

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

Date and Time: Monday, August 3, 2015, from 11:00 a.m. to 11:35 a.m.

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. What were the growth rates of net sales and operating income, excluding those at Kurita Europe APW GmbH (KEAG), in the Water Treatment Chemicals segment?

A. Net sales grew a little more than 5% year on year, and operating income rose around 10% (200 million yen) year on year chiefly due to the increase in net sales.

Q. What were the growth rates of domestic orders and overseas orders, excluding those at KEAG, in the Water Treatment Chemicals segment?

A. Domestic orders grew 1.2%. Overseas orders excluding orders at KEAG increased 18.5%. Total orders excluding orders at KEAG rose 5.6%.

Q. What was the operating income margin of KEAG in the first quarter?

A. It was around 5% before the amortization of goodwill and technology-related assets, etc.

Q. Will domestic demand in the Water Treatment Chemicals segment continue to recover?

A. Domestic demand in the segment has improved, and we expect that it will continue to improve.

Q. What is profitability like in the Water Treatment Chemicals segment, excluding KEAG?

A. The operating income margin in the Water Treatment Chemicals segment excluding KEAG improved to 13.0% in the first quarter under review, from 12.5% a year ago.

Q. Were there any cancellations of orders in the Water Treatment Facilities segment in the first quarter?

A. No. There were no cancellations of orders in the electronics industry or in general industries.

Q. Were there any unprofitable projects in the Water Treatment Facilities segment in the first quarter?

A. No, there weren't. (There were no unprofitable projects in the first quarter in the previous fiscal year either.)

Q. Can we expect that there will be no unprofitable projects in the Water Treatment Facilities segment?

A. We have not had any unprofitable projects, but we are a little concerned about some projects. We cannot say that there will be no unprofitable projects, but our recognition is that the number of unprofitable projects is much lower than in the previous fiscal year.

Q. Could you tell us factors of changes in operating income in the Water Treatment Facilities segment?

A. Operating income in the Water Treatment Facilities segment rose 500 million yen year on year. An improvement in the cost rate added to operating income 900 million yen. On the other hand, a decline in sales and a rise in selling, general and administrative expenses each reduced operating income 200 million yen, respectively.

Q. I have heard that capital expenditure for and production of LCD panels in Japan are weak. Will this affect your sales outlook in the ultrapure water supply business?

A. Results in the ultrapure water supply business is on par with the plan. We do not think there are any significant risks.

Q. Has the number of customers in the ultrapure water supply business changed?

A. No, it has not.

Q. Are there any changes in the investment plan in the ultrapure water supply business?

A. The capital expenditure plan in the ultrapure water supply business includes only expenditures that have been decided at present. There may be some additional investments.

Q. What was the yen increase in orders in soil remediation services?

A. Orders rose 700 million yen year on year.

Q. What is the background for the increase in orders for soil remediation services? Do you expect orders to expand?

A. Land transactions and soil remediation have finally started to be activated a little. We can hardly say that orders will expand, but we would certainly like to achieve our plan.

Q. Could you compare your results in the first quarter with your plan?

A. Sales were a little behind the plan, but operating income exceeded the plan. Profitability improved in our water treatment facilities business in the electronics industry.

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