

FY15/3 Q3 Financial Results

Renesas Electronics Corporation

February 5, 2015

Agenda

I.

FY15/3 Q3 Financial Results

II.

FY15/3 Financial Forecasts

Executive Summary

I.

FY15/3 Q3 Financial Results

- Though semiconductor sales decreased by 11% QoQ to 177.4 B yen, due to the impact from the transfer of shares in Renesas SP Drivers, if sales from Renesas SP Drivers were excluded, then sales remained flat versus the previous quarter, thanks to the currency impact and solid sales of automotive products, etc.
- Operating income was 29.5 B yen, a 5.9 B yen increase QoQ, mainly due to a rebound from the seasonal cost increases at the end of the first half and improved cost efficiency and product mix, in addition to currency impact
- Despite the special loss from the early retirement program, net income was 38.2 B yen, due to special income from the transfer of shares in Renesas SP Drivers

II.

FY15/3 Financial Forecasts

- Though full-year semiconductor sales are expected to decrease by 6% YoY to 748.0 B yen, if sales from Renesas SP Drivers are excluded, it would only be a 3% YoY decrease
- With the progress of fixed-cost reductions, operating income is expected to be 98.0 B yen, a 30.4 B yen increase YoY and net income of 74.0 B yen is expected, a 79.3 B yen increase YoY
- 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 Q3 Financial Results

FY15/3 Q3 Financial Snapshot

- Though semiconductor sales decreased by 11% QoQ due to the impact from the transfer of shares in Renesas SP Drivers, if sales from Renesas SP Drivers were excluded, then sales remained flat versus the previous quarter, thanks to the currency impact and solid sales of automotive products
- Operating income increased by 5.9 B yen QoQ, mainly due to a rebound from the seasonal cost increases at the end of the first half and improved cost efficiency and product mix, in addition to currency impact

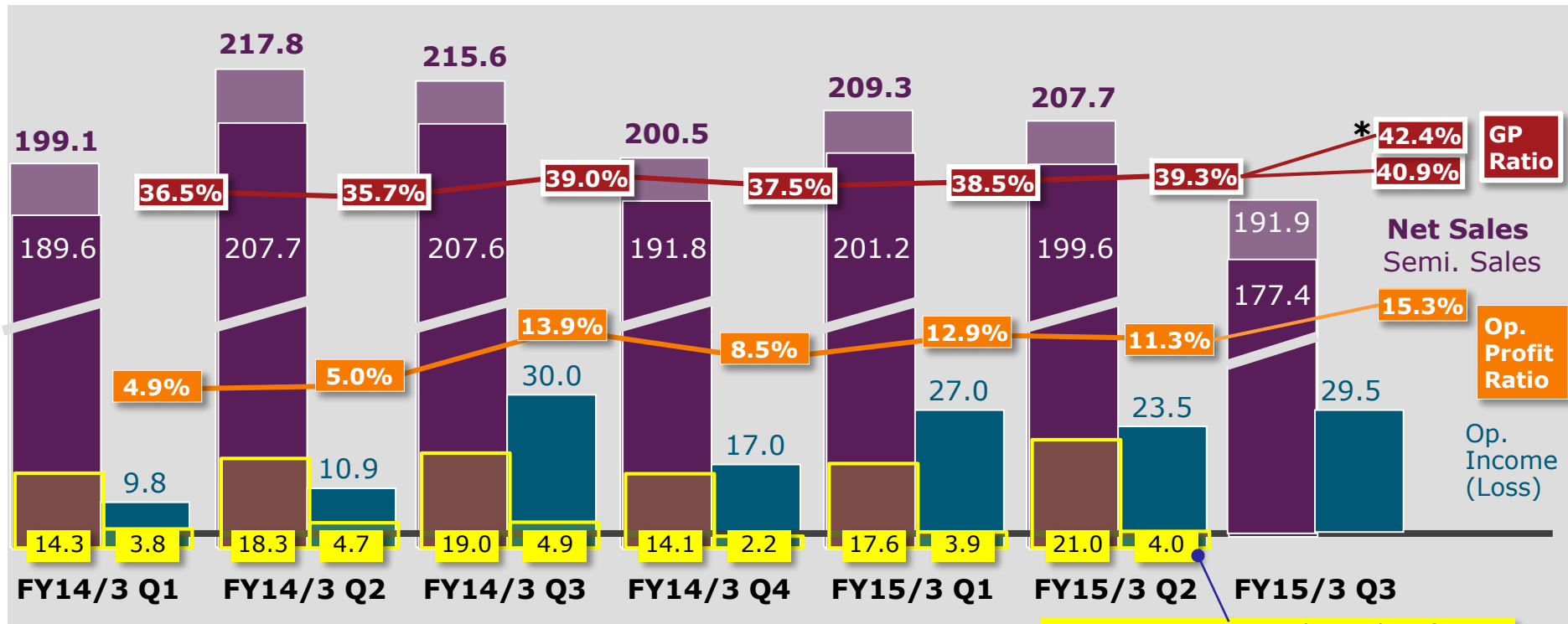
(B yen)	FY14/3	FY15/3					
	Q3	Q2	Q3 (Oct 29 Forecast)	Q3	QoQ	YoY	Difference from Oct 29 Forecast
Net Sales [Excl. Renesas SP Drivers]*	215.6 [196.7]	207.7 [186.7]	179.0 [173.0]	191.9 [185.2]	-15.7 (-7.6%) [-1.5/-0.8%]	-23.7 (-11.0%) [-11.4/-5.8%]	+13.0 (+7.2%) [+12.2/+7.1%]
Semi. Sales [Excl. Renesas SP Drivers]	207.6 [188.7]	199.6 [178.6]	168.0	177.4	-22.2 (-11.1%) [-1.2/-0.7%]	-30.2 (-14.6%) [-11.3/-6.0%]	+9.4 (+5.6%)
Gross Profit (Ratio) [Excl. Renesas SP Drivers]	84.0 (39.0%) [39.2%]	81.6 (39.3%) [40.3%]	69.0 (38.5%) [39.9%]	78.6 (40.9%) [42.4%]	-3.1 (+1.6Pt.) [+2.1Pt.]	-5.5 (+2.0Pt.) [+3.2Pt.]	+9.6 (+2.4Pt.) [+2.5Pt.]
Operating Income (Loss) (Ratio)	30.0 (13.9%)	23.5 (11.3%)	13.0 (7.2%)	29.5 (15.3%)	+5.9 (+4.0Pt.)	-0.5 (+1.4Pt.)	+16.5 (+8.1Pt.)
Ordinary Income (Loss)	29.3	23.8	11.0	33.2	+9.4 (+39.7%)	+3.9 (+13.1%)	+22.2 (+201.6%)
Net Income (Loss)	23.0	13.9	11.0	38.2	+24.3 (+174.5%)	+15.2 (+66.2%)	+27.2 (+247.9%)
1 US\$ =	99 yen	102 yen	103 yen	110 yen	8 yen weak	11 yen weak	7 yen weak
1 Euro =	134 yen	138 yen	135 yen	140 yen	2 yen weak	7 yen weak	5 yen weak

*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)

- FY15/3 Q3 semiconductor sales decreased by 11% QoQ and 15% YoY, due to the impact from the transfer of shares in Renesas SP Drivers
- Though both gross profit ratio and operating profit ratio continued to show trends toward improvement, they include currency impact and other temporary factors



*Excl. sales of the former Renesas SP Drivers products supplied by commissioning.

Renesas SP Drivers Sales and Profit

FY15/3 Q3

Semiconductor Sales by Application Categories (I)

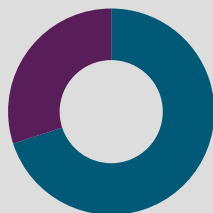
- While Automotive sales increased both YoY and QoQ, General-Purpose sales decreased both YoY and QoQ impacted by the business withdrawal in addition to the impact from the transfer of shares in Renesas SP Drivers

(B yen)	FY14/3	FY15/3				
	Q3	Q1	Q2	Q3	QoQ	YoY
Semiconductor Sales (Total) [Excl. Renesas SP Drivers]	207.6 [188.7]	201.2 [183.6]	199.6 [178.6]	177.4	-22.2 (-11.1%) [-1.2/-0.7%]	-30.2 (-14.6%) [-11.3/-6.0%]
Automotive	79.7	79.8	78.8	82.1	+3.3 (+4.2%)	+2.4 (+3.0%)
General-Purpose [Excl. Renesas SP Drivers]	126.4 [107.4]	119.8 [102.2]	119.7 [98.8]	94.0	-25.7 (-21.5%) [-4.7/-4.8%]	-32.3 (-25.6%) [-13.4/-12.4%]
Other Semiconductors	1.6	1.6	1.0	1.2	+0.2 (+22.0%)	-0.3 (-21.0%)

Semiconductor Sales by Application Categories (II)

Automotive

Automotive Information
approx.
30%

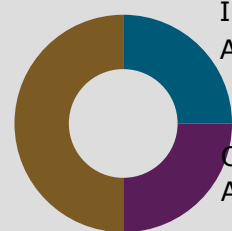


Automotive Control
approx.
70%

- Sales of both Automotive Control and Automotive Information increased QoQ and total Automotive semiconductor sales increased by approximately 4% QoQ
- However, excluding currency impact, sales of Automotive Information increased QoQ but sales of Automotive Control decreased slightly QoQ, and total Automotive semiconductor sales were flat with the previous quarter

General-Purpose

Other General-Purpose
approx. 50%



Industrial/HE
Approx. 25%

OA/ICT
Approx. 25%

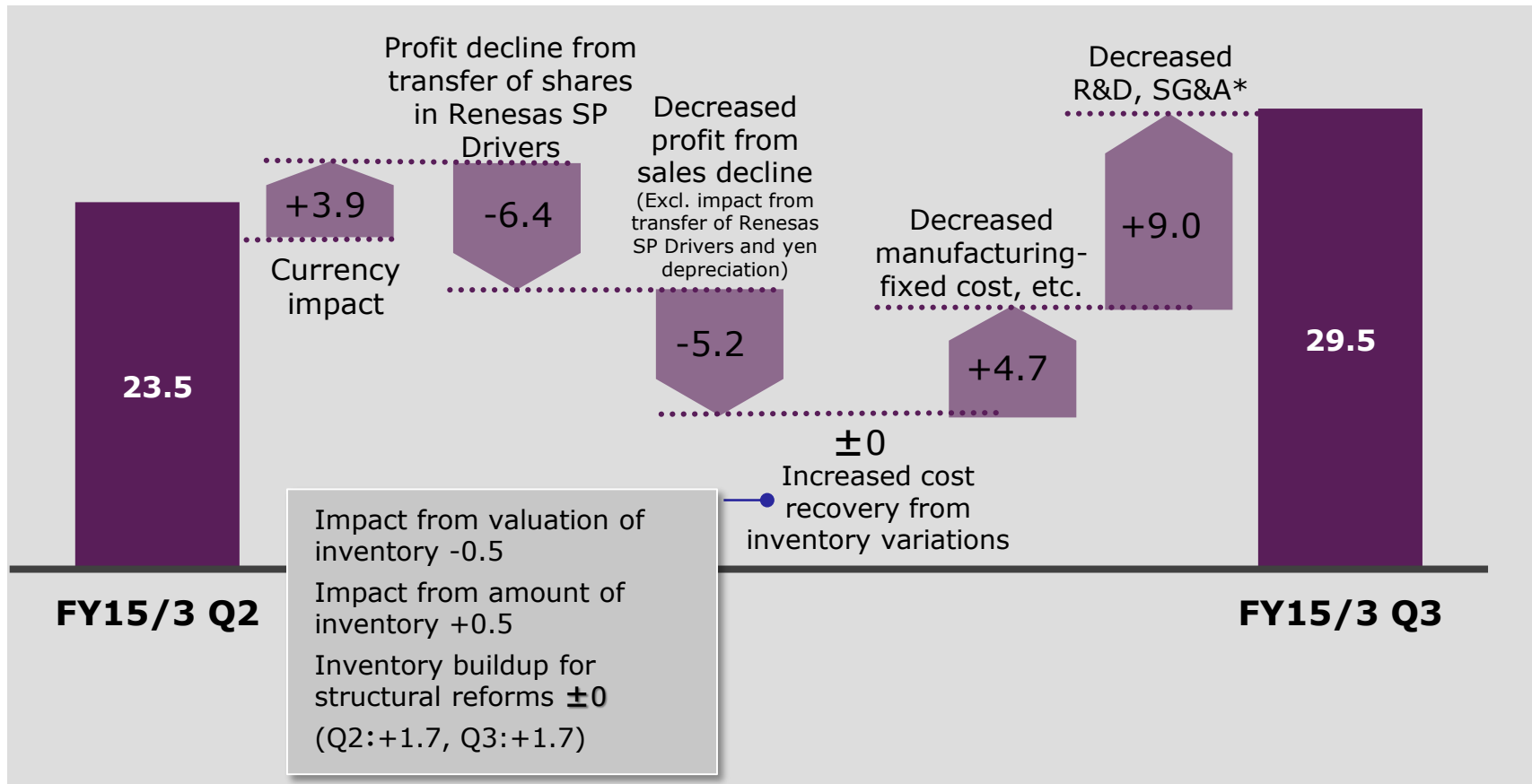
- Sales of Industrial/HE increased by approximately 15% QoQ, and excluding currency impact, there was still an approximately 10% growth
- Sales of OA/ICT decreased by approximately 5% QoQ, and excluding currency impact, the drop was approximately 10%
- Sales of Other General-Purpose products decreased by approximately 40% QoQ, however, excluding sales of display driver IC that accounted for 30% of the total Other General-Purpose sales, they decreased by approximately 10% QoQ and excluding currency impact, they decreased by approximately 15% QoQ
- Total General-Purpose sales decreased by approximately 5% when excluding sales from Renesas SP Drivers, and approximately 10% when excluding currency impact

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

FY15/3

Q3 Operating Income (Loss) QoQ (B yen)

- Despite the profit decline from decreased sales including the impact from the transfer of shares in Renesas SP Drivers, operating profit increased by 5.9 B yen QoQ, thanks to the reduced fixed-cost from structural reforms, rebound from the seasonal cost increases at the end of the first half and improved cost efficiency and product mix, in addition to currency impact

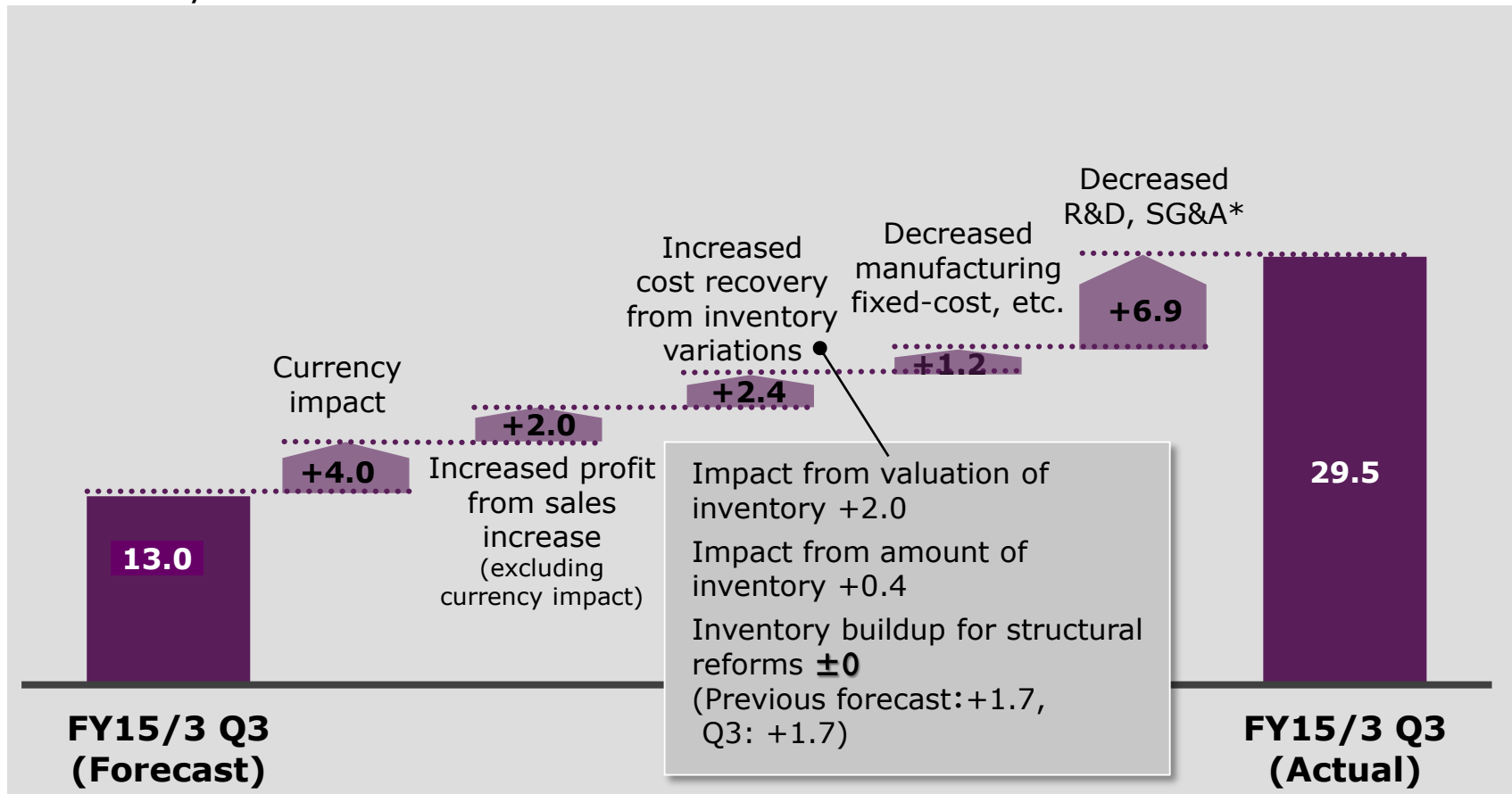


*R&D: Research and Development, SG&A: Selling, general and administrative expenses

FY15/3 Q3

Operating Income (Loss) in Comparison with Forecasts (Oct 29, 2014) (B yen)

- Operating income increased by 16.5 B yen from the previous forecast, due to lower-than-expected R&D and other costs resulting from the improved cost efficiencies, in addition to currency impact, increased profit from sales increase and increased cost recovery from inventory variations

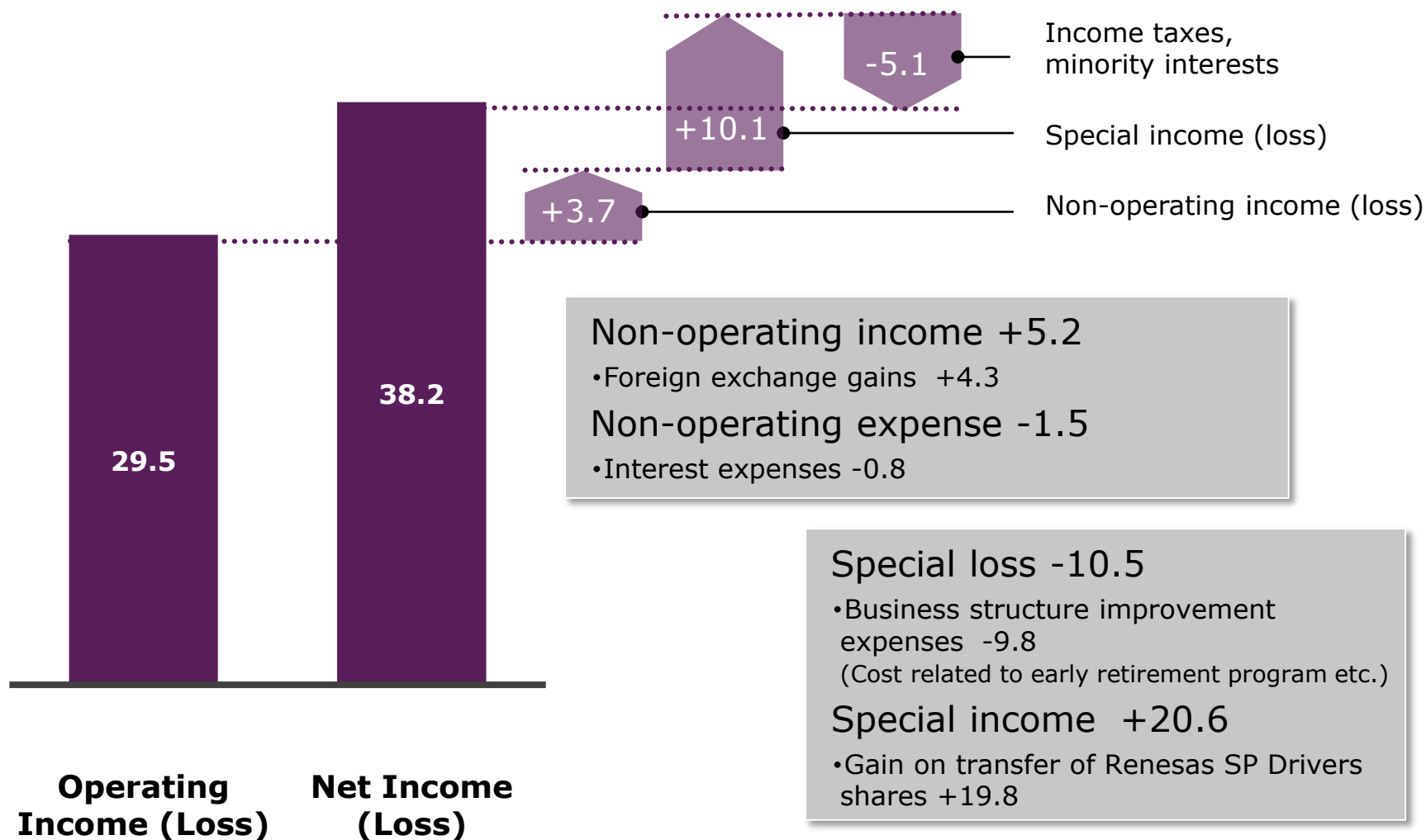


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FY15/3 Q3

Net Income (Loss) (B yen)

- Despite the special loss from the early retirement program, net income was 38.2 B yen, due to special income from the transfer of shares in Renesas SP Drivers



FY15/3 Q3

Balance Sheets

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

(B yen)	As of Mar. 31, 2014	As of Sep. 30, 2014	As of Dec. 31, 2014
Total Assets	786.0	836.8	854.6
Cash and Cash Equivalents	265.9	288.2	335.8
Inventories	126.1	119.6	109.5
Liabilities	558.7	588.2	568.7
Interest-Bearing Debt	270.9	268.9	262.1
Shareholders' Equity	220.6	230.6	268.8
Net Assets	227.3	248.6	285.9
D/E Ratio (Gross)	1.26	1.15	0.93
Equity Ratio	27.3%	27.9%	33.2%

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 Q3

Cash Flows

- Despite the payments for extra retirement benefits in accordance with the implementation of early retirement program, Q3 free cash flows climbed to the highest level to date on a quarterly 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	Q1	Q2	Q3
Cash Flows from Operating Activities	28.4	9.0	33.9	22.4	2.0	49.5	41.0
Cash Flows from Investing Activities	-2.5	-6.5	-3.4	-6.8	-10.9	-14.9	7.2
Free Cash Flows	25.9	2.5	30.5	15.6	-8.9	34.7	48.2

II. FY15/3 Financial Forecasts

FY15/3 Consolidated Financial Forecasts

- Though full-year semiconductor sales are expected to decrease by 6% YoY to 748.0 B yen, excluding sales from Renesas SP Drivers, it is expected to decrease by 3% YoY
- With the progress of fixed-cost reduction, operating income is expected to be 98.0 B yen, a 30.4 B yen increase YoY and net income of 74.0 B yen is expected, a 79.3 B yen increase YoY

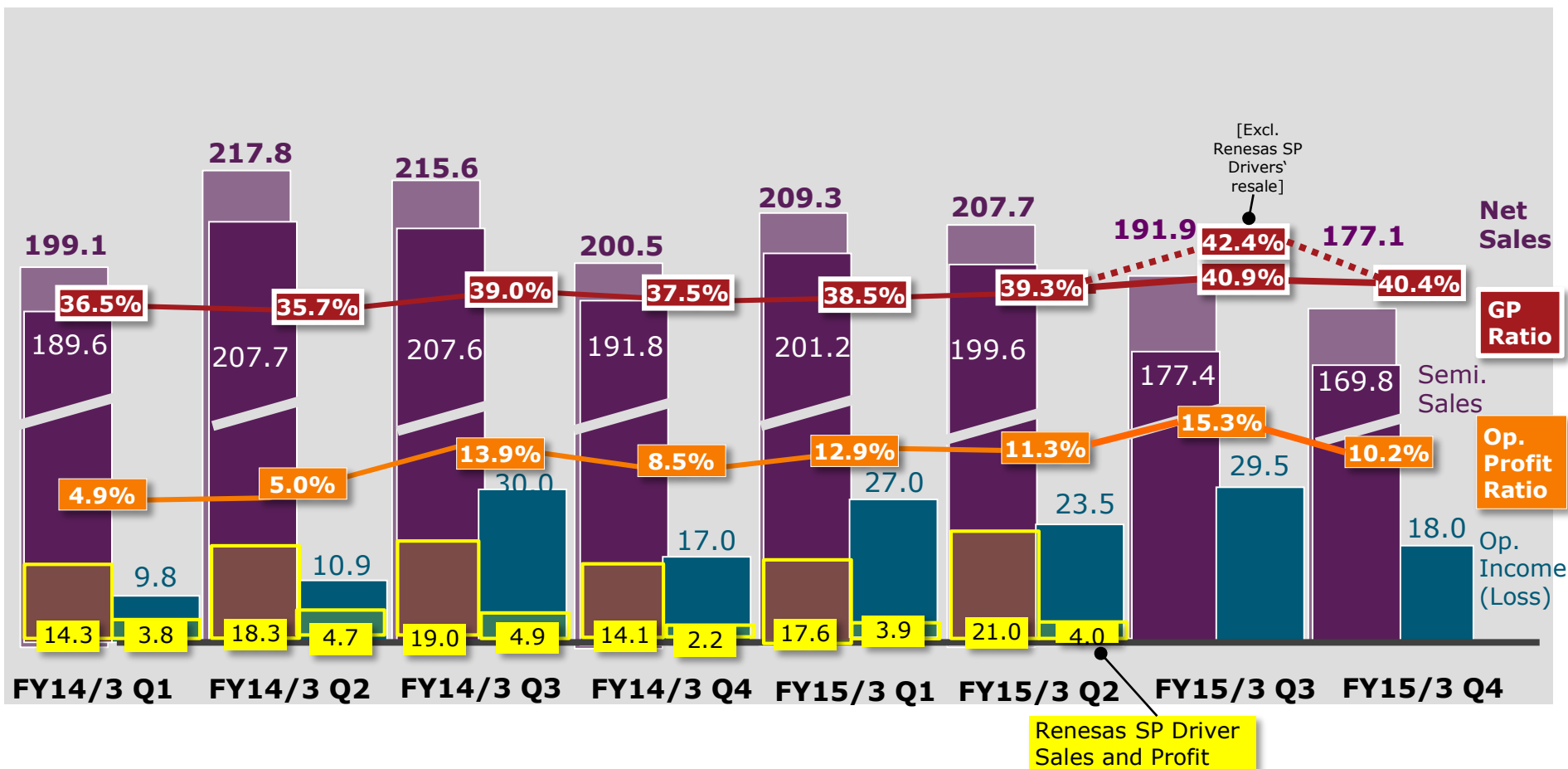
(B yen)	FY14/3			FY15/3						
	Q3 (Cumulative)	Q4	Full Year	Q3	Q3 (Cumulative)	Q4	QoQ	YoY	Full Year	YoY
Net Sales [Excl. Renesas SP Drivers]*	632.5 [580.9]	200.5 [186.4]	833.0 [767.4]	191.9 [185.2]	608.9 [563.6]	177.1	-14.8 (7.7%) [-8.1/ -4.4%]	-23.4 (-11.7%) [-9.3/ -5.0%]	786.0 [740.8]	-47.0 (-5.6%) [-26.6/ -3.5%]
Semi. Sales [Excl. Renesas SP Drivers]*	605.0 [553.4]	191.8 [177.7]	796.8 [731.1]	177.4	578.2	169.8	-7.6 (-4.3%)	-22.0 (-11.5%) [-7.9/ -4.5%]	748.0 [709.5]	-48.8 (-6.1%) [-21.7/ -3.0%]
Gross Profit (Ratio) [Excl. Renesas SP Drivers]*	234.5 (37.1%) [37.2%]	75.2 (37.5%) [38.0%]	309.7 (37.2%) [37.4%]	78.6 (40.9%) [42.4%]	240.7 (39.5%) [40.5%]	71.5 (40.4%)	-7.1 (-0.6Pt.)	-3.7 (+2.9Pt.)	312.2 (39.7%) [40.4%]	+2.5 (+2.5Pt.) [+3.1Pt.]
Operating Income (Loss) (Ratio)	50.7 (8.0%)	17.0 (8.5%)	67.6 (8.1%)	29.5 (15.3%)	80.0 (13.1%)	18.0 (10.2%)	-11.4 (-5.2Pt.)	+1.0 (+1.7Pt.)	98.0 (12.5%)	+30.4 (+44.9%)
Ordinary Income (Loss)	43.2	15.4	58.6	33.2	82.3	15.7	-17.5 (-52.6%)	+0.3 (+2.2%)	98.0	+39.4 (+67.2%)
Net Income (Loss)	10.2	-15.5	-5.3	38.2	73.3	0.7	-37.5 (-98.2%)	+16.2	74.0	+79.3
(Ref) Special Income (Loss)	-20.7	-27.5	-48.1	10.1	3.6	-12.6	-22.7	+14.9	-9.0	+39.1
1 US\$ =	98 yen	103 yen	100 yen	110 yen	105 yen	116 yen	6 yen weak	13 yen weak	108 yen	8 yen weak
1 Euro =	130 yen	141 yen	133 yen	140 yen	140 yen	141 yen	1 yen weak	---	140 yen	7 yen weak

*Excluding (1) sales of the former Renesas SP Drivers' sales 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 and Forecasts

(B Yen)

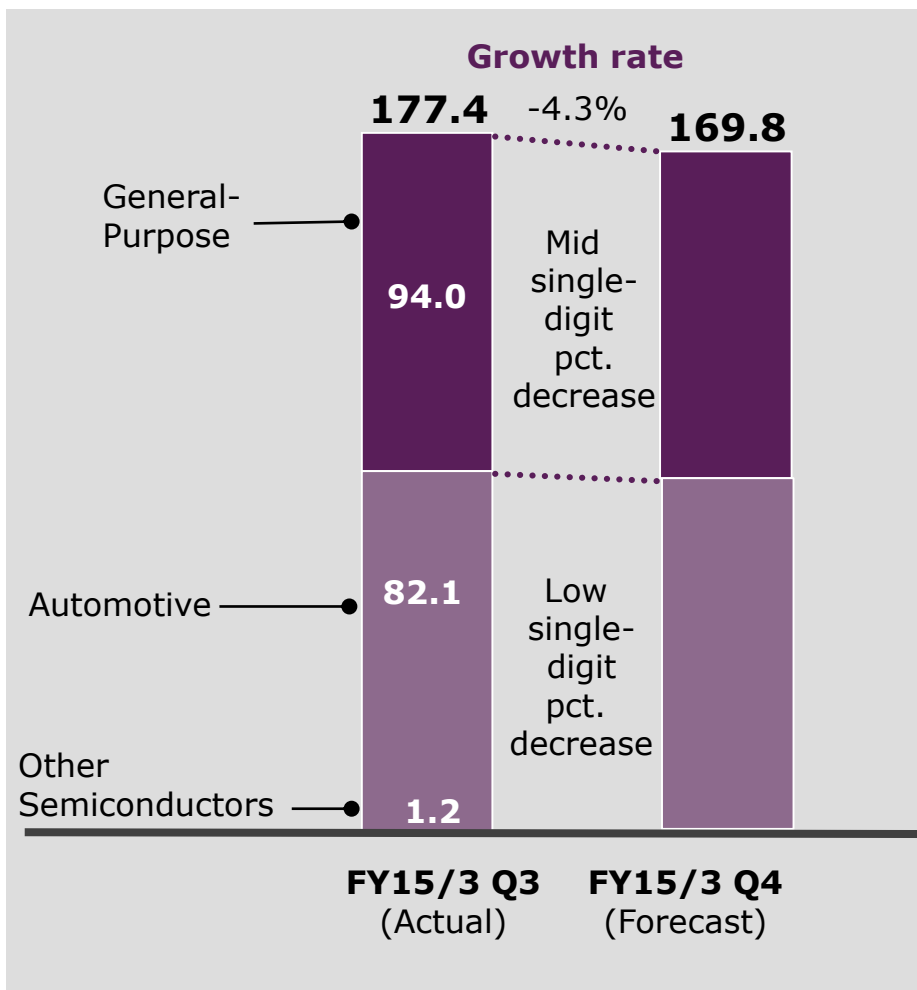
- Due to decreased sales, Q4 gross profit ratio is expected to decrease from the actual result that excludes the Renesas SP Drivers' resale



FY15/3 Q4

Semiconductor Sales Forecast (QoQ / B yen)

- Sales of Automotive are expected to remain almost flat versus the previous quarter, while sales of General-Purpose are expected to decrease by mid single-digit percent QoQ, due to impact from business withdrawal in addition to seasonal factors



Major factors affecting Q4 semiconductor sales

General Purpose

- Sales of Industrial/HE are expected to remain almost flat QoQ thanks to continuously solid sales of Industrial products
- Sales of OA/ICT and Other General-Purpose products are expected to decrease QoQ mainly due to impact from business withdrawal

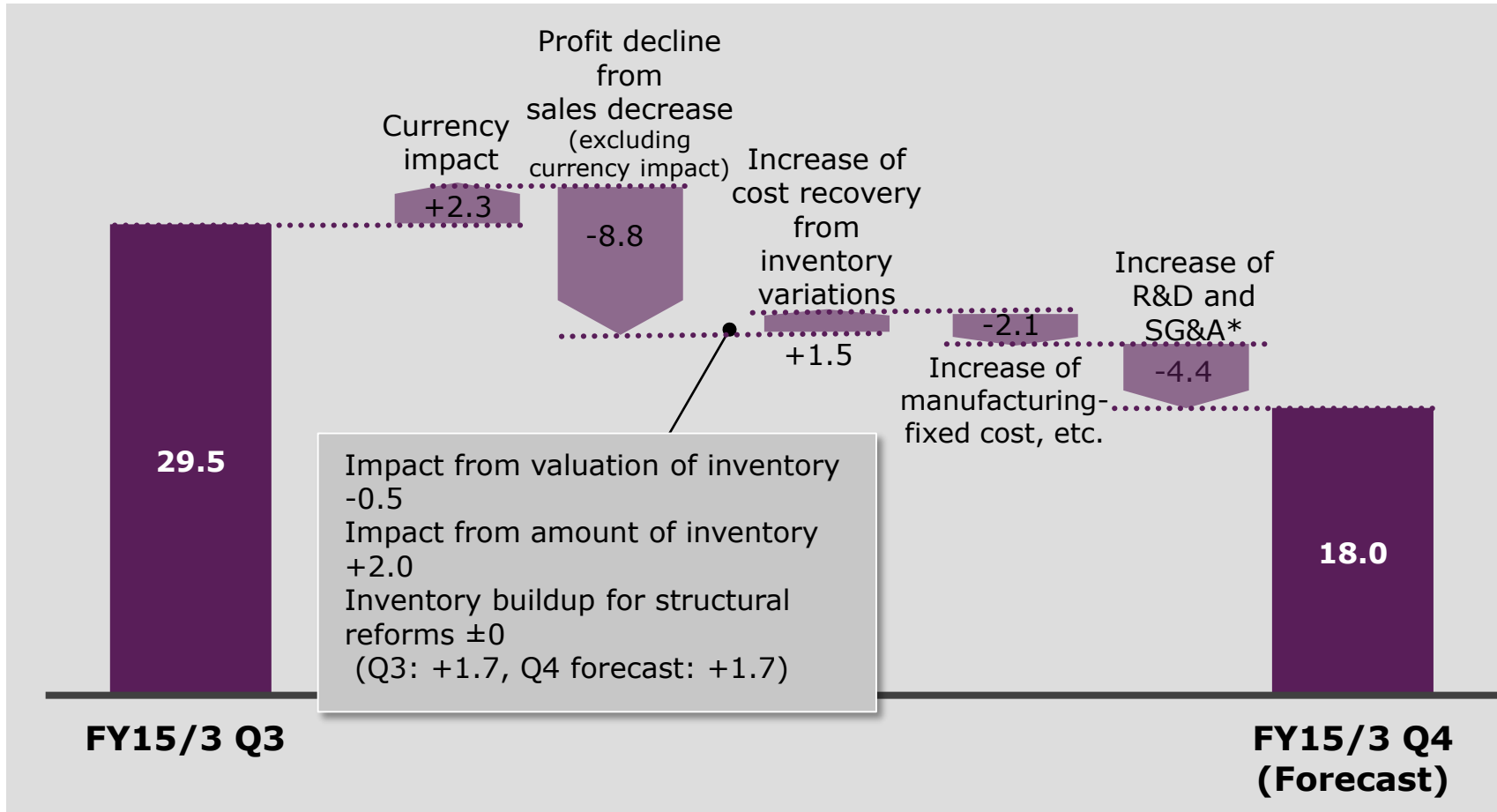
Automotive

- Sales of Automotive Control are expected to increase QoQ, while sales of Automotive Information are expected to decrease QoQ

FY15/3 Q4

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

- Despite a currency impact and increase in cost recovery from inventory variations, operating income is expected to decrease by 11.4 B yen QoQ, mainly due to profit decline from decrease in sales and seasonal cost increases at the year-end

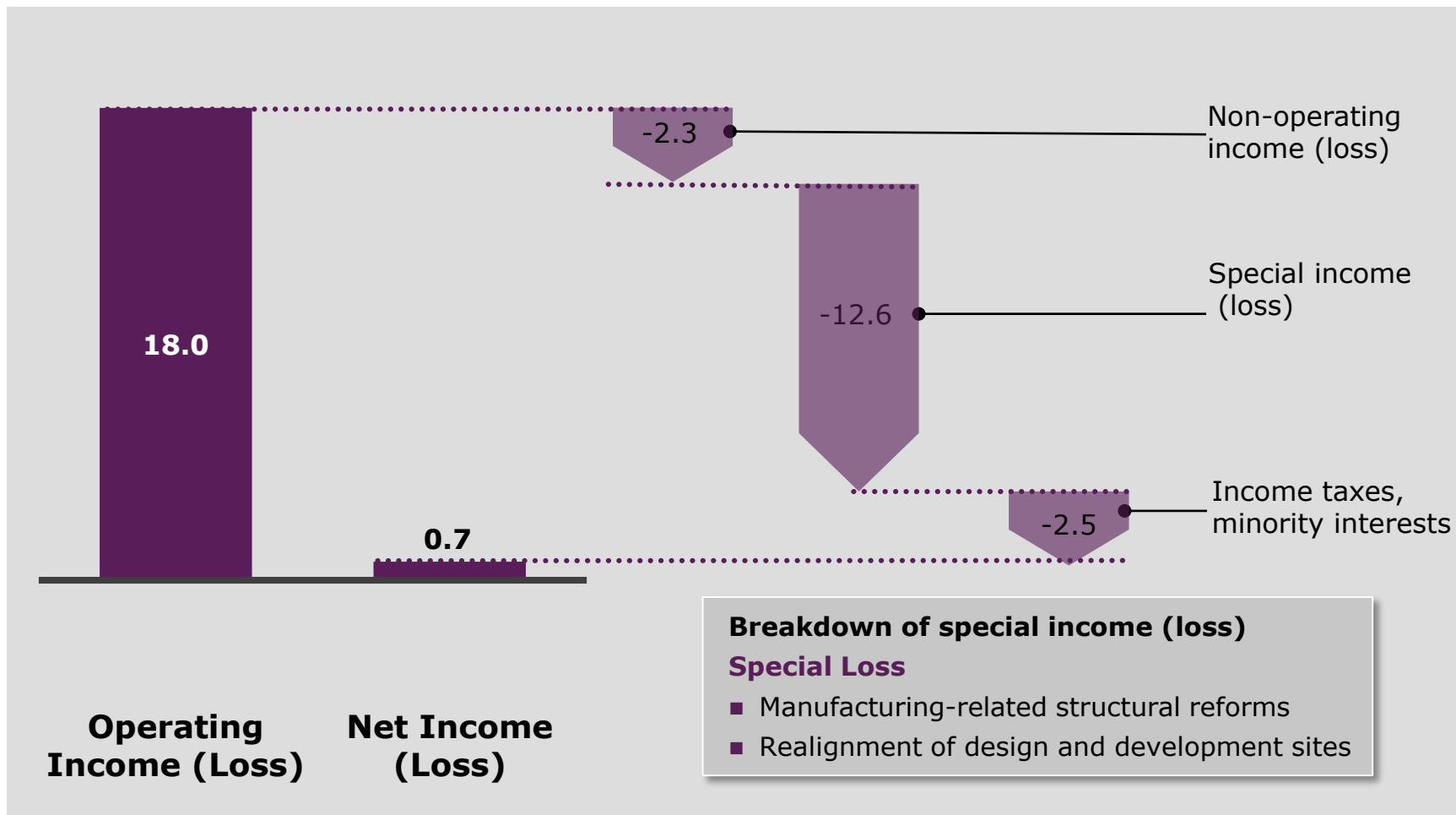


*R&D: Research and Development, SG&A: Selling, general and administrative expenses

FY15/3 Q4

Net Income (Loss) Forecast (B yen)

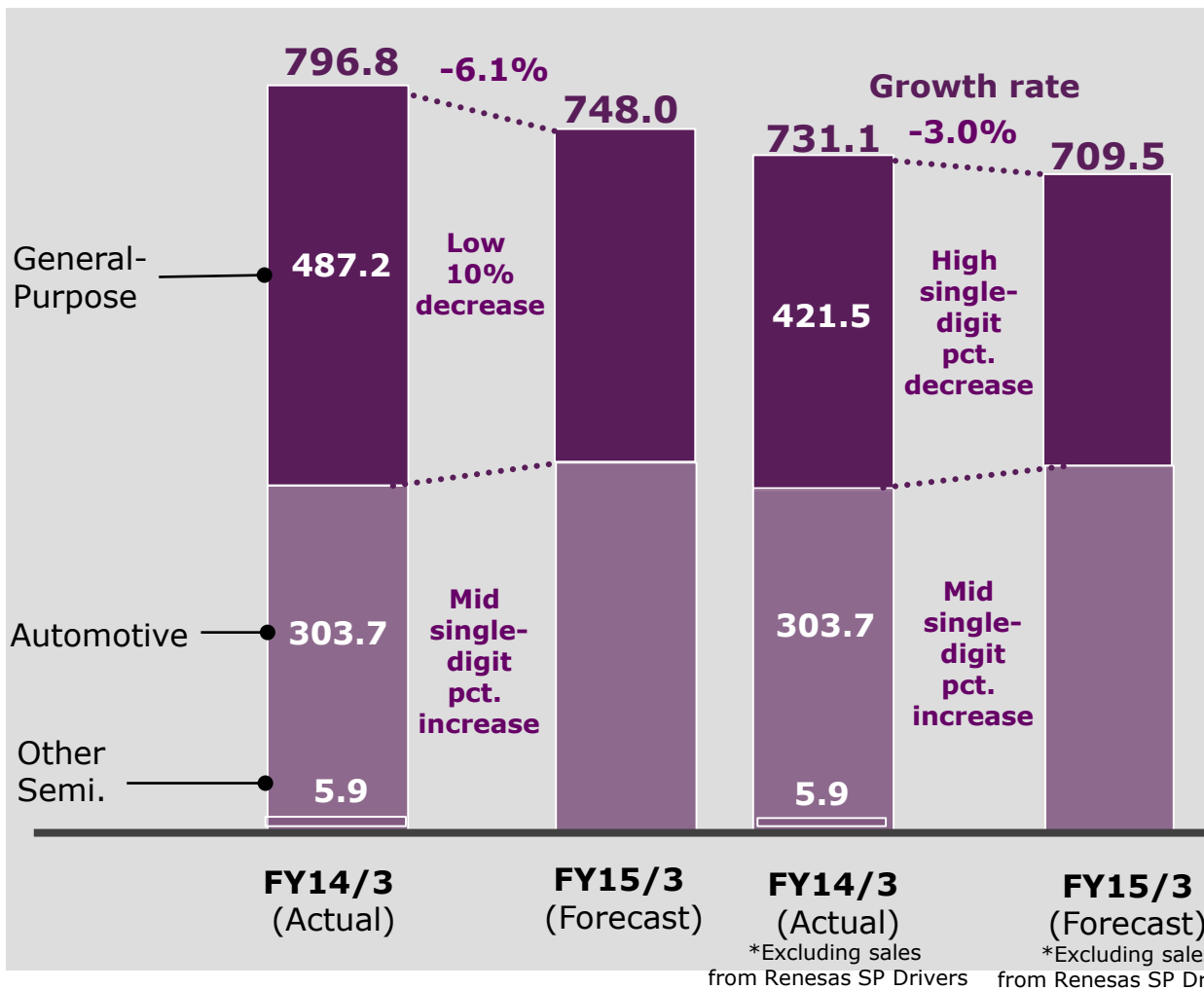
- Q4 net income is expected to be 0.7 B yen, due to special loss from manufacturing-related structural reforms, etc.



FY15/3 Full-Year

Semiconductor Sales Forecast (YoY / B yen)

- Excluding sales from Renesas SP Drivers, sales of Automotive are expected to increase by mid single-digit percent YoY supported by steady market demands, while sales of General-Purpose are expected to decrease by high single-digit percent YoY, impacted by business withdrawal



Major factors affecting full-year semiconductor sales

General Purpose

- Sales of Industrial/HE are expected to increase YoY thanks to solid sales of Industrial products
- Sales of OA/ICT and Other General-Purpose products are expected to decrease YoY mainly due to impact from business withdrawal

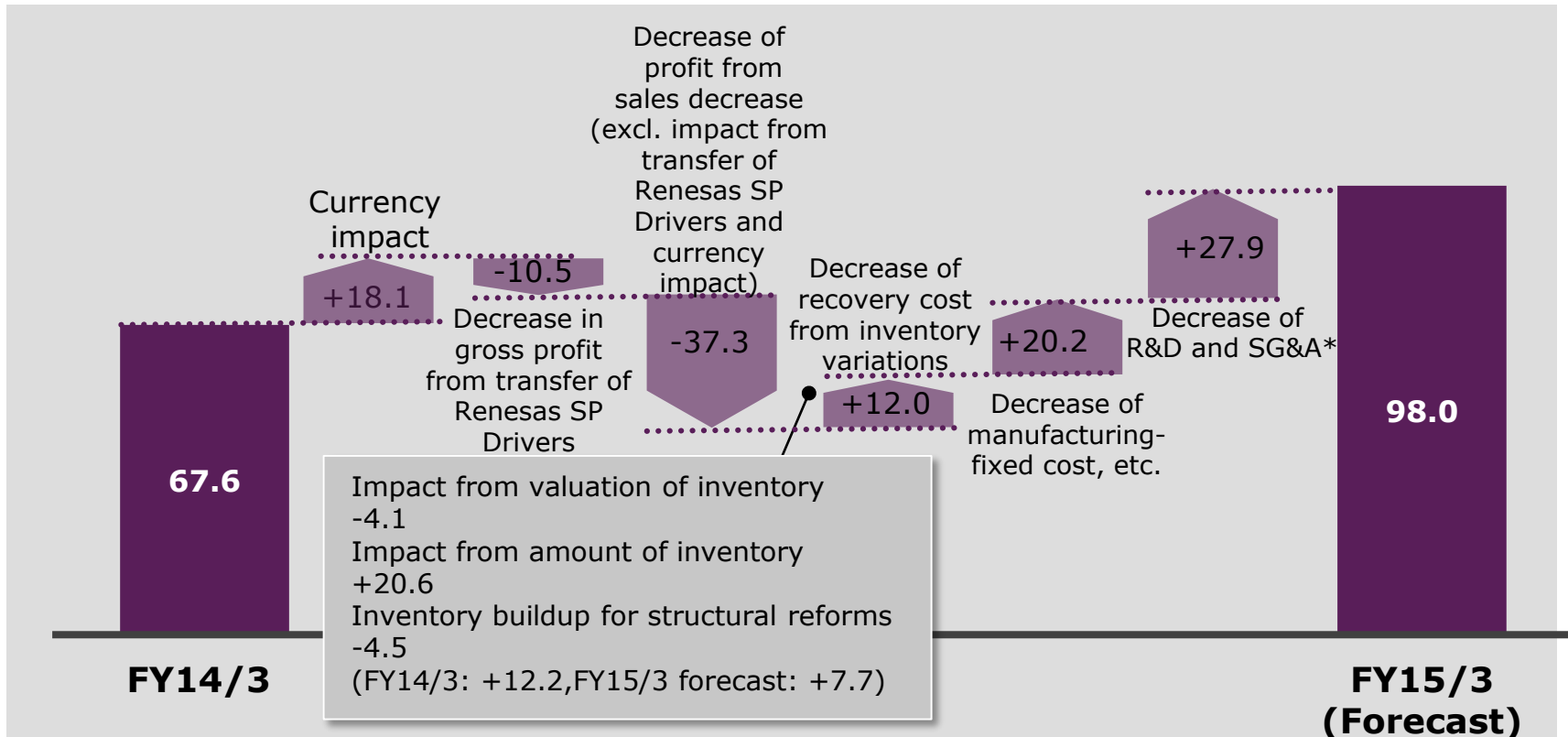
Automotive

- Sales of both Automotive Control and Automotive Information are expected to increase YoY

FY15/3 Full-Year

Operating Income (Loss) Forecast (YoY / B yen)

- Despite a decrease of profit from sales decline, operating income is expected to increase by 30.4 B yen YoY, due to improved product mix and positive impact from fixed-cost reduction
- 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

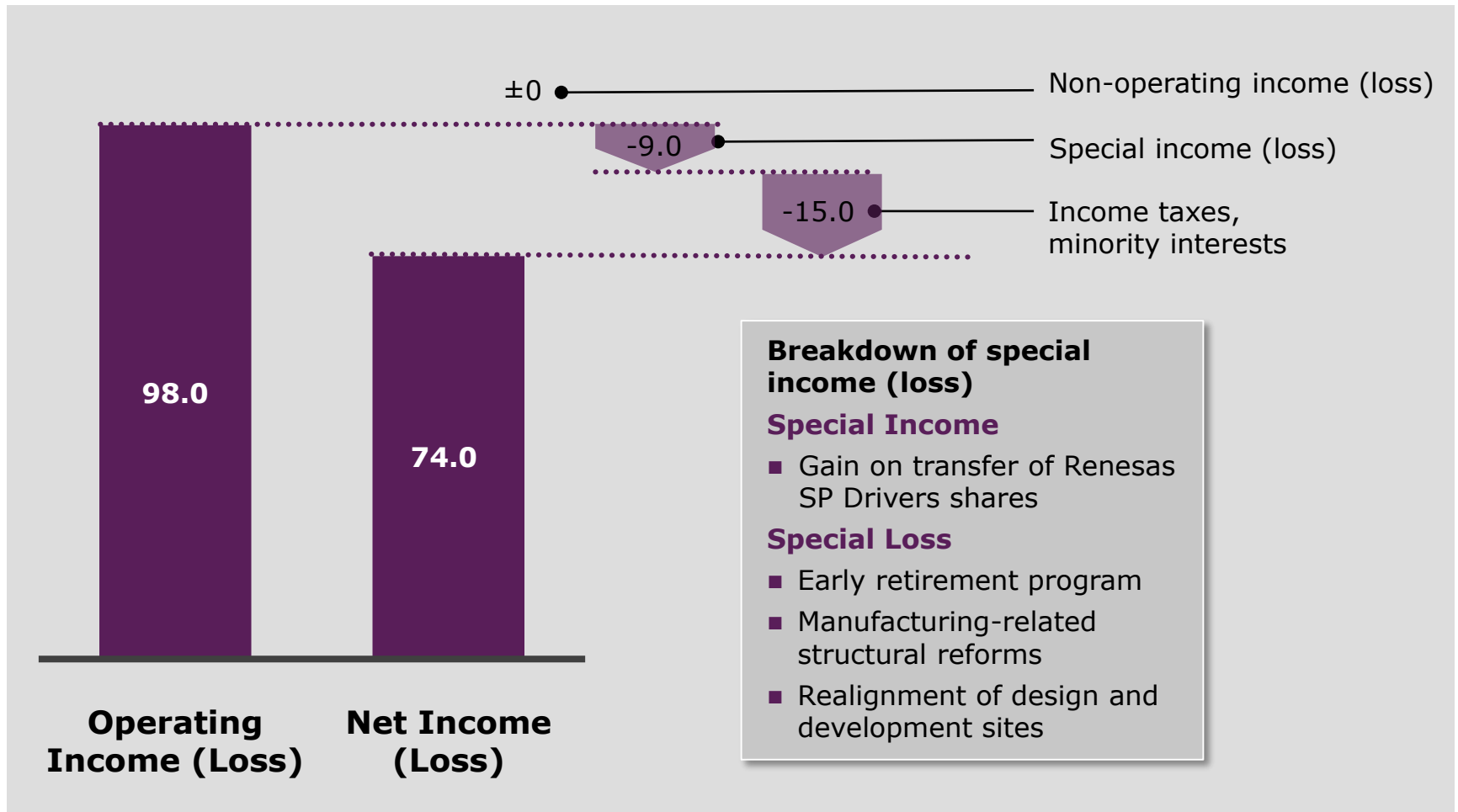


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FY15/3 Full-Year

Net Income (Loss) Forecast (B yen)

- Expect to achieve net income of 74.0 B yen, mainly due to special income of 19.8 B yen from transfer of Renesas SP Drivers shares, in spite of recording special loss from structural reforms including implementation of early retirement program



(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.

