

Consolidated Financial Flash Report (December 31, 2018)

Date: January 31, 2019

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

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated financial results for the nine months ended December 31, 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	%
Nine months ended December 31, 2018	1,216,008	17.7	225,067	54.6	222,462	46.0	168,411	39.8
Nine months ended December 31, 2017	1,033,145	19.3	145,606	(11.5)	152,376	(6.3)	120,493	(5.1)

Comprehensive income attributable to Murata Corporation: 167,788 million yen for the nine months ended December 31, 2018 and 144,802 million yen for the nine months ended December 31, 2017

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share
	Yen	Yen
Nine months ended December 31, 2018	789.72	-
Nine months ended December 31, 2017	565.93	-

* 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 December 31, 2018	2,047,233	1,567,175	76.6	7,348.77
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	-		
2019 (Projected)				140.00	280.00

*No change in the projected dividends during the three months ended December 31, 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

*No change in the projected financial results during the three months ended December 31, 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 nine months ended December 31, 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 a decrease in income before income taxes of 4,117 million yen for the nine months ended December 31, 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 492 million yen for the nine months ended December 31, 2018.

As a result of the adoption of this guidance, cost of sales of 621 million yen, selling, general and administrative of 379 million yen and research and development of 127 million yen have been reclassified into other-net for the nine months ended December 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 December 31, 2018 and at March 31, 2018

Number of treasury stock: 12,014,514 shares at December 31, 2018 and 12,020,374 shares at March 31, 2018

Average number of shares outstanding: 213,250,928 shares for the nine months ended December 31, 2018 and 212,907,975 shares for the nine months ended December 31, 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 December 31, 2018)

1. Business Results

In the global economic environment for the period under review, the economic situation in the U.S. showed steady momentum due to continued growth in employment and private income. Improved employment continued to enable the European economy to grow slowly. China's economy remained firm owing to strong exports. On the other hand, trade frictions between the U.S. and China that have worsened even further since early last autumn, as well as the political uncertainty in Europe has slowed down the world economy further, with China being most seriously affected.

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. Despite slower growth in phone unit sales, further functional sophistication generated strong demand for electronic components used in smartphones. In addition, there was growth in demand, mainly for component products used for various applications. For example, the increasing functional sophistication of 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 17.7% year-on-year to 1,216,008 million yen in the period under review. The negative exchange effect (0.56-yen appreciation of the yen from the nine months ended December 31, 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 225,067 million yen, up 54.6%, income before income taxes was 222,462 million yen, up 46.0%, and net income was 168,411 million yen, up 39.8% from the nine months ended December 31, 2017. Negative factors such as production-related costs increased to meet vigorous demand were more than canceled by a production increase as well as the effects of cost reduction efforts, lower depreciation and amortization, and continued launches of new products.

	Millions of yen					
	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Change	
		%*		%*		%
Net sales	1,033,145	100.0	1,216,008	100.0	182,863	17.7
Operating income	145,606	14.1	225,067	18.5	79,461	54.6
Income before income taxes	152,376	14.7	222,462	18.3	70,086	46.0
Net income attributable to Murata Corporation	120,493	11.7	168,411	13.9	47,918	39.8
Average exchange rate (Yen/U.S. dollar)	111.71	—	111.15	—	(0.56)	—
Average exchange rate (Yen/EURO)	128.53	—	129.49	—	0.96	—

*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					
	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Change	
		%*		%*		%
Capacitors	335,931	32.6	431,970	35.6	96,039	28.6
Piezoelectric Components	117,380	11.4	108,606	8.9	(8,774)	(7.5)
Other Components	233,151	22.6	301,279	24.8	68,128	29.2
Components Total	686,462	66.6	841,855	69.4	155,393	22.6
Communication Modules	307,221	29.8	339,193	28.0	31,972	10.4
Power Supplies and Other Modules	37,144	3.6	32,509	2.7	(4,635)	(12.5)
Modules Total	344,365	33.4	371,702	30.6	27,337	7.9
Net sales	1,030,827	100.0	1,213,557	100.0	182,730	17.7

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review increased by 22.6% year-on-year to 841,855 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 car electronics were successful due to progress in vehicle electrification. Smartphone components benefitted from sales recovery from the downturn caused by production quantity adjustment in Greater China. In addition, there was strong demand for products used in computers and related equipment.

As a result, overall net sales increased by 28.6% year-on-year to 431,970 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 suffered reduced sales due to the sales downturn and continued price reductions in high-end products for smartphones.

As a result, overall net sales decreased by 7.5% year-on-year to 108,606 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 RF 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 29.2% year-on-year to 301,279 million yen.

<Modules>

Sales of Modules for the period under review increased by 7.9% year-on-year to 371,702 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 10.4% year-on-year to 339,193 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 12.5% year-on-year to 32,509 million yen.

2. Financial Position

Total assets at December 31, 2018 increased by 250,220 million yen from the end of the previous fiscal year to 2,047,233 million yen. The ratio of shareholders' equity to total assets decreased by 4.5 percentage points from the end of the previous fiscal year to 76.6% at December 31, 2018.

Compared with the nine months ended December 31, 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 173,073 million yen. Negative factors — a 60,920 million yen increase in trade notes and accounts receivable and 50,480 million yen growth in inventories — were more than offset by a net income of 168,426 million yen, depreciation and amortization of 89,675 million yen, and a 12,821 million yen increase in income

taxes payable.

Net cash provided by operating activities increased by 44,156 million yen from the nine months ended December 31, 2017.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 219,429 million yen. While cash inflows included maturities and sales of marketable securities of 18,647 million, there were cash outflows due to 229,172 million yen in capital expenditures and 9,201 million yen in payment for purchases of marketable securities, investments and other.

Net cash used in investing activities decreased by 87,088 million yen from the nine months ended December 31, 2017.

<Net Cash Used in Financing Activities>

For the period under review, net cash used in financing activities was a negative 72,022 million yen, primarily due to 57,579 million in dividend payments and a 129,675 million yen increase in short-term borrowings.

Net cash used in financing activities increased by 89,590 million yen from the nine months ended December 31, 2017.

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

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

[Cautionary Statement on Forward-looking Statements]

This report contains forward-looking statements concerning the Companies' projections, plans, policies, strategies, schedules, and decisions. These forward-looking statements are not historical facts; rather, they represent the assumptions of the Companies based on information currently available and certain assumptions we deem as reasonable. Actual results may differ materially from expectations owing to various risks and uncertainties. Readers are therefore requested not to rely on these forward-looking statements as the sole basis for evaluating the Companies. The Companies have no obligation to revise any of the forward-looking statements as a result of new information, future events or otherwise.

Risks and uncertainties that may affect actual results include, but are not limited to, the following: (1) economic conditions of the Companies' business environment, and trends, supply-demand balance, and price fluctuations in the markets for electronic devices and components; (2) price fluctuations and insufficient supply of raw materials; (3) exchange rate fluctuations; (4) the Companies' ability to provide a stable supply of new products that are compatible with the rapid technical innovation of the electronic components market and to continue to design and develop products and services that satisfy customers; (5) changes in the market value of the Companies' financial assets; (6) drastic legal, political, and social changes in the Companies' business environment; and (7) other uncertainties and contingencies.

(1) Consolidated Balance Sheets (Assets)

At March 31, 2018 and December 31, 2018

	Millions of Yen			
	At March 31, 2018		At December 31, 2018	
Assets	1,797,013	% 100.0	2,047,233	% 100.0
Current assets	810,260	45.1	947,593	46.3
Cash	168,902		165,496	
Short-term investments	30,747		68,633	
Marketable securities	20,790		18,798	
Trade notes receivable	2,895		5,001	
Trade accounts receivable	256,140		313,778	
Allowance for doubtful notes and accounts	(1,159)		(1,475)	
Inventories	290,257		339,348	
Prepaid expenses and other	41,688		38,014	
Property, plant and equipment	705,229	39.2	838,968	41.0
Land	64,772		68,041	
Buildings	467,427		521,713	
Machinery and equipment	1,104,592		1,221,147	
Construction in progress	97,090		104,920	
Accumulated depreciation	(1,028,652)		(1,076,853)	
Investments and other assets	281,524	15.7	260,672	12.7
Investments	87,288		68,359	
Intangible assets	54,347		50,215	
Goodwill	76,914		78,572	
Deferred income taxes	36,346		39,641	
Other	26,629		23,885	
Total assets	1,797,013	100.0	2,047,233	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2018 and December 31, 2018

	Millions of Yen			
	At March 31, 2018		At December 31, 2018	
Liabilities	339,797	18.9	479,520	23.4
Current liabilities	261,812	14.6	401,597	19.6
Short-term borrowings	13,500		143,175	
Trade accounts payable	94,074		90,879	
Accrued payroll and bonuses	38,041		31,336	
Income taxes payable	24,968		37,641	
Accrued expenses and other	91,229		98,566	
Long-term liabilities	77,985	4.3	77,923	3.8
Long-term debt	742		676	
Termination and retirement benefits	67,843		68,096	
Deferred income taxes	7,675		7,537	
Other	1,725		1,614	
Equity	1,457,216	81.1	1,567,713	76.6
Murata Corporation's Shareholders' equity	1,456,600	81.1	1,567,175	76.6
Common stock	69,444		69,444	
Capital surplus	120,596		120,666	
Retained earnings	1,336,208		1,455,178	
Accumulated other comprehensive loss:	(16,052)		(24,525)	
Unrealized gains (losses) on securities	7,576		(29)	
Pension liability adjustments	(16,995)		(15,888)	
Foreign currency translation adjustments	(6,633)		(8,608)	
Treasury stock, at cost	(53,596)		(53,588)	
Noncontrolling interests	616	0.0	538	0.0
Total liabilities and equity	1,797,013	100.0	2,047,233	100.0

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

Consolidated Statements of Income

Nine months ended December 31, 2017 and 2018

	Millions of Yen			
	Nine months ended December 31, 2017		Nine months ended December 31, 2018	
		%		%
Net sales	1,033,145	100.0	1,216,008	100.0
Cost of sales	685,467	66.4	755,771	62.2
Selling, general and administrative	133,759	12.9	159,796	13.1
Research and development	68,313	6.6	75,374	6.2
Operating income	145,606	14.1	225,067	18.5
Interest and dividend income	2,229	0.2	2,511	0.2
Interest expense	(368)	(0.0)	(192)	(0.0)
Foreign currency exchange loss	(4,892)	(0.5)	(1,088)	(0.1)
Gain on bargain purchase	7,593	0.7	-	-
Other - net	2,208	0.2	(3,836)	(0.3)
Income before income taxes	152,376	14.7	222,462	18.3
Income taxes	31,901	3.0	54,036	4.4
<Current income tax>	<37,563>		<57,277>	
<Deferred income tax>	<(5,662)>		<(3,241)>	
Net income	120,475	11.7	168,426	13.9
Less: Net income (loss) attributable to noncontrolling interests	(18)	(0.0)	15	0.0
Net income attributable to Murata Corporation	120,493	11.7	168,411	13.9

Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2017 and 2018

	Millions of Yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net income	120,475	168,426
Other comprehensive income (loss), net of tax:		
Unrealized gains on securities	3,322	245
Pension liability adjustments	(1,277)	1,107
Foreign currency translation adjustments	22,287	(2,001)
Other comprehensive income (loss)	24,332	(649)
Comprehensive income	144,807	167,777
Less: Comprehensive income (loss) attributable to noncontrolling interests	5	(11)
Comprehensive income attributable to Murata Corporation	144,802	167,788

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Three months ended December 31, 2017 and 2018

	Millions of Yen			
	Three months ended December 31, 2017		Three months ended December 31, 2018	
		%		%
Net sales	413,523	100.0	427,614	100.0
Cost of sales	294,647	71.2	263,215	61.5
Selling, general and administrative	49,921	12.1	53,699	12.6
Research and development	23,846	5.8	25,072	5.9
Operating income	45,109	10.9	85,628	20.0
Interest and dividend income	684	0.2	843	0.2
Interest expense	(221)	(0.1)	(139)	(0.0)
Foreign currency exchange loss	(2,407)	(0.6)	(2,034)	(0.5)
Gain on bargain purchase	(1,448)	(0.4)	-	-
Other - net	855	0.3	(4,607)	(1.1)
Income before income taxes	42,572	10.3	79,691	18.6
Income taxes	13,171	3.2	19,591	4.5
<Current income tax>	<12,941>		<18,681>	
<Deferred income tax>	<230>		<910>	
Net income	29,401	7.1	60,100	14.1
Less: Net loss attributable to noncontrolling interests	(19)	(0.0)	(8)	(0.0)
Net income attributable to Murata Corporation	29,420	7.1	60,108	14.1

Consolidated Statements of Comprehensive Income

Three months ended December 31, 2017 and 2018

	Millions of Yen	
	Three months ended December 31, 2017	Three months ended December 31, 2018
Net income	29,401	60,100
Other comprehensive income (loss), net of tax:		
Unrealized gains on securities	1,666	2
Pension liability adjustments	1,354	252
Foreign currency translation adjustments	8,262	(16,956)
Other comprehensive income (loss)	11,282	(16,702)
Comprehensive income	40,683	43,398
Less: Comprehensive loss attributable to noncontrolling interests	(11)	(22)
Comprehensive income attributable to Murata Corporation	40,694	43,420

(3) Consolidated Statements of Cash Flows

Nine months ended December 31, 2017 and 2018

	Millions of Yen			
	Nine months ended December 31, 2017		Nine months ended December 31, 2018	
Operating activities:				
Net income		120,475		168,426
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	100,287		89,675	
Losses on sales and disposals of property, plant and equipment	922		1,890	
Provision for termination and retirement benefits, less payments	(1,200)		(768)	
Deferred income taxes	(5,662)		(3,241)	
Gain on bargain purchase	(7,593)		-	
Changes in assets and liabilities:				
Increase in trade notes and accounts receivable	(94,889)		(60,920)	
Increase in inventories	(29,511)		(50,480)	
(Increase) decrease in prepaid expenses and other	(5,116)		3,490	
Increase (decrease) in trade notes and accounts payable	35,952		(7,546)	
Decrease in accrued payroll and bonuses	(9,438)		(6,626)	
Increase in income taxes payable	10,789		12,821	
Increase in accrued expenses and other	14,473		14,684	
Other-net	(572)	8,442	11,668	4,647
Net cash provided by operating activities		128,917		173,073
Investing activities:				
Capital expenditures		(222,753)		(229,172)
Payment for purchases of marketable securities, investments and other		(10,466)		(9,201)
Maturities and sales of marketable securities, investments and other		33,623		18,647
(Increase) decrease in long-term deposits and loans		1,081		(1,115)
(Increase) decrease in short-term investments		98,212		(315)
Acquisitions of businesses, net of cash acquired		(33,648)		(563)
Other-net		1,610		2,290
Net cash used in investing activities		(132,341)		(219,429)
Financing activities:				
Net increase in short-term borrowings		33,462		129,675
Proceeds from long-term debt		350		37
Repayment of long-term debt		(224)		(144)
Dividends paid		(51,058)		(57,579)
Other-net		(98)		33
Net cash provided by (used in) financing activities		(17,568)		72,022
Effect of exchange rate changes on cash and cash equivalents		(1,079)		2,745
Net increase (decrease) in cash and cash equivalents		(22,071)		28,411
Cash and cash equivalents at beginning of period		239,184		187,910
Cash and cash equivalents at end of period		217,113		216,321
Additional cash and cash equivalents information:				
Cash		184,666		165,496
Short-term investments		46,271		68,633
Short-term investments with original maturities over 3 months		(13,824)		(17,808)
Cash and cash equivalents at end of period		217,113		216,321

(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.

Nine months ended December 31, 2017 and 2018

		Millions of Yen			
		Nine months ended December 31, 2017		Nine months ended December 31, 2018	
Components	Sales to:		%		%
	Unaffiliated customers	686,462		841,855	
	Intersegment	29,485		30,511	
	Total revenue	715,947	100.0	872,366	100.0
	Segment income	173,033	24.2	234,918	26.9
Modules	Sales to:		%		%
	Unaffiliated customers	344,365		371,702	
	Intersegment	10		9	
	Total revenue	344,375	100.0	371,711	100.0
	Segment income	5,337	1.5	30,415	8.2
Others	Sales to:		%		%
	Unaffiliated customers	2,318		2,451	
	Intersegment	59,519		76,356	
	Total revenue	61,837	100.0	78,807	100.0
	Segment income	6,687	10.8	8,537	10.8
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(89,014)		(106,876)	
	Total revenue	(89,014)	-	(106,876)	-
	Corporate expenses	(39,451)	-	(48,803)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	1,033,145		1,216,008	
	Intersegment	-		-	
	Total revenue	1,033,145	100.0	1,216,008	100.0
	Operating income	145,606	14.1	225,067	18.5

Three months ended December 31, 2017 and 2018

		Millions of Yen			
		Three months ended December 31, 2017		Three months ended December 31, 2018	
Components	Sales to:		%		%
	Unaffiliated customers	271,238		289,582	
	Intersegment	11,157		8,621	
	Total revenue	282,395	100.0	298,203	100.0
	Segment income	72,118	25.5	84,902	28.5
Modules	Sales to:		%		%
	Unaffiliated customers	141,406		137,061	
	Intersegment	3		4	
	Total revenue	141,409	100.0	137,065	100.0
	Segment income (loss)	(15,675)	(11.1)	13,960	10.2
Others	Sales to:		%		%
	Unaffiliated customers	879		971	
	Intersegment	19,216		19,831	
	Total revenue	20,095	100.0	20,802	100.0
	Segment income	2,181	10.9	2,227	10.7
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(30,376)		(28,456)	
	Total revenue	(30,376)	-	(28,456)	-
	Corporate expenses	(13,515)	-	(15,461)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	413,523		427,614	
	Intersegment	-		-	
	Total revenue	413,523	100.0	427,614	100.0
	Operating income	45,109	10.9	85,628	20.0

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

Corporate expenses represent expenses of headquarters functions and fundamental research.

(6) Significant changes in shareholders' equity

None

(7) Other

January 31, 2019
Murata Manufacturing Co., Ltd.
Listing Code: 6981
(URL <http://www.murata.com/>)

Flash Report (Nine months ended December 31, 2018)

Selected Financial Data - Consolidated basis

Nine months ended December 31, 2017 and 2018 / at December 31, 2017 and 2018

		Consolidated Basis		
		2017	2018	Growth ratio
Net sales	Millions of yen	1,033,145	1,216,008	17.7%
Operating income	<*> Millions of yen	<14.1> 145,606	<18.5> 225,067	54.6
Income before income taxes	<*> Millions of yen	<14.7> 152,376	<18.3> 222,462	46.0
Net income attributable to Murata Corporation	<*> Millions of yen	<11.7> 120,493	<13.9> 168,411	39.8
Total assets	Millions of yen	1,866,012	2,047,233	9.7
Shareholders' equity	Millions of yen	1,457,124	1,567,175	7.6
Shareholders' equity ratio	%	78.1	76.6	-
Basic earnings attributable to Murata Corporation per share	Yen	565.93	789.72	39.5
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Shareholders' equity per share	Yen	6,832.88	7,348.77	-
Capital expenditures	Millions of yen	222,753	229,172	2.9
Depreciation and amortization	<*> Millions of yen	<9.7> 100,287	<7.4> 89,675	(10.6)
R & D expenses	<*> Millions of yen	<6.6> 68,313	<6.2> 75,374	10.3
Number of employees	*4	<47,622> 75,562	<49,827> 80,194	6.1
Average exchange rates				
Yen/US dollar	Yen	111.71	111.15	-
Yen/EURO	Yen	128.53	129.49	-

Three months ended December 31, 2017 and 2018

		Consolidated Basis		
		2017	2018	Growth ratio
Net sales	Millions of yen	413,523	427,614	3.4%
Operating income	<*> Millions of yen	<10.9> 45,109	<20.0> 85,628	89.8
Income before income taxes	<*> Millions of yen	<10.3> 42,572	<18.6> 79,691	87.2
Net income attributable to Murata Corporation	<*> Millions of yen	<7.1> 29,420	<14.1> 60,108	104.3
Basic earnings attributable to Murata Corporation per share	Yen	137.96	281.86	104.3
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Capital expenditures	Millions of yen	89,932	72,725	(19.1)
Depreciation and amortization	<*> Millions of yen	<9.6> 39,764	<7.6> 32,292	(18.8)
R & D expenses	<*> Millions of yen	<5.8> 23,846	<5.9> 25,072	5.1

*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>

Nine months ended December 31, 2017 and 2018

	Millions of Yen					
	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Change	
		%*1		%*1		%
Capacitors	400,655	35.9	446,004	36.0	45,349	11.3
Piezoelectric Components	115,710	10.4	104,349	8.4	(11,361)	(9.8)
Other Components	253,055	22.6	310,321	25.1	57,266	22.6
Components Total	769,420	68.9	860,674	69.5	91,254	11.9
Communication Modules	308,807	27.6	344,452	27.8	35,645	11.5
Power Supplies and Other Modules	39,004	3.5	33,590	2.7	(5,414)	(13.9)
Modules Total	347,811	31.1	378,042	30.5	30,231	8.7
Total	1,117,231	100.0	1,238,716	100.0	121,485	10.9

Three months ended December 31, 2017 and 2018

	Millions of Yen					
	Three months ended December 31, 2017		Three months ended December 31, 2018		Change	
		%*1		%*1		%
Capacitors	153,096	34.8	125,282	33.0	(27,814)	(18.2)
Piezoelectric Components	34,163	7.8	26,244	6.9	(7,919)	(23.2)
Other Components	116,958	26.6	89,220	23.5	(27,738)	(23.7)
Components Total	304,217	69.2	240,746	63.4	(63,471)	(20.9)
Communication Modules	121,495	27.6	128,831	33.9	7,336	6.0
Power Supplies and Other Modules	13,822	3.2	10,199	2.7	(3,623)	(26.2)
Modules Total	135,317	30.8	139,030	36.6	3,713	2.7
Total	439,534	100.0	379,776	100.0	(59,758)	(13.6)

*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 December 31, 2018		Change	
		%*1		%*1		%
Capacitors	148,542	53.3	162,576	53.6	14,034	9.4
Piezoelectric Components	19,791	7.1	15,534	5.1	(4,257)	(21.5)
Other Components	62,319	22.4	71,361	23.5	9,042	14.5
Components Total	230,652	82.8	249,471	82.2	18,819	8.2
Communication Modules	38,794	13.9	44,053	14.5	5,259	13.6
Power Supplies and Other Modules	9,064	3.3	10,145	3.3	1,081	11.9
Modules Total	47,858	17.2	54,198	17.8	6,340	13.2
Total	278,510	100.0	303,669	100.0	25,159	9.0

*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

Nine months ended December 31, 2017 and 2018

	Millions of Yen					
	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Change	
		%*1		%*1		%
Capacitors	335,931	32.6	431,970	35.6	96,039	28.6
Piezoelectric Components	117,380	11.4	108,606	9.0	(8,774)	(7.5)
Other Components	233,151	22.6	301,279	24.8	68,128	29.2
Components Total	686,462	66.6	841,855	69.4	155,393	22.6
Communication Modules	307,221	29.8	339,193	27.9	31,972	10.4
Power Supplies and Other Modules	37,144	3.6	32,509	2.7	(4,635)	(12.5)
Modules Total	344,365	33.4	371,702	30.6	27,337	7.9
Net sales	1,030,827	100.0	1,213,557	100.0	182,730	17.7

Three months ended December 31, 2017 and 2018

	Millions of Yen					
	Three months ended December 31, 2017		Three months ended December 31, 2018		Change	
		%*1		%*1		%
Capacitors	126,891	30.7	158,300	37.1	31,409	24.8
Piezoelectric Components	38,856	9.4	32,054	7.5	(6,802)	(17.5)
Other Components	105,491	25.6	99,228	23.3	(6,263)	(5.9)
Components Total	271,238	65.7	289,582	67.9	18,344	6.8
Communication Modules	128,881	31.2	126,895	29.7	(1,986)	(1.5)
Power Supplies and Other Modules	12,525	3.1	10,166	2.4	(2,359)	(18.8)
Modules Total	141,406	34.3	137,061	32.1	(4,345)	(3.1)
Net sales	412,644	100.0	426,643	100.0	13,999	3.4

*1 Component ratio

*2 Exclusive of consumption taxes

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

Nine months ended December 31, 2017 and 2018

	Millions of Yen					
	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Change	
		%*1		%*1		%
AV	50,419	4.9	54,456	4.5	4,037	8.0
Communications	557,732	54.1	606,136	49.9	48,404	8.7
Computers and Peripherals	151,060	14.7	189,705	15.6	38,645	25.6
Automotive Electronics	145,481	14.1	188,674	15.6	43,193	29.7
Home and Others	126,135	12.2	174,586	14.4	48,451	38.4
Net sales	1,030,827	100.0	1,213,557	100.0	182,730	17.7

Three months ended December 31, 2017 and 2018

	Millions of Yen					
	Three months ended December 31, 2017		Three months ended December 31, 2018		Change	
		%*1		%*1		%
AV	19,501	4.7	17,469	4.1	(2,032)	(10.4)
Communications	231,062	56.0	213,287	50.0	(17,775)	(7.7)
Computers and Peripherals	52,727	12.8	67,951	15.9	15,224	28.9
Automotive Electronics	53,348	12.9	66,034	15.5	12,686	23.8
Home and Others	56,006	13.6	61,902	14.5	5,896	10.5
Net sales	412,644	100.0	426,643	100.0	13,999	3.4

*1 Component ratio

*2 Exclusive of consumption taxes

3. Sales by Area

Nine months ended December 31, 2017 and 2018

	Millions of Yen					
	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Change	
		%*1		%*1		%
The Americas	114,881	11.1	190,281	15.7	75,400	65.6
Europe	75,367	7.3	98,315	8.1	22,948	30.4
Greater China	585,235	56.8	628,578	51.8	43,343	7.4
Asia and Others	174,671	17.0	190,929	15.7	16,258	9.3
Overseas total	950,154	92.2	1,108,103	91.3	157,949	16.6
Japan	80,673	7.8	105,454	8.7	24,781	30.7
Net sales	1,030,827	100.0	1,213,557	100.0	182,730	17.7

Three months ended December 31, 2017 and 2018

	Millions of Yen					
	Three months ended December 31, 2017		Three months ended December 31, 2018		Change	
		%*1		%*1		%
The Americas	56,321	13.6	75,110	17.6	18,789	33.4
Europe	29,178	7.1	33,212	7.8	4,034	13.8
Greater China	234,388	56.8	216,133	50.7	(18,255)	(7.8)
Asia and Others	59,025	14.3	64,162	15.0	5,137	8.7
Overseas total	378,912	91.8	388,617	91.1	9,705	2.6
Japan	33,732	8.2	38,026	8.9	4,294	12.7
Net sales	412,644	100.0	426,643	100.0	13,999	3.4

*1 Component ratio

*2 Exclusive of consumption taxes

Quarterly Consolidated Performance

(1) Consolidated Financial Results

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

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

*1 Ratio to net sales

(2) Sales by Product Category

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

	Millions of yen					
	Three months ended June 30, 2018		Three months ended September 30, 2018		Three months ended December 31, 2018	
		% *1		% *1		% *1
Capacitors	126,507	36.7	147,163	33.3	158,300	37.1
Piezoelectric Components	38,066	11.0	38,486	8.7	32,054	7.5
Other Components	93,774	27.2	108,277	24.5	99,228	23.3
Components Total	258,347	74.9	293,926	66.5	289,582	67.9
Communication Modules	75,212	21.8	137,086	31.0	126,895	29.7
Power Supplies and Other Modules	11,251	3.3	11,092	2.5	10,166	2.4
Modules Total	86,463	25.1	148,178	33.5	137,061	32.1
Net sales	344,810	100.0	442,104	100.0	426,643	100.0

*1 Component ratio

*2 Exclusive of consumption taxes