

Financial Results for FY2016 Presentation Q&A

Q: What are your plans for capital investment and capital utilization ratio in 2017F?

A: In 2017F, we plan on 10% increase of capacity in MLCCs, with a focus on small-sized high-capacitance products and products for automotive. In SAW filters, we plan on 5% increase of capacity, with particular emphasis on I.H.P. SAW products. We expect to achieve high levels of capacity utilization ratios throughout the current fiscal year. The utilization of entire company achieved 100% based on 20 operating days, while MLCCs achieved 100% based on 27 operating days.

Q: You anticipate to achieve higher sales in Q2 2017F. What are your projections for individual products sales?

A: The expected sales increase from Q1 through Q2 will be driven mainly by general-purpose components such as MLCCs, EMI filters, and coils.

Q: What is the latest situation of Chinese smartphone market? What materials are in short supply?

A: The direct impact of the materials shortage is somewhat obscured primarily due to the buildup of handset inventories at smartphone manufacturers. But actually memories and LCD displays are still in short supply, and it will take some more time before all shortages are cleared.

Q: What was your production value in Q4 2016F?

A: Our production in the quarter was worth 279.0 billion, since, in addition to net sales of 269.6 billion, we built up inventories by 9 billion.

Q: Which factors resulted in the decline in the Components' sales to income ratio in Q4 2016F?

A: Since 2016F happened to coincide with a drop-off period for new products, we believe the ongoing price reductions affected the ratio although we did get some inquiries regarding cutting-edge products.

Q: How do you expect to develop your business for I.H.P. SAW filters? Could you explain your plans for both discrete components and modules?

A: We aim to expand and upgrade our lineup at an early date. We are already promoting the sale of products for 2.4 GHz Wi-Fi. We will win over module customers when they change their circuit designs.

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.