Financial Information

March, 2017
Contents

- 2016 Results
- 2017 Forecast
- Business Segment Outline
- Shareholder Return
- MLMAP2020 [2016-2020] Progress
  - Financial Data
  - Corporate profile

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## Review of 2016

<table>
<thead>
<tr>
<th>External events</th>
<th>Internal events</th>
</tr>
</thead>
<tbody>
<tr>
<td>◆ Earthquakes in Kumamoto</td>
<td></td>
</tr>
<tr>
<td>◆ Exhaust gas and fuel economy testing problems</td>
<td></td>
</tr>
<tr>
<td>◆ Appreciation of the yen</td>
<td></td>
</tr>
<tr>
<td>◆ Brexit</td>
<td></td>
</tr>
<tr>
<td>◆ Revenue recognition policy change (January): Shipment base → Delivery/installation base</td>
<td></td>
</tr>
<tr>
<td>◆ HORIBA MIRA full-year results in HORIBA’s consolidated results included for the first time</td>
<td></td>
</tr>
<tr>
<td>◆ HORIBA BIWAKO E-HARBOR began operation</td>
<td></td>
</tr>
<tr>
<td>◆ Expansion of HORIBA STEC’s Aso Factory decided</td>
<td></td>
</tr>
<tr>
<td>◆ HORIBA India Technical Center was established</td>
<td></td>
</tr>
<tr>
<td>◆ Reorganization of HORIBA Group companies in France decided (effective January 2017)</td>
<td></td>
</tr>
<tr>
<td>◆ Water measuring businesses integrated to HORIBA Advanced Techno Ltd. (from January 2017)</td>
<td></td>
</tr>
</tbody>
</table>
## Summary of 2016 Results

### Paid the highest dividend amount (85 yen per share)
Achieved ROE of 10%

| P&L                                    | Year-on-year declines from the top line down to ordinary profit, but the absolute levels were the second highest to the record-highs in 2015  
|                                        | Record-high net profit due to a one-time drop in tax rate*  
|                                        | Negative impact of yen appreciation: Revenues down 14.2bn yen; OP down 3.1bn yen  

| B/S                                    | Total assets were 239.6bn yen, down 7.5bn yen from the end of 2015, due to lower yen value caused by the yen appreciation  
|                                        | Equity ratio: 55.4%  

| CF                                     | Operating CF: Inflow of 15.8bn yen, due to growth in profit  
|                                        | Investing CF: Outflow of 10.4bn yen, due to capital spending  
|                                        | Financial CF: Outflow of 0.4bn yen, due to long-term borrowing  

\[ \text{FCF} = 15.8bn + 10.4bn - 0.4bn = 25.8bn \text{ yen} \]

* 2015 results are restated numbers. Net profit in 2016 was the second highest compared with the restated figures.
# 2016 full year results

(Billions of yen)

<table>
<thead>
<tr>
<th>2015 Results (New Policy※)</th>
<th>2016 Forecast (as of Nov.2016)</th>
<th>2016 Results vs.2015</th>
<th>vs. Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>171.9</td>
<td>170.0</td>
<td>170.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-1.1%</td>
<td>+0.1%</td>
</tr>
<tr>
<td>Operation Profit</td>
<td>20.1</td>
<td>17.5</td>
<td>18.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-8.2%</td>
<td>+5.7%</td>
</tr>
<tr>
<td>O.P %</td>
<td>11.7%</td>
<td>10.3%</td>
<td>10.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.8p</td>
<td>+0.6p</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>19.6</td>
<td>17.0</td>
<td>18.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-6.9%</td>
<td>+7.5%</td>
</tr>
<tr>
<td>Net Income attributeable</td>
<td>13.2</td>
<td>10.8</td>
<td>12.9</td>
</tr>
<tr>
<td>Owners of Parent</td>
<td></td>
<td>-2.4%</td>
<td>+20.0%</td>
</tr>
<tr>
<td>Net profit per share(Yen)</td>
<td>315</td>
<td>256</td>
<td>308</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-2.4%</td>
<td>+20.0%</td>
</tr>
<tr>
<td>ROE</td>
<td>10.7%</td>
<td>8.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.7p</td>
<td>+1.5p</td>
</tr>
</tbody>
</table>

※2015 results are restated numbers. The same shall apply hereinafter.
# 2016 Results by Segment

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>65.4</td>
<td>64.0</td>
<td>62.2</td>
<td>-4.9%</td>
<td>5.2</td>
<td>3.5</td>
<td>3.5</td>
<td>-32.1%</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>16.7</td>
<td>16.5</td>
<td>16.7</td>
<td>+0.3%</td>
<td>1.7</td>
<td>1.5</td>
<td>1.5</td>
<td>-12.3%</td>
</tr>
<tr>
<td>Medical</td>
<td>27.6</td>
<td>26.5</td>
<td>26.5</td>
<td>-4.0%</td>
<td>2.5</td>
<td>2.7</td>
<td>2.8</td>
<td>+9.7%</td>
</tr>
<tr>
<td>Semi</td>
<td>35.3</td>
<td>37.0</td>
<td>38.8</td>
<td>+9.8%</td>
<td>9.4</td>
<td>9.0</td>
<td>9.6</td>
<td>+2.6%</td>
</tr>
<tr>
<td>Scientific</td>
<td>26.7</td>
<td>26.0</td>
<td>25.7</td>
<td>-3.8%</td>
<td>1.1</td>
<td>0.8</td>
<td>0.9</td>
<td>-21.1%</td>
</tr>
<tr>
<td>Total</td>
<td>171.9</td>
<td>170.0</td>
<td>170.0</td>
<td>-1.1%</td>
<td>20.1</td>
<td>17.5</td>
<td>18.4</td>
<td>-8.2%</td>
</tr>
</tbody>
</table>

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### 2017 Market outlook

<table>
<thead>
<tr>
<th>Sector</th>
<th>Expectations</th>
</tr>
</thead>
</table>
| Auto   | - Expect steady R&D investments by automakers  
         - Closely monitor emission regulations in EU and Japan |
| P&E    | - Expect firm demand for stack gas analyzers and water measurement equipment in Asian countries |
| Medical| - Closely monitor sales trend of small-sized products in Japan  
         - Changes in medical care system in US |
| Semi   | - Expect continuous investment by semiconductor manufacturers in the first half, uncertainties over outlook in demand by semiconductor production equipment in the second half |
| Scientific | - Japan: Expect an increase in the private sector capital spending.  
               - Overseas: Closely monitor government budgets and spending in EU |
## Exchange rate forecast for 2017

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD</strong></td>
<td>121.10</td>
<td>108.78</td>
<td><strong>110</strong></td>
<td>+1.22</td>
</tr>
<tr>
<td><strong>EUR</strong></td>
<td>134.31</td>
<td>120.26</td>
<td><strong>120</strong></td>
<td>-0.26</td>
</tr>
<tr>
<td><strong>GBP</strong></td>
<td>185.19</td>
<td>147.57</td>
<td><strong>130</strong></td>
<td>-17.57</td>
</tr>
</tbody>
</table>

1 yen O.P. sensitivity for 2017 Forecast

- **USD**: 155 million yen
- **EUR**: 23 million yen
## Forecast for 2017 (Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Results</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>171.9</td>
<td>170.0</td>
<td>177.0</td>
<td>+4.1%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>20.1</td>
<td>18.4</td>
<td>20.0</td>
<td>+8.1%</td>
</tr>
<tr>
<td>O.P %</td>
<td>11.7%</td>
<td>10.9%</td>
<td>11.3%</td>
<td>+0.4p</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>19.6</td>
<td>18.2</td>
<td>19.3</td>
<td>+5.6%</td>
</tr>
<tr>
<td>Net income attribute to Owners of Parent</td>
<td>13.2</td>
<td>12.9</td>
<td>13.0</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Net profit per share (Yen)</td>
<td>31.5</td>
<td>30.8</td>
<td>30.9</td>
<td>+0.3%</td>
</tr>
<tr>
<td>ROE</td>
<td>10.7%</td>
<td>10.0%</td>
<td>9.5%</td>
<td>-0.5p</td>
</tr>
</tbody>
</table>

*Record-high

※2015 results are restated numbers. The same shall apply hereinafter.
### Forecast for 2017 by segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>2016 Sales (Billions of yen)</th>
<th>2017 Sales (Billions of yen)</th>
<th>Change vs 2016</th>
<th>2016 O.P (Billions of yen)</th>
<th>2017 O.P (Billions of yen)</th>
<th>Change vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>62.2</td>
<td>67.0</td>
<td>+7.7%</td>
<td>3.5</td>
<td>5.2</td>
<td>+47.3%</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>16.7</td>
<td>18.0</td>
<td>+7.4%</td>
<td>1.5</td>
<td>1.6</td>
<td>+3.9%</td>
</tr>
<tr>
<td>Medical</td>
<td>26.5</td>
<td>25.0</td>
<td>-5.9%</td>
<td>2.8</td>
<td>2.2</td>
<td>-21.6%</td>
</tr>
<tr>
<td>Semi</td>
<td>38.8</td>
<td>41.0</td>
<td>+5.6%</td>
<td>9.6</td>
<td>10.0</td>
<td>+3.3%</td>
</tr>
<tr>
<td>Scientific</td>
<td>25.7</td>
<td>26.0</td>
<td>+1.0%</td>
<td>0.9</td>
<td>1.0</td>
<td>+5.8%</td>
</tr>
<tr>
<td>Total</td>
<td>170.0</td>
<td>177.0</td>
<td>+4.1%</td>
<td>18.4</td>
<td>20.0</td>
<td>+8.1%</td>
</tr>
</tbody>
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Next Slide
2016 Results and 2017 Forecast

(Billions of yen)

Topics of Automotive Industries in 2016
- The autonomous-driving car age begins.
  - Use of artificial intelligence (AI)
- Accelerated EV development
  - R&D shift to electrification
- Exhaust gas and fuel economy test scandals at VW and in Japan.
- More strict regulations in EMS (WLTP, RDE*)
  - For indoor tests and on-road tests
- Brexit

EMS*: Steady sales in Japan, increase in OBS*
MCT: Temporary decline in demand
ECT*: Full-year incremental sales; goodwill of 0.4bn yen

2017 Forecast

EMS: Steady sales in Japan and Asia
MCT: Significant recovery; improved profitability
ECT: Many inquiries; weak GBP to depress amounts in yen

Sales and O.P. Sales O.P.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billions of yen)</th>
<th>O.P. (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>54.2</td>
<td>7.2</td>
</tr>
<tr>
<td>2009</td>
<td>37.1</td>
<td>1.8</td>
</tr>
<tr>
<td>2010</td>
<td>35.7</td>
<td>1.6</td>
</tr>
<tr>
<td>2011</td>
<td>38.6</td>
<td>2.8</td>
</tr>
<tr>
<td>2012</td>
<td>43.2</td>
<td>4.4</td>
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<tr>
<td>2013</td>
<td>49.5</td>
<td>4.2</td>
</tr>
<tr>
<td>2014</td>
<td>55.0</td>
<td>5.8</td>
</tr>
<tr>
<td>2015</td>
<td>64.2</td>
<td>4.4</td>
</tr>
<tr>
<td>2016</td>
<td>65.4</td>
<td>5.2</td>
</tr>
<tr>
<td>2017 (Forecast)</td>
<td>67.0</td>
<td>5.2</td>
</tr>
</tbody>
</table>

EMS: Emission Measurement Systems
OBS: On-Board Exhaust Emission Measurement System
ECT: Engineering Consultancy & Testing business operated by HORIBA MIRA
WLTP, RDE: See details on Slide 17

EMS: Emission Measurement Systems
OBS: On-Board Exhaust Emission Measurement System
ECT: Engineering Consultancy & Testing business operated by HORIBA MIRA
WLTP, RDE: See details on Slide 17

New policy
Previous accounting policy

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Strategy for improving profitability

- HORIBA BIWA E-HARBOR
- MCT

Aim at cutting the lead time to one-third

Shorten the lead time in the specification-design stage

Case of the MEXA series middle-sized EMS product

[Problem] Long waiting in the design process

[Solution] Reduce design work by standardizing specs

Lead time from specification adoption to design completion

60 days in Aug. 2015

The lead time was shortened to 1/5

11 days in Aug. 2010

MCT business improves profitability

Significant recovery is expected in 2017

- Pick up in automakers’ investments
- Improve order booking by expanding turn-key projects (in Japan, EU, the US)

Focus on improving profitability

- Tighter management of project progress

MCT Sales and Order Backlog (Billions of yen)

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HORIBA India Technical Center Establishment

Open: November, 2016
Location: Pune, western India
  (Center of Automotive Business)
Function: Indoor Automotive test
Product customization/Training
Objective: Strengthen demonstration test and application development

Overview:
HORIBA India Technical center

Mr. Hiramatsu, the Japan Ambassador to India and Mr. Devendra Fadnavis, governor of Maharashtra, attended opening ceremony

Data sharing in real time

Regulatory trend

Solid sales in Japan (automakers, parts makers)
  ➡️ Steady investment in Japan
WLTP*(unified emission regulations by the UN)
  ➡️ Start in Sep. 2017 in EU and in 2018 in Japan
RDE (Real Driving Emission: on-road test) regulation
  ➡️ Start in Sep. 2017 in EU

※WLTP…Worldwide harmonized Light vehicles Test Procedure

EMS Sales and Order Backlog (Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Backlog</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>13.7</td>
<td>26.5</td>
</tr>
<tr>
<td>2012</td>
<td>16.9</td>
<td>28.6</td>
</tr>
<tr>
<td>2013</td>
<td>17.9</td>
<td>33.3</td>
</tr>
<tr>
<td>2014</td>
<td>20.2</td>
<td>37.4</td>
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<tr>
<td>2015</td>
<td>26.9</td>
<td>39.8</td>
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<tr>
<td>2016</td>
<td>29.4</td>
<td>40.1</td>
</tr>
<tr>
<td>2017</td>
<td>40.0</td>
<td></td>
</tr>
</tbody>
</table>

(Restated) (Forecast)

Auto

Regulatory trend in EMS (Emission Measurement System) and Operations in an emerging Market

HORIBA BIWAKO E-HARBOR “E-LAB central control room”
ECT Business (Engineering/HORIBA MIRA)

- Sale decline caused by weaker GBP vs. the JPY
- Investments of 3.0bn yen planned each in 2016 and 2017 while closely monitoring the Brexit impacts
- Increased inquiries to MIRA Technology Park
- Accelerated global business (Japan/Asia)

ECT Sales and Backlog (Billions of Yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4.5</td>
<td>4.2</td>
</tr>
<tr>
<td>2016</td>
<td>7.2</td>
<td>3.5</td>
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<tr>
<td>2017 (Forecst)</td>
<td>7.0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Currency</th>
<th>JPY/GBP</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td>185</td>
<td>147</td>
<td>130</td>
</tr>
<tr>
<td>Backlog</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Participation in the UK government autonomous driving car project

Participated in Jaguar Land Rover’s testing; contributed to the demonstration test of autonomous driving technology

G7 transport ministers’ summit (held in Karuizawa, Japan, in Sep. 2016)

George Gillespie, CEO of HORIBA MIRA, participated as a representative of U.K.

Main theme → Autonomous driving
1. Development and dissemination of cutting-edge technology regarding automobiles and roads
2. Basic policy for transportation infrastructure

Major participants
- Germany: BMW
- France: Renault
- Japan: Toyota
- UK: HORIBA MIRA
### 2016 Results

- Steady sales of stack gas analyzers in Japan
- Robust process analytical measurement business (U.S.)
- Weak sales in EU and Asia

### 2017 Forecast

- Expect steady sales to continue in Japan
- Profitability improvement in gas measurement business in HORIBA BIWAKO E-HARBOR
- Increase R&D expenditure for water business

#### Sales and O.P.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>13.7</td>
<td>1.0</td>
</tr>
<tr>
<td>2009</td>
<td>12.0</td>
<td>0.2</td>
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<tr>
<td>2010</td>
<td>11.7</td>
<td>0.8</td>
</tr>
<tr>
<td>2011</td>
<td>14.5</td>
<td>2.5</td>
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<tr>
<td>2012</td>
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<td>1.6</td>
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<td>2013</td>
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<td>1.2</td>
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<tr>
<td>2014</td>
<td>16.4</td>
<td>2.0</td>
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<tr>
<td>2015</td>
<td>16.7</td>
<td>1.7</td>
</tr>
<tr>
<td>2016</td>
<td>16.7</td>
<td>1.7</td>
</tr>
<tr>
<td>2017 (Forecast)</td>
<td>18.0</td>
<td>1.8</td>
</tr>
</tbody>
</table>

#### Sales by region

<table>
<thead>
<tr>
<th>Region</th>
<th>2016</th>
<th>2017 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>16.7</td>
<td>18.0</td>
</tr>
<tr>
<td>Europe</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>America</td>
<td>2.9</td>
<td>3.0</td>
</tr>
<tr>
<td>China</td>
<td>0.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Asia</td>
<td>1.9</td>
<td>2.1</td>
</tr>
</tbody>
</table>

### Previous and New Policy

- Previous policy
- New policy
Analysis technology for the environment

**Gas**

- **Automatic on-line analysis of PM components**
  - Integrate HORIBA's technology in SCI and P&E
  - Identify sources of origin of microparticles
  - Enable 24-hour consecutive analysis of elements

- Demo facility installed in HORIBA BIWAKO E-HARBOR

  Ministry of Environment (MOE) plans to adopt HORIBA's products
  - Scheduled to install devices at 4 sites in Japan in Apr. 2017

**Water**

- **Project to improve water quality of wastewater from dyeing factories**
  - Installing wastewater treatment systems and water quality monitors in Myanmar
  - Joint project with Hitachi Zosen Corporation

- Facilities installed in Wundwin city, Myanmar

  Designated one of the “Model businesses to improve water environment in Asia” by MOE
  - Started experimentation in Jan. 2017
2016 Results and 2017 Forecast

(Billions of yen)

**2016 Results**

+ Firm sales of CBC+CRP analyzers in Japan

− Sales decrease in yen due to the yen appreciation

+ Steady growth in India

**2017 Forecast**

+ Expect firm sales of CBC+CRP analyzers in Japan

+ Accelerated sales expansion by introducing a new brand in overseas markets

### Sales by region

<table>
<thead>
<tr>
<th>Region</th>
<th>2016</th>
<th>2017 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>26.5</td>
<td>25.0</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>9.2</td>
<td>8.7</td>
</tr>
<tr>
<td>America</td>
<td>6.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Europe</td>
<td>1.2</td>
<td>1.3</td>
</tr>
<tr>
<td>Total</td>
<td>30.0</td>
<td>26.0</td>
</tr>
</tbody>
</table>

### Sales and O.P.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>24.7</td>
<td>0.6</td>
</tr>
<tr>
<td>2009</td>
<td>22.3</td>
<td>1.9</td>
</tr>
<tr>
<td>2010</td>
<td>22.5</td>
<td>2.3</td>
</tr>
<tr>
<td>2011</td>
<td>23.4</td>
<td>3.1</td>
</tr>
<tr>
<td>2012</td>
<td>22.4</td>
<td>2.4</td>
</tr>
<tr>
<td>2013</td>
<td>26.8</td>
<td>2.4</td>
</tr>
<tr>
<td>2014</td>
<td>27.0</td>
<td>1.7</td>
</tr>
<tr>
<td>2015</td>
<td>27.4</td>
<td>2.4</td>
</tr>
<tr>
<td>2016</td>
<td>27.6</td>
<td>2.5</td>
</tr>
<tr>
<td>2017</td>
<td>26.5</td>
<td>2.8</td>
</tr>
</tbody>
</table>

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New brand “Yumizen”

- Brand building in the IVD market

- Strategy to expand sales in medium/large-sized hematology analyzers
  - Propose total solutions, including a data management system
  - Expand business globally from 2Q of 2017

Provide maintenance service system using IoT technology for reducing device downtime

- Enhance maintenance support by continuous monitoring & diagnostic reports
- Detect problems in advance and provide appropriate suggestions
- Target: 6,000 contracts by 2020 in Japan
  Also plan to expand globally

Medical Growth with New Brand and Service
2016 Results and 2017 Forecast

(Billions of yen)

Topics regarding the semiconductor industry and mass flow controller market

- Data centers’ shift to memory for storage
  → Sharp increase in demand for semiconductors
- Changes in manufacturing technology
  Miniaturization, 3D-NAND, double-patterning
  → Increase in demand for etching devices
- Disciplined investment by semiconductor manufacturers
  → The silicon cycle to fluctuate less widely
  → The market to stabilize

2016 Results

- Record-high sales and operating profit due to increased investments by semiconductor manufacturers in Asia
- Sales decrease in yen terms due to the appreciation of the yen

2017 Forecast

- Investment to raise Aso factory production capacity
- Less-certain market outlook for the 2nd half
- Closely monitor investment trend in China

Sales and O.P

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>16.7</td>
<td>1.2</td>
</tr>
<tr>
<td>2009</td>
<td>12.4</td>
<td>-0.0</td>
</tr>
<tr>
<td>2010</td>
<td>27.6</td>
<td>6.3</td>
</tr>
<tr>
<td>2011</td>
<td>24.6</td>
<td>4.9</td>
</tr>
<tr>
<td>2012</td>
<td>17.8</td>
<td>2.2</td>
</tr>
<tr>
<td>2013</td>
<td>24.1</td>
<td>4.8</td>
</tr>
<tr>
<td>2014</td>
<td>28.9</td>
<td>6.4</td>
</tr>
<tr>
<td>2015</td>
<td>35.3</td>
<td>9.4</td>
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<tr>
<td>2015</td>
<td>35.3</td>
<td>9.4</td>
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<tr>
<td>2016</td>
<td>38.8</td>
<td>9.6</td>
</tr>
<tr>
<td>2017</td>
<td>41.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>

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Aso Factory’s capacity expansion and the market share in mass flow controllers

Investment for capacity expansion

HORIBA STEC’s Aso Factory capacity expansion

- Amount: 2.7bn yen
- Completion: Nov. 2017 (Plan)
- Target: Increase in production capacity for mass flow controllers (1.5 times larger space)

The first company to invest in capacity expansion in Kumamoto Prefecture after the earthquakes

Global market share for mass flow controllers

[2016: 57%]

[HORIBA’s strengths]

- Technical point: Established a stable supply system of mass flow controllers with embedded cutting-edge “differential pressure sensors”
- Supply system: Stable production realized by HORIBA’s balanced management portfolio
2016 Results and 2017 Forecast

**2016 Results**

- Firm sales to the private sector and weak sales to academia in Japan
- Weak sales to academia in all regions
- Increased sales of Raman Spectroscopy in China

**2017 Forecast**

- More applications for the private sector in Japan
- Closely monitor China’s economy
- New product release through integrating technologies within HORIBA Group

### Sales by region

<table>
<thead>
<tr>
<th>Region</th>
<th>2016 (Billions of yen)</th>
<th>2017 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>5.5</td>
<td>5.6</td>
</tr>
<tr>
<td>America</td>
<td>6.5</td>
<td>6.7</td>
</tr>
<tr>
<td>China</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Asia</td>
<td>2.6</td>
<td>2.8</td>
</tr>
<tr>
<td>Japan</td>
<td>7.5</td>
<td>7.5</td>
</tr>
</tbody>
</table>

### Sales and O.P.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>24.8</td>
<td>0.8</td>
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<tr>
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<td>1.2</td>
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<td>2010</td>
<td>20.8</td>
<td>1.1</td>
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<td>1.1</td>
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<tr>
<td>2016</td>
<td>25.7</td>
<td>0.9</td>
</tr>
<tr>
<td>2017</td>
<td>26.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Exploit new markets using HORIBA technology

Cutting-edge technology of HORIBA and HORIBA Jobin Yvon
Close relationship with academia

Imaging CL* device (released in Aug. 2016)
- Convert defective images into high-accuracy images
- Characteristic distribution analysis of phosphor parts of LED elements
- Accelerate R&D for the next-generation power devices

New market creation and product development to meet customer’s needs

For a rare metal manufacturer
- Software development for rare metal analysis
- Customized chamber
  - MESA-50T

Materials for semiconductors, Life science sector
- Specialized in defect characterization
- Applied Topcon technology
  - SEM-CL

Cutting-edge material development
- High concentration cell
- Minute amount measurement
  - LA-960

HORIBA
HORIBA Jobin Yvon
Electron beam technology of Topcon

New product by integrating HORIBA Group’s technologies

* Imaging Cathodoluminescence (CL)
Contents

- 2016 Results
- 2017 Forecast
- Business Segment Outline
- Shareholder Return
- MLMAP2020 [2016-2020] Progress
  - Financial Data
  - Corporate profile
Shareholder Return

Dividends and Share buybacks

● 2015 Results 70 yen per share ➔+
● 2016 Results 85 yen per share
● 2017 Forecast 90 yen per share

2015 Share buyback
218,400 shares, about 1.0 billion yen

Per-share dividend (from 2002 to 2017 Forecast)

An Average total return ratio of last 3 years: 29.2%
Record high for 7 years in a row

Basic policy (since 2013)
- Dividend payment + Share buyback = 30% of Consolidated net profit to be targeted
- Remaining earnings are retained internally for strategic investment (i.e., facilities, M&A)
Contents

- 2016 Results
- 2017 Forecast
- Business Segment Outline
- Shareholder Return
- **MLMAP2020 [2016-2020] Progress**
  - Financial Data
  - Corporate profile
20-year business results

Continual growth in Sales and in all profits

Doubled in 10 years from 2010

Sales  O.P.  Net profit


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Explore the future

Automotive Test Systems | Process & Environmental | Medical | Semiconductor | Scientific
Major policies

MLMAP2020 “ONE STEP AHEAD”

- Applying HORIBA Technology in new business fields and new markets and becoming a true partner in analysis and measurement
- Accelerating corporate growth by its Super Dream Team based on balanced management, matrix organization, and HORIBA Stained Glass Project
- Improving capital efficiency to maximize corporate value
Actions for achieving MLMAP2020 targets

1. Re-organize the water measuring business to accelerate growth

2. “Stained Glass Project” activities

3. Improvement in asset efficiency and maximizing corporate value
   - Introduction of original KPIs to measure asset efficiency
   - Establishment of financial subsidiaries
Accelerate growth in water measuring business

Integrate water measuring resources to HORIBA Advanced Techno Ltd. (Kyoto)

Integrate products and technology from all HORIBA affiliates and 3 segments (Scientific/P&E/Semi) in all function including R&D, production, sales
→ Create the value only HORIBA can realize

Doubled sales in water measuring business
10bn yen → 20bn yen

(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>P&amp;E (Billions)</th>
<th>Semi (Billions)</th>
<th>Scientific (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>11.5</td>
<td>4.0</td>
<td>6.0</td>
</tr>
<tr>
<td>2016</td>
<td>12.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 (Forecast)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020 (Plan)</td>
<td>13.2</td>
<td></td>
<td>6.0</td>
</tr>
</tbody>
</table>

Speed up the growth!

- Cover all water treatment processes
- Timely and precisely satisfy market demand
- Create water measurement network using IoT

P&E Water quality analyzer
Semi Chemical Concentration Monitor
Sci pH meter
Water measuring and analysis business domain

Water measuring/analysis business domain: Life Cycle of Water

- Water supply infrastructure
- Industrial water
- Industrial processes
- Industrial sewage
- Sewage infrastructure

Water in nature (rivers, lakes, underground water)

- Tap water
- Water-intake
- Sewage infrastructure

Products

- R&D
- Production
- Quality

- Semiconductor
- Petrochemical
- Pharmaceutical
- Energy
- Medical

Recycling

- Discharge

Regulations on discharged water

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Selected as one of New Diversity Management Selection 100 (by the Ministry of Economy, Trade and Industry of Japan)

Reasons for the award:
Corporate motto “Joy and Fun” and the Stained Glass Project

HORIBA Stained Glass Project
- Lunch gatherings of working mothers
- Seminars on how to balance long-term care and work
- Workshop to improve work productivity

Mr. Saito, executive vice president, and Ms. Moriguchi, leader of Stained Glass Project at the award-receiving ceremony.
Enhance asset efficiency and maximize corporate value

- Decided to introduce a new KPI to measure asset efficiency
  - Indicator composed of “Operating profit” and “WACC”
  - Applying unit: Business segments and Group companies
    - Strengthen PDCA cycle: Efficient use of business assets and increase profit
  - Plan to prepare a budget to this project in 2018

- Founded financial subsidiaries in the US and the UK
  - Improve capital efficiency through group financing
  - Strengthen financial management function in each region
Symbol of MLMAP2020

ONE STEP AHEAD - To create a next stage of HORIBA -

Step out of the existing business fields and pursue further expansion. Take a new perspective and overcome technological/market/organization barriers. Be flexible, think outside the box, and move up to the next stage.
Contents

- 2016 Results
- 2017 Forecast
- Business Segment Outline
- Shareholder Return
- MLMAP2020 [2016-2020] Progress
  - Financial Data
  - Corporate profile
Trend of Market capitalization

(Billions of yen)

216BJPY in Oct. 2007

52BJPY in Dec. 2008

262BJPY in Feb. 2017
Changed the accounting policy for revenue recognition

Original

Not installed
Not arrived

Not installed
Not arrived

Installed
Delivered

New

The date of delivery or installation based on contractual arrangements

Applied timing: January 2016

Reason for change: Triggered by the introduction of a new ERP implementation, to harmonize with international accounting standards.

As of February 10, 2016, audit procedures for this change has not finished yet
Operating profit analysis (vs. 2015)

(Millions of Yen)

2015 Results※

20,142

Increase Sales amount +12,426

Increase Cost of goods sales -8,071

Exchange impact for Gross profit -6,675

Exchange impact for Expenses +3,484

R&D cost increase -1,231

Other expenses increase -1,574

2016 Results

18,499

Sales impact / Decrease sales cost ratio +4,354

Exchange impact -3,191

Expenses impact -2,806

Decrease of Operating profit -1,642

※2015 results are restated numbers. The same shall apply hereinafter (same in following slide)
## Consolidated Cash Flows

(Millions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>14,770</td>
<td>15,871</td>
<td>1,101</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>-30,642</td>
<td>-10,427</td>
<td>20,214</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>12,843</td>
<td>-451</td>
<td>-13,294</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>47,859</td>
<td>51,940</td>
<td>4,081</td>
</tr>
<tr>
<td>Free cash flows</td>
<td>-15,872</td>
<td>5,443</td>
<td>21,315</td>
</tr>
</tbody>
</table>
### Capital Investment, Depreciation, R&D

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>Forecast @11/7</th>
<th>2016</th>
<th>vs 2015</th>
<th>vs Forecast</th>
<th>2017</th>
<th>Forecast</th>
<th>vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PP&amp;E</strong></td>
<td>14.8</td>
<td>15.3</td>
<td>13.4</td>
<td>-10%</td>
<td>-12%</td>
<td>14.6</td>
<td>+9%</td>
<td></td>
</tr>
<tr>
<td><strong>Intangibles</strong></td>
<td>1.4</td>
<td>0.7</td>
<td>0.3</td>
<td>-75%</td>
<td>-49%</td>
<td>0.4</td>
<td>+11%</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Investment</strong></td>
<td>16.3</td>
<td>16.0</td>
<td>13.7</td>
<td>-15%</td>
<td>-14%</td>
<td>15.0</td>
<td>+9%</td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>6.1</td>
<td>6.5</td>
<td>6.8</td>
<td>+12%</td>
<td>+5%</td>
<td>7.2</td>
<td>+6%</td>
<td></td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>12.3</td>
<td>13.0</td>
<td>12.9</td>
<td>+5%</td>
<td>-1%</td>
<td>14.0</td>
<td>+8%</td>
<td></td>
</tr>
<tr>
<td>(To net sales)</td>
<td>(7%)</td>
<td>(8%)</td>
<td>(8%)</td>
<td>(8%)</td>
<td>(8%)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**2016 Topics**
- PP&E: Investment to MIRA (3.0BJYP)
- Depreciation: Goodwill of MIRA (0.4BJYP), Biwako factory (0.7BJYP)
- R&D: Increased in Automotive Test System Business

**2017 Topics**
- PP&E: Investment to MIRA (3.0BJYP), Expansion of Aso Factory (2.7BJYP)
- Depreciation: Goodwill of MIRA (0.4BJYP), Increase in MIRA and Test center invested in 2016
- R&D: Increase in Auto and P&E Business

※Good will of MIRA e.g. … Amortization included
### Cash Balance

**Total Loan Balance**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &lt;sup&gt;1&lt;/sup&gt;</td>
<td>49.2</td>
<td>51.1</td>
<td>47.8</td>
<td>51.9</td>
</tr>
<tr>
<td>Bonds 15.0</td>
<td></td>
<td></td>
<td>47.8</td>
<td></td>
</tr>
<tr>
<td>Long 2.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short 6.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short 10.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>269%</td>
<td>254%</td>
<td>229%</td>
<td>237%</td>
<td></td>
</tr>
<tr>
<td>60%</td>
<td>60%</td>
<td>55%</td>
<td>55%</td>
<td></td>
</tr>
</tbody>
</table>

- **Current ratio**: 269% (2013), 254% (2014), 229% (2015), 237% (2016)
- **Capital ratio**: 60% (2013), 60% (2014), 55% (2015), 55% (2016)

- Conclusion of liquidation of receivable contract with 2 banks.
- Recent issuer rating: R&I [A-] (July 2016), JCR [A] (August 2016)

<sup>1</sup> Cash<sup>1</sup>...Cash and Cash Equivalents at End of Period.  
<sup>2</sup> JBIC: Japan Bank for International Cooperation
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Corporate Profile

- Head office: Kyoto, Japan
- Founded: 1945
- Incorporated: 1953
- CEO: Atsushi Horiba
- Fiscal year end: December 31

- Corporate motto -

To have interest and pride in our work to enjoy our lives
Business Segments

**Automotive Test Systems**
- Emission Measurement Systems (EMS)
- Mechatronics Devices (MCT)
- Driving Control Systems (ITS)
- Engineering Consultancy & Testing (ECT)

**Process & Environmental**
- Environmental Systems
- Environmental Radiation Monitor
- Environmental Regulation & Process Business

**Medical**
- In-Vitro Diagnostic (IVD) Systems
- Integration of HORIBA ABX's Technology & Marketing Know-How

**Semiconductor**
- Mass Flow Controller
- In-situ Analysis
- Synergy among HORIBA HQ, HORIBA STEC, and HORIBA Jobin Yvon’s Technologies

**Scientific**
- Synergy of HORIBA and HORIBA Jobin Yvon’s Technologies
- Raman, Grating, and Fluorescence
Well Balanced Business Operation - Five Business Segments -

Sales 170.0 Billion of Yen
(FY2016)

Business Composition of Sales
(Billions of Yen)

- Automotive Test Systems
- Process & Environmental
- Medical
- Semiconductor
- Scientific

Automotive 62.2 (36%)
Scientific 25.7 (15%)
Semiconductor 38.8 (23%)
Medical 26.5 (16%)
P&E 16.7 (10%)
Market Shares

Global

- Emission Measurement Systems: 80%
- Stack Gas Analyzers: 20%

Domestic

- Automatic Blood Cell Counter plus CRP: 100%

Other Products:

- Mass Flow Controllers: 57%
- Raman Spectrophotometers: 30%
- Gratings: 35%

※Market shares quoted are estimates by HORIBA.
HORIBA Worldwide

Geographic Composition of Sales(2016)

Sales of FY2016: 170.0 BJPY

The Number of Group Companies by region
(As of December 31, 2016)

- America: 9
- Europe: 23
- Asia: 17 (4 in Japan, including HORIBA, Ltd.)
- Total: 49
Thank you very much for your attention.
Thank you

감사합니다

Cảm ơn

ありがとうございます

Dziękuje

धन्यवाद

Grazie

Merci

谢谢

 obrigado

Σας ευχαριστούμε

Obrigado

Thank you

Tack ska ni ha

Danke

Большое спасибо

Gracias