

Information Meeting 2018 Presentation Q&A

Q: How will you grow the company further under the new Mid-term Direction you recently announced?

A: We have so far achieved rapid growth by catering to smartphone manufacturers. In the communication market, we expect to continue to grow with the spread of 5G technology. In the automotive market, we have focused on MLCCs in the past. In the future we aim to increase sales of other components as well. We will proceed to concentrate business resources on the fast-growing automotive market for the time being. In the future, we will also emphasize the energy and healthcare markets, where we plan to develop our business by leveraging the technologies and other strengths of companies obtained via mergers and acquisitions.

Q: You say MLCCs generate sharply increasing demand mainly in car electronics. Will the currently planned increase in capacity be able to cover the fast growth in demand?

A: The plan for 10% annual increase in capacity assumes our current product mix. We are convinced that progress in downsizing will enable us to increase capacity even further. Our strategy in this regard is to move ahead with downsizing and improve productivity to ensure a stable supply of MLCCs.

Q: What about new demand for capacitors other than MLCCs and the direction you plan to proceed in expanding the business for non-MLCC capacitors?

A: We will develop silicon capacitors in applications that cannot be addressed by MLCCs. Business expansion is also underway for the high temperature film capacitor we manufacture through a joint venture with Shizuki Electric Co., Inc. A further area we want to work on is aluminum electrolytic capacitors. Here, we aim to downsize the technology to increase sales further.

Q: How are applications of MetroCirc™ being developed? What kind of uses is its advantage in high-frequency characteristics expected to find?

A: While MetroCirc™ finds it difficult to differentiate itself from competing products in low-frequency uses, it has an advantage when it comes to transmission losses in the high-frequency region that is used by technologies such as 5G. In the 5G high-frequency region, we expect growth in the use of MetroCirc™ in antennas and other applications. We are accordingly developing a response to the future growth in demand.

Q: What are your business strategies and prospects for RF modules?

A: Our business strategy for the development and sales promotion of RF modules is to prevent diverse allocation of business resources and focus on products for regions where we can take advantage of our strengths. Going forward, we anticipate growth in demand for modules used in 5G phones.

Q: What about new technologies in the battery segment and how are you coping with the new market?

A: Cylindrical batteries are finding it difficult to differentiate themselves in terms of structure. We will make the most of their advantages in terms of materials to provide products featuring excellent characteristics. For laminated products, we are focusing on materials development because material properties affect the characteristics of this type of battery. The market for wearables is the target in commercializing all-solid-state batteries.

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.