

# **FY2022 Earnings**

## **Results Briefing**

**April 26, 2023**

**OMRON Corporation**

# Greetings from Junta Tsujinaga

President and CEO \*

## Junta Tsujinaga

- 1989 Joined OMRON Tateisi Electronics Co.  
(now OMRON Corporation)
- 2016 Senior General Manager, Product Business  
Division HQ, IAB
- 2019 Managing Executive Officer
- 2021 IAB Company President
- 2023 President and CEO\*, OMRON Corporation

\*To be formally approved at the Annual General Shareholders Meeting scheduled for June 2023 and the Board of Directors meeting following the AGM



# IAB Earnings Trend

## IAB Earnings Trend

April 2021  
Appointed IAB  
Company President

(¥bn)

Sales

335.6

418.1

485.7

Operating  
Income

57.2

76.3

85.8

FY2020

FY2021

FY2022

## FY2020-2022 Growth Rate

Sales  
**+45%**

Operating  
Income  
**+50%**

# Summary

## ■ FY2022 results

- 2<sup>nd</sup> consecutive fiscal year of Y/Y growth in sales and OP; achieved new record highs
- By segment, IAB, SSB and DMB recorded double-digit growth in sales and profits. HCB posted steady growth despite impact of weakening consumption as a result of inflation

## ■ FY2023 full-year forecasts

- While outlook for the operating environment remains uncertain, OMRON aims to set new record highs in sales and profits by further strengthening the growth capability nurtured to date
- By segment, targeting Y/Y growth in sales and profits for all segments
- FY2023 full-year dividend guidance at new record high of 104 yen, up 6 yen from 98 yen in FY22

## ■ IAB growth capability

- Steady growth in Solutions Business, which was launched in FY2016
- Solid progress on strengthening the business, driving an increase in the number of customers adopting innovative-Automation. Contributing significantly to sales and profit growth
- Advances in providing solutions in growth areas to further increase the number of customers adopting innovative-Automation

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# 1. FY2022 Results

# FY2022: Full-year Consolidated Results

Achieve new record highs with 2 consecutive years of sales and profit growth.  
Surpass 100 billion yen in operating income

(¥bn)

	FY2021	FY2022	Y/Y	vs Forecast
	Actual	Actual		
Net Sales	762.9	<b>876.1</b>	<b>+14.8%</b>	-0.4%
Gross Profit (%)	346.8 (45.5%)	<b>393.9</b> <b>(45.0%)</b>	+13.6% (-0.5%pt)	-0.7% (-0.1%pt)
Operating Income (%)	89.3 (11.7%)	<b>100.7</b> <b>(11.5%)</b>	<b>+12.7%</b> (-0.2%pt)	+6.0% (+0.7%pt)
Net Income	61.4	<b>73.9</b>	+20.3%	+14.5%
EPS (JPY)	306	<b>372</b>	+67	+48
ROIC	9.6%	<b>10.4%</b>	+0.8%pt	-
ROE	9.7%	<b>10.6%</b>	+0.9%pt	-
1USD (JPY)	112.1	<b>135.2</b>	+23.1	+2.2
1EUR (JPY)	130.5	<b>140.9</b>	+10.4	+1.9
1CNY (JPY)	17.4	<b>19.7</b>	+2.3	+0.1

# Full-year Segment Results

Sales up Y/Y in all segments. Notably, double-digit sales and profit growth achieved in IAB, SSB and DMB

(¥bn)

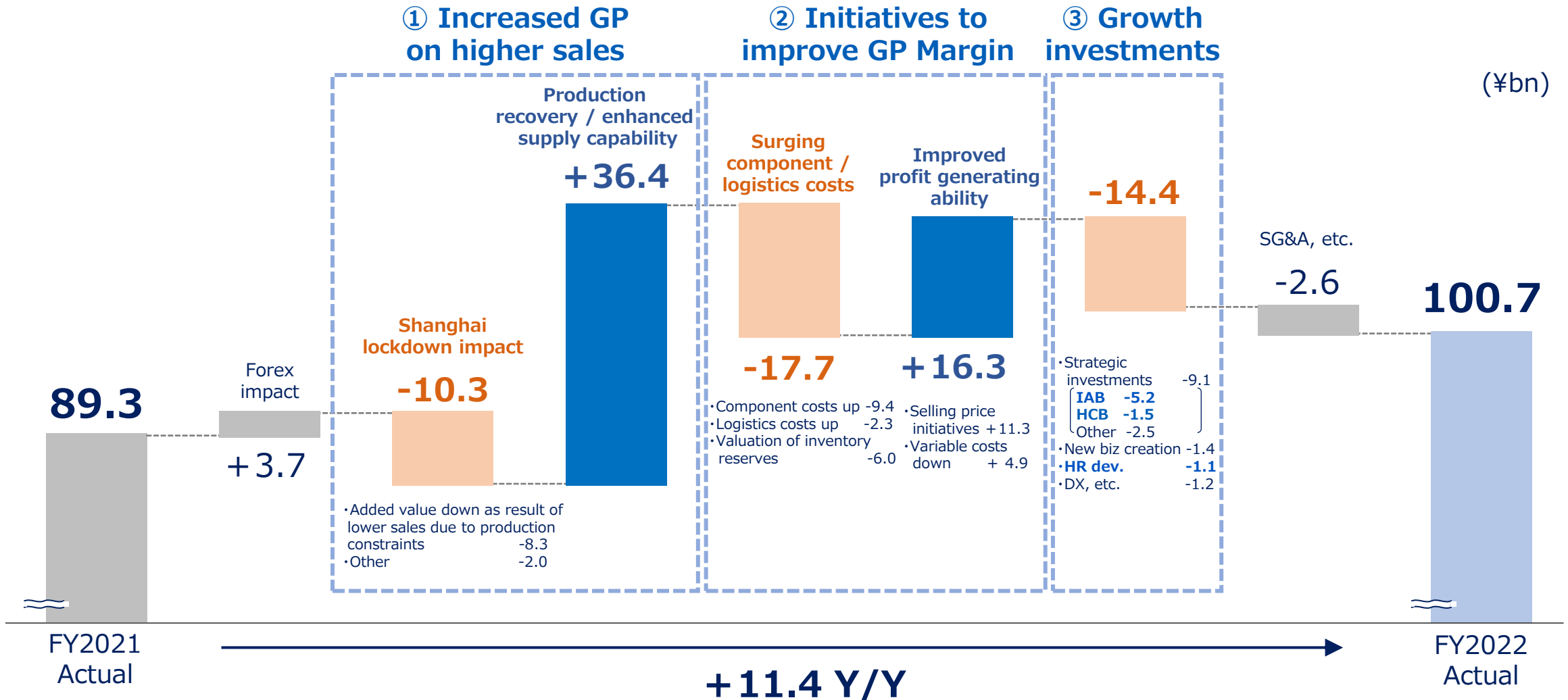
	Sales				OP			
	FY2021 Actual	FY2022 Actual	Y/Y	vs Forecast	FY2021 Actual	FY2022 Actual	Y/Y	vs Forecast
<b>IAB</b> Industrial Automation	418.1	<b>485.7</b>	+16.2%	-3.4%	76.3 (18.2%)	<b>85.8</b> (17.7%)	+12.6% (-0.6%pt)	-7.7%
<b>HCB</b> Healthcare	132.9	<b>142.1</b>	+7.0%	-0.6%	18.5 (14.0%)	<b>16.0</b> (11.3%)	-13.6% (-2.7%pt)	+6.8%
<b>SSB</b> Social Systems, Solutions & Service	87.7	<b>107.3</b>	+22.3%	+11.7%	6.5 (7.4%)	<b>7.5</b> (7.0%)	+15.1% (-0.4%pt)	+49.8%
<b>DMB</b> Device & Module Solutions	121.0	<b>138.9</b>	+14.8%	+2.9%	10.1 (8.3%)	<b>15.5</b> (11.2%)	+53.7% (+2.8%pt)	+29.2%
Eliminations & Corporate	3.3	<b>2.1</b>	-36.8%	-30.5%	-22.1	<b>-24.2</b>	—	—
<b>Total</b>	762.9	<b>876.1</b>	+14.8%	-0.4%	89.3 (11.7%)	<b>100.7</b> (11.5%)	+12.7% (-0.2%pt)	+6.0%

\*Figures shown in brackets under OP are segment OPMs



# Full-year Results: Analysis of Y/Y Change in Operating Income

GP up significantly on enhanced supply capability. Successfully controlled impact of surging component/logistics costs with selling price initiatives



## 2. FY2023 Full-year Forecasts

# Operating Environment Outlook by Segment

## Uncertain operating environment to persist, mainly in 1H. Expect recovery in 2H, although demand likely to differ by industry

### IAB Industrial Automation

#### Mixed picture by industry in 1H but uncertain environment to persist. Expect recovery from 2H

Digital: MT investment trend unchanged; strong investments in power ICs and PV to continue

NEV: Firm trends in EVs and batteries to continue on full-year basis, supported by government stimulus measures

Food/household goods: In addition to continued environmental investments, expect moderation of inflation to support gradual recovery in investments

Medicine: Investments continue on demand for drugs due to aging population, despite absence of special COVID-19 demand

Logistics: Signs of resumption of capex related to new warehouse construction. Automation investments to remain firm on shortage of warehouse workers

### HCB Healthcare

#### BPM market to recover gradually from 2H. Expect normalized market conditions in Greater China on full-year basis

Cardiovascular: Expect gradual recovery in 2H on easing of COVID-19 restrictions in China, peaking out of inflation mainly in US/Europe

Respiratory: Recovery trends in nebulizers to generally continue, with exception of Asia

Remote medical service: Market growth, primarily in US and Europe, to continue

### SSB Social Systems, Solutions & Service

#### Overall operating environment firm. Continued demand in renewable energy for residential/industrial in Energy business

Energy: Surging electricity costs, continued support from subsidies contributing to firm demand for renewable energy business (residential/industrial)

Management & Services: Overall demand to stay firm. Increasing investments to address diverse operational issues on sustainability targets for individual companies

Railway operators: Capex demand recovering on rebound in passenger numbers

### DMB Device & Module Solutions

#### Weak overall environment to persist in 1H. Expect recovery from 2H, particularly in IC-, EV- and renewable energy-related

DC (direct current) equipment/microwave devices:

Weak customer demand to persist in 1H. Expect recovery in 2H in EV/batteries (decarbonization), semiconductor capex demand

Commodity devices: Although demand differs by industry, expect overall, gradual recovery in 2H and beyond

## FY2023 Management Policy

**Significantly accelerate  
transformation**

**Operating Stance**

**Demonstrate self-sustaining  
growth capability**

# Consolidated Earnings Forecasts

**Aim to set new record highs for both sales and operating income**

(¥bn)

	FY2022 Actual	FY2023 Forecast	Y/Y
Net Sales	876.1	<b>890.0</b>	+1.6%
Gross Profit (%)	393.9 (45.0%)	<b>414.5</b> <b>(46.6%)</b>	+5.2% (+1.6%pt)
Operating Income (%)	100.7 (11.5%)	<b>102.0</b> <b>(11.5%)</b>	+1.3% (+0.0%pt)
Net Income	73.9	<b>74.5</b>	+0.9%
EPS(JPY)	372	<b>379</b>	+6
ROIC	10.4%	<b>approx. 10%</b>	-
ROE	10.6%	<b>approx. 10%</b>	-
1USD (JPY)	135.2	<b>130.0</b>	-5.2
1EUR (JPY)	140.9	<b>140.0</b>	-0.9
1CNY (JPY)	19.7	<b>19.0</b>	-0.7

# Segment Earnings Forecasts

All segments targeting Y/Y sales and profit growth. IAB aiming for 3<sup>rd</sup> consecutive fiscal year of new record highs

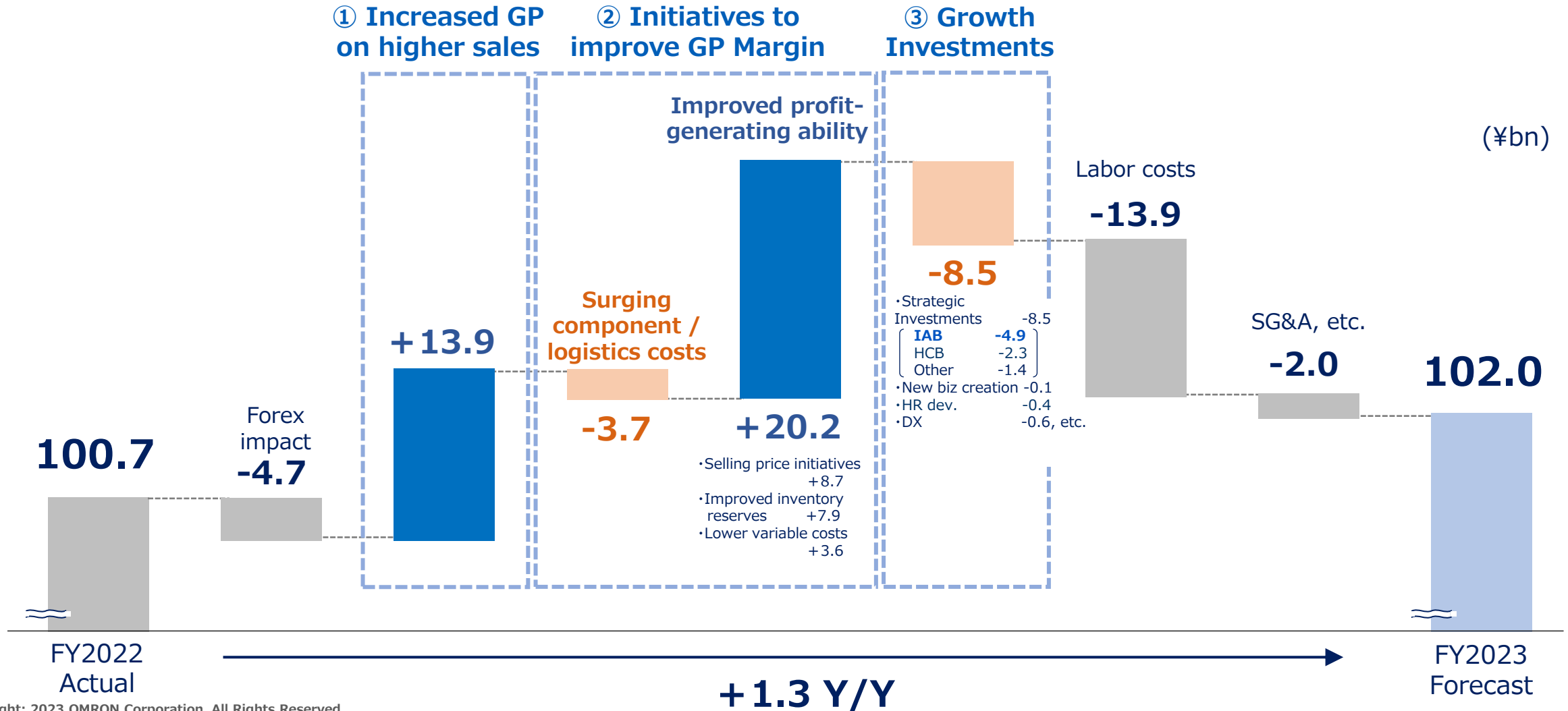
(¥bn)

	Sales			OP		
	FY2022 Actual	FY2023 Forecast	Y/Y	FY2022 Actual	FY2023 Forecast	Y/Y
<b>IAB</b> Industrial Automation	485.7	<b>490.0</b>	+0.9%	85.8 (17.7%)	<b>88.0</b> (18.0%)	+2.5% (+0.3%pt)
<b>HCB</b> Healthcare	142.1	<b>146.0</b>	+2.7%	16.0 (11.3%)	<b>17.0</b> (11.6%)	+6.1% (+0.4%pt)
<b>SSB</b> Social Systems, Solutions & Service	107.3	<b>114.0</b>	+6.3%	7.5 (7.0%)	<b>9.0</b> (7.9%)	+20.2% (+0.9%pt)
<b>DMB</b> Device & Module Solutions	138.9	<b>139.0</b>	+0.1%	15.5 (11.2%)	<b>15.5</b> (11.2%)	+0.0% (-0.0%pt)
Eliminations & Corporate	2.1	<b>1.0</b>	-52.0%	-24.2	<b>-27.5</b>	-
<b>Total</b>	<b>876.1</b>	<b>890.0</b>	<b>+1.6%</b>	100.7 (11.5%)	<b>102.0</b> (11.5%)	+1.3% (+0.0%Pt)

\*For OP, bracketed figures are OPMs

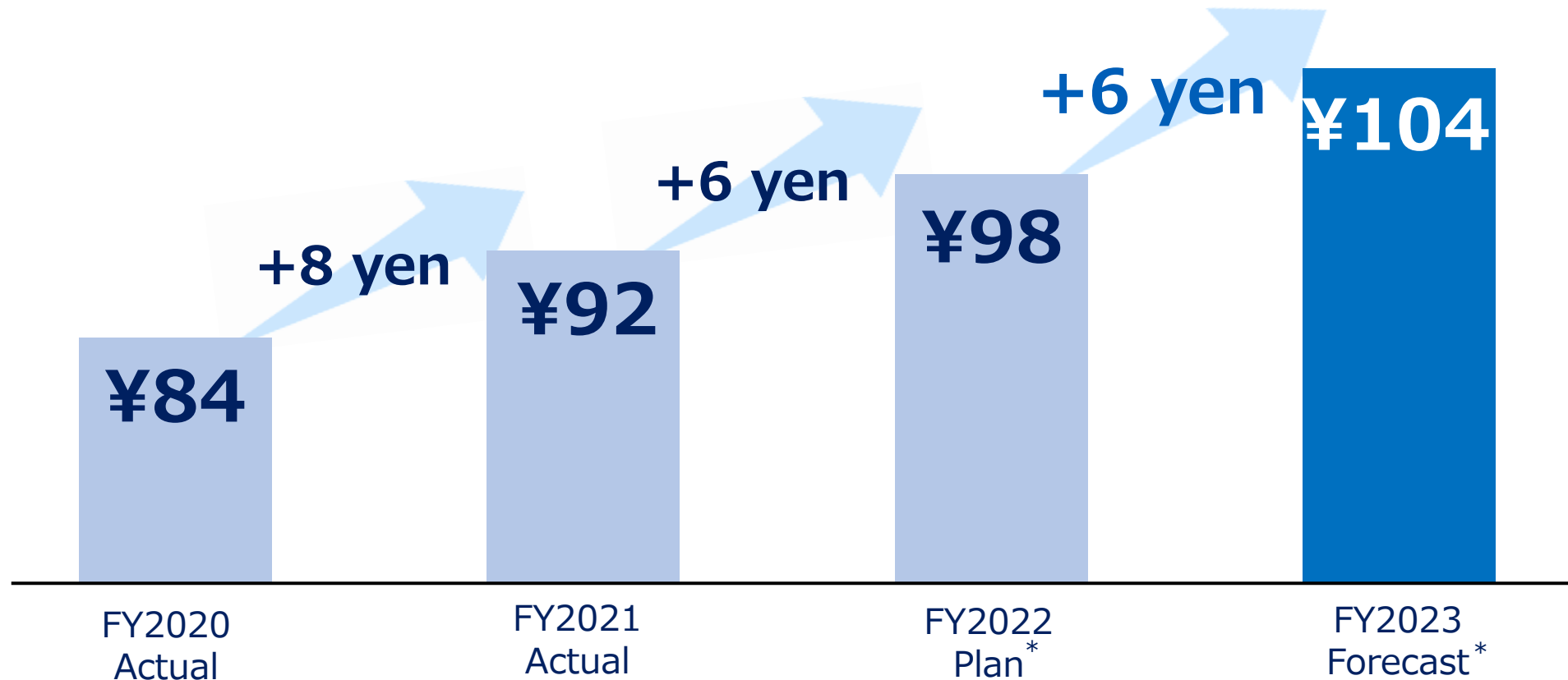
# Full-year Forecast: Analysis of Y/Y Change in Operating Income

Grow profits on higher sales and enhanced profit-generating ability. Execute on growth investments to boost growth and enhance organizational capability



# Annual Dividend Forecast

FY2022 dividend to be 98 yen, up 6 yen Y/Y. FY2023 forecast also for 6 yen increase to 104 yen. Aim for good balance between proactive execution of growth investments and stable and consistent shareholder returns



\*FY2022 full-year dividend to be approved at annual general shareholders' meeting. Interim, FY-end dividend for FY2023 TBD



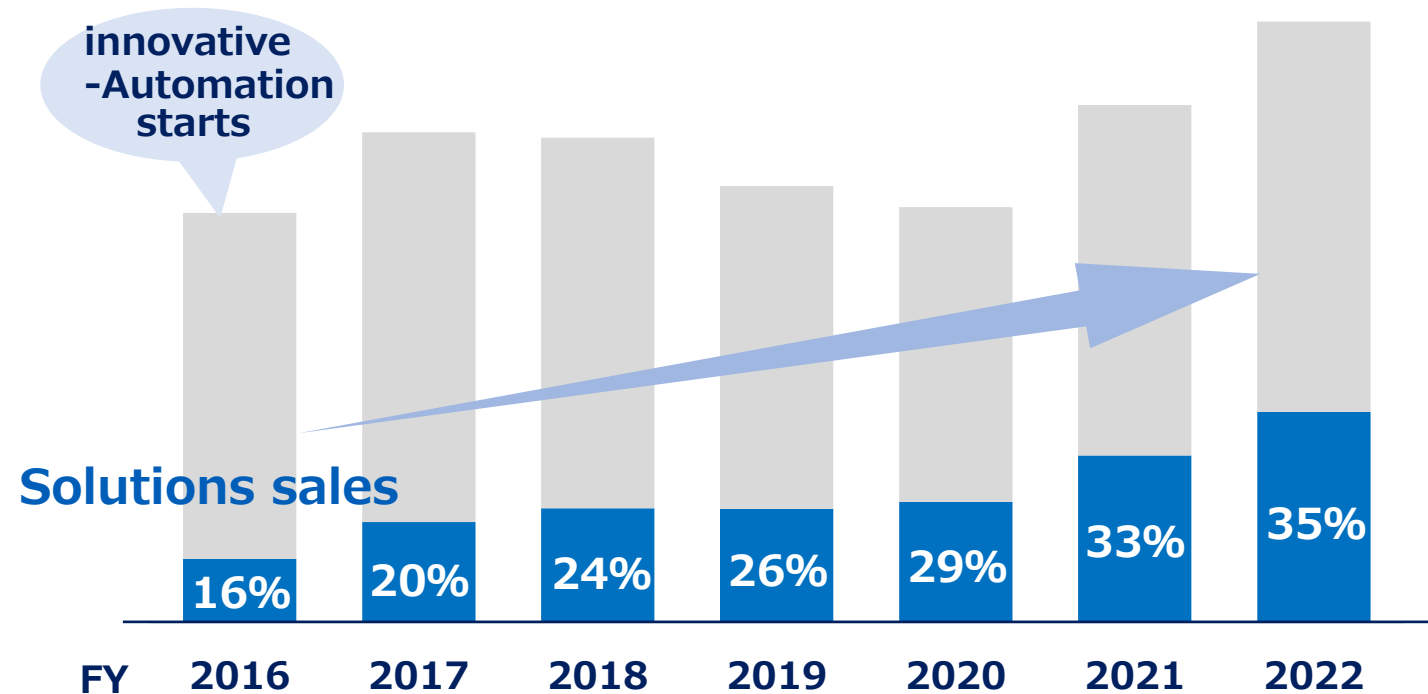
# 3. IAB Growth Capability

# Expanding the Solutions Business

Solid growth for the Solutions Business since FY2016.  
Customer adoption of innovative-Automation accelerating

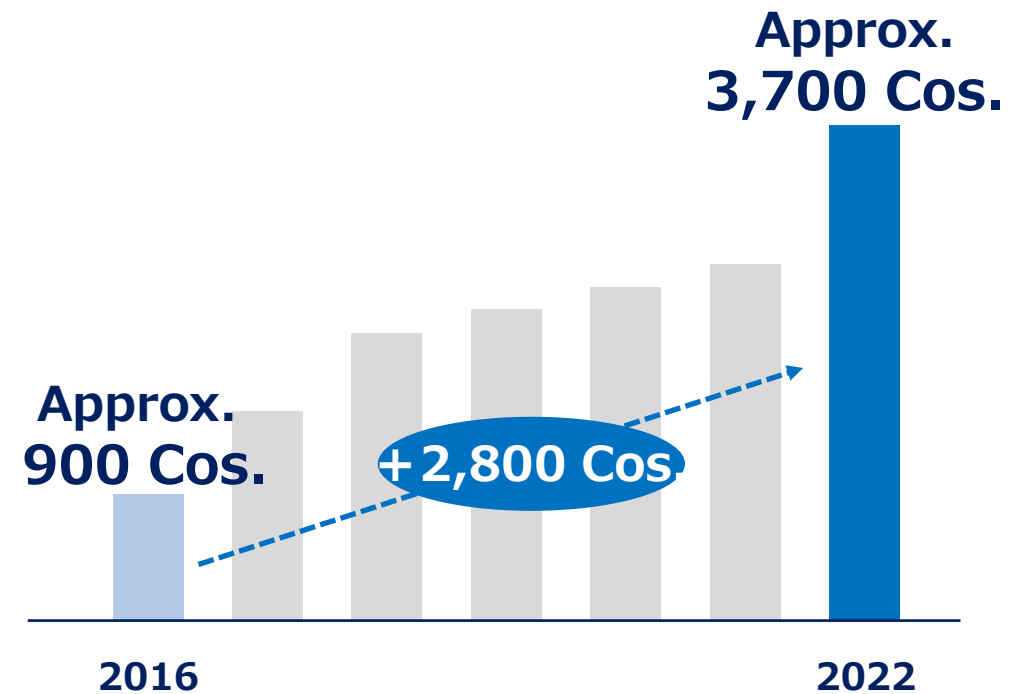
## Share of sales from Solutions

**CAGR +22.0%**  
(FY16→22)



## # of customers adopting innovative-Automation

**FY22 Approx. 3,700 Cos.**  
(vs. FY16: >4X)

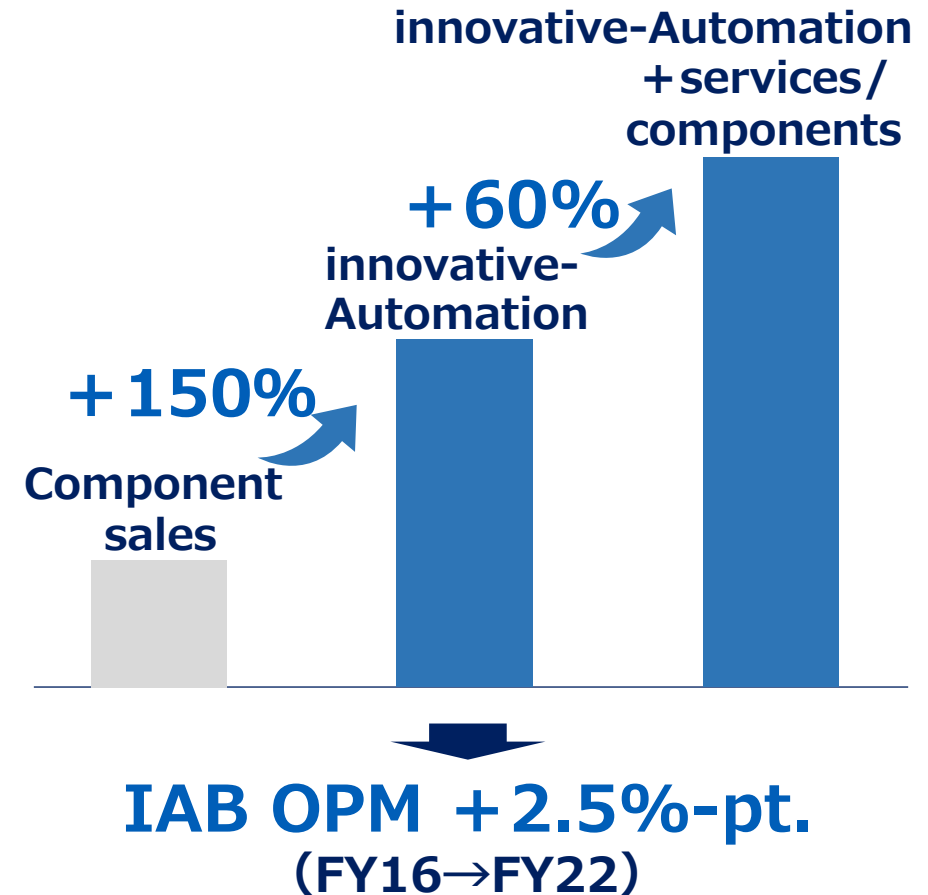
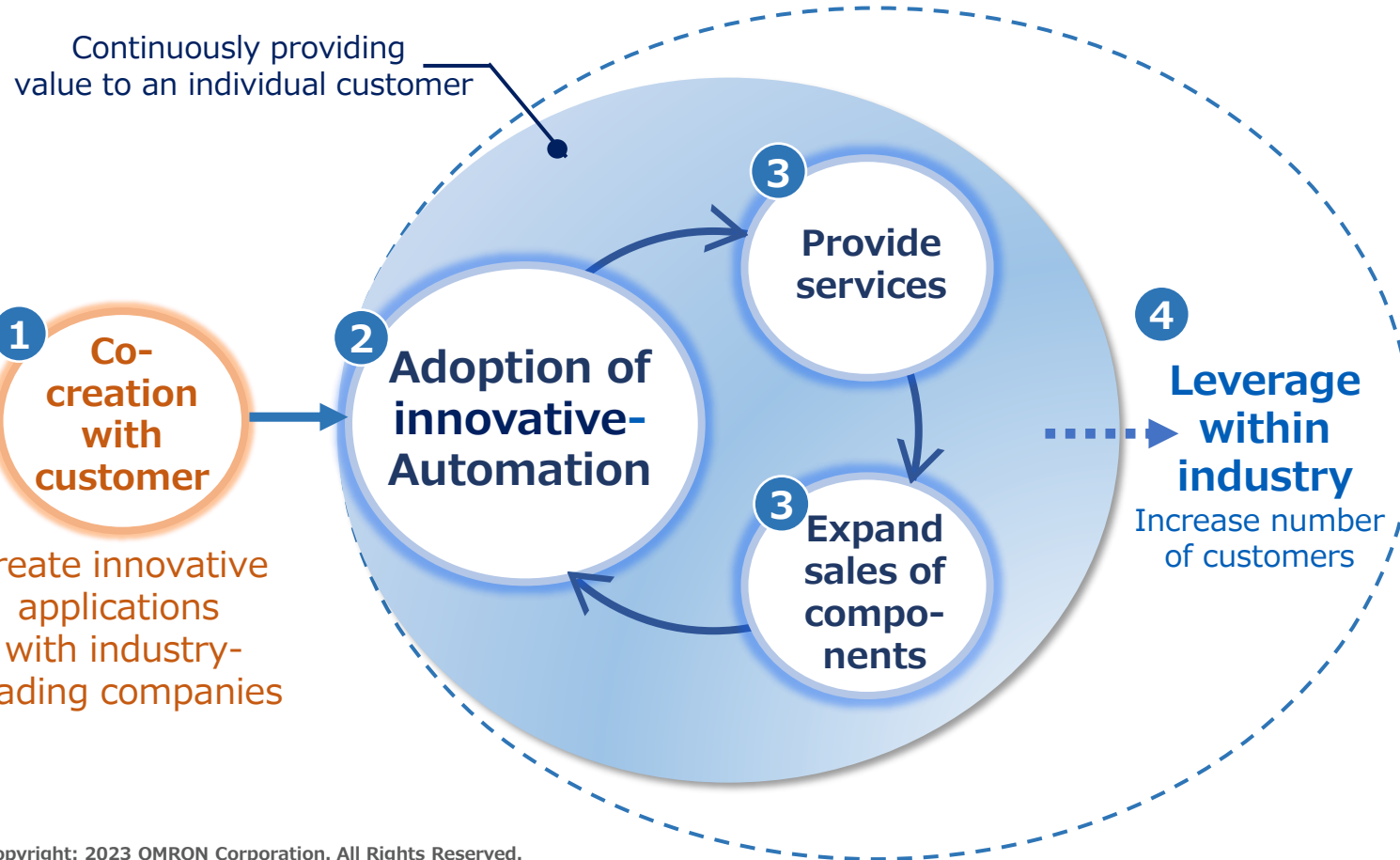


# Solutions Business Growth Cycle

Creating solutions through collaborations with customers to continuously provide value that can be leveraged within industries. Solutions grow sales per customer and boosts OPM


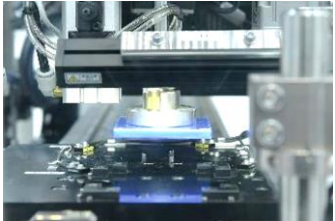

## Solutions Business Growth Cycle

## Unit Sales Per Customer (e.g.)



# Strengthening Business Assets to Grow Solutions Business

Solid progress from FY2016 in strengthening the 3 business assets that are central to the Solutions Business

		FY2016	FY2022	Vs. FY2016
<b>Share of Sales: Solutions</b>		<b>16%</b>	<b>35%</b>	<b>+ 19%-pt.</b>
<b>Business assets which underpin competitive advantages</b>	<b>Automation Centers</b> 	<b>8 locations</b>	<b>36 locations</b>	<b>+ 28</b>
	<b>Innovative Applications</b> 	<b>12 apps.</b>	<b>290 apps.</b>	<b>+ 278</b>
	<b>Applications Engineers</b> 	<b>1,340 engineers</b>	<b>1,740 engineers</b>	<b>+ 400</b>

# Business Opportunities Expanding Globally

**Social issues and geopolitical risk boosting MT/LT growth opportunities.  
Near-term demand by industry mixed but continued large-scale capex demand in semiconductors and batteries**

**MT/LT  
business  
opportunities**

**FA demand backed by social issues and geopolitical risk**

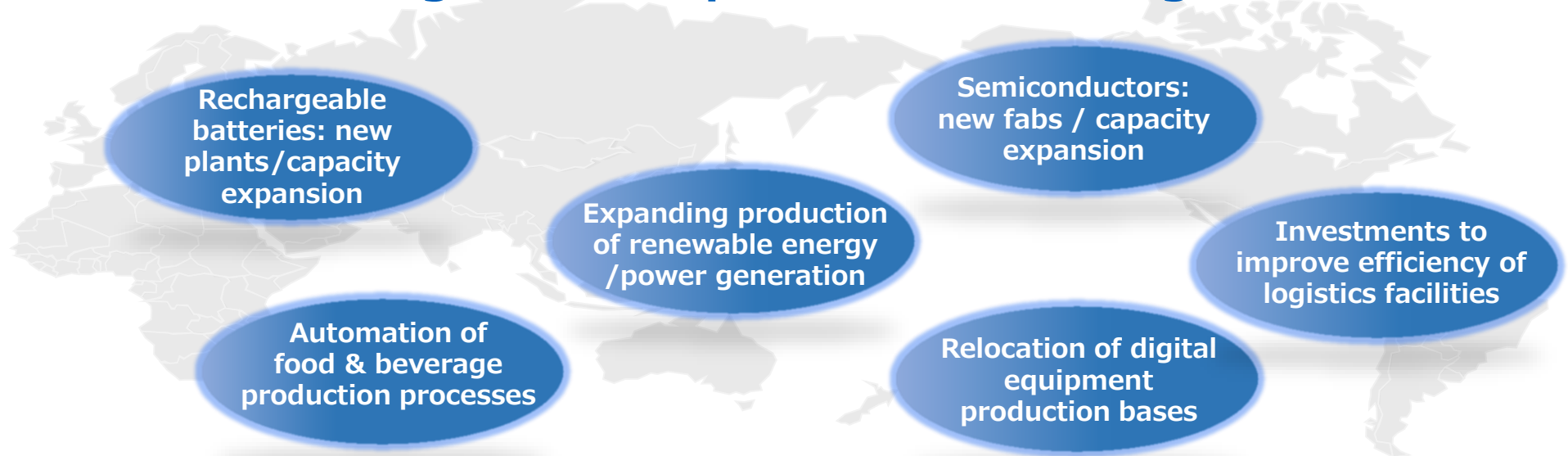
**Automation/  
labor reduction**

**Improving energy  
efficiency**

**Diversification of  
production locations**

**FY2023  
business  
opportunities**

**Continued large-scale capex demand on a global basis**



# Key Initiatives for FY2023

Focus on 3 key initiatives.  
Aim for double-digit growth for total focus domain sales

## FY23 Focus Initiatives

- 1 Shift resources to focus domains**  
(Focus domains: Digital, NEV, Food & Household Goods, Medicine, Logistics)
- 2 Accelerate creation of innovative applications**
- 3 Strengthen service business**

Focus Domain Sales Growth  
(FY22→23)

**+ 13%**

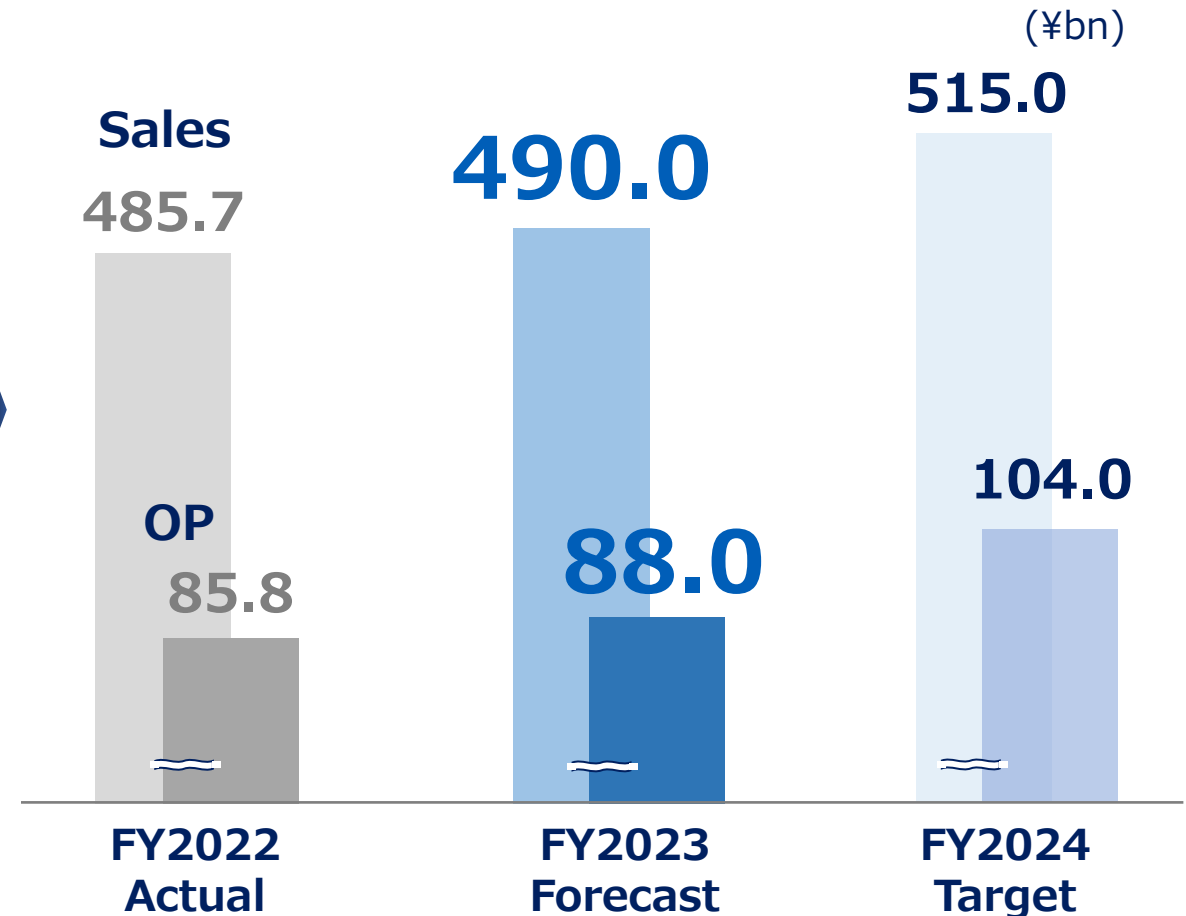
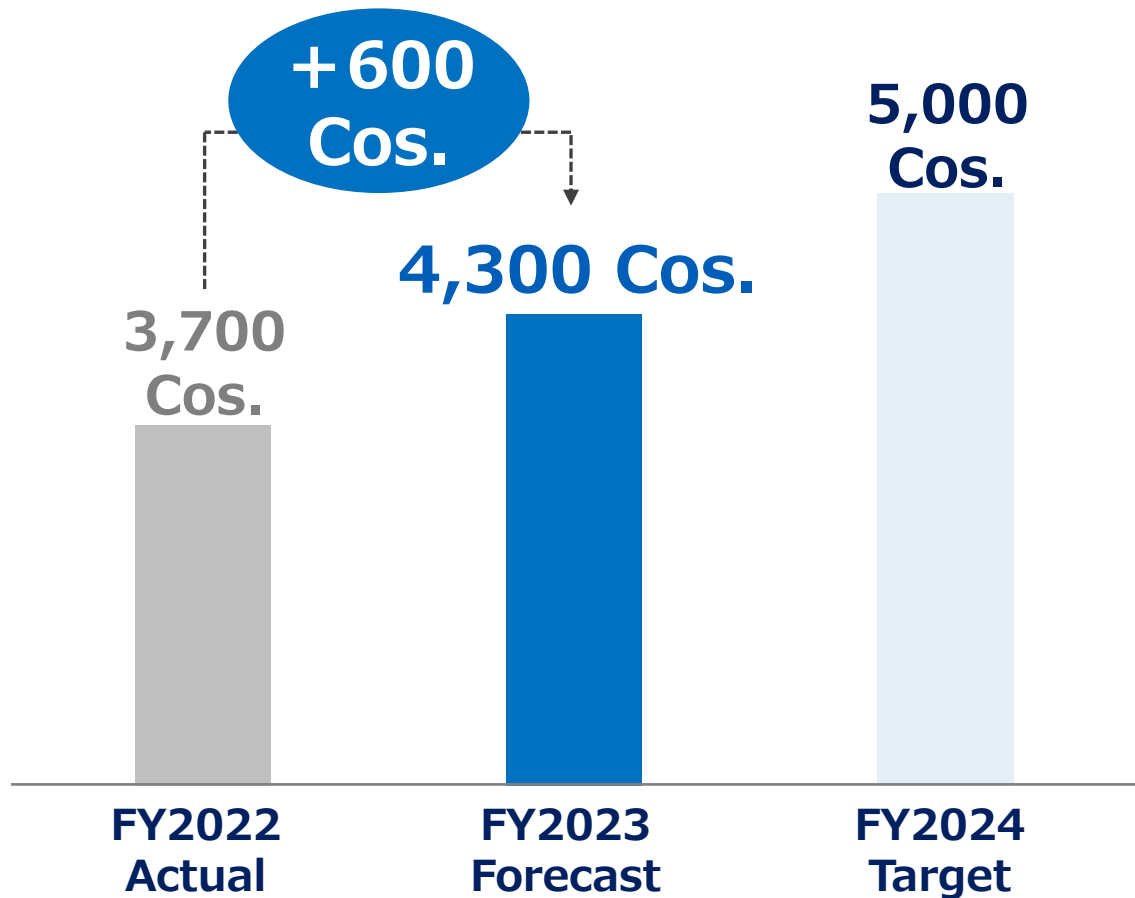


# Growth in innovative-Automation Customers toward FY2024

Expanding adoptions of innovative-Automation to drive FY2023 Y/Y sales and OP growth. Setting stage for achieving medium-term targets

Grow # of customers adopting innovative-Automation

IAB Earnings Targets





The image features the Omron logo in a bold, white, sans-serif font, centered horizontally. The background is a high-angle view of Earth from space, showing the blue curvature of the planet and white cloud patterns. A bright sun is visible in the upper right quadrant, creating a lens flare effect across the top of the frame.

**OMRON**



# Reference

# Non-financial Value KPIs

Non-financial Goals (FY24 Targets)	FY22 Actual	FY23 Target
1. <b>45% growth in Sustainability Sales vs FY2021</b> (reflects contribution to solving 3 social issues)	<b>+28% growth</b>	<b>+43% growth</b>
2. <b>Global ratio of women in management roles: &gt;18%</b>	<b>16.8%*</b>	<b>17.4%</b>
3. <b>•Overseas hiring of disabled individuals: target 28 overseas locations</b> <b>•Japan disabled employee ratio: maintain &gt;3% ratio</b>	<b>•27 locations</b> <b>•3.1%*</b>	<b>•28 locations</b> <b>•&gt;3%</b>
4. <b>Scope 1/2 GHG emissions volume: 53% reduction</b> (vs. FY2016)	<b>58% reduction*</b>	<b>52% reduction</b>
5. <b># of sites to achieve Carbon Zero: All 76 domestic sites</b>	<b>10 sites</b>	<b>38 sites</b>
6. <b>Implement human rights due diligence in alignment with UNGP and develop mechanism for remedying abuses in the value chain</b>	<b>In line with plan</b>	<b>Establish measures to address human rights issues</b>
7. <b>Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World</b>	<b>Selected FY22</b>	<b>To be selected in FY23</b>
8. <b>100% participation by global managers in management training to effectively capitalize on the capabilities of diverse human resources</b>	<b>46% completed</b>	<b>60% completion</b>
9. <b>In all regions, introduce training programs covering the basic knowledge required for DX: statistics, data analytics, AI and others</b>	<b>Initiate trials in EU</b>	<b>Launch in other regions</b>
10. <b>Reduce paper usage volume more than 50% versus FY2019 by proactively using digital tools</b>	<b>44% reduction</b>	<b>46% reduction</b>
+ 1. <b>Top management for all regions to declare and continue to execute on commitment to contribute to local communities in alignment with OMRON's Sustainability Policy</b>	<b>FY22: Declare and Execute</b>	<b>FY23: Declare and Execute</b>

# Consolidated Balance Sheet

	(¥bn)		
	End-March 2022	End-March 2023	Y/Y
Current assets	482.9	486.9	+4.0
(Cash and cash equivalents)	(155.5)	(105.3)	(-50.2)
(Inventory)	(141.9)	(173.9)	(+32.0)
Property, plant and equipment	122.1	129.6	+7.5
Investments and other assets	325.6	381.7	+56.1
<b>Total assets</b>	<b>930.6</b>	<b>998.2</b>	<b>+67.5</b>
Current liabilities	211.7	210.0	-1.7
Long-term liabilities	51.0	56.9	+5.9
<b>Total Liabilities</b>	<b>262.7</b>	<b>266.9</b>	<b>+4.3</b>
Shareholders' equity	665.2	728.5	+63.2
Noncontrolling interests	2.7	2.8	+0.0
<b>Total net assets</b>	<b>668.0</b>	<b>731.2</b>	<b>+63.3</b>
<b>Total Liabilities and net assets</b>	<b>930.6</b>	<b>998.2</b>	<b>+67.5</b>
Equity ratio	71.5%	73.0%	+1.5%pt

# Consolidated Cash Flow Statement

			(¥bn)
	FY2021 Actual	FY2022 Actual	Y/Y
Operating cash flow	67.4	53.5	-14.0
Investment cash flow	-150.2	-55.5	+94.6
Free cash flow (FCF)	-82.7	-2.1	+80.7
Financing cash flow	-29.6	-58.8	-29.2
Cash and cash equivalents as of end of period	155.5	105.3	-50.2
Capital expenditure	34.2	45.0	+10.8
Depreciation	23.4	26.6	+3.2

# FY2023 Forex Sensitivities and Assumptions

Impact of 1 yen move (full year)  
CNY impact of 0.1 yen move

	Sensitivities		Assumptions
	Sales	OP	FY2023 Assumptions
USD	¥1.7 bn	¥0.1 bn	¥130
EUR	¥1.0 bn	¥0.4 bn	¥140
CNY	¥0.9 bn	¥0.2 bn	¥19.0

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

# External ESG Recognition① (As of April 2023)

## Inclusion in major ESG indices, ESG assessments

### Global

- ✓ DJSI World
- ✓ FTSE4Good Index Series
- ✓ MSCI ESG Leaders Indexes
- ✓ MSCI SRI Indexes
- ✓ STOXX Global ESG Leaders Indices
- ✓ CDP Score (FY2022 Assessment)
- ✓ CDP Supplier Engagement Leader 2022

### Domestic

- ✓ FTSE Blossom Japan Index
- ✓ FTSE Blossom Japan Sector Relative Index
- ✓ MSCI Japan ESG Select Leaders Index
- ✓ MSCI Japan Empowering Women Index
- ✓ S&P/JPX Carbon Efficient Index

**6<sup>th</sup> consecutive year**

**7<sup>th</sup> consecutive year**

**8<sup>th</sup> consecutive year**

**6<sup>th</sup> consecutive year**

**7<sup>th</sup> consecutive year**

**Climate change A, Water security A**

**1<sup>st</sup> time selected**

**6<sup>th</sup> consecutive year**

**1<sup>st</sup> time selected**

**6<sup>th</sup> consecutive year**

**6<sup>th</sup> consecutive year**

**5<sup>th</sup> consecutive year**

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



FTSE4Good



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index

2022 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

2022 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX



# External ESG Recognition② (As of April 2023)

## ESG Awards, Index Inclusions

### S&P Global Sustainability Award

- ✓ S&P Sustainability Award Silver Class
- ✓ S&P Sustainability Yearbook 2023 Top 5% Global ESG Score

### Sustainability Award

Silver Class 2022

**S&P Global**



### EcoVadis

- ✓ Sustainability Assessment Platinum Rating

### Sponsored by Nikkei Inc

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

**December 2019**  
**November 2022**  
**March 2023**

### Selected by METI, TSE

- ✓ Health & Productivity Stock
- ✓ Health & Productivity: White 500

**5<sup>th</sup> consecutive year from FY2018**  
**7<sup>th</sup> consecutive year from FY2016**

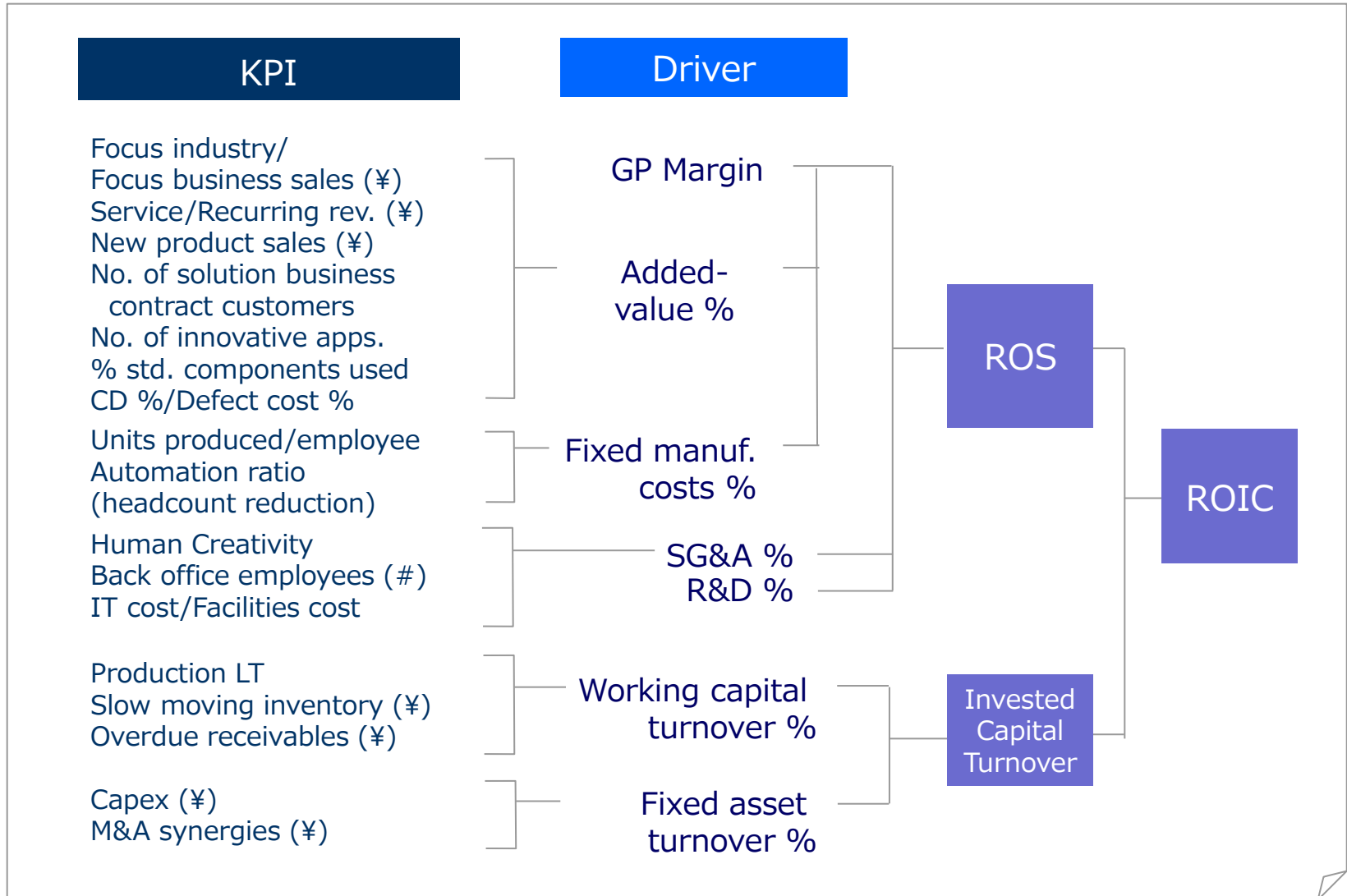


### Selected by Nikkei Inc.

- ✓ Nikkei 225 **March 2019, 1<sup>st</sup> time**

# Down-Top ROIC Tree (2.0)

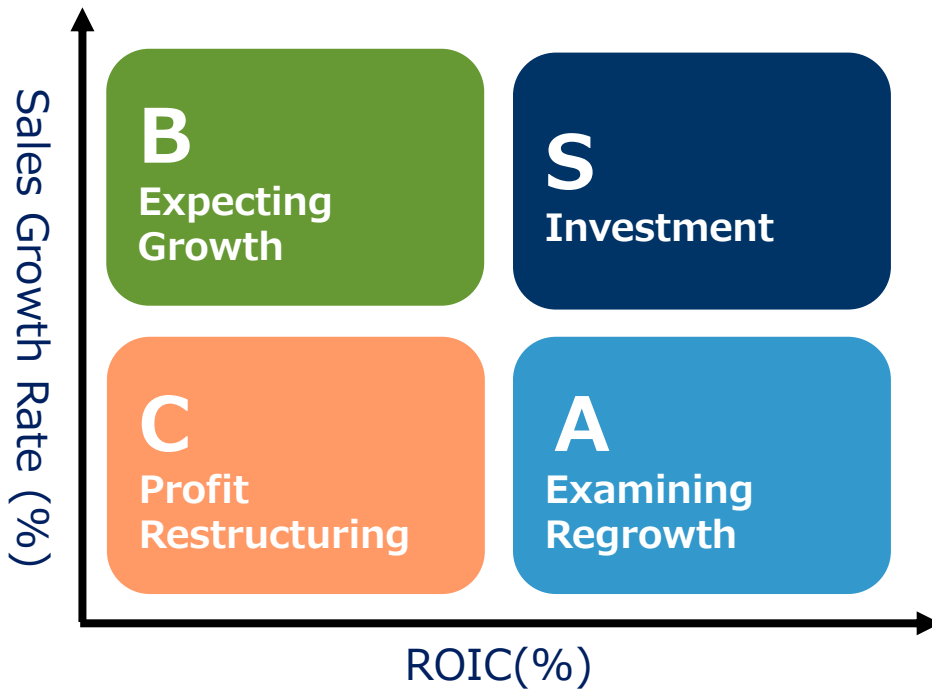
## Business Strategy



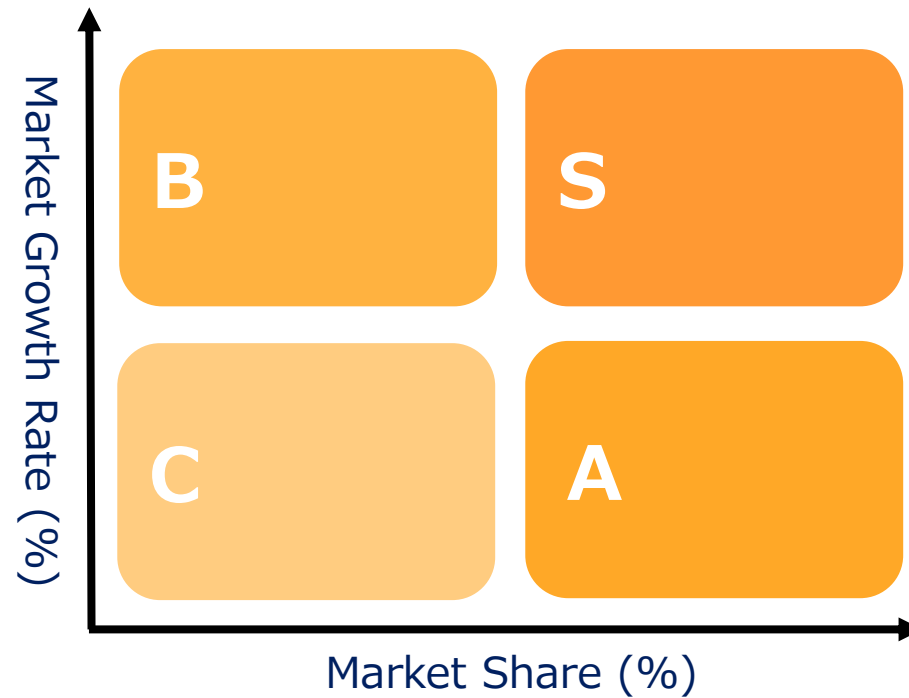


# Portfolio Management

## 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.

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