

Third Quarter of FY2015 Presentation Q&A

Q: What were the results for Q3 and what are your prospects for production amount in Q4?

A: In Q3 our production was at much the same level as our net sales. In Q4, we plan to build up inventories. This is because demand from Chinese smartphone manufacturers will likely increase until early spring, as they have been achieving growing sales in emerging economies.

Q: What are your plans on capital investment in 2016F?

A: We are now working out capital investment plans. We expect that we will continue to see increasing demand for electronic components next fiscal year. It depends on our future forecasts for net sales and demand for components, as well as progress in the development of new products, but we see the need to continue high levels of capital investment.

Q: What was your capacity utilization for Q3?

A: In Q3, the utilization of entire company achieved 110% based on 20 operating days, while MLCCs achieved 95% based on 27 operating days — both as initially planned. For Q4, the utilization of entire company plans to achieve 90% of based on 20 operating days, while MLCCs plan to achieve 90% of based on 27 operating days. This means we will have normal levels of capacity utilization. However, we could rebuild inventories during Q4 for products that suffer from stock shortages.

Q: Your plans for Q4 remain unchanged from your initial ones, but there have been changes in the market environment since the beginning of the fiscal year. Have you now changed your outlook for Q4 compared with what you anticipated at the start of the fiscal year?

A: While we haven't reviewed our business forecasts, we have changed our prospects for some of the performance factors compared with our outlook at the beginning of the fiscal year. We believe that we have been able to win growth markets by providing technical services through our extensive sales network covering the whole world including China.

Q: We understand that demand for SAW filters in China has been growing more rapidly than initially expected, which is accompanied by changes in the product mix. How did you respond to this trend?

A: We see that customers have been careful in placing orders for SAW filters, because they have the risk of causing excess inventories since SAW filters are not general-purpose products. This is why we exchange information with customers, develop production plans for the distant future, and have the production network get ready.

Q: With the start of carrier aggregation in China, will the business for Chinese smartphones offer more modules or continue the traditional way of supplying single components?

A: We believe communication modules will likely grow, but not for all Chinese smartphones. This will apply primarily to the high-end segment of Chinese smartphones.

Q: What kind of synergy do you expect to generate from the 100% ownership of Toko?

A: Toko did not have especially strong sales channels in overseas markets. This is why we agreed that the company transfer its goodwill to us so that it could take advantage of Murata's sales network. To speed up these business operations even further, we have recently decided to get a full ownership of the subsidiary.

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.