



## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019 (U.S. GAAP)

July 26, 2018

### OMRON Corporation (6645)

Exchanges Listed:	Tokyo (first section)
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Filing of Quarterly Securities Report ( <i>Shihanki hokokusho</i> ) (scheduled):	August 10, 2018
Start of Distribution of Dividends (scheduled):	—
Preparation of Supplementary Materials for the Quarterly Financial Results:	Yes
Holding of Presentation of Quarterly Financial Results:	Yes (for investors)

*Note: This document has been translated from the Japanese original as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.*

Note: Figures are rounded to the nearest million yen.

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 – June 30, 2018)

#### (1) Sales and Income (cumulative)

(Percentages represent changes compared with the same period of the previous fiscal year.)

	Millions of yen - except per share data and percentages			
	Three months ended June 30, 2018		Three months ended June 30, 2017	
		Change (%)		Change (%)
Net sales	209,784	+3.1	203,409	+10.2
Operating income	19,609	(13.6)	22,690	+126.1
Income before income taxes	20,594	(5.4)	21,768	+79.6
Net income attributable to shareholders	14,678	(5.4)	15,519	+95.8
Net income per share attributable to shareholders, basic (JPY)	69.86		72.58	
Net income per share attributable to shareholders, diluted (JPY)	—		—	

Notes: 1. Comprehensive income: Three months ended June 30, 2018: JPY 13,627 million ( -36.8 % change);

Three months ended June 30, 2017: JPY 21,557 million ( — % change)

2. Consolidated statements of operations for three months ended June 30, 2017 have been reclassified. For more, see 2. Quarterly

Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy) on P.11.

#### (2) Consolidated Financial Position

	Millions of yen - except per share data and percentages	
	As of June 30, 2018	As of March 31, 2018
Total assets	725,889	744,952
Net assets	515,499	507,386
Shareholders' equity	513,787	505,530
Shareholders' equity ratio (%)	70.8	67.9

## 2. Dividends

		Year ended March 31, 2018	Year ending March 31, 2019	Year ending March 31, 2019 (projected)
Dividends per share	1st quarter dividend (JPY)	—	—	
	Interim dividend (JPY)	38.00		—
	3rd quarter dividend (JPY)	—		—
	Year-end dividend (JPY)	38.00		—
	Total dividends for the year (JPY)	76.00		92.00

Notes: Revisions since the most recently announced dividend forecast: No

## 3. Projected Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent changes compared with the previous fiscal year.)

	Millions of yen	
	Full year ending March 31, 2019	Change (%)
Net sales	900,000	+4.7
Operating income	93,000	+7.8
Income before income taxes	88,000	+5.6
Net income attributable to shareholders	64,500	+2.1
Net income per share attributable to shareholders (JPY)	306.26	

Note: Revisions since the most recently announced performance forecast: No

OMRON has not revised fiscal 2018 consolidated earnings forecasts as originally announced on April 26, 2018. However, operating income figures used for comparative purposes reflect the retrospective application of new accounting policies.

## Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No  
New: – companies (–) Excluded: – companies (–)

- (2) Application of simplified accounting methods and/or special accounting methods: No

- (3) Changes in accounting policy

(a) Changes in accounting policy accompanying revision of accounting standards, etc.: Yes

(b) Changes in accounting policy other than (a) above: No

Note: For more, see 2. Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Change in Accounting Policy) on P.11.

- (4) Number of shares issued and outstanding (common stock)

(a) Number of shares at end of period (including treasury stock):

June 30, 2018: 213,958,172 shares

March 31, 2018: 213,958,172 shares

(b) Treasury stock at end of period:

June 30, 2018: 4,293,120 shares

March 31, 2018: 3,352,916 shares

(c) Average number of shares during the period (cumulative quarterly period):

Three months ended June 30, 2018: 210,096,489 shares

Three months ended June 30, 2017: 213,804,933 shares

Note: As of the end of the first three months of the fiscal year ending March 2019, 766,683 shares of OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan are included in period-end treasury stock. The average number of shares during the period includes treasury shares deducted in the calculation of net income per share attributable to shareholders.

**\*Quarterly summaries of consolidated financial results are not subject to review by certified public accountants or audit corporations.**

**Commentary Regarding Appropriate Use of Projections of Results and Other Matters**

1. Projections of results and future developments are based on information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable. Various risks, uncertainties and other factors could cause actual results to differ materially from these projections. For the assumptions that form the basis of the projected results and appropriate use, see 1. Qualitative Information on Quarterly Financial Results (3) Description of Information on Outlook, Including Consolidated Performance Forecast on P.6.
2. The Company applies the single step method for presentation of its Consolidated Financial Statements based on U.S. GAAP. However, to facilitate comparison with other companies, operating income on the Consolidated Income Statement is presented by subtracting selling, general and administrative expenses and research and development expenses from gross profit.
3. The Company plans to hold a presentation for investors on Thursday, July 26, 2018. The Company also plans to post an overview and the (voice) content of its explanations, together with financial materials used at the presentation, promptly on its website.

Note: The following abbreviations of business segment names are used in the attached materials.

IAB: Industrial Automation Business

EMC: Electronic and Mechanical Components Business

AEC: Automotive Electronic Components Business

SSB: Social Systems, Solutions and Service Business

HCB: Healthcare Business

Other: Environmental Solutions Business, Electronic Systems & Equipment Division,  
Backlight (Businesses under direct control of Headquarters)

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Description of Results of Operations

#### General Overview

The OMRON Group recorded higher consolidated sales and lower profits for the first quarter of fiscal 2018 (April through June 2018) compared to the same period in the previous fiscal year. Our mainstay Industrial Automation Business (IAB) and Healthcare Business (HCB) reported higher sales, driving overall growth and record-high for a first quarter. At the same time, strategic increases in sales staff and development investments for future growth resulted in lower operating income year on year. As a result of structural reform leading to the integration of production, sales, and development groups, the company achieved an overall gross profit ratio of 41.8%, a 0.5-point increase year on year. As a result, the company recorded first quarter record highs for gross profit margin and gross profit ratio.

Consolidated results for the first quarter were as follows.

Billions of yen, except exchange rate data and percentages			
	Three months ended June 30, 2017	Three months ended June 30, 2018	Change
Net sales	203.4	209.8	+3.1%
Gross profit	84.1	87.7	+4.3%
[% of net sales]	[41.4%]	[41.8%]	[+0.5%pt]
Operating income	22.7	19.6	-13.6%
[% of net sales]	[11.2%]	[9.3%]	[-1.8%pt]
Income before income taxes	21.8	20.6	-5.4%
Net income attributable to shareholders	15.5	14.7	-5.4%
Average USD exchange rate (JPY)	111.5	108.1	-3.4
Average EUR exchange rate (JPY)	121.5	129.9	+8.4

Note: Consolidated statements of operations for three months ended June 30, 2017 have been reclassified. For more, see 2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy)* on P.11.

#### Results by Business Segment

##### IAB (Industrial Automation Business)

(Billions of yen, %)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Change
Sales to external customers	95.8	102.8	+7.3%
Segment profit	19.2	17.0	-11.5%

#### Sales

Activity in the automobile industry led to rising demand for leading-edge technology development and advanced production investment in Japan and the Americas. While the IAB segment has felt the impact of temporarily slowing investment demand in Korea's semiconductor market and other digital industry sectors, demand has grown in Japan, the Americas, and Greater China. Demand for machinery exports was strong in Europe, mainly among businesses in the food industry.

We proposed optimal solutions to our customers in response to this growth in demand. At the same time, our acquisitions have contributed to group revenues. These and other factors have combined to result in year-on-year growth in segment net sales.

### Segment Profit

Segment profit was lower year on year due to active investments in sales staff, and research and development to fuel future growth.

### EMC (Electronic and Mechanical Components Business)

(Billions of yen, %)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Change
Sales to external customers	26.3	26.3	-0.2%
Segment profit	3.7	2.9	-21.3%

Note: OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC and other segments beginning with the fiscal year ending March 31, 2019. The company reclassified results for the fiscal year ended March 2018 under this new categorization for presentation herein.

### Sales

Demand for consumer and commercial products was firm in the Americas, Europe, and Greater China. In Japan, demand was firm in the automotive-related industries. However, the contraction in amusement industry in Japan caused a significant decline in demand.

Overall, segment sales were level with the prior year in response to changes in demand.

### Segment Profit

Segment profits were significantly lower year on year, mainly due to additional production of products and expanded investments to improve production facilities.

### AEC (Automotive Electronic Components Business)

(Billions of yen, %)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Change
Sales to external customers	32.2	32.9	+2.3%
Segment profit	1.4	1.8	+25.7%

### Sales

Changes in vehicle models carrying OMRON products and other factors resulted in weak demand in Japan, the Americas, and Europe. Demand was strong in Asia, however, reflecting, among other factors, increasing automobile production in India and rising sales of motorcycles in Indonesia.

As a result, changes in demand, sales were higher year on year.

### Segment Profit

The AEC reported significantly higher profit, due to higher sales and improved productivity.

### SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Change
Sales to external customers	8.3	8.3	+0.3%
Segment profit (loss)	(2.0)	(2.2)	—

### Sales

Sales were level year on year, mainly due to flat demand for upgrades in our Public Transportation Business and Traffic and Road Management Systems Business.

### Segment Profit

Segment loss was higher than the same period in the previous year, mainly due to increased research and development expenses incurred for future growth.

### HCB (Healthcare Business)

(Billions of yen, %)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Change
Sales to external customers	25.7	27.9	+8.5%
Segment profit	3.3	3.9	+18.8%

### Sales

The HCB segment experienced strong global demand for blood pressure monitors, driven in part by stepped up promotions through worldwide online channels in Japan, Europe, and the Americas. We also engaged in stronger marketing of blood pressure monitors in Greater China. These factors combined to push blood pressure monitor sales higher.

As a result, segment sales grew year on year, despite lower sales of institutional equipment in Japan, caused by changes in distribution channels.

### Segment Profit

While the segment incurred higher research and development costs for future growth, higher sales and productivity improvements resulted in segment profit grew year on year.

### Other Businesses

(Billions of yen, %)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Change
Sales to external customers	13.2	10.5	-20.9%
Segment profit (loss)	0.3	(0.3)	—

Notes: 1. The Other segment includes new exploratory or incubation businesses as well as businesses being nurtured under the direct control of Headquarters.

2. OMRON revised business classifications, reclassifying certain operations under the Other Businesses segment to the EMC and other segments beginning with the fiscal year ending March 31, 2019. The company reclassified results for the fiscal year ended March 2018 under this new categorization for presentation herein.

### Sales

While demand was sluggish for PV inverters used for solar panels, storage battery systems for solar panels performed well. Our Electric Systems and Equipment Business recorded solid sales of contract development and production services for electronic devices, supported by strong orders from major customers. The OMRON Backlights Business saw weak sales, due to further business optimization initiatives.

As a result, Other Businesses sales fell sharply compared to the same period in the prior fiscal year.

### Segment Profit

Lower sales drove segment profits lower year on year.

## **(2) Description of Financial Condition**

### **Financial Condition**

Under VG2.0, we intend to continue to conduct ROIC management focused on capital efficiency, while investing actively in sustainable corporate value improvements.

Total assets as of the end of the consolidated first quarter decreased ¥19.1 billion compared with the end of the previous fiscal year to ¥725.9 billion, mainly due to collections of notes and accounts receivable–trade from the prior consolidated fiscal year. Total liabilities decreased ¥27.2 billion compared with the end of the previous fiscal year, down to ¥210.4 billion, mainly due to decreases in notes and accounts payable–trade and accrued expenses. Net assets increased ¥8.1 billion compared to the end of the previous fiscal year to ¥515.5 billion, owing to increases in net income attributable to shareholders and other factors. As a result, OMRON Group shareholders' equity ratio was 70.8%, compared with 67.9% at the end of the previous fiscal year, maintaining a strong financial footing capable of active investment and responding to changes in our operating environment.

### **Summary of Cash Flows**

The following summarizes cash flow activity for the cumulative consolidated first quarter.

#### **Cash Flows from Operating Activities**

Net cash provided by operating activities was ¥18.1 billion, an increase of ¥2.7 billion in net cash provided over the same period in the previous fiscal year. This result was mainly due to the recording of net income and depreciation and amortization, as well as a decrease in notes and accounts receivable–trade. These decreases were offset in part by a decrease in and notes and accounts payable–trade.

#### **Cash Flows from Investing Activities**

Net cash used in investing activities was ¥8.1 billion, representing an increase in net cash used of ¥2.8 billion compared to the same period in the previous fiscal year.

Free cash flows (difference between cash flows from operating activities and cash flows from investing activities) for the current fiscal period amounted to ¥10 billion.

#### **Cash Flows from Financing Activities**

Net cash used in financing activities was ¥13.6 billion, which was an increase in net cash used of ¥6.1 billion compared to the same period in the previous fiscal year. This result was mainly due to dividends paid and stock buybacks.

As a result, the balance of cash and cash equivalents at the end of the consolidated first quarter was ¥109.3 billion, a decrease of ¥3.7 billion compared to the end of the previous fiscal year.

## **(3) Description of Information on Outlook, Including Consolidated Performance Forecast**

As of the publication of the first quarter financial results, OMRON Group has not revised consolidated performance forecasts for fiscal 2018. Accordingly, the company's forecasts remain as published on April 26, 2018.



## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018		As of June 30, 2018	
		%		%
<b>ASSETS</b>				
Current assets:	437,385	58.7	417,720	57.5
Cash and cash equivalents	113,023		109,320	
Notes and accounts receivable — trade	174,065		155,685	
Allowance for doubtful receivables	(1,117)		(967)	
Inventories	129,581		137,699	
Other current assets	21,833		15,983	
Property, plant and equipment:	135,103	18.1	135,619	18.7
Land	24,886		24,911	
Buildings	145,389		144,504	
Machinery and equipment	205,233		205,636	
Construction in progress	10,063		10,601	
Accumulated depreciation	(250,468)		(250,033)	
Investments and other assets:	172,464	23.2	172,550	23.8
Goodwill	38,705		40,780	
Investments in and advances to affiliates	27,195		26,616	
Investment securities	29,016		29,742	
Leasehold deposits	7,531		7,671	
Deferred income taxes	39,947		37,412	
Other assets	30,070		30,329	
<b>Total assets</b>	<b>744,952</b>	<b>100.0</b>	<b>725,889</b>	<b>100.0</b>

(Millions of yen)

	As of March 31, 2018		As of June 30, 2018	
		%		%
<b>LIABILITIES</b>				
Current liabilities	182,778	24.5	155,975	21.5
Notes and accounts payable — trade	93,792		83,089	
Accrued expenses	44,291		31,484	
Income taxes payable	6,414		4,609	
Other current liabilities	38,281		36,793	
Deferred income taxes	706	0.1	282	0.0
Termination and retirement benefits	42,342	5.7	42,723	5.9
Other long-term liabilities	11,740	1.6	11,410	1.6
Total liabilities	237,566	31.9	210,390	29.0
<b>NET ASSETS</b>				
Shareholders' equity	505,530	67.9	513,787	70.8
Common stock	64,100	8.6	64,100	8.8
Capital surplus	99,588	13.4	99,735	13.7
Legal reserve	19,940	2.7	20,862	2.9
Retained earnings	390,950	52.4	412,356	56.8
Accumulated other comprehensive income (loss)	(49,359)	(6.6)	(57,889)	(7.9)
Foreign currency translation adjustments	(3,176)		(4,625)	
Pension liability adjustments	(53,785)		(53,421)	
Unrealized gains (losses) on available-for-sale securities	7,426		—	
Net gains (losses) on derivative instruments	176		157	
Treasury stock	(19,689)	(2.6)	(25,377)	(3.5)
Noncontrolling interests	1,856	0.2	1,712	0.2
Total net assets	507,386	68.1	515,499	71.0
Total liabilities and shareholders' equity	744,952	100.0	725,889	100.0

**(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated  
Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Operations)  
(Three months ended June 30, 2018)**

(Millions of yen)

	Three months ended June 30, 2017		Three months ended June 30, 2018	
		%		%
Net sales	203,409	100.0	209,784	100.0
Cost of sales	119,295	58.6	122,068	58.2
Gross profit	84,114	41.4	87,716	41.8
Selling, general and administrative expenses	48,336	23.8	53,711	25.6
Research and development expenses	13,088	6.4	14,396	6.9
Operating income	22,690	11.2	19,609	9.3
Other expenses, net	922	0.5	(985)	(0.5)
Income before income taxes and equity in loss (earnings) of affiliates	21,768	10.7	20,594	9.8
Income taxes	6,092	3.0	5,607	2.7
Equity in loss (earnings) of affiliates	51	0.0	256	0.1
Net income	15,625	7.7	14,731	7.0
Net income attributable to noncontrolling interests	106	0.1	53	0.0
Net income attributable to OMRON shareholders	15,519	7.6	14,678	7.0

Notes: Consolidated statements of operations for three months ended June 30, 2018 have been reclassified.

For more, see 2. Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy) on P.11.

**(Quarterly Consolidated Statements of Comprehensive Income)**  
**(Three months ended June 30, 2018)**

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net income	15,625	14,731
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	5,171	(1,449)
Pension liability adjustments	576	364
Unrealized gains (losses) on available-for-sale securities	212	—
Net gains (losses) on derivative instruments	(27)	(19)
Other comprehensive income (loss)	5,932	(1,104)
Comprehensive income	21,557	13,627
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	103	53
Comprehensive income attributable to OMRON shareholders	21,454	13,574

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
<b>I. Operating Activities:</b>		
1. Net income	15,625	14,731
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	6,748	7,094
(2) Net loss (gain) on sales and disposals of property, plant and equipment	57	(184)
(3) Impairment of long-lived assets	8	—
(4) Net gain on sale of investment securities	(229)	(20)
(5) Losses on investment securities	14	—
(6) Net gain on valuation of investment securities	—	(667)
(7) Termination and retirement benefits	658	928
(8) Deferred income taxes	556	1,009
(9) Equity in loss (earnings) of affiliates	51	256
(10) Changes in assets and liabilities:		
(i) Decrease in notes and accounts receivable — trade	16,000	18,341
(ii) Increase in inventories	(4,251)	(8,144)
(iii) Decrease (increase) in other assets	(3,795)	4,543
(iv) Decrease in notes and accounts payable — trade	(6,755)	(10,521)
(v) Decrease in income taxes payable	(3,276)	(1,808)
(vi) Decrease in accrued expenses and other current liabilities	(6,430)	(7,671)
(11) Other, net	447	226
Subtotal	(197)	3,382
Net cash provided by operating activities	15,428	18,113
<b>II. Investing Activities:</b>		
1. Proceeds from sale of investment securities	466	416
2. Purchase of investment securities	(52)	(1)
3. Capital expenditures	(5,783)	(9,021)
4. Net increase in leasehold deposits	(95)	(126)
5. Proceeds from sale of property, plant and equipment	52	1,398
6. Acquisition of business, net of cash acquired	—	(831)
7. Other, net	23	23
Net cash used in investing activities	(5,389)	(8,142)
<b>III. Financing Activities:</b>		
1. Net borrowings (repayments) of short-term debt	(152)	461
2. Dividends paid by the Company	(7,269)	(8,003)
3. Dividends paid to noncontrolling interests	(138)	(197)
4. Acquisition of treasury stock	(3)	(5,707)
5. Other, net	69	(134)
Net cash used in financing activities	(7,493)	(13,580)
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	1,970	(94)
Net Increase (Decrease) in Cash and Cash Equivalents	4,516	(3,703)
Cash and Cash Equivalents at Beginning of the Period	126,026	113,023
Cash and Cash Equivalents at End of the Period	130,542	109,320
Notes to cash flows from operating activities:		
1. Interest paid	29	45
2. Taxes paid	9,148	6,403
Notes to investing and financing activities not involving cash flow:		
1. Debt related to capital expenditures	549	968

## **(4) Notes Regarding Consolidated Financial Statements**

### **(Notes Regarding Assumptions of Going Concern)**

None applicable

### **(Notes in the Event of Significant Changes in Shareholders' Equity)**

None applicable

### **(Changes in Accounting Policy)**

Beginning with the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2014-09, Revenue from Contracts with Customers. This accounting standards update requires OMRON to provide quantitative and qualitative disclosures for a better understanding of revenues, as well as the nature of amount, timing, and uncertainties of cash flows, arising from contracts with customers. The cumulative impact of the adoption of this accounting standards update on retained earnings at the beginning of the period is not significant.

Beginning with the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2016-01, Financial Instruments — Recognition and Measurement of Financial Assets and Financial Liabilities and FASB Accounting Standards Update 2018-03, Financial Instruments — Recognition and Measurement of Financial Assets and Financial Liabilities Technical Corrections and Improvements to Financial Instruments. This accounting standards update requires OMRON to present classifications and measurements of equity investments, as well as changes in the fair value of certain financial liabilities measured at fair value. Further, this accounting standards update requires OMRON to revise presentation related to the fair values of certain financial instruments. As a result of the impact of the application of this accounting standards update on available-for-sale securities held by OMRON and OMRON subsidiaries, we have adjusted the cumulative impact on retained earnings as of the beginning of the period in the amount of ¥7,426 million in unrealized profits after tax-effect accounting. This amount was reported under accumulated other comprehensive income before this adjustment. Further, OMRON has made an adjustment of ¥224 million in cumulative impact on retained earnings for non-marketable equity securities.

Beginning with the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2017-07, Compensation—Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost And Net Periodic Postretirement Benefit Cost. This accounting standards update requires OMRON to categorize periodic pension costs and periodic postretirement benefit costs as service cost and components other than service cost. Service cost must be reported in the same statement of operations line item as other employee compensation costs. Components other than service cost must be categorized and presented separately from service cost. Only service cost from periodic pension costs or periodic postretirement benefit costs may be capitalized and reported under inventory. Under this accounting standards update, presentation of service costs and other elements must be applied on a retrospective basis. Only costs allowed to be capitalized for the service cost component may be applied on a prospective basis. The retrospective application of this accounting standards update classifying and presenting service cost and other service cost components resulted in the reclassification of ¥32 million in cost of sales, ¥39 million in selling, general and administrative expenses, and ¥15 million in research and development expenses. These amounts have been reclassified to other expenses (income), net on the consolidated quarterly statements of income for the first three months of the fiscal year ended March 2018. Gross profit and operating income for the first three months of the consolidated fiscal year ended March 2018 increased ¥32 million and ¥86 million, respectively, when compared to amounts prior to this reclassification. The application of rules that allow only the service cost component to be eligible for capitalization does not have a significant impact on the operating results or financial condition of OMRON or OMRON subsidiaries.

### **(Significant Subsequent Event)**

At a meeting held on July 26, 2018, the Board of Directors of OMRON Corporation resolved to set the maximum allowance for acquisition of treasury stock pursuant to Article 156 of the Company Law of Japan applied mutatis mutandis to the provisions of Article 165-3 of said law.

#### Shares Acquisition

1. Type of shares to be acquired	Common stock of OMRON Corporation
2. Number of shares to be acquired	Up to 5,000,000 shares
3. Total cost of shares to be acquired	Up to JPY 20,000,000,000
4. Acquiring period	From July 27, 2018 to July 26, 2019

## (Segment Information)

### Business Segment Information

Three months ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Net sales									
(1) Sales to external customers	95,810	26,346	32,213	8,286	25,715	13,218	201,588	1,821	203,409
(2) Intersegment sales	1,491	13,878	435	833	96	1,696	18,429	(18,429)	—
Total	97,301	40,224	32,648	9,119	25,811	14,914	220,017	(16,608)	203,409
Operating expenses	78,057	36,529	31,253	11,101	22,498	14,655	194,093	(13,374)	180,719
Segment profit (loss)	19,244	3,695	1,395	(1,982)	3,313	259	25,924	(3,234)	22,690

Note: 1. OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019. The company reclassified results for the first three months of the fiscal year ended March 2018 under this new categorization for presentation herein.

2. The consolidated statement of operations for the first three months of the fiscal year ended March 2018 have been reclassified For more, see 2. Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy) on P.11.

Three months ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Net sales									
(1) Sales to external customers	102,785	26,302	32,938	8,308	27,899	10,454	208,686	1,098	209,784
(2) Intersegment sales	1,538	14,162	145	1,008	59	1,666	18,578	(18,578)	—
Total	104,323	40,464	33,083	9,316	27,958	12,120	227,264	(17,480)	209,784
Operating expenses	87,285	37,555	31,329	11,483	24,023	12,376	204,051	(13,876)	190,175
Segment profit (loss)	17,038	2,909	1,754	(2,167)	3,935	(256)	23,213	(3,604)	19,609

### Sales by Geographical Region

Three months ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Major Regional Markets (External Customers)									
Japan	35,096	6,778	4,348	8,263	5,984	11,479	71,948	1,624	73,572
Americas	7,709	4,187	11,250	—	6,490	—	29,636	—	29,636
Europe	18,560	3,936	774	—	4,446	—	27,716	—	27,716
Greater China	20,890	7,902	6,306	13	6,268	1,677	43,056	—	43,056
Southeast Asia and Others	13,451	3,542	7,677	—	2,434	—	27,104	—	27,104
Direct Exports	104	1	1,858	10	93	62	2,128	197	2,325
Total	95,810	26,346	32,213	8,286	25,715	13,218	201,588	1,821	203,409

Three months ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Major Regional Markets (External Customers)									
Japan	38,535	5,501	4,137	8,246	5,683	8,857	70,959	874	71,833
Americas	9,231	4,424	9,656	—	6,194	—	29,505	—	29,505
Europe	20,931	4,654	637	—	5,106	—	31,328	—	31,328
Greater China	23,034	8,526	6,516	37	8,179	1,524	47,816	—	47,816
Southeast Asia and Others	10,968	3,167	10,356	—	2,592	—	27,083	—	27,083
Direct Exports	86	30	1,636	25	145	73	1,995	224	2,219
Total	102,785	26,302	32,938	8,308	27,899	10,454	208,686	1,098	209,784

Notes: Major countries or regions belonging to segments other than Japan are as follows:

- (1) Americas: United States of America, Canada, Brazil, Mexico
- (2) Europe: Netherlands, Great Britain, Germany, France, Italy, Spain
- (3) Greater China: China, Hong Kong, Taiwan
- (4) Southeast Asia and Others: Singapore, Republic of Korea, India, Australia

### 3. Supplementary Information

#### (1) Summary of Consolidated Financial Results (U.S. GAAP)

(Millions of yen, %)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Year-on- year change	Year ended March 31, 2018	Year ending March 31, 2019 (projected)	Year-on- year change
Net sales	203,409	209,784	+3.1%	859,982	900,000	+4.7%
Operating income	22,690	19,609	-13.6%	86,254	93,000	+7.8%
[% of net sales]	[11.2%]	[9.3%]	[-1.8%pt]	[10.0%]	[10.3%]	[+0.3%pt]
Income before income taxes	21,768	20,594	-5.4%	83,367	88,000	+5.6%
[% of net sales]	[10.7%]	[9.8%]	[-0.9%pt]	[9.7%]	[9.8%]	[+0.1%pt]
Net income attributable to shareholders	15,519	14,678	-5.4%	63,159	64,500	+2.1%
Net income per share attributable to shareholders (basic) (¥)	72.58	69.86	-2.72	296.85	306.26	+9.41
Total assets	695,528	725,889	+4.4%	744,952		
Shareholders' equity	490,480	513,787	+4.8%	505,530		
[Shareholders' equity ratio (%)]	[70.5%]	[70.8%]	[+0.3%pt]	[67.9%]		
Shareholders' equity per share (¥)	2,294.06	2,450.51	+156.45	2,400.37		
Net cash provided by operating activities	15,428	18,113	+2,685	73,673		
Net cash used in investing activities	(5,389)	(8,142)	(2,753)	(55,842)		
Net cash used in financing activities	(7,493)	(13,580)	(6,087)	(33,082)		
Cash and cash equivalents at end of period	130,542	109,320	(21,222)	113,023		

Notes: 1. OMRON has 158 consolidated subsidiaries and 17 companies accounted for by the equity method.

2. The consolidated statement of operations for the first three months of the fiscal year ended March 2018 have been reclassified For more, see 2. Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy) on P.11.



## (2) Consolidated Net Sales by Business Segment

(Billions of yen)

		Three months ended June 30, 2017	Three months ended June 30, 2018	Year-on-year change (%)
IAB	Japan	35.1	38.5	+9.8%
	Americas	7.7	9.2	+19.7%
	Europe	18.6	20.9	+12.8%
	Greater China	20.9	23.0	+10.3%
	Southeast Asia and Others	13.5	11.0	-18.5%
	Direct Exports	0.1	0.1	-17.3%
	Total	95.8	102.8	+7.3%
EMC	Japan	6.8	5.5	-18.8%
	Americas	4.2	4.4	+5.7%
	Europe	3.9	4.7	+18.2%
	Greater China	7.9	8.5	+7.9%
	Southeast Asia and Others	3.5	3.2	-10.6%
	Direct Exports	0.0	0.0	—
	Total	26.3	26.3	-0.2%
AEC	Japan	4.3	4.1	-4.9%
	Americas	11.3	9.7	-14.2%
	Europe	0.8	0.6	-17.7%
	Greater China	6.3	6.5	+3.3%
	Southeast Asia and Others	7.7	10.4	+34.9%
	Direct Exports	1.9	1.6	-11.9%
	Total	32.2	32.9	+2.3%
SSB	Japan	8.3	8.2	-0.2%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	0.0	0.0	—
	Southeast Asia and Others	—	—	—
	Direct Exports	0.0	0.0	—
	Total	8.3	8.3	+0.3%
HCB	Japan	6.0	5.7	-5.0%
	Americas	6.5	6.2	-4.6%
	Europe	4.4	5.1	+14.8%
	Greater China	6.3	8.2	+30.5%
	Southeast Asia and Others	2.4	2.6	+6.5%
	Direct Exports	0.1	0.1	+55.9%
	Total	25.7	27.9	+8.5%
Other	Japan	11.5	8.9	-22.8%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	1.7	1.5	-9.1%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.1	0.1	+17.7%
	Total	13.2	10.5	-20.9%
Eliminations & Corporate	Japan	1.6	0.9	-46.2%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	—	—	—
	Southeast Asia and Others	—	—	—
	Direct Exports	0.2	0.2	+13.7%
	Total	1.8	1.1	-39.7%
Total	Japan	73.6	71.8	-2.4%
	Americas	29.6	29.5	-0.4%
	Europe	27.7	31.3	+13.0%
	Greater China	43.1	47.8	+11.1%
	Southeast Asia and Others	27.1	27.1	-0.1%
	Direct Exports	2.3	2.2	-4.6%
	Total	203.4	209.8	+3.1%

Notes: OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019. The company reclassified results for the fiscal year ended March 2018 under this new categorization for presentation herein.

### (3) Consolidated Operating Income (Loss) by Business Segment

(Billions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Year-on-year change (%)
IAB	19.2	17.0	-11.5%
EMC	3.7	2.9	-21.3%
AEC	1.4	1.8	+25.7%
SSB	(2.0)	(2.2)	—
HCB	3.3	3.9	+18.8%
Other	0.3	(0.3)	—
Eliminations & Corporate	(3.2)	(3.6)	—
Total	22.7	19.6	-13.6%

Note: 1. OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019. The company reclassified results for the first three months of the fiscal year ended March 2018 under this new categorization for presentation herein.  
2. The consolidated statement of operations for the first three months of the fiscal year ended March 2018 have been reclassified. For more, see 2. Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy) on P.11.

### (4) Average Currency Exchange Rate

(One unit of currency, in yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Year-on-year change
USD	111.5	108.1	-3.4
EUR	121.5	129.9	+8.4

## (5) Projected Consolidated Net Sales by Business Segment

(Billions of yen)

		Year ended March 31, 2018	Year ending March 31, 2019	Year-on-year change (%)
IAB	Japan	152.0	163.0	+7.3%
	Americas	35.3	38.0	+7.7%
	Europe	77.7	83.5	+7.4%
	Greater China	77.7	85.5	+10.1%
	Southeast Asia and Others	53.1	57.5	+8.3%
	Direct Exports	0.4	0.5	+17.6%
	Total	396.1	428.0	+8.0%
EMC	Japan	24.3	21.0	-13.5%
	Americas	17.5	17.5	-0.2%
	Europe	16.9	17.5	+3.3%
	Greater China	31.0	32.0	+3.1%
	Southeast Asia and Others	14.5	14.0	-3.1%
	Direct Exports	0.1	0.0	+0.0%
	Total	104.4	102.0	-2.3%
AEC	Japan	17.3	16.0	-7.4%
	Americas	41.9	38.5	-8.1%
	Europe	2.8	2.0	-28.4%
	Greater China	28.6	27.5	-4.0%
	Southeast Asia and Others	33.3	37.5	+12.8%
	Direct Exports	7.3	6.5	-11.0%
	Total	131.2	128.0	-2.4%
SSB	Japan	62.8	66.5	+5.8%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	0.3	0.5	+69.5%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.6	0.0	+0.0%
	Total	63.7	67.0	+5.2%
HCB	Japan	26.0	28.5	+9.5%
	Americas	23.8	24.5	+3.0%
	Europe	21.0	22.0	+5.0%
	Greater China	26.8	30.5	+13.8%
	Southeast Asia and Others	10.3	13.0	+25.9%
	Direct Exports	0.6	0.5	-14.5%
	Total	108.5	119.0	+9.7%
Other	Japan	42.0	43.5	+3.5%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	8.5	6.5	-23.7%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.4	0.5	+27.2%
	Total	51.0	50.5	-0.9%
Eliminations & Corporate	Japan	4.1	5.0	+23.0%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	—	—	—
	Southeast Asia and Others	—	—	—
	Direct Exports	1.1	0.5	-54.9%
	Total	5.2	5.5	+6.3%
Total	Japan	328.5	343.5	+4.6%
	Americas	118.5	118.5	+0.0%
	Europe	118.4	125.0	+5.6%
	Greater China	172.9	182.5	+5.5%
	Southeast Asia and Others	111.1	122.0	+9.8%
	Direct Exports	10.5	8.5	-19.0%
	Total	860.0	900.0	+4.7%

Notes: OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019. The company reclassified results for the fiscal year ended March 2018 under this new categorization for presentation herein.

**(6) Projected Consolidated Operating Income (Loss) by Business Segment**

(Billions of yen)

	Year ended March 31, 2018	Year ending March 31, 2019	Year-on-year change (%)
IAB	74.0	82.0	+10.8%
EMC	12.5	12.5	+0.2%
AEC	5.8	6.0	+3.2%
SSB	4.1	4.5	+9.5%
HCB	11.2	12.5	+11.5%
Other	(0.5)	0.0	—
Eliminations & Corporate	(20.8)	(24.5)	—
Total	86.3	93.0	+7.8%

Note: 1. OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019. The company reclassified results for the first three months of the fiscal year ended March 2018 under this new categorization for presentation herein.

2. The consolidated statement of operations for the full year of the fiscal year ended March 2018 have been reclassified. For more, see 2. Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy) on P.11.

**(7) Projected Average Currency Exchange Rate**

(One unit of currency, in yen)

	Year ended March 31, 2018	Year ending March 31, 2019	Year-on-year change
USD	111.2	107.3	-3.9
EUR	129.4	130.7	+1.3