

Consolidated Financial Flash Report (September 30, 2020)

Date: October 30, 2020

Company Name : Murata Manufacturing Co., Ltd.
Listing Code : 6981
(URL : <https://www.murata.com/>)
Phone : (075) 955-6525
The date of payout of dividends: November 30, 2020

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated financial results for the six months ended September 30, 2020

(1) Operating results

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2020	752,005	(1.2)	131,518	8.3	133,154	6.7	99,860	10.1
Six months ended September 30, 2019	760,938	(3.5)	121,393	(12.9)	124,819	(12.6)	90,729	(16.2)

Comprehensive income attributable to Murata Corporation: 99,950 million yen for the six months ended September 30, 2020 and 56,365 million yen for the six months ended September 30, 2019.

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share
	Yen	Yen
Six months ended September 30, 2020	156.08	-
Six months ended September 30, 2019	141.81	-

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

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
At September 30, 2020	2,338,922	1,762,127	75.4	2,754.11
At March 31, 2020	2,250,230	1,694,104	75.3	2,647.88

2. Dividends (Year ended March 31, 2020 and the year ending March 31, 2021)

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2020	-	47.00	-	50.00	97.00
2021	-	55.00	-	-	-
2021 (Projected)	-	-	-	55.00	110.00

* No change in the projected dividends during the three months ended September 30, 2020.

3. Projected financial results for the year ending March 31, 2021 (Consolidated basis)

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation		Basic earnings attributable to Murata Corporation per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2021	1,490,000	(2.9)	250,000	(1.3)	252,000	(0.8)	189,000	3.3	295.40

* Projected financial results have been revised during the three months ended September 30, 2020.
Percentages for the year ending March 31, 2021 are the growth ratios against the previous year.

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2020 (changes in specific subsidiaries that caused change in scope of consolidation): None

(2) Adoption of simplified and specifically applied accounting methods

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

(3) Changes in accounting policy

Changes due to adoption of new accounting standard: None

Changes due to reasons other than above: None

(4) Number of common shares outstanding

Number of shares outstanding, including treasury stock: 675,814,281 shares at September 30, 2020 and at March 31, 2020

Number of treasury stock: 35,997,071 shares at September 30, 2020 and 36,017,849 shares at March 31, 2020

Average number of shares outstanding: 639,796,585 shares for the six months ended September 30, 2020 and 639,770,494 shares for the six months ended September 30, 2019

*Notes to the projected financial results

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

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

Business Results and Financial Position (from April 1, 2020 through September 30, 2020)

1. Business Results

In the global economic environment for the period under review, there was a significant worsening in business for the first quarter due to the COVID-19 (novel coronavirus) pandemic and restrictions on economic activities taken by countries. Under such circumstances, China restarted economic activities at an early stage, followed by moves toward reopening by the U.S. and Europe. As a result, the extent of deterioration in business conditions was reduced in the second quarter. However, the outlook remains uncertain due to U.S.-China trade friction on top of concerns over a resurgence in COVID-19 infections.

In the electronics market in which Murata Corporation Co., Ltd. and subsidiaries (hereinafter referred to as the Companies) operate, demand for personal computers (PC) used in teleworking and online education remained firm, with demand for products applied to base stations on a steady trend as well. At the same time, for products for smartphones, although the number of smartphones sold globally decreased from the previous fiscal year for the period under review, the move to secure components toward the launch of 5G phones showed signs of recovery in the second quarter. For products for car electronics, production output of automobiles was on a recovery path due to the restart of production by automakers and government stimulus measures from the latter half of the first quarter. However, car production remained on a year-on-year decrease, leaving demand for components sluggish.

Given such a background, net sales decreased by 1.2% year on year to 752,005 million yen for the period under review. The decrease was caused by a plunge in sales of multilayer ceramic capacitors (MLCCs) for car electronics despite a steady trend in sales for PCs and base stations, and a drastic fall in sales of multilayer resin substrates and lithium ion secondary batteries for smartphones and a negative effect of foreign exchange (year-on-year appreciation of 1.71 yen to the U.S. dollar).

Operating income was 131,518 million yen, up 8.3% from the six months ended September 30, 2019, income before income taxes was 133,154 million yen, up 6.7% from the above-mentioned period, and net income attributable to Murata Corporation was 99,860 million yen, up 10.1% from the above-mentioned period. Negative factors, such as a fall in product prices and the impact of currency fluctuations, were offset by positive factors, including productivity gains generated by a higher capacity utilization rate resulting from an increased production output and lower fixed costs, which was caused as a reaction from impairment loss recorded in the previous fiscal year.

	Millions of yen					
	Six months ended September 30, 2019		Six months ended September 30, 2020		Change	
		%*		%*		%
Net sales	760,938	100.0	752,005	100.0	(8,933)	(1.2)
Operating income	121,393	16.0	131,518	17.5	10,125	8.3
Income before income taxes	124,819	16.4	133,154	17.7	8,335	6.7
Net income attributable to Murata Corporation	90,729	11.9	99,860	13.3	9,131	10.1
Average exchange rate (Yen/U.S. dollar)	108.63	—	106.92	—	(1.71)	—
Average exchange rate (Yen/Euro)	121.41	—	121.29	—	(0.12)	—

*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					
	Six months ended September 30, 2019		Six months ended September 30, 2020		Change	
		%*		%*		%
Capacitors	275,503	36.3	290,557	38.7	15,054	5.5
Piezoelectric Components	63,296	8.3	60,742	8.1	(2,554)	(4.0)
Other Components	190,987	25.2	178,704	23.8	(12,283)	(6.4)
Components Total	529,786	69.8	530,003	70.6	217	0.0
Modules	229,498	30.2	220,731	29.4	(8,767)	(3.8)
Net sales	759,284	100.0	750,734	100.0	(8,550)	(1.1)

*Component ratio as a percentage of net sales

<Components>

Sales of components for the period under review remained flat at 530,003 million yen, compared to the corresponding period of the previous fiscal year.

[Capacitors]

The Capacitors category includes MLCCs.

For the period under review, sales of MLCCs, the main product in this category, increased for PCs and PC peripherals and base stations, although sales decreased for car electronics due to a fall in the number of automobiles produced.

As a result, overall net sales increased by 5.5% year on year to 290,557 million yen.

[Piezoelectric Components]

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

For the period under review, while sales of SAW filters grew for IoT devices and PCs, sales of piezoelectric sensors and ceramic resonators declined for car electronics.

As a result, overall net sales decreased by 4.0% year on year to 60,742million yen.

[Other Components]

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

For the period under review, although sales of inductors rose for PCs, sales of lithium ion secondary batteries for smartphones plunged amid a review of the business portfolio.

As a result, overall net sales decreased by 6.4% year on year to 178,704 million yen.

<Modules>

The Modules category includes connectivity modules (short-range wireless communication modules), RF modules (circuit modules and radio frequency submodules), multilayer resin substrates, power supplies modules, and multilayer ceramic devices.

For the period under review, sales of RF modules increased for smartphones, but sales of multilayer resin substrates fell sharply for smartphones.

As a result, overall net sales decreased by 3.8% year on year to 220,731 million yen.

Sales by Application Category

Net sales by Application Category for the period under review were as follows.

	Millions of Yen					
	Six months ended September 30, 2019		Six months ended September 30, 2020		Change	
		%		%		%
AV	34,571	4.6	36,143	4.8	1,572	4.5
Communications	376,001	49.5	381,315	50.8	5,314	1.4
Computers and Peripherals	119,172	15.7	139,264	18.5	20,092	16.9
Automotive Electronics	132,947	17.5	109,263	14.6	(23,684)	(17.8)
Home and Others	96,593	12.7	84,749	11.3	(11,844)	(12.3)
Net sales	759,284	100.0	750,734	100.0	(8,550)	(1.1)

*Based on our estimate

[AV]

For the period under review, whereas sales of connectivity modules and lithium ion secondary batteries decreased significantly for digital cameras, sales of lithium ion secondary batteries and MLCCs expanded for video game consoles on the strength of growing demand from people staying at home.

As a result, overall net sales increased by 4.5% year on year to 36,143million yen.

[Communication]

For the period under review, with sales of multilayer resin substrates and lithium ion secondary batteries contracting for smartphones, sales of MLCCs grew for base stations.

As a result, overall net sales increased by 1.4% year on year to 381,315 million yen.

[Computers and Peripherals]

For the period under review, sales of MLCCs and inductors rose for PCs due to demand for products used in teleworking and online education, with increased sales of MLCCs for servers and data storage.

As a result, overall net sales increased by 16.9% year on year to 139,264million yen.

[Automotive Electronics]

For the period under review, demand for MLCCs and sensors plunged owing to a sharp decline in the quantity of automobiles produced.

As a result, overall net sales decreased by 17.8% year on year to 109,263 million yen.

2. Financial Position

Total assets on September 30, 2020, increased by 88,692 million yen from the end of the previous fiscal year to 2,338,922 million yen, mainly due to increases in trade accounts receivable, and cash. Liabilities increased by 20,627 million yen from the end of the previous fiscal year to 576,050 million yen due to an increase in short-term borrowings. Equity increased by 68,065 million yen from the end of the previous fiscal year to 1,762,872 million yen mainly due to an increase in retained earnings. The ratio of shareholders' equity to total assets increased by 0.1 percentage points from the end of the previous fiscal year to 75.4% at September 30, 2020.

Compared with the same period of the previous fiscal 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 113,991 million yen. Negative factors—an increase of 40,359 million yen in trade notes and accounts receivable and an increase of 22,940 million yen in inventories—were offset primarily by net income, as the source of cash flows, of 99,797 million yen and depreciation and amortization of 69,844 million yen.

Net cash provided by operating activities decreased by 22,072 million yen for the six months ended September 30, 2019.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 86,568 million yen. While cash inflows included maturities and sales of marketable securities, investments and other of 13,918 million yen, there were cash outflows due to 91,894 million yen in capital expenditures aimed at boosting production capacity in particular, and an increase of 11,608 million yen in payment for purchases of marketable securities, investments and other.

Net cash used in investing activities increased by 22,217 million yen for the six months ended September 30, 2019.

<Net Cash Used in Financing Activities>

For the period under review, net cash used in financing activities was 11,125 million yen. While there were cash inflows due to a 21,095 million yen increase in short-term borrowings, cash outflows included dividend payment of 31,990 million yen.

Net cash used in financing activities decreased by 64,937 million yen for the six months ended September 30, 2019.

3. Projected Results for the Year Ending March 31, 2021

In the projected results for the fiscal year ending March 31, 2021, net sales are expected to exceed the initial assumption thanks to an increase in smartphone-related demand based on customers' brisk securing of components, an expansion in demand for PCs and PC peripherals on the back of teleworking and online education, and growing demand for components for automobiles resulting from government stimulus measures around the world. Operating income as well is forecast to surpass the initial assumption due to productivity gains generated by the higher capacity utilization rate resulting from the increased production output.

Under the circumstances, the Company reviewed the forecast by taking into account performance for the period under review. As a result, the projected results for the fiscal year ending March 31, 2021, which was announced on April 30, 2020, has been adjusted as below.

		Consolidated Basis	
		Previous Projections	Revised Projections
Net sales	Millions of yen	1,430,000	1,490,000
	<%>*	<14.7>	<16.8>
Operating income	Millions of yen	210,000	250,000
	<%>*	<14.8>	<16.9>
Income before income taxes	Millions of yen	212,000	252,000
Net income attributable to Murata Corporation	Millions of yen	150,000	189,000
	<%>*	<10.5>	<12.7>
Capital expenditures	Millions of yen	200,000	200,000
	<%>*	<11.0>	<9.9>
Depreciation and amortization	Millions of yen	158,000	147,000
	<%>*	<7.7>	<7.0>
Research and development expenses	Millions of yen	110,000	105,000

* Ratio to net sales

This forecast is based on the assumed exchange rates of 105 yen against the U.S. dollar and 122 yen against the Euro for the second half of this fiscal year. The projection for capital expenditures of 200,000 million yen, announced on April 30, 2020, remains unchanged. This is designed to accommodate growing demand for electric components as it is expected that, from the next fiscal year onward, 5G-related demand will continue growing and the number of components mounted on automobiles will continue increasing following electrification.

However, the outlook is uncertain due to U.S.-China trade friction in addition to growing concerns over a resurgence in COVID-19 infections. Adjustments to projected financial results will be announced immediately should the need arise.

(1) Consolidated Balance Sheets (Assets)

At March 31, 2020 and September 30, 2020

	Millions of Yen			
	At March 31, 2020		At September 30, 2020	
		%		%
Assets	2,250,230	100.0	2,338,922	100.0
Current assets	1,027,227	45.7	1,113,235	47.6
Cash	239,656		264,407	
Short-term investments	106,950		99,188	
Marketable securities	29,554		32,922	
Trade notes receivable	100		117	
Trade accounts receivable	281,958		322,160	
Allowance for doubtful notes and accounts	(1,026)		(1,283)	
Inventories	334,408		358,004	
Prepaid expenses and other	35,627		37,720	
Property, plant and equipment	1,002,210	44.5	1,016,492	43.5
Land	72,707		73,111	
Buildings	633,041		673,271	
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,310,534		1,359,544	
Construction in progress	133,148		109,830	
Accumulated depreciation	(1,182,318)		(1,229,928)	
Operating lease right-of-use assets	35,098		30,664	
Investments and other assets	220,793	9.8	209,195	8.9
Investments	49,059		44,670	
Intangible assets	38,576		35,218	
Goodwill	73,032		72,268	
Deferred income taxes	42,220		45,069	
Other	17,906		11,970	
Total assets	2,250,230	100.0	2,338,922	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2020 and September 30, 2020

	Millions of Yen			
	At March 31, 2020		At September 30, 2020	
		%		%
Liabilities	555,423	24.7	576,050	24.6
Current liabilities	284,300	12.6	308,699	13.2
Short-term borrowings	51,000		72,094	
Trade accounts payable	79,330		84,643	
Accrued payroll and bonuses	45,374		47,130	
Income taxes payable	28,294		27,984	
Accrued expenses and other	73,611		70,098	
Current operating lease liabilities	6,691		6,750	
Long-term liabilities	271,123	12.1	267,351	11.4
Bonds	149,764		149,799	
Long-term debt	207		450	
Termination and retirement benefits	84,602		85,300	
Deferred income taxes	5,644		4,877	
Noncurrent operating lease liabilities	28,408		23,915	
Other	2,498		3,010	
Equity	1,694,807	75.3	1,762,872	75.4
Murata Corporation's shareholders' equity	1,694,104	75.3	1,762,127	75.4
Common stock	69,444		69,444	
Capital surplus	120,775		120,811	
Retained earnings	1,616,783		1,684,653	
Accumulated other comprehensive income (loss):	(59,335)		(59,245)	
Unrealized gains (losses) on securities	(61)		(36)	
Pension liability adjustments	(25,999)		(24,879)	
Foreign currency translation adjustments	(33,275)		(34,330)	
Treasury stock, at cost	(53,563)		(53,536)	
Noncontrolling interests	703	0.0	745	0.0
Total liabilities and equity	2,250,230	100.0	2,338,922	100.0

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Six months ended September 30, 2019 and 2020

	Millions of Yen			
	Six months ended September 30, 2019		Six months ended September 30, 2020	
		%		%
Net sales	760,938	100.0	752,005	100.0
Cost of sales	471,643	62.0	467,169	62.1
Selling, general and administrative	121,207	15.8	102,304	13.6
Research and development	51,385	6.8	51,014	6.8
Other operating income	4,690	0.6	-	-
Operating income	121,393	16.0	131,518	17.5
Interest and dividend income	1,943	0.2	983	0.1
Interest expense	(141)	(0.0)	(139)	(0.0)
Foreign currency exchange gain (loss)	(4)	(0.0)	(4,735)	(0.6)
Other - net	1,628	0.2	5,527	0.7
Income before income taxes	124,819	16.4	133,154	17.7
Income taxes	34,096	4.5	33,357	4.4
<Current income tax>	< 35,126 >		< 37,766 >	
<Deferred income tax>	<(1,030)>		<(4,409)>	
Net income	90,723	11.9	99,797	13.3
Less: Net income (loss) attributable to noncontrolling interests	(6)	(0.0)	(63)	(0.0)
Net income attributable to Murata Corporation	90,729	11.9	99,860	13.3

Consolidated Statements of Comprehensive Income

Six months ended September 30, 2019 and 2020

	Millions of Yen	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Net income	90,723	99,797
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	27	25
Pension liability adjustments	538	1,120
Foreign currency translation adjustments	(34,995)	(1,044)
Other comprehensive income (loss)	(34,430)	101
Comprehensive income	56,293	99,898
Less: Comprehensive income (loss) attributable to noncontrolling interests	(72)	(52)
Comprehensive income attributable to Murata Corporation	56,365	99,950

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Three months ended September 30, 2019 and 2020

	Millions of Yen			
	Three months ended September 30, 2019		Three months ended September 30, 2020	
		%		%
Net sales	403,382	100.0	425,207	100.0
Cost of sales	251,822	62.4	264,593	62.2
Selling, general and administrative	71,006	17.6	54,232	12.7
Research and development	25,308	6.3	26,203	6.2
Other operating income	3,597	0.9	-	-
Operating income	58,843	14.6	80,179	18.9
Interest and dividend income	1,044	0.3	390	0.1
Interest expense	(75)	(0.0)	(2)	(0.0)
Foreign currency exchange gain (loss)	959	0.2	(3,107)	(0.8)
Other - net	807	0.2	1,772	0.4
Income before income taxes	61,578	15.3	79,232	18.6
Income taxes	17,692	4.4	18,964	4.4
<Current income tax>	< 23,674 >		< 22,469 >	
<Deferred income tax>	<(5,982)>		<(3,505)>	
Net income	43,886	10.9	60,268	14.2
Less: Net income (loss) attributable to noncontrolling interests	(18)	(0.0)	(9)	(0.0)
Net income attributable to Murata Corporation	43,904	10.9	60,277	14.2

Consolidated Statements of Comprehensive Income

Three months ended September 30, 2019 and 2020

	Millions of Yen	
	Three months ended September 30, 2019	Three months ended September 30, 2020
Net income	43,886	60,268
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	7	(6)
Pension liability adjustments	392	531
Foreign currency translation adjustments	(12,607)	479
Other comprehensive income (loss)	(12,208)	1,004
Comprehensive income	31,678	61,272
Less: Comprehensive income (loss) attributable to noncontrolling interests	(44)	5
Comprehensive income attributable to Murata Corporation	31,722	61,267

(3) Consolidated Statements of Cash Flows

Six months ended September 30, 2019 and 2020

	Millions of Yen			
	Six months ended September 30, 2019		Six months ended September 30, 2020	
Operating activities:				
Net income		90,723		99,797
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	68,250		69,844	
Losses on sales and disposals of property, plant and equipment	881		696	
Impairment losses on long-lived assets	20,572		523	
Provision for termination and retirement benefits, less payments	773		2,323	
Deferred income taxes	(1,030)		(4,409)	
Changes in assets and liabilities:				
(Increase) decrease in trade notes and accounts receivable	(38,348)		(40,359)	
(Increase) decrease in inventories	1,834		(22,940)	
(Increase) decrease in prepaid expenses and other	(353)		(2,009)	
Increase (decrease) in trade notes and accounts payable	8,734		5,054	
Increase (decrease) in accrued payroll and bonuses	581		1,782	
Increase (decrease) in income taxes payable	(9,148)		(436)	
Increase (decrease) in accrued expenses and other	(9,686)		5,248	
Other-net	2,280	45,340	(1,123)	14,194
Net cash provided by operating activities		136,063		113,991
Investing activities:				
Payment for purchases of property, plant and equipment		(114,872)		(91,894)
Payment for purchases of marketable securities, investments and other		(4,492)		(11,608)
Maturities and sales of marketable securities, investments and other		12,882		13,918
Decrease in long-term deposits and loans		5,367		-
(Increase) decrease in short-term investments		(8,744)		2,121
Other-net		1,074		895
Net cash used in investing activities		(108,785)		(86,568)
Financing activities:				
Net increase (decrease) in short-term borrowings		33,800		21,095
Proceeds from long-term debt		42		98
Repayment of long-term debt		(105)		(131)
Proceeds from issuance of bonds		49,889		-
Dividends paid		(29,856)		(31,990)
Other-net		42		(197)
Net cash provided by (used in) financing activities		53,812		(11,125)
Effect of exchange rate changes on cash and cash equivalents		532		(1,724)
Net increase (decrease) in cash and cash equivalents		81,622		14,574
Cash and cash equivalents at beginning of period		217,805		302,320
Cash and cash equivalents at end of period		299,427		316,894
Additional cash and cash equivalents information:				
Cash		211,350		264,407
Short-term investments		130,108		99,188
Short-term investments with original maturities over 3 months		(42,031)		(46,701)
Cash and cash equivalents at end of period		299,427		316,894

(4) Assumptions for Going Concern

None

(5) Segment Information

Operating Segment Information

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

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

Six months ended September 30, 2019 and 2020

		Millions of Yen			
		Six months ended September 30, 2019		Six months ended September 30, 2020	
Components	Sales to:		%		%
	Unaffiliated customers	529,786		530,003	
	Intersegment	20,776		16,397	
	Total revenue	550,562	100.0	546,400	100.0
	Segment income	117,661	21.4	138,106	25.3
Modules	Sales to:		%		%
	Unaffiliated customers	229,498		220,731	
	Intersegment	7		0	
	Total revenue	229,505	100.0	220,731	100.0
	Segment income	25,828	11.3	21,725	9.8
Others	Sales to:		%		%
	Unaffiliated customers	1,654		1,271	
	Intersegment	30,674		29,951	
	Total revenue	32,328	100.0	31,222	100.0
	Segment income	3,060	9.5	3,933	12.6
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(51,457)		(46,348)	
	Total revenue	(51,457)	-	(46,348)	-
	Corporate expenses	(25,156)	-	(32,246)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	760,938		752,005	
	Intersegment	-		-	
	Total revenue	760,938	100.0	752,005	100.0
	Operating income	121,393	16.0	131,518	17.5

Three months ended September 30, 2019 and 2020

		Millions of Yen			
		Three months ended September 30, 2019		Three months ended September 30, 2020	
Components	Sales to:		%		%
	Unaffiliated customers	268,274		291,755	
	Intersegment	10,541		9,051	
	Total revenue	278,815	100.0	300,806	100.0
	Segment income	50,143	18.0	79,220	26.3
Modules	Sales to:		%		%
	Unaffiliated customers	134,273		132,786	
	Intersegment	2		0	
	Total revenue	134,275	100.0	132,786	100.0
	Segment income	17,948	13.4	14,803	11.1
Others	Sales to:		%		%
	Unaffiliated customers	835		666	
	Intersegment	14,557		16,151	
	Total revenue	15,392	100.0	16,817	100.0
	Segment income	1,583	10.3	2,008	11.9
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(25,100)		(25,202)	
	Total revenue	(25,100)	-	(25,202)	-
	Corporate expenses	(10,831)	-	(15,852)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	403,382		425,207	
	Intersegment	-		-	
	Total revenue	403,382	100.0	425,207	100.0
	Operating income	58,843	14.6	80,179	18.9

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

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

(6) Significant Changes in Shareholders' equity

None

(7) Other

October 30, 2020
Murata Manufacturing Co., Ltd.
Listing Code: 6981
(URL <https://www.murata.com/>)

Flash Report (Six months ended September 30, 2020)

Selected Financial Data - Consolidated basis

Six months ended September 30, 2019 and 2020/at September 30, 2019 and 2020

		Consolidated Basis		
		2019	2020	Growth ratio
Net sales	Millions of yen	760,938	752,005	(1.2)
Operating income	<%>*2 Millions of yen	< 16.0 > 121,393	< 17.5 > 131,518	8.3
Income before income taxes	<%>*2 Millions of yen	< 16.4 > 124,819	< 17.7 > 133,154	6.7
Net income attributable to Murata Corporation	<%>*2 Millions of yen	< 11.9 > 90,729	< 13.3 > 99,860	10.1
Total assets	Millions of yen	2,180,365	2,338,922	7.3
Shareholders' equity	Millions of yen	1,630,527	1,762,127	8.1
Shareholders' equity ratio	%	74.8	75.4	-
Basic earnings attributable to Murata Corporation per share	Yen	141.81	156.08	10.1
Diluted earnings attributable to Murata Corporation per share	*3 Yen	-	-	-
Shareholders' equity per share	Yen	2,548.51	2,754.11	-
Capital expenditures	Millions of yen	114,872	83,958	(26.9)
Depreciation and amortization	<%>*2 Millions of yen	< 9.0 > 68,250	< 9.3 > 69,844	2.3
Research and development expenses	<%>*2 Millions of yen	< 6.8 > 51,385	< 6.8 > 51,014	(0.7)
Number of employees	*4	< 44,671 > 76,075	< 42,283 > 74,301	(2.3)
Average exchange rates				
Yen/US dollar	Yen	108.63	106.92	-
Yen/Euro	Yen	121.41	121.29	-

Three months ended September 30, 2019 and 2020

		Consolidated Basis		
		2019	2020	Growth ratio
Net sales	Millions of yen	403,382	425,207	5.4
Operating income	<%>*2 Millions of yen	< 14.6 > 58,843	< 18.9 > 80,179	36.3
Income before income taxes	<%>*2 Millions of yen	< 15.3 > 61,578	< 18.6 > 79,232	28.7
Net income attributable to Murata Corporation	<%>*2 Millions of yen	< 10.9 > 43,904	< 14.2 > 60,277	37.3
Basic earnings attributable to Murata Corporation per share	*5 Yen	68.62	94.21	37.3
Diluted earnings attributable to Murata Corporation per share	*3 Yen	-	-	-
Capital expenditures	Millions of yen	61,962	43,778	(29.3)
Depreciation and amortization	<%>*2 Millions of yen	< 8.6 > 34,644	< 8.4 > 35,882	3.6
Research and development expenses	<%>*2 Millions of yen	< 6.3 > 25,308	< 6.2 > 26,203	3.5

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

*2 Ratio to net sales

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

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

Orders, Backlogs and Sales

(1) Orders and Backlogs by Product

<Orders>

Six months ended September 30, 2019 and 2020

	Millions of Yen					
	Six months ended September 30, 2019		Six months ended September 30, 2020		Change	
		%*1		%*1		%
Capacitors	227,808	31.2	284,493	37.0	56,685	24.9
Piezoelectric Components	65,322	8.9	65,534	8.5	212	0.3
Other Components	188,238	25.7	188,723	24.5	485	0.3
Components Total	481,368	65.8	538,750	70.0	57,382	11.9
Modules	250,064	34.2	230,434	30.0	(19,630)	(7.8)
Total	731,432	100.0	769,184	100.0	37,752	5.2

Three months ended September 30, 2019 and 2020

	Millions of Yen					
	Three months ended September 30, 2019		Three months ended September 30, 2020		Change	
		%*1		%*1		%
Capacitors	117,486	30.0	166,974	35.1	49,488	42.1
Piezoelectric Components	35,809	9.1	45,588	9.6	9,779	27.3
Other Components	90,800	23.1	115,018	24.2	24,218	26.7
Components Total	244,095	62.2	327,580	68.9	83,485	34.2
Modules	148,235	37.8	148,080	31.1	(155)	(0.1)
Total	392,330	100.0	475,660	100.0	83,330	21.2

*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, 2020		At September 30, 2020		Change	
		%*1		%*1		%
Capacitors	109,363	45.5	103,299	40.0	(6,064)	(5.5)
Piezoelectric Components	20,524	8.6	25,316	9.8	4,792	23.3
Other Components	60,950	25.4	70,969	27.4	10,019	16.4
Components Total	190,837	79.5	199,584	77.2	8,747	4.6
Modules	49,319	20.5	59,022	22.8	9,703	19.7
Total	240,156	100.0	258,606	100.0	18,450	7.7

*1 Component ratio

*2 Figures are based on sales prices to customers.

*3 Exclusive of consumption taxes

(2) Sales by Product Category, Application and Area

1. Sales by Product Category

Six months ended September 30, 2019 and 2020

	Millions of Yen					
	Six months ended September 30, 2019		Six months ended September 30, 2020		Change	
Capacitors	275,503	%*1 36.3	290,557	%*1 38.7	15,054	5.5
Piezoelectric Components	63,296	8.3	60,742	8.1	(2,554)	(4.0)
Other Components	190,987	25.2	178,704	23.8	(12,283)	(6.4)
Components Total	529,786	69.8	530,003	70.6	217	0.0
Modules	229,498	30.2	220,731	29.4	(8,767)	(3.8)
Net sales	759,284	100.0	750,734	100.0	(8,550)	(1.1)

Three months ended September 30, 2019 and 2020

	Millions of Yen					
	Three months ended September 30, 2019		Three months ended September 30, 2020		Change	
Capacitors	137,769	%*1 34.2	156,063	%*1 36.7	18,294	13.3
Piezoelectric Components	31,870	7.9	34,353	8.1	2,483	7.8
Other Components	98,635	24.5	101,339	23.9	2,704	2.7
Components Total	268,274	66.6	291,755	68.7	23,481	8.8
Modules	134,273	33.4	132,786	31.3	(1,487)	(1.1)
Net sales	402,547	100.0	424,541	100.0	21,994	5.5

*1 Component ratio

*2 Exclusive of consumption taxes

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

Six months ended September 30, 2019 and 2020

	Millions of Yen					
	Six months ended September 30, 2019		Six months ended September 30, 2020		Change	
AV	34,571	%*1 4.6	36,143	%*1 4.8	1,572	4.5
Communications	376,001	49.5	381,315	50.8	5,314	1.4
Computers and Peripherals	119,172	15.7	139,264	18.5	20,092	16.9
Automotive Electronics	132,947	17.5	109,263	14.6	(23,684)	(17.8)
Home and Others	96,593	12.7	84,749	11.3	(11,844)	(12.3)
Net sales	759,284	100.0	750,734	100.0	(8,550)	(1.1)

Three months ended September 30, 2019 and 2020

	Millions of Yen					
	Three months ended September 30, 2019		Three months ended September 30, 2020		Change	
AV	17,710	%*1 4.4	20,743	%*1 4.9	3,033	17.1
Communications	212,123	52.7	222,086	52.3	9,963	4.7
Computers and Peripherals	60,622	15.1	71,272	16.8	10,650	17.6
Automotive Electronics	66,141	16.4	66,434	15.6	293	0.4
Home and Others	45,951	11.4	44,006	10.4	(1,945)	(4.2)
Net sales	402,547	100.0	424,541	100.0	21,994	5.5

*1 Component ratio

*2 Exclusive of consumption taxes

3. Sales by Area

Six months ended September 30, 2019 and 2020

	Millions of Yen					
	Six months ended September 30, 2019		Six months ended September 30, 2020		Change	
		%*1		%*1		%
The Americas	105,046	13.8	77,257	10.3	(27,789)	(26.5)
Europe	67,797	8.9	53,001	7.1	(14,796)	(21.8)
Greater China	380,808	50.2	442,958	59.0	62,150	16.3
Asia and Others	132,588	17.5	116,347	15.5	(16,241)	(12.2)
Overseas total	686,239	90.4	689,563	91.9	3,324	0.5
Japan	73,045	9.6	61,171	8.1	(11,874)	(16.3)
Net sales	759,284	100.0	750,734	100.0	(8,550)	(1.1)

Three months ended September 30, 2019 and 2020

	Millions of Yen					
	Three months ended September 30, 2019		Three months ended September 30, 2020		Change	
		%*1		%*1		%
The Americas	57,870	14.4	48,700	11.5	(9,170)	(15.8)
Europe	31,670	7.8	31,779	7.5	109	0.3
Greater China	208,094	51.7	244,140	57.5	36,046	17.3
Asia and Others	69,636	17.3	67,697	15.9	(1,939)	(2.8)
Overseas total	367,270	91.2	392,316	92.4	25,046	6.8
Japan	35,277	8.8	32,225	7.6	(3,052)	(8.7)
Net sales	402,547	100.0	424,541	100.0	21,994	5.5

*1 Component ratio

*2 Exclusive of consumption taxes

Quarterly Consolidated Performance

(1) Consolidated Financial Results

	Millions of yen							
	Three months ended June 30, 2019		Three months ended September 30, 2019		Three months ended December 31, 2019		Three months ended March 31, 2020	
Net sales	357,556	% *1 100.0	403,382	% *1 100.0	410,222	% *1 100.0	362,885	% *1 100.0
Operating income	62,550	17.5	58,843	14.6	79,503	19.4	52,351	14.4
Income before income taxes	63,241	17.7	61,578	15.3	77,953	19.0	51,260	14.1
Net income attributable to Murata Corporation	46,825	13.1	43,904	10.9	56,050	13.7	36,233	10.0

	Millions of yen			
	Three months ended June 30, 2020		Three months ended September 30, 2020	
Net sales	326,798	% *1 100.0	425,207	% *1 100.0
Operating income	51,339	15.7	80,179	18.9
Income before income taxes	53,922	16.5	79,232	18.6
Net income attributable to Murata Corporation	39,583	12.1	60,277	14.2

*1 Ratio to net sales

(2) Sales by Product Category

	Millions of yen							
	Three months ended June 30, 2019		Three months ended September 30, 2019		Three months ended December 31, 2019		Three months ended March 31, 2020	
Capacitors	137,734	% *1 38.6	137,769	% *1 34.2	145,738	% *1 35.6	138,197	% *1 38.2
Piezoelectric Components	31,426	8.8	31,870	7.9	33,616	8.2	32,342	8.9
Other Components	92,352	25.9	98,635	24.5	92,814	22.7	79,228	21.9
Components Total	261,512	73.3	268,274	66.6	272,168	66.5	249,767	69.0
Modules	95,225	26.7	134,273	33.4	136,991	33.5	112,130	31.0
Net sales	356,737	100.0	402,547	100.0	409,159	100.0	361,897	100.0

	Millions of yen			
	Three months ended June 30, 2020		Three months ended September 30, 2020	
Capacitors	134,494	% *1 41.2	156,063	% *1 36.7
Piezoelectric Components	26,389	8.1	34,353	8.1
Other Components	77,365	23.7	101,339	23.9
Components Total	238,248	73.0	291,755	68.7
Modules	87,945	27.0	132,786	31.3
Net sales	326,193	100.0	424,541	100.0

*1 Component ratio

*2 Exclusive of consumption taxes