

Long-term vision (Vision 2025) and Mid-term Business Plan (Mid-term Direction 2021)

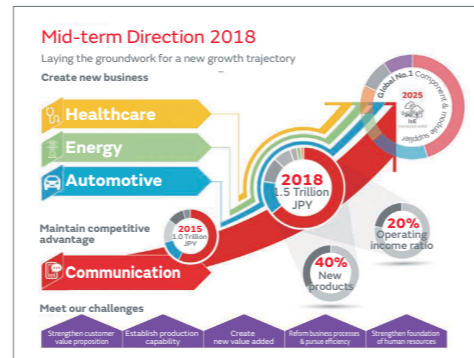
Murata has prepared the “Mid-term Direction” that includes actions to be taken over a three-year period for achieving the long-term vision and sustainable growth. In our previous integrated report, we briefly mentioned our mid-term plan for fiscals 2019 to 2021. Here, we will look back on the previous mid-term (Mid-term Direction 2018) and introduce details on the current mid-term (Mid-term Direction 2021).

Review of Mid-term Direction 2018

In Mid-term Direction 2018 (fiscals 2016 to 2018), we worked to solidify our foundations in the three promising markets of automotive, medical/healthcare, and energy while maintaining a competitive advantage in the communications market, one of our foundations, in order to “set out on a new growth trajectory” beyond the growth in reliance on the high-end smartphone market. We were able to grow our efforts in the automotive market to the extent that it became a foundational business along with communications.

We will position medical/healthcare and energy markets as challenges to take on from a long-term perspective in the next three years, and make continual efforts to this end.

	FY2016	FY2017	FY2018
Net sales	1,135.5 billion yen	1,371.8 billion yen	1,575.0 billion yen
Ratio of operating income to net sales	17.7%	11.8%	16.9%
Ratio of new product sales to net sales	36%	38%	37%



Long-term vision (Vision 2025)

Theme | Murata focuses on strengthening “Business & Management Foundation” in order to seize expanding business opportunities and realize Healthy & Sustainable Growth.

Where Murata wants to be in 2025

■ Innovation driven by CS/ES

ALL Murata employees collaborate with one another, innovate, and create new value.

■ Global No.1 Component & Module Supplier

Murata aims to become the first-choice supplier in the target segments of each business while expanding the nature of value provision from parts to solutions.

■ Foundational markets, Challenging markets, Next New markets

Acquire and enhance core competencies, and achieve the following:

- ① Automotive as a foundational market following Communication market, as a pillar of profit.
- ② Continue to challenge in Energy and Medical/Healthcare markets.
- ③ Explore promising NEXT NEW markets.

Mid-term Direction 2021 (fiscals 2019 to 2021)

In the communications and automotive markets, a large wave of environmental change, which could be considered a paradigm shift, is just around the corner.

In order to attract business opportunities from these markets and achieve sustainable growth, it is necessary to strengthen the foundations of the organization and work structures in accordance with the expanded size of the company.

In the expanding markets, we will aim for healthy growth so that we can provide Murata’s value that satisfies customers and allow each and every employee feel rewarded as they continue to grow.

Numerical target of Mid-term Direction 2021

Mar. 2019	Ratio of operating income to net sales	16.9%
	ROIC (pre-tax basis)	18.9%
	Net sales	1.5 trillion yen
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Mar. 2022	Ratio of operating income to net sales	Min. 17%
	ROIC (pre-tax basis)	Min. 20%
	Net sales	2 trillion yen

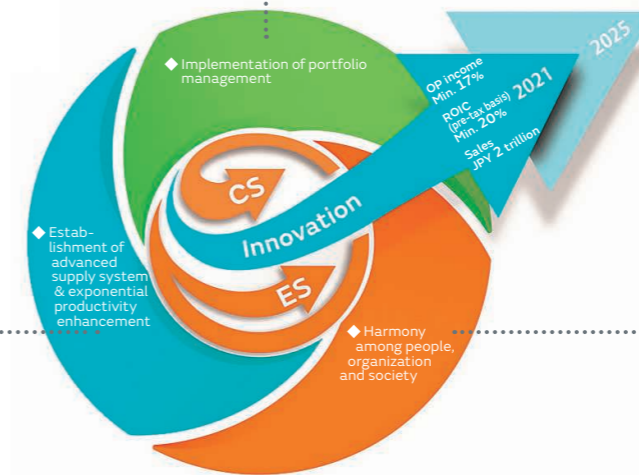
3 corporate-wide issues and mid-term basic policies for seizing expanding business opportunities and realizing Healthy & Sustainable Growth

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.