

Second Quarter of FY2018 Presentation Q&A

Q: How are your negotiations for correcting MLCC prices going and what impact will it likely have on your financial performance?

A: Please understand that we cannot provide any details because the negotiations are currently underway. The effect of future price corrections will be reflected in our performance beginning in January 2019. Note that the expected impact of these price changes, which are now being negotiated, is not reflected in our performance forecasts.

Q: How is your MetroCirc™ doing and what are your prospects for the product in 2019F and thereafter?

A: Sales of products for new smartphone models grew sharply compared with the previous quarter. Earnings also improved partly due to an increase in productivity. Going forward we will develop the business by leveraging the product's advantage in high-frequency characteristics.

Q: What are your prospects for the battery business for the coming months?

A: Efforts to expand sales and improve productivity helped reduce losses from the previous quarter. We expect to continue to benefit from a favorable business environment in H2 and thereafter. We thus plan to increase sales by expanding production capacity. While capital investments and R&D will entail a certain cost increase, we will reduce losses by introducing the production know-how we have developed for many years and improving manufacturing process.

Q: How will the uncertainty as to the demand and supply of components for automotive and the slowdown of the Chinese smartphone business affect demand for capacitors?

A: There are bright prospects for automotive applications even in a relatively distant future. Our performance could level off temporarily in H2 due to seasonal factors. In the medium to long term, however, automotive electrification will likely generate increasing demand. That is why we will develop additional production capacity as planned. Sales for Chinese smartphones will depend on the customer situation. Demand for components, and large-capacity capacitors in particular, is expected to increase.

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.