Financial Information

HORIBA, Ltd.
March, 2019
HORIBA, Ltd. 65th Anniversary of Foundation

Global growth through M&A

In 1996, ABX S.A. was acquired in France (now HORIBA ABX SAS)

In 1997, Jobin Yvon S.A. was acquired in France (now HORIBA FRANCE SAS)

In 2005, MCT (Mechatronics) Business of Carl Scheck AG was acquired in Germany

In 2015, MIRA Ltd. was acquired in the U.K. (now HORIBA MIRA Limited)

In 2018, FuelCon AG. was acquired in Germany (now HORIBA FuelCon GmbH)
Jobin Yvon  200th Anniversary of Foundation

Sharing light and passion

200 years of optical innovation
Product at the Time of Its Startup

HORIBA

Jobin Yvon

pH Meters

Fresnel Lens for a Lighthouse
Contents

- 2018 Results
- 2019 Forecast
- Business Segments Outline
- Share Holder Return
- Other Topics
- Financial Data
- Corporate profile
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- 2018 Results
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## Review of 2018

### External Events
- Overheated US-China trade friction
- Intensified Brexit uncertainties
- Tighter automotive emission regulations and electrification trend
- Slowdown in capital spending for semiconductors from the second half of 2018

### Internal Events
- New Management of HORIBA Group started
- Enhanced North American bases (for Semiconductors and Scientific)
- Expanded the Aso factory (for Semiconductors)
- Invested aggressively in battery test technologies, including M&A
- Exceeded ¥200bn in annual sales for the first time
Summary of 2018 Results

Achieved record-highs in sales, profit and dividend

P&L
- Increase in sales and profit in Automotive and Semiconductor segments, year-on-year
- Semiconductor sales were weak in the second half of the year due to changes in market conditions

B/S
- Total asset were ¥278.1bn, up ¥12.2bn, due to increase in inventory.
- Short-term loans payable were ¥12.0bn, up ¥3.6bn, mainly due to acquisition of FuelCon AG
- Equity ratio: 58.0% (+1.5bp) (Compared to the end of Dec. 2017)

CF
- Operating CF: Cash in ¥19.5bn due to growth in profit
- Investing CF: Cash out ¥11.0bn due to capital spending
- Financial CF: Cash out ¥3.2bn due to payment of dividend

Free CF +¥8.5bn
## 2018 Results

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>2017 Results</th>
<th>Forecast (as of Feb.13)</th>
<th>Forecast (as of Nov.9)</th>
<th>2018 Results</th>
<th>vs 2017</th>
<th>vs Forecast (as of Feb.13)</th>
<th>vs Forecast (as of Nov.9)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>195.3</td>
<td>210.0</td>
<td>207.0</td>
<td>★ 210.5</td>
<td>+15.1</td>
<td>+0.5</td>
<td>+3.5</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>26.8</td>
<td>29.0</td>
<td>27.5</td>
<td>★ 28.8</td>
<td>+2.0</td>
<td>-0.1</td>
<td>+1.3</td>
</tr>
<tr>
<td><strong>O. P. %</strong></td>
<td>13.7%</td>
<td>13.8%</td>
<td>13.3%</td>
<td>13.7%</td>
<td>-0.0p</td>
<td>-0.1p</td>
<td>+0.4p</td>
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<tr>
<td><strong>Ordinary Profit</strong></td>
<td>26.6</td>
<td>28.4</td>
<td>26.9</td>
<td>★ 28.3</td>
<td>+1.7</td>
<td>-0.0</td>
<td>+1.4</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>16.2</td>
<td>19.0</td>
<td>20.0</td>
<td>★ 22.3</td>
<td>+6.0</td>
<td>+3.3</td>
<td>+2.3</td>
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<tr>
<td><strong>USD / JPY</strong></td>
<td>112.16</td>
<td>110.00</td>
<td>110.00</td>
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<td>-1.72</td>
<td>+0.44</td>
<td>+0.44</td>
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<td><strong>EUR / JPY</strong></td>
<td>126.70</td>
<td>130.00</td>
<td>130.00</td>
<td>130.35</td>
<td>+3.65</td>
<td>+0.35</td>
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★: Record-high
# 2018 Results by Segment

(Billions of Yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales 2017</th>
<th>Sales 2018</th>
<th>Operating Profit 2017</th>
<th>Operating Profit 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto</strong></td>
<td>73.3</td>
<td>79.6</td>
<td>7.6</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>P&amp;E</strong></td>
<td>17.4</td>
<td>19.3</td>
<td>1.0</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td>25.1</td>
<td>26.0</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Semi</strong></td>
<td>53.3</td>
<td>57.7</td>
<td>15.6</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>Scientific</strong></td>
<td>26.1</td>
<td>27.7</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>195.3</td>
<td>210.5</td>
<td>26.8</td>
<td>29.0</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Sales Results vs 2017</th>
<th>Forecast as of Feb. 13</th>
<th>Forecast as of Nov. 13</th>
<th>Forecast vs Forecast as of Feb. 13</th>
<th>Forecast vs Forecast as of Nov. 9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto</strong></td>
<td>73.3</td>
<td>79.0</td>
<td>+6.2</td>
<td>+0.6</td>
</tr>
<tr>
<td><strong>P&amp;E</strong></td>
<td>17.4</td>
<td>19.0</td>
<td>+1.9</td>
<td>+0.3</td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td>25.1</td>
<td>26.0</td>
<td>+8.0</td>
<td>+0.0</td>
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<tr>
<td><strong>Semi</strong></td>
<td>53.3</td>
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<tr>
<td><strong>Scientific</strong></td>
<td>26.1</td>
<td>28.0</td>
<td>+1.6</td>
<td>-0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>195.3</td>
<td>207.0</td>
<td>+15.1</td>
<td>+3.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Profit Results vs 2017</th>
<th>Forecast as of Feb. 13</th>
<th>Forecast as of Nov. 13</th>
<th>Forecast vs Forecast as of Feb. 13</th>
<th>Forecast vs Forecast as of Nov. 9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto</strong></td>
<td>7.6</td>
<td>8.0</td>
<td>6.5</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>P&amp;E</strong></td>
<td>1.0</td>
<td>1.4</td>
<td>1.4</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td>1.9</td>
<td>2.0</td>
<td>2.0</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Semi</strong></td>
<td>15.6</td>
<td>17.0</td>
<td>17.0</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>Scientific</strong></td>
<td>0.4</td>
<td>0.6</td>
<td>0.6</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>26.8</td>
<td>29.0</td>
<td>27.5</td>
<td>28.8</td>
</tr>
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</table>

Record-high

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Market Assumptions for 2019

<table>
<thead>
<tr>
<th>Sector</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>Strong appetite for investment in the global automotive sector due to tighter emission regulations mainly in Asia and innovation for electrification &amp; autonomous driving</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>Increase in demand due to tighter environmental regulations in emerging countries</td>
</tr>
<tr>
<td></td>
<td>Recovery in investment in the oil industry</td>
</tr>
<tr>
<td>Medical</td>
<td>Japan: Favorable sales to doctors in private practice</td>
</tr>
<tr>
<td></td>
<td>Overseas: Increase in demand for blood testing equipment in emerging countries</td>
</tr>
<tr>
<td>Semi</td>
<td>Temporary subdued capital spending by semiconductor manufacturers</td>
</tr>
<tr>
<td></td>
<td>Anticipate a pick-up in investment, on the back of robust demand for semiconductor devices from a mid- to long-term perspective</td>
</tr>
<tr>
<td>Scientific</td>
<td>Robust corporate R&amp;D spending</td>
</tr>
<tr>
<td></td>
<td>Accelerating research on new materials for secondary batteries</td>
</tr>
</tbody>
</table>
Exchange rate

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>vs 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results</td>
<td>112.16</td>
<td>110.44</td>
<td>110</td>
<td>-0.44</td>
</tr>
<tr>
<td>USD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EUR</td>
<td>126.70</td>
<td>130.35</td>
<td>125</td>
<td>-5.35</td>
</tr>
</tbody>
</table>

1 yen O.P. sensitivity for 2019 Forecast (Yen appreciation)

USD  -243 million yen
EUR  -12 million yen
## 2019 Forecast

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019 Forecast</th>
<th>vs 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>195.3</td>
<td>210.5</td>
<td>218.0</td>
<td>+7.4</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>26.8</td>
<td>28.8</td>
<td>29.0</td>
<td>+0.1</td>
</tr>
<tr>
<td><strong>O. P. %</strong></td>
<td>13.7%</td>
<td>13.7%</td>
<td>13.3%</td>
<td>-0.4p</td>
</tr>
<tr>
<td><strong>Ordinary Profit</strong></td>
<td>26.6</td>
<td>28.3</td>
<td>28.5</td>
<td>+0.1</td>
</tr>
<tr>
<td><strong>Net Income attribute to Owners of Parent</strong></td>
<td>16.2</td>
<td>22.3</td>
<td>20.0</td>
<td>-2.3</td>
</tr>
<tr>
<td><strong>Net profit per share (Yen)</strong></td>
<td>386</td>
<td>529</td>
<td>474</td>
<td>-55</td>
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<tr>
<td><strong>ROE</strong></td>
<td>11.5%</td>
<td>14.3%</td>
<td>11.9%</td>
<td>-2.4p</td>
</tr>
</tbody>
</table>

* : Record-high

(Billions of yen)
# 2019 Forecast by Segment

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2018 Results</th>
<th>2019 Forecast</th>
<th>vs 2018</th>
<th>2018 Results</th>
<th>2019 Forecast</th>
<th>vs 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto</strong></td>
<td>79.6</td>
<td>★ 85.0</td>
<td>+5.3</td>
<td>7.7</td>
<td>★ 9.0</td>
<td>+1.2</td>
</tr>
<tr>
<td><strong>P&amp;E</strong></td>
<td>19.3</td>
<td>★ 20.0</td>
<td>+0.6</td>
<td>2.0</td>
<td>2.0</td>
<td>-0.0</td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td>26.0</td>
<td>★ 28.0</td>
<td>+1.9</td>
<td>1.8</td>
<td>2.0</td>
<td>+0.1</td>
</tr>
<tr>
<td><strong>Semi</strong></td>
<td>57.7</td>
<td>55.0</td>
<td>-2.7</td>
<td>17.0</td>
<td>15.0</td>
<td>-2.0</td>
</tr>
<tr>
<td><strong>Scientific</strong></td>
<td>27.7</td>
<td>★ 30.0</td>
<td>+2.2</td>
<td>0.2</td>
<td>1.0</td>
<td>+0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>210.5</td>
<td>★ 218.0</td>
<td>+7.4</td>
<td>28.8</td>
<td>★ 29.0</td>
<td>+1.0</td>
</tr>
</tbody>
</table>

★: Record-high
2018 Results and 2019 Forecast

2018 Results

- **EMS**: Higher demand in China and India due to new regulations
- **MCT※1**: One-off expenses, including acquisition costs
- **ECT※2**: Business expansion in next-gen. automotive technology development

2019 Forecast

- **EMS**: Robust sales in Asia and Europe, increase in investment for achieving greater competitiveness
- **MCT**: Increase in sales in Japan and Europe
- **ECT**: Aggressive investment to accelerate growth

**Automotive Sales Breakdown**

<table>
<thead>
<tr>
<th></th>
<th>EMS</th>
<th>MCT</th>
<th>ITS</th>
<th>ECT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>65.4</td>
<td>1.6</td>
<td>19.7</td>
<td>1.6</td>
</tr>
<tr>
<td>2016</td>
<td>62.2</td>
<td>1.6</td>
<td>13.2</td>
<td>7.2</td>
</tr>
<tr>
<td>2017</td>
<td>73.3</td>
<td>1.0</td>
<td>18.3</td>
<td>8.0</td>
</tr>
<tr>
<td>2018</td>
<td>79.6</td>
<td>1.2</td>
<td>18.2</td>
<td>9.3</td>
</tr>
<tr>
<td>2019 (F)</td>
<td>85.0</td>
<td>1.0</td>
<td>21.0</td>
<td>10.0</td>
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</tbody>
</table>

1: Mechatronics  2: Engineering Consultancy & Testing

**Sales and Operating Profit**

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>65.4</td>
<td>5.2</td>
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<tr>
<td>2016</td>
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<td>2017</td>
<td>73.3</td>
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<tr>
<td>2018</td>
<td>79.6</td>
<td>7.7</td>
</tr>
<tr>
<td>2019 (F)</td>
<td>85.0</td>
<td>9.0</td>
</tr>
</tbody>
</table>
Industry-academia tie-up to respond to change in the automotive industry

Contributing to boosting efficiency in the accelerated simulation-based automotive development

- Improve development of test equipment allowing to verify effects before making prototypes

Technische Universität Dresden (Germany)

Promoting development of connected /autonomous driving technology

- Ensure safety against cyber attacks
- Test/evaluate high-speed autonomous driving of more than one vehicle

Coventry University (UK)

Collaboration in test equipment development

Invest in and provide (rent) test equipment

Provide academic know-how

Launch of a new autonomous driving test facility (in 2020)

Invest in and provide test equipment

Provide academic know-how
More solutions, addressing electrification challenges

Acquisition of FuelCon AG (Germany) to strengthen battery test business [September 2018]

【Main business】
Development and production of fuel cell and battery test systems for electric vehicles

【Major customers】
Volkswagen, BMW, Audi, Hyundai, Bosch, etc.

【Sales breakdown】
Battery test systems: 23%
Fuel cell test systems: 77%
*Results of the 4th Quarter, 2018

Accelerate business growth in electric vehicle development

Open an advanced lab for vehicle electrification

HORIBA BIWAKO E-HARBOR Cell Zero

1) Cell 0: Adopting technologies of FuelCon and MIRA
2) Cell 1-3: Powertrain and vehicle test systems (in operation)

Enabling total powertrain simulation → Completing HORIBA’s unique evaluation and test facility

*Results of the 4th Quarter, 2018
2018 Results and 2019 Forecast

**2018 Results**

+ Stack gas analyzers / Process measurement equipment
  - Sales increase in North America by sales efforts
+ Air quality monitoring
  - Demand growth in emerging countries due to enhanced regulations
+ Water quality monitoring
  - Sales increase due to business growth in Asia

**2019 Forecast**

+ Stack gas analyzers / Air quality monitoring
  - Anticipate recovery in Japan and tighter regulations in Asia
+ Process measurement equipment
  - Anticipate continued recovery in investment by customers
+ Water quality monitoring
  - Expand more business growth in emerging countries

**Supplied** water quality analyzers (tap water) to Kuala Lumpur

**Received repeat orders in 2019**

**Sales and Operating Profit**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>16.7</td>
<td>1.7</td>
</tr>
<tr>
<td>2016</td>
<td>16.7</td>
<td>1.5</td>
</tr>
<tr>
<td>2017</td>
<td>17.4</td>
<td>1.0</td>
</tr>
<tr>
<td>2018</td>
<td>19.3</td>
<td>2.0</td>
</tr>
<tr>
<td>2019</td>
<td>20.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>
Promote localization for business expansion

Localization according to trends in developed/emerging markets yields good results

- **Germany**
  - Enhance manufacturing/sales
  - Record shipment of pollution measurement units in Europe

- **India**
  - Enhance engineering
  - Demand increase for stack gas analyzers; local production and sales

- **China, Asia**
  - Promote dev’t/engineering; enhance sales
  - Tighter environmental regulations raised need for measurement equipment
  - Automatic total nitrogen, phosphorous measurement equipment

- **USA**
  - Enhance sales/product dev’t
  - Greater enhanced process measurement equipment business
  - Systemization of measurement equipment in oil refining process and bundle sales

Aim at solidifying HORIBA’s position in global business
2018 Results and 2019 Forecast

2018 Results

+ Strong sales of hematology analyzers in China and India
+ Increase in R&D expenses for achieving greater competitiveness
+ Acquisition of a micro-blood analysis system business to expand the product line-up

2019 Forecast

+ Aim at growth in sales by promoting new products to achieve greater results despite intensified competition in hematology and CRP analyzers in Japan
+ Increase in R&D expenses for business expansion (i.e., micro-blood analysis system business)
Medical

Broaden technologies and product functions

Acquisition of a micro-blood analysis system business from Rohm Co., Ltd.

- **Main business**: Development of μTAS\(^1\) technology, which uses micro processing technology of electronic components

- **Technological characteristics**: Enable offering of compact products that measure CRP\(^2\) and HbA1c\(^3\) at low cost

1: Micro Total Analysis System
2: C-Reactive Protein, a representative inflammatory marker
3: Hemoglobin A1c that indicates blood-sugar levels of the past 1-2 months

[Business evolution by test category]

<table>
<thead>
<tr>
<th>Test Category</th>
<th>Clinical Chemistry</th>
<th>Hematology</th>
<th>Immunology</th>
<th>Coagulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market size</td>
<td>2tn yen</td>
<td>350bn yen</td>
<td>2tn yen</td>
<td>200bn yen</td>
</tr>
<tr>
<td>Hospitals</td>
<td>Large hospitals</td>
<td>Testing centers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small and medium-sized hospitals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private practitioners</td>
<td>Hospital units and surgery rooms (POCT)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Expand a line-up in the POCT category (focus on clinical-chemical and immunology)

Broader portfolio ➔ Higher shares in tests in hospitals market

Broader functions of products help solve social challenges

- HORIBA’s hematology analyzers have additional function of Malaria infection screening
  - Reduction in test processes in malaria infection testing
  - Cheaper than purchase of new equipment

SDGs advocate eliminating malaria.

Fight Malaria ➔ Grow business

[Market sizes by HORIBA’s estimates]
2018 Results and 2019 Forecast

2018 Results

- Record-high sales and operating profit
- Boosted supply and enhanced development capability by the Aso factory expansion and opening of HORIBA Reno Technology Center (USA)
- Slowdown in the second half due to semiconductor makers’ temporary investment adjustment

2019 Forecast

- Expect semiconductor makers’ investment to be in an adjustment phase in the first half but to pick up in the second half due to mid- to long-term solid demand

Sales and Operating Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>35.3</td>
<td>9.4</td>
</tr>
<tr>
<td>2016</td>
<td>38.8</td>
<td>9.6</td>
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<tr>
<td>2017</td>
<td>53.3</td>
<td>15.6</td>
</tr>
<tr>
<td>2018</td>
<td>57.7</td>
<td>17.0</td>
</tr>
<tr>
<td>2019</td>
<td>55.0</td>
<td>15.0</td>
</tr>
</tbody>
</table>

HORIBA STEC’s 45th anniversary

Launched Japan’s first mass flow controllers in 1980

Grew to achieve a global high 60%* share

* HORIBA’s estimate for 2019
Expand business to cover the entire semiconductor manufacturing process

Diverse product line-up contributing to the overall semiconductor manufacturing process

**Material assessment**
- **Materials Analysis**
  - Raman spectrometer (next-gen. semiconductor material assessment)
- **Device Analysis**
  - Cathodoluminescence measurement system (assessment of compound semiconductors)

**Manufacturing process**
- **Dry Process**
  - Mass flow controller (Precision enhancement in the etching process)
- **Wet Process**
  - Chemical concentration monitor (high-precision measurement of chemicals)
- **Lithography**
  - Reticle/mask particle detection systems (quality enhancement of exposure process)

**Quality control and waste water treatment**
- **Utility/Wastewater**
  - pH meter
  - Industrial water quality analyzer
  - (Appropriate pure water/wastewater control within a factory)

Water-related business
*Typical product example*
2018 Results and 2019 Forecast

2018 Results

+ Sales increase in Japan and Europe on the back of robust corporate R&D spending
+ Recognized expenses to enhance bases in the Americas

2019 Forecast

+ Anticipate sales increase in the Americas due to production capacity growth
+ Expect solid demand to continue in Japan and Europe
+ Enhance actions for business expansion in secondary batteries

Sales and Operating Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>26.7</td>
<td>1.1</td>
</tr>
<tr>
<td>2016</td>
<td>25.7</td>
<td>0.9</td>
</tr>
<tr>
<td>2017</td>
<td>26.1</td>
<td>0.4</td>
</tr>
<tr>
<td>2018</td>
<td>27.7</td>
<td>0.2</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>1.0</td>
</tr>
</tbody>
</table>

New product launched in 2018

X-ray analytical microscope XGT9000

- More accurate defect and foreign material analysis of products
- Non-destructive, non-contact

Can be used in analysis of lithium ion batteries, semiconductor ICs, foods, and drugs

(Billions of yen)
Expand core business and contribute to technology innovation

**Acquisition of MANTA Instruments Inc. to obtain new technology**

- Acquired this U.S. start-up company that develops, manufactures and sells nanoparticle measurement instrument, in January 2019.
- High reputation; has patents in related technology

MANTA Instruments, Inc.
- Located in San Diego
- Established September 2014
- Six employees

ViewSizer3000
Used in life science, and for semiconductor, drugs, foods, cosmetics, catalysts and secondary batteries

Aim at expanding the particle measurement instrument business

**Contributing to technology innovation**

- Prof. Gérard Mourou, who was awarded the 2018 Nobel prize in physics, has been a long-time user of HORIBA's grating.

HORIBA's grating was selected to be exhibited at the Nobel Prize Museum
Core analytic technology supports cutting-edge progress

20 years of technological integration of HORIBA and Jobin Yvon and new market development

HORIBA celebrates 65th anniversary

HORIBA's strengths in measurement instruments for industry

Jobin Yvon’s strengths in products for scientists and advanced research

Scientific segment

Prominent as developer of unique markets; functioning as an incubator of HORIBA business

Automotive

Process & Environmental

Medical

Semiconductor
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- 2018 Results
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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 per share and Share buybacks
- 2017 Results 116yen [Interim 40yen/Year-end 76yen]
- 2018 Results 145yen [Interim 50yen/Year-end 95yen]
- 2019 Forecast 130yen [Interim 50yen/Year-end 80yen]

Ordinary dividend: 125yen
Commemorative dividend for the 65th anniversary of the company foundation: 20yen

Per-share dividend (from 2004 to 2019 Forecast)

Renewed record-highs in dividend in 9 years
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Workplace-rooted Workstyle Renovation

Stained Glass Project

- **Step 1 in 2014**
  - Initial focus on engagement of women at workplace

- **Step 2 from 2015**
  - Start “work style renovation” workshop
  - Theme: Change in individual behavior

- **Step 3 from 2016**
  - Organize a dedicated team to connect the management, HR team and workplaces
  - Activities to make the best use of characteristics of each workplace/organization

Introducing “Good Place” work system

Allowing flexible workstyle and aiming at capable employees to continue working

- Allows work other than home
- No limit to work-at-home days

“Good Place” work system

A guideline is made and used by each team

Opened a website to present diversity-related initiatives

http://www.horiba.com/diversity/

**TELEWORK DAYS**

Experience of the Telework Days* is reflected in the “Good Place” work system.

*The Japanese government’s initiative calling to participate a nation-wide remote working campaign on certain days
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Operating Profit Analysis (vs 2018)

(Billions of yen)


- Increase Sales +14.5
- Increase Cost of Goods sold -7.9
- Exchange Impact for gross Profit -0.02


- Increase of Operating Profit +2.0
- Exchange Impact -0.1
- Increase Expenses -4.4

Increase Gross Profit +6.6

Increase Other Expense -3.3

Increase R&D Cost -1.1

Increase Expenses -4.4

Exchange Impact for Expenses -0.1
### Impact of Fluctuation in Foreign exchange

(Millions of yen)

#### Exchange rate impact (2018 result)

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD mn</td>
<td>EUR mn</td>
</tr>
<tr>
<td>Total</td>
<td>+581</td>
<td>+586</td>
</tr>
<tr>
<td>Auto</td>
<td>+586</td>
<td>+586</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>+29</td>
<td>+63</td>
</tr>
<tr>
<td>Medical</td>
<td>+117</td>
<td>+117</td>
</tr>
<tr>
<td>Semi</td>
<td>-177</td>
<td>-177</td>
</tr>
<tr>
<td>Scientific</td>
<td>+104</td>
<td>+104</td>
</tr>
<tr>
<td>Total</td>
<td>-817</td>
<td>-817</td>
</tr>
</tbody>
</table>

#### Exchange rate impact for 2019 Forecast

1 yen impact of Sales and O.P. (Yen appreciation)

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD mn</td>
<td>EUR mn</td>
</tr>
<tr>
<td>USD</td>
<td>-489</td>
<td>-489</td>
</tr>
<tr>
<td>EUR</td>
<td>-373</td>
<td>-373</td>
</tr>
</tbody>
</table>

#### Total

<table>
<thead>
<tr>
<th></th>
<th>Total USD</th>
<th>Total EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>+586</td>
<td>+586</td>
</tr>
<tr>
<td>P&amp;E</td>
<td>+29</td>
<td>+63</td>
</tr>
<tr>
<td>Medical</td>
<td>+117</td>
<td>+117</td>
</tr>
<tr>
<td>Semi</td>
<td>-177</td>
<td>-177</td>
</tr>
<tr>
<td>Scientific</td>
<td>+104</td>
<td>+104</td>
</tr>
<tr>
<td>Total</td>
<td>-817</td>
<td>-817</td>
</tr>
</tbody>
</table>

※Total is not matching with sum-up of each content due to other small currency effect.

---

**2017**

<table>
<thead>
<tr>
<th>(JPY)</th>
<th>2017 Result</th>
<th>2018 Result</th>
<th>2019 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>112.16</td>
<td>110.44</td>
<td>110.00</td>
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<tr>
<td>EUR</td>
<td>126.70</td>
<td>130.35</td>
<td>125.00</td>
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</table>
## Capital Investment, Depreciation, R&D

(Billions of yen)

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Previous Forecast (as of Nov 9)</td>
<td>Result</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>Result</td>
<td>14.0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>13.9</td>
<td>15.5</td>
</tr>
</tbody>
</table>

(To Net Sales) 7.1% 7.5% 7.2% 0.1% -0.3% 7.3% 0.1%

### 2018 Topics
- PP&E: Enhancement of North American bases / Investment to MIRA / Enhancement of global bases
- Depreciation: Decrease goodwill of MIRA, + Increase by new investment
- R&D: Increase in Automotive segment

### 2019 Topics
- PP&E: Increase in investment in automotive-related facilities and enhancement of global bases
- Depreciation: Increase by new investment
- R&D: Increase in Automotive and Semiconductor segments
## Consolidated Cash Flows

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>+19.5</td>
<td>+28.2</td>
<td>-8.7</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>-11.0</td>
<td>-13.1</td>
<td>+2.1</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>-3.2</td>
<td>-9.0</td>
<td>+5.8</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>+62.8</td>
<td>+58.3</td>
<td>+4.5</td>
</tr>
<tr>
<td>Free cash flows</td>
<td>+8.5</td>
<td>+15.1</td>
<td>-6.6</td>
</tr>
</tbody>
</table>
Cash Balance

Total Loan Balance

(Billions of yen)

- Loan repayment due to group financing

*1 Cash…Cash and Cash Equivalents at End of Period. *2 JBIC: Japan Bank for International Cooperation
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Business Segments

Sales Breakdown by Segment

Sales: ¥210.5bn (1,897MUSD)

- Automotive: 38% (79.6% (717))
- Scientific: 13% (27.7% (250))
- Semiconductor: 28% (57.7% (520))
- Process & Environmental (P&E): 12% (19.3% (174))
- Medical: 9% (26.0% (234))

( ) = Segment Sales in MUSD
% = Segment Sales Ratio

(Sales of FY2018)
Sales of FY2018: ¥210.5bn
(1,897 MUSD)

The Number of Group Companies by region
(As of December 31, 2018)

- Americas: 9
- Europe: 22
- Asia: 18 (4 in Japan, including HORIBA, Ltd.)
- Total: 49
Employees by Region

(As of December 31, 2018)

- Japan: 38% (7,943 employees)
- Total Asia: 4,315 employees (55%)
- Total Europe: 2,637 employees (33%)
- Total Americas: 991 employees (12%)

- Other Europe: 2%
- The U.S.: 10%
- Germany: 9%
- The U.K.: 10%
- France: 12%
- Other Asia: 17%
Thank you
【Ref.】Business results trend for 20years/Targets/Progress of MLMAP

(Billions of yen)

Continuous growth in Sales/Operating Profit/Net Income

Growth in two times for 10 years from 2010

Sales 2015→2020 CAGR:7.8%
Operating Profit 2015→2020 CAGR:8.3%
Net Income 2015→2020 CAGR:8.5%

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billons of yen)</th>
<th>Operating Profit (Billons of yen)</th>
<th>Net Income (Billons of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>74.4</td>
<td>2.5</td>
<td>0.7</td>
</tr>
<tr>
<td>2002</td>
<td>78.5</td>
<td>5.4</td>
<td>2.0</td>
</tr>
<tr>
<td>2003</td>
<td>85.0</td>
<td>9.3</td>
<td>6.8</td>
</tr>
<tr>
<td>2004</td>
<td>92.4</td>
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<td>11.7</td>
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<tr>
<td>2005</td>
<td>105.6</td>
<td>16.5</td>
<td>16.5</td>
</tr>
<tr>
<td>2006</td>
<td>116.0</td>
<td>11.7</td>
<td>10.9</td>
</tr>
<tr>
<td>2007</td>
<td>134.2</td>
<td>7.9</td>
<td>12.2</td>
</tr>
<tr>
<td>2008</td>
<td>144.2</td>
<td>9.3</td>
<td>14.9</td>
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<td>2009</td>
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<td>2010</td>
<td>118.5</td>
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<tr>
<td>2011</td>
<td>123.4</td>
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<tr>
<td>2012</td>
<td>117.6</td>
<td>13.2</td>
<td>18.4</td>
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<tr>
<td>2013</td>
<td>138.1</td>
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<td>2014</td>
<td>153.0</td>
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<td>2015</td>
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<td>2016</td>
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<td>2017</td>
<td>195.3</td>
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<td>2018</td>
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<td>2020</td>
<td>250.0</td>
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(Plan) (Fore.) (New Standards)

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