

# OVERVIEW OF RENESAS ELECTRONICS

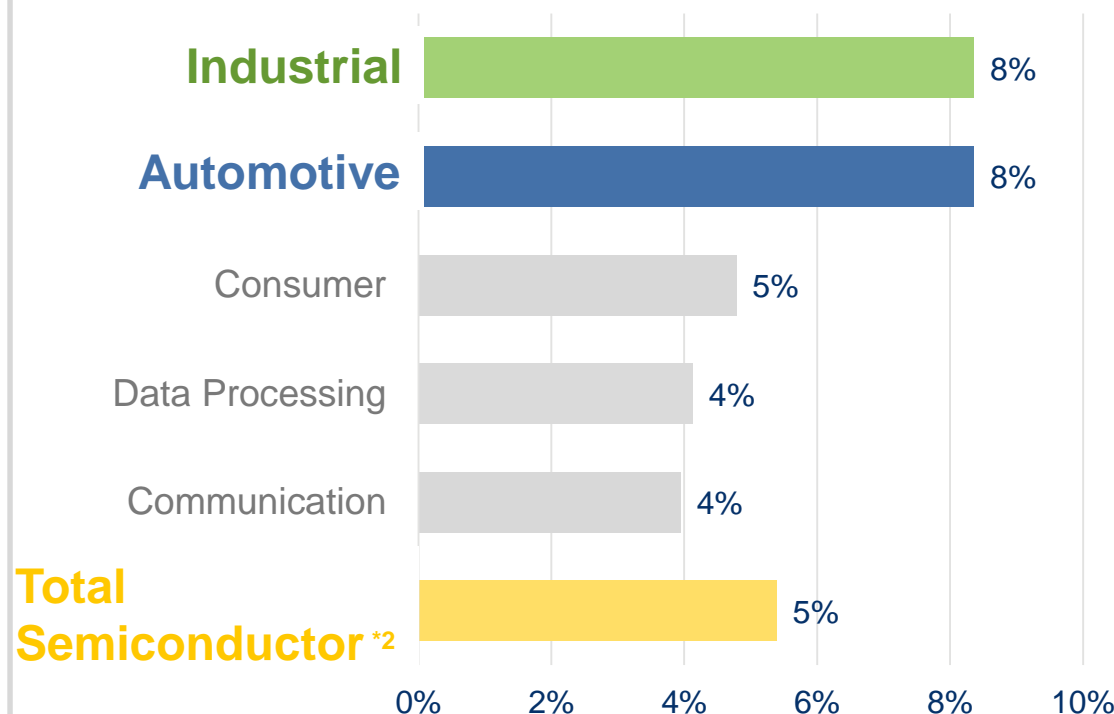
## CREDIT SUISSE 21ST ANNUAL TMT CONFERENCE

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EXECUTIVE VICE PRESIDENT AND CFO  
RENESAS ELECTRONICS CORPORATION

**BIG IDEAS**  
FOR EVERY SPACE

# Focus on High Growth Semiconductor End Markets

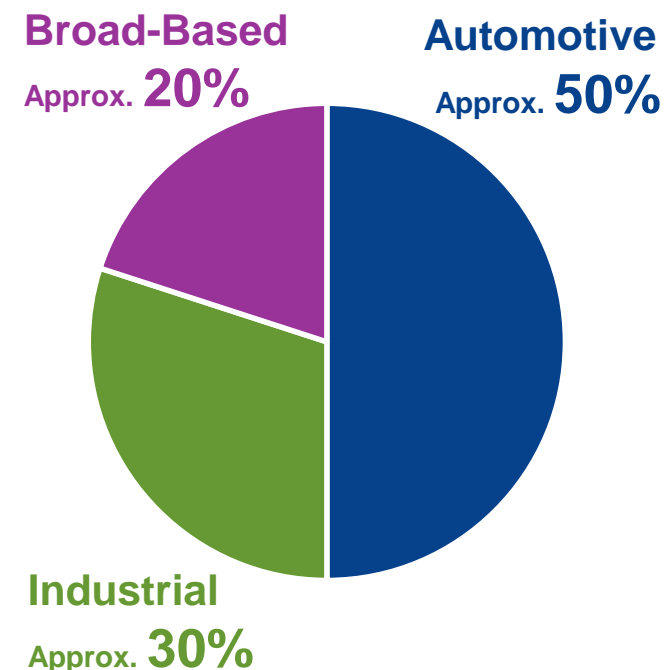
CAGR 21/17 Comparison by End Market \*1



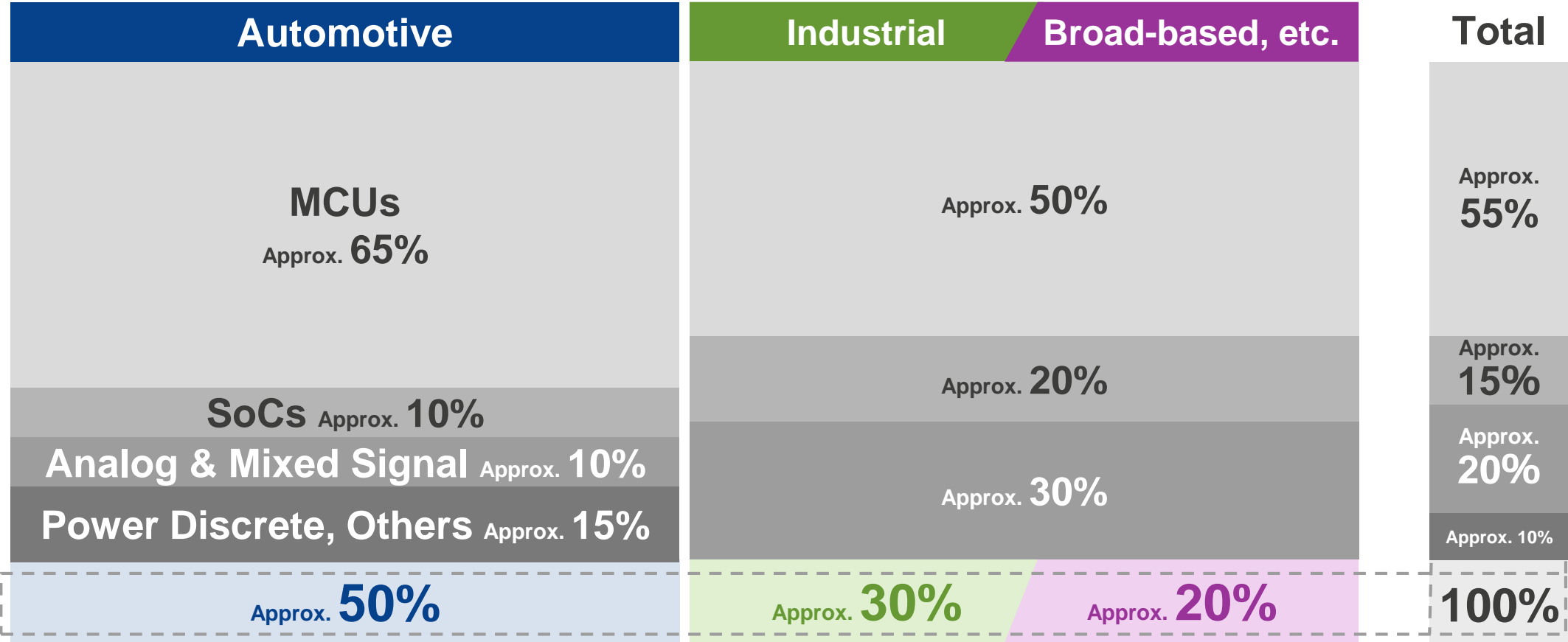
\*1: Graph created by RENESAS based on Gartner Research, Source: "Semiconductor Forecast Database, Worldwide, 3Q17 Update" 28 September 2017

\*2: Total (Semiconductor) market growth including DRAM, NAND flash memory, microprocessors and non-optical sensors

Renesas Sales Breakdown by Application (FY17 1-3Q)

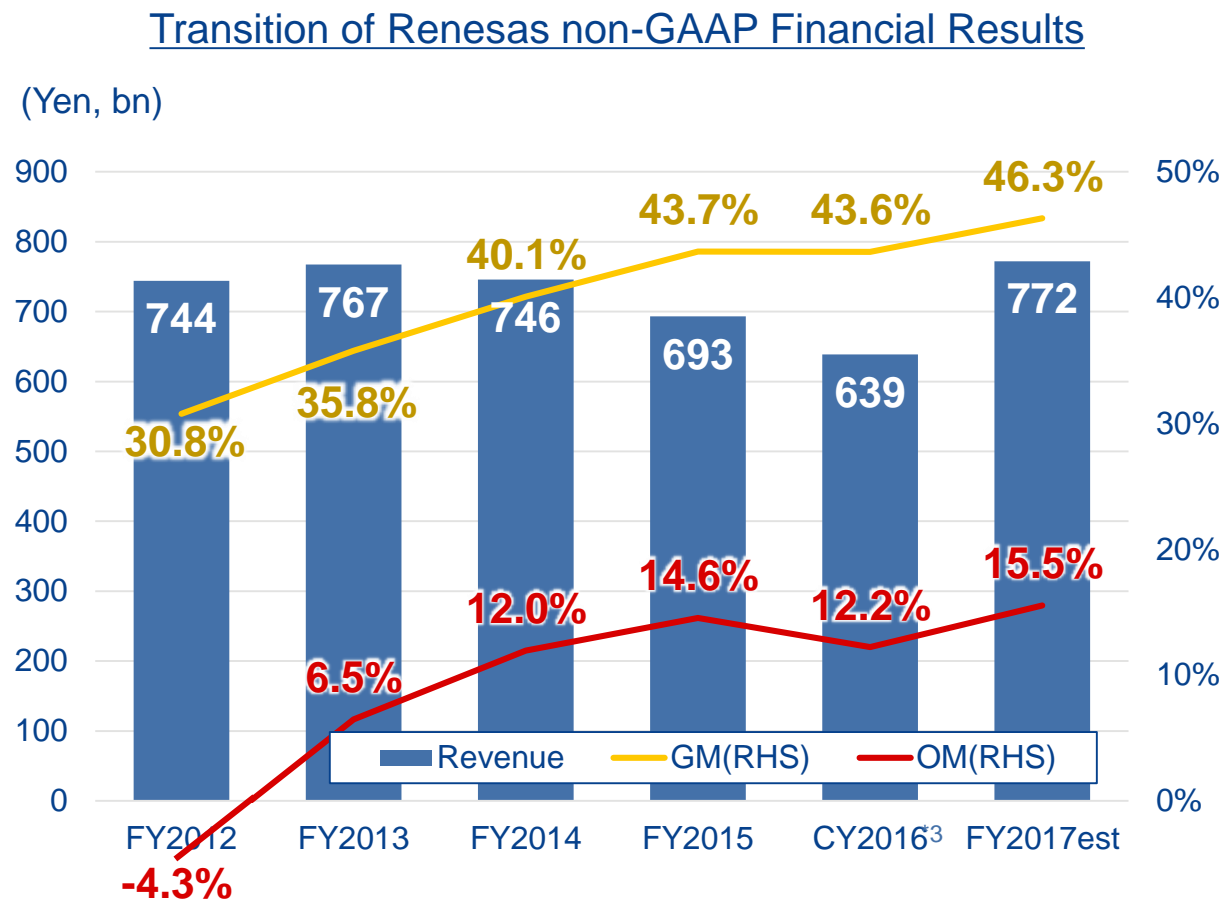
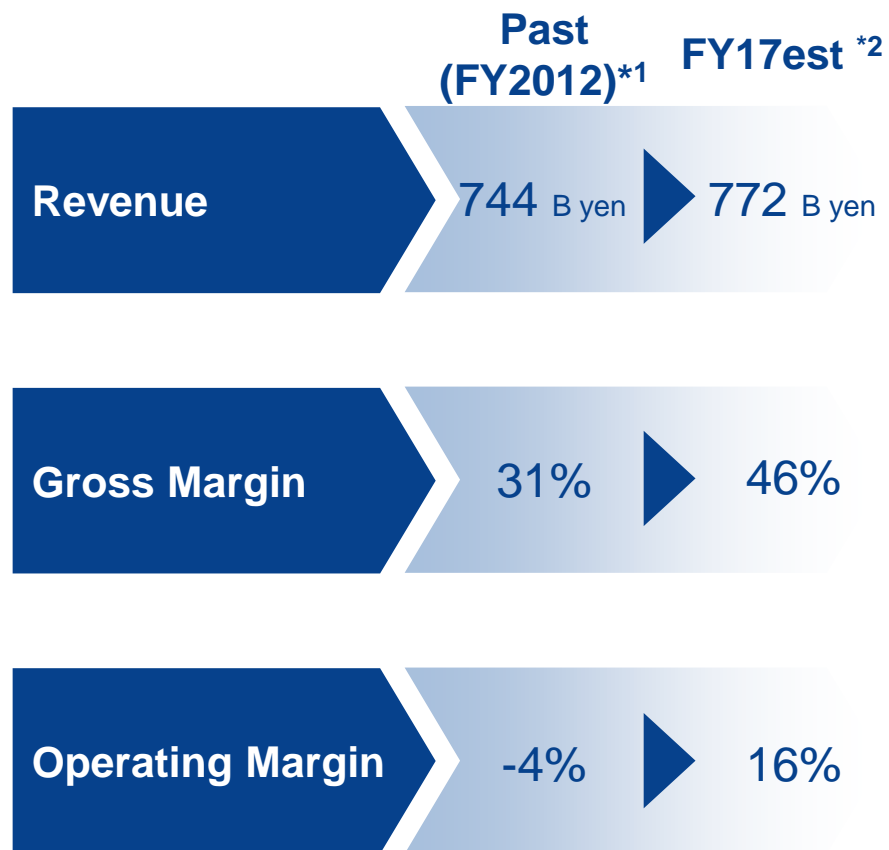


# FY17 Revenue\*1 Breakdown (Including Intersil consolidation)



\*1: Results for the calendar year (Jan- Dec 2017 \*Oct-Dec 2017(forecast))





# Steep Topline Recovery from Restructuring Phase Along with Improving Margin



\*1: Fiscal year through 2015 is Apr. to Mar. \*2: Fiscal year from 2017 is Jan. to Dec. \*3: Calculated on a calendar-year basis (Jan.-Dec. 2016) by adding FY15/4Q (Jan-Mar 2016) to FY16 (Apr – Dec 2016)

# Significant Margin Expansion Resulting from Our Successful Restructuring

FY 13/3 ► CY 16\*3

Business Rationalization		Growth Initiatives	
<b>-30%</b> pts Non-core Business Exposure <sup>*1*2</sup>	34%  5%	<b>Strategic M&amp;A</b> to strengthen financial structure	<b>Intersil Acquisition</b>
<b>-50%</b> the # of Factories	Front-End: 14 Back-End: 8  8 3	Maintained <b>R&amp;D</b> to enforce core competence	17% <sup>*4</sup>  16% <sup>*4</sup>
<b>-40%</b> the # of Employees	33,840  18,884	Introduction of <b>Meritocracy</b> to promote high-performance culture	Bonus payment (% of base salary): High performer <sup>*5</sup> = Approx. 2x Ave. performer <sup>*5</sup> Bonus Portion <sup>*6</sup> : 16%→35%
Operational Excellence			
Business Process Overhaul	HR/Compensation Scheme Overhaul	Global Operation Optimization	

\*1: Breakdown based on Renesas managerial accounting \*2: Non-core business defined as either: 1) Non-core business divisions or subsidiaries that have been divested, or have been slated for divestiture (LTE Modem Business, Renesas SP Driver, etc.), or 2) Individual EOL (end of life) products, which, following a predetermined period of production, are slated to be discontinued \*3: Calculated on a calendar-year basis (Jan-Dec 2016) by adding FY2016/3 4Q (3 months) to FY2016/12 (9 months) \*4: As a percentage of net sales \*5: "High performer" and "Average Class" represents "Grade 5" and "Grade 3" respectively under Renesas compensation system (Grade exist from 1-5) \*6: Represents change of bonus portion for non-managerial employee categorized at Grade 3 from 2012 under prior system to 2016 under current system. # of employees categorized at Grade 3 represents approximately 90% and 50% of our total employee under our prior and current systems, respectively \*7: Non-GAAP items

# Clear Path to Long-Term Financial Targets



## Visible Path for Profitable Business Base






Execution	Challenge
<b>Topline Growth</b> (Operating Leverage through Increased Scale)  <b>Cost Reduction</b>  <b>Better Product Mix</b>  <b>Intersil Consolidation</b>	<b>Acceleration of R&amp;D Investment</b>  <b>Near-term Increase of D&amp;A</b>  <b>Industry Consolidation</b>

\*1: Calculated on a calendar-year basis (Jan.-Dec. 2016) by adding FY15/4Q (Jan-Mar 2016) to FY16 (Apr – Dec 2016) \*2: Long-term target reflects non-GAAP adjustments to exclude amortization of goodwill and intangible assets, noncash expenses such as stock-based compensation expenses and one-time expenses \*3: Served Available Market

Organic

Inorganic

# Combination of Organic and Inorganic Growth

	Automotive	Industrial	Broad-Based
MCUs	 <b>Intensive R&amp;D</b>		<b>Inorganic + Organic Approaches</b>
SoCs	 <b>Strategic Partnerships and Alliances</b>		 
Analog & Mixed Signal	<b>Strategic Investment including Further Acquisitions</b>		 (Acquired for \$ 3.2B in Feb 2017)
Power Discrete	<b>Selective Investment</b>		

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**BIG IDEAS FOR EVERY SPACE**