

Consolidated Financial Flash Report (December 31, 2017)

Date: January 30, 2018

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

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated financial results for the nine months ended December 31, 2017

(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	%
Nine months ended December 31, 2017	1,033,145	19.3	144,479	(12.2)	152,376	(6.3)	120,493	(5.1)
Nine months ended December 31, 2016	865,934	(8.8)	164,555	(30.1)	162,635	(32.2)	126,987	(27.9)

Comprehensive income attributable to Murata Corporation: 144,802 million yen for the nine months ended December 31, 2017 and 134,850 million yen for the nine months ended December 31, 2016

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share
	Yen	Yen
Nine months ended December 31, 2017	565.93	-
Nine months ended December 31, 2016	597.23	-

* 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 December 31, 2017	1,866,012	1,457,124	78.1	6,832.88
At March 31, 2017	1,634,999	1,354,819	82.9	6,368.48

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

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2017	-	110.00	-	110.00	220.00
2018	-	130.00	-		
2018 (Projected)				130.00	260.00

*No change in the projected dividends during the three months ended December 31, 2017.

3. Projected financial results for 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
Year ending March 31, 2018	1,362,000	19.9	170,000	(15.5)	180,000	(10.2)	144,000	(7.7)	676.06

*No change in the projected financial results during the three months ended December 31, 2017.
Percentages for the year ending March 31, 2018 are the growth ratios against the previous year.

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2017 (changes in specific subsidiaries that caused change in scope of consolidation)
Murata Energy Device Wuxi Co., Ltd. and Murata Energy Device Singapore Pte. Ltd. were newly consolidated.

(2) Adoption of simplified and specifically applied accounting methods

The Companies adopted the accounting method specifically applied for quarterly consolidated financial reporting.

(3) Changes in accounting policy

Changes due to adoption of new accounting standard: Yes

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes: Balance Sheet Classification of Deferred Taxes." To simplify the presentation of deferred income taxes, the ASU requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. On June 30, 2017, Murata Manufacturing Co., Ltd. (the "Company") adopted the ASU. For the adoption of the ASU, the Company did not adjust prior period's financial statement retrospectively.

Changes due to reasons other than above: None

(4) Number of common shares outstanding

Number of shares outstanding including treasury stock: 225,271,427 shares at December 31, 2017 and 225,263,592 shares at March 31, 2017

Number of treasury stock: 12,019,773 shares at December 31, 2017 and 12,525,306 shares at March 31, 2017

Average number of shares outstanding: 212,907,975 shares for the nine months ended December 31, 2017 and 212,627,082 shares for the nine months ended December 31, 2016

*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, 2017 through December 31, 2017)

1. Business Results

For the nine-month period under review, the global economy showed slow recovery as a whole. The U.S. achieved sustained economic recovery due to increasing employment, improved private income, and signs of recovery in capital expenditures. Strong consumer spending driven by a better employment situation enabled the European economy to continue stable economic growth. China's economy remained steady due to growing exports.

The electronics market generated continued increasing demand for electronic components. While some products for smartphones suffered from lower shipment in China, the increasing functional sophistication of terminals led to steady growth in the number of components used per phone, especially in high-end models. In car electronics, there was an increase in the number of electric components installed in vehicles due to improvements in vehicle environment-friendliness, safety, and convenience. Further positive contributions included the spread of thinner and more functional computers as well as the increasing popularity of network-connectable AV equipment and home electrical appliances.

While Murata Manufacturing Co., Ltd. and subsidiaries (together the "Companies") focused on promising markets, its net sales for the period under review increased by 19.3% year-on-year to 1,033,145 million yen. This was primarily due to the consolidation of the lithium-ion secondary battery business, whose acquisition process from Sony Corporation was completed in September 1, 2017, as well as the yen's depreciation of 5.03 yen against the dollar compared with the same period in 2016.

Operating income was 144,479 million yen, down 12.2%, income before income taxes was 152,376 million yen, down 6.3%, and net income was 120,493 million yen, down 5.1% from the same period in 2016. Positive contributions such as cost reduction initiatives and the ongoing introduction of new products were more than offset by negative factors such as: an increase in production costs due to a delay in launching new technically challenging products, and growing depreciation expenses and investments mainly in buildings and production equipment for increasing the production of new products. Income before income taxes and net income included gain on bargain purchase arising from the purchase of battery operation from Sony Corporation.

	Millions of yen					
	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Change	
		%*		%*		%*
Net sales	865,934	100.0	1,033,145	100.0	167,211	19.3
Operating income	164,555	19.0	144,479	14.0	(20,076)	(12.2)
Income before income taxes	162,635	18.8	152,376	14.7	(10,259)	(6.3)
Net income attributable to Murata Corporation	126,987	14.7	120,493	11.7	(6,494)	(5.1)
Average exchange rate (Yen/U.S. dollar)	106.68	—	111.71	—	5.03	—
Average exchange rate (Yen/EURO)	118.09	—	128.53	—	10.44	—

*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					
	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Change	
		%*		%*		%
Capacitors	275,444	31.9	335,931	32.6	60,487	22.0
Piezoelectric Components	134,102	15.5	117,380	11.4	(16,722)	(12.5)
Other Components	169,264	19.6	233,151	22.6	63,887	37.7
Components Total	578,810	67.0	686,462	66.6	107,652	18.6
Communication Modules	251,308	29.1	307,221	29.8	55,913	22.2
Power Supplies and Other Modules	33,596	3.9	37,144	3.6	3,548	10.6
Modules Total	284,904	33.0	344,365	33.4	59,461	20.9
Net sales	863,714	100.0	1,030,827	100.0	167,113	19.3

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review increased by 18.6% year-on-year to 686,462 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, grew substantially as demand increased in a broad range of applications. For example, new products for use in new smartphone models grew sharply, as did MLCCs for car electronics as a result of the progress in the electrification of vehicles.

As a result, overall net sales increased by 22.0% year-on-year to 335,931 million yen.

[Piezoelectric Components]

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

For the period under review, substantial reductions in the production of Chinese smartphones caused a sharp sales decline for SAW filters.

As a result, overall net sales decreased by 12.5% year-on-year to 117,380 million yen.

[Other Components]

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

For the period under review, this segment achieved substantial sales growth due to growth in demand for coils, EMI suppression filters, and MEM sensors for car electronics. The lithium-ion secondary battery business also contributed to the success now that the acquisition process has been completed.

As a result, overall net sales increased by 37.7% year-on-year to 233,151 million yen.

<Modules>

Sales of Modules for the period under review increased by 20.9% year-on-year to 344,365 million yen.

[Communication Modules]

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

For the period under review, circuit ceramic modules and RF sub modules for high-end smartphones faced sluggish sales due to a reduction in the Murata share of orders won from a specific customer. However, short-range wireless communication modules for products such as smartphones and personal computers were successful. Multilayer resin substrates also achieved substantial growth in sales as an increasing number of them were used in high-end smartphones.

As a result, overall net sales increased by 22.2% year-on-year to 307,221 million yen.

[Power Supplies and Other Modules]

This product category includes power supplies.

For the period under review, power supplies mainly for office automation equipment recorded sales growth.

As a result, overall net sales increased by 10.6% year-on-year to 37,144 million yen.

2. Financial Position

Total assets at December 31, 2017 increased by 231,013 million yen from the end of the previous fiscal year to 1,866,012 million yen. The ratio of shareholders' equity to total assets decreased by 4.8 percentage points from the end of the previous fiscal year to 78.1% at December 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 128,917 million yen. Negative factors — a 94,889 million yen increase in trade notes and accounts receivable, 29,511 million yen growth in inventories, a 9,438 million yen reduction in accrued payroll and bonuses — were more than offset by a net income of 120,475 million yen, depreciation and amortization of 100,287 million yen, and an increase in trade notes and accounts payable by 35,952 million yen.

Net cash provided by operating activities decreased by 23,285 million yen from the nine months ended December 31, 2016.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 132,341 million yen. While cash inflows included a 98,212 million yen reduction in short-term investments and maturities and sales of marketable securities of 33,623 million yen, there were cash outflows due to 222,753 million yen capital expenditures, 33,648 million yen spent on acquisition of businesses, and 10,466 million yen in payment for purchases of marketable securities, investments and other.

Net cash used in investing activities decreased by 24,118 million yen from the nine months ended December 31, 2016.

<Net Cash Used in Financing Activities>

For the period under review, net cash used in financing activities was 17,568 million yen, primarily due to payments of dividends of 51,058 million yen. Cash inflows included a 33,462 million yen increase in short-term borrowings.

Net cash used in financing activities decreased by 1,819 million yen from the nine months ended December 31, 2016.

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

The Companies have not revised their projected results for the year ending March 31, 2018, which were announced on October 31, 2017.

[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.

(1) Consolidated Balance Sheets (Assets)

At March 31, 2017 and December 31, 2017

	Millions of Yen			
	At March 31, 2017		At December 31, 2017	
		%		%
Assets	1,634,999	100.0	1,866,012	100.0
Current assets	871,431	53.3	914,893	49.0
Cash	170,929		184,666	
Short-term investments	173,401		46,271	
Marketable securities	53,043		37,368	
Trade notes receivable	271		3,372	
Trade accounts receivable	209,596		332,373	
Allowance for doubtful notes and accounts	(905)		(1,152)	
Inventories	211,447		277,170	
Deferred income taxes	25,890		-	
Prepaid expenses and other	27,759		34,825	
Property, plant and equipment	507,969	31.1	673,851	36.1
Land	50,761		64,429	
Buildings	394,239		453,263	
Machinery and equipment	950,280		1,077,747	
Construction in progress	40,035		81,536	
Accumulated depreciation	(927,346)		(1,003,124)	
Investments and other assets	255,599	15.6	277,268	14.9
Investments	103,468		95,539	
Intangible assets	48,883		56,422	
Goodwill	62,102		80,142	
Deferred income taxes	5,259		18,099	
Other	35,887		27,066	
Total assets	1,634,999	100.0	1,866,012	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2017 and December 31, 2017

	Millions of Yen			
	At March 31, 2017		At December 31, 2017	
Liabilities	279,665	17.1	408,401	21.9
Current liabilities	208,734	12.8	327,921	17.6
Short-term borrowings	46,118		79,581	
Trade accounts payable	57,918		106,702	
Accrued payroll and bonuses	34,075		27,870	
Income taxes payable	7,240		18,258	
Accrued expenses and other	63,383		95,510	
Long-term liabilities	70,931	4.3	80,480	4.3
Long-term debt	545		788	
Termination and retirement benefits	59,324		67,336	
Deferred income taxes	9,677		10,400	
Other	1,385		1,956	
Equity	1,355,334	82.9	1,457,611	78.1
Murata Corporation's Shareholders' equity	1,354,819	82.9	1,457,124	78.1
Common stock	69,377		69,444	
Capital surplus	114,290		120,559	
Retained earnings	1,241,180		1,310,615	
Accumulated other comprehensive income (loss):	(14,219)		10,090	
Unrealized gains on securities	6,127		9,449	
Pension liability adjustments	(15,652)		(16,929)	
Foreign currency translation adjustments	(4,694)		17,570	
Treasury stock, at cost	(55,809)		(53,584)	
Noncontrolling interests	515	0.0	487	0.0
Total liabilities and equity	1,634,999	100.0	1,866,012	100.0

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

Consolidated Statements of Income

Nine months ended December 31, 2016 and 2017

	Millions of Yen			
	Nine months ended December 31, 2016		Nine months ended December 31, 2017	
Net sales	865,934	100.0	1,033,145	100.0
Cost of sales	533,482	61.6	686,088	66.4
Selling, general and administrative	107,287	12.4	134,138	13.0
Research and development	60,610	7.0	68,440	6.6
Operating income	164,555	19.0	144,479	14.0
Interest and dividend income	1,797	0.2	2,229	0.2
Interest expense	(101)	(0.0)	(368)	(0.0)
Foreign currency exchange loss	(4,875)	(0.6)	(4,892)	(0.5)
Gain on bargain purchase	-	-	7,593	0.7
Other - net	1,259	0.2	3,335	0.3
Income before income taxes	162,635	18.8	152,376	14.7
Income taxes	35,631	4.1	31,901	3.0
<Current income tax>	<29,104>		<37,563>	
<Deferred income tax>	<6,527>		<(5,662)>	
Net income	127,004	14.7	120,475	11.7
Less: Net income (loss) attributable to noncontrolling interests	17	0.0	(18)	(0.0)
Net income attributable to Murata Corporation	126,987	14.7	120,493	11.7

Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2016 and 2017

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net income	127,004	120,475
Other comprehensive income (loss), net of tax:		
Unrealized gains on securities	3,155	3,322
Pension liability adjustments	2,743	(1,277)
Foreign currency translation adjustments	1,955	22,287
Other comprehensive income	7,853	24,332
Comprehensive income	134,857	144,807
Less: Comprehensive income attributable to noncontrolling interests	7	5
Comprehensive income attributable to Murata Corporation	134,850	144,802

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Three months ended December 31, 2016 and 2017

	Millions of Yen			
	Three months ended December 31, 2016		Three months ended December 31, 2017	
Net sales	304,014	100.0	413,523	100.0
Cost of sales	190,419	62.7	294,834	71.2
Selling, general and administrative	37,330	12.3	49,939	12.1
Research and development	20,208	6.6	23,835	5.8
Operating income	56,057	18.4	44,915	10.9
Interest and dividend income	661	0.2	684	0.2
Interest expense	(67)	(0.0)	(221)	(0.1)
Foreign currency exchange loss	(4,154)	(1.4)	(2,407)	(0.6)
Gain on bargain purchase	-	-	(1,448)	(0.4)
Other - net	410	0.2	1,049	0.3
Income before income taxes	52,907	17.4	42,572	10.3
Income taxes	10,622	3.5	13,171	3.2
<Current income tax>	<6,333>		<12,941>	
<Deferred income tax>	<4,289>		<230>	
Net income	42,285	13.9	29,401	7.1
Less: Net loss attributable to noncontrolling interests	(1)	(0.0)	(19)	(0.0)
Net income attributable to Murata Corporation	42,286	13.9	29,420	7.1

Consolidated Statements of Comprehensive Income

Three months ended December 31, 2016 and 2017

	Millions of Yen	
	Three months ended December 31, 2016	Three months ended December 31, 2017
Net income	42,285	29,401
Other comprehensive income, net of tax:		
Unrealized gains on securities	2,220	1,666
Pension liability adjustments	657	1,354
Foreign currency translation adjustments	49,587	8,262
Other comprehensive income	52,464	11,282
Comprehensive income	94,749	40,683
Less: Comprehensive income (loss) attributable to noncontrolling interests	31	(11)
Comprehensive income attributable to Murata Corporation	94,718	40,694

(3) Consolidated Statements of Cash Flows

Nine months ended December 31, 2016 and 2017

	Millions of Yen			
	Nine months ended December 31, 2016		Nine months ended December 31, 2017	
Operating activities:				
Net income		127,004		120,475
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	81,024		100,287	
Losses on sales and disposals of property, plant and equipment	568		922	
Provision for termination and retirement benefits, less payments	(1,016)		(1,200)	
Deferred income taxes	6,527		(5,662)	
Gain on bargain purchase	-		(7,593)	
Changes in assets and liabilities:				
Increase in trade notes and accounts receivable	(55,138)		(94,889)	
(Increase) decrease in inventories	16,039		(29,511)	
Increase in prepaid expenses and other	(6,624)		(5,116)	
Increase (decrease) in trade notes and accounts payable	(3,746)		35,952	
Decrease in accrued payroll and bonuses	(12,307)		(9,438)	
Increase (decrease) in income taxes payable	(23,511)		10,789	
Increase in accrued expenses and other	23,597		14,473	
Other-net	(215)	25,198	(572)	8,442
Net cash provided by operating activities		152,202		128,917
Investing activities:				
Capital expenditures		(110,916)		(222,753)
Payment for purchases of marketable securities, investments and other		(30,351)		(10,466)
Maturities and sales of marketable securities, investments and other		29,782		33,623
(Increase) decrease in long-term deposits		(21,516)		1,081
Decrease in short-term investments		39,056		98,212
Acquisition of business, net of cash acquired		(14,778)		(33,648)
Other-net		500		1,610
Net cash used in investing activities		(108,223)		(132,341)
Financing activities:				
Net increase in short-term borrowings		35,509		33,462
Proceeds from long-term debt		-		350
Repayment of long-term debt		(4,540)		(224)
Dividends paid		(46,689)		(51,058)
Other-net		(29)		(98)
Net cash used in financing activities		(15,749)		(17,568)
Effect of exchange rate changes on cash and cash equivalents		(3,196)		(1,079)
Net increase (decrease) in cash and cash equivalents		25,034		(22,071)
Cash and cash equivalents at beginning of period		212,570		239,184
Cash and cash equivalents at end of period		237,604		217,113
Additional cash and cash equivalents information:				
Cash		160,627		184,666
Short-term investments		149,561		46,271
Short-term investments with original maturities over 3 months		(72,584)		(13,824)
Cash and cash equivalents at end of period		237,604		217,113

(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.

Nine months ended December 31, 2016 and 2017

		Millions of Yen			
		Nine months ended December 31, 2016		Nine months ended December 31, 2017	
Components	Sales to:		%		%
	Unaffiliated customers	578,810		686,462	
	Intersegment	27,628		29,485	
	Total revenue	606,438	100.0	715,947	100.0
	Segment income	163,320	26.9	172,276	24.1
Modules	Sales to:		%		%
	Unaffiliated customers	284,904		344,365	
	Intersegment	33		10	
	Total revenue	284,937	100.0	344,375	100.0
	Segment income	30,128	10.6	5,161	1.5
Others	Sales to:		%		%
	Unaffiliated customers	2,220		2,318	
	Intersegment	27,313		59,519	
	Total revenue	29,533	100.0	61,837	100.0
	Segment income	3,217	10.9	6,653	10.8
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(54,974)		(89,014)	
	Total revenue	(54,974)	-	(89,014)	-
	Corporate expenses	(32,110)	-	(39,611)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	865,934		1,033,145	
	Intersegment	-		-	
	Total revenue	865,934	100.0	1,033,145	100.0
	Operating income	164,555	19.0	144,479	14.0

Three months ended December 31, 2016 and 2017

		Millions of Yen			
		Three months ended December 31, 2016		Three months ended December 31, 2017	
Components	Sales to:		%		%
	Unaffiliated customers	202,149		271,238	
	Intersegment	8,577		11,157	
	Total revenue	210,726	100.0	282,395	100.0
	Segment income	53,482	25.4	72,009	25.5
Modules	Sales to:		%		%
	Unaffiliated customers	101,135		141,406	
	Intersegment	8		3	
	Total revenue	101,143	100.0	141,409	100.0
	Segment income (loss)	12,433	12.3	(15,742)	(11.1)
Others	Sales to:		%		%
	Unaffiliated customers	730		879	
	Intersegment	7,259		19,216	
	Total revenue	7,989	100.0	20,095	100.0
	Segment income	638	8.0	2,159	10.7
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(15,844)		(30,376)	
	Total revenue	(15,844)	-	(30,376)	-
	Corporate expenses	(10,496)	-	(13,511)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	304,014		413,523	
	Intersegment	-		-	
	Total revenue	304,014	100.0	413,523	100.0
	Operating income	56,057	18.4	44,915	10.9

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.

4. The battery business transferred from Sony Corporation was included in Components since September 1, 2017.

(6) Significant changes in shareholders' equity

None

(7) Other

January 30, 2018
Murata Manufacturing Co., Ltd.
Listing Code: 6981
(URL <http://www.murata.com/>)

Flash Report (Nine months ended December 31, 2017)

Selected Financial Data - Consolidated basis

Nine months ended December 31, 2016 and 2017 / at December 31, 2016 and 2017

		Consolidated Basis		
		2016	2017	Growth ratio
Net sales	Millions of yen	865,934	1,033,145	19.3%
Operating income	<*>2 Millions of yen	<19.0> 164,555	<14.0> 144,479	(12.2)
Income before income taxes	<*>2 Millions of yen	<18.8> 162,635	<14.7> 152,376	(6.3)
Net income attributable to Murata Corporation	<*>2 Millions of yen	<14.7> 126,987	<11.7> 120,493	(5.1)
Total assets	Millions of yen	1,616,528	1,866,012	15.4
Shareholders' equity	Millions of yen	1,331,535	1,457,124	9.4
Shareholders' equity ratio	%	82.4	78.1	-
Basic earnings attributable to Murata Corporation per share	Yen	597.23	565.93	(5.2)
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Shareholders' equity per share	Yen	6,259.01	6,832.88	-
Capital expenditures	Millions of yen	110,916	222,753	100.8
Depreciation and amortization	<*>2 Millions of yen	<9.4> 81,024	<9.7> 100,287	23.8
R & D expenses	<*>2 Millions of yen	<7.0> 60,610	<6.6> 68,440	12.9
Number of employees	*4	<34,662> 59,533	<47,622> 75,562	26.9
Average exchange rates				
Yen/US dollar	Yen	106.68	111.71	-
Yen/EURO	Yen	118.09	128.53	-

Three months ended December 31, 2016 and 2017

		Consolidated Basis		
		2016	2017	Growth ratio
Net sales	Millions of yen	304,014	413,523	36.0%
Operating income	<*>2 Millions of yen	<18.4> 56,057	<10.9> 44,915	(19.9)
Income before income taxes	<*>2 Millions of yen	<17.4> 52,907	<10.3> 42,572	(19.5)
Net income attributable to Murata Corporation	<*>2 Millions of yen	<13.9> 42,286	<7.1> 29,420	(30.4)
Basic earnings attributable to Murata Corporation per share	Yen	198.77	137.96	(30.6)
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Capital expenditures	Millions of yen	32,847	89,932	173.8
Depreciation and amortization	<*>2 Millions of yen	<9.9> 29,991	<9.6> 39,764	32.6
R & D expenses	<*>2 Millions of yen	<6.6> 20,208	<5.8> 23,835	17.9

*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 attributable to Murata Corporation per share is 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>

Nine months ended December 31, 2016 and 2017

	Millions of Yen					
	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Change	
		%*1		%*1		%
Capacitors	291,943	33.2	400,655	35.9	108,712	37.2
Piezoelectric Components	119,090	13.6	115,710	10.4	(3,380)	(2.8)
Other Components	171,580	19.5	253,055	22.6	81,475	47.5
Components Total	582,613	66.3	769,420	68.9	186,807	32.1
Communication Modules	260,968	29.7	308,807	27.6	47,839	18.3
Power Supplies and Other Modules	34,577	4.0	39,004	3.5	4,427	12.8
Modules Total	295,545	33.7	347,811	31.1	52,266	17.7
Total	878,158	100.0	1,117,231	100.0	239,073	27.2

Three months ended December 31, 2016 and 2017

	Millions of Yen					
	Three months ended December 31, 2016		Three months ended December 31, 2017		Change	
		%*1		%*1		%
Capacitors	107,946	34.4	153,096	34.8	45,150	41.8
Piezoelectric Components	41,858	13.4	34,163	7.8	(7,695)	(18.4)
Other Components	58,160	18.5	116,958	26.6	58,798	101.1
Components Total	207,964	66.3	304,217	69.2	96,253	46.3
Communication Modules	92,939	29.6	121,495	27.6	28,556	30.7
Power Supplies and Other Modules	12,666	4.1	13,822	3.2	1,156	9.1
Modules Total	105,605	33.7	135,317	30.8	29,712	28.1
Total	313,569	100.0	439,534	100.0	125,965	40.2

*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.

*5 The orders of the battery business transferred from Sony Corporation were included in Other Components since September 1, 2017.

<Backlogs>

	Millions of Yen					
	At March 31, 2017		At December 31, 2017		Change	
		%*1		%*1		%
Capacitors	62,484	40.6	127,208	47.8	64,724	103.6
Piezoelectric Components	18,654	12.1	16,984	6.4	(1,670)	(9.0)
Other Components	22,579	14.7	68,479	25.7	45,900	203.3
Components Total	103,717	67.4	212,671	79.9	108,954	105.0
Communication Modules	43,049	28.0	44,635	16.8	1,586	3.7
Power Supplies and Other Modules	7,085	4.6	8,945	3.3	1,860	26.3
Modules Total	50,134	32.6	53,580	20.1	3,446	6.9
Total	153,851	100.0	266,251	100.0	112,400	73.1

*1 Component ratio

*2 Figures are based on sales prices to customers.

*3 Exclusive of consumption taxes

*4 The backlogs of the battery business transferred from Sony Corporation were included in Other Components at December 31, 2017.

(2) Sales by Product Category, Application and Area

1. Sales by Product Category

Nine months ended December 31, 2016 and 2017

	Millions of Yen					
	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Change	
		%*1		%*1		%
Capacitors	275,444	31.9	335,931	32.6	60,487	22.0
Piezoelectric Components	134,102	15.5	117,380	11.4	(16,722)	(12.5)
Other Components	169,264	19.6	233,151	22.6	63,887	37.7
Components Total	578,810	67.0	686,462	66.6	107,652	18.6
Communication Modules	251,308	29.1	307,221	29.8	55,913	22.2
Power Supplies and Other Modules	33,596	3.9	37,144	3.6	3,548	10.6
Modules Total	284,904	33.0	344,365	33.4	59,461	20.9
Net sales	863,714	100.0	1,030,827	100.0	167,113	19.3

Three months ended December 31, 2016 and 2017

	Millions of Yen					
	Three months ended December 31, 2016		Three months ended December 31, 2017		Change	
		%*1		%*1		%
Capacitors	98,041	32.4	126,891	30.7	28,850	29.4
Piezoelectric Components	44,937	14.8	38,856	9.4	(6,081)	(13.5)
Other Components	59,171	19.5	105,491	25.6	46,320	78.3
Components Total	202,149	66.7	271,238	65.7	69,089	34.2
Communication Modules	90,142	29.7	128,881	31.2	38,739	43.0
Power Supplies and Other Modules	10,993	3.6	12,525	3.1	1,532	13.9
Modules Total	101,135	33.3	141,406	34.3	40,271	39.8
Net sales	303,284	100.0	412,644	100.0	109,360	36.1

*1 Component ratio

*2 Exclusive of consumption taxes

*3 Sales of the battery business transferred from Sony Corporation were included in Other Components since September 1, 2017.

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

Nine months ended December 31, 2016 and 2017

	Millions of Yen					
	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Change	
		%*1		%*1		%
AV	34,251	4.0	50,419	4.9	16,168	47.2
Communications	498,129	57.7	557,732	54.1	59,603	12.0
Computers and Peripherals	124,817	14.4	151,060	14.7	26,243	21.0
Automotive Electronics	123,943	14.3	145,481	14.1	21,538	17.4
Home and Others	82,574	9.6	126,135	12.2	43,561	52.8
Net sales	863,714	100.0	1,030,827	100.0	167,113	19.3

Three months ended December 31, 2016 and 2017

	Millions of Yen					
	Three months ended December 31, 2016		Three months ended December 31, 2017		Change	
		%*1		%*1		%
AV	11,659	3.8	19,501	4.7	7,842	67.3
Communications	174,186	57.4	231,062	56.0	56,876	32.7
Computers and Peripherals	45,785	15.1	52,727	12.8	6,942	15.2
Automotive Electronics	44,185	14.6	53,348	12.9	9,163	20.7
Home and Others	27,469	9.1	56,006	13.6	28,537	103.9
Net sales	303,284	100.0	412,644	100.0	109,360	36.1

*1 Component ratio

*2 Exclusive of consumption taxes

3. Sales by Area

Nine months ended December 31, 2016 and 2017

	Millions of Yen					
	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Change	
		%*1		%*1		%
The Americas	76,694	8.9	114,881	11.1	38,187	49.8
Europe	61,390	7.1	75,367	7.3	13,977	22.8
Greater China	504,810	58.4	585,235	56.8	80,425	15.9
Asia and Others	158,138	18.3	174,671	17.0	16,533	10.5
Overseas total	801,032	92.7	950,154	92.2	149,122	18.6
Japan	62,682	7.3	80,673	7.8	17,991	28.7
Net sales	863,714	100.0	1,030,827	100.0	167,113	19.3

Three months ended December 31, 2016 and 2017

	Millions of Yen					
	Three months ended December 31, 2016		Three months ended December 31, 2017		Change	
		%*1		%*1		%
The Americas	30,013	9.9	56,321	13.6	26,308	87.7
Europe	19,716	6.5	29,178	7.1	9,462	48.0
Greater China	180,883	59.7	234,388	56.8	53,505	29.6
Asia and Others	51,320	16.9	59,025	14.3	7,705	15.0
Overseas total	281,932	93.0	378,912	91.8	96,980	34.4
Japan	21,352	7.0	33,732	8.2	12,380	58.0
Net sales	303,284	100.0	412,644	100.0	109,360	36.1

*1 Component ratio

*2 Exclusive of consumption taxes

Quarterly Consolidated Performance

(1) Consolidated Financial Results

	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	
		% *1		% *1		% *1		% *1
Net sales	260,925	100.0	300,995	100.0	304,014	100.0	269,590	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

	Millions of yen					
	Three months ended June 30, 2017		Three months ended September 30, 2017		Three months ended December 31, 2017	
		% *1		% *1		% *1
Net sales	274,964	100.0	344,658	100.0	413,523	100.0
Operating income	40,944	14.9	58,620	17.0	44,915	10.9
Income before income taxes	42,384	15.4	67,420	19.6	42,572	10.3
Net income attributable to Murata Corporation	33,136	12.1	57,937	16.8	29,420	7.1

*1 Ratio to net sales

(2) Sales by Product Category

	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	
		% *1		% *1		% *1		% *1
Capacitors	84,263	32.4	93,140	31.0	98,041	32.4	94,044	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

	Millions of yen					
	Three months ended June 30, 2017		Three months ended September 30, 2017		Three months ended December 31, 2017	
		% *1		% *1		% *1
Capacitors	96,321	35.1	112,719	32.8	126,891	30.7
Piezoelectric Components	37,526	13.7	40,998	11.9	38,856	9.4
Other Components	54,648	19.9	73,012	21.2	105,491	25.6
Components Total	188,495	68.7	226,729	65.9	271,238	65.7
Communication Modules	73,710	26.9	104,630	30.4	128,881	31.2
Power Supplies and Other Modules	12,096	4.4	12,523	3.7	12,525	3.1
Modules Total	85,806	31.3	117,153	34.1	141,406	34.3
Net sales	274,301	100.0	343,882	100.0	412,644	100.0

*1 Component ratio

*2 Exclusive of consumption taxes