



Kurita Water Industries Ltd.

# **Results Presentation for the First Nine Months of the Fiscal Year Ending March 31, 2021**

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(Securities code: 6370)

February 5, 2021













# Overview of Results



(Billions of Yen)		Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (11/5 Announcement)	YoY Change
Orders		196.1	187.4	(4.4%)	264.0	+1.7%
Net Sales		197.1	198.0	+0.5%	270.0	+2.0%
Business Profit		20.4	22.2	+8.8%	28.0	+5.0%
Net of Other Income and Expenses		4.7	2.0	-	1.0	-
Operating Profit		25.1	24.2	(3.4%)	29.0	+5.5%
Profit Before Tax		24.4	22.3	(9.0%)	28.0	+4.9%
Profit Attributable to Owners of Parent		17.0	14.9	(12.0%)	19.0	+3.9%
Basic Earnings per Share (yen)		151.01	132.88	(13.7%)	169.15	+3.9%
Foreign Exchange Rate	USD (yen)	108.67	106.11		107.0	
	EUR (yen)	121.05	122.38		121.0	
	CNY (yen)	15.60	15.44		15.3	

- Pentagon Technologies, which operates a tool cleaning business in the United States, was included in the scope of consolidation from the period under review.
- Although the spread of the novel coronavirus has had an impact on reducing orders and net sales, business profit increased because the effect of reduced expenses offset the effect of reduced sales.
- 2.1 billion yen in liquidation gain on contract termination settlements with a certain customer in the ultrapure water supply business was recorded in other income (a 4.8 billion yen gain on sales of non-current assets was recorded in the same period of the previous fiscal year).

# Change in Outlook Due to the Impact of the Novel Coronavirus

Region	Net Sales	Business Profit
Domestic	 Unchanged	 Unchanged
Asia	 Improved	 Improved
North America	 Deteriorated	 Deteriorated
EMEA	 Deteriorated	 Deteriorated
Other	 Unchanged	 Unchanged
Overall	 Unchanged	 Unchanged

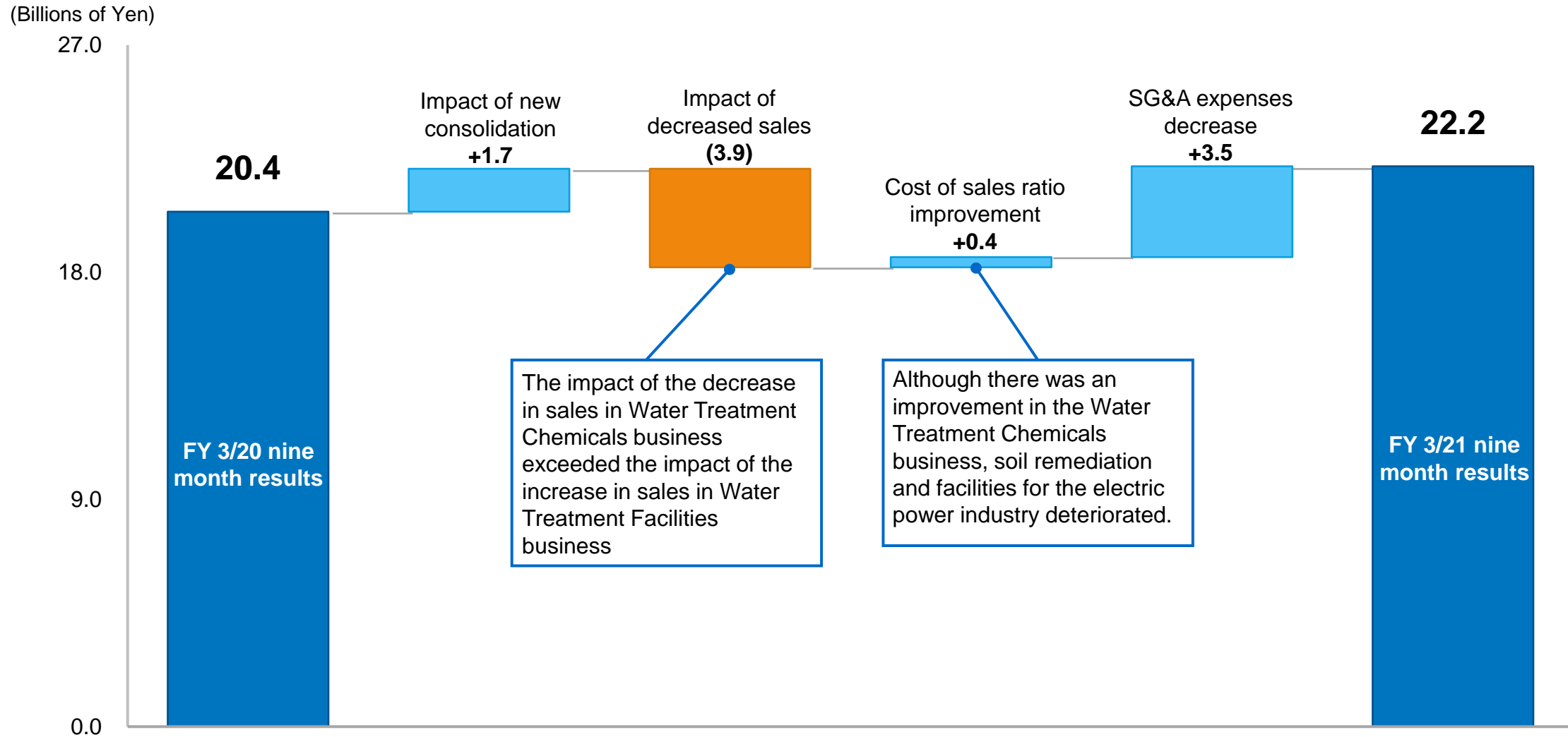
- The forecast of the impact of the novel coronavirus on full-year performance is that there will generally be no change from the midpoint of the fiscal year (orders down 14.0 billion yen, net sales down 9.4 billion yen, business profit down 2.5 billion yen).
- In Asia, the negative impact is decreasing more than anticipated due to a weakening of the impact of the spread of the disease.
- In Europe and North America, the negative impact is expanding more than anticipated in both the Water Treatment Chemicals business and the Water Treatment Facilities business due to the third wave of the novel coronavirus. Neither Pentagon Technologies nor Avista Technologies are affected.
- Although infections continue to spread in Japan and South America, the negative impact on net sales and business profit is within the anticipated range.

# Results by Segment

(Billions of Yen)		Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (11/5 Announcement)
Total	Orders	196.1	187.4	(8.7)	264.0
	Net Sales	197.1	198.0	+0.9	270.0
	Business Profit	20.4	22.2	+1.8	28.0
	Business Profit Margin	10.3%	11.2%		10.4%
	Operating Profit	25.1	24.2	(0.8)	29.0
Water Treatment Chemicals	Orders	86.3	77.5	(8.8)	103.9
	Net Sales	86.9	77.5	(9.3)	103.9
	Business Profit	9.3	9.7	+0.4	11.7
	Business Profit Margin	10.7%	12.5%		11.3%
	Operating Profit	9.0	9.3	+0.2	10.2
Water Treatment Facilities	Orders	109.8	109.9	+0.1	160.1
	Net Sales	110.2	120.5	+10.3	166.1
	Business Profit	11.1	12.5	+1.4	16.3
	Business Profit Margin	10.1%	10.4%		9.8%
	Operating Profit	16.0	14.9	(1.1)	18.8

- Both orders and net sales decreased in the Water Treatment Chemicals business due to the impact of the spread of the novel coronavirus.
- In the Water Treatment Facilities business, orders remained level and net sales increased year on year mainly due to the impact of new consolidation of Pentagon Technologies.
- The cost of sales ratio improved in the Water Treatment Chemicals business and deteriorated in the Water Treatment Facilities business when excluding the new consolidation of Pentagon Technologies.
- SG&A expenses decreased in both segments excluding the impact of new consolidation.
- Other income decreased in the Water Treatment Facilities business.

# Factors in Change in Business Profit (YoY Change)



# Water Treatment Chemicals

(Billions of Yen)	Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (11/5 Announcement)
<b>Orders</b>	<b>86.3</b>	<b>77.5</b>	<b>(8.8)</b>	<b>103.9</b>
Domestic	34.7	31.8	(3.0)	42.8
Overseas	51.6	45.7	(5.8)	61.1
<b>Net Sales</b>	<b>86.9</b>	<b>77.5</b>	<b>(9.3)</b>	<b>103.9</b>
Domestic	35.2	31.8	(3.4)	42.8
Overseas	51.7	45.7	(6.0)	61.1
<b>Business Profit</b>	<b>9.3</b>	<b>9.7</b>	<b>+0.4</b>	<b>11.7</b>
<b>Business Profit Margin</b>	<b>10.7%</b>	<b>12.5%</b>		<b>11.3%</b>
<b>Operating Profit</b>	<b>9.0</b>	<b>9.3</b>	<b>+0.2</b>	<b>10.2</b>

- Domestic orders and net sales decreased in all customer industries.
- Overseas net sales decreased by 12.5% excluding the two months of new consolidation of Avista Technologies.
- The negative impact of the decrease in sales was generally offset through improvements in the cost of sales ratio and reductions of expenses, resulting in an increase in business profit.

## Overseas Sales by Region

(Billions of Yen)	Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (11/5 Announcement)
Asia	20.6	16.7	(3.9)	22.1
North America	14.9	13.6	(1.3)	18.7
EMEA	14.2	13.8	(0.4)	18.3
Other	2.0	1.6	(0.4)	2.0
<b>Total</b>	<b>51.7</b>	<b>45.7</b>	<b>(6.0)</b>	<b>61.1</b>

### Factors in Change (Billions of Yen)

Organic Change	(5.3)
Effect of Foreign Exchange Rate	(1.2)
New Consolidation	+0.5

# Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (11/5 Announcement)
<b>Orders</b>	<b>40.4</b>	<b>42.0</b>	<b>+1.7</b>	<b>59.3</b>
Facilities	2.6	3.6	+1.0	6.8
Maintenance	12.9	11.0	(1.8)	16.4
Ultrapure Water Supply Business	19.6	21.0	+1.4	27.8
Tool Cleaning	5.3	6.4	+1.1	8.3
<b>Net Sales</b>	<b>42.0</b>	<b>43.5</b>	<b>+1.5</b>	<b>59.0</b>
Facilities	5.6	3.7	(1.8)	6.5
Maintenance	11.6	12.4	+0.8	16.4
Ultrapure Water Supply Business	19.6	21.0	+1.4	27.8
Tool Cleaning	5.4	6.4	+1.1	8.3

- Despite an increase in orders for new projects, net sales in facilities decreased due to large projects running their courses.
- Although orders in maintenance decreased due to the absence of the large projects ordered in the previous fiscal year, sales increased due to progress in construction of projects ordered in the previous fiscal year.
- Net sales in the ultrapure water supply business increased due to the commencement of water supply in the previous fiscal year for a certain contract.
- Tool cleaning net sales increased due to new orders.

# Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (11/5 Announcement)
<b>Orders</b>	<b>41.6</b>	<b>35.9</b>	<b>(5.6)</b>	<b>54.1</b>
Energy and Infrastructure	33.3	31.3	(2.1)	44.5
Soil Remediation	6.1	2.6	(3.5)	7.4
Other	2.2	2.0	(0.1)	2.2
<b>Net Sales</b>	<b>41.9</b>	<b>42.5</b>	<b>+0.6</b>	<b>61.8</b>
Energy and Infrastructure	34.1	35.7	+1.6	51.6
Soil Remediation	5.7	4.8	(0.9)	8.0
Other	2.1	2.0	(0.1)	2.2

- Energy and infrastructure orders decreased in facilities for both general industries and the electric power industry, and orders also decreased in maintenance for general industries due to the postponement of projects.
- In Energy and infrastructure, net sales of facilities for general industries increased due to the recording of sales from order backlog, remained unchanged for facilities for the electric power industry and decreased in maintenance for general industries.
- Soil remediation orders and net sales decreased due to large projects running their courses.
- Profitability of maintenance services for the public sector improved.



# Water Treatment Facilities (Overseas)



(Billions of Yen)	Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (11/5 Announcement)
<b>Orders</b>	<b>27.9</b>	<b>32.0</b>	<b>+4.1</b>	<b>46.7</b>
Facilities	19.7	13.1	(6.6)	21.6
Maintenance	5.9	8.2	+2.3	11.7
Ultrapure Water Supply Business	2.3	2.3	(0.0)	2.7
Tool Cleaning	-	8.4	+8.4	10.6
<b>Net Sales</b>	<b>26.3</b>	<b>34.5</b>	<b>+8.2</b>	<b>45.3</b>
Facilities	17.3	15.8	(1.5)	20.6
Maintenance	6.7	8.0	+1.3	11.3
Ultrapure Water Supply Business	2.3	2.3	(0.0)	2.7
Tool Cleaning	-	8.4	+8.4	10.6

- Orders and net sales for China decreased due to large facility projects running their courses.
- Orders and net sales for South Korea increased due to orders for new facility projects and progress in construction of ordered projects.
- Although orders for Taiwan decreased due to large projects running their courses, net sales increased due to progress in construction of projects ordered in the previous fiscal year.
- Pentagon Technologies was newly consolidated in North America.

## Sales by Region

(Billions of Yen)	Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (11/5 Announcement)
Asia	19.9	20.0	+0.1	24.4
North America and Other	6.4	14.5	+8.1	20.9
<b>Total</b>	<b>26.3</b>	<b>34.5</b>	<b>+8.2</b>	<b>45.3</b>

### Factors in Change (Billions of Yen)

Organic Change	+0.1
Effect of Foreign Exchange Rate	(0.4)
New Consolidation	+8.4

# Breakdown of Service Business Sales

(Billions of Yen)	Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (11/5 Announcement)
<b>Water Treatment Chemicals</b>	<b>86.9</b>	<b>77.5</b>	<b>(9.3)</b>	<b>103.9</b>
<b>Water Treatment Facilities</b>	<b>80.3</b>	<b>92.7</b>	<b>+12.4</b>	<b>125.3</b>
Ultrapure Water Supply Business	21.8	23.2	+1.4	30.6
Domestic Tool Cleaning	5.4	6.4	+1.1	8.3
Overseas Tool Cleaning	-	8.4	+8.4	10.6
Soil Remediation	5.7	4.8	(0.9)	8.0
Domestic Maintenance	39.1	40.3	+1.2	54.3
Overseas Maintenance	6.7	8.0	+1.3	11.3
Other	1.7	1.6	(0.1)	2.2
<b>Total</b>	<b>167.2</b>	<b>170.2</b>	<b>+3.1</b>	<b>229.2</b>

- There was an increase in the ultrapure water supply business.
- Domestic tool cleaning net sales increased due to new orders.
- Overseas tool cleaning has been added due to the new consolidation of Pentagon Technologies.

# Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	Nine months of FY ended 03/2020	Nine months of FY ending 03/2021	YoY Change	Full-year forecast (2/4 Announcement)
<b>Capital Expenditures (Property, Plant and Equipment)</b>	<b>19.4</b>	<b>19.8</b>	<b>+0.3</b>	<b>31.0</b>
Ultrapure Water Supply Business	10.7	5.9	(4.8)	9.0
Other than the above	8.7	13.9	+5.1	22.0
<b>Depreciation (Property, Plant and Equipment)</b>	<b>11.2</b>	<b>13.1</b>	<b>+2.0</b>	<b>17.3</b>
Water Treatment Chemicals	2.4	2.9	+0.5	3.9
Water Treatment Facilities	8.8	10.2	+1.4	13.4
<b>R&amp;D Expenses</b>	<b>4.1</b>	<b>3.8</b>	<b>(0.3)</b>	<b>5.2</b>
Water Treatment Chemicals	1.5	1.3	(0.2)	2.4
Water Treatment Facilities	2.6	2.5	(0.1)	2.9

- Capital investment in property, plant and equipment increased mainly due to investment aimed at opening a new development site being brought forward. The full-year forecast has been revised from the original figure of 22.8 billion yen to 31.0 billion yen.
- There is no change to the forecast for depreciation of property, plant and equipment.
- There is no change to the forecast for R&D expenses.

# Financial Condition

(Billions of Yen)	End of March 2020	End of December 2020	Change
Cash and Cash Equivalents	50.2	61.4	+11.2
Other Current Assets	112.6	108.3	(4.3)
<b>Total Current Assets</b>	<b>162.8</b>	<b>169.7</b>	<b>+6.9</b>
Property, Plant and Equipment	106.4	109.3	+2.9
Goodwill	47.0	55.6	+8.6
Other Non-current Assets	71.5	71.1	(0.4)
<b>Total Non-current Assets</b>	<b>224.9</b>	<b>236.0</b>	<b>+11.1</b>
<b>Total Assets</b>	<b>387.7</b>	<b>405.7</b>	<b>+17.9</b>
Current Liabilities	94.4	66.4	(28.0)
Non-current Liabilities	49.2	91.1	+41.8
<b>Total Liabilities</b>	<b>143.6</b>	<b>157.5</b>	<b>+13.9</b>
Total Equity Attributable to Owners of Parent	242.4	245.3	+2.9
Non-controlling Interests	1.7	2.9	+1.2
<b>Total Equity</b>	<b>244.1</b>	<b>248.2</b>	<b>+4.1</b>
<b>Total Liabilities and Equity</b>	<b>387.7</b>	<b>405.7</b>	<b>+17.9</b>

- Non-current liabilities increased due to the issuance of 30.0 billion yen in unsecured bonds.
- Current liabilities decreased due to repayment of loans.
- Other financial liabilities increased due to the liabilities pertaining to the additional acquisition of shares in Pentagon Technologies to be implemented in June 2022.



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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.