

April 28, 2016

Financial Presentation

(Year ended March 31, 2016)

Goro Yamaguchi
President and Representative Director

1. Financial Results

for the Year Ended March 31, 2016

Financial Results for the Year Ended March 31, 2016

(Unit: Yen in millions)

	Years ended March 31,				Change	
	2015		2016			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	1,526,536	100.0%	1,479,627	100.0%	-46,909	-3.1%
Profit from operations	93,428	6.1%	92,656	6.3%	-772	-0.8%
Pre-tax income	121,862	8.0%	145,583	9.8%	23,721	19.5%
Net income attributable to shareholders of Kyocera Corporation	115,875	7.6%	109,047	7.4%	-6,828	-5.9%
EPS (Diluted-yen)	315.85	—	297.24	—	-18.61	—
Capital expenditures	56,670	3.7%	68,933	4.7%	12,263	21.6%
Depreciation	62,413	4.1%	65,853	4.5%	3,440	5.5%
R&D expenses	55,285	3.6%	58,755	4.0%	3,470	6.3%
Average exchange rate (yen)	US\$	¥110	¥120			
	Euro	¥139	¥133			
Foreign currency fluctuation effect on;(compared with the previous same period)	Net sales	Approx. ¥ 58 billion	Approx. ¥ 29 billion			
	Pre-tax income	Approx. ¥ 7 billion	Approx. ¥ 4 billion			

Summary of FY3/2016 Results

1. Sales decreased slightly year on year

- (1) Increased sales in the Fine Ceramic Parts Group and Electronic Device Group for automotive-related and smartphone markets
- (2) Decreased sales in the Telecommunications Equipment Group after refining the lineup of mobile handsets
- (3) Decreased sales in the Applied Ceramic Products Group due to a decline in the solar energy business in Japan

2. Impact of recording one-time gain/loss on profit

- (1) Impairment of goodwill at Kyocera Display Coporation, etc. ▲18 billion yen
- (2) Patent litigation costs at AVX Corporation ▲5 billion yen
- (3) Gain on sale of assets 12 billion yen
- (4) Gain on sale of shares 20 billion yen

Sales by Reporting Segment for the Year Ended March 31, 2016

(Unit: Yen in millions)

	Years ended March 31,				Change	
	2015		2016		Amount	%
	Amount	% of net sales	Amount	% of net sales		
Fine Ceramic Parts Group	90,694	5.9%	95,092	6.4%	4,398	4.8%
Semiconductor Parts Group	217,879	14.3%	216,263	14.6%	-1,616	-0.7%
Applied Ceramic Products Group	277,629	18.2%	247,516	16.7%	-30,113	-10.8%
Electronic Device Group	284,145	18.6%	290,902	19.7%	6,757	2.4%
Components Business	870,347	57.0%	849,773	57.4%	-20,574	-2.4%
Telecommunications Equipment Group	204,290	13.4%	170,983	11.6%	-33,307	-16.3%
Information Equipment Group	332,596	21.8%	336,308	22.7%	3,712	1.1%
Equipment Business	536,886	35.2%	507,291	34.3%	-29,595	-5.5%
Others	172,925	11.3%	167,793	11.3%	-5,132	-3.0%
Adjustments and eliminations	-53,622	-3.5%	-45,230	-3.0%	8,392	—
Net sales	1,526,536	100.0%	1,479,627	100.0%	-46,909	-3.1%

Operating Profit by Reporting Segment for the Year Ended March 31, 2016

(Unit: Yen in millions)

	Years ended March 31,				Change	
	2015		2016			
	Amount	% to net sales	Amount	% to net sales	Amount	%
Fine Ceramic Parts Group	16,134	17.8%	15,745	16.6%	-389	-2.4%
Semiconductor Parts Group	33,971	15.6%	28,934	13.4%	-5,037	-14.8%
Applied Ceramic Products Group	3,159	1.1%	16,386	6.6%	13,227	418.7%
Electronic Device Group	34,372	12.1%	10,974	3.8%	-23,398	-68.1%
Components Business	87,636	10.1%	72,039	8.5%	-15,597	-17.8%
Telecommunications Equipment Group	-20,212	—	-4,558	—	15,654	—
Information Equipment Group	34,569	10.4%	27,106	8.1%	-7,463	-21.6%
Equipment Business	14,357	2.7%	22,548	4.4%	8,191	57.1%
Others	6,848	4.0%	11,575	6.9%	4,727	69.0%
Operating profit	108,841	7.1%	106,162	7.2%	-2,679	-2.5%
Corporate and others	13,021	—	39,421	—	26,400	202.7%
Pre-tax income	121,862	8.0%	145,583	9.8%	23,721	19.5%

Financial Results by Reporting Segment (1)

Fine Ceramic Parts Group

(Unit: Yen in millions)

	Years ended March 31,		Change	
	2015	2016	Amount	%
Sales	90,694	95,092	4,398	4.8%
Operating profit	16,134	15,745	-389	-2.4%
Operating profit ratio(%)	17.8%	16.6%	—	—

<Major factors for changes>

- ✓ Profit remained roughly on par due primarily to the impact of a change in product mix, despite a sales growth due mainly to higher sales of components for industrial machinery and automotive components

Semiconductor Parts Group

(Unit: Yen in millions)

	Years ended March 31,		Change	
	2015	2016	Amount	%
Sales	217,879	216,263	-1,616	-0.7%
Operating profit	33,971	28,934	-5,037	-14.8%
Operating profit ratio(%)	15.6%	13.4%	—	—

<Major factors for changes>

- ✓ Decreased sales and profit due primarily to lower sales of packages for digital consumer equipment and the impact of a decline in product prices

Financial Results by Reporting Segment (2)

Applied Ceramic Products Group

(Unit: Yen in millions)

	Years ended March 31,		Change	
	2015	2016	Amount	%
Sales	277,629	247,516	-30,113	-10.8%
Operating profit	3,159	16,386	13,227	418.7%
Operating profit ratio(%)	1.1%	6.6%	—	—

<Major factors for changes>

✓ Increased profit due mainly to effects of reduce costs in the solar energy business, despite a sales decline in this business

Electronic Device Group

(Unit: Yen in millions)

	Years ended March 31,		Change	
	2015	2016	Amount	%
Sales	284,145	290,902	6,757	2.4%
Operating profit	34,372	10,974	-23,398	-68.1%
Operating profit ratio(%)	12.1%	3.8%	—	—

<Major factors for changes>

✓ Despite increased sales due to sales growth of capacitors and printing devices as well as contribution of sales from Nihon Inter Electronics Corporation, profit decreased due primarily to the recording of losses, including an impairment of goodwill

Financial Results by Reporting Segment (3)

Telecommunications Equipment Group

(Unit: Yen in millions)

	Years ended March 31,		Change	
	2015	2016	Amount	%
Sales	204,290	170,983	-33,307	-16.3%
Operating profit	-20,212	-4,558	15,654	—
Operating profit ratio(%)	—	—	—	—

<Major factors for changes>

- ✓ Operating loss was reduced compared with the previous fiscal year which saw the recording of impairment of goodwill, despite a decline in sales caused by lower sales of PHS-related products and low-end handsets

Information Equipment Group

(Unit: Yen in millions)

	Years ended March 31,		Change	
	2015	2016	Amount	%
Sales	332,596	336,308	3,712	1.1%
Operating profit	34,569	27,106	-7,463	-21.6%
Operating profit ratio(%)	10.4%	8.1%	—	—

<Major factors for changes>

- ✓ Despite increased sales due to growing sales volumes of MFPs and printers, profit decreased due mainly to increased cost ratio of raw materials reflecting the effect of exchange rate fluctuation

Financial Results by Reporting Segment (4)

Others

(Unit: Yen in millions)

	Years ended March 31,		Change	
	2015	2016	Amount	%
Sales	172,925	167,793	-5,132	-3.0%
Operating profit	6,848	11,575	4,727	69.0%
Operating profit ratio(%)	4.0%	6.9%	—	—

<Major factors for changes>

- ✓ Increased profit due to gain on sales of assets, despite decreased sales due to a decline in sales of subsidiaries such as Kyocera Chemical Corporation

2. Financial Forecasts for the Year Ending March 31, 2017

Financial Forecasts for the Year Ending March 31, 2017

(Unit: Yen in millions)

	Year ended March 31, 2016		Year ending March 31, 2017		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales	1,479,627	100.0%	1,520,000	100.0%	40,373	2.7%
Profit from operations	92,656	6.3%	110,000	7.2%	17,344	18.7%
Pre-tax income	145,583	9.8%	130,000	8.6%	-15,583	-10.7%
Net income attributable to shareholders of Kyocera Corporation	109,047	7.4%	85,000	5.6%	-24,047	-22.1%
EPS (Diluted-yen)	297.24	—	231.70	—	-65.54	—
Capital expenditures	68,933	4.7%	87,000	5.7%	18,067	26.2%
Depreciation	65,853	4.5%	78,000	5.1%	12,147	18.4%
R&D expenses	58,755	4.0%	64,000	4.2%	5,245	8.9%
Average exchange rate (yen)	US\$	¥120	¥110			
	Euro	¥133	¥120			
Foreign currency fluctuation effect on;(compared with the previous same period)	Net sales	Approx. ¥ 29 billion	Approx. ¥ -66 billion			
	Pre-tax income	Approx. ¥ 4 billion	Approx. ¥ -25 billion			

Notes: Forecast of EPS (Diluted-yen) is computed based on the diluted average number of shares outstanding during the year ended March 31, 2016.

Sales Forecast by Reporting Segment

(Unit: Yen in millions)

	Year ended March 31, 2016		Year ending March 31, 2017		Change	
	Amount	% of net sales	Amount	% of net sales	Amount	%
Fine Ceramic Parts Group	95,092	6.4%	101,000	6.7%	5,908	6.2%
Semiconductor Parts Group	236,265	16.0%	237,000	15.6%	735	0.3%
Applied Ceramic Products Group	247,516	16.7%	263,000	17.3%	15,484	6.3%
Electronic Device Group	290,902	19.7%	304,000	20.0%	13,098	4.5%
Components Business	869,775	58.8%	905,000	59.6%	35,225	4.0%
Telecommunications Equipment Group	170,983	11.6%	152,000	10.0%	-18,983	-11.1%
Information Equipment Group	336,308	22.7%	344,000	22.6%	7,692	2.3%
Equipment Business	507,291	34.3%	496,000	32.6%	-11,291	-2.2%
Others	146,897	9.9%	154,000	10.1%	7,103	4.8%
Adjustments and eliminations	-44,336	-3.0%	-35,000	-2.3%	9,336	—
Net sales	1,479,627	100.0%	1,520,000	100.0%	40,373	2.7%

Notes

(1) Kyocera Chemical Corporation, included in “Others” until fiscal 2016, has been reclassified and included in the “Semiconductor Parts Group” commencing fiscal 2017. Due to this change, results for fiscal 2016 have been restated with this standard. Also, Kyocera Chemical Corporation was absorbed into Kyocera Corporation on April 1, 2016.

(2) As a result of the aforementioned, sales in the “Semiconductor Parts Group” and “Components business” for fiscal 2016 increased by ¥20,002 million, sales in “Others” decreased by ¥20,896 million and “Adjustments and eliminations” increased by ¥894 million compared with those previously announced.

Operating Profit Forecast by Reporting Segment

(Unit: Yen in millions)

	Year ended March 31, 2016		Year ending March 31, 2017		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Fine Ceramic Parts Group	15,745	16.6%	15,000	14.9%	-745	-4.7%
Semiconductor Parts Group	42,232	17.9%	26,000	11.0%	-16,232	-38.4%
Applied Ceramic Products Group	16,386	6.6%	20,000	7.6%	3,614	22.1%
Electronic Device Group	10,974	3.8%	38,000	12.5%	27,026	246.3%
Components Business	85,337	9.8%	99,000	10.9%	13,663	16.0%
Telecommunications Equipment Group	-4,558	—	4,200	2.8%	8,758	—
Information Equipment Group	27,106	8.1%	23,000	6.7%	-4,106	-15.1%
Equipment Business	22,548	4.4%	27,200	5.5%	4,652	20.6%
Others	-1,722	—	-6,000	—	-4,278	—
Operating profit	106,163	7.2%	120,200	7.9%	14,037	13.2%
Corporate and others	39,420	—	9,800	—	-29,620	-75.1%
Pre-tax income	145,583	9.8%	130,000	8.6%	-15,583	-10.7%

Notes

(3) Refer to Note (1) on page 12.

(4) As a result of the aforementioned, operating profit in the “Semiconductor Parts Group” and “Components business” for fiscal 2016 increased by ¥13,298 million, sales in “Others” decreased by ¥13,297 million, operating profit increased by ¥1 million and “Corporate and others” decreased by ¥1 million compared with those previously announced.

Financial Forecasts by Reporting Segment (1)

Fine Ceramic Parts Group

(Unit: Yen in millions)

	Year ended March 31, 2016	Year ending March 31, 2017	Change	
			Amount	%
Sales	95,092	101,000	5,908	6.2%
Operating profit	15,745	15,000	-745	-4.7%
Operating profit ratio(%)	16.6%	14.9%	—	—

<Major factors for changes>

- ✓ Sales growth due to an increase in sales of components for industrial machinery such as semiconductor processing equipment and automotive components such as camera modules
- ✓ Decrease in profit due to an increase in depreciation

Semiconductor Parts Group

(Unit: Yen in millions)

	Year ended March 31, 2016	Year ending March 31, 2017	Change	
			Amount	%
Sales	236,265	237,000	735	0.3%
Operating profit	42,232	26,000	-16,232	-38.4%
Operating profit ratio(%)	17.9%	11.0%	—	—

<Major factors for changes>

- ✓ Sales up due to higher sales of packages for automotives and communications infrastructure and of module substrates for smartphones
- ✓ Profit down due to highly depreciation costs and the impact of foreign exchange rate fluctuation as well as absence of gain on sales of assets recorded in FY16

Refer to Note (1) ~ (4) on page 12 and 13.

Financial Forecasts by Reporting Segment (2)

Applied Ceramic Products Group

(Unit: Yen in millions)

	Year ended March 31, 2016	Year ending March 31, 2017	Change	
			Amount	%
Sales	247,516	263,000	15,484	6.3%
Operating profit	16,386	20,000	3,614	22.1%
Operating profit ratio(%)	6.6%	7.6%	—	—

<Major factors for changes>

- ✓ Sales up due to contribution from SGS Tool Company in the cutting tool business and sales growth in the solar energy business overseas
- ✓ Profit up due mainly to sales growth and improvement in profit in the solar energy business

Electronic Device Group

(Unit: Yen in millions)

	Year ended March 31, 2016	Year ending March 31, 2017	Change	
			Amount	%
Sales	290,902	304,000	13,098	4.5%
Operating profit	10,974	38,000	27,026	246.3%
Operating profit ratio(%)	3.8%	12.5%	—	—

<Major factors for changes>

- ✓ Sales increase in components for smartphones and printing devices for industrial equipment
- ✓ Sales contribution for the full period from Nihon Inter Electronics Corporation
- ✓ Recording of losses, including impairment of goodwill in FY16

Financial Forecasts by Reporting Segment (3)

Telecommunications Equipment Group

(Unit: Yen in millions)

	Year ended March 31, 2016	Year ending March 31, 2017	Change	
			Amount	%
Sales	170,983	152,000	-18,983	-11.1%
Operating profit	-4,558	4,200	8,758	—
Operating profit ratio(%)	—	2.8%	—	—

<Major factors for changes>

- ✓ Sales down due to a decline in sales volume, despite efforts to market new products focusing on high-value-added handsets
- ✓ Profit to improve due to the fundamental structural reform

Information Equipment Group

(Unit: Yen in millions)

	Year ended March 31, 2016	Year ending March 31, 2017	Change	
			Amount	%
Sales	336,308	344,000	7,692	2.3%
Operating profit	27,106	23,000	-4,106	-15.1%
Operating profit ratio(%)	8.1%	6.7%	—	—

<Major factors for changes>

- ✓ Sales up on the back of new product releases
- ✓ Profit down due to the impact of foreign exchange rate fluctuation and price competition

Challenges and Initiatives to Achieve Financial Forecasts

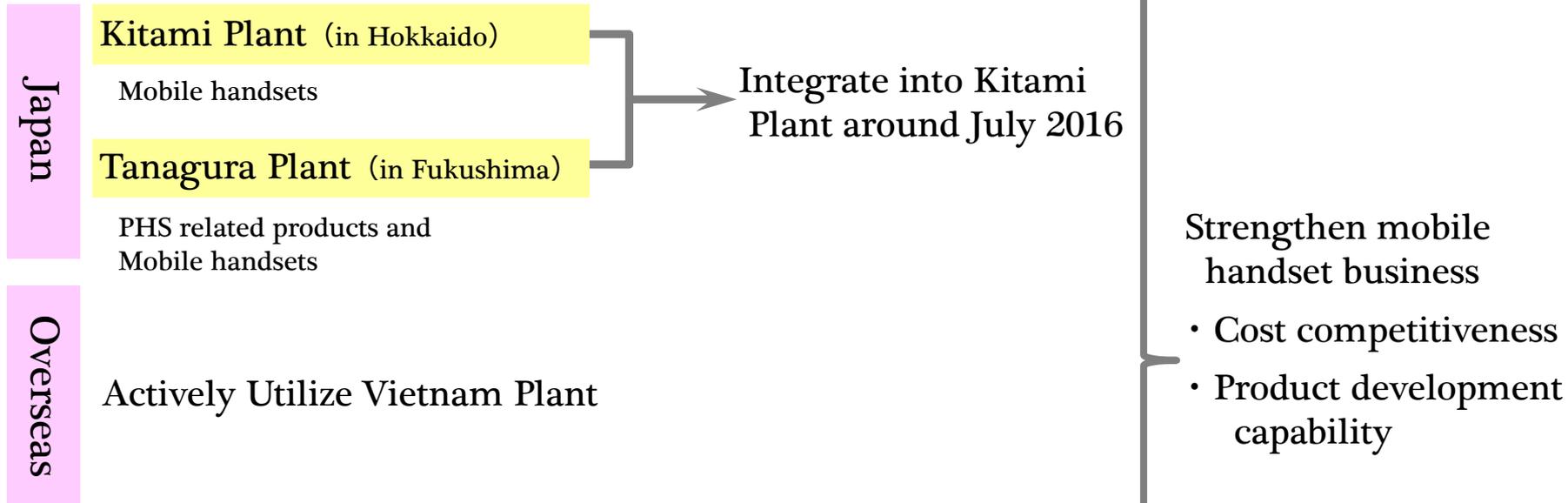
1. Structural reform of the Telecommunications Equipment Group

2. Initiatives to expand core businesses

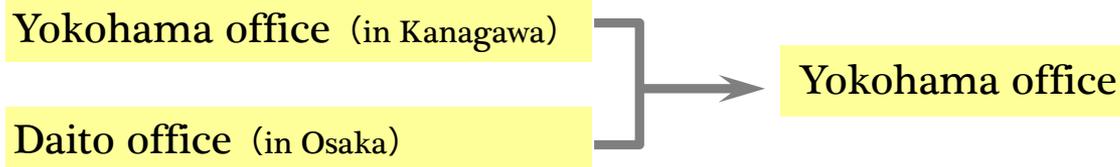
- (1) Increase sales in the Semiconductor Parts Group
- (2) Expand business through M&A
- (3) Increase sales in automotive-related businesses

Structural Reform of the Telecommunications Equipment Group

1. Integrate production sites



2. Integrate R&D sites

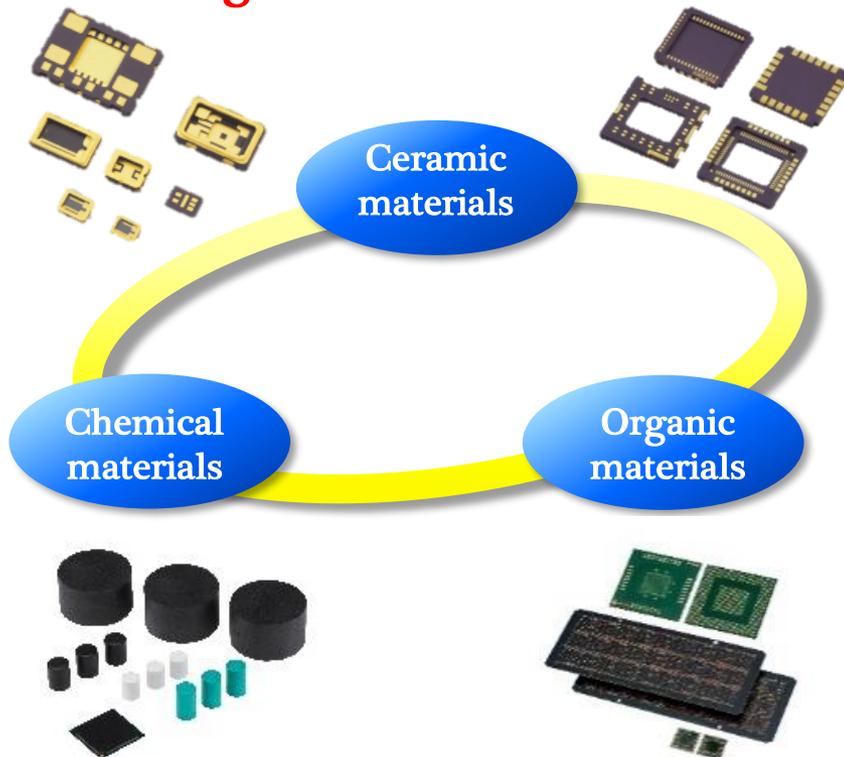


Initiatives to Expand Core Businesses (1)

– Increase sales in the Semiconductor Parts Group –

Strengthen business foundations

Pursue further synergies and reinforce competitiveness through new structure



Expand organic materials business

Bolster production of miniaturized, low-profile packages for telecommunication devices

Overview of Third Facility of Kyoto Ayabe Plant

Production	Miniaturized, low-profile packages for telecommunication devices, etc.
Start of Construction	April 2016 (planned)
Start of Operations	Spring 2017 (planned)
Capital exp.	Approx. ¥ 15 billion



Artist's rendering of Kyoto Ayabe Plant

Initiatives to Expand Core Businesses (2)

– Expand business through M&A –



Create a business structure capable of being comprehensive cutting tool manufacturer



×



< SGS Tool Company >

- Manufacturing and sales of solid tools
- Headquarters : Ohio, U.S.A.
- Consolidation : May 2016 (Planned)



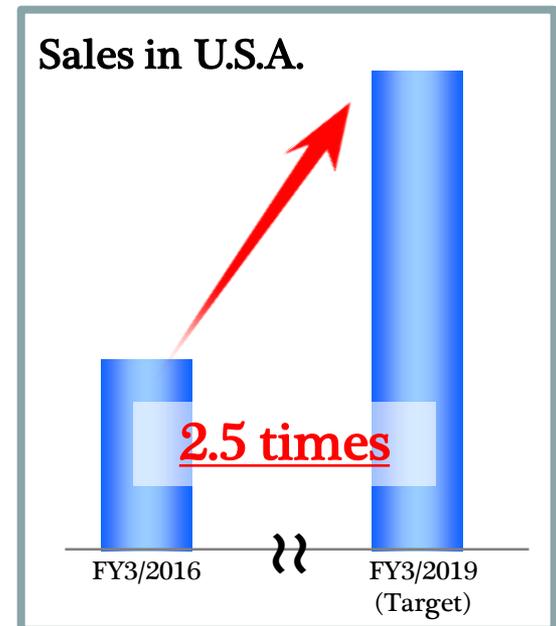
Indexable tools



Solid tools



Enable total solutions provision

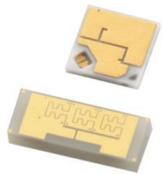


Initiatives to Expand Core Businesses (3)

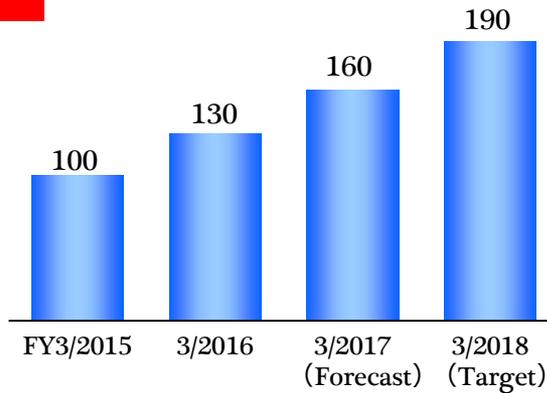
– Increase sales in automotive-related businesses –

Sales of core products (FY15 sales as standard of 100)

LED packages for automotives



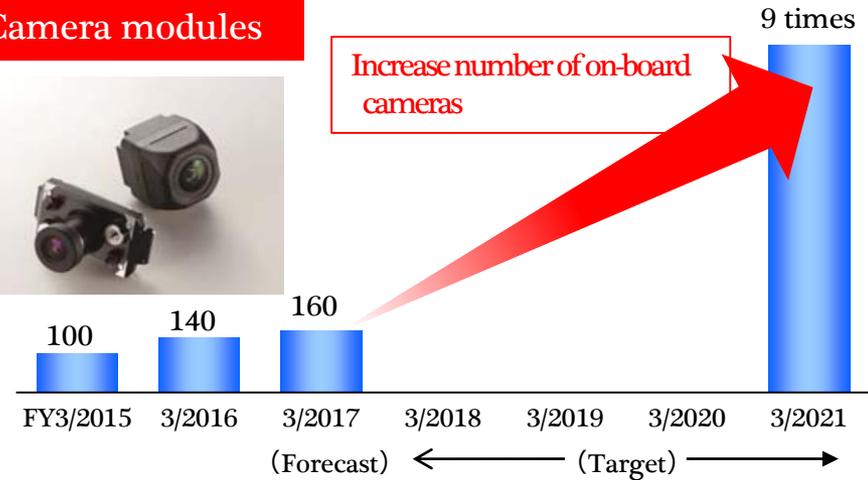
Proliferation of LED headlights



Camera modules



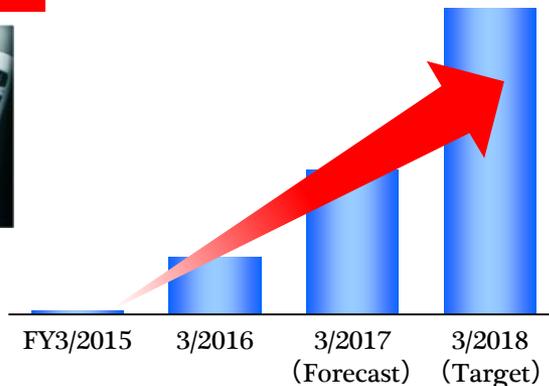
Increase number of on-board cameras



Center information display



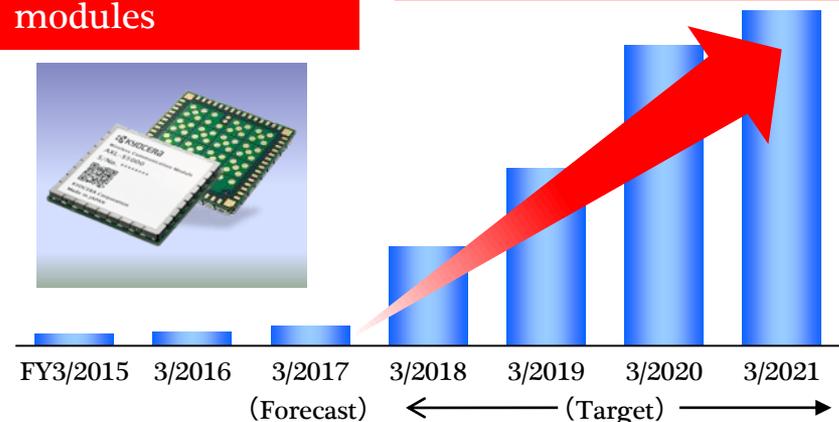
Start mass-production in FY17



Telecommunication modules



Core products of connected car



Review of Dividend Payout Ratio

Review dividend payout ratio from FY3/2017

Further enhance the return of profit to shareholders and expand shareholder base

Commencing FY3/2017

Around 40%

Forecast of payout ratio for FY3/2017

43.2%

Since FY3/2014

30% or more

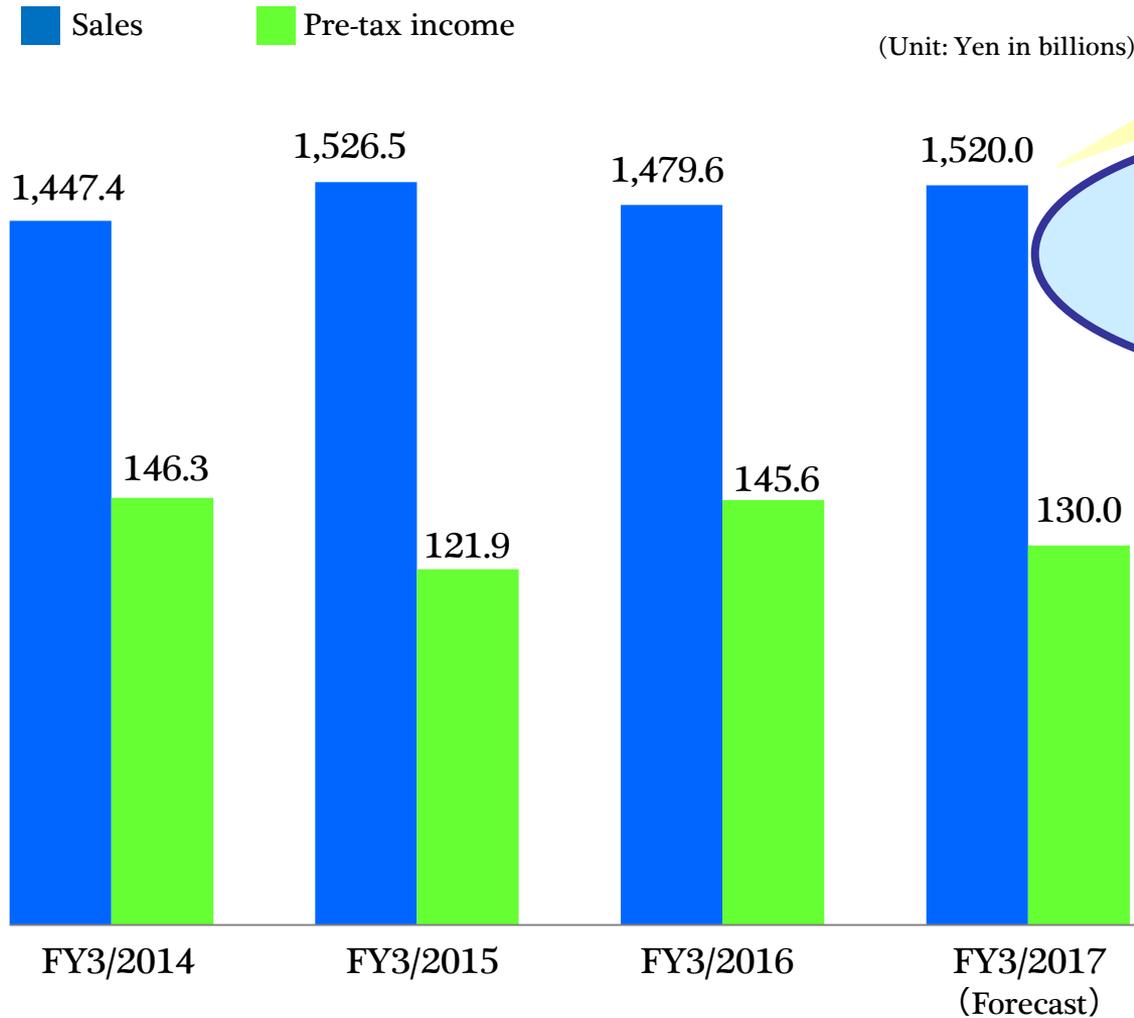
Since FY3/2005

Payout ratio

20~25%

Implemented a dividend policy based on payout ratio

Trend of Sales and Pre-tax Income



Aim for growth through structural reform and business expansion in core markets

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) general conditions in the Japanese or global economy;
- (2) unexpected changes in economic, political and legal conditions in countries where we operate;
- (3) various export risks which may affect the significant percentage of our revenues derived from overseas sales;
- (4) the effect of foreign exchange fluctuations on our results of operations;
- (5) intense competitive pressures to which our products are subject;
- (6) fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in Kyocera's production activities;
- (7) manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (8) shortages and rising costs of electricity affecting our production and sales activities;
- (9) the possibility that future initiatives and in-process research and development may not produce the desired results;
- (10) companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (11) inability to secure skilled employees, particularly engineering and technical personnel;
- (12) insufficient protection of our trade secrets and intellectual property rights including patents;
- (13) expenses associated with licenses we require to continue to manufacture and sell products;
- (14) environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (15) unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (16) our market or supply chains being affected by terrorism, plague, wars or similar events;
- (17) earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (18) credit risk on trade receivables;
- (19) fluctuations in the value of, and impairment losses on, securities and other assets held by us;
- (20) impairment losses on long-lived assets, goodwill and intangible assets;
- (21) unrealized deferred tax assets and additional liabilities for unrecognized tax benefits;
- (22) 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.
