

**October 28, 2011**

# **Financial Presentation**

**(Six Months ended September 30, 2011)**

**Tetsuo Kuba**  
**President and Representative Director**

KYOCERA Corporation

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# Today's Presentation

**1. Financial Results for the First Half in FY3/2012**

**2. Financial Forecast for FY3/2012**

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## **1. Financial Results for the First Half in FY3/2012**

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## Financial Results of H1 FY3/2012

### – Comparison with H1 FY3/2011 –

(Unit: Yen in billions)

	Six months ended September 30,				Change	
	2010		2011			
	Amount	% of net sales	Amount	% of net sales	Amount	%
Net sales	637.4	100.0	604.3	100.0	-33.1	-5.2
Profit from operations	81.8	12.8	67.8	11.2	-14.0	-17.1
Pre-tax income	89.5	14.0	75.6	12.5	-13.9	-15.6
Net income attributable to shareholders of Kyocera Corporation	62.0	9.7	46.8	7.7	-15.2	-24.5
EPS attributable to shareholders of Kyocera Corporation (diluted): yen	337.62	—	254.93	—	—	—
Capital expenditures	32.7	5.1	34.5	5.7	1.8	5.6
Depreciation	26.8	4.2	29.0	4.8	2.2	8.2
R&D expenses	23.5	3.7	23.7	3.9	0.2	0.9

## Summary of H1 FY3/2012 Results

– Comparison with H1 FY3/2011 –

### 1. Weak demand in digital consumer equipment market

Sluggish growth in demand for various equipment, including mobile phone handsets

### 2. Deteriorating environment in solar energy market

Stagnant demand in European market and a significant decline in product prices worldwide

### 3. Impact of the yen's appreciation

		H1 FY3/2011	H1 FY3/2012
Average exchange rate (yen)	US\$	¥ 89	¥ 80
	Euro	¥ 114	¥ 114

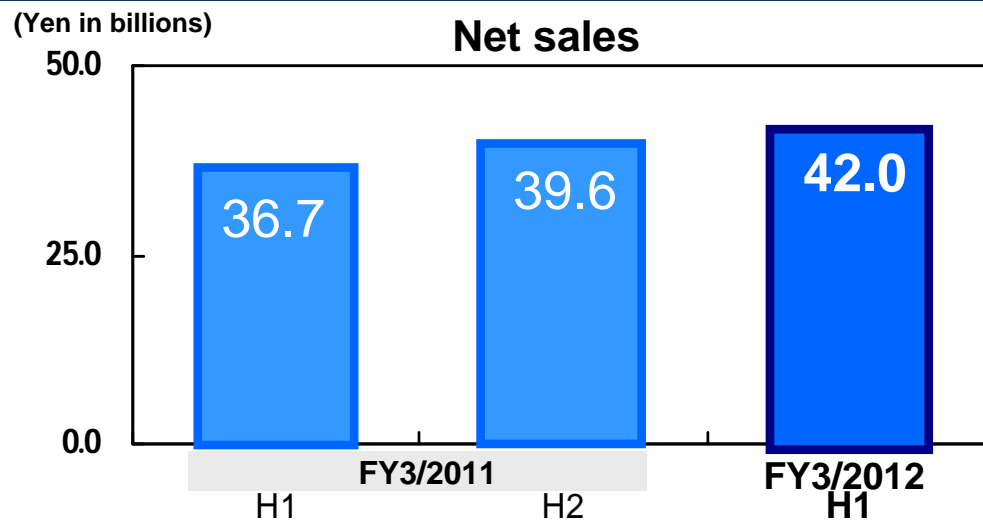
➤ Foreign currency fluctuation effect on (compared with H1 FY3/2011)

Net sales:                   Approx. ¥ -23.0 billion

Pre-tax income:           Approx. ¥ -5.5 billion

# Business Trends by Reporting Segment for H1 FY3/2012

## Fine Ceramic Parts Group

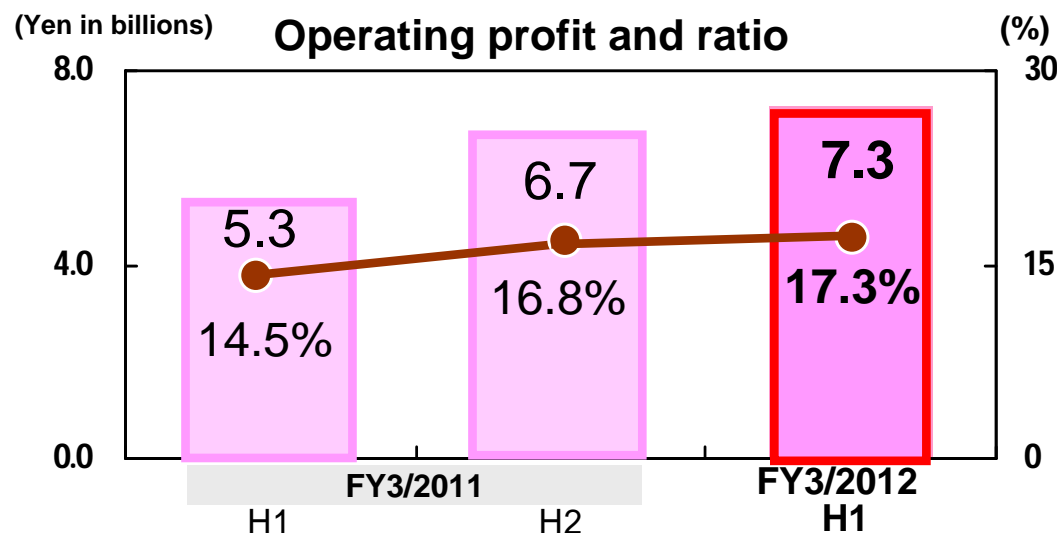


### H1 FY3/2012 Results

(Yen in billions)	Change from	
	H1 FY3/2011	H2 FY3/2011
Net sales	+5.3	+2.4
Operating profit	+2.0	+0.6

### Business Overview

- Both sales and operating profit increased steadily from the previous first half due to growth in demand for components for the LED related market and for the general industrial market.



Sapphire substrates



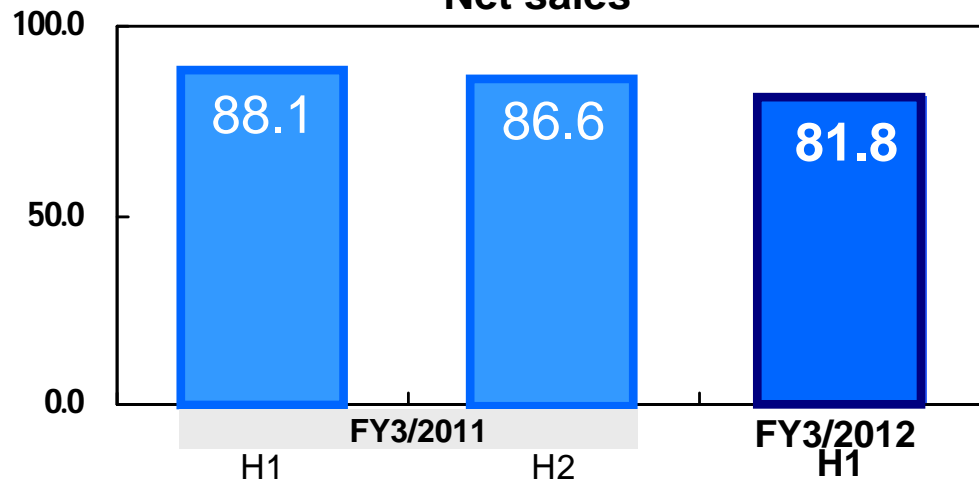
Components for semiconductor processing equipment

# Business Trends by Reporting Segment for H1 FY3/2012

## Semiconductor Parts Group

(Yen in billions)

### Net sales

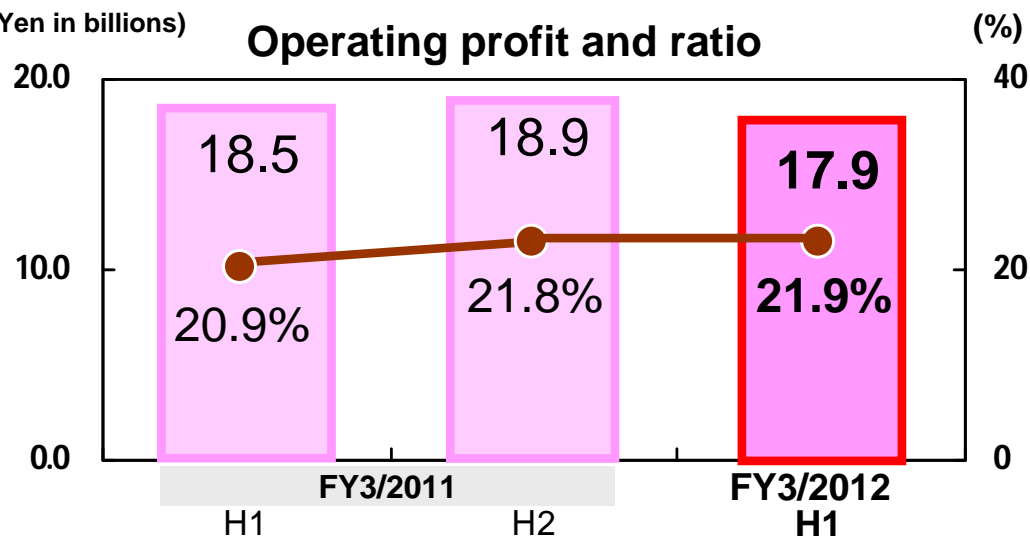


### H1 FY3/2012 Results

(Yen in billions)	Change from	
	H1 FY3/2011	H2 FY3/2011
Net sales	-6.3	-4.8
Operating profit	-0.6	-1.0

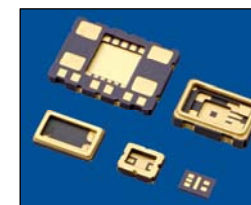
(Yen in billions)

### Operating profit and ratio



### Business Overview

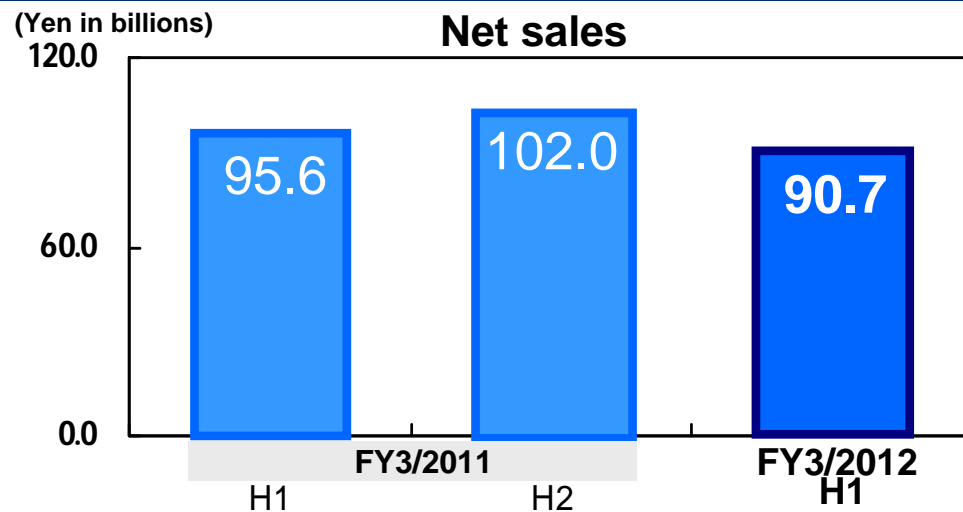
- Sales decreased slightly from the previous first half due to sluggish growth in component demand for digital consumer equipment.
- Secured an operating profit ratio on par with the previous second half due mainly to cost reductions and enhanced productivity, despite the impact of the yen's appreciation.



Ceramic packages for crystal and SAW devices

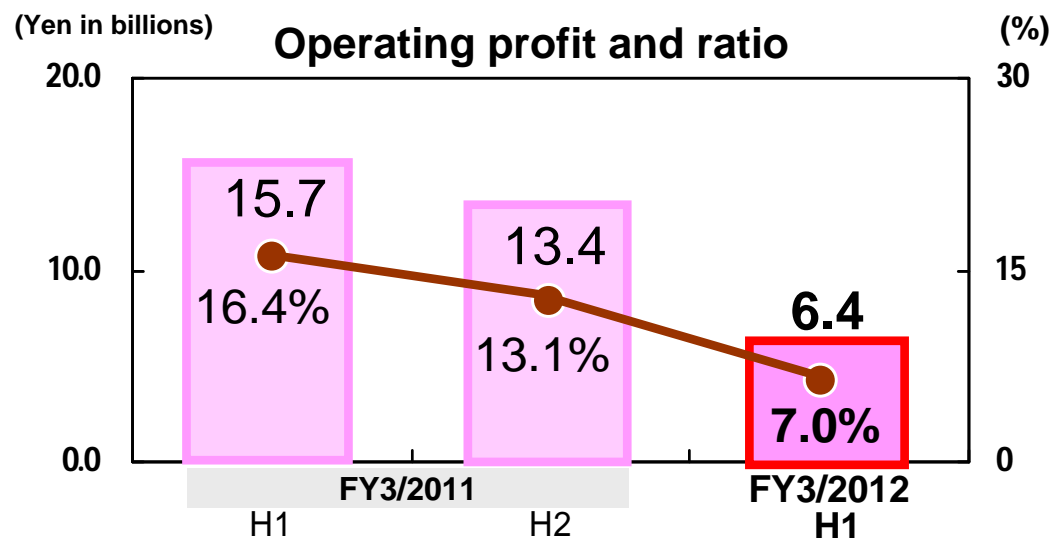
# Business Trends by Reporting Segment for H1 FY3/2012

## Applied Ceramic Products Group



### H1 FY3/2012 Results

(Yen in billions)	Change from	
	H1 FY3/2011	H2 FY3/2011
Net sales	-4.9	-11.3
Operating profit	-9.3	-7.0



### Business Overview

- Sales and operating profit decreased due to stagnant demand in the European market and a significant decline in product prices in solar energy business despite a solid growth in the cutting tool business.



Cutting tools

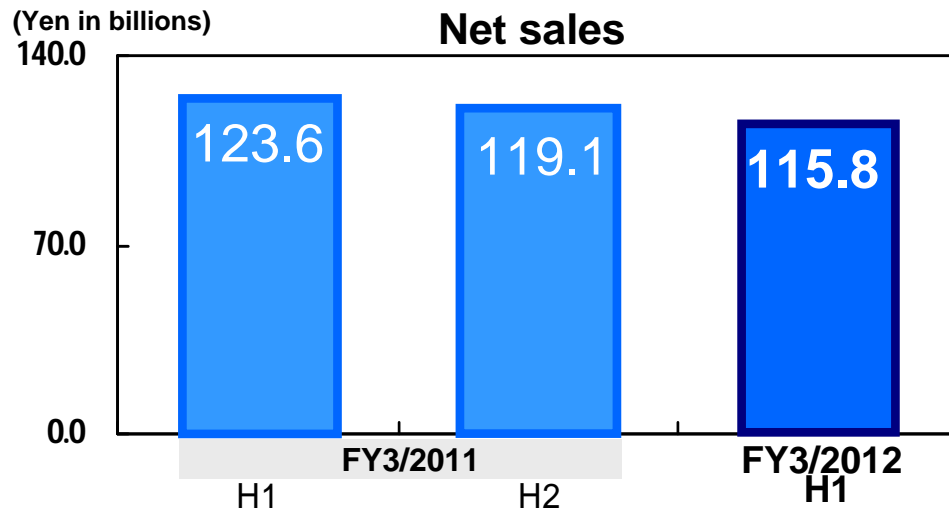


Solar modules



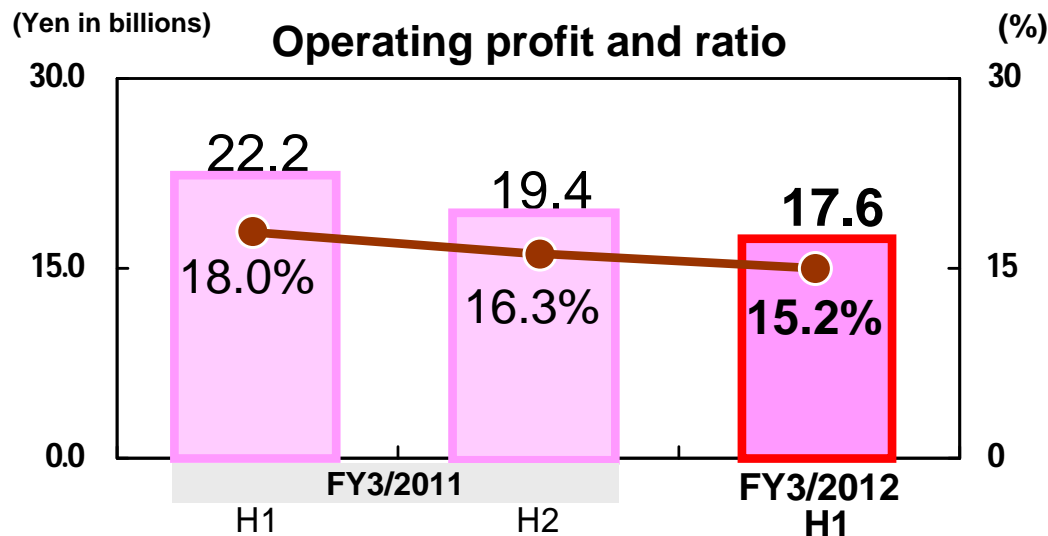
# Business Trends by Reporting Segment for H1 FY3/2012

## Electronic Device Group



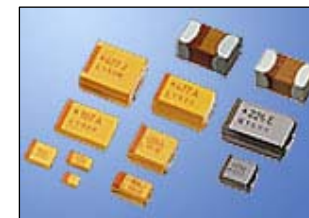
### H1 FY3/2012 Results

(Yen in billions)	Change from	
	H1 FY3/2011	H2 FY3/2011
Net sales	-7.8	-3.3
Operating profit	-4.6	-1.8



### Business Overview

- Both sales and operating profit decreased slightly from the previous first half due mainly to sluggish growth in component demand for digital consumer equipment, the impact of the yen's appreciation and a rise in raw material prices.



Tantalum capacitors



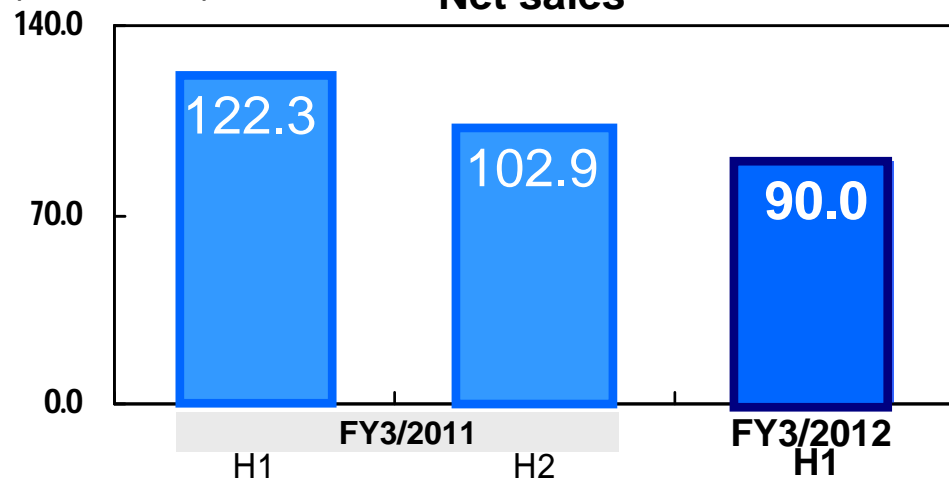
Timing devices

# Business Trends by Reporting Segment for H1 FY3/2012

## Telecommunications Equipment Group

(Yen in billions)

### Net sales

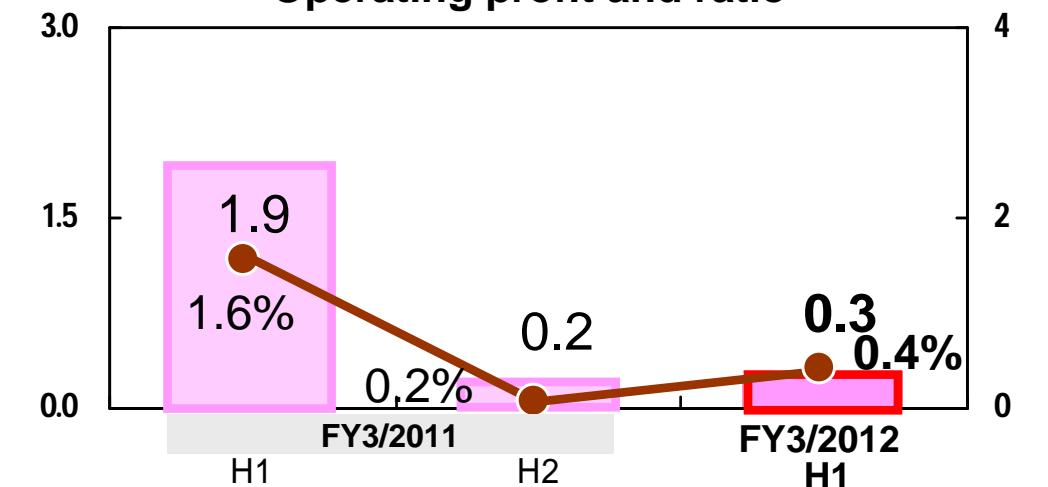


### H1 FY3/2012 Results

(Yen in billions)	Change from	
	H1 FY3/2011	H2 FY3/2011
Net sales	-32.3	-12.9
Operating profit	-1.6	+0.1

(Yen in billions)

### Operating profit and ratio



### Business Overview

- Sales decreased due to stagnated market in Japan, sluggish growth at overseas customers and reviewing a part of overseas business of mobile phone handset, despite an increase in sales of PHS handsets.
- Secured profit in the first half due to cost reductions and reviewing a part of business, despite lower sales.



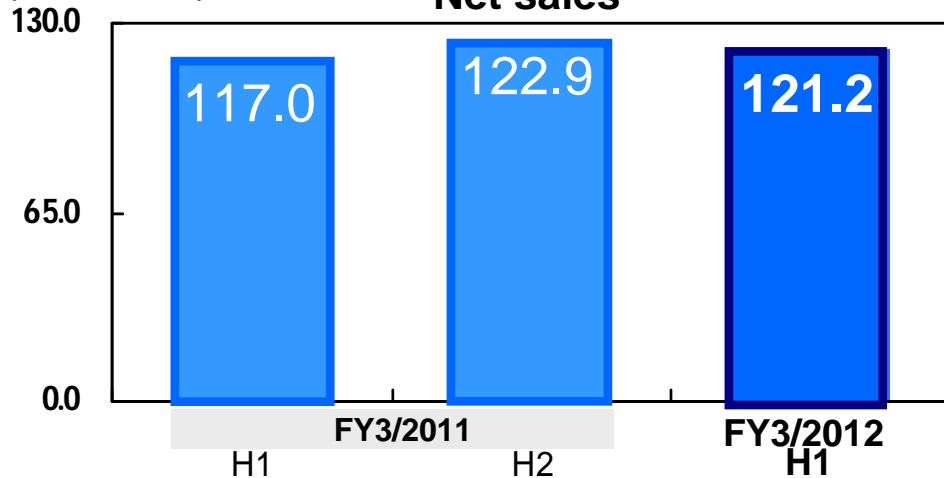
PHS handset  
"HONEY BEE4"

# Business Trends by Reporting Segment for H1 FY3/2012

## Information Equipment Group

(Yen in billions)

### Net sales

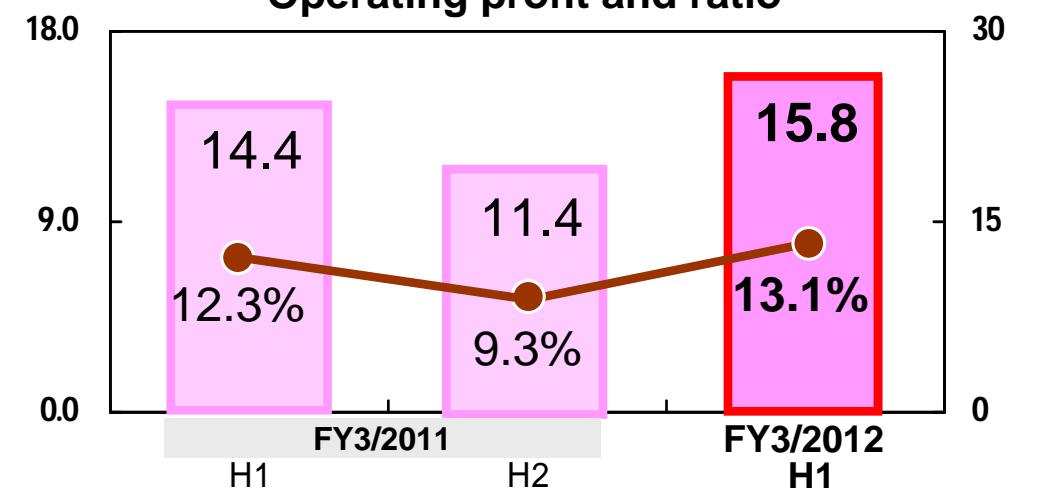


### H1 FY3/2012 Results

(Yen in billions)	Change from	
	H1 FY3/2011	H2 FY3/2011
Net sales	+4.2	-1.7
Operating profit	+1.4	+4.4

(Yen in billions)

### Operating profit and ratio



### Business Overview

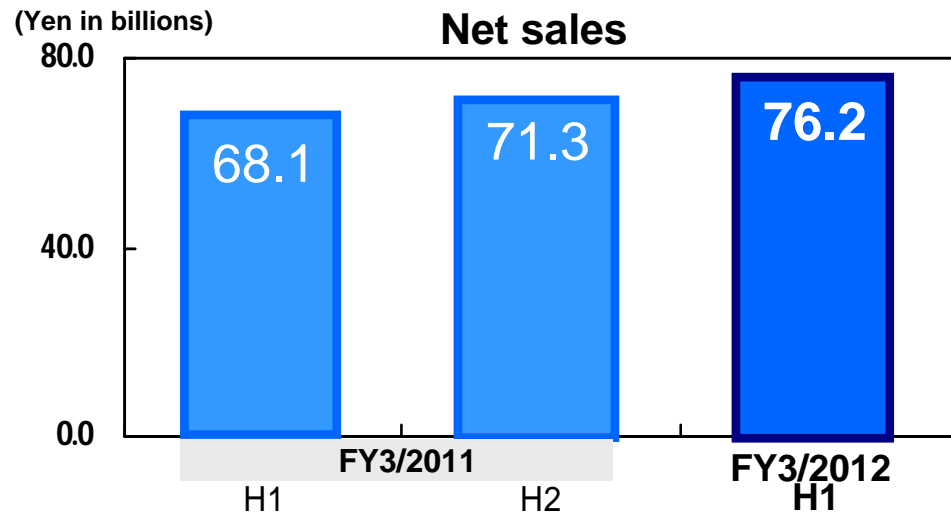
- Sales remained roughly on par with the previous first half due to the yen's appreciation, despite an increase in sales volume owing to launching new models such as color models and to sales expansion in emerging markets.
- Operating profit increased due to growth in sales of consumables in line with increased sales of color models.



A4 Color printer  
FS-C5250DN

# Business Trends by Reporting Segment for H1 FY3/2012

## Others

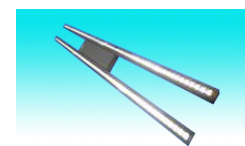
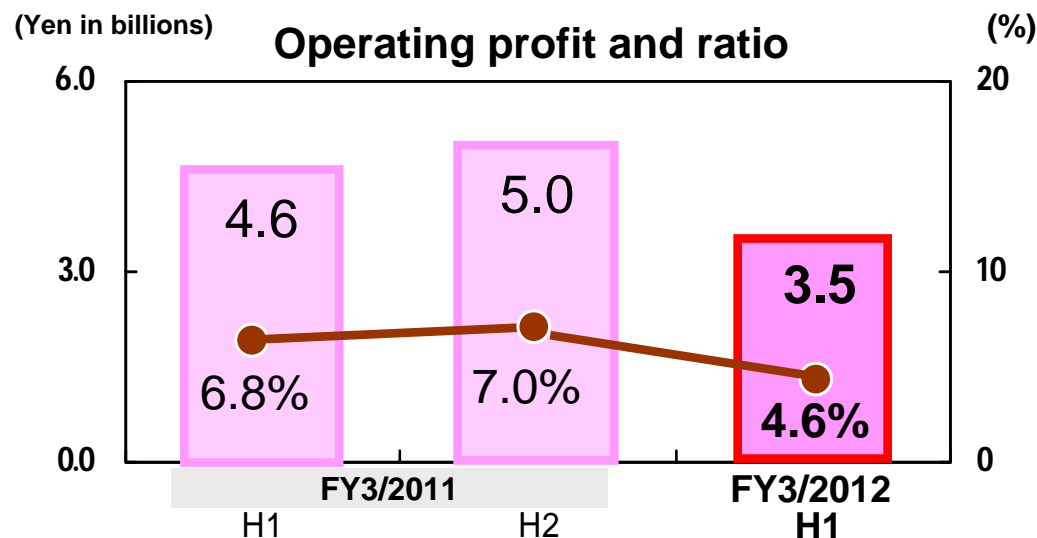


### H1 FY3/2012 Results

(Yen in billions)	Change from	
	H1 FY3/2011	H2 FY3/2011
Net sales	+8.1	+4.9
Operating profit	-1.1	-1.5

### Business Overview

- Sales increased steadily due to contribution from LED lighting in addition to expanded ICT business at Kyocera Communication Systems Co., Ltd.
- Operating profit decreased in the first half due primarily to an increase in R&D expenses for new businesses.



LED lighting



e.g.:  
LED lighting installed in a convenience store (Seven-Eleven Japan Co., Ltd.)

## Financial Results of Q2 FY3/2012

### – Comparison with Q2 FY3/2011 –

(Unit: Yen in billions)

	Three months ended				Change	
	September 30, 2010		September 30, 2011		Amount	%
	Amount	% of net sales	Amount	% of net sales		
Net sales	324.2	100.0	299.0	100.0	-25.2	-7.8
Profit from operations	41.2	12.7	34.5	11.5	-6.7	-16.3
Pre-tax income	43.2	13.3	35.6	11.9	-7.6	-17.4
Net income attributable to shareholders of Kyocera Corporation	32.1	9.9	22.0	7.3	-10.1	-31.5
Average exchange rate (yen)	US\$	¥ 86	¥ 78			
	Euro	¥ 111	¥ 110			

➤ **Foreign currency fluctuation effect on (compared with Q2 FY3/2011)**

**Net sales:**                    **Approx. ¥ -10.0 billion**

**Pre-tax income:**           **Approx. ¥ -2.5 billion**

## **2. Financial Forecast for FY3/2012**

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## Financial Forecast

### — Year Ending March 31, 2012 —

(Unit: Yen in billions)

	Year ended March 31, 2011		Year ending March 31, 2012				Change from	
			Previous forecast		Revised forecast			
	Amount	% of net sales	Amount	% of net sales	Amount	% of net sales	Previous year	Previous forecast
Net sales	1,266.9	100.0	1,360.0	100.0	1,230.0	100.0	-36.9	-130.0
Profit from operations	155.9	12.3	168.0	12.4	125.0	10.2	-30.9	-43.0
Pre-tax income	172.3	13.6	180.0	13.2	140.0	11.4	-32.3	-40.0
Net income attributable to shareholders of Kyocera Corporation	122.4	9.7	112.0	8.2	87.0	7.1	-35.4	-25.0
EPS attributable to shareholders of Kyocera Corporation (diluted): yen	667.23	—	610.46	—	474.23	—	—	—
Capital expenditures	70.7	5.6	80.0	5.9	70.0	5.7	-0.7	-10.0
Depreciation	59.8	4.7	70.0	5.1	60.0	4.9	0.2	-10.0
R&D expenses	49.5	3.9	54.0	4.0	47.0	3.8	-2.5	-7.0

## Sales Forecast by Reporting Segment

### — Year Ending March 31, 2012 —

(Unit: Yen in billions)

■ Reporting Segment	Year ended March 31, 2011		Year ending March 31, 2012				Change from	
	Amount	% of total	Previous forecast		Revised forecast		Previous year	Previous forecast
			Amount	% of total	Amount	% of total		
■ Fine Ceramic Parts Group	76.3	6.0	86.0	6.3	83.0	6.7	6.7	-3.0
■ Semiconductor Parts Group	174.7	13.8	190.0	14.0	159.0	12.9	-15.7	-31.0
■ Applied Ceramic Products Group	197.6	15.6	217.0	16.0	206.0	16.8	8.4	-11.0
■ Electronic Device Group	242.6	19.2	255.0	18.7	224.0	18.2	-18.6	-31.0
<b>Components Business: Total</b>	<b>691.2</b>	<b>54.6</b>	<b>748.0</b>	<b>55.0</b>	<b>672.0</b>	<b>54.6</b>	<b>-19.2</b>	<b>-76.0</b>
■ Telecommunications Equipment Group	225.2	17.8	232.0	17.0	190.0	15.4	-35.2	-42.0
■ Information Equipment Group	239.9	18.9	262.0	19.3	241.0	19.6	1.1	-21.0
<b>Equipment Business: Total</b>	<b>465.1</b>	<b>36.7</b>	<b>494.0</b>	<b>36.3</b>	<b>431.0</b>	<b>35.0</b>	<b>-34.1</b>	<b>-63.0</b>
■ Others	139.4	11.0	147.0	10.8	156.0	12.7	16.6	9.0
Adjustments and eliminations	-28.8	-2.3	-29.0	-2.1	-29.0	-2.3	-0.2	-
<b>Net Sales</b>	<b>1,266.9</b>	<b>100.0</b>	<b>1,360.0</b>	<b>100.0</b>	<b>1,230.0</b>	<b>100.0</b>	<b>-36.9</b>	<b>-130.0</b>



# Operating Profit Forecast by Reporting Segment

## – Year Ending March 31, 2012 –

(Unit: Yen in billions)

■ Reporting Segment	Year ended March 31, 2011		Year ending March 31, 2012				Change from	
	Amount	% of net sales	Previous forecast		Revised forecast		Previous year	Previous forecast
			Amount	% of net sales	Amount	% of net sales		
■ Fine Ceramic Parts Group	12.0	15.7	16.0	18.6	12.0	14.5	–	-4.0
■ Semiconductor Parts Group	37.3	21.4	40.0	21.1	30.0	18.9	-7.3	-10.0
■ Applied Ceramic Products Group	29.1	14.7	29.5	13.6	14.5	7.0	-14.6	-15.0
■ Electronic Device Group	41.6	17.2	43.0	16.9	33.0	14.7	-8.6	-10.0
<b>Components Business: Total</b>	<b>120.0</b>	<b>17.4</b>	<b>128.5</b>	<b>17.2</b>	<b>89.5</b>	<b>13.3</b>	<b>-30.5</b>	<b>-39.0</b>
■ Telecommunications Equipment Group	2.1	0.9	8.0	3.4	3.0	1.6	0.9	-5.0
■ Information Equipment Group	25.9	10.8	26.0	9.9	26.0	10.8	0.1	–
<b>Equipment Business: Total</b>	<b>28.0</b>	<b>6.0</b>	<b>34.0</b>	<b>6.9</b>	<b>29.0</b>	<b>6.7</b>	<b>1.0</b>	<b>-5.0</b>
■ Others	9.6	6.9	7.0	4.8	8.0	5.1	-1.6	1.0
<b>Operating Profit</b>	<b>157.6</b>	<b>12.4</b>	<b>169.5</b>	<b>12.5</b>	<b>126.5</b>	<b>10.3</b>	<b>-31.1</b>	<b>-43.0</b>
Corporate and others	14.7	–	10.5	–	13.5	–	-1.2	3.0
<b>Pre-tax Income</b>	<b>172.3</b>	<b>13.6</b>	<b>180.0</b>	<b>13.2</b>	<b>140.0</b>	<b>11.4</b>	<b>-32.3</b>	<b>-40.0</b>

Operating profit represents profit from operating activities.  
Please refer to forward-looking statements on the final page.

# Main Factors behind Revisions to Forecasts for FY3/2012

## 1. Impact of global economic decline

Demand in a wide range of markets such as digital consumer equipment and general industrial markets below initial projections.

## 2. Deterioration of environment in solar energy market

Decline in product prices exceeding initial projections and sluggish market environment.

## 3. Impact of changes to assumed exchange rates

Forecast continued yen appreciation against the Euro and the U.S. dollar.

		H2 FY3/2012 Forecast			FY3/2012 Forecast (Full-year)		
		Previous	Revised	Change	Previous	Revised	Change
Average exchange rate (yen)	US\$	¥ 79	¥ 76	¥ -3	¥ 80	¥ 78	¥ -2
	Euro	¥ 112	¥ 104	¥ -8	¥ 113	¥ 109	¥ -4
Foreign currency fluctuation effect on (compared with FY3/2011): billion yen	Net Sales	/			Approx. ¥ -33.0	Approx. ¥ -53.0	Approx. ¥ -20.0
	Pre-tax Income				Approx. ¥ -8.0	Approx. ¥ -14.5	Approx. ¥ -6.5

## Emphasized Initiatives in H2 FY3/2012

### 1. Strengthen corporate structure:

Promote comprehensive cost reductions and productivity enhancement

#### ① Reduce procurement costs

- Japan: Expand overseas procurement of components and materials by taking advantage of the yen's appreciation
- Overseas: Further utilize local component and material manufacturers

#### ② Enhance efficiency of production and improve productivity

- Intensify and transfer the productions in Japan and overseas
- Optimize human resource allocation
- Minimize production processes and promote automation

### 2. Expand business in information and communication market and cultivate new markets

- Genuine business expansion of smartphones into Japanese market
- Expand sales of printers and MFPs in emerging market

## Expand Business in Information and Communication Market (1)

**Genuine business expansion of smartphones into Japanese market**

**Expand sales of “DIGNO®” brand smartphone**

**DIGNO  
ISW11K**



- WiMAX compatibility
- Equipped with high-definition organic EL display
- Thinnest waterproof smartphone at au

**Expand sales by securing a new carrier**

**HONEY BEE®  
SoftBank101K**



- Introduce the first model for Softbank Mobile Corp.

## Expand Business in Information and Communication Market (2)

### Expand sales of printers and MFPs in emerging market

#### Enhance product line-up

**Develop products to meet demand specifically for emerging countries**

- Include only the most basic functions
- Adapt to various office environments such as office supplies, etc.



B/W printer  
FS-1110

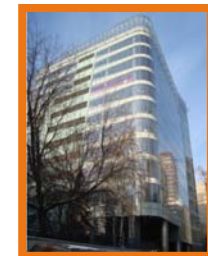


B/W MFP  
FS-1124MFP

#### Expand sales channel

**India: Acquired sales operations for office equipment (August 2011)**

**Russia: Established sales company (October 2011)**



Kyocera Mita Russia

**China: Increase number of sales companies**

**Brazil, Eastern Europe,  
Middle East and Africa:  
Cultivate distributors**

## Supplemental Information

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## Sales by Reporting Segment

### — Six months ended September 30, 2011 —

(Unit: Yen in billions)

■ Reporting Segment	Six months ended September 30,				Change	
	2010		2011		Amount	%
	Amount	% of total	Amount	% of total		
■ Fine Ceramic Parts Group	36.7	5.8	42.0	7.0	5.3	14.5
■ Semiconductor Parts Group	88.1	13.8	81.8	13.5	-6.3	-7.2
■ Applied Ceramic Products Group	95.6	15.0	90.7	15.0	-4.9	-5.1
■ Electronic Device Group	123.6	19.4	115.8	19.2	-7.8	-6.3
<b>Components Business: Total</b>	<b>344.0</b>	<b>54.0</b>	<b>330.3</b>	<b>54.7</b>	<b>-13.7</b>	<b>-4.0</b>
■ Telecommunications Equipment Group	122.3	19.2	90.0	14.9	-32.3	-26.4
■ Information Equipment Group	117.0	18.3	121.2	20.0	4.2	3.6
<b>Equipment Business: Total</b>	<b>239.3</b>	<b>37.5</b>	<b>211.2</b>	<b>34.9</b>	<b>-28.1</b>	<b>-11.7</b>
■ Others	68.1	10.7	76.2	12.6	8.1	11.9
Adjustments and eliminations	-14.0	-2.2	-13.4	-2.2	0.6	—
<b>Net Sales</b>	<b>637.4</b>	<b>100.0</b>	<b>604.3</b>	<b>100.0</b>	<b>-33.1</b>	<b>-5.2</b>

## Operating Profit by Reporting Segment

### — Six months ended September 30, 2011 —

(Unit: Yen in billions)

■ Reporting Segment	Six months ended September 30,				Change	
	2010		2011		Amount	%
	Amount	% of net sales	Amount	% of net sales		
■ Fine Ceramic Parts Group	5.3	14.5	7.3	17.3	2.0	36.8
■ Semiconductor Parts Group	18.5	20.9	17.9	21.9	-0.6	-3.1
■ Applied Ceramic Products Group	15.7	16.4	6.4	7.0	-9.3	-59.5
■ Electronic Device Group	22.2	18.0	17.6	15.2	-4.6	-20.8
<b>Components Business: Total</b>	<b>61.7</b>	<b>17.9</b>	<b>49.2</b>	<b>14.9</b>	<b>-12.5</b>	<b>-20.4</b>
■ Telecommunications Equipment Group	1.9	1.6	0.3	0.4	-1.6	-82.9
■ Information Equipment Group	14.4	12.3	15.8	13.1	1.4	9.9
<b>Equipment Business: Total</b>	<b>16.3</b>	<b>6.8</b>	<b>16.1</b>	<b>7.6</b>	<b>-0.2</b>	<b>-1.0</b>
■ Others	4.6	6.8	3.5	4.6	-1.1	-24.6
<b>Operating Profit</b>	<b>82.6</b>	<b>13.0</b>	<b>68.8</b>	<b>11.4</b>	<b>-13.8</b>	<b>-16.8</b>
Corporate and others	7.6	—	7.4	—	-0.2	-3.3
Adjustments and eliminations	-0.7	—	-0.6	—	0.1	—
<b>Pre-tax Income</b>	<b>89.5</b>	<b>14.0</b>	<b>75.6</b>	<b>12.5</b>	<b>-13.9</b>	<b>-15.6</b>

Operating profit represents profit from operating activities.



## Forward-Looking Statements

Certain of the statements made in this document are forward-looking statements (within the meaning of Section 21E of the U.S. Securities and Exchange Act of 1934), which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following lists: (1) General economic conditions in our markets, which are primarily Japan, North America, Europe and Asia; (2) Economic, political and legal conditions and unexpected changes therein in countries or areas where we operate; (3) Factors that may affect our exports, including a strong yen, political and economic instability, customs, and inadequate protection of our intellectual property; (4) Fluctuation in exchange rates that may affect the value of our foreign assets or the prices of our products; (5) Intensified competition in product pricing, technological innovation, R&D activities, product quality and speed of delivery; (6) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes; (7) The possibility that expansion of production capacity and in-process R&D activities may not produce the desired results; (8) The possibility that companies or assets acquired by us may not produce the returns or benefits, or bring in business opportunities, which we expect; (9) Inability to secure skilled employees, particularly engineering and technical personnel; (10) The possibility of divulgence of our trade secrets and infringement of our intellectual property rights; (11) The possibility that we may receive notice of claims of infringement of other parties' intellectual property rights and claims for royalty payments; (12) Increases in our environmental liability and in costs and expenses required to observe obligations imposed by environmental laws and regulations in Japan and other countries; (13) Newly enacted laws and regulations or stricter interpretation of existing laws and regulations that may limit our business operations; (14) Events that may negatively impact our markets or supply chain, including terrorist acts, plague, war and similar events; (15) Earthquakes and other related natural disasters affecting our operational facilities and our markets or supply chain, as well as social and economic infrastructure; (16) Exposure to difficulties in collection of trade receivables due to customers' worsening financial condition; (17) The possibility of recognition of impairment losses on investment securities held by us due to declines in their value; (18) The possibility that we may record impairment losses on long-lived assets, goodwill and intangible assets; (19) The possibility that deferred tax assets may not be realized or additional liabilities for unrecognized tax benefits may be incurred; and (20) Changes in accounting principles. Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial condition to be materially different from any future results, performance, achievements or financial condition expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.