



Kurita Water Industries Ltd.

Results Presentation for the First Nine Months of the Fiscal Year Ending March 31, 2020

(Securities code: 6370)

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Voluntary Application of IFRS

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

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 Nine Months of the Fiscal Year Ending March 31, 2020

Overview of Results

(Billions of Yen)		Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Orders		200.6	196.1	(2.2%)
Net Sales		191.7	197.1	+2.8%
Business Profit		18.4	20.3	+10.4%
Net of Other Income and Expenses		(5.1)	4.7	—
Operating Profit		13.3	24.9	+87.8%
Profit Before Tax		13.8	24.4	+77.2%
Profit Attributable to Owners of Parent		7.8	17.0	+118.5%
Earnings per Share (yen)		69.15	151.09	+118.5%
Foreign Exchange Rate	USD (yen)	111.14	108.67	
	EUR (yen)	129.49	121.05	
	CNY (yen)	16.61	15.60	

- 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 and the impairment loss on goodwill of a Chinese subsidiary 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.

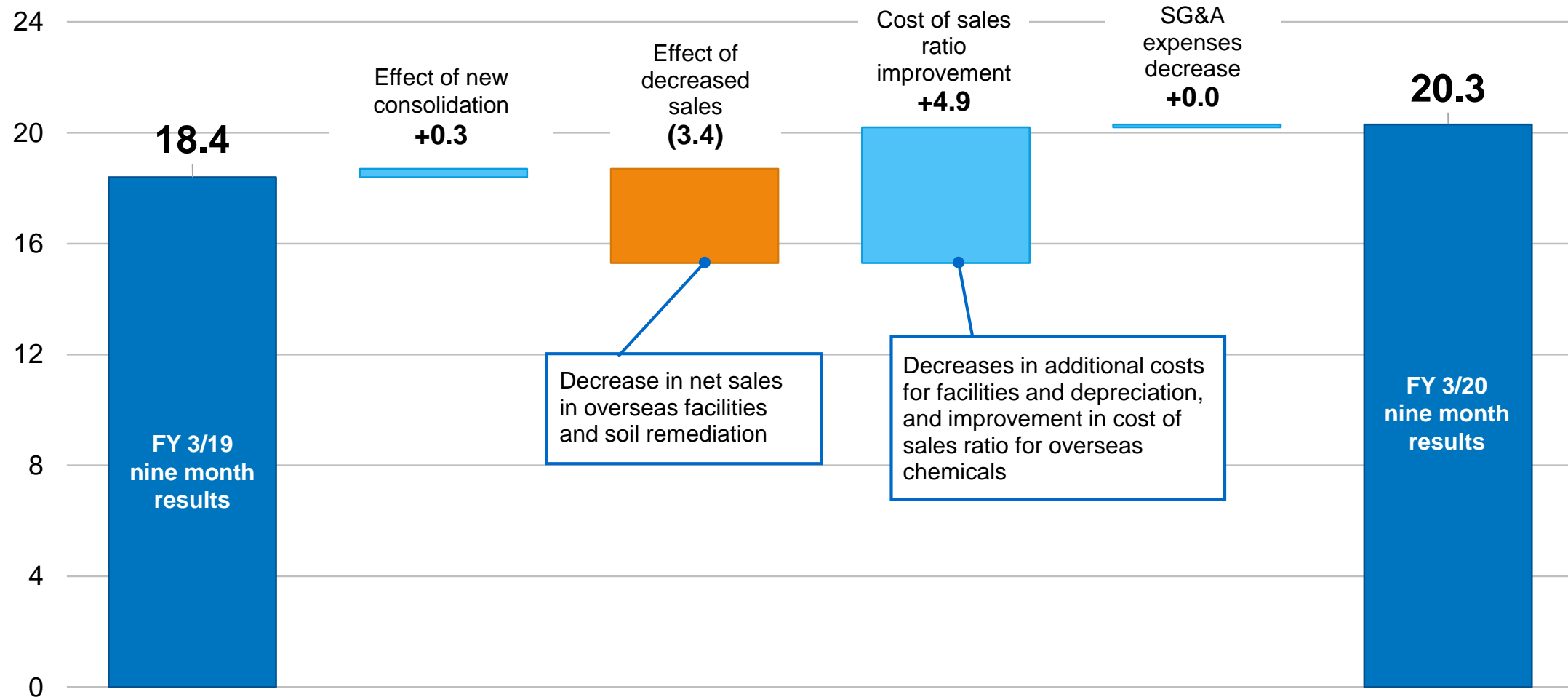
Results by Segment

(Billions of Yen)		Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Total	Orders	200.6	196.1	(4.5)
	Net Sales	191.7	197.1	+5.4
	Business Profit	18.4	20.3	+1.9
	Business Profit Margin	9.6%	10.3%	
	Operating Profit	13.3	24.9	+11.7
Water Treatment Chemicals	Orders	77.8	86.3	+8.5
	Net Sales	77.4	86.9	+9.4
	Business Profit	8.0	9.2	+1.2
	Business Profit Margin	10.3%	10.6%	
	Operating Profit	3.4	8.9	+5.6
Water Treatment Facilities	Orders	122.8	109.8	(13.0)
	Net Sales	114.2	110.2	(4.0)
	Business Profit	10.5	11.1	+0.6
	Business Profit Margin	9.2%	10.1%	
	Operating Profit	10.0	16.0	+6.0

- Orders and net sales decreased in the Water Treatment Chemicals business, excluding the impact of new consolidation.
- Orders in the Water Treatment Facilities business decreased significantly for the domestic electronics and general industries.
- In both segments, business profit rose due to an improved cost of sales ratio.

Factors in Change in Business Profit (YoY)

(Billions of Yen)



Water Treatment Chemicals

(Billions of Yen)	Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Orders	77.8	86.3	+8.5
Domestic	34.6	34.7	+0.1
Overseas	43.2	51.6	+8.4
Net Sales	77.4	86.9	+9.4
Domestic	34.5	35.2	+0.7
Overseas	43.0	51.7	+8.7
Business Profit	8.0	9.2	+1.2
Business Profit Margin	10.3%	10.6%	
Operating Profit	3.4	8.9	+5.6

Overseas Sales by Region

(Billions of Yen)	Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Asia	21.1	20.6	(0.5)
North America	3.5	14.9	+11.5
EMEA	16.3	14.2	(2.1)
Other	2.0	2.0	(0.1)
Total	43.0	51.7	+8.7

- Domestic sales decreased for process treatment chemicals for oil and pulp and paper, and increased for process treatment chemicals for steel.
- Overseas sales decreased due to the impact of foreign exchange and lower sales in Europe and China, excluding the effects of new consolidation.
- Business profit increased due to the impact of new consolidation and improvement of the cost of sales ratio.
- Operating profit increased significantly. During the same period of the previous year, the Group recorded a loss on the transfer of the aluminum compound business in Europe and the impairment loss on goodwill of a Chinese subsidiary.

Factors in Change (Billions of Yen)

Organic Change	(1.1)
Effect of Foreign Exchange Rate	(2.2)
New Consolidation	+12.0

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Orders	47.9	40.4	(7.5)
Facilities	10.7	2.6	(8.1)
Maintenance	12.1	12.9	+0.7
Ultrapure Water Supply Business	19.7	19.6	(0.2)
Tool Cleaning	5.3	5.3	+0.1
Net Sales	42.6	42.0	(0.5)
Facilities	5.9	5.6	(0.4)
Maintenance	11.6	11.6	+0.0
Ultrapure Water Supply Business	19.7	19.6	(0.2)
Tool Cleaning	5.3	5.4	+0.1

- Orders for facilities decreased due to the absence of the orders for large projects placed in the same period of the previous fiscal year.
- In maintenance services, expansion and repair demand continued at customer facilities.
- The ultrapure water supply business saw a slight decrease due to some contract renewals and changes, despite the commencement of services for a new contract.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Orders	48.4	41.6	(6.8)
Energy and Infrastructure	36.6	33.3	(3.3)
Soil Remediation	9.6	6.1	(3.6)
Other	2.1	2.2	+0.0
Net Sales	41.7	41.9	+0.2
Energy and Infrastructure	32.2	34.1	+1.9
Soil Remediation	7.5	5.7	(1.8)
Other	2.0	2.1	+0.1

- Energy and infrastructure orders decreased. Orders for facilities for general industries increased, while orders for facilities for the electric power industry and maintenance services decreased.
- Energy and infrastructure sales increased. This was a result of progress in construction from the order backlog for facilities for the electric power industry and growth of public sector maintenance services and chemical cleaning services.
- 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)	Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Orders	26.5	27.9	+1.4
Facilities	17.1	19.7	+2.6
Maintenance	7.0	5.9	(1.1)
Ultrapure Water Supply Business	2.4	2.3	(0.1)
Net Sales	29.9	26.3	(3.6)
Facilities	22.1	17.3	(4.7)
Maintenance	5.5	6.7	+1.3
Ultrapure Water Supply Business	2.4	2.3	(0.1)

- Orders decreased, excluding the effects of new consolidation.
- Orders and sales in China and South Korea decreased, reflecting the absence of the large projects recorded in the same period of the previous fiscal year and the impact of foreign exchange.

Sales by Region

(Billions of Yen)	Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Asia	29.2	19.9	(9.3)
North America and Other	0.8	6.4	+5.6
Total	29.9	26.3	(3.6)

Factors in Change (Billions of Yen)

Organic Change	(7.8)
Effect of Foreign Exchange Rate	(1.1)
New Consolidation	+5.3

Breakdown of Service Business Sales

(Billions of Yen)	Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Water Treatment Chemicals	77.4	86.9	+9.4
Water Treatment Facilities	79.8	80.3	+0.5
Ultrapure Water Supply Business	22.1	21.8	(0.3)
Tool Cleaning	5.3	5.4	+0.1
Soil Remediation	7.5	5.7	(1.8)
Domestic Maintenance	37.8	39.1	+1.2
Overseas Maintenance	5.5	6.7	+1.3
Other	1.6	1.7	+0.0
Total	157.3	167.2	+9.9

- In addition to the impact of new consolidation in Water Treatment Chemicals, sales increased in domestic and overseas maintenance.
- Public sector maintenance services and chemical cleaning services contributed to the increase in domestic maintenance.
- The service business increased from 82% to 85% as a percentage of total net sales.

Capital Expenditures, Depreciation and R&D Expenses

(Billions of Yen)	Nine months of FY ended 03/2019	Nine months of FY ending 03/2020	YoY Change
Capital Expenditures (Property, Plant and Equipment)	25.5	19.4	(6.0)
Ultrapure Water Supply Business	18.2	10.7	(7.5)
Other than the above	7.3	8.7	+1.5
Depreciation (Property, Plant and Equipment)	12.3	11.2	(1.2)
Water Treatment Chemicals	2.3	2.4	+0.1
Water Treatment Facilities	10.0	8.8	(1.2)
R&D Expenses	4.0	4.1	+0.1
Water Treatment Chemicals	1.4	1.5	+0.1
Water Treatment Facilities	2.6	2.6	(0.0)

- Although capital expenditures decreased compared to the same period of the previous year when large investments were made in the ultrapure water supply business, they remained at a high level.
- Depreciation decreased, primarily in the ultrapure water supply business.
- R&D expenses were in line with the same period of the previous year.

Financial Condition

(Billions of Yen)	End of March 2019	End of December 2019	Change
Cash and Cash Equivalents	35.5	44.0	+8.5
Other Current Assets	115.6	118.9	+3.3
Total Current Assets	151.1	162.9	+11.7
Property, Plant and Equipment	103.3	110.3	+7.0
Goodwill	38.0	45.7	+7.7
Other Non-current Assets	66.3	79.1	+12.8
Total Non-current Assets	207.5	235.2	+27.6
Total Assets	358.7	398.0	+39.4
Current Liabilities	73.1	99.8	+26.7
Non-current Liabilities	46.4	49.0	+2.6
Total Liabilities	119.6	148.8	+29.3
Total Equity Attributable to Owners of Parent	237.2	247.2	+10.0
Non-controlling Interests	1.9	1.9	+0.0
Total Equity	239.1	249.2	+10.1
Total Liabilities and Equity	358.7	398.0	+39.4

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

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

Overview of Business Forecast

(Billions of Yen)		FY ended 03/2019 Results	FY ending 03/2020 Forecast	YoY	Previous Forecast (Announced on Nov. 11)
Orders		258.4	270.0	+4.5%	270.0
Net Sales		257.3	273.0	+6.1%	273.0
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%	189.69
Foreign Exchange Rate	USD (yen)	110.9	109.0		109.0
	EUR (yen)	128.4	122.0		122.0
	CNY (yen)	16.5	15.8		15.8

- The orders, net sales and profit forecasts are unchanged from the previous announcement.

Forecasts by Segment



(Billions of Yen)		FY ended 03/2019 Results	FY ending 03/2020 Forecast	YoY	Previous Forecast (Announced on Nov. 11)
Total	Orders	258.4	270.0	+11.6	270.0
	Net Sales	257.3	273.0	+15.7	273.0
	Business Profit	25.7	26.5	+0.8	26.5
	Business Profit Margin	10.0%	9.7%		9.7%
	Operating Profit	19.9	30.0	+10.1	30.0
Water Treatment Chemicals	Orders	102.9	117.4	+14.5	117.4
	Net Sales	102.1	117.2	+15.1	117.2
	Business Profit	9.8	11.5	+1.7	11.5
	Business Profit Margin	9.6%	9.8%		9.8%
	Operating Profit	4.3	10.5	+6.2	10.5
Water Treatment Facilities	Orders	155.5	152.6	(2.9)	152.6
	Net Sales	155.2	155.8	+0.6	155.8
	Business Profit	15.9	15.0	(0.9)	15.0
	Business Profit Margin	10.2%	9.6%		9.6%
	Operating Profit	15.5	19.5	+4.0	19.5

- Forecasts for both Water Treatment Chemicals and Water Treatment Facilities are unchanged from the previous announcement.
- The same applies to forecasts by region and by industry.

3 | Topics

Acquisition of Additional Shares of Pentagon Technologies

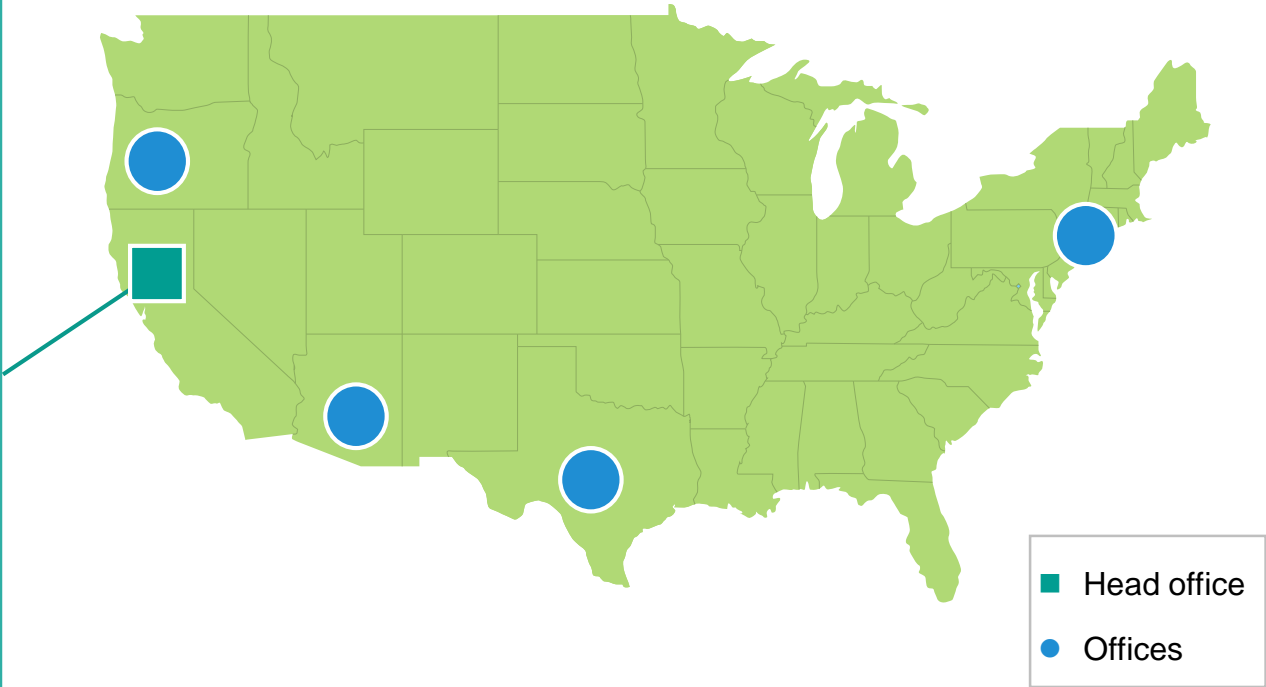
Making it a subsidiary and strengthening of position in the electronics industry as a global supplier of tool cleaning



PENTAGON
TECHNOLOGIES

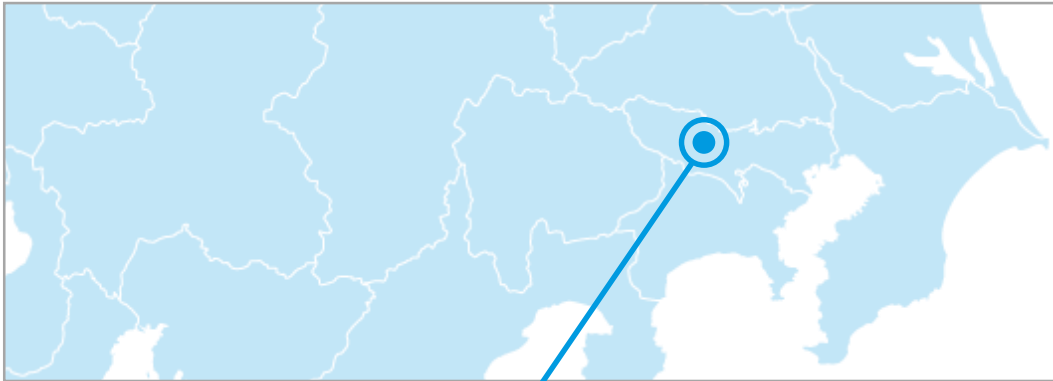
Kurita's
shareholding ratio
51%
(Scheduled in April
2020)

Established	1998
Business details	Tool cleaning business, development of measuring instruments for surface particles on semiconductor manufacturing equipment, cleanroom-related services
Employees	Approx. 700
Capital	USD 2,000
Net Sales	USD 89,790 thousand (year ended December 31, 2018)



Establishment of New R&D Base

Establishment of cutting-edge development environment and strengthening of next-generation technological innovation



Overview of new R&D base

Location	Akishima-shi, Tokyo
Site area	30,381.37m ²
Opening date	Scheduled for April 2022
Construction cost	Approx. 30 billion yen

- Positioning of the new R&D base
 - Hub in the global R&D system
 - An R&D facility open to society (a variety of stakeholders)
- The current development center in Japan will be relocated at the end of March 2022 (land to be sold)
- It is assumed that the construction costs will be procured through the company's own funds and debt financing



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.