FY17/12 Q1 FINANCIAL RESULTS

RENESAS ELECTRONICS CORPORATION
MAY 12, 2017

BIG IDEAS
FOR EVERY SPACE

FY17/12 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 under generally accepted accounting principles (hereinafter "GAAP") excluding non-recurring and certain 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 ended December 31, 2016. The fiscal year ended December 31, in which the transition to the new accounting period took place comprised the financial results for the nine months beginning April 1, 2016 and ended December 31, 2016.
The Group reports its consolidated forecast on a quarterly basis (cumulative quarter total) as a substitute for a yearly forecast.

CHANGE OF FISCAL TERM AND PRESENTATION OF REVISED NON-GAAP AND PRO-FORMA SALES FOLLOWING THE SHIFT TO GROWTH

Change of fiscal term

- Implemented a change in fiscal term starting from FY16/12 in which the fiscal year-end changed from March 31 to December 31
- In this presentation, FY17/12 Q1 (Jan-Mar 2017) results are compared with FY16/3 Q4 (Jan-Mar 2016) as an YoY comparison and FY16/12 Q3 (Oct-Dec 2016) as a QoQ comparison

Revised Non-GAAP and pro-forma sales

- Consolidated Intersil's financial statements following the close of the acquisition on Feb 24, 2017
- Following the Intersil acquisition, Non-GAAP definition has been revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition and stock-based compensation cost (Please refer to page 14)
- Some of the slides in this presentation indicate Renesas Net Sales on a pro-forma basis by combining Intersil's historical revenue prior to the close of the acquisition to permit comparative analysis
(Reference only, applicable to sales)

FY17/12 Q1 FINANCIAL SNAPSHOT (NON-GAAP BASIS*1)

YoY and QoQ results as well as the change from Feb 8 FCT of the Net Sales and Semi Sales are rounded off to one decimal place

(B yen)	CY16		CY17 (FY17/12)				
	Jan-Mar	Oct-Dec	Jan-Mar (Q1) Feb 8 FCT	Jan-Mar (Q1) Actual	YoY	QoQ	Change from Feb 8 FCT
Net Sales	167.8	166.4	171.0	177.6	+5.9%	+6.7%	+3.9%
Semi Sales	163.2	161.4	167.0	172.5	+5.7%	+6.9%	+3.3%
Gross Margin	42.1%	45.6%	43.5%	45.5%	+3.4pts	-0.1pts	+2.0pts
Operating Income (Margin)	17.8 (10.6%)	22.8 (13.7%)	23.3 (13.6%)	29.1 (16.4%)	+11.3 (+5.7pts)	+6.3 (+2.7pts)	+5.8 (+2.7pts)
Net Income Attributable to Shareholders of Parent Company	12.4	25.9	19.3	23.6	+11.2	-2.4	+4.3
EBITDA*2	33.3	38.6	38.8	46.2	+12.9	+7.6	+7.4
1 US$=	118 yen	105 yen	111 yen	114 yen	5 yen appreciation	9 yen depreciation	3 yen depreciation
1 Euro=	130 yen	115 yen	118 yen	121 yen	8 yen appreciation	6 yen depreciation	3 yen depreciation

*1 Non-GAAP Basis: Results excluding non-recurring and certain other items. Non-GAAP basis excludes the impact of sales and profit/loss of Renesas SP Drivers, impact of profit/loss of LTE modem business and profit/loss from inventory buildup until the end of FY16/12 ended December 2016. Non-GAAP definition is revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition and stock-based compensation cost since FY17/12 ending December 2017. (The impact of inventory buildup in FY17/12 Q1 was negative 0.9 B yen in operating profit.)
*2 EBITDA: Operating income + Depreciation and amortization + Amortization of long-term prepaid expenses

FY17/12 Q1 HIGHLIGHTS (NON-GAAP BASIS*1)

Semi. Sales
¥172.5 B
YoY: +5.7%
(Pro-forma basis*2 YoY: +2.3%)

Increased by 5.7% YoY, despite yen appreciation, as a result of Renesas standalone*3 sales growth and the addition of Intersil sales following the close of the acquisition

- Achieved 2.3% growth YoY on a pro-forma basis
  (Renesas standalone: +1.5%, Intersil's business: +10.7%)

Gross Margin
45.5%
YoY: +3.4 pts

Expanded gross margin from sales increase and improved business portfolio

- Increased sales boosted standalone gross margin
- Intersil business contributed with an additional increase

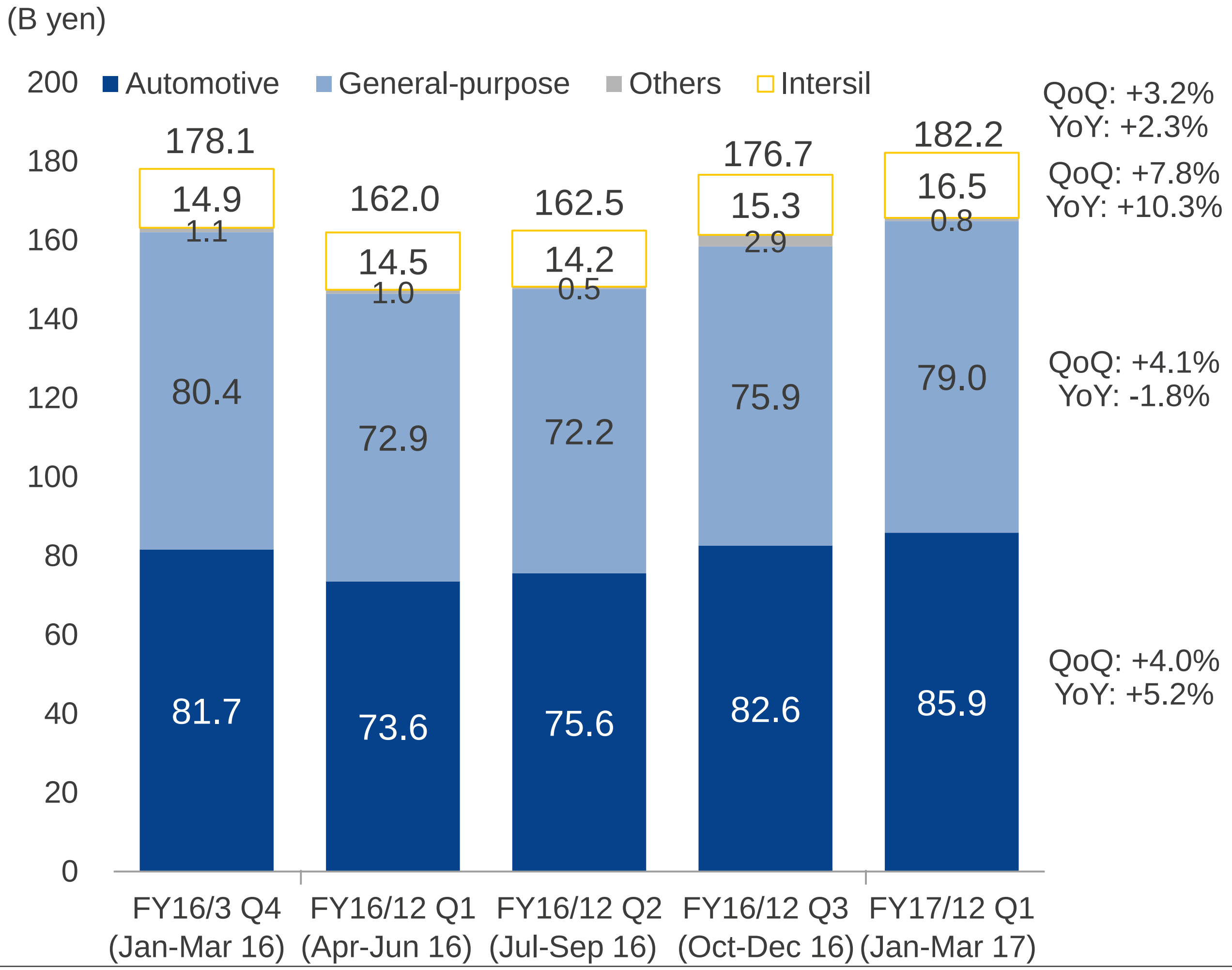
Operating Margin
16.4%
YoY: +5.7 pts

Continued OPEX*4 discipline

- More growth investment in R&D*5
- Appropriate management of SG&A*6

*1 Non-GAAP Basis: Results excluding non-recurring and certain other items. Non-GAAP basis excludes the impact of sales and profit/loss of Renesas SP Drivers, impact of profit/loss of LTE modem business and profit/loss from inventory buildup until the end of FY16/12 ended December 2016. Non-GAAP definition is revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition and stock-based compensation cost since FY17/12 ending December 2017. (The impact of inventory buildup in FY17/12 Q1 was negative 0.9 B yen in operating profit.)
*2 Pro-forma basis: Renesas Net Sales including Intersil's historical revenue prior to the close of the acquisition *3 Renesas standalone：Net sales of Renesas Group companies excluding Intersil revenue
*4 OPEX：Operating expenses such as R&D and SG&A *5 R&D：Research & Development *6 SG&A：Selling, general and administrative expenses

FY17/12 Q1 SEMICONDUCTOR SALES (PRO-FORMA BASIS*1)



Factors affecting increase/decrease

Intersil:
Increased QoQ and YoY due to strong demands for industrial and infrastructure applications (including automotive)

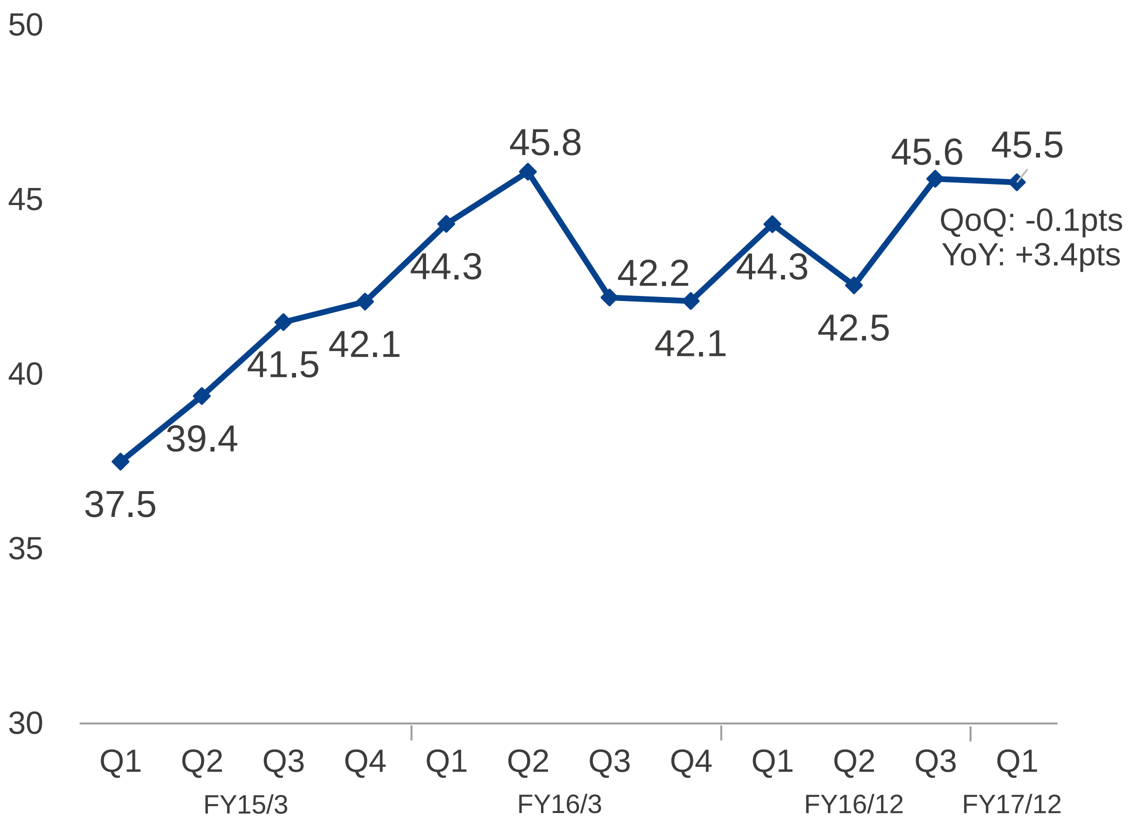
General-purpose:
Increased QoQ from continued recovery in demand for FA (factory automation) and air conditioners for the Chinese market

Automotive:
Increased overall both QoQ and YoY due to strong demand in Automotive Control despite QoQ and YoY decreases in Automotive Information from sluggish car navigation system demand

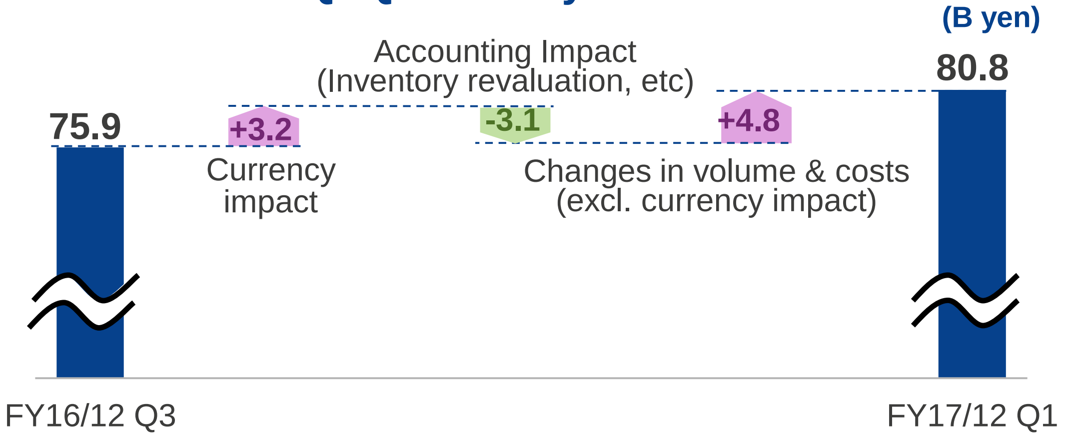
*1 Pro-forma basis: Renesas Net Sales including Intersil's historical revenue prior to the close of the acquisition

GROSS PROFIT/MARGIN (NON-GAAP BASIS*1)

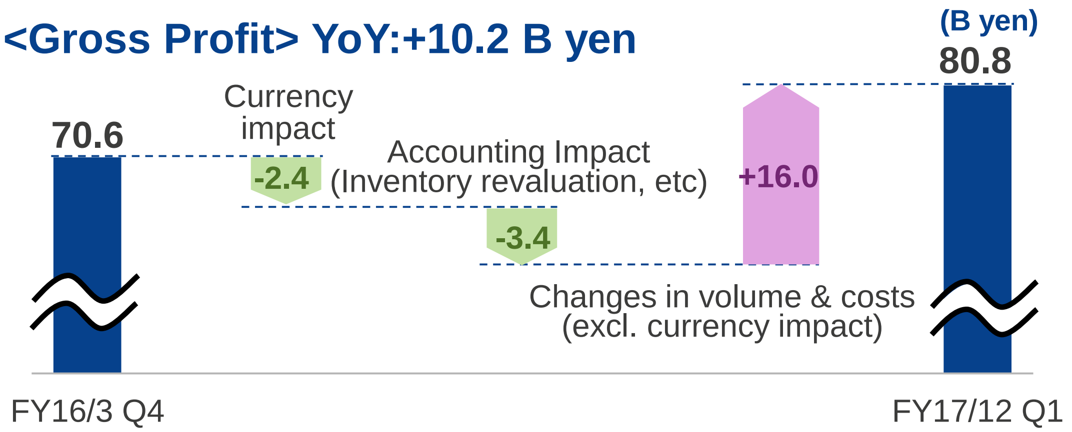
<Gross Margin Quarterly Trends (%)>



<Gross Profit> QoQ: +4.9 B yen

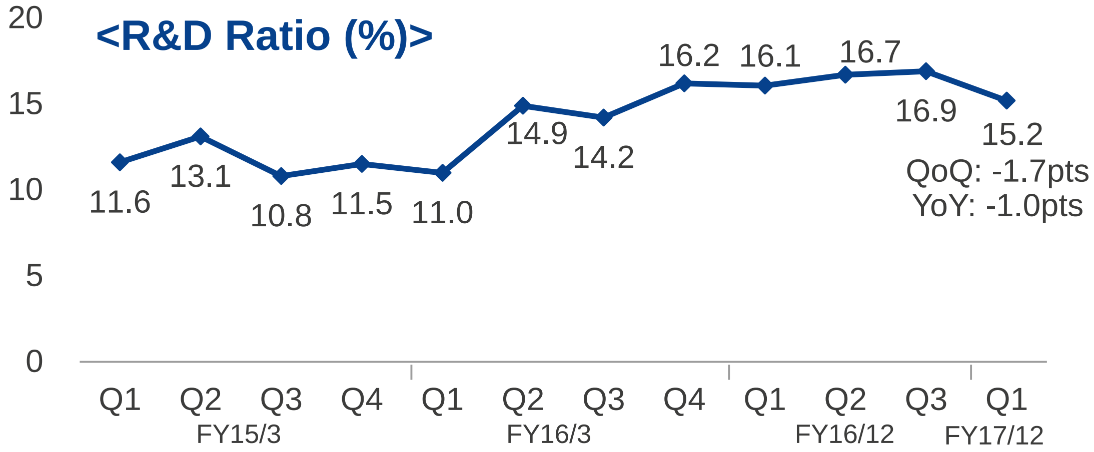


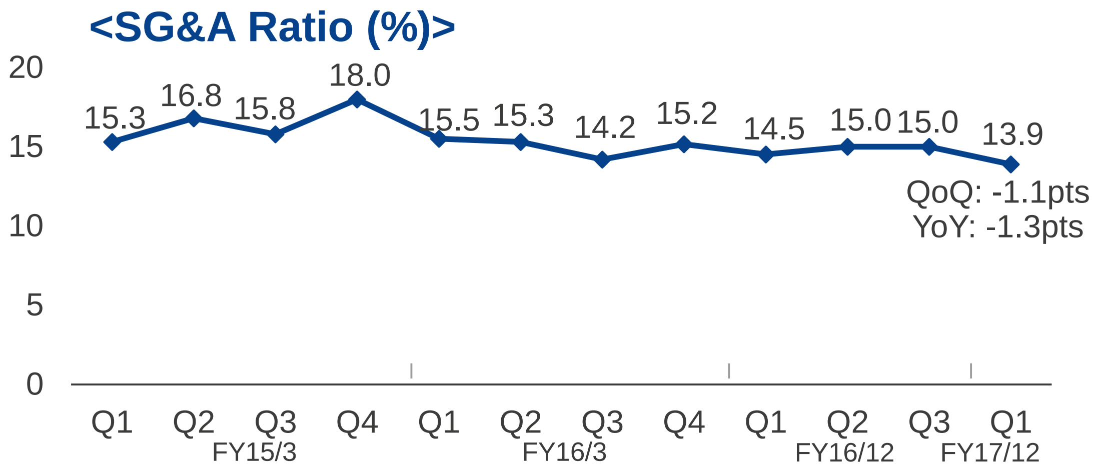
<Gross Profit> YoY:+10.2 B yen

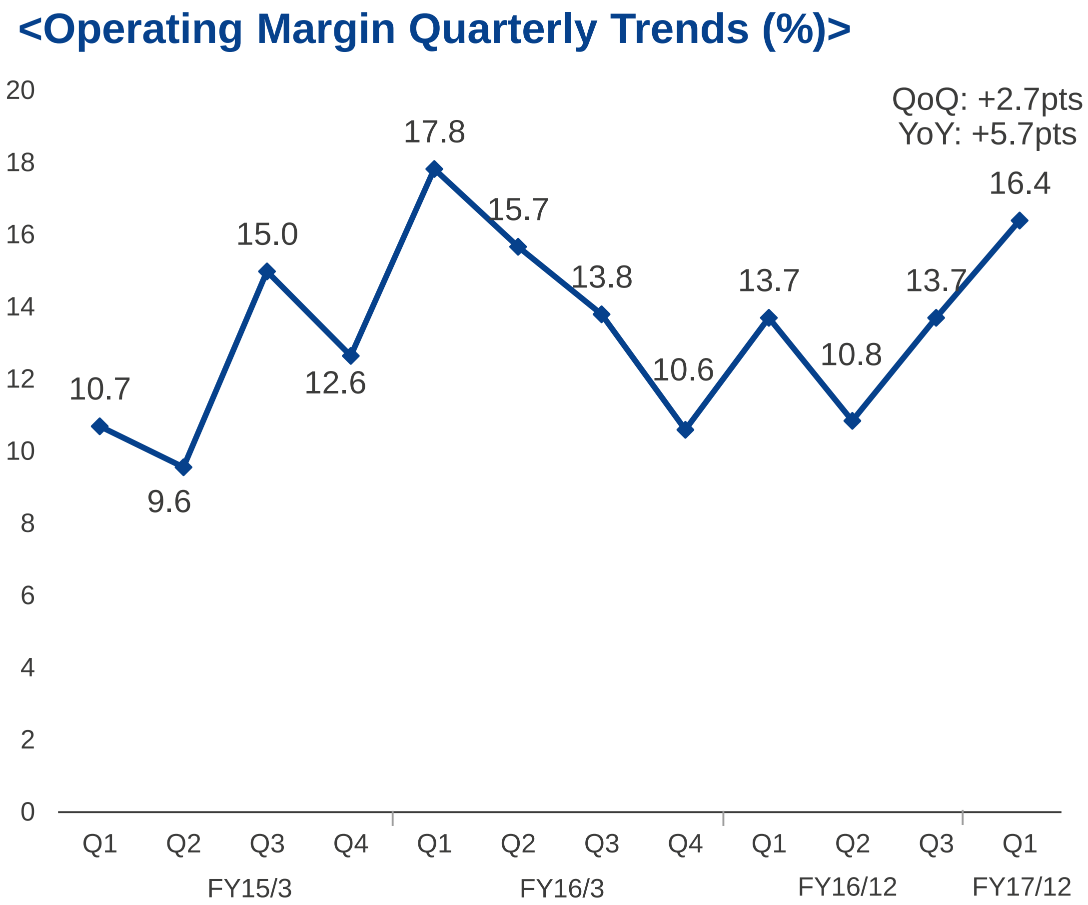


*1 Non-GAAP Basis: Results excluding non-recurring and certain other items. Non-GAAP basis excludes the impact of sales and profit/loss of Renesas SP Drivers, impact of profit/loss of LTE modem business and profit/loss from inventory buildup until the end of FY16/12 ended December 2016. Non-GAAP definition is revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition and stock-based compensation cost since FY17/12 ending December 2017. (The impact of inventory buildup in FY17/12 Q1 was negative 0.9 B yen in operating profit.)

OPEX TRAJECTORY AND OPERATING MARGIN (NON-GAAP BASIS*1)







*1 Non-GAAP Basis: Results excluding non-recurring and certain other items. Non-GAAP basis excludes the impact of sales and profit/loss of Renesas SP Drivers, impact of profit/loss of LTE modem business and profit/loss from inventory buildup until the end of FY16/12 ended December 2016. Non-GAAP definition is revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition and stock-based compensation cost since FY17/12 ending December 2017. (The impact of inventory buildup in FY17/12 Q1 was negative 0.9 B yen in operating profit.)

FY17/12 Q2 FINANCIAL FORECASTS

FY17/12 Q2 FINANCIAL FORECASTS (NON-GAAP BASIS*1)

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

(B yen)	CY16		CY17 (FY17/12)					
	Apr-Jun	1H (Jan-Jun)	Q1 (Jan-Mar)	Q2 Forecast (Apr-Jun)	YoY	QoQ	1H Forecast (Jan-Jun)	YoY
Net Sales	152.0	319.8	177.6	192.1	+26.4%	+8.1%	369.7	+15.6%
Semiconductor Sales	147.5	310.7	172.5	188.7	+27.9%	+9.4%	361.2	+16.2%
Gross Margin	44.3%	43.1%	45.5%	43.9%	-0.5pts	-1.6pts	44.6%	+1.5pts
Operating Income (Margin)	20.9 (13.7%)	38.7 (12.1%)	29.1 (16.4%)	22.5 (11.7%)	+1.7 (-2.0pts)	-6.6 (-4.6pts)	51.6 (14.0%)	+12.9 (+1.9pts)
Net Income Attributable to Shareholders of Parent Company	12.3	24.7	23.6	29.5	+17.2	+6.0	53.1	+28.4
EBITDA*2	35.4	68.7	46.2	40.4	+5.0	-5.8	86.6	+17.9
1 US$=	111 yen	115 yen	114 yen	108 yen	3 yen appreciation	6 yen appreciation	111 yen	4 yen appreciation
1 Euro=	124 yen	127 yen	121 yen	115 yen	9 yen appreciation	6 yen appreciation	118 yen	9 yen appreciation

*1 Non-GAAP Basis: Results excluding non-recurring and certain other items. Non-GAAP basis excludes the impact of sales and profit/loss of Renesas SP Drivers, impact of profit/loss of LTE modem business and profit/loss from inventory buildup until the end of FY16/12 ended December 2016. Non-GAAP definition is revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition and stock-based compensation cost since FY17/12 ending December 2017. (The impact of inventory buildup in FY17/12 Q2 is expected to be 0.1 B yen in operating profit.)

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

HIGHLIGHTS OF FY17/12 Q2 FORECASTS (NON-GAAP BASIS*1)

Semi. Sales
¥188.7 B
YoY: +27.9%
(Pro-forma basis*2 YoY: +16.5%)

Gross Margin
43.9%
YoY: -0.5 pts

Operating Margin
11.7%
YoY: -2.0 pts

Expect continued growth

- Expect further growth in both Renesas standalone*3 and Intersil sales
- Continuing strong demand in automotive and industrial

Maintain gross margin level with sales increases and improvement of business portfolio

- Expect to remain at almost the same level as last year due to sales increases and contribution from Intersil's business, despite yen appreciation and increases in depreciation/amortization

Continue OPEX*4 discipline

- Retain double-digit operating margin, while continuing to strengthen growth investment in R&D*5

*1 Non-GAAP Basis: Results excluding non-recurring and certain other items. Non-GAAP basis excludes the impact of sales and profit/loss of Renesas SP Drivers, impact of profit/loss of LTE modem business and profit/loss from inventory buildup until the end of FY16/12 ended December 2016. Non-GAAP definition is revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition and stock-based compensation cost since FY17/12 ending December 2017. (The impact of inventory buildup in FY17/12 Q2 is expected to be 0.1 B yen in operating profit.)
*2 Pro-forma basis: Renesas Net Sales including Intersil's historical revenue prior to the close of the acquisition
*3 Renesas standalone：Net sales of Renesas Group companies excluding Intersil revenue
*4 OPEX：Operating expenses such as R&D and SG&A
*5 R&D：Research & Development

APPENDIX

The figures in this section are mainly based on GAAP (Generally Accepted Accounting Principles) stated on a financial reporting basis and are provided as additional information.

FORMER GAAP/NON-GAAP RECONCILIATION (UNTIL FY16/12)

(B Yen)	FY15/3				FY16/3				FY16/12		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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
Renesas SP Drivers[*1] ②	-17.6	-21.0	-	-	-	-	-	-	-	-	-
Semiconductor Sales (Non-GAAP[*2]) ①+②	183.6	178.6	177.4	175.1	174.5	177.0	160.9	163.2	147.5	148.3	161.4
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
Renesas SP Drivers ②	-6.0	-6.4	-	-	-	-	-	-	-	-	-
Inventory Buildup[*3] ③	-2.6	-1.7	-1.7	-1.4	-0.4	-2.3	-2.3	+2.1	+2.3	+2.0	+1.2
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
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
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
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
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 Non-GAAP Basis: Results excluding non-recurring and certain other items. Non-GAAP basis excludes the impact of sales and profit/loss of Renesas SP Drivers, impact of profit/loss of LTE modem business and profit/loss from inventory buildup until the end of FY16/12 ended December 2016. Non-GAAP definition is revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition and stock-based compensation cost since FY17/12 ending December 2017. (The impact of inventory buildup in FY17/12 Q1 was negative 0.9 B yen in operating profit.)

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

REVISED GAAP/NON-GAAP RECONCILIATION (FROM FY17/12)

(B Yen)	FY16/12			FY17/12	
	Q1	Q2	Q3	Q1	Q2 (Forecast)
Net Sales	152.0	152.6	166.4	177.6	192.1
Gross Profit (GAAP)	65.1	62.9	74.7	80.8	84.2
Inventory Buildup*1	+2.3	+2.0	+1.2	-	-
Stock-Based Compensation (COGS)	-	-	-	+0	+0
Gross Profit (Non-GAAP*2)	67.4	64.9	75.9	80.8	84.2
Non-GAAP Gross Margin (%)	44.3%	42.5%	45.6%	45.5%	43.9%
Operating Income (GAAP)	18.6	14.6	21.6	25.5	13.0
Inventory Buildup	+2.3	+2.0	+1.2	-	-
Stock-Based Compensation (COGS)	-	-	-	+0	+0
Amortization of Goodwill (SG&A)	-	-	-	+2.9	+8.8
Costs Related to the Acquisition of Intersil (SG&A)	-	-	-	+0.5	-
Amortization of Purchased Intangible Assets (SG&A)	-	-	-	+0.1	+0.3
Stock-Based Compensation (R&D)	-	-	-	+0	+0.1
Stock-Based Compensation (SG&A)	-	-	-	+0.1	+0.3
Operating Income (Non-GAAP)	20.9	16.6	22.8	29.1	22.5
Non-GAAP Operating Margin (%)	13.7%	10.8%	13.7%	16.4%	11.7%

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

*2 Non-GAAP Basis: Results excluding non-recurring and certain other items. Non-GAAP basis excludes the impact of sales and profit/loss of Renesas SP Drivers, impact of profit/loss of LTE modem business and profit/loss from inventory buildup until the end of FY16/12 ended December 2016. Non-GAAP definition is revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition and stock-based compensation cost since FY17/12 ending December 2017. (The impact of inventory buildup in FY17/12 Q1 was negative 0.9 B yen in operating profit. The impact of inventory buildup in FY17/12 Q2 is expected to be negative 0.1 B yen in operating profit.)

FY17/12 Q1 FINANCIAL SNAPSHOT

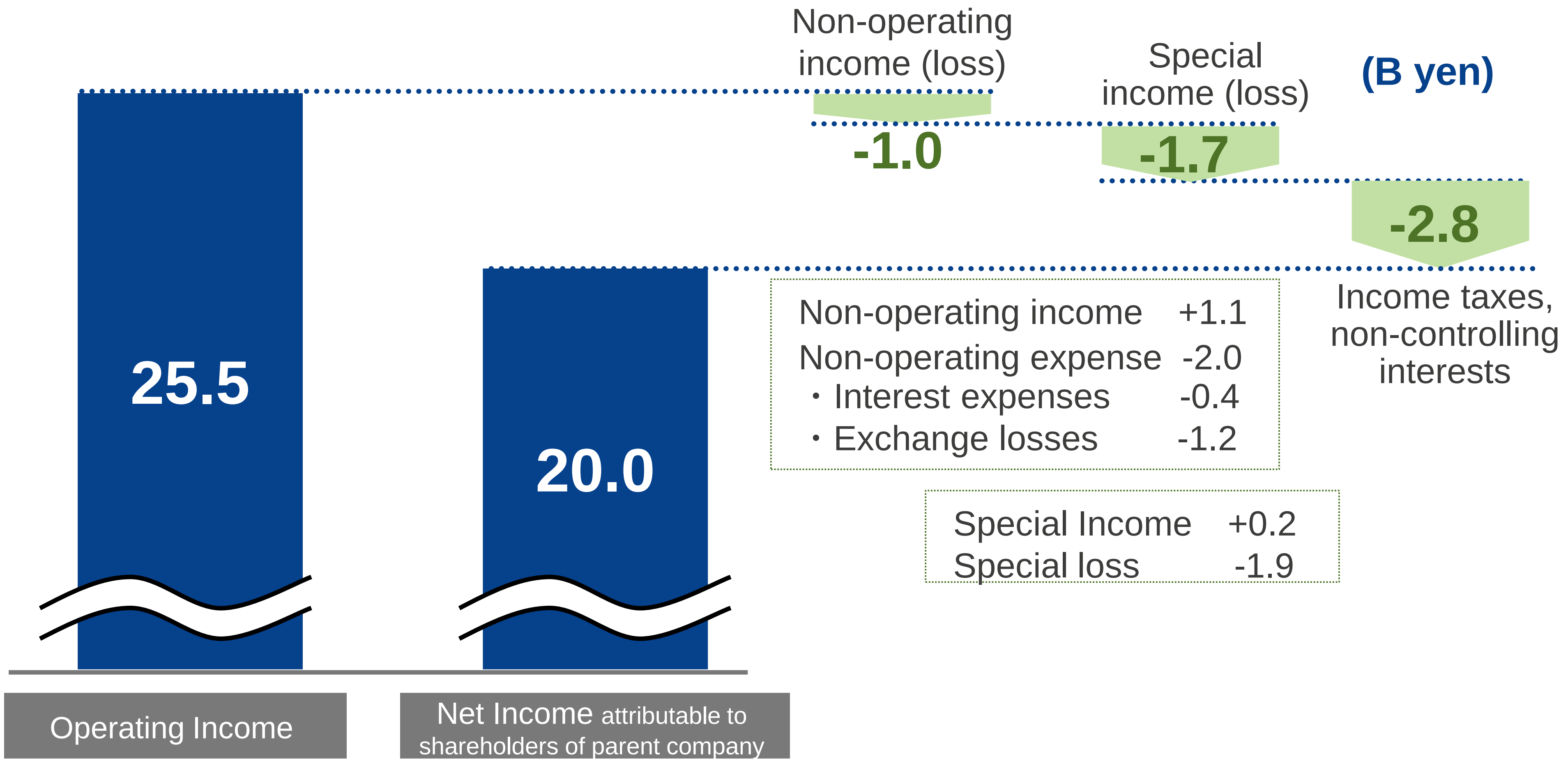
YoY and QoQ results as well as the Change from Feb 8 FCT of the Net Sales and Semi Sales are rounded off to one decimal place

(B yen)	CY16		CY17 (FY17/12)				
	Jan-Mar	Oct-Dec	Jan-Mar (Q1) Forecast	Jan-Mar (Q1) Actual	YoY	QoQ	Change from Feb 8 FCT
Net Sales	167.8	166.4	171.0	177.6	+5.9%	+6.7%	+3.9%
Semi Sales	163.2	161.4	167.0	172.5	+5.7%	+6.9%	+3.3%
Gross Margin	40.8%	44.9%	43.3%	45.5%	+4.7pts	+0.6pts	+2.2pts
Operating Income (Margin)	15.7 (9.4%)	21.6 (13.0%)	23.0 (13.5%)	25.5 (14.3%)	+9.8 (+5.0pts)	+3.9 (+1.4pts)	+2.5 (+0.9pts)
Net Income Attributable to Shareholders of Parent Company	10.3	24.7	19.0	20.0	+9.7	-4.8	+1.0
EBITDA*1	31.2	37.4	38.5	45.6	+14.4	+8.2	+7.1
1 US$=	118 yen	105 yen	111 yen	114 yen	5 yen appreciation	9 yen depreciation	3 yen depreciation
1 Euro=	130 yen	115 yen	118 yen	121 yen	8 yen appreciation	6 yen depreciation	3 yen depreciation

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

FY17/12 Q1 NET INCOME
ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY

(B yen)



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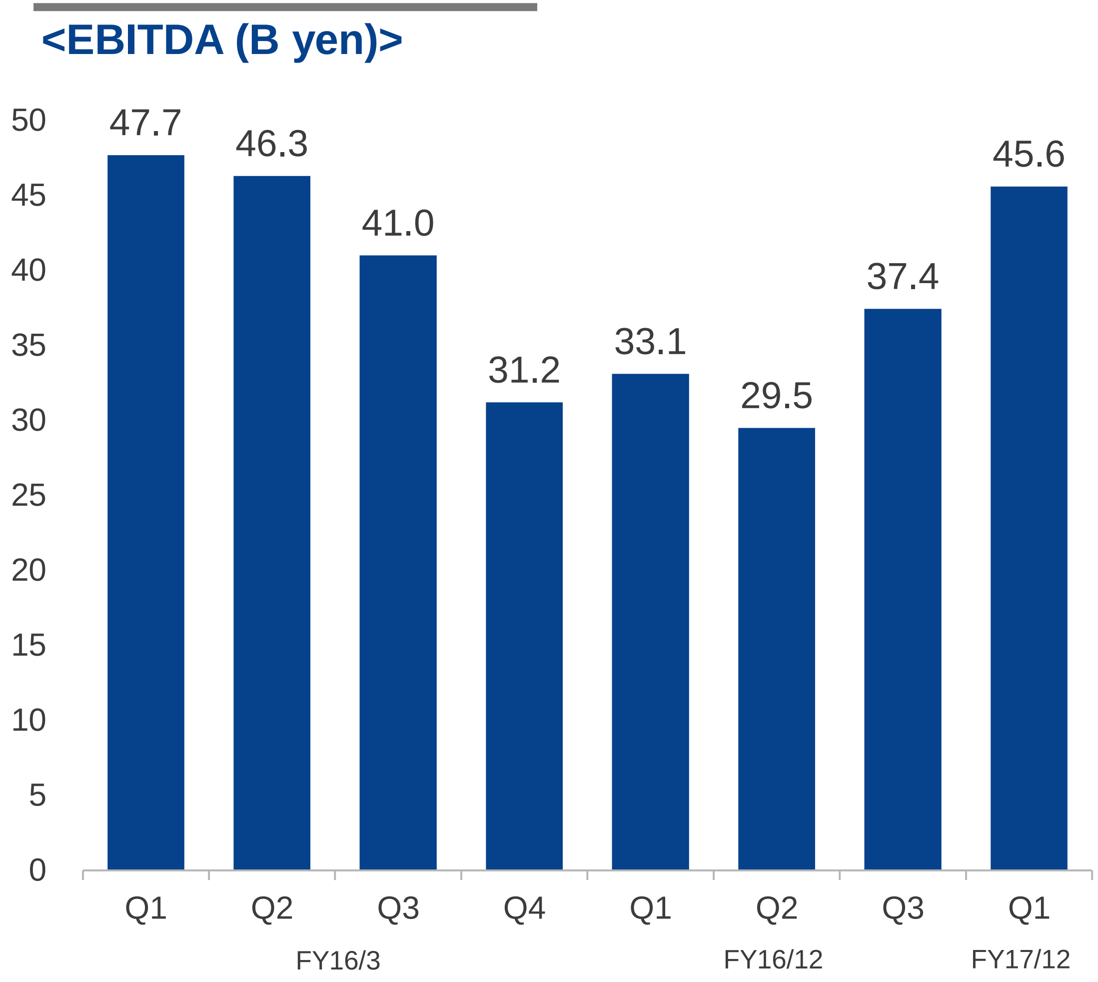
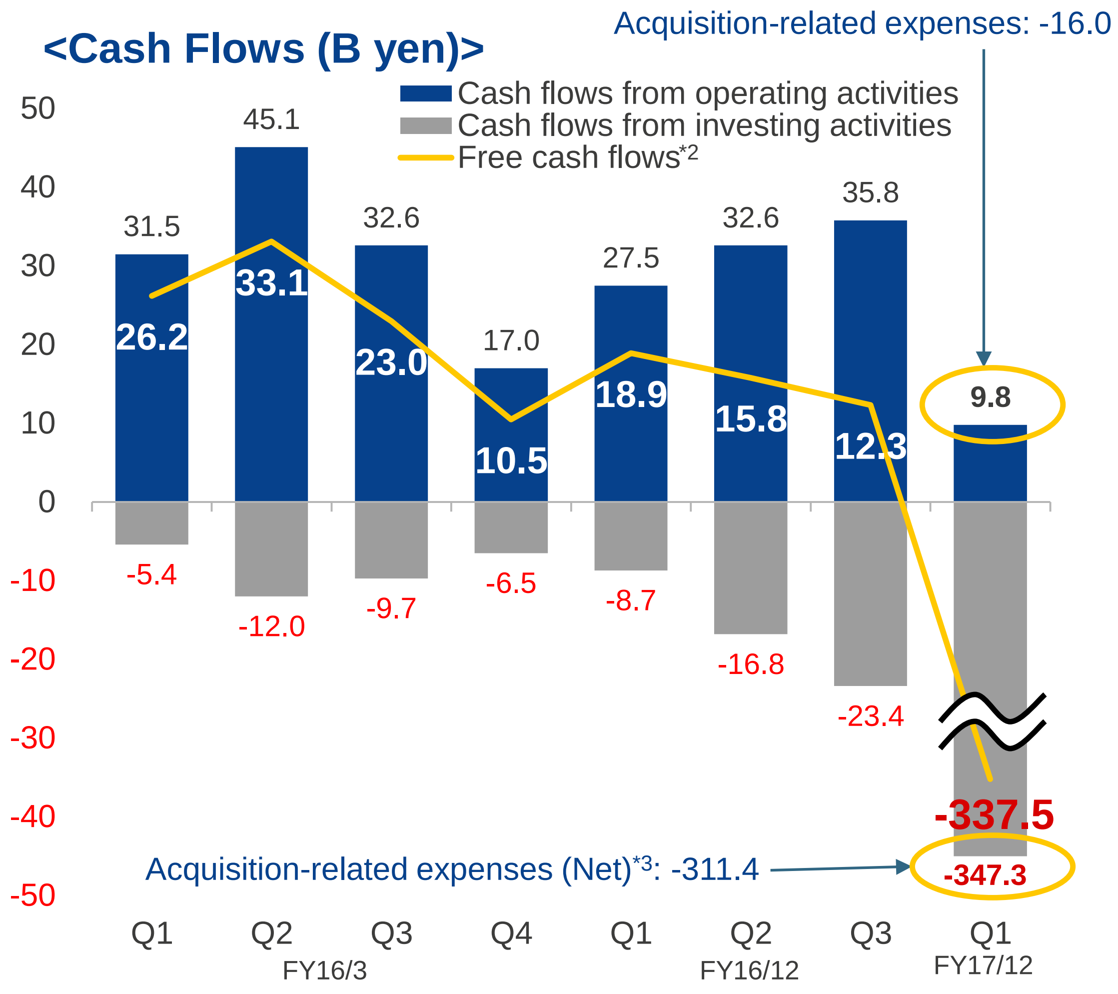
BALANCE SHEETS

(B Yen)	As of Mar. 31, 2016	As of Jun. 30, 2016	As of Sep. 30, 2016	As of Dec. 31, 2016	**As of Mar. 31, 2017**
Total Assets	849.4	823.2	758.2	823.1	**966.8**
Cash and Cash Equivalents*1	398.4	397.3	326.2	354.3	**101.0**
Inventories	108.4	97.0	92.1	97.3	**106.4**
Liabilities	467.6	447.7	376.2	400.7	**534.0**
Interest-Bearing Debt*2	244.3	237.9	157.9	157.3	**252.7**
Shareholders' Equity*3	364.1	374.1	383.5	408.3	**428.2**
Net Assets	381.7	375.5	382.0	422.4	**432.8**
D/E Ratio (Gross)*4	0.64	0.64	0.42	0.37	**0.59**
Equity Ratio	44.7%	45.4%	50.1%	51.0%	**44.5%**

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, and Securities 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

EBITDA*1 AND CASH FLOWS





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

*2 Free cash flows: Cash flows from operating activities + cash flows from investing activities

*3 Acquisition-related expenses (Net): Sum of expenses associated with acquiring Intersil stocks and Intersil's cash and cash equivalents as of Feb 24, 2017

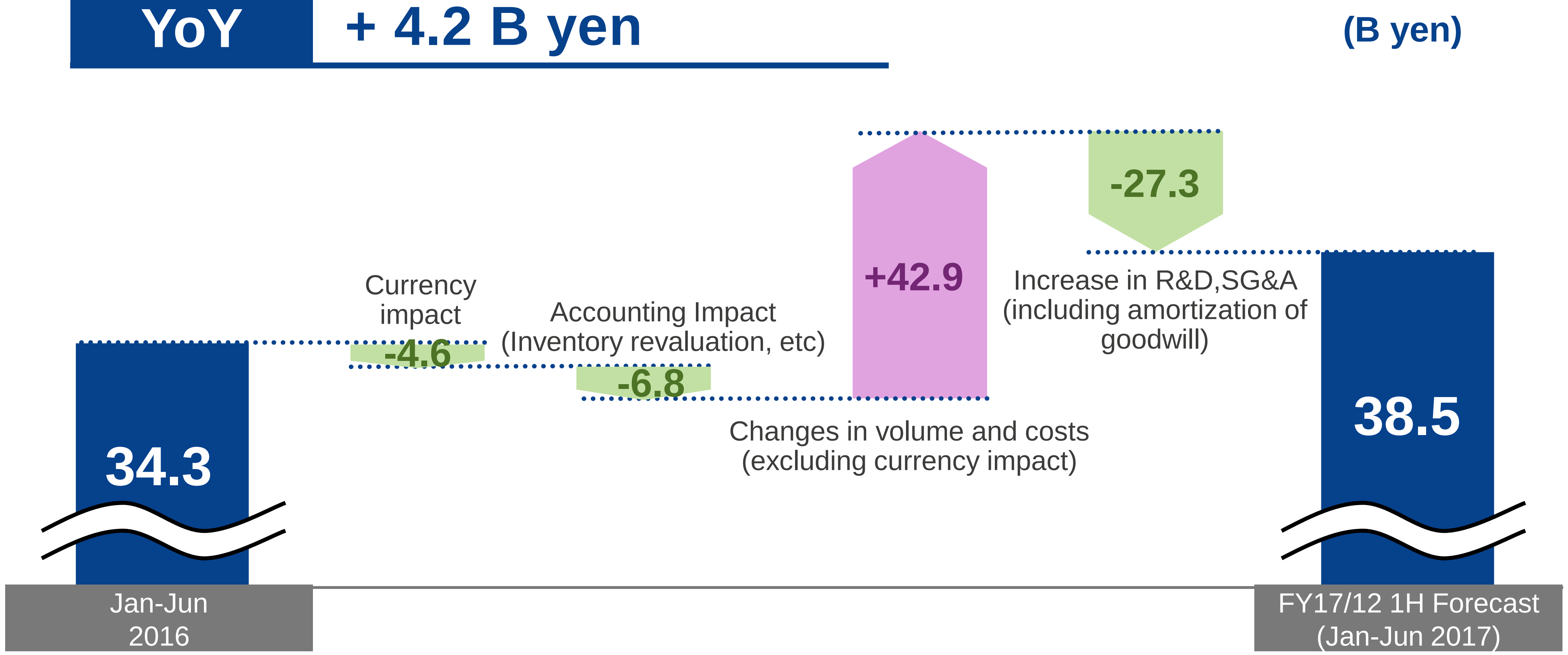
FY17/12 Q2 FINANCIAL FORECASTS

(B yen)	CY16		CY17 (FY17/12)					
	Apr-Jun	1H (Jan-Jun)	Q1 (Jan-Mar)	Q2 Forecast (Apr-Jun)	YoY	QoQ	1H Forecast (Jan-Jun)	YoY
Net Sales	152.0	319.8	177.6	192.1	+26.4%	+8.1%	369.7	+15.6%
Semiconductor Sales	147.5	310.7	172.5	188.7	+27.9%	+9.4%	361.2	+16.2%
Gross Margin	42.8%	41.8%	45.5%	43.9%	+1.1pts	-1.6pts	44.6%	+2.9pts
Operating Income (Margin)	18.6 (12.2%)	34.3 (10.7%)	25.5 (14.3%)	13.0 (6.8%)	-5.5 (-5.4pts)	-12.5 (-7.6pts)	38.5 (10.4%)	+4.2 (-0.3pts)
Net Income Attributable to Shareholders of Parent Company	10.0	20.3	20.0	20.0	+10.0	-	40.0	+19.7
EBITDA[*1]	33.1	64.3	45.6	40.0	+6.9	-5.6	85.6	+21.3
1 US$=	111 yen	115 yen	114 yen	108 yen	3 yen appreciation	6 yen appreciation	111 yen	4 yen appreciation
1 Euro=	124 yen	127 yen	121 yen	115 yen	9 yen appreciation	6 yen appreciation	118 yen	9 yen appreciation

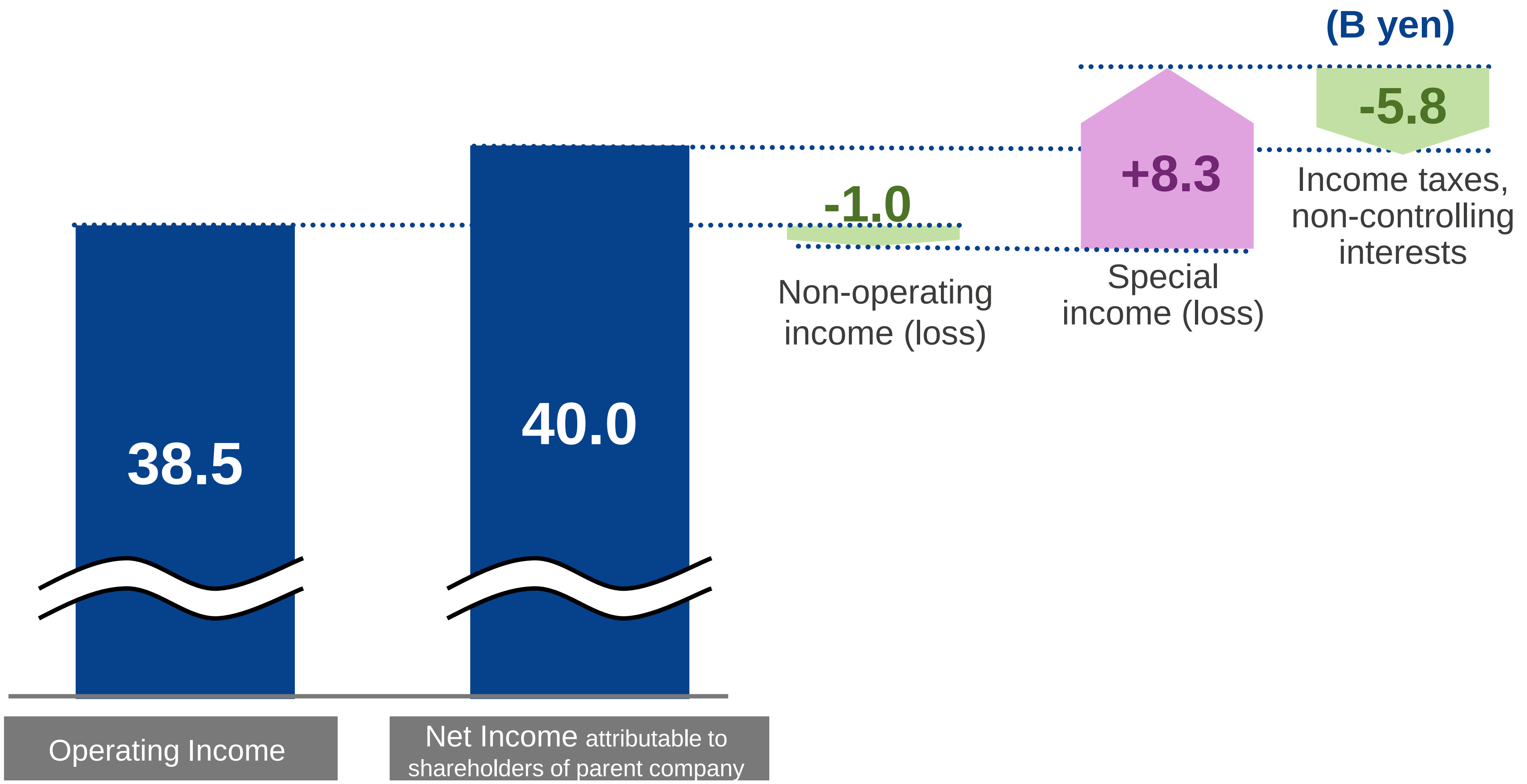
*1 EBITDA: Operating income + Depreciation and amortization + Amortization of long-term prepaid expenses + Amortization of goodwill

FY17/12 1H OPERATING INCOME FORECAST

YoY **+ 4.2 B yen**



FY17/12 1H FORECAST OF NET INCOME
ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY



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(FORWARD-LOOKING STATEMENTS)

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