



Telephone Conference Call for the Six Months Ended September 30, 2020
(Held on October 29, 2020)

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President and Representative Director

<(Cover) 1. Financial Results for the Six Months Ended September 30, 2020>

<2. Financial Results for H1 of FY3/2021>

In the six months ended September 30, 2020 (“the first half”) both sales revenue and profits declined from the six months ended September 30, 2019 (“the previous first half”) due mainly to the impact of COVID-19. Sales revenue decreased 12.9% to 696.0 billion yen, operating profit decreased 60.1% to 24.1 billion yen, profit before income taxes decreased 43.4% to 48.2 billion yen, and profit attributable to owners of the parent decreased 42.4% to 34.4 billion yen compared with the previous first half.

Average exchange rates for the first half were 107 yen to the U.S. dollar, marking appreciation of 2 yen, and 121 yen to the Euro, which was unchanged, from the previous first half. As a result, sales revenue and profit before income taxes for the first half were pushed down by approximately 6.0 billion yen and 1.0 billion yen, respectively, from the previous first half.

<3. Summary of Financial Results for H1 of FY3/2021>

Let me explain three points in giving you a summary of our financial results for the first half.

First, demand declined in main markets due to COVID-19. Demand for components decreased, primarily in the Electronic Devices Group, due to sluggish automobile production activities in automotive-related markets. Moreover, in the document market, demand for equipment and consumables decreased along with restrictions on office attendance.

Second, there was increased demand for 5G and communications infrastructure related components. Demand increased for ceramic packages for crystal and SAW devices for 5G compatible smartphones and base stations while demand for ceramic packages for optical communication for communications infrastructure increased due to a rise in data communications volume.

Third was the contribution of M&A activities. Contributions by SouthernCarlson, Inc. and Friatec GmbH's ceramics business, both acquired in the previous fiscal year, in addition to the sales of Showa Optronics Co., Ltd., which was made into a consolidated subsidiary in the current fiscal year, boosted sales revenue by approximately 14.0 billion yen in the Industrial & Automotive Components Group.

<4. Sales Revenue by Reporting Segment for H1 of FY3/2021 >

Sales revenue for the Industrial & Automotive Components Group and the Semiconductor Components Group remained virtually level with the previous first half but sales revenue in other reporting segments decreased.

<5. Business Profit (Loss) by Reporting Segment for H1 of FY3/2021 >

Business profit for all reporting segments decreased due mainly to declines in sales revenue.

<6. Financial Results for Q2 of FY3/2021 >

Our second quarter business results for the three-month period from July 1, 2020 to September 30, 2020 improved from the first quarter in line with our forecast at the beginning of the year, with sales revenue increased by 19.5% and operating profit increased by 117.7%.

In the meantime, profit before income taxes and profit attributable to owners of the parent decreased. This was due to dividends received on shares held in the first quarter.

<7. Summary of Financial Results for Q2 of FY3/2021 >

The first point of the second quarter summary is that demand recovered in main markets after bottoming out in the first quarter. In automotive-related markets, demand for components, mainly in the Electronic Devices Group, increased along with a recovery in automobile production activities. In the document market, demand for equipment, consumables and services recovered in those regions where market conditions improved.

The second point is the increase in demand for components for smartphones. Sales of ceramic packages for image sensors, ceramic capacitors, and crystal devices for new smartphone models increased.

<8. Sales Revenue by Reporting Segment for Q2 of FY3/2021 >

Second quarter sales revenue increased in all reporting segments. In particular, sales revenue of the Electronic Devices Group and Document Solutions Group, which fell sharply in the first quarter, increased by 26% and 30%, respectively.

<9. Business Profit (Loss) by Reporting Segment for Q2 of FY3/2021 >

Business profit also increased in all reporting segments due mainly to an increase in sales revenue.

<10. Financial Results for H1 of FY3/2021 by Reporting Segment >

(1) Industrial & Automotive Components Group

I will now explain results by reporting segment. The left side of the slide shows a comparison between the first half and the previous first half and on the right side is a comparison of the three months of the second quarter with the first quarter.

In the Industrial & Automotive Components Group, in the first half shown on the left, sales revenue was flat and business profit decreased from the previous first half due mainly to sluggishness in automotive-related markets.

In the second quarter, sales revenue and business profit increased from the first quarter as seen on the right thanks to a recovery in demand for automotive-related components such as automotive camera modules and cutting tools in addition to the contribution of M&A activities in optical components carried out in June 2020.

<11. Financial Results for H1 of FY3/2021 by Reporting Segment >

(2) Semiconductor Components Group

In the Semiconductor Components Group, in the first half as shown on the left, although 5G-related products posted growth, sales revenue was flat compared with the previous first half due to sluggishness in organic multi-layer substrates for automotive use. Business profit decreased due also to a rise in costs such as depreciation charges.

On the other hand, in the second quarter shown on the right, sales revenue and business profit both increased from the first quarter due to higher demand for ceramic packages for smartphones and organic multi-layer substrates for communications infrastructure.

<12. Financial Results for H1 of FY3/2021 by Reporting Segment >

(3) Electronic Devices Group

Sales revenue and business profit of the Electronic Devices Group in the first half decreased from the previous first half as shown on the left. This was due mainly to a decrease in sales at AVX Corporation owing to lower demand in main markets, including automotive-related markets.

Sales revenue and business profit in the second quarter increased from the first quarter shown on the right due to higher sales at AVX Corporation in the second quarter along with a market recovery in addition to increased demand for ceramic capacitors and crystal devices for smartphones.

<13. Financial Results for H1 of FY3/2021 by Reporting Segment>

(4) Communications Group

In the Communications Group, sales revenue and business profit in the first half shown on the left declined from the previous first half in both the telecommunications equipment business and the information system and telecommunication services business. However, the business profit margin was maintained almost at the same level as in the previous first half as we made steady progress in improving our business structure.

Sales revenue and business profit in the second quarter shown on the right increased from the first quarter due to a rise in the number of mobile phone handsets sold driven by the launch of new models and growth in sales in the engineering business.

<14. Financial Results for H1 of FY3/2021 by Reporting Segment>

(5) Document Solutions Group

Sales revenue and business profit of the Document Solutions Group in the first half decreased from the previous first half as shown on the left. However, sales revenue and business profit steadily recovered in the second quarter from the first quarter as shown on the right, with profit increasing approximately 2.3 times compared with the first quarter.

<15. Financial Results for H1 of FY3/2021 by Reporting Segment>

(6) Life & Environment Group

In the Life & Environment Group sales revenue declined and business loss increased in the first half from the previous first half as shown on the left. This was due to a decline in sales in the smart energy business resulting from a decrease in sales of solar power generation systems.

Sales in this business increased in the second quarter from the first quarter as shown on the right thanks to a recovery in economic activity and the resumption of sales activities in the domestic market.

The preceding is an overview of our results for the first half. Next, I will explain the second-half and full-year financial forecasts for the fiscal year ending March 31, 2021.

<(Cover) 16. 2. Financial Forecasts for the Year Ending March 31, 2021>

<17. Outlook for Business Environment in H2 of FY3/2021>

In the second half, despite concerns about the impact of U.S.-China trade friction on some products, we anticipate a recovery in our main markets such as automotive-related markets and the document market. Therefore, we expect a further recovery in demand heading toward the end of the fiscal year in both the Components Business and Equipment & Systems Business in line with our forecast at the start of the fiscal year.

<18. Financial Forecasts for FY3/2021>

Our full-year earnings forecast for the Kyocera Group remains unchanged from the figures announced in April 2020 taking into consideration progress achieved through the first half and the outlook for the second half. Forecasts by reporting segment have been revised based on the progress made in each reporting segment.

<19. Sales Revenue Forecasts by Reporting Segment for FY3/2021>

Regarding sales revenue forecast by reporting segment, sales revenue is expected to increase in the Components Business compared with our previous forecast. However, sales revenue in the Equipment & Systems Business is expected to be lower than our forecast at the start of the fiscal year.

<20. Business Profit (Loss) Forecasts by Reporting Segment for FY3/2021>

Business profit in both the Components Business and the Equipment & Systems Business is forecast to decrease compared with the forecast at the start of the fiscal year due mainly to the first half results. Corporate and others profit is expected to exceed the initial forecast due to efforts throughout the entire group to reduce costs from the first half of the year.

<21. Major Factors for Revisions to Financial Forecasts by Reporting Segment for FY3/2021>

In the Components Business, sales revenue is expected to increase and business profit is expected to decrease compared with the previous forecast.

Sales revenue in the Industrial & Automotive Components Group and Semiconductor Components Group are expected to exceed the previous forecast due mainly to a recovery in demand in main markets. Business profit for both groups remains unchanged from our initial forecast in view of the levels recorded in the first half.

On the other hand, in the Electronic Devices Group, although demand is expected to increase in the second half along with a recovery of automotive-related markets, both sales revenue and business profit are expected to fall short of the initial forecast due to the negative impact of U.S.-China trade frictions.

In the Equipment & Systems Business, both sales revenue and business profit are expected to decrease. In the Communications Group, despite an expected second-half recovery in demand in mobile phone handsets and the information system and telecommunication services business, the sales revenue forecast has been revised downward based on first-half results. On the other hand, the forecast for business profit has been revised upward due to the steady progression of cost reductions during the first half and expected further positive results in the second half.

In the Document Solutions Group, although demand has been on a recovery track since the second quarter, both sales revenue and business profit are expected to fall short of forecasts at the start of the fiscal year.

Although the economic environment remains uncertain, Kyocera will continue its thoroughgoing cost-reduction efforts and further improve productivity with the aim of attaining its full-year financial forecasts.

Cautionary statement

This is an English translation of the Japanese original. 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.

Except for historical information contained herein, the matters set forth in this document are forward-looking statements that involve risks and uncertainties including, but not limited to, product demand, competition, regulatory approvals, the effect of economic conditions and technological difficulties, and other risks detailed in the cautionary statements with respect to forward-looking statements on the company's website.