

HORIBA, Ltd.

Nomura Investment Forum 2015

December 4, 2015
Palace Hotel, Tokyo

Contents

- 2015 Nine Months Results
- 2015 Full Year Forecast
- Acquisition of MIRA Ltd.
- Business Segment Outline
- Other Topics
- Corporate Profile

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Results for the First Nine Months of 2015 (Jan. - Sep.)

(Billions of Yen)

Sales	2014	2015	2014 vs 2015	2014	2015	2014 vs 2015
	9 months	9 months		Full year Results	Full Year Forecast	
Auto	32.2	37.8	+17.5%	55.0	66.5	+20.9%
Medical	19.7	20.5	+4.3%	27.0	28.0	+3.6%
Semi	19.9	27.6	+38.8%	28.9	35.0	+21.0%
Scientific	17.3	18.8	+8.8%	25.6	28.0	+9.3%
P&E	11.7	11.8	+0.5%	16.4	17.5	+6.3%
Total	101.0	116.8	+15.7%	153.0	175.0	+14.3%

O.P.	2014	2015	2014 vs 2015	2014	2015	2014 vs 2015
	9 months	9 months		Full year Results	Full Year Forecast	
Auto	1.3	0.7	-44.9%	5.8	5.2	-10.8%
Medical	1.0	1.8	+87.3%	1.7	2.0	+16.5%
Semi	4.0	7.5	+87.5%	6.4	9.0	+39.4%
Scientific	-0.0	0.4	-	1.2	1.3	+7.8%
P&E	1.4	1.1	-20.9%	2.0	1.5	-25.3%
Total	7.8	11.8	+51.5%	17.2	19.0	+10.4%

First nine months of 2015

Automotive
Sales and one-time expenses increased due to the acquisition of MIRA Ltd.

Medical
Strong sales of the new product, launched in Japan in March, contributed to favorable sales.

Semi
Sales to production equipment manufacturers increased.

Scientific
Sales to the private sector in the Americas were robust.

P&E
Sales of stack gas analyzers decreased in Japan and China.

Quarterly Results and Forecast (2014 – 2015)

(Billions of Yen)

Sales	2014					2015				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q Forecast	Full Year Forecast
Auto	9.3	11.9	10.9	22.7	55.0	11.9	11.9	13.9	28.6	66.5
Medical	6.7	6.8	6.1	7.2	27.0	7.1	6.5	6.8	7.4	28.0
Semi	7.3	5.8	6.7	8.9	28.9	10.2	8.8	8.6	7.3	35.0
Scientific	5.6	6.0	5.7	8.2	25.6	6.5	6.1	6.2	9.1	28.0
P&E	4.3	3.9	3.5	4.6	16.4	4.1	4.0	3.6	5.6	17.5
Total	33.3	34.5	33.1	52.0	153.0	40.0	37.5	39.2	58.1	175.0

O.P.	2014					2015				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q Forecast	Full Year Forecast
Auto	0.9	-0.0	0.4	4.5	5.8	1.0	0.4	-0.7	4.4	5.2
Medical	0.4	0.5	0.0	0.7	1.7	0.7	0.4	0.7	0.1	2.0
Semi	1.5	1.0	1.3	2.4	6.4	2.7	2.4	2.4	1.4	9.0
Scientific	-0.2	0.3	-0.0	1.2	1.2	0.2	0.0	0.0	0.8	1.3
P&E	0.6	0.4	0.3	0.5	2.0	0.6	0.3	0.2	0.3	1.5
Total	3.3	2.2	2.1	9.4	17.2	5.3	3.6	2.7	7.1	19.0

3Q (Jul.-Sep.)
Automotive
 Recorded expenses associated with the acquisition of MIRA Ltd. and the relocation to a new factory in Shiga Prefecture.

4Q(Oct.-Dec.)
Medical
 Expect continued favorable sales of the new product.

Semi
 Demand from Semi production equipment manufacturers is likely to decline.

Temporary expenses in 3rd Quarter (Jul. – Sep.)

(Millions of Yen)

Expenses associated with the acquisition of MIRA Ltd. and the relocation of development and production base to new factory

		2015		
		Jul. - Sep. Results	Oct. - Dec. Forecast	Full Year Forecast
Acquisition of MIRA Ltd. (Auto)	Acquisition expenses	550	40	590
	Depreciation expenses (including goodwill)	110	110	220
	Total	660	150	810
Relocation of new factory (Auto / P&E)	moving expenses	120	470	590
	Depreciation expenses	80	230	310
	Total	200	700	900

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Exchange rate forecast for 2015

(Yen)

	2014	2015				
	First-Half Results	Results			Revised Forecast	
		Forecast as of Aug. 5	1Q	2Q		3Q
USD	102.46	120	119.16	121.44	122.34	120
EUR	140.42	130	134.00	134.20	136.02	135

1 yen O.P. sensitivity for 2015 Forecast

USD 151 million yen

EUR 22 million yen

Forecast for 2015

(Billions of Yen)

	2014	2015			
	Results	Forecast as of Aug. 5	Revised Forecast	vs. 2014	vs. Forecast as of Aug. 5
Sales	153.0	175.0	● 175.0	+21.9	-
Operating profit	17.2	19.0	● 19.0	+1.7	-
O.P. %	11.2%	10.9%	10.9%	-0.3p	-
Ordinary profit	16.4	18.5	● 18.5	+2.0	-
Net profit	10.5	12.0	● 12.3	+1.7	+0.3
Net profit per share(Yen)	250	284	● 291	+41	+7
ROE	8.9%	9.4%	9.6%	+0.7p	+0.2p

● → Record high

Forecast for 2015 by segment

(Billions of Yen)

	Sales				O.P.			
	2014 Results	2015 Forecast as of Aug. 5	2015 Revised Forecast	vs. 2014 Results	2014 Results	2015 Forecast as of Aug. 5	2015 Revised Forecast	vs. 2014 Results
Auto	55.0	66.5	● 66.5	+11.4	5.8	5.2	5.2	-0.6
Medical	27.0	28.0	● 28.0	+0.9	1.7	2.0	2.0	+0.2
Semi	28.9	35.0	● 35.0	+6.0	6.4	9.0	● 9.0	+2.5
Scientific	25.6	28.0	● 28.0	+2.3	1.2	1.3	1.3	+0.0
P&E	16.4	17.5	● 17.5	+1.0	2.0	1.5	1.5	-0.5
Total	153.0	175.0	● 175.0	+21.9	17.2	19.0	● 19.0	+1.7

● → Record high

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Overview of MIRA Ltd.

<u>Business</u>	<ol style="list-style-type: none">1. Engineering Consultancy2. Testing Services & Consultancy3. MIRA Technology Park (Lease R&D facilities)
<u>Results</u>	Sales:46.1MGBP(2014 Results) O.P.:1.1MGBP(2014 Results)
<u>Employees</u>	518 (As of December 31, 2014)
<u>Established</u>	1946
<u>Form</u>	Company limited by guarantee: CLG
<u>Head office</u>	Nuneaton, Warwickshire, UK
<u>Main sites</u>	UK, China, India, Brazil

Core business streams

Engineering Consultancy

◆ Sales:20MGBP Number of employee:240

- ✓ Design and development for vehicle driving performance
(Brake performance, electromagnetic compatibility performance)
- ✓ Development services utilizing automatic driving and remote control technology

Testing Services & Consultancy

◆ Sales:22MGBP Number of employee:180

- ✓ Testing and homologation services for collision safety, electromagnetic compatibility, functional safety and other vehicle related performance
- ✓ MIRA has the capability for a range of type approval testing, delegated by public authority

MIRA Technology Park (Lease R&D facilities)

◆ Sales:3MGBP Number of employee:20

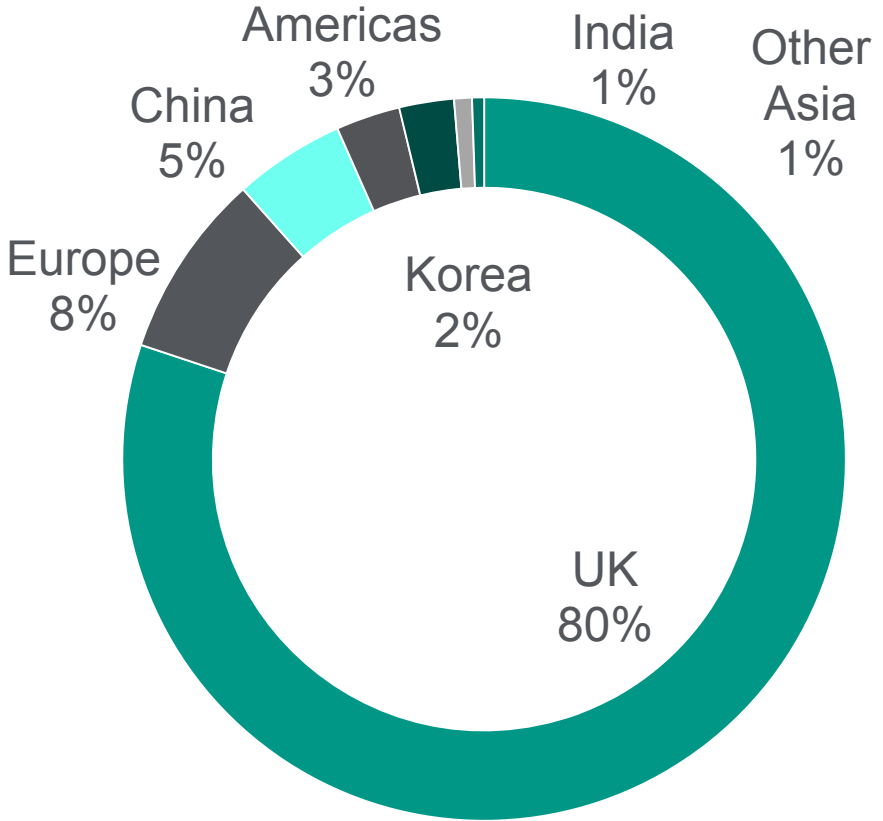
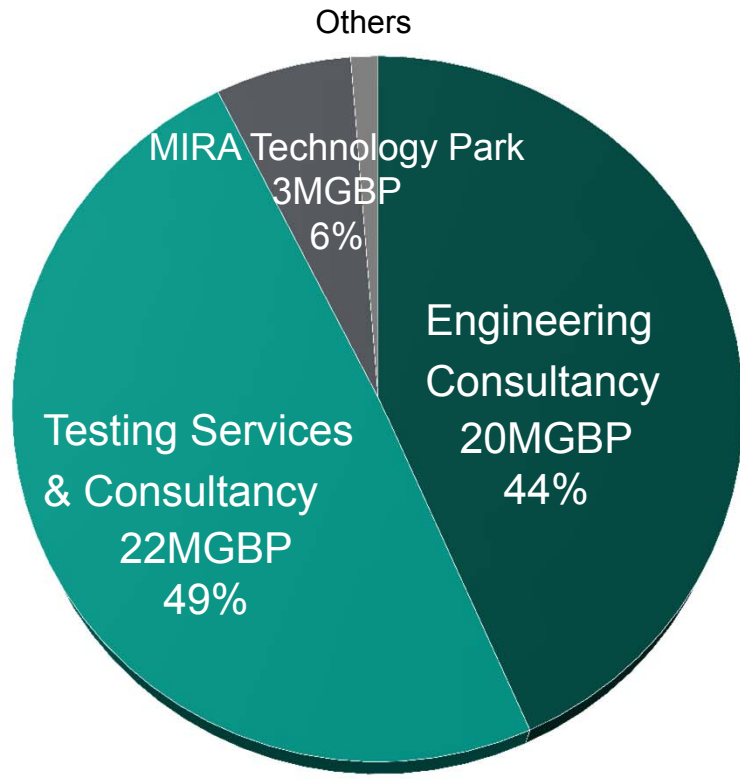
- ✓ Rent R&D facilities to 30 Auto/Auto related company
- ✓ Granted Enterprise Zone* status by the UK government

* Enterprise Zones
A Companies in Enterprise Zones have access to a number of benefits, including tax concessions and grants

2014 Results

Sales by Business field

Sales by Region



Total Sales:46.1MGBP

Engineering Consultancy

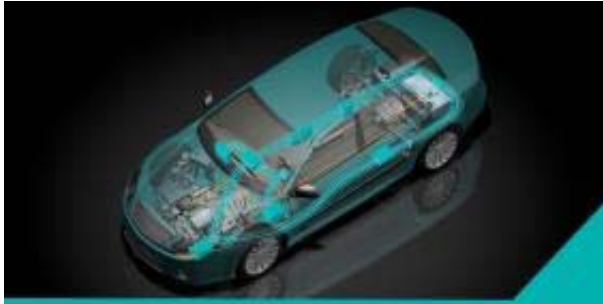
It could cover all domains of Vehicle R&D



Vehicle Engineering



Controls & Next generation EV



Functional Safety



Future Transport Technologies

MIRA Technology Park

Various experiments using a large test course

MIRA Technology Park
30 customers

Test Site
"35" Test Site
Wind Tunnels(3)/EMC(9)/Crash lab/NVH Chassis/Battery test

Proving ground

- Performance(4.5km)
- Off road
- Wet surface
- City Circuit
- Noise-Generating
- Ride & Durability

Transmission test
Braking systems
Tire development
Durability

1km

MIRA Technology Park

Key Aspects:

- Renting space to customers who want to be on site, ranging from day rates for workshop units to long term leases for bespoke dedicated R&D facilities
- Total number of tenants:30
- Locations: UK

Key Customers & Markets:

- Major OEM's and Tier One suppliers from around the world
- Tenants are attracted from global companies that want to access European technology and the European transportation market



Location of MIRA

MIRA was strategically located in the Midlands, the center of the UK automotive industry

This area is famous for advanced vehicle engineering incl. F1 teams, and many skilled resource.

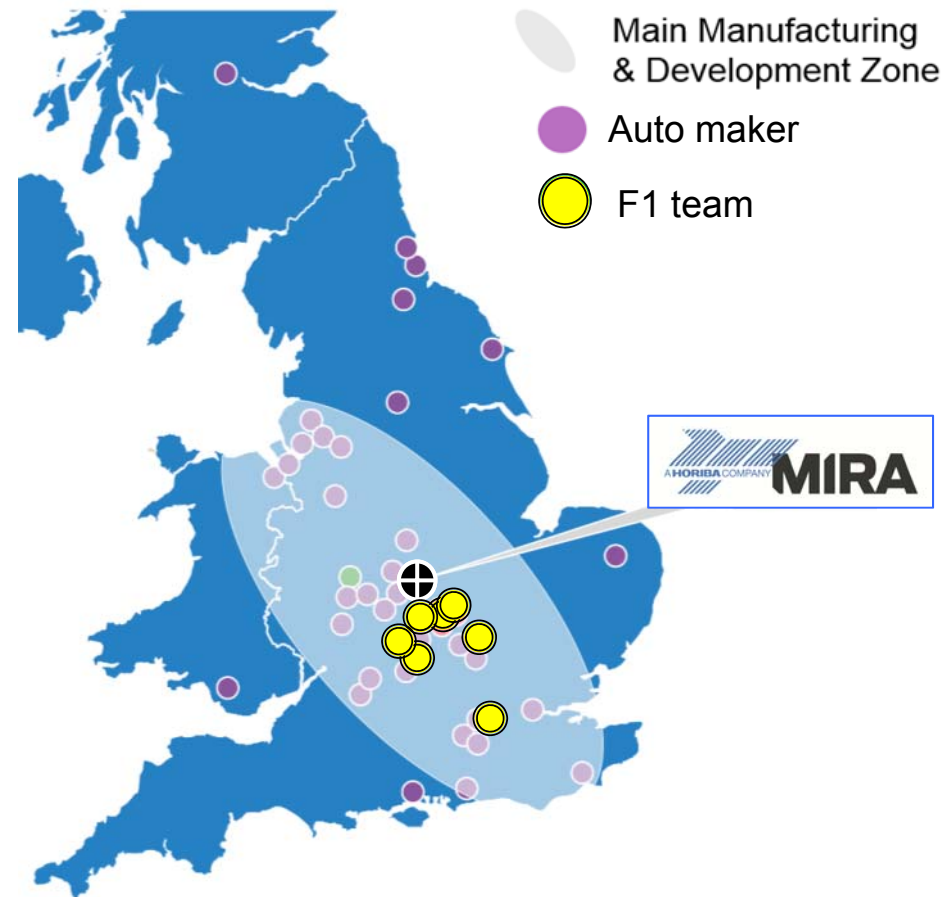
(Mercedes, McLaren, Lotus, Williams etc.)

Independent from any automotive manufacturers

Strong support from UK and local government

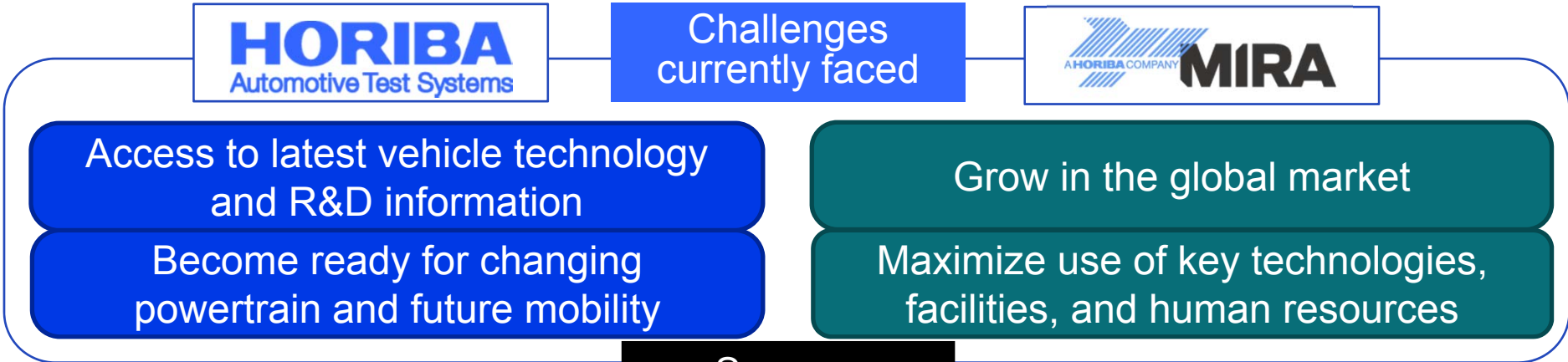
Major customers

Aston Martin, Ford, Jaguar Land Rover, HKMC (Hyundai Kia Motor Company) and Japan Auto maker



Future vision of HORIBA, Ltd. and HORIBA MIRA Ltd.

Shared Vision: **Contribute to Global Sustainable Mobility**



Synergy	
HORIBA Automotive Test Systems	MIRA A HORIBA COMPANY
Short term	Short term
Create added value in EMS/MCT business	Utilize HORIBA's advanced measurement devices so as to benefit each business
Enhance software development and accumulate R&D-related information	
Long term	Long term
Expand the Automotive business domain	Grow in the global market
Develop next-generation mobility systems	Expand the customer base

Expand business portfolio

Provide comprehensive solution of Automotive R&D

	Ems Cert.	Engine R&D	PWT* R&D	Vehicle R&D
Tools (EMS/MCT)	HORIBA	HORIBA	HORIBA	HORIBA
Process (Software)	HORIBA	HORIBA	HORIBA	
Engineering Consulting	HORIBA	HORIBA		



	Ems Cert.	Engine R&D	PWT R&D	Vehicle R&D
Tools (EMS/MCT)	HORIBA	HORIBA	HORIBA	HORIBA
Process (Software)	HORIBA	HORIBA	HORIBA MIRA	MIRA
Engineering Consulting*	HORIBA	HORIBA	MIRA	MIRA

	Ems Cert.	Engine R&D	PWT R&D	Vehicle R&D
Tools (EMS/MCT)				
Process (Software)			MIRA	MIRA
Engineering Consulting			MIRA	MIRA

*PWT: Powertrain

Financial impact of acquisition of MIRA Ltd.

Acquisition cost : Approx. 15.5bn yen

- Acquisition by cash (Temporary expenditure)
- Borrowed from JBIC (Japan Bank for International Cooperation) in Sep 2015:75.6mil USD

Goodwill : Approx. 3.5bn yen
 (2015 Second-Half forecast 0.3bn yen
 = Goodwill:5 years, Invisible assets:10 years)

Impact to Automotive business :

Sales +4.5bn yen (2015 Second-Half Forecast)
 O.P. -0.4bn yen (2015 Second-Half Forecast)



*EMS: Emission Measurement Systems *MCT: Mechatronics
 *ITS: Intelligent Transportation System *ECT: Engineering Consultancy & Testing
 (Billions of Yen)

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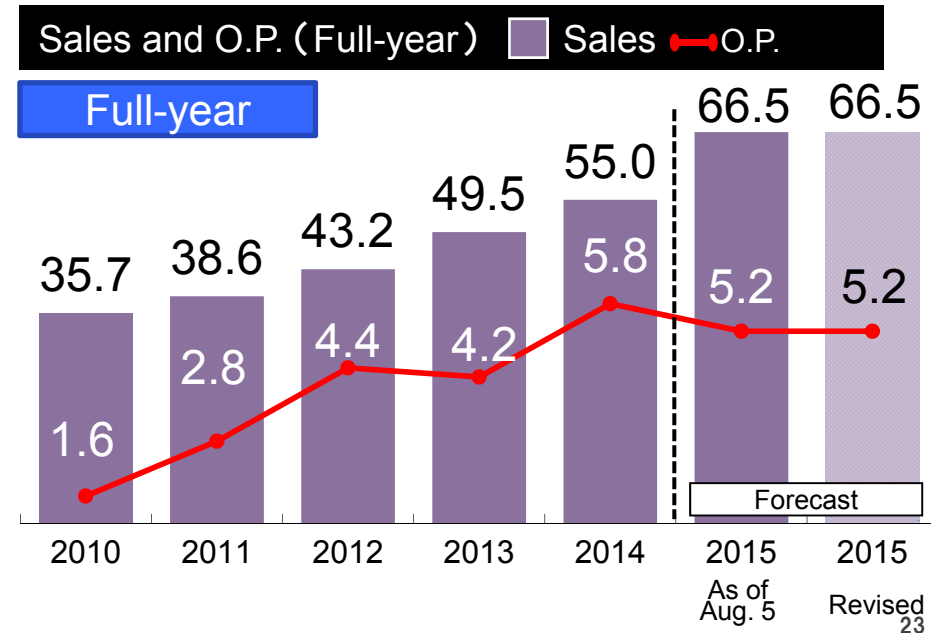
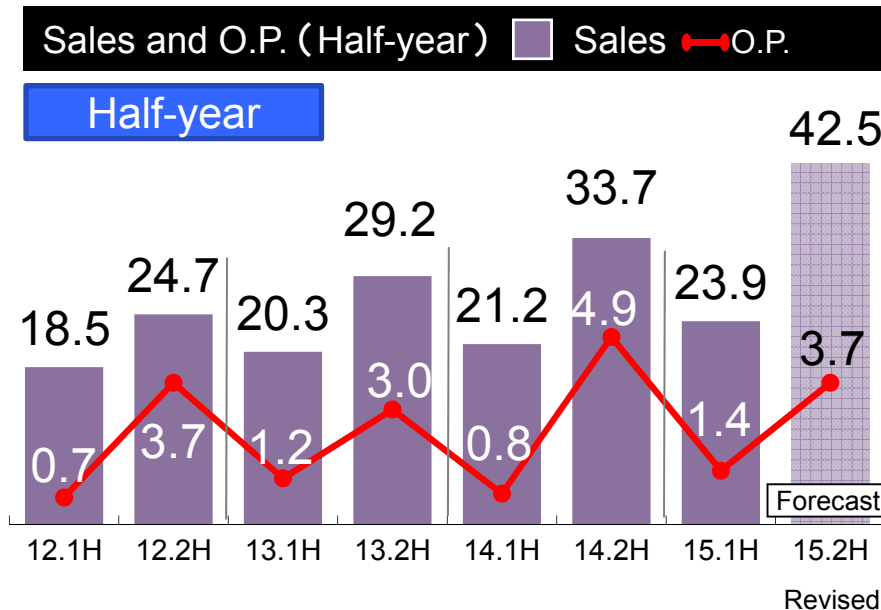
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(Billions of Yen)

2015 Full-Year Forecast

*E-HARBOR: HORIBA BIWAKO E-HARBOR

- EMS** + Sales to grow toward year-end - Moving expenses to E-HARBOR*
- MCT** + Sales growth - Downward revision in Europe. Expect to rebound in 2H.
- ECT** + Incremental sales due to acquisition - Profit decrease due to acquisition-related expenses and goodwill burden



Two large investment of Automotive business



HORIBA MIRA Ltd.
 Acquired in July 2015
 Acquisition cost: 15.5bn yen



HORIBA
 Automotive Test Systems

HORIBA BIWAKO E-HARBOR
 Start full-scale operation in spring 2016
 Investment: 10bn yen

Business strengthened by investment



HORIBA BIWAKO E-HARBOR

Develop products and tools for system solution

Provide HORIBA's comprehensive solutions

Provide MIRA'S know-how on cutting edge of the vehicle technology



Engineering & testing services



Realize systems that respond to the latest vehicle technology



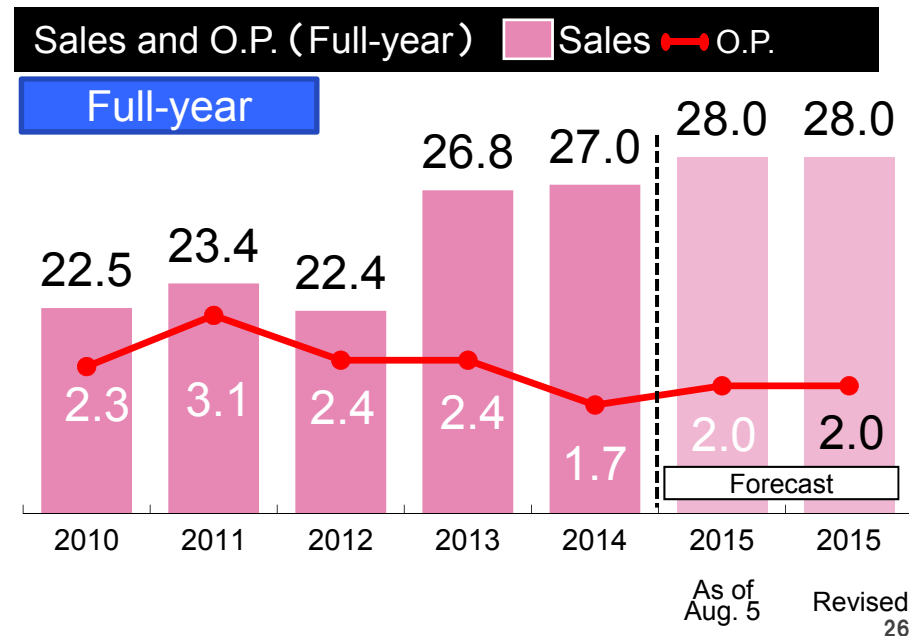
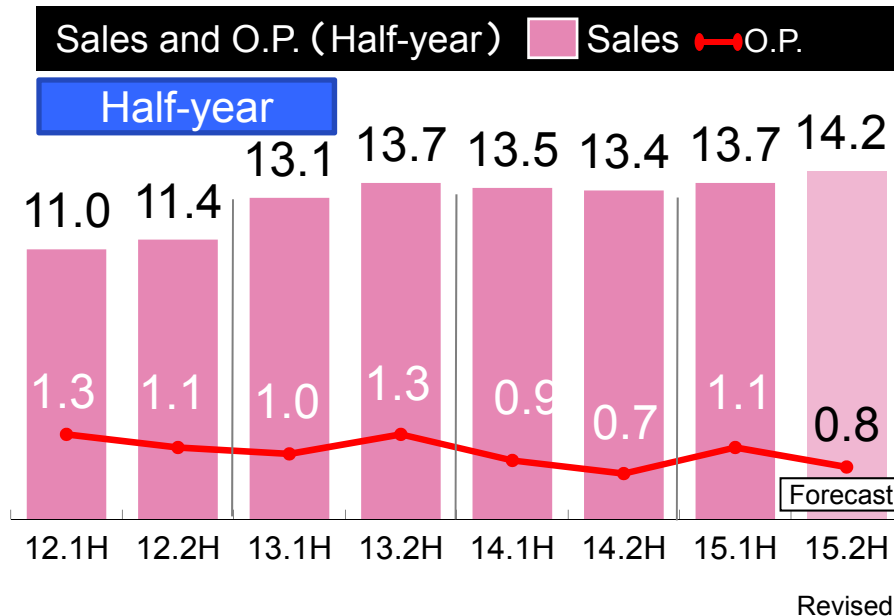
Enhance engineering capability by utilizing HORIBA's cutting-edge system and technology

Medical Forecast for 2015

(Billions of Yen)

2015 Full-Year Forecast

- Overseas - Sales decrease in yen terms due to the weaker euro
- Continued R&D spending for new products in Europe. Higher depreciation expenses due to a new R&D center in France
- Japan + Expect sales increase led by new-product sales



Reinforced R&D / New product launch



Investment for global expansion

HORIBA ABX SAS. R&D center

Country: France
 Open: July 2015
 Investment: 0.9bn yen
 Purpose: R&D for the next-generation product



Reinforce R&D for next-generation products from a long-term growth perspective



New products in Japan

Hematology and CRP analyzers

Launch: March 2015
 Feature: The world's smallest and lightest



Compact blood cell analyzers



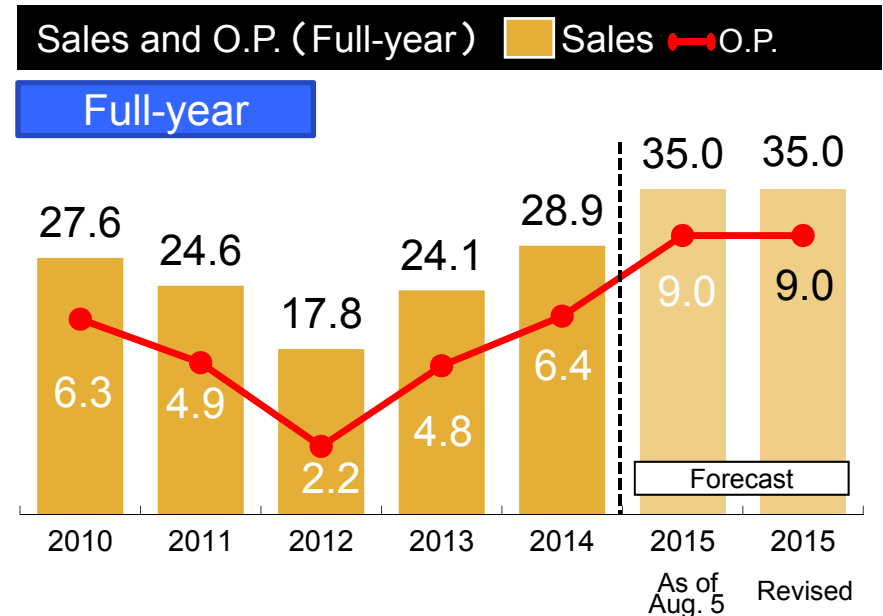
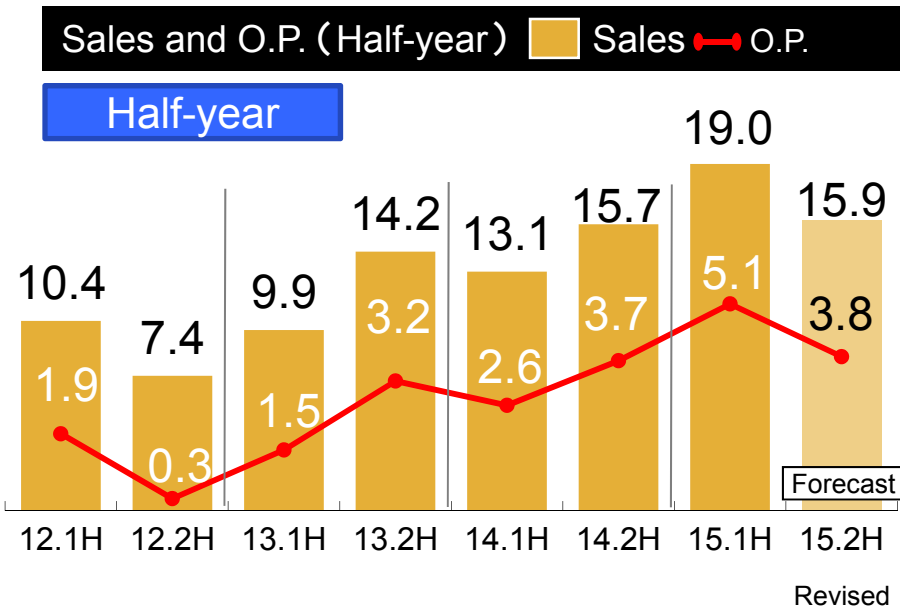
Electronic software for electronic health record

Launch: April 2015
 Features: Enables the electronic health record to be connected to devices from HORIBA or other companies

- Capture replacement demand
- Acquire new clients

2015 Full-Year Forecast

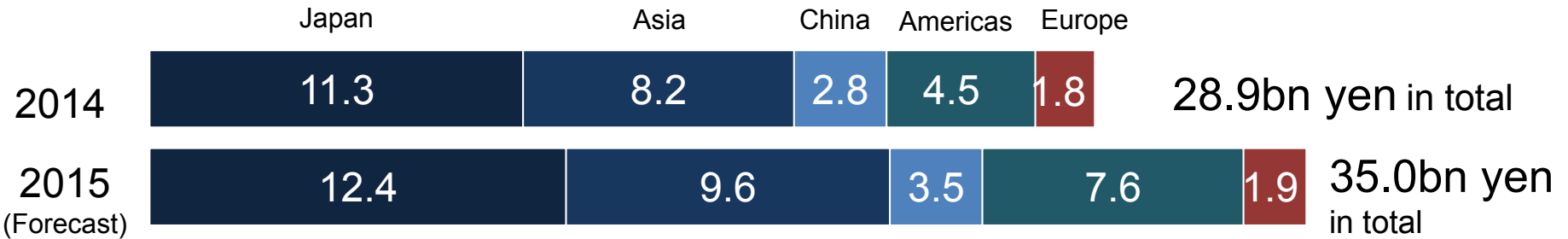
- + 3Q: Robust sales due to Asian semiconductor manufacturers invest continuously
- + 4Q: Expect semiconductor production equipment manufacturers demand decrease.



Sales by Region / Mass flow controller market share

(Billions of Yen)

Sales by region (2014 results vs. 2015 forecast)



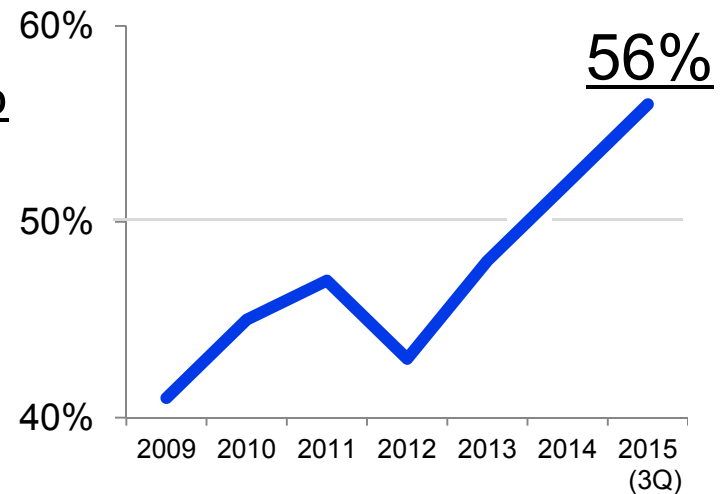
Sales increase to device makers in Asia, mainly in Taiwan and South Korea

Mass flow controller market share

2015 Nine Months market share = 56%

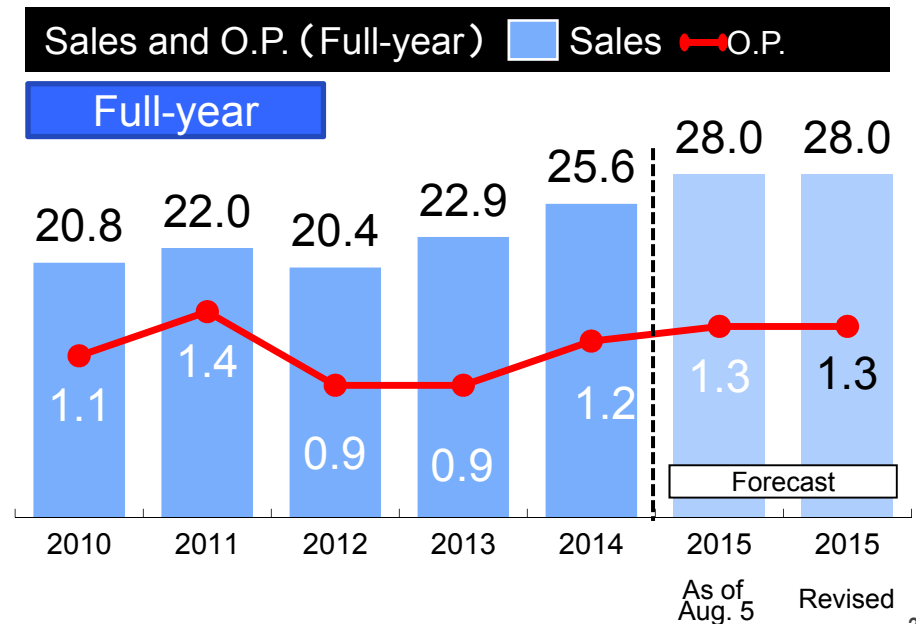
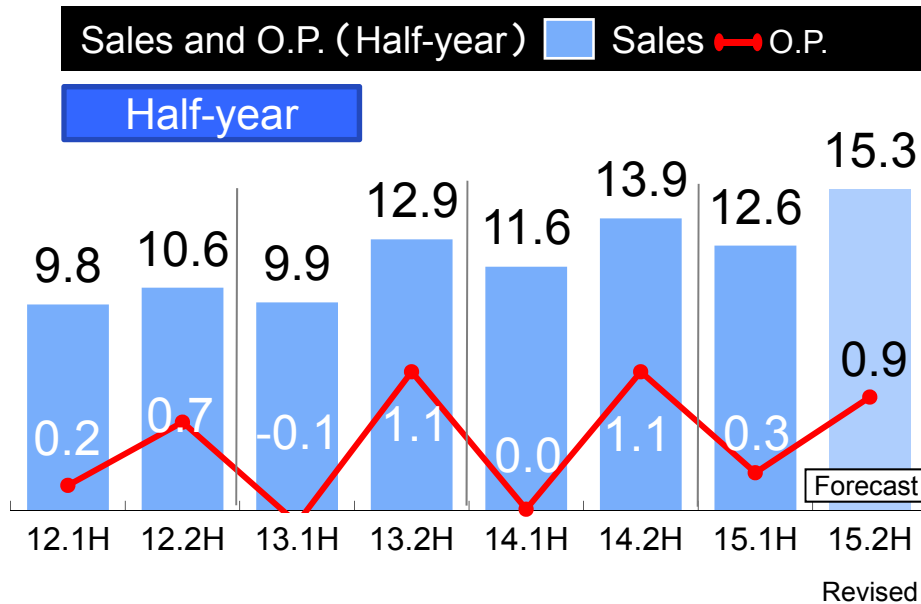
(2014 share = 52%)

- Share increase, contributed by new products
- Continual investment even in a downturn
 - ➔ Enables quick response to customer needs at times of upturn

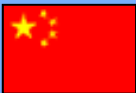


2015 Full-Year Forecast

- Overseas **+** Expect continued strong demand for Raman Spectroscopy in China
- +** Anticipate growth in demand from Asia due to the weaker yen



China market trend / New products



Sales increase (2015 Nine Months vs. 2014 Nine Months)

Increased demand from China

Sales increased by 35% over last year. (2014 9 months:1.8bn yen, 2015 9 months:2.5bn yen)

2014 First-Half

Anti-corruption campaign
⇒ Customer stopped order

Public institution demand decreased

2014 Second-Half to 2015

Reaction of the order suppression

Increased demand of Raman Spectroscopy



New products

Laser Particle Size Analyzer

Launch: September 2015

Features: 1) Smallest size in the Industry
2) Highly precise

Customers: Cosmetic / Food / Pharmaceutical industries



Carbon / Sulfur Analyzer



Launch: October 2015

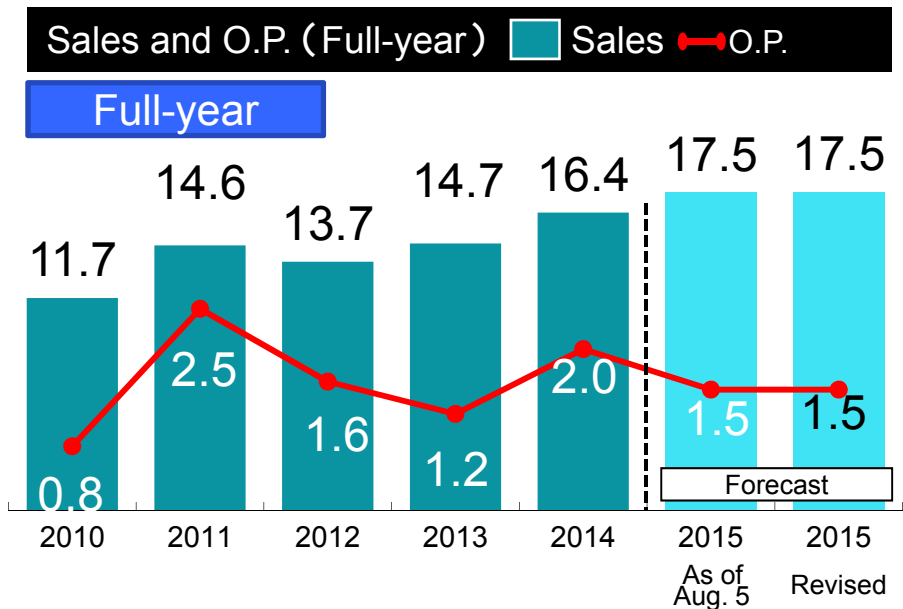
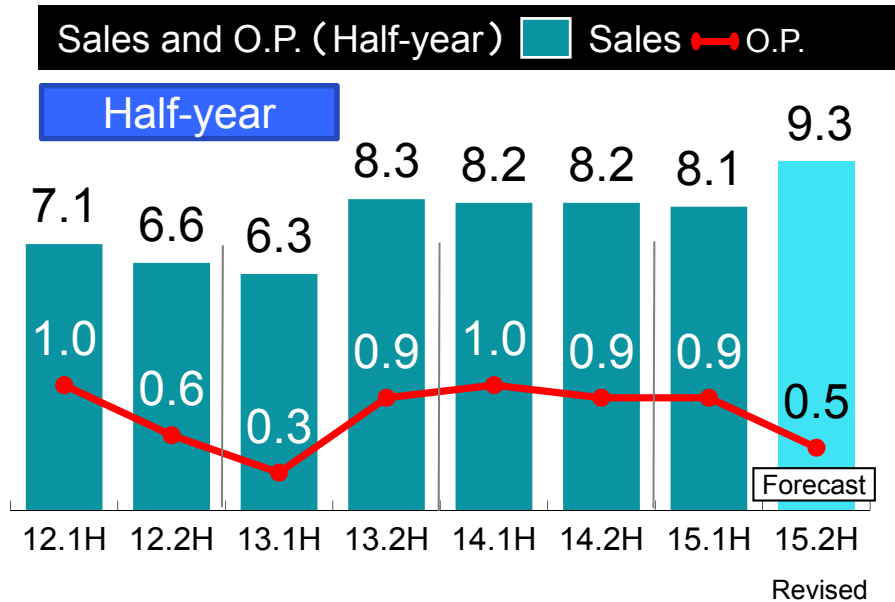
Features: Significant reduction in cleaning time due to new automatic cleaning system

Customers: Steel industry



2015 Full-Year Forecast

- Overseas  Expect Asian demand recovery (i.e., stack gas analyzers in China)
Anticipate investment by U.S. petrochemical makers in the process measurement
- Japan  Expect higher sales of water quality measurement devices



Regulated markets business

HORIBA's products used at a thermal power plant



Increase in measurement points in China



Product: Stack gas analyzer

Customers: Power plants; petrochemical plants; steel plants; food factories

Features: High precision; stability; reliability

Broaden HORIBA's presence from the semi market to the Process and Environmental market

HORIBA brands established in the semiconductor market



Capture demand at semiconductor plants in South Korea and China

Packaged order of Stack gas and water quality analyzers



Industrial water quality analyzers



Stack gas analyzers

2016 Market Overview

Auto



Expect steady R&D investment by auto manufacturers'.
Expect synergy between the ECT business and HORIBA's other Automotive businesses.

Medical



Expect continued favorable sales of the new product.
Expect weak equipment sales in the EU market.

Semi



Expect a recovery in demand from semiconductor manufacturers in the 1st Quarter.

Scientific



Japan: Expect an increase in the private sector capital spending due to the weaker yen.
Overseas: Closely monitor government budgets and spending in the EU and the U.S.

P&E



Expect firm demand for stack gas analyzers and water measurement equipment in Asian countries.

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Shareholder return

Basic policy

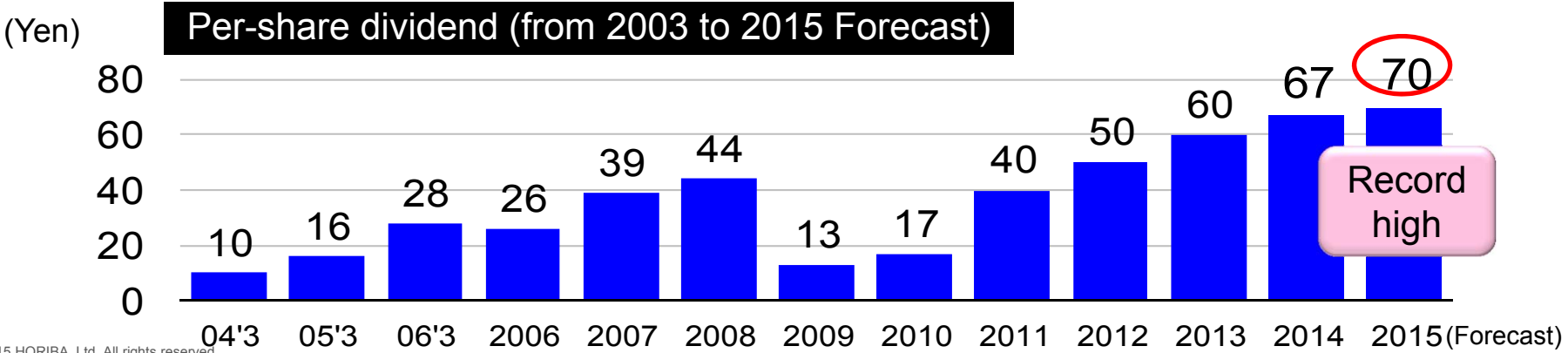
- Dividend payment + Share buyback = 30% of Consolidated net profit to be targeted
- Remaining earnings are retained internally for strategic investment (i.e., facilities, M&A)

Dividends and Share buybacks

- 2013 Results 60 yen per share
- 2014 Results 67 yen per share
- 2015 Forecast 70 yen per share +

Share buybacks in 2015

- 218,400 shares
- (0.51% of total shares outstanding (excluding treasury stock))
- 0.99 billions yen
- Total return ratio 30% in 3-year average



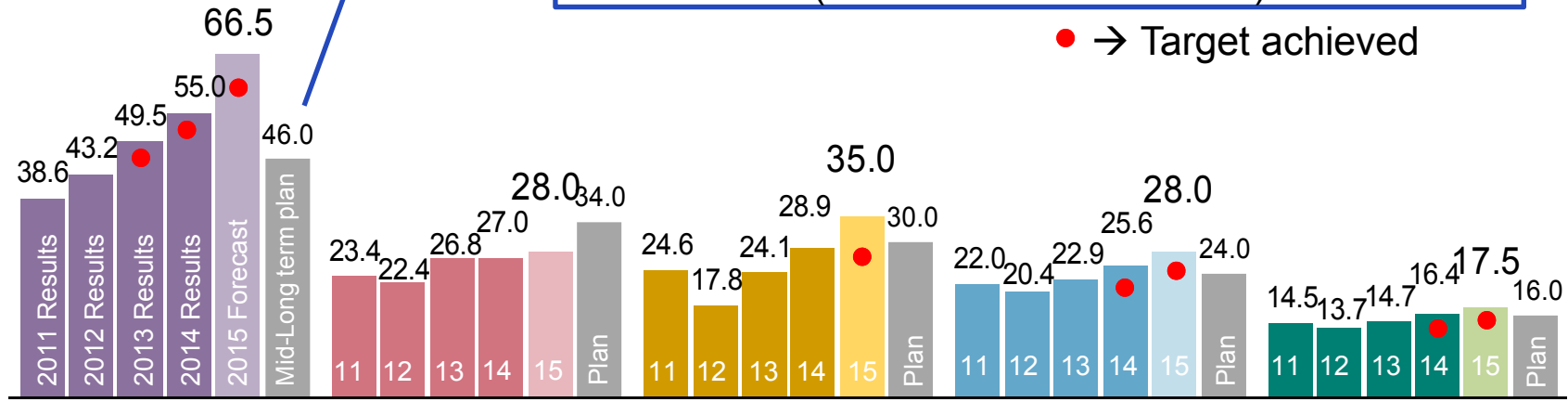
Progress of Mid-Long Term Management Plan

(Billions of Yen)

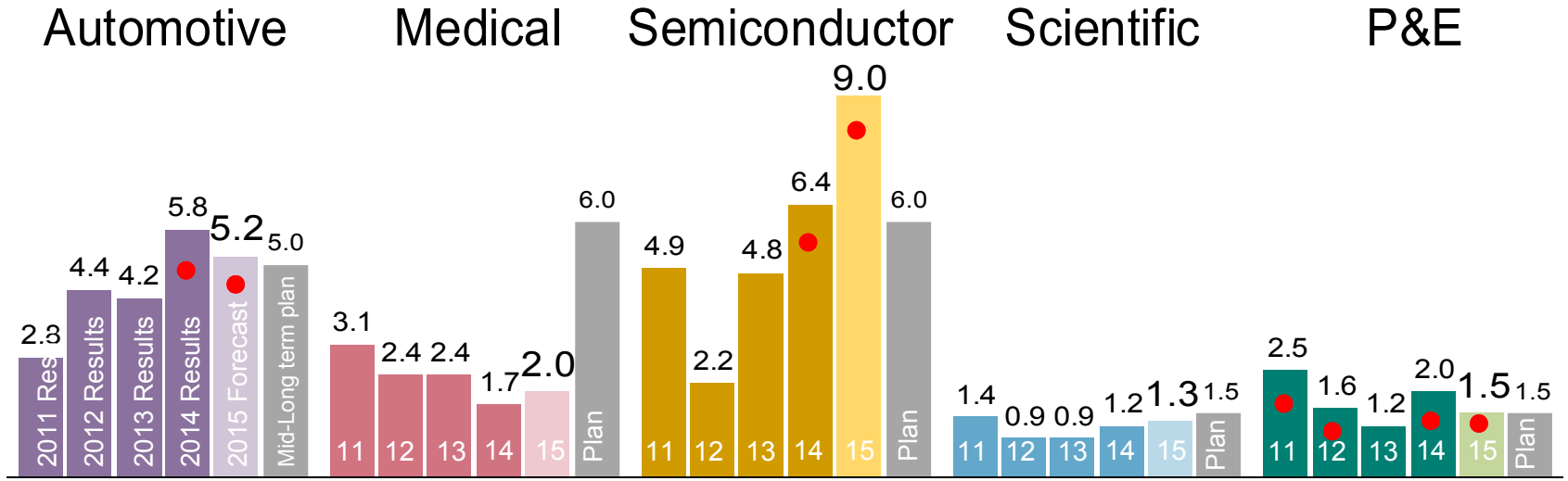
Mid-Long term Management plan target
(Announced in Feb. 2011)

● → Target achieved

Sales



Operating profit



Investment for the next growth ~ Automotive / P&E ~



Automotive

M&A MIRA Ltd. (Acquired July 2015)



- Engineering, Testing Service Consultancy and MIRA Technology Park
- Acquisition cost: 15.5bn yen
- Depreciation expense: 0.6bn yen (Include goodwill / 2015 forecast)



Automotive

P&E

HORIBA BIWAKO E-HARBOR (Start operation totally in Spring 2016)

- R&D for gas measurement / More efficient production capability and Increasing production volume
- Investment: 10bn yen
- Depreciation expense: 0.3bn yen (2015 forecast)
(0.7bn yen for temporary transfer expense in 2015)



Investment for the next growth ~ Medical / Semi ~

Medical

HORIBA ABX SAS. R&D center (Opened July 2015)

- R&D for the next generation product
- Investment: 0.9bn yen
- Depreciation expense: 0.04bn yen (2015 forecast)



Semi

HORIBA STEC Fukuchiyama Technology Center (Opened Feb. 2013)

- Developing new mass flow controller response to miniaturization of Semiconductor manufacturing process
- Investment: 1.0bn yen
- Depreciation expense: 0.08bn yen
(2015 forecast)



Investment for the next growth ~ Semi ~



Semi

Common R&D

HORIBA Advanced Technology Center (Opened April 2015)

- R&D of semiconductor sensor manufacturing for HORIBA product
- Investment: 3.0bn yen
- Depreciation expense: 0.2bn yen (2015 forecast)



Impact of fluctuation in foreign exchange rates

(Millions of Yen)

Exchange rate impact (2015 Nine Months Results)

(Millions of Yen)	Sales			Operating Profit		
	Total	USD	EUR	Total	USD	EUR
Auto	1,038	1,083	-335	227	291	17
Medical	741	782	-301	201	89	5
Semi	2,209	1,891	-30	1,974	1,808	-25
Scientific	1,055	1,164	-186	118	136	-7
P&E	459	321	-53	137	41	-20
Total	5,504	5,243	-907	2,660	2,367	-29

Exchange rate impact
for 2015 Full Year Forecast
1 yen positive impact of Sales and O.P.
(Yen depreciation)

Sales

USD 376 millions of yen
EUR 351 millions of yen

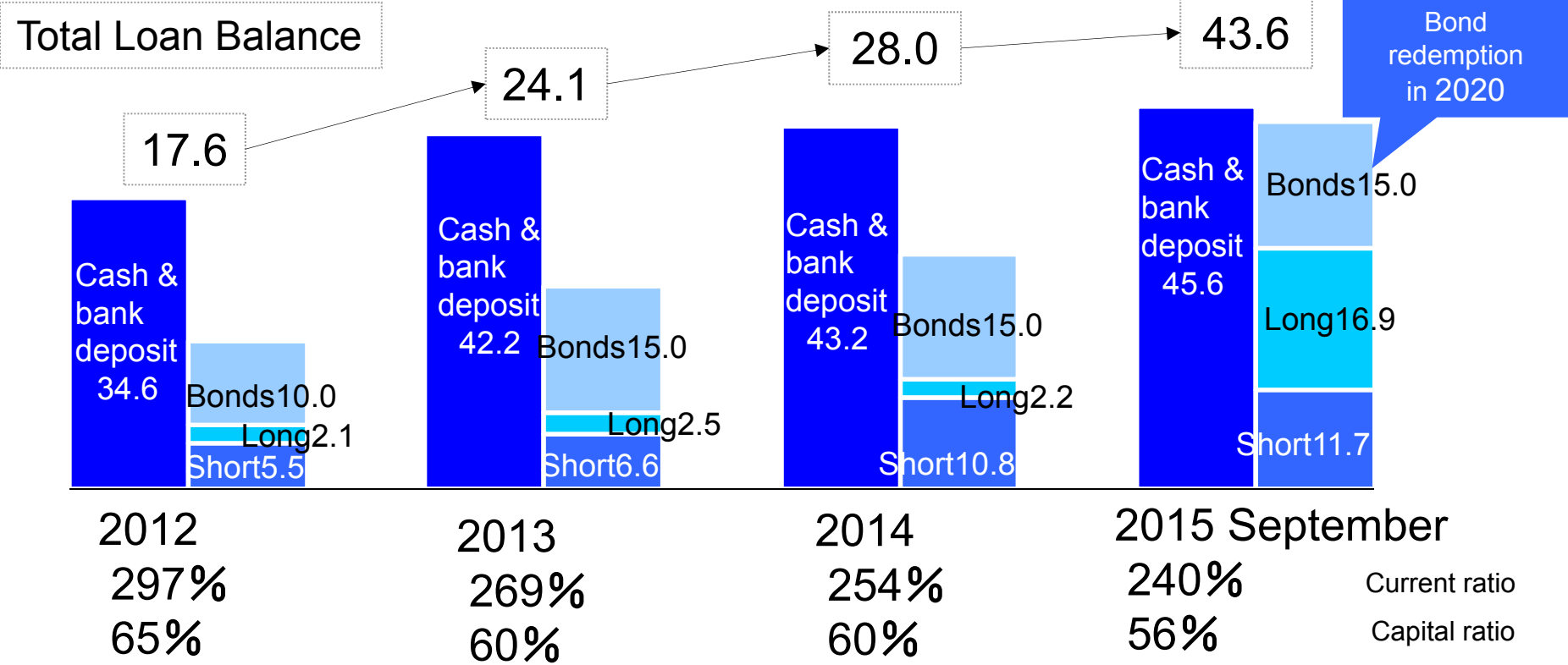
Operating Profit

USD 151 millions of yen
EUR 22 millions of yen

Cash Balance

(Billions of Yen)

(Consolidated basis, each end of the year)



- Borrowed 75.6mil US\$ from JBIC (Japan Bank for International Cooperation) in Sep. 2015 for acquisition of MIRA Ltd.
- Conclusion of liquidation of receivable contract with 2 banks.
- Recent issuer rating : R&I [A-] (Aug 2015), JCR [A] (Sep 2015)

Capital Investment, Depreciation, R&D

(Billions of Yen)

		2014	2015 Forecast		
		Results	Original Forecast	Forecast as of Aug. 5	Revised Forecast
	PP&E	9.1	16.0	18.2	17.2
	Intangibles	1.8	1.0	1.3	1.3
Capital Investment		11.0	17.0	19.5	18.5
Depreciation		4.9	5.2	6.2	6.2
R&D		11.9	13.0	13.0	13.0
(To net sales)		7.8%	7.6%	7.4%	7.4%

Contents

- 2015 Nine Months Results
- 2015 Full Year Forecast
- Acquisition of MIRA Ltd.
- Business Segment Outline
- Other Topics
- **Corporate Profile**

Corporate Profile

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

*Atsushi Horiba
President & CEO*



*Dr. Masao Horiba
Founder*



- 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

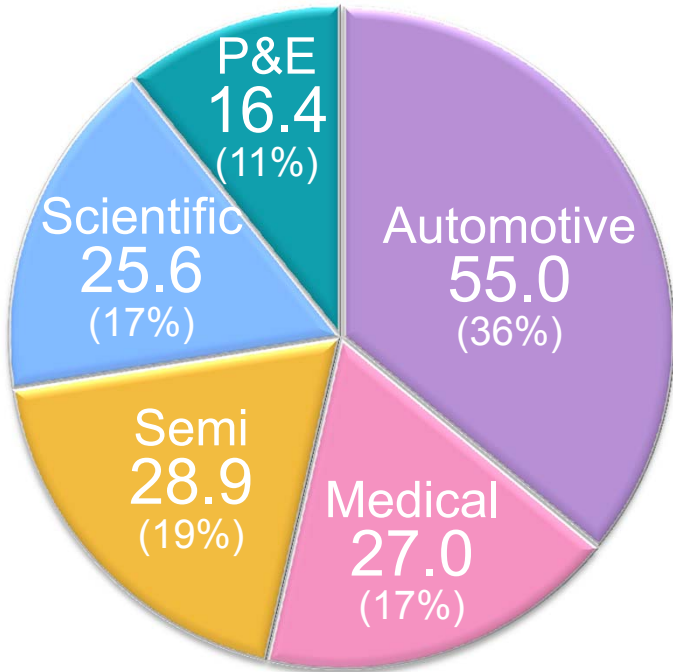
- Synergy of HORIBA and HORIBA Jobin Yvon's Technologies
- Raman, Grating, and Fluorescence



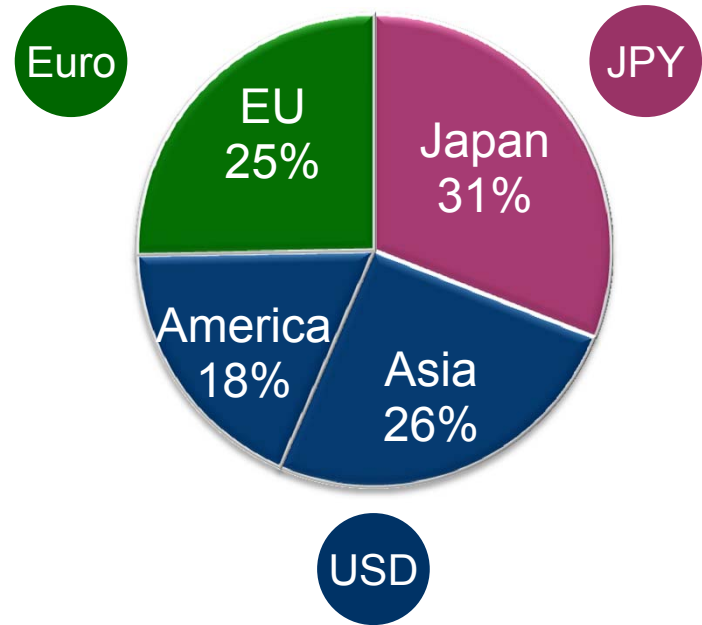
Well Balanced Business Operation -Five Business Segments-

Business & Geographic Composition of Sales(2014)

Sales 153.0 Billions of Yen



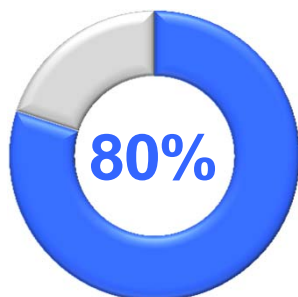
(Billions of Yen)



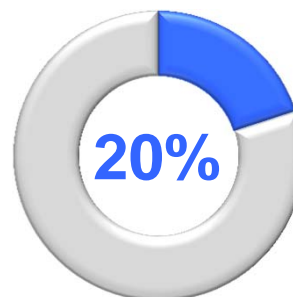
Reduce Country Risk and Exchange Risk

Global Market Share

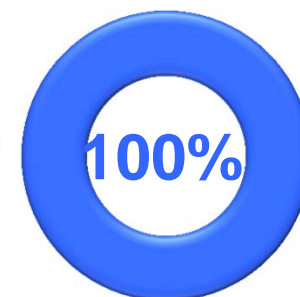
Emission Measurement Systems



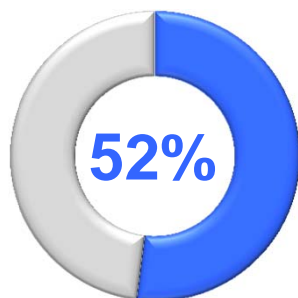
Stack Gas Analyzers



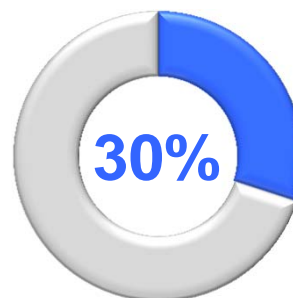
Automatic Blood Cell Counter plus CRP



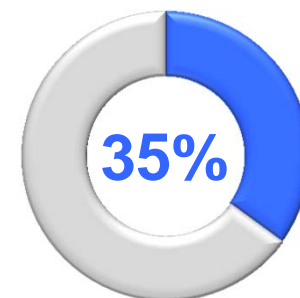
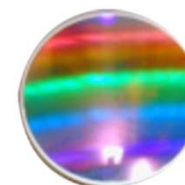
Mass Flow Controllers



Raman Spectrophotometers



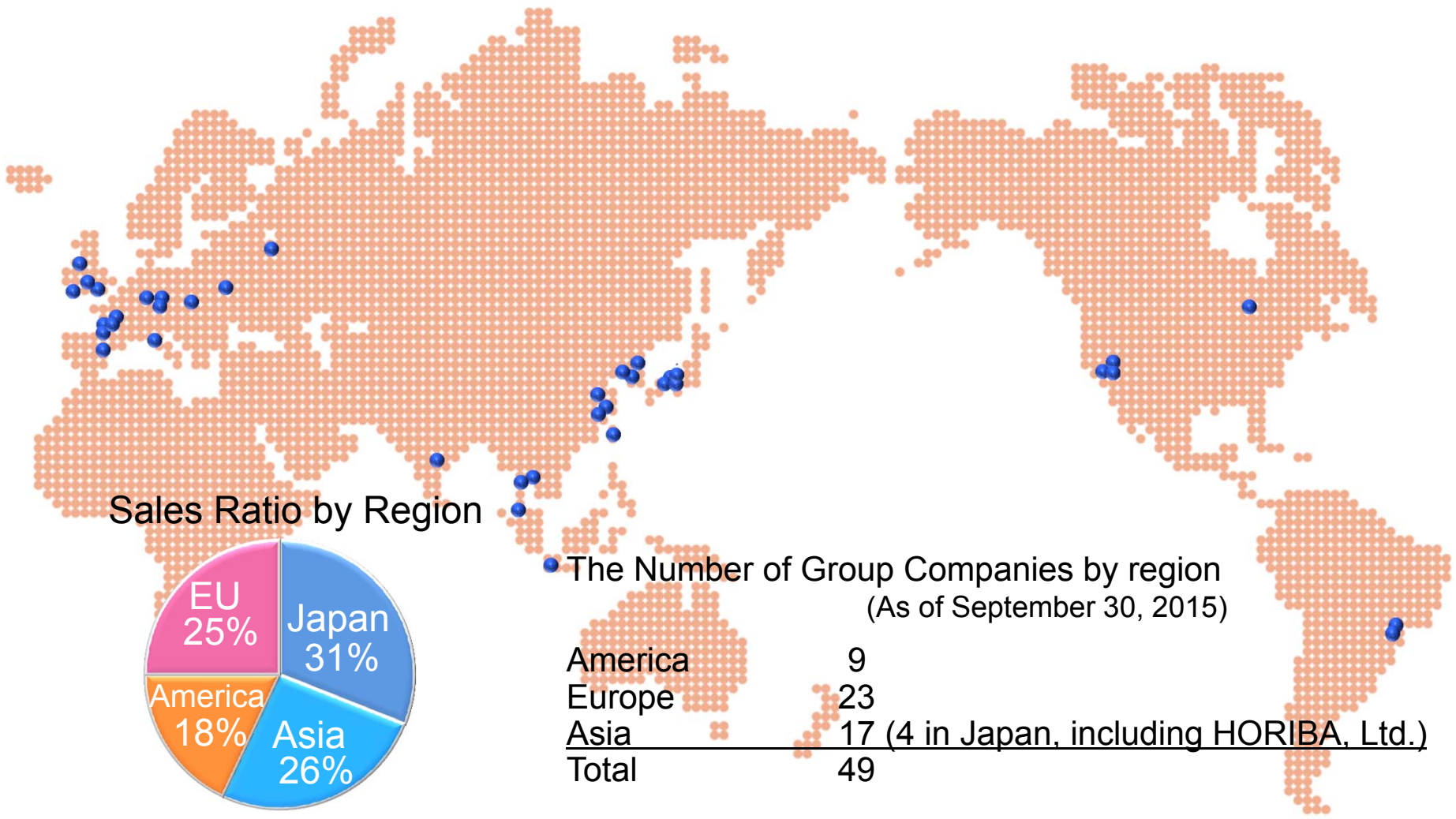
Gratings



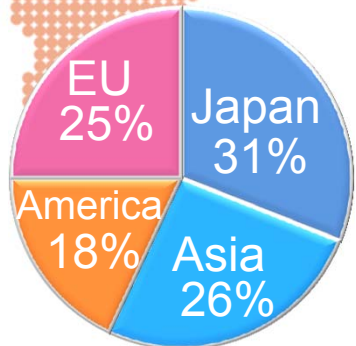
※Market shares quoted are estimates by HORIBA.

HORIBA Worldwide

Sales of FY2014: 153.0 BJPY



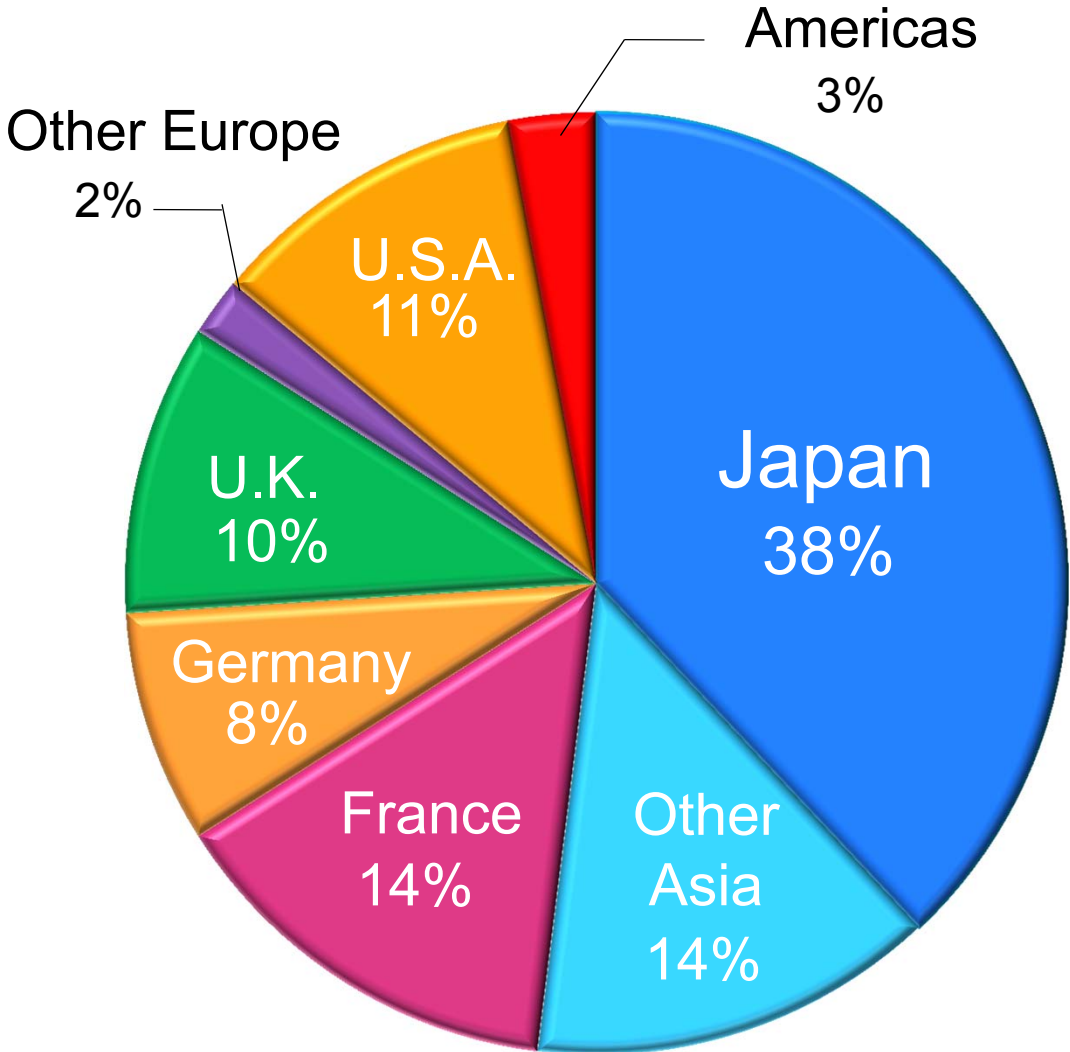
Sales Ratio by Region



The Number of Group Companies by region
(As of September 30, 2015)

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

Employees by Region



Total Number of Employees

6,800

Total Asia: 3,537

52%

Total Europe: 2,335

34%

Total Americas: 928

14%

Thank you very much for your attention.