

Consolidated Financial Flash Report (March 31, 2020)

Date: April 30, 2020

Company Name : Murata Manufacturing Co., Ltd.
Listing Code : 6981
(URL <https://www.murata.com/>)
Phone : (075) 955-6525
The date of payout of dividends: June 29, 2020

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated Financial results for the year ended March 31, 2020

(1) Operating results (Years ended March 31, 2020 and 2019)

	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	%
2020	1,534,045	(2.6)	253,247	(5.1)	254,032	(5.0)	183,012	(11.6)
2019	1,575,026	14.8	266,807	63.4	267,316	59.3	206,930	41.6

Comprehensive income attributable to Murata Corporation: 149,950 million yen for the year ended March 31, 2020 and 204,559 million yen for the year ended March 31, 2019.

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share	Net income attributable to Murata Corporation / Shareholders' equity	Income before income taxes / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
2020	286.05	-	11.1	11.8	16.5
2019	323.45	-	13.5	13.9	16.9

*1 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 previous fiscal year.

*2 Murata Manufacturing Co., Ltd. (the "Company") executed a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to Murata Corporation per share were calculated as if the relevant stock split were executed at the beginning of the previous consolidated fiscal year ended March 31, 2019.

(2) Financial position (At March 31, 2020 and 2019)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2020	2,250,230	1,694,104	75.3	2,647.88
2019	2,048,893	1,603,976	78.3	2,507.11

* The Company executed a three-for-one common stock split, effective April 1, 2019. Shareholders' equity per share was calculated as if the relevant stock split were executed at the beginning of the previous consolidated fiscal year ended March 31, 2019.

(3) Cash flows (Years ended March 31, 2020 and 2019)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2020	350,334	(284,431)	17,650	302,320
2019	279,842	(303,741)	51,546	217,805

2. Dividends (Years ended March 31, 2020 and 2019, and the year ending March 31, 2021)

	Cash dividends per share					Cash dividends (Total)	Consolidated basis	
	First Quarter	Second Quarter	Third Quarter	Year-end	Total		Payout ratio	Dividend on equity (DOE)
	Yen	Yen	Yen	Yen	Yen		%	%
2019	-	140.00	-	140.00	280.00	59,712	28.9	3.9
2020	-	47.00	-	50.00	97.00	62,060	33.9	3.8
2021 (Projected)	-	55.00	-	55.00	110.00	-	46.9	-

* The Company executed a three-for-one common stock split, effective April 1, 2019. Cash dividends per share for the year ended March 31, 2019 are actual amounts paid prior to the relevant stock split. Cash dividends per share for the year ending March 31, 2020 are therefore stated adjusted for the effects of the stock split.

3. Projected financial results for the six months ending September 30, 2020 and the year ending March 31, 2021 (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, 2020	681,000	(10.5)	97,000	(20.1)	98,000	(21.5)	69,300	(23.6)	108.32
Year ending March 31, 2021	1,430,000	(6.8)	210,000	(17.1)	212,000	(16.5)	150,000	(18.0)	234.45

*1 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, 2020 are the growth ratios against the six months ended September 30, 2019.

Percentages for the year ending March 31, 2020 are the growth ratios against the previous year.

*2 The Company executed a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to Murata Corporation per share in the projected financial results are calculated based on the number of common shares outstanding after the relevant stock split.

4. Notes

(1) Changes in significant subsidiaries (changes in specific subsidiaries that caused change in scope of consolidation): None

(2) Changes in accounting policy

Changes due to adoption of new accounting standard: Yes

Changes due to reasons other than above: None

(3) Number of common shares outstanding

Number of shares outstanding, including treasury stock: 675,814,281 shares at March 31, 2020 and 675,814,281 shares at March 31, 2019

Number of treasury stock: 36,017,849 shares at March 31, 2020 and 36,044,256 shares at March 31, 2019

Average number of shares outstanding: 639,777,067 shares for the year ended March 31, 2020 and 639,755,210 shares for the year ended March 31, 2019

*See "Amounts per Share" for the average common shares outstanding, which is the basis of computation of earnings per share.

*The Company executed a three-for-one common stock split, effective April 1, 2019. The numbers of common shares and treasury shares were calculated as if the relevant stock split were executed at the beginning of the previous consolidated fiscal year ended March 31, 2019.

[Reference] Financial Results on Parent Company Basis

1. Financial results for the year ended March 31, 2020

(1) Operating results (Years ended March 31, 2020 and 2019)

	Net sales		Operating income		Income before income taxes and extraordinary items		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2020	1,044,772	(0.8)	37,814	(18.1)	68,629	7.9	67,669	1.0
2019	1,053,105	11.0	46,146	450.3	63,623	54.5	67,005	39.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2020	105.77	-
2019	104.73	-

*1 Percentages in the fields of Net sales, Operating income, Income before income taxes and extraordinary items, and Net income are the growth ratios against the previous year.

*2 The diluted earnings per share are not stated since there were no dilutive potential securities.

*3 The Company executed a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to Murata Corporation per share were calculated as if the relevant stock split were executed at the beginning of the previous consolidated fiscal year ended March 31, 2019.

(2) Financial position (At March 31, 2020 and 2019)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2020	1,147,829	601,650	52.4	940.38
2019	1,053,270	595,827	56.6	931.32

* The Company executed a three-for-one common stock split, effective April 1, 2019. Shareholders' equity per share was calculated as if the relevant stock split were executed at the beginning of the previous consolidated fiscal year ended March 31, 2019.

*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, 2019 through March 31, 2020)

1. Business Results

In the global economic environment for the period under review, a slowdown in the Chinese economy caused by the trade friction with the U.S. was increasingly apparent. In the U.S., economic prospects gradually worsened despite continuous employment growth. The European economy also weakened, due to a downturn in manufacturing in the context of trade issues afflicting the region. In addition, the spread of COVID-19 towards the end of the fiscal year stalled economic activity around the globe, and continues to exert a negative impact on the world economy.

The electronics market generated growth in demand for products related to 5G technology (5th Generation Mobile Communication System). Demand for components of wide-ranging uses indicated weakness, however, due partly to the adjustment of electronic equipment production and electronic component inventory. As for electronic components used for car electronics, while the number of automobiles sold decreased, the upward trend in the number of components installed per end product continued thanks to improvement in vehicle environmental friendliness and safety.

Given such a background, net sales decreased by 2.6% year on year to 1,534,045 million yen in the period under review. An increase in the sales of multilayer ceramic capacitors (MLCCs) used for base stations and car electronics was more than offset by a decrease in the sales of multilayer resin substrates, lithium ion secondary batteries, and MLCCs for smartphones and a negative effect of foreign exchange (year-on-year appreciation of 2.16 yen to a U.S. dollar).

Operating income was 253,247 million yen, down 5.1%, income before income taxes was 254,032 million yen, down 5.0%, and net income was 183,012 million yen, down 11.6% from the fiscal year ended March 31, 2019. The decrease in profit was mainly caused by—despite the contribution to income made by cost reduction activities—a drop in operating rates, a decrease in product prices, a rise in depreciation and amortization, and stoppages at Murata Manufacturing Co., Ltd. and Subsidiaries' (the "Companies") overseas production facilities due to the spread of COVID-19.

ROIC (Return on Invested Capital) (pre-tax) is established as a priority management index in "Mid-term Direction 2021." ROIC (pre-tax) in the period under review was 16.1%, down 2.8 percentage points from the fiscal year ended March 31, 2019. The decrease in ROIC (pre-tax) was due to the decrease in operating income, in addition to an increase in invested capital, with capital expenditures to expand buildings and production capacity in anticipation of higher demand for electronic components in the medium- to long-term.

	Millions of yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Change	
		%*		%*		%
Net sales	1,575,026	100.0	1,534,045	100.0	(40,981)	(2.6)
Operating income	266,807	16.9	253,247	16.5	(13,560)	(5.1)
Income before income taxes	267,316	17.0	254,032	16.6	(13,284)	(5.0)
Net income attributable to Murata Corporation	206,930	13.1	183,012	11.9	(23,918)	(11.6)
Return on invested capital (ROIC) (pre-tax basis)	18.9	—	16.1	—	(2.8)	—
Average exchange rate (Yen/US dollar)	110.91	—	108.75	—	(2.16)	—
Average exchange rate (Yen/Euro)	128.40	—	120.83	—	(7.57)	—

Sales by Product Category

Net sales by product category for the period under review were as follows.

The product categories were reclassified in the period under review. See page 28 for details.

	Millions of yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Change	
		%*		%*		%
Capacitors	574,230	36.5	559,438	36.6	(14,792)	(2.6)
Piezoelectric Components	138,586	8.8	129,254	8.4	(9,332)	(6.7)
Other Components	392,194	25.0	363,029	23.7	(29,165)	(7.4)
Components Total	1,105,010	70.3	1,051,721	68.7	(53,289)	(4.8)
Modules	466,699	29.7	478,619	31.3	11,920	2.6
Net sales	1,571,709	100.0	1,530,340	100.0	(41,369)	(2.6)

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review decreased by 4.8% year-on-year to 1,051,721 million yen.

[Capacitors]

The Capacitors category includes MLCCs.

For the period under review, sales of MLCCs, the main product in this category, used for base stations led by the introduction of 5G technology (5th Generation Mobile Communication System) and car electronics increased. Demand for MLCCs used for a wide range of products, however, somewhat weakened due to the adjustment of electronic equipment production and electronic

component inventory.

As a result, overall net sales decreased by 2.6% year-on-year to 559,438 million yen.

[Piezoelectric Components]

The Piezoelectric Components category includes SAW filters, ceramic resonators and piezoelectric sensors.

Sales for use in smartphones decreased in the period under review, due to progressive price reductions for SAW filters.

As a result, overall net sales decreased by 6.7 % year-on-year to 129,254 million yen.

[Other Components]

Other Components include lithium ion batteries, inductors (coils), electromagnetic interference suppression filters, sensors, connectors and thermistors.

For the period under review, sales of lithium ion secondary batteries used for smartphones and power tools were sluggish despite an increase in sales of coils for smartphones and PCs.

As a result, overall net sales decreased by 7.4 % year-on-year to 363,029 million yen.

<Modules>

The Modules category includes short-range wireless communication modules, multilayer resin substrates, circuit modules, radio frequency sub modules, power supplies modules, and multilayer ceramic devices.

For the period under review, sales of radio frequency sub modules for high-end smartphones grew substantially, despite a decline in sales of multilayer resin substrates and short-range wireless communication modules for high-end smartphones.

As a result, overall net sales increased by 2.6 % year-on-year to 478,619 million yen.

Sales by Application Category

Net sales by Application Category for the period under review were as follows.

	Millions of Yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Change	
		%		%		%
AV	69,505	4.4	61,046	4.0	(8,459)	(12.2)
Communications	760,691	48.4	792,165	51.8	31,474	4.1
Computers and Peripherals	249,178	15.8	230,469	15.0	(18,709)	(7.5)
Automotive Electronics	257,147	16.4	263,533	17.2	6,386	2.5
Home and Others	235,188	15.0	183,127	12.0	(52,061)	(22.1)
Net sales	1,571,709	100.0	1,530,340	100.0	(41,369)	(2.6)

*Based on our estimate

[AV]

For the period under review, sales of short-range wireless communication modules and lithium ion batteries for digital cameras decreased.

As a result, overall net sales decreased by 12.2 % year-on-year to 61,046 million yen.

[Communication]

For the period under review, sales of MLCCs for base stations increased substantially. In addition, despite a decline in sales of multilayer resin substrates, lithium ion batteries, and MLCCs for smartphones, sales of RF sub modules increased.

As a result, overall net sales increased by 4.1 % year-on-year to 792,165 million yen.

[Computers and Peripherals]

For the period under review, sales of lithium ion batteries and multilayer resin substrates for tablet PCs declined, as did sales of power supply modules for printers.

As a result, overall net sales decreased by 7.5 % year-on-year to 230,469 million yen.

[Automotive Electronics]

For the period under review, sales of MLCCs for automobiles increased due to a continuation of the growing trend in the number of components, despite a decrease in the number of automobiles sold.

As a result, overall net sales increased by 2.5 % year-on-year to 263,533 million yen.

2. Financial Position

Total assets at March 31, 2020 increased by 201,337 million yen from the end of the previous fiscal year to 2,250,230 million yen, mainly due to increases in property, plant and equipment. This mainly consisted of investment in buildings and investments aimed at boosting production capacity, primarily for capacitors. Liabilities increased by 111,070 million yen from the end of the previous fiscal year to 555,423 million yen, due to an increase in corporate bonds and the operating lease liabilities. The corporate bonds were issued to raise funds for capital expenditures in anticipation of higher demand for electronic components in the medium- to long-term. Equity increased by 90,267 million yen from the end of the previous fiscal year to 1,694,807 million yen, mainly due to an increase in retained earnings. The ratio of shareholders' equity to total assets decreased by 3.0 percentage points from the end of the previous fiscal year to 75.3% at March 31, 2020.

Compared with the previous fiscal 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 350,334 million yen. Negative factors — an increase of 14,481 million yen in trade notes and accounts payable and a decrease of 9,631 million yen in income taxes payable — were more than offset by net income of 182,982 million yen and depreciation and amortization of 140,267 million yen.

Net cash provided by operating activities increased by 70,492 million yen from the year ended March 31, 2019.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 284,431 million yen. While cash inflows included maturities and sales of marketable securities of 30,666 million, there were cash outflows due to 285,935 million yen in payment for purchases of property capital expenditures, mainly for buildings and investments aimed at boosting production capacity, and 27,018 million yen in payment for purchases of marketable securities, investments and other.

Net cash used in investing activities increased by 19,310 million yen from the year ended March 31, 2019.

<Net Cash Provided by Financing Activities>

For the fiscal year under review, net cash provided by financing activities was a positive 17,650 million yen. Dividend payments of 59,926 million yen were more than offset by 49,889 million growth in the issue of corporate bonds to fund capital expenditures, and a 27,993 million yen increase in short-term borrowings.

Net cash provided by financing activities decreased by 33,896 million yen from the year ended

March 31, 2019.

3. Projected Results for the Year Ending March 31, 2021

In the year ending March 31, 2021, the world is likely to experience a deterioration in the real economy due to the global spread of COVID-19. Each country is considering the implementation of bold stimulus measures to prevent a dramatic economic downturn, but with prospects for an end to the pandemic still unclear, the effectiveness of such measures is difficult to predict.

In the electronics market, we confirm our medium- to long-term outlook for growing demand for electronic components primarily due to the introduction of 5G (5th Generation Mobile Communication System) in the communication market as well as further progress in the electrification of vehicles. In the short term, however, a drop in the demand for electronic components is feared due to the impact of COVID-19. On the basis of the above outlook, the Companies have made the following business projections for the fiscal year ending March 31, 2021.

[Consolidated Projections for the Year Ending March 31, 2020]

		Consolidated Basis	
		2019 (Actual)	2020 Projections
Net sales	Millions of yen	1,534,045	1,430,000
	<%>*	<16.5>	<14.7>
Operating income	Millions of yen	253,247	210,000
	<%>*	<16.6>	<14.8>
Income before income taxes	Millions of yen	254,032	212,000
Net income attributable to Murata Corporation	Millions of yen	183,012	150,000
	<%>*	<11.9>	<10.5>
Capital expenditures	Millions of yen	281,599	200,000
	<%>*	<9.1>	<11.0>
Depreciation and amortization	Millions of yen	140,267	158,000
	<%>*	<6.7>	<7.7>
R & D expenses	Millions of yen	102,486	110,000

*Ratio to net sales

For the year ending March 31, 2021, the Companies forecast 1,430,000 million yen in annual net sales, a 6.8% year-on-year decrease, due to an expected drop in demand for electronic components resulting from the impact of COVID-19. Despite ongoing cost reduction efforts, there will be adverse income factors such as an increase in depreciation and amortization due to capital expenditures, and product price declines. Compared with the fiscal year ended March 31, 2020, the Companies expect to post lower earnings: operating income of 210,000 million yen, down 17.1%, income before income taxes of 212,000 million yen, down 16.5%, and net income attributable to Murata Corporation of

150,000 million yen, down 18.0%.

From a mid-term perspective, the Companies are planning 200,000 million yen in capital expenditures for the year ending March 31, 2021, mainly for investments to boost production capacity for products expected to generate continuing steady demand, and the construction of production plant buildings and research and development facilities.

The impact of COVID-19 on the Companies remains unclear, but has been reflected in the projected results for the year ending March 31, 2021, based on the following assumptions.

<Assumptions>

Demand	<ul style="list-style-type: none">· Consumer mindset will deteriorate, and demand for electronic equipment and automobiles will decline.· The COVID-19 pandemic will end during the first half of the fiscal year, and demand will begin to recover in the second half.
Supply	<ul style="list-style-type: none">· No new production stoppages due to COVID-19 are expected at the Companies' production facilities after the date when financial results are announced.

The Companies' priority is securing the health and safety of their employees. The Companies will continue to implement the necessary measures to ensure business continuity, after taking thorough steps to prevent infection, but the business environment may change significantly depending on the spread of COVID-19 and the outlook for an end to the pandemic, as well as the requirements and guidance provided by national and local governments. A prompt announcement will be made should revision of the projected results become necessary.

4. Basic Policy on Profit Distribution and Dividends for the Year Ended March 31, 2020 and the Year Ending March 31, 2021

The Companies belong to the electronics component industry segment which experiences rapid fluctuation in technological innovation. We endeavor to flexibly respond to changes in the market, achieve continuous profit growth and substantially of equity capital in order to continue stabilization of management in the severe business environment.

Our basic policy on profit distribution to shareholders is to prioritize the sharing of profits through payment of dividends. We will steadily raise the dividends by increasing profit per share, while enhancing long-term corporate value and strengthening its capital structure, and aim to achieve a payout ratio of about 30% in the mid-term. Furthermore, from the year ending March 31, 2021, we will adopt DOE (Dividends on Equity) as our shareholder return indicator, with the aim of further implementing the basic policy of steadily increasing dividends. DOE is less easily affected by the results in any individual year. We aim to realize DOE of 4% or higher with a target payout ratio of about 30% in the mid-term. In accordance with this policy, our dividends are determined after comprehensively considering our business performance on a consolidated basis, as well as the accumulation of internal reserves necessary for reinvestment to ensure future development.

The Companies regard the repurchase of own shares as an approach for returning profits to shareholders. We accordingly implement this measure as appropriate in order to improve our capital efficiency.

For the year ended March 31, 2020, the Companies plan to pay a year-end dividend of 50 yen per share. Combined with the interim dividend previously paid, the total annual dividend is expected to be 97 yen.

Based on the comprehensive evaluation of factors such as forecasts for consolidated business performance, earnings retention for reinvestment for future development, and the dividend policy that aims to realize DOE of 4% or higher with a target payout ratio of about 30% in the mid-term, for the year ending March 31, 2021, we plan to increase our annual dividend by 13 yen to 110 yen per share (comprising an interim dividend of 55 yen per share and an year-end dividend of 55 yen per share).

This will put our consolidated DOE at 4.1%, and our consolidated payout ratio at 46.9%. Note that the annual dividend above is calculated considering the business environment and performance forecasts for the year ending March 31, 2021.

[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.

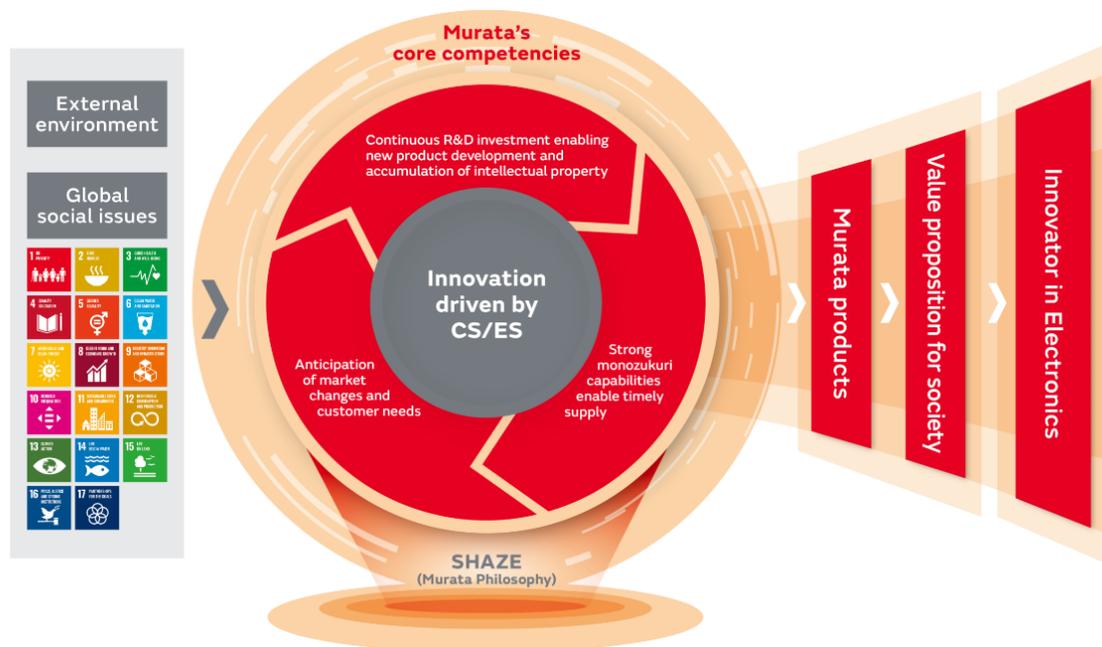
Management Policy, Management Environment and Challenges Facing by the Company

1. Murata's Fundamental Management Policy

"We contribute to the advancement of society by creating innovative products and solutions. Murata implements management based upon this corporate philosophy. All Murata members share this philosophy and also focus on employee satisfaction (ES) and customer satisfaction (CS) as an important value. At the same time we enhance our core competences - "global network and relationship with a broad range of customers", "technology development capability" and "manufacturing capability" - and demonstrate our collective strength by integrating these competences through our "organizational cooperation". Murata continues to supply the products required by the market quickly and stably. This is how we create our value.

In technology and product development, based on the fundamental corporate principle "New quality electronic devices begin with new quality components, and new quality components begin with new quality materials" we develop and supply distinctive and innovative products, with the ultimate goal of contributing toward the advancement of an electronic society. We focus on the research and development of elemental technology including electronic materials technology (e.g., ceramic materials), circuit design technology, processing technology (e.g., thin-film and micro-fabrication technology), and development technologies for production machinery. By intelligently combining the achievements from these efforts, we create multilayer ceramic capacitors (MLCCs), ceramic piezoelectric products, noise suppression components, microwave devices, circuit modules, and other electronic components. These components are indispensable for various applications, such as communication devices, computing devices and automotive electronics.

Process of Value Creation



2. Business Goals

Our management indices are operating income ratio and ROIC (Return on Invested Capital)(before tax)*. In particular, we place importance on ROIC in order to enhance our corporate value by improving capital efficiency, and we have set a target of 20% to achieve healthy and sustainable growth.

* ROIC: Return on Invested Capital (pre-tax basis)=Pre-tax operating income / Invested capital (=Net fixed assets [book value] + inventories + accounts receivable-trade - accounts payable-trade)

* ROIC is calculated on a pre-tax operating income basis as we assess performance of each business unit by its pre-tax operating income, while after-tax operating income is commonly used.

3. Medium to Long-Term Management Strategy and Management Issues

In the “Mid-term direction 2021”, started from the fiscal year ended March 31, 2020, we set communication and automotive market as our important growing market. We aim to expand business in these markets by accurately capturing business opportunities and maintaining competitive advantages. In order to realize healthy and sustainable growth, we have defined three corporate-wide issues to tackle. Firstly, we aim to create further customer value by implementing efficient resource allocation through portfolio management. Secondly, we improve capital and labor productivity dramatically and establish a stable supply system that can respond to demand

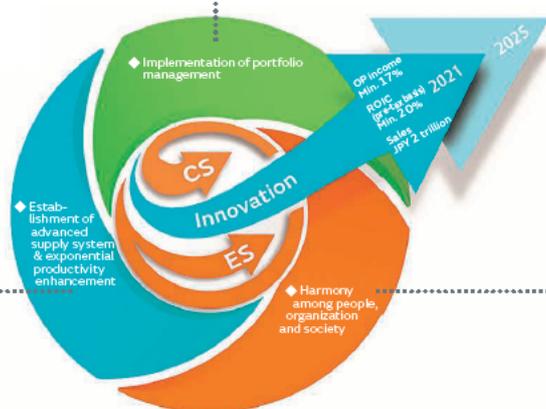
fluctuations. Lastly, we focus on strengthening “Business and Management Foundation” to accommodate the expansion of our business, while fully recognizing our impact on the society and the environment, and conduct business in consideration of these factors.

Implementation of portfolio management

“Murata’s business portfolio is composed of ‘Global No.1’ products and we create additional customer value by designing and proposing specific technologies and products in combination.”

Basic policy

1. In order to respond to changes in the market environment, the key requirements are to identify promising businesses, acquire necessary management resources, and conduct optimal allocation. From a market perspective, Murata concentrates management resources into the Communication and Automotive markets.
2. Murata tackles new business creation with a long-term perspective. In the Energy and Medical/Healthcare markets, Murata continues to challenge in the identified business domains.
3. Murata acquires and strengthens core competencies that enable sustainable growth.



Harmony among people, organization and society

“Murata earns the trust of society, and is able to respond to changing business opportunities by improving its systems and organization in adapting to each employee’s growth and to business growth.”

Basic policy

1. Murata makes the company attractive to employees in order to support growth, and strengthens its organization to accommodate growth.
2. Murata renovates its organizational culture and business process to enable engendering of “trust and respect.”
3. Murata complies with regulations and laws. In addition, Murata operates its businesses in harmony with society.

Establishment of advanced supply system & exponential productivity enhancement

“While satisfying each customer’s QCDS, Murata achieves dramatic improvement in capital and labor productivity and a stable supply system that responds to demand fluctuation.”

Basic policy

1. Murata enhances direct/indirect labor efficiency, utilizing all appropriate methods, including AI and RPA.
2. Murata learns best practices from internal organizations and other companies, and optimizes and horizontally expands on them.
3. Murata prepares development and production structures ahead of fluctuating demand.
4. Murata flexibly responds to demand fluctuation by ascertaining in a timely manner the flow of information and goods throughout the supply chain and organizations and sites.
5. Autonomous overseas factories collaborate with and support one another, and we strengthen all Murata Monozukuri capabilities.

4. Fiscal 2019: Business Environment and Issues to be Resolved

(1) Capturing Business Opportunities in Growth Markets

Pursuit of Competitive Advantages in the Communication Market

The growth of production volumes of mobile communication equipment, mainly smartphones, is slowing down. However, we can still expect an increase in the number of electronic components per device, due to the improved functionality of devices and the increase in added value of devices following the greater demand for new products.

Especially in this fiscal year, 5G services have been launched in China and other areas, resulting in the increased demand for cellular base stations, data centers, and other telecommunication infrastructures. As a result, sales of large-capacity MLCCs, multilayer device chip and radio frequency sub modules have increased. We will aim to maintain our competitive advantages and increase our market shares by offering technology and products that can meet advanced customer needs required for applications utilizing 5G performance.

Making the Automotive Market the Next Pillar of Revenue

As our next pillar of revenue, we are currently focusing on the automotive market, which, along with the communication market, will lead the demand for electronic components. With the progress of electrification and autonomous driving in the automotive market, the demand for electronic components mainly used around semiconductors has expanded, as the number of semiconductors in cars has increased. As a result, sales of our capacitors for the automotive market have increased. In addition, the demand for sensors for safe driving and wireless modules for data communication is expected to grow. We will continue to provide a wide range of products that have high reliability and utilize our strengths in areas such as sensing, communication, small size, and noise suppression to sustain our growth.

(2) Current Status of Our Three Corporate-Wide Issues

Implementation of Portfolio Management

By implementing portfolio management within Murata, we hope to create a business portfolio composed of “Global No. 1” products and create additional customer value by designing and offering combinations of different technologies and products. To achieve these goals, we must create a system that enables efficient resource allocation from an overall corporate perspective, and we are implementing a business evaluation model to do so. We aim to create a strong and sustainable organization by using this model to manage our business portfolio.

Establishment of Advanced Supply System & Exponential Productivity Enhancement

Our goal is to drastically improve capital and labor productivity, and to establish a stable supply system that can respond to demand fluctuation while maintaining quality that satisfies our customers. We hope to improve productivity by utilizing IoT (Internet of Things) and eliminating constraints and wasteful activities to achieve optimization and standardization. It is particularly important to reinforce our efforts for higher quality in order to expand our business in the automotive market. We need to realize zero-defect manufacturing by foreseeing quality variances and taking preventive

measures to achieve manufacturing that does not allow defective goods to leave the plant, and correct problems in a timely manner. In addition, to adapt to volatile demand fluctuations especially in consumer markets and to create a stable supply system, we will strive to unitarily manage our entire supply chain. We will also create business processes and systems that enable high-speed, high-precision decision making and execution.

Harmony among People, Organization, and Society

By solving this issue, we want to realize the statement, “Murata is a company trusted by society, and is able to improve its systems and organization according to the growth of each employee and the growth of its businesses to adapt to ever-changing business opportunities.” Murata has been committed to addressing social issues through contributing to the advancement of society by creating innovative products and solutions. However, we have viewed this fiscal year as a time to review Murata’s relationship with social issues and how we can make a difference. Accordingly, based on the below “Basic Policies on Identifying Materiality Issues,” we have identified key “materiality issues” for Murata and our stakeholders. Regarding these materiality issues, we will identify clear targets and accelerate initiatives to address these social issues in harmony with our business activities. Murata also considers corporate governance to be one of the top priorities of management and we will continue to strive to establish and operate an optimal management system for the sustainable development of our company.

Basic Policies on Identifying Materiality Issues

In our work on social issues thus far, Murata has adopted an approach of “taking the initiative for the better environment and society” defined by our identity “Innovator in Electronics”. This identity shall be shared and valued by all employees of the Murata Group around the world. We will continue to value this ideal. Murata’s basic policy is to contribute to resolving social issues through its business activities.

Murata’s Materiality Issues

We have defined the areas that we will focus on as materiality issues. In addition, we have identified key issues by classifying them into two categories; resolving social issues through business activities (opportunities), and confronting social issues related to business processes (risks). We will continue to increase our corporate value by contributing to the resolution of social issues through innovations created by Murata’s technologies, as well as by constantly monitoring and improving the societal impact of our business activities.



(1) Consolidated Balance Sheets (Assets)

At March 31, 2020 and 2019

	Millions of Yen			
	2019		2020	
		%		%
Assets	2,048,893	100.0	2,250,230	100.0
Current assets	933,941	45.6	1,027,227	45.7
Cash	181,956		239,656	
Short-term investments	69,781		106,950	
Marketable securities	27,364		29,554	
Trade notes receivable	4,053		100	
Trade accounts receivable	271,566		281,958	
Allowance for doubtful notes and accounts	(1,510)		(1,026)	
Inventories	349,315		334,408	
Prepaid expenses and other	31,416		35,627	
Property, plant and equipment	856,453	41.8	1,002,210	44.5
Land	68,133		72,707	
Buildings	536,781		633,041	
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,250,288		1,310,534	
Construction in progress	109,057		133,148	
Accumulated depreciation	(1,107,806)		(1,182,318)	
Operating lease right-of-use assets	-		35,098	
Investments and other assets	258,499	12.6	220,793	9.8
Investments	66,697		49,059	
Intangible assets	47,526		38,576	
Goodwill	78,389		73,032	
Deferred income taxes	42,065		42,220	
Other	23,822		17,906	
Total assets	2,048,893	100.0	2,250,230	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2020 and 2019

	Millions of Yen			
	2019		2020	
		%		%
Liabilities	444,353	21.7	555,423	24.7
Current liabilities	259,771	12.7	284,300	12.6
Short-term borrowings	23,007		51,000	
Trade accounts payable	75,491		79,330	
Accrued payroll and bonuses	43,485		45,374	
Income taxes payable	38,315		28,294	
Accrued expenses and other	79,473		73,611	
Current operating lease liabilities	-		6,691	
Long-term liabilities	184,582	9.0	271,123	12.1
Bonds	99,813		149,764	
Long-term debt	594		207	
Termination and retirement benefits	75,789		84,602	
Deferred income taxes	6,673		5,644	
Noncurrent operating lease liabilities	-		28,408	
Other	1,713		2,498	
Equity	1,604,540	78.3	1,694,807	75.3
Murata Corporation's shareholders' equity	1,603,976	78.3	1,694,104	75.3
Common stock	69,444		69,444	
Capital surplus	120,702		120,775	
Retained earnings	1,493,697		1,616,783	
Accumulated other comprehensive income (loss):	(26,273)		(59,335)	
Unrealized gains (losses) on securities	46		(61)	
Pension liability adjustments	(21,574)		(25,999)	
Foreign currency translation adjustments	(4,745)		(33,275)	
Treasury stock, at cost	(53,594)		(53,563)	
Noncontrolling interests	564	0.0	703	0.0
Total liabilities and equity	2,048,893	100.0	2,250,230	100.0

(2) Consolidated Statements of Income

For the years ended March 31, 2020 and 2019

	Millions of Yen			
	2019		2020	
		%		%
Net sales	1,575,026	100.0	1,534,045	100.0
Cost of sales	974,808	61.9	952,583	62.1
Selling, general and administrative	231,822	14.7	229,587	15.0
Research and development	101,589	6.5	102,486	6.7
Impairment losses on goodwill	-	-	3,934	0.2
Other operating income	-	-	7,792	0.5
Operating income	266,807	16.9	253,247	16.5
Interest and dividend income	3,519	0.2	4,017	0.3
Interest expense	(422)	(0.0)	(512)	(0.1)
Foreign currency exchange gain (loss)	(2,401)	(0.1)	(3,614)	(0.2)
Other - net	(187)	(0.0)	894	0.1
Income before income taxes	267,316	17.0	254,032	16.6
Income taxes	60,357	3.9	71,050	4.7
<Current income tax>	< 65,036 >		< 69,127 >	
<Deferred income tax>	<(4,679)>		< 1,923 >	
Net income	206,959	13.1	182,982	11.9
Less: Net income (loss) attributable to noncontrolling interests	29	0.0	(30)	(0.0)
Net income attributable to Murata Corporation	206,930	13.1	183,012	11.9

(3) Consolidated Statements of Comprehensive Income

For the years ended March 31, 2020 and 2019

	Millions of Yen	
	2019	2020
Net income	206,959	182,982
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	320	(107)
Pension liability adjustments	(4,579)	(4,425)
Foreign currency translation adjustments	1,874	(28,588)
Other comprehensive income (loss)	(2,385)	(33,120)
Comprehensive income	204,574	149,862
Less: Comprehensive income (loss) attributable to noncontrolling interests	15	(88)
Comprehensive income attributable to Murata Corporation	204,559	149,950

(4) Consolidated Statements of Shareholders' Equity

	Number of common shares issued	Millions of Yen							
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Controlling interests	Noncontrolling interests	Total equity
		Balance at March 31, 2018	675,814,281	69,444	120,596	1,336,208	(16,052)	(53,596)	1,456,600
Cumulative effects of accounting standard update-adoption of ASU No. 2016-01				7,850	(7,850)		-		-
Purchases of treasury stock at cost						(33)	(33)		(33)
Disposal of treasury stock			3			1	4		4
Net income				206,930			206,930	29	206,959
Cash dividends				(57,579)			(57,579)	(6)	(57,585)
Other comprehensive income (loss), net of tax					(2,371)		(2,371)	(14)	(2,385)
Restricted stock compensation			103			34	137		137
Equity transaction with noncontrolling interests and other				288			288	(61)	227
Balance at March 31, 2019	675,814,281	69,444	120,702	1,493,697	(26,273)	(53,594)	1,603,976	564	1,604,540
Purchases of treasury stock at cost						(12)	(12)		(12)
Disposal of treasury stock			1			0	1		1
Net income				183,012			183,012	(30)	182,982
Cash dividends				(59,926)			(59,926)	(9)	(59,935)
Other comprehensive income (loss), net of tax					(33,062)		(33,062)	(58)	(33,120)
Restricted stock compensation			92			43	135		135
Equity transaction with noncontrolling interests and other			(20)				(20)	236	216
Balance at March 31, 2020	675,814,281	69,444	120,775	1,616,783	(59,335)	(53,563)	1,694,104	703	1,694,807

* The Company executed a three-for-one common stock split, effective April 1, 2019. Number of common shares outstanding was calculated as if the relevant stock split had been executed at the beginning of the previous consolidated fiscal year ended March 31, 2018.

(5) Consolidated Statements of Cash Flows

Years ended March 31, 2020 and 2019

	Millions of Yen			
	2019		2020	
Operating activities:				
Net income		206,959		182,982
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	124,419		140,267	
Losses on sales and disposals of property, plant and equipment	3,284		2,477	
Impairment losses on long-lived assets	25,511		23,756	
Impairment losses on goodwill	-		3,934	
Provision for termination and retirement benefits, less payments	(504)		2,719	
Deferred income taxes	(4,679)		1,923	
Changes in assets and liabilities:				
(Increase) decrease in trade notes and accounts receivable	(16,852)		(14,481)	
(Increase) decrease in inventories	(59,250)		8,680	
(Increase) decrease in prepaid expenses and other	10,120		(4,185)	
Increase (decrease) in trade notes and accounts payable	(24,140)		4,492	
Increase (decrease) in accrued payroll and bonuses	5,474		2,209	
Increase (decrease) in income taxes payable	13,521		(9,631)	
Increase (decrease) in accrued expenses and other	(4,108)		(690)	
Other-net	87	72,883	5,882	167,352
Net cash provided by operating activities		279,842		350,334
Investing activities:				
Capital expenditures		(291,581)		(285,935)
Payment for purchases of marketable securities, investments and other		(25,792)		(27,018)
Maturities and sales of marketable securities, investments and other		28,853		30,666
(Increase) decrease in long-term deposits and loans		(1,169)		5,913
(Increase) decrease in short-term investments		(16,417)		(10,781)
Acquisition of businesses, net of cash acquired		(563)		(479)
Other-net		2,928		3,203
Net cash used in investing activities		(303,741)		(284,431)
Financing activities:				
Net increase (decrease) in short-term borrowings		9,507		27,993
Proceeds from long-term debt		42		98
Repayment of long-term debt		(259)		(211)
Proceeds from issuance of bonds		99,813		49,889
Dividends paid		(57,579)		(59,926)
Other-net		22		(193)
Net cash provided by financing activities		51,546		17,650
Effect of exchange rate changes on cash and cash equivalents		2,248		962
Net increase (decrease) in cash and cash equivalents		29,895		84,515
Cash and cash equivalents at beginning of year		187,910		217,805
Cash and cash equivalents at end of year		217,805		302,320
Additional cash and cash equivalents information:				
Cash		181,956		239,656
Short-term investments		69,781		106,950
Short-term investments with the original maturities over 3 months		(33,932)		(44,286)
Cash and cash equivalents at end of year		217,805		302,320

(6) Assumptions for Going Concern

None

(7) Changes in accounting policy

Leases

In February 2016, Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-02, "Leases". The ASU requires a lessee to recognize most leases in the consolidated balance sheets. However, guidance over expense recognition in the consolidated statements of income under this ASU is similar to the previous guidance.

The Companies adopted the ASU from the fiscal year beginning April 1, 2019. The Companies applied the package of practical expedients which allows a lessee not to reassess whether any existing contracts at or expired contracts prior to the adoption date are or contain leases, lease classification and whether initial direct costs qualify for capitalization, in addition to short-term lease exception. The Companies also adopted a transition method in which no restatement of comparative periods and no reassessment of land easements not previously accounted for as a lease that exist at or expired prior to the adoption date are required. The right-of-use assets recognized at April 1, 2019 were 34,944 million yen, almost the same as the lease obligations, and are included in noncurrent assets and liabilities in the consolidated balance sheet. The adoption of this guidance did not have a material impact on their consolidated statements of income and cash flows.

(8) 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.

		Millions of Yen			
		2019		2020	
Components	Sales to:		%		%
	Unaffiliated customers	1,105,010		1,051,721	
	Intersegment	34,993		46,599	
	Total revenue	1,140,003	100.0	1,098,320	100.0
	Segment income	312,141	27.4	249,651	22.7
Modules	Sales to:		%		%
	Unaffiliated customers	466,699		478,619	
	Intersegment	11		11	
	Total revenue	466,710	100.0	478,630	100.0
	Segment income (loss)	14,471	3.1	49,431	10.3
Others	Sales to:		%		%
	Unaffiliated customers	3,317		3,705	
	Intersegment	99,082		55,529	
	Total revenue	102,399	100.0	59,234	100.0
	Segment income	10,596	10.3	5,717	9.7
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(134,086)		(102,139)	
	Total revenue	(134,086)	-	(102,139)	-
	Corporate expenses	(70,401)	-	(51,552)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	1,575,026		1,534,045	
	Intersegment	-		-	
	Total revenue	1,575,026	100.0	1,534,045	100.0
	Operating income	266,807	16.9	253,247	16.5

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

(3) Others: Machinery manufacturing, welfare services, and sales of software

2. Intersegment transactions are based on market prices.

3. Segment income (loss) for each operating segment represents net sales less related costs.

Corporate expenses represent expenses of headquarters functions and fundamental research.

(9) Amounts per Share

The Company introduced a restricted compensation plan (hereinafter, the "Plan") for the Company's Directors (except directors serving as Audit and Supervisory Committee members and Outside Directors) and executive officers. Among the new shares issued under the Plan, those transfer restrictions which have not been cancelled are distinguished as participating securities from common shares.

A holder of participating securities has the same rights as a holder of common shares to net income attributable to Murata Corporation.

A reconciliation of the basic earnings per share computation was as follows:

Diluted earnings attributable to Murata Corporation per share are not stated since there were no potential dilutive securities.

		Year ended March 31, 2019	Year ended March 31, 2020
Net income attributable to Murata Corporation	Millions of yen	206,930	183,012
Net income available to participating securities	Millions of yen	4	4
Net income available to common shareholders	Millions of yen	206,926	183,008
Weighted-average number of common shares outstanding	Number of shares	639,767,918	639,792,288
Weighted-average number of participating securities	Number of shares	12,708	15,221
Weighted-average number of common shares	Number of shares	639,755,210	639,777,067
Basic earnings attributable to Murata Corporation per share	Yen	323.45	286.05

Shareholders' equity per share for the years ended March 31, 2020 and 2019 was 2,647.88 yen and 2,507.11 yen, respectively.

* The Company executed a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to Murata Corporation per share were calculated as if the relevant stock split were executed at the beginning of the previous consolidated fiscal year ended March 31, 2019.

(10) Subsequent Events

None

(11) Other

Flash Report (Year ended March 31, 2020)

Selected Financial Data - Consolidated basis

Years ended March 31, 2020 and 2019/at March 31, 2020 and 2019

		Consolidated Basis		
		2019	2020	Growth ratio
Net sales	Millions of yen	1,575,026	1,534,045	(2.6)
	< % > *2	< 16.9 >	< 16.5 >	
Operating income	Millions of yen	266,807	253,247	(5.1)
	< % > *2	< 17.0 >	< 16.6 >	
Income before income taxes	Millions of yen	267,316	254,032	(5.0)
	< % > *2	< 13.1 >	< 11.9 >	
Net income attributable to Murata Corporation	Millions of yen	206,930	183,012	(11.6)
Total assets	Millions of yen	2,048,893	2,250,230	9.8
Shareholders' equity	Millions of yen	1,603,976	1,694,104	5.6
Shareholders' equity ratio	%	78.3	75.3	-
Basic earnings attributable to Murata Corporation per share	*5 Yen	323.45	286.05	(11.6)
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Return on equity (ROE)	%	13.5	11.1	-
Shareholders' equity per share	*5 Yen	2,507.11	2,647.88	-
Return on invested capital (ROIC) (pre-tax basis)	*6 %	18.9	16.1	-
Capital expenditures	*5 Millions of yen	291,581	281,599	(3.4)
	< % > *2	< 7.9 >	< 9.1 >	
Depreciation and amortization	Millions of yen	124,419	140,267	12.7
	< % > *2	< 6.5 >	< 6.7 >	
Research and development expenses	Millions of yen	101,589	102,486	0.9
	*4	< 47,173 >	< 42,851 >	
Number of employees		77,571	74,109	(4.5)
Average exchange rates				
Yen/US dollar	Yen	110.91	108.75	-
Yen/Euro	Yen	128.40	120.83	-

*1 The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP).

*2 Ratio to net sales

*3 Diluted earnings attributable to Murata Corporation per share are not stated since there were no potential dilutive securities.

*4 Figures in parentheses indicate the number of employees in foreign countries.

*5 The Company executed a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to Murata Corporation per share and shareholders' equity per share were calculated as if the relevant stock split had been implemented at the beginning of the consolidated fiscal year ended March 31, 2019.

*6 ROIC (pre-tax basis) = Pre-tax operating income / Invested capital (=Net fixed assets [book value] + inventories + accounts receivable-trade - accounts payable-trade)

Projected Financial Data - Consolidated basis

		Six months ending September 30, 2020 and six months ended September 30, 2019			Year ending March 31, 2021 and year ended March 31, 2020		
		2019 (Actual)	2020 (Projection)	Growth ratio	2019 (Actual)	2020 (Projection)	Growth ratio
Net sales	Millions of yen	760,938	681,000	(10.5) %	1,534,045	1,430,000	(6.8) %
Operating income	<%>*1 Millions of yen	< 16.0 > 121,393	< 14.2 > 97,000	(20.1)	< 16.5 > 253,247	< 14.7 > 210,000	(17.1)
Income before income taxes	<%>*1 Millions of yen	< 16.4 > 124,819	< 14.4 > 98,000	(21.5)	< 16.6 > 254,032	< 14.8 > 212,000	(16.5)
Net income attributable to Murata Corporation	<%>*1 Millions of yen	< 11.9 > 90,729	< 10.2 > 69,300	(23.6)	< 11.9 > 183,012	< 10.5 > 150,000	(18.0)
Basic earnings attributable to Murata Corporation per share	Yen	141.81	108.32	(23.6)	286.05	234.45	(18.0)
Capital expenditures	Millions of yen	114,872	113,600	(1.1)	281,599	200,000	(29.0)
Depreciation and amortization	<%>*1 Millions of yen	< 9.0 > 68,250	< 11.5 > 78,000	14.3	< 9.1 > 140,267	< 11.0 > 158,000	12.6
Research and development expenses	<%>*1 Millions of yen	< 6.8 > 51,385	< 8.1 > 55,000	7.0	< 6.7 > 102,486	< 7.7 > 110,000	7.3

*1 Ratio to net sales

*2 The projections above are based on the assumed average exchange rates of 107 yen per US dollar and 117 yen per Euro for the year ending March 31, 2021.

*3 The projections above 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".

*4 The Company executed a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to Murata Corporation per share and shareholders' equity per share were calculated as if the relevant stock split had been implemented at the beginning of the consolidated fiscal year ended March 31, 2019.

Orders, Backlogs and Sales

The classification of products was changed from the first quarter beginning April 1, 2019. "Communication Modules" and "Power supplies and Other modules" were reclassified into "Modules". The figures for the previous period have been reclassified for comparison.

(1) Orders and Backlogs by Product

<Orders>

	Millions of Yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Change	
		%*1		%*1		%
Capacitors	550,421	35.5	538,529	35.7	(11,892)	(2.2)
Piezoelectric Components	135,578	8.8	132,220	8.8	(3,358)	(2.5)
Other Components	389,925	25.2	362,600	24.1	(27,325)	(7.0)
Components Total	1,075,924	69.5	1,033,349	68.6	(42,575)	(4.0)
Modules	472,569	30.5	473,700	31.4	1,131	0.2
Total	1,548,493	100.0	1,507,049	100.0	(41,444)	(2.7)

*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, 2019		At March 31, 2020		Change	
		%*1		%*1		%
Capacitors	130,272	49.4	109,363	45.5	(20,909)	(16.1)
Piezoelectric Components	17,558	6.7	20,524	8.6	2,966	16.9
Other Components	61,379	23.3	60,950	25.4	(429)	(0.7)
Components Total	209,209	79.4	190,837	79.5	(18,372)	(8.8)
Modules	54,238	20.6	49,319	20.5	(4,919)	(9.1)
Total	263,447	100.0	240,156	100.0	(23,291)	(8.8)

*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

	Millions of Yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Change	
		%*1		%*1		%
Capacitors	574,230	36.5	559,438	36.6	(14,792)	(2.6)
Piezoelectric Components	138,586	8.8	129,254	8.4	(9,332)	(6.7)
Other Components	392,194	25.0	363,029	23.7	(29,165)	(7.4)
Components Total	1,105,010	70.3	1,051,721	68.7	(53,289)	(4.8)
Modules	466,699	29.7	478,619	31.3	11,920	2.6
Net sales	1,571,709	100.0	1,530,340	100.0	(41,369)	(2.6)

*1 Component ratio

*2 Exclusive of consumption taxes

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

	Millions of Yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Change	
		%*1		%*1		%
AV	69,505	4.4	61,046	4.0	(8,459)	(12.2)
Communications	760,691	48.4	792,165	51.8	31,474	4.1
Computers and Peripherals	249,178	15.8	230,469	15.0	(18,709)	(7.5)
Automotive Electronics	257,147	16.4	263,533	17.2	6,386	2.5
Home and Others	235,188	15.0	183,127	12.0	(52,061)	(22.1)
Net sales	1,571,709	100.0	1,530,340	100.0	(41,369)	(2.6)

*1 Component ratio

*2 Exclusive of consumption taxes

3. Sales by Area

	Millions of Yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Change	
		%*1		%*1		%
The Americas	235,916	15.0	189,609	12.4	(46,307)	(19.6)
Europe	139,839	8.9	132,037	8.6	(7,802)	(5.6)
Greater China	794,282	50.5	810,085	52.9	15,803	2.0
Asia and Others	259,304	16.5	258,068	16.9	(1,236)	(0.5)
Overseas total	1,429,341	90.9	1,389,799	90.8	(39,542)	(2.8)
Japan	142,368	9.1	140,541	9.2	(1,827)	(1.3)
Net sales	1,571,709	100.0	1,530,340	100.0	(41,369)	(2.6)

*1 Component ratio

*2 Exclusive of consumption taxes

Quarterly Consolidated Performance

(1) Consolidated Financial Results

	Millions of yen							
	Three months ended		Three months ended		Three months ended		Three months ended	
	June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
		% *1		% *1		% *1		% *1
Net sales	345,508	100.0	442,886	100.0	427,614	100.0	359,018	100.0
Operating income	48,151	13.9	91,288	20.6	85,628	20.0	41,740	11.6
Income before income taxes	49,944	14.5	92,827	21.0	79,691	18.6	44,854	12.5
Net income attributable to Murata Corporation	38,984	11.3	69,319	15.7	60,108	14.1	38,519	10.7

	Millions of yen							
	Three months ended		Three months ended		Three months ended		Three months ended	
	June 30, 2019		September 30, 2019		December 31, 2019		March 31, 2020	
		% *1		% *1		% *1		% *1
Net sales	357,556	100.0	403,382	100.0	410,222	100.0	362,885	100.0
Operating income	62,550	17.5	58,843	14.6	79,503	19.4	52,351	14.4
Income before income taxes	63,241	17.7	61,578	15.3	77,953	19.0	51,260	14.1
Net income attributable to Murata Corporation	46,825	13.1	43,904	10.9	56,050	13.7	36,233	10.0

*1 Ratio to net sales

(2) Sales by Product Category

	Millions of yen							
	Three months ended		Three months ended		Three months ended		Three months ended	
	June 30, 2018		September 30, 2018		December 31, 2018		March 31, 2019	
		% *1		% *1		% *1		% *1
Capacitors	126,507	36.7	147,163	33.3	158,300	37.1	142,260	39.7
Piezoelectric Components	38,066	11.0	38,486	8.7	32,054	7.5	29,980	8.4
Other Components	93,774	27.2	108,277	24.5	99,228	23.3	90,915	25.4
Components Total	258,347	74.9	293,926	66.5	289,582	67.9	263,155	73.5
Modules	86,463	25.1	148,178	33.5	137,061	32.1	94,997	26.5
Net sales	344,810	100.0	442,104	100.0	426,643	100.0	358,152	100.0

	Millions of yen							
	Three months ended		Three months ended		Three months ended		Three months ended	
	June 30, 2019		September 30, 2019		December 31, 2019		March 31, 2020	
		% *1		% *1		% *1		% *1
Capacitors	137,734	38.6	137,769	34.2	145,738	35.6	138,197	38.2
Piezoelectric Components	31,426	8.8	31,870	7.9	33,616	8.2	32,342	8.9
Other Components	92,352	25.9	98,635	24.5	92,814	22.7	79,228	21.9
Components Total	261,512	73.3	268,274	66.6	272,168	66.5	249,767	69.0
Modules	95,225	26.7	134,273	33.4	136,991	33.5	112,130	31.0
Net sales	356,737	100.0	402,547	100.0	409,159	100.0	361,897	100.0

*1 Component ratio

*2 Exclusive of consumption taxes

*3 "Communication Modules" and "Power supplies and Other modules" were reclassified into "Modules" from the first quarter beginning April 1, 2019. The figures for the previous period have been reclassified for comparison.