

Kyocera Corporation
Financial Presentation for the Six Months Ended September 30, 2015
(Held on October 30, 2015)

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< Slide 3: Financial Results for First Six Months of FY3/2016 >

Sales and profits for the six months ended September 30, 2015 (“the first half”) increased compared with the same period of the previous fiscal year (“the previous first half”). Net sales amounted to ¥722.6 billion, an increase of 1.2% compared with the previous first half, marking a record high for first half results for the third consecutive fiscal year.

Profits were up compared with the previous first half due to an improvement in profitability in the Components Business and the recording of profit from a sale of assets in the Others reporting segment. Profit from operation, pre-tax income and net income attributable to shareholders of Kyocera corporation increased by 13.1% to ¥61.9 billion, 14.5% to 78 billion and 16.4% to 50.8 billion, respectively.

Average exchange rates for the first half were ¥122 to the U.S. dollar, marking depreciation of ¥19, and ¥135 to the Euro, marking appreciation of ¥4, compared with the previous first half. Due primarily to the strong dollar and weak yen, net sales and pre-tax income were pushed up by approximately ¥40 billion and ¥8 billion, respectively, compared with the previous first half.

< Slide 4: Sales by Reporting Segment for First Six Months of FY3/2016 >

While sales in the Telecommunications Equipment Group decreased in the first half, sales in all reporting segments of the Components Business except the Applied Ceramic Products Group increased, and as a result, net sales increased overall compared with the previous first half.

< Slide 5: Profit by Reporting Segment for First Six Months of FY3/2016 >

In terms of profit by reporting segment, despite a decline in profit in the Equipment Business due to the impact of lower sales and foreign currency rate fluctuations, all reporting segments in the Components Business posted double-digit increases. In addition, the Others reporting segment recorded profit from a sale of assets in the amount of approximately ¥12 billion. As a result, total operating profit was up by 10.3%.

< Slide 6: Sales of Components Business for First Six Months of FY3/2016 >

First, with regard to sales in the Components Business, sales of components in the Fine Ceramic Parts Group grew steadily overall for industrial machinery such as semiconductor processing equipment while sales of automotive components such as camera modules also increased. As a result, overall Fine Ceramic Parts Group sales increased by 8.6%.

In the Semiconductor Parts Group, sales of both ceramic and organic packages and substrates for communications infrastructure and smartphones increased. In addition, demand for ceramic packages for LEDs used in automobile headlights was solid. As a result, overall reporting segment sales were up 8.9%.

In the Applied Ceramic Products Group, sales in the cutting tool business grew, particularly in the automotive market, while sales in the solar energy business decreased due mainly to a change in the subsidy system in Japan. As a result, overall reporting segment sales were down compared with the previous first half.

In the Electronic Device Group, sales increased for small, high-capacitance capacitors and crystal components for smartphones, and printing devices for industrial equipment, namely textile printing and barcode label printing. As a result, overall reporting segment sales were up by 5.3% compared with the previous first half.

< Slide 7: Operating Profit of Components Business for First Six Months of FY3/2016 >

Operating profit in the Components Business posted double-digit growth in all four reporting segments due to sales growth and cost reductions.

In the Fine Ceramic Parts Group, profit increased due mainly to an increase in sales of core products. Profit was also up in the Semiconductor Parts Group due in particular to enhanced profitability for organic packages and substrates.

In the Applied Ceramic Products Group, profit improved compared with the previous first half due to the effects of comprehensive cost reductions in each process, despite a decline in sales in the solar energy business. Moreover, profit in the cutting tool business among others also increased. As a result, overall reporting segment profit increased considerably, by around 40%.

In the Electronic Device Group, profit was up by 10.4% due in particular to higher sales in capacitors and printing devices as well as to the effects of cost reductions.

< Slide 8: Sales of Equipment Business for First Six Months of FY3/2016 >

Next, let's look at sales in the Equipment Business. In the Telecommunications Equipment Group, sales volume of highly ruggedized handsets grew, but despite this, sales of low-end handsets overseas and PHS-related products in Japan decreased due to contraction in the market. As a result, overall reporting segment sales were down.

Sales increased in the Information Equipment Group due to higher sales volume in the U.S. and Asian regions owing to vigorous sales promotion activities.

< Slide 9: Operating Profit of Equipment Business for First Six Months of FY3/2016 >

In terms of operating profit, efforts to reduce costs in the Telecommunications Equipment Group were insufficient to cover the impact of lower sales. Meanwhile, profit was down in the Information Equipment Group due to rising raw material costs reflecting the impact of foreign currency rate fluctuations, including the strong dollar.

< Slide 10: Financial Results for Q2 of FY3/2016 >

Next, I will explain results for the three months ended September 30, 2015 ("the second quarter") compared with the three months ended June 30, 2015 ("the first quarter"). Sales in the second quarter increased by 13% compared with the first quarter. Sales in all reporting

segments increased in the second quarter compared with the first quarter.

Although profit from operations decreased due to the recording of profit from a sale of assets in the first quarter, profit from operations in the second quarter increased considerably, by approximately 40%, on a base that excludes this profit from a sale of assets. In addition, pre-tax income decreased by 34.1% due to profit from a sale of assets and to the recording of approximately ¥11.6 billion in dividend income from marketable securities held in the first quarter.

< Slide 14: Financial Forecast for the Year Ending March 31, 2016 >

With regard to the full-year forecast for the year ending March 31, 2016 (“fiscal 2016”), we revised forecasts made in April 2015 to the figures shown inside the red box due to a projection of a downturn in production activities in Kyocera’s core markets overall relative to initial projections.

The forecast for sales was revised to ¥1,530 billion and the forecasts for profit from operations, pre-tax income and net income were revised to ¥110 billion, ¥140 billion and ¥85 billion, respectively.

No changes have been made to the forecasts for capital expenditures and R&D expenses. However, the forecast for depreciation has been revised to ¥64 billion since the timing of capital expenditures have been pushed back overall relative to initial projections in light of demand trends.

< Slide 15: Factors Behind FY3/2016 Forecast Revision (1) – Components Business - >

In the Components Business, we revised full-year forecasts for the Fine Ceramic Parts Group due to a slowdown in the market in the second half and lower-than-expected projections for demand for sapphire substrates and automotive components.

In the Semiconductor Parts Group, despite projections of strong growth in demand in the smartphone and automotive sectors at the start of fiscal 2016, we forecast slumping sales and

price erosion depending on the product while more time than expected is required for approval from new customers for certain products. In addition, customers of packages and substrates for communications infrastructure have curbed investment, which is expected to impact performance. As a result, we have revised full-year forecasts in this reporting segment.

Conversely, we expect sales and profit in the Applied Ceramic Products Group to be slightly higher overall relative to initial projections, particularly in the solar energy business, and so have revised amounts upward.

In the Electronic Device Group, sales are projected to be ¥2 billion higher than the previous forecast due to the addition of Nihon Inter Electronics Corporation to the Kyocera Group, despite the impact of a slowdown in the market. The profit forecast has been revised downward by ¥28 billion compared with the initial forecast, however, since we take into consideration the possibility of structural reforms.

< Slide 16: Factors Behind FY3/2016 Forecast Revision (2)-Equipment Business and Others- >

In the Equipment Business, we revised forecasts for the Telecommunications Equipment Group in light of first-half results and second-half outlook. First half results fell below projections due primarily to greater-than-expected stagnation in the PHS market and lower sales to certain customers.

In addition, we have revised forecasts in line with a change to launch plans for new models made at the start of fiscal 2016 and a change to product development, particularly for models with distinctive features that provides differentiation from the competition. We will work to establish new business systems aimed at boosting profit from next fiscal year onward.

In the Information Equipment Group, we have revised forecasts downward relative to those made in April 2015 due to intensifying price competition caused by an economic slowdown in emerging countries and since the strong dollar has put downward pressure on profit.

In the Others reporting segment, we have revised amounts downward due mainly to a decline in demand in the engineering business for telecommunications base stations. Next, I will explain initiatives aimed at driving medium-term growth.

< Slide 18: Exploit New Business Chances Based on Proliferation of IoT >

Approximately half of Kyocera's sales are currently accounted for the information and communication market and going forward we can expect new business opportunities as a result of the proliferation of the Internet of Things (IoT), where an even greater variety of objects are connected over a network.

We will aim to expand businesses by integrating resources, including materials, components, equipment and systems held by Kyocera, and also to actively combine external management resources, which includes conducting M&As and business alliances, as a means to make the most of opportunities for growth.

As an example of a new development in the field of IoT achieved by combining Kyocera's management resources, we are promoting product development that includes wide-area energy management systems, as shown at top right. We are aiming to provide integrated products and services toward the realization of smart communities, from the provision of solar cells and modules to automated demand response.

As an example of combining technologies, we are developing communications technology for the healthcare market, as shown at bottom right. We started supplying wearable devices and application software to the healthcare market by utilizing technology for handsets, systems and software that we have built up in the Telecommunications Equipment Group in fiscal 2016.

In addition to vertical development, namely from materials to systems and services, we will promote a wide range of business development in the IoT market through different combinations, including the integration of components supporting network technology and the horizontal development of software and systems technology.

< Slide 19: Main Initiatives Implemented to October 2015 >

Kyocera is actively making business investment and strengthening external ties toward further business expansion in key markets. This page summarizes M&A, investment and business ties during fiscal 2016 that had been announced as of October.

With regard to M&A shown in red at the top, we signed an M&A agreements in the Information Equipment Group for the information and communications market in addition to making Nihon Inter Electronics Corporation a subsidiary.

In terms of capital investment and R&D shown in the middle, we established Software Lab aimed at reinforcing the development of software that will be an extremely important resource in the IoT era, and we are strengthening new technology and new product development in the automotive, environment and energy, and medical and healthcare markets.

Kyocera is also pushing ahead with business ties and joint development with other companies, as shown in purple at the bottom, and strengthening initiatives toward future commercialization. Besides these initiatives, we are undertaking a number of other projects and will work to translate these into contribution to performance as soon as possible.

Next, I will explain M&As in the Information Equipment Group and initiatives for the automotive market, as shown in the chart.

< Slide 20: Key M&As Decided in FY3/2016 >

Kyocera has signed two M&A agreements aimed at strengthening the Information Equipment Group. The first concerns acquisition of Germany-based Ceyoniq Group, as shown at left.

This company is a corporate solutions-provider with specific expertise in provision of enterprise content management that heightens corporate productivity through the efficient management and utilization of all kinds of data handled by companies, beginning with paper documents. The IT services of this company are enhanced versions of the managed document services Kyocera has been developing up until now and we will therefore exploit the software development

proress of the Ceyoniq Group to further strengthen our solutions business through integrated sale of hardware such as MFPs and software. We will aim to achieve sales of ¥100 billion in the solutions business over the medium term, which is approximately 2.5 times we are selling now.

We also seek to expand business in the Middle East through the acquisition of Bilgitas Büro Makinalari Sanayi Ve Ticaret A.S., an information equipment supplier in Turkey, as shown at right. Kyocera commands number one share in the A3 MFP market in Turkey and will strive to further boost this share through Bilgitas' advanced marketing capabilities and sales channels. In addition, we plan to establish a logistics center in Turkey in 2016 based on this acquisition. Through this, we will strive in particular to expand business in neighboring countries and reduce logistics costs.

< Slide 21: Initiatives to Expand Business in Automotive Market >

Next, I will explain initiatives in the automotive market.

First, we will expand the cutting tool business. Kyocera's cutting tools business has been steadily expanding results and boasts excellent profitability. In order to further accelerate growth in this business, we started construction of a production base in China in June, our fourth in that country, to target the Chinese market, the world's largest automobile producer. This company is a joint venture with a local material refining company, and this is the first time for Kyocera to have an integrated production system starting with materials overseas. Through this, we are forecasting stable product supply and further cost reductions.

Second, we will strive to strengthen new product development. We are accelerating the development of products that contribute to needs, namely the pursuit of environmental responsiveness and safety. As shown at top right, we developed a soot sensor for diesel engines by using our unique material technology. This product can measure soot emissions in temperatures that reach over 500°C and has exceptional price competitiveness relative to conventional models. Going forward, we expect the product to be applied as a core component in diesel engines.

In addition, we established Software Lab in Tokyo in October, as shown at bottom right. Software Lab is a development base mainly engaged in the development of software for core markets. As a particular example, we are developing advanced image recognition technology to enhance the performance of automotive cameras.

< Slide 22: Basic Policy toward Mid-Term Business Growth >

Kyocera will strive to achieve the financial forecasts for fiscal 2016 as I have explained today, and at the same time, we will work to expand existing businesses and create new businesses by utilizing the Group's collective capabilities and external management resources with the aim of boosting sales in the four core markets.