Telephone conference call for the three months ended June 30, 2017

(Held on July 28, 2017)

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President and Representative Director

< Slide 2: Financial Results for Q1 of FY3/2018 >

During the three months ended June 30, 2017 (“the first quarter”), sales in the Industrial & Automotive Components Group, Semiconductor Components Group and Electronic Devices Group expanded due to a steady increase in demand for components used in automotive-related markets, communications infrastructure and smartphones. Sales in the Document Solutions Group also increased on the back of investment in new products and aggressive sales promotion activities.

As a result, consolidated net sales for the first quarter increased by 7.9% compared with the three months ended June 30, 2016 (“the previous first quarter”) to ¥345.2 billion, which marked a record high for the first quarter. Profit from operations increased significantly due to the increase in sales and cost reductions, up 2.5-fold compared with the previous first quarter to ¥31.2 billion. Pre-tax income doubled to ¥49.3 billion and net income attributable to shareholders of Kyocera Corporation also doubled to ¥35.0 billion, with both results record highs for the first quarter.

< Slide 3: Sales by Reporting Segment for Q1 of FY3/2018 >

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

< Slide 4: Operating Profit by Reporting Segment for Q1 of FY3/2018 >

Operating profit increased significantly in every reporting segment and improvement made in profitability. In the Components Business in particular every reporting segment posted a double-digit profit ratio. I will now explain the condition of each reporting segment compared with the previous first quarter.

< Slide 5: Financial Results for Q1 of FY3/2018 by Reporting Segment (1) >

First, in the Industrial & Automotive Components Group, sales increased by 17% compared with the previous first quarter due to an increase in sales of automotive displays and cutting tools coupled with growth in sales of fine ceramic parts, notably semiconductor fabrication equipment parts. Operating profit surged 3.6-fold due to the effects of sales growth and cost reductions. The operating profit ratio improved to 10.4%.

In the Semiconductor Components Group, sales increased due mainly to an increase in sales of ceramic packages for optical communications in line with expanding demand for large-capacity, high data speed communications. Operating profit increased by almost two-fold due to the increase in sales of ceramic packages and cost reductions. The operating profit ratio was 13.2%.

< Slide 6: Financial Results for Q1 of FY3/2018 by Reporting Segment (2) >

In the Electronic Devices Group, sales increased by 14% due to brisk demand for capacitors and crystal components for smartphones and an increase in sales of printing devices for industrial equipment. Operating profit increased by 24% due to the increase in sales.

Sales were down slightly in the Communications Group. Although sales of the information and communications services business, which provides ICT solutions, etc. increased, sales of the telecommunications equipment business decreased due primarily to a decline in sales volume of low-end mobile phones for the overseas market, which offset an increase in sales in Japan. Operating profit increased, however, from a loss of ¥4.8 billion in the previous first quarter to ¥1.2 billion, up approximately ¥6.0 billion due to an increase in sales in Japan in the telecommunications equipment business and to sales expansion in the information and communications services business.

< Slide 7: Financial Results for Q1 of FY3/2018 by Reporting Segment (3) >

In the Document Solutions Group, sales increased due to an increase in sales volume on the back of launching new products, aggressive sales promotion activities and the contribution of sales from U.K.-based Annodata Limited, a consolidated subsidiary that joined the Kyocera Group in December 2016. Operating profit increased significantly by 58% due to the sales growth and cost reductions. The operating profit ratio improved to 11.4%.

Finally, in the Life & Environment Group, sales decreased due to downsizing of the solar energy business in the United States. Operating loss was reduced due to cost reductions. That concludes my overview of first quarter results.

< Slide 8 and 9: Financial Forecasts for the Year Ending March 31, 2018 >

Kyocera has not made any changes to its initial sales and profit forecasts for the year ending March 31, 2018 that were announced in May 2017 because the results in the first quarter were in line with initial projections on the whole.

< Slide 10: Sales Forecast by Reporting Segment >

< Slide 11: Operating Profit Forecast by Reporting Segment >

There are no changes to sales and operating profit forecasts by reporting segment from initial projections as shown on pages 10 and 11.

< Slide 12: Initiatives from 2Q Onward >

Kyocera will implement three key initiatives from the second quarter. First, we will seek to expand sales by bolstering production capacity. We forecast solid demand for components for the information and communications market, particularly smartphones, and for the industrial machinery market, particularly semiconductor fabrication equipment, from the second quarter onward. We will make capital investment for these components in a step-wise manner at production sites in Japan and overseas. From the second quarter, we project sales to increase on the back of increased production.

Second, we will look to enhance productivity in the Document Solutions Group through operation of a new toner container factory. The new factory, built at the Tamaki Plant in Mie Prefecture, started fully-fledged operation in July 2017. The new factory has fully automated processes from resin molding to assembly, filling and packing, which will enable thorough cost savings. Through operation of the new factory, we plan to more than double production capacity of toner containers at the Tamaki Plant by 2020 compared with current levels.

Third, we aim to expand business by utilizing external resources. Kyocera concluded an agreement to acquire all the shares of U.S.-based SENCO Holdings, Inc., a pioneer in pneumatic tools, at the end of June 2017. The addition of this company to the Kyocera Group is expected to lead to a more extensive product lineup and expansion of business domain. Going forward, we aim to expand sales of products for the automobile industry as well as pneumatic tools and power tools.

In addition, we signed an agreement with Toshiba Materials Co., Ltd. in June 2017 regarding collaboration on the development and production of nitride ceramic parts using new material with the objective of strengthening material technology. By integrating the nitride ceramic material technology of Toshiba Materials Co., Ltd. with the special ceramic processing technology of Kyocera, we will be able to launch highly functional components to market that we could not do with past technology. We will also work to further strengthen competitiveness in the ceramics market.

We will strive to expand sales, reduce costs and enhance productivity through these initiatives with the aim of achieving our forecasts for the year ending March 31, 2018 of ¥1,500 billion in net sales and ¥150 billion in pre-tax income.

approvals, the effect of economic conditions and technological difficulties, and other risks detailed in the Company's filings with the U.S. Securities and Exchange Commission.