

Outline of Q&A on conference call
for the nine months ended December 31, 2015 (“the nine months”)
(Held on January 29, 2016)

<General Management>

Q: Kyocera has announced the reorganization of certain wholly owned subsidiaries. However, it does not seem to provide an immediate improvement.

A: Whole of, or part of businesses of three subsidiaries will be absorbed into Kyocera Corporation. Future investment in the businesses of these subsidiaries has been limited due to scale and cash held. By incorporating them into Kyocera, we aim to create synergies in business and increase management flexibility. I don't think the effects will emerge immediately next fiscal year, but I'm confident we will see changes in the next few years.

Q: With regard to the ability to recover next fiscal year, won't a V-shaped recovery be difficult unless the business environment rebounds?

A: Kyocera is now in charge of driving the elements that were previously entrusted to each reporting segment, business division and subsidiary. We are also changing the structure.

<Semiconductor Parts Group>

Q: Kyocera has stated that the downward revision in sales of ¥10.5 billion compared with the previous projection is due to the impact of production adjustments in the smartphone sector. Can the main reason for this be attributed to ceramic packages? I think the adjustments started in the third quarter, but can you tell us precisely when they began and around when they will be completed?

A: Prices have come down for ceramic packages. In particular, the price of ceramic surface-mount packages for electronic devices has been decreasing while quantities haven't increased significantly. Sales haven't increased either, which has made it difficult to maintain profits. As has been reported by various media, major smartphone manufacturers started making adjustments in early autumn last year. The impact of this is being felt in products where we command extremely high market share, not in ceramic surface-mount packages for electronic devices. As has been widely suggested, we expect recovery in assembly manufacturers to take hold around the start of spring, but this will take a little longer for component manufacturers.

<Solar Energy Business>

Q: What is the condition of the solar energy business?

A: Although sales in the solar energy business for the nine month decreased by a little over 10% year on year, we are making steady improvements in profit.

<Telecommunications Equipment Group>

Q: Sales in the fourth quarter are forecast to increase slightly compared with the third quarter. However, you are also forecasting operating loss of ¥3.8 billion in the fourth quarter, down from operating profit around the ¥1 billion level in the third quarter. Would the main cause of this be an increase in sales promotion costs, or have structural reform expenses and other costs been included?

A: Sales promotion costs will increase in the fourth quarter. In addition, it will be necessary to discard a certain amount of inventory before the end of this fiscal year. Since the amount includes these costs, profit will decrease.

Q: What measures are you taking in the Telecommunications Equipment Group?

A: We are currently looking at measures. We will take measures serve to boost sales and profit. Our policy will be to undertake measures for products in which we can secure profit, in contrast to the policy of focusing on expanding quantity we had before. To achieve this, we must consider options that include consolidating production sites to ensure the most appropriate scale, both in Japan and overseas.