

Summary of Q&A Session at the Financial Results Briefing
for the Fiscal Year Ended March 31, 2016

Date and time: Monday, May 2, 2016, from 3:00 p.m. to 4:00 p.m.

Place: Belle Salle Yaesu

Notice: This summary is a reference designed for the convenience of those who could not attend the financial results briefing 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. What are the ratios of semiconductors, liquid crystal display (LCD) panels, and electronic components and others in facilities orders and sales for the electronics industry in the fiscal year ended March 31, 2016 and planned orders and sales in the fiscal year ending March 31, 2017?

A. In the fiscal year ended March 31, 2016, orders for semiconductors, LCD panels, and electronics components and other were at a ratio of 2:7:1, and sales were at a ratio of 3:6:1. In the fiscal year ending March 31, 2017, planned orders are expected to be at a ratio of 5:4:1, and planned sales are expected to be at a ratio of 3:6:1.

Q. Of the plans for facilities for general industries, are the plans for electric power and for industrial complexes include expectations, or are there any specific projects planned?

A. We see some specific projects for electric power. There are some specific projects for industrial complexes, but our plan also include expectations. We expect that in the steel and petrochemical industries, there will be some investment in aging facilities, which companies have postponed the replacement of.

Q. Are new domestic markets in the ultrapure water supply business an extension of the semiconductors and LCD panels markets, or are you targeting different markets?

A. The major domestic markets will be the semiconductors and LCD panels markets. However, we are looking at incorporating existing facilities, including those provided by other companies, and other used facilities into our water supply business model. We do not see any specific domestic markets other than the semiconductors and LCD panels markets.

Q. What will happen to your transactions with LCD manufacturer, which is your largest customer?

A. Our ultrapure water supply business is protected by contract, and we will continue with the business. Given the possibility of new investment in organic light emitting diode (OLED) displays, there will be fierce competition. However, we believe there will be business opportunities.

Q. What was the amount of orders received by KEAG in the fiscal year that has ended? Is KEAG performing well compared with your expectations when you acquired it?

A. Orders at KEAG were 21.6 billion yen, the same amount as sales. We expect that sales will rise 8% year on year this fiscal year. One of the reasons is the expansion of the period of consolidation to 12 months this fiscal year from 11 months in the fiscal year that has ended. We also expect real growth in local currencies. KEAG is not performing very well in China, where KEAG is recording sales that account for over 10% of its overall sales. Meanwhile, in Europe, KEAG recorded almost double-digit year-on-year growth from January to March. We think

KEAG will stage a strong recovery.

Q. In recent years, ROE has been below the cost of capital, which has been a little less than 6%. Will you be able to improve ROE by improving the operating income margin? How will you improve the operating income margin for hardware for general industries?

A. The key initiative for improving the operating income margin will be to improve profitability in the domestic hardware business for general industries and in the overseas hardware business. We will improve the hardware business by improving accuracy in the calculation of costs and facilitating cooperation between the sales and production divisions. The Company is discussing setting targets for cost structure and revenue structure, including the system for receiving orders, but we are not ready to announce specific numbers. We would like to explain progress from the first quarter.

Q. The negative factor in the sales forecast in the ultrapure water supply business in the fiscal year ending March 31, 2017 looks too large even if the effect of the expiration of contracts in the previous fiscal year is taken into consideration. Could you explain the expiration of large contracts and other factors separately?

A. We cannot describe individual contracts. The same plant has different contracts, which start and expire at different times. The contract that expired in the previous fiscal year has adverse effects this fiscal year. There has been no additional expiration of contracts, and there has been no change in the trend of sales.

Q. In the fiscal year ending March 31, 2017, operating income in the water treatment facilities segment is expected to increase only 0.1 billion yen year on year, and operating income from facilities for the electronics industry is forecast to decline. Could you give us a qualitative explanation of the reasons of the expected decline in operating income from facilities for the electronics industry?

A. In the ultrapure water supply business, we expect significant expenses for maintenance that have been delayed and maintenance in response to the aging of facilities. The number of high-margin domestic hardware projects is expected to decline.

Q. Profitability in hardware for the overseas electronics industry seems to be improving. What will the trend be in the fiscal year ending March 31, 2017?

A. The effect of unprofitable projects declined from 1.7 billion yen in the fiscal year ended March 31, 2015 to 0.4 billion yen in the fiscal year ended March 31, 2016. We can say that the effect of unprofitable projects has stabilized, especially overseas. We still need to improve profitability in hardware for the overseas electronics industry and believe that there is room for growth.

Q. You have said that you would like to decide to execute M&A in the United States this fiscal year. However, considering the difficulty and hardship that you experienced when you started the businesses that you acquired in Germany, we expect that you may face a heavy initial burden in the United States. What is your strategy in the United States?

A. The U.S. market is huge, but we have only a small share. We have a strong desire to lay a business foundation in the United States. I have requested business divisions to promptly start laying a foundation in some form or another. There are some options, including business alliances, outright acquisitions, and business acquisitions. We are not limited to outright

acquisitions. At any rate, we would like to lay a business foundation in the United States as soon as possible.

Q. Are there any opportunities to expand your soil remediation business and sewage treatment business in China, Taiwan, and Vietnam?

A. We will not find any projects soon. However, in China the Water Ten Plan has been issued and there is a trend towards making laws. Needs for soil remediation and sewage treatment are likely to emerge. We are undertaking joint studies with universities in China, and considering markets in those countries.

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