



Financial Presentation for the Year Ended March 31, 2021

(Held on April 27, 2021)

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President and Representative Director

<1. (Cover) 1. Financial Results for the Year Ended March 31, 2021 >

<2. Financial Results for the Year Ended March 31, 2021>

During fiscal 2021 (the year ended March 31, 2021), sales revenue and profit decreased compared with fiscal 2020 (the year ended March 31, 2020) due mainly to the impact of COVID-19. Sales revenue decreased by 4.5%, to 1,526.9 billion yen, operating profit decreased by 29.5%, to 70.6 billion yen, profit before income taxes decreased by 21.0%, to 117.6 billion yen, and profit attributable to owners of the parent decreased by 16.3%, to 90.2 billion yen.

Capital expenditures and depreciation charge of property, plant and equipment for fiscal 2021 increased from the fiscal 2020 as a result of efforts to increase in production capacity centered on the Components Business.

The average exchange rates for fiscal 2021 were 106 yen to the U.S. dollar, marking appreciation of 3 yen, and 124 yen to the euro, marking depreciation of 3 yen, compared with fiscal 2020. As a result, sales revenue after translation into yen for fiscal 2021 was pushed down by approximately 9 billion yen compared with fiscal 2020 but this had virtually no impact on profit before income taxes.

<3. Sales Revenue by Reporting Segment for the Year Ended March 31, 2021>

By reporting segment, sales revenue increased in the Industrial & Automotive Components Group and Semiconductor Components Group but decreased in all other segments.

<4. Business Profit by Reporting Segment for the Year Ended March 31, 2021>

Looking at business profit by reporting segment, the Industrial & Automotive Components Group and Communications Group recorded double-digit growth in business profit. However, business profit decreased in other segments due mainly to a decline in sales revenue.

<5. Summary of Financial Results for the Year Ended March 31, 2021>

Despite the impact of COVID-19, during fiscal 2021 Kyocera continued to actively invest for growth, mainly in the Components Business.

Demand in the Components Business was sluggish in main markets up to the first quarter (from April 1, 2020 to June 30, 2020), but has been on a recovery track from the second quarter (from July 1, 2020 to September 30, 2020) onward. Particularly noteworthy, sales revenue increased on the back of higher demand for semiconductors and 5G-related products. On the other hand, because we continued to actively invest in anticipation of higher demand for these components over the medium term, depreciation charge increased by approximately 10 billion yen and this resulted in a decrease in profits.

In the Equipment & Systems Business, besides decreased demand for mobile phone handsets and offices equipment, we recorded an impairment loss of 11.5 billion yen in the smart energy business. Despite the decreases in sales revenue and profits, by promoting cost reduction efforts profits increased in the Communications Group while the business profit margin in the Document Solutions Group remained at virtually the same level as in fiscal 2020.

<6. Financial Results for FY3/2021 by Reporting Segment (1)>

Here I will explain our financial results by reporting segment.

In the Industrial & Automotive Components Group shown on the left, sales revenue increased due to higher sales of pneumatic and power tools thanks to the contribution of M&A activities and an increase in demand for components for semiconductor processing equipment. Despite a rise in depreciation charge, profit rose due to increased sales and cost reduction efforts.

In the Semiconductor Components Group shown on the right, although demand for ceramic packages for 5G capable smartphones increased, profit declined due to higher depreciation charge.

<7. Financial Results for FY3/2021 by Reporting Segment (2)>

In the Electronic Devices Group on the left, demand for ceramic capacitors, crystal devices, and SAW devices for 5G capable smartphones increased. Nevertheless, sales revenue and profit decreased mainly due to lower sales of AVX Corporation and of printing devices owing to decreased demand in industrial markets.

Although sales of the Communications Group shown on the right decreased in both the telecommunications equipment business and the information system and telecommunication services business, business profit increased as a result of efforts to reduce costs.

<8. Financial Results for FY3/2021 by Reporting Segment (3)>

In the Document Solutions Group shown on the left, despite a recovery trend after bottoming out in the first quarter, demand for printers, MFPs, and consumables did not reach the level of fiscal 2020. Although sales revenue and profit decreased, the business profit margin remained at virtually the same level as in fiscal 2020 thanks to productivity improvements and cost reduction efforts.

In the Life & Environment Group shown on the right, sales of the smart energy business decreased due to lower sales of solar power generation systems. Business loss expanded due mainly to the recording of an impairment loss in the amount of 11.5 billion yen in the smart energy business.

<9. (Cover) 2. Change of Business Segment>

<10. Change of Business Segment>

Here I will explain our new business segment classifications.

From April 2021, Kyocera reorganized its main 16 businesses and subsidiaries into the three business segments consisting of the Core Components Business, Electronic Components Business and Solutions Business as shown on the right.

The Core Components Business is composed of Fine Ceramic Components, Automotive Components and Optical Components, which were previously included in the Industrial & Automotive Components Group, in addition to the traditional Semiconductor Components Group, Medical Devices and Jewelry and Applied Ceramic Related Products. In the future, we will disclose the business results of the Core Components Business in the categories of Industrial & Automotive Components Unit, Semiconductor Components Unit, and Others.

The Electronic Components Business is composed of Electronic Components and AVX Corporation included in the previous Electronic Devices Group.

The Solutions Business is mainly composed of Liquid Crystal Displays and Industrial Tools, which were previously included in the Industrial & Automotive Components Group, in addition to Communications Group, Document Solutions Group and Smart Energy Business, etc. In the future, the business results of the Solutions Business will be disclosed in the categories of Industrial Tools Unit, Document Solutions Unit, Communications Unit and Others.

<11. Aim of reorganization of business structure and priority measures for new business segments>

Here I will explain the purpose of the reorganization of business structure and the priority measures of the new business segments.

We carried out the recent reorganization with the aim of executing strategies that transcend business departments, vitalizing our human resources and organizations, and effectively utilizing management resources. By largely delegating the authority of top management to each executive officer in charge, we will execute quicker and more dynamic management decision-making that transcends the framework of the existing organization.

The Core Components Business will focus on growth markets such as 5G and semiconductors while strengthening technological development with the aim of achieving growth in sales and improving profitability.

The Electronic Components Business will work to expand sales and profits by strengthening sales capabilities through the integration of global sales organizations, and management resources for manufacturing and development with AVX Corporation. Additionally, in line with our announcement on April 27, 2021 we plan to establish a new integrated brand “KYOCERA AVX” from October 2021.

The Solutions Business aims to build a new business model that utilizes communication technology and software.

<12. (Cover) 3. Financial Forecasts for the Year Ending March 31, 2022 >

<13. Financial Forecasts for the Year Ending March 31, 2022>

In fiscal 2022 (the Year Ending March 31, 2022), Kyocera expects sales revenue and profits will increase from fiscal 2021. We forecast that sales revenue will increase by 13.3%, as we aim for record-high sales revenue of 1,730.0 billion yen. We expect profit before income taxes to increase 36.1% to 160.0 billion yen. Because we will continue investments for growth, we expect that capital expenditures will increase sharply with a rise of 45.2% to 170.0 billion yen, depreciation charge of property, plant and equipment will increase by 35.5% to 100.0 billion yen and R&D expenses will increase by 19.3% to 90.0 billion yen respectively, compared with fiscal 2021.

<14. Summary of Financial Forecast for the Year Ending March 31, 2022>

I will explain two points as a summary of our financial forecast.

The first point is that we expect to further extend record-high sales revenue. We anticipate an increase in demand for components in main markets such as components for the 5G and semiconductor markets and ADAS-related components.

The second point is that we will continue active business investments. During fiscal 2022, we expect both capital investment and R&D expenditures to reach record highs and we plan for total investment of 260.0 billion yen.

<15. Main Business Investments in FY3/2022>

Looking at capital expenditures, we plan to increase and strengthen production capacity for strategic products for growth markets. We intend to increase production capacity for 5G-related components, such as ceramic packages, organic packages, and ceramic capacitors, which are expected to enjoy robust demand, by 10% or higher compared with fiscal 2021.

In research and development, we will accelerate the development of new businesses and new products. We launched GaN (gallium nitride) Systems Business and AI Collaborative Robot System Business in fiscal 2022 as a business division under the direct control of the president. We will also promote investments for the development of new products such as Local 5G System and Inkjet Printers.

<16. Sales Revenue Forecast by Reporting Segment for the Year Ending March 31, 2022>

By reporting segment, sales revenue is expected to increase in all segments, thanks mainly to the recovery of demand in main markets.

<17. Business Profit (Loss) Forecast by Reporting Segment for the Year Ending March 31, 2022>

Looking at business profit by reporting segment, although we foresee an increase in depreciation charge, we anticipate that business profit will increase in all segments due mainly to higher sales revenue. The loss shown in Others in the 4th line from the bottom is 11.9 billion yen higher than in fiscal 2021. This is because we expect an increase in development cost mainly in the GaN Systems Business and AI Collaborative Robot System Business.

<18. Financial Forecasts for FY3/2022 by Reporting Segment (1) Core Components Business>

Here I will explain the financial forecast for fiscal 2022 by each segment.

In the Core Components Business, we expect demand for main products to increase against a backdrop of favorable market conditions. In the Industrial & Automotive Components Unit, we are expecting an increase in sales revenue for fine ceramic components for semiconductor processing equipment and for automotive cameras. In the Semiconductor Components Unit, we forecast an increase in sales revenue for ceramic packages and organic packages for 5G capable smartphones and communication infrastructure. Business profit is expected to increase due to higher sales and cost reduction efforts such as a doubling of productivity mainly in the Industrial & Automotive Components Unit.

<19. Financial Forecasts for FY3/2022 by Reporting Segment (2) Electronic Components Business>

Performance in the Electronic Components Business is expected to be driven mainly by components for the industrial market and automotive-related markets. In particular, we anticipate an increase in sales of AVX Corporation, which was seriously affected by COVID-19 in fiscal 2021. On top of this, we will work to expand orders through collaboration between the sales structures of Kyocera and AVX Corporation. Business profit is expected to increase due to growth in sales of high-profit products in addition to an improvement in profitability through cost-reduction efforts.

<20. Financial Forecasts for FY3/2022 by Reporting Segment (3) Solutions Business>

In the Solutions Business, we anticipate an increase in sales revenue mainly in the Document Solutions Unit and Communications Unit.

Document Solutions Unit expects to increase sales in the solution business and inkjet business in addition to benefitting from a recovery in demand for printers, MFPs, and consumables.

Communications Unit will strive to increase sales of communication equipment for companies and 5G capable devices.

Business profit is expected to increase due to growth in sales revenue in addition to cost reduction efforts in each business, such as by reviewing the production system.

<21. (Cover) 4. Enhance Corporate Value>

<22. Initiatives for Strengthening Corporate Governance>

Here I will explain two points about our initiatives for strengthening corporate governance.

The first point is that we will strengthen the supervisory functions of the Board of Directors. We plan two resolutions pertaining to the Board of Directors at the Ordinary General Meeting of Shareholders in June 2021. The first point is to clarify the roles of management supervision and execution through the appointment of directors of the board accompanying the reorganization of business structure that I explained earlier. We will reduce the number of internal directors by half, from the current 12 directors to 6 directors. After the conclusion of the Ordinary General Meeting of Shareholders, the Board of Directors will consist of 9 members, including Outside Directors. As a result, one-third of directors will be Outside Directors.

The second point is the appointment of an Independent Outside Director. Mr. Eiji Kakiuchi, Representative Director, Chairman, Member of the Board of SCREEN Holdings Co., Ltd., is a candidate for new Outside Director. We expect that he will provide us with a variety of advice covering Kyocera's entire management activities based on his abundant knowledge and experience as a manager.

<23. Aiming for Sustainable Growth in Corporate Value>

The upper row of the slide shows trends in sale revenue, profit before income taxes and ROE from fiscal 2019 (the year ended March 31, 2019). We intend to promote the initiatives I explained today, return our business results onto a growth trajectory, and aim to achieve sales revenue of 2 trillion yen within the next three years. In conjunction, we aim to raise ROE to a level exceeding 8% in the medium term. For the management measures listed in the lower row, we will continue to consider and promote initiatives to improve corporate value.

<24. Shareholder Return>

I will explain shareholder returns.

Kyocera will increase the annual cash dividend per share for fiscal 2021 by 20 yen to 140 yen from our most-recent dividend forecast of 120 yen per share. This increase was made upon considering our business results and dividend policy and also partly because our main markets recovered faster than anticipated. Moreover, for fiscal 2022 we expect the annual dividend per share to be 160 yen, an increase of 20 yen from 140 yen in fiscal 2021.

Although the outlook for the global economy remains uncertain, we aim to further enhance shareholder returns by improving our business results through the reorganization of business structure we implemented in fiscal 2022 and our continuous business investments.

Cautionary statement

This is an English translation of the Japanese original. The translation is prepared solely for the reference and convenience of those who do not use Japanese. 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.