

## Second Quarter of FY2014 Presentation Q&A

Q: What were the actual Q2 capacity utilization ratios for MLCCs and SAW filters? What are the projected utilization ratios for October and thereafter, and what are the plans for capital investment for the next fiscal year?

A: In Q2, MLCCs used 95% of their 27-day operation month equipment capacity. MLCCs are expected to achieve 90% and 88% in Q3 and Q4, respectively. In the quarter under review, SAW filters used 100% of their 27-day operation month equipment capacity. Order intake stabilized after the huge order placed by a Chinese smartphone manufacturer in April, but in October, it was at high levels again if not comparable with the levels for April, making us expect the capacity utilization ratio to remain at 100% in Q3.

We will increase overall production capacity for MLCCs by 0 to 5% by implementing measures including the improvement of product mix. The production capacity for SAW filters, which was increased by 30% in the previous fiscal year, will be increased by 15% in this full fiscal year. We have yet to determine capital investment plans for the next fiscal year. We will determine these plans by carefully studying developments in our global share.

Q: What is your planned production for Q4? What inventory levels do you expect at the end of March?

A: We will expect to have nearly the same inventory levels at the end of March 2015 as we had at the end of last September. In Q3, we aim to secure net sales by drawing down the existing inventories. In Q4, we plan to increase inventories to accommodate an expected increase in order intake in early spring.

Q: How will the Murata component mix in each smartphone change?

A: We anticipate that the component mix will continue to improve for us the next fiscal year and thereafter. This is particularly true for RF components.

Q: As the growth of smartphone production is slowing down and smartphone prices are declining, which do you think will be the driver of growth in the next fiscal year and thereafter, an increase in your share or growth in the number of Murata components used per smartphone?

A: Despite the slower growth in production, we will get ahead of the competition by establishing mass-production techniques in order to accommodate demand for all of the new technologies and products that are emerging with the progress in LTE. We will also ensure growth in the next fiscal year and thereafter by making good preparations to supply

new products. In the process, we expect the growing number of components per smartphone will be the greater driver of growth.

Q: What are your strategies for your share of the MLCC market?

A: We aim to increase the overall share of our MLCCs by meeting customer requirements with new products, such as compact thin-layer types, highly reliable types for automobiles, and embedded capacitors.

Q: You expect to achieve higher net sales in Q3 than in Q2. How do your projected Q3 earnings compare with the Q2 figure?

A: In Q3, we anticipate lower earnings compared with Q2, partly because of increases in costs including depreciation expenses.

Q: Sales of carrier aggregation devices are expected to increase beginning the next fiscal year. What kind of impact will this development have on Murata? Will it only lead to a new increase in demand for components or further modularization?

A: We expect that an increasing use of carrier aggregation devices will accelerate modularization. It also leads to a new increase in demand for components.

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