

HORIBA, Ltd.

Financial Information

September 2016

Contents

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

[Disclaimer]

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Review of the First-Half of 2016

External Events

- ◆ Earthquakes in Kumamoto
- ◆ Brexit (U.K.'s decision to leave EU)
- ◆ Exhaust gas and fuel economy testing problems
- ◆ Appreciation of the yen

Internal Events

- ◆ “HORIBA BIWAKO E-HARBOR,” a new R&D /production base, opened in Shiga prefecture
- ◆ First-half results with the first inclusion of HORIBA MIRA performance since its acquisition
- ◆ Changed a revenue recognition policy in Jan. 2016: Shipment base → Delivery/installation base.

Review of the First-Half 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.



Aso Factory



Production Line

(Photos as of July 30)

Summary of the First-Half Results of 2016

Decline in sales and profit.

P&L

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

B/S

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

CF

- ◆ Operating CF: Cash in 5.9bn yen, due to growth in profit
 - ◆ Investing CF: Cash out 5.0bn yen, due to capital spending
 - ◆ Financial CF: Cash in 59mil yen, due to long-term borrowing
- } FCF +0.9 bn yen

2016 First-Half Results

(Billions of Yen)

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

※2015 results are restated numbers. The same shall apply hereinafter

2016 First-Half Results by Segment

(Billions of Yen)

	Sales			Operating profit		
	2015 First-Half	2016 First-Half	vs. 2015	2015 First-Half	2016 First-Half	vs. 2015
Auto	26.6	28.1	+1.4	2.9	0.5	-2.4
P&E	8.2	7.7	-0.4	0.9	0.8	-0.0
Medical	13.9	13.8	-0.1	1.3	1.5	+0.2
Semi	19.1	17.8	-1.2	5.1	4.4	-0.6
Scientific	13.1	12.3	-0.7	0.6	0.2	-0.3
Total	81.0	79.9	-1.1	11.0	7.7	-3.2

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Exchange rate forecast for 2016

(Yen)

	2015	2016					
	First-Half Results	Results				Forecast	Second Half Forecast
		Forecast as of May 11	1Q	2Q	First-Half Results		
USD	120.30	115	115.35	108.05	111.70	108	105
EUR	134.10	125	127.15	121.89	124.52	120	115

1 yen O.P. sensitivity for 2016 Forecast

USD 175 million yen

EUR 22 million yen

Market Overview for the Second-Half of 2016

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

Forecast for 2016

(Billions of Yen)

	2015	2016		
	Results	Forecast as of May 11	Revised Forecast	vs. Forecast as of May 11
Sales	171.9	175.0	170.0	-5.0
Operating profit	20.1	17.5	17.5	No change
O.P. %	11.7%	10.0%	10.3%	+0.3p
Ordinary profit	19.6	16.5	17.0	+0.5
Net Income attributable to Owners of Parent	13.2	10.8	10.8	No change
Net profit per share(Yen)	315	256	256	No change
ROE	10.6%	8.1%	8.1%	No change

Forecast for 2016 by segment

(Billions of Yen)

	Sales				O.P.			
	2015 Results	2016 Forecast as of May 11	2016 Revised Forecast	vs. Forecast as of May 11	2015 Results	2016 Forecast as of May 11	2016 Revised Forecast	vs. Forecast as of May 11
Auto	65.4	70.0	65.0	-5.0	5.2	5.0	4.0	-1.0
P&E	16.7	18.0	16.5	-1.5	1.7	1.5	1.3	-0.2
Medical	27.6	28.0	26.5	-1.5	2.5	2.0	2.5	+0.5
Semi	35.3	31.0	35.0	+4.0	9.4	7.5	8.7	+1.2
Scientific	26.7	28.0	27.0	-1.0	1.1	1.5	1.0	-0.5
Total	171.9	175.0	170.0	-5.0	20.1	17.5	17.5	No change

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First-Half Results and Forecast for 2016

(Billions of Yen)

2016 First-Half Results

- EMS** + Steady R&D investment by auto manufacturers
- MCT** - Decrease in sales and profit in Japan and EU
- ECT** + Incremental sales due to acquisition of MIRA

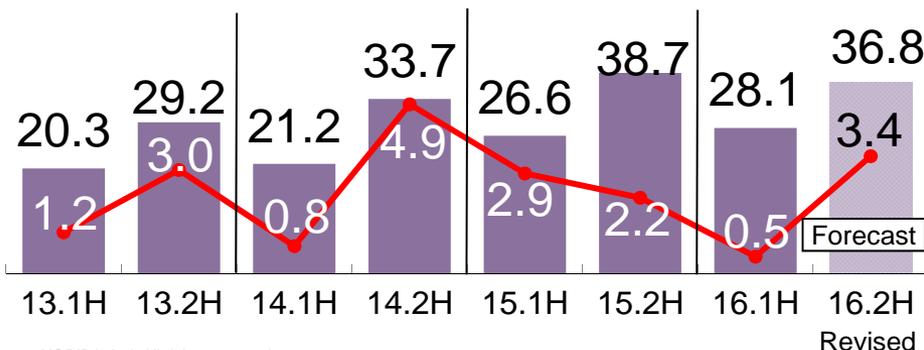
	2016 First-half results Sales(prior year)
EMS	18.3 (18.2)
MCT	5.0 (7.8)
ITS	0.7 (0.7)
ECT	3.9 (-)

2016 Full-Year Forecast

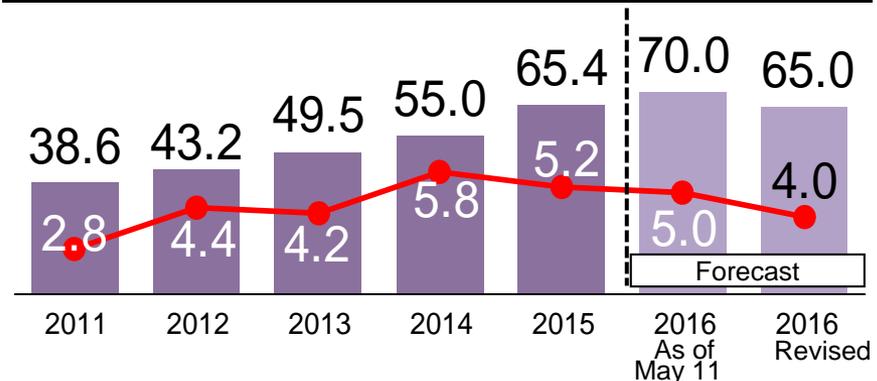
- EMS** + Sales to grow toward year-end
- MCT** - Downward revision. Expect a rebound in 2017
- ECT** - Sales decrease in yen terms.

	2016 Full-year Forecast Sales(prior year)
EMS	41.5 (39.7)
MCT	14.0 (19.7)
ITS	1.5 (1.6)
ECT	8.0 (4.2* half year)

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



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



EMS Business

Solid sales in Japan (automakers, parts makers)

➡ Steady investment in Japan

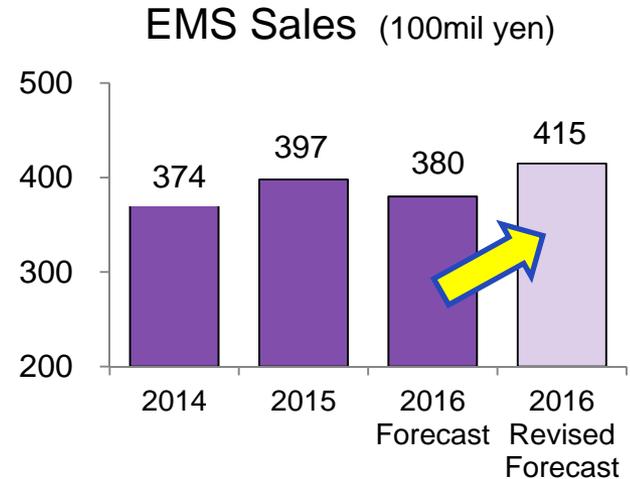
WLTP*(unified emission regulations by the UN)

➡ 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



Automotive testing laboratory

Auto

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



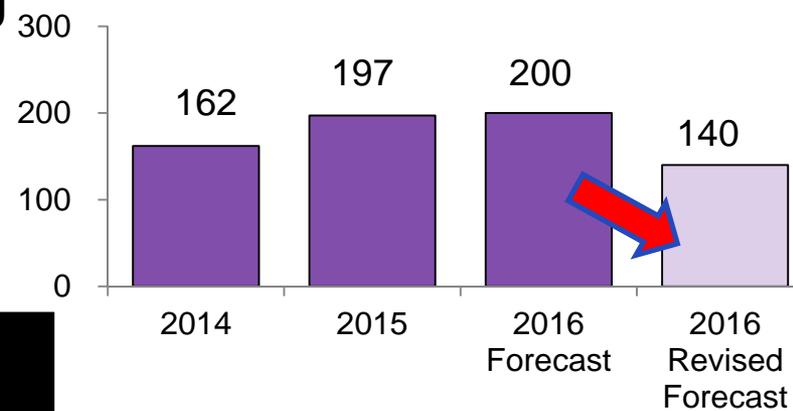
MCT Business (Mechatronics)

- 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

From 2017

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

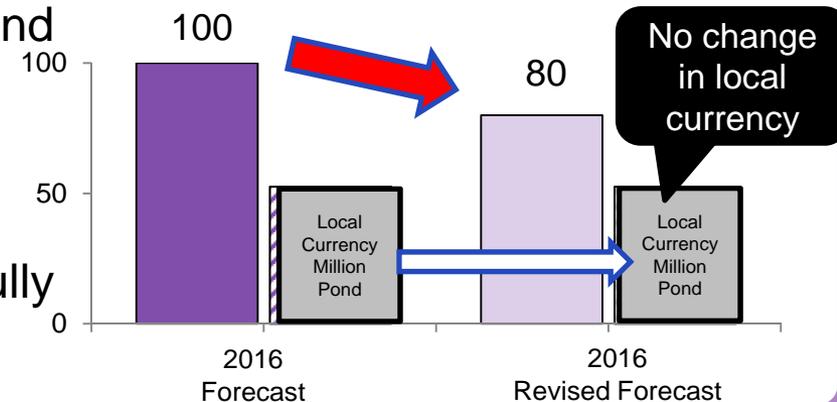
MCT Sales (100mil yen)



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

ECT Sales (100mil yen)

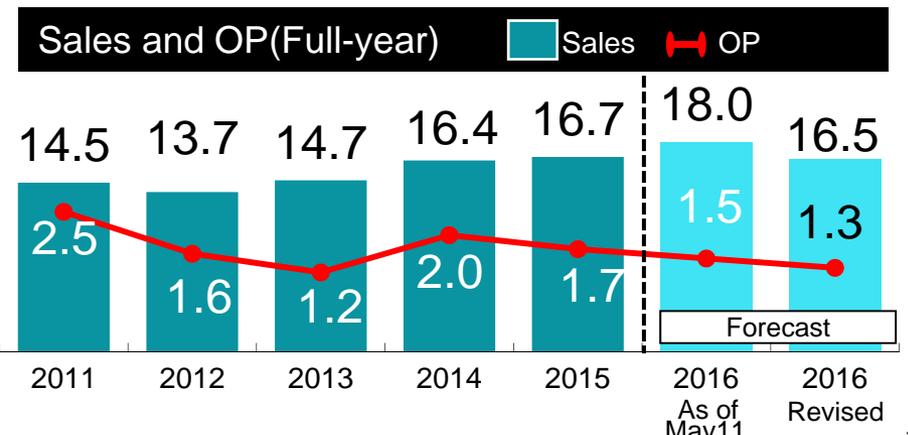
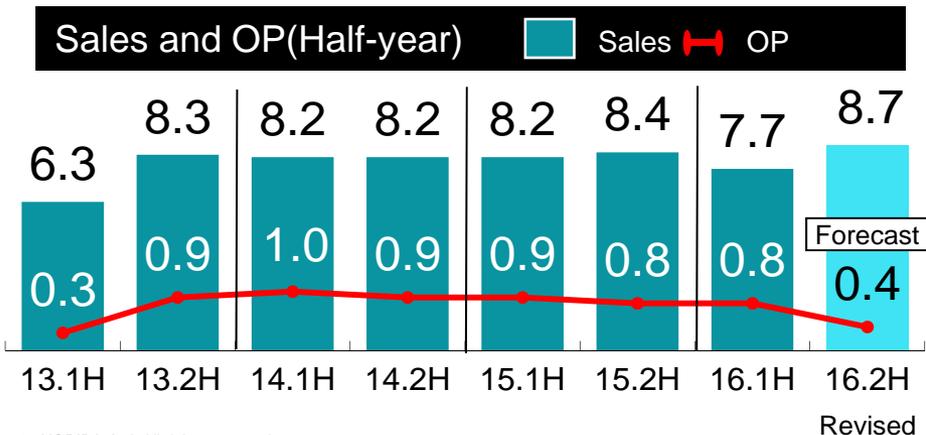


2016 First-Half Results

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

2016 Full-Year Forecast

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



Shift from product sales to system sales

Expand business opportunity by providing business solutions

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

Oil refining/
petrochemical
plant makers



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



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

Hydrocarbon Analyzer



Application

THC, NMHC, and CH₄ in
ambient air

First-Half Results and Forecast for 2016

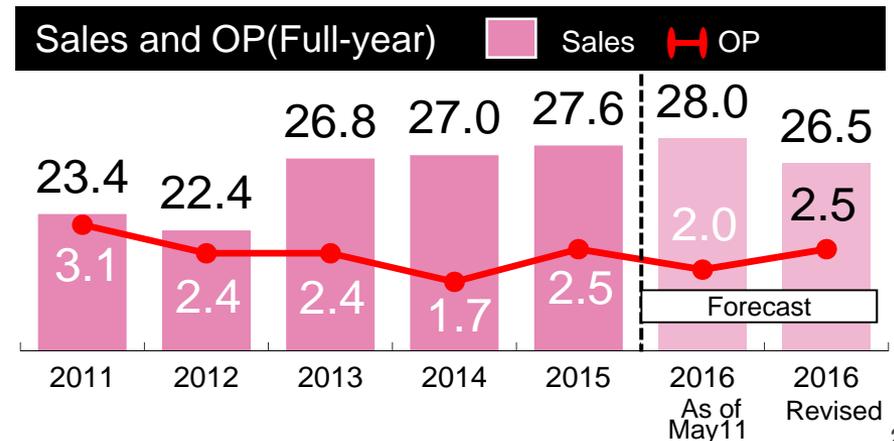
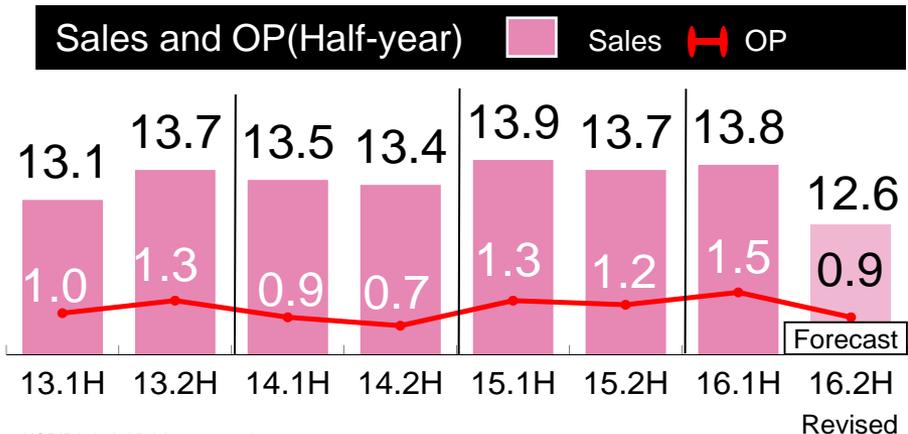
(Billions of Yen)

2016 First-Half Results

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

2016 Full year Forecast

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



Accelerating product development

Accelerating development
by sharing technology of HORIBA bases in Japan and France



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

“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

Medical Expanding product line-up

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



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

Alliance with Tosoh Corporation to sell HbA1c measuring devices in Japan



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

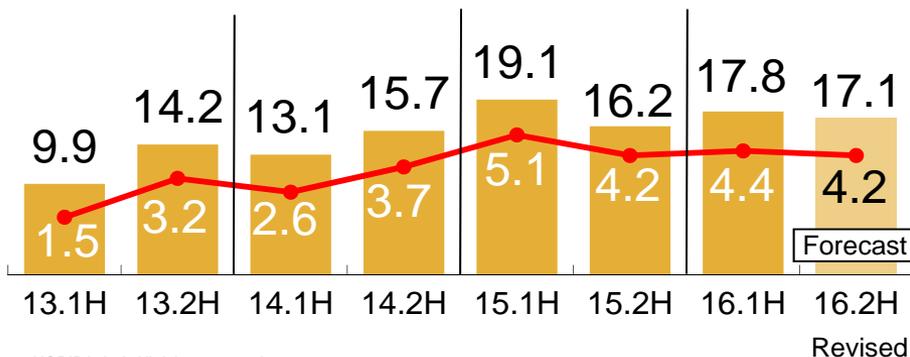
2016 First-Half Results

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

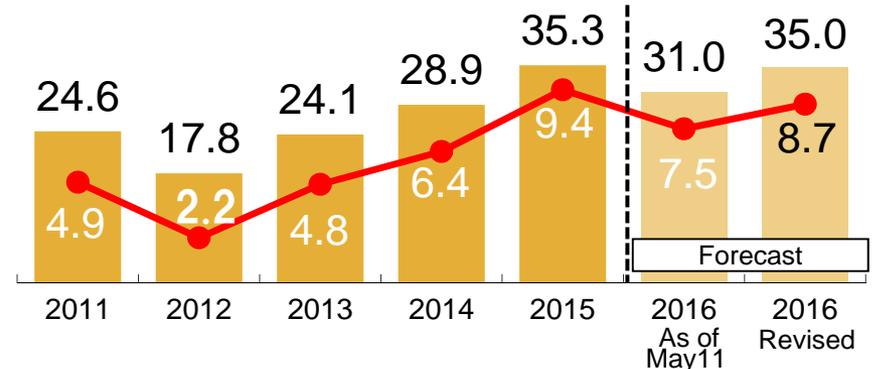
2016 Full-Year Forecast

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

Sales and OP(Half-year) Sales OP



Sales and OP(Full-year) Sales OP



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

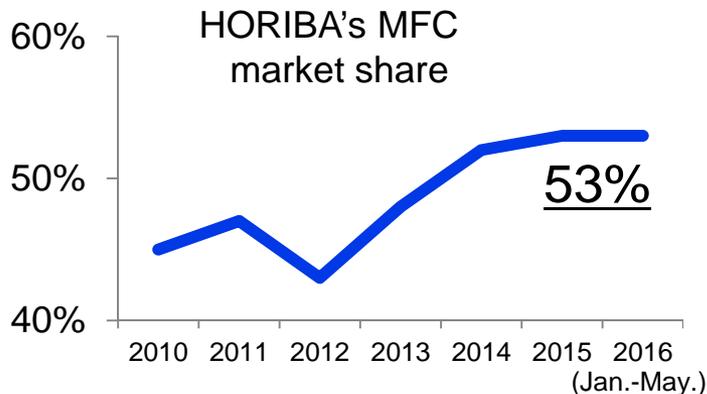
Purpose: Improve production capacity of MFC

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



Signing ceremony with Nishihara-mura (at Kumamoto prefectural office on July 30)

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"

First-Half Results and Forecast for 2016

(Billions of Yen)

2016 First-Half Results

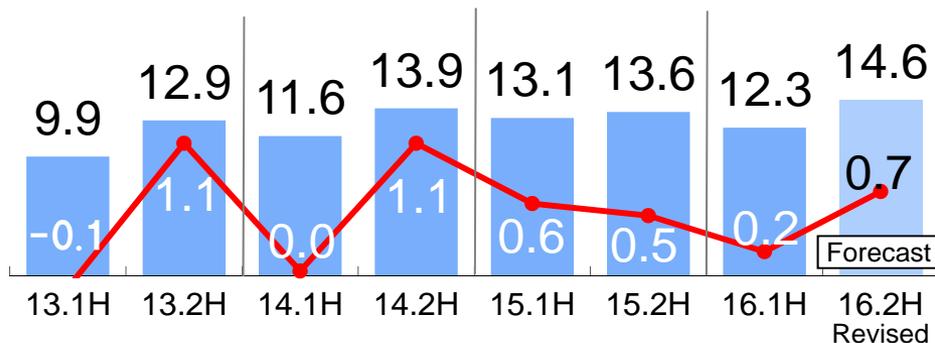
- Sales decrease in yen terms due to the appreciation of yen
- Weak sales to universities in U.S.

2016 Full-Year Forecast

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

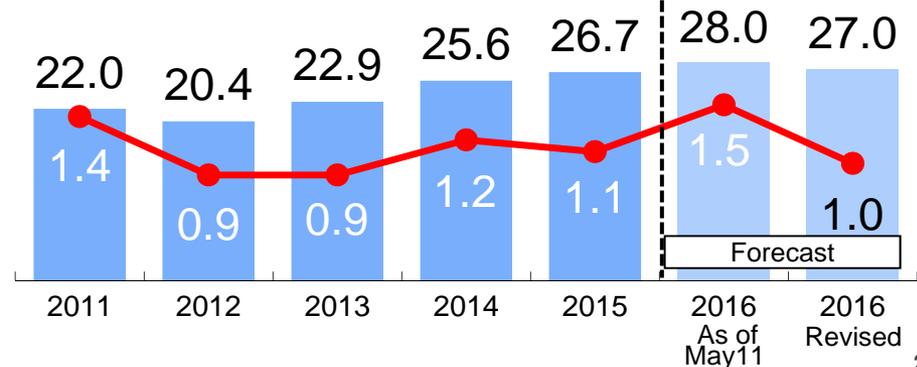
Sales and OP(Half-year)

Sales OP



Sales and OP(Full-year)

Sales OP



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.

Water

Focus on the measurement of "Water"

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

Jan. 2017

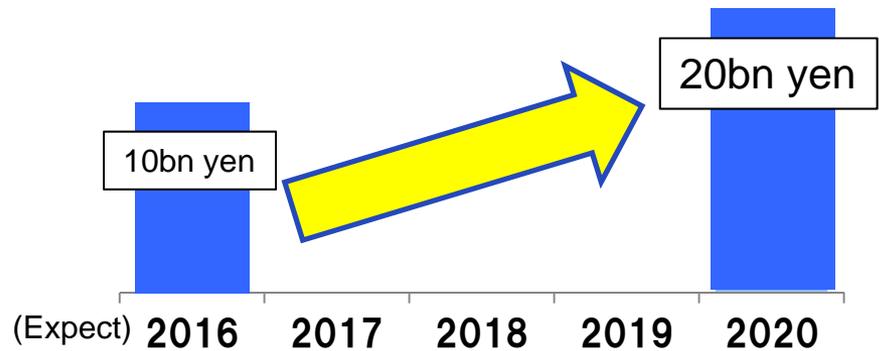
The water business of HORIBA, Ltd. will be succeeded to

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

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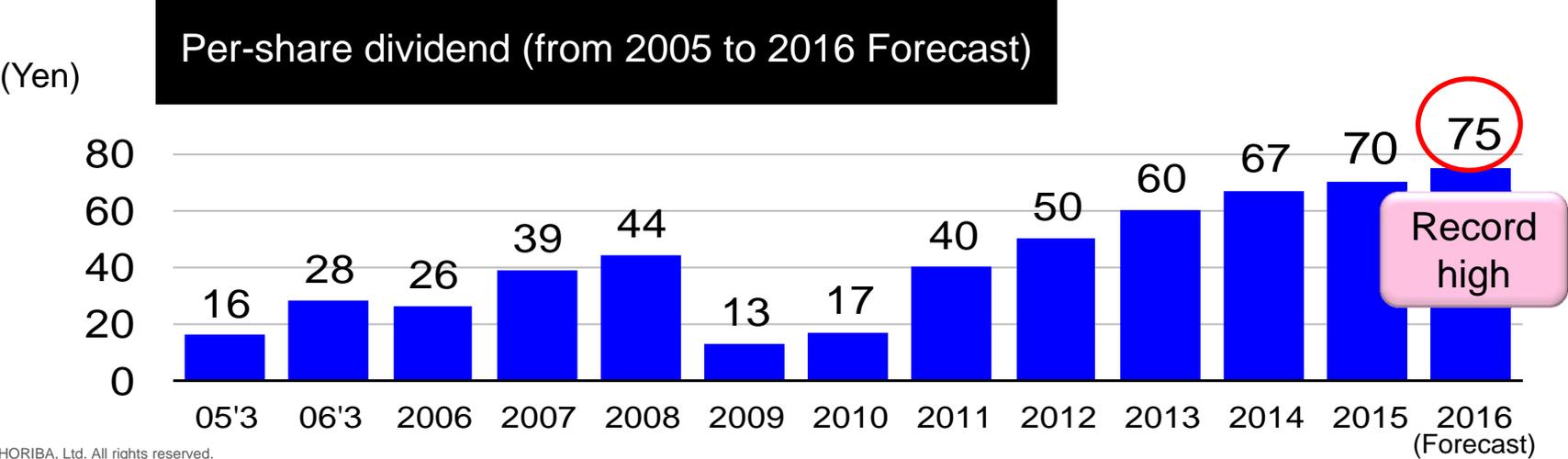
Shareholder Return

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 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)**



Symbol of MLMAP2020



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

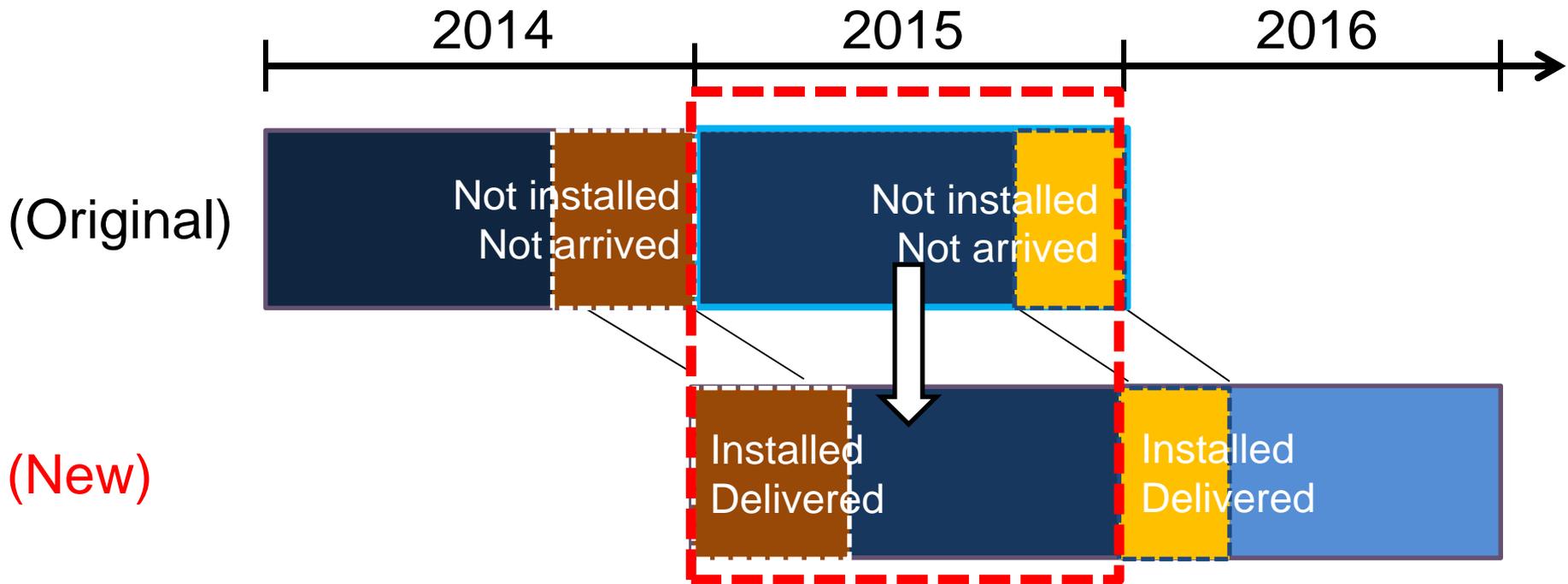
Step out of the existing business fields and pursue further expansion.
Take a new perspective and overcome technological/market/organization barriers.
Be flexible, think outside the box, and move up to the next stage.

Thank you very much for your attention.

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Changed the accounting policy for revenue recognition



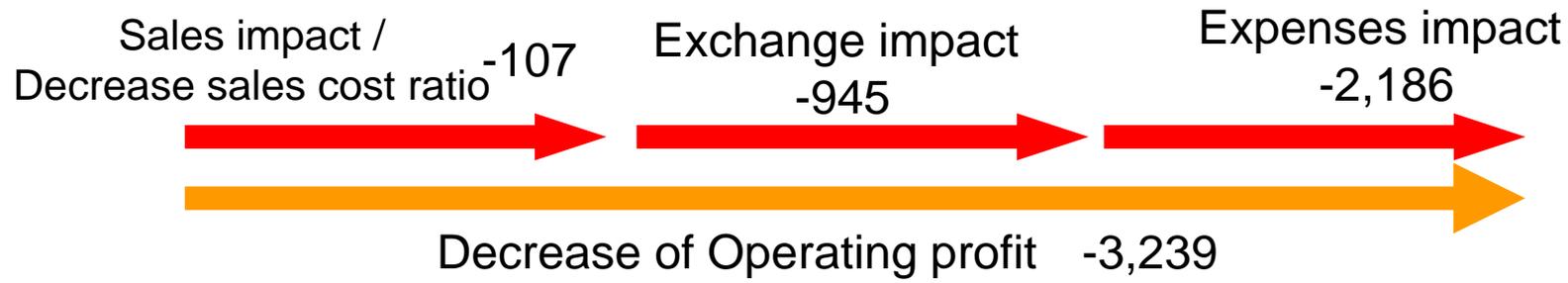
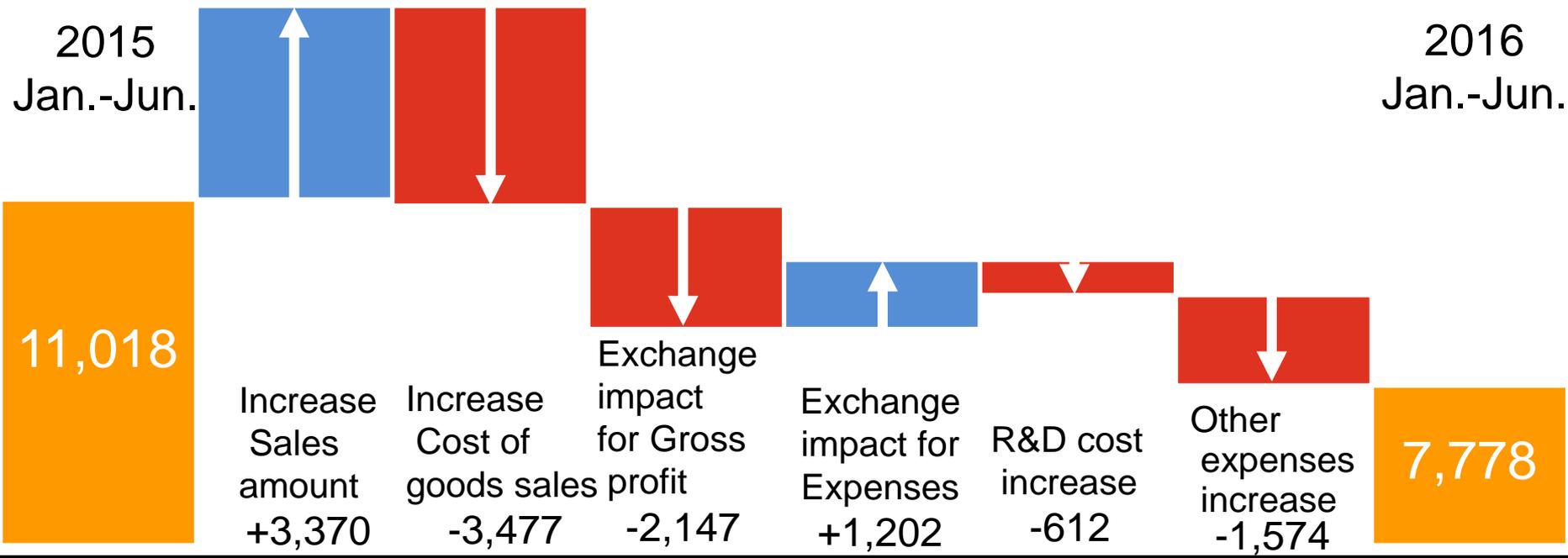
Changed points: Original Shipment base
 New The date of delivery or installation based on contractual arrangements

Applied timing: January 2016

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

Operating profit analysis (vs. 2015)

(Millions of Yen)



Capital Investment, Depreciation, R&D

(Billions of Yen)

		2015	2016 Forecast			2015 First-Half	2016 First-Half
		Results	Previous Forecast	Revised Forecast	vsPrevious Forecast		
	PP&E	14.9	16.3	15.3	-1.0	6.8	5.6
	Intangibles	1.4	0.7	0.7	No change	0.6	0.2
Capital Investment		16.3	17.0	16.0	-1.0	7.4	5.8
Depreciation		6.1	7.0	6.5	-0.5	2.6	3.2
R&D		12.3	14.0	13.0	-1.0	5.9	6.3
(To net sales)		7.2%	8.0%	7.6%	-0.4p	7.6%	7.9%

Consolidated Cash Flows

(Millions of yen)

	2015 First-Half	2016 First-Half	Variation
Cash flows from operating activities	10,103	5,987	-4,116
Cash flows from investing activities	-7,974	-5,071	2,902
Cash flows from financing activities	-2,313	59	2,373
Cash and cash equivalents at end of year	51,047	47,719	-3,328
Free cash flows	2,129	915	-1,214

Impact of fluctuation in foreign exchange

Exchange rate impact for 2016 Forecast

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

Sales

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

Operating Profit

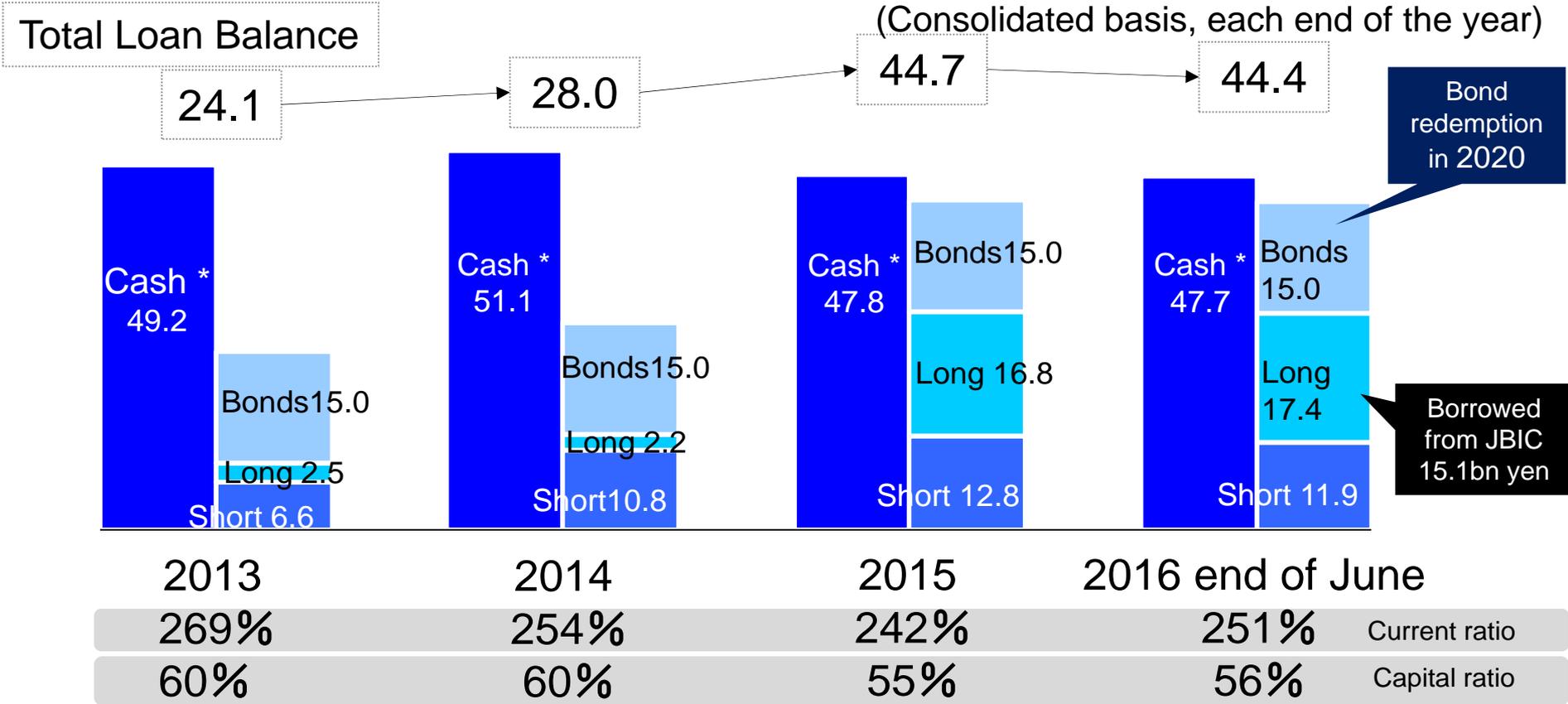
- USD -175 millions of yen
- EUR -22 millions of yen
- GBP -1 millions of yen

Exchange rate impact (2016 First-Half Results)

(Millions of Yen)	Sales			Operating Profit		
	Total	USD	EUR	Total	USD	EUR
Auto	-1,529	-303	-398	21	-76	35
P&E	-303	-126	-60	-105	-32	-18
Medical	-942	-260	-429	-127	-45	43
Semi	-1,002	-582	-51	-690	-476	-44
Scientific	-692	-349	-262	-43	-22	-4
Total	-4,470	-1,623	-1,202	-945	-654	10

Cash Balance

(Billions of yen)



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

Cash*...Cash and Cash Equivalents at End of Period

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Corporate Profile

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

Atsushi Horiba
President & CEO



.....

- Corporate motto -

JOY and FUN

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



Business Segments



Automotive Test Systems

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



Process & Environmental

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



Medical

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



Semiconductor

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



Scientific

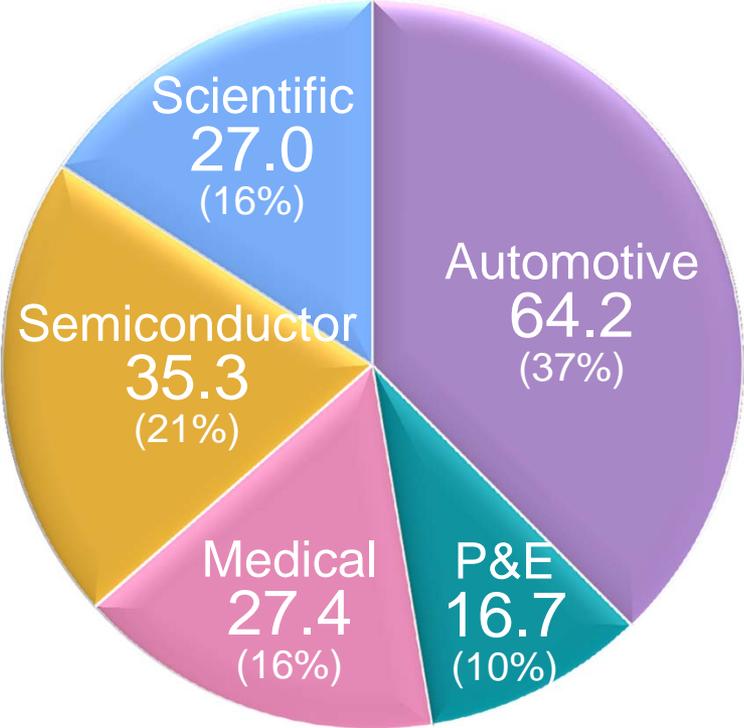
- Synergy of HORIBA and HORIBA Jobin Yvon's Technologies
- Raman, Grating, and Fluorescence



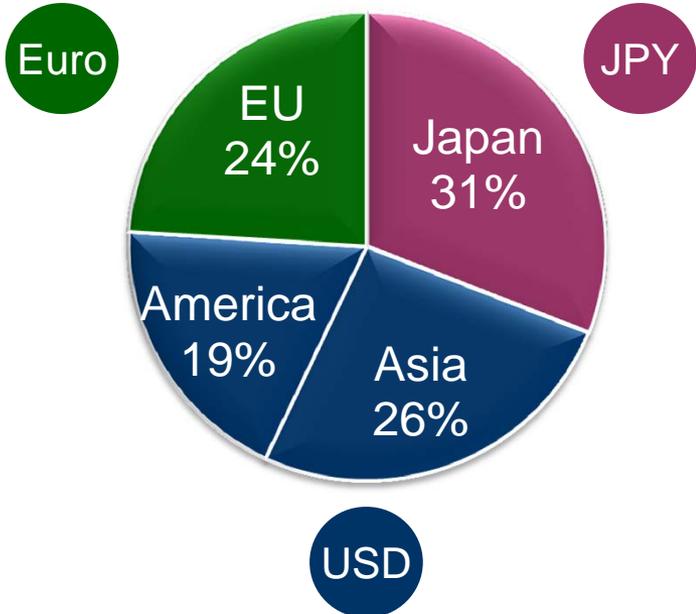
Well Balanced Business Operation -Five Business Segments-

Business & Geographic Composition of Sales(2015)

Sales 170.8 Billions of Yen



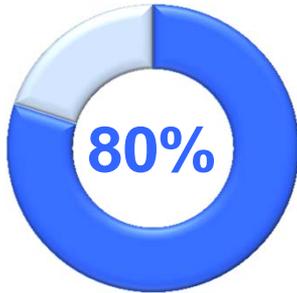
(Billions of Yen)



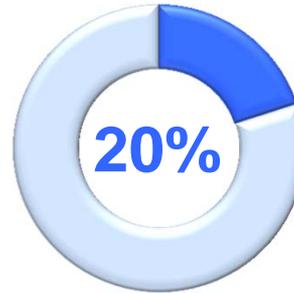
Reduce Country Risk and Exchange Risk

Global Market Share

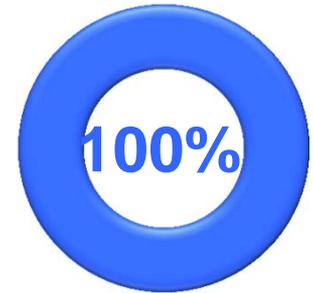
Emission Measurement Systems



Stack Gas Analyzers

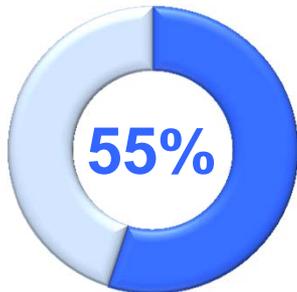


Automatic Blood Cell Counter plus CRP

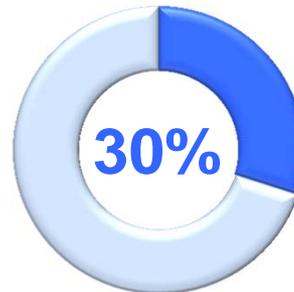


(Only in Japan)

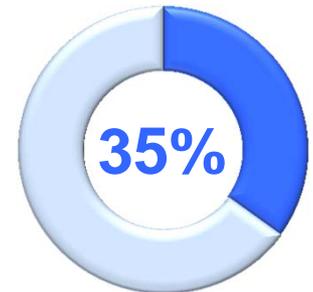
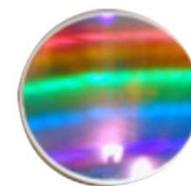
Mass Flow Controllers



Raman Spectrophotometers



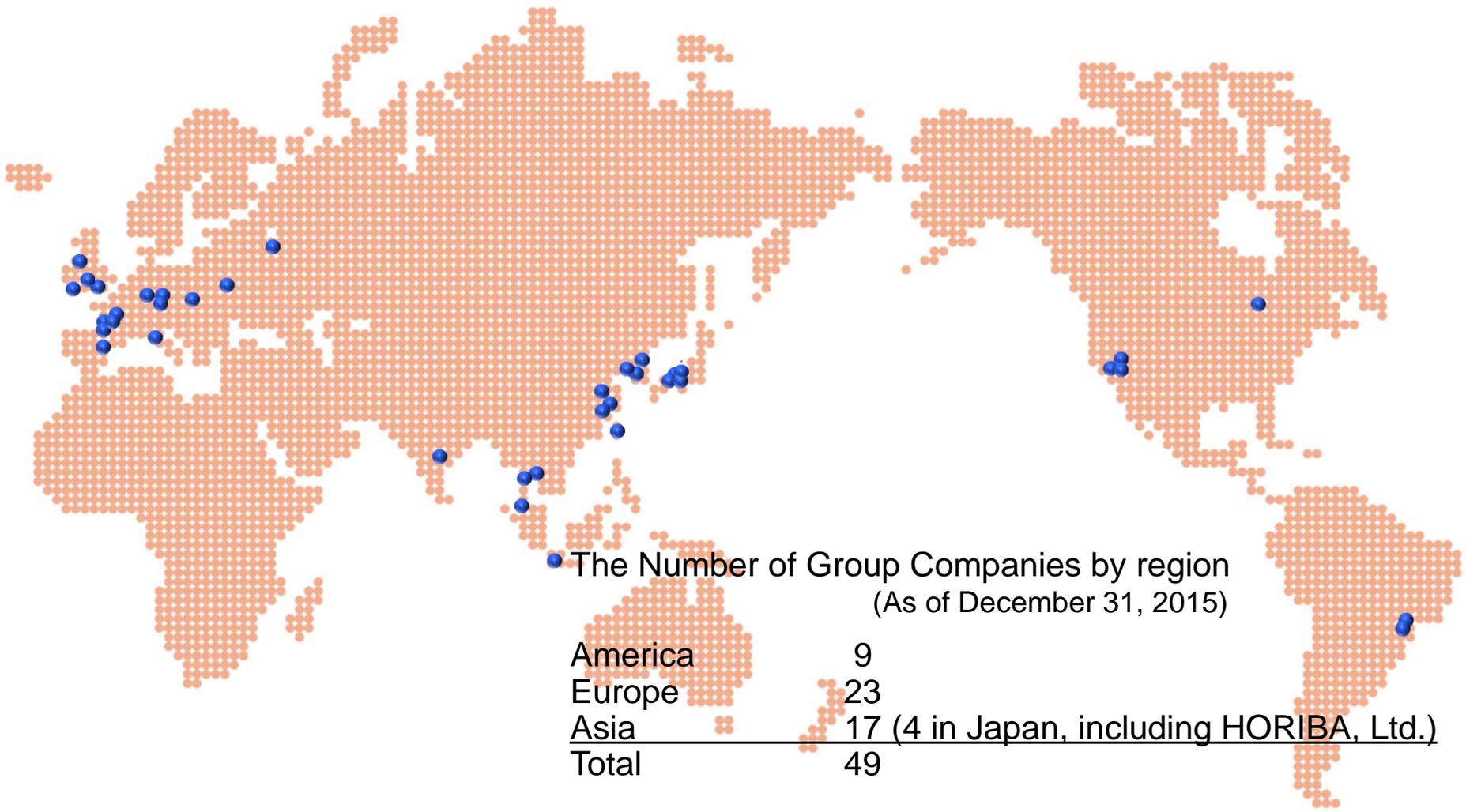
Gratings



※Market shares quoted are estimates by HORIBA.

HORIBA Worldwide

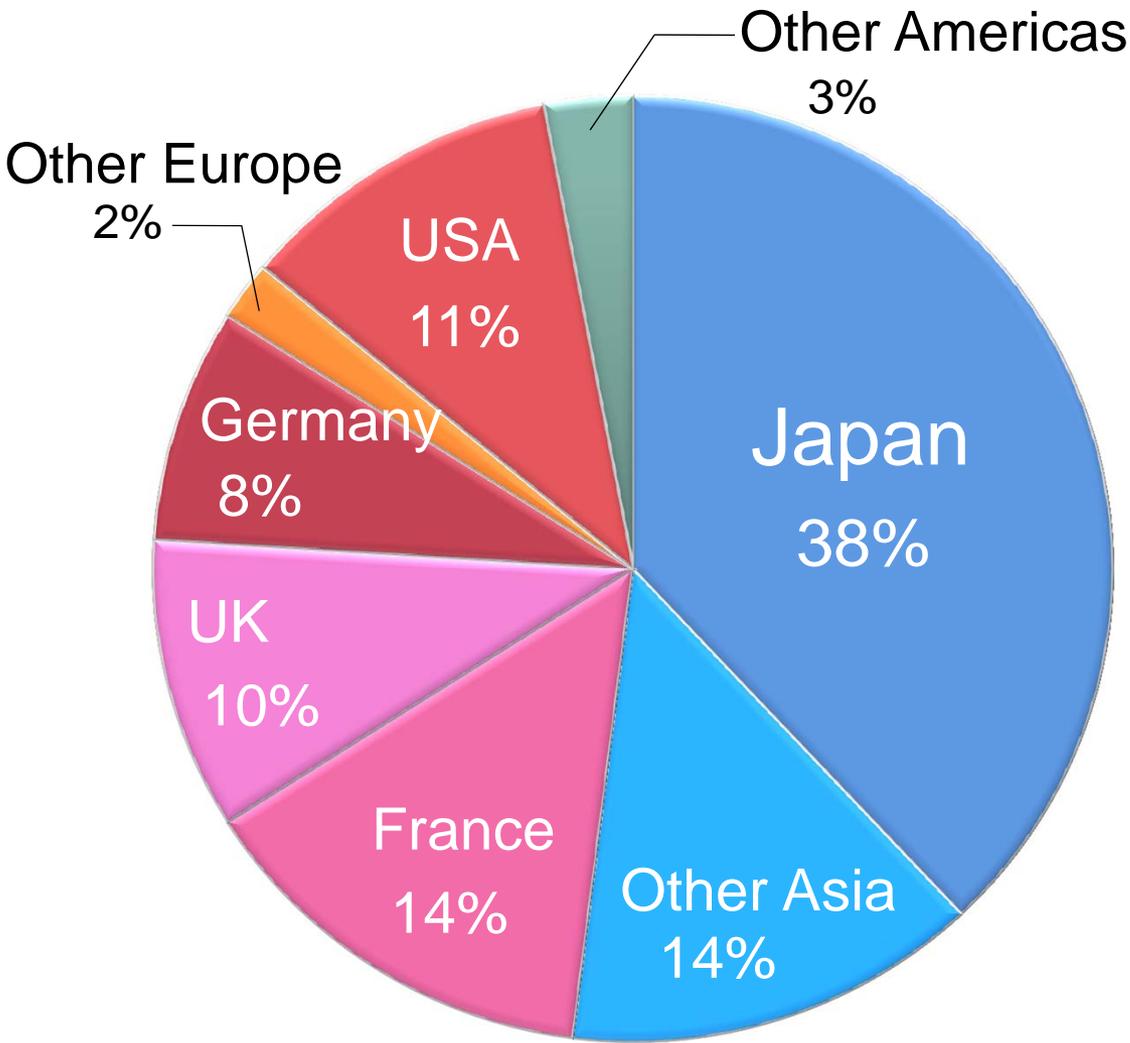
Sales of FY2015: 170.8 BJPY



• The Number of Group Companies by region
(As of December 31, 2015)

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

Employees by Region



Total Number of Employees
6,831

Total Asia: 3,545
52%

Total Europe: 2,356
34%

Total Americas: 930
14%

Thank you very much for your attention.