

Kurita Water Industries

Information Meeting

May 10, 2002

Tokyo, Japan



Contents

Overview Mar.2002 Results	・・・2 ~ 3
Mar.2002 Results	・・・4 ~ 5
Mar.2003 Plan	・・・6 ~ 7
Results and Plan by Segments	・・・8 ~ 9

Overview Mar.2002 Results (Market & Results)

- **Total**

Domestic economic conditions deteriorated before the fiscal year started due to a reduced CAPEX, and a low level of consumption.

- **Chemicals**

Tough conditions regarding low utility rates and price competition.

- **Electronics**

Shrinking market due to a decreasing CAPEX and low utility rates.

- **General**

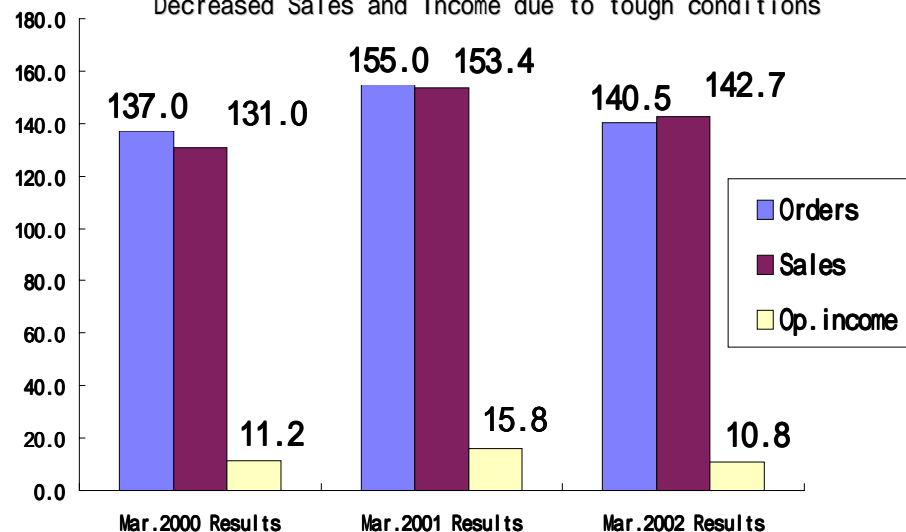
CAPEX did not grow

- **Environment**

Shrinking market due to a reduced budget, therefore competition became severe.

Overview Mar.2002 Results

Billions of yen
Decreased Sales and Income due to tough conditions



Overview Mar.2002 (Management)

- **Strengthening the Kurita group**
 - Establishment of a Soil remediation company, Land Solution Inc.
 - Establishment of Maintenance companies, Kuritec Singapore Pte. and Kuritec (Shanghai) Co.,Ltd.
 - Decide to merge with a Chemical Production company, Kurita Chemicals Ltd. (on Apr.1st , 2002)
- **New environmental business**
 - Enter into the Deconstruction incinerators business
- **Decide to lower the minimum share purchase from 1,000 shares to 100 shares** (from July 1st ,2002)

Overview Mar.2002

- **Chemicals :**

No decrease in Sales but an expansion of contract products etc. But, low utility rates.
- **Electronics :**

Expansion of overseas business, but a decrease in results.This is due to poor domestic market conditions.
- **General :**

Growth in Medicine, but Food industries were not good.
Soil remediation continues to grow steadily.
- **Environment :**

No increase in the results , but the focus is on projects of reconstruction and on maintenance services.

Mar.2002 Results (PL)

	Billions of yen	
	Mar.2001 Results	Mar.2002 Results
Order	155.0	140.5
(Change ratio)	(+ 13.1%)	(- 9.4%)
Net Sales	153.4	142.7
(Change ratio)	(+ 17.1%)	(- 7.0%)
(Cost of Sales)	(68.8%)	(69.4%)
Operating income	15.8	10.8
(Change ratio)	(+ 41.2%)	(- 31.6%)
Ordinary income	17.1	11.6
(Change ratio)	(+ 44.3%)	(- 32.3%)
Special losses	2.9	2.5
Income before income taxes and minority interests	14.7	9.1
Net income	8.4	5.7
(Change ratio)	(+ 80.0%)	(- 32.1%)

Mar.2002 Results (Segments)

Order by segments

		Billions of yen	
		Mar.2001 results	Mar.2002 results
Chemicals (Change ratio)		46.6 (+ 3.1%)	47.0 (+ 0.9%)
Private	Electronics (Change ratio)	53.4 (+55.6%)	36.4 (- 31.8%)
	General (Change ratio)	29.6 (+ 3.5%)	32.9 (+11.2%)
Public	Environment (Change ratio)	25.4 (- 12.7%)	24.2 (- 4.7%)
Facilities (Change ratio)		108.4 (+18.1%)	93.5 (- 13.7%)
Total (Change ratio)		155.0 (+13.1%)	140.5 (- 9.4%)

Sales by segments

		Billions of yen	
		Mar.2001 results	Mar.2002 results
Chemicals (Change ratio)		45.7 (+ 0.4%)	46.3 (+ 1.3%)
Private	Electronics (Change ratio)	48.7 (+58.1%)	38.0 (- 22.0%)
	General (Change ratio)	31.5 (+ 1.6%)	30.4 (- 3.5%)
Public	Environment (Change ratio)	27.5 (+16.0%)	28.0 (+ 1.8%)
Facilities (Change ratio)		107.7 (+26.0%)	96.4 (- 10.5%)
Total (Change ratio)		153.4 (+17.1%)	142.7 (- 7.0%)

Mar.2002 Results (Segments)

Operating income by segments

		billions of yen	
		Mar.2001 results	Mar.2002 results
Chemicals (Change ratio)		66 (+ 4.8%)	63 (- 1.6%)
Private	Electronics (Change ratio)	46 (+109.0%)	13 (- 61.8%)
	General (Change ratio)	19 (+ 58.3%)	12 (- 40.0%)
Public	Environment (Change ratio)	27 (+ 80.0%)	18 (- 33.3%)
Facilities (Change ratio)		92 (+ 18.1%)	45 (- 44.4%)
Total (Change ratio)		158 (+ 41.2%)	108 (- 31.6%)

Operating income by segments

		Mar.2001 results	Mar.2002 results
Chemicals (Change point)		14.5% (+ 0.7)	13.5% (- 1.0)
Private	Electronics (Change point)	9.4% (+ 2.3)	3.5% (- 5.9)
	General (Change point)	6.0% (+ 2.0)	3.8% (- 2.2)
Public	Environment (Change point)	9.8% (+ 3.8)	7.5% (- 2.3)
Facilities (Change point)		8.5% (+ 2.8)	4.7% (- 3.8)
Total (Change)		10.3% (+ 1.7)	7.6% (- 2.7)

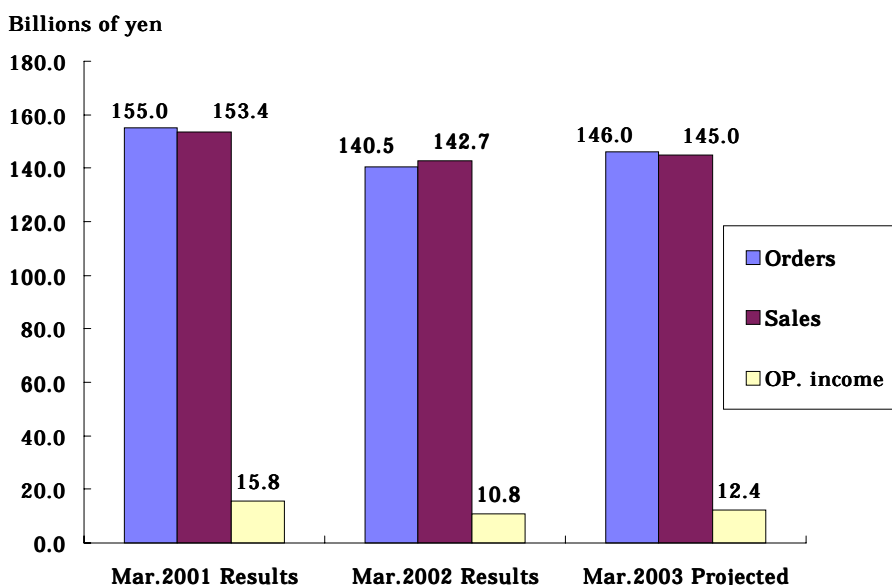
Mar.2002 Results (BS)

	Billions of yen	
	Mar.2001 Results	Mar.2002 Results
Total assets	183.2	172.1
Shareholders' equity	119.2	122.6
Shareholders' equity /Total assets	65.1%	71.2%
Shareholders' equity per share	¥900.78	¥926.45

Mar.2003 Plan (Market)

- **Total**
Not expecting a rapid recovery in economy conditions.
- **Chemicals**
A decrease in Petrochemicals and in the Iron & steel market.
The other markets remain under tough conditions.
- **Electronics**
Expect CAPEX to recover after 2nd.half,mainly in the LCD markets.
- **General**
Market size is flat. Focus will be on the Food and Medicine industries.
- **Environment**
Reduce budgets. Expect to expand in the market of Dioxin treatment.

Mar.2003 Plan



Mar.2003 Plan (Management)

“Creation of a NEW Kurita”

- Through Management policies
- Strengthening the Group
- Reducing total costs

Mar.2003 Plan (Business)

- Changing “What to sell” “How to sell”

• Chemicals

Expand margins due to increase of contract products.
Enter new markets, i.e. BOO, Maintenance etc.

• Facilities

<HARD>

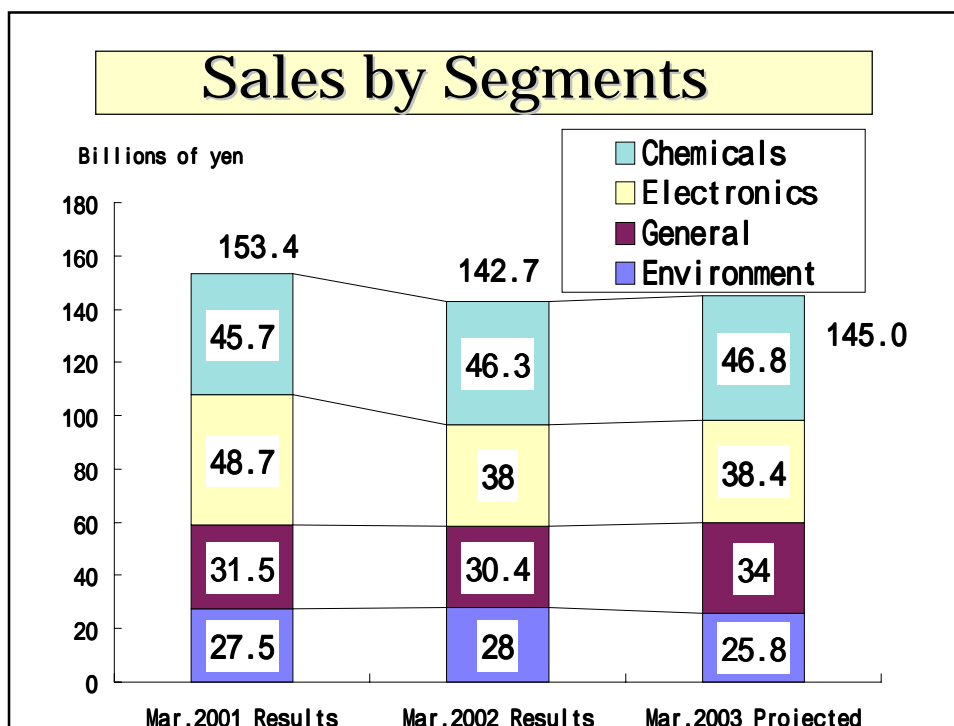
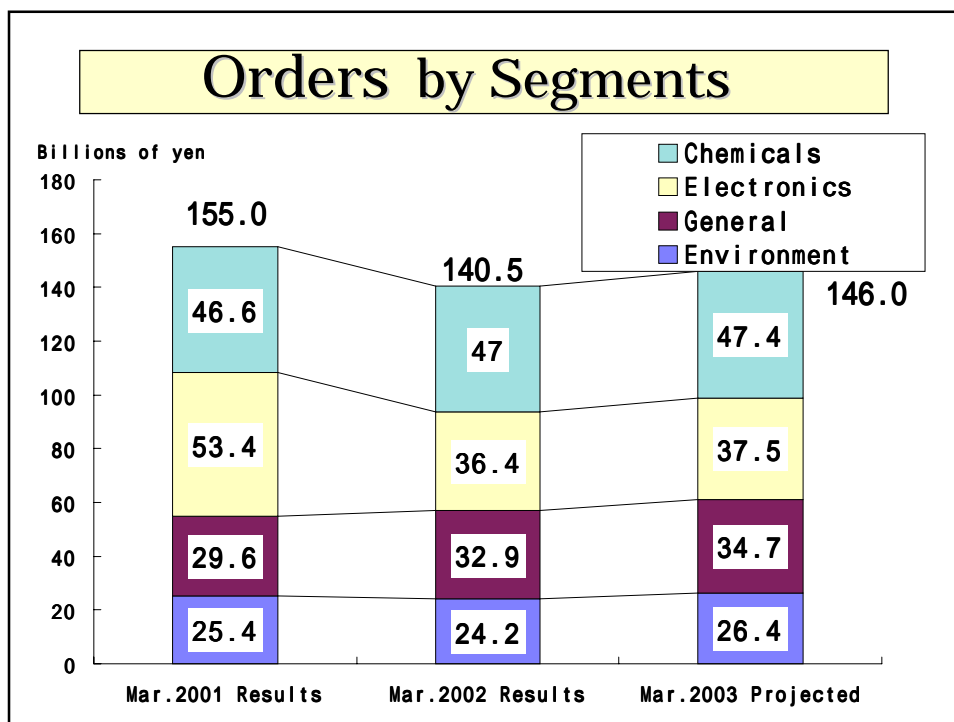
Develop new technologies and products for the environment.
Expand “ready made” systems.

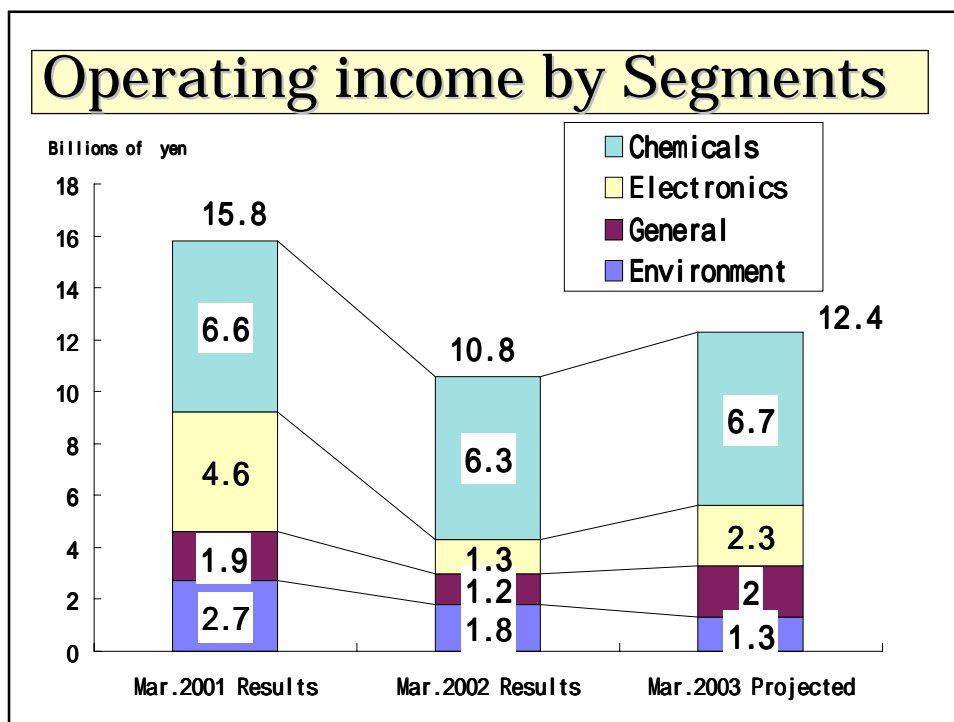
<SOFT>

Expand contract products.

• New business

Fuel cell related business
Deconstruction incinerators
Waste recycle business





Operating Income Ratio by Segments

		Mar. 2001 Results	Mar. 2002 Results	Mar. 2003 Projected
Chemicals		14.5 %	13.5 %	14.3 %
Facilities	Electronics	9.4 %	3.5 %	6.1 %
	General	6.0 %	3.8 %	6.0 %
	Environment	9.8 %	7.5 %	5.1 %
	Facilities total	8.5 %	4.7 %	5.8 %
Total		10.3 %	7.6 %	8.6 %