FINANCE

FEBRUARY 17, 2020 SHUHEI SHINKAI SVP AND CFO RENESAS ELECTRONICS CORPORATION

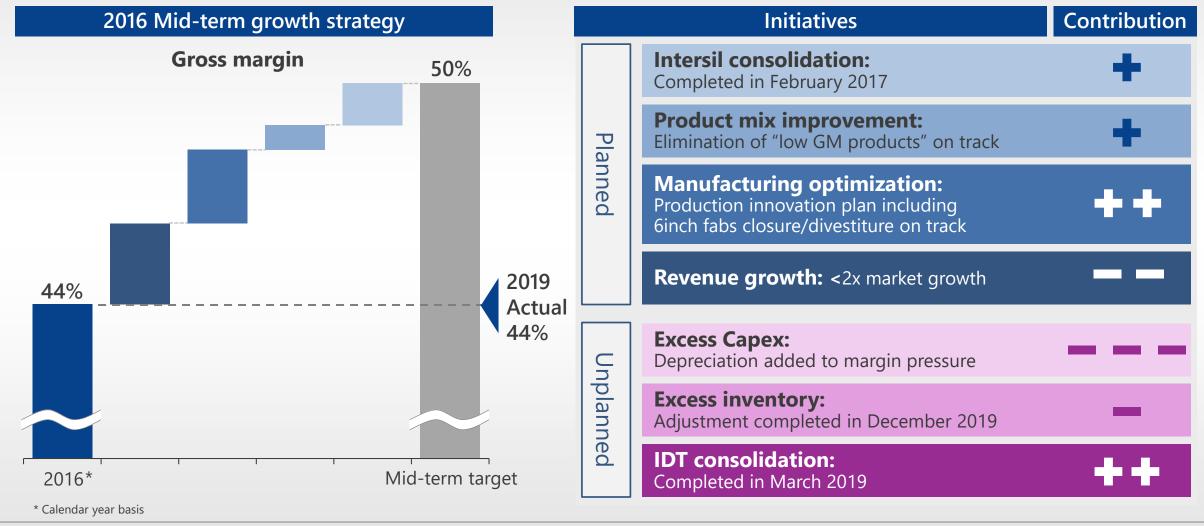
2016 MID-TERM GROWTH STRATEGY REVIEW

2016 MID-TERM GROWTH STRATEGY REVIEW

	Mid-term target	2019 Actual	
Growth (Focus area)	2x Market growth*	>	Renesas (Focus area; 2016-19) 7% vs Market 6%
Gross margin	50%	>	44%
R&D** of Revenue)	16-18%	>	17%
SG&A*** of Revenue)	12-14%	>	14%
Operating margin	>20%	>	13%

^{*} Market growth indicates growth rate of Renesas SAM (served available market). ** Research & development expenses. *** Selling, general and administrative expenses

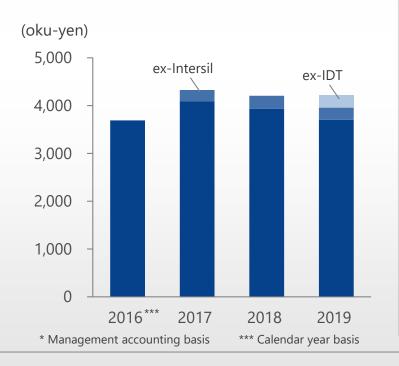
PERFORMANCE REVIEW



ACHIEVEMENTS IN 2016-2019

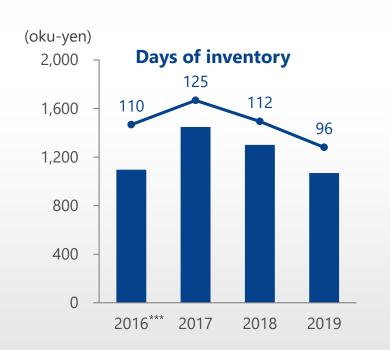
Fixed cost*

- Integration synergies
- Early retirement program



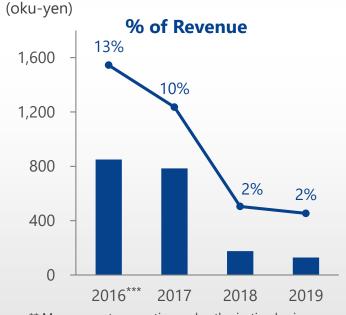
Inventory*

- Forecast accuracy
- Shorter decision-making chain
- Procurement flexibility



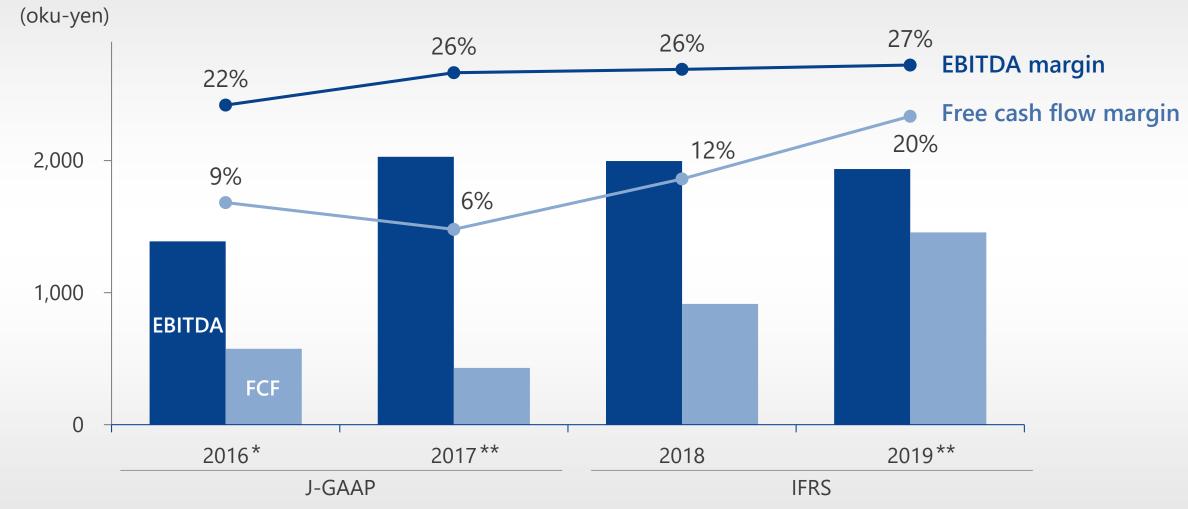
Capex**

- KPI
- Financial validation



** Management accounting and authorization basis

FREE CASH FLOW GENERATION



^{*} Calendar year basis ** FCF excluding cash outlay for acquisition of Intersil and IDT

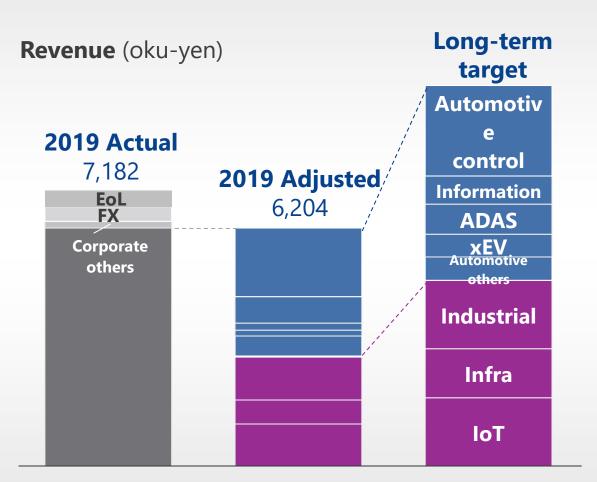
TARGET FINANCIAL MODEL

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				L	Long-term target*		
	2019 Actual	2019 Adjusted*	_	Automotive	Industrial, Infra and IoT	Corporate	
Revenue	7,182 oku-yen	6,204 oku-yen		Grow @SAM	Grow @SAM+	Grow @SAM+	
Gross margin	44%	43%**	>	40-45%	55-60%	50%	
Operating margin	13%	12%		10-15%	25-30%	20%+	

^{*} FX 1USD=100yen, 1EUR=120yen. Continuing business only
** After reclassification (part of SG&A reclassified to CoGs and R&D)

GROWTH PLAN



	Long-term Renesas CAGR	Long-term Market (SAM) CAGR
Renesas	+	7 %*
Automotive	≒	8%**
Automotive control		4%
Information	_	4%
ADAS	++	17%
xEV	+	18%

Industrial, Infra and IoT	+	7%***
Industrial	+	7%
Infra	++	5%
loT	=	8%

FX for 2019 Actual: 1USD=109yen, 1EUR=123yen, FX for 2019 Adjusted and Long-term target: 1USD=100yen, 1EUR=120yen

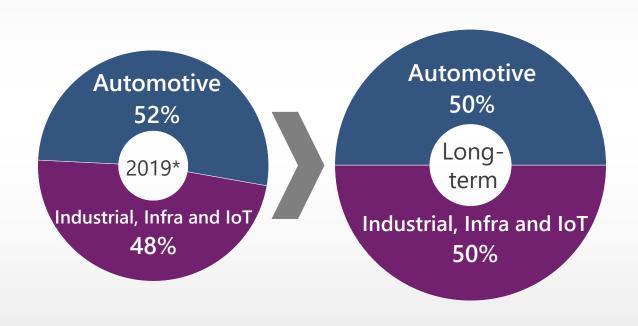
^{*} Renesas estimate. ** Source: Strategy Analytics automotive semiconductor demand forecast by business segment in December 2019.

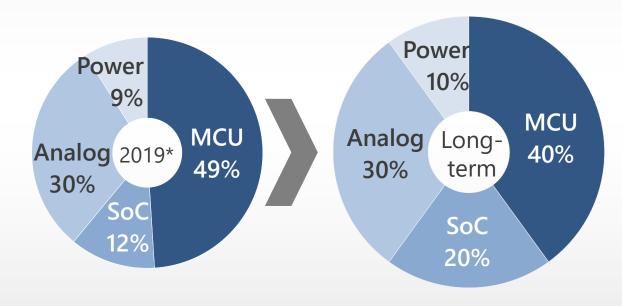
^{***} Source: 2019-2023 chart created by Renesas based on Gartner Research, Semiconductor Forecast Database, Worldwide, 4Q19 Update, Ben Lee et al., 24 December 2019. After 2024, Renesas estimate

PORTFOLIO TRANSFORMATION

By segment

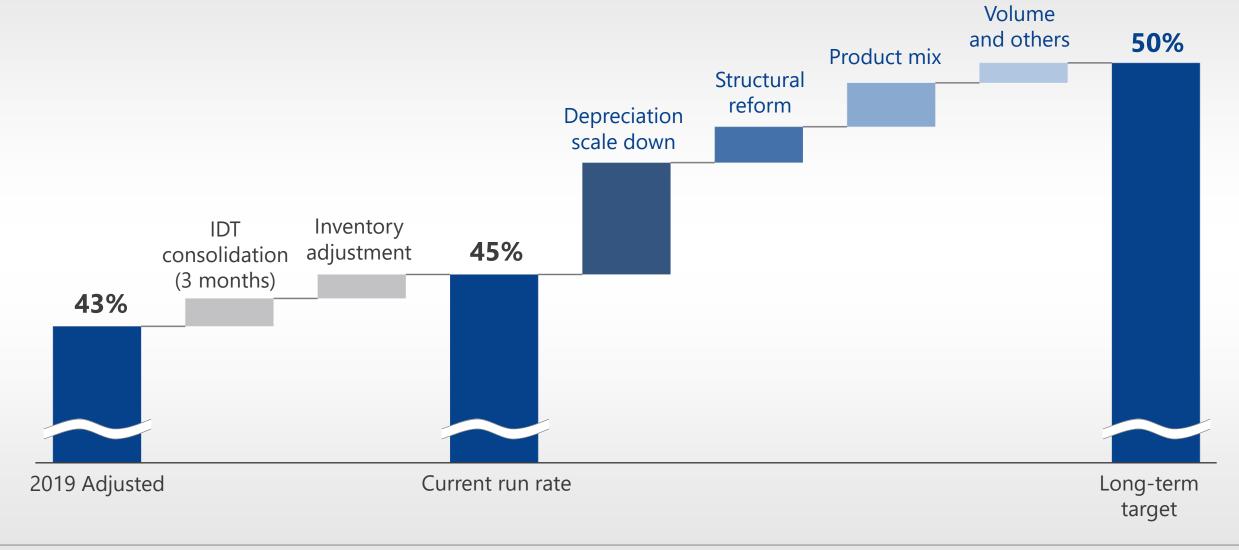
By product



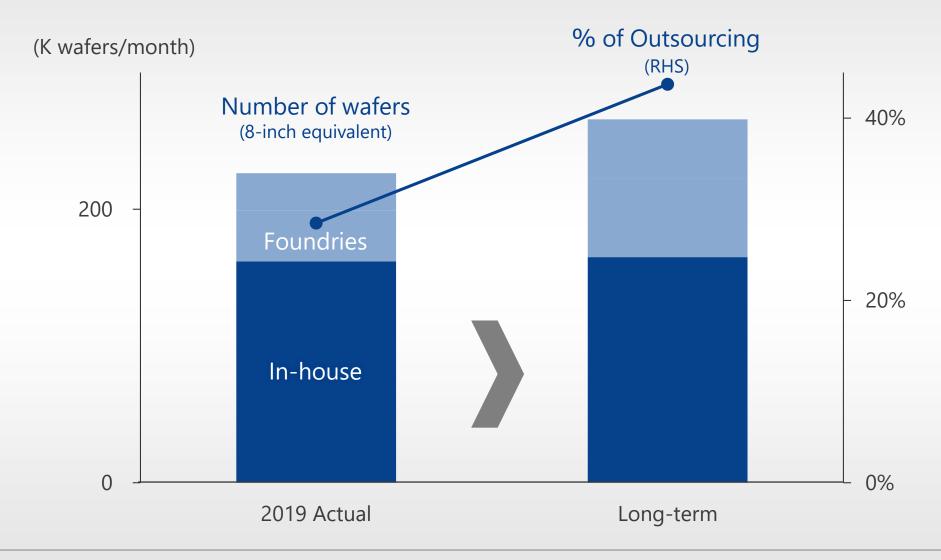


^{*} Renesas management accounting, pro-forma basis

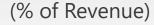
ROADMAP TO GROSS MARGIN TARGET

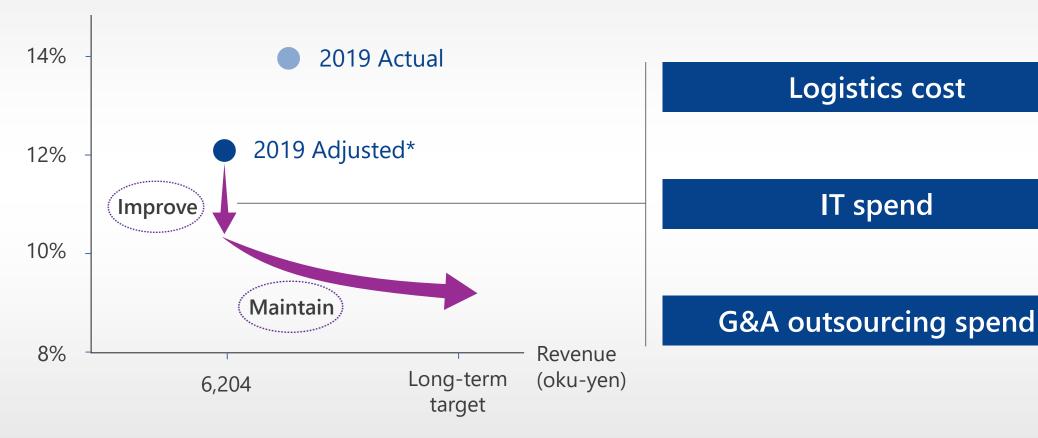


FRONT END PRODUCTION MIX



SG&A REDUCTION INITIATIVES IN PLACE



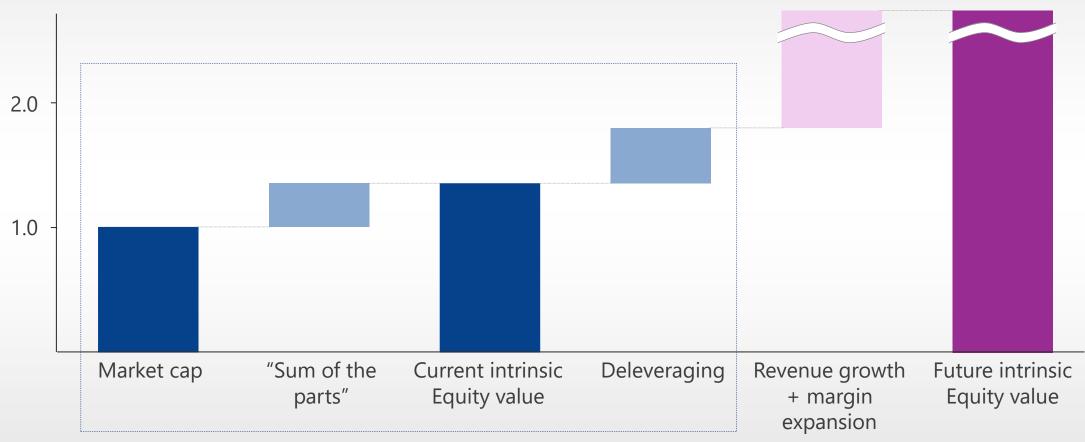


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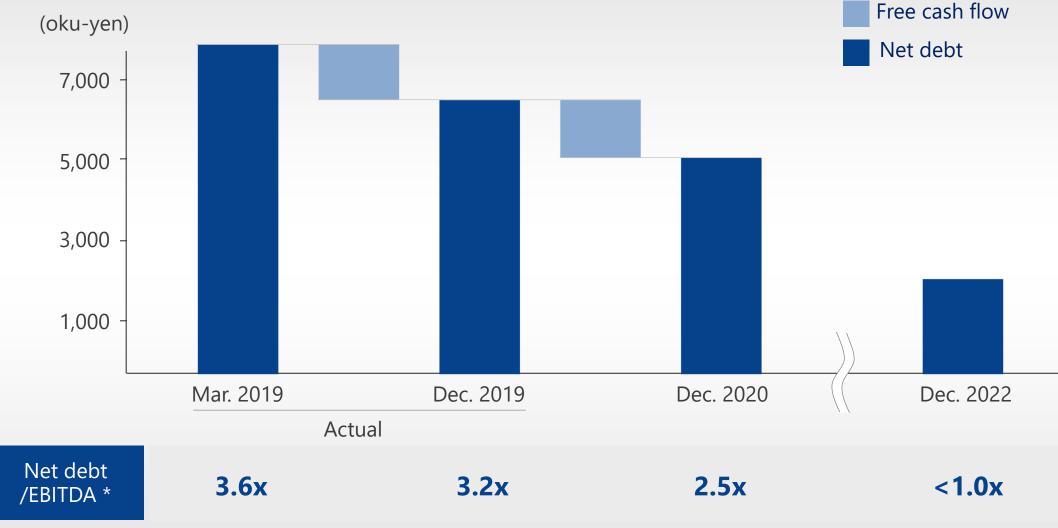
SHAREHOLDER VALUE CREATION

EQUITY VALUE INCREMENTS

(Current market cap = 1.0)

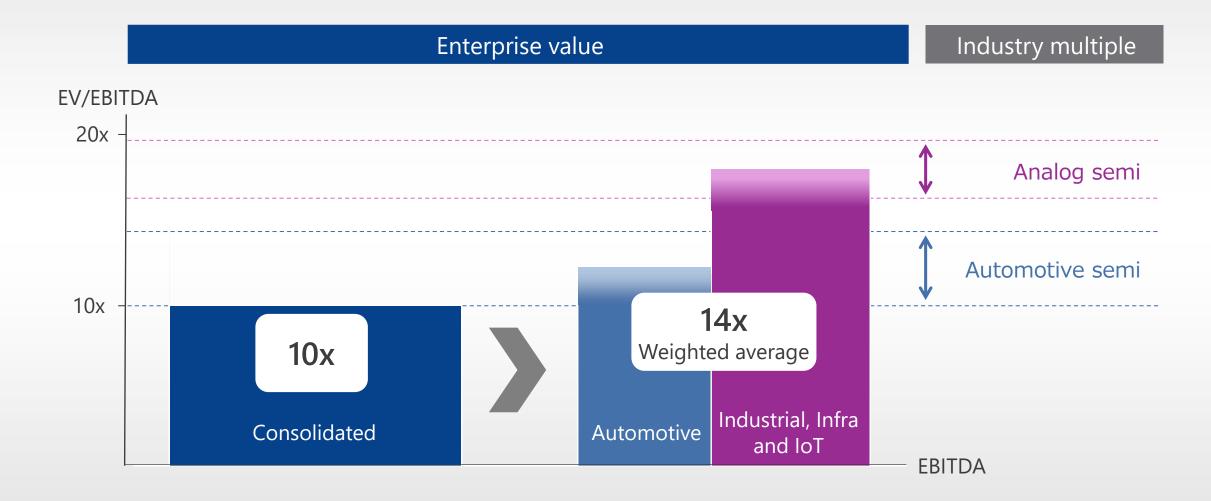


SOLID DELEVERAGING



^{*} Mar. 2019 and Dec. 2019 EBITDA: LTM (last twelve months) and proforma basis

SUM OF THE PARTS



KEY INITIATIVES TO DELIVER SHAREHOLDER RETURN



Commitment to results

Achievable financial targets



Focus on cash generation

Optimizing leverage



Investing for growth

Sustained R&D

Disciplined Capex and M&A



Shareholder return

Priority on buyback Dividends

APPENDIX

SAM DEFINITION FOR INDUSTRIAL, INFRA AND IOT

Source: Gartner Semiconductor Forecast Database, Worldwide, 4Q19 Update

SAM: semiconductor "TAM" excluding "microprocessor compute", "multimedia processor", "baseband processor", "DRAM", "Flash" and "Non-optical sensors"

Industrial: "Industrial Electronics"

Infra: "Communication" + "Data processing" – "Communication(Phone)"

IoT: "Consumer Electronics" + "Communication(MCU)" + "Data processing (MCU)" + "Communication (Phone)"

Renesas.com