

Outline of Financial Results for the Third Quarter of Fiscal Year Ending March 2015

January 29, 2015

METAWATER Co., Ltd.

- * Company's Profile and Business Outline
- * Medium- to Long-term Measures
- * Outline of Financial Results for the Third Quarter
- * Earnings Forecast and Dividend Forecast

Note: This document contains actual results for each quarter as well as the fiscal year ended March 2013 and earlier. These figures (except results for the third quarter of the fiscal year ending March 2015 and net sales from the fiscal year ended March 2010 to the fiscal year ended March 2013) are shown for the Company's management purposes and as reference values.

Segment information

❑ Plant Engineering Segment ("PE")

This segment is primarily involved in various types of engineering work in the design and construction of mechanical equipment used for water treatment processes, sewage treatment processes and sludge treatment processes, as well as the design and construction of electric equipment used to operate the said mechanical equipment.

❑ Service Solutions Business ("SS")

This segment is primarily involved in various repair work, operation and maintenance (maintenance and check) and operational management of mechanical and electric equipment for water treatment plants, sewage treatment plants, waste treatment facilities and recycling facilities.

Abbreviations

PPP: Public-Private Partnership

PFI: Private Finance Initiative

DBO: Design Build and Operate

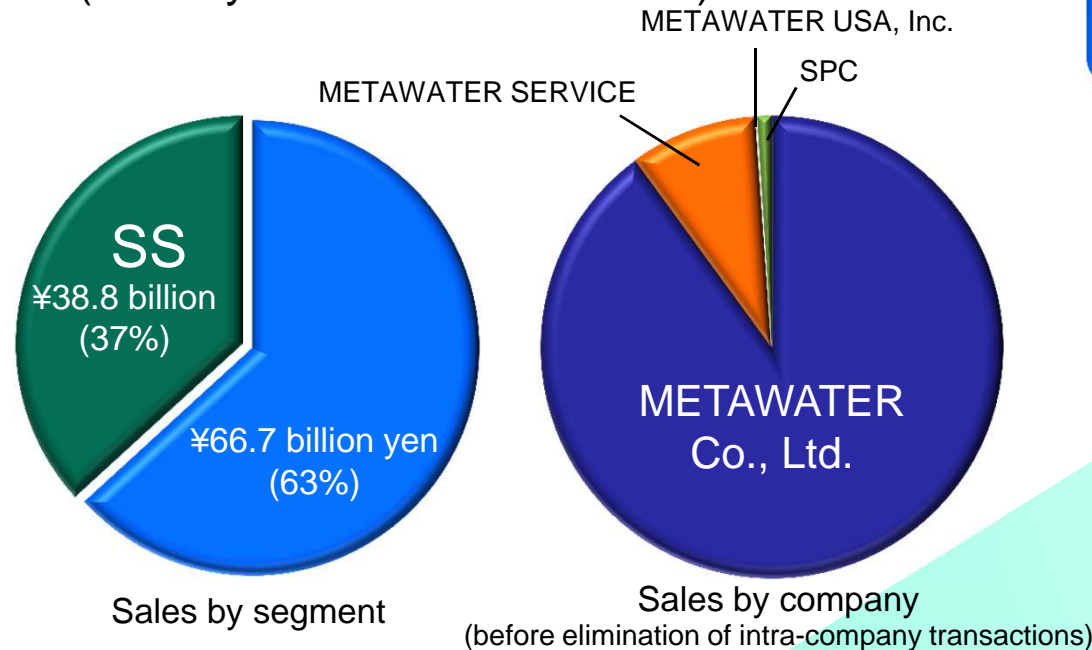
- * Company's Profile and Business Outline
- * Medium- to Long-term Efforts

Tomoyasu Kida
President

Company's History and Outline

In April 2008, METAWATER was established as a comprehensive engineering organization engaged in the water and environmental business field

Consolidated sales: 105.5 billion yen
(Fiscal year ended March 2014)



METAWATER

Company name	METAWATER Co., Ltd.
Business type	Electric power and gas business
Code	9551
Head office	Chiyoda-ku, Tokyo
No. of employees	1,955

NGK Water
Environmental
Systems

Fuji Electric Water
Environmental
Systems

In April 2007,
the water environmental business
was handed over to each subsidiary

NGK Insulators

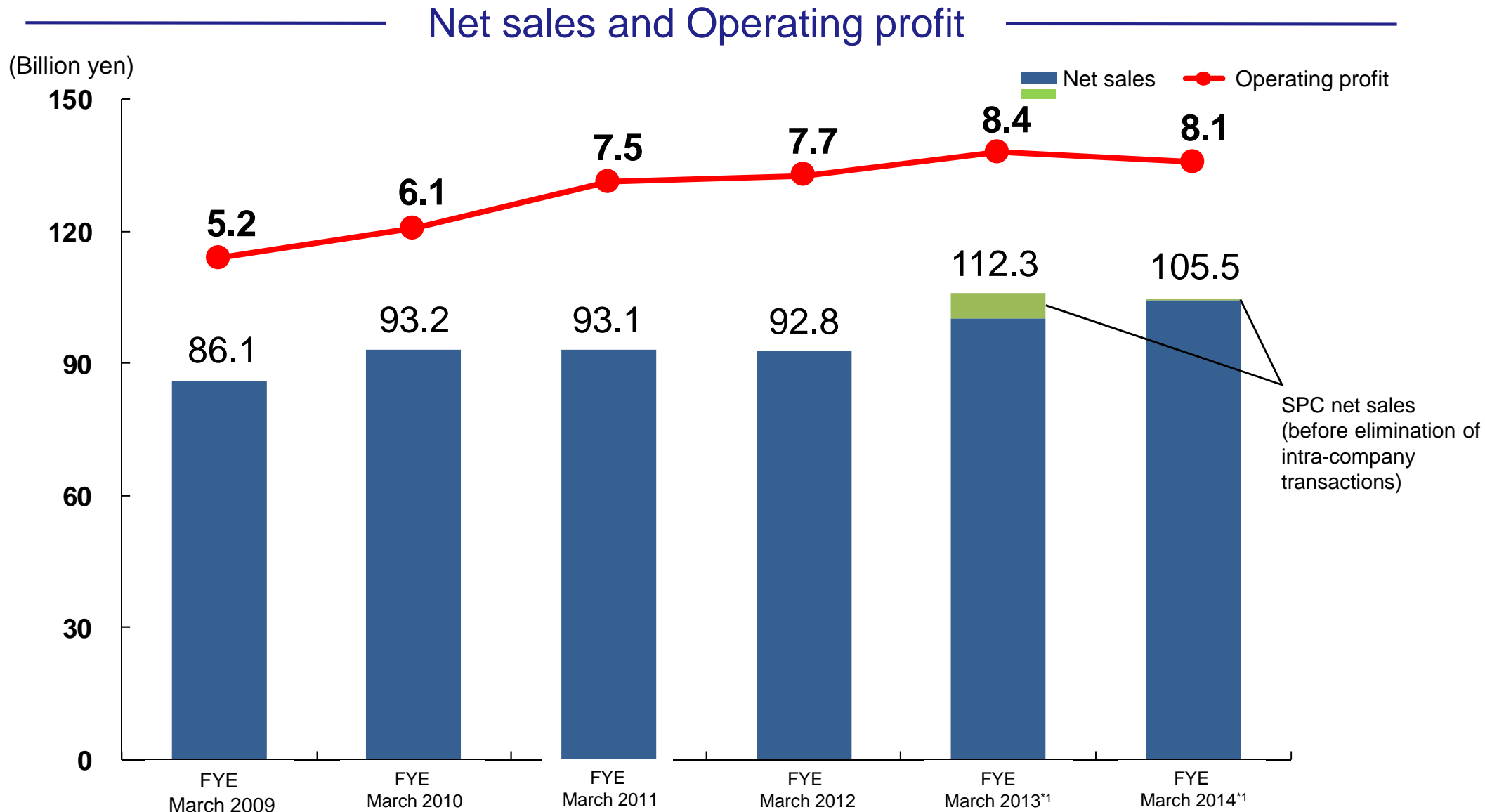
Fuji Electric

In February 2007,
a basic agreement was concluded on the
consolidation of the water environmental business

Company's Business Performance



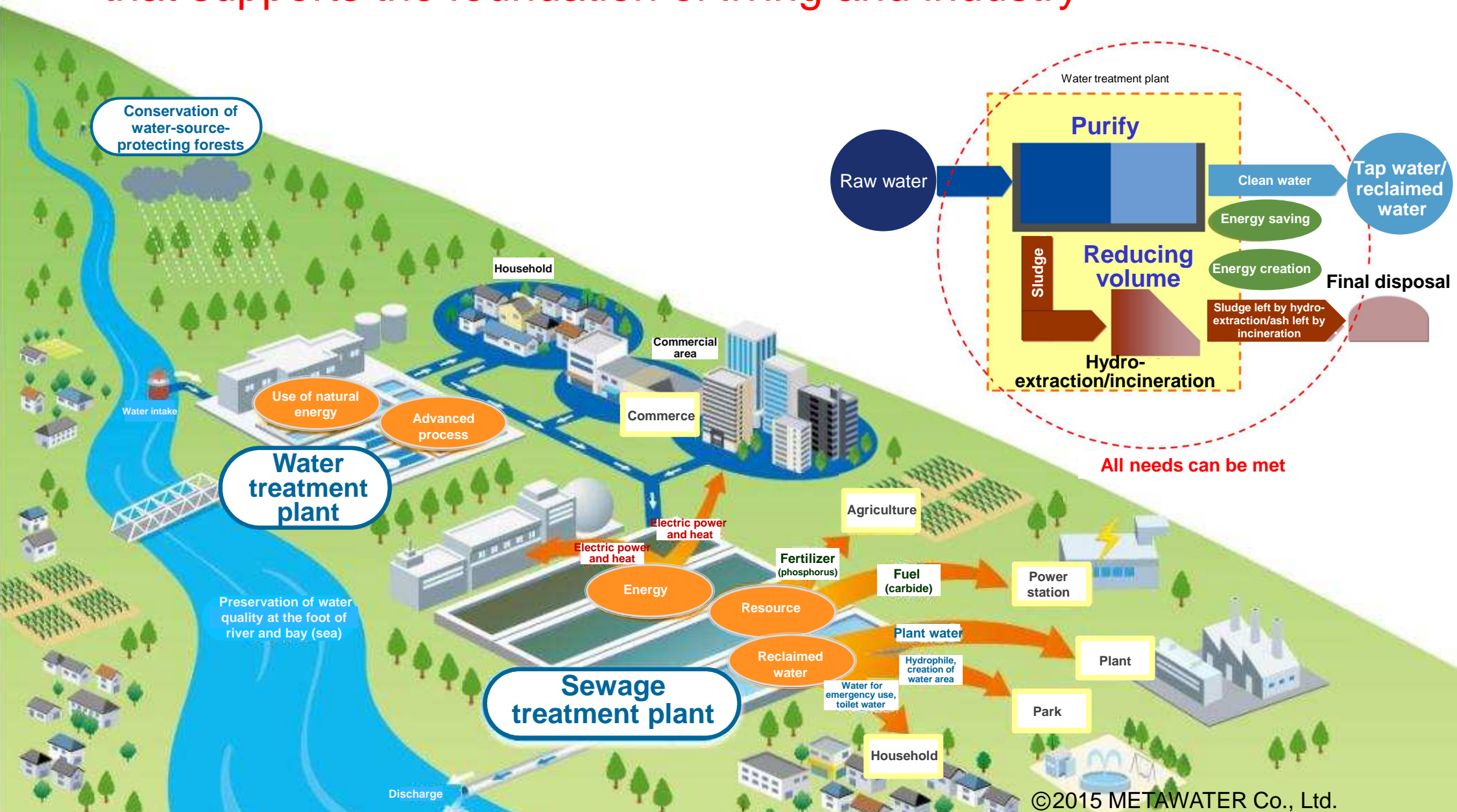
Maintains industry's top sales and profit since the establishment



^{*1}: METAWATER SERVICE Co., Ltd. and three SPCs (special purpose companies) have been included in the scope of consolidation since the fiscal year ended March 2013. METAWATER USA, Inc. has been since the fiscal year ended March 2014.

Company's Strength

To become a total solution company of water and environment that supports the foundation of living and industry



Plant Engineering in Combination with Mechanical and Electrical Equipment

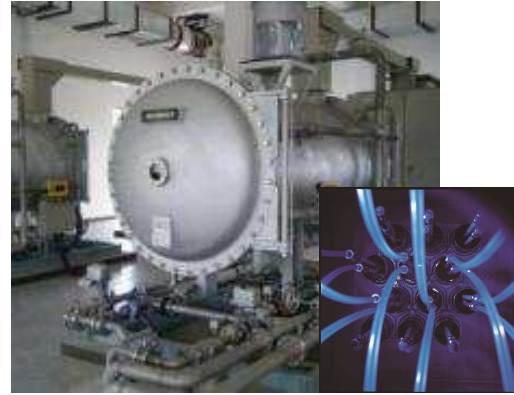
The Company's mechanical and electrical equipment has been distributed to over 2,000 water and sewage facilities. The coverage rate is about 40%.

Mechanical technology

Ceramic membrane filtration system Ozone processing system



- ❑ Best to meet renewal demand
- Low LCC (life cycle cost)
- high durability, high chemical resistance, energy saving, easy operation and maintenance
- Space saving



- ❑ Help supply safe and high-quality water
- Full decomposition of odor and color
- Sterilization to kill viruses and bacteria and deactivation

High-speed filtration system



- ❑ Combined technology for enhanced wastewater and rainwater treatment, efficient as preventive measures for localized downpours

Sludge incineration system



- ❑ Reduction of combustion cost and N_2O emissions
- Multi-layer combustion furnace
- Circulating-type multi-layer combustion furnace

Electric technology

- ❑ Proven technological capability and extensive experience that support the operation of water and wastewater facilities
- Optimization of entire facility
- LCC reduction



Power receiving and transforming equipment



Instrumentation equipment

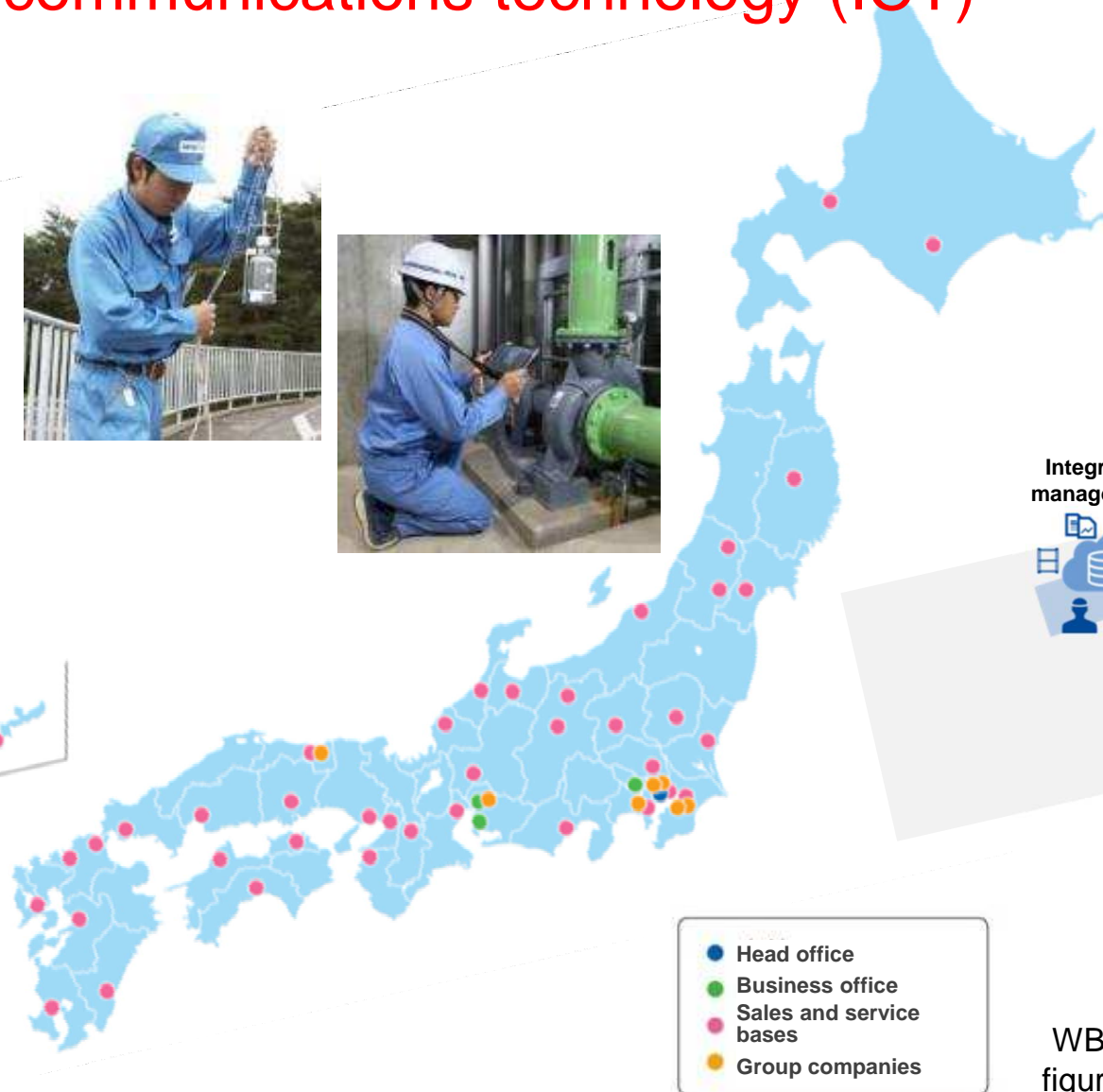


Monitoring and control equipment

Service Solution Supporting Water Infrastructure

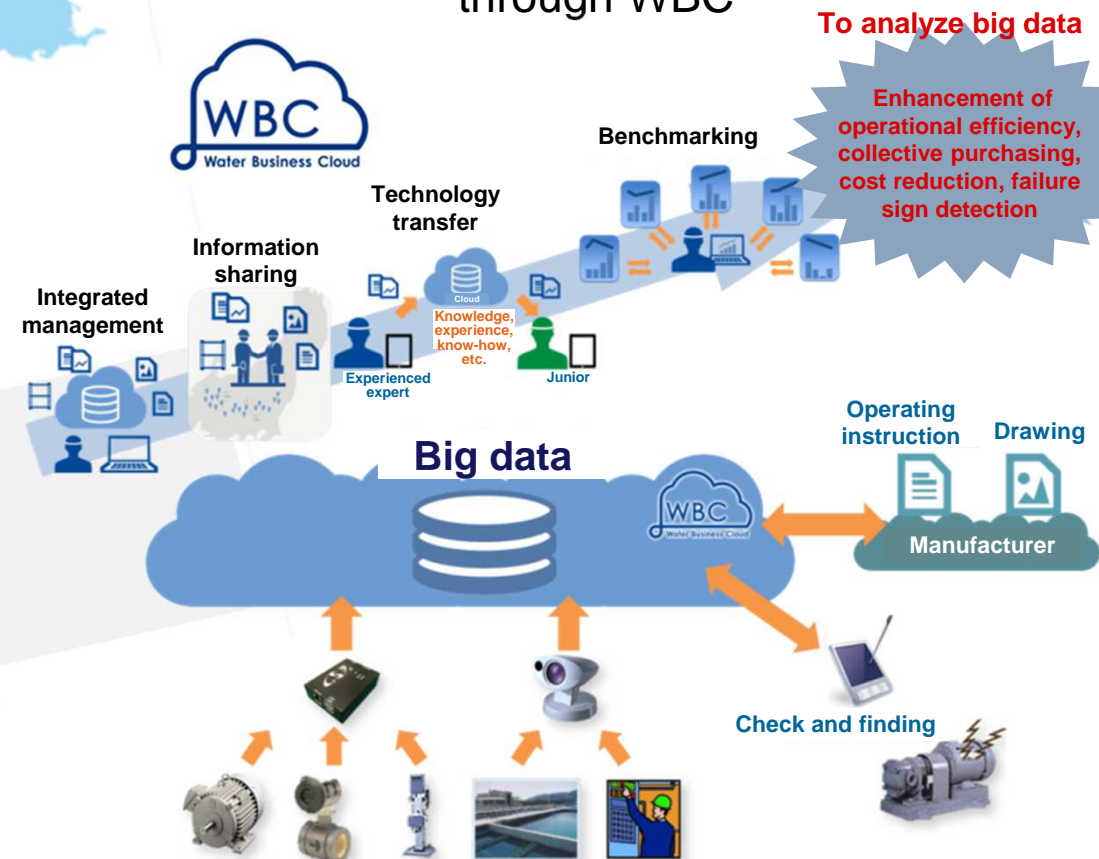
METAWATER

Supports water infrastructure with
43 domestic bases and 8 group companies + information and
communications technology (ICT)



Change the future of the water business by
using Water Business Cloud (WBC)

Operations become more sophisticated
through WBC



WBC has been introduced, at present, in 150 community areas. This figure is expected to increase to 200 community areas within this term

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The Company received orders for 18 of 45 PFI/DBO projects that were offered in Japan in and after 1999

Redevelopment Project of Kawai Water Purification Plant in Yokohama City

Japan's largest membrane filtration water treatment plant

Japan's first case in which PFI system is used for entire renewal and operation & maintenance of water treatment facilities



Renewal Project of Takizawa Water Purification Plant in Aizu-Wakamatsu City

Involves the integrated maintenance and operation "from water intake to distribution to faucets" including the Company's first water intake and distribution project



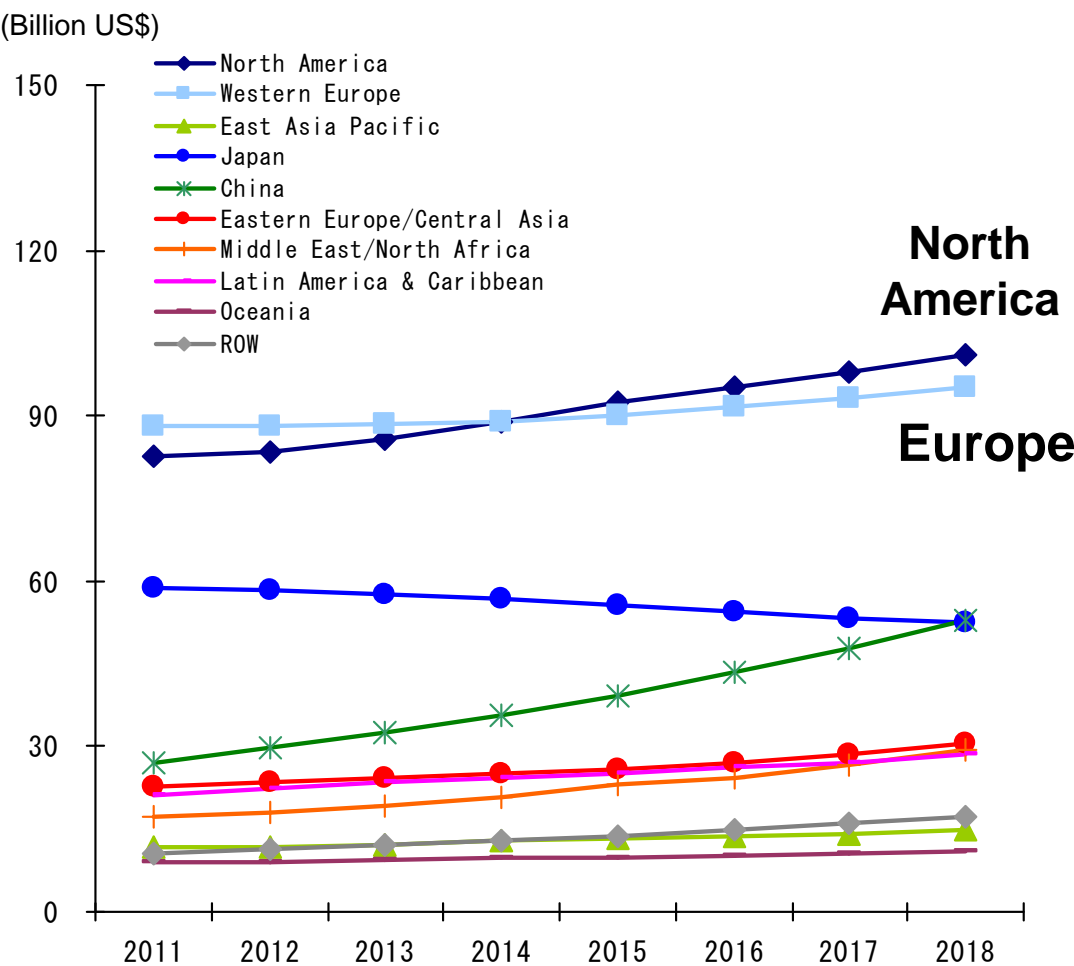
Wastewater Treatment Facilities Development Project of Fishery Processing Complex in Onagawa Town

Japan's first plant management for a financially independent-type PFI project



Targeting the water and sewage businesses in North America and Europe

Scale of water and sewage businesses by area*1



*1: Sum of CAPEX and OPEX related to water and wastewater businesses
Source: Prepared by the Company with reference to Global Water Market 2014

North America

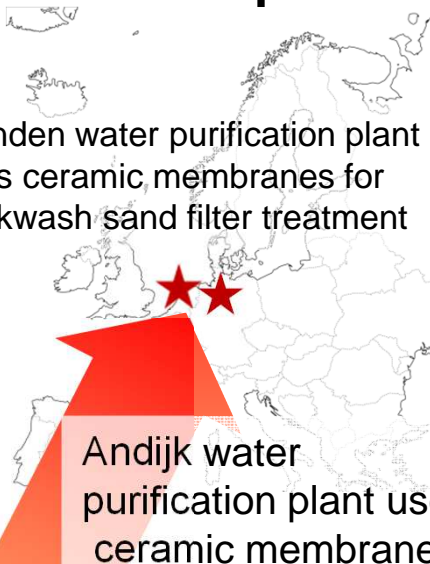


Butte-Silver Bow Public Works ordered for ceramic membranes, the first in the U.S.



Ozone processing system for Boston, U.S.

Europe



Vianden water purification plant uses ceramic membranes for backwash sand filter treatment

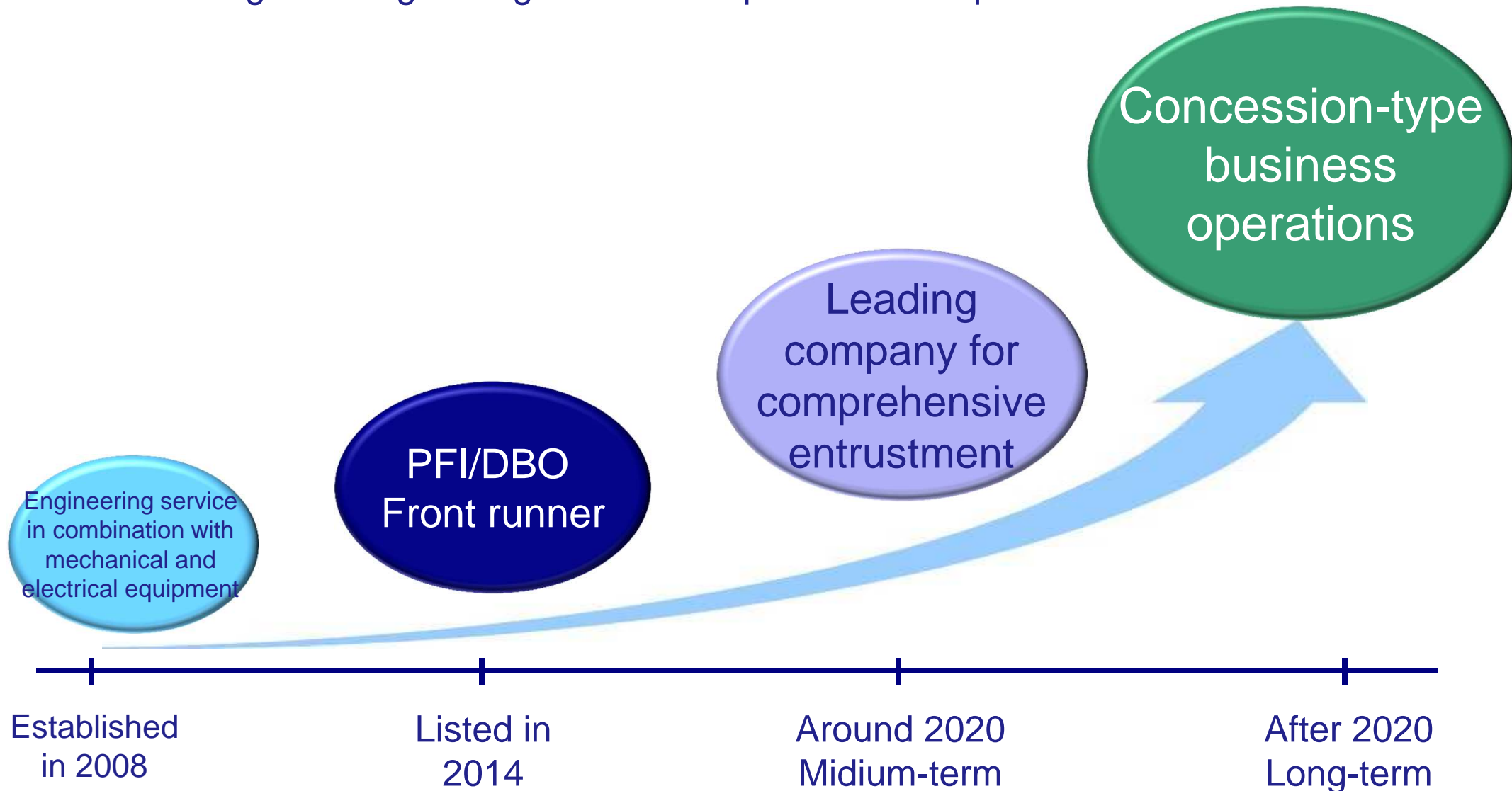
Andijk water purification plant uses ceramic membranes



Company's Long-term Vision

From technologies combining mechanical and electric engineering, PFI/DBO, comprehensive entrustment, and concession-type business operations

—— Image on long-term growth and expansion of corporate scale ——



- * Outline of Financial Results for the Third Quarter
- * Full-year Earnings Forecast and Dividend Forecast

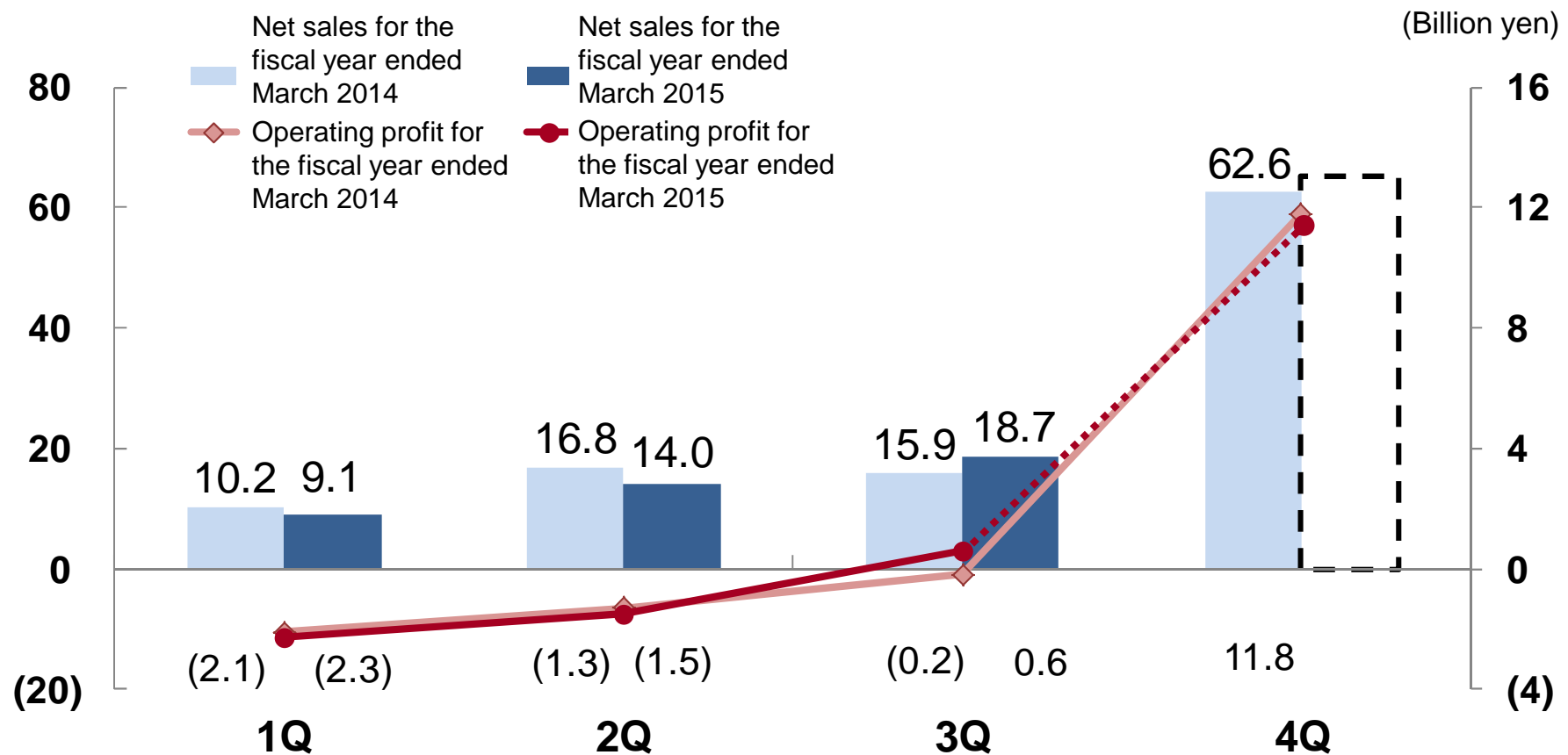
Masayuki Nakagawa
General Manager of Financial Planning Department

1. Particularity of the Company's Sales
2. Consolidated Statement of Income
3. Segment Information
4. Consolidated Balance Sheet
5. Consolidated Cash Flows
6. Full-year Financial Forecasts
7. Dividend Policy

Note: This document contains actual results for each quarter as well as the fiscal year ended March 2013 and earlier. These figures (except results for the third quarter of the fiscal year ending March 2015 and net sales from the fiscal year ended March 2010 to the fiscal year ended March 2013) are shown for the Company's management purposes and as reference values.

1. Particularity of the Company's Sales **METAWATER**

■ Sales concentrate in the fourth quarter



[Annual total]

Fiscal year ended Mar. 2014

Net sales

¥105.5 billion

Operating profit

¥ 8.1 billion

Fiscal year ending Mar. 2015 (forecast)

¥ 106.9 billion

¥ 8.2 billion

2. Consolidated Statement of Income



- Although there are some increases and decreases from one quarter to another, the Company's business is steady.

(Billion yen)

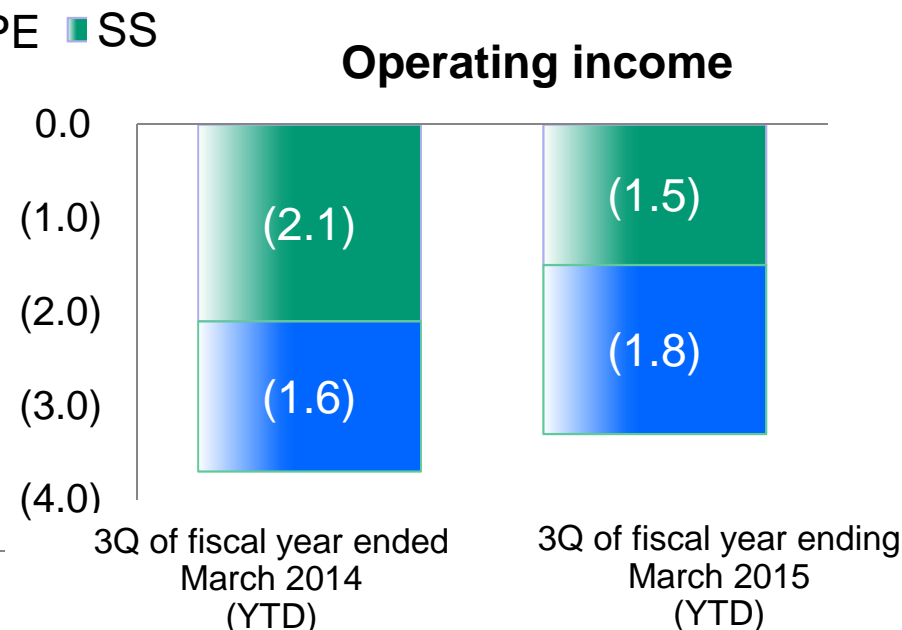
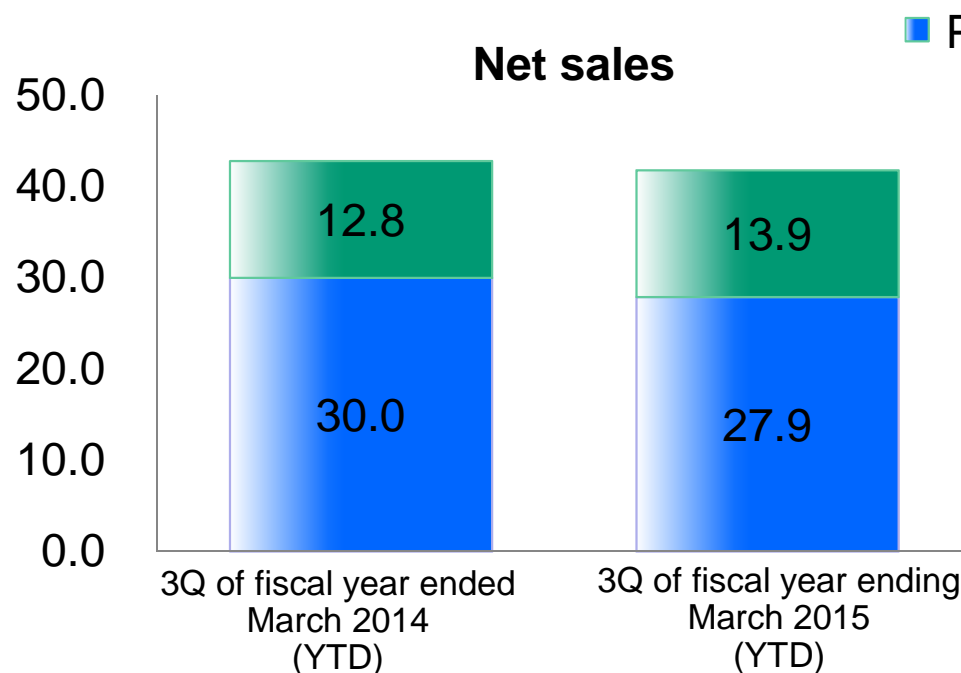
	3Q of fiscal year ended March 2014 (YTD)	3Q of fiscal year ending March 2015 (YTD)	Change
Net sales	42.9	41.8	(1.1)
Operating profit	(3.6)	(3.3)	0.4
(Operating margin)	(8.5)%	(7.8)%	—
Ordinary income	(3.7)	(3.1)	0.6
Quarterly net income	(2.4)	(2.0)	0.4

3. Segment Information

- PE: Work progress of large projects is sluggish
 - SS: Continuous service entrustment of maintenance and operation for PFI projects is steady
- (Billion yen)

	Net sales		
	3Q of fiscal year ended March 2014 (YTD)	3Q of fiscal year ending March 2015 (YTD)	Change
PE	30.0	27.9	(2.2)
SS	12.8	13.9	1.1
Total	42.9	41.8	(1.1)

	Operating income		
	3Q of fiscal year ended March 2014 (YTD)	3Q of fiscal year ending March 2015 (YTD)	Change
PE	(1.6)	(1.8)	(0.2)
SS	(2.1)	(1.5)	0.6
Total	(3.6)	(3.3)	0.4



4. Consolidated Balance Sheet

- Cash and deposits and short-term investment securities increased by a total of about 25 billion yen because of IPO

(Billion yen)

	March 31, 2014	December 31, 2014	Change
Cash and deposits	4.0	15.6	11.6
Short-term investment securities *1	-	13.5	13.5
Notes and accounts receivable-trade	65.0	31.7	(33.3)
Inventories	4.1	16.2	12.1
Other	4.3	5.6	1.3
Total current assets	77.5	82.7	5.2
Property, plant and equipment	1.8	1.9	0.1
Intangible assets	2.4	2.2	(0.2)
Other	5.5	6.1	0.6
Total fixed assets	9.7	10.1	0.5
Total Assets	87.2	92.8	5.6

	March 31, 2014	December 31, 2014	Change
Accounts payable	32.8	14.6	(18.2)
Advances received	5.3	16.1	10.8
Short-term loans payable *2	<8.9>13.4	<0.8>0.8	(12.6)
Other	10.1	4.1	(6.0)
Total current liabilities	61.6	35.5	(26.1)
Long-term loans payable *3	<2.0> 2.0	<13.7> 13.7	11.7
Other	3.6	4.5	0.9
Total long-term liabilities	5.6	18.2	12.6
Total Liabilities	67.2	53.7	(13.4)
Total Net Assets	20.0	39.1	(19.1)
Total Liabilities/Net Assets	87.2	92.8	5.6

*1: Short-term investment securities are negotiable certificates of deposit.

*2 and 3: The figures in parenthesis are amounts of a project finance loan for PFI and the like.

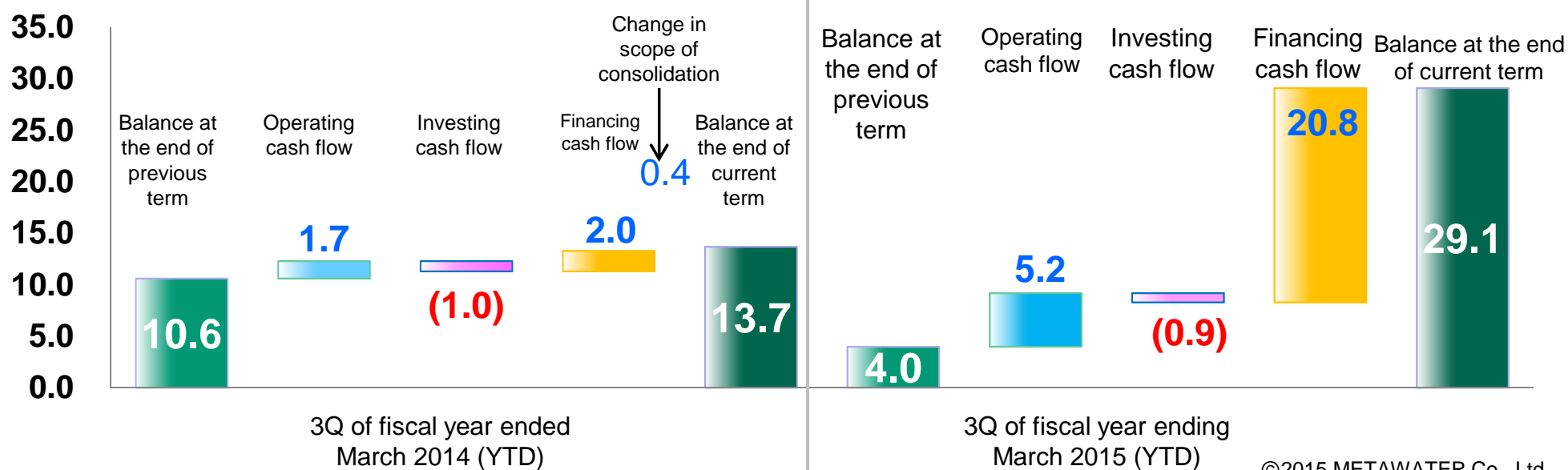
5. Consolidated Cash Flows

- Cash flows from operating activities have been improved due to increases in the collection of accounts receivable (decreases in receivables)

(Billion yen)

	3Q of fiscal year ended March 2014 (YTD)	3Q of fiscal year ending March 2015 (YTD)
Cash and cash equivalents at the end of previous term	10.6	4.0
Operating cash flow	1.7	5.2
Investing cash flow	(1.0)	(0.9)
Free cash flow	0.7	4.3
Financing cash flow	2.0	*1 20.8
Change in scope of consolidation (addition of METAWATER USA, Inc.)	0.4	-
Cash and cash equivalents at the end of current term	13.7	29.1

*1: Short-term investment securities (including negotiable certificate of deposit)



6. Full-year Financial Forecasts

(Billion yen)

	Fiscal year ended March 2014 (full-year, actual)	Fiscal year ending March 2015 (full-year, forecast)	Change
Net sales	105.5	106.9	1.4
Operating profit	8.1	8.2	0.1
(Operating margin)	7.7%	7.7%	0 pt
Ordinary income	8.0	7.8	(0.2)
Net income	4.2	4.7	0.5
Orders	107.0	117.0	10.0
Average exchange rate	1\$ = 97.73 yen	1\$ = 105.00 yen	

■ Reason for increase/decrease in net sales

- Increase of SS

■ Reason for increase/decrease in operating income

- Increase due to reduction of selling, general, and administrative expense

■ Reason for increase/decrease in ordinary income

- Incurrence of IPO-related expenses

■ Reason for increase/decrease in net income

- Extraordinary loss is not expected to be recorded for the fiscal year ending March 2015

Extraordinary loss was recorded for fiscal year ended March 2014 (Retirement benefit expenses)

7. Dividend Policy

Basic Policy

The Company provides a stable return of profits to shareholders in accordance with business conditions while maintaining the necessary internal reserve for the purpose of sustaining growth and responding to changes in the business environment.

	December 2014 Interim dividend	June 2015 Year-end dividend	Annual dividend
Dividend per share	29 yen*	29 yen	58 yen*

* The Company executed a 100-for-1 stock split of its common stock on October 1, 2014. Interim dividend is a figure assuming the stock split was executed at the beginning of the fiscal year ended March 31, 2014. Year-end is a forecast after the stock split.

Disclosure Policy

1. Basic Policy

Based on its corporate philosophy, the METAWATER Group strives to become a corporate group that meets expectations of every stakeholder, garners trust from society and continuously contributes to society so as to achieve sustainable growth in society. In accordance with this viewpoint, the METAWATER Group discloses corporate information related to the Group to stakeholders and society in an equal, fair, timely and appropriate manner. It also promotes active communication with stakeholders to facilitate understanding of the METAWATER Group and ensure highly transparent and reliable business operations.

2. Basics of information disclosure

The METAWATER Group discloses corporate information whose disclosure is required by relevant laws such as the Companies Act, the Financial Instruments and Exchange Act, and rules set out by financial instruments exchanges in accordance with the applicable laws, regulations or rules. Even if the corporate information does not fall under such information, the Group proactively discloses information as much as possible when it is deemed to be useful for stakeholders or disclosure is deemed to be necessary for society.

3. Method of information disclosure

For corporate information whose disclosure is required by the above-mentioned laws, regulations and rules, the Group discloses information in a manner set out by the applicable laws, regulations or rules, and through the Company's website. Information that does not fall under such information is disclosed through the media, the Company's website or other appropriate means in consideration of its significance and urgent needs.

4. Communication after information is disclosed

The METAWATER Group actively communicates with stakeholders regarding disclosed information by answering questions in a conference, briefings meeting, interviews and inquiries. Opinions received from stakeholders through communication are shared within the Company's Group and treated as future reference.

5. Silent Period

In order to prevent the leaks of accounts closing information and ensure fairness, the Group sets a silent period that starts on the day after the closing date (including quarterly periods) through to the day of announcing financial statements. During this silent period, the Group does not answer any questions in a conference, briefings meeting, interviews and inquiries regarding the accounts closing and business prospects, except where information on a revision of business forecasts is disclosed.

6. Forward-looking statements

Of business forecasts, strategies and targets disclosed by the METAWATER Group, forward-looking statements are made based on information available to the Company's Group as of the date of disclosure and a certain grounds that are deemed to be reasonable. Actual performance may differ from forecasts as a result of various factors.

7. Establishment of Internal Structure

The METAWATER Group builds an internal structure and establishes internal rules so as to comply with this Disclosure Policy, disclose information in an appropriate manner, and communicate with stakeholders.

Contact regarding this document

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