

Earnings Release Conference First Quarter of FY2022 (April 1, 2022 to June 30, 2022)

July 28, 2022

Murata Manufacturing Co., Ltd.



Topics

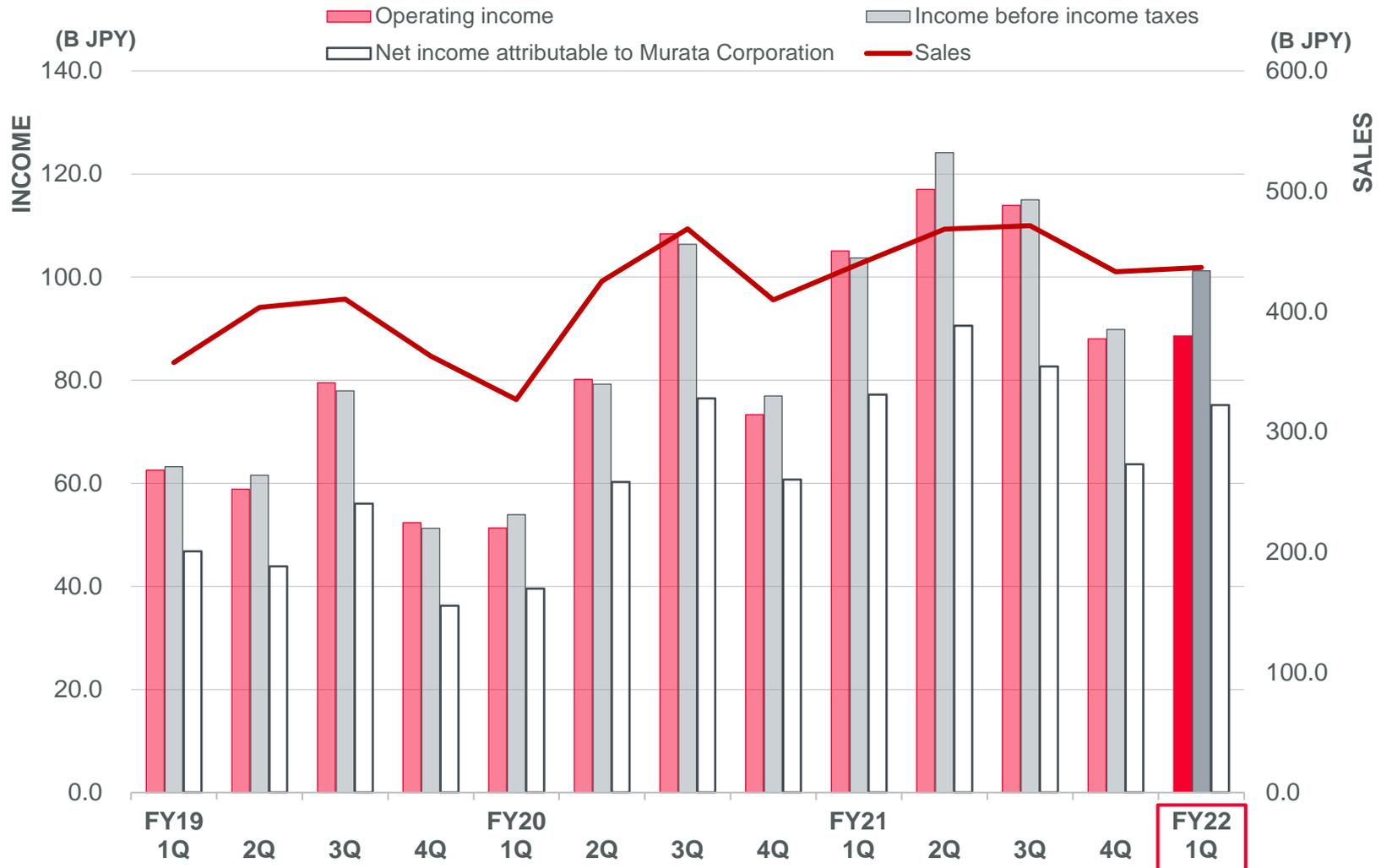
- Net sales remained almost unchanged year on year. While sales of multilayer ceramic capacitors increased for mobility partly due to a boost from the depreciation of the yen, sales of SAW filters and high-frequency modules decreased for smartphones. Net sales ended in line with the assumption of the April forecast.
- Operating income decreased year on year. Operating income fell mainly due to a loss in productivity from lower capacity utilization, an increase in fixed costs and surges in material prices despite a profit-increasing effect resulting from the depreciation of the yen.
- The Company has not revised the projected financial results for the year ending March 31, 2023, which were announced on April 28, 2022.



First Quarter of FY2022

From April 1, 2022 to June 30, 2022
Consolidated Basis

Quarterly Financial Results



Financial Results Overview

	FY2021 1st Quarter		FY2021 4th Quarter		FY2022 1st Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	439.6	100.0	433.1	100.0	436.7	100.0	(2.9)	(0.7)	+3.6	+0.8
Operating income	105.1	23.9	88.0	20.3	88.6	20.3	(16.5)	(15.7)	+0.6	+0.7
Income before income taxes	103.7	23.6	89.8	20.7	101.2	23.2	(2.5)	(2.4)	+11.4	+12.7
Net income attributable to Murata Corporation	77.2	17.6	63.7	14.7	75.2	17.2	(2.0)	(2.6)	+11.5	+18.1
Average exchange rates yen/US dollar	109.49		116.21		129.57					

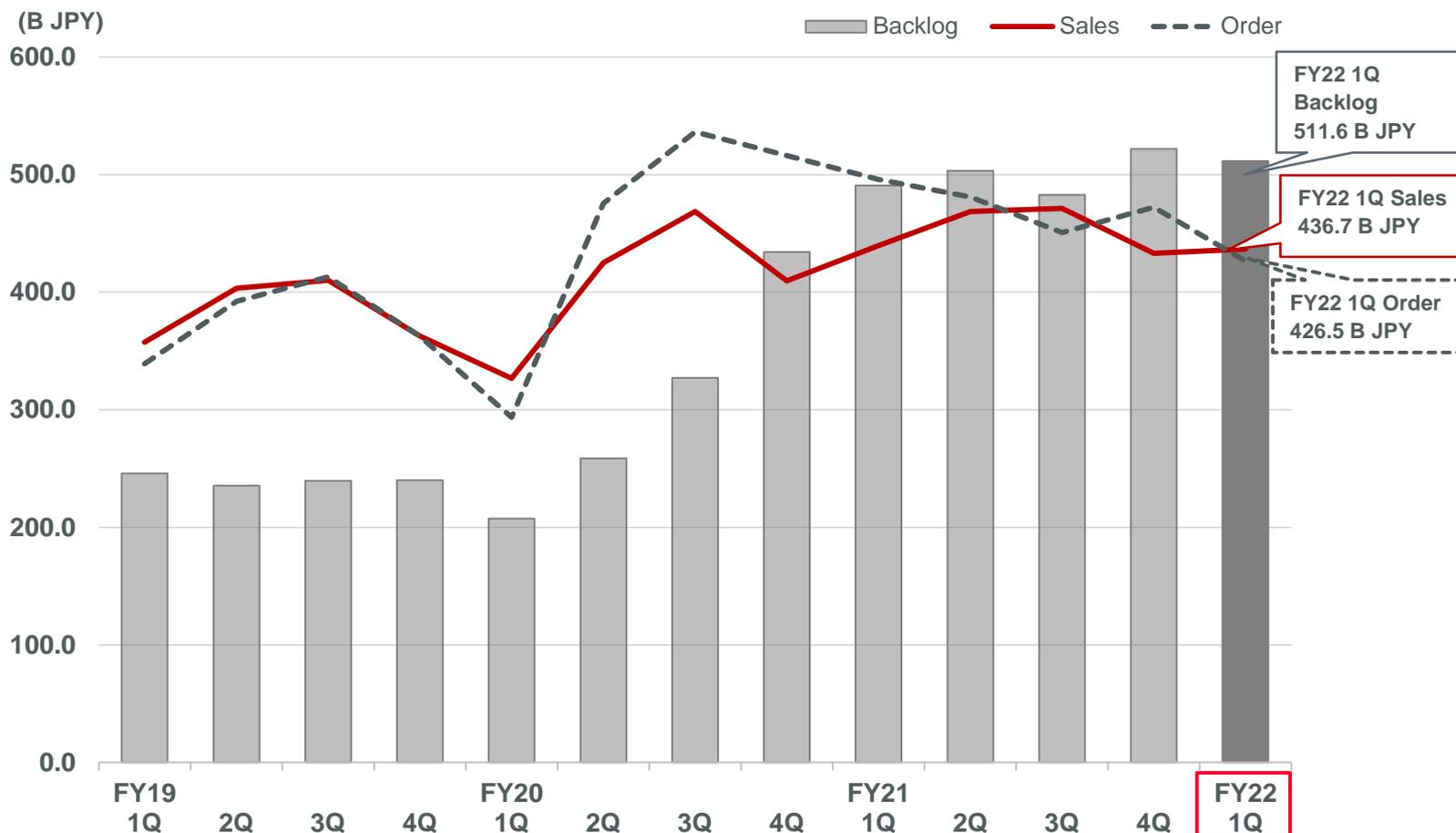
- Net sales remained almost unchanged year on year. While sales of multilayer ceramic capacitors increased for mobility partly due to a boost from the depreciation of the yen, sales of SAW filters and high-frequency modules decreased for smartphones.
- Operating income decreased year on year. Operating income fell mainly due to a loss in productivity from lower capacity utilization, an increase in fixed costs and surges in material prices despite a profit-increasing effect resulting from the depreciation of the yen.
- The reason why income before income taxes grew significantly compared with the last quarter is an increase in foreign exchange gains caused by the depreciation of the yen.

Note: 1 yen appreciation or depreciation against the U.S. dollar for FY2022 is estimated to have an annualized impact of 11.0 billion yen on net sales, and 6.0 billion yen on operating income.

Quarterly Sales, Order and Backlog

On a quarter-on-quarter basis, orders received decreased. The Company's book-to-bill ratio is less than 1.

Although the order backlog remains at a high level, that amount includes an increase due to revaluation of orders received that were denominated in foreign currencies as the depreciation of the yen has progressed.



Change in Segment for Disclosure

~FY2021

Segment	Sales Category	Main products
Components	Capacitors	Multilayer ceramic capacitors (MLCCs)
	Piezoelectric Components	SAW filters Piezoelectric sensors Ceramic resonators
	Other Components	Inductors EMI filters Lithium ion secondary batteries Connectors Sensors Thermistors
Modules		RF modules Multilayer ceramic devices Connectivity modules Multilayer resin substrates Power supplies modules Solutions
Others		Machinery manufacturing Sales of software

FY2022~

Segment	Sales Category	Main products
Components	Capacitors	Multilayer ceramic capacitors (MLCCs)
	Inductors and EMI Filters	Inductors EMI Suppression filters
Devices and Modules		SAW filters RF modules Multilayer ceramic devices Connectors Connectivity modules Multilayer resin substrates
	Battery and Power supply	Lithium-ion secondary batteries Power supplies modules
	Functional Device	Sensors Timing devices (Resonators)
Others		Solutions business Medical Products Machinery manufacturing etc..

- From the fiscal year ending March 2023, Segment Information changed to align with the 3-layered portfolio.
- We connected the enhancement of transparency in management to promotion of proactive dialogue with stakeholders and of autonomous and decentralized organizational operation.

Operating segment sales

	FY2021 1st Quarter		FY2021 4th Quarter		FY2022 1st Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	190.0	43.2	193.8	44.8	202.1	46.3	+12.1	+6.4	+8.4	+4.3
Inductors and EMI filters	49.3	11.2	43.5	10.0	46.9	10.7	(2.4)	(4.9)	+3.4	+7.8
High-Frequency Device and Communications Module	128.3	29.2	122.4	28.3	108.4	24.8	(19.9)	(15.5)	(14.0)	(11.5)
Battery and Power supply	42.6	9.7	43.7	10.1	51.3	11.8	+8.7	+20.3	+7.5	+17.3
Functional Device	26.7	6.1	25.6	5.9	24.8	5.7	(1.9)	(7.0)	(0.8)	(3.3)
Others	2.6	0.6	4.0	0.9	3.1	0.7	+0.5	+19.7	(0.9)	(21.4)
Net sales	439.6	100.0	433.1	100.0	436.7	100.0	(2.9)	(0.7)	+3.6	+0.8

Operating segment sales

[FY22 1st Quarter vs FY21 4th Quarter]

<p>Capacitors +4.3%</p>	<p>MLCCs : Sales of MLCCs increased in a broad range of applications except computers.</p>
<p>Inductors and EMI filters +7.8%</p>	<p>Inductors / Electromagnetic Interference(EMI) suppression filters : Sales of inductors increased for smartphones, and EMI suppression filters increased for mobilities.</p>
<p>High-Frequency Device and Communications Module (11.5%)</p>	<p>High-frequency modules : Sales decreased for high-end smartphones.</p> <p>SAW Filters : Sales decreased for smartphone manufacturers in Greater China.</p>
<p>Battery and Power supply +17.3%</p>	<p>Lithium-Ion secondary batteries : Sales increased for power tools.</p>
<p>Functional Device (3.3%)</p>	<p>Sensors : Sales decreased for mobilities and computers.</p>

Change in Sales by Application Category

~FY2021

Sales by Application	Main applications
AV	TV, Video Game
	Digital Camera
Communication	Smartphone
	Wearable Appliance
	Base Station
Computers and Peripherals	Electronic Data Processing
	Industrial equipment
Automotive Electronics	Automobile
	Motor cycle
Home Electronics and Others	Home Electrical Appliance
	Others

FY2022~

Sales by Application	Main applications
Communication	Smartphone
	Wearable Appliance
	Base Station
Mobility	Automobile
	Motor cycle
Computers	Electronic Data Processing
Home Electronics	TV, Video Game
	Digital Camera
	Power tool
	Home Electrical Appliance
Industry and Others	Industrial equipment
	Others

Sales by Application Category revised to coincide with the change of Segment Information from the fiscal year ending March 2023.

Sales by Application

	FY2021 1st Quarter		FY2021 4th Quarter		FY2022 1st Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Communication	185.7	42.2	176.1	40.7	169.2	38.7	(16.5)	(8.9)	(6.9)	(3.9)
Mobility	82.7	18.8	91.2	21.1	91.9	21.0	+9.2	+11.1	+0.7	+0.8
Computers	74.6	17.0	70.7	16.3	68.2	15.6	(6.5)	(8.7)	(2.5)	(3.6)
Home Electronics	44.2	10.1	43.7	10.1	51.3	11.8	+7.2	+16.3	+7.6	+17.3
Industry and Others	52.4	11.9	51.3	11.8	56.1	12.9	+3.7	+7.1	+4.8	+9.3
Net sales	439.6	100.0	433.1	100.0	436.7	100.0	(2.9)	(0.7)	+3.6	+0.8

*Based on our estimate

Sales by Application [FY22 1st Quarter vs FY21 4th Quarter]

Communication (3.9%)	<p>Sales of high-frequency modules and SAW filters for smartphones increased.</p> <p>Sales of MLCCs for base stations and wearable devices increased.</p>
Mobility +0.8%	<p>Sales of MLCCs and EMI suppression filters increased.</p>
Computers (3.6%)	<p>Sales of MLCCs decreased for PCs and servers.</p>
Home Electronics +17.3%	<p>Sales of lithium-ion secondary batteries for power tools increased.</p>
Industry and Others +9.3%	<p>Sales of MLCCs increased for distributors and industrial equipment.</p>

*Based on our estimate

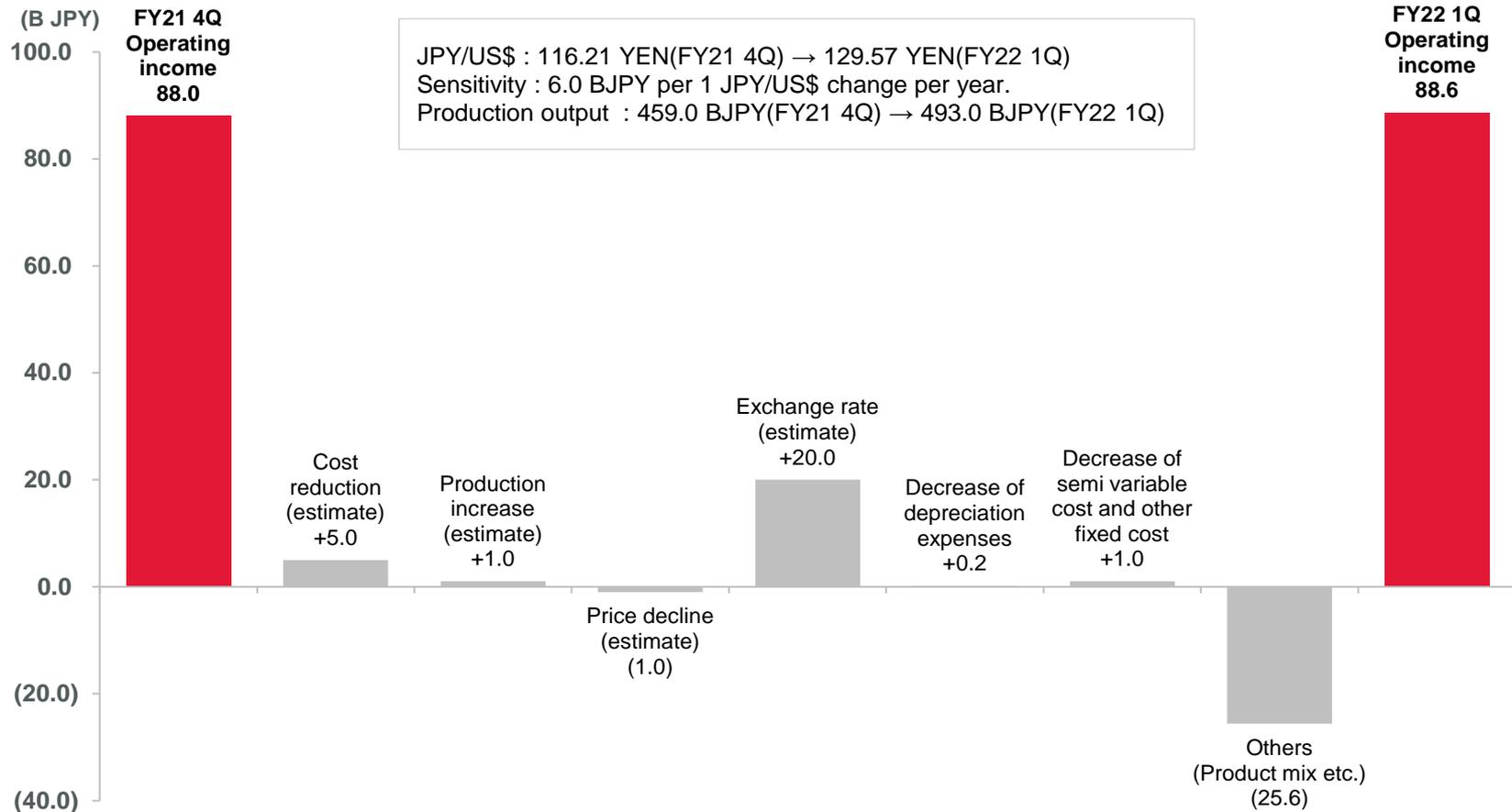
Segment Information

		FY2021 1st Quarter		FY2022 1st Quarter		Y on Y Change	
		(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Components	Total Revenues	242.2	100.0	252.0	100.0	+9.7	+4.0
	Operating income	86.3	35.6	86.8	34.5	+0.5	+0.6
Devices and modules	Total Revenues	197.6	100.0	184.5	100.0	(13.1)	(6.6)
	Operating income	18.9	9.5	1.6	0.9	(17.2)	(91.4)
Others	Total Revenues	17.5	100.0	20.2	100.0	+2.7	+15.7
	Operating income	(0.1)	(0.7)	0.2	0.8	+0.3	-
Eliminations	Total Revenues	(17.7)	-	(20.0)	-	(2.3)	-
Consolidated	Total Revenues	439.6	100.0	436.7	100.0	(2.9)	(0.7)
	Operating income	105.1	23.9	88.6	20.3	(16.5)	(15.7)

- **Components** Sales and incomes increased thanks to increased sales of capacitors.
- **Devices and modules** Both sales and incomes decreased due to a fall in sales of SAW filters and high-frequency modules although sales of lithium-ion secondary batteries rose.

Note : we have changed classifications of income on represents from "segment income" to "operating income" from the period under review.

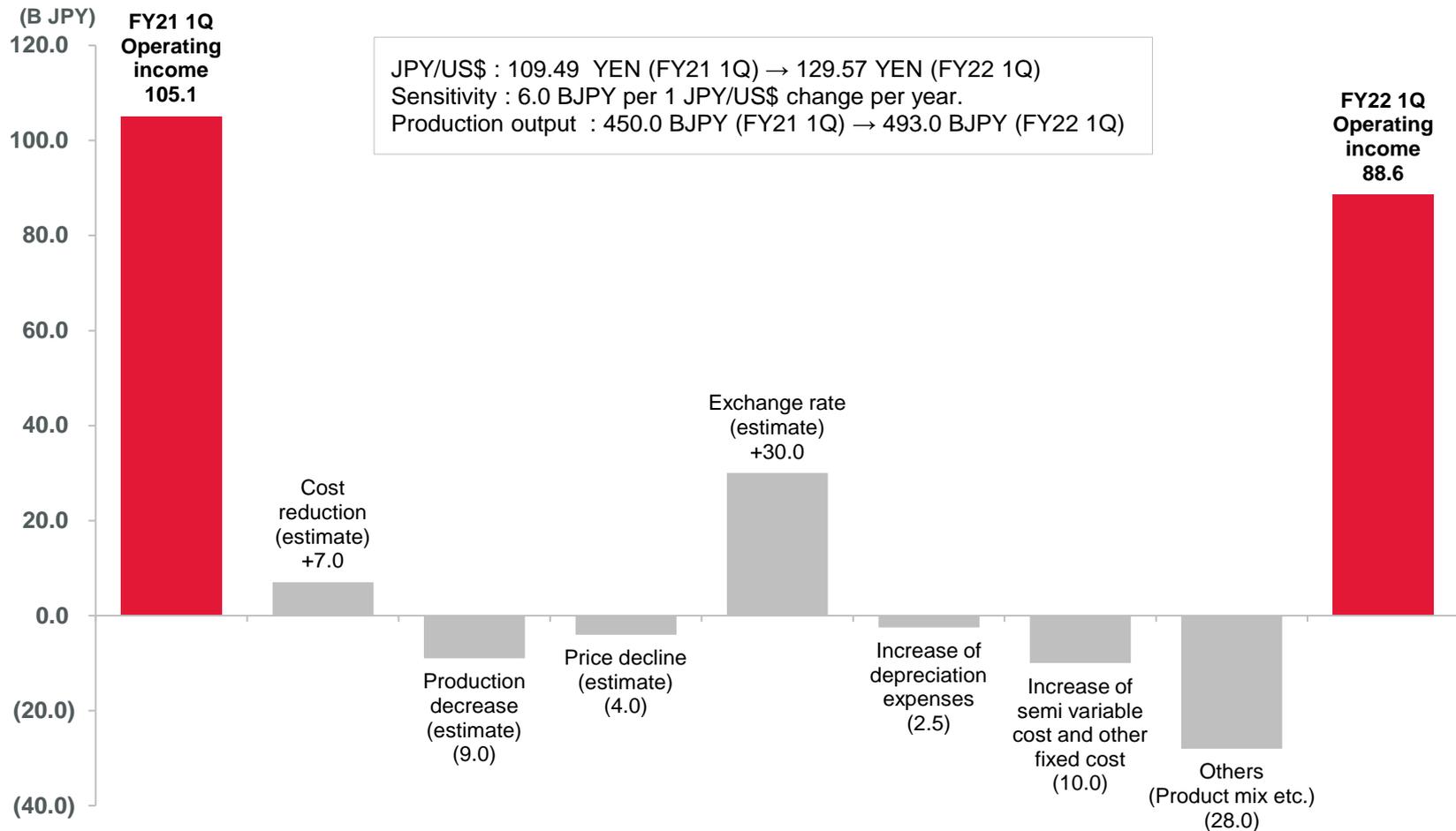
Breakdown of Operating Income Changes [FY21 4th Quarter to FY22 1st Quarter]



*"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 [FY21 1st Quarter to FY22 1st Quarter]



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

Cash Flows

	FY2021 1st Quarter (B JPY)	FY2022 1st Quarter (B JPY)	Y on Y Change (B JPY)
Operating activities	58.1	31.3	(26.8)
Investing activities	(53.4)	(36.5)	+16.8
Financing activities	(38.6)	(89.2)	(50.5)
Effect of exchange rate changes	(0.1)	7.7	+7.8
Cash and cash equivalents	373.7	425.4	+51.7
Free Cash Flows	4.7	(5.2)	(9.9)
Capital expenditures	(46.7)	(41.8)	+4.9
Depreciation and amortization	37.3	39.8	+2.5

Cash flows from operating activities decreased due to a year-on-year increase in inventories.

Cash flows from financing activities decreased due to the acquisition of treasury stock (43.6 billion yen).

Projected Financial Results for FY2022

(From April 2022 to March 2023)



Projected Financial Results for FY2022

	FY2021 Actual		FY2022 Projections		Change			
	(B JPY)	(%)	1st Half (B JPY)	2nd Half (B JPY)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1,812.5	100.0	952.0	978.0	1,930.0	100.0	+117.5	+6.5
Operating income	424.1	23.4	209.0	231.0	440.0	22.8	+15.9	+3.8
Income before income taxes	432.7	23.9	210.0	232.0	442.0	22.9	+9.3	+2.1
Net income attributable to Murata Corporation	314.1	17.3	154.0	170.0	324.0	16.8	+9.9	+3.1
ROIC (pre-tax basis) (%)	22.6				21.6		(1.0)	
Average exchange rates yen/US dollar	112.38				120.00			

There are signs of a change in the market environment from the situation of April. However, taking the status of exchange rates as of the end of July into account, there is no significant change to projected financial results at the time of announcing these financial results. Therefore, the Company has not revised the projected financial results for FY2022.

Recognition of Business Environment

	Premises of projected financial results as of April	Recognition of the current situation as of July
Sales	<ul style="list-style-type: none"> - Recovery will start from Q2 in demand for smartphone manufacturers in Greater China. - Supply chain disruptions due to lockdowns in China will return to normal in Q2. - There will be no reduction of BCP inventory by customers. - Decline in the number of automobiles produced due to the Ukraine crisis. (Decrease of 2.5 million units) 	<ul style="list-style-type: none"> - The quantity of smartphones and PCs will decrease due to their poor sales. - Recovery in demand for smartphone manufacturers in Greater China will be pushed back to the second half. - The currency exchange market sees the yen depreciate further. - High-end smartphone and automobile markets will remain firm. - There will be no reduction of BCP inventory by customers.
Productions	<ul style="list-style-type: none"> - Supply chain disruptions due to lockdowns in China will return to normal in Q2. - There will be no constraints on production caused by incidents other than lockdowns in China & other countries. 	<ul style="list-style-type: none"> - The output of the Company is expected to decrease as a result of a fall in demand in the consumer product market. - There will be no constraints on production caused by lockdowns.
Costs	<ul style="list-style-type: none"> - Reflection of cost rises resulting from a surge in raw material prices and a rise in electricity rates. (Estimates based on the situation as of the end of March) 	<ul style="list-style-type: none"> - Rise in raw material costs. - The outlook for the impact of rising electricity rates has not changed from that of April.

Risks for Changes in Projected Financial Results

The following are the risks of fluctuations in the market environment that have not materialized as of July.

Sales

- Further slump in the smartphone market.
- Decline in the quantity of sets due to lockdowns in China.
- Decline in automobile units produced resulting from a decline in consumers' purchasing appetite.
- Exchange rate fluctuations.

Productions

- Constraints on production in the Company's bases to be caused by lockdowns in China.
- Fall in the operational rates of plants due to the spread of COVID-19 infections in Japan.
- Decline in the operation rate of the Company's plants due to a tight electricity supply in Japan.

Costs

- Further surge in raw material prices and electricity rates.

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

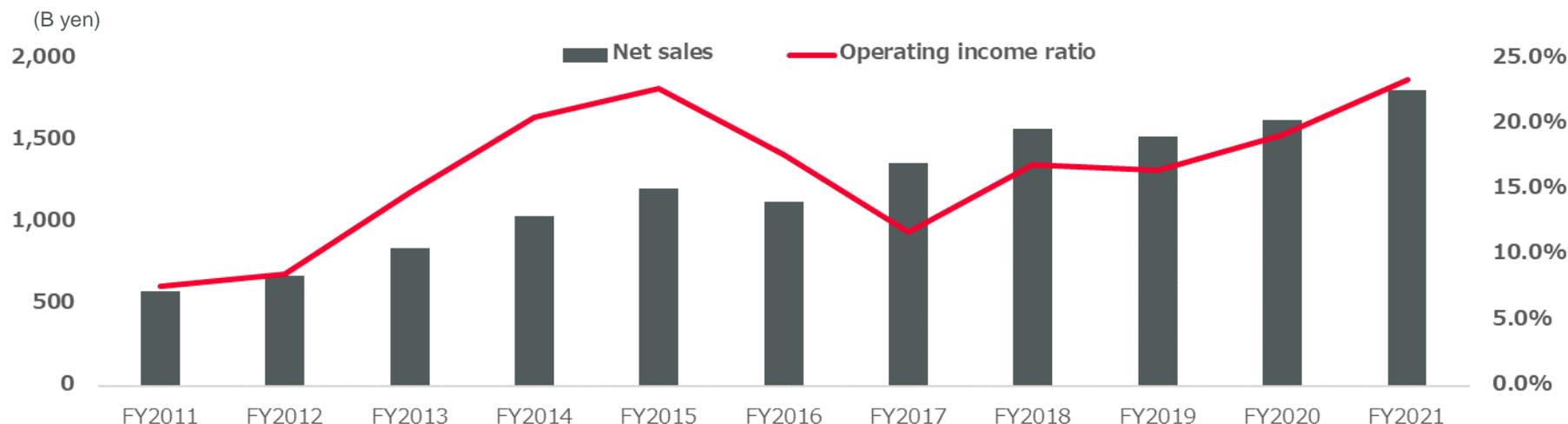
TOPICS

Initiatives in the Automotive Market



Murata's business in the Automobile market

Trends in Net Sales and Operating Income Ratio (Consolidated)



Percentage of net sales

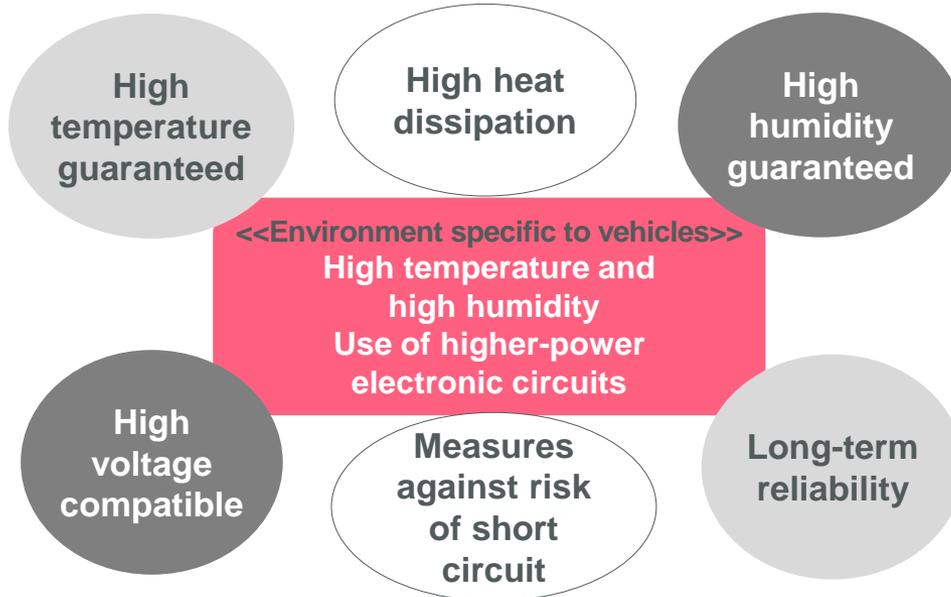
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Automotive Electronics	14.7%	15.0%	14.2%	13.9%	12.7%	14.9%	14.6%	16.4%	17.2%	16.8%	18.6%
Communication	45.4%	48.6%	51.0%	54.1%	60.3%	56.0%	52.6%	48.4%	51.8%	49.5%	43.1%

- In the first half of the 2010s, net sales for communication, mainly smartphones, were the mainstay of revenue.
- In the Mid-term Direction 2021 (FY2019 to FY2021), the Company positioned the automotive market as a foundational market and carried out a growth strategy. As a result, the percentage of net sales for car electronics in overall sales grew 2.2 points from FY2018 to 18.6%.
- The Company also managed to strengthen management capital, including monozukuri capital, through meeting strict requirements centered on quality.

Murata's Strengths in Automotive Market

Technologies required of automotive components

Quality and reliability that can withstand tough environments!



Murata's Strengths

Technological capability to create highly reliable and high performing products

Broad range of product line-ups

Supply capacity to mass-produce products with uniform quality



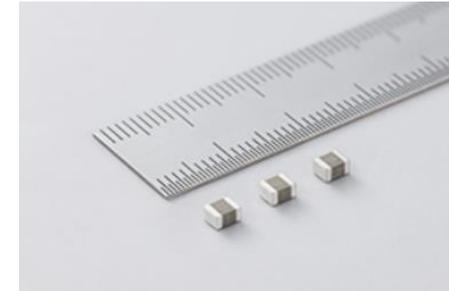
- Demonstrate competitive superiority in fields that demand high quality and reliability.
- Make advance development and anticipatory investment, step by step, with an eye on future growth markets.
- Grasp business opportunities for "mobility," held up in Mid-term Direction 2024, and lead them to growth.

New products for the automotive market

Metal power inductors for in-vehicle applications offer major improvements in Isat and RDC specifications

—Expansion and reinforcement of product line-ups toward progress in electrification of automobiles

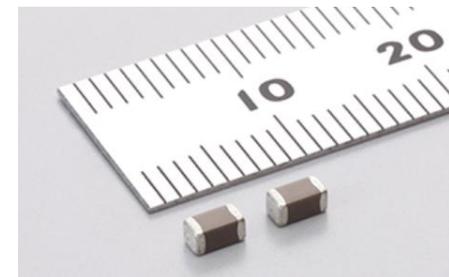
(Announcement date : April 21, 2022)



New MLCC for automotive applications features the world's highest capacitance of 22 μF for MLCCs in a 1206 inch size with a 16V rating

—Highly reliable products for powertrains and safety

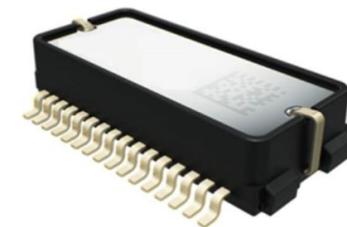
(Announcement date : December 21, 2021)



MEMS (Micro-Electro-Mechanical Systems) 6DoF (Six Degrees of Freedom) inertial sensor

—Contribution to raising accuracy to higher levels in Advanced Driver-Assistance Systems (ADAS)

(Announcement date : May 28, 2020)



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)

(B JPY)

	FY2019				FY2020				FY2021				FY2021
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Sales	357.6	403.4	410.2	362.9	326.8	425.2	468.6	409.5	439.6	468.5	471.4	433.1	436.7
Operating income	62.6	58.8	79.5	52.4	51.3	80.2	108.4	73.3	105.1	117.0	113.9	88.0	88.6
Income before income taxes	63.2	61.6	78.0	51.3	53.9	79.2	106.3	76.9	103.7	124.1	115.0	89.8	101.2
Net income attributable to Murata Corporation	46.8	43.9	56.1	36.2	39.6	60.3	76.5	60.7	77.2	90.6	82.6	63.7	75.2
Capital expenditures	52.9	62.0	81.4	85.4	40.2	43.8	48.9	63.9	42.6	32.1	33.4	44.7	38.6
Depreciation and amortization	33.6	34.6	35.7	36.4	34.0	35.9	35.7	37.5	37.3	38.7	39.6	40.0	39.8
R & D expenses	26.1	25.3	24.7	26.4	24.8	26.2	24.4	26.3	27.0	27.2	28.2	28.9	30.7
Average exchange rates (yen)	109.90	107.35	108.76	108.97	107.62	106.22	104.51	105.90	109.49	110.11	113.71	116.21	129.57

Financial Data (2/3)

(B JPY)

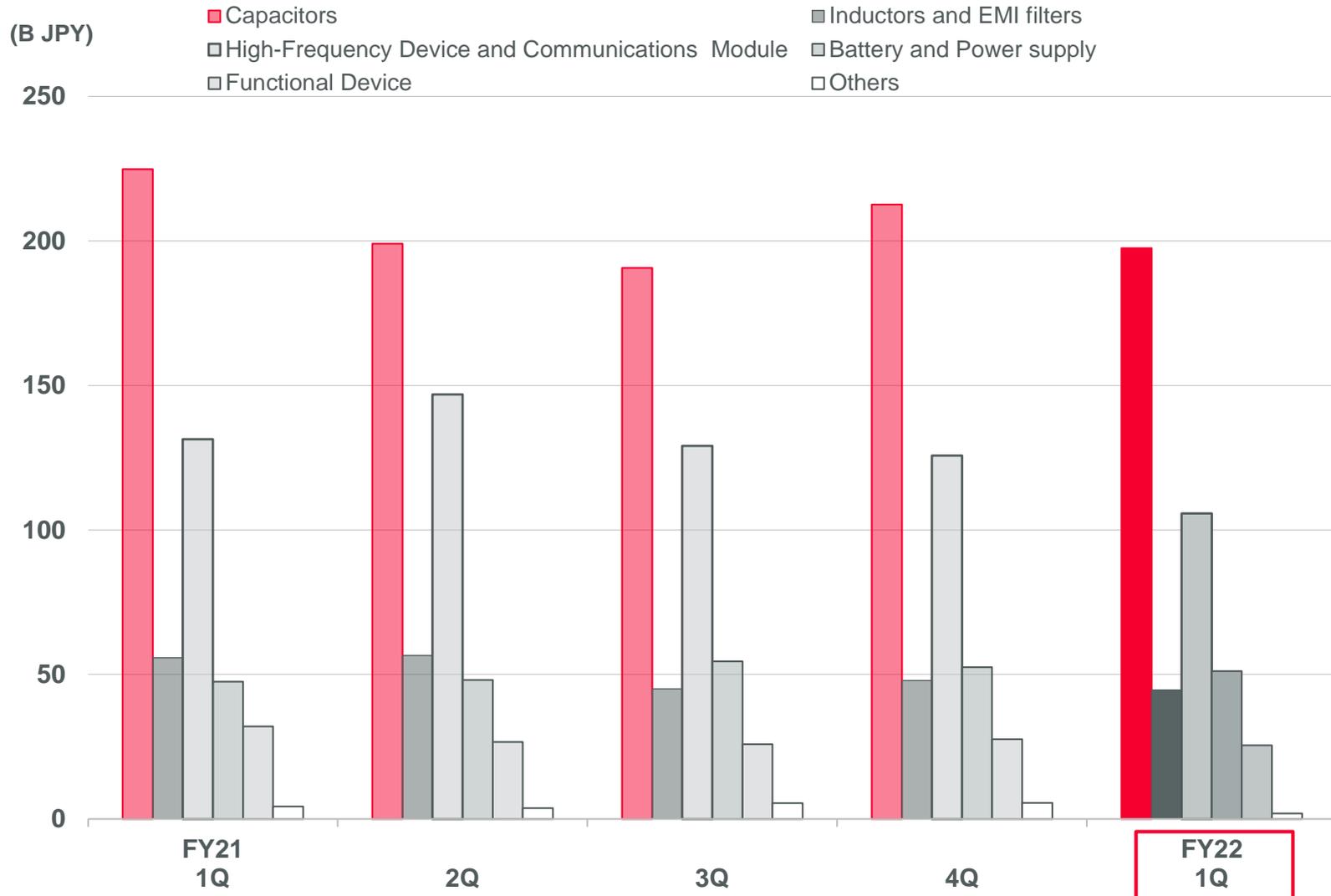
		FY2021				FY2022
		1Q	2Q	3Q	4Q	1Q
Operating segment sales	Capacitors	190.0	203.4	201.4	193.8	202.1
	Inductors and EMI filters	49.3	51.9	51.1	43.5	46.9
	Components	239.3	255.2	252.5	237.3	249.0
	High-Frequency Device and Communications Module	128.3	137.4	140.2	122.4	108.4
	Battery and Power supply	42.6	45.3	48.8	43.7	51.3
	Functional Device	26.7	27.7	26.3	25.6	24.8
	Devices/Module	197.6	210.3	215.3	191.8	184.5
	Others	2.6	3.0	3.6	4.0	3.1
	Net sales	439.6	468.5	471.4	433.1	436.7
	Sales by Application	Communication	185.7	207.1	210.4	176.1
Mobility		82.7	82.1	80.3	91.2	91.9
Computers		74.6	77.0	75.1	70.7	68.2
Home Electronics		44.2	48.3	47.1	43.7	51.3
Industry and Others		52.4	54.1	58.6	51.3	56.1
Net sales		439.6	468.5	471.4	433.1	436.7

Financial Data (3/3)

(B JPY)

		FY2021				FY2022
		1Q	2Q	3Q	4Q	1Q
Components	Total revenue	242.2	258.5	255.9	241.5	252.0
	Operating income	86.3	94.3	93.6	81.3	86.8
Devices and modules	Total revenue	197.6	210.3	215.3	191.8	184.5
	Operating income	18.9	23.6	20.8	6.4	1.6
Others	Total revenue	17.5	17.8	17.5	18.4	20.2
	Operating income	(0.1)	(0.9)	(0.5)	0.3	0.2
Eliminations	Total revenue	(17.7)	(18.2)	(17.3)	(18.6)	(20.0)
Consolidated	Total revenue	439.6	468.5	471.4	433.1	436.7
	Operating income	105.1	117.0	113.9	88.0	88.6

Orders by Operating segment



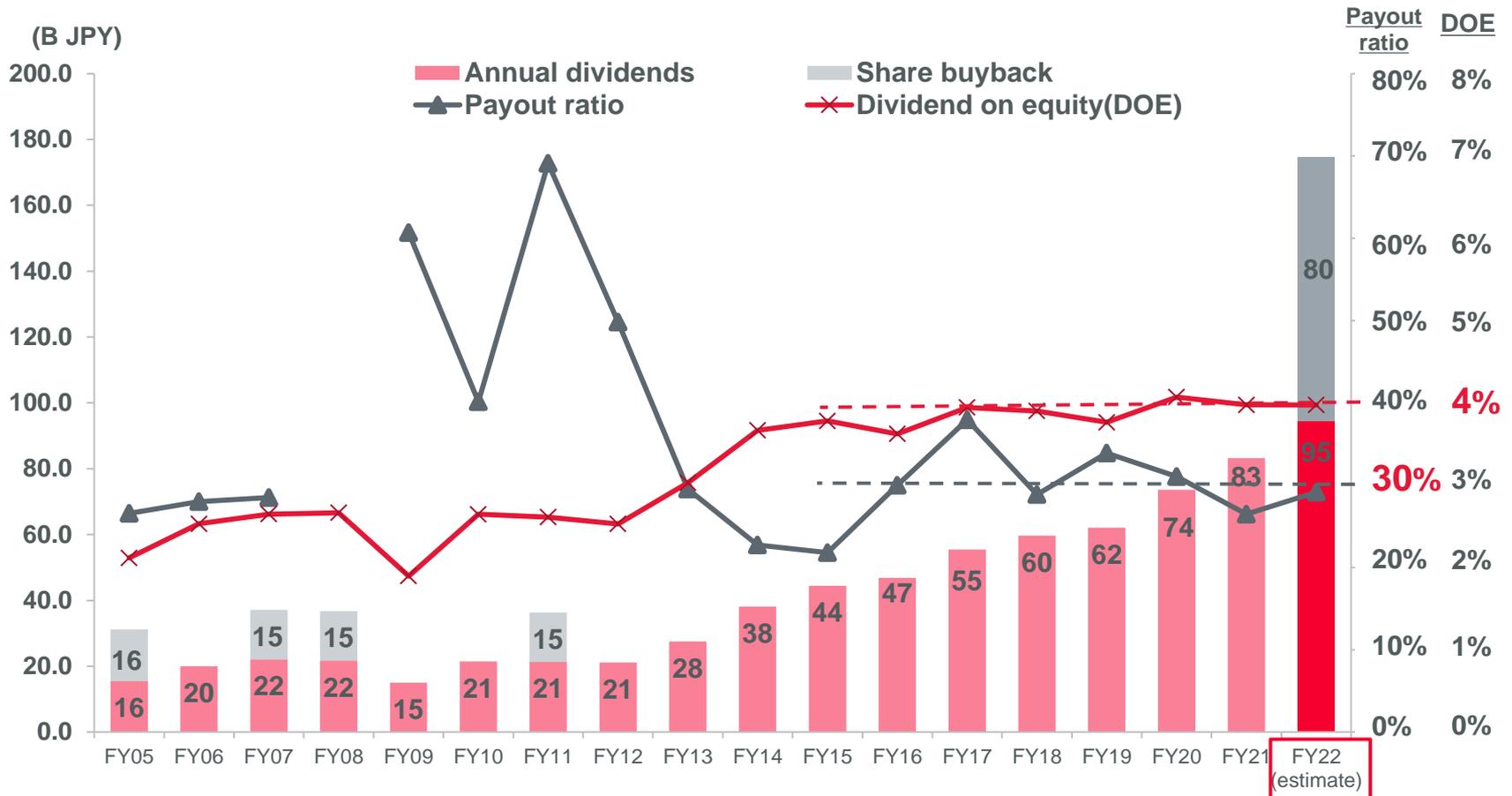
Dividends per Share

- FY2022 (Year Ending March 31, 2023) projected annual dividends per share
 - 150 JPY per share
 - (Interim: 75 JPY per share, Year-end: 75 JPY per share)
*20 yen increase of annual dividend per share
-
- FY2021 (Year Ending March 31, 2022) annual dividends per share
 - 130 JPY per share
 - (Interim: 60 JPY per share, Year-end: 70 JPY per share)

Note: The above projections are based on our view of the current business environment and our projections for FY2022.

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.



Note: Cash dividends for FY22 (estimated) are calculated taking into account the expected number of shares to be repurchased.

muRata
INNOVATOR IN ELECTRONICS