

Telephone Conference Call (July 31, 2014)

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President and Representative Director

<P.1 Financial Results for First Three Months of FY3/2015

-Comparison with first three months of FY3/2014->

- ✓ First, net sales in the first three months of the year ending March 31, 2015 (the first quarter) increased by 0.9% to ¥334.7 billion compared with the same period of the previous fiscal year (the previous first quarter).
- ✓ On the other hand, profit from operations decreased by 26% to ¥18.8 billion, pre-tax income decreased by 11.9% to ¥30.7 billion and net income decreased by 14.1% to ¥19.5 billion compared with the previous first quarter.
- ✓ Both capital expenditures and depreciation cost decreased year on year while R&D expenses increased, mainly in the Electronic Device Group and Information Equipment Group.
- ✓ In terms of average exchange rates, the yen depreciated ¥3 against the US dollar and ¥11 against the euro in year-on-year terms. As a result of these exchange rate fluctuations, net sales and pre-tax income were impacted by approximately ¥8.5 billion and ¥3 billion, respectively, compared with the previous first quarter.

<P.2 Sales by Reporting Segment for First Three Months of FY3/2015

-Comparison with first three months of FY3/2014->

- ✓ Next, I will explain sales by reporting segment.

- ✓ In the first quarter, sales increased by over 10% year on year in the Fine Ceramic Parts Group and Semiconductor Parts Group. In addition, sales in the Information Equipment Group and Others increased by close to 10%.
- ✓ Conversely, sales in the Applied Ceramic Products Group and Electronic Device Group decreased.

<P.3 Operating Profit by Reporting Segment for First Three Months of FY3/2015

-Comparison with first three months of FY3/2014->

- ✓ Looking at profit by reporting segment, operating profit increased significantly in the Fine Ceramic Parts Group, Electronic Device Group and Information Equipment Group. Operating profit decreased in the Semiconductor Parts Group, Applied Ceramic Products Group and Telecommunications Equipment Group, however. Operating profit was down on the whole on a year-on-year basis.

<P.4 Financial Results for Q1 FY3/2015 by Reporting Segment -Comparison with Q1 of FY3/2014->

- ✓ First, let's look at the Fine Ceramic Parts Group.
- ✓ Sales of components for various industrial equipment such as semiconductor processing equipment as well as automotive components such as camera modules grew, driving an increase of 11.4% in sales for this reporting segment to ¥20.9 billion compared with the previous first quarter.
- ✓ Operating profit increased by 15.6% to ¥3.4 billion due to sales growth as well as efforts to reduce costs. The operating profit ratio was 16.1%.
- ✓ Next, in the Semiconductor Parts Group at the bottom of the page, sales increased by 16.9% year on year to ¥48.5 billion due primarily to sales contribution from Kyocera Circuit Solutions, Inc., which became a subsidiary of Kyocera in October 2013, and an increase in sales of ceramic packages for LEDs and in-vehicle applications.

- ✓ Operating profit decreased as sales of certain organic packages planned for the first quarter were pushed back to the second quarter and beyond in addition to the impact of price erosion.

<P.5 Financial Results for Q1 FY3/2015 by Reporting Segment -Comparison with Q1 of FY3/2014->

- ✓ Sales and profit decreased in the Applied Ceramic Products Group.
- ✓ Sales in the cutting tool business increased, mainly in automotive-related industries overseas, while sales in the solar energy business decreased due to a concentration of sales from large-scale solar projects for the commercial sector coming in the second quarter onward coupled with a decline in selling prices for solar panels.
- ✓ In the Electronic Device Group at the bottom of the page, sales decreased due to the impact of structural reforms conducted in the previous fiscal year. However, operating profit for the reporting segment on the whole increased by a significant 24.2% to ¥7.7 billion due to the effect of the structural reforms and to an increase in profit at AVX Corporation. The operating profit ratio improved to the double-digit range.

<P.6 Financial Trends of Electronic Device Group>

- ✓ This graph shows net sales, operating profit and operating profit ratio on a quarterly basis for the Electronic Device Group from the first quarter of the previous fiscal year to the first quarter of the current fiscal year.
- ✓ Net sales for the reporting segment have decreased since the second quarter of the previous fiscal year due to the impact of withdrawal from the consumer-use touch panel business. Profitability improved, however, due mainly to the effect of the structural reforms. The operating profit ratio for the first quarter improved to 11.6%, the highest level recorded in the past five quarters.

<P.7 Financial Results for Q1 FY3/2015 by Reporting Segment -Comparison with Q1 of FY3/2014->

- ✓ Sales in the Telecommunications Equipment Group remained flat year on year at ¥38.5 billion. Operating profit decreased as sales of certain new products for overseas planned for the first quarter were pushed back to the second quarter.
- ✓ Next, I will explain the Information Equipment Group at the bottom of the page.
- ✓ Sales volume of MFPs grew through the effect of new products, active market cultivation and sales expansion activities, and as a result, sales increased by 9.6% to ¥77.5 billion.
- ✓ Operating profit increased by 25.3% to ¥7.6 billion due to the effect of sales growth combined with an increase in sales of new products and the effect of cost reductions following the shift to platforms on the back of standardization of core components.

<P.8 Financial Results for Q1 FY3/2015 by Reporting Segment -Comparison with Q1 of FY3/2014->

- ✓ In Others, sales increased due to sales growth at Kyocera Communication Systems Co., Ltd., mainly in the engineering business. Despite this, operating profit roughly unchanged due to the impact of an increase in R&D expenses in particular.
- ✓ That concludes my summary of results for the first quarter.

<P.9 Strengthen Organic Substrate Business>

- ✓ Today we made a press release about merging the organic substrate business at the same time we announced our financial results.
- ✓ Kyocera will merge Kyocera Circuit Solutions, Inc., which joined the Group in October 2013, and Kyocera SLC Technologies Corporation on October 1, 2014 with the aim of further strengthening the organic substrate business. It was decided today and the new company would be called Kyocera Circuit Solutions, Inc.

- ✓ By merging these two companies, we expect the following three effects in particular. First, it will strengthen sales capabilities. We will strive to propose a wide range of products to customers and cultivate new customers by integrating sales divisions. In addition, we will work to expand sales overseas by promoting sales expansion of motherboards and module substrates based on the overseas sales channel and relationships of trust with customers held by Kyocera SLC Technologies Corporation.
- ✓ Second, it will enhance development capabilities. We will work to accelerate new product development through mutual use of technologies held by both companies.
- ✓ Specifically, we will propose design that enhances equipment performance based primarily on package design, low-profile and fine pattern technologies, which are areas of comparative strength at Kyocera SLC Technologies Corporation, and board design and component-embedding technologies possessed by Kyocera Circuit Solutions, Inc.
- ✓ Third, it will promote cost reduction. We will strive to reduce production costs through bulk purchase of parts and materials and cutback SG&A expenses by consolidating sales sites.
- ✓ Through these synergies, we will seek to further expand sales and profit in the organic substrate business.

<P.10 Roll Out Global Concept Model>

- ✓ In the Telecommunications Equipment Business, the TORQUE smartphone, Kyocera's global concept model, was launched by au the other day.
- ✓ TORQUE is a highly ruggedized model that has been a hit in the United States. In addition, it features stable operability even if the screen is wet and incorporates Kyocera's uniquely developed Smart Sonic Receiver function enabling clear sound in noisy places, for instance.

<P.11 Financial Forecast for the Year Ending March 31, 2015>

- ✓ Financial forecasts for the fiscal year are shown from page 11 to page 13 of this document. No changes have been made to the full-year financial forecasts made in April.
- ✓ We achieved company targets in results for the first quarter, which I just explained. In the Components Business, demand for components used in smartphones is expected to expand from the second quarter onward, and as such, we will strive to increase sales in the Semiconductor Parts Group and Electronic Device Group.
- ✓ In addition, the solar energy business has a structure that sales will grow significantly until the end of the fiscal year and as a result we project sales to grow steadily from the second quarter onward, mainly in the commercial-use sector in Japan.
- ✓ In the Equipment Business, we expect sales to increase from the second quarter onward. In the Telecommunications Equipment Group, it has been decided that new products for overseas that were postponed from the first quarter will be released from August while we also plan to release an array of new products from the second quarter onward. As a result, we expect sales to grow going forward. In addition, we will aim to expand sales through the timely release of new products and by cultivating new customers overseas.
- ✓ In the Information Equipment Group, we seek to enhance profitability through sales expansion by augmenting our product line-up and strengthening solutions business as well as by reducing costs such as through production expansion in Vietnam.