HIOKI E.E. CORPORATION

Financial Results Briefing for the Fiscal Year Ending December 31, 2016

(Securities Code: 6866)

February 2017

HIOKI

Contents

Company Overview

HIOKI

Photograph: Trees at HIOKI Forest Hills

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	Kazutoshi Hosoya, 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 Singapore Ptd. Ltd.; HIOKI Korea Co., Ltd.; HIOKI India Engineering Private Limited
Employees	909 (consolidated-basis, including part-time workers) (as of December 31, 2016)

HIOKI Product Organization and Fields of Use

HIOKI meets customer needs ranging from advanced R&D to production lines and on-site electrical work in every industry with 300 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		

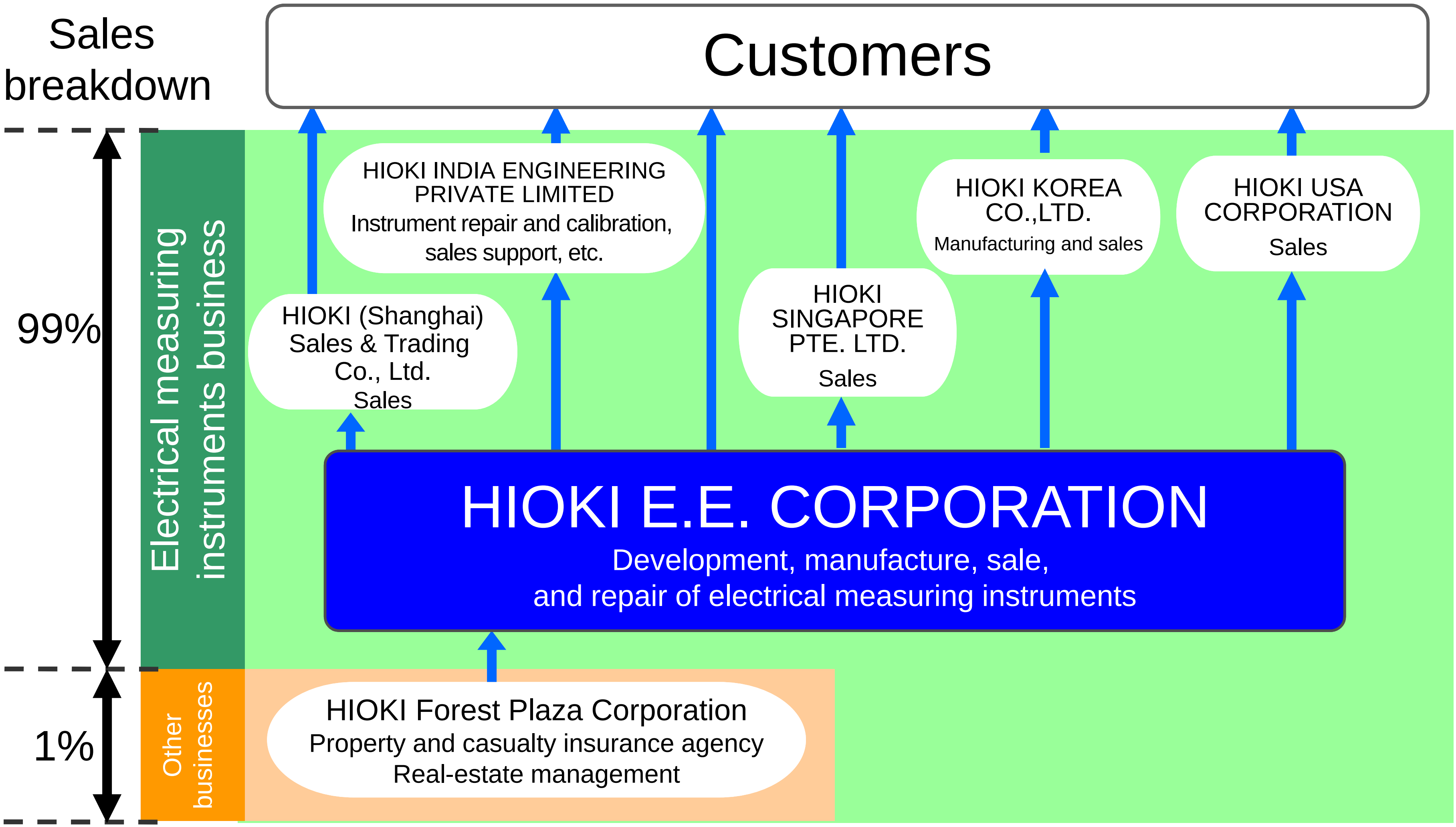




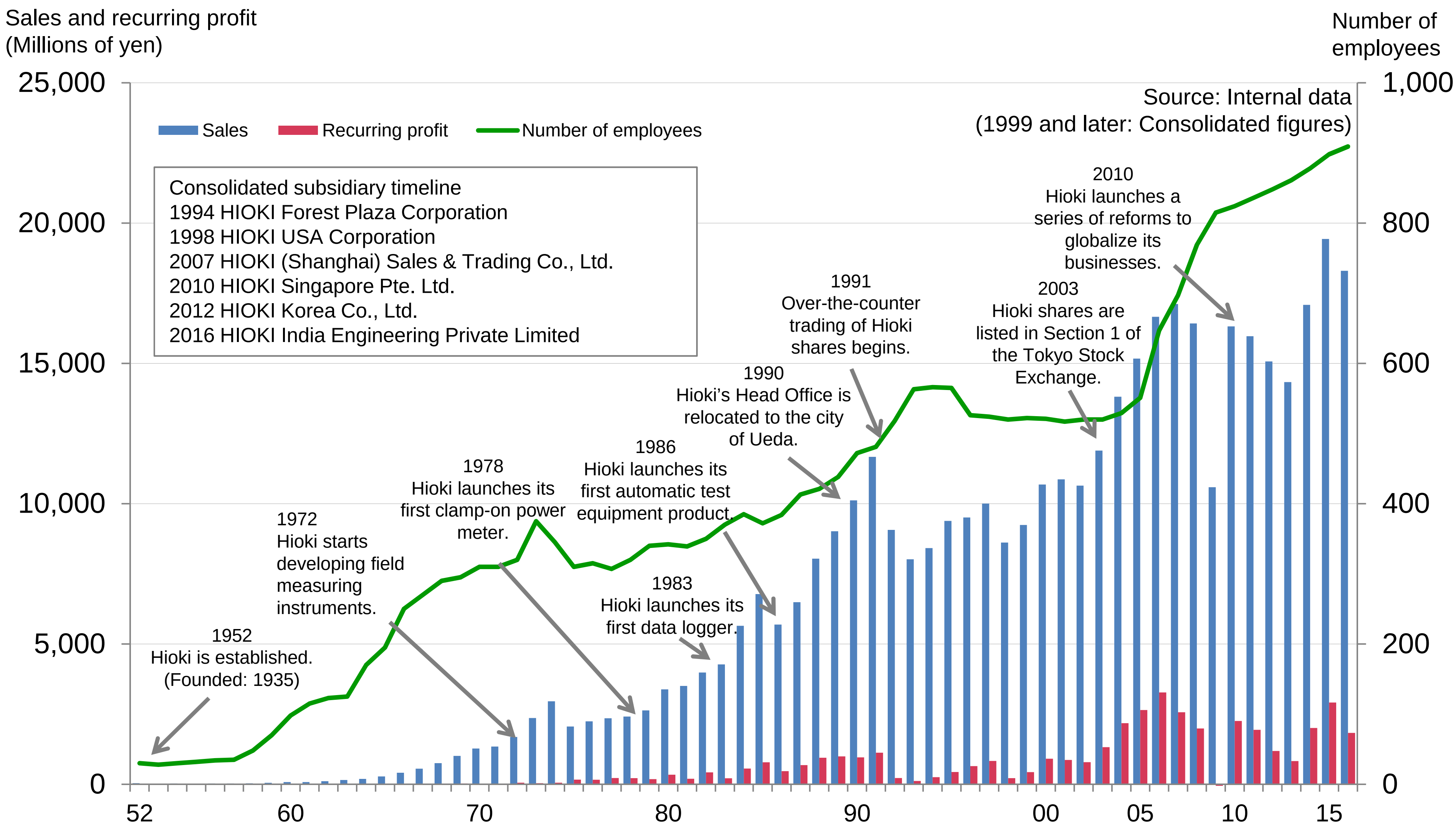


*The width of each application category illustrates its relative contribution to HIOKI's sales.

HIOKI Group Business Diagram



Performance and Employee Head Count since Hioki's Establishment



Hioki's Vision

- A Sustainable Company

Hioki aims to be a company that can grow and develop continuously (a high-added-value company).

Financial Results Overview

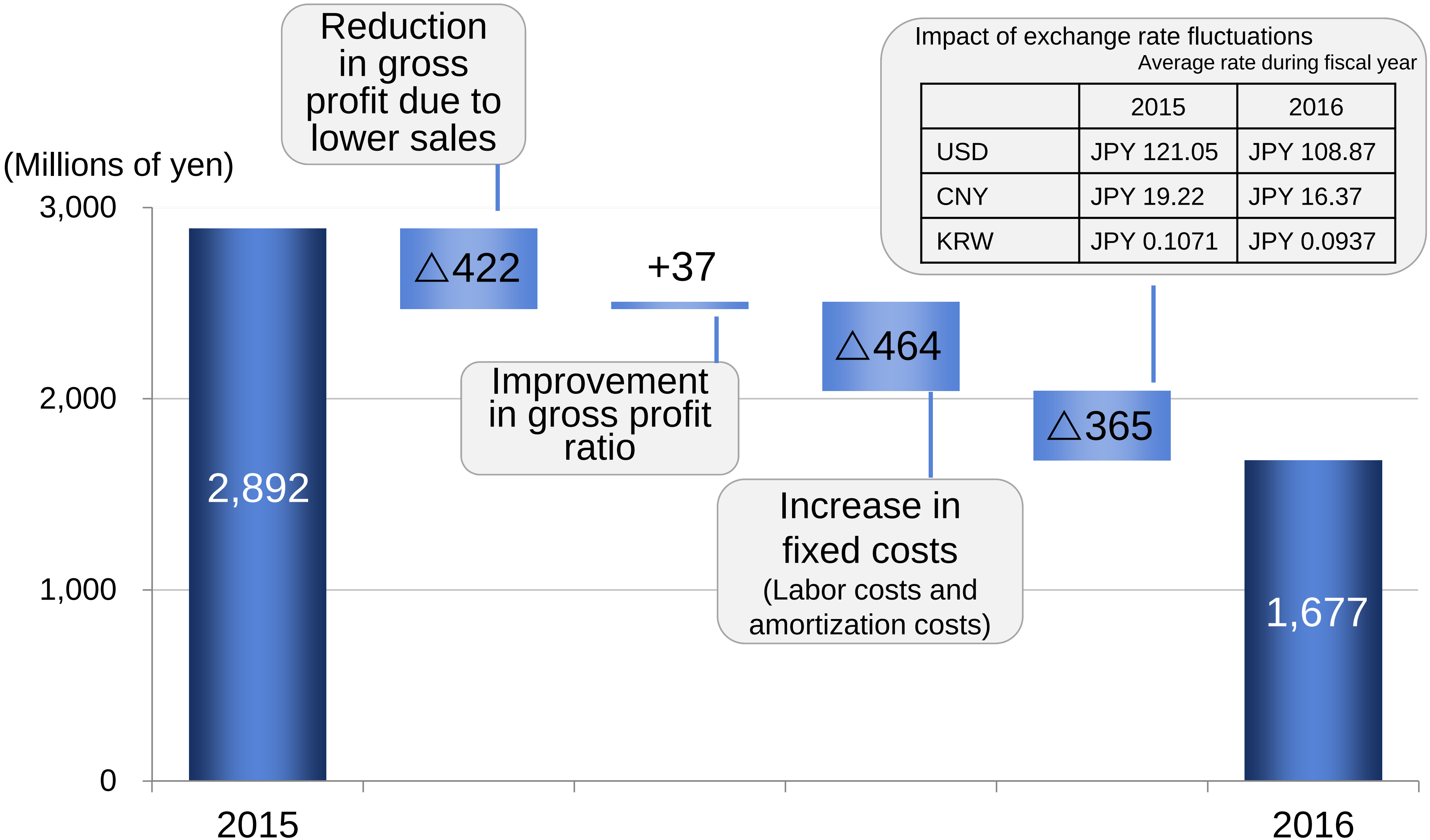
Photograph: Trees at HIOKI Forest Hills

Overview of 2016 Results

	2015		2016		
	Results (millions of yen)	Percent of sales (%)	Results (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	19,432		18,131		93.3%
Cost of sales	11,085	57.0%	11,053	61.0%	99.7%
Selling, general, and administrative expenses	5,454	28.1%	5,400	29.8%	99.0%
Operating profit	2,892	14.9%	1,677	9.3%	58.0%
Recurring profit	2,914	15.0%	1,682	9.3%	57.7%
Net income	2,126	10.9%	1,167	6.4%	54.9%
Earnings per share	¥156.03		¥85.67		

HIOKI

Factors Affecting Operating Profit in 2016

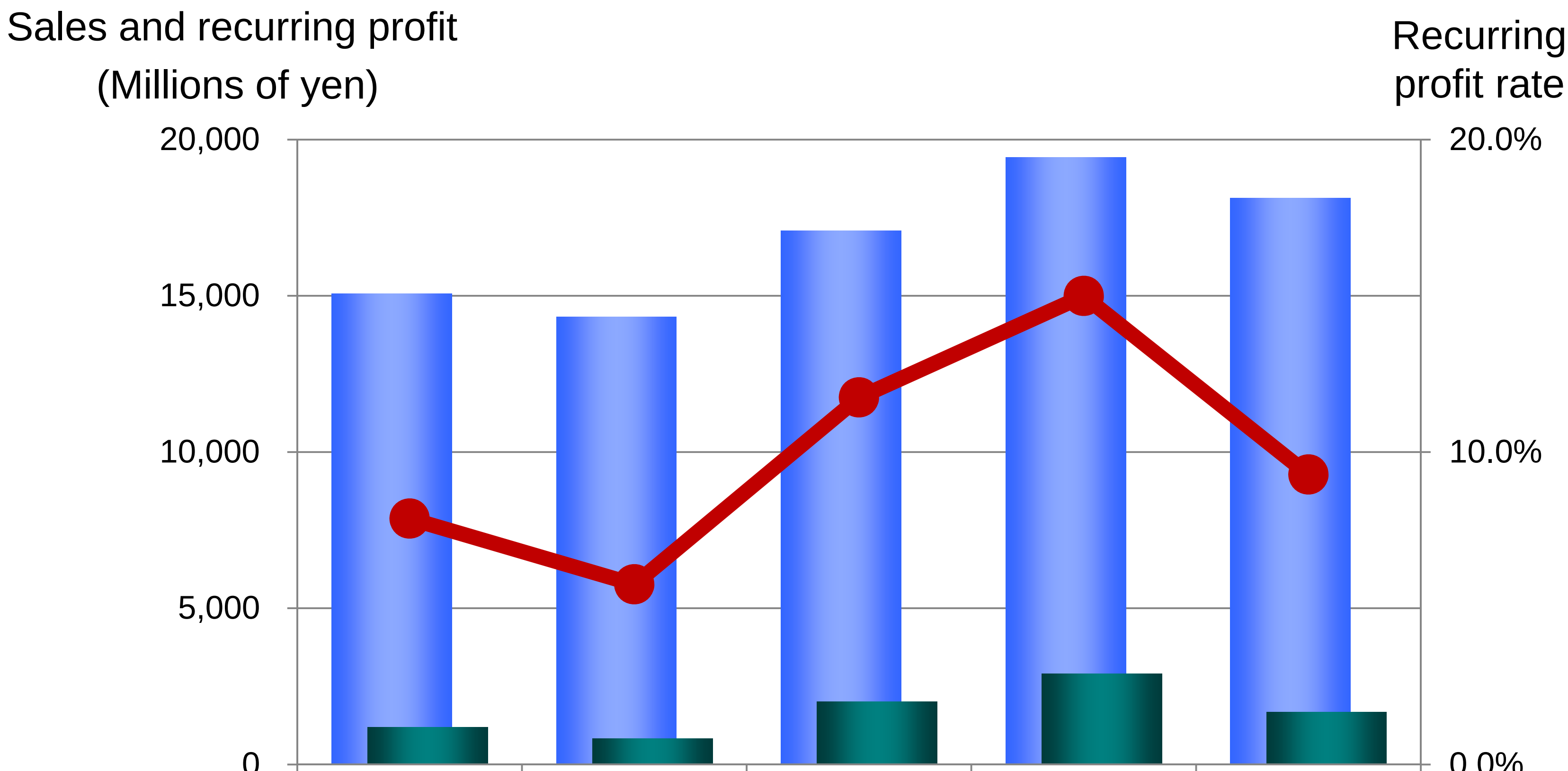


Impact of exchange rate fluctuations

Average rate during fiscal year

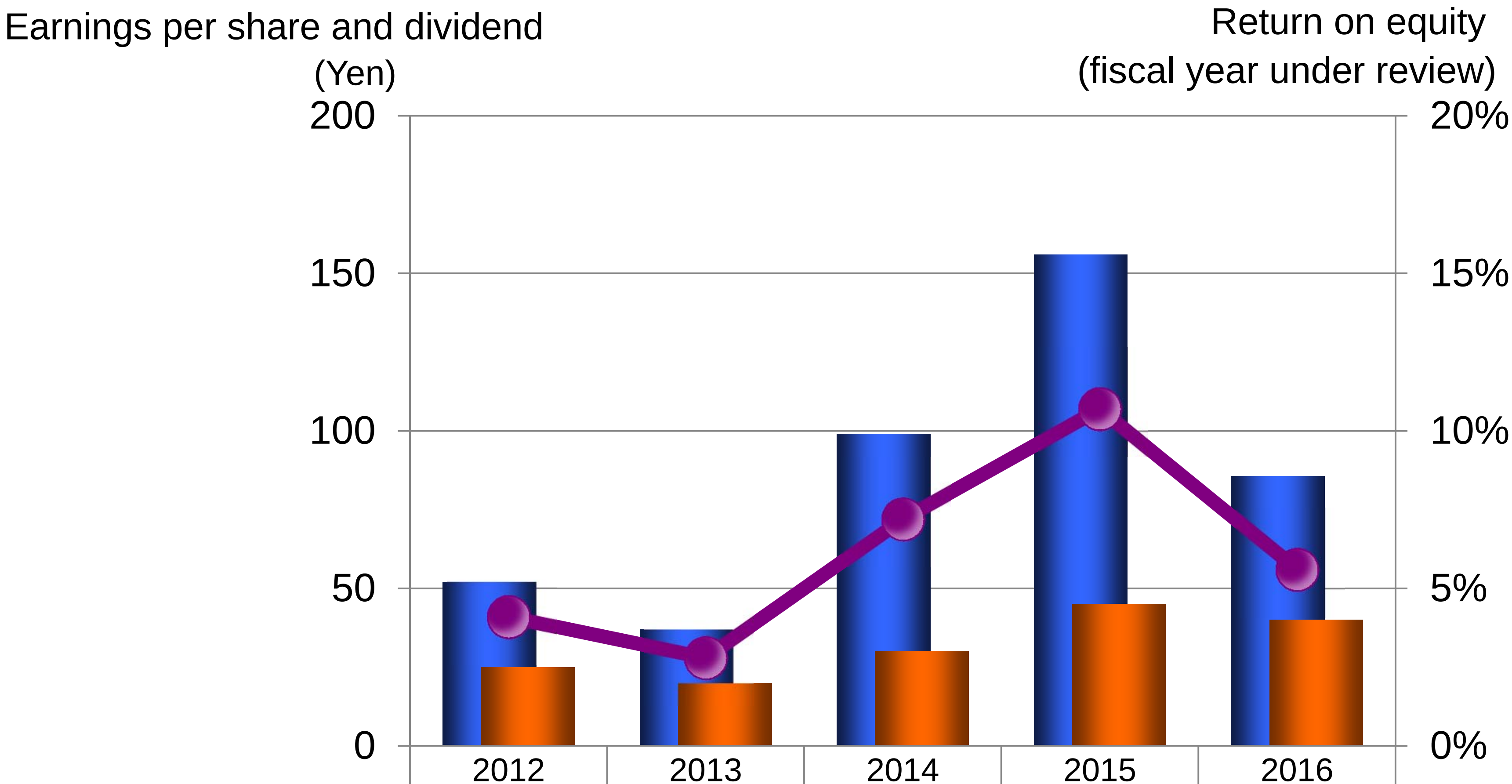
	2015	2016
USD	JPY 121.05	JPY 108.87
CNY	JPY 19.22	JPY 16.37
KRW	JPY 0.1071	JPY 0.0937

Trend in Sales and Recurring Profit



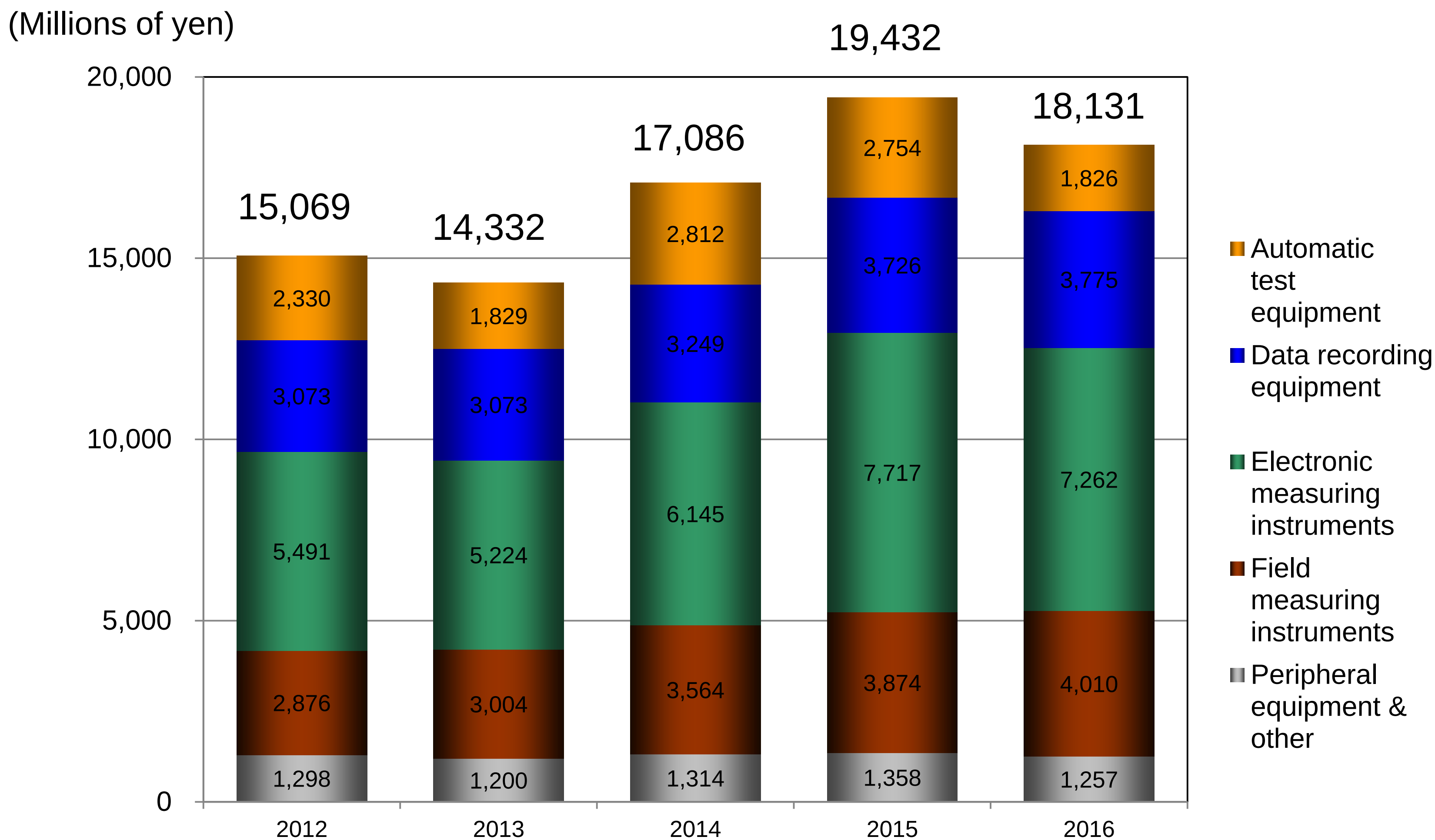
	2012	2013	2014	2015	2016
Sales	15,069	14,332	17,086	19,432	18,131
Recurring profit	1,186	826	2,007	2,914	1,682
Recurring profit rate	7.9%	5.8%	11.7%	15.0%	9.3%

Trend in Earnings per Share and Dividend



	2012	2013	2014	2015	2016
Earnings per share (EPS)	52	37	99	156	86
Dividend per share (yen)	25	20	30	45	40
Return on equity (fiscal year under review)	4.1%	2.8%	7.2%	10.7%	5.6%

Trend in Sales by Product Category

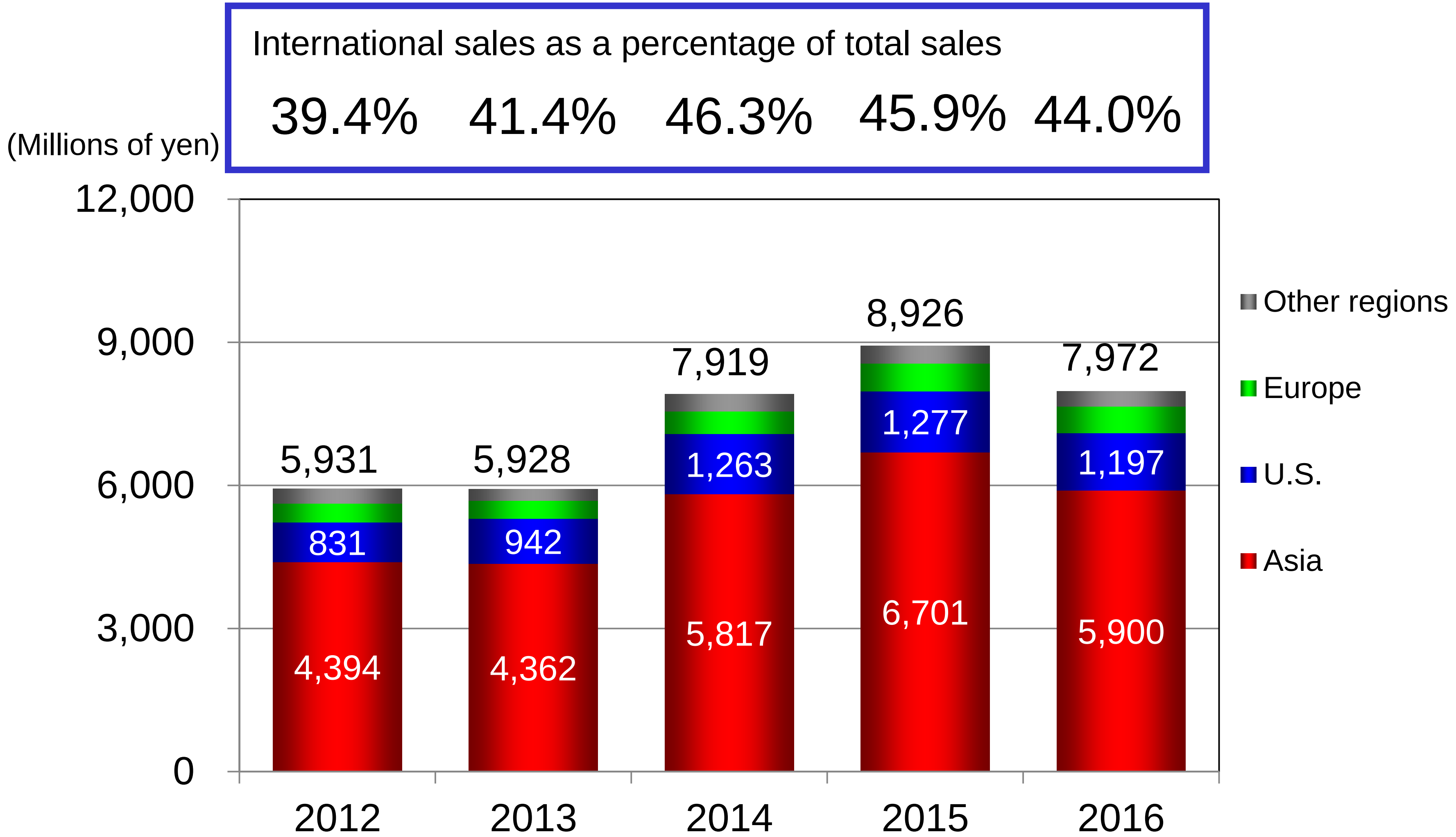


*Some product categories changed in 2016. Results for 2012 and subsequent years have been stated in terms of the new categories.

2016 Overview by Product Category

Automatic test equipment	• Sales fell below last year's level as manufacturers in South Korea and Taiwan held off on capital investments due to the strong yen and expectations that the introduction of new manufacturing technologies for semiconductors would change market realities.
Data recording equipment	• We worked to expand the market by offering wireless communications and heat flow sensor capabilities. • Sales grew as our products were well received in the data logger and automotive testing system sectors of the market.
Electronic measuring instruments	• Sales grew in this segment due to new product introductions, including a new power quality analyzer and an impedance analyzer with best-in-class performance. • Capital investment in the electronic component industry slowed, and overall sales fell below last year's level.
Field measuring instruments	• Sales grew as we introduced a series of unique products, including the world's first non-metallic-contact phase detector with a voltmeter and a digital multimeter with proprietary functionality for preventing electrical accidents.

Trend in International Sales

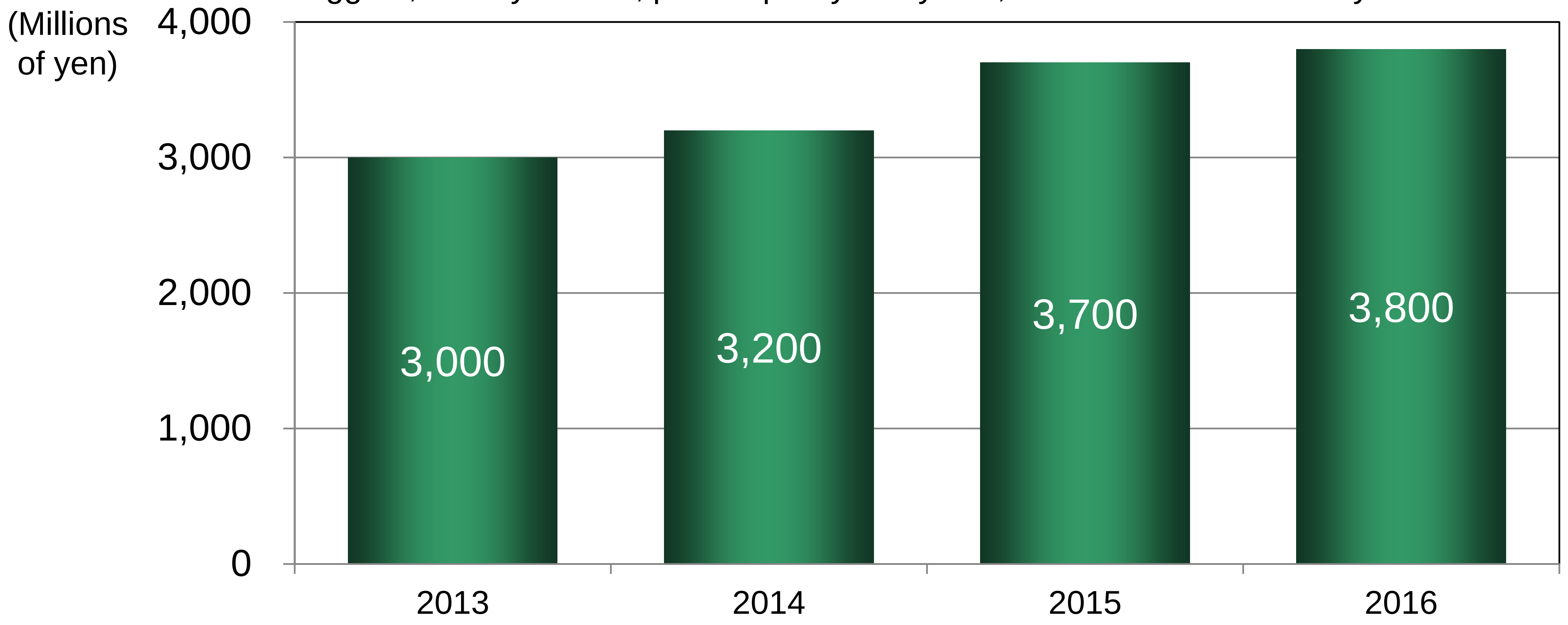


Environmental and Alternative Energy Markets
(Sales of Related Products)

Market trends

Demand for power meters used to measure the power consumption of electrical equipment grew. Despite slowing growth in the market for solar power systems, we expect to see increased demand for measurement products used in solar power system maintenance, management, and monitoring applications.

Target products: Clamp-on power meters, equipment power meters, PV megohmmeters, current sensors, loggers, battery testers, power quality analyzers, remote measurement systems



Electronic Components and Automotive Markets
(Sales in Related Categories)

Trends in the electronic components market

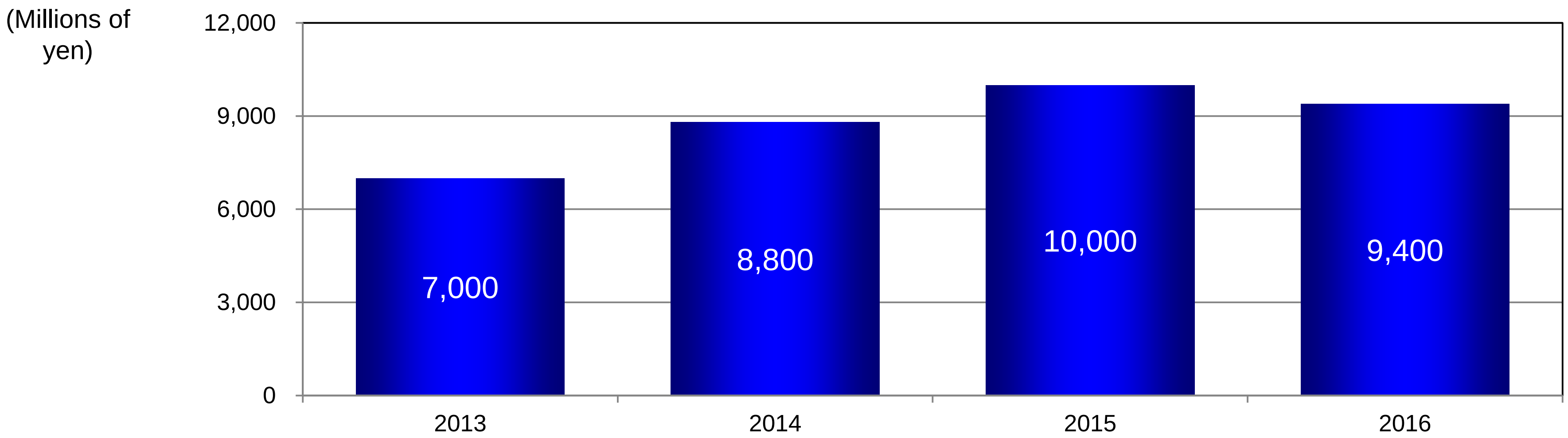
The pace of capital investment slowed in 2016 due to a rapid appreciation in the yen's value. However, we expect to see continued growth in the electronic components market due to factors such as the development of mobile devices with faster communications speeds and more sophisticated functionality and society's increased reliance on the Internet of Things (IoT).

Target products: Automatic test equipment, super-megohmmeters, impedance analyzers, resistance meters, battery measuring instruments

Trends in the automotive market

Hybrid vehicles (HVs) became increasingly common, and manufacturers continued to make progress in the development of fuel cell vehicles and electric vehicles (EVs). Demand for measuring instruments used in battery-related applications firmed. Based on intensifying worldwide competition in the development of self-driving technology, we expect the pace of capital investment to remain brisk.

Target products: Automatic test equipment, super-megohmmeters, LCR meters, resistance meters, power meters, battery measuring instruments, memory recorders

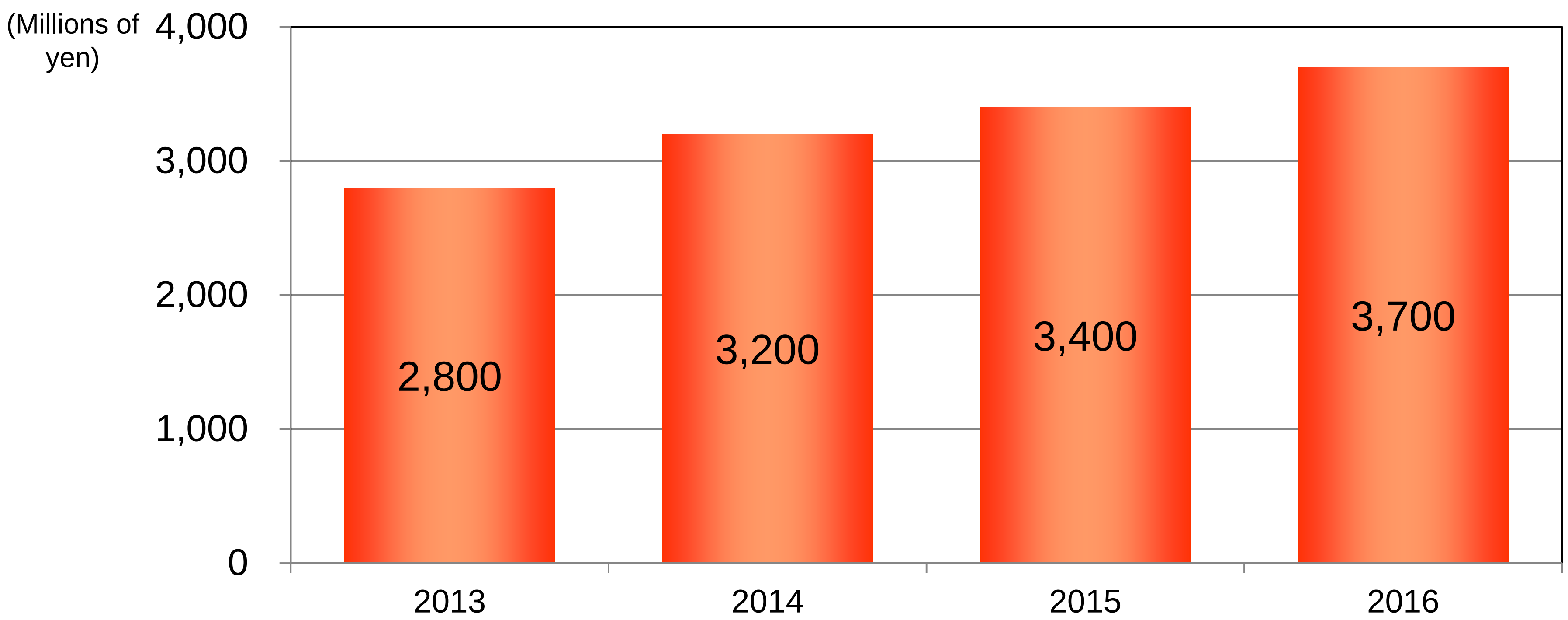


Infrastructure Market
(Sales in Related Categories)

Trends in the infrastructure market

Demand for measuring instruments for use in electrical work and equipment maintenance remained firm. In Japan, demand is forecast to grow as infrastructure construction in advance of the Tokyo Olympics proceeds. Economic development continues to fuel strong demand in emerging markets.

Target products: Digital multimeters, testers, clamp-on current meters, grounding resistance meters, PV megohmmeters, phase detectors, etc.



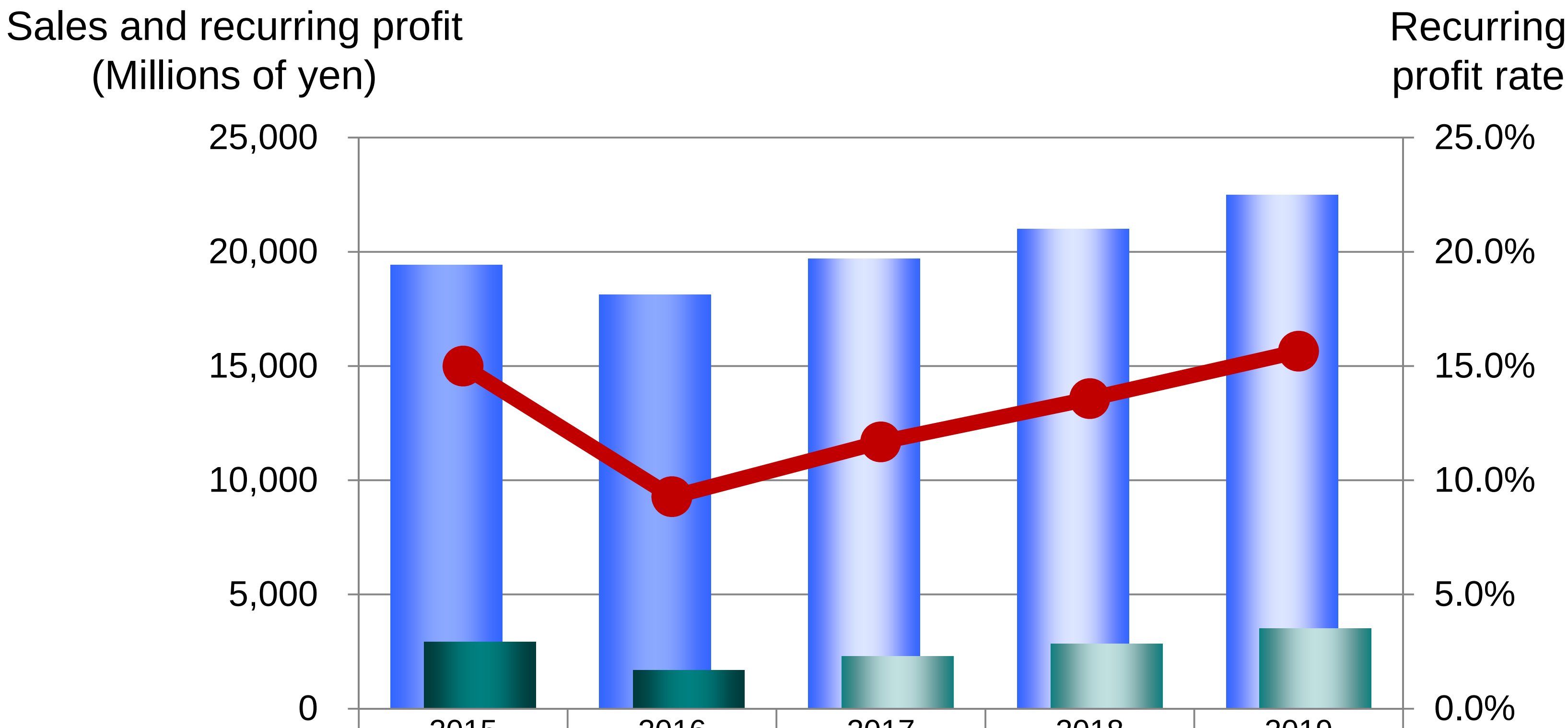
Mid-term Business Plan and Strategy

HIOKI

2017 Business Forecast

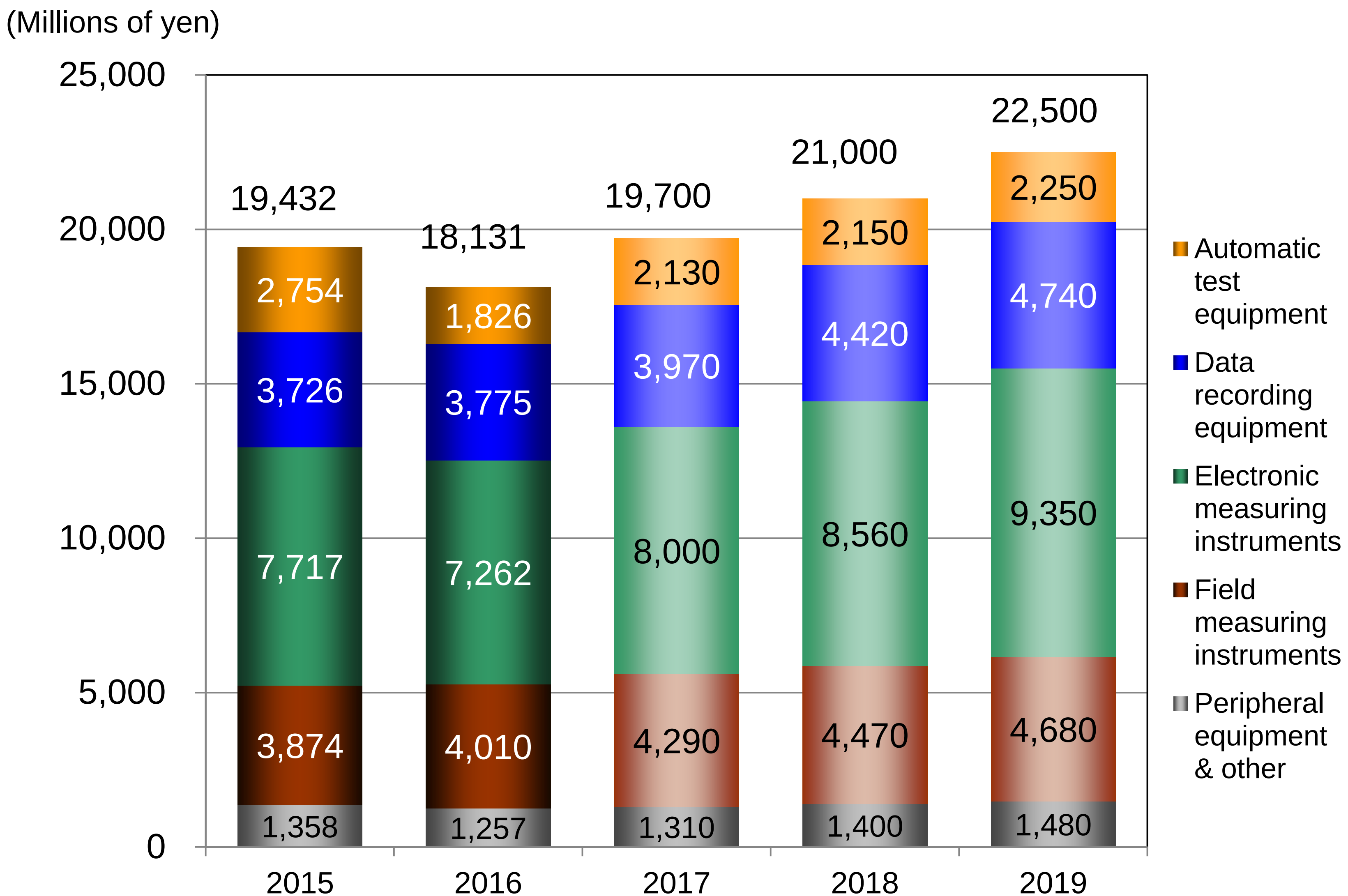
	2016		2017		
	Results (millions of yen)	Percent of sales (%)	Plan (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	18,131		19,700		108.7%
Cost of sales	11,053	61.0%	11,660	59.2%	105.5%
Selling, general, and administrative expenses	5,400	29.8%	5,865	29.8%	108.7%
Operating profit	1,677	9.3%	2,175	11.0%	129.7%
Recurring profit	1,682	9.3%	2,300	11.7%	136.7%
Net income	1,167	6.4%	1,720	8.7%	147.4%
Earnings per share	¥85.67		¥126.22		

Mid-term Business Plan（2017 to 2019）



	2015	2016	2017	2018	2019
Sales	19,432	18,131	19,700	21,000	22,500
Recurring profit	2,914	1,682	2,300	2,850	3,520
Recurring profit rate	15.0%	9.3%	11.7%	13.6%	15.6%

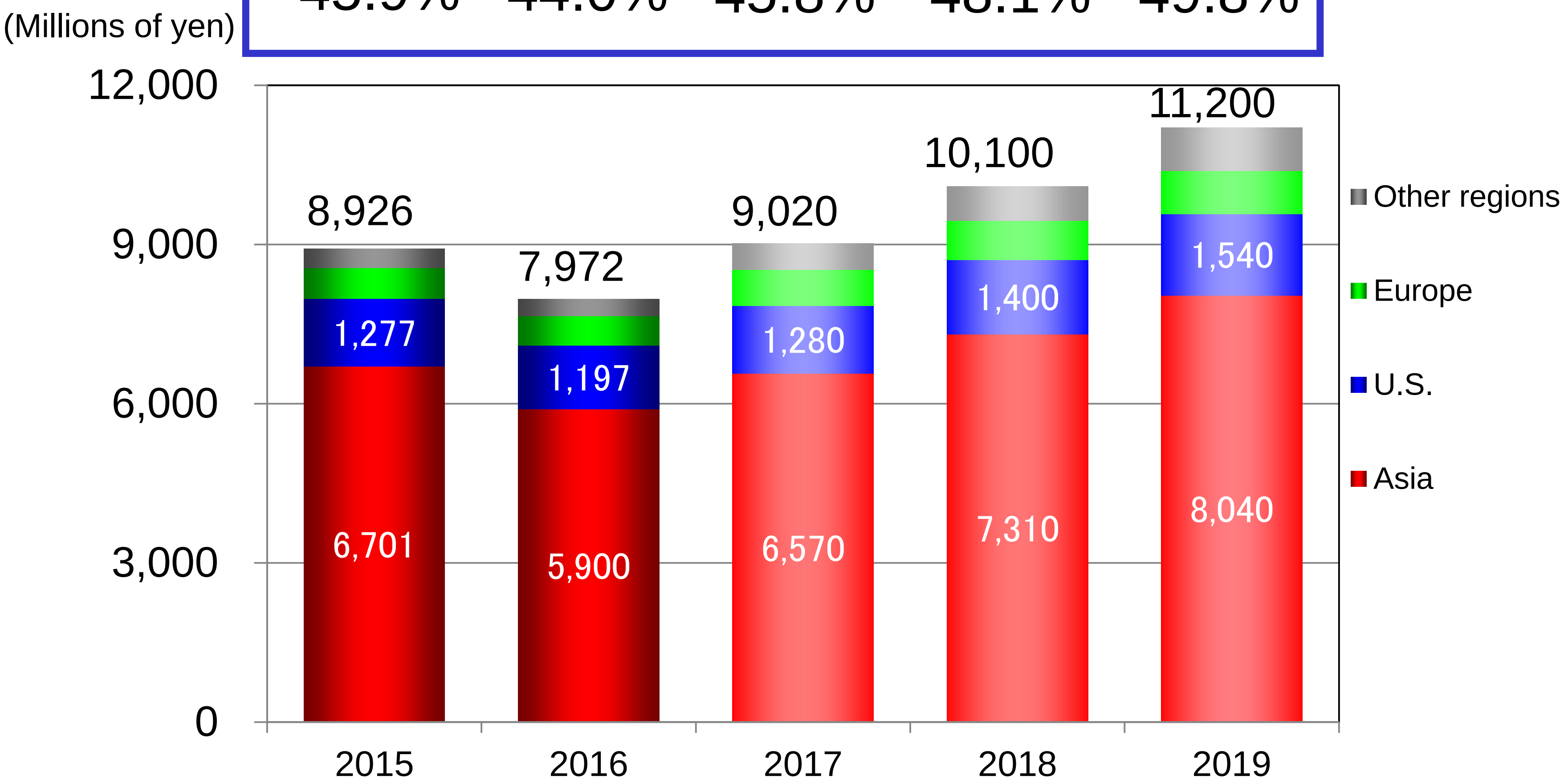
Mid-term Sales Plan by Product Category (2017 to 2019)



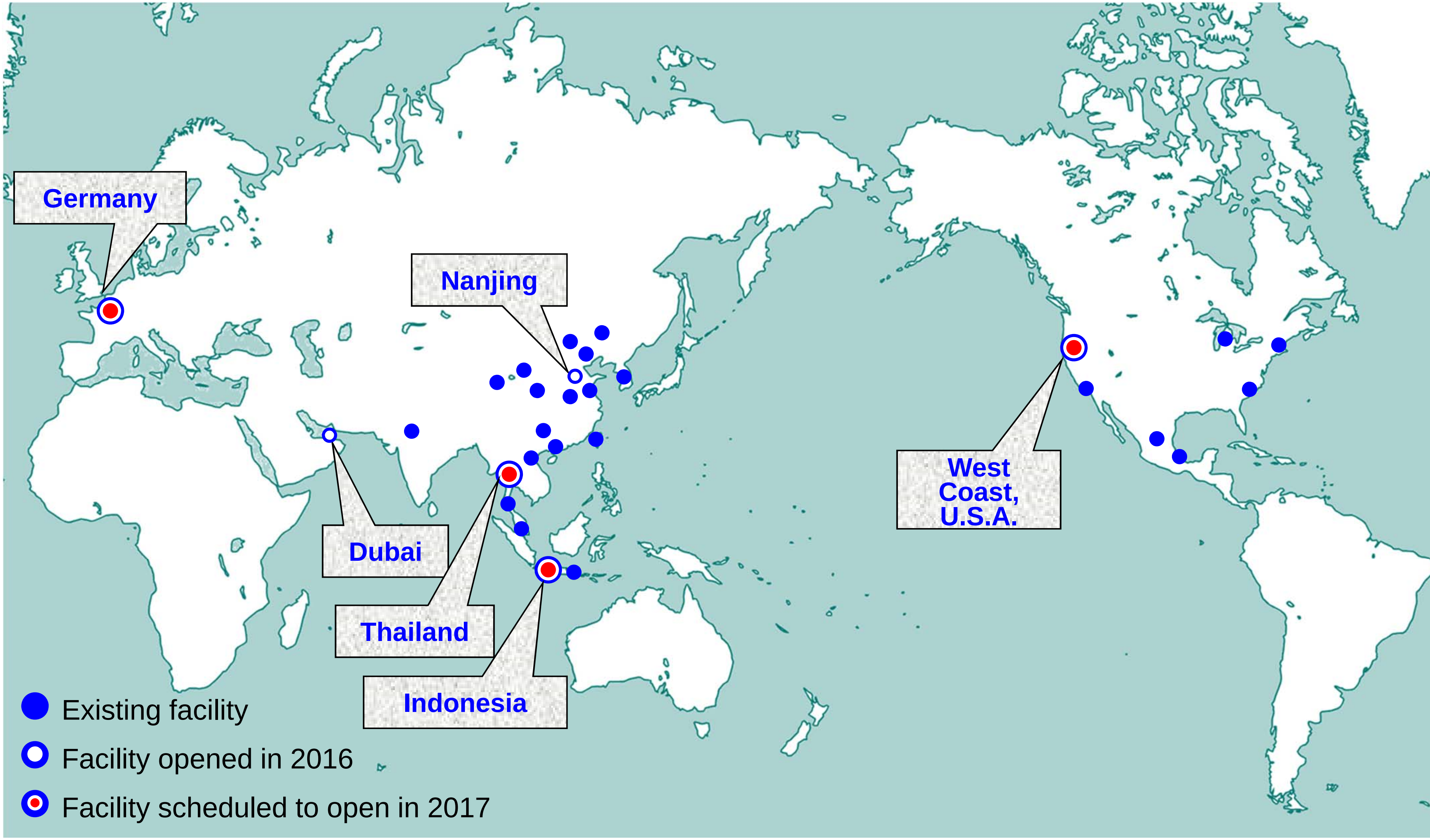
International Mid-term Sales Plan
(2017 to 2019)

International sales as a percentage of total sales

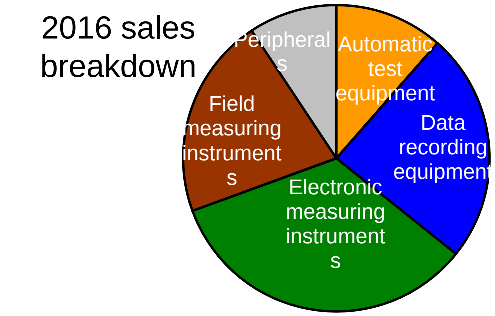
45.9%	44.0%	45.8%	48.1%	49.8%

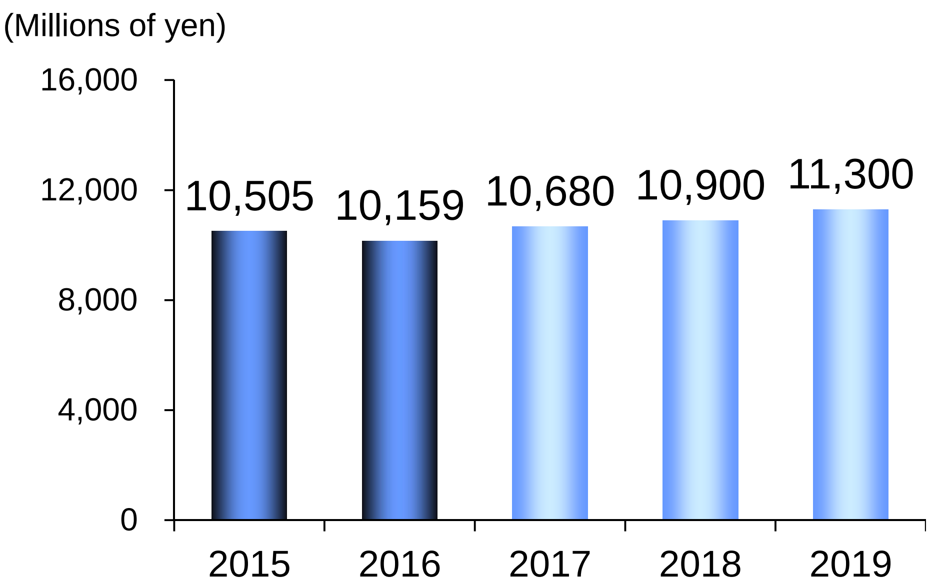


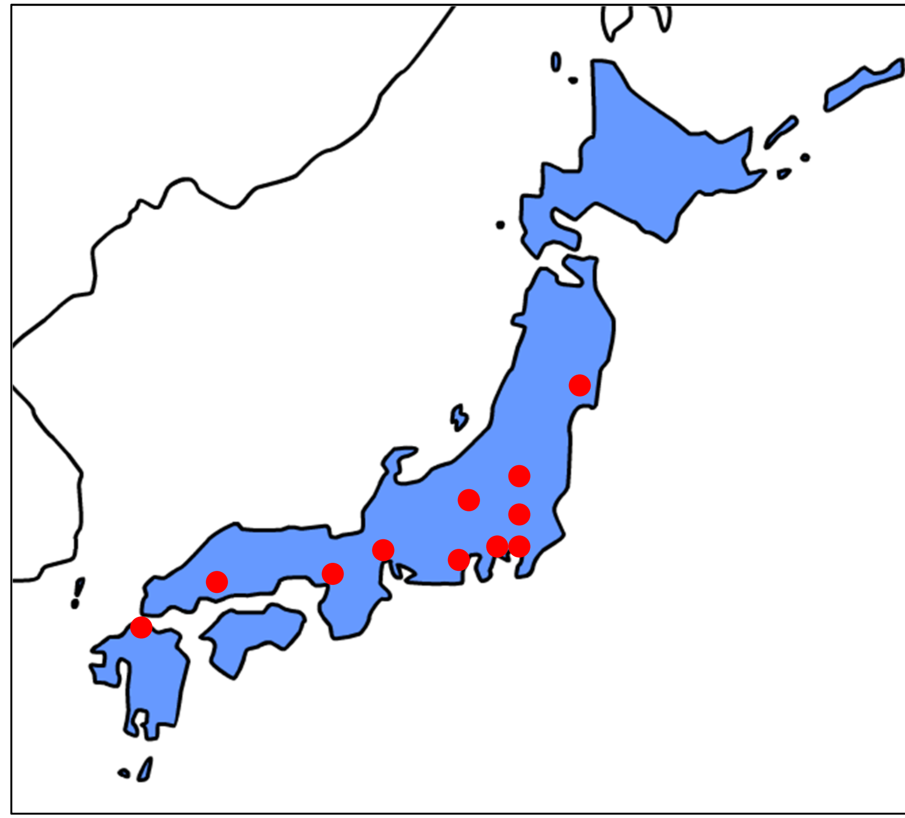
Pursuing Globalization



Key Regional Markets: Japan



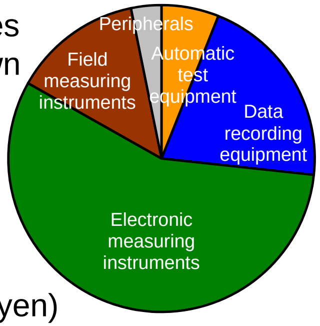


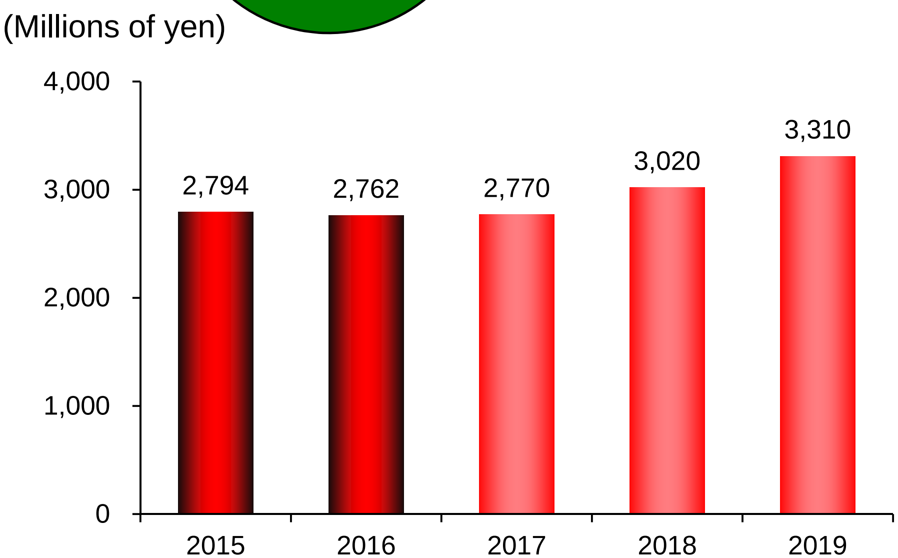


We will strengthen partnerships with engineering personnel and redouble our focus on customer-oriented sales.

Key Regional Markets: China

2016 sales breakdown

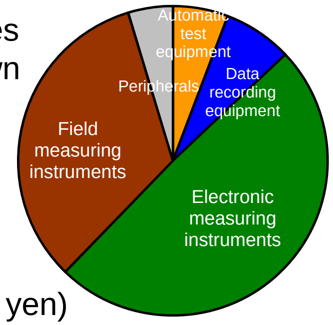




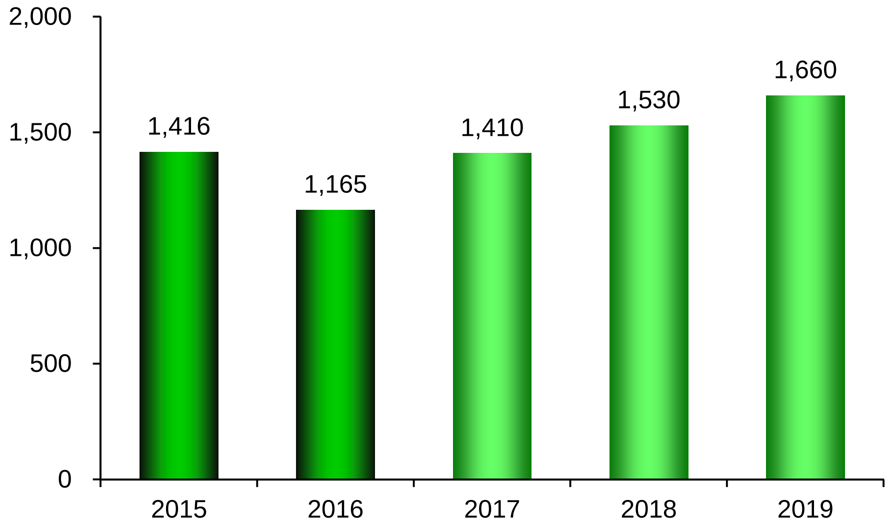
- We will establish a Market Intelligence Division. We will develop and pursue a sales strategy that is designed to foster the penetration of the Hioki brand in the Chinese market.
- Hioki (Shanghai) will adopt a unique human resources system. We will begin studying how to improve the company’s educational programs to facilitate employee growth.

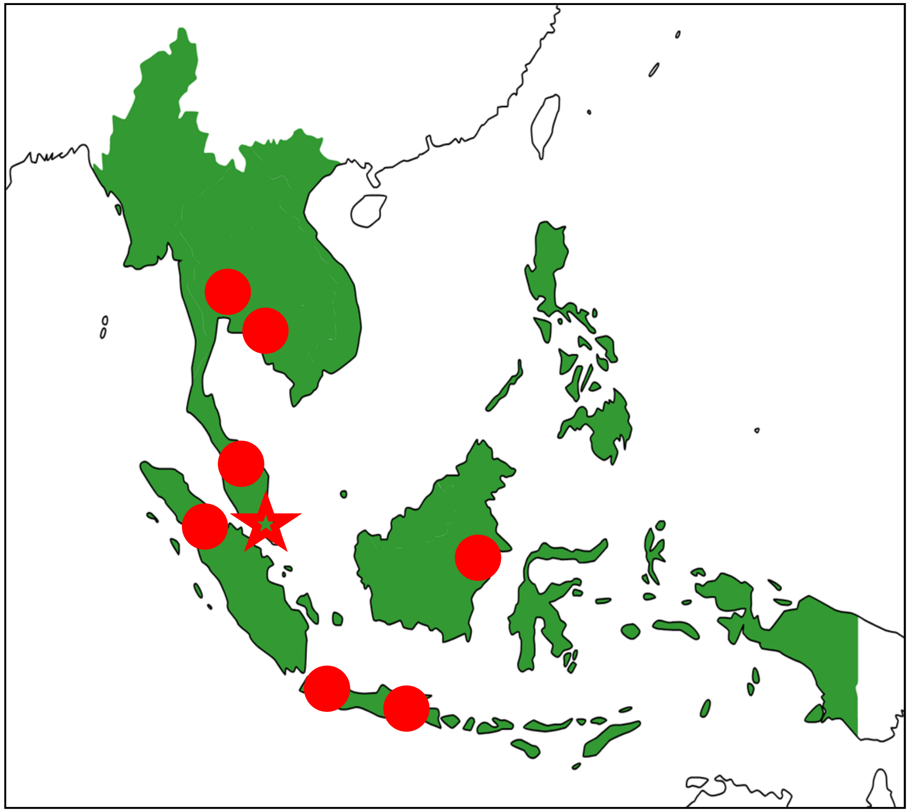
Key Regional Markets: Southeast Asia

2016 sales breakdown



(Millions of yen)

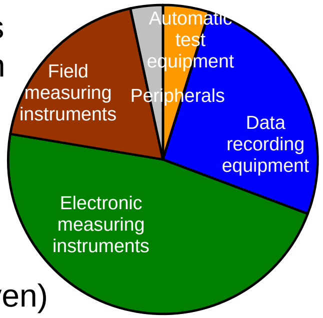




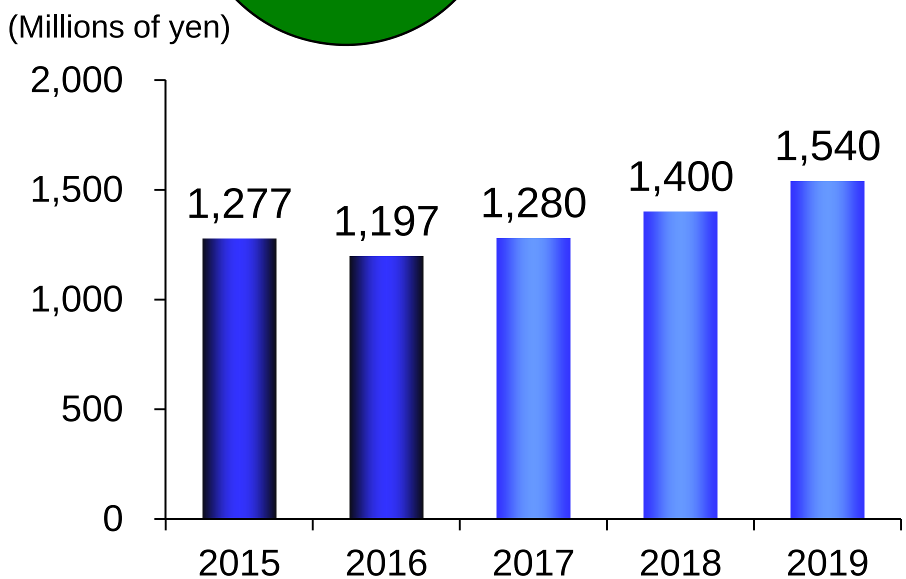
- We will work to develop a sales network based on the characteristics of individual distributors.
- We will begin studying how to incorporate our representative offices in Thailand and Indonesia as local subsidiaries.

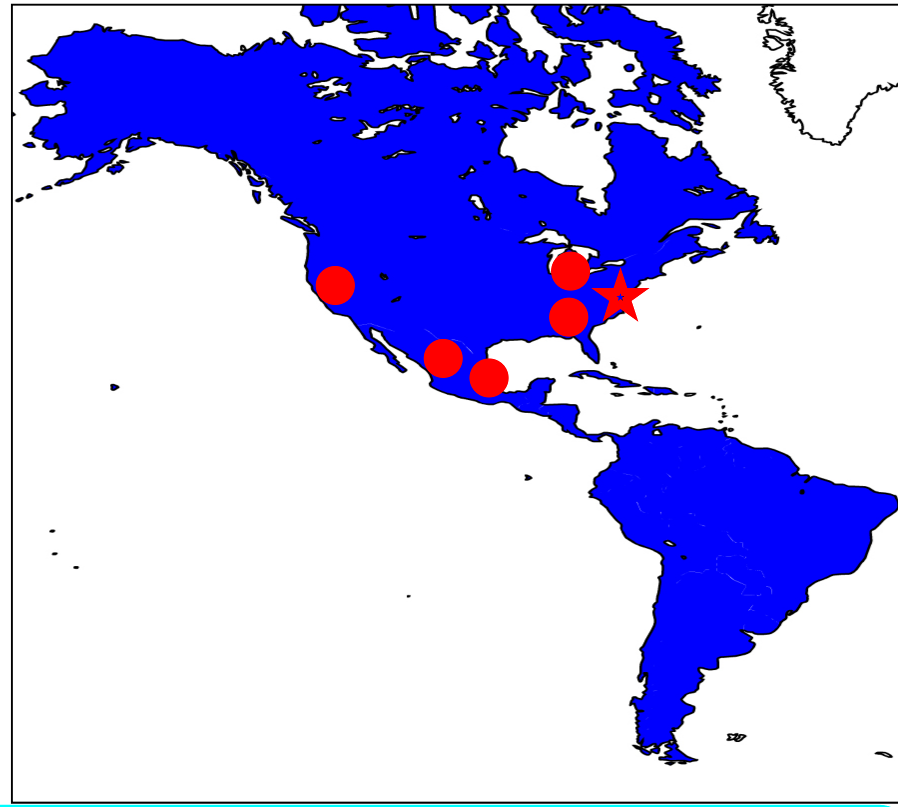
Key Regional Markets: U.S.A.

2016 sales breakdown



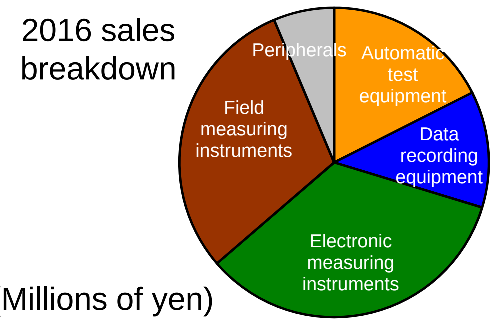
U.S. sales figures include sales figures for Canada and South and Central America.

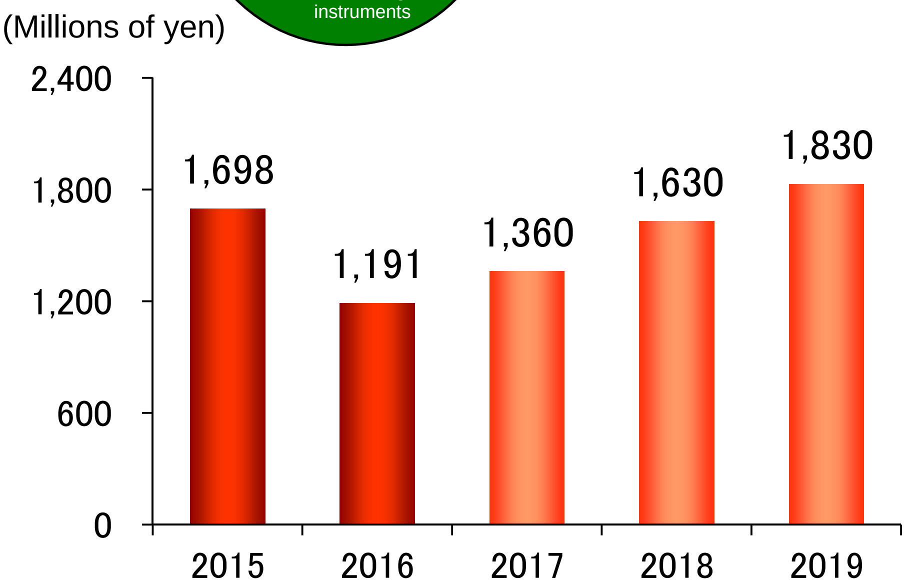


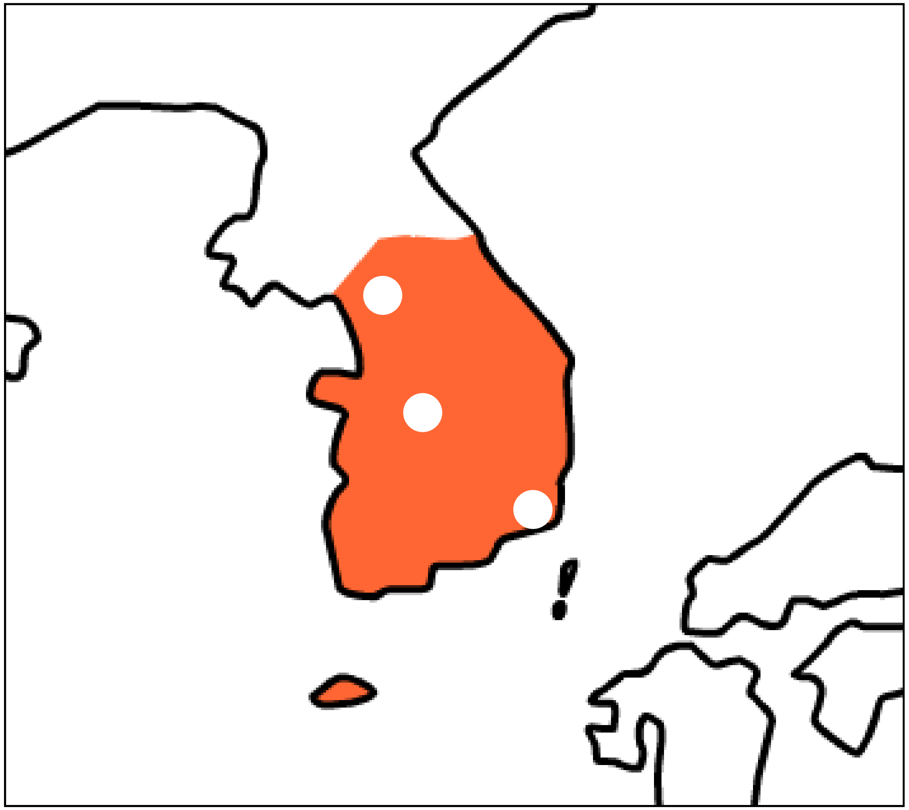


- We will study the establishment of a facility on the West Coast to strengthen our sales activities in the Western U.S.
- We will assign employees to Mexico City and Peru in an effort to more effectively tap the potential of the Latin American market.

Key Regional Markets: South Korea







- We strengthened promotional efforts targeting large companies in the region.
- We have strengthened our after-sales service business.

Other Key Overseas Regions

Taiwan ¥780 million	Engineering and sales personnel will work closely with distributors through our representative office to pursue customer-oriented sales.
India ¥250 million	We will establish a subsidiary to handle before- and after-sales service as we work to strengthen our business in India.
Europe ¥680 million	Reflecting Europe’s status as a priority market, we will start preparing to establish a sales subsidiary in Germany during this fiscal year.
Middle East ¥400 million	Last year, we established a representative office in Dubai and worked to develop a network of distributors in the Middle East, reflecting the region’s status as a priority market. We will work to increase sales of measuring instruments for use in R&D applications.

Figures: From 2017 plan

Hioki's Expanding Products and Markets

Grow and develop by expanding product launches in every market and by creating new product categories.

Key markets

Environment and alternative energy

Electronic components

Automotive

Infrastructure

Automatic test equipment

Data recording equipment

Electronic measuring instruments

Field measuring instruments

New product categories

Solar power
LEDs
Batteries
Etc.

Smartphones
Onboard devices
Etc.

EVs
HEVs

Power
Construction
Etc.

Research and education

Medicine

Food

Agriculture

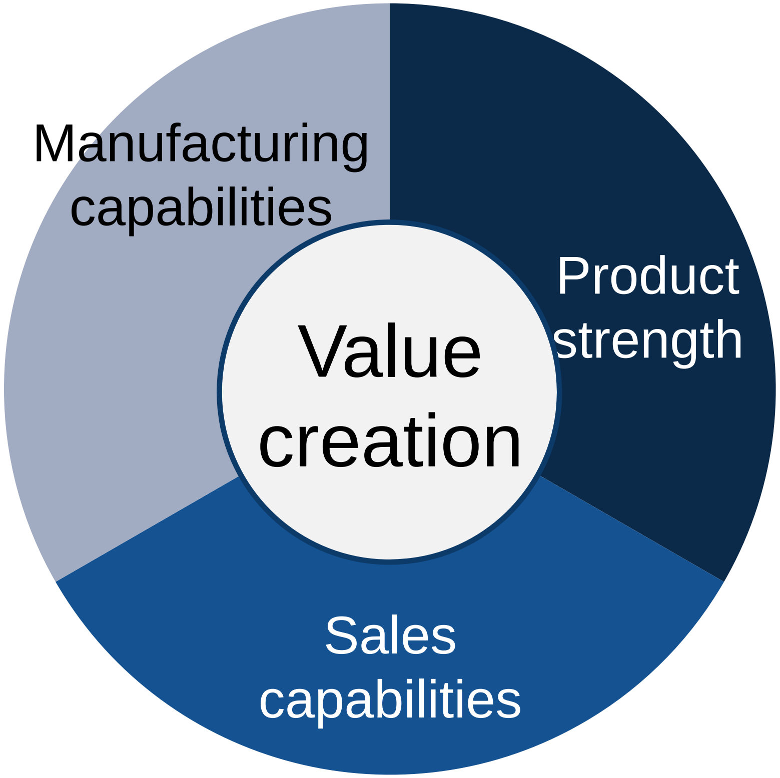
Service and lease

Electrical machinery

Untapped markets

Creating Value as an R&D Company

Product strength + sales capabilities + manufacturing capabilities = Value creation

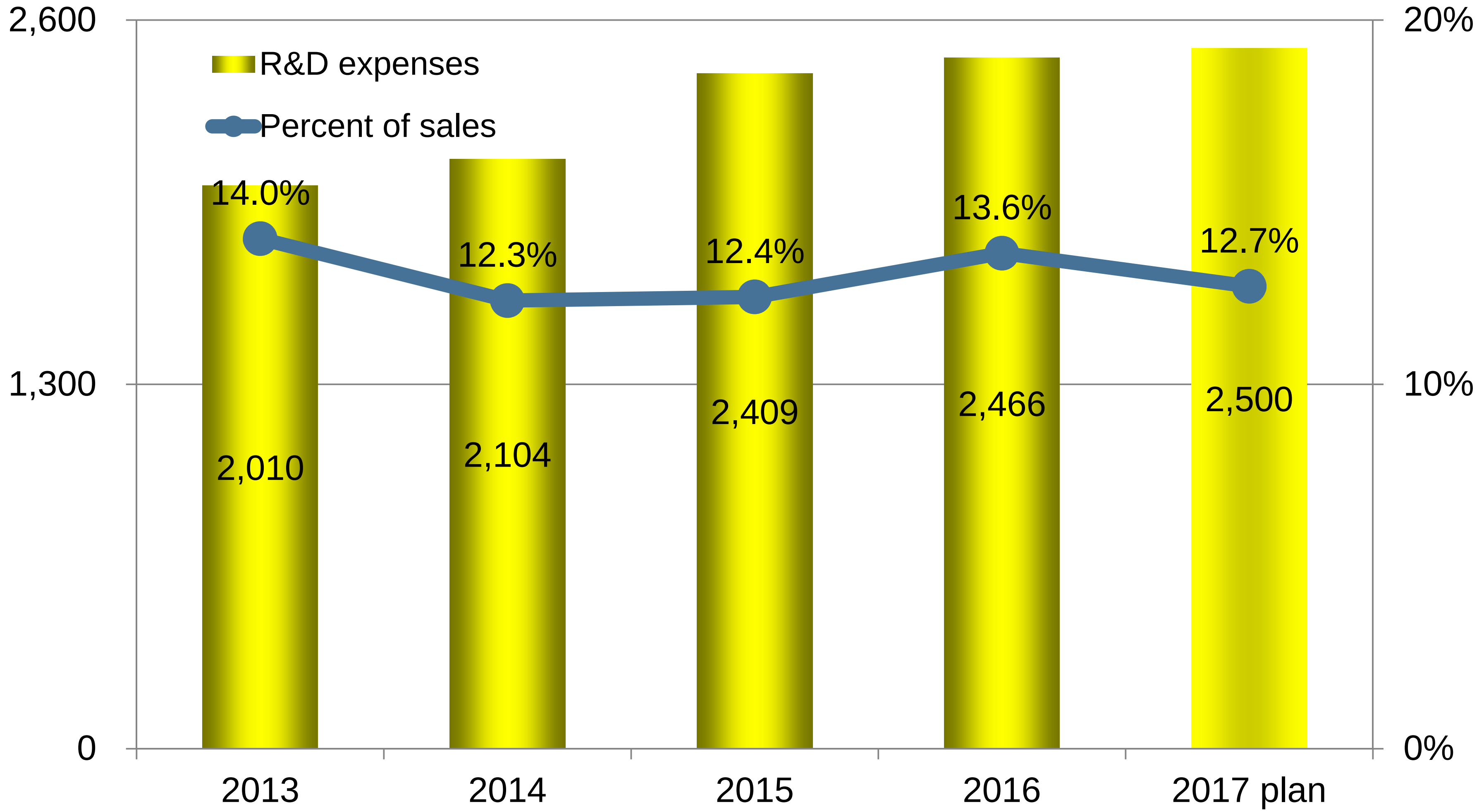


Example: Measuring instruments that resolve safety and convenience issues

Non-metallic-contact AC voltage probe

Trend in R&D Expenses

(Millions of yen)



New Product Launches in 2017

International and domestic needs
Product marketing

Enhancing product planning
QCD (development of quality functions)

Productivity of the product development process
Common use of parts, sharing of parts, and modular designs

Planned product launches
Total of 31
In 2017
(2016: 30 products)

Launching products designed to offer maximum customer value

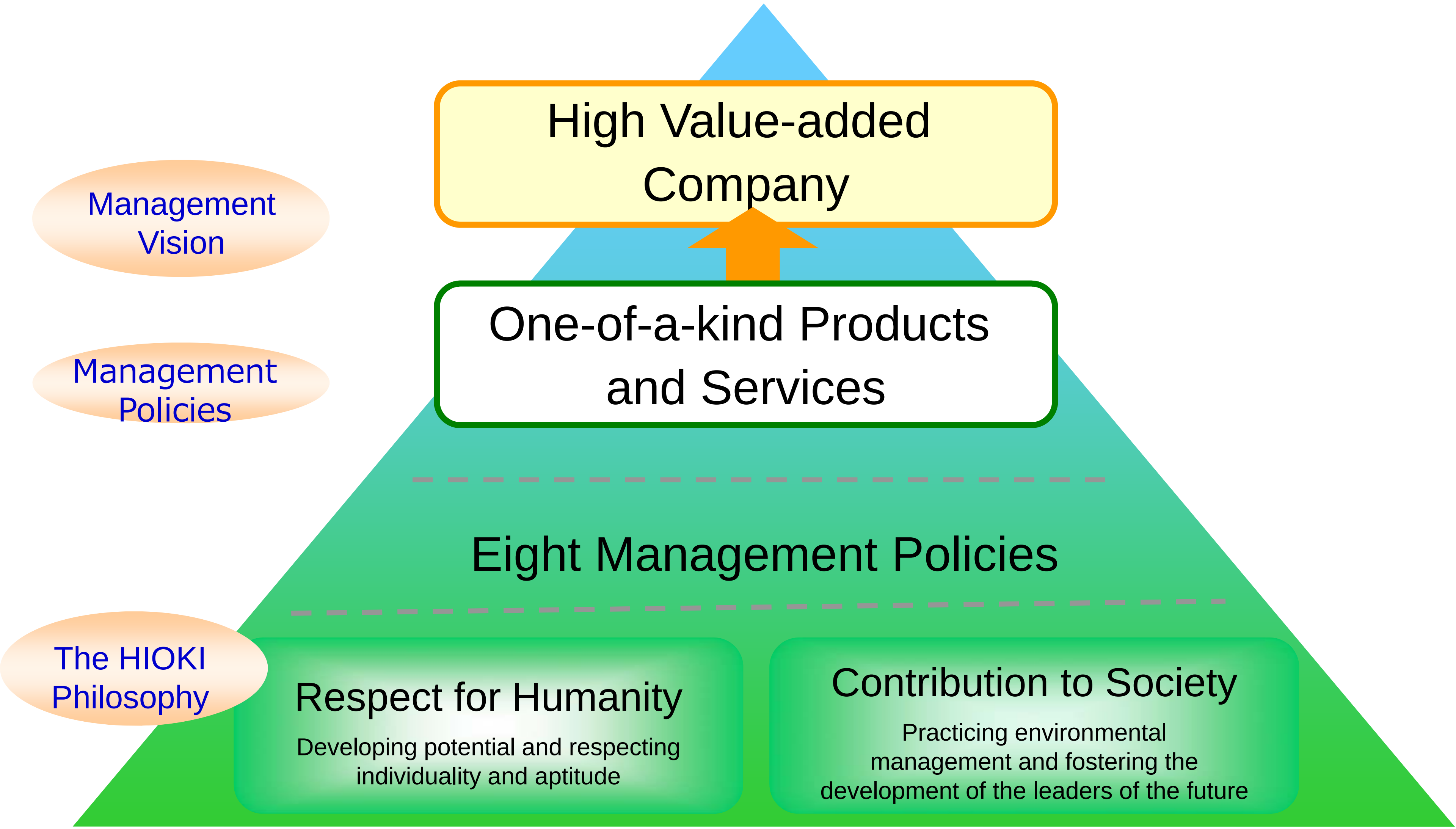
Management Policies

- Providing high-quality products and service of the highest caliber
- Achieving a recurring profit rate of 20%
- Linking our dividend to business performance based on the ideal of consistently returning ¥20 of profit to investors and with a view to achieving a dividend ratio of 30%
- Increasing the transparency and objectivity of management in accordance with our corporate governance code

Reference Materials

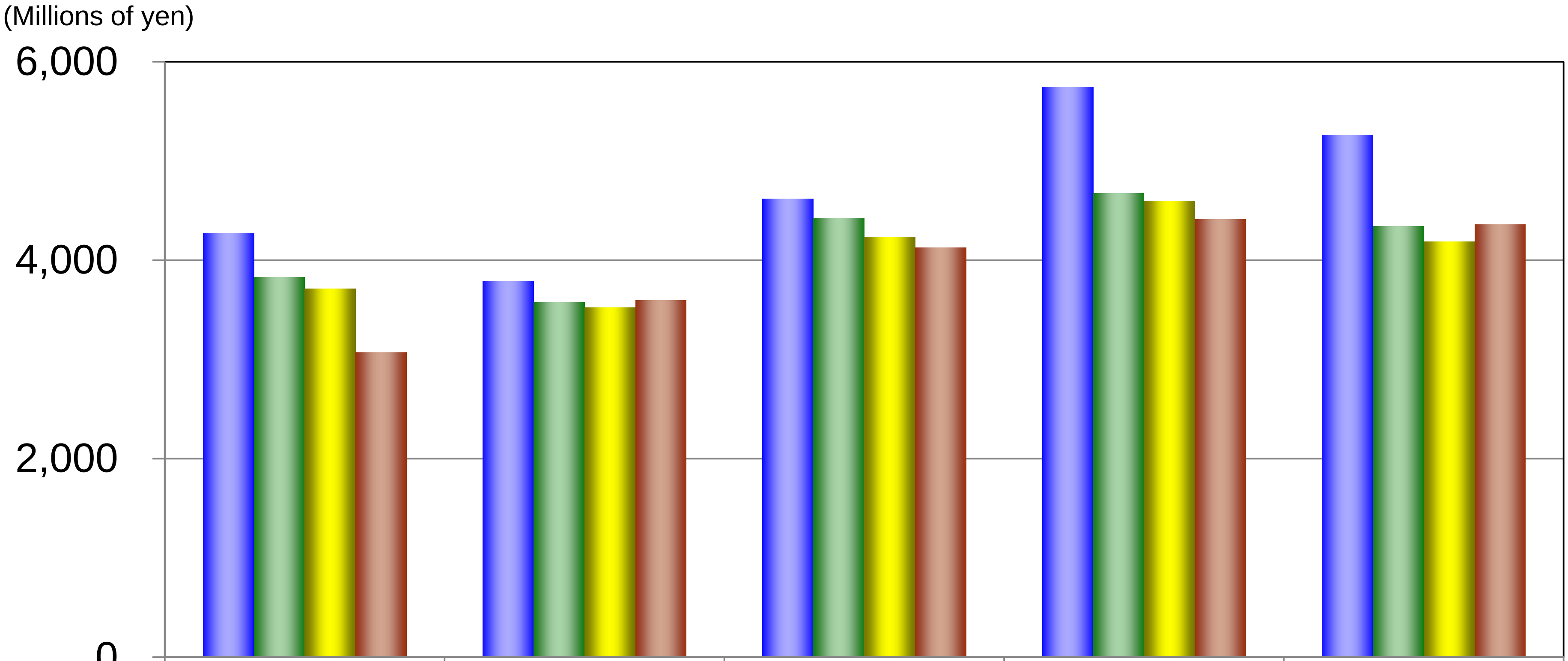
Reference Materials

HIOKI's Corporate Vision



Reference Materials

Order Volume by Quarter

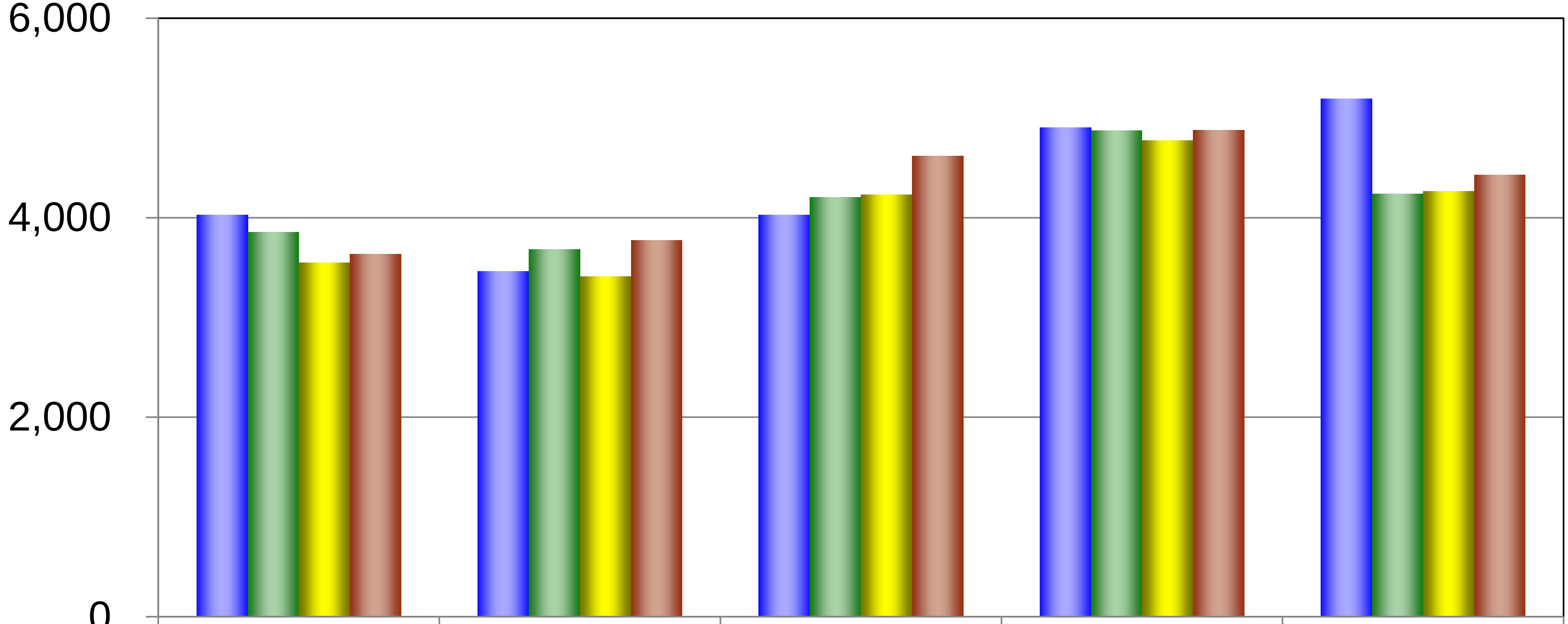


	2012	2013	2014	2015	2016
1Q	4,273	3,785	4,621	5,746	5,264
2Q	3,831	3,574	4,427	4,674	4,341
3Q	3,714	3,524	4,235	4,600	4,189
4Q	3,070	3,599	4,129	4,413	4,361

Reference Materials

Sales by Quarter

(Millions of yen)

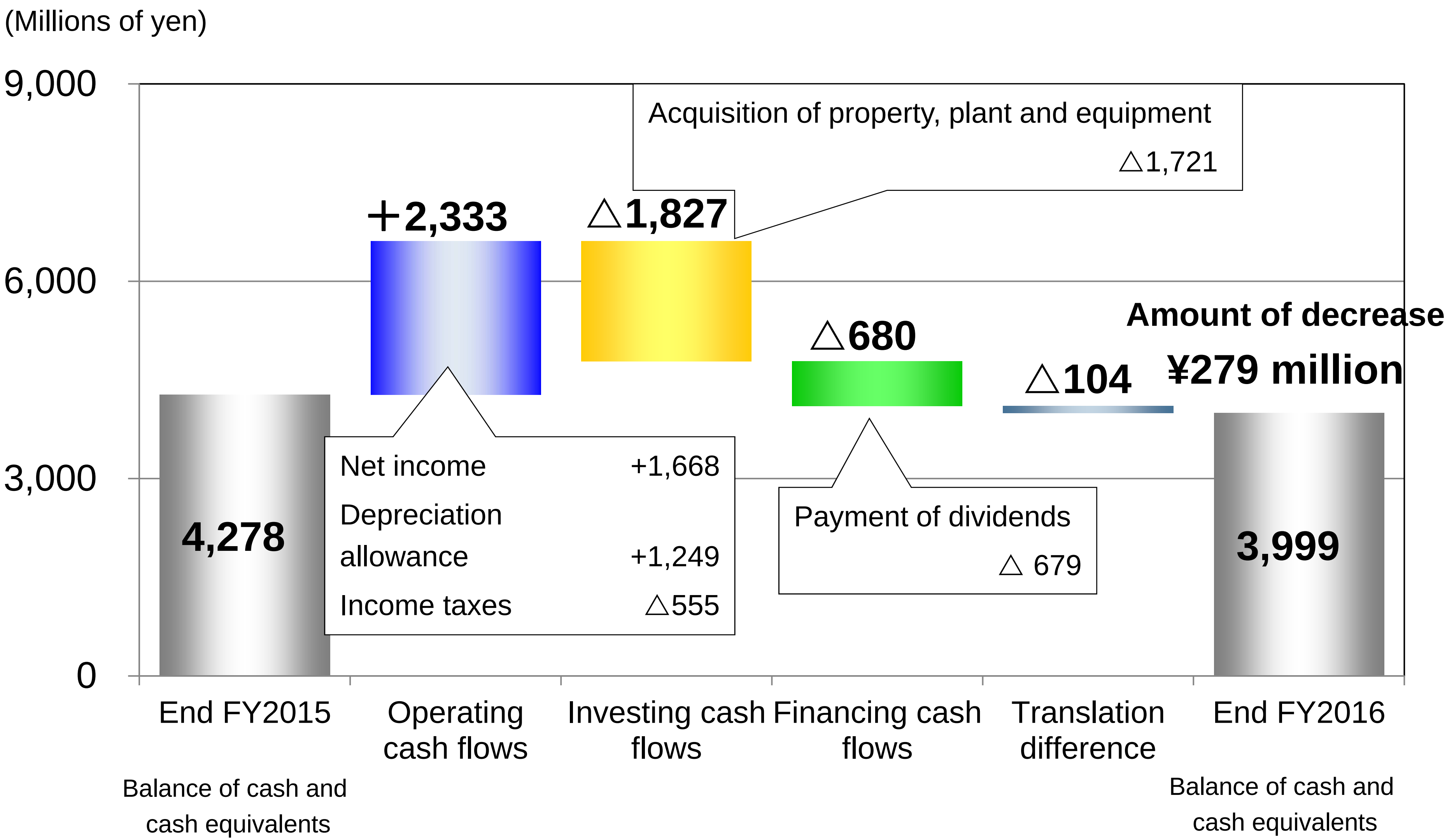


	2012	2013	2014	2015	2016
1Q	4,029	3,462	4,028	4,904	5,192
2Q	3,856	3,684	4,205	4,874	4,242
3Q	3,549	3,410	4,233	4,777	4,265
4Q	3,635	3,776	4,620	4,877	4,430

HIOKI

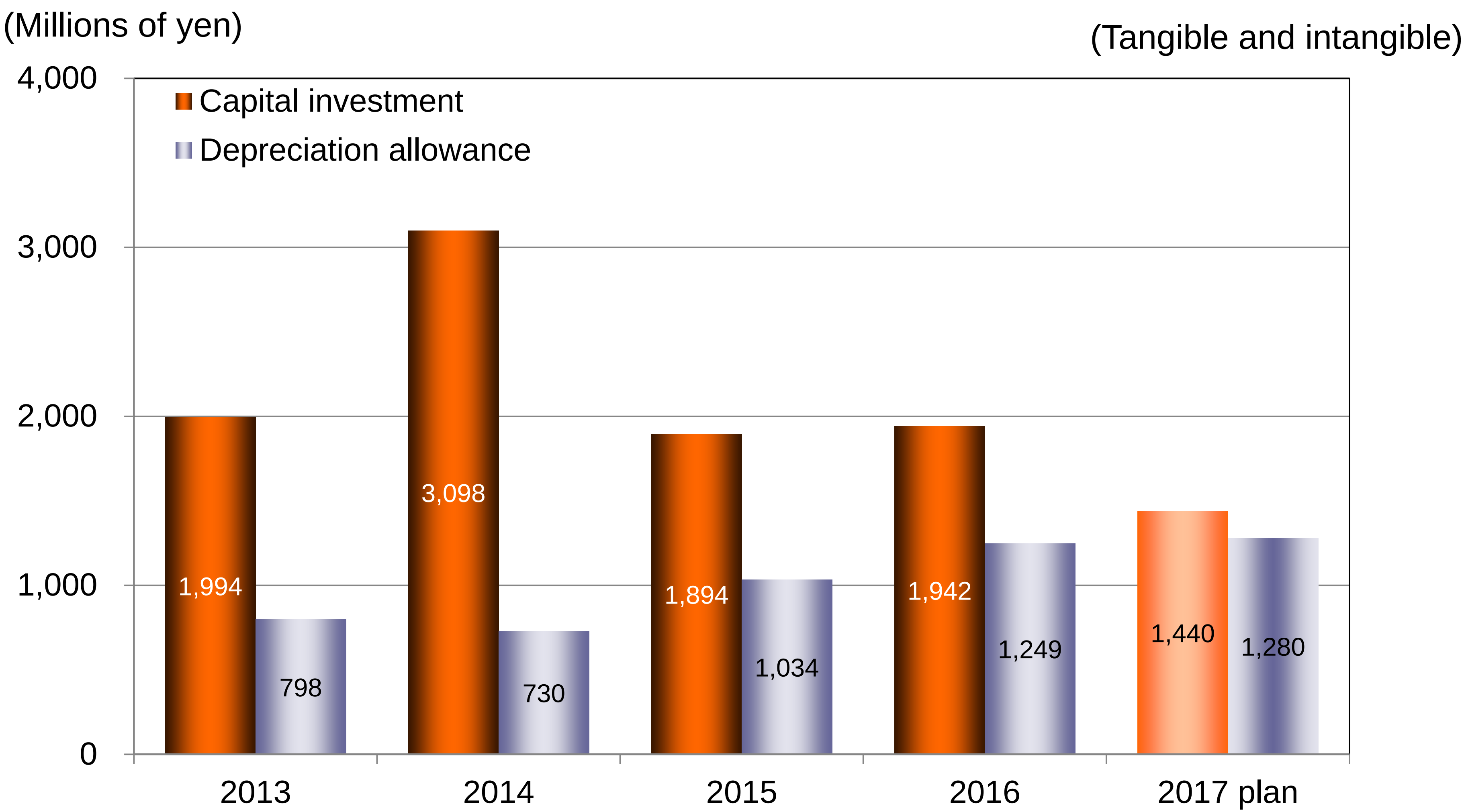
Reference Materials

Cash Flows



Reference Materials

Capital Investment and Depreciation Allowance



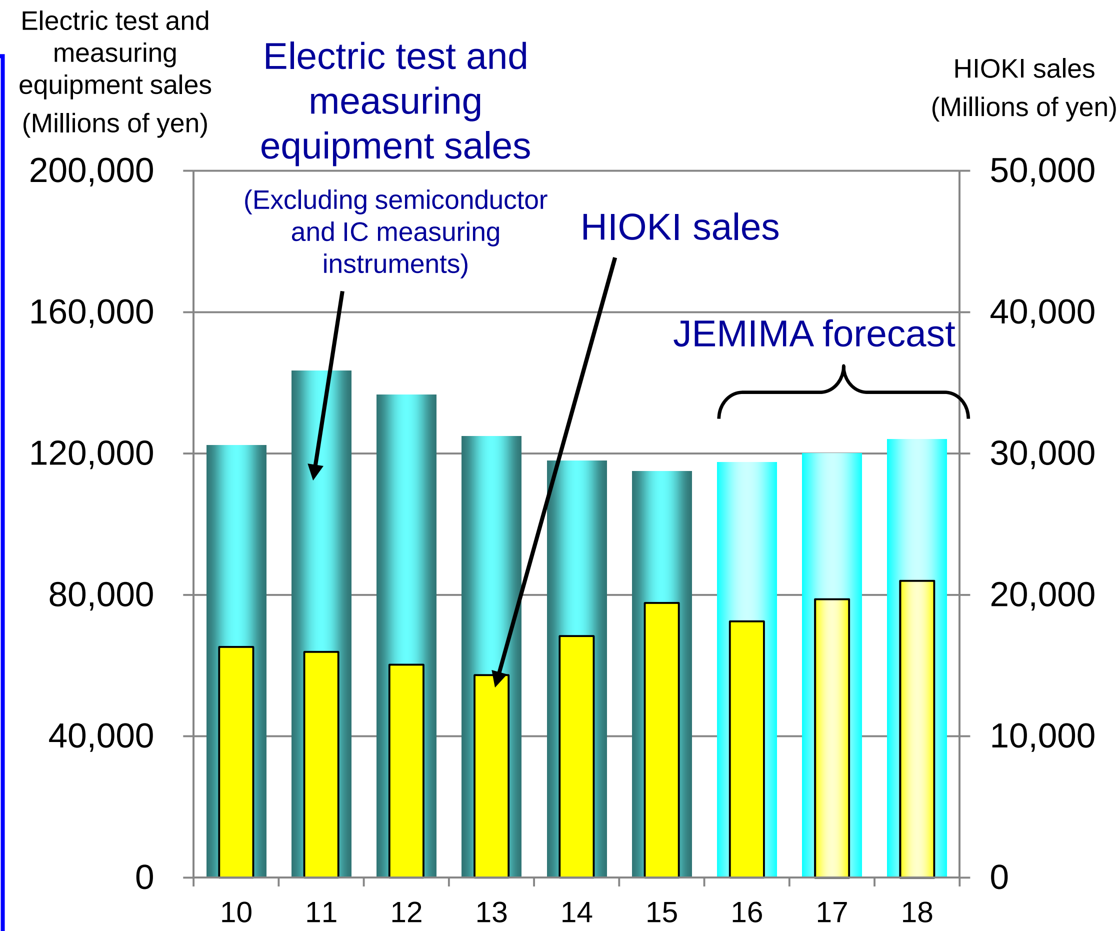
Reference Materials

Business Environment in the Electrical Measuring Instruments Industry and Future Outlook

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

Electrical measuring instruments: Growth is expected to continue at an average annual rate of 3.2% from FY2016 to FY2020.

This growth reflects anticipated increases in investment in electric vehicles with the goal of reducing CO_2 emissions and investments in self-driving technologies. Investment in networks and handsets is also expected to increase as a result of growth in wireless connectivity due to factors such as the adoption of 5G next-generation mobile technology and IoT technology.

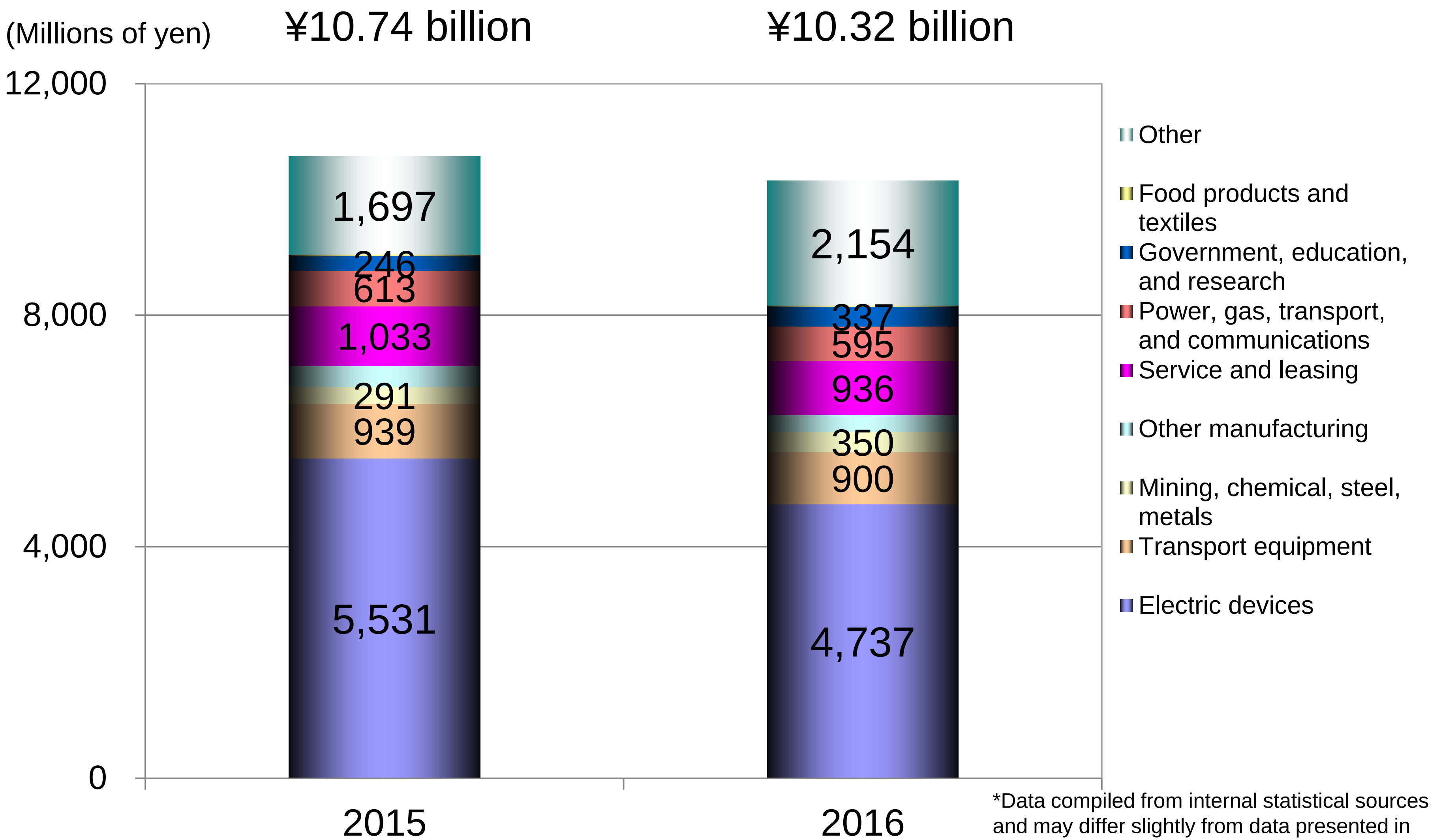


* As defined by JEMIMA, electric test and measuring equipment accounts for about 30% of electricity meters. Under the JEMIMA classification scheme, HIOKI's products consist of general measuring instruments, obtained by excluding semiconductor and IC measuring instruments from the electric test and measuring equipment category.

* Based on statistical data from the Japan Electric Measuring Instruments Manufacturers' Association. Sales figures for 2016 and subsequent years reflect JEMIMA forecasts (as of December 2016).

Reference Materials

Trend in Sales (Domestic) by Industry

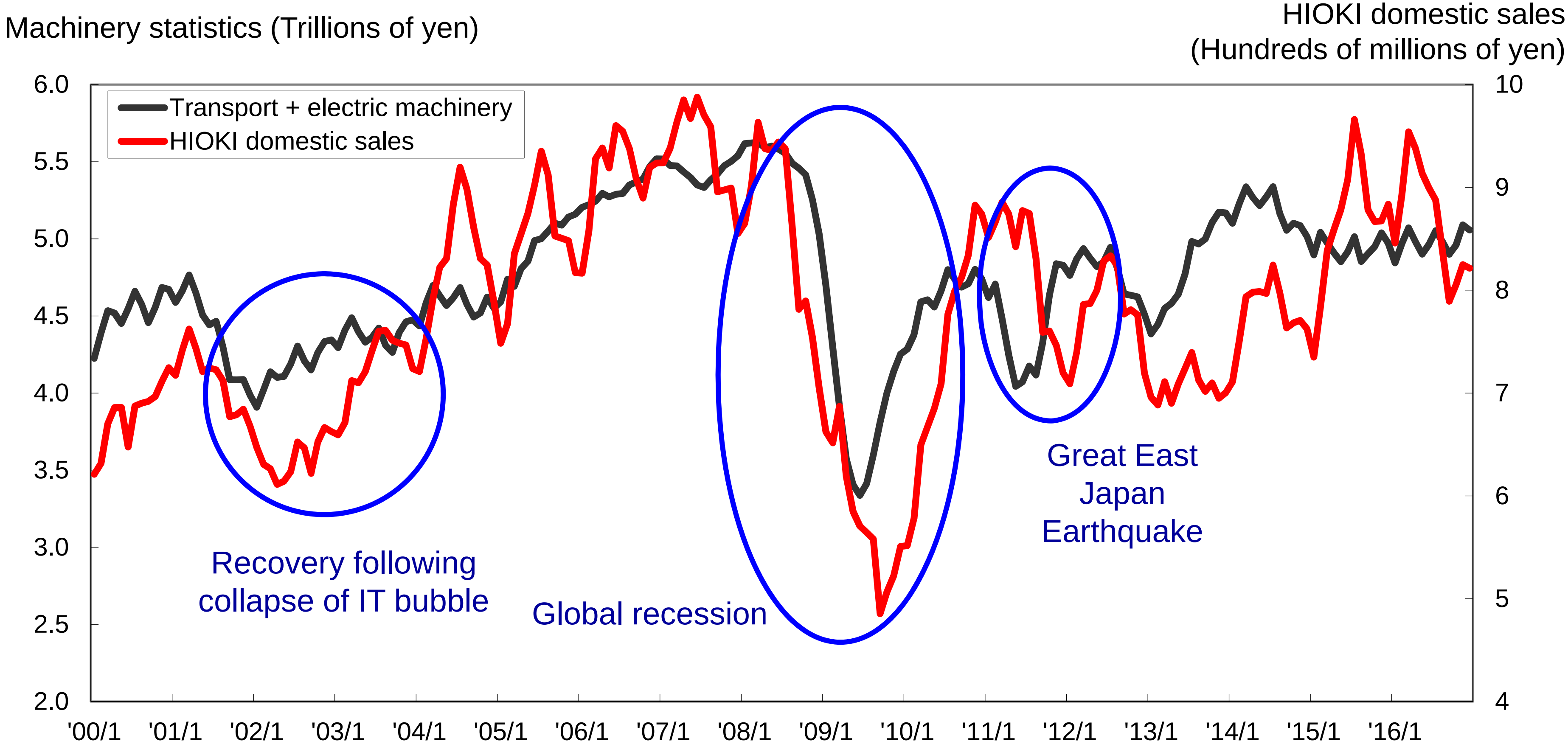


*Data compiled from internal statistical sources and may differ slightly from data presented in financial results briefings.

Reference Materials

Trend in Machinery Statistics and HIOKI Performance

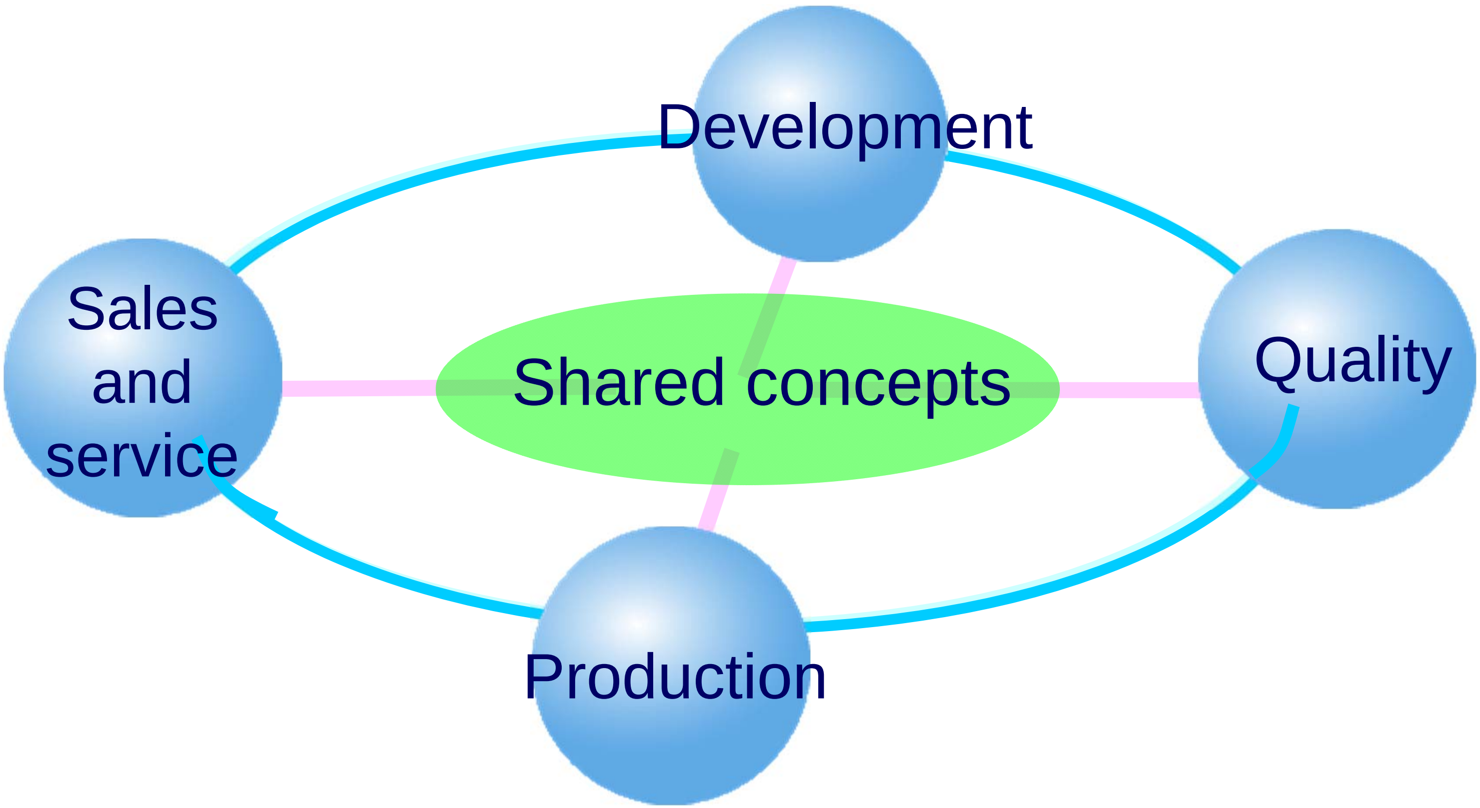
We consider machinery statistics (for transport machinery and electrical machinery) a leading indicator of our business performance.



* 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 index.

Improving Value-added Productivity

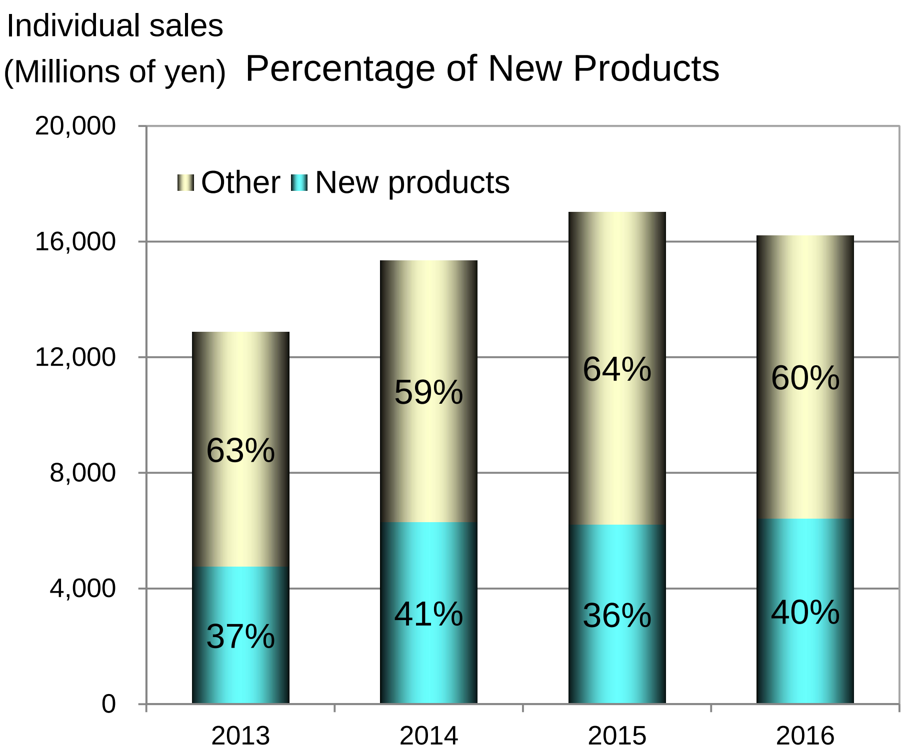
Concurrent engineering



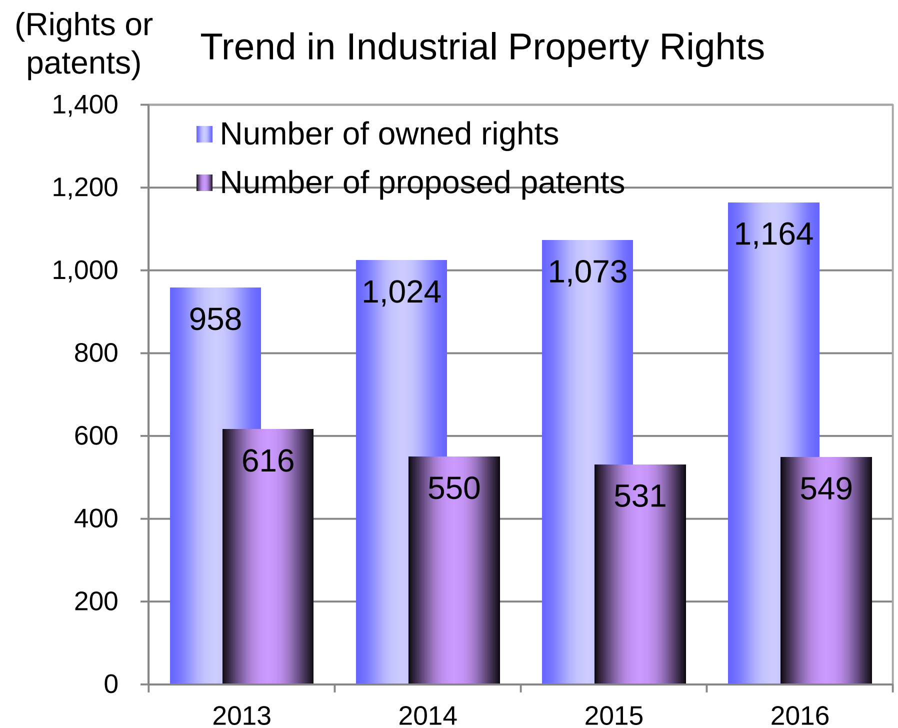
In HIOKI's approach to product development, departments come together organically with the goal of improving productivity.

Development Capability: Unique Products Built around Core Technologies

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



*Products are treated as new products for the first four years after their launch.



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

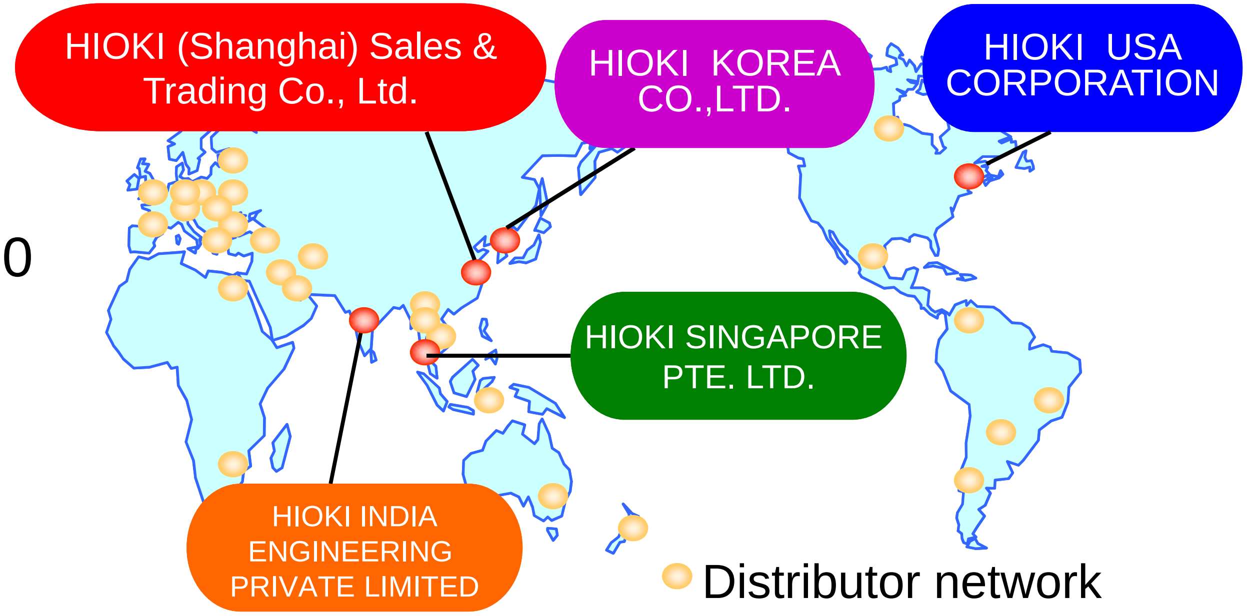
Reference Materials

Sales Capability: Solutions-oriented Sales with a Customer Focus

- Direct marketing targeting customers in Japan (about 55,000 companies)
  - About 70 salespeople at 11 facilities in Japan
  - Approx. 34,000 sales visits per year

Assessing latent customer wishes and future needs

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



Reference Materials

Automatic Test Equipment

● Pass/fail testing of electronic circuit boards

Principal products	Fields of use (applications)
Populated circuit board testing systems	Testing circuit boards on which electronic components have already been mounted
Bare board testing systems	Testing 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	Observing and recording waveforms for high-speed phenomena in an extensive array of applications ranging from the electric field to the machinery field

Developed in 1983

Principal products	Fields of use (applications)
Data loggers	Monitoring and recording long-term changes in temperature, voltage, and other characteristics across numerous channels

Capable of capturing large amounts of data over extended periods of time

Principal products	Fields of use (applications)
Remote measurement systems	Managing data at remote locations in an integrated manner

Capable of accommodating remote measurement needs

MR8847A
Memory HiCorder

LR8432
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	Testing on electronic component production lines Evaluating performance of devices such as fuel cells and IC tags
Safety testers	Performing insulation resistance measurement and withstand voltage testing of electrical equipment
Communications measuring instruments	Testing optical components

Circuit element measuring instruments: Compact, lightweight, and low-cost

Safety testers: Broad product line for an array of applications

Communications measuring instruments: Measuring optical power and loss

IM7587
Impedance Analyzer

ST5520
Insulation Tester

3661 Optical Power Meter

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	Implementing energy-saving measures and power management for electric equipment Testing in R&D settings and on production lines
Power quality analyzers	Verifying the quality of dispersed power supplies such as alternative energy (solar and wind power, fuel cells, etc.) and cogeneration systems
Current probes	Observing 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

PW6001
Power Analyzer

PQ3100 Quality Analyzer

CT6700
Clamp on Probe

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	Performing maintenance and inspections of electrical wiring work and equipment
Insulation resistance testers	Performing maintenance and inspections of electrical work and equipment
Digital multimeters	Measuring characteristics from voltage to current and resistance

A powerful brand with a long history

A must-have instrument for electrical work

Used in all applications

CM4374
Clamp Meter

IR3455
High Voltage Insulation Tester

DT4223 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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