

Q&A Session Summary, FY2015 Earnings

OMRON Corporation

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*Supplemental. Original presentation given in Japanese

Consolidated Performance, Management, Strategies

Q: Regarding your FY2016 plan (page 18), what is the driver for achieving a ¥25 billion increase in added value?

A: The driver is the improvement in GP margin, on the back of expanded revenues from high margin products and cost reductions.

Industrial Automation Business (IAB)

Q: Does innovative-Automation lead to business growth?

A: It has not yet translated into revenue growth, but as an Omron's unique initiative, we believe it will contribute to our mid- and long-term growth.

Q: What is the targeting market by incorporating robots?

A: We are not targeting the market where many robot manufacturers have been already competing (such as weld line). We propose automation and robotics technologies for the lines such as assembly and final inspection that are currently being done by humans.

Q: To expand sales of robot, have you been making changes to how you sell product?

A: As specialized knowledge is asked, we are expanding the "direct sales promotion" that making direct proposals of solutions to clients.

Q: What are the industries that your revenues are growing?

A: Our four focus industries- automotive, digital, food & beverage and infrastructure. The revenues are growing as we continue to concentrate our resources on these industries.

Electronic Components Business (EMC)

Q: What is the reason why you expect OP to improve despite lower revenues YoY in FY2016?

A: We expect an increase in OP by cost reductions (standardizing components), productivity improvement (migrating to more compact production facilities), and the elimination of unprofitable products.

Other Businesses

Q: Why you expect the revenue will be significantly improved in FY2016?

A: One important reason is that we believe backlight business can achieve a positive profit. The profit structure reforms undertaken in 2H FY2015 lowered the breakeven point. In FY2016, we will continue to reform the business structure, including the earnings structure.

Q: What is the level of OP for individual sub-segments in your FY2016 plan?

A: We do not disclose the figures, but we expect to have increases in OP for all the sub-segments.

Q: Does the evolution of smartphones lead to business chance for backlights?

A: Technological capabilities are necessary to cope with the evolution, so we regard it as a chance.
