

July 28, 2016

Conference Call Material

For the Three Months Ended June 30, 2016

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This is an English translation of the Japanese original of conference call material. The translation is prepared solely for the reference and convenience of foreigners. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

1. Financial Results for the Three Months Ended June 30, 2016

Financial Results for Q1 of FY3/2017

— Comparison with Q1 of FY3/2016 —

(Unit: Yen in millions)

	Three months ended June 30,				Change	
	2015		2016			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	339,247	100.0%	319,985	100.0%	-19,262	-5.7%
Profit from operations	32,583	9.6%	12,270	3.8%	-20,313	-62.3%
Pre-tax income	47,010	13.9%	24,798	7.7%	-22,212	-47.2%
Net income attributable to shareholders of Kyocera Corporation	31,575	9.3%	17,453	5.5%	-14,122	-44.7%
Capital expenditures	16,014	4.7%	17,208	5.4%	1,194	7.5%
Depreciation	14,535	4.3%	14,424	4.5%	-111	-0.8%
R&D expenses	14,386	4.2%	15,269	4.8%	883	6.1%
Average exchange rate (yen)	US\$	¥121	¥108			
	Euro	¥134	¥122			
Foreign currency fluctuation effect on; (compared with the previous same period)	Net sales	Approx. ¥ 20 billion	Approx. ¥ -25 billion			
	Pre-tax income	Approx. ¥ 3 billion	Approx. ¥ -5 billion			

Sales by Reporting Segment for Q1 of FY3/2017

– Comparison with Q1 of FY3/2016 –

(Unit: Yen in millions)

	Three months ended June 30,				Change	
	2015		2016		Amount	%
	Amount	% of net sales	Amount	% of net sales		
Fine Ceramic Parts Group	22,901	6.7%	22,513	7.0%	-388	-1.7%
Semiconductor Parts Group	60,298	17.8%	56,005	17.5%	-4,293	-7.1%
Applied Ceramic Products Group	52,514	15.5%	45,557	14.3%	-6,957	-13.2%
Electronic Device Group	70,533	20.8%	65,243	20.4%	-5,290	-7.5%
Components Business	206,246	60.8%	189,318	59.2%	-16,928	-8.2%
Telecommunications Equipment Group	28,681	8.4%	34,134	10.7%	5,453	19.0%
Information Equipment Group	79,651	23.5%	74,939	23.4%	-4,712	-5.9%
Equipment Business	108,332	31.9%	109,073	34.1%	741	0.7%
Others	34,542	10.2%	30,837	9.6%	-3,705	-10.7%
Adjustments and eliminations	-9,873	-2.9%	-9,243	-2.9%	630	—
Net sales	339,247	100.0%	319,985	100.0%	-19,262	-5.7%

Note:

Former Kyocera Chemical Group, included in “Others” until FY3/2016, has been reclassified and included in the “Semiconductor Parts Group” commencing from FY3/2017. Due to this change, results for Q1 of FY3/2016 have been reclassified to conform to the current presentation.

Operating Profit by Reporting Segment for Q1 of FY3/2017

– Comparison with Q1 of FY3/2016 –

(Unit: Yen in millions)

	Three months ended June 30,				Change	
	2015		2016			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Fine Ceramic Parts Group	4,199	18.3%	2,359	10.5%	-1,840	-43.8%
Semiconductor Parts Group	20,986	34.8%	4,585	8.2%	-16,401	-78.2%
Applied Ceramic Products Group	3,581	6.8%	1,526	3.3%	-2,055	-57.4%
Electronic Device Group	9,446	13.4%	5,211	8.0%	-4,235	-44.8%
Components Business	38,212	18.5%	13,681	7.2%	-24,531	-64.2%
Telecommunications Equipment Group	-6,142	–	-5,551	–	591	–
Information Equipment Group	6,410	8.0%	5,851	7.8%	-559	-8.7%
Equipment Business	268	0.2%	300	0.3%	32	11.9%
Others	-1,191	–	-2,573	–	-1,382	–
Operating Profit	37,289	11.0%	11,408	3.6%	-25,881	-69.4%
Corporate and Others	9,721	–	13,390	–	3,669	37.7%
Pre-tax income	47,010	13.9%	24,798	7.7%	-22,212	-47.2%

Notes

(1) Refer to Note on page 3.

(2) As a result of the aforementioned note(1), a gain of approximately ¥12 billion from the sale of assets was included in the “Semiconductor Parts Group” for Q1 of FY3/2016.

Operating profit represents profit from operating activities.

Summary of Q1 of FY3/2017 - Comparison with Q1 of FY3/2016-

- (1) Decreased Sales in Semiconductor Parts Group and Electronic Device Group
 - ✓ Affected by production adjustment in principal markets :
Communications infrastructure, Smartphone, Industrial equipment
- (2) Decreased sales in Applied Ceramic Products Group
 - ✓ Decreased demand for domestic market in solar energy business
- (3) Recorded gain on sale of assets in the amount of approximately 12 billion yen in Q1 of FY3/2016

Financial Results for Q1 of FY3/2017 by Reporting Segment (1)

Fine Ceramic Parts Group

(Unit: Yen in millions)

	Three months ended June 30,		Change	
	2015	2016	Amount	%
Sales	22,901	22,513	-388	-1.7%
Operating profit	4,199	2,359	-1,840	-43.8%
Operating profit ratio(%)	18.3%	10.5%	—	—

<Major factors for changes>

- ✓ Sales remained roughly on par due to a decline in sales of components for information and communications market, despite an increase in sales of automotive components
- ✓ Profit down due primarily to the impact of a change in product mix

Semiconductor Parts Group

(Unit: Yen in millions)

	Three months ended June 30,		Change	
	2015	2016	Amount	%
Sales	60,298	56,005	-4,293	-7.1%
Operating profit	20,986	4,585	-16,401	-78.2%
Operating profit ratio(%)	34.8%	8.2%	—	—

<Major factors for changes>

- ✓ Sales down due mainly to the impact of the yen's appreciation
- ✓ Profit down due to the recording of approx. ¥12 billion in gain on sale of assets in previous first quarter, the yen's appreciation and a lower sales of products for communications market

Financial Results for Q1 of FY3/2017 by Reporting Segment (2)

Applied Ceramic Products Group

(Unit: Yen in millions)

	Three months ended June 30,		Change	
	2015	2016	Amount	%
Sales	52,514	45,557	-6,957	-13.2%
Operating profit	3,581	1,526	-2,055	-57.4%
Operating profit ratio(%)	6.8%	3.3%	—	—

<Major factors for changes>

- ✓ Sales and profit down due to a decline in sales in the solar energy business mainly as a result of a decline in demand in the Japanese market

Electronic Device Group

(Unit: Yen in millions)

	Three months ended June 30,		Change	
	2015	2016	Amount	%
Sales	70,533	65,243	-5,290	-7.5%
Operating profit	9,446	5,211	-4,235	-44.8%
Operating profit ratio(%)	13.4%	8.0%	—	—

<Major factors for changes>

- ✓ Sales and profit down due to production adjustments for the smartphone and industrial equipment markets and to the yen's appreciation

Financial Results for Q1 of FY3/2017 by Reporting Segment (3)

Telecommunications Equipment Group

(Unit: Yen in millions)

	Three months ended June 30,		Change	
	2015	2016	Amount	%
Sales	28,681	34,134	5,453	19.0%
Operating profit	-6,142	-5,551	591	—
Operating profit ratio(%)	—	—	—	—

<Major factors for changes>

- ✓ Sales up and operating loss reduced due to an increase in sales of mobile phones with unique features such as higher durability in Japan and overseas

Information Equipment Group

(Unit: Yen in millions)

	Three months ended June 30,		Change	
	2015	2016	Amount	%
Sales	79,651	74,939	-4,712	-5.9%
Operating profit	6,410	5,851	-559	-8.7%
Operating profit ratio(%)	8.0%	7.8%	—	—

<Major factors for changes>

- ✓ Sales and profit down due to the impact of the yen's appreciation, despite a flat shipment of equipment

2. Financial Forecasts for the Year Ending March 31, 2017

Outlook from Q2 of FY3/2017 onward

Aim to increase sales and profit in components and equipment businesses in line with initial forecasts from Q2 of FY3/2017

(1) Semiconductor Parts Group and Electronic Device Group

- ✓ Expand sales of components for smartphones

(2) Applied Ceramic Products Group

- ✓ Increase sales mainly for commercial uses in Japan in solar energy business
- ✓ Sales growth mainly for automotive related market in cutting tool business

(3) Telecommunications Equipment Group

- ✓ Expand sales by launching new handset models in Japan and overseas
- ✓ Improve profitability through fundamental structural reform

(4) Information Equipment Group

- ✓ Increase sales in the U.S. and the Japanese market, and promote cost reduction

Financial Forecasts for the Year Ending March 31, 2017

(Unit: Yen in millions)

	Year ended March 31, 2016		Year ending March 31, 2017		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Unchanged						
Net sales	1,479,627	100.0%	1,520,000	100.0%	40,373	2.7%
Profit from operations	92,656	6.3%	110,000	7.2%	17,344	18.7%
Pre-tax income	145,583	9.8%	130,000	8.6%	-15,583	-10.7%
Net income attributable to shareholders of Kyocera Corporation	109,047	7.4%	85,000	5.6%	-24,047	-22.1%
EPS (Diluted-yen)	297.24	—	231.70	—	-65.54	—
Capital expenditures	68,933	4.7%	87,000	5.7%	18,067	26.2%
Depreciation	65,853	4.5%	78,000	5.1%	12,147	18.4%
R&D expenses	58,755	4.0%	64,000	4.2%	5,245	8.9%
			Previous (April 2016)	Revised (July 2016)		
Average exchange rate (yen)	US\$	¥120	¥110	¥106		
	Euro	¥133	¥120	¥117		

Note: Forecast of EPS (Diluted-yen) is computed based on the diluted average number of shares outstanding during the three months ended June 30, 2016.

Sales Forecast by Reporting Segment

(Unit: Yen in millions)

Unchanged	Year ended March 31, 2016		Year ending March 31, 2017		Change	
	Amount	% of net sales	Amount	% of net sales	Amount	%
Fine Ceramic Parts Group	95,092	6.4%	101,000	6.7%	5,908	6.2%
Semiconductor Parts Group	236,265	16.0%	237,000	15.6%	735	0.3%
Applied Ceramic Products Group	247,516	16.7%	263,000	17.3%	15,484	6.3%
Electronic Device Group	290,902	19.7%	304,000	20.0%	13,098	4.5%
Components Business	869,775	58.8%	905,000	59.6%	35,225	4.0%
Telecommunications Equipment Group	170,983	11.6%	152,000	10.0%	-18,983	-11.1%
Information Equipment Group	336,308	22.7%	344,000	22.6%	7,692	2.3%
Equipment Business	507,291	34.3%	496,000	32.6%	-11,291	-2.2%
Others	146,897	9.9%	154,000	10.1%	7,103	4.8%
Adjustments and eliminations	-44,336	-3.0%	-35,000	-2.3%	9,336	—
Net sales	1,479,627	100.0%	1,520,000	100.0%	40,373	2.7%

Note:

Former Kyocera Chemical Group, included in “Others” until FY3/2016, has been reclassified and included in the “Semiconductor Parts Group” commencing from FY3/2017. Due to this change, results for FY3/2016 have been reclassified to conform to the current presentation.

Operating Profit Forecast by Reporting Segment

(Unit: Yen in millions)

Unchanged	Year ended March 31, 2016		Year ending March 31, 2017		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Fine Ceramic Parts Group	15,745	16.6%	15,000	14.9%	-745	-4.7%
Semiconductor Parts Group	42,232	17.9%	26,000	11.0%	-16,232	-38.4%
Applied Ceramic Products Group	16,386	6.6%	20,000	7.6%	3,614	22.1%
Electronic Device Group	10,974	3.8%	38,000	12.5%	27,026	246.3%
Components Business	85,337	9.8%	99,000	10.9%	13,663	16.0%
Telecommunications Equipment Group	-4,558	—	4,200	2.8%	8,758	—
Information Equipment Group	27,106	8.1%	23,000	6.7%	-4,106	-15.1%
Equipment Business	22,548	4.4%	27,200	5.5%	4,652	20.6%
Others	-1,722	—	-6,000	—	-4,278	—
Operating profit	106,163	7.2%	120,200	7.9%	14,037	13.2%
Corporate and others	39,420	—	9,800	—	-29,620	-75.1%
Pre-tax income	145,583	9.8%	130,000	8.6%	-15,583	-10.7%

Notes:

(1) Refer to Note on page 12.

(2) As a result of the aforementioned note(1), a gain of approximately ¥12 billion from the sale of assets was included in the "Semiconductor Parts Group" for FY3/2016.

Forward-Looking Statements

Certain of the statements made in this document are forward-looking statements (within the meaning of Section 21E of the U.S. Securities and Exchange Act of 1934), which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following:

- (1) general conditions in the Japanese or global economy;
- (2) unexpected changes in economic, political and legal conditions in countries where we operate;
- (3) various export risks which may affect the significant percentage of our revenues derived from overseas sales;
- (4) the effect of foreign exchange fluctuations on our results of operations;
- (5) intense competitive pressures to which our products are subject;
- (6) fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in Kyocera's production activities;
- (7) manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (8) shortages and rising costs of electricity affecting our production and sales activities;
- (9) the possibility that future initiatives and in-process research and development may not produce the desired results;
- (10) companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (11) inability to secure skilled employees, particularly engineering and technical personnel;
- (12) insufficient protection of our trade secrets and intellectual property rights including patents;
- (13) expenses associated with licenses we require to continue to manufacture and sell products;
- (14) environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (15) unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (16) our market or supply chains being affected by terrorism, plague, wars or similar events;
- (17) earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (18) credit risk on trade receivables;
- (19) fluctuations in the value of, and impairment losses on, securities and other assets held by us;
- (20) impairment losses on long-lived assets, goodwill and intangible assets;
- (21) unrealized deferred tax assets and additional liabilities for unrecognized tax benefits;
- (22) changes in accounting principles;

Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial condition to be materially different from any future results, performance, achievements or financial condition expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.