Financial Results Briefing Materials for the Fiscal Year Ending December 31, 2014

HIOKI E.E. CORPORATION

(Securities Code: 6866)

February 2015

Contents

Overview

Name	HIOKI E.E. CORPORATION
Businesses	Development, manufacture, sale, and repair of electrical measuring instruments
Founded	June 1935
Incorporated	January 1952
Capitalization	¥3,299 million
Representative	Masanobu Machida, President & CEO
Head Office	81 Koizumi, Ueda-shi, Nagano Prefecture
Consolidated subsidiaries	HIOKI Forest Plaza Corporation; HIOKI USA Corporation; HIOKI (Shanghai) Sales & Trading Co., Ltd.; HIOKI India Private Limited; HIOKI Singapore Pte. Ltd.; HIOKI Korea Co., Ltd.
Employees	762 (consolidated-basis) (as of December 31, 2014)

Financial Results Overview

Overview of 2014 Results

	2013		2014		
	Results (millions of yen)	Percent of sales (%)	Results (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	14,332		17,086		119.2%
Cost of sales	9,315	65.0%	10,180	59.6%	109.3%
Selling, general, and administrative expenses	4,249	29.7%	4,936	28.9%	116.2%
Operating profit	768	5.4%	1,970	11.5%	256.5%
Recurring profit	826	5.8%	2,007	11.7%	242.8%
Net income	499	3.5%	1,348	7.9%	269.8%
Earnings per share	¥36.68		¥98.97		

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Trend in Sales and Recurring Profit

	2010	2011	2012	2013	2014
Sales	16,316	15,966	15,069	14,332	17,086
Recurring profit	2,254	1,942	1,186	826	2,007
Recurring profit rate	13.8%	12.2%	7.9%	5.8%	11.7%

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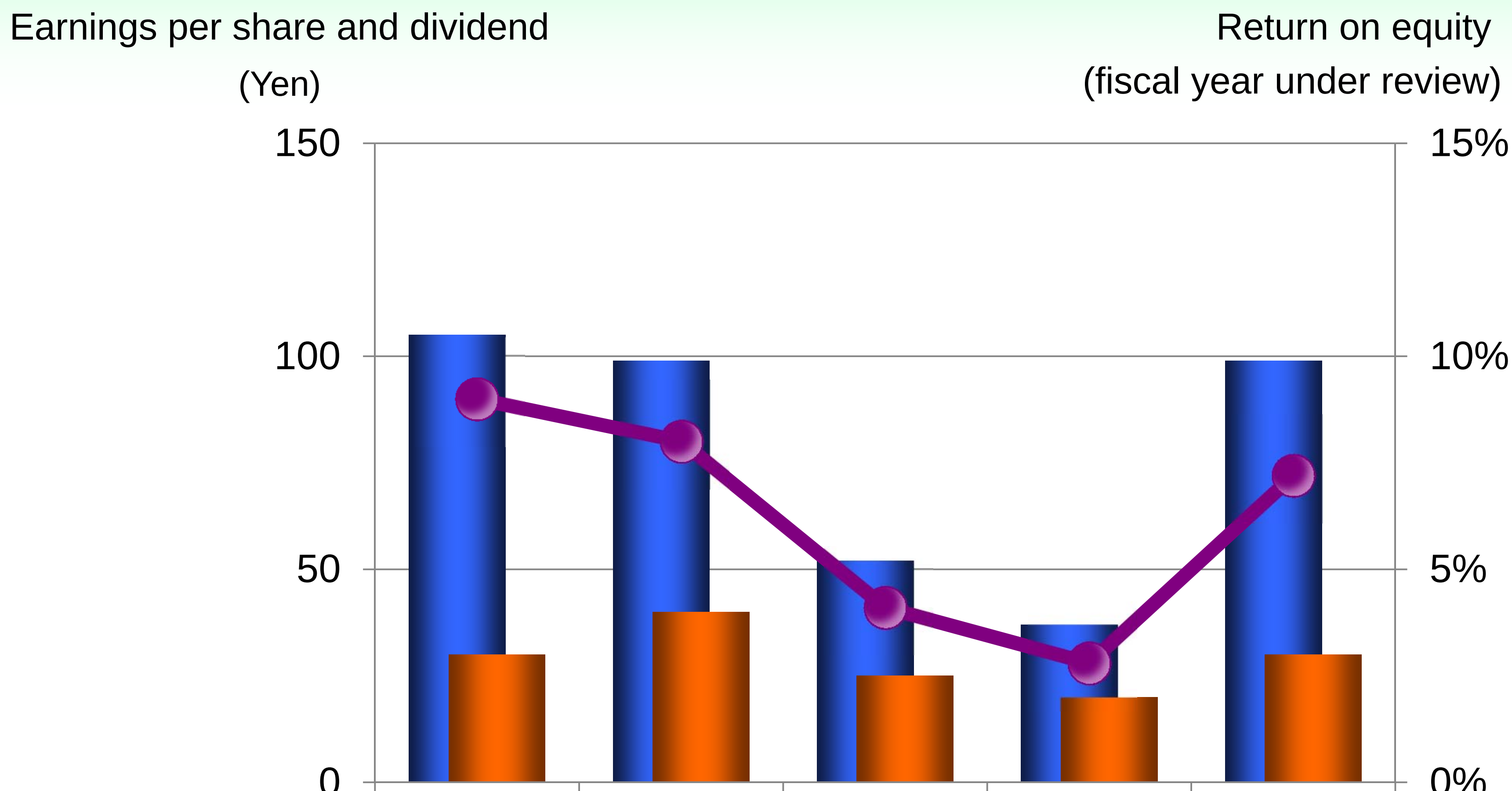
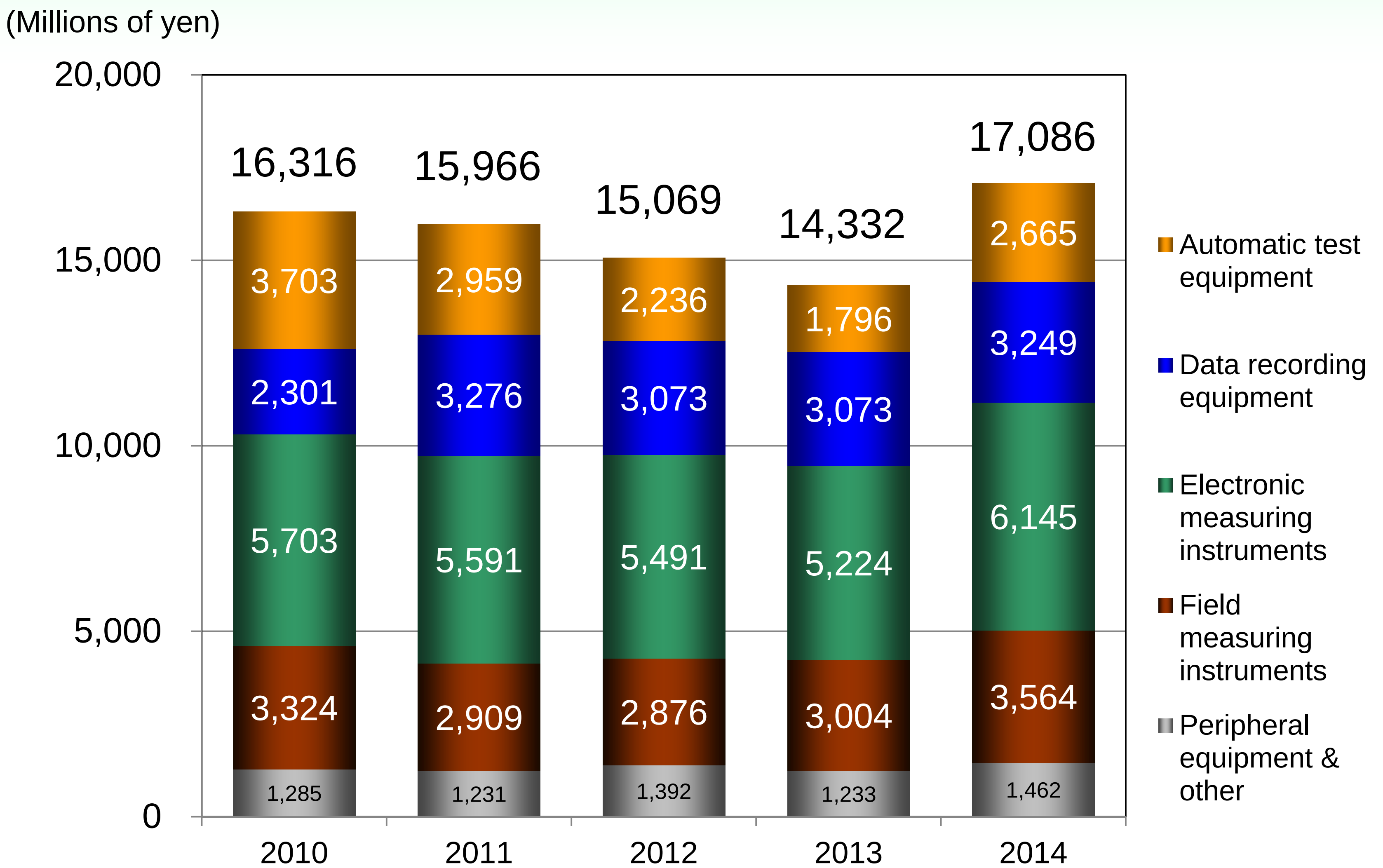
Trend in Earnings per Share and Dividend



	2010	2011	2012	2013	2014
Earnings per share (EPS)	105	99	52	37	99
Dividend per share (yen)	30	40	25	20	30
Return on equity (fiscal year under review)	9.0%	8.0%	4.1%	2.8%	7.2%

Trend in Sales by Product Category



*Some product categories were changed in 2013. Results for 2011 and 2012 have been allocated using the new categories.

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2014 Overview by Product Category

Automatic test equipment	• New testing systems were introduced for high-precision, multi-model, small-lot production for use in smartphone circuit board applications, leading to significant sales growth.
Data recording equipment	• Sales were strong in the Asian and U.S. markets. • New products were introduced for the automotive and power industries, which are key customers.
Electronic measuring instruments	• New product introductions and rising capital investment in the electronic components industry led to significant growth in sales of testing and measuring instruments for electronic components. • Introduction of new power meter products for various fields led to growth in that product area.
Field measuring instruments	• New products were introduced for use in electrical work and infrastructure maintenance applications. • Sales grew in the domestic and U.S. markets. Sales grew significantly in Asian markets in response to rising demand due to infrastructure development in Southeast Asia and the Middle East.

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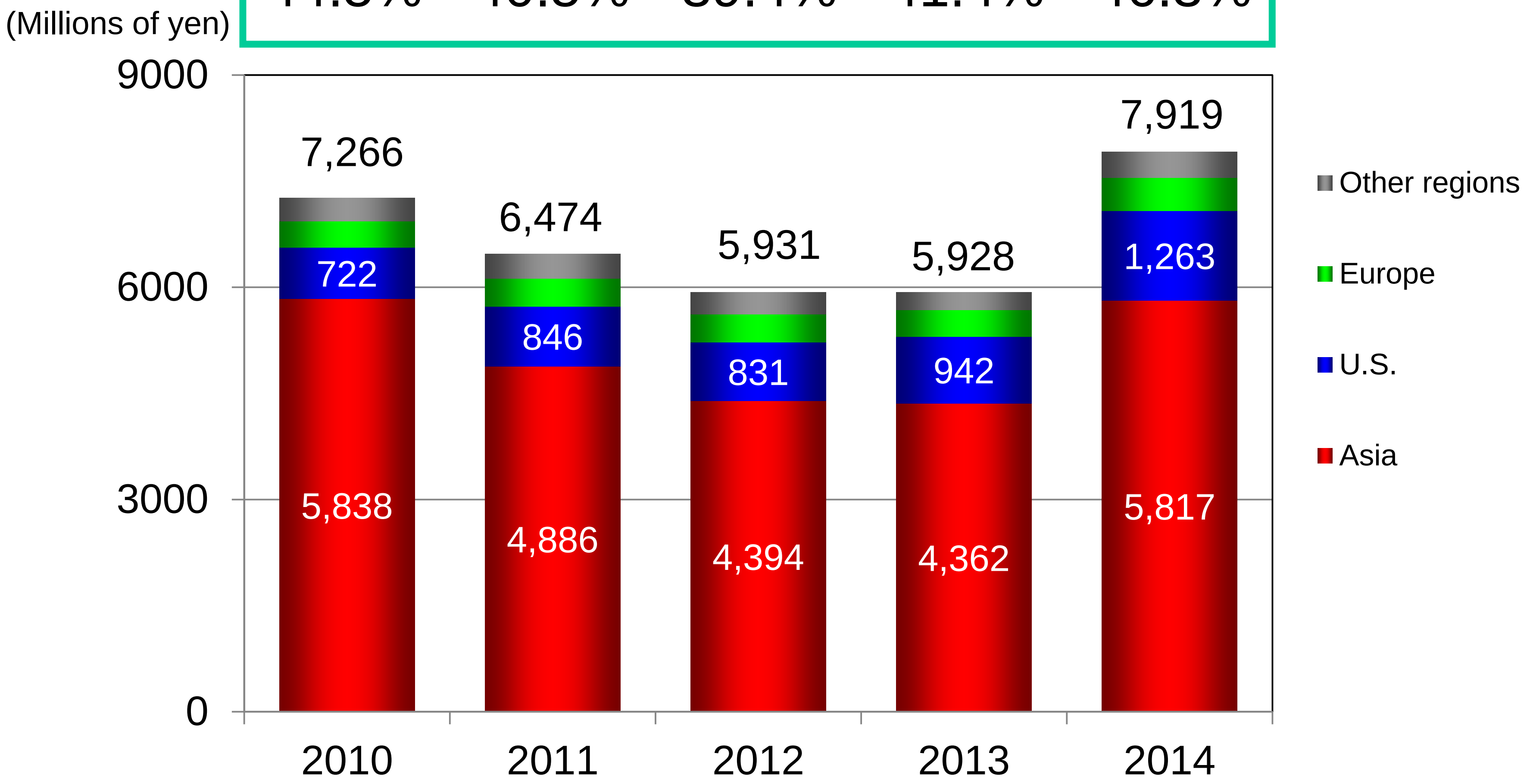
Trend in International Sales

International sales as a percentage of total sales

44.5%　40.5%　39.4%　41.4%　46.3%



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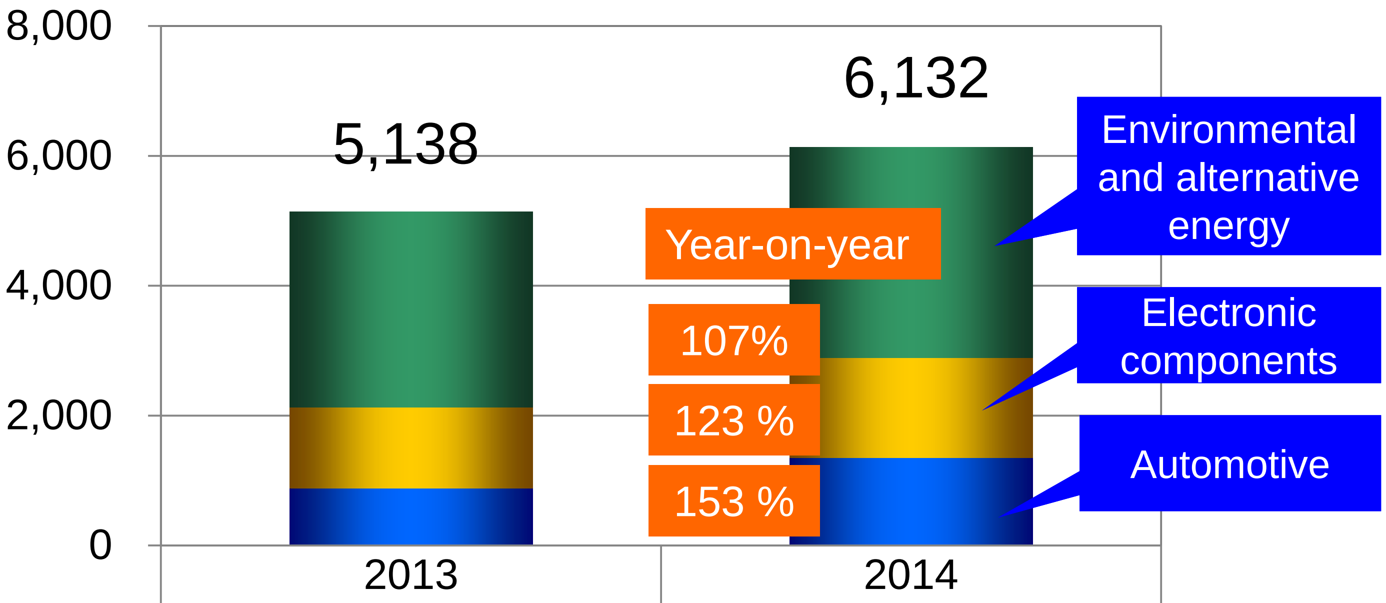
Cultivating Key Markets

- Increasing sales to automotive manufacturers (88 companies) and electronic component manufacturers (96 companies)
- Increasing sales of products (14 series) in the environmental and alternative energy sectors

(Millions of yen)



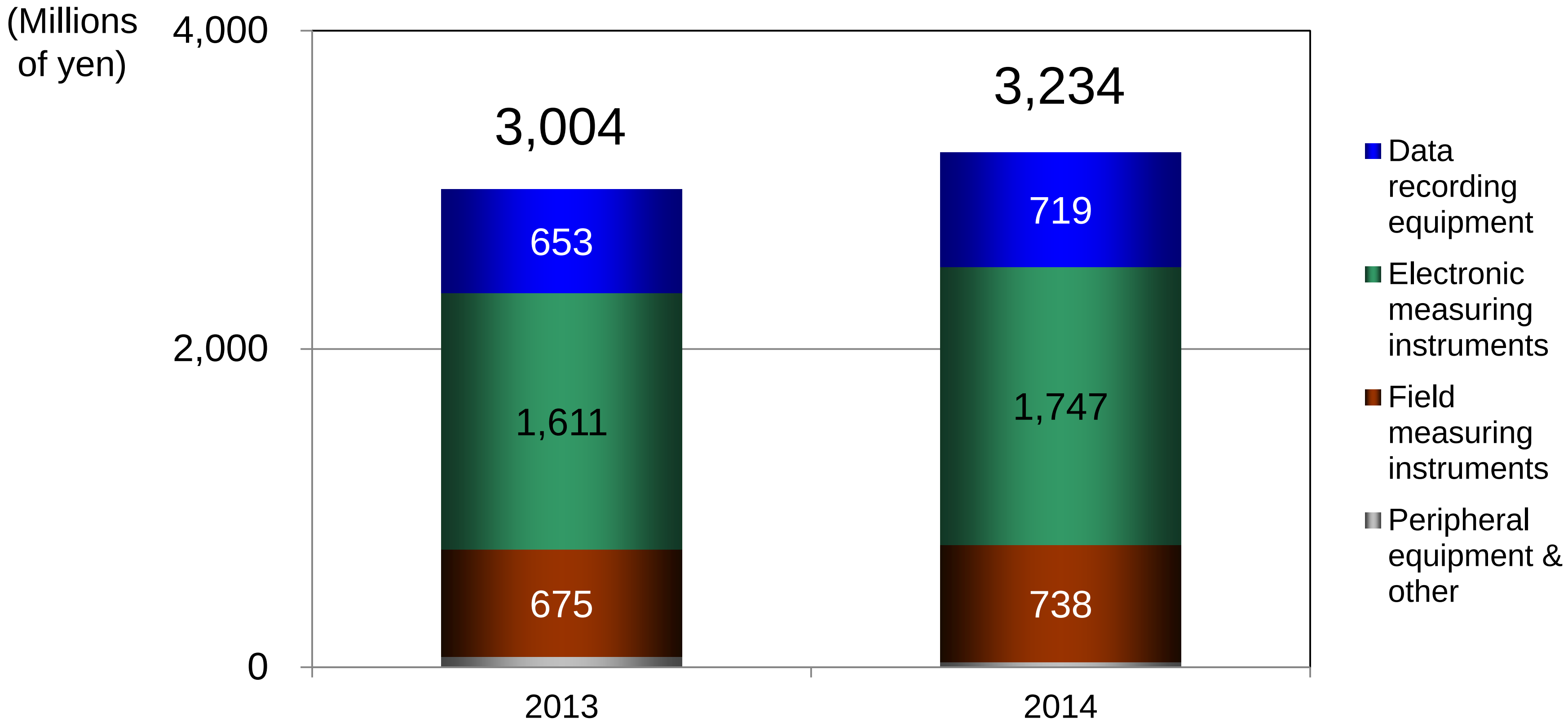
	2013	2014
Environmental and alternative energy	3,004	3,234
Electronic components	1,255	1,544
Automotive	879	1,352

(1) Environmental and Alternative Energy

Environmental and alternative energy sectors

Market trends: The alternative energy industry (solar power, LEDs, storage batteries) is growing.

Target products: Power meters, battery testers, remote measurement systems, data loggers



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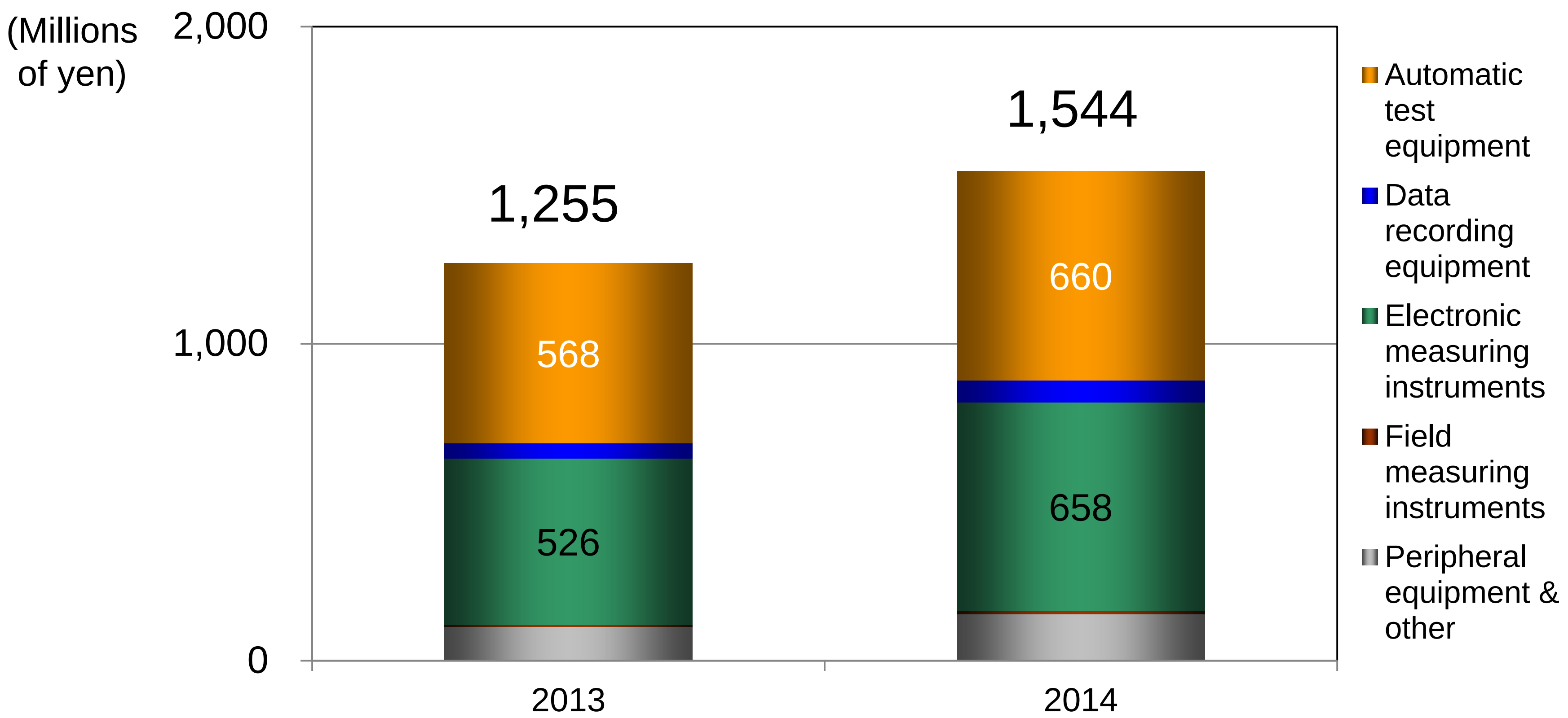
Cultivating Key Markets

(2) Electronic Components

Electronic component industry

Market trends: There has been brisk capital investment in connection with smartphone and vehicle-use products.

Target products: Automatic test equipment, LCR measuring instruments, resistance meters, current probes

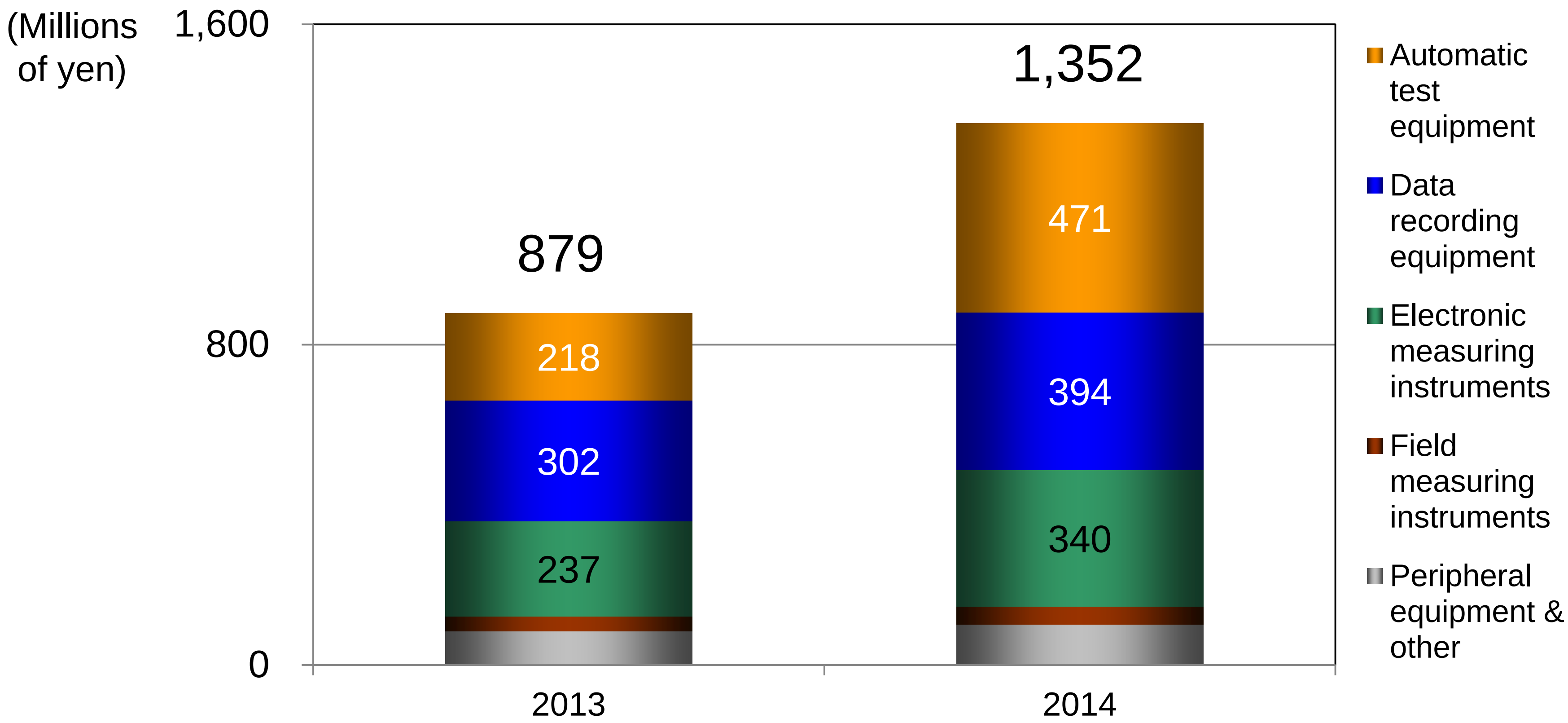


(3) Automobiles

Automotive industry

Market trends: Capital investment in EVs and HEVs, and in the entire automotive industry, is booming.

Target products: Automatic test equipment, recorders, power meters, battery testers



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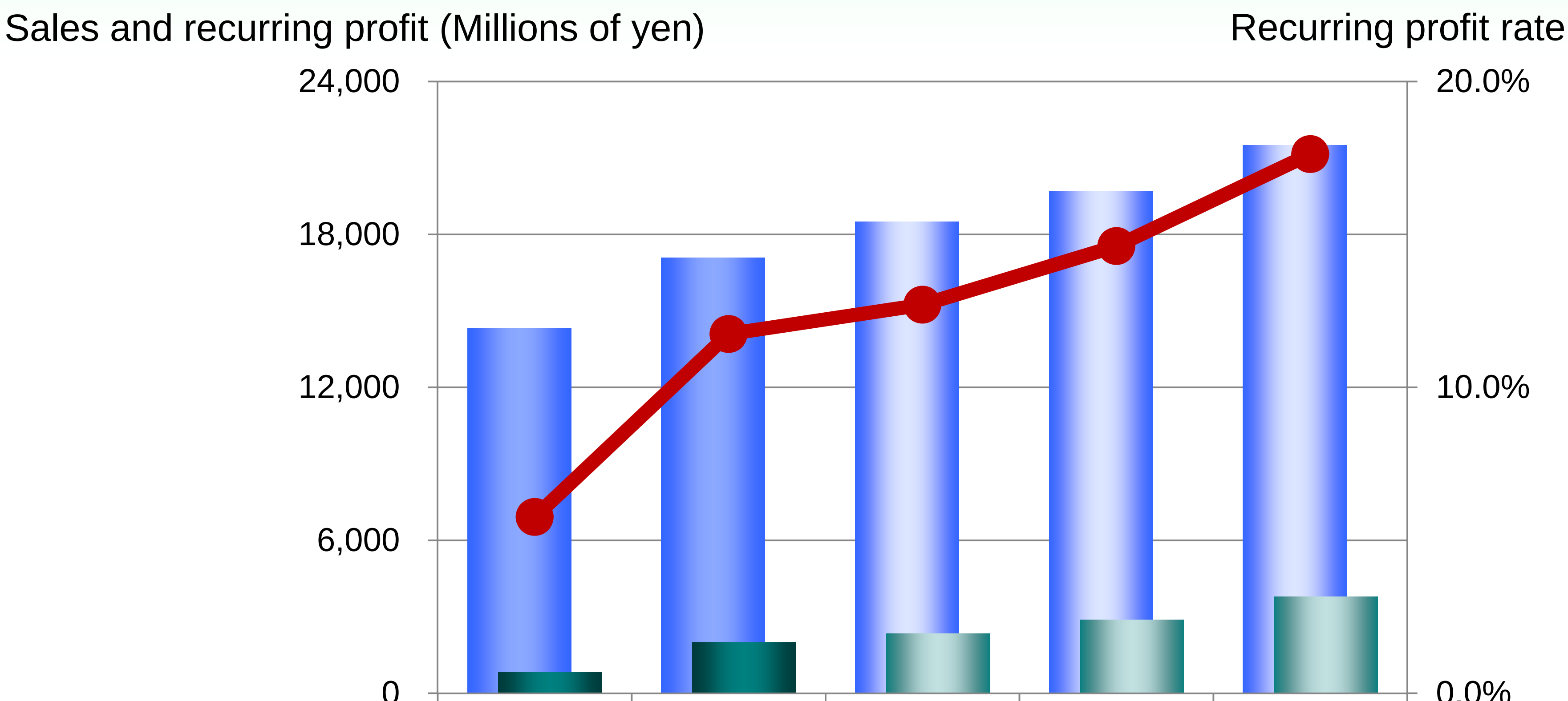
Mid-term Business Plan and Strategy

2015 Results Forecast

	2014		2015		
	Results (millions of yen)	Percent of sales (%)	Plan (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	17,086		18,500		108.3%
Cost of sales	10,180	59.6%	10,810	58.4%	106.2%
Selling, general, and administrative expenses	4,936	28.9%	5,340	28.9%	108.2%
Operating profit	1,970	11.5%	2,350	12.7%	119.3%
Recurring profit	2,007	11.7%	2,350	12.7%	117.1%
Net income	1,348	7.9%	1,500	8.1%	111.3%
Earnings per share	¥98.97		¥110.08		

HIOKI

Mid-term Business Plan



	2013	2014	2015	2016	2017
Sales	14,332	17,086	18,500	19,700	21,500
Recurring profit	826	2,007	2,350	2,880	3,790
Recurring profit rate	5.8%	11.7%	12.7%	14.6%	17.6%

Figures include anticipated costs associated with events marking the 80th anniversary of HIOKI's founding in 2015.

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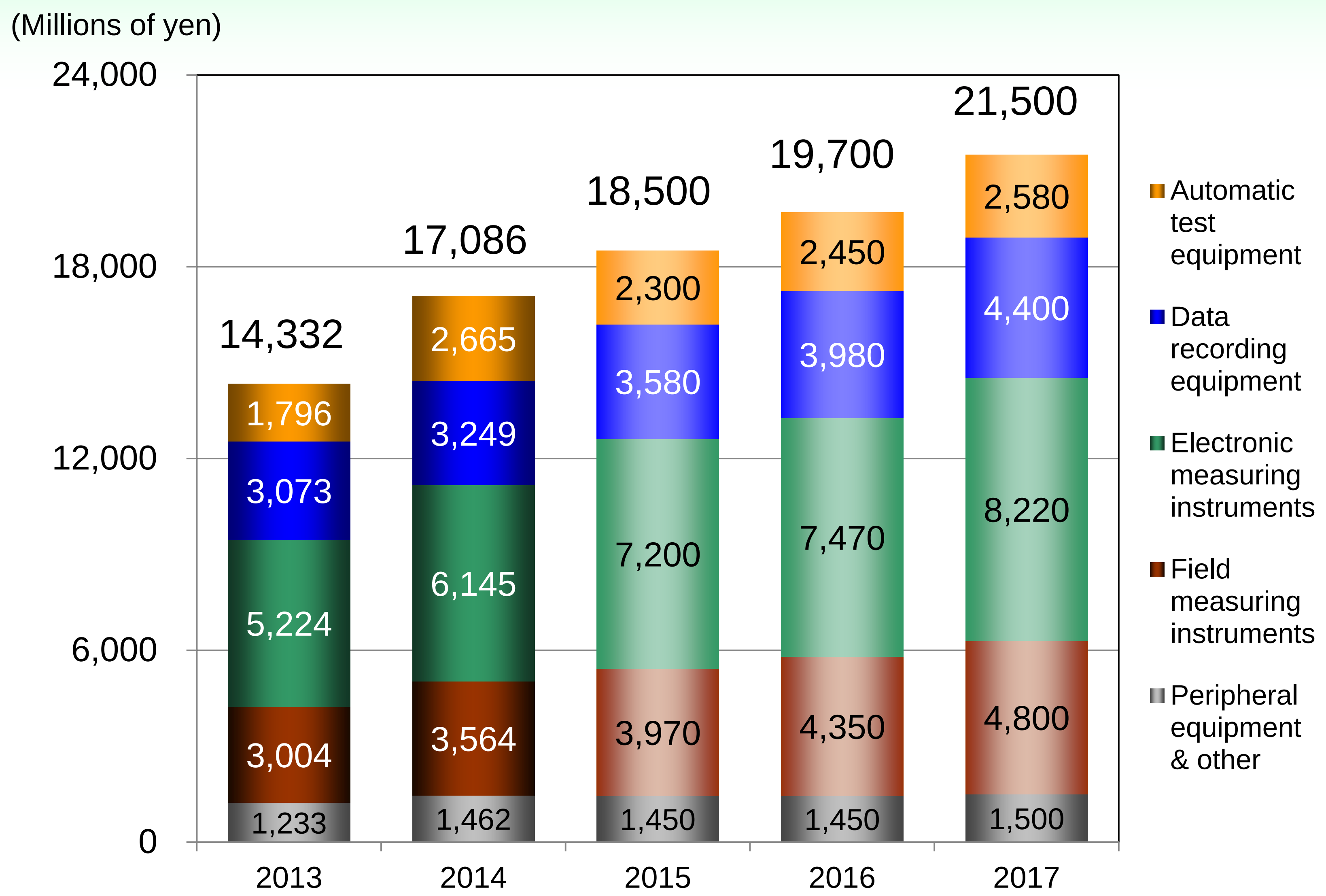
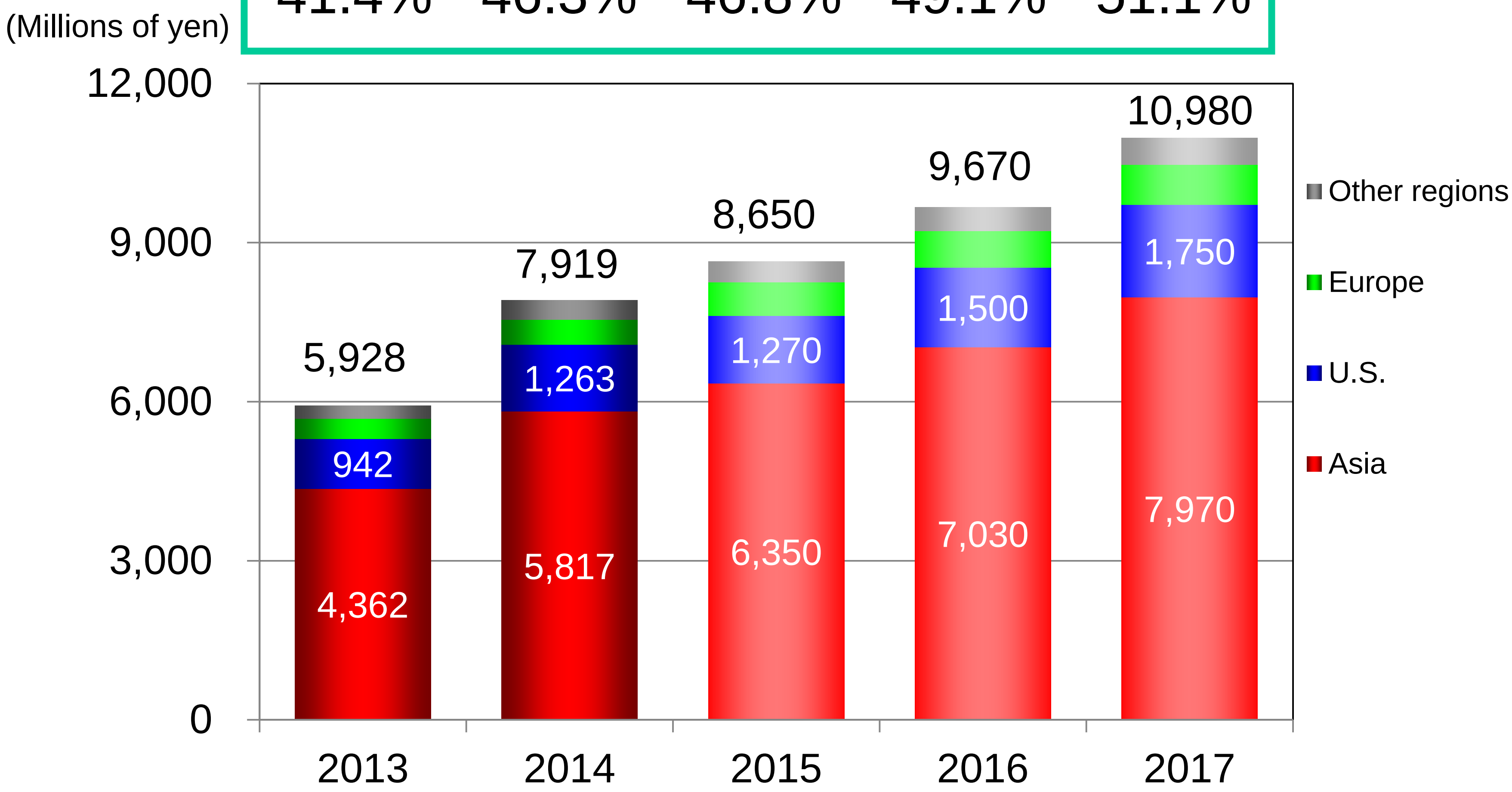
Mid-term Sales Plan by Product Category



International Mid-term Sales Plan

International sales as a percentage of total sales

41.4% 46.3% 46.8% 49.1% 51.1%



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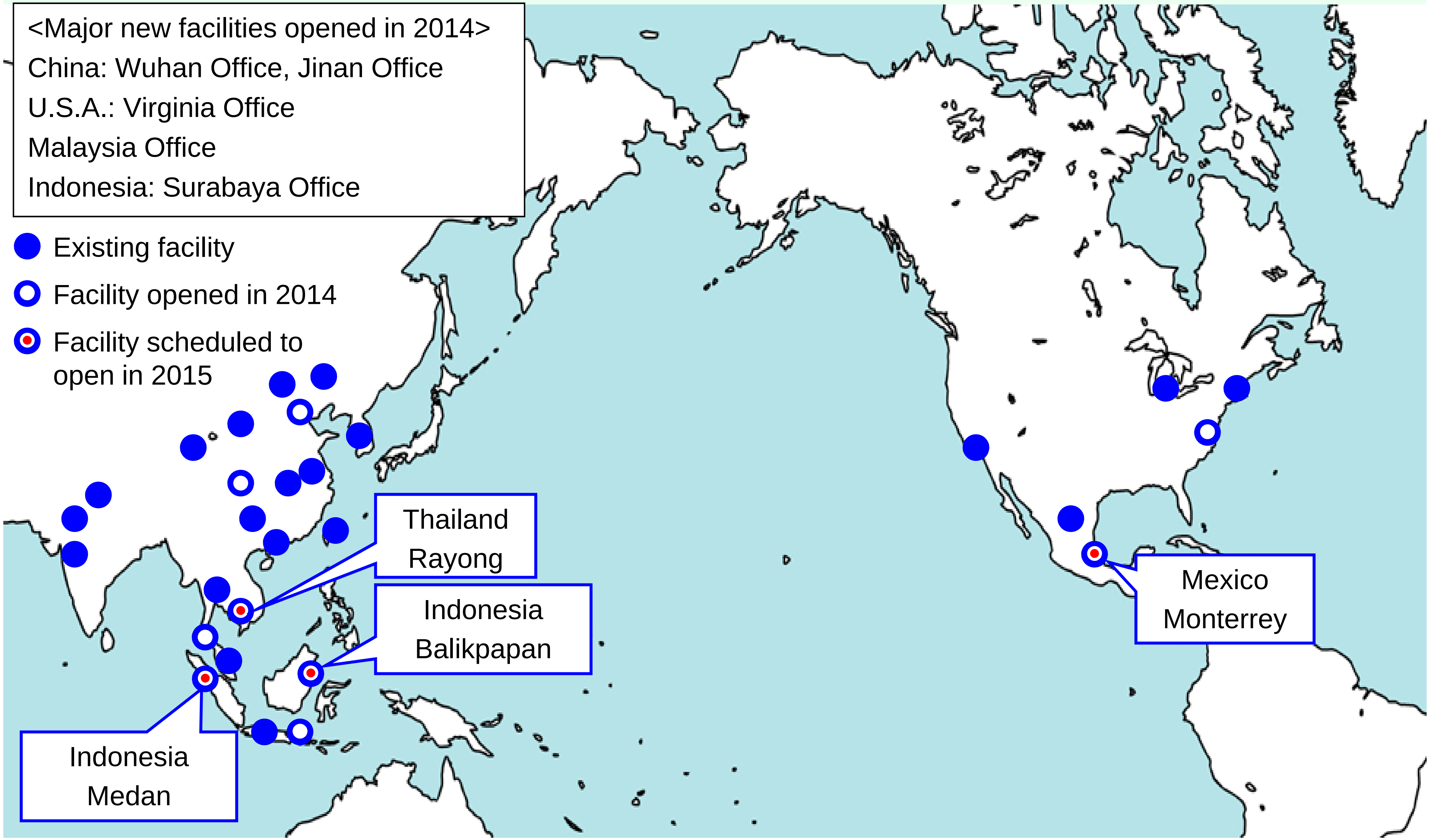
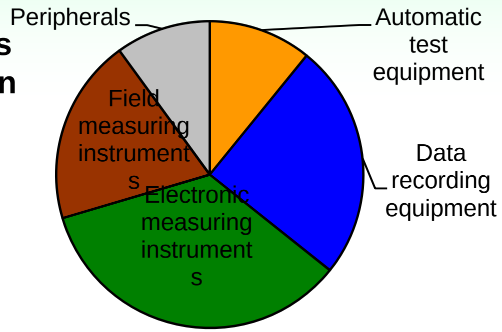
Pursuing Globalization

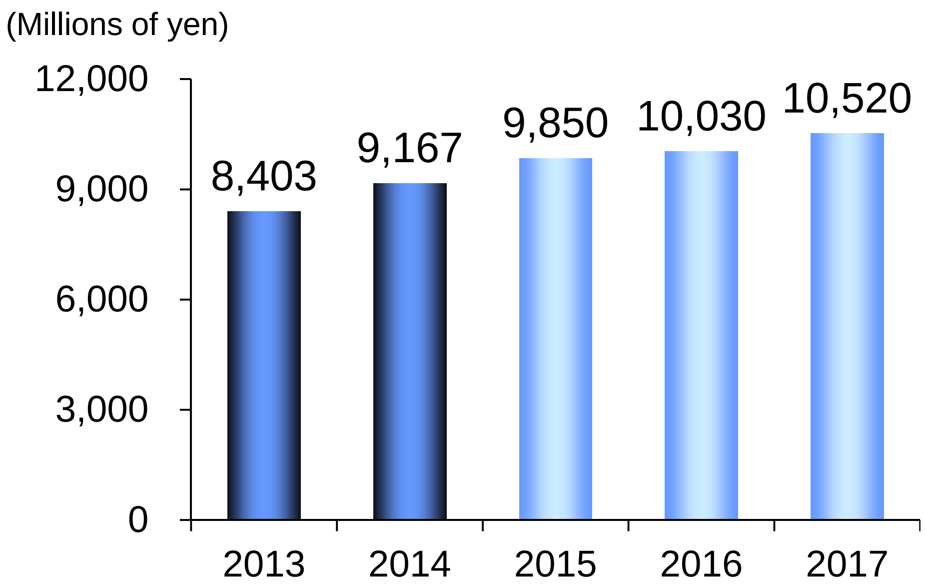
<Major new facilities opened in 2014>
China: Wuhan Office, Jinan Office
U.S.A.: Virginia Office
Malaysia Office
Indonesia: Surabaya Office

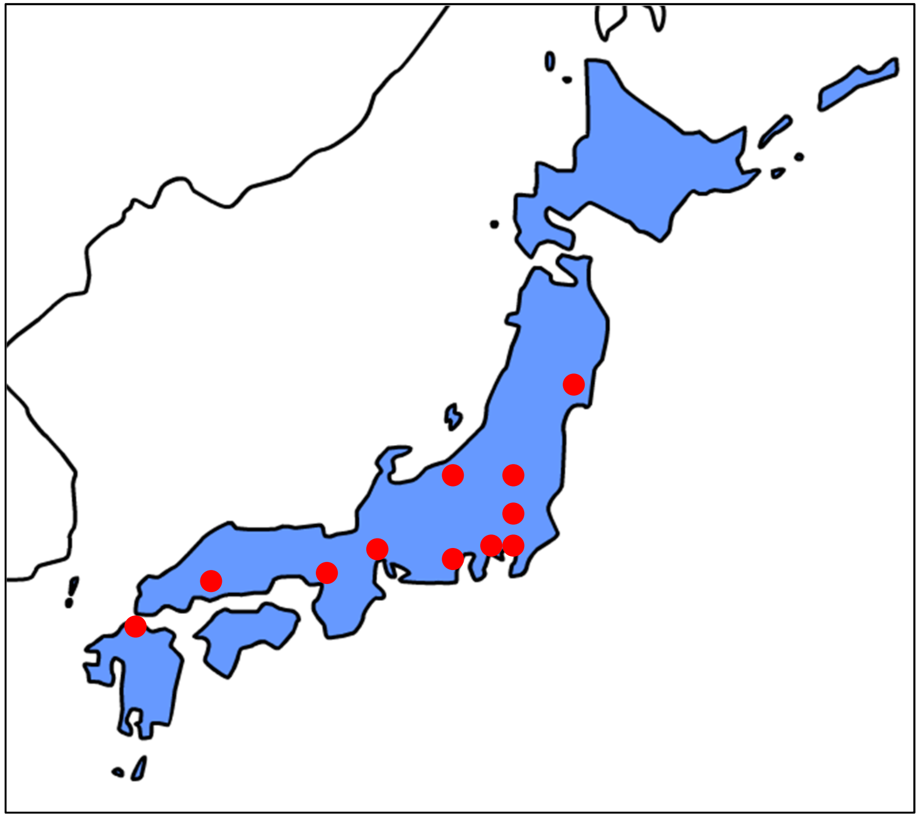


Key Regional Markets: Japan

2014 sales breakdown







- Domestic sales facilities reorganized
- Pursuit of customer-focused sales

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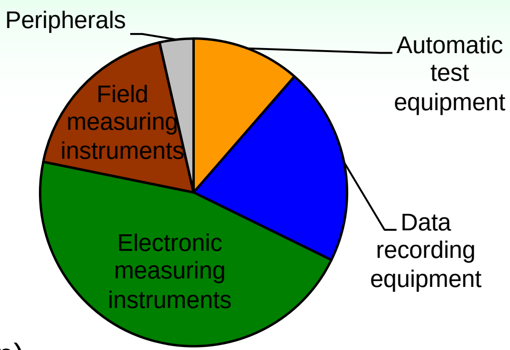
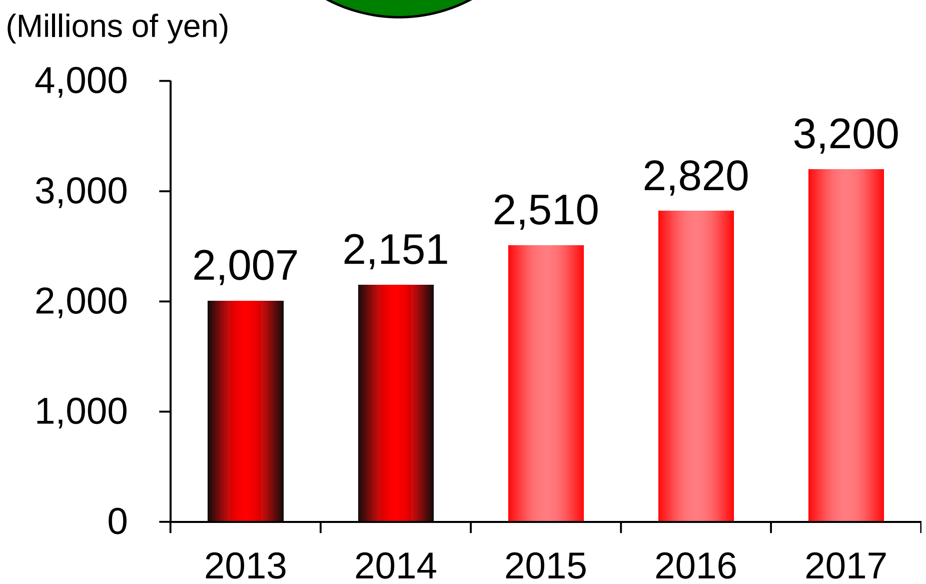
Key Regional Markets: China

2014 sales breakdown





- New marketing teams assigned to local sales offices. Pursuing the development of new products based on needs of local markets.
- Cultivation of key users and key markets.

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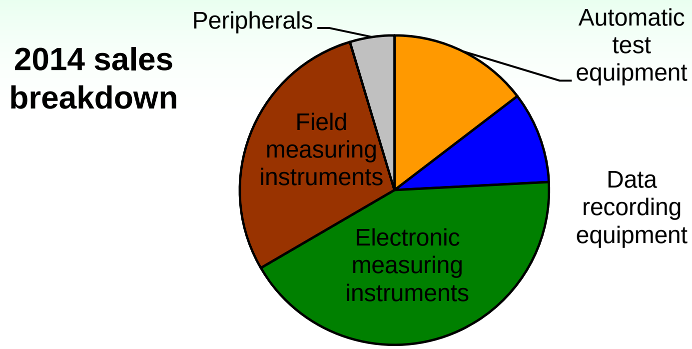
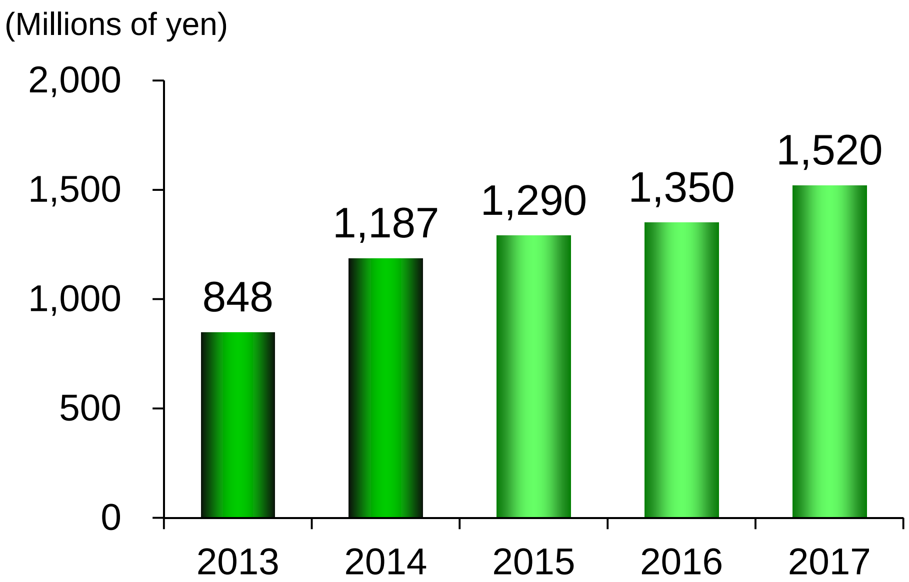
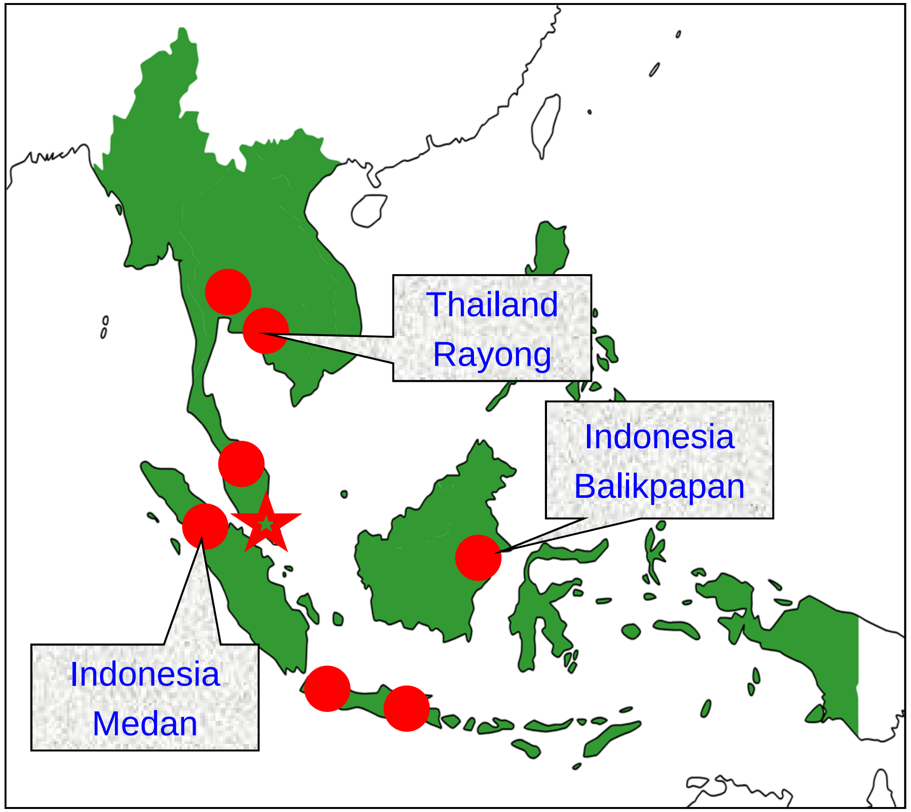
Key Regional Markets: Southeast Asia





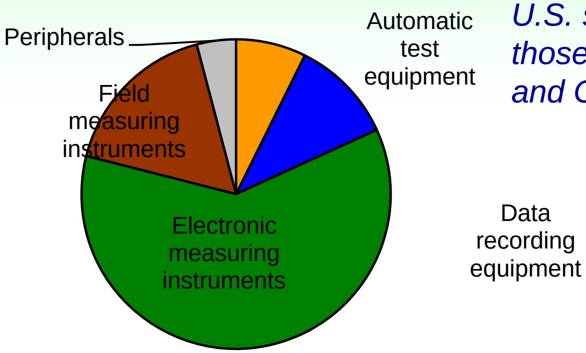
*Blue: Planned facility opening during current fiscal year



- Sales facilities opened in Indonesia and Thailand in an effort to enhance support for distributors.
- Multiple distributors established in ASEAN countries and structures built to expand product sales.

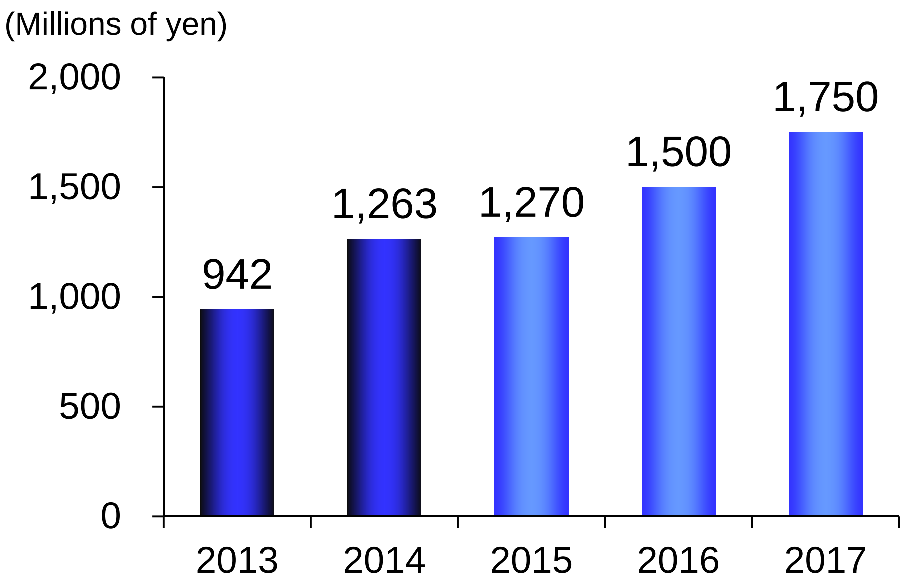
Key Regional Markets: U.S.A.

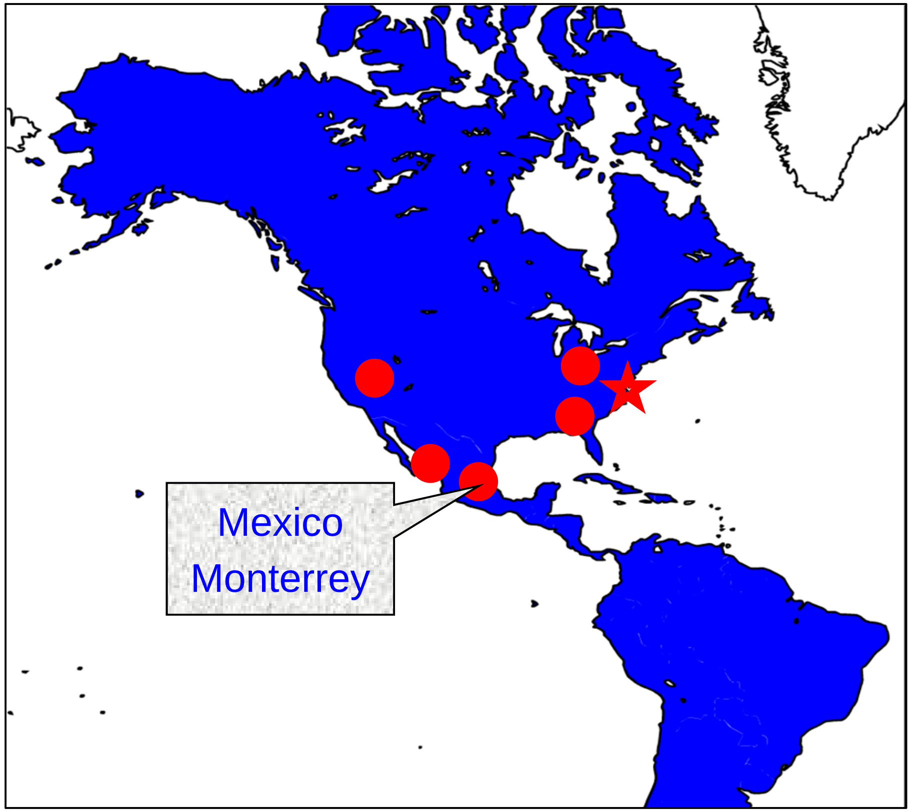
2014 sales breakdown



U.S. sales figures include those for Canada and South and Central America.

*Blue: Facility we plan to open during the current fiscal year.





- Sales efforts strengthened to target automotive, public utility, transport, and power markets
- Sales efforts strengthened in Mexico

Other Key Overseas Regions

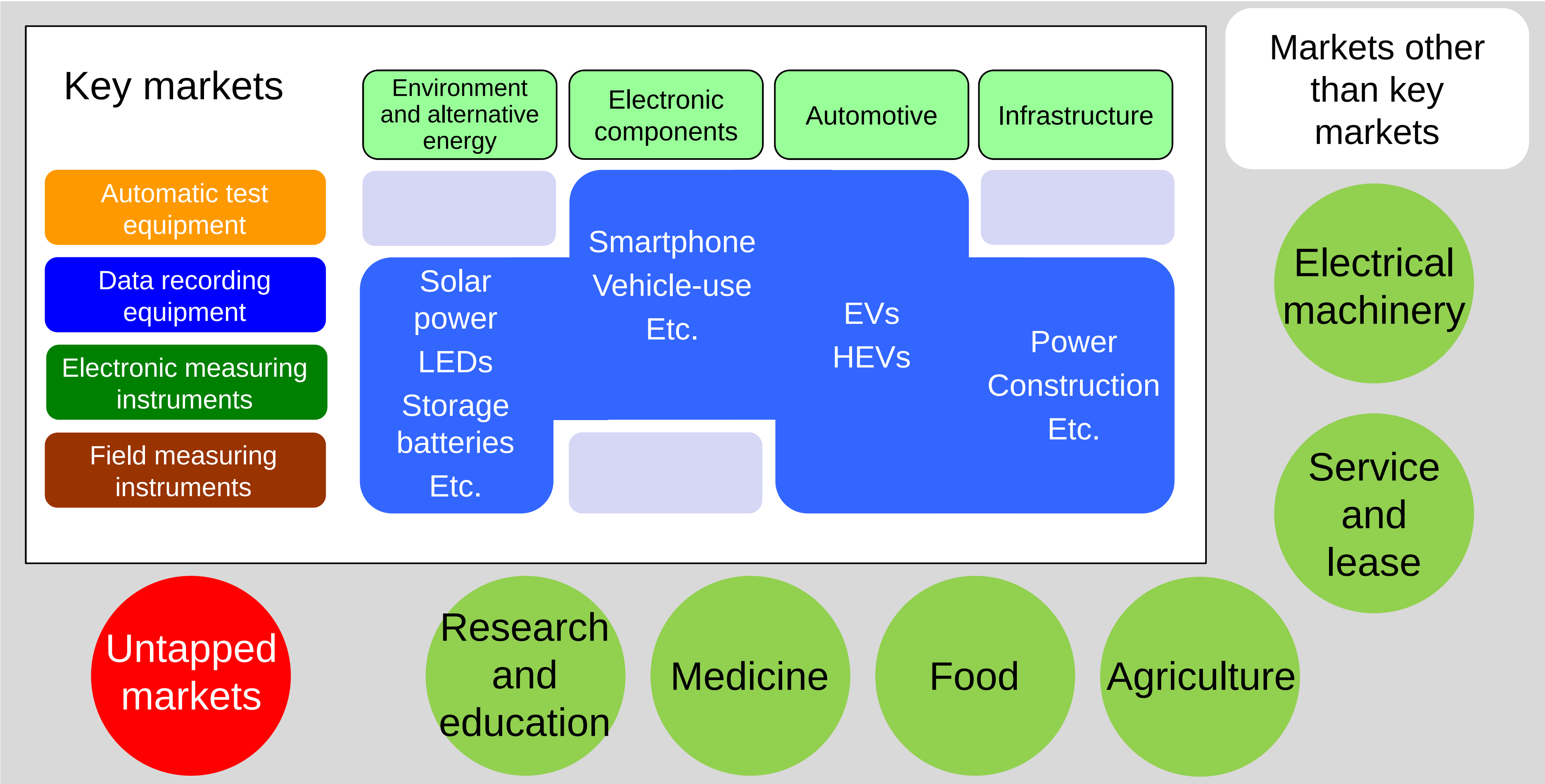
Taiwan	2015 plan: ¥1.02 billion Assess market needs for general measuring instruments and automatic test equipment through Hioki representative office and apply that information to product development.
South Korea	2015 plan: ¥1.28 billion Launch sales of general-purpose measuring instruments through local sales companies. Expand sales of general-purpose measuring instruments and automatic test equipment.
India	2015 plan: ¥250 million Expand sales to local companies, with a focus on infrastructure industry. Strengthen Hioki sales network.

Other Key Overseas Regions

Europe	2015 plan: ¥640 million Work to broaden local user base. Prepare instruction manuals in local languages. Work progressing to expand sales network.
Middle East	2015 plan: ¥300 million Work to capture new users. Develop a network of distributors in the Middle East. Actively participate in local tradeshows, with a focus on the UAE and Saudi Arabia.

Key Markets and HIOKI Products

Grow and develop by expanding product groups launched in each market and by creating new product categories.



Mechanisms Supporting New Product Launches

Increase the speed of product development
Shorten the prototyping and evaluation period

Extensive experimental and testing equipment

Develop a sales network in Japan and overseas
Gather information in real time

Planned product launches
Total of 39
In 2015
(2014: 27 products)

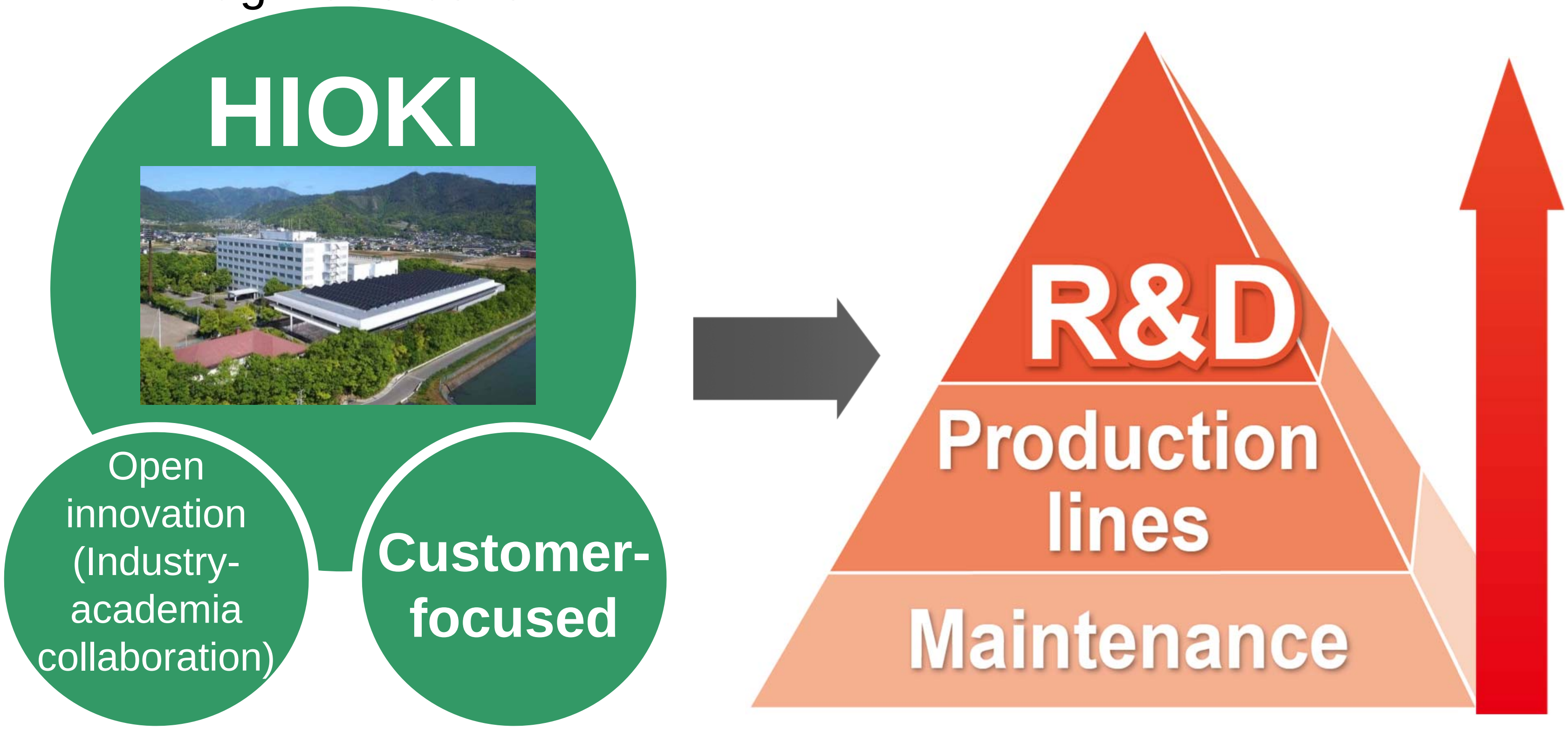
Launching new products that meet customer needs in multiple markets

HIOKI

Adopting an R&D-oriented Approach:
Creating Unique Products

Improve sensing technologies
Implement measurement technologies that are an order of magnitude better

Strive to bring product development closer to the source



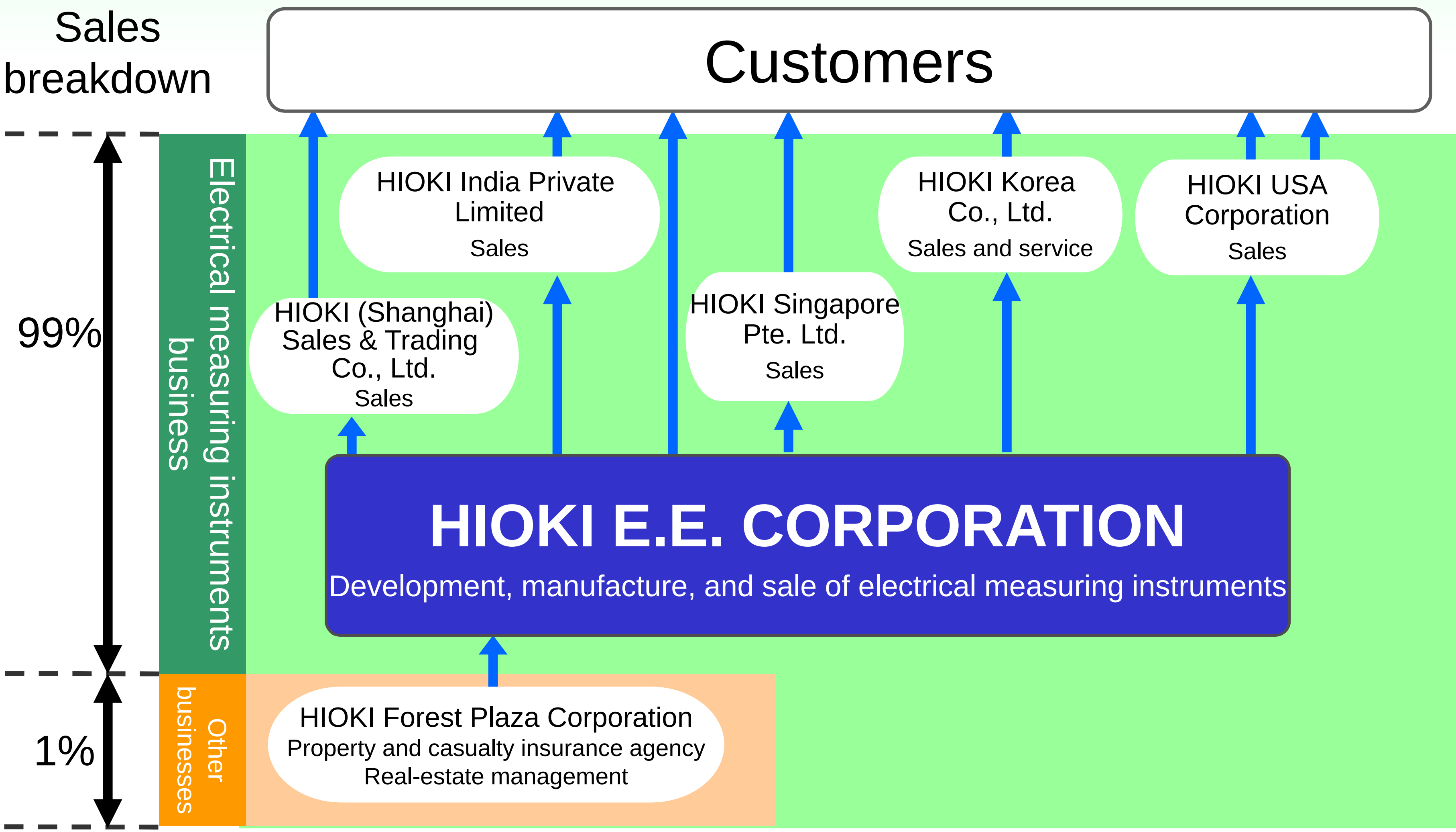
Management Policies

- Provide high-quality products and service of the highest caliber
- Achieve a recurring profit rate of 20%
- Link dividend to business performance based on the ideal of consistently returning ¥20 of profit to investors and with a view to achieve a dividend ratio of 30%
- Increase management transparency and objectivity by electing outside directors

Reference Materials

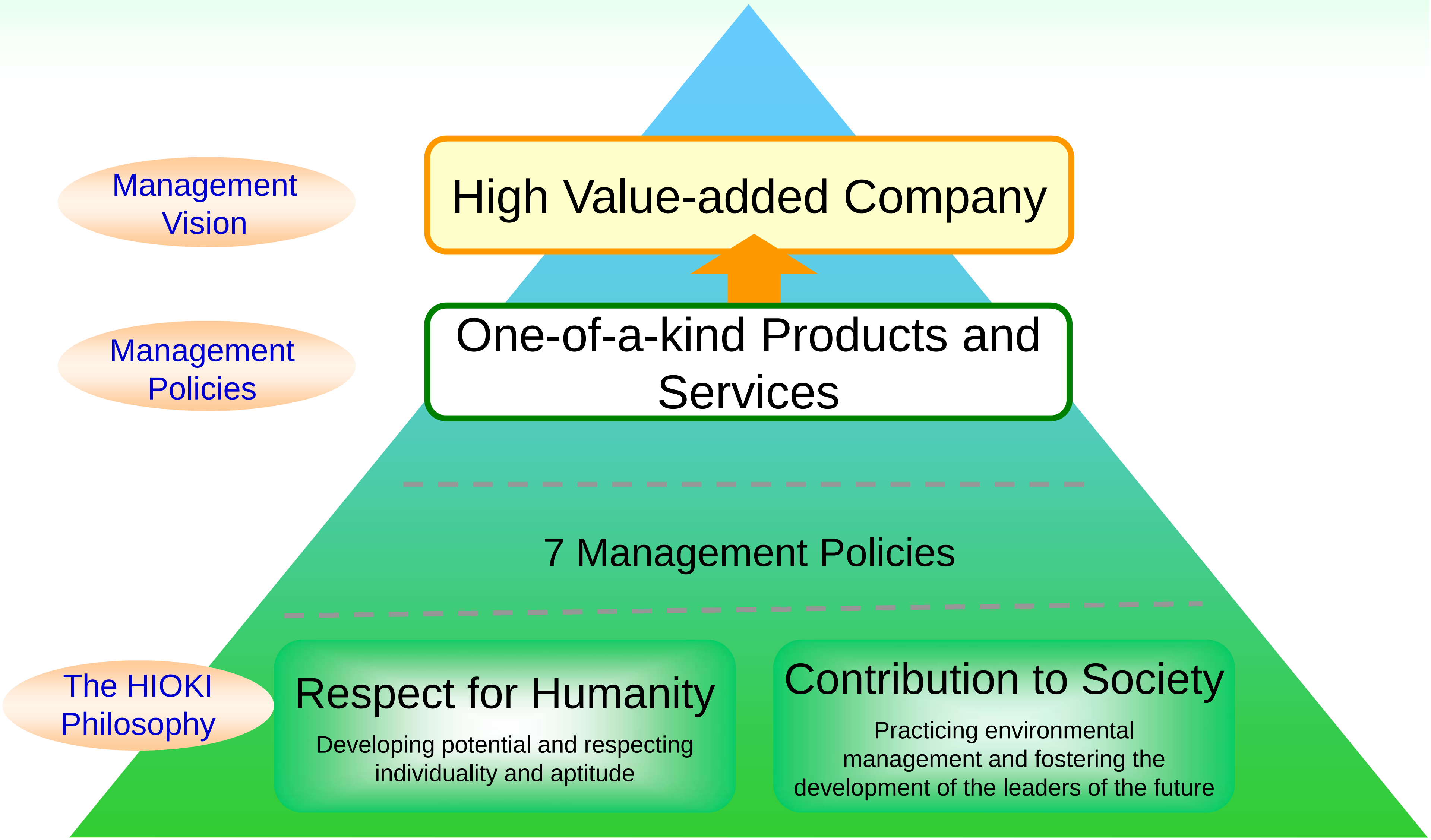
Reference Materials

HIOKI Group Business Diagram



Reference Materials

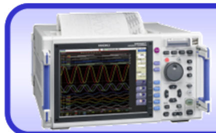
HIOKI's Corporate Vision



HIOKI

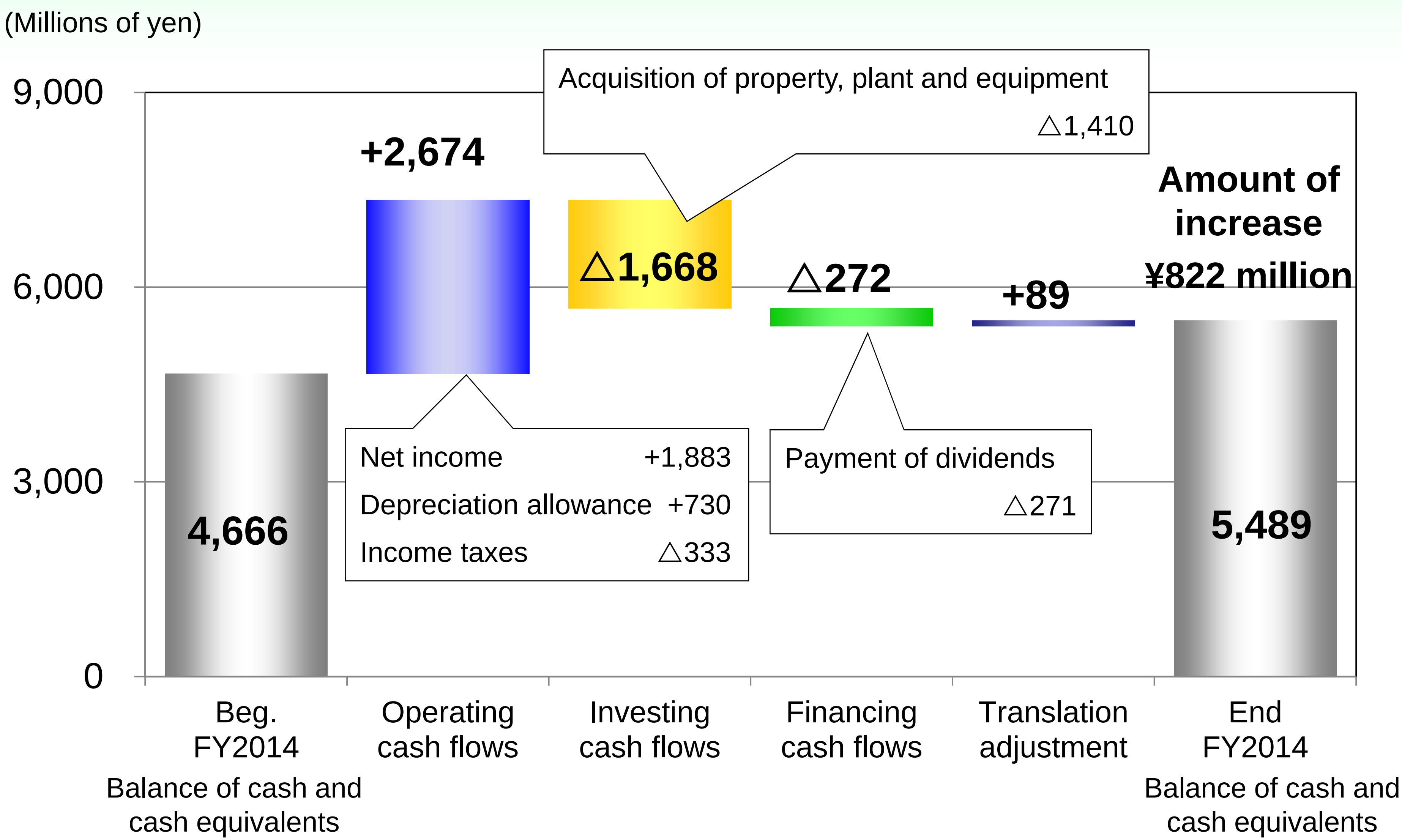
Reference Materials HIOKI Product Organization and Fields of Use

HIOKI meets customer needs in all applications ranging from advanced R&D to production lines and on-site electrical work in every industry with 200 products.

Overall organization	R&D	Production lines	Field maintenance
Automatic testing equipment		Package and board manufacture Electric device manufacture	
Data recording equipment	Power generation and distribution Transport equipment	Machinery manufacture Transport equipment manufacture	 Power equipment inspections Elevator maintenance
Electronic measuring instruments	Alternative energy Materials, environment	 Electronic component manufacture Medical device manufacture 	Environment Energy
Field measuring instruments	Electronic devices Transport equipment	 Electrical and power equipment inspections Communications equipment testing	
Peripheral equipment and other	Accessories for products shown above		

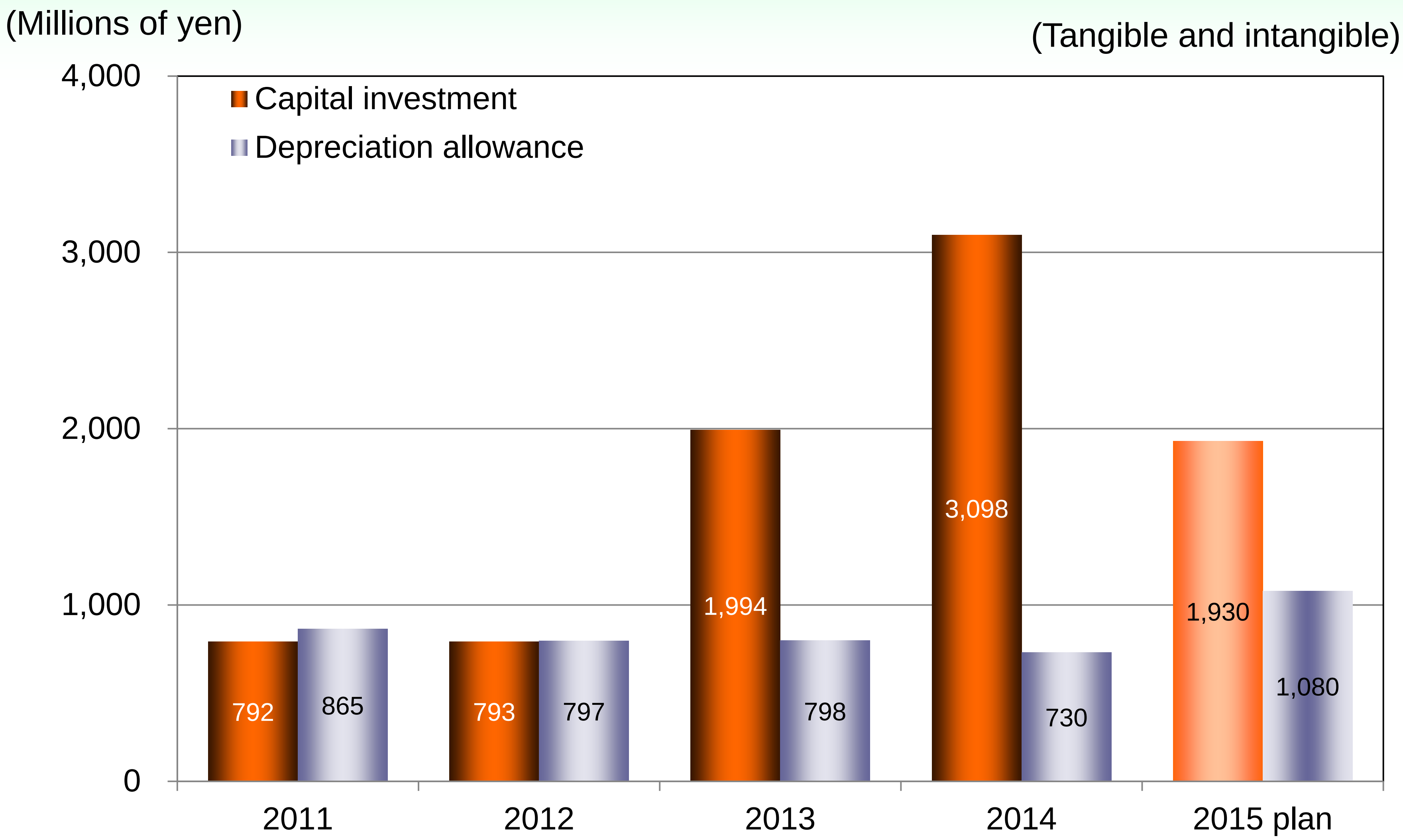
Reference Materials

Cash Flows



Reference Materials

Capital Investment and Depreciation Allowance



*Depreciation allowance figures include amortization of goodwill

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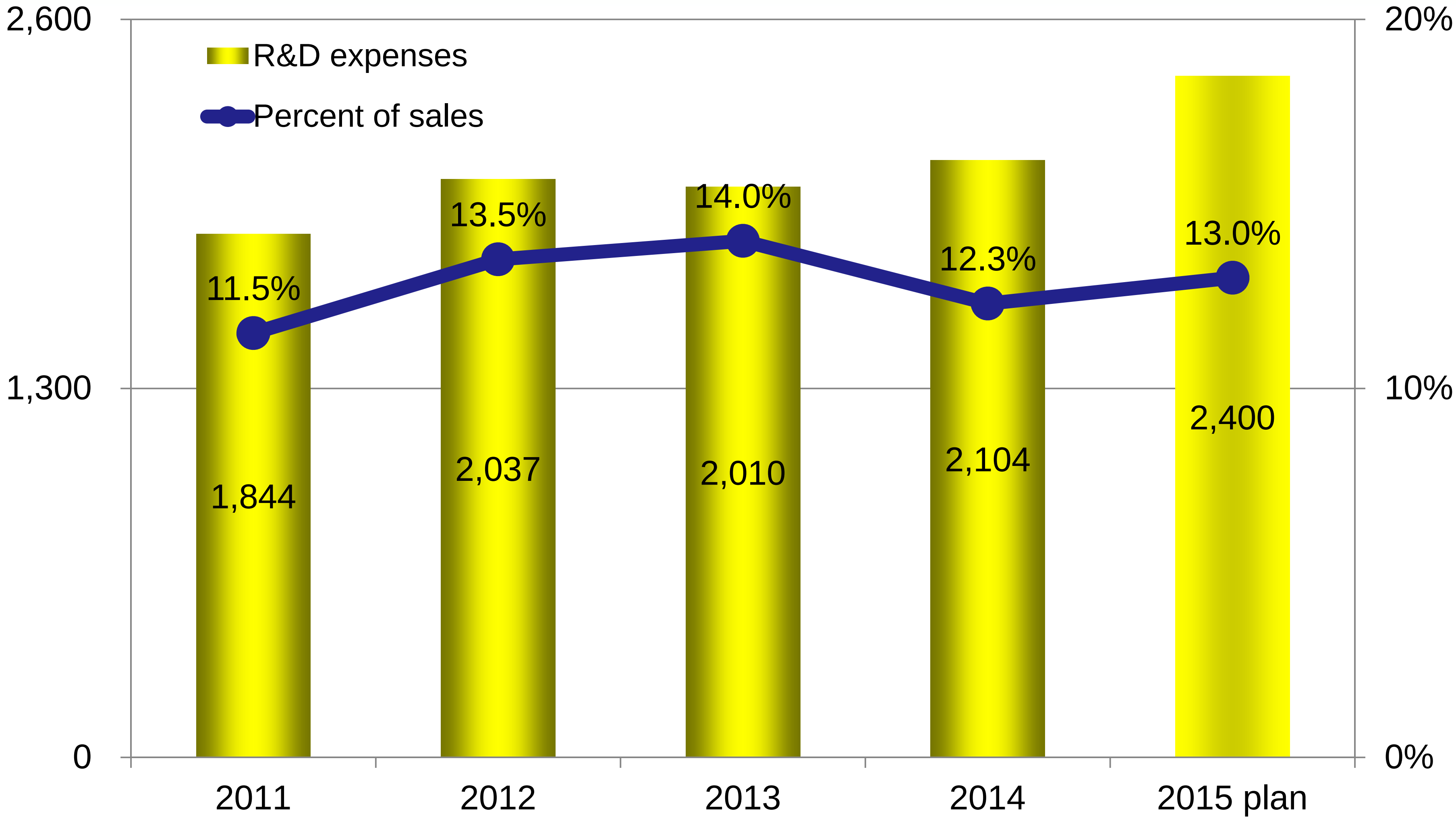
Reference Materials

Trend in R&D Expenses

(Millions of yen)



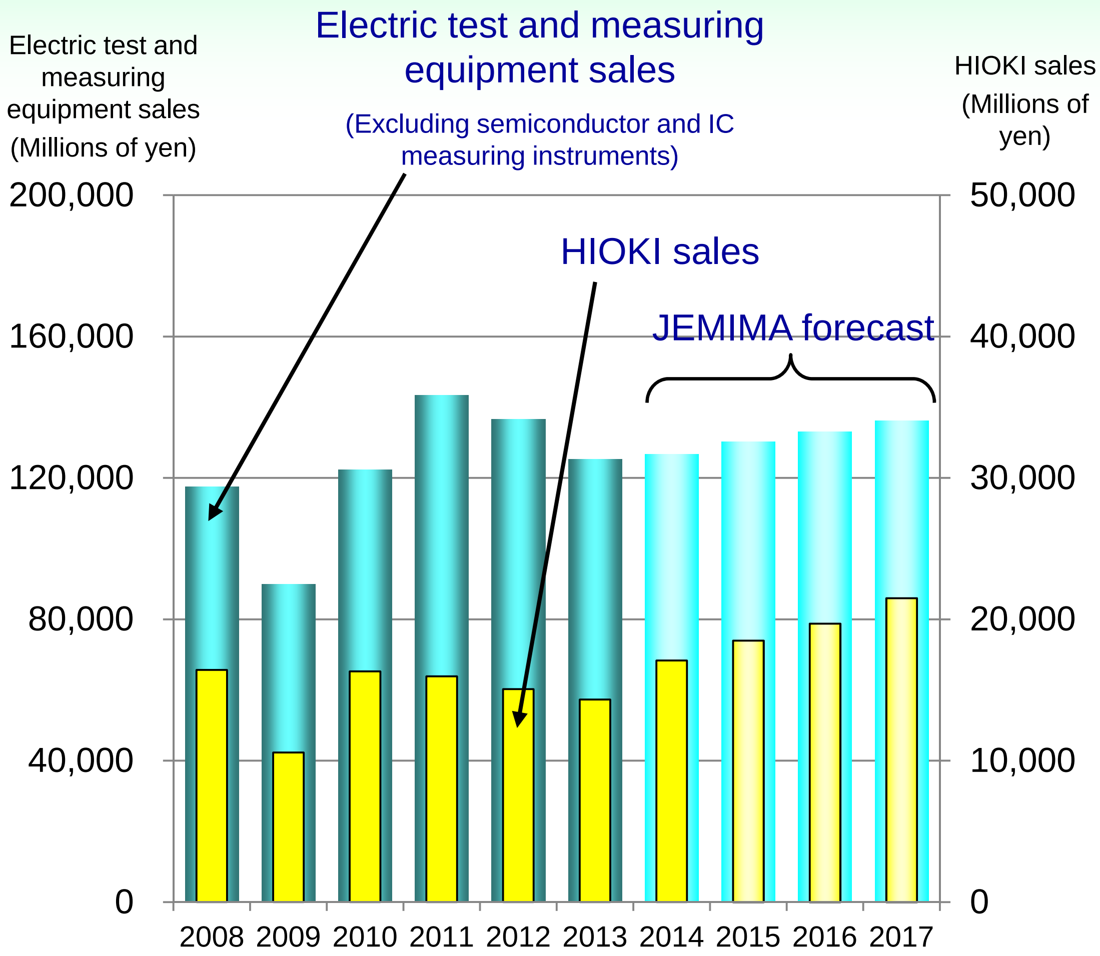
Reference Materials

Business Environment in the Electrical Measuring Instruments Industry and Future Outlook

*Japan Electric Measuring Instruments Manufacturers' Association (JEMIMA) forecast

Electrical measuring instruments: There are high expectations for rising demand in preparation for the Tokyo Olympics.

For example, factors projected to contribute to increased demand include development of technology and infrastructure for LTE-Advanced and 5G networks, development of smart grid equipment, development and manufacture of next-generation automobiles, and development and manufacture of medical equipment.



*As defined by JEMIMA, electric test and measuring equipment accounts for about 35% of electricity meters. Under the JEMIMA classification scheme, HIOKI's products consist of general measuring instruments, obtained by excluding semiconductor and IC measuring instruments from the electric test and measuring equipment category.

*Based on statistical data from the Japan Electric Measuring Instruments Manufacturers' Association. Sales figures for 2014 and subsequent years reflect JEMIMA forecasts (as of December 2014).

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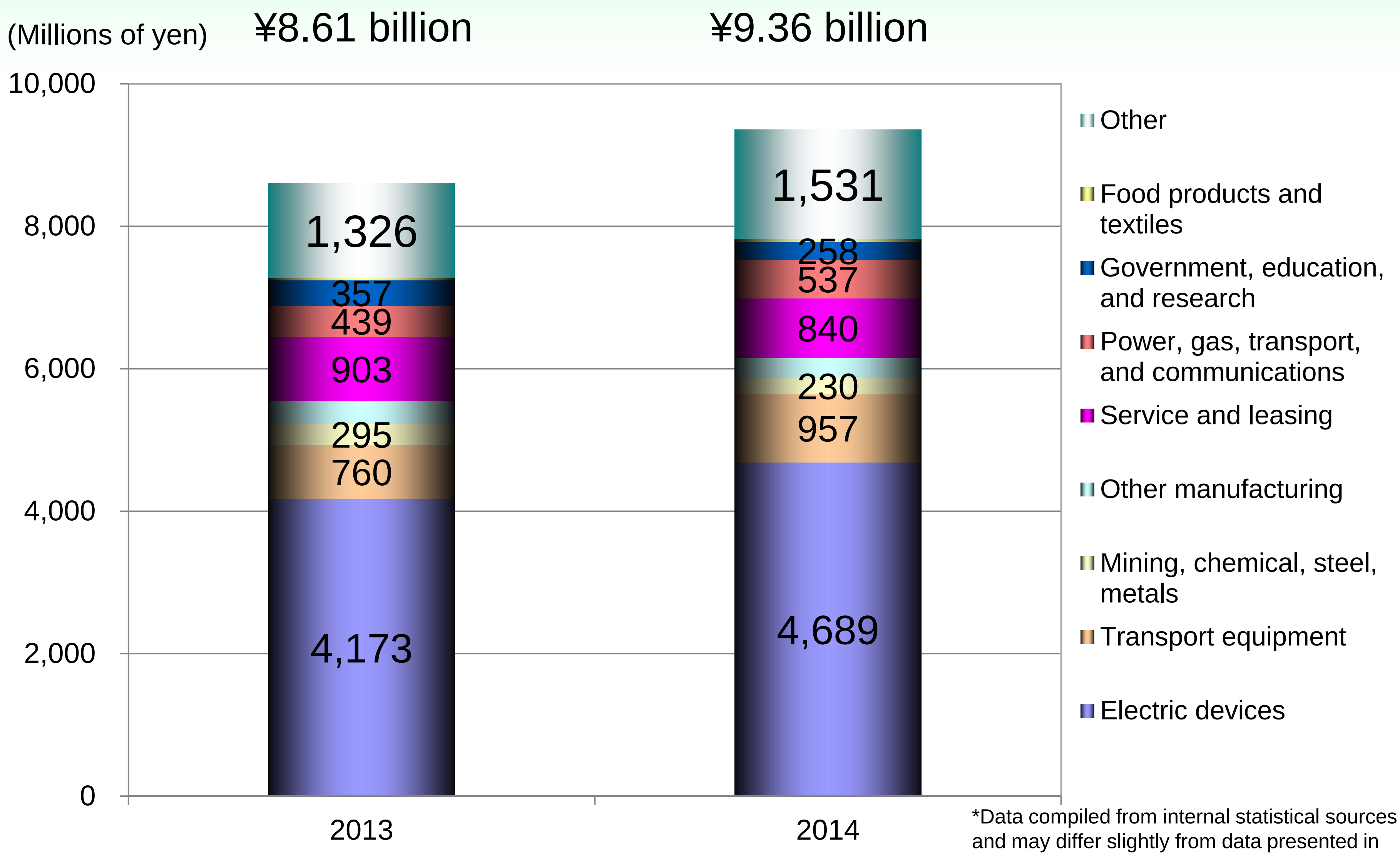
Reference Materials

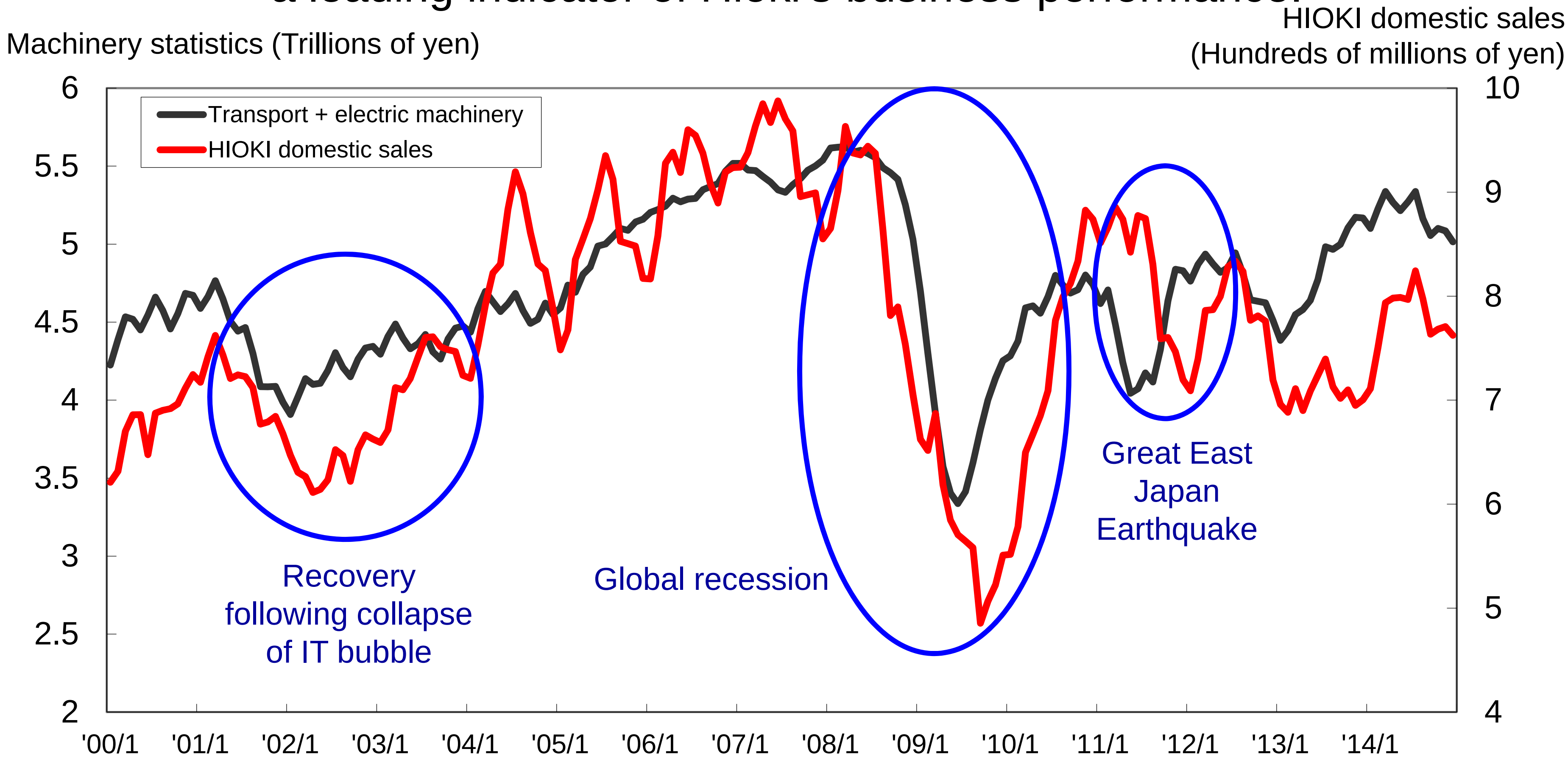
Trend in Sales (Domestic) by Industry



*Data compiled from internal statistical sources and may differ slightly from data presented in financial results briefings.

Trend in Machinery Statistics and HIOKI Performance

Machinery statistics (for transport machinery and electrical machinery) is considered to be a leading indicator of Hioki's business performance.

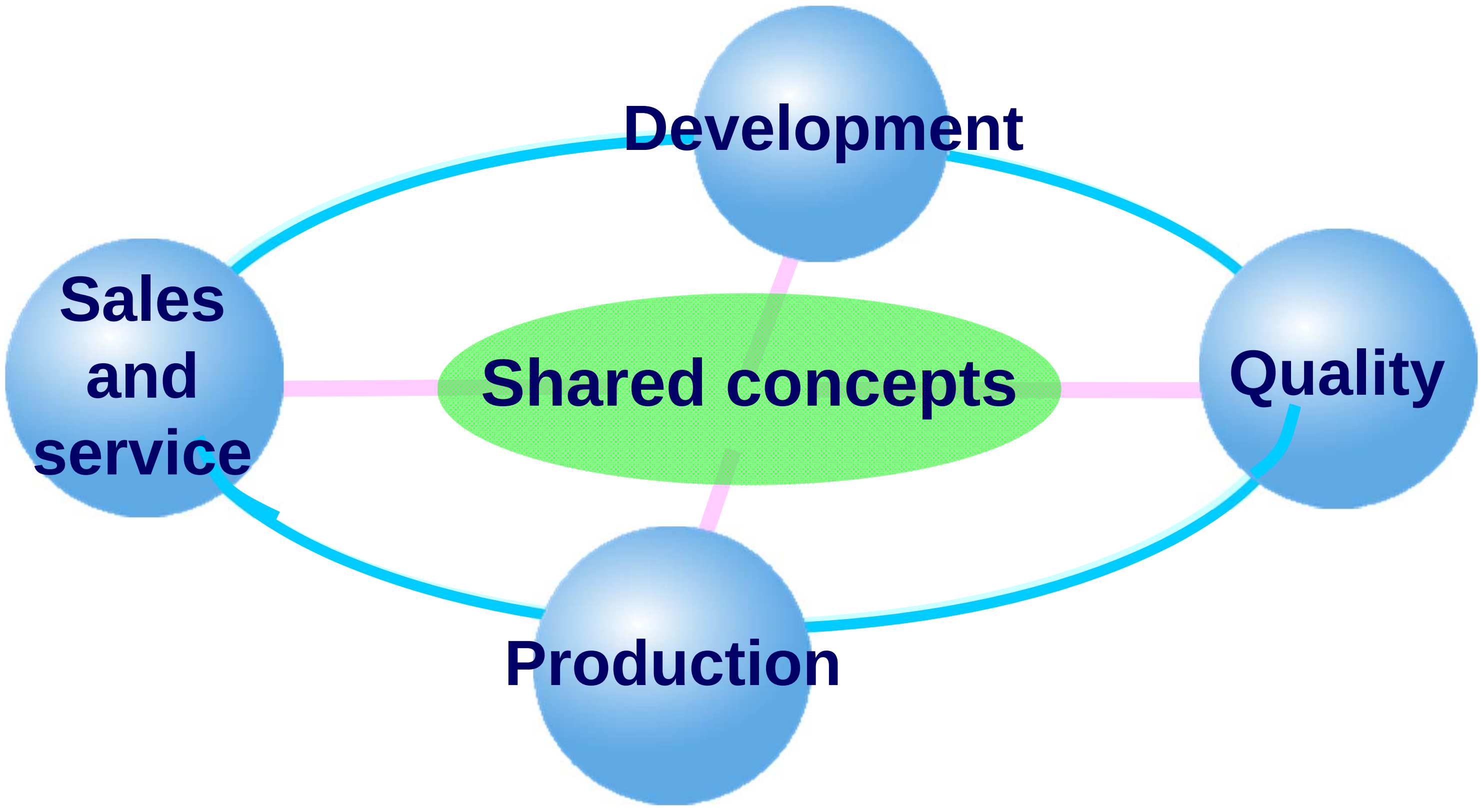


* Machinery statistics and HIOKI domestic monthly sales calculated as six-month moving averages. Machinery statistics reflect estimated production value based on the mining and manufacturing indices.

Reference Materials

Improving Value-added Productivity

- Concurrent engineering



In HIOKI's approach to product development, departments come together organically with the goal of improving productivity.

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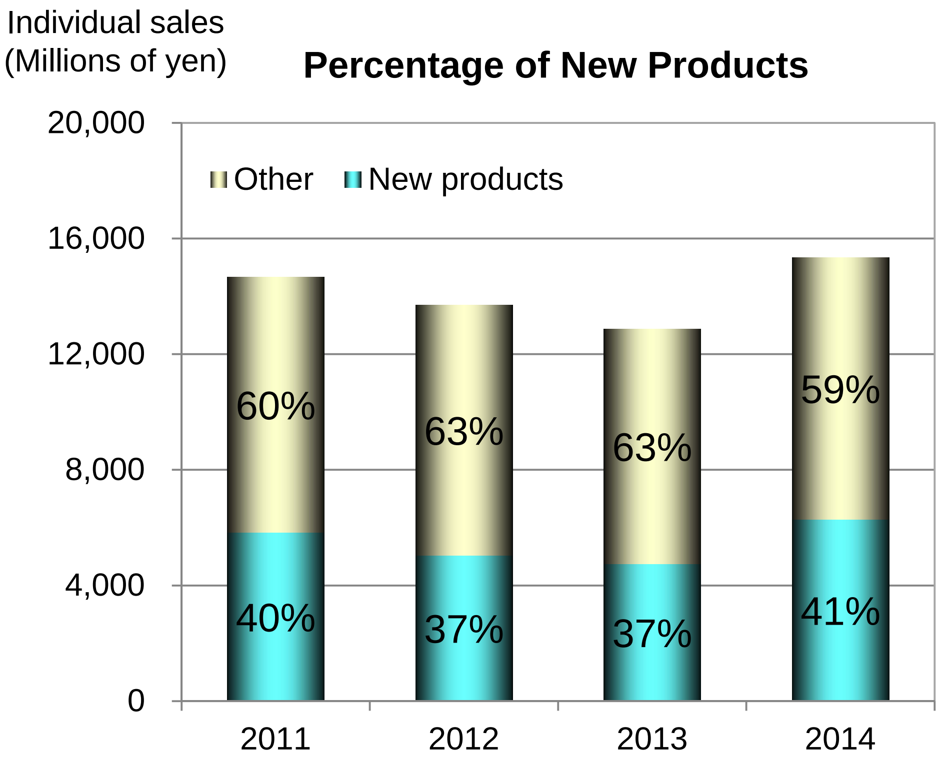
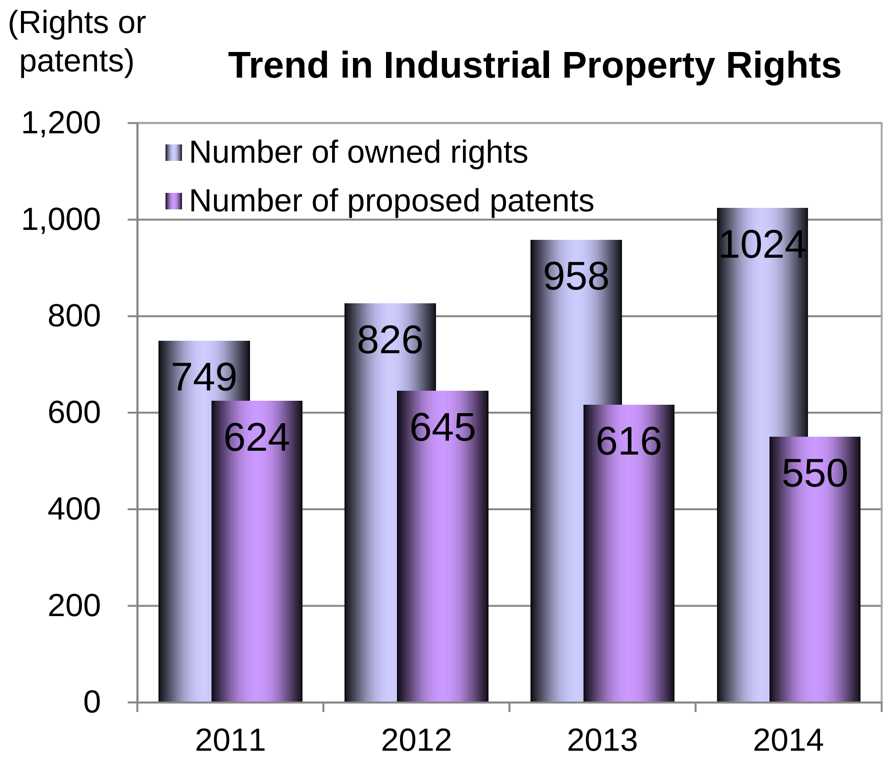
Reference Materials

Development Capability: Unique Products Built around Core Technologies

- Patent program that motivates inventors
- R&D spending as percentage of sales: 10%





Reference Materials

Production Capability: Manufacturing Calibrated to Sales Velocity

Quality

Aggressively practicing a "Quality First" approach from the standpoint of the Three Reality principle based on the 5S philosophy

Cost

Enhancing initiatives at the source of development

Minimizing cost through leveled production

Delivery

Anticipating customer information and accommodating customer requests

Shortening delivery times for after-sales service

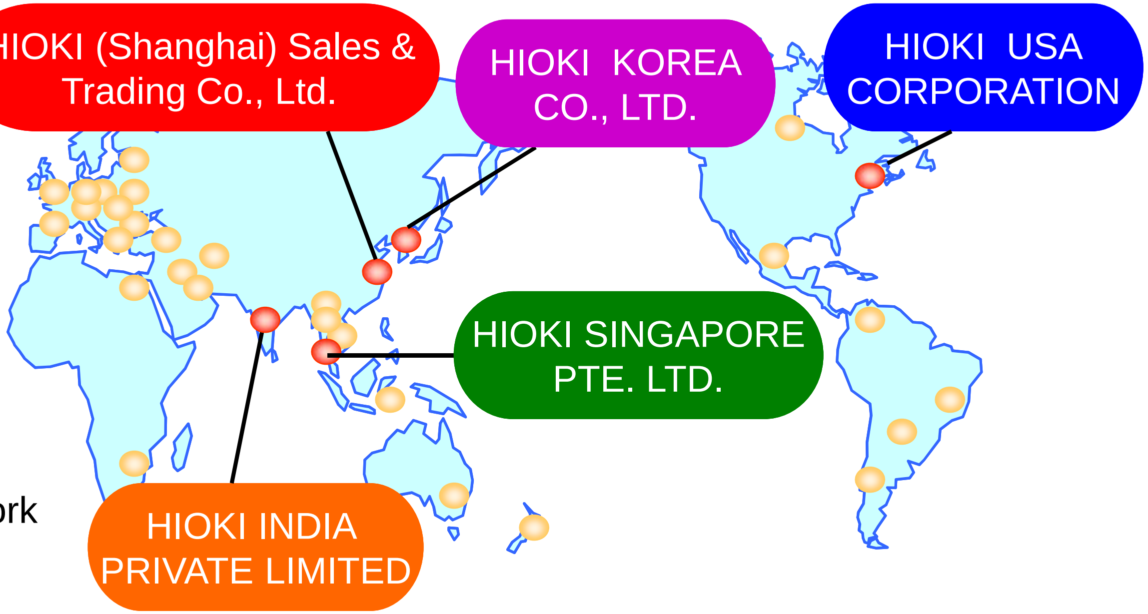
Reference Materials

Sales Capability: Solutions-oriented Sales with a Customer Focus

- Direct marketing targeting customers in Japan (about 50,000 companies)
  - ●About 70 salespeople at 11 facilities in Japan
  - ●About 30,000 sales visits per year

Assessing latent customer wishes and future needs

- Partnerships with international distributors (about 90 companies) and sales subsidiaries



Distributor network

Reference Materials

Automatic Test Equipment

● Pass/fail testing of electronic circuit boards

Principal products	Fields of use (applications)
Populated circuit board testing systems	Test circuit boards on which electronic components have already been mounted
Bare board testing systems	Test circuit boards with embedded active and passive devices or boards on which no components have been mounted (Including IC packages and flexible boards used in devices such as mobile phones)

FA1240 FLYING PROBE TESTER

1236 BARE BOARD HiTESTER

1220-50 IN CIRCUIT HiTESTER

Featuring a complete line of products engineered for testing targets ranging from small-lot, multi-model boards to mass-produced boards

Data Recording Equipment

- Recording and analyzing changes in electrical signals over time

Principal products	Fields of use (applications)
Memory recorders	Observe and record waveforms for high-speed phenomena in an extensive array of applications ranging from the electric field to the machinery field
Data loggers	Monitor and record long-term changes in temperature, voltage, and other characteristics across numerous channels
Remote measurement systems	Manage data at remote locations in an integrated manner

Memory recorders: Developed in 1983

Data loggers: Capable of capturing large amounts of data over extended periods of time

Remote measurement systems: Capable of accommodating remote measurement needs

MR8827 MEMORY HiCORDER

LR8416 HEAT FLOW LOGGER

2300 REMOTE MEASUREMENT SYSTEM

Reference Materials

Electronic Measuring Instruments (1)

Evaluating and testing electronic components and devices

Principal products	Fields of use (applications)
Circuit element measuring instruments	Test on electronic component production lines Evaluate performance of devices such as fuel cells and IC tags

Compact, lightweight, and low-cost

IM7580 IMPEDANCE ANALYZER

Electrical safety testers	Perform insulation resistance measurement and withstand voltage testing of electrical equipment

Broad product line for an array of applications

ST5520 INSULATION TESTER

Communications measuring instruments	Test optical components

Measuring optical power and loss

3661 OPTICAL POWER METER

Reference Materials

Electronic Measuring Instruments (2)

- Ensuring energy-saving performance and power supply quality in the environmental energy field

Principal products	Fields of use (applications)
Power meters	Implement energy-saving measures and power management for electric equipment Test in R&D settings and on production lines
Power quality analyzers	Verify the quality of dispersed power supplies such as alternative energy (solar and wind power, fuel cells, etc.) and cogeneration systems
Current probes	Observe current waveforms

HIOKI developed the first clamp-type meter in 1978.

Analytical devices capable of identifying the causes of power supply problems

For use as oscilloscope sensors

PW3365-10 CLAMP ON POWER LOGGER

PW3198 POWER QUALITY ANALYZER

CT6700 CLAMP ON PROBE

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Reference Materials

Field Measuring Instruments

- Performing maintenance and inspections of electrical wiring work and equipment

Principal products	Fields of use (applications)
Testers and clamp ammeters	Perform maintenance and inspections of electrical wiring work and equipment

A powerful brand with a long history

3291-50 CLAMP ON HiTESTER

Principal products	Fields of use (applications)
Insulation resistance testers	Perform maintenance and inspections of electrical work and equipment

A must-have instrument for electrical work

IR4053 SOLAR POWER SYSTEM INSULATION RESISTANCE TESTER

Principal products	Fields of use (applications)
Digital multimeters	Measure characteristics from voltage to current and resistance

Used in all applications

DT4281 DIGITAL MULTIMETER

Note on the Information in This Presentation

Plans, forecasts, strategies, and other information in this presentation relating to future business performance were compiled on the basis of currently available data and by their nature incorporate a certain degree of risk and uncertainty. Actual performance will be determined by a variety of important factors and may vary significantly.

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