





# Kurita Water Industries Ltd.

## Results Presentation for the First Nine Months of the Year Ending March 31, 2018

(Securities code: 6370)

February 1, 2018

 A blue square icon containing a white vertical bar, representing Section I.	Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2018	P 1 - 9
 A blue square icon containing two white vertical bars, representing Section II.	Consolidated Business Plan for the Fiscal Year Ending March 31, 2018	P10-16

# I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2018

# I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2018



## Financial Highlights

(Billions of Yen)

	Three Quarters of FY ended March 2017	Three Quarters of FY ending March 2018	Year-on-Year Change
Orders	162.1	187.9	+ 15.9%
Net sales	152.1	163.5	+ 7.5%
Operating income	13.6	14.9	+ 8.9%
Non-operating income and expenses	0.5	- 0.1	—
Ordinary income	14.1	14.7	+ 4.4%
Extraordinary income	0.4	4.0	—
Profit attributable to owners of parent	10.1	13.5	+ 33.5%

- Orders increased significantly due to new consolidation in the Water Treatment Chemicals business and large orders in the Water Treatment Facilities business.
- Operating income rose due to increased revenue and an improvement in the cost of sales ratio in the Water Treatment Facilities business.
- A marginal gain on the step acquisition of shares in an equity-method affiliate and a gain on sales of shares of other listed companies were posted to extraordinary income.

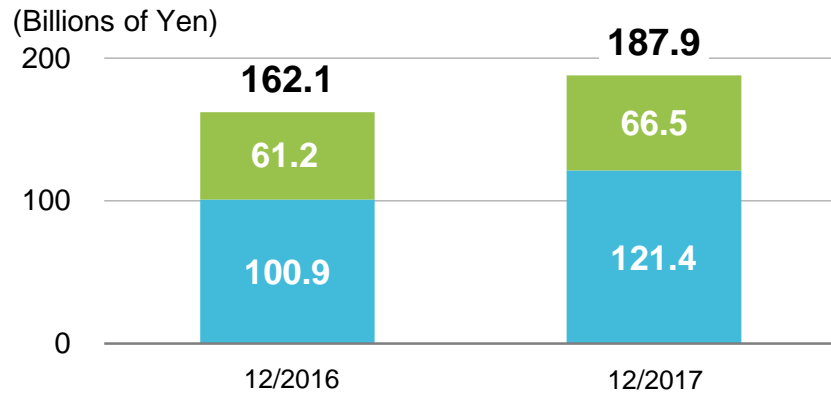
Foreign exchange rate (yen)	Three Quarters of FY ended March 2017	Three Quarters of FY ending March 2018
USD	108.69	111.92
EUR	121.17	124.55
CNY	16.50	16.47

# I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2018

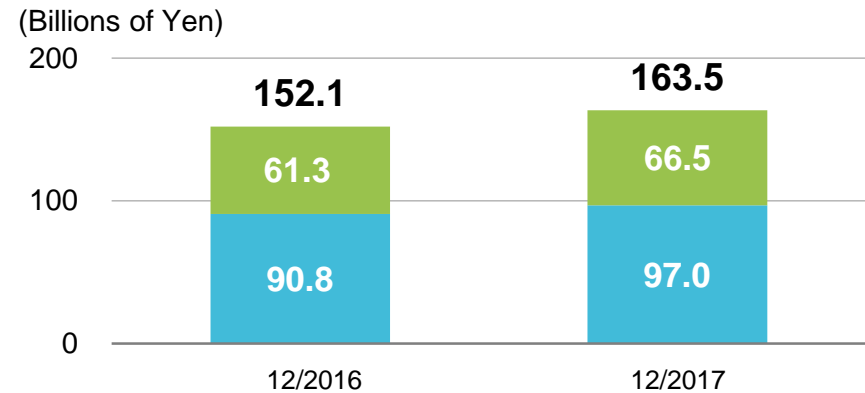
## Orders, Sales, Operating Income, and Operating Income Margin



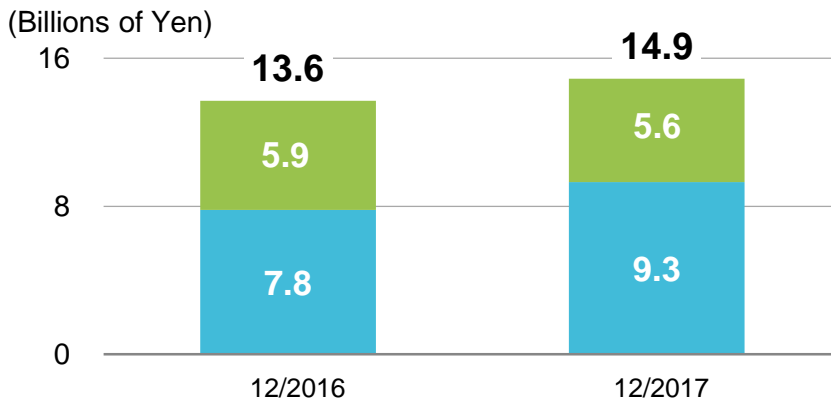
### Orders



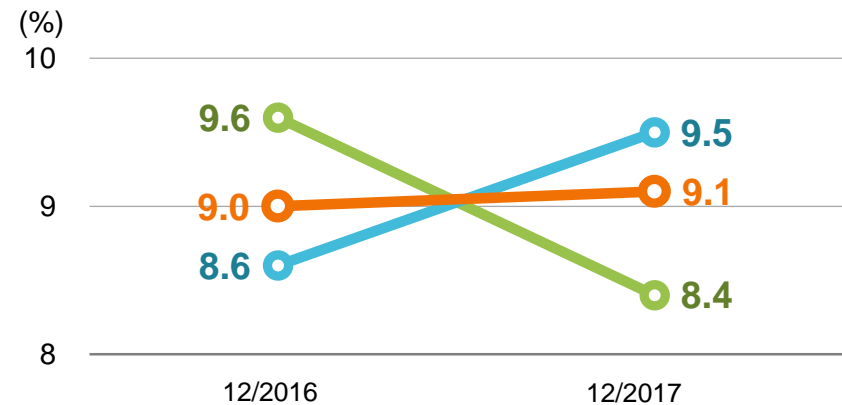
### Sales



### Operating Income



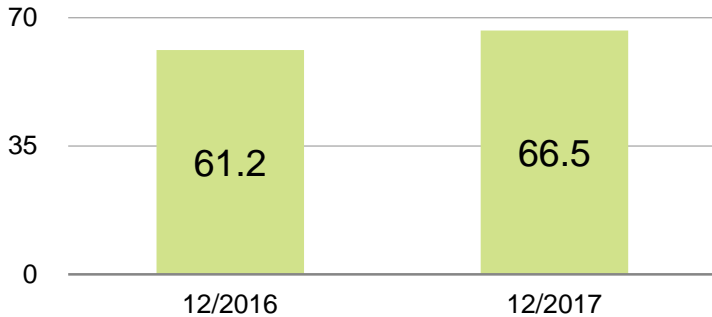
### Operating Income Margin



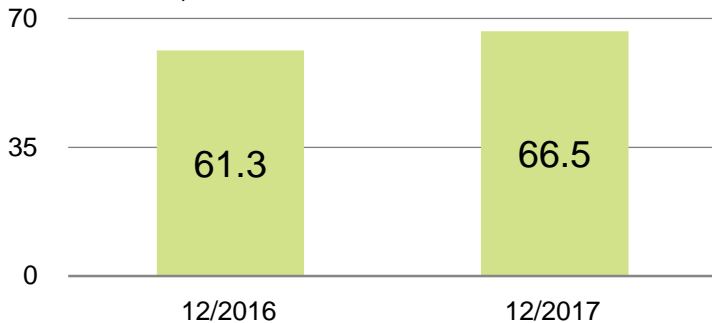
# I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2018

## Water Treatment Chemicals

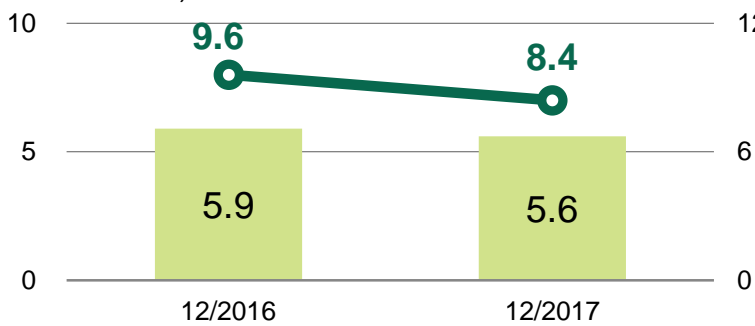
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin

### Orders

- Domestic orders rose 2.9% due to the growth of main products.
- Overseas orders increased by 15% primarily due to new consolidation. There was also a 5% increase when new consolidation is excluded.

### Sales

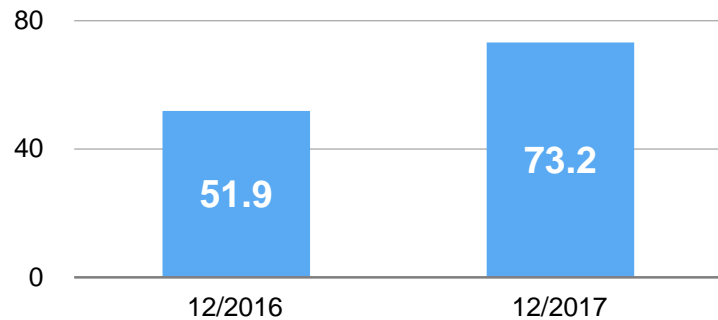
- Same as above.

### Operating Income

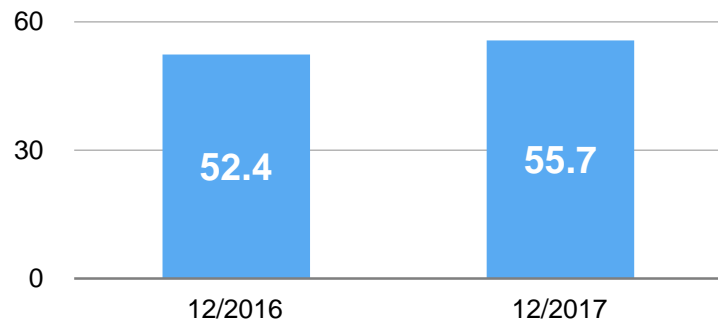
- Operating income decreased due to an increase in personnel expenses associated with active expansion overseas and an increase in IT-related expenses.

## Water Treatment Facilities (for the electronics industry)

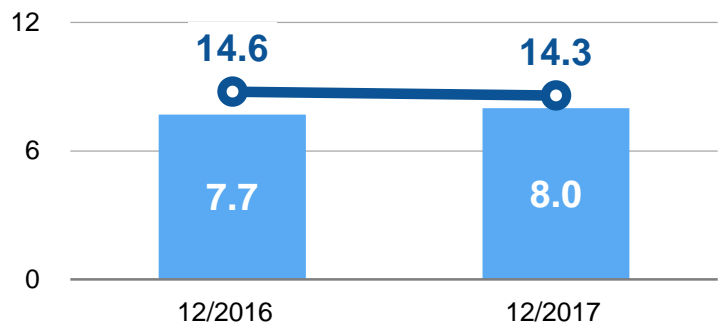
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin

### Orders

- Domestic orders for hardware increased due to the receipt of orders for large projects in the first quarter.
- Large orders continued to be received for FPD and semiconductors in China and South Korea.
- Orders in the ultrapure water supply business declined due to revision of contracts.

### Sales

- Sales increased in Japan due to the progress with construction in large projects.
- Sales of maintenance services in Japan grew in response to customers' increased production.
- Orders in the ultrapure water supply business declined due to revision of contracts.

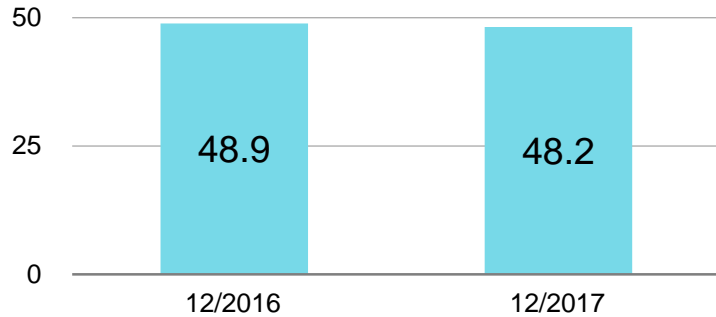
### Operating Income

- Operating income was adversely affected by the decline in sales in the ultrapure water supply business.
- Operating income was positively affected by an increase in sales in businesses other than the ultrapure water supply business and an improvement in the cost of sales ratio in the overseas hardware business.

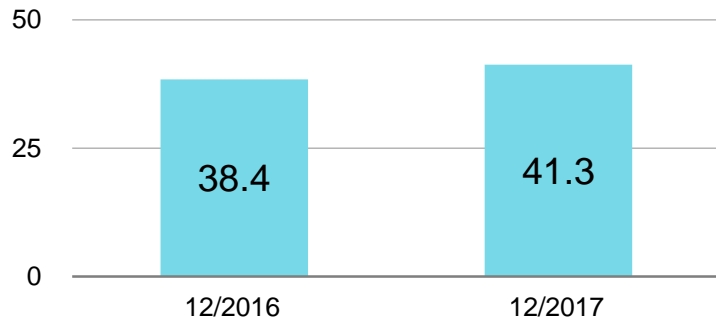
# I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2018

## Water Treatment Facilities (for general industries)

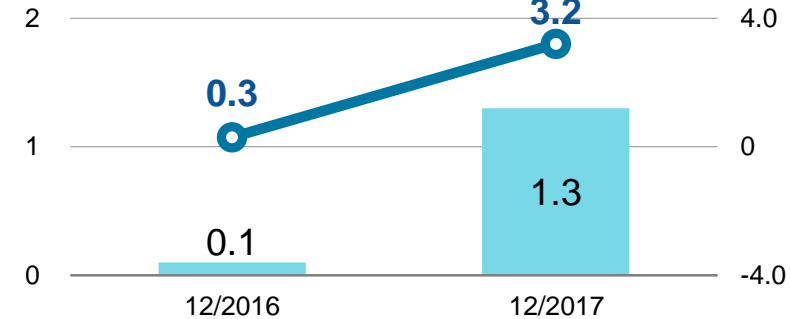
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin

### Orders

- Orders for hardware in electric power industries and hardware in general industries decreased.
- Orders for maintenance services for general industries increased due to demand associated with renovating old facilities and demand for expansion.

### Sales

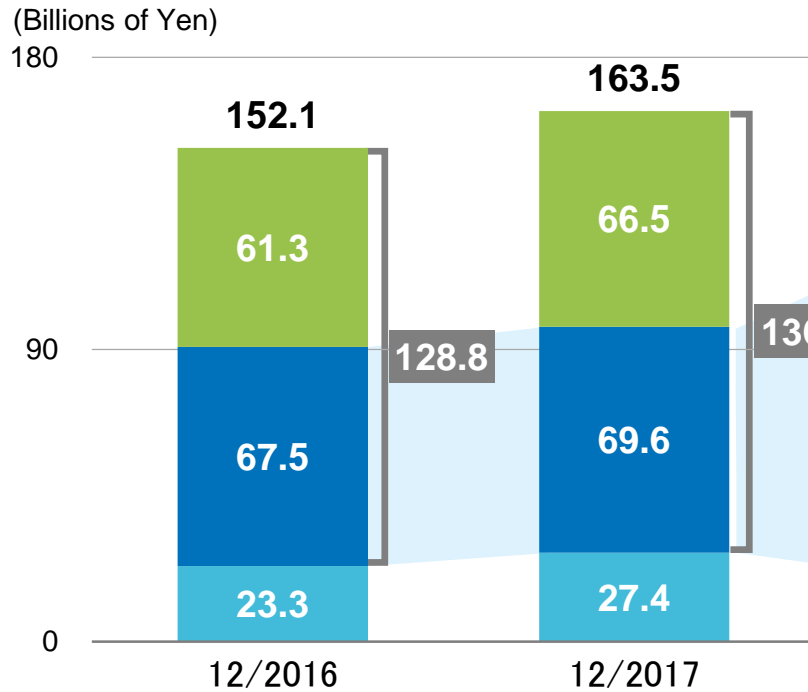
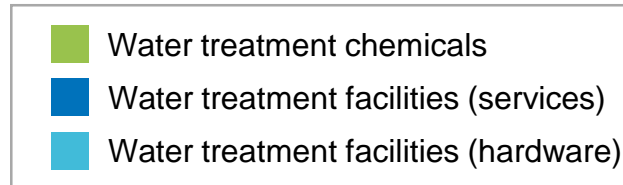
- Sales of hardware for electric power industry rose.
- In business for general industries, sales increased for both hardware and maintenance.
- Soil remediation sales declined.

### Operating Income

- Operating income increased due to improvement in the profitability of hardware for electric power industries, and hardware and maintenance services for general industries.

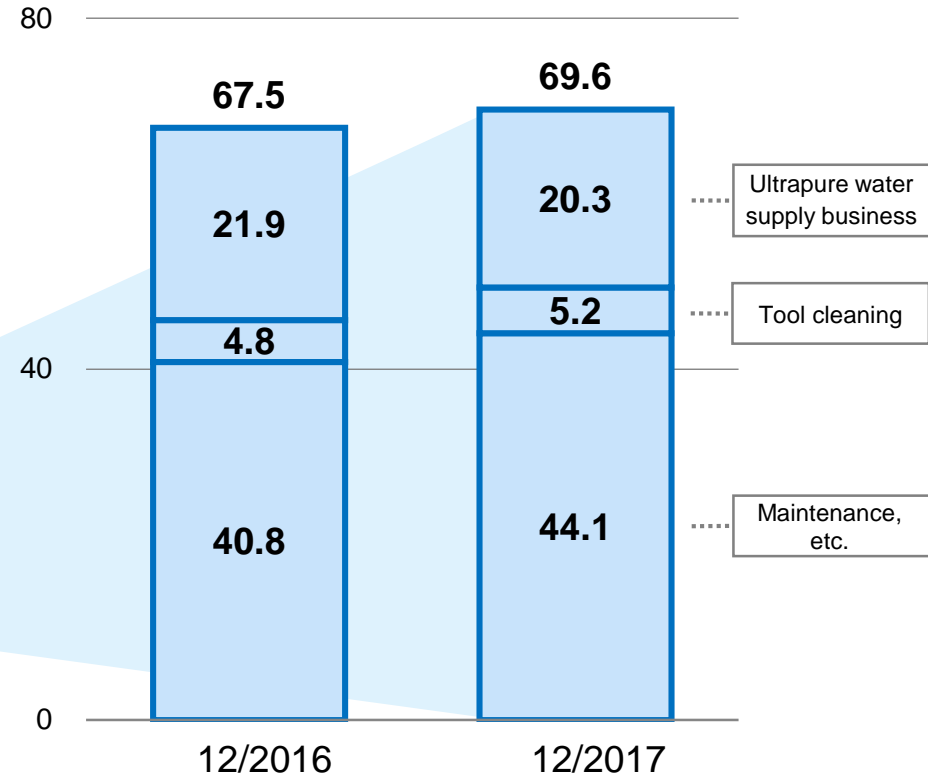


## Service Business Sales



### Service Business Sales in the Water Treatment Facilities Segment

(Billions of Yen)



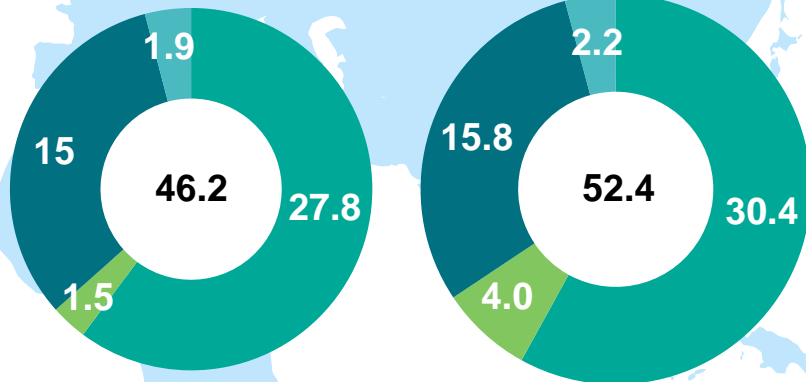
- Sales from tool cleaning increased due to improvement in customers' capacity utilization.
- Maintenance services sales increased in Japan and overseas.

## Overseas Business Sales

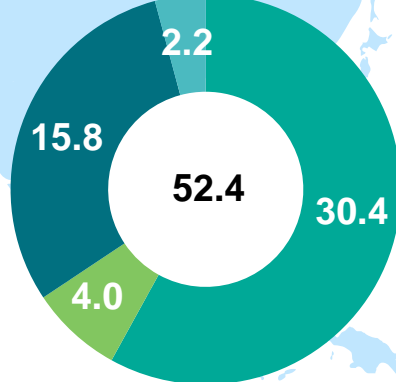
### Overseas Sales by Region



(Billions of Yen)



12/2016

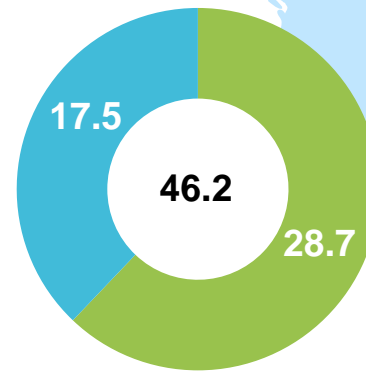


12/2017

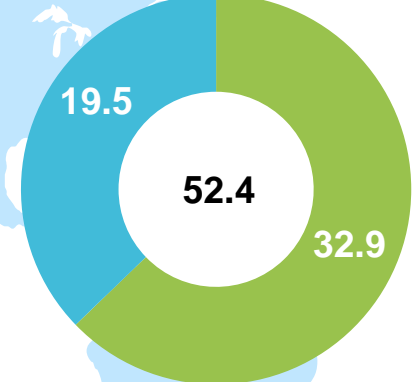
### Overseas Sales by Business Segment



(Billions of Yen)



12/2016



12/2017

- Sales in the Water Treatment Chemicals business also increased in regions other than North America.
- Sales in the Water Treatment Facilities business grew due to progress with construction in large projects.

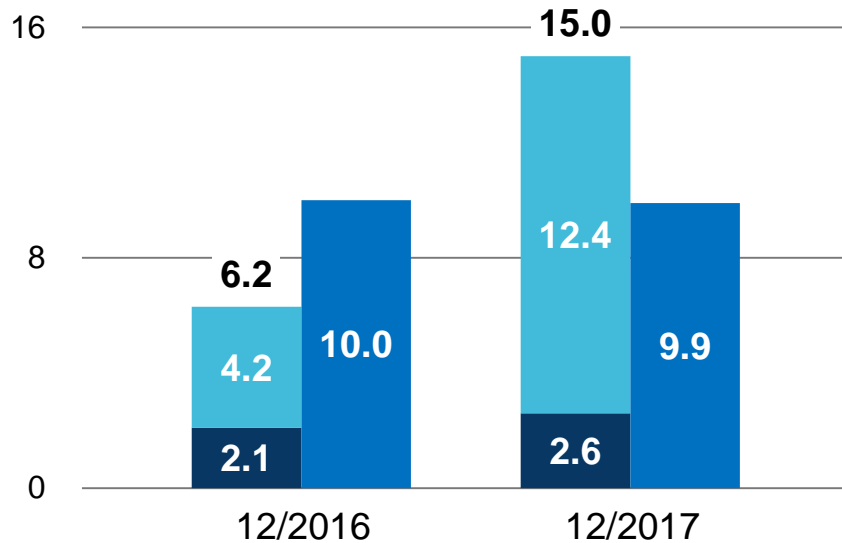
# I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2018

## Capital Expenditures, Depreciation, and R&D Expenses

### Capital Expenditures and Depreciation

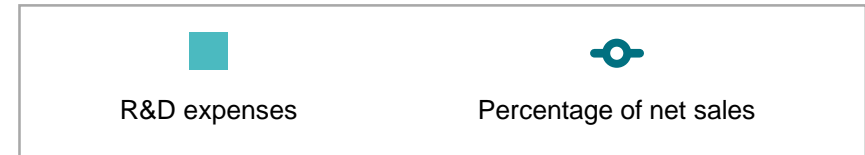


(Billions of Yen)



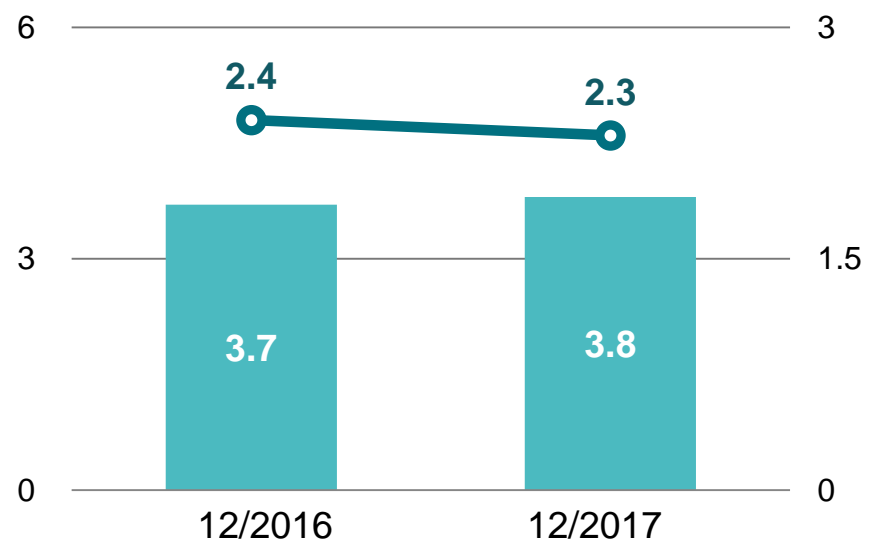
■ Capital expenditures of the ultrapure water supply business made progress.

### R&D Expenses



(Billions of Yen)

(%)



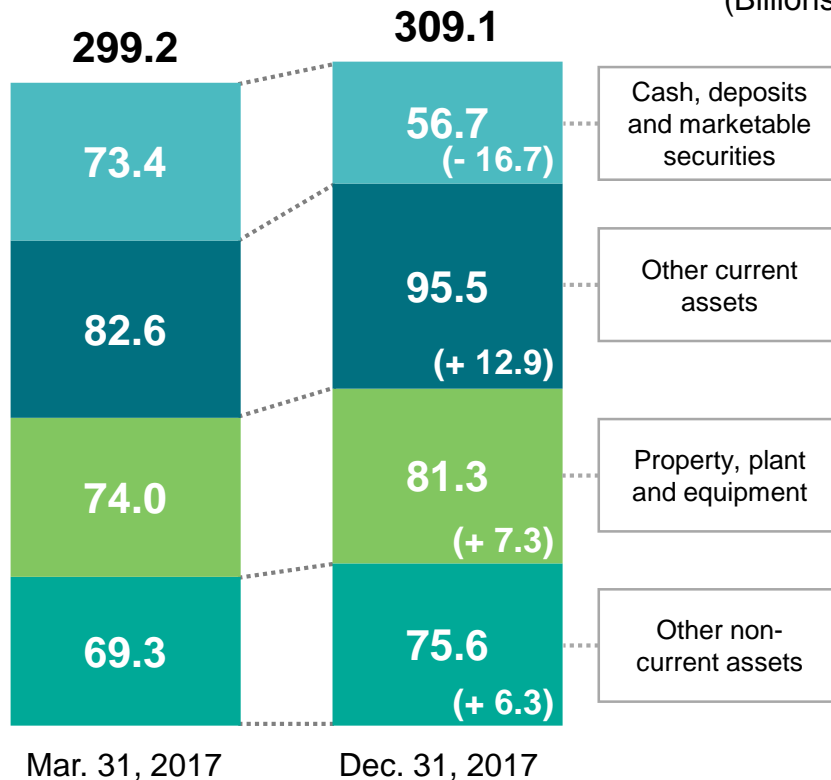
■ R&D expenses were more or less in line with the plan.

# I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2018

## Financial Condition

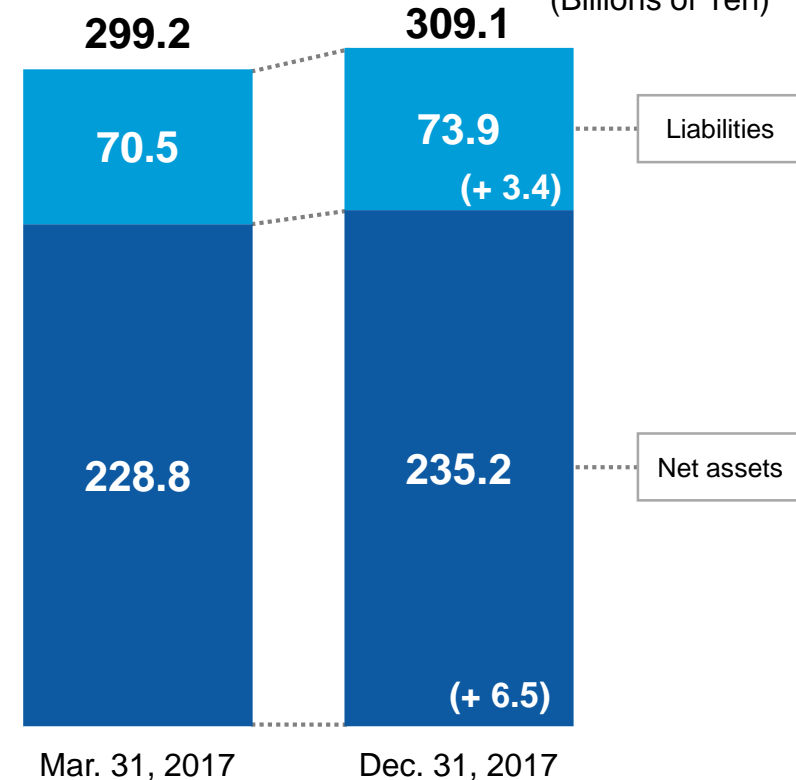
### Assets

(Billions of Yen)



### Liabilities and Net Assets

(Billions of Yen)



- Investment in facilities for the ultrapure water supply business exceeded depreciation, and therefore property, plant and equipment increased.
- Intangible fixed assets increased, reflecting the posting of goodwill associated with making an equity-method affiliate in South Korea into a subsidiary.

## II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2018

# II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2018

## Overview

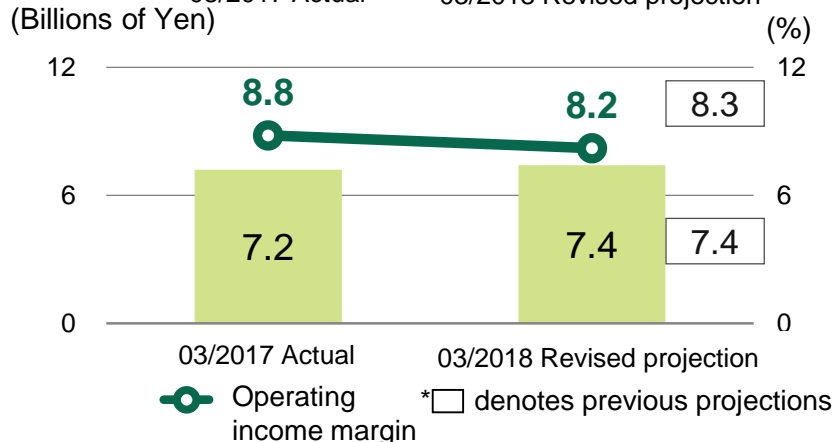
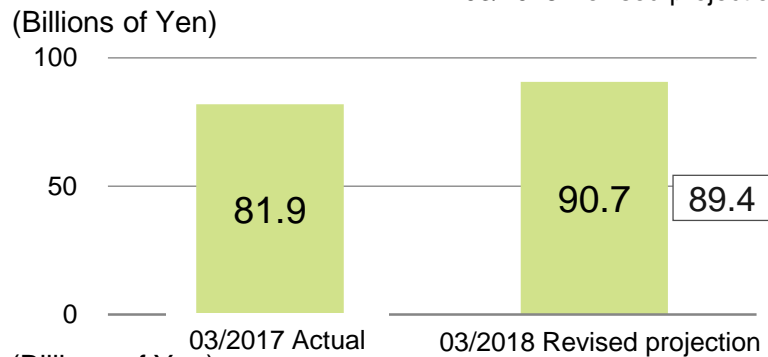
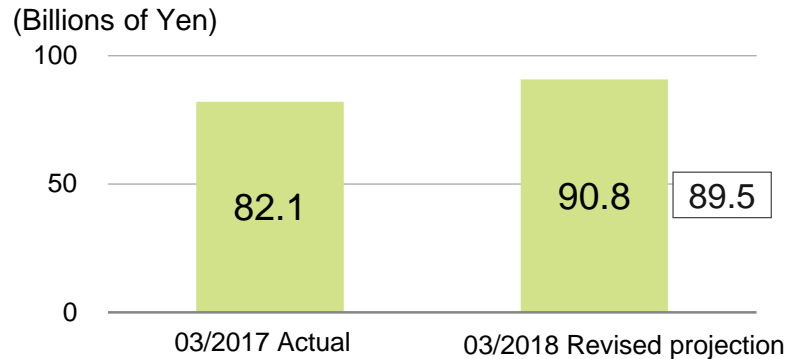
(Billions of Yen)

	FY ended March 2017	FY ending March 2018 Revised Projection (Jan. 31)	Year-on-Year Change	FY ending March 2018 Previous Projection (Oct. 31)
Orders	218.7	248.0	+ 13.4%	238.0
Net sales	214.2	235.0	+ 9.7%	230.0
Operating income	19.5	21.7	+ 11.6%	21.0
Non-operating income and expenses	0.6	0		0.5
Ordinary income	20.1	21.7	+ 8.1%	21.5
Extraordinary income or loss	0.4	3.4		—
Profit attributable to owners of parent	14.5	18.3	+ 26.2%	15.0

- The revised projection is for increased orders and sales overseas in both the Water Treatment Chemicals and the Water Treatment Facilities businesses.
- With the revision to projected sales, the projection for operating income has also been revised upward.
- The projection for current net profit has been revised upward due to the recording of extraordinary income during the third quarter.

Foreign exchange rate (yen)	FY ended March 2017	FY ending March 2018 Projection
USD	108.84	112.20
EUR	120.33	126.60
CNY	16.37	16.60

## Water Treatment Chemicals



### Orders

- Due to an equity-method affiliate in South Korea becoming a subsidiary, one month of orders has been revised upward.
- The projection for overseas orders has been revised upward due to the revision of the foreign exchange rate.

### Sales

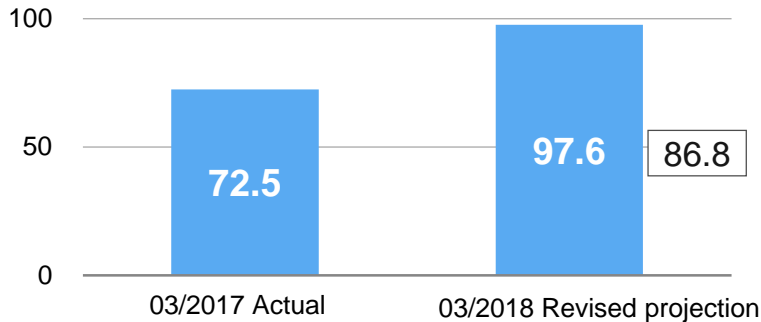
- Same as above.

### Operating Income

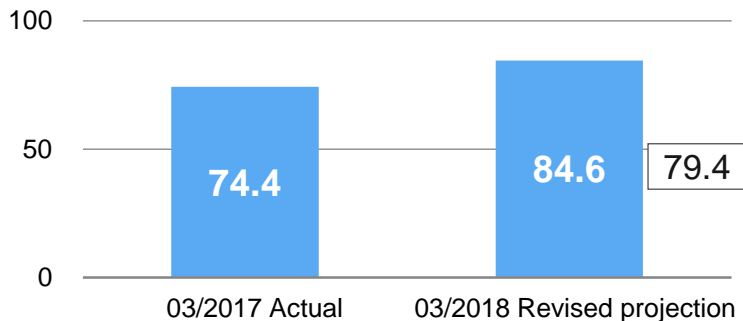
- The previous projection for operating income remains in place because the effect of the revision of sales is minimal.

## Water Treatment Facilities (for the electronics industry)

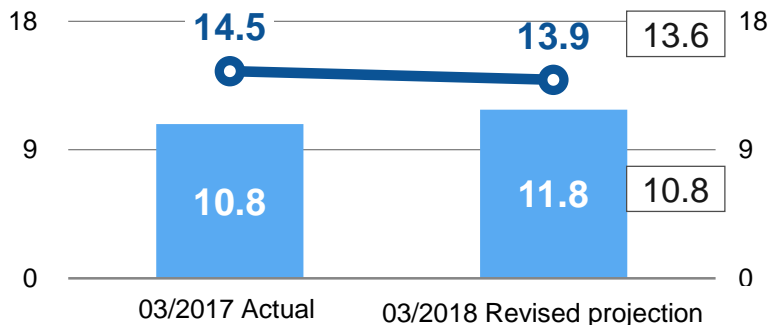
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



○ Operating income margin

\* □ denotes previous projections

### Orders

- Orders have been revised upward in consideration of the strong demand and progress in orders in China and South Korea.

### Sales

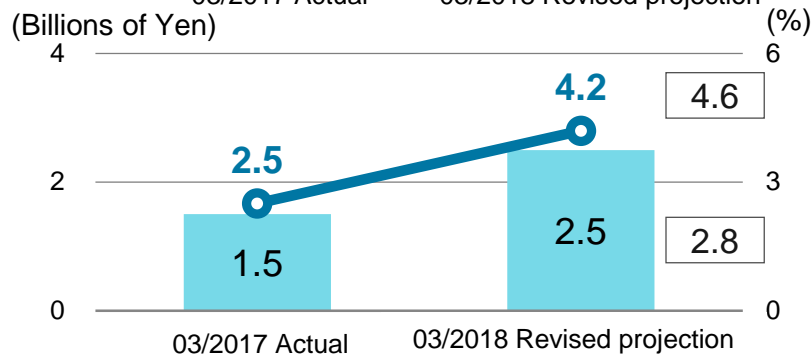
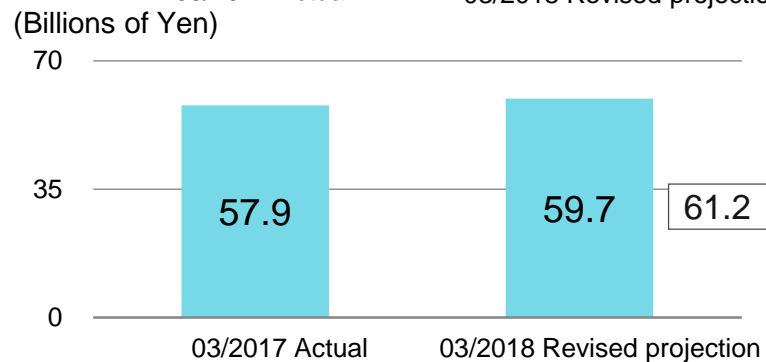
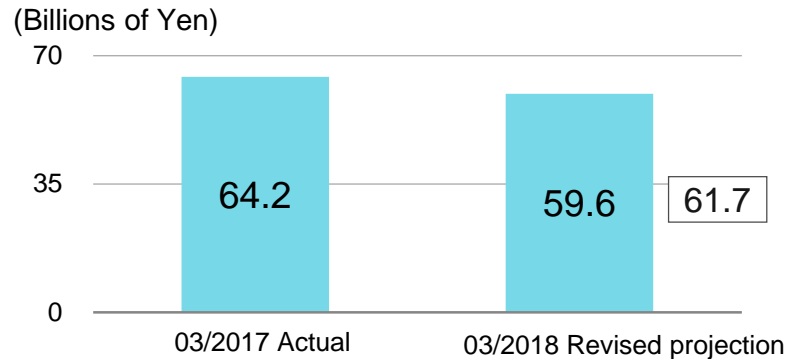
- Sales have been revised upward, reflecting strong orders for overseas hardware and progress with construction.

### Operating Income

- Operating income has been revised upward, reflecting progress in the three quarters and the revision of the sales outlook.



## Water Treatment Facilities (for general industries)



### Orders

- Projections for orders for hardware for electric power industries and hardware for general industries have been revised downward.

### Sales

- The projection for maintenance services for general industries has been revised downward, but still increasing year-on-year.

### Operating Income

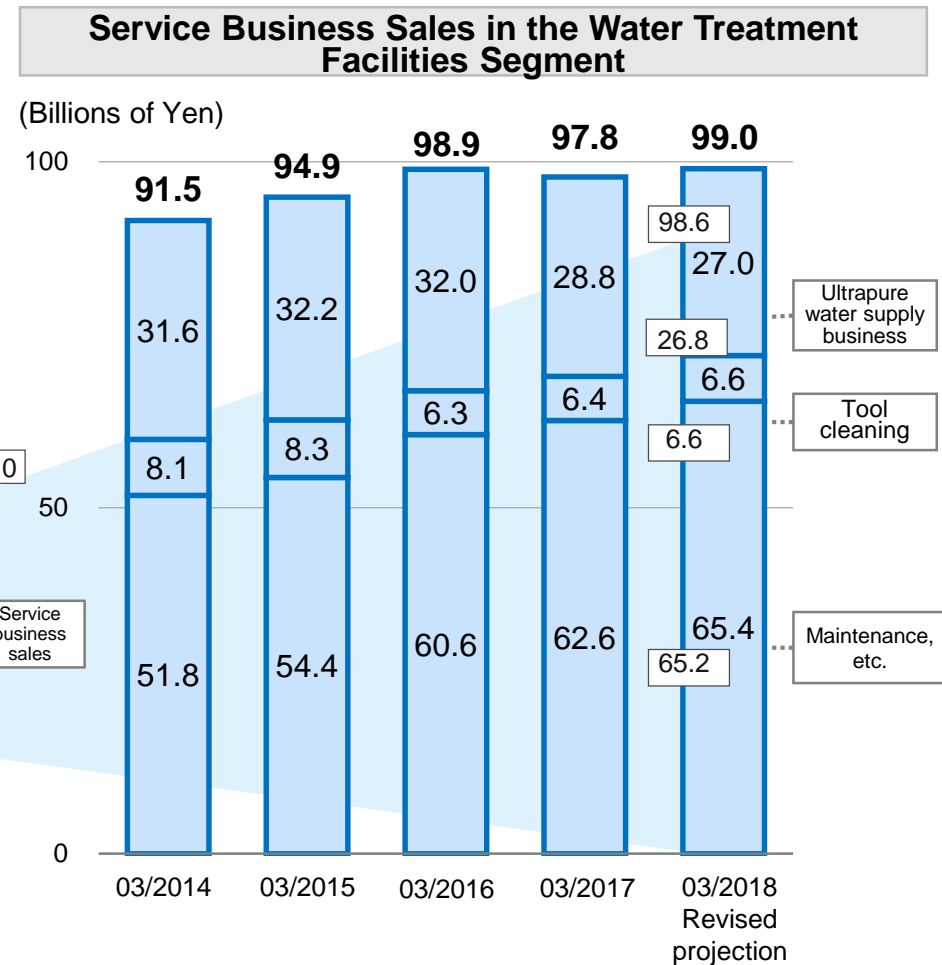
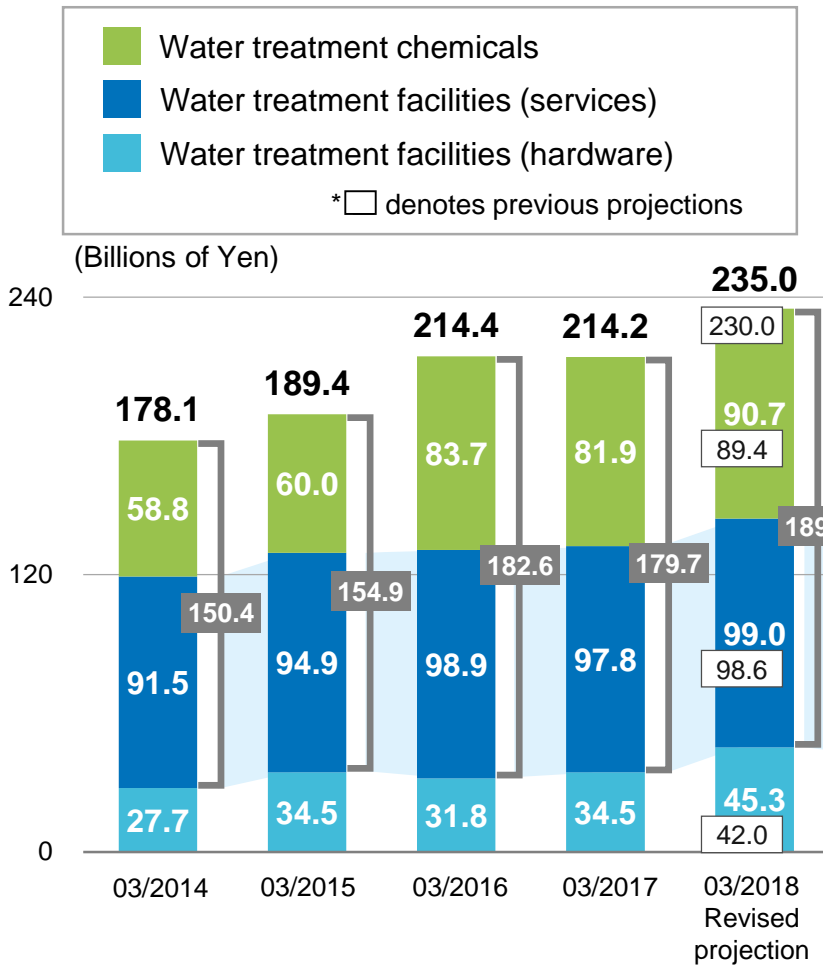
- Operating income has been revised downward, reflecting progress in the three quarters and the revision of the sales outlook.

Operating income margin

\* denotes previous projections

# II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2018

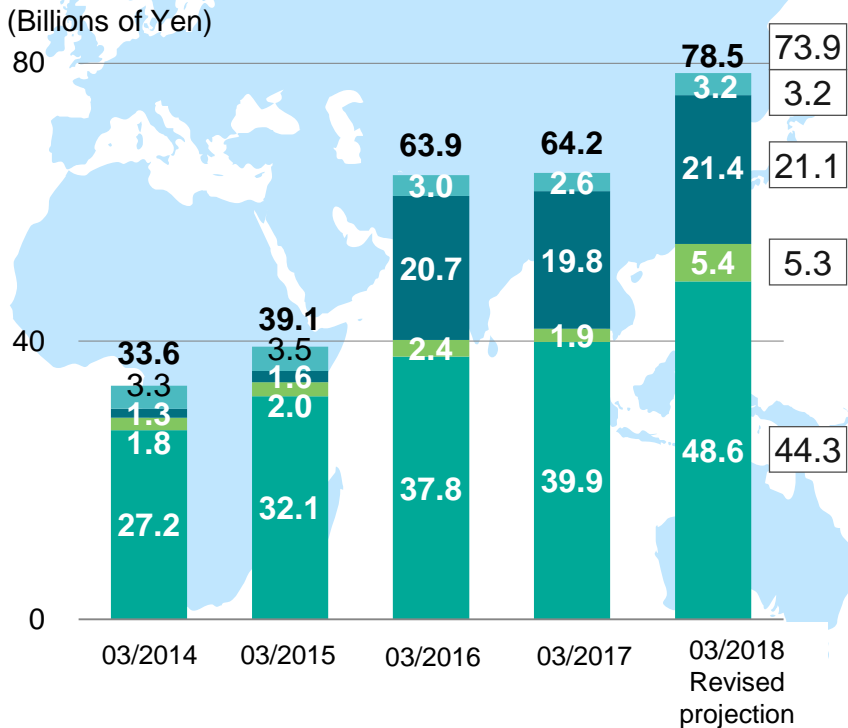
## Service Business Sales



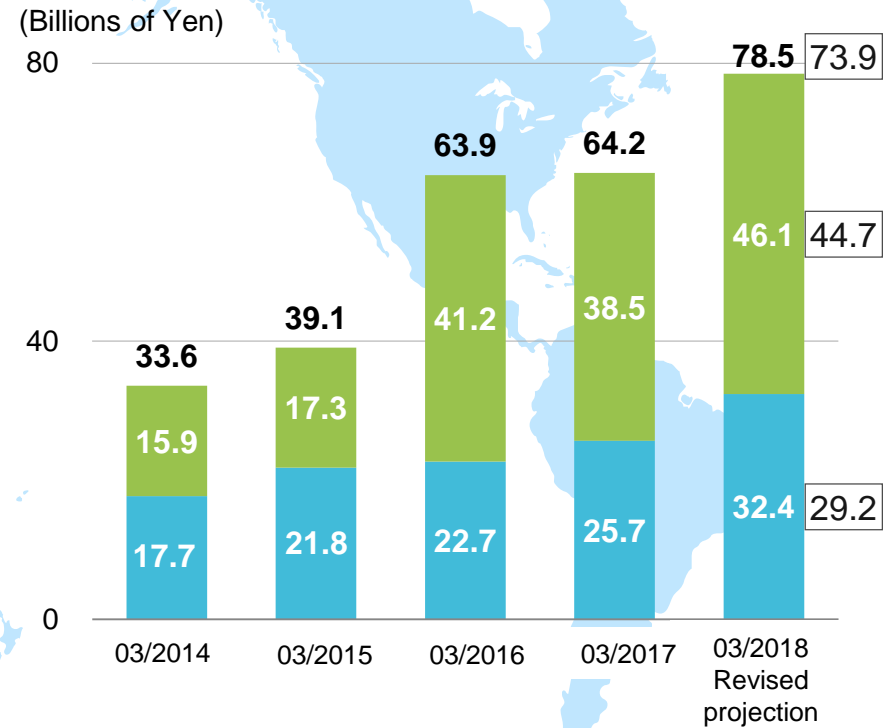
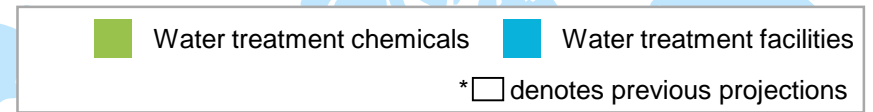
■ The projections for the overseas ultrapure water supply business and domestic maintenance services have been revised upward.

## Overseas Business Sales

### Overseas Sales by Region



### Overseas Sales by Business Segment

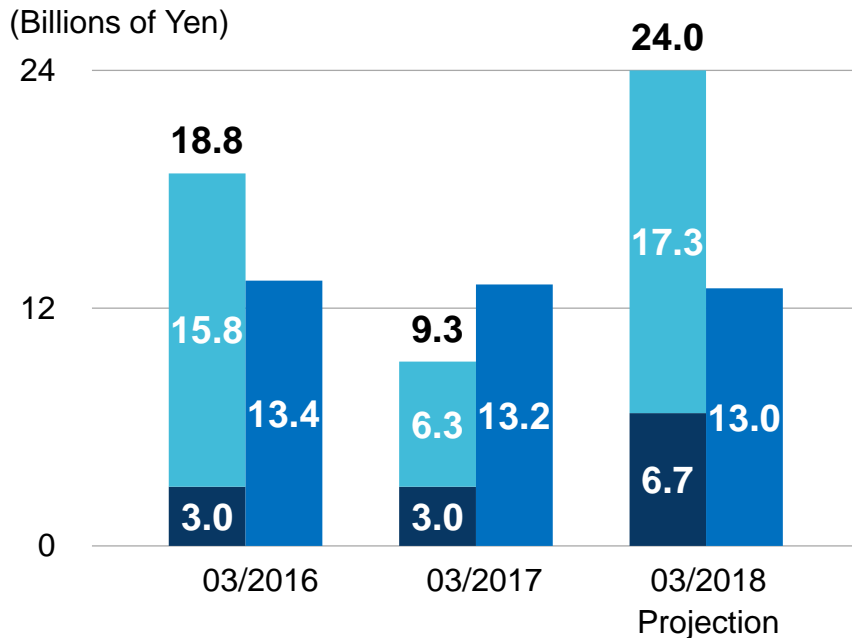


- Sales in the Water Treatment Chemicals business were revised upward due to the impact of making an equity-method affiliate in South Korea into a subsidiary, and revision of foreign exchange rates.
- Sales in the Water Treatment Facilities business were revised upward, reflecting growth in sales in China and South Korea.

# II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2018

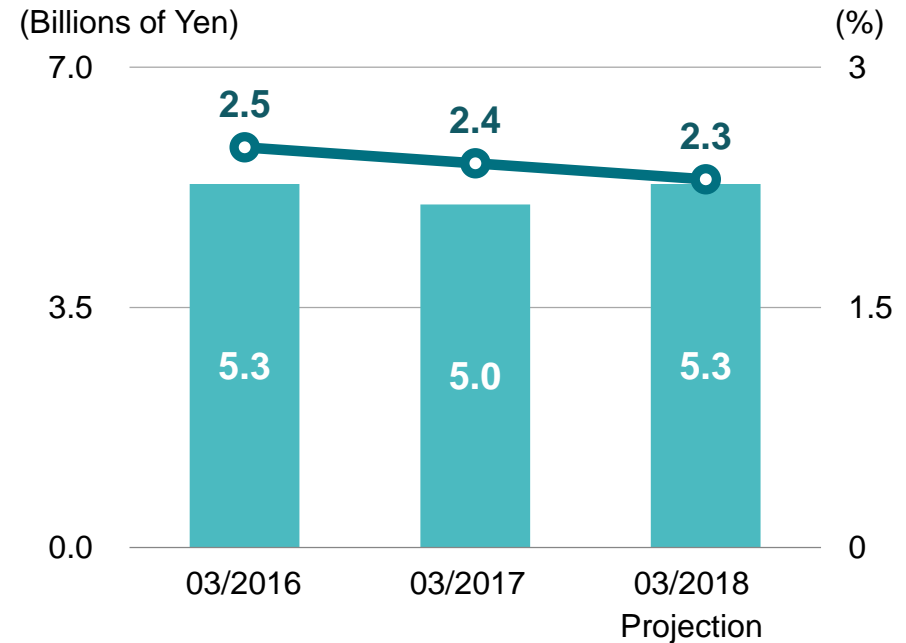
## Capital Expenditures, Depreciation, and R&D Expenses

### Capital Expenditures and Depreciation



■ Previous projection maintained.

### R&D Expenses



■ Previous projection maintained.



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#### Forward-looking Statements

This presentation contains forward-looking statements, business plan projections, and judgments based on information available to management at the time of writing. Due to the existence of a variety of risk factors and uncertainties, actual results may differ from those specified or implied by these forward-looking statements and projections.