

## **Q&A Session Summary, Q3 2014 Earnings**

### **OMRON Corporation**

January 29, 2015, Tokyo

\*Supplemental. Original presentation given in Japanese.

#### **Consolidated Performance, Management, VG2020 Strategies**

**Q:** Inventory was up, why?

**A:** The ¥34bn increase from the end of FY13 was due mainly to exchange rates and seasonality. Year-on-year, turnover was slightly slow from 1.8 months to 1.9 months. We will keep watching the numbers toward the year-end.

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

**Q:** Q1-Q3 9-month sales posted strong growth. What was the main contributor, the market growth or your own efforts?

**A:** Both, 50/50 we assume. What we did was, last year, expecting large-scale investments coming in this H1, we went ahead to take up new measures in China, which led to sales leap this year. We believe such efforts in other areas will go successful as well.

**Q:** About the four industries you are focusing on. Sales breakdown and profit margin by industry in general?

**A:** They would make up 50% of IAB sales. Profit margins could be rather lower for the digital equipment business because of volume discounting, and higher for the automotive sector, thanks to after-sales maintenance and support.

**Q:** About the new sales & marketing strategy that makes the most of the wide-range product lineup. I wonder if you could've started earlier. Why was it so difficult before?

**A:** Historically, our sales approach was, for example, Product A sales team only focused on selling A. Now, their morale has been changing to sell more of Omron items in total. With the launch of high-speed, high-precision controller series, they are more motivated and making better product proposals to customers, offering a number of items as a set along with the controllers.

#### **Healthcare Business (HCB)**

**Q:** Q3 sales up but OP down Q/Q, why?

**A:** Because of R&D investments in new products and integration costs related to NS acquisition.

### **“Other” Businesses**

**Q:** Can you give us the breakdown of ¥8bn possible sales drop, Environmental Solutions and Backlight?

**A:** Backlight larger.

**Q:** You are forecasting a one-time demand drop for Backlight. Even so, are you carrying out the additional capital investment as planned?

**A:** Yes, ¥10bn by FY16 as scheduled. The way we see it, the backlight market will keep growing, mainly high-function smart phones. The reason we expect the temporary drop is because of some of our customers' model changes, and no concern about the backlight market as a whole.

**Q:** How do you see the impact of the requirement for remote output control? Could it be positive for the PV inverter business?

**A:** Yes, we expect new demand. We also see that full power deregulation starting FY16 is a big opportunity. We will continue to roll out new products such as hybrid power-storing PV inverters to achieve growth in the new market.

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