



FY16/12 FINANCIAL RESULTS

RENESAS ELECTRONICS CORPORATION
FEBRUARY 8, 2017

FY16/12 FINANCIAL RESULTS

Since FY16/3, Renesas Electronics Group (hereinafter “the Group”) started to disclose Non-GAAP financial measures (hereinafter “Non-GAAP basis”) used for management’s decision making. The Group defines the Non-GAAP consolidated financial results as financial accounting figures (hereinafter “GAAP”) excluding non-recurring and other items. The Group believes Non-GAAP operating income is useful information to understand its recurring operating performance.

The Group implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31 starting from the fiscal year 2016. The fiscal year 2016 (fiscal year ended December 31, 2016) in which the transition to the new accounting period took place, comprised the financial results for the nine months from April 1, 2016, to December 31, 2016.

CHANGE OF FISCAL TERM

- Implemented a change in fiscal term starting from FY2016 in which the fiscal year-end changed from March 31 to December 31
- FY2016 comprised the nine months from April 2016 to December 2016
- In this presentation, financial results prepared on a calendar year basis (Jan-Dec) are mainly used for financial performance comparison. Please refer to the appendix for financial results for the nine months (Apr-Dec) stated on a financial reporting basis.

Calendar year basis				Financial reporting basis							
2015				2016				2017			
Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
CY2015				CY2016				CY2017			
FY2015 (FY16/3)				FY2016 (FY16/12)				FY2017 (FY17/12)			

CY16 FINANCIAL SNAPSHOT (NON-GAAP BASIS*1)

YoY and QoQ results as well as the Change from Nov.2 FCT of the Net Sales and Semiconductor Sales are rounded off to one decimal place

(B yen)	CY15 (Jan-Dec)		CY16 (Jan-Dec)			
	Oct-Dec	12 months (Jan-Dec)	Jul-Sep	Oct-Dec	12 months (Jan-Dec)	YoY
Net Sales	164.8	707.7	152.6	166.4	638.8	-9.7%
Semi Sales	160.9	687.5	148.3	161.4	620.4	-9.8%
Gross Margin	42.2%	43.6%	42.5%	45.6%	43.6%	±0 pts
Operating Income (Margin)	22.7 (13.8%)	106.1 (15.0%)	16.6 (10.8%)	22.8 (13.7%)	78.0 (12.2%)	-28.1 (-2.8pts)
Net Income Attributable to Shareholders of Parent Company	16.3	78.6	11.4	25.9	62.0	-16.6
EBITDA*2	38.7	169.7	31.5	38.6	138.8	-30.9
1 US\$=	121 yen	121 yen	104 yen	105 yen	109 yen	12 yen strong
1 Euro=	134 yen	136 yen	116 yen	115 yen	121 yen	15 yen strong

*1 Non-GAAP Basis: Results excluding the impacts of sales and profit/loss of Renesas SP Drivers, impacts of profit/loss of LTE modem business and profit/loss from inventory buildup

*2 EBITDA: Operating income + Depreciation and amortization + Amortization of long-term prepaid expenses

CY16 HIGHLIGHTS (NON-GAAP BASIS)

Semi. Sales
¥620.4 B
 YoY: -9.8%

Gross Margin
43.6%
 YoY: ±0 pts

Operating Margin
12.2%
 YoY: -2.8 pts

Three factors affecting sales decline

- Stronger yen
- Earthquakes
- Withdrawal from non-focus products

Remained flat despite headwinds

- Sales decrease
- Increase in #s of low margin products
- Positive impact of structural reforms

OPEX^{*1} discipline helped hit the target

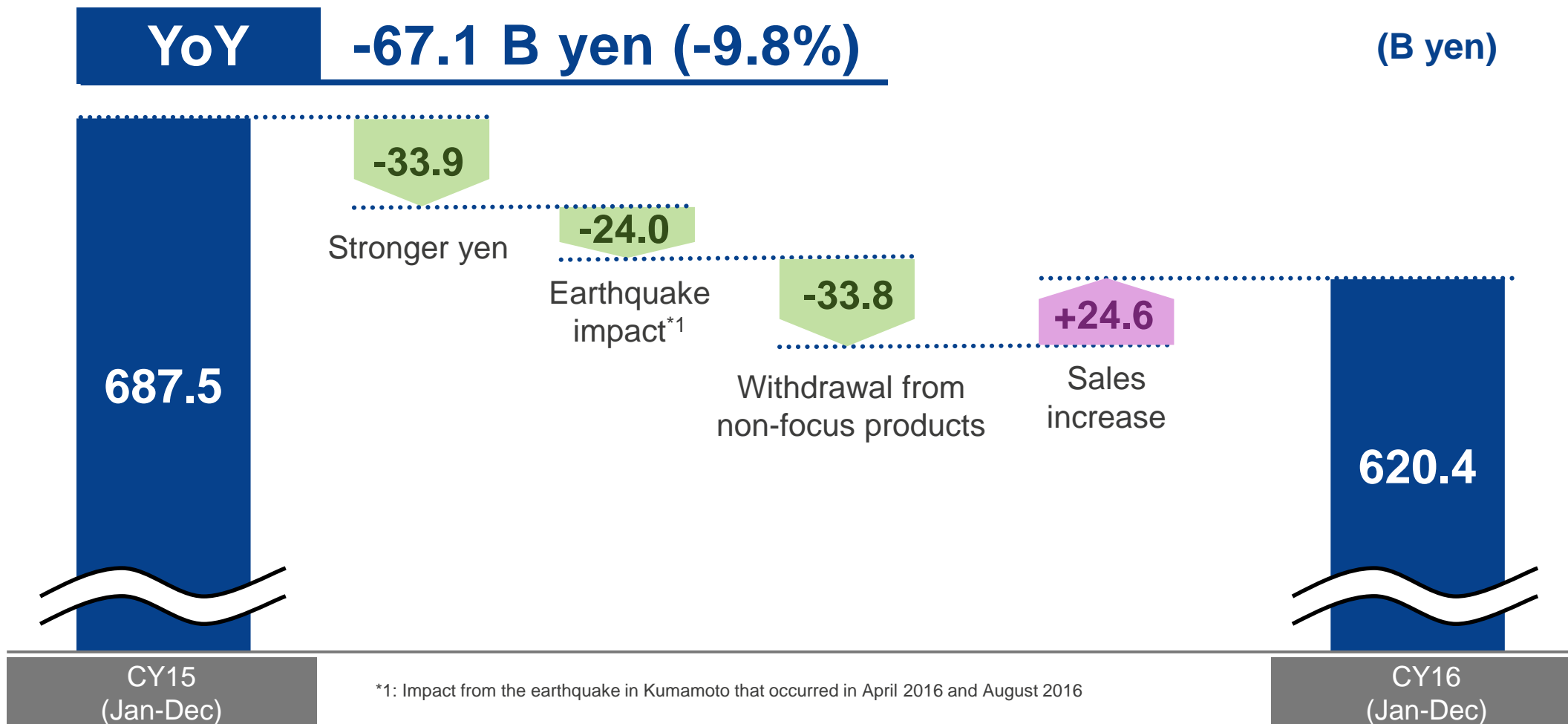
- More growth investment in R&D^{*2}
- Appropriate management of SG&A^{*3}

*1 OPEX : Operating expenses such as R&D and SG&A

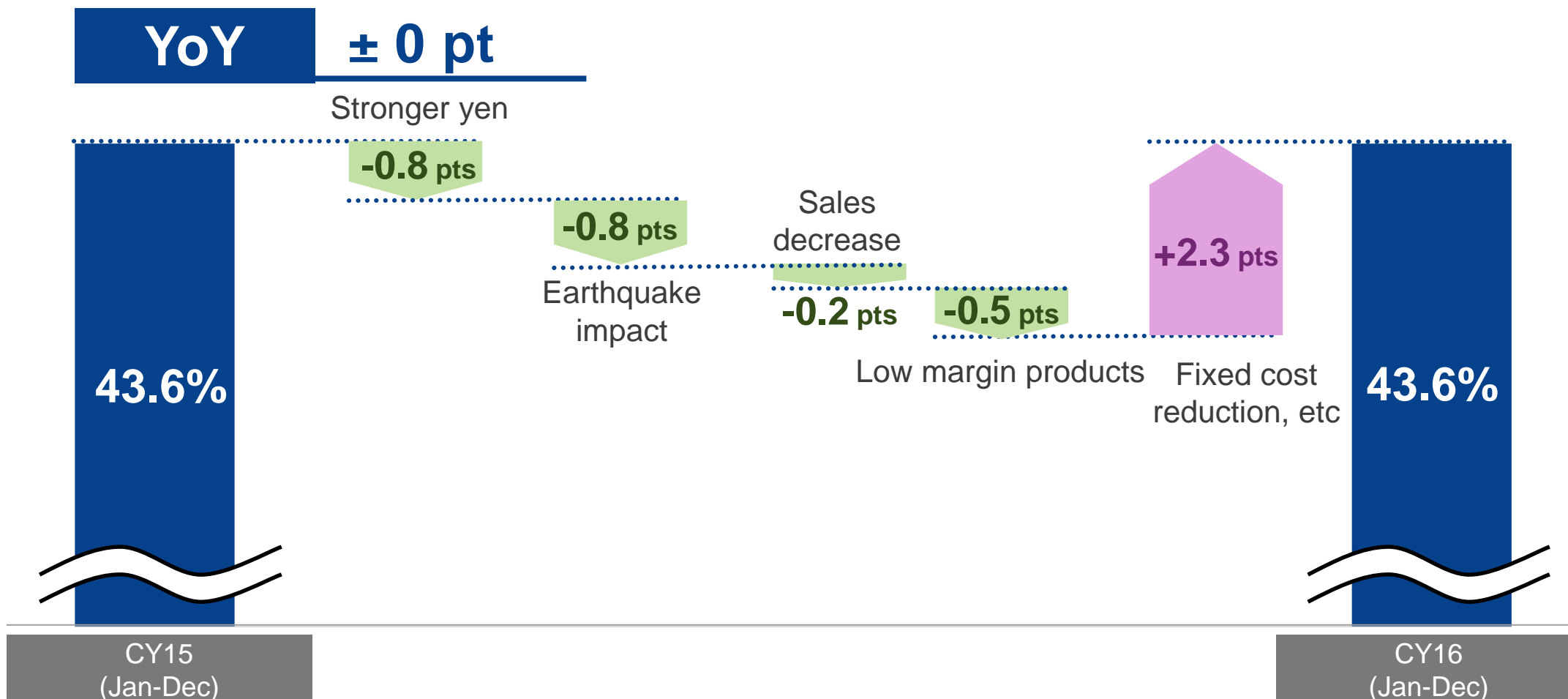
*2 R&D : Research & Development

*3 SG&A : Selling, general and administrative expenses

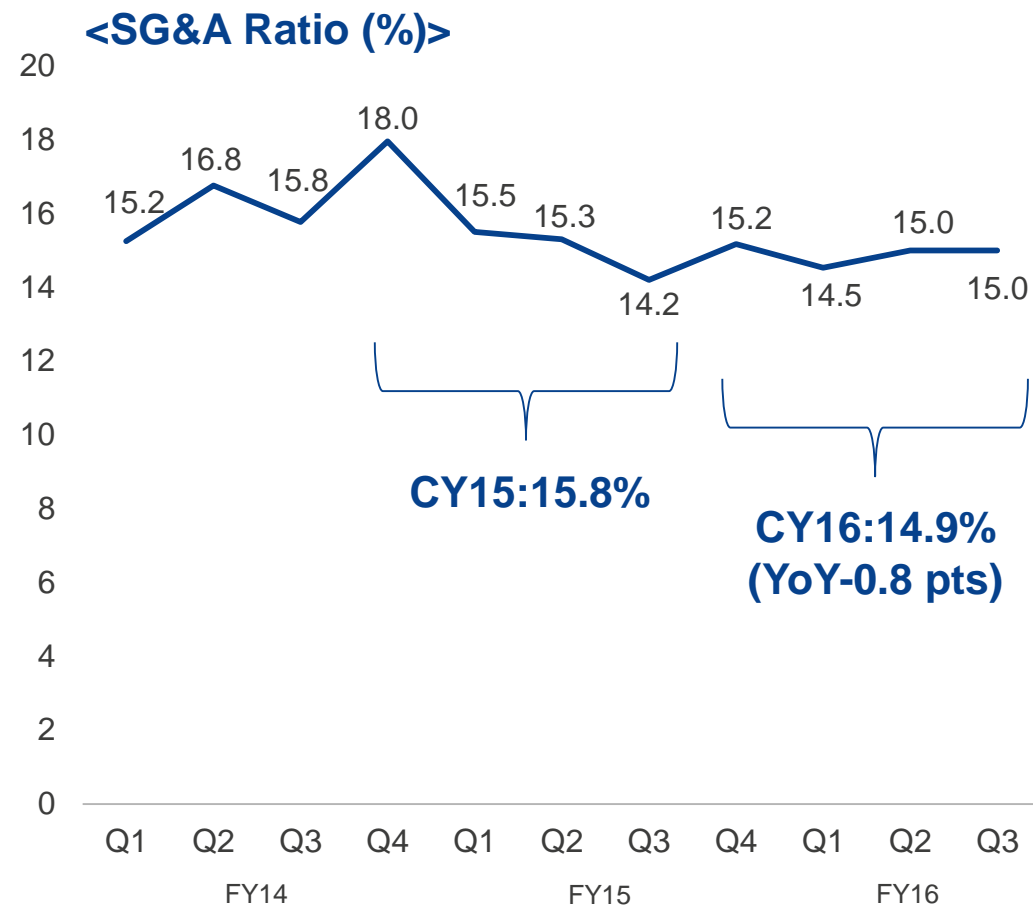
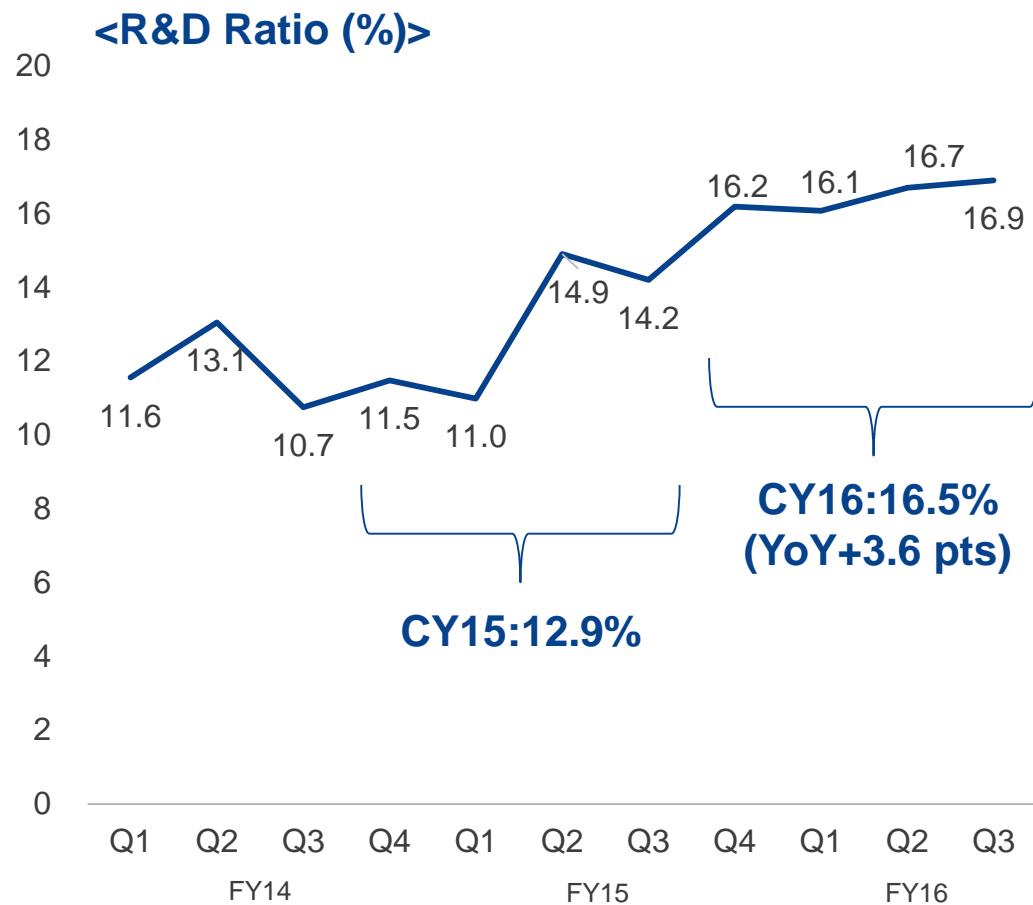
CY16 SEMICONDUCTOR SALES (NON-GAAP BASIS)



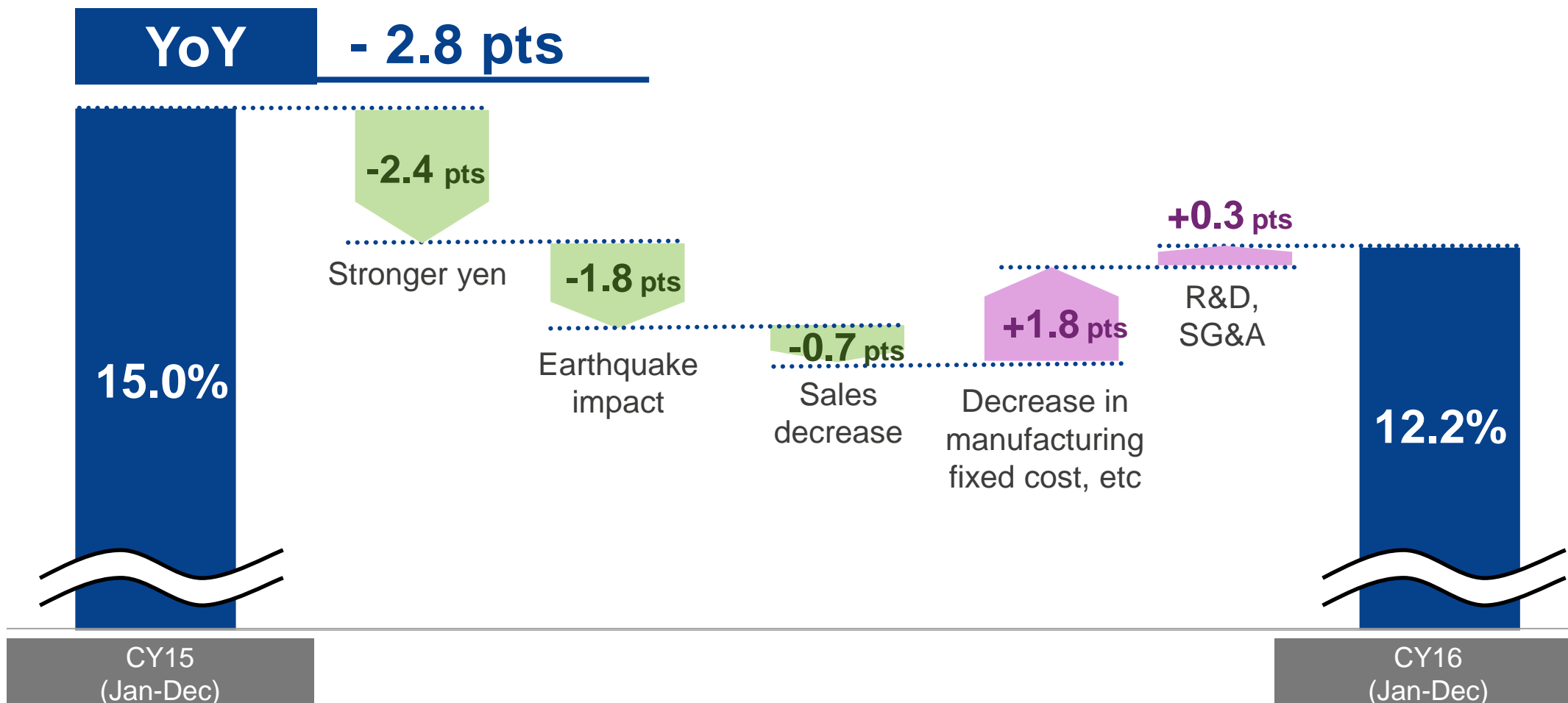
CY16 GROSS MARGIN (NON-GAAP BASIS)



OPEX TRAJECTORY (NON-GAAP BASIS)

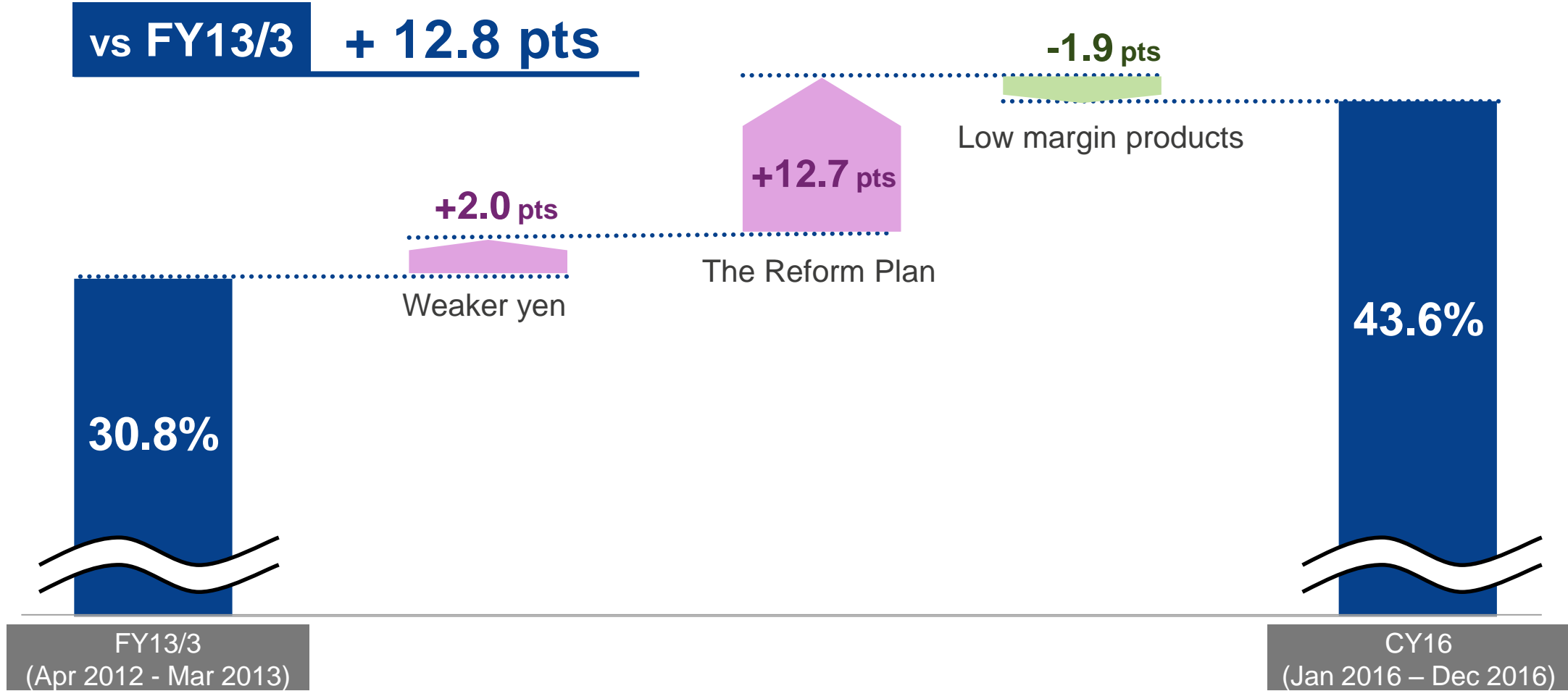


CY16 OPERATING MARGIN (NON-GAAP BASIS)



RESULTS OF THE REFORM PLAN: GROSS MARGIN (NON-GAAP BASIS)

vs FY13/3 + 12.8 pts



FY17 Q1 FINANCIAL FORECASTS

FY17 Q1 FINANCIAL FORECASTS (NON-GAAP BASIS)

(B yen)	FY16/3	FY16/12	FY17/12		
	Q4 (Jan-Mar)	Q3 (Oct-Dec)	Q1 Forecast (Jan-Mar)	YoY	QoQ
Net Sales	167.8	166.4	171.0	+1.9%	+2.7%
Semiconductor Sales	163.2	161.4	167.0	+2.3%	+3.5%
Gross Margin	42.1%	45.6%	43.5%	+1.4 pts	-2.1 pts
Operating Income (Margin)	17.8 (10.6%)	22.8 (13.7%)	23.3 (13.6%)	+5.5 (+3.0 pts)	+0.5 (-0.1 pts)
Net Income Attributable to Shareholders of Parent Company	12.4	25.9	19.3	+6.9	-6.6
EBITDA	33.3	38.6	38.8	+5.5	+0.2
1 US\$=	118 yen	105 yen	111 yen	7 yen strong	6 yen weak
1 Euro=	130 yen	115 yen	118 yen	12 yen strong	3 yen weak

HIGHLIGHTS OF FY17 Q1 FORECASTS (NON-GAAP BASIS)

Semi. Sales
¥167.0 B
QoQ: +3.5%

Gross Margin
43.5%
QoQ: -2.1 pts

Operating Margin
13.6%
QoQ: -0.1 pts

First step towards sales growth

- Continuing strong demand in automotive
- Recovery from the earthquake
- Weaker yen

Temporary decrease from inventory valuations despite sales increase

- Increase in gross margin from higher sales
- Loss on valuation of inventory from unit price revisions at the beginning of the term

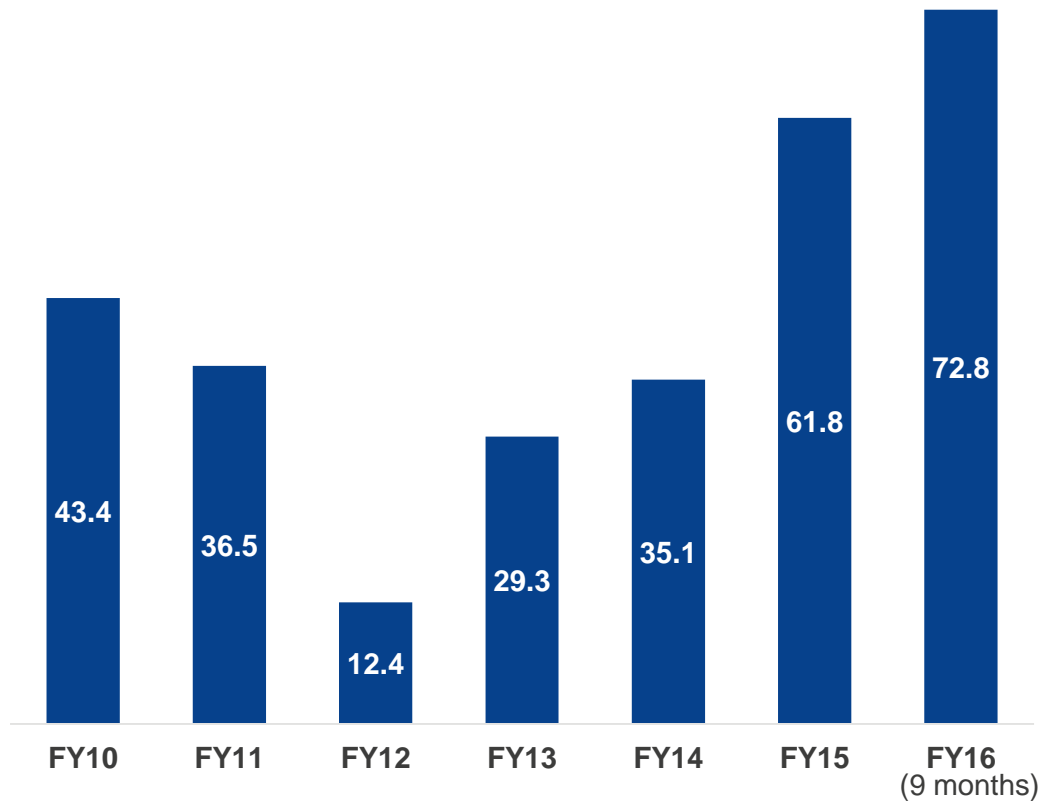
Cost increase in the previous quarter will level out

- Growth investment in R&D will continue
- Lower SG&A from leveling the cost

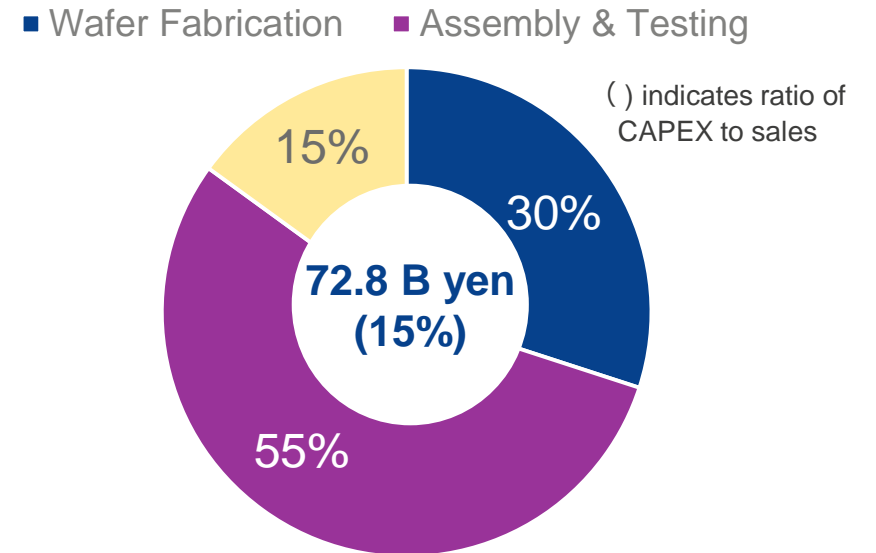
SECURE RESOURCES FOR FUTURE GROWTH

HIGHER CAPEX*1 IN FY2015-FY2016 WILL HELP SOLIDIFY THE GROWTH AND CONTRIBUTE TO THE MID-TERM GROWTH AND MARGIN IMPROVEMENTS

< CAPEX trajectory (B yen) >



< CAPEX for FY16 (Apr-Dec) >



- Wafer Fabrication**
 Increased production capacity for MCUs and Power MOSFETs/ IGBTs
- Assembly & Testing**
 Increased production capacity of back-end fabs in China and Malaysia

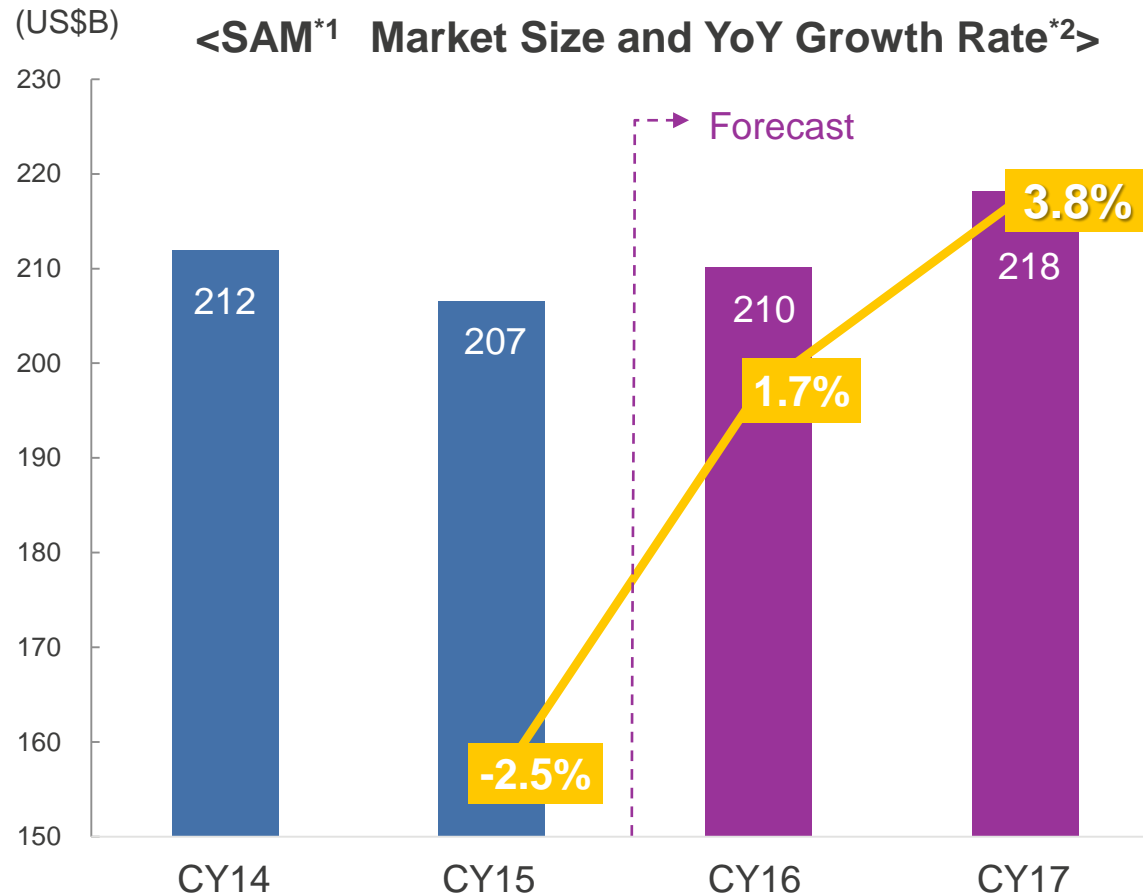
*1: The amount of order placed for property, plant and equipment (manufacturing equipment) and intangible assets

FY17 DIRECTION



2017 SEMICONDUCTOR MARKET

HIGH GROWTH RATES OF THE FOCUS MARKETS WILL HELP OUTPERFORM THE 3.8% SEMICONDUCTOR MARKET GROWTH RATE



*1 SAM (Served Available Market): Total semiconductor market excluding DRAM, flash memory (NAND, NOR), microprocessor, non-optical sensor

*2 Charts created by RENESAS based on Gartner research.

Source: Gartner, Semiconductor Forecast Database, Worldwide, 4Q16 Update 23 December 2016

Automotive semiconductor market (SAM)



CY17: YoY +5.6%*2

Expect steady growth, driven by increasing electronic content growth especially in autonomous vehicles

Industrial and consumer electronics semiconductor markets (SAM)

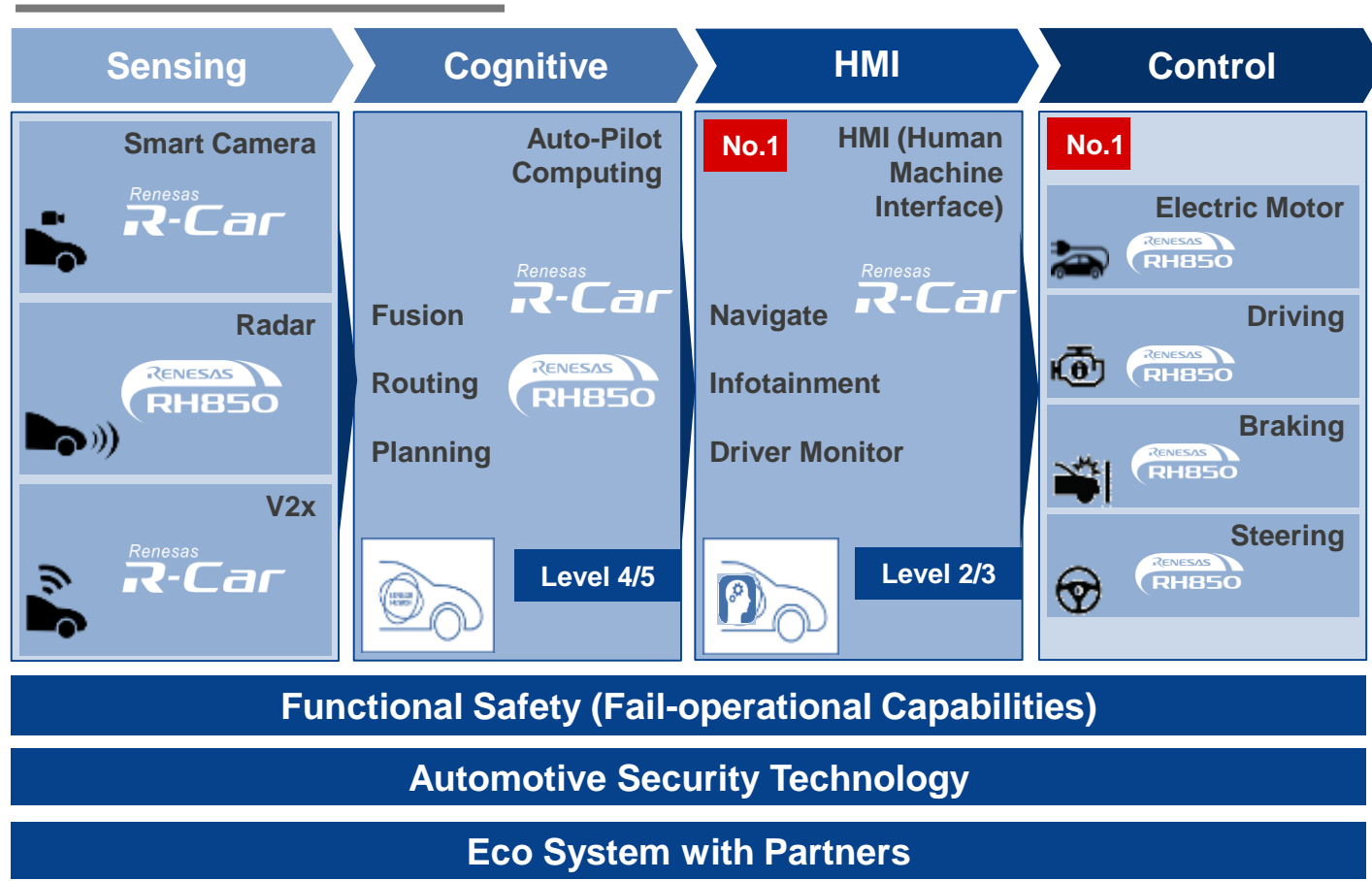


CY17: YoY +6.6%*2

IoT, Industry 4.0 and AI will continue to stay hot and will drive the market growth in 2017

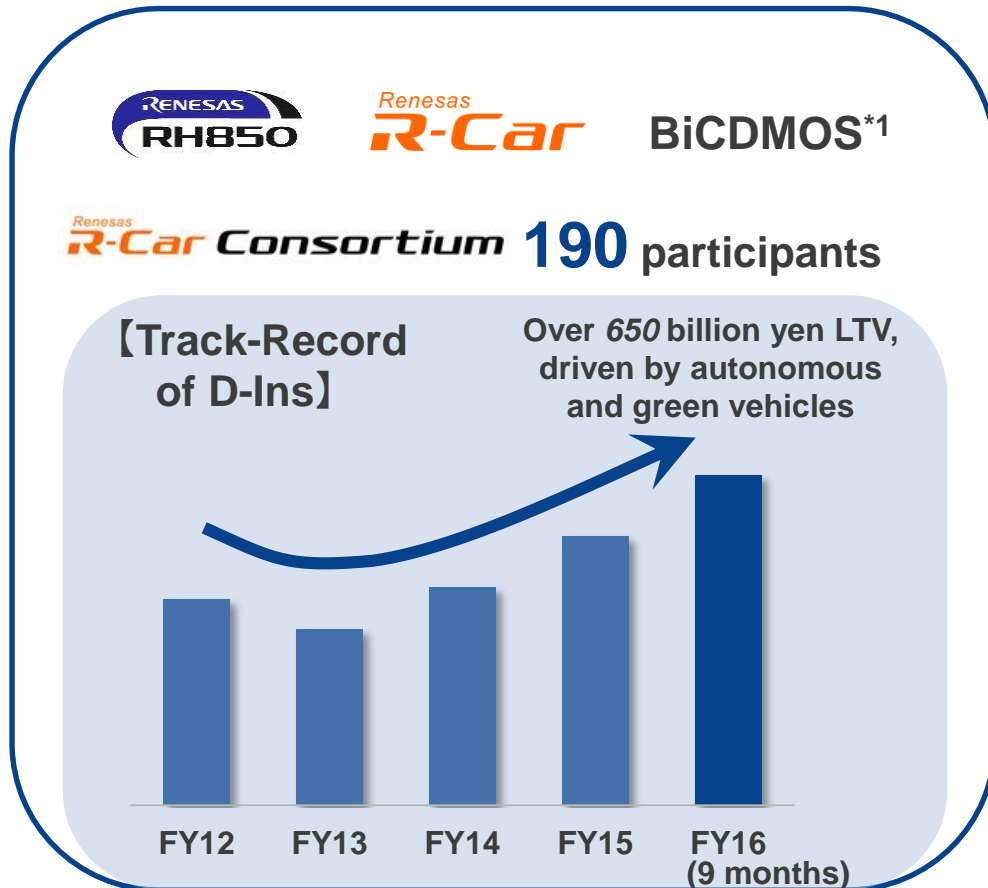
AUTONOMOUS VEHICLES REALIZED BY RENESAS SOLUTIONS

SHOWCASED AUTONOMOUS DRIVING DEMOS AT CES 2017 IN COLLABORATION WITH 8 PARTNERS



PROVEN TRACK RECORD IN AUTOMOTIVE INDUSTRY

FY16 DESIGN-IN AMOUNT MARKED THE HIGHEST RECORD IN 9 MONTHS
AND EXPANDED NEW CUSTOMER BASE



Examples of big design-ins over 10B yen Life Time Value (LTV)*2

	Customers	Mass production
ADAS	European automotive supplier, Company A	2019
	European automotive supplier, Company B	2019
	European automotive supplier, Company C	2019
HEV/EV	Chinese automotive manufacturer, Company D	2019
Info-tainment	Japanese automotive supplier, Company E	2019
Body	European automotive supplier, Company C	2019
Power-train	European automotive supplier, Company C	2019

*1: Bipolar CMOS DMOS

*2: A measurement of the total expected value (revenue) derived from a customer over their entire relationship with a company



MAKE THE WORLD SMARTER

DRIVE PROGRESS TOWARD A SMARTER WORLD WITH CORE TECHNOLOGIES AND ARE LEADING TO INCREASED DEALS

SMART HOME



- **Trusted secure IP-based MCU for IoT**
 - Over 500 deals in progress for HE and electric meters

SMART FACTORY



- **Industrial Ethernet controllers and servo motor controllers for FA in China**
 - 180 deals in progress, x3 more than in FY15

SMART INFRASTRUCTURE



- **Smart meter MCU for emerging countries**
 - Over 50% share in India's power meter market and is expanding into ASEAN

INTELLIGENCE (e-AI*1)

SENSING

ACTUATION

SECURITY

FUNCTIONAL SAFETY

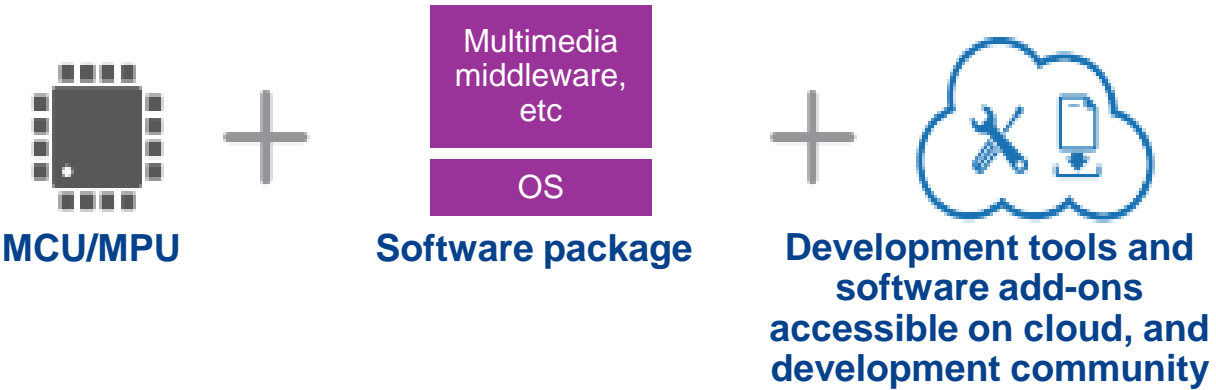
CONNECTIVITY

INNOVATIVE EMBEDDED DEVELOPMENT BY NEW PLATFORMS

QUALIFIED SOFTWARE PACKAGE OFFERINGS EXPAND VALUE PROPOSITION TO CUSTOMERS

Renesas Synergy™ Platform

RZ/G Linux Platform*1



Benefit to customers



▪ **Accelerate development**



▪ **Reduce total cost of ownership**



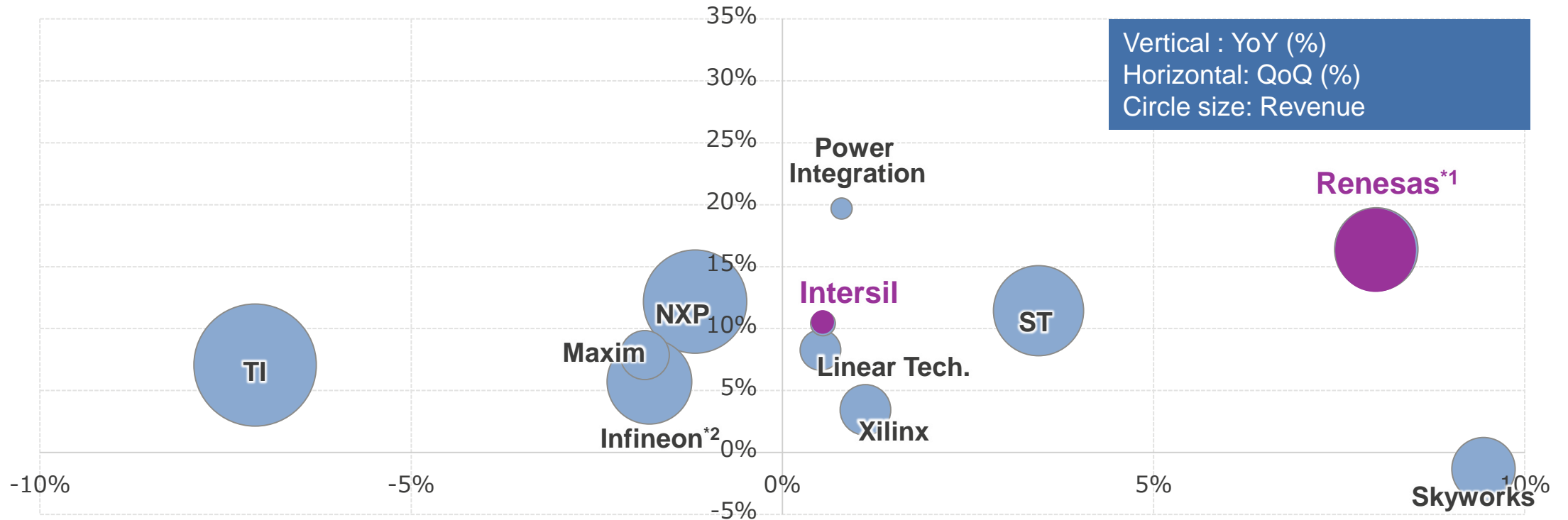
▪ **Lower barriers to entry**

*1 Announced in Japan on Oct 24, 2016

PEERS REVENUE GROWTH COMPARISON (OCT-DEC 2016)

RENESAS' REVENUE INCREASED BOTH QOQ & YOY AND IS ON GROWTH TRACK

QoQ & YoY Growth Comparison in Semiconductor Industry



*1: Renesas' net sales (Yen based) calculated on a US\$ basis

*2: Infineon's performance is based on Euro

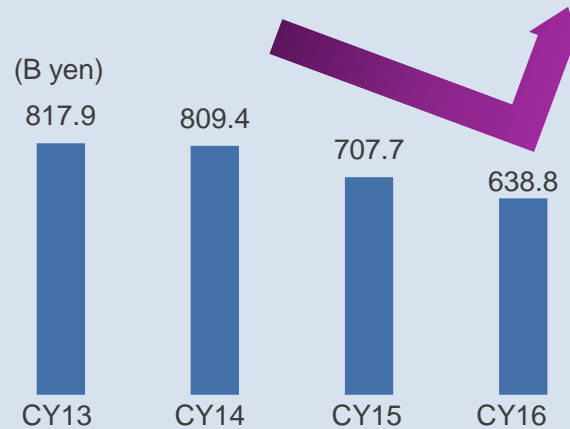
(Source : Company data)

READY FOR GROWTH

FY17 IS THE STARTING YEAR FOR THE MID-TERM GROWTH STRATEGY

▪ Sales

- Bottomed out in FY16
- Achieve growth in focus markets



▪ Profit

- Continue to focus R&D resources on growing markets
- Keep CAPEX at a high level to meet customer demand and to establish a new smarter manufacturing model with enhanced flexibility
- Expand gross margin from higher sales, efforts including integrating Intersil and gross margin improvements of low margin products

intersil™



APPENDIX

In this section, results for the nine months from April 1 to December 31, 2016 stated on a financial reporting basis are provided as an additional information.

GAAP/NON-GAAP RECONCILIATION

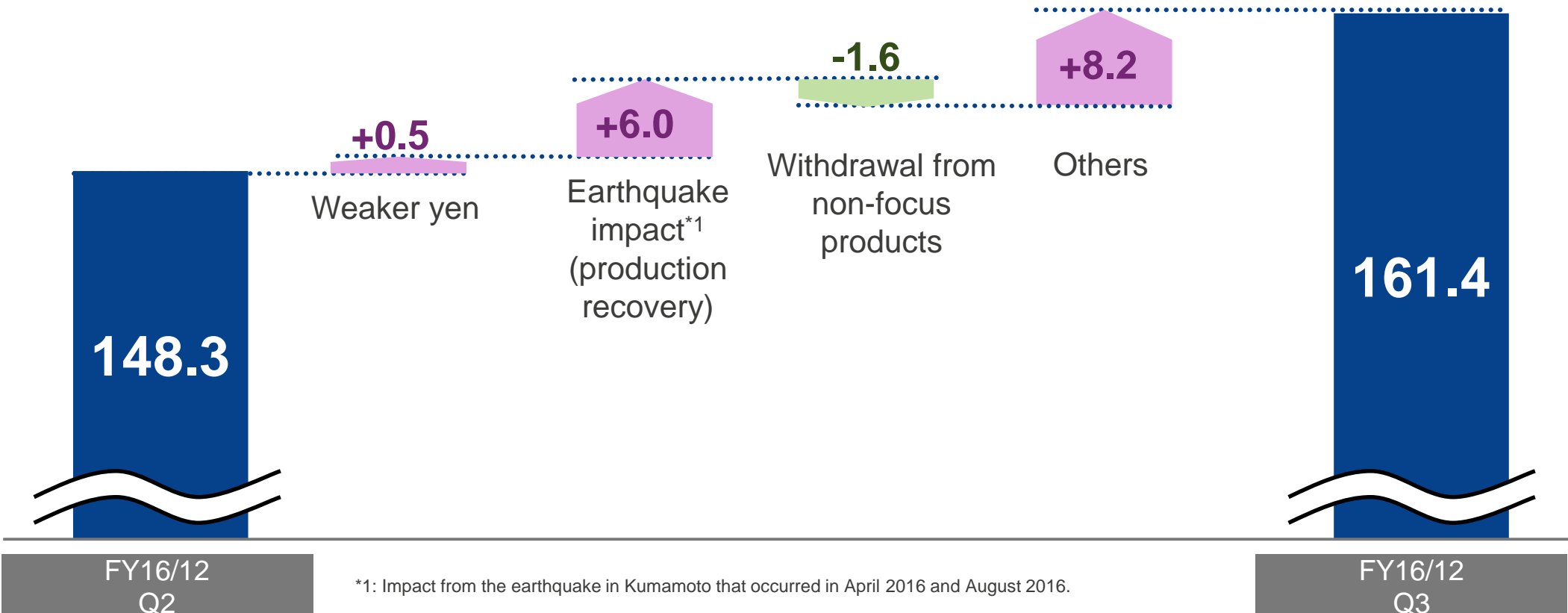
(B Yen)	FY15/3				FY16/3				FY16/12			FY17/12
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1
Semiconductor Sales (GAAP) ①	201.2	199.6	177.4	175.1	174.5	177.0	160.9	163.2	147.5	148.3	161.4	167.0
Renesas SP Drivers*1 ②	-17.6	-21.0	-	-	-	-	-	-	-	-	-	-
Semiconductor Sales (Non-GAAP) ①+②	183.6	178.6	177.4	175.1	174.5	177.0	160.9	163.2	147.5	148.3	161.4	167.0
Gross Profit (GAAP) ①	80.5	81.6	78.6	78.1	79.8	85.5	71.8	68.5	65.1	62.9	74.7	74.0
Renesas SP Drivers ②	-6.0	-6.4	-	-	-	-	-	-	-	-	-	-
Inventory Buildup*2 ③	-2.6	-1.7	-1.7	-1.4	-0.4	-2.3	-2.3	+2.1	+2.3	+2.0	+1.2	+0.3
Gross Profit (Non-GAAP) ①+②+③	71.9	73.5	76.9	76.7	79.4	83.2	69.5	70.6	67.4	64.9	75.9	74.3
Operating Income (GAAP) ①	27.0	23.5	29.5	24.4	32.4	30.7	25.0	15.7	18.6	14.6	21.6	23.0
Renesas SP Drivers ②	-3.9	-4.0	-	-	-	-	-	-	-	-	-	-
Inventory Buildup ④	-2.6	-1.7	-1.7	-1.4	-0.4	-2.3	-2.3	+2.1	+2.3	+2.0	+1.2	+0.3
Operating Income (Non-GAAP) ①+②+③+④	20.5	17.9	27.8	23.0	32.0	28.4	22.7	17.8	20.9	16.6	22.8	23.3
R&D (Renesas SP Drivers)	1.8	1.9	-	-	-	-	-	-	-	-	-	-
SG&A (Renesas SP Drivers)	0.3	0.5	-	-	-	-	-	-	-	-	-	-

*1 Renesas SP Drivers: Sales and operating income (loss) of the former Renesas SP Drivers, which was transferred on October 1, 2014

*2 Inventory Buildup: Amount of income (loss) from inventory buildup of the EOL products resulting from realignment of the factories

FY16/12 Q3 SEMICONDUCTOR SALES (NON-GAAP BASIS)

QoQ + 13.1 B yen (+8.8%) (B yen)

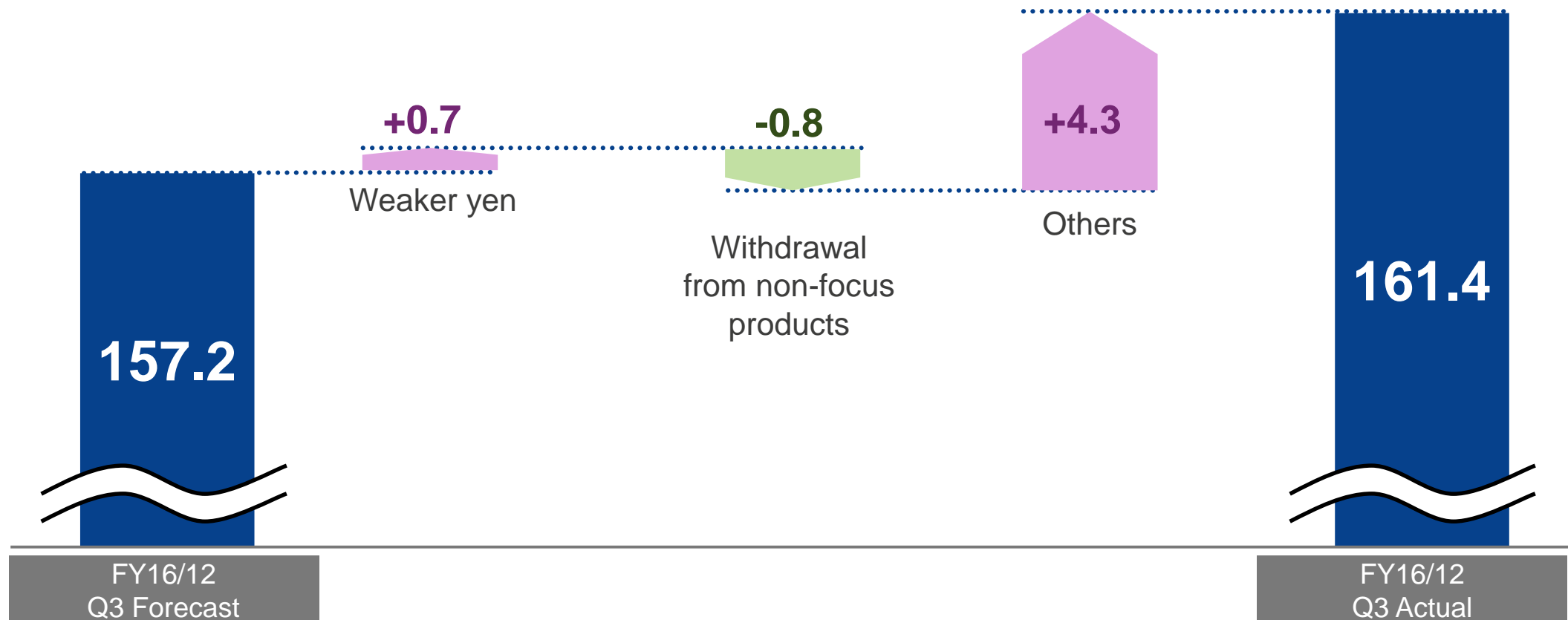


*1: Impact from the earthquake in Kumamoto that occurred in April 2016 and August 2016.

FY16/12 Q3 SEMICONDUCTOR SALES (NON-GAAP BASIS)

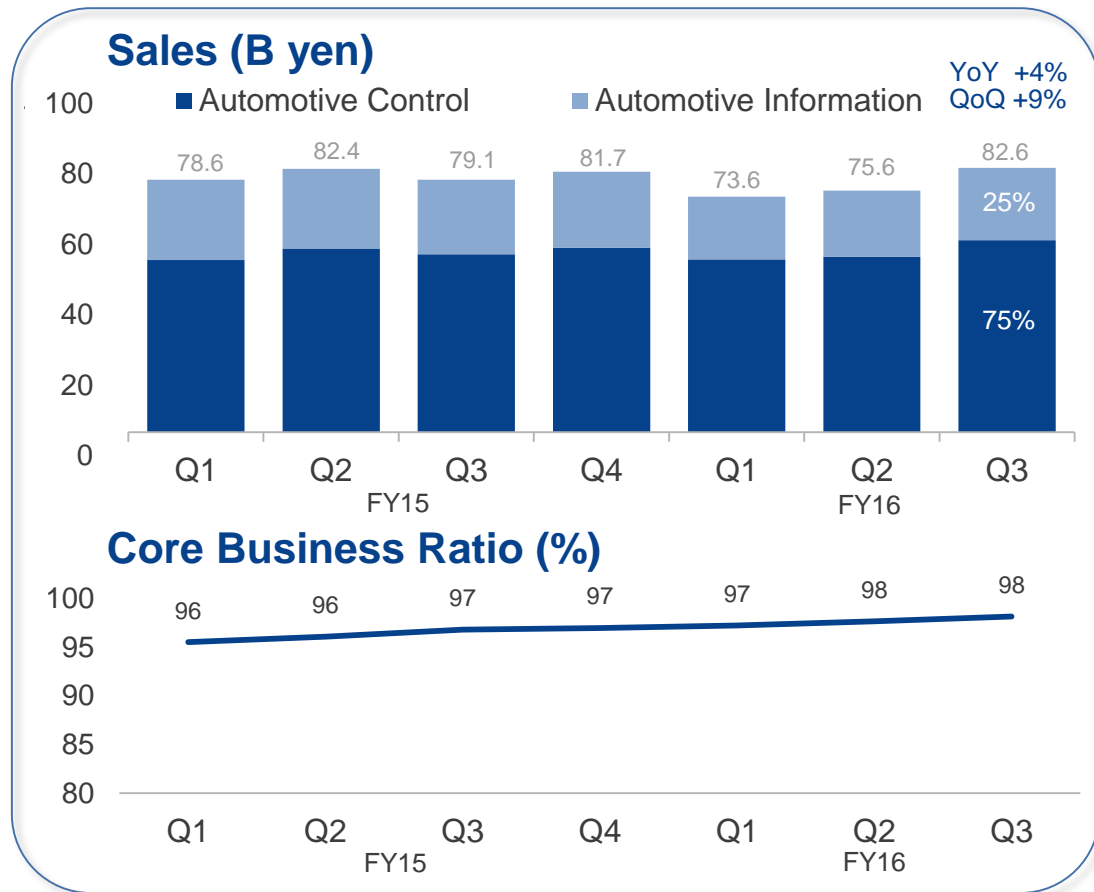
vs FCT + 4.2 B yen (+2.7%)

(B yen)

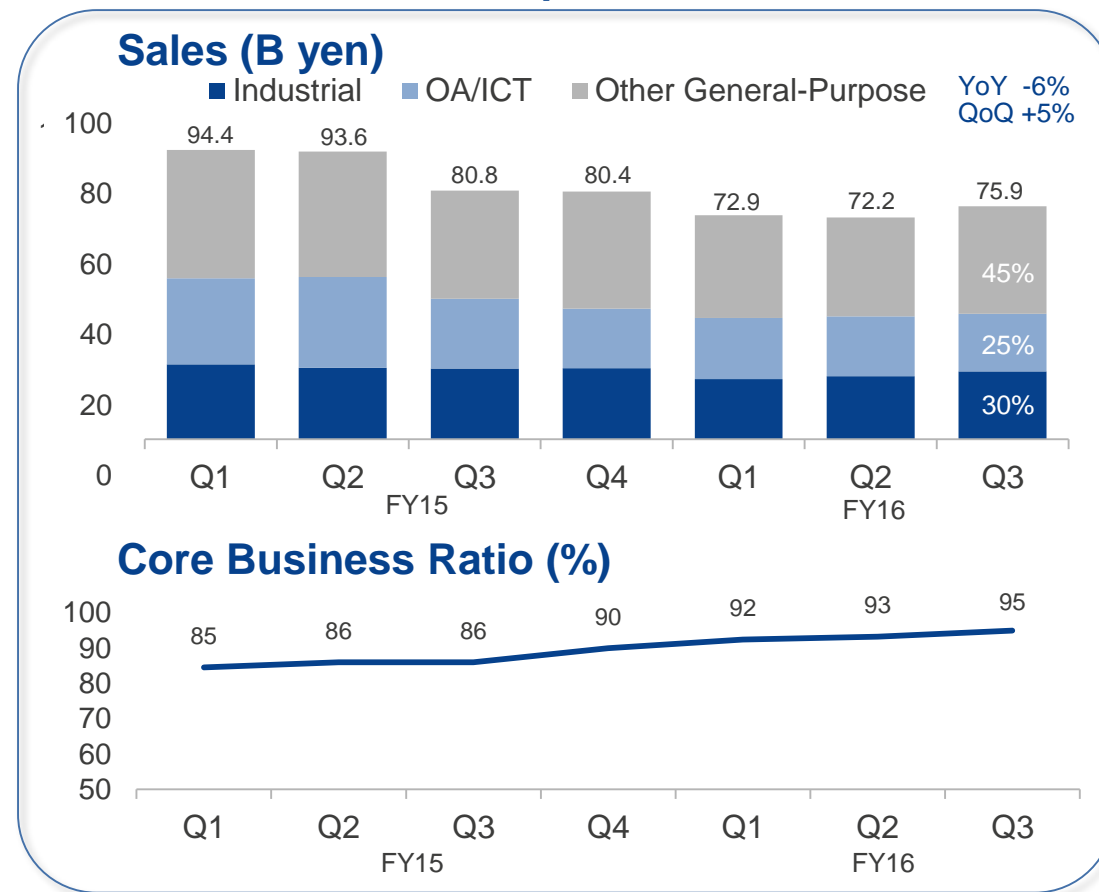


SEMICONDUCTOR SALES BY BUSINESS (NON-GAAP BASIS)

Automotive Business

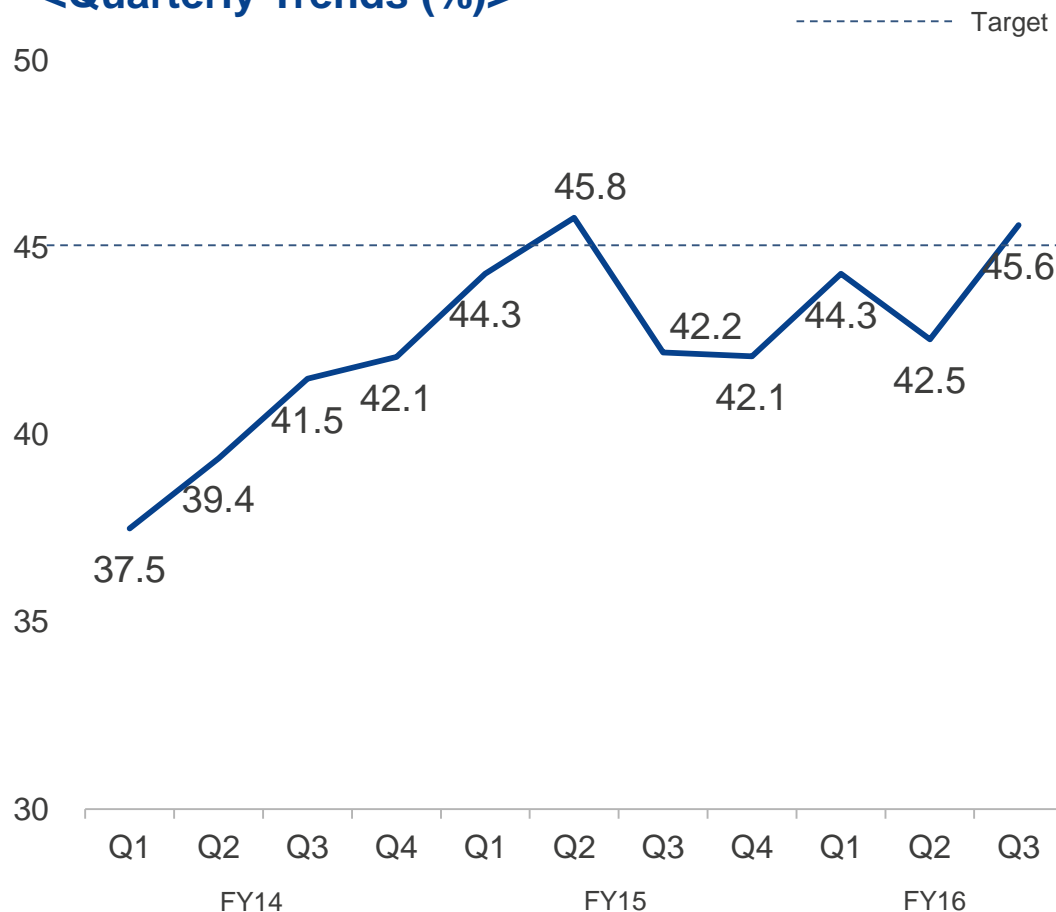


General-Purpose Business

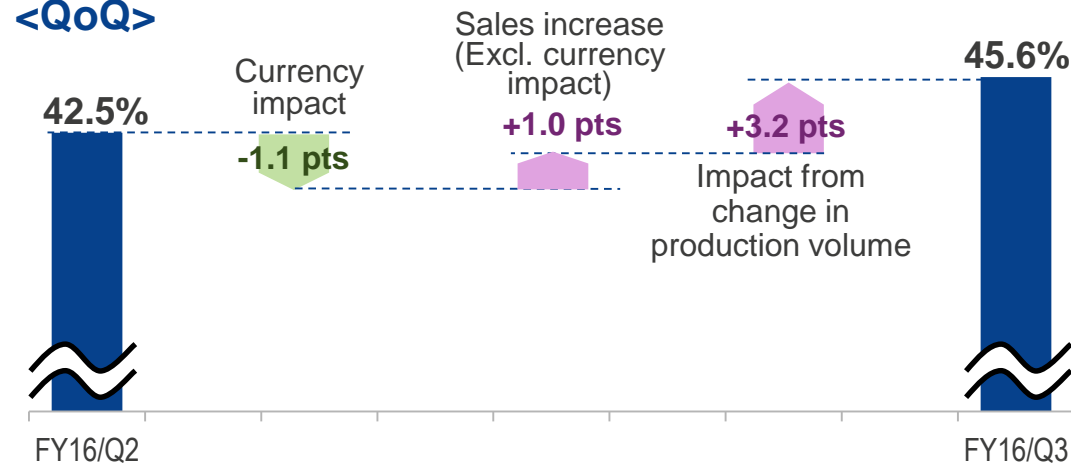


GROSS MARGIN (NON-GAAP BASIS)

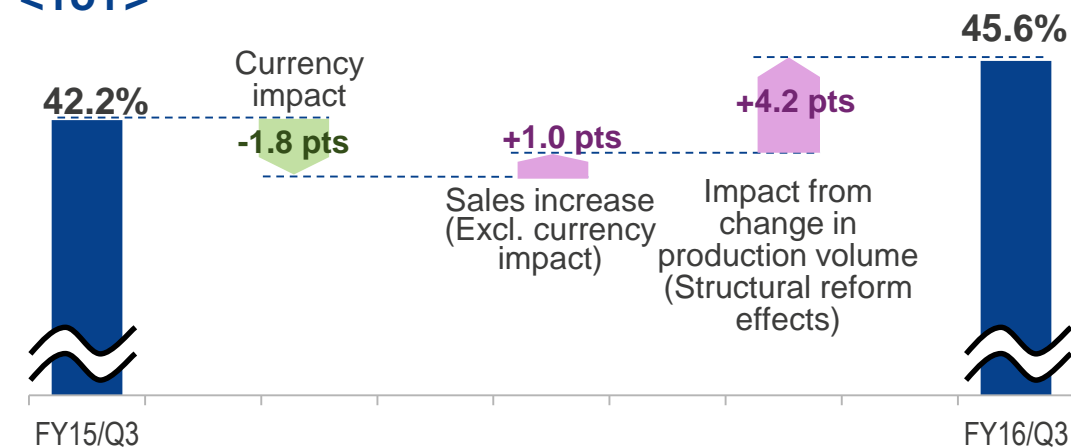
<Quarterly Trends (%)>



<QoQ>

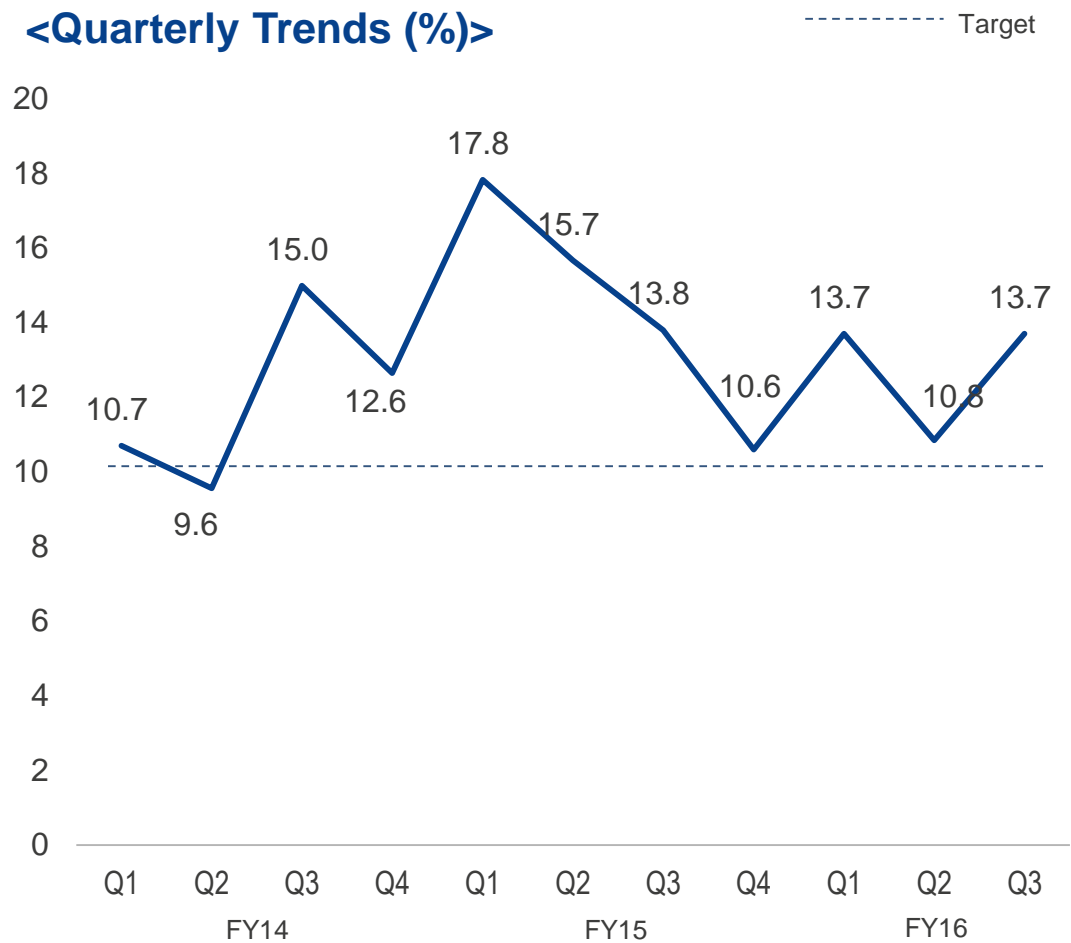


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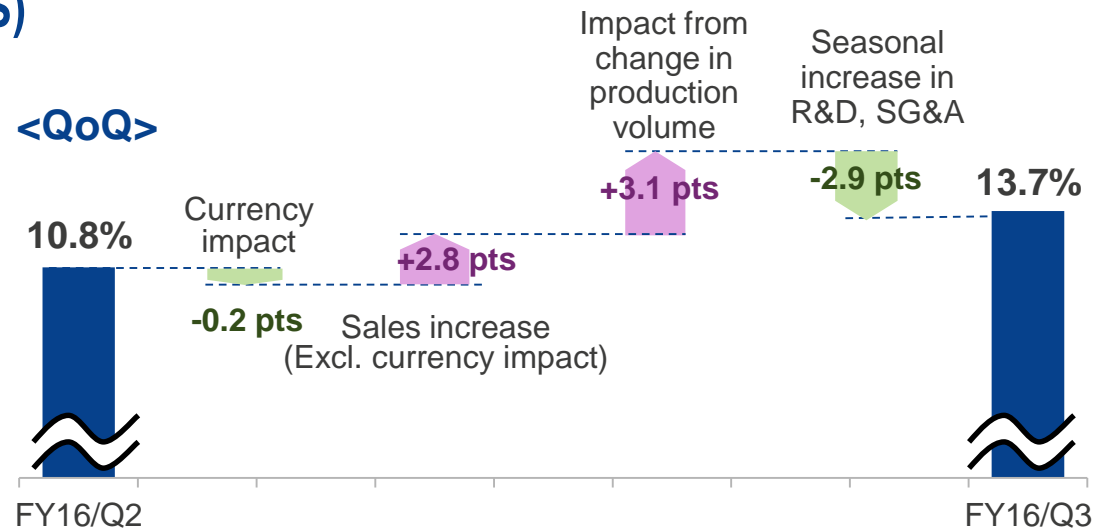


OPERATING MARGIN (NON-GAAP BASIS)

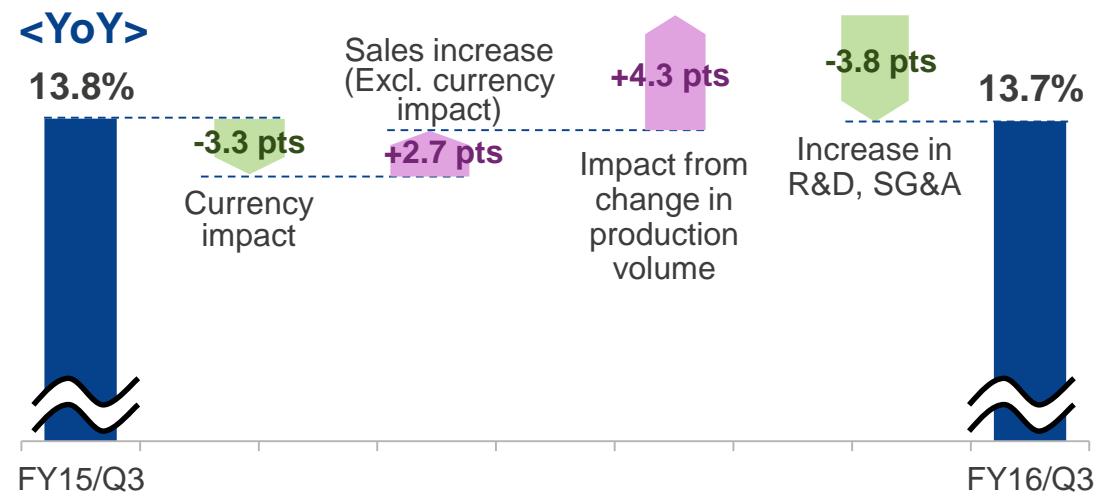
<Quarterly Trends (%)>



<QoQ>

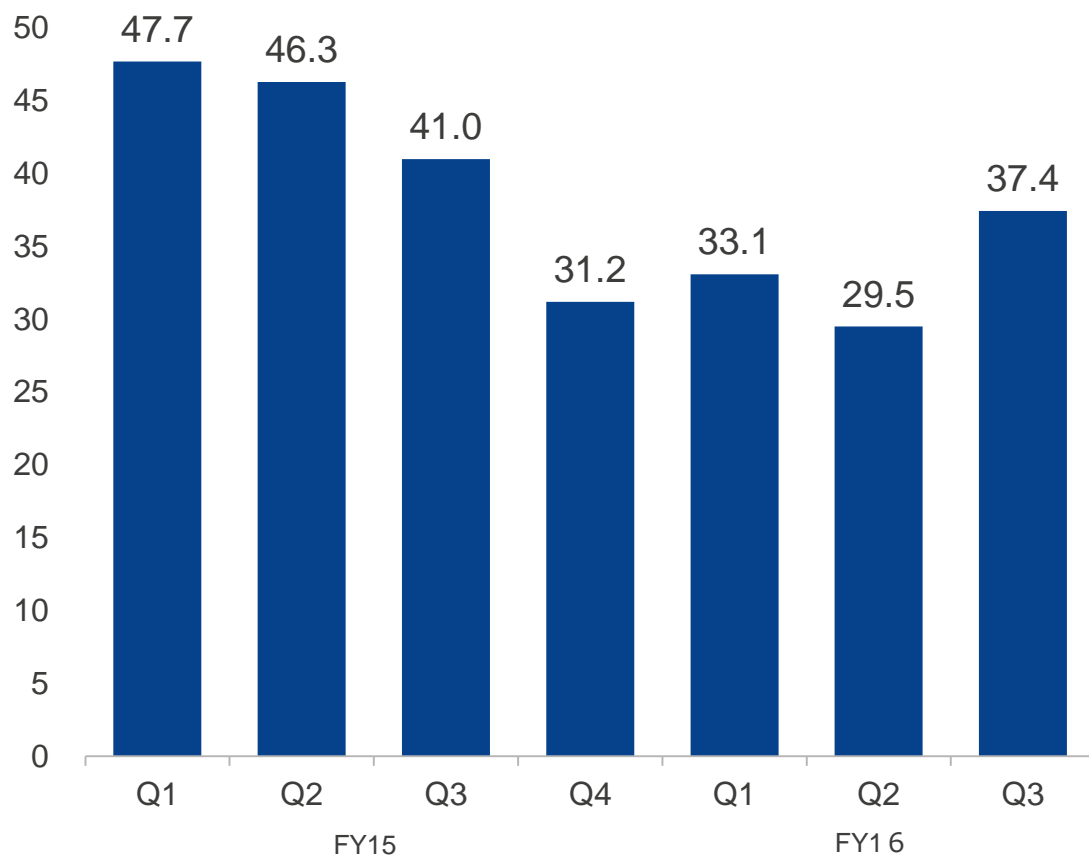


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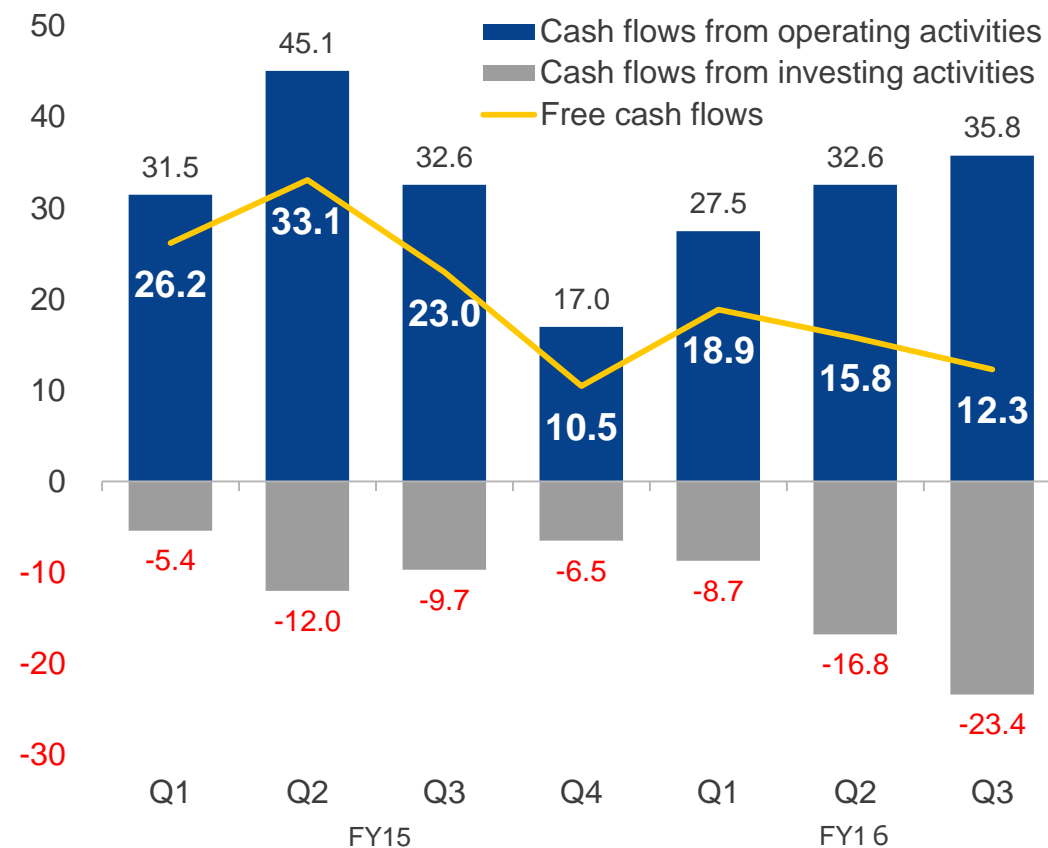


EBITDA AND CASH FLOWS

<EBITDA (B yen)>



<Cash Flows (B yen)>



BALANCE SHEETS

(B Yen)	As of Mar. 31, 2016	As of Jun. 30, 2016	As of Sep. 30, 2016	As of Dec. 31, 2016
Total Assets	849.4	823.2	758.2	823.1
Cash and Cash Equivalents	398.4	397.3	326.2	354.3
Inventories	108.4	97.0	92.1	97.3
Liabilities	467.6	447.7	376.2	400.7
Interest-Bearing Debt	244.3	237.9	157.9	157.3
Shareholders' Equity	364.1	374.1	383.5	408.3
Net Assets	381.7	375.5	382.0	422.4
D/E Ratio (Gross)	0.64	0.64	0.42	0.37
Equity Ratio	44.7%	45.4%	50.1%	51.0%

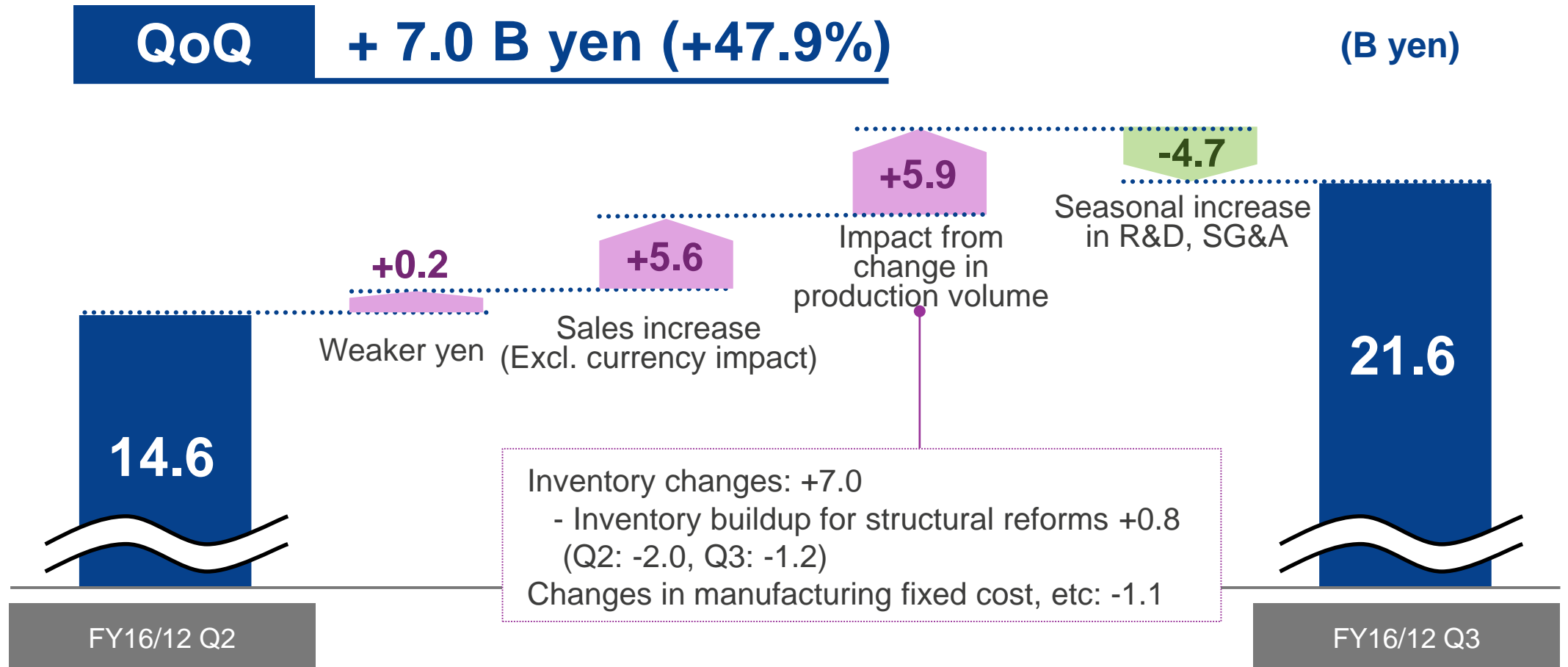
Notes

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

FY16/12 (9 MONTHS) FINANCIAL SNAPSHOT

(B yen)	FY16/3		FY16/12						
	Q3	9 months (Apr-Dec)	Q2	Q3 Forecast	9 months (Apr-Dec) Forecast	Q3 Actual	9 months (Apr-Dec) Actual	vs Forecast	YoY
Net Sales	164.8	525.5	152.6	161.4	466.0	166.4	471.0	+1.1%	-10.4%
Semi Sales	160.9	512.4	148.3	157.2	453.0	161.4	457.2	+0.9%	-10.8%
Gross Margin	43.6%	45.1%	41.2%	42.8%	42.3%	44.9%	43.0%	+0.8 pts	-2.1 pts
Operating Income (Margin)	25.0 (15.1%)	88.1 (16.8%)	14.6 (9.5%)	20.9 (12.9%)	54.0 (11.6%)	21.6 (13.0%)	54.7 (11.6%)	+0.7 (±0)	-33.3 (-5.1pts)
Net Income Attributable to Shareholders of Parent Company	18.6	76.0	9.4	17.6	34.0	24.7	44.1	+7.1	-31.9
EBITDA	41.0	134.9	29.5	36.4	98.9	37.4	100.0	+1.1	-35.0
1 US\$=	121 yen	122 yen	104 yen	104 yen	106 yen	105 yen	106 yen	-	15 yen strong
1 Euro=	134 yen	134 yen	116 yen	114 yen	118 yen	115 yen	118 yen	-	16 yen strong

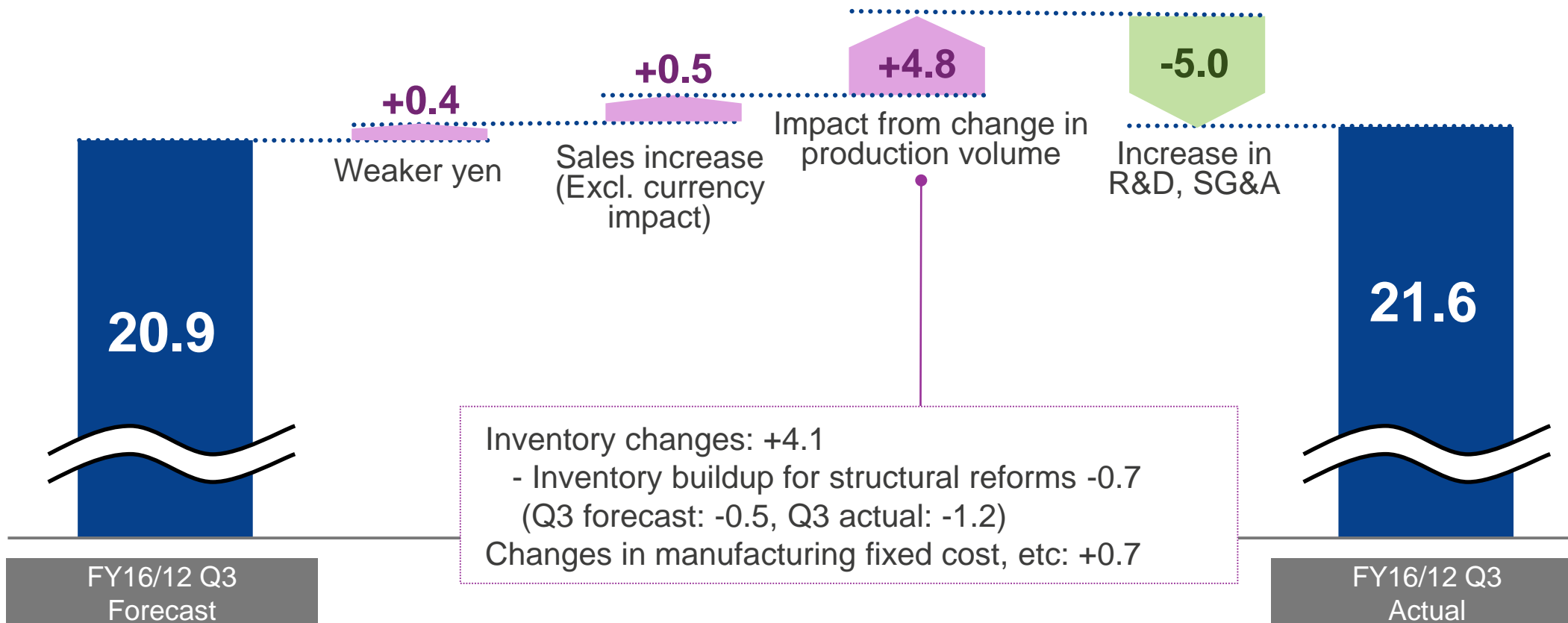
FY16/12 Q3 OPERATING INCOME



FY16/12 Q3 OPERATING INCOME

vs FCT + 0.7 B yen (+3.4%)

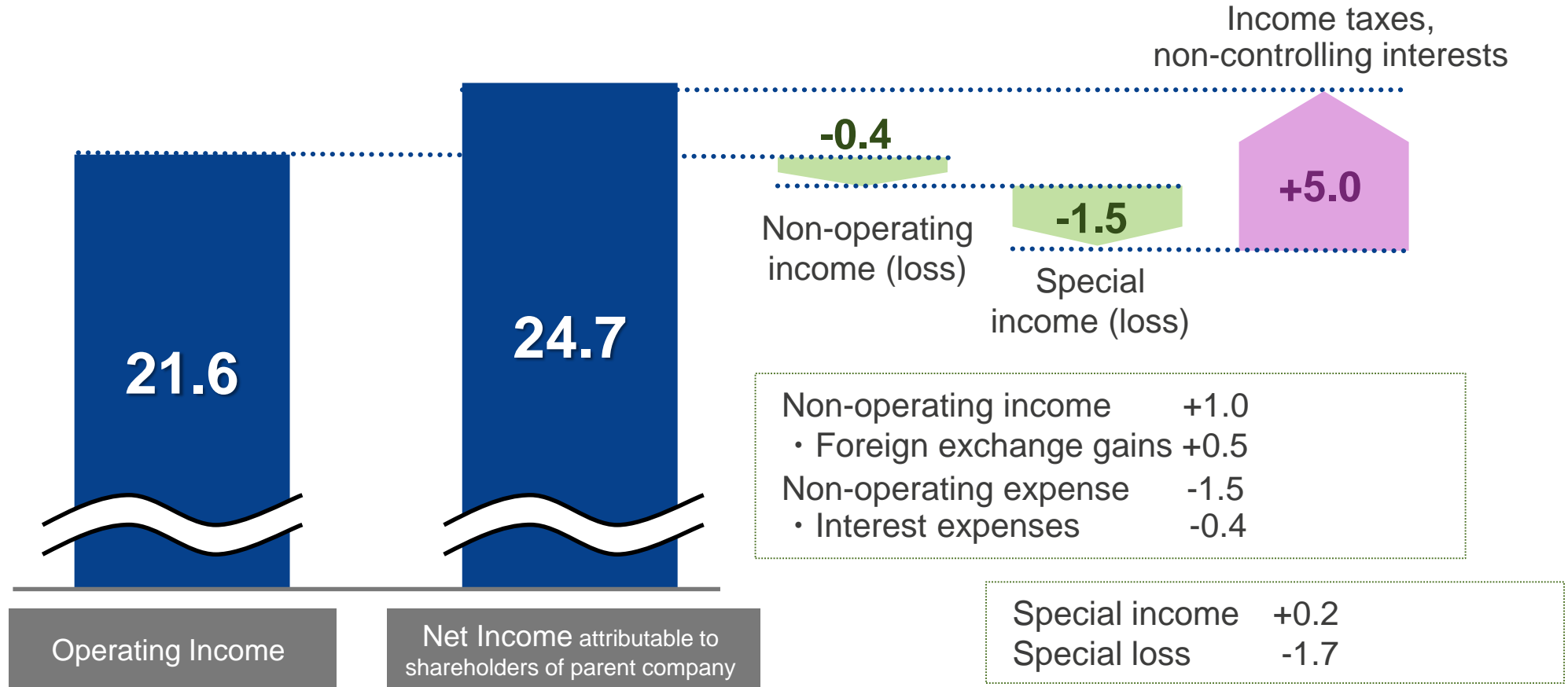
(B yen)



FY16/12 Q3 NET INCOME

ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY

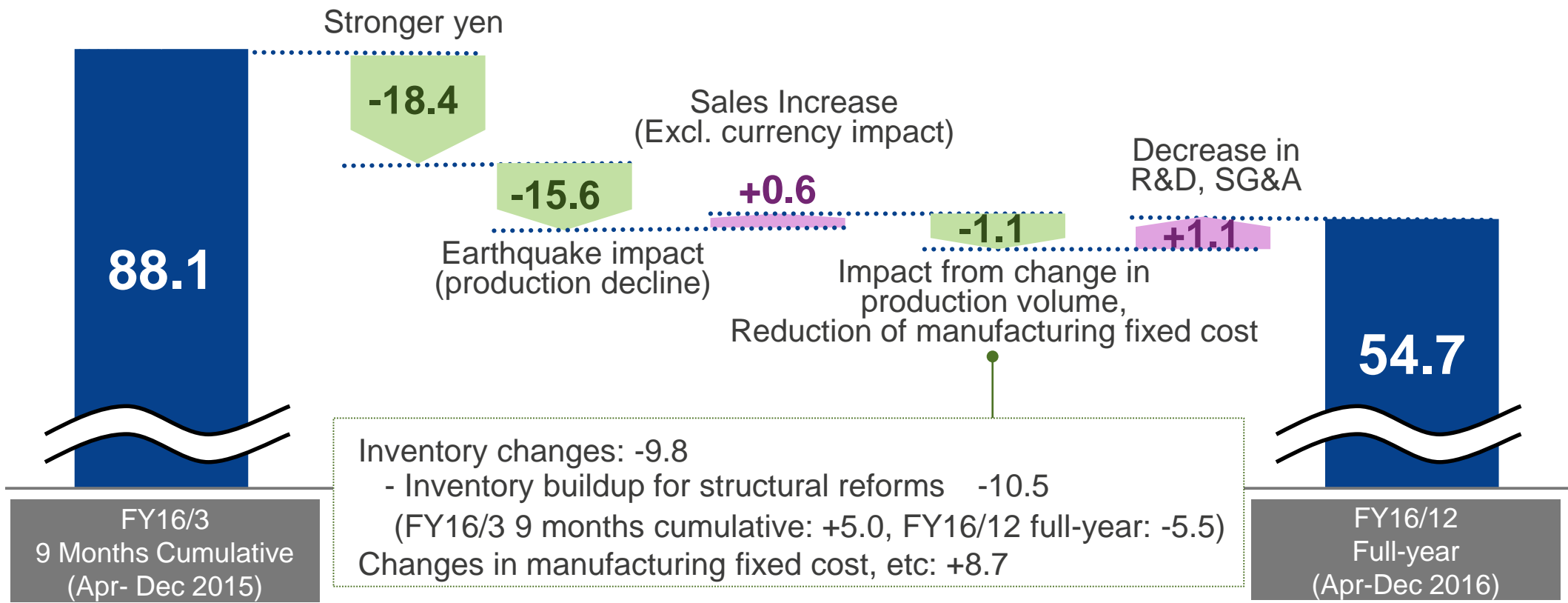
(B yen)



FY16/12 FULL-YEAR OPERATING INCOME

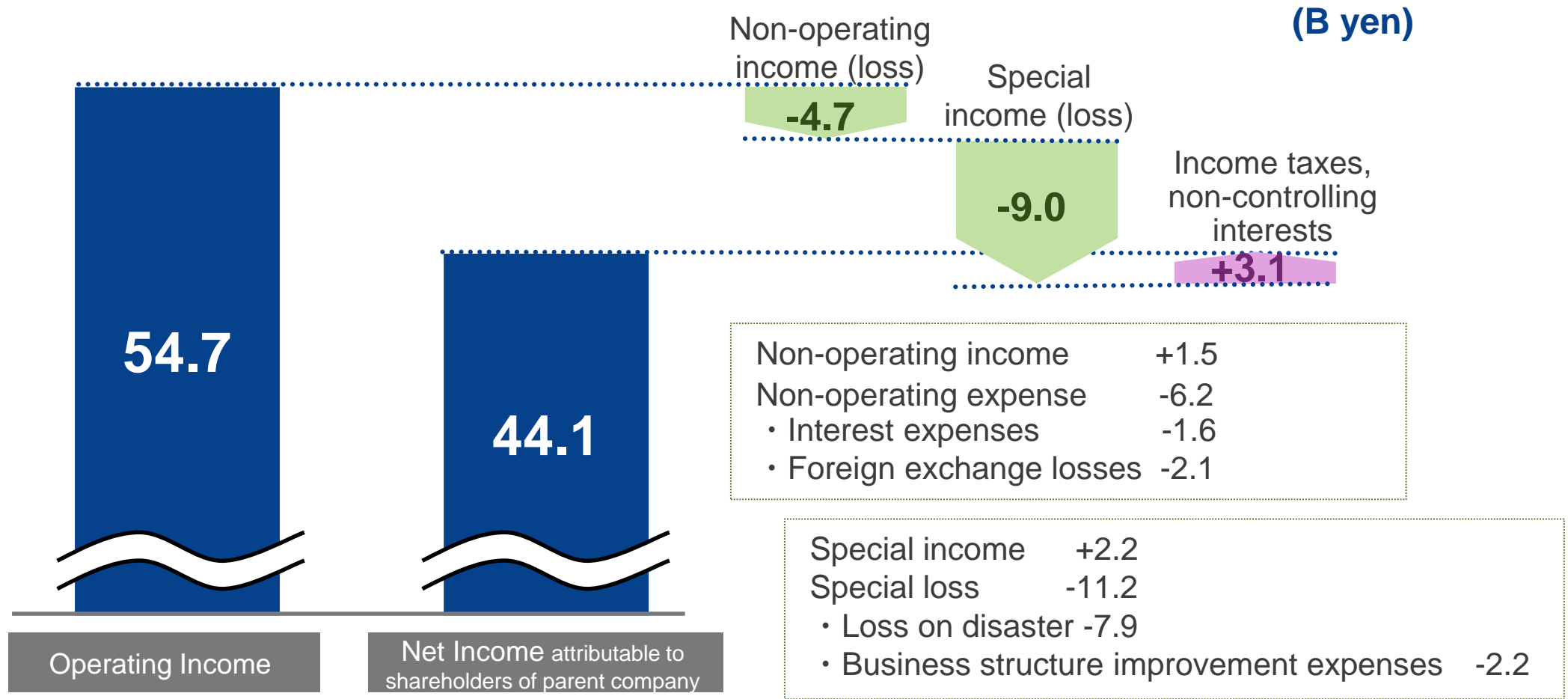
YoY - 33.3 B yen (-37.9%)

(B yen)

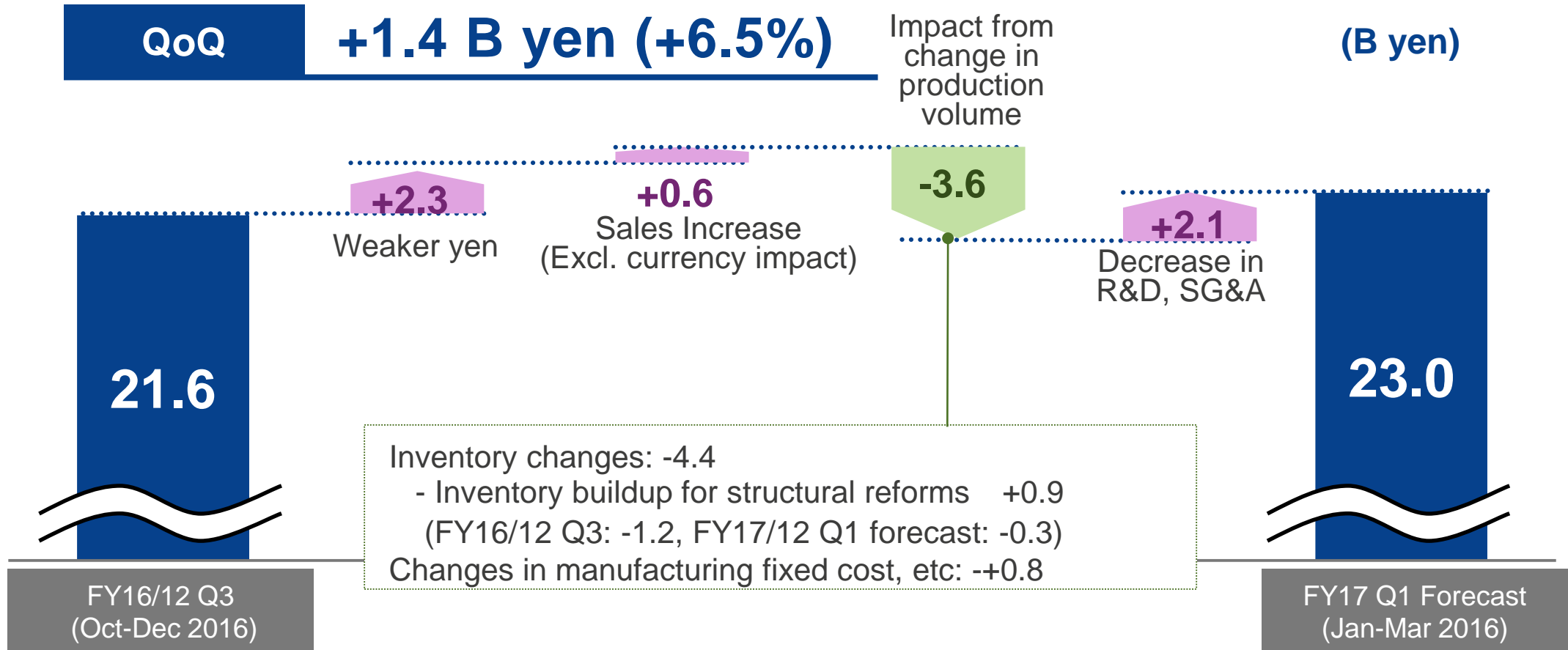


FY16/12 FULL-YEAR NET INCOME

ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY

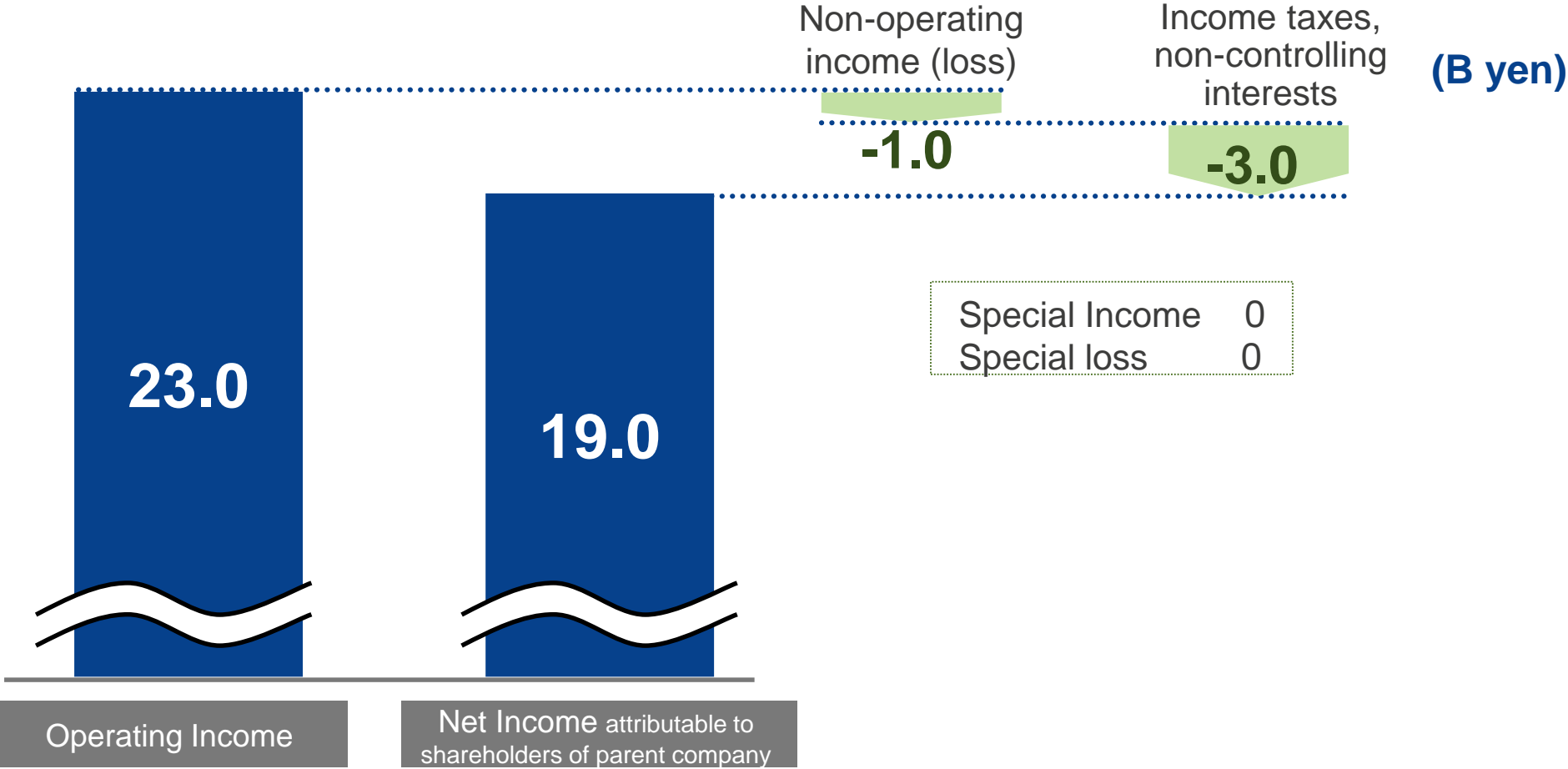


FY17 Q1 OPERATING INCOME FORECAST



FY17 Q1 FORECAST OF NET INCOME

ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY FORECAST



(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.