Telephone Conference Call for the Year Ended March 31, 2020

(Held on April 27, 2020)

Hideo Tanimoto

President and Representative Director

<1. (Cover) Financial Results for the Year Ended March 31, 2020>

<2. Financial Results for the Year Ended March 31, 2020 >

Sales revenue for the year ended March 31, 2020 (“fiscal 2020”) decreased by 1.5% to 1,599.1 billion yen. Although M&A activities contributed to sales revenue for fiscal 2020, prolonged inventory adjustments and the economic slowdown caused by the spread of Covid-19 resulted in slightly lower sales revenue than the year ended March 31, 2019 (“fiscal 2019”), which was a record high.

Profit increased due to the absence of expenses of approximately 68.5 billion yen related to structural reforms, which were recorded in fiscal 2019, together with the effect of the structural reforms. Operating profit increased by 5.4 billion yen to 100.2 billion yen, profit before income taxes increased by 8.2 billion yen to 148.8 billion yen, and profit attributable to owners of the parent increased by 4.5 billion yen to 107.7 billion yen.

Capital expenditures decreased from fiscal 2019, but continued to exceed 100 billion yen. Depreciation charge increased by 10.9 billion yen, primarily in the Components Business, due to active investment from fiscal 2019. R&D expenses also increased by 9.3 billion yen due mainly to the establishment of the Minatomirai Research Center.

The average exchange rates were 109 yen to the the U.S. dollar, marking appreciation of 2 yen from fiscal 2019, and 121 yen to the euro, marking appreciation of 7 yen from fiscal 2019. Sales revenue and profit before income taxes for fiscal 2020 were pushed down by 36 billion yen and 11.5 billion yen, respectively, compared with fiscal 2019.

<3. Sales Revenue by Reporting Segment for the Year Ended March 31, 2020 >

Although sales revenue of the Industrial & Automotive Components Group and Life & Environment Group increased, sales revenue of the Electronic Devices Group and Document Solutions Group decreased.

<4. Business Profit by Reporting Segment for the Year Ended March 31, 2020 >

Profit decreased for the Industrial & Automotive Components Group, Electronic Devices Group and Document Solutions Group, but improved significantly for the Semiconductor Components Group and Life &

Environment Group due to structural reforms implemented in fiscal 2019.

<5. Summary of Financial Results for the Year Ended March 31, 2020 >

Let me give you a summary of results for fiscal 2020.

The first point is the impact of the global economic slowdown and Covid-19. From the beginning of fiscal 2020, demand for parts for the automotive-related market, semiconductor memory, printers, and MFPs were sluggish due to U.S.-China trade frictions and the economic slowdown in China. At the end of fiscal 2020, the impact of Covid-19 was an additional factor.

The impact was significant in the industrial tools business in the Industrial & Automotive Components Group and for AVX Corporation ("AVX") in the Electronic Devices Group. Profit in the Document Solutions Group also decreased not only because of the economic slowdown but also because of the effect of foreign currency exchange rate fluctuations.

With regard to Covid-19, there was a negative impact of approximately 16 billion yen on sales revenue and approximately 7 billion yen on profit before income taxes.

The second point is business expansion through M&As. In fiscal 2020, M&As in the Industrial & Automotive Components Group and Document Solutions Group contributed to sales revenue by approximately 60 billion yen. In the Industrial & Automotive Components Group, we expanded the business area and product lineup of the fine ceramic parts and industrial tools business, and in the Document Solutions Group, we strengthened the solutions business.

The third point is to improve unprofitable businesses. In this respect, we were able to improve profitability in two businesses that implemented structural reforms in fiscal 2019. In the Semiconductor Components Group, we were able to achieve profitability in the organic materials business by reducing fixed costs such as depreciation charge and by focusing on strategic products. In the Life & Environment Group, profitability in the solar energy business improved by reducing material costs as well as receiving higher orders.

The fourth point is a decrease of one-time expenses. We recorded approximately 68.5 billion yen in fiscal 2019 relating to structural reforms. For fiscal 2020, one-time expenses amounted to approximately 8 billion yen.

The three main one-time gains and expenses for fiscal 2020 are shown on the slide. The first is approximately 7 billion yen for costs related to our 60 year anniversary; the second is approximately 10 billion yen for costs mainly relating to litigation at AVX; and the third is approximately 9 billion yen for gains on sales of fixed assets.

Next, I will explain about the forecasts for the year ending March 31, 2021 ("fiscal 2021").

<6. (Cover) Financial Forecasts for the Year Ending March 31, 2021 >

<7. Impact of Covid-19>

First, I will explain the impact of Covid-19.

For fiscal 2021, although the current unstable situation will continue until the first quarter (from April 1, 2020 to June 30, 2020), we made forecasts based on the assumption that the economy will gradually recover toward the end of fiscal 2021 from the second quarter (from July 1, 2020 to September 30, 2020) onward.

Although economic activity is stagnating in many part of the world, demand for products, particularly for the automotive-related market, as well as printers and MFPs, is expected to decline.

In addition, as described here, our group sites have implemented measures to prevent infection, such as halting non-urgent production and working from home.

<8. Financial Forecasts for the Year Ending March 31, 2021>

In fiscal 2021, we expect a decrease in sales revenue and profit mainly due to the impact of Covid-19 as we have just explained. Although capital expenditures and R&D expenses are expected to remain at the same level as in fiscal 2020, depreciation charge is expected to increase due to the high level of investment until fiscal 2020.

The average exchange rate against the U.S. dollar is expected to appreciate by 4 yen to 105 yen and against the euro by 6 yen to 115 yen. As a result, we expect sales revenue and profit before income taxes will be pushed down by approximately 36 billion yen and approximately 11.5 billion yen, respectively, compared with fiscal 2020.

<9. Sales Revenue Forecast by Reporting Segment for the Year Ending March 31, 2021>

By reporting segment, sales revenue is expected to decline by 5% in the Components Business and 8% in the Equipment & Systems Business, due mainly to declines in the Industrial & Automotive Components Group and Document Solutions Group.

<10. Business Profit (Loss) Forecast by Reporting Segment for the Year Ending March 31, 2021>

Profit is expected to remain almost flat in the Components Business.

Despite the impact of the decrease in sales revenue of the Industrial & Automotive Components Group, profit in the Electronic Devices Group is expected to increase in fiscal 2021 mainly due to the absence of the one-time expenses recorded at AVX in fiscal 2020. On the other hand, we expect a decrease in profit by approximately 30% in the Equipment & Systems Business due to lower sales revenue.

<11. Initiatives in the Year Ending March 31, 2021 >

Considering this harsh business environment, we are making concerted efforts to reduce not only manufacturing costs but also all other costs and expenses. At the same time, we continue to invest in products in which there is strong demand. As the market for 5G and semiconductor-related products continues to be brisk, we will make capital investments to increase production capacity for components for semiconductor manufacturing equipment, ceramic packages, MLCCs and crystal-related products. We also plan to start full-scale production of 5G base station filters.

In addition, we continue to invest to strengthen our business over the medium term. In order to expand our business by pursuing group synergies, we completed the acquisition of AVX as a wholly owned subsidiary in March and decided to make Showa Optronics Co., Ltd. a subsidiary.

We also established a specialized organization in April to promote digitization. By using AI, IoT, and data analysis in our operations, we will double the productivity of our production lines, improve the efficiency of our office work, and accelerate the digitization of our businesses.

<12. Pursue Synergies with AVX Corporation >

As shown in the top line, we completed the acquisition of AVX as a wholly owned subsidiary in March. Starting fiscal 2021, we will seek further synergies to increase our market share as a comprehensive electronic components manufacturer in growth markets.

AVX has strong marketing capabilities in overseas markets, particularly in the automobile and medical sectors, and is strong in the operation and management of overseas facilities. Kyocera, on the other hand, is certainly competitive in the telecommunications market and possesses advanced materials technology and production technology that enable the miniaturization of products.

We will leverage the strengths of both companies to expand our business in growth markets such as 5G, ADAS, and IoT, which are expected to grow over the medium to long term.

<13. Strengthen Optical Components Business>

Next, I will explain about our acquisition of Showa Optronics Co., Ltd., which handles a variety of optical products. We will acquire approximately 94% of the shares held by NEC Corporation, the parent company, and start business as our group company in June.

Kyocera's optical components business has a presence in the industrial, automotive, and medical fields and has global production bases and sales networks.

Showa Optronics Co., Ltd. possesses ultra-high-precision lens coating technology, high-durable and low-loss film formation technology, and laser technology with outstanding stability and is expanding into high-value-added markets where our company has yet to enter, such as space and medical lasers.

We will further expand our optical products business by leveraging synergies arising from the integration of our two companies' technologies, as well as our company's sales network and production bases.

<14. Shareholder Return >

Finally, I will explain the return of profits to shareholders.

In accordance with our dividend policy, the dividend for fiscal 2020 will be 160 yen per share, an increase of 20 yen compared with fiscal 2019.

The annual dividend for fiscal 2021 will be 120 yen based on the financial forecast explained earlier.

We expect the severe business environment to continue due to the impact of Covid-19, but we will work to overcome this difficult situation and return to a growth path.

We look forward to your continued support of our company.

Cautionary statement

This is an English translation of the Japanese original. The 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.

Except for historical information contained herein, the matters set forth in this document are forward–looking statements that involve risks and uncertainties including, but not limited to, product demand, competition, regulatory approvals, the effect of economic conditions and technological difficulties, and other risks detailed in the cautionary statements with respect to forward–looking statements on the company’s website.