



Kurita Water Industries Ltd.

# **Results Presentation for the First Half of the Fiscal Year Ending March 31, 2020**

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(Securities code: 6370)

November 12, 2019

# Table of Contents

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<b>1</b>	Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2020 .....	p1-10
<b>2</b>	Forecast for the Fiscal Year Ending March 31, 2020 .....	p11-19
<b>3</b>	Progress on Priority Measures .....	p20-23

## Voluntary Application of IFRS

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From the first quarter of the fiscal year ending March 31, 2020, our disclosures are based on IFRS. The figures for the same period of the previous fiscal year have been reclassified in compliance with these standards.

## Business Profit

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Business profit is calculated by deducting cost of sales and SG&A expenses from net sales. Although business profit is not an item required to be included in financial statements, we disclose it within voluntary disclosure materials, deeming it useful for comparisons with operating income under the Japanese GAAP of the past.

# 1 Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2020

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# Overview of Results

(Billions of Yen)		1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change	Previous Forecast (8/9 Announcement)
Orders		139.6	137.8	(1.3%)	138.7
Net Sales		126.5	131.8	+4.1%	134.6
Business Profit		10.9	13.7	+25.2%	12.3
Net of Other Income and Expenses		(2.8)	4.8	—	4.0
Operating Profit		8.1	18.5	+127.5%	16.3
Profit Before Tax		8.3	18.8	+126.3%	16.4
Profit Attributable to Owners of Parent		5.8	13.5	+133.6%	11.6
Earnings per Share (yen)		51.44	120.15	+133.6%	103.31
Foreign Exchange Rate	USD (yen)	110.3	108.6		110.0
	EUR (yen)	129.9	121.4		125.0
	CNY (yen)	16.8	15.7		16.6

- The effects of new consolidation of U.S. Water Services, Inc. (“U.S. Water”), Avista Technologies, Inc. and Avista Technologies (UK) Ltd. (“Avista”) are included in the period under review.
- Other income and expenses includes a loss on the transfer of the aluminum compound business in Europe in the same period of the previous fiscal year and a gain on the sale of ultrapure water supply business assets in the period under review.

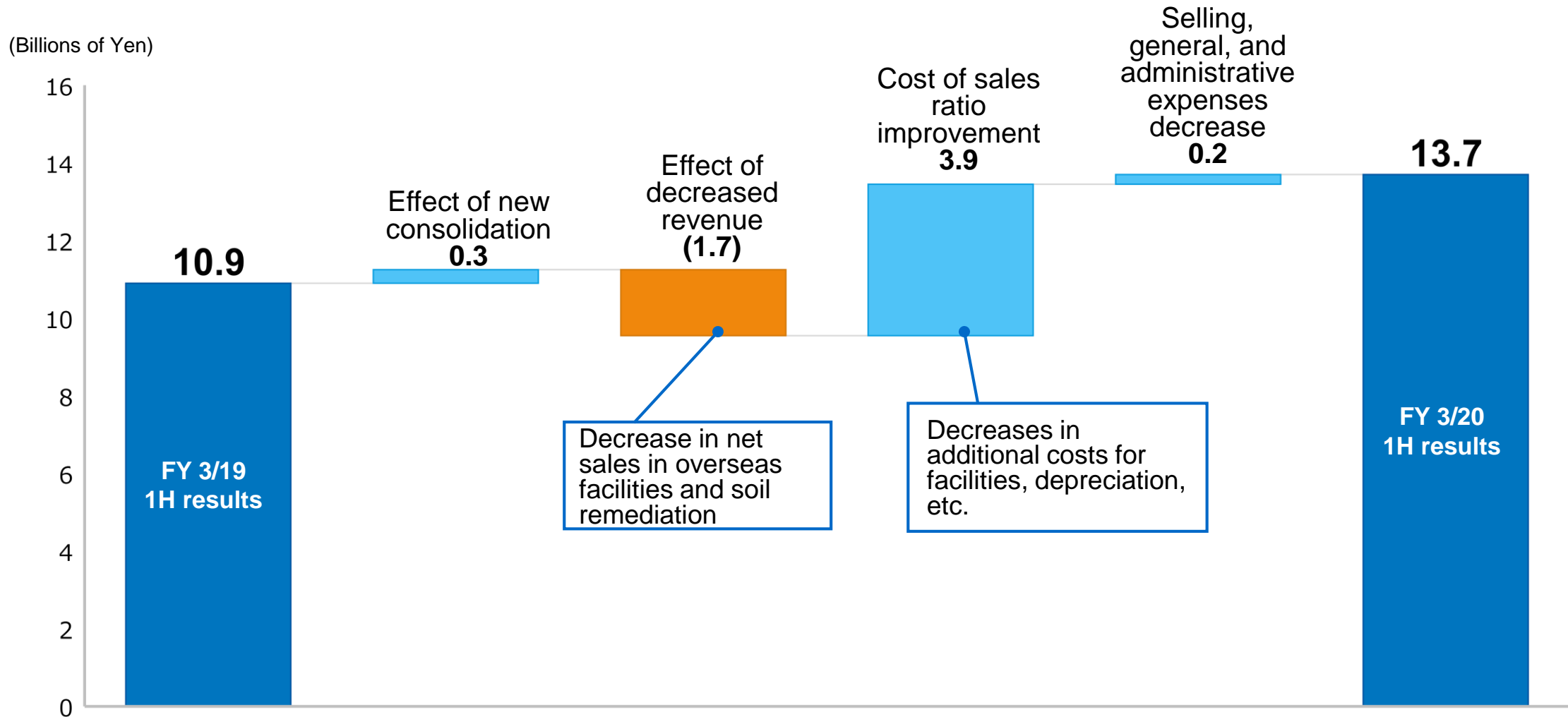
# Results by Segment



(Billions of Yen)		1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change	Previous Forecast (8/9 Announcement)
Total	Orders	139.6	137.8	(1.8)	138.7
	Net Sales	126.5	131.8	+5.2	134.6
	Business Profit	10.9	13.7	+2.8	12.3
	Business Profit Margin	8.6%	10.4%		9.1%
	Operating Profit	8.1	18.5	+10.4	16.3
Water Treatment Chemicals	Orders	52.5	58.6	+6.1	60.5
	Net Sales	51.9	58.5	+6.6	60.0
	Business Profit	5.2	6.5	+1.3	5.7
	Business Profit Margin	10.1%	11.1%		9.4%
	Operating Profit	2.4	6.4	+4.0	4.9
Water Treatment Facilities	Orders	87.1	79.2	(7.9)	78.2
	Net Sales	74.6	73.3	(1.4)	74.6
	Business Profit	5.9	7.3	+1.4	6.7
	Business Profit Margin	7.9%	9.9%		8.9%
	Operating Profit	5.8	12.1	+6.3	11.5

- Orders and net sales decreased in both segments, excluding the impact of new consolidation.
- Orders in the Water Treatment Facilities business decreased significantly for the domestic general and electronics industries.
- In both segments, business profit rose due to an improved cost-of-sales ratio. Additional cost reductions in the Water Treatment Facilities business contributed to the increase.
- Operating profit in the Water Treatment Facilities business increased substantially as a result of recording a gain on sale of ultrapure water supply business assets.

# Factors in Change in Business Profit (YoY)



# Water Treatment Chemicals



(Billions of Yen)	1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change	Previous Forecast (8/9 Announcement)
<b>Orders</b>	<b>52.5</b>	<b>58.6</b>	<b>+6.1</b>	<b>60.5</b>
Domestic	23.5	24.0	+0.5	24.2
Overseas	29.0	34.5	+5.6	36.3
<b>Net Sales</b>	<b>51.9</b>	<b>58.5</b>	<b>+6.6</b>	<b>60.0</b>
Domestic	23.0	23.8	+0.9	23.6
Overseas	28.9	34.6	+5.7	36.4
<b>Business Profit</b>	<b>5.2</b>	<b>6.5</b>	<b>+1.3</b>	<b>5.7</b>
<b>Business Profit Margin</b>	<b>10.1%</b>	<b>11.1%</b>		<b>9.4%</b>
<b>Operating Profit</b>	<b>2.4</b>	<b>6.4</b>	<b>+4.0</b>	<b>4.9</b>

## Overseas Sales by Region

(Billions of Yen)	1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change	Previous Forecast (8/9 Announcement)
Asia	14.0	13.5	(0.4)	14.4
North America	2.4	10.1	+7.7	10.3
EMEA	11.2	9.7	(1.5)	10.2
Other	1.3	1.3	(0.0)	1.5
<b>Total</b>	<b>28.9</b>	<b>34.6</b>	<b>+5.7</b>	<b>36.4</b>

- Domestic sales increased for process treatment chemicals for the steel industry, boiler water treatment chemicals, and cooling water treatment chemicals.
- Overseas sales decreased, excluding the effects of new consolidation of U.S. Water and Avista. The decrease was due to the sale of the European aluminum compound business in the previous fiscal year as well as the impact of the foreign exchange rate.
- Business profit increased as the decrease in net sales was offset by the improvement in the cost of sales ratio.

### Factors in Change (Billions of Yen)

Organic Change	(0.8)
Effect of Foreign Exchange Rate	(1.5)
New Consolidation	+8.1



# Water Treatment Facilities (for the domestic electronics industry)

(Billions of Yen)	1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change	Previous Forecast (8/9 Announcement)
<b>Orders</b>	<b>31.6</b>	<b>27.2</b>	<b>(4.4)</b>	<b>26.0</b>
Facilities	6.3	1.4	(4.9)	2.6
Maintenance	8.8	9.6	+0.8	7.2
Ultrapure Water Supply Business	13.1	12.7	(0.4)	12.7
Tool Cleaning	3.4	3.5	+0.0	3.6
<b>Net Sales</b>	<b>27.8</b>	<b>28.5</b>	<b>+0.7</b>	<b>29.2</b>
Facilities	3.7	4.5	+0.7	5.1
Maintenance	7.5	7.8	+0.3	7.9
Ultrapure Water Supply Business	13.1	12.7	(0.4)	12.7
Tool Cleaning	3.4	3.5	+0.1	3.6

- Orders for facilities decreased, reflecting the absence of the orders for large projects placed in the same period of the previous fiscal year. However, sales increased with progress in construction for the orders received in the previous fiscal year.
- Orders and sales in maintenance remained favorable as a result of continued expansion and repair demand at customer facilities.
- Orders and sales in the ultrapure water supply business were down slightly due to some contract renewals and changes, despite the start of service for a new contract.

# Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change	Previous Forecast (8/9 Announcement)
<b>Orders</b>	<b>37.3</b>	<b>32.2</b>	<b>(5.0)</b>	<b>28.9</b>
Energy and Infrastructure	27.4	25.6	(1.8)	24.2
Soil Remediation	8.3	5.2	(3.1)	3.5
Other	1.6	1.5	(0.1)	1.2
<b>Net Sales</b>	<b>26.3</b>	<b>26.7</b>	<b>+0.4</b>	<b>25.8</b>
Energy and Infrastructure	19.7	21.5	+1.8	20.8
Soil Remediation	5.3	3.7	(1.5)	3.8
Other	1.3	1.5	+0.2	1.2

- Energy and infrastructure orders decreased, reflecting the absence of the large projects for the electric power industry recorded in the same period of the previous fiscal year.
- Energy and infrastructure sales increased due to growth of chemical cleaning services and progress in construction from the order backlog for facilities for the electric power industry.
- Soil remediation orders and sales decreased, reflecting the absence of the large projects recorded in the same period of the previous fiscal year.

# Water Treatment Facilities (Overseas)

(Billions of Yen)	1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change	Previous Forecast (8/9 Announcement)
<b>Orders</b>	<b>18.2</b>	<b>19.7</b>	<b>+1.5</b>	<b>23.4</b>
Facilities	12.1	13.9	+1.8	17.6
Maintenance	4.5	4.4	(0.2)	4.3
Ultrapure Water Supply Business	1.6	1.5	(0.1)	1.5
<b>Net Sales</b>	<b>20.6</b>	<b>18.1</b>	<b>(2.5)</b>	<b>19.6</b>
Facilities	16.1	12.1	(4.0)	13.6
Maintenance	2.9	4.5	+1.6	4.5
Ultrapure Water Supply Business	1.6	1.5	(0.1)	1.5

- Orders decreased, excluding the effects of new consolidation of U.S. Water.
- Orders from China decreased due to the absence of the large projects recorded in the same period of the previous fiscal year.
- Orders from South Korea remained roughly flat, excluding the impact of the foreign exchange rate.
- Net sales decreased substantially, excluding the effects of new consolidation, due to lower results in both China and South Korea, as well as the impact of the foreign exchange rate.

## Sales by Region

(Billions of Yen)	1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change
Asia	20.1	14.1	(6.1)
North America and Other	0.4	4.0	+3.6
<b>Total</b>	<b>20.6</b>	<b>18.1</b>	<b>(2.5)</b>

### Factors in Change (Billions of Yen)

Organic Change	(5.0)
Effect of Foreign Exchange Rate	(0.8)
New Consolidation	+3.3

# Breakdown of Service Business Sales



(Billions of Yen)	1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change	Previous Forecast (8/9 Announcement)
<b>Water Treatment Chemicals</b>	<b>51.9</b>	<b>58.5</b>	<b>+6.6</b>	<b>60.0</b>
<b>Water Treatment Facilities</b>	<b>51.0</b>	<b>52.6</b>	<b>+1.6</b>	<b>51.8</b>
Ultrapure Water Supply Business	14.7	14.2	(0.5)	14.1
Tool Cleaning	3.4	3.5	+0.1	3.6
Soil Remediation	5.3	3.7	(1.5)	3.8
Domestic Maintenance	23.6	25.5	+1.9	24.6
Overseas Maintenance	2.9	4.5	+1.6	4.5
Other	1.1	1.1	+0.0	1.2
<b>Total</b>	<b>102.8</b>	<b>111.0</b>	<b>+8.2</b>	<b>111.8</b>

- Sales increased in Water Treatment Chemicals and maintenance categories.
- The increase in domestic maintenance was due to increases in sales from chemical cleaning and public sector maintenance services.
- The service business increased from 81% to 84% as a percentage of total net sales.

# Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	1H of FY ended 03/2019	1H of FY ending 03/2020	YoY Change
<b>Capital Expenditures (Property, Plant and Equipment)</b>	<b>13.7</b>	<b>15.1</b>	<b>+1.4</b>
Ultrapure Water Supply Business	—	9.4	—
Other than the above	—	5.7	—
<b>Depreciation (Property, Plant and Equipment)</b>	<b>9.0</b>	<b>7.1</b>	<b>(1.9)</b>
Water Treatment Chemicals	1.4	1.6	+0.2
Water Treatment Facilities	7.6	5.5	(2.1)
<b>R&amp;D Expenses</b>	<b>2.7</b>	<b>2.7</b>	<b>+0.0</b>
Water Treatment Chemicals	0.9	1.0	+0.1
Water Treatment Facilities	1.8	1.7	(0.0)

- Capital expenditures increased in the ultrapure water supply business and tool cleaning business.
- Depreciation decreased, primarily in the ultrapure water supply business. The increase in the Water Treatment Chemicals business was from the impact of new consolidation.

# Financial Condition

(Billions of Yen)	End of March 2019	End of September 2019	Change
Cash and Cash Equivalents	35.5	37.5	+2.0
Other Current Assets	115.6	118.3	+2.7
<b>Total Current Assets</b>	<b>151.1</b>	<b>155.9</b>	<b>+4.8</b>
Property, Plant and Equipment	103.3	110.4	+7.1
Goodwill	38.0	44.6	+6.6
Other Non-current Assets	66.3	76.9	+10.6
<b>Total Non-current Assets</b>	<b>207.5</b>	<b>231.9</b>	<b>+24.4</b>
<b>Total Assets</b>	<b>358.7</b>	<b>387.8</b>	<b>+29.1</b>
Current Liabilities	73.1	94.4	+21.3
Non-current Liabilities	46.4	48.9	+2.5
<b>Total Liabilities</b>	<b>119.6</b>	<b>143.3</b>	<b>+23.8</b>
Total Equity Attributable to Owners of Parent	237.2	242.6	+5.4
Non-controlling Interests	1.9	1.8	(0.1)
<b>Total Equity</b>	<b>239.1</b>	<b>244.5</b>	<b>+5.3</b>
<b>Total Liabilities and Equity</b>	<b>358.7</b>	<b>387.8</b>	<b>+29.1</b>

- Property, plant and equipment increased in the ultrapure water supply business and tool cleaning business.
- Goodwill increased as a result of new consolidation of Avista.
- Borrowings increased as a result of a commitment line agreement.

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

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## Water Treatment Chemicals Business

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- Some weakness can be seen in production activities within the domestic manufacturing industry.
- Risks for an economic downturn are becoming more pronounced amid trade friction between the U.S. and China, a slowdown in the Chinese economy, Japan-Korea disputes, 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 or existing facilities, but some weakness can be seen.
- While semiconductor investment is recovering in South Korea, some semiconductor/FPD-related investments are being postponed in China.



# Overview of Business Forecast

(Billions of Yen)		FY ended 03/2019 Results	FY ending 03/2020 Forecast	YoY	Previous Forecast (8/9 Announcement)
Orders		258.4	270.0	+4.5%	272.0
Net Sales		257.3	273.0	+6.1%	280.0
Business Profit		25.7	26.5	+3.2%	26.5
Net of Other Income and Expenses		(5.8)	3.5	—	3.5
Operating Profit		19.9	30.0	+51.1%	30.0
Profit Before Tax		20.3	30.2	+49.0%	30.2
Profit Attributable to Owners of Parent		12.1	21.3	+76.8%	21.3
Earnings per Share (yen)		107.33	189.69	+76.7%	189.71
Foreign Exchange Rate	USD (yen)	110.9	109.0		110.0
	EUR (yen)	128.4	122.0		125.0
	CNY (yen)	16.5	15.8		16.6

- Orders forecast has been revised downward by 2.0 billion yen and sales forecast 7.0 billion yen, factoring in changes in the business environment and foreign exchange rate fluctuations in the first half.
- Forecast of business profit remains unchanged from the previous forecast, considering progress in the first half.

# Forecasts by Segment

(Billions of Yen)		FY ended 03/2019 Results	FY ending 03/2020 Forecast	YoY	Previous Forecast (8/9 Announcement)
Total	Orders	258.4	270.0	+11.6	272.0
	Net Sales	257.3	273.0	+15.7	280.0
	Business Profit	25.7	26.5	+0.8	26.5
	Business Profit Margin	10.0%	9.7%		9.5%
	Operating Profit	19.9	30.0	+10.1	30.0
Water Treatment Chemicals	Orders	102.9	117.4	+14.5	120.4
	Net Sales	102.1	117.2	+15.1	120.1
	Business Profit	9.9	11.5	+1.6	11.0
	Business Profit Margin	9.7%	9.8%		9.2%
	Operating Profit	4.8	10.5	+5.7	9.7
Water Treatment Facilities	Orders	155.5	152.6	(2.9)	151.6
	Net Sales	155.2	155.8	+0.6	159.9
	Business Profit	16.1	15.0	(1.1)	15.5
	Business Profit Margin	10.4%	9.6%		9.7%
	Operating Profit	14.9	19.5	+4.6	20.3

- The forecast of orders has been revised downward by 2.0 billion yen due to a decrease in the forecast for the Water Treatment Chemicals business.
- The forecast of Water Treatment Facilities orders has been revised upward due to the expectation that maintenance and overseas orders will exceed the previous forecast.
- The forecast of net sales has been revised downward by 7.0 billion yen due to a decrease in the forecast for both the Water Treatment Chemicals business and the Water Treatment Facilities business.
- The forecast of business profit remains unchanged as the improvement in the Water Treatment Chemicals business is expected to offset the decline in the Water Treatment Facilities business in the second half.

Note: The FY ended 03/2019 full-year results for each segment are unaudited IFRS reference values.

# Water Treatment Chemicals



(Billions of Yen)	FY ended 03/2019 (Results)	FY ending 03/2020 (Forecast)	YoY	Previous Forecast (8/9 Announcement)
<b>Orders</b>	<b>102.9</b>	<b>117.4</b>	<b>+14.5</b>	<b>120.4</b>
Domestic	46.2	47.0	+0.8	47.3
Overseas	56.7	70.4	+13.6	73.1
<b>Net Sales</b>	<b>102.1</b>	<b>117.2</b>	<b>+15.1</b>	<b>120.1</b>
Domestic	45.5	46.8	+1.3	47.0
Overseas	56.6	70.4	+13.8	73.1
<b>Business Profit</b>	<b>9.9</b>	<b>11.5</b>	<b>+1.6</b>	<b>11.0</b>
<b>Business Profit Margin</b>	<b>9.7%</b>	<b>9.8%</b>		<b>9.2%</b>
<b>Operating Profit</b>	<b>4.8</b>	<b>10.5</b>	<b>+5.7</b>	<b>9.7</b>

- The forecast of orders and net sales has been revised downward due to foreign exchange rate fluctuations and the anticipation that they will fall short of the previous forecast in Europe and China.
- The forecast of business profit has been revised upward by 0.5 billion yen to reflect the contribution of newly consolidated companies.

## Overseas Sales by Region

(Billions of Yen)	FY ended 03/2019 (Results)	FY ending 03/2020 (Forecast)	YoY	Previous Forecast (8/9 Announcement)
Asia	28.1	27.3	(0.8)	28.7
North America	4.5	20.5	+16.0	20.5
EMEA	21.3	19.8	(1.5)	20.9
Other	2.7	2.7	+0.0	3.0
<b>Total</b>	<b>56.6</b>	<b>70.4</b>	<b>+13.8</b>	<b>73.1</b>

### Factors in Change (Billions of Yen)

Organic Change	+0.3
Effect of Foreign Exchange Rate	(2.4)
New Consolidation	+16.0

Note: The FY ended 03/2019 full-year results are unaudited IFRS reference values.

# Water Treatment Facilities (for the domestic electronics industry)

(Billions of Yen)	FY ended 03/2019 Results	FY ending 03/2020 Forecast	YoY	Previous Forecast (8/9 Announcement)
<b>Orders</b>	<b>61.8</b>	<b>56.9</b>	<b>(4.9)</b>	<b>56.9</b>
Facilities	10.9	5.1	(5.8)	6.6
Maintenance	18.2	18.4	+0.2	16.1
Ultrapure Water Supply Business	25.8	26.2	+0.5	26.9
Tool Cleaning	6.9	7.1	+0.2	7.3
<b>Net Sales</b>	<b>59.4</b>	<b>57.3</b>	<b>(2.2)</b>	<b>59.1</b>
Facilities	9.8	7.0	(2.8)	7.7
Maintenance	17.0	17.0	+0.0	17.2
Ultrapure Water Supply Business	25.8	26.2	+0.5	26.9
Tool Cleaning	6.9	7.1	+0.2	7.3

Note: The FY ended 03/2019 full-year results are unaudited IFRS reference values.

- The forecast of facilities orders and net sales have been revised downward due to postponement of some projects.
- The forecast of maintenance orders has been revised upward as a result of expansion and repair demand at customer facilities.
- The forecasts for the ultrapure water supply business and tool cleaning business have been revised downward.

# Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2019 Results	FY ending 03/2020 Forecast	YoY	Previous Forecast (8/9 Announcement)
<b>Orders</b>	<b>63.5</b>	<b>58.2</b>	<b>(5.3)</b>	<b>57.6</b>
Energy and Infrastructure	49.9	47.1	(2.9)	46.8
Soil Remediation	10.6	8.5	(2.0)	8.1
Other	3.0	2.6	(0.4)	2.6
<b>Net Sales</b>	<b>56.5</b>	<b>60.2</b>	<b>+3.7</b>	<b>61.0</b>
Energy and Infrastructure	43.3	49.0	+5.7	49.8
Soil Remediation	10.4	8.5	(1.9)	8.5
Other	2.8	2.7	(0.1)	2.7

Note: The FY ended 03/2019 full-year results are unaudited IFRS reference values.

- Energy and infrastructure orders are expected to be almost in line with the previous forecast, as the shortfall of maintenance services for the public sector is expected to be offset by maintenance services for general industries.
- The forecast of energy and infrastructure sales has been revised downward due to a downturn in facilities for general industries and maintenance services for the public sector despite the expectation that maintenance services for general industries will exceed the previous forecast.
- The forecast of soil remediation orders has been revised upward, but sales forecast remains unchanged from the previous forecast.

# Water Treatment Facilities (Overseas)



(Billions of Yen)	FY ended 03/2019 (Results)	FY ending 03/2020 (Forecast)	YoY	Previous Forecast (8/9 Announcement)
<b>Orders</b>	<b>30.2</b>	<b>37.6</b>	<b>+7.4</b>	<b>37.1</b>
Facilities	18.4	26.4	+8.0	25.7
Maintenance	8.6	8.3	(0.3)	8.4
Ultrapure Water Supply Business	3.2	2.9	(0.3)	3.0
<b>Net Sales</b>	<b>39.3</b>	<b>38.3</b>	<b>(1.0)</b>	<b>39.8</b>
Facilities	28.4	26.1	(2.3)	27.9
Maintenance	7.7	9.4	+1.7	8.9
Ultrapure Water Supply Business	3.2	2.9	(0.3)	3.0

- Orders forecast has been revised upward as South Korean orders are expected to exceed the previous forecast, despite a possible downturn in China.
- Sales forecast has been revised downward due to the impact of the foreign exchange rate and the downturn in China.

## Sales by Region

(Billions of Yen)	FY ended 03/2019 (Results)	FY ending 03/2020 (Forecast)	YoY	Previous Forecast (8/9 Announcement)
Asia	38.1	27.6	(10.6)	30.2
North America and Other	1.1	10.7	+9.6	9.6
<b>Total</b>	<b>39.3</b>	<b>38.3</b>	<b>(1.0)</b>	<b>39.8</b>

### Factors in Change (Billions of Yen)

Organic Change	(7.8)
Effect of Foreign Exchange Rate	(1.3)
New Consolidation	+8.1

Note: The FY ended 03/2019 full-year results are unaudited IFRS reference values.

# Breakdown of Service Business Sales

(Billions of Yen)	FY ended 03/2019 Results	FY ending 03/2020 Forecast	YoY	Previous Forecast (8/9 Announcement)
<b>Water Treatment Chemicals</b>	<b>102.1</b>	<b>117.2</b>	<b>+15.1</b>	<b>120.1</b>
<b>Water Treatment Facilities</b>	<b>107.4</b>	<b>111.7</b>	<b>+4.3</b>	<b>111.8</b>
Ultrapure Water Supply Business	29.0	29.1	+0.1	29.9
Tool Cleaning	6.9	7.1	+0.2	7.3
Soil Remediation	10.4	8.5	(1.9)	8.5
Domestic Maintenance	51.2	55.2	+4.0	54.7
Overseas Maintenance	7.7	9.4	+1.6	8.9
Other	2.2	2.5	+0.3	2.5
<b>Total</b>	<b>209.5</b>	<b>228.9</b>	<b>+19.3</b>	<b>231.9</b>

- The forecast has been revised downward due to Water Treatment Chemicals business falling short of the previous forecast despite the expectation of favorable domestic and overseas maintenance.
- As a percentage of total net sales, the service business will increase to 84% from 83% in the previous forecast.

Note: The FY ended 03/2019 full-year results are unaudited IFRS reference values.

# Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	FY ended 03/2019 Results	FY ending 03/2020 Forecast	YoY	Previous Forecast (8/9 Announcement)
<b>Capital Expenditures (Property, Plant and Equipment)</b>	<b>38.1</b>	<b>24.0</b>	<b>(14.1)</b>	<b>24.0</b>
Ultrapure Water Supply Business	27.9	12.0	(15.9)	11.5
Other than the above	10.2	12.0	+1.8	12.5
<b>Depreciation (Property, Plant and Equipment)</b>	<b>16.9</b>	<b>16.3</b>	<b>(0.6)</b>	<b>16.0</b>
Water Treatment Chemicals	3.3	3.3	+0.0	3.3
Water Treatment Facilities	13.6	13.0	(0.6)	12.7
<b>R&amp;D Expenses</b>	<b>5.5</b>	<b>5.6</b>	<b>+0.1</b>	<b>5.6</b>
Water Treatment Chemicals	1.9	1.8	(0.1)	1.8
Water Treatment Facilities	3.6	3.8	+0.2	3.8

- The full-year forecast for capital expenditures in the ultrapure water supply business has been revised upward.
- Depreciation forecast has been slightly revised in light of progress on capital expenditures in the first half.
- The forecast of R&D expenses remain unchanged.

Note: The FY ended 03/2019 full-year results are unaudited IFRS reference values.



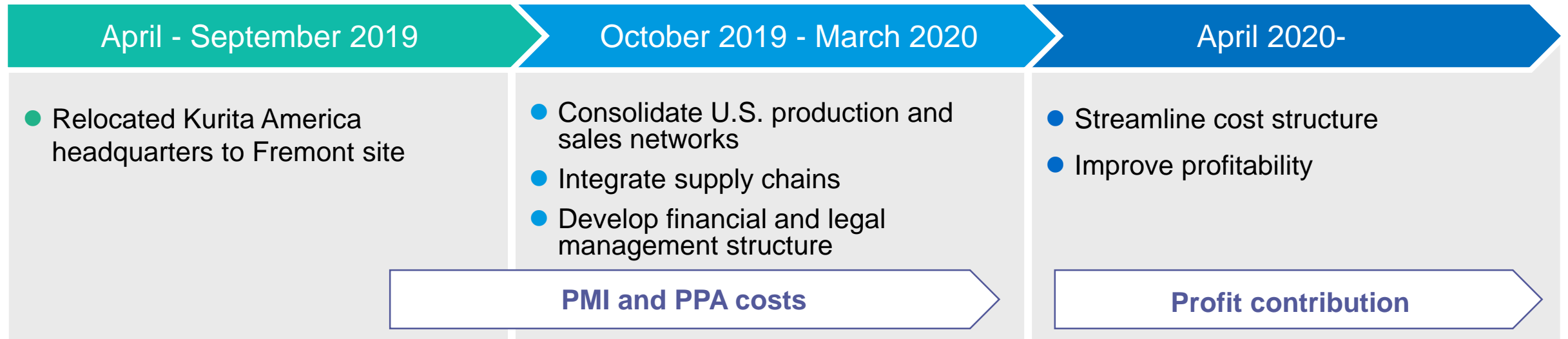
## 3 | Progress on Priority Measures

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# Integration of North American Business



Consolidation of production, procurement, and sales networks of three companies engaged in Water Treatment Chemicals and Water Treatment Facilities businesses



# Initiative to Expand Total Solutions

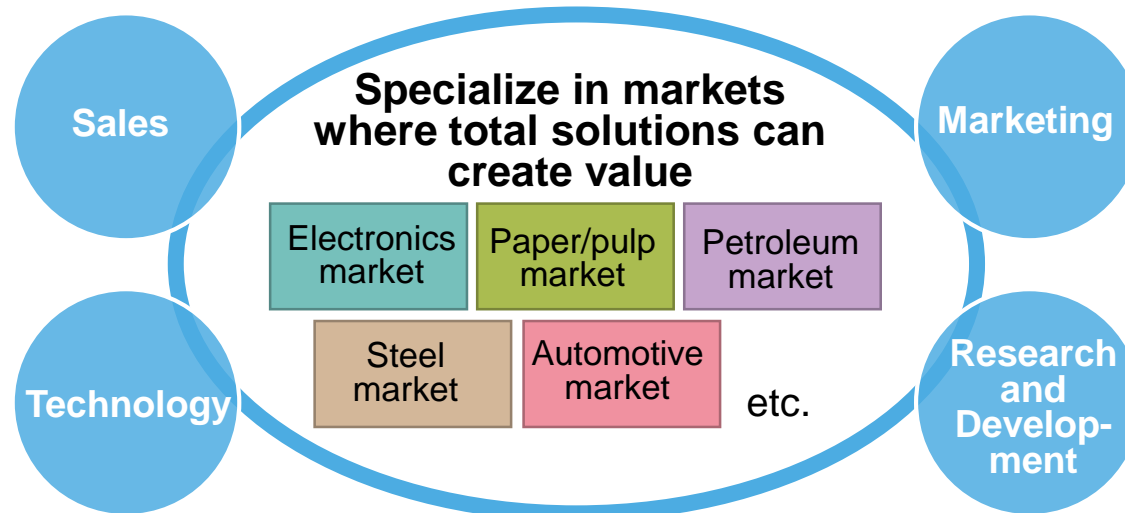
April - September 2019

- Develop solution models through market-specific working groups
- Narrow down solution models  
(Select six models from around 40 candidates)

October 2019 - March 2020

- Promote roll-out of solution models in Japan and other countries
- Create new solution models

## Structure for Review of Total Solutions



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### Products, technologies and services useful for roll-out



Microorganism generation in  
the process of recycled water use

### Past

Business model: **Supply water treatment chemicals**

Slime control agent ▼

Flow of water

**Treatment by chemicals alone**

<b>Issues</b>	(1) Lower product quality (2) Requires large amount of water treatment chemicals (3) Foul odor
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Paper-manufacturing  
factory

### Solution Model

Business model: **Contract-type service**  
(Receive consideration according to expected benefits)

Slime control agent ▼

**Chemical feeding and aeration control via remote monitoring**

**S.sensing**

**Aeration eliminates problem of stagnation**

<b>Improvements</b>	(1) Improved product yield (2) Reduced chemical usage (3) Reduced hygiene costs
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# Restructuring of Domestic Sales System



Integration of  
domestic sales  
divisions  
April 2019-

Water Treatment Chemicals

Maintenance

Water Treatment Facilities

- Consolidated three businesses as of April 1, 2019
- Change awareness of sales reps (mutual training system for chemicals and maintenance, sharing and roll-out of total solutions cases)



Integration of sales  
subsidiary  
October 2019-

**Established an integrated sales subsidiary for water treatment chemicals and maintenance (Kurita Kitakantou Co., Ltd.) on November 1, 2019**

Water Treatment Chemicals

Maintenance

- Strengthen total solution proposals in inland market
- One contact point for each customer
- Strengthen collaboration with distributors



**Strengthening Sales System and Improving Profitability in Domestic Market**



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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.