

Summary of the Q&A Session at the Financial Conference Call  
for the First Quarter of the Fiscal Year Ending March 31, 2018

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.

Date and Time: August 1, 2017 (Tue.) 11:00 - 11:40

Q. How much did Fremont Industries, LLC contribute to consolidated sales in 1Q?

A. Approximately ¥0.8 billion.

Q. Did Fremont's sales of ¥0.8 billion increase relative to its results prior to consolidation?  
How did Fremont perform versus your plan?

A. On a YoY basis, Fremont sales were largely flat. Sales were slightly lower than our initial plan but we are expecting to see growth in the second half, so we do not see cause for concern at this time.

Q. How was 1Q sales growth at Kurita Europe GmbH (KEG)?

A. KEG's EMEA sales rose 2.7% YoY on a local currency basis, essentially in line with plan.

Q. For the Water Treatment Chemicals business in 1Q, which expenses increased? What impact will this have on earnings in 2Q and beyond?

A. 1Q SG&A was higher because of one-off factors, such as increased IT spending and donations. Therefore, we do not expect to see an impact in 2Q and beyond.

Q. You state that capacity utilization for domestic Water Treatment Chemicals customers was high. Can you provide more color in terms of which industries were strong, and what type of customers drove order growth?

A. Overall, the growth was across the board in terms of industries, with particularly strong growth in chemicals for steel making.

Q. Profits for the overseas Water Treatment Chemicals business were down. Am I correct in assuming domestic profits increased?

A. Given what we saw in SG&A expenses, we believe that profitability was lower in 1Q for the domestic business as well.

Q. Orders for both the domestic and overseas water treatment facilities for electronics industry were strong. Could you describe the growth in terms of customer type? Also, how should we think about the sustainability of this trend?

A. Our understanding is that semiconductors and smartphone-related components were strong. However, 1Q was boosted by large-scale orders so we do not expect this trend to be maintained in 2Q and beyond.

- Q. Were the large-scale orders in electronics industry already factored into your forecasts?  
A. The domestic order was not in our plan but the progression of overseas orders was in line with expectations.
- Q. Which regions did the large-scale electronics orders come from?  
A. South Korea and Western Japan.
- Q. You said that Water Treatment Chemicals business revenues were down in Asia. Can you say which regions?  
A. Our revenues were hurt by orders we missed in China and Singapore. As a result, overall Asia revenue was down 16% YoY.
- Q. OPM for Water Treatment Chemicals business was 7.3% in 1Q. Given your 1H target of 9.2%, should we expect a rebound in 2Q?  
A. We do not have major concerns for 2Q and beyond but there is a possibility that we might fall slightly short of the 1H operating profit forecast.
- Q. I believe that you are on track to overshoot your profit targets for the Water Treatment Facilities business for the electronics industry. Is the main driver of the overshoot hardware or maintenance?  
A. The business as a whole has been better than we had expected.
- Q. You indicated that orders and sales for Water Treatment Facilities business for general industries were up on soil remediation, maintenance and electric power generation. Can you quantify the impact?  
A. For orders, soil remediation was up ¥2.5 billion, maintenance was up ¥1.3 billion and electric power generation was up ¥0.6 billion. For sales, soil remediation rose ¥0.6 billion and maintenance rose ¥0.2 billion.
- Q. Was the increase in soil remediation orders a single order or multiple orders?  
A. We saw one order each from a new customer and an existing customer. Both were large-scale orders. We believe the market itself is flat, so the orders are a reflection of our superior solution-driven sales efforts.
- Q. Is it possible that the strong orders you reported for Water Treatment Facilities business for the electronics industry in 1Q might have implications for your ultrapure water supply business (UPWS) capex plans?  
A. The large-scale orders are EPC, so there will not be a push-up effect on UPWS investments. We have made no changes to our capex plans for this business at this time.
- Q. If your Water Treatment Facilities business' 1Q OP is in line with plan, this implies that 2Q OPM will decline significantly. Is this what you had been expecting from the outset?  
A. Although 1Q Water Treatment Facilities business profit is in line with our full year plan, we can say that the business is doing well.

Q. For the Water Treatment Chemicals business, is the 1H profit forecast a slight stretch?

A. We have some slight concerns.

Q. How would you describe the progress you have made versus your full-year plans when you look at the two businesses on a combined basis?

A. We are doing well.

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.