

Earnings Release Conference FY2020 (April 2020 to March 2021)

April 28, 2021

Murata Manufacturing Co., Ltd.



Topics (1/2)

- Net sales for FY2020 were 1,630.2 billion yen, up 6.3% from the previous year due to increases in sales of capacitors and others. Operating income too grew by 23.7% year-on-year to 313.2 billion yen. Both net sales and operating income set their respective highest records.
- Net sales and operating income outperformed their forecasts by 3.8% and 8.0% respectively. No production adjustment took place in the smartphone market during the fourth quarter of FY2020, and there was a move to secure components in the automotive market.
- The Company plans to pay a year-end dividend of 60 yen per share for FY2020, an increase of 5 yen per share from the previous forecast.

Topics (2/2)

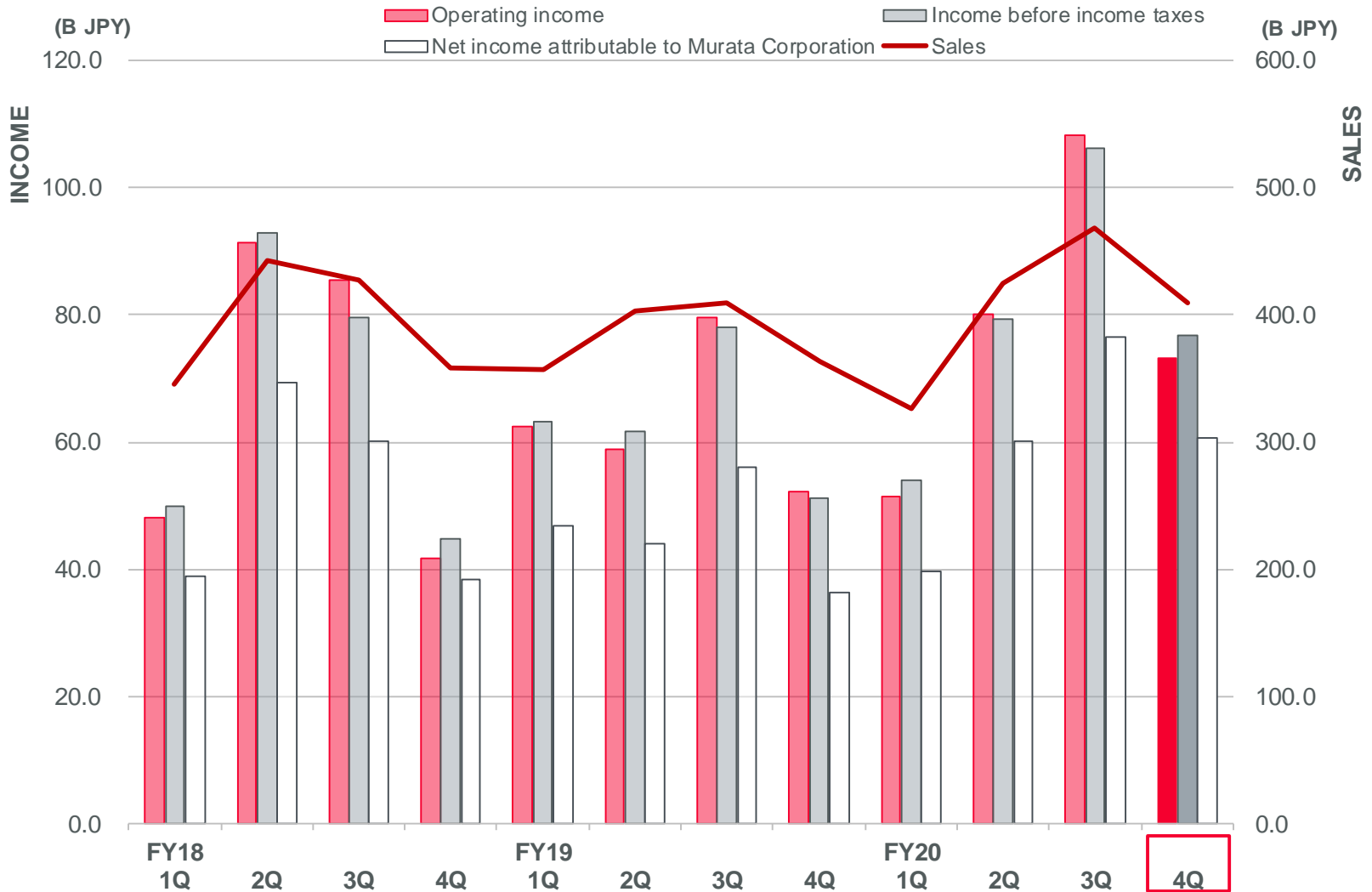
- In projected financial results for FY2021, both net sales and operating income are expected to increase by 1.8% and by 2.2% from the previous year, respectively. Although a temporary inventory adjustment is expected in the smartphone market and the automotive market, the Company plans to set new records in its financial results thanks to a steady recovery in the number of units of smartphones and automobiles.
- Sales of modules are projected to decrease mainly due to changes in the specifications of smartphones.
- The Company plans a capital expenditure of 160.0 billion yen for FY2021 mainly to invest in increasing capacity and rationalizing while reducing the acquisition of buildings, etc. considerably.
- For FY2021, the Company plans to pay an annual dividend of 120 yen per share (total of the interim dividend of 60 yen per share and a year-end dividend of 60 yen per share), an increase of 5 yen per share from the previous year.



Financial Results of FY2020

From April 2020 to March 2021
Consolidated Basis

Quarterly Financial Results



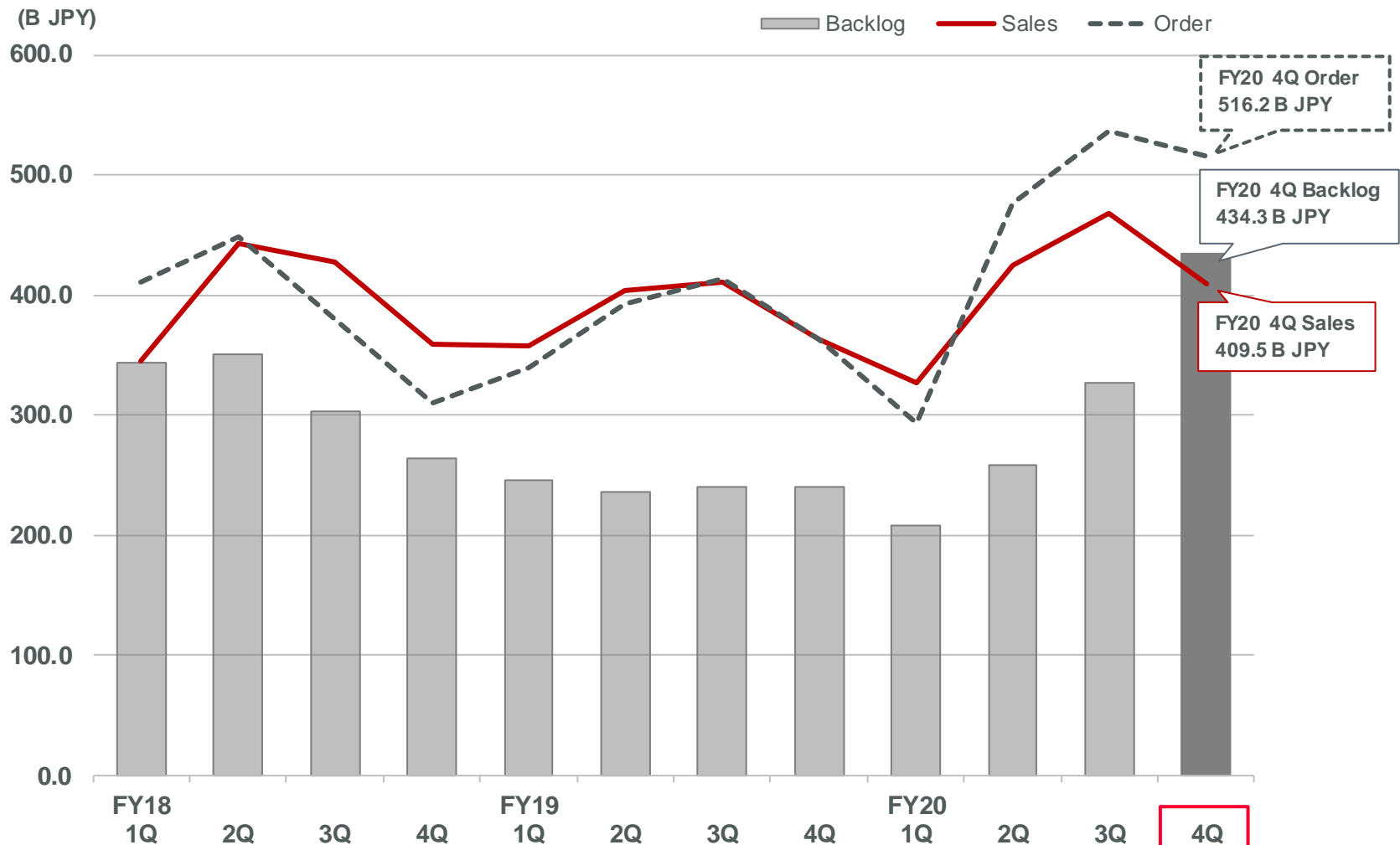
Financial Results Overview

	FY2019		FY2020		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1,534.0	100.0	1,630.2	100.0	+96.1	+6.3
Operating income	253.2	16.5	313.2	19.2	+60.0	+23.7
Income before income taxes	254.0	16.6	316.4	19.4	+62.4	+24.6
Net income attributable to Murata Corporation	183.0	11.9	237.1	14.5	+54.0	+29.5
ROIC (pre-tax basis) (%)	16.1		18.5		+2.4	
Average exchange rates yen/US dollar	108.75		106.06			

- In net sales, inductors and connectivity modules increased for PCs, and RF modules grew for smartphones in addition to steady sales of capacitors in a wide range of applications.
- Profit grew due to the effects of a production increase. However, there were negative factors causing a decrease in profit, such as a drop in product prices and an appreciation of the yen.
- Net sales and profits of each type marked record highs.

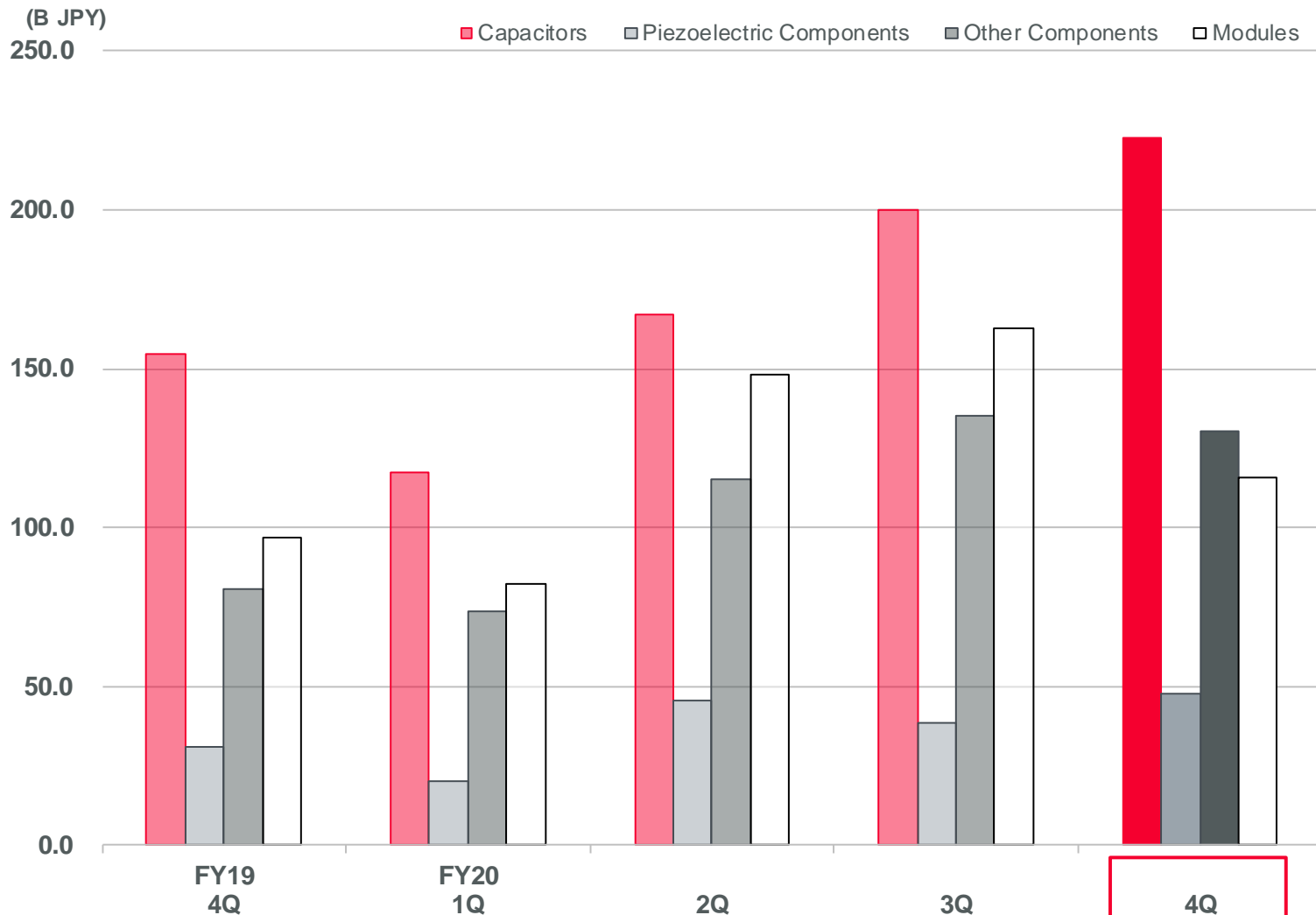
Quarterly Sales, Order and Backlog

Whereas net sales decreased from the previous quarter, orders received remained at high levels, making the backlog the highest on record.



Orders by Product

Although orders for modules declined due to the seasonality of products for smartphones, overall orders remained at high levels as orders for capacitors increased for PC peripherals and car electronics.



Sales by Product

	FY2019		FY2020		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	559.4	36.6	626.5	38.5	+67.1	+12.0
Piezoelectric Components	129.3	8.4	129.3	8.0	+0.0	+0.0
Other Components	363.0	23.7	387.6	23.8	+24.6	+6.8
Modules	478.6	31.3	484.1	29.7	+5.5	+1.1
Net sales	1,530.3	100.0	1,627.6	100.0	+97.2	+6.4

Sales by Product [FY2019 to FY2020]

Capacitors +12.0%	<p>Multilayer Ceramic Capacitors : Sales increased for PCs and PC peripherals significantly and also for smartphones and car electronics as a strong move to secure components started.</p>
Piezoelectric Components (Flat)	<p>SAW Filters : Sales increased for IoT devices.</p> <p>Piezoelectric sensors Sales decreased for car electronics.</p>
Other Components +6.8%	<p>Inductors / connectors : Sales increased for smartphones and PCs.</p> <p>Lithium Ion Batteries : Sales of smartphones decreased amid a review of the business portfolio.</p>
Modules +1.1%	<p>RF modules : Sales increased for smartphones.</p> <p>Connectivity modules : Despite a decrease for smartphones, sales grew for PCs, resulting in the overall sales rising.</p> <p>Multilayer resin substrates : Sales decreased for smartphones.</p>

Sales by Application

	FY2019		FY2020		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
AV	61.0	4.0	71.9	4.4	+10.8	+17.8
Communication	792.2	51.8	804.9	49.5	+12.8	+1.6
Computers and Peripherals	230.5	15.0	291.5	17.9	+61.0	+26.5
Automotive Electronics	263.5	17.2	273.2	16.8	+9.7	+3.7
Home Electronics and Others	183.1	12.0	186.1	11.4	+3.0	+1.6
Net sales	1,530.3	100.0	1,627.6	100.0	+97.2	+6.4

*Based on our estimate

Sales by Application [FY2019 to FY2020]

AV +17.8%	<p>Sales of lithium ion secondary batteries and capacitors expanded for video game consoles on the strength of growing demand from people staying at home.</p> <p>Connectivity modules and lithium ion batteries for digital cameras decreased.</p>
Communication +1.6%	<p>Sales of capacitors and RF modules for smartphones increased.</p> <p>Sales of multilayer ceramic capacitors (MLCCs) and connectors increased for wearable devices.</p> <p>Decreased sales of capacitors for base stations.</p>
Computers and Peripherals +26.5%	<p>Sales of MLCCs, connectivity modules and inductors increased significantly due to higher demand for PCs resulting from teleworking and online education.</p> <p>Sales of MLCCs increased for servers and data storage.</p>
Automotive Electronics +3.7%	<p>The production output of automobiles dropped. However, demand for MLCCs grew as there was a move to secure components in anticipation of an increase in the production output of automobiles.</p>

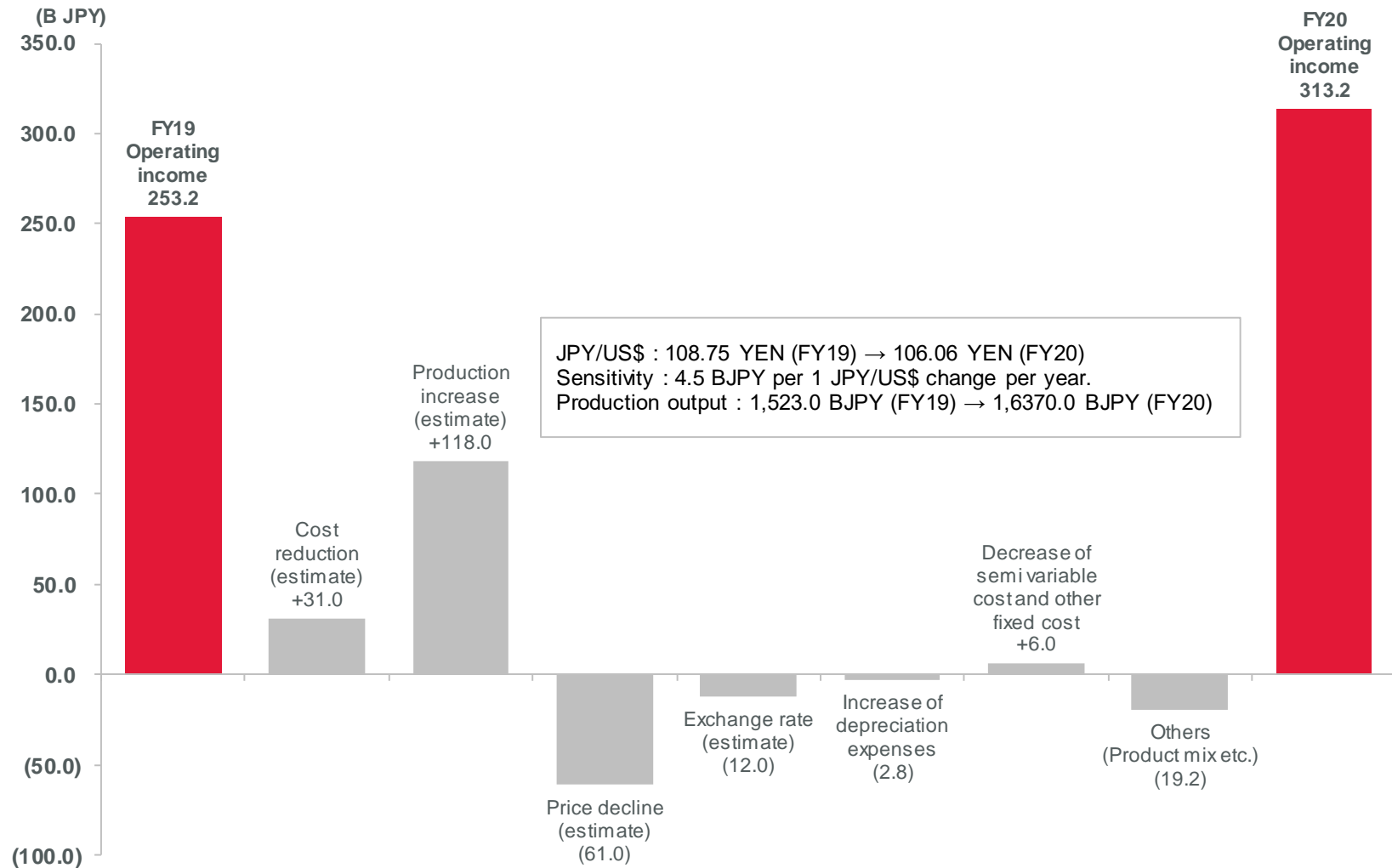
*Based on our estimate

Segment Information

		FY2019		FY2020		Y on Y Change	
		(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Components	Total Revenues	1,098.3	100.0	1,175.4	100.0	+77.1	+7.0
	Segment income	249.7	22.7	313.0	26.6	+63.3	+25.4
Modules	Total Revenues	478.6	100.0	484.1	100.0	+5.5	+1.1
	Segment income	49.4	10.3	54.3	11.2	+4.8	+9.8
Others	Total Revenues	59.2	100.0	61.1	100.0	+1.8	+3.1
	Segment income	5.7	9.7	7.8	12.7	+2.1	+36.1
Corporate and eliminations	Total Revenues	(102.1)	-	(90.4)	-	+11.8	-
	Corporate expenses	(51.6)	-	(61.8)	-	(10.3)	-
Consolidated	Total Revenues	1,534.0	100.0	1,630.2	100.0	+96.1	+6.3
	Operating income	253.2	16.5	313.2	19.2	+60.0	+23.7

- Components** Both sales and profit increased primarily due to higher sales of capacitors and inductors and a reduction in fixed costs that was a reaction from an impairment loss recorded in the previous year (minus 19.8 billion yen).
- Modules** Sales of RF modules increased for smartphones, and sales of connectivity modules rose for PCs, although sales of multilayer resin substrates declined for smartphones. As a result, this segment marked both a sales and profit increase.

Breakdown of Operating Income Changes [FY2019 to FY2020]



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

*Changes in semi-variable costs and fixed costs include the impact of temporary expenses, such as impairment loss.

*Others (product mix etc.) include a decrease in income as a reaction to gains from sales of precious metals recorded in FY2019.

Cash Flows

	FY2019	FY2020	Y on Y Change
	(B JPY)	(B JPY)	(B JPY)
Operating activities	350.3	373.6	+23.2
Investing activities	(284.4)	(150.3)	+134.2
Financing activities	17.7	(118.2)	(135.8)
Effect of exchange rate changes	1.0	0.3	(0.7)
Cash and cash equivalents	302.3	407.7	+105.4
Free Cash Flows	65.9	223.3	+157.4
Capital expenditures	(285.9)	(199.9)	+86.1
Depreciation and amortization	140.3	143.1	+2.8

- Free cash flow grew due to higher profit and lower capital expenditure.
- The Company increased dividends and repaid loans by using the free cash flow as the financial source.



Projected Financial Results for FY2021







(From April 2021 to March 2022)

Projected Financial Results for FY2021

	FY2020 Actual		1st Half		2nd Half		FY2021 Projections		Change	
	(B JPY)	(%)	(B JPY)	(B JPY)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1,630.2	100.0	847.0	813.0	1,660.0	100.0	+29.8	+1.8		
Operating income	313.2	19.2	157.0	163.0	320.0	19.3	+6.8	+2.2		
Income before income taxes	316.4	19.4	158.0	164.0	322.0	19.4	+5.6	+1.8		
Net income attributable to Murata Corporation	237.1	14.5	118.0	122.0	240.0	14.5	+2.9	+1.2		
ROIC (pre-tax basis) (%)	18.5				17.9		(0.6)			
Average exchange rates yen/US dollar	106.06				107.00					

- Although sales of modules will decrease partly due to changes in the specifications of smartphones, sales of capacitors will increase for car electronics and smartphones. This has led the Company to expect a year-on-year sales increase.
- The Company plans to see profit grow year-on-year mainly due to the effects of a production increase and cost reduction initiatives. This is despite factors causing a decrease in profit, such as a drop in product prices and an increase in production-related expenses.

Projection of Demand

	FY2020 Actual	FY2021 Projections	Change
Mobile Phones (units)	1,450 M	1,520 M	+5% 
PCs (units)	470 M	460 M	(1%) 
Desktop	70 M	70 M	(2%) 
Notebook	210 M	210 M	Flat 
Tablet	180 M	180 M	(2%) 
Vehicles (units)	76 M	85 M	+11% 

- **SmartPhones** Demand for components will grow steadily although the growth rate will slow as the move to secure components outpaced the number of smartphones sold in the previous year.
- **PCs** Demand will remain at high levels against the background of ongoing teleworking and online education.
- **Vehicles** Demand will recover significantly from a slump caused by COVID-19 despite the difficulty in procuring semiconductors.

Projected Sales by Product

	FY2020 Actual (YoY growth ratio)	FY2021 Projections (YoY growth ratio)
Capacitors	+12%	+11%
Piezoelectric Components	Flat	(2%)
Other Components	+7%	+11%
Modules	+1%	(15%)
Total	+6%	+2%

Projected Sales by Product [FY2020 to FY2021]

Capacitors +11%	<p>Multilayer Ceramic Capacitors : Sales will increase for smartphones and car electronics due to an increase in the number of units, a shift to 5G and the advance of electrification.</p>
Piezoelectric Components (2%)	<p>SAW Filters : Sales will decrease for smartphone in the current year due to the move to secure components that outpaced the number of units sold in the previous year.</p>
Other Components +11%	<p>Lithium Ion Batteries : Sales increased for power tools.</p> <p>Inductors : Sales increased for smartphones and car electronics.</p>
Modules (15%)	<p>Connectivity modules : The Company will proceed to revise the business portfolio to downsize businesses that have low value-added rates.</p> <p>RF modules / Multilayer resin substrates : Sales will decline mainly because of changes in the specifications of new models of smartphones and a change in the market share of smartphone manufacturers.</p>

Projected Sales by Application

	FY2020 Actual (YoY growth ratio)	FY2021 Projections (YoY growth ratio)
AV	+18%	(5%)
Communication	+2%	(3%)
Computers and Peripherals	+27%	(1%)
Automotive Electronics	+4%	+14%
Home Electronics and Others	+2%	+10%
Total	+6%	+2%

*Based on our estimate

Projected Financial Results for FY2021

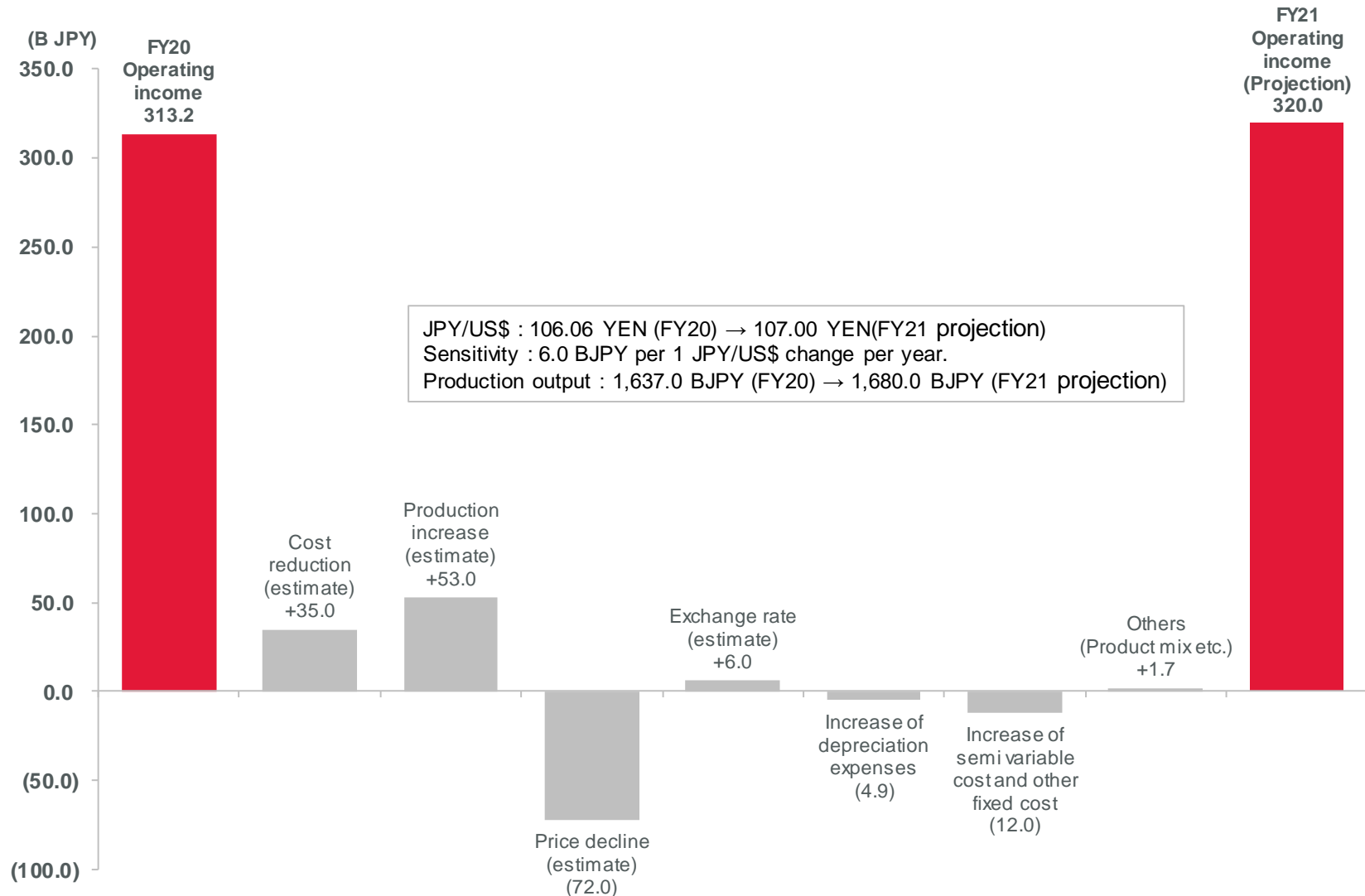
	FY2020 Actual	FY2021 Projections
Depreciation and amortization	143.1 B JPY	148.0 B JPY
R & D expenses	101.7 B JPY	104.0 B JPY
Capital expenditures	196.7 B JPY	160.0 B JPY
Average exchange rate (JPY/USD)	106.06	107.00
Average exchange rate (JPY/EUR)	123.70	128.00

[Exchange rate sensitivity (per 1 JPY/US\$ change per year)]

Net sales FY2020 : 9.0 BJPY → FY2021 : 11.0 BJPY

Operating income FY2020 : 4.5 BJPY → FY2021 : 6.0 BJPY

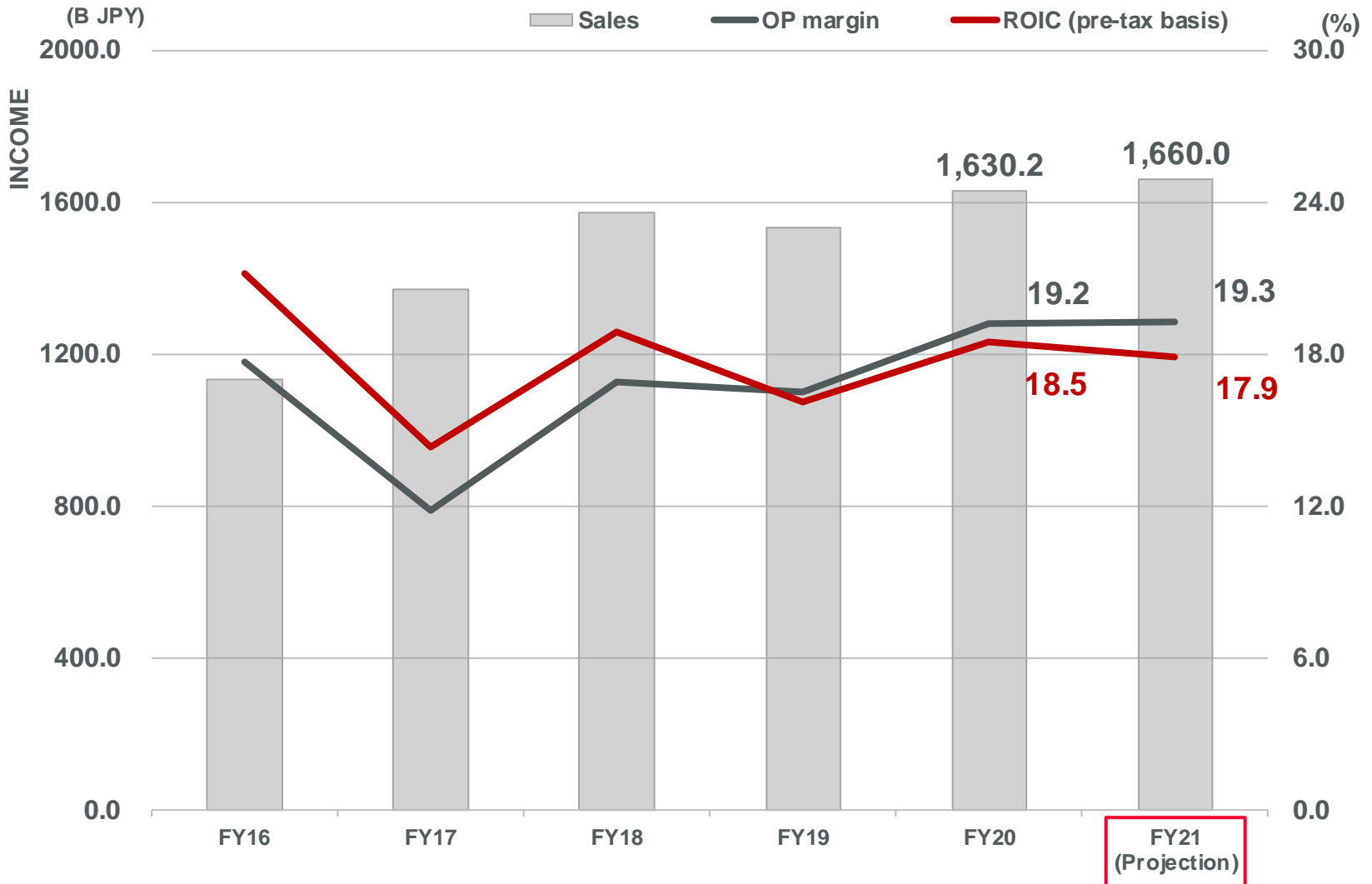
Breakdown of Operating Income Changes [FY2020 to FY2021]



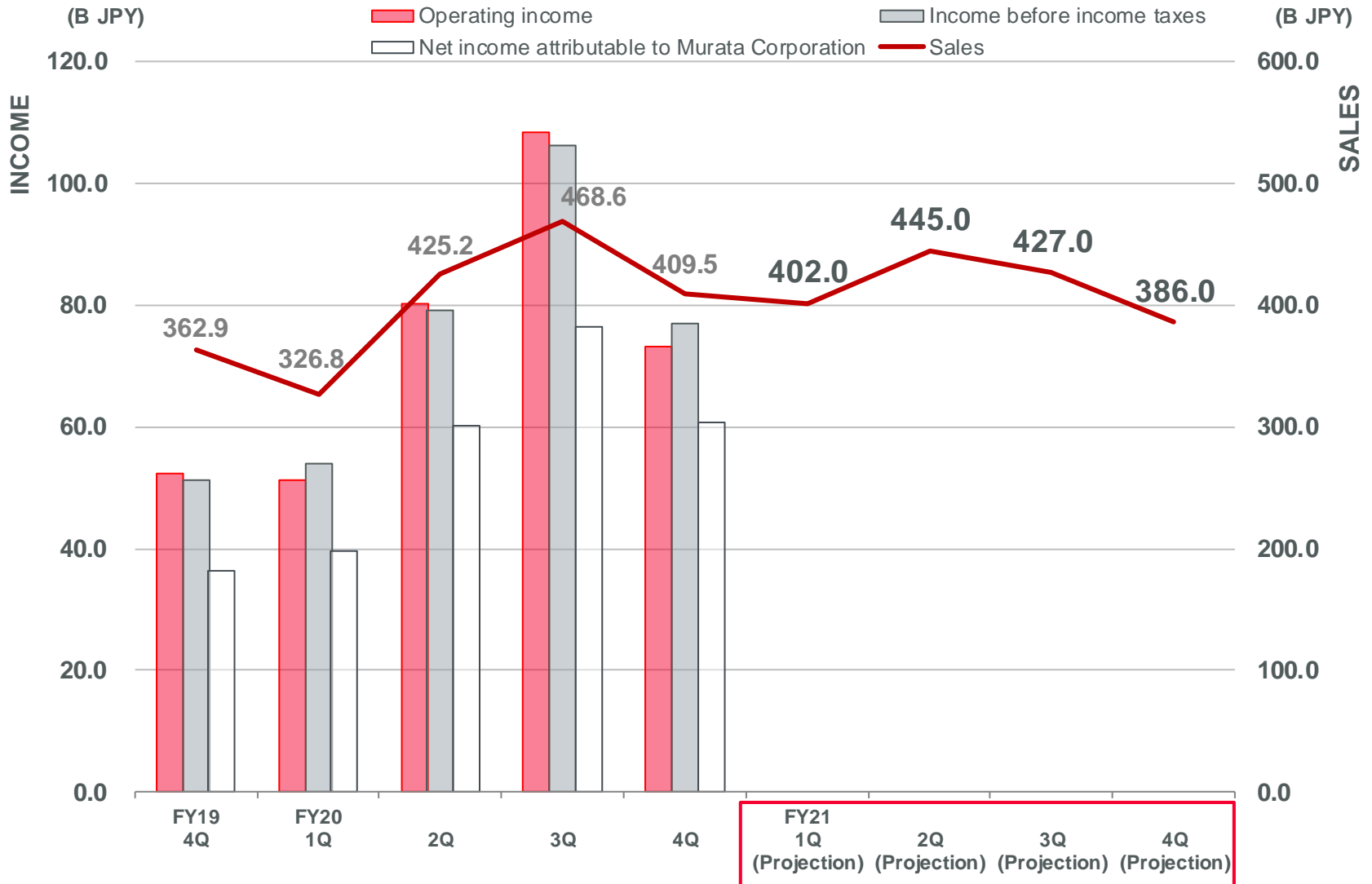
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*Changes in semi-variable costs and fixed costs include the impact of temporary expenses, such as impairment loss.

Projected Financial Results for FY2021



Quarterly Financial Results



Dividends per Share

- FY2021 projected annual dividends per share
120 JPY per share
(Interim: 60 JPY per share, Year-end: 60 JPY per share)
*5 yen increase of annual dividend per share

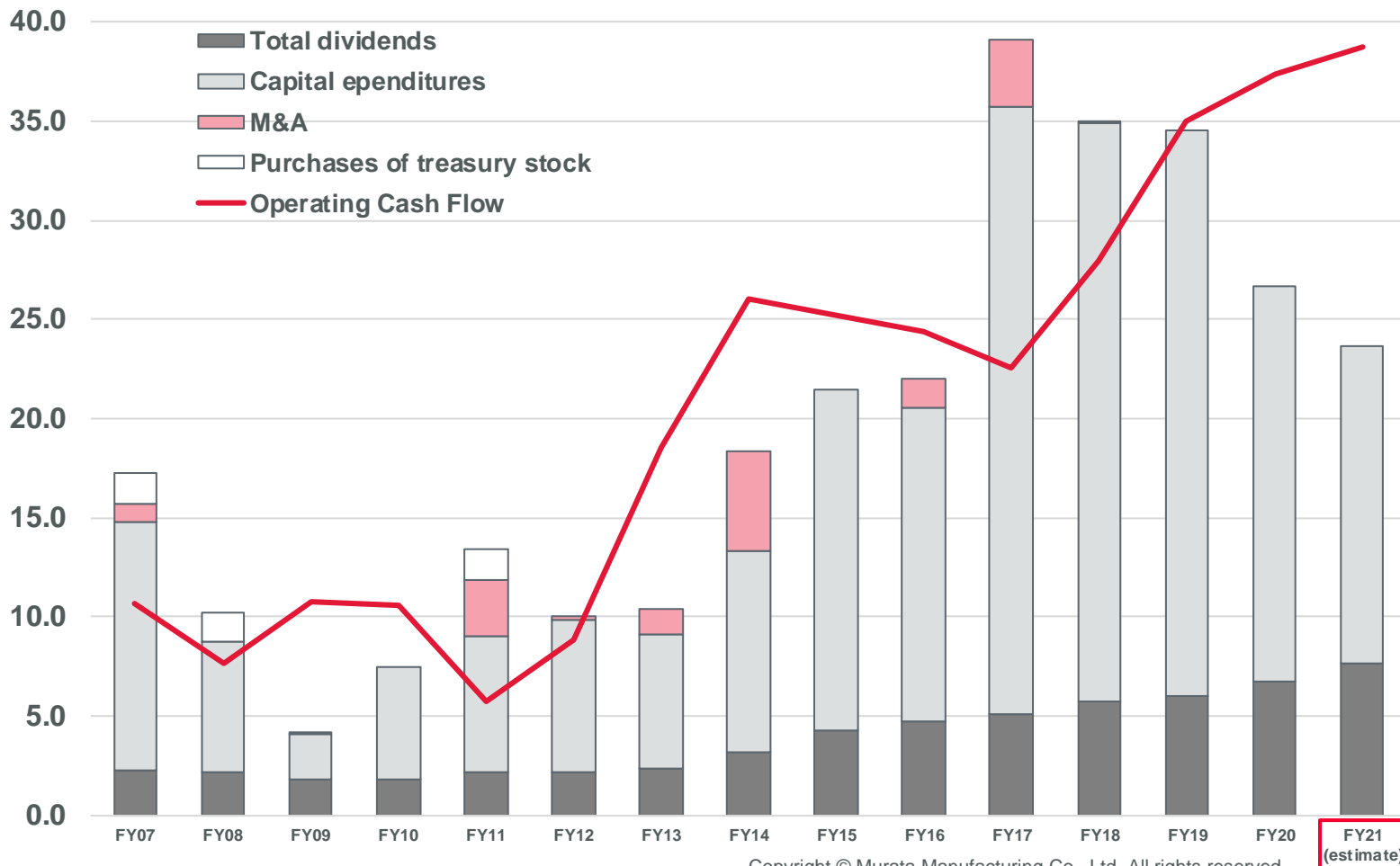
- FY2020 annual dividends per share
115 JPY per share
(Interim: 55 JPY per share, Year-end: 60 JPY per share)
*The year-end dividend has been increased by 5 yen per share from the previous forecast.

Note: The above projections are based on our view of the current business environment and our projections for FY2021.

Cash Flows

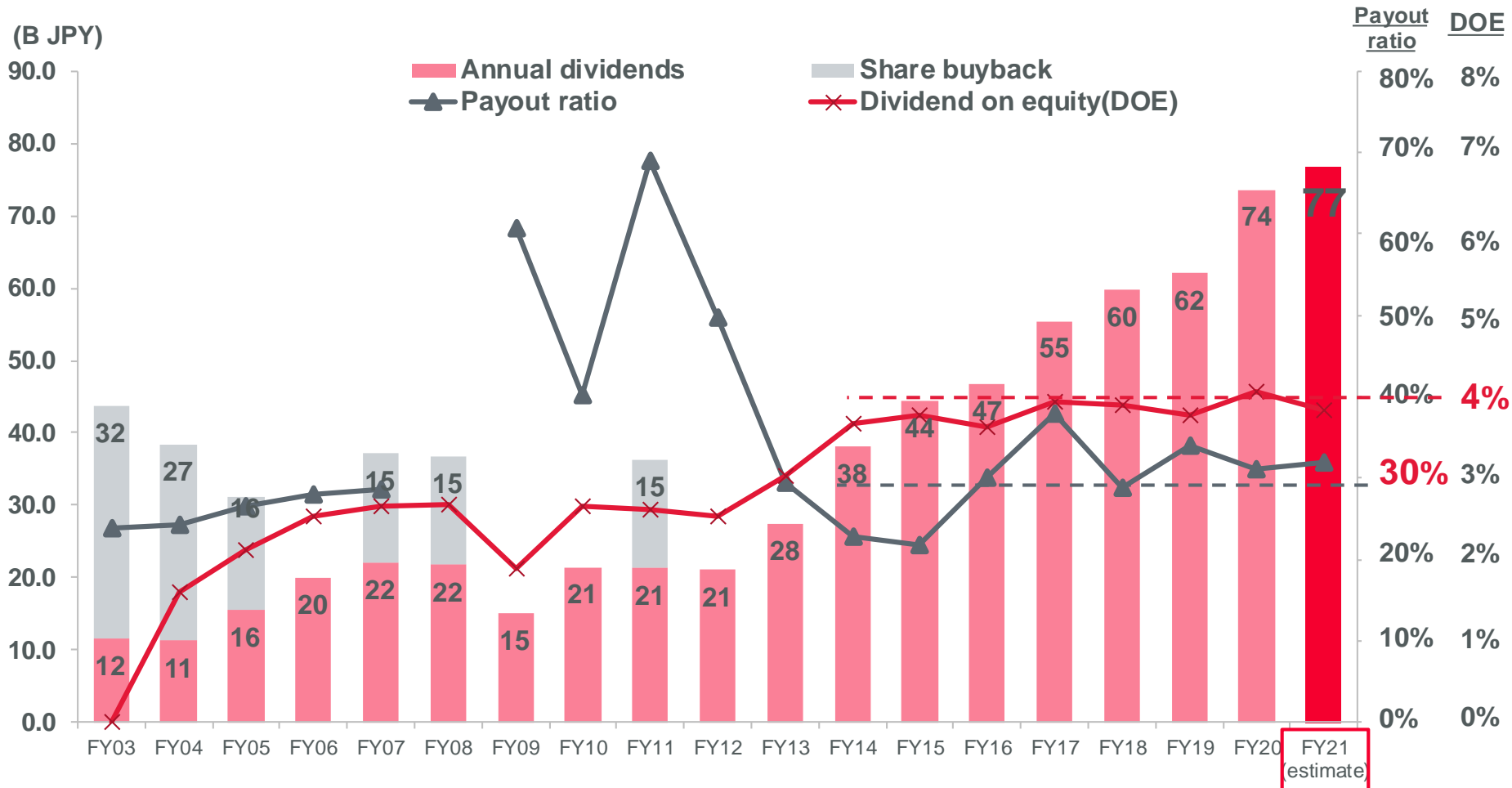
- In FY2020, the Company decreased investments and used the cash flow provided by operating activities as the financial source to raise dividends and repay loans.
- In FY2021, the Company plans to continue decreasing investments, raising dividends and redeeming corporate bonds.

(B JPY)



Return to Shareholders

- Dividend** As a stable increase in dividends is our basic policy, we aim to achieve DOE (Dividend on equity ratio) of 4% or higher over the medium term with reference to dividend payout ratio of approximately 30%.
- Share buyback** As a means of returning profits to shareholders, we implement share buybacks in a timely manner to improve capital efficiency.



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



Response to COVID-19

Ongoing Efforts to Prevent Infections in the Group (Examples)

- Wearing a mask is mandatory.
- Sanitize hands and measure and record body temperature with a thermographic device when people enter buildings.
- Record people's movements on company premises.
- Change the layout of canteens to a configuration of seats for sitting side-by-side and single seats with partitions. Record the use of dining seats (register by scanning a QR code with a mobile device).
- Have online meetings.
- Achieve social distancing in offices and install partitions to prevent the spread of droplets.
- Impose restraints on activities including business trips, gatherings and events.



There has hardly been any impact of COVID-19 on production due to thorough implementation of infection-prevention measures.

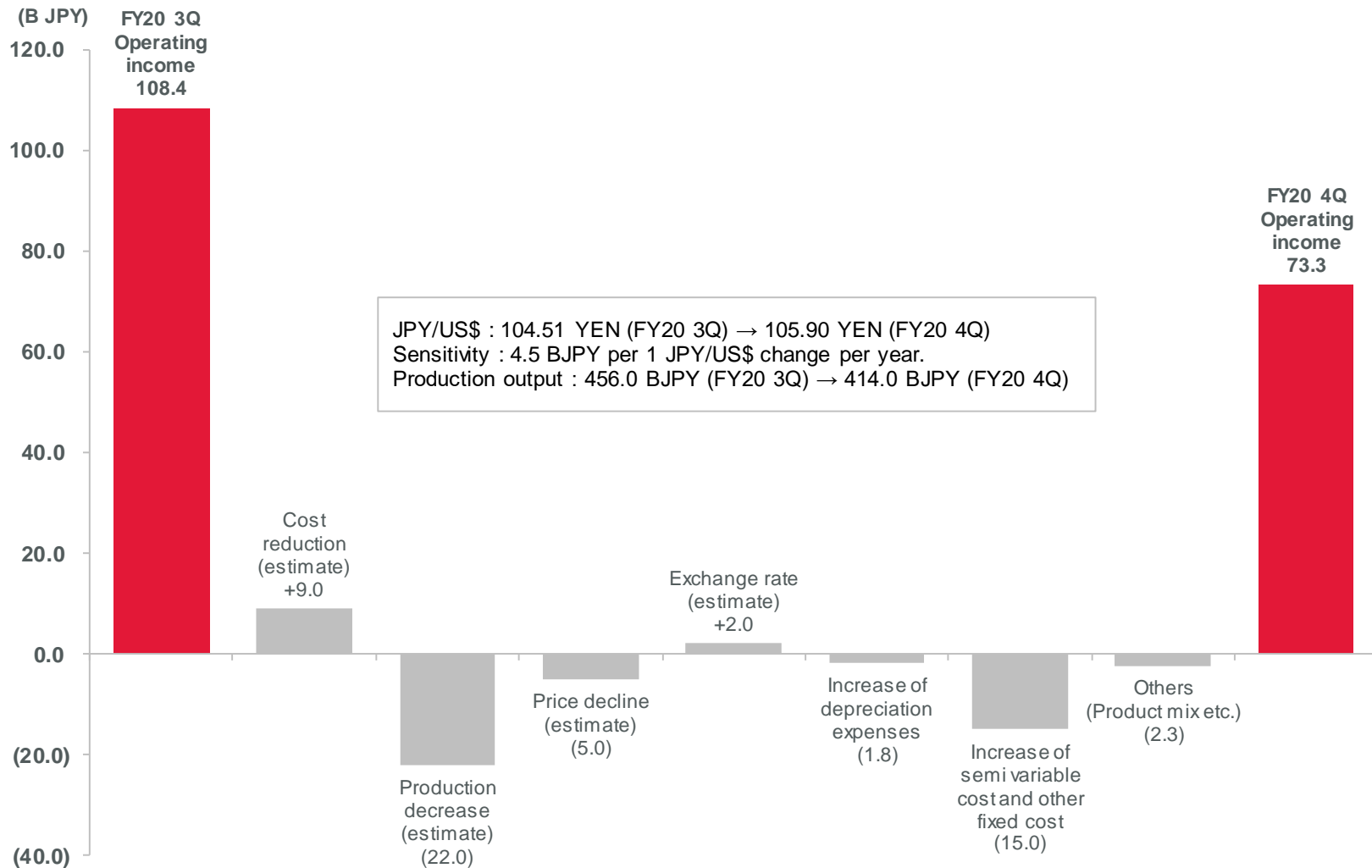
In accordance with government policies and guidelines, Murata is committed to doing our best to prevent infection with and minimize the spread of COVID-19, giving top priority to the well-being and safety of local residents, customers, suppliers, and all our employees.

Financial Results Overview

[FY20 3rd Quarter to FY20 4th Quarter]

	FY2020 3rd Quarter		FY2020 4th Quarter		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	468.6	100.0	409.5	100.0	(59.1)	(12.6)
Operating income	108.4	23.1	73.3	17.9	(35.1)	(32.3)
Income before income taxes	106.3	22.7	76.9	18.8	(29.4)	(27.7)
Net income attributable to Murata Corporation	76.5	16.3	60.7	14.8	(15.7)	(20.6)

Breakdown of Operating Income Changes [FY20 3rd Quarter to FY20 4th Quarter]



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

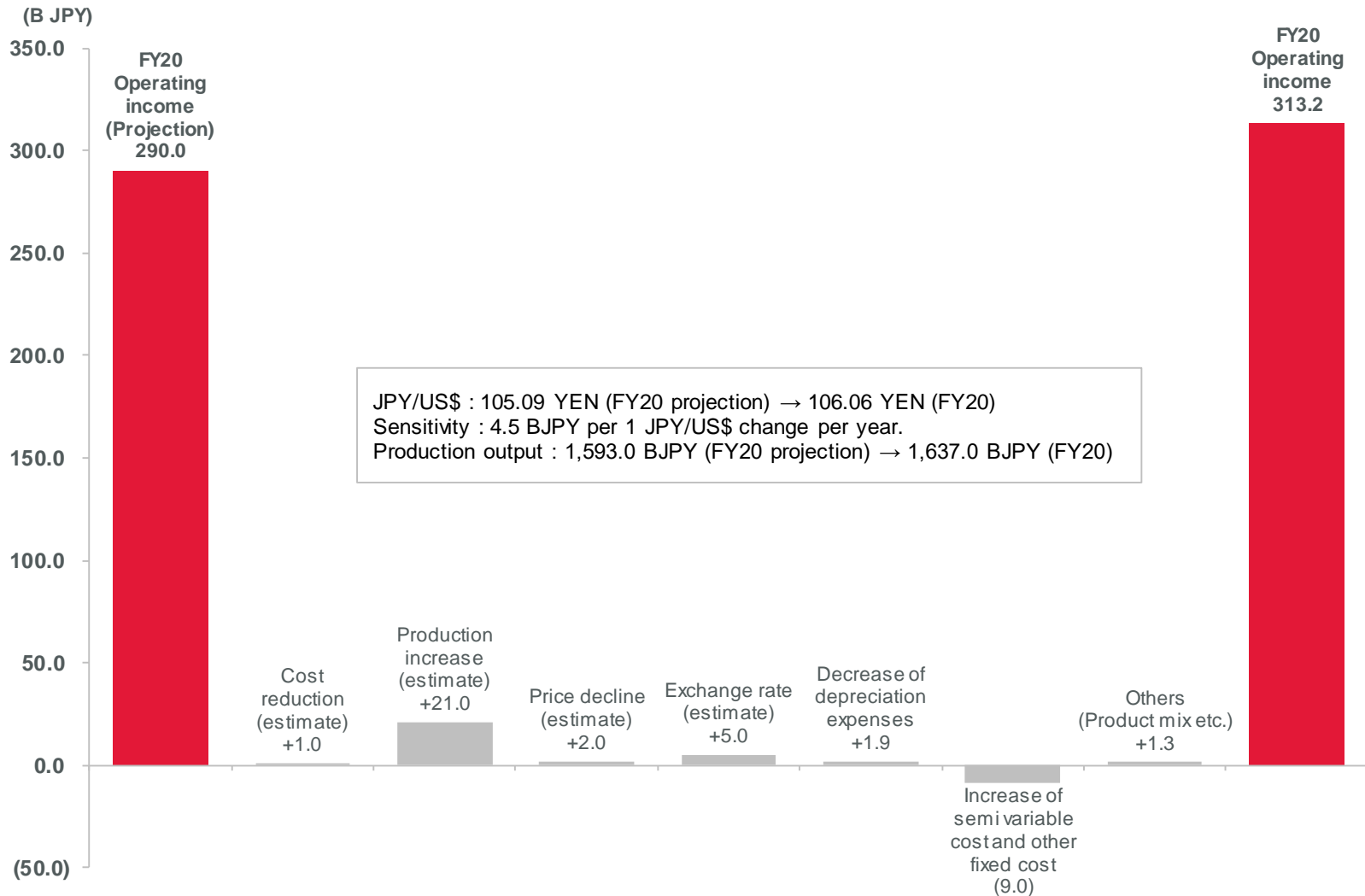
*Changes in semi-variable costs and fixed costs include the impact of temporary expenses, such as impairment loss.

Financial Results Overview

[FY20 Projections to FY20 Actual]

	FY2020 Projections		FY2020 Actual		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1,570.0	100.0	1,630.2	100.0	+60.2	+3.8
Operating income	290.0	18.5	313.2	19.2	+23.2	+8.0
Income before income taxes	291.0	18.5	316.4	19.4	+25.4	+8.7
Net income attributable to Murata Corporation	216.0	13.8	237.1	14.5	+21.1	+9.7

Breakdown of Operating Income Changes [FY20 Projection to FY20 Actual]



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

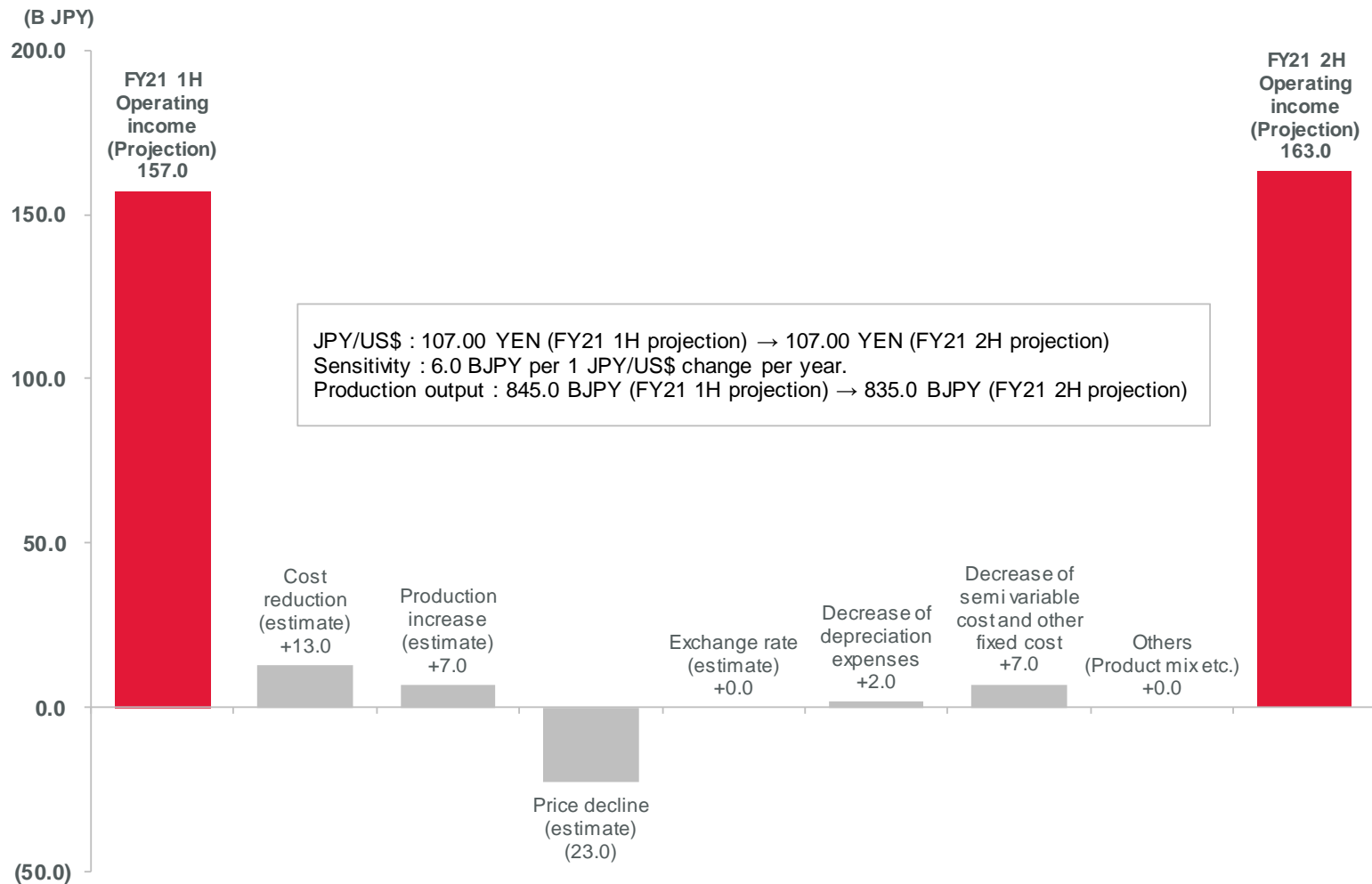
*Changes in semi-variable costs and fixed costs include the impact of temporary expenses, such as impairment loss.

Financial Results Overview

[FY21 1st Half Projections to FY21 2nd Half Projections]

	FY2021 1st Half Projections		FY2021 2nd Half Projections		H on H Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	847.0	100.0	813.0	100.0	(34.0)	(4.0)
Operating income	157.0	18.5	163.0	20.0	+6.0	+3.8
Income before income taxes	158.0	18.7	164.0	20.2	+6.0	+3.8
Net income attributable to Murata Corporation	118.0	13.9	122.0	15.0	+4.0	+3.4

Breakdown of Operating Income Changes [FY21 1st Half Projection to FY21 2nd Half Projection]



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

Financial Data (1/3)

(B JPY)

	FY2018				FY2019				FY2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales	345.5	442.9	427.6	359.0	357.6	403.4	410.2	362.9	326.8	425.2	468.6	409.5
Operating income	48.2	91.3	85.6	41.7	62.6	58.8	79.5	52.4	51.3	80.2	108.4	73.3
Income before income taxes	49.9	92.8	79.7	44.9	63.2	61.6	78.0	51.3	53.9	79.2	106.3	76.9
Net income attributable to Murata Corporation	39.0	69.3	60.1	38.5	46.8	43.9	56.1	36.2	39.6	60.3	76.5	60.7
Capital expenditures	77.7	78.8	72.7	62.4	52.9	62.0	81.4	85.4	40.2	43.8	48.9	63.9
Depreciation and amortization	26.9	30.5	32.3	34.7	33.6	34.6	35.7	36.4	34.0	35.9	35.7	37.5
R & D expenses	26.0	24.3	25.1	26.2	26.1	25.3	24.7	26.4	24.8	26.2	24.4	26.3
Average exchange rates (yen)	109.07	111.46	112.90	110.21	109.90	107.35	108.76	108.97	107.62	106.22	104.51	105.90

Financial Data (2/3)

(B JPY)

		FY2018				FY2019				FY2020			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales by Product	Capacitors	126.5	147.2	158.3	142.3	137.7	137.8	145.7	138.2	134.5	156.1	167.3	168.7
	Piezoelectric Components	38.1	38.5	32.1	30.0	31.4	31.9	33.6	32.3	26.4	34.4	32.0	36.6
	Other Components	93.8	108.3	99.2	90.9	92.4	98.6	92.8	79.2	77.4	101.3	107.0	102.0
	Components	258.3	293.9	289.6	263.2	261.5	268.3	272.2	249.8	238.2	291.8	306.2	307.2
	Modules	86.5	148.2	137.1	95.0	95.2	134.3	137.0	112.1	87.9	132.8	161.8	101.6
	Net sales	344.8	442.1	426.6	358.2	356.7	402.5	409.2	361.9	326.2	424.5	468.0	408.9
Sales by Application	AV	17.3	19.7	17.5	15.0	16.9	17.7	14.8	11.6	15.4	20.7	18.4	17.3
	Communication	157.4	235.5	213.3	154.6	163.9	212.1	226.1	190.0	159.2	222.1	247.7	175.9
	Computers and Peripherals	56.4	65.3	68.0	59.5	58.6	60.6	58.1	53.2	68.0	71.3	74.5	77.7
	Automotive Electronics	59.6	63.0	66.0	68.5	66.8	66.1	66.2	64.4	42.8	66.4	80.0	83.9
	Home Electronics and Others	54.1	58.6	61.9	60.6	50.6	46.0	43.9	42.6	40.7	44.0	47.3	54.0
	Net sales	344.8	442.1	426.6	358.2	356.7	402.5	409.2	361.9	326.2	424.5	468.0	408.9
Sales by Product	The Americas	38.9	76.3	75.1	45.6	47.2	57.9	45.8	38.7	28.6	48.7	55.2	38.0
	Europe	32.9	32.2	33.2	41.5	36.1	31.7	30.4	33.8	21.2	31.8	35.0	38.3
	Greater China	181.0	231.5	216.1	165.7	172.7	208.1	237.2	192.1	198.8	244.1	276.4	231.8
	Asia and Others	60.3	66.4	64.2	68.4	63.0	69.6	60.8	64.6	48.7	67.7	62.8	62.9
	Overseas total	313.1	406.4	388.6	321.2	319.0	367.3	374.3	329.3	297.2	392.3	429.5	371.0
	Japan	31.8	35.7	38.0	36.9	37.8	35.3	34.9	32.6	28.9	32.2	38.5	37.8
	Net sales	344.8	442.1	426.6	358.2	356.7	402.5	409.2	361.9	326.2	424.5	468.0	408.9

Financial Data (3/3)

(B JPY)

		FY2018				FY2019				FY2020			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Components	Total revenue	268.6	305.6	298.2	267.6	271.7	278.8	285.2	262.5	245.6	300.8	315.0	314.0
	Segment income	62.6	87.5	84.9	77.2	67.5	50.1	68.9	63.1	58.9	79.2	91.4	83.5
Modules	Total revenue	86.5	148.2	137.1	95.0	95.2	134.3	137.0	112.1	87.9	132.8	161.8	101.6
	Segment income	(0.5)	16.9	14.0	(15.9)	7.9	17.9	21.9	1.7	6.9	14.8	32.9	(0.4)
Others	Total revenue	24.4	33.6	20.8	23.6	16.9	15.4	14.0	12.9	14.4	16.8	15.1	14.7
	Segment income	2.9	3.4	2.2	2.1	1.5	1.6	1.2	1.5	1.9	2.0	1.9	1.9
Corporate and eliminations	Total revenue	(34.0)	(44.5)	(28.5)	(27.2)	(26.4)	(25.1)	(26.0)	(24.7)	(21.1)	(25.2)	(23.3)	(20.8)
	Corporate expenses	(16.8)	(16.5)	(15.5)	(21.6)	(14.3)	(10.8)	(12.5)	(13.9)	(16.4)	(15.9)	(17.9)	(11.7)
Consolidated	Total revenue	345.5	442.9	427.6	359.0	357.6	403.4	410.2	362.9	326.8	425.2	468.6	409.5
	Operating income	48.2	91.3	85.6	41.7	62.6	58.8	79.5	52.4	51.3	80.2	108.4	73.3

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