



Kurita Water Industries Ltd.

Results Presentation for the First Quarter of the Fiscal Year Ending March 31, 2019

(Securities code: 6370)

August 14, 2018

Overview of Results



(Billions of Yen)		1Q of FY ended 03/2018	1Q of FY ending 03/2019	YoY Change	Forecast for 1H	
					YoY Change	
Orders		68.0	70.5	+ 3.5%	126.5	+ 1.0%
Net Sales		48.3	64.3	+ 33.2%	127.2	+ 17.7%
Operating Income		3.5	4.2	+ 20.7%	11.4	+ 12.3%
Ordinary Income		3.6	4.3	+ 18.5%	11.5	+ 11.9%
Extraordinary Gains (Losses)		—	(2.9)	—	—	—
Profit Attributable to Owners of Parent		2.5	0.9	- 63.1%	8.1	+ 9.3%
Net Income per Share (yen)		22.10	8.16	- 63.1%	72.14	+ 9.3%
Foreign Exchange Rate	USD (yen)	113.64	109.07			
	EUR (yen)	121.08	130.06			
	CNY (yen)	16.57	17.13			

- Expansion of the scope of application of the percentage-of-completion method from the three months ended June 30, 2018 had an impact of increasing net sales and operating income.
- The projected loss associated with the transfer of KEG's alumina compound business was posted as an extraordinary loss.

Results by Segment



		1Q of FY ended 03/2018	1Q of FY ending 03/2019	YoY Change	Forecast for 1H
Total	Orders	68.0	70.5	+ 2.4	126.5
	Net Sales	48.3	64.3	+ 16.0	127.2
	Operating Income	3.5	4.2	+ 0.7	11.4
	Operating Income Margin	7.3%	6.6%		9.0%
Water Treatment Chemicals	Orders	22.2	26.9	+ 4.7	51.8
	Net Sales	21.1	25.4	+ 4.4	51.2
	Operating Income	1.5	2.2	+ 0.6	4.4
	Operating Income Margin	7.3%	8.6%		8.6%
Water Treatment Facilities	Orders	45.9	43.6	(2.3)	74.7
	Net Sales	27.2	38.9	+ 11.7	76.0
	Operating Income	2.0	2.1	+ 0.2	7.0
	Operating Income Margin	7.3%	5.5%		9.2%

- Orders rose in the Water Treatment Chemicals business and fell in the the Water Treatment Facilities business.
- Sales increased in both segments.
- Despite the rise in the cost of sales ratio and the increase in SG&A expenses, operating income increased in both segments due to increased sales.
- In the Water Treatment Facilities business, the impact on increased income due to the expansion of the scope of application of the percentage-of-completion method was offset by temporary additional costs arising in several domestic facility projects.

Water Treatment Chemicals



	1Q of FY ended 03/2018	1Q of FY ending 03/2019	YoY Change	Forecast for 1H
Orders	22.2	26.9	+ 4.7	51.8
Domestic	11.9	12.1	+ 0.2	23.6
Overseas	10.2	14.8	+ 4.5	28.2
Net Sales	21.1	25.4	+ 4.4	51.2
Domestic	10.8	10.9	+ 0.0	23.0
Overseas	10.2	14.6	+ 4.3	28.2
Operating Income	1.5	2.2	+ 0.6	4.4
Operating Income Margin	7.3%	8.6%		8.6%

- Domestic sales remained flat in the absence of the spot projects posted in the same period of the previous fiscal year.
- Overseas sales increased considerably due to growth mainly in Asia and the inclusion of Hansu in the scope of consolidation.
- Despite the rise in the cost of sales ratio, income increased due to increased sales.

Overseas Sales by Region

(Billions of Yen)	1Q of FY ended 03/2018	1Q of FY ending 03/2019	YoY Change	Forecast for 1H
Asia	3.6	7.2	+ 3.6	12.6
North America	0.9	1.2	+ 0.3	2.5
EMEA	5.0	5.5	+ 0.5	11.5
Other	0.7	0.7	(0.0)	1.6
Total	10.2	14.6	+ 4.3	28.2

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	1Q of FY ended 03/2018	1Q of FY ending 03/2019	YoY Change	Forecast for 1H
Orders	15.6	17.6	+ 2.0	28.1
Facilities	4.2	4.4	+ 0.2	5.5
Maintenance	3.5	5.0	+ 1.5	6.5
Ultrapure Water Supply Business	6.1	6.4	+ 0.3	12.8
Tool Cleaning	1.7	1.7	(0.0)	3.4
Net Sales	12.1	13.7	+ 1.6	27.3
Facilities	1.3	1.8	+ 0.5	3.8
Maintenance	2.9	3.8	+ 0.9	7.4
Ultrapure Water Supply Business	6.1	6.4	+ 0.3	12.8
Tool Cleaning	1.7	1.7	(0.0)	3.4

- Orders for facilities were maintained at a high level due to the receipt of orders for large projects related to semiconductors and electronic components.
- Maintenance service orders increased due to high capacity utilization at customers' plants.
- Sales increased due to progress in construction work for facilities and the expansion of the scope of application of the percentage-of-completion method in maintenance services.
- Sales in the ultrapure water supply business increased due to the posting of earnings from expansion projects.

Water Treatment Facilities (for domestic general industries)

(Billions of Yen)	1Q of FY ended 03/2018	1Q of FY ending 03/2019	YoY Change	Forecast for 1H
Orders	22.1	19.4	(2.7)	33.1
Energy and Infrastructure	16.8	16.3	(0.5)	26.4
Soil Remediation	4.5	2.4	(2.1)	5.5
Other	0.8	0.7	(0.1)	1.2
Net Sales	10.4	13.2	+ 2.7	28.7
Energy and Infrastructure	8.3	10.0	+ 1.7	22.8
Soil Remediation	1.5	2.5	+ 1.0	4.7
Other	0.6	0.7	+ 0.1	1.2

- Orders for facilities increased for general industries and decreased for the electric power industry.
- Orders for maintenance services for general industries increased backed by demand for facilities replacement.
- Orders for soil remediation decreased in the absence of the posting of large projects in the same period of the previous year.
- Sales of facilities for general industries are on a downward trend.
- Sales in the electric power industry and soil remediation increased due to progress in construction work for outstanding orders.
- Sales of maintenance services for general industries increased due to the expansion of the scope of application of the percentage-of-completion method.

Water Treatment Facilities (overseas)

(Billions of Yen)	1Q of FY ended 03/2018	1Q of FY ending 03/2019	Year-on-Year Change	Forecast for 1H
Orders	8.2	6.6	(1.5)	13.5
Facilities	6.0	3.3	(2.7)	6.8
Maintenance	1.7	2.5	+ 0.8	5.2
Ultrapure Water Supply Business	0.4	0.8	+ 0.4	1.5
Net Sales	4.7	12.1	+ 7.3	20.0
Facilities	3.4	9.9	+ 6.5	14.7
Maintenance	0.9	1.4	+ 0.5	3.8
Ultrapure Water Supply Business	0.4	0.8	+ 0.4	1.5

- Orders for facilities decreased in South Korea but increased in China.
- Sales of facilities increased in China and South Korea due to progress in construction work for large projects.
- Orders and sales increased in the maintenance service and ultrapure water supply businesses.

Sales by Region

(Billions of Yen)	1Q of FY ended 03/2018	1Q of FY ending 03/2019	YoY Change	Forecast for 1H
Asia	4.6	11.9	+ 7.3	19.2
North America & Other	0.1	0.2	+ 0.1	0.8
Total	4.7	12.1	+ 7.3	20.0

Breakdown of Service Business Sales



(Billions of Yen)	1Q of FY ended 03/2018	1Q of FY ending 03/2019	YoY Change	Forecast for 1H
Water Treatment Chemicals	21.1	25.4	+ 4.4	51.2
Water Treatment Facilities	20.6	25.4	+ 4.8	52.1
Ultrapure Water Supply Business	6.6	7.2	+ 0.6	14.2
Tool Cleaning	1.7	1.7	(0.0)	3.4
Soil Remediation	1.5	2.5	+ 1.0	4.7
Domestic Maintenance	10.0	12.1	+ 2.1	24.9
Overseas Maintenance	0.9	1.4	+ 0.5	3.8
Other	—	0.5	+ 0.5	1.2
Total	41.7	50.8	+ 9.1	103.3

- Sales in the ultrapure water supply business increased.
- Sales of domestic maintenance services increased due to the expansion of the scope of application of the percentage-of-completion method.
- Sales of soil remediation increased due to progress in construction work for outstanding orders.

Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	1Q of FY ended 03/2018	1Q of FY ending 03/2019	FY ending 03/2019 (Plan)
Capital Expenditures (Property, Plant and Equipment)	3.7	6.1	36.0
Ultrapure Water Supply Business	2.9	4.5	26.0
Other than the above	0.7	1.6	10.0
Depreciation (Property, Plant and Equipment)	3.3	3.7	13.5
Water Treatment Chemicals	0.4	0.5	2.0
Water Treatment Facilities	2.8	3.2	11.5
R&D Expenses	1.2	1.3	5.5
Water Treatment Chemicals	0.5	0.4	1.7
Water Treatment Facilities	0.7	0.8	3.8

- The capital expenditure plan for the full year was revised upward mainly for the ultrapure water supply business.



Forward-looking Statements

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.