

Consolidated Financial Flash Report (September 30, 2018)

Date: October 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: December 3, 2018

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated financial results for the six months ended September 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	%
Six months ended September 30, 2018	788,394	27.2	139,439	38.7	142,771	30.0	108,303	18.9
Six months ended September 30, 2017	619,622	10.3	100,497	(7.4)	109,804	0.1	91,073	7.5

Comprehensive income attributable to Murata Corporation: 124,368 million yen for the six months ended September 30, 2018 and 104,108 million yen for the six months ended September 30, 2017

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share
	Yen	Yen
Six months ended September 30, 2018	507.86	-
Six months ended September 30, 2017	428.09	-

* 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 September 30, 2018	2,043,860	1,553,578	76.0	7,285.00
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	-	140.00	-	140.00	280.00
2019 (Projected)	-	-	-	140.00	280.00

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

3. Projected financial results for 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
Year ending March 31, 2019	1,620,000	18.1	275,000	68.4	280,000	66.9	210,000	43.8	984.76

*Projected financial results have been revised during the three months ended September 30, 2018.
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 six months ended September 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 quarterly 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 an increase in income before income taxes of 673 million yen for the six months ended September 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 519 million yen for the six months ended September 30, 2018.

As a result of the adoption of this guidance, cost of sales of 434 million yen, selling, general and administrative of 361 million yen and research and development of 138 million yen have been reclassified into other-net for the six months ended September 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 quarterly consolidated financial statements.

(4) Number of common shares outstanding

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

Number of treasury stock: 12,014,394 shares at September 30, 2018 and 12,020,374 shares at March 31, 2018

Average number of shares outstanding: 213,250,189 shares for the six months ended September 30, 2018 and 212,738,388 shares for the six months ended September 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 September 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 due to continued growth in employment and private income. Increased consumer spending driven by improved employment enabled the European economy to continue stable economic growth. China's economy remained firm owing to strong exports. Trade frictions between the U.S. and China have been growing in scope, making the world economy increasingly uncertain.

The electronics market generated significant 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. In addition, there was growth in demand, mainly for components used for various applications. For example, the increasing functional sophistication of smartphone terminals and PCs led to growth in the number of components used per end product.

By focusing on promising markets, Murata Manufacturing Co., Ltd. and subsidiaries (together the "Companies") increased net sales by 27.2% year-on-year to 788,394 million yen in the period under review. The negative exchange effect (0.80 yen appreciation of the yen from the six months ended September 30, 2017) was more than offset by the gain from the drastic growth of MLCCs, Murata's core product group, as well as from the consolidation of the lithium-ion secondary battery business, whose acquisition process was completed in September 2017.

Operating income was 139,439 million yen, up 38.7%, income before income taxes was 142,771 million yen, up 30.0 %, and net income was 108,303 million yen, up 18.9% from the six months ended September 30, 2017. Negative factors such as greater investments in buildings and production equipment to accommodate vigorous demand were more than offset by a production increase as well as the effects of cost reduction efforts and continued launches of new products.

	Millions of yen					
	Six months ended September 30, 2017		Six months ended September 30, 2018		Change	
Net sales	619,622	100.0	788,394	100.0	168,772	27.2
Operating income	100,497	16.2	139,439	17.7	38,942	38.7
Income before income taxes	109,804	17.7	142,771	18.1	32,967	30.0
Net income attributable to Murata Corporation	91,073	14.7	108,303	13.7	17,230	18.9
Average exchange rate (Yen/U.S. dollar)	111.07	—	110.27	—	(0.80)	—
Average exchange rate (Yen/EURO)	126.29	—	129.84	—	3.55	—

*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					
	Six months ended September 30, 2017		Six months ended September 30, 2018		Change	
		%*		%*		%
Capacitors	209,040	33.8	273,670	34.8	64,630	30.9
Piezoelectric Components	78,524	12.7	76,552	9.7	(1,972)	(2.5)
Other Components	127,660	20.7	202,051	25.7	74,391	58.3
Components Total	415,224	67.2	552,273	70.2	137,049	33.0
Communication Modules	178,340	28.8	212,298	27.0	33,958	19.0
Power Supplies and Other Modules	24,619	4.0	22,343	2.8	(2,276)	(9.2)
Modules Total	202,959	32.8	234,641	29.8	31,682	15.6
Net sales	618,183	100.0	786,914	100.0	168,731	27.3

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review increased by 33.0% year-on-year to 552,273 million yen.

[Capacitors]

The Capacitors category includes multilayer ceramic capacitors (MLCCs).

For the period under review, sales of MLCCs, 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 30.9% year-on-year to 273,670 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 and continued price reductions in high-end products for smartphones.

As a result, overall net sales decreased by 2.5% year-on-year to 76,552 million yen.

[Other Components]

Other Components include lithium ion batteries, inductors (coils), EMI (electro-magnetic interference) suppression filters, connectors, sensors 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 MEMS sensors for car electronics grew. A further contribution came from the inclusion of the sales achieved by the lithium-ion secondary battery business, following the completion of its acquisition process in September 2017.

As a result, overall net sales increased by 58.3% year-on-year to 202,051 million yen.

<Modules>

Sales of Modules for the period under review increased by 15.6% year-on-year to 234,641 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, sales in multilayer resin substrates grew substantially due to use in new high-end smartphone models. Sales in RF sub modules also increased.

As a result, overall net sales increased by 19.0% year-on-year to 212,298 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 9.2% year-on-year to 22,343 million yen.

2. Financial Position

Total assets at September 30, 2018 increased by 246,847 million yen from the end of the previous fiscal year to 2,043,860 million yen. The ratio of shareholders' equity to total assets decreased by 5.1 percentage points from the end of the previous fiscal year to 76.0% at September 30, 2018.

Compared with the six months ended September 30, 2017, 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 94,126 million yen.

Negative factors — a 60,795 million yen increase in trade notes and accounts receivable and 24,138

million yen growth in inventories — were more than offset by a net income of 108,326 million yen, depreciation and amortization of 57,383 million yen, and a 11,742 million yen increase in income taxes payable.

Net cash provided by operating activities decreased by 12,245 million yen from the six months ended September 30, 2017.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 140,221 million yen. While cash inflows included a 12,117 million yen reduction in short-term investments and maturities and sales of marketable securities of 10,589 million, there were cash outflows due to 156,447 million yen in capital expenditures and 5,831 million yen in payment for purchases of marketable securities, investments and other.

Net cash used in investing activities decreased by 96,205 million yen from the six months ended September 30, 2017.

<Net Cash Used in Financing Activities>

For the period under review, net cash used in financing activities was a negative 110,763 million yen, primarily due to 27,723 million in dividend payments and a 138,508 million yen increase in short-term borrowings.

Net cash used in financing activities increased by 134,031 million yen from the six months ended September 30, 2017.

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

The Company has revised its projected results for the year ending March 31, 2019, which were announced on April 27, 2018, as listed below.

		Consolidated Basis	
		Previous Projections	Revised Projections
Net sales	Millions of yen	1,575,000	1,620,000
	<%>*	<15.2>	<17.0>
Operating income	Millions of yen	240,000	275,000
	<%>*	<15.4>	<17.3>
Income before income taxes	Millions of yen	242,000	280,000
Net income attributable to Murata Corporation	Millions of yen	180,000	210,000
	<%>*	<11.4>	<13.0>
Capital expenditures	Millions of yen	340,000	340,000
	<%>*	<7.4>	<7.8>
Depreciation and amortization	Millions of yen	116,000	126,000
	<%>*	<7.0>	<6.2>
R & D expenses	Millions of yen	110,000	100,000

* Ratio to net sales

Demand, mainly for components, is expected to remain strong owing to further progress in the electrification of vehicles and the functional sophistication of smartphones. In view of the current exchange rate and outlook for component demand, Murata revises its performance forecasts for the year ending March 31, 2019 as shown above.

The projections are based on the assumed exchange rates of 110 yen against the U.S. dollar and 130 yen against the Euro for the latter half of this fiscal year.

[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 September 30, 2018

	Millions of Yen			
	At March 31, 2018		At September 30, 2018	
Assets	1,797,013	% 100.0	2,043,860	% 100.0
Current assets	810,260	45.1	967,381	47.4
Cash	168,902		169,705	
Short-term investments	30,747		90,595	
Marketable securities	20,790		26,913	
Trade notes receivable	2,895		3,285	
Trade accounts receivable	256,140		322,784	
Allowance for doubtful notes and accounts	(1,159)		(1,404)	
Inventories	290,257		316,656	
Prepaid expenses and other	41,688		38,847	
Property, plant and equipment	705,229	39.2	807,777	39.5
Land	64,772		66,953	
Buildings	467,427		505,810	
Machinery and equipment	1,104,592		1,207,561	
Construction in progress	97,090		96,570	
Accumulated depreciation	(1,028,652)		(1,069,117)	
Investments and other assets	281,524	15.7	268,702	13.1
Investments	87,288		71,713	
Intangible assets	54,347		52,657	
Goodwill	76,914		80,248	
Deferred income taxes	36,346		40,164	
Other	26,629		23,920	
Total assets	1,797,013	100.0	2,043,860	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2018 and September 30, 2018

	Millions of Yen			
	At March 31, 2018		At September 30, 2018	
Liabilities	339,797	18.9	489,668	24.0
Current liabilities	261,812	14.6	412,332	20.2
Short-term borrowings	13,500		152,008	
Trade accounts payable	94,074		92,202	
Accrued payroll and bonuses	38,041		43,147	
Income taxes payable	24,968		36,939	
Accrued expenses and other	91,229		88,036	
Long-term liabilities	77,985	4.3	77,336	3.8
Long-term debt	742		663	
Termination and retirement benefits	67,843		67,738	
Deferred income taxes	7,675		7,211	
Other	1,725		1,724	
Equity	1,457,216	81.1	1,554,192	76.0
Murata Corporation's Shareholders' equity	1,456,600	81.1	1,553,578	76.0
Common stock	69,444		69,444	
Capital surplus	120,596		120,631	
Retained earnings	1,336,208		1,424,926	
Accumulated other comprehensive loss:	(16,052)		(7,837)	
Unrealized gains (losses) on securities	7,576		(31)	
Pension liability adjustments	(16,995)		(16,140)	
Foreign currency translation adjustments	(6,633)		8,334	
Treasury stock, at cost	(53,596)		(53,586)	
Noncontrolling interests	616	0.0	614	0.0
Total liabilities and equity	1,797,013	100.0	2,043,860	100.0

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

Consolidated Statements of Income

Six months ended September 30, 2017 and 2018

	Millions of Yen			
	Six months ended September 30, 2017		Six months ended September 30, 2018	
		%		%
Net sales	619,622	100.0	788,394	100.0
Cost of sales	390,820	63.1	492,556	62.4
Selling, general and administrative	83,838	13.5	106,097	13.5
Research and development	44,467	7.2	50,302	6.4
Operating income	100,497	16.2	139,439	17.7
Interest and dividend income	1,545	0.2	1,668	0.2
Interest expense	(147)	(0.0)	(53)	(0.0)
Foreign currency exchange gain (loss)	(2,485)	(0.4)	946	0.1
Gain on bargain purchase	9,041	1.5	-	-
Other - net	1,353	0.2	771	0.1
Income before income taxes	109,804	17.7	142,771	18.1
Income taxes	18,730	3.0	34,445	4.4
<Current income tax>	<24,622>		<38,596>	
<Deferred income tax>	<(5,892)>		<(4,151)>	
Net income	91,074	14.7	108,326	13.7
Less: Net income attributable to noncontrolling interests	1	0.0	23	0.0
Net income attributable to Murata Corporation	91,073	14.7	108,303	13.7

Consolidated Statements of Comprehensive Income

Six months ended September 30, 2017 and 2018

	Millions of Yen	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Net income	91,074	108,326
Other comprehensive income (loss), net of tax:		
Unrealized gains on securities	1,656	243
Pension liability adjustments	(2,631)	855
Foreign currency translation adjustments	14,025	14,955
Other comprehensive income	13,050	16,053
Comprehensive income	104,124	124,379
Less: Comprehensive income attributable to noncontrolling interests	16	11
Comprehensive income attributable to Murata Corporation	104,108	124,368

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Three months ended September 30, 2017 and 2018

	Millions of Yen			
	Three months ended September 30, 2017		Three months ended September 30, 2018	
		%		%
Net sales	344,658	100.0	442,886	100.0
Cost of sales	218,454	63.4	270,272	61.0
Selling, general and administrative	44,569	12.9	57,015	12.9
Research and development	22,935	6.7	24,311	5.5
Operating income	58,700	17.0	91,288	20.6
Interest and dividend income	727	0.2	787	0.2
Interest expense	(68)	(0.0)	(8)	(0.0)
Foreign currency exchange loss	(1,182)	(0.3)	(650)	(0.1)
Gain on bargain purchase	9,041	2.6	-	-
Other - net	202	0.1	1,410	0.3
Income before income taxes	67,420	19.6	92,827	21.0
Income taxes	9,493	2.8	23,491	5.3
<Current income tax>	<16,778>		<30,411>	
<Deferred income tax>	<(7,285)>		<(6,920)>	
Net income	57,927	16.8	69,336	15.7
Less: Net income (loss) attributable to noncontrolling interests	(10)	(0.0)	17	0.0
Net income attributable to Murata Corporation	57,937	16.8	69,319	15.7

Consolidated Statements of Comprehensive Income

Three months ended September 30, 2017 and 2018

	Millions of Yen	
	Three months ended September 30, 2017	Three months ended September 30, 2018
Net income	57,927	69,336
Other comprehensive income (loss), net of tax:		
Unrealized gains on securities	1,402	62
Pension liability adjustments	(3,410)	217
Foreign currency translation adjustments	9,439	10,560
Other comprehensive income	7,431	10,839
Comprehensive income	65,358	80,175
Less: Comprehensive income attributable to noncontrolling interests	1	12
Comprehensive income attributable to Murata Corporation	65,357	80,163

(3) Consolidated Statements of Cash Flows

Six months ended September 30, 2017 and 2018

	Millions of Yen			
	Six months ended September 30, 2017		Six months ended September 30, 2018	
Operating activities:				
Net income		91,074		108,326
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	60,523		57,383	
Losses on sales and disposals of property, plant and equipment	520		819	
Provision for termination and retirement benefits, less payments	(1,629)		(1,556)	
Deferred income taxes	(5,892)		(4,151)	
Gain on bargain purchase	(9,041)		-	
Changes in assets and liabilities:				
Increase in trade notes and accounts receivable	(36,801)		(60,795)	
Increase in inventories	(36,741)		(24,138)	
Decrease in prepaid expenses and other	1,584		2,928	
Increase (decrease) in trade notes and accounts payable	18,217		(5,641)	
Increase in accrued payroll and bonuses	3,747		4,959	
Increase in income taxes payable	9,620		11,742	
Increase in accrued expenses and other	10,355		2,330	
Other-net	835	15,297	1,920	(14,200)
Net cash provided by operating activities		106,371		94,126
Investing activities:				
Capital expenditures		(132,821)		(156,447)
Payment for purchases of marketable securities, investments and other		(7,328)		(5,831)
Maturities and sales of marketable securities, investments and other		21,123		10,589
(Increase) decrease in long-term deposits and loans		1,081		(1,113)
Decrease in short-term investments		85,093		12,117
Acquisitions of businesses, net of cash acquired		(12,062)		(563)
Other-net		898		1,027
Net cash used in investing activities		(44,016)		(140,221)
Financing activities:				
Net increase in short-term borrowings		222		138,508
Proceeds from long-term debt		193		20
Repayment of long-term debt		(194)		(138)
Dividends paid		(23,401)		(27,723)
Other-net		(88)		96
Net cash provided by (used in) financing activities		(23,268)		110,763
Effect of exchange rate changes on cash and cash equivalents		(221)		1,991
Net increase in cash and cash equivalents		38,866		66,659
Cash and cash equivalents at beginning of period		239,184		187,910
Cash and cash equivalents at end of period		278,050		254,569
Additional cash and cash equivalents information:				
Cash		185,904		169,705
Short-term investments		117,944		90,595
Short-term investments with original maturities over 3 months		(25,798)		(5,731)
Cash and cash equivalents at end of period		278,050		254,569

(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.

Six months ended September 30, 2017 and 2018

		Millions of Yen			
		Six months ended September 30, 2017		Six months ended September 30, 2018	
Components	Sales to:		%		%
	Unaffiliated customers	415,224		552,273	
	Intersegment	18,328		21,890	
	Total revenue	433,552	100.0	574,163	100.0
	Segment income	100,915	23.3	150,016	26.1
Modules	Sales to:		%		%
	Unaffiliated customers	202,959		234,641	
	Intersegment	7		5	
	Total revenue	202,966	100.0	234,646	100.0
	Segment income	21,012	10.4	16,455	7.0
Others	Sales to:		%		%
	Unaffiliated customers	1,439		1,480	
	Intersegment	40,303		56,525	
	Total revenue	41,742	100.0	58,005	100.0
	Segment income	4,506	10.8	6,310	10.9
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(58,638)		(78,420)	
	Total revenue	(58,638)	-	(78,420)	-
	Corporate expenses	(25,936)	-	(33,342)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	619,622		788,394	
	Intersegment	-		-	
	Total revenue	619,622	100.0	788,394	100.0
	Operating income	100,497	16.2	139,439	17.7

Three months ended September 30, 2017 and 2018

		Millions of Yen			
		Three months ended September 30, 2017		Three months ended September 30, 2018	
Components	Sales to:		%		%
	Unaffiliated customers	226,729		293,926	
	Intersegment	9,638		11,630	
	Total revenue	236,367	100.0	305,556	100.0
	Segment income	56,946	24.1	87,450	28.6
Modules	Sales to:		%		%
	Unaffiliated customers	117,153		148,178	
	Intersegment	3		3	
	Total revenue	117,156	100.0	148,181	100.0
	Segment income	12,067	10.3	16,940	11.4
Others	Sales to:		%		%
	Unaffiliated customers	776		782	
	Intersegment	23,230		32,835	
	Total revenue	24,006	100.0	33,617	100.0
	Segment income	2,676	11.1	3,424	10.2
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(32,871)		(44,468)	
	Total revenue	(32,871)	-	(44,468)	-
	Corporate expenses	(12,989)	-	(16,526)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	344,658		442,886	
	Intersegment	-		-	
	Total revenue	344,658	100.0	442,886	100.0
	Operating income	58,700	17.0	91,288	20.6

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

- (1) Components: Capacitors and 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 segments 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

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

Flash Report (Six months ended September 30, 2018)

Selected Financial Data - Consolidated basis

Six months ended September 30, 2017 and 2018 / at September 30, 2017 and 2018

		Consolidated Basis		
		2017	2018	Growth ratio
Net sales	Millions of yen	619,622	788,394	27.2 %
Operating income	<%>*2 Millions of yen	<16.2> 100,497	<17.7> 139,439	38.7
Income before income taxes	<%>*2 Millions of yen	<17.7> 109,804	<18.1> 142,771	30.0
Net income attributable to Murata Corporation	<%>*2 Millions of yen	<14.7> 91,073	<13.7> 108,303	18.9
Total assets	Millions of yen	1,821,657	2,043,860	12.2
Shareholders' equity	Millions of yen	1,435,539	1,553,578	8.2
Shareholders' equity ratio	%	78.8	76.0	-
Basic earnings attributable to Murata Corporation per share	Yen	428.09	507.86	18.6
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Shareholders' equity per share	Yen	6,747.70	7,285.00	-
Capital expenditures	Millions of yen	132,821	156,447	17.8
Depreciation and amortization	<%>*2 Millions of yen	<9.8> 60,523	<7.3> 57,383	(5.2)
R & D expenses	<%>*2 Millions of yen	<7.2> 44,467	<6.4> 50,302	13.1
Number of employees	*4	<45,935> 73,690	<49,455> 79,450	7.8
Average exchange rates				
Yen/US dollar	Yen	111.07	110.27	-
Yen/EURO	Yen	126.29	129.84	-

Three months ended September 30, 2017 and 2018

		Consolidated Basis		
		2017	2018	Growth ratio
Net sales	Millions of yen	344,658	442,886	28.5 %
Operating income	<%>*2 Millions of yen	<17.0> 58,700	<20.6> 91,288	55.5
Income before income taxes	<%>*2 Millions of yen	<19.6> 67,420	<21.0> 92,827	37.7
Net income attributable to Murata Corporation	<%>*2 Millions of yen	<16.8> 57,937	<15.7> 69,319	19.6
Basic earnings attributable to Murata Corporation per share	Yen	272.33	325.05	19.4
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Capital expenditures	Millions of yen	71,551	78,761	10.1
Depreciation and amortization	<%>*2 Millions of yen	<9.5> 32,858	<6.9> 30,480	(7.2)
R & D expenses	<%>*2 Millions of yen	<6.7> 22,935	<5.5> 24,311	6.0

*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>

Six months ended September 30, 2017 and 2018

	Millions of Yen					
	Six months ended September 30, 2017		Six months ended September 30, 2018		Change	
		%*1		%*1		%
Capacitors	247,559	36.5	320,722	37.3	73,163	29.6
Piezoelectric Components	81,547	12.0	78,105	9.1	(3,442)	(4.2)
Other Components	136,097	20.1	221,101	25.8	85,004	62.5
Components Total	465,203	68.6	619,928	72.2	154,725	33.3
Communication Modules	187,312	27.7	215,621	25.1	28,309	15.1
Power Supplies and Other Modules	25,182	3.7	23,391	2.7	(1,791)	(7.1)
Modules Total	212,494	31.4	239,012	27.8	26,518	12.5
Total	677,697	100.0	858,940	100.0	181,243	26.7

Three months ended September 30, 2017 and 2018

	Millions of Yen					
	Three months ended September 30, 2017		Three months ended September 30, 2018		Change	
		%*1		%*1		%
Capacitors	129,916	34.9	153,701	34.2	23,785	18.3
Piezoelectric Components	42,601	11.4	37,660	8.4	(4,941)	(11.6)
Other Components	76,460	20.5	110,773	24.7	34,313	44.9
Components Total	248,977	66.8	302,134	67.3	53,157	21.4
Communication Modules	111,850	30.0	135,916	30.3	24,066	21.5
Power Supplies and Other Modules	12,025	3.2	10,803	2.4	(1,222)	(10.2)
Modules Total	123,875	33.2	146,719	32.7	22,844	18.4
Total	372,852	100.0	448,853	100.0	76,001	20.4

*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 September 30, 2018		Change	
		%*1		%*1		%
Capacitors	148,542	53.3	195,594	55.8	47,052	31.7
Piezoelectric Components	19,791	7.1	21,344	6.1	1,553	7.8
Other Components	62,319	22.4	81,369	23.2	19,050	30.6
Components Total	230,652	82.8	298,307	85.1	67,655	29.3
Communication Modules	38,794	13.9	42,117	12.0	3,323	8.6
Power Supplies and Other Modules	9,064	3.3	10,112	2.9	1,048	11.6
Modules Total	47,858	17.2	52,229	14.9	4,371	9.1
Total	278,510	100.0	350,536	100.0	72,026	25.9

*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

Six months ended September 30, 2017 and 2018

	Millions of Yen					
	Six months ended September 30, 2017		Six months ended September 30, 2018		Change	
		%*1		%*1		%
Capacitors	209,040	33.8	273,670	34.8	64,630	30.9
Piezoelectric Components	78,524	12.7	76,552	9.7	(1,972)	(2.5)
Other Components	127,660	20.7	202,051	25.7	74,391	58.3
Components Total	415,224	67.2	552,273	70.2	137,049	33.0
Communication Modules	178,340	28.8	212,298	27.0	33,958	19.0
Power Supplies and Other Modules	24,619	4.0	22,343	2.8	(2,276)	(9.2)
Modules Total	202,959	32.8	234,641	29.8	31,682	15.6
Net sales	618,183	100.0	786,914	100.0	168,731	27.3

Three months ended September 30, 2017 and 2018

	Millions of Yen					
	Three months ended September 30, 2017		Three months ended September 30, 2018		Change	
		%*1		%*1		%
Capacitors	112,719	32.8	147,163	33.3	34,444	30.6
Piezoelectric Components	40,998	11.9	38,486	8.7	(2,512)	(6.1)
Other Components	73,012	21.2	108,277	24.5	35,265	48.3
Components Total	226,729	65.9	293,926	66.5	67,197	29.6
Communication Modules	104,630	30.4	137,086	31.0	32,456	31.0
Power Supplies and Other Modules	12,523	3.7	11,092	2.5	(1,431)	(11.4)
Modules Total	117,153	34.1	148,178	33.5	31,025	26.5
Net sales	343,882	100.0	442,104	100.0	98,222	28.6

*1 Component ratio

*2 Exclusive of consumption taxes

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

Six months ended September 30, 2017 and 2018

	Millions of Yen					
	Six months ended September 30, 2017		Six months ended September 30, 2018		Change	
		%*1		%*1		%
AV	30,918	5.0	36,987	4.7	6,069	19.6
Communications	326,670	52.8	392,849	49.9	66,179	20.3
Computers and Peripherals	98,333	15.9	121,754	15.5	23,421	23.8
Automotive Electronics	92,133	14.9	122,640	15.6	30,507	33.1
Home and Others	70,129	11.4	112,684	14.3	42,555	60.7
Net sales	618,183	100.0	786,914	100.0	168,731	27.3

Three months ended September 30, 2017 and 2018

	Millions of Yen					
	Three months ended September 30, 2017		Three months ended September 30, 2018		Change	
		%*1		%*1		%
AV	17,199	5.0	19,695	4.5	2,496	14.5
Communications	189,988	55.3	235,462	53.3	45,474	23.9
Computers and Peripherals	51,927	15.1	65,330	14.8	13,403	25.8
Automotive Electronics	47,542	13.8	63,019	14.1	15,477	32.6
Home and Others	37,226	10.8	58,598	13.3	21,372	57.4
Net sales	343,882	100.0	442,104	100.0	98,222	28.6

*1 Component ratio

*2 Exclusive of consumption taxes

3. Sales by Area

Six months ended September 30, 2017 and 2018

	Millions of Yen					
	Six months ended September 30, 2017		Six months ended September 30, 2018		Change	
		%*1		%*1		%
The Americas	58,560	9.5	115,171	14.6	56,611	96.7
Europe	46,189	7.5	65,103	8.3	18,914	40.9
Greater China	350,847	56.7	412,445	52.4	61,598	17.6
Asia and Others	115,646	18.7	126,767	16.1	11,121	9.6
Overseas total	571,242	92.4	719,486	91.4	148,244	26.0
Japan	46,941	7.6	67,428	8.6	20,487	43.6
Net sales	618,183	100.0	786,914	100.0	168,731	27.3

Three months ended September 30, 2017 and 2018

	Millions of Yen					
	Three months ended September 30, 2017		Three months ended September 30, 2018		Change	
		%*1		%*1		%
The Americas	33,988	9.9	76,299	17.3	42,311	124.5
Europe	23,482	6.8	32,249	7.3	8,767	37.3
Greater China	200,963	58.4	231,461	52.3	30,498	15.2
Asia and Others	60,732	17.7	66,419	15.0	5,687	9.4
Overseas total	319,165	92.8	406,428	91.9	87,263	27.3
Japan	24,717	7.2	35,676	8.1	10,959	44.3
Net sales	343,882	100.0	442,104	100.0	98,222	28.6

*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	
Net sales	274,964	% *1 100.0	344,658	% *1 100.0	413,523	% *1 100.0	338,697	% *1 100.0
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		Three months ended September 30, 2018	
Net sales	345,508	% *1 100.0	442,886	% *1 100.0
Operating income	48,151	13.9	91,288	20.6
Income before income taxes	49,944	14.5	92,827	21.0
Net income attributable to Murata Corporation	38,984	11.3	69,319	15.7

*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	
Capacitors	96,321	% *1 35.1	112,719	% *1 32.8	126,891	% *1 30.7	113,870	% *1 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		Three months ended September 30, 2018	
Capacitors	126,507	% *1 36.7	147,163	% *1 33.3
Piezoelectric Components	38,066	11.0	38,486	8.7
Other Components	93,774	27.2	108,277	24.5
Components Total	258,347	74.9	293,926	66.5
Communication Modules	75,212	21.8	137,086	31.0
Power Supplies and Other Modules	11,251	3.3	11,092	2.5
Modules Total	86,463	25.1	148,178	33.5
Net sales	344,810	100.0	442,104	100.0

*1 Component ratio

*2 Exclusive of consumption taxes