

ENVIRONMENTAL SOLUTIONS BUSINESS HQ, ELECTRONIC SYSTEMS & EQUIPMENTS DIVISION HQ, AND OTHER BUSINESSES

Providing environmental equipment and solutions, computer peripheral equipment, and industrial embedded CPU boards



In fiscal 2009, the Business Development Group was reorganized into the Environmental Solutions Business Headquarters and the Electronic Systems and Equipments Division.

% of Net Sales
2%



Fiscal 2008 in Review

Earnings declined despite efforts to meet the demand for energy conservation equipment

In fiscal 2008, net sales in this division declined 7.0% year on year to ¥14.5 billion and operating income broke even.

In existing businesses, restrained capital investment led to sluggish sales of uninterruptible power supply units, broadband routers, and other devices in the computer peripheral equipment business. Intensifying competition caused a decline in sales of radio frequency identification (RFID) devices, which are the core products of the new businesses segment. Sales of energy monitoring systems expanded amid growing awareness of energy consumption issues.

Business Strategy and Outlook for Fiscal 2009

Establishment of the Environmental Solutions Business Headquarters and Electronic Systems and Equipments Headquarters

We forecast an increase of 20.4% year on year to ¥17.5 billion in net sales and an operating loss of ¥1.0 billion in fiscal 2009.

In fiscal 2009, the environmental products and computer peripheral equipment businesses carried out by the Business Development Group were established as independent operations and respectively designated the Environmental Solutions Business Headquarters and Electronic Systems and Equipments Headquarters. In addition, the RFID business was transferred to the Industrial Automation Business (IAB) and Electronic Components

Business (ECB).

The Environmental Solutions Business Headquarters is focused on growing operations of the existing energy management business as well as the industrial and social environmental solutions business. The Omron Group has taken extensive steps to measure and make visible the energy used by each of the Group companies with the result of significant energy savings through fiscal 2008.

The new Environmental Solutions Business Headquarters is charged with cultivating the environmental business operations currently dispersed throughout the Group to create a new profit base for the company, with the objective of raising the total net sales from environmental operations to ¥50.0 billion in fiscal 2013.

The operations of the Electronic Systems and Equipments Headquarters are focused on the computer peripheral equipment business and expanding the market for embedded computers that are optimized for industrial applications requiring the highest level of reliability and consistent long-term supply capabilities.

Embedded Mini-CPU Boards

Omron's embedded central processing unit (CPU) board is a high performance and low energy consumption processor the size of a credit card. Designed specifically to provide the high level of reliability and long-term steady supply essential for industrial applications, the CPU board's small size vastly facilitates product development of industrial electronic devices.



Other Businesses Results and Plans

Fiscal Year	(Billions of yen)				
	2005	2006	2007	2008	2009 (Plan)
Net sales*	15.2	15.0	15.6	14.5	17.5
Domestic	15.0	14.9	15.4	14.3	16.5
Overseas	0.2	0.1	0.3	0.2	1.0
Operating income*	0.3	0.4	0.1	0.0	(1.0)
Operating income margin*	2.2%	2.9%	0.6%	0.3%	—
R&D expenses*	10.2	9.7	8.6	7.5	
Depreciation and amortization*	1.0	1.3	1.7	3.2	
Capital expenditures*	7.0	3.6	1.4	1.4	

* FY2009 (Plan) adopted from FASB Statement No.131, *Disclosures about Segments of an Enterprise and Related Information*.

* Projections for FY2009 are based on exchange rates of ¥95/US\$ and ¥125/Euro.

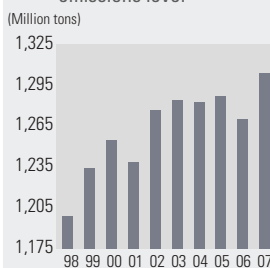
* The sales figures given indicate sales to external customers and exclude inter-segment transactions. Operating income indicates income including internal income prior to the deduction of amounts such as inter-segment transactions and head office expenses that are not apportionable.

* Projected figures for R&D costs, depreciation costs, and capital expenditures are not publicized.

Check It Out!

Analysis of external environment

Changes in Japan's CO₂ emissions level



Source: Based on the data of National Institute for Environmental Studies

CO₂ emission volumes in Japan are rising both overall and on a per-person basis.