

Q&A Session Summary, FY2022 Results Briefing
OMRON Corporation
April 26, 2023

IAB: Forecasts and Order Trends

Q. Please discuss the backdrop to the forecast for sales growth (+1% Y/Y)

A: We believe the overall FA market is likely to be slightly lower Y/Y. Despite this operating environment, we project a 1% Y/Y increase in sales, on growth in the focus domains, where OMRON will effectively take share in industries where capex demand is strong, in addition to the supportive order backlog.

Q. Please comment on how much of an improvement you expect to see in FY2023 orders in 2H.

A. Rather than a dramatic rebound in 2H, we anticipate a gradual, stepwise improvement from 1H into the end of the fiscal year. Ultimately, we expect a gradual recovery to 1H FY2022 levels.

IAB: Solutions Business

Q. Please explain the background to the increase in the number of customers adopting innovative-Automation.

A. Manufacturing in our focus domains is undergoing significant change. Examples would be product areas such as semiconductors or batteries, or changes in packaging materials for food products. The major driver of growth in customer numbers is the increased number of innovative applications that we are able to provide to customers in these domains to address issues. By providing innovative applications to more customers, OMRON contributes to innovation in manufacturing: this is also leading to growth in customer numbers.

Q. On the back of the growth in the Solutions Business, the OPM improved 2.5%-pts. versus FY2016. How do you assess the current margin? Going forward, do you expect further margin improvements?

A. Profitability is steadily rising as a result of the growth in the Solutions Business. That said, I believe the contribution to IAB's overall margin has been insufficient, as a result of the impact of surging component and logistics costs and higher labor costs over the last 2 years. By tackling such external factors, we expect to make further progress in improving the profit margin in future, on the back of Solutions Business growth.