FY13/3 Financial Results

Renesas Electronics Corporation

May 9, 2013

Tetsuya Tsurumaru, President

Thank you for joining Renesas Electronics' earnings briefing for the fiscal year ended March 2013.

Before we begin, please be sure to review the cautionary statement on page 18.

Executive Summary

I. FY13/3 Financial Results

- FY13/3 full-year semiconductor sales were 724.7 B yen, a decrease by 7.8% YoY, mainly due to the continued downturn of the global market.
- Operating loss was recorded in FY13/3 mainly due to a sales decrease despite implementation of cost reduction measures such as streamlining of R&D and SG&A expense.
- Turned into an operating profit in Q4 FY13/3 despite a sales decrease of 3.3 B yen QoQ. Also turned into an operating profit on semi annual basis in 2nd half FY13/3.

II. Progress of Structural Reforms

- On March28, we determined further rationalization initiatives, including optimization of the personnel structure with the aim of implementing growth strategy, after consultation with the labor union.
- Production structural reforms have been proceeding in line with the original plan, as evidenced by the conclusion of a definitive agreement on March 19 to transfer our 3 back-end facilities.

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This is an executive summary.

The first item is the financial results.

FY13/3 full-year semiconductor sales were 724.7 B yen, a decrease by 7.8% YoY, mainly due to the continued downturn of the global market. We recorded an operating loss in FY13/3 mainly due to a sales decrease despite implementation of cost reduction measures such as streamlining of R&D and SG&A expense. It turned into an operating profit in Q4 FY13/3 despite a sales decrease of 3.3 B yen QoQ. It turned into an operating profit on semi-annual basis as well in 2nd half FY13/3.

The second item is the progress of our structural reforms.

We determined further rationalization initiatives, including optimization of the personnel structure with the aim of implementing growth strategy, after consultation with the labor union. Production structural measures has been proceeding in line with the original plan, as evidenced by the conclusion of a definitive agreement on March 19 to transfer our 3 back-end facilities.

I. FY13/3 Financial Results

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Now let us discuss the financial results for the year ended March 31, 2013.

FY13/3 Financial Snapshot

(B yen)	FY13/3					
	Q4	QoQ	2nd half	Difference from previous forecasts	Full-year	YoY
Net Sales	185.4	-5.6	376.4	+15.8	785.8	-97.3
Semiconductor Sales	173.9	-3.3	351.1	+13.7	724.7	-61.4
Operating Income (Loss)	8.0	+16.0	0.1	+2.8	-23.2	+33.5
Ordinary Income (Loss)	8.7	+19.8	-2.4	+7.1	-26.9	+34.4
Net Income (Loss)	-5.9	+40.8	-52.5	+8.4	-167.6	-105.0
1US$=	89yen	10yen weak	84yen	1yen weak	82yen	3yen weak
1Euro=	118yen	15yen weak	110yen	1yen weak	106yen	3yen strong

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Slide 4 shows the summary of the financial year ended March 31, 2013.

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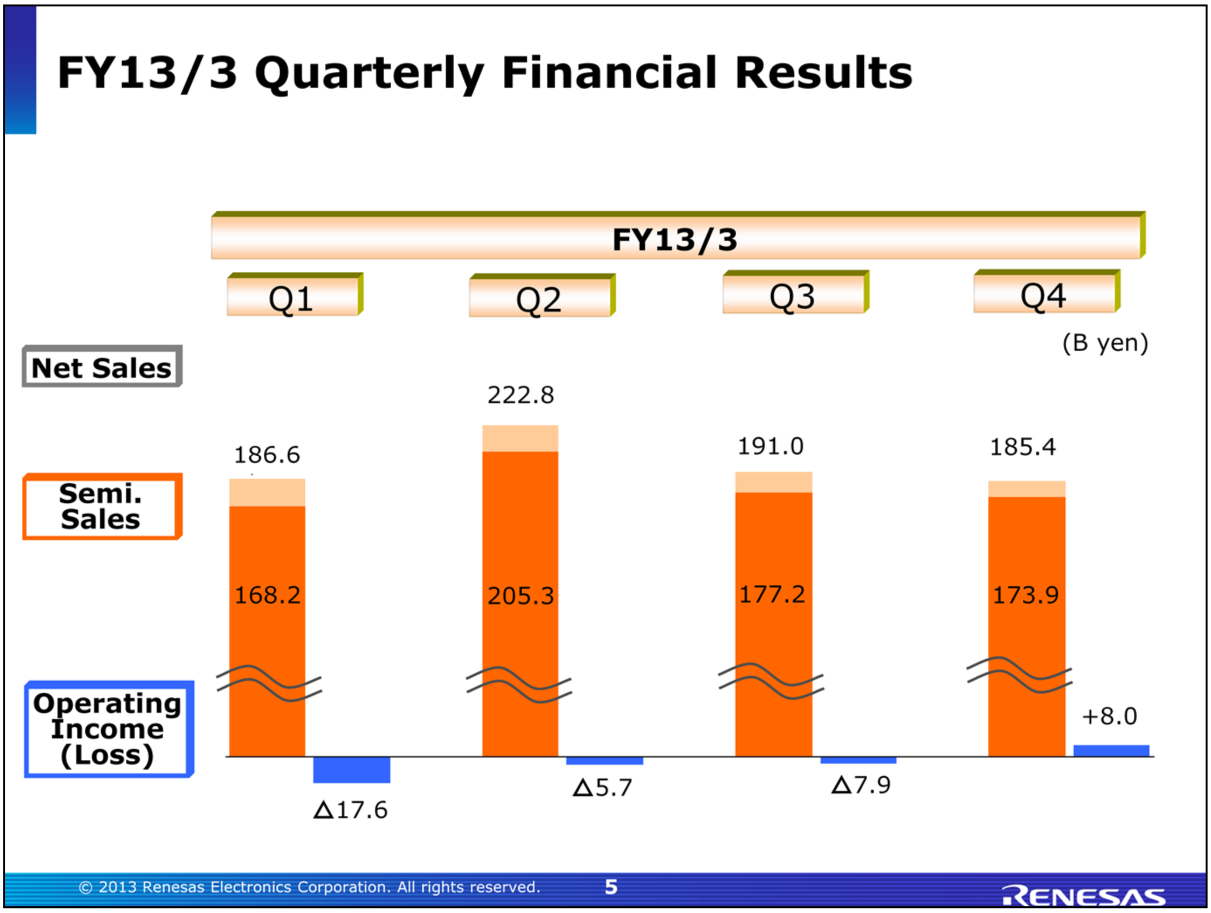
Q4 semiconductor sales were down 3.3 B yen QoQ, but we posted the operating profit and current profit mainly due to the fixed cost reduction measures. It turned an operating profit on semi-annual basis as well in 2nd half FY13/3.



This slide shows the trend of quarterly financial results.

As I explained in the previous slide, Q4 semiconductor sales were down 3.3 B yen QoQ, but we posted the operating profit of 8 B yen mainly due to the cost reduction measures.

FY13/3 Semiconductor Sales by Business (1)

(B yen)	FY13/3 Q4	QoQ (%)	FY13/3 Full Year	YoY (%)
Semiconductor Sales (Total)	173.9	-1.8%	724.7	-7.8%
MCU	77.6	+9.0%	305.2	-9.3%
Analog & Power	54.6	-5.5%	235.2	-3.5%
SoC	39.1	-13.4%	173.5	-13.7%
Other Semiconductors	2.7		10.8	

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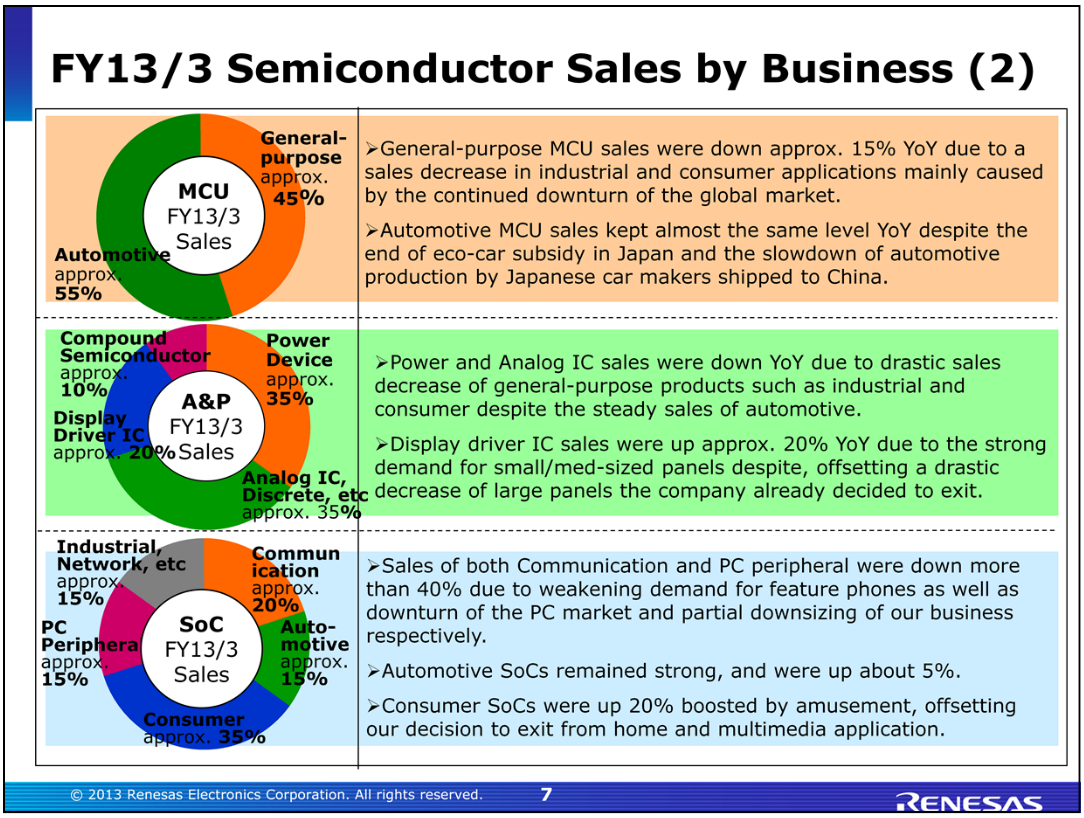
This slide shows the breakdown of semiconductor sales by business unit in the fourth quarter and the fiscal year ended March 31, 2013.

FY13/3 full-year semiconductor sales were down 7.8% YoY. The demand for automotive application kept strong, and certain custom projects boosted the sales, but the other general-purpose products were down.

Q4 semiconductor sales were down 1.8% QoQ. The favorable exchange rate pushed up about 11 B yen, but offset by the slowdown of certain custom projects, which boosted sales in Q2 and Q3.

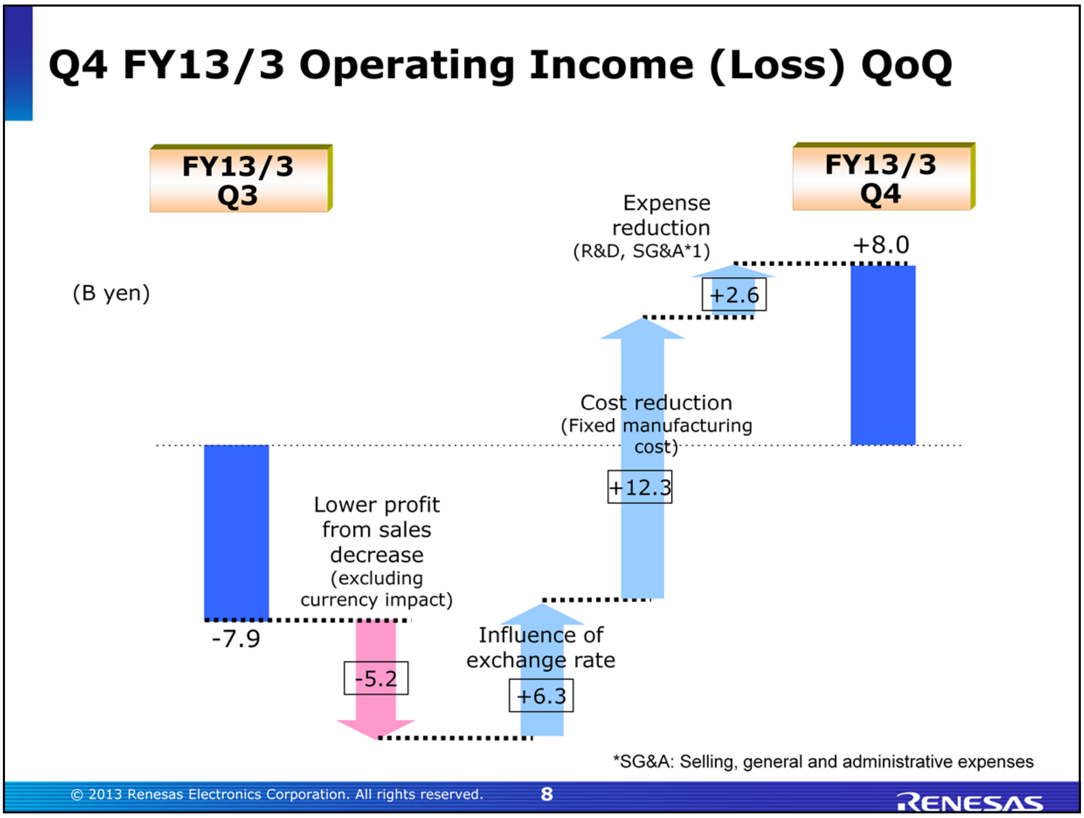


This slide shows the details of full-year sales by business unit and application segment.

As for MCUs, General-purpose MCU sales were down approx. 15% YoY due to a sales decrease in industrial and consumer applications mainly caused by the continued downturn of the global market. On the other hand, Automotive MCU sales kept almost the same level YoY despite the end of eco-car subsidy in Japan and the slowdown of automotive production by Japanese car makers shipped to China.

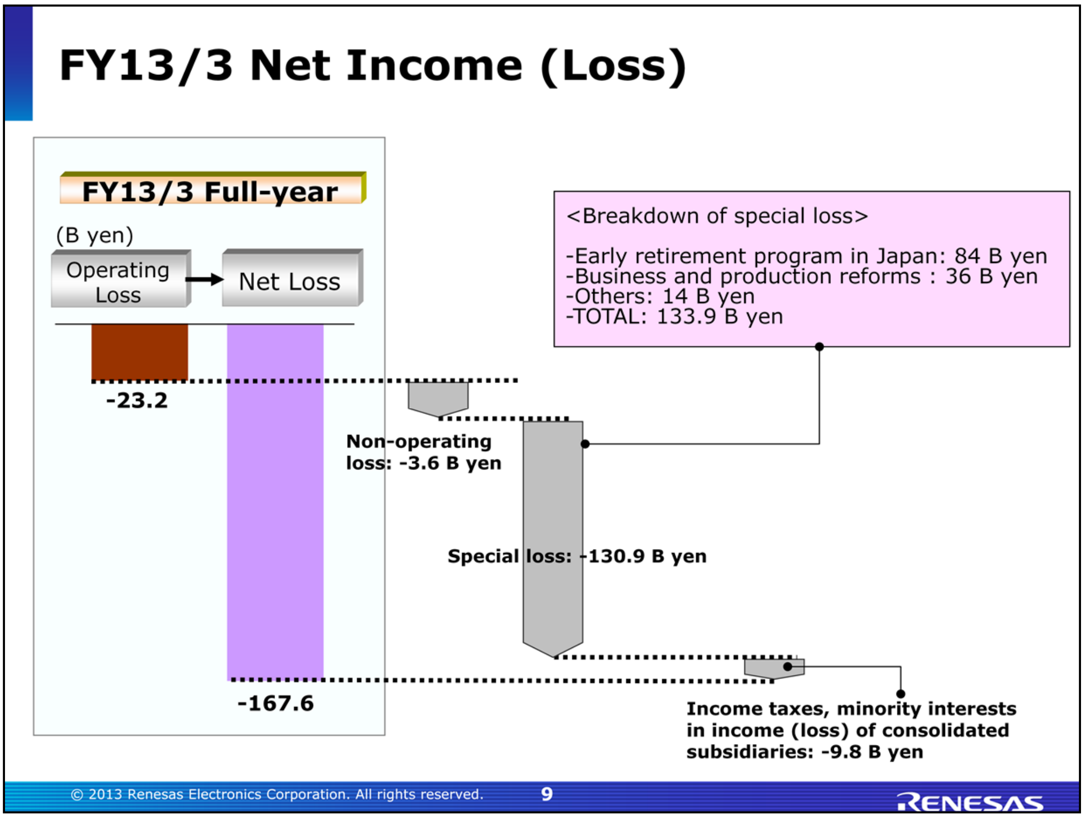
As for Power & Analog semiconductors, sales were down YoY due to drastic sales decrease of general-purpose products such as industrial and consumer despite the steady sales of automotive. Display driver IC sales were up approx. 20% YoY due to the strong demand for small/med-sized panels despite, offsetting a drastic decrease of large panels the company already decided to exit.

As for SoCs, Sales of both Communication and PC peripheral were down more than 40% YoY due to weakening demand for feature phones as well as downturn of the PC market and partial downsizing of our business respectively. Automotive SoCs remained strong, and were up about 5%. Consumer SoCs were up 20% boosted by amusement, offsetting our decision to exit from home and multimedia application.



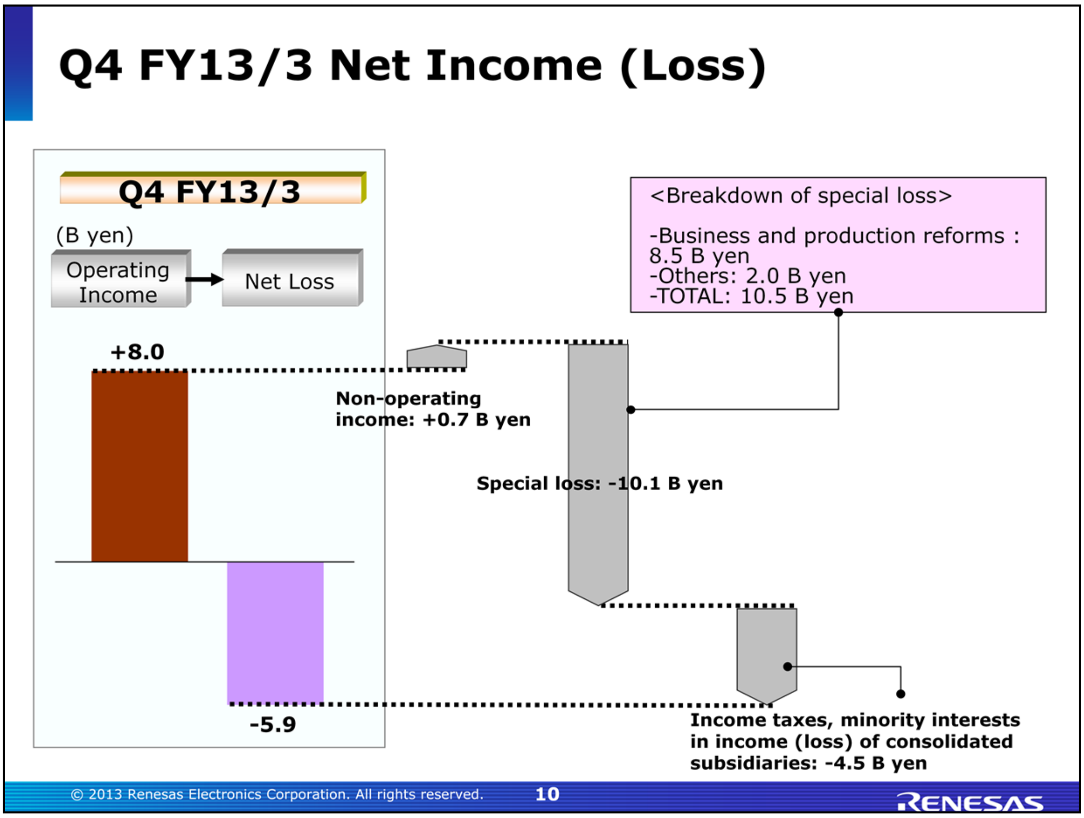
This slide shows the reason of increase and decrease of operating income and loss QoQ.

The operating profit improved 16 B yen due to cost reduction such as fixed manufacturing cost as well as favorable exchange rate, resulting in a profit of 8 B yen in Q4.



This slide shows factors affecting net loss in the fiscal year ended March 31, 2013.

Net loss was 167.6 B yen caused by the special loss of 133.9 B yen mainly composed of early retirement program in Japan as well as business and production reforms, offsetting the improvement of operating loss from the last year.



This slide shows factors affecting net loss in Q4.

Net loss was 5.9 B yen caused by the special loss of 10.5 B yen mainly composed of business and production reforms, offsetting the operating profit of 8.0 B yen.

FY13/3 Balance Sheets

(B yen)	As of Apr. 1, 2012	As of Dec. 31, 2012	As of Mar. 31, 2013
Total Assets	858.2	716.7	669.1
Cash and Cash Equivalents	131.9	95.1	77.7
Inventories	151.8	149.3	151.3
Liabilities	631.7	643.3	591.2
Interest-Bearing Debt	258.3	316.2	306.4
Shareholders' Equity	243.4	81.7	75.8
Net Assets	226.5	73.4	77.9
D/E Ratio (Gross)	1.19	5.00	4.59
D/E Ratio (Net)	0.58	3.50	3.43
Equity Ratio	25.4%	8.8%	10.0%

Note)
1. "Cash and Cash Equivalents": Sum of cash and deposits, and short-term investment securities minus the Time deposits with maturities of more than three months
2. "Interest-bearing debt": Short-term borrowings, Current portion of long-term borrowings, Lease obligations, Long-term borrowings
3. "Equity": Shareholders' equity, Other Comprehensive Income
4. "D/E ratio (gross)": Interest-bearing debt / Equity

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This slide shows the balance sheets.

Cash and cash equivalents decreased by 17.4 B yen from the third quarter to 77.7 B yen mainly due to the payment for the early retirement program.

FY13/3 Cash Flows

(B yen)	FY13/3				
	Q1	Q2	Q3	Q4	Full-year
Cash Flows from Operating Activities	-18.1	4.6	-47.5	6.9	-54.1
Cash Flows from Investing Activities	-10.7	-9.8	-6.1	-16.6	-43.2
Free Cash Flows	-28.7	-5.2	-53.6	-9.7	-97.3

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This slide shows the cash flows.

The full-year free cash flows were negative 97.3 billion yen mainly due to the payment for structural reforms including the early retirement program.

The payment for the early retirement program was made in Q4 as well, but cash flows from operating activities turned into the profit in Q4.

II. Progress of Structural Reforms

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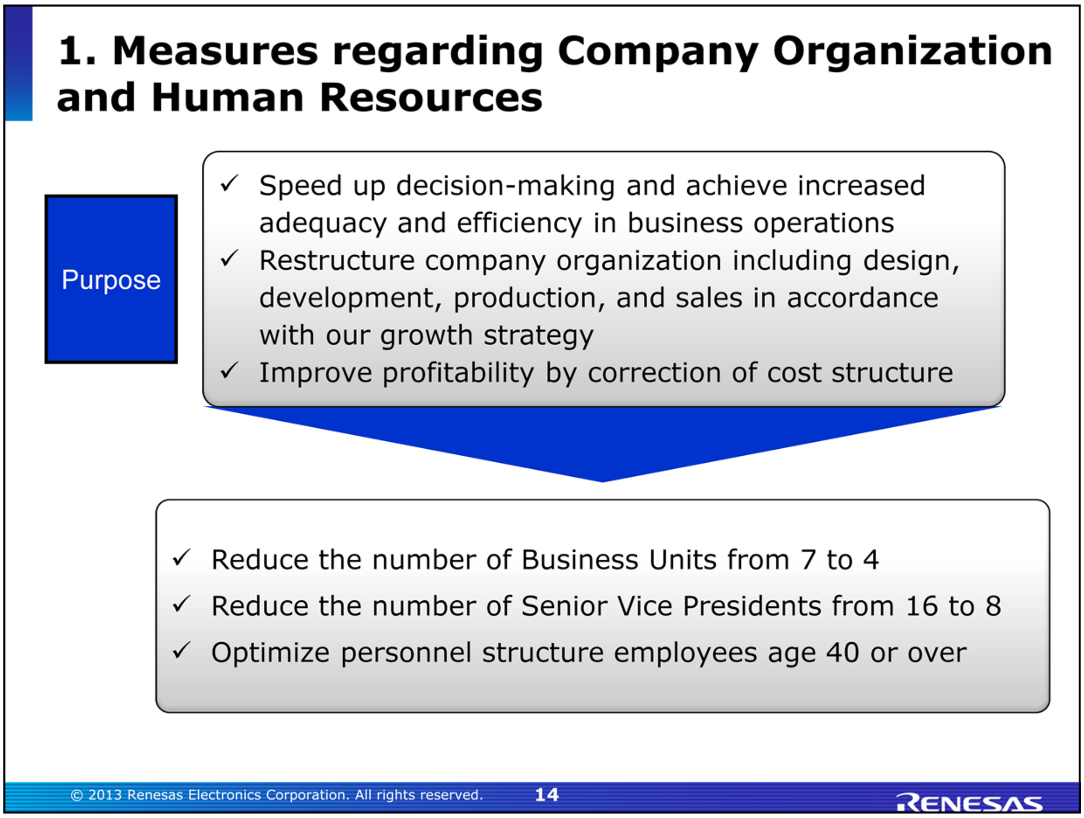
Next, we will update the progress of our structural reform measures.

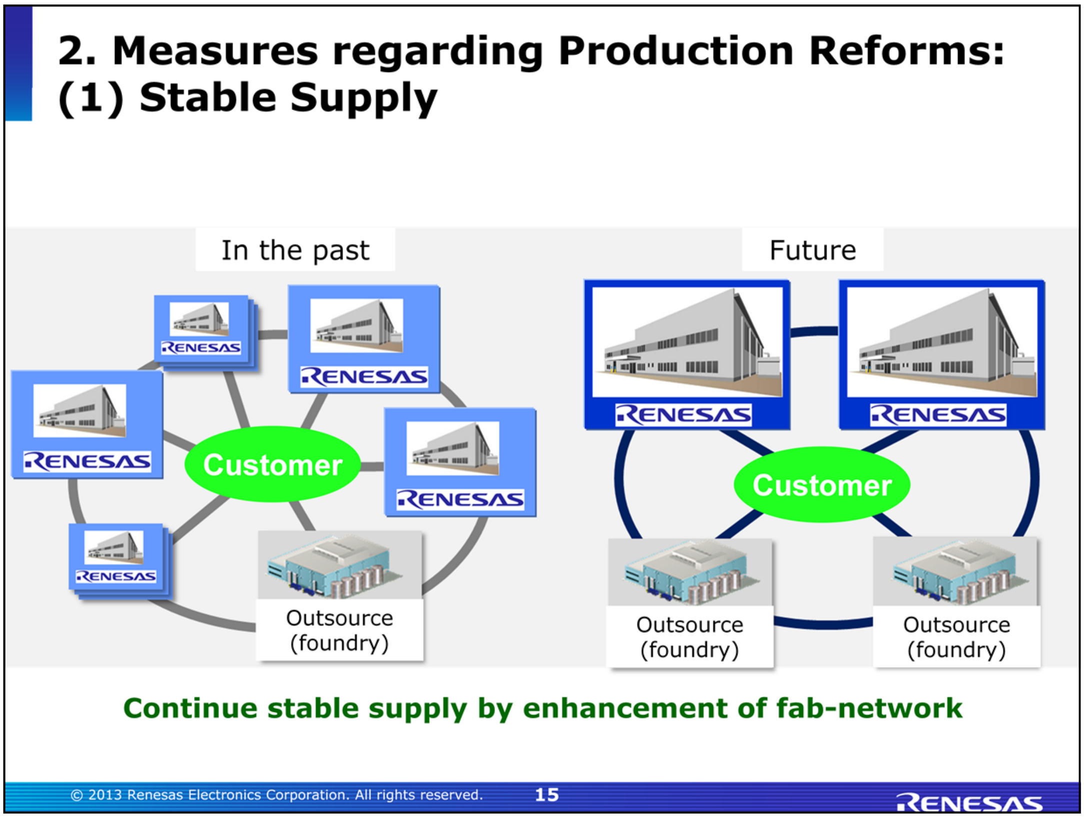


This slide shows our measures regarding company organization and human resources.

Various Measures are currently underway such as:

- speed up decision-making and achieve increased adequacy and efficiency
- restructure company organization including design, development, production, and sales in accordance with our growth strategy
- improve profitability by correction of cost structure.

For these purposes, we reduced the number of Business Units from 7 to 4, and the number of Senior Vice Presidents from 16 to 8. In addition, we will implement optimization of personnel structure especially for main career track employees age 40 or over as already announced.



Next, we will explain our measures regarding production reforms.

On July 3, 2012, we announced measurements to realign domestic production sites, and the reforms are currently underway.

We will ensure the continued and stable supply of existing products by enhancing fab network including reliable foundries.

2. Measures regarding Production Reforms: (2) Progress of Production Realignment

	Direction	Current Sites/Lines	Sites/Lines after Production Structural Reforms
Front-end	✓ Enlarge and miniaturize wafers ✓ Outsource leading-edge products ✓ Continue in-house production of specialized products	9 Sites 14 Lines	7 Sites 9 Lines
Back-end	✓ Accelerate to shift production overseas ✓ Expand use of subcontractors inside/outside Japan	8 Sites => 5 Sites (June, 2013)	2 Sites

■ Transfer Completed on January 1, 2013
✓ Transferred Renesas High Components *1(Aomori Factory) to AOI ELECTRONICS*2
■ Definitive agreement executed to transfer 3 back-end facilities on March 19, 2013
✓ Hakodate Factory of Renesas Northern Japan Semiconductor*3, Fukui Factory of Renesas Kansai Semiconductor*4, and Kumamoto Factory of Renesas Kyushu Semiconductor*5 to J-Devices*6 in early June, 2013

*1:Renesas High Components, Inc. (Tsuruta, Aomori)
*2:AOI ELECTRONICS CO., LTD. (Takamatsu, Kagawa)
*3:Hakodate Factory, Renesas Northern Japan Semiconductor, Inc (Nanae, Hokkaido)
*4: Fukui Factory, Renesas Kansai Semiconductor Co., Ltd. (Sakai, Fukui)
*5: Kumamoto Factory, Renesas Kyushu Semiconductor Corp. (Ozu, Kumamoto)
*6: J-Devices Corporation (Usuki, Oita)

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This slide shows the progress of production realignment.

The transfer of Aomori Factory of Renesas High Components to AOI Electronics completed on January 1, 2013, as the first accomplishment since our announcement of the reformation plan made in July, 2012.

On March 19, 2013, we executed a definitive agreement with J-Devices to transfer our 3 back-end facilities. We are planning to transfer Hakodate Factory of Renesas Northern Japan Semiconductor, Fukui Factory of Renesas Kansai Semiconductor, and Kumamoto Factory of Renesas Kyushu Semiconductor to J-Devices in early June, 2013.

After these transfers, the number of domestic back-end sites will be reduced to 5. After completion of the remaining reformation, the number will be further reduced to 2. On the other hand, the number of front-end sites is currently 9 with 14 lines, and will be reduced to 7 sites with 9 lines after reformation.

FY14/3 Forecasts

- We do not present the consolidated forecast for FY14/3 at this point since we are awaiting the capital injection by Innovation Network Corporation of Japan and 8 companies, which was approved at the extraordinary shareholders' meeting held on February 22, 2013, and are developing the forecast along with the mid-term vision.
- We will announce it in a timely fashion following the completion of the capital injection and the development of the forecast.

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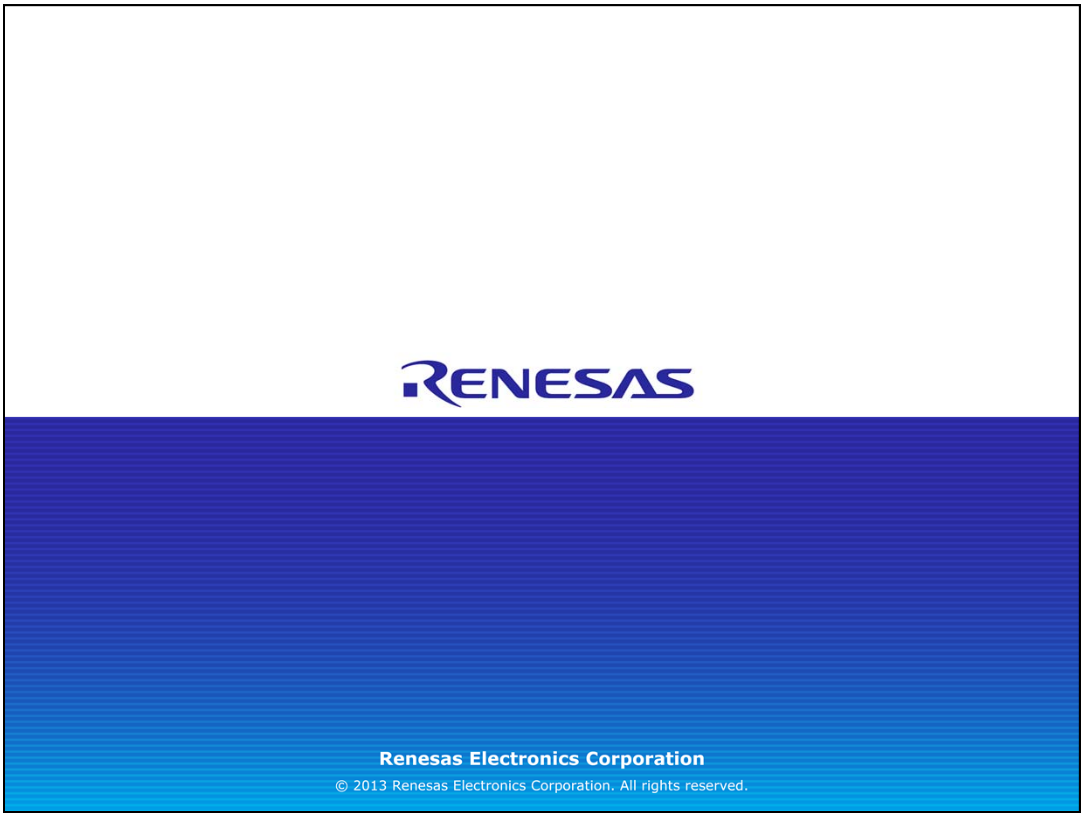

Thank you very much for your continuous support of Renesas Electronics.

This concludes our presentation today.