

August 2, 2019

Conference Call Material

(For the Three Months Ended June 30, 2019)

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President and Representative Director

KYOCERA Corporation

This is an English translation of the Japanese original. This translation is prepared for the reference and convenience solely for those who do not use Japanese. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

1. Financial Results for the Three Months Ended June 30, 2019

Financial Results for Q1 of FY3/2020

(Unit: Yen in millions)

	Three months ended June 30,				Change	
	2018		2019			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	387,484	100.0%	384,937	100.0%	-2,547	-0.7%
Operating profit	37,104	9.6%	22,629	5.9%	-14,475	-39.0%
Profit before income taxes	55,488	14.3%	45,486	11.8%	-10,002	-18.0%
Profit attributable to owners of the parent	42,284	10.9%	32,037	8.3%	-10,247	-24.2%
Capital expenditures	29,850	7.7%	25,821	6.7%	-4,029	-13.5%
Depreciation charge of property, plant and equipment	11,703	3.0%	14,317	3.7%	2,614	22.3%
R&D expenses	16,713	4.3%	18,866	4.9%	2,153	12.9%
Average exchange rate	US\$	109 yen	110 yen			
	Euro	130 yen	123 yen			

(Reference) Foreign currency fluctuation effect on sales revenue and profit before income taxes for Q1 of 3/FY2020 compared with the previous same period.

Sales revenue: Approx. -4.5 billion yen / Profit before income taxes: Approx. -2.0 billion yen

- **Sales revenue: Roughly unchanged due to higher sales in the Communications Group, despite lower sales in the Components Business**
- **Operating profit: Down due to the sales decline in the Components Business and an increase in costs**
(higher depreciation charge and R&D expenses as well as record of costs associated with celebrations for the Company's 60th anniversary)

Summary of Financial Results for Q1 of FY3/2020

Results within expected range on the whole

1. Sales revenue and profit were down in the Components Business and up in the Equipment & Systems Business

- Components Business: Demand decreased in smartphone, semiconductor-related and automotive-related markets, etc.
- Equipment & Systems Business: Sales of mobile phones increased in Japan

2. Costs were up due to advance investment to expand business over the medium term

- Depreciation charge increased due to continued significant capital investment
- R&D expenses increased for the purpose of creating new businesses

3. Costs associated with celebrations for the Company's 60th anniversary

- Employee share gift: Approx. 5.5 billion yen

Sales Revenue by Reporting Segment for Q1 of FY3/2020
- Compared with Q1 of FY3/2019-

(Unit: Yen in millions)

	Three months ended June 30,				Change	
	2018		2019			
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Industrial & Automotive Components Group	81,956	21.1%	79,330	20.6%	-2,626	-3.2%
Semiconductor Components Group	60,649	15.7%	57,973	15.1%	-2,676	-4.4%
Electronic Devices Group	88,284	22.8%	83,203	21.6%	-5,081	-5.8%
Total Components Business	230,889	59.6%	220,506	57.3%	-10,383	-4.5%
Communications Group	51,610	13.3%	62,222	16.2%	10,612	20.6%
Document Solutions Group	88,796	22.9%	87,130	22.6%	-1,666	-1.9%
Life & Environment Group	18,692	4.8%	17,793	4.6%	-899	-4.8%
Total Equipment & Systems Business	159,098	41.0%	167,145	43.4%	8,047	5.1%
Others	4,932	1.3%	4,110	1.1%	-822	-16.7%
Adjustments and eliminations	-7,435	-1.9%	-6,824	-1.8%	611	—
Sales revenue	387,484	100.0%	384,937	100.0%	-2,547	-0.7%

Business Profit (Loss) by Reporting Segment for Q1 of FY3/2020
- Compared with Q1 of FY3/2019-

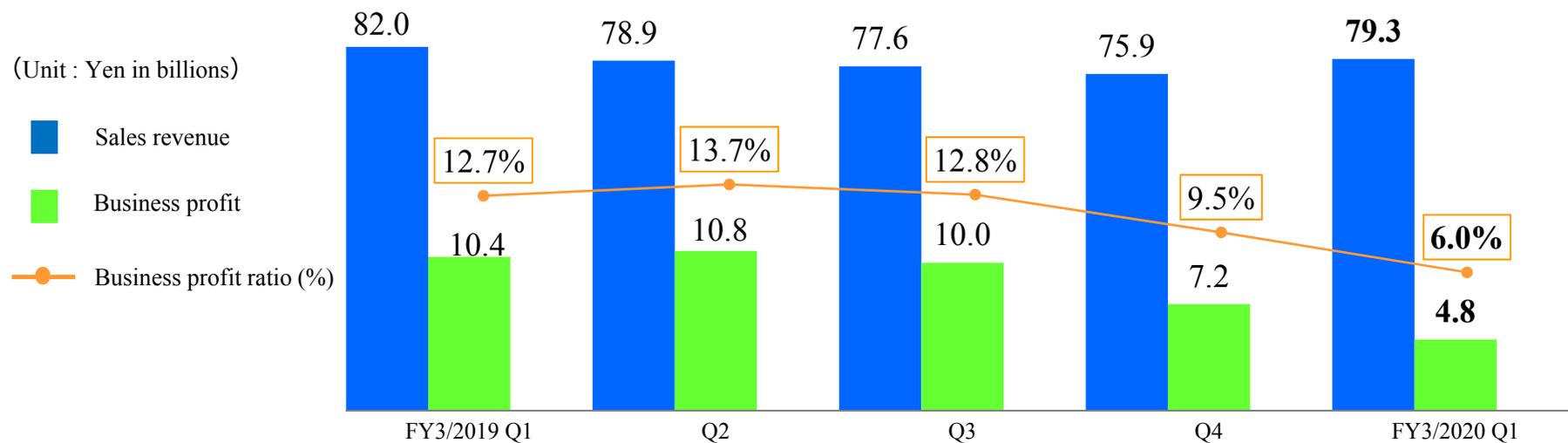
(Unit: Yen in millions)

	Three months ended June 30,				Change	
	2018		2019			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Industrial & Automotive Components Group	10,416	12.7%	4,798	6.0%	-5,618	-53.9%
Semiconductor Components Group	5,846	9.6%	5,082	8.8%	-764	-13.1%
Electronic Devices Group	14,397	16.3%	13,418	16.1%	-979	-6.8%
Total Components Business	30,659	13.3%	23,298	10.6%	-7,361	-24.0%
Communications Group	-2,241	—	2,013	3.2%	4,254	—
Document Solutions Group	10,348	11.7%	8,966	10.3%	-1,382	-13.4%
Life & Environment Group	-3,015	—	-2,590	—	425	—
Total Equipment & Systems Business	5,092	3.2%	8,389	5.0%	3,297	64.7%
Others	617	12.5%	-910	—	-1,527	—
Total business profit	36,368	9.4%	30,777	8.0%	-5,591	-15.4%
Corporate and others	19,120	—	14,709	—	-4,411	-23.1%
Profit before income taxes	55,488	14.3%	45,486	11.8%	-10,002	-18.0%

Financial Results for Q1 of FY3/2020 by Reporting Segment (1)

- Industrial & Automotive Components Group-

➤ Impacted mainly by stagnation in semiconductor-related markets and a slowdown in the Chinese economy



<Vs FY3/2019 Q1 : Major reasons for change>

Sales revenue : -3.2% / Business profit : -53.9%

- ✓ Contribution from M&A activities (Fine ceramic parts, Industrial tools)
- ✓ Lower sales of automotive displays and parts for industrial machinery such as semiconductor processing equipment
- ✓ Profit down due primarily to lower sales revenue and an increase in depreciation charge

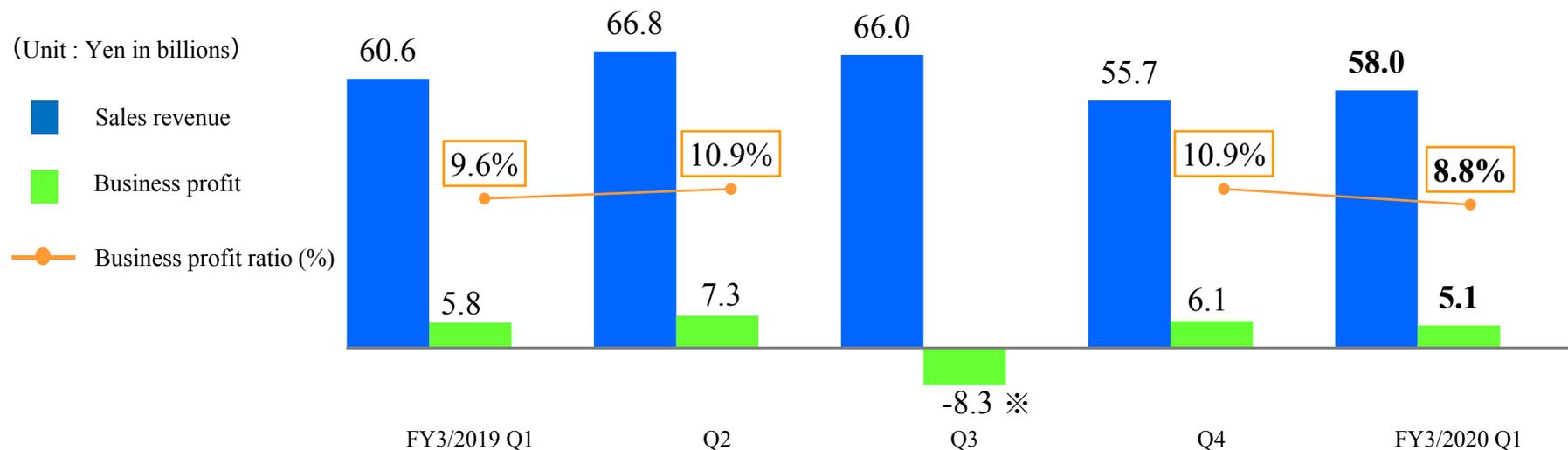
<Vs FY3/2019 Q4 : Major reasons for change>

Sales revenue : +4.5% / Business profit : -33.7%

- ✓ Contribution from M&A activities (Fine ceramic parts, Industrial tools)
- ✓ Lower sales of SOFC cell stacks and automotive/industrial displays
- ✓ Profit down due primarily to lower sales revenue and an increase in depreciation charge

Financial Results for Q1 of FY3/2020 by Reporting Segment (2) - Semiconductor Components Group-

- Continued uncertainty despite demand bottoming out for smartphones, telecommunications infrastructure, etc.
- Lower fixed costs for organic materials business following structural reforms conducted in FY3/2019



<Vs FY3/2019 Q1 : Major reasons for change>

Sales revenue : -4.4% / Business profit : -13.1%

- ✓ Lower sales of ceramic packages for smartphones
- ✓ Improved profitability in organic materials business by reducing fixed costs and enhancing productivity

<Vs FY3/2019 Q4 : Major reasons for change>

Sales revenue : +4.1% / Business profit : -16.6%

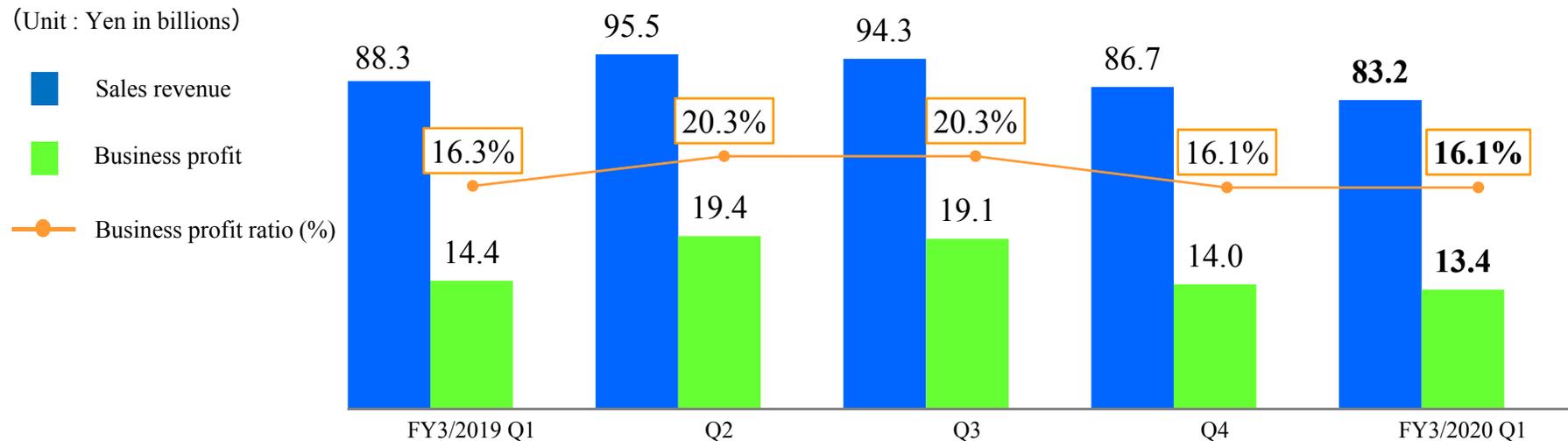
- ✓ Higher sales of ceramic packages for image sensors and for optical communications
- ✓ Profit down due mainly to an increase in costs including R&D expenses and depreciation charge

※Approx. 16.2 billion yen impairment loss relating to machinery, equipment and goodwill recorded in the organic materials business

Financial Results for Q1 of FY3/2020 by Reporting Segment (3) - Electronic Devices Group-

- Maintained a high profit ratio by expanding sales of such products as high-value-added MLCCs, despite the impact of trade friction between the US and China

(Unit : Yen in billions)



<Vs FY3/2019 Q1 : Major reasons for change>

Sales revenue : -5.8% / Business profit : -6.8%

- ✓ Decreased sales in AVX due to lower demand caused by higher inventory level of commodity products in sales channel and trade friction between the U.S. and China
- ✓ Profit down due to lower sales revenue as well as an increase in depreciation charge and R&D expenses

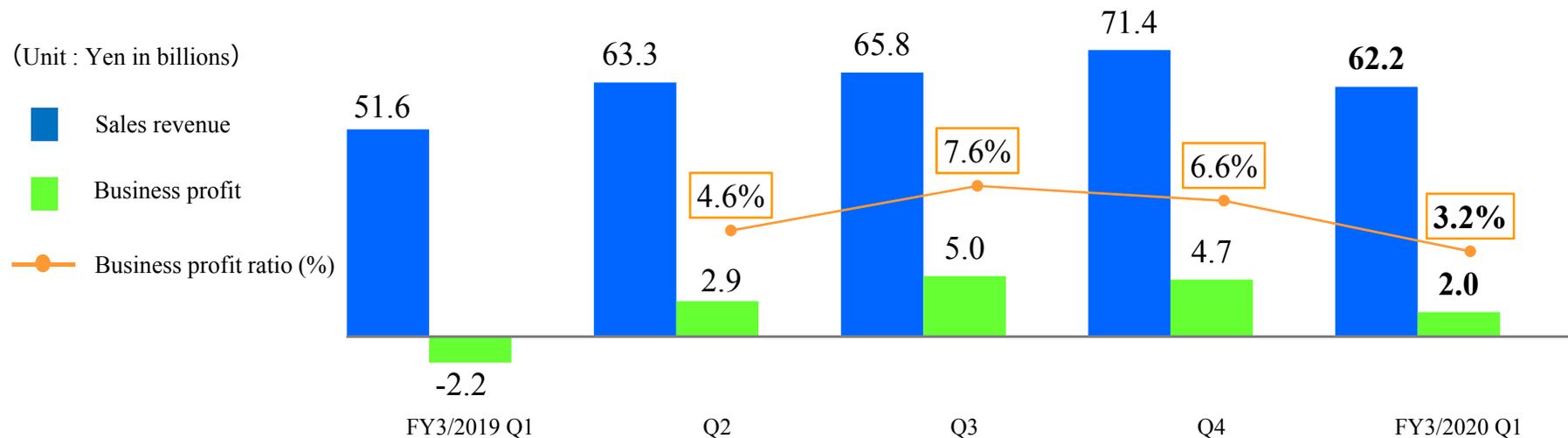
<Vs FY3/2019 Q4 : Major reasons for change>

Sales revenue : -4.1% / Business profit : -4.2%

- ✓ Same as at left

Financial Results for Q1 of FY3/2020 by Reporting Segment (4) - Communications Group-

➤ Achieved profitability on the back of efforts to enhance profit in the telecommunications equipment business



<Vs FY3/2019 Q1 : Major reasons for change>

Sales revenue: +20.6% / Business profit : +4.2 billion yen

- ✓ Increased sales revenue following sales growth in mobile phones for the Japanese market
- ✓ Profit improved due to higher sales and cost reductions

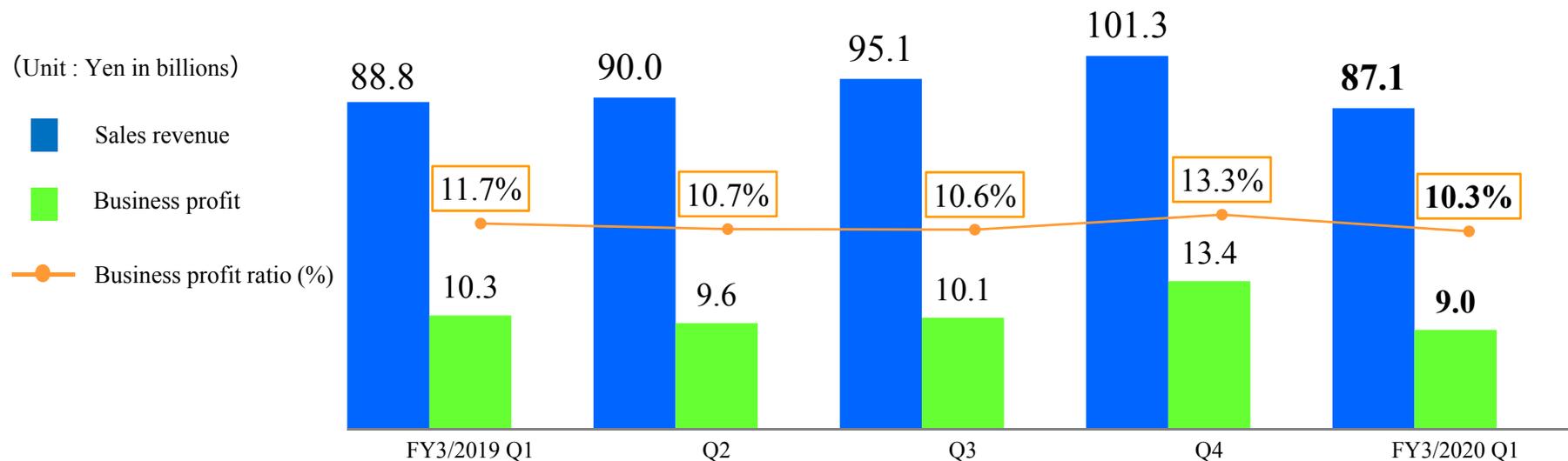
<Vs FY3/2019 Q4 : Major reasons for change>

Sales revenue : -12.9% / Business profit : -57.3%

- ✓ Sales revenue down in both the telecommunications equipment business and information and communication services business due to seasonal effects
- ✓ Profit down due to the decline in sales revenue

Financial Results for Q1 of FY3/2020 by Reporting Segment (5) - Document Solutions Group-

- Maintained a profit ratio over 10% mainly through initiatives to enhance productivity and reduce costs, despite the impact of the yen's appreciation



<Vs FY3/2019 Q1 : Major reasons for change>

Sales revenue: -1.9% / Business profit: -13.4%

- ✓ Sales revenue and profit down due to the impact of the yen's appreciation

<Vs FY3/2019 Q4 : Major reasons for change>

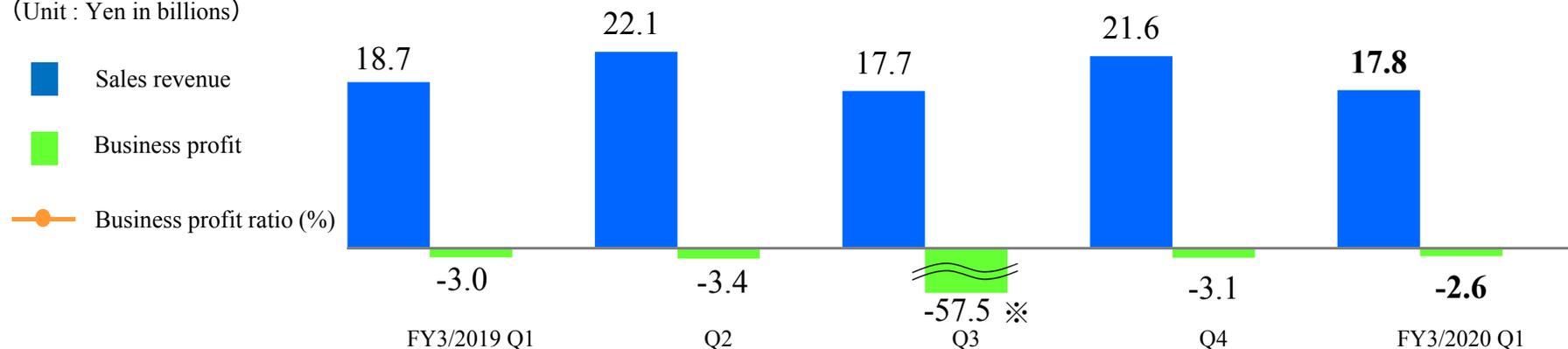
Sales revenue: -14.0% / Business profit: -33.3%

- ✓ Sales revenue and profit down due to seasonal effects

Financial Results for Q1 of FY3/2020 by Reporting Segment (6) - Life & Environment Group-

- Enhanced profitability in the solar energy business through structural reforms conducted in FY3/2019
- R&D expenses increased, particularly in energy-related areas

(Unit : Yen in billions)



<Vs FY3/2019 Q1 : Major reasons for change>

Sales revenue: -4.8% / Business profit: +0.4 billion yen

- ✓ Lower sales in the solar energy business
- ✓ Enhanced profitability in the solar energy business through structural reforms conducted up until the previous fiscal year, despite the decline in sales revenue and higher R&D expenses

<Vs FY3/2019 Q4 : Major reasons for change>

Sales revenue: -17.6% / Business profit: +0.5 billion yen

- ✓ Same as at left

※ Approx. 52.3 billion yen settlement expenses relating to long-term purchase agreements for procurement of polysilicon material recorded in the solar energy business

2. Financial Forecasts for the Year Ending March 31, 2020

Financial Forecasts for FY3/2020

(Unit: Yen in millions)

Forecast unchanged	Year ended March 31, 2019		Year ending March 31, 2020		Change	
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	1,623,710	100.0%	1,700,000	100.0%	76,290	4.7%
Operating profit	94,823	5.8%	140,000	8.2%	45,177	47.6%
Profit before income taxes	140,610	8.7%	180,000	10.6%	39,390	28.0%
Profit attributable to owners of the parent	103,210	6.4%	125,000	7.4%	21,790	21.1%
EPS (Basic-yen)	284.94	—	345.54	—	60.60	—
Capital expenditures	117,049	7.2%	120,000	7.1%	2,951	2.5%
Depreciation charge of property, plant and equipment	51,524	3.2%	65,000	3.8%	13,476	26.2%
R&D expenses	69,927	4.3%	80,000	4.7%	10,073	14.4%
Average exchange rate	US\$	111 yen		105 yen		
	Euro	128 yen		120 yen		

(Reference) Estimated Foreign currency fluctuation effect on sales revenue and profit before income taxes for the year ending March 31, 2020 compared with the previous fiscal year.

Sales revenue: Approx. -60 billion yen / Profit before income taxes: Approx. -18 billion yen

Note: Forecast of EPS (Basic-yen) is calculated using the average number of shares outstanding for the three months ended June 30, 2019.

Sales Revenue Forecast by Reporting Segment for FY3/2020 - Compared with FY3/2019-

(Unit: Yen in millions)

Forecast unchanged	Year ended March 31, 2019		Year ending March 31, 2020		Change	
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Industrial & Automotive Components Group	314,339	19.4%	324,600	19.1%	10,261	3.3%
Semiconductor Components Group	249,217	15.3%	251,100	14.8%	1,883	0.8%
Electronic Devices Group	364,827	22.5%	381,600	22.4%	16,773	4.6%
Total Components Business	928,383	57.2%	957,300	56.3%	28,917	3.1%
Communications Group	252,067	15.5%	257,600	15.2%	5,533	2.2%
Document Solutions Group	375,147	23.1%	400,000	23.5%	24,853	6.6%
Life & Environment Group	80,114	5.0%	94,300	5.5%	14,186	17.7%
Total Equipment & Systems Business	707,328	43.6%	751,900	44.2%	44,572	6.3%
Others	17,190	1.0%	15,600	0.9%	-1,590	-9.2%
Adjustments and eliminations	-29,191	-1.8%	-24,800	-1.4%	4,391	—
Sales revenue	1,623,710	100.0%	1,700,000	100.0%	76,290	4.7%

Business Profit (Loss) Forecast by Reporting Segment for FY3/2020 - Compared with FY3/2019 -

(Unit: Yen in millions)

Forecast unchanged	Year ended March 31, 2019		Year ending March 31, 2020		Change	
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Industrial & Automotive Components Group	38,450	12.2%	34,700	10.7%	-3,750	-9.8%
Semiconductor Components Group	※1 10,932	4.4%	30,900	12.3%	19,968	182.7%
Electronic Devices Group	66,926	18.3%	65,500	17.2%	-1,426	-2.1%
Total Components Business	116,308	12.5%	131,100	13.7%	14,792	12.7%
Communications Group	10,393	4.1%	8,300	3.2%	-2,093	-20.1%
Document Solutions Group	43,528	11.6%	41,300	10.3%	-2,228	-5.1%
Life & Environment Group	※2 -67,016	—	-6,400	—	60,616	—
Total Equipment & Systems Business	-13,095	—	43,200	5.7%	56,295	—
Others	660	3.8%	-5,500	—	-6,160	—
Total business profit	103,873	6.4%	168,800	9.9%	64,927	62.5%
Corporate and others	36,737	—	11,200	—	-25,537	-69.5%
Profit before income taxes	140,610	8.7%	180,000	10.6%	39,390	28.0%

➤ **Others: Increase in R&D expenses**

➤ **Corporate and others: Increase in costs related to reinforce management foundation to create new business as well as celebrations of Kyocera's 60th anniversary**

Recorded losses in:

※1 Organic materials business: approx. 16.2 billion yen impairment loss relating to machinery, equipment and goodwill;

※2 Solar energy business: approx. 52.3 billion yen settlement expenses relating to long-term purchase agreements for procurement of polysilicon material.

Key Initiatives in FY3/2020

Continue measures to expand business

1 Maintain aggressive approach to M&A

2 Develop energy business

3 Strengthen R&D activities

Maintain Aggressive Approach to M&A

Business product line	Targeted Company / Business	Objectives
Fine ceramic parts	H.C. Starck Ceramics GmbH (Germany / Acquired in April 2019)	• Strengthen production system in Europe
	Advanced ceramics business operations of Friatec GmbH (Germany / Plan to acquire in September 2019)	• Expand business domain
Industrial tools	SouthernCarlson Inc. (U.S. / Acquired in June 2019)	• Bolster sales foundations in the US
Document solutions	Huon IT Pty Ltd (Australia / Acquired in July 2019)	• Reinforce comprehensive services

Annual sales revenue run rate in total : Approx. 70 billion yen

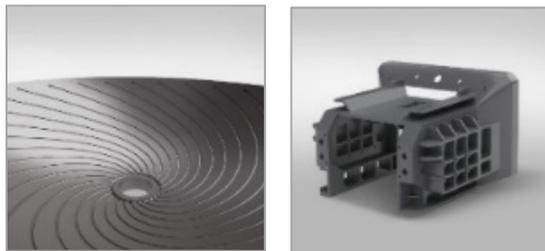
M&A (1) Fine Ceramic Parts (Industrial & Automotive Components Group)

Strengthen business foundations in Europe

- Realize the first production system for fine ceramic parts in Europe
- Pursue synergies on sales and technological front

H.C. Starck Ceramics GmbH

April 2019



Non-oxide fine ceramic components

Based in Selb, Germany.

<Major application>

- SPEs
- General industrial machinery

- Newly secure SiSiC* business
- Acquire know-how for highly efficient production using digital factory, etc.

*Silicon-Infiltrated Silicon Carbide

Advanced ceramics business operations of Friatec GmbH

September 2019 (Plan)



Oxide ceramic components

Metallized ceramic components

Based in Mannheim, Germany

<Major application>

- Medical equipment
- General industrial machinery

- Establish an integrated system from production to sales of core ceramic parts

M&A (2) Industrial Tools (Industrial & Automotive Components Group)

Expand business domains globally through aggressive M&A

June 2019

**Power and pneumatic tools business:
Acquired a sales subsidiary in North America**



Sales and repair of power and pneumatic tools
➤ **Over 150 branches across North America**



Europe

**Van Aerden Group
(Netherlands)
March 2019**



Pneumatic tools

Japan

**RYOBI
Power tool business
January 2018**



Power tools

U.S.

**SENCO
August 2017**



Pneumatic tools

M&A (3) Document Solutions Group

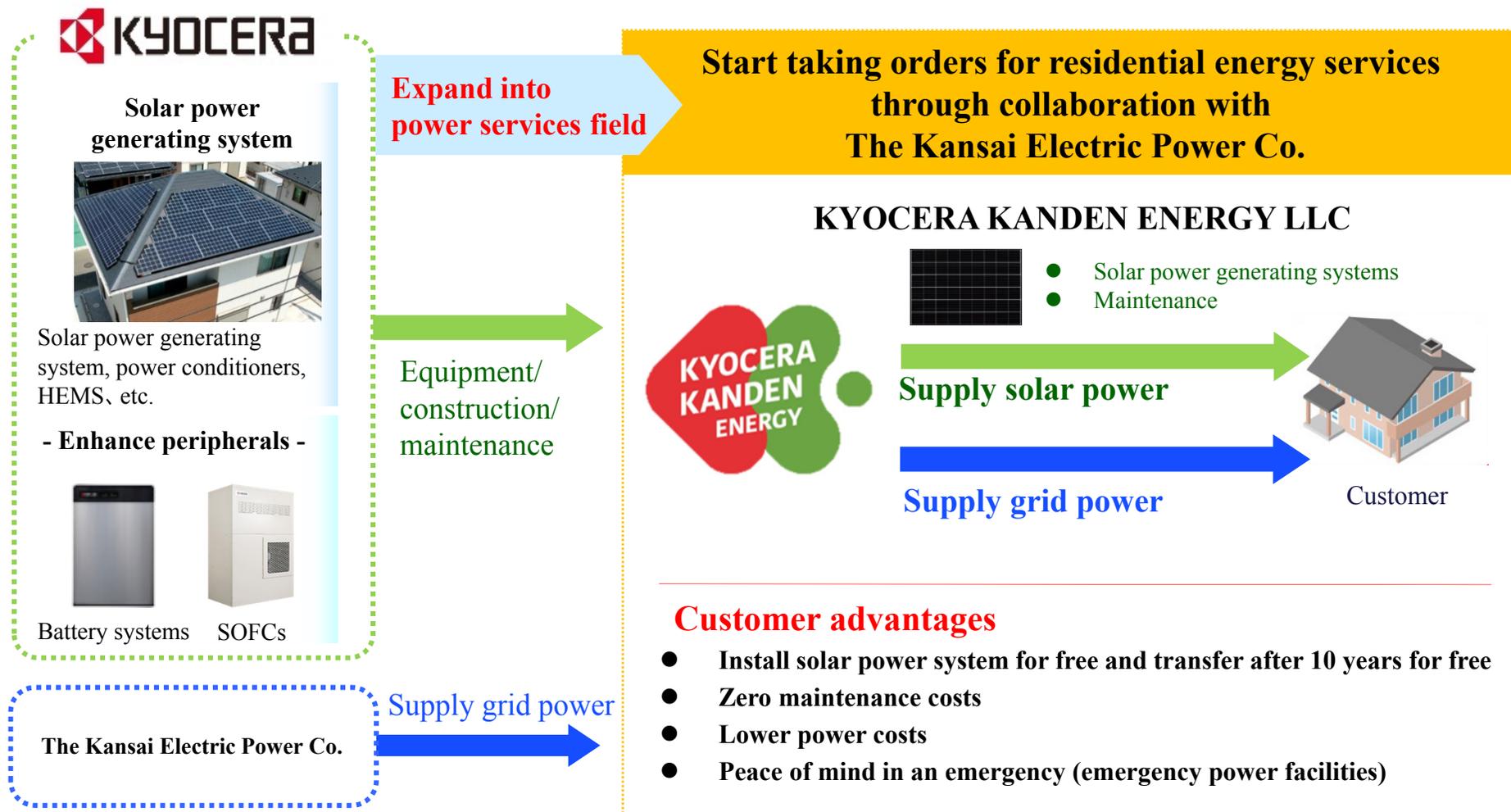
Expand solutions business through M&A

Develop end-to-end solutions services by connecting hardware, software, services and systems



Develop Energy Business

Enhance equipment and systems, and start power services business



Strengthen R&D Activities

Strengthen software development and promote open innovation

Full-scale operation of Minatomirai Research Center

- Gathered approx. 700 employees mainly from R&D Division
- Established space for co-creation that can be used by outside persons as well



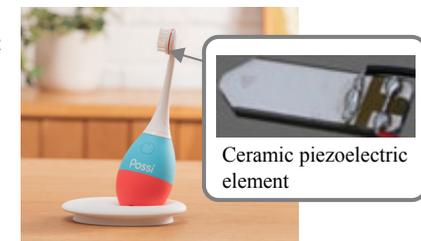
Ex. of product from open innovation



“Possi” toothbrush that plays music when the head is in contact with the child’s teeth

- Utilizes SSAP*
- First crowdfunding product

*Sony Startup Acceleration Program



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 financial instruments held by us;
- (21) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (22) Uncertainty over income tax and differed tax assets; 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.