

**February 18, 2009**

# **Kyocera Corporation Business Presentation**

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**President and Representative Director**

**KYOCERA Corporation**

# Consolidated Financial Forecast

- Year ending March 31, 2009 -

(Unit: Yen in billions)

	Year ended March 31, 2008		Year ending March 31, 2009		% change	
	Amount	% of net sales	Amount	% of net sales		
	<b>Net sales</b>	<b>1,290.4</b>	<b>100.0</b>	<b>1,120.0</b>		<b>100.0</b>
<b>Profit from operations</b>	<b>152.4</b>	<b>11.8</b>	<b>25.0</b>	<b>2.2</b>	<b>-83.6</b>	
<b>Pre-tax income</b>	<b>174.8</b>	<b>13.5</b>	<b>40.0</b>	<b>3.6</b>	<b>-77.1</b>	
<b>Net income</b>	<b>107.2</b>	<b>8.3</b>	<b>20.0</b>	<b>1.8</b>	<b>-81.4</b>	
<b>EPS (diluted - yen)</b>	<b>565.80</b>	<b>-</b>	<b>105.80</b>	<b>-</b>	<b>-81.3</b>	
<b>Capital expenditures</b>	<b>85.1</b>	<b>6.6</b>	<b>63.0</b>	<b>5.6</b>	<b>-26.0</b>	
<b>Depreciation</b>	<b>75.6</b>	<b>5.9</b>	<b>84.5</b>	<b>7.5</b>	<b>11.8</b>	
<b>R&amp;D expenses</b>	<b>61.6</b>	<b>4.8</b>	<b>69.0</b>	<b>6.2</b>	<b>12.0</b>	
Average exchange rate (yen)		US\$: ¥114	€: ¥162	US\$: ¥100	€: ¥143	
Foreign currency fluctuation effect on: (compared with the previous fiscal year)	net sales	¥ 5.9 billion		¥ -97.0 billion		
	pre-tax income	¥ 7.5 billion		¥ -24.0 billion		

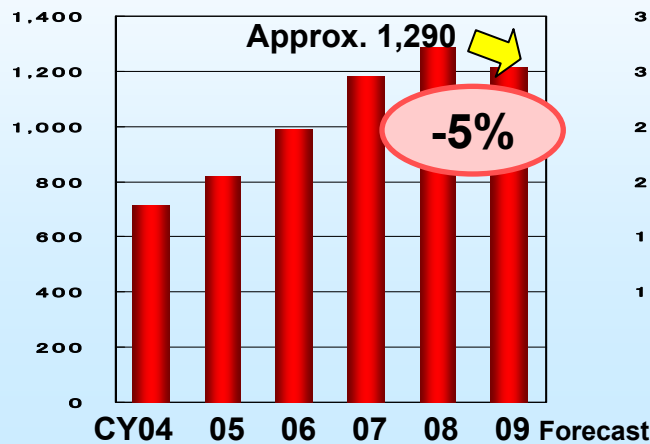
# Business Environment Outlook from Q4 in FY3/09 Onward

- Yen appreciation against U.S. dollar and Euro will continue
- Recovery in stagnant demand is uncertain due to global economic downturn
- Negative growth is expected in production of key electronic equipment such as mobile phone handsets, which were driving component demand

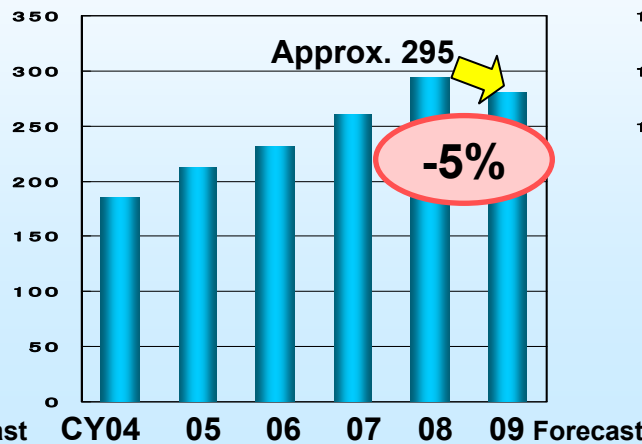
## Forecast for Production Volume of Key Electronic Equipment in CY09

Kyocera forecasts  
(Millions of units)

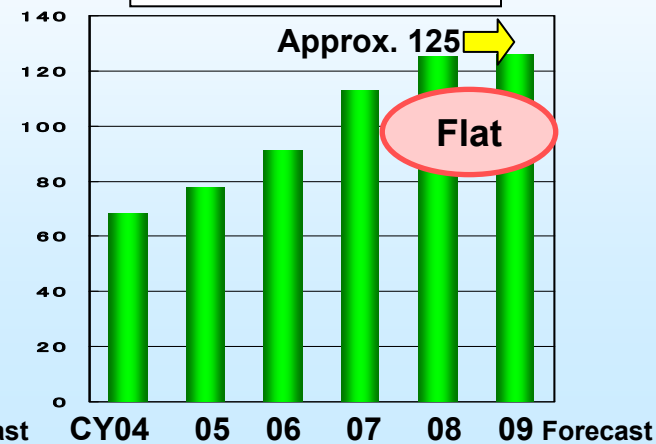
### Mobile Phone Handsets



### PCs



### Digital Cameras



# Kyocera Group Management Challenges

## Measures to rapidly improve profitability

- Promote comprehensive cost reduction
- Reorganize business structures

## Measures to increase profit when demand recovers

- Strengthen foundations in core businesses
- Grasp further business opportunities

# Measures to Improve Profitability (1)

## Promote comprehensive cost reduction

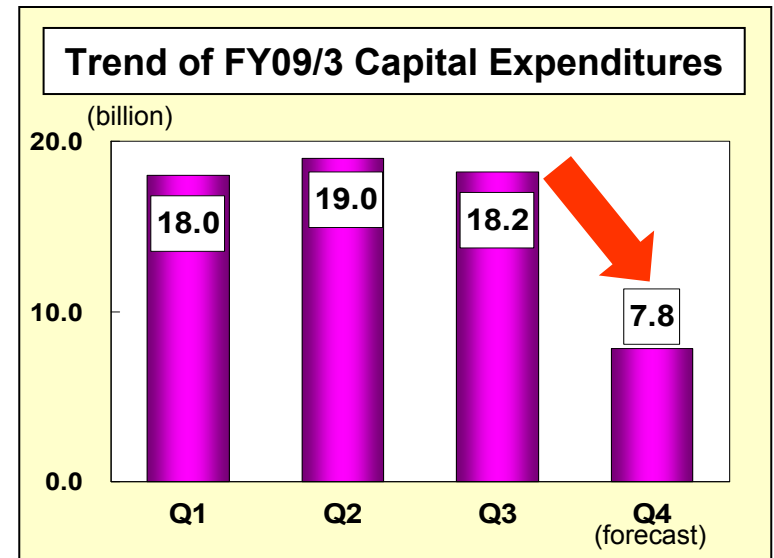
### ■ Reduce capital expenditures

- FY3/09 Forecast: ¥ 63 billion, ¥ -22 billion compared with FY3/08
- FY3/10 Plan: Approx. ¥ 30-40 billion



### Decrease in Depreciation

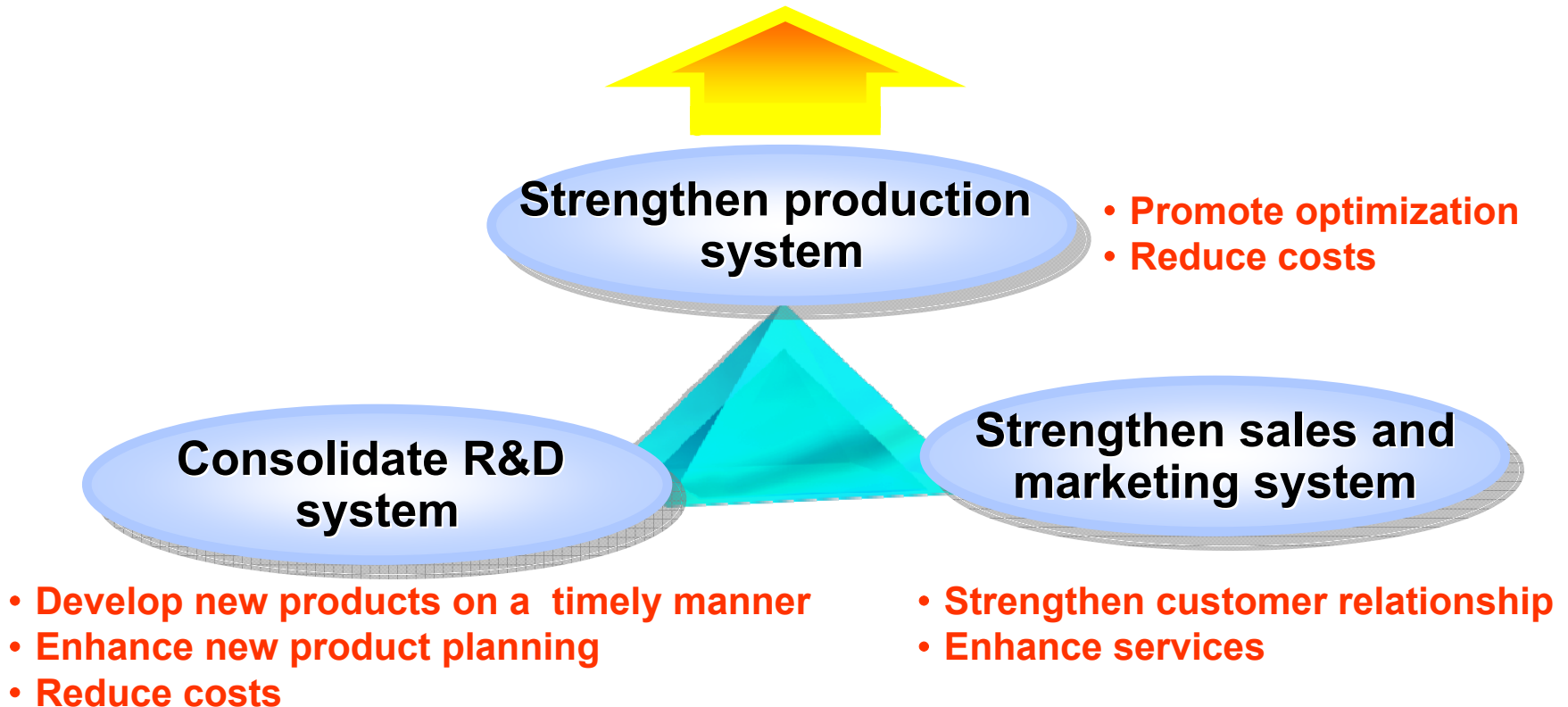
**FY3/10 Plan on a non-consolidated basis:  
Approx. ¥ -20 billion compared with  
FY3/09**



# Measures to Improve Profitability (2)

**Improve Profitability and Expand Market Share  
in the Telecommunication Equipment Group**

**Utilize Management Resources / Pursue Group Synergy**



## Measures to Increase Sales and Profit (1) Strengthen Foundations in Core Businesses

### Expand share of solar energy business

- Execute ongoing capital expenditures to expand production capacity
  - Further enhance conversion efficiency
- ⇒ **Overcome global competition**

### Boost sales in the Information Equipment Group

- Expand business through establishing new structures in R&D, manufacturing and marketing
- ⇒ **Achieve growth for sales and profit in FY3/10 onward**

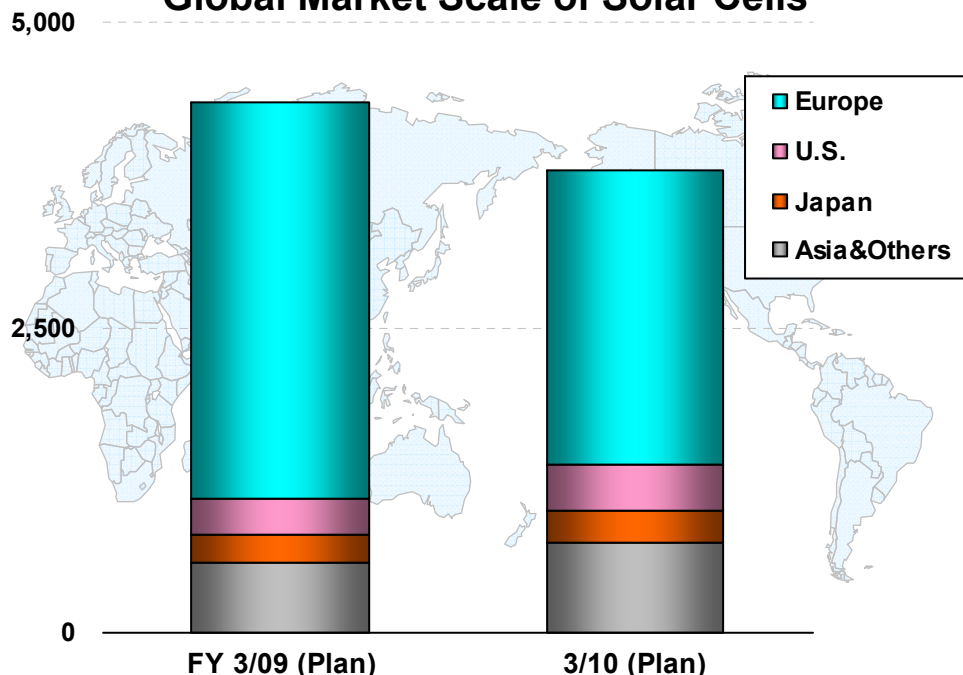
# Expand Share of Solar Energy Business

## Market Outlook

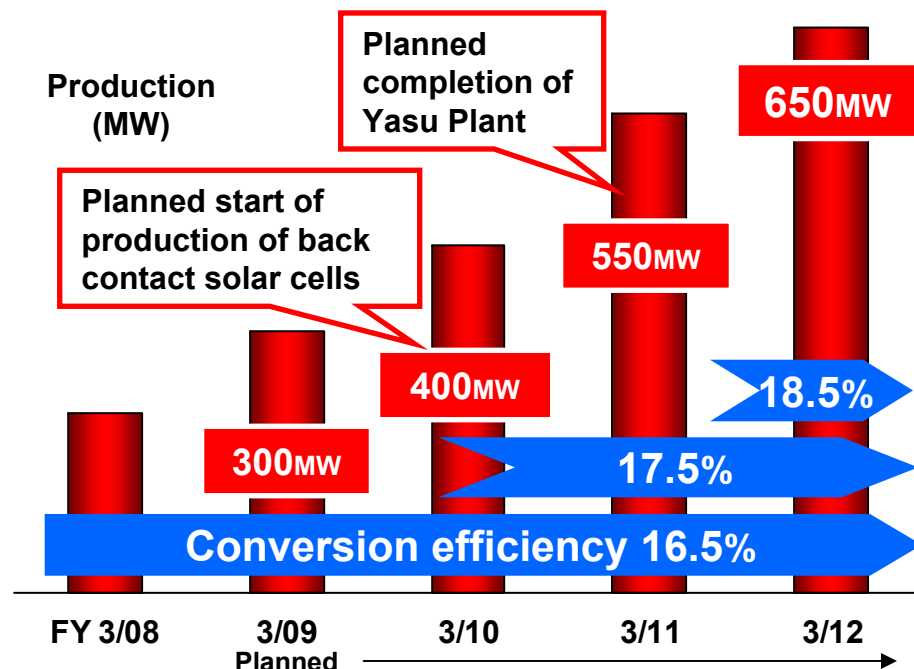
- Demand will slow due to economic downturn, particularly in Europe
- Market will expand over medium to long term due to tax-cut policy in the U.S. and re-initiation of subsidies in Japan

**Expand sales and profit by increasing market share**

### Global Market Scale of Solar Cells



### Kyocera's Plan for Production of Solar Cells





# Boost Sales in the Information Equipment Group (1)

## Strengthened business structures in FY3/09

### R&D

#### Established a R&D Center

- Concentrate R&D bases  
⇒
  - Reduce R&D cost
  - Streamline R&D
- Strengthen R&D of platforms such as color engine and controller, and color toners

### Manufacturing

#### Optimized production bases

- China: Hardware  
Japan: Toner  
⇒
  - Reduce manufacturing costs
  - Improve productivity
- Commenced mass-production of color toner at a new plant

### Sales and marketing

#### Acquired sales channel and introduced new brand

- Conversion of TA Triumph-Adler into a subsidiary
- Launch new brand "TASKalfa"

# Boost Sales in the Information Equipment Group (2)

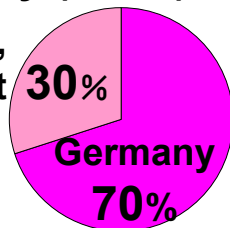
**Conversion of TA Triumph-Adler into a subsidiary**  
 ⇒ Establish direct-sales system,  
 Strengthen solution-based sales

**Launch new brand "TASKalfa"**  
 ⇒ Penetrate "TASKalfa" brand of MFPs in addition to ECOSYS printer brand

## Outline of TA Triumph-Adler

- **CY08 (nine-month results)**  
 Sales: € 298.5 million  
 Pre-tax income: € 19.0 million
- **Sales by geography (CY07)**

Europe, Africa,  
 Middle East



- **Bases: 65 (60 in Germany)**
- **Sales regions: 33 countries**  
 Customer base: Over 35,000 companies

## Features of TASKalfa



- **Newly developed micro-particle toner**
- **Uniquely developed new software platform**

## Measures to Increase Sales and Profit (2) Grasp Further Business Opportunities

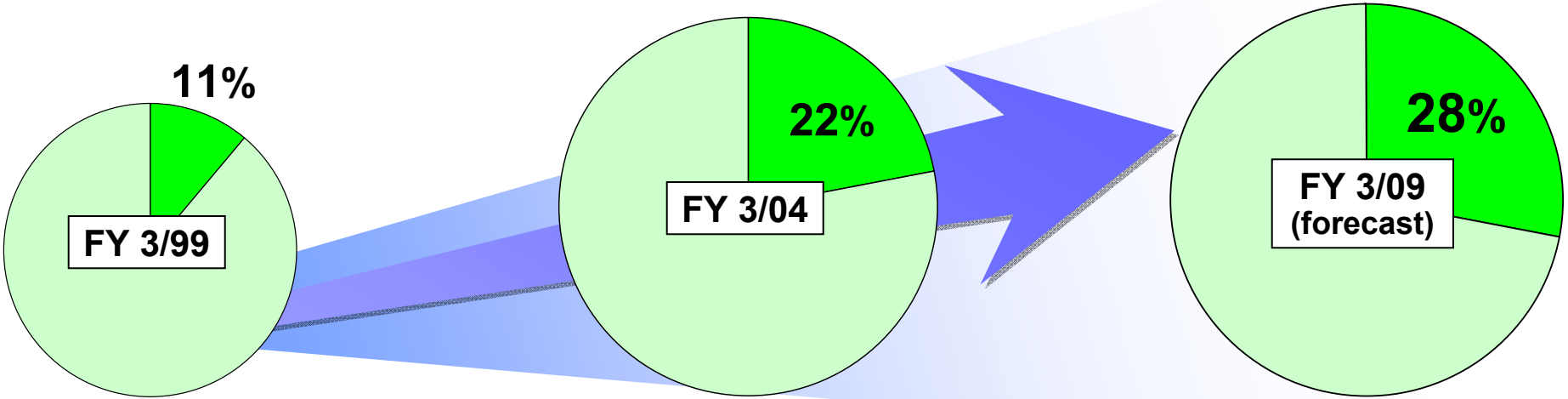
### Expand products in environment and energy-related markets

- Increase sales in markets with growth potential

### Expand into next-generation high-speed wireless communications market

- Increase sales of communication systems equipment business, such as LTE (long-term evolution) -related products

# Trend of Sales of Environment and Energy-related Products



**ECOSYS/TASKalfa**

**Solar Photovoltaic Systems**

**SOFCs (Under development)**

**Amorphous Silicon Drums**

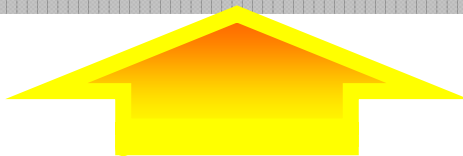
**Piezoelectric-Stacks for Diesel Engines**

**Packages for LEDs**

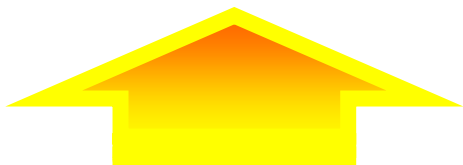
**Sapphire Substrates for LEDs**

# Expand into Next-Generation High-Speed Wireless Communications Market

**Enhance Profitability in the Telecommunication Equipment Group**



**Develop base stations and terminals for next-generation high-speed wireless communications market**



**Business opportunities: Start new services**

**Next-generation  
PHS**

**WILLCOM Inc.**

**WiMAX**

**UQ Communications Inc.**

**LTE**

**KDDI Corp.**

# Kyocera Group Management Challenges

## Drive Growth and Boost Profitability



### Measures to rapidly improve profitability

- Promote comprehensive cost reduction
- Reorganize business structures

### Measures to increase profit when demand recovers

- Strengthen foundations in core businesses
- Grasp further business opportunities

# 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: general economic conditions in our markets, which are primarily Japan, North America, Europe and Asia, particularly China; unexpected changes in economic, political and legal conditions in China; our ability to develop, launch and produce innovative products, including meeting quality and delivery standards, and our ability to otherwise meet the advancing technological requirements of our customers, particularly in the highly competitive markets for ceramics, semiconductor parts and electronic components; manufacturing delays or defects resulting from outsourcing or internal manufacturing processes which may adversely affect our production yields and operating results; factors that may affect our exports, including a strong yen, political and economic instability, difficulties in collection of accounts receivable, decrease in cost competitiveness of our products, increases in shipping and handling costs, difficulty in staffing and managing international operations and inadequate protection of our intellectual property; changes in exchange rates, particularly between the yen and the U.S. dollar and euro, respectively, in which we make significant sales; inability to secure skilled employees, particularly engineering and technical personnel; insufficient protection of our trade secrets and patents; our continuing to hold licenses to manufacture and sell certain of our products; the possibility that future initiatives and in-process research and development may not produce the desired results; the possibility that companies or assets acquired by us may require more cost than expected for integration, and may not produce the returns or benefits, or bring in business opportunities, which we expect; events that may impact negatively on our markets or supply chain, including terrorist acts and outbreaks of disease; the occurrence of natural disasters, such as earthquakes, in locations where our manufacturing and other key business facilities are located; the possibility of future tightening of environmental laws and regulations in Japan and other countries which may increase our environmental liability and compliance obligations; fluctuations in the value of, and impairment losses on, securities and other assets held by us; and changes in accounting principles. Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.

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