

Kurita Water Industries Ltd.

Results Presentation for the First Nine Months of the Year Ending March 31, 2017

(Securities code: 6370)

February 1, 2017

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- II** Consolidated Business Plan for the Fiscal Year Ending March 31, 2017
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I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

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9. Financial Condition

I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

1. Financial Highlights

(Billions of Yen)

	Fiscal Year to March 2016 Three Quarters Actual	Fiscal Year to March 2017 Three Quarters Actual	Year-on-Year Change
Orders	159.2	162.1	+1.8%
Net Sales	148.9	152.1	+2.2%
Operating Income	14.0	13.6	-2.8%
Ordinary Income	14.7	14.1	-4.3%
Profit attributable to owners of parent	9.3	10.1	+8.9%

- Orders and net sales increased due to growth in the Water Treatment Facilities business.
- Operating income decreased due to lower profits in the Water Treatment Facilities business.
- Profit attributable to owners of parent rose mainly due to the lower tax rate.

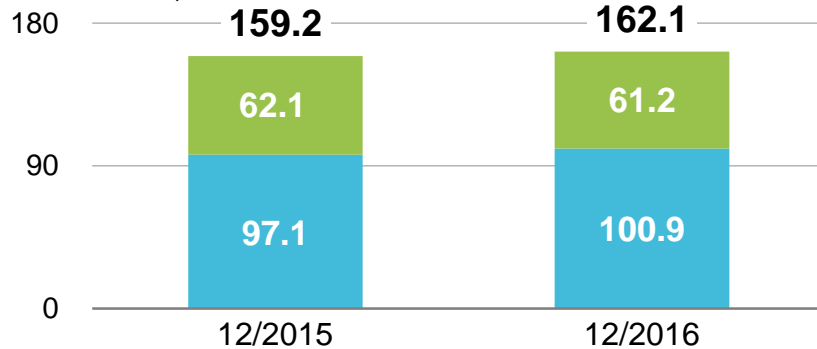
I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

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



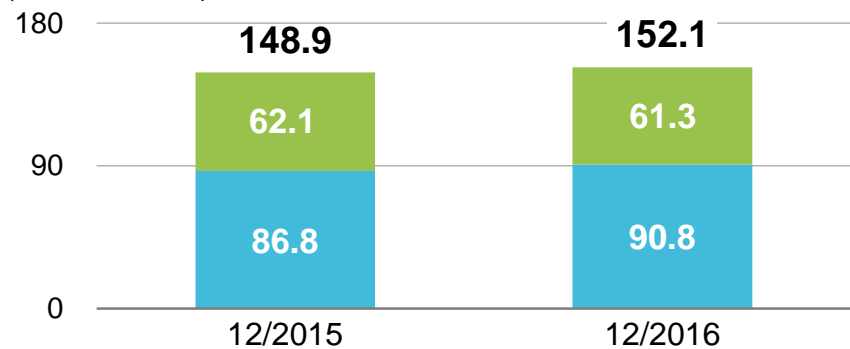
Orders

(Billions of Yen)



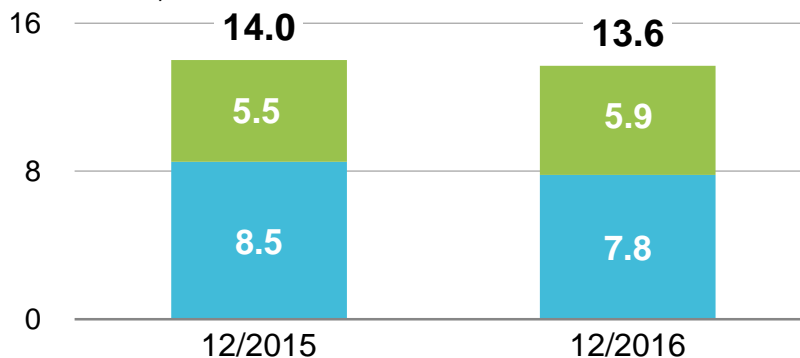
Sales

(Billions of Yen)



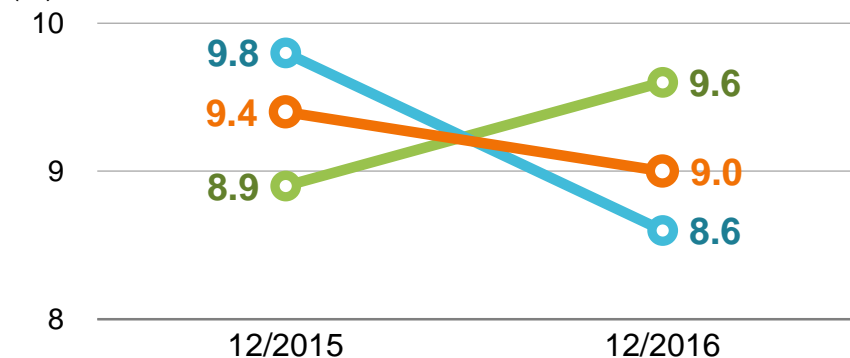
Operating Income

(Billions of Yen)



Operating Income Margin

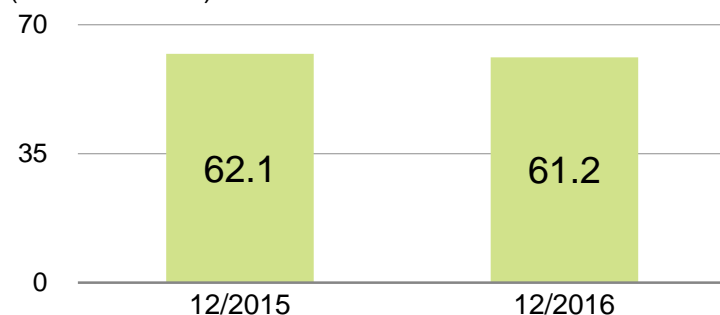
(%)



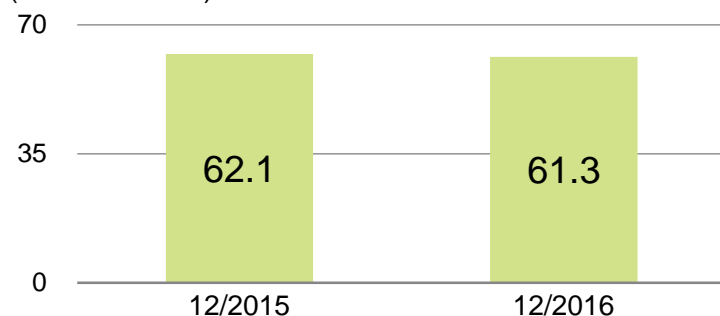
I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

3. Water Treatment Chemicals

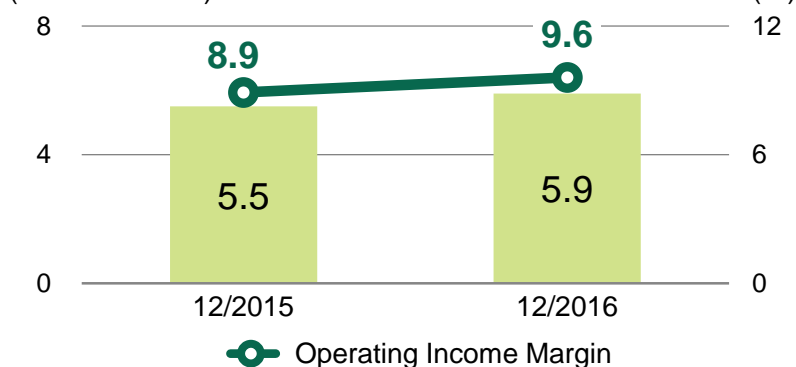
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Orders

- Domestic orders grew with the development of new customers.
- Overseas orders grew on a local currency basis but fell in yen terms on a stronger yen.

Sales

- Domestic sales grew with the development of new customers.
- Overseas sales grew on a local currency basis but fell in yen terms on a stronger yen.

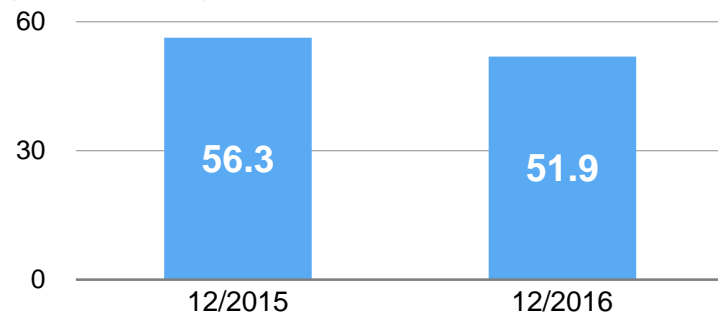
Operating Income

- Temporary costs associated with PPA due to the acquisition of businesses in Europe, which had been recorded in the first nine months last year, ceased to exist.
- SG&A expenses decreased.

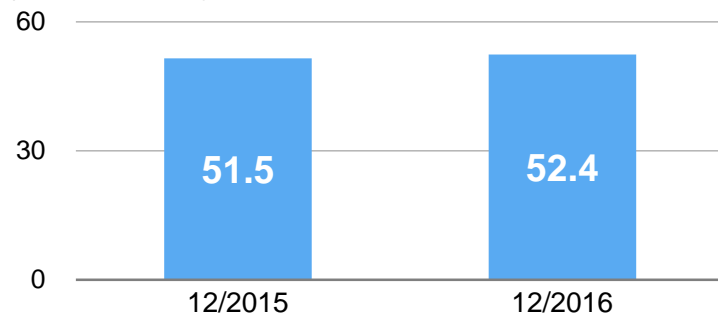
I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

4. Water Treatment Facilities (for the electronics industry)

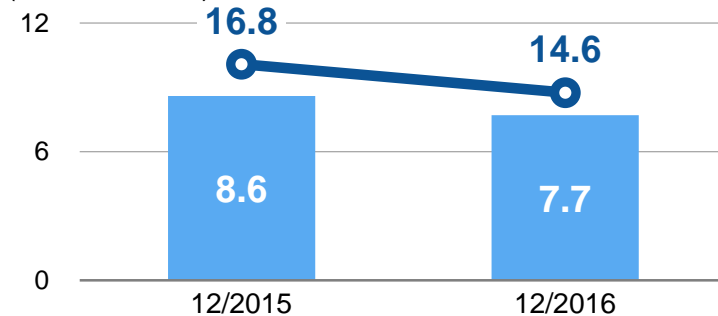
(Billions of Yen)



(Billions of Yen)

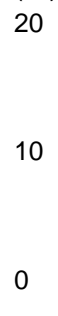


(Billions of Yen)



● Operating Income Margin

(%)



Orders

- Domestic orders for hardware increased due to the receipt of orders for large projects.
- Orders for hardware overseas declined in China and Taiwan.
- Orders in the ultrapure water supply business declined due to the expiration and revision of contracts.

Sales

- Sales of hardware overseas increased in China and South Korea due to steady progress in construction.
- Sales in the ultrapure water supply business declined due to the expiration and revision of contracts.

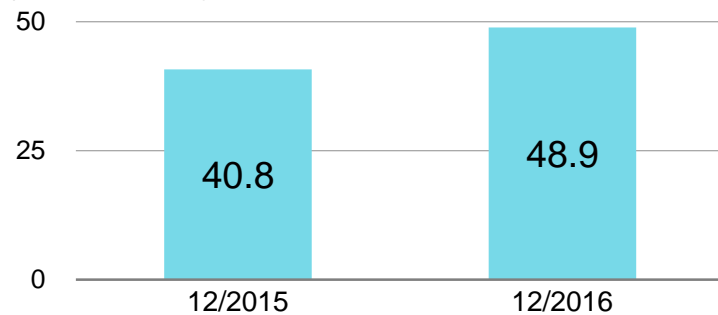
Operating Income

- Income declined due to smaller sales and higher costs in the ultrapure water supply business.
- Income increased, thanks to higher sales and improved profitability in overseas hardware business.

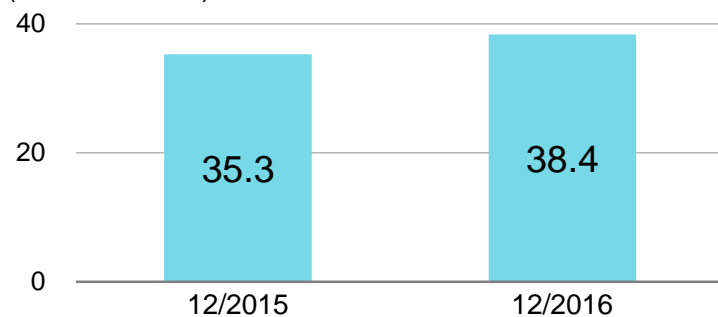
I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

5. Water Treatment Facilities (for general industries)

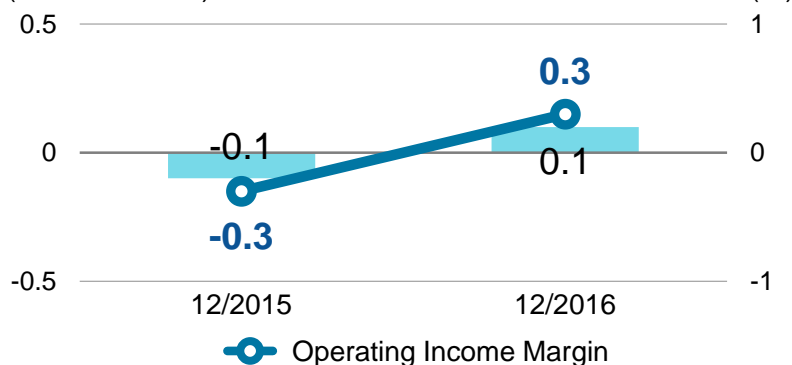
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



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

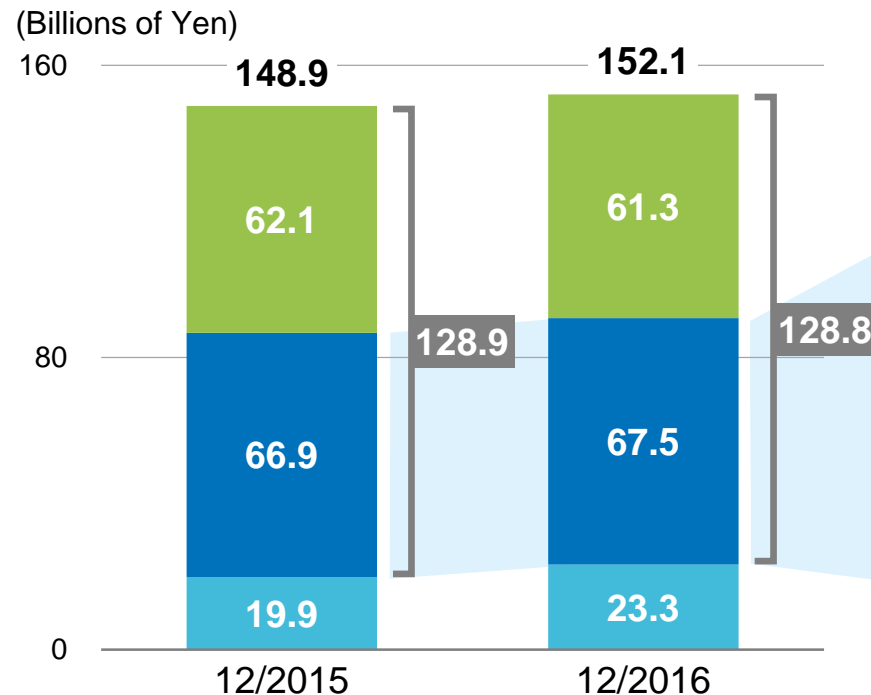
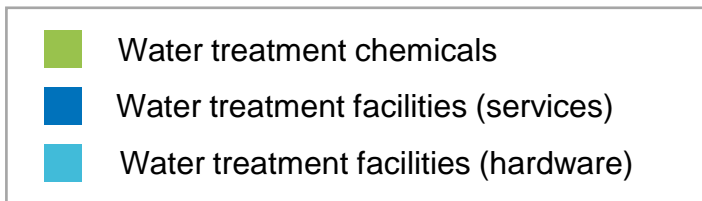
- Sales of electric power industries hardware declined.
- Sales of hardware and maintenance services for general industries increased due to steady progress with construction.
- Sales of soil remediation increased.

Operating Income

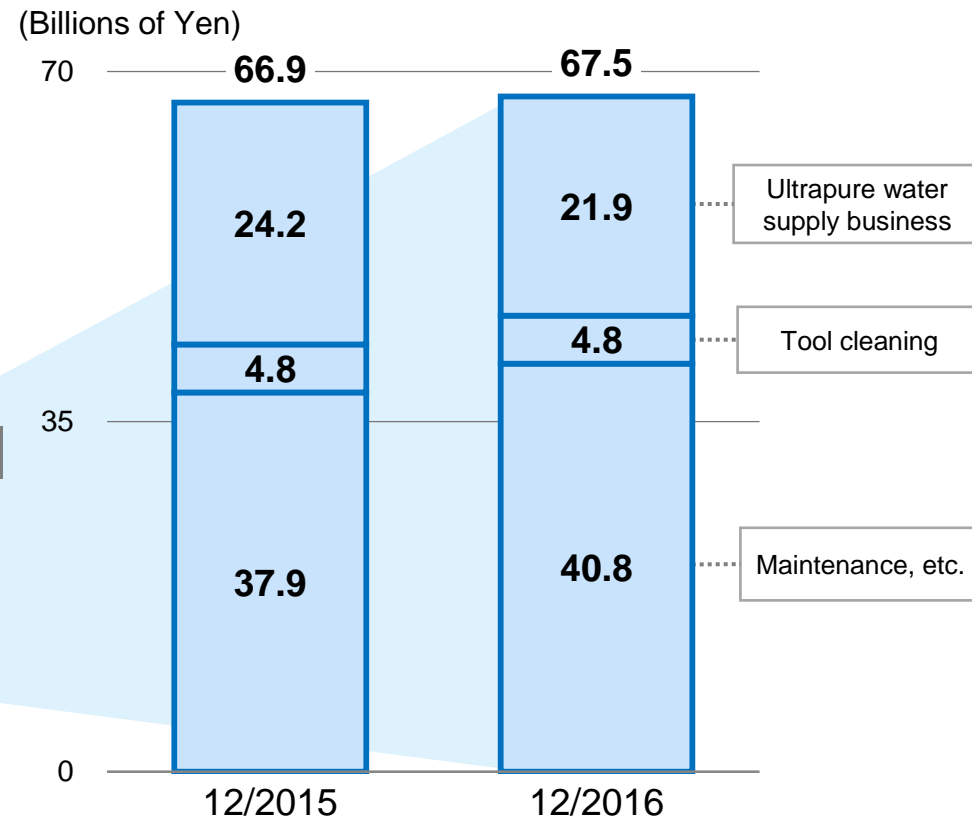
- Operating income decreased in electric power industries hardware due to smaller sales.
- Operating income increased due to improvement in the profitability of hardware and maintenance services for general industries.

I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

6. Service Business Revenue



Service Business Revenue in the Water Treatment Facilities Segment



- Service business revenue decreased in the Water Treatment Chemicals business and the ultrapure water supply business.
- Service business revenue increased in the areas of soil remediation and maintenance services for general industries.

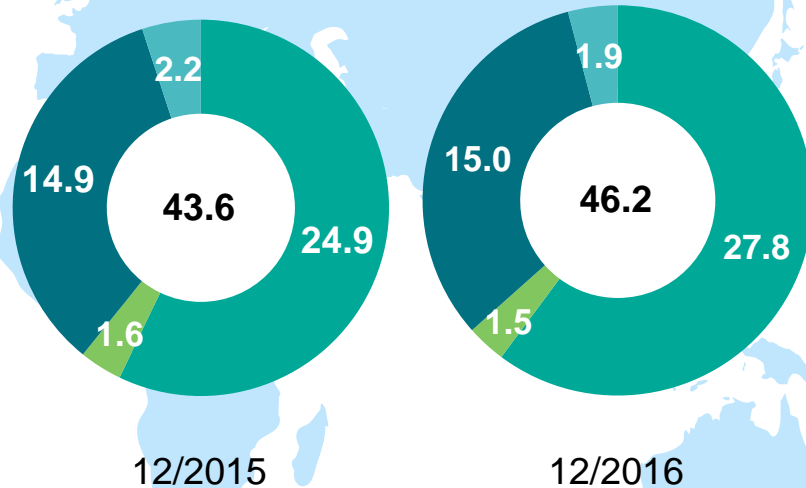
I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

7. Overseas Business Sales

Sales by Region



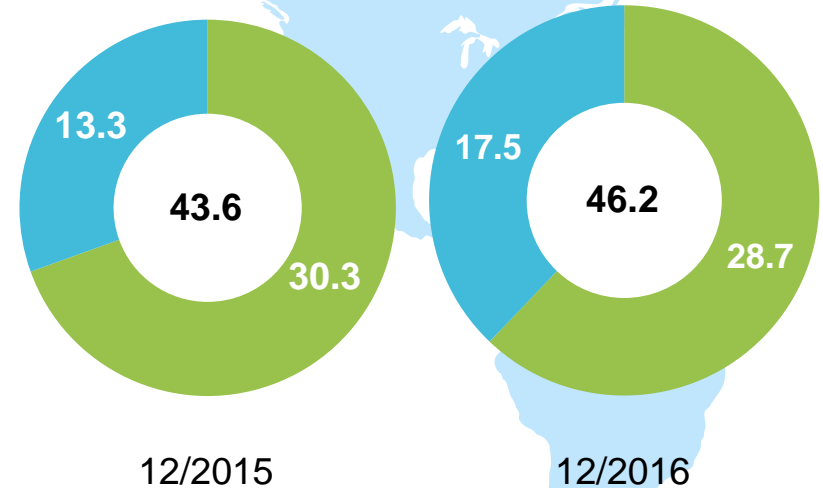
(Unit: billions of yen)



Overseas Sales by Business Segment



(Unit: billions of yen)



- In the Water Treatment Chemicals business, sales grew on a local currency basis but declined in yen terms due to the appreciation of the yen.
- Sales in the Water Treatment Facilities business grew due to progress with the construction of hardware for the electronics industry.

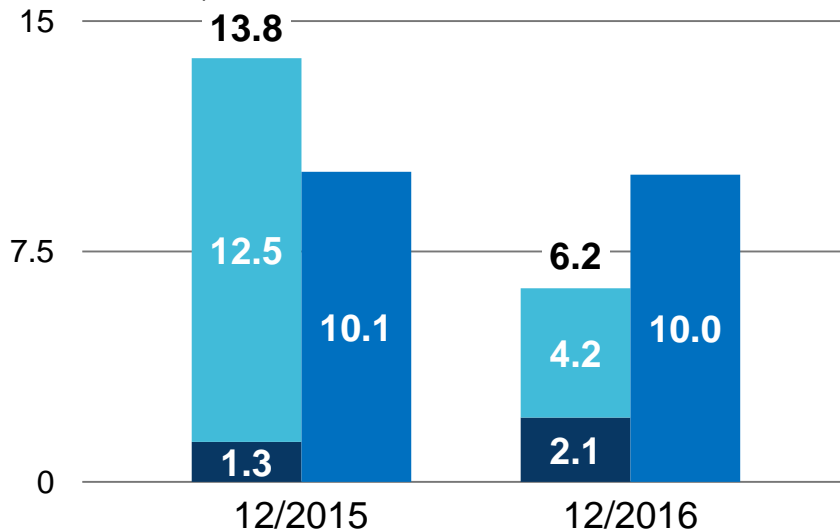
I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

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

Capital Expenditures and Depreciation

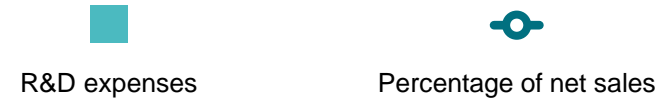


(Billions of Yen)



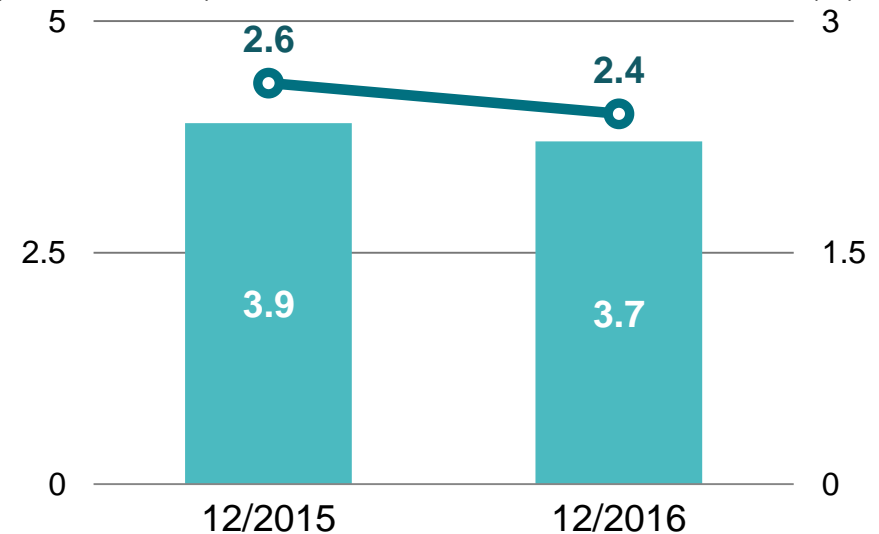
■ Capital expenditures declined in the ultrapure water supply business.

R&D Expenses



(Billions of Yen)

(%)



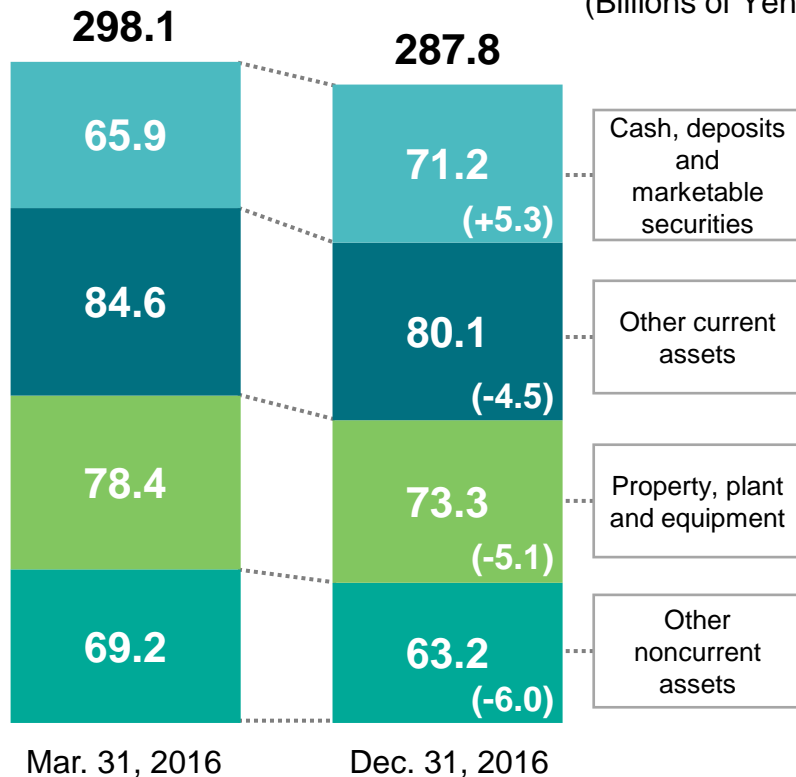
■ R&D expenses were more or less in line with the initial plan.

I. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2017

9. Financial Condition

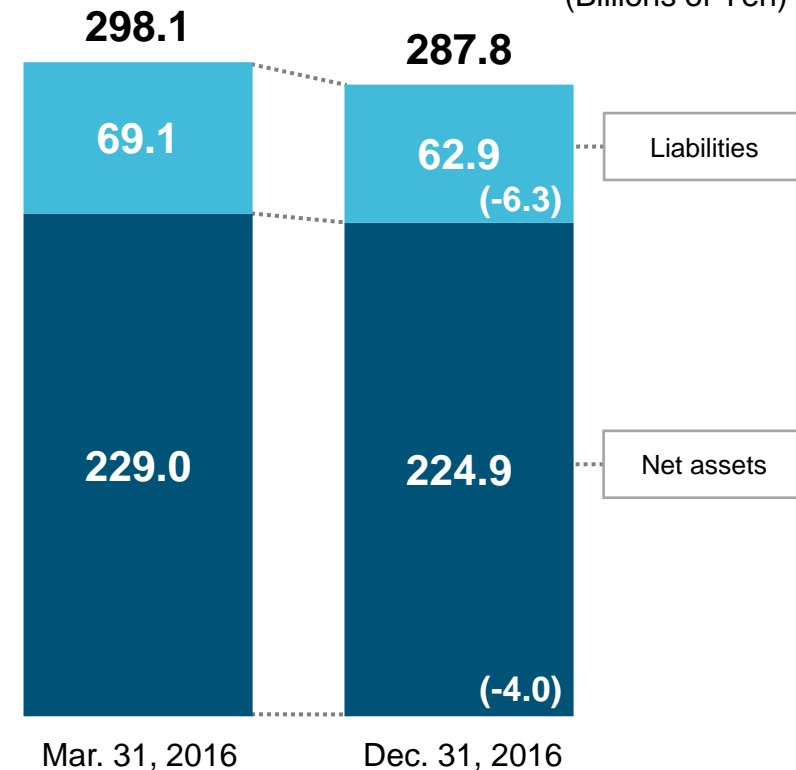
Assets

(Billions of Yen)



Liabilities and Net Assets

(Billions of Yen)



- Property, plant and equipment declined because the depreciation of facilities for the ultrapure water supply business was larger than capital expenditures.
- Investments and other assets and valuation difference on available-for-sale securities declined due to a fall in unrealized gains on investment securities.

II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

1. Overview
2. Orders, Sales, and Operating Income
3. Service Business Revenue
4. Overseas Business Sales
5. Capital Expenditures, Depreciation, and R&D Expenses

II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

1. Overview

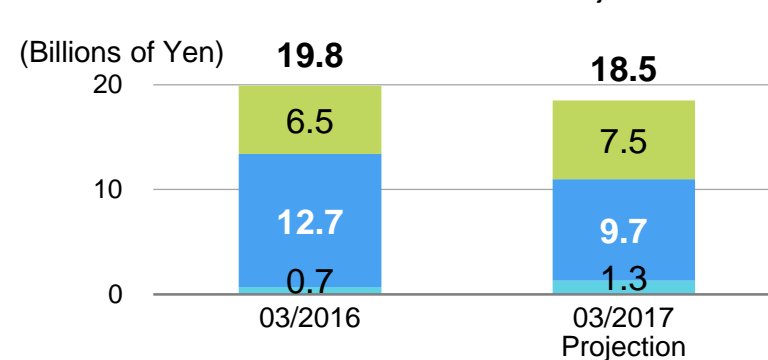
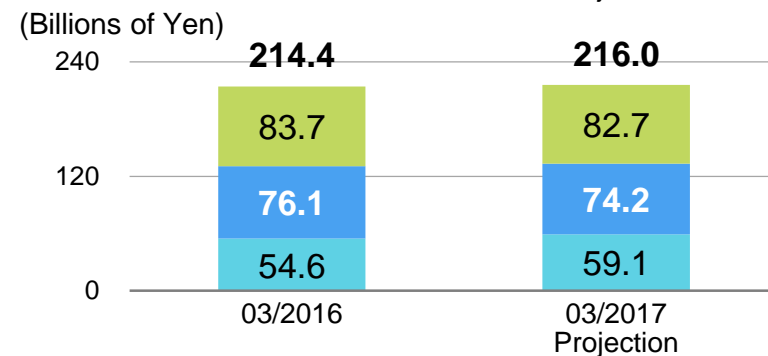
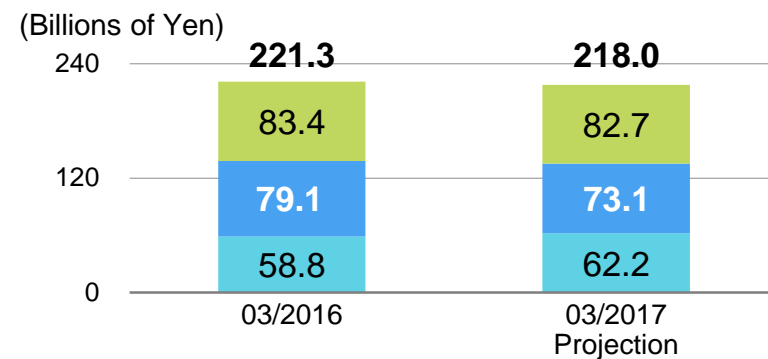
(Billions of Yen)

	Fiscal Year to March 2016 Actual	Fiscal Year to March 2017 Revised Projection	Year-on-Year Change	Fiscal Year to March 2017 Initial Projection
Orders	221.3	218.0	-1.5%	223.0
Net Sales	214.4	216.0	+0.8%	222.0
Operating Income	19.8	18.5	-6.7%	21.5
Ordinary Income	20.4	19.0	-7.0%	22.0
Profit attributable to owners of parent	12.6	12.0	-4.6%	14.0

■ No change to the revised projections made at the time of announcement of the consolidated financial results for the first half of the year.

II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

2. Orders, Sales, and Operating Income



Orders

- In the Water Treatment Chemicals business, yen-equivalent overseas orders will decline due to the appreciation of the yen.
- In the Water Treatment Facilities business for the electronics industry, orders in the ultrapure water supply business and overseas business will decline.
- In the Water Treatment Facilities business for general industries, orders will increase for both hardware and maintenance.

Sales

- In the Water Treatment Chemicals business, yen-equivalent overseas sales will decline due to the appreciation of the yen.
- In the Water Treatment Facilities business for the electronics industry, ultrapure water supply business sales will decrease.
- In the Water Treatment Facilities business for general industries, sales are expected to increase, particularly sales of maintenance.

Operating Income

- In the Water Treatment Chemicals business, operating income will rise due to an improvement in the cost of sales ratio.
- In the Water Treatment Facilities business for the electronics industry, operating income will fall due to lower sales in the ultrapure water supply business.
- In the Water Treatment Facilities business for general industries, operating income will rise mainly due to the effect of higher sales.

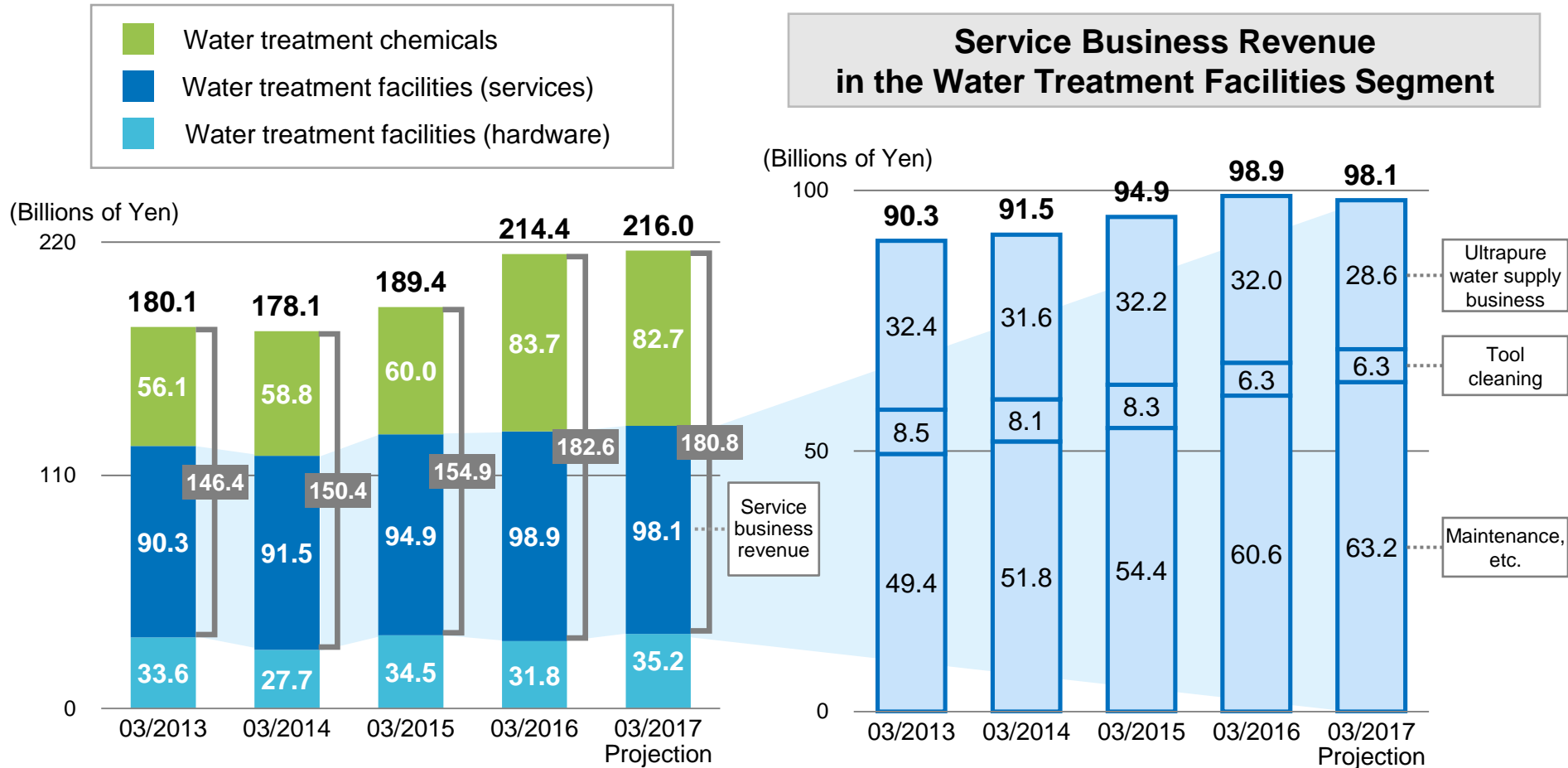
Water Treatment Chemicals

Water Treatment Facilities
(for general industries)

Water Treatment Facilities
(for the electronics industry)

II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

3. Service Business Revenue



- Service business revenue is expected to fall in the ultrapure water supply business.
- Maintenance services in Japan and soil remediation are expected to remain firm.

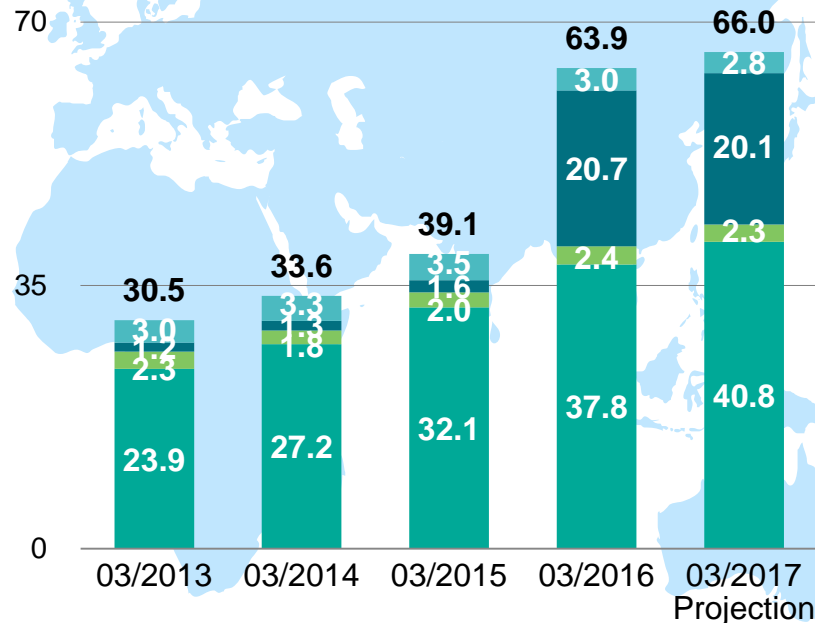
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

4. Overseas Business Sales

Sales by Region

Asia North America EMEA (formerly Europe) Other

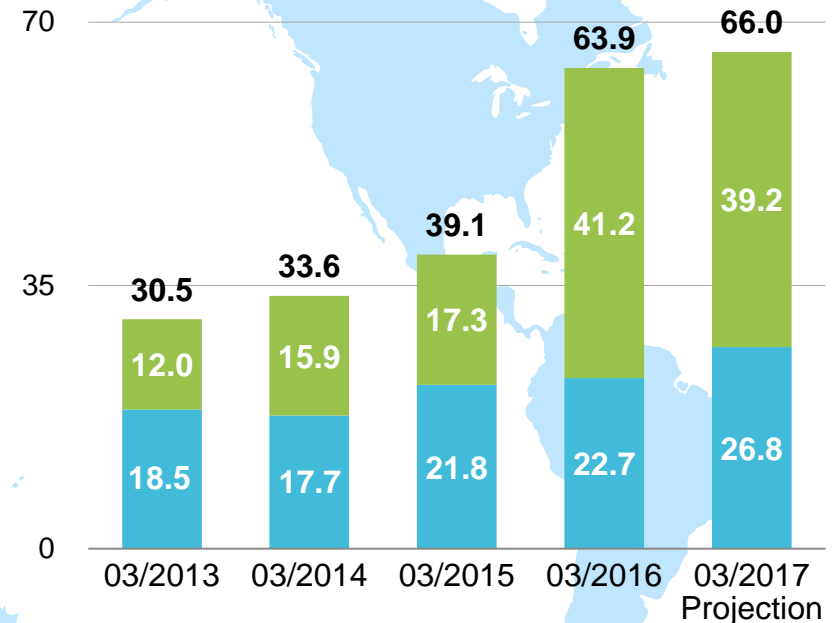
(Billions of Yen)



Overseas Sales by Business Segment

Water treatment chemicals Water treatment facilities

(Billions of Yen)



- Sales in the Water Treatment Chemicals business are projected to decline given a decrease in yen-equivalent sales reflecting the appreciation of the yen.
- Sales in the Water Treatment Facilities business are expected to grow with steady progress in construction.

* 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.

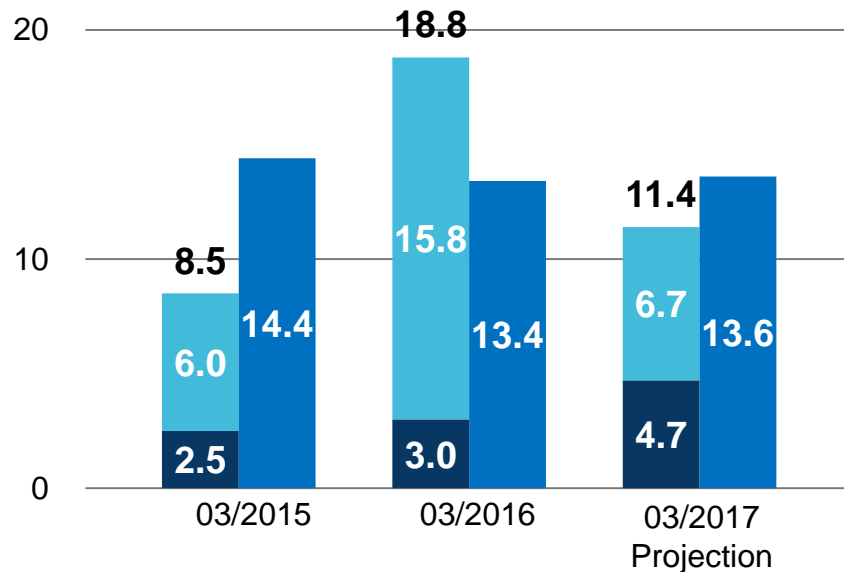
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

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

Capital Expenditures and Depreciation



(Billions of Yen)



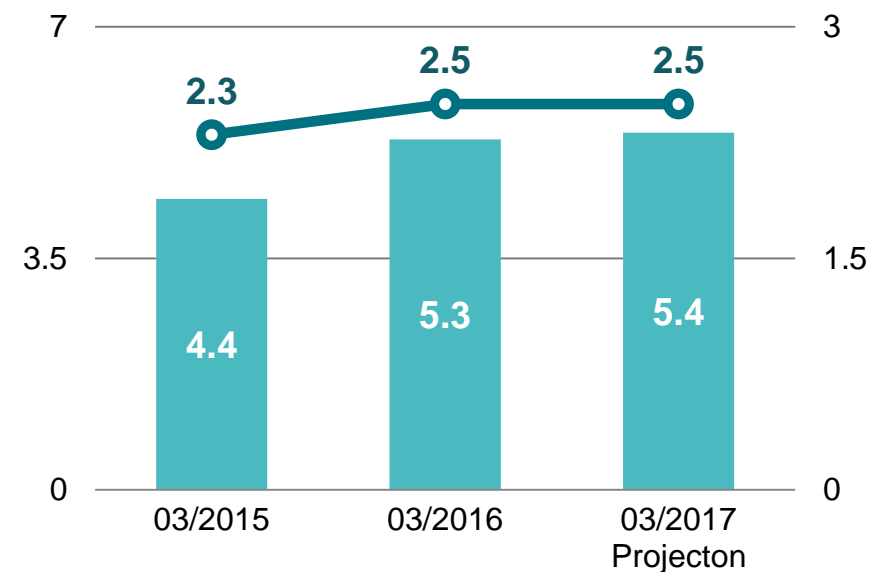
■ Capital expenditures for the ultrapure water supply business are expected to fall.

R&D Expenses



(Billions of Yen)

(%)



■ The focus will be on the generation of synergy with KEG and the development of new business.

III. Priority Measures

- Overview of M&A in North America

Overview of M&A in North America



Company Overview

Name : Fremont Industries, LLC

Location : Shakopee, Minnesota, U.S.A.

Businesses : Manufacture and sale of water treatment chemicals

Sales : US\$30.94 million (2015)

Aim of Acquisition

To gain a water treatment chemicals business base in North America

Acquisition Overview

Percentage of Equity : 100%
Interests Acquired

Acquisition Cost : Approximately
US\$40 million

Agreement Signing Date : December 19, 2016

Closing : January 3, 2017

* Above dates are in U.S. Central Time (CST)



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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.