

FY2021 H1 Earnings Ended September 30, 2021



**Oct. 28, 2021
OMRON Corporation**

Summary

■ H1 FY2021 Results

- Sales and profits up significantly; able to respond resiliently to supply chain disruption and lockdowns
- Successfully capture rising global demand, particularly in IAB. All segments exceed internal targets
- Set new record highs for GP margin, operating income and operating profit margin

■ Full-year Forecasts

- Strong macro backdrop to continue. Revise up full-year forecasts after factoring in supply chain impact
- Supported by continued, proactive capex activity: expect IAB sales growth in all regions
- Target new record highs for earnings, underpinned by further resilience in the face of change

■ Raising Shareholder Returns

- Revise up annual dividend guidance to ¥92
- Also initiate a new ¥30 billion share buyback program

■ Toward a New Growth Stage

- FY2021 is an important year: OMRON getting a running start ahead of next Long-term Vision
- Already reaping benefits from evolution of business model to focus on solutions rather than hardware

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H1 FY2021 Results



H1 FY2021 Results

Strong sales and profit growth. Set new record highs for GP margin, operating income and OPM

	H1 FY2020 Actual	H1 FY2021 Actual	(¥bn) Y/Y
Net Sales	301.3	369.4	+22.6%
Gross Profit (%)	136.4 (45.3%)	170.6 (46.2%)	+25.1% (+0.9%pt)
Operating Income (%)	24.7 (8.2%)	45.7 (12.4%)	+85.0% (+4.2%pt)
Net Income	19.2	32.5	+69.5%
1USD (JPY)	106.9	109.9	+3.0
1EUR (JPY)	120.9	131.1	+10.1
1RMB (JPY)	15.2	17.0	+1.8

Sales by Business Segment

**IAB, EMC successfully capture global demand.
Continued strong trend in BPMs for HCB**

(¥bn)

	H1 FY2020 Actual	H1 FY2021 Actual	Y/Y
IAB Industrial Automation	164.9	213.4	+29.4%
EMC Electronic & Mechanical Components	38.8	51.6	+32.9%
SSB Social Systems, Solutions & Service	37.4	35.0	-6.4%
HCB Healthcare	57.5	67.7	+17.7%
Eliminations & Corporate	2.6	1.6	-37.3%
Total	301.3	369.4	+22.6%

IAB Sales Growth by Region

Strong China sales mainly in Digital. Recovery in Food & Pharmaceuticals in Europe. Robust Y/Y sales growth in all regions

H1 FY2021 IAB Sales Growth by Region

(Y/Y, local currency basis)

Japan	Americas	Europe	Greater China	SE Asia/Other	
				Ex-S. Korea	S. Korea
+20%	+23%	+31%	+27%	+16%	+12%

IAB: Key Growth Drivers

Achieve sales growth in high growth domains where investment is increasing

H1 FY2021

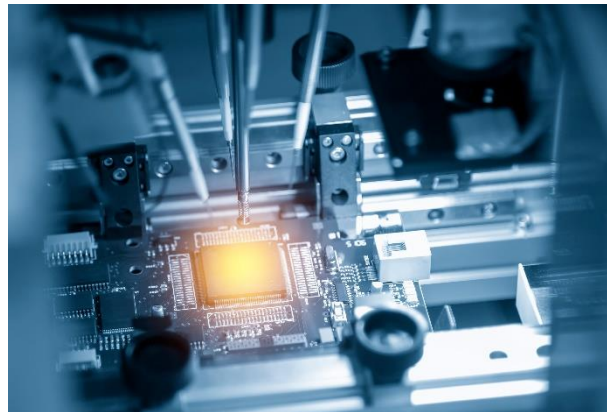
Sales Growth in High Growth Domains +39%

Automotive



EV

Digital



**Semiconductors /
Rechargeable Batteries**

Food & Beverages, Pharmaceuticals



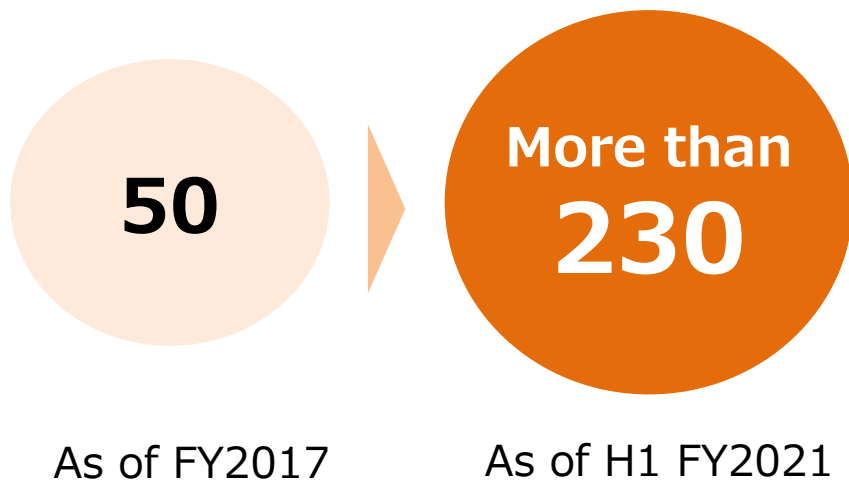
**Packaging
Equipment**

IAB: Key Growth Drivers

Entering mass production phase with innovative applications co-developed with customers, following an increase in adoptions

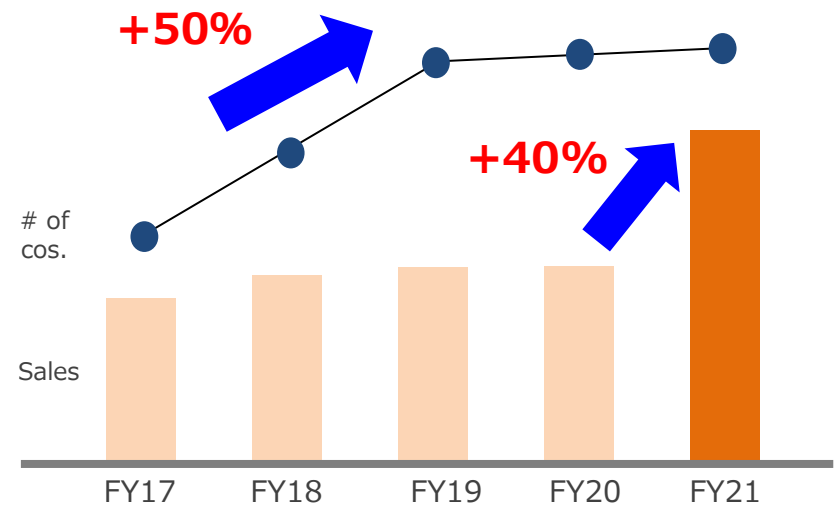
Application Assets

of Innovative Applications



of Companies Adopting High-performance PLCs /Sales Trends at Adopting Customers

FY17-19 Increase in adoptions
 FY20-21 Shift to mass production/
 sales expansion



* # of cos./sales as of H1

Operating Income by Business Segment

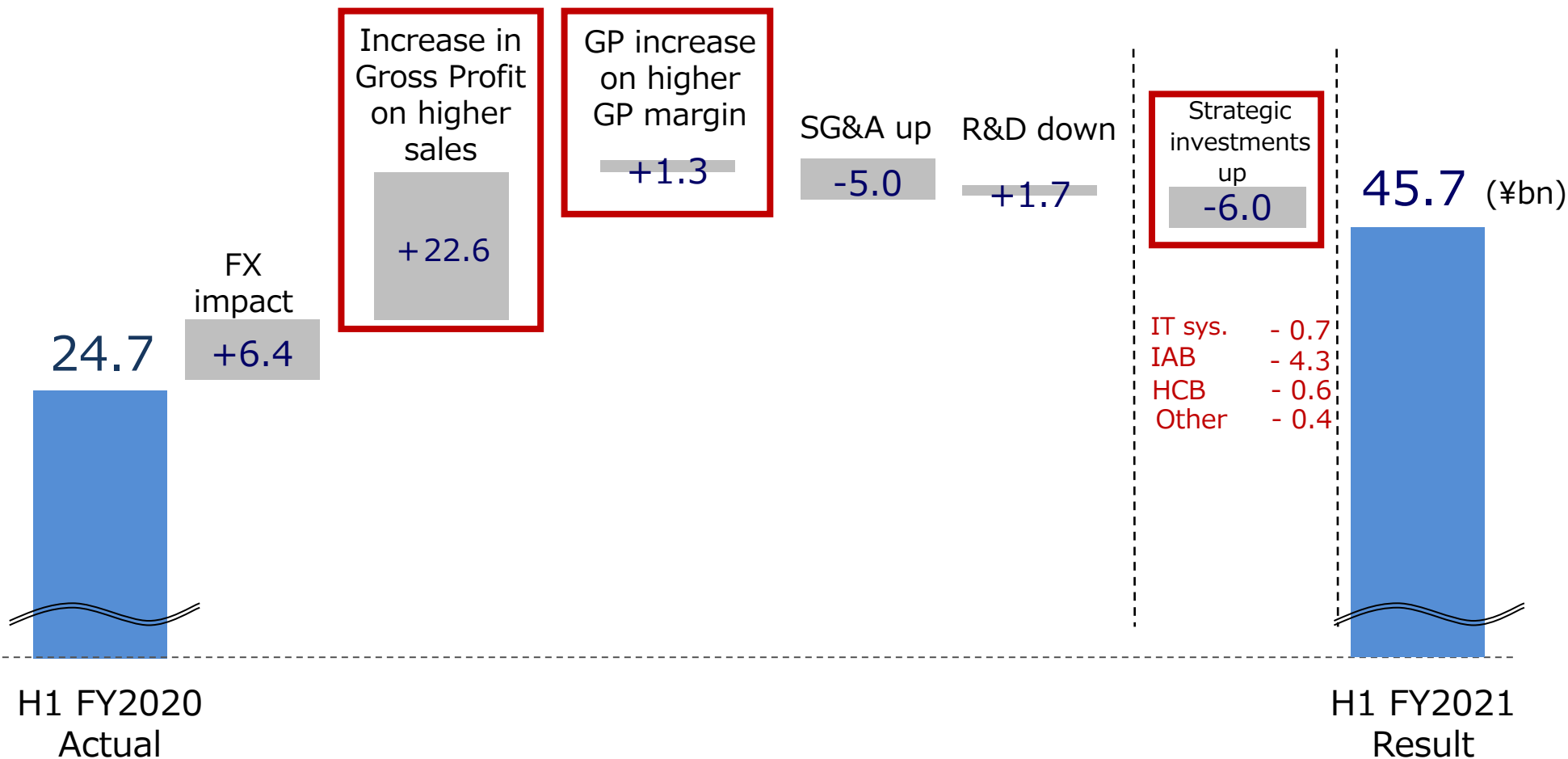
Achieve substantial profit growth at IAB, EMC and HCB

(¥bn, %: OPM)

	H1 FY2020 Actual	H1 FY2021 Actual	Y/Y
IAB Industrial Automation	26.4 (16.0%)	40.9 (19.2%)	+14.6 (+3.2%pt)
EMC Electronic & Mechanical Components	0.3 (0.8%)	4.0 (7.7%)	+3.6 (+6.8%pt)
SSB Social Systems, Solutions & Service	-1.2 (-)	-1.4 (-)	-0.3 (-)
HCB Healthcare	10.6 (18.5%)	12.1 (17.9%)	+1.5 (-0.6%pt)
Eliminations & Corporate	-11.4	-9.8	+1.6
Total	24.7 (8.2%)	45.7 (12.4%)	+21.0 (+4.2%pt)

Operating Income Analysis (Y/Y)

Combination of improvements to profitability and sales growth driving significant increase in gross profit



Demonstrating Resilience in Supply Chain and Production

Minimize impact through sustained response to component shortages, rising materials/logistics costs. Lockdown impact in Malaysia, Vietnam already resolved

	Challenges	Response
Semi/Resin Shortages	Incur ongoing procurement delays to secure demand volumes in excess of plan	Largely completed design changes for products that are significantly impacted, facilitating procurement
Rising Material Prices (Silver/Copper)	<ul style="list-style-type: none"> • Silver prices drop back to assumption levels • Copper prices remain high 	Adjusting prices, developing technologies to reduce usage
Production	<ul style="list-style-type: none"> • Production capacity shortages for some IAB products • Lockdowns lead to temporary decline in capacity utilization at plants in Malaysia, Indonesia and Vietnam 	<ul style="list-style-type: none"> • Invest to increase production capacity for IAB • All 3 plants returned to full capacity utilization by the end of October
Rising Logistics Costs	Continued increase in expenses on higher container prices, higher use of air freight	Reviewing balance between sea and air freight shipping to optimize logistics costs



Full-year Forecasts



H2 Business Environment by Segment

Despite ongoing impact of supply chain issues, expect economic conditions to remain strong

IAB Industrial Automation	<p>Automotive: Continued increase in EV-related investments</p> <p>Digital: Continued strength, mainly on global investments for semiconductors, demand growth for rechargeable batteries</p> <p>Food & bev.: Firm base recovery trend on progress on vaccinations, environmental investments</p> <p>Social infrastructure: Continued adjustment phase on rising materials costs in solar power and others</p>
EMC Electronic & Mechanical Components	<p>Consumer: Global recovery trend continuing, primarily in the Americas, China</p> <p>Automotive: Gradual global recovery trend ongoing</p>
SSB Social Systems, Solutions & Service	<p>Station sys.: Increasing shift toward curtailing capex</p> <p>Transport: Firm replacement demand to continue</p> <p>Env. Soln: Continued gradual recovery from COVID-19 impact</p>
HCB Healthcare	<p>BPMs: Continued strong global trend, including online</p> <p>Others: Recovery trends continue for nebulizers in China/Asia, and low frequency treatment devices in Japan</p>

FY2021 Full-year Forecasts

Strong macro backdrop to continue. Revising up full-year forecasts

	FY2021 Previous Plan	FY2021 Forecast	Chg. Vs Plan	FY2020 Actual	Y/Y
					(¥bn)
Net Sales	700.0	780.0	+11.4%	655.5	+19.0%
Gross Profit (%)	325.0 (46.4%)	361.0 (46.3%)	+11.1% (-0.1%pt)	298.4 (45.5%)	+21.0% (+0.8%pt)
Operating Income (%)	70.0 (10.0%)	98.0 (12.6%)	+40.0% (+2.6%pt)	62.5 (9.5%)	+56.9% (+3.0%pt)
Net Income	48.0	65.5	+36.5%	43.3	+51.2%
1USD (JPY)	108.0	108.9	+0.9	105.8	+3.1
1EUR (JPY)	128.0	129.5	+1.5	123.2	+6.4
1RMB (JPY)	16.5	16.7	+0.2	15.5	+1.2

FY2021 Sales by Business Segment

Targeting new record high sales for IAB and HCB

(¥bn)

	FY2021 Previous Plan	FY2021 Forecast	Chg. Vs Plan	FY2020 Actual	Y/Y
IAB Industrial Automation	375.0	443.0	+18.1%	346.4	+27.9%
EMC Electronic & Mechanical Components	94.0	103.0	+9.6%	86.0	+19.7%
SSB Social Systems, Solutions & Service	96.0	92.0	-4.2%	95.7	-3.8%
HCB Healthcare	133.0	140.0	+5.3%	123.1	+13.7%
Eliminations & Corporate	2.0	2.0	-	4.3	-53.5%
Total	700.0	780.0	+11.4%	655.5	+19.0%

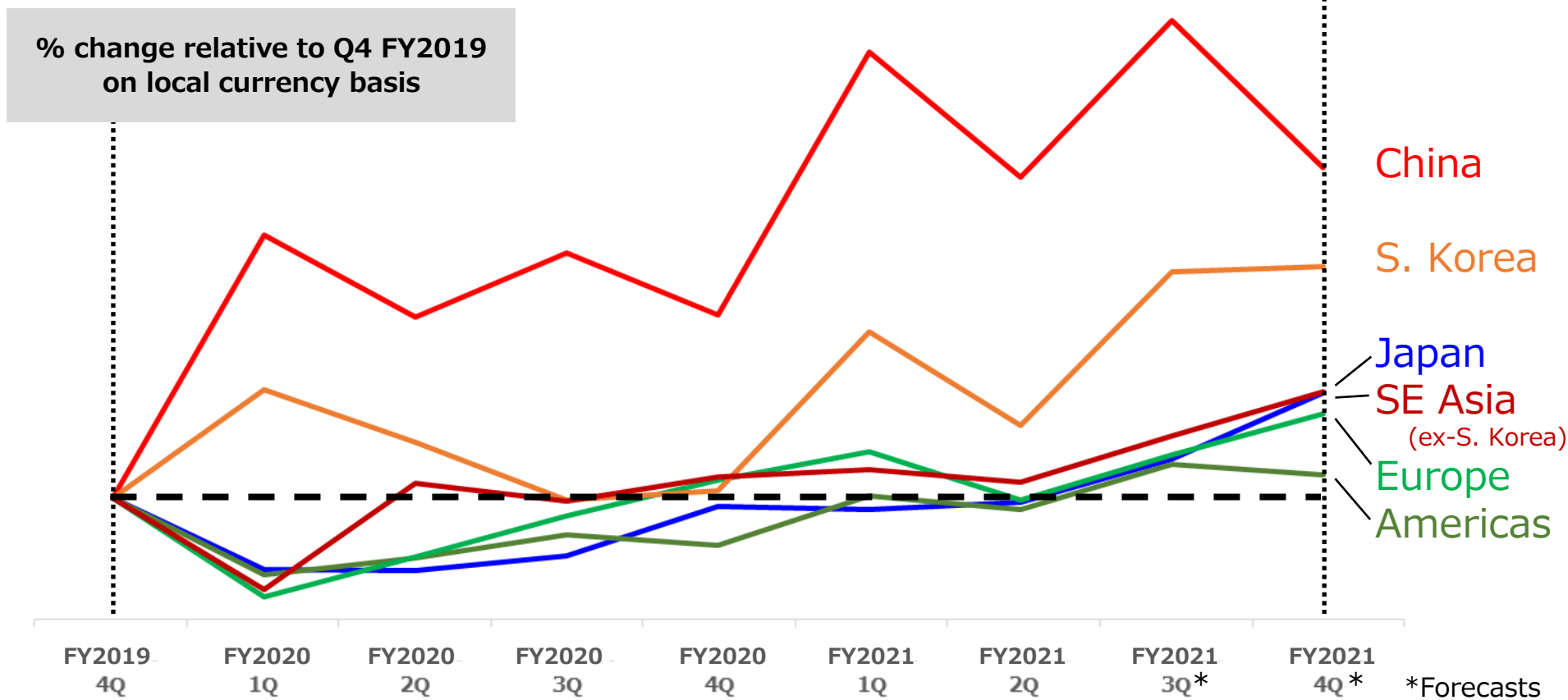
H2 IAB Operating Environment by Region

Firm demand expected to continue, mainly in the Digital domain

IAB	Japan	<p>Recovery trend to continue on step-by-step normalization of economic activity</p> <p>Digital: SPE, 5G-use electronic component demand to remain high</p> <p>Automotive: Continuing recovery in EV-related investments by parts manufacturers</p>
	Americas	<p>Gradual recovery trend to continue</p> <p>Digital: SPE demand to remain high</p> <p>Automotive: EV-related demand firm but temporary pause in investments on impact from production adjustments</p>
	Europe	<p>Economies stabilizing on rising vaccination rates and recovery fund</p> <p>Food & bev.: Europe, China demand for food packaging eq. still growing</p> <p>Automotive: EV-related investments taking off in earnest on tightening environmental restrictions</p>
	Greater China	<p>Impact of power shortages on capex minimal, demand trend remains solid</p> <p>Digital: High capex levels continuing for semiconductors / batteries</p> <p>Automotive: Anticipated market growth supporting growth in new vehicle production investments, primarily for EVs</p>
	SE Asia	<p>Recovery trend to continue but uncertainty over COVID-19 resurgence to linger</p> <p>Digital: Semiconductor-related investments to remain largely unchanged at high levels</p> <p>Food & bev.: Capex restarting in earnest after weak trends due to lockdowns</p>

IAB: Expected Quarterly Sales Trend by Region

Growth trend in sales as economies recover from pandemic impact. Expect sales growth in all regions in H2



FY2021 Operating Income by Business Segment

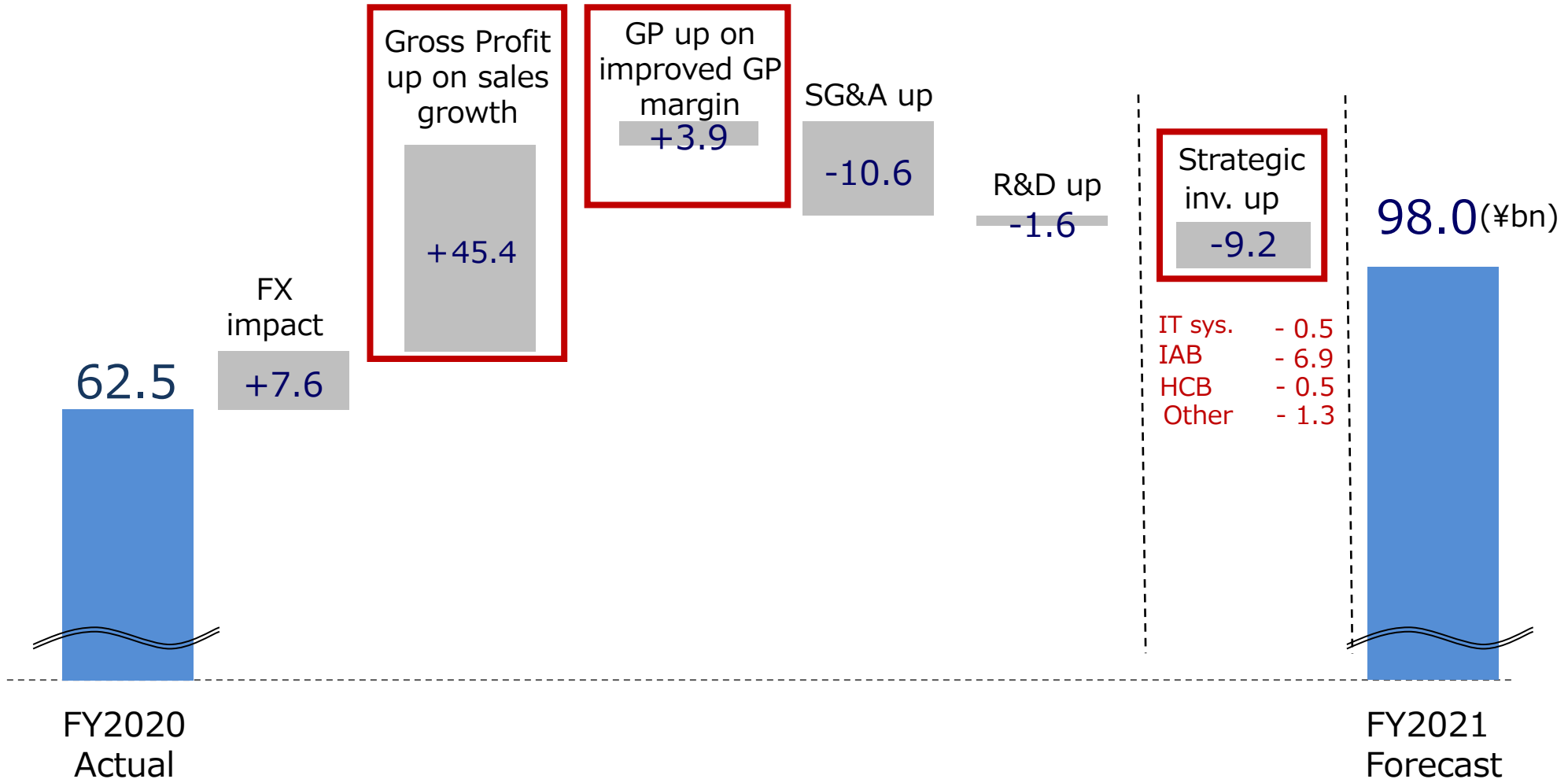
Targeting new record highs for IAB and HCB

(¥bn, %: OPM)

	FY2021 Previous Plan	FY2021 Forecast	Chg. Vs Plan	FY2020 Actual	Y/Y
IAB Industrial Automation	63.0 (16.8%)	87.0 (19.6%)	+24.0 (+2.8%pt)	58.8 (17.0%)	+28.2 (+2.7%pt)
EMC Electronic & Mechanical Components	4.5 (4.8%)	7.5 (7.3%)	+3.0 (+2.5%pt)	3.0 (3.4%)	+4.5 (+3.8%pt)
SSB Social Systems, Solutions & Service	7.0 (7.3%)	7.0 (7.6%)	±0.0 (+0.3%pt)	5.7 (6.0%)	+1.3 (+1.7%pt)
HCB Healthcare	22.5 (16.9%)	22.5 (16.1%)	±0.0 (-0.8%pt)	20.6 (16.7%)	+1.9 (-0.6%pt)
Eliminations & Corporate	-27.0	-26.0	+1.0	-25.5	-0.5
Total	70.0 (10.0%)	98.0 (12.6%)	+28.0 (+2.6%pt)	62.5 (9.5%)	+35.5 (+3.0%pt)

Operating Income Analysis (Y/Y)

Expect strong profit growth even after factoring in negative impact from parts shortages. Execute on strategic investments as planned





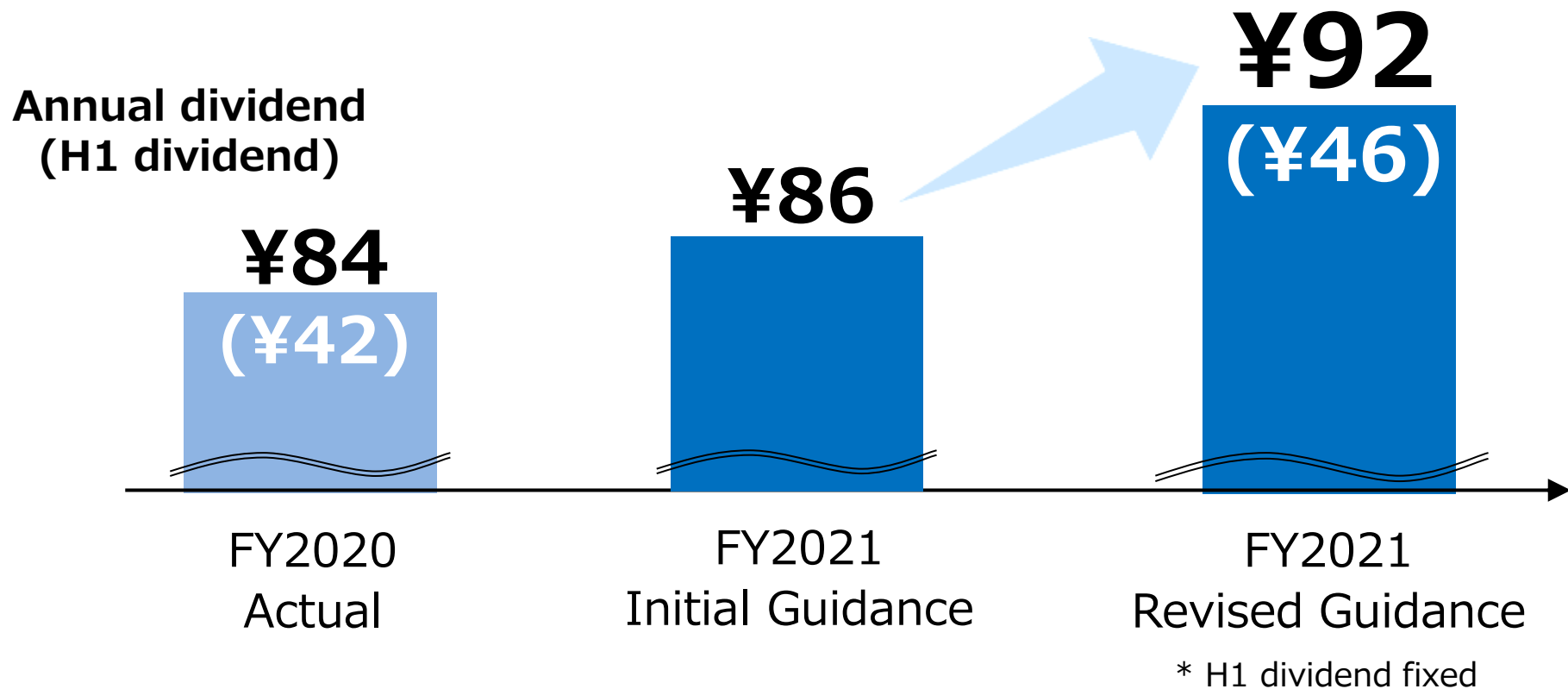
Raising Shareholder Returns



Raising Dividend Guidance

Annual dividend guidance raised to ¥92, up ¥8 from FY2020.

H1 dividend set at ¥46. Also guiding for fiscal year-end dividend of ¥46



Share Buyback Program

Launch new ¥30 billion share buyback program. Remain committed to managing business with focus on capital efficiency

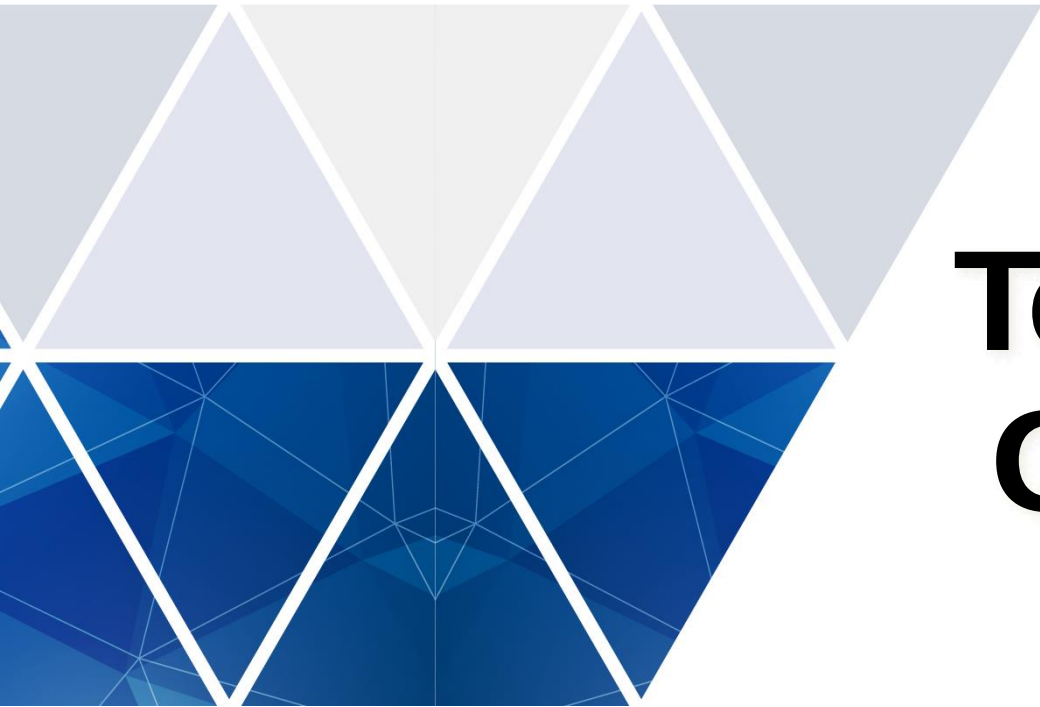
Share Buyback

Value: ¥30 bn (Max.)

Shares: 3.3 mn (Max.)

**Period: October 29, 2021 to
April 28, 2022**

Cumulative total of share buyback programs over the last 4 years: ¥60 bn
(FY17 ¥20 bn, FY18 ¥20 bn, FY19 ¥20 bn)

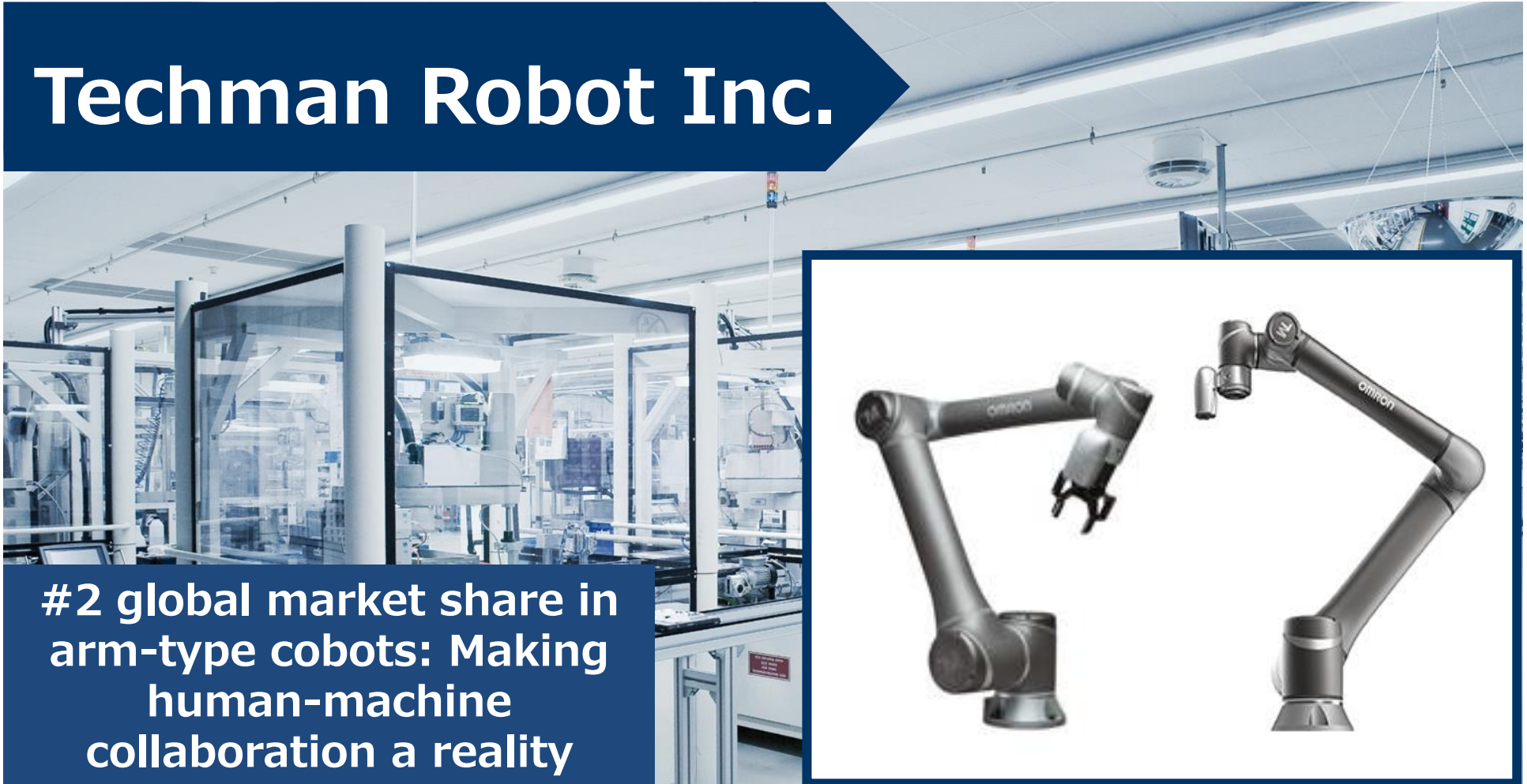


Toward a New Growth Stage

Manufacturing Sophistication: Elevating Alliance with Techman Robot

Enhancing alliance by taking a stake in Techman Robot (Quanta Group), which has #2 global market share in collaborative robots

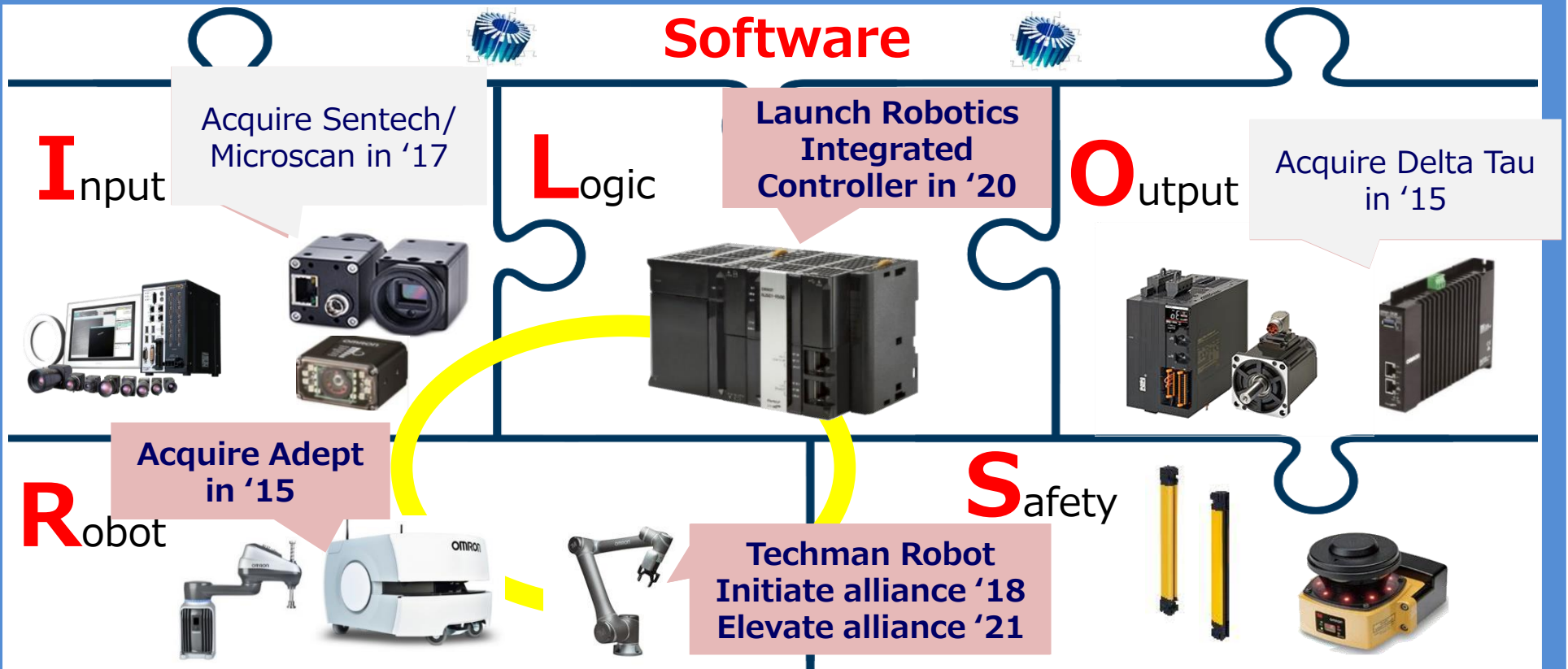
Techman Robot Inc.



#2 global market share in arm-type cobots: Making human-machine collaboration a reality

Manufacturing Sophistication: Key Assets Acquired to Date

Leveraging M&A, alliances and proactive investments to create innovative products



37 Automation Centers: Leveraging ILOR + S to accelerate co-development with customers

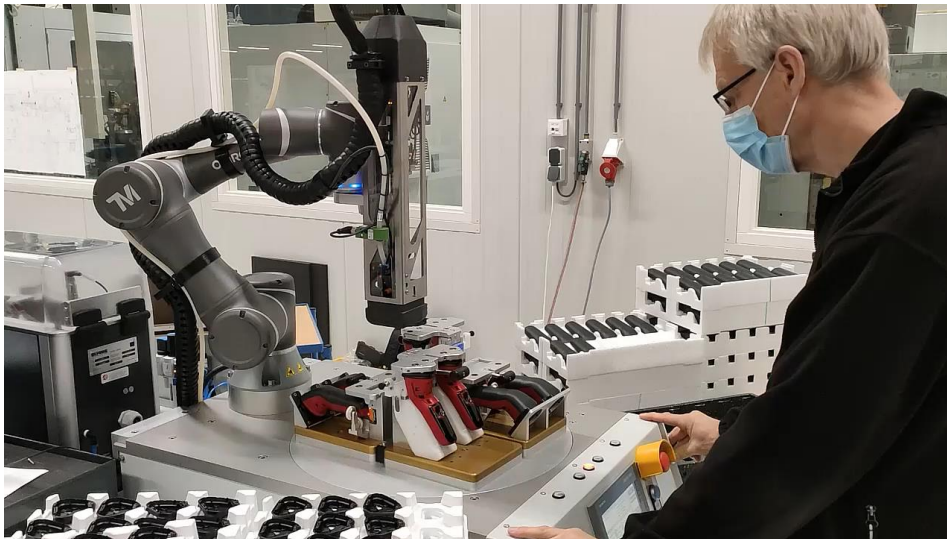
Manufacturing Sophistication: Enhancing Techman Alliance

Targeting further advances in solutions through joint development of next-gen cobots with Techman Robot

Example: Cobot Adoption

Major Brand: Screw tightening process for electric shavers

Value: Achieve better safety for human-robot collaboration, enhance quality control



Further Advances in Solutions

OMRON

Solutions capability
leveraging Robotics
Integrated Controller

Techman Robot

Development
technologies for
cobots



Joint development of next-gen cobots

Achieve synchronized control and high speed motion with Robotics Integrated Controller, contributing to elevating sophistication on shop floor

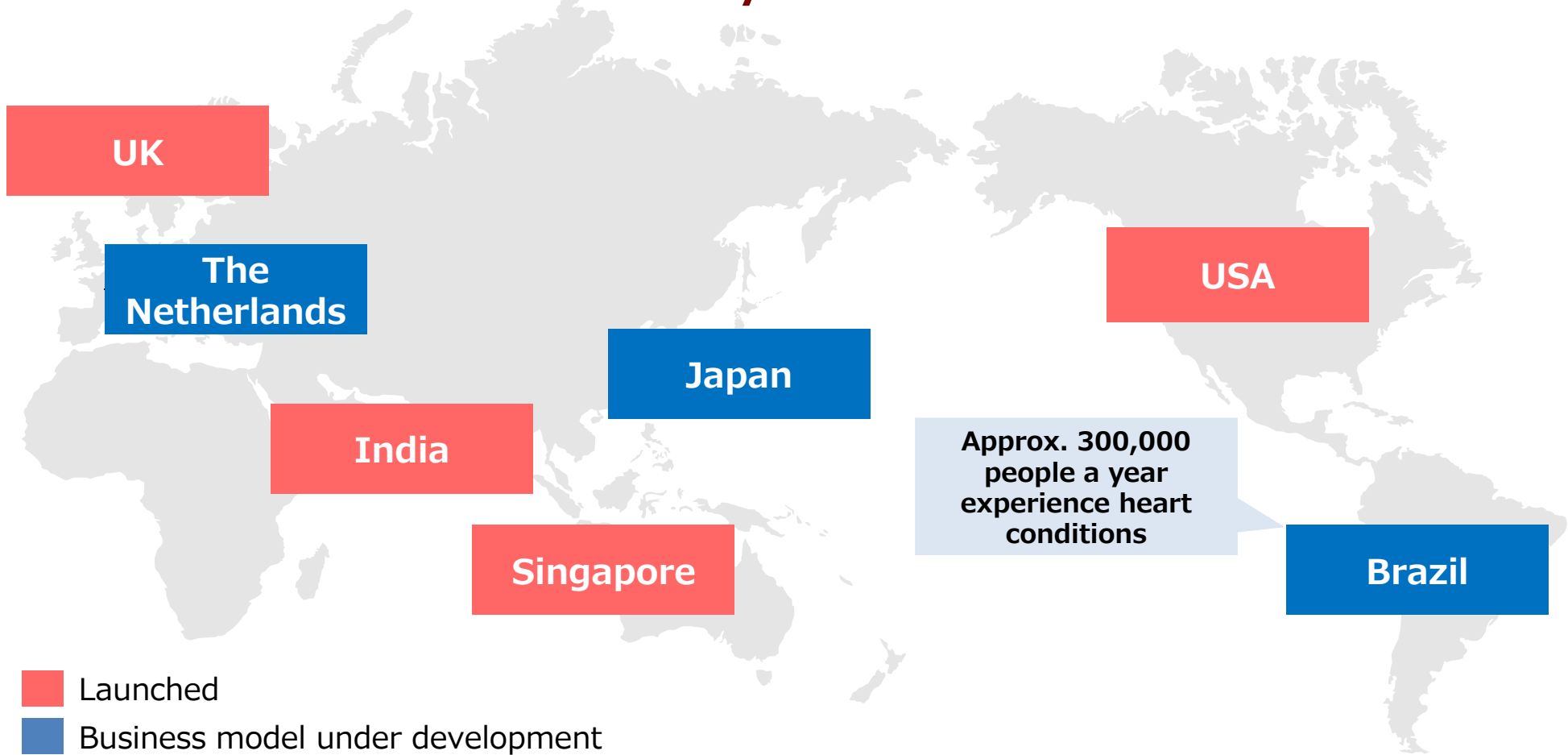
Supporting Preventative Medicine: Cumulative BPM Sales Trend

Sold in more than 110 countries around the world, cumulative BPM sales now over 300 mn units. Unit sales accelerating



Preventative Medicine: Global Growth of Remote Medical Service

Remote Medical Service capitalizes on position as global #1 maker of BPMs. Prioritize countries with higher incidence of cardiovascular events. Currently launched in 4 countries



Preventative Medicine: Global Growth of Remote Medical Service

**Invest in Brazil's Micromed as part of global expansion.
 Launching Remote Medicine Service which uses ECG data**

**Remote Medical Service to be Provided
 in Partnership with Micromed**

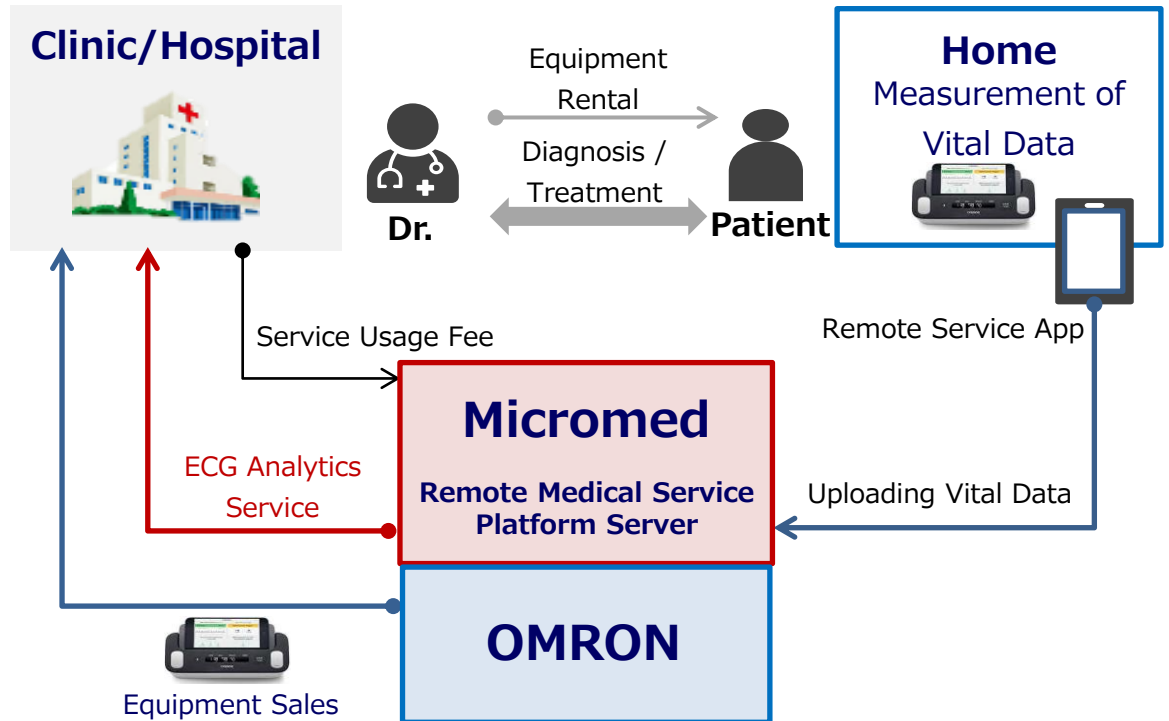
Micromed

Business Overview

Manufacture/sell hospital-use ECG machines, provide ECG analytics platform

Strengths

High level of expertise in ECG analytics, well-developed network of ties to hospitals and medical professionals



— Services provided by Micromed — Services provided by OMRON

Opportunities for Growth Under Next Long-term Vision

Targeting 4 growth opportunities and tackling the challenge of further business model evolution to continue to enhance added value

Next Long-term Vision

Growth Opportunities Targeted by OMRON

Rising sophistication of manufacturing



Automation of primary & tertiary industries



Preventative medical support



Energy solutions



Business Model Evolution

Devices

- Strong hardware
- Installed base of customers

Services



Collaboration with partners

OMRON



Reference

Shareholder Return Policy

Capital allocation priorities: (1) Investments for future growth, (2) Dividends, (3) Share buybacks

Investment for Future Growth

Focus on Factory Automation and Healthcare
Allocate to growth investments (including M&A), R&D, and capital expenditures

Dividends

Targets:

- Full-year dividend payout ratio: approx. 30%
- Dividend on equity ratio (DOE): approx. 3%

Share Buybacks

Long-term retained earnings may be allocated toward share buybacks in a flexible manner.

Consolidated Balance Sheet

	(¥bn)		
	End-March 2021	End-Sept. 2021	Chg, vs. End-FY2020
Current assets	514.4	545.1	+30.7
(Cash and cash equivalents)	(250.8)	(274.0)	(+23.2)
(Inventory)	(103.3)	(115.0)	(+11.8)
Property, plant and equipment	113.0	111.9	-1.2
Investments and other assets	192.9	191.1	-1.8
Total assets	820.4	848.1	+27.7
Current liabilities	161.4	161.2	-0.2
Long-term liabilities	49.7	46.9	-2.8
Total Liabilities	211.0	208.1	-3.0
Shareholders' equity	606.9	637.7	+30.9
Noncontrolling interests	2.5	2.3	-0.2
Total net assets	609.4	640.1	+30.7
Total Liabilities and net assets	820.4	848.1	+27.7
Equity ratio	74.0%	75.2%	+1.2%pt

Consolidated Cash Flow Statement

(¥bn)

	H1 FY2020 Actual	H1 FY2021 Actual	Y/Y
Operating cash flow	45.7	39.3	-6.5
Investment cash flow	-10.0	-12.4	-2.4
Free cash flow (FCF)	35.7	26.8	-8.9
Financing cash flow	-12.0	-10.4	+1.6
Cash and cash equivalents as of end of period	209.1	274.0	+64.9
Capital expenditure	8.3	11.8	+3.5
Depreciation	11.5	11.5	-0.0

FY2021 Forex Assumptions

	FY2021 H2 Assumption	Impact of ¥1 move (full-year, approx.) *RMB impact of ¥0.1 move	
		Sales	OP
USD	¥108	¥1.7bn	¥0.2bn
EUR	¥128	¥0.9bn	¥0.4bn
RMB	¥16.5	¥0.8bn	¥0.2bn

* If emerging market currency trends diverge from trends in major currencies contrary to our expectations, it will impact sensitivities

OMRON Included in Major ESG Indices (As of October 2021)

ESG Indices which include OMRON

- ✓ DJSI – World **4th consecutive year**
- ✓ FTSE4Good Index Series **6th consecutive year**
- ✓ MSCI ESG Leaders Indexes **7th consecutive year**
- ✓ MSCI SRI Indexes **5th consecutive year**
- ✓ STOXX Global ESG Leaders indices **5th consecutive year**
- ✓ FTSE Blossom Japan Index **5th consecutive year**
- ✓ MSCI Japan ESG Select Leaders Index **5th consecutive year**
- ✓ MSCI Japan Empowering Women Index **5th consecutive year**
- ✓ S&P/JPX Carbon Efficient Index **4th consecutive year**

* OMRON discloses information and contributes to numerous external surveys for ESG assessment organizations, including the CDP Climate Change & Water Security questionnaires.
 FY2020 Assessment: Climate Change 'A-', Water Security 'A-'

Member of
Dow Jones Sustainability Indices
 Powered by the S&P Global CSA



FTSE4Good

2021 MSCI ESG Leaders Indexes Constituent

THE INCLUSION OF OMRON CORPORATION IN ANY MSCI INDEX AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF OMRON CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

STOXX

Member 2020/2021
ESG Leaders Indices

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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FTSE Blossom Japan

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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External Recognition (As of October 2021)

Domestic ESG awards, selection for inclusion

S&P Global Sustainability Award

- ✓ S&P Sustainability Award Gold Class **1st time**

Sustainability Award

Gold Class 2021

S&P Global



Japan Association of Corporate Directors

- ✓ Corporate Governance of the Year 2018

METI Minister's Award for Corporate Governance of the Year **FY2018**



Corporate Governance
of The Year

Ministry of the Environment

- ✓ FY2018 Minister's Award for Global Warming Prevention Activity

'Implementation of Countermeasures and Dissemination Category' **FY2018**



Sponsored by Nikkei Inc

- ✓ Nikkei SDGs Management Grand Prix SDGs Strategy/Economic Value Award

December 2019

Selected by METI, TSE

- ✓ TSE 2014 Corporate Value Improvement Award, Grand Prix. **FY2014**

- ✓ Nadeshiko Brand **4th consecutive year from FY2017**

- ✓ Health & Productivity Stock **3rd consecutive year from FY2018**

- ✓ Health & Productivity: White 500 **5th consecutive year from FY2016**

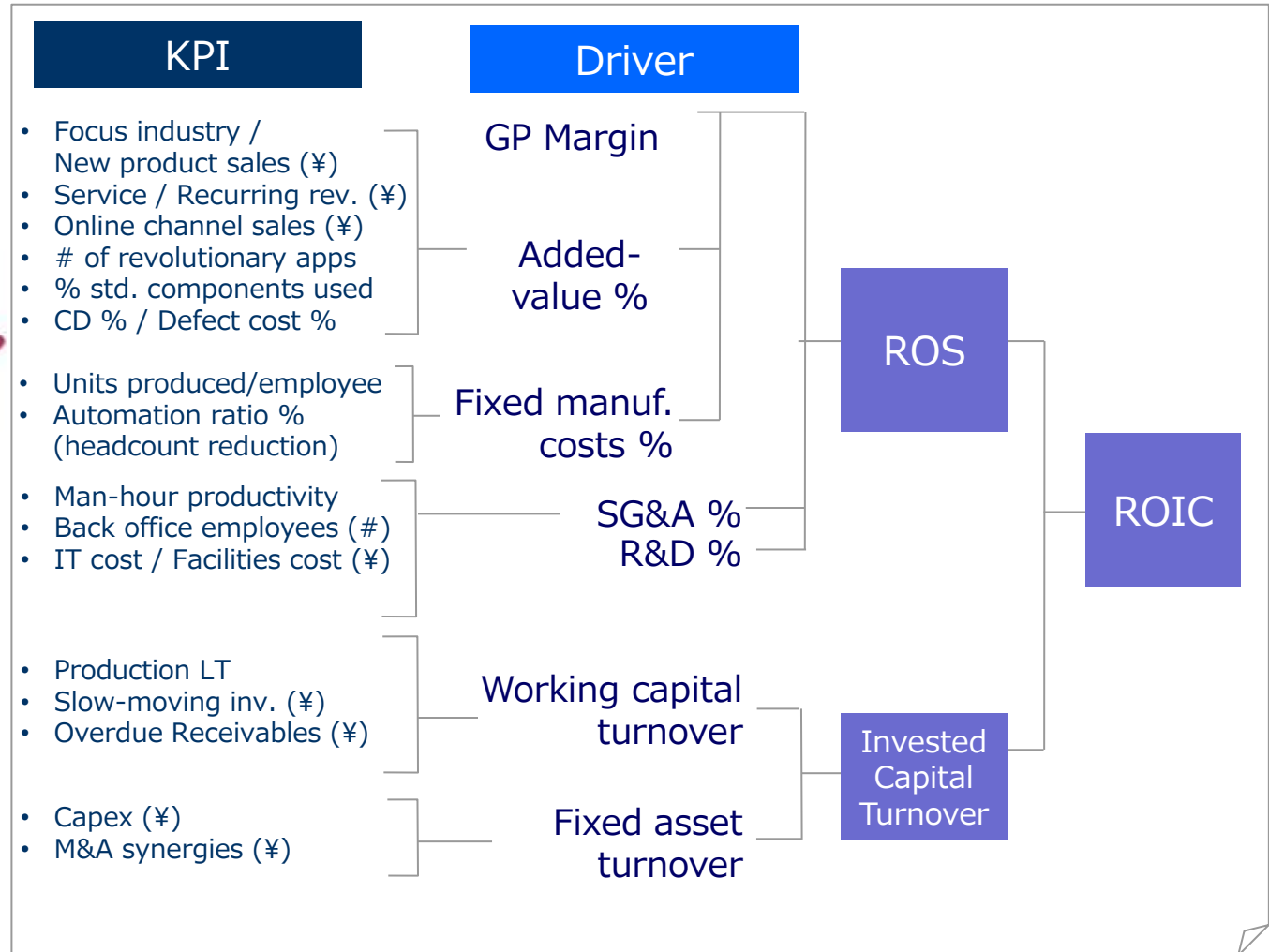
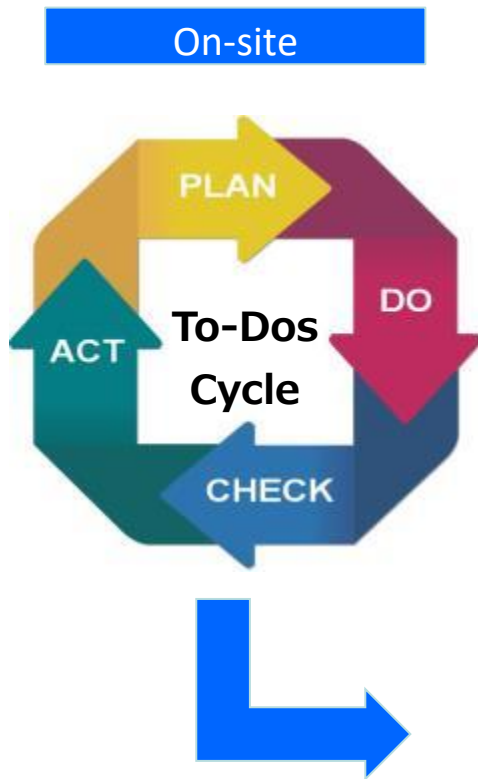


Selected by Nikkei Inc.

- ✓ Nikkei 225 **March 2019, 1st time**

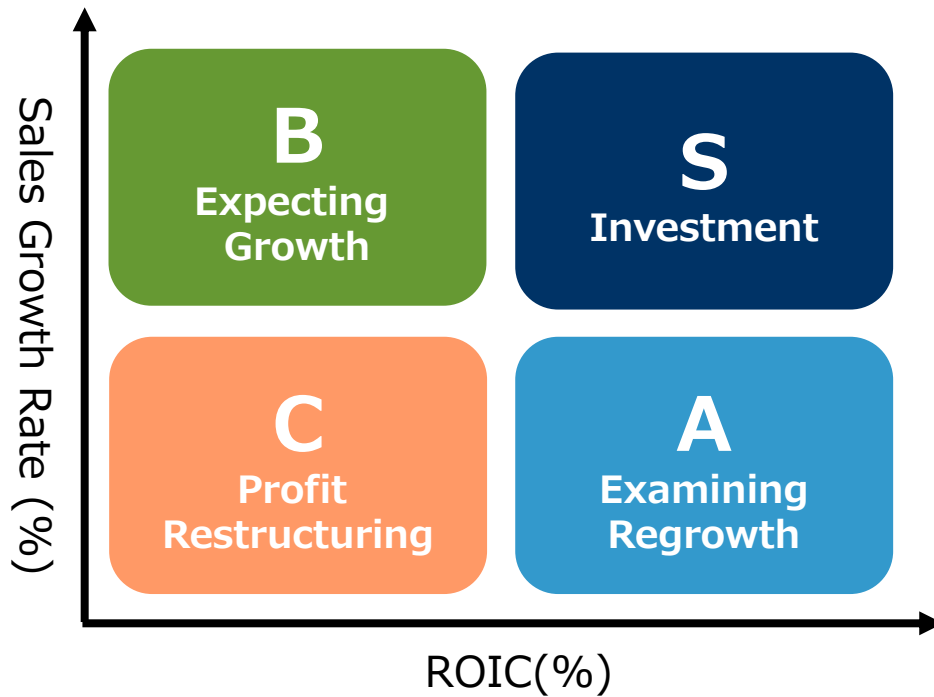


Down-Top ROIC Tree (2.0)

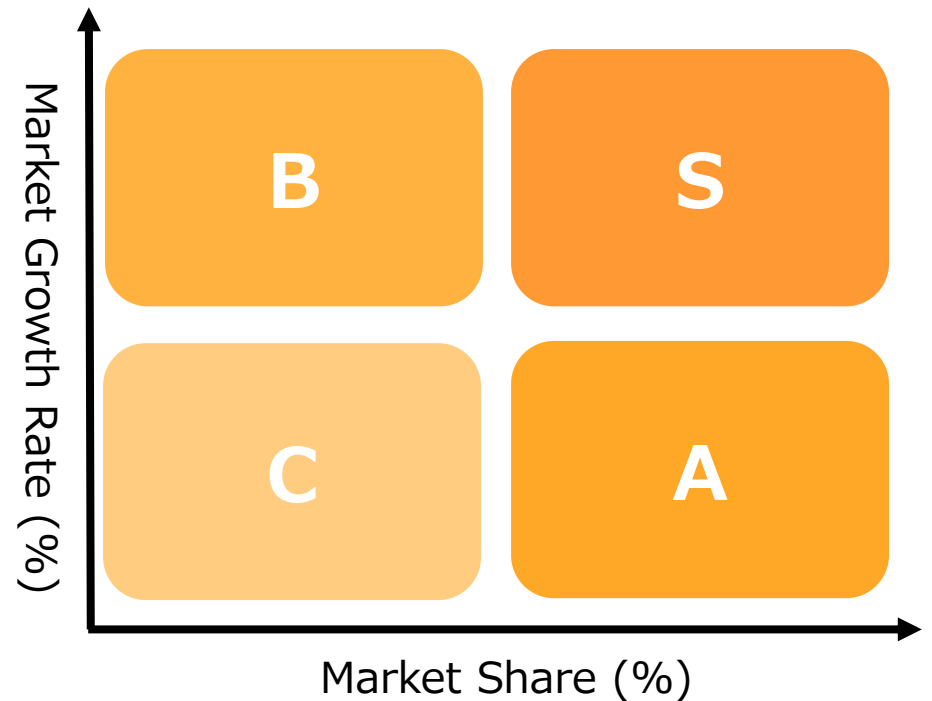


Portfolio Management

Assessing Economic Value



Assessing Competitiveness



ROIC Definition

<Consol. B/S>

LIABILITIES	
Current liabilities:	
Short-term debt	
Notes and accounts payable — trade	
Accrued expenses	
Income taxes payable	
Other current liabilities	
Deferred income taxes	
Termination and retirement benefits	
Other long-term liabilities	
Total liabilities	
NET ASSETS	
Shareholders' equity	
Common stock	
Capital surplus	
Legal reserve	
Retained earnings	
Accumulated other comprehensive income (loss)	
Foreign currency translation adjustments	
Minimum pension liability adjustments	
Net unrealized gains on available-for-sale securities	
Net losses on derivative instruments	
Treasury stock	
Noncontrolling interests	
Total net assets	
Total liabilities and net assets	

$$\text{ROIC} = \frac{\text{Net income attributable to OMRON shareholders}}{\text{Invested capital}}$$

Invested capital*

= Net assets + Interest-bearing debt

*The average of previous fiscal year-end result and quarterly results (or forecasts) of current fiscal year.

Capital cost forecast at 5.5%
for FY2021 - 2024

Notes

1. The consolidated statements of OMRON Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results 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 and uncertain factors could cause actual results to differ materially from these projections.
3. The presentation slides are based on "Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022 (U.S. GAAP)."
Figures rounded to the nearest million JPY and percentage to one decimal place.

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