

May 2, 2017

Financial Presentation

(Year ended March 31, 2017)

KYOCERA Corporation

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.

Today's Presentation

Goro Yamaguchi
Chairman and Representative Director

1. Change in reporting segment classification

Hideo Tanimoto
President and Representative Director

2. Management Policies

3. Financial Results for the Year Ended March 31, 2017

4. Financial Forecasts for the Year Ending March 31, 2018

1. Change in reporting segment classification

Goro Yamaguchi

Chairman and Representative Director

Initiatives from FY3/2014 to FY3/2017

FY3/2014-FY3/2017

Strengthen the Group's collective capabilities

Reinforce intra-Group ties

Build sales expansion framework by market

Enhance management foundations

Improve profitability through structural reforms

Restructure businesses in pursuit of synergies

Expand sales by growing share and recreate business foundations

FY3/2018 onward

Expand business in core markets under the new management structure toward the next stage of growth

Change in reporting segment classification

FY3/2017

Components Business

Reporting segment classification	Main business and subsidiaries
Fine Ceramic Parts Group	Fine Ceramic Components
	Automotive Components
Semiconductor Parts Group	Ceramic Packages
	Organic Packages & PWBs
Applied Ceramic Products Group	Solar Energy Products
	Cutting Tools
	Medical Devices
	Jewelry and Applied Ceramic Related Products
Electronic Device Group	Capacitors
	Functional Devices
	Crystal Components
	Connectors
	AVX Corporation
	Printing Devices
	Liquid Crystal Displays

Equipment Business

Telecommunications Equipment Group	Telecommunications Equipment
Information Equipment Group	Information Equipment
Others	Information systems and Telecommunication Services (KCCS) [※]
	Optical Components
	Other subsidiaries etc.

FY3/2018 onward

Components Business

Reporting segment classification	Main business and subsidiaries
Industrial & Automotive Components Group	Fine Ceramic Components
	Automotive Components
	Liquid Crystal Displays
	Cutting Tools
Semiconductor Components Group	Ceramic Packages
	Organic Packages & PWBs
Electronic Devices Group	Capacitors
	Functional Devices
	Crystal Components
	Connectors
	AVX Corporation
	Printing Devices

Equipment & Systems Business

Communications Group	Telecommunications Equipment
	Information systems and Telecommunication Services (KCCS) [※]
Document Solutions Group	Information Equipment
Life & Environment Group	Solar Energy Products
	Medical Devices
	Jewelry and Applied Ceramic Related Products
Others	Other subsidiaries etc.

2. Management Policies

Hideo Tanimoto

President and Representative Director

Career Summary

Hideo Tanimoto, President and Representative Director

- Mar. 1982 Joined Corporate Fine Ceramics Group, Kyocera Corporation
- Feb. 2007 General Manager of Ceramics Division 2, Corporate Fine Ceramics Group
- Apr. 2014 General Manager of Corporate Fine Ceramics Group
- Apr. 2015 Executive Officer
- Apr. 2016 Managing Executive Officer
- Jun. 2016 Director
- Apr. 2017 President and Representative Director
President and Executive Officer

Basic Policy toward Mid-Term Business Growth

Aim to achieve higher growth and higher profitability

Information & Communication

Automotive Related

Environment & Energy

Medical & Health Care

Exploit collective capability of Kyocera Group

Expand sales in core markets

Expand existing businesses

Create new businesses

Thoroughly reduce costs

Management Policy and Major Initiatives

**Expand existing businesses by
extensive cost reductions**

Cost reduction through process
reform

Double productivity utilizing
robotics and IT, etc.

**Create new businesses
by strengthening internal
and external collaboration**

Strengthen internal synergies in
technologies

Utilize external resources including
M&A

Aim for early realization of 2 trillion yen in sales

3. Financial Results for the Year Ended March 31, 2017

Financial Results for the Year Ended March 31, 2017

(Unit: Yen in millions)

	Years ended March 31,				Change	
	2016		2017			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	1,479,627	100.0%	1,422,754	100.0%	-56,873	-3.8%
Profit from operations	92,656	6.3%	104,542	7.3%	11,886	12.8%
Pre-tax income	145,583	9.8%	137,849	9.7%	-7,734	-5.3%
Net income attributable to shareholders of Kyocera Corporation	109,047	7.4%	103,843	7.3%	-5,204	-4.8%
EPS (Diluted-yen)	297.24	—	282.62	—	-14.62	—
Capital expenditures	68,933	4.7%	67,781	4.8%	-1,152	-1.7%
Depreciation	65,853	4.5%	66,019	4.6%	166	0.3%
R&D expenses	58,755	4.0%	55,411	3.9%	-3,344	-5.7%
Average exchange rate (yen)	US\$	¥120		¥108		
	Euro	¥133		¥119		
Foreign currency fluctuation effect on:(compared with the previous same period)	Net sales	Approx. ¥ 29 billion		Approx. ¥ -94 billion		
	Pre-tax income	Approx. ¥ 4 billion		Approx. ¥ -26 billion		

Sales by Reporting Segment for the Year Ended March 31, 2017

(Unit: Yen in millions)

	Years ended March 31,				Change	
	2016		2017			
	Amount	% of net sales	Amount	% of net sales	Amount	%
Fine Ceramic Parts Group	95,092	6.4%	97,445	6.8%	2,353	2.5%
Semiconductor Parts Group	236,265	16.0%	245,727	17.3%	9,462	4.0%
Applied Ceramic Products Group	247,516	16.7%	225,176	15.8%	-22,340	-9.0%
Electronic Device Group	290,902	19.7%	288,511	20.3%	-2,391	-0.8%
Components Business	869,775	58.8%	856,859	60.2%	-12,916	-1.5%
Telecommunications Equipment Group	170,983	11.6%	145,682	10.2%	-25,301	-14.8%
Information Equipment Group	336,308	22.7%	324,012	22.8%	-12,296	-3.7%
Equipment Business	507,291	34.3%	469,694	33.0%	-37,597	-7.4%
Others	146,897	9.9%	138,362	9.7%	-8,535	-5.8%
Adjustments and eliminations	-44,336	-3.0%	-42,161	-2.9%	2,175	—
Net sales	1,479,627	100.0%	1,422,754	100.0%	-56,873	-3.8%

Note:

Kyocera Chemical Group, formerly included in "Others" until the year ended March 31, 2016, has been reclassified and included in the "Semiconductor Parts Group" commencing from the year ended March 31, 2017. Due to this change, results for the year ended March 31, 2016 have been reclassified to conform to the current presentation.

Operating Profit by Reporting Segment for the Year Ended March 31, 2017

(Unit: Yen in millions)

	Years ended March 31,				Change	
	2016		2017			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Fine Ceramic Parts Group	15,745	16.6%	14,512	14.9%	-1,233	-7.8%
Semiconductor Parts Group	42,232	17.9%	25,662	10.4%	-16,570	-39.2%
Applied Ceramic Products Group	16,386	6.6%	15,639	6.9%	-747	-4.6%
Electronic Device Group	10,974	3.8%	30,061	10.4%	19,087	173.9%
Components Business	85,337	9.8%	85,874	10.0%	<u>537</u>	<u>0.6%</u>
Telecommunications Equipment Group	-4,558	—	1,084	0.7%	5,642	—
Information Equipment Group	27,106	8.1%	28,080	8.7%	974	3.6%
Equipment Business	22,548	4.4%	29,164	6.2%	<u>6,616</u>	<u>29.3%</u>
Others	-1,722	—	-544	—	1,178	—
Operating profit	106,163	7.2%	114,494	8.0%	<u>8,331</u>	<u>7.8%</u>
Corporate and others	39,420	—	23,355	—	-16,065	-40.8%
Pre-tax income	145,583	9.8%	137,849	9.7%	-7,734	-5.3%

Notes

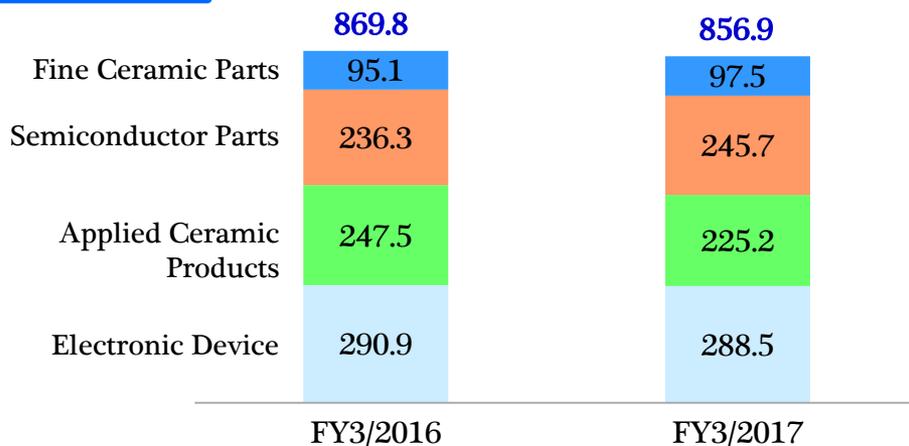
(1) Refer to Note on page 11.

(2) As a result of the aforementioned note (1), a gain of approximately ¥12 billion from the sale of assets was included in the “Semiconductor Parts Group” for the year ended March 31, 2016.

Summary of FY3/2017 Results - Components Business -

Sales

(Unit : Yen in billions)

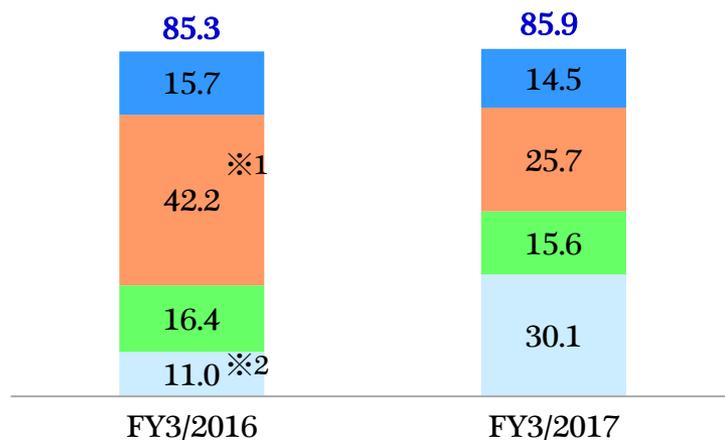


<Major factors for changes>

- ✓ Sales were down slightly due to a decline in sales in the Applied Ceramic Products Group following lower revenue in the solar energy business, despite sales growth in the Fine Ceramic Parts Group and the Semiconductor Parts Group

Operating Profit

(Unit : Yen in billions)



- ✓ Operating profit remained roughly unchanged due to the effect of cost reductions, despite the negative impact of the yen's appreciation
- ✓ The recording of costs such as impairment losses on goodwill and long lived assets in addition to the gain on the sale of an asset in FY3/2016

*1. Includes approx. ¥12bn in gain on the sale of an asset in the Semiconductor Parts Group

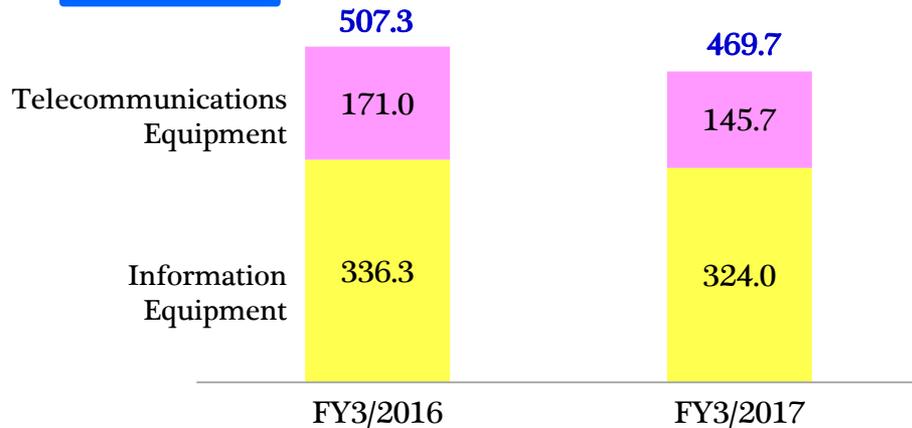
*2. Includes approx. ¥18bn in impairment losses on goodwill and long lived assets in the Electronic Device Group

Summary of FY3/2017 Results - Equipment Business -

Sales

(Unit : Yen in billions)

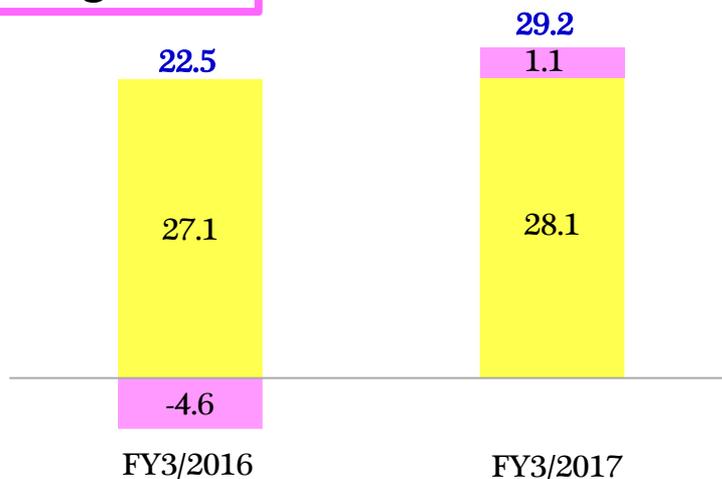
<Major factors for changes>



- ✓ Sales were down due to a decline in sales volume in line with a review of product strategy for the Telecommunications Equipment Group

Operating Profit

(Unit : Yen in billions)



- ✓ Operating profit increased due to the effect of structural reform for the Telecommunications Equipment Group, including a shift to high-durability models and integration of production and development sites coupled with a reduction in costs in the Information Equipment Group

4. Financial Forecasts for the Year Ending March 31, 2018

Financial Forecasts for the Year Ending March 31, 2018

(Unit: Yen in millions)

	Year ended March 31, 2017		Year ending March 31, 2018		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	1,422,754	100.0%	1,500,000	100.0%	77,246	5.4%
Profit from operations	104,542	7.3%	120,000	8.0%	15,458	14.8%
Pre-tax income	137,849	9.7%	150,000	10.0%	12,151	8.8%
Net income attributable to shareholders of Kyocera Corporation	103,843	7.3%	105,000	7.0%	1,157	1.1%
EPS (Diluted-yen)	282.62	—	285.77	—	3.15	—
Capital expenditures	67,781	4.8%	80,000	5.3%	12,219	18.0%
Depreciation	66,019	4.6%	75,000	5.0%	8,981	13.6%
R&D expenses	55,411	3.9%	60,000	4.0%	4,589	8.3%
Average exchange rate (yen)	US\$	¥108	¥108			
	Euro	¥119	¥115			
Foreign currency fluctuation effect on;(compared with the previous same period)	Net sales	Approx. ¥ -94 billion	Approx. ¥ -6.5 billion			
	Pre-tax income	Approx. ¥ -26 billion	Approx. ¥ -4.0 billion			

Notes: Forecast of EPS (Diluted-yen) is computed based on the diluted average number of shares outstanding during the year ended March 31, 2017.

Sales Forecast by Reporting Segment

(Unit: Yen in millions)

	Year ended March 31, 2017		Year ending March 31, 2018		Change	
	Amount	% of net sales	Amount	% of net sales	Amount	%
Industrial & Automotive Components Group	230,229	16.2%	246,000	16.4%	15,771	6.9%
Semiconductor Components Group	245,727	17.3%	248,000	16.5%	2,273	0.9%
Electronic Devices Group	240,798	16.9%	254,000	17.0%	13,202	5.5%
Components Business	716,754	50.4%	748,000	49.9%	31,246	4.4%
Communications Group	252,641	17.7%	269,000	17.9%	16,359	6.5%
Document Solutions Group	324,012	22.8%	350,000	23.4%	25,988	8.0%
Life & Environment Group	149,207	10.5%	153,000	10.2%	3,793	2.5%
Equipment & Systems Business	725,860	51.0%	772,000	51.5%	46,140	6.4%
Others	22,066	1.5%	16,000	1.0%	-6,066	-27.5%
Adjustments and eliminations	-41,926	-2.9%	-36,000	-2.4%	5,926	—
Net Sales	1,422,754	100.0%	1,500,000	100.0%	77,246	5.4%

Note: Business results for the year ended March 31, 2017 have been reclassified in line with the change to reporting segment classifications.

Operating Profit Forecast by Reporting Segment

(Unit: Yen in millions)

	Year ended March 31, 2017		Year ending March 31, 2018		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Industrial & Automotive Components Group	22,442	9.7%	26,000	10.6%	3,558	15.9%
Semiconductor Components Group	25,310	10.3%	26,000	10.5%	690	2.7%
Electronic Devices Group	30,558	12.7%	33,000	13.0%	2,442	8.0%
Components Business	78,310	10.9%	85,000	11.4%	6,690	8.5%
Communications Group	8,528	3.4%	13,000	4.8%	4,472	52.4%
Document Solutions Group	28,080	8.7%	35,000	10.0%	6,920	24.6%
Life & Environment Group	1,345	0.9%	3,000	2.0%	1,655	123.0%
Equipment & Systems Business	37,953	5.2%	51,000	6.6%	13,047	34.4%
Others	-1,759	—	-3,000	—	-1,241	—
Operating Profit	114,504	8.0%	133,000	8.9%	18,496	16.2%
Corporate and Others	23,345	—	17,000	—	-6,345	-27.2%
Pre-tax income	137,849	9.7%	150,000	10.0%	12,151	8.8%

Note: Business results for the year ended March 31, 2017 have been reclassified in line with the change to reporting segment classifications.

Financial Forecasts by Reporting Segment (1)

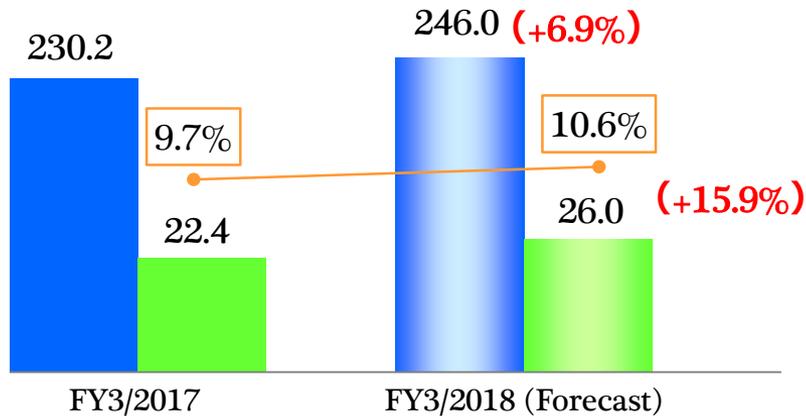
■ Sales ■ Operating profit —●— Operating profit ratio () Change from FY3/2017 (%)

Industrial & Automotive Components Group

(Unit: Yen in billions)

<Major factors for changes>

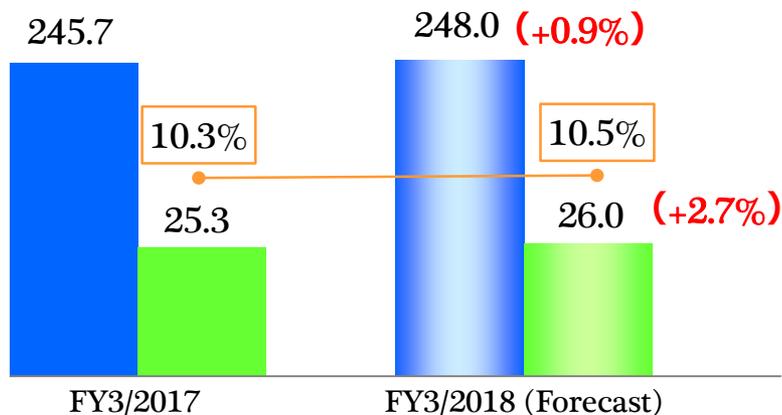
- ✓ Sales to increase in core products due to brisk production activities in semiconductor processing equipment and automotive-related markets
- ✓ Profit to increase due to sales growth in high-value-added products



Semiconductor Components Group

(Unit: Yen in billions)

- ✓ Sales to increase slightly due to sales growth in ceramic packages for communications infrastructure and smartphones, despite a decline in sales of organic materials business due to a review of product line-up
- ✓ Profit to increase due to improvement in product mix and cost reductions

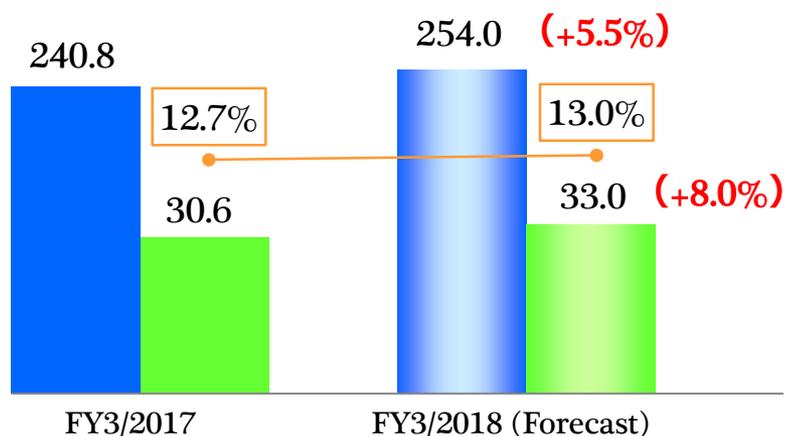


Financial Forecasts by Reporting Segment (2)

■ Sales ■ Operating profit —●— Operating profit ratio () Change from FY3/2017 (%)

Electronic Devices Group

(Unit: Yen in billions)

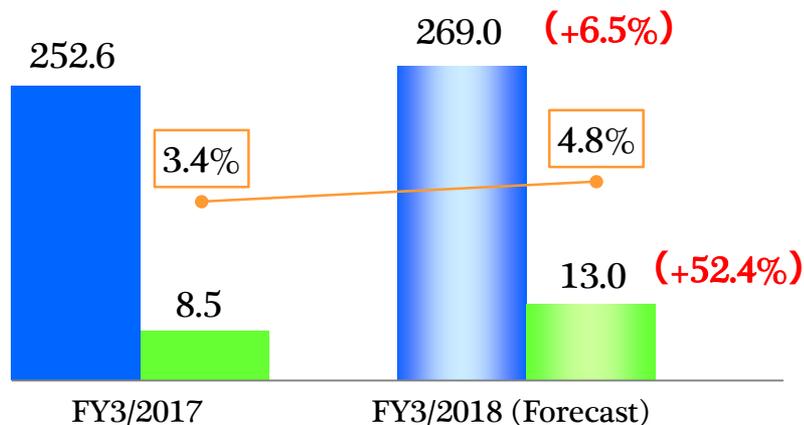


<Major factors for changes>

- ✓ Sales to increase in electronic components for smartphones and printing devices for industrial equipment
- ✓ Profit to increase on the back of sales growth

Communications Group

(Unit: Yen in billions)



- ✓ Sales to increase through new product introductions for mobile phones and sales growth in ICT and engineering businesses
- ✓ Profit to increase following sales growth and improvement in profitability in telecommunications equipment business

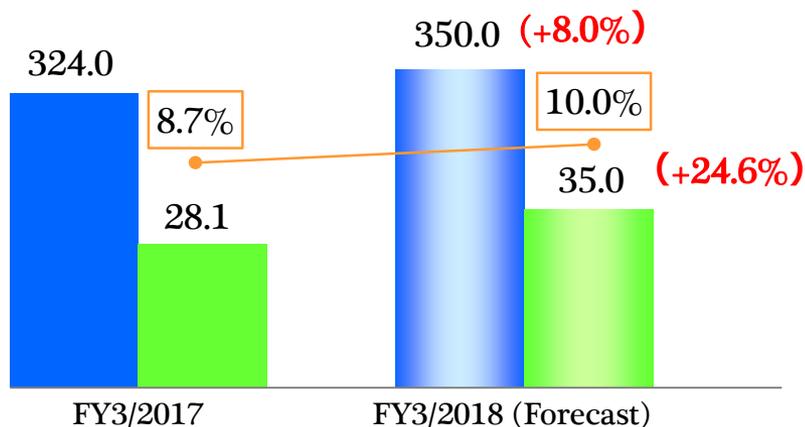
Financial Forecasts by Reporting Segment (3)

■ Sales ■ Operating profit ● Operating profit ratio () Change from FY3/2017 (%)

Document Solutions Group

(Unit: Yen in billions)

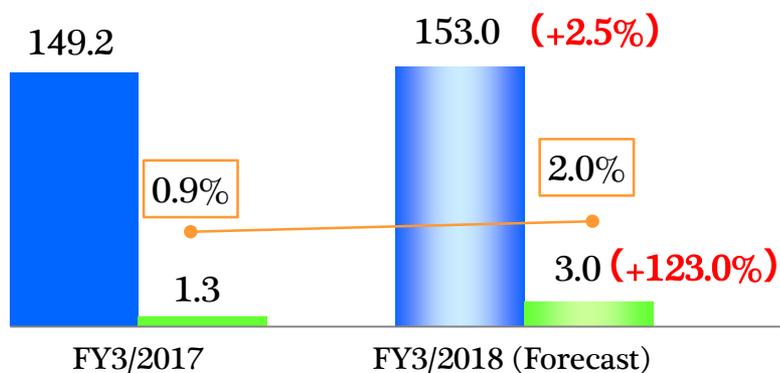
<Major factors for changes>



- ✓ Sales to increase due to active sales expansion of new products and to expand solution business
- ✓ Profit to increase on the back of the effect of sales growth coupled with cost reductions and enhanced productivity

Life & Environment Group

(Unit: Yen in billions)



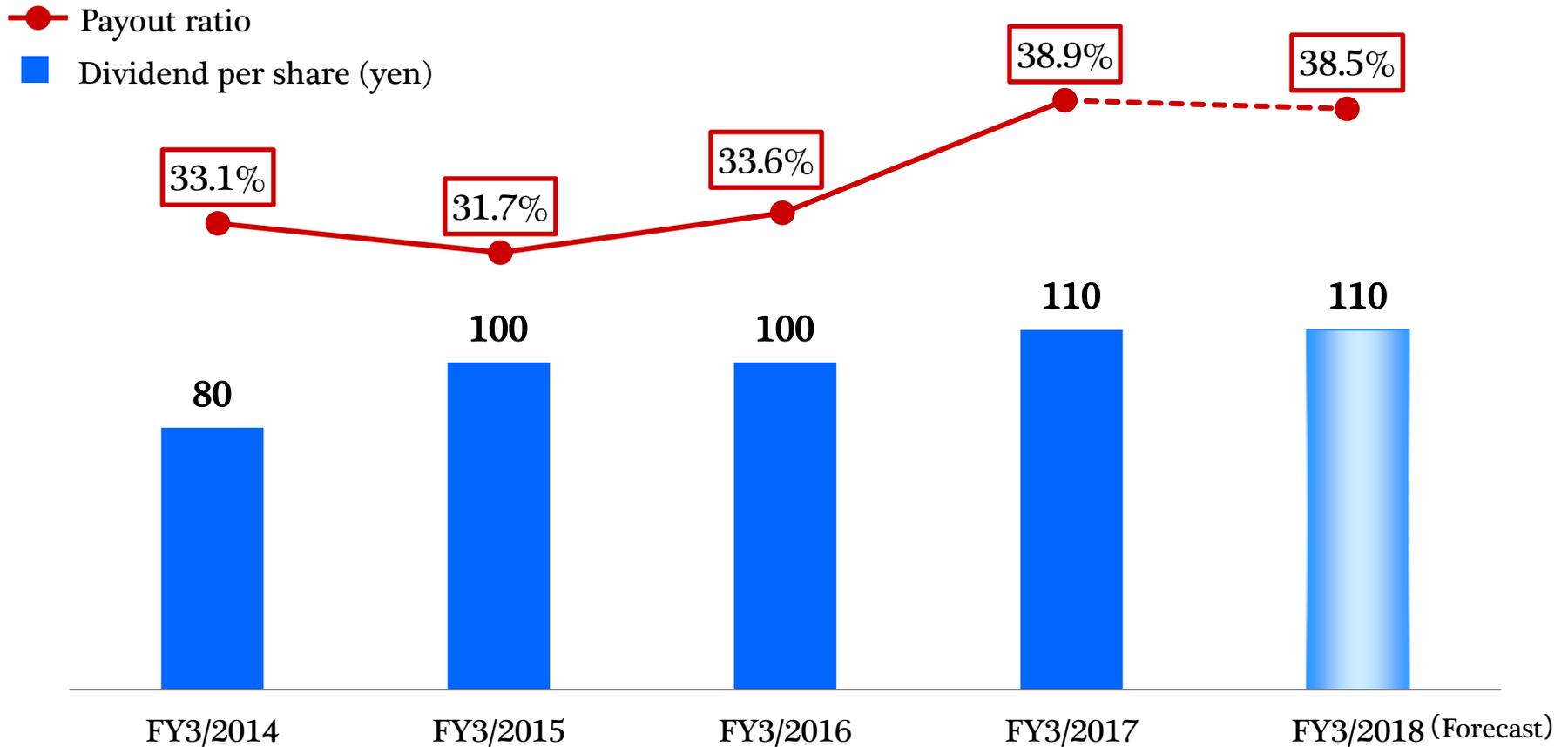
- ✓ Sales to increase due to an expansion in sales of solar power generating related business in Japan and Asia coupled with sales growth in the medical devices business
- ✓ Profit to increase through sales growth and cost reductions

Dividend Forecast

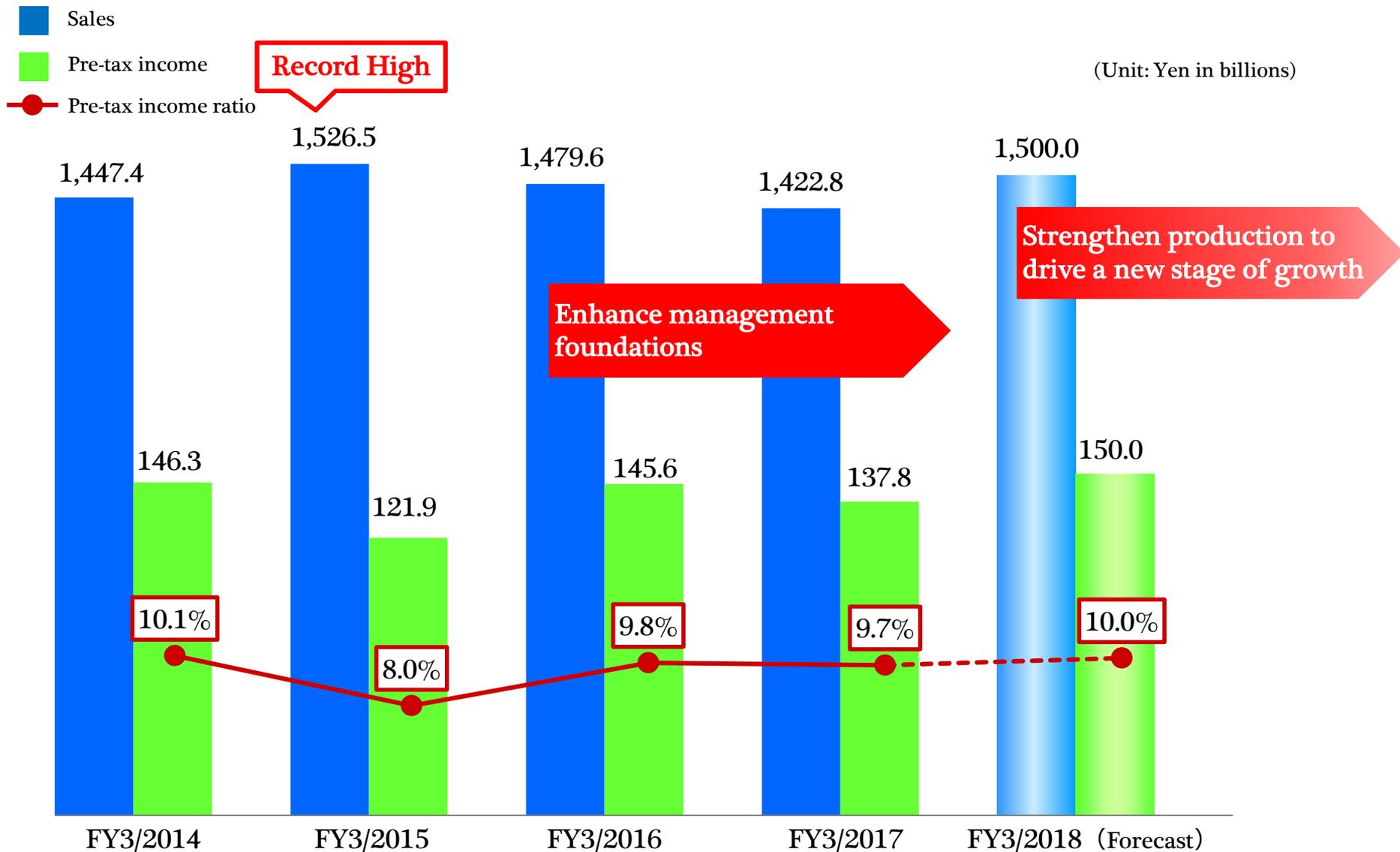
Dividend Policy based on payout ratio

30% or more

Around 40%



Trend of Sales and Pre-tax Income



Forward-Looking Statements

Certain of the statements made in this document are forward-looking statements (within the meaning of Section 21E of the U.S. Securities and Exchange Act of 1934), 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 Kyocera's 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) insufficient protection of our trade secrets and intellectual property rights including patents;
- (13) expenses associated with licenses we require to continue to manufacture and sell products;
- (14) environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (15) unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (16) our market or supply chains being affected by terrorism, plague, wars or similar events;
- (17) earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (18) credit risk on trade receivables;
- (19) fluctuations in the value of, and impairment losses on, securities and other assets held by us;
- (20) impairment losses on long-lived assets, goodwill and intangible assets;
- (21) unrealized deferred tax assets and additional liabilities for unrecognized tax benefits;
- (22) changes in accounting principles;

Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial condition to be materially 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.