Financial Presentation for the Year Ended March 31, 2019
(Held on April 26, 2019)

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President and Representative Director

Note: Results for the fiscal year ended March 31, 2018 ("fiscal 2018") have been reclassified in line with the adoption of International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2019 ("fiscal 2019").

＜1. (Cover) Financial Results for the Year Ended March 31, 2019＞

＜2. Financial Results for the Year Ended March 31, 2019＞

Sales revenue for fiscal 2019 increased by 3% to 1,623.7 billion yen compared with fiscal 2018, marking record highs in sales revenue for two consecutive years.

Profits increased due to efforts to increase sales revenue and reduce costs, which more than offset the impact of the recording of large one-time loss during fiscal 2019. Profit attributable to owners of the parent increased significantly due in part to lower tax expenses. One-time tax expenses increased at AVX Corporation ("AVX"), a U.S. subsidiary, in fiscal 2018 due mainly to revisions in the U.S. tax code, while tax expenses decreased in fiscal 2019 following the recording of a deferred tax asset in line with the merger of Kyocera Display Corporation into Kyocera Corporation.

Capital expenditures and R&D expenses increased markedly year on year as a result of proactive efforts in each business, particularly the Components Business. Depreciation decreased due to a change in depreciation method.

Average exchange rates for fiscal 2019 were 111 yen to the U.S. dollar, unchanged from fiscal 2018, and 128 yen to the Euro, marking appreciation of 2 yen. As a result, sales revenue and profit before income taxes in fiscal 2019 were pushed down by approximately 7.5 billion yen and 2 billion yen, respectively, compared with fiscal 2018.

＜3. Sales Revenue by Reporting Segment for the Year Ended March 31, 2019
- Compared with the Year Ended March 31, 2018 -＞

Looking at results by reporting segment, although sales revenue decreased in the Life & Environment Group due to a decline in orders in the solar energy business, sales revenue increased in the Industrial & Automotive Components Group and Electronic Devices Group, driving an increase in overall sales revenue for the Kyocera Group.

＜4. Business Profit (Loss) by Reporting Segment for the Year Ended March 31, 2019
- Compared with the Year Ended March 31, 2018 -＞

Business profit increased significantly in the Industrial & Automotive Components Group, Electronic Devices Group and Communications Group while business profit decreased in the Semiconductor Components Group and Life & Environment Group due mainly to the recording of one-time loss.

＜5. Summary of Financial Results for the Year Ended March 31, 2019＞

This slide provides a summary of financial results for fiscal 2019.
The first point concerns increases in sales revenue and profit in the three buoyant divisions of Industrial & Automotive Components Group, Electronic Devices Group and Document Solutions Group due to proactive investment and cost reductions. In addition to investment to increase production in such areas as ceramic capacitors, the industrial tools business, AVX and the Documents Solutions Group enjoyed contributions from merger and acquisition activities conducted from fiscal 2018 onward.

The second point concerns improved profitability achieved through structural reform. The telecommunications equipment business secured profitability on a full-year basis by prioritizing profit improvement in the overseas handset business, which saw a revised product lineup from the start of fiscal 2019 as well as thorough cost-cutting measures. As a result, profit increased in the Communications Group despite the decline in sales revenue.

The third point concerns the recording of one-time loss. The Life & Environment Group and the Semiconductor Components Group recorded a significant combined amount of 68.5 billion yen in one-time loss, while the solar energy business reached an agreement regarding settlement for the long-term purchase agreements for procurement of polysilicon material. The organic materials business recorded impairment loss relating to production machinery, goodwill and other areas, but because of this, production costs have decreased since the fourth quarter of fiscal 2019. Sufficient preparations have now been made to drive future improvements in both of these reporting segments.

This concludes my summary of financial results for fiscal 2019. Next, I will explain financial forecasts for the year ending March 31, 2020 (“fiscal 2020”).

＜6. (Cover) Financial Forecasts for the Year Ending March 31, 2020＞
＜7. Financial Forecasts for the Year Ending March 31, 2020＞

Kyocera is forecasting sales revenue of 1,700.0 billion yen, which will be a record high for the third consecutive year, as well as profit before income taxes of 180.0 billion yen, a considerable increase of around 30% year on year, and a recovery in the profit before income taxes ratio to at least 10%.

Capital expenditures are forecast to amount to 120.0 billion yen, a record high, due to continued aggressive investment in the Components Business and the Document Solutions Group to bolster production capacity and double productivity. Depreciation is projected to increase by 26% to 65.0 billion yen due to continued active capital investment. Kyocera is also forecasting a record high in R&D expenses for fiscal 2020 with an increase of 14% to 80.0 billion yen following efforts to strengthen structure aimed at driving the creation of new businesses and accelerating development.

Average exchange rates for fiscal 2020 are expected to be 105 yen to the U.S. dollar, marking appreciation of 6 yen, and 120 yen to the Euro, marking appreciation of 8 yen, in year-on-year terms. This is projected to push down sales revenue and profit before income taxes by approximately 60.0 billion yen and 18.0 billion yen, respectively.

＜8. Sales Revenue Forecast by Reporting Segment for the Year Ending March 31, 2020
- Compared with the Year Ended March 31, 2019-＞

Sales revenue is forecast to increase in all reporting segments for fiscal 2020. However, the rate of growth in the Components Business is expected to level off within low single-digit figures due to a projected slowdown in the smartphone market.

In the Equipment & Systems Business, on the other hand, the Document Solutions Group and Life & Environment Group in particular are projecting growth.

＜9. Business Profit (Loss) Forecast by Reporting Segment for the Year Ending March 31, 2020
- Compared with the Year Ended March 31, 2019 -＞

Business profit is forecast to increase significantly due in part to the recording of one-time loss in fiscal 2019 in the Semiconductor Components Group and Life & Environment Group.

Business loss is projected in the Others due to increasing R&D expenses. In Corporate and others, profit is projected to decline year on year due to expectations of an increase in expenses mainly for new marketing divisions aimed at creating new businesses in core fields coupled with costs for events associated with our 60th anniversary.

＜10. Key Points to Financial Forecasts for the Year Ending March 31, 2020＞

Let’s look at the key points to these financial forecasts for fiscal 2020.

First, Kyocera will respond to changes in the market environment. The smartphone market, which has been driving Kyocera’s component demand, has been undergoing continued adjustments since fiscal 2019. We do not foresee any considerable growth in the smartphone market going forward despite projections for orders for high-performance components.

Conversely, we expect increased demand particularly for capacitors used in telecommunications infrastructure for 5G in line with the start of investment by telecommunications carriers in both Japan and overseas. In addition, demand for ceramic packages for optical communications and other areas is forecast to grow toward the second half of fiscal 2020. Demand is expected to increase for components used in advanced driver-assist systems (ADAS) such as camera modules and organic substrates in fiscal 2020 again.

Second, Kyocera will strive to improve profitability in organic package and solar energy businesses.
Kyocera recorded a one-time cost in fiscal 2019, but we expect to reduce fixed costs in the organic materials business and to reduce material costs in the solar energy business in fiscal 2020. In addition to cutting costs in both businesses, we will work to enhance profitability by creating new demand and focusing on growing markets.

Third, we will strive to further expand business in the Document Solutions Group.
In fiscal 2019, we succeeded in driving steady growth in equipment and solution sales.
We aim to achieve further expansion in fiscal 2020 by increasing sales through a more extensive lineup, strengthening solution sales, utilizing resources gained via merger and acquisition activities and continuing to focus on securing new merger and acquisition-related projects.

This concludes my presentation on financial forecasts. Details of each reporting segment can be found on page 26 and the following pages.

＜11. Basic Policy for Business Growth＞
This slide shows our basic policy for business growth.
As I have explained before, Kyocera will strive to expand existing businesses and create new businesses by taking steps to double productivity and advance process innovation as well as pursue synergies inside and outside the organization toward the targets of 2 trillion yen in sales revenue and 15% in profit before income taxes ratio in the year ending March 31, 2021 (“fiscal 2021”).

＜12. Key Measures to Achieve FY3/21 Targets＞
Today, I will explain three of the key measures we are currently undertaking.

＜13. 1. Actively Continue Investing to Expand Business (1)＞
Kyocera continues to actively make investment aimed at expanding business. In particular, we have secured projects in core fields with high-growth potential.

In fiscal 2019, we embarked on our first M&A project in fine ceramic parts in addition to those in the industrial tools, electronic devices and document solutions domains as well as on development of medical-related business in overseas markets. Acquisition of a German-based fine ceramic parts manufacturer, as shown at the top of the slide, has brought us products and production technology that we never had as well as production sites in Europe.

As shown at the bottom of the slide, we gained businesses relating to spinal products and other areas through a U.S.-based medical device manufacturer. We will take the opportunity offered by this business transfer to speed up business expansion in the United States, the world’s largest market.

＜14. 1. Actively Continue Investing to Expand Business (2)＞

In addition to merger and acquisition activities, Kyocera actively conducts capital investment and R&D investment. This graph shows the recent five years for capital expenditures and R&D expenses. The combined amount of capital expenditures and R&D expenses to be invested in business is projected to increase considerably from 120.0 billion yen level three years ago to 200.0 billion yen in fiscal 2020.

＜15. 1. Actively Continue Investing to Expand Business (3)＞

As an example of capital expenditures, we will start operation at new plants in fiscal 2020.
The Vietnam plant of Kyocera Document Solutions shown at left is being expanded as one of our core facilities for MFPs, printers and their related components. Operations in a part of the 3rd plant got underway in April 2019.

In the Kagoshima Sendai Plant shown at right, we are pushing ahead with construction with a view to increasing demand of ceramic packages for SMDs and image sensors, with operations scheduled to commence in August 2019.

＜16. 1. Actively Continue Investing to Expand Business (4)＞

Kyocera has reorganized its R&D structure to focus on two sites: Minato Mirai Research Center scheduled to open in May 2019 and Keihanna Research Center in Kyoto. Software-related R&D and material/device-related R&D will be concentrated into Minato Mirai Research Center and Keihanna Research Center, respectively.

By centralizing Kyocera's wide-ranging resources into these two sites, we will endeavor to create new businesses through integrated capabilities, and enable open innovation and attract human resources owing to the excellent locations of the sites.

＜17. 2. Further Promote Project to Double Productivity (1)＞

Next I will explain progress in the Company-wide project to double productivity. In fiscal 2019, we pushed ahead with efforts to create a model line in the fine ceramic parts business and an automated production line in the document solutions business. Since we have been able to verify the effects of the initiatives implemented up until fiscal 2019, as the next step we will expand the project into other business divisions and plants.

In fine ceramic parts, we created three model lines in fiscal 2019 that utilize automation and artificial intelligence (AI). In fiscal 2020, we will further develop these lines and start introducing similar lines into other components businesses. At present, we have committed to introducing model lines for electronic components, printing devices and industrial tools.

In document solutions, we finished establishing automated production lines at the Tamaki Plant in Mie, the

Shilong Plant in China and the Hirakata Plant in Osaka in fiscal 2019 and operations are underway.
We will expand these lines at each plant and strengthen their ability to increase production.

＜18. 2. Further Promote Project to Double Productivity (2)＞

Kyocera is working to swiftly realize smart factories with the aim of doubling productivity. This slide shows a rendering of a new facility at the Shiga Yasu Plant being built as a core site to accelerate the project to double productivity.

Kyocera is developing and producing advanced production facilities using robots and AI in-house. Through the new facility, we aim to create a speedier development system by doubling equipment development and production space and centralizing divisions that were previously separate.

＜19. 3. Change Solar Energy Business Model＞

Next I will explain the solar energy business.
In this business, which has recorded significant loss for the last two periods, it is necessary to quickly change business model in order to improve profitability.

Previous growth drivers were solar cells and panels and their peripheral equipment, but there has been a shift from a feed-in-tariff (FIT) structure to self-consumption in terms of where demand is. Kyocera views this as an opportunity to enhance profitability and will aim to revitalize this business. In addition to expanding equipment and system sales, we will work to boost profitability by increasing service business, which includes long-term maintenance and management.

Kyocera will start a new service business for self-consumption in fiscal 2020. In the residential sector at left, we established Kyocera Kanden Energy LLP to provide power generation service in conjunction with The Kansai Electric Power Co., Inc. With the new scheme, customers will be able to set up solar power facilities in their homes without any initial expense and use clean energy generated through the solar panels. The service is scheduled to commence around autumn 2019. In the industrial sector at right, we will begin service supporting the introduction of renewable energy at companies.

In addition, we will create VPP business following our demonstration tests and develop further new products and technologies with the aim of expanding into system and service business supporting a self-consumption model of business and expanding domain.

Finally, I will explain initiatives to enhance Kyocera's corporate value.

＜20. (Cover) Enhance Corporate Value＞

＜21. Initiatives to Enhance Corporate Governance (1)＞

Opportunities for discussion on Kyocera's corporate governance with investors have increased in recent times following introduction of the Stewardship Code. Based on these dialogues, we have decided to strengthen governance through the measures stated here to provide even better management.

First, we will increase transparency. Previously, executive officer nominations and remuneration for directors were decided by the Board of Directors, taking into consideration advice from outside directors. To further boost transparency, we established a Nominating and Remuneration Committee at the end of 2018 as an advisory body for nominating and remunerating executives. All of Kyocera's outside directors are on the committee, which means the majority of members are made up of outside directors.

Second, we will strengthen diversity. Currently, Kyocera has two foreign directors whose international perspectives are being reflected in management. We will appoint a female executives in fiscal 2020 with the expectation of reflecting different opinions brought about by diversity in gender in management going forward. A candidate for female director will be an independent outside director so that all outside directors are independent officers. In addition, a special body was established in April 2019 to promote diversity.

Third, we will share value with shareholders. Kyocera's current remuneration system for directors is cash-based. In addition to this, we have decided to introduce a restricted stock compensation plan. Under this scheme, stock received as compensation shall not be traded during term of office so that it becomes a medium- to long-term incentive.

＜22. Initiatives to Enhance Corporate Governance (2)＞

Next I will explain other initiatives to enhance corporate value.
First, we will enhance shareholder return. We will increase the payout ratio from around 40% to around 50% as the standard for dividends. We have also decided to conduct the repurchase of our own shares using a certain portion of cash flow as an effective means of shareholder return.

Second, we will set new management criteria. Although Kyocera is aiming for continuous double-digit growth in sales revenue and profit before income taxes, from fiscal 2020, we will set ROE as a key indicator since it emphasizes efficient management decision-making, and look to improve it.

I will explain these two points further now.

＜23. Enhance Shareholder Return (1) Revise Dividend Policy＞

In terms of dividends, we have been steadily raising the payout ratio as shown in the upper portion of this slide. Since fiscal 2017, we have been aiming for a payout ratio of around 40%. From fiscal 2020, we intend to raise this by 10% to approximately 50%.

In fiscal 2019, we plan to add a commemoration dividend of 20 yen in celebration of our 60th anniversary to the 120 yen planned for the annual dividend for a total of 140 yen per share. In addition, by increasing the payout ratio, we intend to pay a dividend of 160 yen per share for fiscal 2020, an increase of 40 yen per share for the year compared with the ordinary dividend of 120 yen after excluding the fiscal 2019 commemoration dividend.

＜24. Enhance Shareholder Return (2) Repurchase of Own Shares＞

Kyocera has revised its concept regarding the repurchase of its own shares.
Previously, Kyocera conducted the repurchase of its own shares with priority given to future-oriented flexible capital strategies such as stock swaps. Going forward, we will position share repurchases as an effective mechanism for enhancing shareholder returns and will repurchase our own shares as appropriate within a certain range based on cash flow taking into consideration the amount of capital expenditure, etc. required.

＜25. Boost ROE＞

This slide shows trends in sales revenue, profit before income taxes and ROE since fiscal 2015. Kyocera has prioritized sales and profit growth in the past and ROE has remained relatively low due mainly to the impact of structural reforms.

We will focus on our earning power as before, set an ROE target in addition to sales revenue and profit targets and clarify how to achieve our goals so that we can meet the expectations of shareholders and investors.

From fiscal 2020, we will strive to enhance the profitability of challenging businesses, improve profit in existing businesses, boost performance through new businesses and further increase shareholder returns in order to raise ROE. In concrete terms, we will strive to achieve at least 6% in ROE in fiscal 2021 and at least 8% as a medium-term target.