

## Q&A Session Summary, Q2/FY2016 Earnings

### OMRON Corporation

October 27, 2016, Tokyo

\*Supplemental. Original presentation given in Japanese

#### Consolidated Performance, Management, Strategies

Q: Full-year dividend forecast remains unchanged. Does it mean that you have changed the policy of shareholder return?

A: No, we did not change the policy. Taking into account the factors such as cash position, we decided to remain the full-year dividend forecast unchanged.

Q: What is the reason why you did not conduct a share buyback?

A: There are no rules regarding the time to conduct share buybacks. We will strategically conduct share buybacks by taking the level of excess cash into consideration.

#### Industrial Automation Business (IAB)

Q: Have you seen favorable outcome from the application packages?

A: Our application packages, such as packages that speed up the conveyance with vibration control, are favored by customers. In particular, we are making good progress in the four focus industries.

Q: How much growth has been achieved in other focus industries other than digital industry in China?

A: In China, we have also achieved double-digit growth in the industries of automotive, food & beverage and infrastructure.

Q: What is your outlook on the business environment of each region?

A: China will stay firm. Europe is showing a recovery. Suppression of capex for improvement will continue due to the strong yen, while capex for new car models will be solid.

#### Other Businesses

Q: What led to the decision to recognize the impairment loss in Backlight Business?

A: Chinese mid-level smartphone market has been expanding, while the high-end smartphone market, which is our targeting market, has been shrinking more than we expected. Furthermore, profitability is exacerbated by the decline in unit price, which led to the change of our business plan. As a result, we recognized the impairment loss in accordance with the accounting rules.

Q: Will you continue on with Backlight Business?

A: Yes, and we plan to reform the structure to optimize the business.

Q: The smartphone market in China is expanding. Is it not the case that this will lead to the expansion of the sales volume of Backlight Business?

A: It will lead to the sales volume expansion. However, the contribution to revenue is limited due to the significant decline in unit price.

Q: Was it not possible to convert the facilities of Backlight Business to other business segments?

A: Part of the facilities has been converted.

Q: Does the Environment Solution Business stay firm?

A: Yes. The sales of the hybrid PV inverters enabled for storage are running ahead of plan, fully offsetting the declines in conventional models.

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