

First Quarter of FY2015 Presentation Q&A

Q: Have you changed any of your previous forecasts on production quantities in 2015F such as those on smartphones?

A: We have confirmed the forecasts for the numbers of assembled products, including smartphones, that we made at the beginning of this fiscal year. Smartphone manufacturers in do vary in the degree of success. As a whole though, they still generate strong component demand, partly because they export smartphones from China to emerging economies. At the beginning of the current fiscal year, we expected five-mode capable products would represent some 40% of full-year production of LTE terminals. However, the fast spread of five-mode phones has made us correct the forecast upward to 60%.

Q: What are your prospects for demand in 2015F Q2?

A: Since July we have been receiving component orders related to new phone models from various manufacturers. In 2015F Q2, therefore, we expect to achieve the same level of order intake as we forecast at the beginning of the fiscal year.

Q: What was the capacity utilization ratio for MLCCs in 2015F Q1? What are your prospects for production amount in 2015F Q2?

A: MLCCs achieved 95% based on 27 operating days per month in 2015F Q1. In 2015F Q2, we anticipate 100% capacity utilization due to increased demand for components. We were able to build inventories in 2015F Q1 partly because of increased production capacity. In 2015F Q2, however, production amounts are expected to achieve the same level as net sales because of increased demand for components.

Q: What about demand for components used in products other than smartphones?

A: Sales from the automotive electronics market declined from the previous quarter due to a backlash after a rise in component demand during the three-month period. Order intake from the market has been recovering recently, showing strong developments toward achieving an increase of more than 10% in full-year sales. Our performance in other application markets has been developing as forecast at the beginning of the fiscal year.

Q: How will you work on modules business while five-mode LTE terminals are developing in the Chinese market?

A: In China, smartphones are becoming more and more functionally sophisticated such as with the introduction of five-mode products. This trend is leading to an increase in the number of components per terminal and the use of modules.

Q: What are the reasons that you can maintain high financial performance?

A: At Murata, we serve major smartphone manufacturers and a broad range of local smartphone manufacturers in China. Major contributions to our success include an increase in the number of components used per smartphone terminal resulting from the development of functionality, and our ability to aptly meet market demand and supply modules carrying high added value.

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.

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