

**November 2, 2012**

# **Financial Presentation**

**(Six Months ended September 30, 2012)**

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

KYOCERA Corporation

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# Today's Presentation

**1. Financial Results for the First Half in FY3/2013**

**2. Financial Forecast for FY3/2013**

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# 1. Financial Results for the First Half in FY3/2013

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# Financial Results of H1 FY3/2013

- Comparison with H1 FY3/2012-

(Unit: Yen in millions)

	Six months ended September 30,				Change	
	2011		2012		Amount	%
	Amount	% to net sales	Amount	% to net sales		
Net sales	604,268	100.0	608,431	100.0	4,163	0.7
Profit from operations	67,763	11.2	25,891	4.3	-41,872	-61.8
Pre-tax income	75,565	12.5	35,732	5.9	-39,833	-52.7
Net income attributable to shareholders of Kyocera Corporation	46,768	7.7	25,371	4.2	-21,397	-45.8
Capital expenditures	34,524	5.7	26,526	4.4	-7,998	-23.2
Depreciation	28,998	4.8	28,684	4.7	-314	-1.1
R&D expenses	23,665	3.9	23,866	3.9	201	0.8
<b>Average exchange rate (yen)</b>	<b>US\$: ¥80</b>	<b>Euro: ¥114</b>	<b>US\$: ¥79</b>	<b>Euro: ¥101</b>		
Foreign currency fluctuation effect on:(compared with the previous year)	Net sales	<b>Approx. ¥ -23.0 billion</b>		<b>Approx. ¥ -12.5 billion</b>		
	Pre-tax income	<b>Approx. ¥ -5.5 billion</b>		<b>Approx. ¥ -5.5 billion</b>		

## Sales by Reporting Segment of H1 FY3/2013 -Comparison with H1 FY3/2012-

(Unit: Yen in millions)

■ Reporting Segment	Six months ended September 30,				Change	
	2011		2012		Amount	%
	Amount	% of total	Amount	% of total		
■ Fine Ceramic Parts Group	41,981	7.0	38,399	6.3	-3,582	-8.5
■ Semiconductor Parts Group	81,754	13.5	82,483	13.6	729	0.9
■ Applied Ceramic Products Group	90,712	15.0	85,424	14.0	-5,288	-5.8
■ Electronic Device Group	115,830	19.2	140,815	23.1	24,985	21.6
<b>Components Business: Total</b>	<b>330,277</b>	<b>54.7</b>	<b>347,121</b>	<b>57.0</b>	<b>16,844</b>	<b>5.1</b>
■ Telecommunications Equipment Group	90,024	14.9	84,333	13.9	-5,691	-6.3
■ Information Equipment Group	121,190	20.0	116,787	19.2	-4,403	-3.6
<b>Equipment Business: Total</b>	<b>211,214</b>	<b>34.9</b>	<b>201,120</b>	<b>33.1</b>	<b>-10,094</b>	<b>-4.8</b>
■ Others	76,186	12.6	74,861	12.3	-1,325	-1.7
Adjustments and eliminations	-13,409	-2.2	-14,671	-2.4	-1,262	-
<b>Net sales</b>	<b>604,268</b>	<b>100.0</b>	<b>608,431</b>	<b>100.0</b>	<b>4,163</b>	<b>0.7</b>

- Increased sales in the Electronic Device Group due to contribution from a newly consolidated subsidiary
- Decreased sales volume of handsets in the Telecommunications Equipment Group
- Decreased sales in the Information Equipment Group due to adverse effect of the yen's appreciation against the Euro

## Operating Profit by Reporting Segment of H1 FY3/2013 -Comparison with H1 FY3/2012-

(Unit: Yen in millions)

■ Reporting Segment	Six months ended September 30,				Change	
	2011		2012			
	Amount	% to net sales	Amount	% to net sales	Amount	%
■ Fine Ceramic Parts Group	7,268	17.3	4,535	11.8	-2,733	-37.6
■ Semiconductor Parts Group	17,873	21.9	13,862	16.8	-4,011	-22.4
■ Applied Ceramic Products Group	6,356	7.0	5,288	6.2	-1,068	-16.8
■ Electronic Device Group	17,623	15.2	-11,879	-	-29,502	-
Components Business: Total	49,120	14.9	11,806	3.4	-37,314	-76.0
■ Telecommunications Equipment Group	326	0.4	801	0.9	475	145.7
■ Information Equipment Group	15,828	13.1	11,106	9.5	-4,722	-29.8
Equipment Business: Total	16,154	7.6	11,907	5.9	-4,247	-26.3
■ Others	3,495	4.6	4,345	5.8	850	24.3
Operating profit	68,769	11.4	28,058	4.6	-40,711	-59.2
Corporate and others	6,796	-	7,674	-	878	12.9
Pre-tax income	75,565	12.5	35,732	5.9	-39,833	-52.7

- Decreased profit in the Components Business due to stagnant demand and recording of environment remediation charge at AVX Corporation
- Decreased operating profit in the Information Equipment Group due to the adverse effect of the yen's appreciation against the Euro

# Financial Results for the Three Months of Q2 FY3/2013

## - Comparison with Q1 FY3/2013-

(Unit: Yen in millions)

	Three months ended				Change	
	June 30, 2012		September 30, 2012		Amount	%
	Amount	% of net sales	Amount	% of net sales		
Net sales	297,726	100.0	310,705	100.0	12,979	4.4
Profit from operations	-2,002	-0.7	27,893	9.0	29,895	-
Pre-tax income	4,727	1.6	31,005	10.0	26,278	555.9
Net income attributable to shareholders of Kyocera Corporation	6,570	2.2	18,801	6.1	12,231	186.2
Capital expenditures	13,191	4.4	13,335	4.3	144	1.1
Depreciation	13,849	4.7	14,835	4.8	986	7.1
R&D expenses	11,745	3.9	12,121	3.9	376	3.2
Average exchange rate (yen)	US\$: ¥80	Euro: ¥103	US\$: ¥79	Euro: ¥98		
Foreign currency fluctuation effect on: (compared with Q1 FY3/2013)	Net sales			Approx. ¥ -3.5 billion		
	Pre-tax income			Approx. ¥ -1.5 billion		

## Sales by Reporting Segment for the Three Months of Q2 FY3/2013 -Comparison with Q1 FY3/2013-

(Unit: Yen in millions)

■ Reporting Segment	Three months ended				Change	
	June 30, 2012		September 30, 2012		Amount	%
	Amount	% of total	Amount	% of total		
■ Fine Ceramic Parts Group	19,069	6.4	19,330	6.2	261	1.4
■ Semiconductor Parts Group	38,400	12.9	44,083	14.2	5,683	14.8
■ Applied Ceramic Products Group	42,600	14.3	42,824	13.8	224	0.5
■ Electronic Device Group	69,891	23.5	70,924	22.8	1,033	1.5
<b>Components Business: Total</b>	<b>169,960</b>	<b>57.1</b>	<b>177,161</b>	<b>57.0</b>	<b>7,201</b>	<b>4.2</b>
■ Telecommunications Equipment Group	41,521	14.0	42,812	13.8	1,291	3.1
■ Information Equipment Group	58,483	19.6	58,304	18.8	-179	-0.3
<b>Equipment Business: Total</b>	<b>100,004</b>	<b>33.6</b>	<b>101,116</b>	<b>32.6</b>	<b>1,112</b>	<b>1.1</b>
■ Others	34,689	11.6	40,172	12.9	5,483	15.8
Adjustments and eliminations	-6,927	-2.3	-7,744	-2.5	-817	-
<b>Net sales</b>	<b>297,726</b>	<b>100.0</b>	<b>310,705</b>	<b>100.0</b>	<b>12,979</b>	<b>4.4</b>

- Increased sales in the Semiconductor Parts Group due to growing demand for ceramic packages
- Increased sales in Others due to sales expansion at Kyocera Communication Systems Co. Ltd.



## Operating Profit by Reporting Segment for the Three Months of Q2 FY3/2013 -Comparison with Q1 FY3/2013-

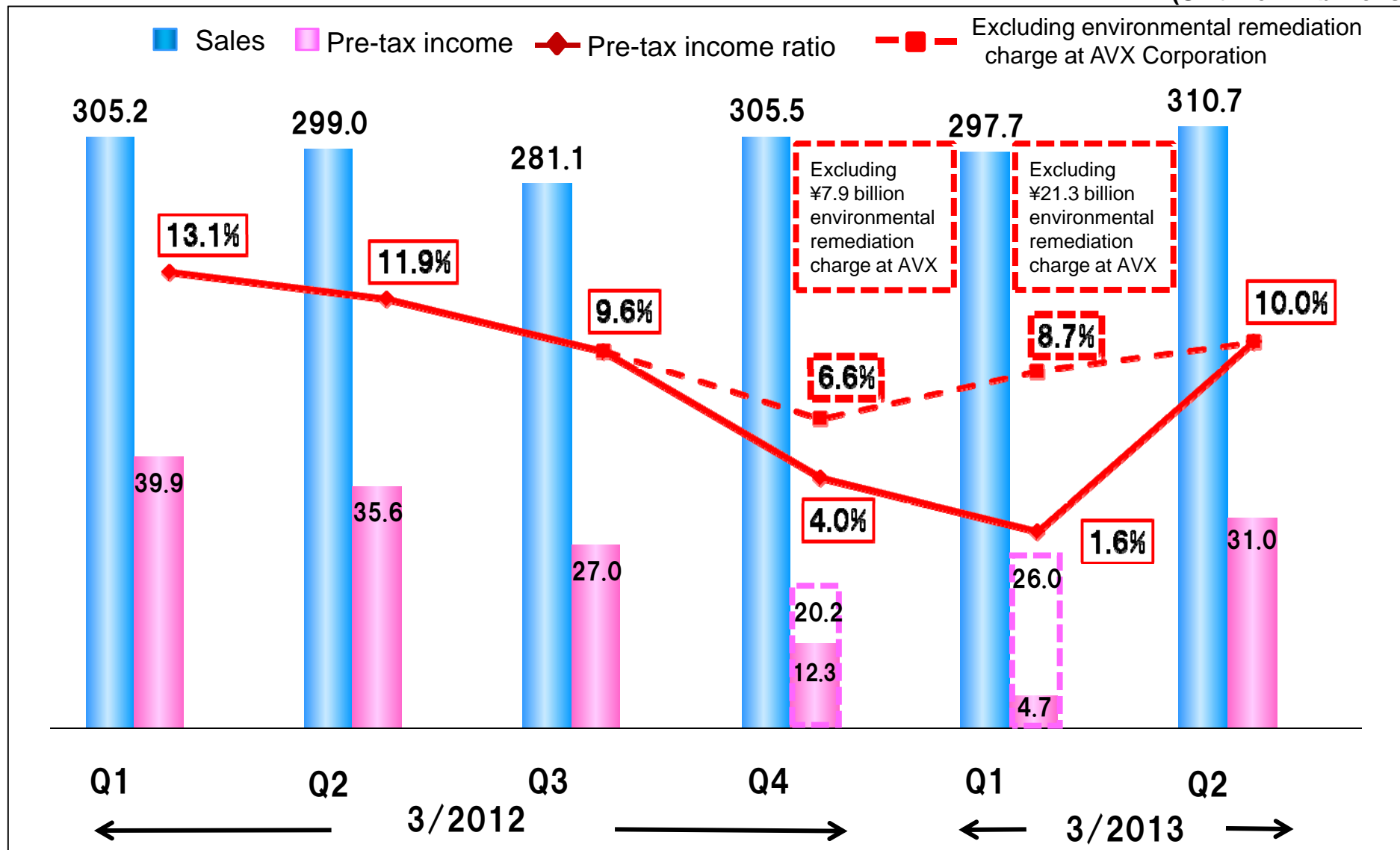
(Unit: Yen in millions)

■ Reporting Segment	Three months ended				Change	
	June 30, 2012		September 30, 2012		Amount	%
	Amount	% to net sales	Amount	% to net sales		
■ Fine Ceramic Parts Group	2,334	12.2	2,201	11.4	-133	-5.7
■ Semiconductor Parts Group	5,705	14.9	8,157	18.5	2,452	43.0
■ Applied Ceramic Products Group	1,483	3.5	3,805	8.9	2,322	156.6
■ Electronic Device Group	-17,503	-	5,624	7.9	23,127	-
Components Business: Total	-7,981	-	19,787	11.2	27,768	-
■ Telecommunications Equipment Group	-206	-	1,007	2.4	1,213	-
■ Information Equipment Group	5,702	9.7	5,404	9.3	-298	-5.2
Equipment Business: Total	5,496	5.5	6,411	6.3	915	16.6
■ Others	1,244	3.6	3,101	7.7	1,857	149.3
Operating profit	-1,241	-	29,299	9.4	30,540	-
Corporate and others	5,968	-	1,706	-	-4,262	-71.4
Pre-tax income	4,727	1.6	31,005	10.0	26,278	555.9

- Increased operating profit due to expanded sales
- Recorded environmental remediation charge of ¥21.3 billion at AVX Corporation in Q1

# Quarterly Trends of Sales and Pre-tax Income

(Unit: Yen in billions)



## **2. Financial Forecast for FY3/2013**

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## Business Environment Outlook for H2 FY3/2013

### 1. Heightened global economic uncertainty

- Slowdown in growth rate of Chinese market
- Prolonged business downturn in Europe

### 2. Stagnant demand in key markets

- Weakening demand in digital consumer equipment, automotive related and information equipment markets below initial projections

### 3. Expansion of solar energy market in Japan

- Increase in demand for public and industrial markets

## Financial Forecast of FY3/2013

(Unit: Yen in millions)

	Year ended March 31, 2012		Year ending March 31, 2013 (Forecast)				Changes in amount compared with	
	Amount	% of net sales	Previous (August 2012)		Revised (October 2012)		Year ended March 31, 2012	Previous forecast
			Amount	% of net sales	Amount	% of net sales		
Net sales	1,190,870	100.0	1,370,000	100.0	1,320,000	100.0	129,130	-50,000
Profit from operations	97,675	8.2	118,700	8.7	100,000	7.6	2,325	-18,700
Pre-tax income	114,893	9.6	129,900	9.5	115,000	8.7	107	-14,900
Net income attributable to shareholders of Kyocera Corporation	79,357	6.7	86,400	6.3	75,000	5.7	-4,357	-11,400
EPS attributable to shareholders of Kyocera Corporation (diluted-yen)	432.58	—	470.99	—	408.85	—	-23.73	-62.14
Capital expenditures	66,408	5.6	70,000	5.1	67,000	5.1	592	-3,000
Depreciation	62,374	5.2	73,000	5.3	70,000	5.3	7,626	-3,000
R&D expenses	45,559	3.8	55,000	4.0	55,000	4.2	9,441	—
Average exchange rate (yen)	US\$: ¥79	€: ¥109	US\$: ¥79	€: ¥97	US\$: ¥79	€: ¥101		
Foreign currency fluctuation effect on: (compared with the previous fiscal year)	Net sales	Approx. ¥ -40 billion		Approx. ¥ -22 billion		Approx. ¥ -14 billion		
	Pre-tax income	Approx. ¥ -10 billion		Approx. ¥ -12 billion		Approx. ¥ -7 billion		

## Sales Forecast by Reporting Segment of FY3/2013

(Unit: Yen in millions)

■ Reporting Segment	Year ended March 31, 2012		Year ending March 31, 2013 (Forecast)				Changes in amount compared with	
			Previous (April 2012)		Revised (October 2012)		Year ended March 31, 2012	Previous forecast
	Amount	% of net sales	Amount	% of net sales	Amount	% of net sales		
■ Fine Ceramic Parts Group	80,372	6.7	90,000	6.6	77,000	5.8	-3,372	-13,000
■ Semiconductor Parts Group	153,420	12.9	180,000	13.1	170,000	12.9	16,580	-10,000
■ Applied Ceramic Products Group	179,784	15.1	220,000	16.1	210,000	15.9	30,216	-10,000
■ Electronic Device Group	228,721	19.2	310,000	22.6	284,000	21.5	55,279	-26,000
<b>Components Business</b>	<b>642,297</b>	<b>53.9</b>	<b>800,000</b>	<b>58.4</b>	<b>741,000</b>	<b>56.1</b>	<b>98,703</b>	<b>-59,000</b>
■ Telecommunications Equipment Group	178,669	15.0	180,000	13.1	201,000	15.2	22,331	21,000
■ Information Equipment Group	243,457	20.4	259,000	18.9	241,000	18.3	-2,457	-18,000
<b>Equipment Business</b>	<b>422,126</b>	<b>35.4</b>	<b>439,000</b>	<b>32.0</b>	<b>442,000</b>	<b>33.5</b>	<b>19,874</b>	<b>3,000</b>
■ Others	151,987	12.8	160,000	11.7	164,000	12.4	12,013	4,000
Adjustments and eliminations	-25,540	-2.1	-29,000	-2.1	-27,000	-2.0	-1,460	2,000
<b>Net sales</b>	<b>1,190,870</b>	<b>100.0</b>	<b>1,370,000</b>	<b>100.0</b>	<b>1,320,000</b>	<b>100.0</b>	<b>129,130</b>	<b>-50,000</b>

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

# Operating Profit Forecast by Reporting Segment of FY3/2013

(Unit: Yen in millions)

■ Reporting Segment	Year ended March 31, 2012		Year ending March 31, 2013 (Forecast)				Changes in amount compared with	
			Previous (August 2012)		Revised (October 2012)		Year ended March 31, 2012	Previous forecast
	Amount	% to net sales	Amount	% to net sales	Amount	% to net sales		
■ Fine Ceramic Parts Group	12,622	15.7	14,100	15.7	10,300	13.4	-2,322	-3,800
■ Semiconductor Parts Group	27,754	18.1	32,600	18.1	30,000	17.6	2,246	-2,600
■ Applied Ceramic Products Group	6,459	3.6	17,000	7.7	17,600	8.4	11,141	600
■ Electronic Device Group	16,036	7.0	5,700	1.8	2,500	0.9	-13,536	-3,200
<b>Components Business</b>	<b>62,871</b>	<b>9.8</b>	<b>69,400</b>	<b>8.7</b>	<b>60,400</b>	<b>8.2</b>	<b>-2,471</b>	<b>-9,000</b>
■ Telecommunications Equipment Group	1,469	0.8	9,000	5.0	6,200	3.1	4,731	-2,800
■ Information Equipment Group	29,451	12.1	29,500	11.4	21,000	8.7	-8,451	-8,500
<b>Equipment Business</b>	<b>30,920</b>	<b>7.3</b>	<b>38,500</b>	<b>8.8</b>	<b>27,200</b>	<b>6.2</b>	<b>-3,720</b>	<b>-11,300</b>
■ Others	8,054	5.3	10,000	6.3	11,500	7.0	3,446	1,500
<b>Operating profit</b>	<b>101,845</b>	<b>8.6</b>	<b>117,900</b>	<b>8.6</b>	<b>99,100</b>	<b>7.5</b>	<b>-2,745</b>	<b>-18,800</b>
Corporate and others	13,048	—	12,000	—	15,900	—	2,852	3,900
<b>Pre-tax income</b>	<b>114,893</b>	<b>9.6</b>	<b>129,900</b>	<b>9.5</b>	<b>115,000</b>	<b>8.7</b>	<b>107</b>	<b>-14,900</b>

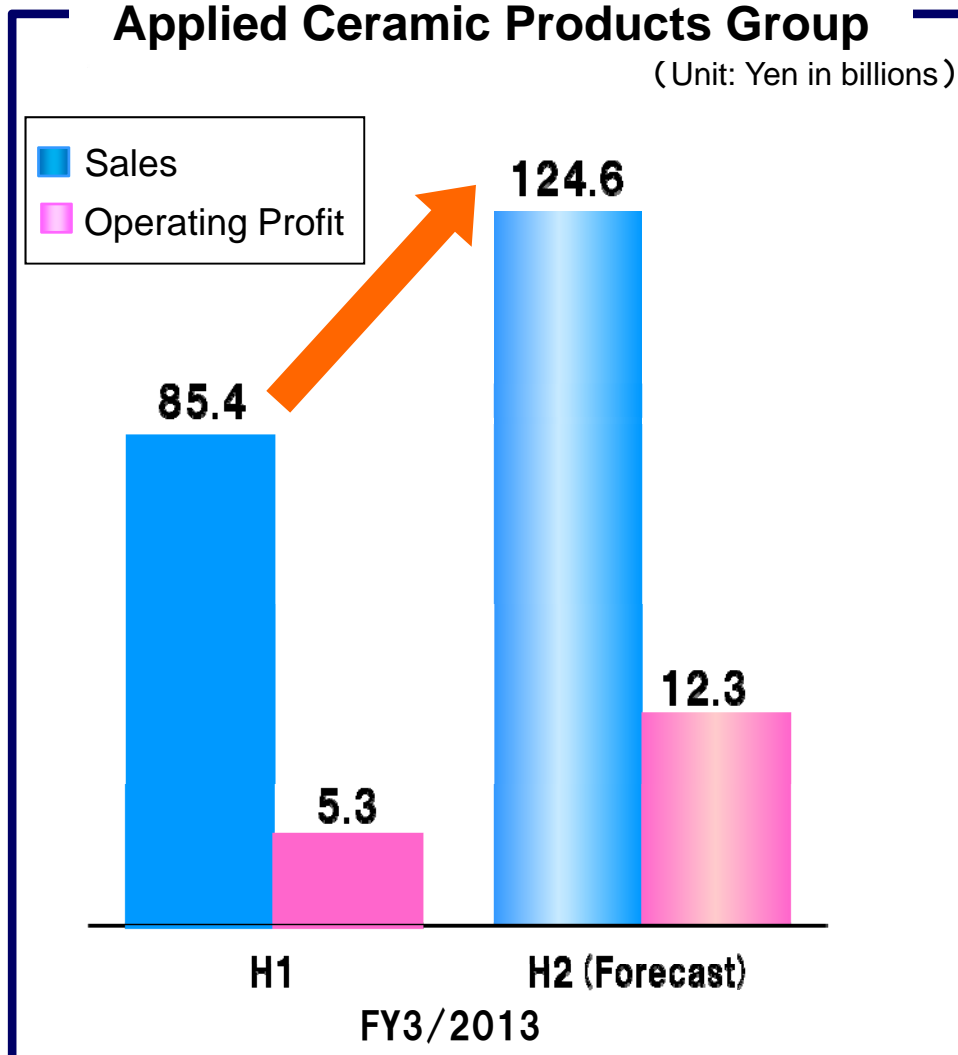
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## Key Initiatives for H2 FY3/2013

### – Expand Sales in the Applied Ceramic Products Group –

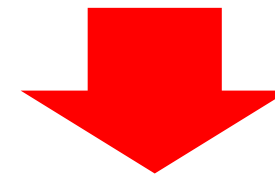
#### Applied Ceramic Products Group

(Unit: Yen in billions)



Expansion in solar energy business drives growth in H2 FY3/2013

New FIT for renewable energy started in July 2012



Rapid order expansion for industrial market in Japan



## Key Initiatives for H2 FY3/2013

— Expand Sales and Profit in Solar Energy Business —

**Increase sales for public and industrial use in Japan**

### Examples of Orders Received for Major Mega Solar Power Projects

Artist rendering of completed solar power plant in Shiranuka, Hokkaido

**30MW**

Module Supply

SoftBank Kyoto Solar Park

**4.2MW**

Module Supply

Design Construction Maintenance

Module Supply

Design Construction Maintenance

Power Generation

The largest class in Japan

**70MW**

- Kagoshima Nanatsujima Mega-Solar Power Plant
- Joint business with Century Tokyo Leasing Corporation

Artist rendering of the completed Kagoshima Nanatsujima mega-solar power plant

(Fall 2013 completion planned)

# Expand Sales in the Telecommunications Equipment Group

## 1. Actively launch new models: Release 4G handset

**NEW**  
**DIGNO S**



- Compatible with KDDI's 4G LTE network
- Equipped with Kyocera's unique Smart Sonic Receiver technology
- Includes the largest battery volume\* with more than double the life of conventional DIGNO(ISW11K) handsets \*Largest battery volume for a smartphone under 5.0-inch size sold in Japan.



Expand 4G handsets to North American carriers

## 2. Increase sales of existing models: Promote sales of strong-selling models in the U.S.



Increase sales of Hydro smartphone

Solid sales due to well-accepted waterproof function

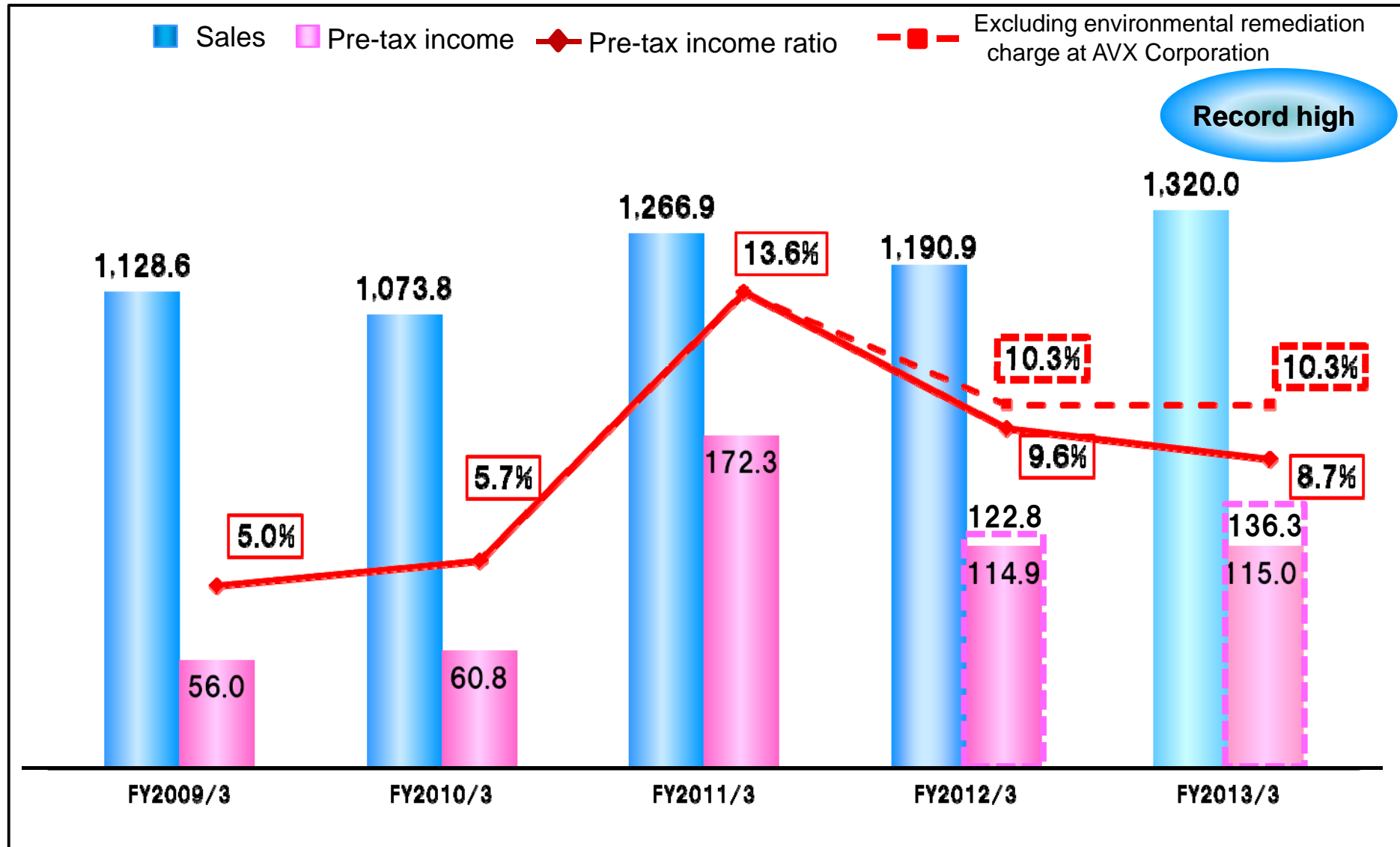


Augment line-up of Dura series

Push-to-talk handsets with top water and dust proof ability popular with corporate users

# Achieve FY3/2013 Forecast

(Unit: Yen in billions)



## 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) Shortages and rising costs of electricity affecting our production and sales activities; (8) The possibility that expansion of production capacity and in-process R&D activities may not produce the desired results; (9) The possibility that companies or assets acquired by us may not produce the returns or benefits, or bring in business opportunities, which we expect; (10) Inability to secure skilled employees, particularly engineering and technical personnel; (11) The possibility of divulgence of our trade secrets and infringement of our intellectual property rights; (12) The possibility that we may receive notice of claims of infringement of other parties' intellectual property rights and claims for royalty payments; (13) 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; (14) Unintentional conflict with laws and regulations or newly enacted laws and regulations may limit our business operations; (15) Events that may negatively impact our markets or supply chain, including terrorist acts, plague, war and similar events; (16) Earthquakes and other related natural disasters affecting our operational facilities and our markets or supply chain, as well as social and economic infrastructure; (17) Exposure to difficulties in collection of trade receivables due to customers' worsening financial condition; (18) The possibility of recognition of impairment losses on investment securities held by us due to declines in their value; (19) The possibility that we may record impairment losses on long-lived assets, goodwill and intangible assets; (20) The possibility that deferred tax assets may not be realized or additional liabilities for unrecognized tax benefits may be incurred; and (21) 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.