

# Earnings Release Conference FY2018 (April 2018 to March 2019)

April 26, 2019  
Murata Manufacturing Co., Ltd.

<http://www.murata.com/ir/library/index.html>



# Topics of Financial Results for FY2018

- Net sales for FY2018 increased 14.8% year-on-year due to growing demand for capacitors in a range of applications and the addition of the net sales for the lithium-ion secondary battery business whose acquisition process was completed on September 2017.
- Operating income posted a 63.4% year-on-year increase. Despite the impairment loss of 17.7 billion yen posted mainly for the old equipment that became superfluous with the progress in production streamlining in the module business, there were positive factors such as growth in capacity utilization, cost reduction efforts, and corrected capacitor prices.
- Net sales and net income again recorded all-time highs.

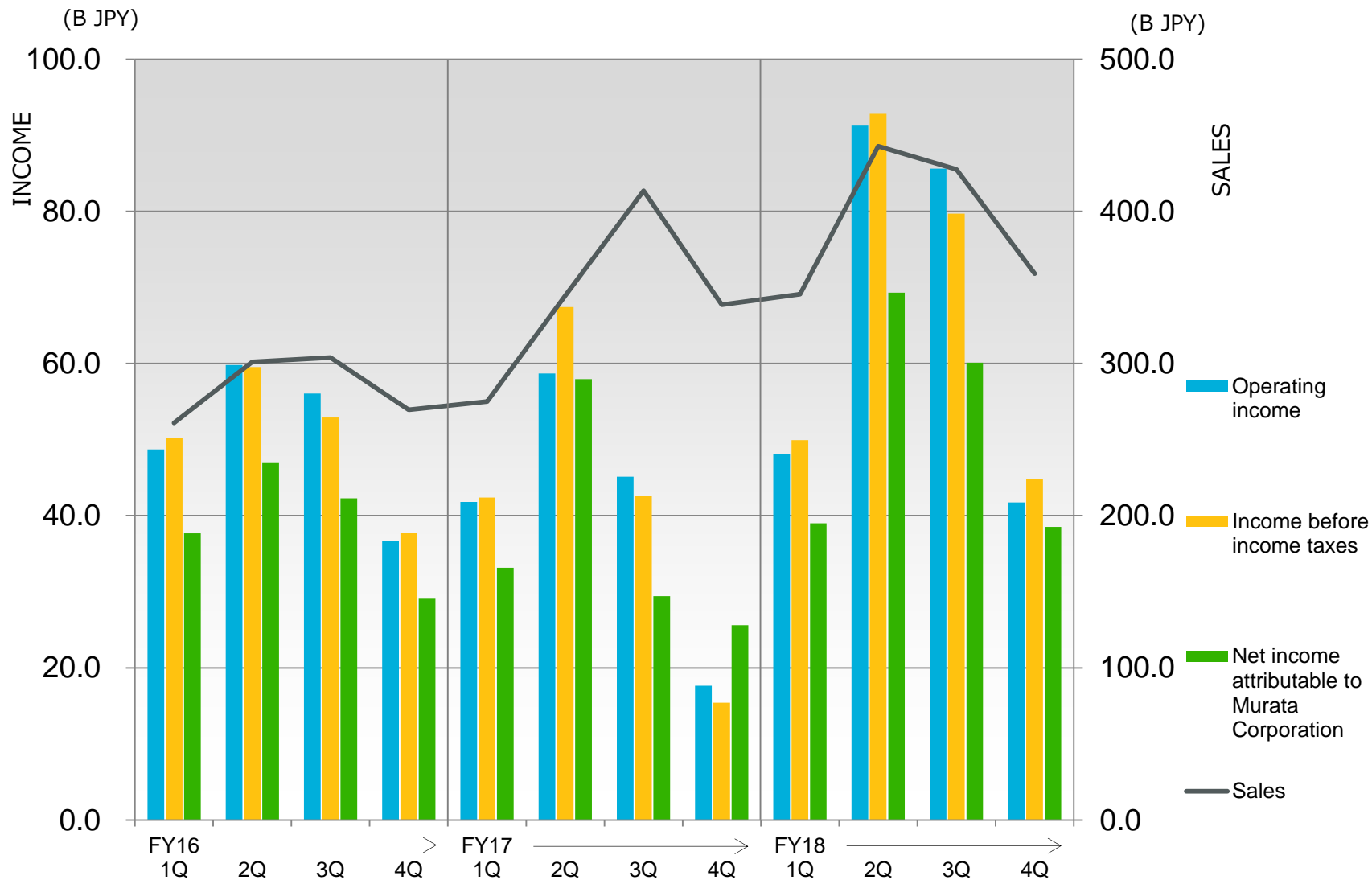
# Topics of Financial Results for FY2018

- For FY2019, net sales are expected to be much the same as for the previous year. In the first half of the year, demand will remain sluggish due to production adjustments for electronic equipment and inventory adjustments for electronic components that will occur in the market.
- Lower capacity utilization and increased depreciation and amortization will push operating income down by 17.5% to 220 billion yen.
- In FY2019, Murata is spending 300 billion yen in capital investments in streamlining for increased production and constructing plant buildings to secure production space in the medium term.
- Annual dividend for FY2019 is planned to be 94 yen per share (comprising interim and year-end dividends of 47 yen per share each), which is at practically the same level as for the previous year.

# 1. Financial Results of FY2018

From April 2018 to March 2019  
Consolidated Basis

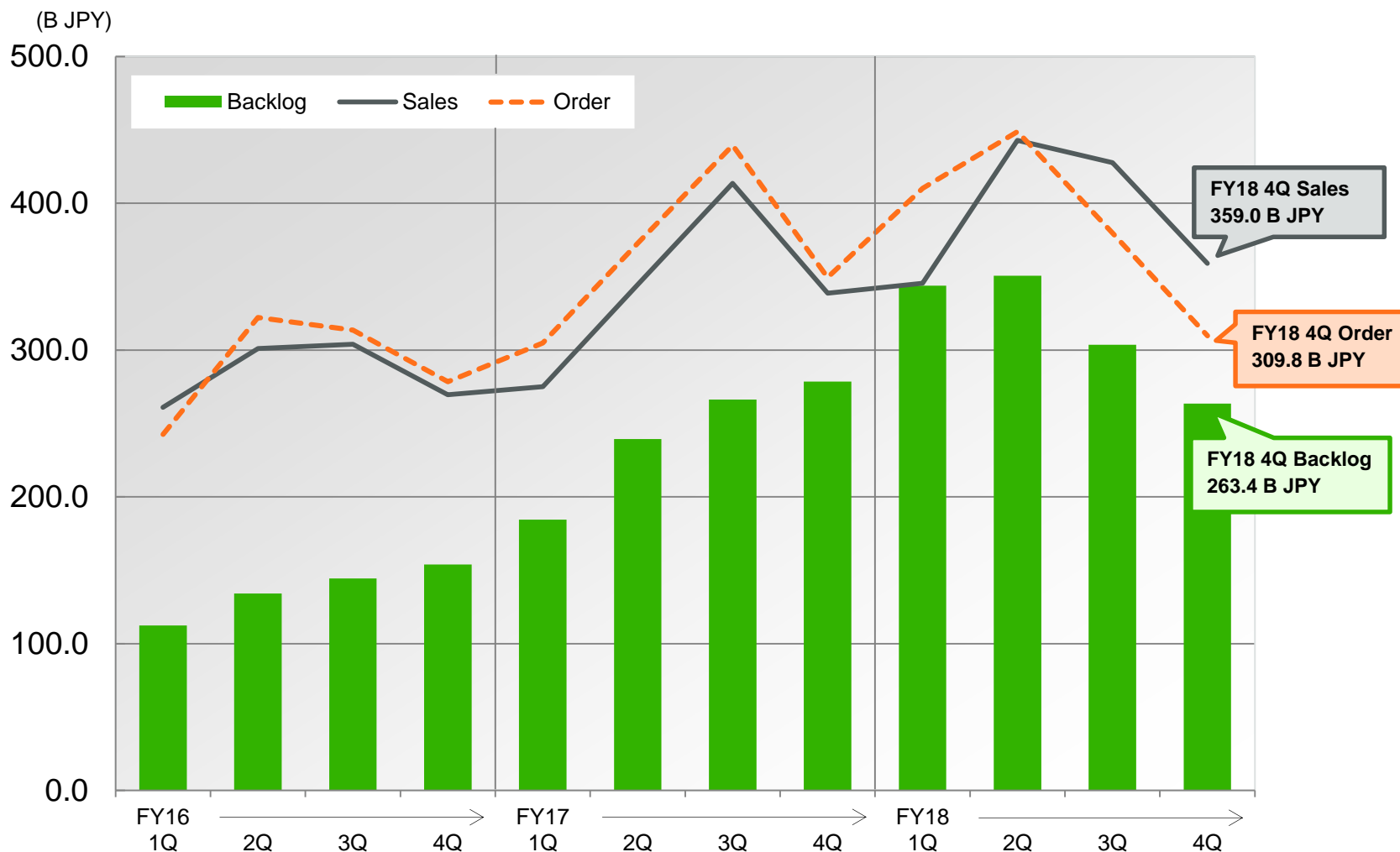
# Quarterly Financial Results



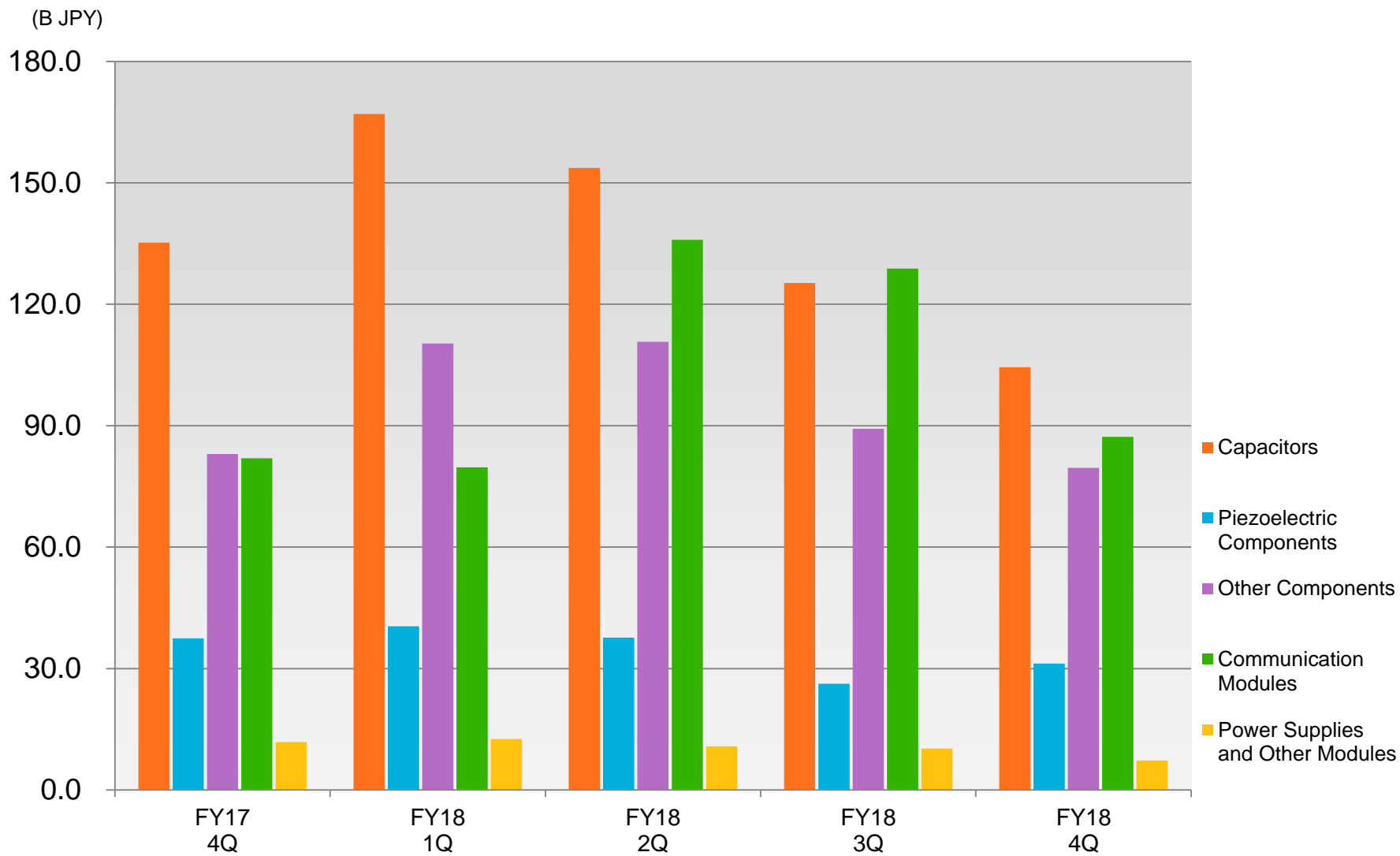
# Financial Results Overview

	FY2017		FY2018		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1371.8	100.0	1575.0	100.0	+203.2	+14.8
Operating income	163.3	11.8	266.8	16.9	+103.6	+63.4
Income before income taxes	167.8	12.2	267.3	17.0	+99.5	+59.3
Net income attributable to Murata Corporation	146.1	10.6	206.9	13.1	+60.8	+41.6

# Quarterly Sales, Order and Backlog



# Orders by Product





# Sales by Product



	FY2017		FY2018		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	449.8	32.9	574.2	36.5	+124.4	+27.7
Piezoelectric Components	152.0	11.1	138.6	8.8	(13.4)	(8.8)
Other Components	322.3	23.6	392.2	25.0	+69.9	+21.7
Communication Modules	395.0	28.9	425.5	27.1	+30.5	+7.7
Power Supplies and Other Modules	48.9	3.5	41.2	2.6	(7.6)	(15.6)
Net sales	1,368.0	100.0	1,571.7	100.0	+203.7	+14.9

# Sales by Product

<p>Capacitors +27.7%</p>	<p><b>Multilayer Ceramic Capacitors :</b> Sharp increase due to successful sales of products for a broad range of applications such as car electronics, smartphones, and PCs.</p>
<p>Piezoelectric Components (8.8%)</p>	<p><b>SAW Filters :</b> Sales fell due to the sales downturn and continued price reductions in high-end products for smartphones.</p>
<p>Other Components +21.7%</p>	<p><b>Lithium Ion Batteries :</b> Net sales first recognized following the completion of the acquisition process in September 2017.</p> <p><b>MEMS sensors :</b> Sales increased for Automotive.</p> <p><b>Inductors (coil) :</b> Sales fell due to lower demand for use in high-end smartphones.</p>
<p>Communication Modules +7.7%</p>	<p><b>Multilayer resin substrates / Wireless modules :</b> Sales increased for new high-end smartphone models.</p> <p><b>Wireless modules :</b> Sales fell due to lower demand for use in high-end smartphones.</p>
<p>Power Supplies and Other Modules (15.6%)</p>	<p><b>Power Supplies :</b> Sales for office-automation equipment decreased.</p>

# Sales by Application



	FY2017		FY2018		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
AV	66.6	4.9	69.5	4.4	+2.9	+4.3
Communication	719.6	52.6	760.7	48.4	+41.1	+5.7
Computers and Peripherals	202.4	14.8	249.2	15.8	+46.8	+23.1
Automotive Electronics	200.2	14.6	257.1	16.4	+57.0	+28.5
Home Electronics and Others	179.2	13.1	235.2	15.0	+56.0	+31.2
Net sales	1,368.0	100.0	1,571.7	100.0	+203.7	+14.9

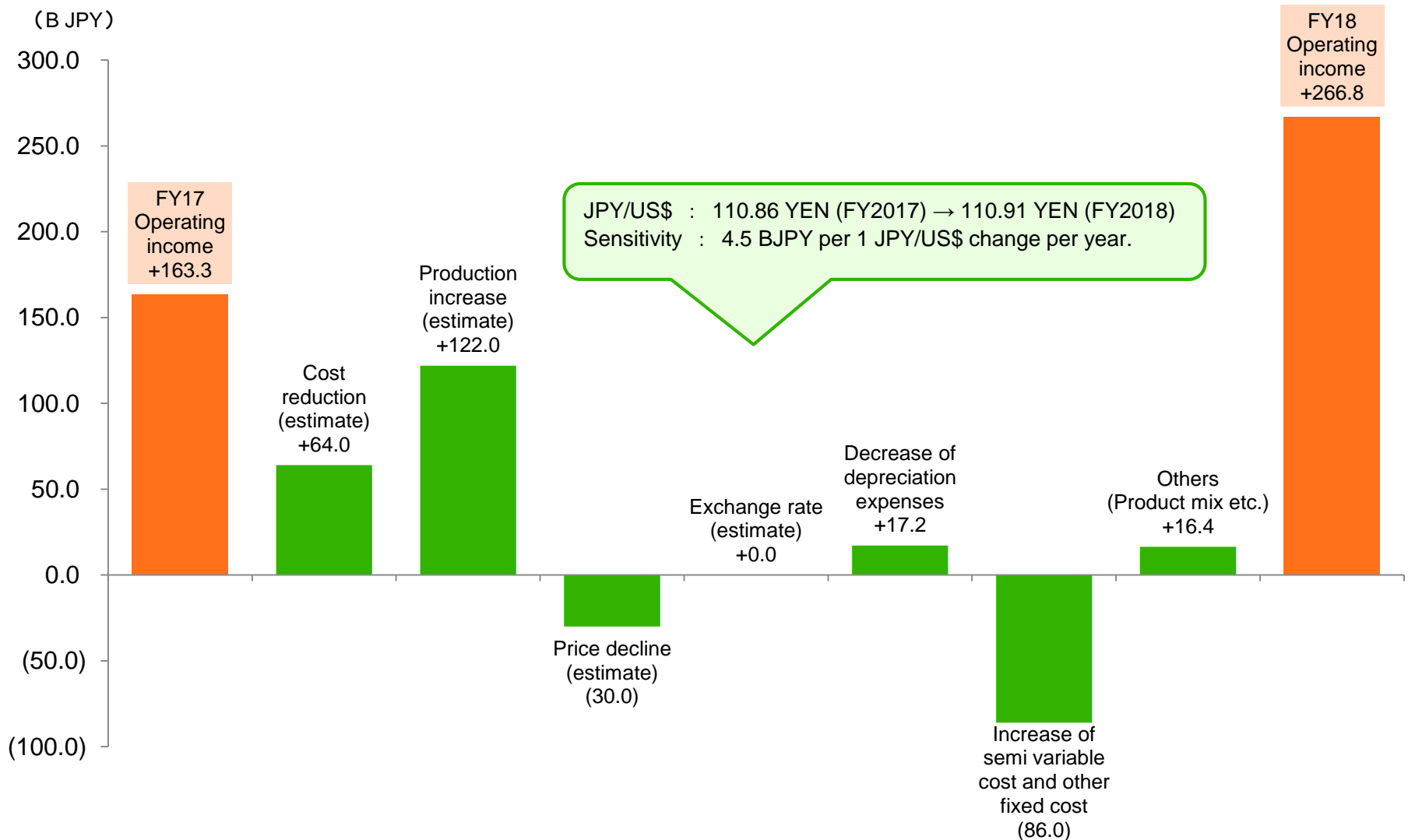
\*Based on our estimate

# Sales by Application

AV +4.3%	Sales of lithium-ion secondary batteries increased for digital cameras and video game consoles.
Communication +5.7%	Multilayer resin substrates, small-sized large capacity capacitors, RF sub modules, and lithium-ion secondary batteries for smartphones grew.  Growth for medium-voltage capacitors for base stations.  Sales of wireless modules and SAW filters for smartphones decreased.
Computers and Peripherals +23.1%	Sales of lithium-ion secondary batteries increased for Tablet PC.  Capacitor sales grew in a range of applications.
Automotive Electronics +28.5%	Progress in electrification resulted in higher sales of in-vehicle capacitors.  Increased sales of lithium-ion secondary batteries for electric bicycles.

\*Based on our estimate

# Breakdown of Operating Income Changes FY2017 to FY2018



## 2. Projected Financial Results for FY2019

(From April 2019 to March 2020)

# Projection of Demand

	FY2018	FY2019 Projection	
<b>Mobile Phones (units)</b>	<b>1,610 M</b>	<b>1,610 M</b>	<b>Flat</b> →
2G/3G	400 M	260 M	<b>(37%)</b> ↘
LTE	1,240 M	1,350 M	<b>+8%</b> ↗
Smartphones	1,360 M	1,340 M	<b>(2%)</b> ↘
<b>PCs (units)</b>	<b>410 M</b>	<b>410 M</b>	<b>(1%)</b> ↘
Desktop	100 M	100 M	<b>(3%)</b> ↘
Notebook	160 M	160 M	<b>Flat</b> →
Tablet	150 M	150 M	<b>(2%)</b> ↘
<b>Vehicles (units)</b>	<b>94.7 M</b>	<b>95.0 M</b>	<b>Flat</b> →

# Projected Sales by Product

	FY2018 Actual (YoY growth ratio)	FY2019 Projections (YoY growth ratio)
Capacitors	+28%	+8%
Piezoelectric Components	(9%)	(10%)
Other Components	+22%	+6%
Communication Modules	+8%	(11%)
Power Supplies and Other Modules	(16%)	(14%)
Total	+15%	Flat

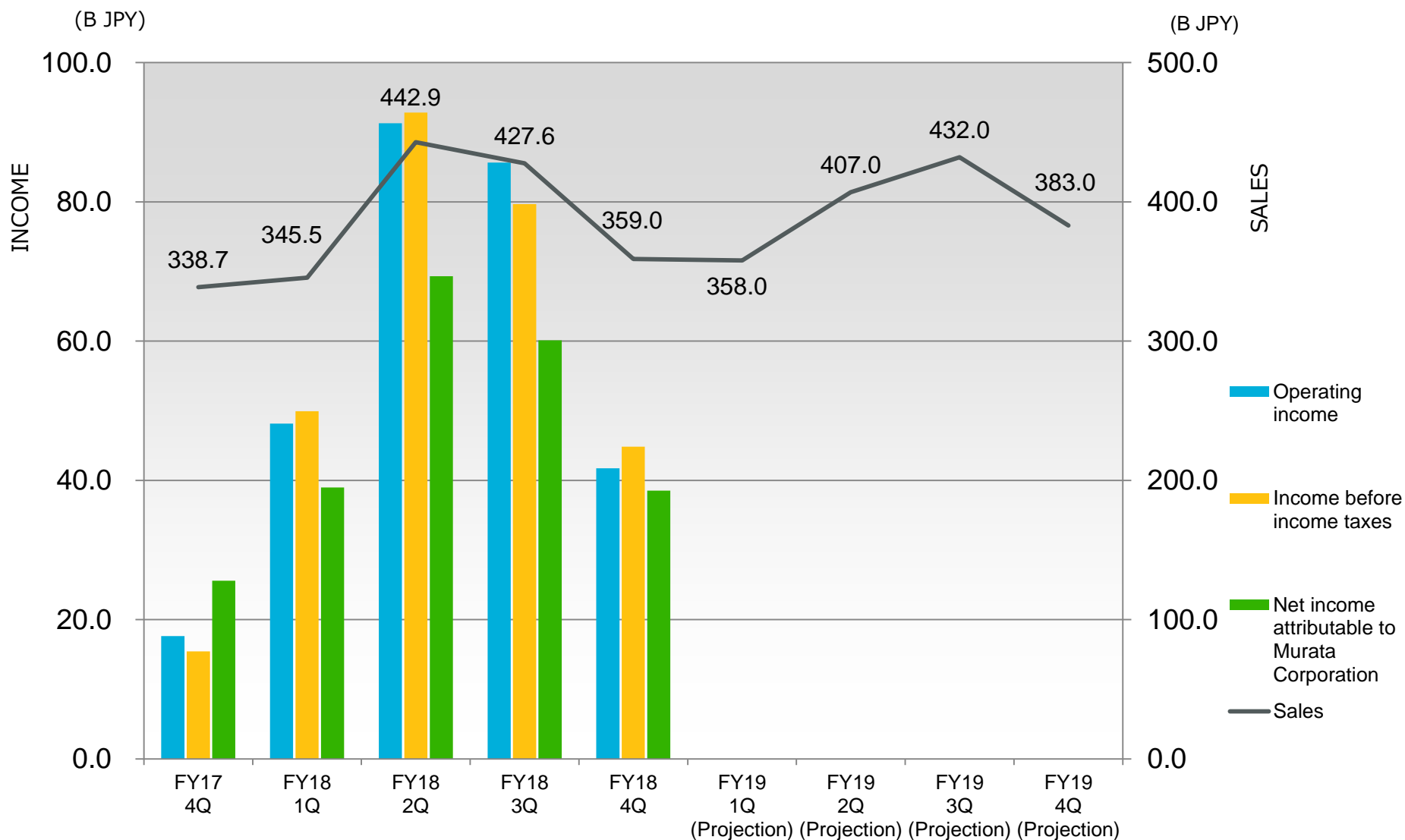


# Projected Sales by Application

	FY2018 Actual (YoY growth ratio)	FY2019 Projections (YoY growth ratio)
AV	+4%	Flat
Communication	+6%	(7%)
Computers and Peripherals	+23%	(1%)
Automotive Electronics	+29%	+19%
Home Electronics and Others	+31%	+3%
Total	+15%	Flat

\* Based on our estimate

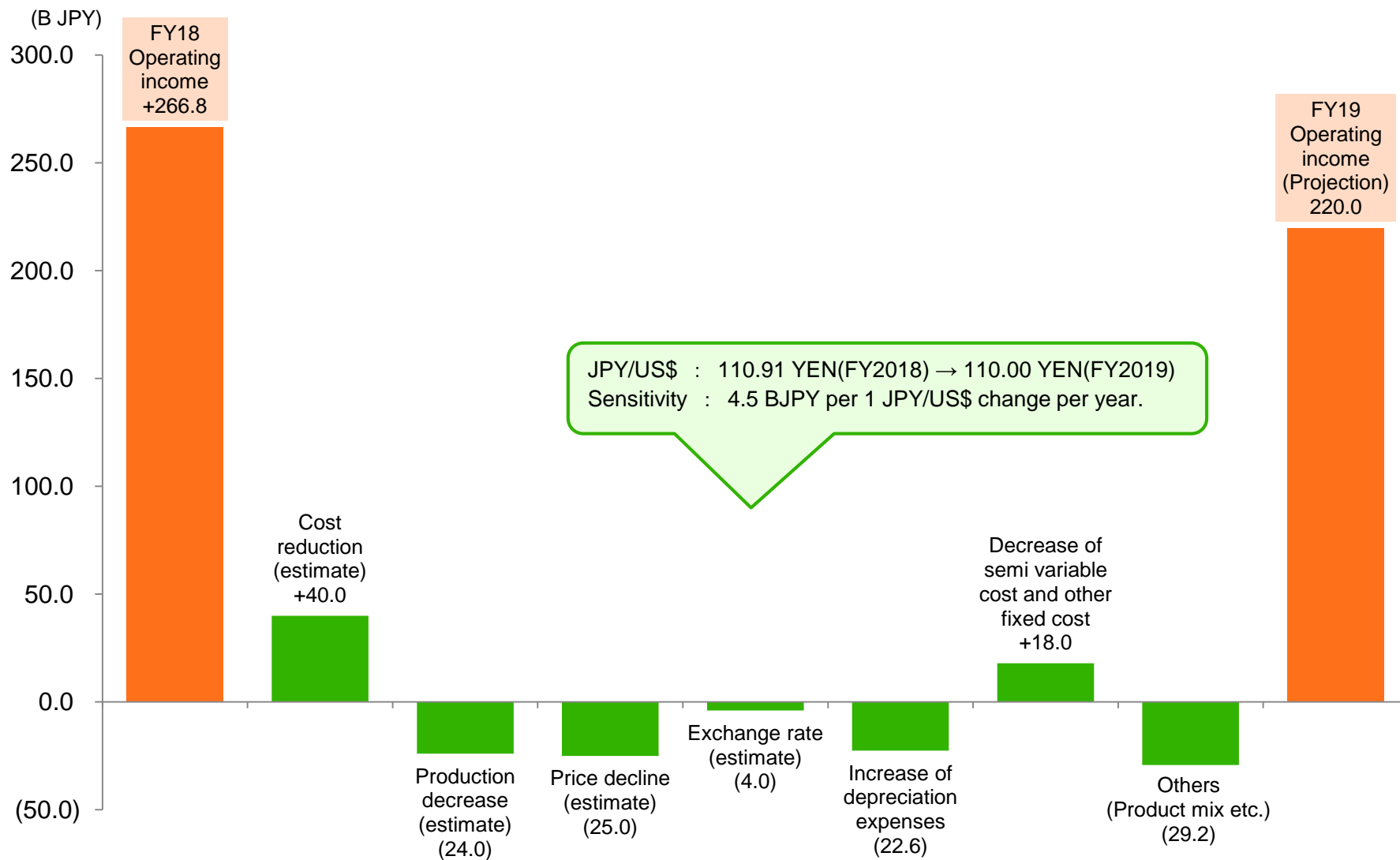
# Quarterly Financial Results



# Projected Financial Results for FY2019

	FY2018 Actual		FY2019 Projections				Change	
			1st Half	2nd Half				
	(B JPY)	(%)	(B JPY)	(B JPY)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1575.0	100.0	765.0	815.0	1580.0	100.0	+5.0	+0.3
Operating income	266.8	16.9	115.5	104.5	220.0	13.9	(46.8 )	(17.5 )
Income before income taxes	267.3	17.0	116.5	105.5	222.0	14.1	(45.3 )	(17.0 )
Net income attributable to Murata Corporation	206.9	13.1	89.0	81.0	170.0	10.8	(36.9 )	(17.8 )
Average exchange rates yen/US dollar	110.91				110.00			

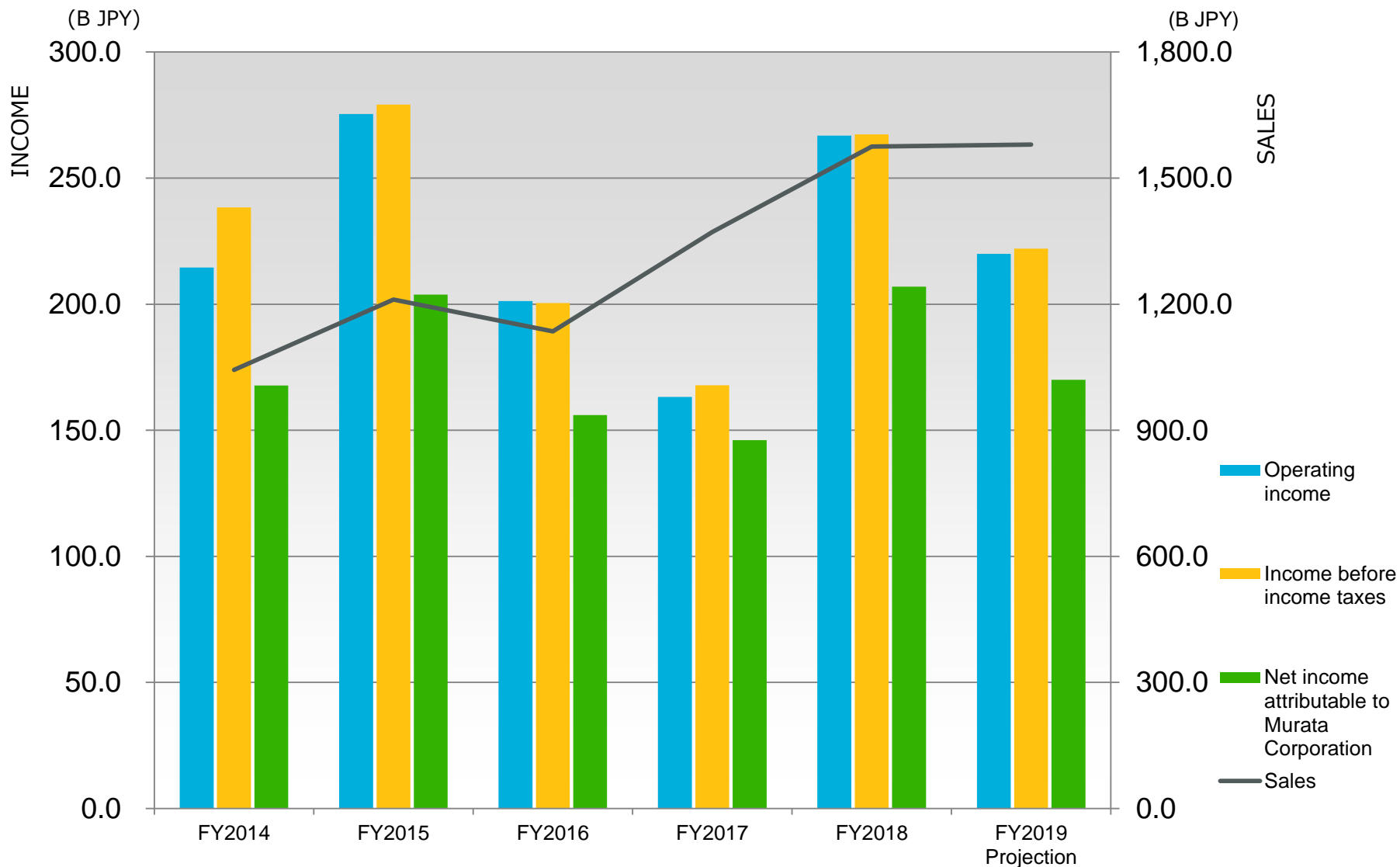
# Breakdown of Operating Income Changes FY2018 to FY2019



# Projected Financial Results for FY2019

	FY2018 Actual	FY2019 Projections
Depreciation and amortization	124.4 B JPY	147.0 B JPY
R & D expenses	101.6 B JPY	110.0 B JPY
Capital expenditures	291.6 B JPY	300.0 B JPY
Average exchange rate (JPY/USD)	110.91	110.00
Average exchange rate (JPY/EUR)	128.40	125.00

# Projected Financial Results for FY2019



# Dividends per Share

FY2019 projected annual dividends per share

94 JPY per share

(Interim: 47 JPY per share, Year-end: 47 JPY per share)

\*The dividend per share reflects the stock split. Calculated using the previous shares, the annual dividend would be 282 yen.

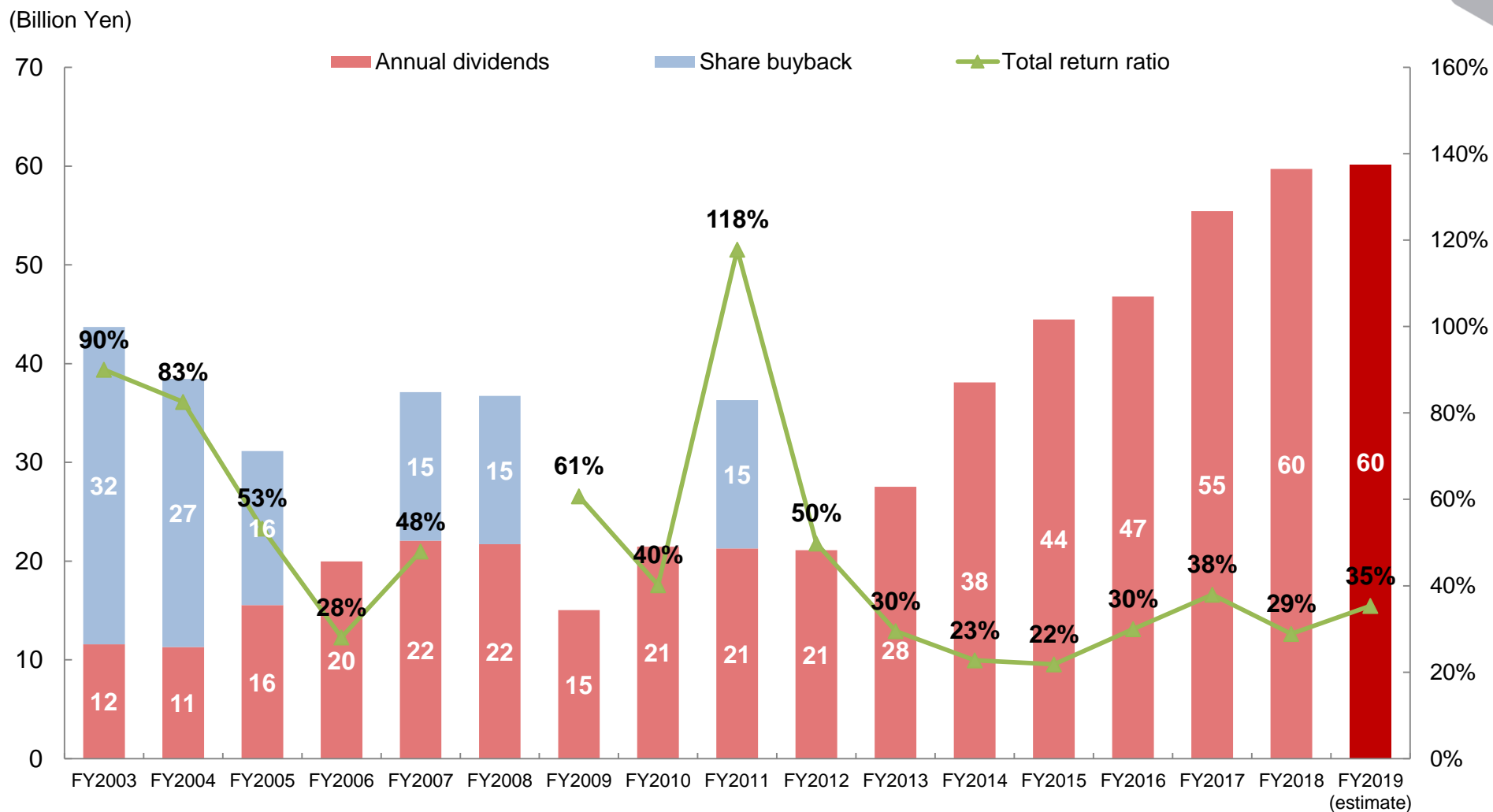
FY2018 annual dividends per share

280 JPY per share

(Interim: 140 JPY per share, Year-end: 140 JPY per share)

Note: The above projections are based on our view of the current business environment and our projections for FY2018.

# Return to Shareholders



Our basic policy of profit distribution to shareholders is to prioritize the sharing of gains through payment of dividends, and to steadily raise them by increasing profit per share.



This report contains forward-looking statements concerning Murata Manufacturing Co., Ltd. and its group companies' projections, plans, policies, strategies, schedules, and decisions. These forward-looking statements are not historical facts; rather, they represent the assumptions of the Murata Group (the "Group") based on information currently available and certain assumptions we deem as reasonable. Actual results may differ materially from expectations due to various risks and uncertainties. Readers are therefore requested not to rely on these forward-looking statements as the sole basis for evaluating the Group. The Company has 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 Company's 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 Group's 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 Group's financial assets; (6) drastic legal, political, and social changes in the Group's business environment; and (7) other uncertainties and contingencies.

The Company undertakes no obligation to publicly update any forward-looking statements included in this report.

Thank you

