

Financial Results for FY2017 Presentation Q&A

Q: What made you replace the declining-balance method for depreciation and amortization with the straight-line method?

A: Murata products now have longer lifecycles than before due to reasons such as the increasing demand for components used in in-vehicle systems. The battery business now included in our financial statements also handles products featuring long service lives. These are the reasons why we considered it appropriate to introduce the straight-line method.

Q: You plan a capital investment of 340 billion yen for 2018F. What kinds of items will you spend the money on?

A: We will invest 220 billion yen in production equipment and 90 billion yen in land and buildings, which will include upgrading the infrastructure attached. The rest will be spent on research and development.

Q: How do you plan to increase the production capacity for capacitors in 2018F?

A: We plan a 10% increase in production capacity, focusing on products for in-vehicle use.

Q: What are your prospects for the MetroCirc™ business in 2018F?

A: In 2017F, the business suffered a decline in earnings since it bore higher costs than expected in order to supply customers sufficiently while maintaining quality. In 2018F, however, the business expects to improve earnings.

Q: What are your prospects for the battery business in 2018F?

A: In 2 to 3 years, we expect to make batteries for mobile applications a stable profitable business using measures such as introducing the Murata management approach. In batteries for power tools, which generate active demand, we will aggressively invest to expand sales even further.

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.