

FY18 DIRECTION

RENESAS ELECTRONICS CORPORATION
FEBRUARY 9, 2018

BIG IDEAS
FOR EVERY SPACE

FY17/12 ACHIEVEMENTS

KICK-STARTED A SOLID FIRST YEAR OF THE MID-TERM GROWTH STRATEGY

- **Increased sales and profit**

- Achieved 22% sales growth and 3.1pts. improved Non-GAAP gross margin YoY spurred by factors including Intersil's acquisition, a weaker yen and dissipation of the impact from the earthquake, in addition to organic growth

- **Completed integration of Intersil and started out as “One Global Renesas”**

- Implemented the transition to a new organizational structure under 3 business units in July 2017 and completed the integration of the Intersil business

- **Stepping stones to growth**

- Increased design-ins in our focus markets and accelerated technology development


- **Enhanced stock liquidity**

- Expanded stock liquidity ratio through stock offerings and moved forward as a self-sustaining global semiconductor company

AUTOMOTIVE SOLUTION BUSINESS

BROAD ADOPTION OF RENESAS TOTAL END-TO-END ADAS/AD SOLUTIONS BY CAR OEM AND TIER 1

■ Comprehensive solutions for ADAS/AD

- Launched **Renesas**  **autonomy™**
- Showcased AD demonstration vehicles at CES 2018 as a proof-of-concept for production vehicles

■ Broad adoption in AVs

- R-Car and RH850 adopted by major OEMs and Tier 1s (Toyota and Denso's AVs, Nissan LEAF, US/EU Tier 1s, etc.)
- Strategic partnerships with Great Wall Motors (CH) and Mahindra & Mahindra (IN)



ON THE ROAD TO
CES 2018

LAS VEGAS, NV | JAN 9-12



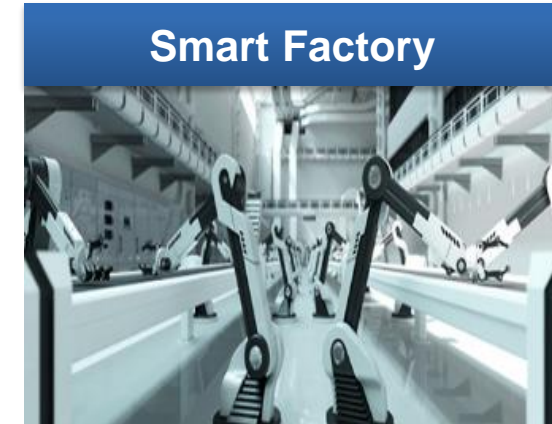
ADAS: Advanced Driving Assistant Systems
AD: Autonomous Driving, AV: Autonomous Vehicle

INDUSTRIAL SOLUTION BUSINESS

EXPANDED TECHNOLOGIES AND SOLUTION LINEUPS TARGETING HIGH GROWTH MARKETS AND SMART SOCIETIES

- **Realized growth with improved profitability**

- Market leader in the rapidly-growing FA, white goods, and social infrastructure sectors
- Broad adoption in the emerging markets (inverter air conditioners, smart meters, etc.)



- **New product technologies that accelerate future growth**

- Developed e-AI solution that incorporates AI and DRP in embedded devices
- Developed ultra-low power SOTB technology



FA: Factory Automation, e-AI: embedded Artificial Intelligence
DRP: Dynamically Reconfigurable Processor, SOTB: Silicon On Thin Buried Oxide

BROAD-BASED SOLUTION BUSINESS

EXPANDED BUSINESS TO SERVE A WIDE RANGE OF CUSTOMERS AND END MARKETS

- **Achieved high growth thanks to former Intersil products**
 - Spurred higher sales growth and gross margin YoY
- **Established a new structure to strengthen profitability**
 - Completed integration of Intersil (R&D, sales organization, product lineup)
 - Introduced Intersil's highly profitable mindset/know-hows
 - Acquired design-ins by major customers with innovative value propositions that combine MCUs with analog products



CLEAR PATH TO LONG-TERM FINANCIAL TARGETS

ON-TRACK TO ACHIEVING THE LONG-TERM FINANCIAL TARGETS

DESPITE A PAUSE IN GROSS MARGIN EXPANSION FROM GROWTH INVESTMENTS

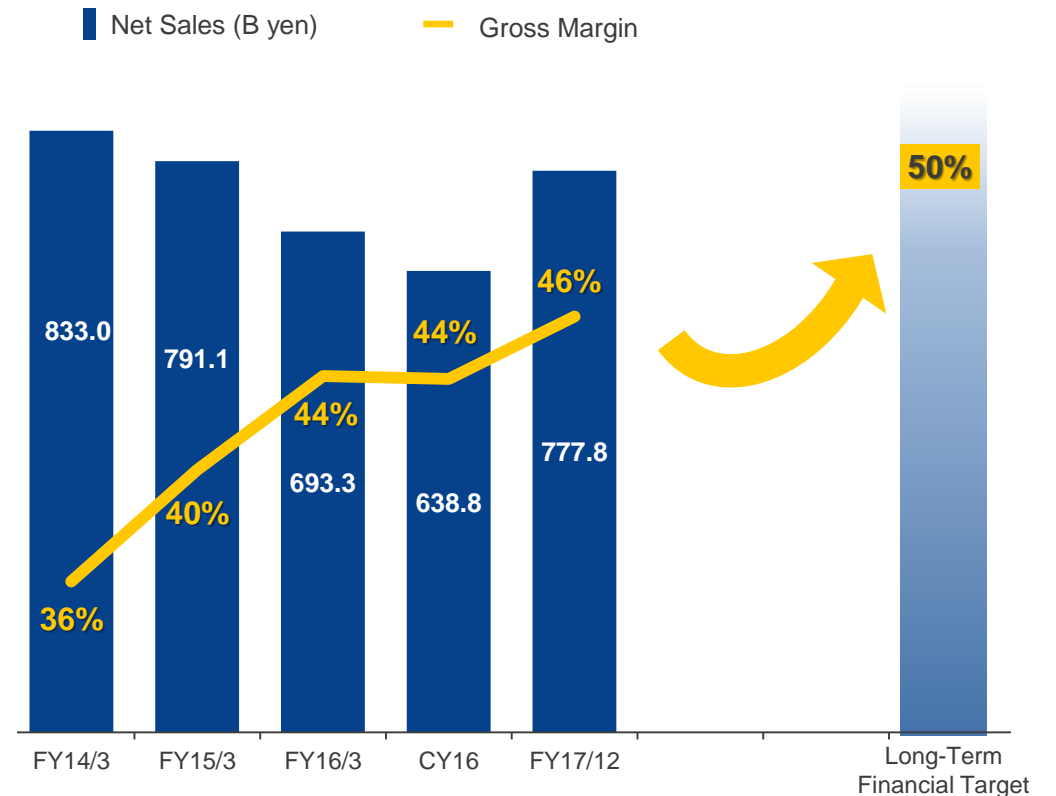
■ Net Sales

- Took an upward turn in FY17 and are progressing to achieve long-term financial target

■ Profit

- Continuously concentrate R&D for growth markets
- Expect an increase in depreciation from the increase in capital expenditures aimed at future growth
- On track to achieving target figures from increasing sales, integration of Intersil, and improving product mix, despite a pause in gross margin gains due to an increase in depreciation

Net Sales/ Gross Margin (Non-GAAP *1)



*1: Results excluding non-recurring and certain other items. Non-GAAP basis excludes the impact of sales and profit/loss of Renesas SP Drivers, impact of profit/loss of LTE modem business and profit/loss from inventory buildup until the end of FY2016 ended December 2016. Starting from FY2017 ended December 2017, Non-GAAP definition was revised to exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition, stock-based compensation cost and costs related to the offering and PPA effects following the Intersil acquisition.

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