

KYOCERA Corporation
Outline of Q&A on financial presentation
for the six months ended September 30, 2012 (“the first half”)
(Held on November 2, 2012)

Solar Energy Business

Q: Full-year projections for the Applied Ceramic Products Group have been revised downward by ¥10.0 billion for sales and upward by ¥600 million for operating profit. Assuming this is the result of a review of performance in the solar energy business within this reporting segment, does this mean that not all orders for the solar energy business will be reflected in the results for the fiscal year? Also, please tell us your outlook for the solar energy business for next fiscal year.

A: Approximately half of the downward revision in sales in the Applied Ceramic Products Group is due to the solar energy business and the other half to the cutting tool business. With regard to the feed-in-tariff (FIT) system for renewable energy that started in July, even if construction is not finished, if a contract with a power company is signed by the end of March 2013, a feed-in tariff of ¥42/kWh for the current fiscal year will be applied. As such, sales for some projects in the solar energy business will be reflected in results for next fiscal year even though the order was received this fiscal year. Performance in the first half for the solar energy business fell short of projections. We do not expect sales in the second half to change significantly compared with initial projections. Orders remained strong in October, giving us a solid footing. Demand is not expected to decrease markedly next fiscal year despite the fact that demand will be affected by the FIT.

Q: The growth of market depends largely on the FIT system. What are your plans for production capacity amid an uncertain outlook for the business environment next fiscal year?

A: Currently we are producing at full capacity with investigation being made into making further increases going forward. We aim to steadily increase production volume next fiscal year. We seek to become a 1GW manufacturer as quickly as possible.

Q: In the Applied Ceramic Products Group, operating profit improved even though sales remained roughly on par in the second quarter compared with the first quarter. Presumably this was due to the positive effect of increasing production in the solar energy business. Please tell us trends in the solar energy business and cutting tool

business. Also, how do you view profit levels in the second half?

A: Although sales were relatively unchanged in the second quarter compared with the first quarter in the Applied Ceramic Products Group, a breakdown shows that sales in the solar energy business increased slightly and sales in the cutting tool business decreased slightly. Prices continued to decline in the solar energy business, although the pace of the decline has slowed. Kyocera has a policy of steadily generating profit without pursuing market share in conducting business, which is why we scaled back business for overseas. This change impacted the solar energy business.

In the cutting tool business, we are cognizant of the solid results posted by automakers in the second quarter as well. Nonetheless, momentum is expected to slow in the second half.

Recovery in the solar energy business was a major factor behind the improvement in profit. In the second quarter, we were able to firmly generate profit. This improvement was primarily due to a steady increase in productivity and a reduction in component and material costs. We aim to achieve a profit ratio of 5-10% in the solar energy business.

Telecommunications Equipment Group

Q: With regard to second half projections for the Telecommunications Equipment Group, sales are forecast to increase by ¥32.3 billion and operating profit is forecast to increase by ¥4.6 billion compared with the first half. Please tell us your expectations for each business in Japan and overseas.

A: We plan to expand sales in the overseas market in the second half. A variety of models are selling better than expected and there is strong demand from carriers. Models with a waterproof function and those with a push-to-talk function, which are commonly used at construction sites, have proven popular. Our share of the push-to-talk handset market is thought to be over 70%. We expect sales to increase in the second half due to steadily increasing orders for models with proven success in the market.

Profit is expected to increase in the second half due to the absence of inventory write-down, which was recorded in the first half.

Q: It appears that Kyocera has been working to expand carriers overseas. Which countries and in what manner are you making efforts?

A: We continue to conduct market research to develop business in South America, China and Southeast Asia. However, we will expand into other countries only after

producing results in North America. We will not solely increase scale without proven performance first.

Q: Is Kyocera seeking to cultivate new carriers?

A: We have actually been receiving inquiries and are planning to supply new carriers next year.

Q: Push-to-talk handsets seem to be selling well. Is this due to a wind up in demand in line with the termination of service on the iDEN network in June 2013? Can we assume that the strong showing will continue next fiscal year?

A: In our overseas business, we have decided to introduce models to a new carrier next fiscal year, and have also been receiving inquiries from other carriers. This will make up for the decline in push-to-talk models next fiscal year, and we believe it will have a positive impact.

Q: Please tell us the reason for the downward revision in the operating profit forecast for the Telecommunications Equipment Group from ¥9.0 billion to ¥6.2 billion. How confident are you at this point in time that you will achieve this forecast?

A: A key factor was the inventory write-down in the first half. Results in the first half, which included the inventory write-down, were below expectations and this led to the revision of full-year forecasts.

There is no change to our start-of-year plan to significantly expand sales in the second half. We will strive to increase sales of models for overseas and boost profit as a result of the higher sales.

Components Business

Q: It seems that the improvement from the first quarter to the second quarter in the Semiconductor Parts Group was due to an increase in demand for ceramic packages used in smartphones. Can you tell us expected trends in the second half? Please tell us your outlook for organic packages as well.

A: Taking a broad view, the quantity of ceramic packages for smartphones is increasing. Conditions have been solid overall in the communications and server related sectors, especially with regard to smartphones.

In the second half, the outlook for organic packages is not so positive. In addition, activity at local digital consumer equipment manufacturers in China has weakened. Conditions are not so favourable in the digital consumer equipment market overall.

Q: The business environment appears to be deteriorating. How were conditions in October?

A: Demand was slightly down on expectations in October overall. Automotive-related markets in particular saw weaker demand. Conditions remain bad in Europe as well. Meanwhile, semiconductor fabrication equipment related markets were sluggish. Although an increase in demand for smartphones is driving the digital consumer equipment market, it is not really booming overall. Despite extremely brisk activity by local manufacturers in the mobile handset sector in China previously, we do not see the same trend at the moment.

Information Equipment Group

Q: Concerns remain over the impact of the slowdown in the European market. Please tell us your outlook for the second half.

A: Although our scale in the industry is small, we are achieving a profit ratio of close to 10%. This is driven primarily by expansion to public offices and business users. Although sales tend to increase at the end of the interim period and the fiscal term based on customer budgets, the increase was less than expected in the second quarter. It appears that sales in October were slightly lower than typical years. It's not totally clear as to whether the low tone will continue going forward, but the economic environment is indeed impacting conditions.

M&A

Q: Kyocera has previously stated that it would consider M&A if a good opportunity arose. Are there any particular technologies you would like to develop for your business portfolio, for example in the Equipment Business?

A: Although we have received several offers in recent times, these are not confined to either the Equipment Business or the Components Business. We believe that M&A should be utilized to help boost performance.