Information Meeting 2012 Presentation Q&A

Q: How much demand growth of the diversity do you expect in the near future?
A: We expect all LTE handsets would require a diversity circuit to achieve requirements for throughput and spectral efficiency in years to come. Furthermore, with the adoption of wireless technologies such as MIMO to increase data transmission rate, we expect growing demand for RF components.

Q: How much sales do you expect for next fiscal year? What will the sales trend be?
A: Our target of sales growth is 5 to 10% per annum in the mid-term. We think sales trend will be influenced by the timing of new smartphone's launch, therefore the demand will start to pick up from August or September and sales in 2nd half will be larger than 1st half.

Q: How much sales per unit of smartphone do you target?
A: We think it would be possible to increase sales per unit of smartphone with LTE by 10% to 20% with the demand of components with higher value such as leading-edge FEM and PA which LTE handsets require.

Q: How do you cultivate the demand in emerging countries for MLCC business?
A: We are proceeding overseas production in China and Philippine for the sake of cultivating demand of emerging market and cost reduction.

Q: What do you evaluate Murata's current profitability? I think Murata's profitability is declining and it is insufficient even with great expansion of smartphone market.
A: Murata's profitability in 12Q1 was terribly low because some sales for smartphones were pushed back, on the other hand, fixed costs rose for new products and M&A as a prior investment. However we think the profitability in 12Q2 was Murata's average level and the profit structure, the profit greatly rises once sales increase has not changed.

Q: How much operating margin do you target with expansion of LTE market?
A: We target 10 to 15% for operating margin.

Q: What would be the leading-edge technologies of MLCCs in the near future?
A: The trend would be the ultra-compact and high capacity. Furthermore, we expect the growing market of ultra-low profile MLCCs built-in substrates.

Q: What is your strategy for the Switch IC Business? Will you raise the ratio of incorporated components used for modules?
A: Murata's switch IC is made of GaAs. We currently use it for some products such as Wi-Fi modules, however we offer higher value modules by raising the ratio of incorporated products.