

Earnings Release Conference FY2016 (April 2016 to March 2017)

April 28, 2017

Murata Manufacturing Co., Ltd.



<http://www.murata.com/ir/library/index.html>

Topics of Financial Results for FY2016

- Sales of the fiscal year suffered a 6.2% decline year on year, because module products suffered lower sales despite a slight increase in component sales.
- Operating income of the fiscal year surpassed 200 billion yen for the third year in a row, despite being 26.9% lower year on year because of reasons such as the stronger yen and an increase in the expenses made in preparation for future expansion.
- For 2017F, operating income will likely reach 226 billion yen, since both sales and profits are expected to grow because of an increase in demand for new products that will be generated with the functional sophistication of equipment. We are planning 170 billion yen in capital expenditures.
- We plan to pay an annual dividend of 260 yen per share (comprising interim and year-end dividends of 130 yen per share each) for the fiscal year ending March 31, 2018, a 40 yen increase from the previous fiscal year.

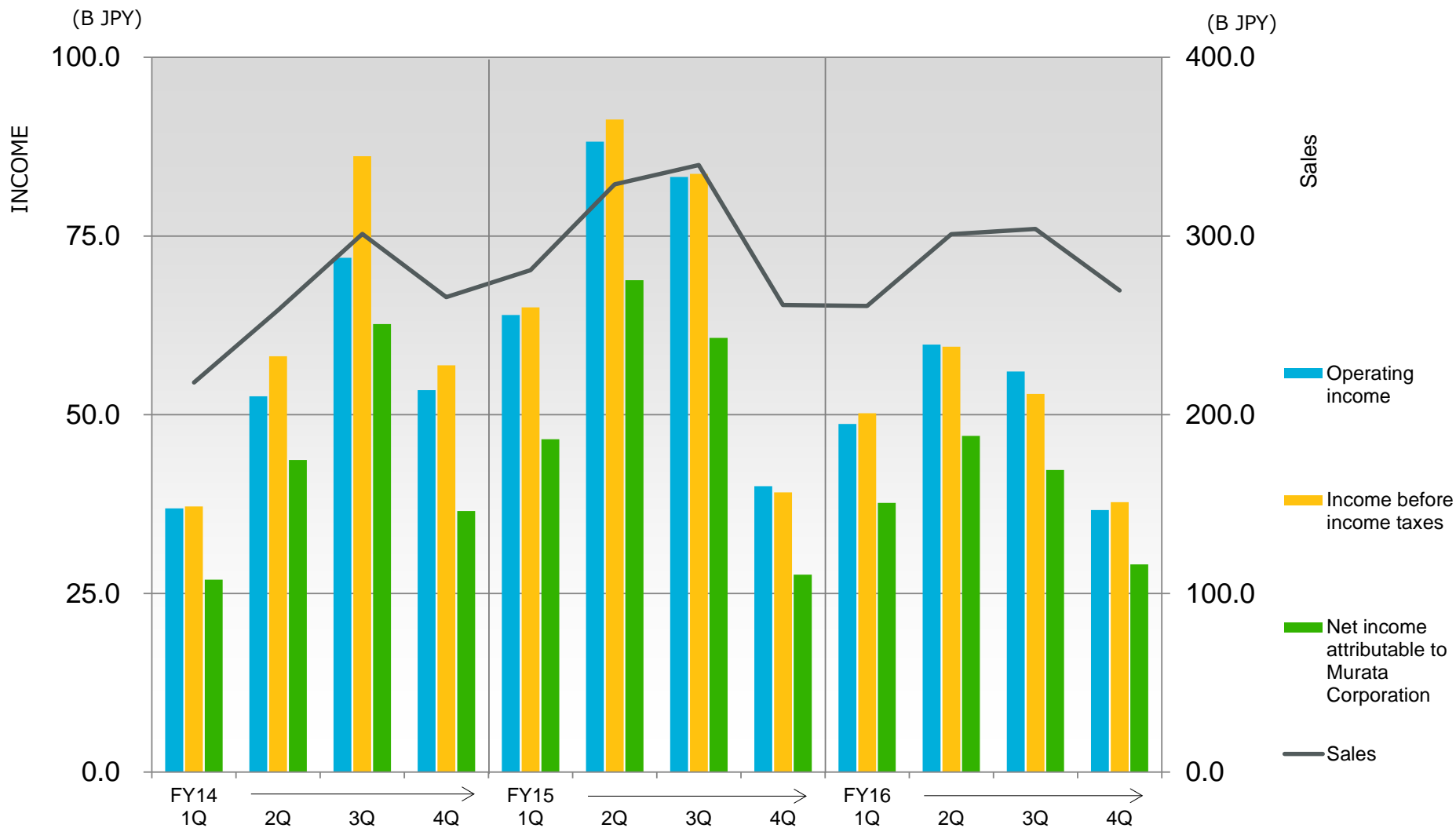
1. Financial Results of FY2016

From April 2016 to March 2017
Consolidated Basis

Topics of Financial Results for FY2016 Forth Quarter

- In Q4, net sales fell short of the planned figure adjusted for exchange effects due to price reductions caused by a pause in the introduction of new products and delays in sales. At the end of March 2017, the order backlog reached an all-time high due to an increase in capacitor orders.

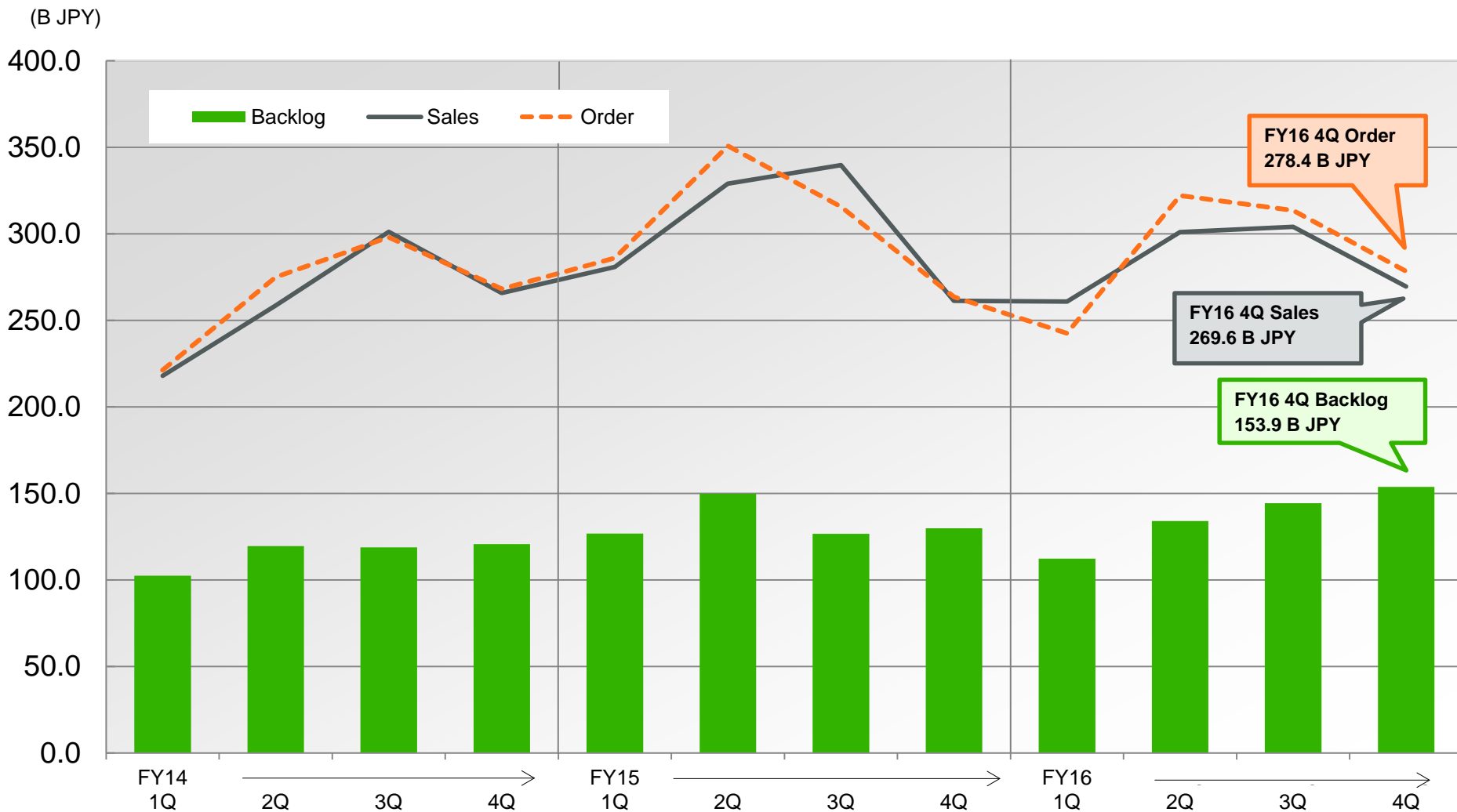
Quarterly Financial Results



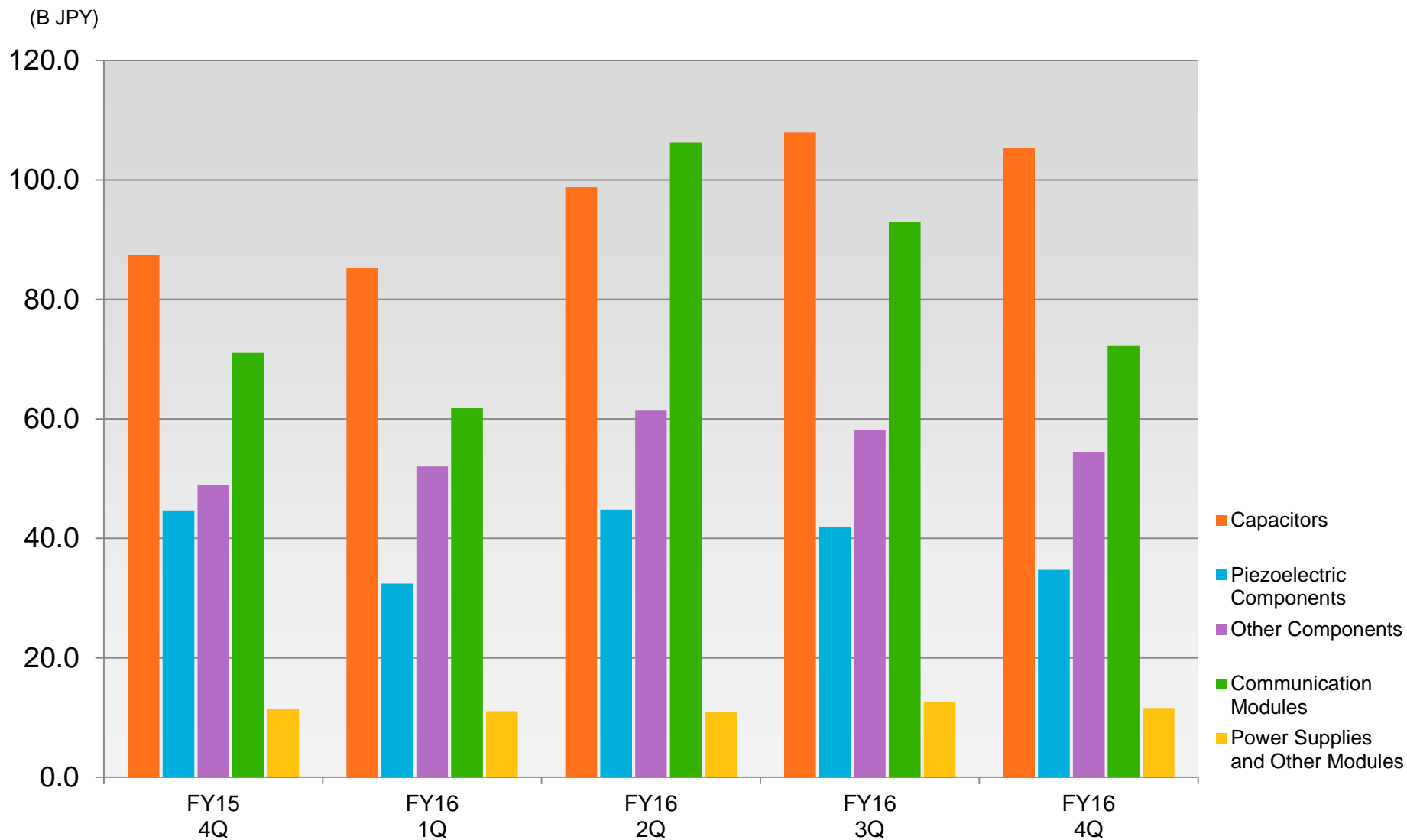
Financial Results Overview

	FY2015		FY2016		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1210.8	100.0	1135.5	100.0	(75.3)	(6.2)
Operating income	275.4	22.7	201.2	17.7	(74.2)	(26.9)
Income before income taxes	279.2	23.1	200.4	17.6	(78.8)	(28.2)
Net income attributable to Murata Corporation	203.8	16.8	156.1	13.7	(47.7)	(23.4)

Quarterly Sales, Order and Backlog



Orders by Product



Sales by Product



	FY2015		FY2016		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	367.3	30.4	369.5	32.6	+2.2	+0.6
Piezoelectric Components	161.9	13.4	170.0	15.0	+8.1	+5.0
Other Components	231.0	19.2	222.3	19.7	(8.7)	(3.8)
Communication Modules	395.2	32.7	325.7	28.7	(69.5)	(17.6)
Power Supplies and Other Modules	51.7	4.3	45.1	4.0	(6.6)	(12.7)
Net sales	1,207.0	100.0	1,132.6	100.0	(74.4)	(6.2)

Sales by Product

<p>Capacitors +0.6%</p>	<p>Multilayer Ceramic Capacitors : Successful overall. While capacitors for smartphones suffered a major reduction due to the stronger yen and a pause in the introduction of new products, products for car electronics and notebook PCs were very strong.</p>
<p>Piezoelectric Components +5.0%</p>	<p>SAW Filters : Sales for smartphones increased thanks to increased demand in China.</p> <p>Piezoelectric Sensors : Sales of ultrasonic sensors increased for automotive safety devices. Sales of actuators increased for hard disk drives.</p>
<p>Other Components (3.8%)</p>	<p>Inductors (coil) : Sales of high frequency coils increased for smartphones.</p> <p>Connectors : Sales for smartphones decreased because of a reduction in the number of connectors used in the end products.</p>
<p>Communication Modules (17.6%)</p>	<p>Wireless modules and RF submodules: Sales decreased because of the stronger yen and reductions in the production of smartphones integrating Murata components, and a reduction in the Murata share of orders won from a specific customer.</p>
<p>Power Supplies and Other Modules (12.7%)</p>	<p>Power Supplies : Sales for car-audio and office-automation equipment decreased.</p>

Sales by Application

	FY2015		FY2016		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
AV	47.6	3.9	46.2	4.1	(1.4)	(2.8)
Communication	728.4	60.4	634.1	56.0	(94.3)	(12.9)
Computers and Peripherals	166.6	13.8	170.1	15.0	+3.5	+2.1
Automotive Electronics	152.8	12.7	168.7	14.9	+15.9	+10.4
Home Electronics and Others	111.6	9.2	113.5	10.0	+1.9	+1.7
Net sales	1,207.0	100.0	1,132.6	100.0	(74.4)	(6.2)

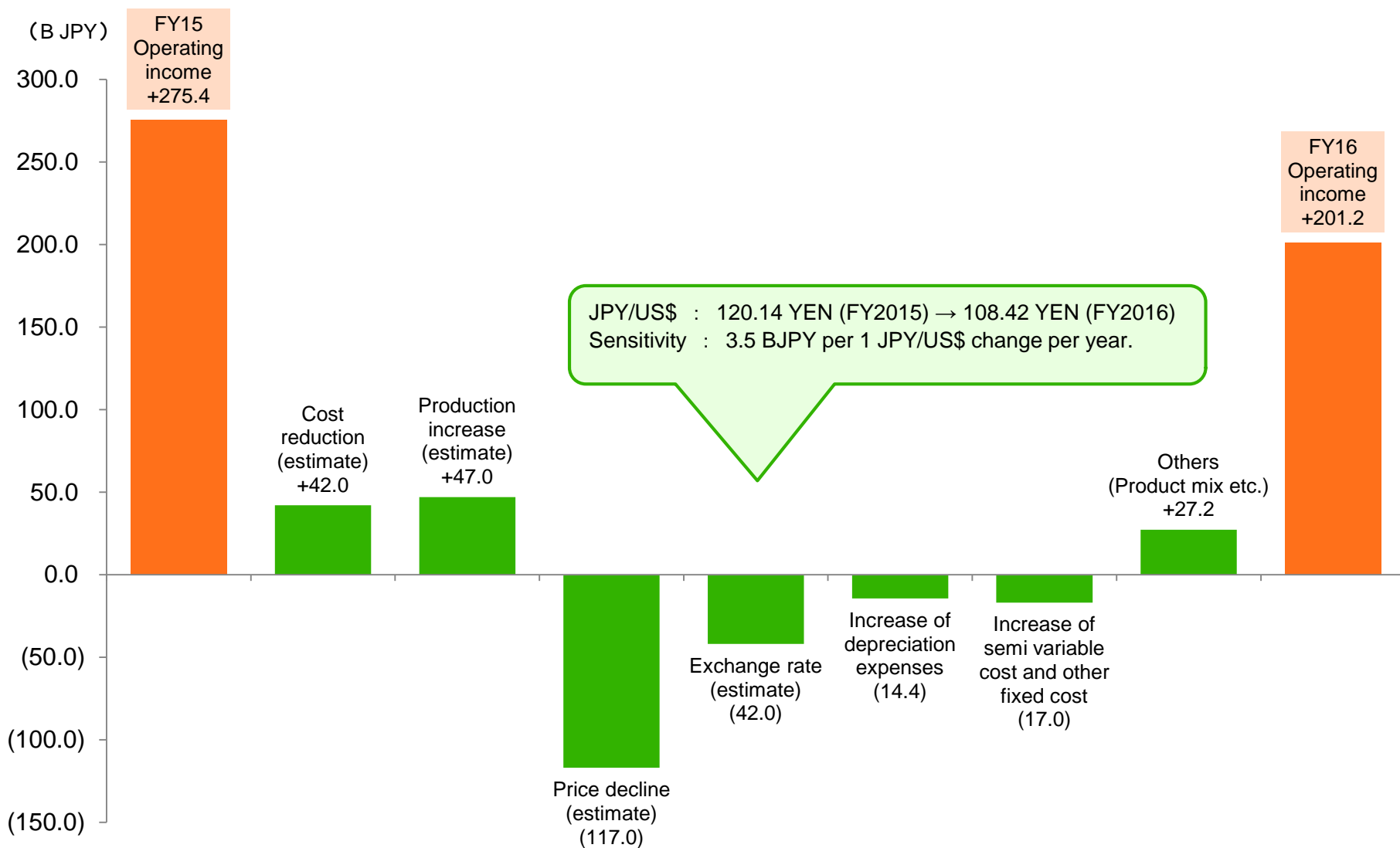
*Based on our estimate

Sales by Application

<p>A V (2.8%)</p>	<p>Sales of high-capacitance MLCCs for LCDTV increased. Sales of MLCCs and EMI suppression filter decreased for gaming hardware.</p>
<p>Communication (12.9%)</p>	<p>Sales of SAW filters increased because of the penetration of multiband smartphones. Sales declined substantially not only because of the stronger yen, but also because of reductions in the production of models integrating short-range wireless communication modules, RF submodules and circuit modules for high-end smartphones, and a reduction in the Murata share of orders won from a specific customer. Capacitors posted lower sales due to a pause in the introduction of new products, and connectors also suffered a decrease in sales due to reductions in the number of connectors used in end products.</p>
<p>Computers and Peripherals +2.1%</p>	<p>Sales of wireless modules and high-capacitance MLCCs increased for laptop computers. Sales of actuators increased for hard disk drives. Wireless modules decreased for tablets.</p>
<p>Automotive Electronics +10.4%</p>	<p>Sales of MLCCs increased substantially as a result of progress in the electrification of vehicles. Sales of wireless modules increased for Infotainment. Sales of power supply decreased for car audio.</p>

*Based on our estimation





Breakdown of Operating Income Changes FY2015 to FY2016







2. Projected Financial Results for FY2017

(From April 2017 to March 2018)

Projection of Demand (Communication)

	FY2016		FY2017 Projection		
Mobile Phones Total (units)	1,780 M	→	1,780 M	Flat	
2G/3G	680 M	→	530 M	(20%)	
LTE	1,100 M	→	1,250 M	+13%	
Smartphones	1,560 M	→	1,590 M	+2%	

Projection of Demand (PC)

	FY2016		FY2017 Projection		
PCs (units)	450 M	→	400 M	(11%)	
Desktop	120 M	→	120 M	Flat	
Notebook	160 M	→	160 M	Flat	
Tablet	170 M	→	120 M	(25%) to (30%)	

Projected Sales by Product

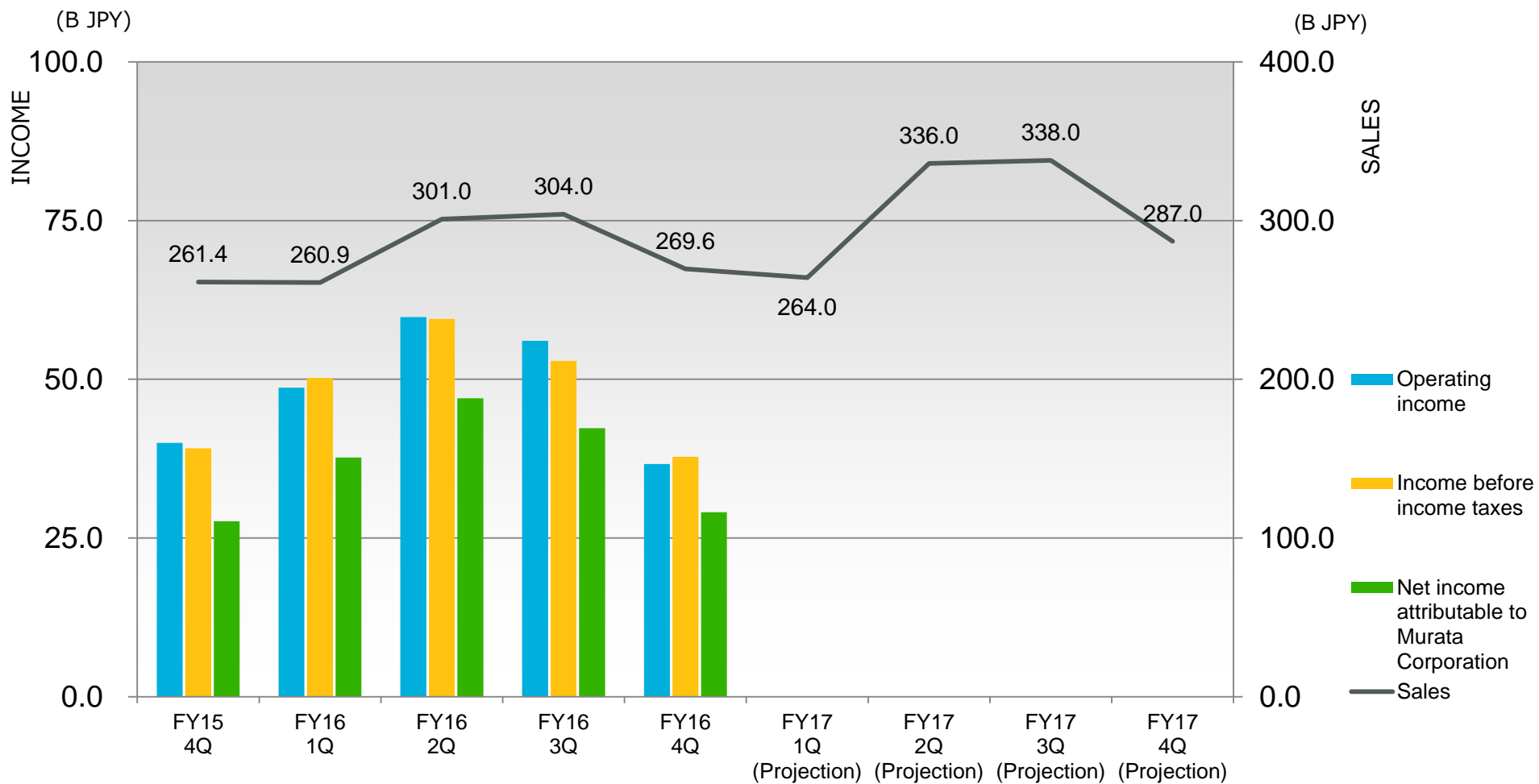
	FY2016 Actual (YoY growth ratio)	FY2017 Projections (YoY growth ratio)
Capacitors	+1%	+14%
Piezoelectric Components	+5%	+8%
Other Components	(4%)	+3%
Communication Modules	(18%)	+6%
Power Supplies and Other Modules	(13%)	(1%)
Total	(6%)	+8%

Projected Sales by Application

	FY2016 Actual (YoY growth ratio)	FY2017 Projections (YoY growth ratio)
AV	(3%)	+3%
Communication	(13%)	+12%
Computers and Peripherals	+2%	(5%)
Automotive Electronics	+10%	+13%
Home Electronics and Others	+2%	Flat
Total	(6%)	+8%

* Based on our estimate

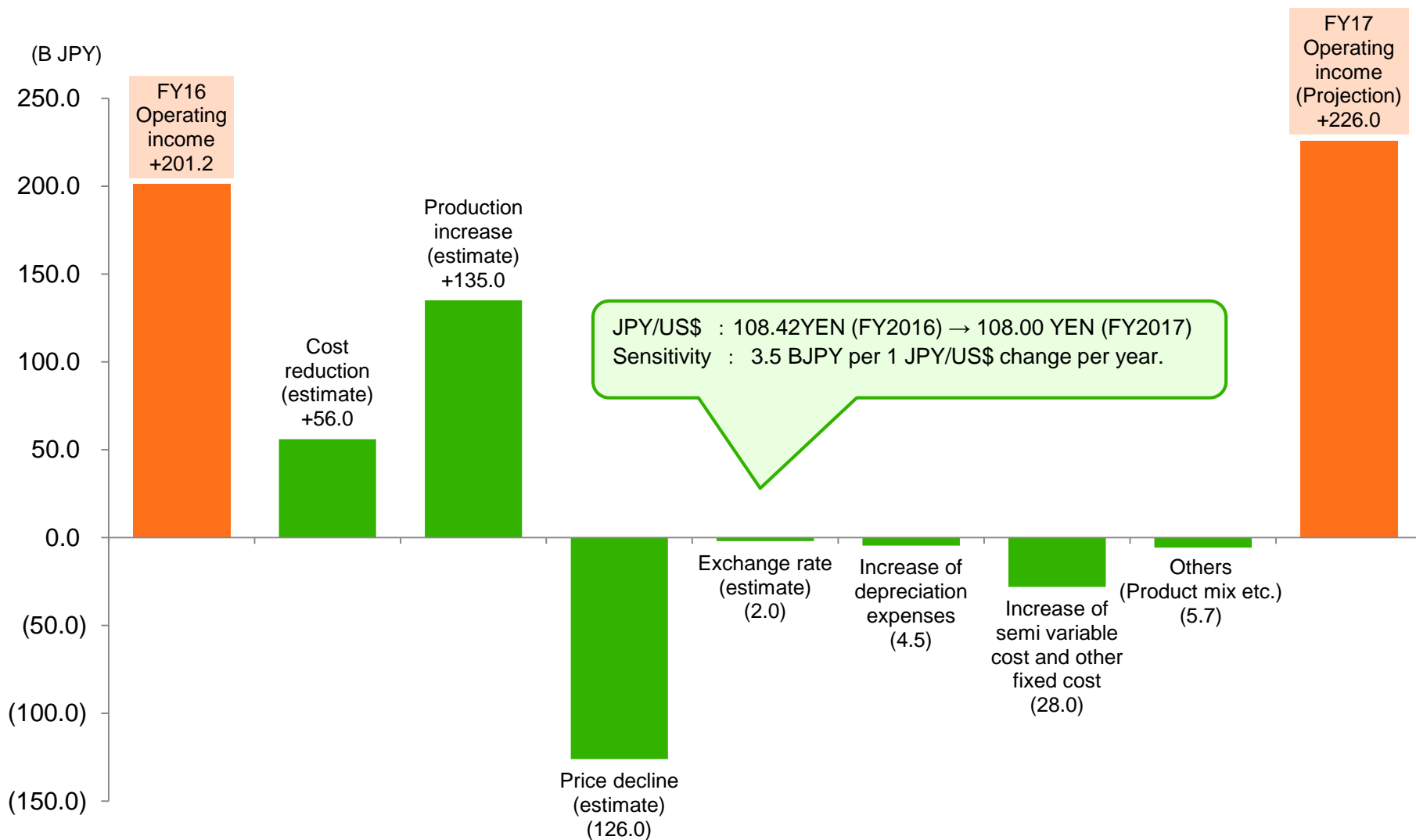
Quarterly Financial Results



Projected Financial Results for FY2017

	FY2016 Actual		FY2017 Projections				Change	
	(B JPY)	(%)	1st Half (B JPY)	2nd Half (B JPY)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1135.5	100.0	600.0	625.0	1225.0	100.0	+89.5	+7.9
Operating income	201.2	17.7	108.0	118.0	226.0	18.4	+24.8	+12.3
Income before income taxes	200.4	17.6	110.0	120.0	230.0	18.8	+29.6	+14.8
Net income attributable to Murata Corporation	156.1	13.7	84.0	90.0	174.0	14.2	+17.9	+11.5
Average exchange rates yen/US dollar	108.42				108.00			

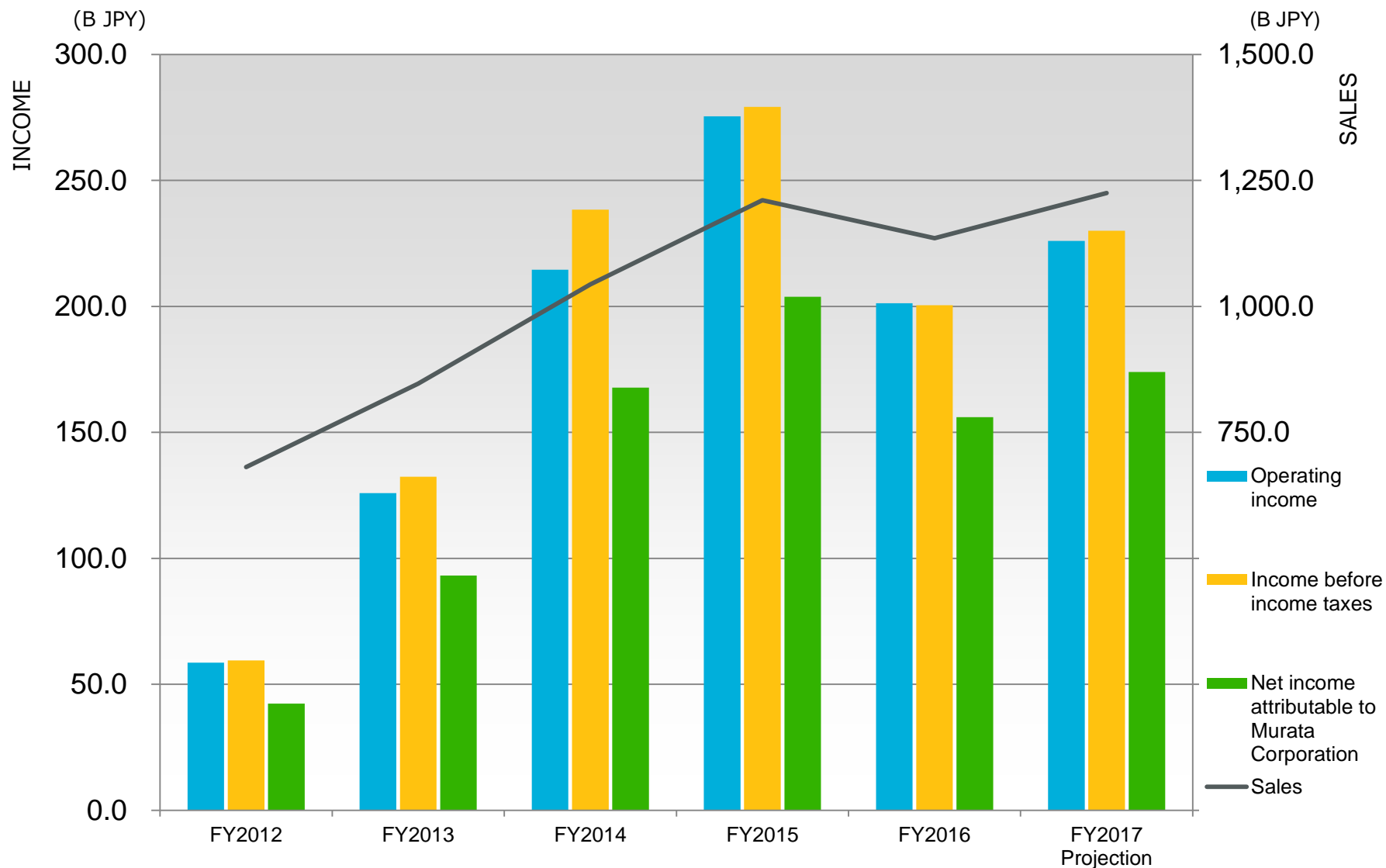
Breakdown of Operating Income Changes FY2016 to FY2017



Projected Financial Results for FY2017

	FY2016 Actual	FY2017 Projections
Depreciation and amortization	113.5 B JPY	118.0 B JPY
R & D expenses	81.8 B JPY	90.0 B JPY
Capital expenditures	158.6 B JPY	170.0 B JPY
Average exchange rate (JPY/US\$)	108.42	108.00
Average exchange rate (JPY/EUR)	118.84	115.00

Projected Financial Results for FY2017



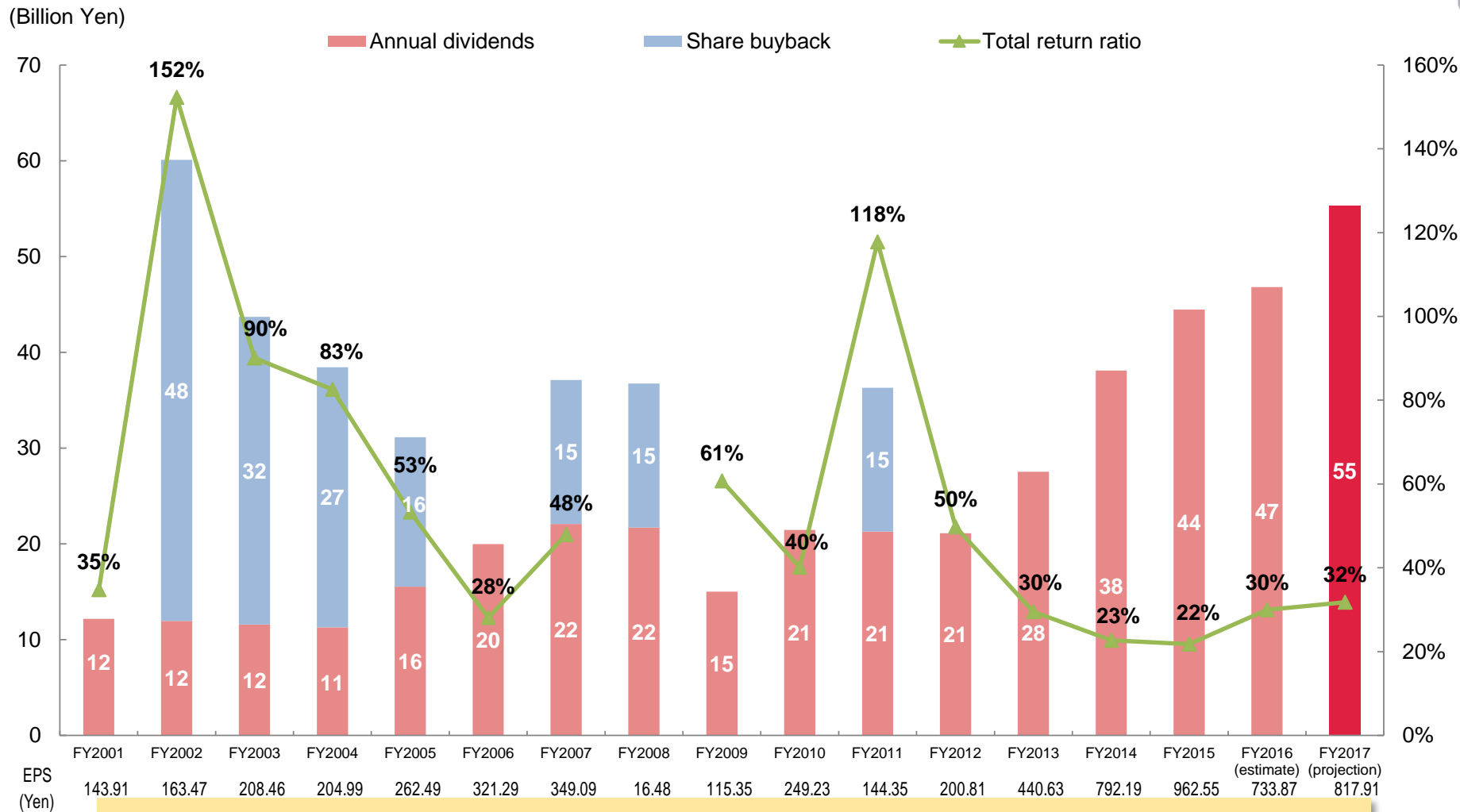
Dividends per Share

FY2017 projected annual dividends per share
260 JPY per share
(Interim: 130 JPY per share, Year-end: 130 JPY per share)
*40 yen increase of year-end dividend per share

FY2016 annual dividends per share
220 JPY per share
(Interim: 110 JPY per share, Year-end: 110 JPY per share)

Note: The above projections are based on our view of the current business environment and our projections for FY2017.

Return to Shareholders



Our basic policy of profit distribution to shareholders is to prioritize the sharing of gains through payment of dividends, and to steadily raise them by increasing profit per share.

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

