

# Earnings Release Conference Third Quarter of FY2016 (October 1,2016 to December 31,2016)

January 31, 2017

Murata Manufacturing Co., Ltd.



# 1. Third Quarter of FY2016

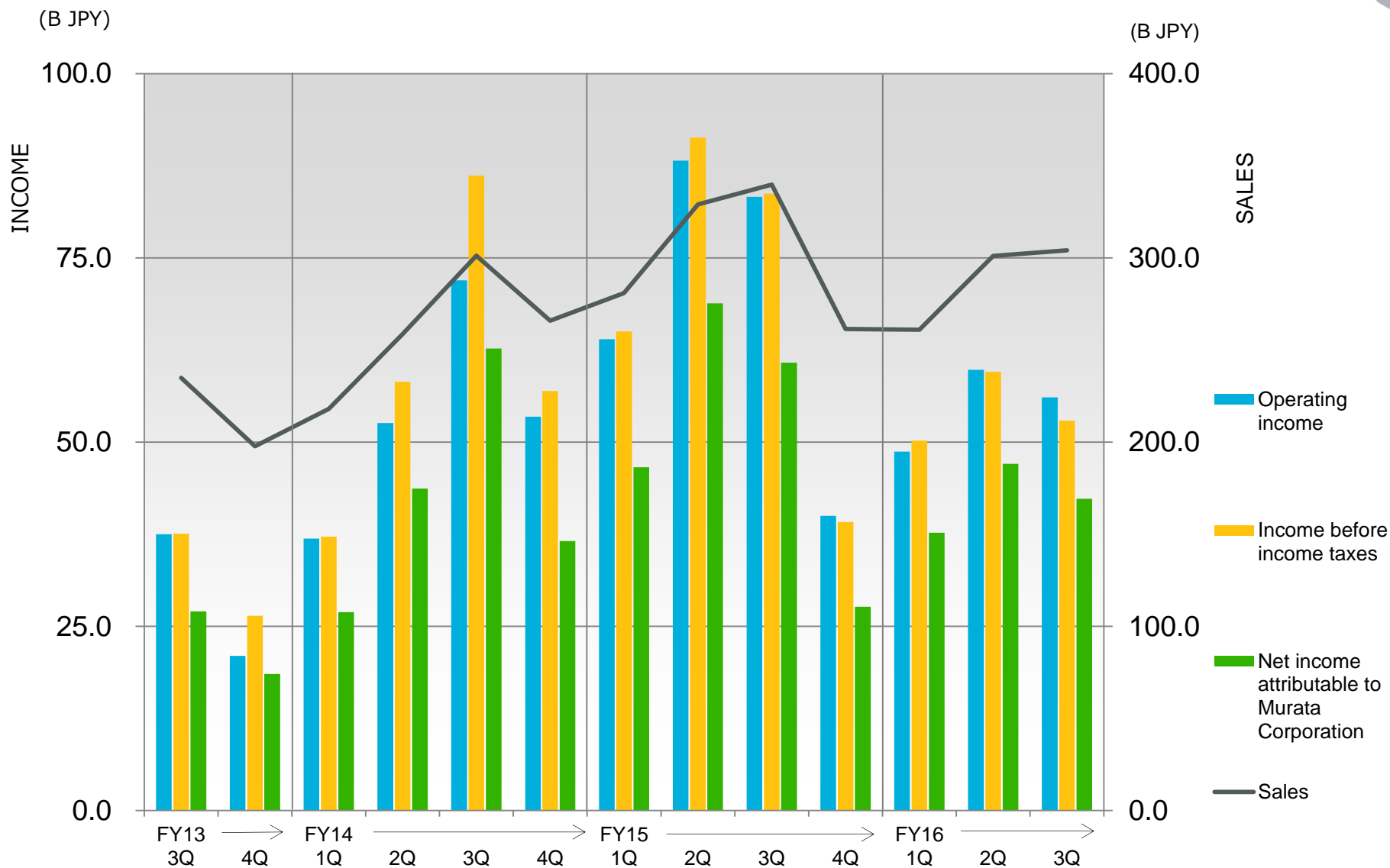
From October 1, 2016 to December 31, 2016  
Consolidated Basis

# Topics of Financial Results for FY2016 Third Quarter

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- Overall net sales of the third quarter decreased by 10.5% from the same period in 2015. While general-purpose products such as capacitors and coils as well as SAW filters achieved higher sales due to steady demand, communication modules posted lower sales due to the stronger yen and changes in the quantities used by specific customers.
- Operating income of the third quarter decreased by 32.7% from the same period in 2015. In addition to lower net sales, negative contributions came from a negative exchange effect due to the stronger yen and an increase in capital investment in anticipation of future growth in demand.
- The operating income achievement ratio against project finance results for FY2016 announced on October 31<sup>th</sup> was 82%.

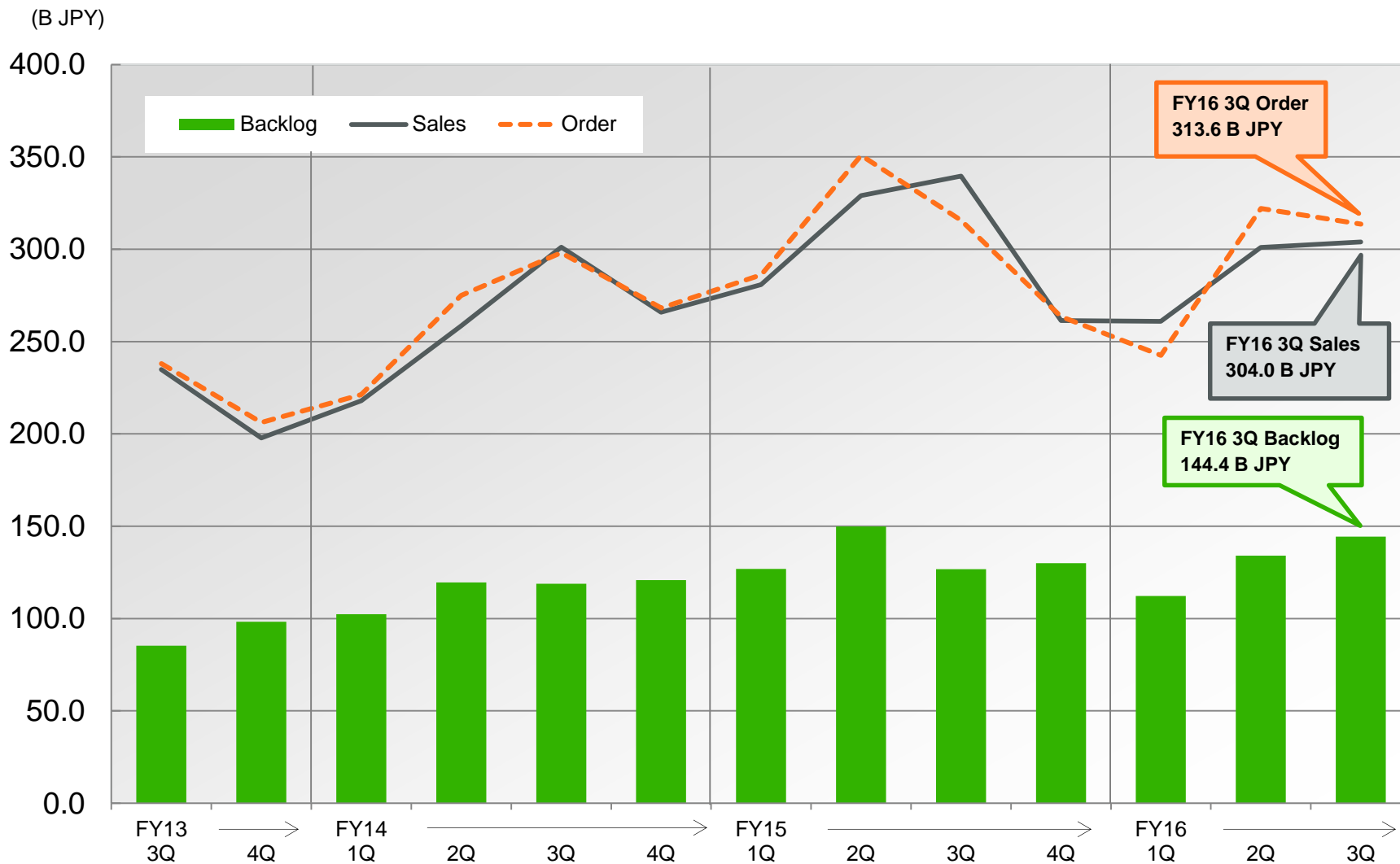
# Quarterly Financial Results



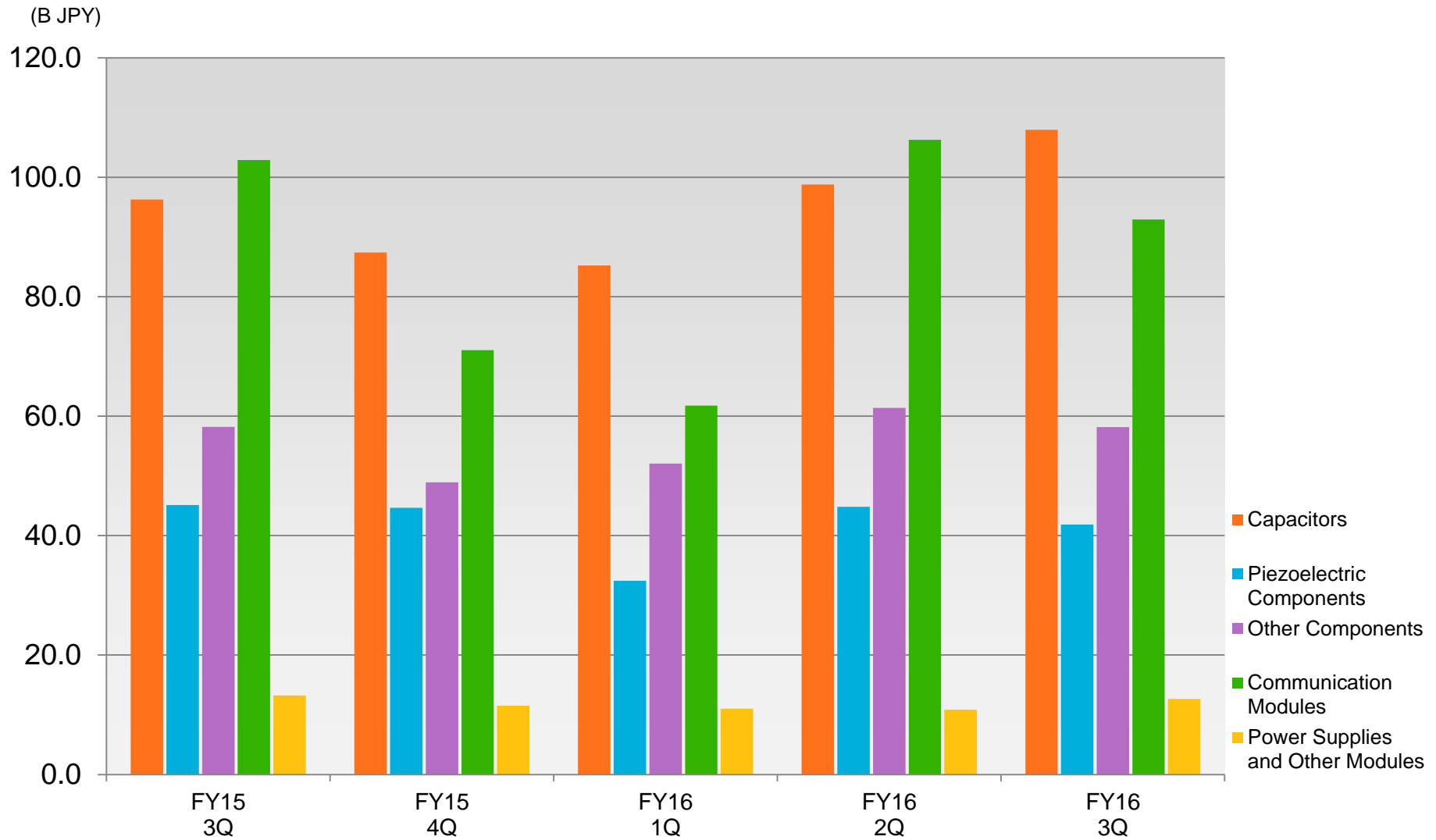
# Financial Results Overview

	FY2015 3rd Quarter		FY2016 2nd Quarter		FY2016 3rd Quarter		Y on Y Change		Q on Q Change	
	(a)		(b)		(c)		(c) vs. (a)		(c) vs. (b)	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	339.7	100.0	301.0	100.0	304.0	100.0	(35.7)	(10.5)	+3.0	+1.0
Operating income	83.3	24.5	59.8	19.9	56.1	18.4	(27.2)	(32.7)	(3.7)	(6.3)
Income before income taxes	83.7	24.6	59.5	19.8	52.9	17.4	(30.8)	(36.8)	(6.6)	(11.1)
Net income attributable to Murata Corporation	60.8	17.9	47.0	15.6	42.3	13.9	(18.5)	(30.4)	(4.7)	(10.1)

# Quarterly Sales, Order and Backlog



# Orders by Product



# Sales by Product

	FY2015 3rd Quarter		FY2016 2nd Quarter		FY2016 3rd Quarter		Y on Y Change		Q on Q Change	
	(a)		(b)		(c)		(c) vs. (a)		(c) vs. (b)	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	97.2	28.7	93.1	31.0	98.0	32.4	+0.8	+0.8	+4.9	+5.3
Piezoelectric Components	43.5	12.9	44.4	14.8	44.9	14.8	+1.4	+3.3	+0.5	+1.2
Other Components	62.1	18.3	59.3	19.7	59.2	19.5	(2.9)	(4.7)	(0.1)	(0.1)
Communication Modules	123.0	36.3	92.0	30.7	90.1	29.7	(32.8)	(26.7)	(1.8)	(2.0)
Power Supplies and Other Modules	13.0	3.8	11.5	3.8	11.0	3.6	(2.0)	(15.3)	(0.5)	(4.3)
Net sales	338.8	100.0	300.3	100.0	303.3	100.0	(35.5)	(10.5)	+3.0	+1.0



# Sales by Product

## FY16 Third Quarter vs. FY16 Second Quarter

<p>Capacitors +5.3%</p>	<p><b>Multilayer Ceramic Capacitors</b> : Sales of Ultra-compact and high-capacitance MLCCs for smartphones in China and car-electronics, Computers and Peripherals increased, while sales for AV decreased.</p>
<p>Piezoelectric Components +1.2%</p>	<p><b>SAW Filters</b> : Sales for smartphones increased thanks to demand increase in China.</p> <p><b>Piezoelectric Sensors</b> : Sales of Ultra-sonic sensors increased for safety device of automotive.</p>
<p>Other Components (0.1%)</p>	<p><b>Inductors (Coil)</b> : Sales of High frequency coils increased for smartphones.</p> <p><b>Connectors</b> : Sales for smartphones decreased due to a reduction in the number of connectors used in the end products.</p>
<p>Communication Modules (2.0%)</p>	<p><b>Wireless modules</b> : Sales for smartphones decreased, while sales for note PC increased.</p> <p><b>Circuit modules</b> : Murata products for smartphones posted lower sales as customers used fewer of them.</p>
<p>Power Supplies and Other Modules (4.3%)</p>	<p><b>Power Supplies</b> : Sales for amusement decreased.</p>

# Sales by Application

	FY2015 3rd Quarter		FY2016 2nd Quarter		FY2016 3rd Quarter		Y on Y Change		Q on Q Change	
	(a)		(b)		(c)		(c) vs. (a)		(c) vs. (b)	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
AV	11.8	3.5	11.9	4.0	11.7	3.8	(0.1)	(0.9)	(0.3)	(2.3)
Communication	217.7	64.3	178.4	59.4	174.2	57.4	(43.5)	(20.0)	(4.3)	(2.4)
Computers and Peripher	43.6	12.8	41.2	13.7	45.8	15.1	+2.2	+5.1	+4.5	+11.0
Automotive Electronics	38.9	11.5	40.7	13.6	44.2	14.6	+5.3	+13.6	+3.4	+8.5
Home Electronics and Others	26.8	7.9	27.9	9.3	27.5	9.1	+0.6	+2.4	(0.5)	(1.7)
Net sales	338.8	100.0	300.3	100.0	303.3	100.0	(35.5)	(10.5)	+3.0	+1.0

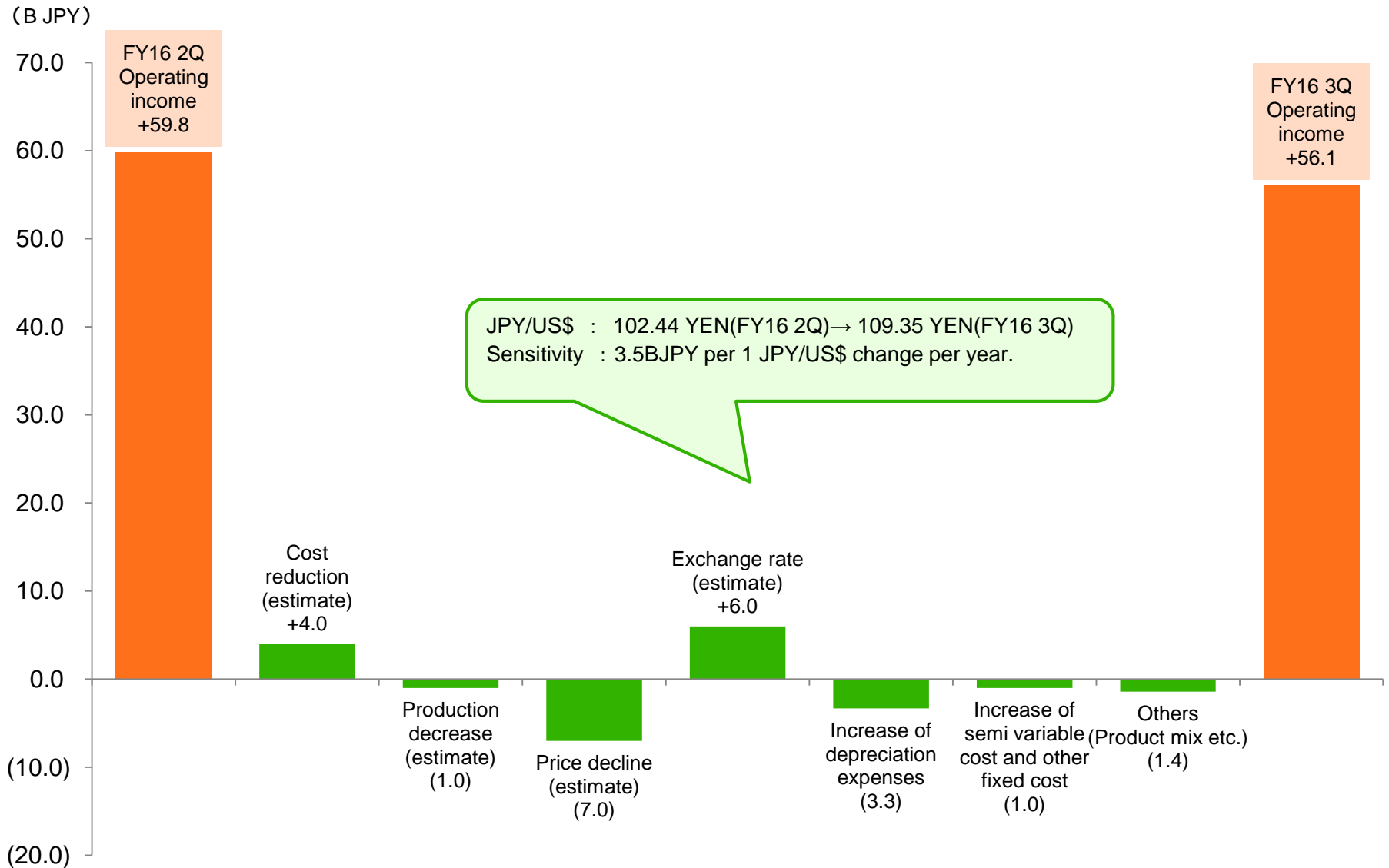
\*Based on our estimate

# Sales by Application FY16 Third Quarter vs. FY16 Second Quarter

<p>AV (2.3%)</p>	<p>Sales of Wireless modules for digital camera increased. Sales of MLCCs decreased for gaming hardware.</p>
<p>Communication (2.4%)</p>	<p>Sales of MLCCs and high frequency coils increased for the improvement of function of smartphones in China.  Sales of Wireless modules, Circuit modules and RF sub modules for high-end smartphones decreased due to the lower production of the models integrating Murata components and a decline in the quantities of Murata components used by customers.</p>
<p>Computers and Peripherals +11.0%</p>	<p>Sales of Wireless modules and high-capacitance MLCCs increased for note PC.  Sales of Shock sensors increased for HDD.</p>
<p>Automotive Electronics +8.5%</p>	<p>Sales of MLCC increased thanks to advanced automotive electrification.  Sales of Wireless modules increased for Infotainment.</p>

\*Based on our estimate

# Breakdown of Operating Income Changes FY16 Second Quarter to FY16 Third Quarter



# 1. Projected Financial Results for FY2016

(From April 2016 to March 2017)

# Projected Financial Results for FY2016

	Previous (April 2016)			Revised (October 2016)					
	First Half Projections	Second Half Projections	FY2016 Projections	First Half Results		Second Half Projections		FY2016 Projections	
				(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	620.0	605.0	1,225.0	561.9	100.0	553.1	100.0	1,115.0	100.0
Operating income	125.0	115.0	240.0	108.5	19.3	91.5	16.5	200.0	17.9
Income before income taxes	126.0	115.0	241.0	109.7	19.5	93.3	16.9	203.0	18.2
Net income attributable to Murata Corporation	93.0	85.0	178.0	84.7	15.1	71.3	12.9	156.0	14.0

\*The Company did not revise the projected results for the year ending March 31, 2017 which were announced on October 31, 2016.

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

