

Kurita Water Industries

Information Meeting

November 5, 2001

Tokyo, Japan



Contents

Overview Sep.2001 results	...	2
Sep.2001 results	...	3 ~ 4
Mar.2002 Forecast	...	5 ~ 14
Market size & share	...	15

Overview Sep.2001 results (Market & Results)

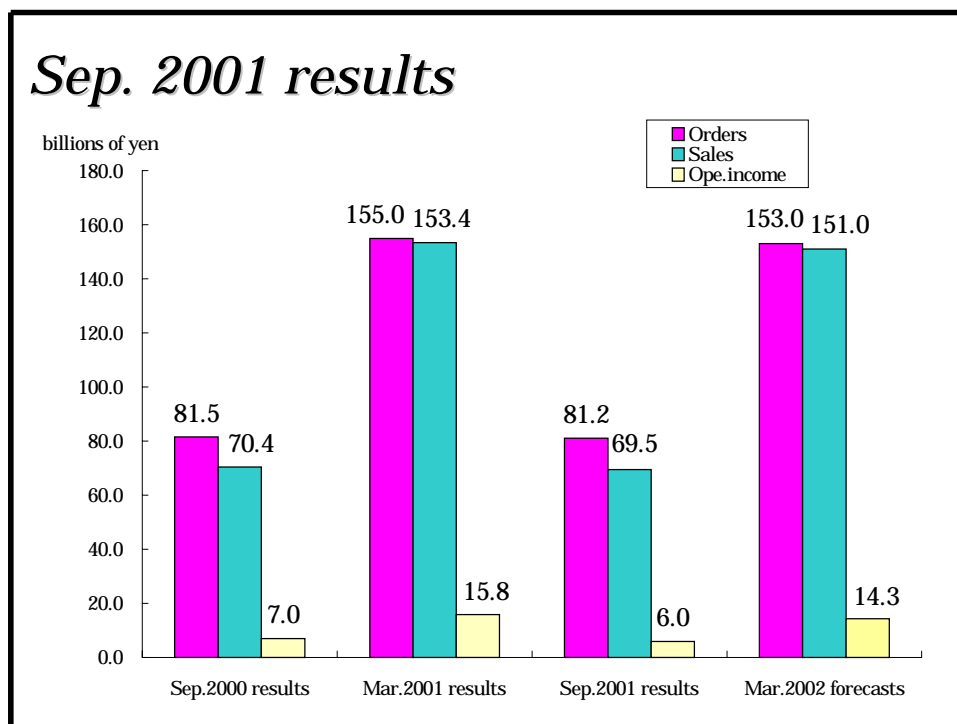
Market conditions

- Chemicals : Continued tough conditions in regards to customer factory consolidation, low utility rate, price competition
- Electronics : Shrinking market due to large reduction of CAPEX and low utility rate
- General : Continued weak market due to decreasing CAPEX in all industries
- Environment: Delay in local government orders due to re-evaluation of projects

Management results

- Chemicals steady
- Electronics weak

	Sep.2001 (ratio change)	Mar.2002 (ratio change)
Orders	¥81.2 bill. (-0.3%)	¥153.0 bill. (-2.3%)
Sales	¥69.5 bill. (-1.2%)	¥151.0 bill. (-1.6%)
Operating income	¥6.0 bill. (-14.5%)	¥14.3 bill. (-9.5%)
Net income	¥2.8 bill. (-24.5%)	¥7.5 bill. (-10.7%)



Sep. 2001 results

(Unit : ¥billion, %)

	Sep. 2000 Results	Mar.2001 Results	Sep.2001 Results	Mar.2002 Forecast
Orders (ratio change)	81.5 (+19.9%)	155.0 (+13.1%)	81.2 (-0.3%)	153.0 (-2.3%)
Sales (ratio change)	70.4 (+16.0%)	153.4 (+17.1%)	69.5 (-1.2%)	151.0 (-1.6%)
Operating income (ratio change)	7.0 (+44.5%)	15.8 (+41.2%)	6.0 (-14.5%)	14.3 (-9.5%)
Ordinary income (ratio change)	7.5 (+46.7%)	17.1 (+44.3%)	6.5 (-12.3%)	15.3 (-10.5%)
Income before tax (ratio change)	6.7 (+131.3%)	14.7 (+70.9%)	4.9 (-26.8%)	13.0 (-11.6%)
Net income (ratio change)	3.8 (+165.9%)	8.4 (+80.0%)	2.8 (-24.5%)	7.5 (-10.7%)

Sep. 2001 results

(Unit : ¥, %)

	Sep.2000 Results	Mar.2001 Results	Sep.2001 Results
Net income per share	28.35	63.22	21.40
ROE(%)	3.3%	7.2%	2.4%
ROA(%)	2.2%	4.8%	1.6%
Ordinary Income ratio(%)	10.6%	11.2%	9.4%
Subsidiaries & affiliates	Consolidated: 25 Equity method: 6	Consolidated: 26 Equity method: 5	Consolidated: 27 Equity method: 5
Employees	Consolidated: 3,514 Non-consolidated: 1,764	Consolidated: 3,419 Non-consolidated: 1,725	Consolidated: - Non-consolidated: 1,730

Sep.2001 results(Financial status/ Cash flow)

(Unit : ¥billion, %)

	Sep.2000	Mar.2001	Sep.2001
Total assets	175.8	183.2	173.9
Shareholder's equity	115.8	119.2	120.5
Shareholder's equity ratio	65.9%	65.1%	69.3%
Shareholder's equity per share	¥874.81	¥900.78	¥910.56

(Unit : ¥billion)

	Sep.2000	Mar.2001	Sep.2001
Cash flow from operating activities	5.4	5.3	6.2
Cash flow from investing activities	-3.4	-4.8	-1.8
Cash flow from financing activities	-1.2	-2.4	-1.0
Cash and cash equivalent at year end	34.0	31.6	35.1

Overview Sep.2001 results (Market & Results)

Market conditions

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Management results

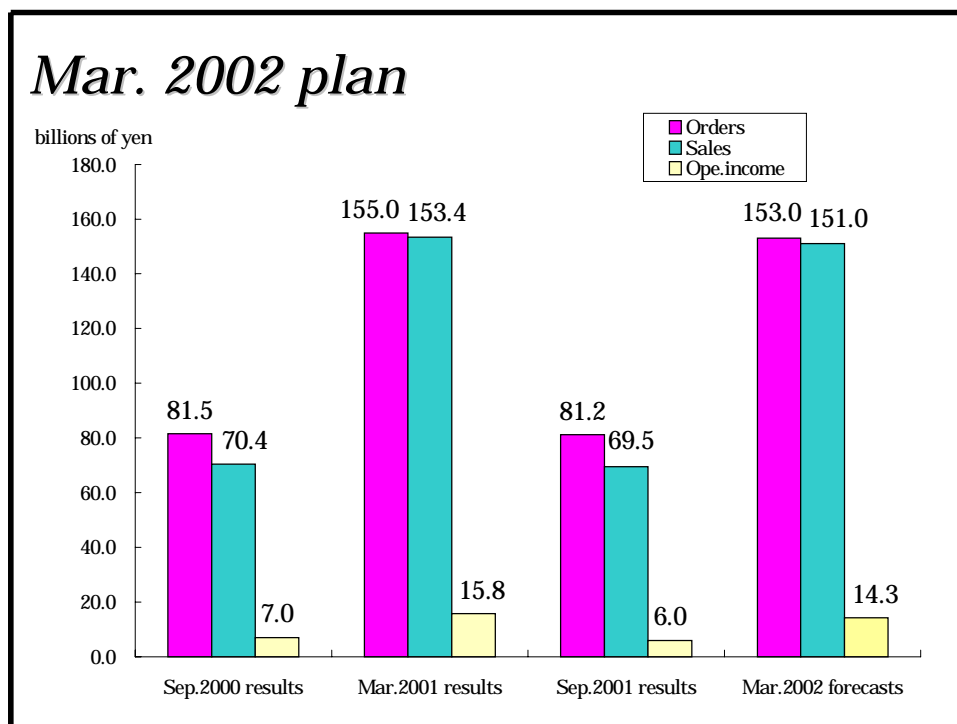
- Chemicals steady
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Overview Sep.2001 results (Strategy)

◆ Progress EV-2 Plan

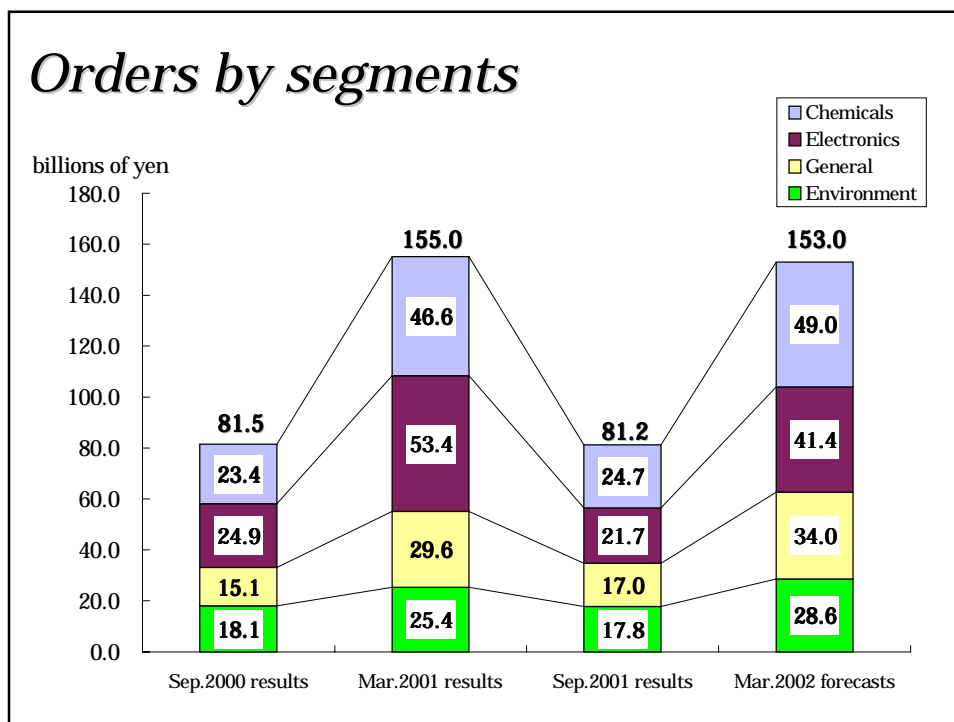
- Try to improve margins
 - Chemicals : Selling products Selling customer's "value"
 - Expand Contract products sales
 - Increase sales of incinerator chemicals
 - Plan restructurings of Chemicals production and distribution systems
 - Facilities : Change to design and production style from 'Order-made' to 'Ready-made'
 - Progress 'Ready-made' in Ultra Pure water system
 - Attempting to manufacture and promote ready-made products to our pharmaceutical customers
 - Maintenance: Facilities All facilities of factories
 - Continue with the out sourcing business
 - Expand Annual contract sales
 - New Business:
 - Delivered test modules for Fuel cell systems of H Power
 - Established Land Solution Inc., a soil remediation consulting company
 - Advanced incinerator deconstruction and decontamination



Mar. 2002 Forecasts

(Unit : ¥billion, %)

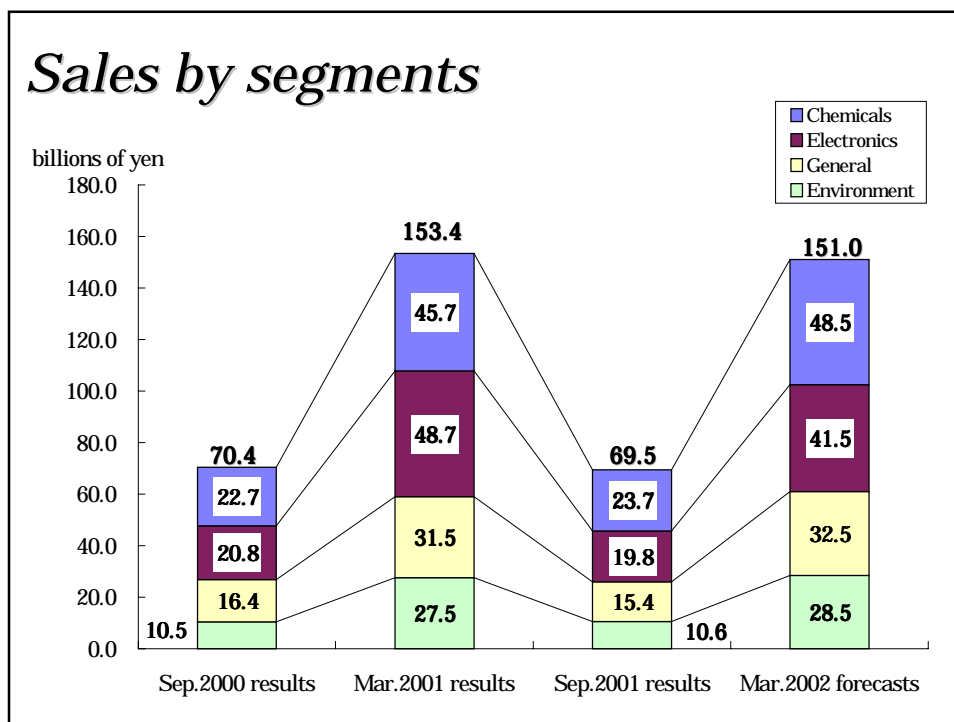
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Operating income (ratio change)	7.0 (+44.5%)	15.8 (+41.2%)	6.0 (-14.5%)	14.3 (-9.5%)
Ordinary income (ratio change)	7.5 (+46.7%)	17.1 (+44.3%)	6.5 (-12.3%)	15.3 (-10.5%)
Net income (ratio change)	3.8 (+165.9%)	8.4 (+80.0%)	2.8 (-24.5%)	7.5 (-10.7%)



Orders by segments

(Unit : ¥billion, %)

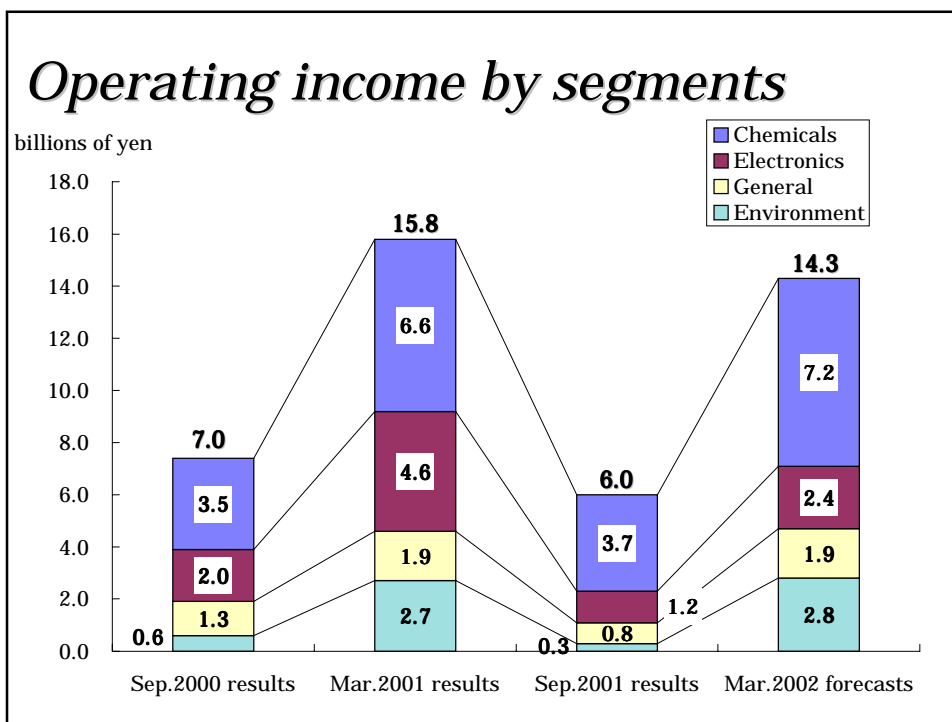
			Sep.2000 Results	Mar.2001 Results	Sep.2001 Results	Mar.2002 Forecasts
Chemicals (ratio change)			23.4 (+1.7%)	46.6 (+3.1%)	24.7 (+5.5%)	49.0 (+5.2%)
Facilities	Private	Electronics (ratio change)	24.9 (+42.3%)	53.4 (+55.6%)	21.7 (-12.8%)	41.4 (-22.5%)
		General (ratio change)	15.1 (+9.4%)	29.6 (+3.5%)	17.0 (+12.6%)	34.0 (+14.9%)
	Public	Environment (ratio change)	18.1 (+32.1%)	25.4 (-12.7%)	17.8 (-1.7%)	28.6 (+12.6%)
	Facilities (ratio change)		58.1 (+29.1%)	108.4 (+18.1%)	56.5 (-2.6%)	104.0 (-4.8%)
Total (ratio change)			81.5 (+19.9%)	155.0 (+13.1%)	81.2 (-0.3%)	153.0 (-1.3%)



Sales by segments

(Unit : ¥billion, %)

			Sep.2000 Results	Mar.2001 Results	Sep.2001 Results	Mar.2002 Forecasts
Chemicals (ratio change)			22.7 (-0.7%)	45.7 (+0.4%)	23.7 (+4.5%)	48.5 (+6.1%)
Facilities	Private	Electronics (ratio change)	20.8 (+52.1%)	48.7 (+58.1%)	19.8 (-4.8%)	41.5 (-14.8%)
		General (ratio change)	16.4 (+7.5%)	31.5 (+1.6%)	15.4 (-6.1%)	32.5 (+3.2%)
	Public	Environment (ratio change)	10.5 (+18.3%)	27.5 (-16.0%)	10.6 (+1.0%)	28.5 (+3.6%)
	Facilities (ratio change)		47.7 (+26.2%)	107.7 (+26.0%)	45.8 (-3.9%)	102.5 (-4.8%)
Total (ratio change)			70.4 (+16.0%)	153.4 (+17.1%)	69.5 (-1.2%)	151.0 (-1.6%)



Operating income ratio by segments

			Sep.2000 Results	Mar.2001 Results	Sep.2001 Results	Mar.2002 Forecasts
Chemicals			15.6 %	14.5 %	15.5 %	14.8 %
Facilities	Private	Electronics	9.2 %	9.4 %	6.1 %	5.8 %
		General	6.5 %	6.0 %	5.0 %	5.8 %
	Public	Environment	4.8 %	9.8 %	3.0 %	9.8 %
	Facilities		7.3 %	8.5 %	5.0 %	6.9 %
Total			10.0 %	10.3 %	8.6 %	9.5 %

Orders by Electronics segments

(Unit : ¥billion, %)

		Sep.2000 Results	Mar.2001 Results	Sep.2001 Results	Mar.2002 Forecasts
Electronics (ratio change)		24.9 (+42.3%)	53.4 (+55.6%)	21.7 (-12.8%)	41.4 (-22.5%)
H A R D	LSI (ratio change)	5.7 (+42.7%)	12.6 (+6.8%)	6.3 (+10.5%)	12.9 (+2.4%)
	Overseas (ratio change)	1.1 (-)	4.1 (-)	4.0 (+263.6%)	7.5 (+82.9%)
	LCD (ratio change)	8.0 (-6.2%)	16.4 (+39.0%)	5.3 (-33.8%)	8.3 (-49.4%)
	Overseas (ratio change)	2.4 (-)	5.0 (+6.4%)	2.2 (-8.3%)	3.4 (-32.0%)
S O F T	Maintenance (ratio change)	9.0 (-4.0%)	18.0 (+21.6%)	7.9 (-12.6%)	15.6 (-13.3%)
	Overseas (ratio change)	0.9 (-)	1.9 (+35.7%)	0.8 (-11.1%)	2.1 (+10.5%)
	Cleaning (ratio change)	2.2 (+8.4%)	6.4 (+48.8%)	2.2 (0.0%)	4.6 (-28.1%)
	Overseas (ratio change)	0 (-)	0 (-)	0.1 (-)	0.3 (-)
Total Overseas		4.4 (-)	11.0 (+124.5%)	7.1 (+61.4%)	13.3 (+20.9%)

Sales by Electronics segments

(Unit : ¥billion, %)

		Sep.2000 Results	Mar.2001 Results	Sep.2001 Results	Mar.2002 Forecasts
Electronics (ratio change)		20.8 (+52.1%)	48.7 (+58.1%)	19.8 (-4.8%)	41.5 (-22.5%)
H A R D	LSI (ratio change)	5.0 (-)	9.9 (65.0%)	2.6 (-48.0%)	7.6 (-22.2%)
	Overseas (ratio change)	1.2 (-)	1.7 (+30.8%)	1.4 (+16.7%)	3.4 (+100.0%)
	LCD (ratio change)	4.7 (-)	14.3 (+134.4%)	7.1 (+51.1%)	13.5 (-5.6%)
	Overseas (ratio change)	1.1 (-)	4.7 (+104.3%)	1.8 (+63.6%)	4.4 (-6.4%)
S O F T	Maintenance (ratio change)	9.1 (-)	18.1 (+25.7%)	7.9 (-13.2%)	15.8 (-12.7%)
	Overseas (ratio change)	1.1 (-)	1.8 (+28.6%)	0.6 (-45.6%)	2.1 (+16.7%)
	Cleaning (ratio change)	2.0 (-)	6.4 (+48.8%)	2.2 (+10.0%)	4.6 (-28.1%)
	Overseas (ratio change)	0 (-)	0 (-)	0.1 (-)	0.3 (-)
Total Overseas		3.4 (-)	8.3 (+66.0%)	3.9 (+14.7%)	10.2 (+22.9%)

Soil remediation business

(Unit : ¥billion, %)

	Sep.2000 Results	Mar.2001 Results	Sep.2001 Results	Mar.2002 Forecasts
Orders (ratio change)	2.9 (-)	5.6 (-0.3%)	3.1 (+4.3%)	7.5 (+33.9%)
Sales (ratio change)	3.3 (-)	6.5 (+35.4%)	2.3 (-29.4%)	5.7 (-12.3%)

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

(Unit : ¥billion)

	Mar.2000 results	Mar.2001 results	Mar.2002 Forecasts
CAPEX	2.0	2.7	3.4
Depreciation	3.2	2.9	3.1
R&D expenses	5.3	5.6	5.9

Consolidated/Non-consolidated

(Unit: Times)

	Sep.2000 Results	Mar.2001 Results	Sep.2001 Results	Mar.2002 Forecasts
Sales	1.20	1.18	1.21	1.20
Operating income	1.29	1.32	1.37	1.36
Ordinary income	1.23	1.27	1.28	1.28
Net income	1.18	1.24	1.40	1.32

Consolidated domestic subsidiary results

(Unit : ¥billion, %)

	Sep.2000 Results (Number of subsidiaries : 13)	Mar.2001 Results (Number of subsidiaries : 14)	Sep.2001 Results (Number of subsidiaries : 15)
Sales	24.2	49.3	23.5
Operating income	1.5	3.3	1.2

Main consolidated domestic subsidiary results

(Unit : ¥billion, %)

		Sep.2000	Mar.2001	Sep.2001
Kuritaz	Sales	6.4	13.8	6.6
	Operating income	0.8	1.8	0.7
Kurita Engineering	Sales	4.4	8.7	4.4
	Operating income	0.3	0.7	0.2

Consolidated overseas subsidiary results

(Unit : ¥billion, %)

	Mar.2001 (Number of subsidiaries 12)	Sep.2001 (Number of subsidiaries 12)
Sales	8.7	3.4
Operating income	0.6	0.3

Main consolidated overseas subsidiary results

(Unit : Thousands of S\$, %)

		Mar.2001 Results	Sep.2001 Results
Kurita Singapore	Sales	21,390	11,282
	Operating income	1,350	436

Exchange rate

¥67.57/1S\$

¥68.40/1S\$

Market size/share of water treatment chemicals - domestic(Non-consolidated)

	Market size ¥ Billion	Market share %
Iron/steel	4.0	35
Petrol chemical	9.0	55
Pulp & paper	19.0	20
Other industries	110.0	20
Public	40.0	20
Total	182.0	23%

Market size/share of facilities industry - domestic (Non-consolidated)

	Market size ¥ Billion	Market share %
Electronics	26.0	40
Power station	17.0	20
Others	50.0	15
Soil	48.0	15
Public	347.0	5
Maintenance	71.0	35
Total	559.0	15%

EV-2 Plan(FY 2000 ~ FY2002)

(Unit : ¥billion)

	Mar.2000 Results	Mar.2001 Results	Mar.2002 Forecast	Mar.2002 EV-2 Plan	Mar.2003 EV-2 Plan
Orders	137.0	155.0	153.0	160.0	175.0
Sales	131.0	153.4	151.0	158.0	170.0
Operating income	11.2	15.8	14.3	16.0	19.3
Ordinary income	11.9	17.1	15.3	17.0	20.0
Net income	4.6	8.4	7.5	9.0	10.8