

January 29, 2015

Conference Call Material

For the Nine Months Ended December 31, 2014

Goro Yamaguchi
President and Representative Director

KYOCERA Corporation

Financial Results for First Nine Months of FY3/2015

– Comparison with first nine months of FY3/2014 –

(Unit: Yen in millions)

		Nine months ended December 31,				Change	
		2013		2014			
		Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales		1,071,388	100.0%	1,101,692	100.0%	30,304	2.8%
Profit from operations		89,696	8.4%	90,222	8.2%	526	0.6%
Pre-tax income		110,344	10.3%	114,667	10.4%	4,323	3.9%
Net income		69,364	6.5%	73,971	6.7%	4,607	6.6%
Capital expenditures		39,858	3.7%	41,816	3.8%	1,958	4.9%
Depreciation		47,128	4.4%	44,864	4.1%	-2,264	-4.8%
R&D expenses		36,374	3.4%	40,418	3.7%	4,044	11.1%
Average exchange rates (yen)	US\$	¥99		¥107			
	Euro	¥132		¥140			
Foreign currency fluctuation effect on; (compared with the previous same period)	Net sales	Approx. ¥ 118 billion		Approx. ¥ 42 billion			
	Pre-tax income	Approx. ¥ 24 billion		Approx. ¥ 8 billion			

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

– Comparison with first nine months of FY3/2014 –

(Unit: Yen in millions)

		Nine months ended December 31,				Change	
		2013		2014			
		Amount	% of net sales	Amount	% of net sales	Amount	%
	Fine Ceramic Parts Group	58,929	5.5%	66,128	6.0%	7,199	12.2%
	Semiconductor Parts Group	139,522	13.0%	159,561	14.5%	20,039	14.4%
	Applied Ceramic Products Group	195,854	18.3%	189,333	17.2%	-6,521	-3.3%
	Electronic Device Group	216,295	20.2%	213,050	19.3%	-3,245	-1.5%
	Components Business	610,600	57.0%	628,072	57.0%	17,472	2.9%
	Telecommunications Equipment Group	147,778	13.8%	146,346	13.3%	-1,432	-1.0%
	Information Equipment Group	221,550	20.7%	241,744	21.9%	20,194	9.1%
	Equipment Business	369,328	34.5%	388,090	35.2%	18,762	5.1%
	Others	123,177	11.5%	123,176	11.2%	-1	-0.0%
	Adjustments and eliminations	-31,717	-3.0%	-37,646	-3.4%	-5,929	—
	Net Sales	1,071,388	100.0%	1,101,692	100.0%	30,304	2.8%

Increased in Components Business and Equipment Business

Operating Profit by Reporting Segment for First nine Months of FY3/2015

– Comparison with first nine months of FY3/2014 – (Unit: Yen in millions)

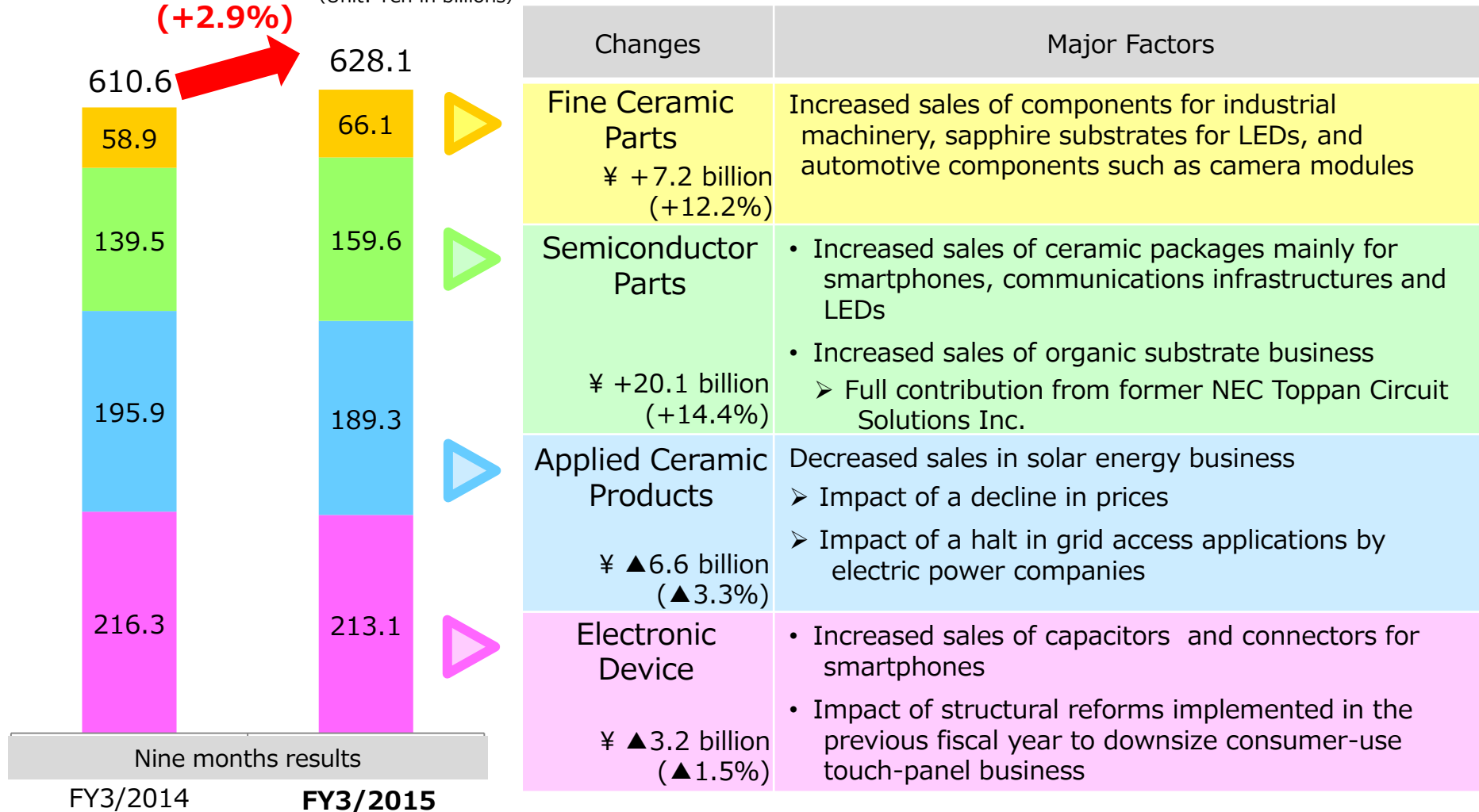
		Nine months ended December 31,				Change	
		2013		2014			
		Amount	% to net sales	Amount	% to net sales	Amount	%
Fine Ceramic Parts Group		8,484	14.4%	11,167	16.9%	2,683	31.6%
Semiconductor Parts Group		24,956	17.9%	24,617	15.4%	-339	-1.4%
Applied Ceramic Products Group		22,816	11.6%	9,570	5.1%	-13,246	-58.1%
Electronic Device Group		21,240	9.8%	28,281	13.3%	7,041	33.1%
Components Business		77,496	12.7%	73,635	11.7%	-3,861	-5.0%
Telecommunications Equipment Group		1,870	1.3%	-3,223	—	-5,093	—
Information Equipment Group		17,112	7.7%	25,432	10.5%	8,320	48.6%
Equipment Business		18,982	5.1%	22,209	5.7%	3,227	17.0%
Others		3,479	2.8%	4,095	3.3%	616	17.7%
Operating Profit		99,957	9.3%	99,939	9.1%	-18	-0.0%
Corporate and others		10,387	—	14,728	—	4,341	41.8%
Pre-tax income		110,344	10.3%	114,667	10.4%	4,323	3.9%

Increased in Information Equipment, Electronic Device, and Fine Ceramic Parts Groups

Sales for First Nine Months of FY3/2015 - Components Business -

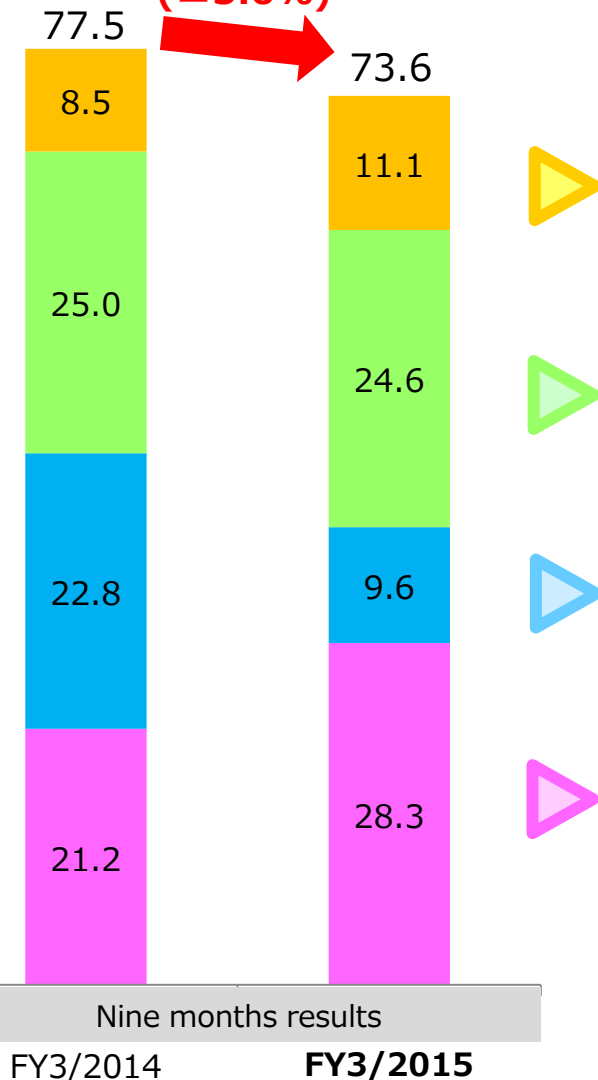
+17.5
(+2.9%)

(Unit: Yen in billions)



Operating Profit for First Nine Months of FY3/2015 - Components Business -

▲3.9
(▲5.0%) (Unit: Yen in billions)

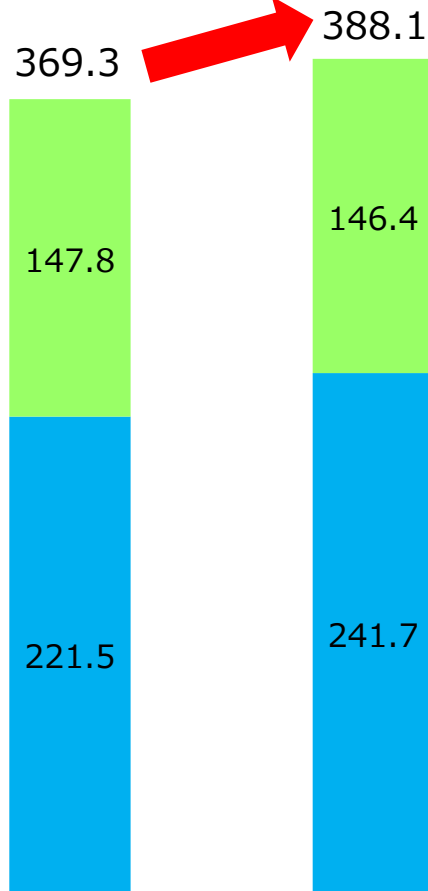


Changes	Major Factors
Fine Ceramic Parts ¥ +2.6 billion (+31.6%)	<ul style="list-style-type: none"> Increased due to sales growth and cost reductions Operating profit ratio reached 16.9%
Semiconductor Parts ¥ ▲0.4billion (▲1.4%)	Decreased profit in organic substrate business <ul style="list-style-type: none"> ➢ Decreased sales of organic package for servers ➢ Product mix change
Applied Ceramic Products ¥ ▲13.2 billion (▲58.1%)	Decreased due to a decline in sales and prices by tough competition in solar energy business
Electronic Device ¥ +7.1 billion (+33.1%)	<ul style="list-style-type: none"> Increased sales of components for smartphones Effect of structural reforms and cost reductions Operating profit ratio reached 13.3%

Sales for First Nine Months of FY3/2015 - Equipment Business -

+18.8
(+5.1%)

(Unit: Yen in billions)



Changes	Major Factors
Telecommunications Equipment ¥ ▲1.4 billion (▲1.0%)	<ul style="list-style-type: none"> Increased sales due to development of new customers and active introduction of new smartphones. Decreased sales in Japan due to stagnated market condition
Information Equipment ¥ +20.2 billion (+9.1%)	Increased sales volume of multifunctional products mainly outside Japan

Nine months results

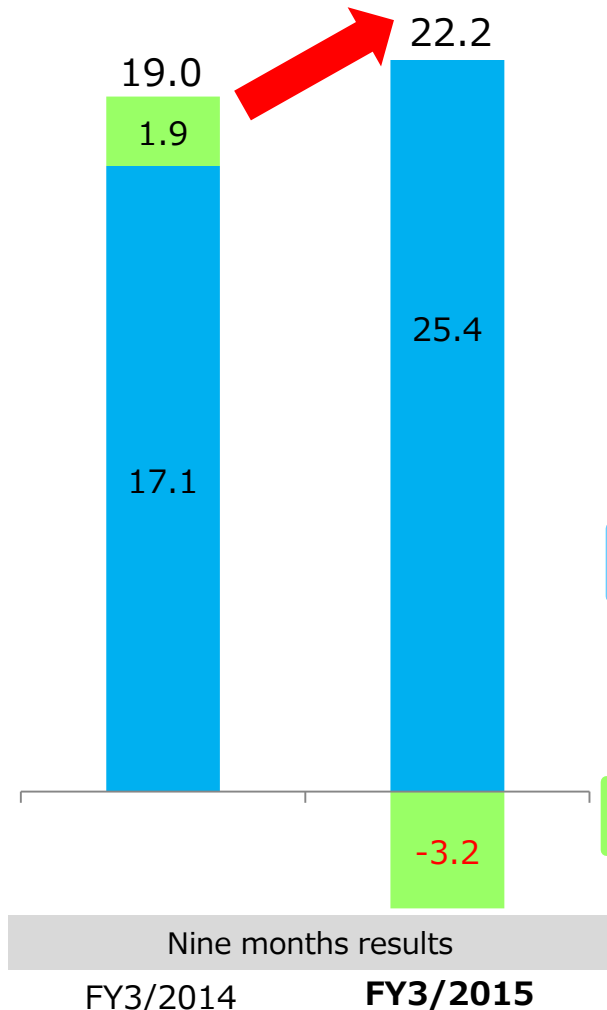
FY3/2014

FY3/2015

Operating Profit for First Nine Months of FY3/2015 - Equipment Business -

+3.2
(+17.0%)

(Unit: Yen in billions)



Changes	Major Factors
Information Equipment ¥ +8.3 billion (+48.6%)	<ul style="list-style-type: none"> Increased sales of consumables along with growing sales of machines Improved operating profit ratio to 10.5% due to productivity enhancement and cost reductions
Telecommunications Equipment ¥ ▲5.1 billion (－)	<ul style="list-style-type: none"> Decreased production in Japan affected by heavy snowfall Increased sales promotion costs for existing models

Financial Results for Three Months Ended December 31, 2014

– Comparison with three months ended September 30, 2014 –

(Unit: Yen in millions)

		Three months ended				Change	
		September 30, 2014		December 31, 2014			
		Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales		379,615	100.0%	387,363	100.0%	7,748	2.0%
Profit from operations		35,969	9.5%	35,471	9.2%	-498	-1.4%
Pre-tax income		37,438	9.9%	46,549	12.0%	9,111	24.3%
Net income		24,182	6.4%	30,322	7.8%	6,140	25.4%
Capital expenditures		15,486	4.1%	11,346	2.9%	-4,140	-26.7%
Depreciation		14,857	3.9%	16,445	4.2%	1,588	10.7%
R&D expenses		13,430	3.5%	13,938	3.6%	508	3.8%
Average exchange rates (yen)	US\$	¥104		¥115			
	Euro	¥138		¥143			
Foreign currency fluctuation effect on; (compared with the previous quarter)	Net sales	—		Approx. ¥ 16 billion			
	Pre-tax income	—		Approx. ¥ 2 billion			

Sales by Reporting Segment for Three Months Ended December 31, 2014 – Comparison with three months ended September 30, 2014 –

(Unit: Yen in millions)

		Three months ended				Change	
		September 30, 2014		December 31, 2014			
		Amount	% of net sales	Amount	% of net sales	Amount	%
	Fine Ceramic Parts Group	22,372	5.9%	22,904	5.9%	532	2.4%
	Semiconductor Parts Group	53,709	14.2%	57,388	14.8%	3,679	6.8%
	Applied Ceramic Products Group	70,905	18.7%	64,619	16.7%	-6,286	-8.9%
	Electronic Device Group	72,656	19.1%	74,207	19.2%	1,551	2.1%
	Components Business	219,642	57.9%	219,118	56.6%	-524	-0.2%
	Telecommunications Equipment Group	53,040	14.0%	54,791	14.2%	1,751	3.3%
	Information Equipment Group	80,166	21.1%	84,096	21.7%	3,930	4.9%
	Equipment Business	133,206	35.1%	138,887	35.9%	5,681	4.3%
	Others	41,843	11.0%	39,719	10.2%	-2,124	-5.1%
	Adjustments and eliminations	-15,076	-4.0%	-10,361	-2.7%	4,715	—
Net Sales		379,615	100.0%	387,363	100.0%	7,748	2.0%

Increased sales in Equipment Business, almost flat sales in Components Business

Operating Profit by Reporting Segment for Three Months Ended December 31, 2014

– Comparison with three months ended September 30, 2014 –
(Unit: Yen in millions)

		Three months ended				Change	
		September 30, 2014		December 31, 2014			
		Amount	% to net sales	Amount	% to net sales	Amount	%
Fine Ceramic Parts Group		3,654	16.3%	4,158	18.2%	504	13.8%
Semiconductor Parts Group		9,000	16.8%	9,962	17.4%	962	10.7%
Applied Ceramic Products Group		2,956	4.2%	3,794	5.9%	838	28.3%
Electronic Device Group		9,020	12.4%	11,597	15.6%	2,577	28.6%
Components Business		24,630	11.2%	29,511	13.5%	4,881	19.8%
Telecommunications Equipment Group		2,326	4.4%	-1,965	—	-4,291	—
Information Equipment Group		9,604	12.0%	8,225	9.8%	-1,379	-14.4%
Equipment Business		11,930	9.0%	6,260	4.5%	-5,670	-47.5%
Others		1,852	4.4%	1,601	4.0%	-251	-13.6%
Operating Profit		38,412	10.1%	37,372	9.6%	-1,040	-2.7%
Corporate and others		-974	—	9,177	—	10,151	—
Pre-tax income		37,438	9.9%	46,549	12.0%	9,111	24.3%

Double digit profit growth in all Component Segments, despite decreased profit in Equipment Business

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 (October 2014)		Revised (January 2015)			
		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%	1,530,000	100.0%	82,631	-50,000
Profit from operations		120,582	8.3%	135,000	8.5%	135,000	8.8%	14,418	—
Pre-tax income		146,268	10.1%	158,000	10.0%	158,000	10.3%	11,732	—
Net income		88,756	6.1%	97,000	6.1%	97,000	6.3%	8,244	—
EPS (Diluted-yen)		241.93	—	264.40	—	264.40	—	22.47	—
Capital expenditures		56,611	3.9%	64,000	4.1%	56,000	3.7%	-611	-8,000
Depreciation		65,760	4.5%	65,000	4.1%	61,000	4.0%	-4,760	-4,000
R&D expenses		48,830	3.4%	54,000	3.4%	54,000	3.5%	5,170	—
Average exchange rates (yen)	US\$	¥100		¥100		¥109			
	Euro	¥134		¥137		¥138			
Foreign currency fluctuation effect on; (compared with the previous same period)	Net sales	Approx. ¥ 140 billion		Approx. ¥ 24 billion		Approx. ¥ 52 billion			
	Pre-tax income	Approx. ¥ 29 billion		Approx. ¥ 4 billion		Approx. ¥ 7 billion			

Notes: 1. Forecast of EPS (Diluted-yen) is computed based on the diluted average number of shares outstanding during the nine months ended December 31, 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)

		Year ended March 31, 2014		Year ending March 31, 2015 (Forecast)				Change in amount compared with	
				Previous (October 2014)		Revised (January 2015)			
		Amount	% of net sales	Amount	% of net sales	Amount	% of net sales	Year ended March 31, 2014	Previous forecast
Fine Ceramic Parts Group		80,020	5.5%	91,000	5.7%	91,000	6.0%	10,980	—
Semiconductor Parts Group		187,891	13.0%	224,000	14.2%	224,000	14.6%	36,109	—
Applied Ceramic Products Group		272,795	18.9%	303,000	19.2%	273,000	17.9%	205	-30,000
Electronic Device Group		284,322	19.6%	291,000	18.4%	291,000	19.0%	6,678	—
Components Business		825,028	57.0%	909,000	57.5%	879,000	57.5%	53,972	-30,000
Telecommunications Equipment Group		186,749	12.9%	205,000	13.0%	205,000	13.4%	18,251	—
Information Equipment Group		307,848	21.3%	335,000	21.2%	335,000	21.9%	27,152	—
Equipment Business		494,597	34.2%	540,000	34.2%	540,000	35.3%	45,403	—
Others		173,137	11.9%	178,000	11.3%	170,000	11.1%	-3,137	-8,000
Adjustments and eliminations		-45,393	-3.1%	-47,000	-3.0%	-59,000	-3.9%	-13,607	-12,000
Net Sales		1,447,369	100.0%	1,580,000	100.0%	1,530,000	100.0%	82,631	-50,000

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 (October 2014)		Revised (January 2015)			
		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%	15,000	16.5%	15,000	16.5%	3,164	—
	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%	15,000	5.0%	10,000	3.7%	-23,501	-5,000
	Electronic Device Group	21,160	7.4%	35,900	12.3%	35,900	12.3%	14,740	—
	Components Business	98,386	11.9%	99,500	10.9%	94,500	10.8%	-3,886	-5,000
	Telecommunications Equipment Group	1,437	0.8%	8,300	4.0%	5,000	2.4%	3,563	-3,300
	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%	38,500	7.1%	8,870	-3,300
	Others	6,276	3.6%	6,400	3.6%	5,400	3.2%	-876	-1,000
	Operating Profit	134,292	9.3%	147,700	9.3%	138,400	9.0%	4,108	-9,300
Corporate and others		11,976	—	10,300	—	19,600	—	7,624	9,300
Pre-tax income		146,268	10.1%	158,000	10.0%	158,000	10.3%	11,732	—

New Model Introduction in Q4 FY3/2015

Q3

Q4

Japan

au

au

UQ mobile

mineo

au

au

au



URBANO V01

MARVERA 2

KC-01

LUCE

miraie

BASIO

GRATINA 2

Total 4 models

Total 7 models (plan)

Overseas

AT&T

Bell

U.S.Cellular

Latin America
(Columbia etc.)

U.S.Cellular

Verizon



DuraForce

DuraForce

DuraForce

DuraForce

DuraXA

DuraXV

Total 3 models

Total 8 models (plan)

Total 7 models globally

Total 15 models globally (Plan)

Financial Results for the Three Months of Q3 FY3/2015 – Comparison with Q3 FY3/2014 –

(Unit: Yen in millions)

		Three months ended December 31,				Change	
		2013		2014			
		Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales		371,725	100.0%	387,363	100.0%	15,638	4.2%
Profit from operations		31,493	8.5%	35,471	9.2%	3,978	12.6%
Pre-tax income		41,291	11.1%	46,549	12.0%	5,258	12.7%
Net income		26,434	7.1%	30,322	7.8%	3,888	14.7%
Capital expenditures		11,251	3.0%	11,346	2.9%	95	0.8%
Depreciation		17,255	4.6%	16,445	4.2%	-810	-4.7%
R&D expenses		12,194	3.3%	13,938	3.6%	1,744	14.3%
Average exchange rates (yen)	US\$	¥100		¥115			
	Euro	¥137		¥143			
Foreign currency fluctuation effect on; (compared with the previous same period)	Net sales	—		Approx. ¥ 23 billion			
	Pre-tax income	—		Approx. ¥ 3 billion			

Sales by Reporting Segment for the Three Months of FY3/2015 – Comparison with Q3 FY3/2014 –

(Unit: Yen in millions)

		Three months ended December 31,				Change	
		2013		2014			
		Amount	% of net sales	Amount	% of net sales	Amount	%
	Fine Ceramic Parts Group	20,742	5.6%	22,904	5.9%	2,162	10.4%
	Semiconductor Parts Group	52,459	14.1%	57,388	14.8%	4,929	9.4%
	Applied Ceramic Products Group	68,339	18.4%	64,619	16.7%	-3,720	-5.4%
	Electronic Device Group	68,844	18.5%	74,207	19.2%	5,363	7.8%
	Components Business	210,384	56.6%	219,118	56.6%	8,734	4.2%
	Telecommunications Equipment Group	51,221	13.8%	54,791	14.2%	3,570	7.0%
	Information Equipment Group	77,025	20.7%	84,096	21.7%	7,071	9.2%
	Equipment Business	128,246	34.5%	138,887	35.9%	10,641	8.3%
	Others	43,464	11.7%	39,719	10.2%	-3,745	-8.6%
	Adjustments and eliminations	-10,369	-2.8%	-10,361	-2.7%	8	—
Net Sales		371,725	100.0%	387,363	100.0%	15,638	4.2%

Operating Profit by Reporting Segment for the Three Months of Q3 FY3/2015 – Comparison with Q3 FY3/2014 –

(Unit: Yen in millions)

		Three months ended December 31,				Change	
		2013		2014			
		Amount	% to net sales	Amount	% to net sales	Amount	%
	Fine Ceramic Parts Group	2,722	13.1%	4,158	18.2%	1,436	52.8%
	Semiconductor Parts Group	8,915	17.0%	9,962	17.4%	1,047	11.7%
	Applied Ceramic Products Group	7,982	11.7%	3,794	5.9%	-4,188	-52.5%
	Electronic Device Group	6,578	9.6%	11,597	15.6%	5,019	76.3%
	Components Business	26,197	12.5%	29,511	13.5%	3,314	12.7%
	Telecommunications Equipment Group	1,604	3.1%	-1,965	—	-3,569	—
	Information Equipment Group	6,663	8.7%	8,225	9.8%	1,562	23.4%
	Equipment Business	8,267	6.4%	6,260	4.5%	-2,007	-24.3%
	Others	1,478	3.4%	1,601	4.0%	123	8.3%
	Operating Profit	35,942	9.7%	37,372	9.6%	1,430	4.0%
Corporate and others		5,349	—	9,177	—	3,828	71.6%
Pre-tax income		41,291	11.1%	46,549	12.0%	5,258	12.7%

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.