



OMRON

Sensing tomorrow™

**Financial Results
for the Third Quarter
Ended December 31, 2013
(FY13 Q1-Q3)**

**January 30, 2014
OMRON Corporation**



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FY13 Q3 & Full-Year Overview



FY13 Q3 & Full-Year Overview

Q1-Q3 9-month Review

- Gross profit, operating income and net income hit record high.
- Substantial increase in sales and profit company-wide, with all business segments going brisk. In sales, AEC, SSB, HCB and “Other” businesses* were outstanding. Profit-wise, IAB, EMC, AEC and “Other” contributed most.
- Higher-than-expected Q3 (Oct-Dec) OP is due to unspent expenses to be carried over to Q4.

Q4 & Full-Year Outlook

- Q4: No change to the Oct 29 business environment outlook.
The global economy showing signs of modest improvement, with Japan coming back steadily and gradually.
- Full-Year: Expecting record high performance, with sales and profit meeting local-currency-based targets excluding forex impact.

*See p.25 for abbreviations.



FY13 Q3 Results



Q1-Q3 Consolidated P/L

- Both sales and profit jumped y/y. Gross profit, operating income and net income hit record high.

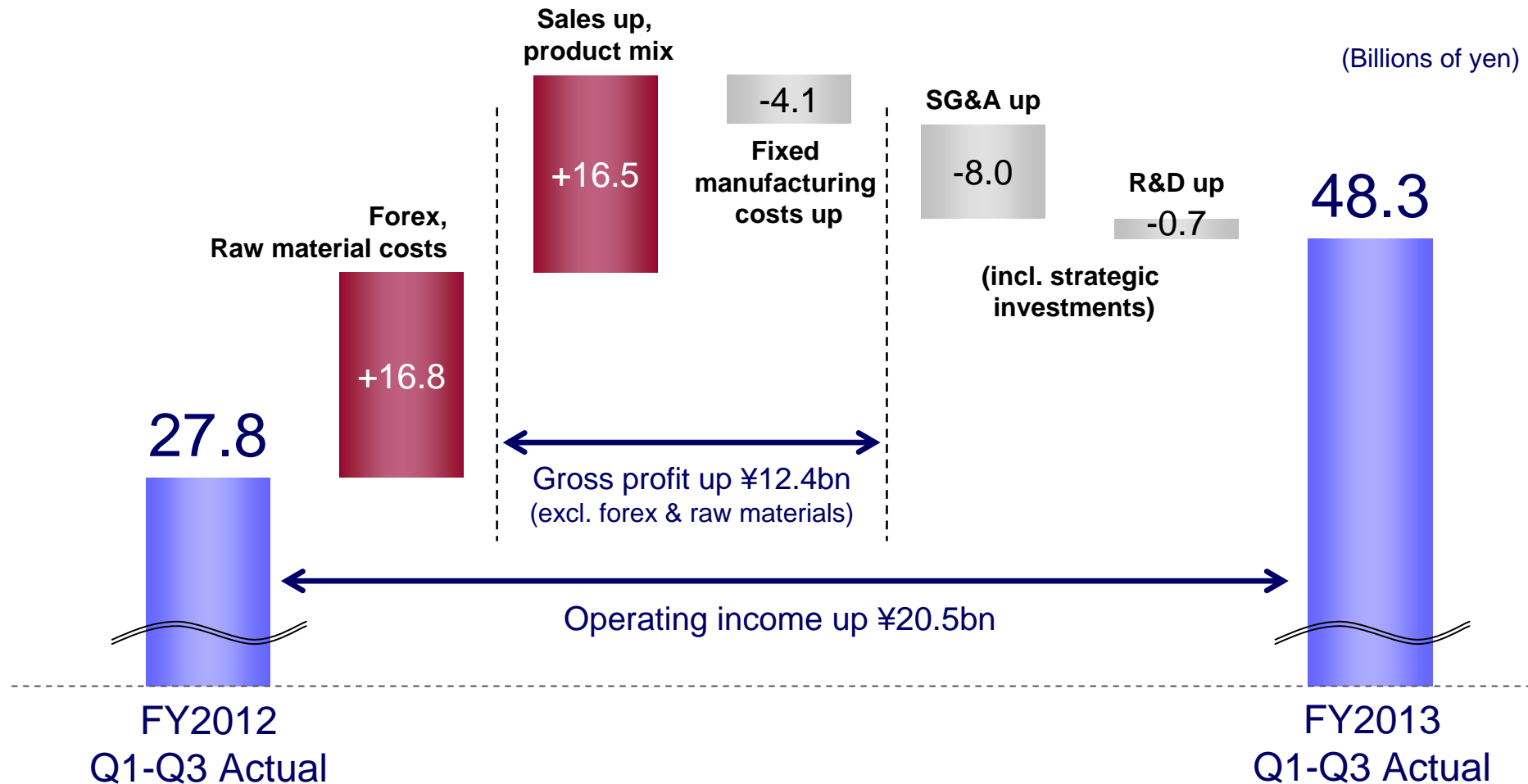
(Billions of yen)

	FY2013 Q1-Q3	FY2012 Q1-Q3	Y/Y
Net Sales	552.4	463.7	+19.1%
Gross Profit	213.8	171.0	+25.1%
(%)	(38.7%)	(36.9%)	(+1.8%pt)
SG&A	131.6	111.0	+18.6%
R&D	33.9	32.1	+5.4%
Operating Income	48.3	27.8	+73.6%
(%)	(8.8%)	(6.0%)	(+2.8%pt)
Non-operating Income (loss), net	1.9	-0.4	-
NIBT	46.4	28.2	+64.5%
Net Income attributable to shareholders	33.9	20.7	+64.1%
1USD (JPY)	99.3	80.4	+18.9
1EUR (JPY)	132.1	103.2	+28.9
Copper (JPY/kg)	757	678	+79
Silver (JPY/kg)	73,672	80,542	-6,870



Q1-Q3 Operating Income Analysis, Y/Y

➤ OP substantially up thanks to sales increase and favorable forex.





Consolidated B/S

- Inventory up y/y by ¥13.3bn (flat w/o forex impact).
- Sales up, but inventory well managed.

(Billions of yen)

	Dec. 31, 2013	Dec. 31, 2012	Ref. Mar. 31, 2013
Assets	645.3	559.5	573.6
Cash and cash equivalents	80.0	54.7	55.7
Notes and accounts receivable - trade	158.7	138.7	156.9
Inventories	114.8	101.5	91.0
(w/o forex impact)	101.2	-	-
Deferred income taxes, other current assets	35.3	30.1	30.1
Property, plant and equipment	135.4	124.7	126.8
Investments and other assets	121.1	109.8	113.1
Liabilities	216.3	209.9	204.9
Short-term debt	9.1	19.7	5.6
Long-term debt	0.0	0.0	0.0
Notes and accounts payable - trade	81.1	77.1	75.6
Termination and retirement benefits	52.6	56.3	56.9
Other liabilities	73.5	56.8	66.8
Net Assets	429.0	349.6	368.8
Common stock and retained earnings	456.1	451.4	427.7
Accumulated other comprehensive income (loss)	-13.0	-59.0	-44.3
Treasury stock	-16.4	-44.5	-16.4
Non-controlling interests	2.3	1.7	1.8
Total Liabilities and Shareholders' Equity	645.3	559.5	573.6



Consolidated Cash Flows

- FCF jumped y/y due to net income increase, while we steadily carried out capital investments.

(Billions of yen)

	FY2013 Q1-Q3	FY2012 Q1-Q3	(Ref. FY2012)
Operating activities	48.6	31.9	53.1
Investing activities	-21.4	-20.4	-28.5
Free cash flow	27.2	11.5	24.6
Financing activities	-7.4	-4.3	-18.6
Effect of exchange rate changes on cash and cash equivalents	4.5	2.3	4.4
Net increase/decrease in cash and cash equivalents	24.3	9.5	10.5
Cash and cash equivalents at end of the period	80.0	54.7	55.7
Capital expenditures	22.6	21.3	28.3
Depreciation and amortization	18.3	16.4	22.5

*Capital investment is represented as capital expenditures on the consolidated cash flow statement.



Ref: Q3 Consolidated P/L

➤ Strong growth in Q3 alone.

(Billions of yen)

	FY2013 Q3	FY2012 Q3	Y/Y
Net Sales	192.7	159.5	+20.8%
Gross Profit	76.0	59.2	+28.3%
(%)	(39.5%)	(37.1%)	(+2.4%pt)
SG&A	46.6	38.9	+20.0%
R&D	11.8	10.5	+12.4%
Operating Income	17.6	9.9	+78.1%
(%)	(9.1%)	(6.2%)	(+2.9%pt)
Non-operating Income (loss), net	1.2	-1.1	-
NIBT	16.4	11.0	+49.0%
Net Income attributable to shareholders	12.8	8.4	+51.8%
1USD (JPY)	100.9	81.5	+19.4
1EUR (JPY)	137.6	106.2	+31.4
Copper (JPY/kg)	749	662	+87
Silver (JPY/kg)	70,850	85,960	-15,110



Q1-Q3 Sales by Segment

➤ All business segments posted large y/y increase.

(Billions of yen)

	FY2013 Q1-Q3	FY2012 Q1-Q3	Y/Y
IAB Industrial Automation	212.2	192.5	+10.2%
EMC Electronic & Mechanical Components	72.9	61.9	+17.7%
AEC Automotive Electronic Components	92.3	71.7	+28.8%
SSB Social Systems, Solutions & Service	45.7	36.8	+24.1%
HCB Healthcare	66.6	52.0	+28.2%
Other	58.1	44.2	+31.4%
Eliminations & Corporate	4.6	4.6	-0.8%
Total	552.4	463.7	+19.1%



Q1-Q3 Operating Income by Segment

➤ All business segments' OP & OP margin soared y/y.

(Billions of yen)

	FY2013 Q1-Q3	FY2012 Q1-Q3	Y/Y
IAB Industrial Automation	28.3 (13.3%)	21.6* (11.2%)	+6.7 (+2.1%pt)
EMC Electronic & Mechanical Components	6.8 (9.3%)	3.2* (5.2%)	+3.6 (+4.1%pt)
AEC Automotive Electronic Components	7.0 (7.6%)	4.1 (5.7%)	+2.9 (+1.9%pt)
SSB Social Systems, Solutions & Service	-1.9 (-)	-2.6 (-)	+0.7 (-)
HCB Healthcare	6.4 (9.7%)	3.7 (7.2%)	+2.7 (+2.5%pt)
Other	7.1 (12.2%)	1.6 (3.6%)	+5.5 (+8.6%pt)
Eliminations & Corporate	-5.4	-3.8	-1.6
Total	48.3 (8.8%)	27.8 (6.0%)	+20.5 (+2.8%pt)

(%): Operating income/External sales. *Reclassified for comparison with FY13, in which some EMC divisions are included in IAB following new management categorization.



Ref: Q3 Sales by Segment

- All business segments much better from the same term last year.

(Billions of yen)

	FY2013 Q3	FY2012 Q3	Y/Y
IAB Industrial Automation	74.2	62.6	+18.5%
EMC Electronic & Mechanical Components	24.1	19.3	+24.8%
AEC Automotive Electronic Components	32.9	24.4	+34.7%
SSB Social Systems, Solutions & Service	16.5	13.3	+24.1%
HCB Healthcare	23.8	19.4	+22.5%
Other	19.6	18.7	+4.7%
Eliminations & Corporate	1.6	1.7	-6.5%
Total	192.7	159.5	+20.8%



Ref: Q3 Operating Income by Segment

- IAB, EMC and AEC recorded OP & OP margin increase from the same term last year.

(Billions of yen)

	FY2013 Q3	FY2012 Q3	Y/Y
IAB Industrial Automation	10.4 (14.1%)	6.0* (9.6%)	+4.4 (+4.5%pt)
EMC Electronic & Mechanical Components	2.9 (11.8%)	0.8* (4.4%)	+2.1 (+7.4%pt)
AEC Automotive Electronic Components	2.7 (8.1%)	1.3 (5.2%)	+1.4 (+2.9%pt)
SSB Social Systems, Solutions & Service	-0.1 (-)	-0.7 (-)	+0.6 (-)
HCB Healthcare	2.1 (8.6%)	1.8 (9.4%)	+0.3 (-0.8%pt)
Other	1.3 (6.7%)	2.2 (12.0%)	-0.9 (-5.3%pt)
Eliminations & Corporate	-1.7	-1.6	-0.1
Total	17.6 (9.1%)	9.9 (6.2%)	+7.7 (+2.9%pt)

(%): Operating income/External sales. *Reclassified for comparison with FY13, in which some EMC divisions are included in IAB following new management categorization.



GLOBE STAGE Progress

- Omron is steadily carrying out VG measures, achieving sales growth in each task to complete GLOBE STAGE.

(Billions of yen)

Sales	FY2013 Q1-Q3	FY2012 Q1-Q3	Y/Y	FY2013 Initial Full-Year Guidance
IA Business (IAB + EMC)	285.1	254.4	+12%	376.0
Emerging Markets	183.8	134.8	+36%	230.0
Environmental Solutions Business	38.3	18.7	+105%	40.0



FY13 Full-Year Forecast



Conditions for FY13 Q4

External Environment

- The global economy will recover gradually.
- Japan will recover moderately.
- Overseas: US capital investments will be firm especially in the automotive industry.
Europe will recover steadily.
China will still be uncertain.
Emerging markets will maintain steady growth but partly see slowdown.

Exchange Rates & Raw Material Costs (No Change to Oct. Forecast)

Exchange rates

1 USD = ¥95; 1 EUR = ¥130

(Same as previous forecast:

1 USD = ¥95; 1 EUR = ¥130)

¥1 fluctuation impact (full-year, approx.)

	Sales	OP
USD	¥3.1bn	¥0.5bn
EUR	¥0.8bn	¥0.4bn

Raw material costs

Silver = ¥76,000/kg; Copper:= ¥750/kg

(Same as previous forecast:

Silver ¥76,000/kg; Copper ¥750/kg)

Price change impact (full-year, approx.)

	Price change	OP
Silver	¥1,000/kg	¥100mn
Copper	¥10/kg	¥100mn



FY13 Q4 Business Environment by Segment

Segment	FY2013 Q4 Business Environment
<p>IAB Industrial Automation</p>	<ul style="list-style-type: none"> • Japan: Semiconductors, electronic components, and automotive-related investments will improve gradually. • Overseas: <ul style="list-style-type: none"> • Americas: Automotive investments in North America will remain steady. • Europe will show signs of bottoming out. • Asia Pacific: Electronic components, automotive and other capital investments will remain slow. • Greater China, while showing signs of bottoming out, will remain uncertain.
<p>EMC Electronic & Mechanical Components</p>	<ul style="list-style-type: none"> • Japan: White electronic appliances will go up gradually. • Overseas: Demand will go weaker in US, Europe and Asia. Flat in China.
<p>AEC Automotive Electronic Components</p>	<ul style="list-style-type: none"> • Japan: Healthy, mainly mini-vehicles. • Overseas: North America and China will be solid. Asia will slow down due to fuel price hike driven by weak currencies, and the end of subsidiaries.
<p>SSB Social Systems, Solutions & Service</p>	<p>Demand for train system renewal will remain solid. Environmental solutions will see rising demand for installation, repair & maintenance.</p>
<p>HCB Healthcare</p>	<ul style="list-style-type: none"> • Japan: Expecting a growing business opportunities in a new market that uses healthcare & medical data. • Overseas: Americas and Europe will be firm. China will enjoy good online sales. Southeast Asia will go on a slowdown trend.
<p>Other</p>	<p>Environmental Solutions: PV inverter business will keep growing. Backlight business will be solid.</p>



FY13 Full-Year Forecast

- Sales & profit: No change to the Oct. 29 forecast.
- Looking to achieve strong sales & profit growth while carrying out strategic investments.

(Billions of yen)

	FY2013 Forecast	FY2012 Results	Y/Y	Ref. FY2013 Initial Forecast
Net Sales	750.0	650.5	+15.3%	710.0
Gross Profit Margin	39.0%	37.1%	+1.9%pt	39.0%
Operating Income	65.0	45.3	+43.4%	58.0
Net Income attributable to shareholders	43.0	30.2	+42.4%	40.0
EPS (JPY)	195.3	137.2	+58.1	181.7



Full-Year Sales Forecast by Segment

- No change to the Oct. 29 forecast: All business segments look to achieve large sales increase.

(Billions of yen)

	FY2013 Forecast	FY2012 Results	Y/Y	Ref. FY2013 Initial Forecast
IAB Industrial Automation	283.0	263.0	+7.6%	282.0
EMC Electronic & Mechanical Components	98.0	84.1	+16.5%	94.0
AEC Automotive Electronic Components	121.0	97.6	+23.9%	108.5
SSB Social Systems, Solutions & Service	83.0	68.8	+20.7%	76.0
HCB Healthcare	88.0	71.5	+23.0%	82.5
Other	72.0	59.2	+21.5%	62.0
Eliminations & Corporate	5.0	6.3	-20.6%	5.0
Total	750.0	650.5	+15.3%	710.0



Full-Year Operating Income Forecast by Segment

- No change to the Oct. 29 forecast: All business segments look to achieve large profit increase.

(Billions of yen)

	FY2013 Forecast	FY2012 Results	YY	Ref. FY2013 Initial Forecast
IAB Industrial Automation	37.0 (13.1%)	31.3* (11.9%)	+5.7 (+1.2%pt)	36.5 (12.9%)
EMC Electronic & Mechanical Components	8.5 (8.7%)	4.4* (5.2%)	+4.1 (+3.5%pt)	7.0 (7.4%)
AEC Automotive Electronic Components	8.5 (7.0%)	5.0 (5.1%)	+3.5 (+1.9%pt)	7.0 (6.5%)
SSB Social Systems, Solutions & Service	5.5 (6.6%)	2.9 (4.2%)	+2.6 (+2.4%pt)	4.5 (5.9%)
HCB Healthcare	7.5 (8.5%)	4.4 (6.2%)	+3.1 (+2.3%pt)	7.0 (8.5%)
Other	7.0 (9.7%)	2.5 (4.3%)	+4.5 (+5.4%pt)	3.5 (5.6%)
Eliminations & Corporate	-9.0	-5.2	-3.8	-7.5
Total	65.0 (8.7%)	45.3 (7.0%)	+19.7 (+1.7%pt)	58.0 (8.2%)

(%): Operating income/External sales. *Reclassified for comparison with FY13, in which some EMC divisions are included in IAB following new management categorization.



Management Indicators

- Management with focus on ROIC and other financial indicators to enhance Omron corporate value.

Major Indicators	FY2013 Forecast	FY2013 Initial Target	FY2012 Actual
Gross Profit Margin	39%	39%	37.1%
Operating Income Margin	8.7%	8.2%	7.0%
ROE	approx. 11%	>10%	8.8%
ROIC	approx. 11%	>10%	8.6%

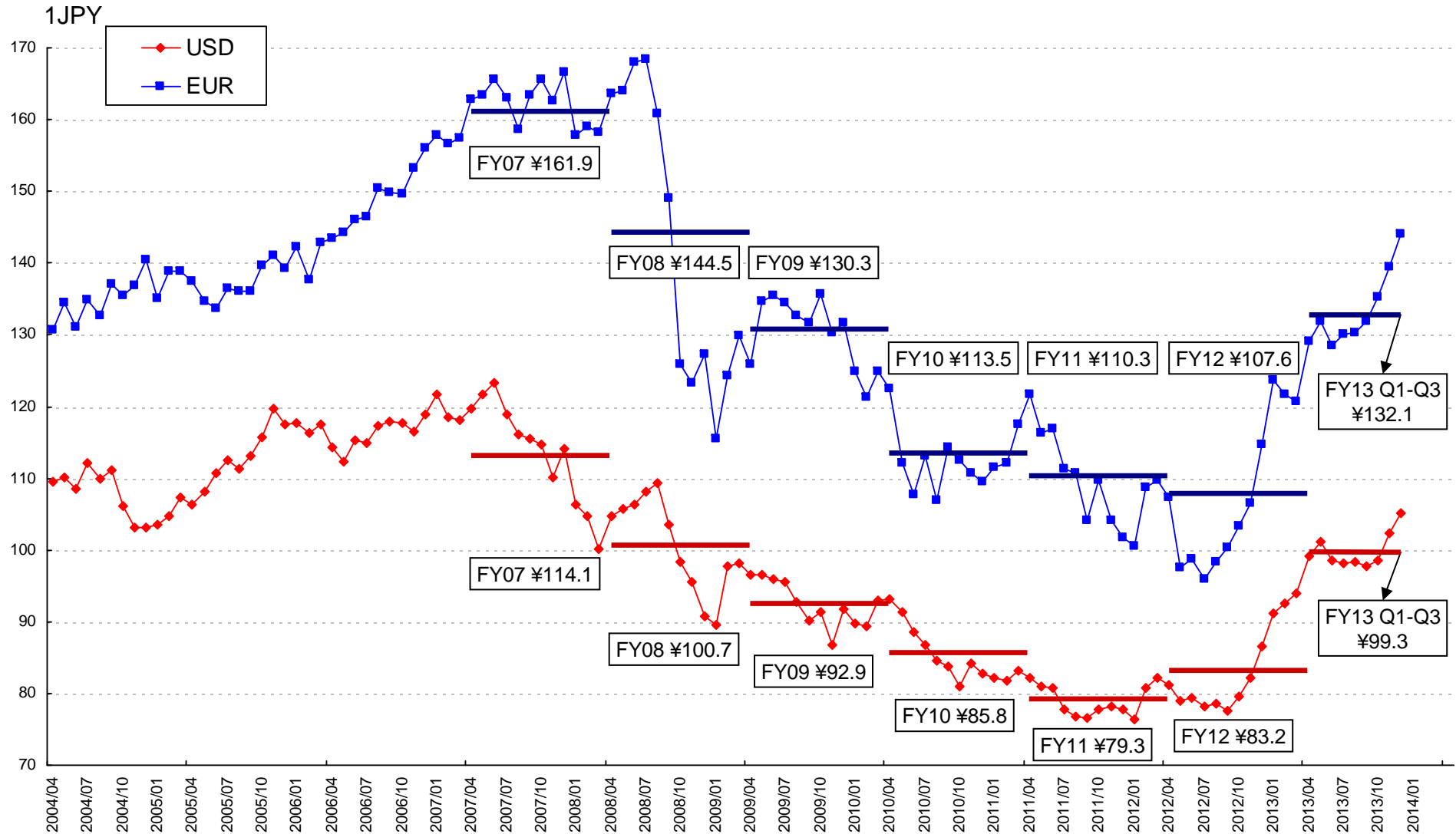
ROIC = Net income attributable to shareholders / invested capital



References

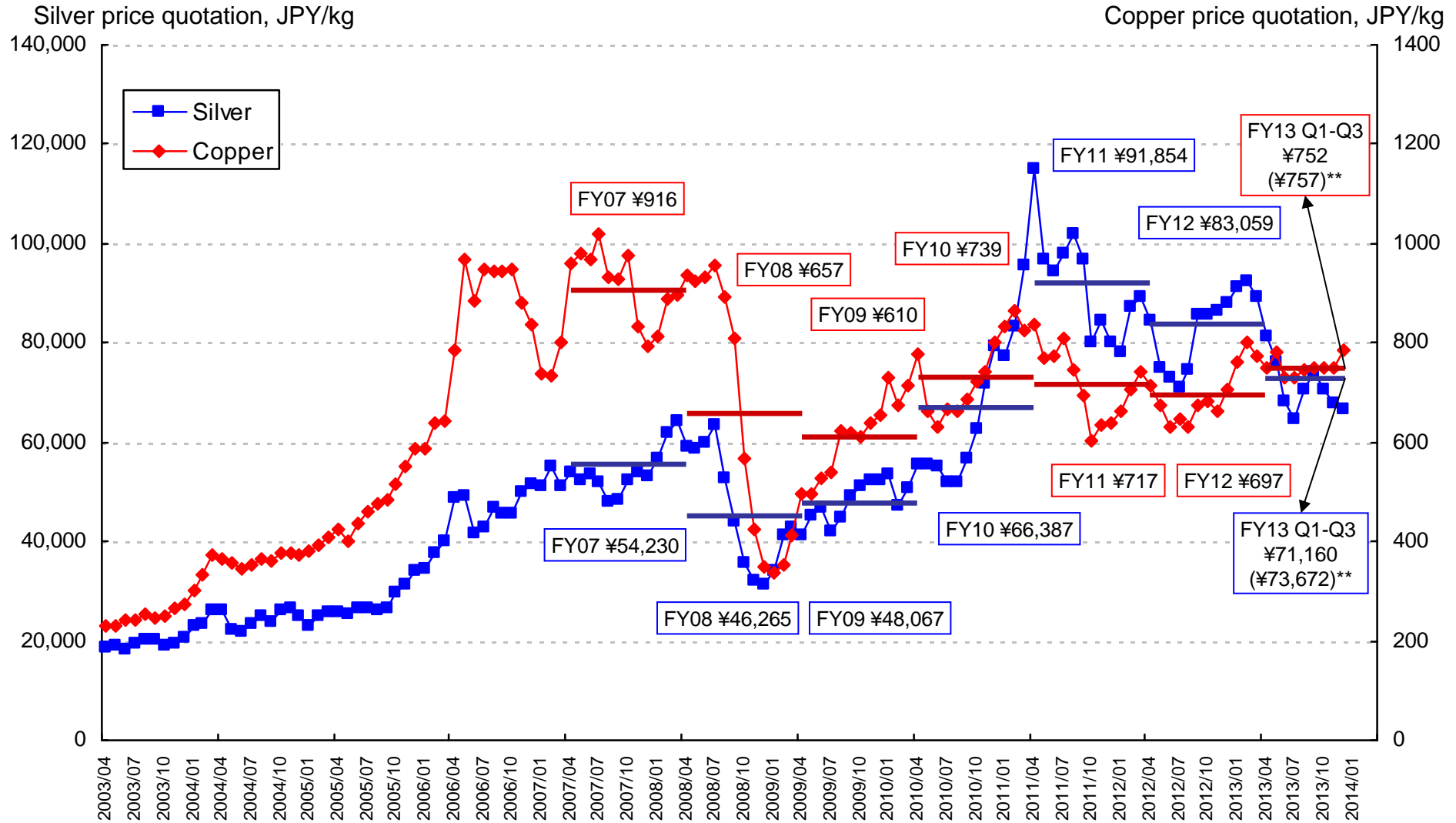


Exchange Rates (USD, EUR)





Raw Material Prices (Silver, Copper)



*Monthly simple moving average (SMA) of price quotations. ** (¥): Average used for Q3 earnings.



Businesses and Major Products

LCD backlights, semiconductors/MEMS, energy saving/environmental business, electronic systems and equipment

- *Electronic signal sensing*
- *Electrical current/voltage control*

Relays, switches, connectors, amusement equipment parts, mobile device parts

- *Radio wave sensing*
- *Automotive body control*

Keyless entry systems, power window switches, automotive relays, EPS (electronic power steering)

- *Ticket gate mechanisms*
- *Car & human sensing*

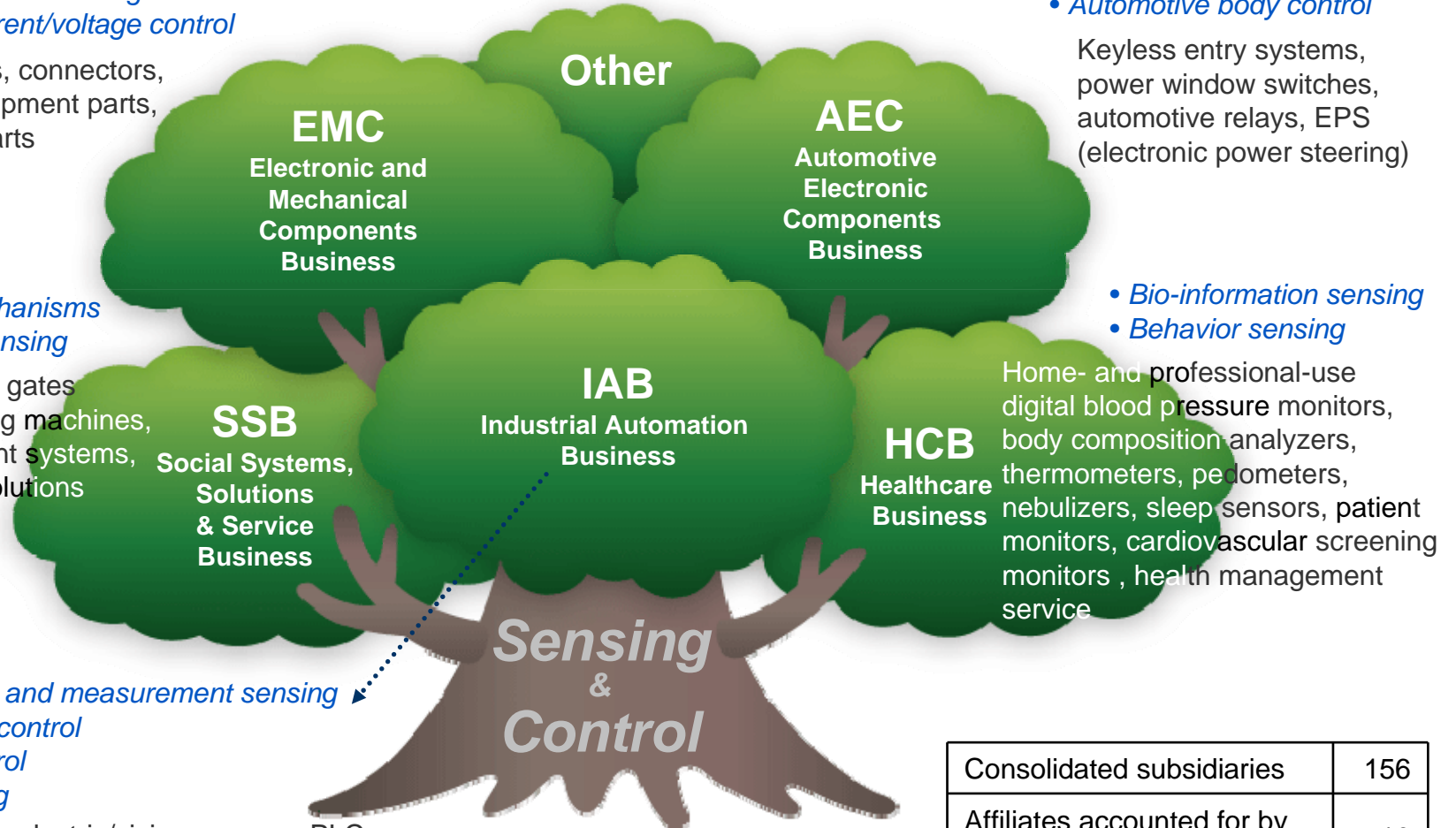
Automated ticket gates and ticket vending machines, road management systems, environmental solutions business

- *Bio-information sensing*
- *Behavior sensing*

Home- and professional-use digital blood pressure monitors, body composition analyzers, thermometers, pedometers, nebulizers, sleep sensors, patient monitors, cardiovascular screening monitors, health management service

- *Displacement and measurement sensing*
- *Temperature control*
- *Machine control*
- *Vision sensing*

Proximity/photoelectric/vision sensors, PLCs, temperature controllers, machine safeguarding equipment, inspection systems



Consolidated subsidiaries	156
Affiliates accounted for by the equity method	10

(as of December 31, 2013)



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 the current time, 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 Company to develop new technologies and products, (iv) major changes in the fundraising environment, (v) tie-ups or cooperative relationships with other companies, (vi) movements in currency exchange rates and stock markets, and (vii) accidents and natural disasters.

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