

## Consolidated Financial Flash Report (September 30, 2017)

Date: October 31, 2017

Company Name : Murata Manufacturing Co., Ltd.  
Listing Code : 6981  
(URL <http://www.murata.com/>)  
Phone : (075) 955-6525  
The date of payout of dividends: December 4, 2017

Stock Exchange Listings:  
Tokyo Stock Exchange  
Stock Exchange of Singapore

### 1. Consolidated financial results for the six months ended September 30, 2017

#### (1) Operating results

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2017	619,622	10.3	99,564	(8.2)	109,804	0.1	91,073	7.5
Six months ended September 30, 2016	561,920	(7.9)	108,498	(28.7)	109,728	(29.8)	84,701	(26.6)

Comprehensive income attributable to Murata Corporation: 104,108 million yen for the six months ended September 30, 2017 and 40,132 million yen for the six months ended September 30, 2016

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share
	Yen	Yen
Six months ended September 30, 2017	428.09	-
Six months ended September 30, 2016	398.46	-

\* Percentages in the fields of Net sales, Operating income, Income before income taxes, and Net income attributable to Murata Corporation are the growth ratios against the same period of the previous fiscal year.

#### (2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
At September 30, 2017	1,821,657	1,435,539	78.8	6,747.70
At March 31, 2017	1,634,999	1,354,819	82.9	6,368.48

### 2. Dividends (Year ended March 31, 2017 and the year ending March 31, 2018)

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2017	-	110.00	-	110.00	220.00
2018	-	130.00	-	-	-
2018 (Projected)	-	-	-	130.00	260.00

\*No change in the projected dividends during the three months ended September 30, 2017.

### 3. Projected financial results for the year ending March 31, 2018 (Consolidated basis)

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation		Basic earnings attributable to Murata Corporation per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2018	1,362,000	19.9	170,000	(15.5)	180,000	(10.2)	144,000	(7.7)	676.06

\*Projected financial results have been revised during the three months ended September 30, 2017.

Percentages for the year ending March 31, 2018 are the growth ratios against the previous year.

### 4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2017 (changes in specific subsidiaries that caused change in scope of consolidation)  
Sony Electronics (Wuxi) Co., Ltd. and Murata Energy Device Singapore Pte. Ltd. were newly consolidated.

(2) Adoption of simplified and specifically applied the accounting method

The Companies adopted the accounting method specifically applied for quarterly consolidated financial reporting.

(3) Changes in accounting policy

Changes due to adoption of new accounting standard: Yes

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes: Balance Sheet Classification of Deferred Taxes." To simplify the presentation of deferred income taxes, the ASU requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. On June 30, 2017, Murata Manufacturing Co., Ltd. (the "Company") adopted the ASU. For the adoption of the ASU, the Company did not adjust prior period's financial statement retrospectively.

Changes due to reasons other than above: None

(4) Number of common shares outstanding

Number of shares outstanding including treasury stock: 225,271,427 shares at September 30, 2017 and 225,263,592 shares at March 31, 2017

Number of treasury stock: 12,526,490 shares at September 30, 2017 and 12,525,306 shares at March 31, 2017

Average number of shares outstanding: 212,738,388 shares for the six months ended September 30, 2017 and 212,570,519 shares for the six months ended September 30, 2016

\*Notes to the projected financial results

The above projections were prepared based on estimates using information currently available.

Actual results may differ from the projections. For assumptions and other information regarding the projections, refer to "Business Results and Financial Position".

## Business Results and Financial Position

(from April 1, 2017 through September 30, 2017)

### 1. Business Results

For the six-month period under review, the global economy showed slow recovery as a whole. The U.S. achieved sustained economic recovery due to increasing employment and improved private income. Consumer spending driven by an easing of credit and job increase enabled the European economy to continue its growth. China's economy remained brisk due to various government measures.

The electronics market generated increasing demand for electronic components. In car electronics, there was an increase in the number of electric components installed in vehicles due to improvements in vehicle safety and convenience. The increasing functional sophistication of smartphones led to growth in the number of components used per phone. Further positive contributions included the spread of thinner and more functional computers as well as the increasing popularity of AV equipment and home electrical appliances capable of network connection.

While Murata Manufacturing Co., Ltd. and subsidiaries (together the "Companies") focused on promising markets, its net sales for the period under review increased by 10.3% year-on-year to 619,622 million yen. This was primarily due to the yen's depreciation of 5.72 yen against the dollar compared with the same period in 2016.

Operating income was 99,564 million yen, down 8.2%, income before income taxes was 109,804 million yen, up 0.1%, and net income was 91,073 million yen, up 7.5% from the same period in 2016. Positive contributions such as cost reduction initiatives and the ongoing introduction of new products were more than offset by negative factors including product price declines and growing depreciation expenses and investments mainly in buildings and production equipment for increasing the production of new products. Income before income taxes and net income included gain on bargain purchase arising from the acquisition of Sony battery business on September 1, 2017.

	Millions of yen					
	Six months ended September 30, 2016		Six months ended September 30, 2017		Change	
		%*		%*		%*
Net sales	561,920	100.0	619,622	100.0	57,702	10.3
Operating income	108,498	19.3	99,564	16.1	(8,934)	(8.2)
Income before income taxes	109,728	19.5	109,804	17.7	76	0.1
Net income attributable to Murata Corporation	84,701	15.1	91,073	14.7	6,372	7.5
Average exchange rate (Yen/U.S. dollar)	105.35	—	111.07	—	5.72	—
Average exchange rate (Yen/EURO)	118.22	—	126.29	—	8.07	—

\*Component ratio as a percentage of net sales

## Sales by Product Category

Net sales by product category for the period under review were as follows.

		Millions of yen					
		Six months ended September 30, 2016		Six months ended September 30, 2017		Change	
			%*		%*		%
Capacitors	177,403	31.7	209,040	33.8	31,637	17.8	
Piezoelectric Components	89,165	15.9	78,524	12.7	(10,641)	(11.9)	
Other Components	110,093	19.6	127,660	20.7	17,567	16.0	
Components Total	376,661	67.2	415,224	67.2	38,563	10.2	
Communication Modules	161,166	28.8	178,340	28.8	17,174	10.7	
Power Supplies and Other Modules	22,603	4.0	24,619	4.0	2,016	8.9	
Modules Total	183,769	32.8	202,959	32.8	19,190	10.4	
Net sales	560,430	100.0	618,183	100.0	57,753	10.3	

\*Component ratio as a percentage of net sales

### <Components>

Sales of Components for the period under review increased by 10.2% year-on-year to 415,224 million yen.

#### [Capacitors]

The Capacitors category includes multilayer ceramic capacitors (MLCCs).

For the period under review, sales of MLCCs, the main product in this category, grew substantially in all applications due to the expansion of demand. MLCCs for car electronics increased sales dramatically as a result of the progress in the electrification of vehicles, and those for communication equipment also increased as a result of the increase of new products for new smartphone models.

As a result, overall net sales increased by 17.8% year-on-year to 209,040 million yen.

#### [Piezoelectric Components]

The Piezoelectric Components category includes SAW (surface acoustic wave) filters, piezoelectric sensors, ceramic resonators, and ceramic filters.

For the period under review, reductions in the production of Chinese smartphones due to inventory adjustment caused a sharp sales decline for SAW filters.

As a result, overall net sales decreased by 11.9% year-on-year to 78,524 million yen.

#### [Other Components]

Other Components include inductors (coils), EMI (electro-magnetic interference) suppression filters, connectors, sensors, thermistors and lithium ion batteries.

For the period under review, this category of components achieved substantially higher sales.

Connectors for communication equipment suffered a sales decline due to a reduction in the number of connectors used per final communication device. By contrast, coils and EMI suppression filters for car electronics and AV equipment achieved strong sales. The lithium ion battery business also contributed largely to the success as a result of the acquisition of Sony battery business.

As a result, overall net sales increased by 16.0% year-on-year to 127,660 million yen.

#### <Modules>

Sales of Modules for the period under review increased by 10.4% year-on-year to 202,959 million yen.

##### [Communication Modules]

The Communication Modules category includes short-range wireless communication modules, circuit modules, RF sub modules, multilayer resin substrates and multilayer ceramic devices.

For the period under review, circuit modules and RF sub modules for high-end smartphones faced sluggish sales due to a reduction in the Murata share of orders won from a specific customer. However, short-range wireless communication modules for smartphones and note PCs were successful. Multilayer resin substrates also achieved substantial growth in sales as an increasing number of them were used in high-end smartphones.

As a result, overall net sales increased by 10.7% year-on-year to 178,340 million yen.

##### [Power Supplies and Other Modules]

This product category includes power supplies.

For the period under review, power supplies mainly for office automation equipment recorded sales growth.

As a result, overall net sales increased by 8.9% year-on-year to 24,619 million yen.

## 2. Financial Position

Total assets at September 30, 2017 increased by 186,658 million yen from the end of the previous fiscal year to 1,821,657 million yen. The ratio of shareholders' equity to total assets decreased by 4.1 percentage points from the end of the previous fiscal year to 78.8% at September 30, 2017.

Compared with the same period of the previous year, cash flows for the period under review were as follows:

#### <Net Cash Provided by Operating Activities>

For the period under review, net cash provided by operating activities was 106,371 million yen. Net income was 91,074 million yen, depreciation and amortization was 60,523 million yen, accounts payable increased by 18,217 million yen, while trade notes and accounts receivable and inventories increased by 36,801 and 36,741 million yen, respectively.

Net cash provided by operating activities increased by 11,337 million yen from the six months ended September 30, 2016.

#### <Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 44,016 million yen. Cash outflows included capital expenditures of 132,821 million yen, acquisition of businesses of 12,062 million yen, and payment for purchases of marketable securities, investments and other of 7,328 million yen, while cash inflows included 85,093 million reduction in short-term investments and 21,123 million yen in maturities and sales of marketable securities.

Net cash used in investing activities increased by 2,520 million yen from the six months ended September 30, 2016.

#### <Net Cash Used in Financing Activities>

For the fiscal year under review, net cash used in financing activities was 23,268 million yen, primarily due to 23,401 million in payments of dividends.

Net cash used in financing activities increased by 9,078 million yen from the six months ended September 30, 2016.

### 3. Projected Results for the Year Ending March 31, 2018

As in the first six months of the fiscal year, the global economy in the second half is expected to be strong despite showing some signs of uncertainty. In the electronics market, demand for electronic components will remain strong. Despite slow recovery of Chinese smartphones, demand will be driven by the further functional sophistication of smartphones and vehicles. A further positive element is the inclusion of the lithium ion battery business following the completion of the acquisition process in September 2017. Murata now has to ensure it is not overly optimistic about its business results for the year ending March 31, 2018. This is partly because the delay in improving the percentage of defects for new products that are technically challenging, and partly because there will be increases in depreciation and amortization on investments in buildings and production equipment arising from the Companies' efforts to increase demand for electronic components in the future, and partly because a less favorable product mix due to a delay from the schedule in the recovery of demand for profitable products.

As a result, the projected results for the year ending March 31, 2018, as announced on April 28, 2017, have been revised as shown in the table below.

		Consolidated Basis	
		Previous Projections	Revised Projections
Net sales	Millions of yen	1,225,000	1,362,000
	<%>*	<18.4>	<12.5>
Operating income	Millions of yen	226,000	170,000
	<%>*	<18.8>	<13.2>
Income before income taxes	Millions of yen	230,000	180,000
Net income attributable to Murata Corporation	Millions of yen	174,000	144,000
	<%>*	<14.2>	<10.6>
Capital expenditures	Millions of yen	170,000	260,000
	<%>*	<9.6>	<9.8>
Depreciation and amortization	Millions of yen	118,000	134,000
	<%>*	<7.3>	<6.8>
R & D expenses	Millions of yen	90,000	92,000

\*1 Ratio to net sales

The projections are based on the assumed exchange rates of 110 yen against the U.S. dollar and 130 yen against the Euro for the second half of this fiscal year. We have now revised our initial forecast for capital expenditures to 260,000 million yen. This is designed to accommodate the growing demand for electronic components expected to continue in the next fiscal year and after, as the functional sophistication of electronic equipment will lead to an increase in the number of components installed per end product.

[Cautionary Statement on Forward-looking Statements]

This report contains forward-looking statements concerning the Companies' projections, plans, policies, strategies, schedules, and decisions. These forward-looking statements are not historical facts; rather, they represent the assumptions of the Companies based on information currently available and certain assumptions we deem as reasonable. Actual results may differ materially from expectations owing to various risks and uncertainties. Readers are therefore requested not to rely on these forward-looking statements as the sole basis for evaluating the Companies. The Companies have 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 Companies' 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 Companies' 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 Companies' financial assets; (6) drastic legal, political, and social changes in the Companies' business environment; and (7) other uncertainties and contingencies.

**(1) Consolidated Balance Sheets (Assets)**

At March 31, 2017 and September 30, 2017

	Millions of Yen			
	At March 31, 2017		At September 30, 2017	
Assets	1,634,999	100.0	1,821,657	100.0
Current assets	871,431	53.3	923,755	50.8
Cash	170,929		185,904	
Short-term investments	173,401		117,944	
Marketable securities	53,043		37,750	
Trade notes receivable	271		2,771	
Trade accounts receivable	209,596		270,504	
Allowance for doubtful notes and accounts	(905)		(1,066)	
Inventories	211,447		282,436	
Deferred income taxes	25,890		-	
Prepaid expenses and other	27,759		27,512	
Property, plant and equipment	507,969	31.1	618,383	33.9
Land	50,761		61,228	
Buildings	394,239		436,330	
Machinery and equipment	950,280		1,032,616	
Construction in progress	40,035		61,219	
Accumulated depreciation	(927,346)		(973,010)	
Investments and other assets	255,599	15.6	279,519	15.3
Investments	103,468		104,757	
Intangible assets	48,883		56,618	
Goodwill	62,102		68,889	
Deferred income taxes	5,259		21,292	
Other	35,887		27,963	
Total assets	1,634,999	100.0	1,821,657	100.0

## Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2017 and September 30, 2017

	Millions of Yen			
	At March 31, 2017		At September 30, 2017	
Liabilities	279,665	17.1	385,620	21.2
Current liabilities	208,734	12.8	301,502	16.6
Short-term borrowings	46,118		46,341	
Trade accounts payable	57,918		92,659	
Accrued payroll and bonuses	34,075		40,952	
Income taxes payable	7,240		16,968	
Accrued expenses and other	63,383		104,582	
Long-term liabilities	70,931	4.3	84,118	4.6
Long-term debt	545		664	
Termination and retirement benefits	59,324		68,530	
Deferred income taxes	9,677		12,993	
Other	1,385		1,931	
Equity	1,355,334	82.9	1,436,037	78.8
Murata Corporation's Shareholders' equity	1,354,819	82.9	1,435,539	78.8
Common stock	69,377		69,444	
Capital surplus	114,290		114,259	
Retained earnings	1,241,180		1,308,852	
Accumulated other comprehensive loss:	(14,219)		(1,184)	
Unrealized gains on securities	6,127		7,783	
Pension liability adjustments	(15,652)		(18,283)	
Foreign currency translation adjustments	(4,694)		9,316	
Treasury stock, at cost	(55,809)		(55,832)	
Noncontrolling interests	515	0.0	498	0.0
Total liabilities and equity	1,634,999	100.0	1,821,657	100.0



**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

**Consolidated Statements of Income**

Six months ended September 30, 2016 and 2017

	Millions of Yen			
	Six months ended September 30, 2016		Six months ended September 30, 2017	
Net sales	561,920	100.0	619,622	100.0
Cost of sales	343,063	61.1	391,254	63.1
Selling, general and administrative	69,957	12.4	84,199	13.6
Research and development	40,402	7.2	44,605	7.2
Operating income	108,498	19.3	99,564	16.1
Interest and dividend income	1,136	0.2	1,545	0.2
Interest expense	(34)	(0.0)	(147)	(0.0)
Foreign currency exchange loss	(721)	(0.1)	(2,485)	(0.4)
Gain on bargain purchase	-	-	9,041	1.5
Other - net	849	0.1	2,286	0.3
Income before income taxes	109,728	19.5	109,804	17.7
Income taxes	25,009	4.4	18,730	3.0
<Current income tax>	<22,771>		<24,622>	
<Deferred income tax>	<2,238>		<(5,892)>	
Net income	84,719	15.1	91,074	14.7
Less: Net income attributable to noncontrolling interests	18	0.0	1	0.0
Net income attributable to Murata Corporation	84,701	15.1	91,073	14.7

**Consolidated Statements of Comprehensive Income**

Six months ended September 30, 2016 and 2017

	Millions of Yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Net income	84,719	91,074
Other comprehensive income (loss), net of tax:		
Unrealized gains on securities	935	1,656
Pension liability adjustments	2,086	(2,631)
Foreign currency translation adjustments	(47,632)	14,025
Other comprehensive income (loss)	(44,611)	13,050
Comprehensive income	40,108	104,124
Less: Comprehensive income (loss) attributable to noncontrolling interests	(24)	16
Comprehensive income attributable to Murata Corporation	40,132	104,108

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

Three months ended September 30, 2016 and 2017

	Millions of Yen			
	Three months ended September 30, 2016		Three months ended September 30, 2017	
Net sales	300,995	100.0	344,658	100.0
Cost of sales	185,593	61.6	218,506	63.4
Selling, general and administrative	35,218	11.7	44,593	12.9
Research and development	20,381	6.8	22,939	6.7
Operating income	59,803	19.9	58,620	17.0
Interest and dividend income	528	0.2	727	0.2
Interest expense	(22)	(0.0)	(68)	(0.0)
Foreign currency exchange loss	(1,031)	(0.4)	(1,182)	(0.3)
Gain on bargain purchase	-	-	9,041	2.6
Other - net	250	0.1	282	0.1
Income before income taxes	59,528	19.8	67,420	19.6
Income taxes	12,503	4.2	9,493	2.8
<Current income tax>	<13,617>		<16,778>	
<Deferred income tax>	<(1,114)>		<(7,285)>	
Net income	47,025	15.6	57,927	16.8
Less: Net loss attributable to noncontrolling interests	(1)	(0.0)	(10)	(0.0)
Net income attributable to Murata Corporation	47,026	15.6	57,937	16.8

### Consolidated Statements of Comprehensive Income

Three months ended September 30, 2016 and 2017

	Millions of Yen	
	Three months ended September 30, 2016	Three months ended September 30, 2017
Net income	47,025	57,927
Other comprehensive income (loss), net of tax:		
Unrealized gains on securities	1,385	1,402
Pension liability adjustments	644	(3,410)
Foreign currency translation adjustments	(6,299)	9,439
Other comprehensive income (loss)	(4,270)	7,431
Comprehensive income	42,755	65,358
Less: Comprehensive income (loss) attributable to noncontrolling interests	(6)	1
Comprehensive income attributable to Murata Corporation	42,761	65,357

### (3) Consolidated Statements of Cash Flows

Six months ended September 30, 2016 and 2017

	Millions of Yen			
	Six months ended September 30, 2016		Six months ended September 30, 2017	
Operating activities:				
Net income		84,719		91,074
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	51,033		60,523	
Losses on sales and disposals of property, plant and equipment	335		520	
Provision for termination and retirement benefits, less payments	(1,765)		(1,629)	
Deferred income taxes	2,238		(5,892)	
Gain on bargain purchase	-		(9,041)	
Changes in assets and liabilities:				
Increase in trade notes and accounts receivable	(44,253)		(36,801)	
(Increase) decrease in inventories	5,920		(36,741)	
Decrease in prepaid expenses and other	1,385		1,584	
Increase in trade notes and accounts payable	396		18,217	
Increase (decrease) in accrued payroll and bonuses	(1,360)		3,747	
Increase (decrease) in income taxes payable	(10,095)		9,620	
Increase in accrued expenses and other	7,063		10,355	
Other-net	(582)	10,315	835	15,297
Net cash provided by operating activities		95,034		106,371
Investing activities:				
Capital expenditures		(78,069)		(132,821)
Payment for purchases of marketable securities, investments and other		(18,250)		(7,328)
Maturities and sales of marketable securities, investments and other		20,782		21,123
(Increase) decrease in long-term deposits		(21,516)		1,081
Decrease in short-term investments		49,773		85,093
Acquisition of business, net of cash acquired		-		(12,062)
Other-net		744		898
Net cash used in investing activities		(46,536)		(44,016)
Financing activities:				
Net increase (decrease) in short-term borrowings		(6,434)		222
Proceeds from long-term debt		-		193
Repayment of long-term debt		(2,540)		(194)
Dividends paid		(23,287)		(23,401)
Other-net		(85)		(88)
Net cash used in financing activities		(32,346)		(23,268)
Effect of exchange rate changes on cash and cash equivalents		778		(221)
Net increase in cash and cash equivalents		16,930		38,866
Cash and cash equivalents at beginning of period		212,570		239,184
Cash and cash equivalents at end of period		229,500		278,050
Additional cash and cash equivalents information:				
Cash		158,230		185,904
Short-term investments		130,044		117,944
Short-term investments with original maturities over 3 months		(58,774)		(25,798)
Cash and cash equivalents at end of period		229,500		278,050

#### (4) Assumptions for Going Concern

None

#### (5) Segment Information

##### Operating Segment Information

The Companies mainly develop, manufacture and sell electronic components and related products.

Operating segments of the Companies are classified based on the nature of products, and the Companies recognized the Components segment, the Modules segment, and Others.

Six months ended September 30, 2016 and 2017

		Millions of Yen			
		Six months ended September 30, 2016		Six months ended September 30, 2017	
Components	Sales to:		%		%
	Unaffiliated customers	376,661		415,224	
	Intersegment	19,051		18,328	
	Total revenue	395,712	100.0	433,552	100.0
	Segment income	109,838	27.8	100,267	23.1
Modules	Sales to:		%		%
	Unaffiliated customers	183,769		202,959	
	Intersegment	25		7	
	Total revenue	183,794	100.0	202,966	100.0
	Segment income	17,695	9.6	20,903	10.3
Others	Sales to:		%		%
	Unaffiliated customers	1,490		1,439	
	Intersegment	20,054		40,303	
	Total revenue	21,544	100.0	41,742	100.0
	Segment income	2,579	12.0	4,494	10.8
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(39,130)		(58,638)	
	Total revenue	(39,130)	-	(58,638)	-
	Corporate expenses	(21,614)	-	(26,100)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	561,920		619,622	
	Intersegment	-		-	
	Total revenue	561,920	100.0	619,622	100.0
	Operating income	108,498	19.3	99,564	16.1

Three months ended September 30, 2016 and 2017

		Millions of Yen			
		Three months ended September 30, 2016		Three months ended September 30, 2017	
Components	Sales to:		%		%
	Unaffiliated customers	196,807		226,729	
	Intersegment	9,778		9,638	
	Total revenue	206,585	100.0	236,367	100.0
	Segment income	58,516	28.3	56,867	24.1
Modules	Sales to:		%		%
	Unaffiliated customers	103,476		117,153	
	Intersegment	10		3	
	Total revenue	103,486	100.0	117,156	100.0
	Segment income	11,251	10.9	12,057	10.3
Others	Sales to:		%		%
	Unaffiliated customers	712		776	
	Intersegment	9,540		23,230	
	Total revenue	10,252	100.0	24,006	100.0
	Segment income	1,205	11.8	2,682	11.2
Corporate and eliminations	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(19,328)		(32,871)	
	Total revenue	(19,328)	-	(32,871)	-
	Corporate expenses	(11,169)	-	(12,986)	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	300,995		344,658	
	Intersegment	-		-	
	Total revenue	300,995	100.0	344,658	100.0
	Operating income	59,803	19.9	58,620	17.0

Notes: 1. Major products and businesses included in the operating segments

(1) Components: Capacitors and Piezoelectric Components

(2) Modules: Communication Modules and Power Supplies

(3) Others: Machinery manufacturing, welfare services, education and training services, and sales of software

2. Intersegment transactions are based on market prices.

3. Segment income for each operating segment represents net sales less related costs.

Corporate expenses represent expenses of headquarters functions and fundamental researches.

4. The battery business transferred from Sony Corporation were included in Components since September 1, 2017.

## (6) Significant changes in shareholders' equity

None

## (7) Other

October 31, 2017  
Murata Manufacturing Co., Ltd.  
Listing Code: 6981  
(URL <http://www.murata.com/>)

### Flash Report (Six months ended September 30, 2017)

#### Selected Financial Data - Consolidated basis

Six months ended September 30, 2016 and 2017 / at September 30, 2016 and 2017

		Consolidated Basis		
		2016	2017	Growth ratio
Net sales	Millions of yen	561,920	619,622	10.3%
Operating income	<%>*2 Millions of yen	<19.3> 108,498	<16.1> 99,564	(8.2)
Income before income taxes	<%>*2 Millions of yen	<19.5> 109,728	<17.7> 109,804	0.1
Net income attributable to Murata Corporation	<%>*2 Millions of yen	<15.1> 84,701	<14.7> 91,073	7.5
Total assets	Millions of yen	1,508,088	1,821,657	20.8
Shareholders' equity	Millions of yen	1,260,231	1,435,539	13.9
Shareholders' equity ratio	%	83.6	78.8	-
Basic earnings attributable to Murata Corporation per share	Yen	398.46	428.09	7.4
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Shareholders' equity per share	Yen	5,923.81	6,747.70	-
Capital expenditures	Millions of yen	78,069	132,821	70.1
Depreciation and amortization	<%>*2 Millions of yen	<9.1> 51,033	<9.8> 60,523	18.6
R & D expenses	<%>*2 Millions of yen	<7.2> 40,402	<7.2> 44,605	10.4
Number of employees	*4	<33,893> 58,604	<45,935> 73,690	25.7
Average exchange rates				
Yen/US dollar	Yen	105.35	111.07	-
Yen/EURO	Yen	118.22	126.29	-

Three months ended September 30, 2016 and 2017

		Consolidated Basis		
		2016	2017	Growth ratio
Net sales	Millions of yen	300,995	344,658	14.5%
Operating income	<%>*2 Millions of yen	<19.9> 59,803	<17.0> 58,620	(2.0)
Income before income taxes	<%>*2 Millions of yen	<19.8> 59,528	<19.6> 67,420	13.3
Net income attributable to Murata Corporation	<%>*2 Millions of yen	<15.6> 47,026	<16.8> 57,937	23.2
Basic earnings attributable to Murata Corporation per share	Yen	221.05	272.33	23.2
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
Capital expenditures	Millions of yen	39,592	71,551	80.7
Depreciation and amortization	<%>*2 Millions of yen	<8.9> 26,665	<9.5> 32,858	23.2
R & D expenses	<%>*2 Millions of yen	<6.8> 20,381	<6.7> 22,939	12.6

\*1 The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

\*2 Ratio to net sales

\*3 Diluted earnings attributable to Murata Corporation per share is not stated since there were no potential dilutive securities.

\*4 Figures in parentheses indicate the number of employees in foreign countries.

## Projected Financial Data - Consolidated basis

		Year ending March 31, 2018		
		Previous Projections	Revised Projections	Growth ratio
Net sales	Millions of yen	1,225,000	1,362,000	11.2
	<%>*1	<18.4>	<12.5>	%
Operating income	Millions of yen	226,000	170,000	(24.8)
	<%>*1	<18.8>	<13.2>	
Income before income taxes	Millions of yen	230,000	180,000	(21.7)
	<%>*1	<14.2>	<10.6>	
Net income attributable to Murata Corporation	Millions of yen	174,000	144,000	(17.2)
	<%>*1	<14.2>	<10.6>	
Basic earnings attributable to Murata Corporation per share	Yen	817.91	676.06	(17.3)
	<%>*1	<9.6>	<9.8>	
Capital expenditures	Millions of yen	170,000	260,000	52.9
	<%>*1	<9.6>	<9.8>	
Depreciation and amortization	Millions of yen	118,000	134,000	13.6
	<%>*1	<7.3>	<6.8>	
R & D expenses	Millions of yen	90,000	92,000	2.2
	<%>*1	<7.3>	<6.8>	

\*1 Ratio to net sales

\*2 The projections above are based on the assumed average exchange rates of 110 yen per US dollar and 130 yen per Euro for the six months ending March 31, 2018.

\*3 The projections above were prepared based on estimates using information currently available. Actual results may differ from the projections. For assumptions and other information regarding the projections, refer to "Business Results and Financial Position".

## Orders, Backlogs and Sales

### (1) Orders and Backlogs by Product

#### <Orders>

Six months ended September 30, 2016 and 2017

	Millions of Yen					
	Six months ended September 30, 2016		Six months ended September 30, 2017		Change	
		%*1		%*1		%
Capacitors	183,997	32.6	247,559	36.5	63,562	34.5
Piezoelectric Components	77,232	13.7	81,547	12.0	4,315	5.6
Other Components	113,420	20.1	136,097	20.1	22,677	20.0
Components Total	374,649	66.4	465,203	68.6	90,554	24.2
Communication Modules	168,029	29.7	187,312	27.7	19,283	11.5
Power Supplies and Other Modules	21,911	3.9	25,182	3.7	3,271	14.9
Modules Total	189,940	33.6	212,494	31.4	22,554	11.9
Total	564,589	100.0	677,697	100.0	113,108	20.0

Three months ended September 30, 2016 and 2017

	Millions of Yen					
	Three months ended September 30, 2016		Three months ended September 30, 2017		Change	
		%*1		%*1		%
Capacitors	98,773	30.7	129,916	34.9	31,143	31.5
Piezoelectric Components	44,806	13.9	42,601	11.4	(2,205)	(4.9)
Other Components	61,375	19.0	76,460	20.5	15,085	24.6
Components Total	204,954	63.6	248,977	66.8	44,023	21.5
Communication Modules	106,254	33.0	111,850	30.0	5,596	5.3
Power Supplies and Other Modules	10,864	3.4	12,025	3.2	1,161	10.7
Modules Total	117,118	36.4	123,875	33.2	6,757	5.8
Total	322,072	100.0	372,852	100.0	50,780	15.8

\*1 Component ratio

\*2 Figures are based on sales prices to customers.

\*3 Exclusive of consumption taxes

\*4 The tables by product indicate orders, backlogs, and sales of electronic components and related products.

\*5 The orders of the battery business transferred from Sony Corporation were included in Other Components since September 1, 2017.

#### <Backlogs>

	Millions of Yen					
	At March 31, 2017		At September 30, 2017		Change	
		%*1		%*1		%
Capacitors	62,484	40.6	101,003	42.2	38,519	61.6
Piezoelectric Components	18,654	12.1	21,677	9.1	3,023	16.2
Other Components	22,579	14.7	57,012	23.8	34,433	152.5
Components Total	103,717	67.4	179,692	75.1	75,975	73.3
Communication Modules	43,049	28.0	52,021	21.7	8,972	20.8
Power Supplies and Other Modules	7,085	4.6	7,648	3.2	563	7.9
Modules Total	50,134	32.6	59,669	24.9	9,535	19.0
Total	153,851	100.0	239,361	100.0	85,510	55.6

\*1 Component ratio

\*2 Figures are based on sales prices to customers.

\*3 Exclusive of consumption taxes

\*4 The backlogs of the battery business transferred from Sony Corporation were included in Other Components at September 30, 2017.



## (2) Sales by Product Category, Application and Area

### 1. Sales by Product Category

Six months ended September 30, 2016 and 2017

	Millions of Yen					
	Six months ended September 30, 2016		Six months ended September 30, 2017		Change	
		%*1		%*1		%
Capacitors	177,403	31.7	209,040	33.8	31,637	17.8
Piezoelectric Components	89,165	15.9	78,524	12.7	(10,641)	(11.9)
Other Components	110,093	19.6	127,660	20.7	17,567	16.0
Components Total	376,661	67.2	415,224	67.2	38,563	10.2
Communication Modules	161,166	28.8	178,340	28.8	17,174	10.7
Power Supplies and Other Modules	22,603	4.0	24,619	4.0	2,016	8.9
Modules Total	183,769	32.8	202,959	32.8	19,190	10.4
Net sales	560,430	100.0	618,183	100.0	57,753	10.3

Three months ended September 30, 2016 and 2017

	Millions of Yen					
	Three months ended September 30, 2016		Three months ended September 30, 2017		Change	
		%*1		%*1		%
Capacitors	93,140	31.0	112,719	32.8	19,579	21.0
Piezoelectric Components	44,412	14.8	40,998	11.9	(3,414)	(7.7)
Other Components	59,255	19.7	73,012	21.2	13,757	23.2
Components Total	196,807	65.5	226,729	65.9	29,922	15.2
Communication Modules	91,987	30.7	104,630	30.4	12,643	13.7
Power Supplies and Other Modules	11,489	3.8	12,523	3.7	1,034	9.0
Modules Total	103,476	34.5	117,153	34.1	13,677	13.2
Net sales	300,283	100.0	343,882	100.0	43,599	14.5

\*1 Component ratio

\*2 Exclusive of consumption taxes

\*3 Sales of the battery business transferred from Sony Corporation were included in Other Components since September 1, 2017.

### 2. Sales by Application (based on the Company's estimate)

Six months ended September 30, 2016 and 2017

	Millions of Yen					
	Six months ended September 30, 2016		Six months ended September 30, 2017		Change	
		%*1		%*1		%
AV	22,592	4.0	30,918	5.0	8,326	36.9
Communications	323,943	57.8	326,670	52.8	2,727	0.8
Computers and Peripherals	79,032	14.1	98,333	15.9	19,301	24.4
Automotive Electronics	79,758	14.2	92,133	14.9	12,375	15.5
Home and Others	55,105	9.9	70,129	11.4	15,024	27.3
Net sales	560,430	100.0	618,183	100.0	57,753	10.3

Three months ended September 30, 2016 and 2017

	Millions of Yen					
	Three months ended September 30, 2016		Three months ended September 30, 2017		Change	
		%*1		%*1		%
AV	11,936	4.0	17,199	5.0	5,263	44.1
Communications	178,438	59.4	189,988	55.3	11,550	6.5
Computers and Peripherals	41,242	13.7	51,927	15.1	10,685	25.9
Automotive Electronics	40,736	13.6	47,542	13.8	6,806	16.7
Home and Others	27,931	9.3	37,226	10.8	9,295	33.3
Net sales	300,283	100.0	343,882	100.0	43,599	14.5

\*1 Component ratio

\*2 Exclusive of consumption taxes

### 3. Sales by Area

Six months ended September 30, 2016 and 2017

	Millions of Yen					
	Six months ended September 30, 2016		Six months ended September 30, 2017		Change	
		%*1		%*1		%
The Americas	46,681	8.3	58,560	9.5	11,879	25.4
Europe	41,674	7.4	46,189	7.5	4,515	10.8
Greater China	323,927	57.8	350,847	56.7	26,920	8.3
Asia and Others	106,818	19.1	115,646	18.7	8,828	8.3
Overseas total	519,100	92.6	571,242	92.4	52,142	10.0
Japan	41,330	7.4	46,941	7.6	5,611	13.6
Net sales	560,430	100.0	618,183	100.0	57,753	10.3

Three months ended September 30, 2016 and 2017

	Millions of Yen					
	Three months ended September 30, 2016		Three months ended September 30, 2017		Change	
		%*1		%*1		%
The Americas	27,561	9.2	33,988	9.9	6,427	23.3
Europe	20,189	6.7	23,482	6.8	3,293	16.3
Greater China	175,857	58.6	200,963	58.4	25,106	14.3
Asia and Others	55,293	18.4	60,732	17.7	5,439	9.8
Overseas total	278,900	92.9	319,165	92.8	40,265	14.4
Japan	21,383	7.1	24,717	7.2	3,334	15.6
Net sales	300,283	100.0	343,882	100.0	43,599	14.5

\*1 Component ratio

\*2 Exclusive of consumption taxes

## Quarterly Consolidated Performance

### (1) Consolidated Financial Results

	Millions of yen							
	Three months ended June 30, 2016		Three months ended September 30, 2016		Three months ended December 31, 2016		Three months ended March 31, 2017	
		% *1		% *1		% *1		% *1
Net sales	260,925	100.0	300,995	100.0	304,014	100.0	269,590	100.0
Operating income	48,695	18.7	59,803	19.9	56,057	18.4	36,660	13.6
Income before income taxes	50,200	19.2	59,528	19.8	52,907	17.4	37,783	14.0
Net income attributable to Murata Corporation	37,675	14.4	47,026	15.6	42,286	13.9	29,073	10.8

	Millions of yen			
	Three months ended June 30, 2017		Three months ended September 30, 2017	
		% *1		% *1
Net sales	274,964	100.0	344,658	100.0
Operating income	40,944	14.9	58,620	17.0
Income before income taxes	42,384	15.4	67,420	19.6
Net income attributable to Murata Corporation	33,136	12.1	57,937	16.8

\*1 Ratio to net sales

### (2) Sales by Product Category

	Millions of yen							
	Three months ended June 30, 2016		Three months ended September 30, 2016		Three months ended December 31, 2016		Three months ended March 31, 2017	
		% *1		% *1		% *1		% *1
Capacitors	84,263	32.4	93,140	31.0	98,041	32.4	94,044	35.0
Piezoelectric Components	44,753	17.2	44,412	14.8	44,937	14.8	35,910	13.3
Other Components	50,838	19.5	59,255	19.7	59,171	19.5	52,995	19.7
Components Total	179,854	69.1	196,807	65.5	202,149	66.7	182,949	68.0
Communication Modules	69,179	26.6	91,987	30.7	90,142	29.7	74,428	27.7
Power Supplies and Other Modules	11,114	4.3	11,489	3.8	10,993	3.6	11,504	4.3
Modules Total	80,293	30.9	103,476	34.5	101,135	33.3	85,932	32.0
Net sales	260,147	100.0	300,283	100.0	303,284	100.0	268,881	100.0

	Millions of yen			
	Three months ended June 30, 2017		Three months ended September 30, 2017	
		% *1		% *1
Capacitors	96,321	35.1	112,719	32.8
Piezoelectric Components	37,526	13.7	40,998	11.9
Other Components	54,648	19.9	73,012	21.2
Components Total	188,495	68.7	226,729	65.9
Communication Modules	73,710	26.9	104,630	30.4
Power Supplies and Other Modules	12,096	4.4	12,523	3.7
Modules Total	85,806	31.3	117,153	34.1
Net sales	274,301	100.0	343,882	100.0

\*1 Component ratio

\*2 Exclusive of consumption taxes