

Outline of Q&A on conference call
for the first nine months ended December 31, 2013 (“the nine months”)
(Held on January 29, 2014)

Component Demand Trends

- Q: Kyocera stated that demand is expected to bottom out in the fourth quarter, but can you tell us monthly trends?
- A: Component orders have fallen below targets since around November 2013. The trends are the same across the board, including in the Semiconductor Parts Group and the Electronic Device Group. This can be attributed primarily to adjustments in the smartphone related market. In addition, the digital camera related market has continued to stagnate. The same trends have persisted in January as well. Demand bottomed out in January and we believe it will rise again from February or March.

Semiconductor Parts Group

- Q: Please tell us the reason sales are forecast to decline in the Semiconductor Parts Group in the fourth quarter relative to the third quarter.
- A: The smartphone related market has had a significant impact. December is account settlement month for manufacturers overseas that Kyocera deals and inventory controls have led to a reduction in orders. Adjustments are also being made in the server related market, and as a result, sales in the Semiconductor Parts Group are forecast to decrease by ¥5 billion compared with the third quarter. Nonetheless, customer orders are expected to increase from March and we are making preparations for that.
- Q: Excluding contribution from Kyocera Circuit Solutions, it is assumed that sales from existing businesses in the Semiconductor Parts Group for the third quarter were on par with the second quarter. Can you tell us trends for the core products such as SMD packages and CMOS packages from the second to third quarter?
- A: Kyocera Circuit Solutions made a significant contribution to the increase in sales from the second to third quarter. Sales of SMD packages and CMOS packages were roughly unchanged from the second to third quarter.

Q: Excluding the impact of Kyocera Circuit Solutions, profit increased in the third quarter compared with the second quarter even though sales were unchanged. What is the reason for this?

A: Profit improved primarily due to cost reductions.

Q: When the new plant at Ayabe in Kyoto comes online next fiscal year ending March 31, 2015, depreciation and other costs will no doubt increase. Will it be possible to improve the profit ratio from the level posted this fiscal year?

A: We launched a plant in Vietnam this fiscal year and will open a new plant in Ayabe next fiscal year. Depreciation will surely increase but we are pushing ahead with business operations in a way to absorb these costs. We will work to further improve the profit ratio next fiscal year.

Solar Energy Business

Q: Can you tell us the expected sales composition ratio of the solar energy business for residential use and industrial use in Japan in the fourth quarter?

A: The sales ratio for the solar energy business in the residential-use and industrial-use sectors is expected to be fifty-fifty in the third quarter. Sales for industrial use are forecast to increase in the fourth quarter with the proportion for this sector rising around 5%.

Q: Why is the profit ratio forecast to decline in the fourth quarter despite an outlook for sales growth?

A: As the proportion of sales will increase in the industrial-use sector, it will be a little difficult to improve the profit ratio.

Electronic Device Group

Q: Sales and profit are forecast to decrease in the fourth quarter compared with the third quarter. Please tell us details of structural reform costs and the reason for the decrease in profit aside from this.

A: Structural reform costs consist primarily of a review of equipment-related asset valuation in line with the downsizing of the consumer-use touch panel business. Aside from this, the two main reasons are the impact of adjustments in the smartphone related market, as with the Semiconductor Parts Group, and prolonged stagnation in demand for components used in digital cameras.

Telecommunications Equipment Group

Q: To what extent will the postponed launch of new products have on sales? Have the launches just been postponed, or are there external factors and other particular factors behind the delays?

A: The full-year sales forecast was lowered by ¥8 billion relative to the previous forecast due to shipment delays for overseas. These shipments have not been canceled but delivery has now been set for April onward with plans to record this on sales next fiscal year.

Q: Has profitability been maintained in the Telecommunications Equipment Group in Japan while declining overseas until the third quarter?

A: Yes, that is correct.

Q: Sales in the fourth quarter are forecast at ¥37.2 billion. Although this is the same level as the first quarter, Kyocera is forecasting small profit for the fourth quarter. Is the profit forecast for the fourth quarter realistic considering the ¥1.4 billion loss in the first quarter?

A: Although the amount of sales in the fourth quarter is expected to be the same as the first quarter, the details are different. The proportion of sales overseas was high in the first quarter. The weight of sales in Japan is expected to be high in the fourth quarter, so the circumstances on a profit front differ from the first quarter.

Information Equipment Group

Q: Sales in the fourth quarter are forecast to be ¥78.5 billion, but the level of growth expected from the third quarter seems conservative considering seasonal factors. Given that the forecast for the Euro in the fourth quarter has been revised to ¥141, won't sales increase a little more?

A: We are taking into account the fact that we have a high proportion of sales in Europe, where the economy has yet to improve and price competition is intensifying.

SG&A Expenses

Q: Please tell us the reason SG&A expenses increased by ¥4 billion in the third quarter compared with the second quarter.

A: The first reason concerns the impact of making Kyocera Circuit Solutions a subsidiary. Second, foreign exchange rates played a part. SG&A expenses increased after conversion to yen, beginning with the Information Equipment Group, due to the weak yen. The ratio of

SG&A expenses to net sales in the fourth quarter is expected to be between levels recorded in the second and third quarters.