

Earnings Release Conference First Quarter of FY2021 (April 1, 2021 to June 30, 2021)

July 29, 2021

Murata Manufacturing Co., Ltd.



- Net sales increased by 34.5% year-on-year in part because demand for automotive electronics increased due mainly to the recovery of automobile production volume and customers' behavior to build part inventories aimed at responding to future production growth, as well as an increase in demand for PCs-related products and smartphones. Net sales exceeded plan.
- Operating income doubled year on year contributed by an improved operation ratio driven by production growth, cost reduction, and the depreciation of the Japanese yen. Operating income ratio increased by 8.2 points to 23.9% year on year.

Topics

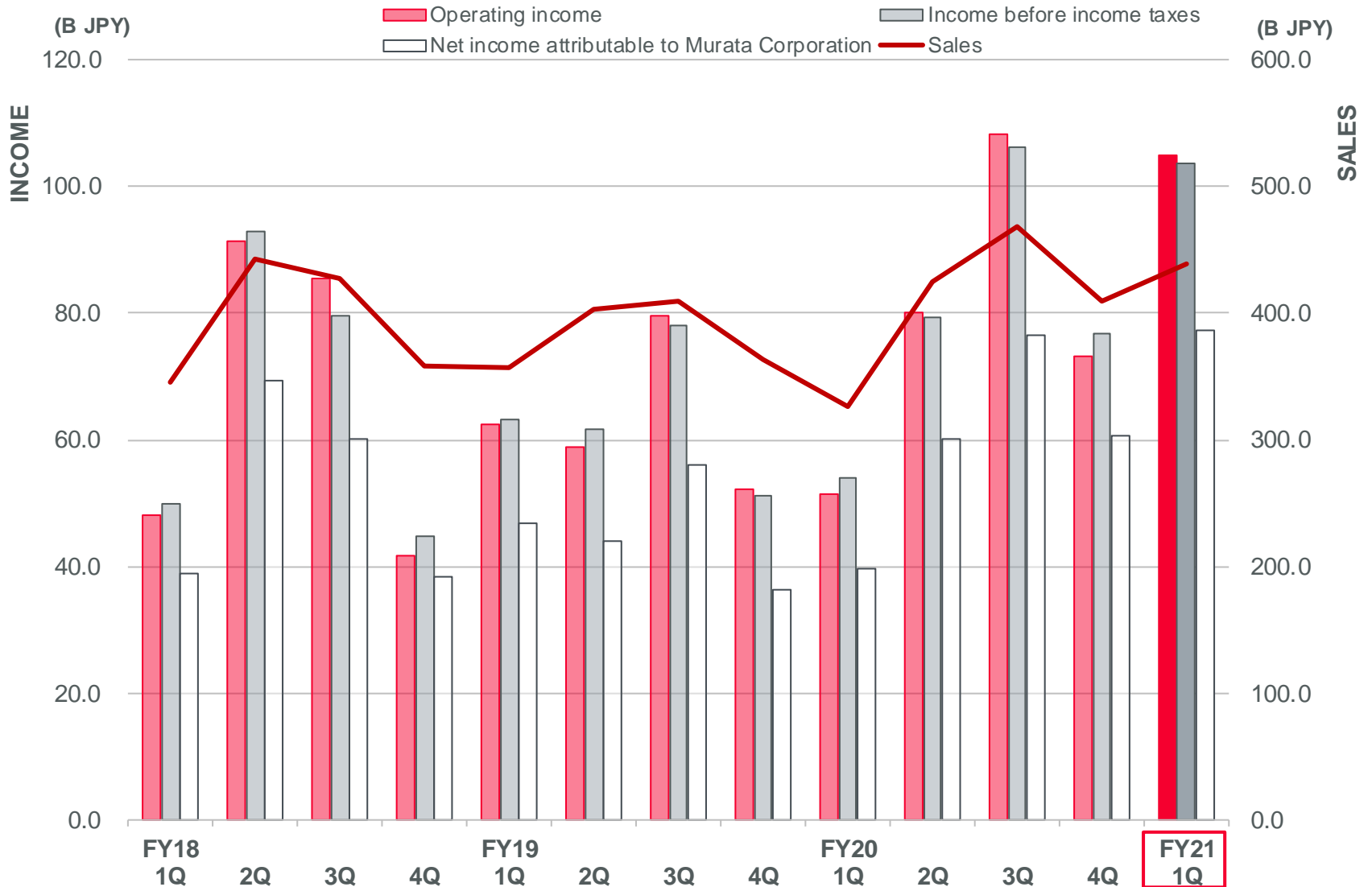
- Taking the actual result for the first quarter and outlook of healthy demand of parts into consideration, the full-year earnings estimates were revised upward. The capital expenditure plan was revised for the purpose of enhancing production capacity.
- Expected net sales and operating income are 1,730 billion yen (up by 6.1% year-on-year) and 365 billion yen (up by 16.5% year-on-year) on a full-year basis, respectively.
- With the strong capability as a supplier in capturing healthy part demand, the Company expects record-high sales and income. The Company expects operating income ratio of 20% or higher, and also aims to achieve ROIC of 20% presented as an objective in the Mid-term direction 2021.



First Quarter of FY2021

From April 1, 2021 to June 30, 2021
Consolidated Basis

Quarterly Financial Results



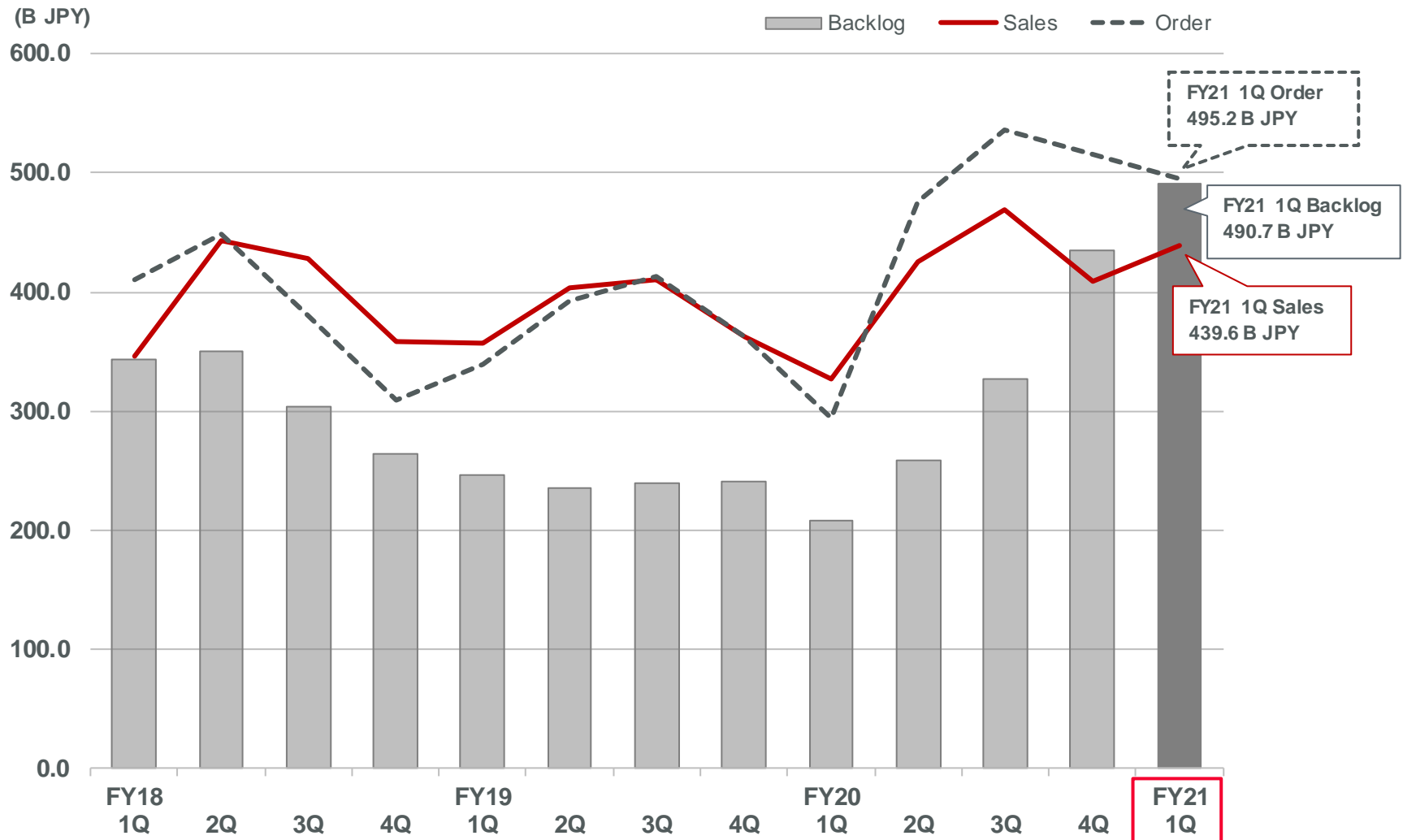
Financial Results Overview

	FY2020 1st Quarter		FY2020 4th Quarter		FY2021 1st Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	326.8	100.0	409.5	100.0	439.6	100.0	+112.8	+34.5	+30.0	+7.3
Operating income	51.3	15.7	73.3	17.9	105.1	23.9	+53.7	+104.7	+31.7	+43.3
Income before income taxes	53.9	16.5	76.9	18.8	103.7	23.6	+49.8	+92.3	+26.8	+34.8
Net income attributable to Murata Corporation	39.6	12.1	60.7	14.8	77.2	17.6	+37.6	+95.1	+16.5	+27.1
Average exchange rates yen/US dollar	107.62		105.90		109.49					

- Net sales increased significantly year on year, contributed by an increase in capacitors for automotive electronics and smartphones, and in SAW filters, inductors, and RF modules for smartphones also rose in the smartphone area.
- Operating income doubled year on year contributed by an improved operation ratio driven by production growth, cost reduction, and the depreciation of the Japanese yen.
- Net income attributable to Murata Corporation marked a record high as a quarterly result.

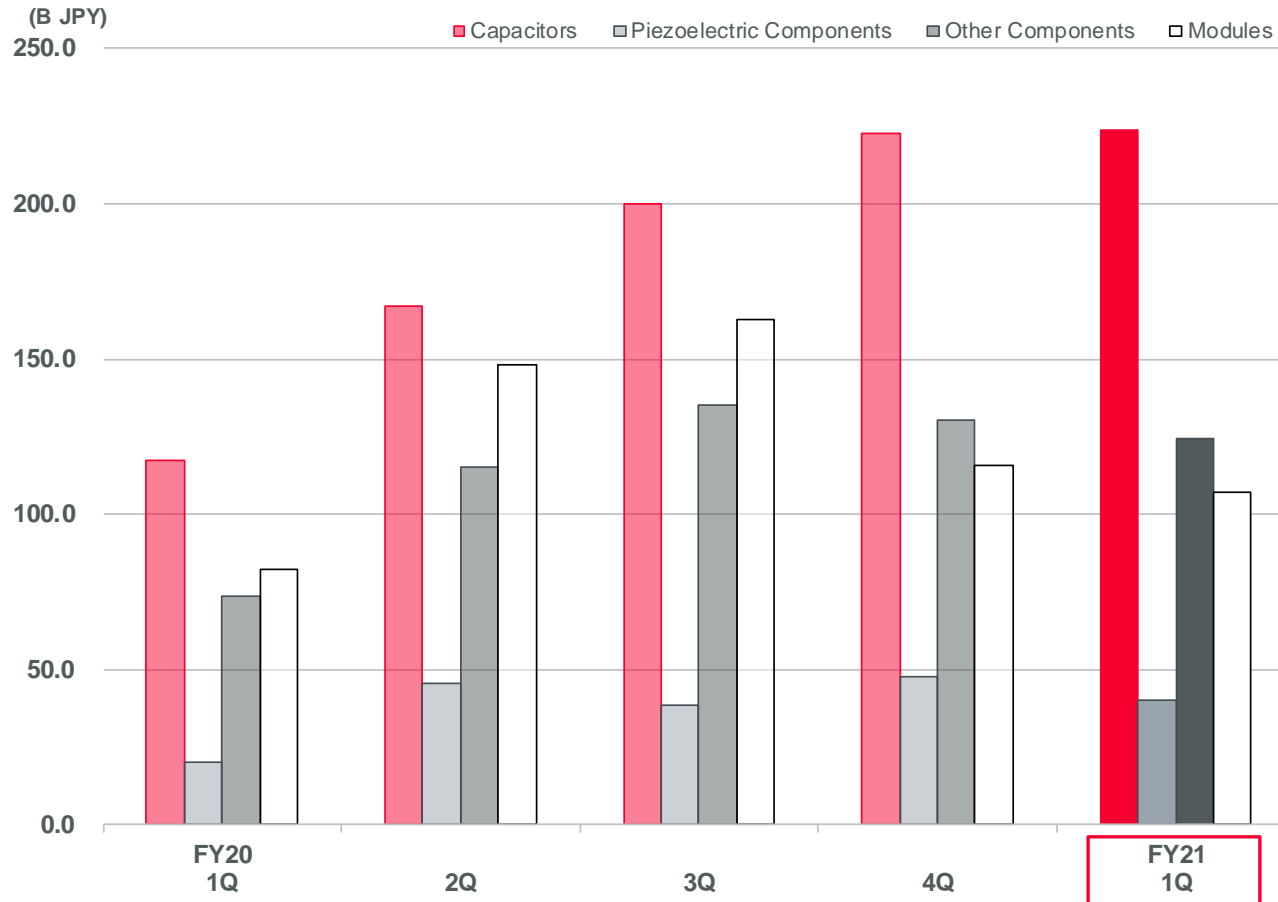
Quarterly Sales, Order and Backlog

While orders received decreased quarter-on-quarter, the Company marked a record high outstanding backlogs, underpinned by the high level of orders received.



Orders by Product

- On a year-on-year basis, orders increased in all product lines as economic activities recovered after COVID-19-related restrictions were lifted.
- On a quarter-on-quarter basis, orders of capacitors for PCs-related and base stations increased, while those of RF modules and SAW filters for smartphones decreased.
- Orders receipt are maintained at a high level, while those for certain purposes including smartphones manufactured by Chinese manufacturers decreased.



Sales by Product

	FY2020 1st Quarter		FY2020 4th Quarter		FY2021 1st Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	134.5	41.2	168.7	41.3	189.3	43.1	+54.8	+40.7	+20.6	+12.2
Piezoelectric Components	26.4	8.1	36.6	8.9	38.8	8.8	+12.4	+46.9	+2.2	+6.1
Other Components	77.4	23.7	102.0	24.9	110.9	25.3	+33.6	+43.4	+8.9	+8.8
Modules	87.9	27.0	101.6	24.9	99.9	22.8	+11.9	+13.5	(1.8)	(1.7)
Net sales	326.2	100.0	408.9	100.0	438.8	100.0	+112.6	+34.5	+30.0	+7.3

Sales by Product [FY21 1st Quarter vs FY20 4th Quarter]

Capacitors +12.2%	<p>Multilayer Ceramic Capacitors : Sales were contributed mainly by an increase in PC-related and smartphone-related. Automotive electronics-related sales are also maintained at a high level, as customers are building their part inventories aimed at boosting production in the future.</p>
Piezoelectric Components +6.1%	<p>SAW Filters : Sales increased for IoT devices and smartphones.</p>
Other Components +8.8%	<p>Lithium Ion Batteries : Sales increased for power tools and video game consoles.</p> <p>Inductors (coil) / Connectors : Sales increased for smartphones.</p>
Modules (1.7%)	<p>Connectivity modules : Sales decreased for PCs.</p> <p>Multilayer resin substrates : Sales increased for high-end smartphones.</p>

Sales by Application

	FY2020 1st Quarter		FY2020 4th Quarter		FY2021 1st Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
AV	15.4	4.7	17.3	4.2	19.0	4.3	+3.6	+23.2	+1.7	+9.6
Communication	159.2	48.8	175.9	43.0	185.7	42.3	+26.4	+16.6	+9.8	+5.5
Computers and Peripherals	68.0	20.9	77.7	19.0	89.7	20.4	+21.7	+31.9	+12.0	+15.4
Automotive Electronics	42.8	13.1	83.9	20.6	82.7	18.9	+39.9	+93.2	(1.2)	(1.4)
Home Electronics and Others	40.7	12.5	54.0	13.2	61.8	14.1	+21.1	+51.7	+7.8	+14.4
Net sales	326.2	100.0	408.9	100.0	438.8	100.0	+112.6	+34.5	+30.0	+7.3

*Based on our estimate

Sales by Application [FY21 1st Quarter vs FY20 4th Quarter]

AV +9.6%	Lithium ion batteries and capacitors for video game consoles increased.
Communication +5.5%	Contributed by an increase in capacitors, multilayer resin substrates (MetroCirc™), connectors, and inductors. Increased sales of capacitors for base stations.
Computers and Peripherals +15.4%	Increased sales of capacitors for PCs and servers.
Automotive Electronics (1.4%)	Sales of capacitors were maintained at a high level on the back of customers building up their inventories. Decreased sales of Connectivity modules for Automotive Electronics.

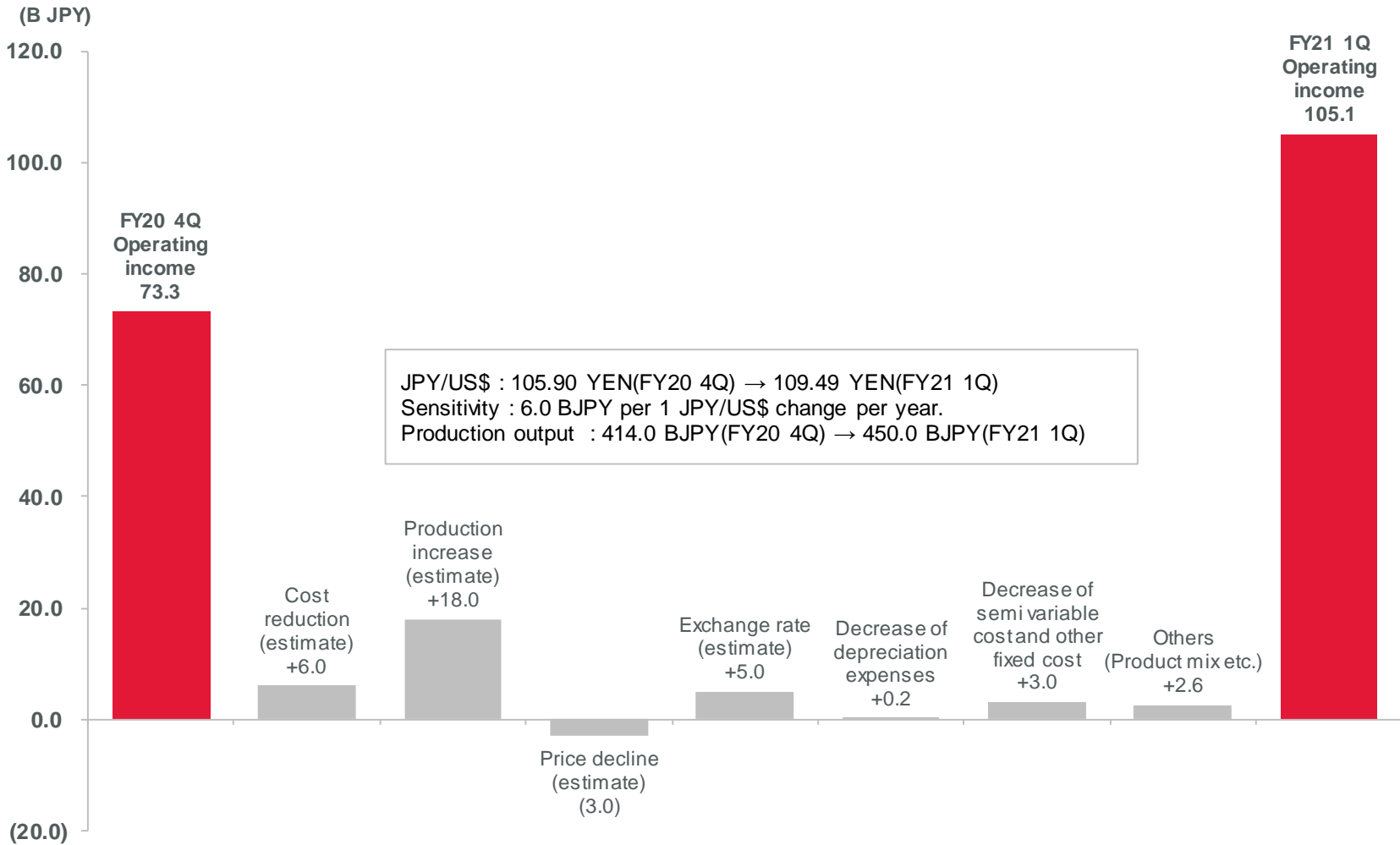
*Based on our estimate

Segment Information

		FY2020 1st Quarter		FY2021 1st Quarter		Y on Y Change	
		(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Components	Total Revenues	245.6	100.0	346.1	100.0	+100.5	+40.9
	Segment income	58.9	24.0	112.0	32.4	+53.1	+90.2
Modules	Total Revenues	87.9	100.0	99.9	100.0	+11.9	+13.5
	Segment income	6.9	7.9	8.5	8.5	+1.6	+22.9
Others	Total Revenues	14.4	100.0	15.6	100.0	+1.2	+8.1
	Segment income	1.9	13.4	2.0	12.8	+0.1	+3.7
Corporate and eliminations	Total Revenues	(21.1)	-	(22.0)	-	(0.8)	-
	Corporate expenses	(16.4)	-	(17.5)	-	(1.1)	-
Consolidated	Total Revenues	326.8	100.0	439.6	100.0	+112.8	+34.5
	Operating income	51.3	15.7	105.1	23.9	+53.7	+104.7

- **Components** Revenue and income significantly increased as a whole, contributed by a huge increase in sales of capacitors, inductors, lithium ion secondary batteries, and SAW filters, etc.
- **Modules** Revenue and income significantly increased as a whole, contributed by an increase in sales of connectivity modules and RF modules.

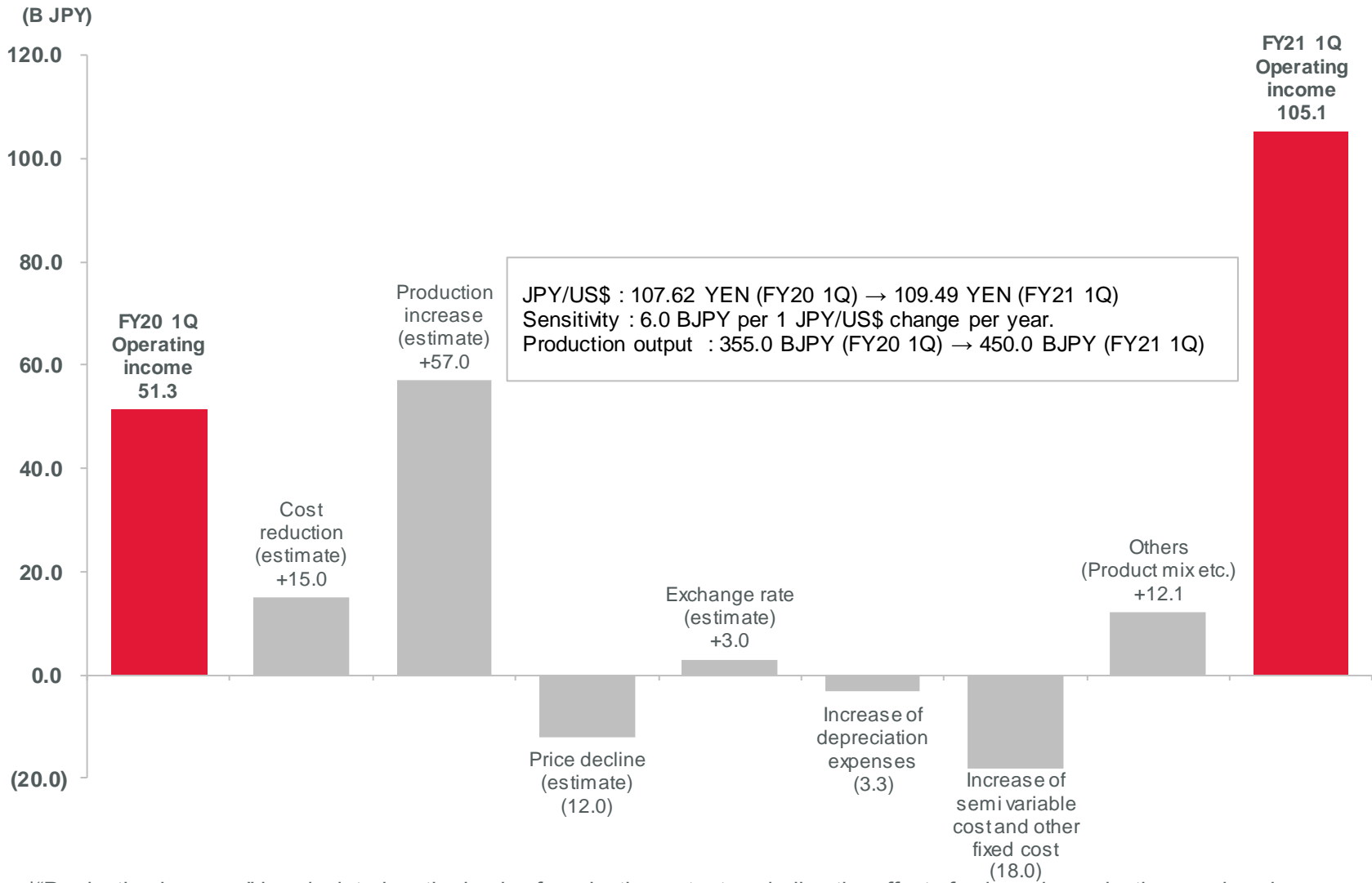
Breakdown of Operating Income Changes [FY20 4th Quarter to FY21 1st Quarter]



*“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.

Breakdown of Operating Income Changes [FY20 1st Quarter to FY21 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

	FY2020 1st Quarter (B JPY)	FY2021 1st Quarter (B JPY)	Y on Y Change (B JPY)
Operating activities	45.6	58.1	+12.5
Investing activities	(46.8)	(53.4)	(6.6)
Financing activities	(12.2)	(38.6)	(26.5)
Effect of exchange rate changes	(0.7)	(0.1)	+0.6
Cash and cash equivalents	288.2	373.7	+85.5
Free Cash Flows	(1.2)	4.7	+5.9
Capital expenditures	(47.7)	(46.7)	+1.0
Depreciation and amortization	34.0	37.3	+3.3

Income increased year on year. In contrast, an increase in free cash flow was small due to increased accounts receivable and tax payment.

Projected Financial Results for FY2021

(From April 2021 to March 2022)



Projection of Demand

	FY2020 Actual	FY2021 Projections(April)	FY2021	Change	
			Projections(July)	FY20 vs FY21	vs Projections(April)
SmartPhones (units)	1,450 M	1,520 M	1,480 M	+3%	(2%)
PCs (units)	470 M	460 M	470 M	+1%	+2%
Desktop	70 M	70 M	70 M	(3%)	(1%)
Notebook	210 M	210 M	210 M	Flat	Flat
Tablet	180 M	180 M	190 M	+4%	+6%
Vehicles (units)	76 M	85 M	84 M	+10%	(1%)

- SmartPhones** Expecting a decrease in the number of units sold due to a decrease in customers building part inventories in some areas and a shortage of semiconductors, the projection was revised downward from the previous projection.
- PCs** Expecting a demand from remote work and online education to continue, the projection was revised upward from the previous projection.
- Vehicles** Although the production volume is expected to follow a recovery trend year on year, the projection was revised slightly downward from the previous projection, taking into consideration the impact of production decrease due to a shortage of semiconductor.

Projected Sales by Product

	Previous (April 2021)	Revised (July 2021)	
	FY2021 Projections (Growth Ratio against FY20)	FY2021 Projections (Growth Ratio against FY20)	FY2021 2nd Half Projections (Growth Ratio against FY21 1H)
Capacitors	+11%	+20%	(4%)
Piezoelectric Components	(2%)	+2%	(16%)
Other Components	+11%	+16%	(4%)
Modules	(15%)	(19%)	(17%)
Total	+2%	+6%	(8%)

Projected Sales by Application

	Previous (April 2021)	Revised (July 2021)	
	FY2021 Projections (Growth Ratio against FY20)	FY2021 Projections (Growth Ratio against FY20)	FY2021 2nd Half Projections (Growth Ratio against FY21 1H)
AV	(5%)	+4%	(8%)
Communication	(3%)	(4%)	(7%)
Computers and Peripherals	(1%)	+9%	(14%)
Automotive Electronics	+14%	+21%	(1%)
Home Electronics and Others	+10%	+23%	(13%)
Total	+2%	+6%	(8%)

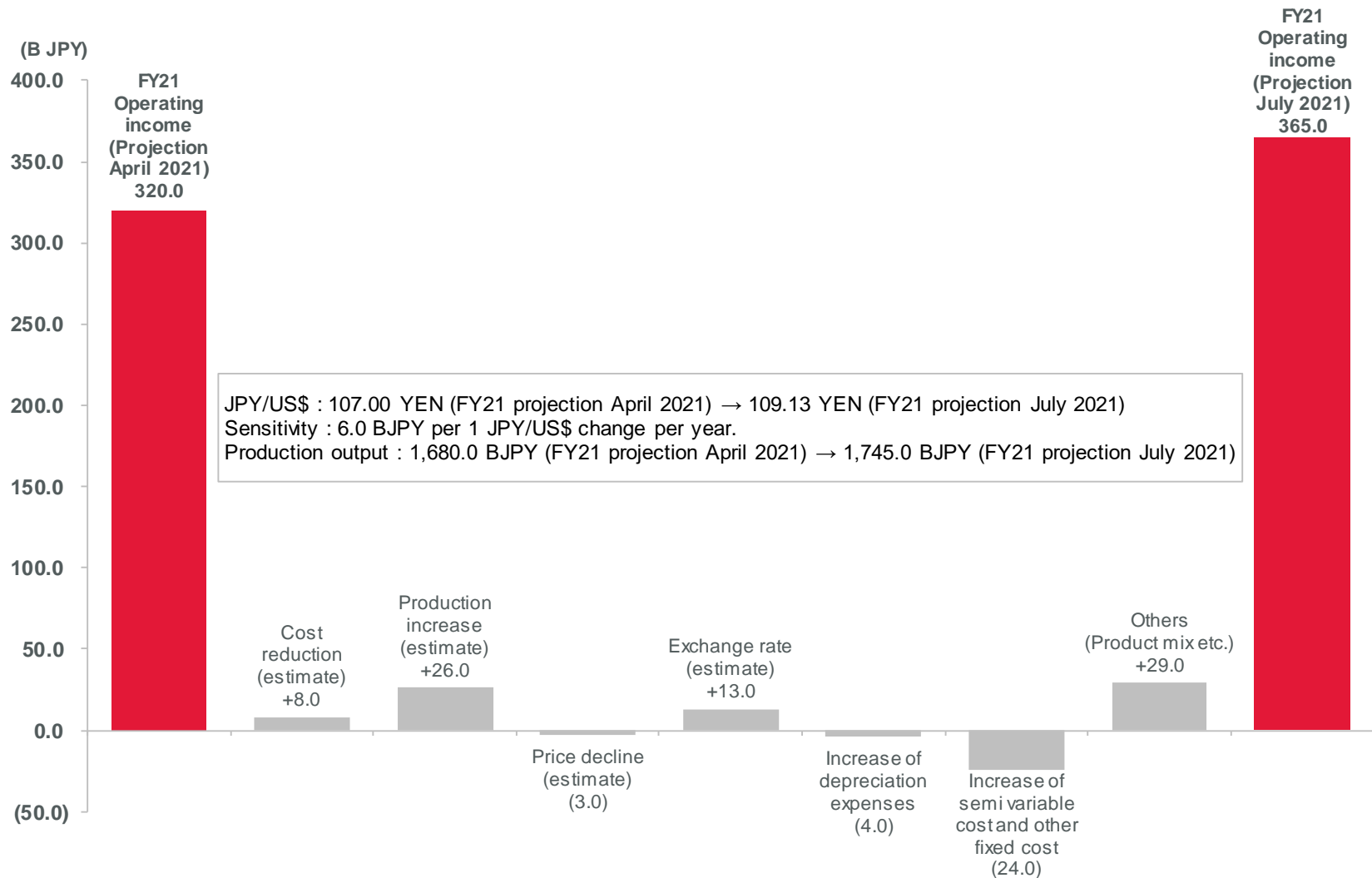
*Based on our estimate

Projected Financial Results for FY2021

	FY2020 Actual		Previous (April 2021)		FY2021 Projections	Revised (July 2021)				FY2021 Projections	
	(B JPY)	(%)	1st Half (B JPY)	2nd Half (B JPY)		1st Half Projections (B JPY)	(%)	2nd Half Projections (B JPY)	(%)	(B JPY)	(%)
Net sales	1,630.2	100.0	847.0	813.0	1,660.0	902.0	100.0	828.0	100.0	1,730.0	100.0
Operating income	313.2	19.2	157.0	163.0	320.0	204.0	22.6	161.0	19.4	365.0	21.1
Income before income taxes	316.4	19.4	158.0	164.0	322.0	205.0	22.7	162.0	19.6	367.0	21.2
Net income attributable to Murata Corporation	237.1	14.5	118.0	122.0	240.0	152.0	16.9	119.0	14.4	271.0	15.7
ROIC (pre-tax basis) (%)	18.5		17.9							20.4	
Average exchange rates yen/US dollar	106.06		107.00			109.25		109.00		109.13	

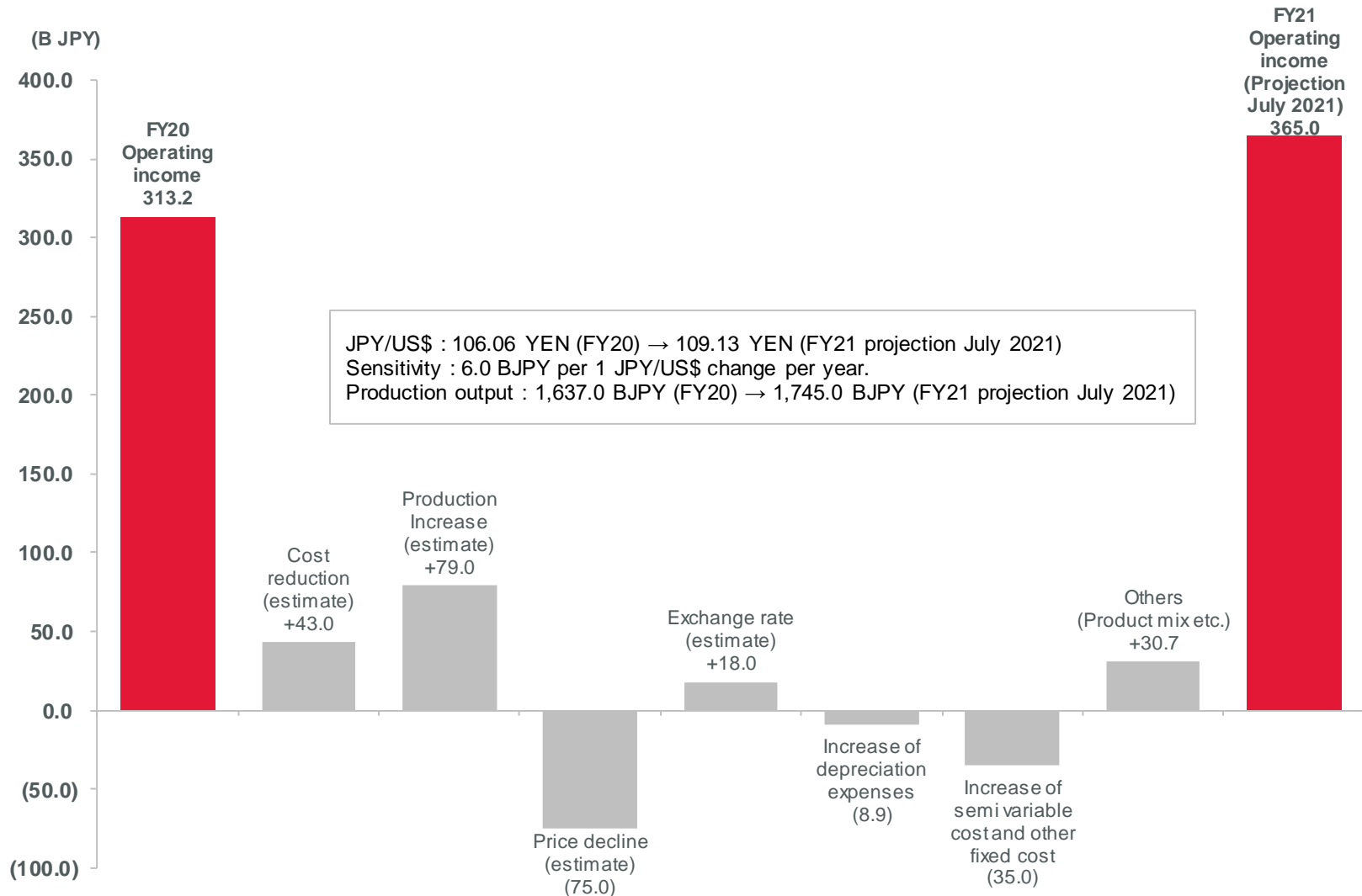
- The projected full-year net sales were revised upward, because customers in the automobile market seem to continue building their part inventories aimed at boosting production in the future and a high level of demand for computers and peripherals is expected to continue.
- Operating income is also expected to exceed the initial assumption, boosted by an improved operation ratio driven by production growth and the depreciation of the Japanese yen.
- The Company expects record-high sales and income. The Company expects operating income ratio of 20% or higher, and also aims to achieve ROIC of 20% presented as an objective in the Mid-term direction 2021.

Breakdown of Operating Income Changes [FY21 Projection(April 2021) to FY21 Projection(July 2021)]



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

Breakdown of Operating Income Changes [FY20 to FY21 Projection(July 2021)]



*"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.

Projected Financial Results for FY2021

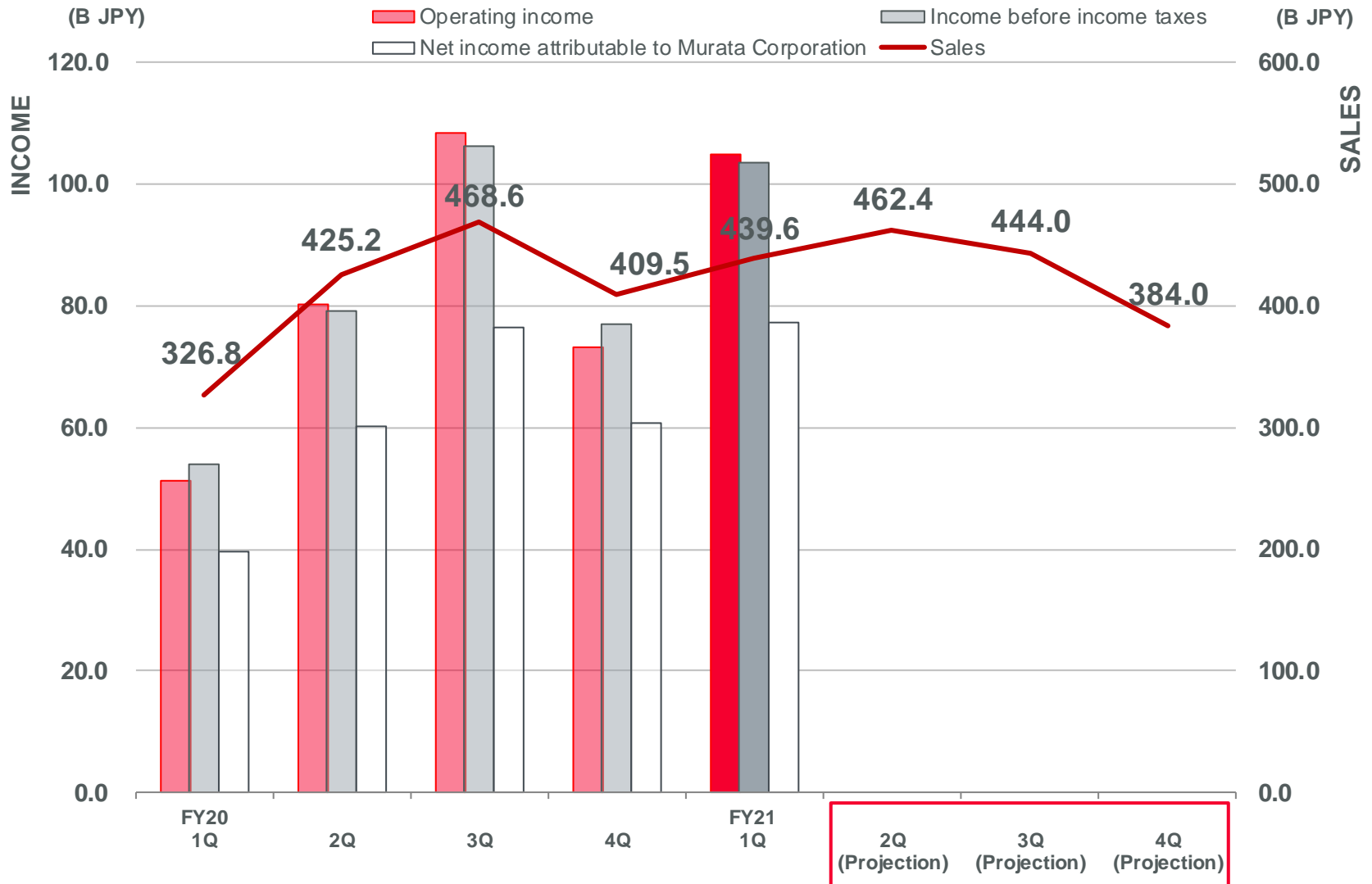
	FY2020 Results	FY2021 Projections (April 2021)	FY2021 Projections (July 2021)
Depreciation and amortization	143.1 B JPY	148.0 B JPY	152.0 B JPY
R & D expenses	101.7 B JPY	104.0 B JPY	108.0 B JPY
Capital expenditures	196.7 B JPY	160.0 B JPY	170.0 B JPY
Average exchange rate (JPY/USD)	106.06	107.00	109.13
Average exchange rate (JPY/EUR)	123.70	128.00	128.98

[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

Quarterly Financial Results



Dividends per Share

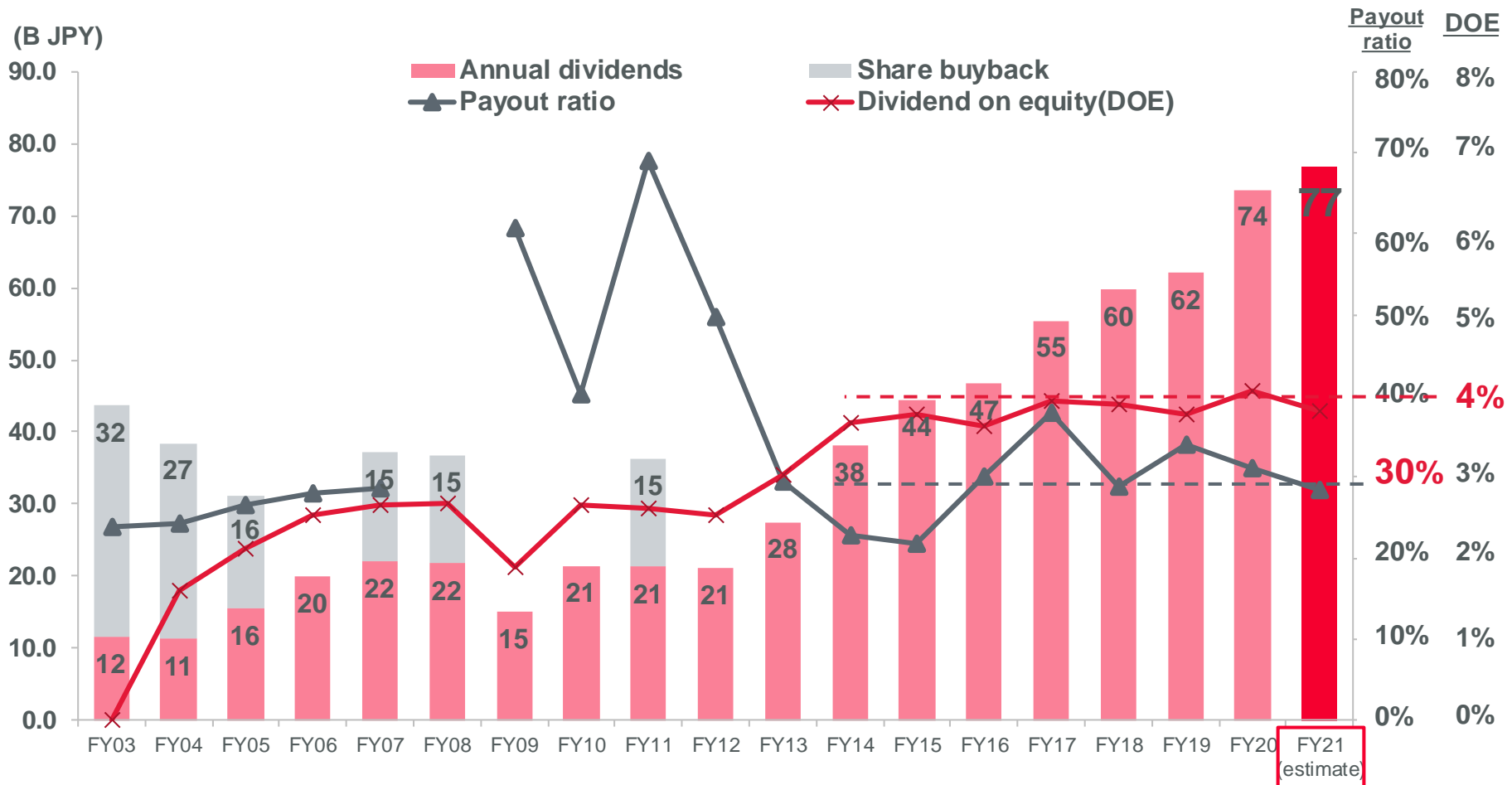
- FY2021 projected annual dividends per share
120 JPY per share
(Interim: 60 JPY per share, Year-end: 60 JPY per share)
*5 yen increase of annual dividend per share

- 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.

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.

Projected Financial Results for FY2021

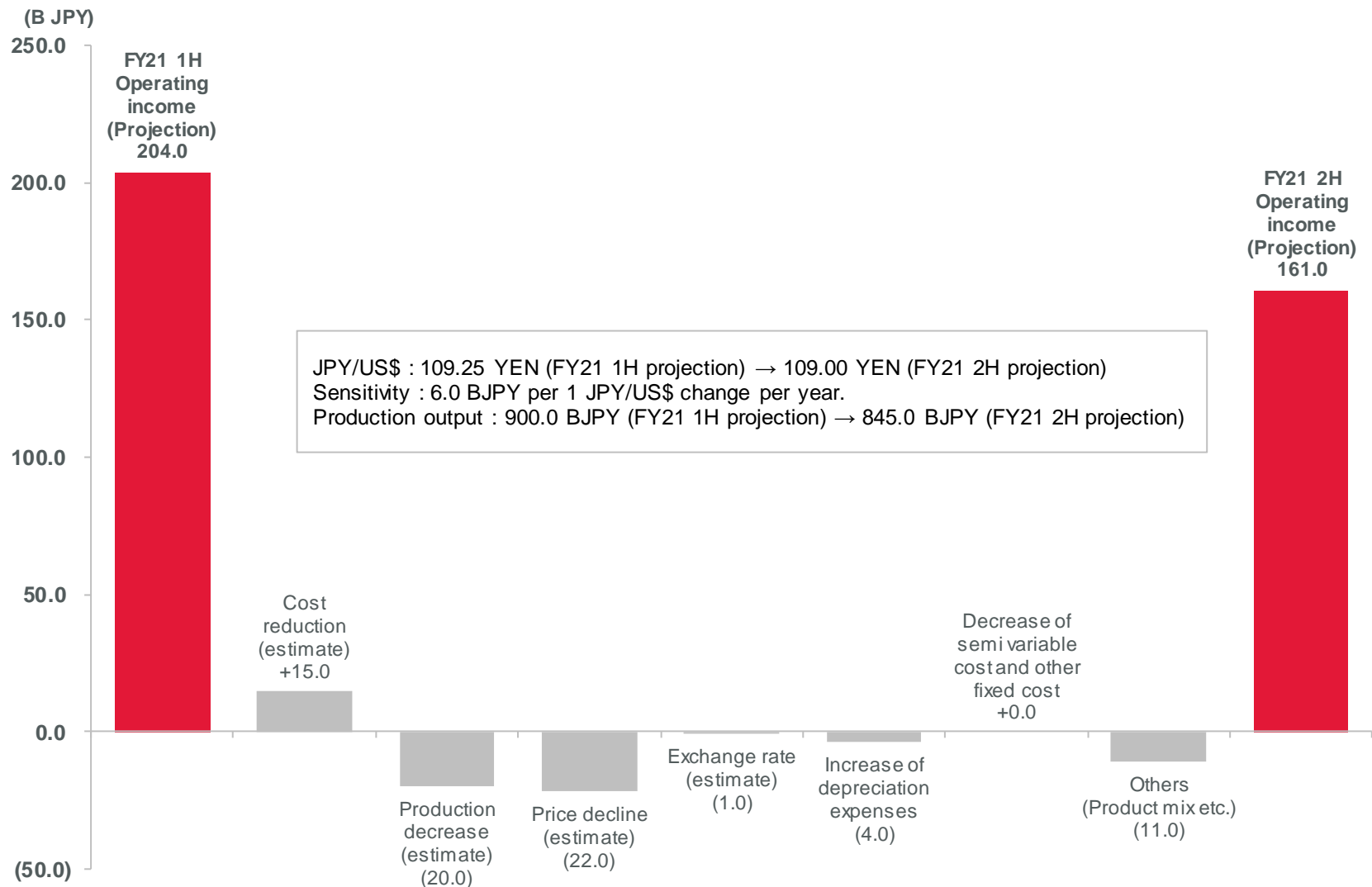
	FY2021 1st Half Projections (July 2021)	FY2021 2nd Half Projections (July 2021)	FY2021 Projections (July 2021)
Depreciation and amortization	74.0 B JPY	78.0 B JPY	152.0 B JPY
R & D expenses	54.0 B JPY	54.0 B JPY	108.0 B JPY
Capital expenditures	80.0 B JPY	90.0 B JPY	170.0 B JPY
Average exchange rate (JPY/USD)	109.25	109.00	109.13
Average exchange rate (JPY/EUR)	129.97	128.00	128.98

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

Net sales FY2021 : 11.0 B JPY

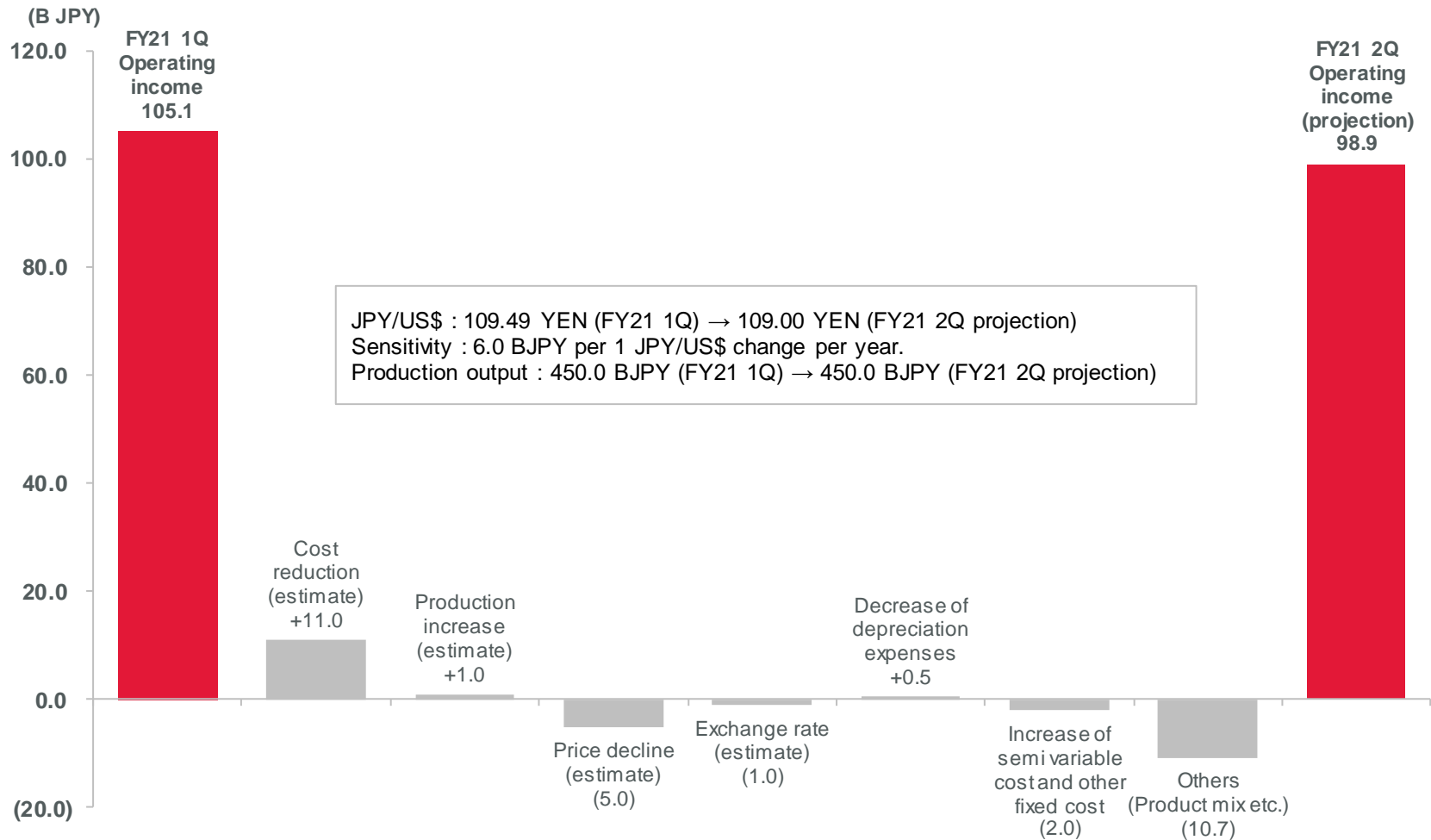
Operating income FY2021 : 6.0 B JPY

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



**“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 [FY21 1st Quarter to FY21 2nd Quarter 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)

	FY2018				FY2019				FY2020				(B JPY)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY2021
													1Q
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	439.6
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	105.1
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	103.7
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	77.2
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	42.6
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	37.3
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	27.0
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	109.49

Financial Data (2/3)

(B JPY)

		FY2018				FY2019				FY2020				FY2021
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
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	189.3
	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	38.8
	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	110.9
	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	339.0
	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	99.9
	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	438.8
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	19.0
	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	185.7
	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	89.7
	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	82.7
	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	61.8
	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	438.8
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	45.6
	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	40.4
	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	245.0
	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	68.4
	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	399.4
	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	39.4
	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	438.8

Financial Data (3/3)

(B JPY)

		FY2018				FY2019				FY2020				FY2021
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
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	346.1
	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	112.0
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	99.9
	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)	8.5
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	15.6
	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	2.0
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)	(22.0)
	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)	(17.5)
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	439.6
	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	105.1

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