Contents

- 2016 First-Half Results
- 2016 Full Year Forecast
- Business Segment Outline
- Shareholder Return
- Financial Data
- Corporate Profile

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Contents

- 2016 First-Half Results
- 2016 Full Year Forecast
- Business Segment Outline
- Shareholder Return
  - Financial Data
- Corporate Profile
## Review of the First-Half of 2016

<table>
<thead>
<tr>
<th>External Events</th>
<th>Internal Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>◆ Earthquakes in Kumamoto</td>
<td>◆ “HORIBA BIWAKO E-HARBOR,” a new R&amp;D/production base, opened in Shiga prefecture</td>
</tr>
<tr>
<td>◆ Brexit (U.K.’s decision to leave EU)</td>
<td>◆ First-half results with the first inclusion of HORIBA MIRA performance since its acquisition</td>
</tr>
<tr>
<td>◆ Appreciation of the yen</td>
<td></td>
</tr>
</tbody>
</table>
The 2016 Kumamoto Earthquake (occurred on April 14 and 16)

HORIBA STEC, Co., Ltd., Aso Factory

- Location: Nishihara-mura (village), Kumamoto Prefecture
- Major products: Mass flow controller in the Semiconductor segment
- Damage: No damage on people but some damage to the building
  (Recorded an extraordinary loss of 925mil yen in 2Q)
- Measures taken: Gradually resumed operation since the end of April.
  Shifted a part of production into the Kyoto factory.
  Recovered the pre-earthquake production volume by early May.
- Current state: Renewed a record-high level of the production in June.

(Photos as of July 30)
Summary of the First-Half Results of 2016

Decline in sales and profit.

P&L
- Year-on-year declines from the top line to the bottom line.
- The yen appreciation had a negative impact: Revenues down 4.4bn yen; OP down 0.9bn yen

B/S
- Total assets were 215.0bn yen, down 17.0bn yen from the end of 2015, due to lower yen value caused by the yen appreciation.
- Equity ratio: 56.2%

CF
- Operating CF: Cash in 5.9bn yen, due to growth in profit
- Investing CF: Cash out 5.0bn yen, due to capital spending
- Financial CF: Cash in 59mil yen, due to long-term borrowing
  \[ \text{FCF} = 0.9\text{bn yen} \]
## 2016 First-Half Results

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>Forecast as of May 11</th>
<th>2016</th>
<th>vs. 2015</th>
<th>vs. Forecast as of May 11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First-Half Results</strong></td>
<td>First-Half Results</td>
<td>Forecast as of May 11</td>
<td><strong>First-Half Results</strong></td>
<td>vs. 2015</td>
<td>vs. Forecast as of May 11</td>
</tr>
<tr>
<td>Sales</td>
<td>81.0</td>
<td>85.0</td>
<td>79.9</td>
<td>-1.1</td>
<td>-5.0</td>
</tr>
<tr>
<td>O.P.</td>
<td>11.0</td>
<td>8.5</td>
<td>7.7</td>
<td>-3.2</td>
<td>-0.7</td>
</tr>
<tr>
<td>O.P. %</td>
<td>13.6%</td>
<td>10.0%</td>
<td>9.7%</td>
<td>-3.9p</td>
<td>-0.3p</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>10.7</td>
<td>8.1</td>
<td>7.5</td>
<td>-3.1</td>
<td>-0.5</td>
</tr>
<tr>
<td>Net Income attributable to Owners of Parent</td>
<td>6.5</td>
<td>5.2</td>
<td>4.1</td>
<td>-2.4</td>
<td>-1.0</td>
</tr>
<tr>
<td>USD/JPY</td>
<td>120.30</td>
<td>115.00</td>
<td>111.70</td>
<td>-8.60</td>
<td>-3.30</td>
</tr>
<tr>
<td>EUR/JPY</td>
<td>134.10</td>
<td>125.00</td>
<td>124.52</td>
<td>-9.58</td>
<td>-0.48</td>
</tr>
</tbody>
</table>

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

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>26.6</td>
<td>28.1</td>
<td>+1.4</td>
<td>2.9</td>
<td><strong>0.5</strong></td>
<td>-2.4</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>8.2</td>
<td>7.7</td>
<td>-0.4</td>
<td>0.9</td>
<td>0.8</td>
<td>-0.0</td>
</tr>
<tr>
<td>Medical</td>
<td>13.9</td>
<td><strong>13.8</strong></td>
<td>-0.1</td>
<td>1.3</td>
<td><strong>1.5</strong></td>
<td>+0.2</td>
</tr>
<tr>
<td>Semi</td>
<td>19.1</td>
<td><strong>17.8</strong></td>
<td>-1.2</td>
<td>5.1</td>
<td><strong>4.4</strong></td>
<td>-0.6</td>
</tr>
<tr>
<td>Scientific</td>
<td>13.1</td>
<td>12.3</td>
<td>-0.7</td>
<td>0.6</td>
<td>0.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>Total</td>
<td>81.0</td>
<td>79.9</td>
<td>-1.1</td>
<td>11.0</td>
<td>7.7</td>
<td>-3.2</td>
</tr>
</tbody>
</table>
Contents

- 2016 First-Half Results
- 2016 Full Year Forecast
- Business Segment Outline
- Shareholder Return
  - Financial Data
- Corporate Profile
## Exchange rate forecast for 2016

(Yen)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First-Half Results</td>
<td>Results</td>
</tr>
<tr>
<td><strong>2015</strong></td>
<td><strong>2016</strong></td>
<td></td>
</tr>
<tr>
<td>First-Half</td>
<td>Forecast as of May 11</td>
<td>1Q</td>
</tr>
<tr>
<td><strong>USD</strong></td>
<td>120.30</td>
<td>115</td>
</tr>
<tr>
<td><strong>EUR</strong></td>
<td>134.10</td>
<td>125</td>
</tr>
</tbody>
</table>

1 yen O.P. sensitivity for 2016 Forecast
- USD: 175 million yen
- EUR: 22 million yen
## Market Overview for the Second-Half of 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>Expect steady R&amp;D investment by auto/auto parts manufacturers thanks to a tightening of emission regulations in EU.</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>U.S.: Expect firm investment demand from petrochemical companies. China: Temporary drop in demand is likely due to the new regulation from 2016.</td>
</tr>
<tr>
<td>Medical</td>
<td>Japan: Continuing favorable sales to doctors in private practice. Overseas: Sluggish economy in EU. Requires cautious monitoring of demand.</td>
</tr>
<tr>
<td>Semi</td>
<td>Expect continuous investment by semiconductor manufacturers in Asia.</td>
</tr>
<tr>
<td>Scientific</td>
<td>Japan: Expect an increase in the private sector capital spending. Overseas: Closely monitor government budgets and spending in EU and the U.S.</td>
</tr>
</tbody>
</table>
# Forecast for 2016

<table>
<thead>
<tr>
<th></th>
<th>2015 Results</th>
<th>Forecast as of May 11</th>
<th>Revised Forecast</th>
<th>vs. Forecast as of May 11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>171.9</td>
<td>175.0</td>
<td>170.0</td>
<td>-5.0</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>20.1</td>
<td>17.5</td>
<td>17.5</td>
<td>No change</td>
</tr>
<tr>
<td><strong>O.P. %</strong></td>
<td>11.7%</td>
<td>10.0%</td>
<td>10.3%</td>
<td>+0.3p</td>
</tr>
<tr>
<td><strong>Ordinary profit</strong></td>
<td>19.6</td>
<td>16.5</td>
<td>17.0</td>
<td>+0.5</td>
</tr>
<tr>
<td><strong>Net Income attributable to Owners of Parent</strong></td>
<td>13.2</td>
<td>10.8</td>
<td>10.8</td>
<td>No change</td>
</tr>
<tr>
<td><strong>Net profit per share (Yen)</strong></td>
<td>315</td>
<td>256</td>
<td>256</td>
<td>No change</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>10.6%</td>
<td>8.1%</td>
<td>8.1%</td>
<td>No change</td>
</tr>
</tbody>
</table>
## Forecast for 2016 by segment

*(Billions of Yen)*

<table>
<thead>
<tr>
<th></th>
<th>2015 Results</th>
<th>2016 Forecast as of May 11 (Billions of Yen)</th>
<th>2016 Revised Forecast</th>
<th>2015 O.P.</th>
<th>2016 Forecast as of May 11 (Billions of Yen)</th>
<th>2016 Revised Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto</strong></td>
<td>65.4</td>
<td>70.0</td>
<td>65.0</td>
<td>5.2</td>
<td>5.0</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>P&amp;E</strong></td>
<td>16.7</td>
<td>18.0</td>
<td>16.5</td>
<td>1.7</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td>27.6</td>
<td>28.0</td>
<td>26.5</td>
<td>2.5</td>
<td>2.0</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Semi</strong></td>
<td>35.3</td>
<td>31.0</td>
<td>35.0</td>
<td>9.4</td>
<td>7.5</td>
<td>8.7</td>
</tr>
<tr>
<td><strong>Scientific</strong></td>
<td>26.7</td>
<td>28.0</td>
<td>27.0</td>
<td>1.1</td>
<td>1.5</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>171.9</td>
<td>175.0</td>
<td>170.0</td>
<td>20.1</td>
<td>17.5</td>
<td>17.5</td>
</tr>
</tbody>
</table>

**Sales**

- Auto: 2015 = 65.4, 2016 = 70.0, Revised = 65.0, 2016 vs. 2015 = -5.0
- P&E: 2015 = 16.7, 2016 = 18.0, Revised = 16.5, 2016 vs. 2015 = -1.5
- Medical: 2015 = 27.6, 2016 = 28.0, Revised = 26.5, 2016 vs. 2015 = -1.5
- Semi: 2015 = 35.3, 2016 = 31.0, Revised = 35.0, 2016 vs. 2015 = +4.0
- Scientific: 2015 = 26.7, 2016 = 28.0, Revised = 27.0, 2016 vs. 2015 = -1.0
- Total: 2015 = 171.9, 2016 = 175.0, Revised = 170.0, 2016 vs. 2015 = -5.0

**O.P.**

- Auto: 2015 = 5.2, 2016 = 5.0, Revised = 4.0, 2016 vs. 2015 = -1.0
- P&E: 2015 = 1.7, 2016 = 1.5, Revised = 1.3, 2016 vs. 2015 = -0.2
- Medical: 2015 = 2.5, 2016 = 2.0, Revised = 2.5, 2016 vs. 2015 = +0.5
- Semi: 2015 = 9.4, 2016 = 7.5, Revised = 8.7, 2016 vs. 2015 = +1.2
- Scientific: 2015 = 1.1, 2016 = 1.5, Revised = 1.0, 2016 vs. 2015 = -0.5
- Total: 2015 = 20.1, 2016 = 17.5, Revised = 17.5, No change
Contents

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- 2016 Full Year Forecast
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- Shareholder Return
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  - Corporate Profile
Auto

First-Half Results and Forecast for 2016

(Billions of Yen)

### 2016 First-Half Results

**EMS** + Steady R&D investment by auto manufacturers

**MCT** - Decrease in sales and profit in Japan and EU

**ECT** + Incremental sales due to acquisition of MIRA

### 2016 Full-Year Forecast

**EMS** + Sales to grow toward year-end

**MCT** - Downward revision. Expect a rebound in 2017

**ECT** - Sales decrease in yen terms.

### 2016 First-Half Results Table

<table>
<thead>
<tr>
<th></th>
<th>Sales (prior year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMS</td>
<td>18.3 (18.2)</td>
</tr>
<tr>
<td>MCT</td>
<td>5.0 (7.8)</td>
</tr>
<tr>
<td>ITS</td>
<td>0.7 (0.7)</td>
</tr>
<tr>
<td>ECT</td>
<td>3.9 (-)</td>
</tr>
</tbody>
</table>

### 2016 Full-Year Forecast Table

<table>
<thead>
<tr>
<th></th>
<th>Sales (prior year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMS</td>
<td>41.5 (39.7)</td>
</tr>
<tr>
<td>MCT</td>
<td>14.0 (19.7)</td>
</tr>
<tr>
<td>ITS</td>
<td>1.5 (1.6)</td>
</tr>
<tr>
<td>ECT</td>
<td>8.0 (4.2* half year)</td>
</tr>
</tbody>
</table>

### Sales and O.P. Graphs

**Sales and O.P. (Half-year)**

- **EMS**: 20.3, 39.2, 12.1, 33.7, 26.6, 38.7, 28.1, 36.8
- **MCT**: 1.2, 3.0, 0.8, 4.9, 2.9, 2.2, 0.5, 3.4
- **ECT**: 13.1H, 13.2H, 14.1H, 14.2H, 15.1H, 15.2H, 16.1H, 16.2H

**Sales and O.P. (Full-year)**

- **EMS**: 38.6, 43.2, 49.5, 55.0, 65.4, 70.0, 65.0
- **MCT**: 2.8, 4.4, 4.2, 5.8, 5.2, 5.0, 4.0
- **ECT**: As of May 11, 2016, Revised 2016
EMS Business
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 (100mil yen)

2014  374
2015  397
2016  380
2016 Revised Forecast  415

HORIBA BIWAKO E-HARBOR in full operation
Open: May 2016
Location: Shiga Prefecture
Function: - Development and production base of gas measurement technologies
  - Automotive testing laboratory
Objectives: Improve profitability with production efficiency; accelerate development

Automotive testing laboratory
Portable Emission Measurement Systems (OBS-ONE Series)

"Machinery Design Award"
- Prestigious design award given to industrial products
- Received the Minister of Economy, Trade and Industry Award (Grand Prix) for the first time

Portable Emission Measurement Systems
**MCT Business (Mechatronics)**

- Sep. 2017: WLTP/RDE regulations to start in EU
- Auto manufactures investment in 2016 is sluggish
- Strategic projects are increasing in China
- Aim to receive orders for market share expansion
- Profit is temporarily decreasing

**ECT Business (Engineering/HORIBA MIRA)**

- Sales decreased due to the strong yen/weak pound
- Brexit impacts to be closely monitored
- Continue investment in HORIBA MIRA
  - Some investment projects will be carefully considered

*From 2017: Expand turn-key projects and pursue synergies with the EMS business*
P&E

First-Half Results and Forecast for 2016
(Billions of Yen)

2016 First-Half Results

- Weak sales of stack gas analyzers in Asia (mainly in China)
- Weak sales of water measurement systems in Japan

2016 Full-Year Forecast

- Expect firm investment by semiconductor manufacturer in Asia
- New regulation began in China in 2016 → Sales may temporarily depress in the cautious market
- Water measurement systems to the government/private sectors → Aim for replacement demand

Sales and OP (Half-year)

<table>
<thead>
<tr>
<th>13.1H</th>
<th>13.2H</th>
<th>14.1H</th>
<th>14.2H</th>
<th>15.1H</th>
<th>15.2H</th>
<th>16.1H</th>
<th>16.2H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6.3</td>
<td>8.3</td>
<td>8.2</td>
<td>8.2</td>
<td>8.4</td>
<td>7.7</td>
<td>8.7</td>
</tr>
<tr>
<td>OP</td>
<td>0.3</td>
<td>0.9</td>
<td>1.0</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Revised Forecast

Sales and OP (Full-year)

<table>
<thead>
<tr>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 As of May 11</th>
<th>2016 Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>14.5</td>
<td>13.7</td>
<td>14.7</td>
<td>16.4</td>
<td>16.7</td>
<td>18.0</td>
</tr>
<tr>
<td>OP</td>
<td>2.5</td>
<td>1.6</td>
<td>1.2</td>
<td>2.0</td>
<td>1.7</td>
<td>1.5</td>
</tr>
</tbody>
</table>

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P&E

Shift from product sales to system sales

Expand business opportunity by providing business solutions

Case of the process analytical measurement business in Texas, U.S.

Target: Oil refining and petrochemical plant companies
HORIBA: Sales of systems that combine gas or water analyzers
Sales: Approximately 1.5bn yen (results in 2015)
Plan: Relocate and expand the base in Texas

Completion in 2017
Blueprint of new Texas base

Measurement device sales ➔ Also promote solution proposals with products in other markets

Water Infrastructure ➔ Environment Policy ➔ Electronics/Energy
China (Shanghai) environment regulations and HORIBA’s plans

Revised anti-pollution act: VOC regulations

Details: Regulations on source of VOC (Volatile Organic Compounds)
Start: 2016

Shanghai city preceded other regions in adopting the regulations.

→ Gradually expand industries to cover by Jan. 2017
→ The market takes wait-and-see attitude to the regulations.

HORIBA has prepared the product line-up to fully respond to VOC regulations in Shanghai.

Application
THC, NMHC, and CH4 in ambient air
Medical

First-Half Results and Forecast for 2016
(Billions of Yen)

2016 First-Half Results

- Sales decrease in yen terms due to appreciation of yen
- Firm sales of Hematology and CRP analyzers in Japan

2016 Full-year Forecast

- Expect cost increase due to FDA approval expenses and new product promotion expenses
- Firm sales of Hematology and CRP analyzers in Japan

Sales and OP (Half-year)

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1H</td>
<td>13.1</td>
<td>1.0</td>
</tr>
<tr>
<td>2H</td>
<td>13.7</td>
<td>1.3</td>
</tr>
<tr>
<td>3H</td>
<td>13.5</td>
<td>0.9</td>
</tr>
<tr>
<td>4H</td>
<td>13.4</td>
<td>0.7</td>
</tr>
<tr>
<td>5H</td>
<td>13.9</td>
<td>1.3</td>
</tr>
<tr>
<td>6H</td>
<td>13.7</td>
<td>1.2</td>
</tr>
<tr>
<td>7H</td>
<td>13.8</td>
<td>1.5</td>
</tr>
<tr>
<td>8H</td>
<td>12.6</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Sales and OP (Full-year)

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>OP</th>
</tr>
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<tbody>
<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>
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<tr>
<td>2013</td>
<td>26.8</td>
<td>2.4</td>
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<tr>
<td>2014</td>
<td>27.0</td>
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<tr>
<td>2015</td>
<td>27.6</td>
<td>2.5</td>
</tr>
<tr>
<td>2016</td>
<td>28.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Revised</td>
<td>26.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Revise as of May 11
Accelerating product development

by sharing technology of HORIBA bases in Japan and France

**HORIBA ABX in France**

New brand “Yumizen” (medium-sized)
Launched in July 2015 (in EU)
Medium/large-sized hematology analyzers
Target hospitals and diagnosis centers

**HORIBA in Japan**

“Microsemi LC-767CRP” (small-sized)
Launched in March 2015 (in Japan)
The latest version of Blood cell + CRP analyzers
Measure all items in 4 minutes.
Use of a small amount of blood makes it optimal for diagnosis of children.

The first global brand product “Yumizen”
Expanding product line-up

Alliance with JEOL Ltd. to sell clinical chemistry devices in EU and U.S.

Outline: OEM sales of automatic biochemistry analyzers  
Target: Hospitals and diagnosis centers in EU and U.S.  
Release: In the EU market in 2016  
Objective: Increase products for the biochemical test market, so as to expand business in EU and U.S.

Alliance with Tosoh Corporation to sell HbA1c measuring devices in Japan

Outline: Sales of diabetes diagnosis devices (measurement of HbA1c)  
Target: Clinics specialized in diabetes in Japan  
Release: June 2016  
Objective: Provide total solutions to diagnose diabetes by combining small-sized glucose analyzers and automated blood cell counters
First-Half Results and Forecast for 2016
(Billions of Yen)

2016 First-Half Results

- Sales decrease in yen terms due to the weaker U.S. dollar
- Aso Factory’s damage from the Kumamoto earthquake in April 2016
+ Expansion in demand of investment from semiconductor manufacturers

2016 Full-Year Forecast

- Sales decrease in yen terms due to the weaker U.S. dollar
+ Expect continuous investment by semiconductor manufacturers in Asia
+ Record-high monthly production volume of mass flow controllers in June

Sales and OP(Half-year) | Sales | OP
---|---|---
13.1H | 9.9 | 1.5
13.2H | 14.2 | 3.2
14.1H | 13.1 | 2.6
14.2H | 15.7 | 3.7
15.1H | 19.1 | 5.1
15.2H | 16.2 | 4.2
16.1H | 17.8 | 4.4
16.2H | 17.1 | 4.2

Sales and OP(Full-year) | Sales | OP
---|---|---
2011 | 24.6 | 4.9
2012 | 17.8 | 2.2
2013 | 24.1 | 4.8
2014 | 28.9 | 6.4
2015 | 35.3 | 9.4
2016 As of May11 | 31.0 | 7.5
2016 Revised | 35.0 | 8.7

Forecast

Revised

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**Semi**

Aso Factory’s Investment for expansion
/ Mass flow controller (MFC) market share

**Investment in the Aso Factory**

**Outline:** Expansion of HORIBA STEC’s Aso Factory

**Amount:** 2.2bn yen

**Groundbreaking:** December 2016

**Purpose:** Improve production capacity of MFC

The first company which made an investment agreement with Kumamoto Prefecture after the earthquake

**Mass flow controller market trend and share**

**<Market trend>**

- Miniaturization, 3D-NAND, double-patterning
- Brisk investment
- Increase in demand for etching devices

**<HORIBA>**

- Establish a supply system of MFC with embedded cutting-edge “differential pressure sensors”
Scientific

First-Half Results and Forecast for 2016

(Billions of Yen)

2016 First-Half Results

- Sales decrease in yen terms due to the appreciation of yen
- Weak sales to universities in U.S.

2016 Full-Year Forecast

- Sales decrease in yen terms due to the appreciation of yen
+ Seek to explore new markets with customized products

Sales and OP(Half-year) Sales OP

Sales and OP(Full-year) Sales OP

- Sales decrease in yen terms due to the appreciation of yen

Seek to explore new markets with customized products
HORIBA products play an active part in space

HORIBA Gratings Business

- Core parts of spectroscopy devices
- Top market share in the world
- Developed by HORIBA Jobin Yvon (France)

Gratings’ consolidated sales 3.4bn yen (2015 results)

Loaded on several space probes, incl. Juno which orbited Jupiter

- Has developed gratings for space experiment for nearly a half century
- Contributed to several countries’ space development projects
- HORIBA’s grating product has been loaded on over 20 space probes up to now

HORIBA’s products were loaded on NASA’s Juno space probe.
Focus on the measurement of “Water”

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

Jan. 2017
The water business of HORIBA, Ltd. will be succeeded to
HORIBA Advanced Techno
(by simplified absorption-type company split)

- Develop products closer to the market
- Improve customer satisfaction

<Existing target markets>
P&E: Factory wastewater; water and sewerage
Semi: Process management in factory
Scientific: Private labs and universities

<Future target markets>
1) Reinforce the present strong areas
2) Target the entire water flow cycle:
   Water supply ⇒ industrial processes
   ⇒ wastewater ⇒ sewerage
Contents

- 2016 First-Half Results
- 2016 Full Year Forecast
- Business Segment Outline
- Shareholder Return
  - Financial Data
  - Corporate Profile
Shareholder Return

Basic policy

- 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)

Dividends and Share buybacks

- 2014 Results 67 yen per share
- 2015 Results 70 yen per share + Share buybacks (0.99bn yen)
- 2016 Forecast 75 yen per share (No change from previous forecast)

Per-share dividend (from 2005 to 2016 Forecast)

(Yen)

(05'3) 16

(06'3) 28

2006 26

2007 39

2008 44

2009 13

2010 17

2011 40

2012 50

2013 60

2014 67

2015 70

2016 75

Record high

(05'3) 0

(06'3) 20

2006 40

2007 60

2008 80

2009

2010

2011

2012

2013

2014

2015

2016

(Forecast)
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.
Thank you very much for your attention.
Contents

- 2016 First-Half Results
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- Shareholder Return

- Financial Data
- Corporate Profile
Changed the accounting policy for revenue recognition

Changed points: Original Shipment base
                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)

Sales impact / Decrease sales cost ratio: -107
Decrease of Operating profit: -3,239

Exchange impact: -945

Expenses impact: -2,186

Increase Sales amount: +3,370
Increase Cost of goods sales: -3,477
Exchange impact for Gross profit: -2,147
Exchange impact for Expenses: +1,202
R&D cost increase: -612
Other expenses increase: -1,574

2015 Jan.-Jun.: 11,018
2016 Jan.-Jun.: 7,778
## Capital Investment, Depreciation, R&D

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>2015 Results</th>
<th>2016 Forecast</th>
<th>2015 First-Half</th>
<th>2016 First-Half</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Previous Forecast</td>
<td>Revised Forecast</td>
<td>vsPrevious Forecast</td>
<td></td>
</tr>
<tr>
<td>PP&amp;E</td>
<td>14.9</td>
<td>16.3</td>
<td>15.3</td>
<td>-1.0</td>
</tr>
<tr>
<td></td>
<td>6.8</td>
<td>5.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangibles</td>
<td>1.4</td>
<td>0.7</td>
<td>0.7</td>
<td>No change</td>
</tr>
<tr>
<td></td>
<td>0.6</td>
<td>0.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Investment</td>
<td>16.3</td>
<td>17.0</td>
<td>16.0</td>
<td>-1.0</td>
</tr>
<tr>
<td></td>
<td>7.4</td>
<td>5.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>6.1</td>
<td>7.0</td>
<td>6.5</td>
<td>-0.5</td>
</tr>
<tr>
<td></td>
<td>2.6</td>
<td>3.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>12.3</td>
<td>14.0</td>
<td>13.0</td>
<td>-1.0</td>
</tr>
<tr>
<td></td>
<td>5.9</td>
<td>6.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(To net sales)</td>
<td>7.2%</td>
<td>8.0%</td>
<td>7.6%</td>
<td>-0.4p</td>
</tr>
<tr>
<td></td>
<td>7.6%</td>
<td>7.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Consolidated Cash Flows

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2015 First-Half</th>
<th>2016 First-Half</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>10,103</td>
<td>5,987</td>
<td>-4,116</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>-7,974</td>
<td>-5,071</td>
<td>2,902</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>-2,313</td>
<td>59</td>
<td>2,373</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>51,047</td>
<td>47,719</td>
<td>-3,328</td>
</tr>
<tr>
<td>Free cash flows</td>
<td>2,129</td>
<td>915</td>
<td>-1,214</td>
</tr>
</tbody>
</table>
Impact of fluctuation in foreign exchange

Exchange rate impact for 2016 Forecast
1 yen impact of Sales and O.P. (Yen appreciation)

Sales
- USD -412 millions of yen
- EUR -334 millions of yen
- GBP -71 millions of yen

Operating Profit
- USD -175 millions of yen
- EUR -22 millions of yen
- GBP -1 millions of yen

Exchange rate impact (2016 First-Half Results)

<table>
<thead>
<tr>
<th>(Millions of Yen)</th>
<th>Sales</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total USD</td>
<td>Total EUR</td>
</tr>
<tr>
<td>Total</td>
<td>-4,470</td>
<td>-1,623</td>
</tr>
<tr>
<td>Auto</td>
<td>-1,529</td>
<td>-303</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>-303</td>
<td>-126</td>
</tr>
<tr>
<td>Medical</td>
<td>-942</td>
<td>-260</td>
</tr>
<tr>
<td>Semi</td>
<td>-1,002</td>
<td>-582</td>
</tr>
<tr>
<td>Scientific</td>
<td>-692</td>
<td>-349</td>
</tr>
<tr>
<td>Total</td>
<td>-4,470</td>
<td>-1,623</td>
</tr>
</tbody>
</table>
### Cash Balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Loan Balance</th>
<th>Bond redemption in 2020</th>
<th>Borrowed from JBIC 15.1bn yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>24.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>28.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>44.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016 end of June</td>
<td>44.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Cash Balance (Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Balance</th>
<th>Total Loan Balance</th>
<th>Current ratio</th>
<th>Capital ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Cash * 49.2</td>
<td>Bond15.0</td>
<td>269%</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Bonds15.0</td>
<td>Long 2.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Short 6.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>Cash * 51.1</td>
<td>Bond15.0</td>
<td>254%</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Bonds15.0</td>
<td>Long 2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Short10.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>Cash * 47.8</td>
<td>Bond15.0</td>
<td>242%</td>
<td>55%</td>
</tr>
<tr>
<td></td>
<td>Bonds15.0</td>
<td>Long 16.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Short 12.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016 end of June</td>
<td>Cash * 47.7</td>
<td>Bond15.0</td>
<td>251%</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td>Bonds15.0</td>
<td>Long 17.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Short 11.9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Conclusion of liquidation of receivable contract with 2 banks.
- Recent issuer rating: R&I [A-] (July 2016), JCR [A] (September 2015)

Cash*…Cash and Cash Equivalents at End of Period
Contents

- 2016 First-Half Results
- 2016 Full Year Forecast
- Business Segment Outline
- Shareholder Return
- Financial Data
- Corporate Profile
Corporate Profile

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

- Corporate motto -

JOY and FUN
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 -

Business & Geographic Composition of Sales (2015)

Sales 170.8 Billions of Yen

(Billions of Yen)

Scientific 27.0 (16%)
Semiconductor 35.3 (21%)
Medical 27.4 (16%)
P&E 16.7 (10%)
Automotive 64.2 (37%)

Reduce Country Risk and Exchange Risk

Euro
JPY
USD
Japan 24%
Japan 31%
America 19%
Asia 26%

Global Market Share

Emission Measurement Systems
- 80%

Stack Gas Analyzers
- 20%

Automatic Blood Cell Counter plus CRP
- 100%

Mass Flow Controllers
- 55%

Raman Spectrophotometers
- 30%

Gratings
- 35%

※Market shares quoted are estimates by HORIBA.
The Number of Group Companies by region
(As of December 31, 2015)

America  9
Europe   23
Asia     17 (4 in Japan, including HORIBA, Ltd.)
Total    49

Sales of FY2015: 170.8 B JPY
Employees by Region

- **Japan**: 38%
- **USA**: 11%
- **Germany**: 8%
- **UK**: 10%
- **France**: 14%
- **Other Asia**: 14%
- **Other Europe**: 2%
- **Other Americas**: 3%

**Total Number of Employees**: 6,831
- **Total Asia**: 3,545 (52%)
- **Total Europe**: 2,356 (34%)
- **Total Americas**: 930 (14%)
Thank you very much for your attention.