



**Outline of Q&A on conference call for the three months ended June 30, 2017**  
**(Held on July 28, 2017)**

Q: Are one-time gains and losses included in the results of three months ended June 30, 2017 (the first quarter)?

A: A total of ¥1.5 billion in costs related to the liquidation of our plant in Malaysia in the telecommunications equipment business has been included.

Q: With these costs settled in the first quarter, will the plant be dissolved in the three months ending September 30, 2017 (the second quarter)?

A: We will still have to process some inventory in the second quarter, but this will be completed during that quarter.

Q: What will be the cost of processing the inventory?

A: We are not sure at this point in time, but it will be less than the amount we spent in the first quarter.

Q: What are the factors behind the considerable increase in sales and profits? Would you put it down to improvement in the external environment or to efforts in-house?

A: The Components Business is performing well and this can be attributed to a favorable external environment. Specifically, conditions were positive in semiconductor, automotive and electronic device related markets. In semiconductor-related markets, there are a growing number of services using clouds in data centers, and as such, demand for big data is also on the rise. Kyocera will make capital investment and look to enhance production in the six months ending March 31, 2018 (the second half) in response to this. The efforts we have made in-house have borne fruit in the Document Solutions Group. We succeeded in expanding sales of new products that we launched in the fourth quarter of the year ended March 31, 2017. Toner has sold especially well. We expect the automation of a new plant to contribute to future profitability too.

Q: Have internal efforts been effective in the Components Business?

A: We increased our share of components for semiconductor-related markets through bold capital investment and high evaluation from customers for short delivery requirements. We were also able to boost our share of electronic devices on the back of buoyant market conditions coupled with the fact that we were faster than the competition in developing high-performance capacitors and ultra-small crystal units.

Q: Do you attribute the increase in profit to cost reductions, improvement in product mix or keeping fixed costs down?

A: The first reason for the large improvement in profit was the increase in profit in the solar energy business, telecommunications equipment business and display business following structural reform in the previous fiscal year. Second, we enhanced the utilization rate in components business. Since small crystal units and high-performance capacitors are new products, unit prices are comparatively high, which contributed to higher profit in the Components Business.

Q: Is the level of profit ratio posted in the first quarter sustainable?

A: Yes, it is.

Q: Could you tell us your outlook for the Life & Environment Group, including the solar energy business, and the Communications Group for the second quarter and beyond? Did results bottom out in the first quarter and will they rebound by the end of the fiscal year?

A: Since sales for mega-solar power projects in the solar energy business will increase in the second half, profitability will rise for this six-month period. The Communications Group is also subject to the effects of seasonality, with mobile phones expected to sell well when new students enter university. This will mean a concentration of sales in the second half, although this will not be as pronounced as the solar energy business.

Q: Are we correct in thinking that Kyocera will be able to make a certain amount of profit in the Life & Environment Group and Communications Group as per forecasts for the fiscal year?

A: Yes, that's correct.

Q: Although there is little cause for optimism regarding the environment for the solar energy business both in terms of price and volume, are you relatively free from risk since you conducted structural reform in the previous fiscal year?

A: We downsized business in the United States in the previous fiscal year in the solar energy business. This fiscal year we aim to boost sales in Japan and Thailand. We have a number of mega-solar power projects on the go in Japan and since orders are all but set we don't believe we are facing any significant risk.

**Cautionary statement**

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