

Q&A Session Summary

OMRON Corporation

Financial Results for the Third Quarter Ended December 31, 2013

(FY13 Q3) January 30, 2014, Tokyo

*Supplemental. Original presentation given in Japanese.

Consolidated Performance, Management, VG2020 Strategies

Q: About cash. How much do you think is an appropriate net cash amount? Any M&A plans?

A: About 25 days, or ¥60bn. We're working on possible M&A as investment for growth, as well as higher dividend payout ratio and share buyback.

Q: Of planned ¥15bn strategic expenses, how much have you spent Q1-Q3?

A: About two-thirds.

Q: How much expenses will be carried over to Q4? Mainly on IAB?

A: About ¥2bn, on IAB and other business segments as well. We make sure to carefully use the expenses in Q4 without carrying over to FY14.

Industrial Automation Business (IAB)

Q: Any business environment changes by area since 1H announcement?

A: Japan is improving, up y/y in Q3 with solid January outlook. In Asia Pacific, Thailand is slow in a political turmoil.

Q: You said China is uncertain. Which industries are most sluggish?

A: Machine tools and texture are yet to see recovery.

Q: IAB seems to be having a hard time on a local currency basis. Any good signs?

A: Europe is slowly coming back. US, which saw sales delay in oil & gas business, is likely to achieve initial full-year target after all.

Q: How is the European economy?

A: There are signs of improvement in UK, Italy and East Europe.

Healthcare Business (HCB)

Q: About wearable devices. How many percent are they going to make up of HCB sales?

A: Cannot specify sales plans, but working to launch products using Omron's edge, which is bio-information sensing technology.

Q: How do you see the future of the wearable devices market?

A: A wide range of health-management devices, such as activity monitors, will come out. That's why we are working on R&D and product concept of wearable products, mainly activity monitors.

Q: About healthcare services. How much are the sales going to be?

A: Still small. We now rely mostly on "hardware" business of selling devices, and are seeking ways to expand fee-for-service business.

Q: Any plans to introduce online WellnessLINK service overseas?

A: Europe and the US are candidates.

Q: How much do you expect HCB profit will be when it hits ¥100bn in sales?

A: It is true that we want to raise profitability even by 1%pt. But the profitability will be at the current level, as we will bolster investment when sales go up.

"Other" Businesses

Q: You previously forecasted that Backlight business would drop by 30% from 1H to 2H, while Environmental business up 20%. Can you update on that?

A: Little change to the Environmental business. Backlights are selling more than expected.
