

Consolidated Financial Flash Report (June 30, 2018)

Date: July 31, 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 three months ended June 30, 2018

(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	%
Three months ended June 30, 2018	345,508	25.7	48,151	15.2	49,944	17.8	38,984	17.6
Three months ended June 30, 2017	274,964	5.4	41,797	(14.2)	42,384	(15.6)	33,136	(12.0)

Comprehensive income attributable to Murata Corporation: 44,205 million yen for the three months ended June 30, 2018 and 38,751 million yen for the three months ended June 30, 2017

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share
	Yen	Yen
Three months ended June 30, 2018	182.80	-
Three months ended June 30, 2017	155.76	-

* 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 June 30, 2018	1,900,481	1,473,396	77.6	6,909.24
At March 31, 2018	1,797,013	1,456,600	81.1	6,830.45

2. Dividends (Year ended March 31, 2018 and the year ending March 31, 2019)

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2018	-	130.00	-	130.00	260.00
2019	-	-	-	-	-
2019 (Projected)	-	140.00	-	140.00	280.00

*No change in the projected dividends during the three months ended June 30, 2018.

3. Projected financial results for the six months ending September 30, 2018 and the year ending March 31, 2019 (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
Six months ending September 30, 2018	753,000	21.5	119,000	18.4	120,000	9.3	89,000	(2.3)	417.35
Year ending March 31, 2019	1,575,000	14.8	240,000	47.0	242,000	44.2	180,000	23.2	844.08

*No change in the projected financial results during the three months ended June 30, 2018.

Percentages in the fields of Net sales, Operating income, Income before income taxes and Net income attributable to Murata Corporation for the six months ending September 30, 2018 are the growth ratios against the six months ended September 30, 2017.

Percentages for the year ending March 31, 2019 are the growth ratios against the previous year.

4. Notes

(1) Changes in significant subsidiaries during the three months ended June 30, 2018 (changes in specific subsidiaries that caused change in scope of consolidation): None

(2) Adoption of simplified and specifically applied accounting methods

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: Yes

Changes due to reasons other than above: None

Revenue

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers". Further, in August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers: Deferral of the Effective Date". The ASUs outline a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance. The ASUs require entities to disclose both quantitative and qualitative information that enables "users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers." The Companies adopted the ASUs from the first quarter beginning April 1, 2018. The Companies applied the modified retrospective method of adoption to contracts that were not completed as of the adoption date. The adoption of this guidance did not have a material impact on their consolidated financial statements.

Financial Instruments

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities". The ASU requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. The Companies adopted the ASU from the first quarter beginning April 1, 2018. The Companies recognized a cumulative-effect adjustment to retained earnings of 7,850 million yen at April 1, 2018 for the after-tax unrealized gains of available-for-sale equity investments previously recognized in accumulated other comprehensive income.

The adoption of this guidance resulted in a decrease in income before income taxes of 596 million yen for the three months ended June 30, 2018.

Compensation - Retirement Benefits

In March 2017, the FASB issued ASU No. 2017-07, "Compensation - Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". The ASU requires entities to disaggregate the current-service-cost component from the other components of net benefit cost (the "other components") and present it with other current compensation costs for related employees in the income statement, and present the other components elsewhere in the income statement and outside of income from operations if such a subtotal is presented. In addition, only the service-cost component of net benefit cost is eligible for capitalization. The amendments in this guidance should be applied retrospectively for the presentation of the service cost component and the other components, and prospectively for the capitalization of the service cost component of net benefit cost.

The Companies adopted the ASU from the first quarter beginning April 1, 2018. The adoption of this guidance resulted in an increase in operating income and a decrease in other-net of 560 million yen for the three months ended June 30, 2018.

As a result of the adoption of this guidance, cost of sales of 382 million yen, selling, general and administrative of 337 million yen and research and development of 134 million yen have been reclassified into other-net for the three months ended June 30, 2017. The adoption of the guidance stating that only the service-cost component of net benefit cost is eligible for capitalization did not have a material impact on their consolidated financial statements.

(4) Number of common shares outstanding

Number of shares outstanding including treasury stock: 225,271,427 shares at June 30, 2018 and at March 31, 2018

Number of treasury stock: 12,021,367 shares at June 30, 2018 and 12,020,374 shares at March 31, 2018

Average number of shares outstanding: 213,249,696 shares for the three months ended June 30, 2018 and 212,738,165 shares for the three months ended June 30, 2017

*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, 2018 through June 30, 2018)

1. Business Results

In the global economic environment for the period under review, the economic situation in the U.S. showed strong momentum to continued growth in employment and private income. Strong consumer spending driven by improved employment enabled the European economy to maintain stable economic growth. China's economy remained firm thanks to various government measures and strong exports. The implementation of protectionist policies makes the world economy increasingly uncertain.

The electronics market generated rapid growth in demand for electronic components used for car electronics. Products for car electronics benefited from a sharp increase in the number of electric components installed in vehicles due to improvements in vehicle environmental friendliness and safety. Components for smartphones generated strong demand due to the functional sophistication of terminals and recovery from the downturn caused by production quantity adjustment in the Chinese-speaking region. In addition, there was growth in demand for components used for various applications.

By focusing on promising markets, Murata Manufacturing Co., Ltd. and subsidiaries (together the "Companies") increased net sales by 25.7% year-on-year to 345,508 million yen in the period under review. The negative exchange effect (2.03-yen appreciation of the yen from the same period of the previous year) was more than offset by the gain from the fast growth of MLCCs, Murata's core product group, which was due to strong demand mainly for components, as well as from the consolidation of the lithium-ion secondary battery business which was acquired in September 2017.

Operating income was 48,151 million yen, up 15.2%, income before income taxes was 49,944 million yen, up 17.8%, and net income was 38,984 million yen, up 17.6% from the three months period ended June 30, 2017. Negative factors such as the stronger yen, lower product prices and greater investments in buildings and production equipment to increase the production of new products were more than offset by the effects of cost reduction efforts and continued launch of new products.

	Millions of yen					
	Three months ended June 30, 2017		Three months ended June 30, 2018		Change	
		%*		%*		%
Net sales	274,964	100.0	345,508	100.0	70,544	25.7
Operating income	41,797	15.2	48,151	13.9	6,354	15.2
Income before income taxes	42,384	15.4	49,944	14.5	7,560	17.8
Net income attributable to Murata Corporation	33,136	12.1	38,984	11.3	5,848	17.6
Average exchange rate (Yen/U.S. dollar)	111.10	—	109.07	—	(2.03)	—
Average exchange rate (Yen/EURO)	122.19	—	130.06	—	7.87	—

*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					
	Three months ended June 30, 2017		Three months ended June 30, 2018		Change	
		%*		%*		%
Capacitors	96,321	35.1	126,507	36.7	30,186	31.3
Piezoelectric Components	37,526	13.7	38,066	11.0	540	1.4
Other Components	54,648	19.9	93,774	27.2	39,126	71.6
Components Total	188,495	68.7	258,347	74.9	69,852	37.1
Communication Modules	73,710	26.9	75,212	21.8	1,502	2.0
Power Supplies and Other Modules	12,096	4.4	11,251	3.3	(845)	(7.0)
Modules Total	85,806	31.3	86,463	25.1	657	0.8
Net sales	274,301	100.0	344,810	100.0	70,509	25.7

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review increased by 37.1% year-on-year to 258,347 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 significantly as demand increased in a broad range of applications. Products for smartphones were successful due to the functional sophistication of terminals and sales recovery from the downturn caused by production quantity adjustment in Greater China. In addition, there was strong demand for components in the field of car electronics, due to progress in vehicle

electrification, as well as for computers and related equipment.

As a result, overall net sales increased by 31.3% year-on-year to 126,507 million yen.

[Piezoelectric Components]

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

For the period under review, SAW filters faced sluggish sales due to the sales downturn of high-end smartphones in Greater China, while piezoelectric sensors for car electronics grew due to progress in vehicle electrification.

As a result, overall net sales increased by 1.4% year-on-year to 38,066 million yen.

[Other Components]

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

For the period under review, this segment achieved substantial sales growth. While coils for high-end smartphones faced a sales downturn, EMI suppression filters and MEM sensors for car electronics grew. A further contribution to growth came from the inclusion of sales achieved by the lithium-ion secondary battery business which was acquired in September 2017.

As a result, overall net sales increased by 71.6% year-on-year to 93,774 million yen.

<Modules>

Sales of Modules for the period under review increased by 0.8% year-on-year to 86,463 million yen.

[Communication Modules]

The Communication Modules category includes short-range wireless communication modules, multilayer resin substrates, circuit modules, RF sub modules, 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 lower demand. However, sales in multilayer resin substrates grew as an increasing number of them were used in high-end smartphones.

As a result, overall net sales increased by 2.0% year-on-year to 75,212 million yen.

[Power Supplies and Other Modules]

This product category includes power supplies.

For the period under review, power supplies including office automation equipment suffered a decline in sales.

As a result, overall net sales decreased by 7.0% year-on-year to 11,251 million yen.

2. Financial Position

Total assets at June 30, 2018 increased by 103,468 million yen from the end of the previous fiscal year to 1,900,481 million yen. The ratio of shareholders' equity to total assets decreased by 3.5 percentage points from the end of the previous fiscal year to 77.6% at June 30, 2018.

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 55,643 million yen. Negative factors — 19,469 million yen growth in inventories and a 14,353 million yen drop in income taxes payable, and 7,775 million yen decline in accrued payroll and bonuses — were more than offset by a net income of 38,990 million yen, depreciation and amortization of 26,903 million yen, and an increase in trade notes and accounts payable of 8,984 million yen.

Net cash provided by operating activities decreased by 3,773 million yen from the three months ended June 30, 2017.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 71,973 million yen. While cash inflows included a 6,581 million yen reduction in short-term investments and maturities and sales of marketable securities of 2,174 million, there were cash outflows due to 77,686 million yen in capital expenditures and 3,448 million yen in payment for purchases of marketable securities, investments and other.

Net cash used in investing activities decreased by 85,414 million yen from the three months ended June 30, 2017.

<Net Cash Provided by Financing Activities>

For the period under review, net cash used in financing activities was a negative 67,764 million yen, primarily due to 27,723 million in dividend payments and a 95,500 million yen increase in short-term borrowings.

Net cash provided by financing activities increased by 137,224 million yen from the three months ended June 30, 2017.

3. Projected Results for the Year Ending March 31, 2019

The Companies have not revised its projected results for the year ending March 31, 2019, which were announced on April 27, 2018.

[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, 2018 and June 30, 2018

	Millions of Yen			
	At March 31, 2018		At June 30, 2018	
Assets	1,797,013	% 100.0	1,900,481	% 100.0
Current assets	810,260	45.1	867,837	45.7
Cash	168,902		188,410	
Short-term investments	30,747		57,688	
Marketable securities	20,790		22,829	
Trade notes receivable	2,895		2,871	
Trade accounts receivable	256,140		251,640	
Allowance for doubtful notes and accounts	(1,159)		(1,329)	
Inventories	290,257		309,977	
Prepaid expenses and other	41,688		35,751	
Property, plant and equipment	705,229	39.2	756,869	39.8
Land	64,772		65,601	
Buildings	467,427		483,575	
Machinery and equipment	1,104,592		1,142,444	
Construction in progress	97,090		112,087	
Accumulated depreciation	(1,028,652)		(1,046,838)	
Investments and other assets	281,524	15.7	275,775	14.5
Investments	87,288		82,308	
Intangible assets	54,347		53,984	
Goodwill	76,914		78,508	
Deferred income taxes	36,346		33,398	
Other	26,629		27,577	
Total assets	1,797,013	100.0	1,900,481	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2018 and June 30, 2018

	Millions of Yen			
	At March 31, 2018		At June 30, 2018	
Liabilities	339,797	18.9	426,476	22.4
Current liabilities	261,812	14.6	349,385	18.4
Short-term borrowings	13,500		109,000	
Trade accounts payable	94,074		99,838	
Accrued payroll and bonuses	38,041		30,265	
Income taxes payable	24,968		10,632	
Accrued expenses and other	91,229		99,650	
Long-term liabilities	77,985	4.3	77,091	4.0
Long-term debt	742		762	
Termination and retirement benefits	67,843		67,447	
Deferred income taxes	7,675		6,987	
Other	1,725		1,895	
Equity	1,457,216	81.1	1,474,005	77.6
Murata Corporation's Shareholders' equity	1,456,600	81.1	1,473,396	77.6
Common stock	69,444		69,444	
Capital surplus	120,596		120,630	
Retained earnings	1,336,208		1,355,607	
Accumulated other comprehensive loss:	(16,052)		(18,681)	
Unrealized gains (losses) on securities	7,576		(93)	
Pension liability adjustments	(16,995)		(16,357)	
Foreign currency translation adjustments	(6,633)		(2,231)	
Treasury stock, at cost	(53,596)		(53,604)	
Noncontrolling interests	616	0.0	609	0.0
Total liabilities and equity	1,797,013	100.0	1,900,481	100.0

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

Consolidated Statements of Income

Three months ended June 30, 2017 and 2018

	Millions of Yen			
	Three months ended June 30, 2017		Three months ended June 30, 2018	
		%		%
Net sales	274,964	100.0	345,508	100.0
Cost of sales	172,366	62.7	222,284	64.4
Selling, general and administrative	39,269	14.3	49,082	14.2
Research and development	21,532	7.8	25,991	7.5
Operating income	41,797	15.2	48,151	13.9
Interest and dividend income	818	0.3	881	0.3
Interest expense	(79)	(0.0)	(45)	(0.0)
Foreign currency exchange gain (loss)	(1,303)	(0.5)	1,596	0.5
Other - net	1,151	0.4	(639)	(0.2)
Income before income taxes	42,384	15.4	49,944	14.5
Income taxes	9,237	3.3	10,954	3.2
<Current income tax>	<7,844>		<8,185>	
<Deferred income tax>	<1,393>		<2,769>	
Net income	33,147	12.1	38,990	11.3
Less: Net income attributable to noncontrolling interests	11	0.0	6	0.0
Net income attributable to Murata Corporation	33,136	12.1	38,984	11.3

Consolidated Statements of Comprehensive Income

Three months ended June 30, 2017 and 2018

	Millions of Yen	
	Three months ended June 30, 2017	Three months ended June 30, 2018
Net income	33,147	38,990
Other comprehensive income, net of tax:		
Unrealized gains on securities	254	181
Pension liability adjustments	779	638
Foreign currency translation adjustments	4,586	4,395
Other comprehensive income	5,619	5,214
Comprehensive income	38,766	44,204
Less: Comprehensive income (loss) attributable to noncontrolling interests	15	(1)
Comprehensive income attributable to Murata Corporation	38,751	44,205

(3) Consolidated Statements of Cash Flows

Three months ended June 30, 2017 and 2018

	Millions of Yen			
	Three months ended June 30, 2017		Three months ended June 30, 2018	
Operating activities:				
Net income		33,147		38,990
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	27,665		26,903	
Losses on sales and disposals of property, plant and equipment	220		360	
Provision for termination and retirement benefits, less payments	(1,963)		(1,963)	
Deferred income taxes	1,393		2,769	
Changes in assets and liabilities:				
Decrease in trade notes and accounts receivable	8,037		5,693	
Increase in inventories	(14,832)		(19,469)	
(Increase) decrease in prepaid expenses and other	(6,265)		5,895	
Increase in trade notes and accounts payable	4,966		8,984	
Decrease in accrued payroll and bonuses	(8,914)		(7,775)	
Decrease in income taxes payable	(1,649)		(14,353)	
Increase in accrued expenses and other	18,255		7,778	
Other-net	(644)	26,269	1,831	16,653
Net cash provided by operating activities		59,416		55,643
Investing activities:				
Capital expenditures		(61,270)		(77,686)
Payment for purchases of marketable securities, investments and other		(6,073)		(3,448)
Maturities and sales of marketable securities, investments and other		11,623		2,174
Decrease in short-term investments		76,841		6,581
Acquisitions of businesses, net of cash acquired		(7,965)		-
Other-net		285		406
Net cash provided by (used in) investing activities		13,441		(71,973)
Financing activities:				
Net Increase (decrease) in short-term borrowings		(46,114)		95,500
Proceeds from long-term debt		105		18
Repayment of long-term debt		(44)		(13)
Dividends paid		(23,401)		(27,723)
Other-net		(6)		(18)
Net cash provided by (used in) financing activities		(69,460)		67,764
Effect of exchange rate changes on cash and cash equivalents		340		1,213
Net Increase in cash and cash equivalents		3,737		52,647
Cash and cash equivalents at beginning of period		239,184		187,910
Cash and cash equivalents at end of period		242,921		240,557
Additional cash and cash equivalents information:				
Cash		148,994		188,410
Short-term investments		122,249		57,688
Short-term investments with original maturities over 3 months		(28,322)		(5,541)
Cash and cash equivalents at end of period		242,921		240,557

(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.

Three months ended June 30, 2017 and 2018

		Millions of Yen			
		Three months ended June 30, 2017		Three months ended June 30, 2018	
Components	Sales to:		%		%
	Unaffiliated customers	188,495		258,347	
	Intersegment	8,690		10,260	
	Total revenue	197,185	100.0	268,607	100.0
	Segment income	43,969	22.3	62,566	23.3
Modules	Sales to:		%		%
	Unaffiliated customers	85,806		86,463	
	Intersegment	4		2	
	Total revenue	85,810	100.0	86,465	100.0
	Segment income (loss)	8,945	10.4	(485)	(0.6)
Others	Sales to:		%		%
	Unaffiliated customers	663		698	
	Intersegment	17,073		23,690	
	Total revenue	17,736	100.0	24,388	100.0
	Segment income	1,830	10.3	2,886	11.8
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(25,767)		(33,952)	
	Total revenue	(25,767)	-	(33,952)	-
	Corporate expenses	(12,947)	-	(16,816)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	274,964		345,508	
	Intersegment	-		-	
	Total revenue	274,964	100.0	345,508	100.0
	Operating income	41,797	15.2	48,151	13.9

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

(1) Components: Capacitors, Piezoelectric Components, and Lithium Ion Batteries

(2) Modules: Communication Modules and Power Supplies

(3) Others: Machinery manufacturing, welfare 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 research.

(6) Significant changes in shareholders' equity

None

(7) Other

July 31, 2018
Murata Manufacturing Co., Ltd.
Listing Code: 6981
(URL <http://www.murata.com/>)

Flash Report (Three months ended June 30, 2018)

Selected Financial Data - Consolidated basis

Three months ended June 30, 2017 and 2018 / at June 30, 2017 and 2018

		Consolidated Basis		
		2017	2018	Growth ratio
Net sales	Millions of yen	274,964	345,508	25.7%
Operating income	<*> ² Millions of yen	<15.2> 41,797	<13.9> 48,151	15.2
Income before income taxes	<*> ² Millions of yen	<15.4> 42,384	<14.5> 49,944	17.8
Net income attributable to Murata Corporation	<*> ² Millions of yen	<12.1> 33,136	<11.3> 38,984	17.6
Total assets	Millions of yen	1,613,044	1,900,481	17.8
Shareholders' equity	Millions of yen	1,370,166	1,473,396	7.5
Shareholders' equity ratio	%	85.0	77.6	-
Basic earnings attributable to Murata Corporation per share	Yen	155.76	182.80	17.4
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Shareholders' equity per share	Yen	6,440.62	6,909.24	-
Capital expenditures	Millions of yen	61,270	77,686	26.8
Depreciation and amortization	<*> ² Millions of yen	<10.1> 27,665	<7.8> 26,903	(2.8)
R & D expenses	<*> ² Millions of yen	<7.8> 21,532	<7.5> 25,991	20.7
Number of employees	*4	<36,134> 62,056	<48,457> 78,121	25.9
Average exchange rates				
Yen/US dollar	Yen	111.10	109.07	-
Yen/EURO	Yen	122.19	130.06	-

*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>

Three months ended June 30, 2017 and 2018

	Millions of Yen					
	Three months ended June 30, 2017		Three months ended June 30, 2018		Change	
		%*1		%*1		%
Capacitors	117,643	38.6	167,021	40.7	49,378	42.0
Piezoelectric Components	38,946	12.8	40,445	9.9	1,499	3.8
Other Components	59,637	19.5	110,328	26.9	50,691	85.0
Components Total	216,226	70.9	317,794	77.5	101,568	47.0
Communication Modules	75,462	24.8	79,705	19.4	4,243	5.6
Power Supplies and Other Modules	13,157	4.3	12,588	3.1	(569)	(4.3)
Modules Total	88,619	29.1	92,293	22.5	3,674	4.1
Total	304,845	100.0	410,087	100.0	105,242	34.5

*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, 2018		At June 30, 2018		Change	
		%*1		%*1		%
Capacitors	148,542	53.3	189,056	55.0	40,514	27.3
Piezoelectric Components	19,791	7.1	22,170	6.5	2,379	12.0
Other Components	62,319	22.4	78,873	22.9	16,554	26.6
Components Total	230,652	82.8	290,099	84.4	59,447	25.8
Communication Modules	38,794	13.9	43,287	12.6	4,493	11.6
Power Supplies and Other Modules	9,064	3.3	10,401	3.0	1,337	14.8
Modules Total	47,858	17.2	53,688	15.6	5,830	12.2
Total	278,510	100.0	343,787	100.0	65,277	23.4

*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

Three months ended June 30, 2017 and 2018

	Millions of Yen					
	Three months ended June 30, 2017		Three months ended June 30, 2018		Change	
		%*1		%*1		%
Capacitors	96,321	35.1	126,507	36.7	30,186	31.3
Piezoelectric Components	37,526	13.7	38,066	11.0	540	1.4
Other Components	54,648	19.9	93,774	27.2	39,126	71.6
Components Total	188,495	68.7	258,347	74.9	69,852	37.1
Communication Modules	73,710	26.9	75,212	21.8	1,502	2.0
Power Supplies and Other Modules	12,096	4.4	11,251	3.3	(845)	(7.0)
Modules Total	85,806	31.3	86,463	25.1	657	0.8
Net sales	274,301	100.0	344,810	100.0	70,509	25.7

*1 Component ratio

*2 Exclusive of consumption taxes

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

Three months ended June 30, 2017 and 2018

	Millions of Yen					
	Three months ended June 30, 2017		Three months ended June 30, 2018		Change	
		%*1		%*1		%
AV	13,719	5.0	17,292	5.0	3,573	26.0
Communications	136,682	49.8	157,387	45.6	20,705	15.1
Computers and Peripherals	46,406	16.9	56,424	16.4	10,018	21.6
Automotive Electronics	44,591	16.3	59,621	17.3	15,030	33.7
Home and Others	32,903	12.0	54,086	15.7	21,183	64.4
Net sales	274,301	100.0	344,810	100.0	70,509	25.7

*1 Component ratio

*2 Exclusive of consumption taxes

3. Sales by Area

Three months ended June 30, 2017 and 2018

	Millions of Yen					
	Three months ended June 30, 2017		Three months ended June 30, 2018		Change	
		%*1		%*1		%
The Americas	24,572	9.0	38,872	11.3	14,300	58.2
Europe	22,707	8.3	32,854	9.5	10,147	44.7
Greater China	149,884	54.6	180,984	52.5	31,100	20.7
Asia and Others	54,914	20.0	60,348	17.5	5,434	9.9
Overseas total	252,077	91.9	313,058	90.8	60,981	24.2
Japan	22,224	8.1	31,752	9.2	9,528	42.9
Net sales	274,301	100.0	344,810	100.0	70,509	25.7

*1 Component ratio

*2 Exclusive of consumption taxes

Quarterly Consolidated Performance

(1) Consolidated Financial Results

	Millions of yen							
	Three months ended June 30, 2017		Three months ended September 30, 2017		Three months ended December 31, 2017		Three months ended March 31, 2018	
		% *1		% *1		% *1		% *1
Net sales	274,964	100.0	344,658	100.0	413,523	100.0	338,697	100.0
Operating income	41,797	15.2	58,700	17.0	45,109	10.9	17,648	5.2
Income before income taxes	42,384	15.4	67,420	19.6	42,572	10.3	15,425	4.6
Net income attributable to Murata Corporation	33,136	12.1	57,937	16.8	29,420	7.1	25,593	7.6

	Millions of yen	
	Three months ended June 30, 2018	
		% *1
Net sales	345,508	100.0
Operating income	48,151	13.9
Income before income taxes	49,944	14.5
Net income attributable to Murata Corporation	38,984	11.3

*1 Ratio to net sales

(2) Sales by Product Category

	Millions of yen							
	Three months ended June 30, 2017		Three months ended September 30, 2017		Three months ended December 31, 2017		Three months ended March 31, 2018	
		% *1		% *1		% *1		% *1
Capacitors	96,321	35.1	112,719	32.8	126,891	30.7	113,870	33.8
Piezoelectric Components	37,526	13.7	40,998	11.9	38,856	9.4	34,636	10.3
Other Components	54,648	19.9	73,012	21.2	105,491	25.6	89,181	26.4
Components Total	188,495	68.7	226,729	65.9	271,238	65.7	237,687	70.5
Communication Modules	73,710	26.9	104,630	30.4	128,881	31.2	87,782	26.0
Power Supplies and Other Modules	12,096	4.4	12,523	3.7	12,525	3.1	11,707	3.5
Modules Total	85,806	31.3	117,153	34.1	141,406	34.3	99,489	29.5
Net sales	274,301	100.0	343,882	100.0	412,644	100.0	337,176	100.0

	Millions of yen	
	Three months ended June 30, 2018	
		% *1
Capacitors	126,507	36.7
Piezoelectric Components	38,066	11.0
Other Components	93,774	27.2
Components Total	258,347	74.9
Communication Modules	75,212	21.8
Power Supplies and Other Modules	11,251	3.3
Modules Total	86,463	25.1
Net sales	344,810	100.0

*1 Component ratio

*2 Exclusive of consumption taxes