Financial Presentation for the Six Months Ended September 30, 2018
(Held on October 31, 2018)

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President and Representative Director

Note: Results for the previous fiscal year have been reclassified in line with the adoption of International Financial Reporting Standards (IFRS) this fiscal year.

＜1. （Cover） Financial Results for the Six Months Ended September 30, 2018＞

＜2. Financial Results for the Six Months Ended September 30, 2018
- Compared with the Six Months Ended September 30, 2017 -＞

Kyocera posted a record high for first half sales revenue for the six months ended September 30, 2018 ("the first half") for the second consecutive such period. Sales revenue increased by 8% to 800.6 billion yen compared with the six months ended September 30, 2017 ("the previous first half") due in part to aggressive production expansion for components manifesting strong demand and to contribution from merger and acquisition activities conducted in the previous fiscal year. Profit increased on the back of the sales growth combined with strenuous efforts to reduce costs. Operating profit was up by 19% and the operating profit ratio stood at 10%. We also posted record highs for the first half in profit before income taxes and profit attributable to owners of the parent.

＜3. Sales Revenue by Reporting Segment for the Six Months Ended September 30, 2018
- Compared with the Six Months Ended September 30, 2017 -＞

This table shows sales revenue for each reporting segment. In terms of the key point here, sales revenue in the Components Business expanded, contributing to higher sales revenue for the entire Kyocera Group.

＜4. Business Profit (Loss) by Reporting Segment for the Six Months Ended September 30, 2018
- Compared with the Six Months Ended September 30, 2017 -＞

Business profit increased by 12% due to a significant increase in the Industrial & Automotive Components Group and Electronic Devices Group, despite lower profit in the Equipment & Systems Business. Next, I will explain financial results by reporting segment.

＜5. Financial Results for H1 of FY3/2019 by Reporting Segment (1)＞

As you can see at the top of the slide, sales revenue and business profit increased in the Industrial &

Automotive Components Group. In particular, the industrial tool business was the growth driver for this reporting segment owing to expansion in existing business and contribution form merger and acquisition activities conducted in the second half of the previous fiscal year. In addition, sales increased in parts for industrial equipment, including semiconductor processing equipment, and in automotive camera modules. Business profit increased significantly due to continued improvement in profitability in each business following cost reductions.

In the Semiconductor Components Group shown at the bottom of the slide, sales of products such as organic packages increased, especially for automotive applications such as Advanced Driver Assistance Systems (ADASs). Despite this, demand decreased for ceramic packages for optical communications, a high-profit sector, and as a result, sales in this reporting segment were roughly on par and profit was down compared with the previous first half.

＜6. Financial Results for H1 of FY3/2019 by Reporting Segment (2)＞

In the Electronic Devices Group shown at the top of the slide, sales revenue and business profit increased considerably. In particular, contribution from merger and acquisition activities conducted in the second half of the previous fiscal year at AVX Corporation, a U.S. subsidiary, coupled with growing demand for tantalum capacitors and other products helped drive up sales revenue and business profit for this reporting segment. Sales of MLCCs for smartphones increased markedly amid tight supply and demand while an increase in sales of printing devices for industrial equipment also made a contribution.

Business profit increased considerably, by almost 60%, due in part to the effects of cost reductions. The business profit ratio improved to 18%.

In the Communications Group shown at the bottom of this slide, sales of handsets were down in Japan and overseas in the telecommunications equipment business despite an increase in sales in the information and communications services business. As a result, sales revenue was down for the reporting segment on the whole. Business profit decreased due in part to the impact of the lower sales in addition to an increase in R&D expenses.

＜7. Financial Results for H1 of FY3/2019 by Reporting Segment (3)＞

In the Document Solutions Group at the top of the slide, the key point was an increase in sales volume of MFPs in Japan and overseas. Sales revenue and business profit increased in this reporting segment as a result of this and contribution from merger and acquisition activities conducted in the previous fiscal year. The business profit ratio was maintained at 11%.

In the Life & Environment Group shown at the bottom of the slide, sales were down due mainly to lower sales in the solar energy business following a decline in sales in the residential sector and delayed orders in the commercial sector in Japan. Business loss increased due to the impact of the sales decline combined with an increase in R&D expenses.

Next, I will explain second quarter results relative to the first quarter.

＜8. Financial Results for the Three Months Ended September 30, 2018
- Compared with the Three Months Ended June 30, 2018 -＞

Sales revenue increased in the second quarter compared with the first quarter, while operating profit also rose and the operating profit ratio improved to 11%. Profit before income taxes decreased, however, due to the recording of dividends received for shares held in the first quarter.

＜9. Sales Revenue by Reporting Segment for the Three Months Ended September 30, 2018
- Compared with the Three Months Ended June 30, 2018 -＞

Sales revenue increased in all reporting segments except the Industrial & Automotive Components Group.

＜10. Business Profit (Loss) by Reporting Segment for the Three Months Ended September 30, 2018
- Compared with the Three Months Ended June 30, 2018 -＞

Business profit increased in both the Components Business and Equipment & Systems Business. In the Components Business, sales increased in the Semiconductor Components Group, mainly for parts used in smartphones, while continued efforts were made to reduce costs for organic packages. In the Electronic Devices Group, we expanded production for capacitors in response to a favorable market environment and worked to reduce costs, resulting in a significant increase in profit. Business profit ratio in this reporting segment improved to a level exceeding 20%.

In the Equipment & Systems Business, a vast improvement was achieved in the Communications Group. Profit was up in the telecommunications equipment business both in Japan and overseas, and as a result, business profit increased markedly in this reporting segment by 5.1 billion yen and profitability was once again realized.

That concludes my presentation of results for the second quarter. Next, I will explain financial forecasts.

＜11. (Cover) Financial Forecasts for the Year Ending March 31, 2019＞

＜12. Financial Forecasts for the Year Ending March 31, 2019＞

There are no changes to the financial forecasts for the year ending March 31, 2019, as announced on April 26, 2018. The forecast for depreciation has been revised from the initial projection of 75 billion yen to 65 billion yen in light of first half results and the second half outlook.

The Kyocera Group as a whole progressed mostly in line with full-year targets in the first half. While there are no changes to consolidated financial forecasts, we have revised forecasts for each reporting segment given progress in respective areas.

＜13. Sales Revenue Forecast by Reporting Segment＞

Sales revenue forecasts have been revised up for the Industrial & Automotive Components Group and Electronic Devices Group relative to initial projections, and revised down for the Semiconductor Components Group and Life & Environment Group.

＜14. Business Profit (Loss) Forecast by Reporting Segment＞

Business profit forecasts have been revised in the same manner as sales revenue forecasts.

＜15. Outline of Financial Forecasts by Reporting Segment for FY3/2019＞

I will now explain the background to the changes to reporting segment forecasts.

First, strong demand in the Components Business is the key factor behind the upward revisions. The Electronic Devices Group and Industrial & Automotive Components Group are experiencing growth on the back of solid performance mainly in the smartphones, automotive and industrial equipment markets. In the Electronic Devices Group, demand for capacitors is sitting above the initial projection in particular. In the Industrial & Automotive Components Group, demand is solid for key products, including industrial tools, automotive parts such as camera modules and ceramic parts for industrial equipment.

In terms of the factor behind the downward revisions, sales in the Semiconductor Components Group and Life & Environment Group are short of initial projections. In the Semiconductor Components Group, we expect adjustments for certain products to continue into the second half, including for ceramic packages for optical communications. In the Life & Environment Group, we expect results to fall well below the initial forecast due to the impact primarily of price competition in the solar energy business.

In the second half, we are forecasting results for automotive components in particular to remain at the same level as the first half on the whole despite expected seasonal effects in parts for smartphones and other areas.

We will continue to boost production capacity in favorable businesses and at the same time push ahead with efforts to enhance productivity and reduce costs.

In the solar energy business, on the other hand, we will implement structural reforms with a priority on improving profit. That concludes my summary of financial forecasts.

＜**16. Continued Aggressive Capital Expenditures**＞

Next, I will explain the key initiatives. Kyocera is striving to bolster production capacity for products expected to manifest strong demand going forward with the aim of expanding business over the medium term. Additionally, we are working to double productivity mainly by making effective use of AI and robots, and promoting automation.

The 10th plant in China run by the Document Solutions Group shown in yellow at the top left of the slide, has begun mass-production of OPC drums, a core component of MFPs and printers, in August 2018. The plant will feature a reduction in headcount of around 90% compared to before owing to the introduction of an automated line. A new facility at the Kagoshima Kokubu Plant shown to the right of this is scheduled to go online in the fourth quarter of the fiscal year. Plans are in place to introduce manufacturing reforms here through automation using the Internet of Things (IoT).

For the purpose of these initiatives, we have earmarked 110 billion yen, a record high in capital expenditure. As shown on this slide, from next fiscal year onward we will construct new production facilities both in Japan and overseas. By bolstering production capacity, we will have the ability to guarantee supply meets demand, and going forward we will make efforts to enhance productivity and profitability through such means as automation.

＜**17. Strengthen R&D Function to Create New Business**＞

Finally, I would like to touch on the establishment of a new R&D site.

We will build the Minato Mirai Research Center as a hub integrating our software and system-related research facilities in Yokohama Minato Mirai district in order to further strengthen R&D foundations. Operations are scheduled to get underway in a step-wise fashion from the end of May 2019.

At present, Kyocera’s system-related R&D is being conducted at different sites, mainly at the Yokohama Office for communications equipment-related systems, at the Yokohama Nakayama Office for ADAS and energy-related R&D and the Tokyo Office for the promotion of open innovation.

We will integrate R&D resources into a single site and to begin with plan to have around 600 people start work there as the key hub for software and system-related R&D. We will make the most of the benefits of site conditions to further promote open innovation while also focusing on securing personnel. In the future, we plan to have around 1,000 people work at the site.

Kyocera will steadily move forward with the initiatives I have explained today and work hard to achieve this fiscal year’s financial forecasts as well as sales revenue of 2 trillion yen and pre-tax profit ratio of 15%, our targets for the year ending March 31, 2021.

Cautionary statement

This is an English translation of the Japanese original. 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.

Except for historical information contained herein, the matters set forth in this document are forward–looking statements that involve risks and uncertainties including, but not limited to, product demand, competition, regulatory approvals, the effect of economic conditions and technological difficulties, and other risks detailed in the cautionary statements with respect to forward–looking statements on the company's website.