

HORIBA, Ltd.

Financial Information

August, 2017

Contents

- 2017 First-Half Results
- 2017 Full Year Forecast
- Business Segment Outline
- Shareholder Return
- Other Topics
- Financial Data
- Corporate Profile

[Disclaimer]

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Review of the First-Half of 2017

External Events

- ◆ Start of the Trump administration in US
- ◆ UK's announcement to leave EU
 - > General election in UK
- ◆ Presidential election in France
 - > Japan-EU Economic Partnership Agreement
- ◆ Booming semiconductor market
- ◆ Autonomous driving, EV, Emission regulation

Internal Events

- ◆ New/expanded facilities (US, UK and South Korea)
- ◆ Renewed a record-high share price. Market cap exceeded 300bn yen.
- ◆ Workstyle innovation

Summary of the First-Half Results of 2017

Renewed record-highs in Sales, Operating profit and Net profit for the First Half

P&L

- ◆ Year-on-year increase in sales and profits in the Automotive Test Systems (ATS) and Semiconductor segments.

B/S

- ◆ Total assets were 243.6bn yen, up 4.0bn yen from the end of 2016, due to capital spending
- ◆ Loans payable were 26.7bn yen, down 4.9bn yen from the end of 2016, due to using capability of finance subsidiaries in US and in UK.
- ◆ Equity ratio: 56.7%

CF

- ◆ Operating CF: Cash in 16.2bn yen, due to growth in profit
 - ◆ Investing CF: Cash out 6.8bn yen, due to capital spending
 - ◆ Financial CF: Cash out 7.1bn yen, due to short-term repayment
- } FCF +9.4 bn yen

First-Half Results of 2017

(Billions of Yen)

★ : Record-highs

	2016 First-Half	2017 First-Half			
	Results	Forecast as of May 12	Results	vs.2016	vs. Forecast as of May 12
Sales	79.9	87.5	★ 87.3	+7.3	-0.1
O.P.	7.7	10.0	★ 9.7	+1.9	-0.2
O.P. %	9.7%	11.4%	11.1%	+1.4p	-0.3p
Ordinary profit	7.5	9.7	★ 9.5	+1.9	-0.1
Net Income attributable to Owners of Parent	4.1	6.1	★ 6.4	+2.3	+0.3
USD/JPY	111.70	110.00	112.34	+0.64	+2.34
EUR/JPY	124.52	120.00	121.66	-2.86	+1.66

First-Half Results of 2017 by Segment

(Billions of Yen)

	Sales					Operating profit				
	2016 First-Half	2017 First-Half				2016 First-Half	2017 First-Half			
★:Record-highs	Results	Forecast as of May 12	Results	vs.2016	vs. Forecast as of May 12	Results	Forecast as of May 12	Results	vs.2016	vs. Forecast as of May 12
Auto	28.1	32.0	★30.6	+2.4	-1.3	0.5	2.2	2.1	+1.6	-0.0
P&E	7.7	8.0	8.0	+0.2	+0.0	0.8	0.4	0.3	-0.5	-0.0
Medical	13.8	12.0	12.3	-1.4	+0.3	1.5	1.0	0.8	-0.7	-0.1
Semi	17.8	24.0	★24.7	+6.8	+0.7	4.4	6.5	★6.7	+2.3	+0.2
Scientific	12.3	11.5	11.5	-0.8	+0.0	0.2	-0.1	-0.4	-0.7	-0.3
Total	79.9	87.5	★87.3	+7.3	-0.1	7.7	10.0	★9.7	+1.9	-0.2

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Market Overview for the Full-Year 2017

Auto		<ul style="list-style-type: none"> - Expect steady R&D investment by auto/auto parts manufacturers due to tighter emission regulations in EU and Japan. - Active investment trend in global automotive sector.
P&E		<ul style="list-style-type: none"> - Tighter environmental regulations in China - Business opportunities in water treatment facilities due to capacity expansion by semiconductor factories
Medical		<ul style="list-style-type: none"> - Japan: Continuing favorable sales to doctors in private practice. - Overseas: Decline in demand in EU and South America.
Semi		<ul style="list-style-type: none"> - Expect continuous investment by semiconductor manufacturers - High demand for etching equipment thanks to an increase in demand for 3D NAND
Scientific		<ul style="list-style-type: none"> - Decrease in government budgets for research in developed countries - Increase in demand for optical components from the private sector

Exchange rate forecast for 2017

(Yen)

	2016	2017					
	First-Half Results	Results				Forecast	Second Half Forecast
		Forecast as of May 12	1Q	2Q	First-Half Results		
USD	111.70	110	113.60	111.08	112.34	110	107
EUR	124.52	120	121.05	122.27	121.66	120	118

1 yen O.P. sensitivity for 2017 Forecast

USD 162 million yen

EUR 28 million yen

Forecast of 2017

(Billions of Yen)

	2016	2017		
★ : Record-highs	Results	Forecast as of May 12	Revised Forecast	vs. Forecast as of May 12
Sales	170.0	183.0	187.0	+4.0
Operating profit	18.4	21.0	22.0	+1.0
O.P. %	10.9%	11.5%	11.8%	+0.3p
Ordinary profit	18.2	20.3	21.3	+1.0
Net Income attributable to Owners of Parent	12.9	13.6	14.5	+0.9
Net profit per share(Yen)	308	322	344	+2.1
ROE	10.0%	9.9%	10.5%	+0.5%

Forecast of 2017 by segment

(Billions of Yen)

	Sales				O.P.			
	2016 Results	2017 Forecast as of May 12	2017 Revised Forecast	vs. Forecast as of May 12	2016 Results	2017 Forecast as of May 12	2017 Revised Forecast	vs. Forecast as of May 12
★:Record-highs								
Auto	62.2	69.0	★71.0	+2.0	3.5	5.2	5.7	+0.5
P&E	16.7	18.0	★18.0	No change	1.5	1.1	1.1	No change
Medical	26.5	25.0	25.0	No change	2.8	2.2	1.7	-0.5
Semi	38.8	46.0	★48.0	+2.0	9.6	12.0	★13.0	+1.0
Scientific	25.7	25.0	25.0	No change	0.9	0.5	0.5	No change
Total	170.0	183.0	★187.0	+4.0	18.4	21.0	★22.0	+1.0

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First-Half Results and Forecast for 2017

(Billions of Yen)

2017 First-Half Results

*EMS = Emission Measurement Systems

- + EMS Sales increase due to tighter emission regulations
- + MCT Recovery in capital spending by automakers
- ECT Expense increase due to founding MIRA Japan team

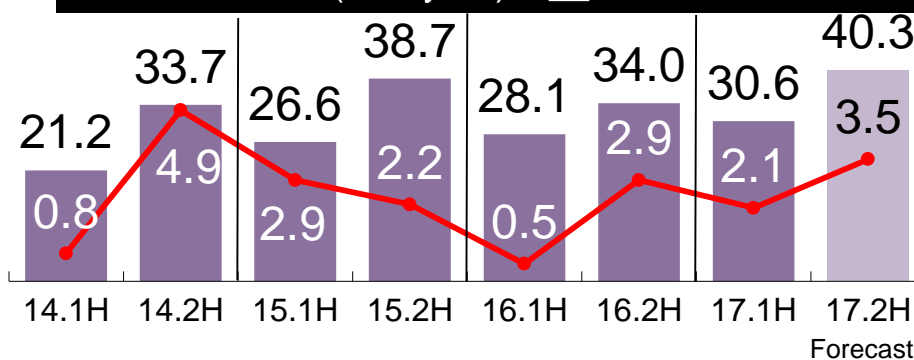
	2017 First-half results Sales (prior year)
EMS	19.8 (18.3)
MCT	6.3 (5.0)
ITS	0.8 (0.7)
ECT	3.6 (3.9)

2017 Full-Year Forecast

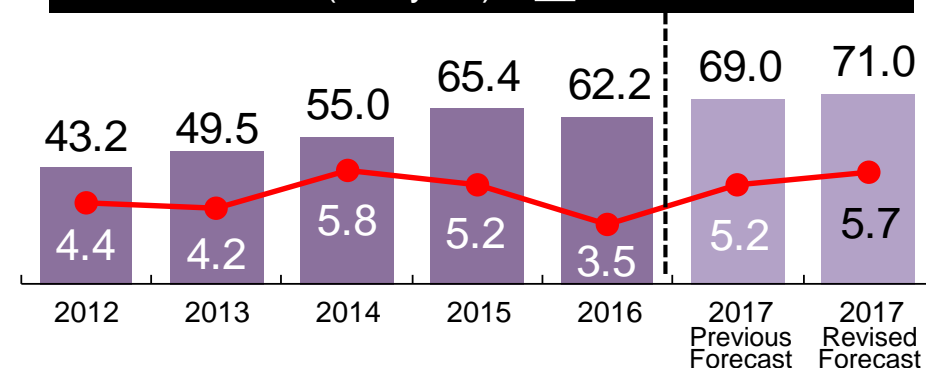
- + EMS Continuous high demand in response to new regulations
- + MCT Sales increase by steady delivery of orders received
- ECT Good orders received, to impact earnings from next year

	2017 Full-year Forecast Sales (prior year)
EMS	44.0 (40.1)
MCT	18.0 (13.2)
ITS	2.0 (1.6)
ECT	7.0 (7.1)

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



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



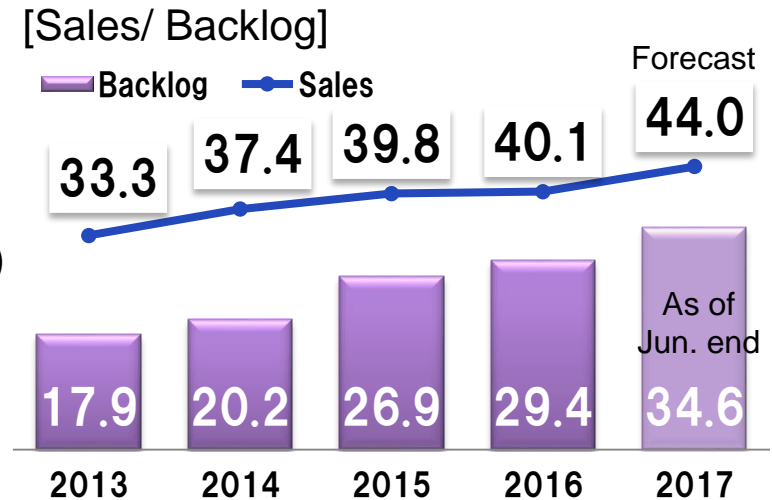
EMS : Action for next-generation emission regulations

WLTP^{※1} (unified emission regulations by the UN)
 ➡ Start: Sep. 2017 in EU; Oct. 2018 in Japan

RDE Regulation^{*2} (On-board emission regulation)
 ➡ Start: Sep. 2017 in EU; 2022 in Japan

*1 Worldwide harmonized Light vehicles Test Procedure

*2 Real Driving Emission



Establishment of Advanced Emissions Test Centre (AETC)

Start: July 5th, 2017

Place: HORIBA MIRA Ltd. (UK)

Function: Advanced Emission Test Lab.

- In-house real driving testing simulation
- Simulation in various temperature

Objective: Business enhancement concerning RDE regulations

Test centre



Testing equipment



Contributing to R&D for EVs and autonomous driving vehicles

(Billions of Yen)

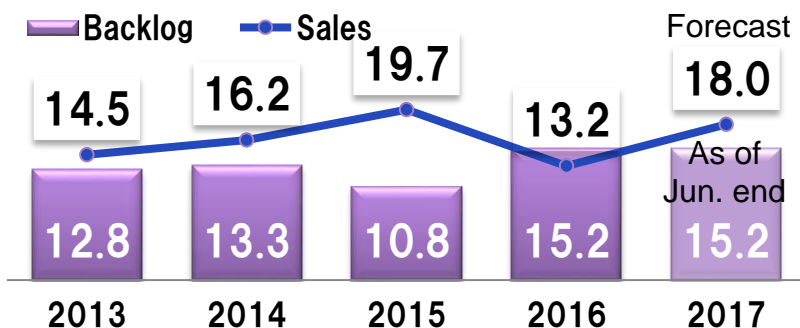
MCT Business: Response to the trend to promote EVs

Improve sales and profitability in 2017

- Recovery in automakers' capex
- The Turn Key Business expansion*

* Business model to provide the solution combining EMS and MCT

[Sales/ Backlog]



HORIBA's business areas

Provide solutions, from single systems (i.e., powertrain, E-Motor) to comprehensive systems, incl. vehicle evaluation

E-Motor testing equipment



Electric vehicle testing



➔ Expand testing business areas, i.e., battery control system in HORIBA MIRA

ECT Business: MIRA participates the autonomous vehicle project

- Collaborate with a local company in designing a test course for autonomous vehicles in Hungary
- Establish a firm position in autonomous vehicle R&D

Signing ceremony



Autonomous vehicle technology



First-Half Results and Forecast for 2017

(Billions of Yen)

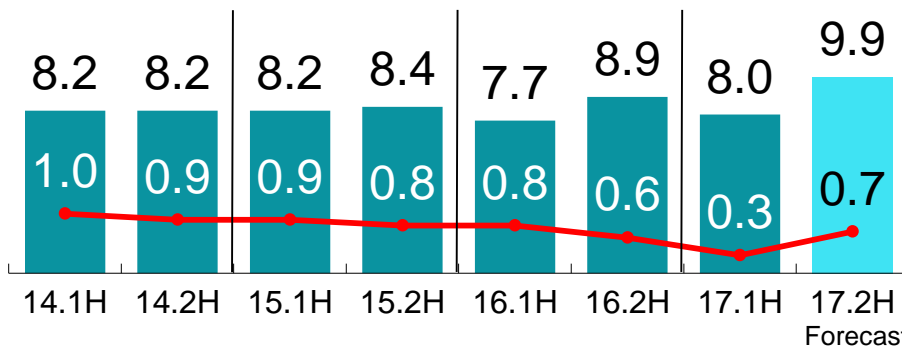
2017 First-Half Results

- + Increase in demand for stack gas analyzers: replacement demand in Japan and VOC-regulation related sales in China
- + Firm demand for water measurement systems in Japan but less-than-expected sales growth

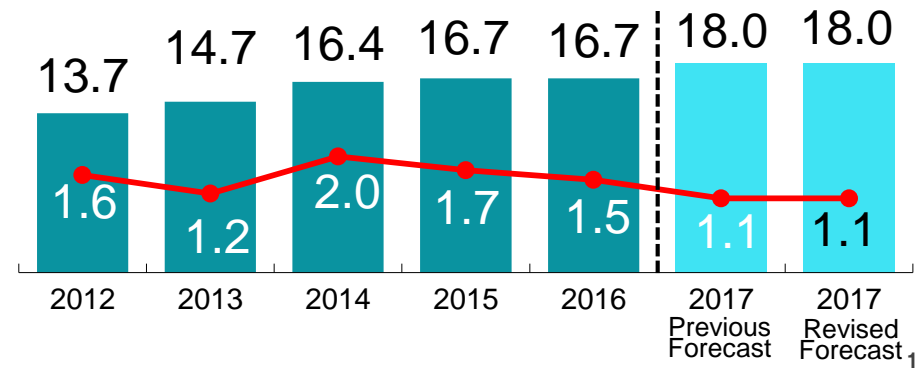
2017 Full-Year Forecast

- + Stack gas analyzers ➡ Capture domestic replacement demand
- + VOC regulations in China ➡ Anticipate further demand growth
- + More inquiries but slow sales in the process measurement equipment business in N. America

Sales and O.P. (Half-year)



Sales and O.P. (Full-year)



Enhancing global business

Invest in the process measurement equipment business : New Houston factory

Start: April 1st, 2017

Place: Huston in Texas (US)

Function: Production of P&E equipment; Scientific & Medical-related sample tasting

Objective: Business growth through expansion of production capacity

Houston factory



Analyzer house*



* Shelter with analyzers and sampling systems. Measurement equipment for each process is systemized to provide total solutions.

Expand the water quality measurement business

Ammonia Nitrogen Monitor “HC-200NH”

- Launch in 2016 through collaborative R&D with the Tokyo Bureau of Sewerage
- Contributing to less electric consumption in sewage treatment by continuous monitoring

HC-200NH



Expand global business for big sewerage plants

Concentration of resources in water measurement in HORIBA Advanced Techno from Jan. 2017

- Speed up R&D and production
➡ Accelerate product launch
- Enhance marketing function
➡ Approach semiconductor makers for P&E products

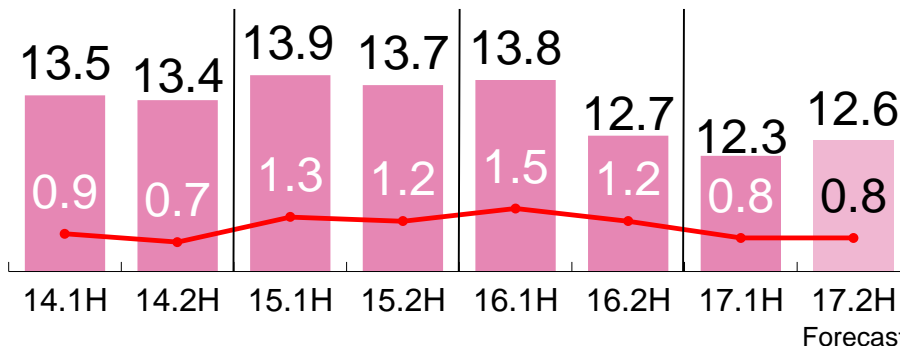
2017 First-Half Results

- + Increase in expense in promoting hematology and CRP analyzers in Japan
- + Sales drop in EU/South America; impacts of French new products in and after 2018

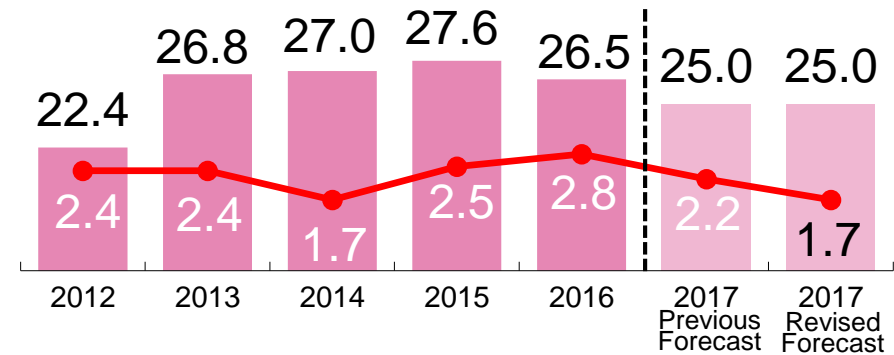
2017 Full-Year Forecast

- Intensified competition in hematology and CRP analyzers in Japan
- + Increase in expense for US FDA approval and sales promotion of new products

Sales and O.P. (Half-year)



Sales and O.P. (Full-year)



Medical New product launch for business expansion

New product and “HELO Solution” in the mid- to high-end market

◆ Strengths

- Total solutions including clinical data management system
- Flexibility in layout

◆ Schedule

- Global launch in the 2Q of 2017
- Start installation in Brazil, UK and France

“HELO Solution”
(Launch in 2017)



Rendering of installed
products in a customer's
lab. in Brazil



New product “Yumizen H550” for developing countries

◆ Strengths

- Small hematology analyzer with autoloader
- Stable, high-precision measurement in various condition

◆ Sales and production network

- Utilize HORIBA's global network
- Local production of reagents near consuming areas

Yumizen
H500



“Yumizen H500”
(Launch in 2016)

Yumizen
H550



New “Yumizen H550”
(Launch in 2017)

2017 First-Half Results

- +** Record-high sales and OP
 - Increase in capital spending in Asia
 - High demand for etching for 3D-NAND
- +** Record-high production volume in Mass flow controller (MFC)

2017 Full-Year Forecast

- +** Robust capital spending by Semi. makers
- + -** Continuous high-level production of MFC

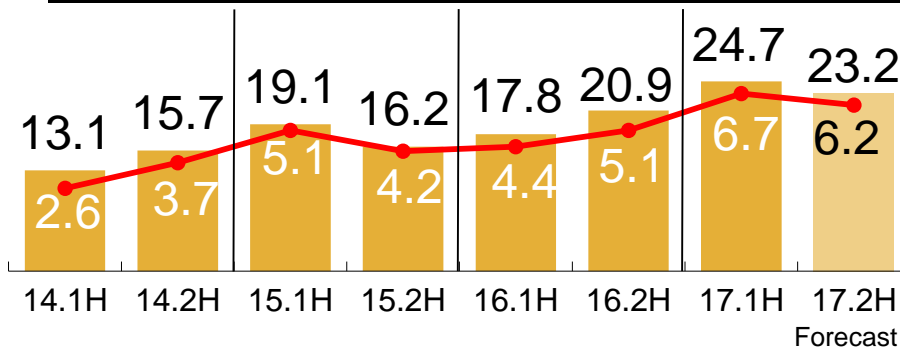
MFC-related topics in Semi. market

- Transition of memory in data centers
- > Surge in semiconductor
- Change in semi. technology
(Miniaturization, 3D-NAND, Multi-layered)
- > High demand for etching

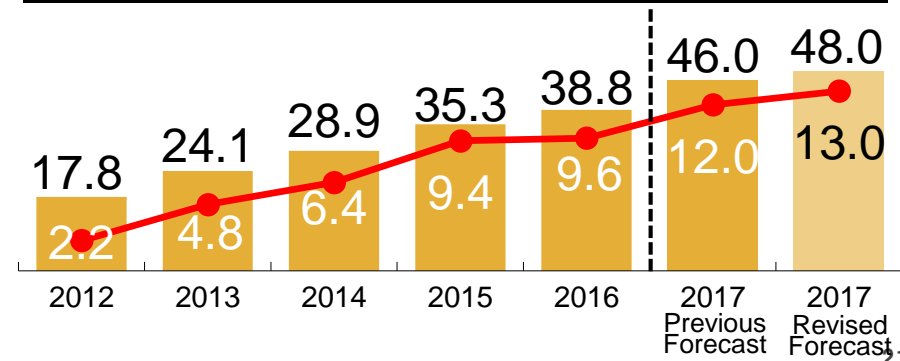
HORIBA's strengths

Business portfolio to supply accurate MFC sustainably

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



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



Semi Further enhancing stable supply

Investment in production factory (Aso in Japan; South Korea)

- ◆ Expanding Aso factory of HORIBA STEC Co., Ltd.
Investment: App. 2.7bn yen / Completion: Dec. 2017 (Plan)
Objective: Expand production capacity of MFC (1.5 times in floor space)
- ◆ Established a new head office of HORIBA STEC KOREA, Ltd.
Start: Apr. 1st, 2017 / Place: Yongin-si (Suburb of Seoul)
Objective: Increase production and engineers, enhance training capability



Expansion in Aso factory



HORIBA STEC KOREA's new office

Trend of Semi. market

Invest controlled by
Semi. makers

Less fluctuating
silicon cycle

Become stable
market

Action for quality improvement

- ◆ Acquire ISO/IEC 17025* that is related to gas calibration
 - Kyoto Fukuchiyama Technology Center (HORIBA STEC Co., Ltd.)
 - Develop measurement system for calibration
= Stable supply of higher-precision MFCs
- ◆ R&D of next-generation materials, jointly with Semi. device makers

*ISO/IEC 17025; Quality management system and technology management for testing and calibration



Fukuchiyama Technology Center (HORIBA STEC)

First-Half Results and Forecast for 2017

(Billions of Yen)

2017 First-Half Results

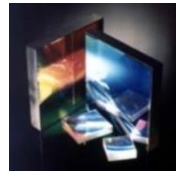
- + Sales increase of core components for optical products in US and EU
- Sluggish sales for universities in Japan, US, and EU ⇔ + Strong sales in China
- + - Increase in R&D expenses for new product launch

2017 Full-Year Forecast

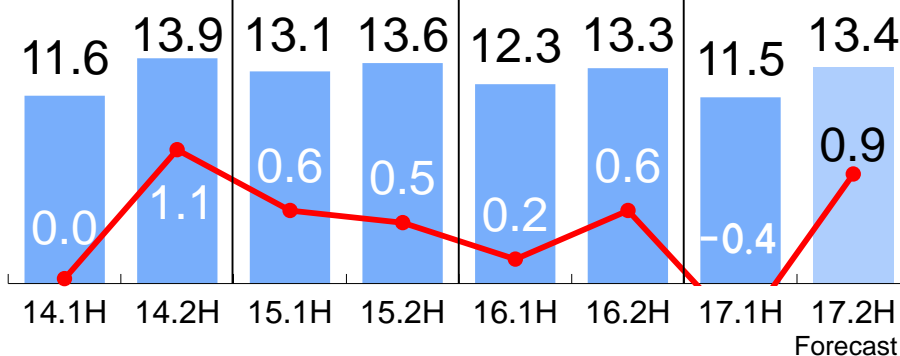
- + Firm sales of core components for optical products
- Slow demand from universities in Japan, US, and EU
- + Develop new market by customized products to meet needs of each customer

Diffraction grating

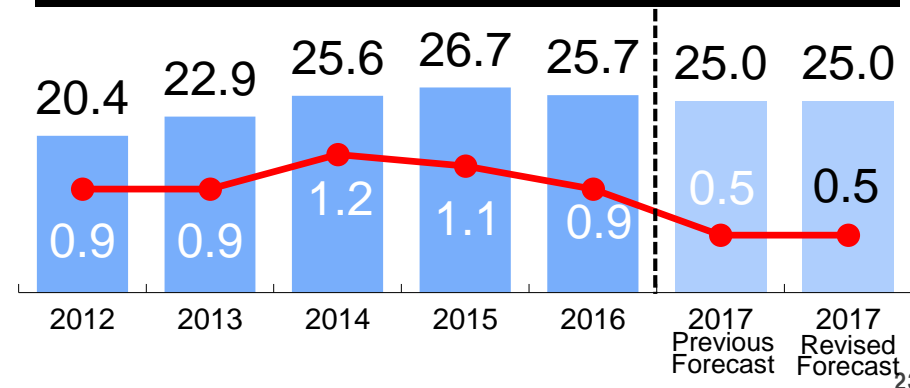
- Core components for optical products
- Global top-level technology



Sales and O.P. (Half-year) ■ Sales —●— O.P.



Sales and O.P. (Full-year) ■ Sales —●— O.P.

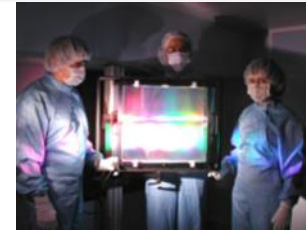


Scientific Supporting to cultivate HORIBA's technologies

“Diffracting grating,” core technology of the French subsidiary

- ◆ Increase in demand for customized grating for high-intensity laser
- ◆ Increase in demand for optical equipment including grating increase for SPE* makers

*Semiconductor Production Equipment



Customized grating



Optical equipment

HORIBA France S.A.S. (former HORIBA Jobin Yvon S.A.S.)

- ◆ Long-established manufacturer of optical instruments with mass-production technology in grating

- Founded in 1819 (200-year anniversary in 2019)

- Jointed the HORIBA Group in 1997 (20th anniversary from integration)



HORIBA France S.A.S.
Europe Research Center (France)

Laser particle-size analyzers received the 9th Laser Society Industry Awards

- ◆ Award laser products and technologies that contribute to development of the domestic industry

- Equipment to irradiate particles with a laser to measure their size
- Utilize for R&D and quality improvement of particles in various fields (i.e., electronic parts, battery, food, abrasives, medicines)



Laser diffraction
particle size analyzer



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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)

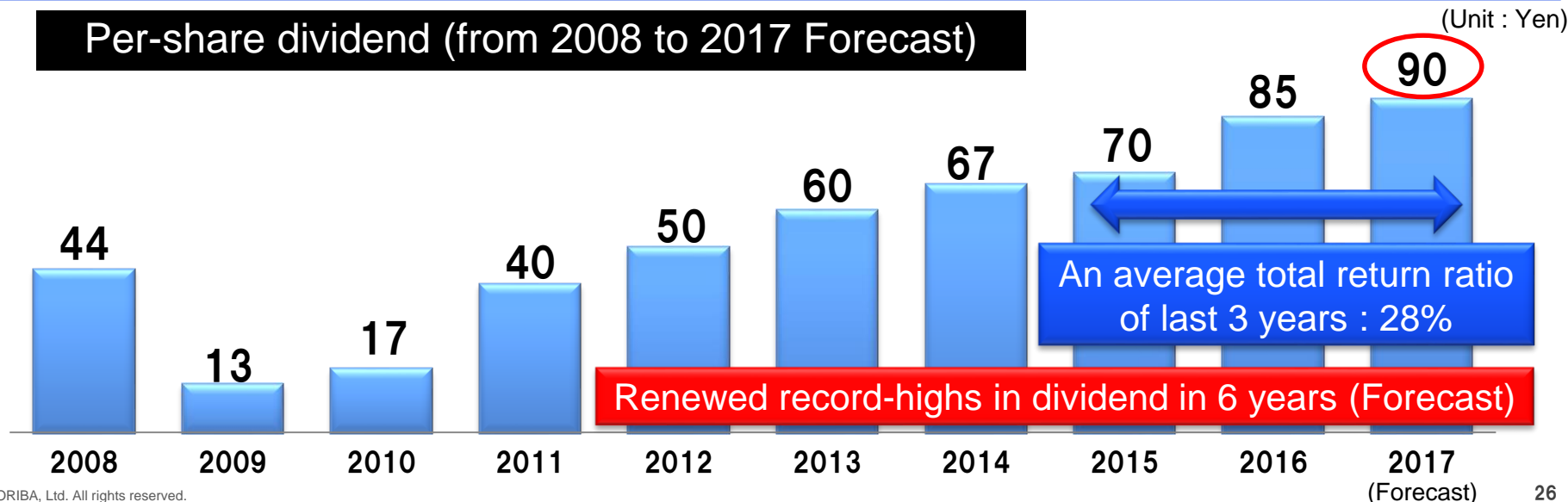
Dividends per share and Share buybacks

2015 Results 70 yen [Interim 28 yen, Year-end 42 yen] + Share Buyback (0.99bn yen)

2016 Results 85 yen [Interim 30 yen, Year-end 55 yen]

2017 Forecast 90 yen [Interim 40 yen, Year-end 50 yen] (No change from previous forecast)

Per-share dividend (from 2008 to 2017 Forecast)



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Action for workstyle innovation

“Stained Glass Project” initiatives

STEP 1
2014

- Start from promoting women's empowerment

STEP 2
2015

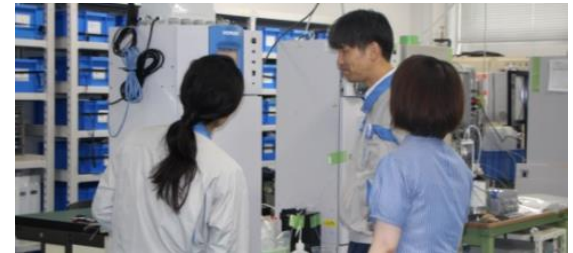
- Start “workstyle innovation” workshop
- Theme: “Change actions by individuals”

STEP 3
2016 -

- “Stained Glass” connects management, human resources and work front
- Make use of the characteristics of each worksite and organization

“KAERU” Meeting *KAERU” =Going home
(from May 2017)

- 111 persons (18 teams) join
- Themes: “Efficient operation”
“Individual skill-up”
- 70 ideas have been registered



Recognized under the 2017 Certified Health and Productivity Management Organization Recognition Program

Program to award companies engaged in health-conscious management (designed by the METI and operated by the Nippon Kenko Kaigi)

Evaluation
given to
HORIBA

Top management's declaration to promote mental/physical health
Innovative ideas by cross-sectoral projects and teams



HORIBA Stained Glass Project

When diverse human resources can shine, HORIBA can become even stronger

<Goals>



1. Increase the corporate competitiveness of HORIBA through diversity
 - Turn diversity beyond gender, generation, group, nationality, form of employment, disability, etc. into power and promote innovation by encouraging all members to be aware of and challenge mental barriers.



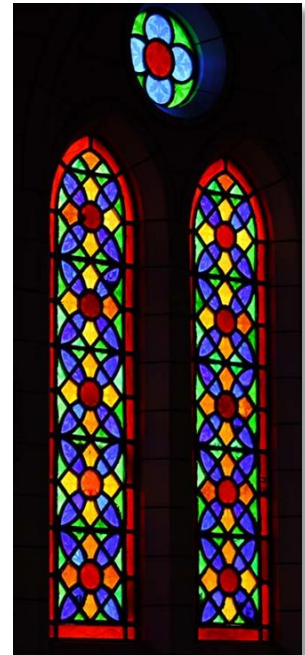
2. Create next-generation leaders and role models for diverse working styles
 - Support the discovery and creation of best practices and share them inside and outside HORIBA.



3. Increase added value and productivity per hour of organizations and individuals
 - Increase added value of individuals by radically reforming their working styles to allow them to achieve a good work-life balance.

<Project system>

- Project Owner : Executive Vice President
- Advisor : HORIBA's first female board member
- Project Leader : A female manager who proposed the project
- Members : A wide variety of human resources from group companies

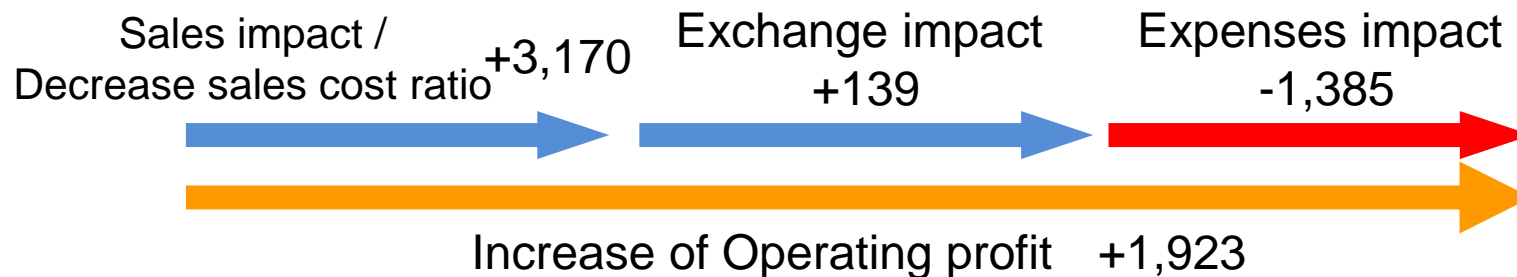
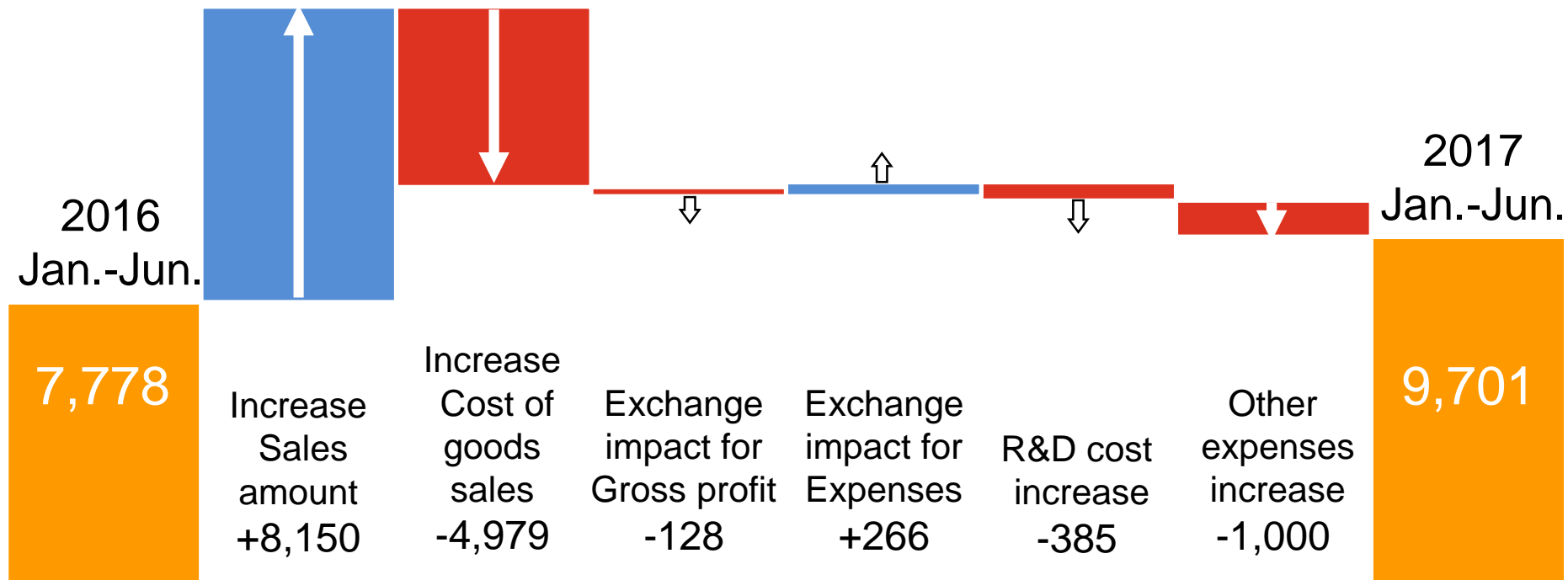


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Operating profit analysis (vs. 2016)

(Millions of Yen)



Impact of fluctuation in foreign exchange

Exchange rate impact for 2017 Forecast

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

Sales

USD -448 millions of yen

EUR -331 millions of yen

GBP -88 millions of yen

Operating Profit

USD -162 millions of yen

EUR -28 millions of yen

GBP -4 millions of yen

Exchange rate impact (2017 First-Half Results)

(Millions of Yen)	Sales				Operating Profit			
	Total	USD	EUR	GBP	Total	USD	EUR	GBP
Auto	- 649	+ 24	- 129	- 552	+ 96	+ 3	+ 8	+ 86
P&E	- 24	+ 7	- 18	- 11	- 35	+ 0	- 7	- 22
Medical	- 120	+ 14	- 113	- 22	- 6	+ 0	+ 9	- 15
Semi	+ 61	+ 65	- 5	- 101	+ 50	+ 54	- 2	- 102
Scientific	- 74	+ 24	- 81	- 25	+ 34	+ 2	+ 0	+ 19
Total	- 806	+ 134	- 346	- 711	+ 139	+ 59	+ 9	- 35

Consolidated Cash Flows

(Millions of yen)

	2016 First-Half	2017 First-Half	Variation
Cash flows from operating activities	5,987	16,274	+10,287
Cash flows from investing activities	-5,071	-6,804	-1,732
Cash flows from financing activities	59	-7,104	-7,164
Cash and cash equivalents at end of year	47,719	54,174	+6,454
Free cash flows	915	9,470	+8,555

Capital Investment, Depreciation, R&D

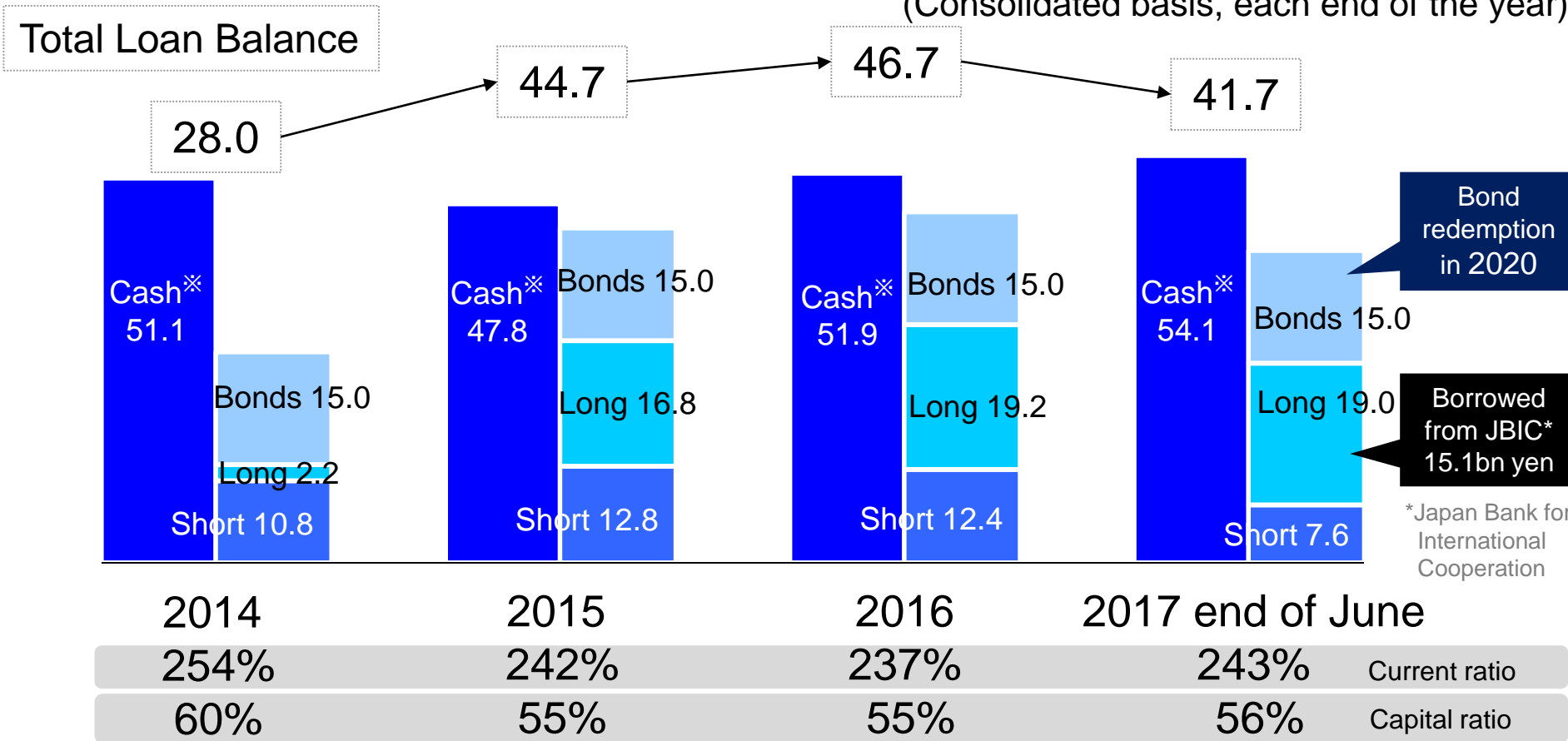
(Billions of Yen)

		2016	2017 Forecast			2016	2017
		Results	Forecast as of May 12	Revised Forecast	vs Forecast as of May 12	First-Half	First-Half
	PP&E	13.4	14.6	14.6	-	5.6	5.3
	Intangibles	0.3	0.4	0.4	-	0.2	0.1
Capital Investment		13.7	15.0	15.0	-	5.8	5.5
Depreciation		6.8	7.2	7.2	-	3.2	3.6
R&D		12.9	14.0	14.0	-	6.3	6.6
(To net sales)		7.6%	7.7%	7.4%	-0.3p	7.9%	7.5%

Cash Balance

(Billions of yen)

(Consolidated basis, each end of the year)



- Loan repayment due to group financing
- Recent issuer rating : R&I [A-] (July 2017), JCR [A] (August 2017)

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
- Test Automation Systems
- Intelligent Transport Systems
- Engineering Consultancy & Testing
(HORIBA MIRA, Ltd)

Process & Environmental



- Environmental & Process 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,
HORIBA Advanced Techno and HORIBA Jobin
Yvon's Technologies

Scientific



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

Business Segments

Automotive Test Systems



Process & Environmental



Medical



Semiconductor



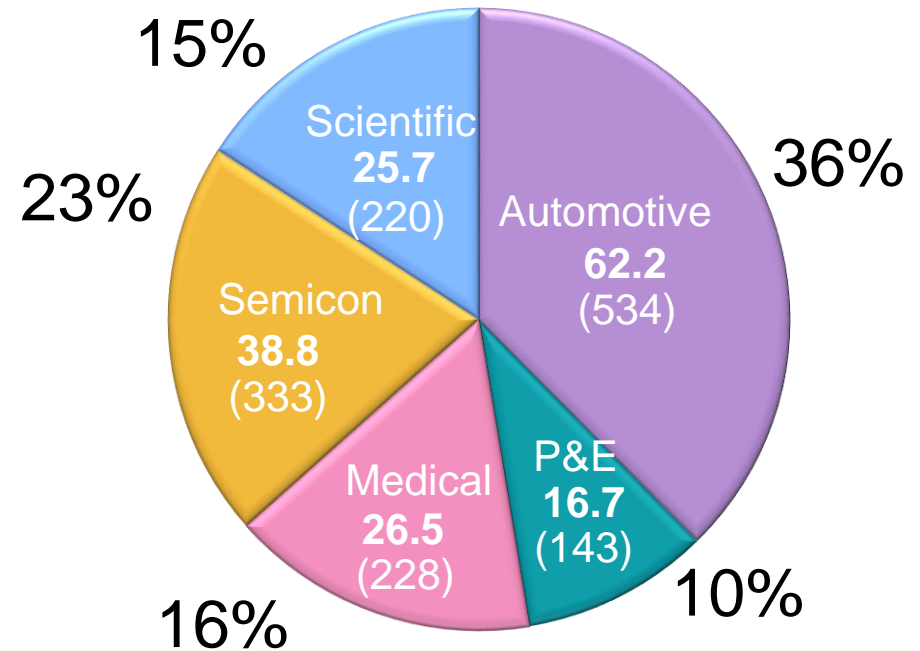
Scientific



Sales Breakdown by Segment

Sales: 170.0 B.JPY

(1,460 MUSD)



() = Segment Sales in MUSD

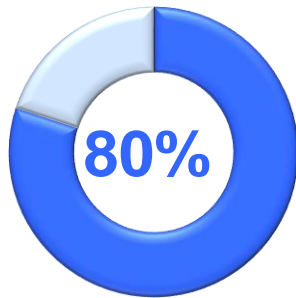
% = Segment Sales Ratio

(Sales of FY2016)

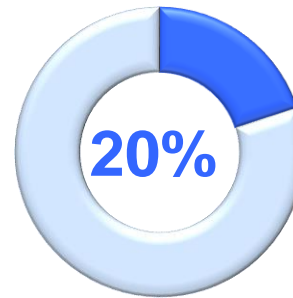
Market Shares

Global

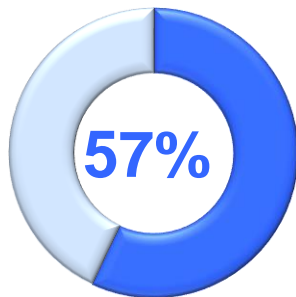
Emission Measurement Systems



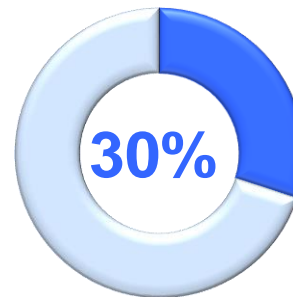
Stack Gas Analyzers



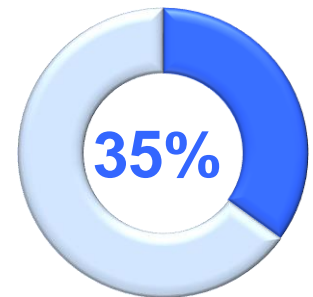
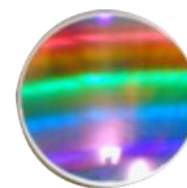
Mass Flow Controllers



Raman Spectrophotometers

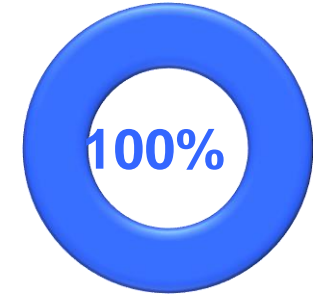


Gratings



Domestic

Automatic Blood Cell Counter plus CRP



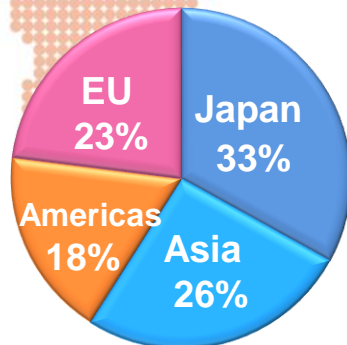
(As of December 31, 2015)

※Market shares quoted are estimates by HORIBA.

HORIBA Worldwide

Sales of FY2016 : 170.0 BJPY
(1,460 MUSD)

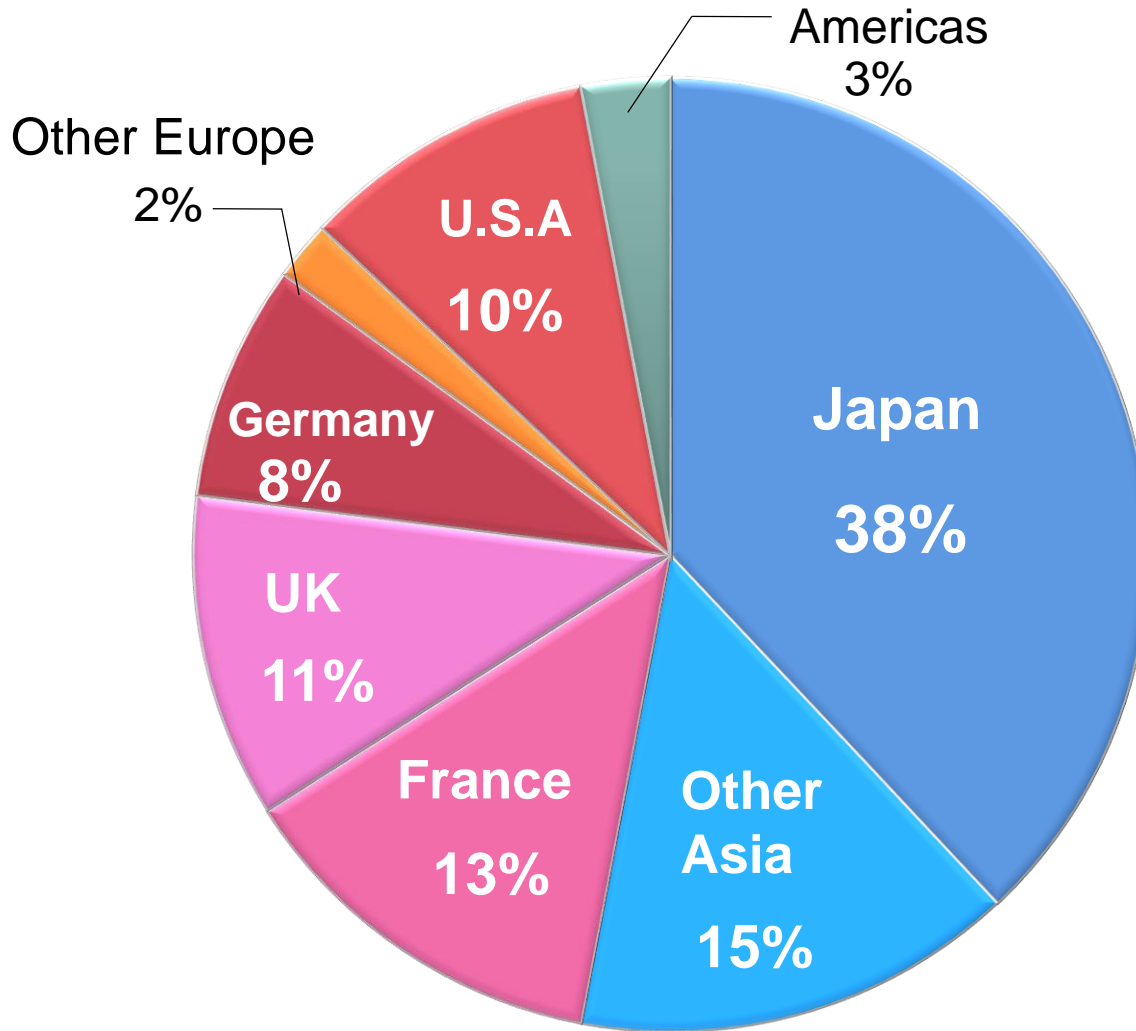
Sales Ratio by Region



The Number of Group Companies by region
(As of December 31, 2016)

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

Employees by Region



(As of December 31, 2016)

Total Number of Employees

7,149

Total Asia : 3,761

53%

Total Europe : 2,442

34%

Total Americas : 946

13%

Thank you very much for your attention.