

October 31, 2018

Financial Presentation

(Six Months Ended September 30, 2018)

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President and Representative Director

KYOCERA Corporation

This is an English translation of the Japanese original of Financial Presentation (Six Months Ended September 30, 2018). 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.

1. Financial Results for the Six Months Ended September 30, 2018

Note: Commencing from the beginning of its fiscal year ending March 31, 2019 (FY3/2019), Kyocera has adopted the International Financial Reporting Standards (“IFRS”) in lieu of the Generally Accepted Accounting Principles of the United States of America (“U.S.GAAP”). In addition, financial figures appearing herein for the six months ended September 30, 2017 and the year ended March 31, 2018 (FY3/2018) have been reclassified in accordance with IFRS for the purpose of comparative analysis.

Financial Results for the Six Months Ended September 30, 2018

- Compared with the Six Months Ended September 30, 2017 -

(Unit: Yen in millions)

	For the six months ended September 30,				Change	
	2017		2018			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	738,345	100.0%	800,638	100.0%	62,293	8.4%
Operating profit	69,272	9.4%	82,601	10.3%	13,329	19.2%
Profit before income taxes	90,788	12.3%	105,689	13.2%	14,901	16.4%
Profit attributable to owners of the parent	63,441	8.6%	78,394	9.8%	14,953	23.6%
Capital expenditures	34,824	4.7%	57,021	7.1%	22,197	63.7%
Depreciation	30,733	4.2%	24,295	3.0%	-6,438	-20.9%
R&D expenses	27,450	3.7%	35,256	4.4%	7,806	28.4%
Average exchange rate	US\$	111 yen	110 yen			
	Euro	126 yen	130 yen			

(Reference) Foreign currency fluctuation effect on sales revenue and profit before income taxes for the six months ended September 30, 2018 compared with the previous same period.

Sales revenue: Approx. +1.0 billion yen

Profit before income taxes: Approx. +1.5 billion yen

Record highs for sales revenue (2nd consecutive period) as well as profit before income taxes and profit attributable to owners of the parent

Sales Revenue by Reporting Segment for the Six Months Ended September 30, 2018
 - Compared with the Six Months Ended September 30, 2017 -

(Unit: Yen in millions)

	For the six months ended September 30,				Change	
	2017		2018			
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Industrial & Automotive Components Group	131,010	17.7%	160,807	20.1%	29,797	22.7%
Semiconductor Components Group	126,881	17.2%	127,469	15.9%	588	0.5%
Electronic Devices Group	137,253	18.6%	183,803	22.9%	46,550	33.9%
Total Components Business	395,144	53.5%	472,079	58.9%	76,935	19.5%
Communications Group	123,937	16.8%	114,871	14.4%	-9,066	-7.3%
Document Solutions Group	172,020	23.3%	178,769	22.3%	6,749	3.9%
Life & Environment Group	52,813	7.1%	40,805	5.1%	-12,008	-22.7%
Total Equipment & Systems Business	348,770	47.2%	334,445	41.8%	-14,325	-4.1%
Others	9,319	1.3%	9,332	1.2%	13	0.1%
Adjustments and eliminations	-14,888	-2.0%	-15,218	-1.9%	-330	—
Sales revenue	738,345	100.0%	800,638	100.0%	62,293	8.4%

Business Profit (Loss) by Reporting Segment for the Six Months Ended September 30, 2018 - Compared with the Six Months Ended September 30, 2017 -

(Unit: Yen in millions)

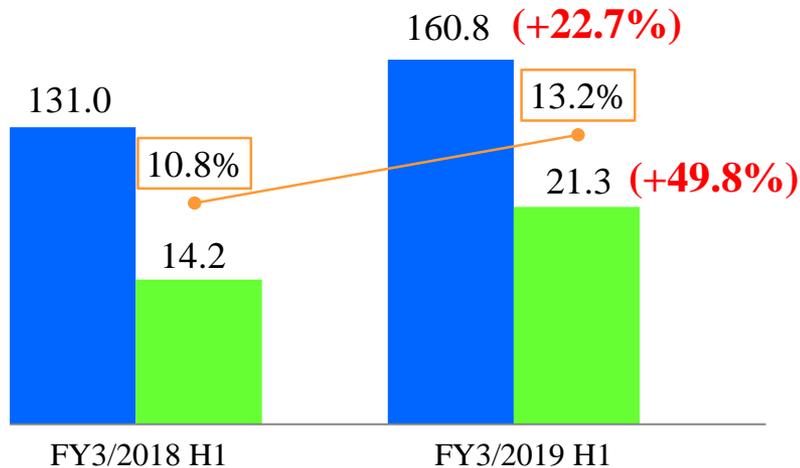
	For the six months ended September 30				Change	
	2017		2018			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Industrial & Automotive Components Group	14,188	10.8%	21,250	13.2%	7,062	49.8%
Semiconductor Components Group	17,228	13.6%	13,157	10.3%	-4,071	-23.6%
Electronic Devices Group	21,485	15.7%	33,817	18.4%	12,332	57.4%
Total Components Business	52,901	13.4%	68,224	14.5%	15,323	29.0%
Communications Group	1,918	1.5%	656	0.6%	-1,262	-65.8%
Document Solutions Group	19,830	11.5%	19,978	11.2%	148	0.7%
Life & Environment Group	-592	—	-6,398	—	-5,806	—
Total Equipment & Systems Business	21,156	6.1%	14,236	4.3%	-6,920	-32.7%
Others	320	3.4%	967	10.4%	647	202.2%
Total business profit	74,377	10.1%	83,427	10.4%	9,050	12.2%
Corporate and others	16,411	—	22,262	—	5,851	35.7%
Profit before income taxes	90,788	12.3%	105,689	13.2%	14,901	16.4%

Financial Results for H1 of FY3/2019 by Reporting Segment (1)

■ Sales revenue ■ Business profit — Business profit ratio () Change from H1 of FY3/2018

Industrial & Automotive Components Group

(Unit: Yen in billions)

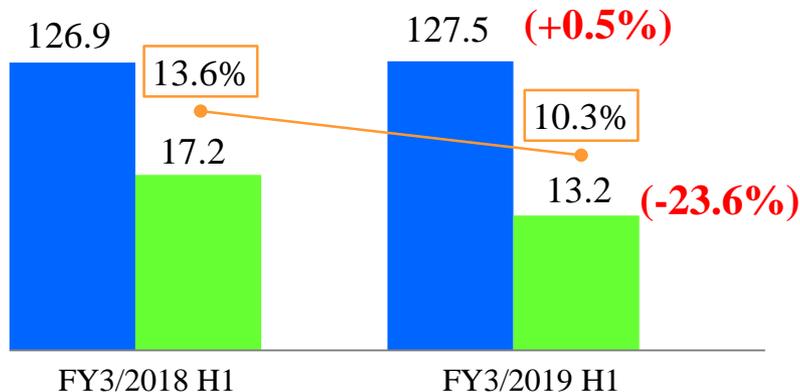


<Major factors for changes>

- ✓ Sales of industrial tools were up due to increased demand and contribution from merger and acquisition activities
- ✓ Sales of parts for industrial equipment, including semiconductor processing equipment, and of automotive camera modules, increased
- ✓ Profit was up due to the sales growth and cost reductions

Semiconductor Components Group

(Unit: Yen in billions)



<Major factors for changes>

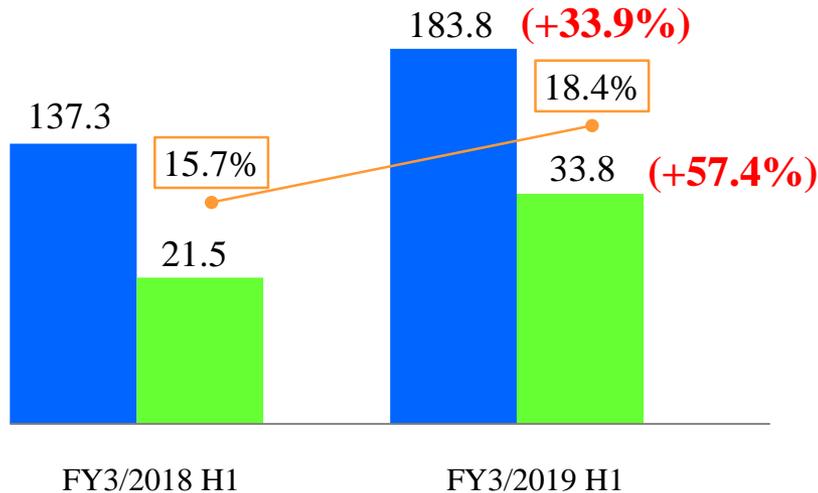
- ✓ Sales of organic multilayer substrates and boards increased, particularly for automotive applications such as ADAS
- ✓ Sales were roughly on par and profit was down for the segment due mainly to lower sales of ceramic packages for optical communications

Financial Results for H1 of FY3/2019 by Reporting Segment (2)

■ Sales revenue ■ Business profit — Business profit ratio () Change from H1 of FY3/2018

Electronic Devices Group

(Unit: Yen in billions)

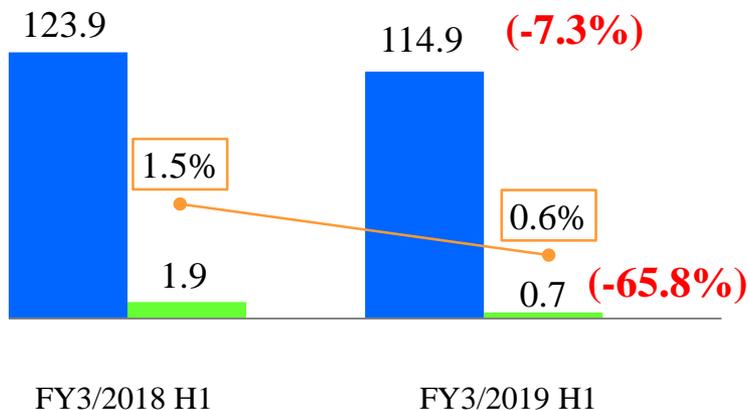


<Major factors for changes>

- ✓ Sales were up at AVX Corporation due to contribution from merger and acquisition activities and growing demand for capacitors
- ✓ Sales were up for MLCCs for smartphones and printing devices for industrial equipment
- ✓ Profit was up due to the sales growth and cost reductions

Communications Group

(Unit: Yen in billions)



<Major factors for changes>

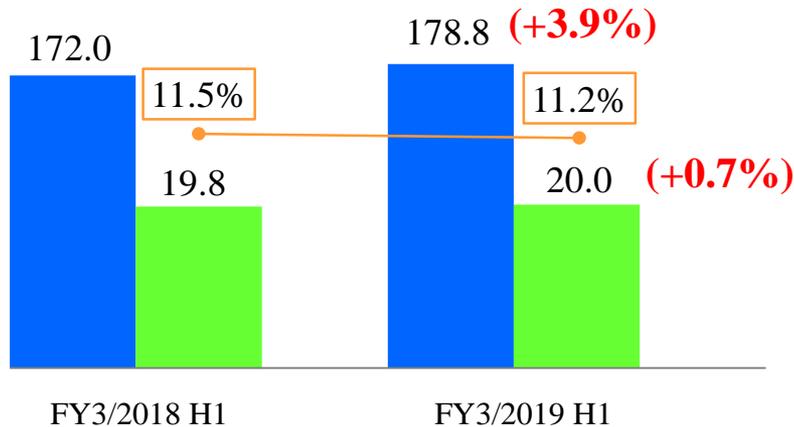
- ✓ Sales were down due to a decline in sales in the telecommunications equipment business, despite an increase in sales in the information and communications services business
- ✓ Profit was down due to the decline in sales coupled with an increase in R&D expenses

Financial Results for H1 of FY3/2019 by Reporting Segment (3)

■ Sales revenue ■ Business profit (loss) — Business profit ratio () **Change from H1 of FY3/2018**

Document Solutions Group

(Unit: Yen in billions)

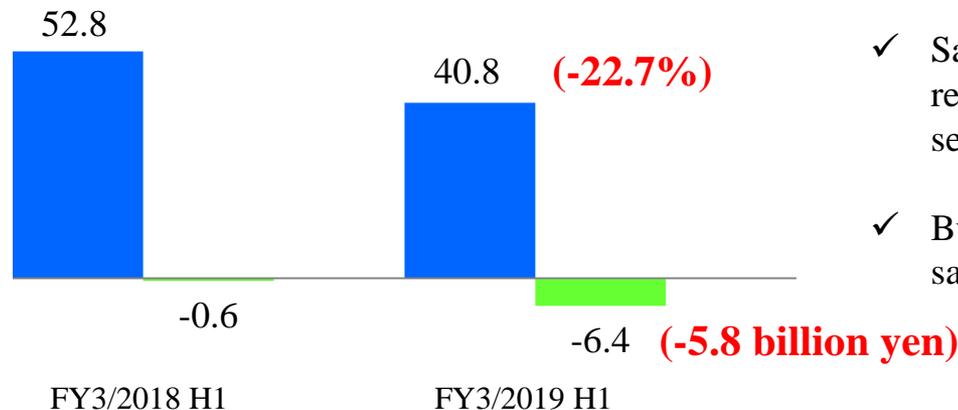


<Major factors for changes>

- ✓ Sales and profit were up due mainly to an increase in sales volume for MFPs in Japan and overseas and contribution from merger and acquisition activities

Life & Environment Group

(Unit: Yen in billions)



<Major factors for changes>

- ✓ Sales were down due mainly to lower sales in the residential sector and delayed orders in the commercial sector of the solar energy business in Japan
- ✓ Business loss increased due mainly to the decline in sales and rising R&D expenses

Financial Results for the Three Months Ended September 30, 2018

- Compared with the Three Months Ended June 30, 2018 -

(Unit: Yen in millions)

	For the three months ended				Change	
	June 30, 2018		September 30, 2018			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	387,484	100.0%	413,154	100.0%	25,670	6.6%
Operating profit	37,104	9.6%	45,497	11.0%	8,392	22.6%
Profit before income taxes	55,488	14.3%	50,201	12.2%	-5,287	-9.5%
Profit attributable to owners of the parent	42,284	10.9%	36,110	8.7%	-6,174	-14.6%
Capital expenditures	29,850	7.7%	27,171	6.6%	-2,679	-9.0%
Depreciation	11,703	3.0%	12,592	3.0%	889	7.6%
R&D expenses	16,713	4.3%	18,543	4.5%	1,830	10.9%
Average exchange rate	US\$	109 yen	111 yen			
	Euro	130 yen	130 yen			

(Reference) Foreign currency fluctuation effect on sales revenue and profit before income taxes for the three months ended September 30, 2018 compared with the three months ended June 30, 2018

Sales revenue: Approx. +1.0billion yen
Profit before income taxes: Approx. +0.5billion yen

Sales Revenue by Reporting Segment for the Three Months Ended September 30, 2018

- Compared with the Three Months Ended June 30, 2018 -

(Unit: Yen in millions)

	For the three months ended				Change	
	June 30, 2018		September 30, 2018			
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Industrial & Automotive Components Group	81,956	21.1%	78,851	19.1%	-3,105	-3.8%
Semiconductor Components Group	60,649	15.7%	66,820	16.2%	6,171	10.2%
Electronic Devices Group	88,284	22.8%	95,519	23.1%	7,235	8.2%
Total Components Business	230,889	59.6%	241,190	58.4%	10,301	4.5%
Communications Group	51,610	13.3%	63,261	15.3%	11,651	22.6%
Document Solutions Group	88,796	22.9%	89,973	21.8%	1,177	1.3%
Life & Environment Group	18,692	4.8%	22,113	5.3%	3,421	18.3%
Total Equipment & Systems Business	159,098	41.0%	175,347	42.4%	16,249	10.2%
Others	4,932	1.3%	4,400	1.1%	-532	-10.8%
Adjustments and eliminations	-7,435	-1.9%	-7,783	-1.9%	-348	—
Sales revenue	387,484	100.0%	413,154	100.0%	25,670	6.6%

Business Profit (Loss) by Reporting Segment for the Three Months Ended September 30, 2018
 - Compared with the Three Months Ended June 30, 2018 -

(Unit: Yen in millions)

	For the three months ended				Change	
	June 30, 2018		September 30, 2018			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Industrial & Automotive Components Group	10,416	12.7%	10,834	13.7%	418	4.0%
Semiconductor Components Group	5,846	9.6%	7,311	10.9%	1,465	25.1%
Electronic Devices Group	14,397	16.3%	19,420	20.3%	5,023	34.9%
Total Components Business	30,659	13.3%	37,565	15.6%	6,906	22.5%
Communications Group	-2,241	—	2,897	4.6%	5,138	—
Document Solutions Group	10,348	11.7%	9,630	10.7%	-718	-6.9%
Life & Environment Group	-3,015	—	-3,383	—	-368	—
Total Equipment & Systems Business	5,092	3.2%	9,144	5.2%	4,052	79.6%
Others	617	12.5%	350	8.0%	-267	-43.3%
Total business profit	36,368	9.4%	47,059	11.4%	10,691	29.4%
Corporate and others	19,120	—	3,142	—	-15,978	-83.6%
Profit before income taxes	55,488	14.3%	50,201	12.2%	-5,287	-9.5%

2. Financial Forecasts for the Year Ending March 31, 2019

Financial Forecasts for the Year Ending March 31, 2019

(Unit: Yen in millions)

	Results for the year ended March 31, 2018		Forecasts for the year ending March 31, 2019		Change	
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	1,577,039	100.0%	1,650,000	100.0%	72,961	4.6%
Operating profit	90,699	5.8%	154,000	9.3%	63,301	69.8%
Profit before income taxes	129,992	8.2%	190,000	11.5%	60,008	46.2%
Profit attributable to owners of the parent	79,137	5.0%	134,000	8.1%	54,863	69.3%
EPS (Basic-yen)	215.22	—	369.47	—	154.25	—
Capital expenditures	86,519	5.5%	110,000	6.7%	23,481	27.1%
Depreciation	69,703	4.4%	65,000	3.9%	-4,703	-6.7%
R&D expenses	58,273	3.7%	70,000	4.2%	11,727	20.1%
Average exchange rate	US\$	111 yen	105 yen			
	Euro	130 yen	130 yen			

(Reference) Estimated foreign currency fluctuation effect on forecast of sales revenue and profit before income taxes for the year ending March 31, 2019 compared with the year ended March 31, 2018.

Sales revenue: Approx. - 25 billion yen
Profit before income taxes: Approx. - 6 billion yen

※1: Forecast of EPS (Basic-yen) is calculated using the average number of shares outstanding for the six months ended September 30, 2018.

※2: Forecast of Depreciation has been revised from the previous forecast (released on April 26, 2018) of 75,000 million yen to 65,000 million yen.

Sales Revenue Forecast by Reporting Segment

(Unit: Yen in millions)

	Results for the year ended March 31, 2018		Forecasts for the year ending March 31, 2019				Change in amount compared with	
			Previous (April 2018)		Revised (October 2018)		Year ended March 31, 2018	Previous forecast
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	% of sales revenue		
Industrial & Automotive Components Group	287,620	18.2%	313,000	19.0%	320,000	19.4%	32,380	7,000
Semiconductor Components Group	257,237	16.3%	259,000	15.7%	250,000	15.1%	-7,237	-9,000
Electronic Devices Group	305,145	19.4%	345,000	20.9%	376,000	22.8%	70,855	31,000
Total Components Business	850,002	53.9%	917,000	55.6%	946,000	57.3%	95,998	29,000
Communications Group	255,535	16.2%	245,000	14.9%	245,000	14.9%	-10,535	0
Document Solutions Group	371,058	23.5%	385,000	23.3%	385,000	23.3%	13,942	0
Life & Environment Group	112,212	7.1%	111,000	6.7%	84,000	5.1%	-28,212	-27,000
Total Equipment & Systems Business	738,805	46.8%	741,000	44.9%	714,000	43.3%	-24,805	-27,000
Others	18,827	1.2%	17,800	1.1%	17,000	1.0%	-1,827	-800
Adjustments and eliminations	-30,595	-1.9%	-25,800	-1.6%	-27,000	-1.6%	3,595	-1,200
Sales revenue	1,577,039	100.0%	1,650,000	100.0%	1,650,000	100.0%	72,961	0

Business Profit (Loss) Forecast by Reporting Segment

(Unit: Yen in millions)

	Results for the year ended March 31, 2018		Forecasts for the year ending March 31, 2019				Change in amount compared with	
			Previous (April 2018)		Revised (October 2018)		Year ended March 31, 2018	Previous forecast
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	% to sales revenue		
Industrial & Automotive Components Group	31,400	10.9%	36,000	11.5%	39,000	12.2%	7,600	3,000
Semiconductor Components Group	31,049	12.1%	35,800	13.8%	27,000	10.8%	-4,049	-8,800
Electronic Devices Group	46,632	15.3%	48,000	13.9%	62,500	16.6%	15,868	14,500
Total Components Business	109,081	12.8%	119,800	13.1%	128,500	13.6%	19,419	8,700
Communications Group	4,440	1.7%	5,200	2.1%	5,200	2.1%	760	0
Document Solutions Group	40,851	11.0%	41,500	10.8%	41,500	10.8%	649	0
Life & Environment Group	※ -55,492	—	-3,000	—	-17,000	—	38,492	-14,000
Total Equipment & Systems Business	-10,201	—	43,700	5.9%	29,700	4.2%	39,901	-14,000
Others	1,393	7.4%	-400	—	0	0.0%	-1,393	400
Total business profit	100,273	6.4%	163,100	9.9%	158,200	9.6%	57,927	-4,900
Corporate and Others	29,719	—	26,900	—	31,800	—	2,081	4,900
Profit before income taxes	129,992	8.2%	190,000	11.5%	190,000	11.5%	60,008	0

※ Recorded a write-down of 50,165 million yen relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business.

Outline of Financial Forecasts by Reporting Segment for FY3/2019

Revised Up:

Strong demand in Components Business

- **Electronic Devices Group**
Capacitor demand is above initial projection

- **Industrial & Automotive Components Group**
Demand is solid on the whole for key products, including industrial tools, automotive parts such as camera modules and fine ceramic parts for industrial equipment

Revised Down:

Below initial sales forecast

- **Semiconductor Components Group**
Continued impact of adjustments in such areas as ceramic packages for optical communications

- **Life & Environment Group**
Expect results to fall below initial forecast in solar energy business due to the impact of price competition

Further boost production of products in high demand and promote structural reform

Continued Aggressive Capital Expenditures



Document Solutions 10th plant in China



New facility at Kagoshima Kokubu Plant



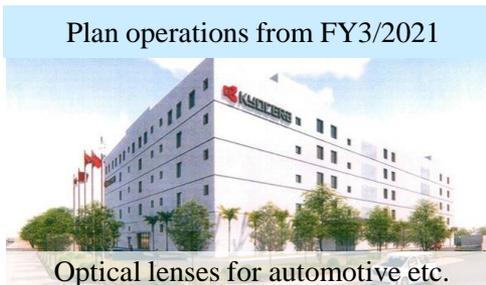
Document Solutions Vietnam 3rd Plant



New facility at Kagoshima Sendai Plant

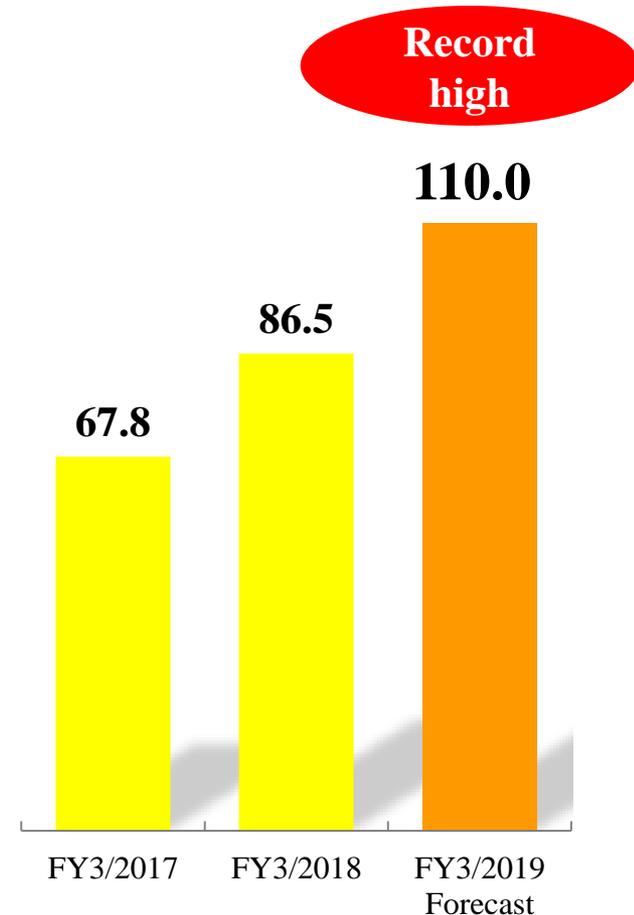


New facility at Kawasaki Plant



New facility at China plant (Dongguan)

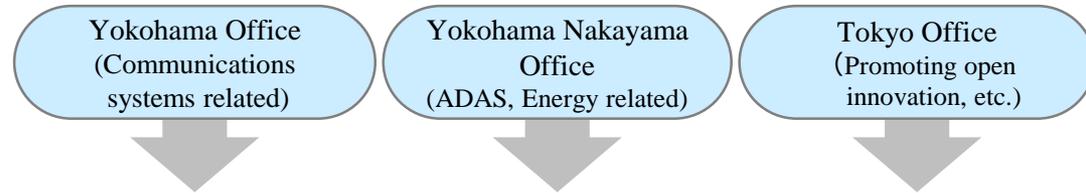
Capital Expenditures
(Billions of yen)



Strengthen R&D Function to Create New Business

Build new software-related research facility in Yokohama Minato Mirai 21

(Plan to start operation from the end of May 2019 onward)



Minato Mirai Research Center (provisional name)

- Strengthen development system for software
- Further accelerate open innovation



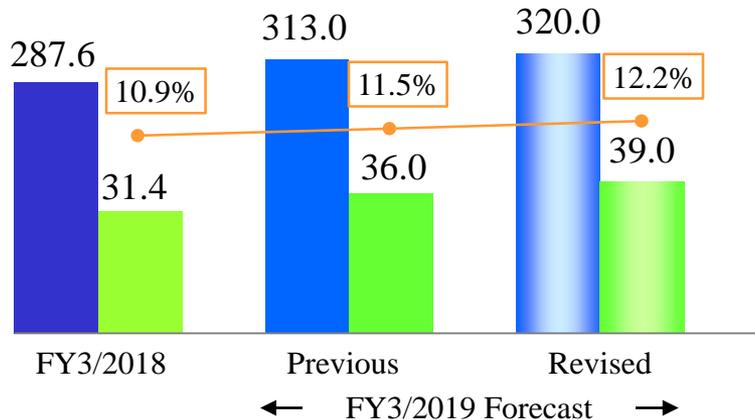
**Speed up new business creation
through reorganization of
Corporate R&D Division**

(Reference) Financial Forecasts for FY3/2019 by Reporting Segment (1)

■ Sales revenue ■ Business profit — Business profit ratio

Industrial & Automotive Components Group

(Unit: Yen in billions)



(Vs. previous forecast)

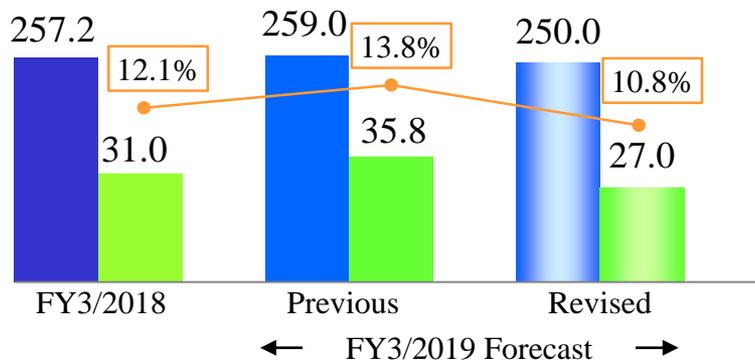
- ✓ Fine ceramic parts, etc. solid overall
- ✓ Profit up due to further cost reductions

(Vs. previous fiscal year)

- ✓ Sales up for industrial tools and semiconductor processing equipment parts, etc.
- ✓ Sales of automotive displays down
- ✓ Profit up due to sales growth

Semiconductor Components Group

(Unit: Yen in billions)



(Vs. previous forecast)

- ✓ Sluggish demand for ceramic packages used in optical communications, etc.
- ✓ Profit down due to lower sales and change in product mix

(Vs. previous fiscal year)

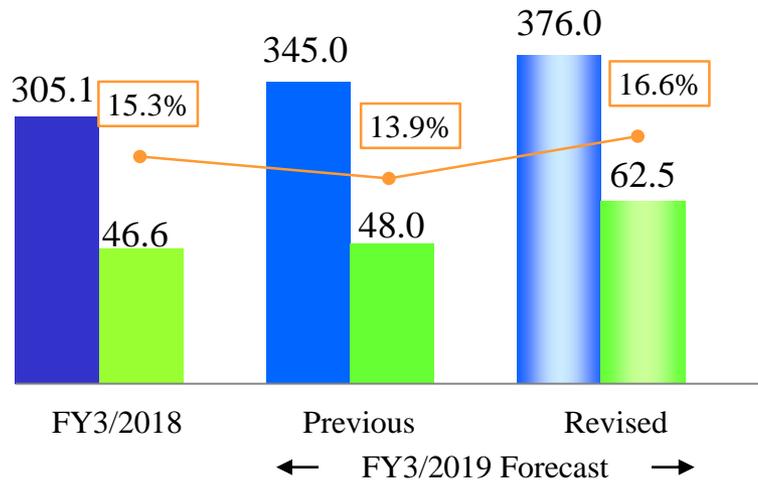
- ✓ Same as above

(Reference) Financial Forecasts for FY3/2019 by Reporting Segment (2)

■ Sales revenue ■ Business profit — Business profit ratio

Electronic Devices Group

(Unit: Yen in billions)



(Vs. previous forecast)

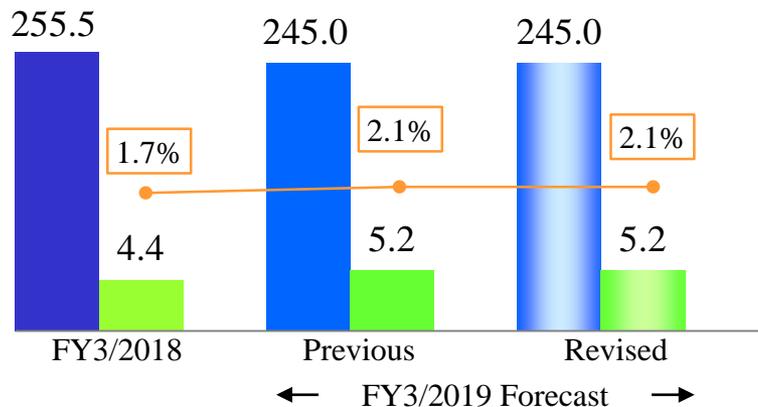
- ✓ Sales and profit up due to higher-than-expected demand and continued positive market prices for capacitors

(Vs. previous fiscal year)

- ✓ Sales up due to firm demand and increasing production for capacitors, mainly for smartphones
- ✓ Contribution from M&A activities at AVX Corporation
- ✓ Increasing demand for printing devices for industrial equipment
- ✓ Profit up markedly due to increasing sales of high-value-added products

Communications Group

(Unit: Yen in billions)



(Vs. previous forecast)

- ✓ No change

(Vs. previous fiscal year)

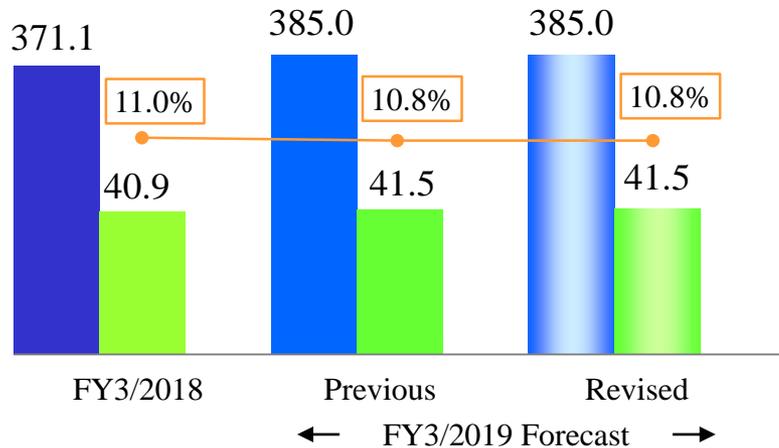
- ✓ Sales down due to a decline in sales of mobile phones in the telecommunications equipment business, despite increasing sales in the information and communications services business
- ✓ Profit up due to downsizing of unprofitable products in the telecommunications equipment business

(Reference) Financial Forecasts for FY3/2019 by Reporting Segment (3)

■ Sales revenue ■ Business profit — Business profit ratio

Document Solutions Group

(Unit: Yen in billions)



(Vs. previous forecast)

✓ No change

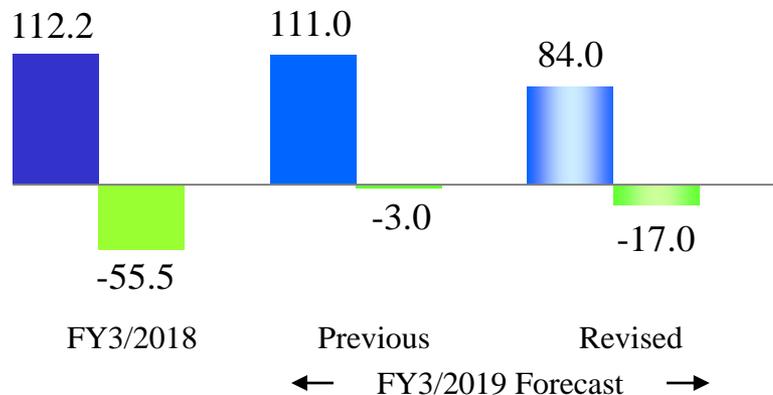
(Vs. previous fiscal year)

✓ Sales up due to increasing sales volume and expansion of solutions business

✓ Profit to be remained roughly unchanged due mainly to increasing R&D expenses and sales promotion costs

Life & Environment Group

(Unit: Yen in billions)



(Vs. previous forecast)

✓ Profit down due to lower sales in residential and commercial sectors in the solar energy business due to the impact of price competition

(Vs. previous fiscal year)

✓ Sales down and operating loss due to rapid price decline in solar energy business in domestic market

✓ Recorded a write-down of 50.2 billion yen relating to long-term purchase agreements for procurement of polysilicon material in the previous fiscal year

Cautionary Statements with respect to Forward-Looking Statements

Certain of the statements made in this document are forward-looking statements, which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following:

- (1) General conditions in the Japanese or global economy;
- (2) Unexpected changes in economic, political and legal conditions in countries where we operate;
- (3) Various export risks which may affect the significant percentage of our revenues derived from overseas sales;
- (4) The effect of foreign exchange fluctuations on our results of operations;
- (5) Intense competitive pressures to which our products are subject;
- (6) Fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in our production activities;
- (7) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (8) Shortages and rising costs of electricity affecting our production and sales activities;
- (9) The possibility that future initiatives and in-process research and development may not produce the desired results;
- (10) Companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (11) Inability to secure skilled employees, particularly engineering and technical personnel;
- (12) Damages on our information security systems from cyberattacks, etc. and significant costs in order to recover and maintain the systems;
- (13) Insufficient protection of our trade secrets and intellectual property rights including patents;
- (14) Expenses associated with licenses we require to continue to manufacture and sell products;
- (15) Environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (16) Unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (17) Our market or supply chains being affected by terrorism, plague, wars or similar events;
- (18) Earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (19) Credit risk on trade receivables;
- (20) Fluctuations in the value of, and impairment losses on, securities and other assets held by us;
- (21) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (22) Unrealized deferred tax assets and additional liabilities for unrecognized tax benefits; and
- (23) Changes in accounting principles.

Due to such risks, uncertainties and other factors, our actual results, performance, achievements or financial condition may be substantially different from any future results, performance, achievements or financial condition expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.