

Earnings Release Conference FY2017 (April 2017 to March 2018)

April 27, 2018
Murata Manufacturing Co., Ltd.

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



Topics of Financial Results for FY2017

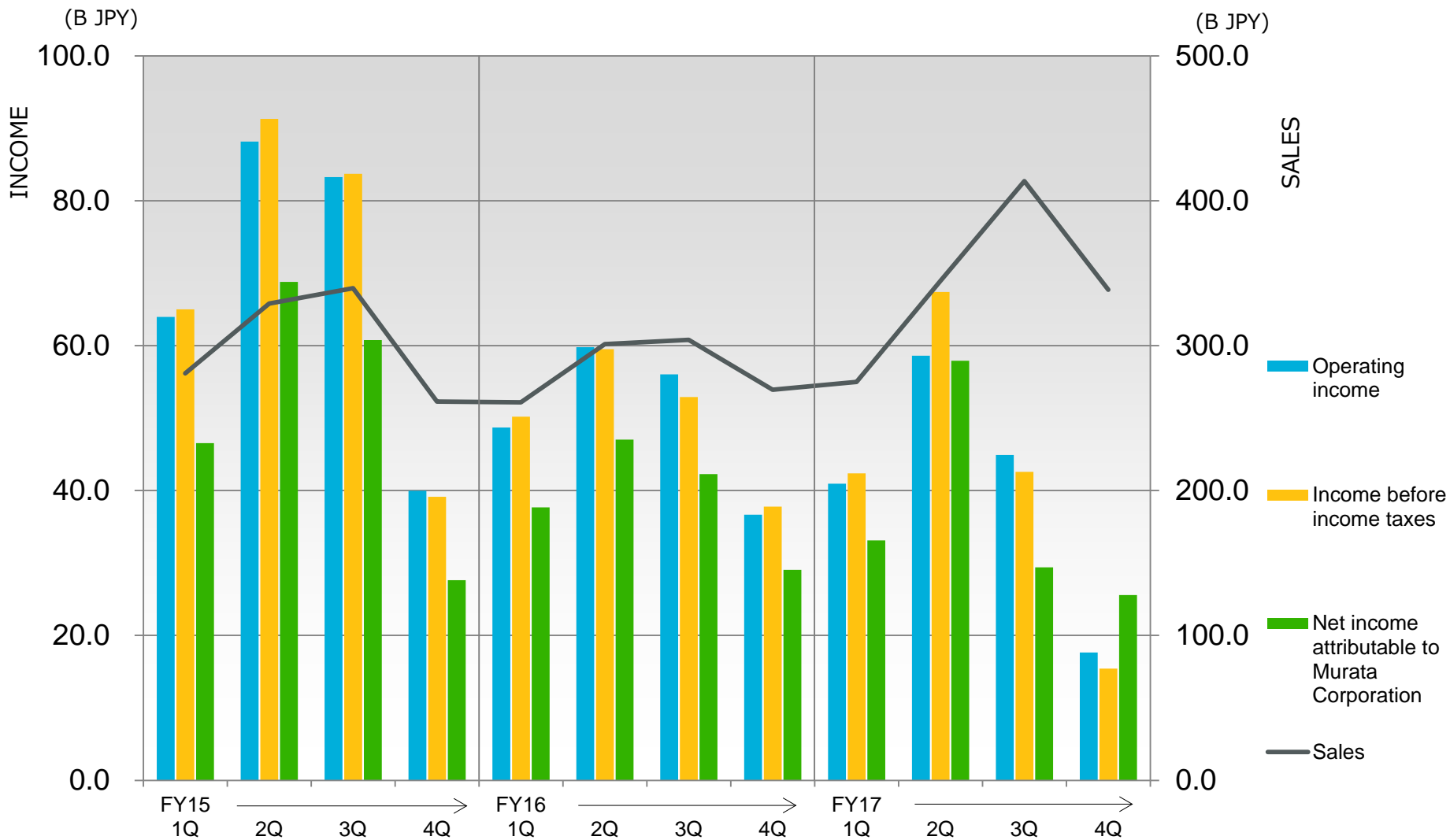
- Net sales for FY2017 increased 20.8% year-on-year due to growing demand for electronic components in a range of applications such as vehicle electrification, higher sales of new components for smartphones and the acquisition of a lithium-ion secondary battery business.
- Operating income dipped 19.4%. Despite growing sales of products such as compact large-capacity capacitors, negative factors included an increase in production costs due to a delay in launching new products as well as higher depreciation and amortization.

- For FY2018, both sales and profits are expected to grow due to expanding demand for electronic components mainly in the automotive markets, an increase in demand for new products to be generated with the functional sophistication of smartphones and the introduction of a new depreciation and amortization method. Operating income will be 240 billion yen (+48.0%).
- To meet the vigorous demand, Murata is spending 340 billion yen in capital investments in FY2018.
- The annual dividend for FY2018 is planned to be 280 yen per share (comprising interim and year-end dividends of 140 yen per share), up 20 yen from the previous year.

1. Financial Results of FY2017

From April 2017 to March 2018
Consolidated Basis

Quarterly Financial Results

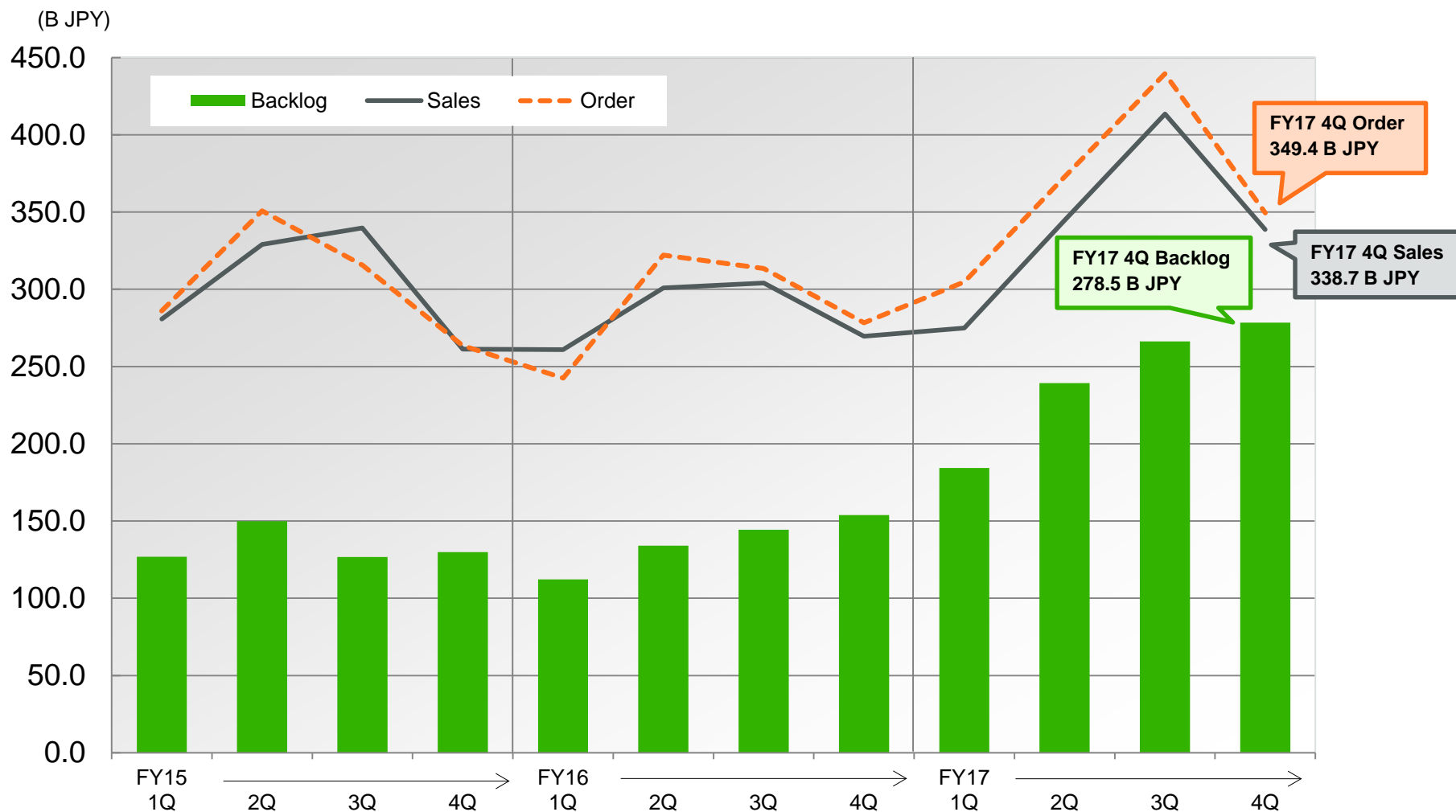


Financial Results Overview

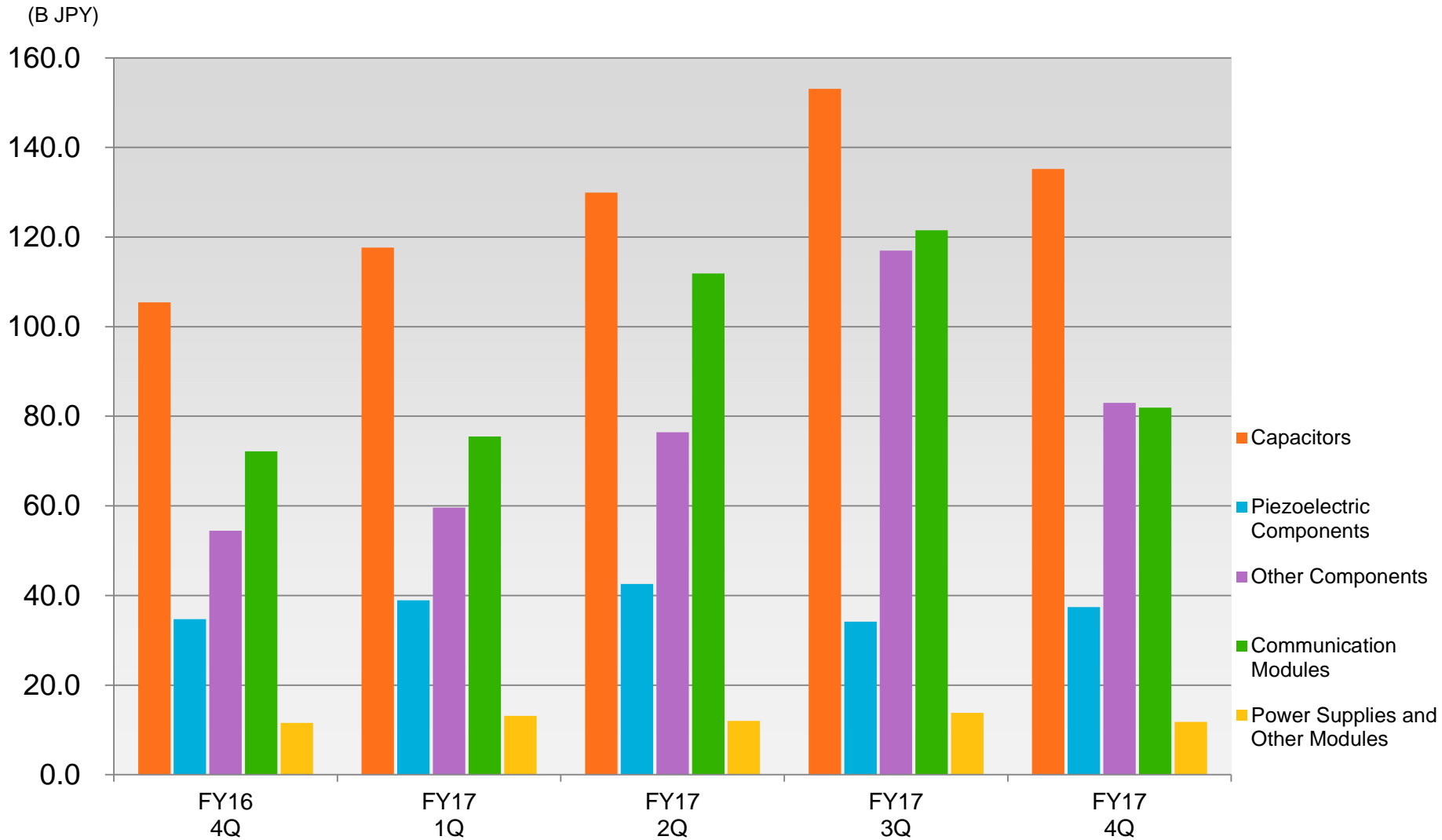


	FY2016		FY2017		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1135.5	100.0	1371.8	100.0	+236.3	+20.8
Operating income	201.2	17.7	162.1	11.8	(39.1)	(19.4)
Income before income taxes	200.4	17.6	167.8	12.2	(32.6)	(16.3)
Net income attributable to Murata Corporation	156.1	13.7	146.1	10.6	(10.0)	(6.4)

Quarterly Sales, Order and Backlog



Orders by Product



Sales by Product

	FY2016		FY2017		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	369.5	32.6	449.8	32.9	+80.3	+21.7
Piezoelectric Components	170.0	15.0	152.0	11.1	(18.0)	(10.6)
Other Components	222.3	19.7	322.3	23.6	+100.1	+45.0
Communication Modules	325.7	28.7	395.0	28.9	+69.3	+21.3
Power Supplies and Other Modules	45.1	4.0	48.9	3.5	+3.8	+8.3
Net sales	1,132.6	100.0	1,368.0	100.0	+235.4	+20.8

Sales by Product

<p>Capacitors +21.7%</p>	<p>Multilayer Ceramic Capacitors : Increased net sales significantly. Compact large-capacity products for new smartphone models grew substantially and products both for car electronics, which generate growing demand due to ongoing vehicle electrification, and for PCs were successful.</p>
<p>Piezoelectric Components (10.6%)</p>	<p>SAW Filters : Suffered from sluggish sales due to reductions in the production of Chinese smartphones.</p>
<p>Other Components +45.0%</p>	<p>Lithium Ion Batteries : Net sales first recognized following the completion of the acquisition process in September 2017.</p> <p>Inductors (coil) / EMI suppression filters : Sales increased for Automotive and gaming hardware.</p> <p>Connectors : Sales for smartphones decreased because of a reduction in the number of connectors used in the end products.</p>
<p>Communication Modules +21.3%</p>	<p>Wireless modules / Multilayer resin substrates : Sales increased for high-end smartphones.</p> <p>Circuit modules / RF sub module : Lower sales due to a reduction of the Murata share of the market for components used in smartphones.</p>
<p>Power Supplies and Other Modules +8.3%</p>	<p>Power Supplies : Products for industrial electrical equipment were successful.</p>

Sales by Application

	FY2016		FY2017		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
AV	46.2	4.1	66.6	4.9	+20.4	+44.1
Communication	634.1	56.0	719.6	52.6	+85.5	+13.5
Computers and Peripherals	170.1	15.0	202.4	14.8	+32.3	+19.0
Automotive Electronics	168.7	14.9	200.2	14.6	+31.4	+18.6
Home Electronics and Others	113.5	10.0	179.2	13.1	+65.7	+57.9
Net sales	1,132.6	100.0	1,368.0	100.0	+235.4	+20.8

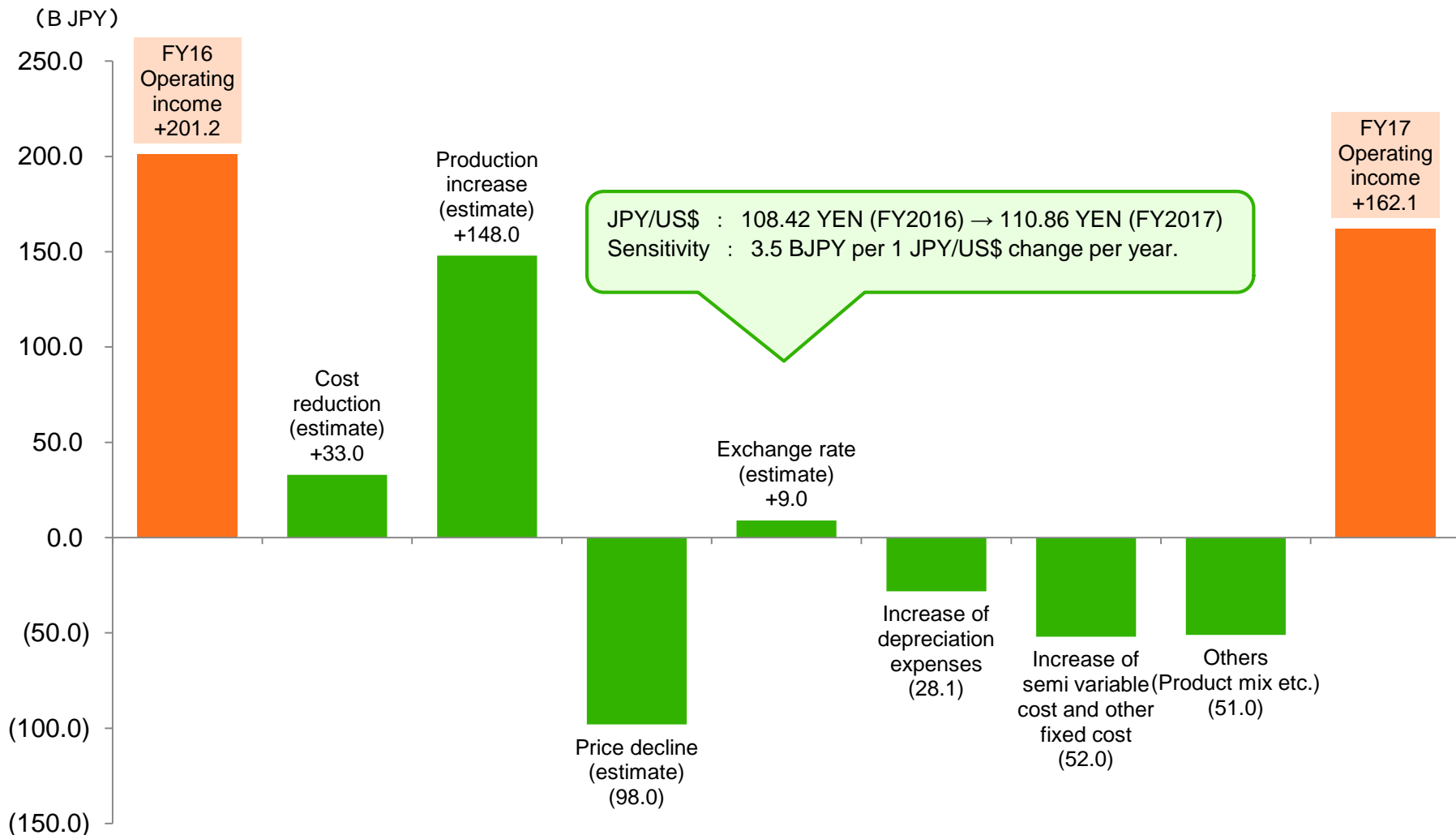
*Based on our estimate

Sales by Application

<p>A V +44.1%</p>	<p>Sales of lithium-ion secondary batteries for digital cameras and other applications were first recognized in the financial statements.</p> <p>Capacitors, short-range wireless communication modules, and coils for set-top boxes, had higher sales.</p>
<p>Communication +13.5%</p>	<p>Multilayer resin substrates, short-range wireless communication modules, and small-sized large capacity capacitors for high-end smartphones grew sharply.</p> <p>SAW filters for Chinese smartphones were affected by reductions in the number of production.</p>
<p>Computers and Peripherals +19.0%</p>	<p>Sales of wireless modules increased for Tablet PC.</p> <p>Large-capacity capacitors for servers and SSDs had higher sales.</p>
<p>Automotive Electronics +18.6%</p>	<p>Sales of MLCC increased thanks to advanced automotive electrification.</p> <p>Ultrasonic and MEMS sensors for safety devices achieved higher sales.</p>

*Based on our estimate





Breakdown of Operating Income Changes FY2016 to FY2017



2. Projected Financial Results for FY2018

(From April 2018 to March 2019)

Projection of Demand (Communication)

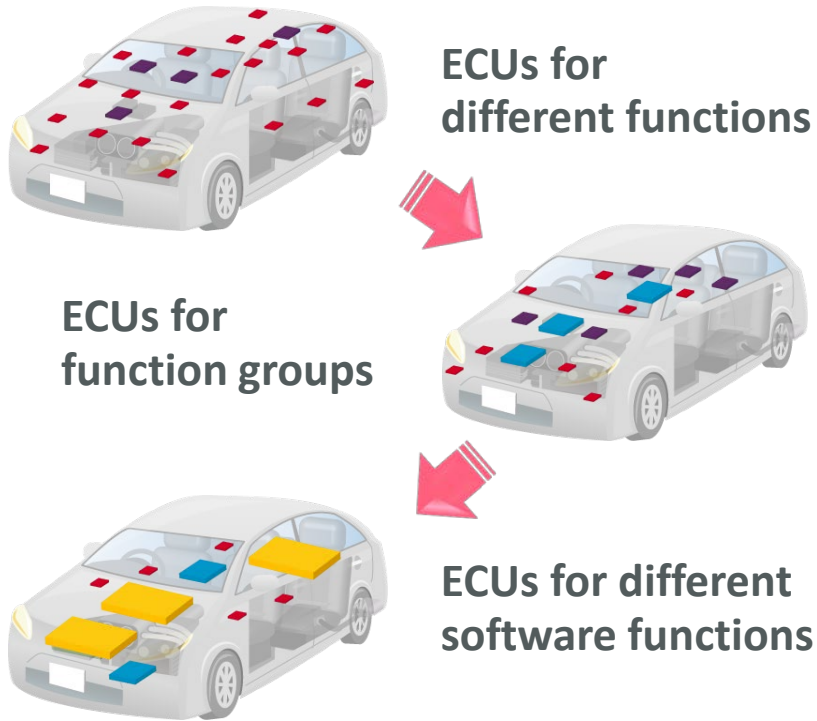
	FY2017		FY2018 Projection		
Mobile Phones Total (units)	1,710 M	→	1,720 M	+1%	
2G/3G	510 M	→	420 M	(18%)	
LTE	1,200 M	→	1,300 M	+8%	
Smartphones	1,460 M	→	1,500 M	+2%	

Projection of Demand (PC)

	FY2017		FY2018 Projection		
PCs (units)	420 M	→	420 M	Flat	→
Desktop	100 M	→	100 M	Flat	→
Notebook	160 M	→	160 M	Flat	→
Tablet	160 M	→	160 M	Flat	→

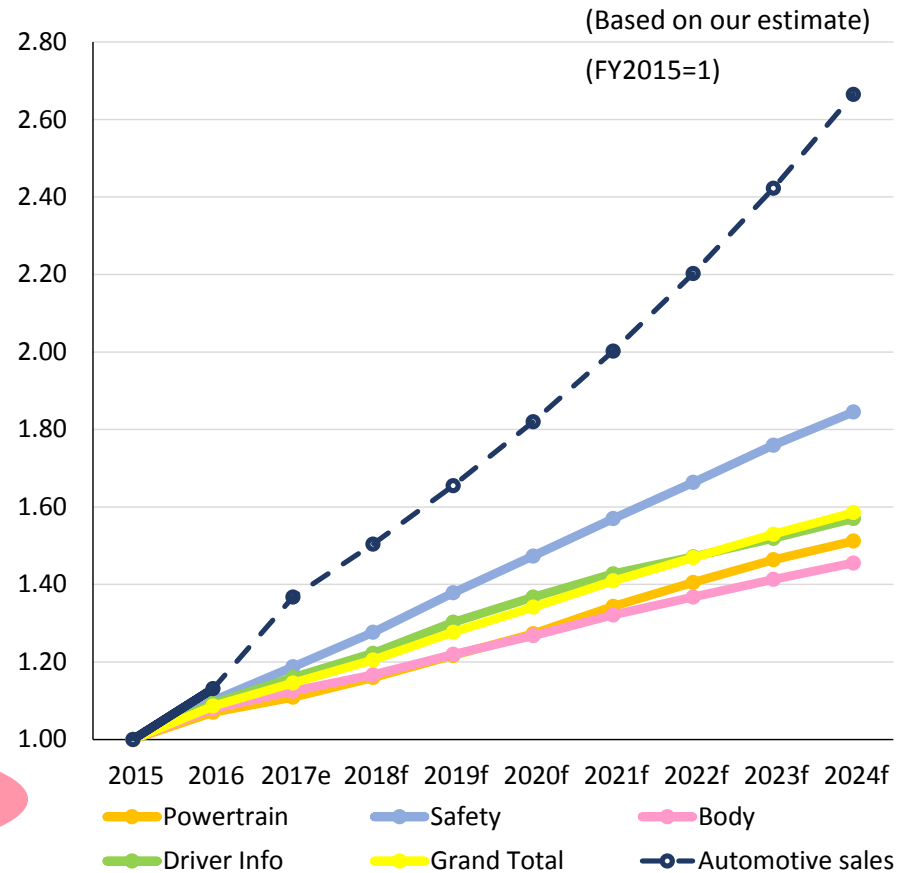
Trends in Automotive Applications, and Semiconductors (from Information Meeting 2017)

Progress in the integration of ECUs



Progress in the integration of ECUs accelerates modularization and downsizing of components

Outlook for sales of in-vehicle semiconductors and other in-vehicle components



The increasing demand for electronic components due to the increase in the use of semiconductors will likely expand sales. We aim to increase annual sales by 10%!

Projected Sales by Product

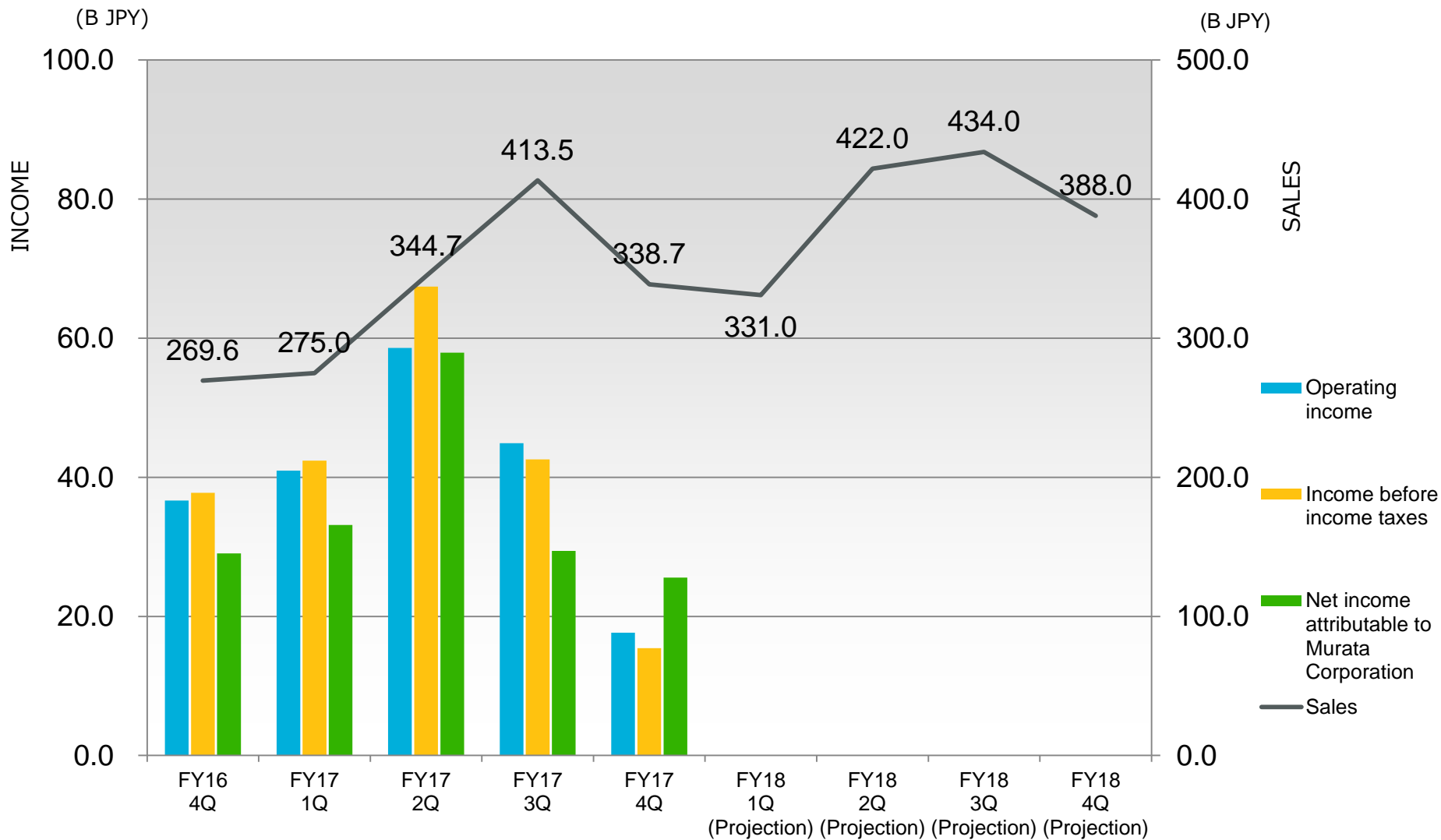
	FY2017 Actual (YoY growth ratio)	FY2018 Projections (YoY growth ratio)
Capacitors	+22%	+14%
Piezoelectric Components	(11%)	(4%)
Other Components	+45%	+32%
Communication Modules	+21%	+14%
Power Supplies and Other Modules	+8%	(20%)
Total	+21%	+15%

Projected Sales by Application

	FY2017 Actual (YoY growth ratio)	FY2018 Projections (YoY growth ratio)
AV	+44%	+16%
Communication	+14%	+13%
Computers and Peripherals	+19%	+2%
Automotive Electronics	+19%	+23%
Home Electronics and Others	+58%	+28%
Total	+21%	+15%

* Based on our estimate

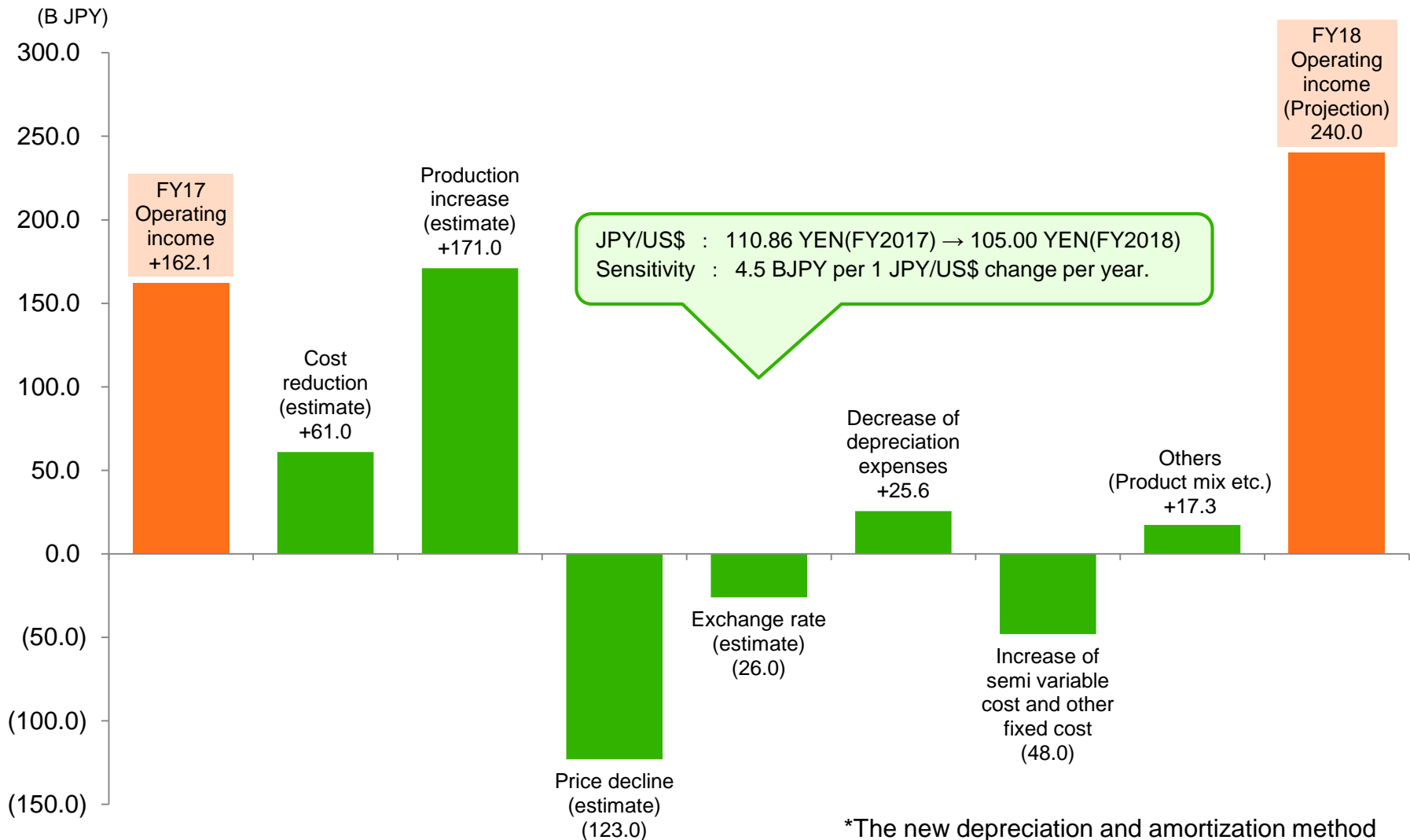
Quarterly Financial Results



Projected Financial Results for FY2018

	FY2017 Actual				FY2018 Projections		Change	
	(B JPY)	(%)	1st Half (B JPY)	2nd Half (B JPY)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1371.8	100.0	753.0	822.0	1575.0	100.0	+203.2	+14.8
Operating income	162.1	11.8	119.0	121.0	240.0	15.2	+77.9	+48.0
Income before income taxes	167.8	12.2	120.0	122.0	242.0	15.4	+74.2	+44.2
Net income attributable to Murata Corporation	146.1	10.6	89.0	91.0	180.0	11.4	+33.9	+23.2
Average exchange rates yen/US dollar	110.86				105.00			

Breakdown of Operating Income Changes FY2017 to FY2018

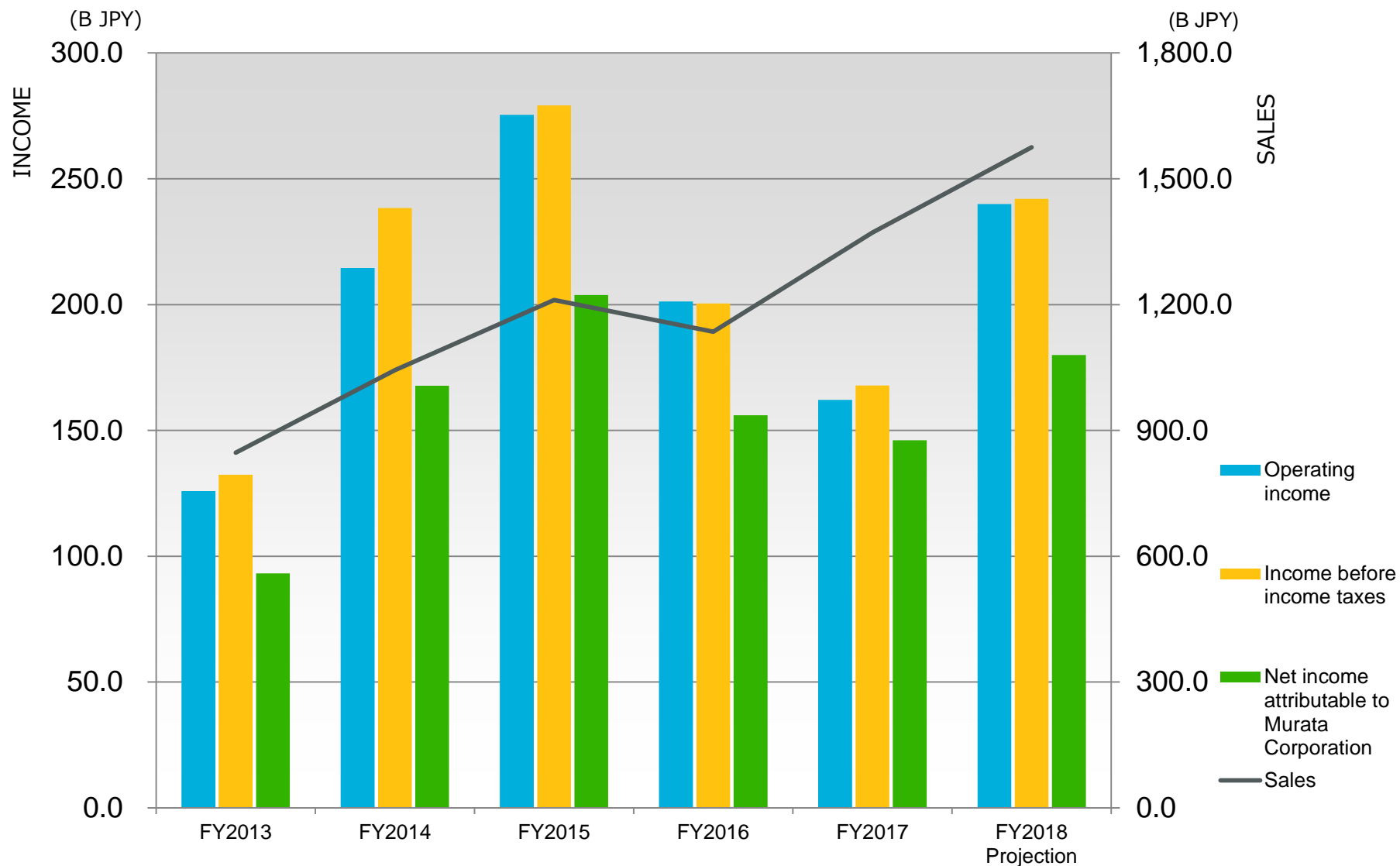


*The new depreciation and amortization method will generate a gain of 67.5 billion yen.

Projected Financial Results for FY2018

	FY2017 Actual	FY2018 Projections
Depreciation and amortization	141.6 B JPY	116.0 B JPY
R & D expenses	94.2 B JPY	110.0 B JPY
Capital expenditures	306.6 B JPY	340.0 B JPY
Average exchange rate (JPY/USD)	110.86	105.00
Average exchange rate (JPY/EUR)	129.70	130.00

Projected Financial Results for FY2018



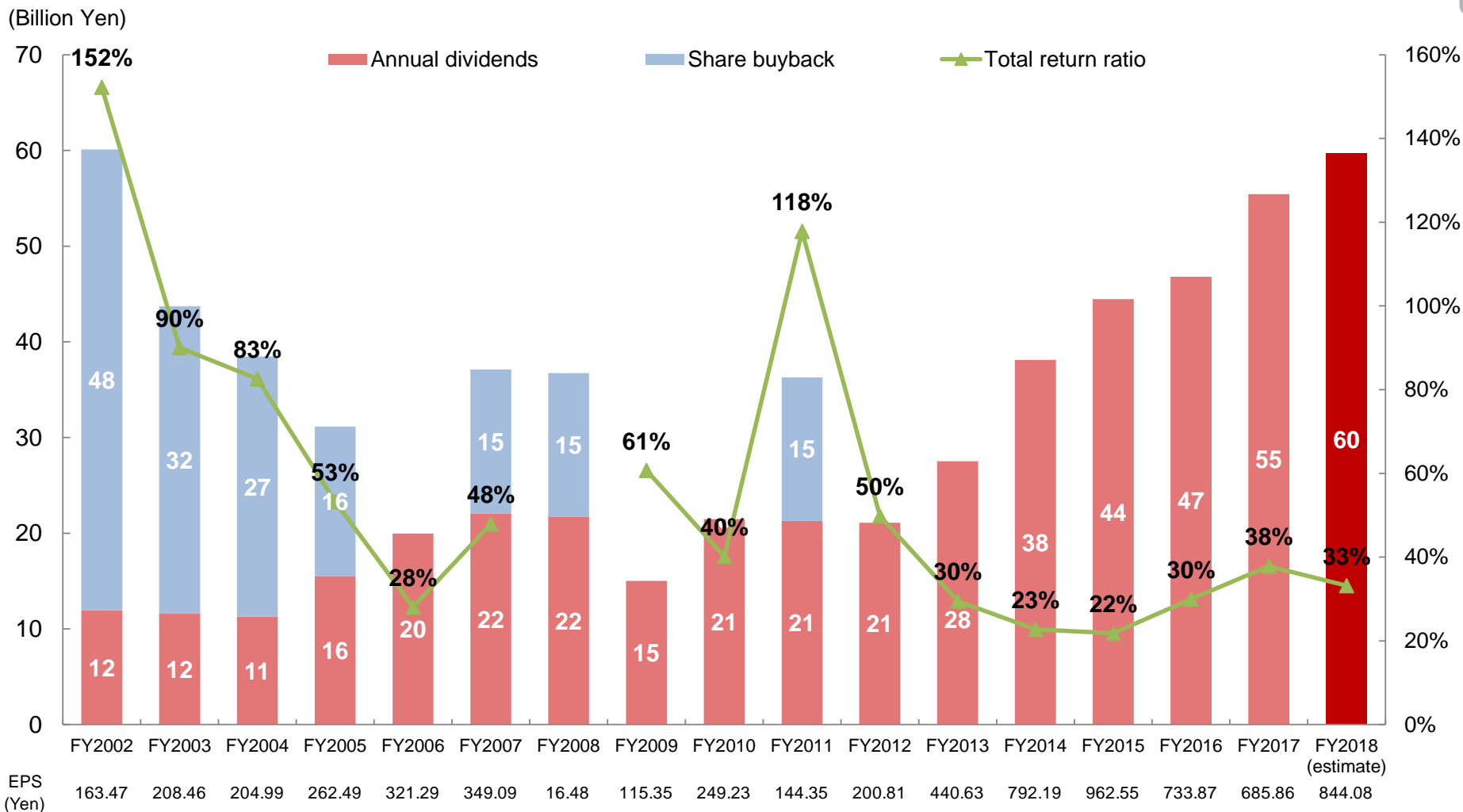
Dividends per Share

FY2018 projected annual dividends per share
280 JPY per share
(Interim: 140 JPY per share, Year-end: 140 JPY per share)
*20 yen increase of year-end dividend per share

FY2017 annual dividends per share
260 JPY per share
(Interim: 130 JPY per share, Year-end: 130 JPY per share)

Note: The above projections are based on our view of the current business environment and our projections for FY2017.

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

