

Consolidated Financial Flash Report (March 31, 2017)

Date: April 28, 2017

Company Name : Murata Manufacturing Co., Ltd.
Listing Code : 6981
(URL <http://www.murata.com/>)
Phone : (075) 955-6525
The date of payout of dividends: June 30, 2017

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated Financial results for the year ended March 31, 2017

(1) Operating results (Years ended March 31, 2017 and 2016)

	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	%
2017	1,135,524	(6.2)	201,215	(26.9)	200,418	(28.2)	156,060	(23.4)
2016	1,210,841	16.0	275,406	28.4	279,173	17.1	203,776	21.5

Comprehensive income attributable to Murata Corporation: 158,146 million yen for the year ended March 31, 2017 and 148,451 million yen for the year ended March 31, 2016

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share	Net income attributable to Murata Corporation / Shareholders' equity	Income before income taxes / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
2017	733.87	-	12.1	12.7	17.7
2016	962.55	-	17.3	18.9	22.7

* 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 previous fiscal year.

(2) Financial position (At March 31, 2017 and 2016)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2017	1,634,999	1,354,819	82.9	6,368.48
2016	1,517,784	1,229,159	81.0	5,806.06

(3) Cash flows (Years ended March 31, 2017 and 2016)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2017	243,920	(202,697)	(11,729)	239,184
2016	252,451	(205,316)	(56,614)	212,570

2. Dividends (Years ended March 31, 2017 and 2016, and the year ending March 31, 2018)

	Cash dividends per share					Cash dividends (Total)	Consolidated basis	
	First Quarter	Second Quarter	Third Quarter	Year-end	Total		Payout ratio	Dividend on equity (DOE)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2016	-	100.00	-	110.00	210.00	44,458	21.8	3.8
2017	-	110.00	-	110.00	220.00	46,803	30.0	3.6
2018 (Projected)	-	130.00	-	130.00	260.00	-	31.8	-

3. Projected financial results for the six months ending September 30, 2017 and the year ending March 31, 2018 (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
Six months ending September 30, 2017	600,000	6.8	108,000	(0.5)	110,000	0.2	84,000	(0.8)	394.85
Year ending March 31, 2018	1,225,000	7.9	226,000	12.3	230,000	14.8	174,000	11.5	817.91

* Percentages in the fields of Net sales, Operating income, Income before income taxes, and Net income attributable to Murata Corporation for the six months ending September 30, 2017 are the growth ratios against the six months ended September 30, 2016.

Percentages for the year ending March 31, 2018 are the growth ratios against the previous year.

4. Notes

(1) Changes in significant subsidiaries (changes in specific subsidiaries that caused change in scope of consolidation): None

(2) Changes in accounting policy

Changes due to adoption of new accounting standard: None

Changes due to reasons other than above: None

(3) Number of common shares outstanding

Number of shares outstanding including treasury stock: 225,263,592 shares at March 31, 2017 and 2016

Number of treasury stock: 12,525,306 shares at March 31, 2017 and 13,560,912 shares at March 31, 2016

Average number of shares outstanding: 212,654,609 shares for the year ended March 31, 2017 and 211,703,608 shares for the year ended March 31, 2016

*See "Amounts per Share" for the average common shares outstanding, which is the basis of computation of earnings per share.

[Reference] Financial Results on Parent Company Basis

1. Financial results for the year ended March 31, 2017

(1) Operating results (Years ended March 31, 2017 and 2016)

	Net sales		Operating income		Income before income taxes and extraordinary items		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2017	831,136	(6.5)	33,525	(39.5)	73,134	(23.6)	75,754	(6.2)
2016	889,121	18.1	55,457	(7.8)	95,732	(20.8)	80,721	(18.2)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2017	356.23	-
2016	381.29	-

*1 Percentages in the fields of Net sales, Operating income, Income before income taxes and extraordinary items, and Net income are the growth ratios against the previous year.

*2 The diluted earnings per share is not stated since there were no dilutive potential securities.

(2) Financial position (At March 31, 2017 and 2016)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2017	942,873	580,270	61.5	2,727.62
2016	840,658	533,022	63.4	2,517.79

*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, 2016 through March 31, 2017)

1. Business Results

For the period under review, the global economic environment showed slow recovery as a whole: the economic situation in the U.S. developed steadily due to improvements in employment and private income. Europe continued its slow economic recovery, bolstered by an easing of credit. China showed a pause in its economic slowdown owing to various government measures. On the other hand, there were no clear signs of full recovery, primarily due to concerns over possible reductions in trade resulting from protectionism and political uncertainties in Europe.

In the electronics market, while the growth rate in the number of smartphones sold decreases, improvements in the functions of smartphones contributed to an increased number of electronic components per terminal, so continued growth is expected. In car electronics, the growing number of electric components installed in vehicles for safety and convenience increased demand for electronic components.

For the period under review, Murata Manufacturing Co., Ltd. and subsidiaries (together the "Companies") achieved net sales of 1,135,524 million yen, a 6.2% year-on-year decrease. While the Companies focused on promising markets, achieving growth in the sales volumes of components and primarily of general-purpose products, net sales of these products only represented a slight increase due to price declines and the yen's appreciation of 11.72 yen against the dollar compared with the previous fiscal year. A further negative impact came as modules suffered a substantial reduction in net sales.

Operating income was 201,215 million yen, down 26.9%, income before income taxes was 200,418 million yen, down 28.2%, and net income was 156,060 million yen, down 23.4% from the previous fiscal year. Positive contributions such as cost reduction initiatives and the ongoing introduction of new products were more than offset by negative factors including price declines, higher depreciation and amortization, and the stronger yen.

	Millions of yen					
	Year ended March 31, 2016		Year ended March 31, 2017		Change	
		%*		%*		%*
Net sales	1,210,841	100.0	1,135,524	100.0	(75,317)	(6.2)
Operating income	275,406	22.7	201,215	17.7	(74,191)	(26.9)
Income before income taxes	279,173	23.1	200,418	17.6	(78,755)	(28.2)
Net income attributable to Murata Corporation	203,776	16.8	156,060	13.7	(47,716)	(23.4)
Average exchange rate (Yen/U.S. dollar)	120.14	—	108.42	—	(11.72)	—
Average exchange rate (Yen/EURO)	132.57	—	118.84	—	(13.73)	—

*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.

	Millions of yen						
	Year ended March 31, 2016		Year ended March 31, 2017		Change		
		%*		%*		%	
Capacitors	367,319	30.4	369,488	32.6	2,169	0.6	
Piezoelectric Components	161,880	13.4	170,012	15.0	8,132	5.0	
Other Components	230,967	19.2	222,259	19.7	(8,708)	(3.8)	
Components Total	760,166	63.0	761,759	67.3	1,593	0.2	
Communication Modules	395,197	32.7	325,736	28.7	(69,461)	(17.6)	
Power Supplies and Other Modules	51,652	4.3	45,100	4.0	(6,552)	(12.7)	
Modules Total	446,849	37.0	370,836	32.7	(76,013)	(17.0)	
Net sales	1,207,015	100.0	1,132,595	100.0	(74,420)	(6.2)	

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review increased by 0.2% year-on-year to 761,759 million yen.

[Capacitors]

The Capacitors category includes multilayer ceramic capacitors (MLCCs).

For the period under review, sales of MLCCs for communication equipment, the main product in this category, decreased in yen terms due to the stronger yen and price declines, while they increased in quantity sold because of improvements in the functions of smartphones. In addition, sales of components for car electronics increased substantially as a result of the progress in the electrification of vehicles. Products for computers and peripherals equipment were also very successful.

As a result, overall net sales increased by 0.6% year-on-year to 369,488 million yen.

[Piezoelectric Components]

The Piezoelectric Components category includes SAW (surface acoustic wave) filters, ceramic resonators, piezoelectric sensors, and ceramic filters.

For the period under review, sales of SAW filters increased as a result of the penetration of multi-band smartphones. Ultrasonic sensors for automotive safety equipment grew in sales, as did actuators for hard disk drives.

As a result, overall net sales increased by 5.0% year-on-year to 170,012 million yen.

[Other Components]

Other Components include inductors (coils), EMI (electro-magnetic interference) suppression filters, connectors, sensors and thermistors.

For the period under review, RF coils for smartphones increased in sales, while connectors for smartphones suffered a sales decline due to a reduction in the number of connectors used in the smartphone models the Companies cater to.

As a result, overall net sales decreased by 3.8% year-on-year to 222,259 million yen.

<Modules>

Sales of Modules for the period under review decreased by 17.0% year-on-year to 370,836 million yen.

[Communication Modules]

The Communication Modules category includes short-range wireless communication modules, RF sub modules, circuit modules, and multilayer ceramic devices.

For the period under review, short-range wireless communication modules, RF sub modules, and circuit modules for high-end smartphones suffered from substantial declines in sales. This was due to the stronger yen, reductions in the production of smartphones integrating Murata components, and a reduction in the Murata share of orders won from a specific customer.

As a result, overall net sales decreased by 17.6% year-on-year to 325,736 million yen.

[Power Supplies and Other Modules]

This product category includes power supplies.

For the period under review, net sales of power supplies for car electronics and office automation equipment suffered declines.

As a result, overall net sales decreased by 12.7% year-on-year to 45,100 million yen.

2. Financial Position

Total assets at March 31, 2017 increased by 117,215 million yen from the end of the previous fiscal year to 1,634,999 million yen. The ratio of shareholders' equity to total assets increased by 1.9 percentage points from the end of the previous fiscal year to 82.9% at March 31, 2017.

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 243,920 million yen. Net income was 156,076 million yen, depreciation and amortization was 113,523 million yen, and accrued expenses and other increased by 7,586 million yen, while income taxes payable decreased by 22,678 million yen and accounts receivable increased by 14,317 million yen.

Net cash provided by operating activities decreased by 8,531 million yen from the year ended March 31, 2016.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 202,697 million yen. Cash outflows from capital expenditures were 158,579 million yen, payment for purchases of marketable securities, investments and other was 58,967 million yen, and long-term deposits increased by 22,591 million yen, while cash inflows from maturities and sales of marketable securities were 45,192 million yen.

Net cash used in investing activities increased by 2,619 million yen from the year ended March 31, 2016.

<Net Cash Used in Financing Activities>

For the period under review, net cash used in financing activities was 11,729 million yen. Cash inflows from an increase in short-term borrowings was 39,673 million yen, while payments of dividends were 46,689 million yen, and the repayment of long-term debt was 4,662 million yen.

Net cash used in financing activities increased by 44,885 million yen from the year ended March 31, 2016.

3. Projected Results for the Year Ending March 31, 2018

For the year ending March 31, 2018, the Companies expect economic recovery in major countries, most notably in the United States. However, there will be continued concerns over possible reductions in trade resulting from protectionism and political uncertainties in Europe. Towards the end of the fiscal year under review and after, moves to avoid these economic risks could trigger yen buying, leading to an even stronger yen.

In the electronics market, of which the Companies are a part, while there are concerns over the saturation of the communication segment with smartphones, the Companies still expect an increase in the number of electronic components per terminal due to further functional sophistication of devices and growth in added product value resulting from growing demand for new products. The Companies understand that products for car electronics will continue to undergo further electrification.

Based on the above outlook, the Companies have made the following earnings projections for the year ending March 31, 2018.

[Consolidated Projections for the Year Ending March 31, 2018]

		Consolidated Basis	
		2017 (Actual)	2018 Projections
Net sales	Millions of yen	1,135,524	1,225,000
	<*>	<17.7>	<18.4>
Operating income	Millions of yen	201,215	226,000
	<*>	<17.6>	<18.8>
Income before income taxes	Millions of yen	200,418	230,000
Net income attributable to Murata Corporation	Millions of yen	156,060	174,000
	<*>	<13.7>	<14.2>
Capital expenditures	Millions of yen	158,579	170,000
	<*>	<10.0>	<9.6>
Depreciation and amortization	Millions of yen	113,523	118,000
	<*>	<7.2>	<7.3>
R & D expenses	Millions of yen	81,809	90,000

*1 Ratio to net sales

For the year ending March 31, the Companies forecast net sales of 1,225,000 million yen or a 7.9% year-on-year increase. Components such as capacitors are in particular expected to grow, because of further functional sophistication of smartphones in the communications market and higher demand generated in the area of car electronics in conjunction with further electrification of vehicles. While there will be adverse factors such as investments in buildings and production equipment to increase the production of new products, an increase in up-front expenditures mainly used in research and development, and product price declines, the Companies will continue to introduce new products while implementing cost reduction measures. Compared with the year ended March 31, 2017, the Companies plan to achieve higher profits: operating income of 226,000 million yen, up 12.3%, income before income taxes of 230,000 million yen, up 14.8%, and net income of 174,000 million yen, up 11.5%.

The Companies are planning 170,000 million yen in capital expenditures for the year ending March 2018, mainly for investments in boosting production capacity for new products and high-growth products, streamlining production processes, and research and development.

4. Basic Policy on Profit Distribution and Dividends for the Year Ended March 31, 2017 and the Year Ending March 31, 2018

The Companies belong to the electronics component industry segment which experiences rapid fluctuation in technological innovation. We endeavor to flexibly respond to changes in the market, achieve continuous profit growth and adequate equity capital in order to continue to stabilize management in this severe business environment.

Our basic policy on profit distribution to shareholders is to prioritize the sharing of profits through payment of dividends. We will steadily raise dividends by increasing profit per share, while enhancing long-term corporate value and strengthening its capital structure, and aim to achieve a payout ratio of about 30% in the mid-term. In accordance with this policy, our dividends are determined after comprehensively considering our business performance on a consolidated basis, as well as the accumulation of internal reserves necessary for reinvestment to ensure future development.

The Companies regard the repurchase of their own shares as a means of returning profits to shareholders. We accordingly implement this measure as appropriate in order to improve our capital efficiency.

For the year ended March 31, 2017, the Companies plan to pay a year-end dividend of 110 yen per share. Combined with the interim dividend previously paid, the total annual dividend is expected to be 220 yen.

Through comprehensive evaluation of forecasts for consolidated business performance, earnings retention for reinvestment for future development and a targeted payout ratio of 30% in the mid-term, 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. As a result, we are aiming to achieve a payout ratio of 31.8%. These figures reflect our view of the current business environment and our projections for the year ending March 31, 2018.

[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.

Murata's Fundamental Management Policy

1. Murata's Fundamental Management Policy

“New quality electronic devices begin with new quality components, and new quality components begin with new quality materials.” Based upon this fundamental corporate principle, Murata pursues excellence in a broad range of technical disciplines from basic to advanced future technologies. In doing so, we develop and supply distinctive and innovative products, with the ultimate goal of contributing toward the advancement of an electronic society. We focus on the research and development of technological elements including electronic materials technology (e.g., ceramic materials), circuit design technology, processing technology (e.g., thin-film and micro-fabrication technology), and development technologies for production equipment. By intelligently combining the achievements from these efforts, we create multilayer ceramic capacitors (MLCCs), ceramic piezoelectric products, noise suppression components, microwave devices, circuit modules, and other electronic components. These are indispensable for a range of electronic devices from communication and information/computer-related devices to automotive electronics.

2. Business goals

(1) Sales

Aiming to grow at an annualized rate of 5–10%, we will pursue medium to long-term sales expansion in our focus markets (automotive, energy, and healthcare), in addition to growth in existing markets, especially the communications market. Moreover, our goal is to have new products account for 40% of sales, and we will strive to increase sales by providing new value to customers.

(2) Operating income

We will pursue an operating income ratio of at least 20% (at an exchange rate of \$1 USD = ¥115 JPY) and greater corporate value with an increase in net income per share. Also, we will improve return on investment to increase our capital efficiency.

3. Medium to Long Term Management Strategy

The Companies will focus on the following growth strategies in order to achieve their business goals.

(1) Pursuit of a competitive edge in the communications market

While the growth in the production volumes of mobile communication equipment is tending to slow down, we can still expect an increase in the number of electronic components per terminal due to further functional sophistication of devices and growth in added product value resulting from growing demand for new products. We will not only maintain our current market share, but also keep our competitive edge and achieve growth by delivering new added value. In anticipation of 5G technology (5th Generation Wireless Systems), we will also aim to achieve growth by offering technological skills and products that can meet customer needs for more advanced solutions.

(2) Expansion of business in focus markets / Expansion of business in automotive, energy and healthcare

In addition to the automotive market, in which we already have established sales, we will create new business models and customer value in pursuit of market diversification and growth within energy and healthcare/medical markets. Our approach to these markets will be to build businesses in which we can bring Murata's uniqueness to the fore, after clearly defining entry scenarios.

(3) Market development with a longer-term view

The Internet of Things (IoT) is expanding the boundaries of electronics and creating new needs for the smart society. In response to these expanding needs, we will strive to provide new value by integrating sensors and communications technology.

4. Challenges Facing the Companies

The global electronics market is expected to grow in the medium to long-term, driven by new demand for sophisticated and multifunctional electronic components and increased demand for consumer electronics market centering on smartphones. The automotive market is also certain to grow due to its advance electrification. Additionally, it is expected that future demand for electronics components will expand and shift to new applications, which will become the next primary market, such as energy and healthcare/medical.

For rapidly growing markets, the Companies intend to strengthen their sales and marketing abilities, and enhance production capacity, launch new, high value-added products earlier than their competitors and contribute to the trend of reduced size and thickness of electronic

devices, add more manifold functions, and also create new business models and customer value.

To keep up with the market demands for price reductions, the Companies will not only reduce production costs, they will also increase production at overseas factories in China, Thailand, Malaysia and the Philippines. The aim is to reduce costs and mitigate foreign exchange fluctuation risk to improve corporate value.

By completing the transfer of Sony Group's battery business in July 2017, Murata will take over the successful division of Sony, which is known for its high technological abilities and global business experience. The battery business will be positioned at the core of our energy business, contributing to its growth and expansion.

In regard to corporate social responsibility, the Companies will develop their business with equal emphasis on environmental preservation (E), social responsibility (S), and corporate governance (G).

The Companies defines corporate governance as one of the most important principles of management. While taking all stakeholders into consideration, we commit ourselves to always keeping an optimal management structure in place to ensure the sound growth and development of the Companies. In June 2016, Murata succeeded in transitioning to a "Company with a Board with Audit Committee Structure." With this change, we will make an even stronger commitment towards ensuring faster decisions, more flexible operations, and even stronger supervisory functions of the Board of Directors.

(1) Consolidated Balance Sheets (Assets)

At March 31, 2017 and 2016

	Millions of Yen			
	2016		2017	
		%		%
Assets	1,517,784	100.0	1,634,999	100.0
Current assets	835,369	55.1	871,431	53.3
Cash	150,627		170,929	
Short-term investments	174,228		173,401	
Marketable securities	45,188		53,043	
Trade notes receivable	399		271	
Trade accounts receivable	194,549		209,596	
Allowance for doubtful notes and accounts	(845)		(905)	
Inventories	217,462		211,447	
Deferred income taxes	31,365		25,890	
Prepaid expenses and other	22,396		27,759	
Property, plant and equipment	455,862	30.0	507,969	31.1
Land	49,757		50,761	
Buildings	350,279		394,239	
Machinery and equipment	873,410		950,280	
Construction in progress	37,750		40,035	
Accumulated depreciation	(855,334)		(927,346)	
Investments and other assets	226,553	14.9	255,599	15.6
Investments	100,131		103,468	
Intangible assets	51,708		48,883	
Goodwill	53,738		62,102	
Deferred income taxes	11,258		5,259	
Other	9,718		35,887	
Total assets	1,517,784	100.0	1,634,999	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2017 and 2016

	Millions of Yen			
	2016		2017	
		%		%
Liabilities	273,805	18.0	279,665	17.1
Current liabilities	185,623	12.2	208,734	12.8
Short-term borrowings	6,446		46,118	
Trade accounts payable	56,380		57,918	
Accrued payroll and bonuses	36,456		34,075	
Income taxes payable	28,734		7,240	
Accrued expenses and other	57,607		63,383	
Long-term liabilities	88,182	5.8	70,931	4.3
Long-term debt	3,301		545	
Termination and retirement benefits	71,884		59,324	
Deferred income taxes	11,643		9,677	
Other	1,354		1,385	
Equity	1,243,979	82.0	1,355,334	82.9
Murata Corporation's Shareholders' equity	1,229,159	81.0	1,354,819	82.9
Common stock	69,377		69,377	
Capital surplus	103,865		114,290	
Retained earnings	1,131,809		1,241,180	
Accumulated other comprehensive loss:	(15,532)		(14,219)	
Unrealized gains on securities	2,945		6,127	
Pension liability adjustments	(23,587)		(15,652)	
Foreign currency translation adjustments	5,110		(4,694)	
Treasury stock, at cost	(60,360)		(55,809)	
Noncontrolling interests	14,820	1.0	515	0.0
Total liabilities and equity	1,517,784	100.0	1,634,999	100.0

(2) Consolidated Statements of Income

For the years ended March 31, 2017 and 2016

	Millions of Yen			
	2016		2017	
		%		%
Net sales	1,210,841	100.0	1,135,524	100.0
Cost of sales	712,054	58.8	703,129	61.9
Selling, general and administrative	145,399	12.1	149,371	13.2
Research and development	77,982	6.4	81,809	7.2
Operating income	275,406	22.7	201,215	17.7
Interest and dividend income	2,430	0.2	2,449	0.2
Interest expense	(138)	(0.0)	(272)	(0.0)
Foreign currency exchange loss	(2,127)	(0.1)	(4,815)	(0.4)
Other - net	3,602	0.3	1,841	0.1
Income before income taxes	279,173	23.1	200,418	17.6
Income taxes	74,952	6.3	44,342	3.9
<Current income tax>	<73,495>		<39,813>	
<Deferred income tax>	<1,457>		<4,529>	
Net income	204,221	16.8	156,076	13.7
Less: Net income attributable to noncontrolling interests	445	0.0	16	0.0
Net income attributable to Murata Corporation	203,776	16.8	156,060	13.7

(3) Consolidated Statements of Comprehensive Income

For the years ended March 31, 2017 and 2016

	Millions of Yen	
	2016	2017
Net income	204,221	156,076
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	(4,345)	3,141
Pension liability adjustments	(18,581)	8,822
Foreign currency translation adjustments	(33,898)	(9,895)
Other comprehensive income (loss)	(56,824)	2,068
Comprehensive income	147,397	158,144
Less: Comprehensive loss attributable to noncontrolling interests	(1,054)	(2)
Comprehensive income attributable to Murata Corporation	148,451	158,146

(4) Consolidated Statements of Shareholders' Equity

	Number of common shares issued	Millions of Yen							
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Controlling interests	Noncontrolling interests	Total equity
		Balance at March 31, 2015	225,263,592	69,377	103,864	970,374	39,793	(60,318)	1,123,090
Purchases of treasury stock at cost						(42)	(42)		(42)
Disposal of treasury stock			1			0	1		1
Net income				203,776			203,776	445	204,221
Cash dividends				(42,341)			(42,341)	(116)	(42,457)
Other comprehensive loss, net of tax					(55,325)		(55,325)	(1,499)	(56,824)
Equity transaction with noncontrolling interests and other								149	149
Balance at March 31, 2016	225,263,592	69,377	103,865	1,131,809	(15,532)	(60,360)	1,229,159	14,820	1,243,979
Purchases of treasury stock at cost						(88)	(88)		(88)
Disposal of treasury stock			3			2	5		5
Net income				156,060			156,060	16	156,076
Cash dividends				(46,689)			(46,689)		(46,689)
Other comprehensive income, net of tax					2,086		2,086	(18)	2,068
Equity transaction with noncontrolling interests and other			10,422		(773)	4,637	14,286	(14,303)	(17)
Balance at March 31, 2017	225,263,592	69,377	114,290	1,241,180	(14,219)	(55,809)	1,354,819	515	1,355,334

(5) Consolidated Statements of Cash Flows

Years ended March 31, 2017 and 2016

	Millions of Yen			
	2016		2017	
Operating activities:				
Net income		204,221		156,076
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	99,105		113,523	
Losses on sales and disposals of property, plant and equipment	1,406		1,867	
Provision for termination and retirement benefits, less payments	(16,006)		(1,040)	
Deferred income taxes	1,457		4,529	
Changes in assets and liabilities:				
(Increase) decrease in trade notes and accounts receivable	19,507		(14,317)	
(Increase) decrease in inventories	(38,549)		5,032	
Increase in prepaid expenses and other	(12,546)		(4,916)	
Increase in trade notes and accounts payable	4,336		650	
Increase (decrease) in accrued payroll and bonuses	500		(2,394)	
Decrease in income taxes payable	(20,739)		(22,678)	
Increase in accrued expenses and other	10,050		7,586	
Other-net	(291)	48,230	2	87,844
Net cash provided by operating activities		252,451		243,920
Investing activities:				
Capital expenditures		(172,540)		(158,579)
Payment for purchases of marketable securities, investments and other		(64,173)		(58,967)
Maturities and sales of marketable securities, investments and other		71,807		45,192
Increase in long-term deposits		-		(22,591)
(Increase) decrease in short-term investments		(41,999)		5,982
Acquisition of businesses, net of cash acquired		-		(14,725)
Other-net		1,589		991
Net cash used in investing activities		(205,316)		(202,697)
Financing activities:				
Net increase (decrease) in short-term borrowings		(4,671)		39,673
Proceeds from long-term debt		1,000		-
Repayment of long-term debt		(10,494)		(4,662)
Dividends paid		(42,341)		(46,689)
Other-net		(108)		(51)
Net cash used in financing activities		(56,614)		(11,729)
Effect of exchange rate changes on cash and cash equivalents		9,113		(2,880)
Net increase (decrease) in cash and cash equivalents		(366)		26,614
Cash and cash equivalents at beginning of year		212,936		212,570
Cash and cash equivalents at end of year		212,570		239,184
Additional cash flow information:				
Interest paid		134		289
Income taxes paid		95,083		62,736
Additional cash and cash equivalents information:				
Cash		150,627		170,929
Short-term investments		174,228		173,401
Short-term investments with the original maturities over 3 months		(112,285)		(105,146)
Cash and cash equivalents at end of year		212,570		239,184

(6) Assumptions for Going Concern

None

(7) 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.

		Millions of Yen			
		2016		2017	
Components	Sales to:		%		%
	Unaffiliated customers	760,166		761,759	
	Intersegment	50,522		36,489	
	Total revenue	810,688	100.0	798,248	100.0
	Segment income	262,624	32.4	202,573	25.4
Modules	Sales to:		%		%
	Unaffiliated customers	446,849		370,836	
	Intersegment	66		38	
	Total revenue	446,915	100.0	370,874	100.0
	Segment income	51,919	11.6	39,512	10.7
Others	Sales to:		%		%
	Unaffiliated customers	3,826		2,929	
	Intersegment	55,365		40,131	
	Total revenue	59,191	100.0	43,060	100.0
	Segment income	5,064	8.6	3,810	8.8
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(105,953)		(76,658)	
	Total revenue	(105,953)	-	(76,658)	-
	Corporate expenses	(44,201)	-	(44,680)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	1,210,841		1,135,524	
	Intersegment	-		-	
	Total revenue	1,210,841	100.0	1,135,524	100.0
	Operating income	275,406	22.7	201,215	17.7

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

(1) Components: Capacitors and Piezoelectric Components

(2) Modules: Communication Modules and Power Supplies

(3) Others: Machinery manufacturing, welfare services, education and training services, and sales of software

2. Intersegment transactions are based on market prices.

3. Segment income for each operating segment represents net sales less related costs.

Corporate expenses represent expenses of headquarters functions and fundamental researches.

(8) Amounts per Share

A reconciliation of the basic and diluted earnings per share computation was as follows:

A diluted earnings per share is not stated since there were no dilutive potential securities.

	Year ended March 31, 2016			Year ended March 31, 2017		
	Net income attributable to Murata Corporation	Average common shares outstanding	Basic earnings attributable to Murata Corporation per share	Net income attributable to Murata Corporation	Average common shares outstanding	Basic earnings attributable to Murata Corporation per share
	Millions of yen	Number of shares	Yen	Millions of yen	Number of shares	Yen
Basic	203,776	211,703,608	962.55	156,060	212,654,609	733.87

Shareholders' equity per share for the years ended March 31, 2017 and 2016 were 6,368.48 Yen and 5,806.06 Yen, respectively.

(9) Subsequent Events

None

(10) Other

Flash Report (Year ended March 31, 2017)

Selected Financial Data - Consolidated basis

Years ended March 31, 2017 and 2016 / at March 31, 2017 and 2016

		Consolidated Basis		
		2016	2017	Growth ratio
Net sales	Millions of yen	1,210,841	1,135,524	(6.2)
Operating income	<*> Millions of yen	<22.7> 275,406	<17.7> 201,215	(26.9)
Income before income taxes	<*> Millions of yen	<23.1> 279,173	<17.6> 200,418	(28.2)
Net income attributable to Murata Corporation	<*> Millions of yen	<16.8> 203,776	<13.7> 156,060	(23.4)
Total assets	Millions of yen	1,517,784	1,634,999	7.7
Shareholders' equity	Millions of yen	1,229,159	1,354,819	10.2
Shareholders' equity ratio	%	81.0	82.9	-
Basic earnings attributable to Murata Corporation per share	Yen	962.55	733.87	(23.8)
Return on equity (ROE)	%	17.3	12.1	-
Shareholders' equity per share	Yen	5,806.06	6,368.48	-
Capital expenditures	Millions of yen	172,540	158,579	(8.1)
Depreciation and amortization	<*> Millions of yen	<8.2> 99,105	<10.0> 113,523	14.5
R & D expenses	<*> Millions of yen	<6.4> 77,982	<7.2> 81,809	4.9
Number of employees	*4	<30,701> 54,674	<35,019> 59,978	9.7
Average exchange rates				
Yen/US dollar	Yen	120.14	108.42	-
Yen/EURO	Yen	132.57	118.84	-

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

*2 Ratio to net sales

*3 Diluted earnings per share is not stated since there were no potential dilutive securities.

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

Projected Financial Data - Consolidated basis

		Six months ending September 30, 2017 and six months ended September 30, 2016			Year ending March 31, 2018 and year ended March 31, 2017		
		2016 (Actual)	2017 (Projection)	Growth ratio	2016 (Actual)	2017 (Projection)	Growth ratio
Net sales	Millions of yen	561,920	600,000	6.8	1,135,524	1,225,000	7.9
Operating income	<*>1 Millions of yen	<19.3> 108,498	<18.0> 108,000	(0.5)	<17.7> 201,215	<18.4> 226,000	12.3
Income before income taxes	<*>1 Millions of yen	<19.5> 109,728	<18.3> 110,000	0.2	<17.6> 200,418	<18.8> 230,000	14.8
Net income attributable to Murata Corporation	<*>1 Millions of yen	<15.1> 84,701	<14.0> 84,000	(0.8)	<13.7> 156,060	<14.2> 174,000	11.5
Basic earnings attributable to Murata Corporation per share	Yen	398.46	394.85	(0.9)	733.87	817.91	11.5
Capital expenditures	Millions of yen	78,069	96,000	23.0	158,579	170,000	7.2
Depreciation and amortization	<*>1 Millions of yen	<9.1> 51,033	<9.2> 55,000	7.8	<10.0> 113,523	<9.6> 118,000	3.9
R & D expenses	<*>1 Millions of yen	<7.2> 40,402	<7.5> 45,000	11.4	<7.2> 81,809	<7.3> 90,000	10.0

*1 Ratio to net sales

*2 The projections above are based on the assumed average exchange rates of 108 yen per US dollar and 115 yen per Euro for the year ending March 31, 2018.

*3 The projections above 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".

Orders, Backlogs and Sales

(1) Orders and Backlogs by Product

<Orders>

	Millions of Yen					
	Year ended March 31, 2016		Year ended March 31, 2017		Change	
Capacitors	366,881	%*1 30.2	397,343	%*1 34.4	30,462	% 8.3
Piezoelectric Components	178,696	14.7	153,817	13.3	(24,879)	(13.9)
Other Components	229,021	18.8	226,041	19.5	(2,980)	(1.3)
Components Total	774,598	63.7	777,201	67.2	2,603	0.3
Communication Modules	390,519	32.1	333,141	28.8	(57,378)	(14.7)
Power Supplies and Other Modules	51,029	4.2	46,177	4.0	(4,852)	(9.5)
Modules Total	441,548	36.3	379,318	32.8	(62,230)	(14.1)
Total	1,216,146	100.0	1,156,519	100.0	(59,627)	(4.9)

*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, 2016		At March 31, 2017		Change	
Capacitors	34,629	%*1 26.6	62,484	%*1 40.6	27,855	% 80.4
Piezoelectric Components	34,849	26.8	18,654	12.1	(16,195)	(46.5)
Other Components	18,797	14.5	22,579	14.7	3,782	20.1
Components Total	88,275	67.9	103,717	67.4	15,442	17.5
Communication Modules	35,644	27.5	43,049	28.0	7,405	20.8
Power Supplies and Other Modules	6,008	4.6	7,085	4.6	1,077	17.9
Modules Total	41,652	32.1	50,134	32.6	8,482	20.4
Total	129,927	100.0	153,851	100.0	23,924	18.4

*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

	Millions of Yen					
	Year ended March 31, 2016		Year ended March 31, 2017		Change	
		%*1		%*1		%
Capacitors	367,319	30.4	369,488	32.6	2,169	0.6
Piezoelectric Components	161,880	13.4	170,012	15.0	8,132	5.0
Other Components	230,967	19.2	222,259	19.7	(8,708)	(3.8)
Components Total	760,166	63.0	761,759	67.3	1,593	0.2
Communication Modules	395,197	32.7	325,736	28.7	(69,461)	(17.6)
Power Supplies and Other Modules	51,652	4.3	45,100	4.0	(6,552)	(12.7)
Modules Total	446,849	37.0	370,836	32.7	(76,013)	(17.0)
Net sales	1,207,015	100.0	1,132,595	100.0	(74,420)	(6.2)

*1 Component ratio

*2 Exclusive of consumption taxes

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

	Millions of Yen					
	Year ended March 31, 2016		Year ended March 31, 2017		Change	
		%*1		%*1		%
AV	47,595	3.9	46,245	4.1	(1,350)	(2.8)
Communications	728,410	60.4	634,082	56.0	(94,328)	(12.9)
Computers and Peripherals	166,613	13.8	170,083	15.0	3,470	2.1
Automotive Electronics	152,830	12.7	168,727	14.9	15,897	10.4
Home and Others	111,567	9.2	113,458	10.0	1,891	1.7
Net sales	1,207,015	100.0	1,132,595	100.0	(74,420)	(6.2)

*1 Component ratio

*2 Exclusive of consumption taxes

3. Sales by Area

	Millions of Yen					
	Year ended March 31, 2016		Year ended March 31, 2017		Change	
		%*1		%*1		%
The Americas	83,593	6.9	102,557	9.0	18,964	22.7
Europe	81,942	6.8	83,640	7.4	1,698	2.1
Greater China	750,256	62.1	647,349	57.2	(102,907)	(13.7)
Asia and Others	213,180	17.7	214,802	19.0	1,622	0.8
Overseas total	1,128,971	93.5	1,048,348	92.6	(80,623)	(7.1)
Japan	78,044	6.5	84,247	7.4	6,203	7.9
Net sales	1,207,015	100.0	1,132,595	100.0	(74,420)	(6.2)

*1 Component ratio

*2 Exclusive of consumption taxes

Quarterly Consolidated Performance

(1) Consolidated Financial Results

	Millions of yen							
	Three months ended June 30, 2015		Three months ended September 30, 2015		Three months ended December 31, 2015		Three months ended March 31, 2016	
Net sales	280,828	% *1 100.0	328,981	% *1 100.0	339,678	% *1 100.0	261,354	% *1 100.0
Operating income	63,953	22.8	88,187	26.8	83,274	24.5	39,992	15.3
Income before income taxes	65,007	23.1	91,306	27.8	83,710	24.6	39,150	15.0
Net income attributable to Murata Corporation	46,560	16.6	68,806	20.9	60,766	17.9	27,644	10.6

	Millions of yen							
	Three months ended June 30, 2016		Three months ended September 30, 2016		Three months ended December 31, 2016		Three months ended March 31, 2017	
Net sales	260,925	% *1 100.0	300,995	% *1 100.0	304,014	% *1 100.0	269,590	% *1 100.0
Operating income	48,695	18.7	59,803	19.9	56,057	18.4	36,660	13.6
Income before income taxes	50,200	19.2	59,528	19.8	52,907	17.4	37,783	14.0
Net income attributable to Murata Corporation	37,675	14.4	47,026	15.6	42,286	13.9	29,073	10.8

*1 Ratio to net sales

(2) Sales by Product Category

	Millions of yen							
	Three months ended June 30, 2015		Three months ended September 30, 2015		Three months ended December 31, 2015		Three months ended March 31, 2016	
Capacitors	89,144	% *1 31.8	95,452	% *1 29.1	97,246	% *1 28.7	85,477	% *1 32.8
Piezoelectric Components	38,234	13.7	41,883	12.8	43,489	12.9	38,274	14.7
Other Components	56,610	20.2	63,831	19.5	62,076	18.3	48,450	18.6
Components Total	183,988	65.7	201,166	61.4	202,811	59.9	172,201	66.1
Communication Modules	82,983	29.7	112,982	34.4	122,984	36.3	76,248	29.3
Power Supplies and Other Modules	12,989	4.6	13,736	4.2	12,976	3.8	11,951	4.6
Modules Total	95,972	34.3	126,718	38.6	135,960	40.1	88,199	33.9
Net sales	279,960	100.0	327,884	100.0	338,771	100.0	260,400	100.0

	Millions of yen							
	Three months ended June 30, 2016		Three months ended September 30, 2016		Three months ended December 31, 2016		Three months ended March 31, 2017	
Capacitors	84,263	% *1 32.4	93,140	% *1 31.0	98,041	% *1 32.4	94,044	% *1 35.0
Piezoelectric Components	44,753	17.2	44,412	14.8	44,937	14.8	35,910	13.3
Other Components	50,838	19.5	59,255	19.7	59,171	19.5	52,995	19.7
Components Total	179,854	69.1	196,807	65.5	202,149	66.7	182,949	68.0
Communication Modules	69,179	26.6	91,987	30.7	90,142	29.7	74,428	27.7
Power Supplies and Other Modules	11,114	4.3	11,489	3.8	10,993	3.6	11,504	4.3
Modules Total	80,293	30.9	103,476	34.5	101,135	33.3	85,932	32.0
Net sales	260,147	100.0	300,283	100.0	303,284	100.0	268,881	100.0

*1 Component ratio

*2 Exclusive of consumption taxes