HORIBA, Ltd.

Nomura Investment Forum 2016

December 1, 2016
Hotel Chinzanso Tokyo
Contents

- Review of Nine Months of 2016
- 2016 Full Year Forecast
- Business Segment Outline
- Shareholder Return
- Financial Data
- Corporate Profile

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# Review of Nine Months of 2016

<table>
<thead>
<tr>
<th>External Events</th>
<th>Internal Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>◆ Brexit (U.K.’s decision to leave EU)</td>
<td>◆ Full year 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>
Review of Nine Months of 2016

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) Aso Factory Production Line
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## Sales, OP (Jan.-Sept. Results and Full year forecast)

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
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<tbody>
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<td>Auto</td>
<td>40.7</td>
<td>39.4</td>
<td>-3.2%</td>
<td>65.4</td>
<td>-2.2%</td>
<td>65.0</td>
<td>-1.0</td>
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<tr>
<td>P&amp;E</td>
<td>11.9</td>
<td>11.8</td>
<td>-0.8%</td>
<td>16.7</td>
<td>-1.2%</td>
<td>16.5</td>
<td>-</td>
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<tr>
<td>Medical</td>
<td>20.7</td>
<td>19.7</td>
<td>-4.8%</td>
<td>27.6</td>
<td>-4.2%</td>
<td>26.5</td>
<td>-</td>
</tr>
<tr>
<td>Semi</td>
<td>27.7</td>
<td>27.7</td>
<td>+0.1%</td>
<td>35.3</td>
<td>+4.7%</td>
<td>35.0</td>
<td>+2.0</td>
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<tr>
<td>Scientific</td>
<td>19.2</td>
<td>18.1</td>
<td>-5.7%</td>
<td>26.7</td>
<td>-2.8%</td>
<td>27.0</td>
<td>-1.0</td>
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<tr>
<td>Total</td>
<td>120.3</td>
<td>116.9</td>
<td>-2.9%</td>
<td>171.9</td>
<td>-1.1%</td>
<td>170.0</td>
<td>-</td>
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</table>

### OP

<table>
<thead>
<tr>
<th></th>
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<td>Auto</td>
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<td>-32.7%</td>
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<td>P&amp;E</td>
<td>1.1</td>
<td>1.1</td>
<td>-3.5%</td>
<td>1.7</td>
<td>-14.6%</td>
<td>1.3</td>
<td>+0.2</td>
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<tr>
<td>Medical</td>
<td>2.0</td>
<td>2.2</td>
<td>+9.6%</td>
<td>2.5</td>
<td>+5.5%</td>
<td>2.5</td>
<td>+0.2</td>
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<tr>
<td>Semi</td>
<td>7.6</td>
<td>7.1</td>
<td>-6.2%</td>
<td>9.4</td>
<td>-4.6%</td>
<td>8.7</td>
<td>+0.3</td>
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<tr>
<td>Scientific</td>
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<td>0.1</td>
<td>-84.0%</td>
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<td>-33.2%</td>
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<td>-0.2</td>
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<tr>
<td>Total</td>
<td>13.8</td>
<td>10.6</td>
<td>-23.2%</td>
<td>20.1</td>
<td>-13.1%</td>
<td>17.5</td>
<td>+0.0</td>
</tr>
</tbody>
</table>

**[Jan.-Sept. Result]**
- Yen appreciation → Decreased sales and OP.
- Auto Full-year result of HORIBA MIRA
- Yen appreciation → MCT slow sales
- Decreased sales and OP
- E-HARBOR full operation → Increased expenses

**[Full year forecast]**
- Volume increased but yen appreciated
- Sales same as last year
- Total Sales/OP no change
- Auto and Scientific → Downward revision
- Semiconductor → Upward revision
- P&E and Medical → Upward revision of OP

※2015 results are restated numbers. The same shall apply hereinafter.
### Sales, OP (Quarterly Results and Forecast)

(Billions of yen)

<table>
<thead>
<tr>
<th>Sales</th>
<th>2015</th>
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<th></th>
<th></th>
<th></th>
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<td></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
<td>4Q</td>
<td>Full year</td>
<td>1Q</td>
<td>2Q</td>
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<tr>
<td>P&amp;E</td>
<td>4.2</td>
<td>3.9</td>
<td>3.6</td>
<td>4.8</td>
<td>16.7</td>
<td>4.1</td>
<td>3.6</td>
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<td>16.5</td>
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<tr>
<td>Medical</td>
<td>7.2</td>
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<td>6.8</td>
<td>27.6</td>
<td>6.9</td>
<td>6.8</td>
<td>5.9</td>
<td>6.7</td>
<td>26.5</td>
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<tr>
<td>Semi</td>
<td>10.3</td>
<td>8.7</td>
<td>8.6</td>
<td>7.6</td>
<td>35.3</td>
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<tr>
<td>Scientific</td>
<td>6.9</td>
<td>6.1</td>
<td>6.1</td>
<td>7.5</td>
<td>26.7</td>
<td>6.5</td>
<td>5.8</td>
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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
<td>4Q</td>
<td>Full year</td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
<td>4Q</td>
<td>Full year</td>
<td>4Q forecast</td>
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<td>-0.5</td>
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<td>P&amp;E</td>
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<td>0.2</td>
<td>0.5</td>
<td>1.7</td>
<td>0.6</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>1.5</td>
<td></td>
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<tr>
<td>Medical</td>
<td>0.8</td>
<td>0.4</td>
<td>0.7</td>
<td>0.5</td>
<td>2.5</td>
<td>0.8</td>
<td>0.7</td>
<td>0.6</td>
<td>0.4</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>Semi</td>
<td>2.7</td>
<td>2.4</td>
<td>2.4</td>
<td>1.8</td>
<td>9.4</td>
<td>2.3</td>
<td>2.1</td>
<td>2.6</td>
<td>1.8</td>
<td>9.0</td>
<td></td>
</tr>
<tr>
<td>Scientific</td>
<td>0.5</td>
<td>0.0</td>
<td>0.0</td>
<td>0.5</td>
<td>1.1</td>
<td>0.2</td>
<td>0.0</td>
<td>-0.1</td>
<td>0.6</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6.9</td>
<td>4.0</td>
<td>2.8</td>
<td>6.2</td>
<td>20.1</td>
<td>5.1</td>
<td>2.6</td>
<td>2.8</td>
<td>6.8</td>
<td>17.5</td>
<td></td>
</tr>
</tbody>
</table>

#### [4Q forecast]
- **Auto**
  - Yen appreciated but volume increase
  - OP increase
  - (500 m.yen of moving expense for E-HARBOR in 4Q of 2015)

- **Semiconductor**
  - Yen appreciated but volume increase
  - Large volume of shipment in 3Q was covered a temporary drop in 2Q
  - (earthquake impact)
  - Expected continue large volume of shipment in 4Q
### Bookings trend

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4Q</td>
<td>1Q</td>
</tr>
<tr>
<td>Auto</td>
<td>16.2</td>
<td>12.3</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>4.1</td>
<td>3.4</td>
</tr>
<tr>
<td>Medical</td>
<td>7.1</td>
<td>7.6</td>
</tr>
<tr>
<td>Semi</td>
<td>6.9</td>
<td>9.5</td>
</tr>
<tr>
<td>Scientific</td>
<td>7.5</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>42.0</td>
<td>38.6</td>
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<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2Q end</td>
<td>3Q end</td>
</tr>
<tr>
<td>Auto</td>
<td>42.1</td>
<td>49.5</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>4.5</td>
<td>4.2</td>
</tr>
<tr>
<td>Medical</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Semi</td>
<td>4.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Scientific</td>
<td>7.8</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63.0</td>
<td>70.3</td>
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#### Notes:
- **3Q Bookings**
  - Semi hit Record-high, Auto was recovered
- **3Q Backlog**
  - Increased even in a yen appreciation trend
### Full Year Forecast

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Results</td>
<td>Results</td>
<td>Forecast</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>2016</td>
<td>Fore. as of</td>
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<tr>
<td>Sales</td>
<td>120.3</td>
<td>116.9</td>
<td>May 11</td>
</tr>
<tr>
<td>O.P.</td>
<td>13.8</td>
<td>10.6</td>
<td>175.0</td>
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<tr>
<td>Ordinary profit</td>
<td>13.4</td>
<td>10.3</td>
<td>17.5</td>
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<tr>
<td>Dividend (Yen)</td>
<td>8.6</td>
<td>7.2</td>
<td>17.0</td>
</tr>
<tr>
<td></td>
<td>70</td>
<td>75</td>
<td>10.8</td>
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No change in P&L and dividend from previous forecast.
## 2017 market environment

<table>
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<tr>
<th>Segment</th>
<th>Overview</th>
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<tbody>
<tr>
<td><strong>Auto</strong></td>
<td>Expect steady R&amp;D investment by automotive manufacturers thanks to a tightening of emission regulations in EU/Japan and RDE in EU.</td>
</tr>
<tr>
<td><strong>P&amp;E</strong></td>
<td>U.S.: Expect firm investment demand from petrochemical companies. China: Closely monitor in demand is likely due to the new regulation from 2016.</td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td>Japan: Continuing favorable sales to doctors in private practice. Overseas: Closely monitor of medical budget decrease trend.</td>
</tr>
<tr>
<td><strong>Semi</strong></td>
<td>Impact from miniaturization and multi patterning of semiconductor production processes. Closely monitor of transition trend to the next generation production process.</td>
</tr>
<tr>
<td><strong>Scientific</strong></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>
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Auto

Nine Months Results and Forecast for 2016
(Billions of Yen)

2016 Nine Months 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.

<table>
<thead>
<tr>
<th>2016 Nine Months Sales (prior year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMS 25.1 (25.2)</td>
</tr>
<tr>
<td>MCT 7.4 (12.2)</td>
</tr>
<tr>
<td>ITS 1.2 (1.2)</td>
</tr>
<tr>
<td>ECT 5.5 (2.0)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2016 Full-year Forecast Sales(prior year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMS 41.4 (39.8)</td>
</tr>
<tr>
<td>MCT 13.7 (19.7)</td>
</tr>
<tr>
<td>ITS 1.7(1.7)</td>
</tr>
<tr>
<td>ECT 7.2 (4.2* half year)</td>
</tr>
</tbody>
</table>

Sales and O.P. (Full-year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billions of Yen)</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<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>
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<td>2014</td>
<td>55.0</td>
<td>5.8</td>
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<tr>
<td>2015</td>
<td>65.4</td>
<td>5.2</td>
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<tr>
<td>2016</td>
<td>65.0</td>
<td>4.0</td>
</tr>
<tr>
<td>2016</td>
<td>64.0</td>
<td>3.5</td>
</tr>
</tbody>
</table>

2016 Full-Year Forecast

As of Aug 3
Forecast

2016 Revised

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Explore the future
Automotive Test Systems | Process & Environmental | Medical | Semiconductor | Scientific
EMS (Emission Measurement Systems) Business

**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

**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

**EMS Sales (Billions of Yen)**

- 2014: 37.4
- 2015: 39.7
- 2016 Forecast: 41.5
- 2016 Revised Forecast: 41.4
Investment in Emerging Countries

Opening HORIBA India Technical Center (Pune) in Nov. 30, ‘16

- 9th Automotive Test Laboratory in HORIBA Gr.
- Coordination with Biwako E-HARBOR
  -> Providing global R&D support
- Comprehensive facility including Product demonstration, Testing, Workshop and so on.

HORIBA India Private, Ltd.
- Establish 2006
- Employee 281

Sales Target in 2020 (Auto, India) : 3.0bn yen (1.5times from 2015)
46th Machinery Design Award’s Grand Prix

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

Expand turn-key projects and pursue synergies with the EMS business

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

**MCT Sales** (Billions of Yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>16.2</td>
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<tr>
<td>2015</td>
<td>19.7</td>
</tr>
<tr>
<td>2016 Forecast</td>
<td>14.0</td>
</tr>
<tr>
<td>2016 Revised Forecast</td>
<td>13.7</td>
</tr>
</tbody>
</table>

**ECT Sales** (Billions of Yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Forecast</td>
<td>8.0</td>
</tr>
<tr>
<td>2016 Revised Forecast</td>
<td>7.2</td>
</tr>
</tbody>
</table>

No change in local currency

Local Currency

- Million
- Pound

Local Currency

- Million
- Pound

No change in local currency
2016 Nine Months 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 O.P. (Full-year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billions of Yen)</th>
<th>O.P. (Billions of Yen)</th>
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</thead>
<tbody>
<tr>
<td>2011</td>
<td>14.5</td>
<td>2.5</td>
</tr>
<tr>
<td>2012</td>
<td>13.7</td>
<td>1.6</td>
</tr>
<tr>
<td>2013</td>
<td>14.7</td>
<td>1.2</td>
</tr>
<tr>
<td>2014</td>
<td>16.4</td>
<td>2.0</td>
</tr>
<tr>
<td>2015</td>
<td>16.7</td>
<td>1.7</td>
</tr>
<tr>
<td>2016 (As of Aug 3)</td>
<td>16.5</td>
<td>1.3</td>
</tr>
<tr>
<td>2016 (Revised)</td>
<td>16.5</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Forecast
Shift from product sales to system sales

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

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
2016 Nine Months 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
**Medical**

**Accelerating product development**

Accelerating 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”

Microsemi LC-767CRP
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 1Q of 2017
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
Nine Months Results and Forecast for 2016
(Billions of Yen)

2016 Nine Months 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 O.P. (Full-year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<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>
</tr>
</tbody>
</table>
| 2016   | 35.0  | 8.7  | As of Aug 3
| Revised| 37.0  | 9.0  | Forecast
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”
Nine Months Results and Forecast for 2016

(Billions of Yen)

2016 Nine Months 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 O.P. (Full-year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>22.0</td>
<td>1.4</td>
</tr>
<tr>
<td>2012</td>
<td>20.4</td>
<td>0.9</td>
</tr>
<tr>
<td>2013</td>
<td>22.9</td>
<td>0.9</td>
</tr>
<tr>
<td>2014</td>
<td>25.6</td>
<td>1.2</td>
</tr>
<tr>
<td>2015</td>
<td>26.7</td>
<td>1.1</td>
</tr>
<tr>
<td>2016</td>
<td>27.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Revised</td>
<td>26.0</td>
<td>0.8</td>
</tr>
</tbody>
</table>

As of Aug 3

Forecast
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

Target a broader market

<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

- Review of Nine Months of 2016
- 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)

0 20 40 60 80


16 28 26 39 44 13 17 40 50 60 67 70 75

Record high

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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

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Operating profit analysis (vs. 2015)

(Millions of Yen)

Sales impact / Decrease sales cost ratio +727

Exchange impact -2,101

Expenses impact -1,851

Decrease of Operating profit -3,228

※2015 results are restated numbers. The same shall apply hereinafter.
### Capital Investment, Depreciation, R&D

**Table: Capital Investment, Depreciation, R&D**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Previous Forecast (12months)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12months Results</td>
<td>12months Results</td>
<td>Jan.-Sep. Results</td>
<td>Oct.-Dec. Fore.</td>
</tr>
<tr>
<td>PP&amp;E</td>
<td>9.1</td>
<td>14.9</td>
<td>8.5</td>
<td>6.8</td>
</tr>
<tr>
<td>Intangibles</td>
<td>1.8</td>
<td>1.4</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>11.0</td>
<td>16.3</td>
<td>8.7</td>
<td>7.3</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4.9</td>
<td>6.1</td>
<td>4.9</td>
<td>1.6</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>11.9</td>
<td>12.3</td>
<td>9.4</td>
<td>3.6</td>
</tr>
<tr>
<td>(To net sales)</td>
<td>7.8%</td>
<td>7.2%</td>
<td>8.1%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

No change from previous forecast.
## Impact of fluctuation in foreign exchange

### Exchange rate impact

**2016 Nine Months Results**

<table>
<thead>
<tr>
<th>(Millions of Yen)</th>
<th>Sales</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>EUR</td>
<td>GBP</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-3,401</td>
<td>-723</td>
<td>-928</td>
<td>-1,479</td>
</tr>
<tr>
<td>Auto</td>
<td>-643</td>
<td>-305</td>
<td>-104</td>
<td>-22</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>-1,899</td>
<td>-566</td>
<td>-886</td>
<td>-62</td>
</tr>
<tr>
<td>Medical</td>
<td>-2,013</td>
<td>-1,368</td>
<td>-110</td>
<td>-7</td>
</tr>
<tr>
<td>Scientific</td>
<td>-1,472</td>
<td>-757</td>
<td>-551</td>
<td>-100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-9,430</td>
<td>-3,721</td>
<td>-2,581</td>
<td>-1,672</td>
</tr>
</tbody>
</table>

### Exchange rate for 2016 Forecast

USD/JPY:107, EUR/JPY:120

(4Q : USD/JPY:102, EUR/JPY:115)

### Exchange rate impact

**for 2016 Forecast**

1 yen impact of Sales and O.P.

(Yen appreciation)

<table>
<thead>
<tr>
<th>Sales</th>
<th>USD</th>
<th>EUR</th>
<th>GBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>-42</td>
<td>-148</td>
<td>-4</td>
</tr>
<tr>
<td>EUR</td>
<td>-214</td>
<td>-68</td>
<td>-52</td>
</tr>
<tr>
<td>GBP</td>
<td>-237</td>
<td>-103</td>
<td>90</td>
</tr>
<tr>
<td>Semi</td>
<td>-1,541</td>
<td>-1,198</td>
<td>-95</td>
</tr>
<tr>
<td>Scientific</td>
<td>-65</td>
<td>-38</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-2,101</td>
<td>-1,557</td>
<td>-58</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Profit</th>
<th>USD</th>
<th>EUR</th>
<th>GBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>-175</td>
<td>-22</td>
<td>69</td>
</tr>
<tr>
<td>EUR</td>
<td>-317</td>
<td>-1</td>
<td>70</td>
</tr>
<tr>
<td>GBP</td>
<td>-69</td>
<td>-1</td>
<td>75</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)
Changed the accounting policy for revenue recognition

(Original)

2014
Not installed
Not arrived

2015
Not installed
Not arrived

2016
Installed
Delivered

(New)

Installed
Delivered

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.
Contents

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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

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

- EU: 24%
- Japan: 31%
- America: 19%
- Asia: 26%
- USD
- JPY

(Billions of Yen)

Reduce Country Risk and Exchange Risk
Global Market Share

- **Emission Measurement Systems**
  - 80%

- **Stack Gas Analyzers**
  - 20%

- **Automatic Blood Cell Counter plus CRP**
  - 100%
  (Only in Japan)

- **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)

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>9</td>
</tr>
<tr>
<td>Europe</td>
<td>23</td>
</tr>
<tr>
<td>Asia</td>
<td>17 (4 in Japan, including HORIBA, Ltd.)</td>
</tr>
<tr>
<td>Total</td>
<td>49</td>
</tr>
</tbody>
</table>

Sales of FY2015: 170.8 BJPY
Employees by Region

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

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