



Reforming Renesas

Renesas Electronics Corporation

October 30, 2013

Hisao Sakuta

Chairman and CEO



Outline of Today's Announcement

1 Renesas' Current Status

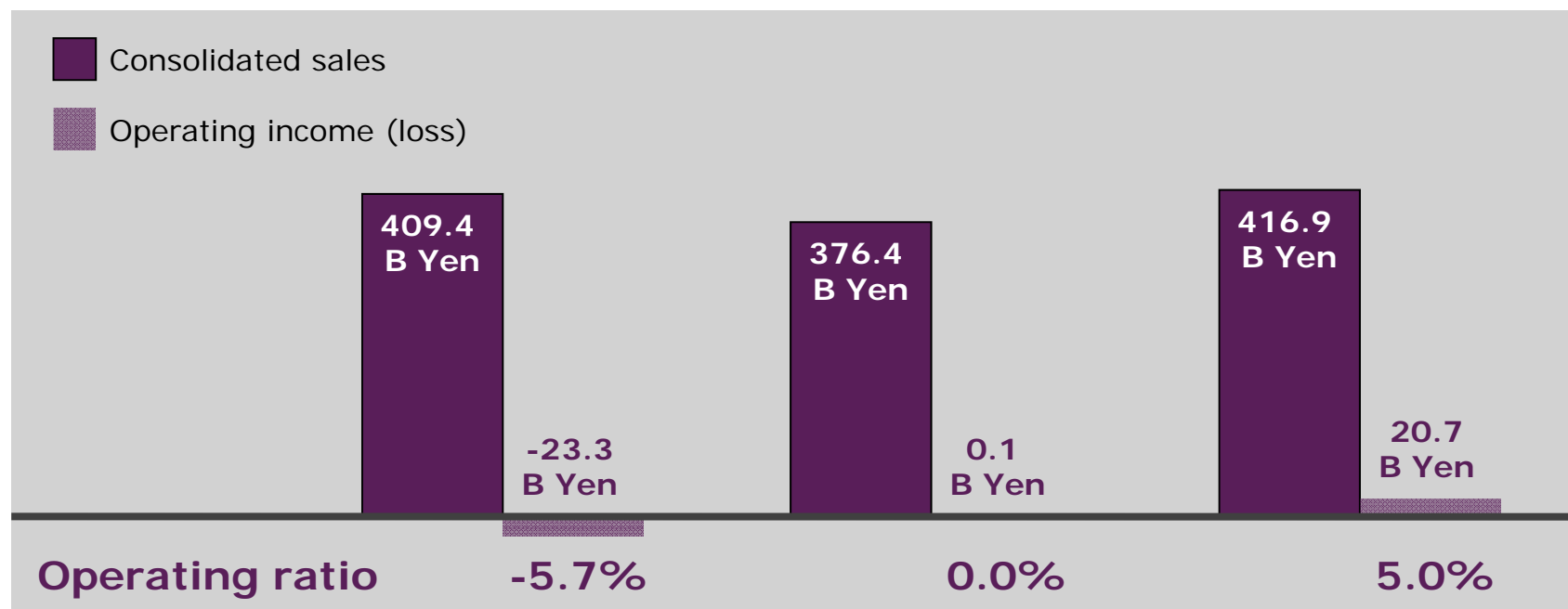
2 3 Issues Facing Renesas

3 The Future Renesas

4 Realizing the Future Renesas

5 Summary

Renesas' Current Status



| | FY13/3 1H (Sep. 30, 2012) | FY13/3 2H (Mar. 31, 2013) | FY14/3 1H (Sep. 30, 2013) |
|-----------------|------------------------------|------------------------------|------------------------------|
| Net Assets | 77.9 B Yen | 80.3 B Yen | 222.1 B Yen |
| Equity Ratio | 10.0% | 10.2% | 26.2% |
| D/E Ratio | 2.46 | 4.59 | 1.38 |
| Free Cash Flows | -34.0 B Yen | -63.3 B Yen | 28.5 B Yen |

3 Challenges Facing Renesas

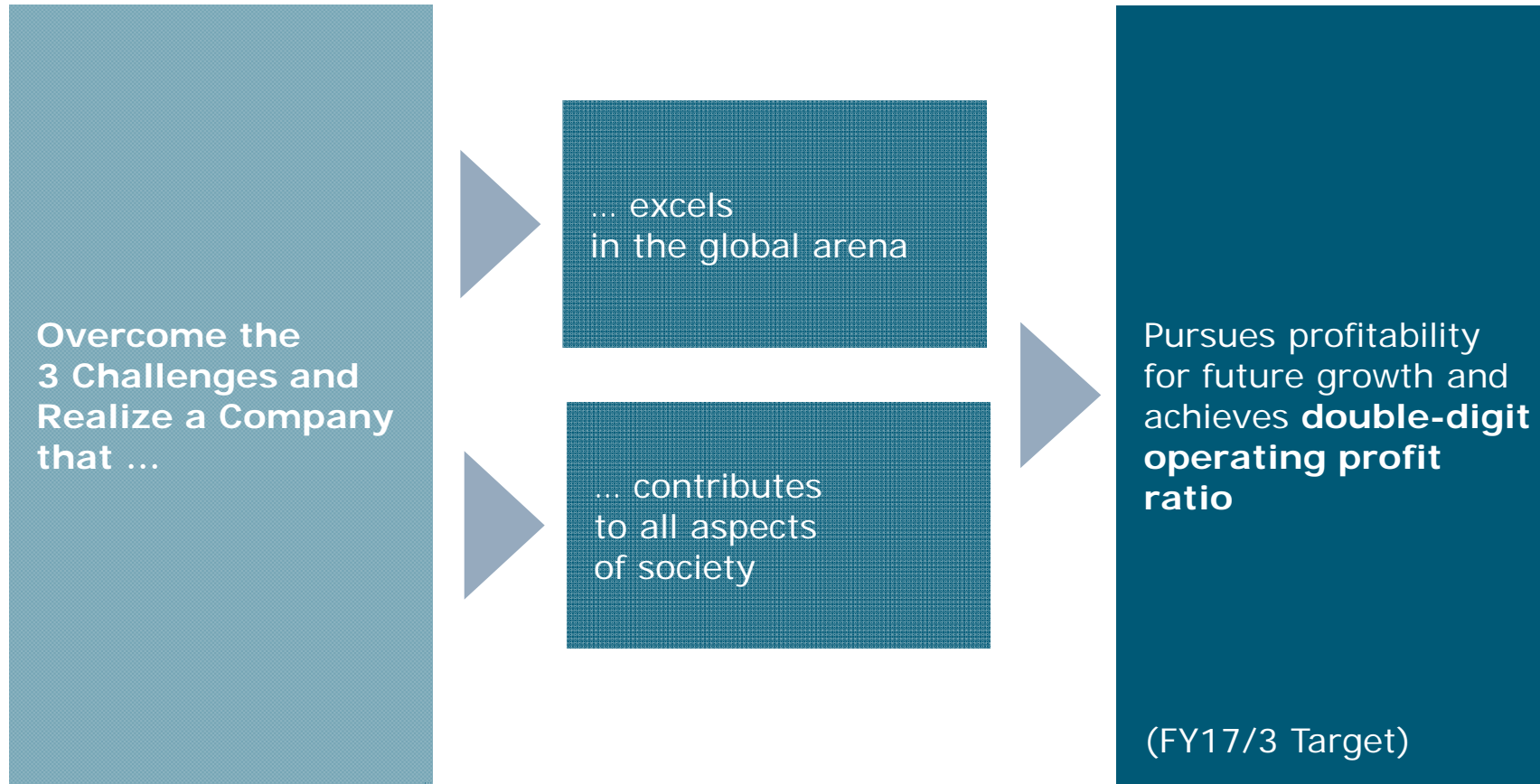
- Foster strong ties with market and customers with market-oriented approach

- Internal operational challenges
 - Conduct profit-oriented, autonomous management

 - Facilitate rapid decision-making and business activities

- Construct stronger financial base

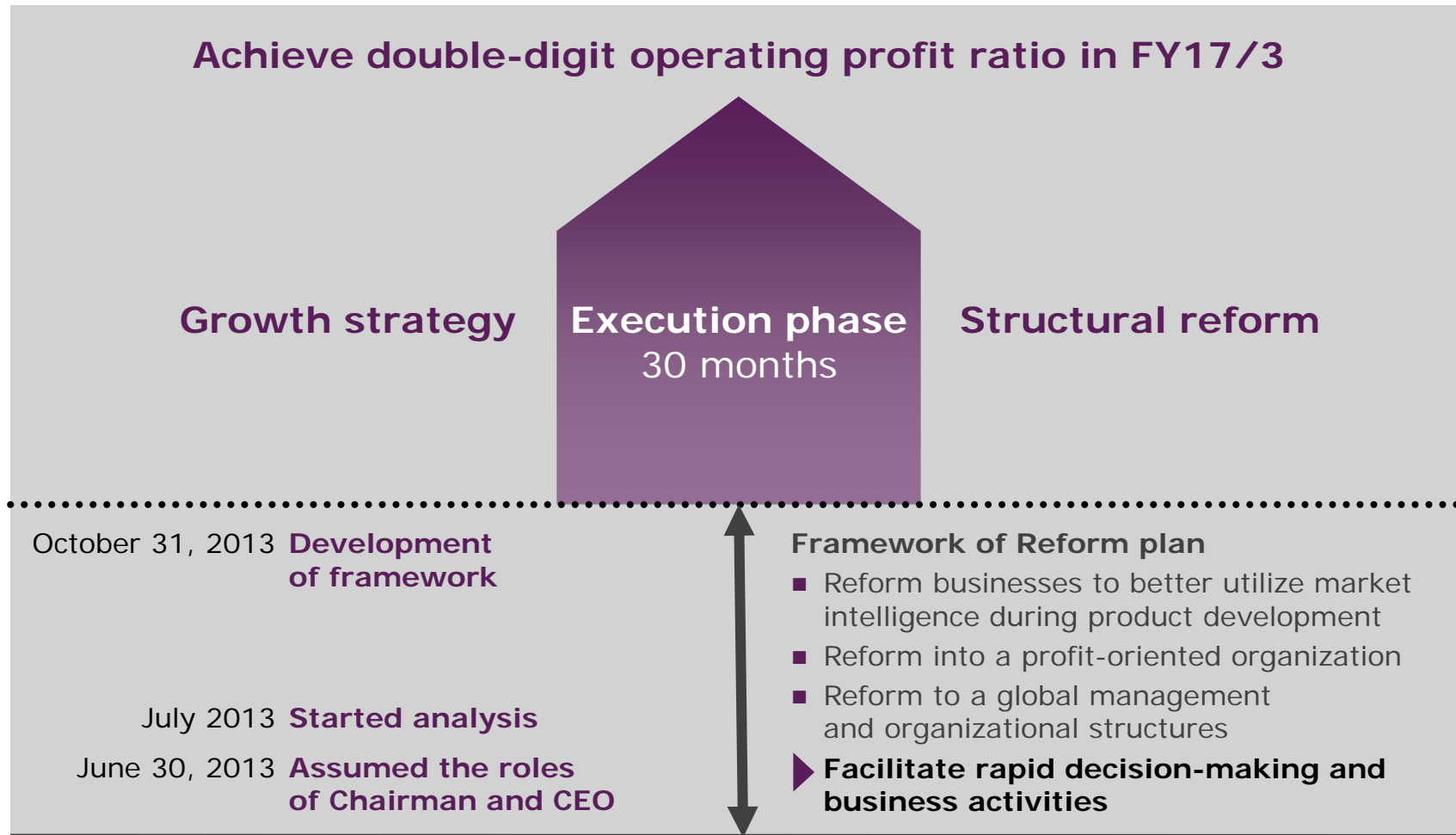
The Future Renesas



▶ **Launch reform plan to realize the future Renesas**

The Future Renesas

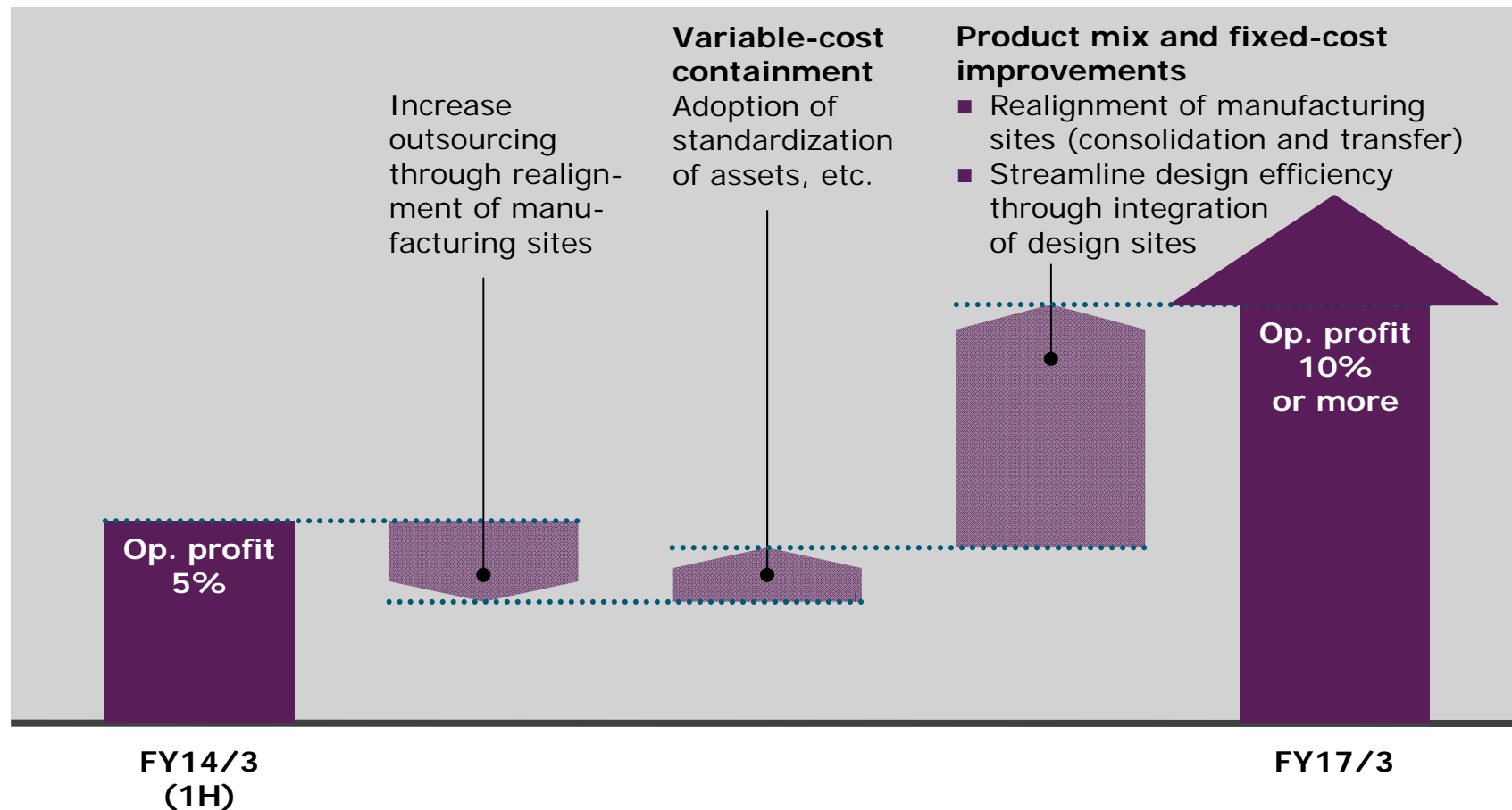
4 Months After Assuming the Role of CEO – Launch of reform Plan



The Future Renesas

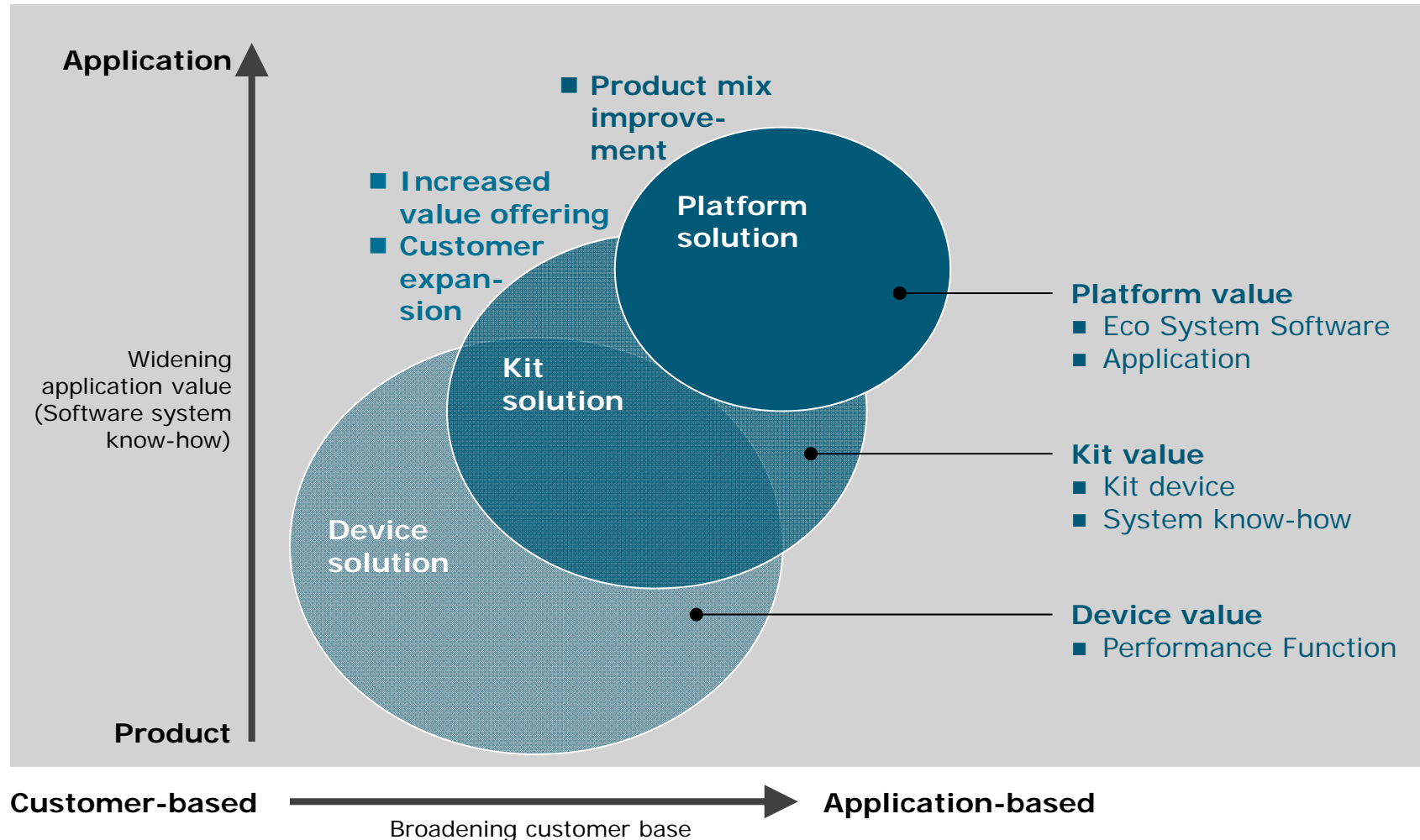
Improve Profitability by Pursuing Gross Profit (Enhance Product MIX)

- Pursue Gross Profit improvement to increase profitability
- Enhance product mix and improve fixed and variable costs



Realizing the Future Renesas

Shift From Product-Orientation to Application-Orientation and Optimize Product Mix



Realizing the Future Renesas

Reforming towards New Business Domains

- Strengthened solution offerings by business domain in response to changes in demography and the environment as well as the technological advancements from the fusion of control and IT

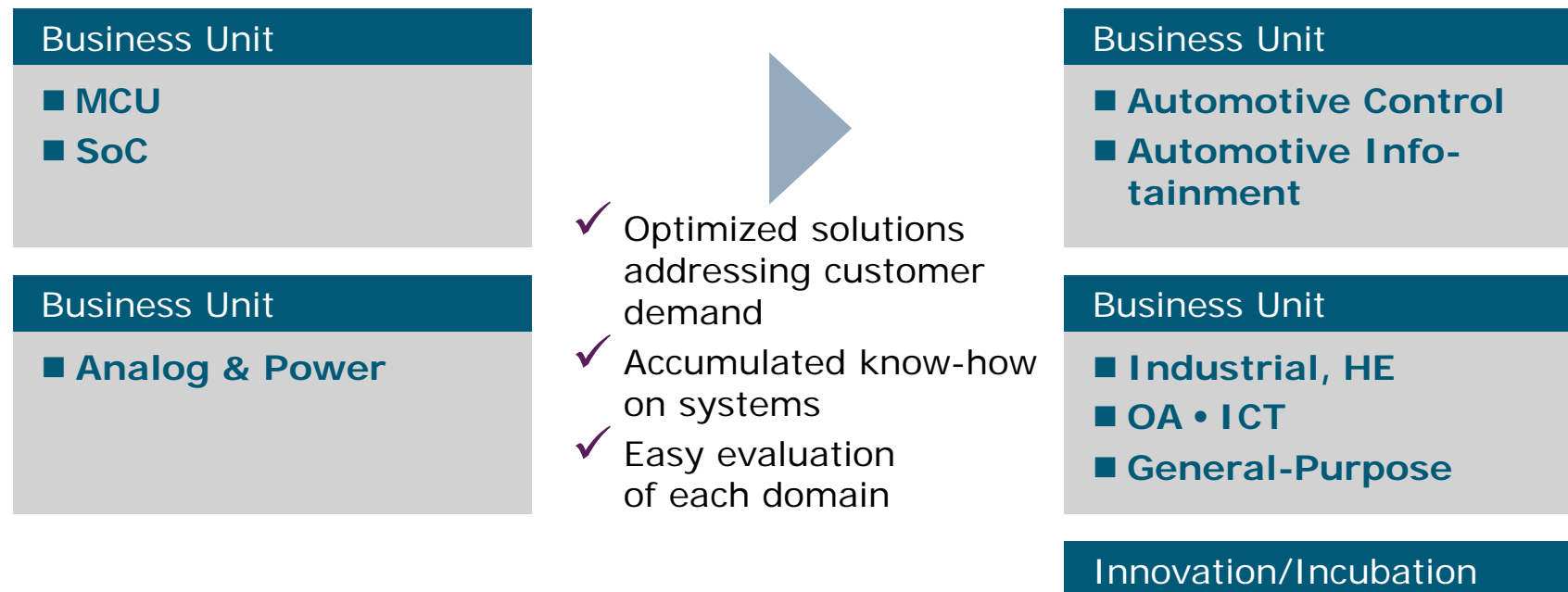
| New business domains (Former business domain: MCU, A&P, SoC) | | Renesas' 3 Solution Offerings | | |
|--|-------------------------|-------------------------------|--------------|-------------------|
| | | Device Solution | Kit Solution | Platform Solution |
| Automotive | Automotive control | ★ | ★ | |
| | Automotive infotainment | | | ★ |
| Industrial, Home Electronics | | | ★ | ★ |
| Office Automation Information Communication Technology | | ★ | | ★ |
| General-Purpose | | ★ | | |

★ Enhanced solution

Realizing the Future Renesas

Implementation Structure / Business Unit

- Reorganize the business unit structure focusing on business domains with an application-oriented structure and,
- Enhance product mix focusing on profit and optimized solution offerings to customers

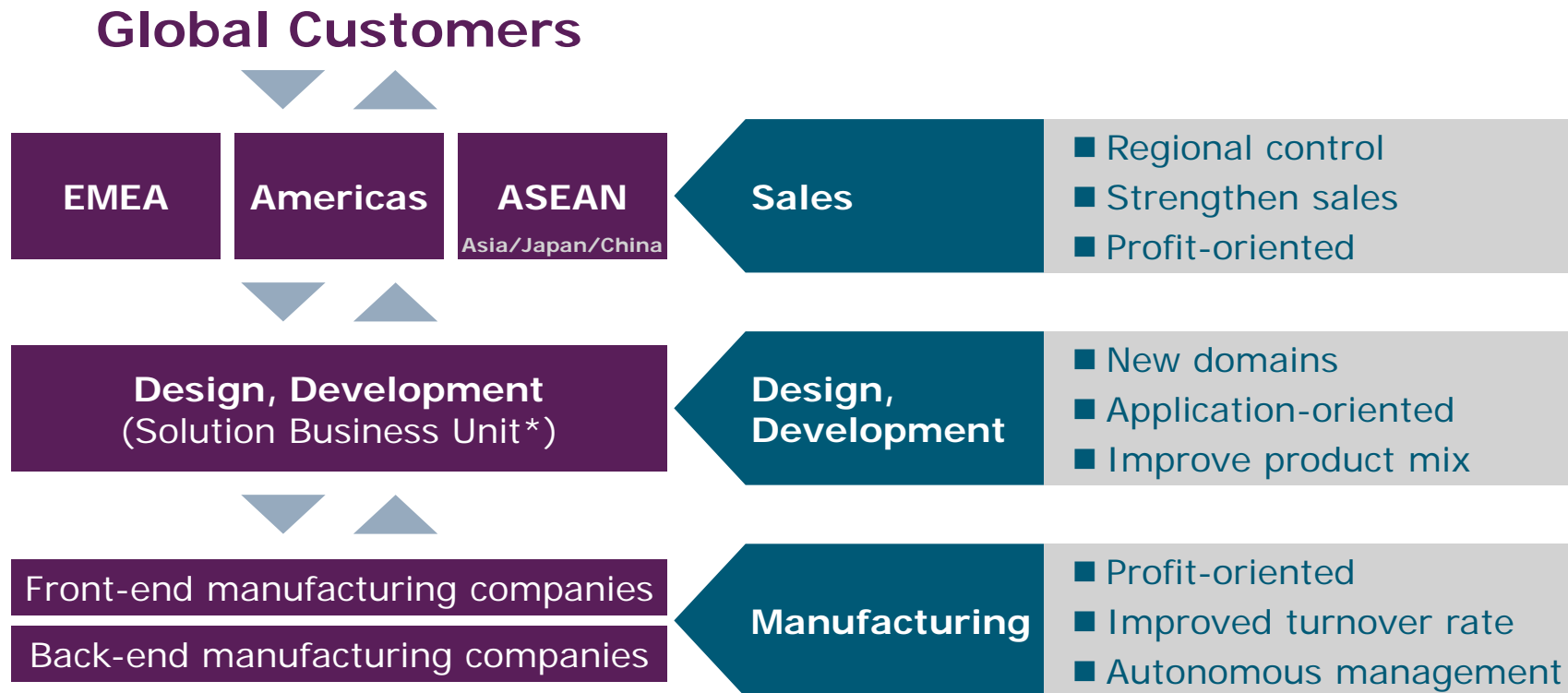


(Note) HE: Home Electronics, OA: Office Automation, ICT: Information Communication Technology

Realizing the Future Renesas

Implementation Structure Manufacturing / Sales

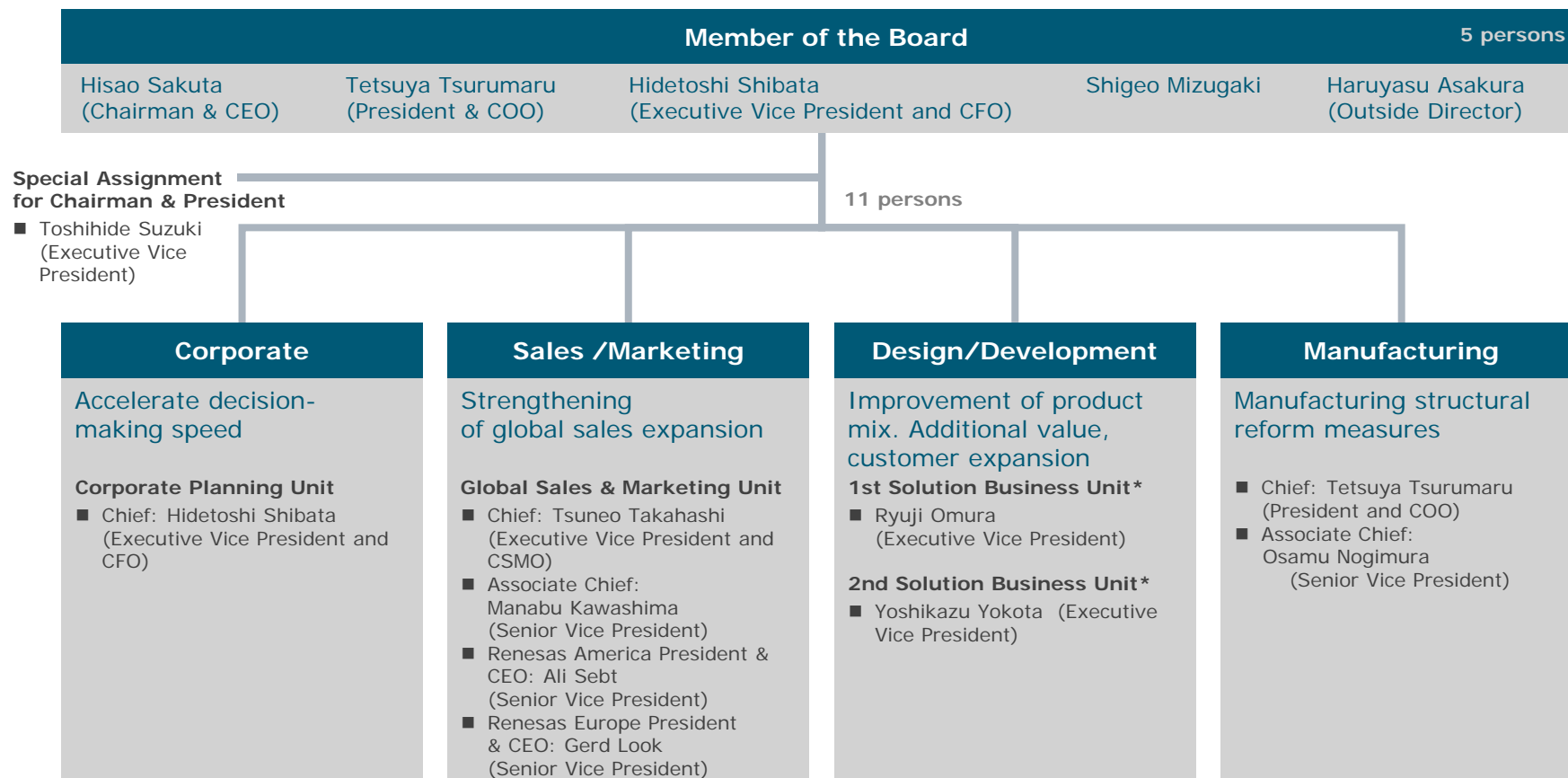
- Empower sales companies in EMEA and Americas as regional business management sites to promote sales expansion through autonomous decision making
- Give priority to profit and turnover rate for manufacturing. Empower manufacturing companies to be run as a stand-alone profit-centers



(Note) Solution Business Unit is a tentative name.

Realizing the Future Renesas

Implementation Structure (As of November 1, 2013)

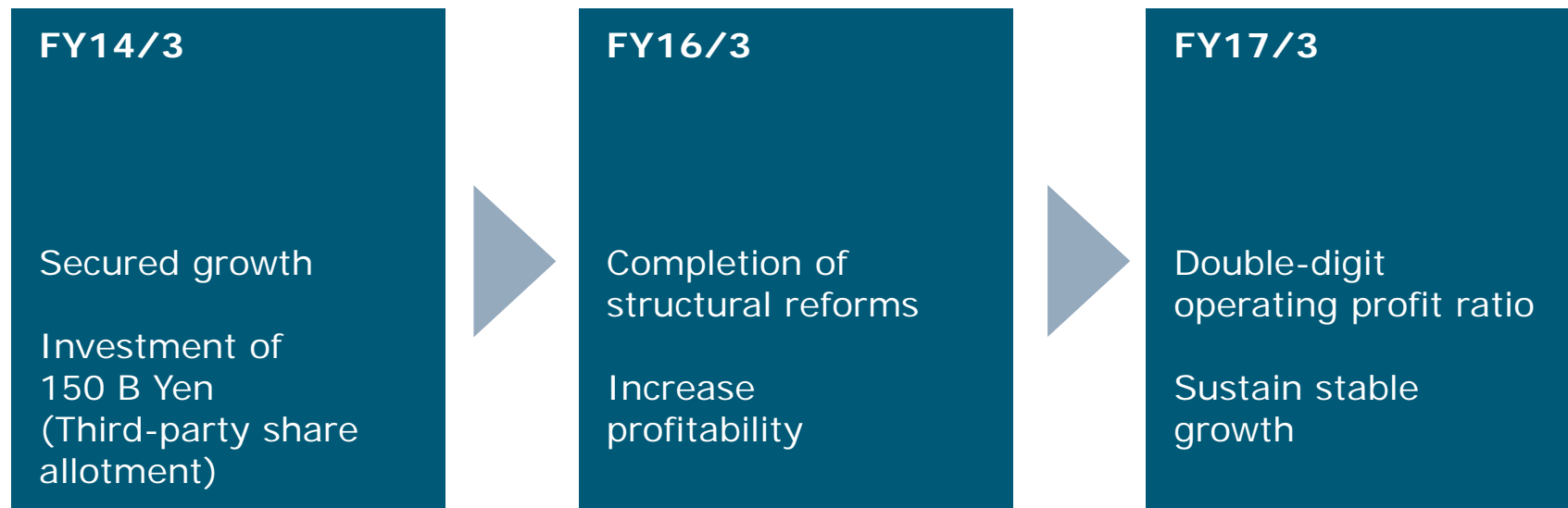


By actively empowering and encouraging autonomous management, Renesas will successfully **accomplish all aspects of the reform plans** and **drastically increase revenue** through sales expansion in the global market

(Note) 1st and 2nd Solution Business Units are scheduled to be reorganized in accordance with the new business domains as of December 1, 2013.

Summary

- Use financing activities and structural reforms to arrive at strong financial base necessary for future growth
- Accomplish Renesas reform plans and achieve double-digit profit ratio to invest in future growth



 **Renesas IS Back, Stronger than Ever!**

(FOREWARD-LOOKING STATEMENTS)

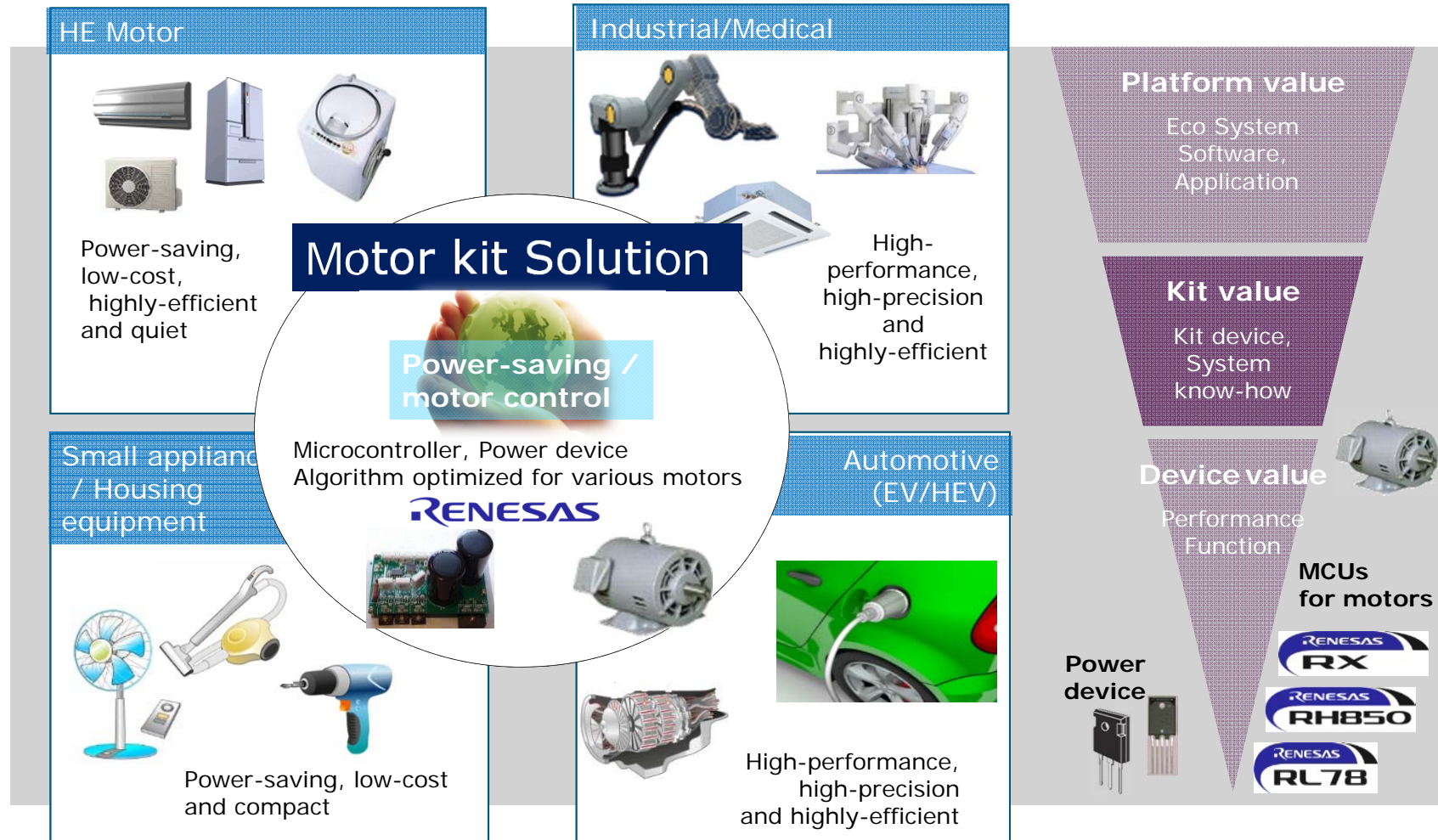
The statements in this presentation with respect to the plans, strategies and forecasts of Renesas Electronics and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results could differ materially 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 Europe

Kit Solution Offerings

- Provide a kit solution combining MCU, power device and algorithm optimized for each motor application of the diverse motor market which accounts for approximately 60% of the overall power consumption



Platform Solution Offerings

- Expand businesses by providing platform and construction an Eco system for new business areas including next-generation automotive infotainment systems and industrial Ethernet market

