

## Q&A Session Summary, Q3/FY2015 Earnings

### OMRON Corporation

January 28, 2016, Tokyo

\*Supplemental. Original presentation given in Japanese

#### Consolidated Performance, Management, VG2020 Strategies

Q: What is the reason why you lowered the full year capex forecast from ¥48bn to ¥40bn?

A: This reduction is in response to our review of the business in light of the weaker demand, and the largest reduction is at the Other business segment.

Q: Why do you insist on a 30% payout ratio?

A: We are committed investors to raising our payout ratio to 30%.

#### Industrial Automation Business (IAB)

Q: When you expect to see a recovery of IAB's business environment?

A: China's economic slowdown is spreading to the markets in Europe and Asia, and it is difficult to expect when to recover. In a medium- and long-term perspective, however, the demands for laborsaving and quality improvement are growing.

Q: What is the reason why the operating profit margin in Q3 is lower than Q2?

A: The operating profit margin is lowered because of the decrease in added value due to sales decline, and the impacts of PMI costs resulted from two acquisitions.

Q: Is there any issues with inventory levels in your China's distributors?

A: We have been monitoring and controlling inventory levels in China, and it has remained at a proper level.

Q: For the domestic business environment, what is underpinning your expectation for a recovery in Q4?

A: We expect growing capex demands for automotive, digital and commodities, etc.

Q: Are there signs of a slowdown in the Americas?

A: The oil & gas business is weaker compared to our initial plan, and there are also slowdowns in the other oil-related investments. Meanwhile, automotive and commodities, etc. remain solid.

#### Businesses under the Direct Control of HQ (Other)

Q: Do you continue to view backlight as a growth business?

A: We aimed to ¥100bn in sales in FY16, but we believe we must lower our revenue forecast in response to the deteriorating business environment. Currently, we are working to improve profitability by business restructuring such as personnel relocation.

Q: As for the downward revision to the Other business segment, what are the proportions resulted from the backlight business and the PV inverter business, respectively?

A: Drop in the backlight business accounts for the majority of the downward revision. The PV inverter business has remained almost in line with the revised forecasts we announced at the end of Q2.

\*\*\*\*\*