

Consolidated Financial Flash Report (December 31, 2019)

Date: February 3, 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: -

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated financial results for the nine months ended December 31, 2019

(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, 2019	1,171,160	(3.7)	200,896	(10.7)	202,772	(8.9)	146,779	(12.8)
Nine months ended December 31, 2018	1,216,008	17.7	225,067	54.6	222,462	46.0	168,411	39.8

Comprehensive income attributable to Murata Corporation: 132,467 million yen for the nine months ended December 31, 2019 and 167,788 million yen for the nine months ended December 31, 2018.

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share
	Yen	Yen
Nine months ended December 31, 2019	229.42	-
Nine months ended December 31, 2018	263.24	-

*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 same period of 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

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
At December 31, 2019	2,243,104	1,676,589	74.8	2,620.50
At March 31, 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.

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

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2019	-	140.00	-	140.00	280.00
2020	-	47.00	-	-	-
2020 (Projected)	-	-	-	50.00	97.00

*1 Projected dividends have been revised during the three months ended December 31, 2019.

*2 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 year ending March 31, 2020 (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, 2020	1,510,000	(4.1)	230,000	(13.8)	232,000	(13.2)	170,000	(17.8)	265.71

*1 No change in the projected financial results during the three months ended December 31, 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 during the nine months ended December 31, 2019 (changes in specific subsidiaries that caused change in scope of consolidation): None

(2) Adoption of simplified and specifically applied accounting methods

Murata Manufacturing Co., Ltd. and Subsidiaries (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

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 first quarter 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 Companies did not have a material impact on their consolidated statements of income and cash flows.

(4) Number of common shares outstanding

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

Number of treasury stock: 36,017,723 shares at December 31, 2019 and 36,044,256 shares March 31, 2019

Average number of shares outstanding: 639,773,737 shares for the nine months ended December 31, 2019 and 639,752,782 shares for the nine months ended December 31, 2018

*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.

*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 December 31, 2019)

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. In Europe, the U.K. and the E.U. faced challenges in their trade negotiations while the region's economy was weakening. Despite some progress made in the trade discussions between the U.S. and China, trade friction may possibly arise again, and the uncertainty about the future of the global economy still remains.

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 3.7% year on year to 1,171,160 million yen in the period under review. An increase in the sales of multilayer ceramic capacitors (MLCCs) used for car electronics and base stations was more than offset by a decrease in the sales of multilayer resin substrates, MLCCs, and lithium ion secondary batteries for smartphones and a negative effect of foreign exchange (year-on-year appreciation of 2.48 yen to a U.S. dollar).

Operating income was 200,896 million yen, down 10.7%, income before income taxes was 202,772 million yen, down 8.9%, and net income was 146,779 million yen, down 12.8% from the nine months ended December 31, 2018. Efforts to reduce costs and an increase in high-end products in the product mix were more than offset by negative factors such as a rise in depreciation and amortization, an impairment loss on property, plant, and equipment, and foreign exchange effects.

	Millions of yen					
	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Change	
		%*		%*		%
Net sales	1,216,008	100.0	1,171,160	100.0	(44,848)	(3.7)
Operating income	225,067	18.5	200,896	17.2	(24,171)	(10.7)
Income before income taxes	222,462	18.3	202,772	17.3	(19,690)	(8.9)
Net income attributable to Murata Corporation	168,411	13.9	146,779	12.5	(21,632)	(12.8)
Average exchange rate (Yen/U.S. dollar)	111.15	—	108.67	—	(2.48)	—
Average exchange rate (Yen/Euro)	129.49	—	121.05	—	(8.44)	—

*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.

The product categories were reclassified in the period under review. See page 16 for details.

		Millions of yen					
		Nine months ended December 31, 2018		Nine months ended December 31, 2019		Change	
			%*		%*		%
Capacitors	431,970	35.6	421,241	36.0	(10,729)	(2.5)	
Piezoelectric Components	108,606	9.0	96,912	8.3	(11,694)	(10.8)	
Other Components	301,279	24.8	283,801	24.3	(17,478)	(5.8)	
Components Total	841,855	69.4	801,954	68.6	(39,901)	(4.7)	
Modules	371,702	30.6	366,489	31.4	(5,213)	(1.4)	
Net sales	1,213,557	100.0	1,168,443	100.0	(45,114)	(3.7)	

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review decreased by 4.7% year-on-year to 801,954 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 2.5% year-on-year to 421,241 million yen.

[Piezoelectric Components]

The Piezoelectric Components category includes surface acoustic wave (SAW) 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 products for smartphones.

As a result, overall net sales decreased by 10.8% year-on-year to 96,912 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 power tools and smartphones were sluggish despite an increase in sales of RF coils for smartphones and PCs.

As a result, overall net sales decreased by 5.8% year-on-year to 283,801 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, while sales of radio frequency sub modules and circuit modules for high-end smartphone models increased, sales of multilayer resin substrates and short-range wireless communication modules for high-end smartphone models and power supplies modules for office automation equipment decreased.

As a result, overall net sales decreased by 1.4% year-on-year to 366,489 million yen.

2. Financial Position

Total assets at December 31, 2019 increased by 194,211 million yen from the end of the previous fiscal year to 2,243,104 million yen. The ratio of shareholders' equity to total assets decreased by 3.5 percentage points from the end of the previous fiscal year to 74.8% at December 31, 2019.

Compared with the same period of the previous 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 221,066 million yen. An increase in trade notes and accounts receivable of 52,284 million yen was more than offset by a net income of 146,771 million yen, depreciation and amortization of 103,914 million yen, and a decrease in inventories of 19,119 million yen.

Net cash provided by operating activities increased by 47,993 million yen from the nine months ended December 31, 2018.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 173,141 million yen. While cash inflows included maturities and sales of marketable securities of 15,085 million, there were cash outflows due to 176,129 million yen in payment for purchases of property, plant and equipment and a 8,764 million yen increase in short-term investment.

Net cash used in investing activities increased by 46,288 million yen from the nine months ended December 31, 2018.

<Net Cash Provided by Financing Activities>

For the period under review, net cash provided by financing activities was 29,531 million yen. While cash outflows included dividend payments of 59,926 million, there were cash inflows due to a 49,889 million yen increase in bonds payable and a 39,993 million yen increase in short-term borrowings.

Net cash provided by financing activities decreased by 42,491 million yen from the nine months ended December 31, 2018.

3. Projected Results for the Year Ending March 31, 2020

The Companies have not revised its projected results for the year ending March 31, 2020, which were announced on October 31, 2019.

4. Dividends for the Year Ending March 31, 2020

Our dividends are determined after comprehensively considering our business performance and dividend payout ratio on a consolidated basis, as well as the accumulation of internal reserves necessary for reinvestment to ensure future development. For the year ending March 31, 2020, the Company plans 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.

[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, 2019 and December 31, 2019

	Millions of Yen			
	At March 31, 2019		At December 31, 2019	
Assets	2,048,893	100.0%	2,243,104	100.0%
Current assets	933,941	45.6	1,062,010	47.3
Cash	181,956		234,904	
Short-term investments	69,781		103,527	
Marketable securities	27,364		37,017	
Trade notes receivable	4,053		838	
Trade accounts receivable	271,566		323,428	
Allowance for doubtful notes and accounts	(1,510)		(1,183)	
Inventories	349,315		326,837	
Prepaid expenses and other	31,416		36,642	
Property, plant and equipment	856,453	41.8	959,155	42.8
Land	68,133		72,316	
Buildings	536,781		593,272	
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,250,288		1,293,252	
Construction in progress	109,057		135,866	
Accumulated depreciation	(1,107,806)		(1,166,259)	
Operating lease right-of-use assets	-		30,708	
Investments and other assets	258,499	12.6	221,939	9.9
Investments	66,697		49,275	
Intangible assets	47,526		40,284	
Goodwill	78,389		77,554	
Deferred income taxes	42,065		37,012	
Other	23,822		17,814	
Total assets	2,048,893	100.0	2,243,104	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2019 and December 31, 2019

	Millions of Yen			
	At March 31, 2019		At December 31, 2019	
		%		%
Liabilities	444,353	21.7	565,773	25.2
Current liabilities	259,771	12.7	303,934	13.5
Short-term borrowings	23,007		63,000	
Trade accounts payable	75,491		71,620	
Accrued payroll and bonuses	43,485		33,022	
Income taxes payable	38,315		18,059	
Accrued expenses and other	79,473		111,950	
Current operating lease liabilities	-		6,283	
Long-term liabilities	184,582	9.0	261,839	11.7
Bonds	99,813		149,746	
Long-term debt	594		552	
Termination and retirement benefits	75,789		76,710	
Deferred income taxes	6,673		5,968	
Noncurrent operating lease liabilities	-		24,426	
Other	1,713		4,437	
Equity	1,604,540	78.3	1,677,331	74.8
Murata Corporation's shareholders' equity	1,603,976	78.3	1,676,589	74.8
Common stock	69,444		69,444	
Capital surplus	120,702		120,742	
Retained earnings	1,493,697		1,580,550	
Accumulated other comprehensive income (loss):	(26,273)		(40,585)	
Unrealized gains (losses) on securities	46		44	
Pension liability adjustments	(21,574)		(20,675)	
Foreign currency translation adjustments	(4,745)		(19,954)	
Treasury stock, at cost	(53,594)		(53,562)	
Noncontrolling interests	564	0.0	742	0.0
Total liabilities and equity	2,048,893	100.0	2,243,104	100.0

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

Consolidated Statements of Income

Nine months ended December 31, 2018 and 2019

	Millions of Yen			
	Nine months ended December 31, 2018		Nine months ended December 31, 2019	
		%		%
Net sales	1,216,008	100.0	1,171,160	100.0
Cost of sales	755,771	62.2	729,089	62.3
Selling, general and administrative	159,796	13.1	172,295	14.6
Research and development	75,374	6.2	76,054	6.5
Other operating income	-	-	7,174	0.6
Operating income	225,067	18.5	200,896	17.2
Interest and dividend income	2,511	0.2	2,803	0.2
Interest expense	(192)	(0.0)	(226)	(0.0)
Foreign currency exchange gain (loss)	(1,088)	(0.1)	(4,846)	(0.4)
Other - net	(3,836)	(0.3)	4,145	0.3
Income before income taxes	222,462	18.3	202,772	17.3
Income taxes	54,036	4.4	56,001	4.8
<Current income tax>	< 57,277 >		< 51,395 >	
<Deferred income tax>	<(3,241)>		< 4,606 >	
Net income	168,426	13.9	146,771	12.5
Less: Net income (loss) attributable to noncontrolling interests	15	0.0	(8)	(0.0)
Net income attributable to Murata Corporation	168,411	13.9	146,779	12.5

Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net income	168,426	146,771
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	245	(2)
Pension liability adjustments	1,107	899
Foreign currency translation adjustments	(2,001)	(15,250)
Other comprehensive income (loss)	(649)	(14,353)
Comprehensive income	167,777	132,418
Less: Comprehensive income (loss) attributable to noncontrolling interests	(11)	(49)
Comprehensive income attributable to Murata Corporation	167,788	132,467

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Three months ended December 31, 2018 and 2019

	Millions of Yen			
	Three months ended December 31, 2018		Three months ended December 31, 2019	
		%		%
Net sales	427,614	100.0	410,222	100.0
Cost of sales	263,215	61.5	257,446	62.8
Selling, general and administrative	53,699	12.6	51,088	12.4
Research and development	25,072	5.9	24,669	6.0
Other operating income	-	-	2,484	0.6
Operating income	85,628	20.0	79,503	19.4
Interest and dividend income	843	0.2	860	0.2
Interest expense	(139)	(0.0)	(85)	(0.0)
Foreign currency exchange gain (loss)	(2,034)	(0.5)	(4,842)	(1.2)
Other - net	(4,607)	(1.1)	2,517	0.6
Income before income taxes	79,691	18.6	77,953	19.0
Income taxes	19,591	4.5	21,905	5.3
<Current income tax>	< 18,681 >		< 16,269 >	
<Deferred income tax>	< 910 >		< 5,636 >	
Net income	60,100	14.1	56,048	13.7
Less: Net income (loss) attributable to noncontrolling interests	(8)	0.0	(2)	(0.0)
Net income attributable to Murata Corporation	60,108	14.1	56,050	13.7

Consolidated Statements of Comprehensive Income

Three months ended December 31, 2018 and 2019

	Millions of Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Net income	60,100	56,048
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	2	(29)
Pension liability adjustments	252	361
Foreign currency translation adjustments	(16,956)	19,745
Other comprehensive income (loss)	(16,702)	20,077
Comprehensive income	43,398	76,125
Less: Comprehensive income (loss) attributable to noncontrolling interests	(22)	23
Comprehensive income attributable to Murata Corporation	43,420	76,102

(3) Consolidated Statements of Cash Flows

Nine months ended December 31, 2018 and 2019

	Millions of Yen			
	Nine months ended December 31, 2018		Nine months ended December 31, 2019	
Operating activities:				
Net income		168,426		146,771
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	89,675		103,914	
Losses on sales and disposals of property, plant and equipment	1,890		1,209	
Provision for termination and retirement benefits, less payments	(768)		1,785	
Deferred income taxes	(3,241)		4,606	
Changes in assets and liabilities:				
(Increase) decrease in trade notes and accounts receivable	(60,920)		(52,284)	
(Increase) decrease in inventories	(50,480)		19,119	
(Increase) decrease in prepaid expenses and other	3,490		(4,959)	
Increase (decrease) in trade notes and accounts payable	(7,546)		(3,685)	
Increase (decrease) in accrued payroll and bonuses	(6,626)		(10,306)	
Increase (decrease) in income taxes payable	12,821		(20,110)	
Increase (decrease) in accrued expenses and other	14,684		13,211	
Other-net	11,668	4,647	21,795	74,295
Net cash provided by operating activities		173,073		221,066
Investing activities:				
Payment for purchases of property, plant and equipment		(229,172)		(176,129)
Payment for purchases of marketable securities, investments and other		(9,201)		(10,120)
Maturities and sales of marketable securities, investments and other		18,647		15,085
(Increase) decrease in long-term deposits and loans		(1,115)		5,367
(Increase) decrease in short-term investments		(315)		(8,764)
Acquisitions of businesses, net of cash acquired		(563)		-
Other-net		2,290		1,420
Net cash used in investing activities		(219,429)		(173,141)
Financing activities:				
Net increase (decrease) in short-term borrowings		129,675		39,993
Proceeds from long-term debt		37		70
Repayment of long-term debt		(144)		(105)
Proceeds from issuance of bonds		-		49,889
Dividends paid		(57,579)		(59,926)
Other-net		33		(390)
Net cash provided by financing activities		72,022		29,531
Effect of exchange rate changes on cash and cash equivalents		2,745		719
Net increase (decrease) in cash and cash equivalents		28,411		78,175
Cash and cash equivalents at beginning of period		187,910		217,805
Cash and cash equivalents at end of period		216,321		295,980
Additional cash and cash equivalents information:				
Cash		165,496		234,904
Short-term investments		68,633		103,527
Short-term investments with original maturities over 3 months		(17,808)		(42,451)
Cash and cash equivalents at end of period		216,321		295,980

(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, 2018 and 2019

		Millions of Yen			
		Nine months ended December 31, 2018		Nine months ended December 31, 2019	
Components	Sales to:		%		%
	Unaffiliated customers	841,855		801,954	
	Intersegment	30,511		33,824	
	Total revenue	872,366	100.0	835,778	100.0
	Segment income	234,918	26.9	186,589	22.3
Modules	Sales to:		%		%
	Unaffiliated customers	371,702		366,489	
	Intersegment	9		8	
	Total revenue	371,711	100.0	366,497	100.0
	Segment income	30,415	8.2	47,766	13.0
Others	Sales to:		%		%
	Unaffiliated customers	2,451		2,717	
	Intersegment	76,356		43,640	
	Total revenue	78,807	100.0	46,357	100.0
	Segment income	8,537	10.8	4,228	9.1
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(106,876)		(77,472)	
	Total revenue	(106,876)	-	(77,472)	-
	Corporate expenses	(48,803)	-	(37,687)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	1,216,008		1,171,160	
	Intersegment	-		-	
	Total revenue	1,216,008	100.0	1,171,160	100.0
	Operating income	225,067	18.5	200,896	17.2

Three months ended December 31, 2018 and 2019

		Millions of Yen			
		Three months ended December 31, 2018		Three months ended December 31, 2019	
Components	Sales to:		%		%
	Unaffiliated customers	289,582		272,168	
	Intersegment	8,621		13,048	
	Total revenue	298,203	100.0	285,216	100.0
	Segment income	84,902	28.5	68,928	24.2
Modules	Sales to:		%		%
	Unaffiliated customers	137,061		136,991	
	Intersegment	4		1	
	Total revenue	137,065	100.0	136,992	100.0
	Segment income	13,960	10.2	21,938	16.0
Others	Sales to:		%		%
	Unaffiliated customers	971		1,063	
	Intersegment	19,831		12,966	
	Total revenue	20,802	100.0	14,029	100.0
	Segment income	2,227	10.7	1,168	8.3
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(28,456)		(26,015)	
	Total revenue	(28,456)	-	(26,015)	-
	Corporate expenses	(15,461)	-	(12,531)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	427,614		410,222	
	Intersegment	-		-	
	Total revenue	427,614	100.0	410,222	100.0
	Operating income	85,628	20.0	79,503	19.4

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.

(6) Significant changes in shareholders' equity

None

(7) Other

February 3, 2020
Murata Manufacturing Co., Ltd.
Listing Code: 6981
(URL <https://www.murata.com/>)

Flash Report (Nine months ended December 31, 2019)

Selected Financial Data - Consolidated basis

Nine months ended December 31, 2018 and 2019/at December 31, 2018 and 2019

		Consolidated Basis		
		2018	2019	Growth ratio
Net sales	Millions of yen	1,216,008	1,171,160	(3.7)
	<*>2	< 18.5 >	< 17.2 >	
Operating income	Millions of yen	225,067	200,896	(10.7)
	<*>2	< 18.3 >	< 17.3 >	
Income before income taxes	Millions of yen	222,462	202,772	(8.9)
	<*>2	< 13.9 >	< 12.5 >	
Net income attributable to Murata Corporation	Millions of yen	168,411	146,779	(12.8)
Total assets	Millions of yen	2,047,233	2,243,104	9.6
Shareholders' equity	Millions of yen	1,567,175	1,676,589	7.0
Shareholders' equity ratio	%	76.6	74.8	-
Basic earnings attributable to Murata Corporation per share	*5 Yen	263.24	229.42	(12.8)
Diluted earnings attributable to Murata Corporation per share	*3 Yen	-	-	-
Shareholders' equity per share	*5 Yen	2,449.59	2,620.50	-
Capital expenditures	Millions of yen	229,172	196,238	(14.4)
	<*>2	< 7.4 >	< 8.9 >	
Depreciation and amortization	Millions of yen	89,675	103,914	15.9
	<*>2	< 6.2 >	< 6.5 >	
Research and development expenses	Millions of yen	75,374	76,054	0.9
Number of employees	*4	< 49,827 > 80,194	< 44,129 > 75,587	(5.7)
Average exchange rates				
Yen/US dollar	Yen	111.15	108.67	-
Yen/Euro	Yen	129.49	121.05	-

Three months ended December 31, 2018 and 2019

		Consolidated Basis		
		2018	2019	Growth ratio
Net sales	Millions of yen	427,614	410,222	(4.1)
	<*>2	< 20.0 >	< 19.4 >	
Operating income	Millions of yen	85,628	79,503	(7.2)
	<*>2	< 18.6 >	< 19.0 >	
Income before income taxes	Millions of yen	79,691	77,953	(2.2)
	<*>2	< 14.1 >	< 13.7 >	
Net income attributable to Murata Corporation	Millions of yen	60,108	56,050	(6.8)
Basic earnings attributable to Murata Corporation per share	*5 Yen	93.95	87.61	(6.7)
Diluted earnings attributable to Murata Corporation per share	*3 Yen	-	-	-
Capital expenditures	Millions of yen	72,725	81,366	11.9
	<*>2	< 7.6 >	< 8.7 >	
Depreciation and amortization	Millions of yen	32,292	35,664	10.4
	<*>2	< 5.9 >	< 6.0 >	
Research and development expenses	Millions of yen	25,072	24,669	(1.6)

*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.

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>

Nine months ended December 31, 2018 and 2019

	Millions of Yen					
	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Change	
Capacitors	446,004	%*1 36.0	384,046	%*1 33.6	(61,958)	(13.9)
Piezoelectric Components	104,349	8.4	101,539	8.9	(2,810)	(2.7)
Other Components	310,321	25.1	281,910	24.6	(28,411)	(9.2)
Components Total	860,674	69.5	767,495	67.1	(93,179)	(10.8)
Modules	378,042	30.5	377,063	32.9	(979)	(0.3)
Total	1,238,716	100.0	1,144,558	100.0	(94,158)	(7.6)

Three months ended December 31, 2018 and 2019

	Millions of Yen					
	Three months ended December 31, 2018		Three months ended December 31, 2019		Change	
Capacitors	125,282	%*1 33.0	156,238	%*1 37.8	30,956	24.7
Piezoelectric Components	26,244	6.9	36,217	8.8	9,973	38.0
Other Components	89,220	23.5	93,672	22.7	4,452	5.0
Components Total	240,746	63.4	286,127	69.3	45,381	18.9
Modules	139,030	36.6	126,999	30.7	(12,031)	(8.7)
Total	379,776	100.0	413,126	100.0	33,350	8.8

*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 December 31, 2019		Change	
Capacitors	130,272	%*1 49.4	93,077	%*1 38.8	(37,195)	(28.6)
Piezoelectric Components	17,558	6.7	22,185	9.3	4,627	26.4
Other Components	61,379	23.3	59,488	24.8	(1,891)	(3.1)
Components Total	209,209	79.4	174,750	72.9	(34,459)	(16.5)
Modules	54,238	20.6	64,812	27.1	10,574	19.5
Total	263,447	100.0	239,562	100.0	(23,885)	(9.1)

*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, 2018 and 2019

	Millions of Yen					
	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Change	
Capacitors	431,970	%*1 35.6	421,241	%*1 36.0	(10,729)	(2.5)
Piezoelectric Components	108,606	9.0	96,912	8.3	(11,694)	(10.8)
Other Components	301,279	24.8	283,801	24.3	(17,478)	(5.8)
Components Total	841,855	69.4	801,954	68.6	(39,901)	(4.7)
Modules	371,702	30.6	366,489	31.4	(5,213)	(1.4)
Net sales	1,213,557	100.0	1,168,443	100.0	(45,114)	(3.7)

Three months ended December 31, 2018 and 2019

	Millions of Yen					
	Three months ended December 31, 2018		Three months ended December 31, 2019		Change	
Capacitors	158,300	%*1 37.1	145,738	%*1 35.6	(12,562)	(7.9)
Piezoelectric Components	32,054	7.5	33,616	8.2	1,562	4.9
Other Components	99,228	23.3	92,814	22.7	(6,414)	(6.5)
Components Total	289,582	67.9	272,168	66.5	(17,414)	(6.0)
Modules	137,061	32.1	136,991	33.5	(70)	(0.1)
Net sales	426,643	100.0	409,159	100.0	(17,484)	(4.1)

*1 Component ratio

*2 Exclusive of consumption taxes

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

Nine months ended December 31, 2018 and 2019

	Millions of Yen					
	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Change	
AV	54,456	%*1 4.5	49,412	%*1 4.2	(5,044)	(9.3)
Communications	606,136	49.9	602,134	51.5	(4,002)	(0.7)
Computers and Peripherals	189,705	15.6	177,254	15.2	(12,451)	(6.6)
Automotive Electronics	188,674	15.6	199,112	17.1	10,438	5.5
Home and Others	174,586	14.4	140,531	12.0	(34,055)	(19.5)
Net sales	1,213,557	100.0	1,168,443	100.0	(45,114)	(3.7)

Three months ended December 31, 2018 and 2019

	Millions of Yen					
	Three months ended December 31, 2018		Three months ended December 31, 2019		Change	
AV	17,469	%*1 4.1	14,841	%*1 3.6	(2,628)	(15.0)
Communications	213,287	50.0	226,133	55.3	12,846	6.0
Computers and Peripherals	67,951	15.9	58,082	14.2	(9,869)	(14.5)
Automotive Electronics	66,034	15.5	66,165	16.2	131	0.2
Home and Others	61,902	14.5	43,938	10.7	(17,964)	(29.0)
Net sales	426,643	100.0	409,159	100.0	(17,484)	(4.1)

*1 Component ratio

*2 Exclusive of consumption taxes

3. Sales by Area

Nine months ended December 31, 2018 and 2019

	Millions of Yen					
	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Change	
		%*1		%*1		%
The Americas	190,281	15.7	150,889	12.9	(39,392)	(20.7)
Europe	98,315	8.1	98,199	8.4	(116)	(0.1)
Greater China	628,578	51.8	618,007	52.9	(10,571)	(1.7)
Asia and Others	190,929	15.7	193,423	16.6	2,494	1.3
Overseas total	1,108,103	91.3	1,060,518	90.8	(47,585)	(4.3)
Japan	105,454	8.7	107,925	9.2	2,471	2.3
Net sales	1,213,557	100.0	1,168,443	100.0	(45,114)	(3.7)

Three months ended December 31, 2018 and 2019

	Millions of Yen					
	Three months ended December 31, 2018		Three months ended December 31, 2019		Change	
		%*1		%*1		%
The Americas	75,110	17.6	45,843	11.2	(29,267)	(39.0)
Europe	33,212	7.8	30,402	7.4	(2,810)	(8.5)
Greater China	216,133	50.7	237,199	58.0	21,066	9.7
Asia and Others	64,162	15.0	60,835	14.9	(3,327)	(5.2)
Overseas total	388,617	91.1	374,279	91.5	(14,338)	(3.7)
Japan	38,026	8.9	34,880	8.5	(3,146)	(8.3)
Net sales	426,643	100.0	409,159	100.0	(17,484)	(4.1)

*1 Component ratio

*2 Exclusive of consumption taxes

Quarterly Consolidated Performance

(1) Consolidated Financial Results

	Millions of yen							
	Three months ended June 30, 2018		Three months ended September 30, 2018		Three months ended December 31, 2018		Three months ended March 31, 2019	
Net sales	345,508	% *1 100.0	442,886	% *1 100.0	427,614	% *1 100.0	359,018	% *1 100.0
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 June 30, 2019		Three months ended September 30, 2019		Three months ended December 31, 2019	
Net sales	357,556	% *1 100.0	403,382	% *1 100.0	410,222	% *1 100.0
Operating income	62,550	17.5	58,843	14.6	79,503	19.4
Income before income taxes	63,241	17.7	61,578	15.3	77,953	19.0
Net income attributable to Murata Corporation	46,825	13.1	43,904	10.9	56,050	13.7

*1 Ratio to net sales

(2) Sales by Product Category

	Millions of yen							
	Three months ended June 30, 2018		Three months ended September 30, 2018		Three months ended December 31, 2018		Three months ended March 31, 2019	
Capacitors	126,507	% *1 36.7	147,163	% *1 33.3	158,300	% *1 37.1	142,260	% *1 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 Total	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 June 30, 2019		Three months ended September 30, 2019		Three months ended December 31, 2019	
Capacitors	137,734	% *1 38.6	137,769	% *1 34.2	145,738	% *1 35.6
Piezoelectric Components	31,426	8.8	31,870	7.9	33,616	8.2
Other Components	92,352	25.9	98,635	24.5	92,814	22.7
Components Total	261,512	73.3	268,274	66.6	272,168	66.5
Modules Total	95,225	26.7	134,273	33.4	136,991	33.5
Net sales	356,737	100.0	402,547	100.0	409,159	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.