

April 27, 2018

Financial Presentation

(Year Ended March 31, 2018)

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KYOCERA Corporation

This is an English translation of the Japanese original of financial presentation for the year ended March 31, 2018. The translation is prepared solely for the reference and convenience of foreigners. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Today's Presentation

- 1. Financial Results for the Year Ended March 31, 2018 (FY3/2018)**
- 2. Financial Forecasts for the Year Ending March 31, 2019 (FY3/2019)**

Note: Kyocera has changed the classification of its reporting segments from FY3/2018. Business results for FY3/2017 have been reclassified in line with the change to reporting segment classifications in this document.

1. Financial Results for the Year Ended March 31, 2018

Financial Results for the Year Ended March 31, 2018

(Unit: Yen in millions)

	Years Ended March 31,				Change	
	2017		2018			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	1,422,754	100.0%	1,577,039	100.0%	154,285	10.8%
Profit from operations	104,542	7.3%	95,575	6.1%	-8,967	-8.6%
Pre-tax income	137,849	9.7%	131,866	8.4%	-5,983	-4.3%
Net income attributable to Kyocera Corporation's shareholders	103,843	7.3%	81,789	5.2%	-22,054	-21.2%
EPS (Diluted-yen)	282.62	—	222.43	—	-60.19	—
Capital expenditures	67,781	4.8%	86,519	5.5%	18,738	27.6%
Depreciation	66,019	4.6%	70,137	4.4%	4,118	6.2%
R&D expenses	55,411	3.9%	58,273	3.7%	2,862	5.2%
Average exchange rate (yen)	US\$	¥ 108	¥ 111			
	Euro	¥ 119	¥ 130			
Foreign currency fluctuation effect on;(compared with the previous same period)	Net sales	Approx. ¥ -94 billion	Approx. ¥ 39 billion			
	Pre-tax income	Approx. ¥ -26 billion	Approx. ¥ 16 billion			

Posted a new **record high** in sales while profit was down due to the recording of one-time costs

Sales by Reporting Segment for the Year Ended March 31, 2018

(Unit: Yen in millions)

	Years ended March 31,				Change	
	2017		2018			
	Amount	% of net sales	Amount	% of net sales	Amount	%
Industrial & Automotive Components Group	230,229	16.2%	287,620	18.2%	57,391	24.9%
Semiconductor Components Group	245,727	17.3%	257,237	16.3%	11,510	4.7%
Electronic Devices Group	240,798	16.9%	305,145	19.4%	64,347	26.7%
Components Business	716,754	50.4%	850,002	53.9%	133,248	18.6%
Communications Group	252,641	17.7%	255,535	16.2%	2,894	1.1%
Document Solutions Group	324,012	22.8%	371,058	23.5%	47,046	14.5%
Life & Environment Group	149,207	10.5%	112,212	7.1%	-36,995	-24.8%
Equipment & Systems Business	725,860	51.0%	738,805	46.8%	12,945	1.8%
Others	22,066	1.5%	18,827	1.2%	-3,239	-14.7%
Adjustments and eliminations	-41,926	-2.9%	-30,595	-1.9%	11,331	—
Net Sales	1,422,754	100.0%	1,577,039	100.0%	154,285	10.8%

Double-digit sales growth posted in Components Business and Document Solutions Group

Operating Profit by Reporting Segment for the Year Ended March 31, 2018

(Unit: Yen in millions)

	Years ended March 31,				Change	
	2017		2018			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Industrial & Automotive Components Group	22,442	9.7%	32,557	11.3%	10,115	45.1%
Semiconductor Components Group	25,310	10.3%	32,476	12.6%	7,166	28.3%
Electronic Devices Group	30,558	12.7%	47,285	15.5%	16,727	54.7%
Components Business	78,310	10.9%	112,318	13.2%	34,008	43.4%
Communications Group	8,528	3.4%	5,061	2.0%	-3,467	-40.7%
Document Solutions Group	28,080	8.7%	41,141	11.1%	13,061	46.5%
Life & Environment Group	1,345	0.9%	-55,010	—	-56,355	—
Equipment & Systems Business	37,953	5.2%	-8,808	—	-46,761	—
Others	-1,759	—	1,621	8.6%	3,380	—
Operating Profit	114,504	8.0%	105,131	6.7%	-9,373	-8.2%
Corporate and Others	23,345	—	26,735	—	3,390	14.5%
Pre-tax income	137,849	9.7%	131,866	8.4%	-5,983	-4.3%

- ✓ Posted double-digit profit growth and improved profit ratio in Components Business and Document Solutions Group
- ✓ Profit down in Life & Environment Group due to recording of write-down related to polysilicon material

Summary of FY3/2018 Results

1 Posted new record high in sales

- Strong component demand in information and communications, automotive-related and industrial machinery markets
- New product introductions and aggressive sales promotion activities in Document Solutions Group
- Sales expansion on the back of enhanced production capacity
- Contribution through merger and acquisition activities (expanded business domain)

2 Recorded one-time costs

- Write-down related to long-term purchase agreements for procurement of polysilicon material: Approx. ¥50 billion
- Pushed down net income due to tax expenses primarily from tax law revisions in U.S. : Approx. ¥11 billion

Main Policies Implemented and Decided in FY3/2018










Strengthen management foundations

	Q1	Q2	Q3	Q4
Expand production capacity	June/ Operation of new wing at Mie Tamaki Plant, Introducing a fully automated line (toner container)	July/ Construction of new wing at China Shilong Plant, Introducing a fully automated line (organic photoconductor drum)	November/ Construction of new wing at Kagoshima Kokubu Plant (SPE parts, etc.)	March/ Decision to add new wing at Kagoshima Sendai Plant (ceramic packages, etc.)
Double productivity		September/ Opening of AI Lab	October/ Opening of Robot Utilization Center	
Structural reform	April/ Reorganization of Electronic Components Group	May/ Decision to liquidate Malaysia plant (telecommunications equipment business)		January/ Decision to downsize North America business (telecommunications equipment business) January/ Start of integration of production sites (solar energy business)

Create new business

M&A		August/ SENCO Holdings, Inc. August/ DataBank IMX, LLC	October/ Automotive sensors business of TT Electronics PLC	January/ Power tool business from Ryobi Limited February/ Ethertronics Inc.
Internal/external ties	April/ Establishment of Medical Development Center June/ Decision to collaborate with Toshiba Materials Co., Ltd.			January/ Strengthening of R&D structure

M&A Implemented in FY03/2018

Reporting segment (related business/company)	Company/business name	Business
Industrial & Automotive Components Group (Industrial tool business)	 Senco Holdings, Inc. (USA)	Pneumatic tools 
	 Power tool business of Ryobi Limited	Power tools 
Electronic Devices Group (AVX Corporation)	 Automotive sensor business of TT Electronics PLC (UK) <small>AN AVX GROUP COMPANY</small>	Automotive sensors 
	 Ethertronics Inc. (USA) <small>AN AVX GROUP COMPANY</small>	Small antennas for wireless communications 
Document Solutions Group	 Databank IMX, LLC (USA) <small>A KYOCERA GROUP COMPANY</small>	ECM, document BPO

Annual sales through M&A **Approx. ¥100 bn**

2. Financial Forecasts for the Year Ending March 31, 2019

Note: Kyocera plans to voluntarily adopt IFRS to its consolidated financial statements in place of the current Generally Accepted Accounting Principles in the United States (“U.S. GAAP”) from the three months ending June 30, 2018. Forecasts for FY3/2019 is based on IFRS.

Increases, decreases and other figures provided for reference in the following pages provide simple comparisons of forecasts for FY3/2019 (“IFRS”) and results for FY3/2018 (“U.S. GAAP”).

Financial Forecasts for the Year Ending March 31, 2019

(Unit: Yen in millions)

	Year ended March 31, 2018		Year ending March 31, 2019		Change (for reference)	
	U.S. GAAP		IFRS			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	1,577,039	100.0%	1,650,000	100.0%	72,961	4.6%
Profit from operations	95,575	6.1%	154,000	9.3%	58,425	61.1%
Pre-tax income	131,866	8.4%	190,000	11.5%	58,134	44.1%
Net income attributable to Kyocera Corporation's shareholders	81,789	5.2%	134,000	8.1%	52,211	63.8%
EPS (Diluted-yen)	222.43	—	364.42	—	141.99	—
Capital expenditures	86,519	5.5%	110,000	6.7%	23,481	27.1%
Depreciation	70,137	4.4%	75,000	4.5%	4,863	6.9%
R&D expenses	58,273	3.7%	70,000	4.2%	11,727	20.1%
Average exchange rate (yen)	US\$	¥111	¥105			
	Euro	¥130	¥130			
Foreign currency fluctuation effect on:(compared with the previous same period)	Net sales	Approx. ¥ 39 billion	Approx. ¥ -25 billion			
	Pre-tax income	Approx. ¥ 16 billion	Approx. ¥ -6 billion			

Notes: EPS (Diluted-yen) forecast for FY3/2019 is computed based on the diluted average number of shares outstanding during the year ended March 31, 2018.

Sales Forecast by Reporting Segment

(Unit: Yen in millions)

	Year ended March 31, 2018		Year ending March 31, 2019		Change (for reference)	
	U.S. GAAP		IFRS			
	Amount	% of net sales	Amount	% of net sales	Amount	%
Industrial & Automotive Components Group	287,620	18.2%	313,000	19.0%	25,380	8.8%
Semiconductor Components Group	257,237	16.3%	259,000	15.7%	1,763	0.7%
Electronic Devices Group	305,145	19.4%	345,000	20.9%	39,855	13.1%
Components Business	850,002	53.9%	917,000	55.6%	66,998	7.9%
Communications Group	255,535	16.2%	245,000	14.9%	-10,535	-4.1%
Document Solutions Group	371,058	23.5%	385,000	23.3%	13,942	3.8%
Life & Environment Group	112,212	7.1%	111,000	6.7%	-1,212	-1.1%
Equipment & Systems Business	738,805	46.8%	741,000	44.9%	2,195	0.3%
Others	18,827	1.2%	17,800	1.1%	-1,027	-5.5%
Adjustments and eliminations	-30,595	-1.9%	-25,800	-1.6%	4,795	—
Net Sales	1,577,039	100.0%	1,650,000	100.0%	72,961	4.6%

Operating Profit Forecast by Reporting Segment

(Unit: Yen in millions)

	Year ended March 31, 2018		Year ending March 31, 2019		Change (for reference)	
	U.S. GAAP		IFRS			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Industrial & Automotive Components Group	32,557	11.3%	36,000	11.5%	3,443	10.6%
Semiconductor Components Group	32,476	12.6%	35,800	13.8%	3,324	10.2%
Electronic Devices Group	47,285	15.5%	48,000	13.9%	715	1.5%
Components Business	112,318	13.2%	119,800	13.1%	7,482	6.7%
Communications Group	5,061	2.0%	5,200	2.1%	139	2.7%
Document Solutions Group	41,141	11.1%	41,500	10.8%	359	0.9%
Life & Environment Group	-55,010	—	-3,000	—	52,010	—
Equipment & Systems Business	-8,808	—	43,700	5.9%	52,508	—
Others	1,621	8.6%	-400	—	-2,021	—
Operating Profit	105,131	6.7%	163,100	9.9%	57,969	55.1%
Corporate and Others	26,735	—	26,900	—	165	0.6%
Pre-tax income	131,866	8.4%	190,000	11.5%	58,134	44.1%

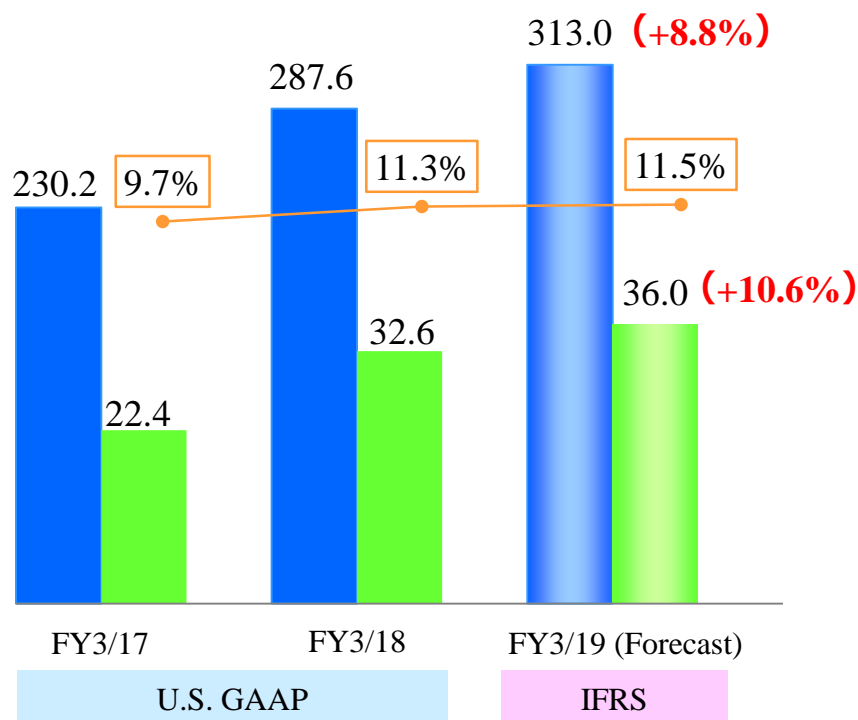
Note: "Operating profit" represents combined pre-tax income of all reporting segments.

Financial Forecasts by Reporting Segment (1)

■ Sales ■ Operating profit —●— Operating profit ratio () Change from FY3/18 (for reference)

Industrial & Automotive Components Group

(Unit: Yen in billions)



<Major factors for changes>

FY3/19 forecast (vs FY3/18)

- ✓ Sales to increase for industrial tools and components for semiconductor processing equipment
- ✓ Sales to decrease for automotive displays
- ✓ Operating profit to increase due to sales growth

FY3/18 result (vs FY3/17)

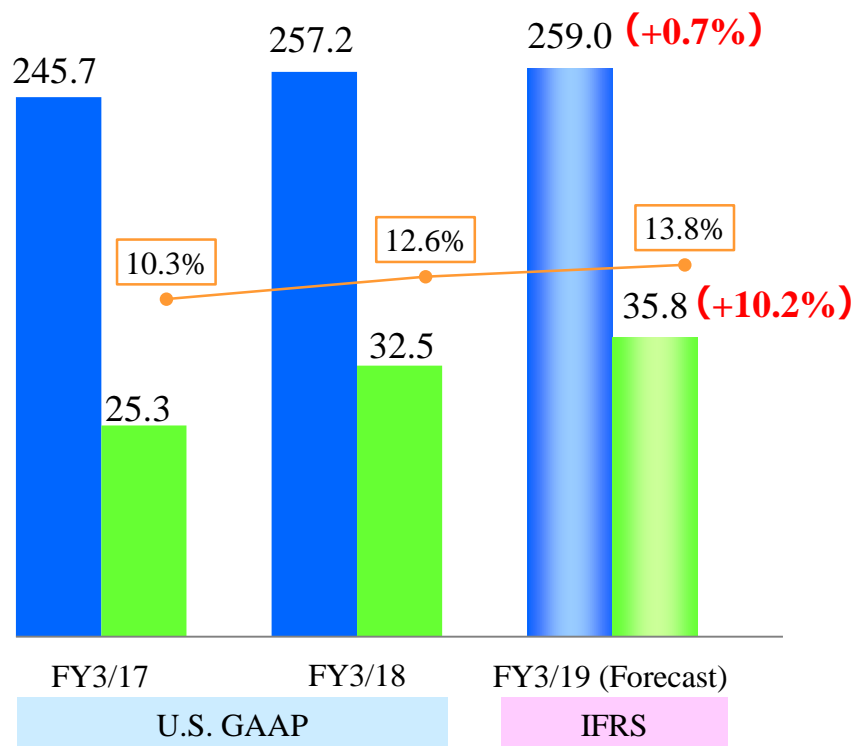
- ✓ Sales up in industrial tool business due to increase in demand in automotive-related markets and to contribution from M&A
- ✓ Sales up in automotive displays and components for semiconductor processing equipment
- ✓ Operating profit up significantly due to sales growth and cost reductions

Financial Forecasts by Reporting Segment (2)

■ Sales
 ■ Operating profit
 —●— Operating profit ratio
 () **Change from FY3/18 (for reference)**

Semiconductor Components Group

(Unit: Yen in billions)



<Major factors for changes>

FY3/19 forecast (vs FY3/18)

- ✓ Maintain high level sales in ceramic packages mainly for IoT and smartphones
- ✓ Operating profit to increase due mainly to enhanced profitability of organic material business

FY3/18 result (vs FY3/17)

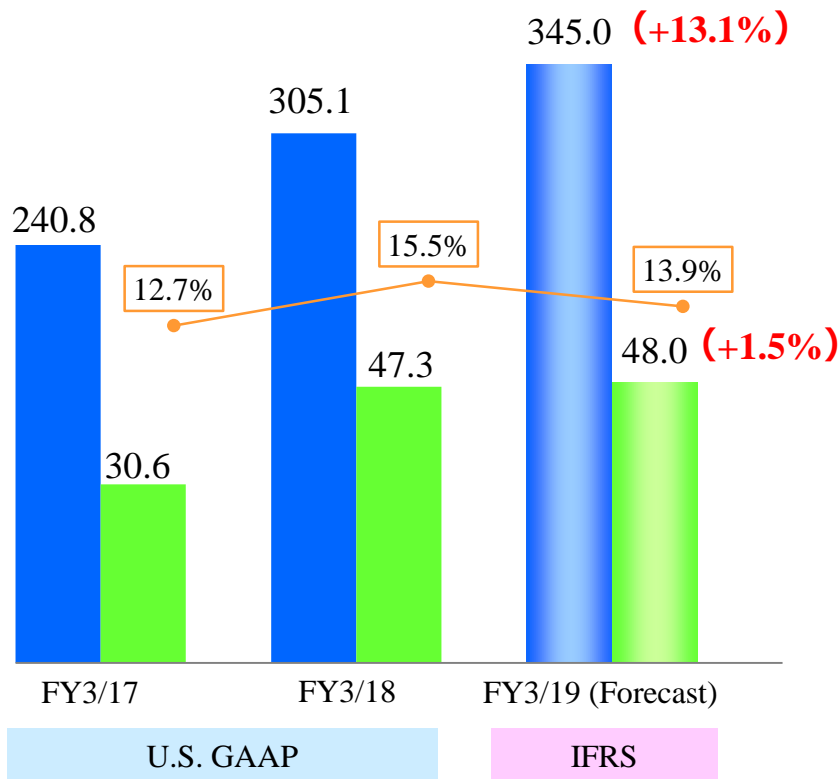
- ✓ Sales up due to higher sales of ceramic packages for smartphones and organic packages for automobiles
- ✓ Operating profit up due to sales growth and cost reductions

Financial Forecasts by Reporting Segment (3)

■ Sales ■ Operating profit —●— Operating profit ratio () **Change from FY3/18 (for reference)**

Electronic Devices Group

(Unit: Yen in billions)



<Major factors for changes>

FY3/19 forecast (vs FY3/18)

- ✓ Sales to increase in electronic components for telecommunication and automobiles and printing devices for industrial equipment
- ✓ Operating profit to be remained roughly unchanged due to an increase in depreciation following rising capital expenditure and the negative impact of a change in product mix

FY3/18 result (vs FY3/17)

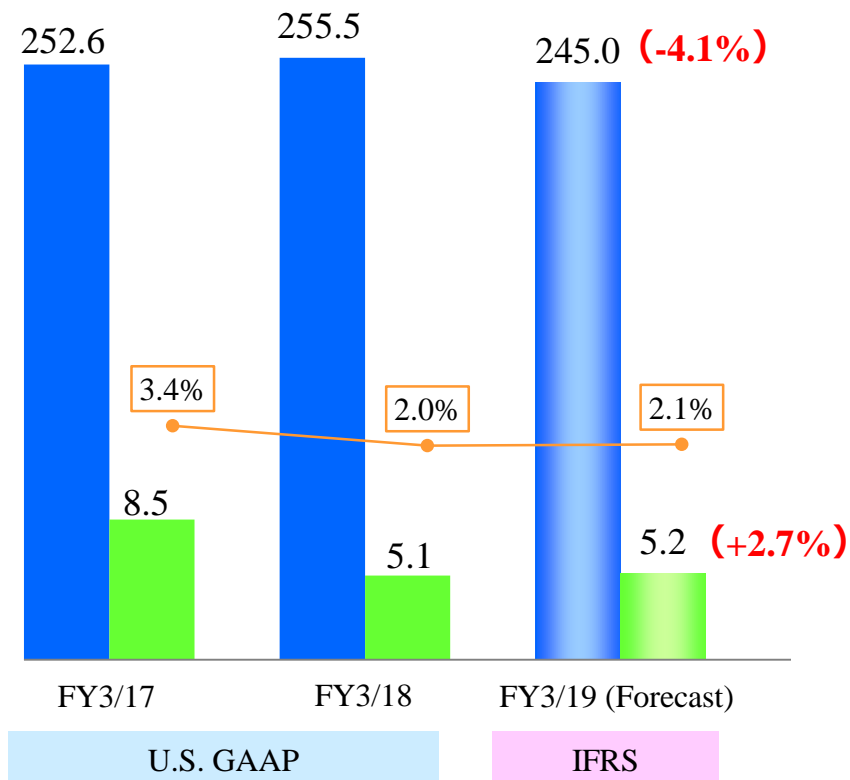
- ✓ Sales up due to strong demand and increased production for electronic components for smartphones
- ✓ Demand up for printing devices used in industrial equipment
- ✓ Contribution from M&A by AVX Corporation
- ✓ Operating profit up significantly due to sales growth in high-value-added products and cost reductions

Financial Forecasts by Reporting Segment (4)

■ Sales
 ■ Operating profit
 —●— Operating profit ratio
 () **Change from FY3/18 (for reference)**

Communications Group

(Unit: Yen in billions)



<Major factors for changes>

FY3/19 forecast (vs FY3/18)

- ✓ Sales to decrease due to a decline in sales of mobile phones for the U.S. market in telecommunications equipment business despite an increase in sales in information and communications services business
- ✓ Operating profit to be remained roughly unchanged due to an increase in R&D expenses while telecommunications equipment business projected to reduce loss

FY3/18 result (vs FY3/17)

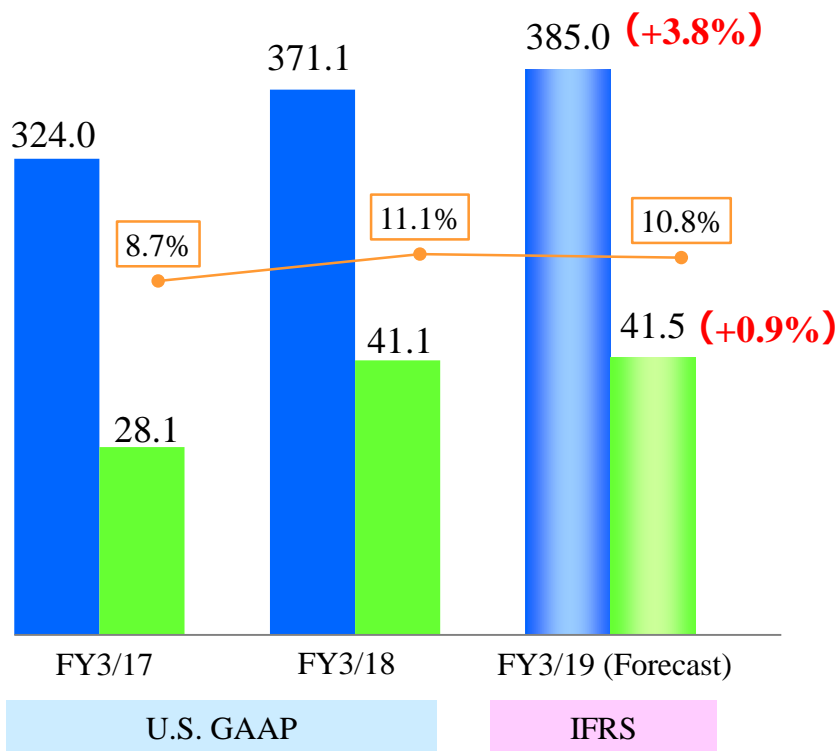
- ✓ Sales up in information and communications services business due to sales growth in engineering services business, etc.
- ✓ Sales down in telecommunications equipment business due to lower sales of mobile phones for the U.S. market
- ✓ Operating profit down due to lower sales in telecommunications equipment business

Financial Forecasts by Reporting Segment (5)

■ Sales ■ Operating profit —●— Operating profit ratio () **Change from FY3/18 (for reference)**

Document Solutions Group

(Unit: Yen in billions)



<Major factors for changes>

FY3/19 forecast (vs FY3/18)

- ✓ Sales to increase due to growth in sales volume and expansion of document solution business
- ✓ Operating profit to be remained roughly unchanged due mainly to an increase in R&D expenses and sales promotion costs

FY3/18 result (vs FY3/17)

- ✓ Sales up due to increase in sales volume following aggressive sales promotion activities for new products and to contribution from M&A activity
- ✓ Profit up due to sales growth, cost reductions, enhanced productivity and impact of foreign exchange rates

Financial Forecasts by Reporting Segment (6)

■ Sales
 ■ Operating profit
 —●— Operating profit ratio
 () **Change from FY3/18 (for reference)**

Life & Environment Group

(Unit: Yen in billions)

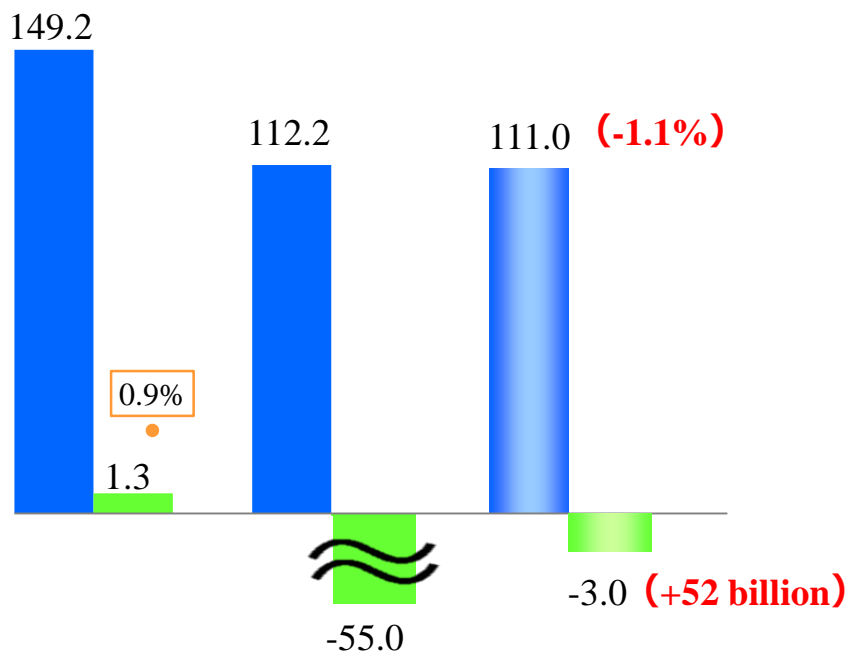
<Major factors for changes>

FY3/19 forecast (vs FY3/18)

- ✓ Reduce operating loss in solar energy business through structural reform despite lower sales
- ✓ Post an operating loss due to an increase in R&D costs

FY3/18 result (vs FY3/17)

- ✓ Sales down due to downsizing U.S. business and sales down in Japan market in solar energy business
- ✓ Post an operating loss due to sales decline and the recording of a write-down in the amount of approx. ¥50 billion relating to long-term purchase agreements for procurement of polysilicon material



FY3/17

FY3/18

FY3/19 (Forecast)

U.S. GAAP

IFRS

Improve Profitability in Solar Energy Business

1 FY3/19 forecast (vs FY3/18)

1H

2H

Consolidate domestic production sites

- Consolidation cost: Approx. ¥1bn
- Production capacity: Down approx. 15%

Cost reductions:

Approx. 25%
(vs end of FY3/18)



Aim to return to profitability in second half of FY3/19

2 Measures to improve profitability toward FY3/21

- Create energy-related business
- Project cost reduction of **approx. 30%** (vs FY3/19) through introduction of new production method

Basic Policy toward Mid-Term Business Growth

FY3/21 Sales 2 Trillion Yen , PTP Ratio 15%

Information & Communication

Automotive Related

Environment & Energy

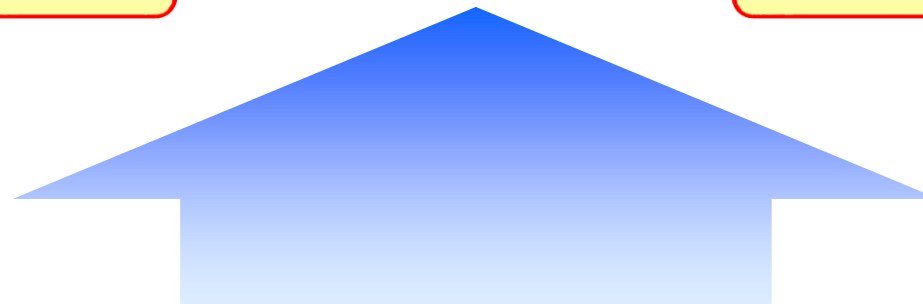
Medical & Health Care

Double productivity, process innovation

Accelerate internal synergies and external collaborations

Expand existing businesses

Create new businesses



Aggressive Business Investment to Drive Growth (1)

Boost production of fine ceramic parts for semiconductor processing equipment

- **Increased demand for semiconductor processing equipment**
2017 global market shipments: Approx. ¥6 trillion* **Record high** *SEMI research (April 2018)
- **Growing need for ceramics in structural parts due to sophistication of equipment**



New building

(Conceptual diagram)

Kagoshima Kokubu Plant
(Planned to start operation in Oct. 2018)

Production increase plan for FY3/19

- **Shiga Yohkaichi Plant**
Start to boost production in May 2018
Start production at former solar energy production wing in October 2018
- **U.S. Washington plant**
Start to boost production in May 2018
- **U.S. North Carolina plant**
Start to boost production in December 2018



Continue to grow sales by over 20%

Aggressive Business Investment to Drive Growth (2)

Boost production of ceramic packages for IoT and ADAS

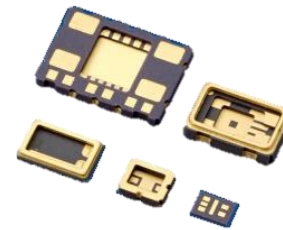
Increased orders of ceramic packages following sharp jump in demand for products with communication function and cameras



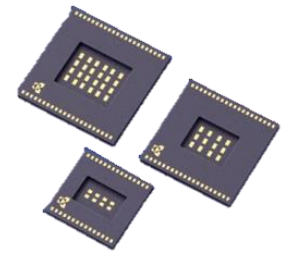
New building

(Conceptual diagram)

Kagoshima Sendai Plant (Planned to start operation in August 2019)



SMD ceramic packages



Ceramic packages for image sensors

Toward a 25% increase in production capacity at Kagoshima Sendai Plant by FY3/2021 relative to FY3/2018

Initiatives to Slash Costs and Double Productivity

Aim to double productivity in each business by sharing information throughout the Group

Production

AI Laboratory

(Opened Sept. 2017)

Provide AI utilization tools to each business division



Design

Automated design



Production process

Automate equipment preventive maintenance



Inspection

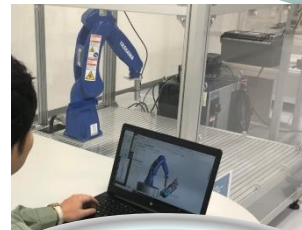
Enhance inspection accuracy

Production

Robot Utilization Center

(Opened Oct. 2017)

Support robot utilization in each business division



Advance verification

Concept and technology verification via simulations



Introduction support

Support for advance technology verification and introduction

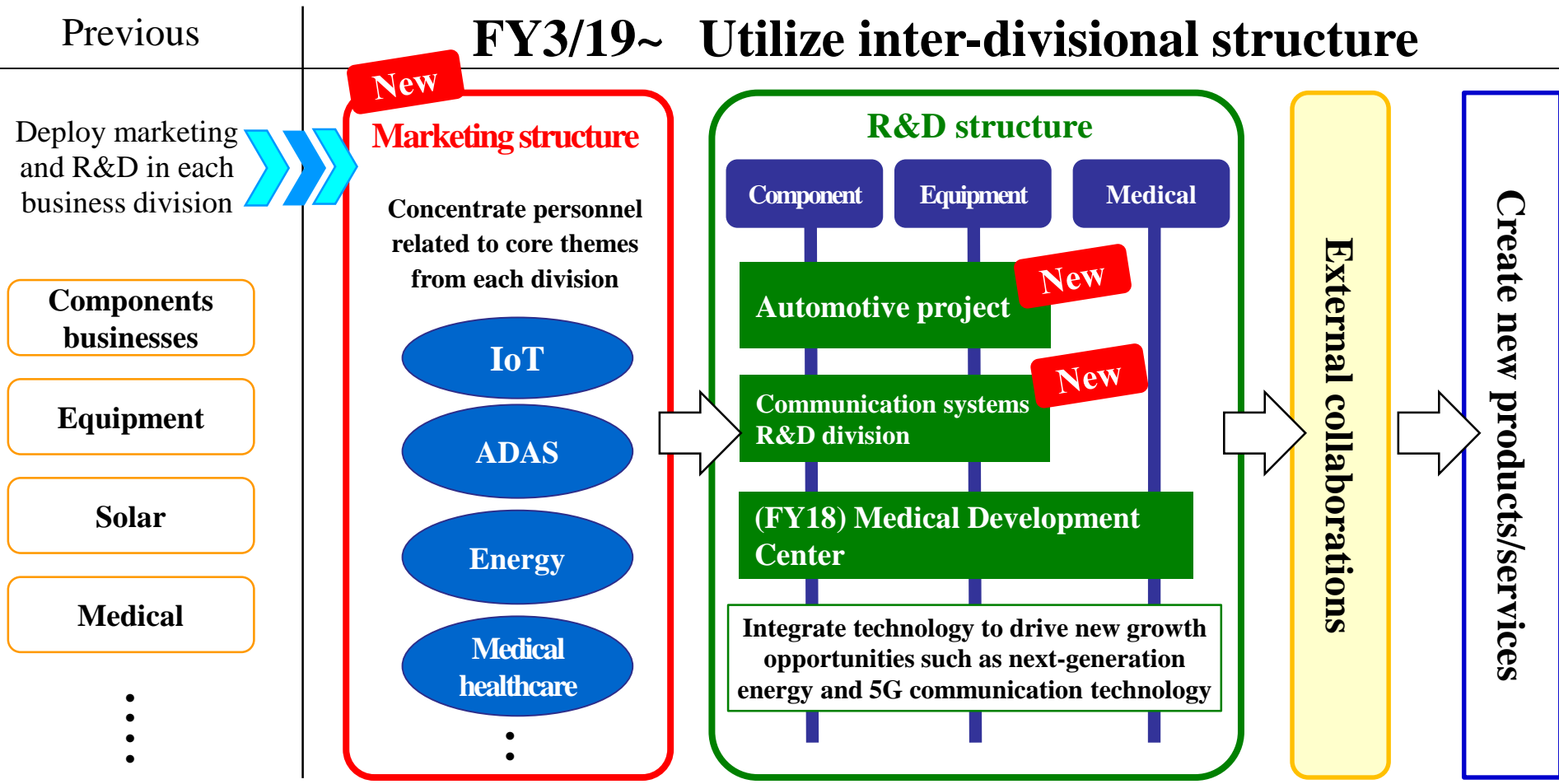
Deploy in other business divisions after introducing test line in model business division

Indirect departments

Inaugurate business reform project (April 2018)

Strengthen R&D Structure to Create New Business

Accelerate development by accurately grasping market needs



Repurchase of own shares

Facilitate flexible capital strategies such as stock swaps

【Outline】

(1) Type of shares to be repurchased	Common stock
(2) Total number of shares to be repurchased	Up to 7,200,000 shares (Percentage to total number of shares issued excluding treasury shares: 1.96 %)
(3) Total amount of repurchase price	Up to 40 billion yen
(4) Period of repurchase	From April 27, 2018 to September 20, 2018
(5) Method of repurchase	Market purchases through the Tokyo Stock Exchange

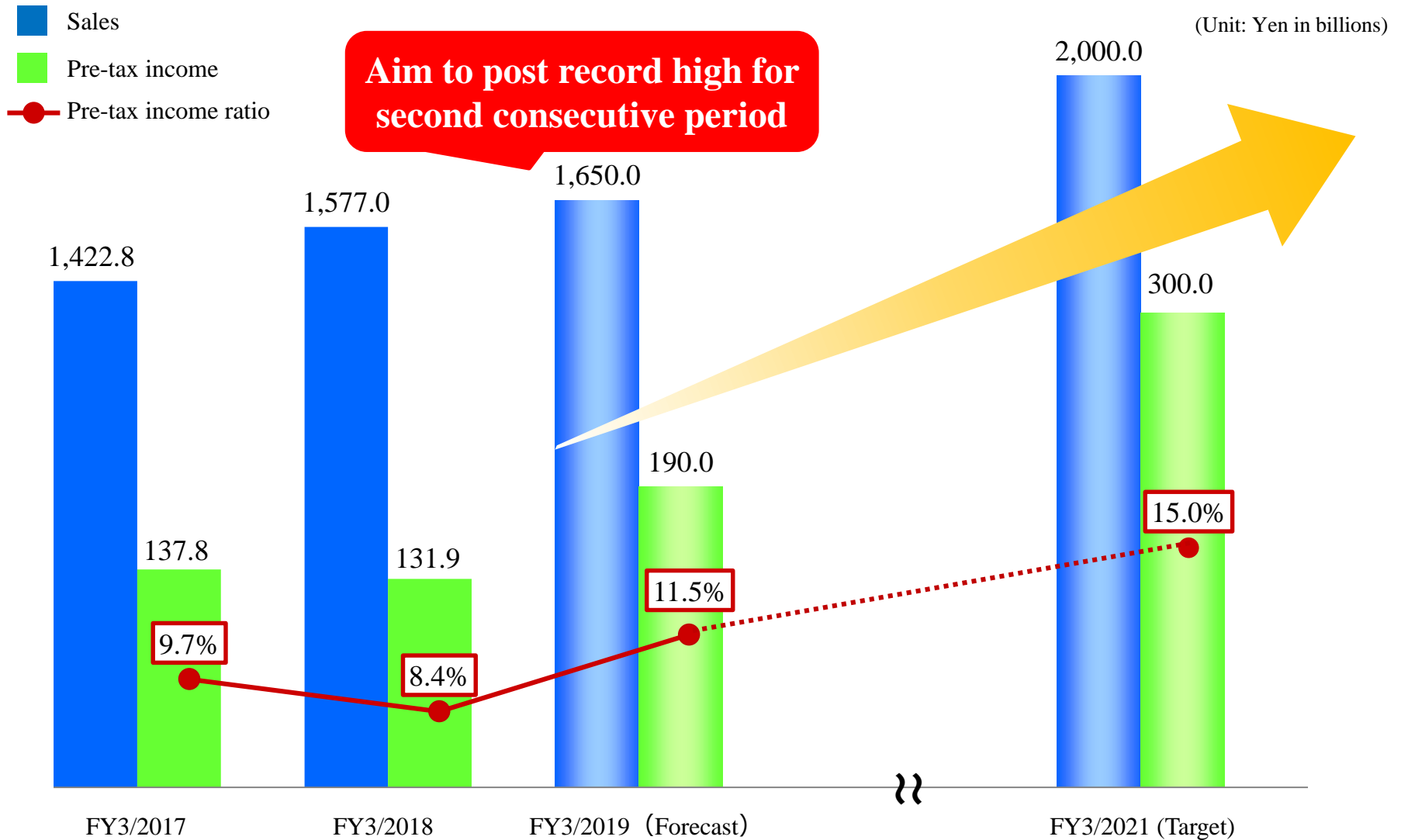
(For your information)

Status of treasury shares held by the Company as of March 31, 2018

Total number of shares issued (excluding treasury shares held by the Company) : 367,707,758 shares

Number of treasury shares held by the Company : 9,910,822 shares

Trend of Sales and Pre-tax Income



Aim to post record high for second consecutive period

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Cautionary Statement for Forecasts

Certain of the statements made in this document are forward-looking statements, 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:

- (1) general conditions in the Japanese or global economy;
- (2) unexpected changes in economic, political and legal conditions in countries where we operate;
- (3) various export risks which may affect the significant percentage of our revenues derived from overseas sales;
- (4) the effect of foreign exchange fluctuations on our results of operations;
- (5) intense competitive pressures to which our products are subject;
- (6) fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in our production activities;
- (7) manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (8) shortages and rising costs of electricity affecting our production and sales activities;
- (9) the possibility that future initiatives and in-process research and development may not produce the desired results;
- (10) companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (11) inability to secure skilled employees, particularly engineering and technical personnel;
- (12) insufficient protection of our trade secrets and intellectual property rights including patents;
- (13) expenses associated with licenses we require to continue to manufacture and sell products;
- (14) environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (15) unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (16) our market or supply chains being affected by terrorism, plague, wars or similar events;
- (17) earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (18) credit risk on trade receivables;
- (19) fluctuations in the value of, and impairment losses on, securities and other assets held by us;
- (20) impairment losses on long-lived assets, goodwill and intangible assets;
- (21) unrealized deferred tax assets and additional liabilities for unrecognized tax benefits; and
- (22) changes in accounting principles.

Due to such risks, uncertainties and other factors, our actual results, performance, achievements or financial condition may be substantially 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.