



**Outline of Q&A on financial presentation for the year ended March 31, 2016**  
**(Held on April 28, 2016)**

**[General Management]**

Q: At Kyocera, the proportion of businesses that handle close to finished products in such areas as equipment and solar energy has been increasing. It may be difficult to achieve growth in these businesses from a long-term perspective of 5-10 years into the future. What are your plans for future development?

A: Since solar energy products use highly versatile membrane technology, I believe we can expand application of this technology and we are currently looking into this in more detail. We will also focus on developing software and solutions for printers and other products. We are now at the dawn of digitalization for commercial printers, and since Kyocera already produces printheads for commercial printers, we aim to develop printers for commercial use that leverage these components.

Q: Kyocera has sold part of the shares it holds in KDDI. Did you change your policy regarding shareholdings?

A: Our policy remains the same. The recent sale of shares was conducted in order to compensate for one-time charges.

**[Organic Package Business]**

Q: It has been reported that the third manufacturing facility at the Ayabe Plant in Kyoto will be for smartphone components. How can you be sure you won't miscalculate orders as happened when you were constructing the second manufacturing facility?

A: This is different from when we were constructing the second facility because the end customer is different. We believe there are fewer risks compared with the time we built the second facility.

Q: How do you see the risk associated with wafer level packaging becoming mainstream going forward?

A: I think wafer level packaging will indeed be used in certain areas in the next 4-5 years. However, we believe that the shift to no packaging by way of wafer level packaging will occur relatively slowly rather than suddenly. Kyocera seeks to expand business by boosting up the low market share we currently have.

**[Telecommunications Equipment Group]**

Q: In concrete terms, what are the expected costs and effects of the fundamental structural reform?

A: Production volume currently sits at approximately 7 million units per year, which is down from the 12 million units we were once producing, and as a result, we decided to consolidate production sites. We have not projected the significant cost of reassigning staff from the Telecommunications Equipment Group to other businesses.

Overseas, we will make maximum use of our plant in Vietnam going forward since the one in Malaysia is getting old. We have already started production at the plant in Vietnam.

In addition, although we have two development sites in Yokohama and Osaka, we will consolidate operations into Yokohama. We plan to conduct these measures over a year. When we consolidate production into the Kitami Plant in Hokkaido, we will not only transfer existing manufacturing equipment from the Tanagura Plant in Fukushima but also upgrade facilities and revise the way for production of mobile handsets.

Q: What will the impact of conducting structural reform in the Telecommunications Equipment Group be on other reporting segments?

A: Overall personnel costs at Kyocera won't change much, but since we will reassign staff from the Telecommunications Equipment Group to businesses with a shortage of human resources, we will reap the benefits of reducing the need for new recruits and handling the internal manufacture of what we used to subcontract.

Q: Didn't you also have the option of withdrawing the Telecommunications Equipment Group?

A: We are not only engaged in handsets in the Telecommunications Equipment Group but also telecommunications modules. This is going to be a big business.

Telecommunications modules are also embedded in automobiles. These modules will be developed in conjunction with telecommunications carriers, automotive electrical equipment manufacturers and telecommunications equipment manufacturers, and in particular, the pipeline that Kyocera has with telecommunications carriers provides us with a distinct advantage. It isn't really possible for component manufacturers not engaged in telecommunications equipment to suddenly start up business.