

FY15/3 Financial Results

Renesas Electronics Corporation

May 12, 2015

Agenda

I.

FY15/3 Financial Results

II.

FY16/3 Q1 Financial Forecasts

III.

Change in Gears for Future Growth

Executive Summary

I.

FY15/3 Financial Results

- Semiconductor sales decreased by 5.5% YoY to 753.3 B yen, due to the impact from business withdrawal including transfer of shares in Renesas SP Drivers
- Operating income was 104.4 B yen, a 36.8 B yen increase YoY, mainly due to the impact from the fixed-cost reduction and improved product mix, in addition to currency impact
- Despite the special loss from the implementation of early retirement program, net income was 82.4 B yen, due to special income from the transfer of shares in Renesas SP Drivers

II.

FY16/3 Q1 Financial Forecasts

- Semiconductor sales are expected to decrease QoQ by 0.6% to 174.0 B yen
- Expect operating profit of 25.0 B yen, a 0.6 B yen increase QoQ, and net income of 20.0 B yen, an 11.0 B yen increase QoQ
- Although the Group's cost structure has been improving, this improvement includes temporary factors such as currency impact. The Group intends to continue to promote its structural reforms according to the plan to build a solid, profitable financial base

I. FY15/3 Financial Results

FY15/3 Financial Snapshot

- Semiconductor sales for full-year decreased by 5.5% YoY, due to the impact from business withdrawal including transfer of shares in Renesas SP Drivers
- Operating income for full-year increased by 36.8 B yen YoY, mainly due to the impact from the fixed-cost reduction and improved product mix, in addition to currency impact

(B Yen)	FY14/3		FY15/3							
	Q4	Full-Year	Q3	Q4	QoQ	YoY	Full-Year (Feb 5 Forecast)	Full-Year	YoY	Difference from Feb 5 Forecast
Net Sales	200.5	833.0	191.9	182.2	-9.7 (-5.1%)	-18.3 (-9.1%)	786.0	791.1	-41.9 (-5.0%)	+5.1 (+0.6%)
Semi. Sales	191.8	796.8	177.4	175.1	-2.3 (-1.3%)	-16.7 (-8.7%)	748.0	753.3	-43.5 (-5.5%)	+5.3 (+0.7%)
Gross Profit (Ratio)	75.2 (37.5%)	309.7 (37.2%)	78.6 (40.9%)	78.1 (42.8%)	-0.5 (+1.9Pt.)	+2.9 (+5.3Pt.)	312.2 (39.7%)	318.8 (40.3%)	+9.0 (+3.1Pt.)	+6.6 (+0.6Pt.)
Operating Income (Loss) (Ratio)	17.0 (8.5%)	67.6 (8.1%)	29.5 (15.3%)	24.4 (13.4%)	-5.0 (-1.9Pt.)	+7.5 (+5.0Pt.)	98.0 (12.5%)	104.4 (13.2%)	+36.8 (+5.1Pt.)	+6.4 (+0.7Pt.)
Ordinary Income (Loss)	15.4	58.6	33.2	23.1	-10.1 (-30.5%)	+7.7 (+49.9%)	98.0	105.3	+46.7 (+79.7%)	+7.3 (+7.5%)
Net Income (Loss)	-15.5	-5.3	38.2	9.0	-29.2 (-76.3%)	+24.5	74.0	82.4	+87.7	+8.4
(Ref) Special Income (Loss)	-27.5	-48.1	10.1	-14.8	-24.9	+12.7	-9.0	-11.2	+36.9	-2.2
1 US\$ =	103 yen	100 yen	110 yen	119 yen	8 yen weak	16 yen weak	108 yen	108 yen	9 yen weak	1 yen weak
1 Euro =	141 yen	133 yen	140 yen	140 yen	---	1 yen strong	140 yen	140 yen	7 yen weak	---

FY15/3 Financial Snapshot (Excl. Renesas SP Drivers*)

- Excluding sales from Renesas SP Drivers, semiconductor sales for full-year decreased by 2.2% YoY, due to the impact from business withdrawal
- Excluding operating income from Renesas SP Drivers, operating income for full-year increased by 44.6 B yen YoY, mainly due to the impact from fixed-cost reduction and improved product mix, in addition to currency impact

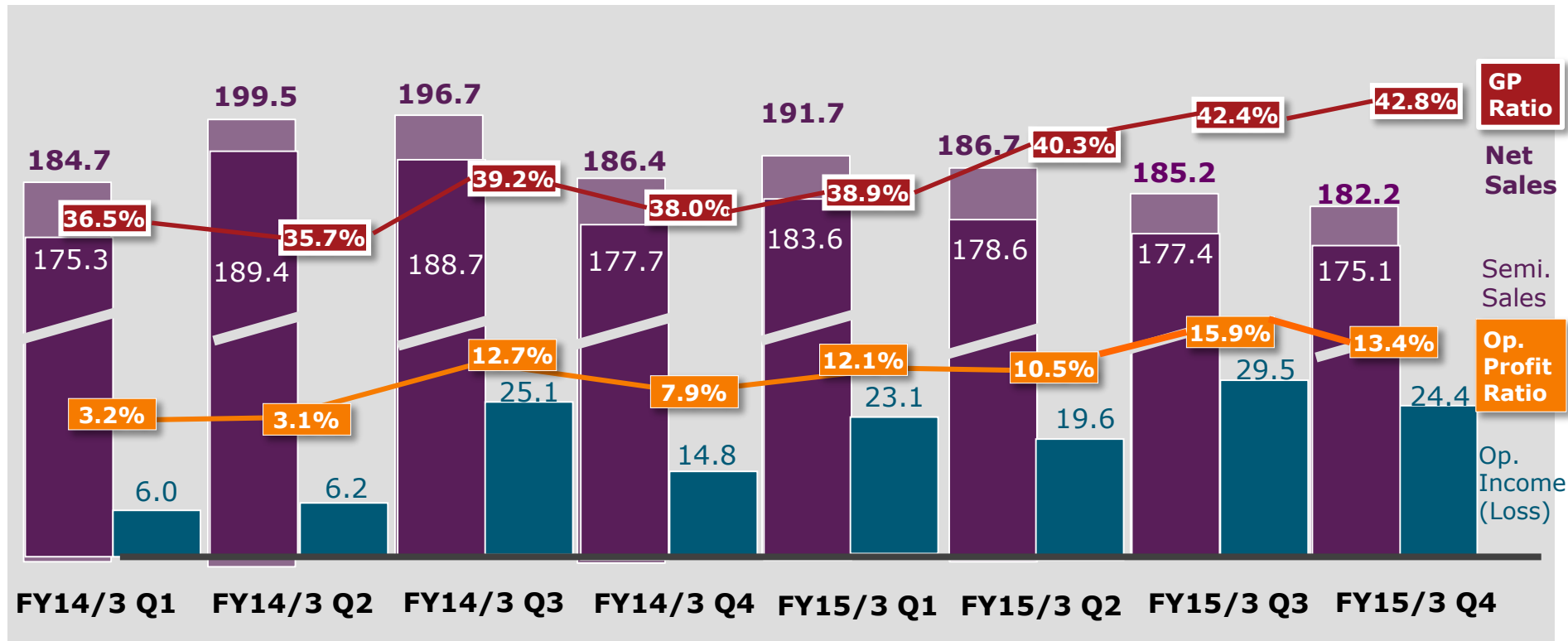
(B Yen)	FY14/3		FY15/3							
	Q4	Full Year	Q3	Q4	QoQ	YoY	Full-Year (Feb 5 Forecast)	Full Year	YoY	Difference from Feb 5 Forecast
Net Sales	186.4	767.4	185.2	182.2	-3.0 (-1.6%)	-4.2 (-2.3%)	740.8	745.8	-21.6 (-2.8%)	+5.1 (+0.6%)
Semi. Sales	177.7	731.1	177.4	175.1	-2.3 (-1.3%)	-2.6 (-1.5%)	709.5	714.8	-16.4 (-2.2%)	+5.3 (+0.7%)
Gross Profit (Ratio)	70.8 (38.0%)	286.8 (37.4%)	78.6 (42.4%)	78.1 (42.8%)	-0.5 (+0.4Pt.)	+7.2 (+4.9Pt.)	299.8 (40.4%)	306.3 (41.1%)	+19.6 (+3.7Pt.)	+6.6 (+0.6Pt.)
Operating Income (Loss) (Ratio)	14.8 (7.9%)	52.0 (6.8%)	29.5 (15.9%)	24.4 (13.4%)	-5.0 (-2.5Pt.)	+9.7 (+5.5Pt.)	90.1 (12.2%)	96.6 (12.9%)	+44.6 (+6.2Pt.)	+6.4 (+0.7Pt.)

*Excluding (1) sales of the former Renesas SP Drivers up to the FY2015/3 Q2 and (2) sales of the former Renesas SP Drivers products supplied by commissioning after October 1 until the end of October, 2014, until the supply system was formed at Synaptics Inc., the transferee of Renesas SP Drivers (no impact on the gross profit).

Quarterly Financial Results (B Yen)

(Excluding Renesas SP Drivers)

- Q4 semiconductor sales decreased by 1.3% QoQ and by 1.5% YoY, due to withdrawal from non-core businesses
- Both Q4 gross profit ratio and operating profit ratio are showing trends toward improvement, yet, they still include temporary factors such as currency impact



Semiconductor Sales by Application Categories

- While Automotive sales for Q4 and full-year increased both QoQ and YoY, General-Purpose sales for the same period decreased both QoQ and YoY, impacted by business withdrawal including transfer of shares in Renesas SP Drivers

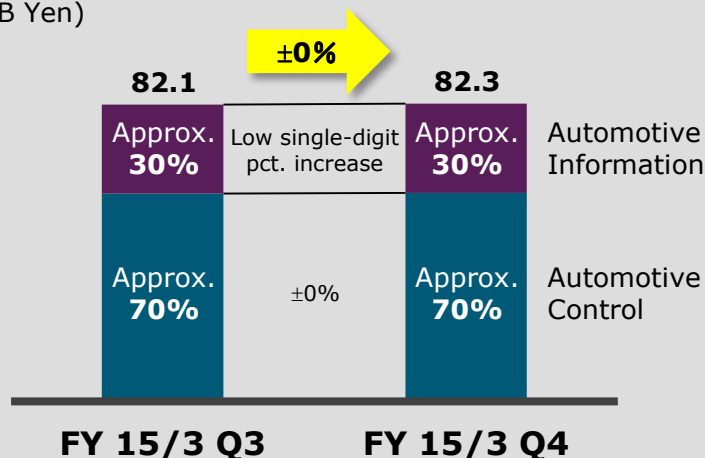
(B Yen)	FY14/3		FY15/3							
	Q4	Full Year	Q1	Q2	Q3	Q4	QoQ	YoY	Full Year	YoY
Semiconductor Sales (Total) [Excl. Renesas SP Drivers]	191.8 [177.7]	796.8 [731.1]	201.2 [183.6]	199.6 [178.6]	177.4	175.1	-2.3 (-1.3%)	-16.7 (-8.7%) [-2.6/-1.5%]	753.3	-43.5 (-5.5%) [-16.4/-2.2%]
Automotive	78.5	303.7	79.8	78.8	82.1	82.3	+0.2 (+0.2%)	+3.8 (+4.8%)	323.1	+19.3 (+6.4%)
General-Purpose [Excl. Renesas SP Drivers]	112.0 [97.9]	487.2 [421.5]	119.8 [102.2]	119.7 [98.8]	94.0	91.9	-2.1 (-2.2%)	-20.1 (-17.9%) [-6.0/-6.1%]	425.5 [387.0]	-61.7 (-12.7%) [-34.6/-8.2%]
Other Semiconductors	1.3	5.9	1.6	1.0	1.2	0.9	-0.4 (-28.7%)	-0.4 (-30.0%)	4.7	-1.1 (-19.4%)

FY15/3 Q4

Semiconductor Sales by Application Categories

Automotive

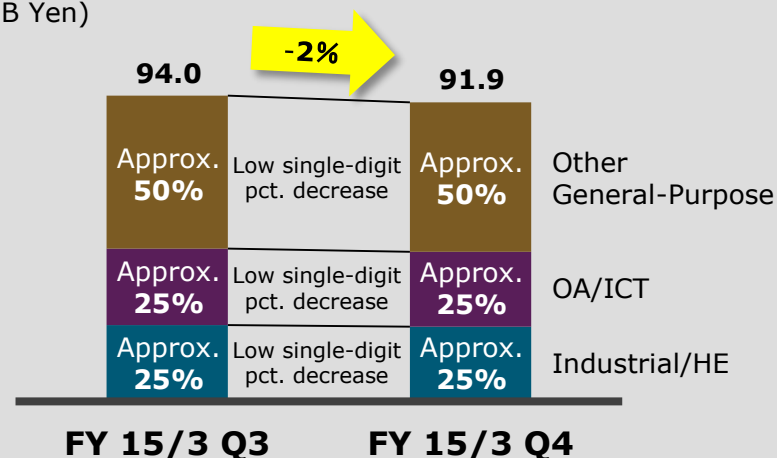
(B Yen)



- Sales of both Automotive Control and Automotive Information were almost flat with the previous quarter and total Automotive semiconductor sales also remained flat QoQ
- However, excluding currency impact, sales of both Automotive Information and Automotive Control decreased by low single-digit percent QoQ and total Automotive semiconductor sales also decreased by low single-digit percent QoQ

General-Purpose

(B Yen)



- Sales of Industrial/HE, OA/ICT and Other General-Purpose products all decreased by low single-digit percent QoQ
- Total General-Purpose sales decreased by 2% QoQ, however, excluding currency impact, they decreased by mid single digit percent QoQ

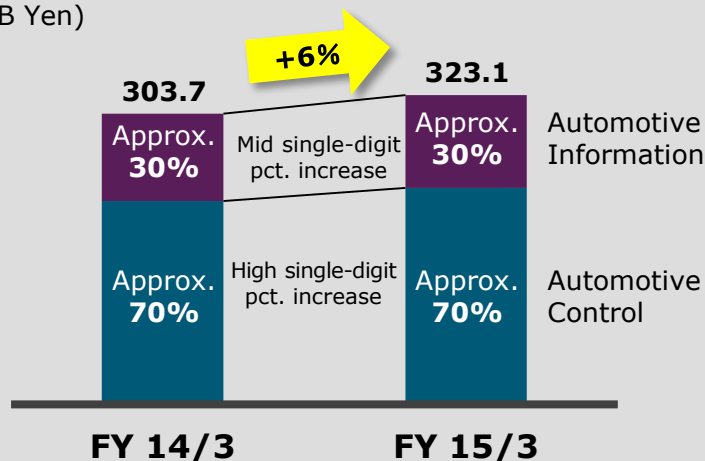
(Note) HE: Home Electronics, OA: Office Automation, ICT: Information Communication Technology

FY15/3

Semiconductor Sales by Application Categories

Automotive

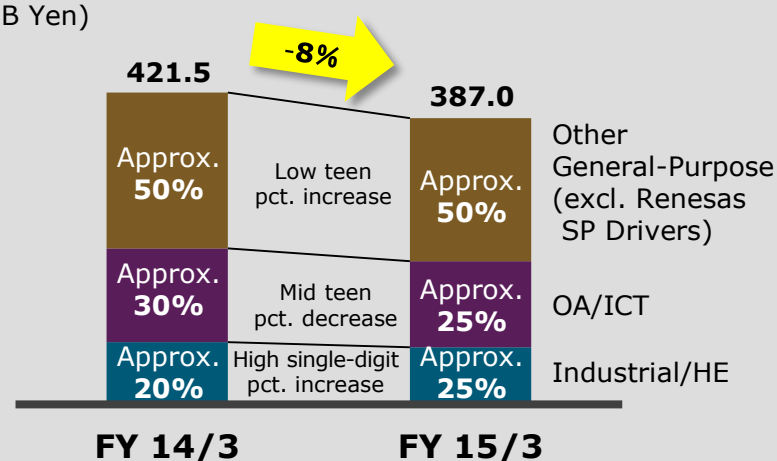
(B Yen)



- Sales of both Automotive Control and Automotive Information increased YoY and total Automotive semiconductor sales also increased by 6% YoY
- Even excluding currency impact, sales of both Automotive Information and Automotive Control still increased slightly and total Automotive semiconductor sales also increased slightly YoY

General-Purpose

(B Yen)

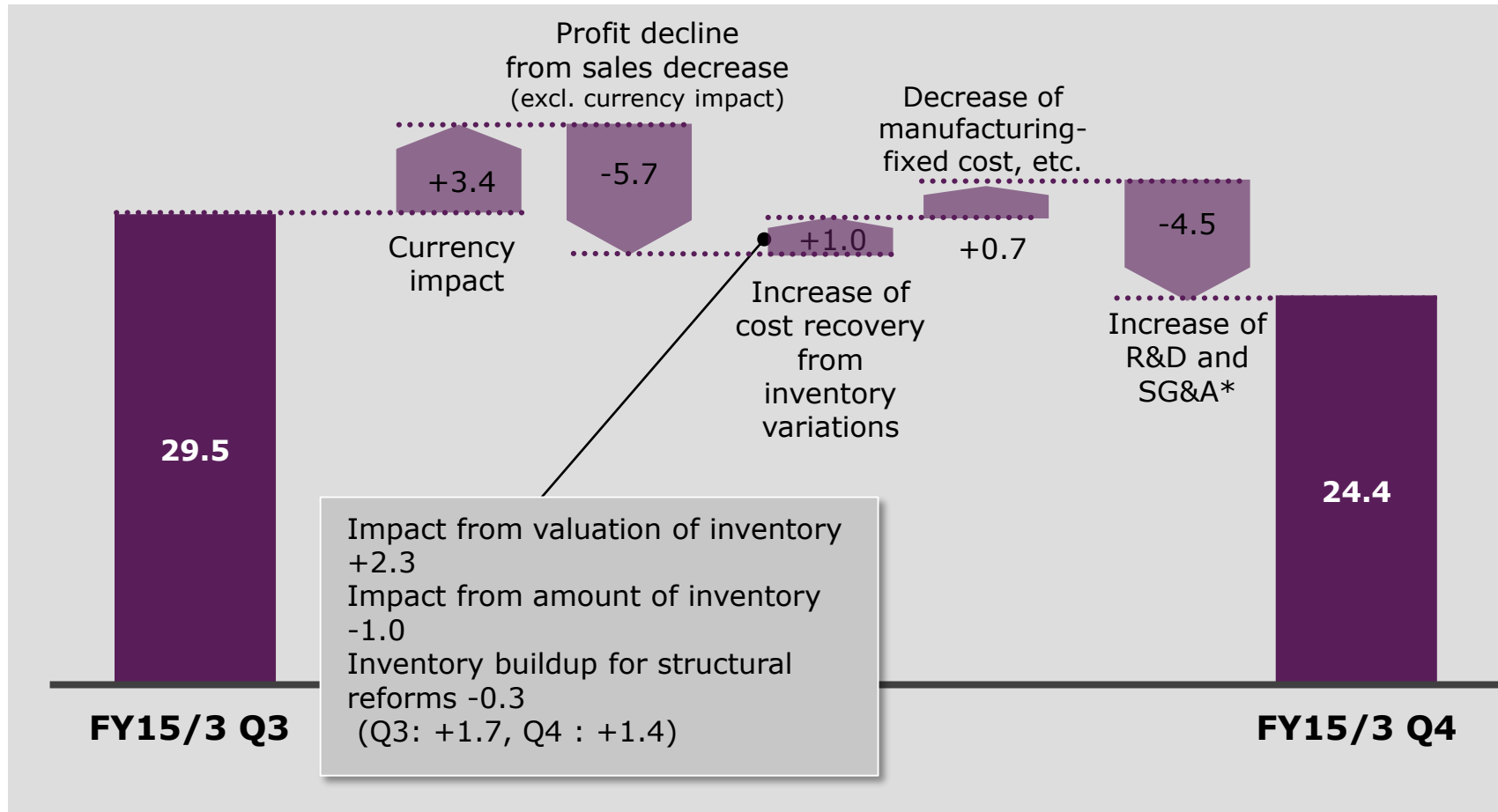


- While sales of Industrial/HE increased by high single-digit percent YoY, sales of OA/ICT decreased by mid teen percent YoY
- Excluding sales from Renesas SP Drivers that comprised over 15% of the Other General-Purpose sales, they decreased by low teen percent YoY
- Excluding sales from Renesas SP Drivers, total General-Purpose products decreased by 8% YoY. Excluding currency impact, they decreased by low teen percent YoY

FY15/3 Q4

Operating Income (Loss) QoQ (B Yen)

- Despite currency impact, influences from inventory variations and a decrease in manufacturing-related fixed cost, etc., operating income decreased by 5.0 B yen QoQ, mainly due to profit decline from a decrease in sales and seasonal cost increases at the year-end

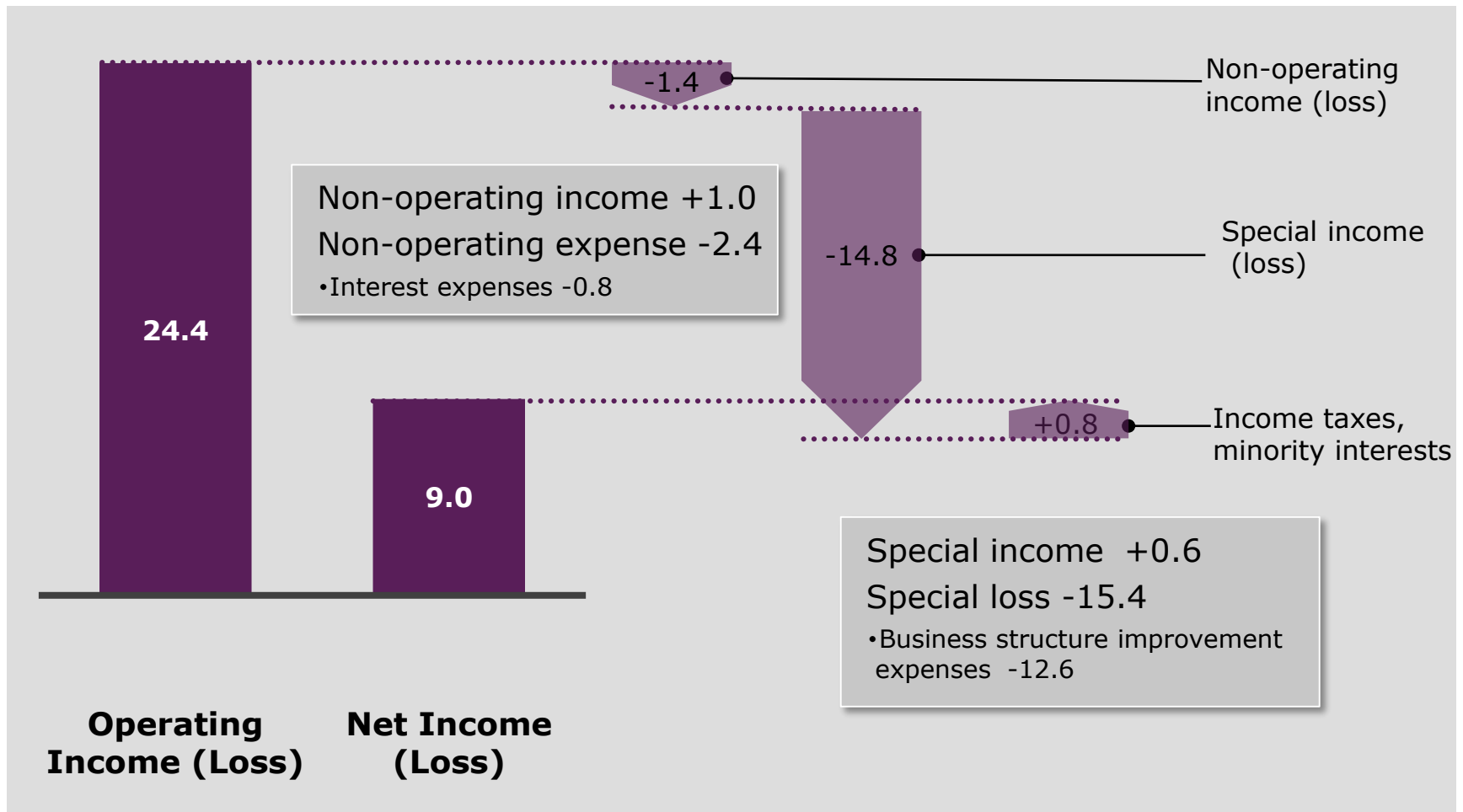


*R&D: Research and Development, SG&A: Selling, general and administrative expenses

FY15/3 Q4

Net Income (Loss) (B Yen)

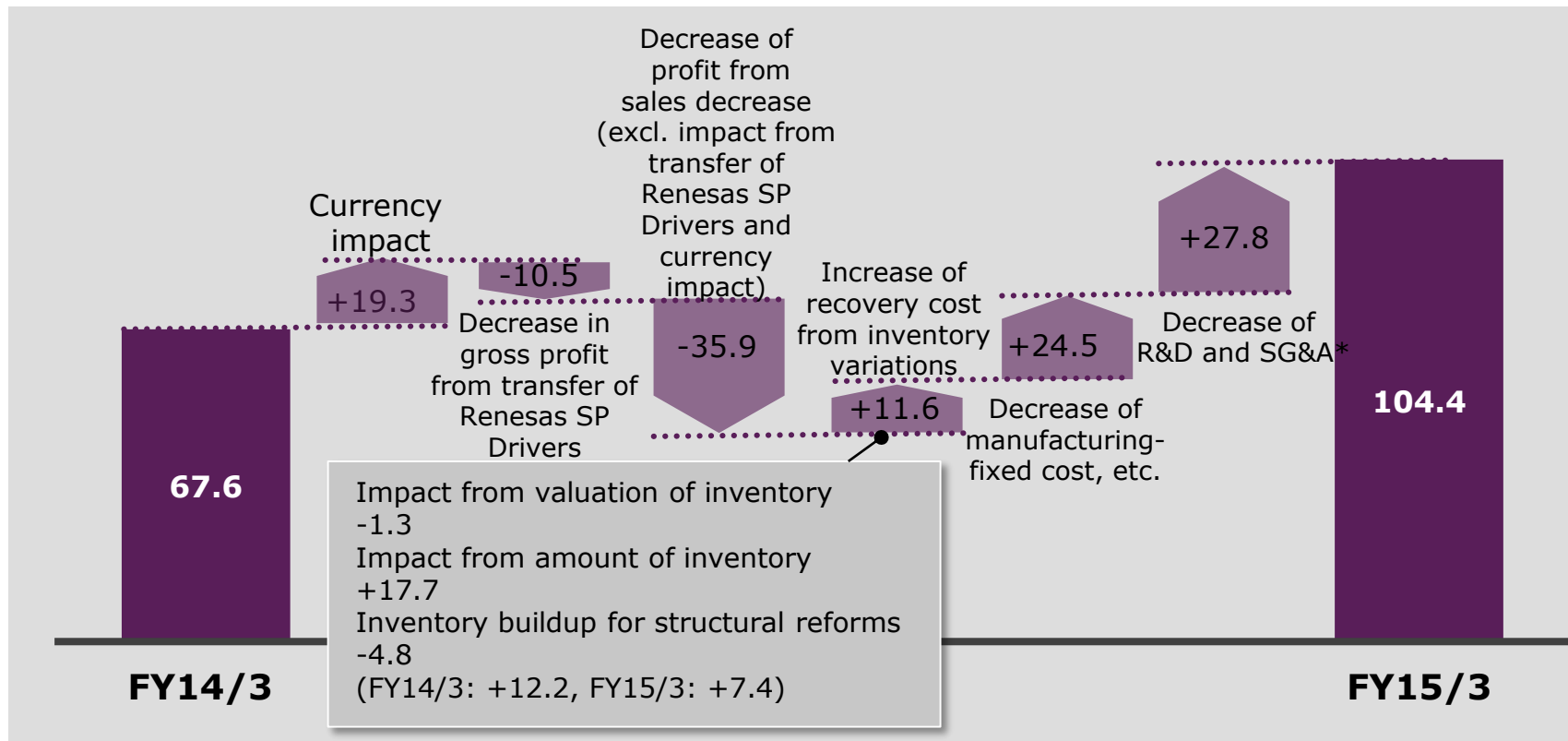
- Q4 net income was 9.0 B yen, mainly due to special loss from structural reforms in accordance with the realignment of manufacturing and design/development sites



FY15/3 Full-Year

Operating Income (Loss) YoY (B Yen)

- Despite a decrease of profit from lower sales, full-year operating income increased by 36.8 B yen YoY, due to improved product mix and positive impact from fixed-cost reductions
- Although the Group's cost structure has been improving, this improvement includes temporary factors such as currency impact. The Group intends to continue to promote its structural reforms according to the plan to build a solid, profitable financial base

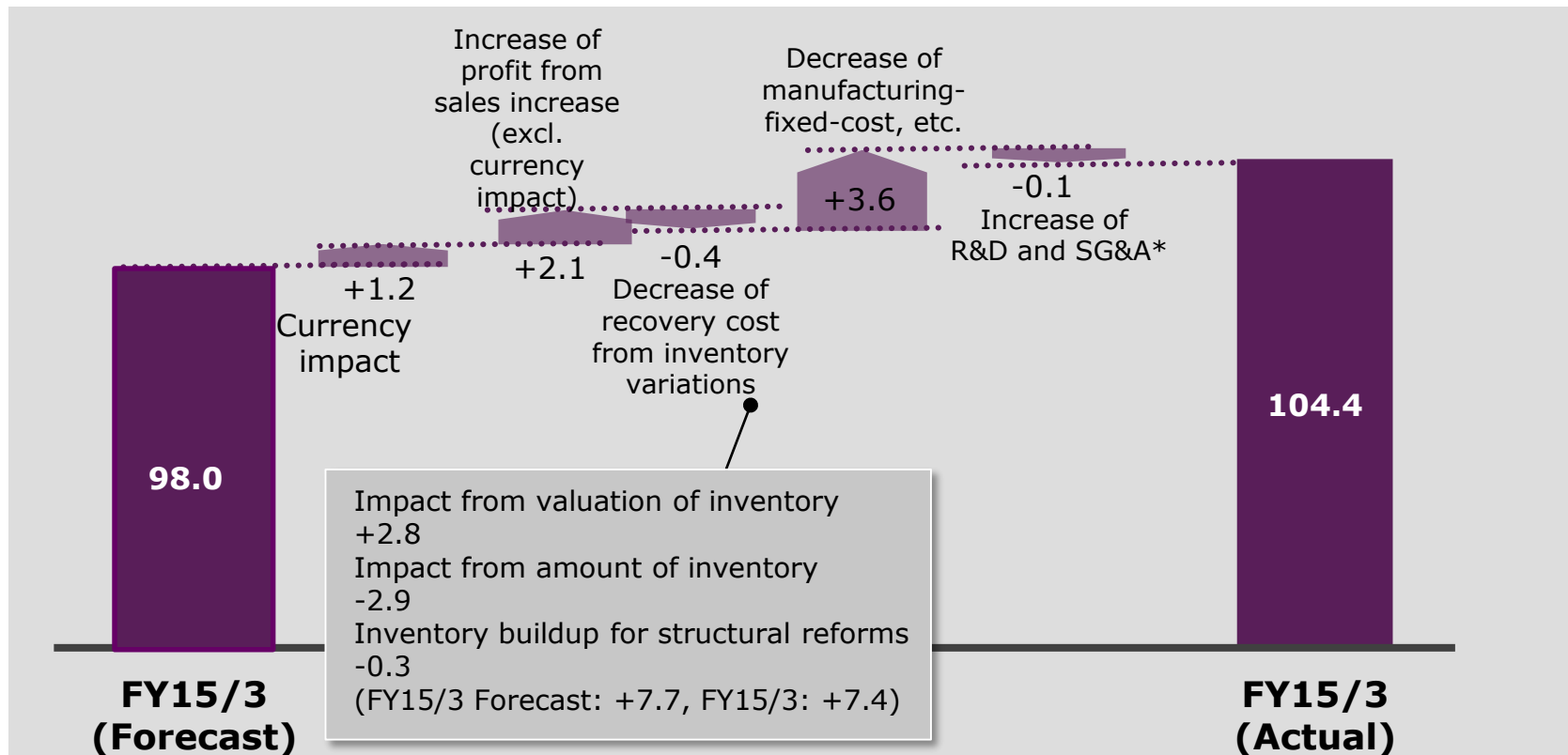


*R&D: Research and Development, SG&A: Selling, general and administrative expenses

FY15/3 Full-Year

Operating Income (Loss) in Comparison with Forecasts (Feb 5, 2015) (B Yen)

- Although R&D and SG&A were almost in line with the Group's forecasts, operating income increased by 6.4 B yen YoY, due to positive currency impact, higher profit from sales increase and reduced manufacturing-related fixed cost, etc.

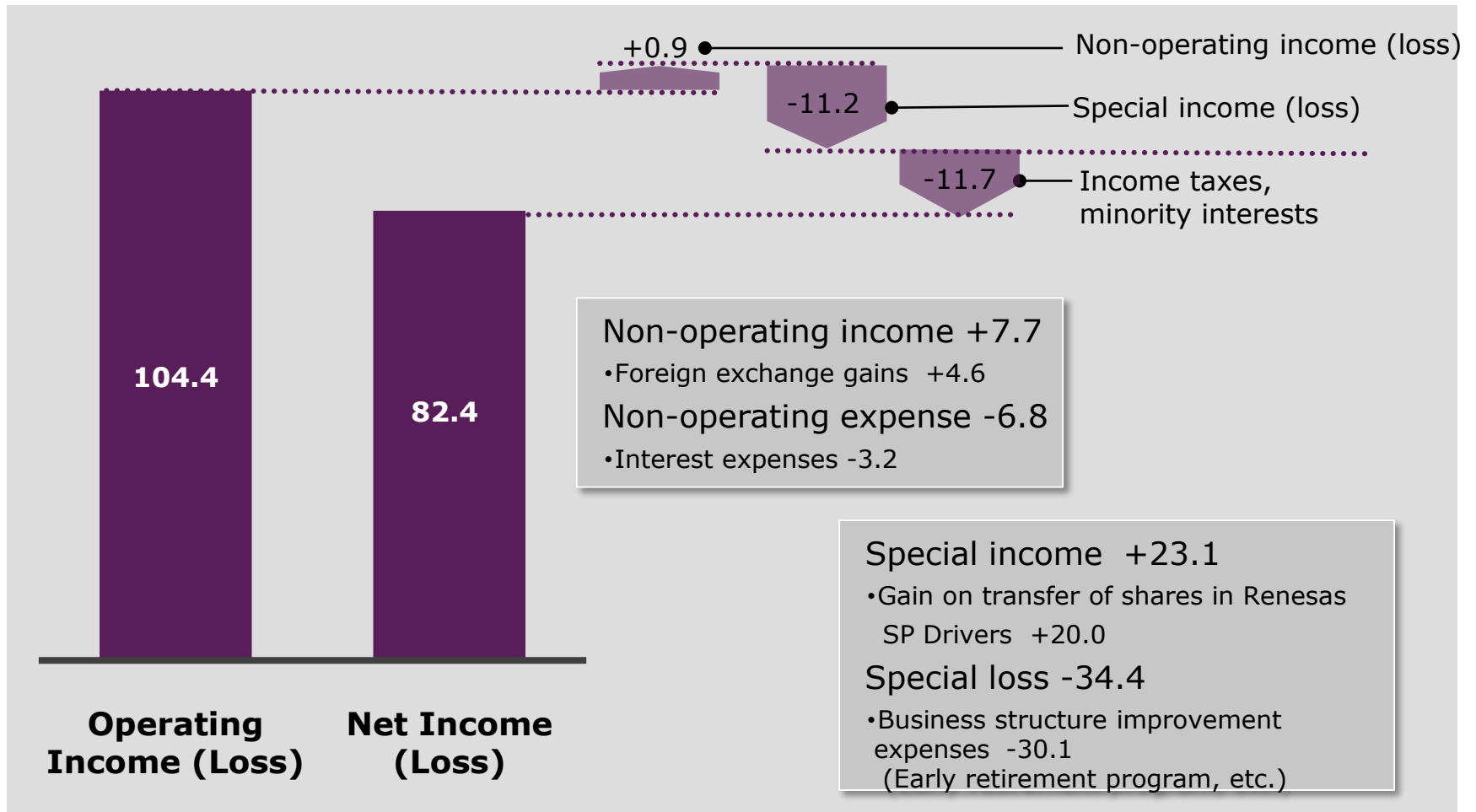


*R&D: Research and Development, SG&A: Selling, general and administrative expenses

FY15/3 Full-Year

Net Income (Loss) (B Yen)

- Achieved net income of 82.4 B yen, mainly due to special income of 20.0 B yen from transfer of shares in Renesas SP Drivers, in spite of recording special loss from structural reforms including implementation of early retirement program



FY15/3

Balance Sheets

- Aim to sustain equity ratio at the 30% range by increasing profits

(B Yen)	As of Mar. 31, 2014	As of Dec. 31, 2014	As of Mar. 31, 2015
Total Assets	786.0	854.6	840.1
Cash and Cash Equivalents	265.9	335.8	343.7
Inventories	126.1	109.5	111.4
Liabilities	558.7	568.7	528.2
Interest-Bearing Debt	270.9	262.1	259.7
Shareholders' Equity	220.6	268.8	277.8
Net Assets	227.3	285.9	311.9
D/E Ratio (Gross)	1.26	0.93	0.84
Equity Ratio	27.3%	33.2%	36.8%

Notes

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

FY15/3

Cash Flows

- Despite payments for structural reforms, positive Q4 free cash flows were achieved
- Despite payments for extra retirement benefits in accordance with the implementation of early retirement program, free cash flows for full-year climbed to the highest level to date on a yearly basis, thanks to the high level of profit before income taxes and gains from transfer of shares in Renesas SP Drivers

(B Yen)	FY14/3					FY15/3				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Cash Flows from Operating Activities	28.4	9.0	33.9	22.4	93.7	2.0	49.5	41.0	24.2	116.7
Cash Flows from Investing Activities	-2.5	-6.5	-3.4	-6.8	-19.2	-10.9	-14.9	7.2	-8.0	-26.6
Free Cash Flows	25.9	2.5	30.5	15.6	74.5	-8.9	34.7	48.2	16.2	90.1

II. FY16/3 Q1 Financial Forecasts

FY16/3 Q1 Consolidated Financial Forecasts

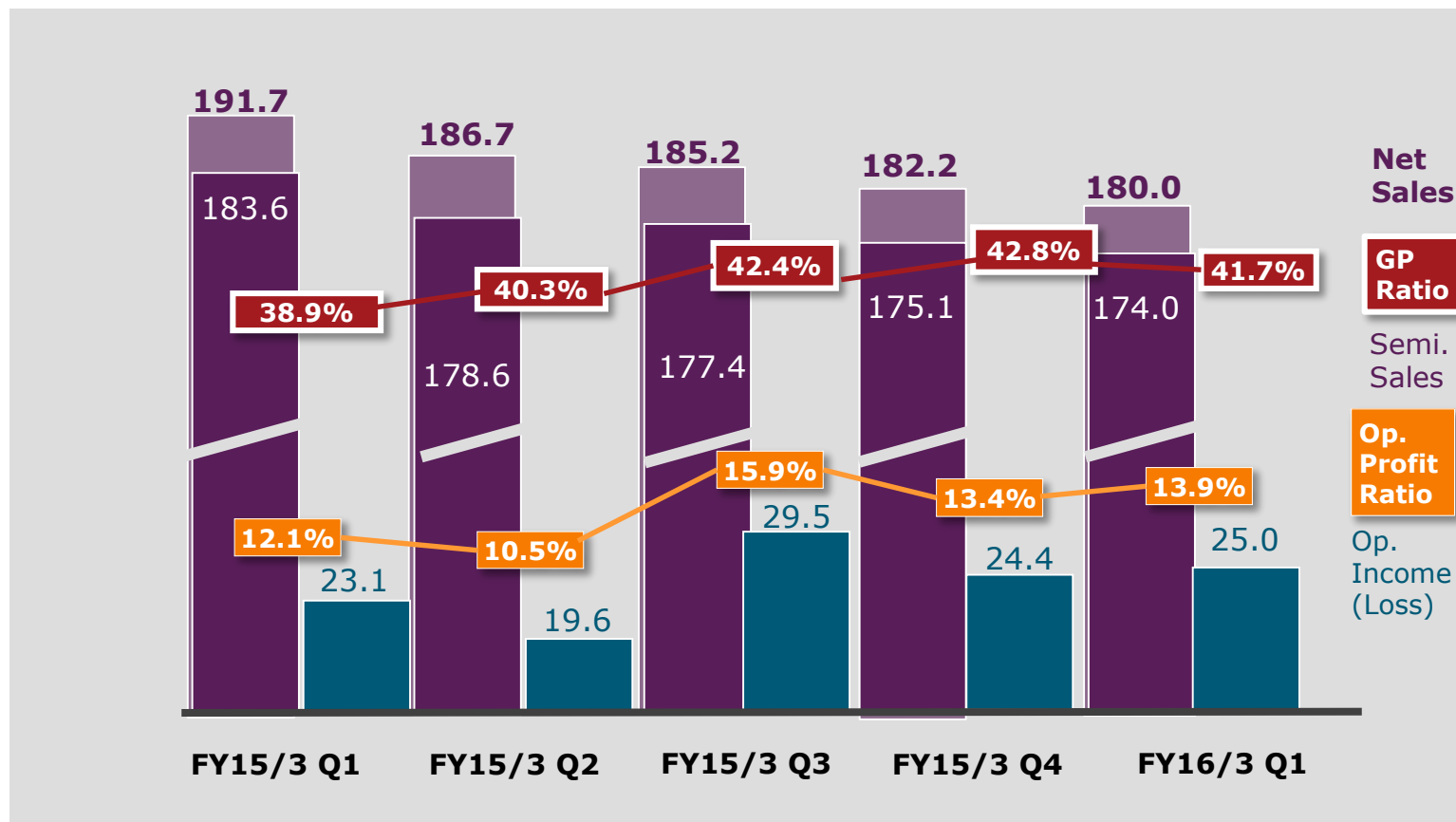
- Q1 semiconductor sales are expected to decrease by 0.6% QoQ to 174.0 B yen
- Despite a decrease in sales QoQ, Q1 operating income is expected to increase by 0.6 B yen QoQ, mainly due to rebound from concentrated expenses in the previous year-end

(B Yen)	FY15/3		FY16/3		
	Q1	Q4	Q1	QoQ	YoY
Net Sales [Excl. Renesas SP Drivers]	209.3 [191.7]	182.2	180.0	-2.2 (-1.2%)	-29.3 (-14.0%) [-11.7/ -6.1%]
Semi. Sales [Excl. Renesas SP Drivers]	201.2 [183.6]	175.1	174.0	-1.1 (-0.6%)	-27.2 (-13.5%) [-9.6/ -5.2%]
Gross Profit (Ratio) [Excl. Renesas SP Drivers]	80.5 (38.5%) [38.9%]	78.1 (42.8%)	75.0 (41.7%)	-3.1 (-1.1Pt.)	-5.5 (+3.2Pt.) [+2.8Pt.]
Operating Income (Loss) (Ratio)	27.0 (12.9%)	24.4 (13.4%)	25.0 (13.9%)	+0.6 (+0.5Pt.)	-2.0 (+1.0Pt.)
Ordinary Income (Loss)	25.3	23.1	23.0	-0.1 (-0.2%)	-2.3 (-9.2%)
Net Income (Loss)	21.2	9.0	20.0	+11.0 (+121.1%)	-1.2 (-5.7%)
(Ref) Special Income (Loss)	-0.9	-14.8	-1.0	+13.8	-0.1
1 US\$ =	102 yen	119 yen	117 yen	2 yen strong	15 yen weak
1 Euro =	141 yen	140 yen	130 yen	10 yen strong	11 yen strong

Quarterly Financial Results and Forecasts (B Yen)

(Excluding Renesas SP Drivers)

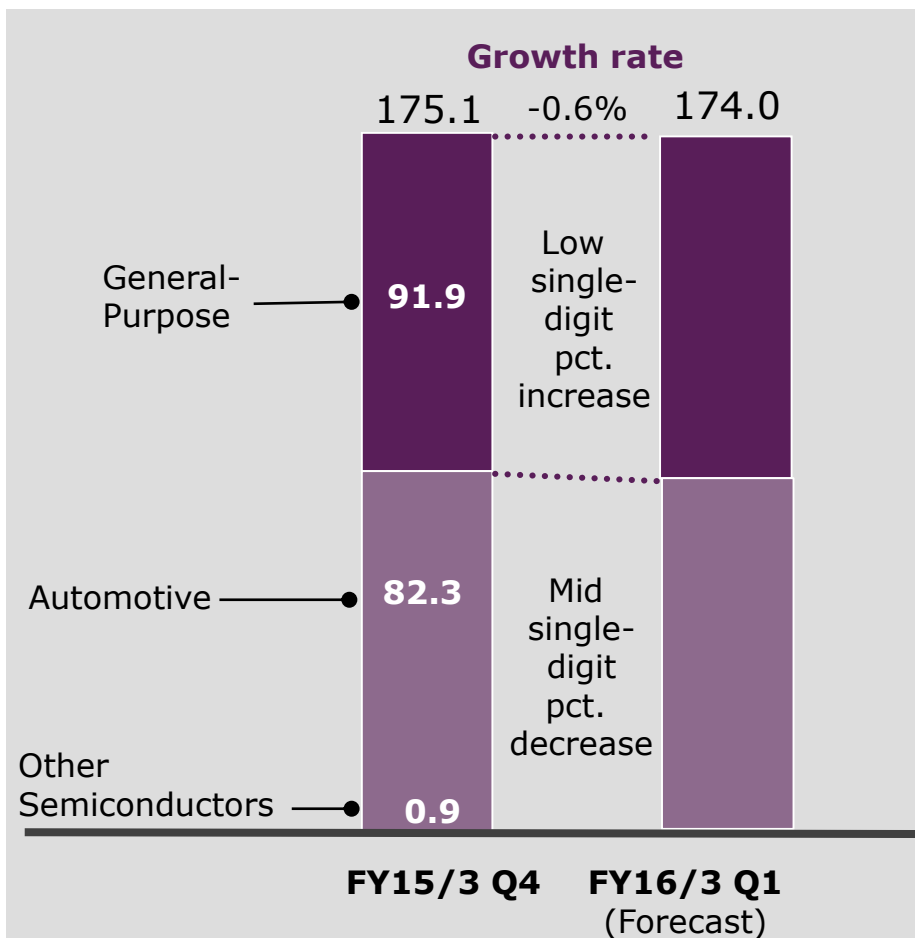
- Due to a decrease in cost recovery from inventory variations, Q1 gross profit ratio is expected to decrease from the previous quarter



FY16/3 Q1

Semiconductor Sales Forecast (QoQ / B Yen)

- While sales of Automotive are expected to decline by mid single-digit percent QoQ, sales of General-Purpose are expected to increase by low single-digit percent QoQ



Major factors affecting Q1 semiconductor sales

General Purpose

- Sales of Industrial/HE are expected to increase slightly from the previous quarter thanks to continuously solid sales of Industrial products
- Sales of OA/ICT are expected to increase QoQ
- Sales of Other General-Purpose products are expected to decrease QoQ mainly due to impact from business withdrawal

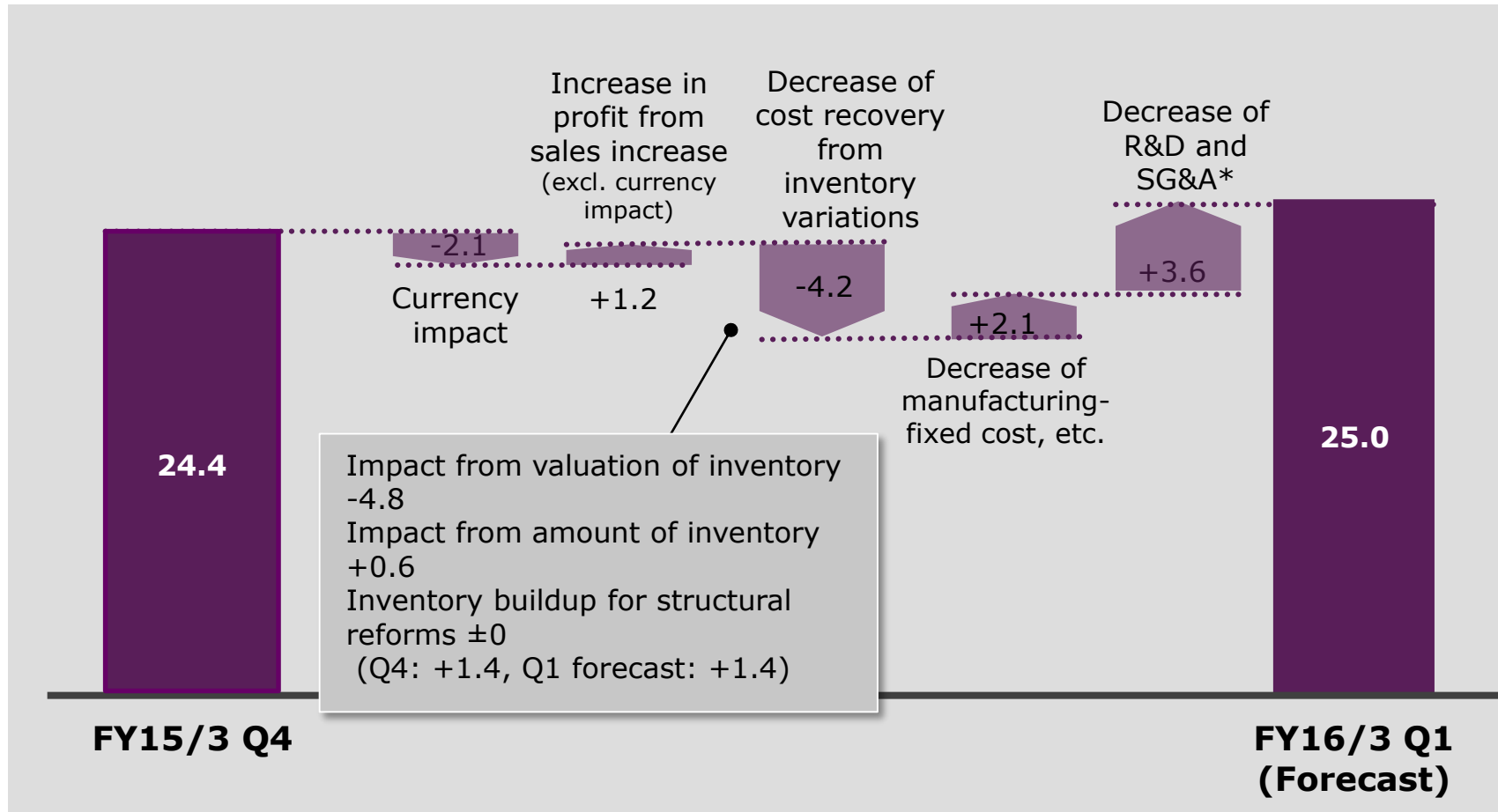
Automotive

- Sales of both Automotive Control and Automotive Information are expected to decrease QoQ

FY16/3 Q1

Operating Income (Loss) Forecast (QoQ / B Yen)

- Despite currency impact and a decrease in cost recovery from inventory variations, operating income is expected to increase by 0.6 B yen QoQ, due to a rebound from seasonal expenses in the previous year-end

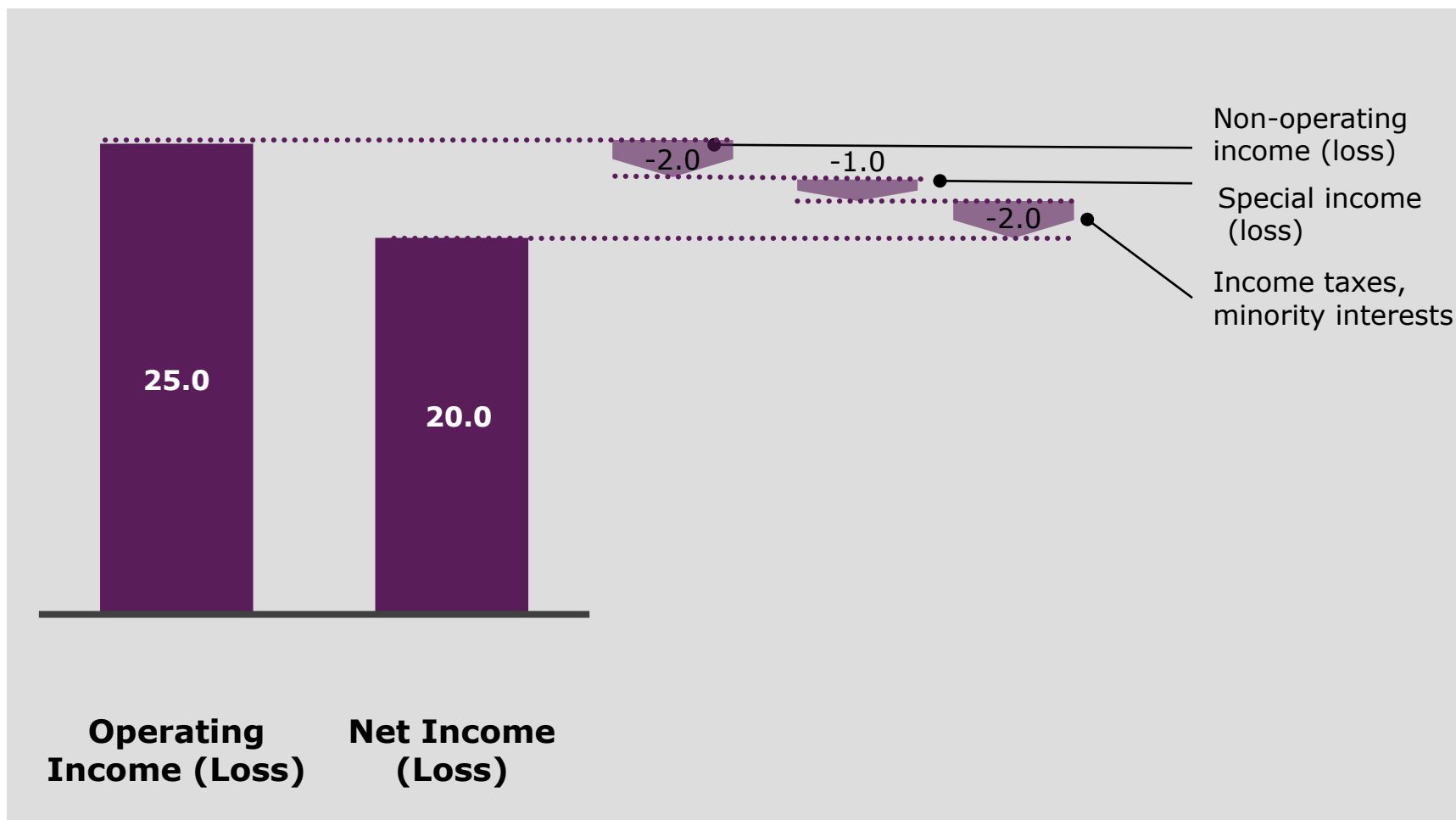


*R&D: Research and Development, SG&A: Selling, general and administrative expenses

FY16/3 Q1

Net Income (Loss) Forecast (B Yen)

- Expect to record Q1 net income of 20.0 B yen with no major special loss



III. Change in Gears for Future Growth

Promotion of Reform Plan

Promotion of Structural Reform

- Manufacturing-related structural reform
- Contraction of non-core domains
- Continuous selection and concentration (Transfer of shares in Renesas SP Drivers, etc.)

Reform of Organizational Operation

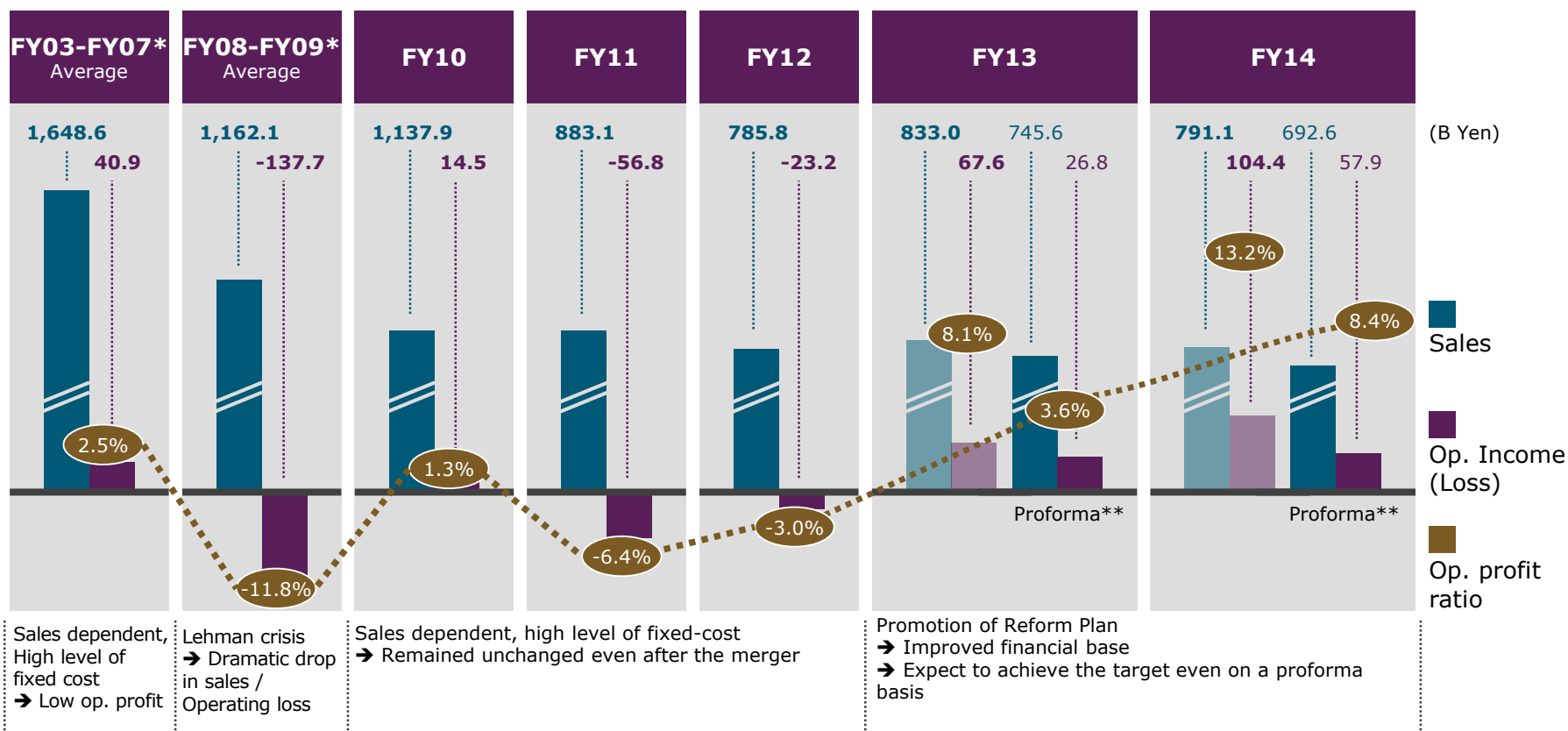
- Adoption of global personnel treatment system
- Realignment of design/development structures
- Reform of other operations

Building Baseline for Future Growth

- Growth investment
- DevCon Japan
- Establishment of ADAS center

Trends in Financial Performance

- Despite a decrease in sales from realignment of business portfolio, financial base was improved by promotion of the reform plan
- Double-digit operating profit ratio target is near-at-hand even on a proforma basis



*FY2003-FY2007/FY2008-FY2009: Average of the combined results of NEC Electronics and Renesas Technology

**Proforma calculated based on: 1US\$=95yen, 1Euro=125yen / Zero impact from inventory stocks / Excluding Renesas SP Drivers sales

Change in Gears for Future Growth

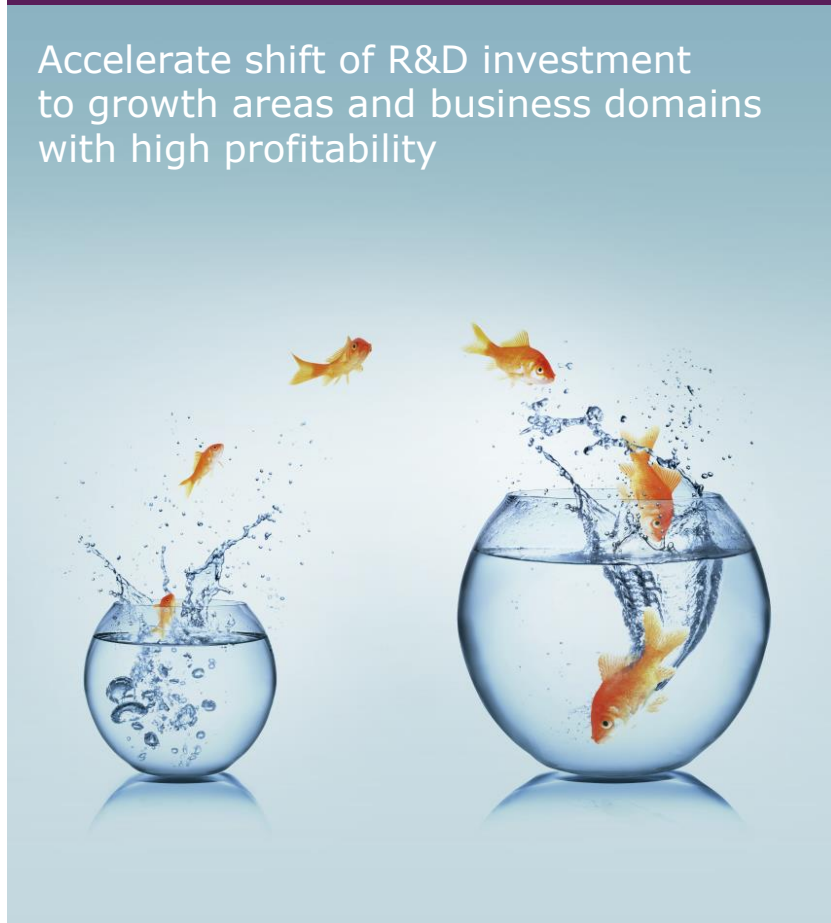
Selection and Concentration of Products

Withdrawal from low-profit products

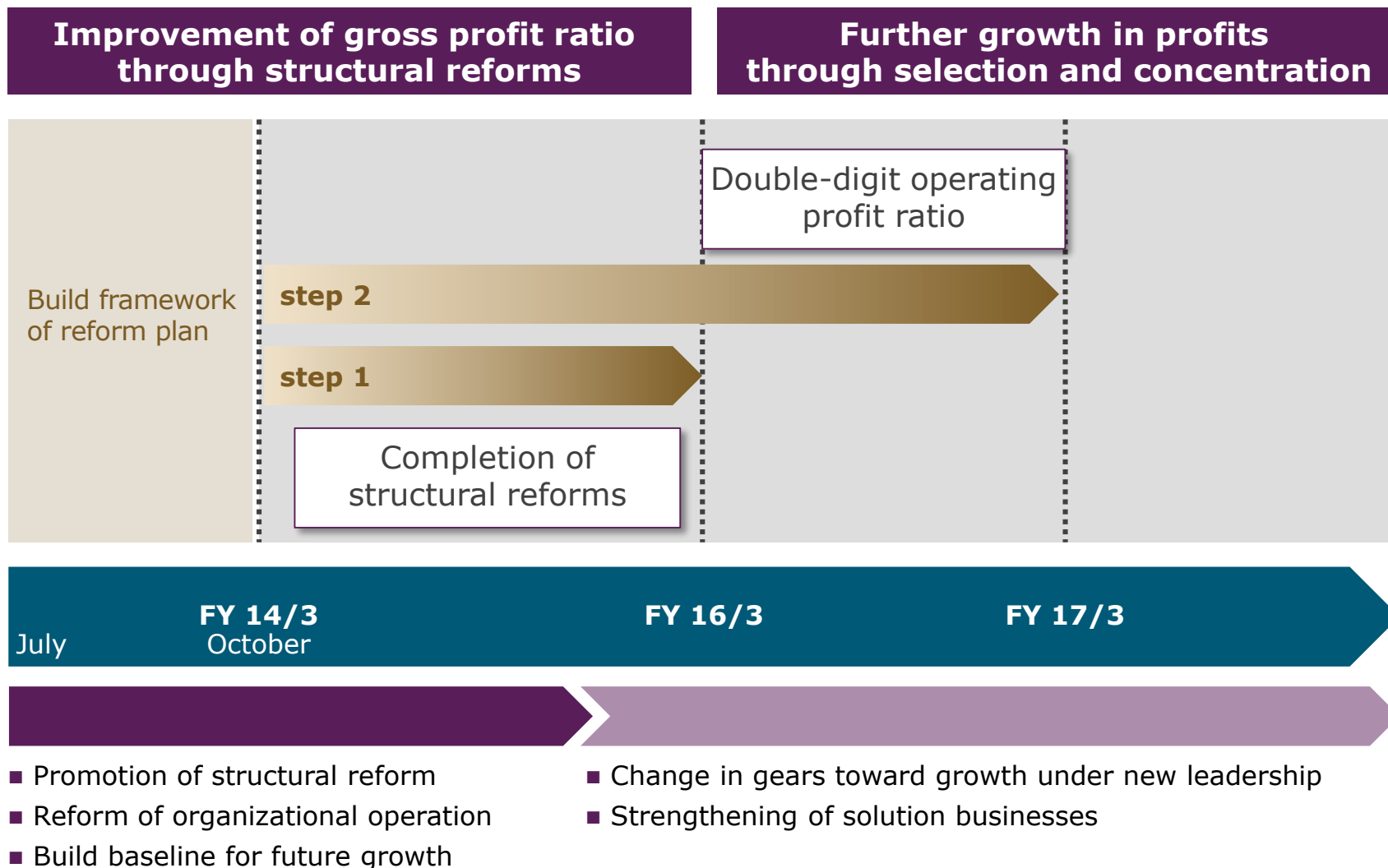


Selection and Concentration of Business

Accelerate shift of R&D investment to growth areas and business domains with high profitability



Reform Plan



(FOREWARD-LOOKING STATEMENTS)

The statements in this presentation with respect to the plans, strategies and forecasts of Renesas Electronics and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results could differ materially from such forward-looking statements due to several factors. The important factors that could cause actual results to differ materially from such statements include, but are not limited to: general economic conditions in our markets, which are primarily Japan, North America, Asia and Europe; demand for, and competitive pricing pressure on, our products and services in the marketplace; our ability to continue to win acceptance of its products and services in these highly competitive markets; and movements in currency exchange rates, particularly the rate between the yen and the U.S. dollar. Among other factors, a worsening of the world economy; a worsening of financial conditions in the world markets, and a deterioration in the domestic and overseas stock markets, would cause actual results to differ from the projected results forecast.

