

Consolidated Financial Flash Report (September 30, 2019)

Date: October 31, 2019

Company Name : Murata Manufacturing Co., Ltd.
Listing Code : 6981
(URL : <https://www.murata.com/>)
Phone : (075) 955-6525
The date of payout of dividends: December 2, 2019

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated financial results for the three months ended September 30, 2019

(1) Operating results

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	760,938	(3.5)	121,393	(12.9)	124,819	(12.6)	90,729	(16.2)
Six months ended September 30, 2018	788,394	27.2	139,439	38.7	142,771	30.0	108,303	18.9

Comprehensive income attributable to Murata Corporation: 56,365 million yen for the six months ended September 30, 2019 and 124,368 million yen for the six months ended September 30, 2018.

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share
	Yen	Yen
Six months ended September 30, 2019	141.81	-
Six months ended September 30, 2018	169.29	-

*1 Percentages in the fields of Net sales, Operating income, Income before income taxes, and Net income attributable to Murata Corporation are the growth ratios against the same period of the previous fiscal year.

*2 Murata Manufacturing Co., Ltd. (the "Company") executed a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to Murata Corporation per share were calculated as if the relevant stock split were executed at the beginning of the previous consolidated fiscal year ended March 31, 2019.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
At September 30, 2019	2,180,365	1,630,527	74.8	2,548.51
At March 31, 2019	2,048,893	1,603,976	78.3	2,507.11

* The Company executed a three-for-one common stock split, effective April 1, 2019. Shareholders' equity per share was calculated as if the relevant stock split were executed at the beginning of the previous consolidated fiscal year ended March 31, 2019.

2. Dividends (Year ended March 31, 2019 and the year ending March 31, 2020)

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2019	-	140.00	-	140.00	280.00
2020	-	47.00	-	47.00	94.00
2020 (Projected)	-	-	-	47.00	94.00

*1 No change in the projected dividends during the three months ended September 30, 2019.

*2 The Company executed a three-for-one common stock split, effective April 1, 2019. Cash dividends per share for the year ended March 31, 2019 are actual amounts paid prior to the relevant stock split. Cash dividends per share for the year ending March 31, 2020 are therefore stated adjusted for the effects of the stock split.

3. Projected financial results for the year ending March 31, 2020 (Consolidated basis)

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation		Basic earnings attributable to Murata Corporation per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2020	1,510,000	(4.1)	230,000	(13.8)	232,000	(13.2)	170,000	(17.8)	265.71

*1 Projected financial results have been revised during the three months ended September 30, 2019.

Percentages for the year ending March 31, 2020 are the growth ratios against the previous year.

*2 The Company executed a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to Murata Corporation per share in the projected financial results are calculated based on the number of common shares outstanding after the relevant stock split.

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2019 (changes in specific subsidiaries that caused change in scope of consolidation): None

(2) Adoption of simplified and specifically applied accounting methods

Murata Manufacturing Co., Ltd. and Subsidiaries (the "Companies") adopted accounting methods specifically applied for quarterly consolidated financial reporting.

(3) Changes in accounting policy

Changes due to adoption of new accounting standard: Yes
Changes due to reasons other than above: None

Leases

In February 2016, Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-02, "Leases". The ASU requires a lessee to recognize most leases in the consolidated balance sheets. However, guidance over expense recognition in the consolidated statements of income under this ASU is similar to the previous guidance. The Companies adopted the ASU from the first quarter beginning April 1, 2019. The Companies applied the package of practical expedients which allows a lessee not to reassess whether any existing contracts at or expired contracts prior to the adoption date are or contain leases, lease classification and whether initial direct costs qualify for capitalization, in addition to short-term lease exception. The Companies also adopted a transition method in which no restatement of comparative periods and no reassessment of land easements not previously accounted for as a lease that exist at or expired prior to the adoption date are required. The right-of-use assets recognized at April 1, 2019 were 34,944 million yen, almost the same as the lease obligations, and are included in noncurrent assets and liabilities in the consolidated balance sheet. The Companies did not have a material impact on their consolidated statements of income and cash flows.

(4) Number of common shares outstanding

Number of shares outstanding including treasury stock: 675,814,281 shares at September 30, 2019 and at March 31, 2019

Number of treasury stock: 36,017,152 shares at September 30, 2019 and 36,044,256 shares at March 31, 2019

Average number of shares outstanding: 639,770,494 shares for the six months ended September 30, 2019 and 639,750,567 shares for the six months ended September 30, 2018

*The Company executed a three-for-one common stock split, effective April 1, 2019. The numbers of common shares and treasury shares were calculated as if the relevant stock split were executed at the beginning of the previous consolidated fiscal year ended March 31, 2019.

*Notes to the projected financial results

The above projections were prepared based on estimates using information currently available.

Actual results may differ from the projections. For assumptions and other information regarding the projections, refer to "Business Results and Financial Position".

Business Results and Financial Position
(from April 1, 2019 through September 30, 2019)

1. Business Results

In the global economic environment for the period under review, a slowdown in the economy in China caused by the trade friction with the U.S. was increasingly apparent. In the U.S., economic prospects gradually worsened despite continuous employment growth. In Europe, the U.K.'s pending withdrawal from the EU was posing issues while the region's economy was weakening. The prolonged U.S.-China trade friction is having an ongoing impact on the global economy, causing lingering uncertainty about its future.

The electronics market generated strong demand for components for the introduction of 5G technology (5th Generation Mobile Communication System) and demand for electronic components used for car electronics thanks to improvement in vehicle environmental friendliness and safety. Demand for components of wide-ranging uses indicated weakness, however, due partly to the adjustment of electronic equipment production and electronic component inventory.

Given such a background, net sales decreased by 3.5% year-on-year to 760,938 million yen in the period under review. An increase in multilayer ceramic capacitors (MLCCs), Murata's core product group, used for car electronics and base stations, was more than offset by a decrease in the sales of MLCCs, surface acoustic wave (SAW) filters, and lithium ion secondary batteries for smartphones and other products and a negative effect of foreign exchange (year-on-year appreciation of 1.64 yen to a U.S. dollar).

Operating income was 121,393 million yen, down 12.9%, income before income taxes was 124,819 million yen, down 12.6%, and net income was 90,729 million yen, down 16.2% from the six months ended September 30, 2018. Efforts to reduce costs and an increase in high-end products in the product mix were more than offset by negative factors such as a rise in depreciation and amortization; an impairment loss on property, plant and equipment; and foreign exchange effects.

	Millions of yen					
	Six months ended September 30, 2018		Six months ended September 30, 2019		Change	
		%*		%*		%
Net sales	788,394	100.0	760,938	100.0	(27,456)	(3.5)
Operating income	139,439	17.7	121,393	16.0	(18,046)	(12.9)
Income before income taxes	142,771	18.1	124,819	16.4	(17,952)	(12.6)
Net income attributable to Murata Corporation	108,303	13.7	90,729	11.9	(17,574)	(16.2)
Average exchange rate (Yen/U.S. dollar)	110.27	—	108.63	—	(1.64)	—
Average exchange rate (Yen/Euro)	129.84	—	121.41	—	(8.43)	—

*Component ratio as a percentage of net sales

Sales by Product Category

Net sales by product category for the period under review were as follows.

The product categories were reclassified in the period under review. See page 19 for details.

	Millions of yen					
	Six months ended September 30, 2018		Six months ended September 30, 2019		Change	
		%*		%*		%
Capacitors	273,670	34.8	275,503	36.3	1,833	0.7
Piezoelectric Components	76,552	9.7	63,296	8.3	(13,256)	(17.3)
Other Components	202,051	25.7	190,987	25.2	(11,064)	(5.5)
Components Total	552,273	70.2	529,786	69.8	(22,487)	(4.1)
Modules	234,641	29.8	229,498	30.2	(5,143)	(2.2)
Net sales	786,914	100.0	759,284	100.0	(27,630)	(3.5)

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review decreased by 4.1% year-on-year to 529,786 million yen.

[Capacitors]

The Capacitors category includes MLCCs.

For the period under review, sales of MLCCs, the main product in this category, used for car electronics increased thanks to progress in vehicle electrification despite some weakness in demand for MLCCs used for a wide range of products. Additionally, demand for base stations led by the introduction of 5G technology (5th Generation Mobile Communication System) increased.

As a result, overall net sales increased by 0.7% year-on-year to 275,503 million yen.

[Piezoelectric Components]

The Piezoelectric Components category includes SAW filters, ceramic resonators and piezoelectric sensors.

For the period under review, SAW filters suffered reduced sales due to the sales downturn and continued price reductions in products for smartphones.

As a result, overall net sales decreased by 17.3% year-on-year to 63,296 million yen.

[Other Components]

Other Components include lithium ion batteries, inductors (coils), electromagnetic interference suppression filters, sensors, connectors and thermistors.

For the period under review, sales of lithium ion secondary batteries used for smartphones and power tools were sluggish, and sales of connectors for smartphones decreased.

As a result, overall net sales decreased by 5.5% year-on-year to 190,987 million yen.

<Modules>

The Modules category includes short-range wireless communication modules, multilayer resin substrates, circuit modules, radio frequency sub modules, power supplies modules and multilayer ceramic devices.

For the period under review, while sales in circuit modules for high-end smartphone models increased, sales in power supplies modules for office automation equipment decreased and sales in multilayer resin substrates and short-range wireless communication modules for high-end smartphone models decreased.

As a result, overall net sales decreased by 2.2% year-on-year to 229,498 million yen.

2. Financial Position

Total assets at September 30, 2019 increased by 131,472 million yen from the end of the previous fiscal year to 2,180,365 million yen. The ratio of shareholders' equity to total assets decreased by 3.5 percentage points from the end of the previous fiscal year to 74.8% at September 30, 2019.

Compared with the same period of the previous year, cash flows for the period under review were as follows:

<Net Cash Provided by Operating Activities>

For the period under review, net cash provided by operating activities was 136,063 million yen. An increase in trade notes and accounts receivable of 38,348 million yen was more than offset by a net income of 90,723 million yen, depreciation and amortization of 68,250 million yen, and an increase in trade notes and accounts payable of 8,734 million yen, constituting the source of cash flow.

Net cash provided by operating activities increased by 41,937 million yen from the six months ended September 30, 2018.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 108,785 million yen. While cash inflows included maturities and sales of marketable securities of 12,882 million, there were cash outflows due to 114,872 million yen in capital expenditures and a 8,744 million yen increase in short-term investment.

Net cash used in investing activities increased by 31,436 million yen from the six months ended September 30, 2018.

<Net Cash Provided by Financing Activities>

For the period under review, net cash provided by financing activities was 53,812 million yen. While cash outflows included dividend payments of 29,856 million, there were cash inflows due to a 49,889 million yen increase in bonds payable and a 33,800 million yen increase in short-term borrowings.

Net cash provided by financing activities decreased by 56,951 million yen from the six months ended September 30, 2018.

3. Projected Results for the Year Ending March 31, 2020

As in the first six months of the fiscal year, the global economy in the second half is expected to show some signs of uncertainty. In the electronics market, while the trend of further functional sophistication of smartphones and vehicle electrification will continue, a decrease in the number of units sold is expected to be a negative factor. In the outlook of Murata's financial performance for the fiscal year ending March 31, 2020, net sales is now expected to be lower than the initial forecast due partly to concerns such as the delay in full-fledged recovery of demand despite the gradual optimization of distribution inventory and the continuingly strong yen. Meanwhile, operating income is expected to exceed the initial forecast thanks to Murata's active efforts to reduce costs and improvement in the product mix.

As a result, the projected results for the year ending March 31, 2020, as announced on April 26, 2019, have been revised as shown in the table below.

		Consolidated Basis	
		Previous Projections	Revised Projections
Net sales	Millions of yen	1,580,000	1,510,000
	<%>*	<13.9>	<15.2>
Operating income	Millions of yen	220,000	230,000
	<%>*	<14.1>	<15.4>
Income before income taxes	Millions of yen	222,000	232,000
Net income attributable to Murata Corporation	Millions of yen	170,000	170,000
	<%>*	<10.8>	<11.3>
Capital expenditures	Millions of yen	300,000	300,000
	<%>*	<9.3>	<9.3>
Depreciation and amortization	Millions of yen	147,000	141,000
	<%>*	<7.0>	<6.8>
Research and development expenses	Millions of yen	110,000	102,000

* Ratio to net sales

The projections are based on the assumed exchange rates of 107 yen against the U.S. dollar and 120 yen against the Euro for the second half of this fiscal year. The projection for capital expenditures of 300,000 million yen announced on April 26, 2019, will not change. This is designed to accommodate the growing demand for electronic components expected to continue in the next fiscal year and after, as the functional sophistication of smartphones and electrification of vehicles will lead to an increase in the number of components installed per end product.

[Cautionary Statement on Forward-looking Statements]

This report contains forward-looking statements concerning the Companies' projections, plans, policies, strategies, schedules, and decisions. These forward-looking statements are not historical facts; rather, they represent the assumptions of the Companies based on information currently available and certain assumptions we deem as reasonable. Actual results may differ materially from expectations owing to various risks and uncertainties. Readers

are therefore requested not to rely on these forward-looking statements as the sole basis for evaluating the Companies. The Companies have 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 Companies' 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 Companies' 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 Companies' financial assets; (6) drastic legal, political, and social changes in the Companies' business environment; and (7) other uncertainties and contingencies.

(1) Consolidated Balance Sheets (Assets)

At March 31, 2019 and September 30, 2019

	Millions of Yen			
	At March 31, 2019		At September 30, 2019	
Assets	2,048,893	% 100.0	2,180,365	% 100.0
Current assets	933,941	45.6	1,035,419	47.5
Cash	181,956		211,350	
Short-term investments	69,781		130,108	
Marketable securities	27,364		21,062	
Trade notes receivable	4,053		2,039	
Trade accounts receivable	271,566		300,152	
Allowance for doubtful notes and accounts	(1,510)		(1,129)	
Inventories	349,315		340,084	
Prepaid expenses and other	31,416		31,753	
Property, plant and equipment	856,453	41.8	904,183	41.5
Land	68,133		70,599	
Buildings	536,781		556,284	
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,250,288		1,274,530	
Construction in progress	109,057		117,610	
Accumulated depreciation	(1,107,806)		(1,147,270)	
Operating lease right-of-use assets	-		32,430	
Investments and other assets	258,499	12.6	240,763	11.0
Investments	66,697		61,164	
Intangible assets	47,526		41,866	
Goodwill	78,389		76,425	
Deferred income taxes	42,065		43,555	
Other	23,822		17,753	
Total assets	2,048,893	100.0	2,180,365	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2019 and September 30, 2019

	Millions of Yen			
	At March 31, 2019		At September 30, 2019	
Liabilities	444,353	21.7	549,119	25.2
Current liabilities	259,771	12.7	287,201	13.2
Short-term borrowings	23,007		56,807	
Trade accounts payable	75,491		83,161	
Accrued payroll and bonuses	43,485		43,671	
Income taxes payable	38,315		28,644	
Accrued expenses and other	79,473		68,508	
Current operating lease liabilities	-		6,410	
Long-term liabilities	184,582	9.0	261,918	12.0
Bonds	99,813		149,728	
Long-term debt	594		523	
Termination and retirement benefits	75,789		76,200	
Deferred income taxes	6,673		6,243	
Noncurrent operating lease liabilities	-		26,020	
Other	1,713		3,204	
Equity	1,604,540	78.3	1,631,246	74.8
Murata Corporation's shareholders' equity	1,603,976	78.3	1,630,527	74.8
Common stock	69,444		69,444	
Capital surplus	120,702		120,709	
Retained earnings	1,493,697		1,554,570	
Accumulated other comprehensive income (loss):	(26,273)		(60,637)	
Unrealized gains (losses) on securities	46		73	
Pension liability adjustments	(21,574)		(21,036)	
Foreign currency translation adjustments	(4,745)		(39,674)	
Treasury stock, at cost	(53,594)		(53,559)	
Noncontrolling interests	564	0.0	719	0.0
Total liabilities and equity	2,048,893	100.0	2,180,365	100.0

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Three months ended September 30, 2018 and 2019

	Millions of Yen			
	Three months ended September 30, 2018		Three months ended September 30, 2019	
		%		%
Net sales	442,886	100.0	403,382	100.0
Cost of sales	270,272	61.0	251,822	62.4
Selling, general and administrative	57,015	12.9	71,006	17.6
Research and development	24,311	5.5	25,308	6.3
Other operating income	-	-	3,597	0.9
Operating income	91,288	20.6	58,843	14.6
Interest and dividend income	787	0.2	1,044	0.3
Interest expense	(8)	(0.0)	(75)	(0.0)
Foreign currency exchange gain (loss)	(650)	(0.1)	959	0.2
Other - net	1,410	0.3	807	0.2
Income before income taxes	92,827	21.0	61,578	15.3
Income taxes	23,491	5.3	17,692	4.4
<Current income tax>	< 30,411 >		< 23,674 >	
<Deferred income tax>	<(6,920)>		<(5,982)>	
Net income	69,336	15.7	43,886	10.9
Less: Net income (loss) attributable to noncontrolling interests	17	0.0	(18)	(0.0)
Net income attributable to Murata Corporation	69,319	15.7	43,904	10.9

Consolidated Statements of Comprehensive Income

Three months ended September 30, 2018 and 2019

	Millions of Yen	
	Three months ended September 30, 2018	Three months ended September 30, 2019
Net income	69,336	43,886
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	62	7
Pension liability adjustments	217	392
Foreign currency translation adjustments	10,560	(12,607)
Other comprehensive income (loss)	10,839	(12,208)
Comprehensive income	80,175	31,678
Less: Comprehensive income (loss) attributable to noncontrolling interests	12	(44)
Comprehensive income attributable to Murata Corporation	80,163	31,722

(3) Consolidated Statements of Cash Flows

Six months ended September 30, 2018 and 2019

	Millions of Yen			
	Six months ended September 30, 2018		Six months ended September 30, 2019	
Operating activities:				
Net income		108,326		90,723
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	57,383		68,250	
Losses on sales and disposals of property, plant and equipment	819		881	
Provision for termination and retirement benefits, less payments	(1,556)		773	
Deferred income taxes	(4,151)		(1,030)	
Changes in assets and liabilities:				
(Increase) decrease in trade notes and accounts receivable	(60,795)		(38,348)	
(Increase) decrease in inventories	(24,138)		1,834	
(Increase) decrease in prepaid expenses and other	2,928		(353)	
Increase (decrease) in trade notes and accounts payable	(5,641)		8,734	
Increase (decrease) in accrued payroll and bonuses	4,959		581	
Increase (decrease) in income taxes payable	11,742		(9,148)	
Increase (decrease) in accrued expenses and other	2,330		(9,686)	
Other-net	1,920	(14,200)	22,852	45,340
Net cash provided by operating activities		94,126		136,063
Investing activities:				
Capital expenditures		(156,447)		(114,872)
Payment for purchases of marketable securities, investments and other		(5,831)		(4,492)
Maturities and sales of marketable securities, investments and other		10,589		12,882
(Increase) decrease in long-term deposits and loans		(1,113)		5,367
(Increase) decrease in short-term investments		12,117		(8,744)
Acquisitions of businesses, net of cash acquired		(563)		-
Other-net		1,027		1,074
Net cash used in investing activities		(140,221)		(108,785)
Financing activities:				
Net increase (decrease) in short-term borrowings		138,508		33,800
Proceeds from long-term debt		20		42
Repayment of long-term debt		(138)		(105)
Proceeds from issuance of bonds		-		49,889
Dividends paid		(27,723)		(29,856)
Other-net		96		42
Net cash provided by financing activities		110,763		53,812
Effect of exchange rate changes on cash and cash equivalents		1,991		532
Net increase (decrease) in cash and cash equivalents		66,659		81,622
Cash and cash equivalents at beginning of period		187,910		217,805
Cash and cash equivalents at end of period		254,569		299,427
Additional cash and cash equivalents information:				
Cash		169,705		211,350
Short-term investments		90,595		130,108
Short-term investments with original maturities over 3 months		(5,731)		(42,031)
Cash and cash equivalents at end of period		254,569		299,427

(4) Assumptions for Going Concern

None

(5) Segment Information

Operating Segment Information

The Companies mainly develop, manufacture and sell electronic components and related products.

Operating segments of the Companies are classified based on the nature of products, and the Companies recognized the Components segment, the Modules segment, and Others.

Six months ended September 30, 2018 and 2019

		Millions of Yen			
		Six months ended September 30, 2018		Six months ended September 30, 2019	
Components	Sales to:		%		%
	Unaffiliated customers	552,273		529,786	
	Intersegment	21,890		20,776	
	Total revenue	574,163	100.0	550,562	100.0
	Segment income	150,016	26.1	117,661	21.4
Modules	Sales to:		%		%
	Unaffiliated customers	234,641		229,498	
	Intersegment	5		7	
	Total revenue	234,646	100.0	229,505	100.0
	Segment income	16,455	7.0	25,828	11.3
Others	Sales to:		%		%
	Unaffiliated customers	1,480		1,654	
	Intersegment	56,525		30,674	
	Total revenue	58,005	100.0	32,328	100.0
	Segment income	6,310	10.9	3,060	9.5
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(78,420)		(51,457)	
	Total revenue	(78,420)	-	(51,457)	-
	Corporate expenses	(33,342)	-	(25,156)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	788,394		760,938	
	Intersegment	-		-	
	Total revenue	788,394	100.0	760,938	100.0
	Operating income	139,439	17.7	121,393	16.0

Three months ended September 30, 2018 and 2019

		Millions of Yen			
		Three months ended September 30, 2018		Three months ended September 30, 2019	
Components	Sales to:		%		%
	Unaffiliated customers	293,926		268,274	
	Intersegment	11,630		10,541	
	Total revenue	305,556	100.0	278,815	100.0
	Segment income	87,450	28.6	50,143	18.0
Modules	Sales to:		%		%
	Unaffiliated customers	148,178		134,273	
	Intersegment	3		2	
	Total revenue	148,181	100.0	134,275	100.0
	Segment income	16,940	11.4	17,948	13.4
Others	Sales to:		%		%
	Unaffiliated customers	782		835	
	Intersegment	32,835		14,557	
	Total revenue	33,617	100.0	15,392	100.0
	Segment income	3,424	10.2	1,583	10.3
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(44,468)		(25,100)	
	Total revenue	(44,468)	-	(25,100)	-
	Corporate expenses	(16,526)	-	(10,831)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	442,886		403,382	
	Intersegment	-		-	
	Total revenue	442,886	100.0	403,382	100.0
	Operating income	91,288	20.6	58,843	14.6

Notes: 1. Major products and businesses included in the operating segments

- (1) Components: Capacitors and Piezoelectric Components, and Lithium Ion Batteries
 - (2) Modules: Communication Modules
 - (3) Others: Machinery manufacturing, welfare services, and sales of software
2. Intersegment transactions are based on market prices.
 3. Segment income (loss) for each operating segment represents net sales less related costs.
Corporate expenses represent expenses of headquarters functions and fundamental research.

(6) Significant changes in shareholders' equity

None

(7) Other

October 31, 2019
Murata Manufacturing Co., Ltd.
Listing Code: 6981
(URL <https://www.murata.com/>)

Flash Report (Six months ended September 30, 2019)

Selected Financial Data - Consolidated basis

Six months ended September 30, 2018 and 2019/at September 30, 2018 and 2019

		Consolidated Basis		
		2018	2019	Growth ratio
Net sales	Millions of yen	788,394	760,938	(3.5)
	<%>*2	< 17.7 >	< 16.0 >	
Operating income	Millions of yen	139,439	121,393	(12.9)
	<%>*2	< 18.1 >	< 16.4 >	
Income before income taxes	Millions of yen	142,771	124,819	(12.6)
	<%>*2	< 13.7 >	< 11.9 >	
Net income attributable to Murata Corporation	Millions of yen	108,303	90,729	(16.2)
Total assets	Millions of yen	2,043,860	2,180,365	6.7
Shareholders' equity	Millions of yen	1,553,578	1,630,527	5.0
Shareholders' equity ratio	%	76.0	74.8	-
Basic earnings attributable to Murata Corporation per share	*5 Yen	169.29	141.81	(16.2)
Diluted earnings attributable to Murata Corporation per share	*3 Yen	-	-	-
Shareholders' equity per share	*5 Yen	2,428.33	2,548.51	-
Capital expenditures	Millions of yen	156,447	114,872	(26.6)
	<%>*2	< 7.3 >	< 9.0 >	
Depreciation and amortization	Millions of yen	57,383	68,250	18.9
	<%>*2	< 6.4 >	< 6.8 >	
Research and development expenses	Millions of yen	50,302	51,385	2.2
	*4	< 49,455 >	< 44,671 >	
Number of employees		79,450	76,075	(4.2)
Average exchange rates				
Yen/US dollar	Yen	110.27	108.63	-
Yen/Euro	Yen	129.84	121.41	-

Three months ended September 30, 2018 and 2019

		Consolidated Basis		
		2018	2019	Growth ratio
Net sales	Millions of yen	442,886	403,382	(8.9)
	<%>*2	< 20.6 >	< 14.6 >	
Operating income	Millions of yen	91,288	58,843	(35.5)
	<%>*2	< 21.0 >	< 15.3 >	
Income before income taxes	Millions of yen	92,827	61,578	(33.7)
	<%>*2	< 15.7 >	< 10.9 >	
Net income attributable to Murata Corporation	Millions of yen	69,319	43,904	(36.7)
	*5			
Basic earnings attributable to Murata Corporation per share	Yen	108.35	68.62	(36.7)
	*3			
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Capital expenditures	Millions of yen	78,761	61,962	(21.3)
	<%>*2	< 6.9 >	< 8.6 >	
Depreciation and amortization	Millions of yen	30,480	34,644	13.7
	<%>*2	< 5.5 >	< 6.3 >	
Research and development expenses	Millions of yen	24,311	25,308	4.1

*1 The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP).

*2 Ratio to net sales

*3 Diluted earnings attributable to Murata Corporation per share are not stated since there were no potential dilutive securities.

*4 Figures in parentheses indicate the number of employees in foreign countries.

*5 The Company executed a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to Murata Corporation per share and shareholders' equity per share were calculated as if the relevant stock split had been implemented at the beginning of the consolidated fiscal year ended March 31, 2019.

Orders, Backlogs and Sales

The classification of products was changed from the first quarter beginning April 1, 2019. "Communication Modules" and "Power supplies and Other modules" were reclassified into "Modules". The figures for the previous period have been reclassified for comparison.

(1) Orders and Backlogs by Product

<Orders>

Six months ended September 30, 2018 and 2019

	Millions of Yen					
	Six months ended September 30, 2018		Six months ended September 30, 2019		Change	
		%*1		%*1		%
Capacitors	320,722	37.3	227,808	31.2	(92,914)	(29.0)
Piezoelectric Components	78,105	9.1	65,322	8.9	(12,783)	(16.4)
Other Components	221,101	25.8	188,238	25.7	(32,863)	(14.9)
Components Total	619,928	72.2	481,368	65.8	(138,560)	(22.4)
Modules	239,012	27.8	250,064	34.2	11,052	4.6
Total	858,940	100.0	731,432	100.0	(127,508)	(14.8)

Three months ended September 30, 2018 and 2019

	Millions of Yen					
	Three months ended September 30, 2018		Three months ended September 30, 2019		Change	
		%*1		%*1		%
Capacitors	153,701	34.2	117,486	30.0	(36,215)	(23.6)
Piezoelectric Components	37,660	8.4	35,809	9.1	(1,851)	(4.9)
Other Components	110,773	24.7	90,800	23.1	(19,973)	(18.0)
Components Total	302,134	67.3	244,095	62.2	(58,039)	(19.2)
Modules	146,719	32.7	148,235	37.8	1,516	1.0
Total	448,853	100.0	392,330	100.0	(56,523)	(12.6)

*1 Component ratio

*2 Figures are based on sales prices to customers.

*3 Exclusive of consumption taxes

*4 The tables by product indicate orders, backlogs, and sales of electronic components and related products.

<Backlogs>

	Millions of Yen					
	At March 31, 2019		At September 30, 2019		Change	
		%*1		%*1		%
Capacitors	130,272	49.4	82,577	35.0	(47,695)	(36.6)
Piezoelectric Components	17,558	6.7	19,584	8.3	2,026	11.5
Other Components	61,379	23.3	58,630	24.9	(2,749)	(4.5)
Components Total	209,209	79.4	160,791	68.2	(48,418)	(23.1)
Modules	54,238	20.6	74,804	31.8	20,566	37.9
Total	263,447	100.0	235,595	100.0	(27,852)	(10.6)

*1 Component ratio

*2 Figures are based on sales prices to customers.

*3 Exclusive of consumption taxes

(2) Sales by Product Category, Application and Area

1. Sales by Product Category

Six months ended September 30, 2018 and 2019

	Millions of Yen					
	Six months ended September 30, 2018		Six months ended September 30, 2019		Change	
		%*1		%*1		%
Capacitors	273,670	34.8	275,503	36.3	1,833	0.7
Piezoelectric Components	76,552	9.7	63,296	8.3	(13,256)	(17.3)
Other Components	202,051	25.7	190,987	25.2	(11,064)	(5.5)
Components Total	552,273	70.2	529,786	69.8	(22,487)	(4.1)
Modules	234,641	29.8	229,498	30.2	(5,143)	(2.2)
Net sales	786,914	100.0	759,284	100.0	(27,630)	(3.5)

Three months ended September 30, 2018 and 2019

	Millions of Yen					
	Three months ended September 30, 2018		Three months ended September 30, 2019		Change	
		%*1		%*1		%
Capacitors	147,163	33.3	137,769	34.2	(9,394)	(6.4)
Piezoelectric Components	38,486	8.7	31,870	7.9	(6,616)	(17.2)
Other Components	108,277	24.5	98,635	24.5	(9,642)	(8.9)
Components Total	293,926	66.5	268,274	66.6	(25,652)	(8.7)
Modules	148,178	33.5	134,273	33.4	(13,905)	(9.4)
Net sales	442,104	100.0	402,547	100.0	(39,557)	(8.9)

*1 Component ratio

*2 Exclusive of consumption taxes

2. Sales by Application (based on the Company's estimate)

Six months ended September 30, 2018 and 2019

	Millions of Yen					
	Six months ended September 30, 2018		Six months ended September 30, 2019		Change	
		%*1		%*1		%
AV	36,987	4.7	34,571	4.6	(2,416)	(6.5)
Communications	392,849	49.9	376,001	49.5	(16,848)	(4.3)
Computers and Peripherals	121,754	15.5	119,172	15.7	(2,582)	(2.1)
Automotive Electronics	122,640	15.6	132,947	17.5	10,307	8.4
Home and Others	112,684	14.3	96,593	12.7	(16,091)	(14.3)
Net sales	786,914	100.0	759,284	100.0	(27,630)	(3.5)

Three months ended September 30, 2018 and 2019

	Millions of Yen					
	Three months ended September 30, 2018		Three months ended September 30, 2019		Change	
		%*1		%*1		%
AV	19,695	4.5	17,710	4.4	(1,985)	(10.1)
Communications	235,462	53.3	212,123	52.7	(23,339)	(9.9)
Computers and Peripherals	65,330	14.8	60,622	15.1	(4,708)	(7.2)
Automotive Electronics	63,019	14.1	66,141	16.4	3,122	5.0
Home and Others	58,598	13.3	45,951	11.4	(12,647)	(21.6)
Net sales	442,104	100.0	402,547	100.0	(39,557)	(8.9)

*1 Component ratio

*2 Exclusive of consumption taxes

3. Sales by Area

Six months ended September 30, 2018 and 2019

	Millions of Yen					
	Six months ended September 30, 2018		Six months ended September 30, 2019		Change	
		%*1		%*1		%
The Americas	115,171	14.6	105,046	13.8	(10,125)	(8.8)
Europe	65,103	8.3	67,797	8.9	2,694	4.1
Greater China	412,445	52.4	380,808	50.2	(31,637)	(7.7)
Asia and Others	126,767	16.1	132,588	17.5	5,821	4.6
Overseas total	719,486	91.4	686,239	90.4	(33,247)	(4.6)
Japan	67,428	8.6	73,045	9.6	5,617	8.3
Net sales	786,914	100.0	759,284	100.0	(27,630)	(3.5)

Three months ended September 30, 2018 and 2019

	Millions of Yen					
	Three months ended September 30, 2018		Three months ended September 30, 2019		Change	
		%*1		%*1		%
The Americas	76,299	17.3	57,870	14.4	(18,429)	(24.2)
Europe	32,249	7.3	31,670	7.8	(579)	(1.8)
Greater China	231,461	52.3	208,094	51.7	(23,367)	(10.1)
Asia and Others	66,419	15.0	69,636	17.3	3,217	4.8
Overseas total	406,428	91.9	367,270	91.2	(39,158)	(9.6)
Japan	35,676	8.1	35,277	8.8	(399)	(1.1)
Net sales	442,104	100.0	402,547	100.0	(39,557)	(8.9)

*1 Component ratio

*2 Exclusive of consumption taxes

Quarterly Consolidated Performance

(1) Consolidated Financial Results

	Millions of yen							
	Three months ended June 30, 2018		Three months ended September 30, 2018		Three months ended December 31, 2018		Three months ended March 31, 2019	
		% *1		% *1		% *1		% *1
Net sales	345,508	100.0	442,886	100.0	427,614	100.0	359,018	100.0
Operating income	48,151	13.9	91,288	20.6	85,628	20.0	41,740	11.6
Income before income taxes	49,944	14.5	92,827	21.0	79,691	18.6	44,854	12.5
Net income attributable to Murata Corporation	38,984	11.3	69,319	15.7	60,108	14.1	38,519	10.7

	Millions of yen			
	Three months ended June 30, 2019		Three months ended September 30, 2019	
		% *1		% *1
Net sales	357,556	100.0	403,382	100.0
Operating income	62,550	17.5	58,843	14.6
Income before income taxes	63,241	17.7	61,578	15.3
Net income attributable to Murata Corporation	46,825	13.1	43,904	10.9

*1 Ratio to net sales

(2) Sales by Product Category

	Millions of yen							
	Three months ended June 30, 2018		Three months ended September 30, 2018		Three months ended December 31, 2018		Three months ended March 31, 2019	
		% *1		% *1		% *1		% *1
Capacitors	126,507	36.7	147,163	33.3	158,300	37.1	142,260	39.7
Piezoelectric Components	38,066	11.0	38,486	8.7	32,054	7.5	29,980	8.4
Other Components	93,774	27.2	108,277	24.5	99,228	23.3	90,915	25.4
Components Total	258,347	74.9	293,926	66.5	289,582	67.9	263,155	73.5
Modules Total	86,463	25.1	148,178	33.5	137,061	32.1	94,997	26.5
Net sales	344,810	100.0	442,104	100.0	426,643	100.0	358,152	100.0

	Millions of yen			
	Three months ended June 30, 2019		Three months ended September 30, 2019	
		% *1		% *1
Capacitors	137,734	38.6	137,769	34.2
Piezoelectric Components	31,426	8.8	31,870	7.9
Other Components	92,352	25.9	98,635	24.5
Components Total	261,512	73.3	268,274	66.6
Modules Total	95,225	26.7	134,273	33.4
Net sales	356,737	100.0	402,547	100.0

*1 Component ratio

*2 Exclusive of consumption taxes

*3 "Communication Modules" and "Power supplies and Other modules" were reclassified into "Modules" from the first quarter beginning April 1, 2019. The figures for the previous period have been reclassified for comparison.