Telephone Conference Call for the Three Months Ended June 30, 2018
(Held on July 31, 2018)

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President and Representative Director

Note: Results for the previous fiscal year have been reclassified in line with the adoption of International Financial Reporting Standards (IFRS) this fiscal year. Please refer to "Conference Call Material for The Three Months Ended June 30, 2018" pages 16 to 19 tables comparing results using U.S. Generally Accepted Accounting Principles (GAAP) and IFRS.

<1. (Cover page) 1. Financial Results for the Three Months Ended June 30, 2018>

<2. Financial Results for Q1 of FY3/2019 –Comparison with Q1 of FY3/2018–>

This table summarizes financial results for the three months ended June 30, 2018 ("the first quarter"). Sales revenue for the first quarter increased by 12% compared with the three months ended June 30, 2017 ("the previous first quarter") to ¥387.5 billion, marking a record high for first quarter sales revenue.

Profit increased compared with the previous first quarter as a result of the growth in sales and efforts to reduce costs.

Capital expenditures and R&D expenses increased significantly compared with the previous first quarter owing to proactive initiatives in each business. Depreciation decreased after shifted to the straight-line method this fiscal year as its predominant use in depreciation calculation to take the place of the declining-balance method we predominantly used up until the previous fiscal year.

Average exchange rates for the first quarter were ¥109 to the U.S. dollar, marking appreciation of ¥2, and ¥130 to the Euro, marking depreciation of ¥8, on a year-on-year basis. This had the effect of boosting both sales revenue and profit before income taxes by approximately ¥2.0 billion compared with the previous first quarter.

<3. Sales Revenue by Reporting Segment for Q1 of FY3/2019 –Comparison with Q1 of FY3/2018–>

Page 3 shows sales revenue by reporting segment. Sales revenue in both the Electronic Devices Group and Industrial & Automotive Components Group surged by more than 30% due to an increase in demand for components used in automotive-related and industrial machinery markets coupled with contribution from merger and acquisition activities conducted in the previous fiscal year.

Sales revenue in the Document Solutions Group increased by approximately 10% on the back of aggressive sales promotion activities.

<4. Business Profit by Reporting Segment for Q1 of FY3/2019 –Comparison with Q1 of FY3/2018–>

Business profit increased markedly, up by more than 70%, in the Industrial & Automotive Components Group and Electronic Devices Group due to growing sales and cost reductions. Business profit in the Document Solutions Group was up by 13%. Next, I will explain financial results of each reporting segment.

<5. Financial Results for Q1 of FY3/2019 by Reporting Segment (1)>

First, in the Industrial & Automotive Components Group, sales revenue increased significantly year on year with a rise of 34%. Sales in the industrial tool business expanded well due to growing demand and contribution from merger and acquisition activities conducted in the previous fiscal year. Sales also increased in camera modules for automotive application and in parts for semiconductor processing equipment.

Business profit increased by 71% year on year, marking significant growth on the back of the effects of sales growth combined with cost reductions. The business profit ratio improved to 12.7%.

In the Semiconductor Components Group, sales revenue were roughly unchanged from the previous first quarter while business profit decreased by 24%. Despite an increase in sales of organic packages, particularly for automotive application, the primary reason for these results was a decline in sales of ceramic packages for optical communications due to the impact of inventory adjustments, while it was in higher demand in the previous first quarter.

<6. Financial Results for Q1 of FY3/2019 by Reporting Segment (2)>

Sales revenue in the Electronic Devices Group expanded substantially, up 40% compared with the previous first quarter. Sales at AVX Corporation were up owing in part to contribution from merger and acquisition activities conducted in the previous fiscal year while sales of MLCCs for smartphones and printing devices for industrial equipment also grew.

Business profit increased significantly, up 71% from the previous first quarter, due to the effects of sales growth and cost reductions. The business profit ratio improved to 16.3%.

In the Communications Group, sales revenue decreased by 10%. Although sales increased in the information and communications services business, which deploys engineering business, etc., sales in the telecommunications equipment business decreased due to low investment in new models for the domestic market in the first quarter.

Business loss of ¥2.2 billion was recorded due primarily to the decline in sales in the telecommunications equipment business.

<7. Financial Results for Q1 of FY3/2019 by Reporting Segment (3)>

In the Document Solutions Group, sales revenue and business profit increased by 10% and 13%, respectively, due to an increase in sales volume following active sales promotion activities and to merger and acquisition activities conducted in August 2017 as well as the effect of exchange rates.

Finally, in the Life & Environment Group, sales revenue decreased by 24% due mainly to a decline in sales in the solar energy business. Business loss increased due mainly to the impact of lower sales and an increase in R&D expenses.

That concludes my summary of first quarter results.

<8. (Cover page) 2. Financial Forecasts for the Year Ending March 31, 2019>

<9. Financial Forecasts for the Year Ending March 31, 2019>

Kyocera has not made any changes to initial financial forecasts for the year ending March 31, 2019 announced in April.

We expect demand to increase continuously in the industrial machinery market and automotive–related markets into the second quarter (the three months ending September 30, 2018) and onward, and within this context, we aim to achieve full-year financial forecasts.

<10. Sales Revenue Forecast by Reporting Segment>

<11. Business Profit Forecast by Reporting Segment>

In addition, Kyocera has not made any changes to initial forecasts for sales revenue and business profit in each reporting segment, as shown on pages 10 and 11.

I will now explain initiatives from the second quarter onward.

<12. Initiatives from Q2 of FY3/2019 Onward (1)>

First, we will increase production of parts for industrial machinery and automotive markets.

Demand for parts used in industrial machinery is projected to continue increasing, particularly parts for semiconductor processing equipment. The level of orders for semiconductor processing equipment parts continues to exceed Kyocera's production capacity, and since solid demand is forecast over the medium term, we are bolstering production capacity at facilities in Japan and North America. In October 2018, we are planning to commence production at a new building of the Kagoshima Kokubu Plant.

Demand for parts with automotive application is also on the rise. In particular, we have received orders exceeding initial projections for surround-view camera modules due in part to the effects of vigorous sales promotion activities. As such, a pressing task is to meet this demand by augmenting production. We are currently striving to meet the rising demand with our own products at existing factories in Japan and overseas.

<13. Initiatives from Q2 of FY3/2019 Onward (2)>

Second, we will expand business in the Document Solutions Group.

We are forecasting solid demand for document solutions in industrialized nations and for related equipment in emerging nations. Kyocera will strive to expand sales of equipment from the second quarter and to expand solutions business, which has already been bolstered through merger and acquisition activities.

We will also work to boost production and productivity through use of new facilities. The image on the right of this page shows a new factory for OPC drums, the core component in MFPs and printers, which began operation this month in China. Because it is fully automated from production to packaging, we are able to handle operation with one-tenth the number of personnel relative to before.

Third, we will restructure the solar energy business. We plan to complete consolidation of domestic production sites during the first half of the fiscal year (the six months ending September 30, 2018). At the same time, we will strive to reduce costs and boost profitability by introducing a production line with enhanced productivity and proceeding with a cost reduction program for each process.

Through these initiatives, we aim to achieve our full-year forecasts and post record high sales for the second consecutive fiscal year.

<14. Completion of Share Repurchase>

Kyocera announced in April that it would repurchase its own shares for the first time in around 10 years.
I would like to report that the repurchase was completed at the end of May. On this occasion we acquired approximately 5.95 million shares, or 1.6% of the total number of shares issued, at the upper limit of approximately ¥40 billion.

Kyocera will look into further enhancing shareholder returns going forward.