

Kurita Water Industries Ltd.



Presentation on
Financial Results for the Six Months Ended September 30, 2003

November 12, 2003



Financial Results for the Six Months Ended September 30, 2003



Financial Highlights

For the Six Months Ended September 30

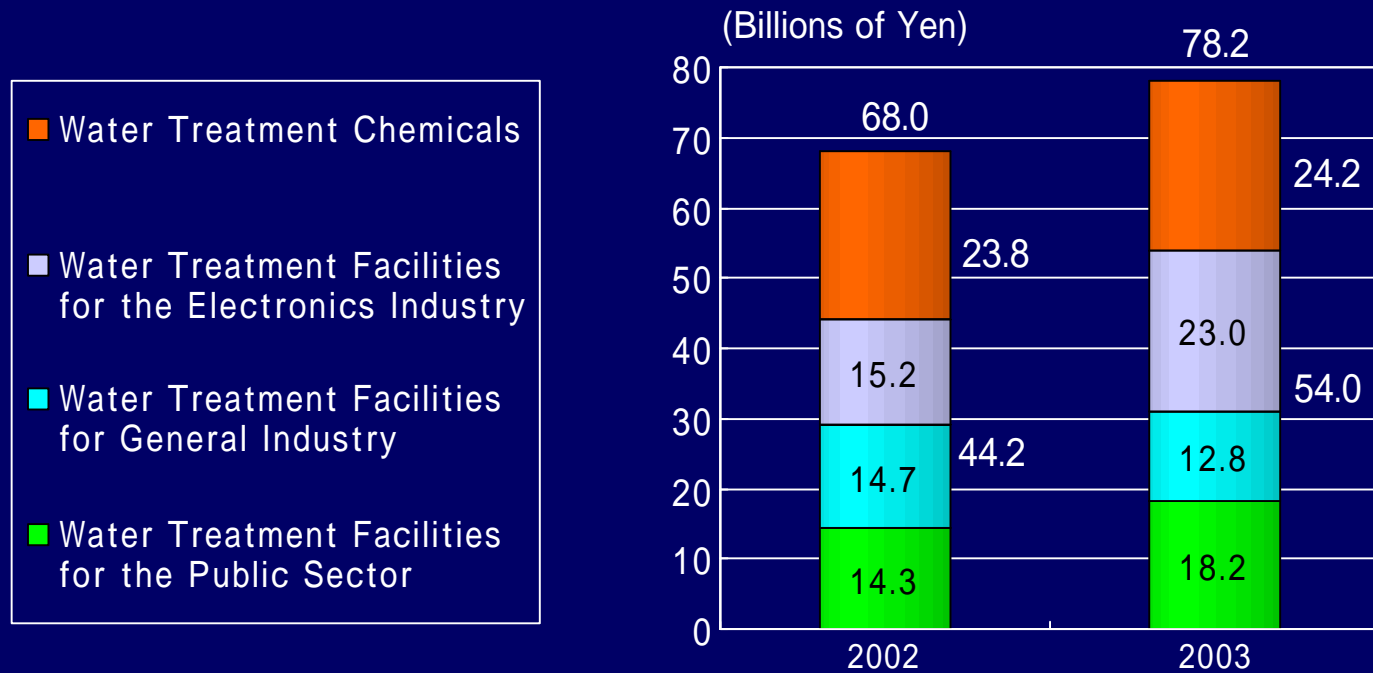
(Billions of Yen)

	2002	2003	Change in Amount
Orders	68.0	78.2	10.2
Net sales	61.7	64.6	2.9
Operating income	4.3	4.2	-0.1
Ordinary income	4.6	4.4	-0.2
Net income	2.2	2.4	0.2

- Orders and net sales rose, mainly owing to an increase in ultrapure water production systems for the domestic electronics industry and the inclusion of newly consolidated subsidiaries.
- Operating income and ordinary income declined, mainly owing to higher selling, general and administrative (SG&A) expenses, including personnel expenses.

Orders

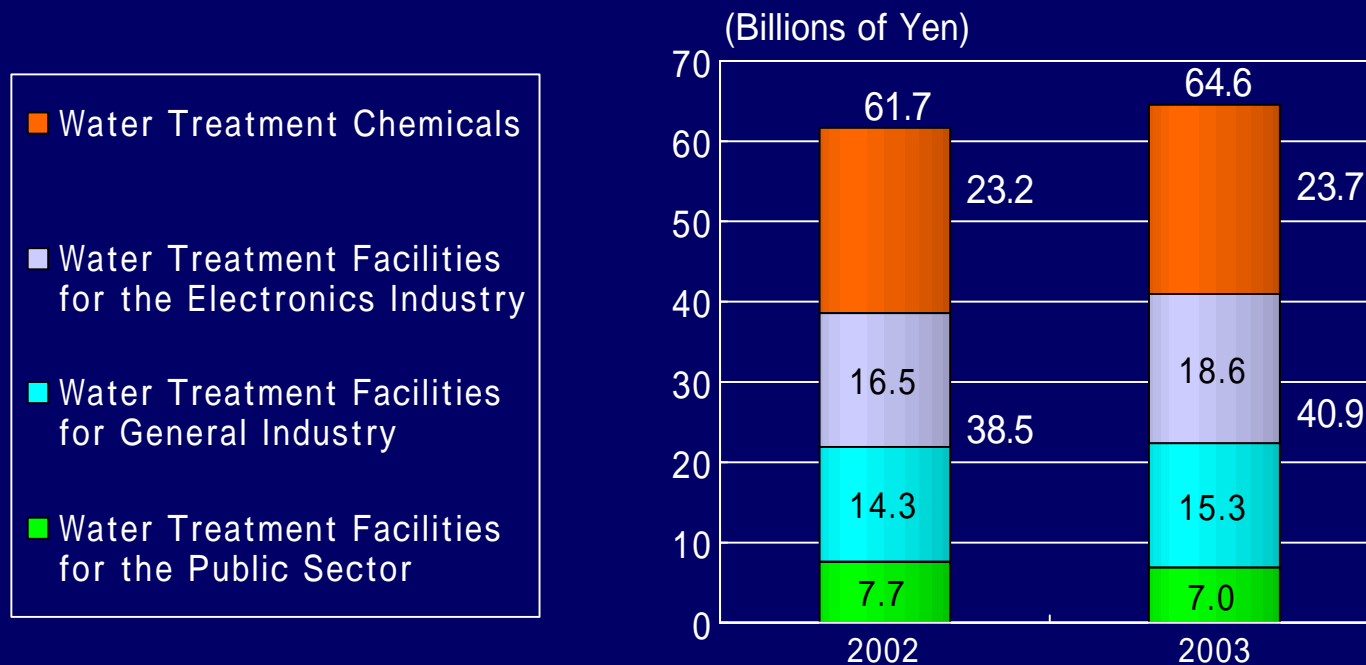
For the Six Months Ended September 30



- Growth in orders from the domestic electronics industry for ultrapure water production systems
- Weak orders from the electric power industry and general industry for water treatment facilities
- Strong orders from the public sector for human waste treatment facilities

Net Sales

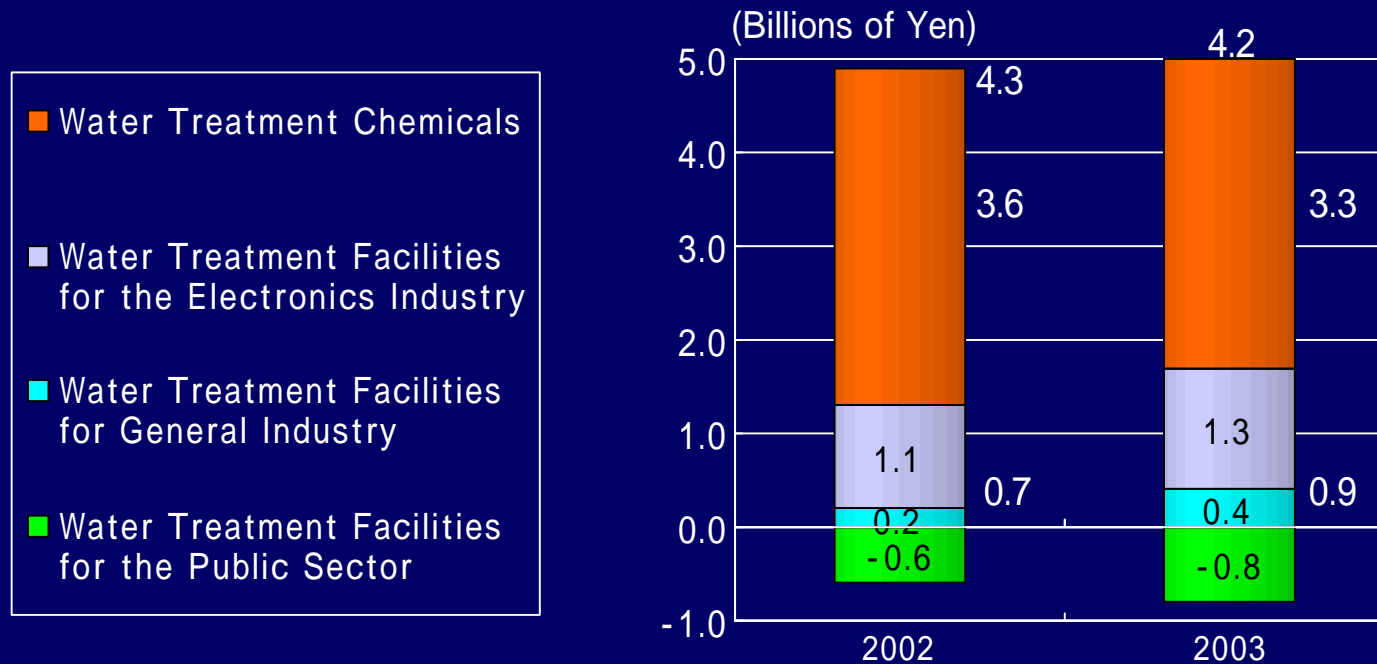
For the Six Months Ended September 30



- Growth in sales to the pulp and paper industry, sales of incinerator chemicals and contract-based services contributed to an increase in sales of water treatment chemicals.
- Water treatment facilities, maintenance services and tool cleaning services for the domestic electronics industry all recorded sales increases.
- Sales to general industry rose mainly as a result of the inclusion of a newly consolidated subsidiary, Land Solution Inc.

Operating Income

For the Six Months Ended September 30



- Operating income for water treatment chemicals fell, mainly owing to (1) an unusually cool summer over most of Japan, which led to lower sales of cooling water treatment chemicals, and (2) a rise in operating expenses.
- The rise in sales of water treatment facilities to the electronics industry outweighed an increase in expenses, leading to higher operating income in this category.
- In water treatment facilities for general industry, the extent of operating income increase based on higher sales was less than the rise initially projected.

Actual Results versus Projections

For the Six Months Ended September 30, 2003

(Billions of Yen)

	Actual Result	Projection	Difference between Results and Projection
Orders	78.2	76.4	1.8
Net sales	64.6	64.3	0.3
Operating income	4.2	4.5	- 0.3
Ordinary income	4.4	4.6	- 0.2
Net income	2.4	2.7	- 0.3

- Owing mainly to a cool summer in Japan and higher operating expenses, results in water treatment chemicals were lower than our projections.
- Both orders and sales of water treatment facilities to the electronics industry exceeded projections, and operating income was at the level projected.
- Although results for water treatment facilities for general industry were lower than those projected, orders for water treatment facilities from the public sector were strong.

Outlook for the Full Year Ending March 31, 2004

Summary of Business Performance during the Six Months Ended September 30, 2003

- A recovery in plant and equipment investment in the domestic semiconductor industry bolstered performance.
- Efforts by water treatment chemicals to closely cater to customer needs, as well as the integrated approach of our new Eco-Solution Group, yielded positive results.
- There was a recovery in orders from the public sector.

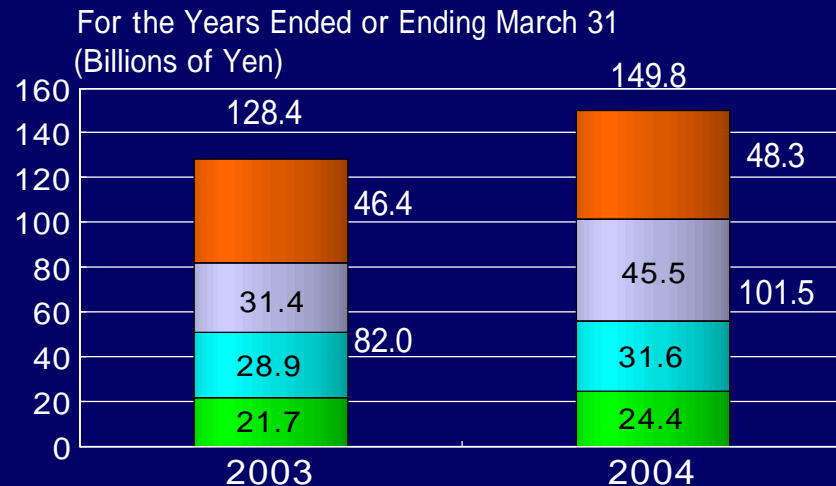
Projections for the Full Year Ending March 31, 2004

(Billions of Yen)

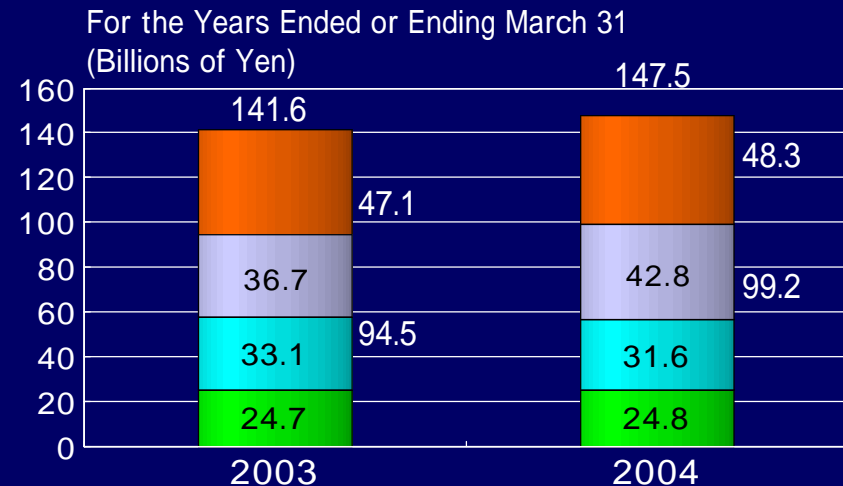
	For the Year Ended March 31, 2003	Projection for the Year Ending March 31, 2004	For the Six Months Ended September 30, 2003
Orders	128.4	149.8	78.2
Net sales	141.6	147.5	64.6
Operating income	12.3	13.0	4.2
Ordinary income	12.4	13.3	4.4
Net income	5.5	7.7	2.4

Projections by Segment for the Full Year Ending March 31, 2004

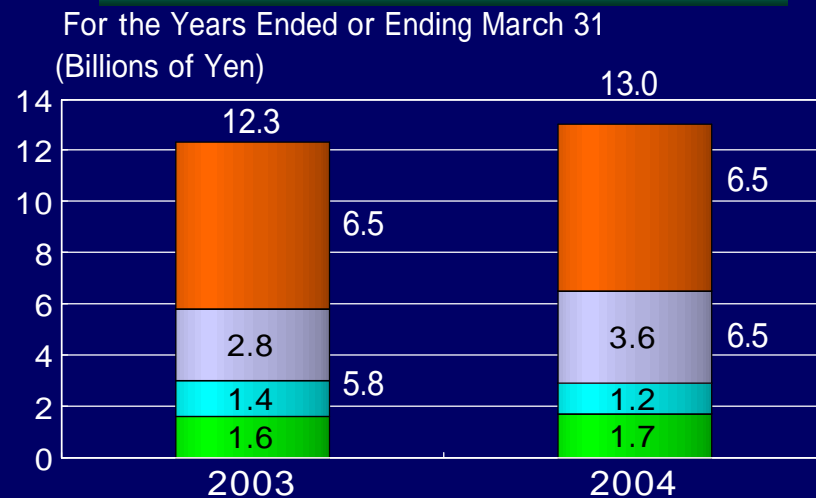
Orders by Segment



Sales by Segment



Operating Income by Segment



- Water Treatment Chemicals
- Water Treatment Facilities for the Electronics Industry
- Water Treatment Facilities for General Industry
- Water Treatment Facilities for the Public Sector

Measures to Ensure Projections for the Full Year to March 31, 2004, are Reached (1)

Water Treatment Chemicals



Plant A



Plant B



Plant C

- Meeting customers' cost-reduction needs through multiple-plant supply contracts
- Providing new systems to meet needs in the areas of energy conservation and CO₂ reduction
- Promoting the switch to higher value-added products

Measures to Ensure Projections for the Full Year to March 31, 2004, are Reached (2)

Water Treatment Facilities



Functional water production equipment



Facilities used in the electronics industry

- Orders are expected to remain strong from the domestic semiconductor industry and the overseas liquid crystal display (LCD) industry.
- In the ultrapure water supply business, we expect to have a total of one overseas contract and two domestic contracts by the end of the current fiscal year.
- Overseas maintenance services are growing.

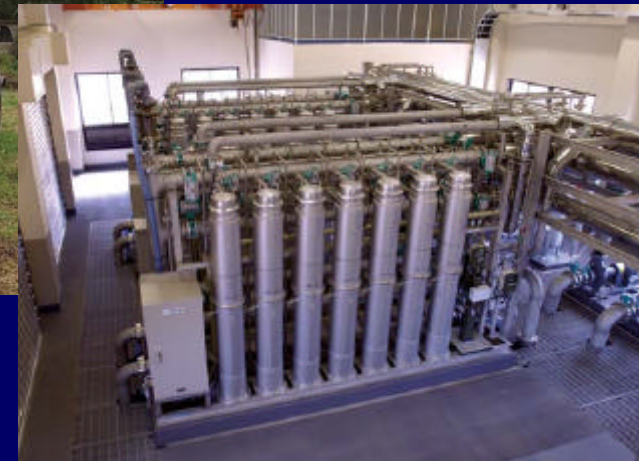
Measures to Ensure Projections for the Full Year to March 31, 2004, are Reached (3)



Water treatment facilities (for general industry)



Soil remediation (assessment)



Membrane filtration system (for the public sector)

- Bolstering our ability to meet customer needs in the areas of cost reduction and lower environmental impact
- Expanding the soil remediation business
- Securing orders from the public sector through expanded sales of our own distinctive systems and products

Realizing Our Goals under the PA-5 Medium-Term Management Plan



Medium-Term Management Plan Powerful Advance 2005 (PA-5)

Performance Goals of Three-Year Plan

● Kurita Group Consolidated Performance ● (Projections for the Year Ending March 31, 2006)

(Billions of Yen)

Net sales	175.0	(7.3% CAGR*)
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Operating income	20.0	(17.6% CAGR)
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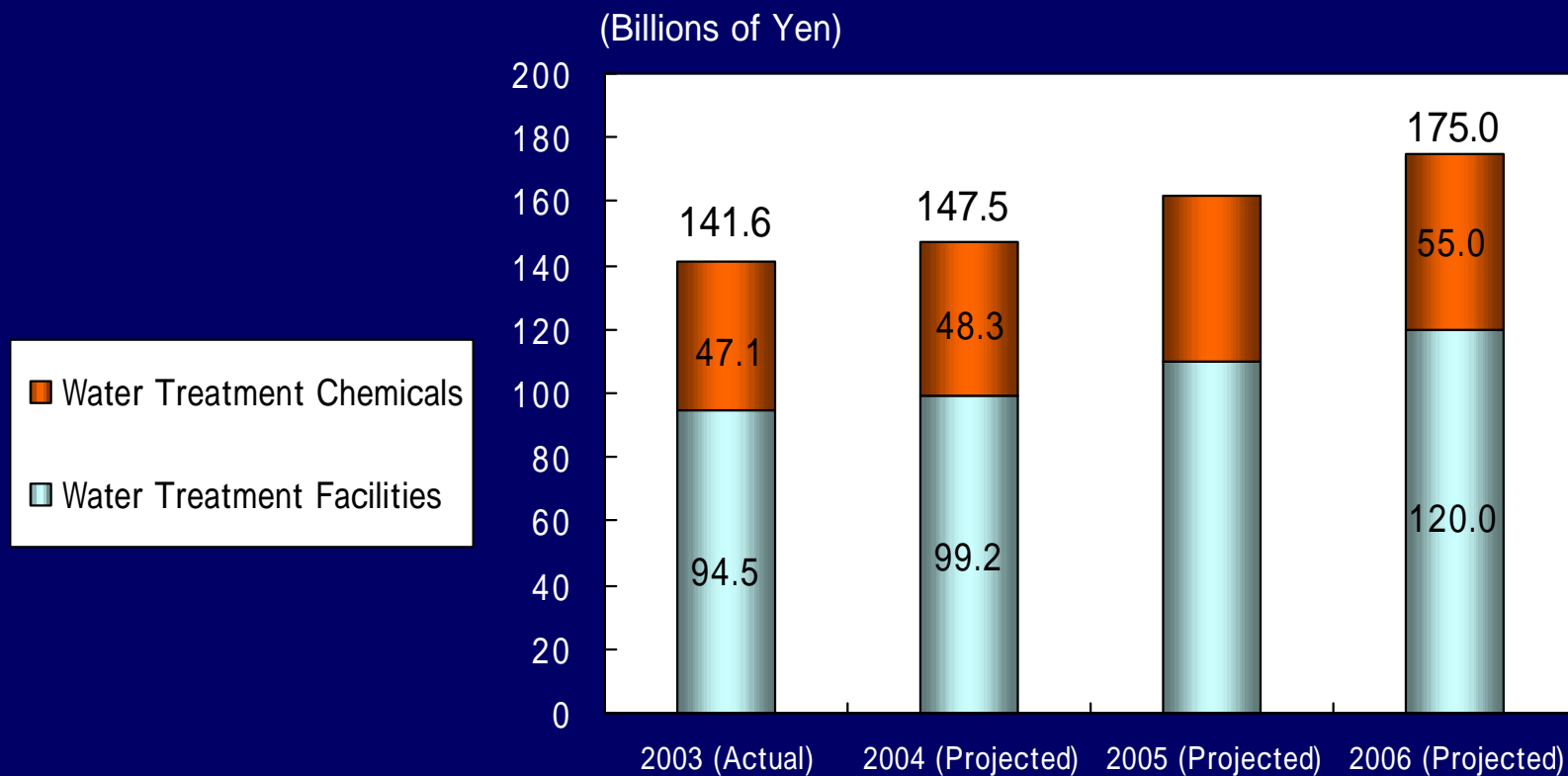
Net income	11.5	(27.9% CAGR)
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* CAGR = Compound Average Growth Rate

Medium-Term Management Plan Powerful Advance 2005 (PA-5)

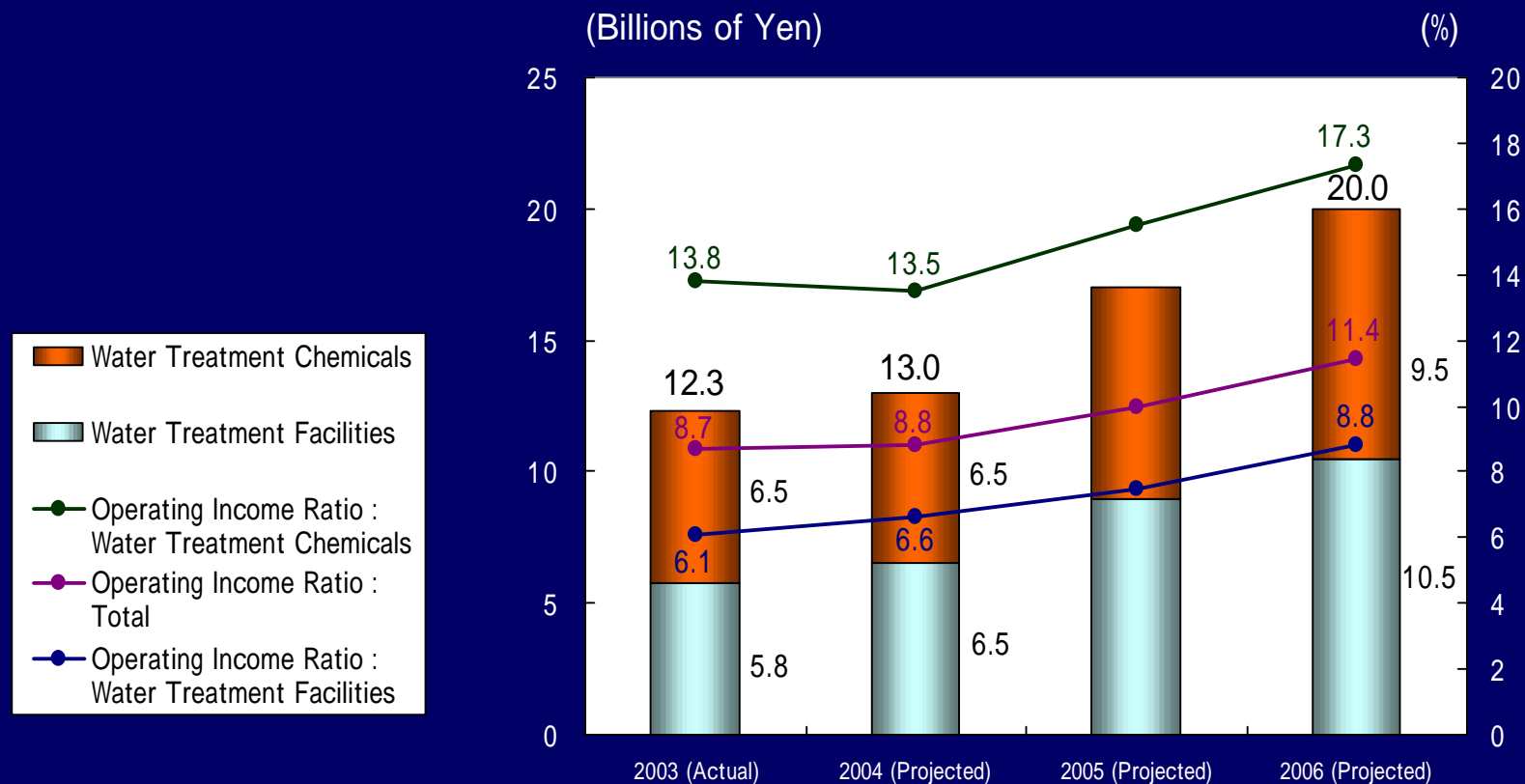
Sales by Segment

(For the Years Ended or Ending March 31)



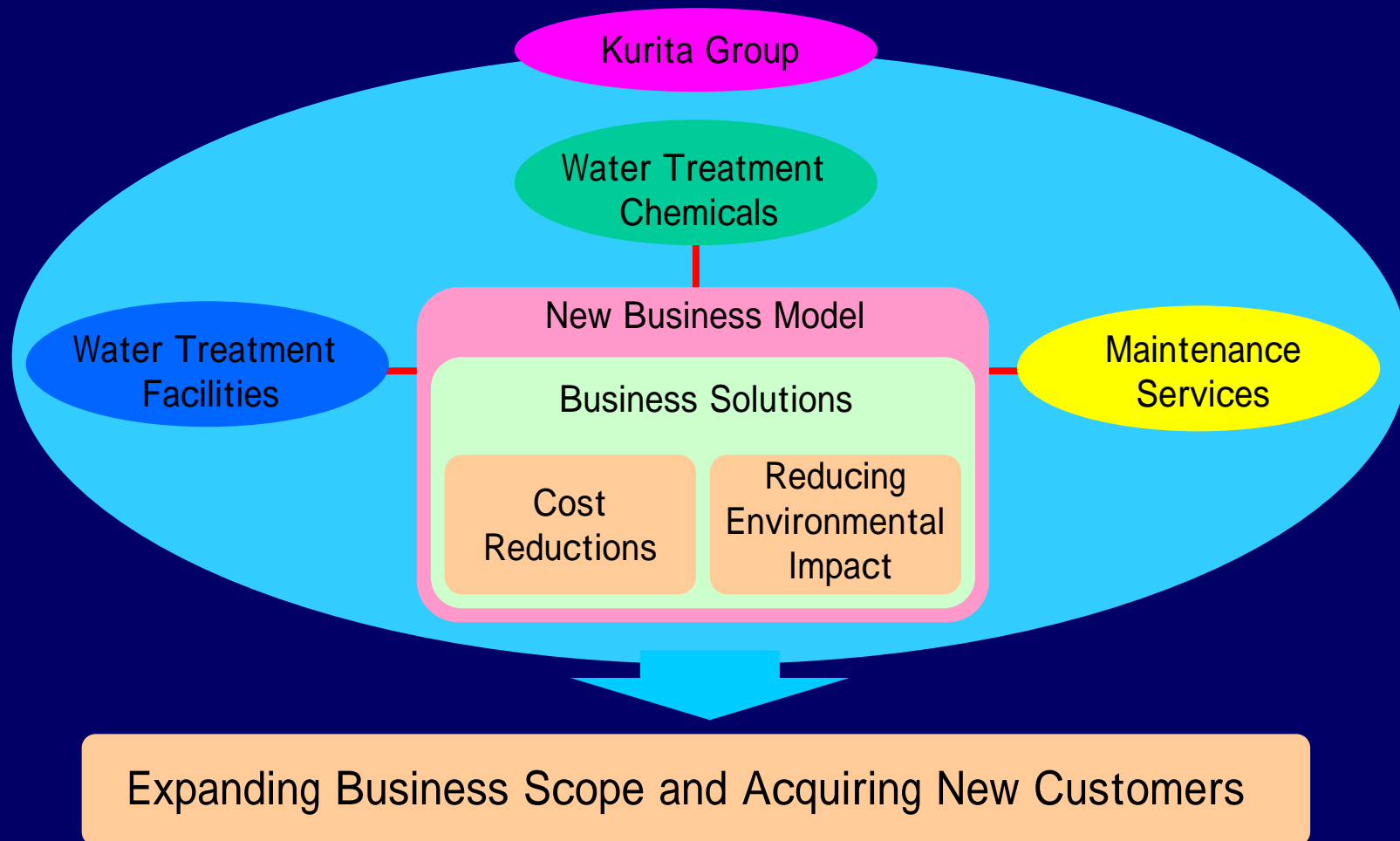
Medium-Term Management Plan Powerful Advance 2005 (PA-5)

Operating Income by Segment (For the Years Ended or Ending March 31)



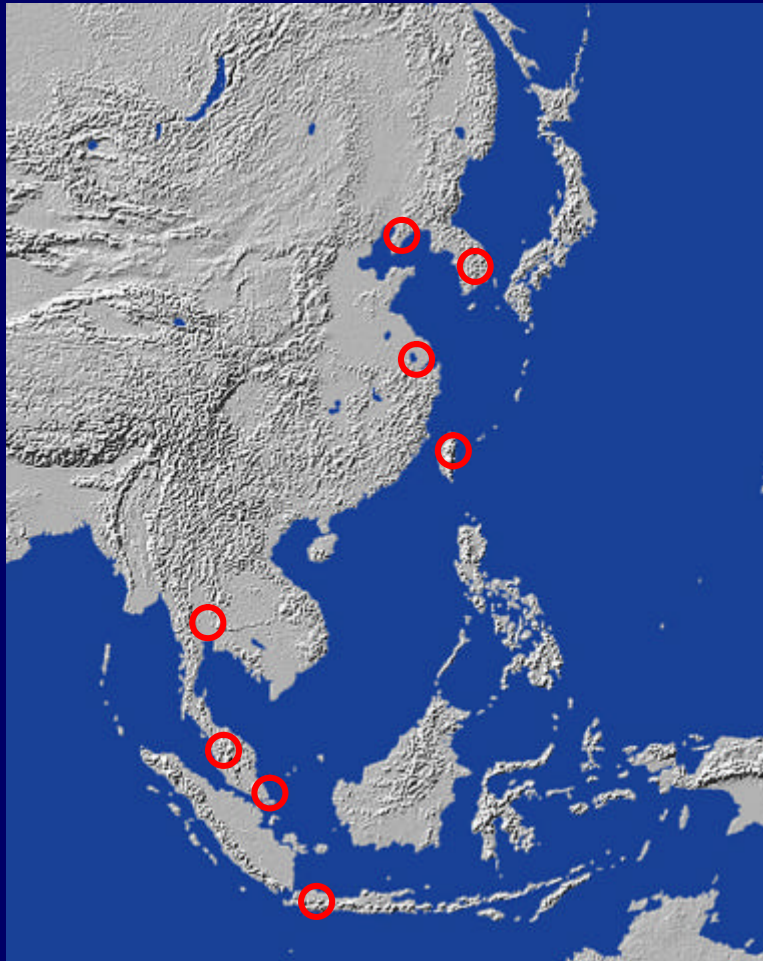
Strategies for Realizing Our Goals under the PA-5 Medium-Term Management Plan (1)

Implementing Strategies That Utilize Synergies Among Our Businesses



Strategies for Realizing Our Goals under the PA-5 Medium-Term Management Plan (2)

Overseas Expansion



- Increasing our competitive advantage by applying new business models
- Expanding our business, mainly focusing on Asia
- Where appropriate, strategies may include localizing management and merger & acquisition (M&A) transactions.

Strategies for Realizing Our Goals under the PA-5 Medium-Term Management Plan (Summary)

- Bolster our domestic market position by utilizing strategies based on the synergies among Kurita's various businesses
- Apply the business models developed in Japan to overseas markets to expand our businesses
- Enter new businesses by leveraging our accumulated know-how in the water and environmental management field