

## Kyocera Corporation Telephone Conference Call (January 27, 2011)

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### **<P.1: Financial Results of First Nine Months of FY3/2011 – Comparison with first nine months of FY3/2010>**

Page 1 shows consolidated financial results for the nine months ended December 31, 2010 (“the nine months”) compared with the nine months ended December 31, 2009 (“the previous nine months”).

As you can see at the bottom of this page, average exchange rates for the nine months were ¥87 to the U.S. dollar, marking appreciation of ¥7 from ¥94, and ¥113 to the Euro, marking appreciation of ¥20 from ¥133, compared with the previous nine months. This produced a negative effect on net sales and pre-tax income by approximately ¥51 billion and ¥22 billion, respectively. Nonetheless, we achieved significant increases in both sales and profit for the nine months compared with the previous nine months on the back of recovery in demand in each market and enhanced profitability in each reporting segment.

As shown in this table, net sales increased by 24.4% and profit from operations increased by approximately 3 times compared with the previous nine months. Additionally, pre-tax income increased by approximately 4 times compared with the previous nine months due to the recording of an impairment loss of approximately ¥20 billion on investment in WILLCOM, Inc. in the three months ended December 31, 2009 (“the previous third quarter”). Net income for the nine months was up approximately 5 times from the previous nine months.

### **<P2~3: Sales and Operating Profit by Reporting Segment – Nine months ended December 31, 2010>**

Sales and operating profit for each reporting segment for the nine months can be seen on pages 2 and 3. Both sales and operating profit increased significantly in all reporting segments compared with the previous nine months.

### **<P.4: Summary of First Nine Months of FY3/2011 – Comparison with first nine months of FY3/2010>**

This slide presents a summary of financial results for the nine months.

First, in the Components Business, demand for components used in digital consumer equipment, industrial machinery and automobiles grew substantially compared with the previous nine months in line with a recovery in these markets, resulting in an increase in sales.

In ceramic packages for crystal and SAW devices and for CMOS/CCD image sensors used in digital consumer equipment, as well as solar cells and modules, Kyocera actively enhanced production capacity in Japan and overseas in order to expand business in response to strong demand.

As a result, Kyocera achieved an operating profit ratio of over 15% in each reporting segment of the Components Business for the nine months.

In the Equipment Business, the Telecommunications Equipment Group posted an increase in sales and a reduction in operating loss. This was achieved mainly by augmenting its handset line-up, which included launching a smartphone with touch panels in the North American market and expanding sales.

In the Information Equipment Group, sales and operating profit grew due to enhanced productivity in addition to an increase in sales volume for high-value-added printers and multifunction peripherals (MFPs), notably color and mid-speed models.

**<P.5: Financial Results of Three Months Ended December 31, 2010 – Comparison with three months ended September 30, 2010>**

Next, I will explain financial results for the three months ended December 31, 2010 (“the third quarter”) compared with the three months ended September 30, 2010 (“the second quarter”).

Sales were down slightly in the third quarter compared with the second quarter due to decreased demand for components used in digital consumer equipment and a decline in sales of mobile phone handsets in Japan. In addition, adverse effect of yen’s appreciation pushed sales down by approximately ¥3.5 billion.

Profit from operations decreased due to the sales decline and to increases in depreciation and R&D expenses. In addition, adverse effect of yen’s appreciation pushed operating profit down by ¥1 billion. Pre-tax income was up by ¥0.4 billion due to an increase of dividend income of approximately ¥4 billion compared with the second quarter.

Now I will explain results for each reporting segment in the third quarter.

**<P.6: Quarterly Trends by Reporting Segment – Fine Ceramic Parts Group>**

The graph on the left of pages 6-12 shows sales, operating profit and operating profit ratio trends from the previous third quarter on a quarterly basis. On the right hand side of these pages, we present reasons for increases or decreases compared with the previous third quarter (upper section) and the second quarter (lower section).

In the interest of time, I will just explain factors behind changes compared with the second quarter.

First, let’s look at the Fine Ceramic Parts Group. Sales in this reporting segment increased compared with the second quarter as a result of brisk sales of automotive parts such as piezoelectric stacks and glow plugs in Europe.

Operating profit increased due to increased sales and enhanced productivity, which helped boost profitability.

**<P.7: Quarterly Trends by Reporting Segment – Semiconductor Parts Group>**

For the Semiconductor Parts Group, due to the adverse effect of the yen’s appreciation, sales declined slightly compared with the second quarter.

Nevertheless, profit was up from the second quarter due to efforts to further enhance productivity and reduce costs. The operating profit ratio improved to 22.4%.

**<P.8: Quarterly Trends by Reporting Segment – Applied Ceramic Products Group>**

Next, I will explain the Applied Ceramic Products Group.

In the solar energy business, we increased production to meet strong demand and boosted our marketing efforts, particularly in Japan and the United States. This led to an increase in sales in this reporting segment.

On the other hand, operating profit was down due mainly to a decline in selling prices of solar products in Japan and overseas and to an increase in depreciation costs.

**<P.9: Quarterly Trends by Reporting Segment – Electronic Device Group>**

In the Electronic Device Group, demand for core products such as crystal related products and capacitors decreased due to production adjustments for digital consumer equipment. In addition, the weak U.S. dollar against yen pushed down the results, notably at AVX Corporation, a U.S. subsidiary, which resulted in a decline in segment sales.

Although operating profit decreased due to a decline in sales, operating profit ratio remained over 18%.

**<P.10: Quarterly Trends by Reporting Segment – Telecommunications Equipment Group>**

Sales increased in this reporting segment due to contribution from new mobile phone handsets in overseas markets as well as expanding sales of existing models. In Japan, sales decreased due to the cyclical-off timing of new models and price erosion of handsets. As a result, overall sales in this reporting segment decreased.

Operating loss was maintained at around the same level as the second quarter due to sales decline and to increased R&D expenses for upcoming models.

**<P.11: Quarterly Trends by Reporting Segment – Information Equipment Group>**

In the Information Equipment Group, sales increased due to sales growth in color MFPs on the back of moderate demand recovery in Europe. Operating profit was down, however, due to an increase in expenses such as sales promotion costs.

Despite this, the operating profit ratio was kept at 10% due to efforts to reduce manufacturing cost and enhance productivity.

**<P.12: Quarterly Trends by Reporting Segment – Others>**

In the Others segment, sales were down overall due primarily to a decline in sales at our subsidiary, Kyocera Communication Systems Co., Ltd., resulting from seasonal factors. Profitability improved, however, due to cost reductions, which enabled operating profit to expand.

That concludes my presentation of results for each reporting segment in the third quarter.

Next, I will explain financial forecasts for the year ending March 31, 2011 (“fiscal 2011”).

**<P.13: Financial Forecast -Year Ending March 31, 2011>**

The Kyocera Group’s performance in the nine months was solid on account of the favorable business environment. Although we forecast demand for solar cells and modules to remain brisk in the three months ending March 31, 2011 (“the fourth quarter”), more time is required before genuine recovery in component demand for digital consumer equipment.

In light of these circumstances, Kyocera has not made any changes to the consolidated financial forecasts for fiscal 2011 that were announced in October 2010.

As shown on page 14 and 15, Kyocera has made changes to financial forecasts in each reporting segment based on results for the nine months and outlook for the fourth quarter.

In the Components Business, current demand adjustment in digital consumer equipment will continue albeit limited extent. We revised our forecast for both sales and operating profit upward on the back of the demand outlook and the nine months results.

In the Equipment Business, we revised down both sales and profit forecasts due to a decline in handset prices under fierce competition in Japan and overseas and to an increase in R&D expense in the Telecommunication Equipment Group.

Kyocera will push ahead of initiatives to aggressively secure orders and enhance productivity in the forth quarter and achieve its financial forecasts in each reporting segment.