



Kurita Water Industries Ltd.

# **Results Presentation for the Fiscal Year Ended March 31, 2019**

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(Securities code: 6370)

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# 1 Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

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# Overview of Results

(Billions of Yen)		FY ended 03/2018	FY ended 03/2019	YoY Change	Revised Forecast (2/8)	Initial Forecast
Orders		251.4	258.4	+2.8%	256.0	247.0
Net Sales		236.8	259.4	+9.5%	260.0	255.0
Operating Income		22.5	24.3	+8.2%	24.0	24.0
Ordinary Income		22.1	23.9	+8.2%	24.2	24.2
Extraordinary Income and Losses, Net		3.4	3.6	—	3.0	—
Net Income Attributable to Owners of Parent		17.9	17.3	-3.2%	17.0	17.0
Net Income per Share (yen)		159.37	154.29	-3.2%	151.41	151.41
Foreign Exchange Rate	USD (yen)	112.2	110.9		110.0	110.0
	EUR (yen)	126.7	128.4		130.0	130.0
	CNY (yen)	16.6	16.5		16.8	16.6

- Loss on transfer of business and impairment loss on goodwill were posted as extraordinary losses, and profits on sales of shares of other listed companies were posted as extraordinary gains.
- Tax expenses temporarily increased due to the impact of extraordinary losses.

# Results by Segment

(Billions of Yen)		FY ended 03/2018	FY ended 03/2019	YoY Change
Total	Orders	251.4	258.4	+7.0
	Net Sales	236.8	259.4	+22.6
	Operating Income	22.5	24.3	+1.9
	Operating Income Margin	9.5%	9.4%	
Water Treatment Chemicals	Orders	90.4	102.9	+12.6
	Net Sales	90.4	102.1	+11.7
	Operating Income	7.2	8.3	+1.1
	Operating Income Margin	7.9%	8.1%	
Water Treatment Facilities	Orders	161.1	155.5	(5.6)
	Net Sales	146.5	157.3	+10.9
	Operating Income	15.3	15.9	+0.6
	Operating Income Margin	10.4%	10.0%	

- Both businesses achieved increases in sales and income
- The results of the Water Treatment Chemicals Business include the impact of Hansu, which became a consolidated subsidiary during the previous fiscal year.
- The results of the Water Treatment Facilities Business include the effect of expanding the application of the percentage-of-completion method.
- In the Water Treatment Facilities Business, the impact of additional costs incurred for facility projects offset factors improving the cost of sales ratio, and the cost of sales ratio remained largely unchanged.

# Water Treatment Chemicals



(Billions of Yen)	FY ended 03/2018	FY ended 03/2019	YoY Change
<b>Orders</b>	<b>90.4</b>	<b>102.9</b>	<b>+12.6</b>
Domestic	44.5	46.2	+1.7
Overseas	45.8	56.7	+10.9
<b>Net Sales</b>	<b>90.4</b>	<b>102.1</b>	<b>+11.7</b>
Domestic	44.4	45.5	+1.1
Overseas	45.9	56.6	+10.6
<b>Operating Income</b>	<b>7.2</b>	<b>8.3</b>	<b>+1.1</b>
<b>Operating Income Margin</b>	<b>7.9%</b>	<b>8.1%</b>	

- Domestic sales increased despite the absence of spot equipment projects that were posted in the previous fiscal year.
- Overseas sales increased considerably due to growth in Asia and North America, and the inclusion of Hansu in the scope of consolidation.
- Income increased as the sales increase effect exceeded the rise in the cost of sales ratio and the increase in selling, general and administrative (SG&A) expenses.

## Overseas Sales by Region

(Billions of Yen)	FY ended 03/2018	FY ended 03/2019	YoY Change
Asia	17.4	28.1	+10.7
North America	4.1	4.5	+0.4
EMEA	21.3	21.3	(0.0)
Other	3.1	2.7	(0.4)
<b>Total</b>	<b>45.9</b>	<b>56.6</b>	<b>+10.6</b>

# Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2018	FY ended 03/2019	YoY Change
<b>Orders</b>	<b>55.3</b>	<b>61.8</b>	<b>+6.5</b>
Facilities	9.2	10.9	+1.8
Maintenance and Others	14.6	18.2	+3.5
Ultrapure Water Supply Business	24.6	25.8	+1.2
Tool Cleaning	6.9	6.9	+0.0
<b>Net Sales</b>	<b>54.4</b>	<b>59.8</b>	<b>+5.4</b>
Facilities	7.9	9.9	+2.0
Maintenance and Others	15.0	17.2	+2.2
Ultrapure Water Supply Business	24.6	25.8	+1.2
Tool Cleaning	6.9	6.9	+0.0

- Orders and sales for facilities increased due to receiving orders for large projects related to semiconductors, electronic components, and wafers.
- Demand for the expansion and repair of facilities in customers' plants increased, leading to increased orders and sales in maintenance.
- The increases in sales of facilities and maintenance include the impact of the expansion of the scope of application of the percentage-of-completion method.
- Sales of the ultrapure water supply business increased due to the posting of earnings from expansion projects.

# Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2018	FY ended 03/2019	YoY Change
<b>Orders</b>	<b>56.5</b>	<b>63.5</b>	<b>+7.0</b>
Energy and Infrastructure	44.3	49.9	+5.7
Soil Remediation	9.1	10.6	+1.5
Other	3.2	3.0	(0.2)
<b>Net Sales</b>	<b>59.4</b>	<b>58.0</b>	<b>(1.4)</b>
Energy and Infrastructure	48.4	44.5	(3.9)
Soil Remediation	7.8	10.7	+2.9
Other	3.1	2.8	(0.4)

Note: Energy and Infrastructure includes facilities and maintenance services for the electric power industry and general industries, maintenance services for public offices, and chemical cleaning.

- Orders for facilities for electric power industry increased due to orders for large projects, and sales also increased due to progress with construction of the order backlog.
- Orders for facilities for general industries increased due to orders for facilities for biogas power generation.
- Both orders and sales increased in maintenance for general industries as demand arose from customers for their aging facilities and facility expansion needs.
- Orders for soil remediation increased due to orders for large projects, and sales also increased due to progress with construction of the order backlog.
- Profitability of facilities for the electric power industry and general industries deteriorated substantially due to additional costs incurred.



# Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2018	FY ended 03/2019	YoY Change
<b>Orders</b>	<b>49.3</b>	<b>30.2</b>	<b>(19.1)</b>
Facilities	39.1	18.4	(20.7)
Maintenance and Others	7.5	8.6	+1.2
Ultrapure Water Supply Business	2.8	3.2	+0.4
<b>Net Sales</b>	<b>32.6</b>	<b>39.5</b>	<b>+6.9</b>
Facilities	22.5	28.7	+6.1
Maintenance and Others	7.4	7.7	+0.3
Ultrapure Water Supply Business	2.8	3.2	+0.4

- Although orders in China and South Korea decreased, sales increased due to progress in construction work for large projects.
- Orders and sales both increased for the maintenance services and ultrapure water supply business.
- Although additional costs were incurred for some facilities, overall profitability improved due to enhanced production efficiency.

## Sales by Region

(Billions of Yen)	FY ended 03/2018	FY ended 03/2019	YoY Change
Asia	31.5	38.4	+6.9
North America and Other	1.1	1.1	+0.0
<b>Total</b>	<b>32.6</b>	<b>39.5</b>	<b>+6.9</b>

# Financial Condition

(Billions of Yen)	End of March 2018	End of March 2019	YoY Change
Cash, Deposits and Marketable Securities	61.1	36.6	(24.5)
Other Current Assets	99.3	113.0	+13.6
Property, Plant and Equipment	86.0	109.7	+23.6
Intangible Fixed Assets	31.0	54.0	+23.0
Investments and Other Assets	45.6	36.7	(8.9)
<b>Total Assets</b>	<b>323.0</b>	<b>349.9</b>	<b>+26.8</b>
Current Liabilities	56.1	68.1	+11.9
Non-current Liabilities	26.0	42.3	+16.3
<b>Total Liabilities</b>	<b>82.2</b>	<b>110.4</b>	<b>+28.2</b>
Shareholders' Equity	222.6	233.4	+10.8
Other Comprehensive Income	16.2	4.2	(12.0)
Non-controlling Interests	2.0	1.9	(0.2)
<b>Total Net Assets</b>	<b>240.9</b>	<b>239.5</b>	<b>(1.4)</b>
<b>Total Liabilities and Net Assets</b>	<b>323.0</b>	<b>349.9</b>	<b>+26.8</b>

- Non-current assets increased and liquidity on hand decreased due to acquisitions in North America and investments in the ultrapure water supply business.
- In net assets, while shareholders' equity increased, unrealized gains on securities decreased due to the sale of shares of other listed companies and other comprehensive income decreased.

(Reference)

## Results for the Fiscal Year Ended March 31, 2019 (IFRS basis)



### Voluntary Application of International Financial Reporting Standards (IFRS) from the First Quarter of the Fiscal Year Ending March 31, 2020

(Billions of Yen)	Consolidated Financial Results for the Fiscal Year Ended March 31, 2019			
	Japanese GAAP	IFRS Reference Values	Difference	Adjustment Items
Net Sales	259.4	257.3	(2.1)	
Gross Profit	82.7	82.7	—	
SG&A Expenses	58.4	56.8	(1.6)	• Amortization of goodwill (1.6)
Business Profit	—	26.0	—	
Other Income and Expenses, Net	—	(6.3)	—	• Loss on sale of the alumina compound business (2.9) • Impairment loss on goodwill of subsidiary (1.1) • Acquisition-related costs (1.3) • Loss on liquidation of business (0.5) • Loss on sales of non-current assets (0.6) etc.
Operating Income	24.3	19.6	(4.7)	
Income Before Taxes	27.5	20.7	(6.8)	• Gain on sales of investment securities (8.7)
Net Income Attributable to Owners of Parent	17.3	12.7	(4.6)	

Notes 1. The IFRS reference values may change because they are unaudited values adjusted on the basis of IFRS at the present time.

2. Business profit is calculated by deducting cost of sales and SG&A expenses from net sales.

## 2 Consolidated Business Forecast for the Fiscal Year Ending March 31, 2020

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## Water Treatment Chemicals Business

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- Production activity in domestic manufacturing industries is expected to remain steady.
- It is assumed that there are risks for an economic downturn such as intensification of trade friction between the U.S. and China, a slowdown in the Chinese economy, and slowing of growth in Europe.

## Water Treatment Facilities Business

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- In Japan, there is expected to be steady demand for capital investment in replacement and maintenance of aging facilities and existing facilities.
- The outlook for semiconductor and FPD-related investment in China and South Korea remains uncertain.

# Overview of Business Forecast



(Billions of Yen)		FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
Orders		258.4	258.4	270.0	+4.5%
Net Sales		259.4	257.3	278.0	+8.1%
Business Profit		—	26.0	26.5	+2.0%
Other Income and Expenses, Net		—	(6.3)	2.5	—
Operating Income		24.3	19.6	29.0	+47.8%
Income Before Taxes		27.5	20.7	29.2	+40.7%
Net Income Attributable to Owners of Parent		17.3	12.7	20.6	+62.4%
Net Income per Share (yen)		154.29	112.95	183.47	+ 62.4%
Foreign Exchange Rate	USD (yen)	110.9	110.9	110.0	
	EUR (yen)	128.4	128.4	125.0	
	CNY (yen)	16.5	16.5	16.6	

Note: The IFRS reference values may change because they are unaudited values adjusted based on IFRS at the present time.

- Orders and net sales include the impact of new consolidation of U.S. Water Services, Inc. (“U.S. Water”).
- Other income and expenses includes gain on sales of ultrapure water supply business assets and acquisition-related costs.

# Forecast by Segment

(Billions of Yen)		FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
Total	Orders	258.4	258.4	270.0	+11.6
	Net Sales	259.4	257.3	278.0	+20.7
	Business Profit	—	26.0	26.5	+0.5
	Operating Income	24.3	19.6	29.0	+9.4
	Operating Income Margin	9.4%	7.6%	10.4%	
Water Treatment Chemicals	Orders	102.9	102.9	118.4	+15.5
	Net Sales	102.1	102.1	118.1	+16.0
	Business Profit	—	9.9	11.0	+1.1
	Operating Income	8.3	4.8	9.5	+4.7
	Operating Income Margin	8.1%	4.7%	8.0%	
Water Treatment Facilities	Orders	155.5	155.5	151.6	(3.9)
	Net Sales	157.3	155.2	159.9	+4.7
	Business Profit	—	16.1	15.5	(0.6)
	Operating Income	15.9	14.9	19.5	+4.6
	Operating Income Margin	10.0%	9.6%	12.2%	

- In the Water Treatment Chemicals Business, there will no longer be amortization of goodwill in SG&A expenses, but acquisition-related expenses are expected to be included in other expenses.
- In the Water Treatment Facilities Business, a reduction of depreciation and a reduction of additional costs are expected, while profit is expected to decline mainly due to decreased revenue from facilities for the domestic and overseas electronics industry.
- In the Water Treatment Facilities Business, other income and expenses is expected to include gain on sales of ultrapure water supply business assets.

# Water Treatment Chemicals Business



(Billions of Yen)	FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
<b>Orders</b>	<b>102.9</b>	<b>102.9</b>	<b>118.4</b>	<b>+15.5</b>
Domestic	46.2	46.2	47.3	+1.1
Overseas	56.7	56.7	71.1	+14.3
<b>Net Sales</b>	<b>102.1</b>	<b>102.1</b>	<b>118.1</b>	<b>+16.0</b>
Domestic	45.5	45.5	47.0	+1.5
Overseas	56.6	56.6	71.1	+14.5
<b>Business Profit</b>	<b>—</b>	<b>9.9</b>	<b>11.0</b>	<b>+1.1</b>
<b>Operating Income</b>	<b>8.3</b>	<b>4.8</b>	<b>9.5</b>	<b>+4.7</b>
<b>Operating Income Margin</b>	<b>8.1%</b>	<b>4.7%</b>	<b>8.0%</b>	

- Sales in North America are expected to increase due to the new consolidation of U.S. Water.
- U.S. Water is not expected to contribute to operating income due to posting PPA and PMI expenses for its first consolidated fiscal year.
- Sales in Europe are expected to decrease due to the sale of the alumina compound business in the previous fiscal year.

## Overseas Sales by Region

(Billions of Yen)	FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
Asia	28.1	28.1	28.7	+0.6
North America	4.5	4.5	18.8	+14.4
EMEA	21.3	21.3	20.6	(0.7)
Other	2.7	2.7	3.0	+0.3
<b>Total</b>	<b>56.6</b>	<b>56.6</b>	<b>71.1</b>	<b>+14.5</b>



# Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
<b>Orders</b>	<b>61.8</b>	<b>61.8</b>	<b>56.9</b>	<b>(4.9)</b>
Facilities	10.9	10.9	6.6	(4.4)
Maintenance and Others	18.2	18.2	16.1	(2.0)
Ultrapure Water Supply Business	25.8	25.8	26.9	+1.1
Tool Cleaning	6.9	6.9	7.3	+0.4
<b>Net Sales</b>	<b>59.8</b>	<b>59.4</b>	<b>59.1</b>	<b>(0.3)</b>
Facilities	9.9	9.8	7.7	(2.1)
Maintenance and Others	17.2	17.0	17.2	+0.2
Ultrapure Water Supply Business	25.8	25.8	26.9	+1.1
Tool Cleaning	6.9	6.9	7.3	+0.4

- Orders and sales of facilities are expected to remain at a high level but decrease.
- Orders for maintenance are expected to decrease, but revenue is expected to increase due to posting sales from order backlog.
- In the ultrapure water supply business, the sale of business assets is expected to have the impact of reducing revenue, but revenue is expected to increase due to the contributions of new projects.

# Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
<b>Orders</b>	<b>63.5</b>	<b>63.5</b>	<b>57.6</b>	<b>(5.9)</b>
Energy and Infrastructure	49.9	49.9	46.8	(3.1)
Soil Remediation	10.6	10.6	8.1	(2.4)
Other	3.0	3.0	2.6	(0.4)
<b>Net Sales</b>	<b>58.0</b>	<b>56.5</b>	<b>61.0</b>	<b>+4.5</b>
Energy and Infrastructure	44.5	43.3	49.8	+6.5
Soil Remediation	10.7	10.4	8.5	(1.9)
Other	2.8	2.8	2.7	(0.0)

Note: Energy and Infrastructure includes facilities and maintenance services for the electric power industry and general industries, maintenance services for public offices, and chemical cleaning.

- Orders for facilities for the electric power industry are expected to decrease compared to the previous fiscal year when orders for large projects were received, and sales are expected to remain the same.
- For general industries, orders are expected to remain the same, while sales are expected to rise due to progress with construction from the order backlog.
- A reduction in the additional costs that arose last fiscal year is expected in facilities for the electric power industry and general industries.
- Although orders and sales in soil remediation are expected to remain at a high level, they are expected to decline compared to the previous fiscal year when performance was strong.
- Sales related to maintenance services for public offices are expected to increase due to progress with construction from the order backlog.

# Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
<b>Orders</b>	<b>30.2</b>	<b>30.2</b>	<b>37.1</b>	<b>+6.9</b>
Facilities	18.4	18.4	25.7	+7.3
Maintenance and Others	8.6	8.6	8.4	(0.2)
Ultrapure Water Supply Business	3.2	3.2	3.0	(0.2)
<b>Net Sales</b>	<b>39.5</b>	<b>39.3</b>	<b>39.8</b>	<b>+0.5</b>
Facilities	28.7	28.4	27.9	(0.4)
Maintenance and Others	7.7	7.7	8.9	+1.2
Ultrapure Water Supply Business	3.2	3.2	3.0	(0.2)

- Orders from China and South Korea are expected to decrease by around 10%. Sales are expected to decrease by around 40%.
- The above decline in sales is expected to negatively affect profit.
- Facilities orders and net sales include the impact of new consolidation of U.S. Water.
- U.S. Water is not expected to contribute to income as a result of being newly consolidated.

## Sales by Region

(Billions of Yen)	FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
Asia	38.4	38.2	30.2	(8.0)
North America and Other	1.1	1.1	9.6	+8.5
<b>Total</b>	<b>39.5</b>	<b>39.3</b>	<b>39.8</b>	<b>+0.5</b>

# Breakdown of Service Business Sales

(Billions of Yen)	FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
<b>Water Treatment Chemicals</b>	<b>102.1</b>	<b>102.1</b>	<b>118.1</b>	<b>+16.0</b>
<b>Water Treatment Facilities</b>	<b>108.6</b>	<b>107.4</b>	<b>111.8</b>	<b>+4.4</b>
Ultrapure Water Supply Business	29.0	29.0	29.9	+0.9
Tool Cleaning	6.9	6.9	7.3	+0.4
Soil Remediation	10.7	10.4	8.5	(1.9)
Domestic Maintenance	52.2	51.2	54.7	+3.4
Overseas Maintenance	7.7	7.7	8.9	+1.2
Other	2.2	2.2	2.5	+0.4
<b>Total</b>	<b>210.7</b>	<b>209.5</b>	<b>229.9</b>	<b>+20.4</b>

- Factors increasing revenue are expected to outweigh factors reducing revenue in the ultrapure water supply business.
- In domestic maintenance, demand is expected to be strong in areas such as repairs of customers' facilities, replacement of aging facilities, and expansion of capacity.
- New demand is expected in tool cleaning.

# Capital Expenditures, Depreciation and R&D Expenses

(Billions of Yen)	FY ended 03/2019 (Results) (Japanese GAAP)	FY ended 03/2019 (Results) (IFRS Reference Values)	FY ending 03/2020 (Forecast) (IFRS)	YoY Change
<b>Capital Expenditures (Property, Plant and Equipment)</b>	<b>36.9</b>	<b>38.1</b>	<b>24.0</b>	<b>(14.1)</b>
Ultrapure Water Supply Business	27.9	27.9	11.5	(16.4)
Other than the above	9.0	10.2	12.5	+2.3
<b>Depreciation (Property, Plant and Equipment)</b>	<b>13.9</b>	<b>16.9</b>	<b>16.0</b>	<b>(0.9)</b>
Water Treatment Chemicals	2.4	3.3	3.3	+0.0
Water Treatment Facilities	11.5	13.6	12.7	(0.9)
<b>R&amp;D Expenses</b>	<b>5.5</b>	<b>5.5</b>	<b>5.6</b>	<b>+0.1</b>
Water Treatment Chemicals	1.9	1.9	1.8	(0.1)
Water Treatment Facilities	3.6	3.6	3.8	+0.2

- Capital expenditures in the ultrapure water supply business increased significantly in the fiscal year ended March 31, 2019 and are projected to decrease in the fiscal year ending March 31, 2020, albeit remaining at a high level.
- In the other than the above category, an increase in capital expenditures is expected in the tool cleaning business in the fiscal year ending March 31, 2020.
- Depreciation is expected to decrease in the ultrapure water supply business in the fiscal year ending March 31, 2020.

### 3 | Review of First Year of Medium-Term Management Plan Maximize Value Proposition 2022 (MVP-22)

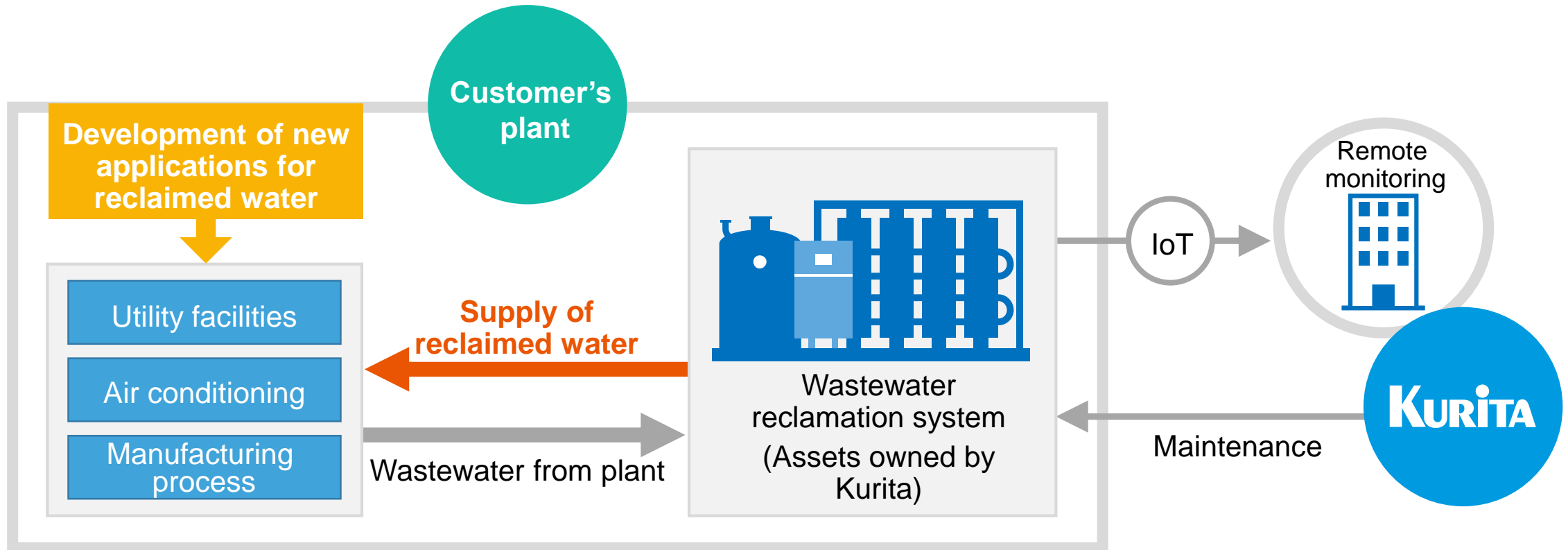
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# Progress and Results of Measures

Advances were made toward establishing an earnings base due to progress made with the measures

Priority Measures	Progress	Issues and Achievements
1 Development of CSV Business	<ul style="list-style-type: none"><li>Groupwide realization of wastewater reclamation, energy saving and waste reduction through business operations</li><li>Quantification of value provided to society</li></ul>	<ul style="list-style-type: none"><li>Achievement of order targets and value provision targets</li></ul>
2 Enhancement of total solutions	<ul style="list-style-type: none"><li>Initiatives to package technologies, products, services and selling methods that create customer value</li><li>Expansion of solution area</li><li>Provision of total solutions based on customers' needs and issues</li></ul>	<ul style="list-style-type: none"><li>Creation of new contract-type model</li><li>Conclusion of comprehensive contracts for maintenance and management of cooling and heating water facilities</li><li>Conclusion of contracts for steam supply, KWSS and recycled water supply</li></ul>
3 Rebuilding of plant production system	<ul style="list-style-type: none"><li>Visualization of marginal production volume and thorough selection of projects</li><li>Seeking alliance partners</li><li>Implementation of systems in design operations</li></ul>	<ul style="list-style-type: none"><li>Tight domestic production capacity not resolved</li><li>Establishment of functions of overseas production system</li></ul>
4 Streamlining of low-margin businesses and assets	<ul style="list-style-type: none"><li>Sale of the alumina compound business</li><li>Sale of shares of other listed companies</li></ul>	<ul style="list-style-type: none"><li>Distribution of management resources to promising businesses</li></ul>

## Contract-type business that shares benefits with customers

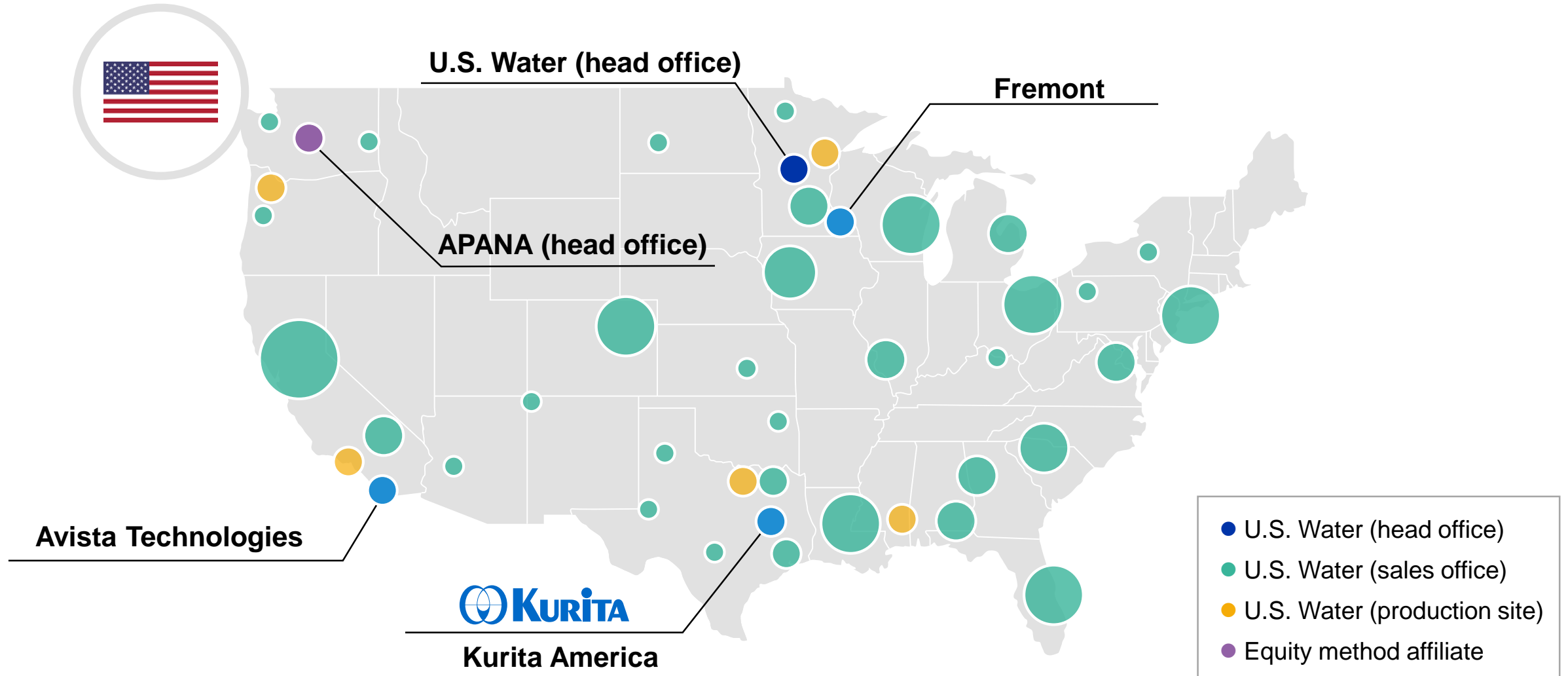


**Development of new applications for reclaimed water and realization of stable water treatment**

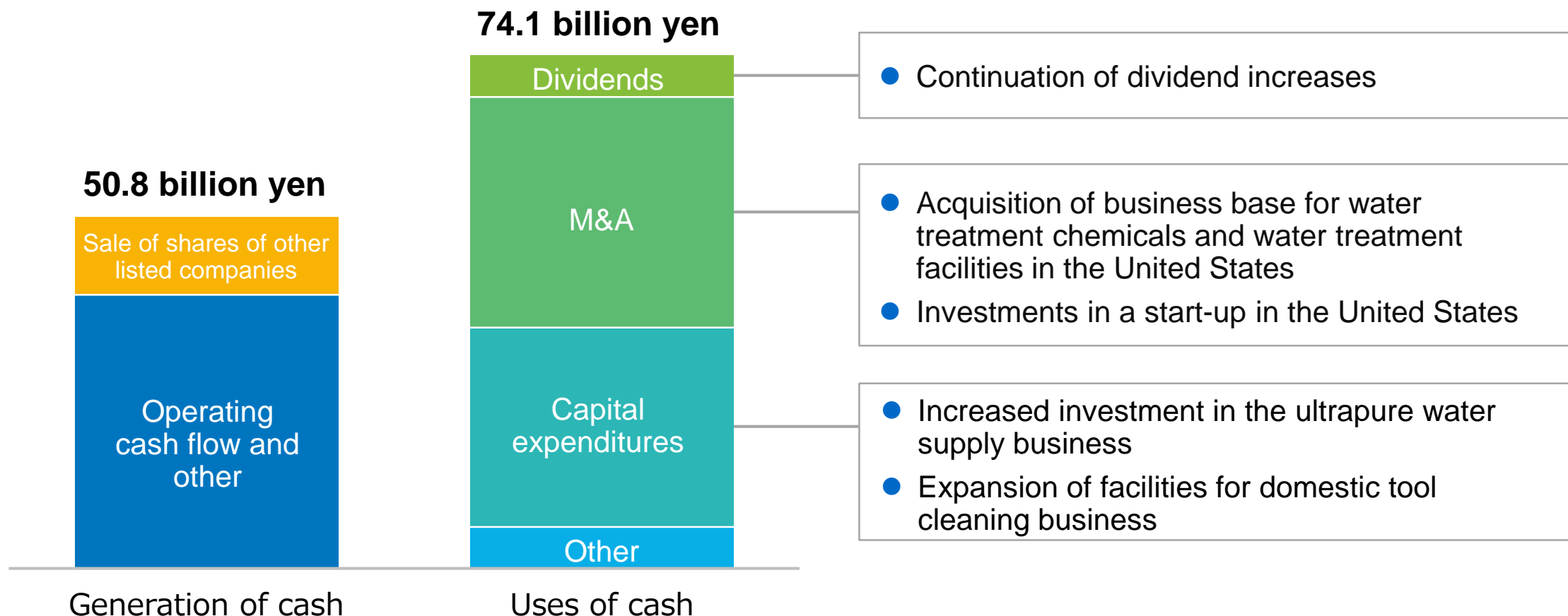


# Expansion of North American Business Base

Providing total solutions from a network expanding across the United States



## Active investment in promising businesses and diversification of sources of funds



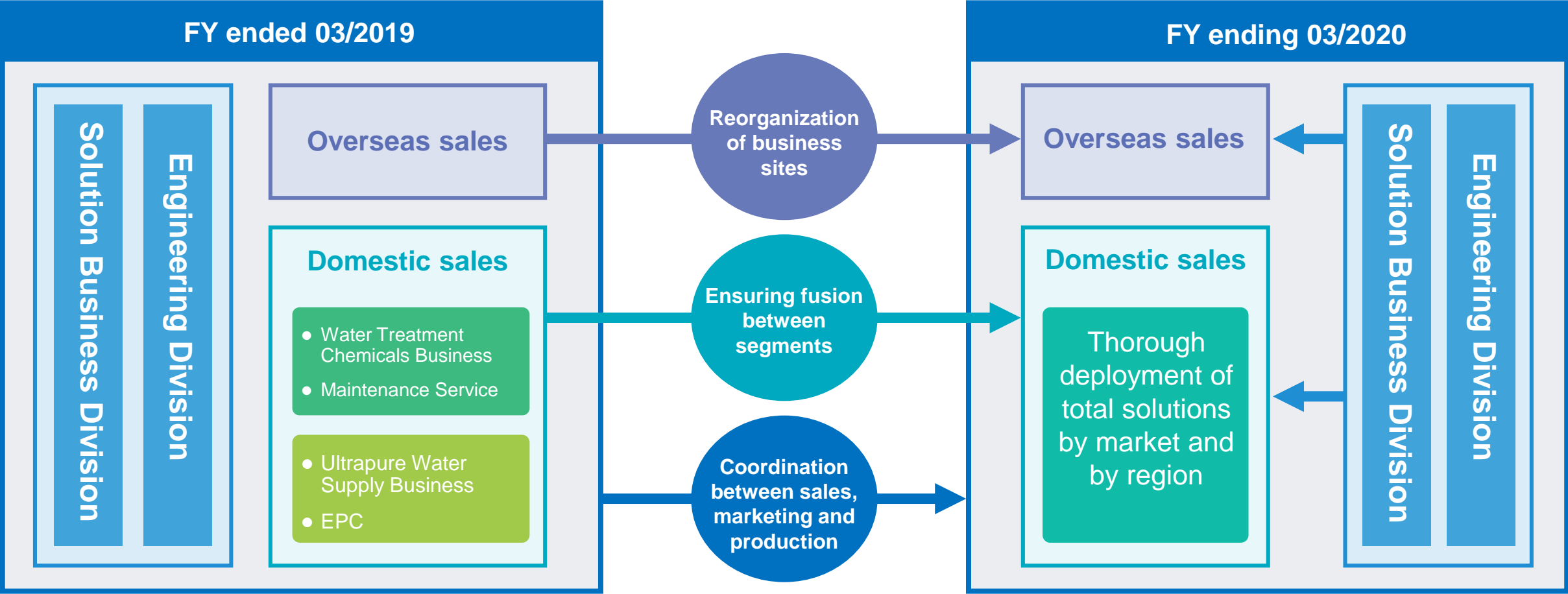
# Initiatives to Strengthen Corporate Governance

	Initiatives in the Fiscal Year Ended March 31, 2019	Results
Management supervision and execution	Reform Executive Officer system <ul style="list-style-type: none"> <li>• Change employment contracts to commission contracts</li> <li>• Change to compensation system similar to that for Directors</li> </ul>	Enhanced awareness of role as Executive Officer and improved operation execution
Director candidate selection & training	<ul style="list-style-type: none"> <li>• Set up Successor Planning Committee</li> <li>• Utilize external organizations</li> <li>• Review requirements for Directors and requirements for President successor</li> </ul>	<ul style="list-style-type: none"> <li>• Improved objectivity in selections decision and transparency in selections process</li> <li>• Systemized training</li> </ul>
Sale of shares of other listed companies	Sold 13 out of 37 stocks (some were partial sales)	Invested funds obtained through sale in promising businesses
Revision of disclosure policy	Clearly stating systems for handling important information and disclosure	<ul style="list-style-type: none"> <li>• Ensured fair and timely information disclosure</li> <li>• Prevented decline in information disclosure</li> </ul>

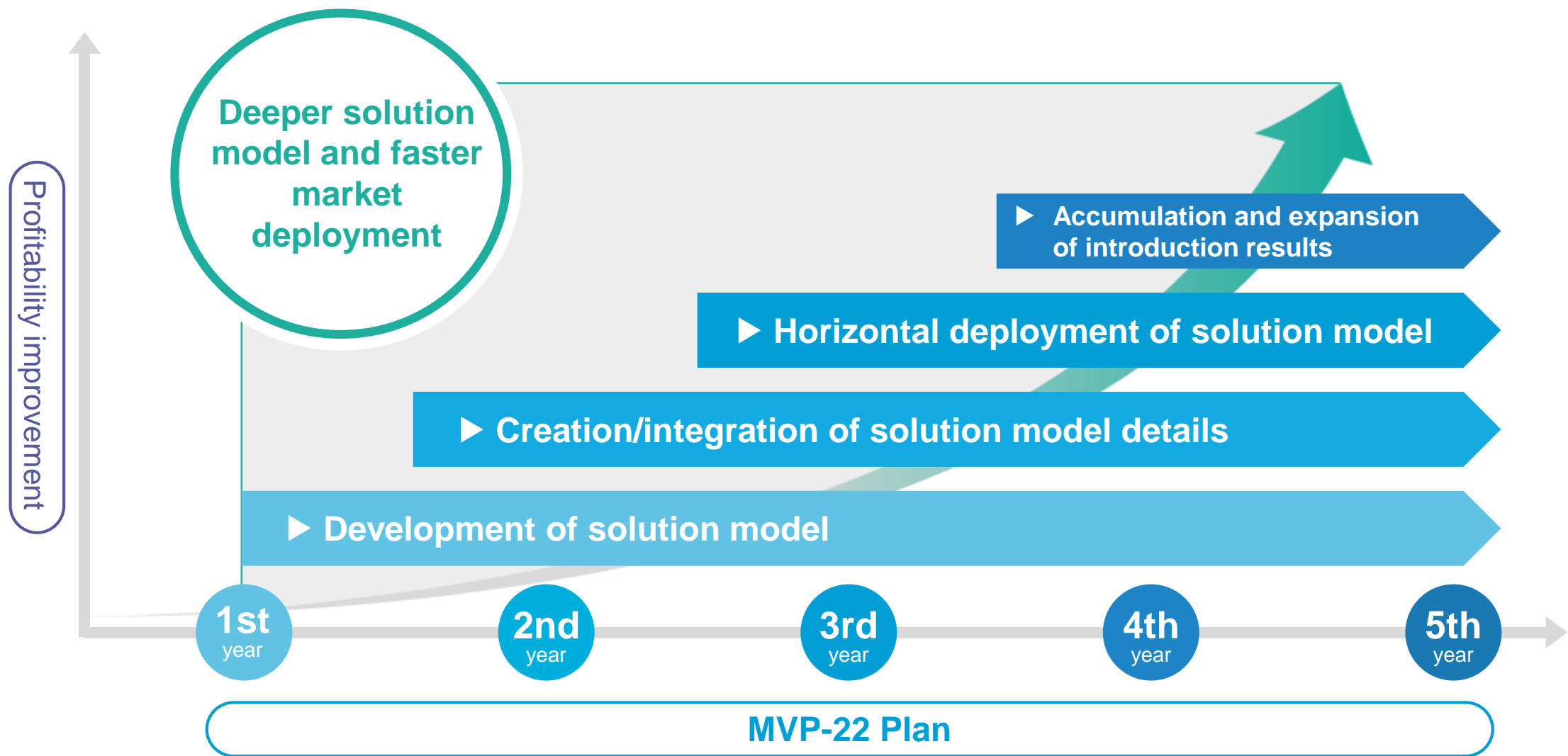
## 4 | Priority Measures

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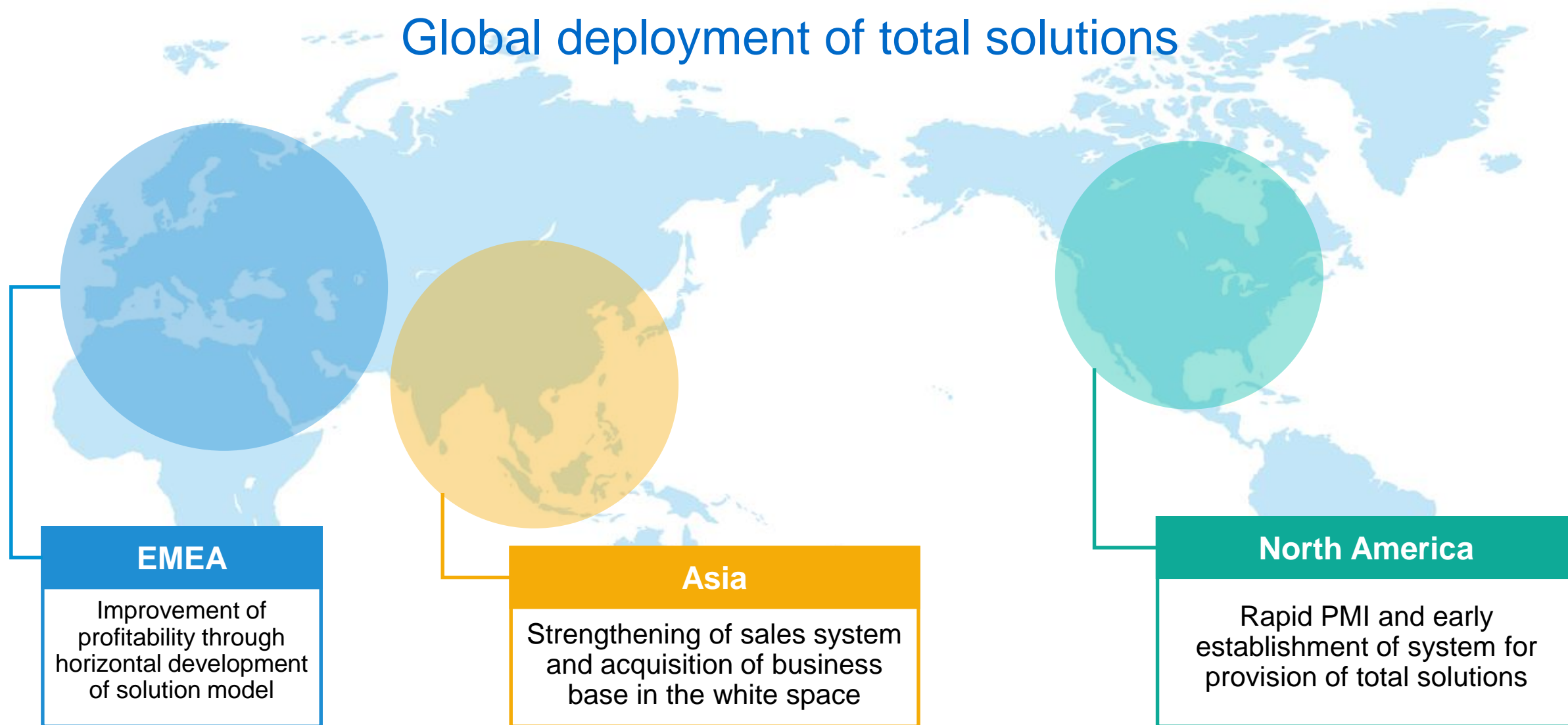
## Transformation of sales system aimed at provision of total solutions



# Acceleration of Deployment of Total Solutions (2)



## Global deployment of total solutions





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#### **Forward-looking Statements**

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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.