

Earnings Release Conference Third Quarter of FY2022 (October 1, 2022 to December 31, 2022)

February 2, 2023

Murata Manufacturing Co., Ltd.



Financial Results of the third quarter of FY2022

- Net sales were 419.0 billion yen, down 13.4% from the last quarter. Sales of multilayer resin substrates, high-frequency modules and connectivity modules decreased for smartphones, and sales of capacitors fell for computers and communication. Additionally, partly due to a decrease in sales of lithium-ion secondary batteries for power tools, net sales, as a whole, declined.
- Operating income was 77.3 billion yen, down 27.3% from the last quarter. The main reason for the decrease was a loss in productivity from lower capacity utilization, resulting from a decrease in production output.
- Net sales 11.4% fell short of the projected financial results as the power tool market slowed down, in addition to a bigger-than-expected decline in demand mainly for the consumer product market, including smartphones and PCs, although sales remained firm for mobility.

Projected Financial Results for FY2022

The Company has revised the projected financial results, based on the cumulative results for the first nine months and the fourth quarter results forecast.

Projected Financial Results

- Net sales are planned to decrease 7.7% from the previous projected result. Sales of components, devices and modules are expected to decline for communication and computers.
- Operating income is planned to decrease 22.4% from the previous projected result. A loss in productivity from lower capacity utilization, resulting from a decrease in production output, is expected.

Capital expenditures

- The amount has been revised to 200.0 billion yen, down 10.0 billion yen from the previous projected result, due to continued delays in the delivery of some components for equipment.

Shareholder returns

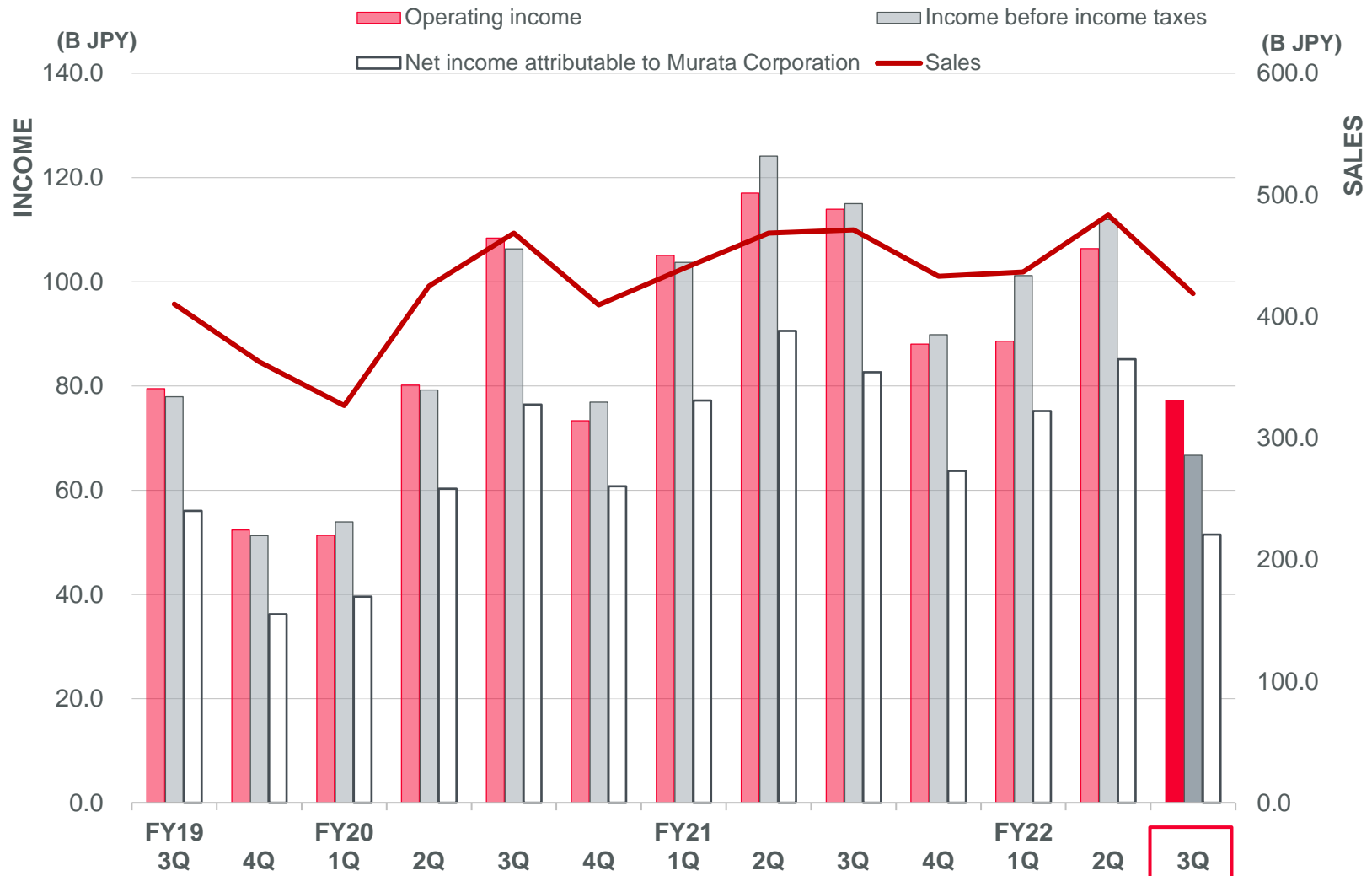
- The annual dividend remains unchanged at 150 yen per share.

Third Quarter of FY2022

From October 1, 2022 to December 31, 2022
Consolidated Basis



Quarterly Financial Results



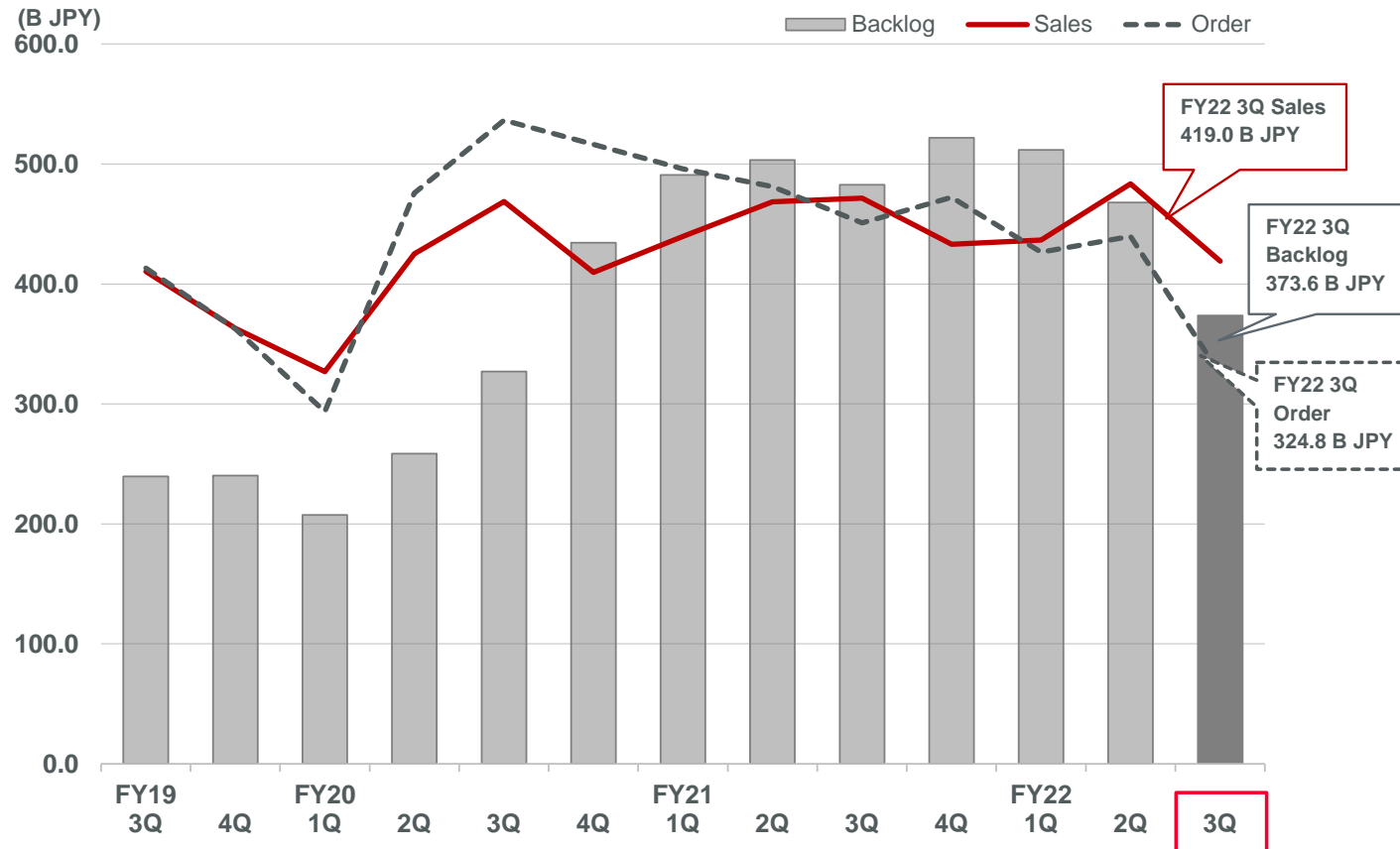
Financial Results Overview

	FY2021 3rd Quarter		FY2022 2nd Quarter		FY2022 3rd Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	471.4	100.0	483.6	100.0	419.0	100.0	(52.4)	(11.1)	(64.6)	(13.4)
Operating income	113.9	24.2	106.4	22.0	77.3	18.4	(36.6)	(32.2)	(29.1)	(27.3)
Income before income taxes	115.0	24.4	112.0	23.2	66.7	15.9	(48.3)	(42.0)	(45.3)	(40.4)
Net income attributable to Murata Corporation	82.6	17.5	85.2	17.6	51.5	12.3	(31.2)	(37.7)	(33.7)	(39.6)
Average exchange rates yen/US dollar	113.71		138.38		141.64					

- Net sales, as a whole, decreased from the last quarter as sales of multilayer resin substrates, high-frequency modules and connectivity modules declined for smartphones, and sales of lithium-ion secondary batteries fell for power tools although sales of capacitors increased for mobility.
- Operating income decreased from the last quarter mainly due to the occurrence of a loss of production from lower capacity utilization, resulting from a decrease in production output, and the recording of a one-time expenses of 7.0 billion yen.

Quarterly Sales, Order and Backlog

On a quarter on quarter basis, orders received decreased. The book-to-bill ratio remains below 1. Order backlogs at the end of the third quarter declined partly due to the impact of rapid fluctuations of exchange rates in addition to progress made in cleaning up backlogs. Orders are expected to decline in the fourth quarter due to seasonality.



* Orders = Sales + Backlogs at the Current Quarter - Backlogs at the Previous Quarter

Backlogs are calculated based on exchange rates as of the end of each quarter.

* Exchange rate against the U.S. dollar: 144.81 yen at the end of September, 132.70 yen at the end of December

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Operating segment sales

	FY2021 3rd Quarter		FY2022 2nd Quarter		FY2022 3rd Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	201.4	42.7	194.4	40.2	182.7	43.6	(18.7)	(9.3)	(11.7)	(6.0)
Inductors and EMI filters	51.1	10.8	48.3	10.0	43.4	10.3	(7.7)	(15.1)	(4.9)	(10.2)
High-Frequency Device and Communications Module	140.2	29.7	147.6	30.5	114.4	27.3	(25.8)	(18.4)	(33.2)	(22.5)
Battery and Power supply	48.8	10.4	65.0	13.4	53.9	12.9	+5.1	+10.4	(11.1)	(17.0)
Functional Device	26.3	5.6	24.9	5.2	22.1	5.3	(4.2)	(16.0)	(2.8)	(11.1)
Others	3.6	0.8	3.3	0.7	2.5	0.6	(1.1)	(31.4)	(0.9)	(26.5)
Net sales	471.4	100.0	483.6	100.0	419.0	100.0	(52.4)	(11.1)	(64.6)	(13.4)

Operating segment sales

[FY22 3rd Quarter vs. FY22 2nd Quarter]

Capacitors (6.0%)	MLCCs : Whereas sales for mobility increased, sales decreased for computers and communication.
Inductors and EMI filters (10.2%)	Inductors / Electromagnetic Interference(EMI) suppression filters : Sales of EMI suppression filters increased for mobility. However, sales of inductors decreased for smartphones and computers.
High-Frequency Device and Communications Module (22.5%)	Multilayer resin substrates, High-frequency modules, Connectivity modules : Sales decreased for smartphones.
Battery and Power supply (17.0%)	Lithium-Ion secondary batteries : Sales decreased for power tools.
Functional Device (11.1%)	Sensors : Whereas sales for mobility increased, sales decreased for computers.

Sales by Application

	FY2021 3rd Quarter		FY2022 2nd Quarter		FY2022 3rd Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Communication	210.4	44.6	205.0	42.4	162.6	38.8	(47.8)	(22.7)	(42.5)	(20.7)
Mobility	80.3	17.0	94.3	19.5	106.3	25.4	+26.0	+32.4	+12.0	+12.7
Computers	75.1	16.0	65.2	13.5	50.7	12.1	(24.4)	(32.4)	(14.5)	(22.2)
Home Electronics	47.1	10.0	61.9	12.8	45.6	10.9	(1.5)	(3.2)	(16.4)	(26.4)
Industry and Others	58.6	12.4	57.0	11.8	53.8	12.8	(4.8)	(8.1)	(3.3)	(5.7)
Net sales	471.4	100.0	483.6	100.0	419.0	100.0	(52.4)	(11.1)	(64.6)	(13.4)

*Based on our estimate

Sales by Application [FY22 3rd Quarter vs. FY22 2nd Quarter]

Communication (20.7%)	<p>Sales of multilayer resin substrates, high-frequency modules and connectivity modules decreased for smartphones.</p> <p>Sales of capacitors decreased for base stations.</p>
Mobility +12.7%	<p>Sales of capacitors grew due to an increase in demand for automotive parts as the tight supply of semiconductors abated.</p>
Computers (22.2%)	<p>Sales of capacitors decreased for PCs.</p> <p>Sales of capacitors and functional devices decreased for peripheral equipment.</p>
Home Electronics (26.4%)	<p>Sales of lithium-ion secondary batteries decreased for power tools.</p> <p>Sales of lithium-ion secondary batteries and capacitors decreased for video game consoles.</p>
Industry and Others (5.7%)	<p>Sales for healthcare products and Industrial equipment decreased.</p>

*Based on our estimate

Segment Information

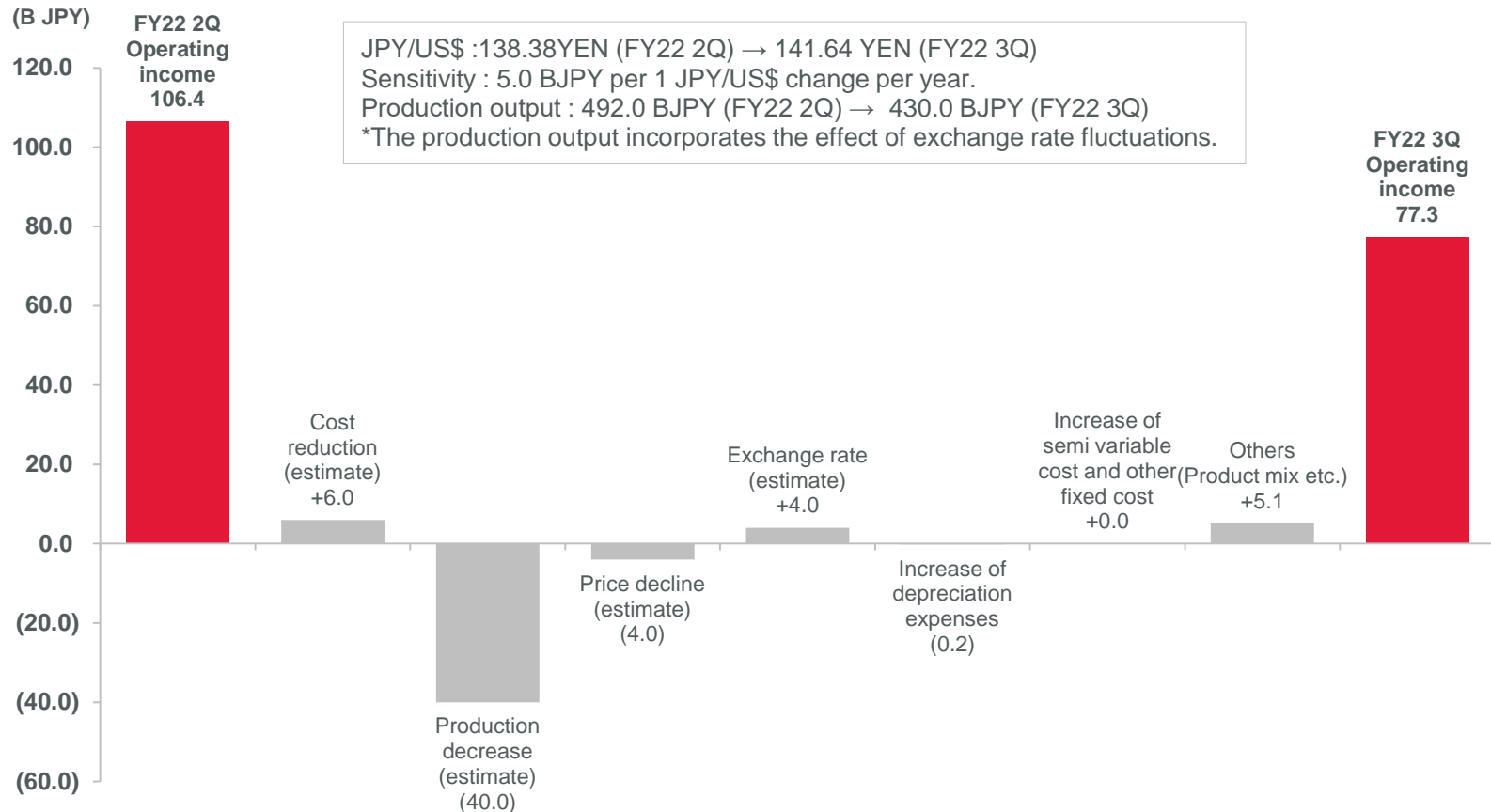
		FY2021 9 months		FY2022 9 months		Y on Y Change	
		(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Components	Total Revenues	756.7	100.0	725.8	100.0	(30.9)	(4.1)
	Operating income	274.2	36.2	234.7	32.3	(39.5)	(14.4)
Devices and modules	Total Revenues	623.3	100.0	612.4	100.0	(10.8)	(1.7)
	Operating income	63.3	10.2	39.1	6.4	(24.2)	(38.2)
Others	Total Revenues	52.8	100.0	54.8	100.0	+2.1	+3.9
	Operating income	(1.5)	(2.8)	(1.5)	(2.8)	(0.0)	-
Eliminations	Total Revenues	(53.2)	-	(53.8)	-	(0.6)	-
Consolidated	Total Revenues	1,379.5	100.0	1,339.2	100.0	(40.3)	(2.9)
	Operating income	336.0	24.4	272.3	20.3	(63.8)	(19.0)

- Components** Profit decreased due to the occurrence of a loss of production from lower capacity utilization, resulting from a decrease in production output, despite the profit-increasing effect of the depreciation of the yen.
- Devices and modules** Profits declined due to deteriorated profitability, caused by lower sales of SAW filters and functional devices.

Note : we have changed classifications of income on represents from “segment income” to “operating income” from the period under review.

Breakdown of Operating Income Changes

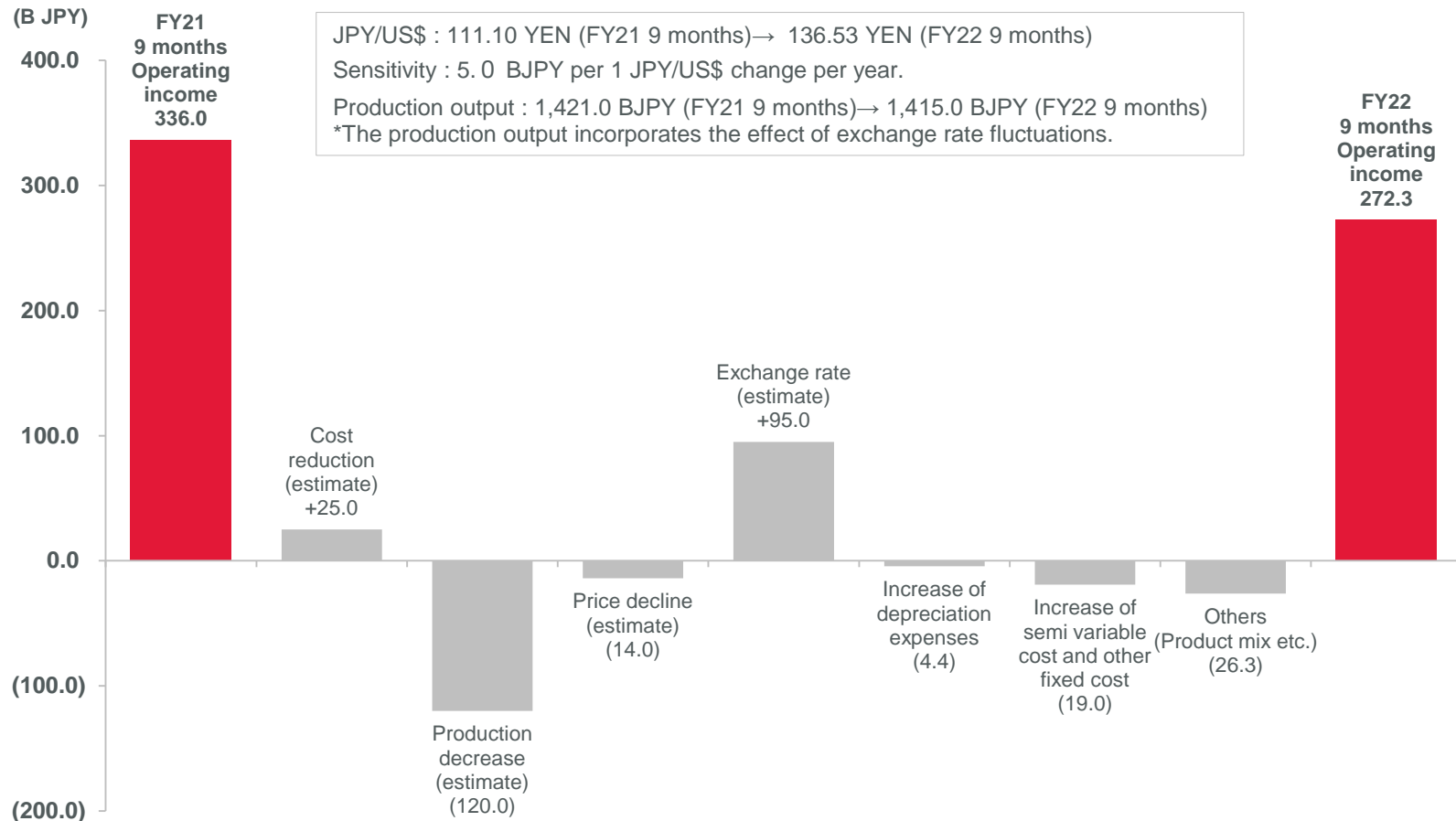
[FY22 2nd Quarter to FY22 3rd Quarter]



*“Production decrease” is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.

*Changes in semi-variable costs and fixed costs include the impact of one-time expenses that occurred in the third quarter of FY2022.

Breakdown of Operating Income Changes [FY21 9 months to FY22 9 months]



**“Production decrease” is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.

*Changes in semi-variable costs and fixed costs include the impact of one-time expenses that occurred in the third quarter of FY2022.

Cash Flows

	FY2021 9 months (B JPY)	FY2022 9 months (B JPY)	Y on Y Change (B JPY)
Operating activities	311.7	183.0	(128.7)
Investing activities	(116.4)	(102.4)	+14.0
Financing activities	(77.4)	(173.4)	(96.0)
Effect of exchange rate changes	3.0	11.6	+8.6
Cash and cash equivalents	528.7	430.9	(97.8)
Free Cash Flows	195.4	80.7	(114.7)
Capital expenditures	(115.2)	(143.0)	(27.9)
Depreciation and amortization	115.6	120.0	+4.4

- Cash flows from operating activities decreased due to an increase in inventories and a decrease in profit, compared to the same period of the previous year.
- Cash flows from financing activities decreased due to the acquisition of treasury stock (80.0 billion yen).

Projected Financial Results for FY2022

(From April 2022 to March 2023)



Projected Financial Results for FY2022

	Previous (October 2022)		FY2022 Projections	Revised (February 2023)				FY2022 Projections		Change vs Projections(October)	
	1st Half (B JPY)	2nd Half (B JPY)		1st Half Results (B JPY)	(%)	2nd Half Projections (B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	920.2	899.8	1,820.0	920.2	100.0	759.8	100.0	1,680.0	100.0	(140.0)	(7.7)
Operating income	195.0	185.0	380.0	195.0	21.2	100.0	13.2	295.0	17.6	(85.0)	(22.4)
Income before income taxes	213.2	185.8	399.0	213.2	23.2	89.8	11.8	303.0	18.0	(96.0)	(24.1)
Net income attributable to Murata Corporation	160.4	136.6	297.0	160.4	17.4	65.6	8.6	226.0	13.5	(71.0)	(23.9)
ROIC (pre-tax basis) (%)	18.7							14.7			
Average exchange rates yen/US dollar	136.99			133.98		134.32		134.15			

- Net sales have been revised downward from the previous projected result in the face of a decline in component demand for communication and computers, primarily resulting from the sluggish markets of smartphones and PCs, the prolonged inventory adjustments and others.
- Operating profit too has been revised downward from the previous projected result due to a loss in production from lower capacity utilization, resulting from a decrease in production output.
- The assumed exchange rate for the fourth quarter has been changed to 127 yen to the US dollar from 140 yen that was forecast previously.

Recognition of Business Environment

	Premises of projected financial results as of October	Recognition of the current situation as of February
Sales	<ul style="list-style-type: none"> - The quantity of smartphones and PCs will decrease significantly due to their poor sales. - Demand recovery for middle- and low-end smartphones expected in next fiscal year. - The currency exchange market sees the yen depreciate further. - High-end smartphone market remains firm. - Constraints on automobile production have persisted longer than assumed. There will be no reduction of BCP inventory by customers. 	<ul style="list-style-type: none"> - The quantities of high-end smartphones and smartphones in Greater China decrease. - The model mix, such as an increase in the quantity of low-end smartphones, changes. - Sales of PCs are poor, and demand in the peripheral equipment is stagnant. - The currency exchange market remains volatile. - Demand for automotive components will recover moderately due to an easing of the tight semiconductor supply. - Automotive customers will keep the current level of BCP inventory.
Productions	<ul style="list-style-type: none"> - The output of the Company is expected to decrease as a result of a fall in demand. 	<ul style="list-style-type: none"> - The output of the Company will be further reduced in light of a decrease in demand for the consumer product market.
Costs	<ul style="list-style-type: none"> - Prices of materials and energy keep rising. 	<ul style="list-style-type: none"> - Prices of materials and energy will remain high.

Projection of Demand

	FY2021 Actual	FY2022 Projections(October)	FY2022 Projections(February)	Change	
				FY21 vs FY22	vs Projections(October)
Smart phones (units)	1,360 M	1,090 M	1,070 M	(21%)	(1%)
therein 5G smartphones	560 M	610 M	590 M	+5%	(3%)
PCs (units)	500 M	440 M	420 M	(16%)	(3%)
Vehicles (units)	76 M	82 M	82 M	+8%	Flat
therein xEV	16 M	24 M	24 M	1.5 times	Flat

* Vehicles are based on the number of units produced.

- Smartphones**

The quantity as a whole is expected to decrease slightly from the previous projection due to an expected increase in low-end phones despite a likely drop in the quantity of phones, mainly high-end, caused by globally creeping inflation and the impact of lockdowns in China, among others.
- PCs**

The forecast quantity of products, mainly high-end tablet PCs, has been revised downward from the previous projection, against the background of deteriorating market sentiment.
- Vehicles**

The outlook for the total quantity remains unchanged from the previous projection although there are ongoing changes in assumed regional quantities.

Projected Sales by Operating segment

	Previous (October 2022)	Revised (February 2023)	
	FY2022 Projections (Growth Ratio against FY21)	FY2022 Projections (Growth Ratio against FY21)	FY2022 4th Quarter Projections (Growth Ratio against FY22 3Q)
Capacitors	Flat	(6%)	(11%)
Inductors and EMI filters	(3%)	(10%)	(15%)
Components	(1%)	(7%)	(12%)
High-Frequency Device and Communications Module	(8%)	(16%)	(34%)
Battery and Power supply	+36%	+18%	(20%)
Functional Device	(5%)	(14%)	(12%)
Devices/Module	+2%	(8%)	(27%)
Total	Flat	(7%)	(19%)

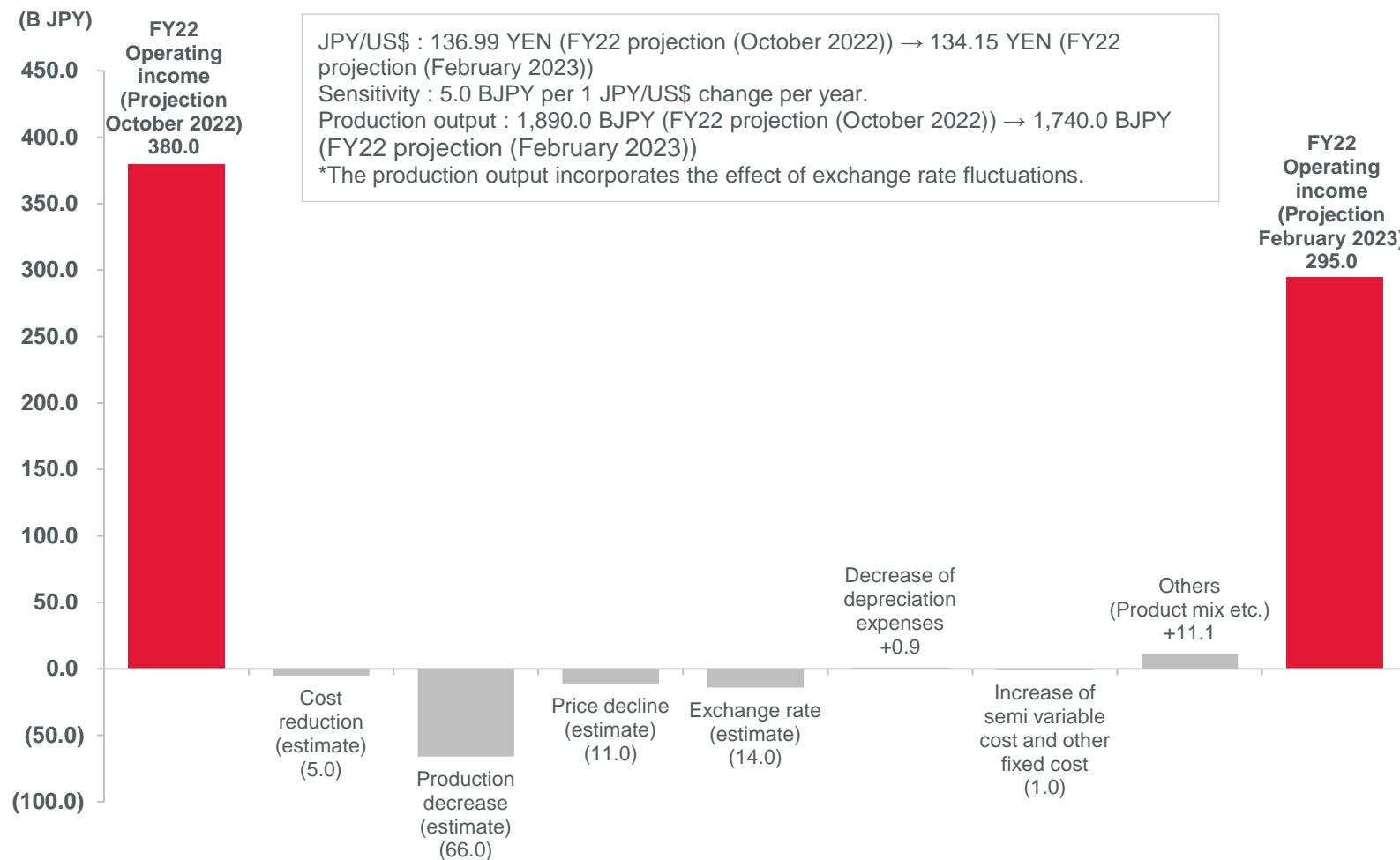
Projected Sales by Application

	Previous (October 2022)	Revised (February 2023)	
	FY2022 Projections (Growth Ratio against FY21)	FY2022 Projections (Growth Ratio against FY21)	FY2022 4th Quarter Projections (Growth Ratio against FY22 3Q)
Communication	(8%)	(16%)	(25%)
Mobility	+20%	+16%	(9%)
Computers	(11%)	(24%)	(17%)
Home Electronics	+24%	+7%	(19%)
Industry and Others	(4%)	(4%)	(20%)
Total	Flat	(7%)	(19%)

*Based on our estimate

Breakdown of Operating Income Changes

[FY22 Projection (October 2022) to FY22 Projection (February 2023)]

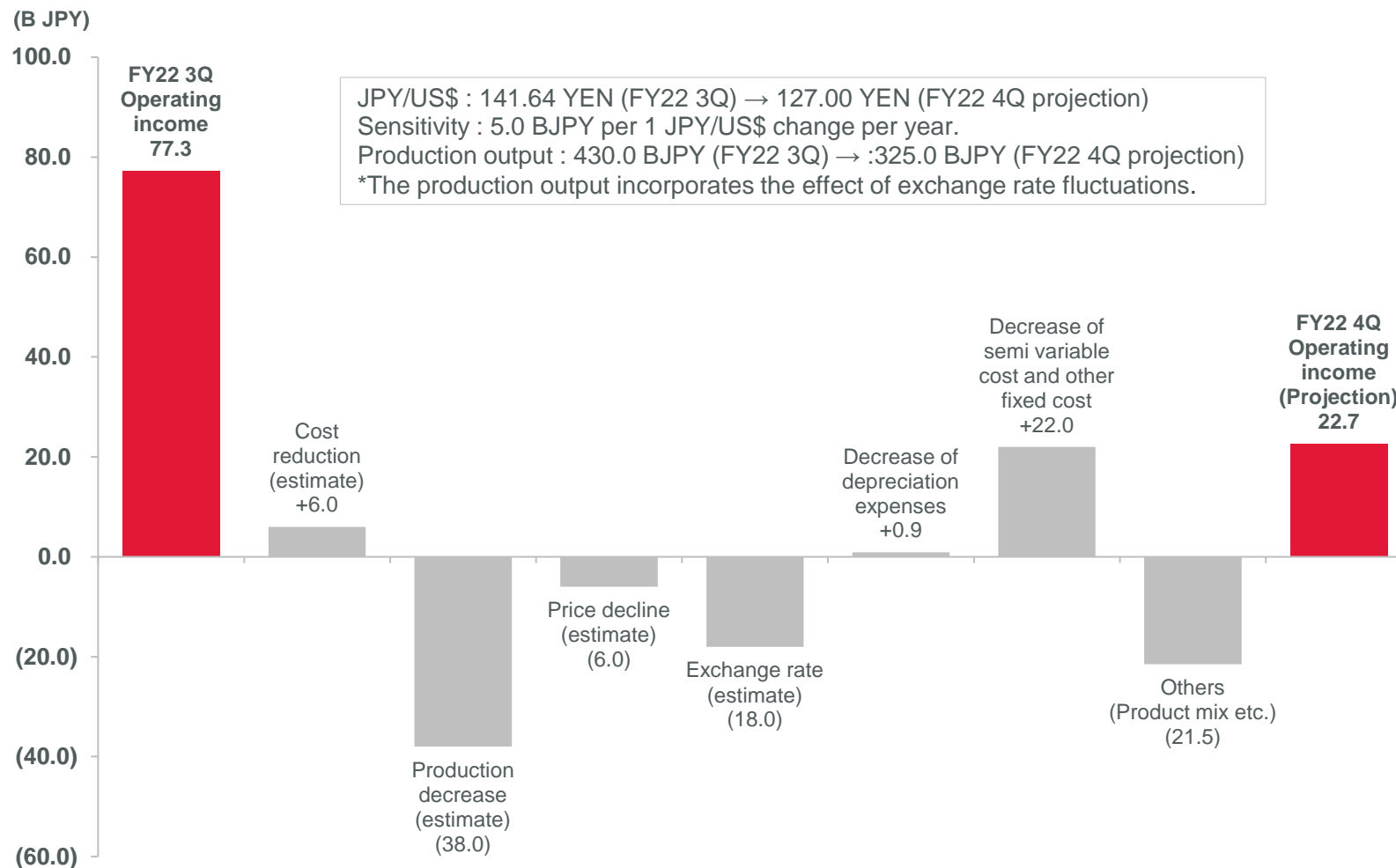


*“Production decrease” is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.

*Changes in semi-variable costs and fixed costs include the impact of one-time expenses that occurred in the third quarter of FY2022.

Breakdown of Operating Income Changes

[FY22 3rd Quarter to FY22 4th Quarter Projection]

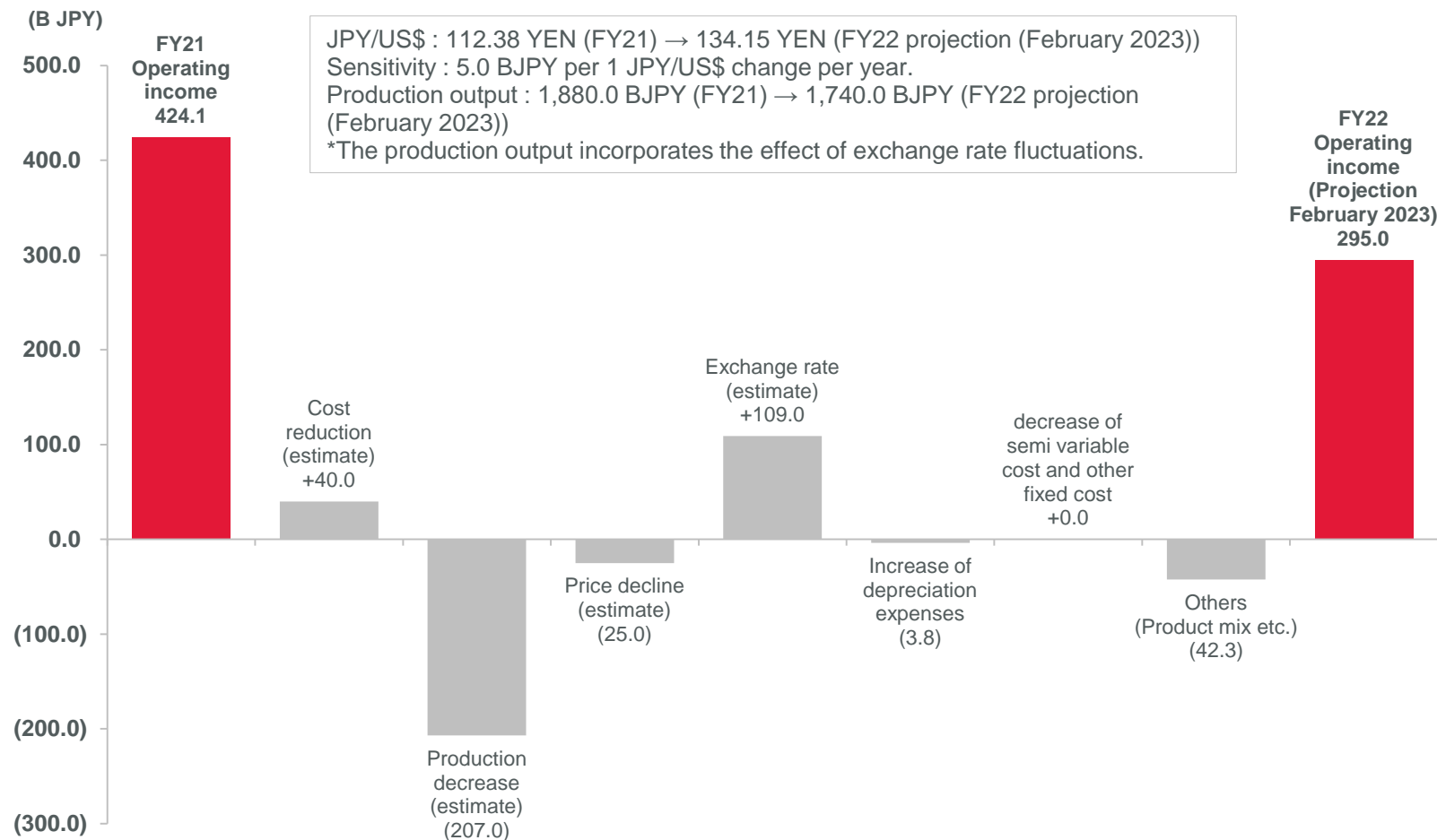


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*Changes in semi-variable costs and fixed costs include the impact of one-time expenses that occurred in the third quarter of FY2022.

Breakdown of Operating Income Changes

[FY21 to FY22 Projection(February 2023)]



*“Production decrease” is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.

*Changes in semi-variable costs and fixed costs include the impact of one-time expenses that occurred in the third quarter of FY2022.

Projected Financial Results for FY2022

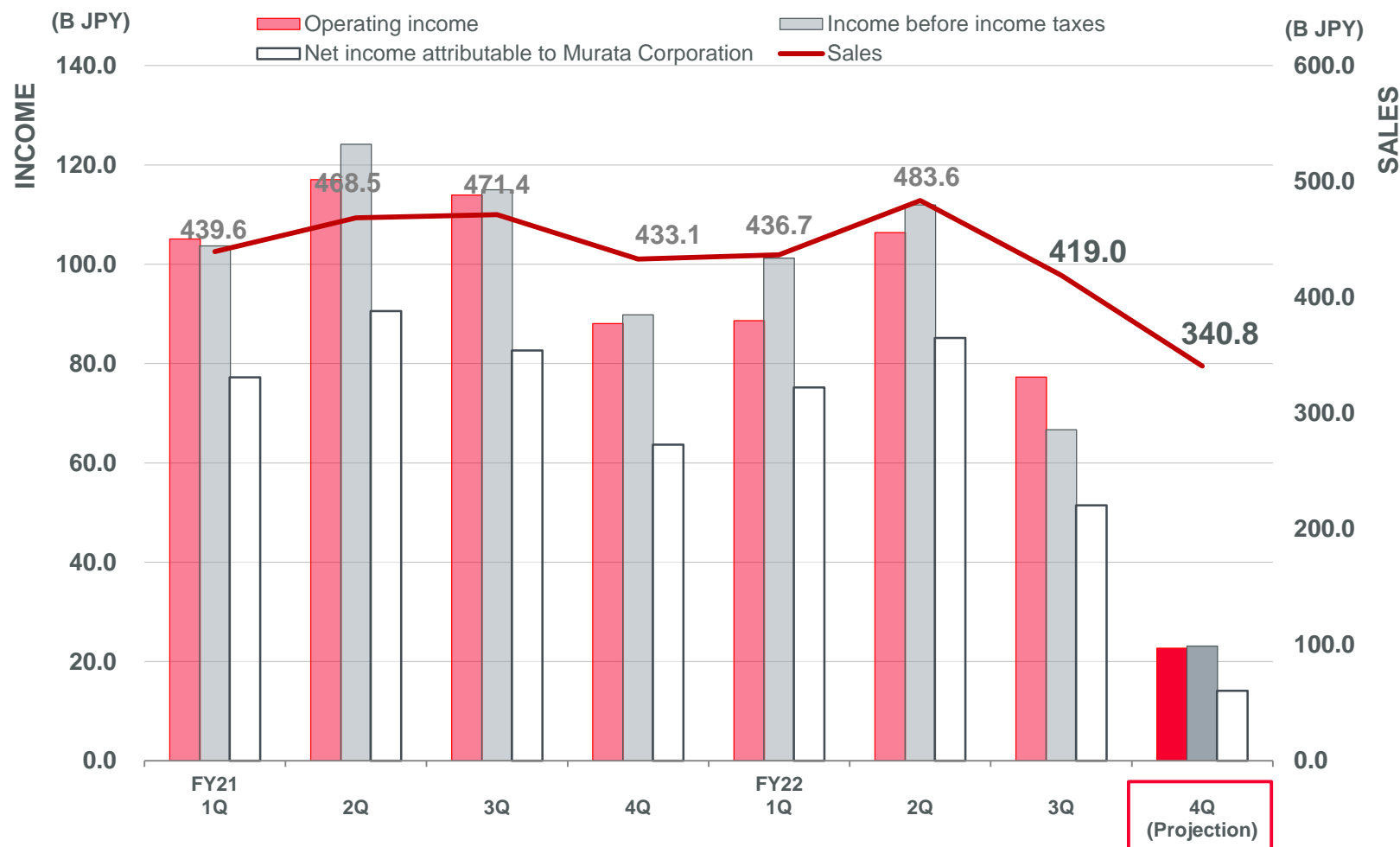
	FY2022 1st Half Results	FY2022 2nd Half Projections	FY2022 Projections
Depreciation and amortization	79.8 B JPY	80.2 B JPY	160.0 B JPY
R & D expenses	62.2 B JPY	56.8 B JPY	119.0 B JPY
Capital expenditures	83.7 B JPY	116.3 B JPY	200.0 B JPY
Average exchange rate (JPY/USD)	133.98	134.32	134.15

[Exchange rate sensitivity (per 1 JPY/US\$ change per year)]

Net sales FY2022 : 10.0 B JPY

Operating income FY2022 : 5.0 B JPY

Quarterly Financial Results



Dividends per Share

- FY2022(Year Ending March 31, 2023) projected annual dividends per share
 - 150 JPY per share
 - (Interim: 75 JPY per share, Year-end: 75 JPY per share)
*20 yen increase of annual dividend per share
-
- FY2021(Year Ending March 31, 2022) annual dividends per share
 - 130 JPY per share
 - (Interim: 60 JPY per share, Year-end: 70 JPY per share)

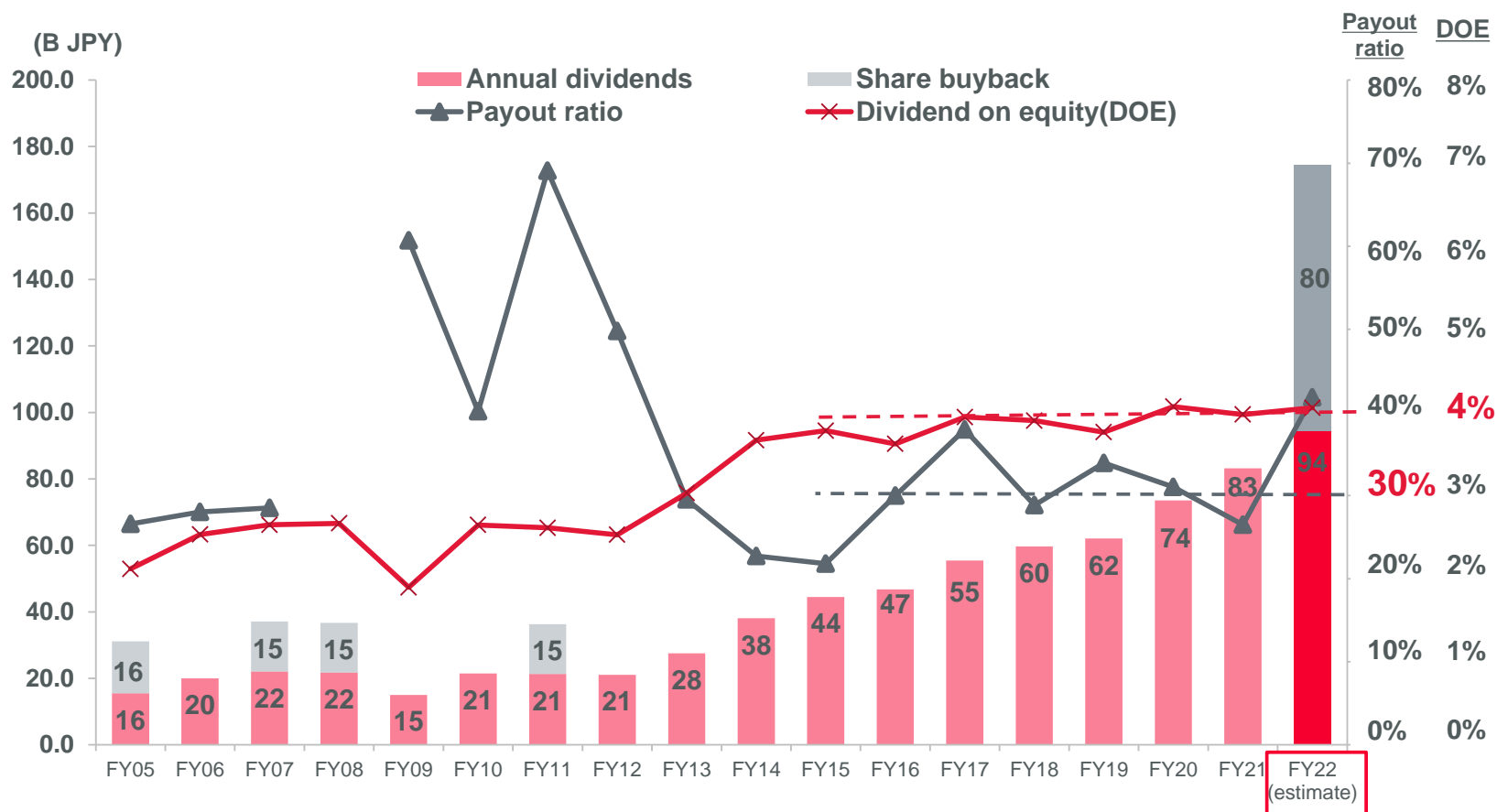
Note: The above projections are based on our view of the current business environment and our projections for FY2022.

Return to Shareholders

- Dividend**

As a stable increase in dividends is our basic policy, we aim to achieve DOE (Dividend on equity ratio) of 4% or higher over the medium term with reference to dividend payout ratio of approximately 30%.
- Share buyback**

As a means of returning profits to shareholders, we implement share buybacks in a timely manner to improve capital efficiency.



This report 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 report.

Thank you



Appendixes



Financial Data (1/3)

(B JPY)

	FY2019		FY2020				FY2021				FY2022		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	410.2	362.9	326.8	425.2	468.6	409.5	439.6	468.5	471.4	433.1	436.7	483.6	419.0
Operating income	79.5	52.4	51.3	80.2	108.4	73.3	105.1	117.0	113.9	88.0	88.6	106.4	77.3
Income before income taxes	78.0	51.3	53.9	79.2	106.3	76.9	103.7	124.1	115.0	89.8	101.2	112.0	66.7
Net income attributable to Murata Corporation	56.1	36.2	39.6	60.3	76.5	60.7	77.2	90.6	82.6	63.7	75.2	85.2	51.5
Capital expenditures	81.4	85.4	40.2	43.8	48.9	63.9	42.6	32.1	33.4	44.7	38.6	45.1	54.2
Depreciation and amortization	35.7	36.4	34.0	35.9	35.7	37.5	37.3	38.7	39.6	40.0	39.8	40.1	40.2
R & D expenses	24.7	26.4	24.8	26.2	24.4	26.3	27.0	27.2	28.2	28.9	30.7	31.5	30.3
Average exchange rates (yen)	108.76	108.97	107.62	106.22	104.51	105.90	109.49	110.11	113.71	116.21	129.57	138.38	141.64

Financial Data (2/3)

(B JPY)

		FY2021				FY2022		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating segment sales	Capacitors	190.0	203.4	201.4	193.8	202.1	194.4	182.7
	Inductors and EMI filters	49.3	51.9	51.1	43.5	46.9	48.3	43.4
	Components	239.3	255.2	252.5	237.3	249.0	242.7	226.1
	High-Frequency Device and Communications Module	128.3	137.4	140.2	122.4	108.4	147.6	114.4
	Battery and Power supply	42.6	45.3	48.8	43.7	51.3	65.0	53.9
	Functional Device	26.7	27.7	26.3	25.6	24.8	24.9	22.1
	Devices/Module	197.6	210.3	215.3	191.8	184.5	237.5	190.4
	Others	2.6	3.0	3.6	4.0	3.1	3.3	2.5
	Net sales	439.6	468.5	471.4	433.1	436.7	483.6	419.0
Sales by Application	Communication	185.7	207.1	210.4	176.1	169.2	205.0	162.6
	Mobility	82.7	82.1	80.3	91.2	91.9	94.3	106.3
	Computers	74.6	77.0	75.1	70.7	68.2	65.2	50.7
	Home Electronics	44.2	48.3	47.1	43.7	51.3	61.9	45.6
	Industry and Others	52.4	54.1	58.6	51.3	56.1	57.0	53.8
	Net sales	439.6	468.5	471.4	433.1	436.7	483.6	419.0

Financial Data (3/3)

(B JPY)

		FY2021				FY2022		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Components	Total revenue	242.2	258.5	255.9	241.5	252.0	245.2	228.6
	Operating income	86.3	94.3	93.6	81.3	86.8	81.0	66.9
Devices and modules	Total revenue	197.6	210.3	215.3	191.8	184.5	237.5	190.4
	Operating income	18.9	23.6	20.8	6.4	1.6	26.1	11.4
Others	Total revenue	17.5	17.8	17.5	18.4	20.2	16.5	18.1
	Operating income	(0.1)	(0.9)	(0.5)	0.3	0.2	(0.7)	(1.0)
Eliminations	Total revenue	(17.7)	(18.2)	(17.3)	(18.6)	(20.0)	(15.7)	(18.1)
Consolidated	Total revenue	439.6	468.5	471.4	433.1	436.7	483.6	419.0
	Operating income	105.1	117.0	113.9	88.0	88.6	106.4	77.3

