

Earnings Release Conference First Quarter of FY2020 (April 1, 2020 to June 30, 2020)

July 31, 2020

Murata Manufacturing Co., Ltd.



- Net sales almost reached targets despite having decreased by 8.6% year-on-year due to a plunge in sales for car electronics and smartphones.
- Production output increased from the initial plan in order to increase inventories in preparation for possible supply risks and with the aim of leveling production.
- Operating income decreased by 17.9% year on year mainly due to a decline in product prices and foreign exchange fluctuations. Operating income ratio was 15.7%, down 1.8 points from a year earlier. The Q1 figure represents 53% of the forecast for H1.

Effects of COVID-19

<Sites that suspended production after April 1, 2020> (As of July 31, 2020)

Sites	Production suspension period
Philippine Manufacturing Co. of Murata, Inc. (Philippine)	March 17 - May 17
Murata Electronics (Malaysia) Sdn. Bhd.	March 18 - May 3 (Partial operations)
Fukui Murata Manufacturing Co., Ltd. (JAPAN)	April 5-7
Izumo Murata Manufacturing Co., Ltd. (JAPAN)	April 14-16
Toyama Murata Manufacturing Co., Ltd. (JAPAN)	April 25-26
Murata Manufacturing Company, Ltd. Yokaichi Plant (JAPAN)	July 8-10
Okayama Murata Manufacturing Co., Ltd. (JAPAN)	July 15-16

- Plants have been restarted as expected in the Philippines and Malaysia. The suspension of production at Okayama Murata Manufacturing Co., Ltd., and Murata Manufacturing Company, Ltd. Yokaichi Plant will affect business performance only slightly.
- Production bases are operating with thorough implementation of measures to prevent infection with top priority given to the health and safety of our employees and employees of partner companies.



First Quarter of FY2020

From April 1, 2020 to June 30, 2020
Consolidated Basis

Quarterly Financial Results



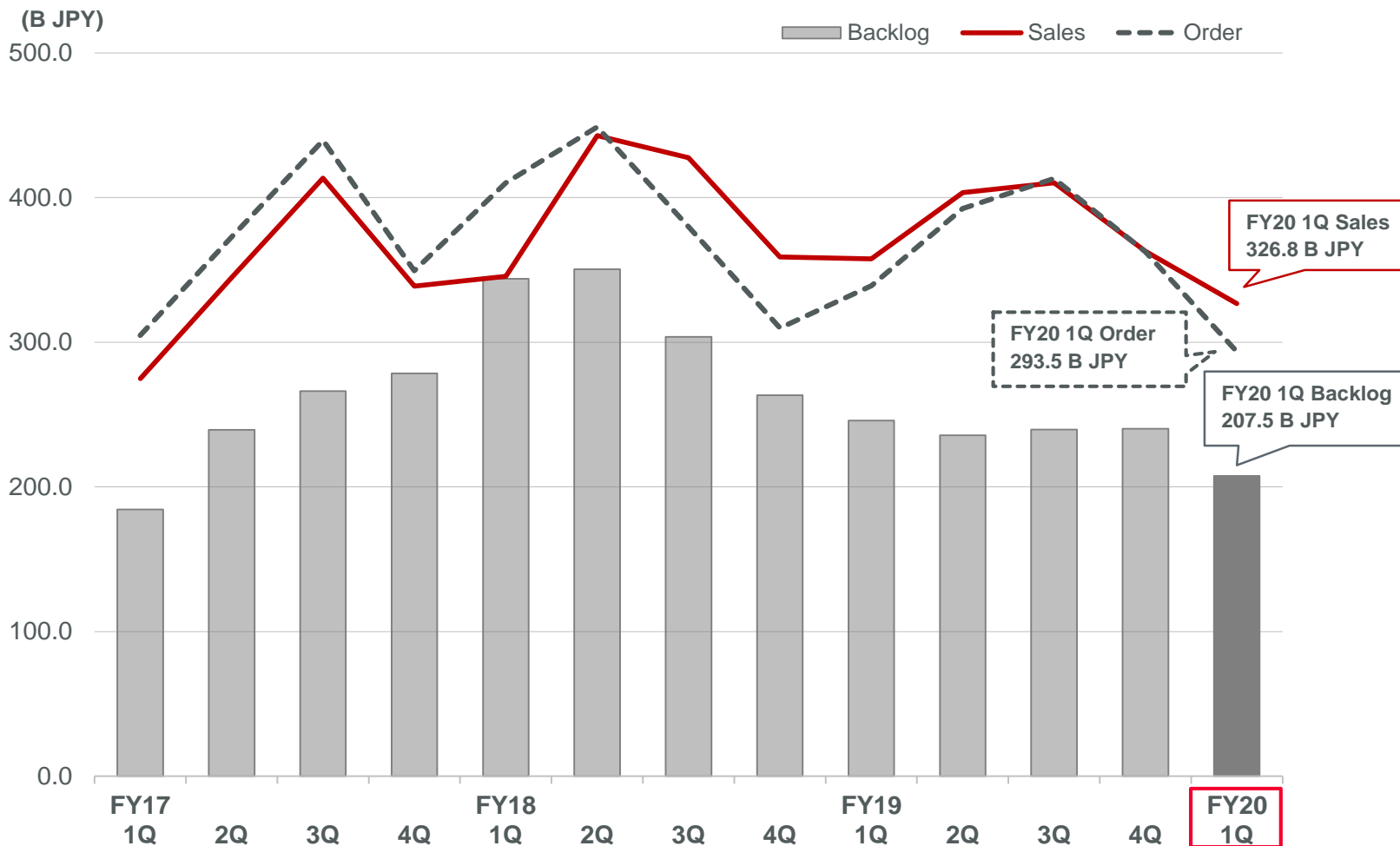
Financial Results Overview

	FY2019 1st Quarter		FY2019 4th Quarter		FY2020 1st Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	357.6	100.0	362.9	100.0	326.8	100.0	(30.8)	(8.6)	(36.1)	(9.9)
Operating income	62.6	17.5	52.4	14.4	51.3	15.7	(11.2)	(17.9)	(1.0)	(1.9)
Income before income taxes	63.2	17.7	51.3	14.1	53.9	16.5	(9.3)	(14.7)	+2.7	+5.2
Net income attributable to Murata Corporation	46.8	13.1	36.2	10.0	39.6	12.1	(7.2)	(15.5)	+3.4	+9.2
Average exchange rates yen/US dollar	109.90		108.97		107.62					

- Net sales decreased compared to the same period of the previous fiscal year as sales of capacitors were firm for base stations and PCs but plunged for car electronics, and sales of multilayer resin substrates and lithium-ion secondary batteries for smartphones fell sharply.
- Operating income declined considerably from a year earlier mainly due to a reduction in product prices and negative effects of foreign exchange despite a factor that increased income created by cost reduction activities.

Quarterly Sales, Order and Backlog

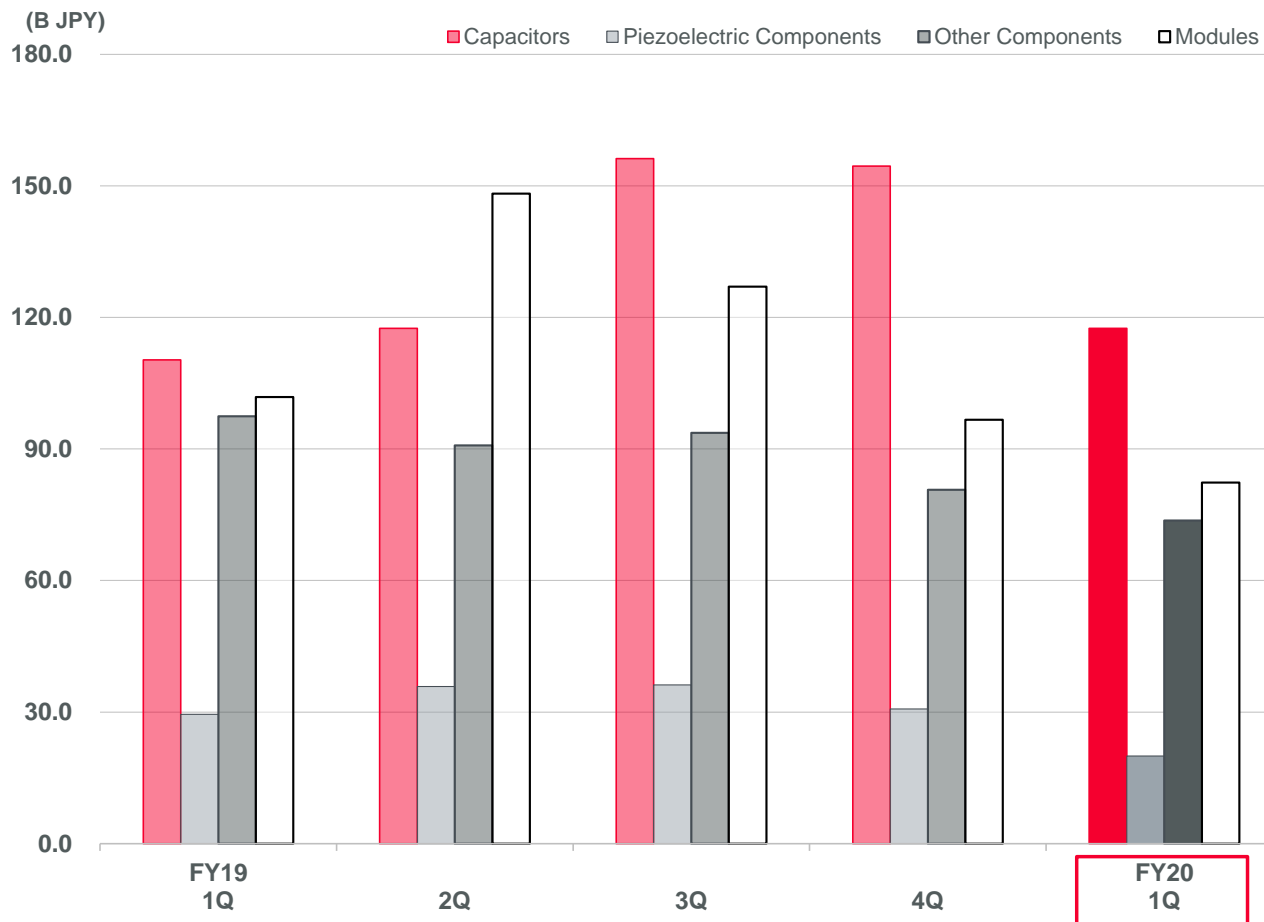
Sales and orders fell drastically compared to the same period of the previous fiscal year and the previous quarter primarily due to market deterioration resulting from COVID-19 and a reactionary decline from a rise in orders that customers brought forward in the 4th quarter of FY2019.



Orders by Product

Orders decreased from the previous quarter in a wide range of product categories due to COVID-19. Orders for capacitors alone increased year-on-year. The spread of COVID-19 affected orders somewhat, but orders were at low levels in the same period of the previous fiscal year due to adjustments in distribution inventory.

Orders have been recovering since June after hitting bottom between April and May.



Sales by Product

	FY2019 1st Quarter		FY2019 4th Quarter		FY2020 1st Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	137.7	38.6	138.2	38.2	134.5	41.2	(3.2)	(2.4)	(3.7)	(2.7)
Piezoelectric Components	31.4	8.8	32.3	8.9	26.4	8.1	(5.0)	(16.0)	(6.0)	(18.4)
Other Components	92.4	25.9	79.2	21.9	77.4	23.7	(15.0)	(16.2)	(1.9)	(2.4)
Modules	95.2	26.7	112.1	31.0	87.9	27.0	(7.3)	(7.6)	(24.2)	(21.6)
Net sales	356.7	100.0	361.9	100.0	326.2	100.0	(30.5)	(8.6)	(35.7)	(9.9)

Sales by Product [FY20 1st Quarter vs FY19 4th Quarter]

Capacitors (2.7%)	<p>Multilayer Ceramic Capacitors : Sales of capacitors increased for use in PCs, servers, and video game consoles, but they decreased for use in vehicles, base stations and smartphones.</p>
Piezoelectric Components (18.4%)	<p>SAW Filters : Sales declined due to a drop in sales volume for smartphones.</p>
Other Components (2.4%)	<p>Lithium Ion Batteries : Sales increased for video game consoles and PCs.</p> <p>Inductors (coil) : Sales for use in car electronics decreased but those for PCs increased.</p> <p>Sensors / Electromagnetic interference suppression filters : Sales for use in car electronics plunged.</p>
Modules (21.6%)	<p>RF modules (Circuit modules and Radio frequency sub modules) : Sales plummeted due to a decrease in adoptions by new models of smartphones.</p> <p>Connectivity modules (short-range wireless communication modules) / Multilayer resin substrates : Sales used for high-end smartphones declined considerably.</p>

Sales by Application

	FY2019 1st Quarter		FY2019 4th Quarter		FY2020 1st Quarter		Y on Y Change		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
AV	16.9	4.7	11.6	3.2	15.4	4.7	(1.5)	(8.7)	+3.8	+32.4
Communication	163.9	46.0	190.0	52.5	159.2	48.8	(4.6)	(2.8)	(30.8)	(16.2)
Computers and Peripherals	58.6	16.4	53.2	14.7	68.0	20.9	+9.4	+16.1	+14.8	+27.8
Automotive Electronics	66.8	18.7	64.4	17.8	42.8	13.1	(24.0)	(35.9)	(21.6)	(33.5)
Home Electronics and Others	50.6	14.2	42.6	11.8	40.7	12.5	(9.9)	(19.5)	(1.9)	(4.4)
Net sales	356.7	100.0	361.9	100.0	326.2	100.0	(30.5)	(8.6)	(35.7)	(9.9)

*Based on our estimate

Sales by Application [FY20 1st Quarter vs FY19 4th Quarter]

AV +32.4%	Increased sales of lithium ion batteries and capacitors for video game consoles.
Communication (16.2%)	<p>For use in smartphones, sales of connectivity modules, RF modules, multilayer resin substrates, SAW filters, etc., fell.</p> <p>Weaker sales of capacitors for base stations.</p>
Computers and Peripherals +27.8%	<p>Sales of connectivity modules, inductors, capacitors, etc., rose on the back of growing demand for PCs as more people work from home.</p> <p>Increased sales of capacitors for servers.</p>
Automotive Electronics (33.5%)	<p>Sales of capacitors, sensors, electromagnetic interference (EMI) suppression filters, inductors, etc., decreased considerably due to a significant fall in the number of vehicles sold.</p>

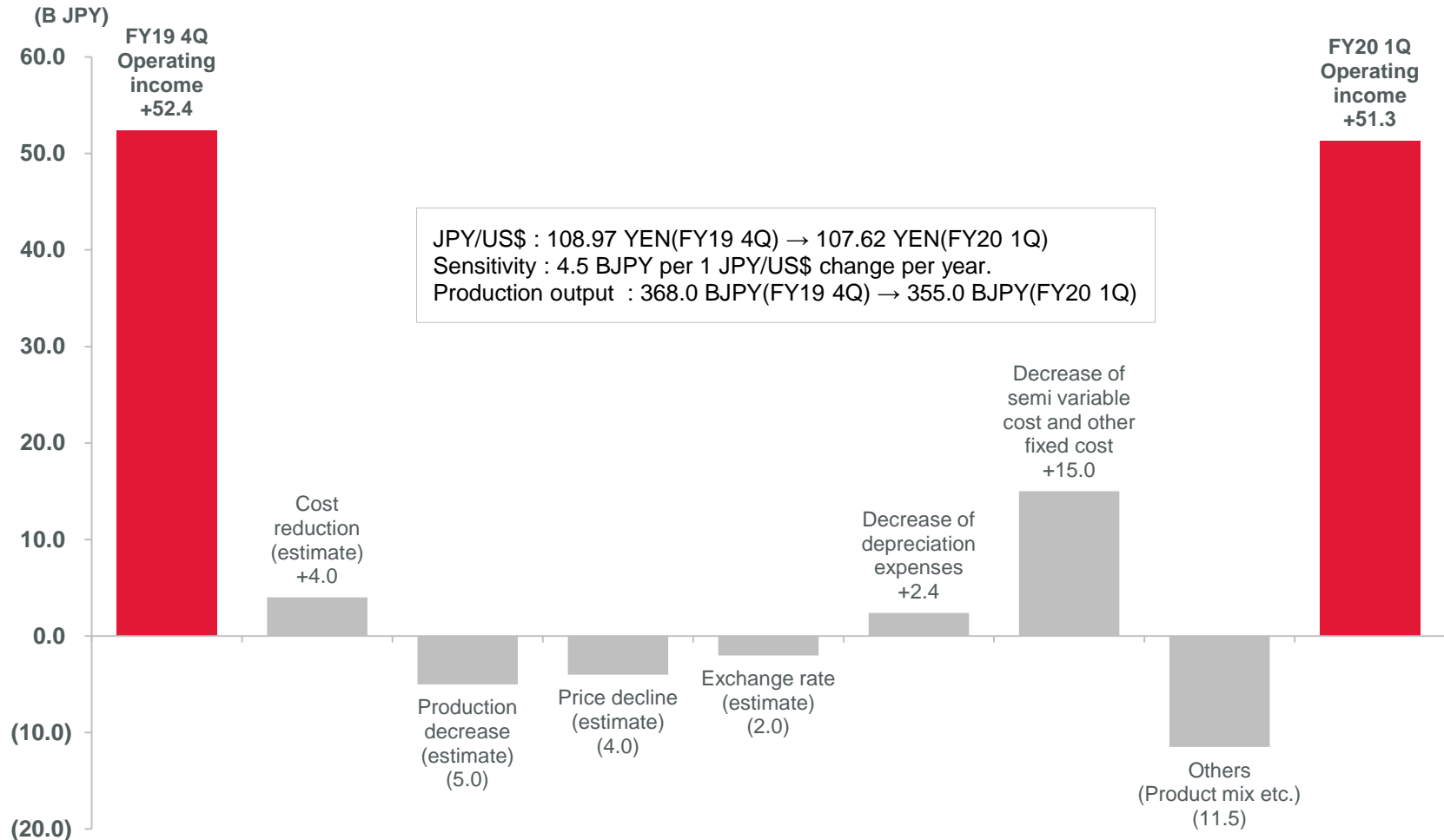
*Based on our estimate

Segment Information

		FY2019		FY2020		Y on Y Change	
		1st Quarter		1st Quarter		Y on Y Change	
		(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Components	Total Revenues	271.7	100.0	245.6	100.0	(26.2)	(9.6)
	Segment income	67.5	24.8	58.9	24.0	(8.6)	(12.8)
Modules	Total Revenues	95.2	100.0	87.9	100.0	(7.3)	(7.6)
	Segment income	7.9	8.3	6.9	7.9	(1.0)	(12.2)
Others	Total Revenues	16.9	100.0	14.4	100.0	(2.5)	(14.9)
	Segment income	1.5	8.7	1.9	13.4	+0.4	+30.3
Corporate and eliminations	Total Revenues	(26.4)	-	(21.1)	-	+5.2	-
	Corporate expenses	(14.3)	-	(16.4)	-	(2.1)	-
Consolidated	Total Revenues	357.6	100.0	326.8	100.0	(30.8)	(8.6)
	Operating income	62.6	17.5	51.3	15.7	(11.2)	(17.9)

- **Components** Both sales and income decreased as a whole primarily due to a decline in sales of capacitors, SAW filters, lithium-ion secondary batteries, etc.
- **Modules** Both sales and income decreased as a whole mainly due to a decline in sales of multilayer resin substrates, connectivity modules, etc.

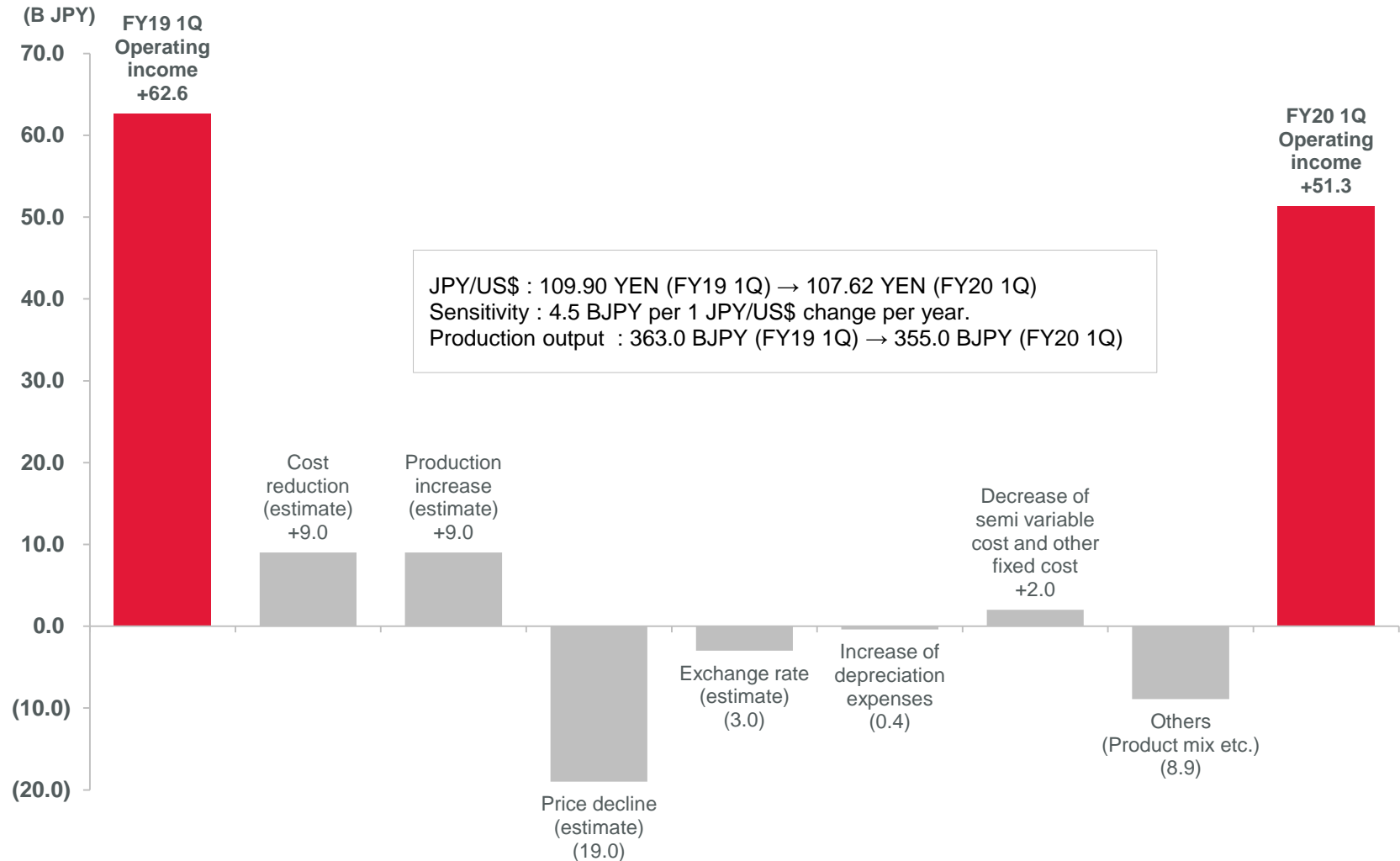
Breakdown of Operating Income Changes [FY19 4th Quarter to FY20 1st Quarter]



*Income factors for temporary costs incurred in the 4th quarter of FY2019, such as impairment loss, are included in "Decrease in semi-variable costs and other fixed costs."

**"Production decrease" is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.

Breakdown of Operating Income Changes [FY19 1st Quarter to FY20 1st Quarter]



*“Production increase” is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.

Cash Flows

	FY2019 1st Quarter (B JPY)	FY2020 1st Quarter (B JPY)	Y on Y Change (B JPY)
Operating activities	49.8	45.6	(4.2)
Investing activities	(61.4)	(46.8)	+14.6
Financing activities	26.3	(12.2)	(38.4)
Effect of exchange rate changes	0.8	(0.7)	(1.5)
Cash and cash equivalents	233.3	288.2	+55.0
Free Cash Flows	(11.6)	(1.2)	+10.4
Capital expenditures	(52.9)	(47.7)	+5.2
Depreciation and amortization	33.6	34.0	+0.4

Although net income decreased from the same period of the previous fiscal year, free cash flow increased due to a decline in capital expenditures.

Projected Financial Results for FY2020

(From April 2020 to March 2021)



Projected Financial Results for FY2020

	FY2019 Actual		1st Half		2nd Half		FY2020 Projections		Change	
	(B JPY)	(%)	(B JPY)	(B JPY)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1,534.0	100.0	681.0	749.0	1,430.0	100.0	(104.0)	(6.8)		
Operating income	253.2	16.5	97.0	113.0	210.0	14.7	(43.2)	(17.1)		
Income before income taxes	254.0	16.6	98.0	114.0	212.0	14.8	(42.0)	(16.5)		
Net income attributable to Murata Corporation	183.0	11.9	69.3	80.7	150.0	10.5	(33.0)	(18.0)		
Average exchange rates yen/US dollar	108.75				107.00					

*The Company did not revise the projected results for the year ending March 31, 2021, which were announced on April 30, 2020.

Risks for Changes in Projected Financial Results

At the time of the announcement of business results there were no major changes in the outlook for net sales, production, and occurrences of expenses. Therefore, no revision has been made to projected financial results.

The following are the factors that are feared to affect the market environment from the second quarter onwards.

Negative	<p>Decline in the number of components used in base stations and a slowdown in the recovery speed of the vehicle and power tool markets Applicable products: Capacitors, Lithium ion batteries, Sensors, etc.</p>
Positive	<p>Increase in the number of tablet PCs on the back of teleworking and online learning Applicable products: Connectivity modules, Capacitors, etc.</p>
Negative/Positive	<p>Fluctuations in the number of smartphones sold and market share Applicable products: RF modules, Capacitors, etc.</p>

*If the need to revise projected financial results arises, such will be disclosed promptly.

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



Appendixes



Financial Data (1/3)

	FY2017				FY2018				FY2019				(B JPY)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY2020
													1Q
Sales	275.0	344.7	413.5	338.7	345.5	442.9	427.6	359.0	357.6	403.4	410.2	362.9	326.8
Operating income	41.8	58.7	45.1	17.6	48.2	91.3	85.6	41.7	62.6	58.8	79.5	52.4	51.3
Income before income taxes	42.4	67.4	42.6	15.4	49.9	92.8	79.7	44.9	63.2	61.6	78.0	51.3	53.9
Net income attributable to Murata Corporation	33.1	57.9	29.4	25.6	39.0	69.3	60.1	38.5	46.8	43.9	56.1	36.2	39.6
Capital expenditures	61.3	71.6	89.9	83.9	77.7	78.8	72.7	62.4	52.9	62.0	81.4	85.4	40.2
Depreciation and amortization	27.7	32.9	39.8	41.3	26.9	30.5	32.3	34.7	33.6	34.6	35.7	36.4	34.0
R & D expenses	21.5	22.9	23.8	25.7	26.0	24.3	25.1	26.2	26.1	25.3	24.7	26.4	24.8
Average exchange rates (yen)	111.10	111.04	112.98	108.30	109.07	111.46	112.90	110.21	109.90	107.35	108.76	108.97	107.62

Financial Data (2/3)

		FY2017				FY2018				FY2019				FY2020	(B JPY)
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	
Sales by Product	Capacitors	96.3	112.7	126.9	113.9	126.5	147.2	158.3	142.3	137.7	137.8	145.7	138.2	134.5	
	Piezoelectric Components	37.5	41.0	38.9	34.6	38.1	38.5	32.1	30.0	31.4	31.9	33.6	32.3	26.4	
	Other Components	54.6	73.0	105.5	89.2	93.8	108.3	99.2	90.9	92.4	98.6	92.8	79.2	77.4	
	Components	188.5	226.7	271.2	237.7	258.3	293.9	289.6	263.2	261.5	268.3	272.2	249.8	238.2	
	Modules	85.8	117.2	141.4	99.5	86.5	148.2	137.1	95.0	95.2	134.3	137.0	112.1	87.9	
	Net sales	274.3	343.9	412.6	337.2	344.8	442.1	426.6	358.2	356.7	402.5	409.2	361.9	326.2	
Sales by Application	AV	13.7	17.2	19.5	16.2	17.3	19.7	17.5	15.0	16.9	17.7	14.8	11.6	15.4	
	Communication	136.7	190.0	231.1	161.9	157.4	235.5	213.3	154.6	163.9	212.1	226.1	190.0	159.2	
	Computers and Peripherals	46.4	51.9	52.7	51.3	56.4	65.3	68.0	59.5	58.6	60.6	58.1	53.2	68.0	
	Automotive Electronics	44.6	47.5	53.3	54.7	59.6	63.0	66.0	68.5	66.8	66.1	66.2	64.4	42.8	
	Home Electronics and Others	32.9	37.2	56.0	53.1	54.1	58.6	61.9	60.6	50.6	46.0	43.9	42.6	40.7	
	Net sales	274.3	343.9	412.6	337.2	344.8	442.1	426.6	358.2	356.7	402.5	409.2	361.9	326.2	
Sales by Product	The Americas	24.6	34.0	56.3	39.0	38.9	76.3	75.1	45.6	47.2	57.9	45.8	38.7	28.6	
	Europe	22.7	23.5	29.2	30.9	32.9	32.2	33.2	41.5	36.1	31.7	30.4	33.8	21.2	
	Greater China	149.9	201.0	234.4	175.6	181.0	231.5	216.1	165.7	172.7	208.1	237.2	192.1	198.8	
	Asia and Others	54.9	60.7	59.0	61.5	60.3	66.4	64.2	68.4	63.0	69.6	60.8	64.6	48.7	
	Overseas total	252.1	319.2	378.9	307.0	313.1	406.4	388.6	321.2	319.0	367.3	374.3	329.3	297.2	
	Japan	22.2	24.7	33.7	30.2	31.8	35.7	38.0	36.9	37.8	35.3	34.9	32.6	28.9	
Net sales	274.3	343.9	412.6	337.2	344.8	442.1	426.6	358.2	356.7	402.5	409.2	361.9	326.2		

Financial Data (3/3)

(B JPY)

		FY2017				FY2018				FY2019				FY2020
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Components	Total revenue	197.2	236.4	282.4	248.0	268.6	305.6	298.2	267.6	271.7	278.8	285.2	262.5	245.6
	Segment income	44.0	56.9	72.1	44.6	62.6	87.5	84.9	77.2	67.5	50.1	68.9	63.1	58.9
Modules	Total revenue	85.8	117.2	141.4	99.5	86.5	148.2	137.1	95.0	95.2	134.3	137.0	112.1	87.9
	Segment income	8.9	12.1	(15.7)	(16.6)	(0.5)	16.9	14.0	(15.9)	7.9	17.9	21.9	1.7	6.9
Others	Total revenue	17.7	24.0	20.1	24.2	24.4	33.6	20.8	23.6	16.9	15.4	14.0	12.9	14.4
	Segment income	1.8	2.7	2.2	2.7	2.9	3.4	2.2	2.1	1.5	1.6	1.2	1.5	1.9
Corporate and eliminations	Total revenue	(25.8)	(32.9)	(30.4)	(33.0)	(34.0)	(44.5)	(28.5)	(27.2)	(26.4)	(25.1)	(26.0)	(24.7)	(21.1)
	Corporate expenses	(12.9)	(13.0)	(13.5)	(13.1)	(16.8)	(16.5)	(15.5)	(21.6)	(14.3)	(10.8)	(12.5)	(13.9)	(16.4)
Consolidated	Total revenue	275.0	344.7	413.5	338.7	345.5	442.9	427.6	359.0	357.6	403.4	410.2	362.9	326.8
	Operating income	41.8	58.7	45.1	17.7	48.2	91.3	85.6	41.7	62.6	58.8	79.5	52.4	51.3