



FY14/3 Q3 Financial Results

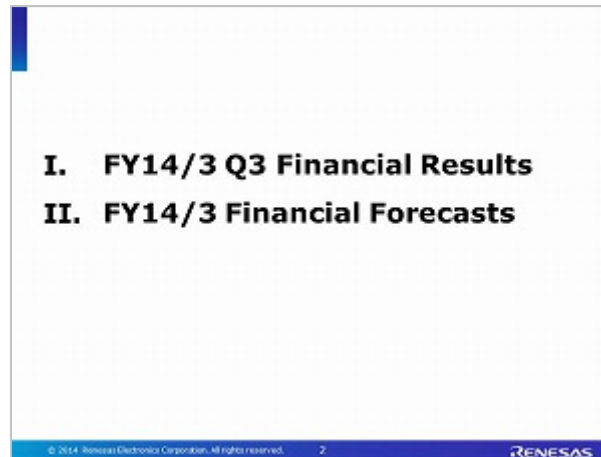
Renesas Electronics Corporation

February 6, 2014

Hidetoshi Shibata, Executive Vice President,
Member of the Board and CFO

Thank you for joining Renesas Electronics' earnings briefing for the third quarter of the fiscal year ended December 31, 2013.

Before we begin, please be sure to review the cautionary statement on page 23.



Today I would like to discuss the financial results for the third quarter followed by the forecasts for the fiscal year.

Executive Summary

I. FY14/3 Q3 Financial Results

- Despite a decline in sales from seasonal factors, semiconductor sales remained almost the same level as the previous quarter, covered by steady sales of automotive and industrial devices
- Secured operating profit by four quarters in a row with 30.0 billion yen, an increase by 19.1 billion yen QoQ, mainly due to the increased profit from reduction of fixed cost through structural reforms measures

II . FY14/3 Financial Forecasts

- While semiconductor sales are expected to increase by 9.0% YoY, mainly due to strong sales of automotive and small- to medium-sized display driver ICs, if currency impact was excluded, they would have declined by several percent as a result of the impact from shift to focus businesses
- By securing operating profit in every quarter in this fiscal year, including Q4 (forecasts), operating profit is expected to be 54.7 billion yen, an increase by 77.9 billion yen YoY
- Expect to achieve net loss of 21.8 billion yen mainly due to recording special loss of 74.8 billion yen from the early retirement programs and business- and manufacturing- related structural reforms

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Slide 3 shows our executive summary.

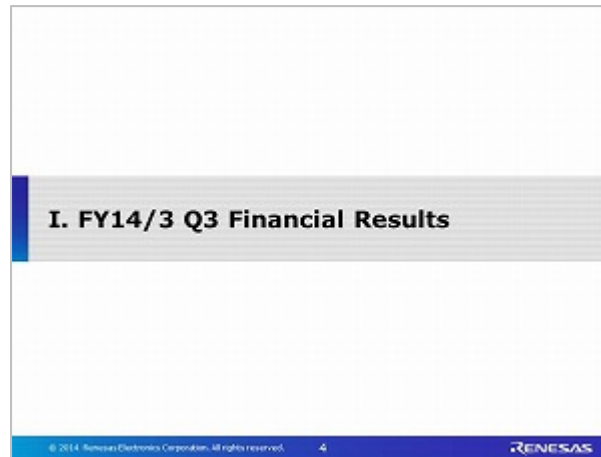
First, for the financial results for the third quarter, despite a decline in sales from seasonal factors, semiconductor sales remained almost the same level as the previous quarter, covered by steady sales of automotive and industrial devices.

We secured operating profit by four quarters in a row with 30.0 billion yen, an increase by 19.1 billion yen QoQ, mainly due to the increased profit from reduction of fixed cost through structural reforms measures.

Second, for the semiconductor sales are expected to increase by 9.0% YoY. However, despite the strong sales of automotive and small- to medium-sized display driver ICs, the semiconductor sales would have declined if the currency impact were excluded from the results, mainly due to the impact from shift to focus businesses by several percent.

Operating income is expected to be 54.7 billion yen, an increase by 77.9 billion yen YoY. We expect we would still achieve operating income even if the currency impact was excluded.

We expect net loss of 21.8 billion yen due to recording special loss of 74.8 billion yen mainly from the early retirement programs and business- and manufacturing- related structural reforms.



Now let us move on to the main presentation, starting with the results for the third quarter of the fiscal year ended March 31, 2014 in detail.

FY14/3 Q3 Financial Results								
<ul style="list-style-type: none"> Secured operating profit by four quarters in a row with 30.0 billion yen operating income, increase by 19.1 billion yen QoQ, mainly due to improved profit from the reduction of fixed cost through the structural reforms Net income was 23.0 billion yen, mainly due to special income of 15.5 billion yen from gain on LTE modem business transfer etc., despite a recording of special losses of 16.4 billion yen including impairment loss from asset transfer of Tsuruoka factory 								
(B Yen)	FY13/3		FY14/3					
	Q3	9 months (cumulative)	Q2	Q3	YoY	QoQ	9 months	9 months YoY
Net Sales	193.0	690.4	217.8	215.6	+24.6 (+12.8%)	-2.2 (-1.0%)	632.5	+32.1 (+5.3%)
Gross Profit(rate)	54.7 (28.3%)	174.8 (25.3%)	77.9 (35.8%)	84.0 (39.0%)	+20.3 (+26.7%)	+6.2 (+7.3%)	234.5 (37.2%)	+59.8 (+25.5%)
Semiconductor Sales	177.2	559.7	207.7	207.6	+30.5 (+17.2%)	-0.1 (-0.0%)	605.0	+54.2 (+9.9%)
Operating Income (Loss)	-7.9	-31.2	10.9	30.0	+37.9 (+344.9%)	+19.1 (+63.3%)	50.7	+81.9 (+161.5%)
Ordinary Income (Loss)	-15.5	-35.5	5.4	29.3	+40.4 (+744.4%)	+24.0 (+44.0%)	43.2	+78.8 (+82.2%)
Net Income (Loss)	-46.6	-161.7	-8.8	23.0	+69.6 (+149.3%)	+31.8 (+138.2%)	10.2	+171.9 (+1,680.1%)
(Ref) Special Income (Loss)	-32.8	-120.8	-11.2	-0.8	+32.0 (+285.7%)	+10.4 (+1,300.0%)	-70.7	+100.1 (+1,414.6%)
1 US\$ =	79 yen	80 yen	98 yen	99 yen	20 yen weak	1 yen weak	98 yen	10 yen weak
1 Euro =	102 yen	102 yen	130 yen	134 yen	22 yen weak	4 yen weak	130 yen	28 yen weak

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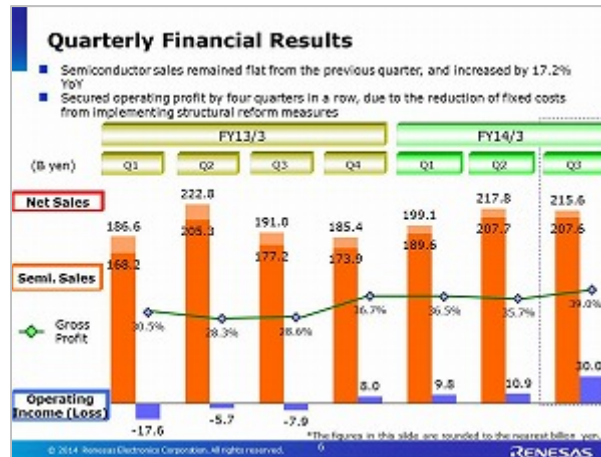
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Slide 5 shows the summary of the third quarter results.

We secured operating profit by four quarters in a row with 30.0 billion yen operating income, an increase by 19.1 billion yen QoQ, mainly due to improved profit from the reduction of fixed cost through the structural reforms.

Net income was 23.0 billion yen, mainly due to special income of 15.5 billion yen from gain on LTE modem business transfer etc., despite a recording of special losses of 16.4 billion yen including impairment loss from asset transfer of Tsuruoka factory.



Slide 6 shows the trend in quarterly results.

Semiconductor sales remained flat from the previous quarter, and increased by 17.2% YoY.

We secured operating profit by four quarters in a row, due to the reduction of fixed costs from implementing structural reform measures.

FY14/3 Q3 Semiconductor Sales by Product Categories (1)

■ Despite a decline in sales from seasonal factors, semiconductor sales remained almost the same level as the previous quarter, covered by steady sales of automotive and industrial devices

(B Yen)	FY13/3	FY14/3			
	Q3	Q2	Q3	YoY	QoQ
Semiconductor Sales (Total)	177.2	207.7	207.6	+30.5 (+17.2%)	-0.1 (0%)
MCU	71.2	88.9	89.9	+18.7 (+26.2%)	+1.0 (+1.1%)
Analog & Power	57.8	72.3	72.4	+14.6 (+25.2%)	+0.1 (+0.1%)
SoC	45.1	45.3	43.8	-1.3 (-2.9%)	-1.5 (-3.3%)
Other Semiconductors	3.1	1.2	1.6	-1.5	+0.3

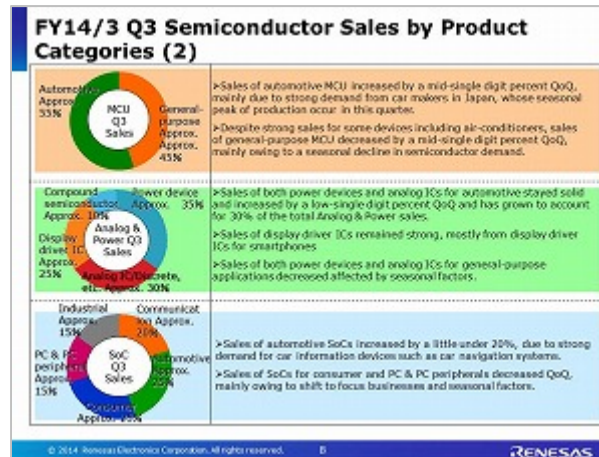
*The figures in this slide are rounded to the nearest billion yen.

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The next slide shows the breakdown of semiconductor sales by product categories.

Semiconductor sales remained almost the same level as the previous quarter, supported by strong sales of semiconductors for automotive and industry which covered the seasonal decline in sales.



Slide 7 shows the breakdown of third quarter semiconductor sales by product categories and application segments.

Sales of automotive MCU increased by a mid-single digit percent QoQ, mainly due to strong demand from car makers in Japan, whose seasonal peak of production occur in this quarter.

Despite strong sales for some devices including air-conditioners, sales of general-purpose MCU decreased by a mid-single digit percent QoQ, mainly owing to a seasonal decline in semiconductor demand.

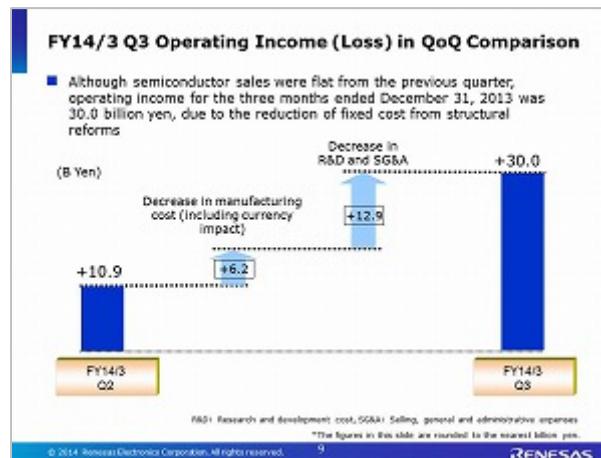
Sales of both power devices and analog ICs for automotive stayed solid and increased by a low-single digit percent QoQ, and has grown to account for 30% of the total Analog & Power sales.

Sales of display driver ICs remained strong, mostly from display driver ICs for smartphones.

Sales of both power devices and analog ICs for general-purpose applications decreased affected by seasonal factors.

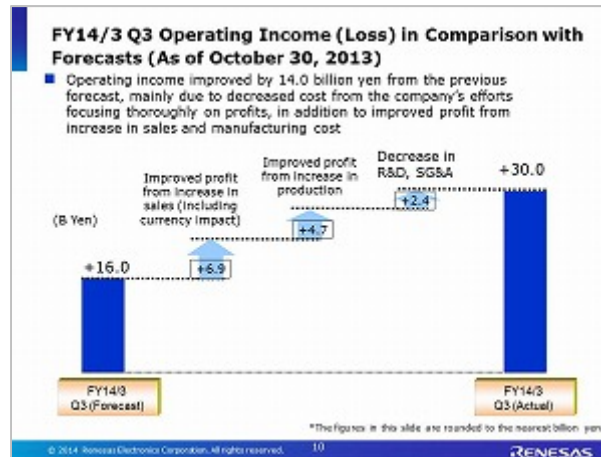
Sales of automotive SoCs increased by a little under 20% QoQ, due to strong demand for car information devices such as car navigation systems.

Sales of SoCs for consumer and PC & PC peripherals decreased QoQ, mainly owing to shift to focus businesses and seasonal factors.



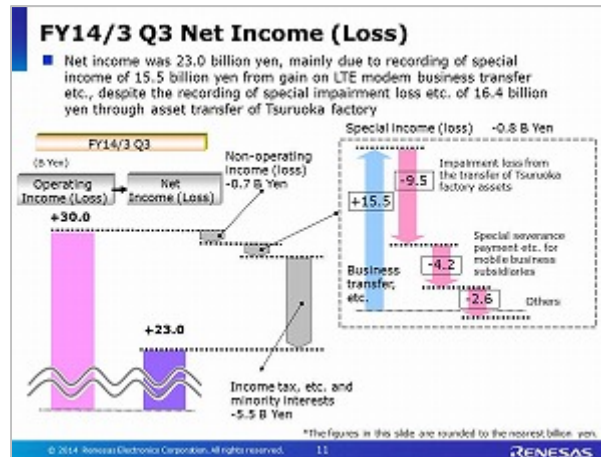
The next slide shows the operating income in QoQ comparison.

Although semiconductor sales were flat from the previous quarter, operating income for the three months ended December 31, 2013 was 30.0 billion yen, due to the reduction of fixed from structural reforms.



Slide 10 shows the third quarter operating income of in comparison with forecast as of October 30, 2013.

Operating income improved by 14.0 billion yen from the previous forecast, mainly due to decreased cost from the company's efforts focusing thoroughly on profits, in addition to improved profit from increase in sales and manufacturing cost.



Slide 11 shows third quarter the net income with a breakdown from the operating income.

Net income was 23.0 billion yen, mainly due to recording of special income of 15.5 billion yen from gain on LTE modem business transfer etc., despite the recording of special impairment loss etc. of 16.4 billion yen through asset transfer of Tsuruoka factory.

Balance Sheets			
■ Equity ratio rose to above 30% and financial standing has been improving			
(B Yen)			
	As of Mar. 31, 2013	As of Sep. 30, 2013	As of Dec. 31, 2013
Total Assets	669.1	796.2	795.8
Cash and Cash Equivalents	77.7	239.3	266.0
Inventories	151.3	136.7	128.5
Liabilities	591.2	574.4	543.6
Interest-Bearing Debt	306.4	287.4	280.9
Shareholders' Equity	78.8	213.0	236.0
Net Assets	77.9	221.8	252.2
D/E Ratio (Gross)	4.59	1.38	1.17
D/E Ratio (Net)	3.43	0.23	0.06
Equity Ratio	10.0%	26.2%	30.2%

Note 1: Cash and Cash Equivalents: Cash and deposits, short-term investment securities.
 Note 2: Inventories: Main products and finished goods, purchase process, raw materials and supplies.
 Note 3: Interest-bearing debt: Short-term borrowings, current portion of long-term borrowings, current portion of lease obligations, borrowings with share subscription rights, long-term borrowings.
 Note 4: Equity: Shareholders' equity, including paid-in capital, retained earnings, etc.
 Note 5: D/E ratio (gross): Interest-bearing debt / Equity.
 Note 6: D/E ratio (net): Interest-bearing debt / Net Assets.

The figures in this table are rounded to the nearest billion yen.

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Slide 12 shows the balance sheets.

Equity ratio rose to above 30% and financial standing has been improving.

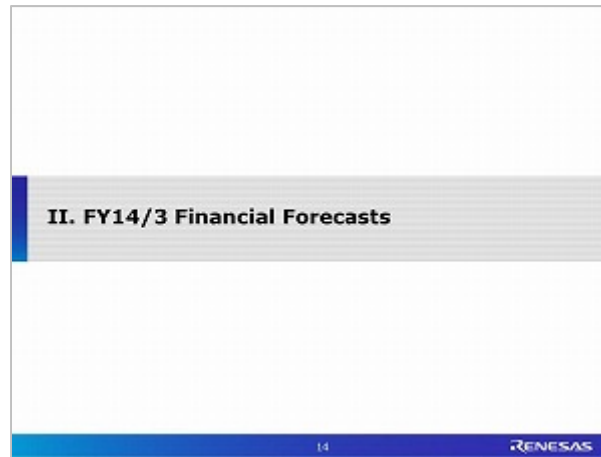
FY14/3 Q3 Cash Flows							
■ Retained positive free cash flows by three quarters in a row by continuously securing operating income							
(B yen)	FY13/3			FY14/3			
	Q3	9 months cumulative (Apr-Dec)	Full-year	Q1	Q2	Q3	9 months cumulative (Apr-Dec)
Cash Flows from Operating Activities	+47.5	+61.0	+54.1	28.4	9.0	33.9	71.4
Cash Flows from Investing Activities	-6.1	-26.5	-43.2	-2.5	-6.5	-3.4	-12.4
Free Cash Flows	+53.6	+87.5	+97.3	25.9	2.5	30.5	58.9

*The figures in this slide are rounded to the nearest billion yen.

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Slide 13 shows cash flows.

We retained positive free cash flows by three quarters in a row, by continuously securing operating profit.



In the next section, we will discuss the full-year financial forecasts.

FY14/3 Consolidated Financial Forecasts

- While semiconductor sales are expected to increase by 9.0% YoY, mainly due to strong sales of automotive and small- to medium-sized display driver ICs, if currency impact was excluded, they are expected to decline by several percent as a result of the impact of shift to focus business.
- By securing operating profit in every quarter in this fiscal year, including Q4 (forecast), operating profit is expected to be 54.7 billion yen, an increase by 77.9 billion yen QoQ.
- Expect to achieve net loss of 21.8 billion yen mainly due to recording special loss of 74.8 billion yen from the early retirement programs and business- and manufacturing-related structural reforms.

(B yen)	FY13/3		FY14/3				
	Q4	Full Year	Q3	Q4	YoY	QoQ	Full Year
Net Sales	185.4	785.8	215.6	190.0	+4.6	-25.6	822.5
Semiconductor sales	173.9	724.7	207.6	185.0	+11.1	-22.6	790.0
Operating Income (Loss)	8.0	-23.2	30.0	4.0	-4.0	-26.0	54.7
Ordinary Income (Loss)	8.7	-26.9	29.3	1.0	-7.7	-28.3	44.2
Net Income (Loss)	-5.9	-167.6	23.0	-32.0	-26.1	-55.0	-21.8
Performance Special Income (Loss)	-10.1	-130.9	-0.8	-29.0	+18.9	+28.2	-49.7
1 US\$ =	89 yen	82 yen	99 yen	101 yen	12 yen weak	2 yen weak	99 yen
1 Euro =	118 yen	106 yen	134 yen	138 yen	20 yen weak	4 yen weak	132 yen

*The figures in this slide are rounded to the nearest billion yen.

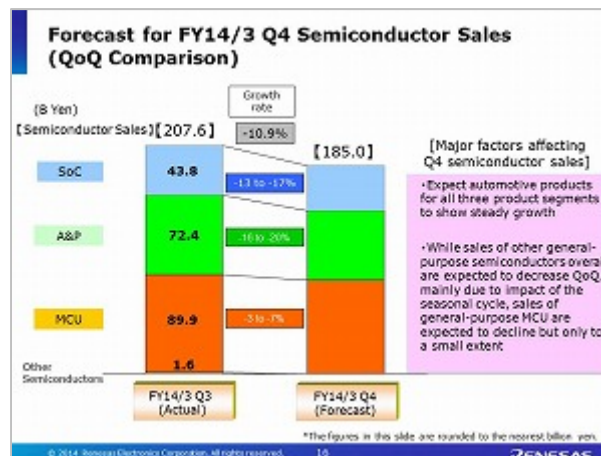
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Slide 15 shows the company's consolidated financial forecasts for the full-year.

While semiconductor sales are expected to increase by 9.0% YoY, mainly due to strong sales of automotive and small- to medium-sized display driver ICs, currency impact, they are expected to decline by several percent as a result of the impact of shift to focus business.

Full-year operating income is expected to be 54.7 billion yen, an increase by 77.9 billion yen QoQ. We expect we would still achieve operating income even if the currency impact was excluded.

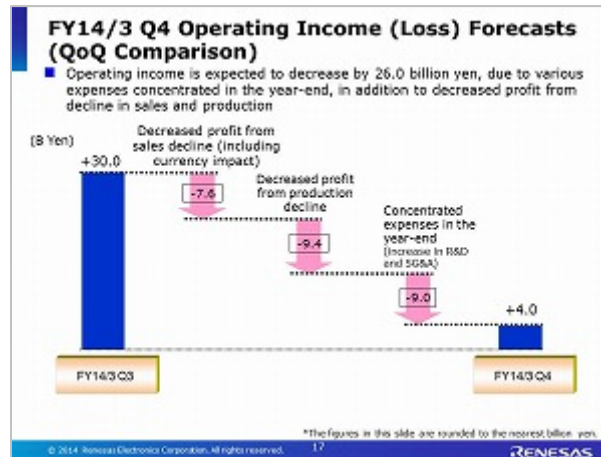
We expect to achieve net loss of 21.8 billion yen from recording special loss of 74.8 billion yen caused by implementing measures to strengthen our profitability such as mainly due to recording special loss of 74.8 billion yen from the early retirement programs and business- and manufacturing-related structural reforms.



The next slide shows the semiconductor sales forecast by product categories for the fourth quarter.

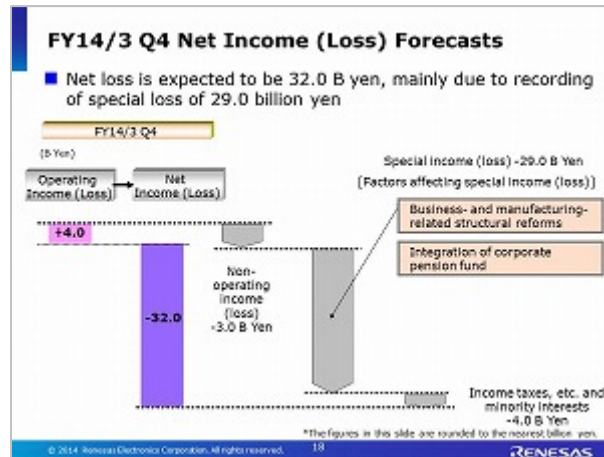
We expect automotive products for all three product segments to show steady growth.

While sales of other general-purpose semiconductors overall are expected to decrease QoQ, mainly due to impact of the seasonal cycle, sales of general-purpose MCU are expected to decline but only to a small extent.



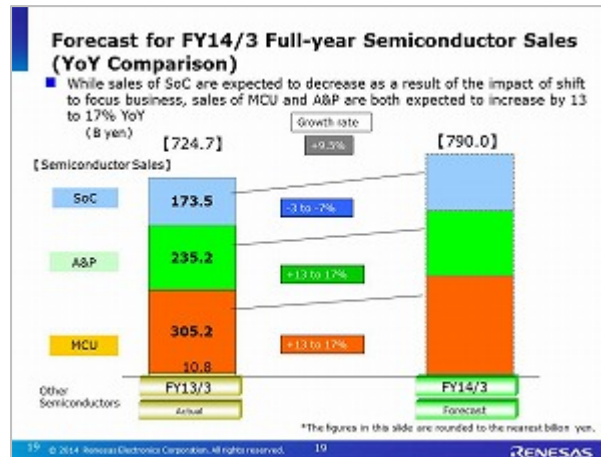
Slide 17 shows the forecast for operating income in QoQ comparison.

Operating income is expected to decrease by 26.0 billion yen, due to various expenses concentrated in the year-end, in addition to decreased profit from decline in sales and production.



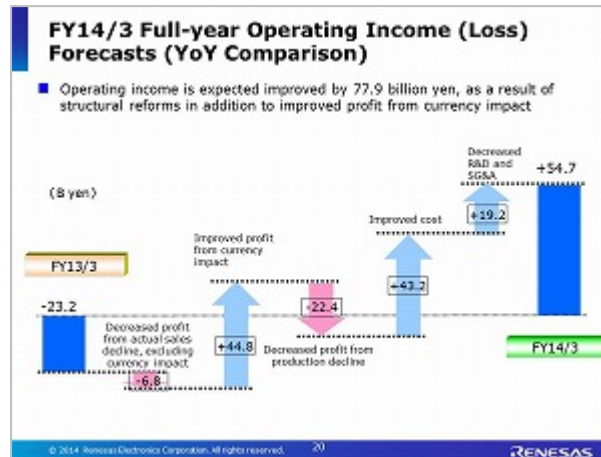
Slide 18 shows the forecast for net loss in the fourth quarter with a breakdown from operating income (loss).

We expect to record special loss of 29.0 billion yen, mainly from business- and manufacturing-related structural reforms and integration of corporate pension fund. As a result, net loss is expected to be 32.0 billion yen.



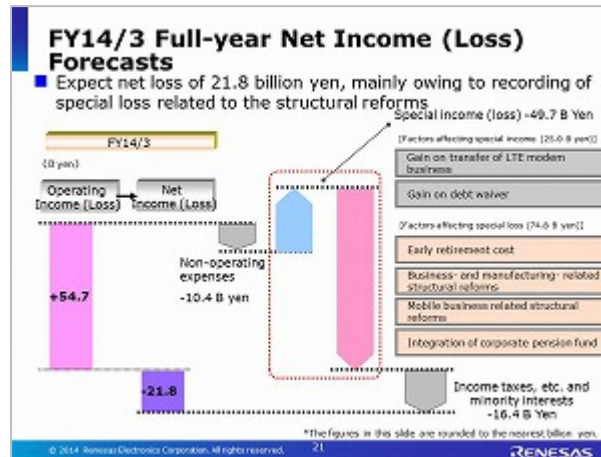
Slide 19 shows the forecast for semiconductor sales by product categories for the full-year.

While sales of SoC are expected to decrease as a result of the impact of shift to focus business, sales of MCU and A&P are both expected to increase by 13 to 17% YoY.



Slide 20 shows the forecast for YoY Comparison.

Operating income is expected improve by 77.9 billion yen, as a result of cost reduction from structural reforms in addition to improved profit from currency impact.



Slide 21 shows the forecasts for net loss in the full-year with a breakdown.

We expect net loss of 21.8 billion yen, mainly owing to recording of special loss related to from early retirement programs and structural reforms.

Summary

- Semiconductor sales for the three months ended December 31, 2013 remained flat from the previous quarter, due to strong sales of automotive and industrial semiconductors. Secured operating income by four quarters in a row, mainly due to increase in profit from reduction of fixed costs through structural reforms
- Though full-year semiconductor sales are expected to increase by 9.0% YoY, the actual semiconductor sales are expected to decline by several percent, due to a sales decline from the concentration of the businesses despite an increase in sales of the growing businesses
- Operating income (loss) is showing a trend toward improvement as a result of structural reforms in addition to currency impact. In an effort to achieve stable operating profit, Renesas Group aims to address issues including equalization of those expenses that concentrate in the year-end and concentrated investment and redemption of core businesses
- The Group will promote the structural reforms and reform the business portfolio with an aim to achieve a stable profit without relying on sales growth

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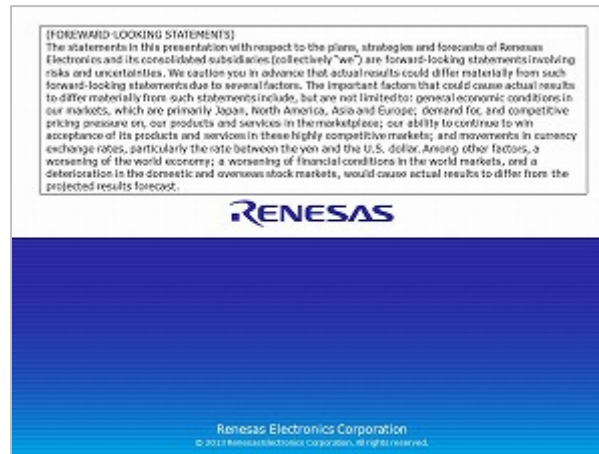
The last slide is a summary of the contents.

To summarize, semiconductor sales for the three months ended December 31, 2013 remained flat from the previous quarter, due to strong sales of automotive and industrial semiconductors. We secured operating income by four quarters in a row, mainly due to increase in profit from reduction of fixed costs through structural reforms.

Full-year semiconductor sales are expected to increase by 9.0% YoY. However, the actual semiconductor sales are expected to decline by several percent, due to the sales decline from the concentration of the businesses despite an increase in sales of the growing businesses.

Operating income (loss) is showing a trend toward improvement as a result of structural reforms in addition to correction of the yen appreciation currency impact. In an effort to achieve stable operating profit, Renesas Group aims to address issues including equalization of those expenses that concentrate in the year-end and concentrated investment and redemption of core businesses.

The Group will promote the structural reforms and reform the business portfolio with an aim to achieve a stable profit without relying on sales growth.



Thank you very much for your continued support of Renesas Electronics. This concluded our presentation today.