration will be a key for GP% increase.

**Q:** How do you see the forex impact in competition? Price-cut strategy in mind? Revising strategy in case of the yen fluctuation – 95, or 100 yen for 1 USD for example?

**A:** No change. We will not lower prices just by forex ups/downs, though there'll be strategic pricing against competitors.

**Q:** About R&D, which is now 7% of sales, strategically and with profit margin improvement. How is it going to be?

**A:** As a source of growth, we will spend R&D carefully and strategically, with focus on GP margin to generate profit.

**Q:** How about sales of Omron's environment and overseas healthcare businesses?

**A:** Environment is targeting ¥40 bn for VG2020 GLOBE stage to serve as a next growth pillar. Healthcare is looking at 25% growth in emerging markets, and working harder in Russia and India with a wider product lineup and stronger sales & marketing.

### **Industrial Automation Business (IAB)**

**Q:** Give us updates on IAB distributors and users in detail, in China and Japan.

**A:** In Japan, the automotive and electronic components seem to have bottomed out. The entire economy is moving in favor, but it will take more before we can practically enjoy the improvement. In China, capex-related demand is challenging, but automation is firm and steady. We are looking to grow by increased sales offices and by launching cost-competitive products.

**Q:** I understand there is demand for higher-end factory automation in emerging markets. Do you see any new trend in the market? Any changes in your strategies?

**A:** No changes in our strategies. We will keep working on new products and sales & marketing. At the same time, we are aware that there is a new demand in emerging markets, for world's fastest PLC for example, as the state-of-the-art plants now being built within the markets.

### **Social Systems, Solutions & Service Business (SSB)**

**Q:** Is SSB going to be steady this year as well? How do you evaluate contribution of the environment-related business to SSB sales and profit?

**A:** Existing railway-related business is going to enjoy major equipment replacement in FY13 and FY14, and a new purchase contract after the 3.11 disaster. There's also a growing demand for safety and security. Environment will keep growing, due to PV panel maintenance related to the growing market of selling generated power.

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