

# **Kurita Water Industries Ltd.**

**Results Presentation for the Year Ended March 31, 2006**

**May 10, 2006**

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# **. Financial Results for the Fiscal Year Ended March 31, 2006**

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- 7. Operating Income Margin**
- 8. Capital Expenditures/Depreciation/R&D Expenses**
- 9. Profit Distribution: Dividends**

# . Financial Results for the Fiscal Year Ended March 31, 2006

## 1. Topics

### Sales

- Two water treatment chemicals sales companies were made into subsidiaries. A new company was subsequently created after the merger of these subsidiaries.

### Production

- The Yamaguchi Plant converted its water treatment chemicals operations to water treatment facilities production (commenced in August 2005).

### Research and Development

- R&D units were integrated into the new Kurita Global Technology Center (opened on October 1, 2005).

# . Financial Results for the Fiscal Year Ended March 31, 2006

## 2. Performance Highlights

(Fiscal Years Ended March 31)

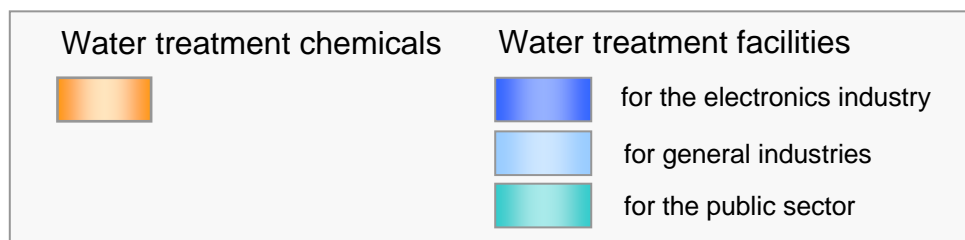
(Billions of Yen)

	2005 (Actual)	2006 (Revised plan)	2006 (Actual)	Actual results versus revised plan		Year-on-year change	
				Amount	Percentage	Amount	Percentage
Orders	171.3	186.5	183.9	-2.6	-1.4%	+12.6	+7.3%
Net sales	160.9	175.0	173.7	-1.3	-0.8%	+12.8	+7.9%
Gross profit	48.8	52.2	51.1	-1.1	-2.2%	+2.2	+4.6%
SG&A expenses	32.9	34.2	33.7	-0.5	-1.3%	+0.9	+2.7%
Operating income	16.0	18.0	17.3	-0.7	-3.8%	+1.4	+8.5%
Nonoperating income and expenses	0.8	1.0	1.1	+0.1	+11.4%	+0.3	+44.1%
Ordinary income	16.7	19.0	18.4	-0.6	-3.0%	+1.7	+10.2%
Extraordinary gains and losses	-0.3	-	-0.2	-0.2	-	+0.1	-
Net income	9.4	10.8	10.5	-0.3	-2.6%	+1.1	+12.1%

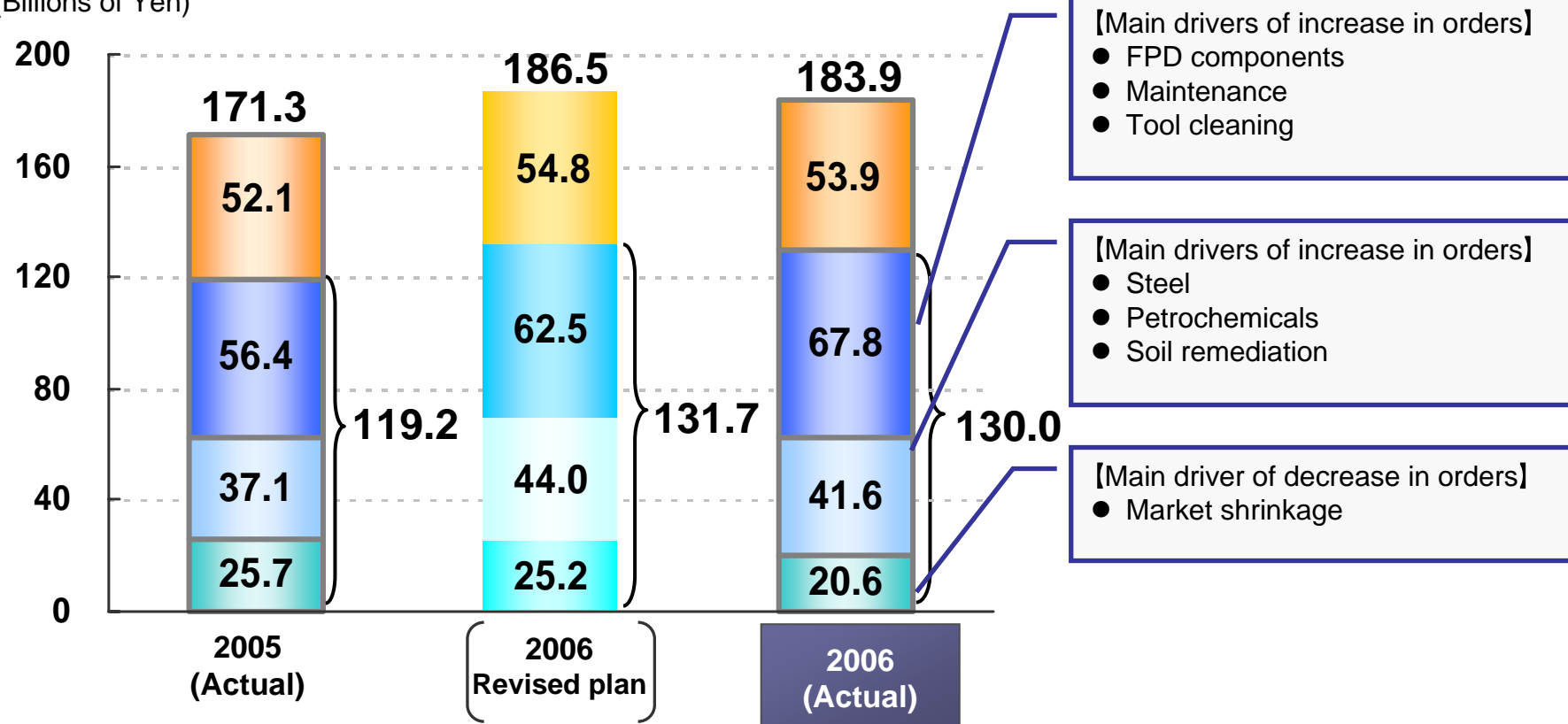
# . Financial Results for the Fiscal Year Ended March 31, 2006

## 3. Orders

( Fiscal Years Ended March 31 )



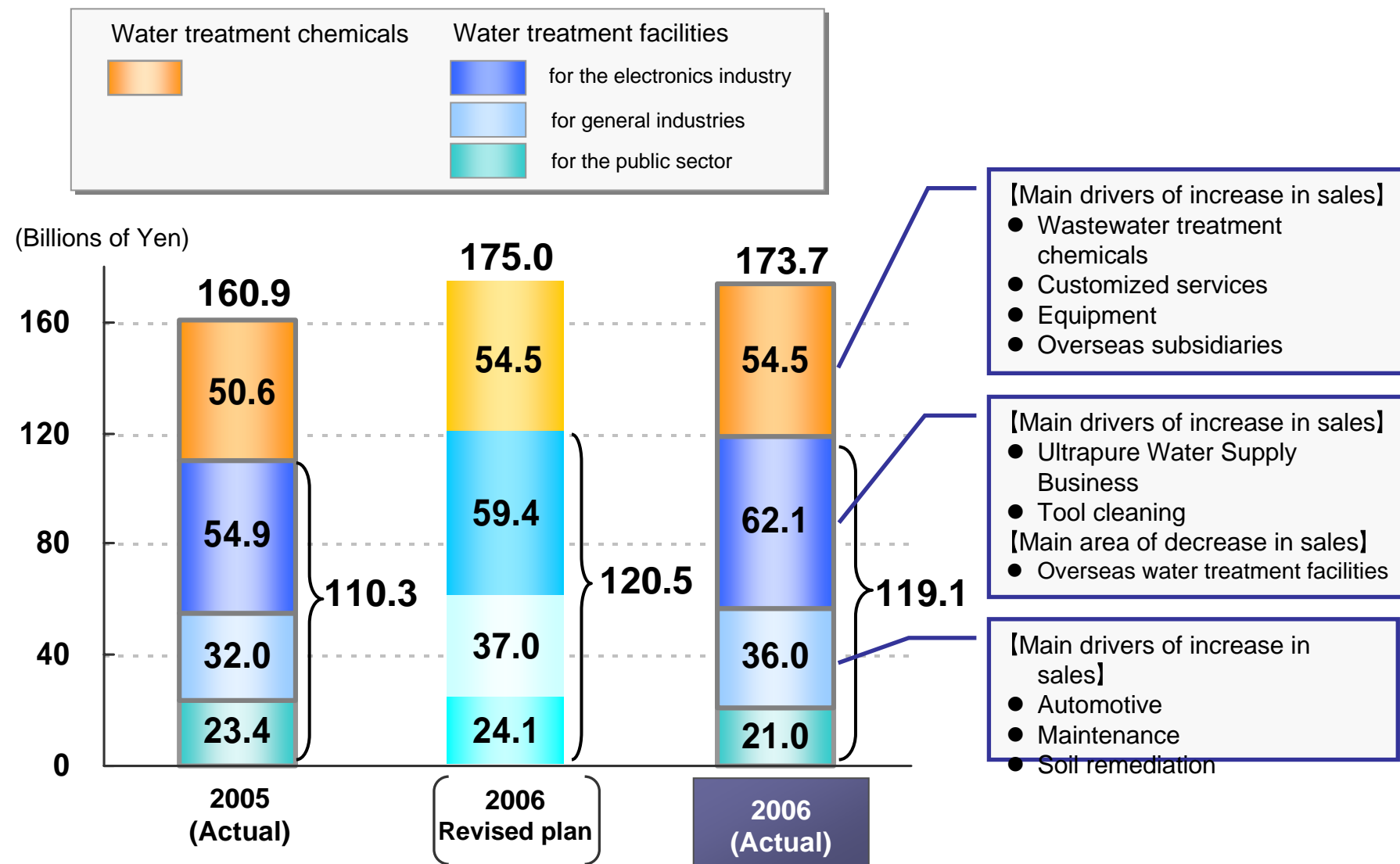
(Billions of Yen)



# Financial Results for the Fiscal Year Ended March 31, 2006

## 4. Sales

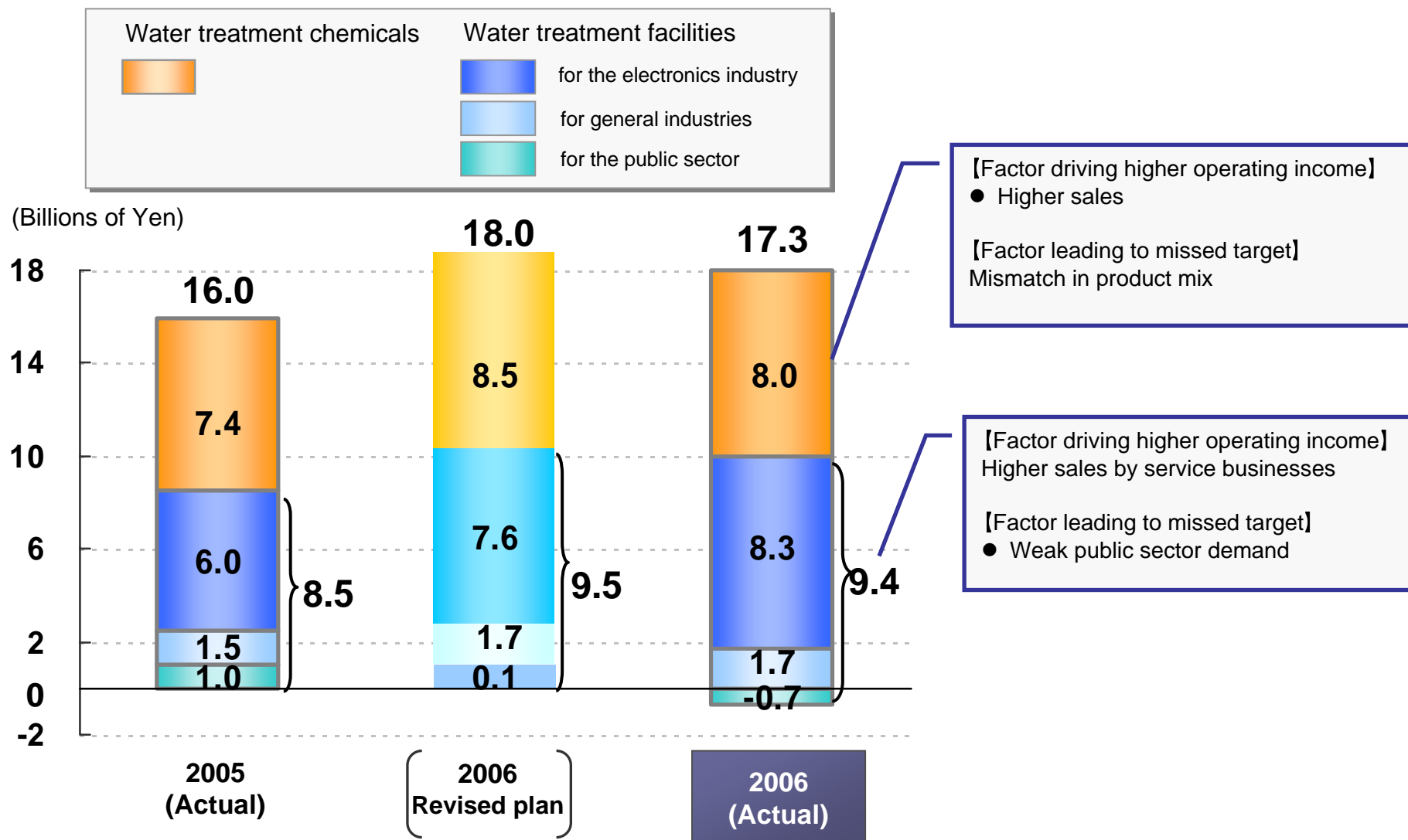
(Fiscal Years Ended March 31)



# . Financial Results for the Fiscal Year Ended March 31, 2006

## 5. Operating Income

(Fiscal Years Ended March 31)



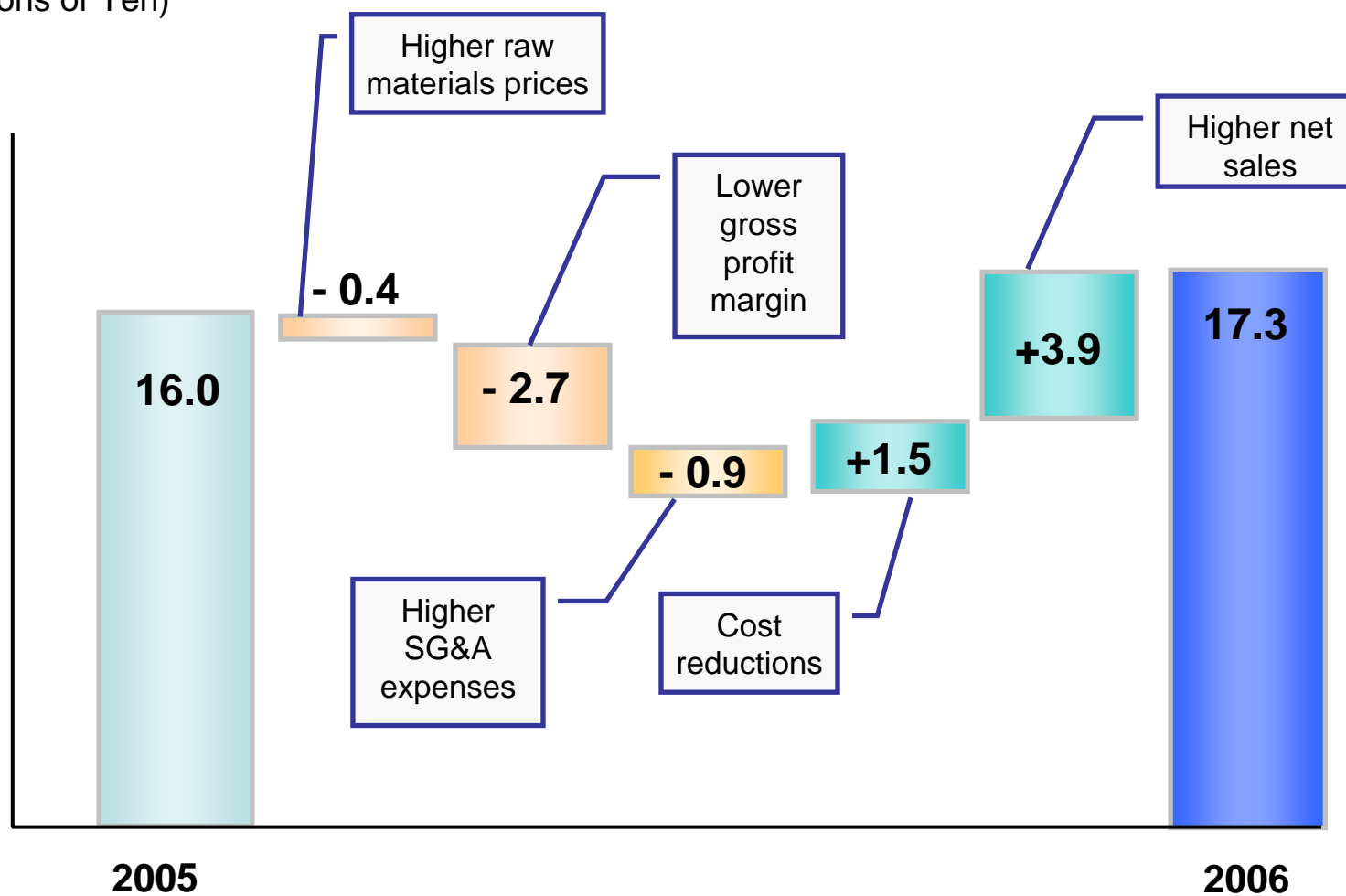


# . Financial Results for the Fiscal Year Ended March 31, 2006

## 6. Analysis of Changes in Operating Income

(Fiscal Years Ended March 31)

(Billions of Yen)



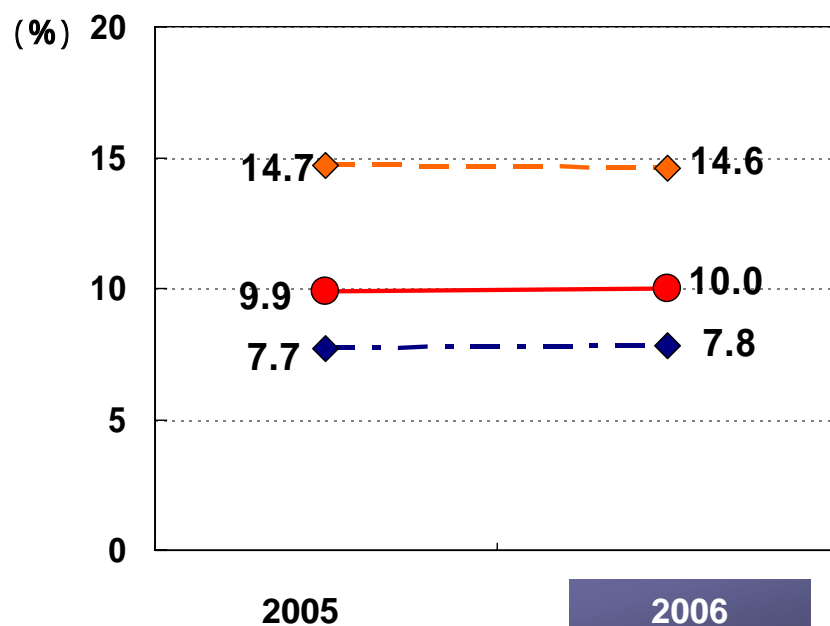
# . Financial Results for the Fiscal Year Ended March 31, 2006

## 7. Operating Income Margin

( Fiscal Years Ended March 31 )

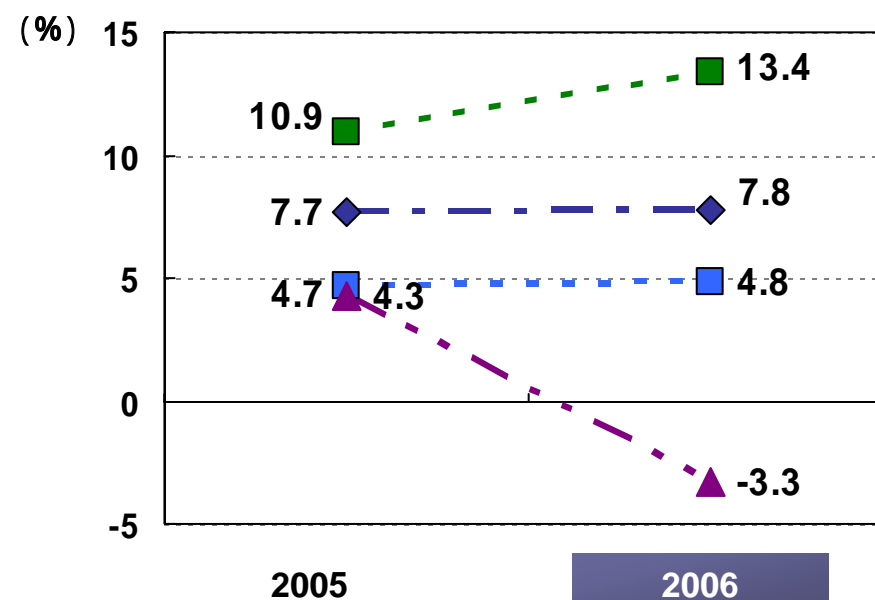
### Operating Income Margin by Segment

- ◇— Operating income margin: Water treatment chemicals
- Operating income margin
- ◆— Operating income margin: Water treatment facilities



### Operating Income Margin of Water Treatment Facilities

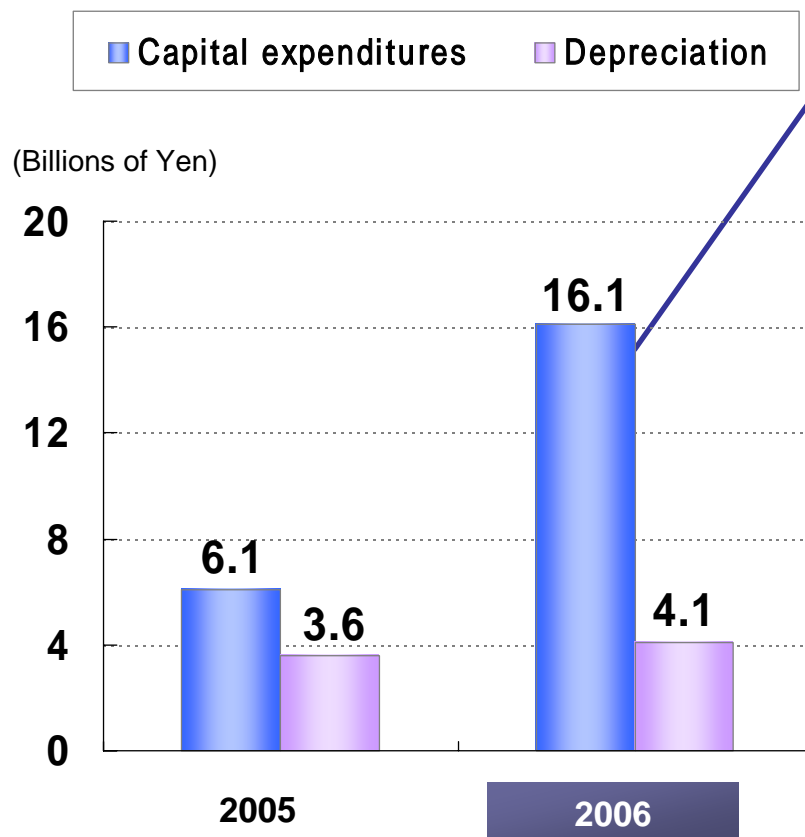
- Water treatment facilities: for the electronics industry
- ◆— Water treatment facilities
- Water treatment facilities: for general industries
- ▲— Water treatment facilities: for the public sector



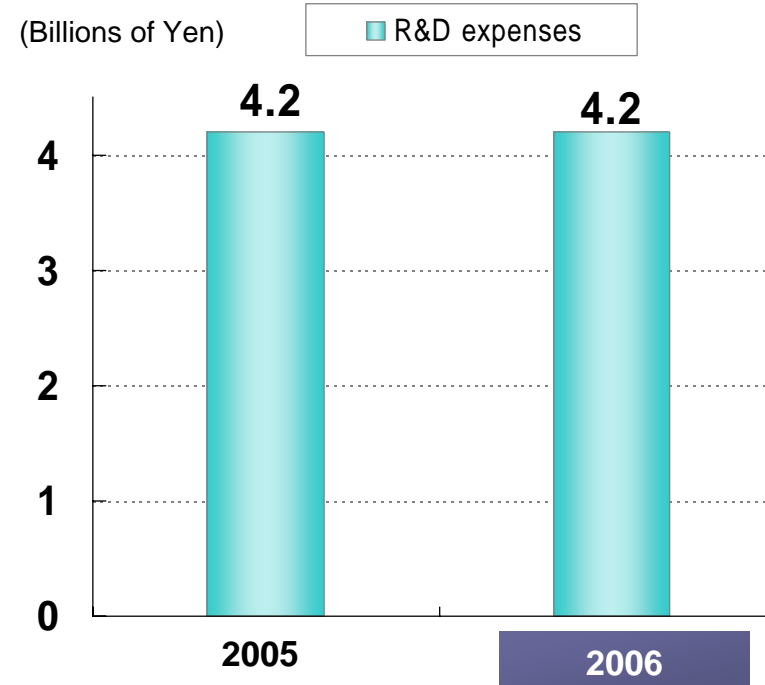
# . Financial Results for the Fiscal Year Ended March 31, 2006

## 8. Capital Expenditures/Depreciation/R&D Expenses

( Fiscal Years Ended March 31 )



Investment of ¥11.9 billion in assets for Ultrapure Water Supply Business



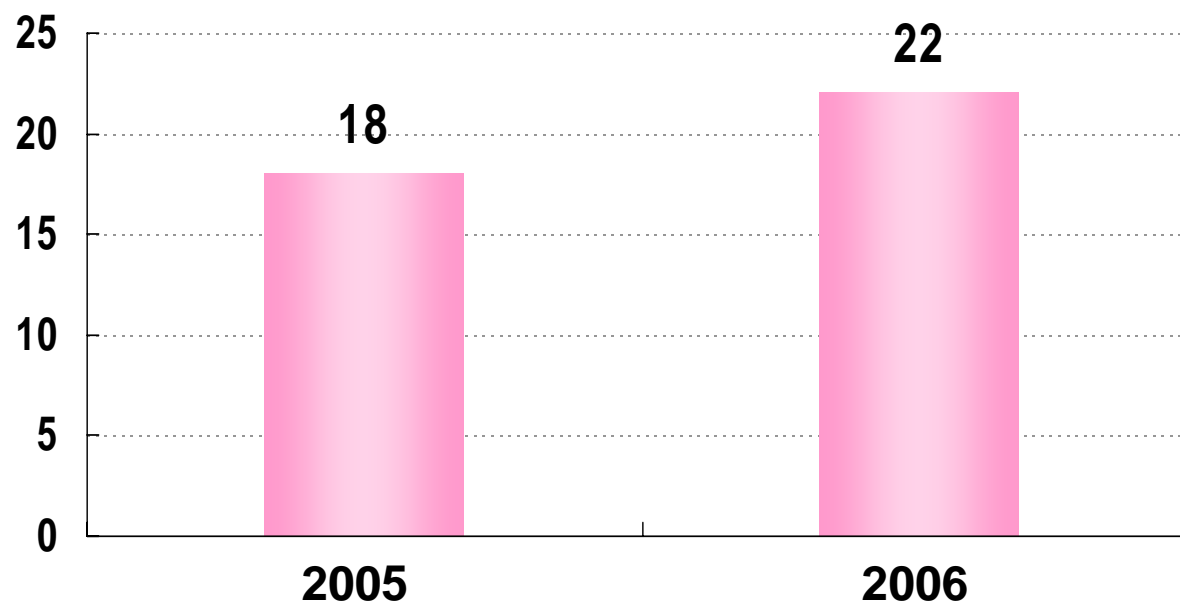
Note: Capital expenditures and depreciation relate to tangible fixed assets.

## . Financial Results for the Fiscal Year Ended March 31, 2006

### 9. Profit Distribution: Dividends

(Fiscal Years Ended March 31)

(Yen)



¥4.00 increase in total annual dividends

# **. Review of PA-5 Medium-Term Management Plan**

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## **1. Basic Theme**

## **2. Planned Targets and Actual Performance**

## **3. Strategy and Results (1):**

**Expansion of the Ultrapure Water Supply Business**

## **4. Strategy and Results (2):**

**Expansion of Service Businesses**

## **5. Strategy and Results (3):**

**Targets Reached by Eco-Solution Group**

## **6. Strategy and Results (4):**

**Optimization of Kurita Group Management**

## **7. Profit Distribution: Dividends**

# **. Review of PA-5 Medium-Term Management Plan**

## **1. Basic Theme**

**"Win Trust and Make a Strong Impression"**


**Basic Policy**

**"By developing an excellent, aggressive business, we will win the trust of our customers and make a strong impression."**

# Review of PA-5 Medium-Term Management Plan

## 2. Planned Targets and Actual Performance

(Fiscal Years Ended March 31)


 PA-5

(Billions of Yen)

	2003	2004	2005	2006	Original targets set under PA-5 for the FY ended March 31, 2006	Success rate	Average growth rate per fiscal year
Net sales	141.6	146.8	160.9	173.7	175.0	99.2%	7.0%
Operating income	12.3	13.5	16.0	17.3	20.0	86.6%	12.0%
Net income	5.5	8.4	9.4	10.5	11.5	91.5%	24.3%

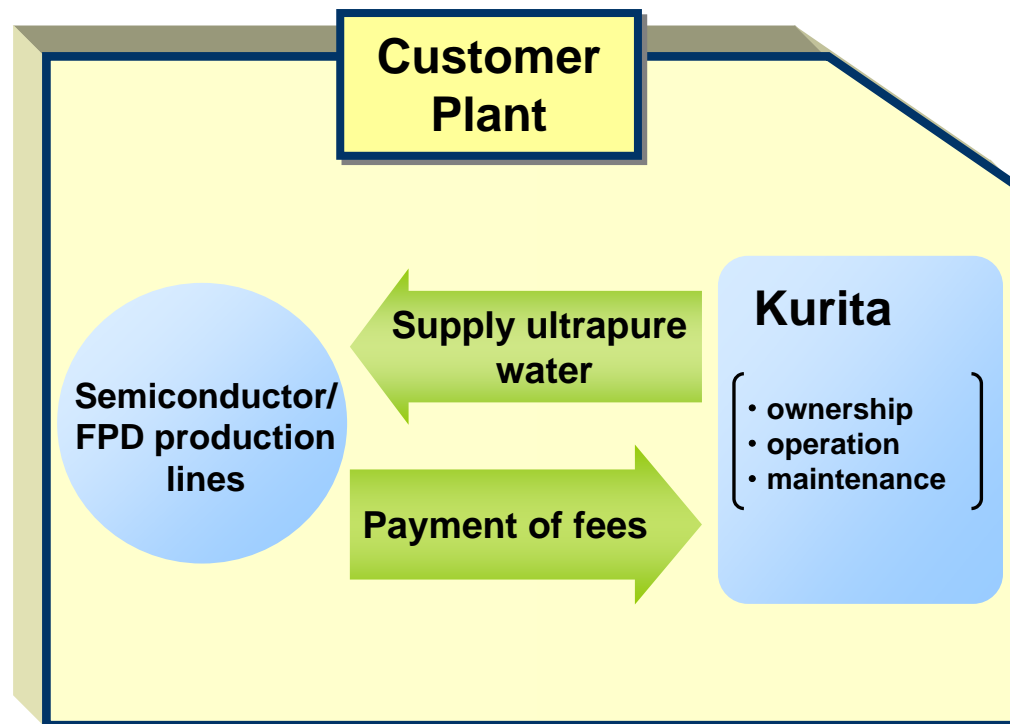
- Over the three fiscal years of PA-5, sales and profit increased every year.
- Sales and profit targets were not reached.

# . Review of PA-5 Medium-Term Management Plan

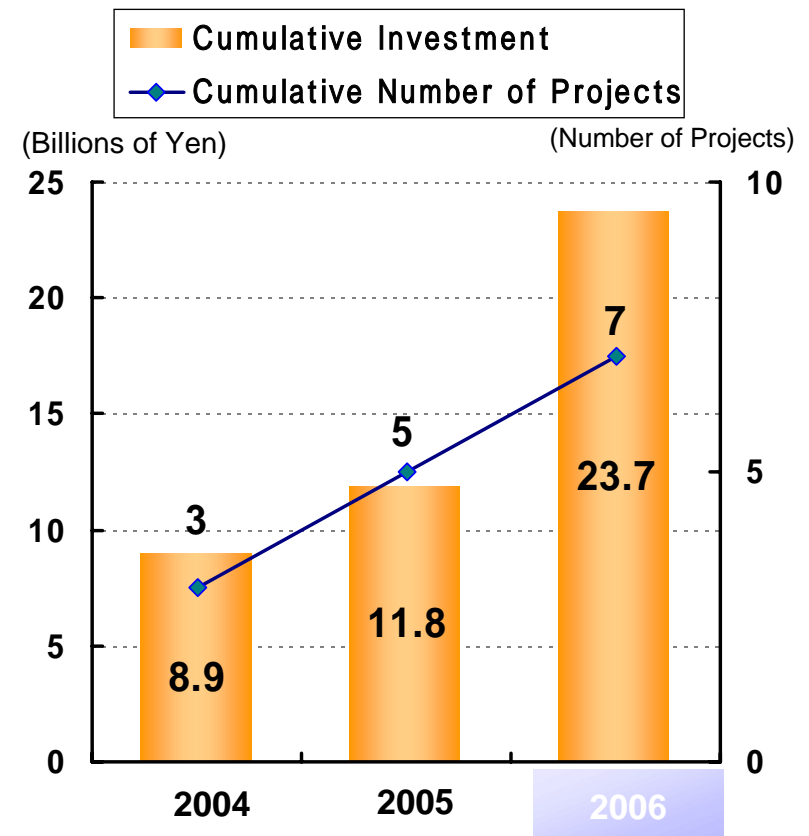
## 3. Strategy and Results (1): Expansion of the Ultrapure Water Supply Business

( Fiscal Years Ended March 31 )

### Concept of Ultrapure Water Supply Business



### Cumulative Number of Projects and Cumulative Investment

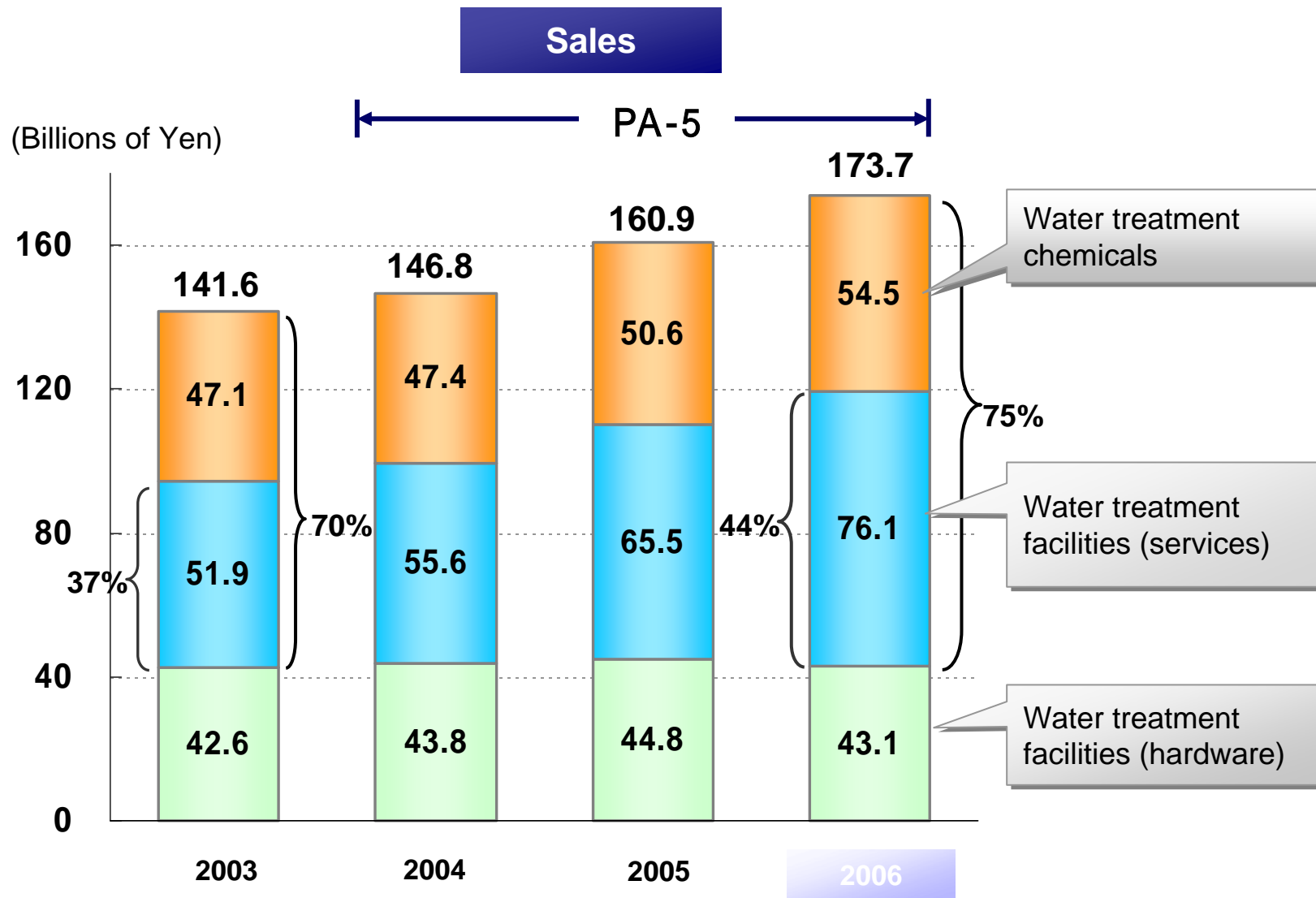




# Review of PA-5 Medium-Term Management Plan

## 4. Strategy and Results (2): Expansion of Service Businesses

(Fiscal Years Ended March 31)

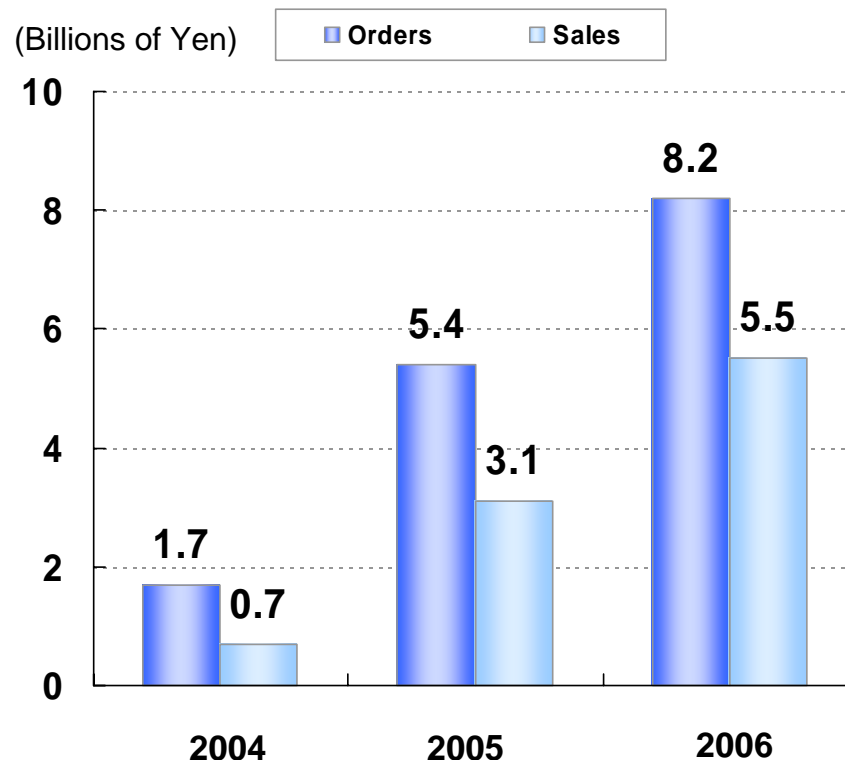


# . Review of PA-5 Medium-Term Management Plan

## 5. Strategy and Results (3): Targets Reached by Eco-Solution Group

(Fiscal Years Ended March 31)

### Orders and Sales by the Eco-Solution Group



### Services Offered by the Eco-Solution Group

Productivity improvement and  
environmental impact reduction

- High-efficiency wastewater treatment
- Reduction in running costs of water treatment chemicals
- Reduction in volume of sludge
- Recycling of wastewater



Wastewater treatment facilities

# **. Review of PA-5 Medium-Term Management Plan**

## **6. Strategy and Results (4): Optimization of Kurita Group Management**

<b>April 2003</b>	<b>Integration of analysis divisions into a separate new subsidiary: Kurita Analysis Service Co. Ltd.</b>
<b>June 2003</b>	<b>Integration of tool cleaning divisions into a separate new subsidiary: Kuritec Service Co. Ltd.</b>
<b>March 2005</b>	<b>Overhaul of manufacturing system for water treatment chemicals Closing of Yamaguchi Plant for water treatment chemicals and integration of its operations into Ako Plant</b>
<b>July 2005</b>	<b>Opening of Yamaguchi Plant as a manufacturing base for water treatment facilities</b>
<b>October 2005</b>	<b>Integration of R&amp;D functions into a single location Opening of the Kurita Global Technology Center</b>



Kurita Global Technology Center

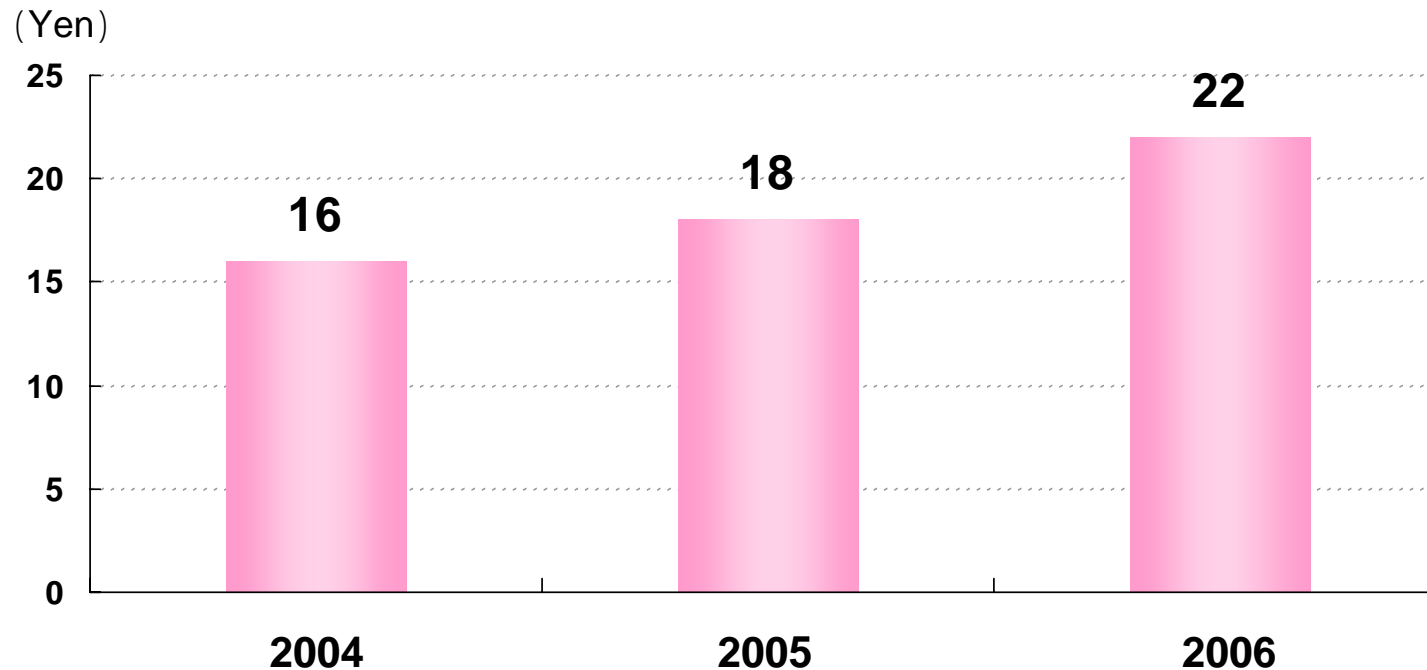


Yamaguchi Plant

# . Review of PA-5 Medium-Term Management Plan

## 7. Profit Distribution: Dividends

(Fiscal Years Ended March 31)



Increase in total annual dividends in two consecutive fiscal years

# **. New Medium-Term Management Plan: G-8**

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## **1. Basic Theme**

## **2. Performance Targets**

## **3. Main Strategies**

### **Main Strategy (1):**

**Acceleration of the Shift to Service Businesses**

**Ultrapure Water Supply Business**

### **Main Strategy (2):**

**Expansion of Kurita's Global Businesses (Overseas Sales)**

### **Main Strategy (3):**

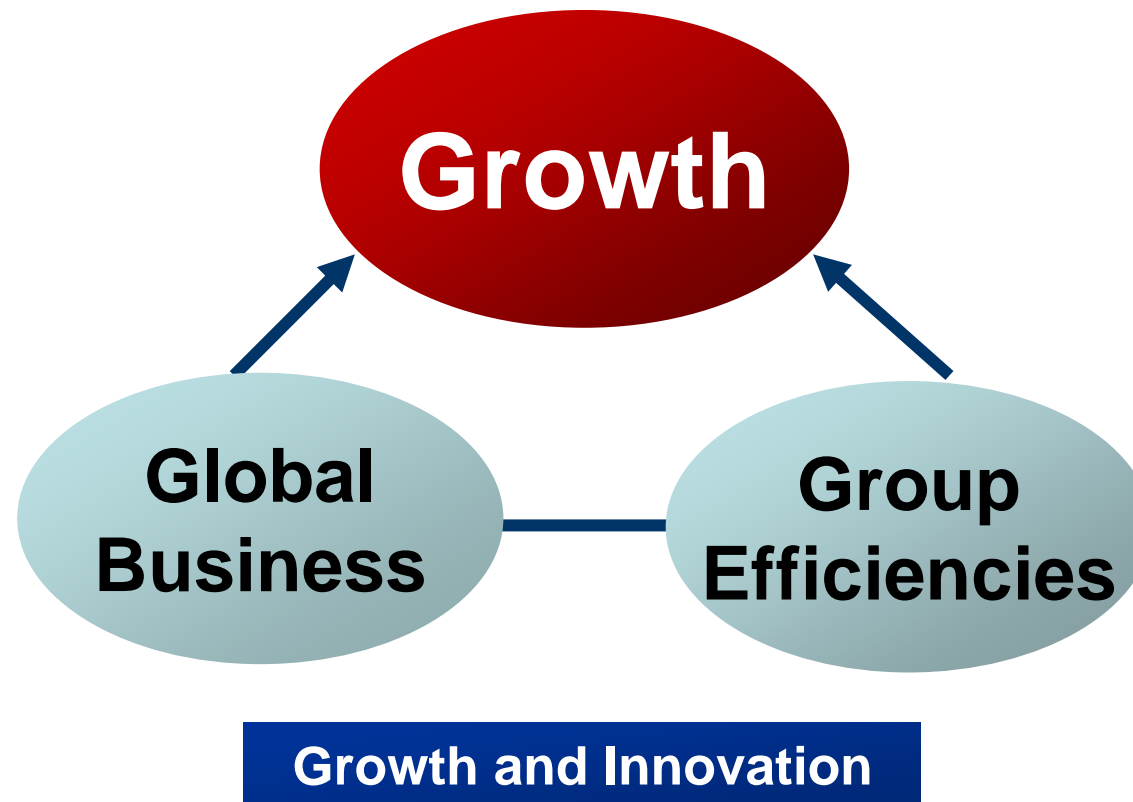
**Reinforcing Kurita's Firm Foundation as a Technology-Oriented Company**

## **4. Performance Targets by Segment: Orders and Sales**

## **5. Capital Expenditure Plan**

# . New Medium-Term Management Plan: G-8

## 1. Basic Theme



Basic Policy

“We will strive for daily innovation in the value we provide, and win the overwhelming trust of our customers.”

## . New Medium-Term Management Plan: G-8

### 2. Performance Targets

(Fiscal Years Ended or Ending March 31)

(Billions of Yen)

	2006	Target for the FY ending March 31, 2009	Average growth rate over 3 years
Orders	183.9	208.0	4.2%
Net sales	173.7	200.0	4.8%
Operating income	17.3	27.0	16.0%
Ordinary income	18.4	27.5	14.3%
Net income	10.5	15.4	13.5%

## **. New Medium-Term Management Plan: G-8**

### **3. Main Strategies**

- (1) Acceleration of the Shift to Service Businesses**
- (2) Expansion of Kurita's Global Businesses**
- (3) Reinforcing Kurita's Firm Foundation as a Technology-Oriented Company**



# . New Medium-Term Management Plan: G-8

## 3. Main Strategy (1): Acceleration of the Shift to Service Businesses

(Fiscal Years Ended or Ending March 31)



Ultrapure  
Water Supply  
Business



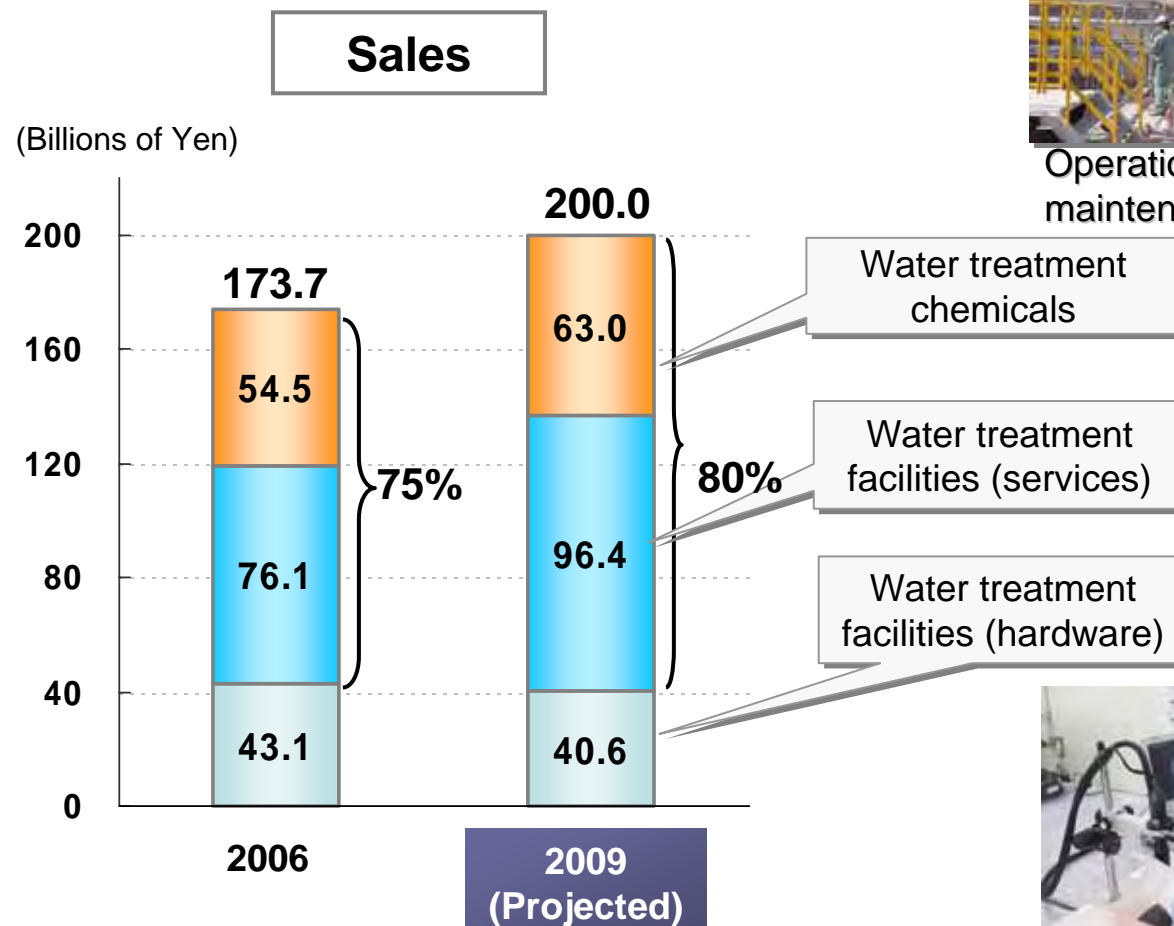
Soil remediation



Operation and  
maintenance services



Tool cleaning



# . New Medium-Term Management Plan: G-8

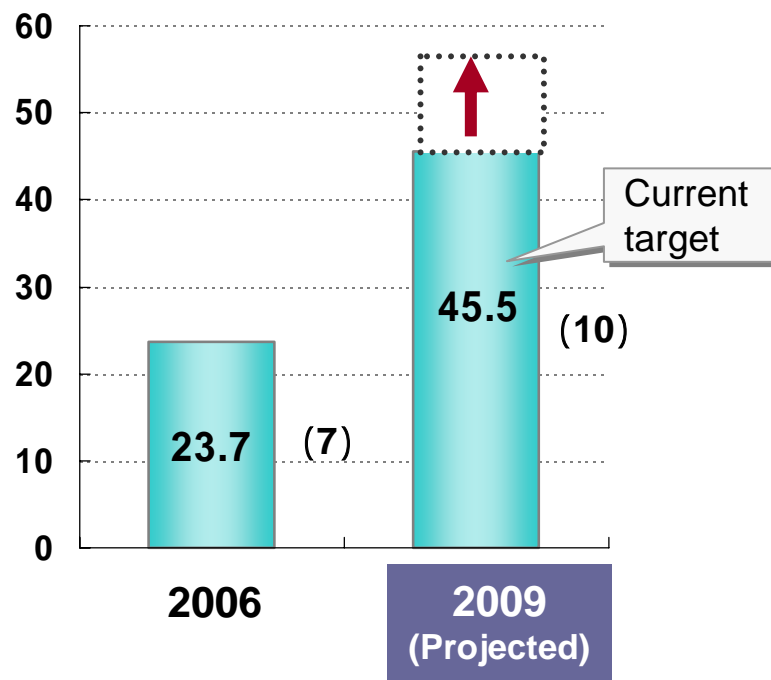
## 3. Main Strategy (1): Acceleration of the Shift to Service Businesses

(Fiscal Years Ended or Ending March 31)

### Ultrapure Water Supply Business

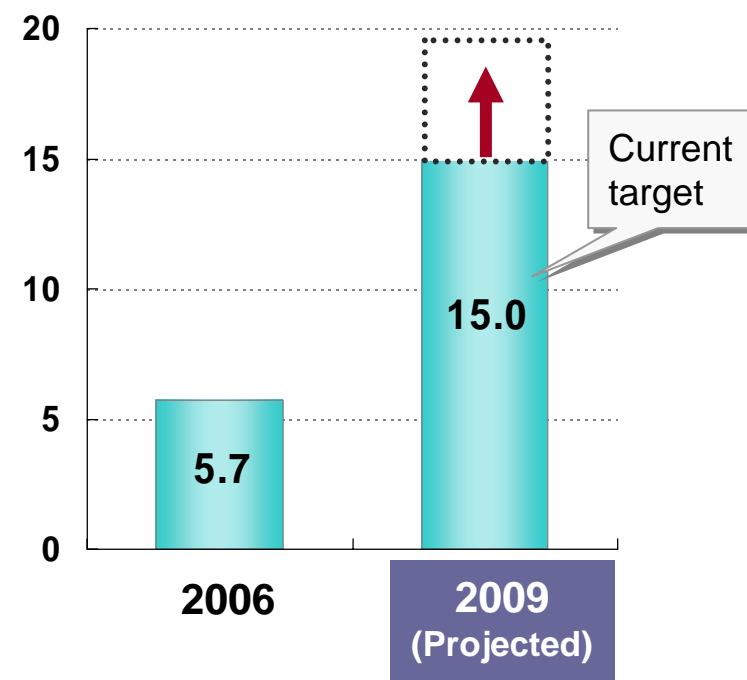
#### Cumulative Number of Projects and Cumulative Investment

(Billions of Yen)



#### Sales

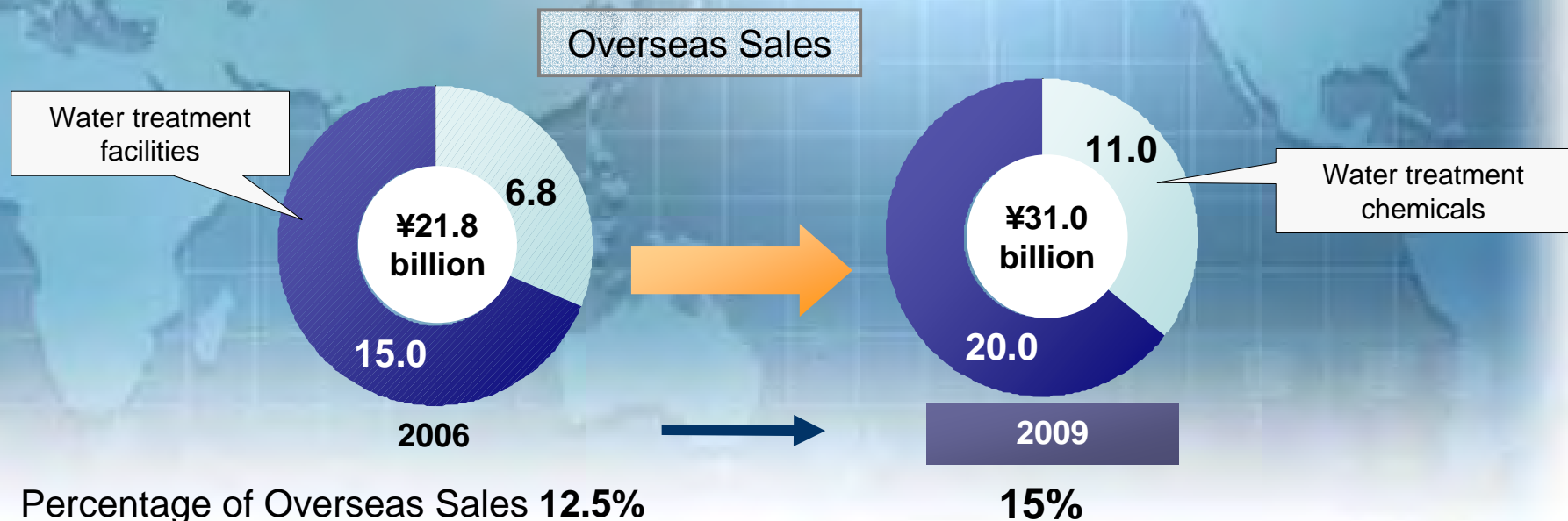
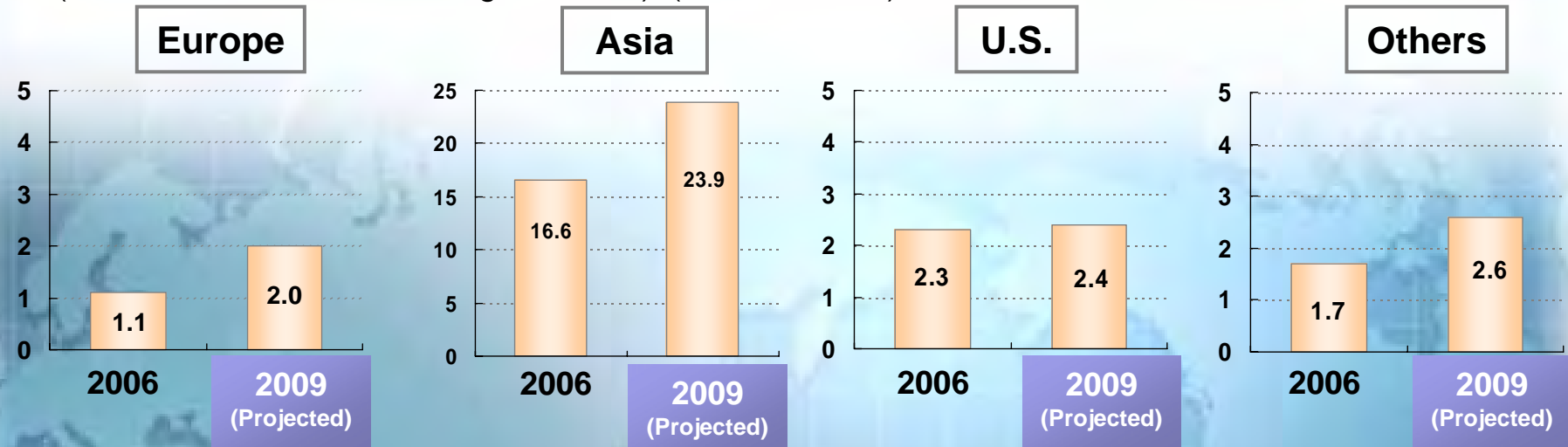
(Billions of Yen)



# . New Medium-Term Management Plan: G-8

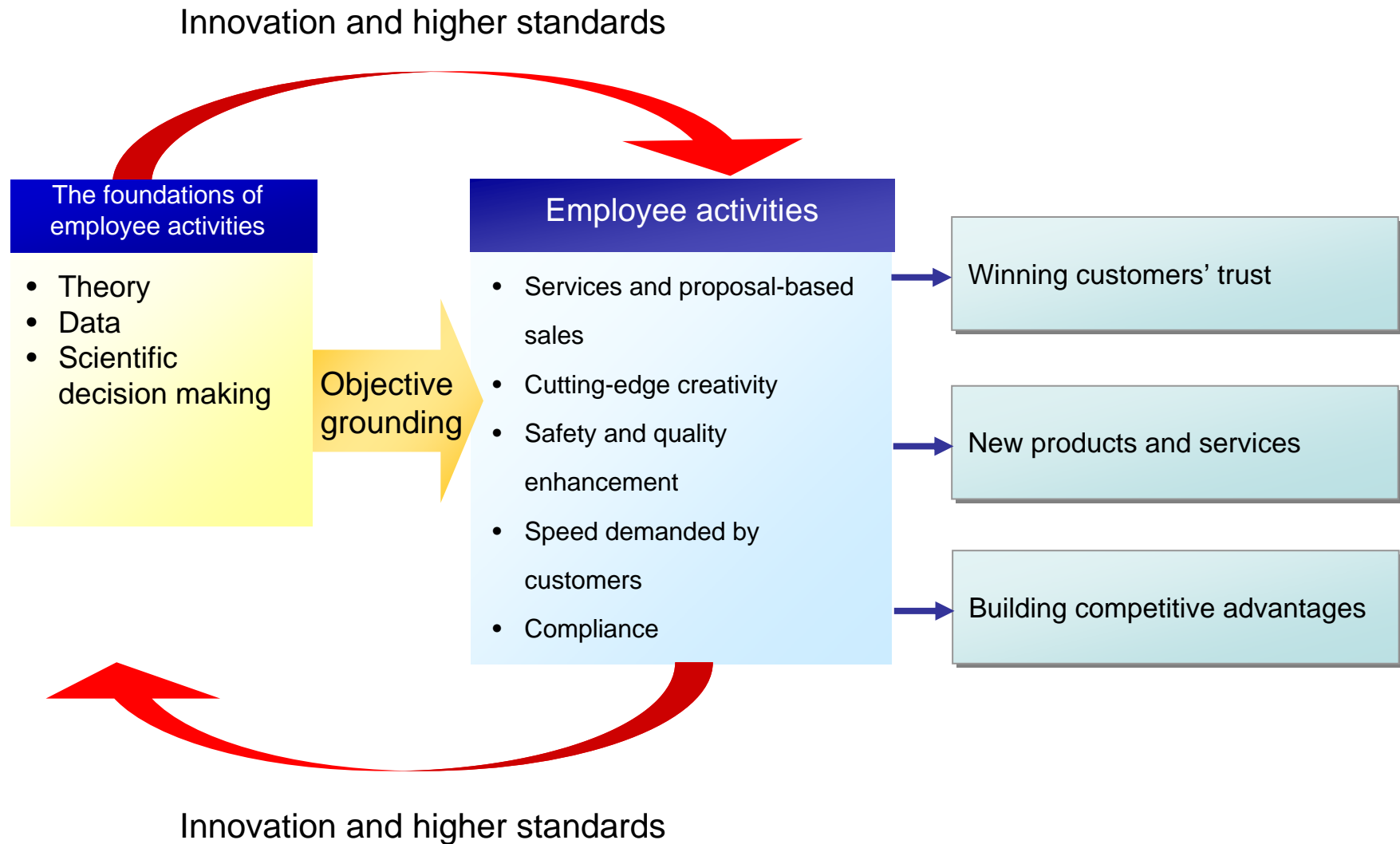
## 3. Main Strategy (2): Expansion of Kurita's Global Businesses (Overseas Sales)

(Fiscal Years Ended or Ending March 31) (Billions of Yen)



# . New Medium-Term Management Plan: G-8

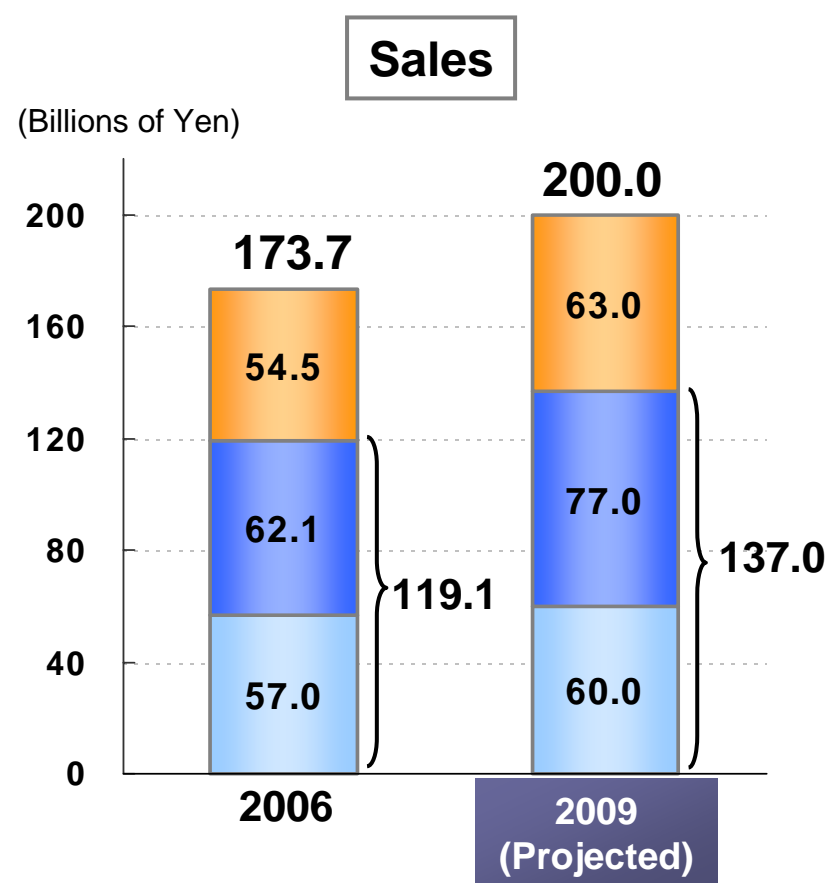
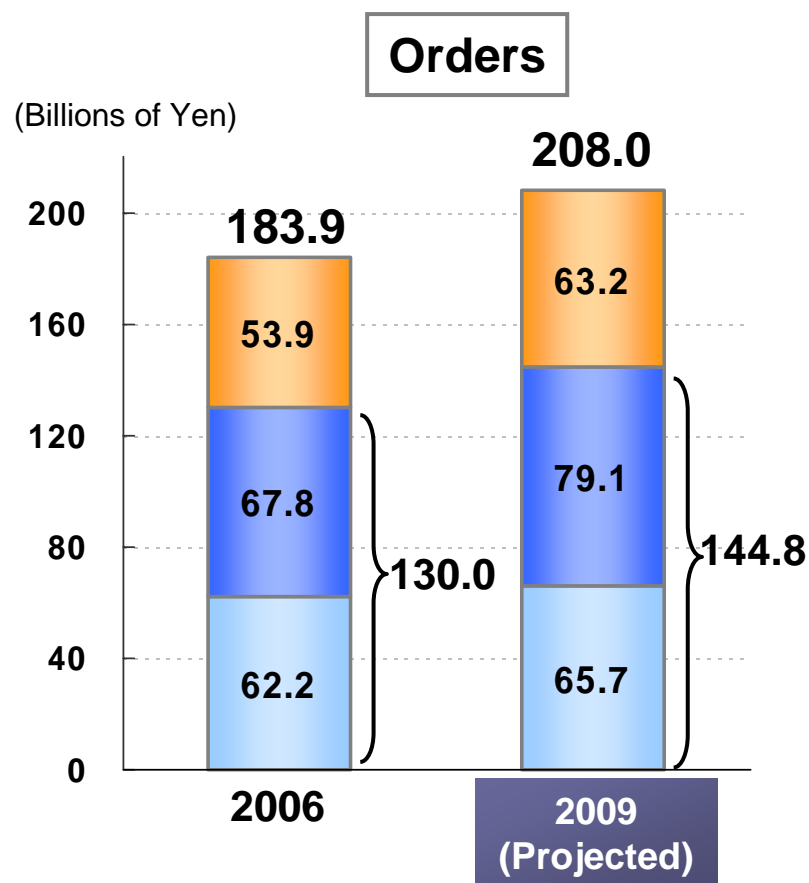
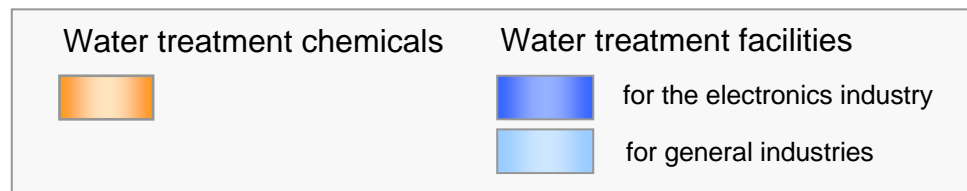
## 3. Main Strategy (3): Reinforcing Kurita's Firm Foundation as a Technology-Oriented Company



# . New Medium-Term Management Plan: G-8

## 4. Performance Targets by Segment: Orders and Sales

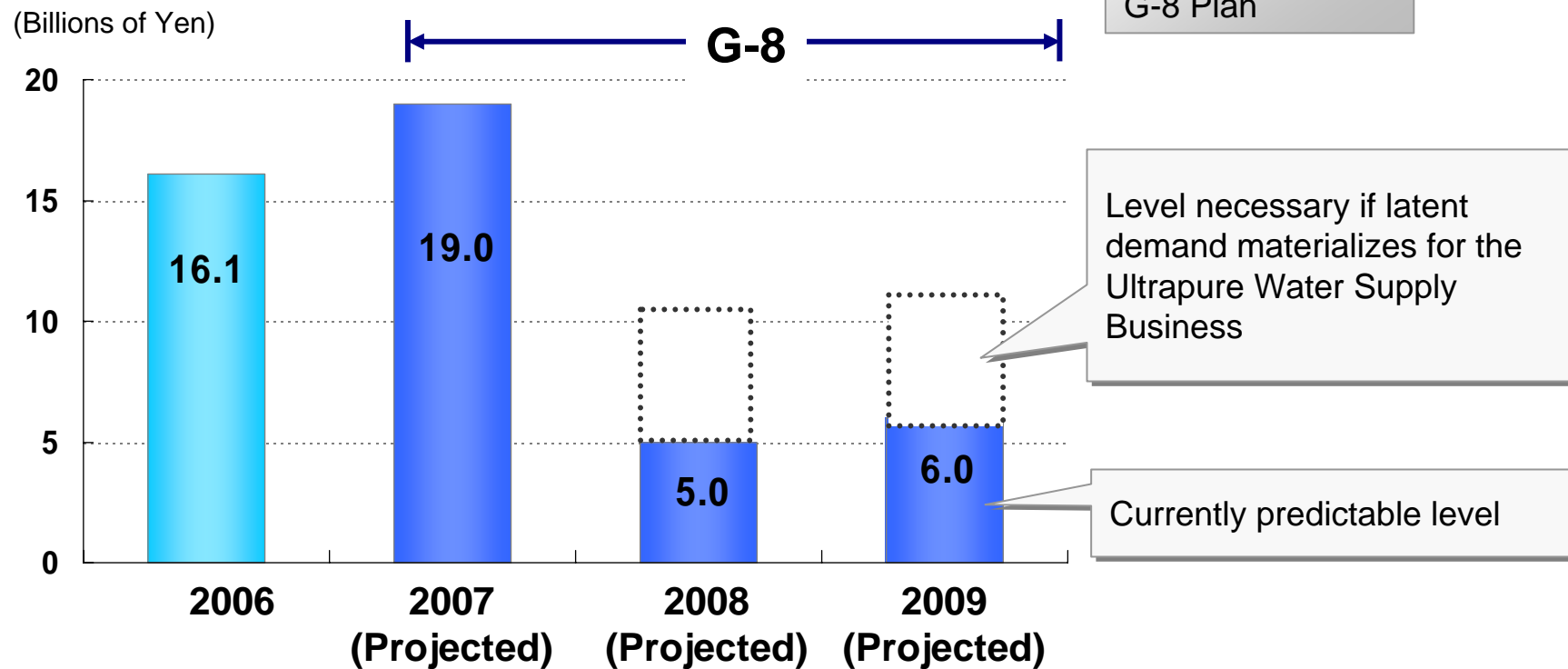
(Fiscal Years Ended or Ending March 31)



# . New Medium-Term Management Plan: G-8

## 5. Capital Expenditure Plan

(Fiscal Years Ended or Ending March 31)



Note: Capital expenditures relate to tangible fixed assets.

# **. Business Plan for the Fiscal Year Ending March 31, 2007**

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- 1. Key Assumptions**
- 2. Overview**
- 3. Orders**
- 4. Sales**
- 5. Sales Targets for Service Businesses**
- 6. Operating Income**
- 7. Analysis of Changes in Operating Income**
- 8. Operating Income Margin**
- 9. Capital Expenditures/Depreciation/R&D Expenses**
- 10. Profit Distribution Policy**

# . Business Plan for the Fiscal Year Ending March 31, 2007

## 1. Key Assumptions

### Water Treatment Chemicals Business

- Continuing high capacity utilization levels at domestic steel, petroleum and petrochemical plants
- Strong needs among customers in such areas as productivity improvement and cost reduction

### Water Treatment Facilities Business

- Continuing investment by FPD manufacturers and FPD component manufacturers
- Continuing investment in capacity expansion and facilities upgrades, particularly by domestic steel and petrochemical companies
- Materialization of more projects and larger scale projects in the soil remediation market

### Both Water Treatment Chemicals and Facilities

- Crude oil prices hovering at historically high levels causing raw materials and logistics costs to continue to rise
- A volatile operating environment subject to the impact of such factors as fluctuating exchange and interest rates and overseas economic conditions



# . Business Plan for the Fiscal Year Ending March 31, 2007

## 2. Overview

( Fiscal Years Ended or Ending March 31 )

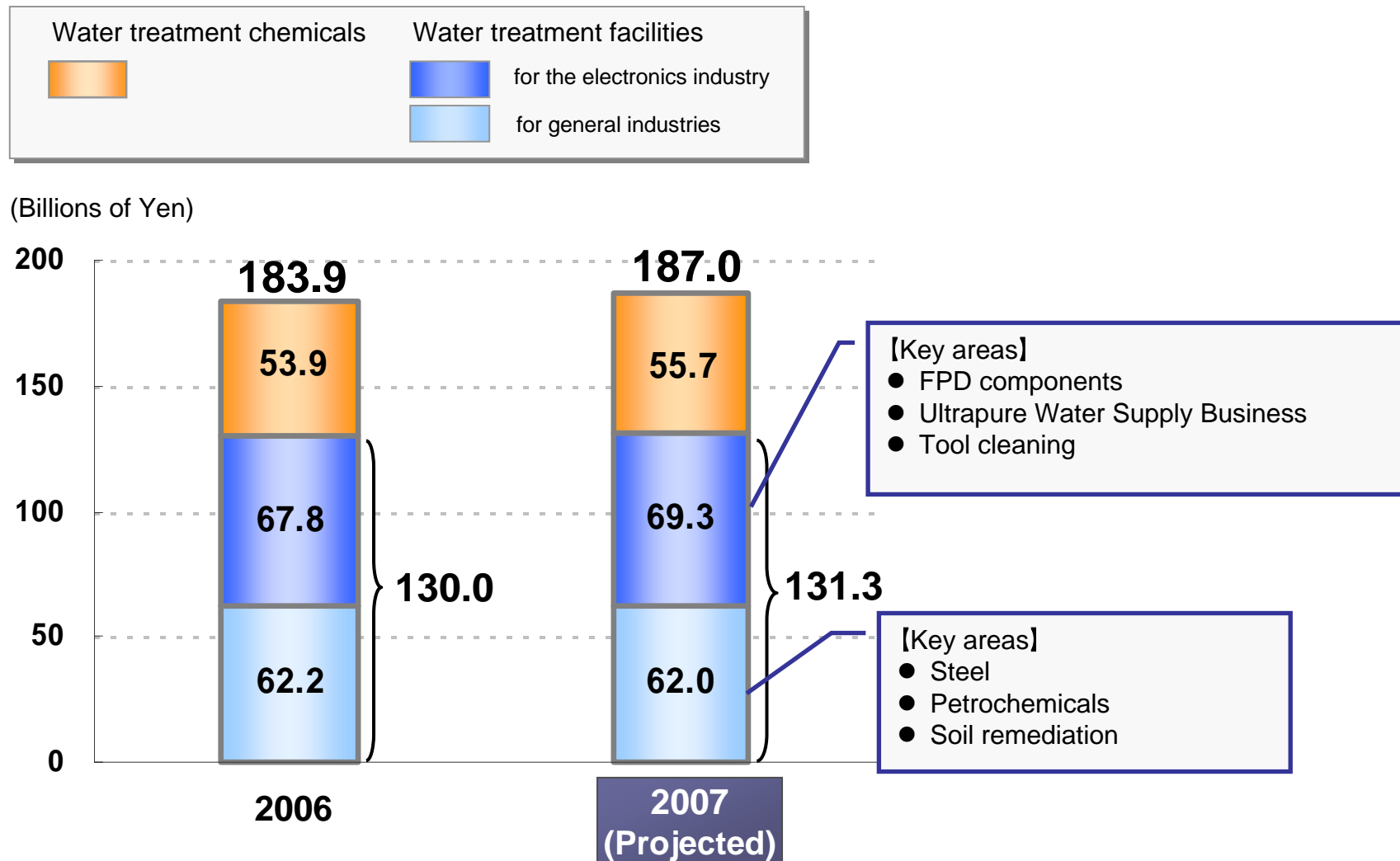
(Billions of Yen)

	2006 (Actual)	2007 (Projected)	Year-on-year change	
			Amount	Percentage
Orders	183.9	187.0	+3.1	+1.7%
Net sales	173.7	190.0	+16.3	+9.4%
Gross profit	51.1	56.0	+4.9	+9.7%
SG&A expenses	33.7	35.5	+1.8	+5.2%
Operating income	17.3	20.5	+3.2	+18.4%
Nonoperating income and expenses	1.1	0.5	-0.6	-55.1%
Ordinary income	18.4	21.0	+2.6	+14.0%
Extraordinary gains and losses	-0.2	-0.9	-0.7	-
Net income	10.5	11.5	+1.0	+9.3%

# . Business Plan for the Fiscal Year Ending March 31, 2007

## 3. Orders

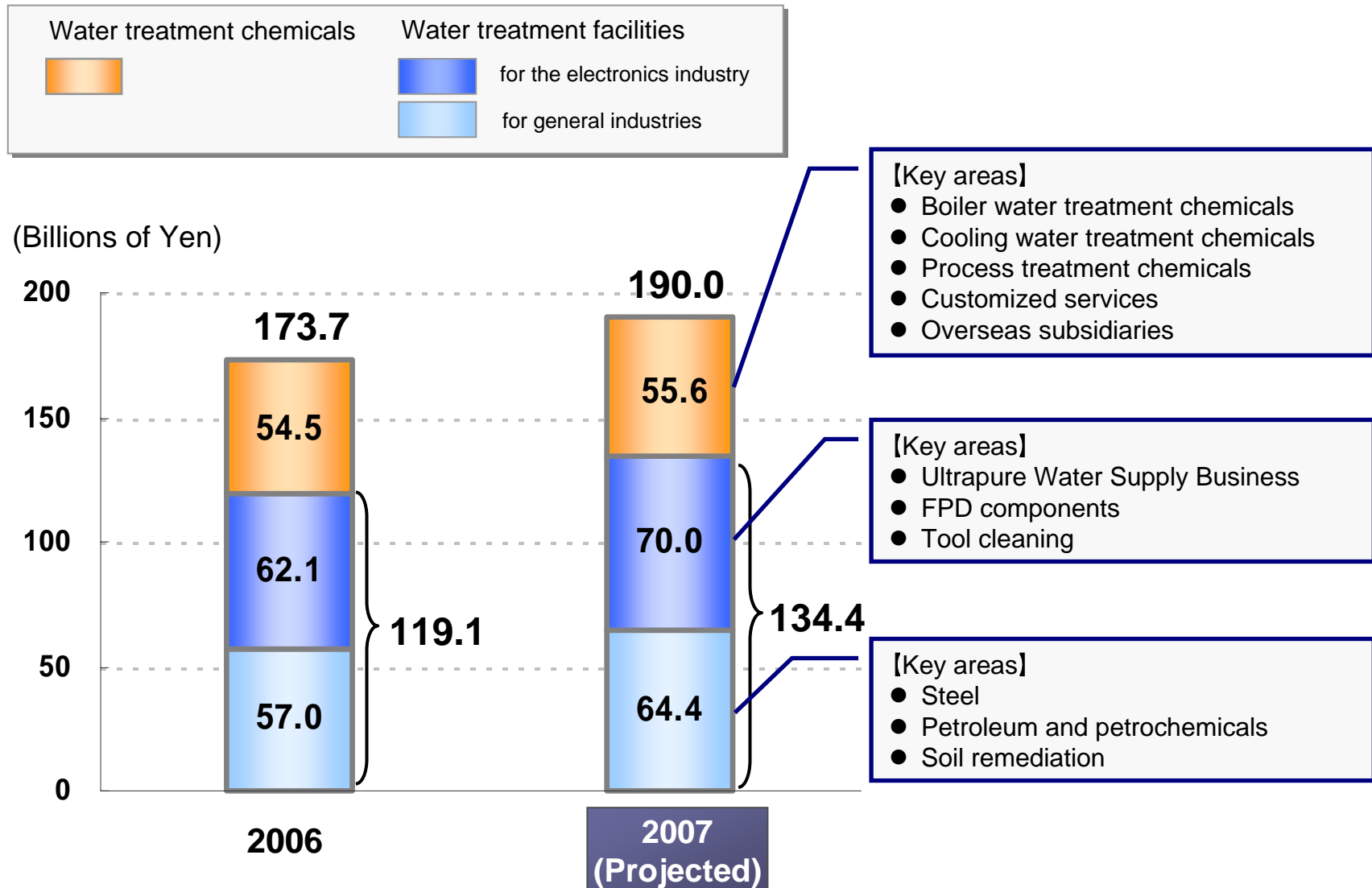
(Fiscal Years Ended or Ending March 31)



# . Business Plan for the Fiscal Year Ending March 31, 2007

## 4. Sales

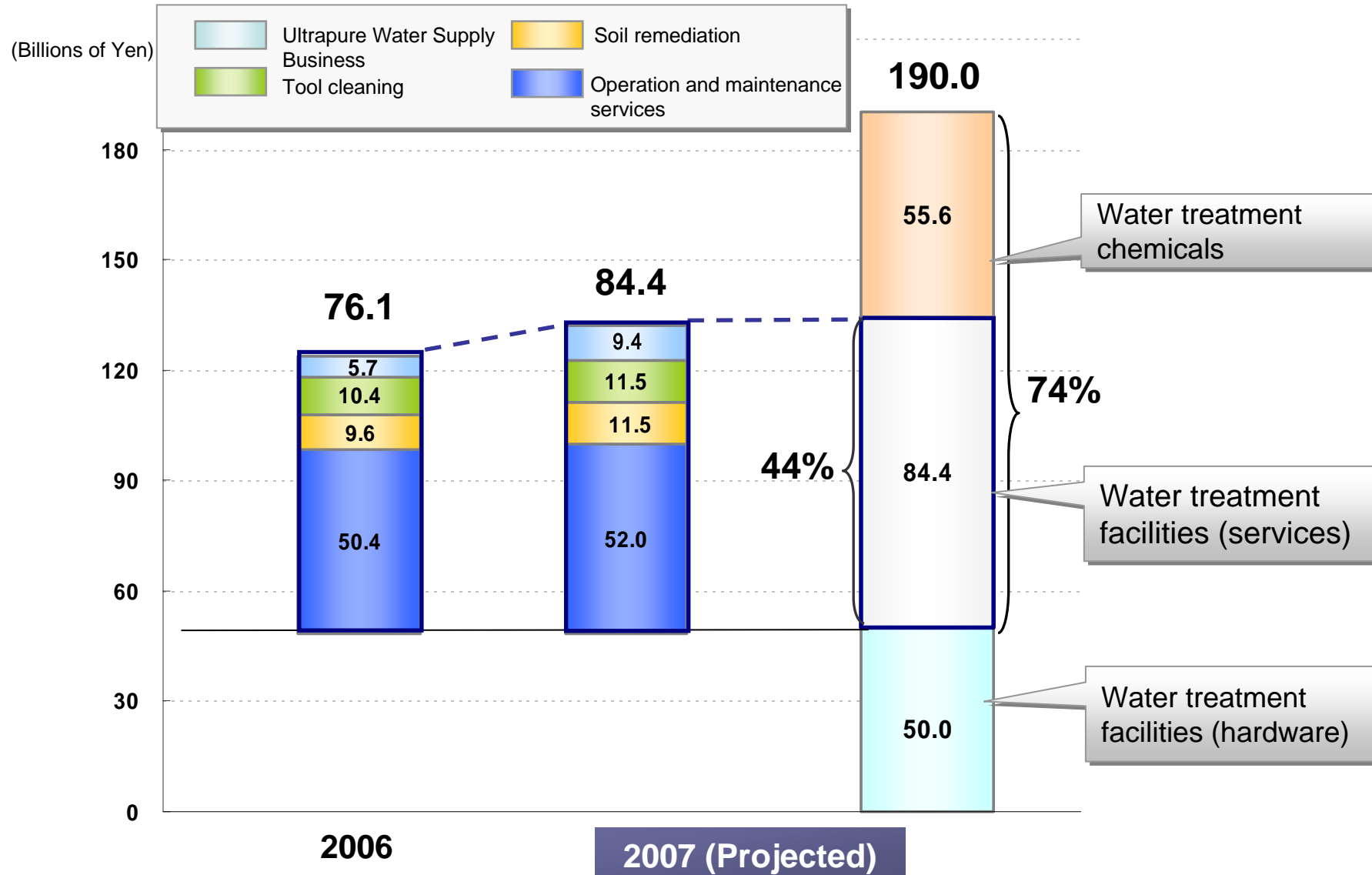
(Fiscal Years Ended or Ending March 31)



# . Business Plan for the Fiscal Year Ending March 31, 2007

## 5. Sales Targets for Service Businesses

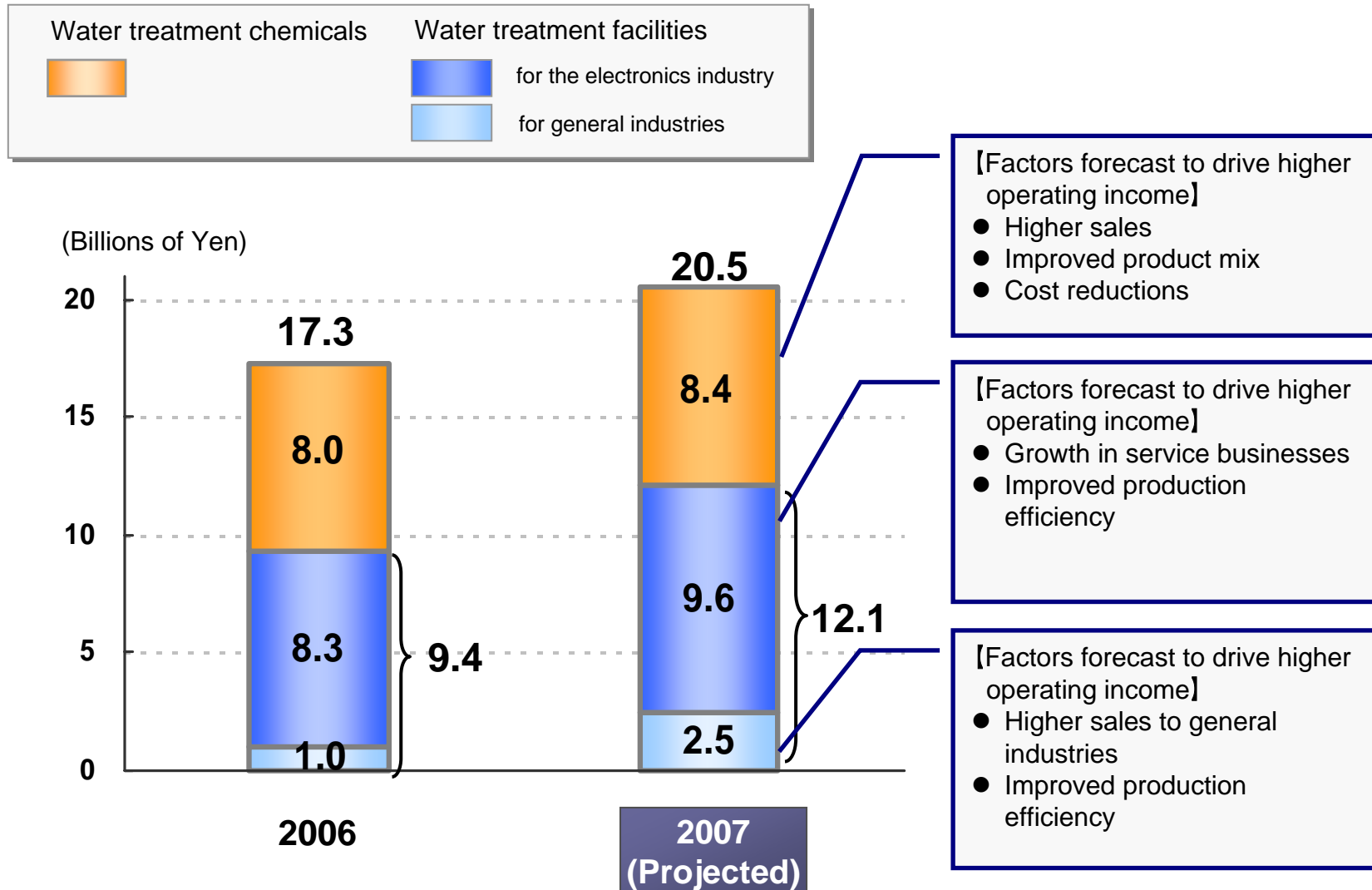
( Fiscal Years Ended or Ending March 31 )



# . Business Plan for the Fiscal Year Ending March 31, 2007

## 6. Operating Income

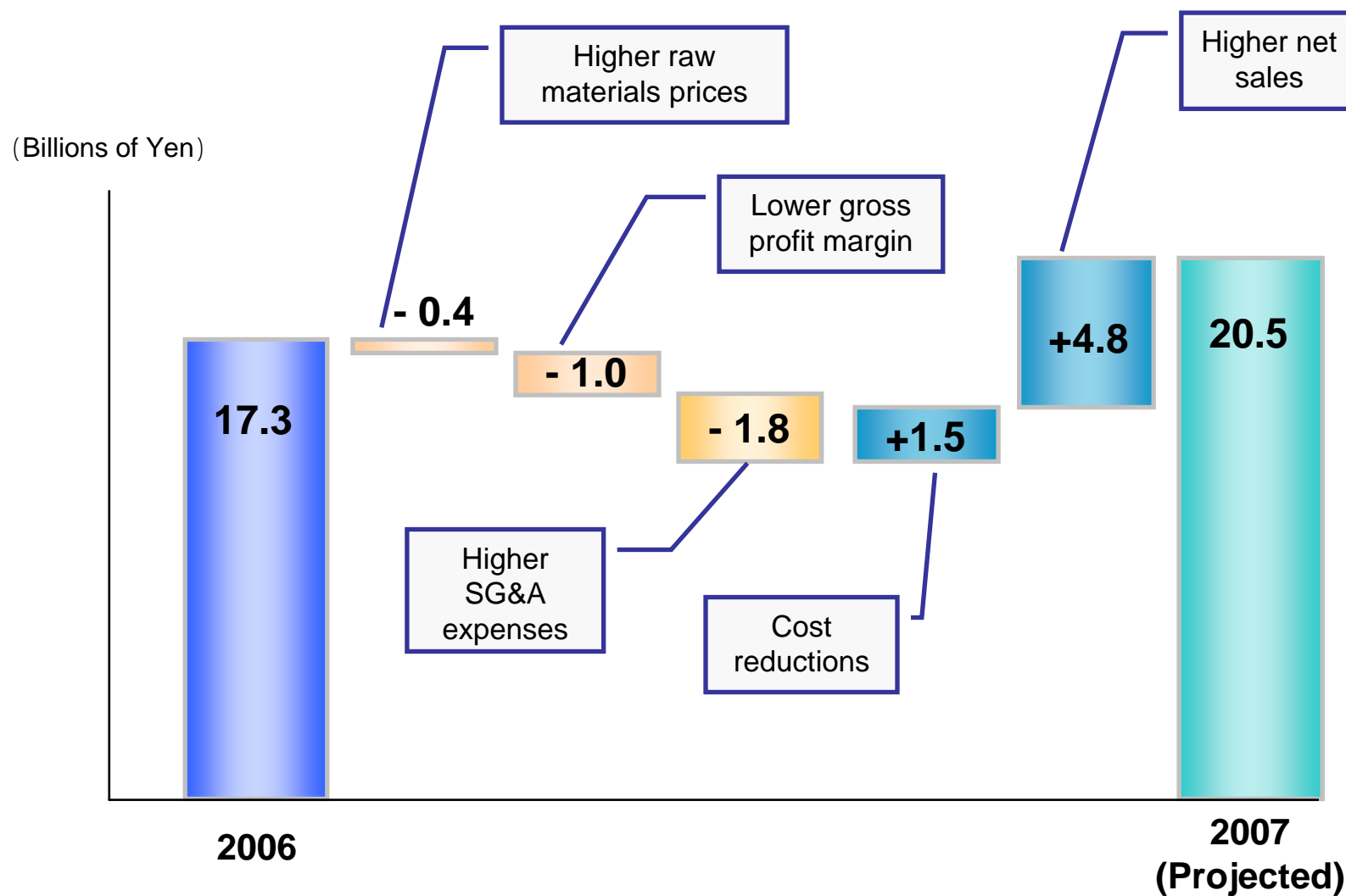
( Fiscal Years Ended or Ending March 31 )



# . Business Plan for the Fiscal Year Ending March 31, 2007

## 7. Analysis of Changes in Operating Income

( Fiscal Years Ended or Ending March 31 )



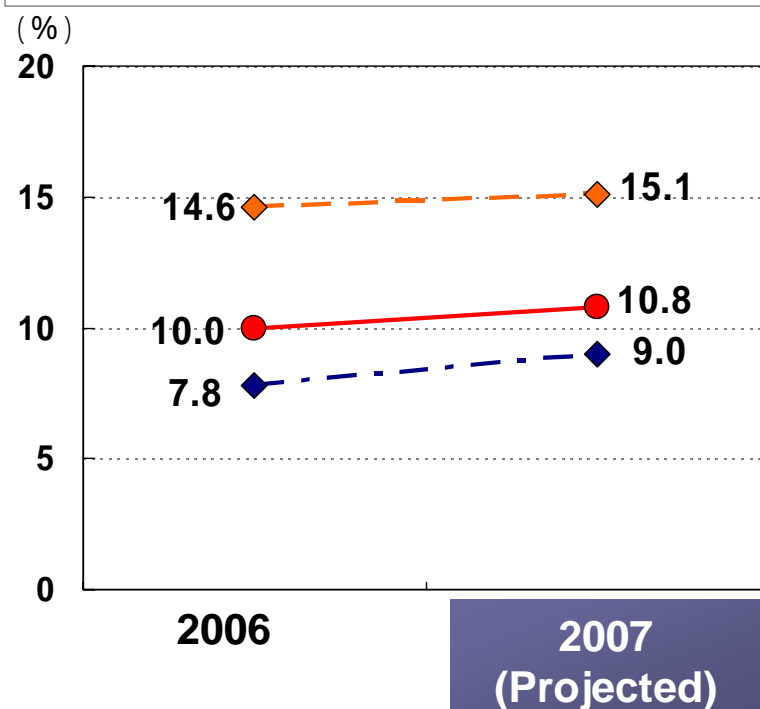
# . Business Plan for the Fiscal Year Ending March 31, 2007

## 8. Operating Income Margin

(Fiscal Years Ended or Ending March 31)

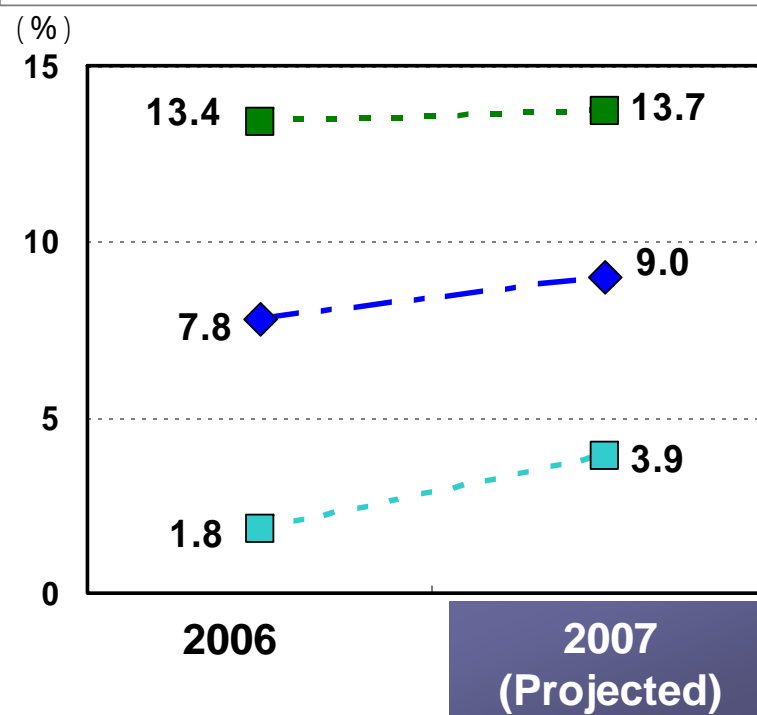
### Operating Income Margin by Segment

- ◆— Operating income margin: Water treatment chemicals
- Operating income margin
- ◆— Operating income margin: Water treatment facilities



### Operating Income Margin of Treatment Facilities

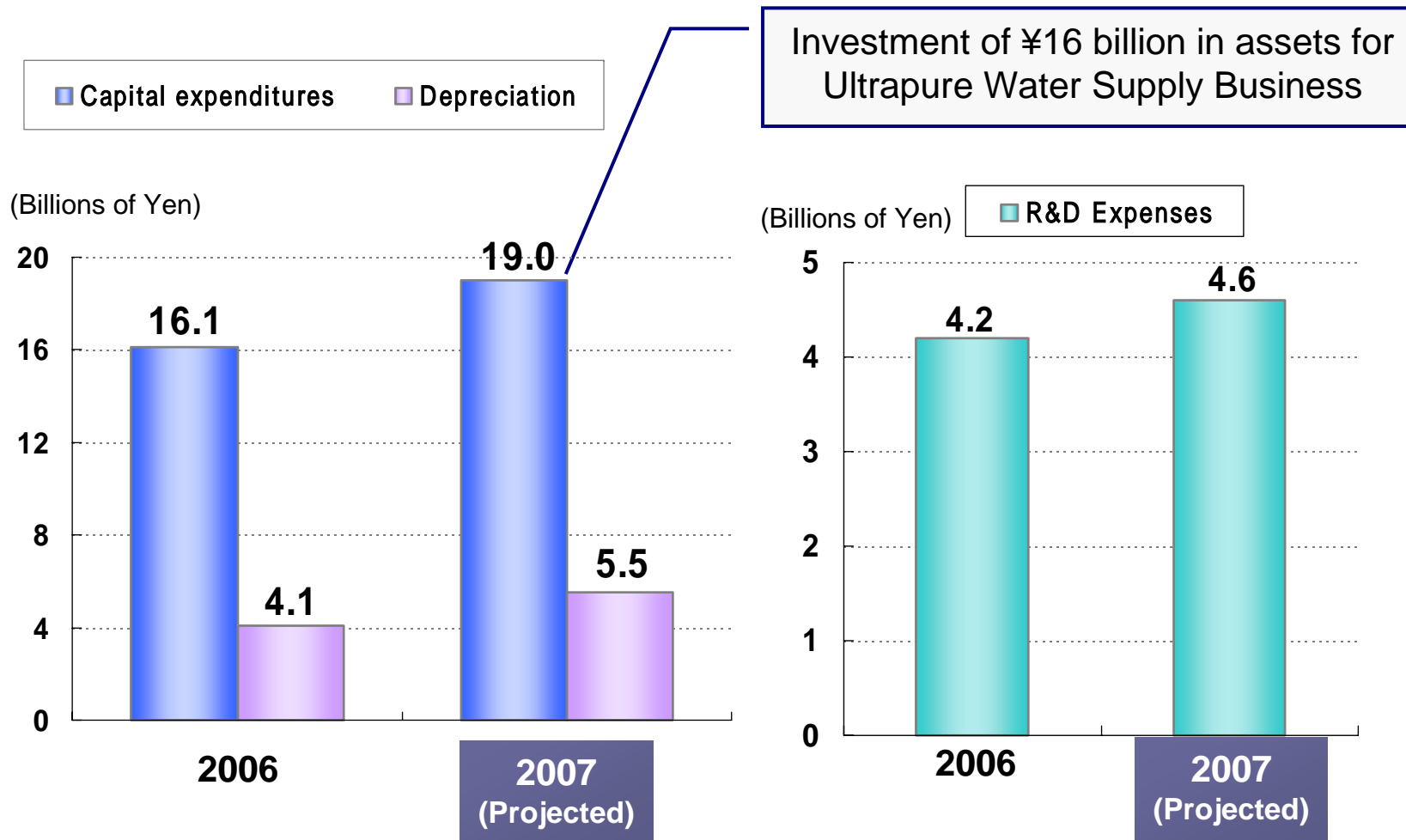
- Water treatment facilities: for the electronics industry
- ◆— Water treatment facilities
- Water treatment facilities: for general industries



# . Business Plan for the Fiscal Year Ending March 31, 2007

## 9. Capital Expenditures/Depreciation/R&D Expenses

(Fiscal Years Ended or Ending March 31)



Note: Capital expenditures and depreciation relate to tangible fixed assets.



# . Business Plan for the Fiscal Year Ending March 31, 2007

## 10. Profit Distribution Policy

### Basic Dividend Policy:

In line with our basic policy of the continued stable payment of dividends, we aim to increase dividends in consideration of trends in business results and effective use of internal reserves.

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# Kurita Water Industries Ltd.

**For further information please contact us:**

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E-mail: [ir@kurita.co.jp](mailto:ir@kurita.co.jp)

## **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, these statements and projections may differ from actual results.