

Long-term vision (Vision 2025) and Mid-term Business Plan (Mid-term Direction 2021)

Murata has prepared the “Mid-term Direction” that includes actions to be taken over a three-year period for achieving our long-term vision and sustainable growth. Here, we will introduce details of our current Mid-term Direction and our progress.

Long-term vision (Vision 2025)

Theme	Murata focuses on strengthening “Business & Management Foundation” in order to seize expanding business opportunities and realize Healthy & Sustainable Growth.
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Where Murata wants to be in 2025

■ Innovation driven by CS/ES (Customer Satisfaction/Employee Satisfaction)

All Murata employees collaborate with one another, innovate, and create new value.

■ Global No.1 Component & Module Supplier

Murata aims to become the first-choice supplier in the target segments of each of our businesses while expanding the scope of our offering and value proposition from parts to solutions.

■ Foundational markets, challenging markets, next new markets

Acquire and enhance core competencies, and achieve the following:


- ① Establish Automotive market as a foundational market of our business and a pillar of growth, following the Communication market.
- ② Continue to challenge in Energy and Medical/Healthcare markets.
- ③ Explore promising NEXT NEW markets.

Mid-term Direction 2021 (fiscals 2019 to 2021)

In the communications and automotive markets, a large wave of environmental change is just around the corner.

In order to secure business opportunities from these markets and achieve sustainable growth, it is necessary to strengthen the foundations of the organization and work structures in accordance with the expanding size of the company.

In the growing markets, we will aim for healthy growth so that we can provide the value that satisfies Murata’s customers and allow each and every employee to feel rewarded as they continue to grow.

Numerical target of Mid-term Direction 2021			
Mar. 2020	Ratio of operating income to net sales	16.5%	
	ROIC (pre-tax basis)	16.1%	
	Net sales	1.5 trillion yen	
			
Mar. 2022	Ratio of operating income to net sales	Min. 17%	
	ROIC (pre-tax basis)	Min. 20%	
	Net sales	2 trillion yen	

Progress of Mid-term Direction 2021

We will introduce our initiatives under three corporate-wide policies for the fiscal year ended on March 31, 2020, the first year of the mid-term direction.

■ Implementation of portfolio management

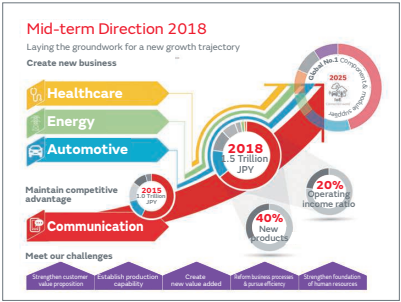
It is necessary to establish a mechanism for more efficient allocation of resources from the perspective of corporate-wide optimization, and we are working on introducing feasibility assessment models as a measure.

■ Establishment of advanced supply system & exponential productivity enhancement

In addition to the active use of the Internet of Things (IoT), we are making comprehensive efforts to achieve optimization and standardization, in order to enhance the efficiency of monozukuri (manufacturing) while eliminating constraints and waste.

■ Harmony among people, organization and society

We will set targets for issues of materiality (key issues) originating from social issues and accelerate our efforts while maintaining harmony with our business. In addition, as the first step in establishing an organizational culture and business processes that enable trust and respect, we will conduct a global survey to increase the number of employees who feel “rewarded and see opportunities for growth.”



	FY2017	FY2018	FY2019
Net sales	1,371.8 billion yen	1,575.0 billion yen	1,534.0 billion yen
Ratio of operating income to net sales	11.8%	16.9%	16.5%
ROIC	14.4%	18.9%	16.1%

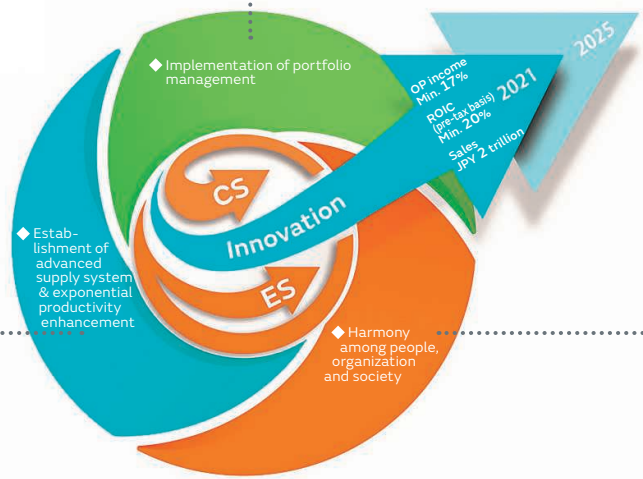
Three corporate-wide issues and mid-term basic policies for seizing expanding business opportunities and realizing Healthy & Sustainable Growth

Implementation of portfolio management

“Murata’s business portfolio is composed of ‘Global No.1’ products and we create additional customer value by designing and proposing specific technologies and products.”

Basic policy

1. In order to respond to changes in the market environment, the key requirements are to identify promising businesses, develop necessary management resources and conduct optimal allocation. From a market perspective, Murata concentrates management resources on the Communication and Automotive markets.
2. Murata tackles new business creation with a long-term perspective. In the Energy and Medical/Healthcare markets, Murata continues to address the challenge in the identified business/product domains.
3. Murata acquires and strengthens core competencies that enable sustainable growth.



Harmony among people, organization and society

“Murata earns the trust of society and is able to respond to changing business opportunities by improving its systems and organization by adapting as our employees grow and as our business grows.”

Basic policy

1. Murata places great emphasis on Employee Satisfaction, a key ingredient to support our growth and strengthen the organization.
2. Murata renovates its organizational culture and business processes to enable engendering of “trust and respect.”
3. Murata complies with all applicable regulations and laws. In addition, Murata operates its businesses in harmony with society.

Establishment of advanced supply system & exponential productivity enhancement

“While satisfying each customer’s QCDS (quality, cost, delivery, and safety), Murata achieves dramatic improvements in capital and labor productivity and a stable supply system that responds to demand fluctuation.”

Basic policy

1. Murata enhances direct/indirect labor efficiency, utilizing all appropriate methods, including AI and RPA.
2. Murata learns best practices from internal organizations and other companies, and expands on them.
3. Murata prepares systems for development and production ahead of demand fluctuations.
4. Murata flexibly responds to demand fluctuation by ascertaining in a timely manner the flow of information and goods throughout the supply chain and organizations and sites.
5. Autonomous overseas factories collaborate, and we strengthen all Murata monozukuri (manufacturing) capabilities.