

# Earnings Release Conference First Quarter of FY2017 (April 1, 2017 to June 30, 2017)

July 31, 2017

Murata Manufacturing Co., Ltd.



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

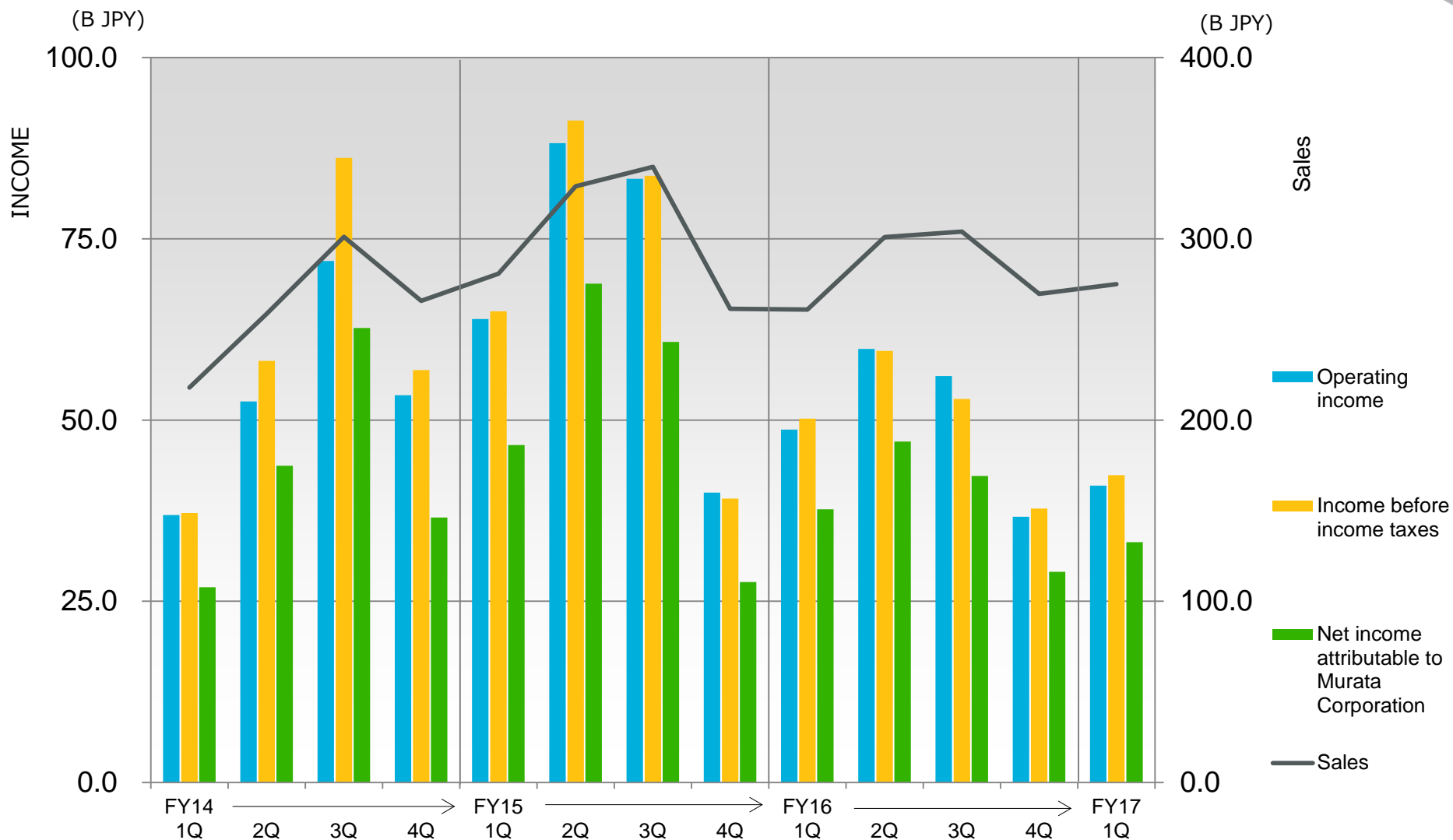
# 1. First Quarter of FY2017

From April 1, 2017 to June 30, 2017  
Consolidated Basis

# Topics of Financial Results for FY2017 First Quarter

- Net sales surpassed the target. Products for the communication market faced low sales due to the drop-off in demand preceding the launch of new smartphone models. By contrast, steady sales were achieved by MLCCs and other components for various uses, such as those for distributors and car electronics customers.
- Operating income posted a 16% year-on-year drop. Negative impacts include the product mix as well as higher costs required for a future increase in the production of new products starting in Q2. Operating income ratio fell by 3.8 percentage points to 14.9%. The Q1 figure represents 38% of the forecast for H1.
- Order intake was strong, with a record high backlog of 184.4 billion yen. While incoming orders for some general-purpose products included ones with long delivery schedules (mainly from distributors), there were strong order intake levels in the run-up to the launch of new smartphone models.

# Quarterly Financial Results

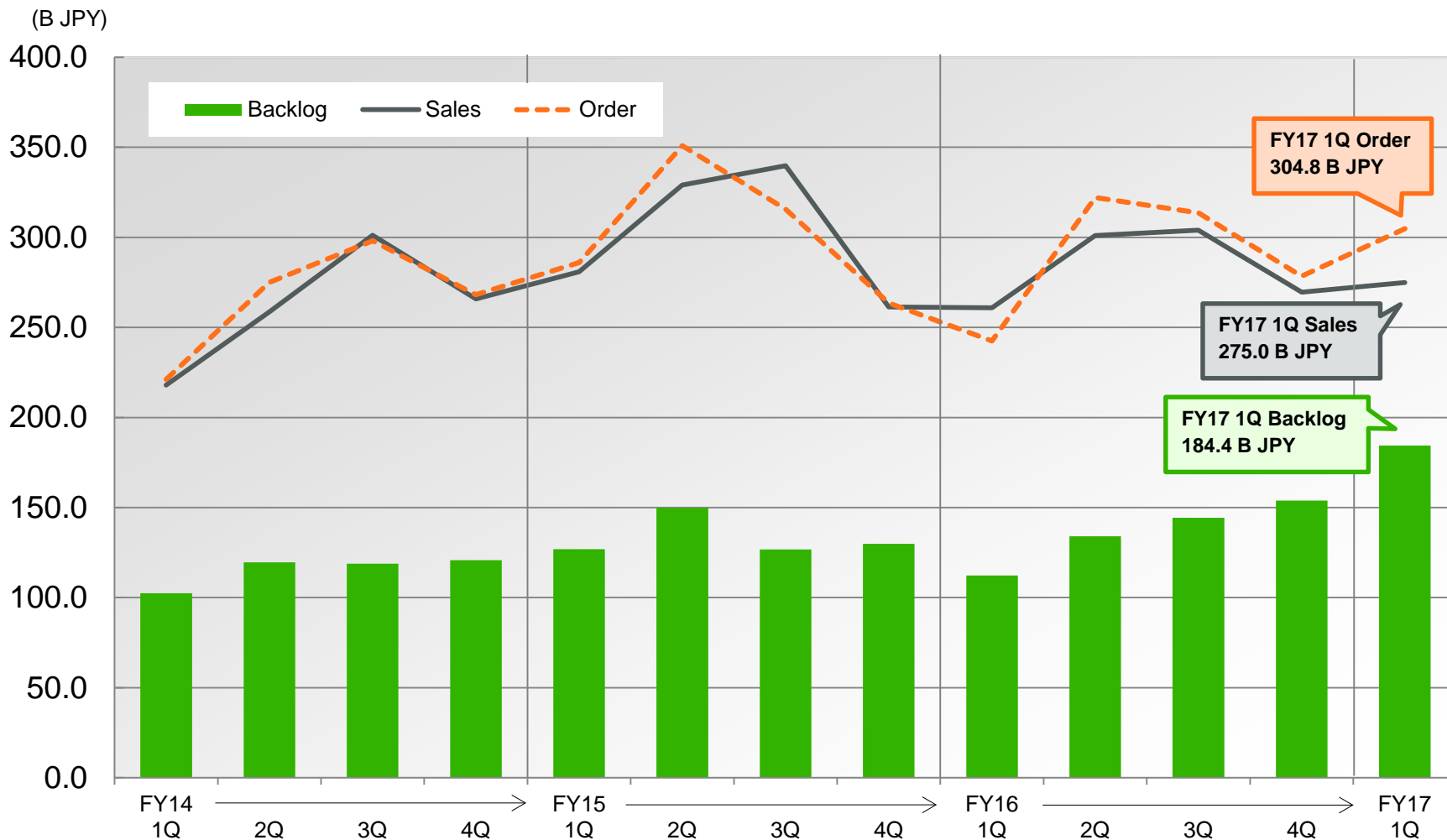


# Financial Results Overview

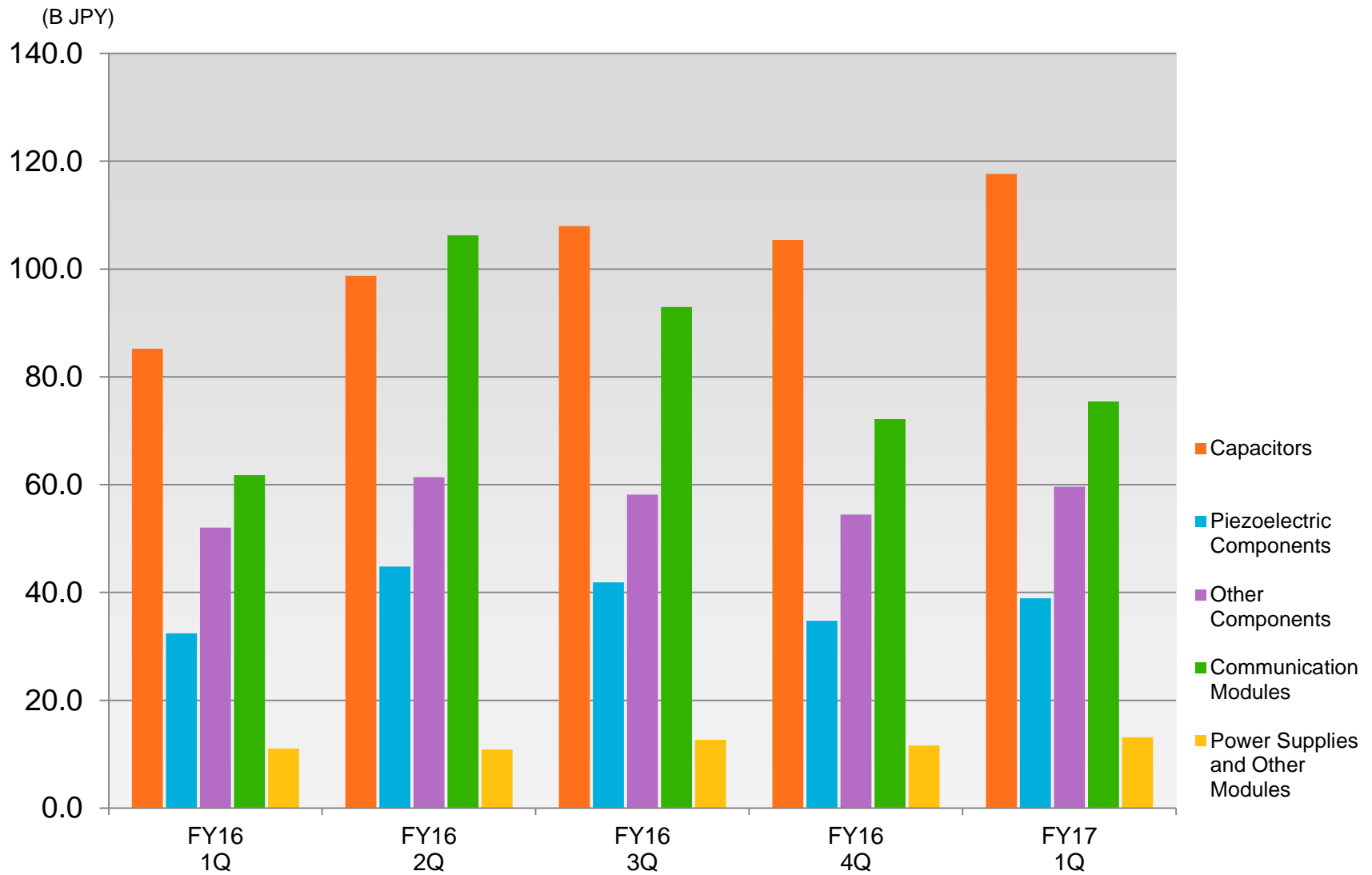
|   | FY2016<br>1st Quarter |       | FY2016<br>4th Quarter |       | FY2017<br>1st Quarter |       | Y on Y<br>Change |             | Q on Q<br>Change |             |
|---|-----------------------|-------|-----------------------|-------|-----------------------|-------|------------------|-------------|------------------|-------------|
|   | (a)                   | (b)   | (c)                   | (d)   | (e)                   | (f)   | (g) vs. (a)      | (h) vs. (c) | (i) vs. (d)      | (j) vs. (e) |
|   | (B JPY)               | (%)   | (B JPY)               | (%)   | (B JPY)               | (%)   | (B JPY)          | (%)         | (B JPY)          | (%)         |
| Net sales                                     | 260.9                 | 100.0 | 269.6                 | 100.0 | 275.0                 | 100.0 | +14.0            | +5.4        | +5.4             | +2.0        |
| Operating income                              | 48.7                  | 18.7  | 36.7                  | 13.6  | 40.9                  | 14.9  | (7.8)            | (15.9)      | +4.3             | +11.7       |
| Income before income taxes                    | 50.2                  | 19.2  | 37.8                  | 14.0  | 42.4                  | 15.4  | (7.8)            | (15.6)      | +4.6             | +12.2       |
| Net income attributable to Murata Corporation | 37.7                  | 14.4  | 29.1                  | 10.8  | 33.1                  | 12.1  | (4.5)            | (12.0)      | +4.1             | +14.0       |

|   |        |        |       |
|---|--------|--------|-------|
| Average exchange rates<br>Yen/US dollar | 108.25 | 113.64 | 111.1 |
|---|--------|--------|-------|

# Quarterly Sales, Order and Backlog



# Orders by Product



# Sales by Product

|                                     | FY2016<br>1st Quarter |       | FY2016<br>4th Quarter |       | FY2017<br>1st Quarter |       | Y on Y<br>Change |        | Q on Q<br>Change |       |
|-------------------------------------|-----------------------|-------|-----------------------|-------|-----------------------|-------|------------------|--------|------------------|-------|
|                                     | (a)                   | (%)   | (b)                   | (%)   | (c)                   | (%)   | (c) vs. (a)      | (%)    | (c) vs. (b)      | (%)   |
| Capacitors                          | (B JPY)<br>84.3       | 32.4  | (B JPY)<br>94.0       | 35.0  | (B JPY)<br>96.3       | 35.1  | (B JPY)<br>+12.1 | +14.3  | (B JPY)<br>+2.3  | +2.4  |
| Piezoelectric<br>Components         | 44.8                  | 17.2  | 35.9                  | 13.3  | 37.5                  | 13.7  | (7.2)            | (16.1) | +1.6             | +4.5  |
| Other Components                    | 50.8                  | 19.5  | 53.0                  | 19.7  | 54.6                  | 19.9  | +3.8             | +7.5   | +1.7             | +3.1  |
| Communication<br>Modules            | 69.2                  | 26.6  | 74.4                  | 27.7  | 73.7                  | 26.9  | +4.5             | +6.5   | (0.7)            | (1.0) |
| Power Supplies<br>and Other Modules | 11.1                  | 4.3   | 11.5                  | 4.3   | 12.1                  | 4.4   | +1.0             | +8.8   | +0.6             | +5.1  |
| Net sales                           | 260.1                 | 100.0 | 268.9                 | 100.0 | 274.3                 | 100.0 | +14.2            | +5.4   | +5.4             | +2.0  |



# Sales by Product FY17 First Quarter vs. FY16 Fourth Quarter

|   |  |
|---|--|
| <p>Capacitors<br/>+2.4%</p>                       | <p><b>Multilayer Ceramic Capacitors :</b><br/>While MLCCs for smartphones suffered a drop in sales during the drop-off in demand prior to the launch of new high-end models, products for car electronics, PCs, and video game consoles were successful.</p>                                 |
| <p>Piezoelectric Components<br/>+4.5%</p>         | <p><b>SAW filters :</b><br/>On a recovery track with the completion of a round of inventory adjustment for products for Chinese smartphones.</p>   |
| <p>Other Components<br/>+3.1%</p>                 | <p><b>Inductors(Coil) and EMI suppression filters :</b><br/>Sales increased for video game consoles and note PC.</p> <p><b>Connectors :</b><br/>Sales for smartphones increased due to rise up the production volume the end products using our connectors.</p>                              |
| <p>Communication Modules<br/>(1.0%)</p>           | <p><b>Multilayer resin substrates :</b><br/>Products for smartphones suffered a drop in sales during the drop-off in demand prior to the launch of new high-end models.</p> <p><b>Circuit modules :</b><br/>Products for new spring high-end models of smartphones achieved brisk sales.</p> |
| <p>Power Supplies and Other Modules<br/>+5.1%</p> | <p><b>Power Supplies :</b><br/>Sales for office-automation equipment and amusement decreased.</p>  |

# Sales by Application

|                                | FY2016<br>1st Quarter |       | FY2016<br>4th Quarter |       | FY2017<br>1st Quarter |       | Y on Y<br>Change |       | Q on Q<br>Change |       |
|--------------------------------|-----------------------|-------|-----------------------|-------|-----------------------|-------|------------------|-------|------------------|-------|
|                                | (a)                   |       | (b)                   |       | (c)                   |       | (c) vs. (a)      |       | (c) vs. (b)      |       |
|                                | (B JPY)               | (%)   | (B JPY)               | (%)   | (B JPY)               | (%)   | (B JPY)          | (%)   | (B JPY)          | (%)   |
| AV                             | 10.7                  | 4.1   | 12.0                  | 4.5   | 13.7                  | 5.0   | +3.1             | +28.7 | +1.7             | +14.4 |
| Communication                  | 145.5                 | 55.9  | 136.0                 | 50.6  | 136.7                 | 49.8  | (8.8)            | (6.1) | +0.7             | +0.5  |
| Computers and<br>Peripherals   | 37.8                  | 14.5  | 45.3                  | 16.8  | 46.4                  | 16.9  | +8.6             | +22.8 | +1.1             | +2.5  |
| Automotive<br>Electronics      | 39.0                  | 15.0  | 44.8                  | 16.6  | 44.6                  | 16.3  | +5.6             | +14.3 | (0.2)            | (0.4) |
| Home Electronics<br>and Others | 27.2                  | 10.5  | 30.9                  | 11.5  | 32.9                  | 12.0  | +5.7             | +21.1 | +2.0             | +6.5  |
| Net sales                      | 260.1                 | 100.0 | 268.9                 | 100.0 | 274.3                 | 100.0 | +14.2            | +5.4  | +5.4             | +2.0  |

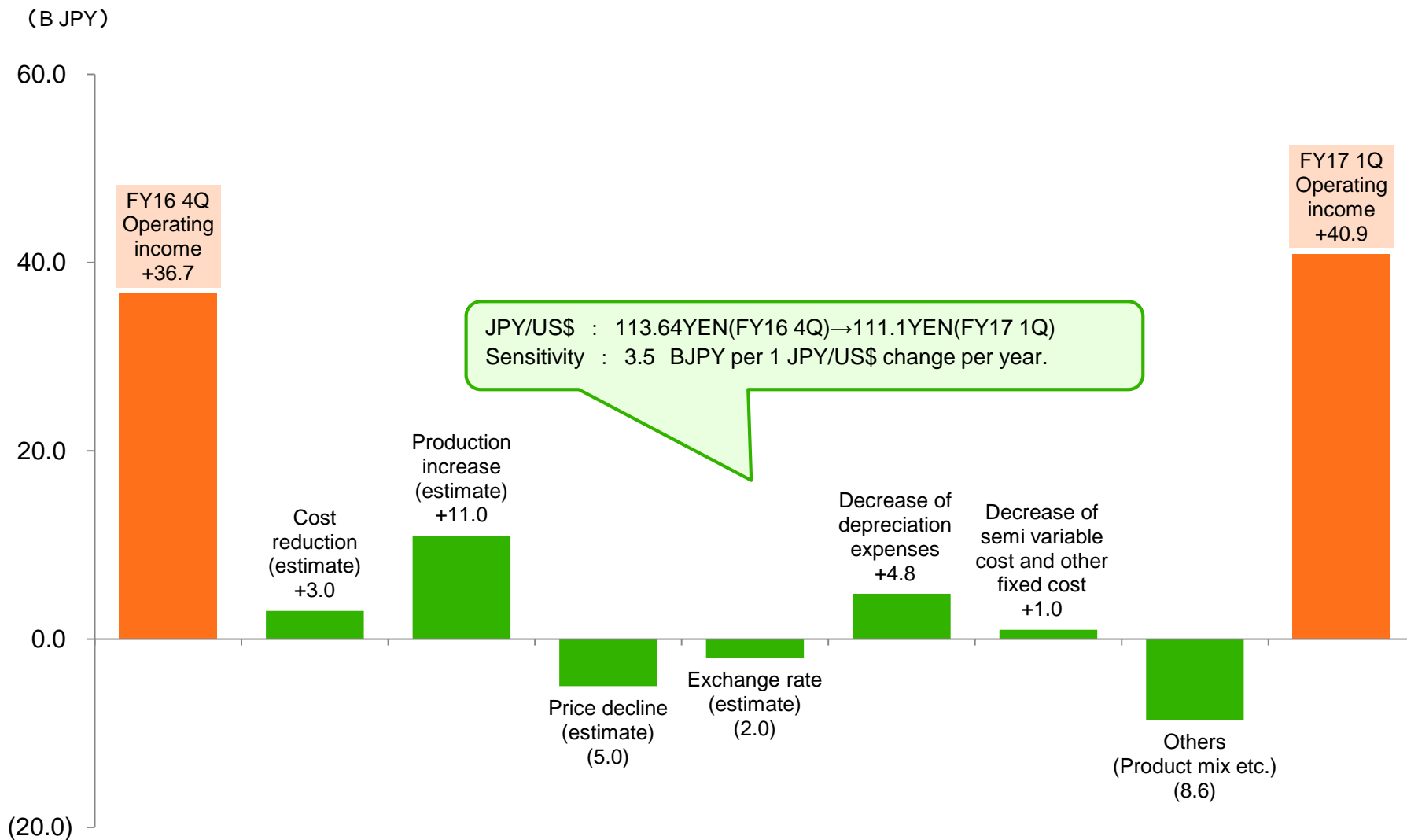
\*Based on our estimate

# Sales by Application FY17 First Quarter vs. FY16 Fourth Quarter

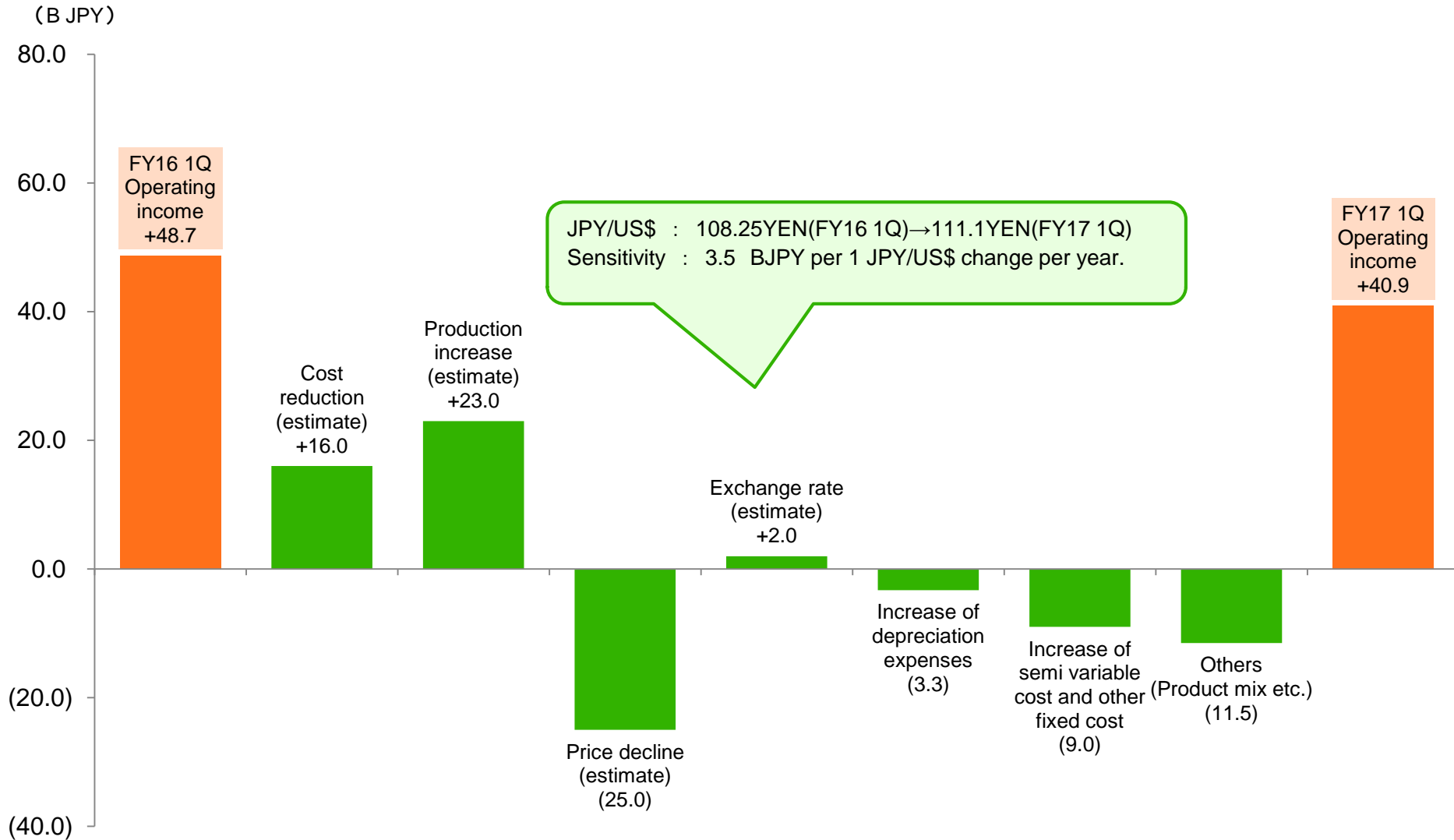
|  |  |
|--|--|
| <p>AV<br/>+14.4%</p>                           | <p>Capacitors, coils, and EMI suppression filters for video game consoles increased sales.</p> <p>Capacitors and coils for set-top boxes had higher sales.</p>   |
| <p>Communication<br/>+0.5%</p>                 | <p>Circuit modules for new high-end smartphones for spring 2017 were successful.</p> <p>SAW filters followed a recovery path following the completion of a round of inventory adjustment for products for Chinese smartphones.</p> <p>High-capacitance MLCCs and multilayer resin substrates faced lower sales during the drop-off in demand prior to the launch of new high-end models.</p> |
| <p>Computers and<br/>Peripherals<br/>+2.5%</p> | <p>Sales of Wireless modules and high-capacitance MLCCs increased for tablets.</p> <p>Sales of Shock sensors for HDD decreased.</p>  |
| <p>Automotive Electronics<br/>(0.4%)</p>       | <p>Sales of power supply for car navigation decreased.</p> <p>Sales of wireless modules increased for Infotainment.</p> <p>Sales of MLCCs increased for car advanced electrification.</p>  |

\*Based on our estimate

# Breakdown of Operating Income Changes FY16 Fourth Quarter to FY17 First Quarter



# Breakdown of Operating Income Changes FY16 First Quarter to FY17 First Quarter



## 2. Projected Financial Results for FY2017

(From April 2017 to March 2018)

# Projected Financial Results for FY2017

|   | FY2016 Actual |       | 1st Half | 2nd Half | FY2017 Projections |         | Change  |       |
|---|---------------|-------|----------|----------|--------------------|---------|---------|-------|
|   | (B JPY)       | (%)   |          |          | (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             |         |         |       |

- The Company did not revise the projected results for the year ending March 31, 2018, which were announced on April 28, 2017.

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

