



THE NEW VALUE FRONTIER

April 27, 2020

Conference Call Material

(Year Ended March 31, 2020)

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President and Representative Director

KYOCERA Corporation

This is an English translation of the Japanese original. This translation is prepared for the reference and convenience solely for those who do not use Japanese. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

1. Financial Results for the Year Ended March 31, 2020

Financial Results for the Year Ended March 31, 2020 (Unit: Yen in millions)

	For the year ended March 31,				Change	
	2019		2020			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	1,623,710	100.0%	1,599,053	100.0%	-24,657	-1.5%
Operating profit	94,823	5.8%	100,193	6.3%	5,370	5.7%
Profit before income taxes	140,610	8.7%	148,826	9.3%	8,216	5.8%
Profit attributable to owners of the parent	103,210	6.4%	107,721	6.7%	4,511	4.4%
EPS (Basic-yen)	284.94	-	297.36	-	12.42	-
Capital expenditures	117,049	7.2%	106,003	6.6%	-11,046	-9.4%
Depreciation charge of property, plant and equipment	51,524	3.2%	62,413	3.9%	10,889	21.1%
R&D expenses	69,927	4.3%	79,241	5.0%	9,314	13.3%
Average exchange rate	US\$	111 yen	109 yen			
	Euro	128 yen	121 yen			

(Reference) Foreign currency fluctuation effect on sales revenue and profit before income taxes for the year ended March 31, 2020 compared with the previous fiscal year.

Sales revenue: Approx. - 36.0 billion yen
Profit before income taxes Approx. - 11.5 billion yen

Sales Revenue by Reporting Segment for the Year Ended March 31, 2020

(Unit: Yen in millions)

	For the year ended March 31,				Change	
	2019		2020			
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Industrial & Automotive Components Group	314,339	19.4%	341,093	21.3%	26,754	8.5%
Semiconductor Components Group	249,217	15.3%	247,228	15.5%	-1,989	-0.8%
Electronic Devices Group	364,827	22.5%	324,113	20.3%	-40,714	-11.2%
Total Components Business	928,383	57.2%	912,434	57.1%	-15,949	-1.7%
Communications Group	252,067	15.5%	252,062	15.8%	-5	-0.0%
Document Solutions Group	375,147	23.1%	359,915	22.5%	-15,232	-4.1%
Life & Environment Group	80,114	5.0%	86,691	5.4%	6,577	8.2%
Total Equipment & Systems Business	707,328	43.6%	698,668	43.7%	-8,660	-1.2%
Others	17,190	1.0%	16,737	1.0%	-453	-2.6%
Adjustments and eliminations	-29,191	-1.8%	-28,786	-1.8%	405	-
Sales revenue	1,623,710	100.0%	1,599,053	100.0%	-24,657	-1.5%

Business Profit by Reporting Segment for the Year Ended March 31, 2020

(Unit: Yen in millions)

	For the year ended March 31,				Change	
	2019		2020			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Industrial & Automotive Components Group	38,450	12.2%	15,813	4.6%	-22,637	-58.9%
Semiconductor Components Group	※1 10,932	4.4%	30,511	12.3%	19,579	179.1%
Electronic Devices Group	66,926	18.3%	31,744	9.8%	-35,182	-52.6%
Total Components Business	116,308	12.5%	78,068	8.6%	-38,240	-32.9%
Communications Group	10,393	4.1%	11,450	4.5%	1,057	10.2%
Document Solutions Group	43,528	11.6%	34,489	9.6%	-9,039	-20.8%
Life & Environment Group	※2 -67,016	–	-11,198	–	55,818	–
Total Equipment & Systems Business	-13,095	–	34,741	5.0%	47,836	–
Others	660	3.8%	-4,484	–	-5,144	–
Total business profit	103,873	6.4%	108,325	6.8%	4,452	4.3%
Corporate and others	36,737	–	40,501	–	3,764	10.2%
Profit before income taxes	140,610	8.7%	148,826	9.3%	8,216	5.8%

Recorded losses in:

※1 Organic materials business: approx. 16.2 billion yen impairment loss relating to machinery, equipment and goodwill;

※2 Solar energy business: approx. 52.3 billion yen settlement expenses relating to long-term purchase agreements for procurement of polysilicon material.

Summary of Financial Results for the Year Ended March 31, 2020

1. The prolonged global economic slowdown and Covid-19

Profit decreases mainly in the Industrial & Automotive Components Group, Electronic Devices Group and Document Solutions Group

Impact of Covid-19: Sales revenue: an approx. 16 billion yen decrease
Profit before income taxes: an approx. 7 billion yen decrease

2. Business expansion through M&A (approx. 60 billion yen contribution to sales revenue for FY3/20)

Major M&As executed in FY3/20

Industrial & Automotive Components Group : H.C. Starck Ceramics, Friatec, SouthernCarlson, Inc.

Document Solutions Group : Huon IT、Everteam Software SAS

3. Improvements in the profitability of unprofitable businesses

Semiconductor Components Group : Achieved profitability in the organic materials business

Life & Environment Group : Improved profitability of the solar energy business*

4. Decrease of one-time expenses

Year Ended March 31, 2019: Approx. 68.5 billion yen decrease in profit before income taxes:

Costs for structural reforms, etc.

Year Ended March 31, 2020: Approx. 8 billion yen decrease in profit

Costs related to 60th anniversary: approximately 7 billion yen

Costs related to litigation, etc. at AVX: approximately 10 billion yen

Gain from sales or disposal of property, plant and equipment: approximately 9 billion yen

*Name changed to “Smart energy business” on April 1, 2020

2. Financial Forecasts for the Year Ending March 31, 2021

Impact of Covid-19

1. Impact on Financial Forecast for the Year Ending March 31, 2021

- ✓ Assuming that the global economy will continue to be unstable through the end of the first quarter ending June 30, 2020
- ✓ However, it will gradually recover toward the ending of fiscal 2021 commencing from the second quarter ending September 30, 2020

<Major markets and businesses under pressure of lower demand>

Automotive-related market: Components Business such as cutting tool business and AVX, etc.
Printers and MFPs market: Document Solutions Group

2. Impact on Kyocera Group Facilities

<Our Policy Against Covid-19>

Placing top priority on securing health of our customers, suppliers, employees and their families, we will strive to take measures to prevent infection and spread of Covid-19 as well as to continue providing products and services.



Halt Production of Products in Non-urgent Demand and Promote Work From Home

Financial Forecasts for the Year Ending March 31, 2021

(Unit: Yen in millions)

	Year ended March 31, 2020		Year ending March 31, 2021		Change	
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	1,599,053	100.0%	1,500,000	100.0%	-99,053	-6.2%
Operating profit	100,193	6.3%	75,000	5.0%	-25,193	-25.1%
Profit before income taxes	148,826	9.3%	120,000	8.0%	-28,826	-19.4%
Profit attributable to owners of the parent	107,721	6.7%	88,000	5.9%	-19,721	-18.3%
EPS (Basic-yen)	297.36	–	242.92	–	-54.44	–
Capital expenditures	106,003	6.6%	100,000	6.7%	-6,003	-5.7%
Depreciation charge of property, plant and equipment	62,413	3.9%	75,000	5.0%	12,587	20.2%
R&D expenses	79,241	5.0%	80,000	5.3%	759	1.0%
Average exchange rate	US\$	109 yen	105 yen			
	Euro	121 yen	115 yen			

(Reference) Estimated Foreign currency fluctuation effect on sales revenue and profit before income taxes for the year ending March 31, 2021 compared with the previous fiscal year.

Sales revenue: Approx. -36 billion yen / Profit before income taxes: Approx. -11.5 billion yen

Note: Forecast of EPS (Basic-yen) is calculated using the average number of shares outstanding for the year ended March 31, 2020.

Sales Revenue Forecast by Reporting Segment for the Year Ending March 31, 2021

(Unit: Yen in millions)

	Year ended March 31, 2020		Year ending March 31, 2021		Change	
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Industrial & Automotive Components Group	341,093	21.3%	300,000	20.0%	-41,093	-12.0%
Semiconductor Components Group	247,228	15.5%	239,000	15.9%	-8,228	-3.3%
Electronic Devices Group	324,113	20.3%	328,000	21.9%	3,887	1.2%
Total Components Business	912,434	57.1%	867,000	57.8%	-45,434	-5.0%
Communications Group	※ 270,818	17.0%	259,000	17.3%	-11,818	-4.4%
Document Solutions Group	359,915	22.5%	320,000	21.3%	-39,915	-11.1%
Life & Environment Group	※ 73,747	4.6%	67,000	4.5%	-6,747	-9.1%
Total Equipment & Systems Business	704,480	44.1%	646,000	43.1%	-58,480	-8.3%
Others	16,737	1.0%	22,000	1.5%	5,263	31.4%
Adjustments and eliminations	※ -34,598	-2.2%	-35,000	-2.4%	-402	-
Sales revenue	1,599,053	100.0%	1,500,000	100.0%	-99,053	-6.2%

※ On April 1, 2020, the domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group”, merged with the domestic subsidiary Kyocera Solar Corporation, which is included in “Life & Environment Group”. As a result, “Year ended March 31, 2020” and “Year ending March 31, 2021” in the above table are presented in the reporting segment after the merger.

Business Profit (Loss) Forecast by Reporting Segment for the Year Ending March 31, 2021

(Unit: Yen in millions)

	Year ended March 31, 2020		Year ending March 31, 2021		Change	
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Industrial & Automotive Components Group	15,813	4.6%	13,000	4.3%	-2,813	-17.8%
Semiconductor Components Group	30,511	12.3%	30,000	12.6%	-511	-1.7%
Electronic Devices Group	31,744	9.8%	34,000	10.4%	2,256	7.1%
Total Components Business	78,068	8.6%	77,000	8.9%	-1,068	-1.4%
Communications Group	※ 11,259	4.2%	9,000	3.5%	-2,259	-20.1%
Document Solutions Group	34,489	9.6%	30,000	9.4%	-4,489	-13.0%
Life & Environment Group	※ -10,965	—	-14,000	—	-3,035	—
Total Equipment & Systems Business	34,783	4.9%	25,000	3.9%	-9,783	-28.1%
Others	-4,484	—	-6,000	—	-1,516	—
Total business profit	108,367	6.8%	96,000	6.4%	-12,367	-11.4%
Corporate and others	※ 40,459	—	24,000	—	-16,459	-40.7%
Profit before income taxes	148,826	9.3%	120,000	8.0%	-28,826	-19.4%

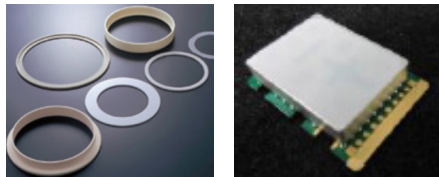
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Initiatives in the Year Ending March 31, 2021

1. Respond to robust demand

Respond to increasing demand for 5G-related products: Increase production capabilities.

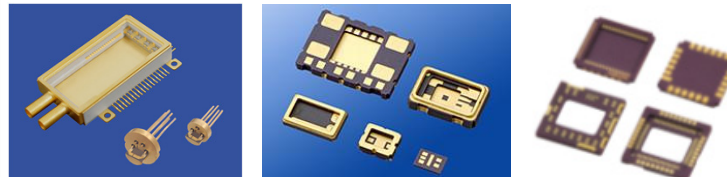
Industrial & Automotive Components Group



Semiconductor processing equipment parts

Ceramic filters for 5G base stations

Semiconductor Components Group

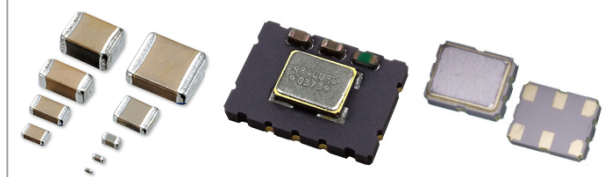


Ceramic packages for optical communication

Ceramic packages for Crystal and SAW devices

Ceramic packages for image sensors

Electronic Devices Group



MLCC

TCXO

VCXO

2. Continue investments for strengthening businesses over the medium term

(1) Made AVX Corporation into a wholly owned subsidiary: Pursue further synergies

(2) Make Showa Optronics Co., Ltd. into a subsidiary (scheduled for June 2020):

Strengthen Optical Components Business

(3) Newly establish a digital business promotion (Dx) specialist department:

Leverage AI and IoT to promote digitization of operations and businesses

Pursue Synergies with AVX Corporation

Made AVX into a wholly owned subsidiary in March 2020 (completed purchase on March 27, 2020.)

【Overview: regarding a minority shareholding of approximately 28%】

- (1) Purchase price: US\$21.75 per share
- (2) Total amount of consideration for acquisition: US\$1,032 million (approximately 112.4 billion yen)



Toward becoming a comprehensive electronic components manufacturer in growth markets from the year ending March 31, 2021



- Strong marketing capabilities in overseas markets, mainly for automobile and medical fields
- Operational management capabilities of overseas plants

- Competitiveness in telecommunications-related markets
- Miniaturization and other high-level material technology and production technology capabilities



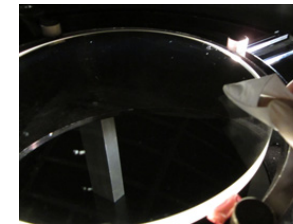
Strengthen Optical Components Business

Make NEC Corporation subsidiary Showa Optronics Co., Ltd. into a subsidiary (scheduled for June 2020)

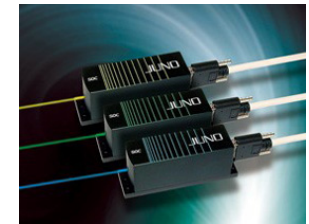
Stockholding ratio: 93.53%

【 Showa Optronics Co., Ltd. Company profile】

- (1) Net sales: ¥5.8 billion (year ended March 31, 2019)
- (2) Description of business: Research, development, manufacturing, and sales of precision optical parts, precision optical devices, solid-state lasers, and gas lasers
- (3) Main base: Yokohama business site



High-precision, large-diameter lens

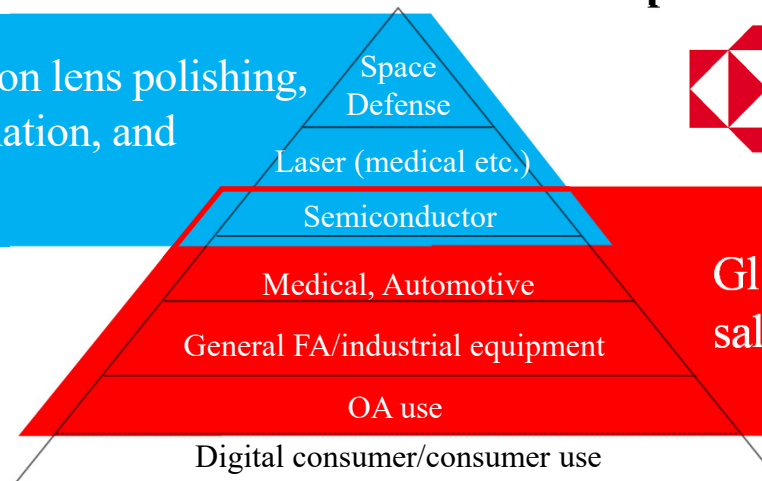


Solid-state laser

Expected synergies: Mutually complement technology, production and sales channels and expand business domains

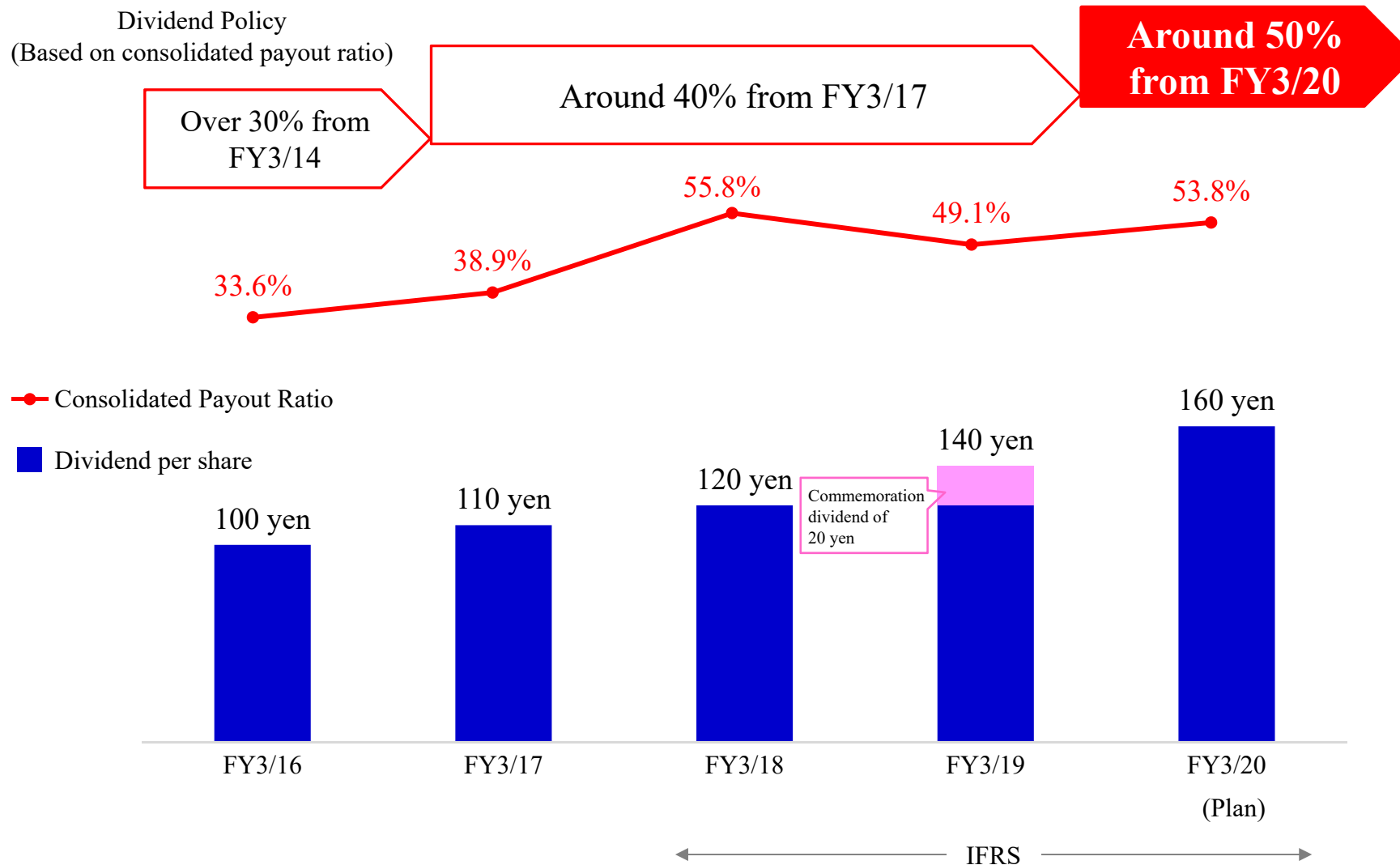
Business domains of both companies

Technologies of ultra-high-precision lens polishing, high-proof and low-loss film formation, and lasers with outstanding stability


Global production bases and sales network

Shareholder Return



Supplemental Information

Kyocera Group Measures with Regards to Covid-19 (1)

(Posted on our website on April 27, 2020)

< Details of Measures Being Taken with Regards to Covid-19 >

I. At sites located in specific regions in Japan, including Tokyo, Kanagawa, Saitama, Chiba, Osaka, Hyogo, Fukuoka, Hokkaido, Ibaraki, Ishikawa, Gifu, Aichi, and Kyoto

- A) As the state of emergency has extended nation-wide in Japan, employees working at our Kyoto headquarters and other offices, including sales offices, located in the specific regions designated in the state of emergency are required to work remotely from home. Thus, approximately 90% of personnel are working from home in these regions at this time.
- B) At production sites located in these regions, priority is given to production to meet customer needs. Amid tight supply for components of medical equipment used for treating patients with Covid-19, Kyocera is responding to our societal obligation by prioritizing production for this area. At the same time, we are trying to minimize the number of employees who are required to show up at these sites by temporarily halting the production of non-essential products.
- C) Special paid leave is granted to employees who cannot commute due to the temporary closure of schools where their children attend and those who work in manufacturing divisions where working from home is difficult.

II. At sites in other areas in Japan, operations continue while thoroughly taking the following measures to prevent the spread of Covid-19

- A) Employees are prohibited from domestic and overseas business travel, are asked to refrain from large-scale meetings, and are banned from holding any company-related social gatherings.
- B) Customers and suppliers are asked to postpone or suspend their visits to our sites.
- C) Schedule amendments are implemented for lunch to decrease the total number of employees using company cafeterias and at the same time seating is specially arranged to secure adequate social distancing.
- D) Special paid leave is granted to employees who need to be at home due to the temporary closure of schools where their children attend but cannot work from home remotely.

Kyocera Group Measures with Regards to Covid-19 (2)

(Posted on our website on April 27, 2020)

< **Details of Measures Being Taken with Regards to Covid-19** >

III. At our overseas sites

Employees are working to prevent the spread of Covid-19 based on the policies and action plans of each country. At sales offices, employees are working from home in principle. At production sites that manufacture essential products, operations continue after thorough Covid-19 prevention measures have been taken and with necessary governmental permissions.

Note: We may take further measures depending on how the situation evolves in the future.

Cautionary Statements with respect to Forward-Looking Statements

Certain of the statements made in this document are forward-looking statements, 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 our 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) Damages on our information security systems from cyberattacks, etc. and significant costs in order to recover and maintain the systems;
- (13) Insufficient protection of our trade secrets and intellectual property rights including patents;
- (14) Expenses associated with licenses we require to continue to manufacture and sell products;
- (15) Environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (16) Unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (17) Our market or supply chains being affected by plague, infectious diseases, terrorism, wars or similar events;
- (18) Earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (19) Credit risk on trade receivables;
- (20) Fluctuations in the value of financial instruments held by us;
- (21) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (22) Uncertainty over income tax and deferred tax assets; and
- (23) Changes in accounting principles.

Due to such risks, uncertainties and other factors, our actual results, performance, achievements or financial condition may be substantially 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.