





Kurita Water Industries Ltd. Results Presentation for the First Half of the Year Ending March 31, 2017

(Securities code: 6370)

-  Consolidated Financial Results for the First Half of the Year Ending March 31, 2017
-  Consolidated Business Plan for the Fiscal Year Ending March 31, 2017
-  Priority Measures
-  Reference Material

I. Consolidated Financial Results for the First Half of the Year Ending 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. Service Business Revenue
7. Overseas Business Sales
8. Capital Expenditures, Depreciation, and R&D Expenses
9. Financial Condition

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



1. Financial Highlights

(Billions of Yen)

	Fiscal Year to March 2016 First Half Actual	Fiscal Year to March 2017 First Half Initial Projections	Fiscal Year to March 2017 First Half Actual	Year-on-Year Change
Orders	110.0	112.0	112.5	+2.3%
Net Sales	97.9	104.0	103.8	+6.0%
Operating Income	9.1	9.5	9.6	+5.6%
Ordinary Income	9.5	9.7	9.6	+1.6%
Profit attributable to owners of parent	5.8	6.2	6.5	+13.5%

- Orders increased due to growth in water treatment facilities for general industries.
- Net sales rose, thanks to steady progress in construction in the Water Treatment Facilities business.
- Operating income increased, reflecting the effect of higher sales and the absence of temporary impact of PPA (Purchase Price Allocation).

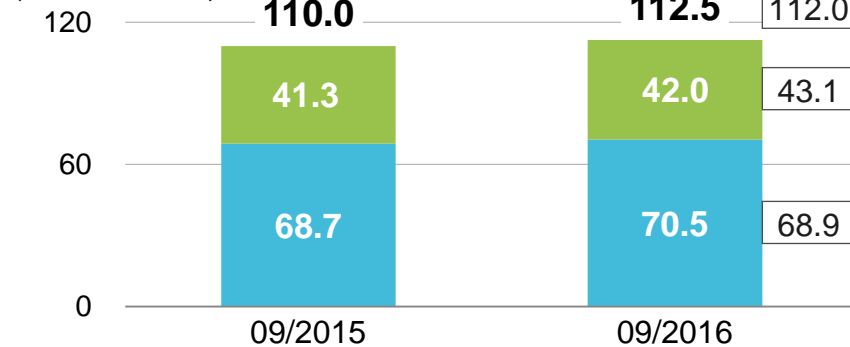
I. Consolidated Financial Results for the First Half of the Year Ending March 31, 2017

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

■ Water treatment chemicals ■ Water treatment facilities ○ Total * □ denotes initial projections

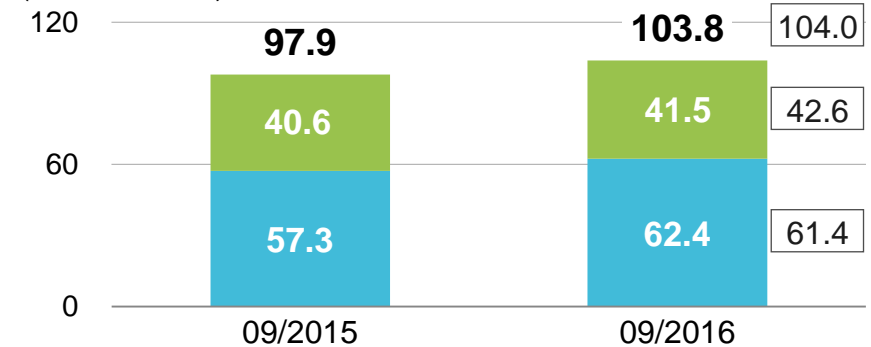
Orders

(Billions of Yen)



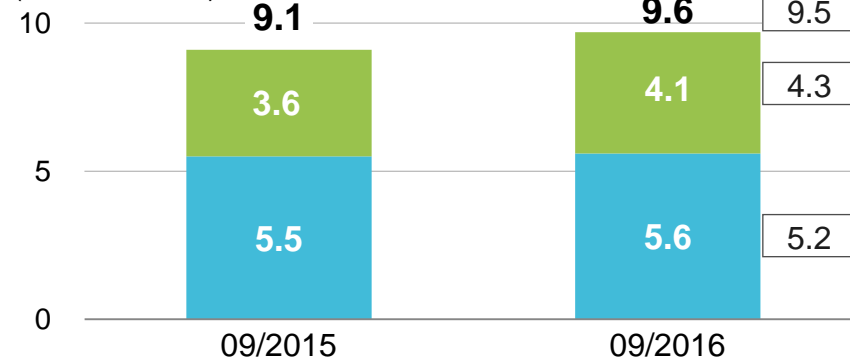
Sales

(Billions of Yen)



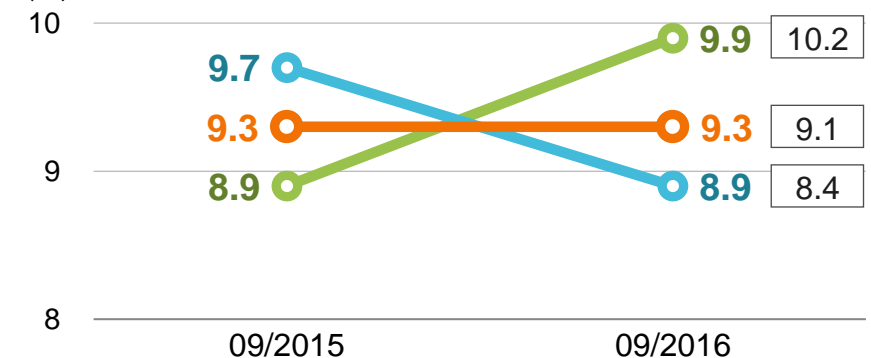
Operating Income

(Billions of Yen)



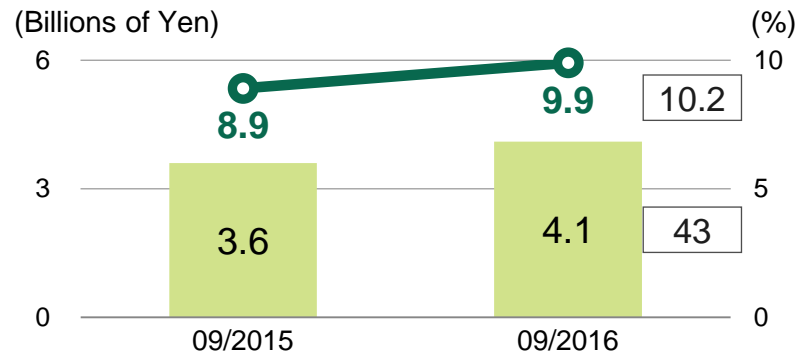
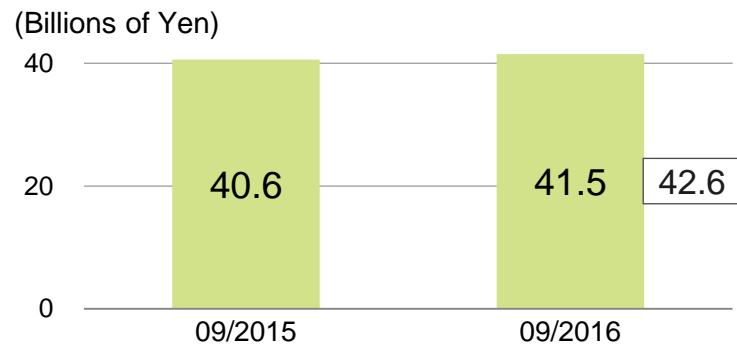
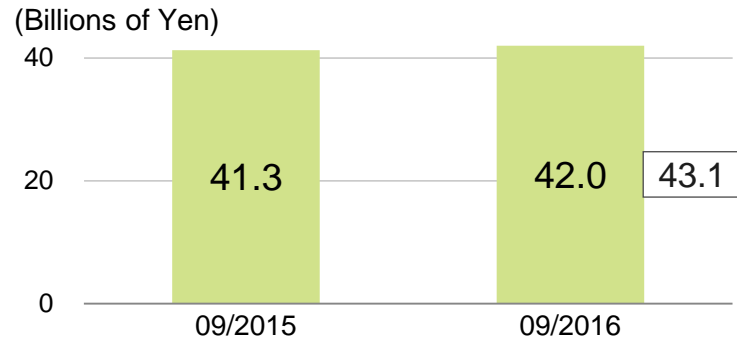
Operating Income Margin

(%)



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

3. Water Treatment Chemicals



Operating income margin

* □ denotes initial projections

Orders

- Domestic orders increased, reflecting a recovery in the production activities of some customers and the development of new customers.
- Overseas orders rose slightly because a fall in yen-equivalent orders due to the stronger yen was offset by the effect of acquisitions in Europe.

Sales

- Ditto

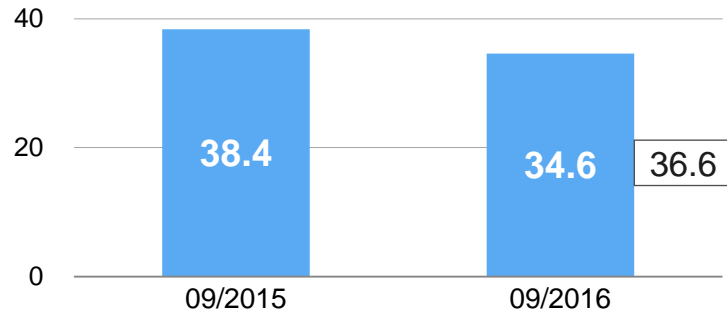
Operating Income

- Operating income increased due to the effect of higher sales.
- Temporary costs associated with PPA due to the acquisition of businesses in Europe, which had been recorded in the first half last year, ceased to exist.

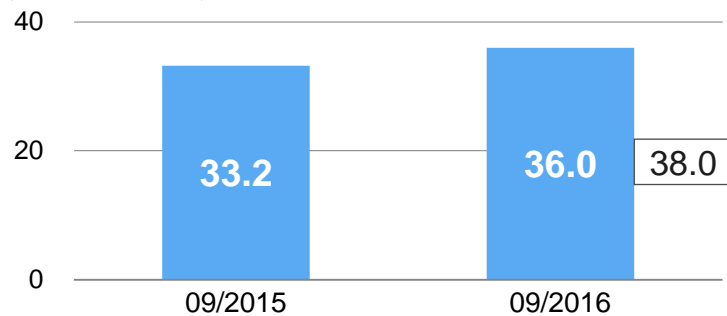
I. Consolidated Financial Results for the First Half of the Year Ending March 31, 2017

4. Water Treatment Facilities (for the electronics industry)

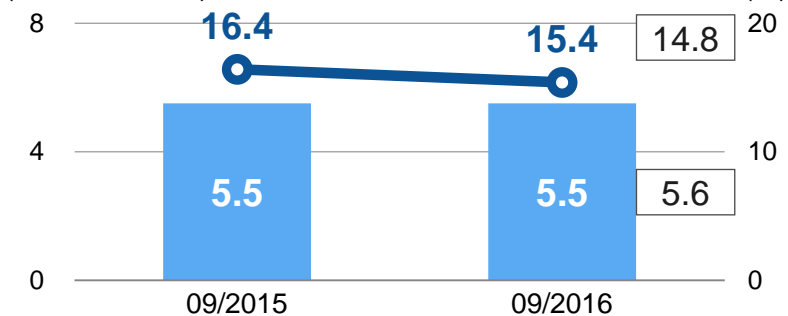
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin

* □ denotes initial projections

Orders

- Orders for hardware overseas declined in China and Taiwan.
- Orders for maintenance services in Japan decreased.
- Orders in the ultrapure water supply business declined due to the effect of the expiration of contracts.

Sales

- Sales of hardware overseas increased due to progress in construction.
- Sales of maintenance services in Japan increased due to progress in construction.
- Sales in the ultrapure water supply business declined due to the effect of the expiration of contracts.

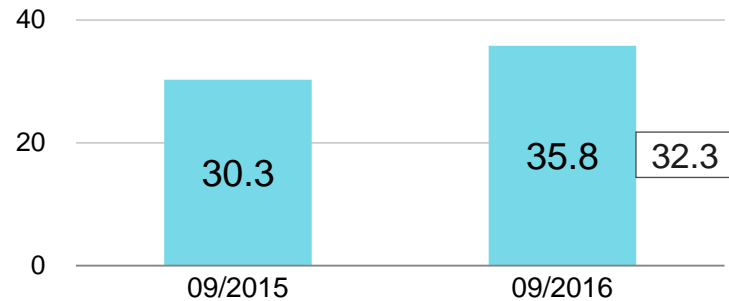
Operating Income

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

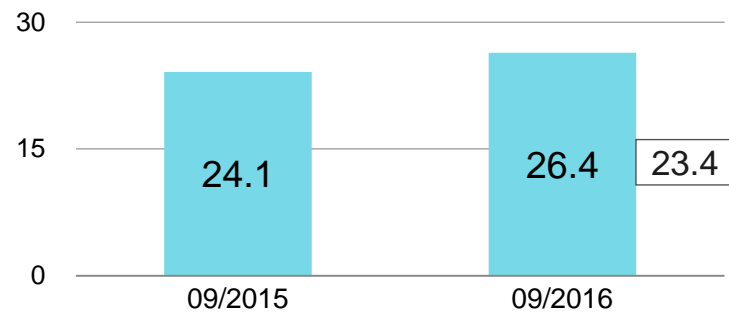
I. Consolidated Financial Results for the First Half of the Year Ending March 31, 2017

5. Water Treatment Facilities (for general industries)

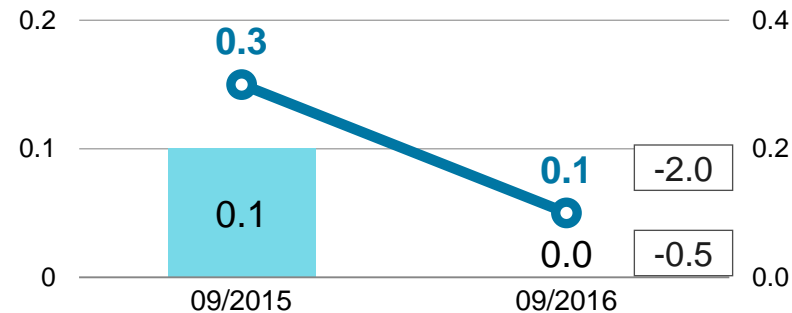
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin

* □ denotes initial 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

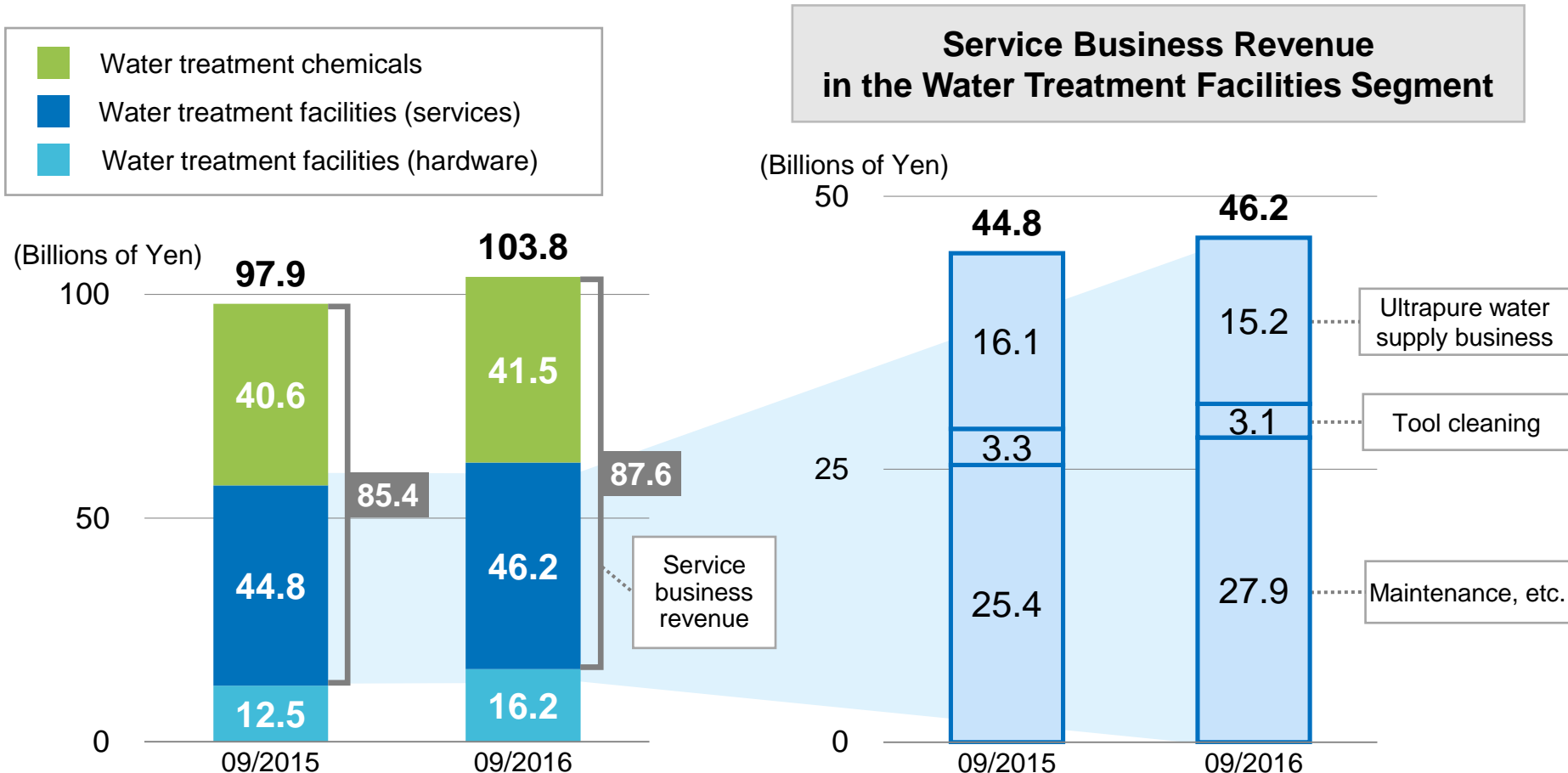
- Sales of electric power industries hardware declined.
- In general industries hardware and maintenance services, construction made steady progress.
- Sales of soil remediation increased.

Operating Income

- Operating income declined in maintenance services for public offices.
- Operating income decreased in electric power industries hardware due to smaller sales.

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

6. Service Business Revenue



■ Construction made progress in maintenance services for the electronics industry.

■ In maintenance services for general industries, projects increased while construction made progress.

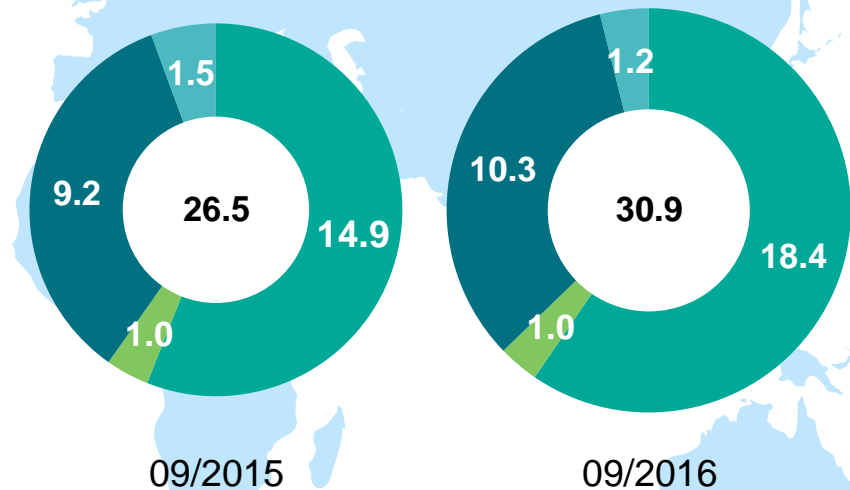
I. Consolidated Financial Results for the First Half of the Year Ending March 31, 2017

7. Overseas Business Sales

Sales by Region



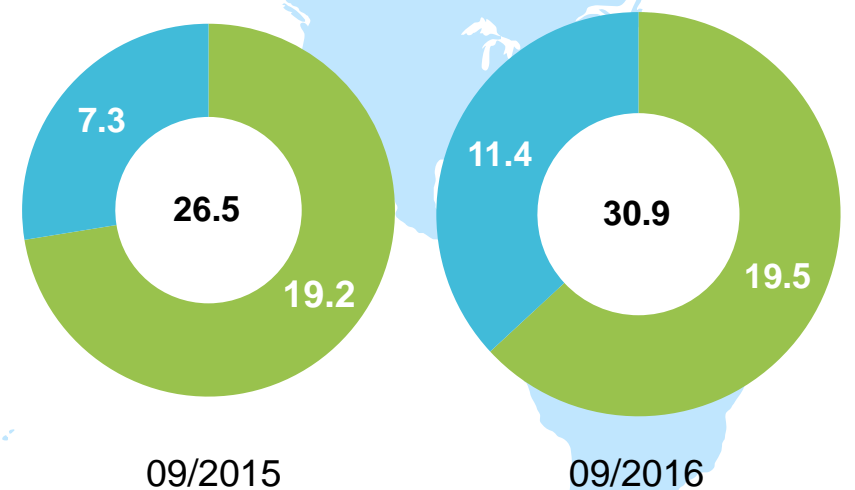
(Unit: billions of yen)



Overseas Sales by Business Segment



(Unit: billions of yen)



- Sales increased in both the Water Treatment Chemicals and the Water Treatment Facilities businesses.
- Although yen-equivalent sales declined due to the appreciation of the yen, its impact on income was minor.

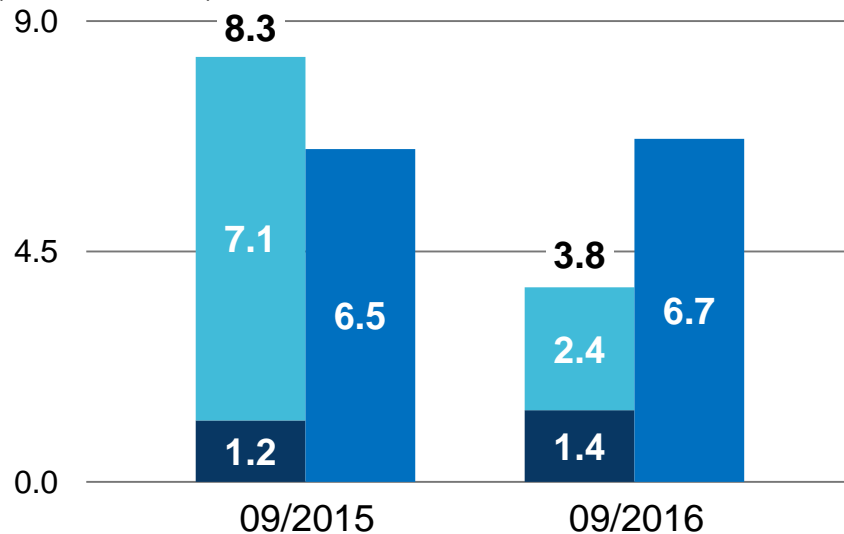
I. Consolidated Financial Results for the First Half of the Year Ending March 31, 2017

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

Capital Expenditures and Depreciation



(Billions of Yen)

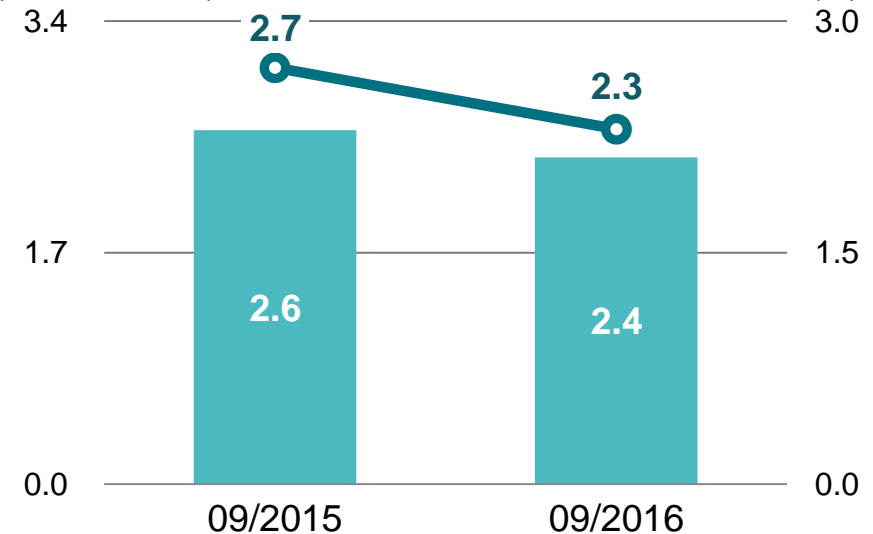


■ Capital expenditures declined in the ultrapure water supply business.

R&D Expenses



(Billions of Yen)



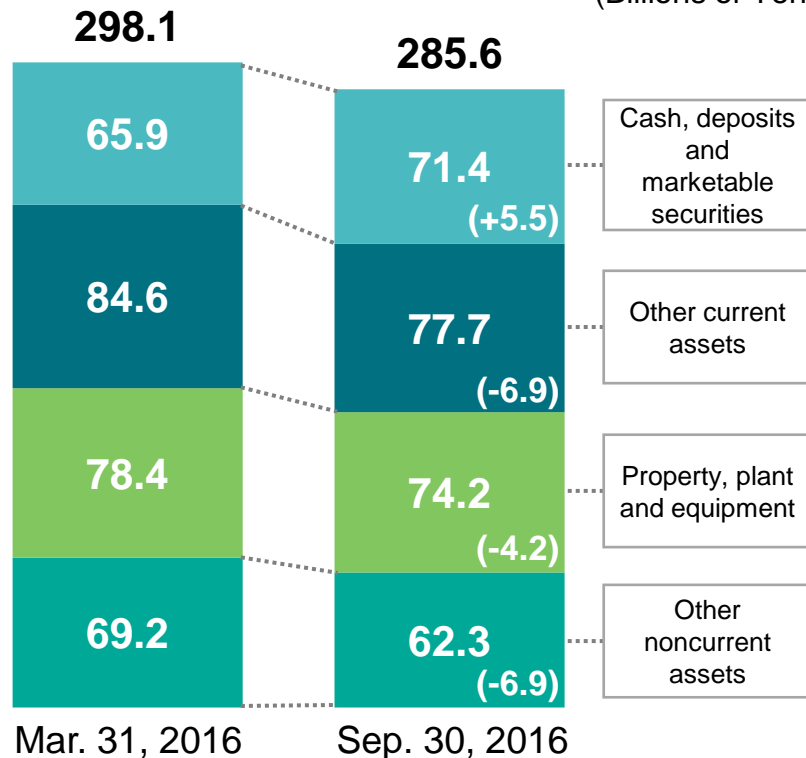
■ R&D expenses remained lower than initially projected.

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

9. Financial Condition

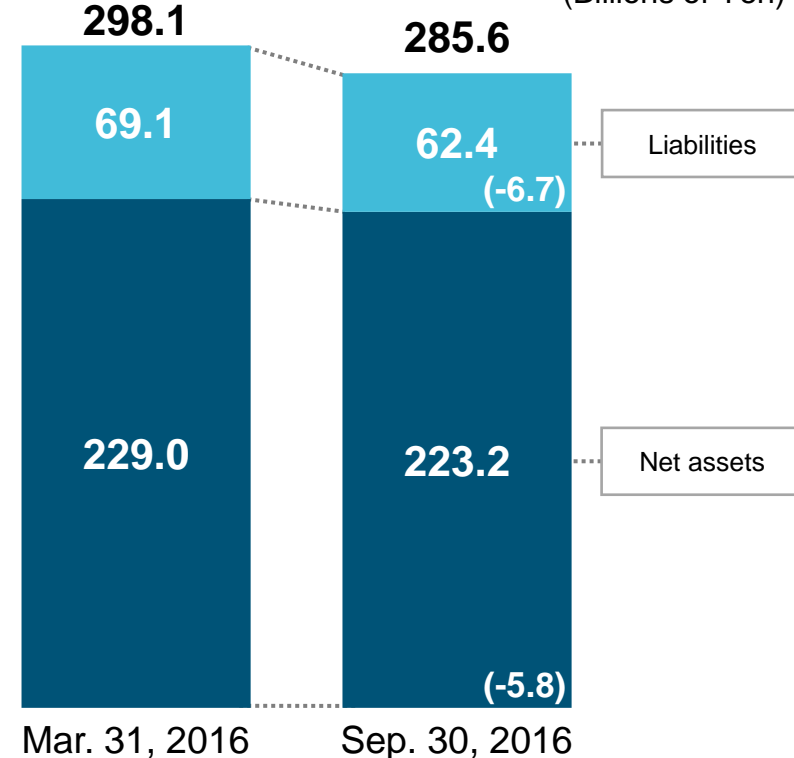
Assets

(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.
- Assets in foreign currency and foreign currency translation adjustments declined due to the appreciation of the yen.
- 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. Key Assumptions
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. Service Business Revenue
8. Sales Forecast in Ultrapure Water Supply Business
9. Overseas Business Sales
10. Capital Expenditures, Depreciation, and R&D Expenses

1. Key Assumptions



Water treatment chemicals

- Production activities in the domestic manufacturing industry are expected to remain generally flat.
- Growth in the Chinese economy and other emerging countries will slow.
- The European economy will recover moderately.



Water treatment facilities

- Production activities in the domestic electronics industry will slow.
- Investment in the replacement of old facilities in domestic general industries will continue.
- Semiconductor- and LCD-related investment in East Asia will continue.

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

2. Overview

(Billions of Yen)

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

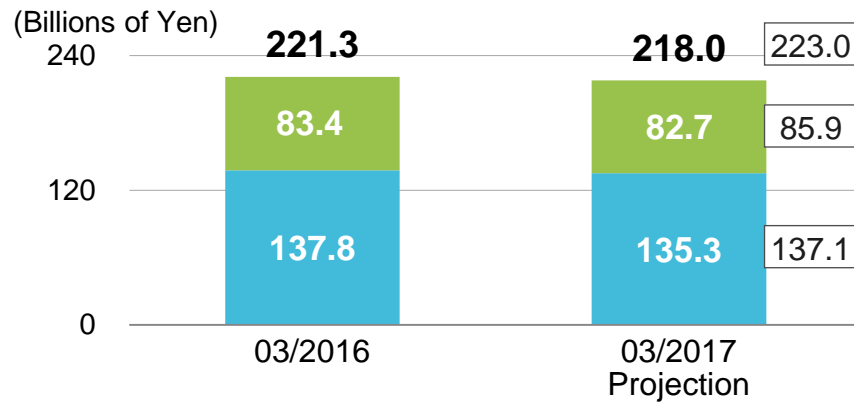
- Initial projections for orders and net sales have been revised downward due to the revision of projections for the Water Treatment Chemicals business overseas and the ultrapure water supply business.
- The projection for operating income has been revised downward due to the revision of projections for the Water Treatment Chemicals business overseas, the Water Treatment Facilities overseas and the ultrapure water supply business.

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

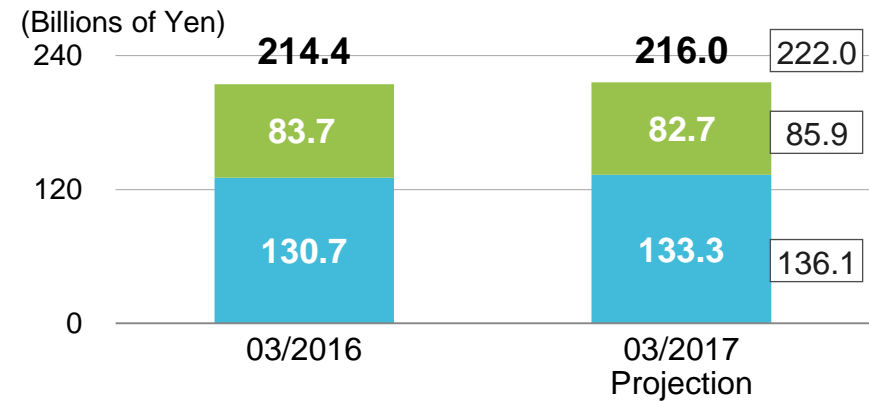
3. Orders, Sales, Operating Income, and Operating Income Margin

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

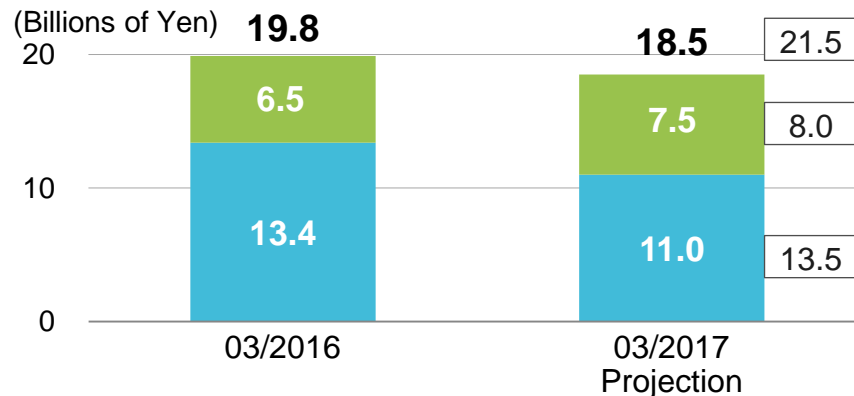
Orders



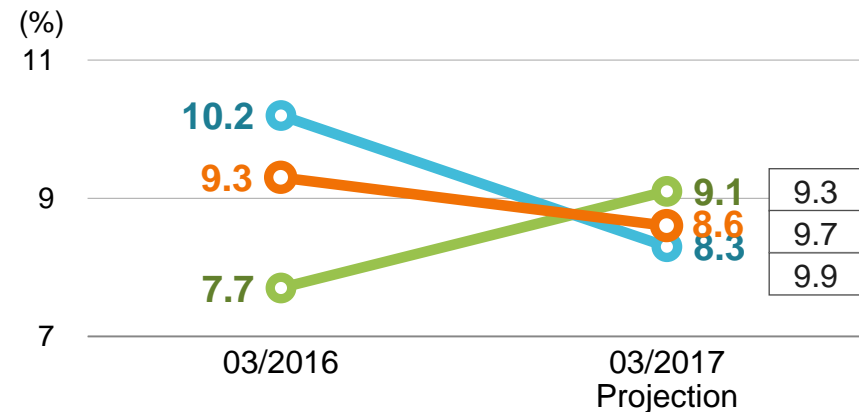
Sales



Operating Income



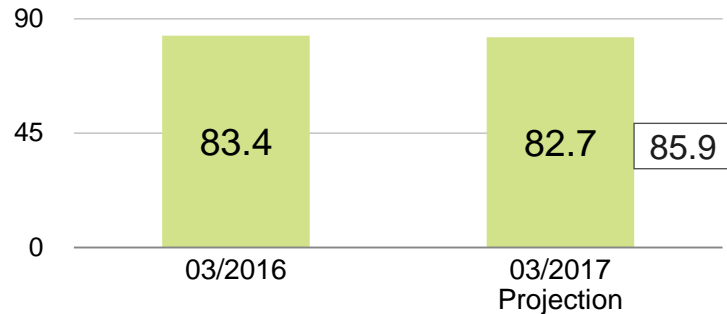
Operating Income Margin



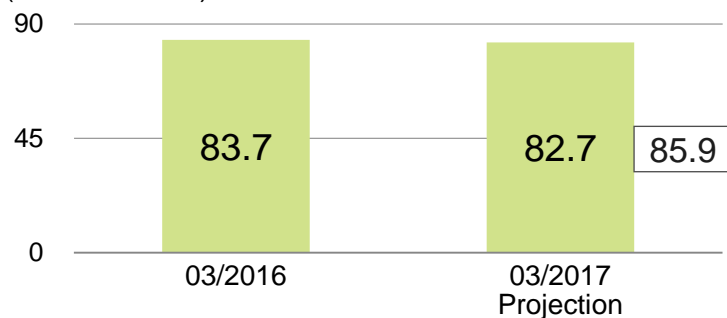
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

4. Water Treatment Chemicals

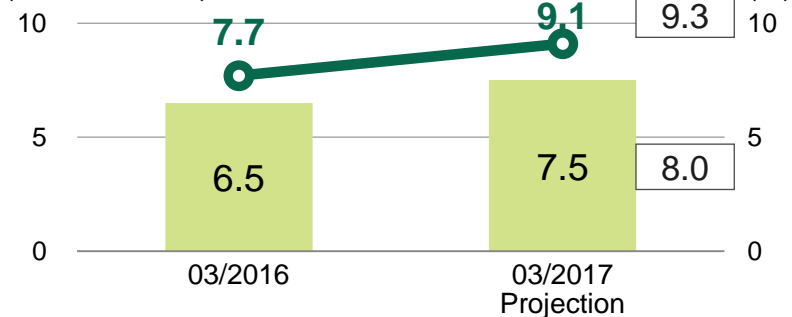
(Billions of Yen)




(Billions of Yen)



(Billions of Yen)



 Operating income margin

*  denotes initial projections

Orders

- Yen-equivalent orders will decline due to the appreciation of the yen.
- Orders will not achieve the projection at overseas Kurita Group companies despite growth in orders in local currencies.
- The projection for the domestic business has been revised upward.

Sales

- Ditto

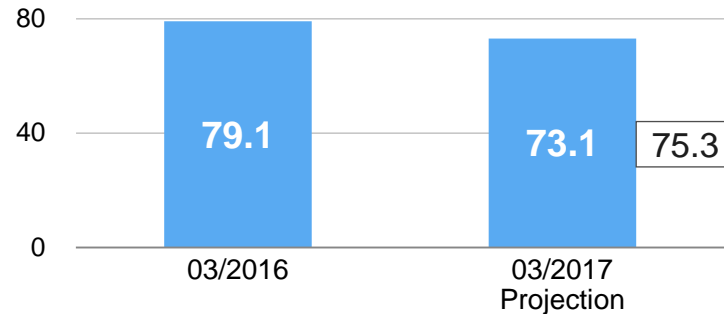
Operating Income

- The income projection for overseas Kurita Group companies has been revised downward.
- The projection for the domestic business has been revised upward.

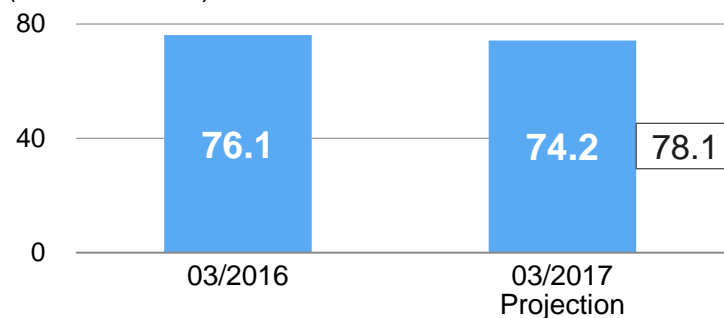
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

5. Water Treatment Facilities (for the electronics industry)

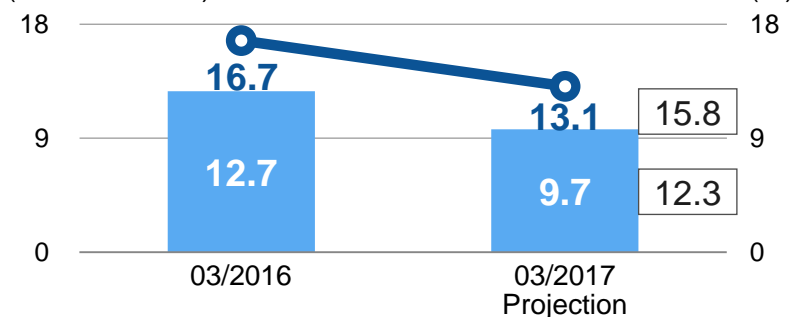
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin

* □ denotes initial projections

Orders

- The projections for orders for hardware and maintenance services in Japan have been revised upward.
- The projection for orders for maintenance overseas has been revised downward.
- The projection for the ultrapure water supply business in Japan has been revised significantly downward due to the review of contracts by a certain customer.

Sales

- Sales of hardware in Japan and overseas will remain as initially projected.
- The initial projection for sales from maintenance in Japan has been revised upward.
- The projection for sales in the ultrapure water supply business in Japan has been revised downward.

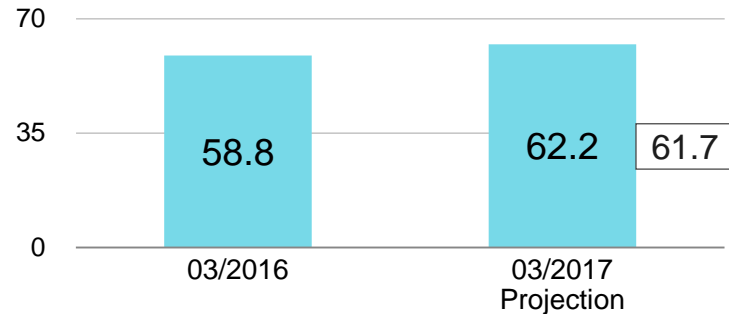
Operating Income

- The income projection for the ultrapure water supply business has been revised downward.
- The projected amount for the income improvement effect of overseas businesses has been reduced.

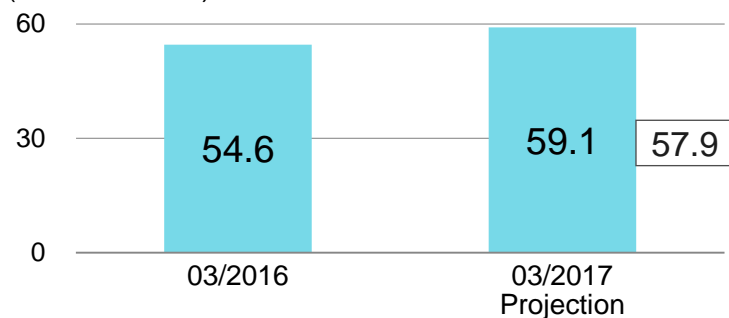
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

6. Water Treatment Facilities (for general industries)

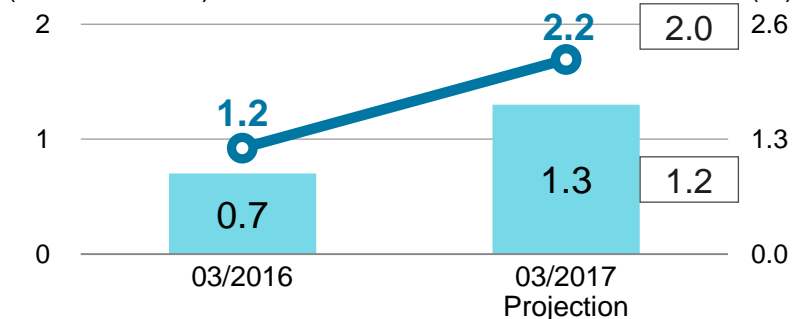
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)



Operating income margin

* □ denotes initial projections

Orders

- Regarding orders from the electric power industry, the effect of electric power deregulation is expected, in addition to results in the first half.
- With respect to orders for general industries hardware, demand for the replacement of old facilities in the industrial complexes market is expected.

Sales

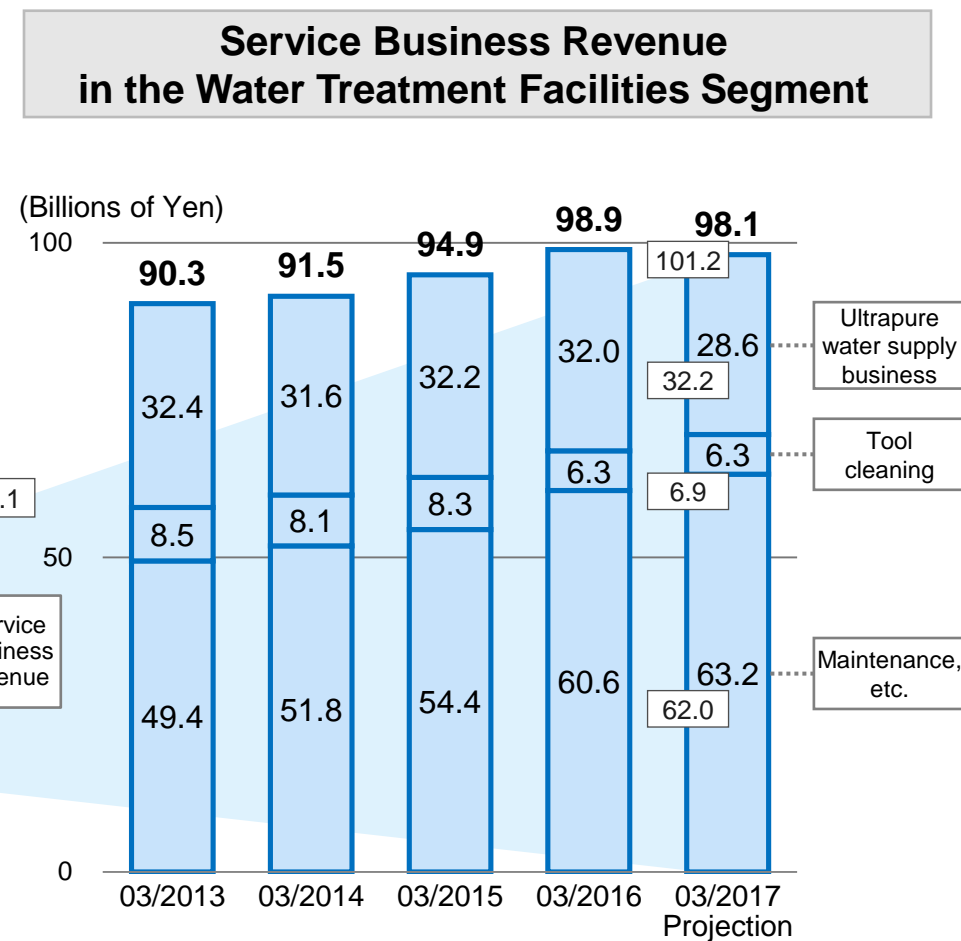
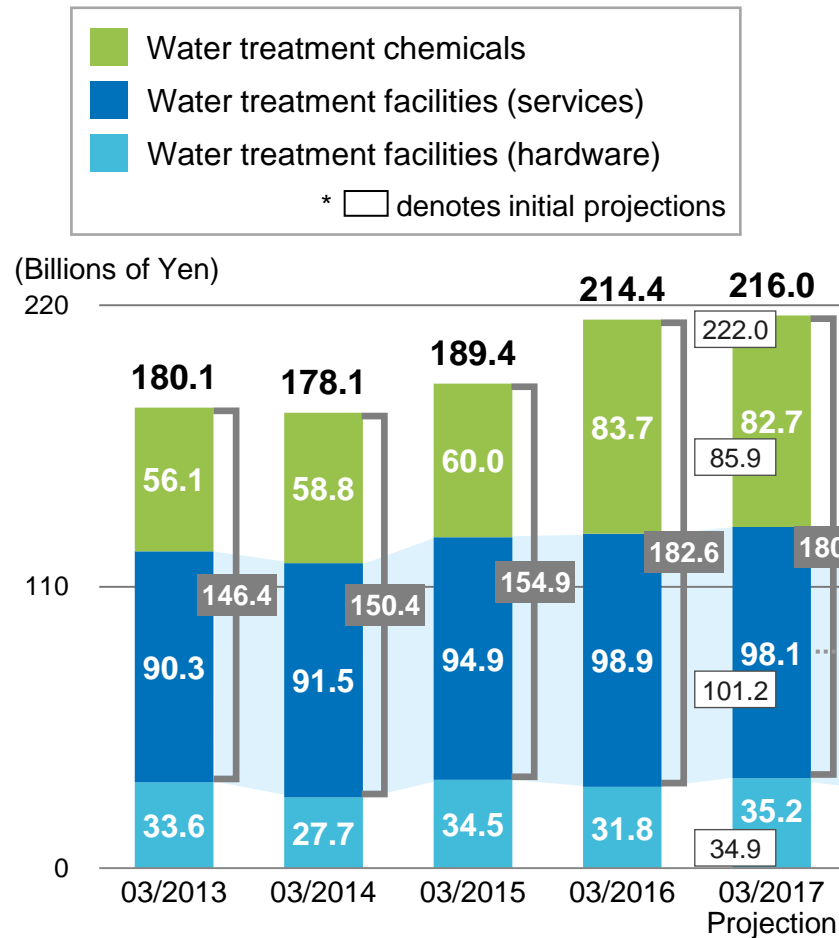
- Sales to the electric power industry will decline as initially projected.
- Sales of general industries hardware will increase as initially projected.
- The initial projection for sales of maintenance services and soil remediation has been revised upward.

Operating Income

- Improvements in operating income are expected to expand as the increase in net sales outstrips the initial projection.

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

7. Service Business Revenue

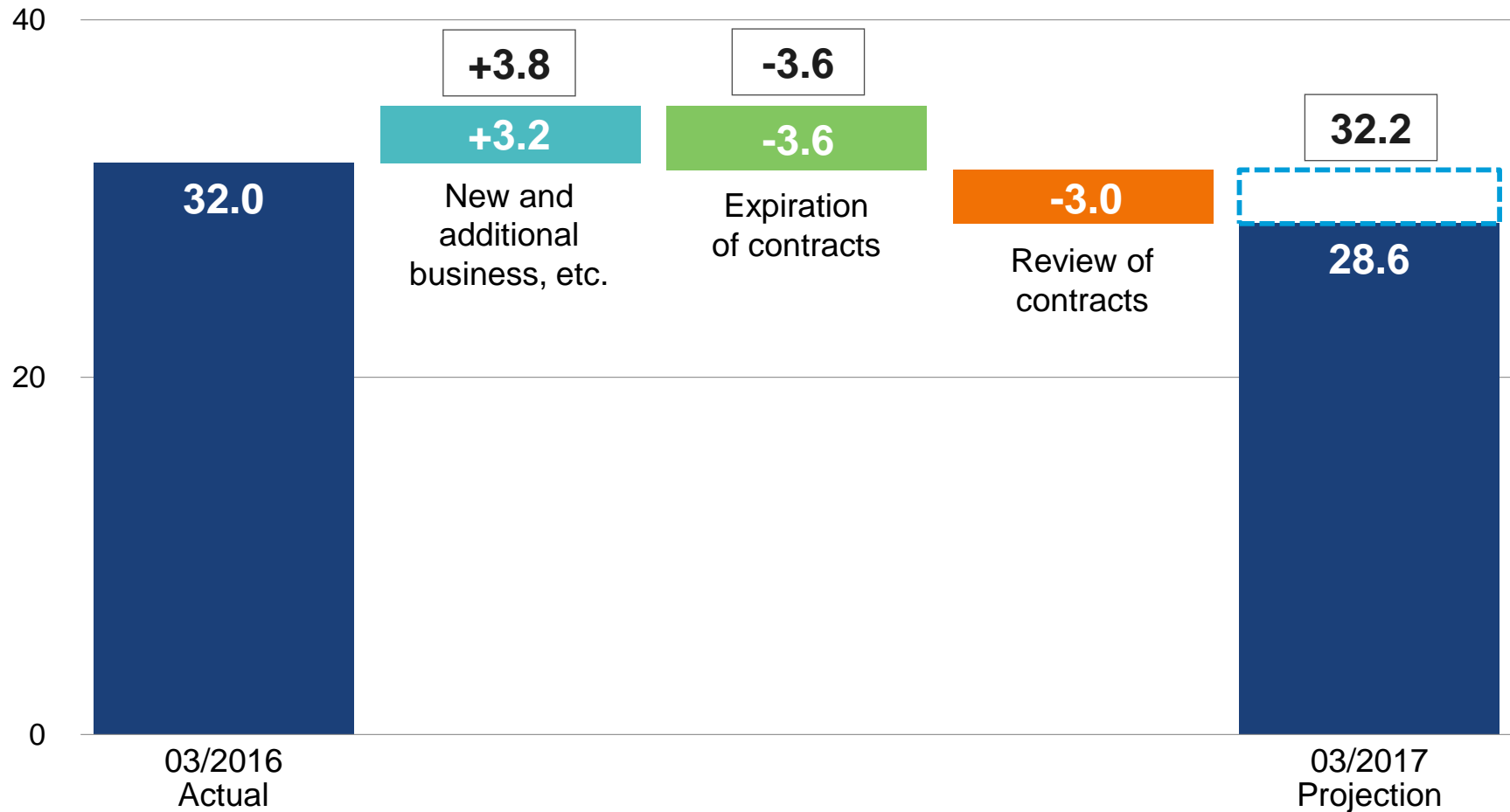



- The projection for the ultrapure water supply business has been revised substantially.
- Maintenance services in Japan remain firm.

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

8. Sales Forecast in Ultrapure Water Supply Business

(Billions of Yen)



*  denotes initial projections

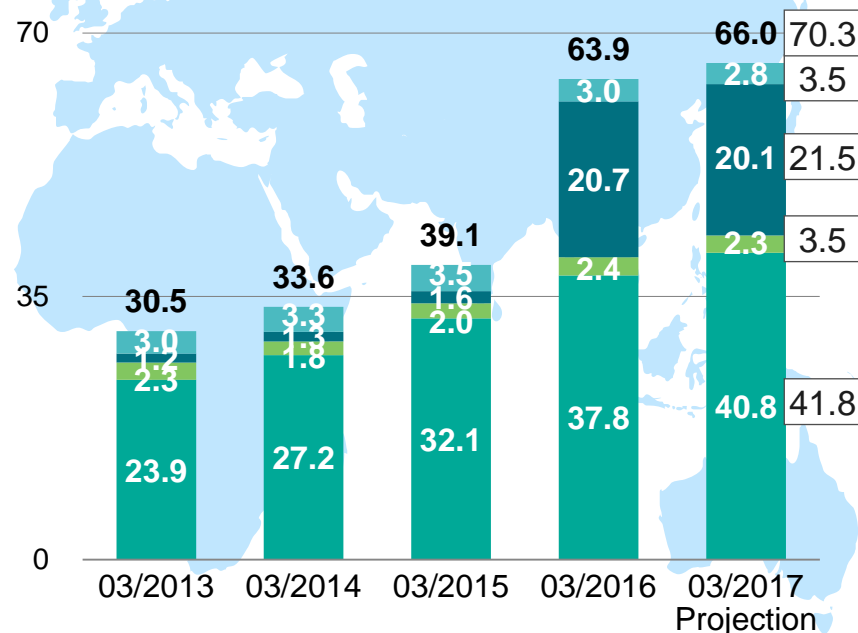
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

9. Overseas Business Sales

Sales by Region

■ Asia
 ■ North America
 ■ EMEA (formerly Europe)
 ■ Other
 * denotes initial projections

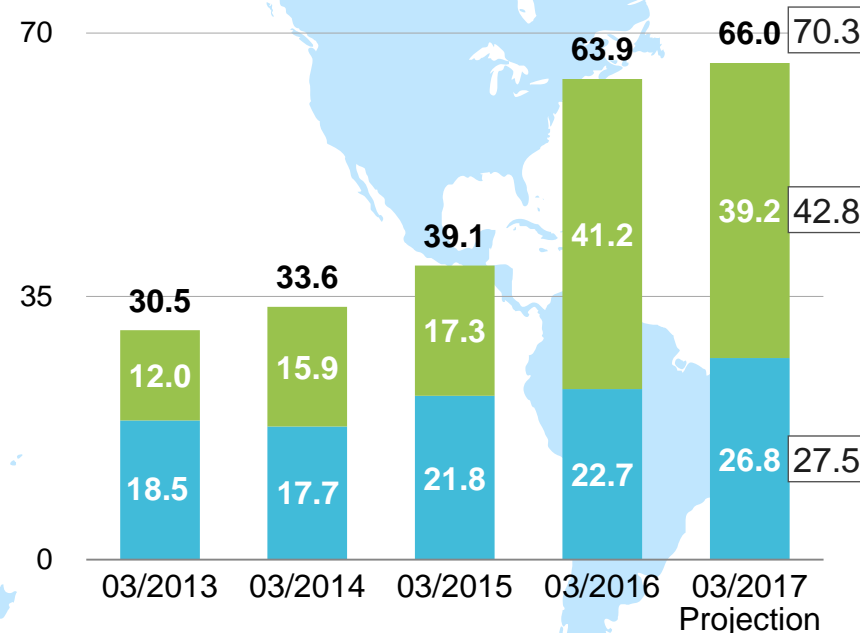
(Billions of Yen)



Overseas Sales by Business Segment

■ Water treatment chemicals
 ■ Water treatment facilities
 * denotes initial projections

(Billions of Yen)



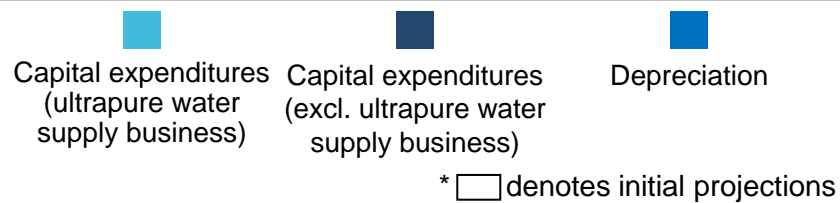
- Sales in the Water Treatment Chemicals business are projected to decline due to a decrease in yen-equivalent sales.
- Sales in the Water Treatment Facilities business are expected to grow, mainly in China and South Korea.

* 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.

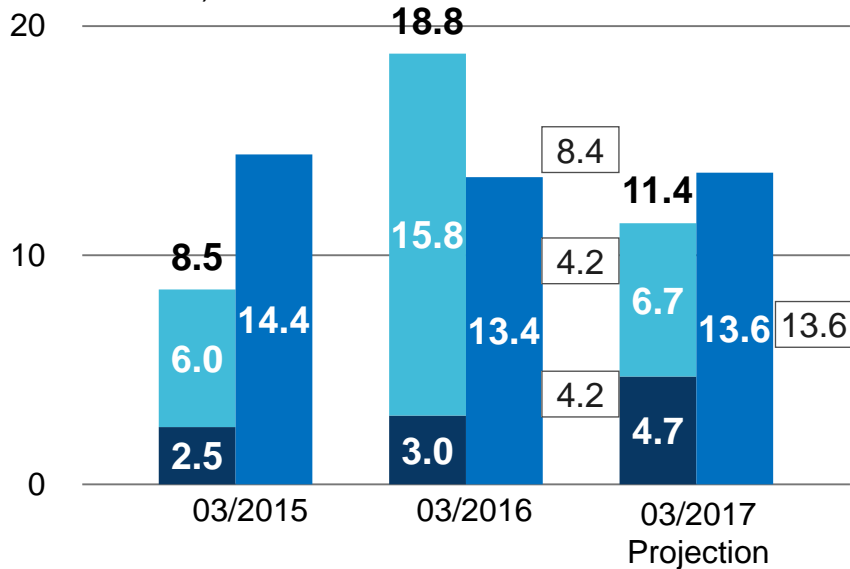
II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2017

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

Capital Expenditures and Depreciation

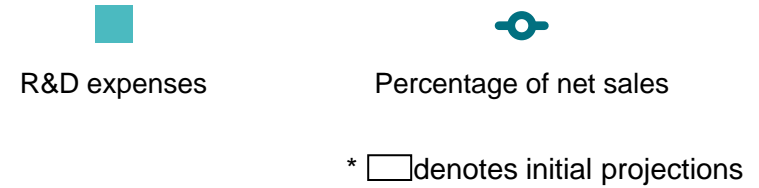


(Billions of Yen)

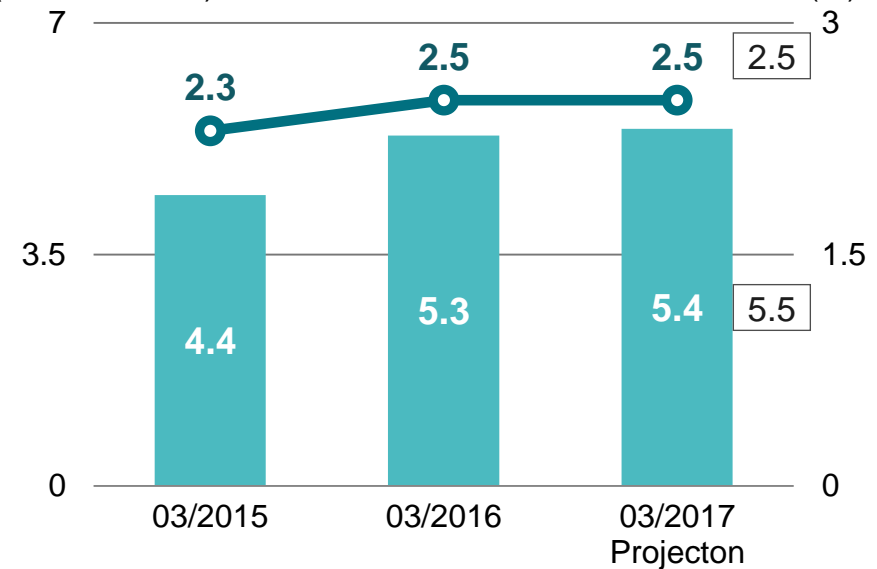


- The initial projection has been revised upward, reflecting the decision to make an additional investment in the ultrapure water supply business.

R&D Expenses



(Billions of Yen)



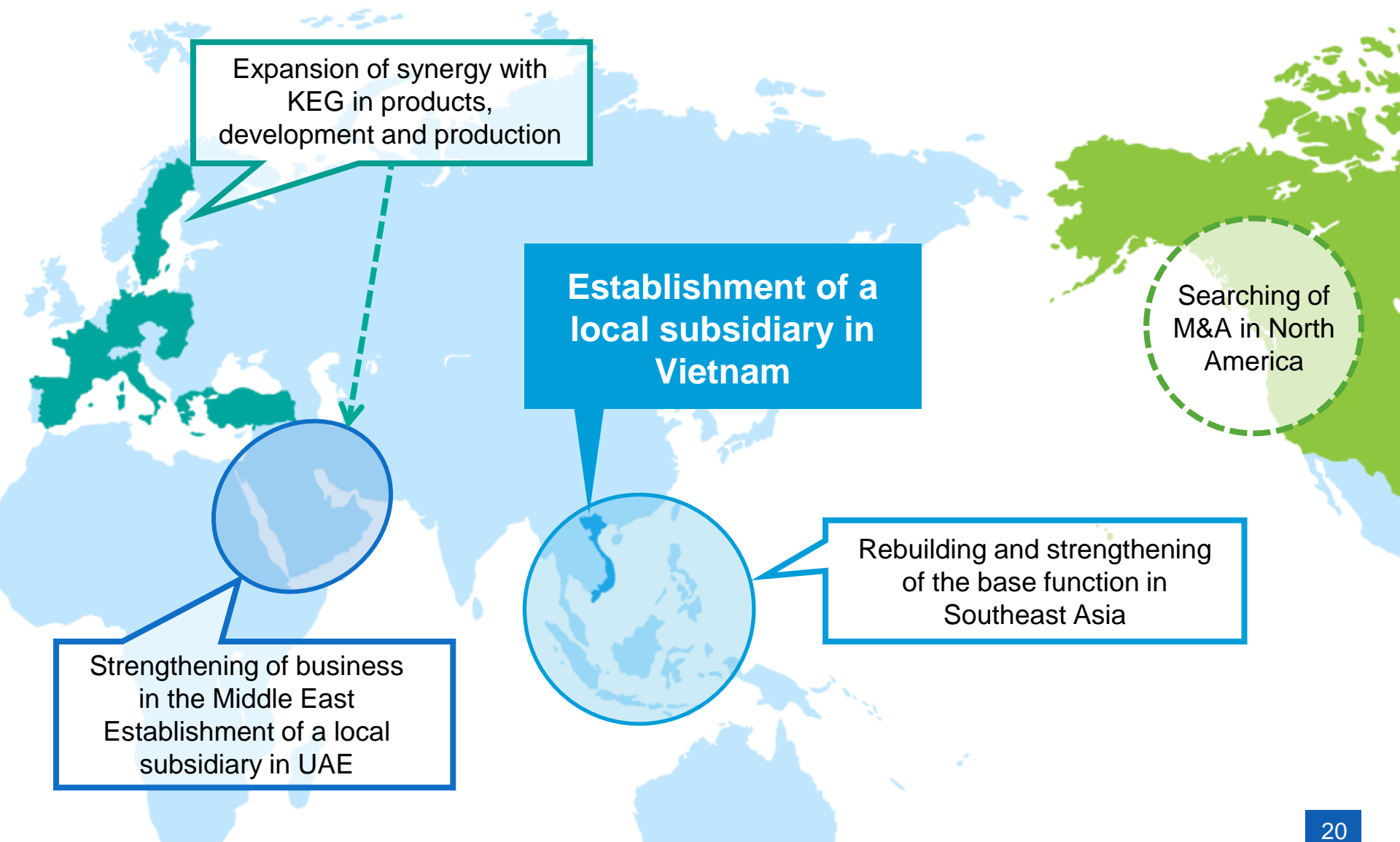
- The focus will be on the generation of synergy with KEG and the development of new business.

III. Priority Measures

1. Expansion of the Water Treatment Chemicals business overseas
2. Change of the service business, using IT
3. Promotion of services in the Water Treatment Facilities business
4. Improvement of Capital Efficiency

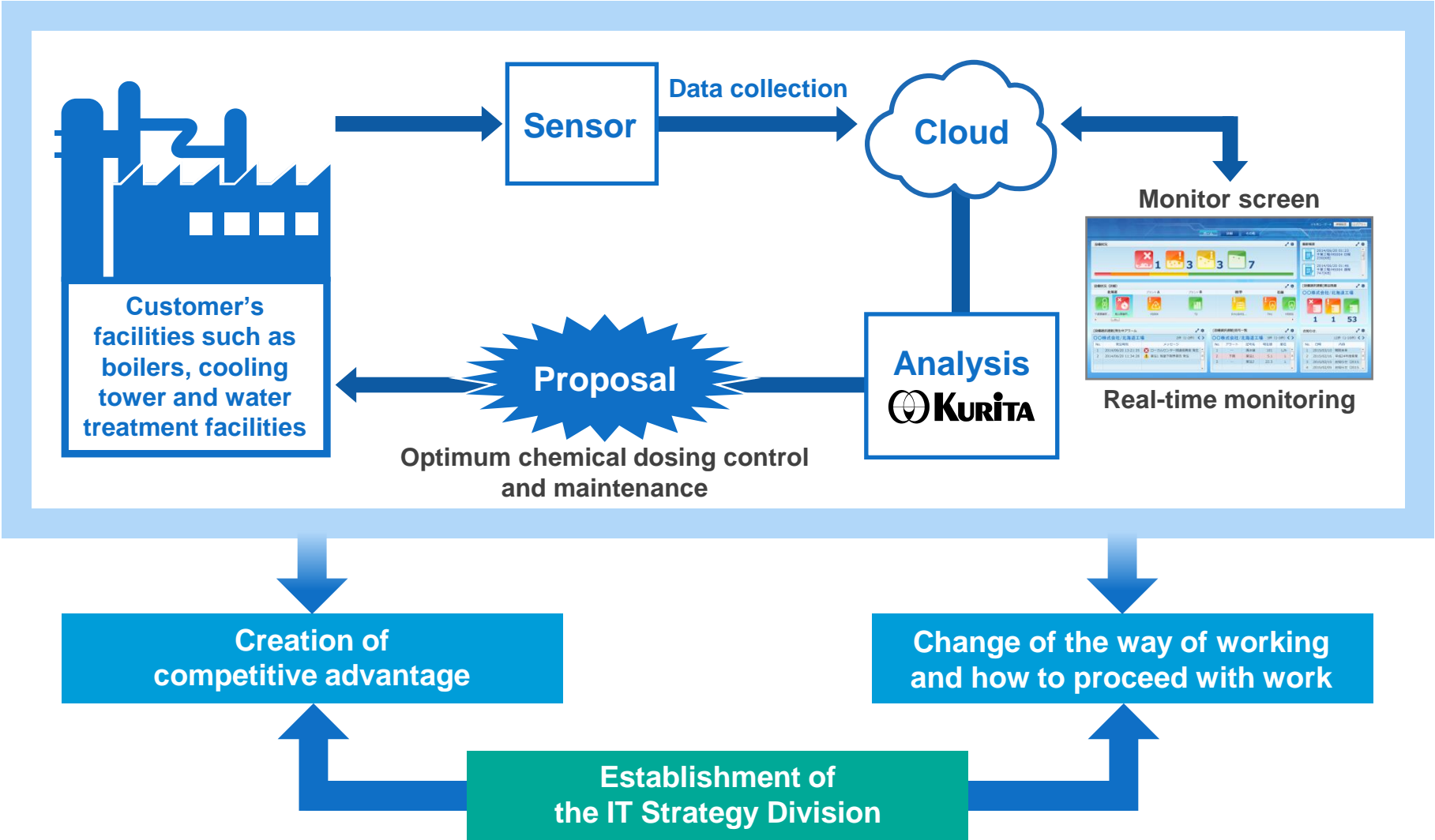
III. Priority Measures

1. Expansion of the Water Treatment Chemicals business overseas



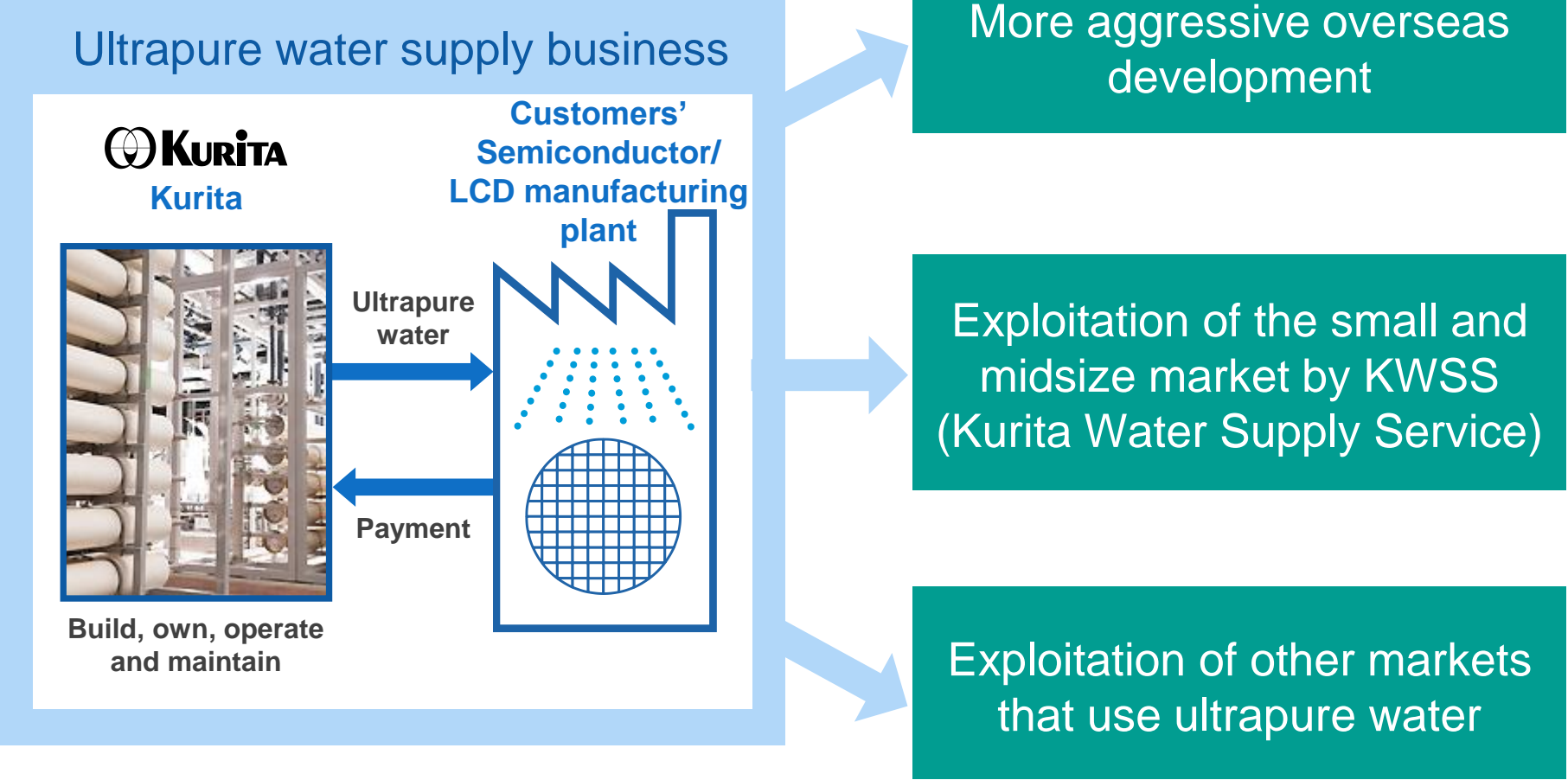
III. Priority Measures

2. Change of the service business, using IT



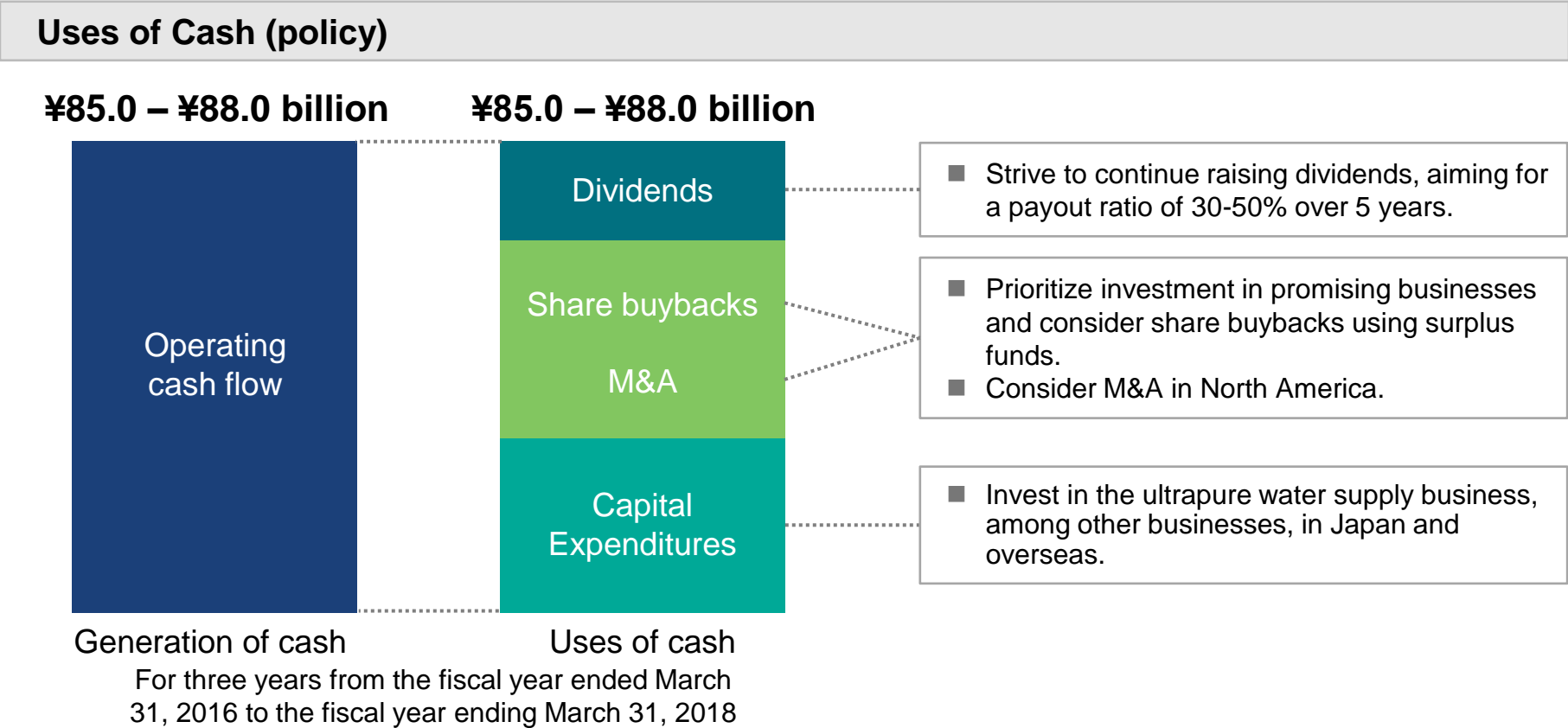
III. Priority Measures

3. Promotion of services in the Water Treatment Facilities business



III. Future Priority Measures

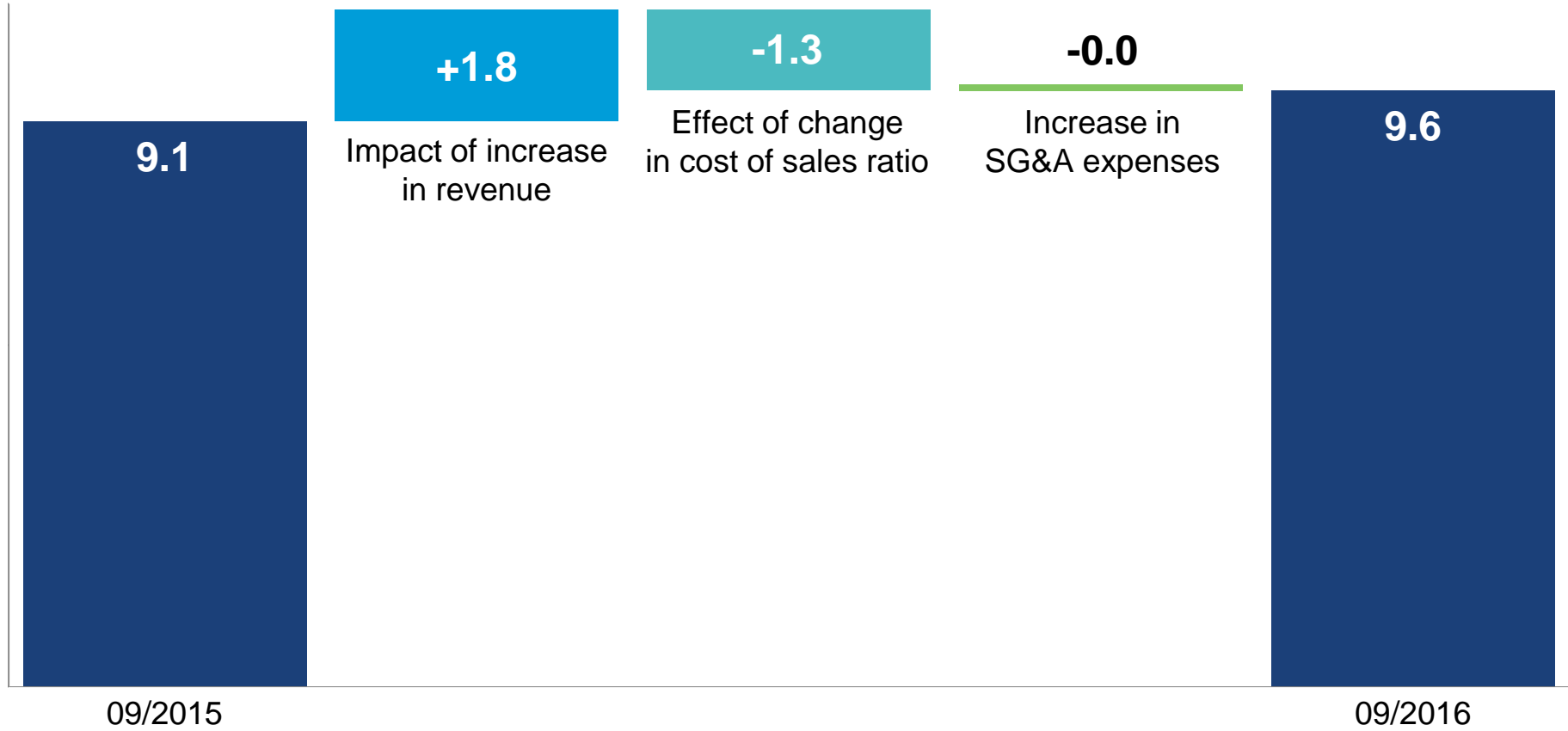
4. Improvement of Capital Efficiency



- We will endeavor to curb surplus funds and increases in shareholders' equity upon securing operating funds and contingency funds.
- We will maintain ROE at a level that exceeds cost of shareholders' equity and will strive to increase it.

Analysis of Changes in Operating Income for the First Half of the Fiscal Year Ending March 31, 2017

(Unit: 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.