

Earnings Release Conference Second Quarter of FY2014 (July 1, 2014 to September 30, 2014)

October 31, 2014

Murata Manufacturing Co., Ltd.



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

Topics of Financial Results for FY2014 Second Quarter

- Sales of the second quarter was the highest in our history owing to the increasing demands of wide range products for smartphones, tablets and automotive.
- Operating income of the second quarter was the highest since disclosure by quarterly base. Operating income ratio achieved 20%.
- Projected finance results for FY2014 announced on April 30th has been revised upward.

1. Second Quarter of FY2014

From July 1, 2014 to September 30, 2014
Consolidated Basis

Financial Results Overview



	FY2013 First Half		FY2014 First Half				Q on Q Change		Y on Y Change			
	(a)	(b)	(c)		(d)		(c) vs. (b)		(d) vs. (a)			
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)		
Net sales	414.1	100.0	218.0	100.0	258.6	100.0	476.6	100.0	+40.6	+18.6	+62.5	+15.1
Operating income	67.4	16.3	36.9	16.9	52.3	20.2	89.1	18.7	+15.4	+41.6	+21.7	+32.2
Income before income taxes	68.3	16.5	37.2	17.1	58.2	22.5	95.3	20.0	+21.0	+56.4	+27.0	+39.5
Net income attributable to Murata Corporation	47.6	11.5	26.9	12.4	41.6	16.1	68.5	14.4	+14.7	+54.4	+20.9	+43.8

Sales by Product

	FY2013 First Half		FY2014 First Half				Q on Q Change		Y on Y Change	
	(a)	(%)	(b)	(c)	(d)	(%)	(c) vs. (b)	(%)	(d) vs. (a)	(%)
Capacitors	(B JPY) 138.4	33.5	(B JPY) 69.8	(B JPY) 83.4	(B JPY) 153.1	32.2	+13.6	+19.5	(B JPY) +14.7	+10.6
Piezoelectric Components	48.5	11.8	28.6	30.6	59.2	12.5	+2.1	+7.2	+10.7	+21.9
Other Components	78.3	19.0	46.6	56.5	103.1	21.7	+10.0	+21.4	+24.8	+31.7
Communication Modules	119.7	29.0	58.5	74.1	132.5	27.9	+15.6	+26.7	+12.8	+10.7
Power Supplies and Other Modules	27.8	6.7	13.8	13.1	26.9	5.7	(0.6)	(4.5)	(0.9)	(3.2)
Net sales	412.8	100.0	217.1	257.8	474.9	100.0	+40.7	+18.7	+62.1	+15.0

*Sales of TOKO, INC was included in other components from FY 2014.

Sales by Product FY14 First Half vs. FY13 First Half

<p>Capacitors +10.6%</p>	<p>Multilayer ceramic capacitors : Sales of Ultra-compact MLCCs and High-capacitance MLCCs for communication and car electronics significantly increased.</p>
<p>Piezoelectric Components +21.9%</p>	<p>SAW filters : Sales greatly increased thanks to demand increase for smartphones in China and penetration of LTE device.</p> <p>Piezoelectric sensors : Sales of Shock sensors increased for HDD.</p>
<p>Other Components +31.7%</p>	<p>Inductors (Coil) :Sales of High frequency coils greatly increased for smartphones and impact that TOKO coil was added in line up of our products.</p> <p>EMI suppression filter : Increased for automotive electronics and communication.</p> <p>Connector :Increased for smartphones.</p> <p>Sensors : Sales of MEMS sensors greatly increased for car electronics.</p>
<p>Communication Modules +10.7%</p>	<p>Wireless modules :Strongly increased for smartphones and tablets.</p> <p>RF sub modules :Sales for smartphones strongly grew due to the impact of putting out new products.</p>
<p>Power Supplies and Other Modules (3.2%)</p>	<p>Power Supplies :Sales decreased for car electronics(mainly car audio).</p>

Sales by Product

FY14 Second Quarter vs. FY14 First Quarter

<p>Capacitors +19.5%</p>	<p>Multilayer ceramic Capacitors : Sales of Ultra-compact MLCCs and High-capacitance MLCCs increased for wide range products for communication, gaming hardware and car electronics.</p>
<p>Piezoelectric Components +7.2%</p>	<p>SAW filters : Showed steady growth thanks to demand increase for smartphones. Piezoelectric Sensors : Sales of Shock sensors and actuators increased for HDD.</p>
<p>Other Components +21.4%</p>	<p>Inductors (Coil) :Significantly increased for smartphones. EMI suppression filter and Connector : Significantly increased for smartphones and tablets.</p>
<p>Communication Modules +26.7%</p>	<p>Wireless modules :Strongly increased for smartphones and tablets. RF sub modules :Sales for smartphones grew strongly due to the impact of putting out new products.</p>
<p>Power Supplies and Other Modules (4.5%)</p>	<p>Power Supplies :Sales for office automation equipment increased, while sales for amusements declined.</p>

Sales by Application

	FY2013 First Half		1Q		2Q		FY2014 First Half		Q on Q Change		Y on Y Change	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	(B JPY)	(%)	(B JPY)	(B JPY)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
AV	23.5	5.7	11.6	14.1	25.7	5.4	+2.5	+21.1	+2.1	+9.0		
Communication	210.3	50.9	104.2	136.1	240.3	50.6	+31.8	+30.5	+30.0	+14.3		
Computers and Peripherals	71.6	17.4	39.1	43.6	82.8	17.4	+4.5	+11.6	+11.1	+15.6		
Automotive Electronics	57.8	14.0	33.7	35.7	69.4	14.6	+2.0	+6.0	+11.6	+20.1		
Home Electronics and Others	49.6	12.0	28.4	28.3	56.7	12.0	(0.2)	(0.5)	+7.2	+14.4		
Net sales	412.8	100.0	217.1	257.8	474.9	100.0	+40.7	+18.7	+62.1	+15.0		

* Based on our estimate

Sales by Application FY14 First Half vs. FY13 First Half

<p>AV +9.0%</p>	<p>Sales of High-capacitance MLCCs for gaming hardware and LCDTV greatly increased.</p>
<p>Communication +14.3%</p>	<p>Sales of Wireless modules, RF sub modules and Ultra-compact MLCCs and High-capacitance MLCCs significantly increased thanks to LTE devices increase for smartphones. SAW filters, Inductors (coil) and Circuit devices strongly grew thanks to shifting to LTE devices.</p>
<p>Computers and Peripherals 15.6%</p>	<p>Sales of Wireless modules, MLCCs and Connectors greatly increased for tablet devices. Sales of Shock sensors grew for HDD.</p>
<p>Automotive Electronics +20.1%</p>	<p>Sales of MLCCs and EMI suppression filters increased thanks to advanced automotive electrification. Sales of MEMS sensors greatly increased for various safety devices.</p>

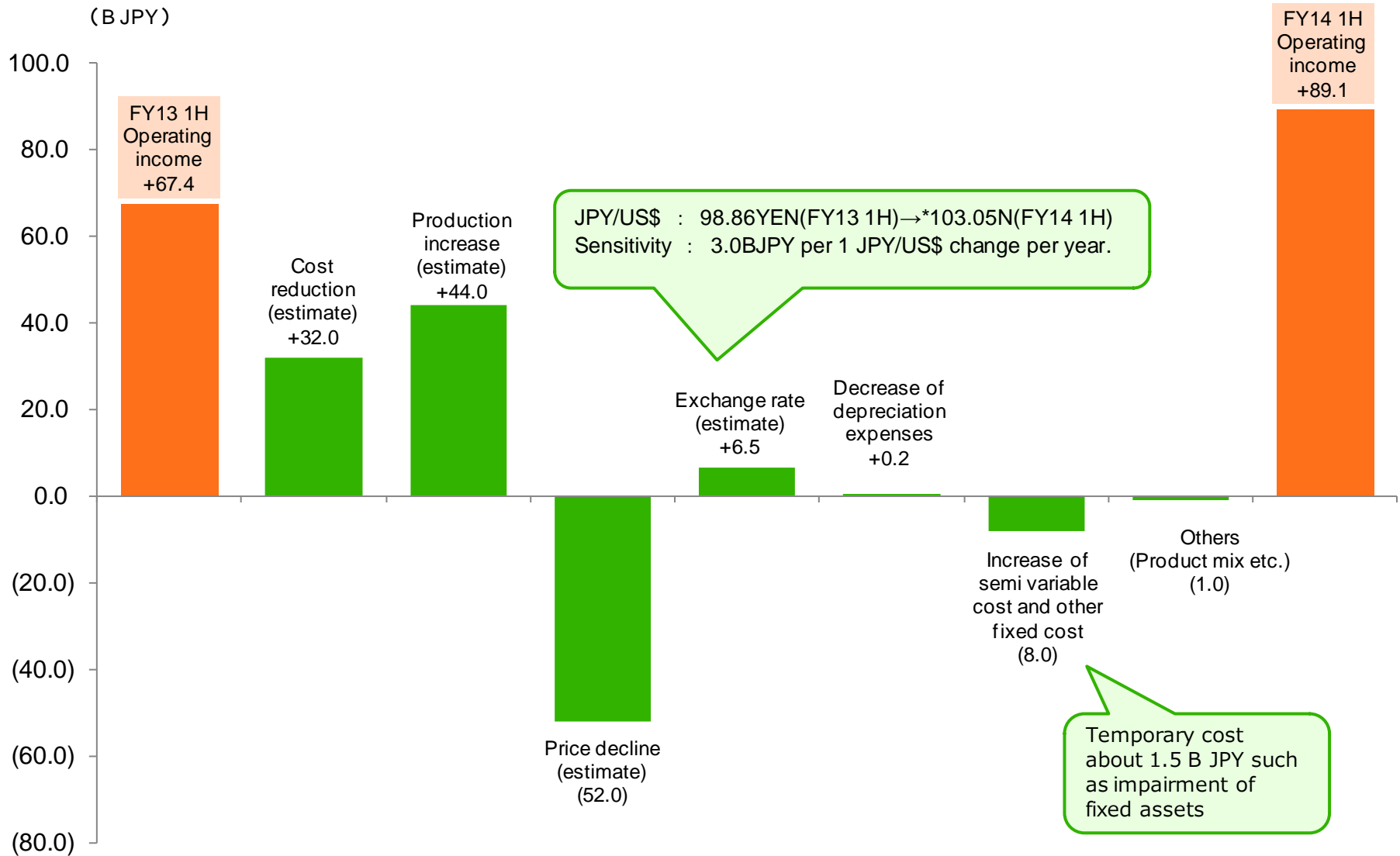
*Based on our estimate

Sales by Application FY14 Second Quarter vs. FY14 First Quarter

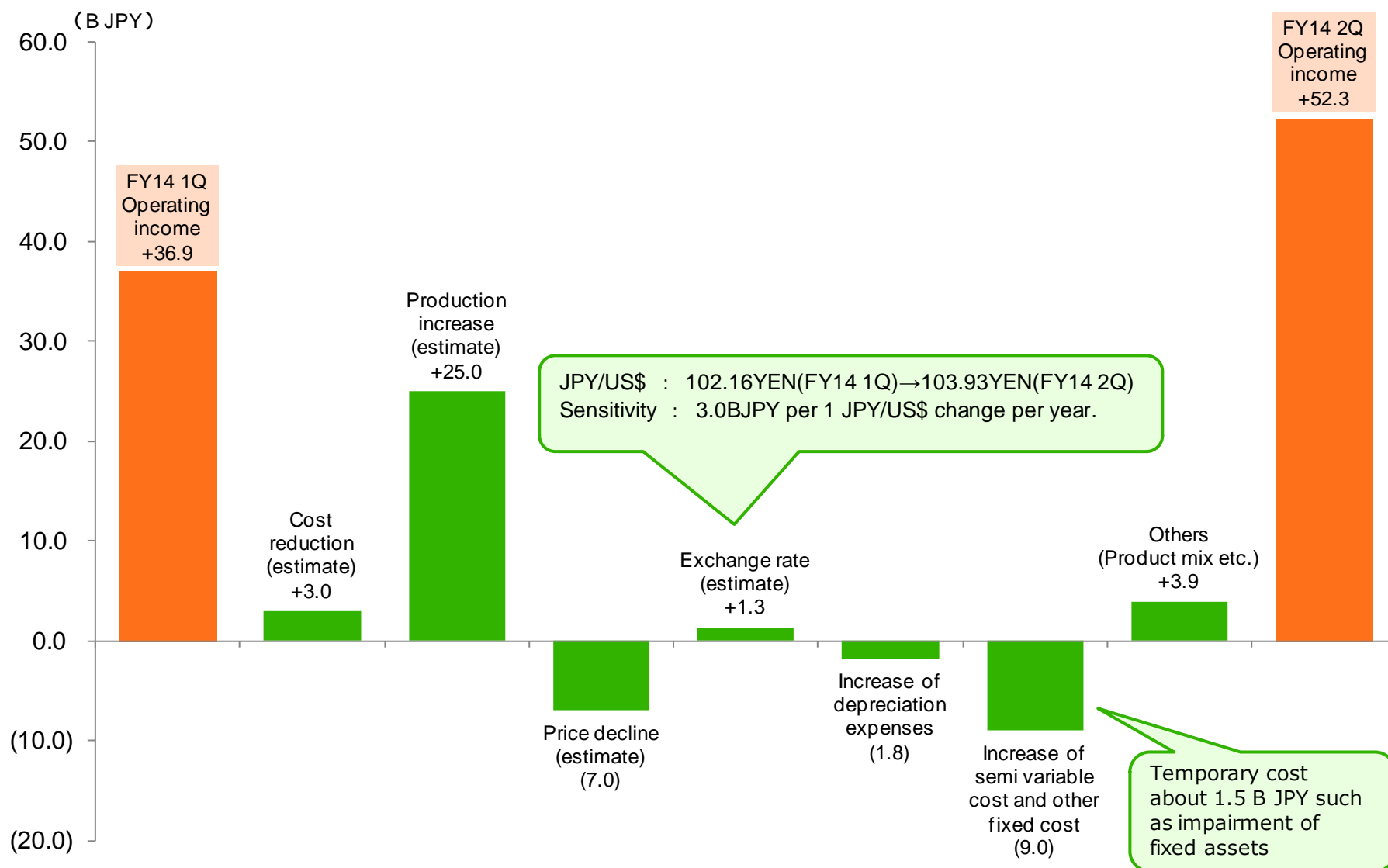
<p>AV +21.1%</p>	<p>Sales of High-capacitance MLCCs for gaming hardware and LCDTV greatly increased. Sales of Wireless modules for digital camera increased.</p>
<p>Communication +30.5%</p>	<p>Many kind of our products such as Wireless modules, RF sub modules, MLCCs, Connectors and High frequency coils increased for new models of smartphones.</p>
<p>Computers and Peripherals +11.6%</p>	<p>Sales of Wireless modules, Connectors and MLCCs for tablets increased. Sales of RF sub modules and MLCCs for note PC increased. Sales of Shock sensors and Actuators for HDD increased.</p>
<p>Automotive Electronics +6.0%</p>	<p>Sales of MLCCs and EMI suppression filters increased thanks to advanced automotive electrification. Sales of Ultra-sonic sensors for safety devices increased.</p>

*Based on our estimate

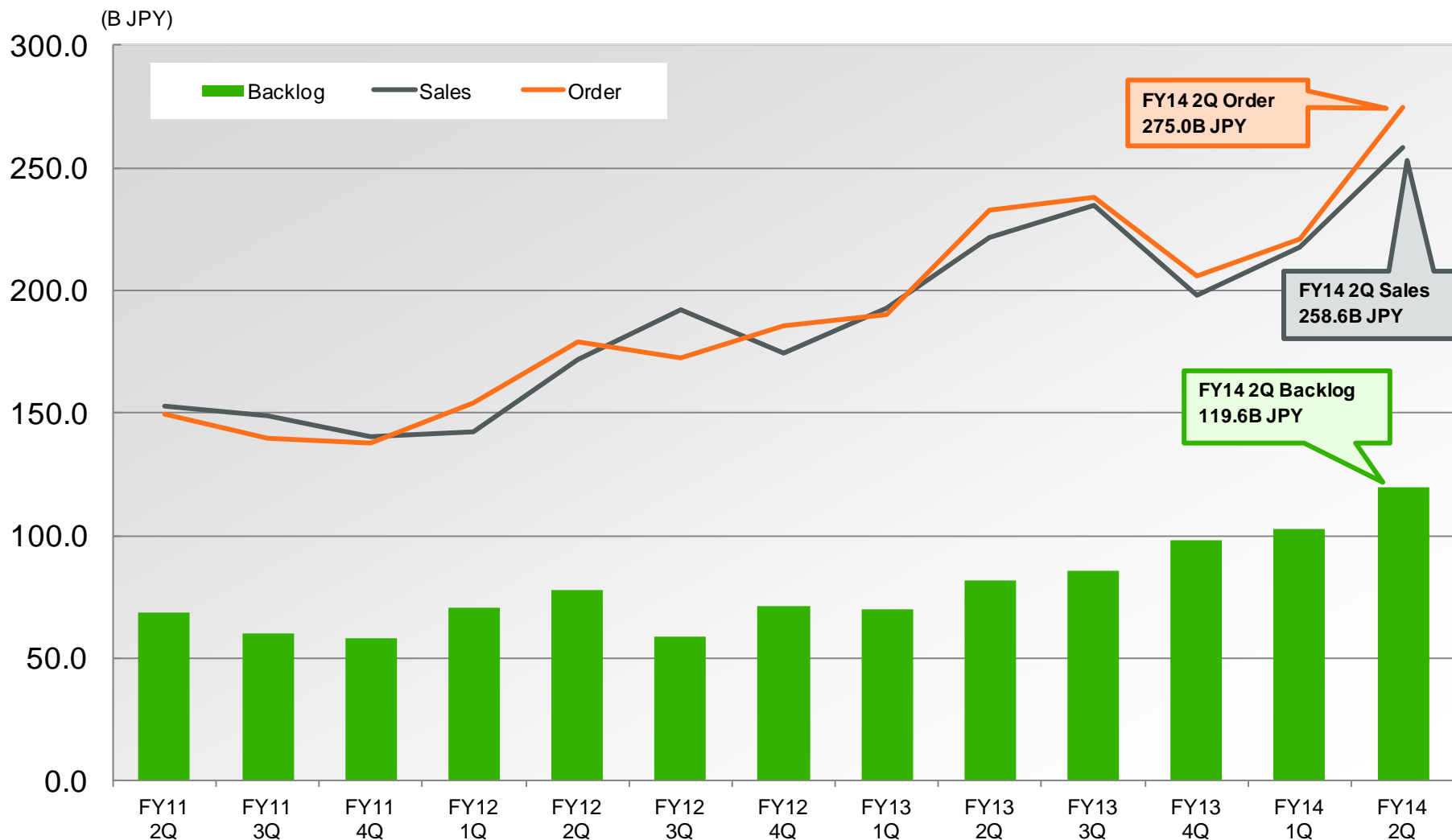
Breakdown of Operating Income Changes FY13 First Half to FY14 First Half



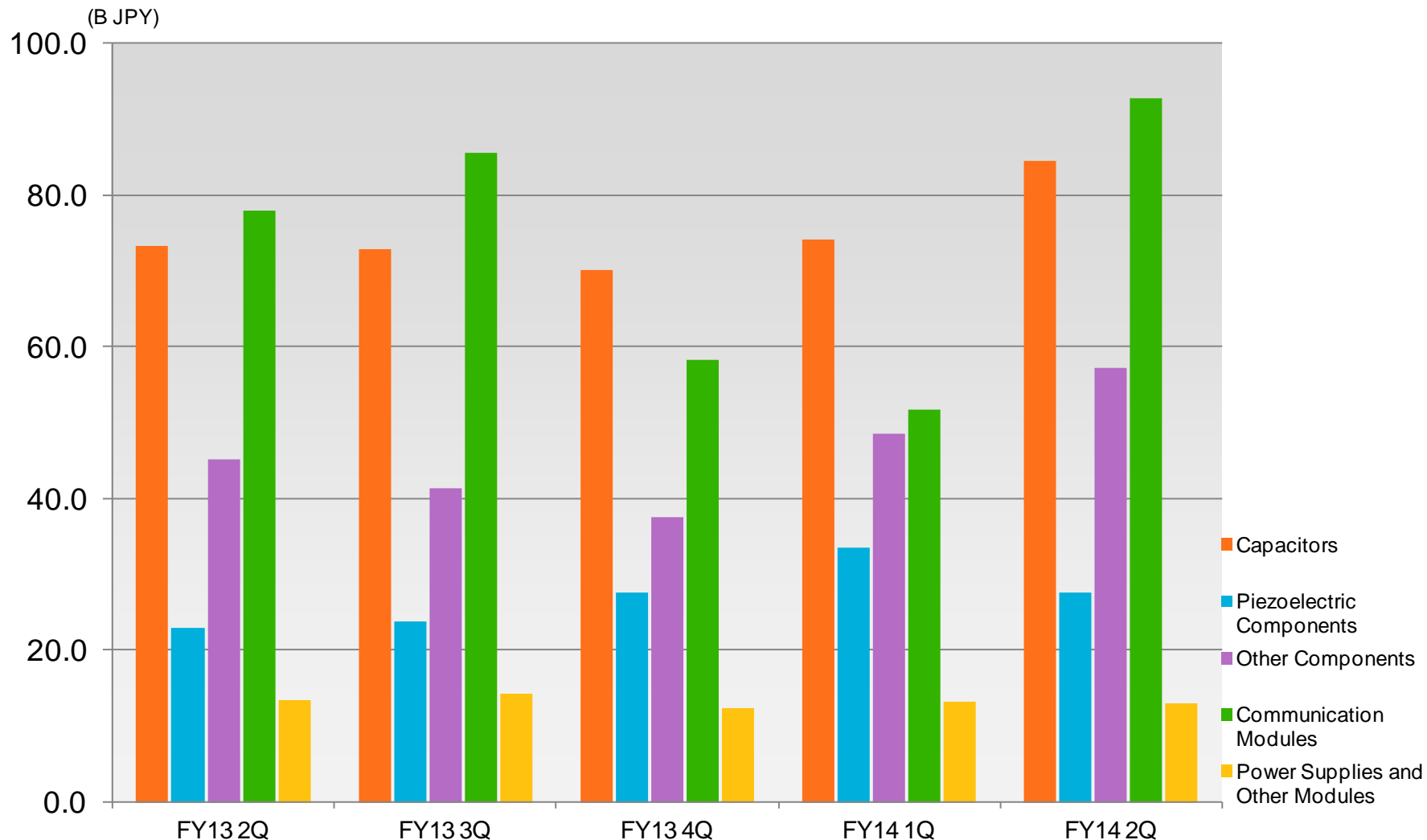
Breakdown of Operating Income Changes FY14 First Quarter to FY14 Second Quarter



Quarterly Sales, Order and Backlog

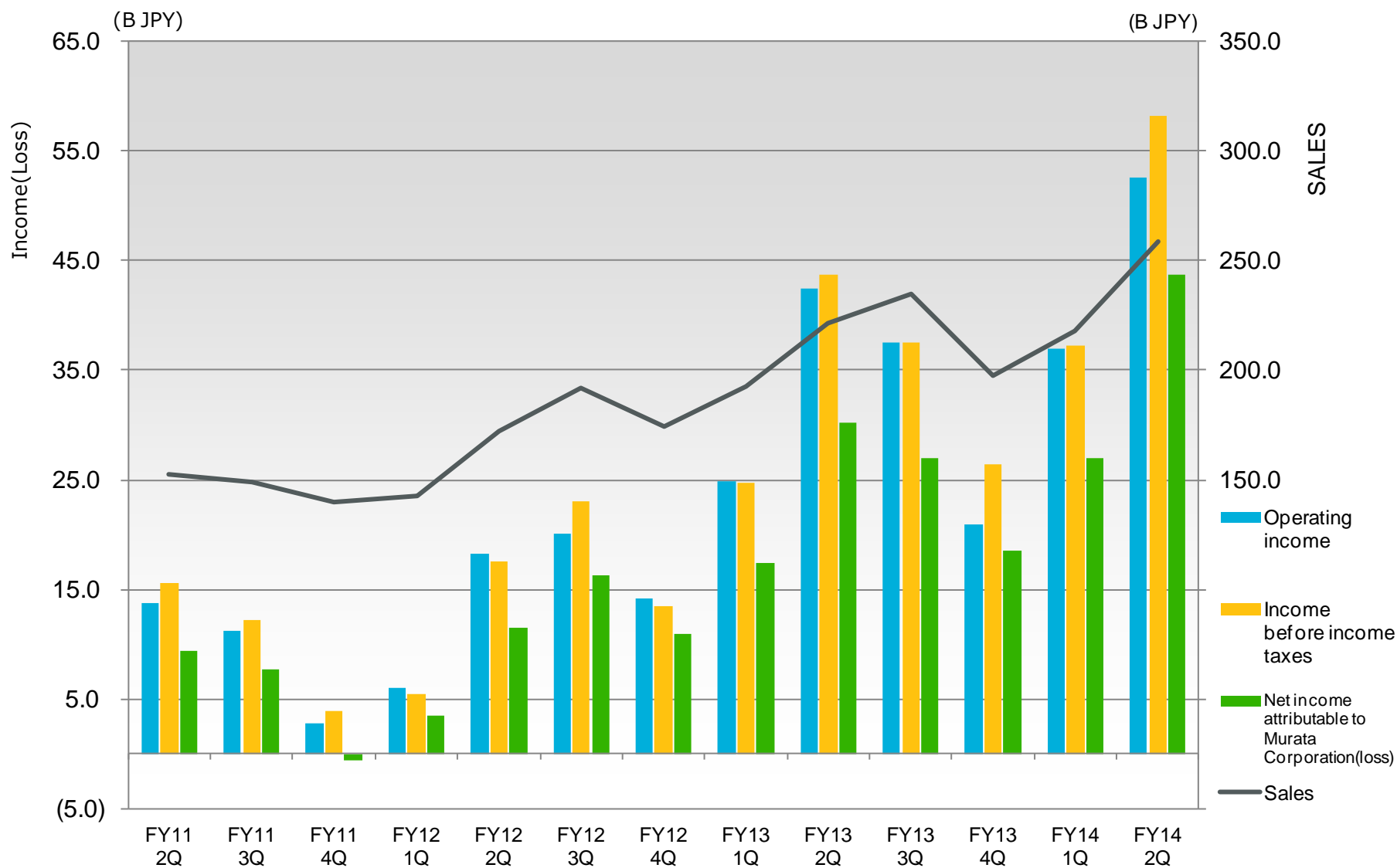


Orders by Product



*Orders of TOKO, INC was included in other components from FY 2014.






Quarterly Financial Results








2. Projected Financial Results for FY2014

(From April 2014 to March 2015)

Projection of Demand (Communication)






	FY2013		FY2014 Projection		
Mobile Phones Total (units)	1,700 M	→	1,810 M	+6%	
2G	540 M	→	440 M	(19%)	
3G	840 M	→	840 M	Flat	
LTE	320 M	→	530 M	+65%	
Smartphones	1,060 M	→	1,320 M	+25%	

Projection of Demand (PC, AV)






	FY2013		FY2014 Projection		
PCs (units)	510 M	→	520 M	+1%	
Desktop	140 M	→	130 M	0% to (5%)	
Notebook	170 M	→	170 M	0% to (5%)	
Tablet	200 M	→	220 M	+10%	
Flat-Screen TVs (units)	210 M	→	210 M	Flat	

Projection of Demand (Communication) -Semi Annual Base-



	FY2014 1H		FY2014 2H Projection		
Mobile Phones Total (units)	930 M	→	880 M	(6%)	
2G	230 M	→	210 M	(8%)	
3G	440 M	→	390 M	(12%)	
LTE	250 M	→	280 M	+7%	
Smartphones	670 M	→	650 M	(2%)	

Projection of Demand (PC, AV) -Semi Annual Base-

	FY2014 1H		FY2014 2H Projection		
PCs (units)	270 M	→	260 M	0% to (5%)	
Desktop	70 M	→	70 M	0% to (5%)	
Notebook	90 M	→	80 M	0% to (5%)	
Tablet	110 M	→	120 M	+7%	
Flat-Screen TVs (units)	110 M	→	100 M	(8%)	

Projected Sales by Product

	FY2014 Projections (Growth Ratio against FY2013)	FY2014 Second Half Projections (Growth Ratio against First Half)
Capacitors	+10%	Flat
Piezoelectric Components	+15%	(15%)
Other Components	+30%	+3%
Communication Modules	+8%	+12%
Power Supplies and Other Modules	+5%	+10%
Total	+14%	+3%

Projected Sales by Application

	FY2014 Projections (Growth Ratio against FY2013)	FY2014 Second Half Projections (Growth Ratio against First Half)
AV	+12%	(5%)
Communication	+14%	+4%
Computers and Peripherals	+11%	+3%
Automotive Electronics	+17%	+2%
Home Electronics and Others	+15%	Flat
Total	+14%	+3%

* Based on our estimate

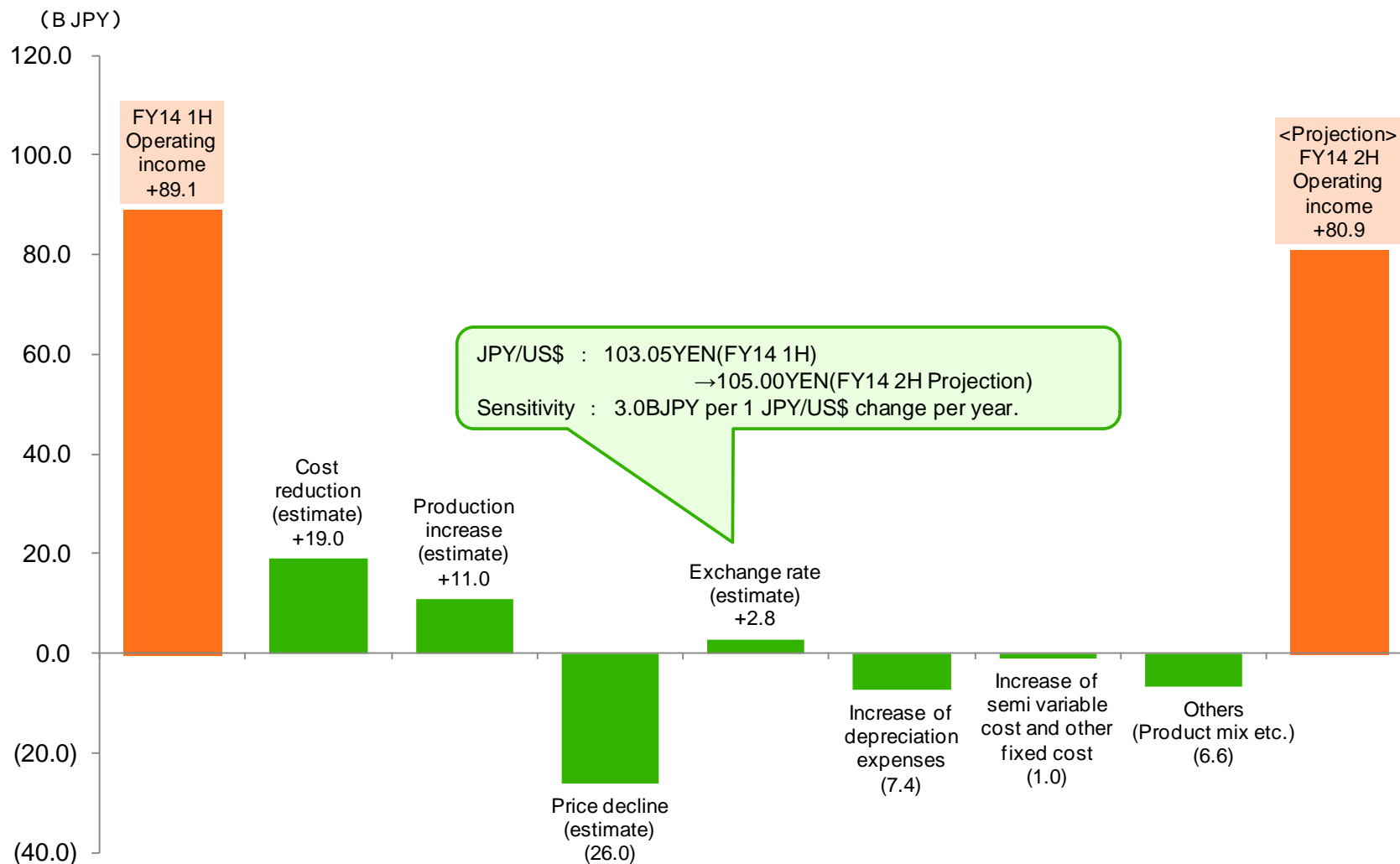
Projected Financial Results for FY2014

	Previous (April 2014)			Revised (October 2014)					
	First Half Projections	Second Half Projections	FY2014 Projections					FY2014 Projections	
				First Half Results		Second Half Projections			
	(B JPY)	(B JPY)	(B JPY)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	445.0	475.0	920.0	476.6	100.0	488.4	100.0	965.0	100.0
Operating income	71.0	73.0	144.0	89.1	18.7	80.9	16.6	170.0	17.6
Income before income taxes	73.0	75.0	148.0	95.3	20.0	79.7	16.3	175.0	18.1
Net income attributable to Murata Corporation	51.0	51.0	102.0	68.5	14.4	55.6	11.4	124.0	12.8

Projected Financial Results for FY2014

	FY2014 First Half Results	FY2014 Second Half Projections	FY2014 Projections
Depreciation and amortization	38.3 B JPY	45.7 B JPY	84.0 B JPY
R & D expenses	29.6 B JPY	32.4 B JPY	62.0 B JPY
Capital expenditures	44.7 B JPY	35.3 B JPY	80.0 B JPY
Average exchange rate (JPY/US\$)	103.05	105.00	
Average exchange rate (JPY/EUR)	138.91	135.00	

Breakdown of Operating Income Changes FY14 First Half to FY14 Second Half Projection



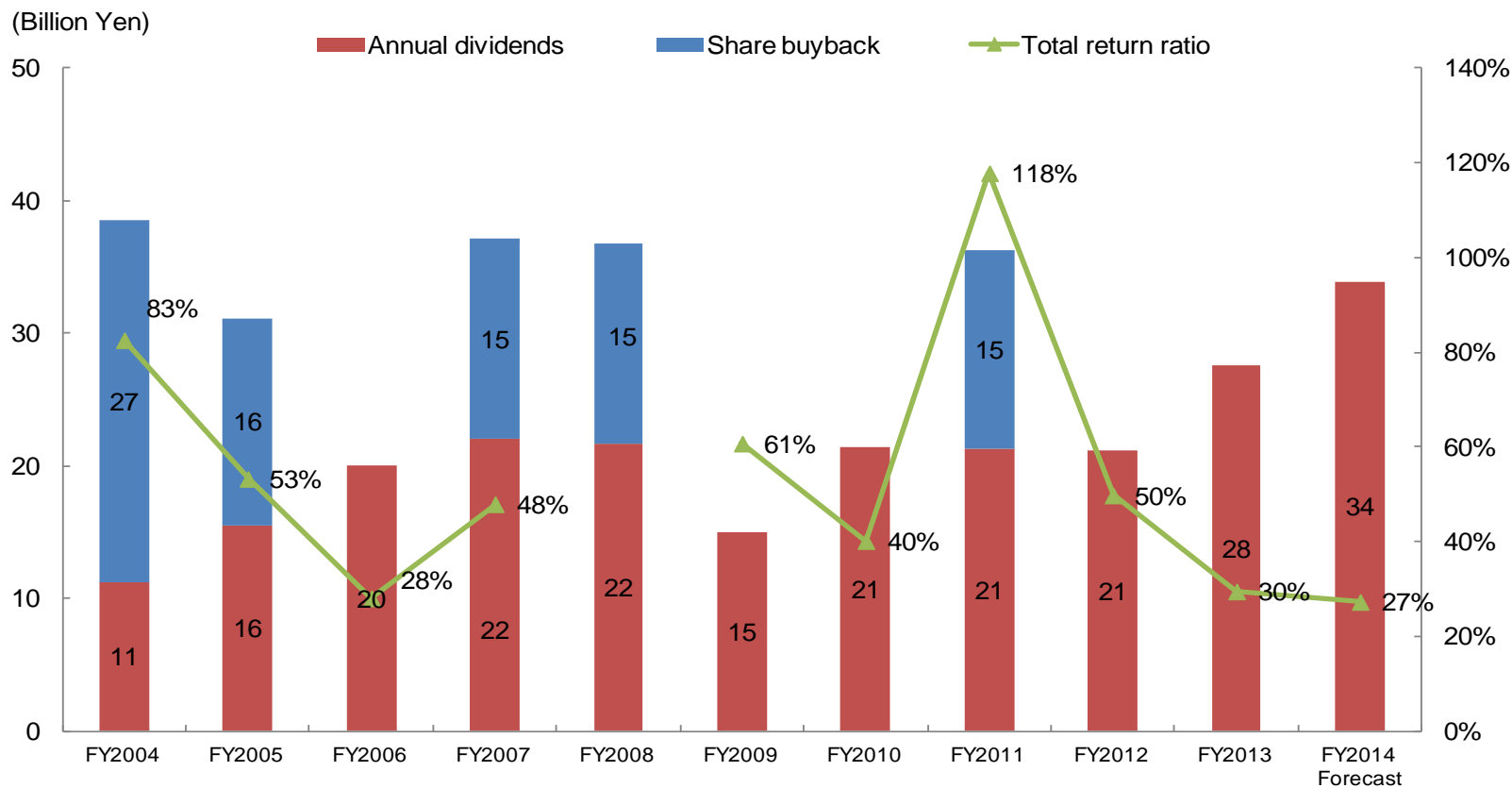
Dividends per Share

FY2014 projected annual dividends per share
160 JPY per share
(Interim: 80 JPY per share, Year-end: 80 JPY per share)

FY2013 annual dividends per share
130 JPY per share
(Interim: 60 JPY per share, Year-end: 70 JPY per share)

Note: The above projections are based on our view of the current business environment and our projections for FY2014.

Return to Shareholders



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

This report contains forward-looking statements concerning Murata Manufacturing Co., Ltd. and its group companies' projections, plans, policies, strategies, schedules, and decisions. These forward-looking statements are not historical facts; rather, they represent the assumptions of the Murata Group (the "Group") based on information currently available and certain assumptions we deem as reasonable. Actual results may differ materially from expectations due to various risks and uncertainties. Readers are therefore requested not to rely on these forward-looking statements as the sole basis for evaluating the Group. The Company has no obligation to revise any of the forward-looking statements as a result of new information, future events or otherwise.

Risks and uncertainties that may affect actual results include, but are not limited to, the following: (1) economic conditions of the Company's business environment, and trends, supply-demand balance, and price fluctuations in the markets for electronic devices and components; (2) price fluctuations and insufficient supply of raw materials; (3) exchange rate fluctuations; (4) the Group's ability to provide a stable supply of new products that are compatible with the rapid technical innovation of the electronic components market and to continue to design and develop products and services that satisfy customers; (5) changes in the market value of the Group's financial assets; (6) drastic legal, political, and social changes in the Group's business environment; and (7) other uncertainties and contingencies.

The Company undertakes no obligation to publicly update any forward-looking statements included in this report.

Thank you

