

# **Kurita Water Industries Ltd.**

**Results Presentation for Six Months Ended September 30, 2006**

November 8, 2006

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**I. Consolidated Financial Results for Six Months  
Ended September 30, 2006**

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

# I. Consolidated Financial Results for Six Months Ended September 30, 2006

## 1. Financial Highlights

(Six Months Ended September 30)

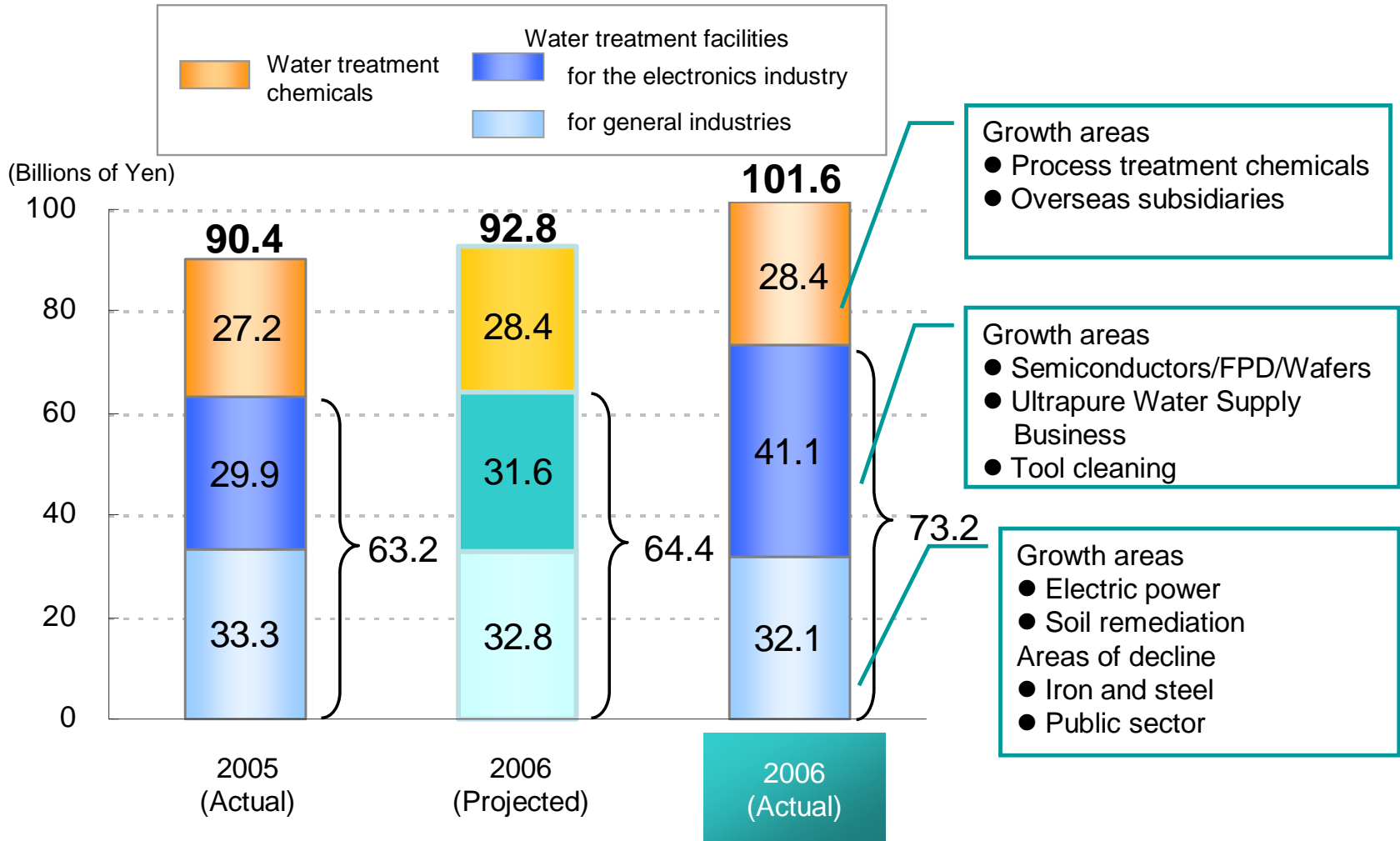
(Billions of Yen)

	2005 (Actual)	2006 (Projected)	2006 (Actual)	Change versus projections		Year-on-year change	
				Amount	%	Amount	%
Orders	90.4	92.8	101.6	+8.8	+9.4%	+11.1	+12.3%
Net sales	72.5	85.7	86.4	+0.7	+0.8%	+13.9	+19.1%
Gross profit	22.0	26.1	28.0	+1.9	+7.1%	+5.9	+26.9%
SG&A expenses	17.2	17.6	17.4	-0.2	-1.4%	+0.1	+0.7%
Operating income	4.8	8.5	10.6	+2.1	+24.8%	+5.8	+120.7%
Non-operating income and expenses	0.7	0.1	0.3	+0.2	+208.0%	-0.4	-53.3%
Ordinary Income	5.5	8.6	10.9	+2.3	+26.9%	+5.5	+99.7%
Extraordinary gains and losses	-0.2	-	-0.1	-0.1	-	+0.1	-
Net income	2.9	4.9	6.1	+1.2	+25.4%	+3.3	+115.2%

# I. Consolidated Financial Results for Six Months Ended September 30, 2006

## 2. Orders

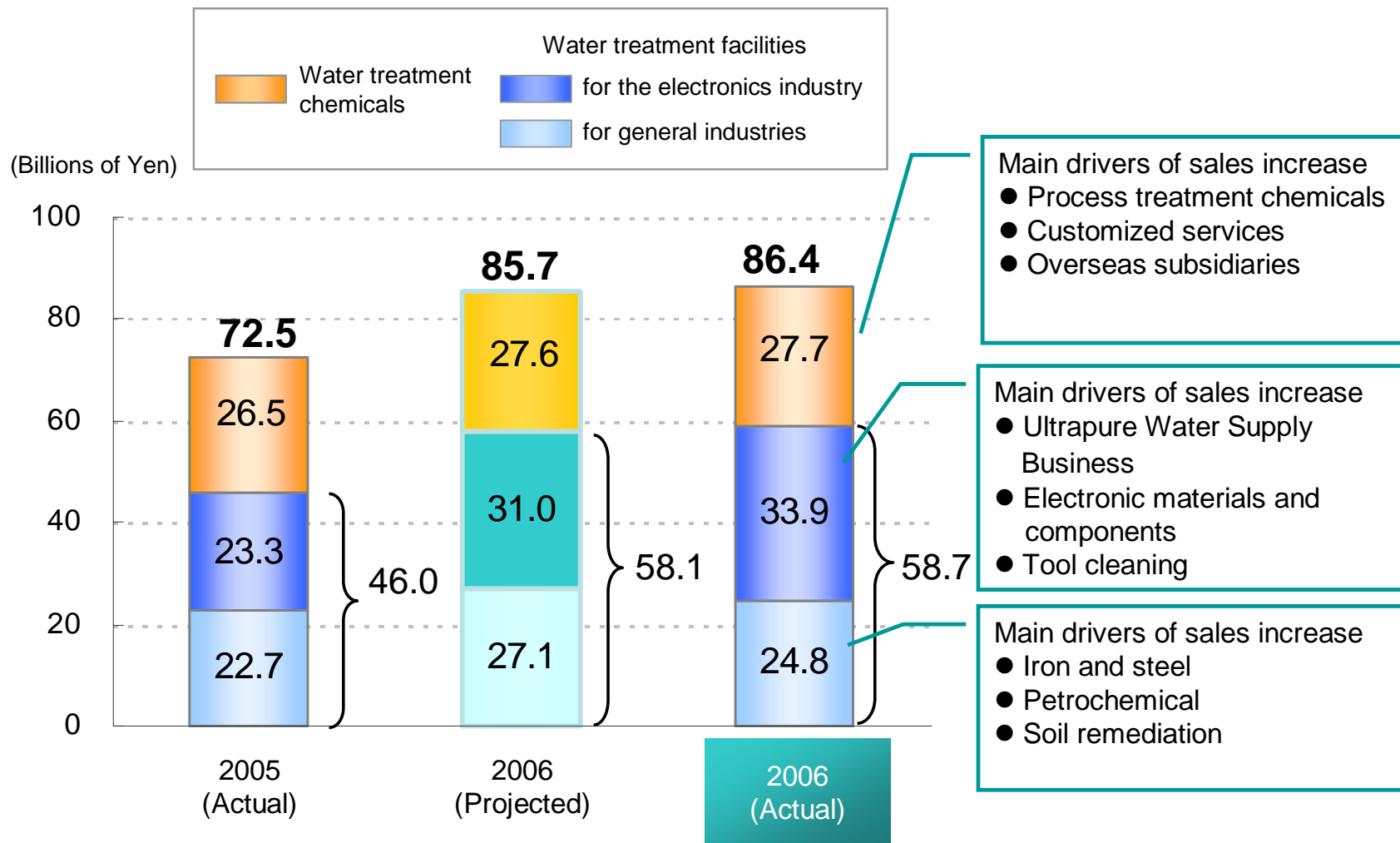
(Six Months Ended September 30)



# I. Consolidated Financial Results for Six Months Ended September 30, 2006

## 3. Sales

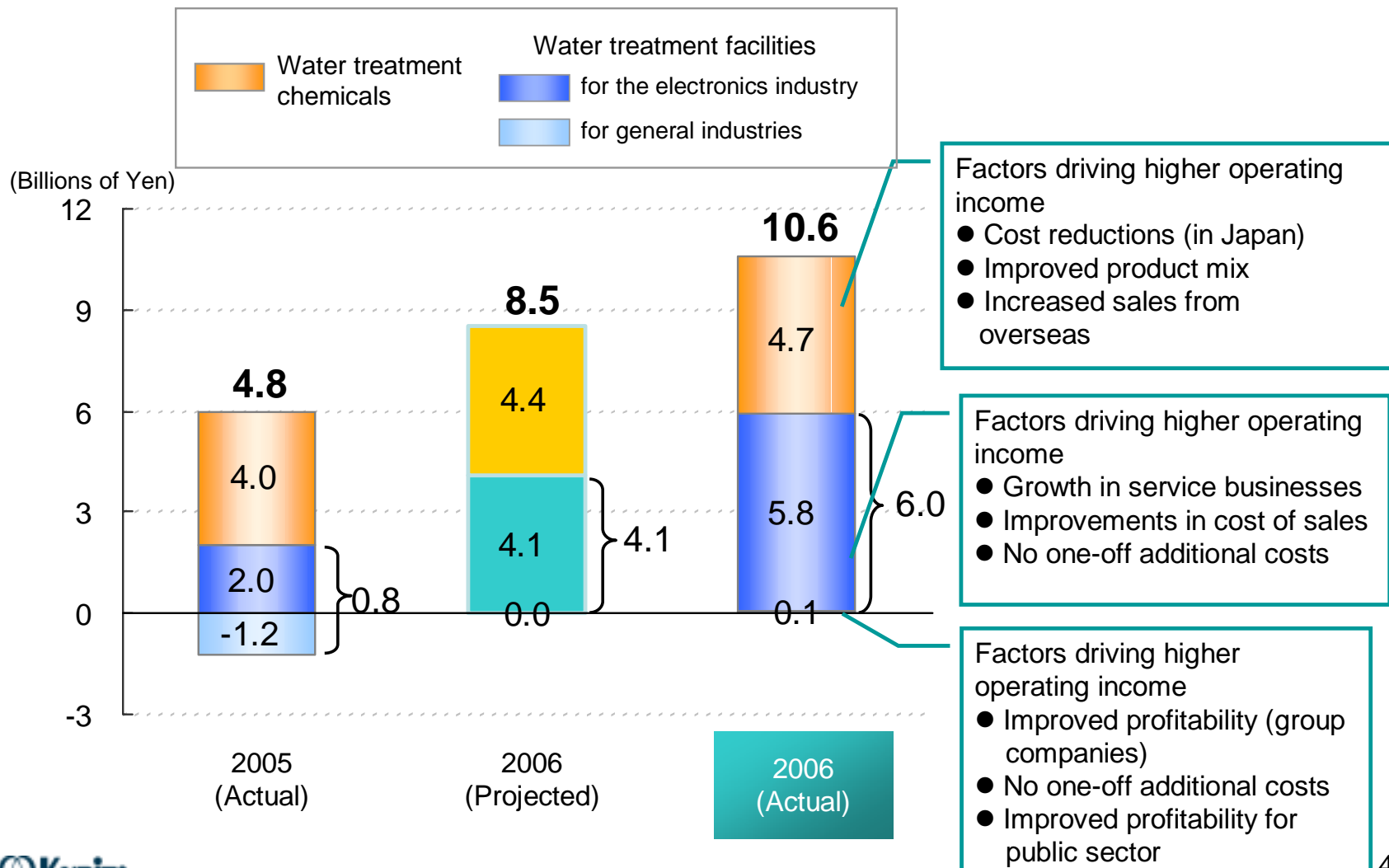
(Six Months Ended September 30)



# I. Consolidated Financial Results for Six Months Ended September 30, 2006

## 4. Operating Income

(Six Months Ended September 30)

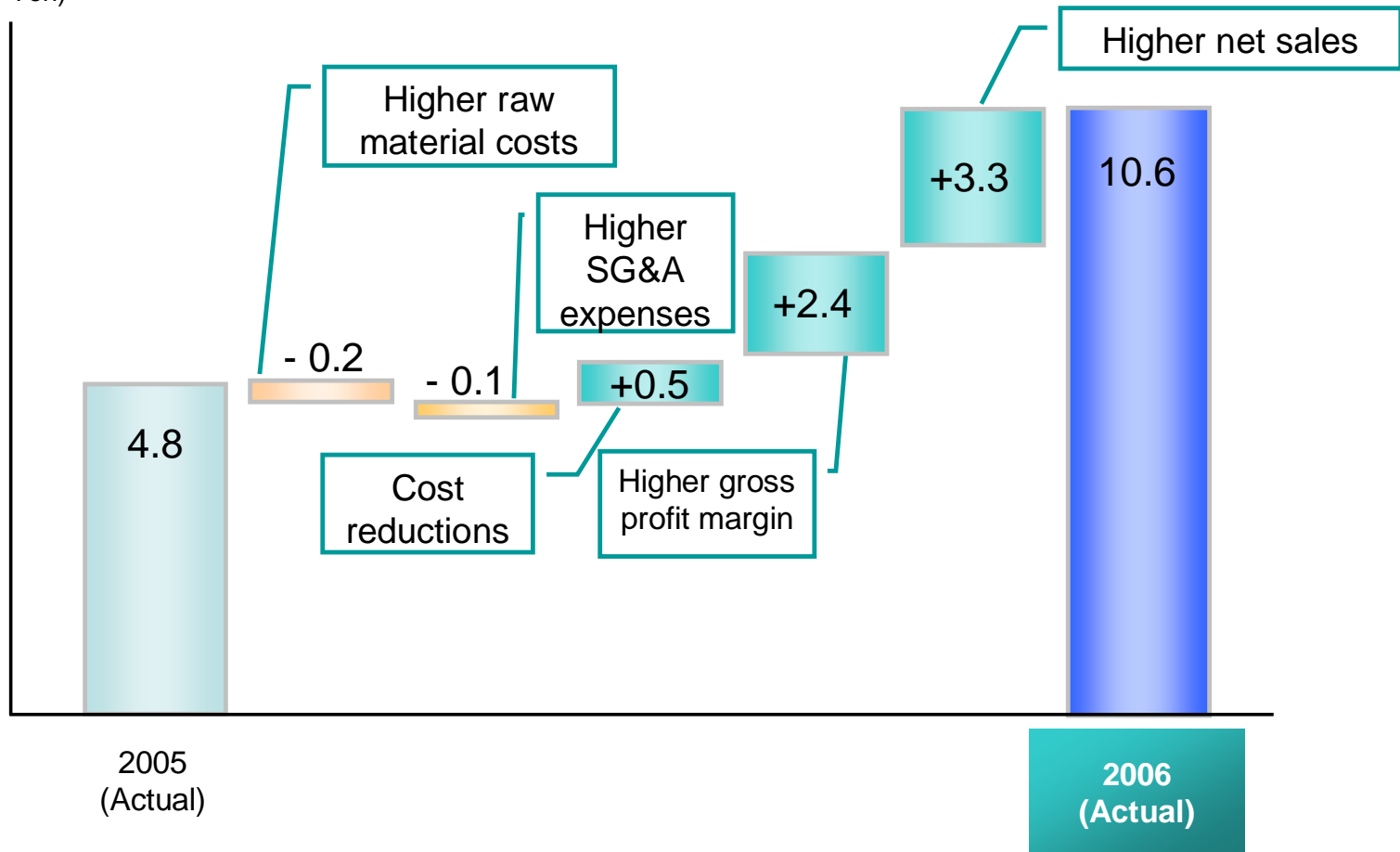


# I. Consolidated Financial Results for Six Months Ended September 30, 2006

## 5. Analysis of Changes in Operating Income

(Six Months Ended September 30)

(Billions of Yen)

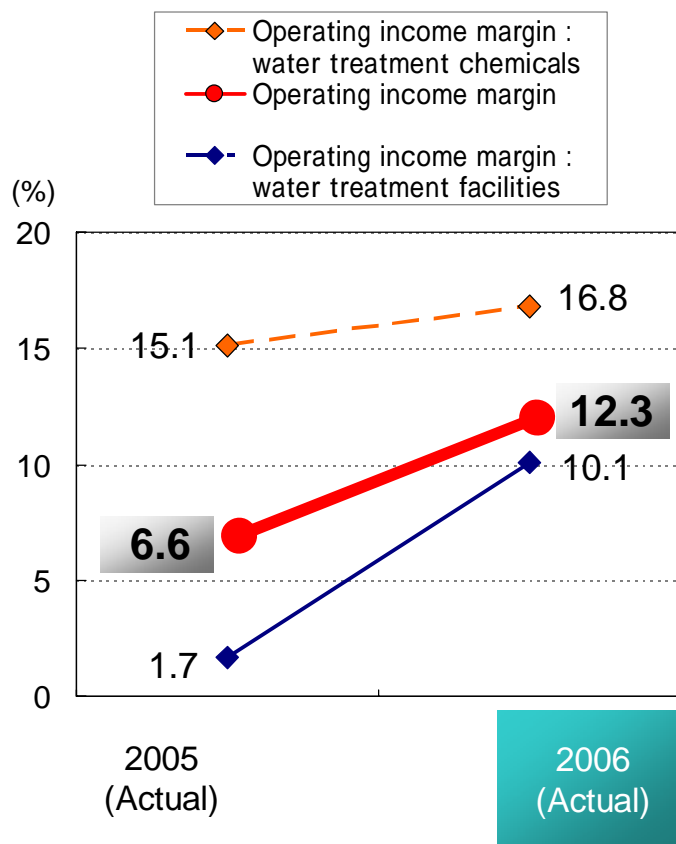


# I. Consolidated Financial Results for Six Months Ended September 30, 2006

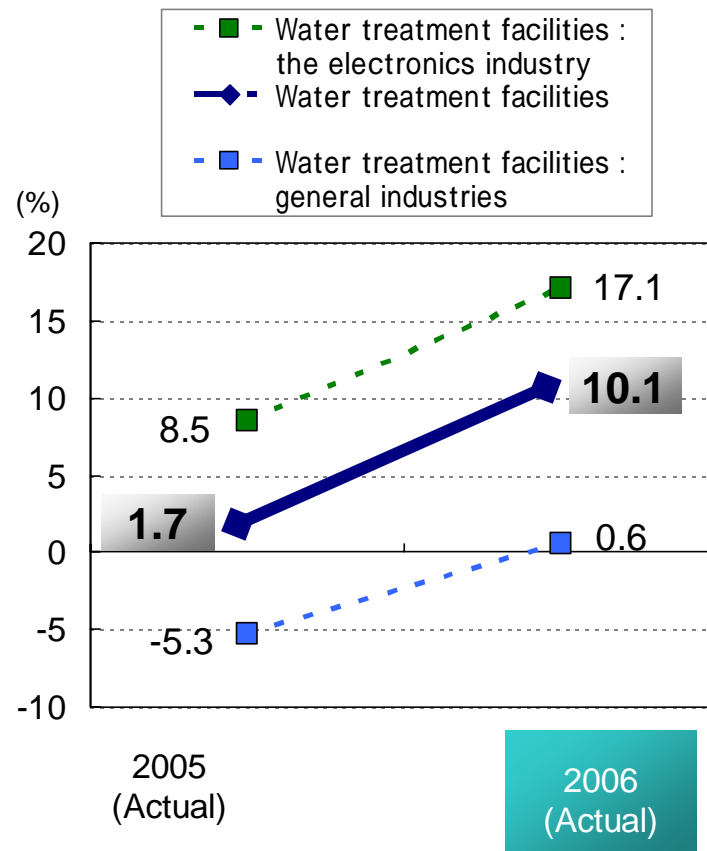
## 6. Operating Income Margin

(Six Months Ended September 30)

### Operating income margin by segment



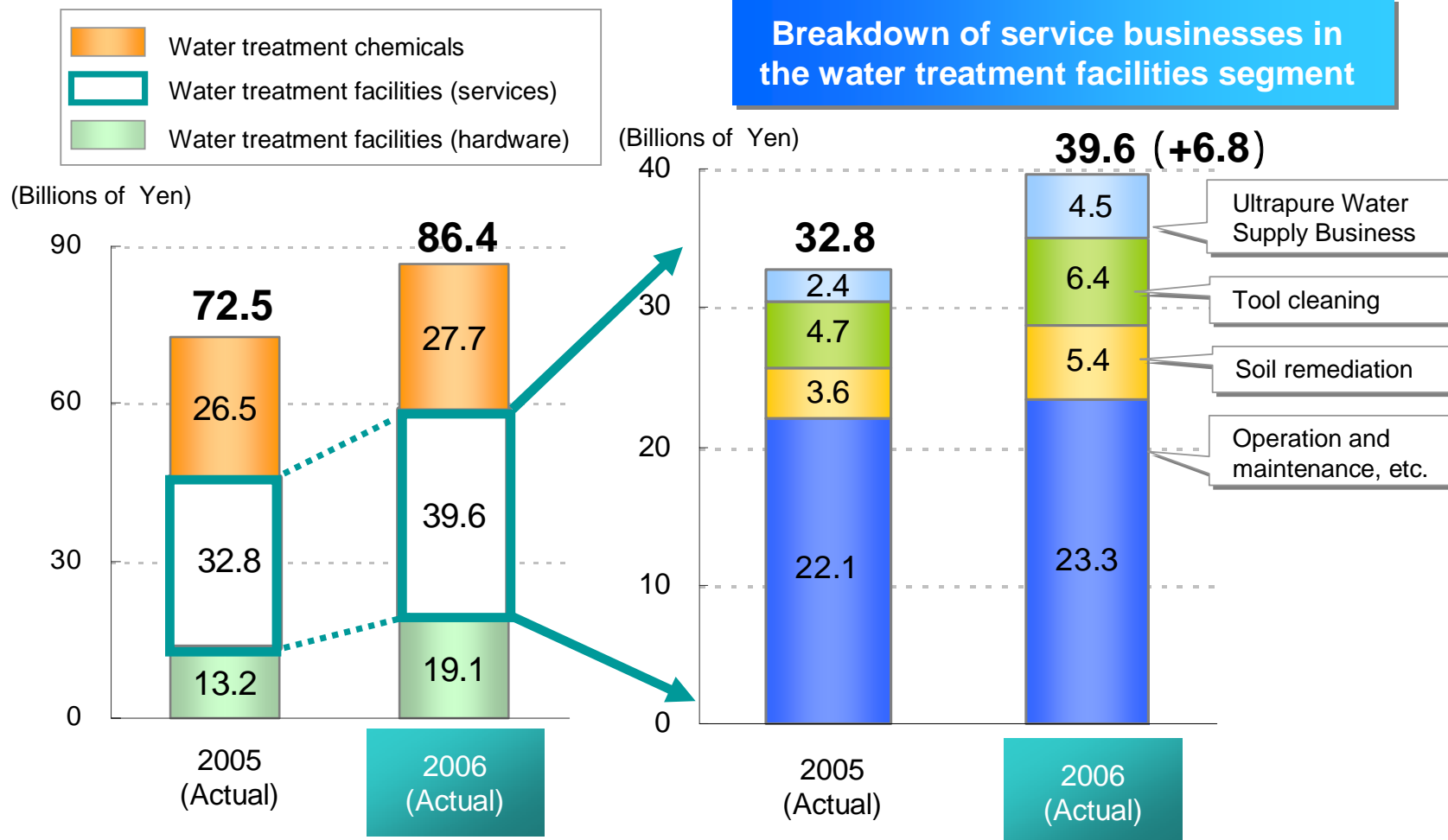
### Operating income margin of water treatment facilities





# I. Consolidated Financial Results for Six Months Ended September 30, 2006

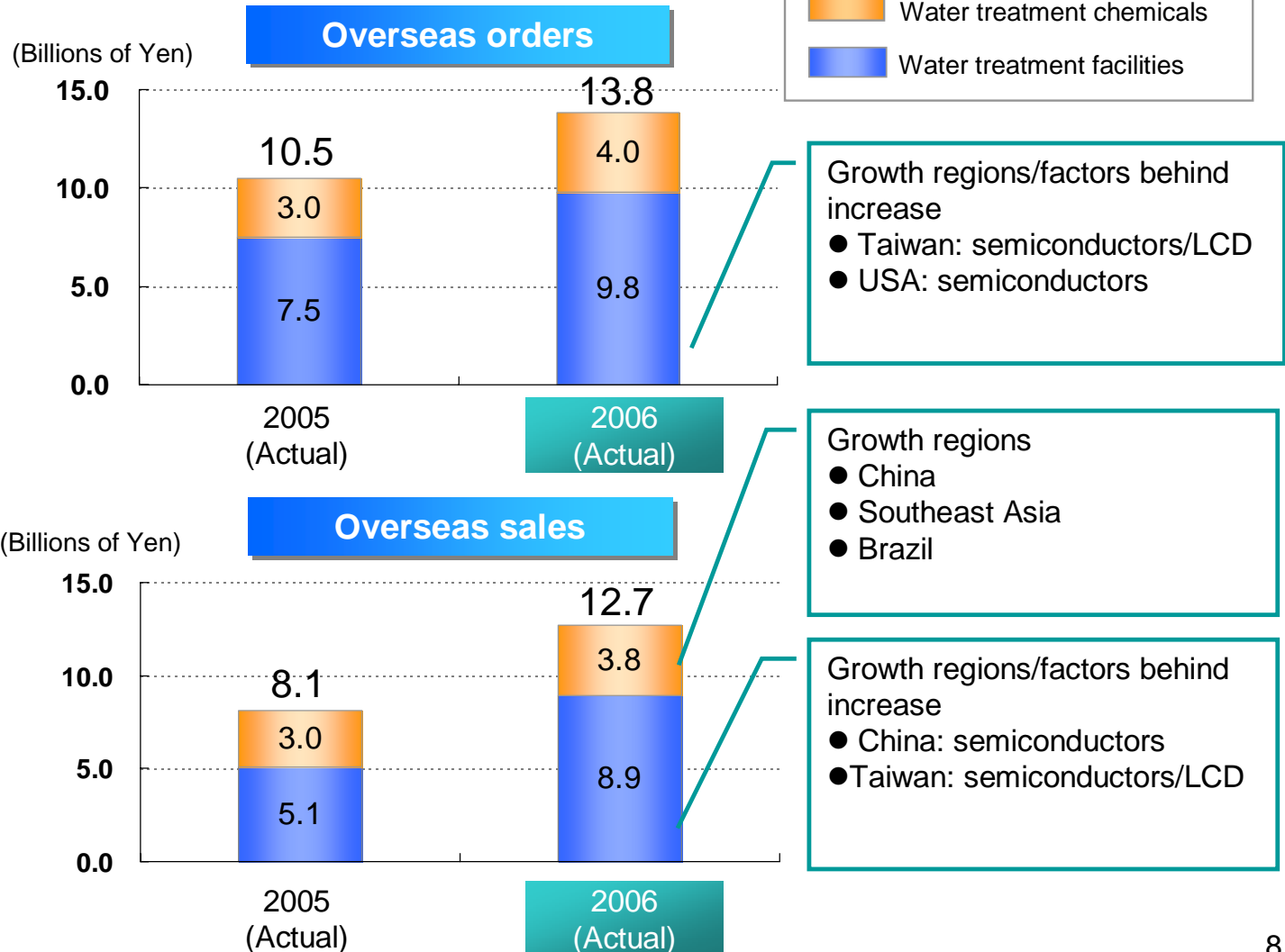
## 7. Revenues from Service Businesses (Six Months Ended September 30)



# I. Consolidated Financial Results for Six Months Ended September 30, 2006

## 8. Overseas Business

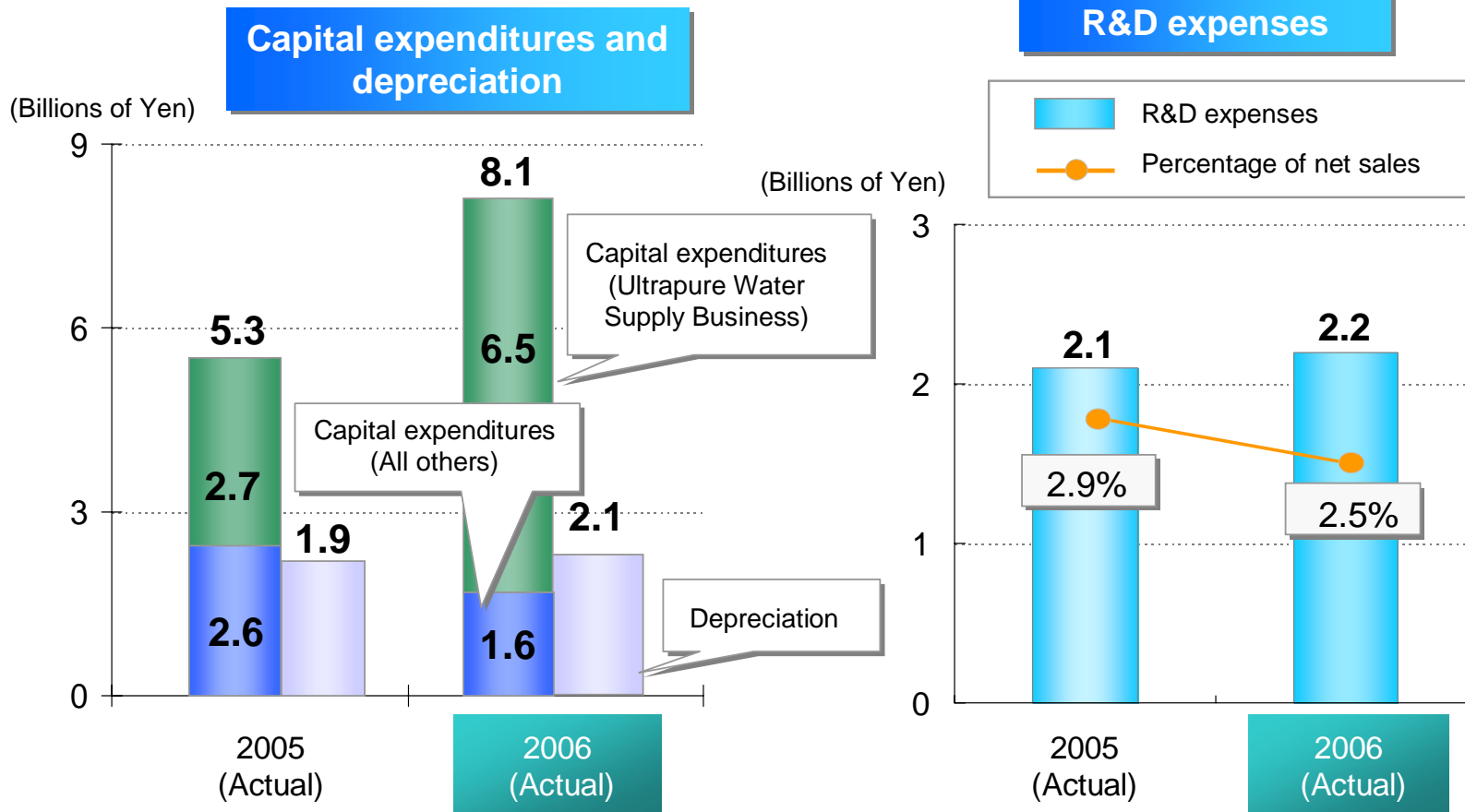
(Six Months Ended September 30)



# I. Consolidated Financial Results for Six Months Ended September 30, 2006

## 9. Capital Expenditures, Depreciation and R&D Expenses

(Six Months Ended September 30)



Note: Capital expenditures and depreciation relate to tangible fixed assets

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

### 1. Assumptions of the Business Plan

#### Water treatment chemicals

- Continuing high operating rates at domestic iron and steel, petroleum, petrochemical and paper and pulp plants
- Continued strong demand among customers for productivity improvement and cost reduction
- Continuing increase in raw material cost

#### Water treatment facilities

- Continuing capital expenditure by domestic customers of Ultrapure Water Supply Business, with increasingly small scale capital expenditure by domestic customers of Water treatment facilities
- Deferral of capital investments by LCD manufacturers in Taiwan
- Capital expenditure in the domestic iron and steel, petroleum and petrochemical industries be invested mainly on capacity increases and facilities renovations
- Increased demand for soil remediation in relation to land transactions

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

### 2. Overview (Fiscal Years Ended or Ending March 31)

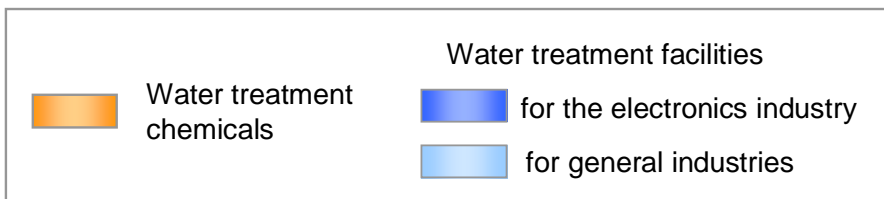
(Billions of Yen)

	2005 (Actual)	2006 (Projected)	Year-on-year change	
			Amount	%
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%
Non-operating 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%

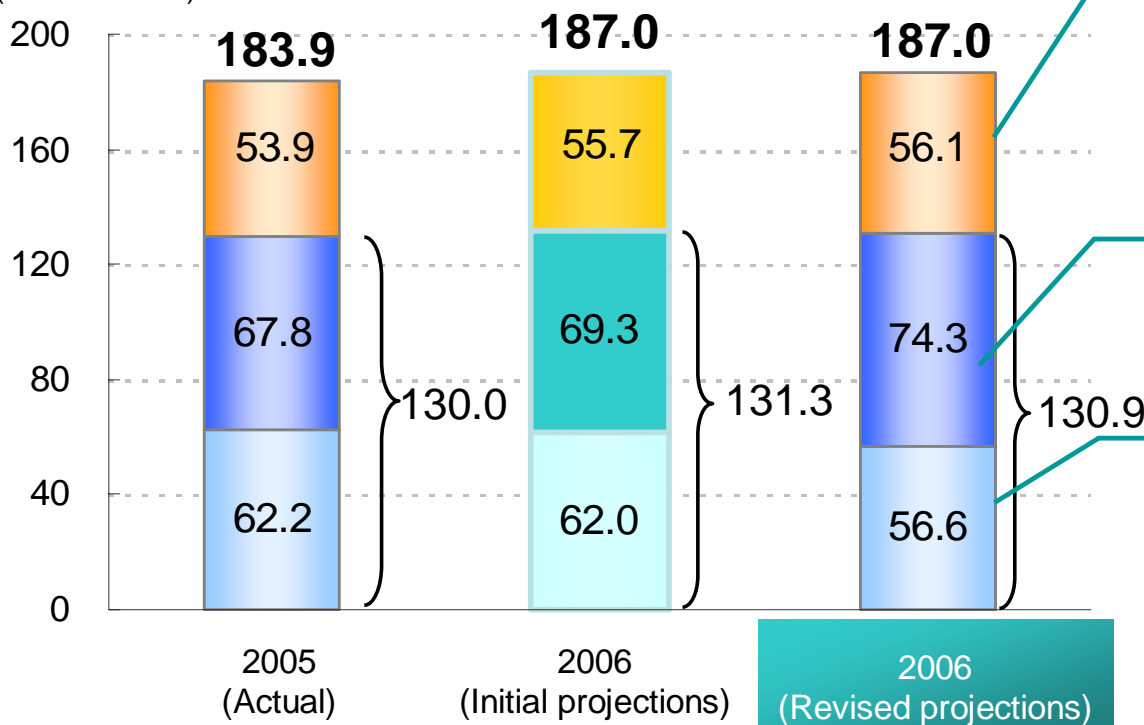
## II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2007

### 3. Orders

(Fiscal Years Ended or Ending March 31)



(Billions of Yen)



Growth areas

- Process treatment chemicals
- Customized services
- Overseas subsidiaries

Growth areas

- Ultrapure Water Supply Business
- Tool cleaning

Growth areas

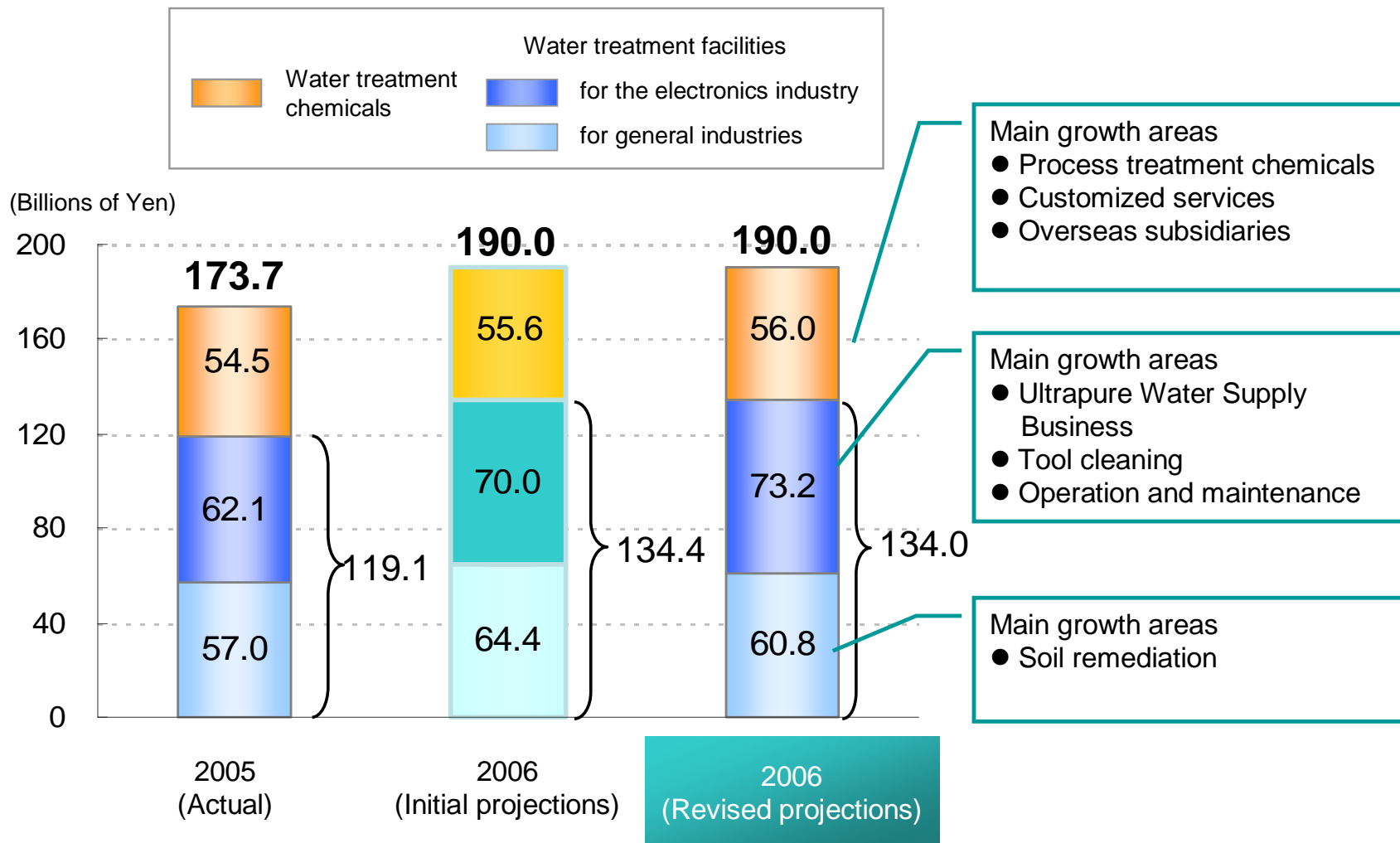
- Soil remediation

Areas of decline

- Public sector

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

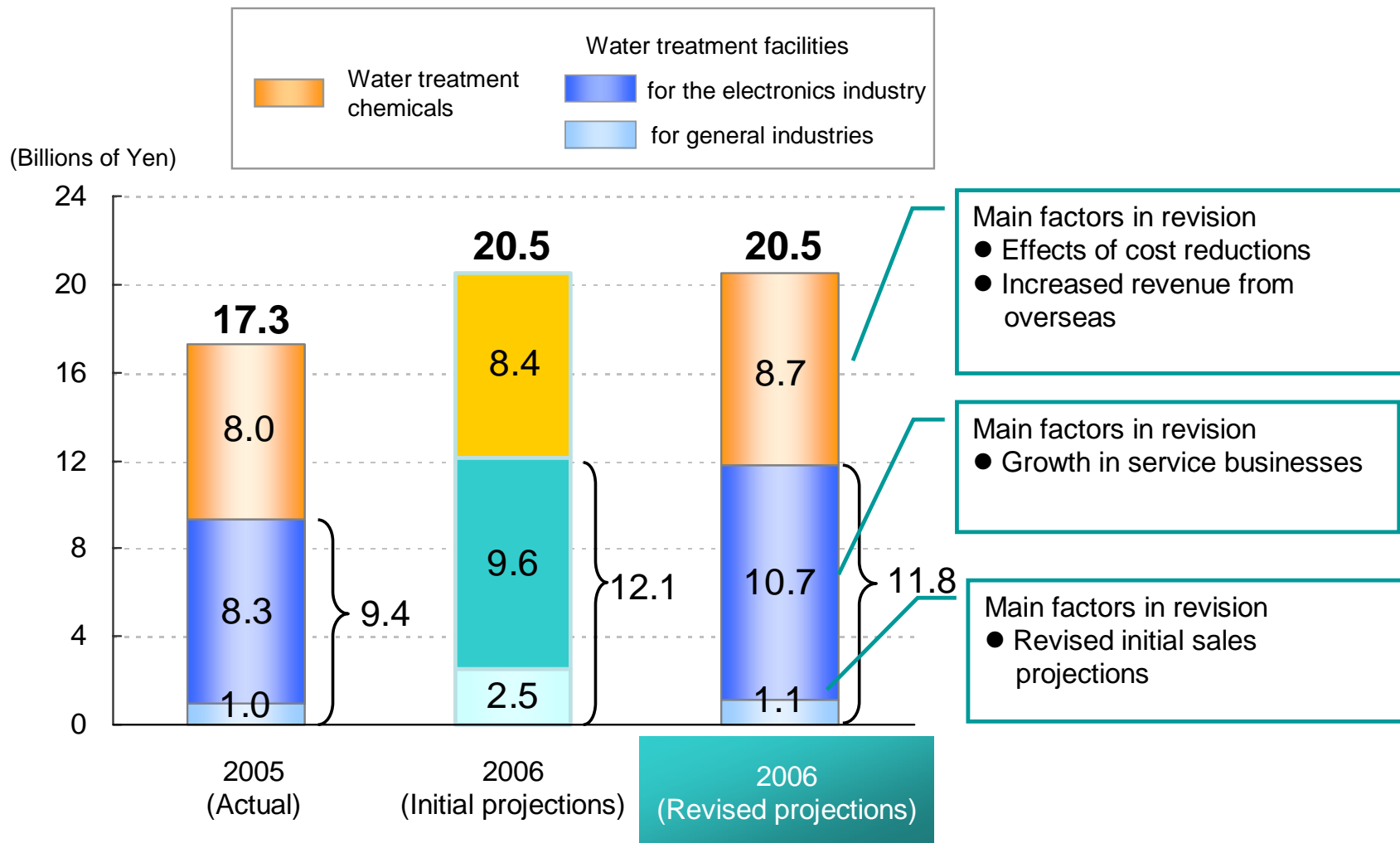
### 4. Sales (Fiscal Years Ended or Ending March 31)



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

### 5. Operating Income

( Fiscal Years Ended or Ending March 31 )

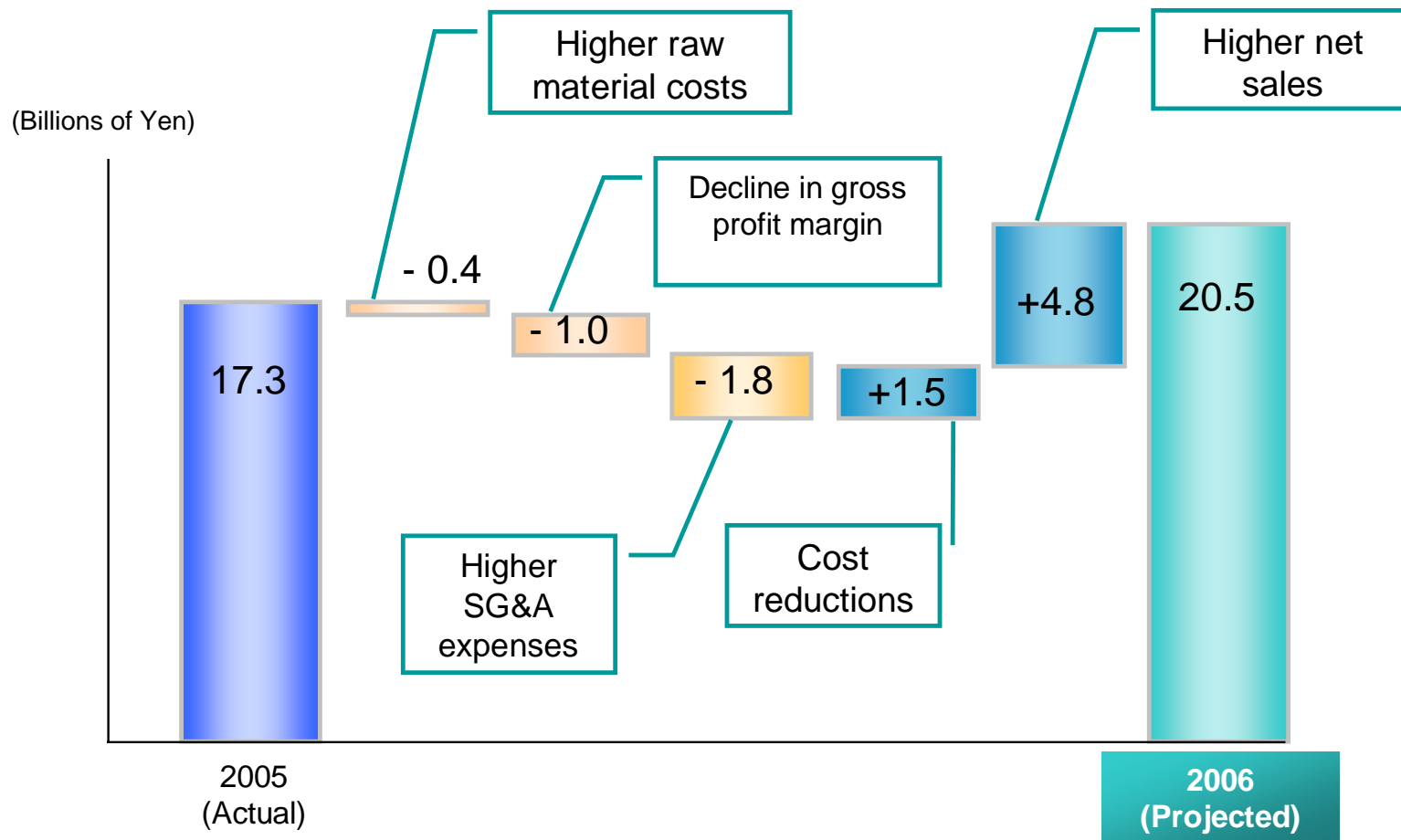




## II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2007

### 6. Analysis of Changes in Operating Income

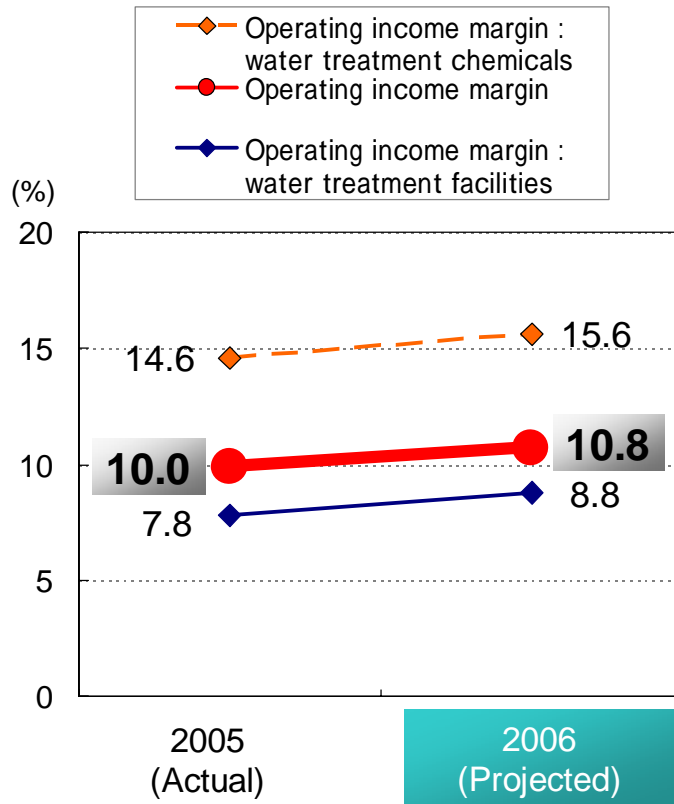
( Fiscal Years Ended or Ending March 31 )



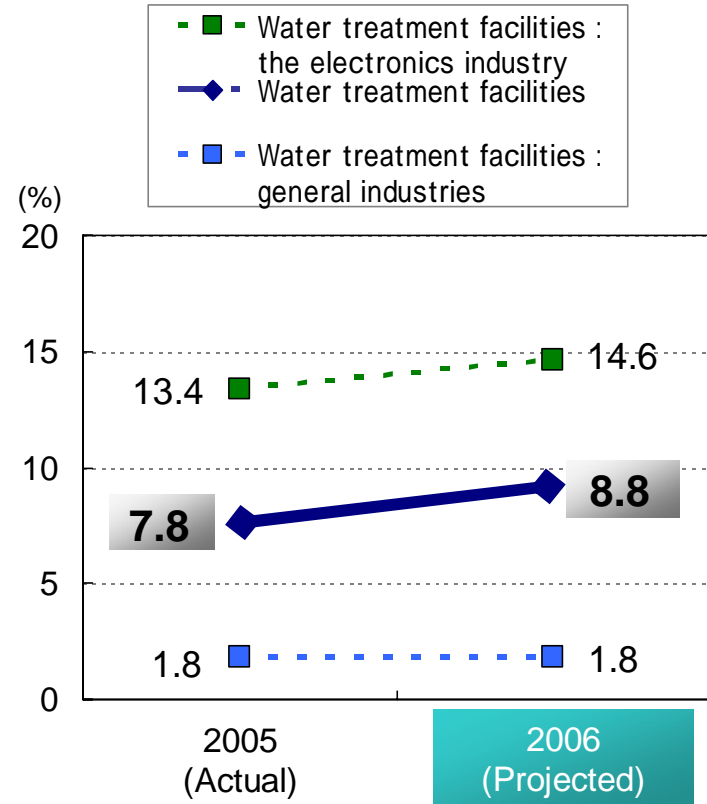
## II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2007

### 7. Operating Income Margin (Fiscal Years Ended or Ending March 31)

#### Operating income margin by segment



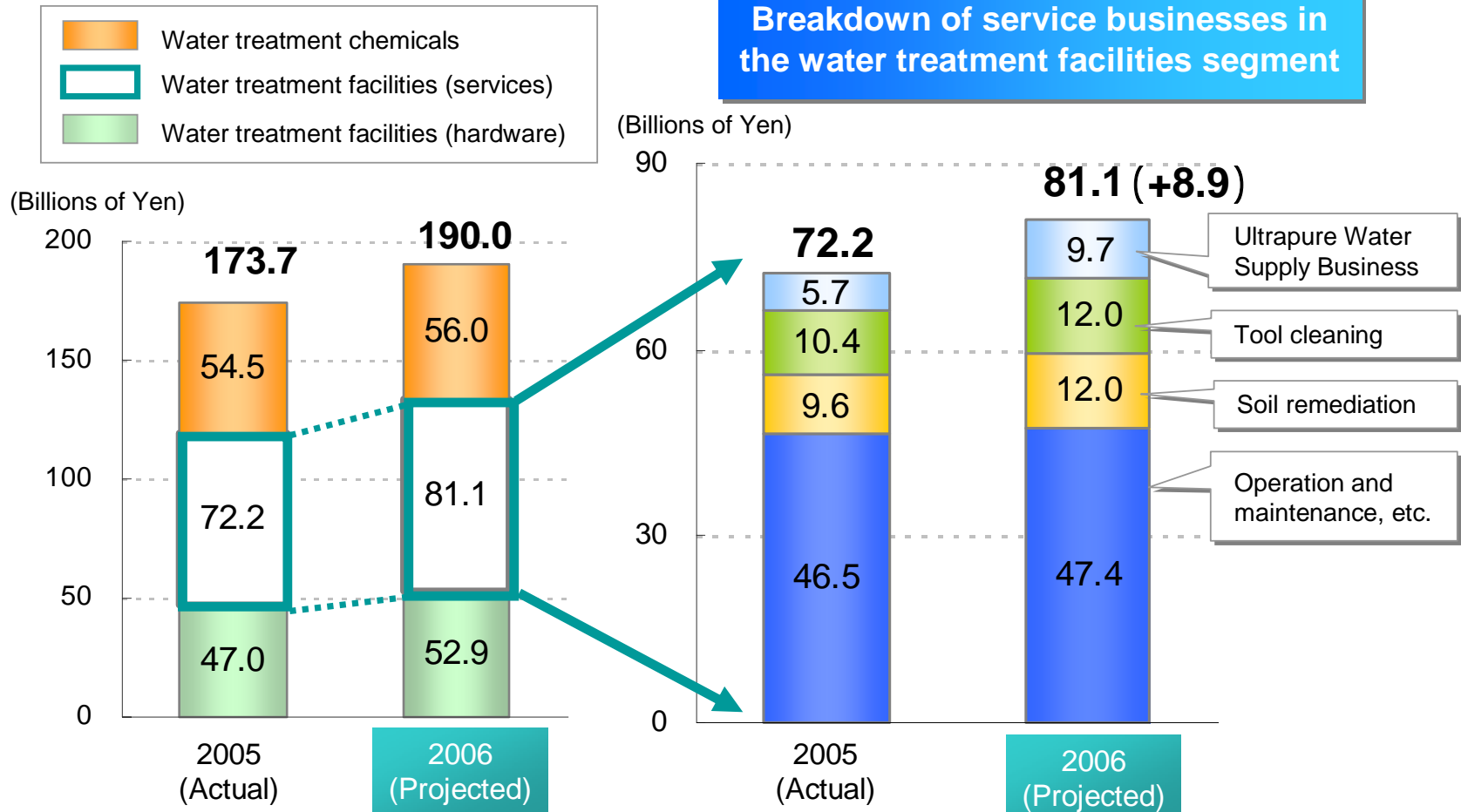
#### Operating income margin in the water treatment facilities segment



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

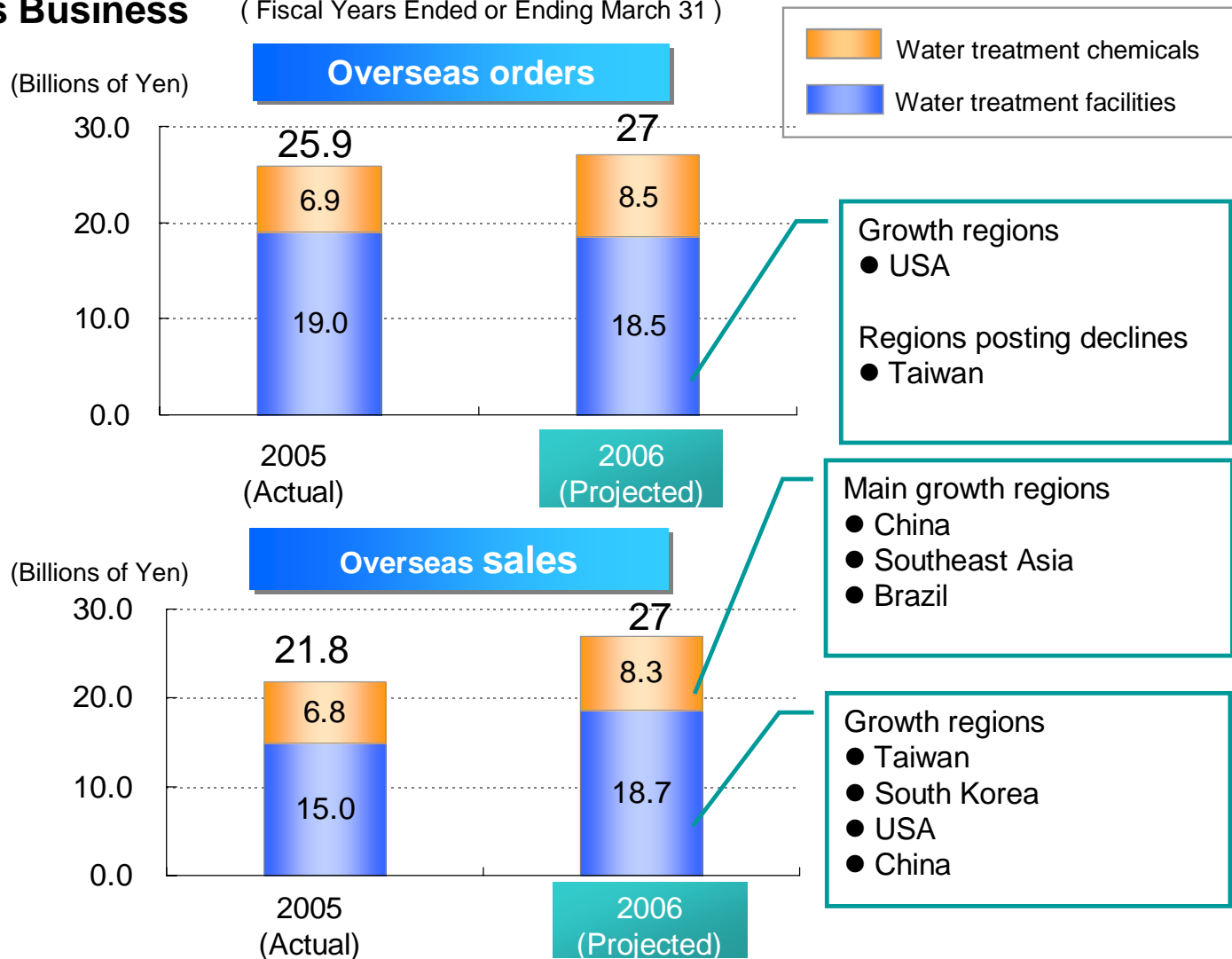
### 8. Sales from Service Businesses

(Fiscal Years Ended or Ending March 31)



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

### 9. Overseas Business (Fiscal Years Ended or Ending March 31)





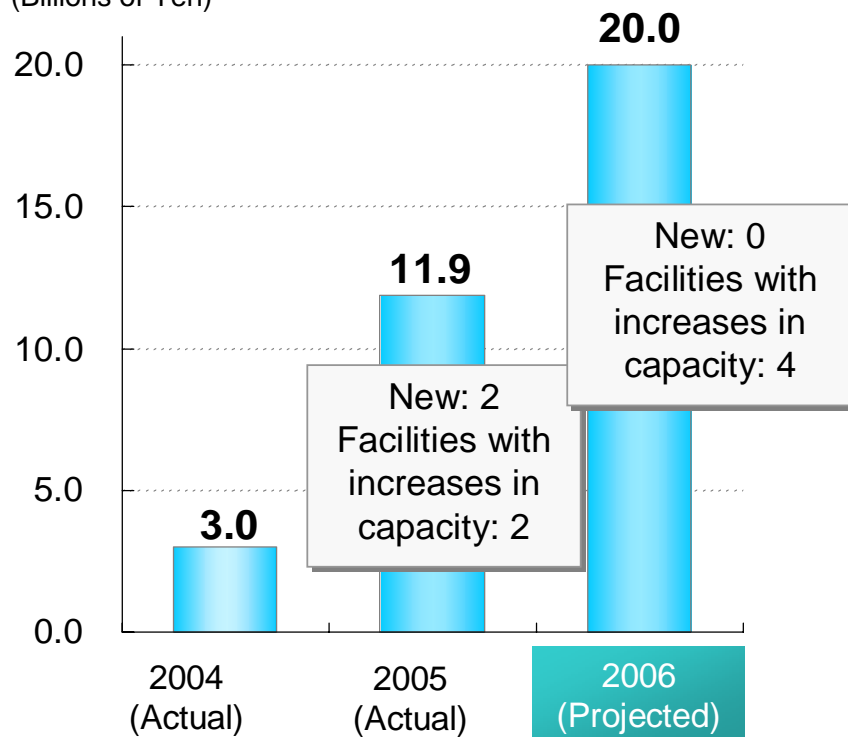
## II. Consolidated Business Plan for the Fiscal Year Ending March 31, 2007

### 11. Expansion of the Ultrapure Water Supply Business

( Fiscal Years Ended or Ending March 31 )

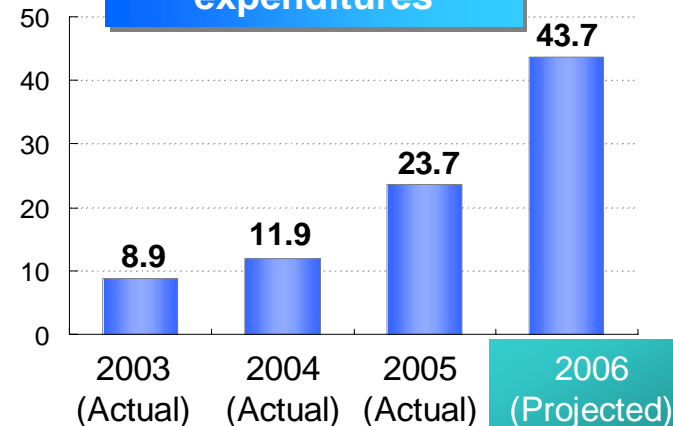
#### Capital expenditures

(Billions of Yen)



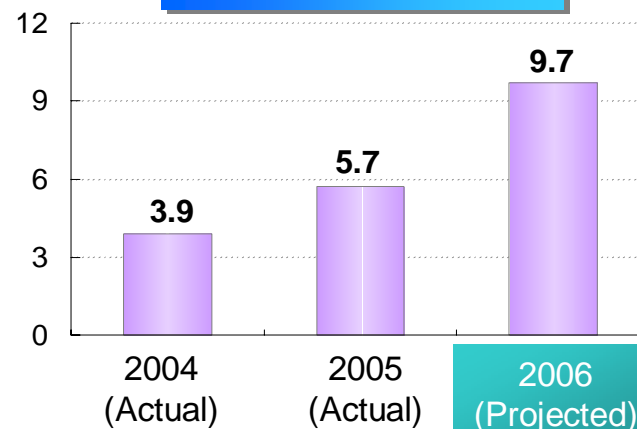
(Billions of Yen)

#### Cumulative capital expenditures



(Billions of Yen)

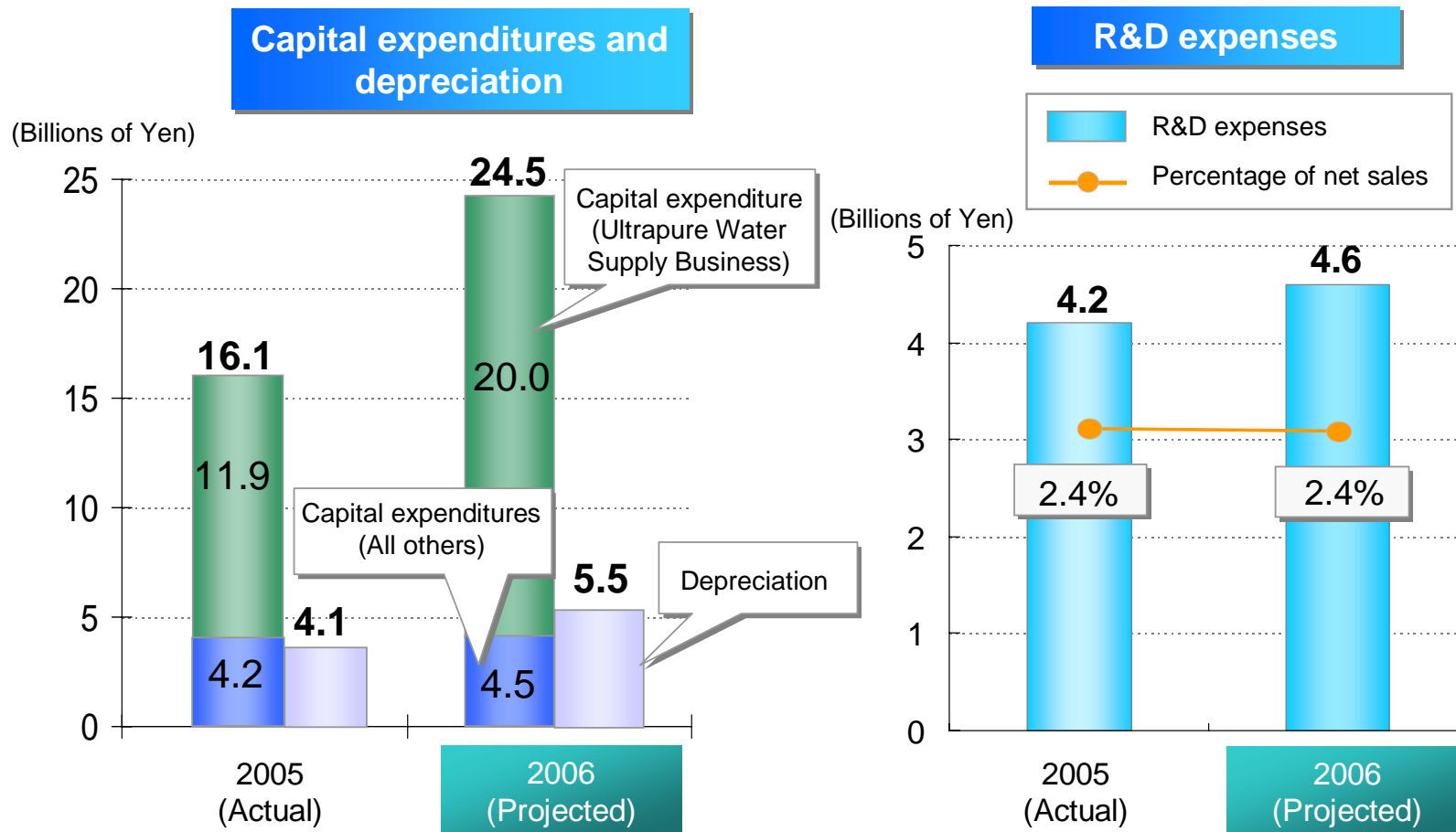
#### Sales



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

### 12. Capital Expenditures, Depreciation and R&D Expenses

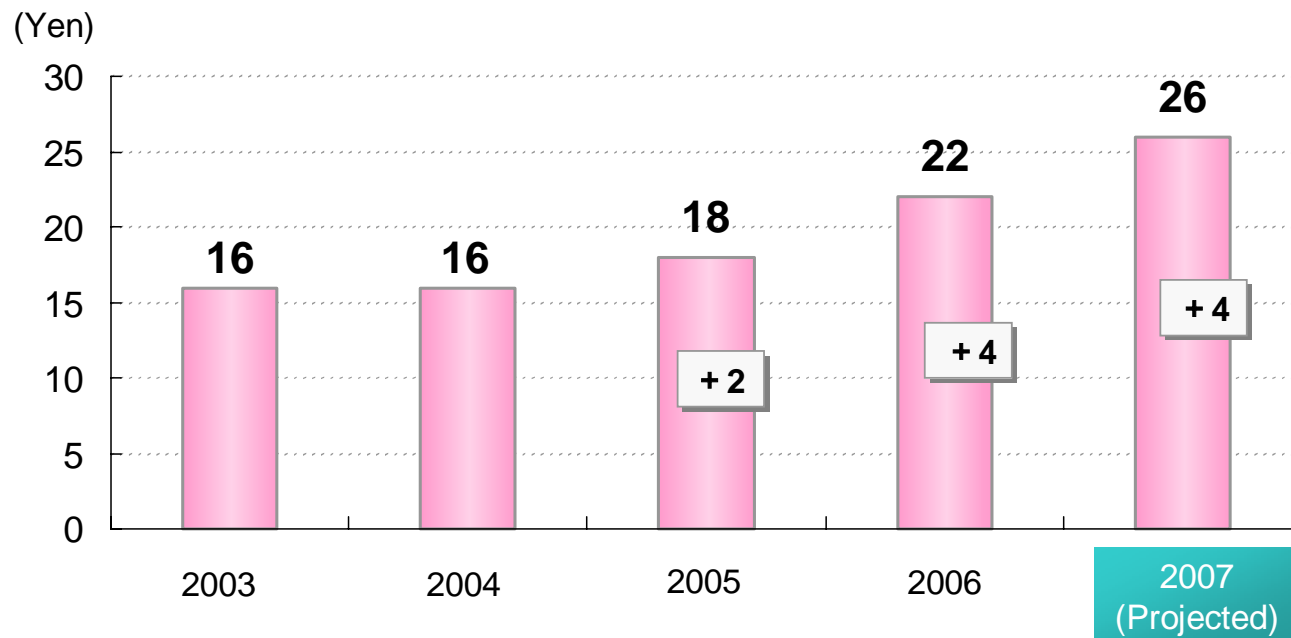
( Fiscal Years Ended or Ending March 31 )



Note: Capital expenditures and depreciation related to tangible fixed assets

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

### 13. Dividend Policy (Fiscal Years Ended or Ending March 31)



#### Basic dividend policy:

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



# Kurita Water Industries Ltd.

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## **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.