First Quarter of FY2016 Presentation Q&A

Q: In Q1, Murata fell successful in terms of operating income while not achieve the net sales target. What caused this to happen?
A: Production surpassed sales. At the same time, the high earnings ratio can be explained by the net sales figure being lower than the quarterly target: a reduction in relatively unprofitable communication modules led to a better product mix.

Q: The yen has been appreciating against other major currencies. What is your sales guidance for Q2?
A: We haven't revised our initial business forecasts. In Q2 we expect to achieve 336.0 billion yen in net sales assuming an exchange rate of $1=110 yen. The Q1 net sales, which fell short of the corresponding forecast, suffered from exchange effects as well as a lack of production materials for some of the smartphones in China. In July and after, we expect to resolve the lack of materials and launch new models in China, making it possible to reach the initially planned production.

Q: What were your production quantities in Q1 and what are your production plans for Q2?
A: In Q1 we increased inventories by 2.0 billion yen. We plan to achieve the same production amount as net sales in Q2--assuming an exchange rate of $1=110 yen.

Q: What was your capacity utilization in Q1 and what are your plans for Q2?
A: In Q1 we used 95% of our 20-day operation month equipment capacity company-wide. In Q2 we expect to achieve 110% of that capacity. Capacitors used 90% of their 27-day operation month equipment capacity in Q1. In Q2 they will likely reach 95%.

Q: What are your plans on mergers and acquisitions for the future?
A: We feel that we pretty much have what we need in the field of communications. Going forward, we will also work on mergers and acquisitions in our three priority markets: automotive, healthcare, and energy. Such strategies underlie the new financial statements.

Q: Regarding the signing of the Memorandum of Understanding for the transfer of Sony's battery business, what are your target applications and what kind of synergy do you expect to generate?

A: First, we expect to increase the sale of Sony polymer batteries for use in smartphones and other mobile devices by taking advantage of the Murata sales network in the market for mobile products. We will also secure growth by developing applications for industrial power equipment such as power tools. At the same time, we will combine Murata's energy management system with Sony secondary batteries to increase our ability to provide tailored solutions for individual customers. In the area of all-solid-state batteries, combining Sony's material and design technologies with Murata's layering technology will make mass-production possible at an early date.