

Third Quarter of FY2013 Presentation Q&A

Q: How much order and production capacity utilization ratio do you expect in the fourth quarter?

A: We recognize orders of the third quarter included advance one of the fourth quarter and expect order of the fourth quarter will decrease comparing to the previous quarter. Hence, we regard as not necessary to change our forecast since the point of our earning release conference in October. Order of January decreased between 5% and 10% according to our forecast. We expect order of February will be bottom because of impact of Chinese New Year. It will start to increase from beginning of March. Regarding production capacity utilization ratio, we do not change our plan from October drastically. We plan the production capacity utilization ratio of company overall as 95% for the fourth quarter based on 20 operating days per month. The ratio of MLCCs will be 85% for the fourth quarter based on 27 operating days per month.

Q: How much market growth do you expect for the next fiscal year? How much capacity expansion do you plan for next fiscal year?

A: We forecast 5% increase in the mobile phones market in the next fiscal year. In this mobile phones market forecast, we forecast 20% increase for smartphones and 50% increase for LTE handsets. We expect the increase in LTE handsets will impact to our business good performance of the next fiscal year. We expect the demand of ultra-compact and high capacitance MLCCs will increase with the growth of mobile phones. We will continue to expand our capacity to cope with the demand increase.

Q: How much inventories level do you expect in the end of March?

A: It is up to demand increase toward the beginning of spring. It is possible to increase inventories to cope with the demand increase.

Q: How much is the actual production amount of the third quarter and estimation of the fourth quarter?

A: The production amount in the third quarter slightly increased comparing to the previous quarter. Although inventories decreased owing to sales increase, there was no significant change regarding production capacity utilization. We cannot mention concrete production amount of the fourth quarter because it will depend on inventories level in March or not. Production capacity utilization will be down in the fourth quarter compared to the previous quarter in response to a decrease of sales. However, we think that inventories will not

decrease.

Q: Please explain impact of the spread of LTE handsets in China?

A: We expect the spread of LTE will push the growth of local smartphone manufacturers in China. We forecast low end and middle range smartphones market will grow faster than high end market. The demand of radio frequency products such as SAW filters will increase by speed up of data communication. In such environment, we set EMC center in Shanghai 5 years ago and provide stronger Chinese sales network. We recognize that we could get reliability from local manufacturer in China.

Q: Please explain the reason why order of the third quarter was more than original forecast?

A: Order in the third quarter was better than our expectation because it included early-order intake of short-range wireless communication modules for the fourth quarter.

Q: What do you forecast about price trend of electric components for high end smartphones?

A: We think that it will be possible to increase unit price because we expect the demand of higher value-added products such as All in one modules will increase with ongoing complication of communication circuit.

Q: What do you forecast about the impact of MIMO?

A: We expect the demand of radio frequency products will increase with an increase in antennas, so it will be good opportunity for us.

Q: How many electric components is used for a unit of car?

A: It is hard to figure out a number of electric components per unit of car because there are many different type of car model and platforms don't exist like mobile phones. Therefore, we emphasize the demand increase of ECUs.

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