

Kurita Water Industries

# Information Meeting

Tuesday 15 May, 2001

Tokyo, Japan



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# Overview Mar.2001 results (Market & Results)

## Market conditions

- Chemicals : Continued tough conditions in price competition
- Electronics : Expanded market with Semi conductors CAPEX
- General : Weak CAPEX all industries exclude Electronics

## Sales & income increased with Electronics driving the growth

- Electronics : strong,
- Chemical/General/Environment: weak

|                                | Mar.2000          | Mar.2001          | ( ratio change ) |
|--------------------------------|-------------------|-------------------|------------------|
| Orders                         | ¥ 1 3 7 . 0 bill. | ¥ 1 5 5 . 0 bill. | ( 13.1% )        |
| Sales                          | ¥ 1 3 1 . 0 bill. | ¥ 1 5 3 . 4 bill. | ( 17.1% )        |
| Ope. income                    | ¥ 1 1 . 2 bill.   | ¥ 1 5 . 8 bill.   | ( 41.2% )        |
| Net income                     | ¥ 4 . 6 bill.     | ¥ 8 . 4 bill.     | ( 80.0% )        |
| ( Reference : Domestic G D P ) |                   | ( +1.2% )         |                  |

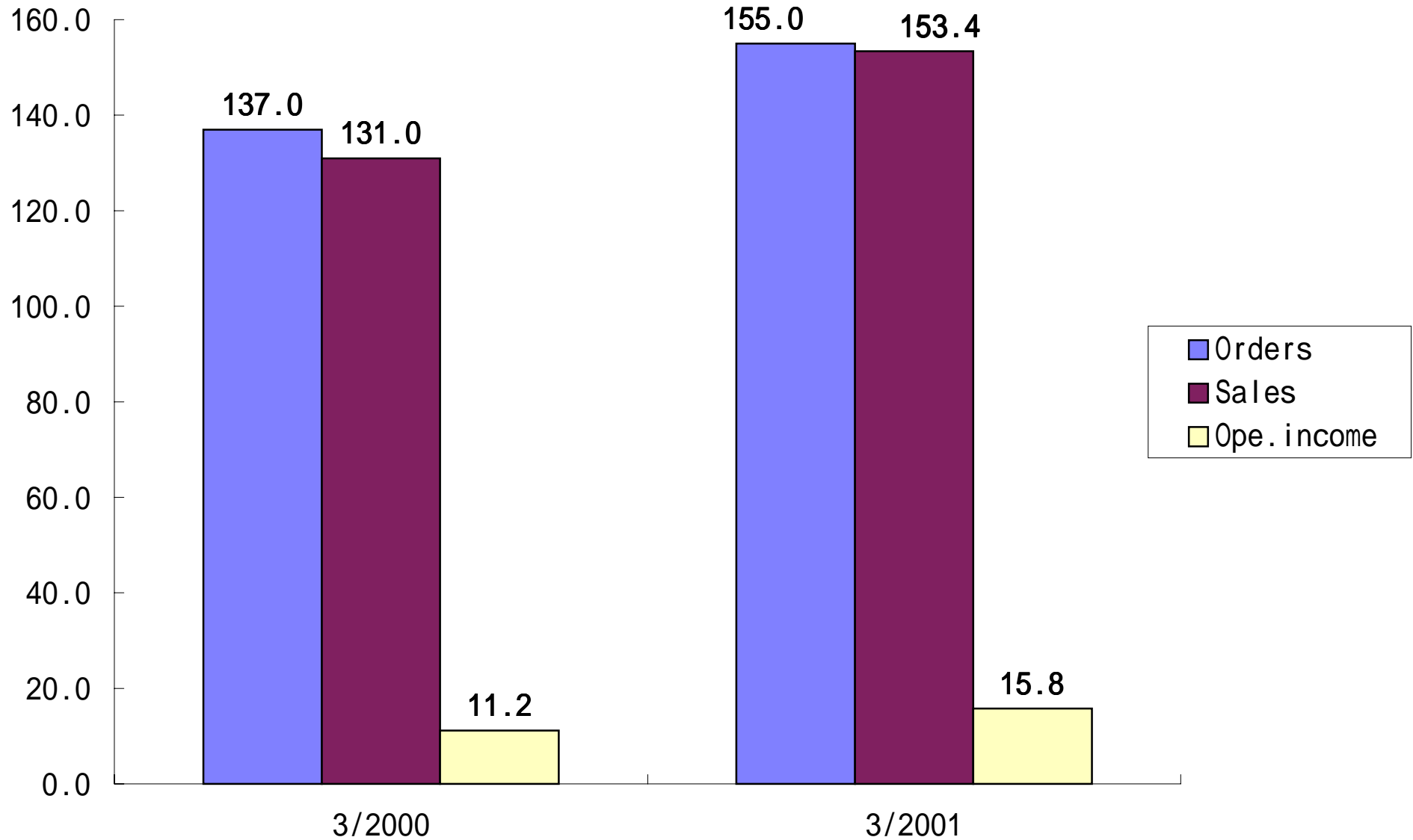
# Overview Mar.2001 results (Strategy)

## ◆ Progress EV-2 Plan Important strategy

- Changing “how to sell”, “what to sell”
  - Chemicals : Selling products      Selling customers “value”
    - Strengthen solution sells style
    - Expand Contract products sales
  - Facility : Increase Module products (Shizuoka Operation Office)
    - Carry out test drive of UPW facilities in factory and shipping
  - Maintenance: Facilities      All facilities of factories
    - Out sourcing business of UPW operating systems
    - Total maintenance services business

# Mar. 2001 results

(Unit:¥billion)



# Mar. 2001 results

( Unit : ¥billion、 % )

|                         | Mar. 2000<br>results | Mar.2001<br>results |
|-------------------------|----------------------|---------------------|
| Orders                  | 137.0                | 155.0               |
| (ratio change)          | (+6.2%)              | (+13.1%)            |
| Sales                   | 131.0                | 153.4               |
| (ratio change)          | (-10.7%)             | (+17.1%)            |
| costs of sales<br>ratio | 67.3%                | 68.8%               |
| Operating income        | 11.2                 | 15.8                |
| (ratio change)          | (-26.3%)             | (+41.2%)            |
| Recurring profit        | 11.9                 | 17.1                |
| (ratio change)          | (-25.8%)             | (+44.3%)            |
| Extraordinary loss      | 3.3                  | 2.9                 |
| (ratio change)          | (+694.5%)            | (-12.1%)            |
| Income before<br>tax    | 8.6                  | 14.7                |
| (ratio change)          | (-44.7%)             | (+70.9%)            |
| Net income              | 4.6                  | 8.4                 |
| (ratio change)          | (-38.6%)             | (+80.0%)            |

# *Mar. 2001 results*

( Unit : ¥、 % )

|                              | Mar.2000<br>results                        | Mar.2001<br>results                        |
|------------------------------|--|--|
| Net income<br>per share      | 35.12                                      | 63.22                                      |
| ROE (%)                      | 4.2%                                       | 7.2%                                       |
| ROA (%)                      | 7.2%                                       | 9.8%                                       |
| Recurring profit<br>ratio(%) | 9.1%                                       | 11.2%                                      |
| Subsidiaries &<br>affiliates | Consolidated : 25<br>Eq.method: 6          | Consolidated: 26<br>Eq.method: 5           |
| Employees                    | Consolidated: 3,480<br>Non-consolid: 1,750 | Consolidated: 3,419<br>Non-consolid: 1,725 |

## Mar. 2001 results (Financial status/ Cash flow)

( Unit : ¥billion, % )

Mar. 2000

Mar. 2001

|                                |         |         |
|--------------------------------|---------|---------|
| Total assets                   | 165.3   | 183.2   |
| Shareholder's equity           | 113.4   | 119.2   |
| Shareholder's equity ratio     | 68.6%   | 65.1%   |
| Shareholder's equity per share | ¥856.77 | ¥900.78 |

( Unit : ¥billion )

Mar. 2000

Mar. 2001

|                                      |      |      |
|--------------------------------------|------|------|
| Cash flow from operating activities  | 13.0 | 5.3  |
| Cash flow from investing activities  | -7.8 | -4.8 |
| Cash flow from financing activities  | -3.3 | -2.3 |
| Cash and cash equivalent at year end | 33.2 | 31.6 |



# Mar.2002 plan (Market & Plan)

## Market condition

- Chemical : Will continue tough condition
- Electronics : Will expand in Domestic market with driving by Next generation cellular phone etc.

## Plan

|             | Mar.2002<br>( Revision ) | Mar.2002<br>( EV-2 initial plan ) |
|-------------|--------------------------|-----------------------------------|
| Orders      | 1 6 0 . 0bill.           | ( 1 6 0 . 0bill. )                |
| Sales       | 1 5 8 . 0bill.           | ( 1 5 8 . 0bill. )                |
| Ope. income | 1 7 . 1bill.             | ( 1 6 . 0bill. )                  |
| Net income  | 9 . 5bill.               | ( 9 . 0bill. )                    |

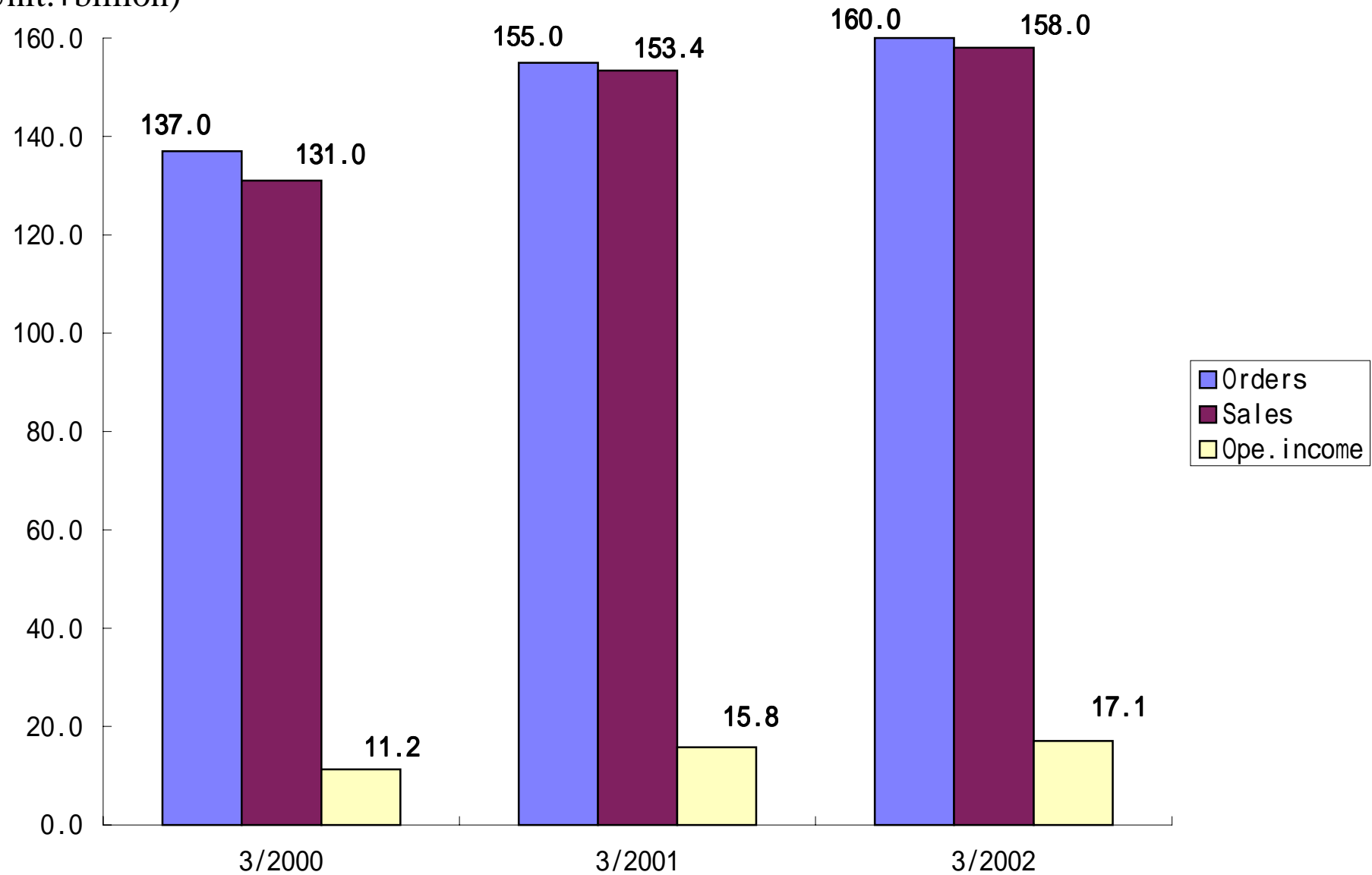
## Mar .2002 plan(strategy)

### Important strategy ~ The 2nd step for our changing

- Chemicals:Expand contract product sales
- Facilities:Increase Module products
- Maintenance:Expand out sourcing business
- New environment business:  
Fuel cell etc.

# Mar. 2002 plan

(Unit:¥billion)



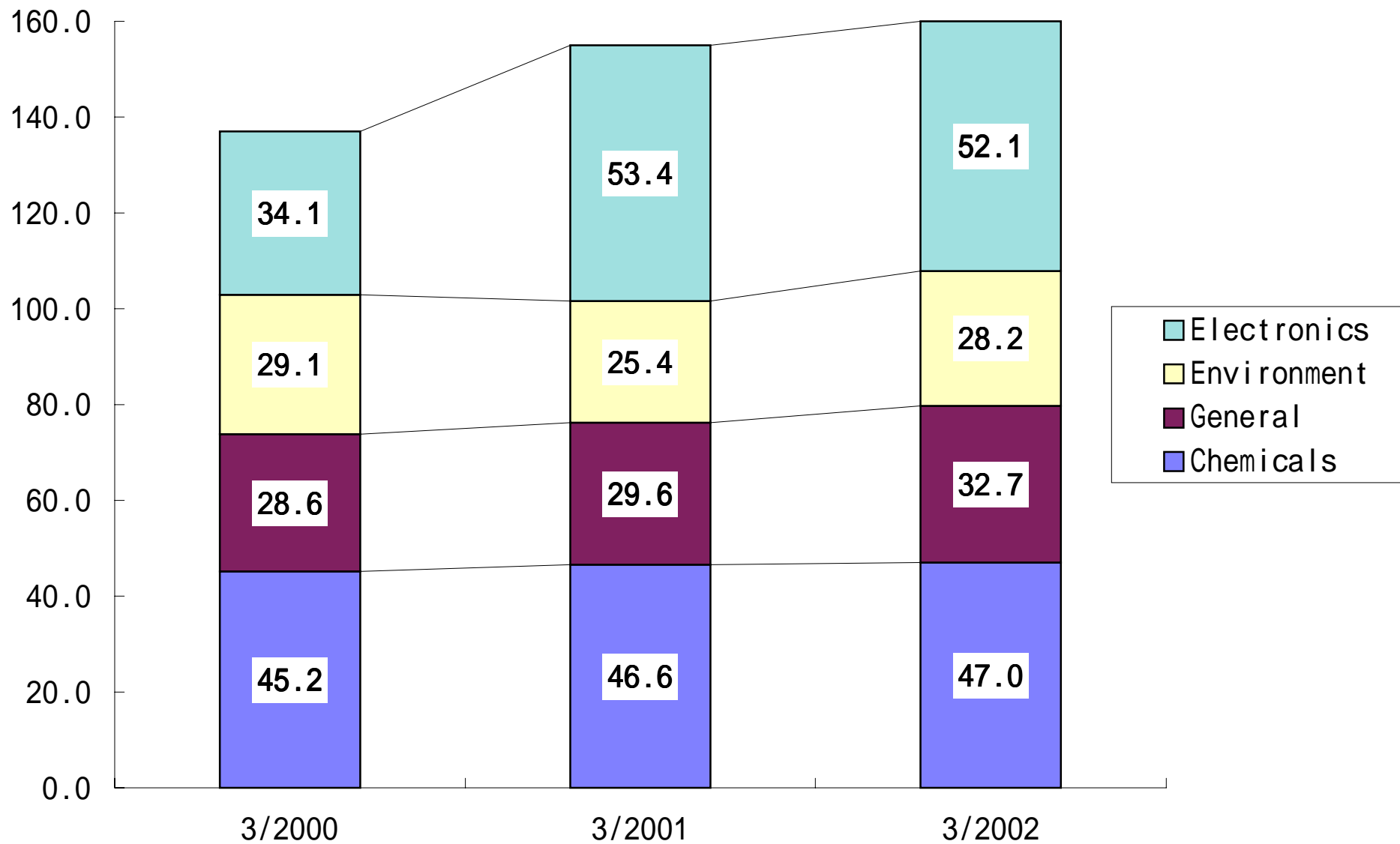
# *Mar. 2002 plan*

( Unit : ¥billion、 % )

|                  | Mar. 2000<br>results | Mar.2001<br>results | Mar.2002<br>plan |
|------------------|----------------------|---------------------|------------------|
| Orders           | 137.0                | 155.0               | 160.0            |
| (ratio change)   | (+6.2%)              | (+13.1%)            | (+3.2%)          |
| Sales            | 131.0                | 153.4               | 158.0            |
| (ratio change)   | (-10.7%)             | (+17.1%)            | (+3.0%)          |
| Operating income | 11.2                 | 15.8                | 17.1             |
| (ratio change)   | (-26.3%)             | (+41.2%)            | (+8.1)           |
| Recurring profit | 11.9                 | 17.1                | 18.0             |
| (ratio change)   | (-25.8%)             | (+44.3%)            | (+5.0%)          |
| Net income       | 4.6                  | 8.4                 | 9.5              |
| (ratio change)   | (-38.6%)             | (+80.0%)            | (+13.6%)         |

# Orders by segments

(Unit:¥billion)



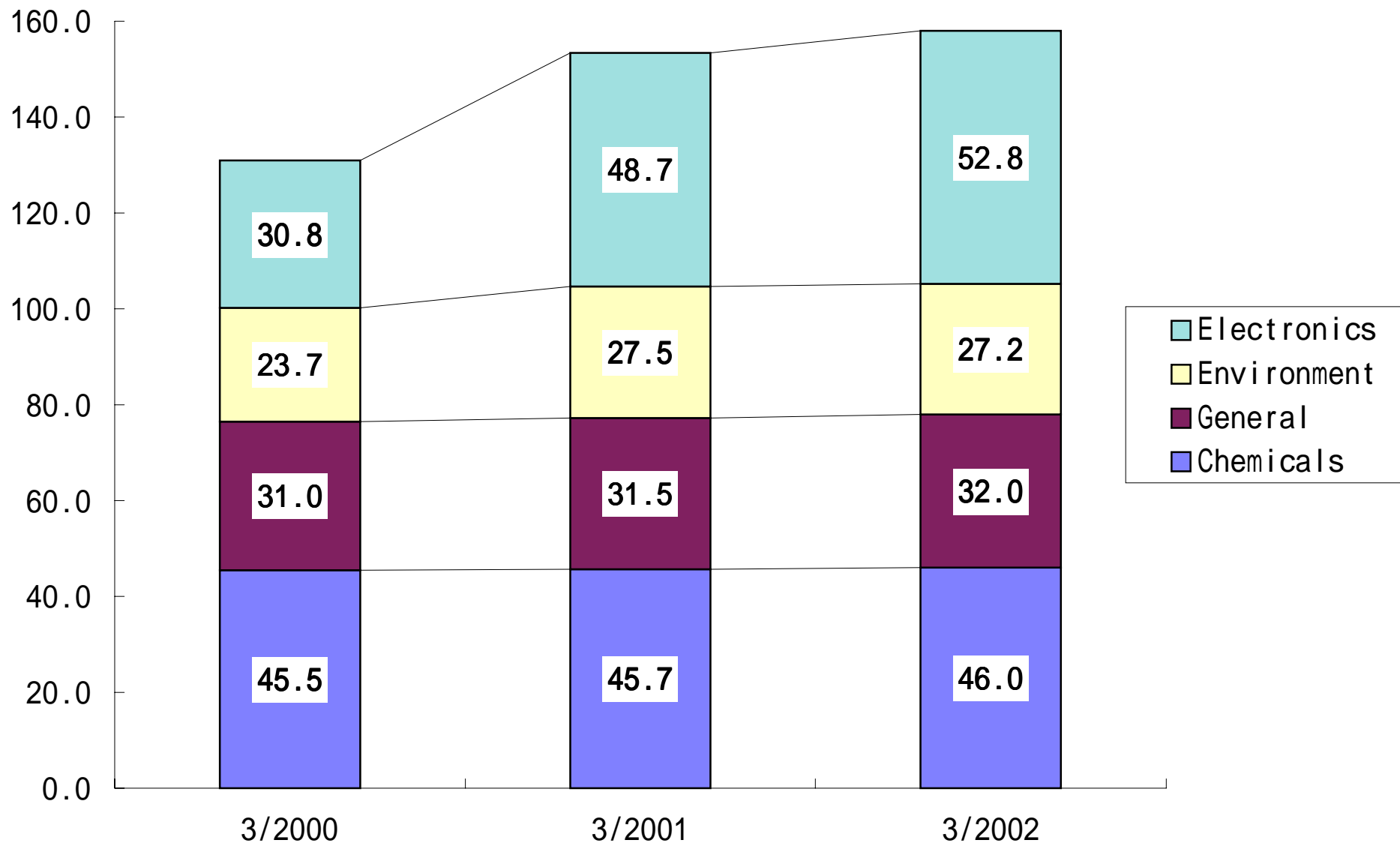
# Orders by segments

( Unit : ¥billion、 % )

|  |                               |                    | Mar.2000<br>results | Mar.2001<br>results | Mar.2002<br>plan |
|--|-------------------------------|--------------------|---------------------|---------------------|------------------|
| Chemicals(ratio change)                        |                               |                    | 45.2 (+2.0%)        | 46.6 (+3.1%)        | 47.0 (+0.9%)     |
| F<br>a<br>c<br>i<br>l<br>i<br>t<br>i<br>e<br>s | Elect<br>ronic<br>s           | LSI<overseas>      | 3.2 <-1.2>          | 12.6 <4.1>          | 12.7 <5.0>       |
|  |                               | LCD/etc.<overseas> | 11.8 < 4.7>         | 16.4 <5.0>          | 11.2 <2.7>       |
|  |                               | Maint.<overseas>   | 14.8 <1.4>          | 18.0 <1.9>          | 19.1 <2.1>       |
|  |                               | Cleaning<overseas> | 4.3 < 0>            | 6.4 < 0>            | 9.1 < 3>         |
|  | Total elec.<br>(ratio change) |                    | 34.1(+42.7%)        | 53.4(+55.6 %)       | 52.1(-2.4%)      |
| General(ratio change)                          |                               |                    | 28.6(-6.2%)         | 29.6 (+3.5 %)       | 32.7(10.5%)      |
| Environment(ratio change)                      |                               |                    | 29.1(-4.0%)         | 25.4 (-12.7 %)      | 28.2(+11.0%)     |
| Total facilities(ratio change)                 |                               |                    | 91.8(+8.4%)         | 108.4 (+18.1 %)     | 113.0 (+4.2 %)   |
| Total(ratio change)                            |                               |                    | 137.0 (+6.2%)       | 155.0(+13.1%)       | 160.0( +3.2%)    |

# Sales by segments

(Unit:¥billion)



# Sales by segments

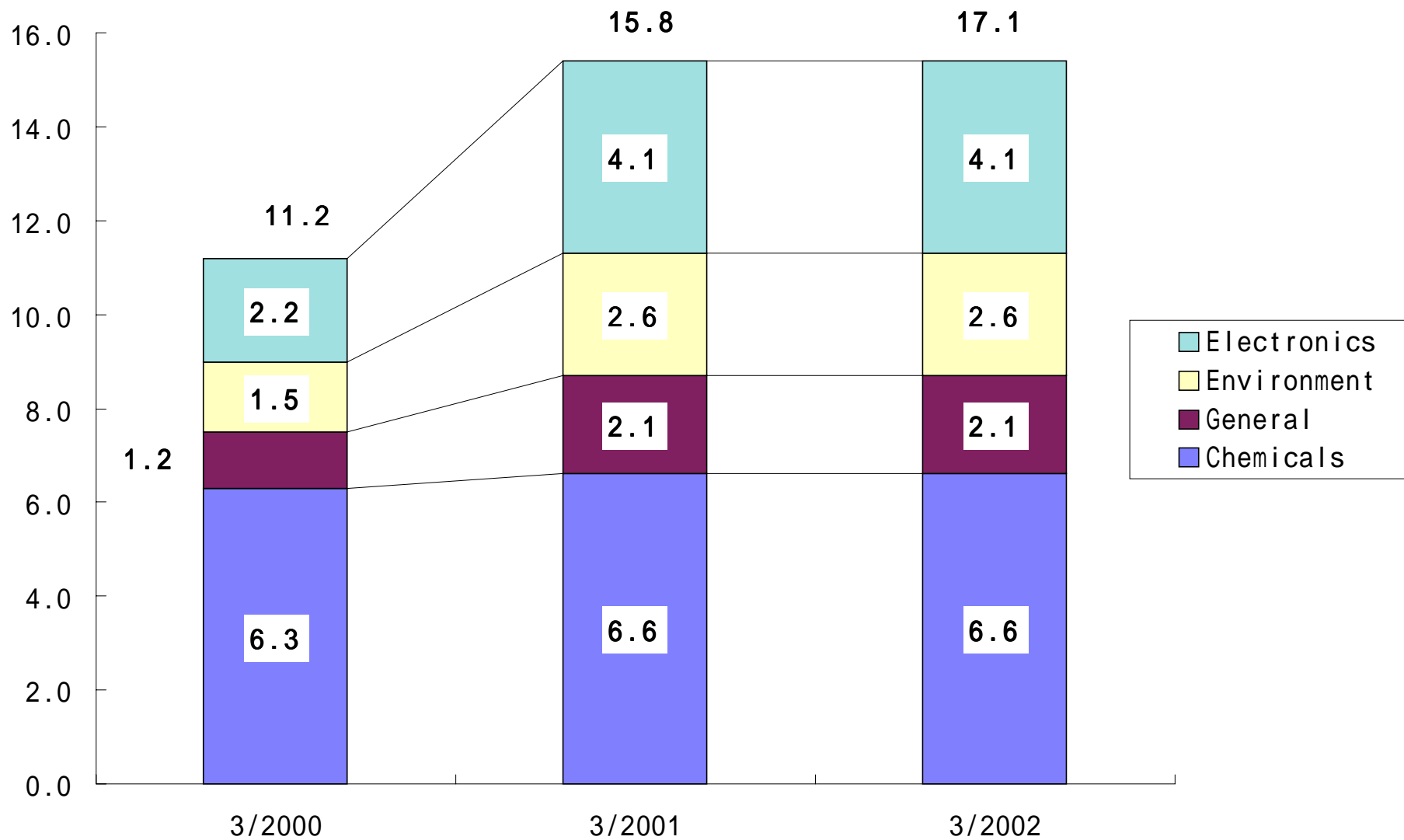
( Unit : ¥billion, % )

|  |                                       | Mar.2000<br>results | Mar.2001<br>results | Mar.2002<br>plan |            |
|--|---------------------------------------|---------------------|---------------------|------------------|------------|
| Chemicals ( ratio change )                     |                                       | 45.5 (+2.0%)        | 45.7(+0.4%)         | 46.0(+0.7%)      |            |
| F<br>a<br>c<br>i<br>l<br>i<br>t<br>i<br>e<br>s | Electro<br>nics                       | LSI<overseas>       | 6.0 <1.3>           | 9.9 <1.7>        | 11.7 <4.0> |
|  |                                       | LCD/etc.<overseas>  | 6.1 <2.3>           | 14.3 <4.7>       | 13.4 <3.5> |
|  |                                       | Maint.<overseas>    | 14.4 <1.4>          | 18.1 <1.8>       | 18.6 <1.6> |
|  |                                       | Cleaning<oveeseas>  | 4.3 < 0>            | 6.4 < 0>         | 9.1 <0.3>  |
|  | Total electronics<br>( ratio change ) | 30.8(-11.2%)        | 48.7(+58.1%)        | 52.8(+8.4%)      |            |
| General ( ratio change )                       |                                       | 31.0(0%)            | 31.5 (+1.6%)        | 32.0(+1.6%)      |            |
| Environment ( ratio change )                   |                                       | 23.7(-34.0%)        | 27.5 (+16.0%)       | 27.2(-1.1%)      |            |
| Total facilities ( ratio change )              |                                       | 85.5(+26.2%)        | 107.7 (+26.0%)      | 112.0(+4.0%)     |            |
| Total ( ratio change )                         |                                       | 131.0 (-10.7%)      | 153.4(+17.1%)       | 158.0(+3.0%)     |            |



# Operating income

(Unit:¥billion)



# *Operating income ratio*

(Unit : %)

|            |                  | Mar .2000<br>results | Mar .2001<br>results | Mar .2002<br>plan |
|------------|------------------|----------------------|----------------------|-------------------|
| Chemicals  |                  | 13.8 %               | 14.5 %               | 14.8 %            |
| Facilities | Electronics      | 7.1 %                | 9.4 %                | 11.0 %            |
|            | General          | 4.0 %                | 6.0 %                | 5.6 %             |
|            | Environment      | 6.0 %                | 9.8 %                | 9.8 %             |
|            | Total facilities | 5.7 %                | 8.5 %                | 9.2 %             |
| Total      |                  | 8.6 %                | 10.3 %               | 10.8 %            |

# *Soil remediation business*

(Unit : ¥billion, %)

|                | Mar.2000<br>results | Mar.2001<br>results | Mar.2002<br>plan |
|----------------|---------------------|---------------------|------------------|
| Orders         | 5.6                 | 5.6                 | 7.3              |
| (ratio change) | (-)                 | (-0.3%)             | (+30.8%)         |
| Sales          | 4.8                 | 6.5                 | 6.3              |
| (ratio change) | (-)                 | (+35.4%)            | (-3.3%)          |

# *Overseas business*

( Unit : ¥billion、 % )

|                  | Mar.2000<br>results | Mar.2001<br>results | Mar.2002<br>plan |
|------------------|---------------------|---------------------|------------------|
| Orders           | 9.5                 | 15.5                | 15.0             |
| ( ratio change ) | ( - )               | (63.2 %)            | (-3.2 %)         |
| Sales            | 9.7                 | 12.9                | 15.5             |
| ( ratio change ) | ( - )               | (+33.0 %)           | (+20.2%)         |

# *Consolidated/Non-consolidated*

( Unit : times )

|                     | Mar .2000<br>results | Mar .2001<br>results | Mar .2002<br>plan |
|---------------------|----------------------|----------------------|-------------------|
| Sales               | 1.22                 | 1.18                 | 1.19              |
| Operating<br>income | 1.34                 | 1.32                 | 1.35              |
| Recurring<br>Profit | 1.22                 | 1.25                 | 1.28              |
| Net income          | 1.12                 | 1.24                 | 1.25              |

*Mar.2002 CAPEX(tangible) ·  
Depreciation(tangible) · R&D  
expenses*

( Unit : ¥billion )

|              | Mar .2000<br>results | Mar .2001<br>results | Mar .2002<br>plan |
|--------------|----------------------|----------------------|-------------------|
| CAPEX        | 2 . 0                | 2 . 7                | 3 . 4             |
| Depreciation | 3 . 2                | 2 . 9                | 3 . 2             |
| R&D expense  | 5 . 3                | 5 . 6                | 5 . 9             |

# *Consolidated domestic subsidiary results*

( Unit: billion yen, % )

|                                  | Mar .2000<br>(No .of<br>subsidiaries 13) | Mar .2001<br>(No .of<br>subsidiaries 14) |
|----------------------------------|--|--|
| Sales<br>(ratio change)          | 46.2<br>(+3.0%)                          | 49.3<br>(+6.7%)                          |
| Opera . income<br>(ratio change) | 2.4<br>(-6.0%)                           | 3.3<br>(+34.7%)                          |

# *Main consolidated domestic subsidiary results*

( Unit : billion yen, %)

|                     |                | Mar.2000 | Mar.2001 |
|---------------------|----------------|----------|----------|
| Kuritaz             | Sales          | 13.3     | 13.8     |
|                     | (ratio change) | (+2.6%)  | (+3.9%)  |
| Kurita<br>Engeering | Opera. income  | 1.4      | 1.8      |
|                     | (ratio change) | (+10.7%) | (+27.0%) |
| Kurita<br>Engeering | Sales          | 8.3      | 8.7      |
|                     | (ratio change) | (+2.7%)  | (+5.1%)  |
| Kurita<br>Engeering | Opera. income  | 0.5      | 0.7      |
|                     | (ratio change) | (-13.1%) | (+30.7%) |



## *Consolidated overseas subsidiary results*

( Unit : billion yen , % )

|                                  | Mar . 2000<br>(No . of<br>subsidiaries 12) | Mar . 2001<br>(No . of<br>subsidiaries 12) |
|----------------------------------|--|--|
| Sales<br>(ratio change)          | 8.0<br>(-4.7%)                             | 87<br>(+8.2%)                              |
| Recur . income<br>(ratio change) | 0.6<br>(+30.8%)                            | 0.6<br>(+0.3%)                             |

# *Main consolidated overseas subsidiary results*

( Unit : billion yen , % )

|                     |                | Mar .2000 | Mar .2001 |
|---------------------|----------------|-----------|-----------|
| Kurita<br>Singapore | Sales          | 1.3       | 1.5       |
|                     | (ratio change) | (+11.7%)  | (+9.5%)   |
|                     | Rec. income    | 0.1       | 0.1       |
|                     | (ratio change) | ( - )     | (+57.0%)  |

*Market size/share of water treatment chemicals  
- domestic(Non-consolidated)(Unit ¥billion)*

|                  | Market size<br>¥ billion | Market share<br>% |
|------------------|--------------------------|-------------------|
| Iron/steel       | 5.0                      | 35                |
| Petro chemical   | 12.0                     | 50                |
| Pulp & paper     | 20.0                     | 20                |
| Other industries | 110.0                    | 20                |
| Public           | 41.0                     | 20                |
| <b>Total</b>     | <b>188.0</b>             | <b>20</b>         |

*Market size/share of facilities industry - domestic (Non-consolidated) (Unit ¥billion)*

|               | Market size<br>¥ billion | Market share<br>% |
|---------------|--------------------------|-------------------|
| Electronics   | 52.0                     | 40                |
| Power station | 17.0                     | 20                |
| Others        | 55.0                     | 15                |
| Soil          | 48.0                     | 15                |
| Public        | 357.0                    | 5                 |
| Maintenance   | 101.0                    | 35                |
| <b>Total</b>  | <b>630.0</b>             | <b>15</b>         |

# *Topics*

Oct. 2000 Began field testing of organic waste recycle plant

Dec. 2000 Developed fixing quantity pollutant method pollutant land's value

Mar. 2001 Formed alliance to enter the US Fuel Cell Business Market

Apr. 2001 Kurita Engineering increase CAPEX of Iga operation office ( Mie pref.)

# *Our I R organization*

- ◆ President *Takahide Santo*
- ◆ Managing Director & General manager(IR Director)  
Corporate Planning Division *Toyoaki Inoue*
- ◆ Director  
Corporate Planning Division *Hiroshi Saito*
- ◆ Corporate Communication Section Corporate Planning Division  
Manager *Susumu Tahara*  
Vice Manager *Yasumoto Horiike*  
*Satoshi Iseki*  
*Jonathon Clifton*

## ◆ Contact

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