

Kurita Water Industries Ltd. Results Presentation for the Fiscal Year Ended March 31, 2017

(Securities code: 6370)

I Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

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

III Direction of Management

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I. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

1. Financial Highlights
2. Orders, Sales, Operating Income, and Operating Income Margin
3. Water Treatment Chemicals
4. Water Treatment Facilities (for the electronics industry)
5. Water Treatment Facilities (for general industries)
6. Financial Condition

I. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

1. Financial Highlights

(Billions of Yen)

	Fiscal Year to March 2016	Fiscal Year to March 2017	Year-on-Year Change	Revised Projections	Initial Projections
Orders	221.3	218.7	-1.1%	218.0	223.0
Net Sales	214.4	214.2	-0.1%	216.0	222.0
Operating Income	19.8	19.5	-1.9%	18.5	21.5
Ordinary Income	20.4	20.1	-1.8%	19.0	22.0
Net income attributable to owners of parent	12.6	14.5	+15.3%	12.0	14.0

- The temporary cost from PPA ceased to exist in the cost of sales.
- The temporary effects of retirement benefit obligations in SG&A expenses were reduced.
- Tax expense was reduced.

Exchange rate (Yen)	03/2016	03/2017
USD	121.05	108.84
EUR	134.31	120.33
RMB	19.22	16.37

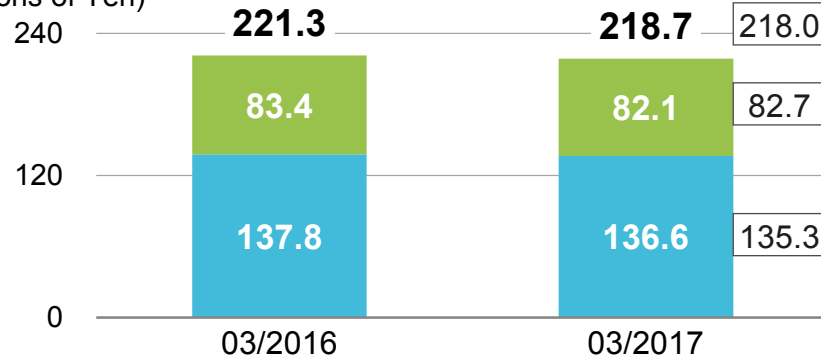
I. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

2. Orders, Sales, Operating Income, and Operating Income Margin

■ Water treatment chemicals ■ Water treatment facilities ● Total * □ denotes revised projections

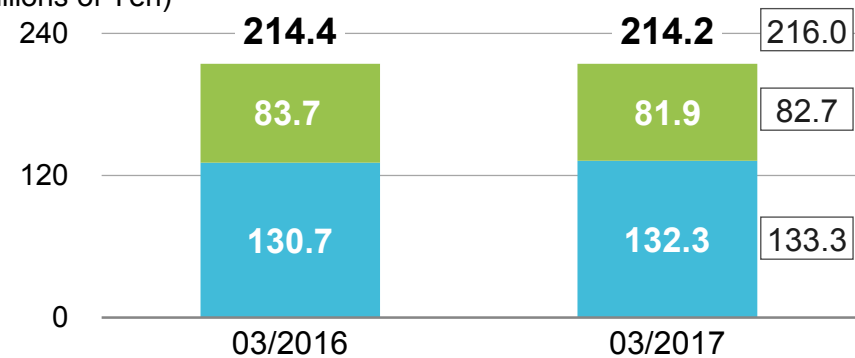
Orders

(Billions of Yen)



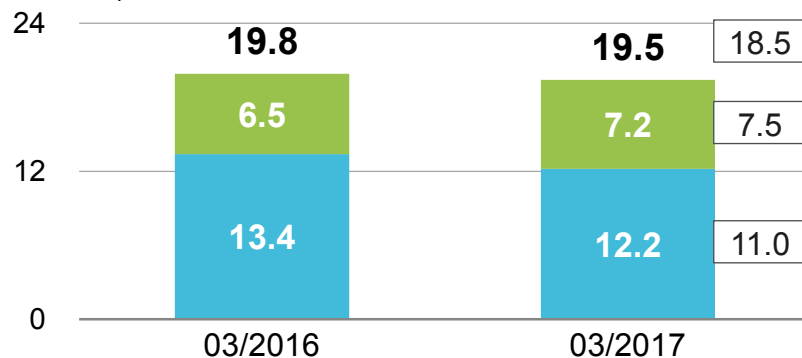
Sales

(Billions of Yen)



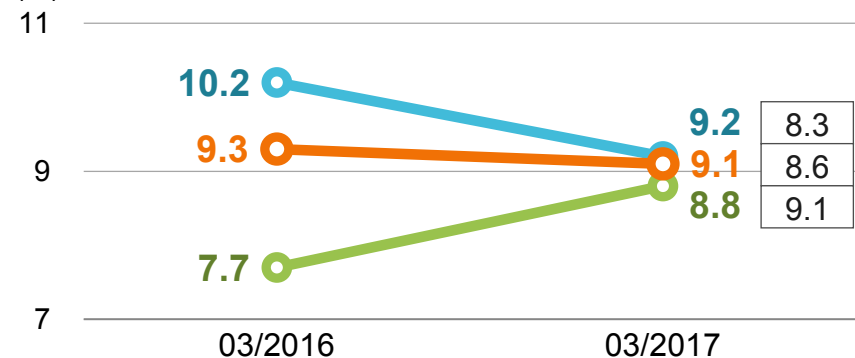
Operating Income

(Billions of Yen)



Operating Income Margin

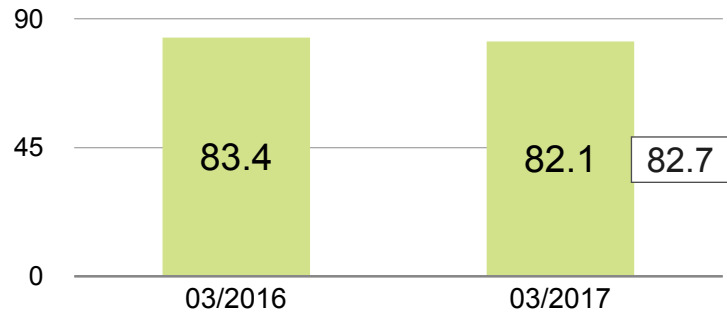
(%)



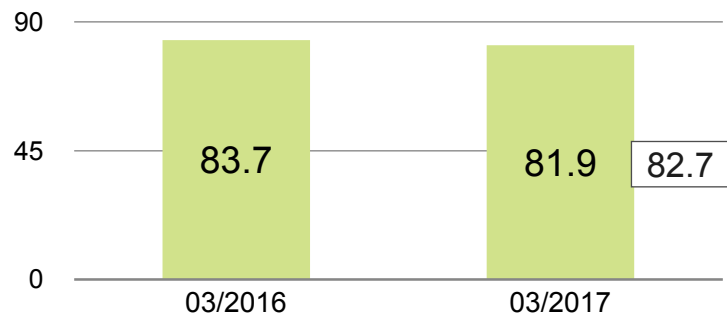
I. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

3. Water Treatment Chemicals

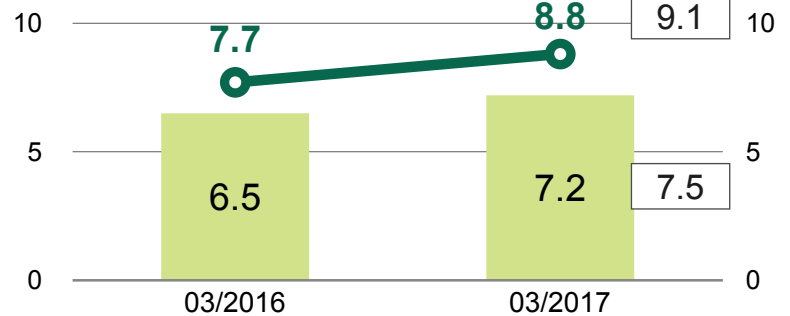
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin * □ denotes revised projections

Orders / Sales

- Orders and sales in yen terms at overseas subsidiaries were adversely affected and declined with the stronger yen.
- Domestic sales rose 2.1% year on year.
- Overseas sales declined 6.5% year on year.
- Overseas sales increased 6% year on year in local currencies.
- In Japan, orders for and sales of boiler water treatment chemicals and cooling water treatment chemicals rose.

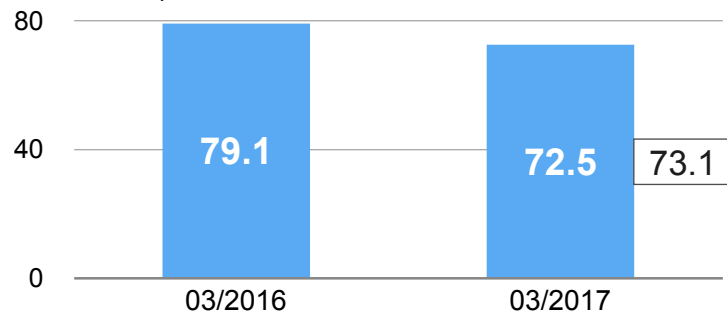
Operating Income

- Of the effects of PPA, temporary costs ceased to exist.

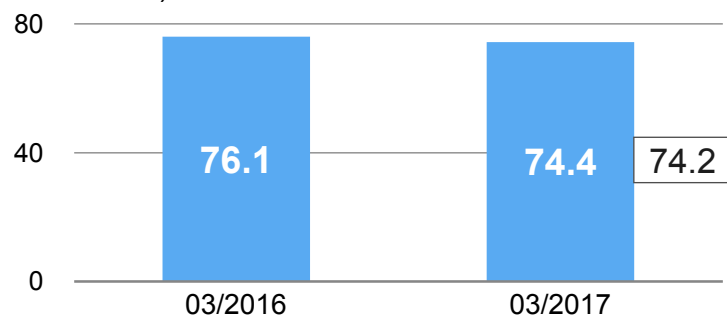
I. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

4. Water Treatment Facilities (for the electronics industry)

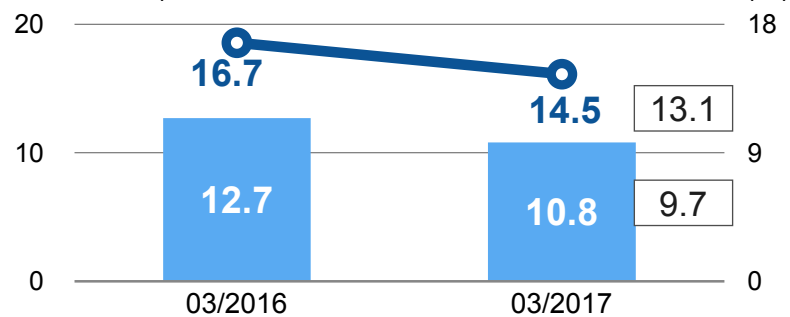
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin *  denotes revised projections

Orders

- Orders for LCDs and semiconductors in China and Taiwan declined.
- Orders for hardware in Japan increased thanks to large contracts for electronics components.
- Orders in the ultrapure water supply business in Japan fell, reflecting revisions to contracts with a certain customer.

Sales

- Sales of hardware overseas increased due to the posting of large contracts in China and South Korea.
- Sales in the ultrapure water supply business in Japan declined, reflecting revisions to contracts with a certain customer.

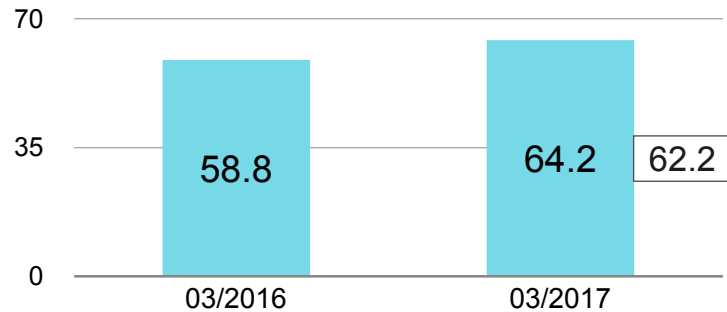
Operating Income

- The decrease in sales in the ultrapure water supply business had an adverse impact.
- Profitability in the overseas business improved.

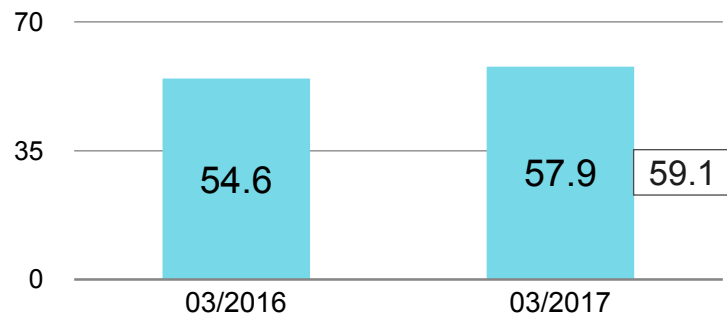
I. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

5. Water Treatment Facilities (for general industries)

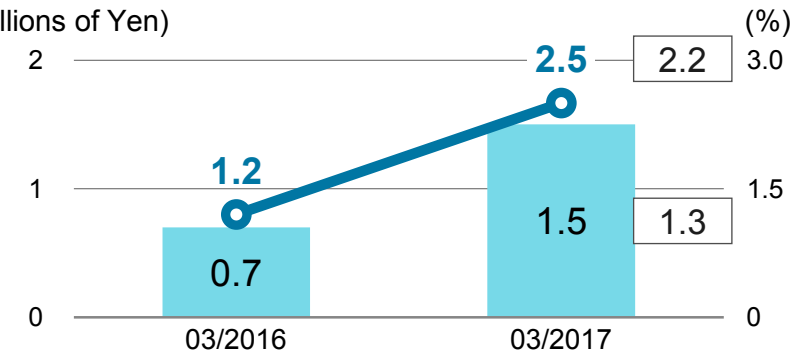
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin *  denotes revised projections

Orders

- Orders for large projects were received in water treatment facilities for thermal power plants and in soil remediation.
- Orders for maintenance services increased in response to the aging of facilities and demand for improved efficiency.

Sales

- Sales of electric power industries hardware declined.
- Sales of hardware, maintenance services and soil remediation for general industries increased.

Operating Income

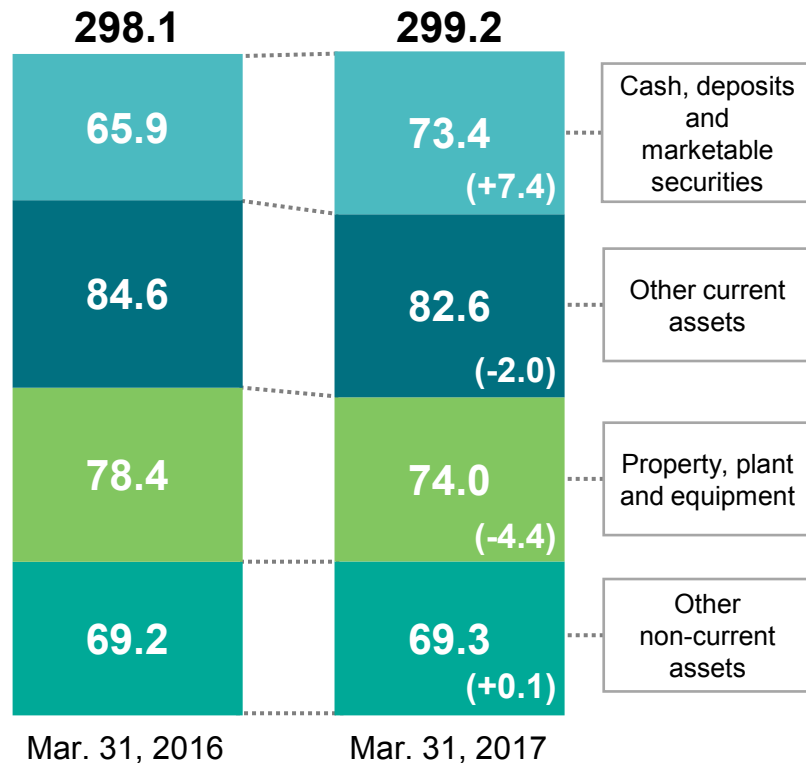
- Operating income of electric power industries hardware fell, reflecting the decline in sales.
- Profitability in hardware in general industries improved.
- Income from maintenance services and soil remediation rose.

I. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

6. Financial Condition

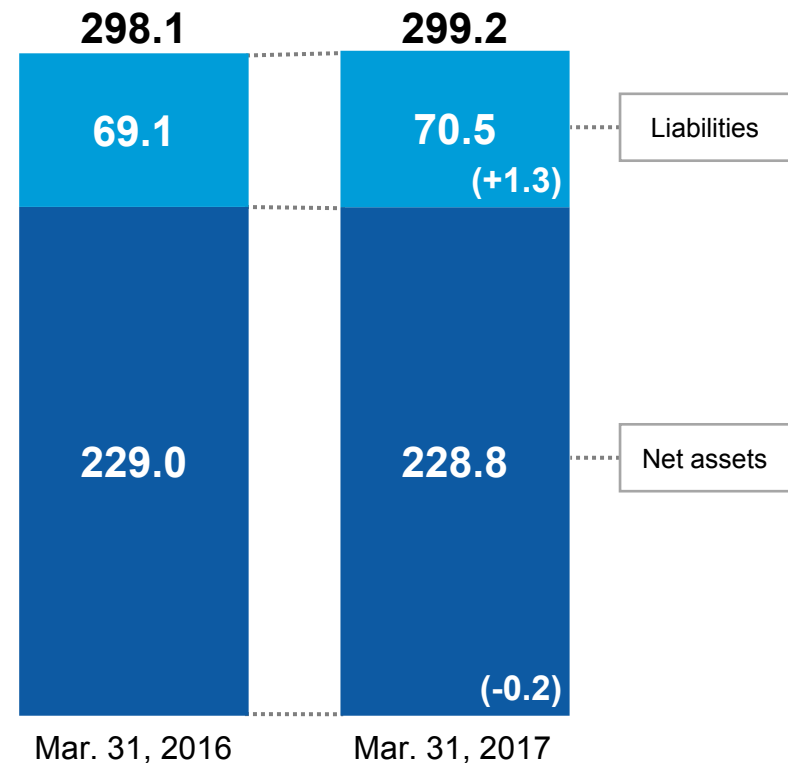
Assets

(Billions of Yen)



Liabilities and Net Assets

(Billions of Yen)



- Property, plant and equipment declined, with the depreciation of facilities for the ultrapure water supply business exceeding capital expenditure.
- Intangible assets increased, reflecting the posting of goodwill and customer-related assets associated with an acquisition in the United States.

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

1. External Environment
2. Overview
3. Orders, Sales, Operating Income, and Operating Income Margin
4. Water Treatment Chemicals
5. Water Treatment Facilities (for the electronics industry)
6. Water Treatment Facilities (for general industries)
7. Sales Plan for the Ultrapure Water Supply Business
8. Major Contracts in the Ultrapure Water Supply Business
9. Service Business Revenue
10. Overseas Businesses (sales by region and business)
11. Capital Expenditures, Depreciation, and R&D Expenses

1. External Environment

Water Treatment Chemicals

- Production in Japan is expected to be steady.
- Economies in Europe, the United States, and Asia are expected to be steady, but there is downside risk associated with policies.

Water Treatment Facilities

- Production in the domestic electronics industry is expected to be steady.
- Major investments in the domestic electronics industry will likely be limited.
- Capital expenditure in electric power industries and general industries is likely to remain roughly flat. Investment in aging facilities and for improving efficiency will continue.
- Investment in the semiconductor and LCD industries in China and South Korea is expected to continue.

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

2. Overview

(Billions of Yen)

	Fiscal Year to March 2017 Actual	Fiscal Year to March 2018 Projection	Year-on-Year Change	CK-17 Initial Projection
Orders	218.7	221.0	+1.0%	240.0
Net Sales	214.2	223.0	+4.1%	235.0
Operating Income	19.5	18.5	-4.9%	24.5
Ordinary Income	20.1	19.0	-5.4%	—
Net income attributable to owners of parent	14.5	13.0	-10.4%	—

- Orders, net sales, and SG&A expenses will increase in association with the consolidation of Fremont Industries.
- The effects of revisions to contracts in the ultrapure water supply business will remain.

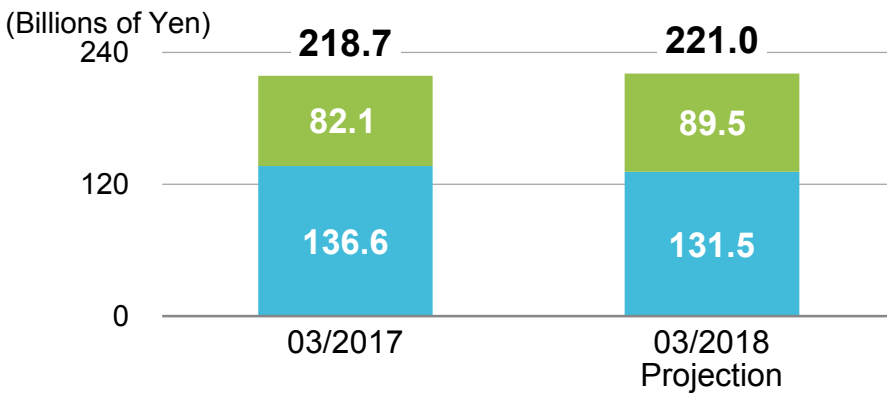
Exchange rate (Yen)	03/2017	Assumptions for 03/2018
USD	108.84	108.00
EUR	120.33	120.00
RMB	16.37	16.37

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

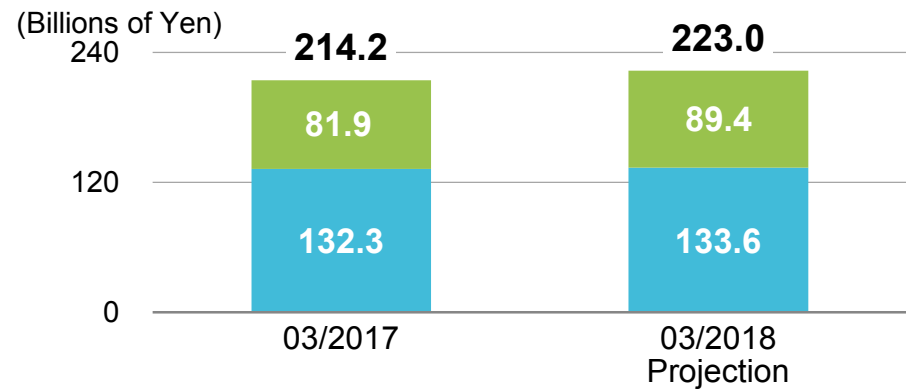
3. Orders, Sales, Operating Income, and Operating Income Margin

■ Water treatment chemicals ■ Water treatment facilities ■ Total

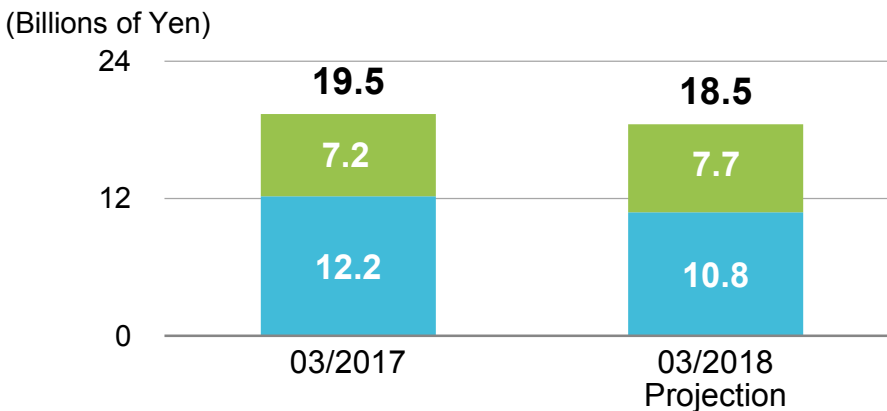
Orders



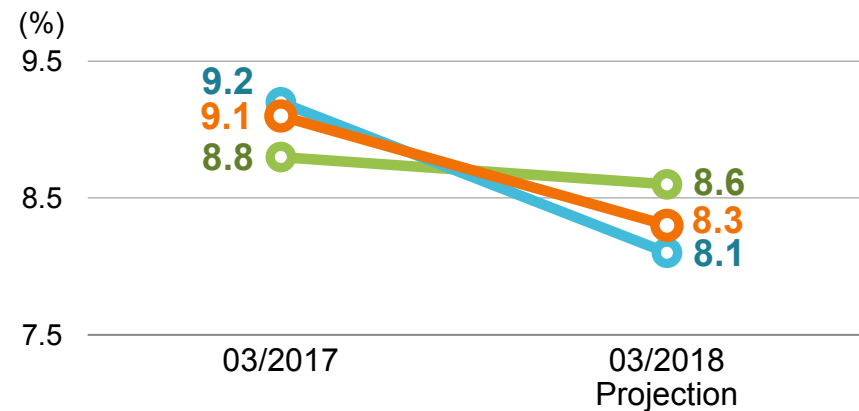
Sales



Operating Income



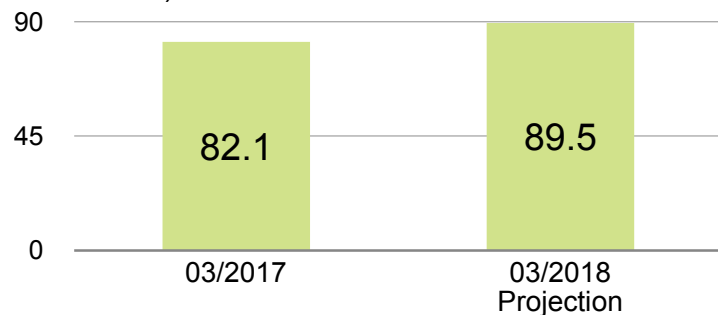
Operating Income Margin



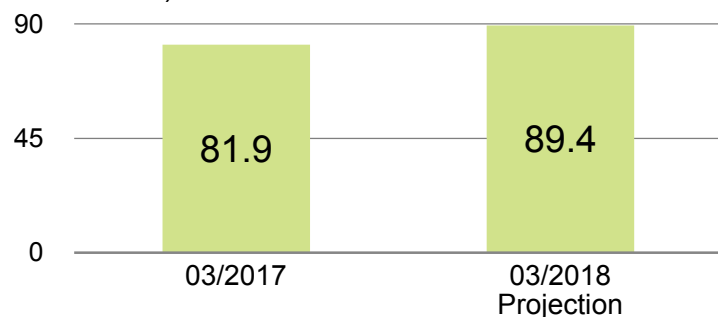
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2018

4. Water Treatment Chemicals

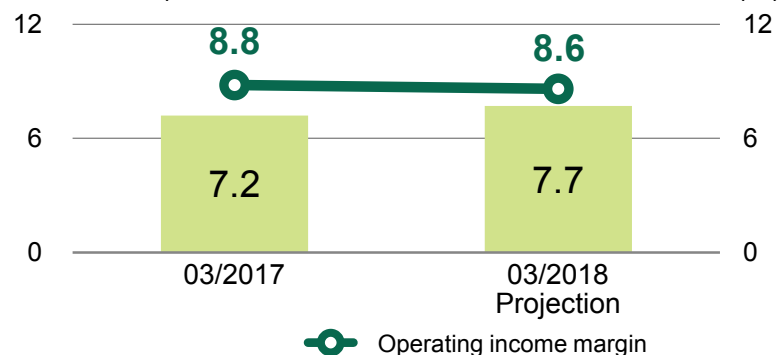
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Orders / Sales

- Orders and sales will rise, reflecting the consolidation of Fremont Industries.
- Domestic sales are expected to rise 2.4%.
- Overseas sales are expected to increase around 17% (around 7% except for new consolidation).

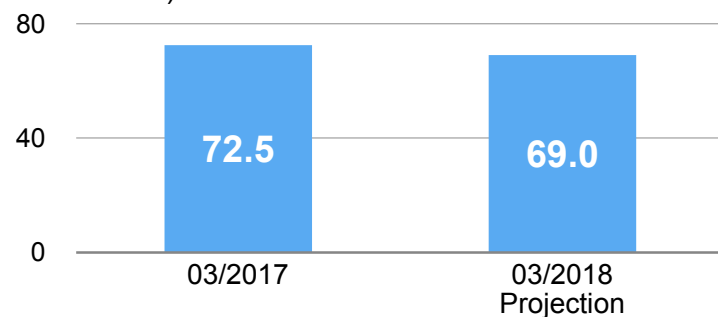
Operating Income

- Operating income is expected to rise, reflecting an increase in sales.
- The consolidation of Fremont Industries is expected not to have any impact.

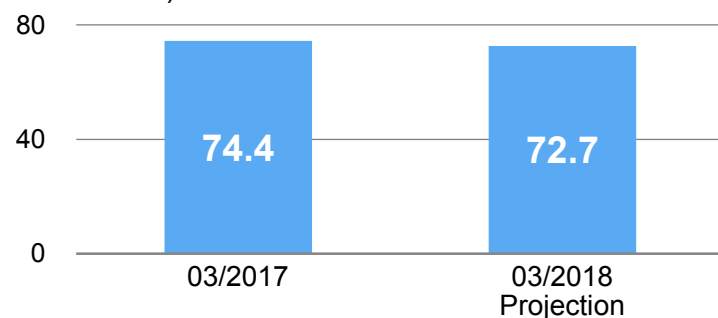
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2018

5. Water Treatment Facilities (for the electronics industry)

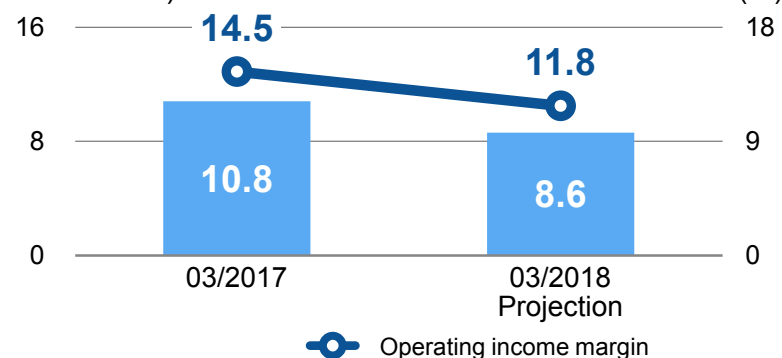
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Orders

- Orders for hardware in Japan and the ultrapure water supply business are expected to decline.
- In maintenance services in Japan, capacity utilization at customers is expected to remain flat.
- Orders for hardware and maintenance services overseas are expected to rise.

Sales

- Sales of hardware in Japan are expected to increase, reflecting orders in the previous fiscal year.
- Sales of maintenance services are expected to remain roughly flat in Japan and to rise overseas.
- Sales in the ultrapure water supply business will likely decline.

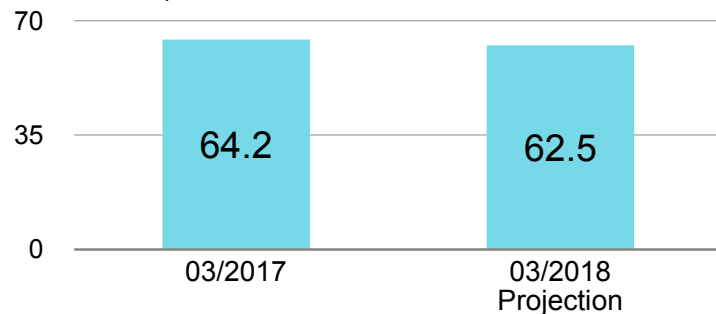
Operating Income

- Operating income is expected to decline, reflecting a decrease in sales in the ultrapure water supply business.

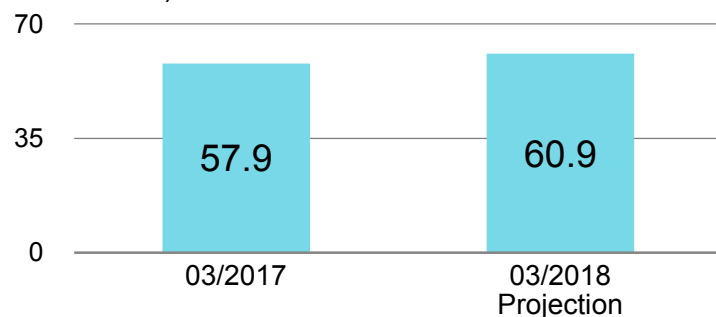
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2018

6. Water Treatment Facilities (for general industries)

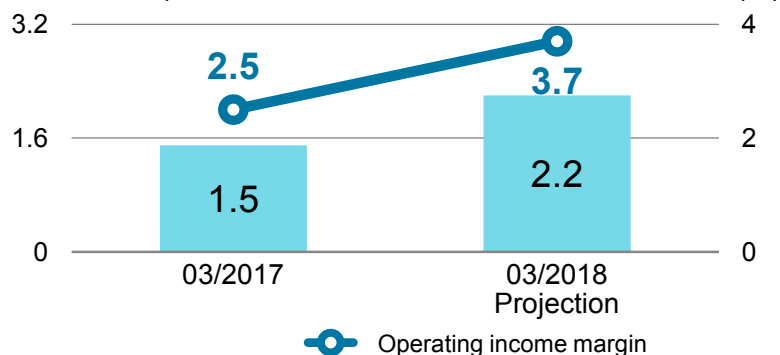
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Orders

- Orders in electric power industries are expected to be less than in the previous fiscal year, when large-scale contracts were won.
- With regard to orders for hardware and maintenance services in general industries, expectations are placed on the replacement of aging facilities and investment for improving efficiency.

Sales

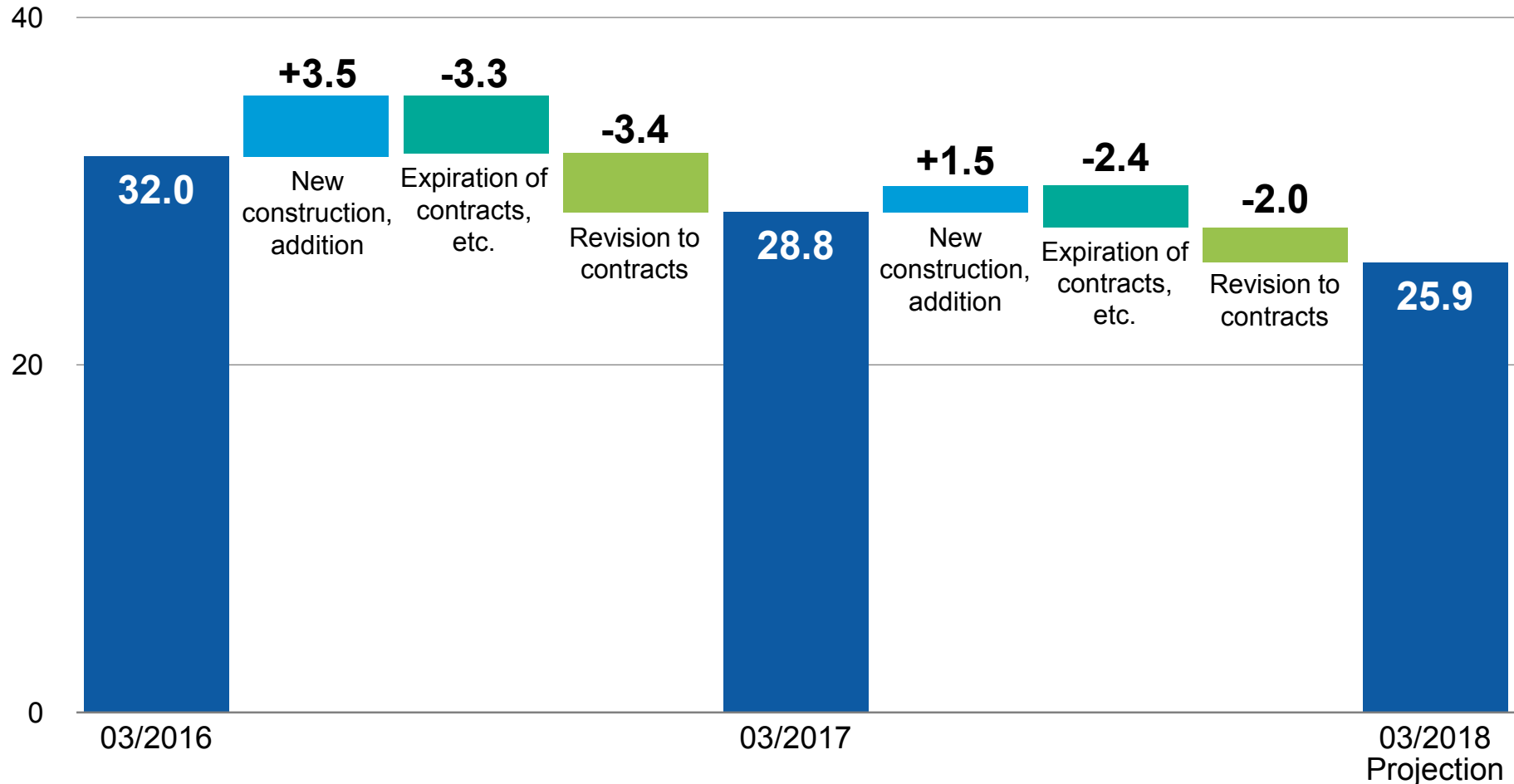
- Sales of hardware in electric power industries and hardware in general industries are expected to climb.
- Sales in the soil remediation services are expected to decline from the previous fiscal year, when sales were strong.

Operating Income

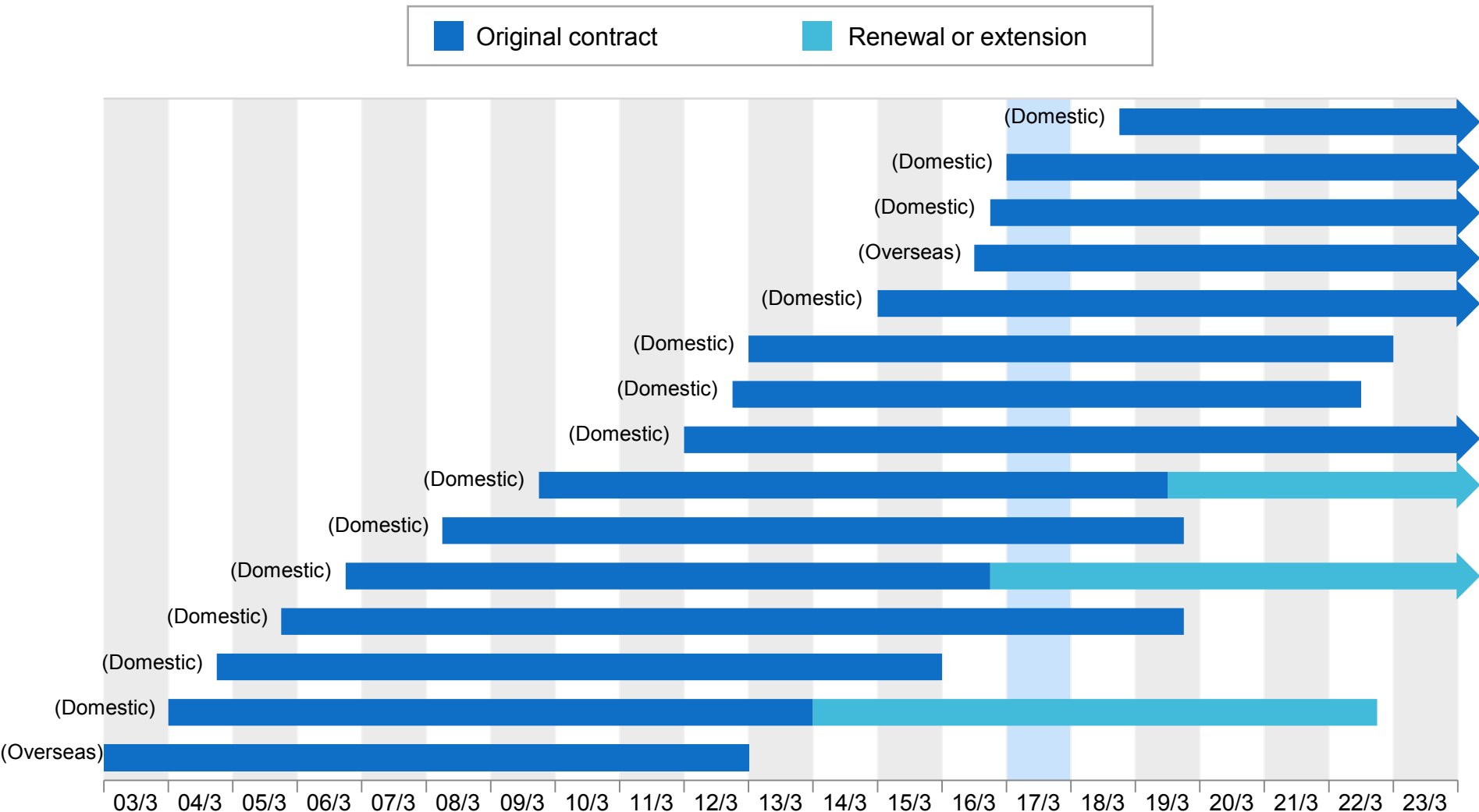
- Operating income is expected to increase, reflecting an improvement in profitability in the hardware business for electric power industries and general industries.

7. Sales Plan for the Ultrapure Water Supply Business

(Billions of Yen)



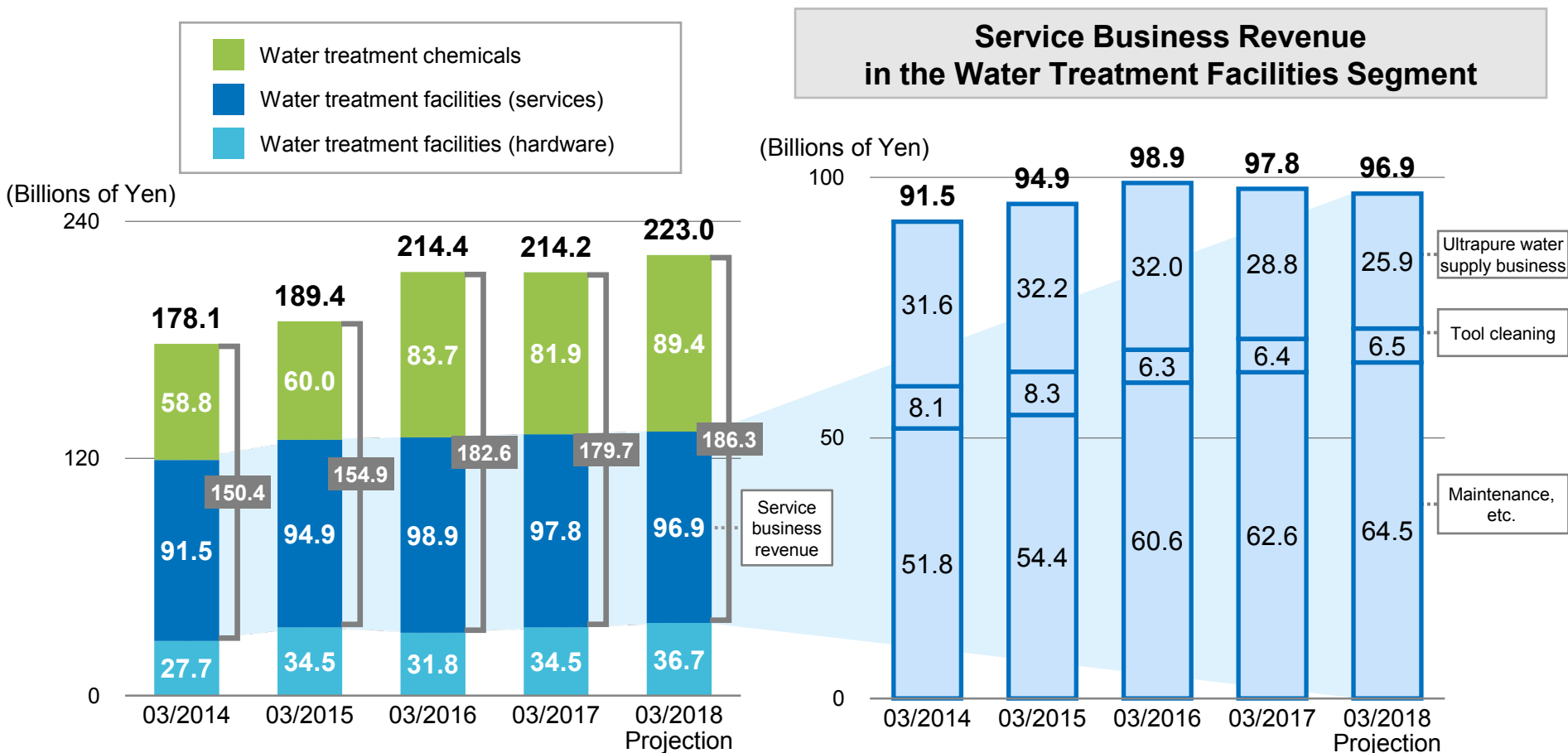
8. Major Contracts in the Ultrapure Water Supply Business



* Key contracts are shown above. This does not cover all contracts.

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

9. Service Business Revenue



- In the fiscal year ended March 31, 2017, domestic maintenance services and soil remediation services performed well.
- In the fiscal year ending March 31, 2018, revenue from maintenance services in Japan and overseas is expected to rise, and revenue from soil remediation services is likely to fall.

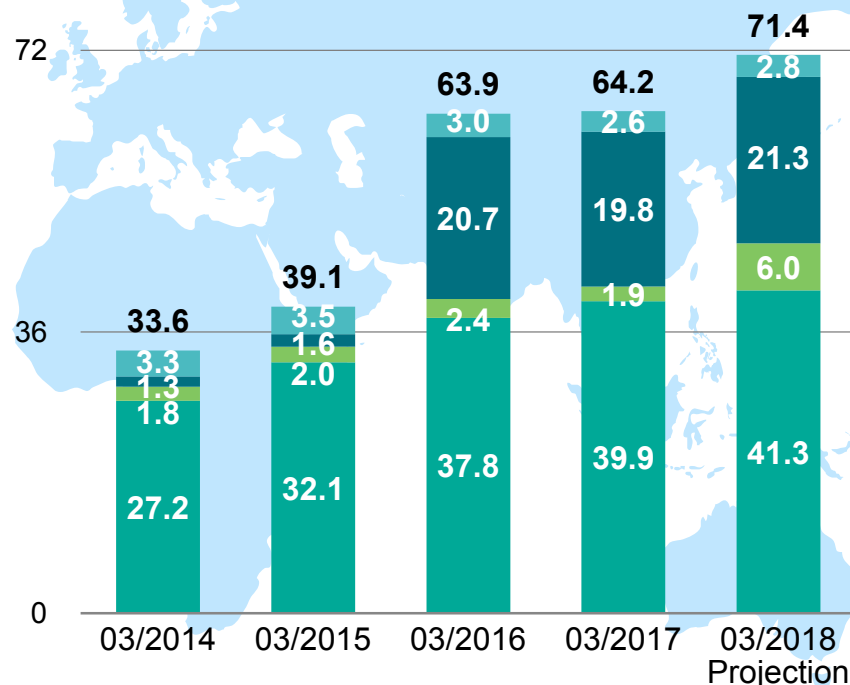
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2018

10. Overseas Businesses (sales by region and business)

Overseas Sales by Region

Asia N. America EMEA (formerly Europe) Other

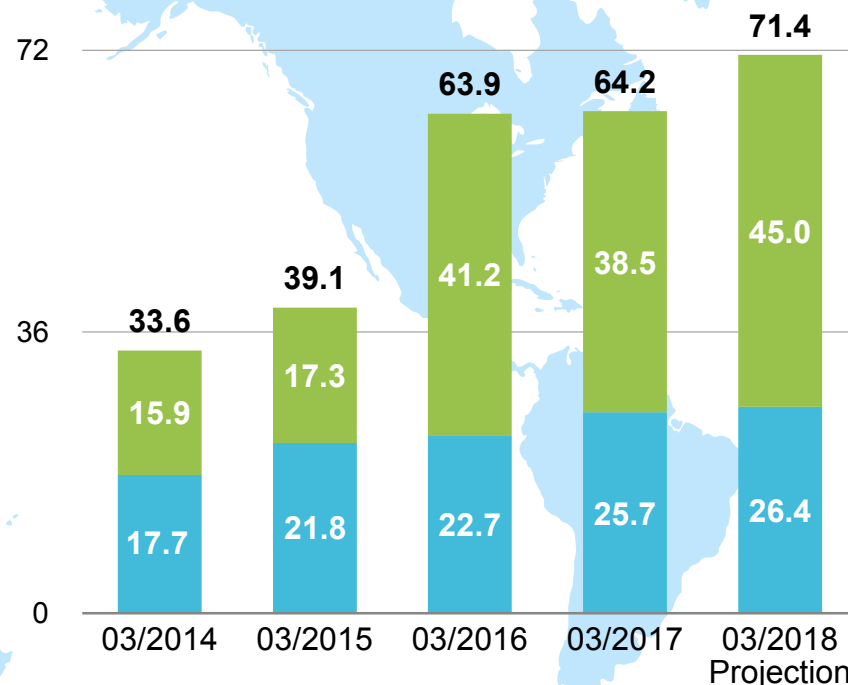
(Billions of Yen)



Overseas Sales by Business Segment

Water treatment chemicals Water treatment facilities

(Billions of Yen)



- In the fiscal year ended March 31, 2017, sales in the Water Treatment Chemicals business declined with the effect of foreign exchange conversion. Sales in the Water Treatment Facilities business increased significantly in East Asia.
- In the fiscal year ending March 31, 2018, sales are expected to rise chiefly due to the consolidation of Fremont Industries and increases at the existing subsidiaries.

* New geographical segments have been applied from the fiscal year ended March 31, 2016, and they are applied to the fiscal year ended March 31, 2015 retroactively.

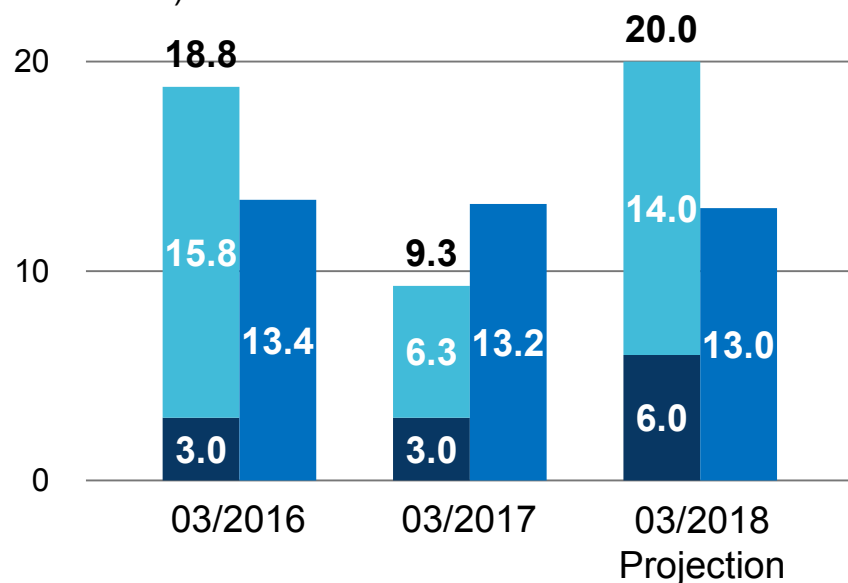
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2018

11. Capital Expenditures, Depreciation, and R&D Expenses

Capital Expenditures and Depreciation



(Billions of Yen)



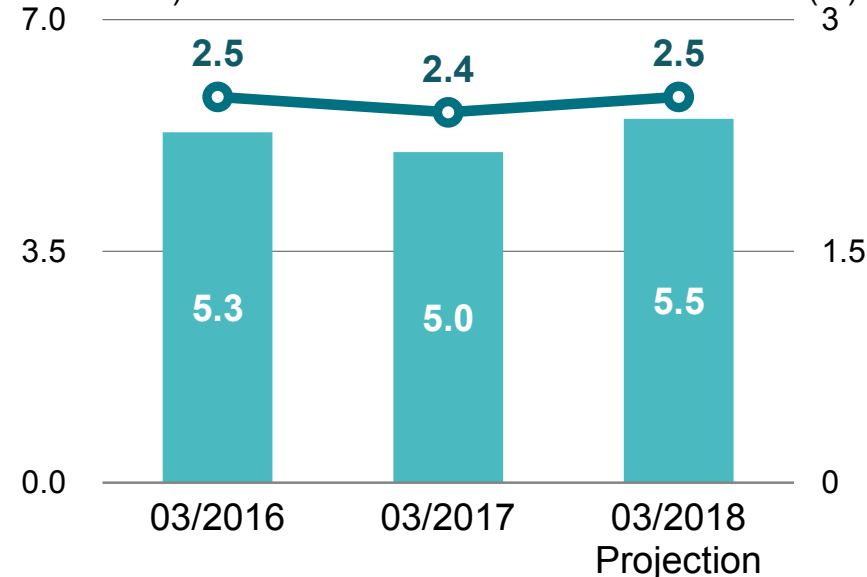
- In the fiscal year ended March 31, 2017, capital expenditure in the ultrapure water supply business decreased.
- In the fiscal year ending March 31, 2018, capital expenditure in the ultrapure water supply business and investment in the replacement and reinforcement of other facilities will rise.

R&D Expenses



(Billions of Yen)

(%)



- In the fiscal year ended March 31, 2017, R&D expenses fell partly due to the effect of foreign exchange conversion.
- In the fiscal year ending March 31, 2018, the development function will be strengthened globally.

III. Management Initiatives

1. Policy for the Final Year of Competitive Kurita 2017 (CK-17) Plan
2. Acceleration of Business Expansion Overseas
3. Acquisition of Leading-Edge Technologies and New Development
4. Promotion of Services Business
5. Improvement of Capital Efficiency
6. Acquisition of Own Shares and Retirement of Treasury Stock

1. Policy for the Final Year of Competitive Kurita 2017 (CK-17) Plan

Basic policy

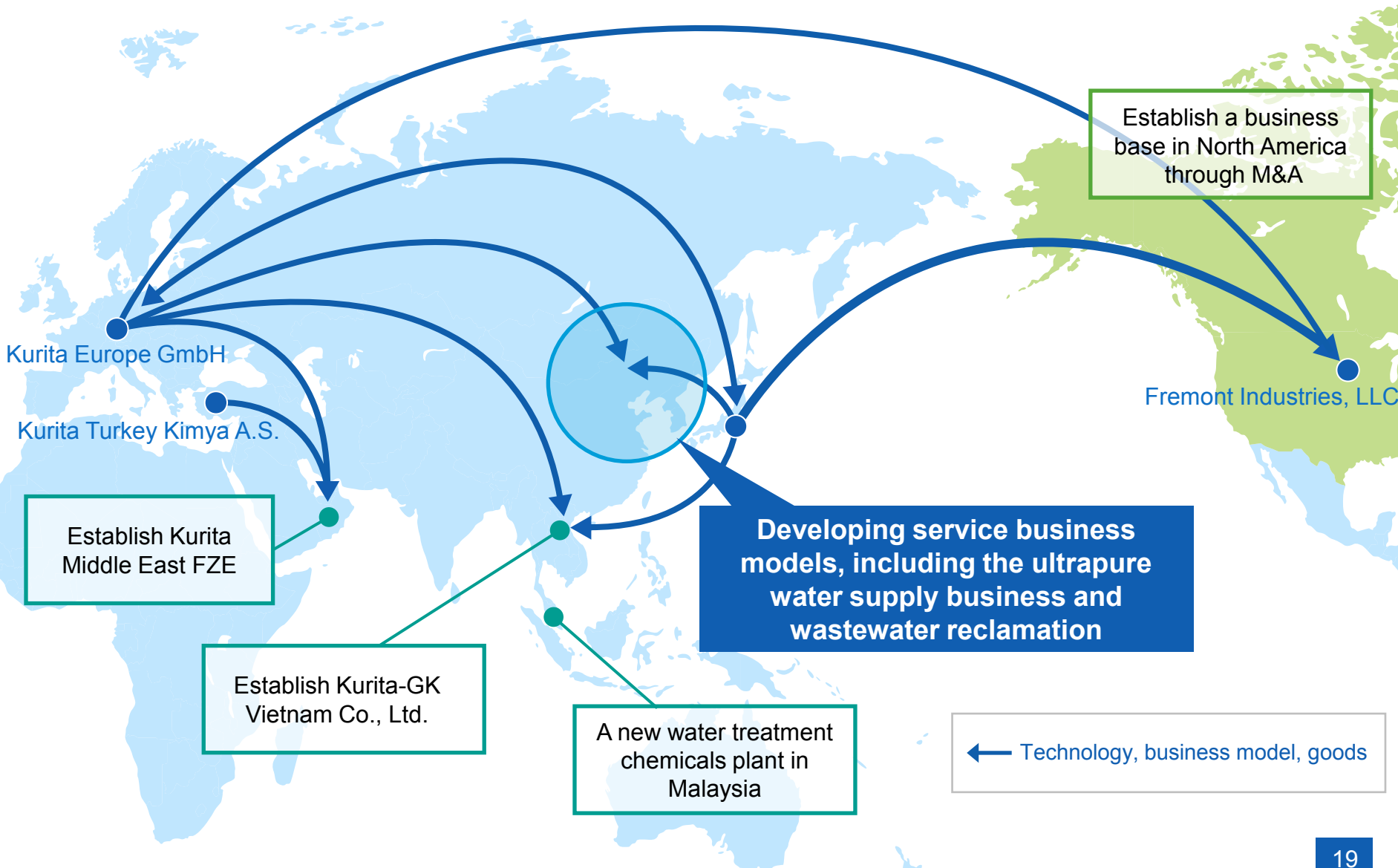
Improve customer intimacy by providing the best customer solutions

**Reconfigure
business
processes with
use of information
technologies**

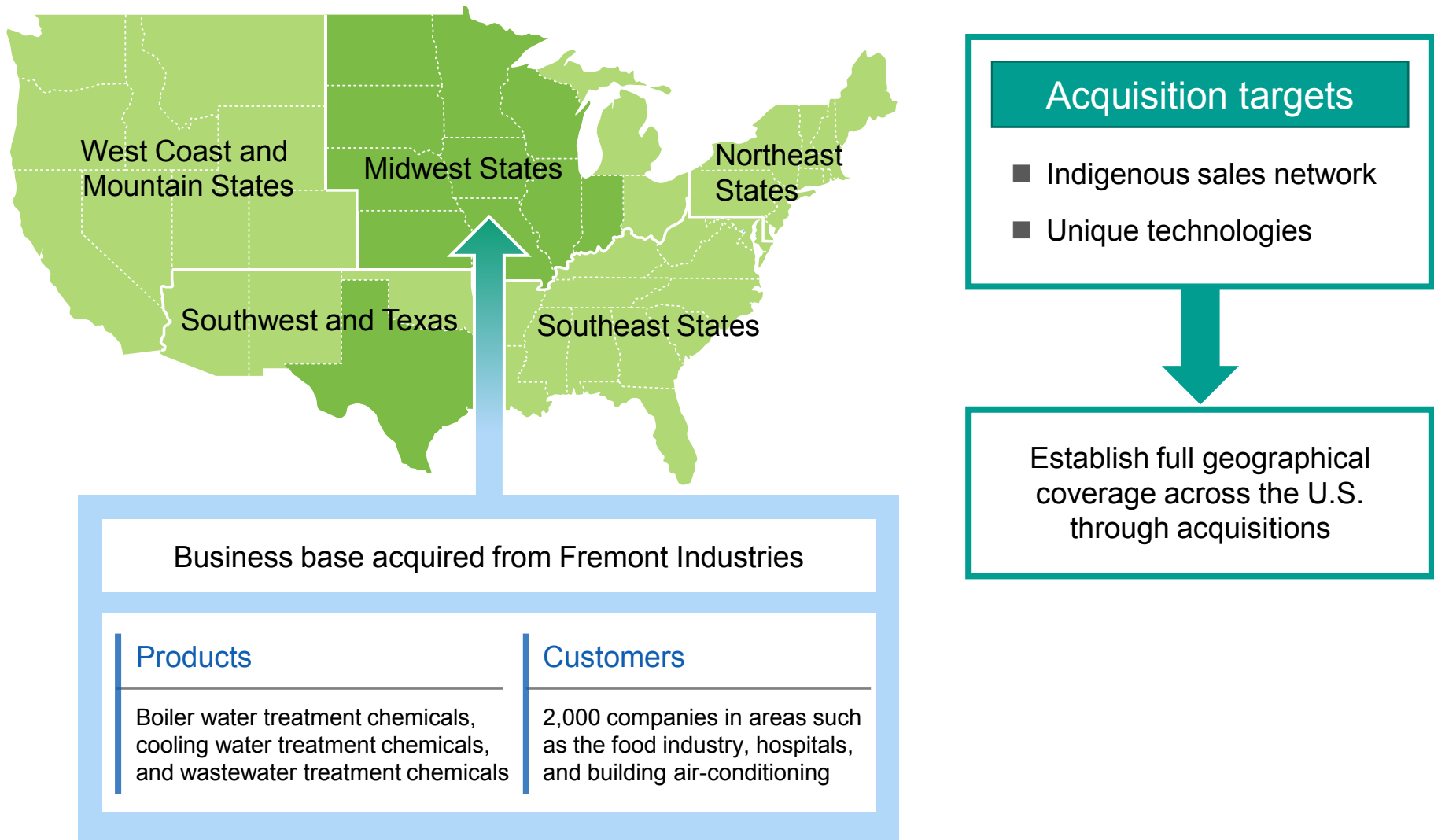
**Invest in focused
growth areas and
reorganize
business portfolio**

**Enhance
competitive
advantage and
reduce risk by
stepping up
CSR activities**

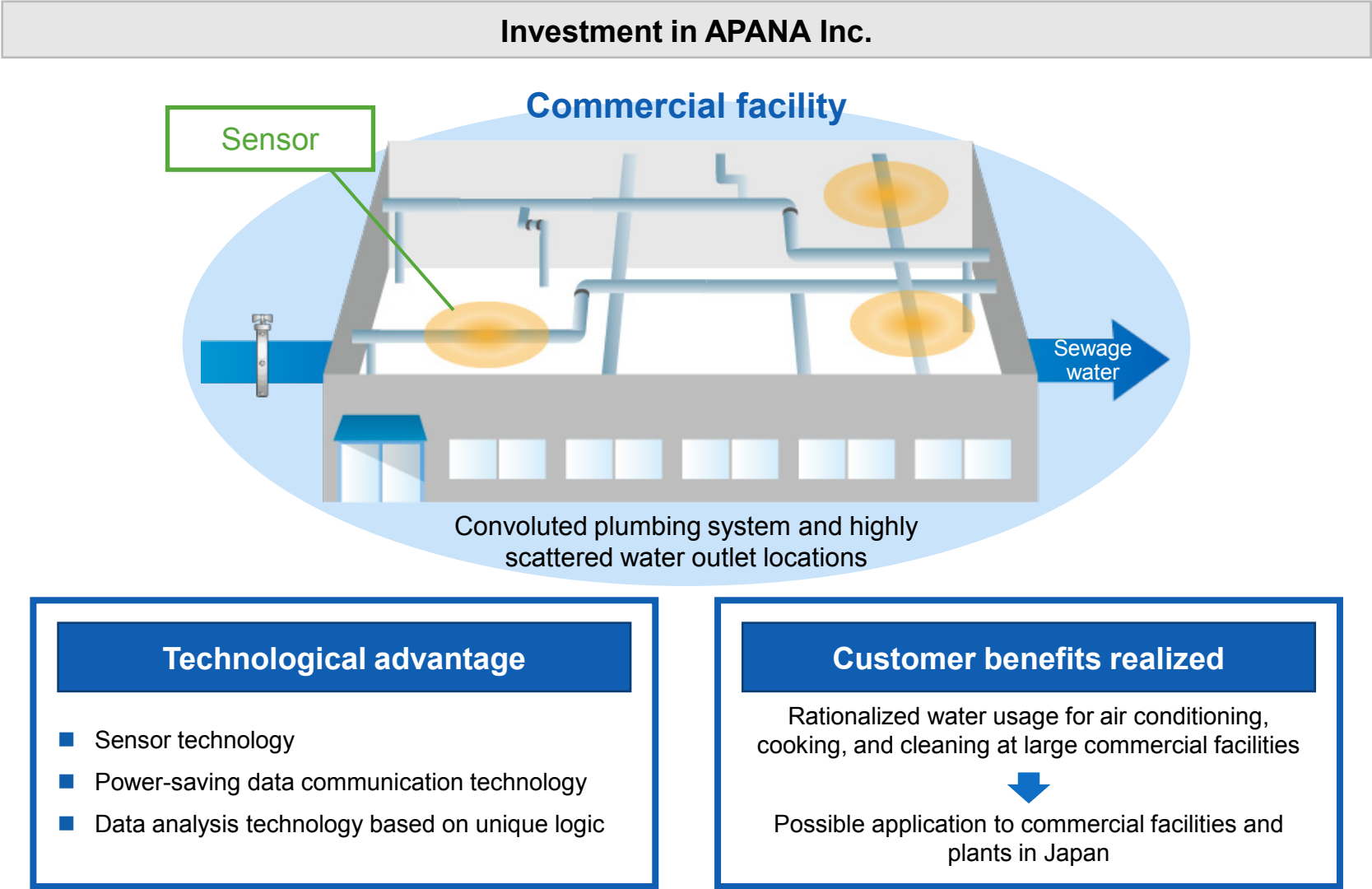
2. Acceleration of Business Expansion Overseas (1)



2. Acceleration of Business Expansion Overseas (2)



3. Acquisition of Leading-Edge Technologies and New Development



4. Promotion of Services Business

Expansion of service type business models



Standardized wastewater reclamation system



Pure water supply service

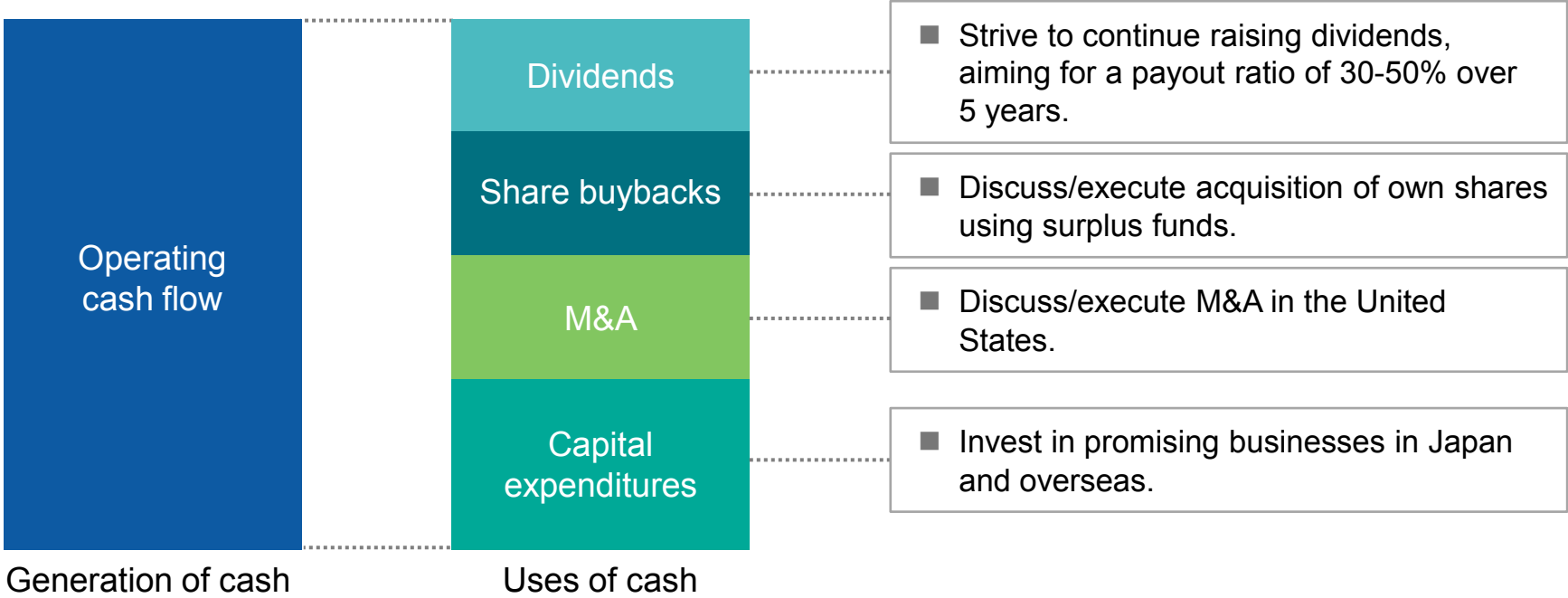
The ultrapure water supply business



III. Management Initiatives

5. Improvement of Capital Efficiency

Uses of Cash (Plan): During the tenure of CK-17



- Control unwarranted accumulation of internal cash and resultant increases in shareholders' equity, while securing sufficient working capital and reserve funds for contingencies.
- Maintain and improve ROE above the cost of equity.

6. Acquisition of Own Shares and Retirement of Treasury Stock

Planned acquisition

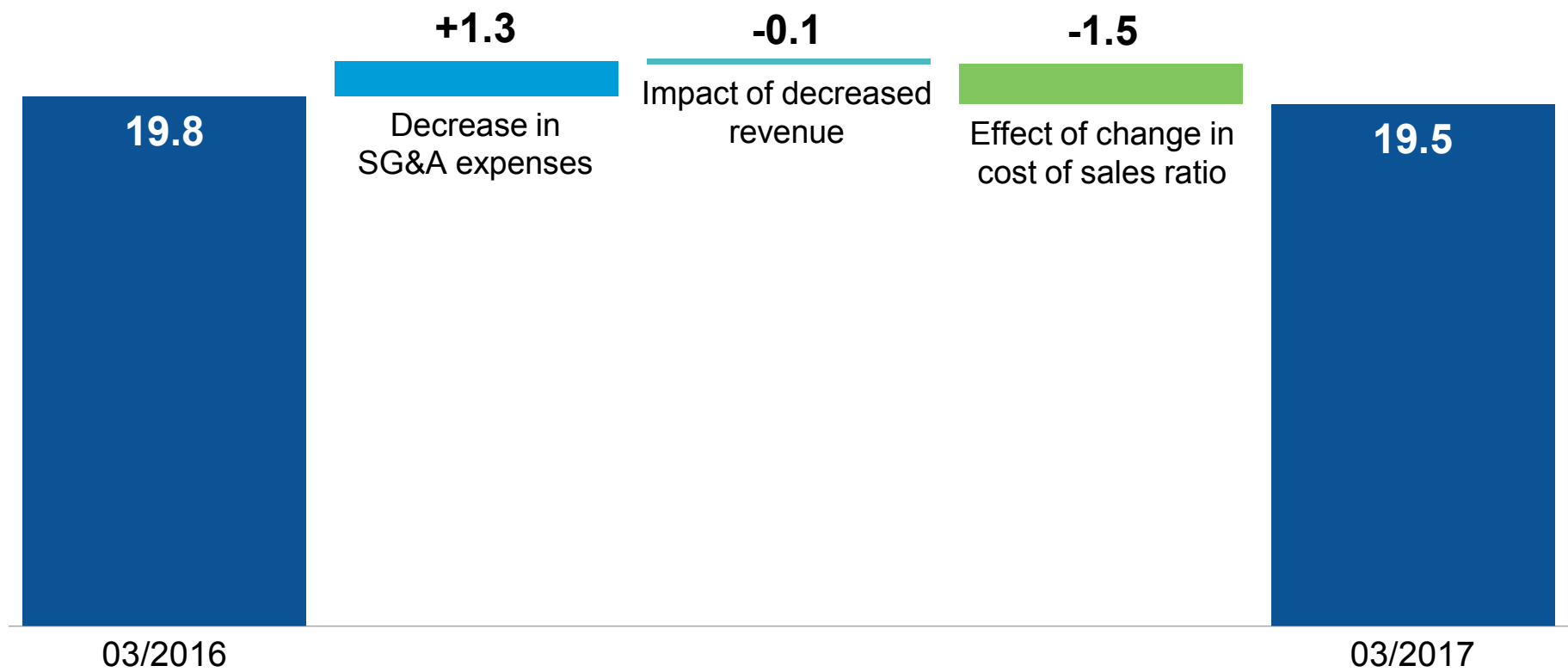
Number of shares to be acquired	4 million shares (maximum) (Ratio to the number of shares outstanding (excluding treasury stock): 3.45%)
Total value	10 billion yen (maximum)
Acquisition period	From March 2 to May 31, 2017

Retirement

Number of shares to be canceled	2,963,900 shares (Ratio to the number of issued shares before retirement: 2.49%)
Date of retirement	April 6, 2017
Number of issued shares after retirement	116,200,694 shares

Analysis of Changes in Operating Income for the Fiscal Year ended March 31, 2017

(Billions of yen)



Note: The effect of change in the cost of sales ratio is calculated using the gross profit margin.



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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.