

Financial Results for FY2015 Presentation Q&A

Q: You plan to maintain high levels of capital investments this fiscal year, too. What are your plans to increase production capacity?

A: As far as we are informed, there is not only increasing demand for MLCCs, but we also see steadily growing demand for SAW filters and inductors due to the progress of multiband smartphones. These trends make us expect that demand in quantities will continue to rise through 2017F. We will make aggressive investments to ensure that we can get ahead by building higher production capacity than the competition to be ready for the anticipated rise in demand.

Q: What were your capital investments in 2015F? What are your plans for 2016F?

A: In MLCCs, we followed our plans in 2015F by increasing their capacity by 10%. In 2016F, we plan on another 10% increase in capacity. In SAW filters, too, we followed our plans in 2015F by achieving 30% growth in capacity. In 2016F, we expect to achieve a 20% increase.

Q: What was your amount of production for Q4 2015F and what are the production plans for Q1 and Q2 2016F?

A: We achieved 265.0 billion yen in production in Q4 2015F (\$1=115 yen). We will increase our inventories by 10.0 billion yen in Q1 2016F, and expect to achieve the same production as net sales in Q2 2016F (\$1=110 yen).

Q: Will the increasingly wide introduction of carrier aggregation increase demand for components?

A: The ongoing trend in carrier aggregation is expected to generate demand for SAW filters offering high value added, which will have a positive impact on component demand in terms of amount.

Q: How widely do you expect carrier aggregation to spread in the future?

A: The spread of carrier aggregation will clearly depend on the spread of compatible IC chips. Such IC chips will gradually increase in number starting as early as later this year.

Q: Why do Murata communication modules now have lower shares? What will you do to make up for the loss by 2017F?

A: We have already been able to identify the reasons for the reduction in our share of the communication module market. Going forward, we will make our priority clearer, for example by taking a "selection and concentration" approach to module development, to recover our share.

Q: At the Earnings Release Conference in December 2015, you announced your mid-term prospects for sustainably achieving a 5 to 10% increase in revenue at an exchange rate of 115 yen per dollar. How do you see the market environment in 2016F?

A: As we see it, the market environment remains much the same as what it was at the time of the December Conference, although the lower share of communication modules slightly reduces net sales.

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