

Third Quarter of FY2014 Presentation Q&A

Q: What were your production and capacity utilization ratio for Q3? What are your planned production and capacity utilization ratio for Q4?

A: In Q3, our production reached ¥293.0 billion. We expect to achieve approximately ¥235.0 billion in Q4. We will increase inventories to a certain extent to accommodate the increase in demand anticipated during the period between the end of the Chinese New Year and early spring. We achieved 110% of our 20-day operation month equipment capacity in Q3, as compared with the initially planned level of 100%. In Q4, we expect to achieve 100%, partly due to high levels of order backlog at the end of Q3.

Q: What are your prospects for order intake in Q4?

A: Partly because of high order intake levels in Q3, we expect to have lower order intake in January than in the previous month. In February, order intake will decline again from January due to the Chinese New Year. We will see a recovery in the number of orders starting in March, following the end of the Chinese New Year.

Q: What are your prospects for growth the next fiscal year?

A: Components for smartphones have seen strong demand in this fiscal year. This trend will continue the next fiscal year, generating strong demand for Murata components. The production of LTE devices in particular is expected to continue to increase in China and other markets, predicting some 30% growth in fiscal year 2015. An increase in the number of components per device due to further progress in LTE devices technology and the resulting acceleration in modularization allow us to forecast 10 to 15% higher net sales, adjusted for exchange-rate effects, for the next fiscal year.

Q: What were the capacity utilization ratios of MLCCs and SAW filters in Q3? What capacity utilization ratios will these components achieve in Q4?

A: In Q3, MLCCs used 95% of their 27-day operation month equipment capacity, a level comparable with the ratio for Q2. The initially planned ratio for Q3 was 90%. MLCCs will achieve a 90% capacity utilization ratio in Q4. SAW filters achieved 100% of their equipment capacity in Q3, just the same level as in Q2. In Q4, the capacity utilization ratio of these filters will likely remain at 100%, partly due to a planned increase in inventory.

Q: How will you increase capacity for MLCCs and SAW filters in keeping with an increase in capital investments?

A: For MLCCs, we will increase the production capacity for cutting-edge products such as compact and large capacity types, leading to 5% annual growth in overall MLCC capacity compared with the previous fiscal year. The production capacity for SAW filters, which was ramped up by 15% from the previous fiscal year in the first half of this fiscal year, will be increased by 5% in the second half.

Q: How do you plan to integrate Peregrine following its acquisition?

A: Future progress in communication technology will make circuit configurations more complex, generating increasing needs for higher component performance and modularization. We will accordingly work with Peregrine to accelerate the relevant development processes.

This Q&A contains forward-looking statements concerning Murata Manufacturing Co., Ltd. and its group companies' projections, plans, policies, strategies, schedules, and decisions. These forward-looking statements are not historical facts; rather, they represent the assumptions of the Murata Group (the "Group") based on information currently available and certain assumptions we deem as reasonable. Actual results may differ materially from expectations due to various risks and uncertainties. Readers are therefore requested not to rely on these forward-looking statements as the sole basis for evaluating the Group. The Company has no obligation to revise any of the forward-looking statements as a result of new information, future events or otherwise.

Risks and uncertainties that may affect actual results include, but are not limited to, the following: (1) economic conditions of the Company's business environment, and trends, supply-demand balance, and price fluctuations in the markets for electronic devices and components; (2) price fluctuations and insufficient supply of raw materials; (3) exchange rate fluctuations; (4) the Group's ability to provide a stable supply of new products that are compatible with the rapid technical innovation of the electronic components market and to continue to design and develop products and services that satisfy customers; (5) changes in the market value of the Group's financial assets; (6) drastic legal, political, and social changes in the Group's business environment; and (7) other uncertainties and contingencies.

The Company undertakes no obligation to publicly update any forward-looking statements included in this Q&A.