Kyocera Mexicana (KMX)
AGENDA

1. KMX History and General Information
2. Why Manufacture at KMX?
3. Why Manufacture in Tijuana, MX?
1. KMX History and General Information
Business Structure

Kyocera Corporation

global.kyocera.com

- Kyoto, Japan
- Est. 1959
- Dr. Kazuo Inamori
- $13B revenue
- 70k emp. WW
- 230 companies WW
- Kyoto Prize
  - Founded by Dr. Inamori
  - 3 Laureates/year in Basic Sciences, Advanced Tech and The Arts
  - 33 yrs. in 2017
  - 6 Cross Border Scholarships

Kyocera International, Inc

americas.kyocera.com

- San Diego, CA
- Est. 1969
- 2k emp.
- Products & Services
  - Industrial Ceramics
  - Semiconductor Packaging
  - LCDs
  - Thermal Print Heads
  - Cutting Tools
  - Wireless Communication Devices
  - Ceramic Kitchen Ware
  - Low Cost Manufacturing through Maquiladora
- Jul/16, merged US subsidiaries into one company

Kyocera Mexicana, S.A. de C.V.

www.kyocera.com.mx

- Tijuana, BC, MX
- Maquiladora
- Est. 1987, Prod. 1989
- 360k sq. ft., 3 buildings
- 24 acres
- 390 personnel on site (incl. temps)
- Products
  - Semiconductor packages
  - Re-Sharp Svc for PCB Drills
  - Closed Solar business Mar/17
- KMXS Services Company for sales in MX and L.A.
- Preparing to lease 114k sq. ft.
KMX Plant Site

Total Space

| 23 Acres | 9.1 Ha |

1.8 Ha = 4.5 Acres
KMX Buildings

Building 1  120,014 ft²  11,149 m²

Connecting Building  27,146 ft²  2,522 m²

Building 2  214,539 ft²  19,917 m²

Building Total  361,699 ft²  33,588 m²
2. Why Manufacture at KMX?
Why Kyocera Mexicana?

- Quality, Cost and Delivery Are Givens, But What Else?
  - Established Technologies and Processes
  - Short Time to Market and Volume – Multiple Experiences
  - Established and Effective Systems
  - Reliable Infrastructure
  - Fulfilling Our Social Responsibility
Established Technologies and Processes

**LCD**
- Manual Assembly
- Electrical Test
- Packing & Distribution

**Semiconductor Packaging**
- Pre-assembly
- Brazing
- Clipping-rack
- Final Inspection
- Wet processes
- Au-Plating

**Re-Sharpening**
- Drill Classification
- Drill Station Set-up
- Manual Drill Re-sharpening
- Drill Inspection
- Packing
Shortest Time to Market and Volume

- Multiple Process and Business Start Ups With Fast Ramps:
  - Glazed Ceramic CER-DIP Packages (1989)
  - RF Packages (1990)
  - Ceramic Packages (1991)
  - MW Packages (1995)
  - Fiber Optic Jumper Assembly Connectors (1997)
  - LDMOS TO & Ni Plating (1998)
  - BEO Printing & Medical Division (2000)
  - Cellular Phone Assembly (2003)
  - LCD Assembly (2006)
  - Automatic Gold Plating (2011)
  - Drill re-sharpening (2011)
Established and Effective Systems – Multiple Certifications

- ISO 9001
- ISO 14001 – And Have Achieved the Highest Federal Level of Enviro Compliance and Standards -1 of only 2 in Baja
- OHSAS 18001
- UL (Solar)
- JET (Solar)
- TUV (Solar)
- FAST
- C-TPAT
- OEA – Reciprocal with, and tougher than C-TPAT
Reliable Infrastructure - Electricity

Electricity Supply

- Power supply is in High Voltage 69kV up to 12.5 MW.
- Connected to the N.A. grid (USA, Canada & Mexico)
Reliable Infrastructure - Water

Water Treatment
- Production of DI water for processes: up to 75 GPM
- Reclaimed water from process: up to 50 GPM
- Filtered water for processes: up to 60 GPM
- Wastewater treatment: up to 160 GPM
- Drinking water: up to 20 GPM
Waste Water Treatment Plant (WWTP)

Control of Emissions from Production Areas

Waste and Recyclables Collecting Areas

KMX chemical processes production output increase and its impact on KMX-WWTP CAPABILITY

<table>
<thead>
<tr>
<th>Waste Streams</th>
<th>Current</th>
<th>With e-less</th>
<th>With Gold</th>
<th>WWTP Capacity</th>
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<tr>
<td>Cyanide</td>
<td>10.6</td>
<td>14.2</td>
<td>23.1</td>
<td>50.0</td>
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<td>General Rinse</td>
<td>31.8</td>
<td>36.0</td>
<td>58.4</td>
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<td>Soaps</td>
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<td>24.5</td>
<td>25.0</td>
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<td>TOTAL</td>
<td>66.9</td>
<td>74.6</td>
<td>106.0</td>
<td>135.0</td>
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</tbody>
</table>

ASSUMPTIONS:
1. ALL THE PROCESSES WERE CONSIDERED AT 85% AVERAGE PRODUCTION RATE
2. FLOWS FOR WASTE WATER TREATMENT FACILITY WAS CONSIDERED AT CONTINUOUS RATE
3. WWTP CAN DEAL WITH PEAKS AS HIGH AS 25% OVER
Fulfill our Social Responsibilities

- **Sample of Organizations We Have Supported**
  - Local Industrial Park Daycare Center
  - CECUT – Cultural Center
  - Tijuana Agradecida Association – Children of Policemen Killed in Line of Duty
  - Local Fire Department
  - Local Orphanages

- **Plant Activities We Have Supported**
  - Children’s, Mother’s and Father’s Day
  - “Día de Muertos”
  - Christmas Gifts
  - Seniority Ceremony and Gifts
  - Sport Activities (Soccer Teams, Running Team, Ping Pong, Racquetball)
  - Flu Shots – Furnished by IMSS, no cost to KMX
  - Health Campaigns (Hearing, Sight, Diabetes, Women’s Health) – Furnished by IMSS
  - INEA (Primary, Secondary, High School Education)
  - Tuition Aide – Some go High School Graduation to Engineer Graduate

- **Organizations We Are Active In**
  - JMA (Japanese Maquiladora Association), AIM (Tijuana Maquiladora Association), ARHITAC (Tijuana Human Resources Association), WMTA (Western Maquiladora Trade Association)
3. Why Manufacture in Tijuana, MX?
Advantages of Tijuana/Baja/Mexico

• Broad manufacturing infrastructure, high quality facilities and over 40 industrial parks
  • Over 58M sq. ft. of industrial real estate.
  • Nearly 5.6k acres of developed industrial area

• Three major manufacturing clusters: Electronics, Medical, and Aerospace with a highly skilled work force:
  • 59k employees in Electronics Cluster - over 110 companies
  • 34k employees in Medical Cluster – nearly 40 companies
  • 15k employees in embryonic Automotive Cluster – over 51 companies
  • 7k employees in Aerospace & Defense – over 24 companies

• Tijuana has 20+ accredited Universities, with over 10k bilingual engineering students enrolled every year. Mexico Graduates 3X the Per Capita US rate

• Mexico Now Pushing Design and IT

• Business Incubators in Tijuana; Mind-Hub and BIT Center
Advantages of Tijuana/Baja/Mexico

• Three major Sea-ports within 140 miles for supplies and shipments (EN, SD, LB).
• Three International Airports within 140 miles for customers, employees, and shipments (TJ, SD, LA).
• Mexico has more international trade agreements than any other country in the world.
• Products qualified under NAFTA are subject to preferential treatment.
• Sell/Buy between other Mexican Maquiladoras.
Advantages of Tijuana/Baja/Mexico

- Proximity to the American Markets; North America, Latin America, South America
  - Shorter transit time and lower transportation costs
  - Developed Transportation and Communications Infrastructure
  - Ease of Customer Factory Visits
  - Close to Southern California Marketplace

- Experienced Local Workforce with Broad Manufacturing Experience in Many Industries

- Lower Labor Costs than China (see JETRO website)

- Confidence in Intellectual Property Protection

- Mexican Banking System Has Demonstrated Solid Fiscal and Monetary Policies

- Rapidly Expanding Automotive Cluster in the Center of Mexico
Mexico Will Soon Become 4th Largest Exporter of Automobiles in the World

- #2 Auto Importer to the US
- #1 Auto Parts Importer to the US
- 2014 – Net Exports Incr 43.2%
- Since 2011, $9.6 bn Invested
Binational Business of the Year

• https://www.youtube.com/watch?v=L_8M5Fp3Lgk
Looking to offshore your manufacturing to a trusted partner?

Contact KAICORP@Kyocera.com for more information.