

Information Meeting 2014 Presentation Q&A

Q: What is the penetration level of carrier aggregation terminals? What are the prospects for these products?

A: Only Japanese and South Korean carriers are now starting to introduce carrier aggregation devices. Going forward, these products are expected to spread steadily. Modularization of filters, switches, and PAs for LTCC technology will then accelerate. Murata has all of the components and technologies required for the modularization. Using this advantage, we will increase our market presence by ensuring quick delivery, component quality, and supply capacity to meet customer needs.

Q: What areas of technology are to be strengthened to develop the IoT market? Will you use external or internal resources in doing so?

A: We have everything necessary when it comes to sensor technology for measurements, wireless communication technology for products such as communication modules, and software for Internet connection. However, it is difficult to predict what kind of demand will be generated in the IoT market. It is possible that at some time in the future, we won't have a broad enough product lineup for sensor technology. If that happens, we will consider obtaining external resources as the need arises. In the IoT market, it will also be necessary to add value to data and provide them as solutions.

Q: What are your prospects for future growth? Will the maturation of the product cycle slow down your growth, or will you continue to grow by meeting demand in new markets?

A: We expect to see the communication market grow continually with an increase in the smartphone user bases in China and other emerging economies and developing with new communication standards. However, some aspects of the growth will be affected by the global economic situation. We will improve our commitment toward new markets such as automobiles to minimize the impact on our business performance.

Q: When do you expect automobiles to be fitted with communication modules?

A: In-vehicle infotainment applications will begin incorporating such modules around 2015 to enable connection with smartphones. Customers in this field are not used to wireless communication technology. This is why we believe that we will need to provide them with not just hardware, but also software programs such as drivers to make the technology easier for them to use. Modules for external communications are expected to be launched in the Europe and the United States around 2016. The initial focus will be on information sharing through car to beacon communication and other methods. Since this technology paves the way toward future ADAS, we are working on both modules for in-vehicle and external communication.

Q: What is the outlook for your ROE levels in the medium term?

A: We expect to maintain ROE at stable double digit levels. We do not plan to increase our ROE by changing our capital policy, i.e., by reducing our capitalization. We will prefer to increase net income per share and return earnings to shareholders in the form of dividends.

Q: You give an example of LTCC-based modularization for module space savings in IoT. Will LTCC technology give you an advantage in the IoT market?

A: IoT does not always require ultra-compact modules. Depending on the application, we will also supply PCB boards. When it comes to customers demanding ultra-compact size, LTCC-based technology will be advantageous in embedding passive parts in modules.

Q: You have continually achieved a 40% share of new products in net sales. Could you give us an idea of which products and applications surpass or go below this level?

A: Murata defines a product within three years of its market launch as a new product. A reason for the increase in new products' share is that communication modules are defined as new products every year, raising their contribution to net sales. New products are also expected to achieve a 40% share in the fiscal year ending March 2014. We will strengthen our development and sales promotion so that our new products' share of net sales can continue to grow.

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