



FY16/3 Financial Results

Renesas Electronics Corporation
May 11, 2016

FY16/3 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 (hereinafter “GAAP”) excluding non-recurring and other items. The Group believes Non-GAAP operating income is useful information to understand its recurring operating performance.

FY16/3 Q4 and Full-Year Summary of Financial Results

Major factors affecting increase or decrease in Q4 semiconductor sales

■ Semiconductor Sales

- Semiconductor sales were expected to be flat QoQ, however turned 163.2 billion yen, a 2.3 billion yen increase, due to an increase in Automotive sales

Major factors affecting increase or decrease in Q4 profit

■ Gross Margin and Operating Income (Margin)

- Gross margin decreased by 2.8Pts QoQ to 40.8%, due to a decrease in inventory build-up and a seasonal increase in manufacturing costs
- Operating margin decreased by 5.8Pts QoQ to 9.4% due to the seasonal cost increases from R&D and SG&A, etc. at the end of the fiscal term in addition to a decrease in gross margin
- Operating income decreased by 9.2 billion yen to 15.7 billion yen despite an increase QoQ in net sales

Major factors affecting increase or decrease in full year semiconductor sales

■ Semiconductor Sales

- Semiconductor Sales decreased by 10.3% YoY to 675.6 billion yen due to withdrawal from non-core products and businesses as a result of the structural reforms

Major factors affecting increase or decrease in full year profit

■ Gross Margin and Operating Income (Margin) and final results

- Gross margin increased by 3.8 Pts YoY to 44.1% mainly due to manufacturing-related cost reduction effects from structural reforms in addition to positive currency impact
- Operating margin increased by 1.8Pts YoY to 15.0% due to increased gross margin and the efficiency of the SG&A, despite the increase of the R&D towards growth
- Operating income is approx. the same level as previous year with 103.8 billion yen and final results are a new record high profit of 86.3 billion yen, despite decrease in net sales

FY16/3 Q4 and Full-Year Financial Snapshot

Q4 net sales and profits were slightly better than expected

Although net sales for full-year decreased, operating income remained at the same level as previous year and net income improved YoY

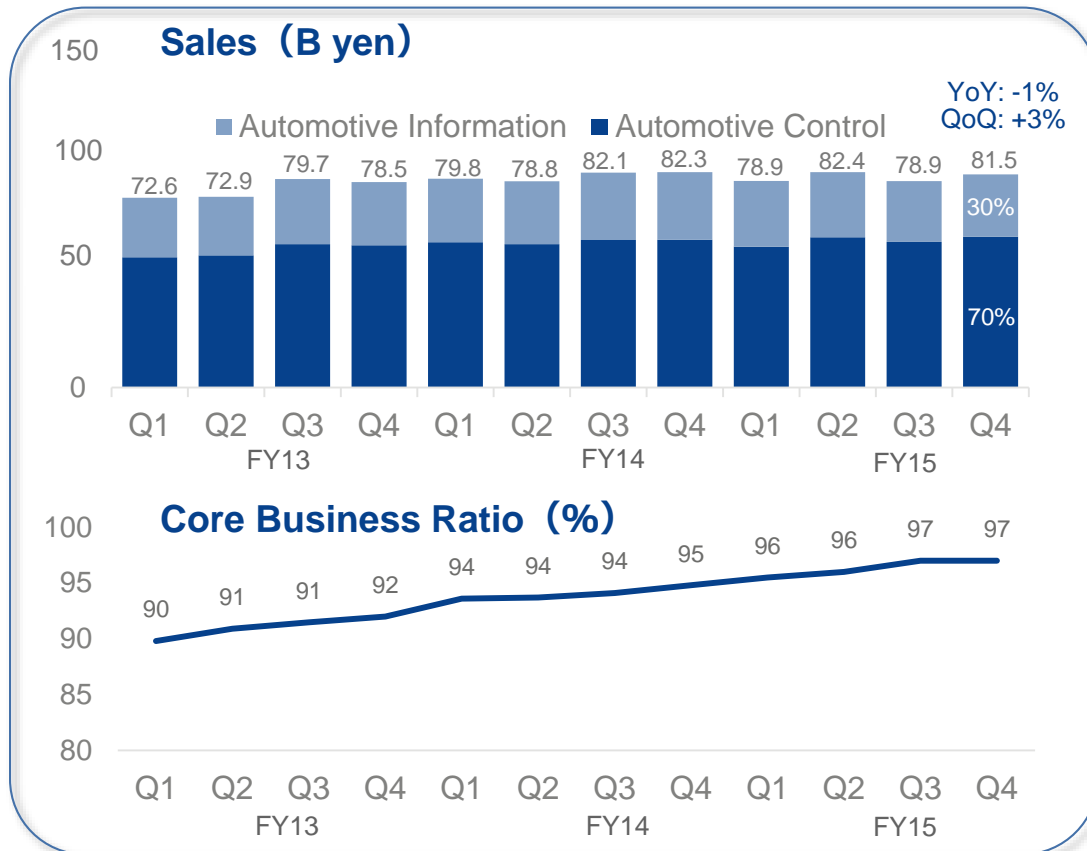
YoY and QoQ results as well as the Difference from previous forecasts of the Net Sales and Semiconductor Sales are rounded off to one decimal place

(B Yen)	FY15/3		FY16/3						
	Q4	Full- year	Q3	Q4	YoY	QoQ	Difference from previous forecasts	Full-year (12 months cumulative)	YoY
Net Sales	182.2	791.1	164.8	167.8	-7.9%	+1.8%	+2.0%	693.3	-12.4%
Semiconductor Sales	175.1	753.3	160.9	163.2	-6.8%	+1.4%	+1.9%	675.6	-10.3%
Gross Margin	42.8%	40.3 %	43.6%	40.8%	-2.0Pts.	-2.8Pts.	+0.8Pts.	44.1%	+3.8Pts.
Operating Income (Margin)	24.4 (13.4%)	104.4 (13.2%)	25.0 (15.1%)	15.7 (9.4%)	-8.7 (-4.0Pts.)	-9.2 (-5.8Pts.)	+3.8 (+2.1Pts.)	103.8 (15.0%)	-0.6 (+1.8Pts.)
Net Income Attributable to Shareholders of Parent Company	9.0	82.4	18.6	10.3	+1.2	-8.3	+4.3	86.3	+3.9
EBITDA	41.1	171.0	41.0	31.2	-9.9	-9.8	+3.3	166.2	-4.9
1 US\$ =	119 yen	108 yen	121 yen	118 yen	1 yen strong	3 yen strong	2 yen strong	121 yen	13 yen weak
1 Euro =	140 yen	140 yen	134 yen	130 yen	10 yen strong	4 yen strong	-	133 yen	7 yen strong

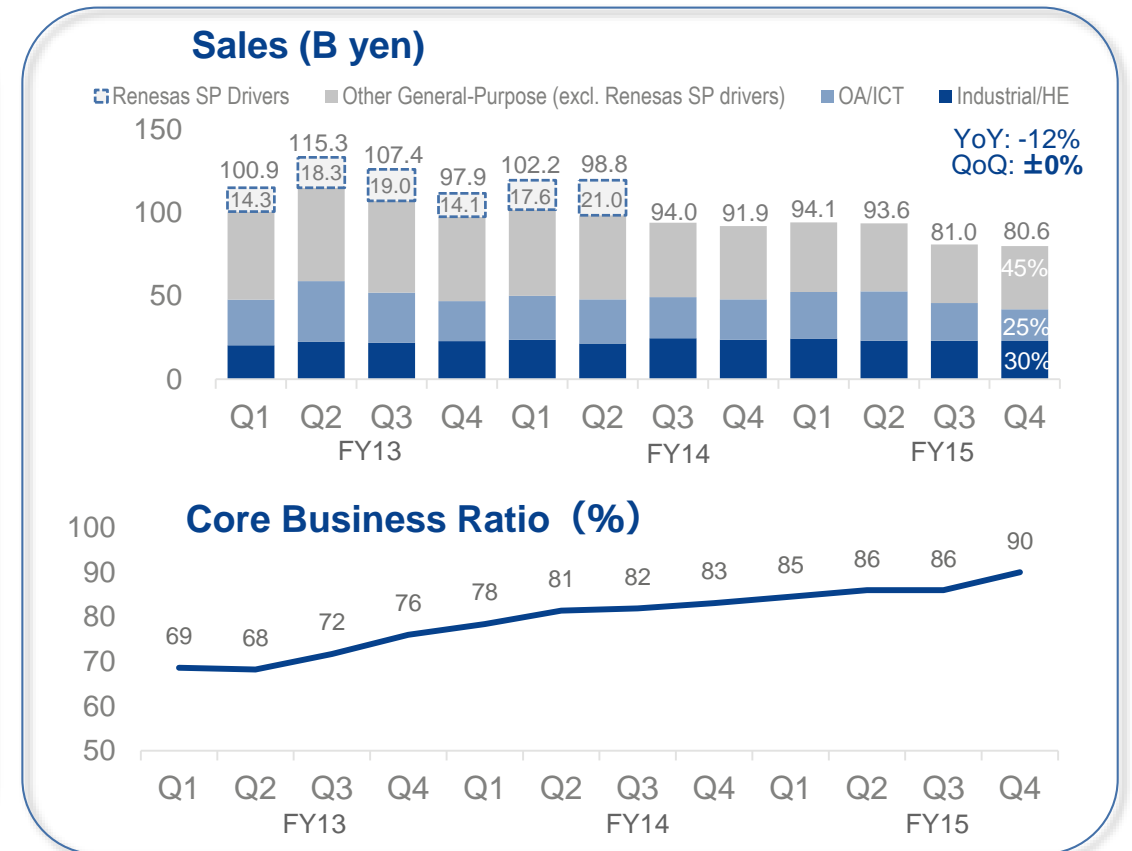
Semiconductor Sales by Business (Non-GAAP Basis *1)

Automotive: Increase of 3% QoQ, but decreased by 1% YoY due to decrease in Automotive Information sales
General-Purpose: Remained flat QoQ, however declined by 12% YoY, due to structural reforms and decrease in Other General-Purpose sales

Automotive Business



General-Purpose Business

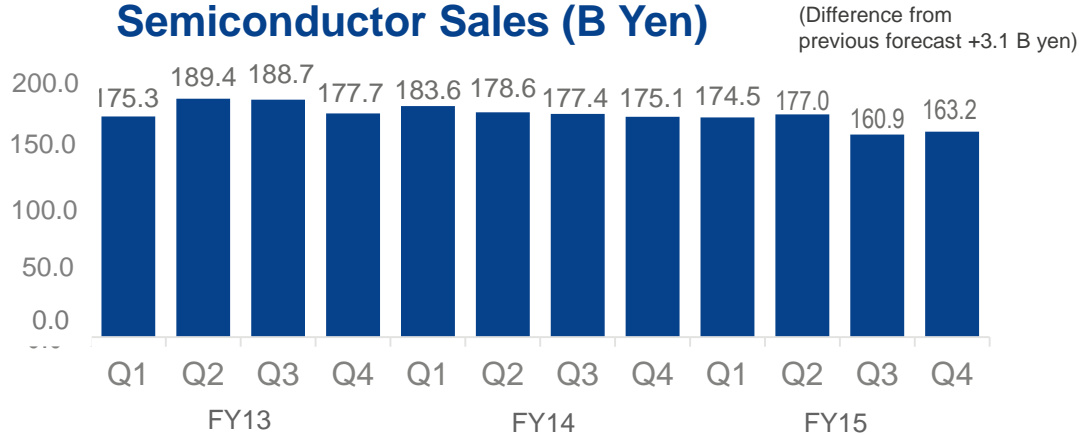


*1 Non-GAAP; Results excluding the impacts of sales and profit (loss) of Renesas SP Drivers, impacts of profit (loss) of LTE modem business and profit (loss) from inventory buildup

Quarterly Financial Results (Non-GAAP Basis)

Despite a QoQ decline in gross and operating margins due to a rebound from temporary factors that contributed to the first-half gross margin, supported by increased sales, they both improved in the Q4 from the previous forecasts

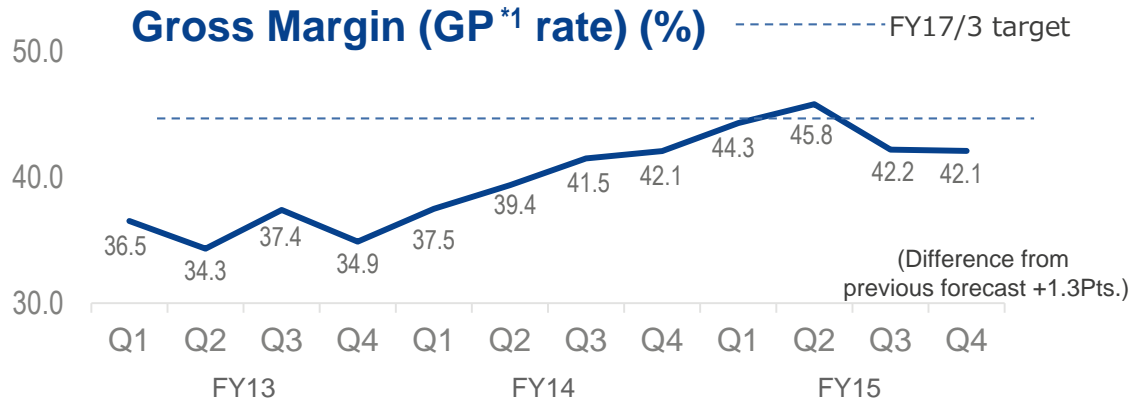
Semiconductor Sales (B Yen)



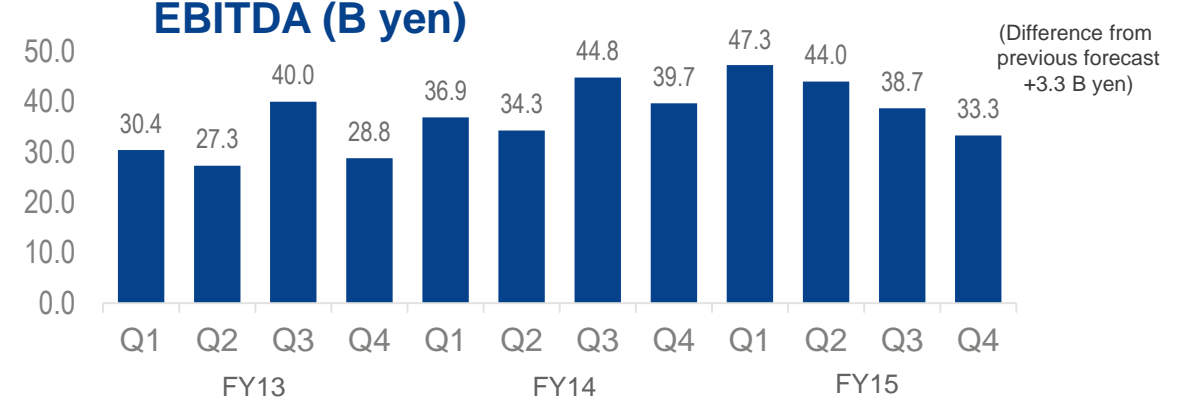
Operating Margin (%)



Gross Margin (GP*1 rate) (%)



EBITDA (B yen)

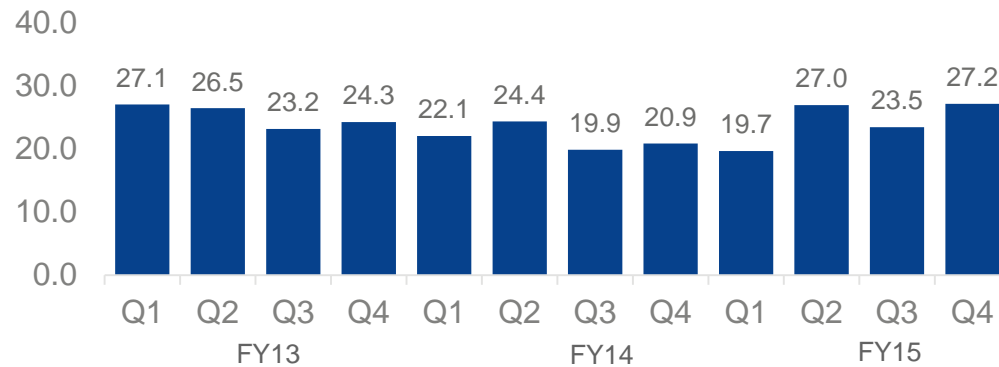


*1 GP: Gross Profit

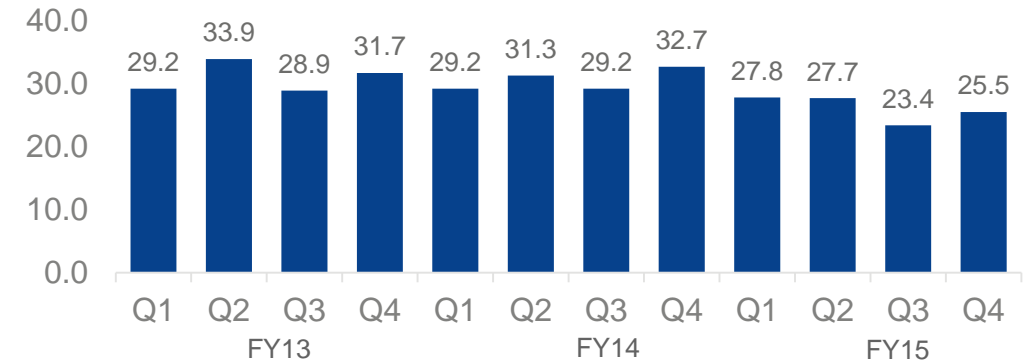
Trends in R&D and SG&A Results (Non-GAAP Basis)

With the enhanced development of focus domains, R&D ratio is on a rising trend

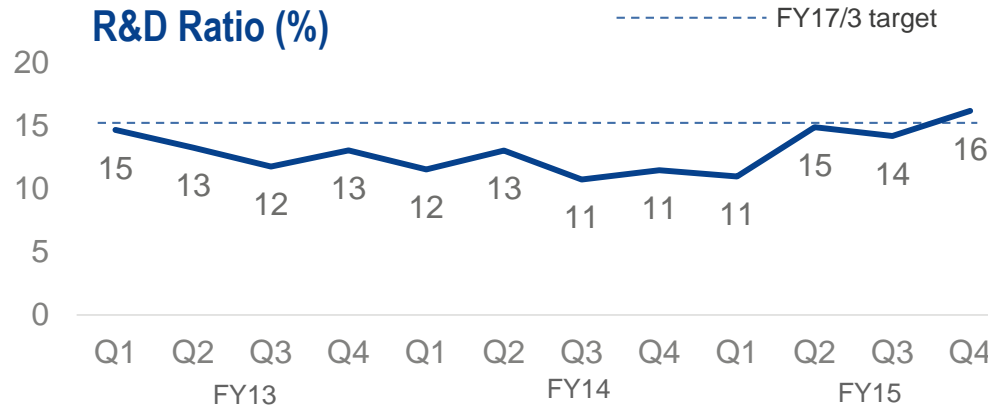
R&D (B yen)



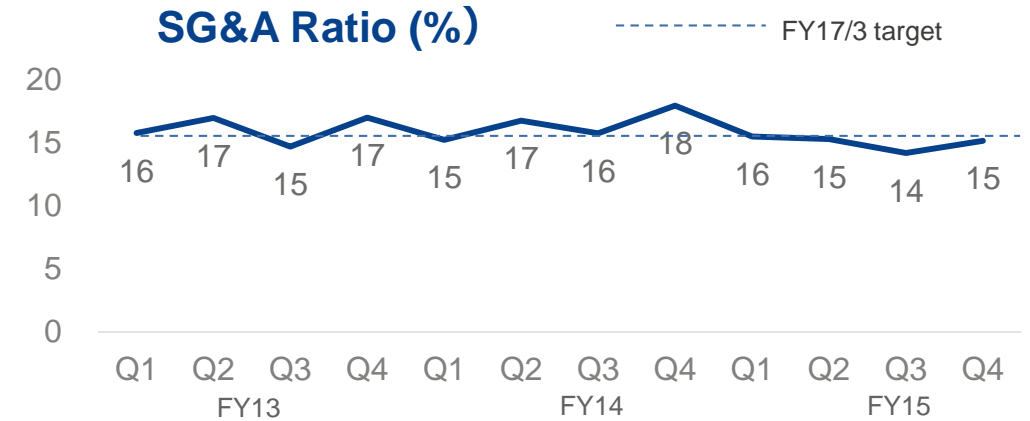
SG&A (B yen)



R&D Ratio (%)

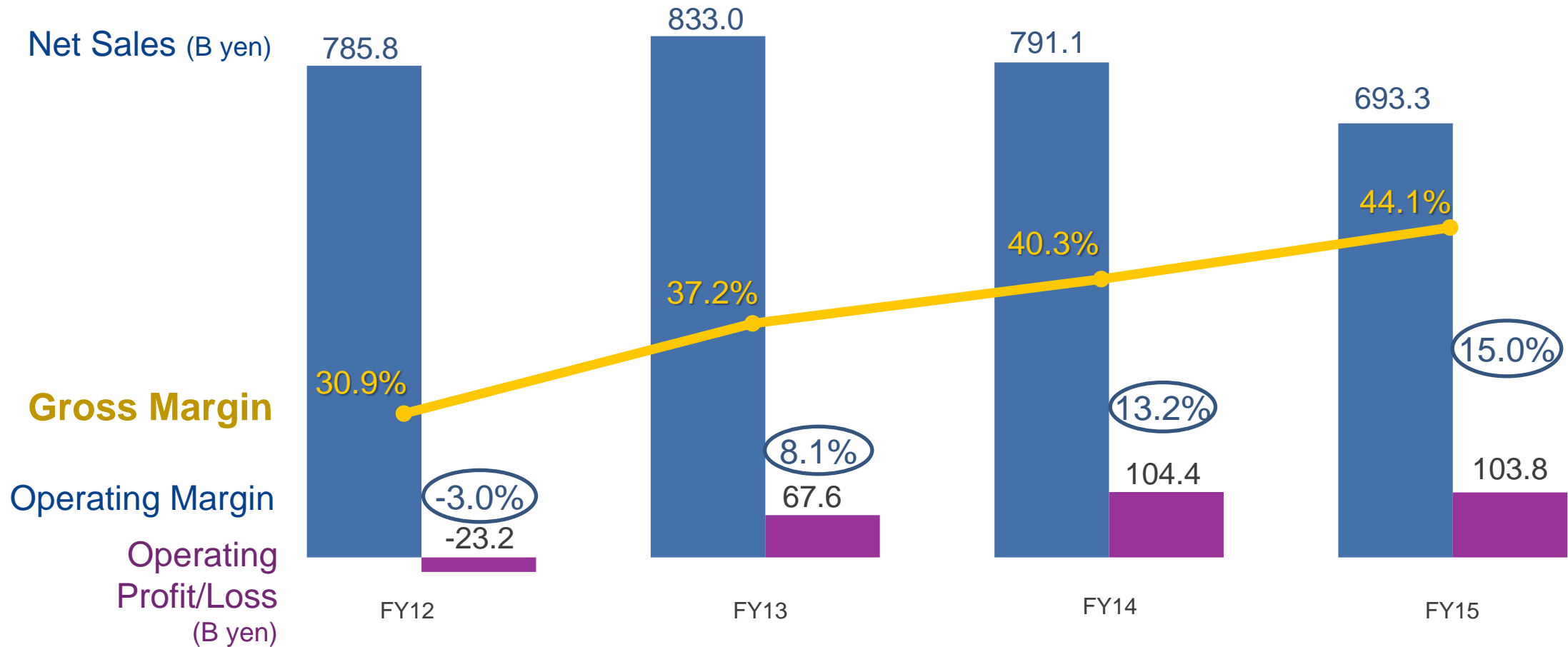


SG&A Ratio (%)



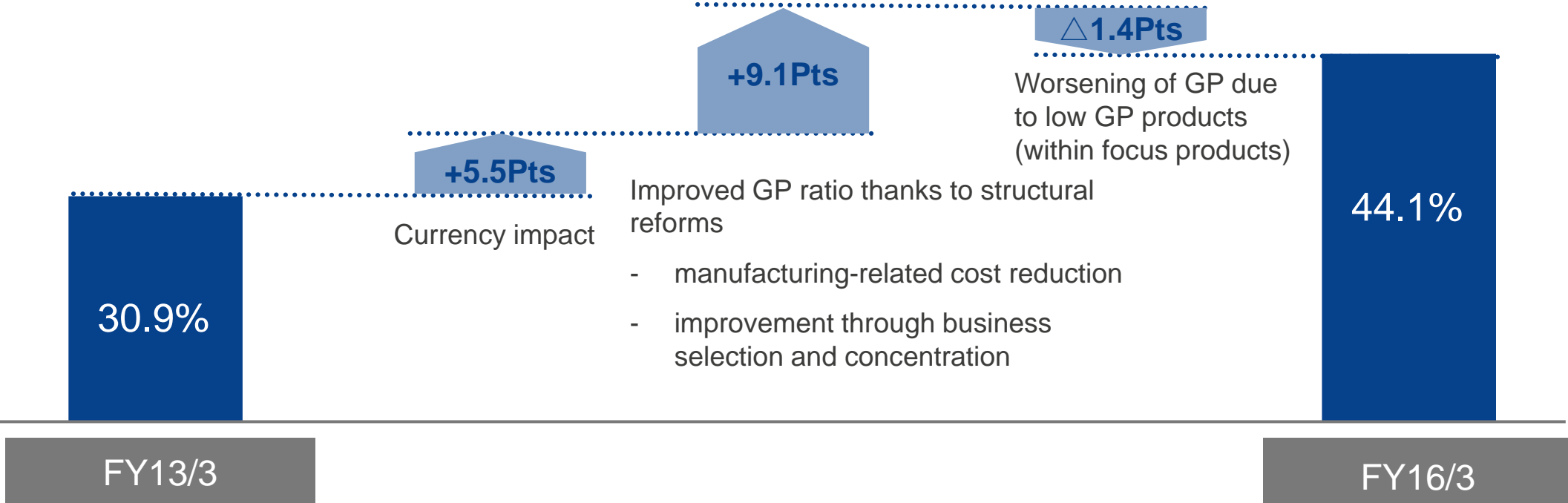
Improved Profit through the Reform Plan

Improved gross margin and cost efficiency measures have expanded operating margin



Transition of GP ratio

Despite positive factors of currency impact and manufacturing-related cost reductions, low GP products continue to negatively impact GP ratio



Change in Fiscal Term And Future Outlook

Change in Fiscal Term And Consideration of IFRS Adoption

Building a solid foundation of a global company that can thrive in the global market

Adopt regulations generally accepted in int'l capital markets and used by most of our competitors

Int'l Closing term
December closing

Disclosure in same term

<Adoption scheduled for fiscal year ending December 31, 2016*1>

Int'l Accounting Standards
Adoption of IFRS

Financial information based on same regulations

<Adoption under consideration for fiscal year ending December 31, 2017*2>

- ✓ Improve convenience for performance comparison with other global companies within the market
- ✓ Raise strategic funds and buildup a stronger financial base by various financing methods

*1 The adoption is subject to approval of "partial amendments to Articles of Incorporation" at the 14th Ordinary General Shareholders' Meeting to be held on June 28, 2016. Fiscal year ending December 31, 2016 will be nine months from April 1, 2016 to December 31, 2016.

*2 Consideration of any adoption of the IFRS (International Financial Reporting Standards) will go through the Financial Statements of the Annual Report of fiscal year ending December 31, 2017

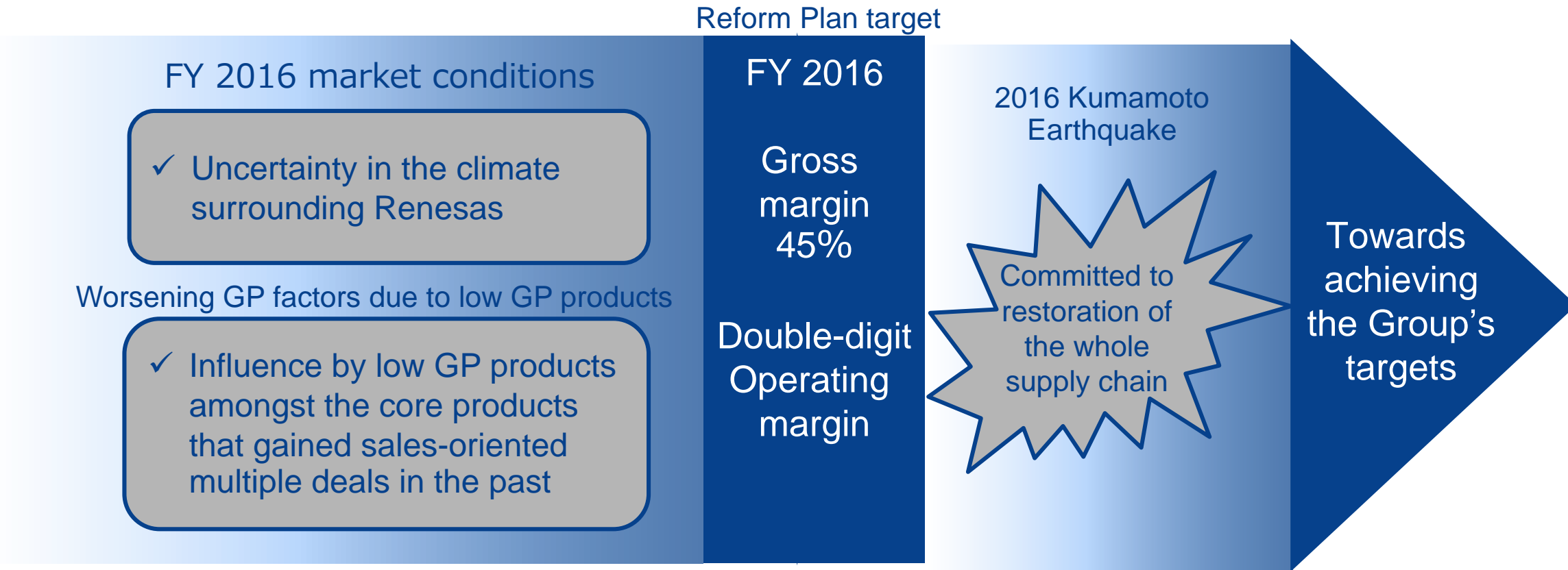
FY16/12 Q1 Financial Forecasts

- ✓ Due to the damages caused by the Kumamoto Earthquake that occurred after April 14, 2016 to the Group's manufacturing site and the impact on its supply chain, it is difficult to specify reliable and accurate forecasts at this moment
- ✓ The Group plans to announce the forecasts once they become available

Future Outlook

Challenges for achieving targets of the Reform Plan

FY 2016 (April – December 2016)



APPENDIX

GAAP/Non-GAAP Reconciliation

(B Yen)	FY14/03				FY15/03				FY16/03			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Semiconductor Sales (GAAP) ①	189.6	207.7	207.6	191.8	201.2	199.6	177.4	175.1	174.5	177.0	160.9	163.2
Renesas SP Drivers*1 ②	-14.3	-18.3	-19.0	-14.1	-17.6	-21.0	-	-	-	-	-	-
Semiconductor Sales (Non-GAAP) ①+②	175.3	189.4	188.7	177.7	183.6	178.6	177.4	175.1	174.5	177.0	160.9	163.2
Gross Profit (GAAP) ①	72.7	77.9	84.0	75.2	80.5	81.6	78.6	78.1	79.8	85.5	71.8	68.5
Renesas SP Drivers ②	-5.2	-6.6	-6.9	-4.4	-6.0	-6.4	-	-	-	-	-	-
Inventory Buildup*2 ③	-	-2.8	-3.6	-5.8	-2.6	-1.7	-1.7	-1.4	-0.4	-2.3	-2.3	+2.1
Gross Profit (Non-GAAP) ①+②+③	67.5	68.5	73.6	65.0	71.9	73.5	76.9	76.7	79.4	83.2	69.5	70.6
Operating Income(GAAP) ①	9.8	10.9	30.0	17.0	27.0	23.5	29.5	24.4	32.4	30.7	25.0	15.7
Renesas SP Drivers ②	-3.8	-4.7	-4.9	-2.2	-3.9	-4.0	-	-	-	-	-	-
LTE Modem Business*2 ③	5.2	4.8	-	-	-	-	-	-	-	-	-	-
Inventory Buildup ④	-	-2.8	-3.6	-5.8	-2.6	-1.7	-1.7	-1.4	-0.4	-2.3	-2.3	+2.1
Operating Income (Non-GAAP) ①+②+③+④	11.2	8.1	21.5	9.0	20.5	17.9	27.8	23.0	32.0	28.4	22.7	17.8
R&D (RSP)	1.1	1.5	1.6	1.8	1.8	1.9	-	-	-	-	-	-
SG&A (RSP)	0.3	0.3	0.4	0.4	0.3	0.5	-	-	-	-	-	-
R&D (LTE modem biz.)	4.3	3.8	-	-	-	-	-	-	-	-	-	-
SG&A (LTE modem business)	0.9	0.9	-	-	-	-	-	-	-	-	-	-

*1 Renesas SP Drivers: Sales and operating income (loss) of the former Renesas SP Drivers, which was transferred on October 1, 2014

*3 LTE Modem Business: R&D and SG&A used for the LTE modem business, which was transferred on October 1, 2013

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

Balance Sheets

Equity ratio improved up to the 40% range

(B Yen)	As of Mar. 31, 2015	As of Jun. 30, 2015	As of Sep. 30, 2015	As of Dec. 31, 2015	As of Mar. 31, 2016
Total Assets	840.1	851.8	866.4	862.8	849.4
Cash and Cash Equivalents	343.7	368.7	388.1	405.1	398.4
Inventories	111.4	113.1	116.6	114.9	108.4
Liabilities	528.2	507.0	506.0	483.4	467.6
Interest-Bearing Debt	259.7	259.4	254.8	252.1	244.3
Shareholders' Equity	277.8	307.7	335.3	353.8	364.1
Net Assets	311.9	344.7	360.4	379.3	381.7
D/E Ratio (Gross)	0.84	0.76	0.71	0.67	0.64
Equity Ratio	36.8%	40.2%	41.3%	43.7%	44.7%

Notes

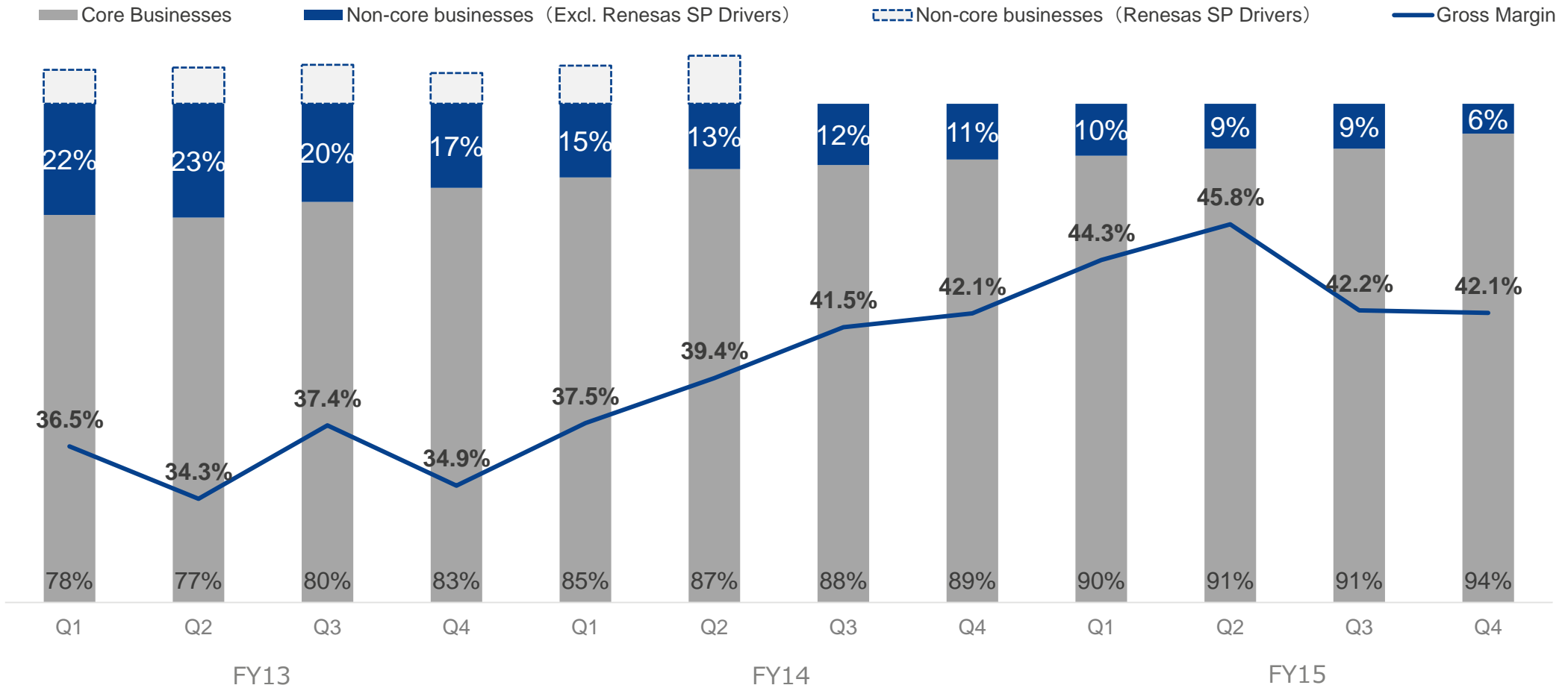
1. "Cash and Cash Equivalents": Sum of cash and deposits, and short-term investment securities minus the Time deposits with maturities of more than three months
2. "Interest-Bearing Debt": Short-term borrowings, Current portion of long-term borrowings, Lease obligations, Long-term borrowings
3. "Equity": Shareholders' Equity, Other Comprehensive Income
4. "D/E Ratio (Gross)": Interest-Bearing Debt / Equity

Cash Flows

(B Yen)	FY15/3				FY16/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	4Q
Cash Flows from Operating Activities	2.0	49.5	41.0	24.2	31.5	45.1	32.6	17.0
Cash Flows from Investing Activities	-10.9	-14.9	7.2	-8.0	-5.4	-12.0	-9.7	-6.5
Free Cash Flows	-8.9	34.7	48.2	16.2	26.2	33.1	23.0	10.5

Trends in Core and Non-Core Business Sales Ratio and Gross Margin (Non-GAAP Basis)

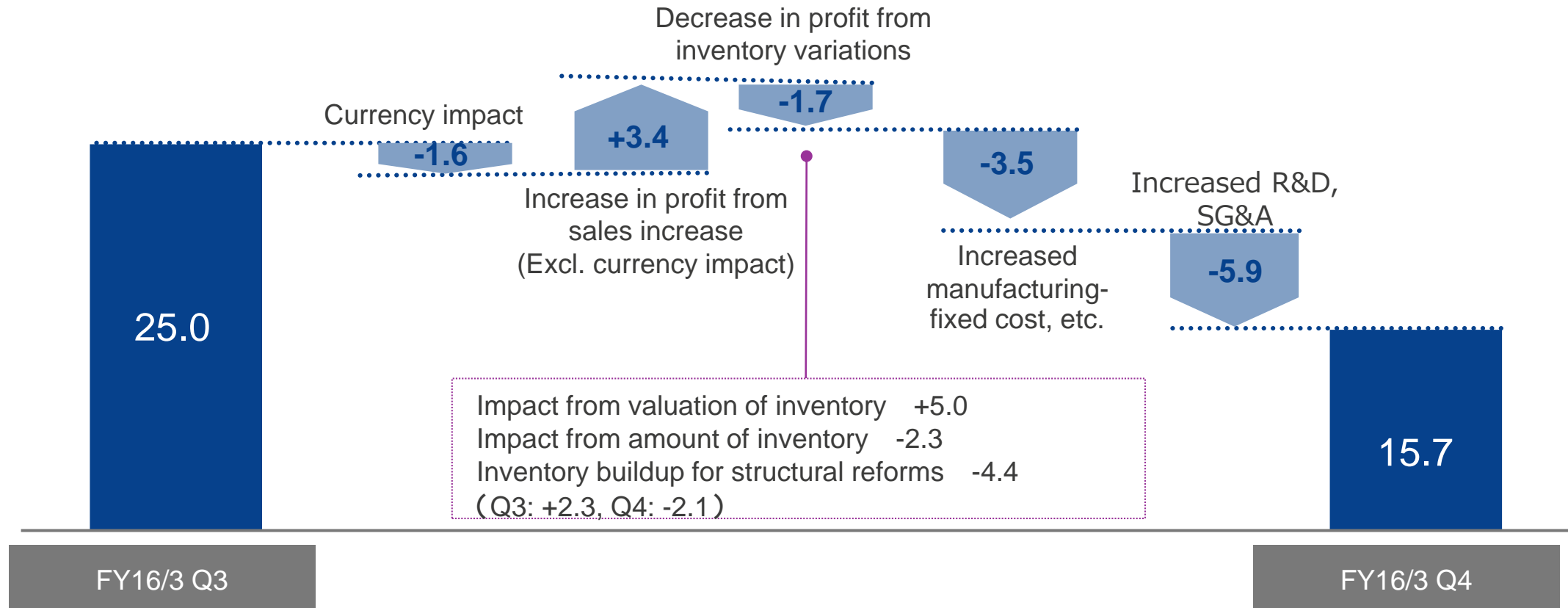
Continuously improving gross margin through structural reforms and reforming business structure to become resistant to market volatility



FY16/3 Q4 Operating Income

QoQ (B yen)

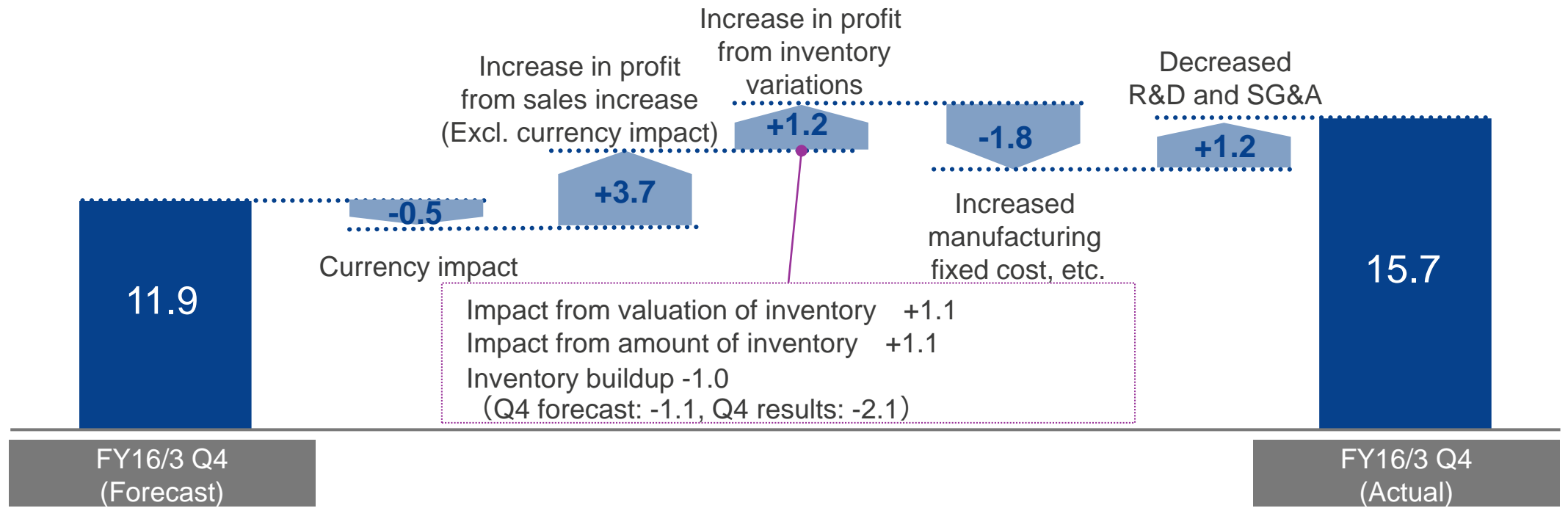
- Despite a sales increase, Q4 operating profit decreased by 9.2 billion yen QoQ due to increased cost, a decrease in profit from inventory variations and negative currency impact



FY16/3 Q4 Operating Income

In Comparison with Forecasts (Feb 9, 2016) QoQ (B Yen)

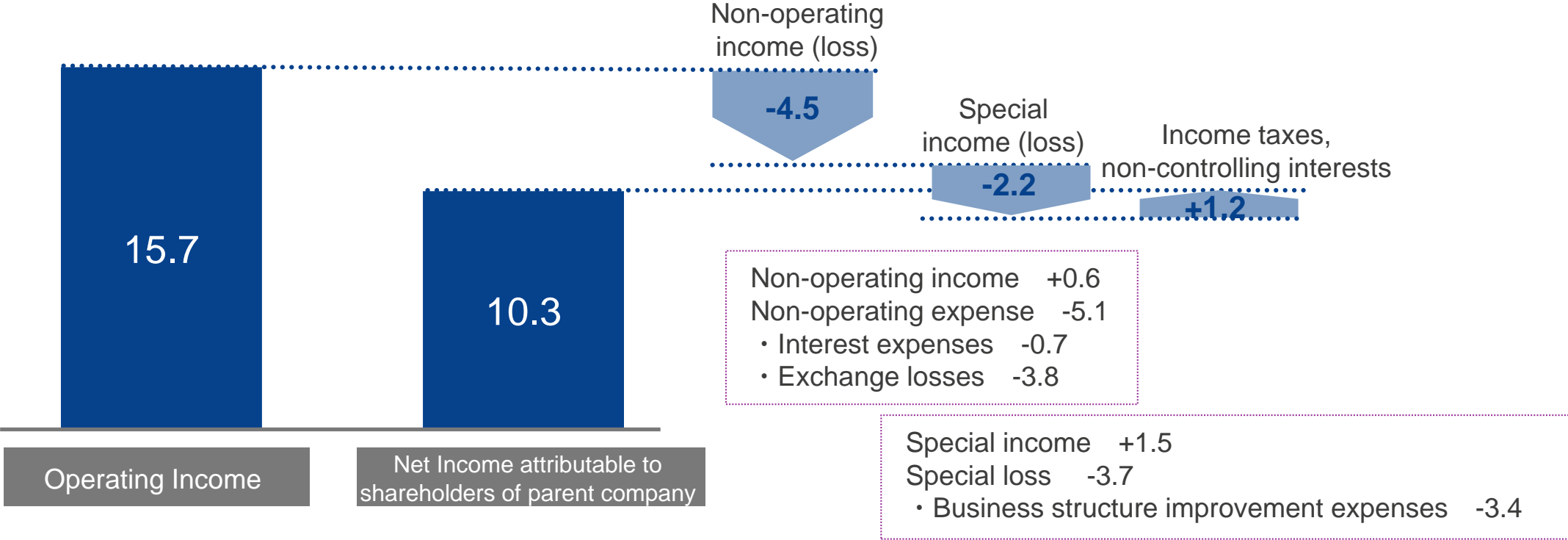
- Increased by 3.8 billion yen from the previous forecast supported by an increase in profit from sales increase and inventory variations, cost containment effects etc.



FY16/3 Q4 Net Income Attributable to Shareholders of Parent Company

(B Yen)

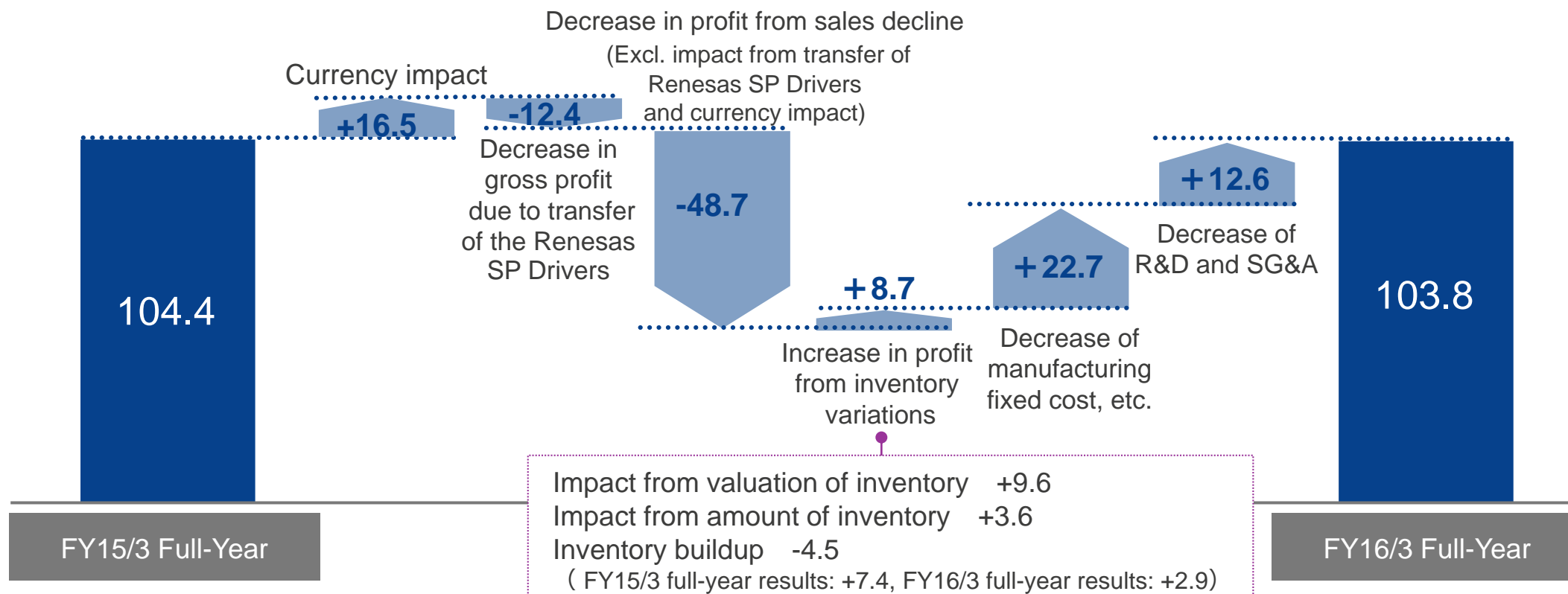
Recorded net income attributable to shareholders of parent company of 10.3 B yen



FY16/3 Full-Year Operating Income

YoY(B Yen)

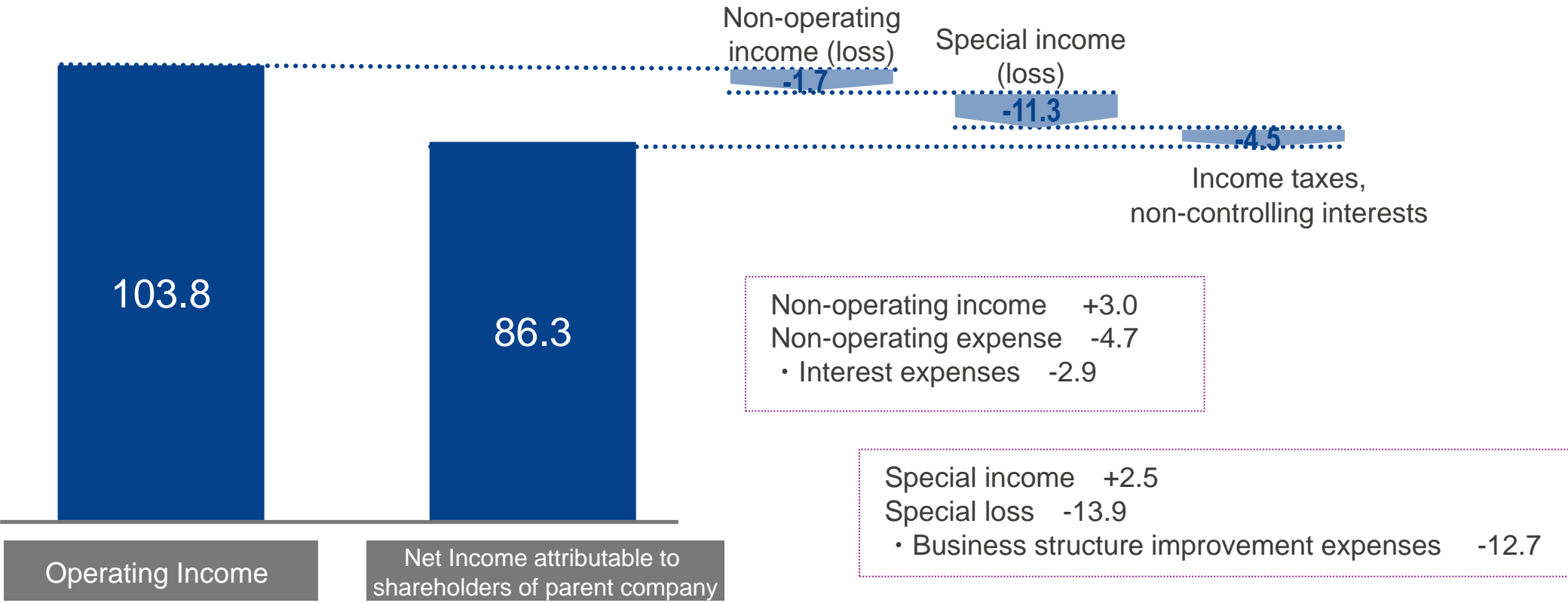
- Despite the large decline in profit caused by sales decreases and gross profit from the transfer of Renesas SP Drivers, operating income stayed at the same level as previous year with 103.8 billion yen, due to the decrease in manufacturing-fixed costs from structural reforms; streamlining of R&D and SG&A costs; and positive currency impact etc.



FY16/3 Full-Year Net Income Attributable to Shareholders of Parent Company

(B Yen)

- Recorded net income attributable to shareholders of parent company of 86.3 billion yen due to a special loss of 13.9 billion yen



(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.