

Kyocera Corporation
Financial Presentation for the Year Ended March 31, 2015
(Held on April 28, 2015)

Goro Yamaguchi
President and Representative Director

<Slide 3: Financial Results for the Year Ended March 31, 2015>

Net sales for the year ended March 31, 2015 (“fiscal 2015”) amounted to ¥1,526.5 billion, an increase of 5.5% compared with the year ended March 31, 2014 (“fiscal 2014”). This result marked a record high for the second consecutive year.

Profit from operations decreased by 22.5% to ¥93.4 billion and pre-tax income decreased by 16.7% to ¥121.9 billion compared with fiscal 2014 due mainly to the recording of loss in line with a review of asset valuation.

Net income increased by 30.6% to ¥115.9 billion compared with fiscal 2014 after being pushed up by a total of ¥36.3 billion due primarily to revaluation of deferred tax liabilities related to unrealized gain on shares held by Kyocera following a lowering of the tax rate in line with a revision of the tax system in Japan.

Average exchange rates for fiscal 2015 were ¥110 to the U.S. dollar and ¥139 to the Euro, marking depreciation of 10 and ¥5, respectively, compared with fiscal 2014. Due to these fluctuations, net sales and pre-tax income were pushed up by approximately ¥58 billion and ¥7 billion, respectively, compared with fiscal 2014.

<Slide 4: Sales by Reporting Segment for the Year Ended March 31, 2015>

Sales increased in both the Components Business and Equipment Business in fiscal 2015.

Sales in the Components Business increased by 5.5% due to an increase in sales in all reporting segments except the Electronic Device Group. Sales in the Equipment Business increased by 8.6% due to sales growth in both the Telecommunication Equipment Group and

Information Equipment Group.

<Slide 5: Sales by Reporting Segment for the Year Ended March 31, 2015>

Profit decreased on the whole due to the recording of loss in line with a review of asset valuation in the Applied Ceramic Products Group and Telecommunications Equipment Group, even though profit increased in all other reporting segments besides these two.

<Slide 6: Financial Results by Reporting Segment – Fine Ceramic Parts Group – >

First, in the Fine Ceramic Parts Group, sales increased for components used in industrial machinery such as semiconductor processing equipment parts and for sapphire substrates for LEDs. In addition, sales of automotive related parts also increased significantly, particularly automotive camera modules.

As a result, sales in this reporting segment increased by 13.3% to ¥90.7 billion and operating profit increased by 36.3% to ¥16.1 billion compared with fiscal 2014, thus marking double-digit growth in both sales and profit. The operating profit ratio improved to 17.8%.

<Slide 7: Financial Results by Reporting Segment – Semiconductor Parts Group – >

In the Semiconductor Parts Group, sales of ceramic packages increased steadily on the back of favorable demand in such areas as smartphones, communications infrastructures and LEDs.

In addition, sales at Kyocera Circuit Solutions, which was made a subsidiary in October 2013, made a full-year contribution to sales. As a result, sales in this reporting segment increased by 16% compared with fiscal 2014 to ¥217.9 billion.

Operating profit increased by 6.5% compared with fiscal 2014 to ¥34 billion due to the increase in sales of ceramic packages and the effect of cost reductions despite an increase in costs related to the launch of a new plant and the impact of declining product prices in the organic material business.

<Slide 8: Financial Results by Reporting Segment – Applied Ceramic Products Group – >

Sales in the solar energy business remained roughly unchanged compared with fiscal 2014 due to efforts to expand the product lineup through the introduction of monocrystalline solar modules and new multicrystalline products with enhanced conversion efficiency as well as proactive sales expansion activities. This was despite the impact of deterioration in market conditions due to a decline in the price of solar modules and a halt in grid access applications by electric power companies.

In contrast, sales in the cutting tool business increased steadily on the back of expanded production in automotive related markets, and as a result, sales in this reporting segment increased by 1.8% compared with fiscal 2014 to ¥277.6 billion.

Operating profit decreased by 90.6% compared with fiscal 2014 to ¥3.2 billion due to the impact of price erosion, disadvantage caused by the weak yen and the recording of valuation loss on inventories in the solar energy business.

<Slide 9: Financial Results by Reporting Segment – Electronic Device Group – >

In the Electronic Device Group, sales of capacitors and connectors for smartphones as well as printing devices for industrial equipment both posted double-digit growth due to the effect of an increase in demand and active sales expansion activities. Sales of display related products decreased in line with structural reforms implemented in fiscal 2014, however, and as a result, sales in this reporting segment remained roughly on par with fiscal 2014 at ¥284.1 billion.

Operating profit registered a significant increase of 62.4% compared with fiscal 2014 to ¥34.4 billion as the effects of cost reductions and structural reforms largely bore fruit. The operating profit ratio improved to 12.1%.

<Slide 10: Financial Results by Reporting Segment

– Telecommunications Equipment Group – >

In the Telecommunications Equipment Group, we commenced supply to AT&T Inc. in fiscal 2015 in addition to Verizon Communications Inc., Sprint Corporation and T-Mobile US, Inc., as

we expanded our sales channel to major carriers in the U.S. Sales in this reporting segment overall increased by 9.4% compared with fiscal 2014 to ¥204.3 billion by expanding sales in Japan and overseas through efforts to secure new customers and introduction of distinctive new models.

Operating loss of ¥20.2 billion was posted, however, due to the impact of impairment loss on goodwill incurred when Kyocera acquired Sanyo Electric's mobile phone business.

<Slide 11: Financial Results by Reporting Segment – Information Equipment Group – >

Sales in the Information Equipment Group increased by 8% compared with fiscal 2014 to ¥332.6 billion as a result of an increase in sales volume mainly in Europe, the United States and Asia.

Operating profit increased by 22.6% compared with fiscal 2014 to ¥34.6 billion due to an increase in sales of consumables such as toner in line with sales growth in equipment and to enhanced productivity at a factory in China and the effect of cost reductions at a factory in Vietnam.

<Slide 12: Financial Results by Reporting Segment – Others – >

Sales in this reporting segment remained roughly on par with fiscal 2014 at ¥172.9 billion. Operating profit increased by 9.1% to ¥6.8 billion, however, due primarily to the effect of cost reductions.

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

As you can see in the table, Kyocera forecasts sales and profit to increase in the year ending March 31, 2016 (“fiscal 2016”). We project net sales of ¥1.6 trillion, which will be a new record high for the third consecutive year. We also forecast profit from operations to post a considerable increase of 71.3% to ¥160 billion, pre-tax income to increase by 51.0% to ¥184 billion and net income to increase by 3.6% to ¥120 billion.

Capital expenditures for fiscal 2016 are projected to increase by 23.5% year on year to ¥70 billion due mainly to plans to bolster production capacity aimed at expanding business in core

markets. Depreciation is forecast to increase by 18.6% to ¥74 billion and R&D expenses are forecast to increase by 8.5% to ¥60 billion.

Kyocera forecasts average exchange rates for fiscal 2016 of ¥115 to the U.S. dollar, marking depreciation of ¥5, and ¥125 to the Euro, marking appreciation of ¥14 year on year. Due to these exchange rate fluctuations, sales are projected to be pushed up by approximately ¥1 billion while pre-tax income is projected to be pushed down by approximately ¥8 billion due to the significant impact of the weak Euro.

<Slide 15: Sales Forecast by Reporting Segment >

Sales are forecast to increase in every reporting segment except the Applied Ceramic Products Group, where sales are projected to decrease.

<Slide 16: Operating Profit Forecast by Reporting Segment >

Operating profit is forecast to increase in every reporting segment due mainly to the effect of sales growth and cost reductions.

Next, I will explain initiatives in each reporting segment.

<Slide 17: Financial Forecast by Reporting Segment – Fine Ceramic Parts Group – >

First, in the Fine Ceramic Parts Group, we forecast sales to increase by 10.3% to ¥100 billion and operating profit to increase by 11.6% to ¥18 billion year on year.

We will strive to expand sales by increasing sales of components for industrial machinery such as semiconductor processing equipment and automotive parts such as camera modules and glow plugs in fiscal 2016.

We plan to increase operating profit by boosting sales of core components and promoting initiatives to reduce costs and enhance productivity.

<Slide 18: Financial Forecast by Reporting Segment – Semiconductor Parts Group – >

In the Semiconductor Parts Group, we forecast sales to increase by 13.8% to ¥248 billion and operating profit to increase by 14.8% to ¥39 billion year on year.

We will work to expand sales by increasing production mainly for packages and substrates for smartphones and communications infrastructure as well as packages for LEDs.

We aim to increase operating profit through cost reductions achieved by concentrating production of thinner organic packages into a new factory and driving volume efficiencies in line with this as well as reducing costs in ceramic packages, particularly at a plant in Vietnam.

<Slide 19: Financial Forecast by Reporting Segment – Applied Ceramic Products Group – >

In the Applied Ceramic Products Group, we forecast sales to decrease by 11% to ¥247 billion and operating profit to increase approximately 6-fold to ¥19 billion year on year.

Sales in the cutting tool business are forecast to increase on the back of expanded production in automotive related markets, new product introductions and increased market share. Overall sales in this reporting segment are forecast to decrease, however, due to contraction in the solar energy market in Japan following a reduction in the feed-in tariff.

Efforts will be made to increase operating profit by reducing costs, which includes write-down of inventories in the solar energy business implemented in fiscal 2015, as well as promoting cost reductions in this business and increasing sales in the cutting tool business.

<Slide 20: Financial Forecast by Reporting Segment – Electronic Device Group – >

In the Electronic Device Group, we forecast sales to increase by 3.8% to ¥295 billion and operating profit to increase by 25.1% to ¥43 billion compared with fiscal 2015.

Going forward, demand for components used in smartphones is expected to continue increasing, and in order to make the most of this opportunity for growth, we will strive to expand production capacity of components and increase our share of these components. We will also work to increase sales of printing devices by cultivating the market.

In operating profit, we will make efforts to further enhance profitability by increasing sales and productivity.

<Slide 21: Expand Component Business for Smartphones >

The smartphone market is forecast to continue posting high growth this fiscal year in part due to the rise of Chinese manufacturers and others. We forecast sales of Kyocera Group components for smartphones to increase by approximately 30% in fiscal 2016 relative to fiscal 2015. Notably, we project high growth with an increase of around 30% in ceramic packages, 40% in ceramic capacitors and 70% in crystal components.

We will work to increase sales by making the most of Kyocera's collective strengths in handling a diverse array of products and our Group synergies.

<Slide 22: Financial Forecast by Reporting Segment

– Telecommunications Equipment Group – >

In the Telecommunications Equipment Group, we forecast sales to increase slightly compared with fiscal 2015 to ¥205 billion and operating profit to improve by ¥23.2 billion year on year to ¥3 billion.

We will strive to boost sales in Japan by enhancing our product lineup, particularly with differentiated handsets equipped with unique Kyocera functions, as well as increase sales overseas by further expanding the sales channel.

We began sales of a high durability smartphone to Canada and Colombia in December 2014 and to Peru, Germany and France in April this year. We are actively developing a tablet, phablet and next-generation feature phone with high durability, a feature of Kyocera in fiscal 2016. At the same time, we are continuing to make preparations to deploy these products in the global market.

We aim to enhance operating profit following the absence of impairment loss and by reducing costs through sales gains and efforts to standardize platforms.

<Slide 23: Financial Forecast by Reporting Segment

– Information Equipment Group – >

In the Information Equipment Group, we forecast sales to increase by 8.2% to ¥360 billion and operating profit to increase by 4.1% to ¥36 billion compared with the previous fiscal year.

We will introduce more new products than fiscal 2015 and enhance our lineup with the aim of further expanding sales while working to increase sales volume of equipment particularly in emerging countries.

We aim to increase operating profit by boosting sales and reducing costs at a factory in Vietnam, even though we expect the disadvantage of a weak Euro.

<Slide 24: Financial Forecast by Reporting Segment – Others – >

Finally, in Others, we forecast sales to increase by 6.4% to ¥184 billion and operating profit to increase approximately 2.2-fold to ¥15 billion compared with the previous fiscal year.

In particular, we will strive to increase sales by expanding business at Kyocera Communication Systems Co., Ltd. We also forecast a significant increase in operating profit through the recording of gain on sale of assets held.

<Slide 26: Kyocera Group Objective >

In the graph at left on this slide we show the compound annual growth rate (CAGR) of sales and pre-tax income for a period of six years from fiscal 2010 to the fiscal 2016 forecast. During this six-year period, CAGR for sales and pre-tax income stands at 7% and 20%, respectively. In terms of immediate objectives, Kyocera aims to achieve ¥2 trillion in net sales and at least 15% in pre-tax income ratio as swiftly as possible.

Kyocera is working to expand business in core markets and strengthen management foundations as means to achieve these objectives. We will implement two concrete initiatives aimed at making this a reality.

First, we will increase business investment, including M&As in growth fields, and second, we will

make the most of the Group's collective strengths from materials and components to devices, equipment, systems and service in order to speed up corporate growth and realize a high-growth, highly profitable company.

<Slide 27: Expand Business in Core Markets >

Kyocera will strive to expand sales in existing businesses, thoroughly reduce costs and create new businesses in the four markets it has deemed as core markets, namely information and communication, environment and energy, automotive related, and medical and healthcare, with the aim of speeding up corporate growth.

As one example, we started coordinated efforts to expand automotive related business and EMS related business toward new business creation in April 2015.

In automotive related business, we aim to expand sales by strengthening ties with strategic customers and developing new items as well as swiftly resolving various issues facing business divisions, including technical challenges. We will make maximum use of the Kyocera Group's management resources to expand business with automobile manufacturers and Tier 1 manufacturers as quickly as possible.

In EMS related business, we will combine resources that include the Group's equipment and systems with the objective of developing a new energy solutions business.

<Slide 28: Expand Sales in Information & Communication Market >

First, in the information and communication market, we will make developments in the three fields of mobile phone handsets and information equipment, communication infrastructures and Internet of Things (IOT).

We will focus on supplying high-value-added components and devices for mobile phone handsets and information equipment as well as launching equipment that has been differentiated from the competition.

In terms of communication infrastructure, we will aim to expand sales of packages and substrates supporting high-speed, high-capacity communication.

In the IOT field, where proliferation is forecast going forward, we will integrate management resources across Kyocera components, devices and equipment, and work to expand sales of M2M modules.

<Slide 29: Expand Production Volume in Components Business >

Kyocera will strive to increase sales of components where growth is forecast for the information and communication market by continuing to expand production capacity in Japan and overseas.

As an example, we are increasing production of SMD packages in Vietnam, and we plan to increase production volume of this product by approximately 30% as well as increase production volume of ceramic capacitors by approximately 50% in fiscal 2016 relative to fiscal 2014.

In addition to this, we are planning to bolster production of packages for LEDs and connectors.

<Slide 30: Increase Production in Information Equipment Business >

In terms of information equipment, we are also expanding production at a plant in Vietnam, and in fiscal 2018, we plan to boost production capacity four-fold to 2 million units a year and the number of employees roughly 3-fold compared with fiscal 2015.

<Slide 31: Boost Sales in Automotive Related Markets >

Next, I will explain developments in automotive related markets.

Kyocera has identified three future trends in automotive related markets, namely environmental friendliness and energy saving, safety responsiveness and infotainment compatibility.

In response to the need for environmental friendliness and energy saving, we aim to increase sales of ceramic parts that contribute to exhaust emission control and better fuel economy. In addition, over the medium to long term, we will cultivate the market for SOEC modules for hydrogen refueling stations that utilize SOFC technology.

In terms of safety responsiveness, demand is increasing for automotive cameras in line with the enactment of safety-related legislation in the North American market and stricter standards for safety performance in the European market. We aim to expand the application and increase customers for view cameras and sensor cameras.

With regard to infotainment compatibility, we will strive to enhance our product lineup supporting advanced information processing and automated driving capability. Going forward, we expect demand for communication modules to increase in line with the trend to connect equipment in the car to remote devices via wireless communication. In addition, we expect the amount of information one can access in the car to increase, and as such, Kyocera intends to expand sales of center information displays and start mass-production of head-up displays.

<Slide 32: Development in Environment and Energy Market >

In the environment and energy market, we will place priority on strengthening foundations and enhancing profitability in the solar energy business, which currently accounts for a high proportion of sales in this sector.

The graph at left shows the trend for global shipment volume of solar panels. Despite the impact of a reduction in the feed-in tariff this fiscal year and expected contraction of the solar energy market in Japan, shown at the bottom of the graph, we expect global shipment volume to increase overall due to an increase in installation in the United States, China and other places.

Although the business environment in the solar energy market is expected to remain tough owing in particular to price competition, we will take steps to enhance the value of this business.

The first of our specific initiatives will be to gain understanding among customers of the long-term reliability and financial stability offered by Kyocera products, as backed by proven results, and transform a sense of security in Kyocera into an increase in orders.

Second, while the Japanese market is expected to account for the majority of sales this fiscal year for Kyocera as in the previous fiscal year, demand is steadily growing in the U.S. market,

shown in red in the graph at left, and as such, we will actively work to develop business in this market.

Third, we will promote diversification in the solar energy business to cover from the supply of modules and systems to power generating business in order to expand profitability.

We will also strive to improve profitability by thoroughly reducing costs and enhancing efficiency and productivity.

<Slide 33: Boost Sales in Environment and Energy Market >

Kyocera will work to create new businesses and expand business domain with the aim of further increasing business in the environment and energy market.

We will strengthen development of a total solution business for residential use through a storage battery unit and a power conditioner that we command high market share in Japan, and an energy management system that controls the entire system, in addition to solar power generating systems in energy creation, energy storage and energy saving fields.

Kyocera is also working to secure new business opportunities in the public and industrial sector, such as by providing equipment for floating solar power plants, which we have already started doing, in addition to land-based mega solar power systems. In the power generating business, we are currently engaged in a number of different projects.

In addition to this, in fiscal 2017 we are planning to introduce to the market a fuel cell system that Kyocera has uniquely developed for complex housing and commercial facilities, as we are already supplying the key components of fuel cells for residential use.

With regard to demand response, an area that we are currently undertaking a demonstration experiment for, we will also look into the introduction of an aggregation service for controlling the power system, which includes control of generating power and power collecting service, ahead of electric power deregulation in 2016.

We will launch these new businesses and a new business scheme, and work to expand the environment and energy business.

<Slide 34: Expand Sales in Medical & Healthcare Market >

Next, I will explain developments in the medical and healthcare market.

In the medical market, we supply products in the implant and medical equipment related fields. In the implant business, we provide long-life orthopedic joints, and in the medical equipment related business, we provide a variety of products for CTs, endoscopes and medical cameras.

We are also looking into introducing healthcare devices to the market and trying our hand at business related to preventing lifestyle diseases.

Although sales in this market only accounted for less than 5% of consolidated sales in fiscal 2015, we aim to drive around 20% growth in the next fiscal year, fiscal 2017, relative to fiscal 2015 by developing new products and expanding business domain.

<Slide 35: Expand Sales in Medical & Healthcare Market >

In terms of dividends, finally, as you can see in the graph, in fiscal 2015 we plan to increase annual dividend per share by ¥20 to ¥100 compared with fiscal 2014. We also plan to provide dividend at the same level of ¥100 per share in fiscal 2016.