

**Summary of Consolidated Financial Statements for the Year Ended December 31, 2018  
(Japanese GAAP)**

February 12, 2019

Company name **HORIBA, Ltd.** Listed stock exchanges: Tokyo  
 Listing code 6856 URL: <http://www.horiba.com>  
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 Scheduled date of start of dividend payment: March 4, 2019

(Figures have been rounded down to the nearest million yen)

**1. Consolidated Results for the Year Ended December 31, 2018 (January 1, 2018 - December 31, 2018)**

(1) Consolidated Operating Results (Percentages represent changes from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 12/31/18	210,570	7.8	28,838	7.5	28,316	6.4	22,313	37.0
Year ended 12/31/17	195,399	14.9	26,834	45.1	26,608	45.6	16,281	25.6

(Note) Comprehensive Income: FY2018 16,364 million yen -24.2%, FY2017 21,589 million yen 144.6%

	Net Income attributable to Owners of Parent per Share	Net Income attributable to Owners of Parent per Share (Diluted)	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended 12/31/18	529.24	526.98	14.3	10.4	13.7
Year ended 12/31/17	386.30	384.67	11.5	10.5	13.7

(Reference) Equity in earnings of affiliates: FY2018 - million yen, FY2017 - million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of 12/31/18	278,136	162,018	58.0	3,826.44
As of 12/31/17	265,920	150,866	56.5	3,565.00

(Reference) Net assets excluding subscription rights to shares and non-controlling interests:

As of December 31, 2018: 161,362million yen; As of December 31, 2017: 150,282 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 12/31/18	19,536	(11,029)	(3,240)	62,837
Year ended 12/31/17	28,287	(13,167)	(9,044)	58,333

**2. Dividends**

	Dividend per share					Total Dividends (Annual)	Payout Ratio (Consolidated)	Dividends to Net Assets (Consolidated)
	First quarter	Second quarter	Third quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended 12/31/17	-	40.00	-	76.00	116.00	4,889	30.0	3.5
Year ended 12/31/18	-	50.00	-	95.00	145.00	6,114	27.4	3.9
Year ending 12/31/19 (Forecast)	-	50.00	-	80.00	130.00		27.4	

(Note) Total Year-end dividend for fiscal year 2018 of 95 yen per share:

Year-end ordinary dividend of 75 yen and commemorative dividend for the 65th anniversary of the company foundation of 20 yen

**3. Consolidated Forecast for the Year Ending December 31, 2019 (January 1, 2019 - December 31, 2019)**

(Percentages represent changes from the same period in the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to Owners of Parent		Net Income attributable to Owners of Parent per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	96,000	-4.0	10,500	-25.3	10,300	-25.0	7,000	-33.4	165.99
Full year	218,000	3.5	29,000	0.6	28,500	0.6	20,000	-10.4	474.27

## Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries that caused a change in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and retrospective restatement

① Changes in accounting policies associated with revision of accounting standards: None

② Changes in accounting policies arising from other than the above: None

③ Changes in accounting estimates: None

④ Retrospective restatement: None

(3) Number of shares outstanding (common stock)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
① Shares issued (including treasury stock)	42,532,752	42,532,752
② Treasury stock	362,304	377,723
	<u>Jan. - Dec. 2018</u>	<u>Jan. - Dec. 2017</u>
③ The average number of outstanding shares	42,162,564	42,149,032

Note 1. This consolidated financial report is not subject to audit by certified public accountants or accounting firms.

Note 2. Appropriate use of business forecasts and other important information

The forecasts of dividend amount and business performance contained in this report have been made based on certain future assumptions, outlooks, and plans which are available at the HORIBA Group as of February 12, 2019. However, due to risks and various uncertain factors such as future business operation policies, changes in the economic environment in Japan and overseas, fluctuation of currency rates, it is possible that actual performance would vary considerably from the forecasts.

## 1. Qualitative Information Concerning Consolidated Results

### (1) Information Concerning Consolidated Operating Results

(For details, see page 14, “4. Supplemental Information - HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2018”)

With regard to the measurement and analysis equipment industry in the fiscal year ended December 31, 2018, in the automotive industry, demand for emission measurement systems expanded in an environment marked by China and India implementing new emission gas regulations in the future, on top of the new regulations introduced in Europe in 2017 and in Japan in 2018. In addition, there were rising expectations for next-generation mobility incorporating vehicle electrification, as exemplified by hybrid and electric vehicles, and autonomous driving technology. This has led automakers and related institutions to be more aggressive in their capital expenditure and R&D investment.

In the semiconductor field, demand for semiconductors, such as memory stemming from the increasing data processed in data center and the spread of AI and IoT, increased significantly. This had led investment by semiconductor manufacturers to remain at a high level in 2017 as well as in the first half of 2018. However, starting in the second half of 2018, investment for memory fell into a temporary correction phase.

In the environmental field, demand for process & environmental instruments and systems was robust on the back of tighter environmental regulations in China, India, and Southeast Asia.

The annual average exchange rates for 2018 were 110.44 yen against the U.S. dollar and 130.35 yen against the euro, representing year-on-year appreciation of 1.6% against the U.S. dollar and depreciation of 2.8% against the euro.

Under such business environment, HORIBA, Ltd. (“the Company”) and its consolidated subsidiaries (together “the HORIBA Group” or “HORIBA” as a consolidated group) implemented the following measures to strengthen each segment in fiscal 2018.

In the Automotive Test Systems segment, we acquired FuelCon AG (Germany), a German developer of fuel cell and battery test systems for electric vehicles, and expanded business domains related to next-generation mobility technologies. In addition, HORIBA BIWAKO E-HARBOR, the Biwako factory in Japan which began full operation in 2016, strived to further raise its productive efficiency and addressed the growing demand driven by new emission gas regulations.

In the Process & Environmental Instruments & Systems segment, we worked on strengthening local capability in China and India with the aim of enhancing competitiveness in the rapidly growing Asian market. We also launched “HAKARU (Measuring) EXpress,” a new business in water quality management, and worked on expanding the business domain to include sales of data, in addition to existing sales of hardware.

In the Medical-Diagnostic Instruments & Systems segment, we acquired a micro-blood analysis system business from ROHM Co., Ltd. and expanded the product line-up.

In the Semiconductor Instruments & Systems segment, HORIBA STEC, Co., Ltd.’s Aso Factory went into full-scale operation after capacity expansion aimed at responding to an increase in demand for semiconductor production equipment, and enhanced the stable supply system for mass flow controllers, one of the segment’s major products. In addition, global R&D network has been enhanced by the opening of HORIBA Reno Technology Center, an R&D site for the semiconductor field of HORIBA Instruments Incorporated (U.S.).

In the Scientific Instruments & Systems segment, HORIBA Instruments Incorporated (U.S.) opened HORIBA New Jersey Optical Spectroscopy Center, which will be a new key location for its spectroscopy technologies, in order to enhance

development and production capacity.

Furthermore, on January 1, 2018, we start the new management team, intending to strengthen group management, clarify the group management structure and further enhance HORIBA's technology and development capabilities. Specifically, we made personnel changes to the representative directors, with Atsushi Horiba as Chairman & Group CEO, Juichi Saito as Executive Vice Chairman & Group COO and Dr. Masayuki Adachi as President & COO.

Also, in order to strengthen the water measurement business, which has been promoted as one of the priority initiatives in the Company's Mid-Long Term Management Plan "MLMAP2020," HORIBA Advanced Techno, Co., Ltd., which integrated HORIBA's dispersed development and production resources of the water measurement business in 2017, strived to grow its business and to globally strengthen its brand power.

In addition, with the aim at accelerating business growth and improving asset efficiency at the same time, HORIBA's management indices to measure asset efficiency named "HORIBA Premium Value" were fully introduced and have been implemented by all Group companies.

Due to those measures and as a result of sales efforts, HORIBA increased net sales of 210,570 (up 7.8% y-o-y), operating income of 28,838 million yen (up 7.5%), ordinary income of 28,316 million yen (up 6.4%) and net income attributable to owners of parent of 22,313 million yen (up 37.0%).

The operating results of each business segment are summarized as follows.

#### (Automotive Test Systems)

Sales of emission measurement systems increased mainly in Asia while sales in the ECT (Engineering Consultancy & Testing business), which we acquired from MIRA Ltd. (U.K.) in 2015, was also favorable. As a result, segment sales increased by 8.6% y-o-y to 79,656 million yen. Operating income increased by 0.3% to 7,702 million yen covering one-off expenses in the U.S. and the cost of acquiring FuelCon AG (Germany).

#### (Process & Environmental Instruments & Systems)

Sales of water quality analyzers and air pollution analyzers increased in Asia while sales of process measurement equipment were robust in the Americas. As a result, segment sales increased by 11.1% y-o-y to 19,361 million yen. Operating income surged by 85.3% to 2,027 million yen mainly due to improvement in profitability in Asia.

#### (Medical-Diagnostic Instruments & Systems)

Segment sales increased by 3.3% y-o-y to 26,012 million yen as sales of blood cell testing instrument increased in Asia. Operating income however decreased by 4.9% to 1,823 million yen, partly due to an increase in R&D expenses.

#### (Semiconductor Instruments & Systems)

Sales to semiconductor production equipment manufactures increased compared to fiscal 2017, while demand appeared to be slower recently. As a result, segment sales increased by 8.4% y-o-y to 57,785 million yen and operating income increased by 9.1% to 17,063 million yen.

#### (Scientific Instruments & Systems)

Segment sales increased by 6.3% y-o-y to 27,754 million yen as high-level corporate R&D spending and other factors contributed to sales growth. Operating income however decreased by 55.6% to 221 million yen, mainly due to expenses associated with the enhancement of the business base in the Americas and other factors.

## **(2) Information Concerning Consolidated Earnings Forecasts for FY2019**

Our assumed foreign exchange rates are 110 yen against the U.S. dollar (vs. 110.44 yen in fiscal 2018) and 125 yen against the euro (vs. 130.35 yen in fiscal 2018).

### **Net sales of 218,000 million yen (up 3.5% y-o-y)**

In the Automotive Test Systems segment, sales of emission measurement systems are expected to be firm along with tighter emission gas regulations, and the acquired business of FuelCon AG (Germany) will make a full-year contribution. The Semiconductor Instruments & Systems segment is projecting a decline in sales, as investment for memories is expected to remain in a correction phase until the first half of fiscal 2019.

Sales are expected to increase in the Process & Environmental Instruments & Systems segment, the Medical-Diagnostic Instruments & Systems segment, and the Scientific Instruments & Systems segment, due to a recovery in demand mainly in Japan for the first two segments and in the Americas for the latter segment.

As a result, net sales is expected to increase by 7,429 million yen from fiscal 2018 to 218,000 million yen.

### **Operating income of 29,000 million yen (up 0.6% y-o-y)**

The Automotive Test Systems segment is expected to increase operating income, due to the absence of one-off expenses in the U.S. and the cost of acquiring FuelCon AG (Germany), which were generated in fiscal 2018, despite an expected increase in R&D expenditures aimed at enhancing competitiveness.

The Semiconductor Instruments & Systems segment is expected to decrease operating income, caused by a decline in sales of mass flow controllers for semiconductor production equipment.

As a result, operating income is expected to increase by 161 million yen from fiscal 2018 to 29,000 million yen.

### **Ordinary income of 28,500 million yen (up 0.6% y-o-y)**

Ordinary income is expected to incorporate a net non-operating loss of 500 million yen (compared to a net non-operating loss of 522 million yen in fiscal 2018), assuming interest expenses and some uncertain non-operating expenses.

As a result, ordinary income is expected to increase by 183 million yen from fiscal 2018 to 28,500 million yen.

### **Net income attributable to owners of parent of 20,000 million yen (down 10.4% y-o-y)**

Net extraordinary loss of 400 million yen (compared to a net extraordinary gain of 601 million yen in fiscal 2018) is expected, assuming the generation of some extraordinary losses.

Due to the deterioration of net extraordinary gains or losses and other factors, net income attributable to owners of parent is expected to decrease by 2,313 million yen from fiscal 2018 to 20,000 million yen.

### **(3) Basic Policy for Profit Distribution and Dividends for the Year Ended December 31, 2018 and the Year Ending December 31, 2019**

HORIBA's shareholder return policy is to set the total returns to shareholders (the combined amount of dividend payments and share buybacks) at approximately 30% of consolidated net income attributable to owners of parent.

With regard to the dividends for the year ended December 31, 2018, we have decided to pay a year-end dividend of 95 yen per share, including commemorative dividend for the 65th anniversary of the company foundation of 20 yen.

Combined with the interim dividend that has been paid out, the annual dividend will be 145 yen (compared to 116 yen in fiscal 2018).

As regards the dividend forecast for the fiscal year ending December 31, 2019, we expect to pay an annual dividend of 130 yen per share (interim dividend is 50 yen).

The Company will continue to focus on improving corporate value through profit growth by investing internal reserves in growth areas in an effective manner, and it will make profit returns to shareholders that are linked to consolidated earnings.

(Disclaimer regarding business forecasts)

The forecasts of dividend amount and business performance contained in this report have been made based on certain future assumptions, outlooks, and plans which are available at the HORIBA Group as of February 12, 2019. However, due to risks and various uncertain factors such as future business operation policies, changes in the economic environment in Japan and overseas, fluctuation of currency rates, it is possible that actual performance would vary considerably from the forecasts.

## **2. Basic policy on selection of accounting standard**

The HORIBA Group prepares its consolidated financial statements in accordance with General Accepted Accounting Principles in Japan ("JGAAP"), as it allows comparison between different periods and companies. Concerning adoption of the International Financial Reporting Standards (IFRS), HORIBA intends to appropriately respond with due consideration to various circumstances in Japan and abroad and expected clerical costs.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheets

Amount: millions of yen

	FY2017 (As of December 31, 2017)	FY2018 (As of December 31, 2018)
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and bank deposits	58,995	63,632
Trade notes and accounts receivable	60,152	59,111
Marketable securities	1,902	2,399
Merchandise and finished goods	16,512	20,018
Work in process	16,396	19,843
Raw materials and supplies	12,665	15,276
Deferred tax assets	4,331	4,312
Other current assets	7,321	8,290
Allowance for doubtful accounts	(788)	(682)
<b>Total Current Assets</b>	177,487	192,203
<b>Fixed Assets:</b>		
<b>Property, Plant and Equipment:</b>		
Buildings and structures, net	36,900	37,207
Machinery, equipment and vehicles, net	10,776	10,244
Land	13,736	13,692
Construction in progress	3,468	3,018
Other property, plant and equipment, net	3,818	4,576
<b>Total Property, Plant and Equipment</b>	68,701	68,739
<b>Intangibles:</b>		
Goodwill	194	901
Software	3,298	2,907
Other intangibles	904	1,092
<b>Total Intangibles</b>	4,397	4,901
<b>Investments and Other Non-Current Assets:</b>		
Investment securities	11,000	8,359
Deferred tax assets	1,549	1,092
Other investments and other assets	2,861	2,917
Allowance for doubtful accounts	(77)	(76)
<b>Total Investments and Other Non-Current Assets</b>	15,334	12,292
<b>Total Fixed Assets</b>	88,432	85,933
<b>Total Assets</b>	265,920	278,136

Amount: millions of yen

	FY2017 (As of December 31, 2017)	FY2018 (As of December 31, 2018)
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Trade notes and accounts payable	23,272	21,933
Short-term loans payable	8,352	12,044
Accounts payable - other	14,888	15,920
Accrued income taxes	6,277	3,514
Advances Received	13,519	17,475
Deferred tax liabilities	61	1
Accrued bonuses to employees	1,464	1,265
Accrued bonuses to directors and corporate auditors	63	-
Reserve for product warranty	1,932	2,012
Provision for loss on disaster	49	-
Other current liabilities	4,496	3,830
<b>Total Current Liabilities</b>	<b>74,378</b>	<b>77,999</b>
<b>Non-Current Liabilities:</b>		
Corporate bonds	15,000	15,000
Long-term loans payable	18,704	17,028
Deferred tax liabilities	2,036	950
Net defined benefit liability	2,145	1,946
Provision for loss on dissolution of the employees' pension fund	640	640
Other non-current liabilities	2,149	2,552
<b>Total Non-Current Liabilities</b>	<b>40,675</b>	<b>38,118</b>
<b>Total Liabilities</b>	<b>115,054</b>	<b>116,117</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common stock	12,011	12,011
Capital surplus	18,717	18,717
Retained earnings	115,345	132,329
Treasury stock	(1,488)	(1,428)
<b>Total Shareholders' Equity</b>	<b>144,585</b>	<b>161,630</b>
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized holding gains or losses on securities	4,636	2,788
Deferred gains or losses on hedges	-	(2)
Foreign currency translation adjustments	1,151	(2,829)
Remeasurements of defined benefit plans	(90)	(224)
<b>Total Accumulated Other Comprehensive Income</b>	<b>5,697</b>	<b>(267)</b>
<b>Subscription Rights to Shares</b>	<b>492</b>	<b>549</b>
<b>Non-controlling Interests</b>	<b>90</b>	<b>106</b>
<b>Total Net Assets</b>	<b>150,866</b>	<b>162,018</b>
<b>Total Liabilities and Net Assets</b>	<b>265,920</b>	<b>278,136</b>



(2) Consolidated Statements of Income and Consolidated Comprehensive Income Statements  
(Consolidated Statements of Income)

Amount: millions of yen

	FY2017 (For the year ended December 31, 2017)	FY2018 (For the year ended December 31, 2018)
<b>Net Sales</b>	195,399	210,570
<b>Cost of Sales</b>	112,107	120,630
<b>Gross Income</b>	83,291	89,939
<b>Selling, General and Administrative Expenses</b>	56,457	61,100
<b>Operating Income</b>	26,834	28,838
<b>Non-Operating Income</b>		
Interest income	104	144
Dividend income	176	178
Subsidy income	81	11
Other	242	218
Total non-operating income	604	552
<b>Non-Operating Expense</b>		
Interest expense	428	440
Foreign exchange losses	296	473
Other	104	161
Total non-operating expense	829	1,075
<b>Ordinary Income</b>	26,608	28,316
<b>Extraordinary Gain</b>		
Gain on sales of fixed assets	58	537
Gain on sales of investment securities	0	0
Gain on transfer of business	-	115
Gain on bargain purchase	-	48
Reversal of provision for loss on dissolution of the employees' pension fund	455	-
Total extraordinary gain	514	701
<b>Extraordinary Loss</b>		
Loss on sales of fixed assets	2	22
Loss on disposal of fixed assets	199	76
Impairment loss	2,526	-
Loss on valuation of investment securities	9	-
Total extraordinary loss	2,738	99
<b>Income before Income Taxes</b>	24,385	28,917
Income taxes (current)	7,647	6,375
Income taxes (deferred)	439	203
Total income taxes	8,086	6,579
<b>Net Income</b>	16,298	22,338
Profit attributable to non-controlling interests	16	24
<b>Net Income attributable to Owners of Parent</b>	16,281	22,313

## (Consolidated Statements of Comprehensive Income)

Amount: millions of yen

	FY2017 (For the year ended December 31, 2017)	FY2018 (For the year ended December 31, 2018)
<b>Net Income</b>	16,298	22,338
<b>Other Comprehensive Income</b>		
Net unrealized holding gains or losses on securities	1,708	(1,848)
Deferred gains or losses on hedges	-	(2)
Foreign currency translation adjustments	3,452	(3,989)
Remeasurements of defined benefit plans	130	(133)
Total other comprehensive income	5,291	(5,973)
<b>Comprehensive Income</b>	21,589	16,364
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	21,570	16,348
Comprehensive income attributable to non-controlling interests	19	16

## (3) Consolidated Statements of Changes in Net Assets

FY2017 (For the year ended December 31, 2017)

Amount: Millions of yen

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Beginning balance	12,011	18,717	103,104	(1,588)	132,244
Changes during the period					
Dividend from earnings			(4,003)		(4,003)
Net Income attributable to Owners of Parent			16,281		16,281
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(37)	99	62
Others					
Total changes during the period	-	-	12,240	99	12,340
Ending balance	12,011	18,717	115,345	(1,488)	144,585

	Accumulated Other Comprehensive Income				Subscription Rights to Shares	Non-controlling Interests	Total Net Assets
	Net unrealized holding gains or losses on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income			
Beginning balance	2,928	(2,297)	(221)	409	466	71	133,191
Changes during the period							
Dividend from earnings							(4,003)
Net Income attributable to Owners of Parent							16,281
Purchase of treasury stock							(0)
Disposal of treasury stock							62
Others	1,708	3,449	130	5,288	26	19	5,334
Total changes during the period	1,708	3,449	130	5,288	26	19	17,674
Ending balance	4,636	1,151	(90)	5,697	492	90	150,866

FY2018 (For the year ended December 31, 2018)

Amount: Millions of yen

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Beginning balance	12,011	18,717	115,345	(1,488)	144,585
Changes during the period					
Dividend from earnings			(5,311)		(5,311)
Net Income attributable to Owners of Parent			22,313		22,313
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(17)	61	43
Others					
Total changes during the period	-	-	16,984	60	17,045
Ending balance	12,011	18,717	132,329	(1,428)	161,630

	Accumulated Other Comprehensive Income					Subscription Rights to Shares	Non-controlling Interests	Total Net Assets
	Net unrealized holding gains or losses on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income			
Beginning balance	4,636	-	1,151	(90)	(5,697)	492	90	150,866
Changes during the period								
Dividend from earnings								(5,311)
Net Income attributable to Owners of Parent								22,313
Purchase of treasury stock								(0)
Disposal of treasury stock								43
Others	(1,848)	(2)	(3,980)	(133)	(5,965)	56	16	(5,892)
Total changes during the period	(1,848)	(2)	(3,980)	(133)	(5,965)	56	16	11,152
Ending balance	2,788	(2)	(2,829)	(224)	(267)	549	106	162,018

## (4) Consolidated Statements of Cash Flows

Amount: millions of yen

	FY2017 (For the year ended December 31, 2017)	FY2018 (For the year ended December 31, 2018)
<b>Cash Flows from Operating Activities:</b>		
Income before income taxes	24,385	28,917
Depreciation expense	7,387	7,120
Loss on impairment of fixed assets	2,526	-
Amortization of goodwill	146	120
Increase (decrease) in allowance for doubtful accounts	(75)	(69)
Increase (decrease) in net defined benefit liability	(190)	(83)
Increase (decrease) in provision for loss on dissolution of the employees' pension fund	(607)	-
Interest and dividend income	(280)	(323)
Interest expense	428	440
Foreign exchange losses (gains)	79	167
Loss (gain) on sales of fixed assets	(56)	(514)
Loss on disposal of fixed assets	199	76
Loss (gain) on valuation of investment securities	9	-
Loss (gain) on sales of investment securities	(0)	(0)
Decrease (increase) in trade notes and accounts receivable	(4,514)	(862)
Decrease (increase) in inventories	(3,633)	(10,368)
Increase (decrease) in trade notes and accounts payable	2,588	(596)
Other, net	3,601	4,976
<b>Subtotal</b>	<b>31,996</b>	<b>29,001</b>
Interest and dividends received	279	305
Interest paid	(466)	(439)
Income taxes (paid) refund	(3,521)	(9,331)
<b>Net Cash Provided by (used in) Operating Activities</b>	<b>28,287</b>	<b>19,536</b>
<b>Cash Flows from Investing Activities:</b>		
Increase in time deposits	(1,197)	(1,403)
Decrease in time deposits	1,395	1,202
Decrease in time deposits restricted for use	32	32
Payments for purchase of marketable securities	(1,901)	(2,200)
Proceeds from sales or redemption of marketable securities	701	1,701
Payments for purchase of property, plant and equipment	(11,664)	(9,667)
Proceeds from sales of property, plant and equipment	266	1,420
Payments for purchase of intangibles	(354)	(611)
Payments for purchase of investment securities	(22)	(24)
Proceeds from sales or redemption of investment securities	3	0
Payments of loans receivable	(60)	(51)
Collection of loans receivable	25	35
Other, net	(393)	(1,465)
<b>Net Cash Provided by (used in) Investing Activities</b>	<b>(13,167)</b>	<b>(11,029)</b>
<b>Cash Flows from Financing Activities:</b>		
Net increase (decrease) in short-term borrowings	(3,839)	2,792
Repayments of long-term debt	(1,039)	(541)
Repayments on finance lease obligations	(163)	(181)
Net decrease (increase) of treasury stock	(0)	(0)
Cash dividends paid	(4,002)	(5,309)
<b>Net Cash Provided by (used in) Financing Activities</b>	<b>(9,044)</b>	<b>(3,240)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>317</b>	<b>(762)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6,393</b>	<b>4,503</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>51,940</b>	<b>58,333</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>58,333</b>	<b>62,837</b>

#### 4. Supplemental Information

### HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2018

#### 1. Consolidated Financial Results

Amount: millions of yen

	12/2017	12/2018	Changes		12/2019	Changes	12/2019	Changes
	Result	Result			Forecast		Forecast	
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
Net Sales	195,399	<b>210,570</b>	+15,170	+7.8%	<b>218,000</b>	+7,429	<b>96,000</b>	-3,966
Operating Income	26,834	<b>28,838</b>	+2,004	+7.5%	<b>29,000</b>	+161	<b>10,500</b>	-3,557
<i>Operating Income Ratio</i>	13.7%	<b>13.7%</b>	-0.0P		<b>13.3%</b>	-0.4P	<b>10.9%</b>	-3.2P
Ordinary Income	26,608	<b>28,316</b>	+1,707	+6.4%	<b>28,500</b>	+183	<b>10,300</b>	-3,431
<i>Ordinary Income Ratio</i>	13.6%	<b>13.4%</b>	-0.2P		<b>13.1%</b>	-0.3P	<b>10.7%</b>	-3.0P
Net Income attributable to Owners of Parent	16,281	<b>22,313</b>	+6,031	+37.0%	<b>20,000</b>	-2,313	<b>7,000</b>	-3,503
<i>Net Income Ratio</i>	8.3%	<b>10.6%</b>	+2.3P		<b>9.2%</b>	-1.4P	<b>7.3%</b>	-3.2P
US\$	112.16	<b>110.44</b>	-1.72		<b>110.00</b>	-0.44	<b>110.00</b>	+1.33
Euro	126.70	<b>130.35</b>	+3.65		<b>125.00</b>	-5.35	<b>125.00</b>	-6.55

#### 2. Consolidated Segment Results

Amount: millions of yen

	12/2017	12/2018	Changes		12/2019	Changes	12/2019	Changes
	Result	Result			Forecast		Forecast	
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
Net Sales	195,399	<b>210,570</b>	+15,170	+7.8%	<b>218,000</b>	+7,429	<b>96,000</b>	-3,966
Automotive	73,360	<b>79,656</b>	+6,296	+8.6%	<b>85,000</b>	+5,343	<b>36,000</b>	+3,294
Process&Environmental	17,433	<b>19,361</b>	+1,927	+11.1%	<b>20,000</b>	+638	<b>10,000</b>	+751
Medical	25,187	<b>26,012</b>	+825	+3.3%	<b>28,000</b>	+1,987	<b>14,000</b>	+865
Semiconductor	53,300	<b>57,785</b>	+4,485	+8.4%	<b>55,000</b>	-2,785	<b>23,000</b>	-9,343
Scientific	26,117	<b>27,754</b>	+1,637	+6.3%	<b>30,000</b>	+2,245	<b>13,000</b>	+464
Total	195,399	<b>210,570</b>	+15,170	+7.8%	<b>218,000</b>	+7,429	<b>96,000</b>	-3,966
Operating Income	26,834	<b>28,838</b>	+2,004	+7.5%	<b>29,000</b>	+161	<b>10,500</b>	-3,557
Automotive	7,680	<b>7,702</b>	+21	+0.3%	<b>9,000</b>	+1,297	<b>3,000</b>	+510
Process&Environmental	1,094	<b>2,027</b>	+933	+85.3%	<b>2,000</b>	-27	<b>1,000</b>	+131
Medical	1,918	<b>1,823</b>	-94	-4.9%	<b>2,000</b>	+176	<b>1,000</b>	-4
Semiconductor	15,642	<b>17,063</b>	+1,421	+9.1%	<b>15,000</b>	-2,063	<b>5,500</b>	-4,740
Scientific	498	<b>221</b>	-277	-55.6%	<b>1,000</b>	+778	-	+545
Total	26,834	<b>28,838</b>	+2,004	+7.5%	<b>29,000</b>	+161	<b>10,500</b>	-3,557

### 3. Consolidated Segment Sales by Destination

Amount: millions of yen

	12/2017	12/2018	Changes		12/2019	Changes	12/2019	Changes
	Result	Result	Amount	Ratio	Forecast	Amount	Forecast	Amount
	Full year	Full year			Full year		1st half	
<b>Automotive</b>	73,360	<b>79,656</b>	+6,296	+8.6%	<b>85,000</b>	+5,343	<b>36,000</b>	+3,295
Japan	24,561	<b>23,075</b>	-1,485	-6.0%	<b>23,000</b>	-75	<b>13,500</b>	+1,623
Asia	16,209	<b>21,672</b>	+5,463	+33.7%	<b>23,500</b>	+1,827	<b>8,000</b>	+485
Americas	10,431	<b>11,191</b>	+760	+7.3%	<b>10,500</b>	-691	<b>4,000</b>	-267
Europe	22,158	<b>23,716</b>	+1,558	+7.0%	<b>28,000</b>	+4,283	<b>10,500</b>	+1,452
<b>Process&amp;Environmental</b>	17,433	<b>19,361</b>	+1,927	+11.1%	<b>20,000</b>	+638	<b>10,000</b>	+751
Japan	9,387	<b>9,538</b>	+151	+1.6%	<b>10,000</b>	+461	<b>5,000</b>	+262
Asia	3,792	<b>4,616</b>	+823	+21.7%	<b>4,500</b>	-116	<b>2,500</b>	+396
Americas	2,058	<b>2,677</b>	+618	+30.1%	<b>3,000</b>	+322	<b>1,500</b>	+212
Europe	2,194	<b>2,528</b>	+333	+15.2%	<b>2,500</b>	-28	<b>1,000</b>	-119
<b>Medical</b>	25,187	<b>26,012</b>	+825	+3.3%	<b>28,000</b>	+1,987	<b>14,000</b>	+865
Japan	5,700	<b>5,889</b>	+188	+3.3%	<b>7,000</b>	+1,110	<b>3,000</b>	-150
Asia	4,891	<b>5,607</b>	+715	+14.6%	<b>6,000</b>	+392	<b>3,000</b>	+275
Americas	5,510	<b>5,341</b>	-169	-3.1%	<b>5,500</b>	+158	<b>3,000</b>	+311
Europe	9,084	<b>9,174</b>	+90	+1.0%	<b>9,500</b>	+325	<b>5,000</b>	+428
<b>Semiconductor</b>	53,300	<b>57,785</b>	+4,485	+8.4%	<b>55,000</b>	-2,785	<b>23,000</b>	-9,343
Japan	18,955	<b>20,208</b>	+1,252	+6.6%	<b>20,000</b>	-208	<b>9,000</b>	-1,531
Asia	24,786	<b>26,788</b>	+2,001	+8.1%	<b>25,000</b>	-1,788	<b>9,500</b>	-6,527
Americas	6,896	<b>6,956</b>	+59	+0.9%	<b>6,500</b>	-456	<b>3,000</b>	-918
Europe	2,661	<b>3,833</b>	+1,171	+44.0%	<b>3,500</b>	-333	<b>1,500</b>	-365
<b>Scientific</b>	26,117	<b>27,754</b>	+1,637	+6.3%	<b>30,000</b>	+2,245	<b>13,000</b>	+464
Japan	6,471	<b>7,275</b>	+803	+12.4%	<b>8,000</b>	+724	<b>4,000</b>	+454
Asia	7,312	<b>7,609</b>	+296	+4.1%	<b>8,000</b>	+390	<b>3,000</b>	+98
Americas	7,244	<b>7,117</b>	-127	-1.8%	<b>8,000</b>	+882	<b>3,500</b>	+173
Europe	5,088	<b>5,753</b>	+664	+13.1%	<b>6,000</b>	+246	<b>2,500</b>	-261
<b>Total</b>	195,399	<b>210,570</b>	+15,170	+7.8%	<b>218,000</b>	+7,429	<b>96,000</b>	-3,966
Japan	65,075	<b>65,986</b>	+910	+1.4%	<b>68,000</b>	+2,013	<b>34,500</b>	+658
Asia	56,993	<b>66,293</b>	+9,299	+16.3%	<b>67,000</b>	+706	<b>26,000</b>	-5,270
Americas	32,142	<b>33,283</b>	+1,141	+3.5%	<b>33,500</b>	+216	<b>15,000</b>	-488
Europe	41,187	<b>45,006</b>	+3,819	+9.3%	<b>49,500</b>	+4,493	<b>20,500</b>	+1,133

### 4. Capital Expenditures, Depreciation and R&D Expenses

Amount: millions of yen

	12/2017	12/2018	12/2019
	Result	Result	Forecast
	Capital Expenditures (*)	11,639	10,239
Depreciation	7,534	7,240	7,500
R&D Expenses	13,911	15,183	16,000

(Note) Capital Expenditures are investments in tangible and intangible fixed assets.

## 5. Consolidated Financial Results (Quarterly Comparison)

Amount: millions of yen

	12/2017 Result				12/2018 Result			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	45,668	41,660	44,961	63,109	52,696	47,270	46,063	64,539
Operating Income	6,185	3,516	4,911	12,221	9,199	4,857	3,819	10,961
<i>Operating Income Ratio</i>	13.5%	8.4%	10.9%	19.4%	17.5%	10.3%	8.3%	17.0%
Ordinary Income	6,041	3,528	4,780	12,258	8,968	4,763	3,786	10,798
<i>Ordinary Income Ratio</i>	13.2%	8.5%	10.6%	19.4%	17.0%	10.1%	8.2%	16.7%
Net Income attributable to Owners of Parent	3,778	2,681	4,325	5,496	6,114	4,388	2,970	8,840
<i>Net Income Ratio</i>	8.3%	6.4%	9.6%	8.7%	11.6%	9.3%	6.4%	13.7%
US\$	113.60	111.08	110.99	112.97	108.22	109.12	111.46	112.96
Euro	121.05	122.27	130.42	133.06	133.14	129.96	129.51	128.79

## 6. Consolidated Segment Results (Quarterly Comparison)

Amount: millions of yen

	12/2017 Result				12/2018 Result			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales								
Automotive	17,317	13,309	14,736	27,996	18,097	14,607	15,640	31,310
Process&Environmental	4,194	3,884	3,955	5,398	4,941	4,306	4,250	5,861
Medical	6,049	6,299	6,170	6,666	6,637	6,497	6,106	6,771
Semiconductor	12,261	12,497	13,837	14,703	16,468	15,875	13,058	12,384
Scientific	5,845	5,668	6,260	8,343	6,551	5,983	7,008	8,210
Total	45,668	41,660	44,961	63,109	52,696	47,270	46,063	64,539
Operating Income								
Automotive	2,103	65	114	5,396	2,610	(120)	(745)	5,958
Process&Environmental	173	147	100	672	681	187	314	844
Medical	469	383	383	682	552	452	308	511
Semiconductor	3,499	3,299	4,364	4,479	5,453	4,786	3,812	3,011
Scientific	(61)	(379)	(51)	991	(97)	(448)	131	635
Total	6,185	3,516	4,911	12,221	9,199	4,857	3,819	10,961

## 7. Consolidated Orders and Backlog Information (Quarterly Comparison)

Amount: millions of yen

	12/2017 Result				12/2018 Result			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders								
Automotive	17,338	19,589	22,284	23,085	18,890	22,952	22,017	20,842
Process&Environmental	3,741	4,505	5,013	4,954	4,366	4,775	4,856	5,756
Medical	6,669	6,284	6,077	6,870	7,203	6,095	6,208	6,302
Semiconductor	14,461	12,755	13,136	17,772	19,048	12,450	11,044	11,532
Scientific	5,153	6,023	7,545	8,516	6,540	5,938	7,635	7,157
Total	47,365	49,158	54,058	61,199	56,049	52,212	51,762	51,590
Backlog								
Automotive	48,959	55,239	62,787	57,876	58,669	67,014	73,391	64,690
Process&Environmental	3,870	4,491	5,549	5,105	4,530	4,998	5,604	5,498
Medical	4,046	4,031	3,938	4,141	4,707	4,305	4,408	3,939
Semiconductor	8,079	8,337	7,636	10,705	13,285	9,861	7,847	6,995
Scientific	8,326	8,681	9,966	10,139	10,128	10,083	10,709	9,656
Total	73,282	80,781	89,878	87,968	91,321	96,263	101,962	90,780

### Contact

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