

**Outline of Q&A on conference call**  
**for the three months ended June 30, 2016 (“the first quarter”)**  
**(Held on July 28, 2016)**

**[General Performance]**

Q: Can you tell us the businesses that performed better than initial projections and those that performed worse for the first quarter of the year ending March 31, 2017?

A: Results were in line with projections on the whole, but results for components used in smartphones were slightly weak, in particular. Although there were no problems in terms of shipments, prices declined more than we expected and results were therefore down slightly on projections on a value base.

Q: Which products were subject to price declines in the first quarter?

A: Capacitors for smartphones, among other products.

Q: Were results within expectations for businesses other than components businesses? Even though the Telecommunications Equipment Group posted a large loss, was this also within the scope of assumption?

A: Results in the Telecommunications Equipment Group were in line with expectations. Sales were sluggish in the first quarter in the Information Equipment Group but this was due mainly to the increase in sales recorded in the fourth quarter of the year ended March 31, 2016.

Q: I assume difficult conditions in terms of profit in the solar energy business for the first quarter. Were results in line with this expectation?

A: Yes, they were.

Q: It seems that the solar energy business is yet to establish a solid profit foundation. Is Kyocera considering further business structure reform?

A: The important thing is which market we should put our focus. Although sales for the domestic market currently account for around 80% of the total, we will focus on the areas with significant room for growth and higher profit margin in the overseas market, which makes up the remaining 20% of the total. The proportion of sales in the domestic market is expected to decrease from the current level of around 80%. We plan to pour effort into the residential sector in Japan.

Q: Will the purchase of high-priced materials under long-term purchase agreements impact profit in the Applied Ceramic Products Group?

A: At this stage, we do not think it will be necessary to record reserves for this purpose and we do not expect any major impact on the financial statements. Even if we make purchases at long-term contract prices, it won't be necessary to record reserves if the solar energy business will perform as planned.

### **[Initiatives for Automotive Related Markets]**

Q: Can you tell us your sales forecast for automotive related markets for the years ending March 31, 2017 and 2018? Also, Kyocera plans to expand sales of communications modules for automotive related markets. Can you tell us when you expect sales to start increasing?

A: Sales for automotive related markets increased by approximately 7% in the year ended March 31, 2016 compared with the year ended March 31, 2015. We expect around a 6% increase for the year ending March 31, 2017 in year-on-year terms. We are forecasting growth of around 7-8% for the year ending March 31, 2018, based on current projections.

We have been working on communications modules for many years now and we expect these modules to be equipped into all vehicles sometime between the years ending March 31, 2018 and 2019. We expect sales of these modules to make partial contribution from the second half of the year ending March 31, 2018 and more solid contribution from the following fiscal year.