

Q&A Session Summary, Q1/FY2016 Earnings

OMRON Corporation

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*Supplemental. Original presentation given in Japanese

Consolidated Performance, Management, Strategies

Q: What are your internal criteria to determine which businesses you sell?

A: Our criteria are tied to portfolio management, from the perspective of economic value and market value. We have set hurdle rates of ROIC for each individual business. If a business falls short of its criteria, we will carry out restructuring. If it still underperforms after restructuring, we will consider divesting.

Q: Are you considering divesting the backlight business?

A: Currently we are not considering divesting. We have been rebuilding our earnings structure since last fiscal year.

Q: Will the strong yen affect you achieving the full year guidance?

A: Yes, it will. We acknowledge that it is difficult to fully mitigate the impact of the yen's appreciation, and the uncertainty about our business environment will remain. Furthermore, if the emerging market currencies diverge from US dollar or Euro trends, it will affect our results.

Technologies

Q: When do you expect to get contributions from the technologies you introduced today?

A: We assume that these technologies will contribute to our businesses in five to ten years.

Q: How are you going to run the businesses by the idea of backcasting?

A: It is significant to ensure that our vision for the future is shared in our management. We are promoting open innovation, as we are seeing the sheer speed of change in the markets, and we do recognize that it is difficult for us to do this on a standalone basis.

Industrial Automation Business (IAB)

Q: Your initial forecast of domestic IAB business was a 4% YoY increase in revenue, but Q1 was down 3% YoY. Is it difficult to achieve the full year target?

A: We are aiming to achieve the target of IAB as a whole. It might be difficult to achieve the projection of domestic sales, but we expect our business in China to offset the shortfall in the domestic business, as our Chinese business goes solid despite the general slowdown in China's economy.

Q: Have you seen favorable outcome from the two companies you acquired, Delta Tau and Adept?

A: Yes, we rolled out robots around the world simultaneously in April and we have seen strong level of both demand and inquiries. However it has yet to translate into a major increase in incremental revenues.

Healthcare Business (HCB)

Q: When do you expect to get contributions from the business partnership with Fukuda Denshi?

A: We have yet to close the transaction with Fukuda Denshi, so it will take some more time to see the outcome. It is the first alliance ever for HCB, and we are very excited about the prospects for growing the business.
