KYOCERA

Financial Presentation for the Six Months Ended September 30, 2017
(Held on October 31, 2017)

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<1 & 2. Financial Results for the Six Months Ended September 30, 2017>

During the six months ended September 30, 2017 (“the first half”), sales in the Industrial & Automotive Components Group and the Electronic Devices Group increased significantly, reflecting strong demand for components used in information and communications markets, automotive-related markets and industrial machinery markets. Sales also expanded in the Document Solutions Group due to the launching of new products and aggressive sales promotion activities. As a result, consolidated net sales for the first half increased by 13% to ¥738.3 billion compared with the six months ended September 30, 2016 (“the previous first half”). This represented a record high in terms of first half results.

Profit increased markedly compared with the previous first half due to increased sales and cost reductions as well as enhanced productivity achieved through the implementation of structural reforms in the previous fiscal year ended March 31, 2017 (“the previous fiscal year”). Profit from operations doubled to ¥69.5 billion, income before income taxes increased by 81% to ¥87.8 billion and net income attributable to Kyocera Corporation’s shareholders rose 70% to ¥61.4 billion.

Average exchange rates for the first half were ¥111 to the U.S. dollar, marking depreciation by ¥6, and ¥126 to the Euro, marking depreciation by ¥8, compared with the previous first half. As a result, net sales and income before income taxes were pushed up by approximately ¥24 billion and ¥7 billion, respectively, compared with the previous first half.

<3. Sales by Reporting Segment for the Six Months Ended September 30, 2017>

This slide shows the condition of sales by reporting segment. Sales increased in both the Components Business and the Equipment & Systems Business.

<4. Operating Profit by Reporting Segment for the Six Months Ended September 30, 2017>

Operating profit increased significantly, beyond the sales growth rate, in most reporting segments due to increased sales and cost reductions. In addition, all reporting segments in the Components Business as well as the Document Solutions Group achieved a double-digit operating profit ratio.

I will now explain conditions in each reporting segment compared with the previous first half.

<5. Financial Results for H1 of FY3/2018 by Reporting Segment (1)>

First, in the Industrial & Automotive Components Group, sales of industrial tools increased, in part reflecting the strong demand as well as sales contributions resulting from merger and acquisition activity. Sales of displays and components for semiconductor processing equipment also increased, and as a result, sales in this reporting segment increased by 22% compared with the previous first half.

Operating profit more than doubled due to the higher sales and cost reductions, while the operating profit ratio improved to the double-digit level, up from 5.9% to 11.3% relative to the previous first half.

In the Semiconductor Components Group, sales of ceramic packages for smartphones and organic packages for telecommunications infrastructure increased, resulting in an 8% rise in reporting segment sales.

Operating profit climbed 84% on the back of the sales growth and cost reductions. The operating profit ratio improved to the double-digit level, up from 8.3% to 14.1% relative to the previous first half.

<6. Financial Results for H1 of FY3/2018 by Reporting Segment (2)>

In the Electronic Devices Group, sales were up 20% due to an increase in sales of capacitors, crystal components and connectors for smartphones and to growth in sales of printing devices for industrial equipment.

Operating profit surged 68% due to the sales growth and cost reductions and the operating profit ratio improved four percentage points from 11.4% to 15.9% relative to the previous first half.

In the Communications Group, sales increased by 9% due to an increase in sales in the information and communications services business, which provides ICT solutions among other services, and higher sales of mobile phones for the Japanese market in the telecommunications equipment business.

A return to operating profit resulted from the increase in sales and efforts to reduce fixed costs, which drove a ¥7 billion improvement.

<7. Financial Results for H1 of FY3/2018 by Reporting Segment (3)>

Sales increased by 17% in the Document Solutions Group due to an increase in sales volume as a result of launching new products and aggressive sales promotion activities coupled with contribution of sales resulting from merger and acquisition activity.

Operating profit increased by 56% due to the sales growth and cost reductions as well as the impact of foreign exchange rate fluctuations. The operating profit ratio improved to the double-digit level, up from 8.7% to 11.7% relative to the previous first half.

Finally, in the Life & Environment Group, sales were down due to downsizing of the solar energy business in the United States.

Operating loss was recorded due mainly to the sales decline and an increase in R&D expenses despite a decline in operating loss through efforts to reduce costs.

That concludes my summary of financial results for the first half. Next, I will explain financial forecasts for the year ending March 31, 2018 ("the fiscal year").

<8 & 9. Financial Forecasts for the Year Ending March 31, 2018>

Performance in the first half exceeded expectations, especially in the Components Business, reflecting a favorable business environment. Demand is forecast to continue increasing in the six months ending March 31, 2017 ("the second half") as well for parts used in industrial machinery and automotive-related markets. In addition, the yen is expected to depreciate compared with our original forecast, and as a result, sales and profit for the fiscal year are projected to exceed the forecasts made in May 2017.

Net sales are projected to exceed our original forecast by ¥60 billion, which would result in a record high of ¥1,560 billion. Profit from operations is forecast to be ¥15 billion higher than the original forecast at ¥135 billion, with pre-tax income projected to better the original forecast by ¥20 billion at ¥170 billion. Net income attributable to Kyocera Corporation's shareholders is projected to exceed the original forecast by ¥14 billion for a total of ¥119 billion.

Average exchange rate forecasts for the fiscal year have been revised from ¥108 to ¥111 to the U.S. dollar and from ¥115 to ¥128 to the Euro relative to the May forecasts.

<10. Sales Forecast by Reporting Segment>

<11. Operating Profit Forecast by Reporting Segment>

Page 10 shows sales forecasts and page 11 shows operating profit forecasts by reporting segment. Sales and operating profit are forecast to increase in both the Components Business and the Equipment & Systems Business compared with the previous fiscal year. The Components Business is projected to post sales and operating profit that are considerably higher than our original forecasts.

<12. Main Reasons for Revision to FY3/2018 Forecasts>

The main reason for revisions to the financial forecasts for the fiscal year is the upswing in first half results.

The first factor behind this was the favorable business environment. Component orders exceeded expectations in the smartphone, industrial machinery and automotive-related markets.

The second factor concerns the effects of major efforts to bolster production capacity that have been ongoing since the previous fiscal year. We have been boosting capacity since last fiscal year on account of a forecast of strong demand this fiscal year, particularly for capacitors and components for semiconductor processing equipment. I will touch on this later, but even now we are seeing continued solid demand for these parts and Kyocera is pushing ahead with further expansion of production capacity.

The third factor is the effects of cost reductions and enhanced productivity company-wide. This has resulted in an increase in profitability in most business divisions.

Next, I will explain forecasts for each reporting segment.

<13. Financial Forecasts of FY3/2018 by Reporting Segment (1)>

First, in the Industrial & Automotive Components Group, sales and profit are projected to exceed results in the previous fiscal year as well as the original forecast due to increasing demand for parts used in industrial machinery and automotive-related markets in particular.

In the Semiconductor Components Group, sales and profit are projected to exceed result in the previous fiscal year as well as the original forecast due to an increase in sales of ceramic packages for smartphones and organic packages for telecommunications infrastructure. The operating profit ratio is projected to increase further due to the upward revision in sales forecast and cost reductions.

<14. Financial Forecasts of FY3/2018 by Reporting Segment (2)>

In the Electronic Devices Group, sales and profit are projected to exceed results in the previous fiscal year as well as the original forecast due to increasing sales of capacitors, crystal components and connectors for smartphones and increasing demand for printing devices used in industrial equipment.

In the Communications Group, profit is projected to decrease compared with the previous fiscal year due primarily to the impact of lower sales of mobile phones for North America despite a forecast of increased sales on the back of sales growth in handsets for Japan and telecommunications modules. Sales and profit are forecast to decrease compared with the original forecast since sales of mobile phones for North America are short of projections made at the start of the fiscal year.

<15. Financial Forecasts of FY3/2018 by Reporting Segment (3)>

In the Document Solutions Group, sales and profit are forecast to increase compared with the previous fiscal year due to strong sales of new products. Profit is projected to exceed the original forecast due to cost reductions and the effects of the yen's depreciation.

Finally, in the Life & Environment Group, sales and profit are projected to decrease compared with the previous fiscal year and the original forecast since sales in the solar energy business are short of projections made at the start of the fiscal year.

That concludes my summary of financial forecasts for the fiscal year. Next, I will explain initiatives to expand sales going forward.

<16. Initiatives to Expand Sales (1) Increase Production Capacity (I)>

The demand environment is currently strong in the Components Business and Kyocera is therefore bolstering production capacity for a number of parts. Semiconductor processing equipment is becoming increasingly sophisticated in addition to manifesting higher demand. Etching equipment now enables higher processing temperature and is plasma enhanced while parts for lithography equipment are becoming lighter and more precise. With these and other movements, the need for fine ceramic parts is increasing beyond the increase in equipment being manufactured.

Kyocera is investing heavily in increasing production in Japan and overseas to meet this growing demand. We added a new wing to our Washington Plant in the United States in April this year and enhanced production capacity for semiconductor processing equipment parts by approximately 1.5-fold. We have also decided to add a new wing to the Kagoshima Kokubu Plant following order projections exceeding current production capacity for next fiscal year and beyond. Construction will begin in November with investment of approximately ¥5.6 billion earmarked for the project, which includes production equipment. Operations are scheduled to get underway in October 2018. With completion of this new wing, we expect to approximately double production capacity at this plant.

<17. Initiatives to Expand Sales (1) Increase Production Capacity (II)>

Kyocera is also striving to expand production capacity in the Equipment & Systems Business in addition to the Components Business. Conditions are currently strong in the Document Solutions Group and we are looking to increase production of toner containers and photoreceptor drums as well as fully automate production lines in order to further expand sales.

At the toner container factory at the Tamaki Plant, Mie shown at left, we have realized a fully automated production line with the latest technology that requires far less manpower. Operations got underway in June this year and we plan to expand production capacity of toner containers for the entire Tamaki Plant by more than two-fold relative to current levels by 2020.

In addition, as shown at right, we are building a new wing at our China factory and aim to start operation of this facility, which is for photoreceptor drums, a core part in multifunction systems and printers, in

May 2018. We plan to introduce a fully automated line in this wing as well and aim to boost production capacity by more than 2.5-fold relative to current levels by 2020.

<18. Initiatives to Expand Sales (2) Expand Business Area through M&A (I)>

Kyocera continues to expand business area through mergers and acquisitions with the objective of increasing sales.

First, in the industrial tool business, we concluded a basic agreement to acquire the power tool business of Ryobi Limited ("Ryobi") in September 2017. The acquisition of this business is scheduled for January 2018. As shown on the next slide, this will help us promote diversification in our industrial tool business.

<19. Initiatives to Expand Sales (2) Expand Business Area through M&A (II)>

Kyocera acquired Unimerco A/S based in Europe in 2011 in the industrial tool business, which centers around cutting tools for automotive-related markets, and through this entered the pneumatic tool business for construction. In addition, SENCO Holdings, Inc., a U.S.-based pneumatic tool manufacturer, joined the Kyocera Group in August 2017. The power tool business of Ryobi is also set to become part of our operations in January 2018. Ryobi is engaged in a wide variety of industries, mainly in Japan. Going forward, we will work to further expand business as a comprehensive tool manufacturer that covers from cutting tools to pneumatic and power tools.

<20. Initiatives to Expand Sales (2) Expand Business Area through M&A (III)>

Next, I will explain our merger and acquisition activity in core markets.

We are striving Group-wide to expand business in automotive-related markets. In October, AVX Corporation, our U.S. subsidiary, acquired the Transportation, Sensing and Control division of TT Electronics PLC, an electronic components maker in the United Kingdom, in order to expand the automotive sensor business. This business develops, manufactures and sells such items as sensors and control modules that support the enhanced safety and comfort of automobiles. Through this acquisition, we aim to expand our product portfolio by adding devices that include sensors for temperature, position and speed measurement and to continue sales growth in overseas markets by utilizing the sales channels of the two companies.

<21. Initiatives to Expand Sales (2) Expand Business Area through M&A (IV)>

As a measure to expand sales in the information and communications market, one of our core markets, we aim to be a total document solutions provider through our Document Solutions Group that covers a broad spectrum from hardware, including printers and multifunctional products, to document-related solutions and outsourcing services.

In August, Kyocera acquired DataBank IMX, LLC, a U.S.-based provider of ECM business and document BPO business. This company has a customer base that includes hospitals and financial institutions. In addition, we aim to create a new business model by integrating ECM and document BPO business with our equipment business, and strengthening services in the U.S. market.

That concludes my explanation of initiatives to expand sales.

<22. Management Policy>

I will now touch on the progress being made in Kyocera's management policy that I touched on in May this year. In terms of expanding existing business through major cost reductions as shown at left, we are working to reduce costs through process reform and double productivity via AI and robots. AI and robots are vital to boost productivity. Kyocera has opened two sites with the aim of promoting the use of AI and robots.

An AI laboratory was established in Yokohama in September. In addition to providing the tools to utilize AI to business divisions, the laboratory will amass and provide knowhow on big data analysis and management to various divisions within the Company.

On top of this, a robot utilization center was established in Osaka in October. This will contribute to enhanced productivity by implementing robot utilization tests aimed at supporting each business division.

Going forward, we will establish a foothold to double productivity by sharing the knowhow from these sites throughout the Group.

In terms of creating new business by boosting ties inside and outside the company, as shown at right, we established a Medical Development Center inside the Shiga Yasu Plant in April this year as a means to strengthen internal technological synergies. Here, we will integrate the Group's medical and healthcare resources with the aim of swiftly creating new business. We will make the most of our competitive advantage in the resources we possess, which include conventional medical materials such as prosthetic joints, as well as various electronic components and telecommunications technology, and are pushing ahead with R&D for new products enabling more sophisticated medical treatment and healthcare.

In terms of utilizing external resources shown at the bottom of this slide, we are actively collaborating with other companies in addition to our merger and acquisition activity explained earlier. In a project involving nitride ceramic parts with Toshiba Materials Co., Ltd., we are working on the development of high-performance parts that were not possible with traditional technology with the aim of swift market introduction. Our primary target will be the semiconductor processing equipment market, where the strong business environment is projected to continue into the next fiscal year and beyond.

<23. Dividend Forecast>

Finally, I will explain dividends for the fiscal year.

Kyocera has set an interim dividend of ¥60 share, up ¥10 compared with the previous first half, in light of full-year financial forecasts. In line with this, we have revised upward our year-end dividend forecast from our original forecast of ¥110 to ¥120 per share.

Kyocera will continue working to increase profit going forward and further boost return to shareholders.

<24. Trend of Sales and Pre-tax Income>

By implementing the initiatives I have outlined here, we aim to achieve net sales of ¥1,560 billion, which would be a record high, and income before income taxes of ¥170 billion for the fiscal year. We also aim to drive further growth toward our goal of ¥2 trillion in annual sales by fiscal 2021.