

Outline of Q&A on financial presentation for the year ended March 31, 2015
(Held on April 28, 2015)

[General Management]

Q: What was the extent of sales in the four core fields for the year ended March 31, 2015 (“fiscal 2015”)?

A: Sales in the four core fields combined accounted for approximately 90% of consolidated net sales. The medical and healthcare business made up a small proportion of this total at just a few percent. The information and communication business, which includes from components to mobile phone handsets and information equipment, accounted for the highest proportion at around 60% of consolidated net sales. The environment and energy business comprised roughly 20% of the total and the primary domain is solar energy products. The automotive related business accounted for around 10% of the total.

Q: When do you think Kyocera will achieve its target of ¥2 trillion in sales?

A: We aim to achieve ¥2 trillion in sales as quickly as we can. If possible, we would like to achieve this target in the year ending March 31, 2017 (“fiscal 2017”), but in light of conditions in each business, we will aim for the year ending March 31, 2018 (“fiscal 2018”). We intend to make use of M&A. We envision spending from ¥100 billion to ¥150 billion on M&A. Although the growth rate in the solar energy business is forecast to decline, we will seek to drive growth in all other areas.

Q: Can you tell us your objectives for conducting M&A on top of your aim of achieving sales of ¥2 trillion and a pre-tax income ratio of 15%?

A: We intend to conduct M&A when the opportunity arises. We are looking for entities in a variety of businesses that we can generate synergies with. Large-scale fields that we are looking at include components for smartphones and automotive parts. Kyocera lacks resources in the sensor domain, including semiconductors. At the same time, in the development of general electronic components, we have only developed capacitors for limited fields for instance, and as such, we would also like to apply them to the automobile domain as well.

Q: In what way will Kyocera work to speed up business expansion?

A: In terms of which businesses we will expand, although Kyocera is engaged in a wide variety of products, many businesses aside from ceramic packages have low market share overall. We are only involved in certain specific areas while there are businesses

that we can expand by increasing product lineup. It is important to move into new fields that we haven't been involved with before in order to raise market share.

Q: Can you tell us the specific measures Kyocera will undertake to strengthen management foundations? Assets in Corporate increased by around ¥300 billion at the end of March 2015 compared with the end of the year ended March 31, 2014 ("fiscal 2014"). Does this increase reflect how you have strengthened management foundations?

A: We are pushing ahead with globalization of business development as a means to strengthen management foundations. We have been enhancing and expanding factories and sales sites in respective countries. In particular, we have extended factories in China and Vietnam.

Assets in Corporate increased by approximately ¥300 billion in fiscal 2015 due mainly to an increase in the market value of the KDDI shares we hold. This accounted for approximately 80% of the ¥300 billion increase.

Q: Will corporate divisions rather than individual business divisions conduct M&A in order to maximize synergies?

A: We are examining the viability of M&A in respective business divisions as well while also considering the same in corporate divisions. Our analysis is being undertaken from two perspectives: bottom-up and top-down.

[Capital policy and capital efficiency]

Q: Can you tell us the merits of holding KDDI shares for Kyocera's business? Also, will Kyocera consider selling its shares in KDDI or making KDDI an equity-method affiliate or subsidiary by purchasing more shares in the future?

A: We are not currently considering making KDDI a Group company by purchasing more shares. Kyocera and KDDI have a close relationship, and KDDI is an important customer and a vital business partner. It is also essential from the perspective of developing mobile phones and parts for use in these devices, and as such, we are not thinking about selling our shares either.

Q: Has Kyocera made any changes to its policy regarding its use of cash?

A: We are aiming for sales of ¥2 trillion and a pre-tax income ratio of 15%, and although we will drive growth in existing businesses in essence, we recognize that it will be difficult to achieve significant growth without conducting M&A going forward. Internally, we are accelerating efforts including large-scale M&As in our sights. This is different from before.

On the other hand, our basic policy of shareholder return, including share repurchase and dividends, has not changed. We aim to enhance shareholder return by steadily generating profit and increasing dividends.

[Parts for the information and communication market]

Q: In terms of expanding sales of components used in smartphones, to what extent did sales of products such as ceramic packages, capacitors and crystal components increase in fiscal 2015 compared with fiscal 2014? Also, can you explain the business environment for each product?

A: We forecast growth of around 30% for smartphone components overall in the year ending March 31, 2016 (“fiscal 2016”). In fiscal 2015, sales of ceramic packages increased by approximately 30% and sales of capacitors increased by approximately 60% compared with fiscal 2014. Sales of crystal components decreased slightly. We plan to boost sales of crystal components by around 70% in fiscal 2016 compared with fiscal 2015 by launching new products.

Q: It is likely that there will be a trend toward smartphones equipped with dual cameras from next year. Can you tell us the appeal points of Kyocera's ceramic packages for image sensors versus organic packages from the perspective of this shift to dual cameras?

A: Smartphones nowadays are being equipped with two cameras. A major reason for employing ceramic packages for the image sensors comes down to their thinner profile. However, Kyocera aims to be able to respond to a wide array of customer needs. For that reason, we are working on organic packages as well as ceramic packages, and we are also developing hybrid packages that use ceramic and metal. Hybrid packages have exceptional durability. Our aim is to expand sales by having a number of variations like this.

[Electronic Device Group]

Q: In what way will Kyocera expand each business aside from AVX in the Electronic Device Group going forward?

A: Conditions in the display business are the key reason for the slow growth in sales of the Electronic Device Group. The touch-panel business was over in fiscal 2015. From fiscal 2016, there will be fewer products that will put the brakes on sales growth. From fiscal 2017, we expect the display business to enter a growth phase as well. As a result, we will be able to expand sales of displays for industrial equipment, medical market and automobiles from fiscal 2017.

[Telecommunications Equipment Group]

Q: Has Kyocera established the ideal structure for the Telecommunications Equipment Group or are further structural reforms required in light of the impairment loss on goodwill in fiscal 2015?

A: We changed the management system and organization for the Telecommunications Equipment Group in April 2015. We shifted to a policy aimed at steadily generating profit in fiscal 2016 rather than focusing on aggressive measures to expand sales. We also have to reconsider component procurement and other factors on account of continued yen depreciation. We are not taking the position that the market will shrink. Products equipped with Kyocera's distinctive functions are being well received. The challenge for us is to strike a balance between sales size and securing profit.

[One-time gain and loss]

Q: What impact will the devaluation of assets in the Applied Ceramic Products Group in fiscal 2015 have on results in fiscal 2016? Also, what will be the extent of gain from sale of assets in Others in fiscal 2016?

A: Valuation loss in the Applied Ceramic Products Group will amount to several billion yen but will not be as hefty as ¥10 billion. Gain on sale of assets will amount to around ¥10 billion.