



Telephone Conference Call for the Three Months Ended June 30, 2020
(Held on July 30, 2020)

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President and Representative Director

<(Cover) 1. Financial Results for the Three Months Ended June 30, 2020>

<2. Financial Results for Q1 of FY3/2021>

During the three months ended June 30, 2020 (“the first quarter”), both sales revenue and profits declined from the three months ended June 30, 2019 (“the previous first quarter”), due mainly to the impact of COVID-19. Sales revenue decreased 17.6% to 317.1 billion yen, operating profit decreased 66.5% to 7.6 billion yen, profit before income taxes decreased 33.1% to 30.4 billion yen, and profit attributable to owners of the parent decreased 30.1% to 22.4 billion yen compared with the previous first quarter.

Average exchange rates were 108 yen against the U.S. dollar, marking appreciation of 2 yen from the previous first quarter, and 118 yen against the euro, marking appreciation of 5 yen from the previous first quarter. As a result, sales revenue and profit before income taxes for the first quarter were pushed down by approximately 6.0 billion yen and approximately 1.5 billion yen, respectively, compared with the previous first quarter.

<3. Sales Revenue by Reporting Segment for Q1 of FY3/2021>

By reporting segment, although sales revenue of the Industrial & Automotive Components Group increased, sales revenue of other segments decreased.

<4. Business Profit (Loss) by Reporting Segment for Q1 of FY3/2021>

Business profit increased in the Semiconductor Components Group but business profit in other segments decreased.

<5. Summary of Financial Results for Q1 of FY3/2021>

Let me explain three points in giving you a summary of financial results for the first quarter.

First, demand declined in main markets due to COVID-19. In automotive-related markets, sales revenue decreased, primarily in the Electronic Devices Group, due to sluggish automobile production activities.

Moreover, in the document market, demand for equipment and consumables decreased along with restrictions on office attendance.

Second, there was increased demand for 5G and data center related components. Demand increased mainly for ceramic packages for crystal and SAW devices for 5G compatible smartphones and base stations. In addition, demand for ceramic packages for optical communication for data centers increased due to a rise in data communications volume along with increased use of telework and online learning as measures against COVID-19.

Third was the contribution of M&A activities carried out in the previous fiscal year. Sales of Southern Carlson, Inc., which was acquired in June 2019, and of Friatec GmbH's ceramics business, which was acquired in September 2019, have been contributing since the beginning of the first quarter.

<6. Financial Results for Q1 of FY3/2021 by Reporting Segment (1)>

<Industrial & Automotive Components Group>

Next, let me explain our results by reporting segment.

In the Industrial & Automotive Components Group shown on the left, sales of automotive-related components such as automotive cameras and cutting tools declined. Nevertheless, sales revenue increased thanks to an approximately 10.0 billion yen increase in sales due to M&A activities in the previous fiscal year.

On the other hand, business profit decreased as a result of lower sales of automotive-related components in addition to an increase in cost particularly in depreciation charge.

<Semiconductor Components Group>

In the Semiconductor Components Group shown on the right, sales of ceramic packages for use in 5G capable smartphones and such communications infrastructure as base stations remained solid. However, sales revenue decreased due to lower sales of organic multilayer substrates for automotive use resulting from a sluggish automotive-related market.

On the other hand, business profit increased as a result of higher sales revenue in ceramic materials business and cost reductions.

<7. Financial Results for Q1 of FY3/2021 by Reporting Segment (2)>

<Electronic Devices Group>

Sales revenue and business profit of the Electronic Devices Group shown on the left decreased due mainly to decreased sales of AVX Corporation resulting from a slump in main markets such as automotive-related markets.

<Communications Group>

Sales revenue in the Communications Group shown on the right declined due to lower sales of mobile phones and decreased sales of the engineering business as a result of construction delays. However, the business profit margin remained at the same level as in the previous first quarter as a result of cost reduction efforts.

<8. Financial Results for Q1 of FY3/2021 by Reporting Segment (3)>

<Document Solutions Group>

In the Document Solutions Group shown on the left, despite increased demand for document solution services reflecting a rise in telework, demand for equipment and consumables declined sharply due to restrictions on office attendance in countries worldwide. As a result, sales revenue and business profit decreased.

<Life & Environment Group>

In the Life & Environment Group on the right, sales of the smart energy business decreased due to delays in construction work for solar power generation systems and a temporary voluntary restraint of sales activities due to stagnant economic activities in the domestic market. As a result, sales revenue in this reporting segment decreased and the business loss increased.

The preceding is an overview of results for the first quarter. Next, I will explain the full-year financial forecasts for the Year Ending March 31, 2021.

<(Cover) 9. Financial Forecasts for the Year Ending March 31, 2021>

<10. Outlook for the Year Ending March 31, 2021>

Despite the significant impact of COVID-19 in the first quarter, in the automotive-related market there is a visible bottoming out of demand from the beginning of the second quarter. Additionally, we expect growth in 5G related products due to seasonality and a recovery in demand for document solutions. For these reasons, we anticipate that our earnings will gradually recovery from the second quarter onward after bottoming out in the first quarter.

<11. Financial Forecasts for FY3/2021>

Despite concerns of a recurrence of US-China trade frictions, in view of the market outlook described above, our full-year earnings forecasts remains unchanged from the figures announced in April 2020.

<12. Sales Revenue Forecasts by Reporting Segment for FY3/2021>

<13. Business Profit (Loss) Forecasts by Reporting Segment for FY3/2021>

We have made no changes to the financial forecasts for each reporting segment on pages 12 and 13. Finally, I will explain the measures for expanding sales in the equipment and systems business from the second quarter onward.

<14 Initiatives from Q2 of FY3/2021 Onward: Communication Group>

Kyocera is making efforts to expand B-to-B business in the Communication Group. Based on the concept of “secured, long-usage, and comfortable,” Kyocera is developing mobile terminals and tablets with superb security and durability for deployment in various fields such as educational sites and the construction industry.

Moreover, this month we commenced a new business that significantly reduces the operational burden on corporate customers. We will strive to establish a new business model by consistently providing the “Kyocera Mobile Support Service” in Japan, which offers one-stop services ranging from support for terminal installation to operation support and repairs and recycling.

<15. Initiatives from Q2 of FY3/2021 Onward: Document Solutions Group>

Although the Document Solutions Group is being significantly affected by COVID-19, we are working to expand business domains to secure sustainable profits in this business.

In the previous fiscal year, Kyocera entered the commercial inkjet business. In response to diversifying demand for on-demand printing, we aim to expand business in new domains by utilizing high productivity such as high-speed output and realizing outstanding image quality that includes excellent light stability using our uniquely developed ink.

In the solutions business, we will support our customers’ paperless operations and the optimization of their document data management through end-to-end ECM solution service using entirely in-house developed products from input to workflow and output.

These are our initiatives for this fiscal year. Despite an environment where the outlook remains unclear, Kyocera is working to seize new needs with responding to changes in the business environment and lifestyles with flexible ideas, such as by promoting digitization, without being constrained by conventional methods.

Cautionary statement

This is an English translation of the Japanese original. The translation is prepared solely for the reference and convenience of foreigners. 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.