

Summary of Q&A Session at the Financial Results Conference Call  
for the First Nine Months of the Year Ending March 31, 2016

Date and Time: Monday, February 1, 2016, 11:00 - 11:40

**Notice: This summary is a reference designed for the convenience of those who could not attend the financial results conference call stated above. Please note that this is not a word-for-word transcript of all remarks made at that session, but is a summary prepared by Kurita Water Industries Ltd.**

- Q. I would like to confirm why the Water Treatment Chemicals business posted increased sales in China and Southeast Asia and whether this contributed to profits.
- A. The Company still does not command such a large share of the Chinese and Southeast Asian markets, leaving us scope for market development in terms of expanding market share, and sales in this business segment were strong. Given that overall, with the exception of KEAG, profits increased, we believe that higher sales in China and Southeast Asia contributed to profits.
- Q. Can we conclude that the marginal profit of the Water Treatment Chemicals business in Asia is not so different from its marginal profit in Japan?
- A. It is fair to say that the profitability of the Chemicals Business is more or less the same in Asia as it is in Japan.
- Q. Have orders for water treatment facilities from overseas liquid crystal display (LCD) manufacturers now peaked or will they grow further through the first half of the next fiscal year?
- A. Orders for water treatment facilities from LCD manufacturers in China and Taiwan might peak in the fourth quarter of the fiscal year ending March 31, 2016 or the first quarter of the fiscal year ending March 31, 2017. However, the majority of sales will be recorded either in the fiscal year ending March 31, 2017 or the fiscal year ending March 31, 2018.
- Q. Have you had to expedite the delivery of water treatment facilities to meet customer's demands or have you had orders cancelled recently?
- A. Not to our knowledge.
- Q. What is your view on the impact of the replacement of LCDs with organic light emitting diode (OLED) displays?
- A. There is no major difference in the water treatment required for LCDs and OLED displays and we believe that this will have virtually no impact on ultrapure water manufacturing facilities.
- Q. The industrial production index has been slightly weak these last two months. Is the full-year domestic sales projection for Water Treatment Chemicals in the current fiscal year achievable?

- A. This will depend on domestic sales of Water Treatment Chemicals from January to March, but at present we do not expect any major downward fluctuation.
- Q. What was the growth rate of Chinese sales of Water Treatment Chemicals on a local currency basis, excluding KEAG, in the first nine months? Has there been any change in the trend during the fourth quarter?
- A. Total sales during the first nine months grew by just over 20% year on year. In the fourth quarter, the growth rate is slightly slower but there has not been any sharp drop.
- Q. Is the profitability of facilities for general industries set to remain low even if sales are recorded in the fourth quarter?
- A. We expect that in the full-year results for the fiscal year ending March 31, 2016, general industries hardware will show a loss due to decreased sales. This is a question of volume and the profitability if individual transactions is still the same.
- Q. Regarding the contract in the ultrapure supply business that expired in December 2015, what form have operations taken since expiry?
- A. We extended the contract and maintained the profit margin at the same level despite a decline in sales.
- Q. Regarding other contracts in the ultrapure water supply business, is there a risk of price revision in the future?
- A. There has not been any mention of price revisions to date and so we do not consider there to be any such risk. At present unit prices and contract terms are unchanged.
- Q. What are your forecasts for capital expenditure in the ultrapure water supply business in the fiscal year ending March 31, 2016 and the fiscal year ending March 31, 2017?
- A. Regarding the fiscal year ending March 31, 2016, we are on our way to reaching our projected capital expenditure in the ultrapure water supply business of 16.5 billion yen. As for the fiscal year ending March 31, 2017, we still cannot be absolutely sure but we expect capital expenditure to be less than in the fiscal year ending March 31, 2016.
- Q. Approximately what was the year-on-year change in sales to Sharp?
- A. Sales to Sharp during the first nine months fell around 12% year on year.
- Q. Could full-year sales in the ultrapure water supply business for the current fiscal year exceed your projection?
- A. Judging from the trend in other years, sales may be slightly more than forecast.
- Q. Sales in the ultrapure water supply business next fiscal year are expected to increase on the back of steady capital expenditure. Approximately what level will they be?
- A. We estimate that sales will increase by around 1 billion yen.
- Q. Please describe the trend in the profitability of hardware in the Water Treatment Facilities business.

- A. The loss on unprofitable projects was around 2 billion yen in the fiscal year ended March 31, 2015 and we expect this loss to narrow to around 500 million yen in the fiscal year ending March 31, 2016. If there are no longer any unprofitable projects in the fiscal year ending March 31, 2017, this will push profits up year on year.
- Q. Please give a breakdown of total water treatment hardware sales to the electronics industry by semiconductor manufacturers, liquid crystal manufacturers and electronic component manufacturers.
- A. Total orders in the first nine months can be broken down 18:55:27 and total sales can be broken down 21:52:27.
- Q. Is it correct to assume that next fiscal year the profitability of water treatment facilities for general industries is set to increase?
- A. We are formulating a plan to increase profits in the fiscal year ending March 31, 2017. In the fiscal year ending March 31, 2016, increased profits from maintenance have made up for the decreased profits from hardware.
- Q. Operating income for the fourth quarter of the fiscal year ending March 31, 2016 is, on balance, projected to below the year-ago level. What are your thoughts on this?
- A. There are still a number of factors that could change the final outcome, for example, what will happen to costs in connection with work in progress in the Water Treatment Facilities business and what will happen to domestic sales in the Water Treatment Chemicals business and for the moment we have left our initial projection unchanged.

Results forecasts presented and other statements relating to the future made in this document are based on information currently available and certain assumptions the Company considers reasonable. A variety of factors may cause actual financial results and other forward-looking statements to differ materially from the forecasts.