

FY16/12 Q1 FINANCIAL RESULTS

RENESAS ELECTRONICS CORPORATION
AUGUST 10, 2016

FY16/12 Q1 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.

Renesas Electronics Group implemented a change of the fiscal term in which the fiscal year-end will change from March 31 to December 31 starting from the fiscal year 2016. The current fiscal year (fiscal year ending December 31, 2016) in which the transition to the new accounting period is to take place, will comprise the financial results for the nine months from April 1, 2016, to December 31, 2016.

FY16/12 Q1 FINANCIAL SNAPSHOT

YoY and QoQ results as well as the Change from June 7 FCT of the Net Sales and Semiconductor Sales are rounded off to one decimal place

(B yen)	FY16/3		Q1 Forecasts	FY16/12			Change from June 7 FCT
	Q1	Q4		Q1	YoY	QoQ	
Net Sales	179.3	167.8	145.0	152.0	-15.2%	-9.4%	+4.8%
Semiconductor Sales	174.5	163.2	141.0	147.5	-15.5%	-9.6%	+4.6%
Gross Margin	44.5%	40.8%	40.0%	42.8%	-1.7Pts.	+2.0Pts.	+2.8Pts.
Operating Income (Margin)	32.4 (18.0%)	15.7 (9.4%)	10.0 (6.9%)	18.6 (12.2%)	-13.8 (-5.8Pts.)	+2.8 (+2.8Pts.)	+8.6 (+5.3Pts.)
Net Income Attributable to Shareholders of Parent Company	29.9	10.3	1.0	10.0	-19.9	-0.3	+9.0
EBITDA* ¹	47.7	31.2	26.1	33.1	-14.7	+1.9	+7.0
1 US\$	120 yen	118 yen	110 yen	111 yen	9 yen strong	7 yen strong	1 yen weak
1 Euro	131 yen	130 yen	124 yen	124 yen	7 yen strong	6 yen strong	-

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

FY16/12 Q1 HIGHLIGHTS (NON-GAAP BASIS*1)

Results

Semi. Sales ¥147.5 B

QoQ: -9.6%
vs FCT: +4.6%

Gross Margin 44.3%

QoQ: +2.3 Pts.
YoY: ±0 Pts.

Operating Margin 13.7%

QoQ: +3.1 Pts.
YoY: -4.1 Pts.

Major factors

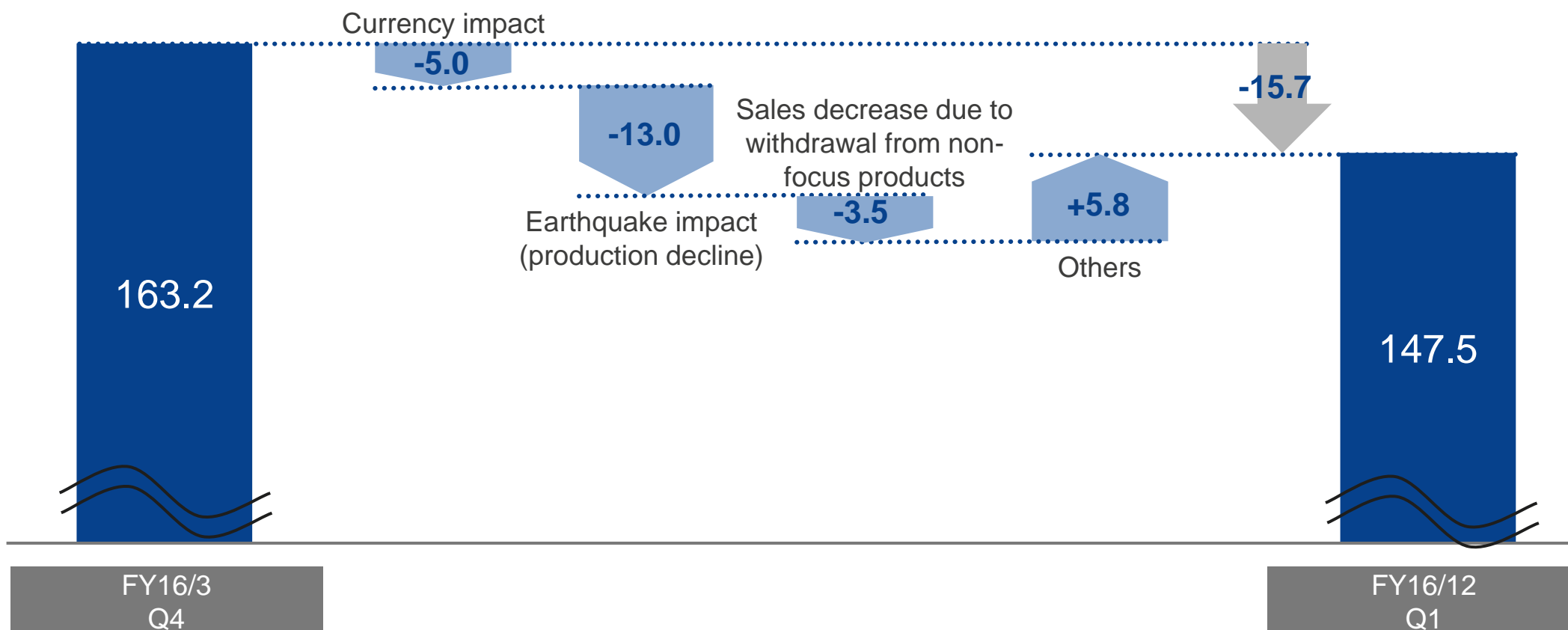
- Decreased QoQ due to stronger yen and earthquake impact
- Increased from the previous forecast due to more-than-expected increases in production volume
- Increased QoQ due to seasonal decreases in manufacturing-fixed costs, etc
- Stayed at the same level YoY resulting from reduced fixed costs, despite sales decreases and negative currency impact
- Increased QoQ due to seasonal decreases in R&D*2 and SG&A*3, in addition to improved gross profit
- Decreased YoY due to increased R&D from growth investments

*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 R&D : Research & Development *3 SG&A : Selling, general and administrative expenses

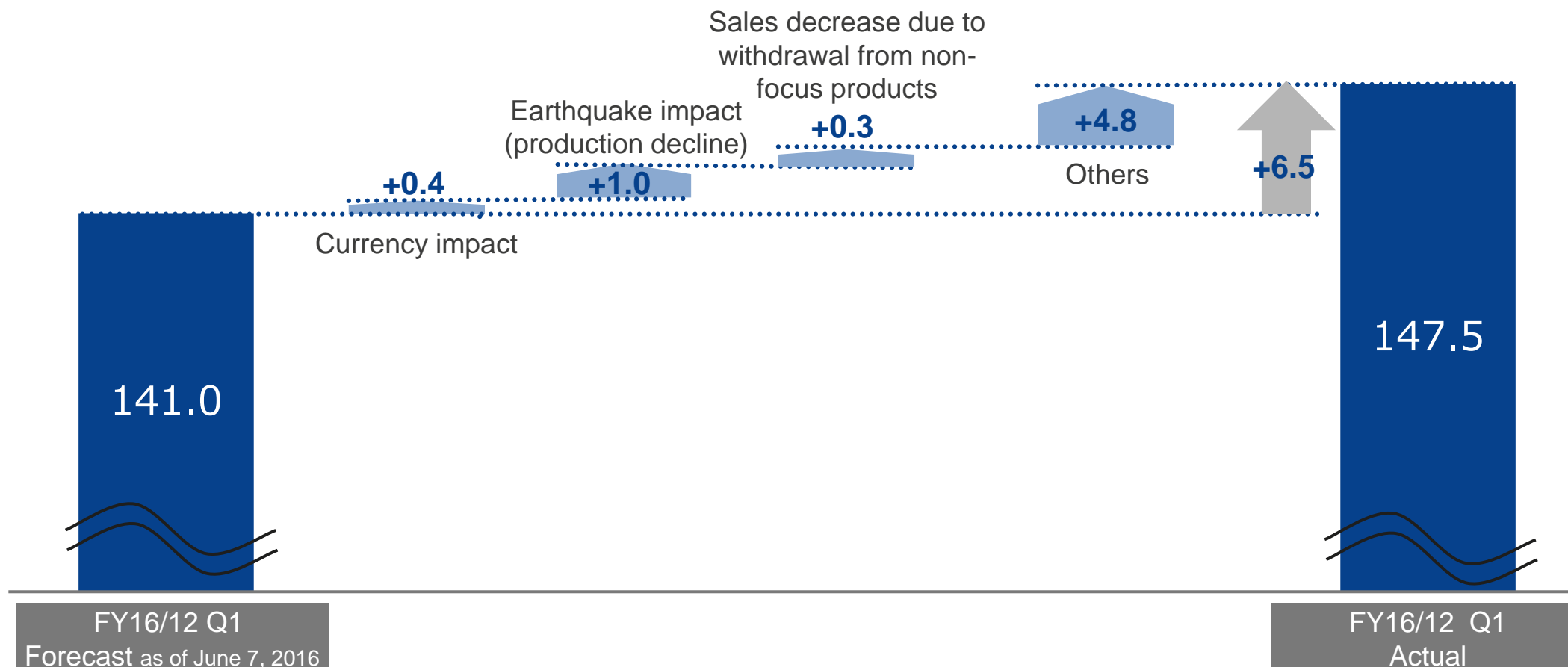
FY16/12 Q1 SEMICONDUCTOR SALES (NON-GAAP BASIS)

QoQ (B YEN)



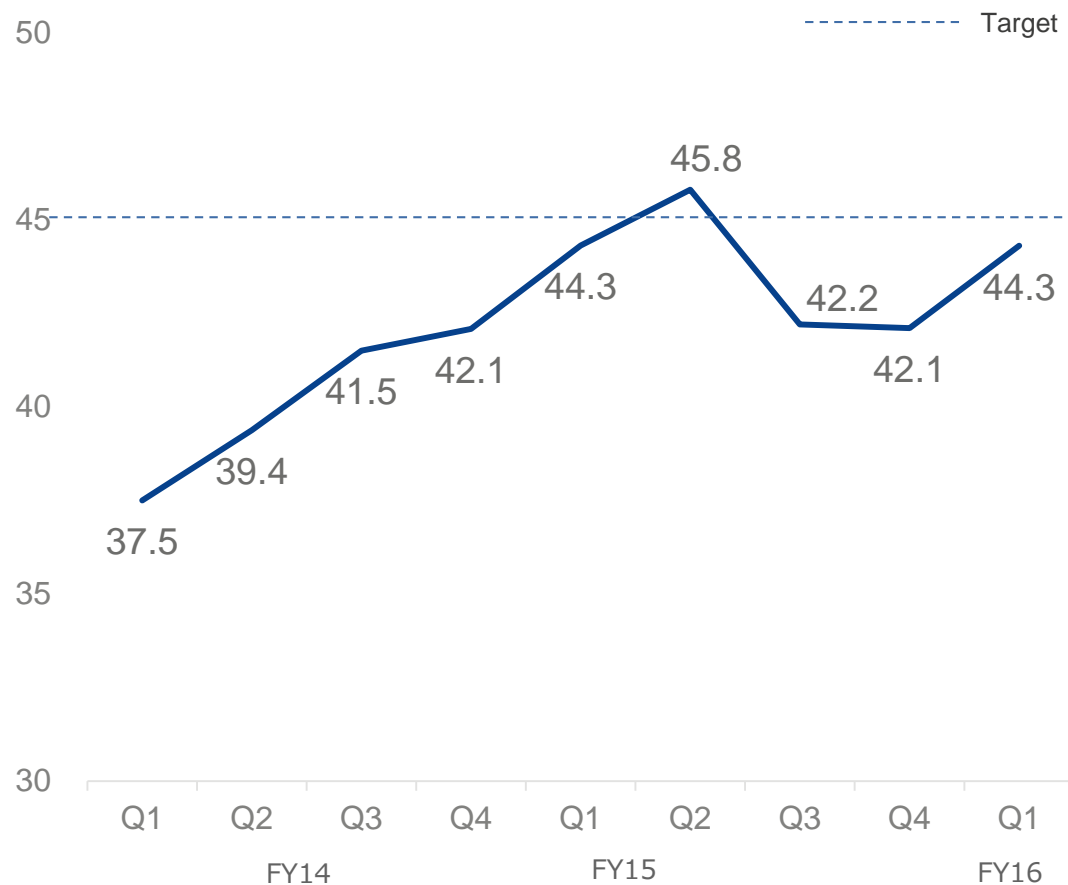
FY16/12 Q1 SEMICONDUCTOR SALES (NON-GAAP BASIS)

CHANGE FROM THE PREVIOUS FORECAST (B YEN)

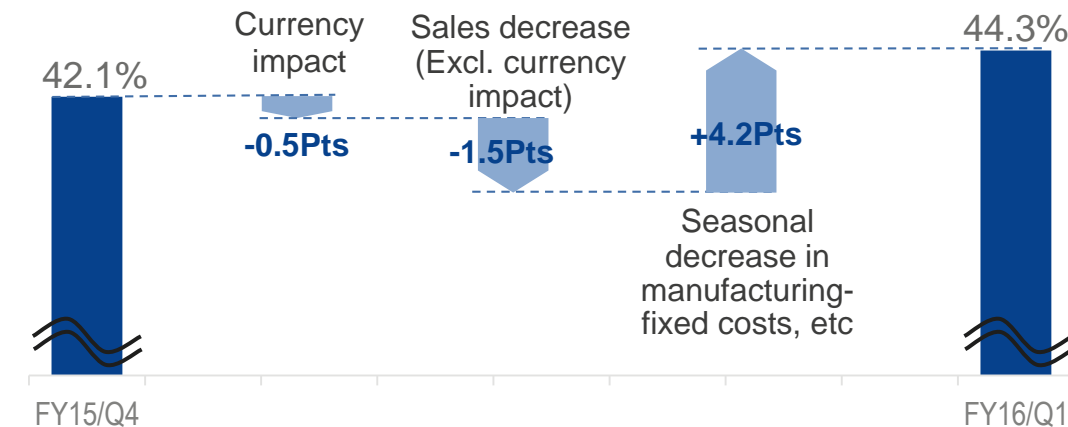


GROSS MARGIN (NON-GAAP BASIS)

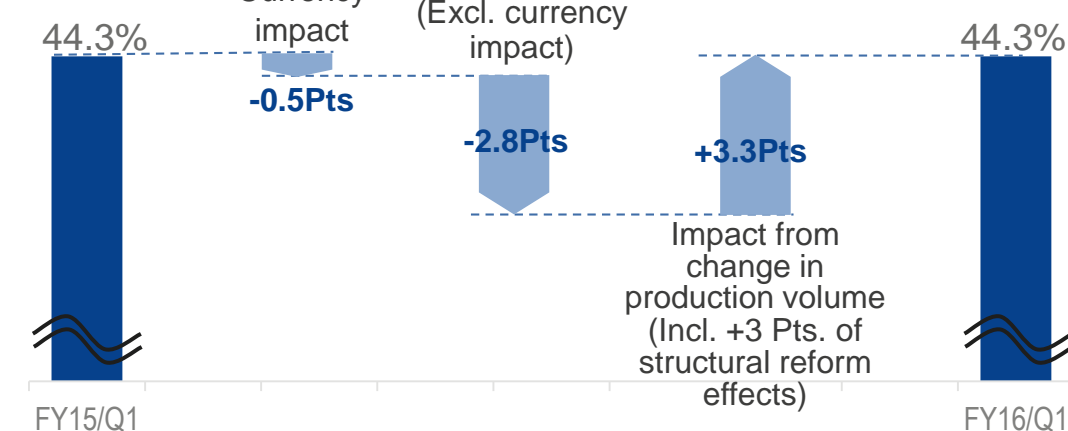
<Quarterly Trends (%)>



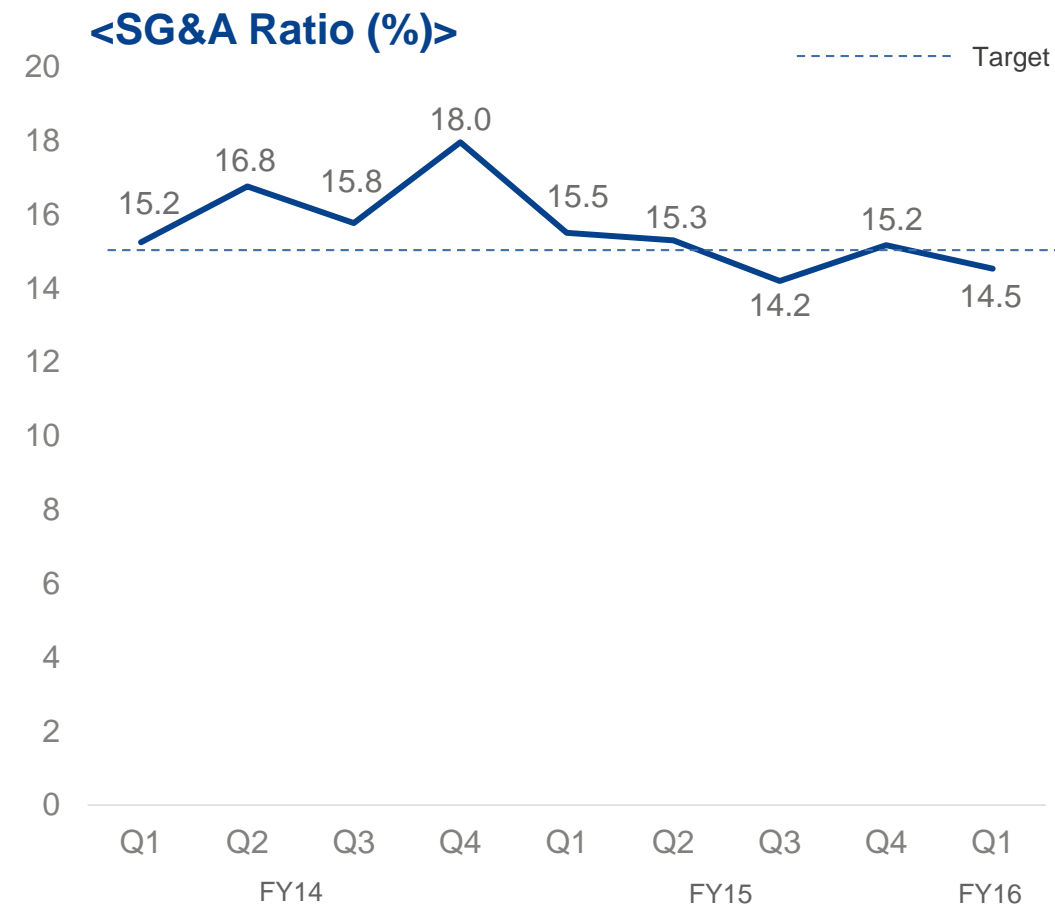
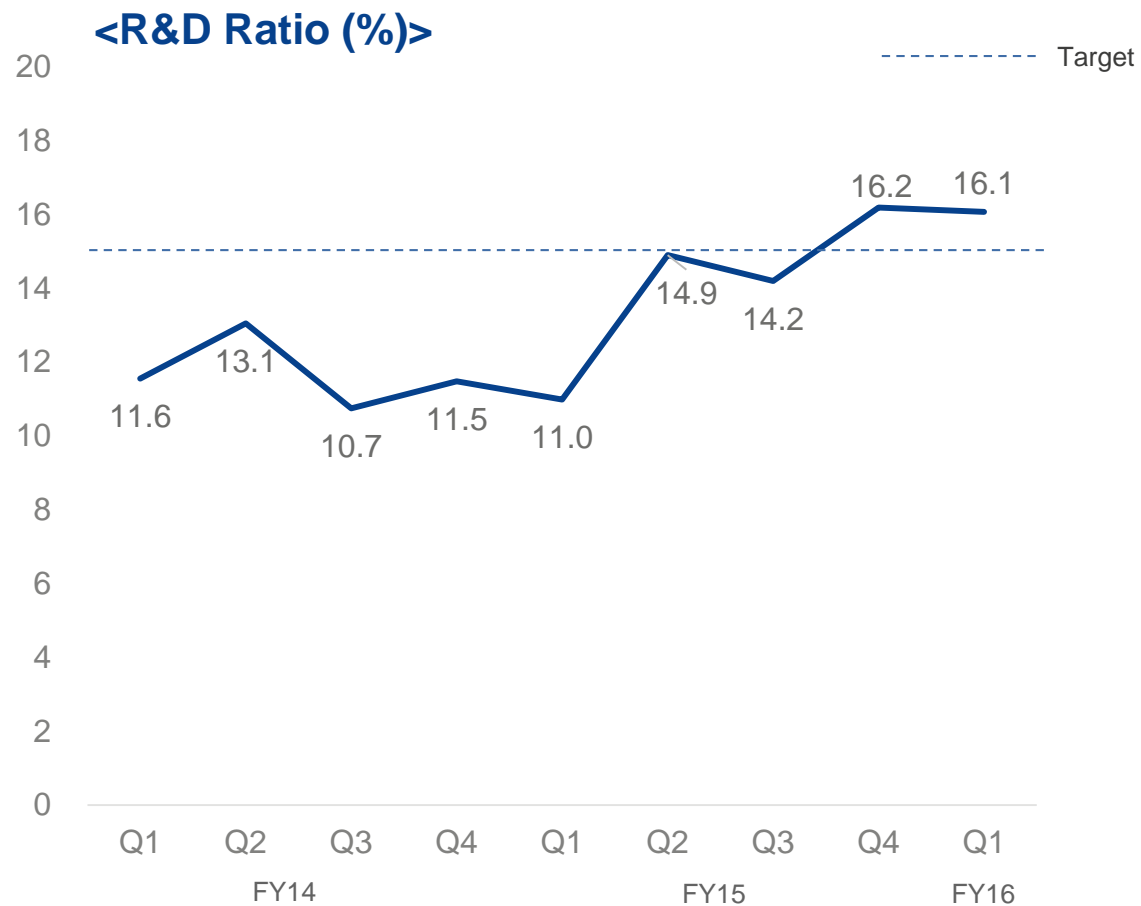
<QoQ>



<YoY>



OPEX*1 (NON-GAAP BASIS)



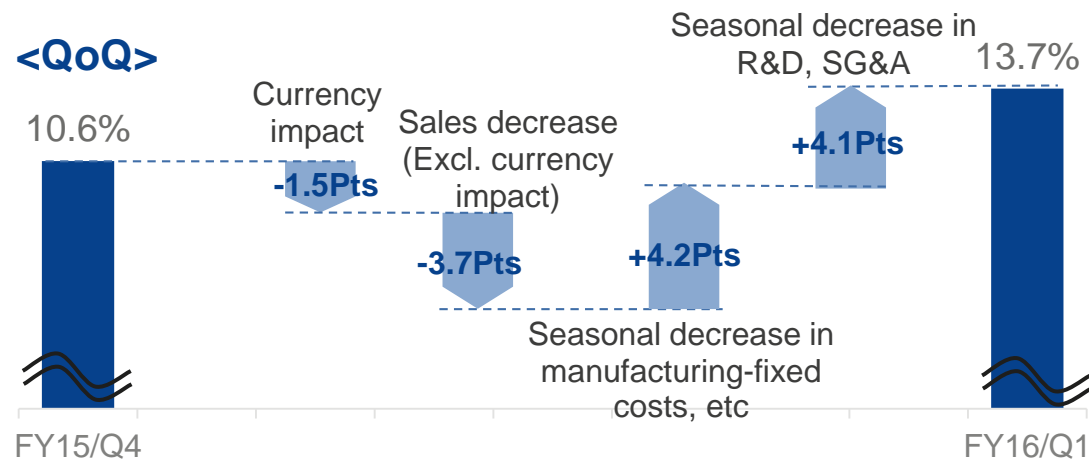
*1 OPEX: Operating expenses such as R&D and SG&A

OPERATING MARGIN (NON-GAAP BASIS)

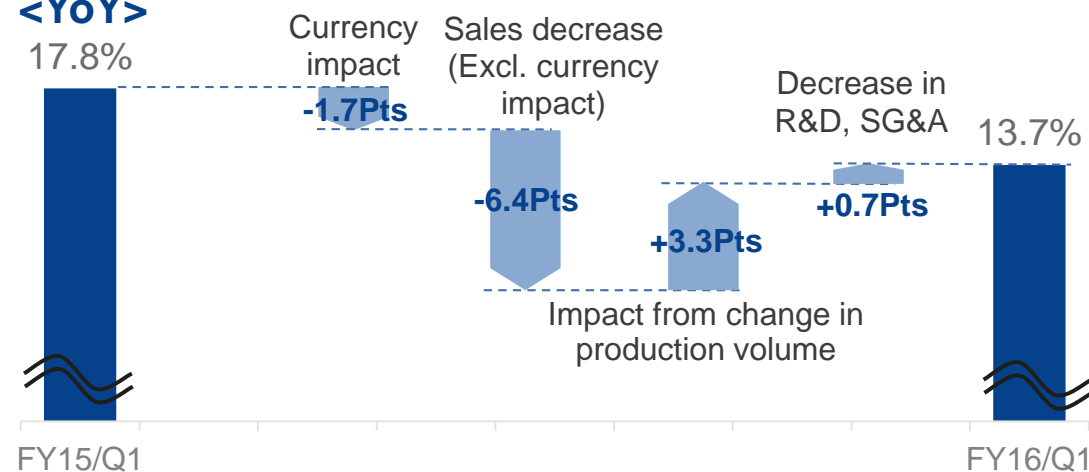
<Quarterly Trends (%)>



<QoQ>



<YoY>



FY16/12 Q2 FINANCIAL FORECASTS

SUMMARY OF FY16/12 Q2 FINANCIAL FORECASTS

Forecasts

Semi Sales ¥145.0 B

QoQ: -1.7%

Gross Margin 38.9%

QoQ: -3.9 Pts.

Operating Margin 5.0%

QoQ: -7.2 Pts.

Major factors

- Expect to decrease QoQ due to stronger yen
- Anticipate the negative earthquake impact to diminish QoQ

- Expect to decrease QoQ due to stronger yen and seasonal increases in manufacturing-fixed costs, etc

- Expect to decrease QoQ due to lower gross profit and seasonal increases in R&D and SG&A

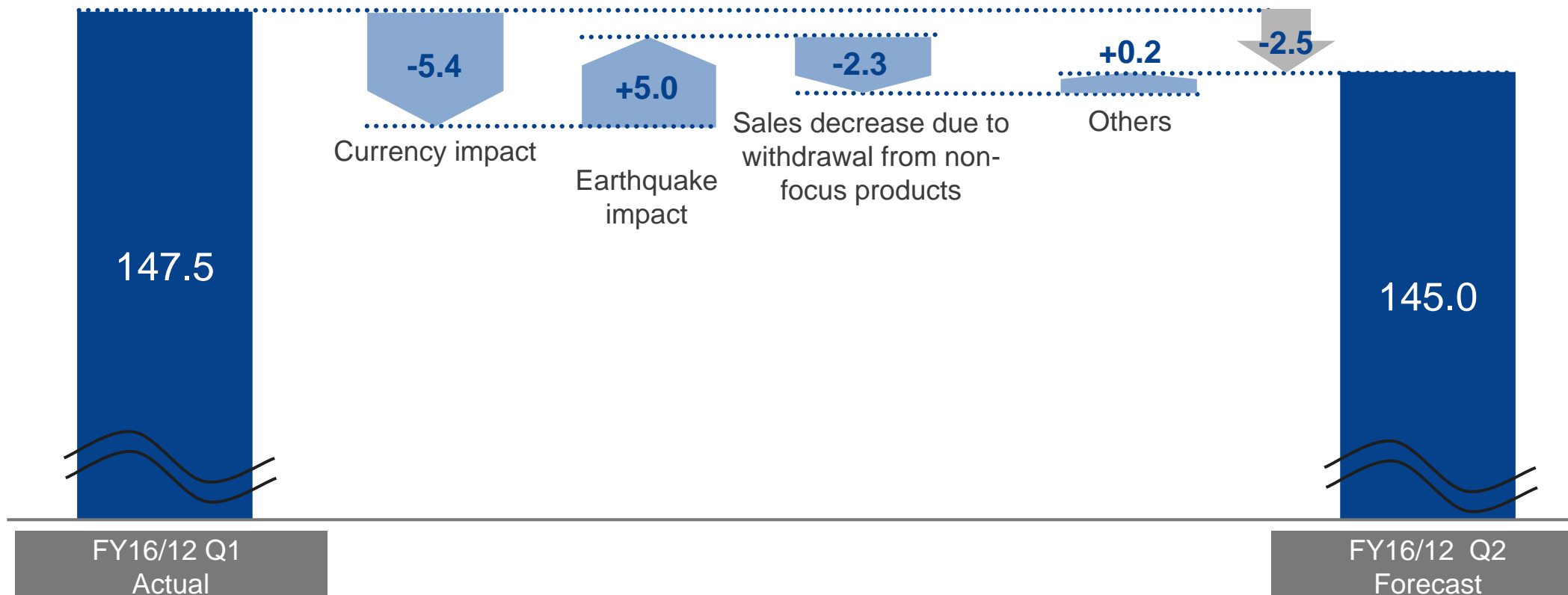
FY16/12 Q2 FINANCIAL FORECASTS

YoY and QoQ results as well as the 1H FCT of the Net Sales and Semiconductor Sales are rounded off to one decimal place

(B yen)	FY16/3		FY16/12				
	Q2	1H	Q1	Q2 FCT	YoY	QoQ	1H FCT
Net Sales	181.4	360.7	152.0	149.0	-17.8%	-1.9%	301.0
Semiconductor Sales	177.0	351.5	147.5	145.0	-18.1%	-1.7%	292.5
Gross Margin	47.1%	45.8%	42.8%	38.9%	-8.2Pts.	-3.9Pts.	40.9%
Operating Income (Margin)	30.7 (16.9%)	63.1 (17.5%)	18.6 (12.2%)	7.4 (5.0%)	-23.3 (-11.9Pts.)	-11.2 (-7.2Pts.)	26.0 (8.6%)
Net Income Attributable to Shareholders of Parent Company	27.5	57.4	10.0	1.5	-26.0	-8.5	11.5
EBITDA	46.3	94.0	33.1	21.9	-24.3	-11.1	55.0
1 US\$=	123 yen	122 yen	111 yen	103 yen	20 yen strong	7 yen strong	107 yen
1 Euro=	137 yen	134 yen	124 yen	116 yen	21 yen strong	9 yen strong	120 yen

FY16/12 Q2 SEMICONDUCTOR SALES FORECAST

QoQ (B YEN)



OTHER TOPIC (RENESAS SEMICONDUCTOR PACKAGE & TEST SOLUTIONS' NISHIKI FACTORY)

As of July 2015

- Determine within approx. 1 year whether to transfer or consolidate the site



- Increase in demand for high quality products including those for automotive applications
- Reexamined the Group's overall back-end production site operations

As of Aug 2016

- **Decided to suspend the plan to transfer or consolidate the site and will continue its operations for the next few years**
- In the context of building the medium-term policy for the overall back-end productions including outsourced productions, we will also include Nishiki Factory in our analysis



Renesas Semiconductor Package & Test Solutions Co., Ltd.'s
Nishiki Factory
(Nishiki Cho, Kumamoto Prefecture)

APPENDIX

GAAP/NON-GAAP RECONCILIATION

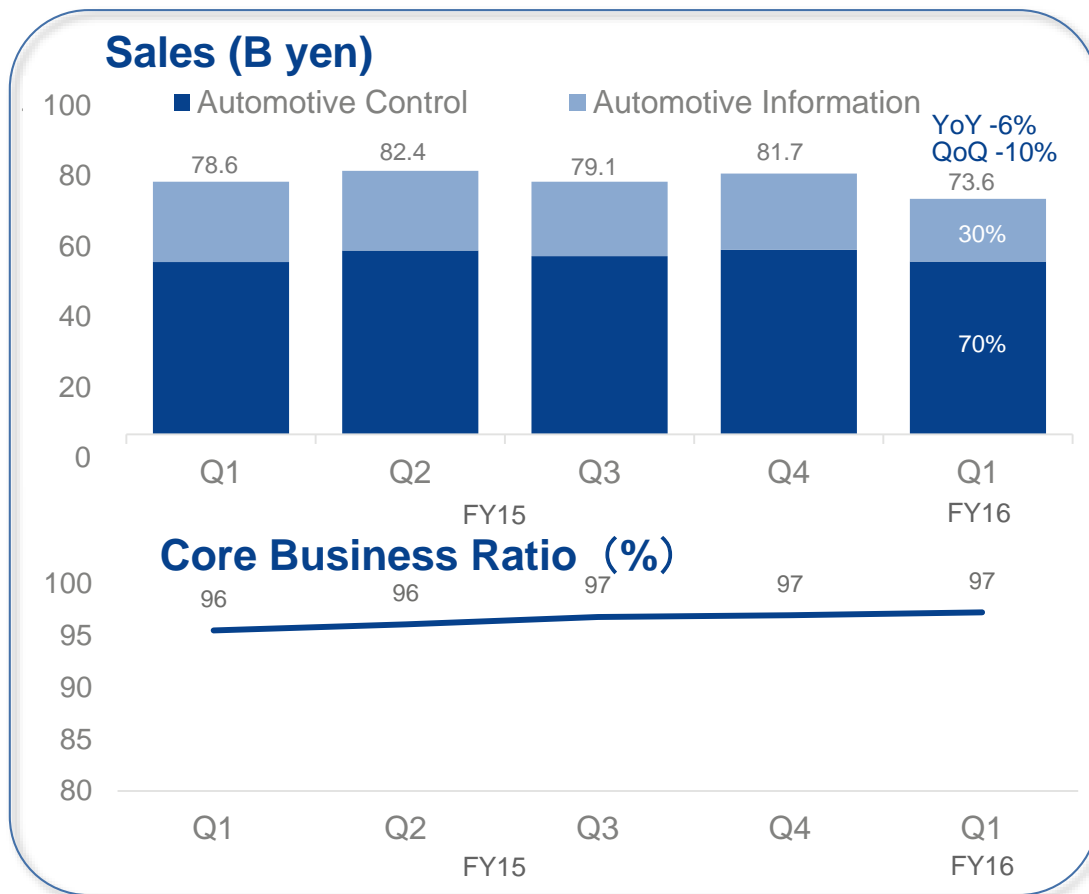
(B Yen)	FY15/03				FY16/03				FY16/12
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Semiconductor Sales (GAAP) ①	201.2	199.6	177.4	175.1	174.5	177.0	160.9	163.2	147.5
Renesas SP Drivers*1 ②	-17.6	-21.0	-	-	-	-	-	-	-
Semiconductor Sales (Non-GAAP) ①+②	183.6	178.6	177.4	175.1	174.5	177.0	160.9	163.2	147.5
Gross Profit (GAAP) ①	80.5	81.6	78.6	78.1	79.8	85.5	71.8	68.5	65.1
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
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
Operating Income (GAAP) ①	27.0	23.5	29.5	24.4	32.4	30.7	25.0	15.7	18.6
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
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
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

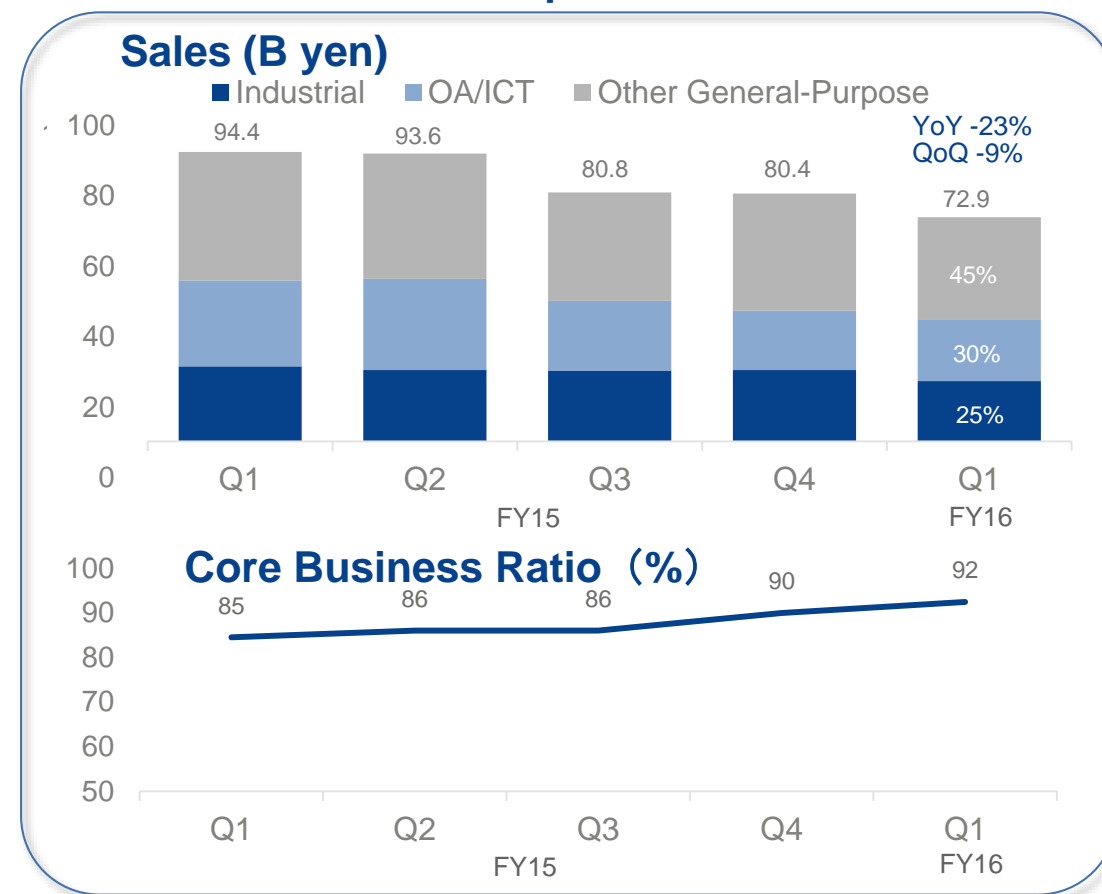
*2 Inventory Buildup: Amount of income (loss) from inventory buildup of the EOL products resulting from realignment of the factories

SEMICONDUCTOR SALES BY BUSINESS (NON-GAAP BASIS)

Automotive Business

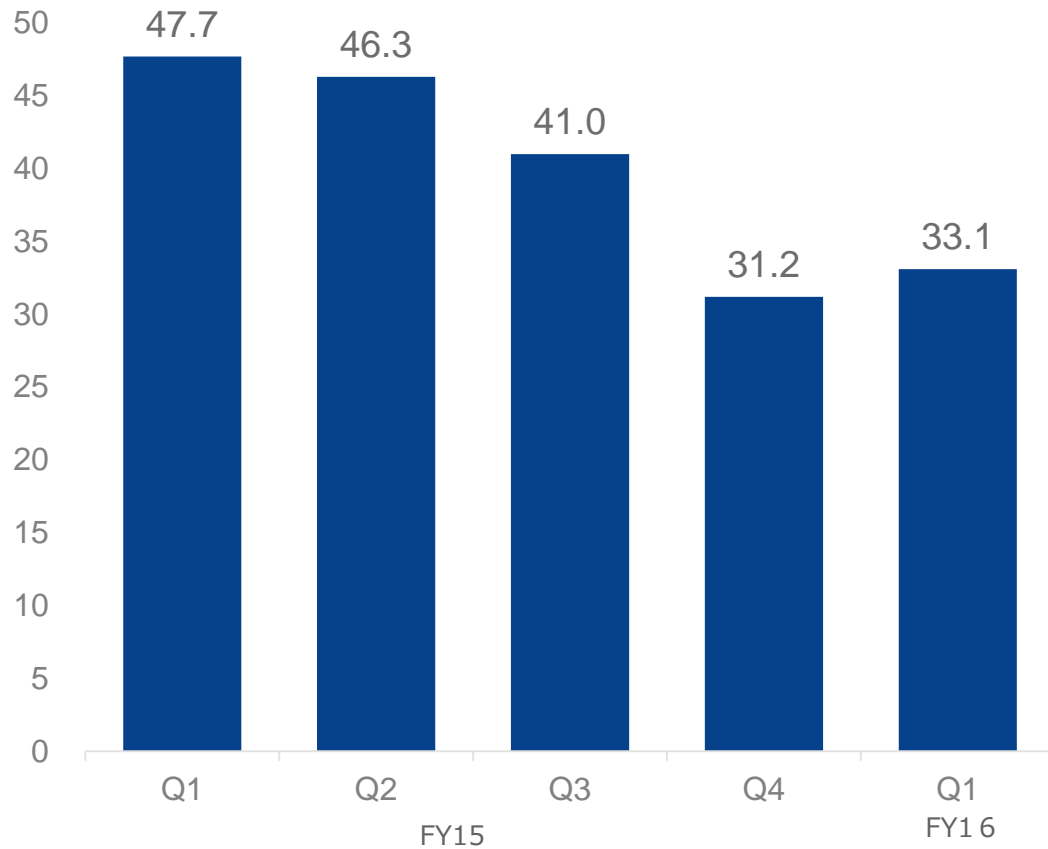


General-Purpose Business

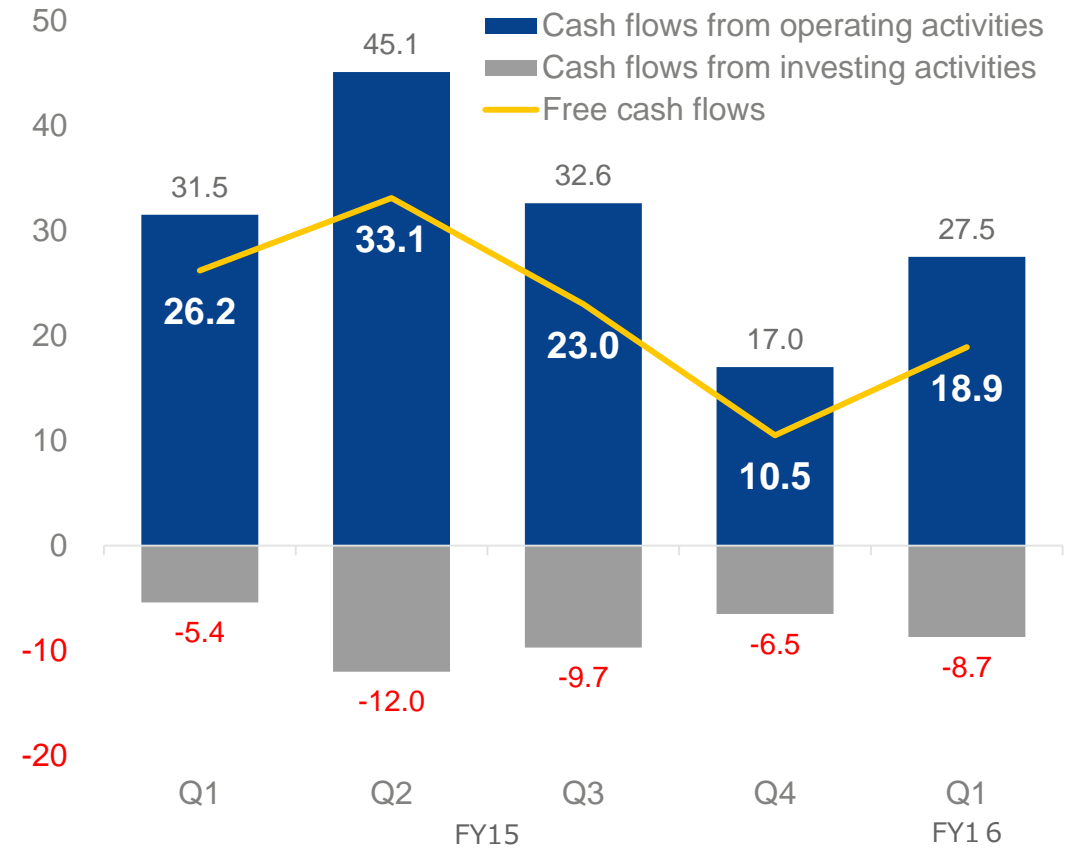


EBITDA AND CASH FLOWS

<EBITDA (B yen)>



<Cash Flows (B yen)>



BALANCE SHEETS

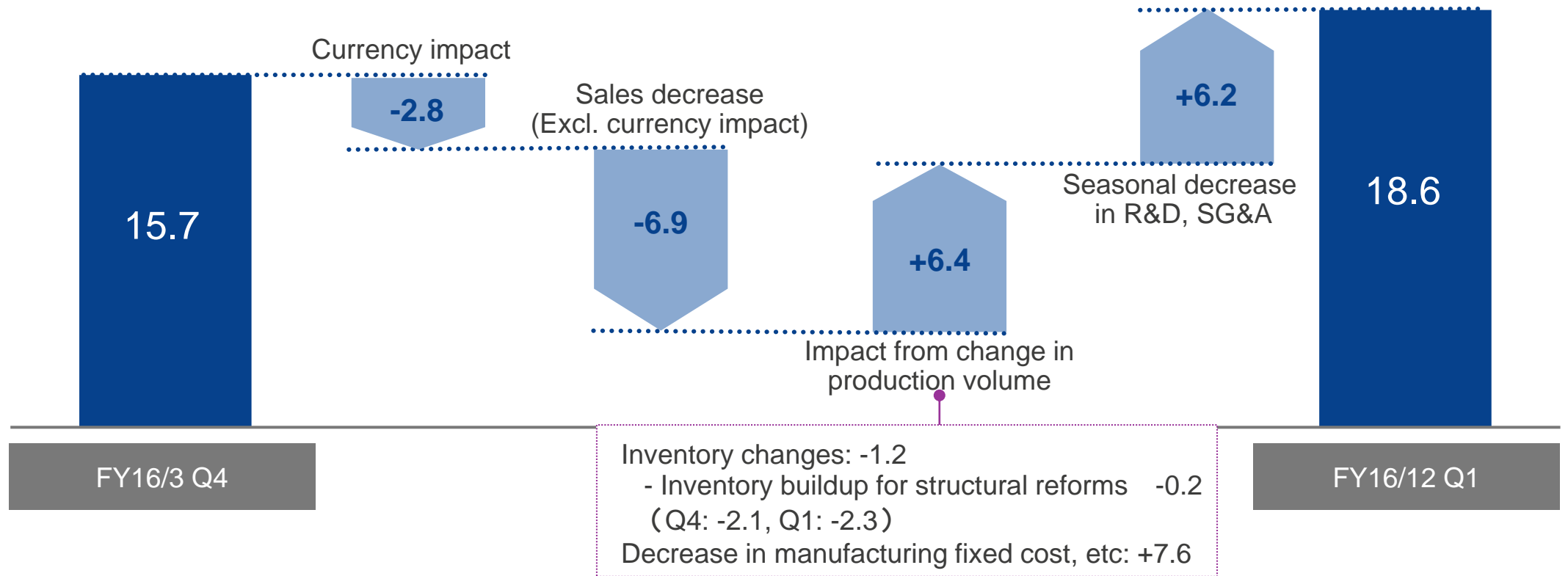
(B Yen)	As of Mar. 31, 2016	As of Jun. 30, 2016
Total Assets	849.4	823.2
Cash and Cash Equivalents	398.4	397.3
Inventories	108.4	97.0
Liabilities	467.6	447.7
Interest-Bearing Debt	244.3	237.9
Shareholders' Equity	364.1	374.1
Net Assets	381.7	375.5
D/E Ratio (Gross)	0.64	0.64
Equity Ratio	44.7%	45.4%

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

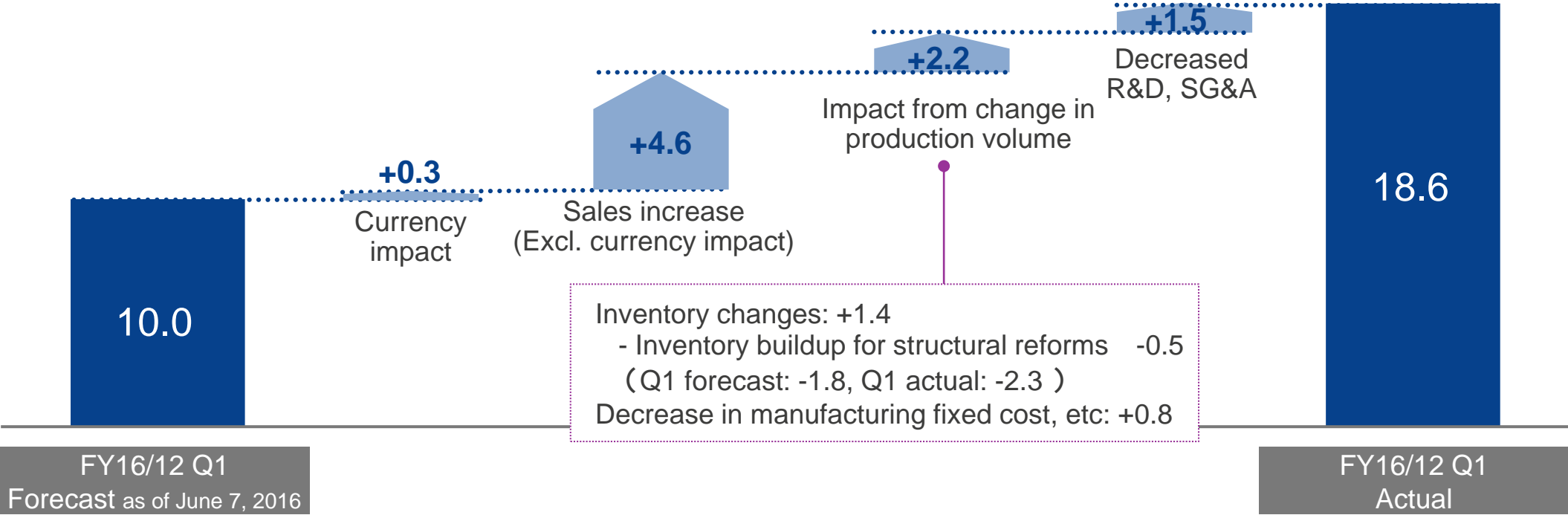
FY16/12 Q1 OPERATING INCOME

QOQ (B YEN)



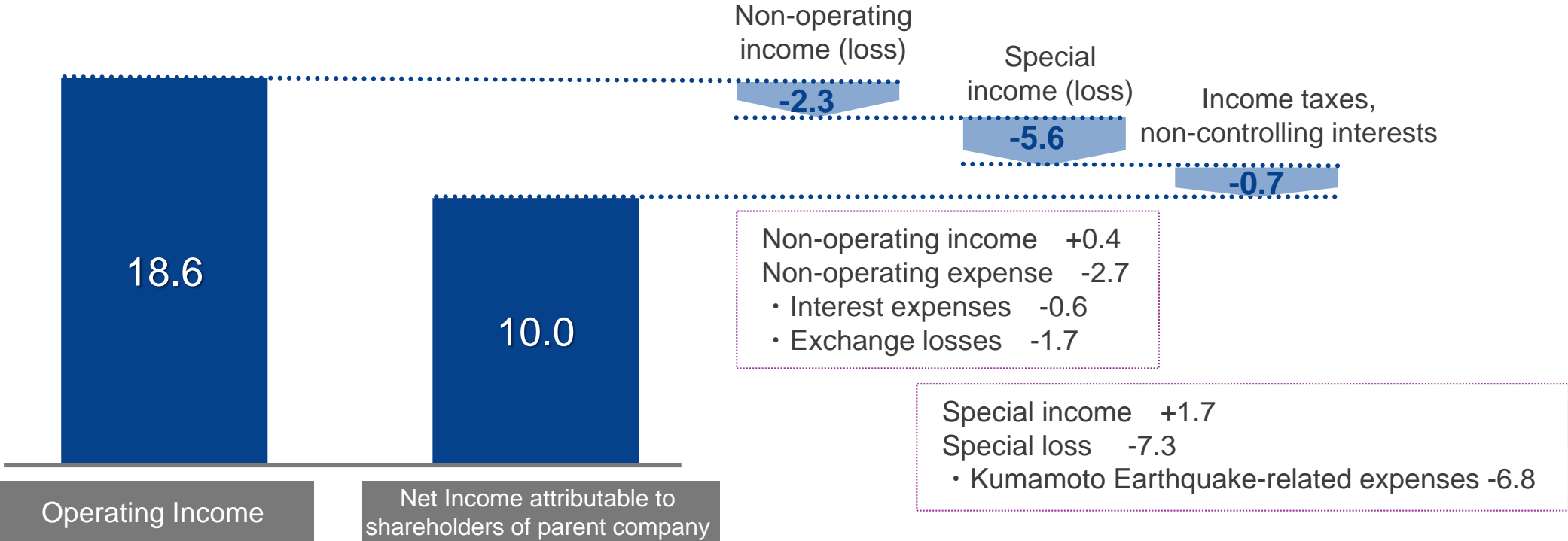
FY16/12 Q1 OPERATING INCOME

CHANGE FROM THE PREVIOUS FORECAST (B YEN)



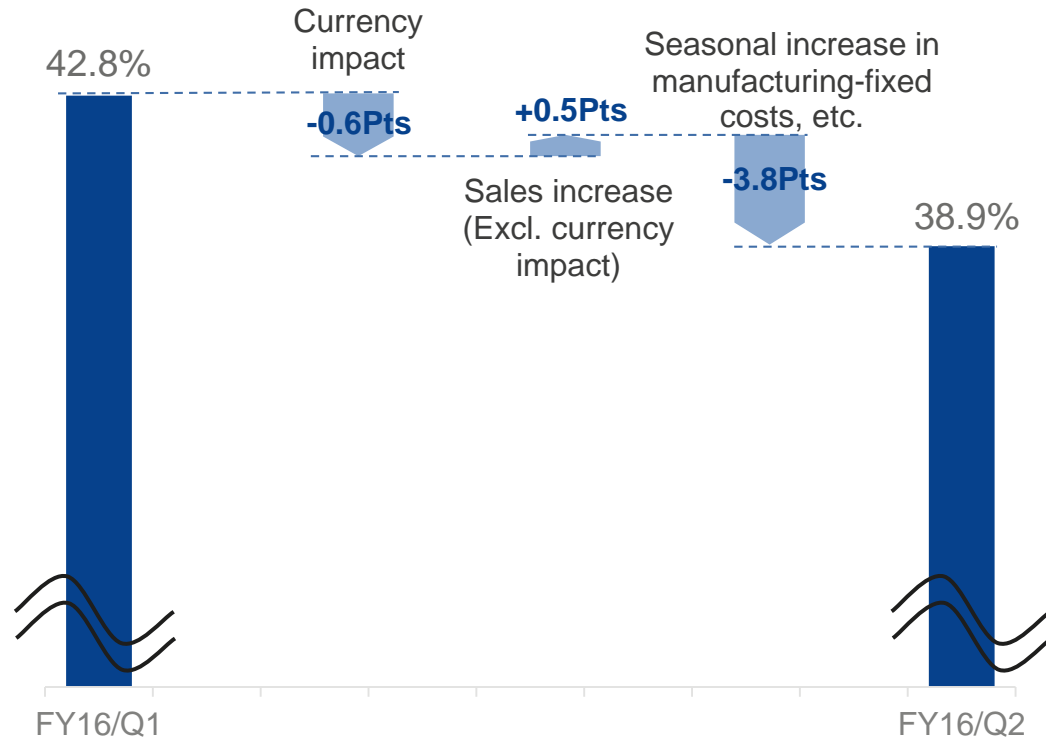
FY16/12 Q1 NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY

(B YEN)

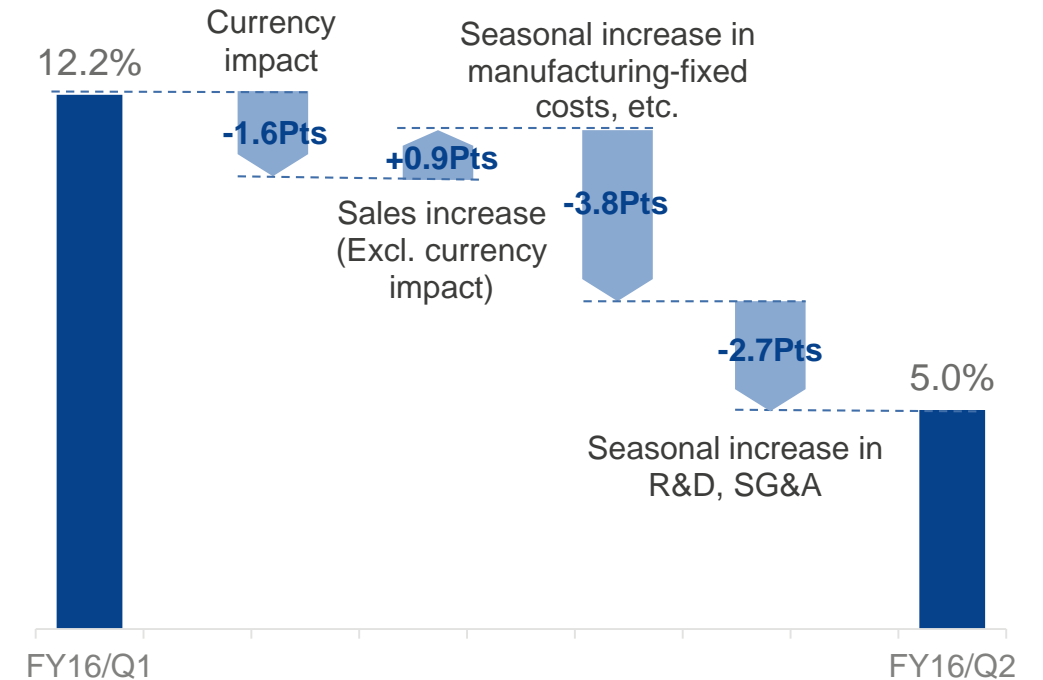


FY16/12 Q2 GROSS MARGIN / OPERATING MARGIN (QOQ)

<Gross margin>

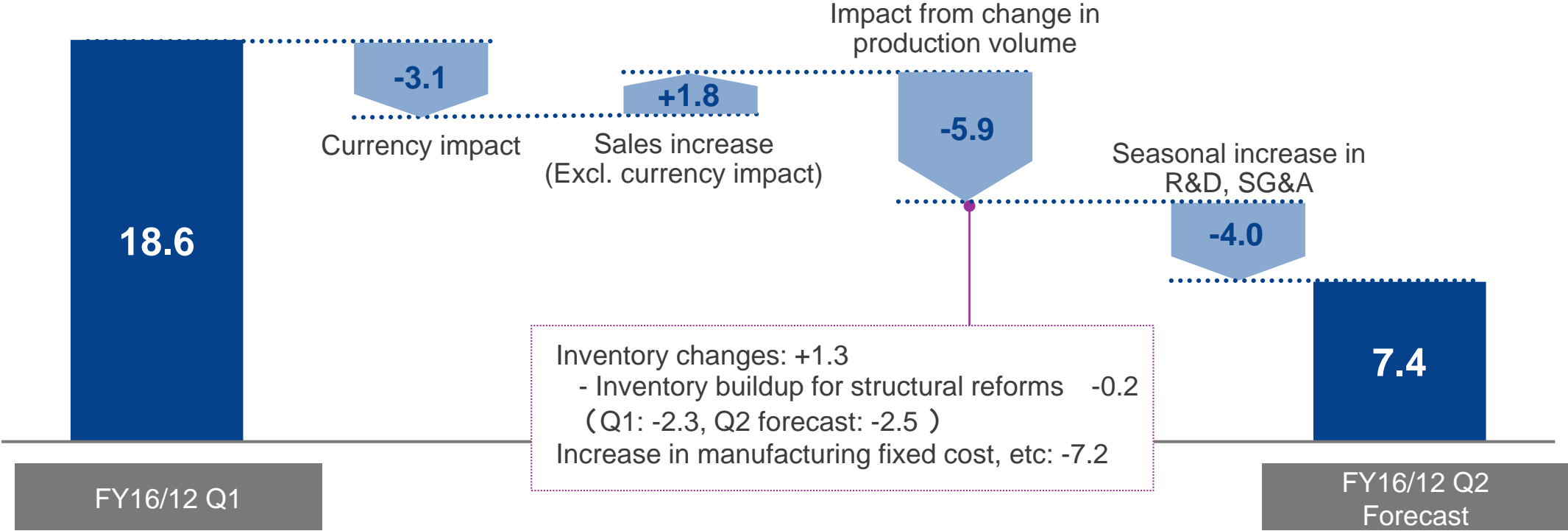


<Operating margin>



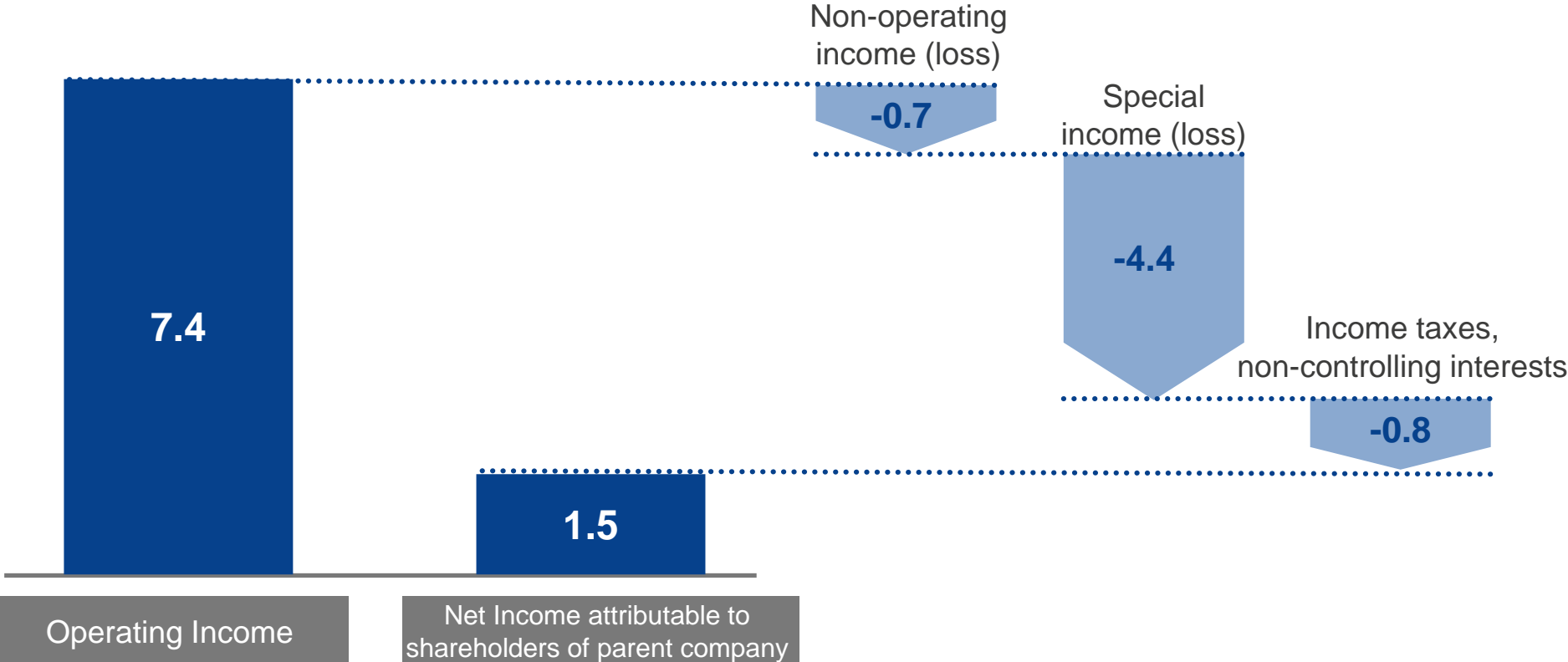
FY16/12 Q2 OPERATING INCOME FORECAST

QOQ (B YEN)



FY16/3 Q2 NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY FORECAST

(B YEN)



(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.