

# Earnings Release Conference Third Quarter of FY2021 (October 1, 2021 to December 31, 2021)

February 1, 2022

Murata Manufacturing Co., Ltd.



- Net sales for the third quarter of FY2021 were 471.4 billion yen, up 0.6% quarter-on-quarter. Sales of RF modules and connectivity modules increased for smartphones and sales of batteries rose for power tools.
- Operating income for the third quarter of FY2021 were 113.9 billion yen, down 2.7% quarter-on-quarter. Operating income ratio remained high mainly due to cost reduction through pushing rationalization.
- Net sales renewed their respective highest records on a quarterly basis as well as on a nine-month year-to-date basis. Operating income renewed their respective highest records on a nine-month year-to-date basis.

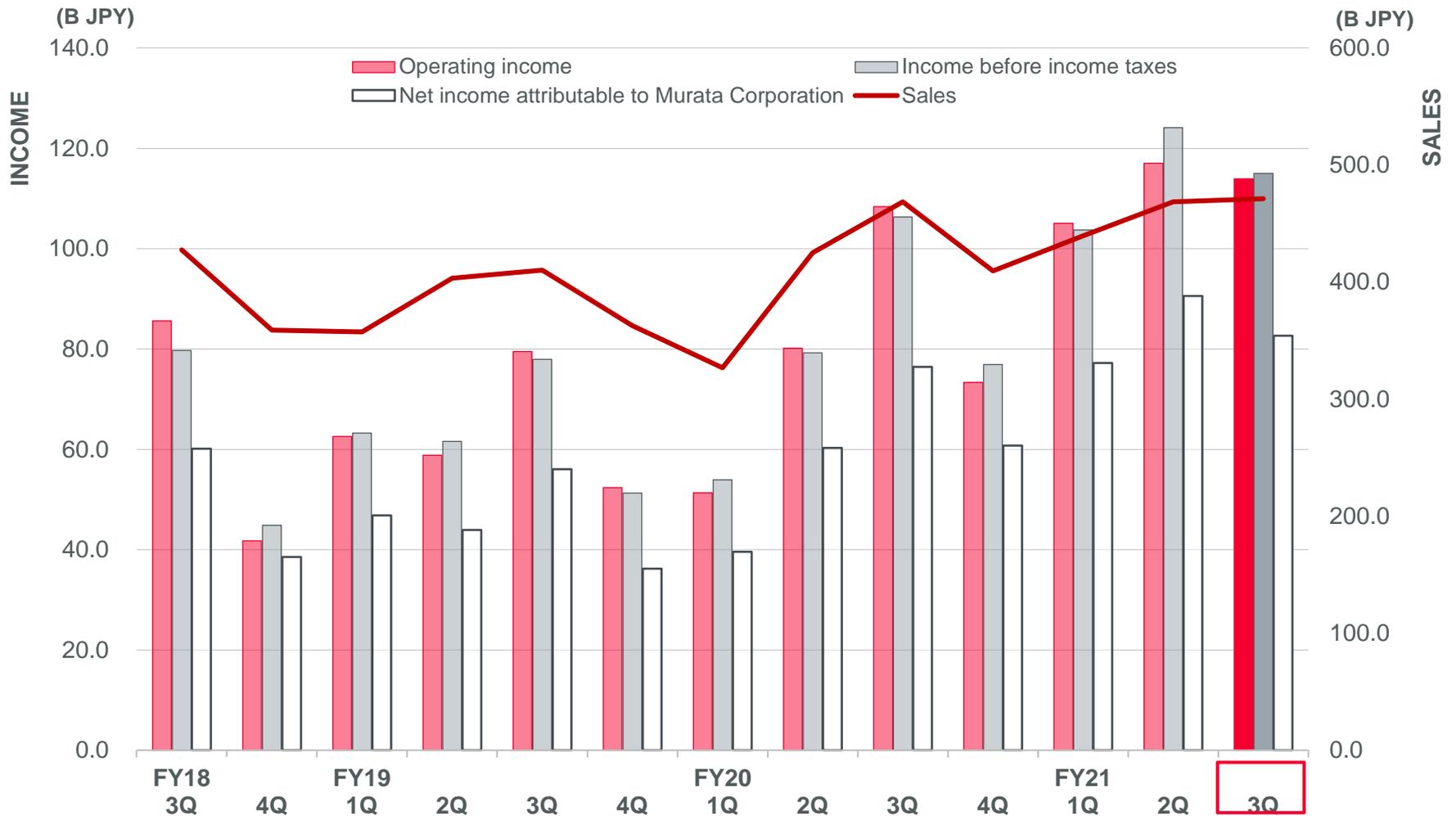
- On a full-year basis, net sales are expected to be 1,770.0 billion yen (up 8.6% year-on-year), and operating income is projected to be 410.0 billion yen (up 30.9% year-on-year). The Company expects net sales and operating income to break the current highest record.
- The Company plans to increase inventory in the fourth quarter to meet future demand.
- The Company plans to pay a year-end dividend 65 yen, 5 yen increase per share.



# Third Quarter of FY2021

From October 1, 2021 to December 31, 2021  
Consolidated Basis

# Quarterly Financial Results



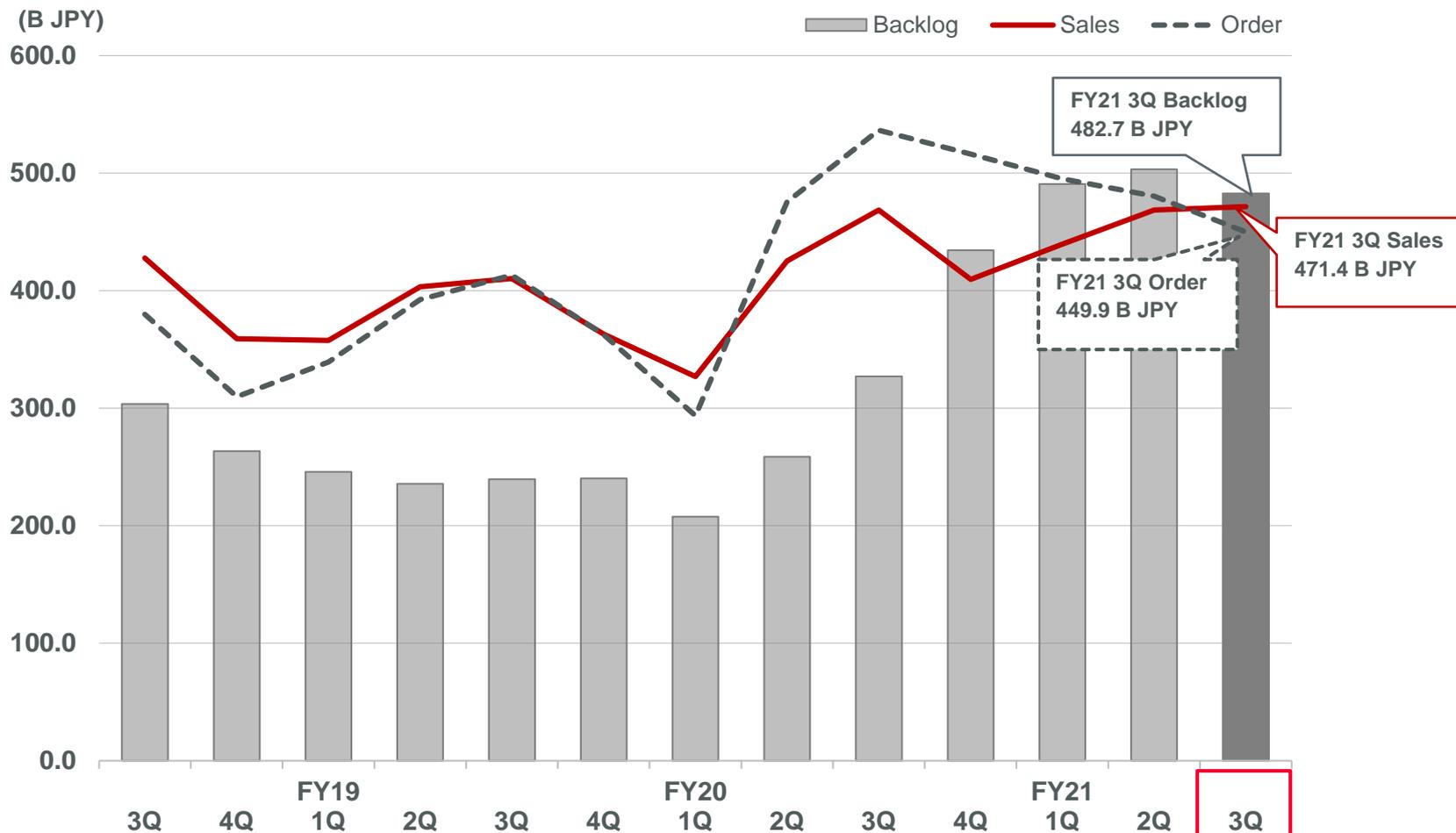
# Financial Results Overview

	FY2020 3rd Quarter		FY2021 2nd Quarter		FY2021 3rd Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	468.6	100.0	468.5	100.0	471.4	100.0	+2.7	+0.6	+2.9	+0.6
Operating income	108.4	23.1	117.0	25.0	113.9	24.2	+5.5	+5.1	(3.1)	(2.7)
Income before income taxes	106.3	22.7	124.1	26.5	115.0	24.4	+8.7	+8.2	(9.1)	(7.4)
Net income attributable to Murata Corporation	76.5	16.3	90.6	19.3	82.6	17.5	+6.2	+8.1	(7.9)	(8.7)
Average exchange rates yen/US dollar	104.51		110.11		113.71					

- Net sales increased quarter-on-quarter because sales of RF modules and connectivity modules increased for smartphones and moreover, sales of batteries rose for power tools although sales of multilayer resin substrates and SAW filters decreased for smartphones.
- Operating income posted a decrease quarter-on-quarter due to an increase in fixed costs and change to the product mix despite positive factors such as progress in rationalization and the depreciation of the Japanese yen.

# Quarterly Sales, Order and Backlog

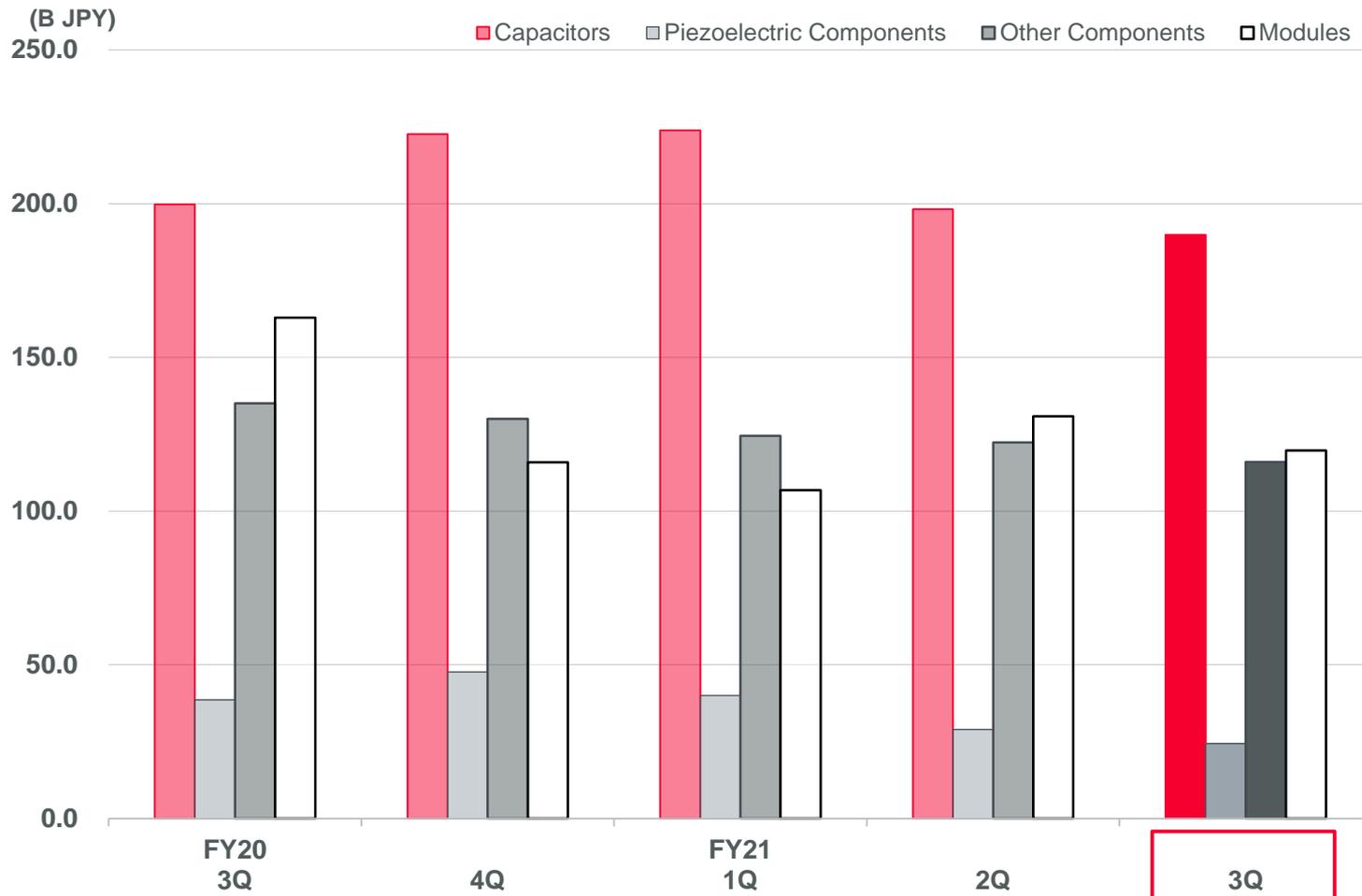
On a quarter-on-quarter basis, orders received decreased but remained at high levels. As expected, the book-to-bill ratio came down below 1 as customers' move to increase parts inventory ran its course, causing order backlogs to decrease. Orders are expected to decline in the fourth quarter due to seasonality.



# Orders by Product

Orders for capacitors decreased for car electronics and PCs compared with the previous quarter (2Q).

In addition, orders for RF modules and multilayer resin substrates fell for smartphones.



# Sales by Product

	FY2020 3rd Quarter		FY2021 2nd Quarter		FY2021 3rd Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	167.3	35.7	202.4	43.3	200.6	42.6	+33.4	+19.9	(1.8)	(0.9)
Piezoelectric Components	32.0	6.8	37.6	8.0	33.4	7.1	+1.4	+4.5	(4.1)	(11.0)
Other Components	107.0	22.9	121.0	25.9	121.2	25.8	+14.3	+13.3	+0.3	+0.2
Modules	161.8	34.6	106.9	22.8	115.2	24.5	(46.5)	(28.8)	+8.3	+7.8
Net sales	468.0	100.0	467.8	100.0	470.5	100.0	+2.5	+0.5	+2.7	+0.6

# Sales by Product [FY21 3rd Quarter vs. FY21 2nd Quarter]

<b>Capacitors</b> (0.9%)	<p><b>MLCCs:</b>          Whereas sales for distributors and base stations increased, sales declined for car electronics, AV equipment and smartphones.</p>
<b>Piezoelectric Components</b> (11.0%)	<p><b>SAW Filters :</b>          Sales decreased for smartphones.</p>
<b>Other Components</b> +0.2%	<p><b>Lithium-Ion Batteries :</b>          Sales increased for power tools.</p> <p><b>Inductors :</b>          Sales decreased for smartphones.</p>
<b>Modules</b> +7.8%	<p><b>RF modules / Connectivity modules :</b>          Sales increased for smartphones.</p> <p><b>Multilayer resin substrates :</b>          Sales decreased for smartphones.</p>

# Sales by Application

	FY2020 3rd Quarter		FY2021 2nd Quarter		FY2021 3rd Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
AV	18.4	4.0	20.6	4.4	16.6	3.5	(1.8)	(10.0)	(4.1)	(19.7)
Communication	247.7	52.9	207.1	44.3	210.4	44.7	(37.3)	(15.1)	+3.3	+1.6
Computers and Peripherals	74.5	15.9	93.1	19.9	92.5	19.7	+18.0	+24.1	(0.6)	(0.6)
Automotive Electronics	80.0	17.1	82.1	17.6	80.3	17.1	+0.3	+0.3	(1.8)	(2.2)
Home Electronics and Others	47.3	10.1	64.9	13.9	70.8	15.0	+23.5	+49.6	+5.9	+9.1
Net sales	468.0	100.0	467.8	100.0	470.5	100.0	+2.5	+0.5	+2.7	+0.6

\*Based on our estimate

## Sales by Application [FY21 3rd Quarter vs. FY21 2nd Quarter]

<b>AV</b> (19.7%)	Sales of capacitors and lithium-ion secondary batteries for video game consoles decreased.
<b>Communication</b> +1.6%	<p>Sales of RF modules and connectivity modules for high-end smartphones increased.</p> <p>Sales of capacitors increased for base stations.</p> <p>Sales of Multilayer resin substrates and SAW Filters for smartphones decreased.</p>
<b>Computers and Peripherals</b> (0.6%)	Sales of capacitors decreased for PCs.
<b>Automotive Electronics</b> (2.2%)	Sales of capacitors decreased due to the end of the cycle of customers increasing parts inventory.
<b>Home Electronics and Others</b> +9.1%	<p>Sales of lithium-ion secondary batteries increased for power tools.</p> <p>Sales of capacitors increased for distributors.</p>

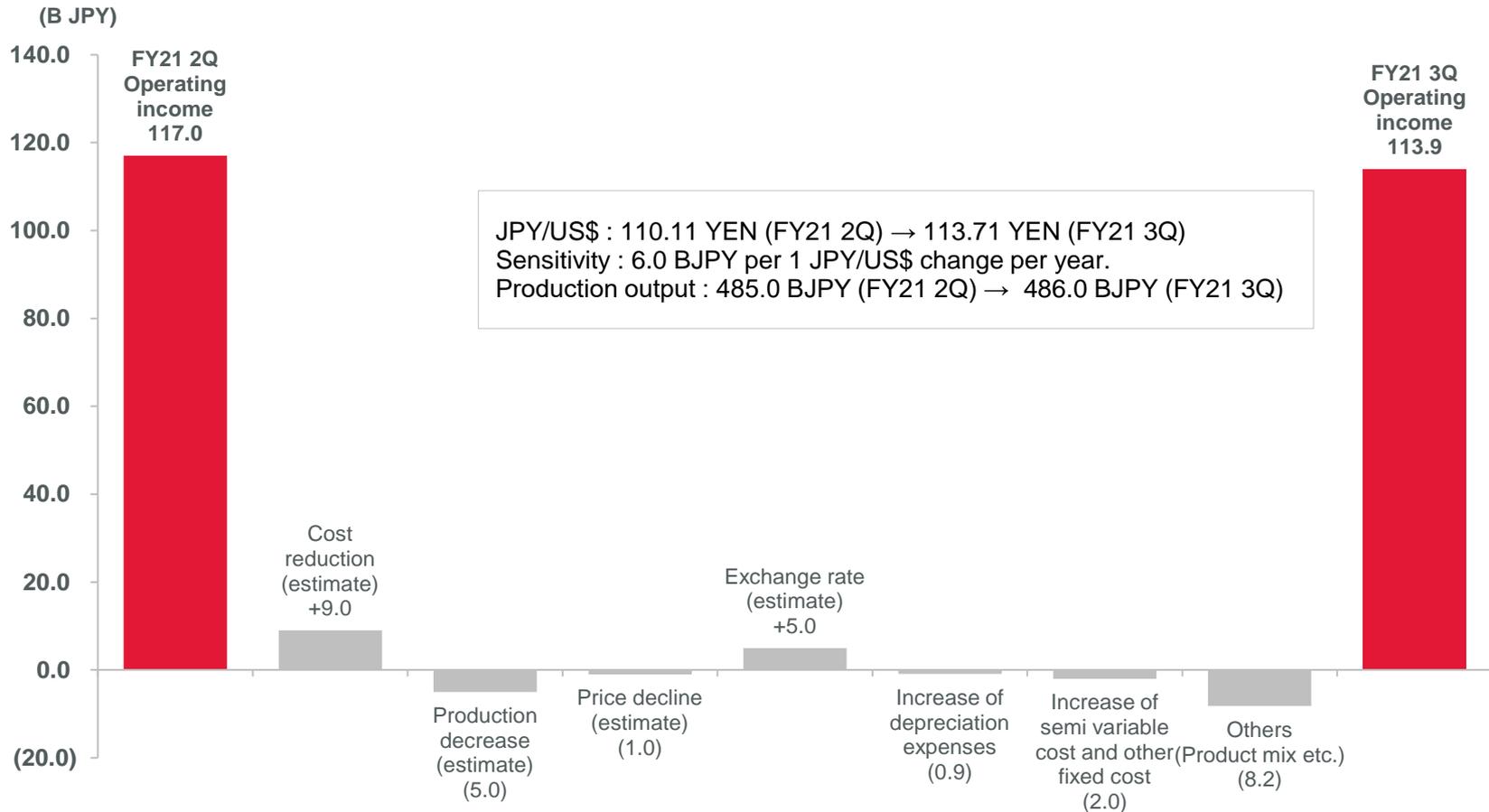
\*Based on our estimate

# Segment Information

		FY2020 9 months		FY2021 9 months		Y on Y Change	
		(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Components	Total Revenues	861.4	100.0	1,080.1	100.0	+218.7	+25.4
	Segment income	229.5	26.6	353.8	32.8	+124.3	+54.2
Modules	Total Revenues	382.5	100.0	321.9	100.0	(60.5)	(15.8)
	Segment income	54.7	14.3	30.6	9.5	(24.1)	(44.0)
Others	Total Revenues	46.3	100.0	45.9	100.0	(0.5)	(1.0)
	Segment income	5.9	12.7	5.6	12.2	(0.3)	(4.3)
Corporate and eliminations	Total Revenues	(69.6)	-	(68.5)	-	+1.1	-
	Corporate expenses	(50.1)	-	(54.0)	-	(3.9)	-
Consolidated	Total Revenues	1,220.7	100.0	1,379.5	100.0	+158.8	+13.0
	Operating income	239.9	19.7	336.0	24.4	+96.1	+40.1

- Components** Sales and profit increased thanks to increased sales of capacitors and inductors.
- Modules** Both sales and profit fell mainly due to the decrease in sales of connectivity modules and multilayer resin substrates and a change to the product mix.

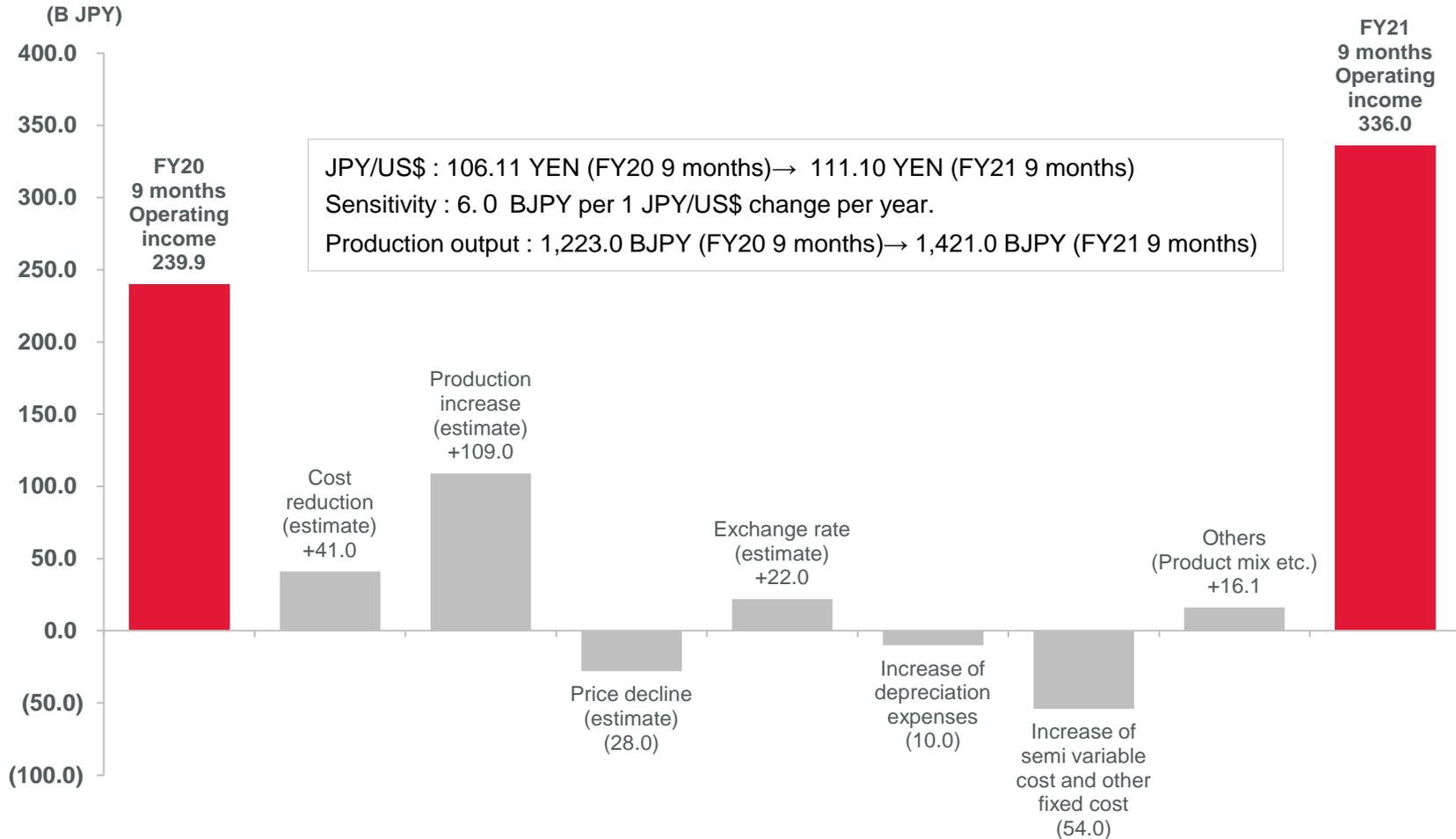
## Breakdown of Operating Income Changes [FY21 2nd Quarter to FY21 3rd Quarter]



\*“Production decrease” 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 9 months to FY21 9 months]



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

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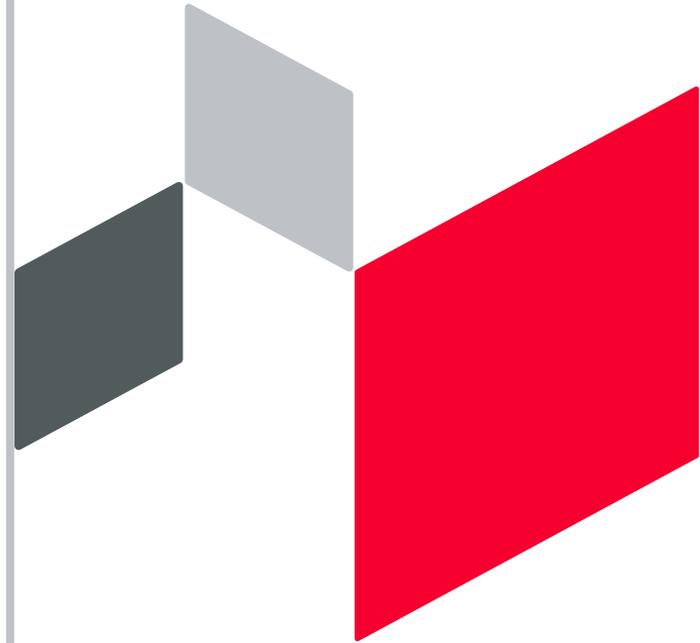
# Cash Flows

	FY2020 9 months (B JPY)	FY2021 9 months (B JPY)	Y on Y Change (B JPY)
Operating activities	197.7	311.7	+114.0
Investing activities	(125.3)	(116.4)	+8.9
Financing activities	(31.3)	(77.4)	(46.1)
Effect of exchange rate changes	(2.4)	3.0	+5.4
Cash and cash equivalents	341.1	528.7	+187.6
Free Cash Flows	72.4	195.4	+123.0
Capital expenditures	(142.2)	(115.2)	+27.0
Depreciation and amortization	105.6	115.6	+10.0

- Operating cash flow increased thanks to a substantial increase in profits compared with the same period of the previous year.
- The cash consideration for the acquisition of Eta Wireless, Inc. was reported as a cash flow from investing activities.
- The Company will increase dividends by using the free cash flow as the financial source.

# Projected Financial Results for FY2021

(From April 2021 to March 2022)



# Projection of Demand

	FY2020 Actual	FY2021 Projections(July)	FY2021	Change	
			Projections(January)	FY20 vs FY21	vs Projections(July)
SmartPhones (units)	1,450 M	1,480 M	1,340 M	(7%)	(9%)
PCs (units)	470 M	470 M	480 M	+3%	+1%
Desktop	70 M	70 M	70 M	Flat	+4%
Notebook	210 M	210 M	220 M	+2%	+2%
Tablet	180 M	190 M	190 M	+4%	Flat
Vehicles (units)	76 M	84 M	74 M	(3%)	(12%)

- Smart phones** Taking into account the effects of the shortage of semiconductors and the prolonged inventory adjustment by smartphone manufacturers in Greater China, the assumed quantity was decreased to 7% year-on-year.
- PCs** The assumption for quantity was increased to 3% year-on-year as demand keeps increasing on the back of remote work and online education.
- Vehicles** Taking into account the prolonged shortage of semiconductors and the impact of reduced production caused mainly by a resurgence of COVID-19 infections, the assumption for quantity was decreased to 3% year-on-year.

# Projected Sales by Product

	Previous (July 2021)	Revised (January 2022)	
	FY2021 Projections (Growth Ratio against FY20)	FY2021 Projections (Growth Ratio against FY20)	FY2021 4th Quarter Projections (Growth Ratio against FY21 3Q)
Capacitors	+20%	+22%	(14%)
Piezoelectric Components	+2%	+6%	(18%)
Other Components	+16%	+18%	(14%)
Modules	(19%)	(16%)	(26%)
Total	+6%	+9%	(17%)

# Projected Sales by Application

	Previous (July 2021)	Revised (January 2022)	
	FY2021 Projections (Growth Ratio against FY20)	FY2021 Projections (Growth Ratio against FY20)	FY2021 4th Quarter Projections (Growth Ratio against FY21 3Q)
AV	+4%	Flat	(3%)
Communication	(4%)	(5%)	(21%)
Computers and Peripherals	+9%	+18%	(24%)
Automotive Electronics	+21%	+16%	(10%)
Home Electronics and Others	+23%	+42%	(6%)
<b>Total</b>	<b>+6%</b>	<b>+9%</b>	<b>(17%)</b>

\*Based on our estimate

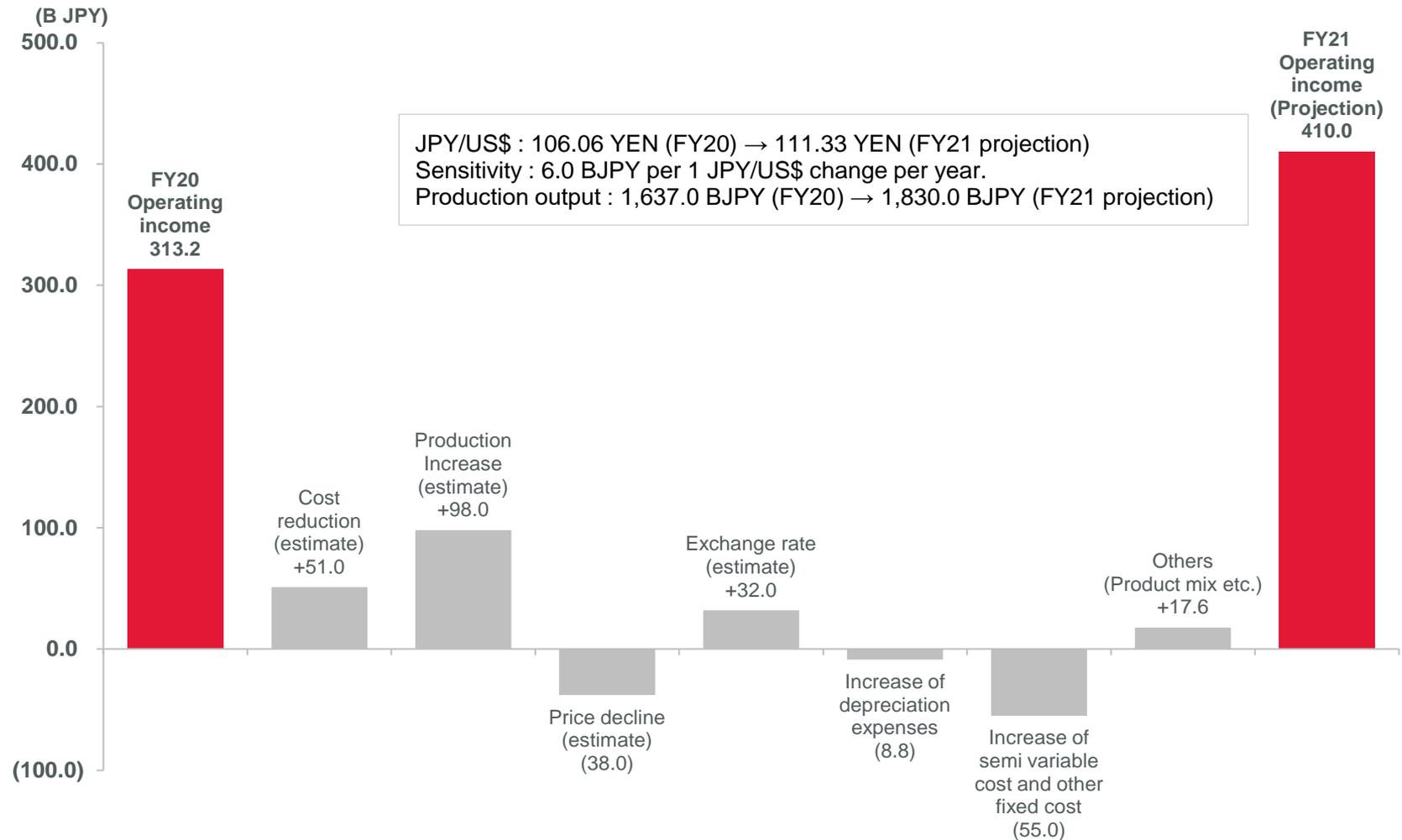
# Projected Financial Results for FY2021

	FY2020 Actual		Previous (July 2021)		FY2021	Revised (January 2022)				FY2021	
	(B JPY)	(%)	1st Half (B JPY)	2nd Half (B JPY)	Projections (B JPY)	1st Half Results		2nd Half Projections		Projections	
						(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	1,630.2	100.0	902.0	828.0	1,730.0	908.1	100.0	861.9	100.0	1,770.0	100.0
Operating income	313.2	19.2	204.0	161.0	365.0	222.1	24.5	187.9	21.8	410.0	23.2
Income before income taxes	316.4	19.4	205.0	162.0	367.0	227.9	25.1	188.1	21.8	416.0	23.5
Net income attributable to Murata Corporation	237.1	14.5	152.0	119.0	271.0	167.8	18.5	134.2	15.6	302.0	17.1
ROIC (pre-tax basis) (%)	18.5		20.4							22.5	
Average exchange rates yen/US dollar	106.06		109.13			109.80		112.86		111.33	

※ ROIC (pre-tax basis) = Pre-tax operating income / Invested capital (=Net fixed assets[book value] + inventories + accounts receivable-trade - accounts payable-trade)

- Net sales for FY2021 have been revised upward due to a revision to the assumed foreign exchange rates in addition to continuing demand for PCs and peripherals and an increase in sales to distributors.
- Based mainly on productivity gains from higher capacity utilization resulting from a production output increase and the depreciation of the yen, operating profit for FY2021 has been revised upward and is expected to post a record high.

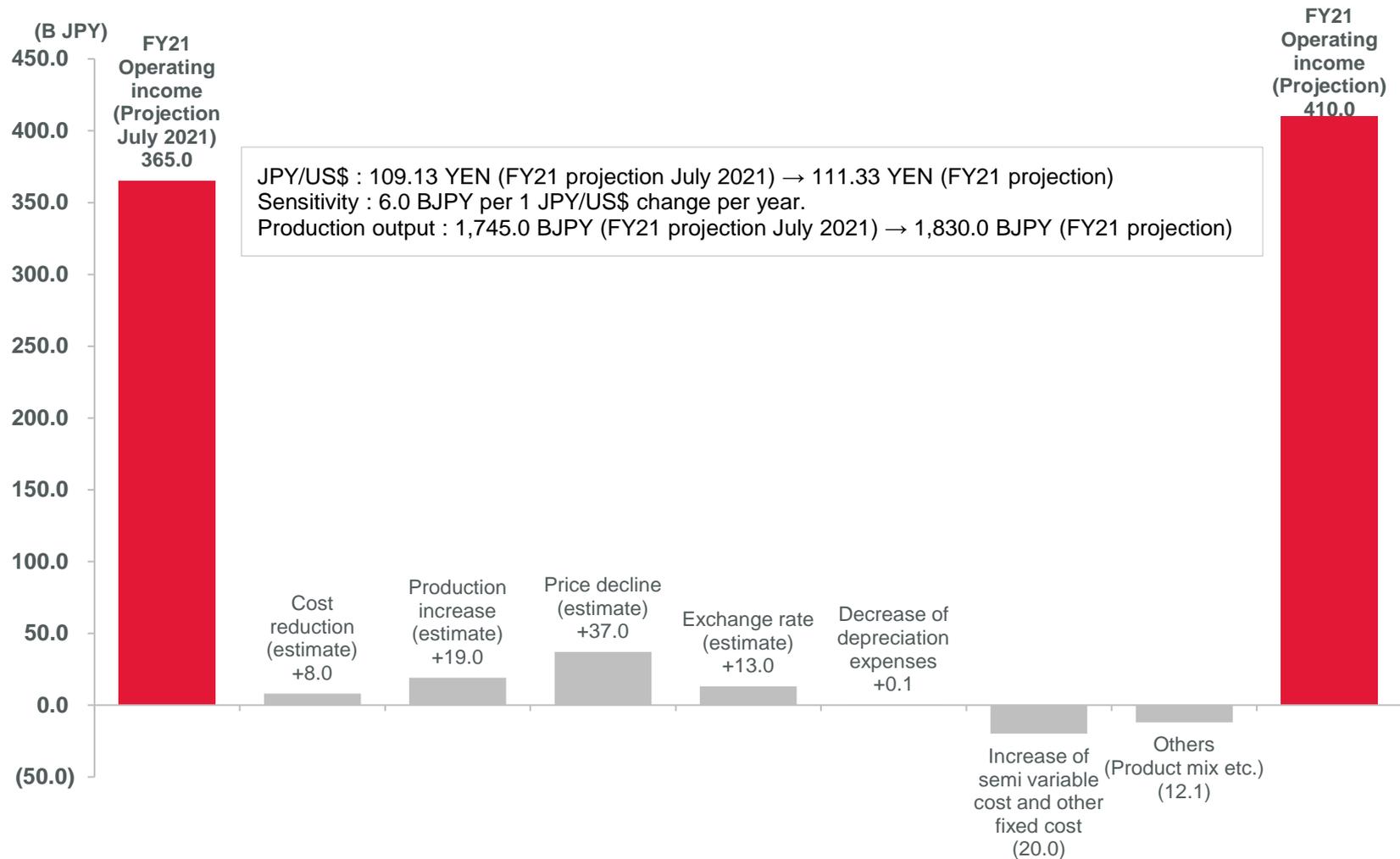
## Breakdown of Operating Income Changes [FY20 to FY21 Projection]



\*\*“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.

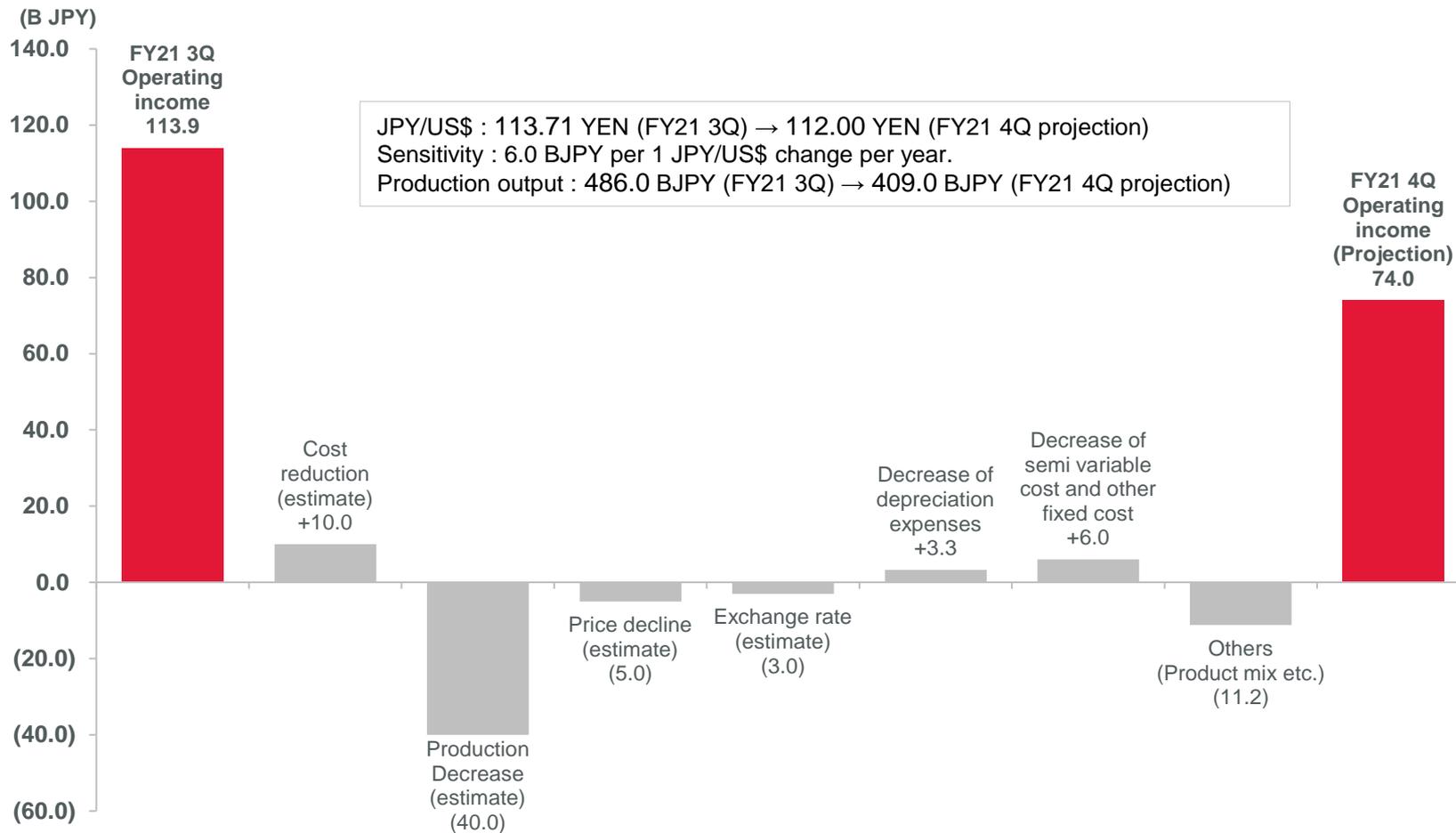
## Breakdown of Operating Income Changes [FY21 Projection (July 2021) to FY21 Projection]



\*\*“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 3rd Quarter to FY21 4th Quarter Projection]



\*"Production decrease" 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

	FY2021 1st Half Results	FY2021 2nd Half Projections	FY2021 Projections
Depreciation and amortization	76.0 B JPY	76.0 B JPY	152.0 B JPY
R & D expenses	54.3 B JPY	55.7 B JPY	110.0 B JPY
Capital expenditures	74.6 B JPY	75.4 B JPY	150.0 B JPY
Average exchange rate (JPY/USD)	109.8	112.86	111.33
Average exchange rate (JPY/EUR)	130.89	129.04	129.97

[Exchange rate sensitivity]

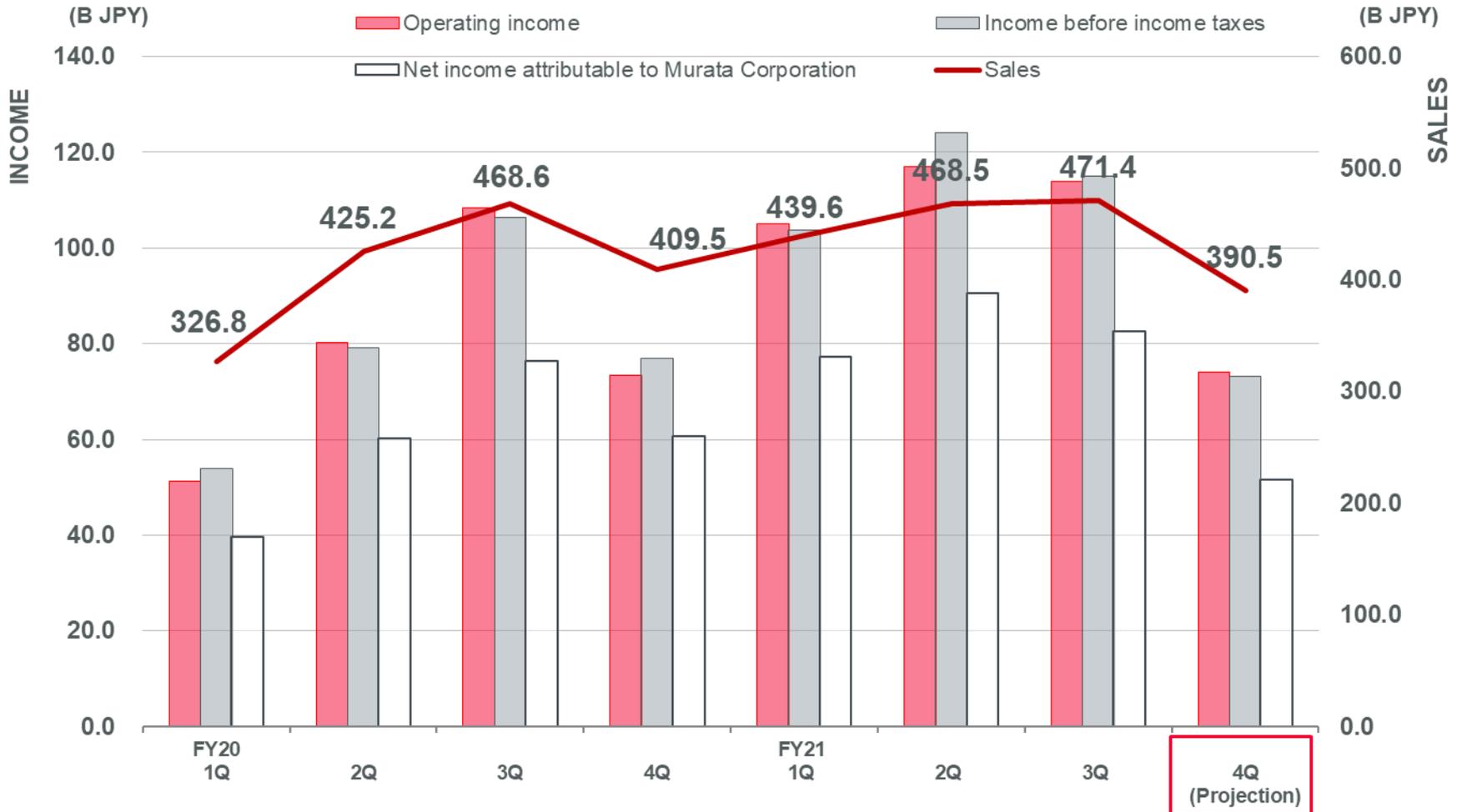
Net sales: 11.0 BJPY per 1 JPY/US\$ change per year.

Operating income: 6.0 BJPY per 1 JPY/US\$ change per year.

The Company has revised its capital expenditure of 170 billion yen, which was the previous forecast, to 150 billion yen. This is due to the shortages of semiconductors and other materials and incipient delays in delivery of equipment, etc. resulting from the impact of COVID-19 infections.

Investments declined mainly for areas other than production lines. There are no changes to the plan for production capacity expansion.

# Quarterly Financial Results



## Dividends per Share

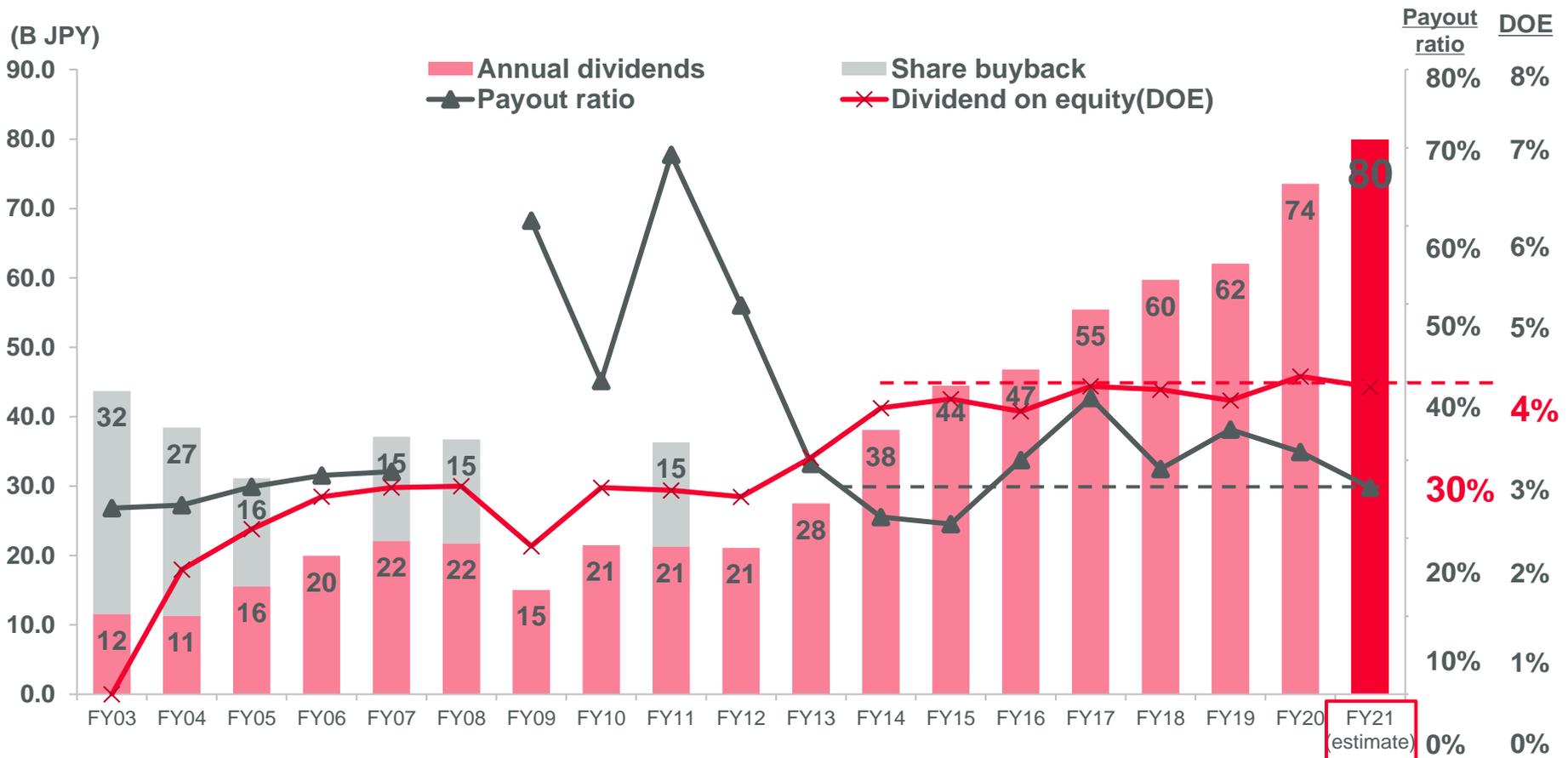
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- FY2021 projected annual dividends per share  
125 JPY per share  
(Interim: 60 JPY per share, Year-end: 65 JPY per share)  
\*10 yen increase of annual dividend per share
- FY2020 annual dividends per share  
115 JPY per share  
(Interim: 55 JPY per share, Year-end: 60 JPY per share)

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.



# Topics



## Status of Initiative for Prevention of Climate Change

- **Acquires SBT Certification for Greenhouse Gas Reduction Targets**
  - Scope 1 + Scope 2 (1.5°C level) : FY2030: Reduce by 46% (vs. FY2019)
  - Scope 3 (WB2.0°C level) : FY2030: Reduce by 27.5% (vs. FY2019)
- **Selected for CDP's Climate Change A List**
  - In Climate (measures against climate change), Murata Manufacturing has been recognized as a company that is leading the world in goal-setting, initiatives and disclosure of information.
- **Use of 100% Renewable Energy in Its Plant in the Philippines**
  - The plant was the first overseas base in the group to switch all of its electricity usage to 100% renewable energies from January 1, 2022.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



CLIMATE



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)

	FY2018		FY2019				FY2020				FY2021		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	427.6	359.0	357.6	403.4	410.2	362.9	326.8	425.2	468.6	409.5	439.6	468.5	471.4
Operating income	85.6	41.7	62.6	58.8	79.5	52.4	51.3	80.2	108.4	73.3	105.1	117.0	113.9
Income before income taxes	79.7	44.9	63.2	61.6	78.0	51.3	53.9	79.2	106.3	76.9	103.7	124.1	115.0
Net income attributable to Murata Corporation	60.1	38.5	46.8	43.9	56.1	36.2	39.6	60.3	76.5	60.7	77.2	90.6	82.6
Capital expenditures	72.7	62.4	52.9	62.0	81.4	85.4	40.2	43.8	48.9	63.9	42.6	32.1	33.4
Depreciation and amortization	32.3	34.7	33.6	34.6	35.7	36.4	34.0	35.9	35.7	37.5	37.3	38.7	39.6
R & D expenses	25.1	26.2	26.1	25.3	24.7	26.4	24.8	26.2	24.4	26.3	27.0	27.2	28.2
Average exchange rates (yen)	112.90	110.21	109.90	107.35	108.76	108.97	107.62	106.22	104.51	105.90	109.49	110.11	113.71

# Financial Data (2/3)

(B JPY)

		FY2018		FY2019				FY2020				FY2021		
		3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales by Product	Capacitors	158.3	142.3	137.7	137.8	145.7	138.2	134.5	156.1	167.3	168.7	189.3	202.4	200.6
	Piezoelectric Components	32.1	30.0	31.4	31.9	33.6	32.3	26.4	34.4	32.0	36.6	38.8	37.6	33.4
	Other Components	99.2	90.9	92.4	98.6	92.8	79.2	77.4	101.3	107.0	102.0	110.9	121.0	121.2
	Components	289.6	263.2	261.5	268.3	272.2	249.8	238.2	291.8	306.2	307.2	339.0	360.9	355.3
	Modules	137.1	95.0	95.2	134.3	137.0	112.1	87.9	132.8	161.8	101.6	99.9	106.9	115.2
	Net sales	426.6	358.2	356.7	402.5	409.2	361.9	326.2	424.5	468.0	408.9	438.8	467.8	470.5
Sales by Application	AV	17.5	15.0	16.9	17.7	14.8	11.6	15.4	20.7	18.4	17.3	19.0	20.6	16.6
	Communication	213.3	154.6	163.9	212.1	226.1	190.0	159.2	222.1	247.7	175.9	185.7	207.1	210.4
	Computers and Peripherals	68.0	59.5	58.6	60.6	58.1	53.2	68.0	71.3	74.5	77.7	89.7	93.1	92.5
	Automotive Electronics	66.0	68.5	66.8	66.1	66.2	64.4	42.8	66.4	80.0	83.9	82.7	82.1	80.3
	Home Electronics and Others	61.9	60.6	50.6	46.0	43.9	42.6	40.7	44.0	47.3	54.0	61.8	64.9	70.8
	Net sales	426.6	358.2	356.7	402.5	409.2	361.9	326.2	424.5	468.0	408.9	438.8	467.8	470.5
Sales by Product	The Americas	75.1	45.6	47.2	57.9	45.8	38.7	28.6	48.7	55.2	38.0	45.6	58.6	52.9
	Europe	33.2	41.5	36.1	31.7	30.4	33.8	21.2	31.8	35.0	38.3	40.4	40.3	40.7
	Greater China	216.1	165.7	172.7	208.1	237.2	192.1	198.8	244.1	276.4	231.8	245.0	256.9	263.1
	Asia and Others	64.2	68.4	63.0	69.6	60.8	64.6	48.7	67.7	62.8	62.9	68.4	69.4	70.6
	Overseas total	388.6	321.2	319.0	367.3	374.3	329.3	297.2	392.3	429.5	371.0	399.4	425.2	427.3
	Japan	38.0	36.9	37.8	35.3	34.9	32.6	28.9	32.2	38.5	37.8	39.4	42.6	43.2
	Net sales	426.6	358.2	356.7	402.5	409.2	361.9	326.2	424.5	468.0	408.9	438.8	467.8	470.5

# Financial Data (3/3)

(B JPY)

		FY2018			FY2019				FY2020				FY2021		
		2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Components	Total revenue	305.6	298.2	267.6	271.7	278.8	285.2	262.5	245.6	300.8	315.0	314.0	346.1	370.1	363.9
	Segment income	87.5	84.9	77.2	67.5	50.1	68.9	63.1	58.9	79.2	91.4	83.5	112.0	121.7	119.9
Modules	Total revenue	148.2	137.1	95.0	95.2	134.3	137.0	112.1	87.9	132.8	161.8	101.6	99.9	106.9	115.2
	Segment income	16.9	14.0	(15.9)	7.9	17.9	21.9	1.7	6.9	14.8	32.9	(0.4)	8.5	11.0	11.3
Others	Total revenue	33.6	20.8	23.6	16.9	15.4	14.0	12.9	14.4	16.8	15.1	14.7	15.6	15.5	14.8
	Segment income	3.4	2.2	2.1	1.5	1.6	1.2	1.5	1.9	2.0	1.9	1.9	2.0	2.0	1.6
Corporate and eliminations	Total revenue	(44.5)	(28.5)	(27.2)	(26.4)	(25.1)	(26.0)	(24.7)	(21.1)	(25.2)	(23.3)	(20.8)	(22.0)	(23.9)	(22.6)
	Corporate expenses	(16.5)	(15.5)	(21.6)	(14.3)	(10.8)	(12.5)	(13.9)	(16.4)	(15.9)	(17.9)	(11.7)	(17.5)	(17.6)	(18.9)
Consolidated	Total revenue	442.9	427.6	359.0	357.6	403.4	410.2	362.9	326.8	425.2	468.6	409.5	439.6	468.5	471.4
	Operating income	91.3	85.6	41.7	62.6	58.8	79.5	52.4	51.3	80.2	108.4	73.3	105.1	117.0	113.9

*muRata*  
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