



**Outline of Q&A on conference call**  
**for the three months ended June 30, 2015 ("the first quarter")**  
**(Held on July 30, 2015)**

**<Result for the first quarter>**

Q: How were the first quarter results relative to expectations?

A: We are progressing in line with plans for both sales and profit in the Components Business. Result in the solar energy business is also in line with plan. In the Equipment Business, we are behind schedule in the Telecommunications Equipment Group and slightly delayed in terms of profit in the Information Equipment Group.

**<Outlook for the three months ending September 30, 2015 ("the second quarter")>**

Q: What is your forecast for consolidated net sales in the second quarter?

A: We forecast slightly under 20% growth compared with the first quarter.

Q: What is your forecast for the second quarter for each reporting segment?

A: We expect to expand both sales and profit relative to the first quarter. In the solar energy business, we expect progress in line with plan. In the Electronic Device Group, we forecast growth on the back of increasing demand from smartphone manufacturers and higher market share. A slight concern is the minor standstill in components for semiconductor processing equipment. We forecast increases in the Semiconductor Parts Group.

Q: Demand for smartphones has started getting stronger and weaker in advanced nations and emerging nations. How have you factored in the impact of demand conditions in emerging nations on sales in the second quarter?

A: Kyocera does not make a huge amount of sales to emerging nations such as China, so the impact will not be that profound. Actually, we are increasing sales on the back of growth in market share with major smartphone manufacturers. Going forward, we will continue to accelerate the application of new products.

Q: Can you tell us the background to your second quarter growth forecast for each product used in smartphones?

A: We expect market share to increase for MLCCs and crystal components on the back of new product introductions. Expected growth in ceramic packages for CMOS image sensors and organic packages is based on customers' forecasts.

Q: To what extent do you think sales will increase for other applications such as automotive-related and semiconductor processing equipment compared with the first quarter?

A: Demand for automotive parts is stable and expected to rise by around 10% compared with the first quarter. We forecast no change or a slight decline in sales of components for semiconductor processing equipment.

#### **<Telecommunications Equipment Group>**

Q: What was the reason for the loss in the Telecommunications Equipment Group?

A: There was a combination of various factors. Since Kyocera's production volume is minimal, such factors as delay in release date by a certain carrier or problems with our component and material procurement will lead to a significant decline in sales. In the first quarter, the major factor was a decline in sales of low-end models overseas.

Q: What is your scenario for improvement in the Telecommunications Equipment Group?

A: In order to minimize the degree of instability in results, we aim to boost market share by entering agreements with new carriers in Japan. Overseas, we seek to expand sales of high-value-added products rather than low-end models. In addition, we will work to accelerate platform standardization and decrease costs. Rather than place sales above all else, we will work to establish a framework for stably boosting profit each quarter.

#### **<Solar Energy business>**

Q: How do you view price trends and sales and profit for the year ending March 31, 2016 ("fiscal 2016")?

A: We are forecasting around a 10% decline in prices in Japan and around a 5% decline in the United States in fiscal 2016. In terms of sales and profit, we will work to steadily translate a backlog of orders in the public and commercial sectors in Japan into sales. In addition, we will further promote the shift to residential use. To achieve this, we are developing modules that boast high conversion efficiency and we expect to be able to release new products in the second half of fiscal 2016. Overseas, since the U.S. market is a key market and preferential treatment associated with the purchase of solar power systems will terminate there at the end of next year, it is important that we increase production to make the most of dynamic demand at present. We are working to expand sales and profit in the United States by selecting those projects that promise high margin and combining with leading distributors.

Q: What is your forecast for profitability in the solar energy business?

A: Fiscal 2016 there are no negative factors impacting profit as in the year ended March 31, 2015 ("fiscal 2015") owing to devaluation and the integration of sites. Profitability also depends on the extent to which we can reduce costs. Kyocera conducts an integrated production system and we will look to raise efficiency in each process and accept the need to lower prices. In addition, we will work to secure projects that offer a high level of profitability. As such, we forecast profit to improve from the second quarter onward.

**<Tender offer for shares of Nihon Inter Electronics Corporation>**

Q: What is your image of synergies with Nihon Inter Electronics?

A: Nihon Inter Electronics Corporation produces silicon semiconductors but does not have know-how regarding the substrates that they are embedded into. On the other hand, Kyocera manufactures packages and substrates, so by combining our mutual resources, we believe we can develop products that are superior to the competition. On top of this, Nihon Inter Electronics Corporation operates mainly in the Japanese market, while Kyocera also has a sales channel overseas, which makes it possible to expand sales overseas.

Q: Is there a possibility that Kyocera will conduct M&A to expand business in the power electronics field? What will the timeframe for this be?

A: Our M&A does not finish here. We will continue to strengthen our M&A going forward. We envision a time period of two to three years for this.