



FY14/3 Q3 Financial Results

Renesas Electronics Corporation

February 6, 2014

Hidetoshi Shibata, Executive Vice President,
Member of the Board and CFO

- 
- I. FY14/3 Q3 Financial Results**
 - II. FY14/3 Financial Forecasts**

Executive Summary

I. FY14/3 Q3 Financial Results

- Despite a decline in sales from seasonal factors, semiconductor sales remained almost the same level as the previous quarter, covered by steady sales of automotive and industrial devices
- Secured operating profit by four quarters in a row with 30.0 billion yen, an increase by 19.1 billion yen QoQ, mainly due to the increased profit from reduction of fixed cost through structural reforms measures

II . FY14/3 Financial Forecasts

- While semiconductor sales are expected to increase by 9.0% YoY, mainly due to strong sales of automotive and small- to medium-sized display driver ICs, if currency impact was excluded, they would have declined by several percent as a result of the impact from shift to focus businesses
- By securing operating profit in every quarter in this fiscal year, including Q4 (forecasts), operating profit is expected to be 54.7 billion yen, an increase by 77.9 billion yen YoY
- Expect to achieve net loss of 21.8 billion yen mainly due to recording special loss of 74.8 billion yen from the early retirement programs and business- and manufacturing- related structural reforms

I. FY14/3 Q3 Financial Results

FY14/3 Q3 Financial Results

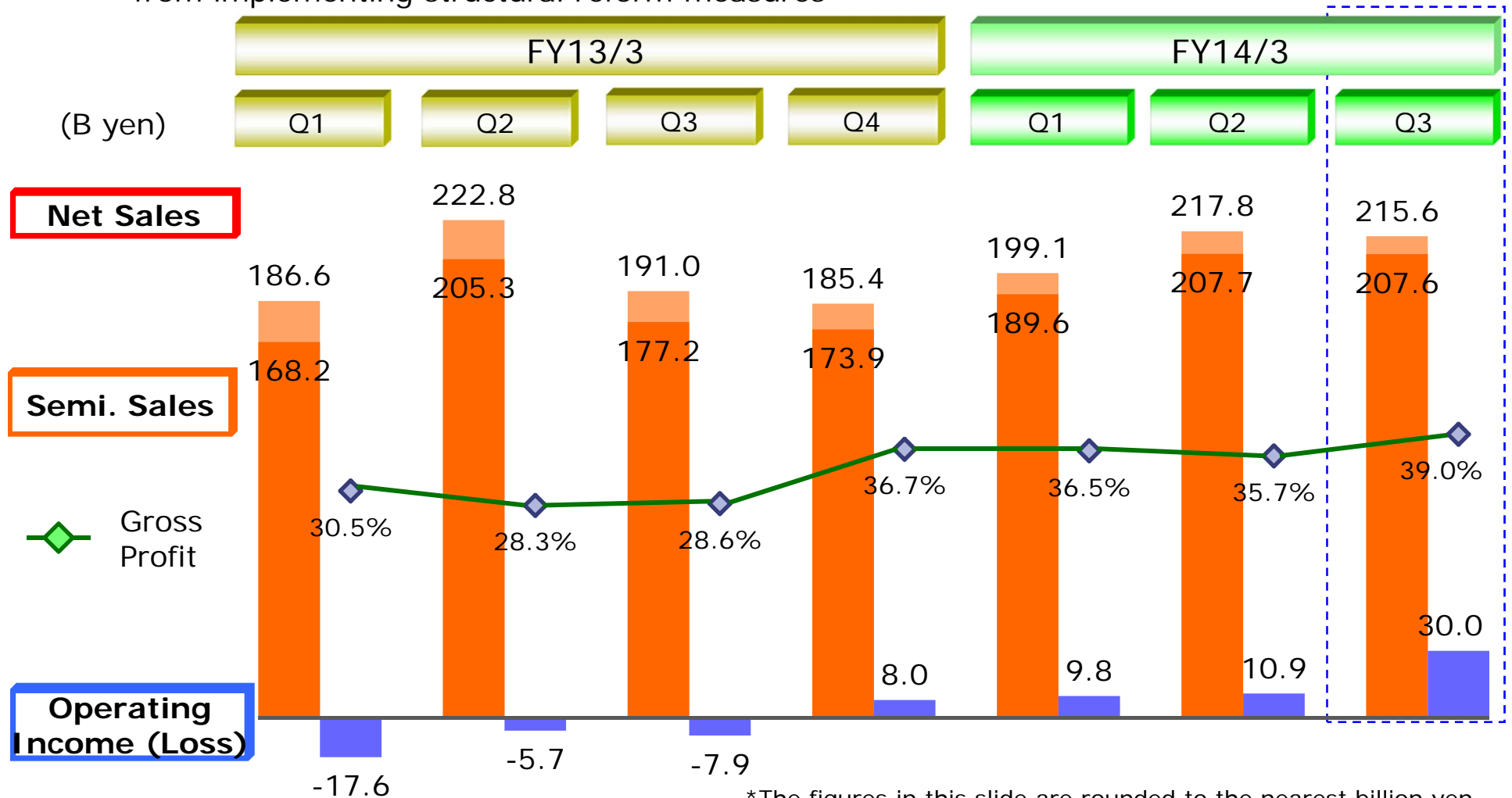
- Secured operating profit by four quarters in a row with 30.0 billion yen operating income, increase by 19.1 billion yen QoQ, mainly due to improved profit from the reduction of fixed cost through the structural reforms
- Net income was 23.0 billion yen, mainly due to special income of 15.5 billion yen from gain on LTE modem business transfer etc., despite a recording of special losses of 16.4 billion yen including impairment loss from asset transfer of Tsuruoka factory

(B Yen)	FY13/3		FY14/3					
	Q3	9 months (cumulative)	Q2	Q3	YoY	QoQ	9 months	9 months YoY
Net Sales	191.0	600.4	217.8	215.6	+24.6 (+12.9%)	-2.2 (-1.0%)	632.5	+32.1 (+5.3%)
Gross Profit(rate)	54.7 (28.6%)	174.8 (29.1%)	77.9 (35.7%)	84.0 (39.0%)	+29.3 (+10.3Pt.)	+6.2 (+3.2Pt.)	234.5 (37.1%)	+59.8 (+8.0Pt.)
Semiconductor Sales	177.2	550.7	207.7	207.6	+30.5 (+17.2%)	-0.1 (±0.0%)	605.0	+54.2 (+9.8%)
Operating Income (Loss)	-7.9	-31.2	10.9	30.0	+37.9	+19.1	50.7	+81.9
Ordinary Income (Loss)	-11.1	-35.5	5.4	29.3	+40.4	+24.0	43.2	+78.8
Net Income (Loss)	-46.6	-161.7	-8.8	23.0	+69.6	+31.8	10.2	+171.9
(Ref) Special Income (Loss)	-32.8	-120.8	-11.2	-0.8	+32.0	+10.4	-20.7	+100.1
1US\$=	79 yen	80 yen	98 yen	99 yen	20 yen weak	1 yen weak	98 yen	18 yen weak
1 Euro=	102 yen	102 yen	130 yen	134 yen	32 yen weak	4 yen weak	130 yen	28 yen weak

*The figures in this slide are rounded to the nearest billion yen.

Quarterly Financial Results

- Semiconductor sales remained flat from the previous quarter, and increased by 17.2% YoY
- Secured operating profit by four quarters in a row, due to the reduction of fixed costs from implementing structural reform measures



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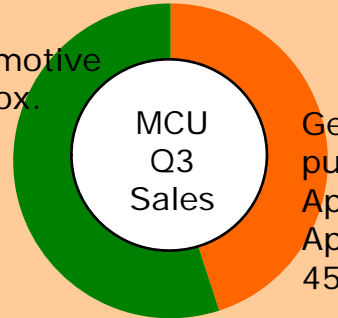
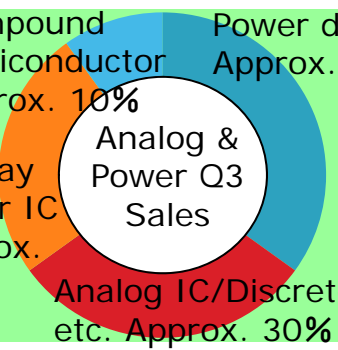
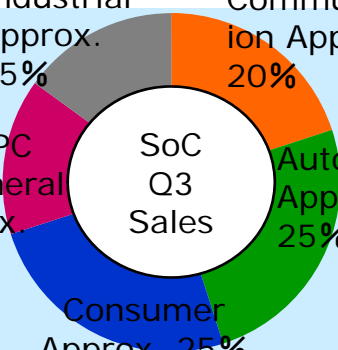
FY14/3 Q3 Semiconductor Sales by Product Categories (1)

- Despite a decline in sales from seasonal factors, semiconductor sales remained almost the same level as the previous quarter, covered by steady sales of automotive and industrial devices

(B Yen)	FY13/3	FY14/3			
	Q3	Q2	Q3	YoY	QoQ
Semiconductor Sales (Total)	177.2	207.7	207.6	+30.5 (+17.2%)	-0.1 (0%)
MCU	71.2	88.9	89.9	+18.7 (+26.2%)	+1.0 (+1.1%)
Analog & Power	57.8	72.3	72.4	+14.6 (+25.2%)	+0.1 (+0.1%)
SoC	45.1	45.3	43.8	-1.3 (-2.9%)	-1.5 (-3.3%)
Other Semiconductors	3.1	1.2	1.6	-1.5	+0.3

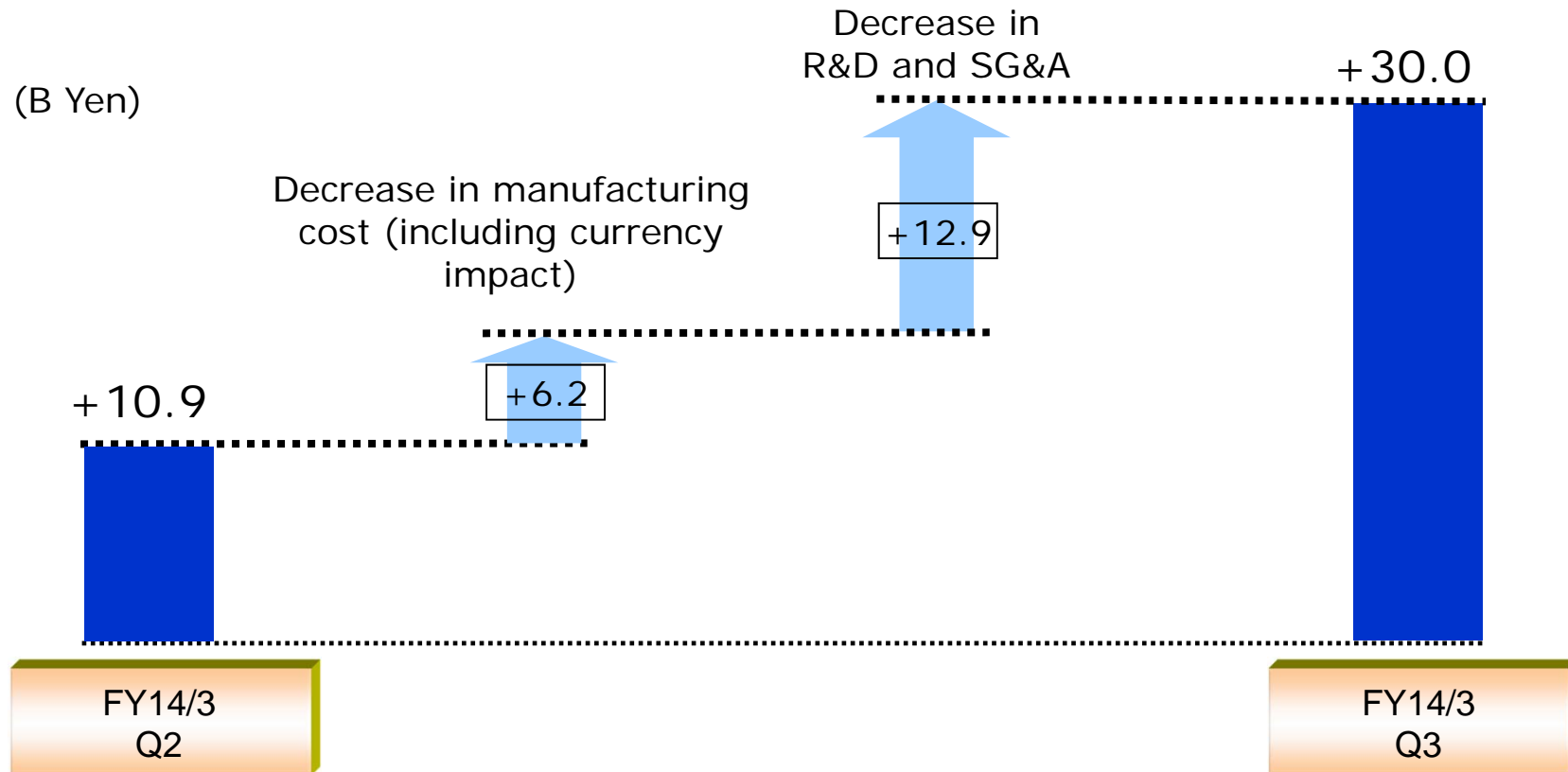
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FY14/3 Q3 Semiconductor Sales by Product Categories (2)

 <p>Automotive Approx. 55%</p> <p>MCU Q3 Sales</p> <p>General- purpose Approx. Approx. 45%</p>	<ul style="list-style-type: none"> ➤ Sales of automotive MCU increased by a mid-single digit percent QoQ, mainly due to strong demand from car makers in Japan, whose seasonal peak of production occur in this quarter. ➤ Despite strong sales for some devices including air-conditioners, sales of general-purpose MCU decreased by a mid-single digit percent QoQ, mainly owing to a seasonal decline in semiconductor demand.
 <p>Compound semiconductor Approx. 10%</p> <p>Power device Approx. 35%</p> <p>Analog & Power Q3 Sales</p> <p>Display driver IC Approx. 25%</p> <p>Analog IC/Discrete, etc. Approx. 30%</p>	<ul style="list-style-type: none"> ➤ Sales of both power devices and analog ICs for automotive stayed solid and increased by a low-single digit percent QoQ and has grown to account for 30% of the total Analog & Power sales. ➤ Sales of display driver ICs remained strong, mostly from display driver ICs for smartphones ➤ Sales of both power devices and analog ICs for general-purpose applications decreased affected by seasonal factors.
 <p>Industrial Approx. 15%</p> <p>Communication Approx. 20%</p> <p>Automotive Approx. 25%</p> <p>SoC Q3 Sales</p> <p>Consumer Approx. 25%</p> <p>PC & PC peripheral Approx. 15%</p>	<ul style="list-style-type: none"> ➤ Sales of automotive SoCs increased by a little under 20%, due to strong demand for car information devices such as car navigation systems. ➤ Sales of SoCs for consumer and PC & PC peripherals decreased QoQ, mainly owing to shift to focus businesses and seasonal factors.

FY14/3 Q3 Operating Income (Loss) in QoQ Comparison

- Although semiconductor sales were flat from the previous quarter, operating income for the three months ended December 31, 2013 was 30.0 billion yen, due to the reduction of fixed cost from structural reforms

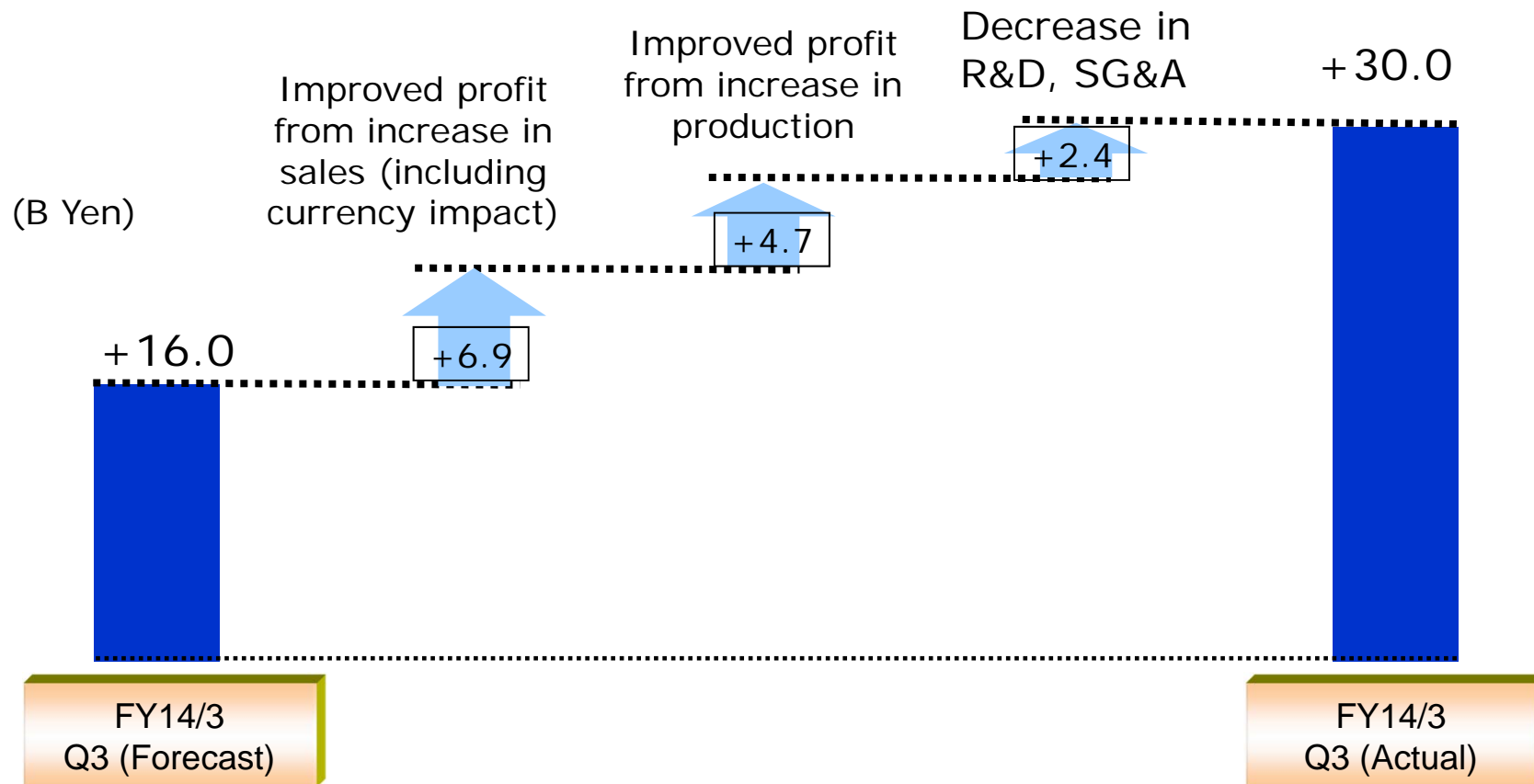


R&D: Research and development cost, SG&A: Selling, general and administrative expenses

*The figures in this slide are rounded to the nearest billion yen.

FY14/3 Q3 Operating Income (Loss) in Comparison with Forecasts (As of October 30, 2013)

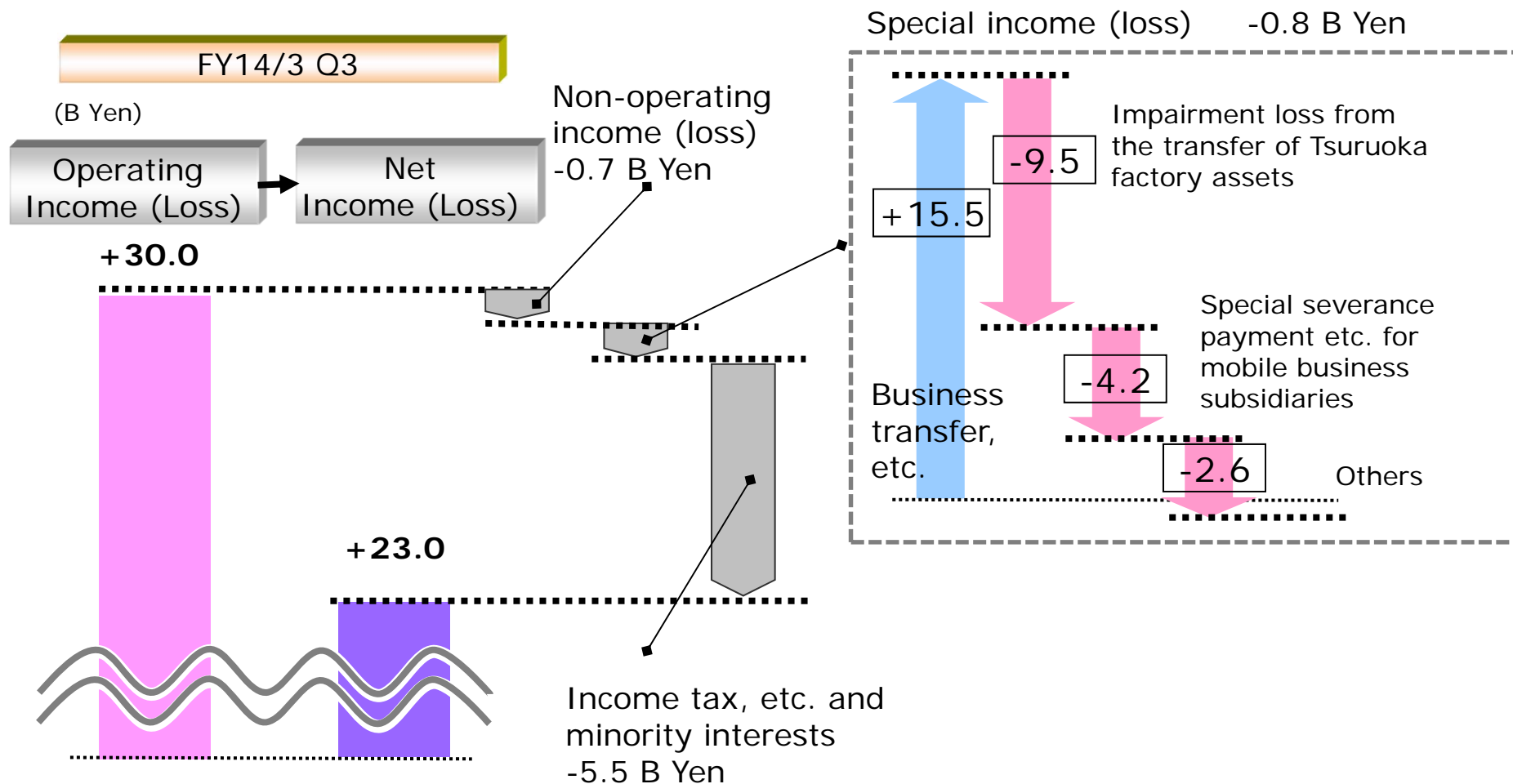
- Operating income improved by 14.0 billion yen from the previous forecast, mainly due to decreased cost from the company's efforts focusing thoroughly on profits, in addition to improved profit from increase in sales and manufacturing cost



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FY14/3 Q3 Net Income (Loss)

- Net income was 23.0 billion yen, mainly due to recording of special income of 15.5 billion yen from gain on LTE modem business transfer etc., despite the recording of special impairment loss etc. of 16.4 billion yen through asset transfer of Tsuruoka factory



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Balance Sheets

- Equity ratio rose to above 30% and financial standing has been improving
(B Yen)

	As of Mar. 31, 2013	As of Sep. 30, 2013	As of Dec. 31, 2013
Total Assets	669.1	796.2	795.8
Cash and Cash Equivalents	77.7	239.3	266.0
Inventories	151.3	136.7	128.5
Liabilities	591.2	574.4	543.6
Interest-Bearing Debt	306.4	287.4	280.9
Shareholders' Equity	75.8	213.0	236.0
Net Assets	77.9	221.8	252.2
D/E Ratio (Gross)	4.59	1.38	1.17
D/E Ratio (Net)	3.43	0.23	0.06
Equity Ratio	10.0%	26.2%	30.2%

Note 1) Cash and Cash Equivalents: Cash and deposits, Short-term investment securities

Note 2) Inventories: Merchandise and finished goods, Work in process, Raw materials and supplies

Note 3) Interest-bearing debt: Short-term borrowings, Current portion of long-term borrowings, Current portion of lease obligations, Bonds with share subscription rights, Long-term borrowings

Note 4) Equity: Shareholders' equity, Valuation and Translation Adjustments Note 5) D/E ratio (gross): Interest-bearing debt / Equity

*The figures in this slide are rounded to the nearest billion yen.

FY14/3 Q3 Cash Flows

- Retained positive free cash flows by three quarters in a row by continuously securing operating income

(B yen)	FY13/3			FY14/3			
	Q3	9 months cumulative (Apr-Dec)	Full-year	Q1	Q2	Q3	9 months cumulative (Apr-Dec)
Cash Flows from Operating Activities	-47.5	-61.0	-54.1	28.4	9.0	33.9	71.4
Cash Flows from Investing Activities	-6.1	-26.5	-43.2	-2.5	-6.5	-3.4	-12.4
Free Cash Flows	-53.6	-87.5	-97.3	25.9	2.5	30.5	58.9

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II. FY14/3 Financial Forecasts

FY14/3 Consolidated Financial Forecasts

- While semiconductor sales are expected to increase by 9.0% YoY, mainly due to strong sales of automotive and small- to medium- sized display driver ICs, if currency impact was excluded, they are expected to decline by several percent as a result of the impact of shift to focus business
- By securing operating profit in every quarter in this fiscal year, including Q4 (forecasts), operating profit is expected to be 54.7 billion yen, an increase by 77.9 billion yen YoY
- Expect to achieve net loss of 21.8 billion yen mainly due to recording special loss of 74.8 billion yen from the early retirement programs and business- and manufacturing-related structural reforms

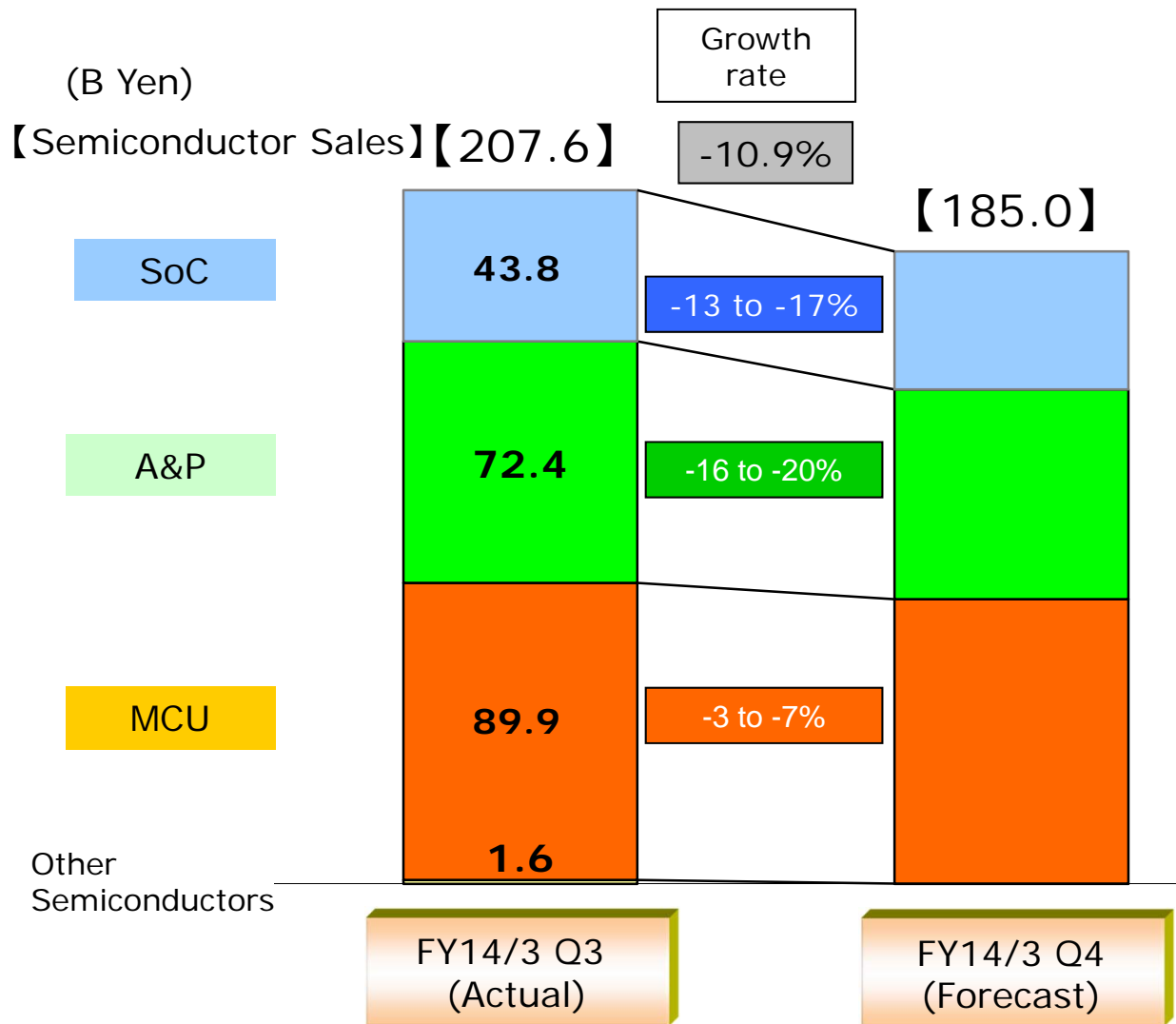
(B yen)

	FY13/3	
	Q4	Full Year
Net Sales	185.4	785.8
Semiconductor Sales	173.9	724.7
Operating Income (Loss)	8.0	-23.2
Ordinary Income (Loss)	8.7	-26.9
Net Income (Loss)	-5.9	-167.6
[Reference] Special Income (Loss)	-10.1	-130.9
1US\$=	89 yen	82 yen
1 Euro=	118 yen	106 yen

FY14/3				
Q3	Q4	YoY	QoQ	Full Year
215.6	190.0	+4.6	-25.6	822.5
207.6	185.0	+11.1	-22.6	790.0
30.0	4.0	-4.0	-26.0	54.7
29.3	1.0	-7.7	-28.3	44.2
23.0	-32.0	-26.1	-55.0	-21.8
-0.8	-29.0	-18.9	-28.2	-49.7
99 yen	101 yen	12 yen weak	2 yen weak	99 yen
134 yen	138 yen	20 yen weak	4 yen weak	132 yen

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Forecast for FY14/3 Q4 Semiconductor Sales (QoQ Comparison)



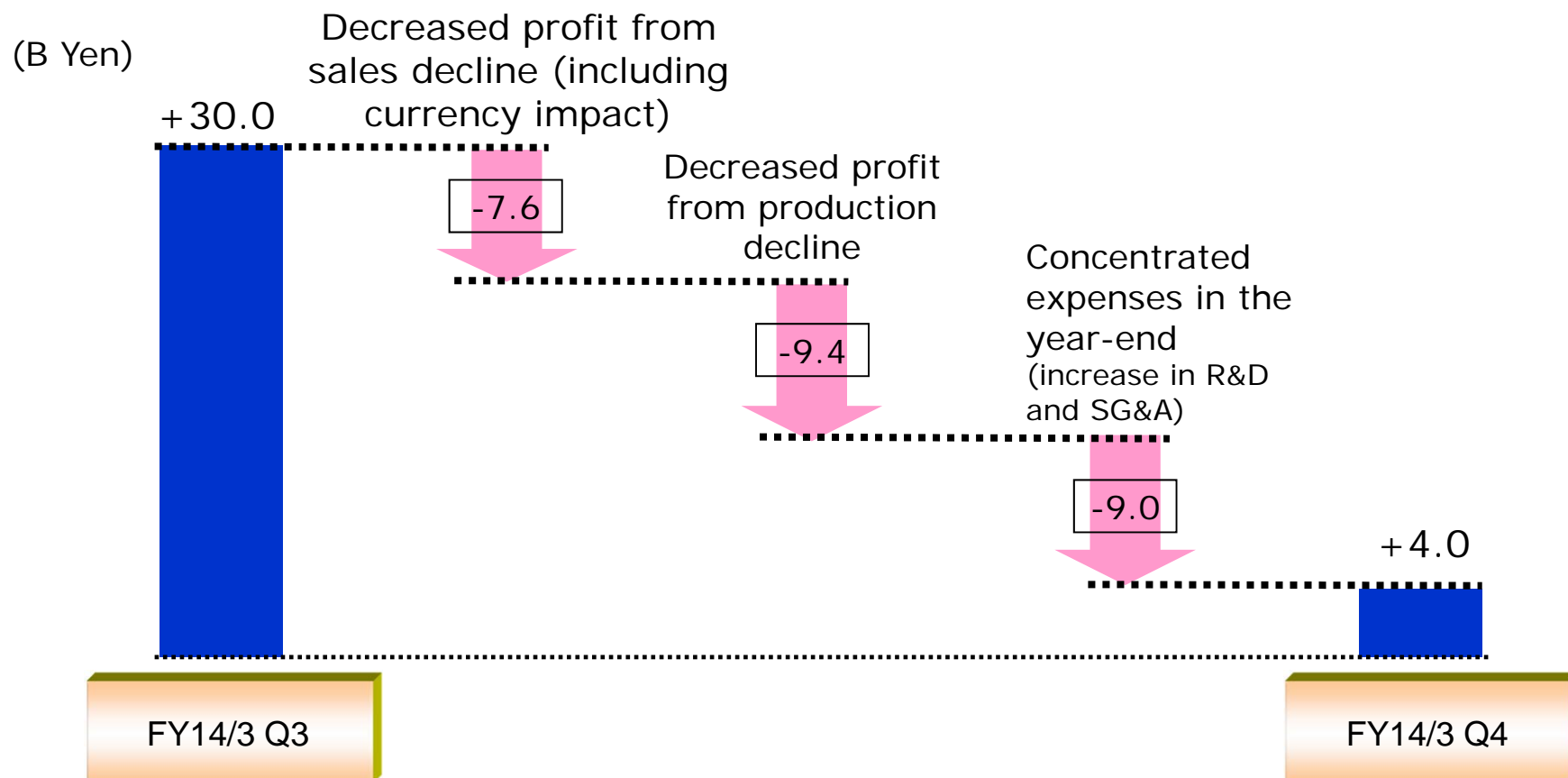
[Major factors affecting Q4 semiconductor sales]

- Expect automotive products for all three product segments to show steady growth
- While sales of other general-purpose semiconductors overall are expected to decrease QoQ, mainly due to impact of the seasonal cycle, sales of general-purpose MCU are expected to decline but only to a small extent

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FY14/3 Q4 Operating Income (Loss) Forecasts (QoQ Comparison)

- Operating income is expected to decrease by 26.0 billion yen, due to various expenses concentrated in the year-end, in addition to decreased profit from decline in sales and production



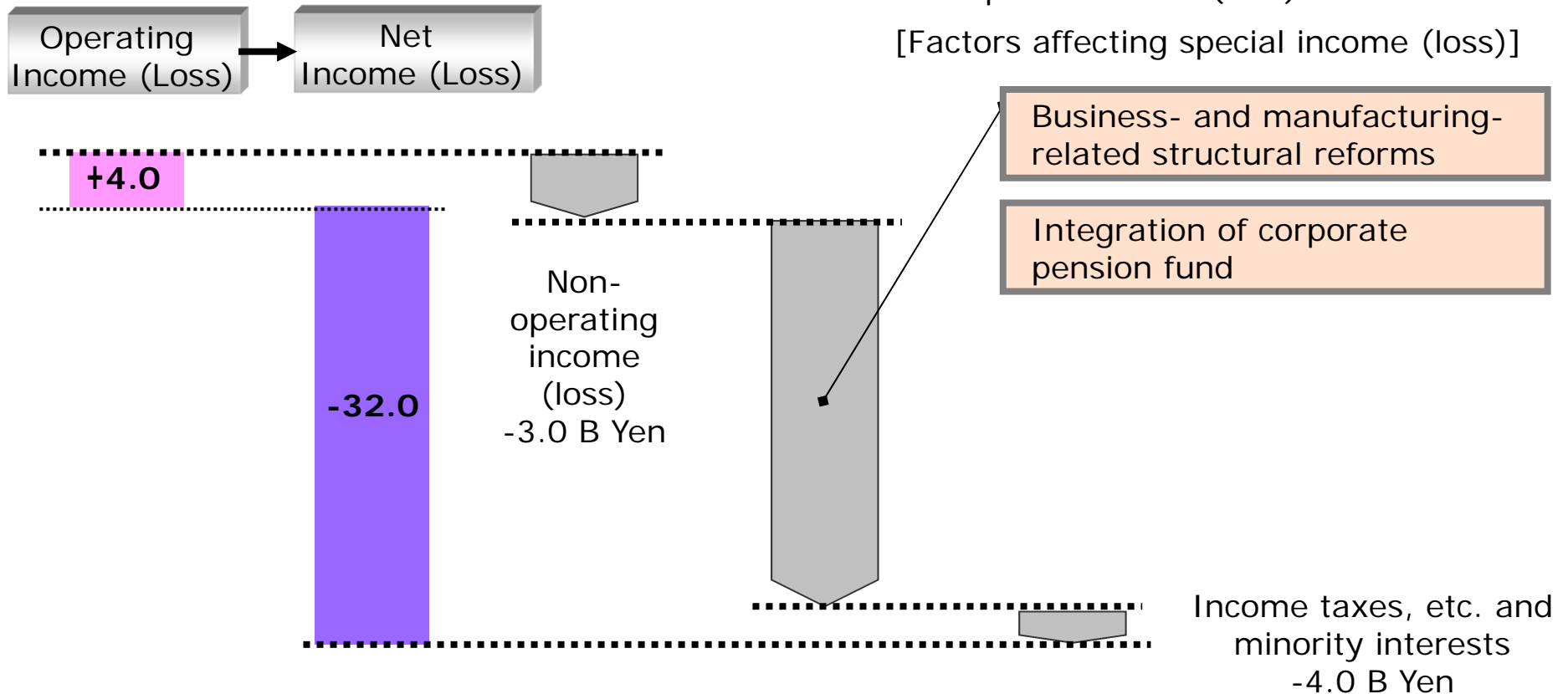
*The figures in this slide are rounded to the nearest billion yen.

FY14/3 Q4 Net Income (Loss) Forecasts

- Net loss is expected to be 32.0 B yen, mainly due to recording of special loss of 29.0 billion yen

FY14/3 Q4

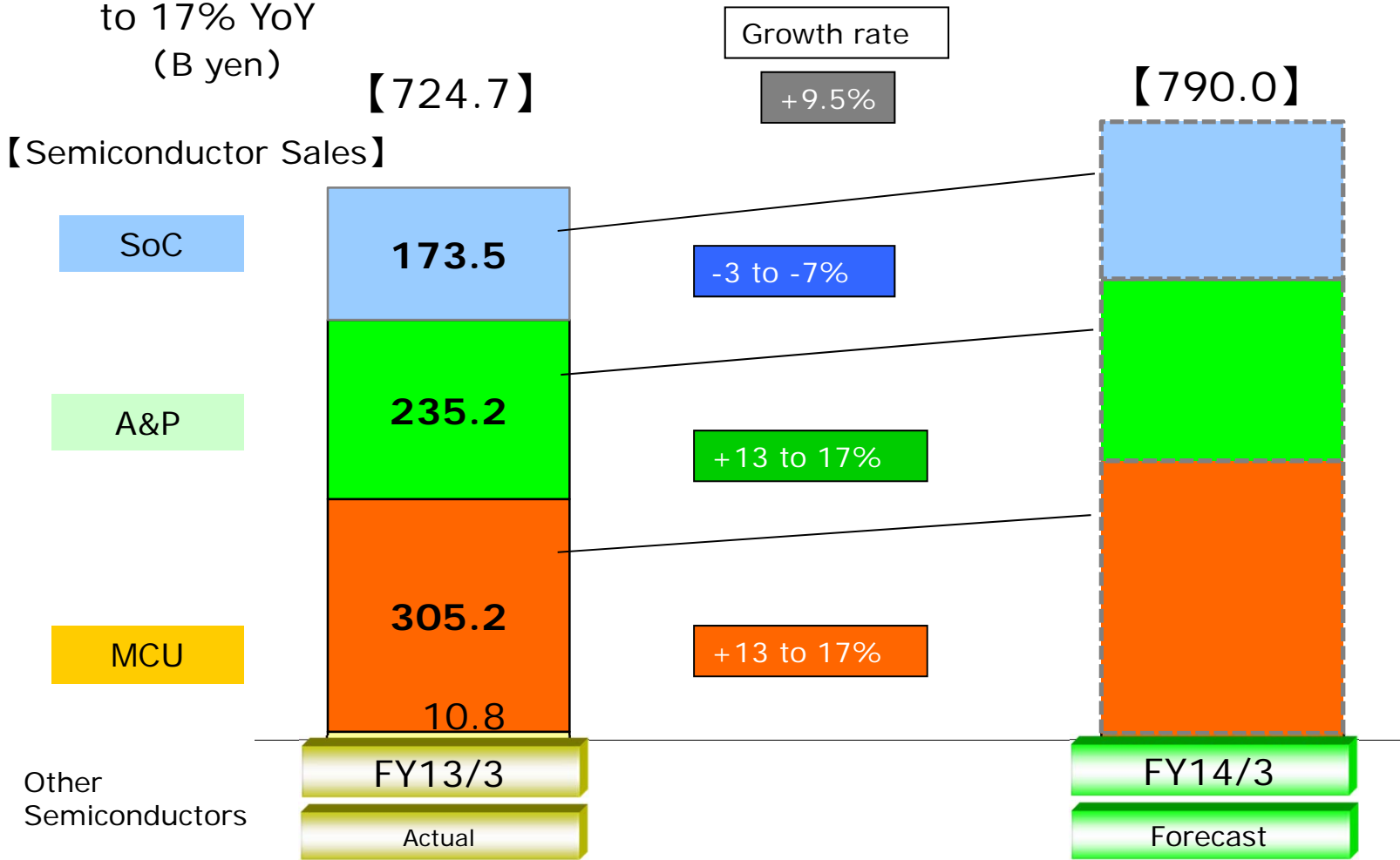
(B Yen)



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Forecast for FY14/3 Full-year Semiconductor Sales (YoY Comparison)

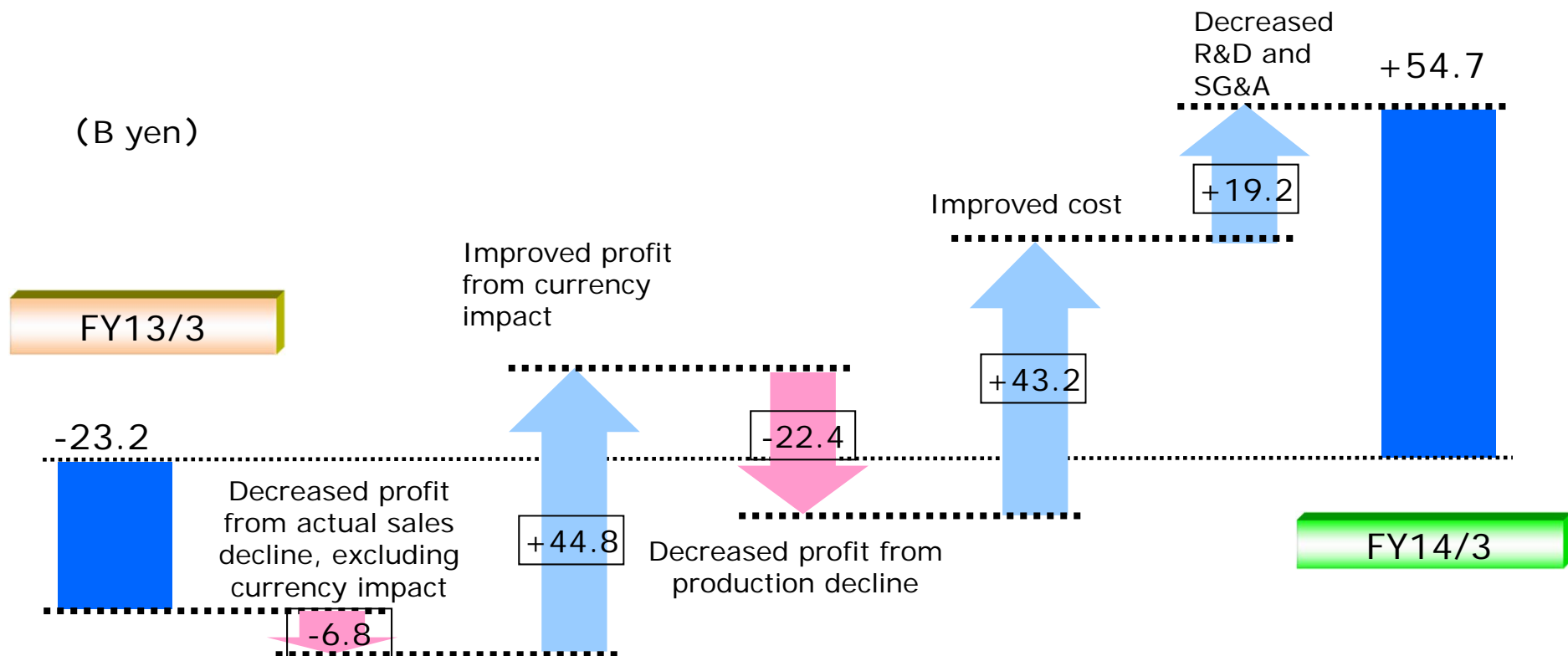
- While sales of SoC are expected to decrease as a result of the impact of shift to focus business, sales of MCU and A&P are both expected to increase by 13 to 17% YoY (B yen)



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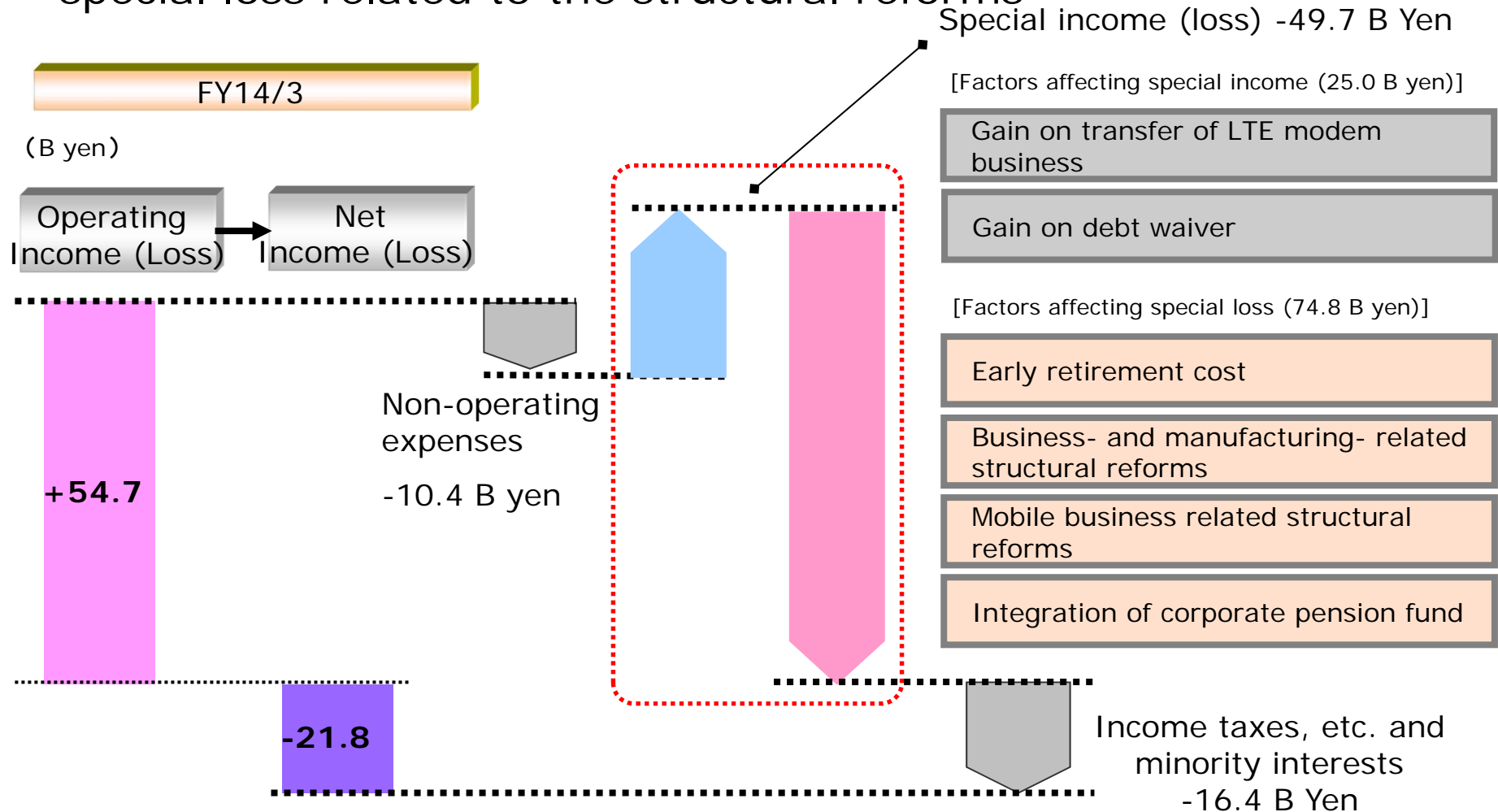
FY14/3 Full-year Operating Income (Loss) Forecasts (YoY Comparison)

- Operating income is expected improved by 77.9 billion yen, as a result of structural reforms in addition to improved profit from currency impact



FY14/3 Full-year Net Income (Loss) Forecasts

- Expect net loss of 21.8 billion yen, mainly owing to recording of special loss related to the structural reforms



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Summary

- Semiconductor sales for the three months ended December 31, 2013 remained flat from the previous quarter, due to strong sales of automotive and industrial semiconductors. Secured operating income by four quarters in a row, mainly due to increase in profit from reduction of fixed costs through structural reforms
- Though full-year semiconductor sales are expected to increase by 9.0% YoY, the actual semiconductor sales are expected to decline by several percent, due to a sales decline from the concentration of the businesses despite an increase in sales of the growing businesses
- Operating income (loss) is showing a trend toward improvement as a result of structural reforms in addition to currency impact. In an effort to achieve stable operating profit, Renesas Group aims to address issues including equalization of those expenses that concentrate in the year-end and concentrated investment and redemption of core businesses
- The Group will promote the structural reforms and reform the business portfolio with an aim to achieve a stable profit without relying on sales growth

(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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