

October 31, 2014

Financial Presentation

(Six months ended September 30, 2014)

Goro Yamaguchi
President and Representative Director

Financial Results for First Six Months of FY3/2015

– Comparison with first six months of FY3/2014 –

(Unit: Yen in millions)

	Six months ended September 30,				Change	
	2013		2014			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	699,663	100.0%	714,329	100.0%	14,666	2.1%
Profit from operations	58,203	8.3%	54,751	7.7%	-3,452	-5.9%
Pre-tax income	69,053	9.9%	68,118	9.5%	-935	-1.4%
Net income	42,930	6.1%	43,649	6.1%	719	1.7%
Capital expenditures	28,607	4.1%	30,470	4.3%	1,863	6.5%
Depreciation	29,873	4.3%	28,419	4.0%	-1,454	-4.9%
R&D expenses	24,180	3.5%	26,480	3.7%	2,300	9.5%
Average exchange rates (yen)	US\$	¥99	¥103			
	Euro	¥130	¥139			
Foreign currency fluctuation effect on; (compared with the previous same period)	Net sales	Approx. ¥ 79 billion	Approx. ¥ 19 billion			
	Pre-tax income	Approx. ¥ 16 billion	Approx. ¥ 5 billion			

Sales by Reporting Segment for First Six Months of FY3/2015

– Comparison with first six months of FY3/2014 –

(Unit: Yen in millions)

	Six months ended September 30,				Change	
	2013		2014		Amount	%
	Amount	% of net sales	Amount	% of net sales		
Fine Ceramic Parts Group	38,187	5.5%	43,224	6.0%	5,037	13.2%
Semiconductor Parts Group	87,063	12.4%	102,173	14.3%	15,110	17.4%
Applied Ceramic Products Group	127,515	18.2%	124,714	17.5%	-2,801	-2.2%
Electronic Device Group	147,451	21.1%	138,843	19.4%	-8,608	-5.8%
Components Business	400,216	57.2%	408,954	57.2%	8,738	2.2%
Telecommunications Equipment Group	96,557	13.8%	91,555	12.8%	-5,002	-5.2%
Information Equipment Group	144,525	20.7%	157,648	22.1%	13,123	9.1%
Equipment Business	241,082	34.5%	249,203	34.9%	8,121	3.4%
Others	79,713	11.4%	83,457	11.7%	3,744	4.7%
Adjustments and eliminations	-21,348	-3.1%	-27,285	-3.8%	-5,937	–
Net Sales	699,663	100.0%	714,329	100.0%	14,666	2.1%

Operating Profit by Reporting Segment for First Six Months of FY3/2015 – Comparison with first six months of FY3/2014 –

(Unit: Yen in millions)

	Six months ended September 30,				Change	
	2013		2014			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Fine Ceramic Parts Group	5,762	15.1%	7,009	16.2%	1,247	21.6%
Semiconductor Parts Group	16,041	18.4%	14,655	14.3%	-1,386	-8.6%
Applied Ceramic Products Group	14,834	11.6%	5,776	4.6%	-9,058	-61.1%
Electronic Device Group	14,662	9.9%	16,684	12.0%	2,022	13.8%
Components Business	51,299	12.8%	44,124	10.8%	-7,175	-14.0%
Telecommunications Equipment Group	266	0.3%	-1,258	–	-1,524	–
Information Equipment Group	10,449	7.2%	17,207	10.9%	6,758	64.7%
Equipment Business	10,715	4.4%	15,949	6.4%	5,234	48.8%
Others	2,001	2.5%	2,494	3.0%	493	24.6%
Operating Profit	64,015	9.1%	62,567	8.8%	-1,448	-2.3%
Corporate and others	5,038	–	5,551	–	513	10.2%
Pre-tax income	69,053	9.9%	68,118	9.5%	-935	-1.4%

Summary of H1 FY3/2015 Results

- Comparison with H1 FY3/2014 -

Record high H1 sales with profit roughly unchanged

1. Expanded Components Business

- Telecommunications market: Ceramic packages and capacitors for telecommunications infrastructure and smartphones
- Automotive market: Camera modules, ceramic packages for LEDs and cutting tools
- Expanded organic substrate business through sales contribution from Kyocera Circuit Solutions, Inc.

2. Increased sales and profit in Information Equipment Group

- Sales up due to sales gains in MFPs
- Improved product mix on the back of higher sales of consumables, etc. and reduced costs resulted in profit growth

3. Increased profit in Electronic Device Group

Cost reductions and the effect of structural reforms implemented in the previous fiscal year

4. Decreased sales and profit in Applied Ceramic Products Group

Decreased the number of large projects decreased coupled with the impact of price declines in solar energy business

Financial Results for Three Months Ended September 30, 2014

– Comparison with three months ended June 30, 2014 –

(Unit: Yen in millions)

	Three months ended				Change	
	June 30, 2014		September 30, 2014			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	334,714	100.0%	379,615	100.0%	44,901	13.4%
Profit from operations	18,782	5.6%	35,969	9.5%	17,187	91.5%
Pre-tax income	30,680	9.2%	37,438	9.9%	6,758	22.0%
Net income	19,467	5.8%	24,182	6.4%	4,715	24.2%
Capital expenditures	14,984	4.5%	15,486	4.1%	502	3.4%
Depreciation	13,562	4.1%	14,857	3.9%	1,295	9.5%
R&D expenses	13,050	3.9%	13,430	3.5%	380	2.9%
Average exchange rates (yen)	US\$	¥102	¥104			
	Euro	¥140	¥138			
Foreign currency fluctuation effect on; (compared with the previous quarter)	Net sales	–	Approx. ¥ 2 billion			
	Pre-tax income	–	Almost no effect			

Sales by Reporting Segment for Three Months Ended September 30, 2014 – Comparison with three months ended June 30, 2014 –

(Unit: Yen in millions)

	Three months ended				Change	
	June 30, 2014		September 30, 2014		Amount	%
	Amount	% of net sales	Amount	% of net sales		
Fine Ceramic Parts Group	20,852	6.2%	22,372	5.9%	1,520	7.3%
Semiconductor Parts Group	48,464	14.5%	53,709	14.2%	5,245	10.8%
Applied Ceramic Products Group	53,809	16.1%	70,905	18.7%	17,096	31.8%
Electronic Device Group	66,187	19.8%	72,656	19.1%	6,469	9.8%
Components Business	189,312	56.6%	219,642	57.9%	30,330	16.0%
Telecommunications Equipment Group	38,515	11.5%	53,040	14.0%	14,525	37.7%
Information Equipment Group	77,482	23.2%	80,166	21.1%	2,684	3.5%
Equipment Business	115,997	34.7%	133,206	35.1%	17,209	14.8%
Others	41,614	12.4%	41,843	11.0%	229	0.6%
Adjustments and eliminations	-12,209	-3.7%	-15,076	-4.0%	-2,867	–
Net Sales	334,714	100.0%	379,615	100.0%	44,901	13.4%

Operating Profit by Reporting Segment for Three Months Ended September 30, 2014 – Comparison with three months ended June 30, 2014 –

(Unit: Yen in millions)

	Three months ended				Change	
	June 30, 2014		September 30, 2014		Amount	%
	Amount	% to net sales	Amount	% to net sales		
Fine Ceramic Parts Group	3,355	16.1%	3,654	16.3%	299	8.9%
Semiconductor Parts Group	5,655	11.7%	9,000	16.8%	3,345	59.2%
Applied Ceramic Products Group	2,820	5.2%	2,956	4.2%	136	4.8%
Electronic Device Group	7,664	11.6%	9,020	12.4%	1,356	17.7%
Components Business	19,494	10.3%	24,630	11.2%	5,136	26.3%
Telecommunications Equipment Group	-3,584	–	2,326	4.4%	5,910	–
Information Equipment Group	7,603	9.8%	9,604	12.0%	2,001	26.3%
Equipment Business	4,019	3.5%	11,930	9.0%	7,911	196.8%
Others	642	1.5%	1,852	4.4%	1,210	188.5%
Operating Profit	24,155	7.2%	38,412	10.1%	14,257	59.0%
Corporate and others	6,525	–	-974	–	-7,499	–
Pre-tax income	30,680	9.2%	37,438	9.9%	6,758	22.0%

Summary of Q2 FY3/2015 Results

- Comparison with Q1 FY3/2015 -

Sales and profit increased in all reporting segments, with operating profit surging approx. 60%

1. Increased sales in key markets

- For smartphones: Ceramic packages for CMOS image sensors, crystal and SAW devices, connectors and capacitors
- For industrial markets such as automotive: Cutting tools, camera modules, and semiconductor processing equipment parts

2. Increased sales and profit in Telecommunications Equipment Group

Sales and profit grew significantly owing to the effect of new products

3. Increased sales in Information Equipment Group

Sales of printers and MFPs increased, particularly in Europe

4. Growing demand for solar energy business

Sales increased in line with sales gains in the commercial sector in Japan

Financial Forecast for The Year Ending March 31, 2015

(Unit: Yen in millions)

	Year ended March 31, 2014		Year ending March 31, 2015 (Forecast)				Change in amount compared with	
			Previous (April 2014)		Revised (October 2014)			
	Amount	% to net sales	Amount	% to net sales	Amount	% to net sales	Year ended March 31, 2014	Previous forecast
Net sales	1,447,369	100.0%	1,580,000	100.0%	1,580,000	100.0%	132,631	—
Profit from operations	120,582	8.3%	135,000	8.5%	135,000	8.5%	14,418	—
Pre-tax income	146,268	10.1%	158,000	10.0%	158,000	10.0%	11,732	—
Net income	88,756	6.1%	97,000	6.1%	97,000	6.1%	8,244	—
EPS (Diluted-yen)	241.93	—	264.40	—	264.40	—	22.47	—
Capital expenditures	56,611	3.9%	64,000	4.1%	64,000	4.1%	7,389	—
Depreciation	65,760	4.5%	71,000	4.5%	65,000	4.1%	-760	-6,000
R&D expenses	48,830	3.4%	54,000	3.4%	54,000	3.4%	5,170	—
Average exchange rates (yen)	US\$	¥100	¥100		¥104			
	Euro	¥134	¥137		¥137			
Foreign currency fluctuation effect on; (compared with the previous same period)	Net sales	Approx. ¥ 140 billion	Approx. ¥ 5 billion		Approx. ¥ 24 billion			
	Pre-tax income	Approx. ¥ 29 billion	Approx. ¥ 2 billion		Approx. ¥ 4 billion			

Notes: 1. Forecast of EPS (Diluted-yen) is computed based on the diluted average number of shares outstanding during the six months ended September 30, 2014.
2. EPS (Diluted-yen) is computed under the assumption that the stock split at the ratio of two-for-one of all common stock, which took effect on October 1, 2013, had been undertaken at the beginning of the year ended March 31, 2014.

Sales Forecast by Reporting Segment for The Year Ending March 31, 2015

(Unit: Yen in millions)

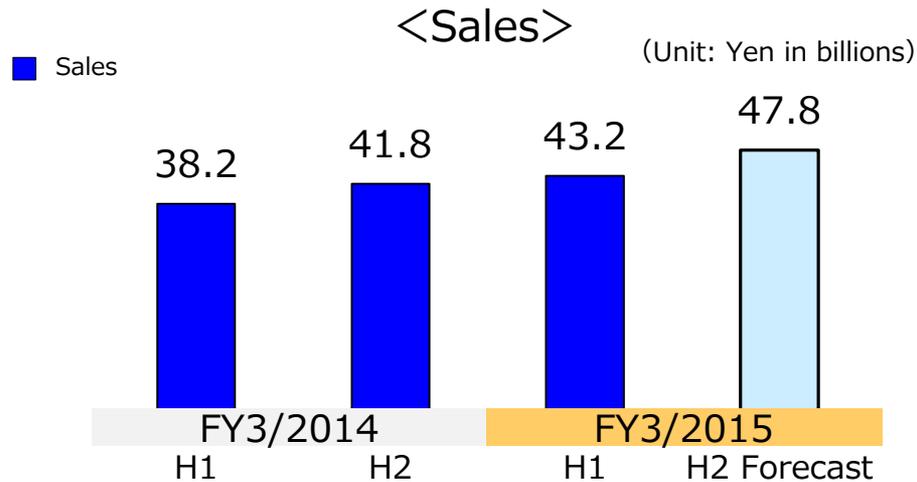
Unchanged	Year ended March 31, 2014		Year ending March 31, 2015 (Forecast)		Change in amount compared with the year ended March 31, 2014
	Amount	% of net sales	Amount	% of net sales	
Fine Ceramic Parts Group	80,020	5.5%	91,000	5.7%	10,980
Semiconductor Parts Group	187,891	13.0%	224,000	14.2%	36,109
Applied Ceramic Products Group	272,795	18.9%	303,000	19.2%	30,205
Electronic Device Group	284,322	19.6%	291,000	18.4%	6,678
Components Business	825,028	57.0%	909,000	57.5%	83,972
Telecommunications Equipment Group	186,749	12.9%	205,000	13.0%	18,251
Information Equipment Group	307,848	21.3%	335,000	21.2%	27,152
Equipment Business	494,597	34.2%	540,000	34.2%	45,403
Others	173,137	11.9%	178,000	11.3%	4,863
Adjustments and eliminations	-45,393	-3.1%	-47,000	-3.0%	-1,607
Net Sales	1,447,369	100.0%	1,580,000	100.0%	132,631

Operating Profit Forecast by Reporting Segment for The Year Ending March 31, 2015

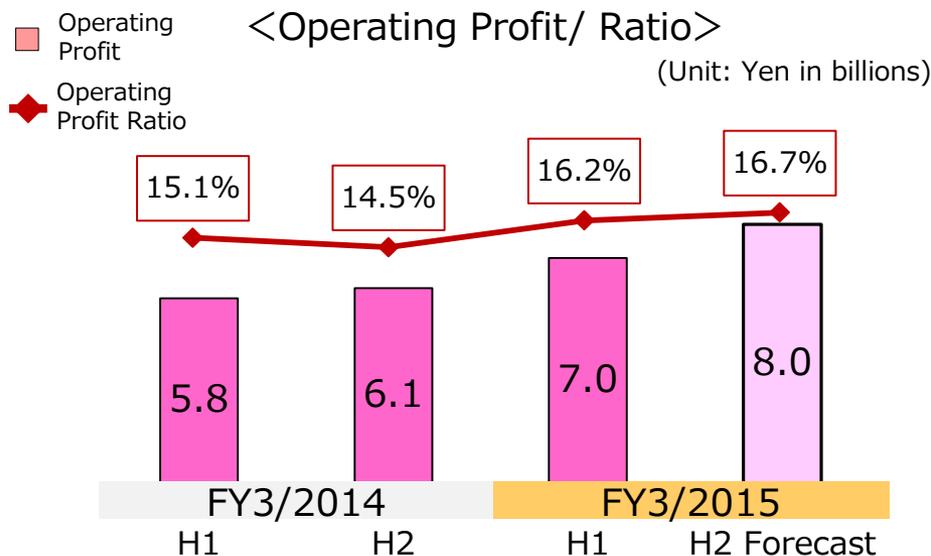
(Unit: Yen in millions)

	Year ended March 31, 2014		Year ending March 31, 2015 (Forecast)				Change in amount compared with	
			Previous (April 2014)		Revised (October 2014)			
	Amount	% to net sales	Amount	% to net sales	Amount	% to net sales	Year ended March 31, 2014	Previous forecast
Fine Ceramic Parts Group	11,836	14.8%	13,700	15.1%	15,000	16.5%	3,164	1,300
Semiconductor Parts Group	31,889	17.0%	33,600	15.0%	33,600	15.0%	1,711	—
Applied Ceramic Products Group	33,501	12.3%	30,300	10.0%	15,000	5.0%	-18,501	-15,300
Electronic Device Group	21,160	7.4%	28,900	9.9%	35,900	12.3%	14,740	7,000
Components Business	98,386	11.9%	106,500	11.7%	99,500	10.9%	1,114	-7,000
Telecommunications Equipment Group	1,437	0.8%	8,300	4.0%	8,300	4.0%	6,863	—
Information Equipment Group	28,193	9.2%	33,500	10.0%	33,500	10.0%	5,307	—
Equipment Business	29,630	6.0%	41,800	7.7%	41,800	7.7%	12,170	—
Others	6,276	3.6%	6,400	3.6%	6,400	3.6%	124	—
Operating Profit	134,292	9.3%	154,700	9.8%	147,700	9.3%	13,408	-7,000
Corporate and others	11,976	—	3,300	—	10,300	—	-1,676	7,000
Pre-tax income	146,268	10.1%	158,000	10.0%	158,000	10.0%	11,732	—

Forecast by Reporting Segment for the Year Ending March 31, 2015 – Fine Ceramic Parts Group –

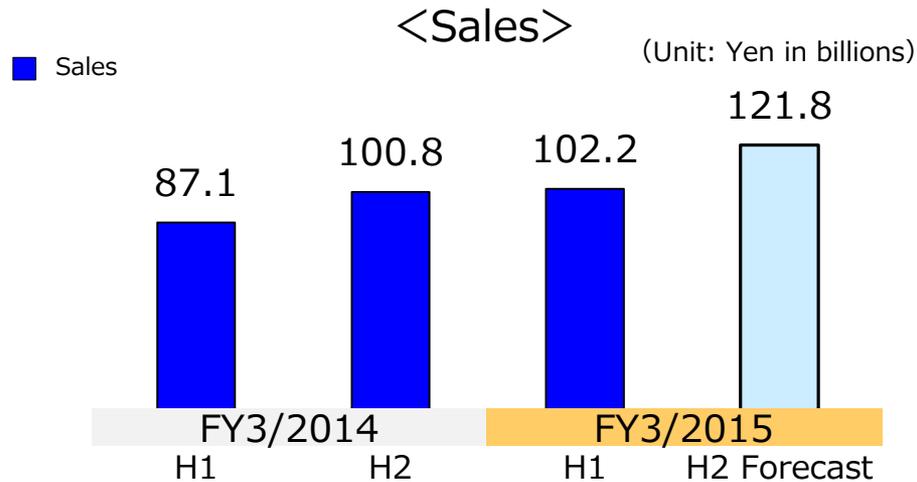


H2 FY3/2015 forecast compared with H1		
Sales	¥ +4.6 billion	+10.5%
Operating Profit	¥ +1.0 billion	+14.0%

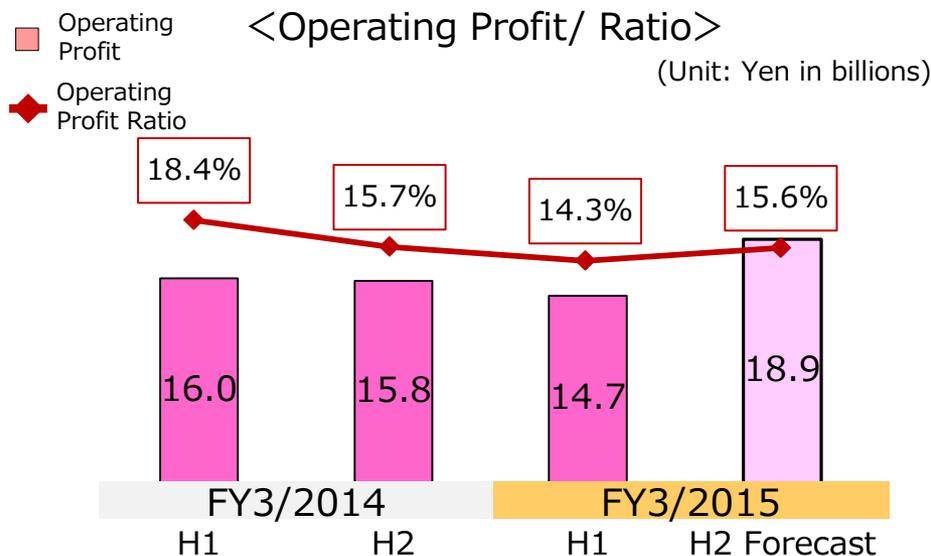


- Increase in demand for automotive-related parts
- Growth in sales of parts for industrial machineries
- Enhance profitability through cost reductions

Forecast by Reporting Segment for the Year Ending March 31, 2015 – Semiconductor Parts Group –

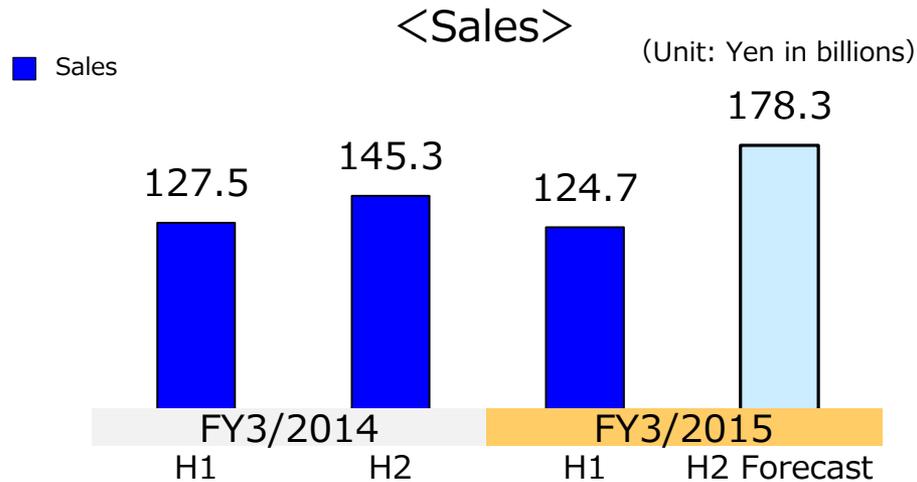


H2 FY3/2015 forecast compared with H1		
Sales	¥ + 19.6 billion	+19.2%
Operating profit	¥ + 4.2 billion	+29.3%

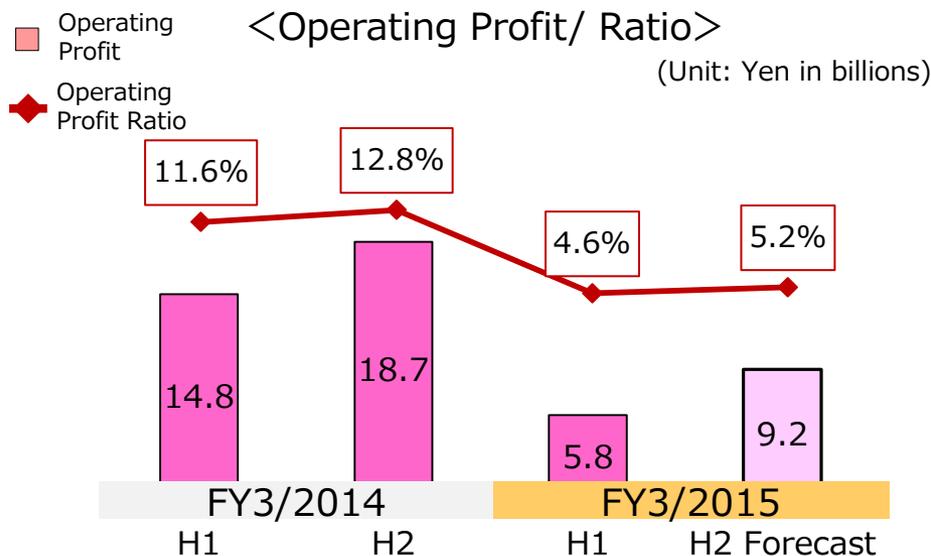


- Increase in demand of ceramic packages for smartphones
- Growth in sales of ceramic and organic packages for telecom infrastructures
- Pursue synergies in production and sales by integrating two subsidiaries in organic substrate business
- Enhance profitability through cost reductions

Forecast by Reporting Segment for the Year Ending March 31, 2015 – Applied Ceramic Products Group –

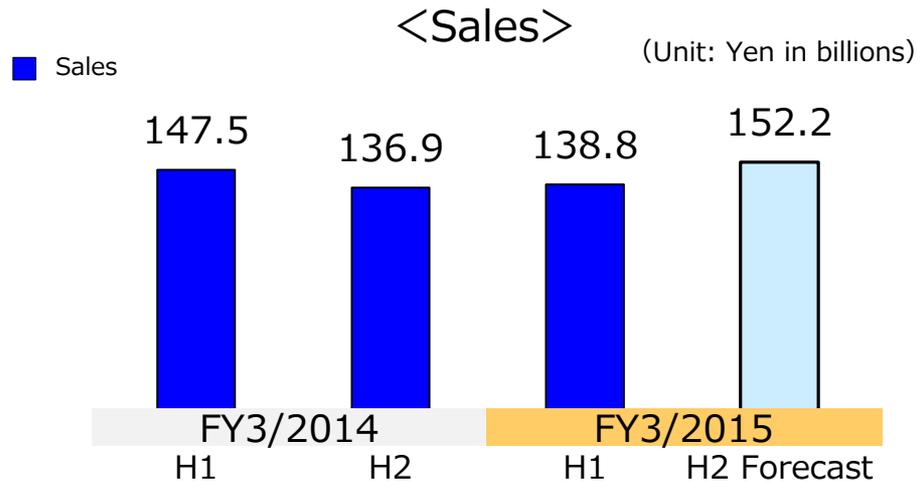


H2 FY3/2015 forecast compared with H1		
Sales	¥ + 53.6 billion	+43.0%
Operating profit	¥ + 3.4 billion	+59.7%

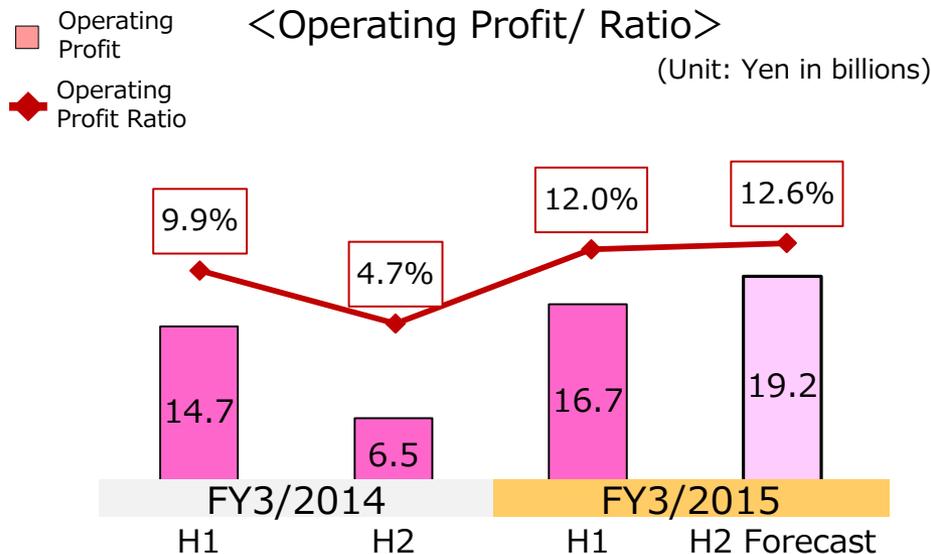


- Increase sales of solar power generating systems etc. for commercial usage including mega-solar projects and for residential usage
- Increase sales of cutting tools in automotive related market
- Improve profitability through cost reductions

Forecast by Reporting Segment for the Year Ending March 31, 2015 – Electronic Device Group –

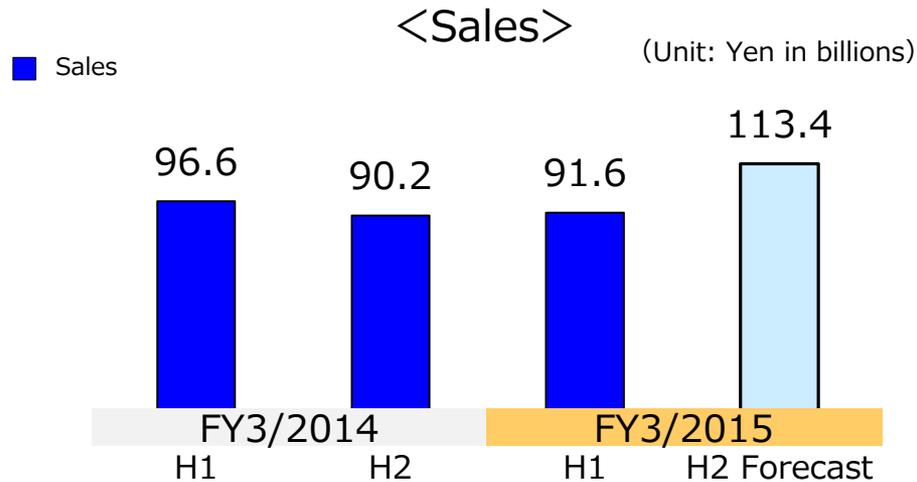


H2 FY3/2015 forecast compared with H1		
Sales	¥ + 13.4 billion	+9.6%
Operating profit	¥ + 2.5 billion	+15.2%

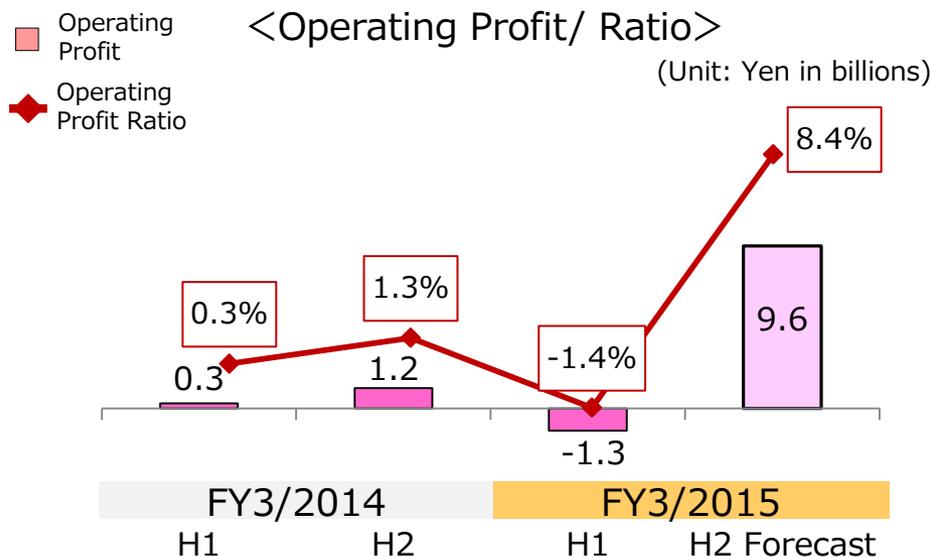


- Expand sales of components for digital consumer equipment including smartphones and for industrial machineries
- Enhance profitability through cost reductions

Forecast by Reporting Segment for the Year Ending March 31, 2015 – Telecommunications Equipment Group –

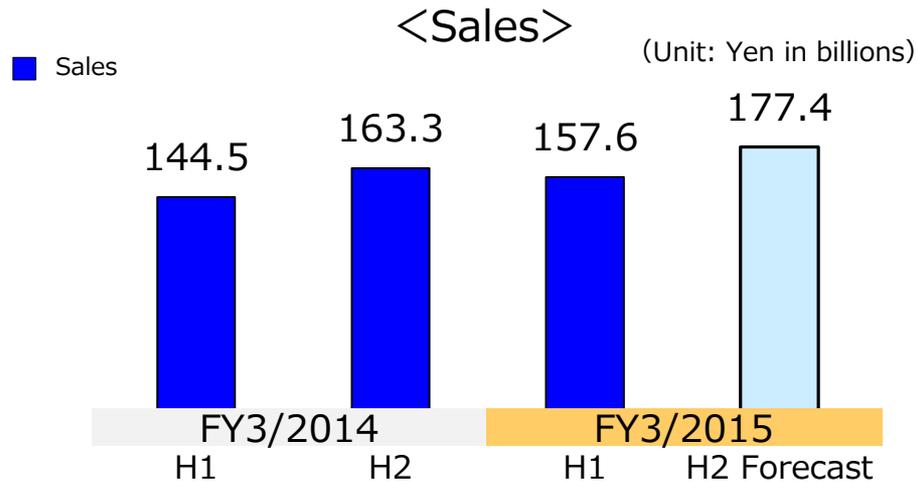


H2 FY3/2015 forecast compared with H1		
Sales	¥ +21.8 billion	+23.9%
Operating profit	¥ +10.9 billion	–

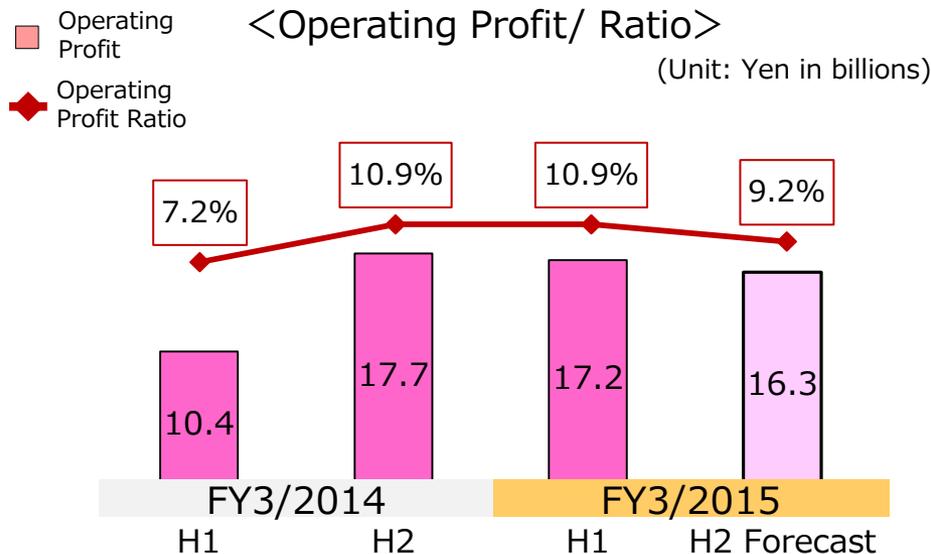


- Expand sales through introduction of new products
- Promote customer cultivation in overseas market
- Reduce R&D expenses and production costs by standardizing product platforms

Forecast by Reporting Segment for the Year Ending March 31, 2015 – Information Equipment Group –

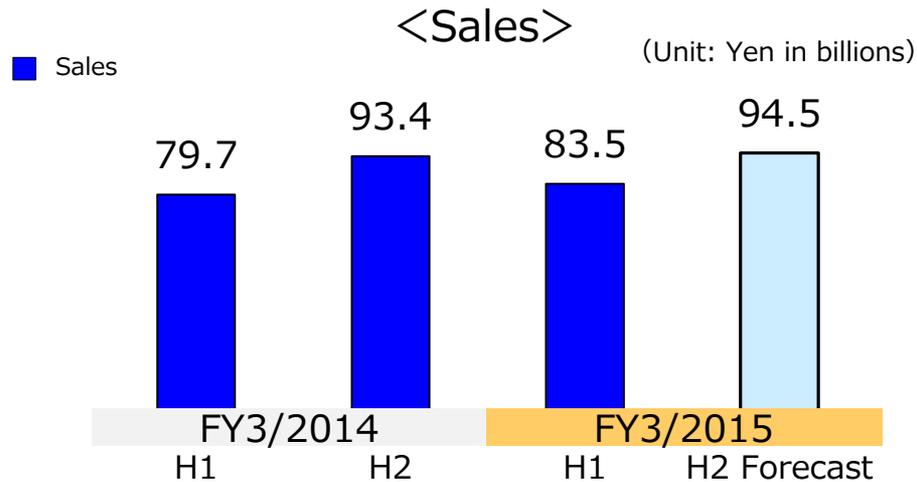


H2 FY3/2015 forecast compared with H1		
Sales	¥ + 19.8 billion	+12.5%
Operating profit	¥ - 0.9 billion	- 5.3%

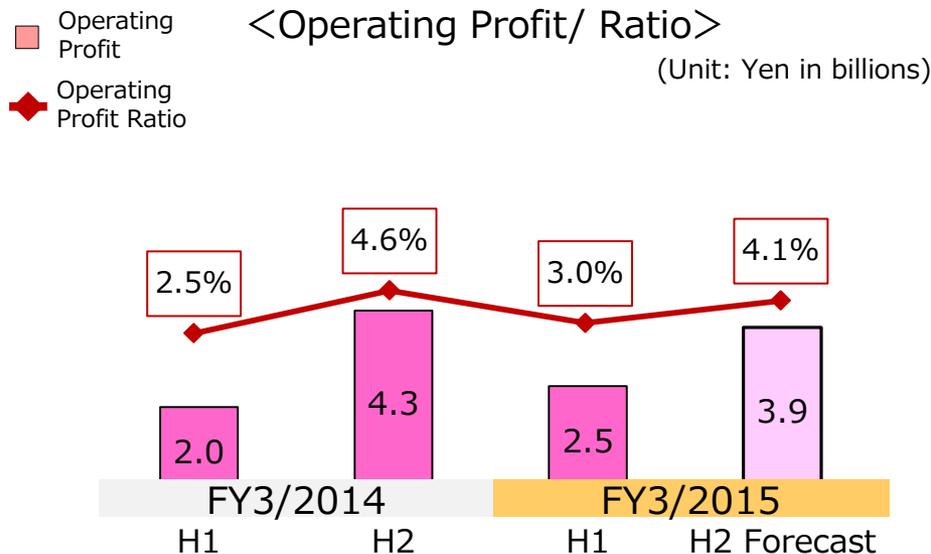


- Expand sales by aggressively launching new products and sales promotion in overseas market
- Promote cost reductions

Forecast by Reporting Segment for the Year Ending March 31, 2015 – Others –



H2 FY3/2015 forecast compared with H1		
Sales	¥ + 11.0 billion	+13.3%
Operating profit	¥ + 1.4 billion	+56.6%



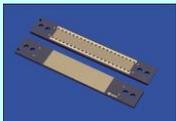
- Increase sales and profit in Kyocera Communication Systems Co., Ltd. and Kyocera Chemical Corporation

Future Initiatives (1)

Further Expand Ceramic Package Business

Cultivate new markets

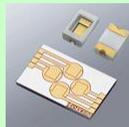
Medical, etc.



Substrates for CT scanners

Demand for LEDs used in head lamps and lighting is expanding

LED



Packages for LEDs

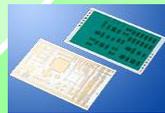
Expanding component demand for intelligent automotives

Automotive



Packages for sensors

Multilayer substrates for ECUs



Further strengthen business

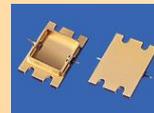
Increase share in existing markets

Telecommunications infrastructure

Growing demand for high-speed data communication



Packages for optical and wireless communications



Telecommunications terminals

- Increase share by replacing from other materials
- Widespread small, lower profile devices

Requirements for ceramic packages

High thermal conductivity

Micro-wiring

High-speed

Small, low-profile

Multilayer

Multi-functional



Packages for crystal and SAW devices



Packages for CMOS image sensors

Future Initiatives (2)

Maximize Synergies in Organic Substrate Business and Strengthen Management Foundations

Telecommunications terminal

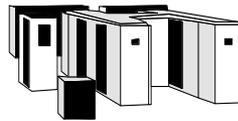


Smartphones

Telecommunications infrastructure



Base stations



Servers, routers



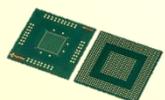
Storage systems

Increase sales to overseas customers

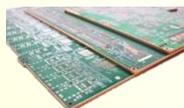
Former Kyocera SLC Technologies sales channel

Provide integrated solutions in organic substrates, from package to mother board

Consolidate sales divisions



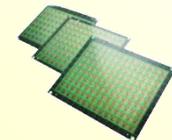
FCBGA



Motherboards



Small, low-profile package (FCCSP)

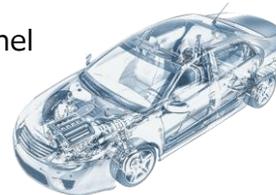


Module substrates

Automotive

Former Kyocera SLC Technologies sales channel

Increase sales to domestic customers



Optimize production system

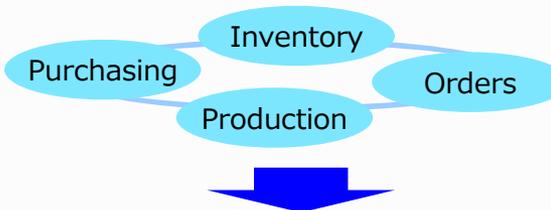


Consolidate production of Shiga Yasu Plant into Ayabe Plant

Raise productivity through state-of-the art equipment

Strengthen business management

Introduce an integrated system

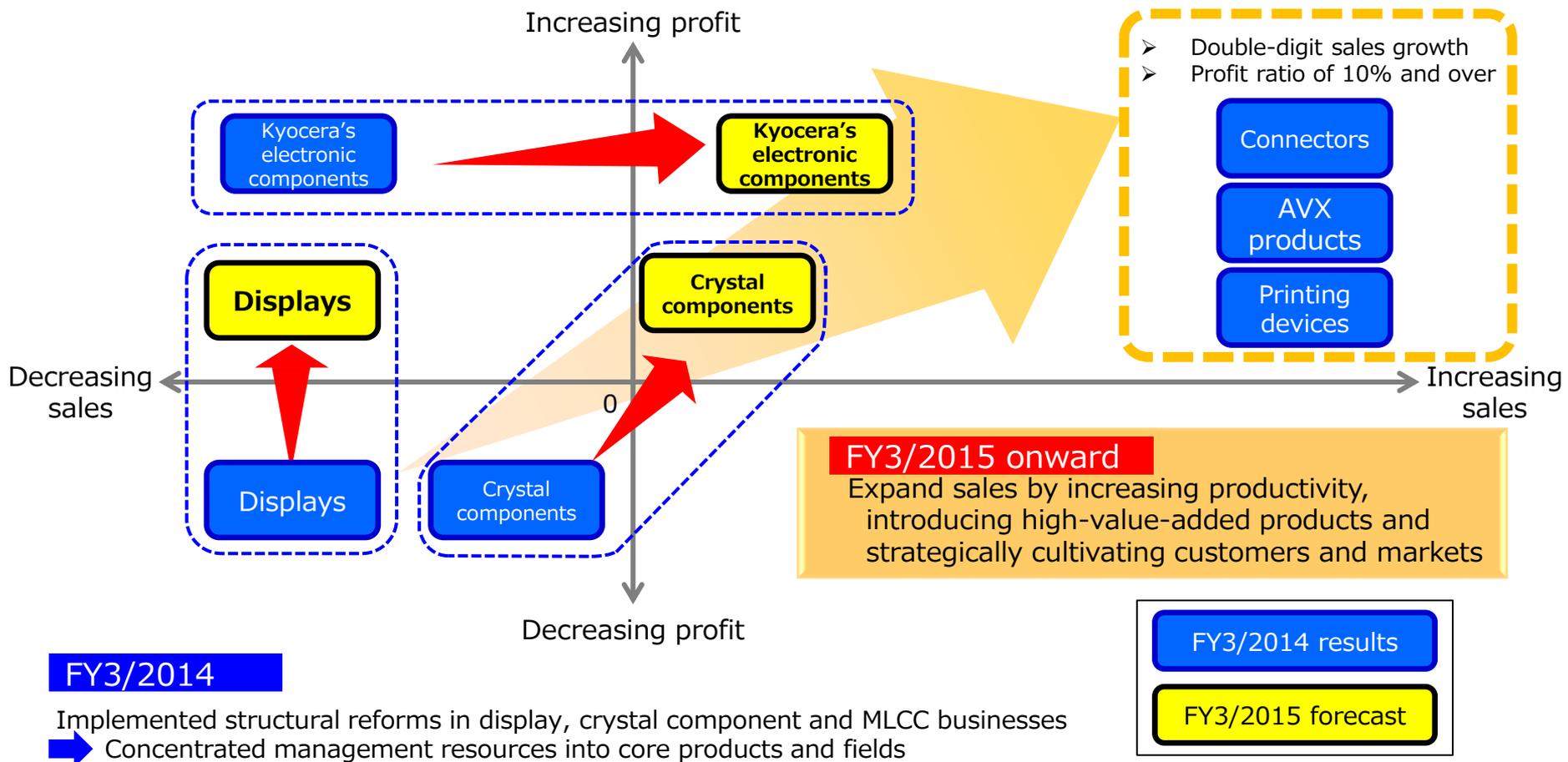


Boost management efficiency

Future Initiatives (3)

Increase Profitability in Electronic Device Group

<Trends in Sales and Profit for Key Products (year-on-year)>



Future Initiatives (4)

Expand Sales in Automotive Related Markets

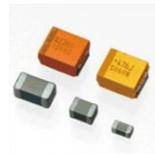
Project team based strategic development



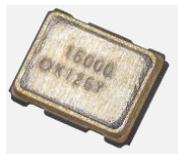
Expand products and customers, and boost added value



LCDs



Capacitors



Crystal oscillators



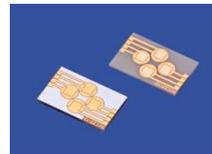
Camera modules



Glow plugs



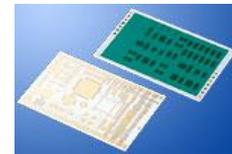
Cutting tools



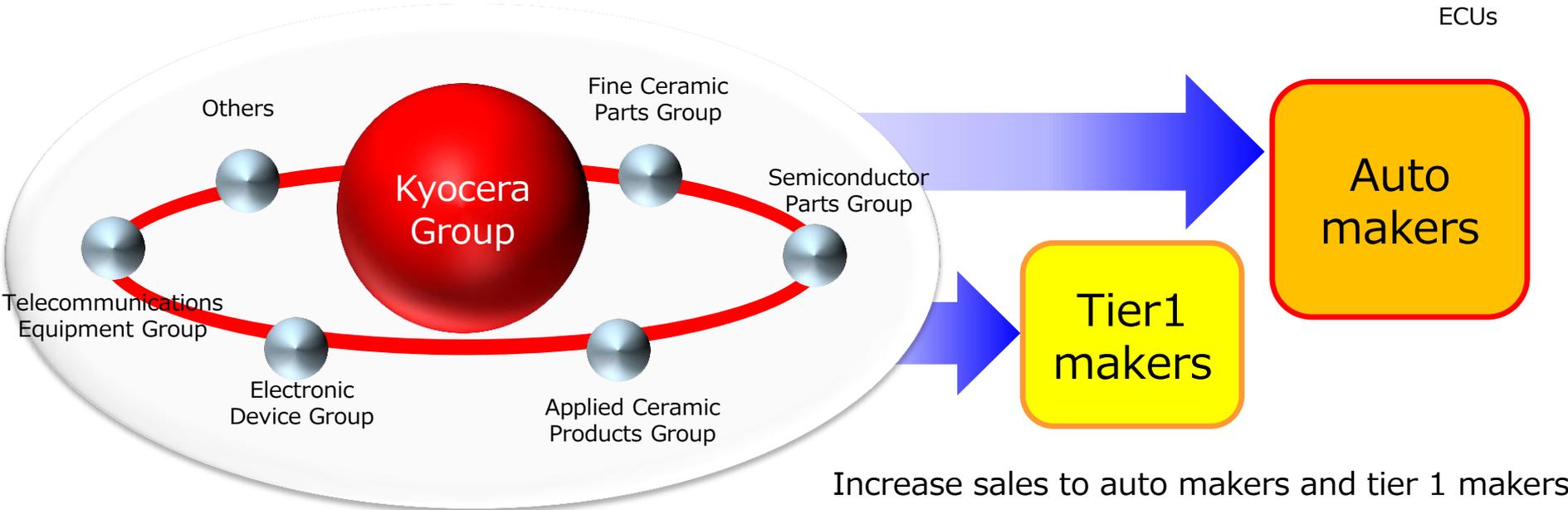
Packages for LEDs



Telecom modules



Multilayer substrates for ECUs



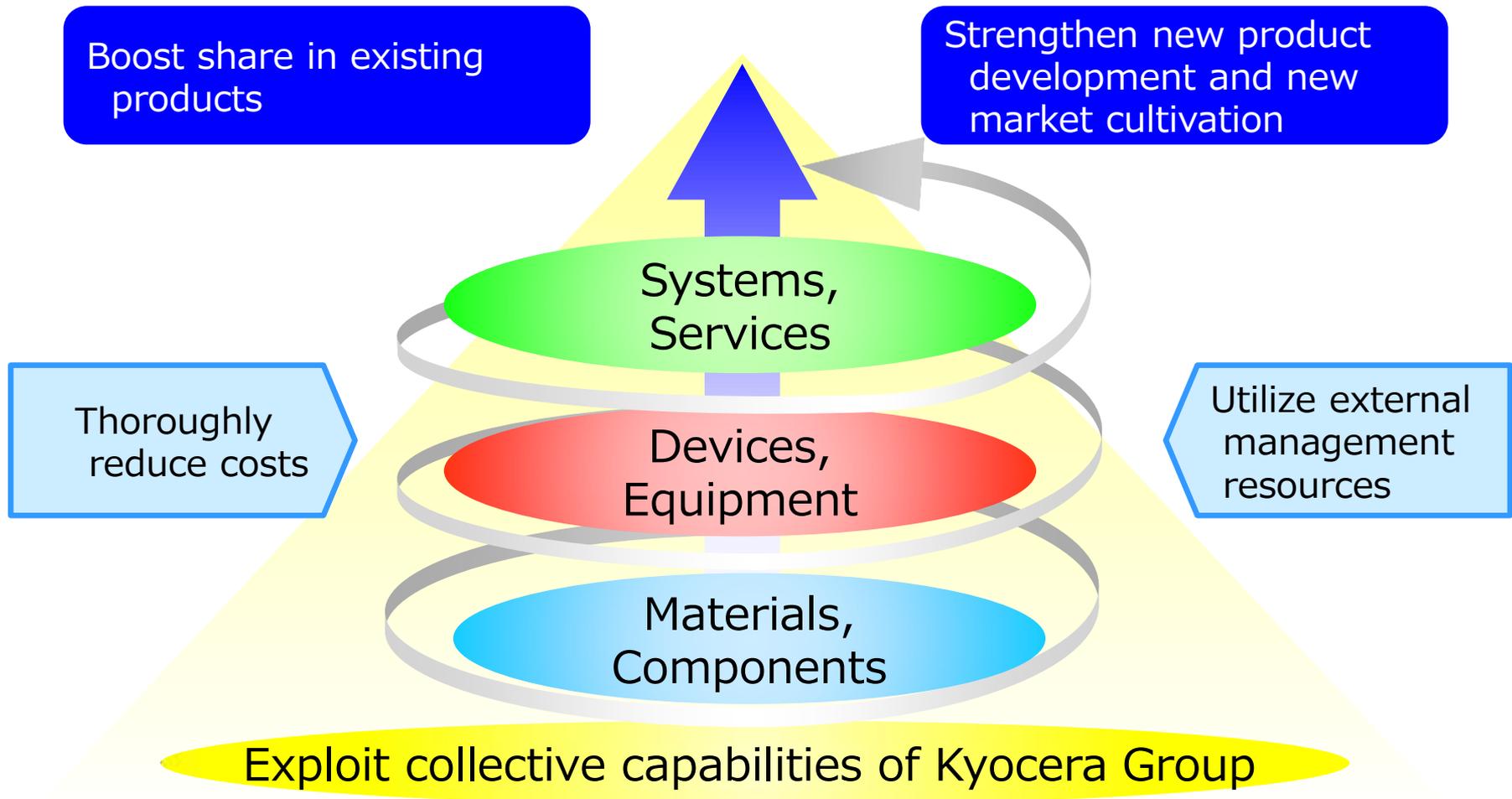
Increase sales to auto makers and tier 1 makers

Management Objectives

Aim for double-digit sales growth and more than 10% in pre-tax income ratio

Boost share in existing products

Strengthen new product development and new market cultivation



Thoroughly reduce costs

Utilize external management resources

Exploit collective capabilities of Kyocera Group

Forward-Looking Statements

Certain of the statements made in this document are forward-looking statements (within the meaning of Section 21E of the U.S. Securities and Exchange Act of 1934), which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following:

- (1) Decline in demand for our products due to sluggish economic conditions in Japan and worldwide;
- (2) Economic, political and legal conditions and unexpected changes therein in countries or areas where we operate;
- (3) Factors that may affect our exports, including the yen's appreciation, political and economic instability, customs, and inadequate protection of our intellectual property;
- (4) Fluctuation in exchange rates that may affect the value of our foreign assets or our business activities;
- (5) Intensified competition in product pricing, technological innovation, R&D activities, product quality and speed of delivery;
- (6) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (7) Shortages and rising costs of electricity affecting our production and sales activities;
- (8) The possibility that expansion of production capacity and in-process R&D activities may not produce the desired results;
- (9) The possibility that companies or assets acquired by us may not produce the returns or benefits, or bring in business opportunities, which we expect;
- (10) Inability to secure skilled employees, particularly engineering and technical personnel;
- (11) The possibility of divulgence of our trade secrets and infringement of our intellectual property rights;
- (12) The possibility that we may receive notice of claims of infringement of other parties' intellectual property rights and claims for royalty payments;
- (13) Increases in our environmental liability and in costs and expenses required to observe obligations imposed by environmental laws and regulations in Japan and other countries;
- (14) Unintentional conflict with laws and regulations, or the possibility that amendments to laws and regulations or newly enacted laws and regulations may limit our business operations;
- (15) Events that may negatively impact our markets or supply chain, including plague, terrorist acts, international disputes and conflicts, etc. and similar events;
- (16) Earthquakes and other related natural disasters affecting our operational facilities and our markets or supply chain, as well as social and economic infrastructure;
- (17) Exposure to difficulties in collection of trade receivables due to customers' worsening financial condition;
- (18) The possibility of recognition of impairment losses on investment securities held by us due to declines in their value;
- (19) The possibility that we may record impairment losses on long-lived assets, goodwill and intangible assets;
- (20) The possibility that deferred tax assets may not be realized or additional liabilities for unrecognized tax benefits may be incurred; and
- (21) Changes in accounting principles

Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial condition to be materially different from any future results, performance, achievements or financial condition expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.