



FY13/3 Q1 Financial Results

Renesas Electronics Corporation

August 2, 2012

Yasushi Akao, President



Agenda

I. FY13/3 Q1 Financial Results

II. FY13/3 Financial Forecasts

III. Toward a Robust and Profitable
Business Structure

III-1. Business Strategy

III-2. Production Structural Reforms and
Reduction in Human Resources

IV. Summary

Executive Summary

I . FY13/3 Q1 Financial Results

- Semiconductor sales decreased to 168.2 B yen, a reduction by 9.5% QoQ, due to impact of integrating the company's IT systems
- Operating loss decreased QoQ by streamlining R&D and SG&A despite lower profit caused by sales decline

II . FY13/3 Financial Forecasts

- Expect to achieve operating profit in FY13/3 2H and the full-year with higher profit owing to sales recovery from Q2, and effects from expense reduction measures including streamlining production structure and human resources
- Full-year net income (loss) is expected to be negative 150 B yen due to 155 B yen special loss followed by business/production structural reforms well as reduction in human resources

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

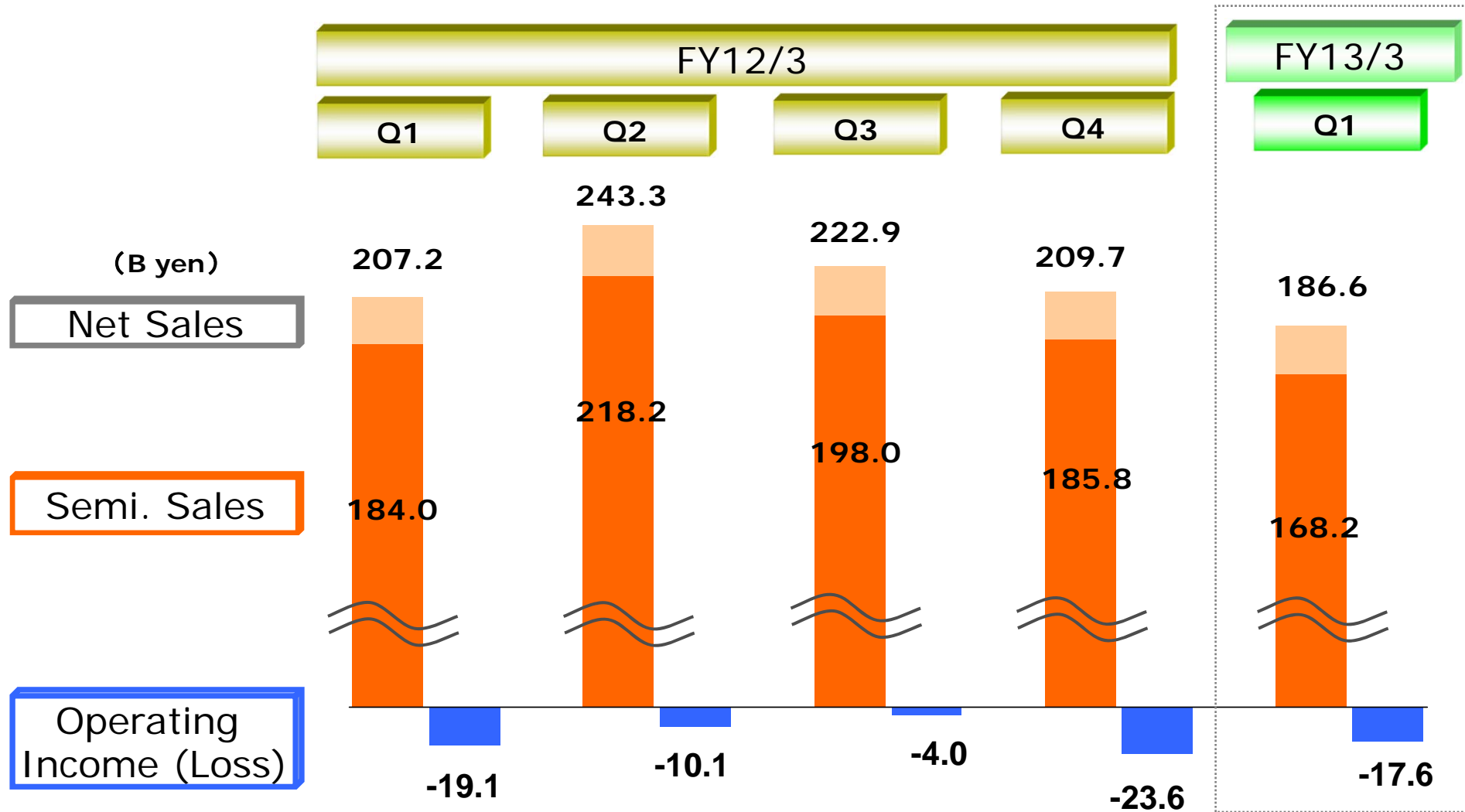
I. FY13/3 Q1 Financial Results

FY13/3 Q1 Financial Snapshot

- Semiconductor sales decreased to 168.2 billion yen, a reduction by 9.5% QoQ, due to impact of IT system integration
- Operating loss decreased QoQ by streamlining R&D and SG&A despite lower profit caused by sales decline

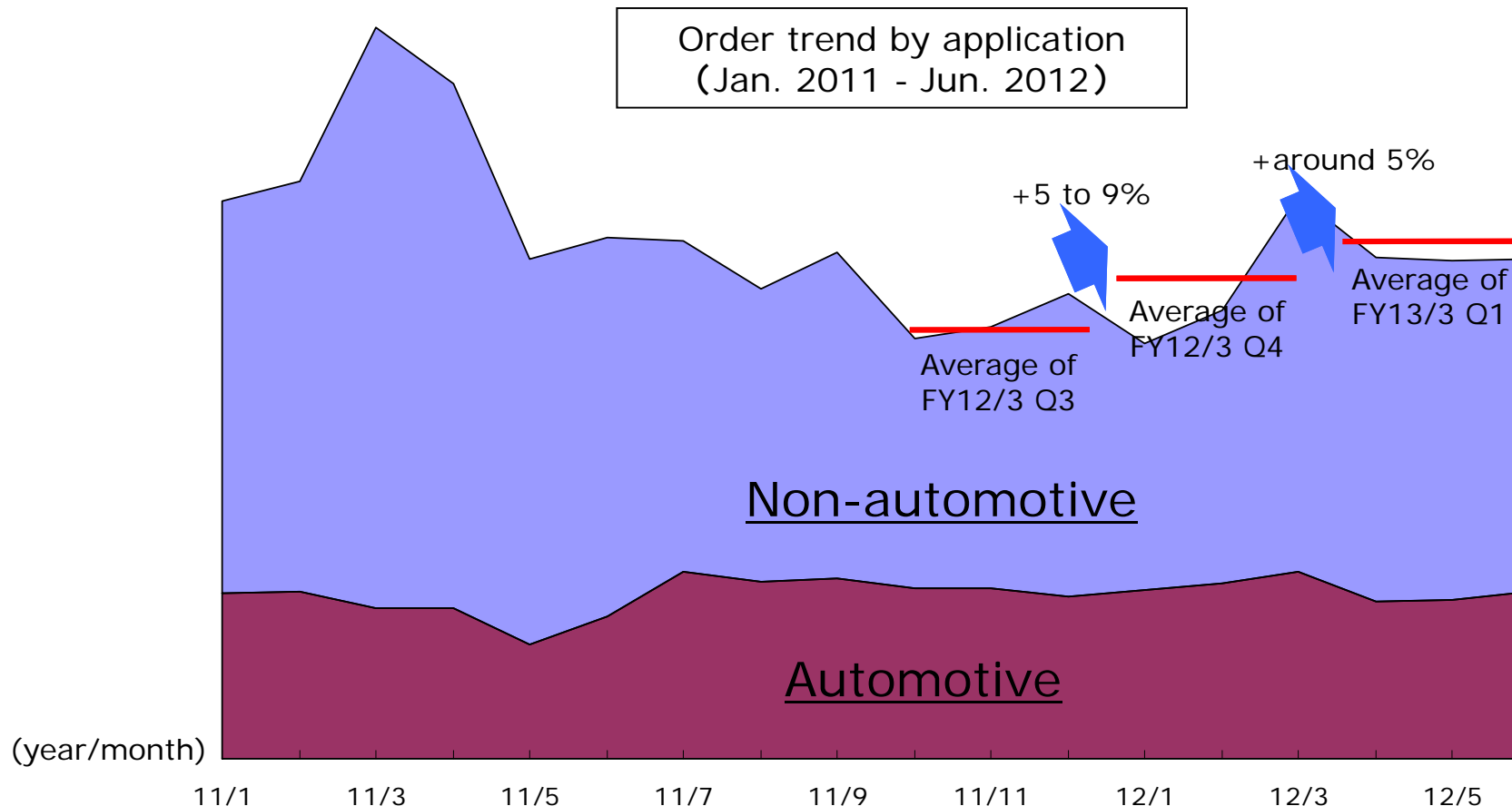
(B yen)	FY12/3		FY13/3		
	Q1	Q4	Q1	YoY (%)	QoQ (%)
Net Sales	207.2	209.7	186.6	-20.6 (-10.0%)	-23.1 (-11.0%)
Semiconductor Sales	184.0	185.8	168.2	-15.8 (-8.6%)	-17.6 (-9.5%)
Operating Income (Loss)	-19.1	-23.6	-17.6	+1.5	+6.0
Ordinary Income (Loss)	-20.3	-24.3	-17.6	+2.7	+6.7
Net Income (Loss)	-33.2	-18.2	-20.8	+12.5	-2.6
1US\$=	82 yen	78 yen	81 yen	1 yen strong	3 yen weak
1 Euro=	117 yen	102 yen	106 yen	11 yen strong	4 yen weak

Quarterly Financial Results



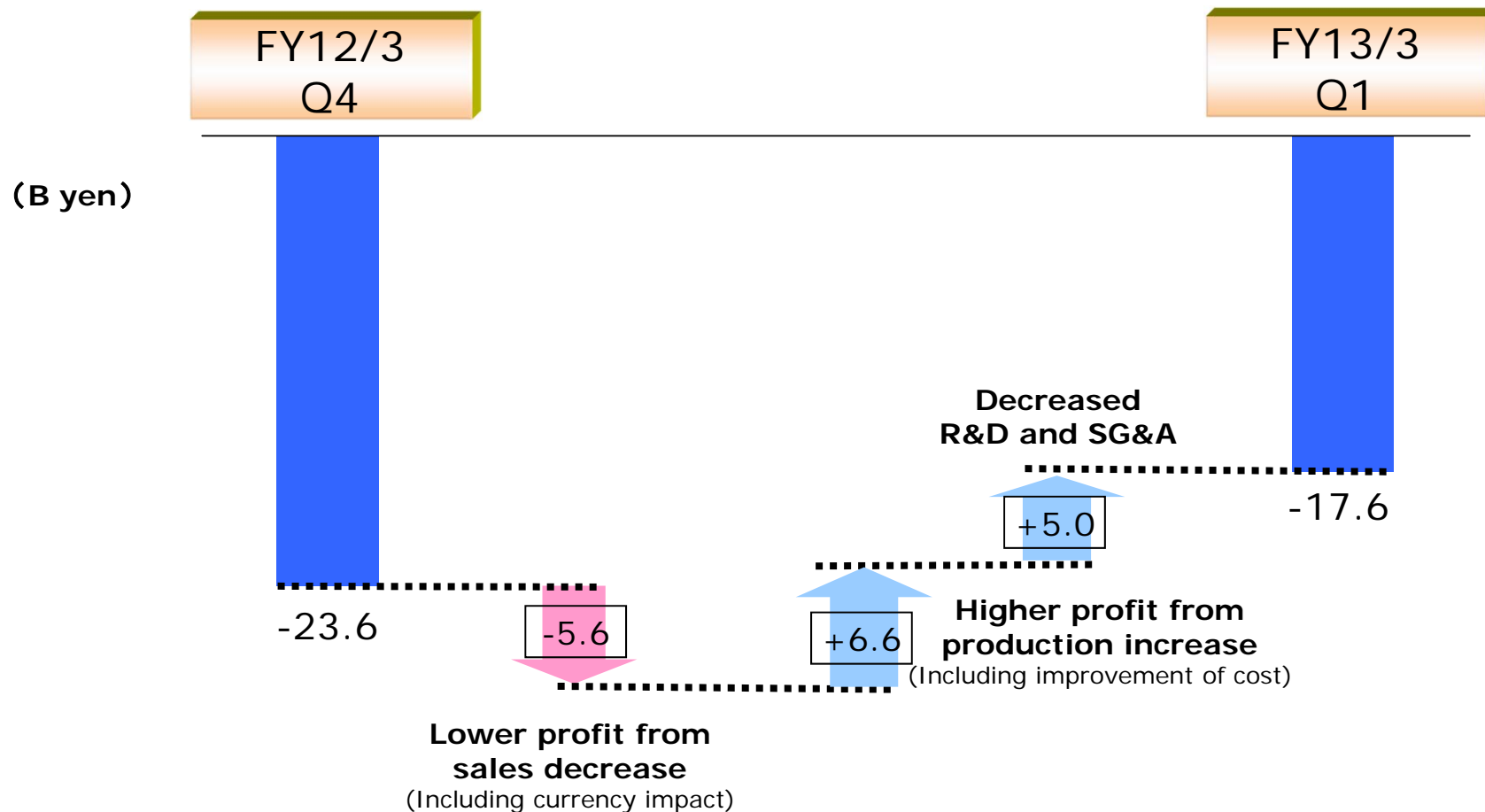
Order Trend

- Order trend based on real demand continues to recover, bottoming out in FY12/3 Q3 despite QoQ sales decrease affected by IT system integration
- Automotive orders continues steadily without big fluctuation



FY13/3 Q1 Operating Income (Loss) QoQ

- Operating loss decreased by 6 B yen QoQ due to higher profit from production increase and decreased R&D and SG&A despite lower profit from sales decrease



FY13/3 Q1 Balance Sheets

(B yen)	As of Mar.31, 2012	As of Jun.30, 2012
Total Assets	858.2	785.7
Cash and Cash Equivalents	131.9	87.0
Inventories	151.8	163.8
Liabilities	631.7	585.4
Interest-Bearing Debt	258.3	246.5
Shareholders' Equity	243.4	222.7
Net Assets	226.5	200.3
D/E Ratio (Gross)	1.19	1.29
D/E Ration (Net)	0.58	0.83
Equity Ratio	25.4%	24.4%

Note 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, Accumulated other Comprehensive Income

4) "D/E ratio (gross)": Interest-bearing debt / Equity

FY13/3 Q1 Cash Flows

- Expect cash flows to be recovered, bottoming out in FY13/3 Q1, except possible expense impact due to implementation of early retirement incentive program

(B yen)	FY12/3			FY13/3
	Q1	Q4	Full-year	Q1
Cash Flows from Operating Activities	-29.2	-6.6	-9.7	-18.1
Cash Flows from Investing Activities	-14.8	-7.3	-55.1	-10.7
Free Cash Flows	-44.0	-14.0	-64.8	-28.7

II. FY13/3 Financial Forecasts

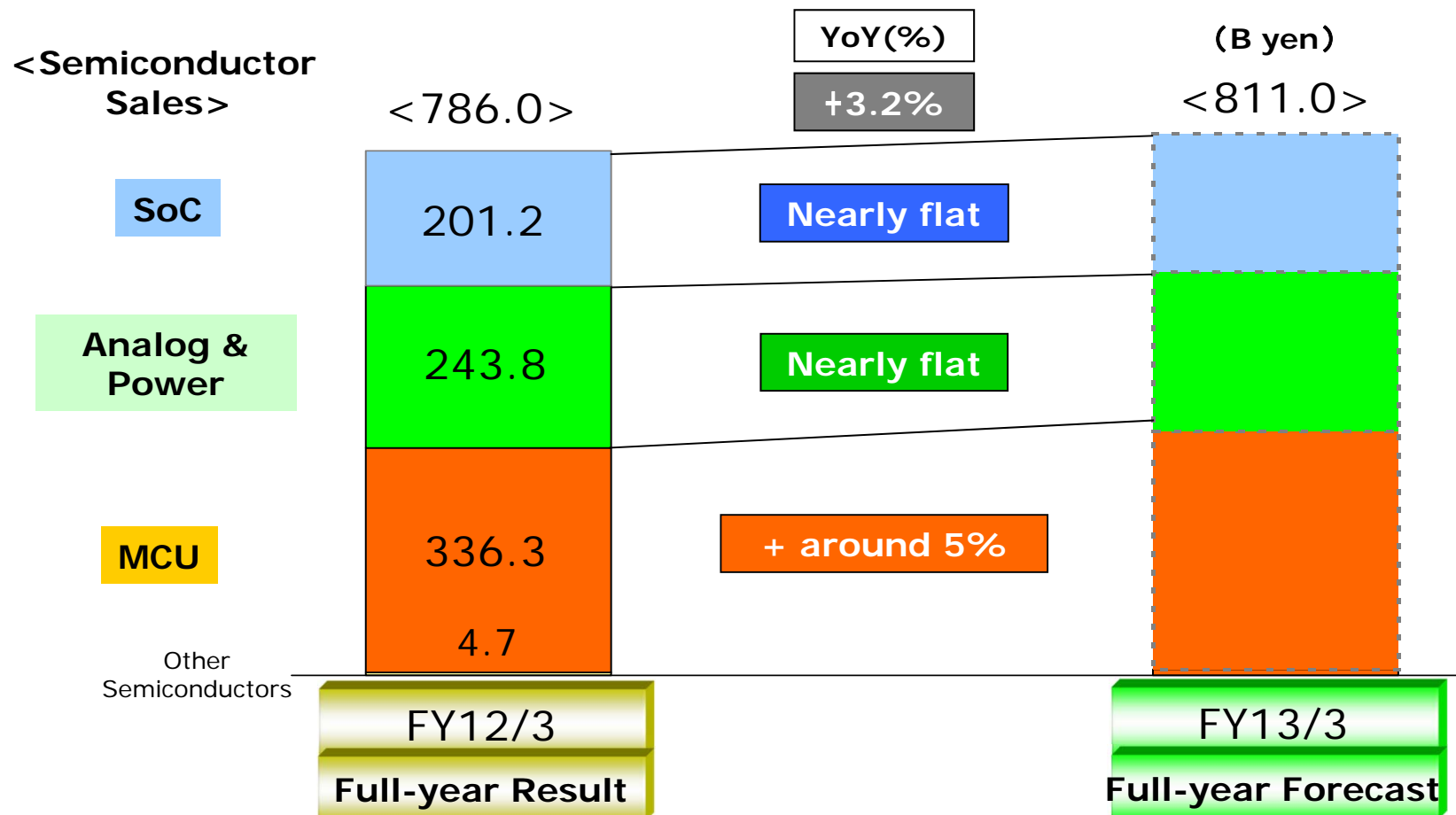
FY13/3 Consolidated Financial Forecasts

- Expect to achieve full-year operating profit of 21 B yen, an increase of 77.8 B yen YoY with semiconductor sales increase by 25 B yen YoY
- Forecast full-year net loss of 150 B yen due to special income (loss) of negative 155 B yen followed by implementation of early retirement program and business/production structural reforms

(B yen)	FY2012/3			FY2013/3			
	1H	2H	Full-year	1H	2H	Full-year	YoY
Net Sales	450.5	432.6	883.1	406.0	462.0	868.0	-15.1
Semiconductor Sales	402.2	383.8	786.0	377.0	434.0	811.0	+25.0
Operating Income (Loss)	-29.2	-27.6	-56.8	-25.5	46.5	21.0	+77.8
Ordinary Income (Loss)	-33.4	-27.8	-61.2	-29.5	39.5	10.0	+71.2
Net Income (Loss)	-42.0	-20.6	-62.6	-102.5	-47.5	-150.0	-87.4
1US\$=	81 yen	78 yen	79 yen	78 yen			1 yen strong
1 Euro=	115 yen	104 yen	109 yen	100 yen			9 yen strong

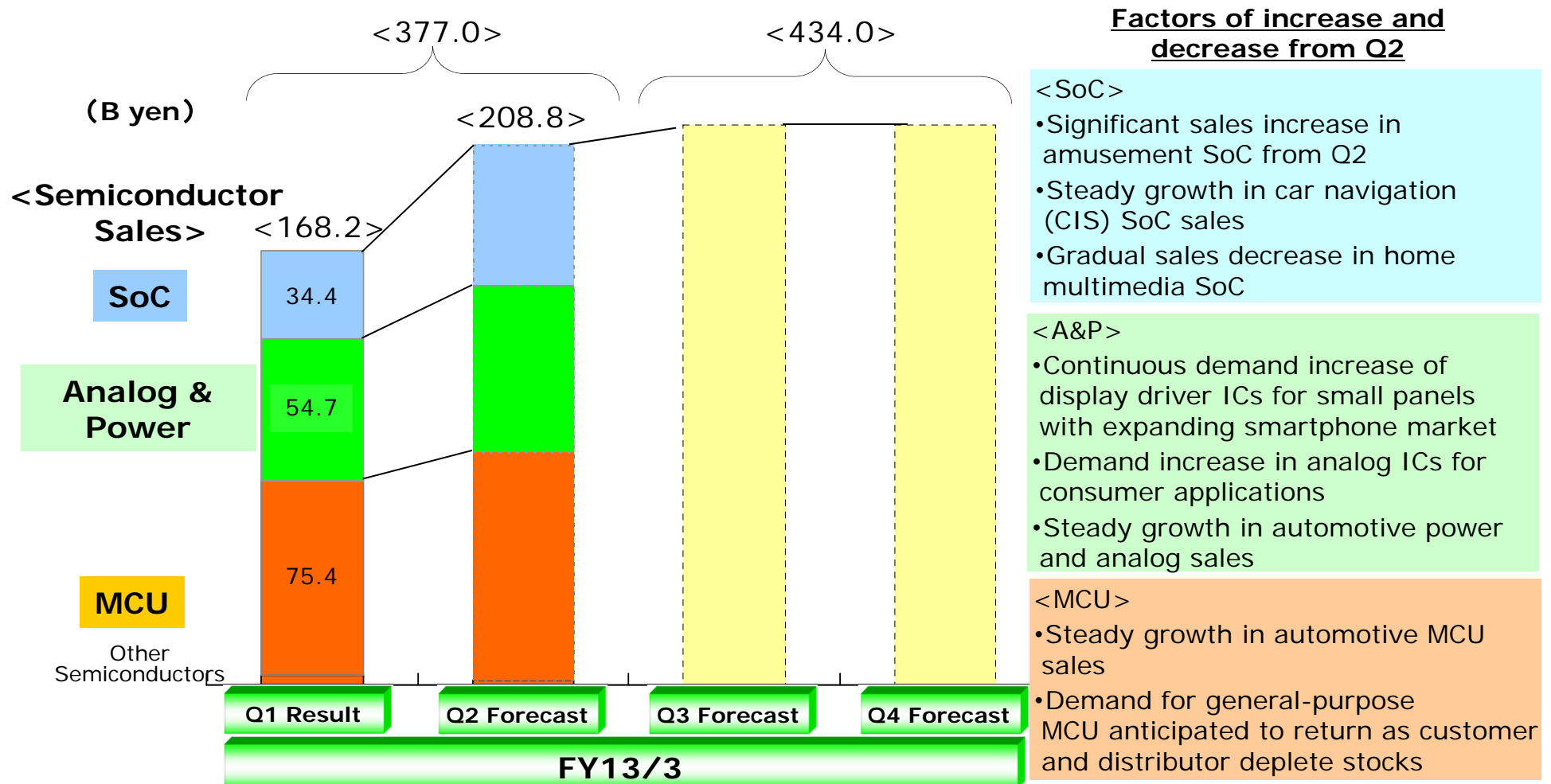
FY13/3 Full-year Semiconductor Sales (YoY)

- MCU sales are expected to increase by around 5% due to steady demand in automotive MCU and demand recover in non-automotive MCU
- Sales of Analog & Power and SoC are expected to be nearly flat QoQ, complementing sales decrease from transfer or withdrawal of some businesses with sales increase from large-scale custom projects



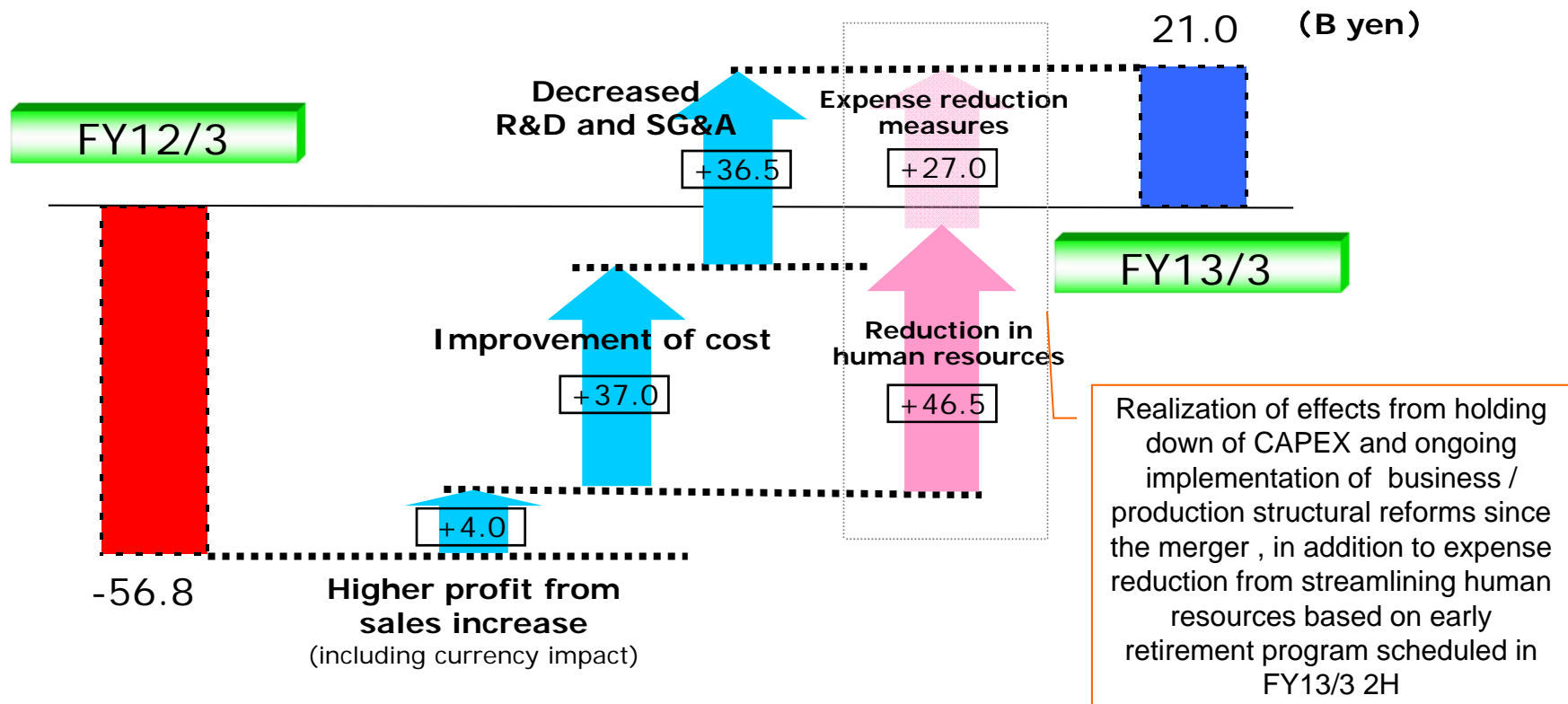
FY13/3 Semiconductor Sales Quarterly Trend

- Continue sales recovery also from Q3 in addition to an increase by 24% QoQ in Q2 owing to sales increase from large-scale projects as well as continuous order recovery



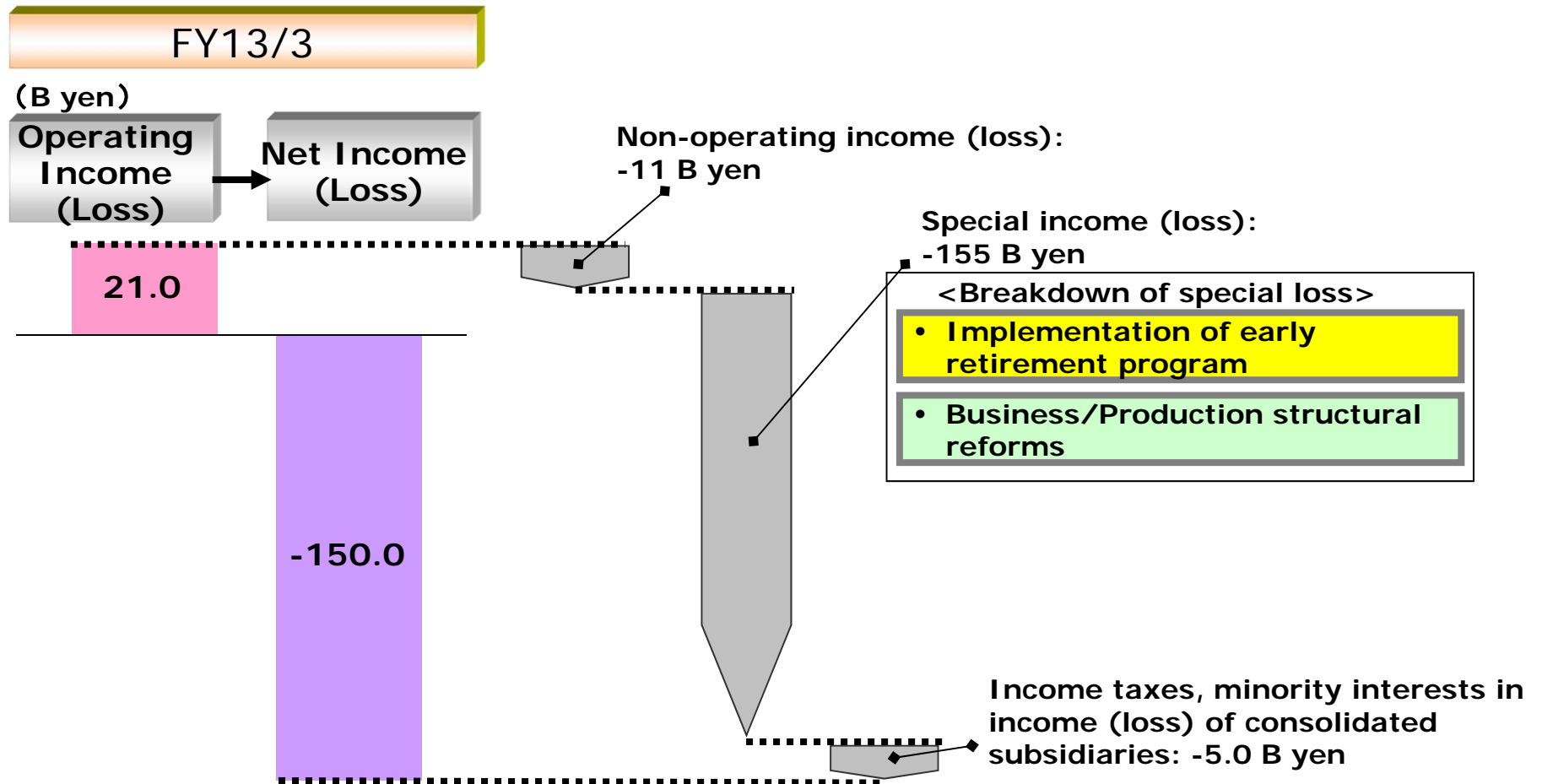
FY13/3 Full-year Operating Income (Loss) Forecasts

- Expect to achieve full-year operating profit of 21 billion, due to expense reduction effect centering on reduction in human resources in addition to higher profit from sales increase



FY13/3 Full-year Net Income (Loss)

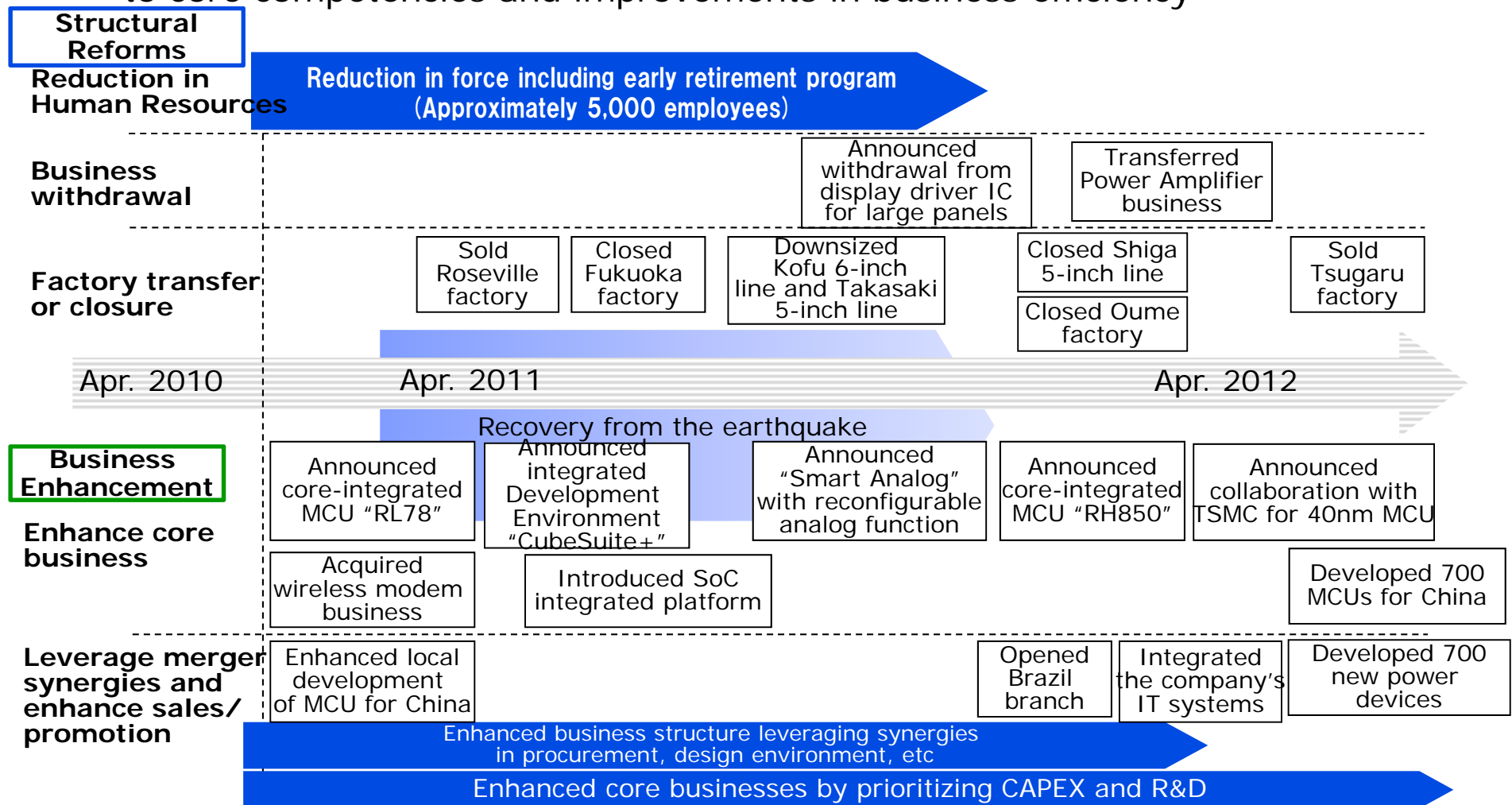
- Expect to record special income (loss) of negative 155 B yen due to implementation of early retirement program and business/ production structural reforms



III. Toward a Robust and Profitable Business Structure

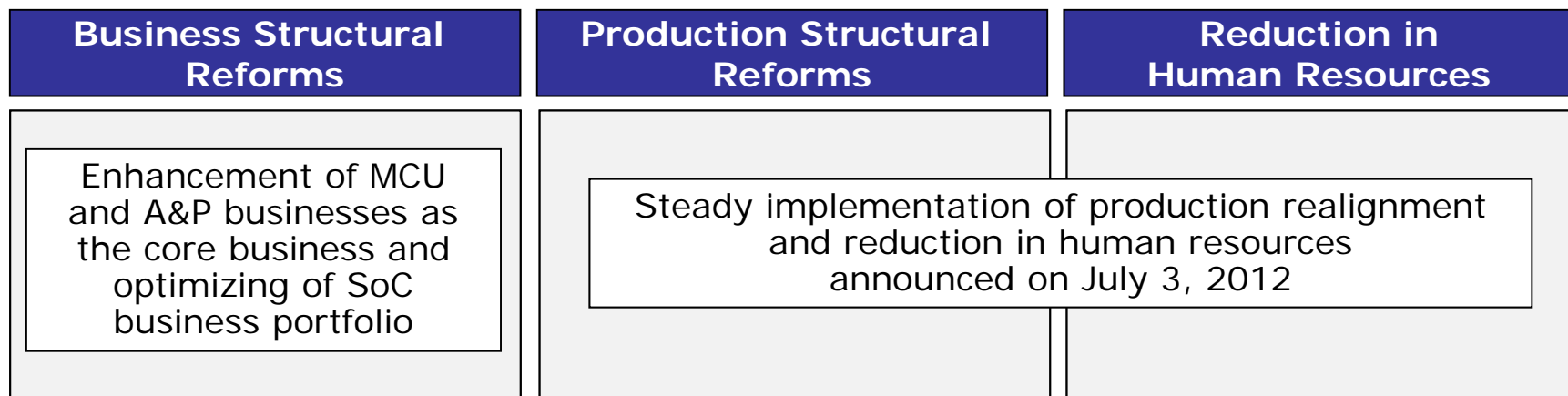
Measures Taken to Date in Order to Establish a Robust and Profitable Business Structure

- Faithfully executed on various measures post Apr. 2010 establishment, aimed at realizing merger synergies and implementing structural reforms
- Reduced fixed costs by 20% over 2 years, while also achieving enhancements to core competencies and improvements in business efficiency



Promote Business Strategy and Production Structural Reforms as well as Human Resource Rationalization to Respond to Changes

- Despite faithful execution of post-merger measures, have been faced with various changes in the market and competitive environment, i.e.; impact of the Great East Japan Earthquake, deteriorating market conditions in Europe and China, sudden changes in Japanese consumer electronics market and a prolonged strong yen
- In addition to the acceleration of existing plans, there are plans to implement further measures aimed at an aggressive recovery



III. Toward a Robust and Profitable Business Structure

III-1. Business Strategy

Toward a Smart Society

- The networking of segments and applications for which Renesas provides semiconductor products will bring about a "Smart Society" that allows for an ecologically friendly, secure, safe, convenient and comfortable life

Smart Society

Smart Car

Smart Grid

Smart Factory

Smart Building

Smart Home

Smart Healthcare

Ecologically friendly, secure, safe, convenient and comfortable life

Networking

Automotive



- Powertrain
- Chassis
- Body
- Infotainment

Industry



- FA/Machine Tool
- Water/Gas/Electric Meter
- Power Generation
- Building Management

Home Appliance



- White Goods
- Air Conditioner
- Game Console
- LED Lighting

Communication



- Mobile Phone (Smartphone)
- Tablet
- Wired/Wireless Infrastructure
- Server/Router

Health/Medical



- Medical Equipment
- MRI
- Exercise Machine
- Weight Scale/Manometer

Offering

RENESAS

MCU

Secure MCU

Power Device

Analog IC

Display Driver IC

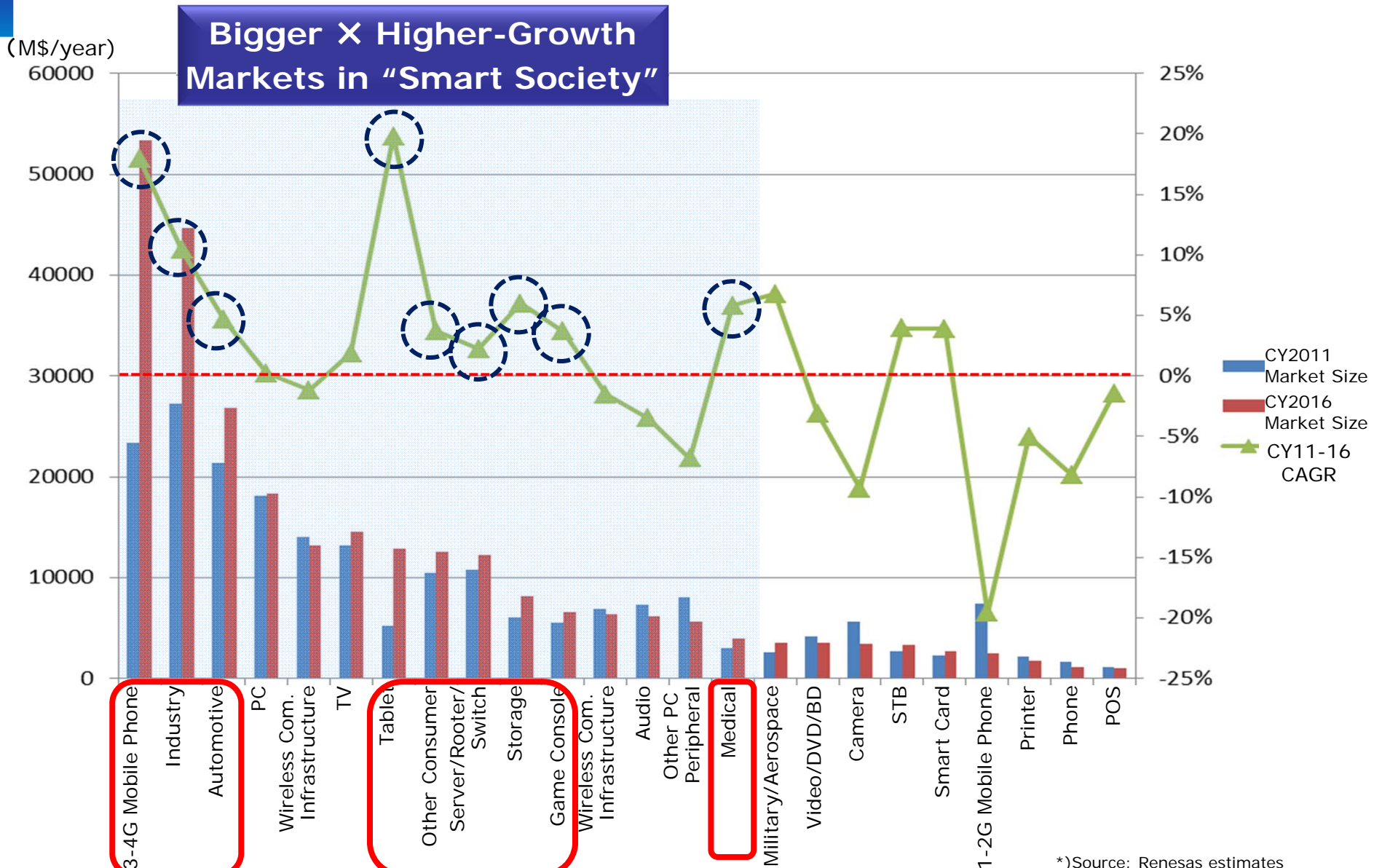
Photo-coupler

Modem SoC

Industrial SoC

...

CY11-16 CAGR of Semiconductor SAM



*) SAM means "Served Available Market" which excludes DRAM, NAND flash, MPU, Sensor from the total semiconductor market.

*) Source: Renesas estimates based on IHS iSuppli's reports

Automotive Solutions

Automotive



- Powertrain
- Chassis
 - Body
- Infotainment

Industry



- FA/Machine Tool
- Water/Gas/Electric Meter
- Power Generation
 - Building Management

Home Appliance



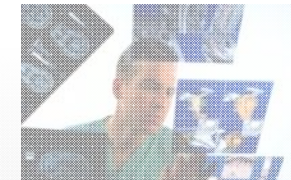
- White Goods
- Air Conditioner
- Game Console
- LED Lighting

Communication



- Mobile Phone (Smartphone)
 - Tablet
- Wired/Wireless Infrastructure
- Server/Router

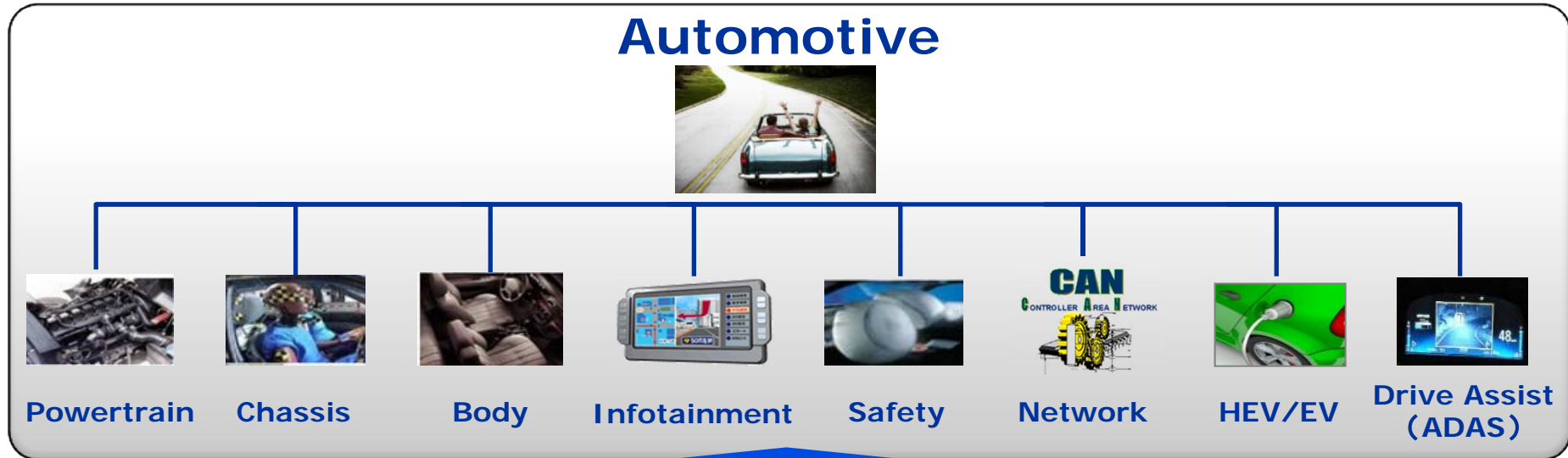
Health/Medical



- Medical Equipment
 - MRI
- Exercise Machine
 - Weight Scale/Manometer

Automotive Solutions

- A driving force behind increased sophistication of automotive functions



RENESAS

<p>MCU WW #1 share</p> <ul style="list-style-type: none"> ✓ 40nm achieving higher performance and lower power consumption ✓ Multi-core, functional safety, security ✓ Lineup covering 8 application areas 	<p>Power WW #1 share</p> <ul style="list-style-type: none"> ✓ Low-voltage power MOSFET ✓ IPD for body applications ✓ IGBT for HEV/EV
<p>Analog</p> <ul style="list-style-type: none"> ✓ High-precision and low-voltage driver ✓ High-precision and high-voltage sensor interface ✓ Battery management IC for HEV/EV 	<p>SoC WW #1 share</p> <ul style="list-style-type: none"> ✓ High track record in car information system ✓ "R-Car" covering high-end, mid-range, and categories ✓ High performance graphic engine and image recognition technology

*) Market share is based on Renesas estimates. BiCD: Bipolar CMOS DMOS, IPD: Intelligent Power Device, IGBT: Insulated Gate Bipolar Transistor

Strong Position in Automotive Semiconductor

- Maintained No. 1 position globally in automotive semiconductors
- Aim to become No. 3 position in automotive analog & power semiconductors

Automotive Semi. EU				
	Company	CY09	CY10	CY11
1	Infineon	13.6%	13.8%	14.7%
2	STMicro	10.5%	10.9%	11.3%
3	Bosch	10.4%	9.1%	9.4%
4	Freescale	8.5%	9.3%	8.7%
5	NXP	8.2%	8.8%	8.2%
6	Renesas	7.6%	7.9%	8.0%

Automotive Semi. WW		
	Company	CY11
1	Renesas	13.8%
2	Infineon	9.8%
3	STMicro	8.7%
4	Freescale	7.9%
5	NXP	6.4%

Automotive Semi. US				
	Company	CY09	CY10	CY11
1	Freescale	16.1%	15.3%	13.8%
2	Infineon	7.8%	7.7%	8.5%
3	STMicro	6.6%	7.4%	8.0%
4	Renesas	6.5%	7.0%	7.5%
5	NXP	7.1%	7.5%	6.7%
6	TI	5.6%	5.7%	6.0%

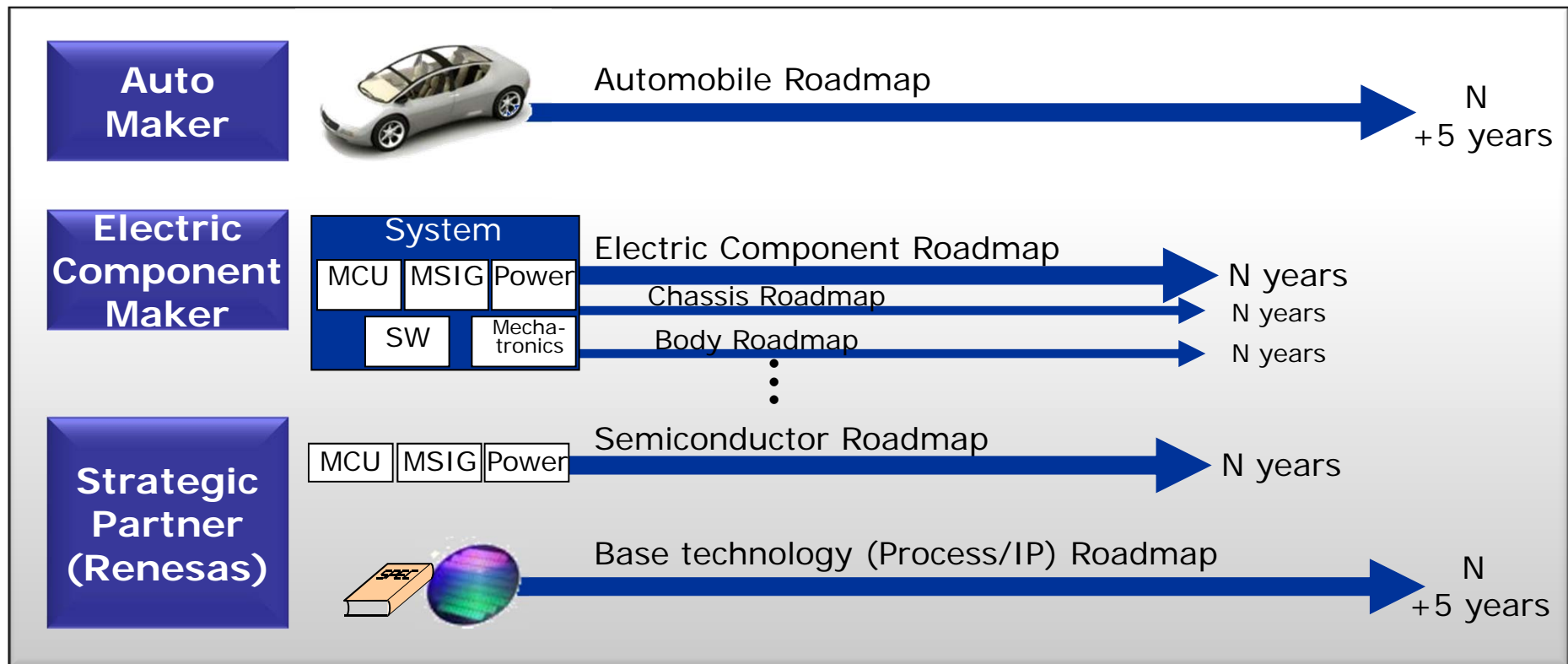
Automotive Processor (MCU/MPU) WW				
	Company	CY09	CY10	CY11
1	Renesas	41.7%	41.2%	42.7%
2	Freescale	19.5%	21.5%	19.5%
3	Infineon	6.6%	7.0%	8.3%
4	Fujitsu	6.2%	7.0%	7.0%
5	TI	6.6%	6.0%	5.9%

Automotive Analog ASIC & Power WW				
	Company	CY09	CY10	CY11
1	STMicro	16.6%	17.9%	18.6%
2	Infineon	16.5%	15.8%	16.6%
3	NXP	11.4%	12.5%	10.8%
4	TI	8.3%	8.0%	7.9%
5	Renesas	6.6%	7.0%	7.3%

*)Source: Strategy Analytics. Market shares of automotive processor and Analog & Power are calculated based on the total amount of top 12 suppliers as a parameter

Build Strategic Partnerships in Automotive

- Enhance customers' product development capability by sharing long-term technology and product roadmap

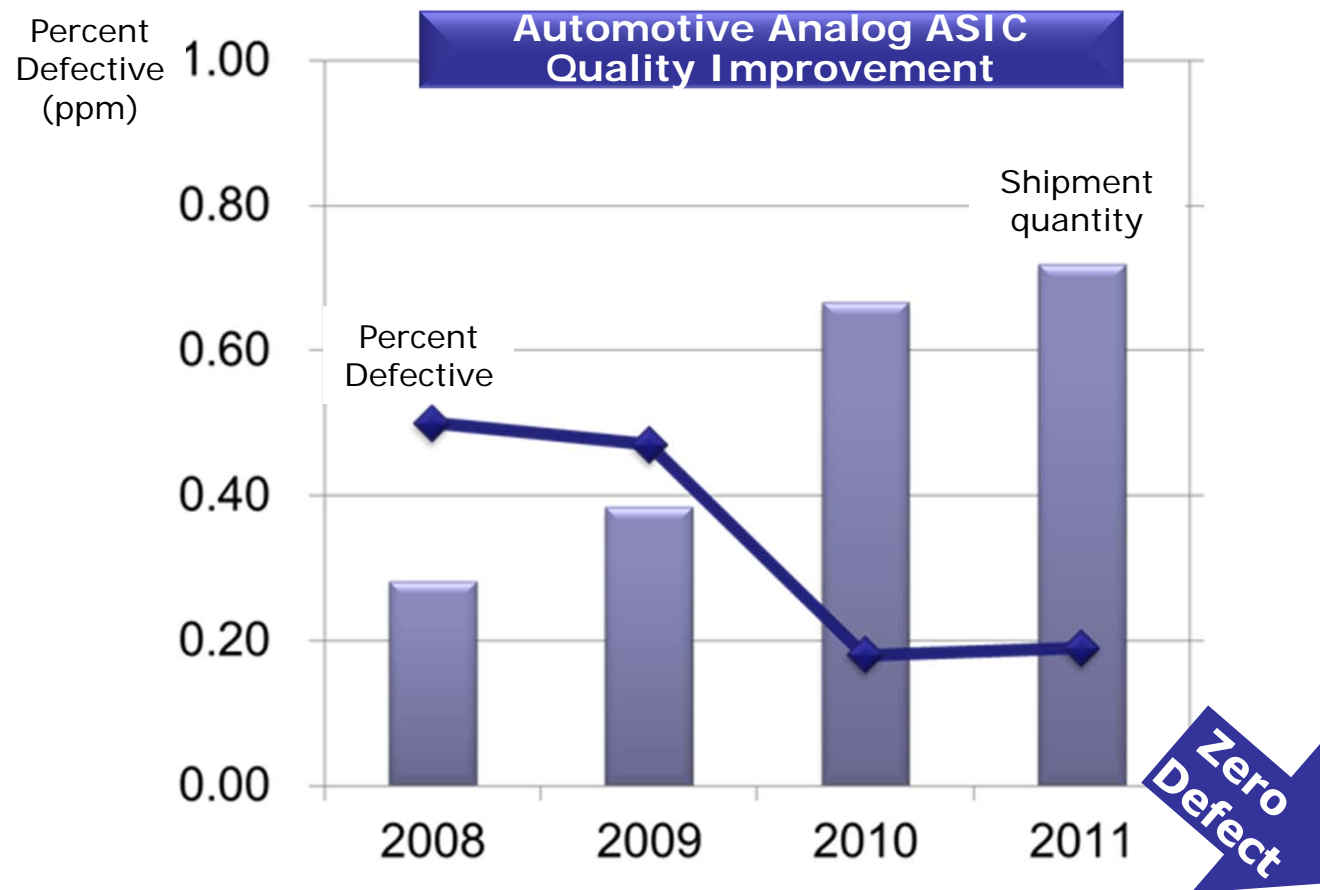


Examples in acquiring platform design-win with kit solution

- ✓ Design-wins from multiple major electric component makers inside and outside Japan for 2017-2020 models

Analog's Approaches to Compete Higher Quality with Automotive MCU

- Implement quality improvement program commonly used in MCU and Analog at design and production stage
- Steadily reduce defect ratio target of Zero Defect



*) ppm: parts per million, defectiveness in million units

Further Enhance Business

- Increase customer value by leveraging track record as a Strategic Partner to expand kit solution offering

Now

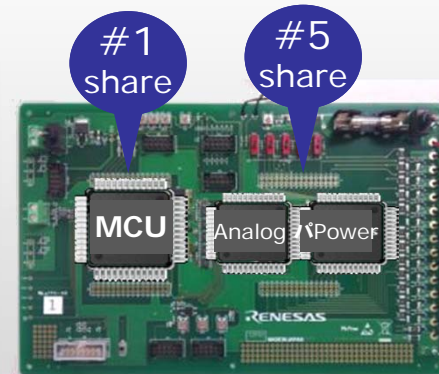
Future

Met Tier1 maker's requirements as a Strategic Partner

- ✓ Offered one-stop solutions with MCU and Analog & Power
- ✓ Reduced development time/cost
- ✓ Enhanced development capability by sharing long-term Roadmap
- ✓ Stable supply capability
- ✓ MCU-Analog competition to leverage remarkable quality improvements

Expanded design-wins in global major automakers and Tier1 makers

Expand kit solutions with MCU and Analog & Power



Reference board for HEV battery control

Increase Analog & Power market share as well

Industrial Solutions

Automotive



- Powertrain
- Chassis
- Body
- Infotainment

Industry



- FA/Machine Tool
- Water/Gas/Electric Meter
- Power Generation
- Building Management

Home Appliance



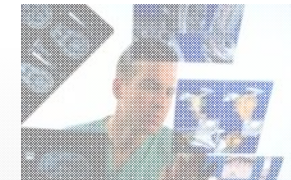
- White Goods
- Air Conditioner
- Game Console
- LED Lighting

Communication



- Mobile Phone (Smartphone)
- Tablet
- Wired/Wireless Infrastructure
- Server/Router

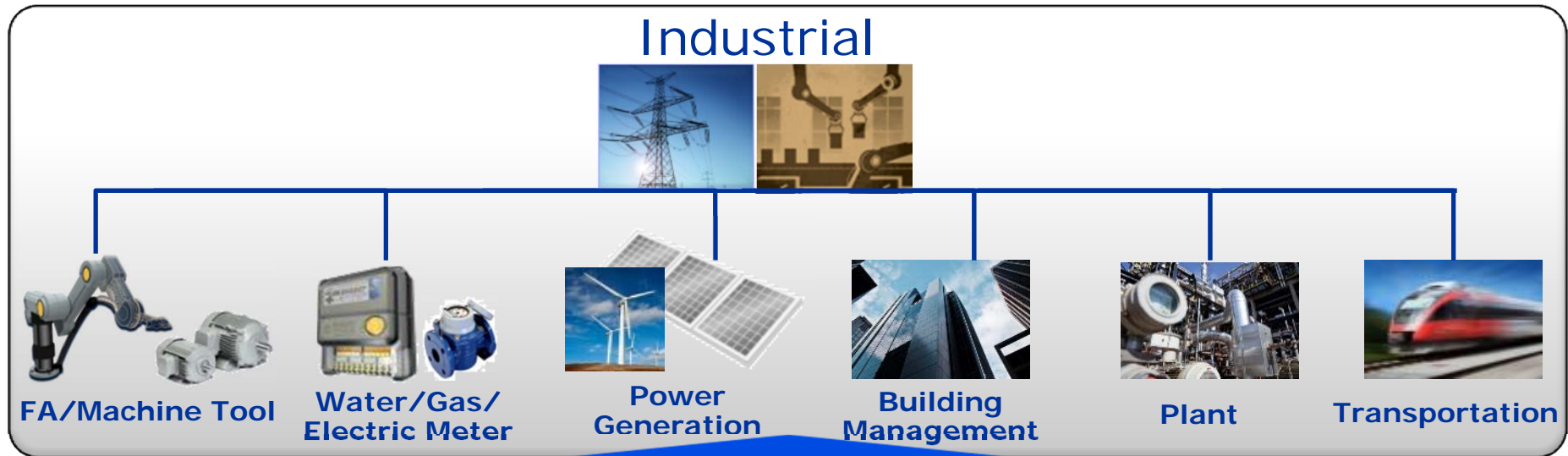
Health/Medical



- Medical Equipment
- MRI
- Exercise Machine
- Weight Scale/Manometer

Industrial Application Solutions for Social Infrastructure

- Renesas to support social infrastructure with MCU, Analog & Power, and SoC



RENESAS

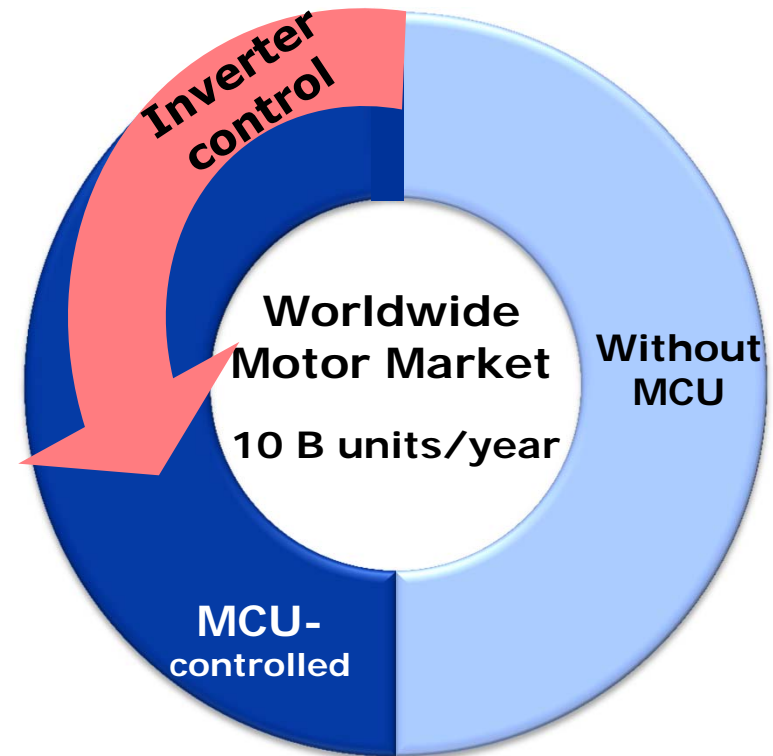
<p>MCU WW #1 share</p> <ul style="list-style-type: none"> ✓ Lower power product lineup using 40nm process ✓ Global top share in motor MCU WW #1 share ✓ Smart Analog to support sensors 	<p>Power</p> <ul style="list-style-type: none"> ✓ Inverter IGBT ✓ High-voltage SJ-MOSFET ✓ SiC products
<p>Analog</p> <ul style="list-style-type: none"> ✓ High-performance photocoupler for industrial application ✓ LED lighting solution ✓ PFC (Power Factor Correction) IC 	<p>SoC WW #1 share</p> <ul style="list-style-type: none"> ✓ Low power ASIC for industrial application ✓ ASSP for industrial network ✓ High-performance CPU platform

*) Market share is based on Renesas estimates. IGBT: Insulated Gate Bipolar Transistor, SJ-MOSFET: Super Junction Power MOSFET

MCU –Key for Motor Control for Energy Savings

- MCU is essential component for achieving energy efficiency – embedded in various electrical devices and responsible for controlling motors accountable 50% of total electricity consumption
- Focus on MCU to control inverter motor which enables further energy-saving with expected demand increase

Various Systems powered by motors

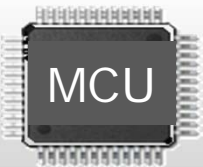


*)Source: Renesas estimates based on statistics database

Total Solution for Inverter Motor

- Leverage our superiority in inverter motor control and offer optimal total solutions for energy-savings by combining our world leading MCU and power devices
- Working to provide the “All Renesas Solution” that will meet demands in markets the world over

Inverter Motor MCU
(Control)



WW Industrial Application:
Approx. **50%** Share



Power Device
(Improve power efficiency)

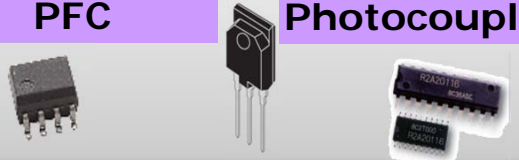
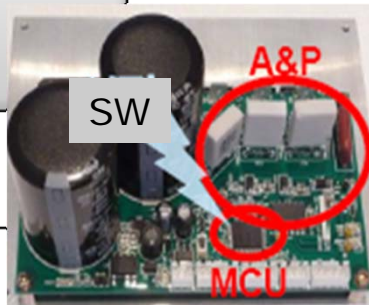
Global top level performance

IGBT

Power MOSFET

PFC

Photocoupler

Increase market share of Analog & Power with kit solution to synchronize higher MCU share

RENESAS

Optimize energy-saving performance to meet demands or respective regions

*) Market share is based on Renesas estimates

Solutions for Smartphone

Automotive



- Powertrain
- Chassis
- Body
- Infotainment

Industry



- FA/Machine Tool
- Water/Gas/Electric Meter
- Power Generation
- Building Management

Home Appliance



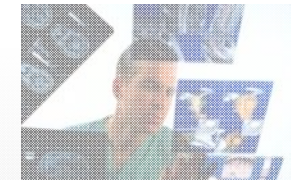
- White Goods
- Air Conditioner
- Game Console
- LED Lighting

Communication



- Mobile Phone (Smartphone)
- Tablet
- Wired/Wireless Infrastructure
- Server/Router

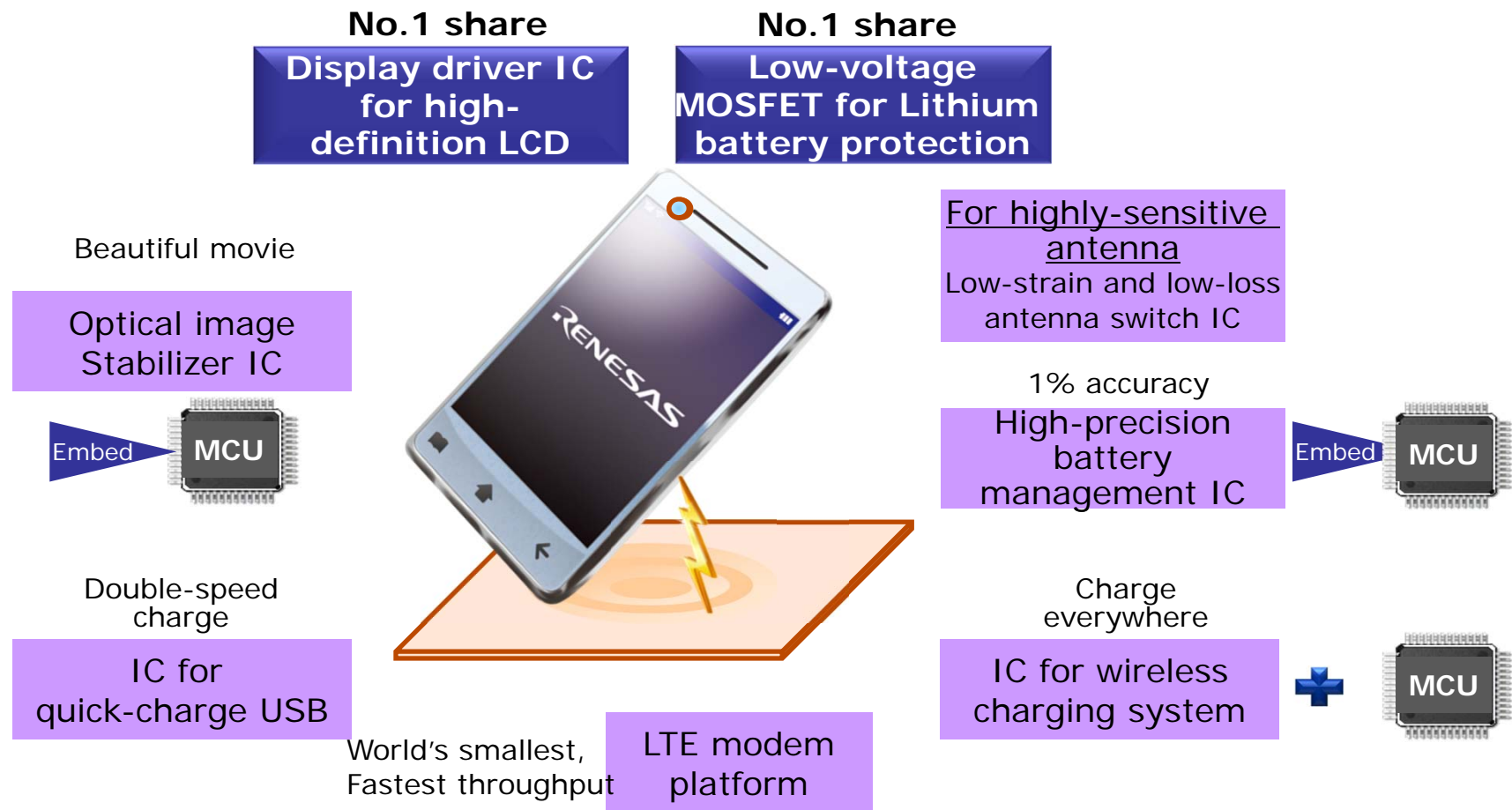
Health/Medical



- Medical Equipment
- MRI
- Exercise Machine
- Weight Scale/Manometer

Contribute to Smartphone's Evolution with New Technologies

- Accelerate efforts to achieve greater sophistication, further miniaturization and enhanced energy efficiency, leveraging our world leading product lineup
- Deliver innovation and a new market value to smartphones through proprietary technologies



*)Market share is based on Renesas estimates.

Enhance General-Purpose Products Used Across Multiple Applications

- Enhance competitiveness and lineup of general-purpose products that are applicable beyond application segments





 MCU 1,000 products from/for China	 Power 1,000 new products from China	 MCU + Analog Smart Analog
<ul style="list-style-type: none"> ✓ Plan to release 1,000 MCUs centering around locally developed products for China ✓ Already released approx. 700 MCUs ✓ Offer the 1,000 MCUs in other regions including emerging markets like India 	<ul style="list-style-type: none"> ✓ Plan to release 1,000 power devices centering around high-voltage ✓ Already released approx. 700 power devices 	<ul style="list-style-type: none"> ✓ Released new series combining MCU and reconfigurable analog ✓ Support multiple sensors found in various devices with a single chip ✓ Plan to support 1,00 sensors within this fiscal year
Discrete	Linear IC	SRAM
EEPROM Photocoupler ...		

Optimize SoC Business Portfolio

- Cease New Product Development for Home Multimedia SoC -

—Past—

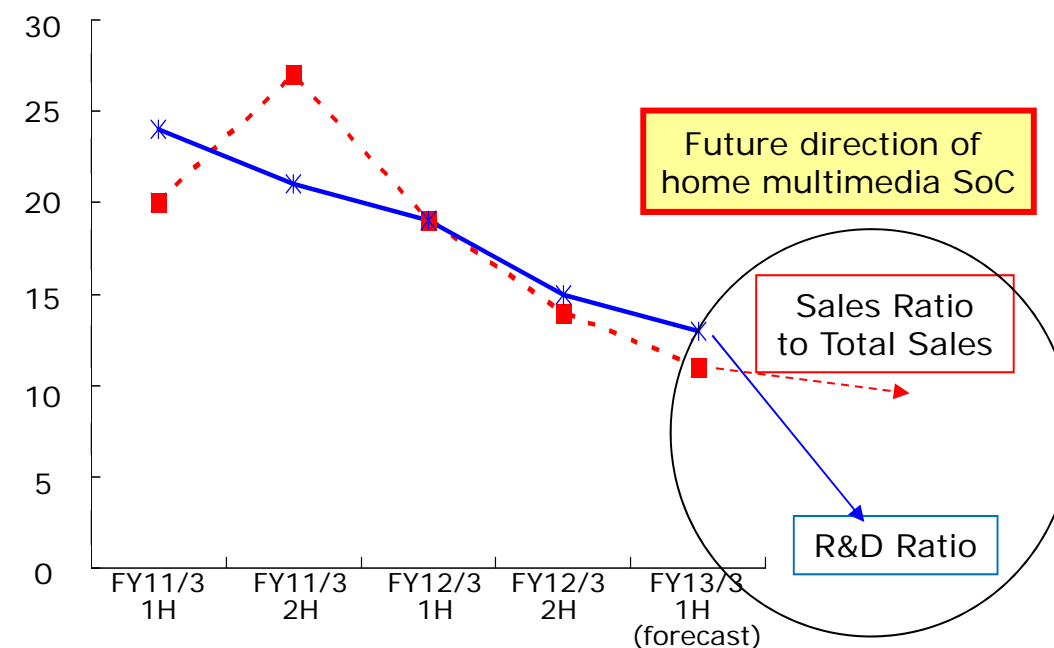
Scale back development of SoCs for short life-cycle applications and divest unprofitable product lines in Home Multimedia SoC Business

-Future—

Cease new product development of home multimedia SoC in light of increased deterioration market environment

Share of home multimedia in overall SoC(*)

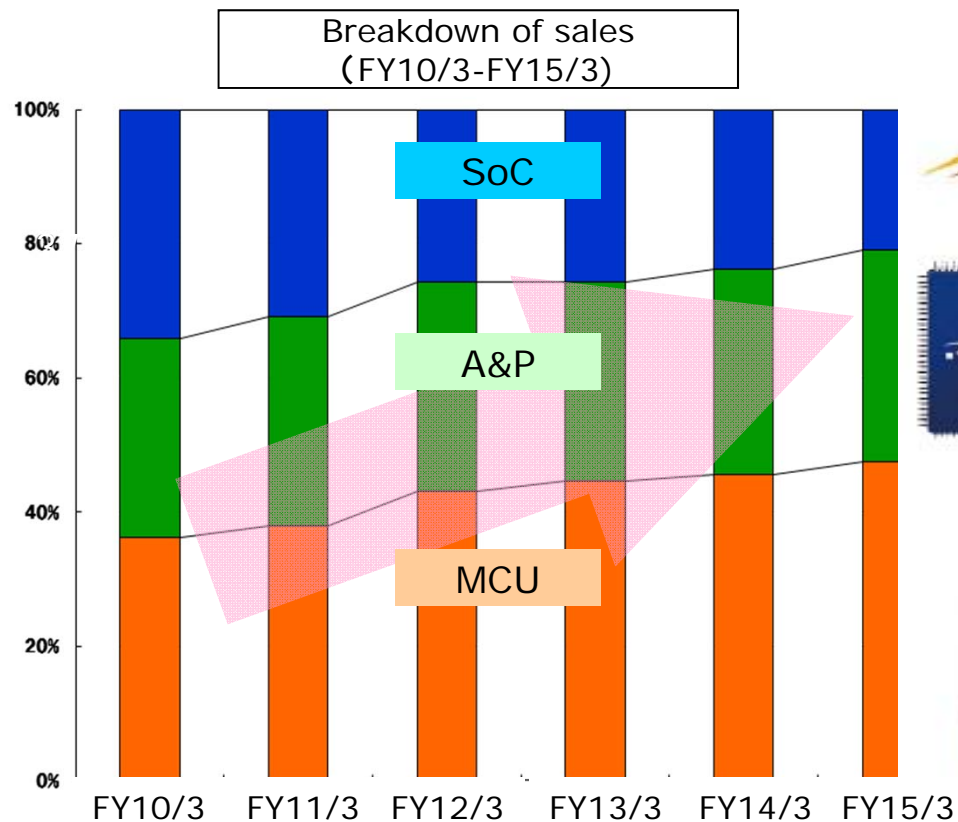
(*) Excl. Power Amplifier Business transferred in Mar. 2012



While obligations to continue sales support for existing products will be met, the discontinuation of new product development and R&D is expected to contribute to an improvement in profitability

Increase Earning Capacity by Changing Business Portfolio

- Increase earning capacity by focusing on strong segments which build Smart Society based on track record in existing segments



III. Toward a Robust and Profitable Business Structure

III-2. Production Structural Reforms and Reduction in Human Resources

Realignment of Production Sites in Japan

- Complete production site realignment within 3 years

Front-end Production	Continue production on an appropriate scale in accordance with production load	Shrink production capacity, and continue production on an appropriate scale	Shrink production capacity, however, transfer will be considered in accordance with our business plan	Shrink production capacity, however, closure will be considered in accordance with our business plan
Naka	300mm 200mm			
Tsuruoka*1			300mm *Transfer will be considered within a year 125mm *Transfer or closure will be considered within 3 years	
Kawashiri*2	200mm			
Saijo	200mm			
Shiga*3	200mm GaAs	150mm		
Takasaki		150mm		125mm *FY14/3 2H
Kofu	200mm			150mm *FY15/3 2H
Yamaguchi*4			150mm *Transfer will be considered within a year	
Kochi		150mm		

Back-end Production	Continue production on an appropriate scale in accordance with production load	Shrink production capacity, and continue production on an appropriate scale, however, transfer could be considered in the future	Shrink production capacity, however, transfer will be considered in accordance with our business plan	Shrink production capacity, however, closure will be considered in accordance with our business plan
Yonezawa*5	○			
Oita*6		○		
Kumamoto (Ozu)*7		○		
Hakodate*8			*Transfer will be considered within a year	
Aomori*9			*Continue production on an appropriate scale in accordance with production load, however, transfer could be considered	
Fukui*10			*Transfer will be considered within a year	
Yanai*11				*Closure will be considered within 3years
Yamaguchi				*Closure is planned in FY14/3 2H
Kumamoto (Nishiki)*12			*Transfer or closure will be considered within 3 three years	

*1)Renesas Yamagata Semiconductor, Tsuruoka Factory (Tsuruoka, Yamagata)

*2)Renesas Semiconductor Kyushu/Yamaguchi, Kumamoto Kawashiri Factory (Kumamoto, Kumamoto)

*3)Renesas Kansai Semiconductor, Fukui Factory (Sakai, Fukui)

*4)Renesas Semiconductor Kyushu/Yamaguchi, Yamaguchi Factory (Ube, Yamaguchi)

*5)Renesas Northern Japan Semiconductor, Yonezawa Factory (Yonezawa, Yamagata)

*6)Renesas Semiconductor Kyushu/Yamaguchi, Oita Factory (Nakatsu, Oita)

*7)Renesas Kyushu Semiconductor, Kumamoto Factory (Kikuchi, Kyushu)

*8)Renesas Northern Japan Semiconductor, Hakodate Factory (Kameda, Hokkaido)

*9) Renesas High Components (Kitatsugaru, Aomori)

*10)Renesas Kansai Semiconductor, Fukui Factory (Sakai, Fukui)

*11)Renesas Yanai Semiconductor (Yanai, Fukui)

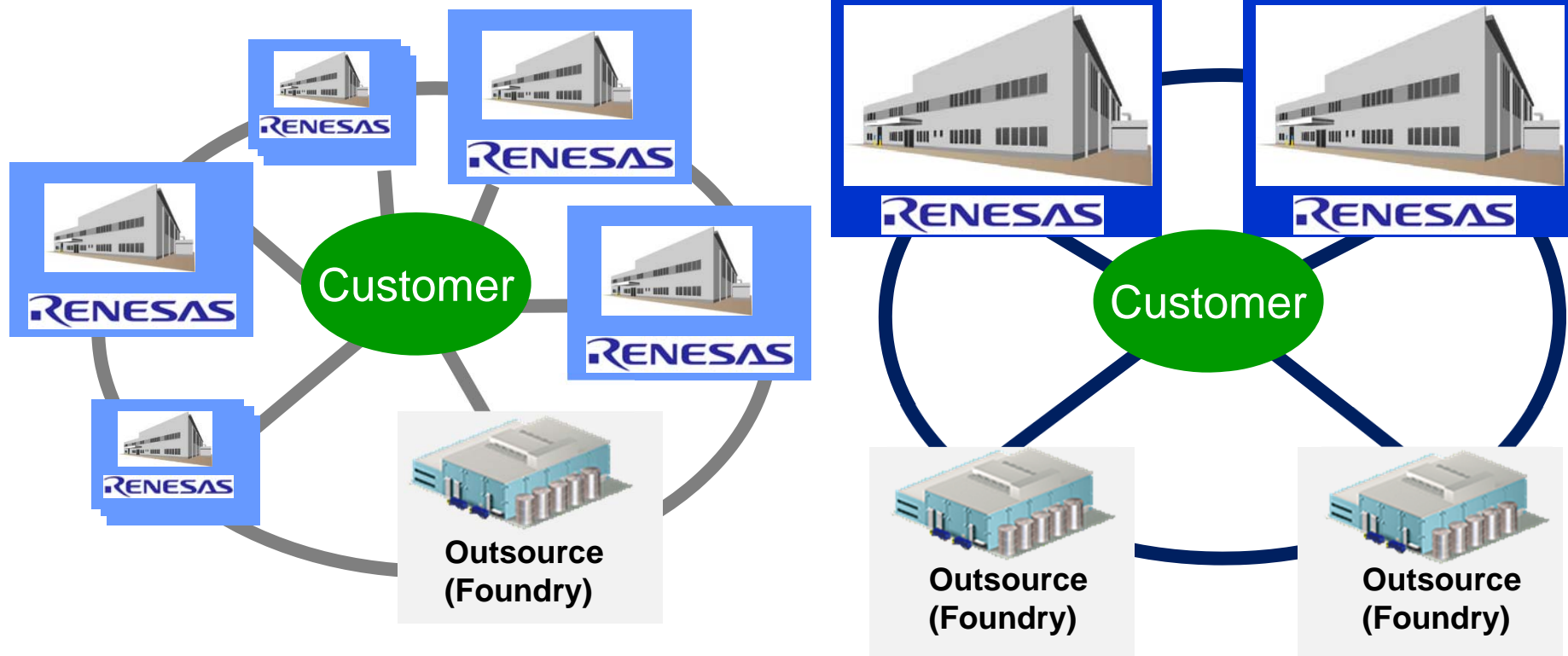
*12)Renesas Semiconductor Kyushu/Yamaguchi, Kumamoto Nishiki Factory (Kuma, Kumamoto)

Approach to Fab Network with Production Realignment

- Continuous and stable supply of existing products will be secured by establishing a complete fab network including foundries

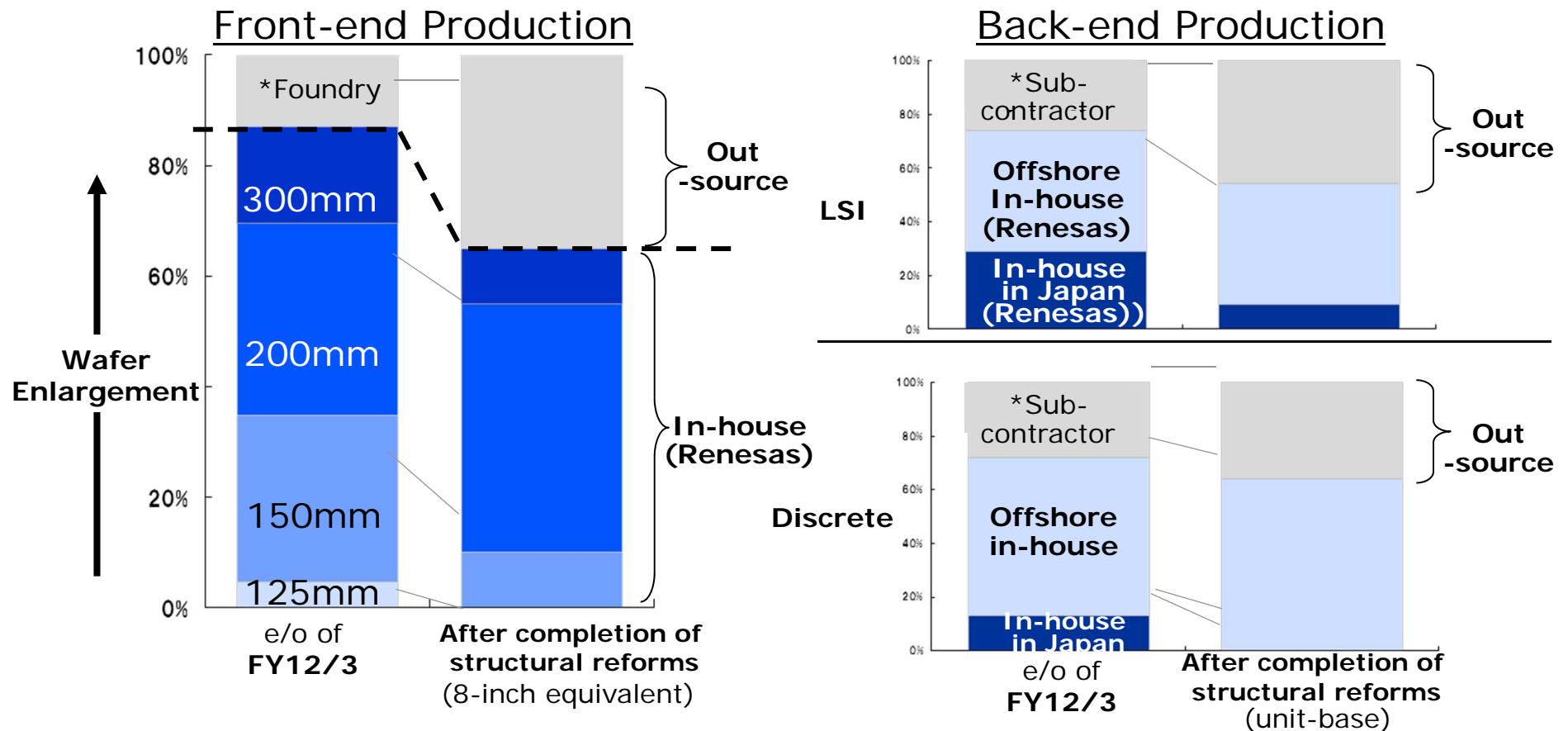
Renesas' Concept of Fab Network

After Production Structural Reforms



Production Structure after Completion of Structural Reforms

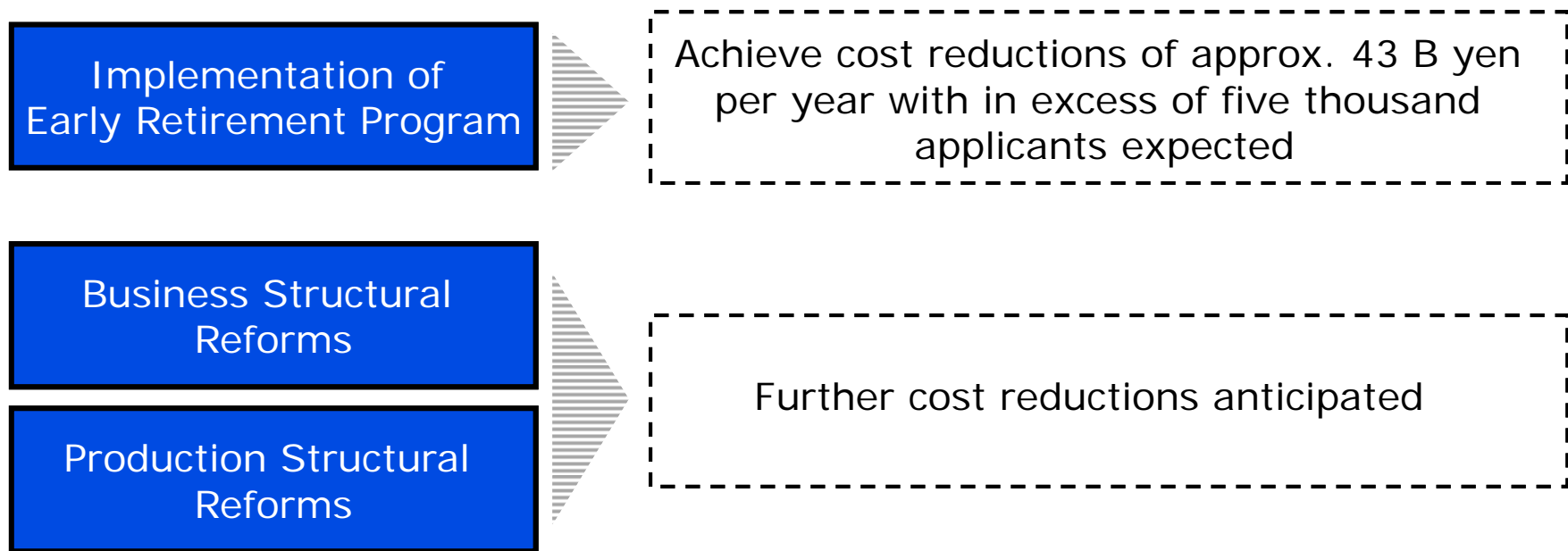
- Establish production structure able to respond to market fluctuations and enhance product competitiveness through wafer enlargement and increased outsourcing in Front-end production, and a further shift to offshore production and increased outsourcing in Back-end production as well



*)Foundries and Sub-contractors will include factories which will be transferred from Renesas

Effects of Structural Reforms

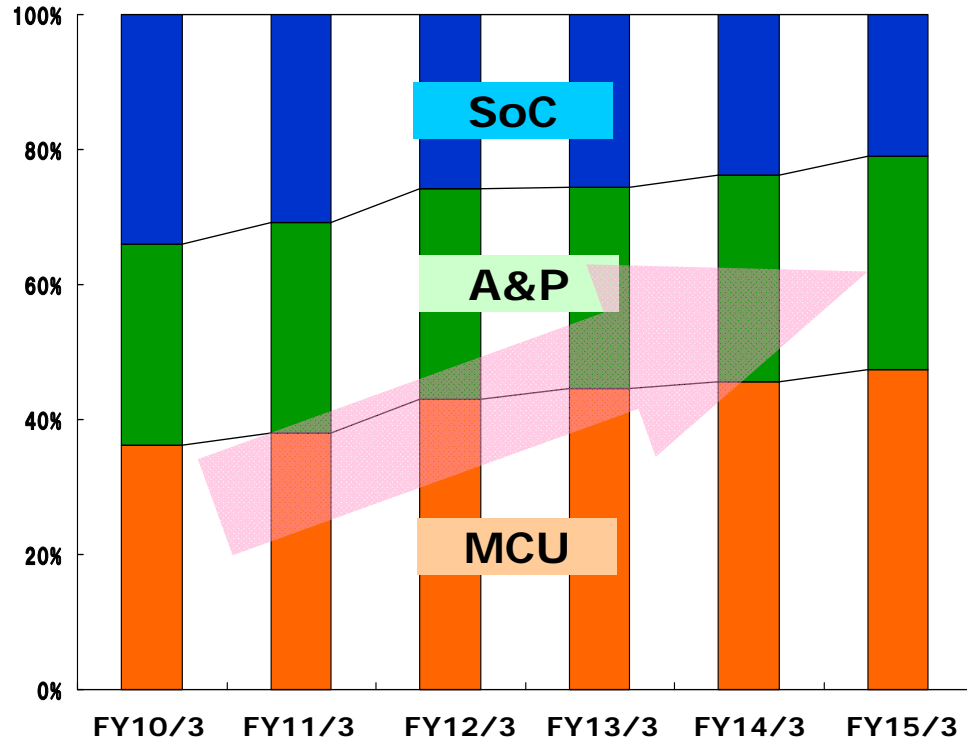
- Significant improvements to the profit structure are anticipated as a result of implementing early retirement programs and structural reforms to business/production



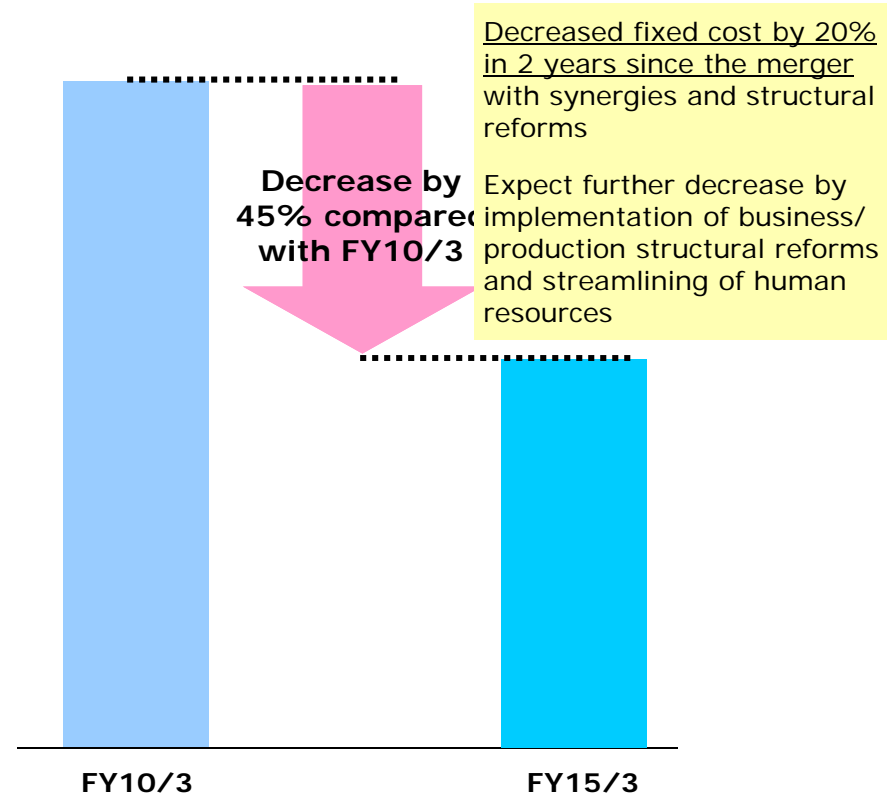
IV. Summary

Summary: Target Business Structure

Sales Breakdown by Business (FY10/3 to FY15/3)



Fixed Cost Trend (FY10/3 to FY15/3)



Target operating margins of more than 10% in FY15/3 through changing business portfolio and cost structure with drastic structural reforms

(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.



Renesas Electronics Corporation

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