

Outline of Q&A on financial presentation
for the six months ended September 30, 2013 (“the first half”)
(Held on November 1, 2013)

General Management

Q: Can you tell us about structural improvements and areas of focus as we head towards next fiscal year?

A: Kyocera has many businesses in small units. Each unit has done what it can to expand sales and profit. However, measures taken have been insufficient in some cases and it has been difficult for certain business divisions to achieve significant growth. In June, we started strengthening horizontal ties, primarily between subsidiaries and divisions at Kyocera Corporation, identifying problem areas and discussing markets we should target. Going forward, we hope to considerably expand operations and translate this into actual business.

General Components Business

Q: Can you tell us your outlook for the second half in light of results for the Components Business in the second quarter? Please also explain why first half results are lower than expectations.

A: Aside from adjustments made by some major manufacturers in the smartphone sector, results progressed in line with expectations on the whole. Certain components are performing well in the smartphone sector too and results are not outside expectations.

Q: Kyocera expects the top-line to grow in the Fine Ceramic Parts Group and the Semiconductor Parts Group in the second half. Is this projection based on orders made in the second quarter or does it include expected value as well?

A: Sales from Kyocera Circuit Solutions, Inc. will be newly included in the Semiconductor Parts Group from the second half. Here, we aim to expand sales by creating synergies. Despite minor adjustments in semiconductor processing equipment components in the first half, orders are expected to increase in the Fine Ceramic Parts Group from the latter part of the second quarter to the second half, thereby driving higher sales.

Semiconductor Parts Group

Q: To what extent do you expect sales from Kyocera Circuit Solutions, Inc. in the second half?

A: We do not disclose figures for individual businesses, but the amount is more than double the upward revision we made for sales in the Semiconductor Parts Group.

Q: Excluding the contribution of sales from Kyocera Circuit Solutions, Inc., assuming growth of sales in the second half around 10% compared with the first half in this reporting segment, have you already seen up trend in orders?

A: Orders have been increasing since October and are progressing well. Orders for the Christmas season have basically ended, but we expect a further increase ahead of Chinese New Year in particular.

Q: How will Kyocera use the Ayabe New Plant to develop the organic package business?

A: The Ayabe New Plant will be a state-of-the-art facility, where we will introduce extremely new equipment and methods to produce low-profile packages for smartphones. We believe we can truly move ahead with production in Japan now. Kyocera Circuit Solutions, Inc. produces low-profile substrates too, but its true strength lies with motherboards. On top of this, we will build in packages made by Kyocera SLC Technologies Corporation. The motherboard will determine which products Kyocera SLC Technologies Corporation has to develop. The direction of development has become clearer now that we have teamed up with a motherboard manufacturer and we expect synergies to emerge going forward. Kyocera SLC Technologies Corporation has many customers overseas and Kyocera Circuit Solutions, Inc. has many customers in Japan. There will be no overlap in customer base so it will be easy to generate synergies.

Q: Orders in the Semiconductor Parts Group increased by 4% in the second quarter relative to the first quarter. What were specific monthly results from July to September? Also, what is your outlook for October and November?

A: The Semiconductor Parts Group includes ceramic materials and organic materials. Orders for organic materials grew significantly from July to September. In the first half, orders for organic materials increased in backbone systems with strong results posted from July to September. We also posted growth for ceramic materials, although not to the same extent. Sales are expected to increase from October to November, but orders will stay flat.

Electronic Device Group

Q: It seems that sales are expected to decrease only in the Electronic Device Group in the second half for the Components Business. What is the difference in business environment compared with other businesses?

A: The Electronic Device Group has a large number of products. Demand has grown for parts used in smartphones in general and Kyocera has posted gains in this sector. In contrast, demand for optical low pass filters used in digital cameras has been slow. Also, we have reorganized the consumer touch-panel display business and expect sales in the second half to decrease compared with the first half. We have seen around 30% growth when looking solely at components for smartphones, but product reviews in this sector differ from those of other components businesses.

Solar Energy Business

Q: Did the operating profit ratio in the Applied Ceramic Products Group decrease from the first quarter to the second quarter due to a decline in average unit prices in the solar energy business? Also, Kyocera is forecasting shipment of 1.2GW this fiscal year, but what is your forecast for next year, including production capacity? At what timing will business in Asia and other places overseas make a contribution?

A: The decrease in profit ratio resulted from a decline in average unit prices due to increased sales in the public and industrial sectors. We aim to improve profitability by making improvements internally from the second half. We are currently examining plans for next fiscal year so I am unable to disclose exact figures, but we are targeting sales growth of over 10%. In terms of overseas developments, subsidy measures have already been initiated in countries in Asia and actual operations are underway in Thailand. In addition to Asia, we are developing business in the Middle East and other regions as well with a view to further expansion.

Q: Will your focus be on the domestic market next fiscal year?

A: We will focus on Japan and Asia, but predominantly Japan.

Q: Kyocera is forecasting shipment volume of 1.2GW this fiscal year. What was the shipment volume result for the first half?

A: We do not disclose six-monthly shipment volume results, but I can say that volume is expected to increase slightly in the second half relative to the first half. We are very confident that we can ship 1.2GW.

Q: Does the shipment volume forecast for the second half match the sales forecast for the second half in the Applied Ceramic Products Group?

A: Shipments are expected to increase in the public and industrial sectors in the second half, which will significantly boost sales volume in terms of wattage. However, the increase in sales amount will not be that large due to the decline in average unit prices.

General Equipment Business

Q: Kyocera is forecasting a significant increase in operating profit in the second half for the Telecommunications Equipment Group and the Information Equipment Group. Can you tell us the degree of certainty for these forecasts?

A: Business with a mega carrier in North America from the second half has already been decided in the Telecommunications Equipment Group so there is a degree of certainty. In the Information Equipment Group, despite expanding sales mainly in emerging countries in the first half, we have a lot of low-end models while expenses to promote sales have been high. In the second half, we project an increase in profitability since our targets for curbing sales

promotion costs and other expenses are coming to fruition and the plant in Vietnam is up and running.

Telecommunications Equipment Group

Q: What has been the reaction in the North American market to the handsets you are shipping to Verizon that are distinct from the competition with features such as Smart Sonic Receiver technology? Also, can you tell us about your plans to ship to another mega carrier in the second half based on this reaction? What direction will handsets take next year?

A: Smart Sonic Receiver technology is built into a lot of models overseas. Despite this, we cannot compete with handsets from major manufacturers that are used by many people. For that reason, we have differentiated our handsets with such features as Smart Sonic Receiver technology, a waterproof function and robustness. These phones have proven popular at construction sites for instance, where they only need to be placed next to a person's helmet to be audible and do not break easily even if dropped. Going forward, we will release handsets that have a uniqueness of Kyocera and handsets that incorporate Kyocera components. Some models have already been accepted by customers.