



Kurita Water Industries Ltd.

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

(Securities code: 6370)

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1 | Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2019

Overview of Results



(Billions of Yen)		3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Orders		187.9	200.6	+6.7%
Net Sales		163.5	193.7	+18.5%
Operating Income		14.9	17.3	+16.1%
Ordinary Income		14.7	17.6	+19.4%
Extraordinary Gains and Losses, net		4.0	3.5	—
Net Income Attributable to Owners of Parent		13.5	12.9	-4.5%
Net Income per Share (yen)		120.60	115.23	-4.5%
Foreign Exchange Rate	USD (yen)	111.92	111.14	
	EUR (yen)	124.55	129.49	
	CNY (yen)	16.47	16.61	

- Profits on sales of shares of other listed companies were booked as extraordinary gains.
- Extraordinary losses included a loss on the transfer of KEG's alumina compound business and a goodwill impairment loss related to Kurita Water Industries (Jiangyin).

Results by Segment



(Billions of Yen)		3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Total	Orders	187.9	200.6	+12.7
	Net Sales	163.5	193.7	+30.2
	Operating Income	14.9	17.3	+ 2.4
	Operating Income Margin	9.1%	8.9%	
Water Treatment Chemicals	Orders	66.5	77.8	+11.3
	Net Sales	66.5	77.4	+10.9
	Operating Income	5.6	6.9	+1.3
	Operating Income Margin	8.4%	8.9%	
Water Treatment Facilities	Orders	121.4	122.8	+1.4
	Net Sales	97.0	116.3	+19.3
	Operating Income	9.3	10.4	+1.1
	Operating Income Margin	9.5%	8.9%	

- Orders and net sales increased in both the Water Treatment Chemicals Business and the Water Treatment Facilities Business.
- In both segments, the cost-of-sales ratio and SG&A expenses increased.
- Both segments posted higher income as net sales growth outpaced the cost increases.

(Billions of Yen)	3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Orders	66.5	77.8	+11.3
Domestic	33.4	34.6	+1.2
Overseas	33.1	43.2	+10.1
Net Sales	66.5	77.4	+10.9
Domestic	33.6	34.5	+0.9
Overseas	32.9	43.0	+10.0
Operating Income	5.6	6.9	+1.3
Operating Income Margin	8.4%	8.9%	

- Domestic net sales increased 2.7%.
- Overseas net sales increased robustly on business growth, mainly in Asia, and the inclusion of South Korean subsidiary Hansu in the scope of consolidation.
- Income increased as net sales growth outpaced the higher cost-of-sales ratio and increase of SG&A expenses.

Overseas Sales by Region

(Billions of Yen)	3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Asia	11.8	21.1	+9.3
North America	3.1	3.5	+0.4
EMEA	15.8	16.3	+0.5
Other	2.2	2.0	(0.2)
Total	32.9	43.0	+10.0

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Orders	39.6	48.2	+ 8.6
Facilities	6.2	10.7	+ 4.5
Maintenance and others	9.8	12.5	+ 2.7
Ultrapure Water Supply Business	18.4	19.7	+ 1.3
Tool Cleaning	5.2	5.3	+ 0.1
Net Sales	37.0	44.0	+ 7.1
Facilities	4.4	6.3	+ 1.9
Maintenance and others	8.9	12.7	+ 3.8
Ultrapure Water Supply Business	18.4	19.7	+ 1.3
Tool Cleaning	5.2	5.3	+ 0.0

- There was a continued flow of large project orders from semiconductor and electronics components customers.
- Maintenance orders were robust due to high capacity utilization rates at customer plants.
- Net sales rose on progress in construction work for facilities and the expansion of scope of application of the percentage-of-completion method used in maintenance services.
- Ultrapure Water Supply Business posted an increase in net sales owing to revenues from expansion projects.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Orders	47.9	48.1	+0.2
Energy and Infrastructure	37.7	36.3	(1.3)
Soil Remediation	8.0	9.6	+1.7
Other	2.3	2.1	(0.2)
Net Sales	40.5	42.3	+1.8
Energy and Infrastructure	33.6	32.5	(1.0)
Soil Remediation	4.7	7.8	+3.1
Other	2.3	2.0	(0.3)

Note: Energy and Infrastructure includes facilities and maintenance services for the electric power industry and general industries, maintenance services for public offices, and chemical cleaning.

- Orders for facilities for the electric power industry increased, while orders for facilities for general industries decreased.
- Orders for soil remediation increased due to a large project.
- Net sales of facilities for general industries decreased due to selectively accepting orders.
- Net sales to the electric power industry and net sales of soil remediation increased due to progress in construction work for outstanding orders.
- Maintenance-related net sales were flat.

Water Treatment Facilities (Overseas)

(Billions of Yen)	3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Orders	33.9	26.5	(7.4)
Facilities	26.4	17.1	(9.3)
Maintenance and others	5.6	7.0	+1.5
Ultrapure Water Supply Business	2.0	2.4	+0.5
Net Sales	19.5	29.9	+10.4
Facilities	13.2	22.1	+8.9
Maintenance and others	4.4	5.5	+1.1
Ultrapure Water Supply Business	2.0	2.4	+0.5

- Orders decreased in China and South Korea.
- Net sales of facilities in China and South Korea increased due to progress in construction work for large projects.
- Orders and net sales increased for the maintenance services and Ultrapure Water Supply Business.

Sales by Region

(Billions of Yen)	3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Asia	18.6	29.2	+10.6
North America and other	0.9	0.8	(0.2)
Total	19.5	29.9	+10.4

Breakdown of Service Business Sales



(Billions of Yen)	3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Water Treatment Chemicals	66.5	77.4	+10.9
Water Treatment Facilities	69.6	81.0	+11.4
Ultrapure Water Supply Business	20.3	22.1	+1.8
Tool Cleaning	5.2	5.3	+0.0
Soil Remediation	4.7	7.8	+3.1
Domestic Maintenance	35.0	38.7	+3.7
Overseas Maintenance	4.4	5.5	+1.1
Other	—	1.6	+1.6
Total	136.1	158.4	+22.4

- Net sales in the Ultrapure Water Supply Business increased.
- In the domestic maintenance business, net sales to the electronics industry increased.
- Net sales of soil remediation increased robustly due to progress in construction work for outstanding orders.

Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	3Q of FY ended 03/2018	3Q of FY ending 03/2019	YoY Change
Capital Expenditures (Property, Plant and Equipment)	15.0	24.3	+9.3
Ultrapure Water Supply Business	12.4	18.2	+5.9
Other than the above	2.6	6.0	+3.4
Depreciation (Property, Plant and Equipment)	9.9	11.1	+1.1
Water Treatment Chemicals	1.3	1.5	+0.2
Water Treatment Facilities	8.6	9.5	+0.9
R&D Expenses	3.8	4.0	+0.2
Water Treatment Chemicals	1.5	1.4	(0.1)
Water Treatment Facilities	2.3	2.6	+0.3

- Progress was in line with full-year forecasts.

2 | Forecast for the Fiscal Year Ending March 31, 2019

Overview of Plan



(Billions of Yen)		FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Orders		251.4	256.0	+1.8%	256.0
Net Sales		236.8	260.0	+9.8%	260.0
Operating Income		22.5	24.0	+6.8%	24.0
Ordinary Income		22.1	24.2	+9.5%	24.2
Extraordinary Gains and Losses, net		3.4	3.0	—	—
Net Income Attributable to Owners of Parent		17.9	17.0	-5.0%	17.0
Net Income per Share (yen)		159.37	151.41	-5.0%	151.41
Foreign Exchange Rate	USD (yen)	112.2	110.0		110.0
	EUR (yen)	126.7	130.0		130.0
	CNY (yen)	16.6	16.8		16.8

- Forecasts for orders, net sales, operating income, and ordinary income are all unchanged from the previous announcement.
- The net income forecast is also unchanged, as the higher tax burden will offset the revision to extraordinary gains.

Forecasts by Segment

(Billions of Yen)		FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Total	Orders	251.4	256.0	+4.6	256.0
	Net Sales	236.8	260.0	+23.2	260.0
	Operating Income	22.5	24.0	+1.5	24.0
	Operating Income Margin	9.5%	9.2%		9.2%
Water Treatment Chemicals	Orders	90.4	101.8	+11.4	102.0
	Net Sales	90.4	101.4	+11.0	101.9
	Operating Income	7.2	8.4	+1.2	8.4
	Operating Income Margin	7.9%	8.3%		8.2%
Water Treatment Facilities	Orders	161.1	154.2	(6.9)	154.0
	Net Sales	146.5	158.6	+12.1	158.1
	Operating Income	15.3	15.6	+0.3	15.6
	Operating Income Margin	10.4%	9.8%		9.9%

- The orders and net sales forecasts for the Water Treatment Chemicals Business have been revised slightly downward.
- The orders and net sales forecasts for the Water Treatment Facilities Business have been revised slightly upward.
- The operating income forecasts for both the Water Treatment Chemicals Business and the Water Treatment Facilities Business are unchanged from the previous announcement.

Water Treatment Chemicals



(Billions of Yen)	FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Orders	90.4	101.8	+11.4	102.0
Domestic	44.5	45.6	+1.1	45.4
Overseas	45.8	56.2	+10.4	56.6
Net Sales	90.4	101.4	+11.0	101.9
Domestic	44.4	45.4	+1.0	45.2
Overseas	45.9	56.0	+10.1	56.7
Operating Income	7.2	8.4	+1.2	8.4
Operating Income Margin	7.9%	8.3%		8.2%

- Orders and net sales forecasts for domestic business have been revised slightly upward, while orders and net sales forecasts for overseas business have been revised slightly downward.
- The operating income forecast is unchanged from the previous announcement.

Overseas Sales by Region

(Billions of Yen)	FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Asia	17.4	27.2	+9.8	27.6
North America	4.1	4.7	+0.6	4.6
EMEA	21.3	21.5	+0.1	21.7
Other	3.1	2.7	(0.4)	2.8
Total	45.9	56.0	+10.1	56.7

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Orders	55.3	60.3	+5.0	59.3
Facilities	9.2	10.8	+1.7	10.0
Maintenance and others	14.6	16.6	+2.0	16.8
Ultrapure Water Supply Business	24.6	25.9	+1.3	25.6
Tool Cleaning	6.9	7.0	+0.1	6.9
Net Sales	54.4	59.8	+5.3	59.6
Facilities	7.9	10.0	+2.1	10.3
Maintenance and others	15.0	16.9	+1.9	16.8
Ultrapure Water Supply Business	24.6	25.9	+1.3	25.6
Tool Cleaning	6.9	7.0	+0.1	6.9

- The facilities orders forecast is revised upward.
- Ultrapure Water Supply Business results are forecast to slightly exceed the previous forecast.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Orders	56.5	64.4	+7.9	65.2
Energy and Infrastructure	44.3	51.4	+7.2	52.7
Soil Remediation	9.1	10.6	+1.5	10.1
Other	3.2	2.3	(0.8)	2.4
Net Sales	59.4	60.6	+1.2	61.7
Energy and Infrastructure	48.4	46.4	(2.0)	47.6
Soil Remediation	7.8	10.8	+3.0	10.8
Other	3.1	3.3	+0.2	3.3

Note: Energy and Infrastructure includes facilities and maintenance services for the electric power industry and general industries, maintenance services for public offices, and chemical cleaning.

- The orders and net sales forecasts for facilities for electric power and soil remediation have been revised upward.
- The orders and net sales forecasts for facilities for general industries have been revised downward due to selectively accepting orders.
- The orders and net sales forecasts for maintenance services for public-sector customers have been revised downward slightly.

Water Treatment Facilities (Overseas)

(Billions of Yen)	FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Orders	49.3	29.5	(19.8)	29.6
Facilities	39.1	18.1	(21.0)	18.2
Maintenance and others	7.5	8.3	+0.8	8.3
Ultrapure Water Supply Business	2.8	3.1	+0.4	3.0
Net Sales	32.6	38.3	+5.6	36.8
Facilities	22.5	26.8	+4.3	25.6
Maintenance and others	7.4	8.3	+0.9	8.2
Ultrapure Water Supply Business	2.8	3.1	+0.4	3.0

- The orders forecast is mostly unchanged.
- The full-year net sales forecast for facilities is revised upward.

Sales by Region

(Billions of Yen)	FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Asia	31.5	36.8	+5.3	35.6
North America and other	1.1	1.5	+0.4	1.2
Total	32.6	38.3	+5.6	36.8

Breakdown of Service Business Sales

(Billions of Yen)	FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Water Treatment Chemicals	90.4	101.4	+11.0	101.9
Water Treatment Facilities	100.5	110.2	+9.7	110.3
Ultrapure Water Supply Business	27.3	29.0	+1.7	28.6
Tool Cleaning	6.9	7.0	+0.1	6.9
Soil Remediation	7.8	10.8	+3.0	10.8
Domestic Maintenance	51.1	52.7	+1.6	53.3
Overseas Maintenance	7.4	8.3	+0.9	8.2
Other	—	2.3	+2.3	2.4
Total	190.8	211.6	+20.7	212.2

- The net sales forecast in the Ultrapure Water Supply Business is revised upward.
- The net sales forecast for domestic maintenance is revised downward.

Capital Expenditures, Depreciation and R&D Expenses



(Billions of Yen)	FY ended 03/2018 (Results)	FY ending 03/2019 (Forecast)	YoY Change	Previous Forecast
Capital Expenditures (Property, plant and equipment)	22.1	36.0	+13.9	36.0
Ultrapure Water Supply Business	16.2	26.0	+9.8	26.0
Other than the above	5.8	10.0	+4.2	10.0
Depreciation (Property, plant and equipment)	13.5	13.5	+0.0	13.5
Water Treatment Chemicals	1.8	2.0	+0.2	2.0
Water Treatment Facilities	11.7	11.5	(0.2)	11.5
R&D Expenses	5.3	5.5	+0.2	5.5
Water Treatment Chemicals	2.1	1.7	(0.3)	1.7
Water Treatment Facilities	3.2	3.7	+0.5	3.7

- The previous forecast is unchanged.



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.