

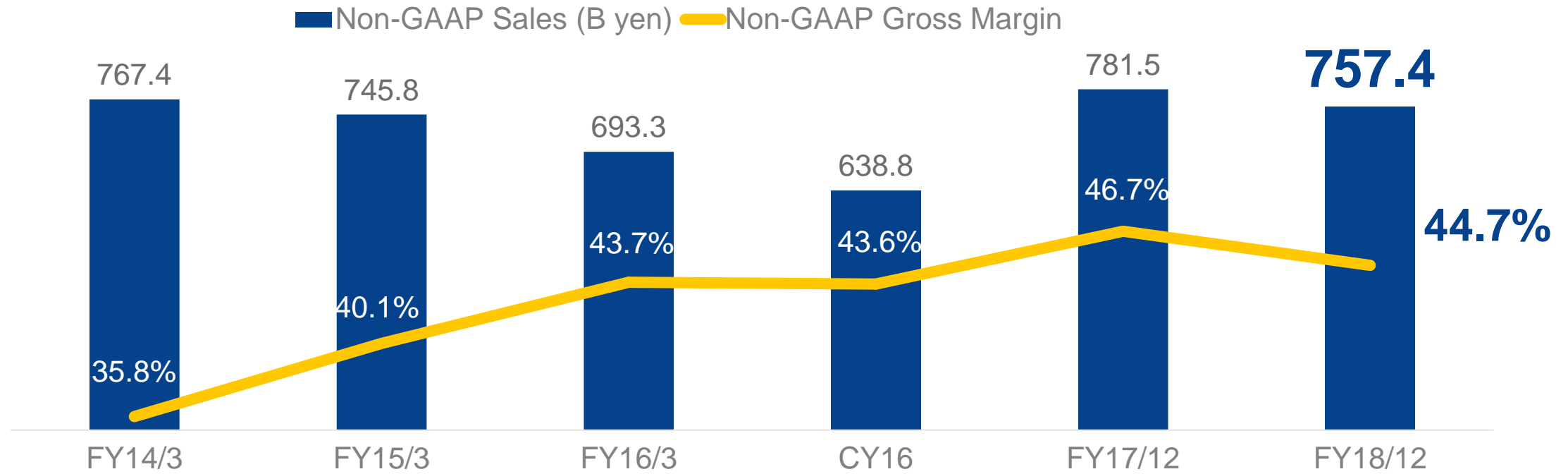
FY19 DIRECTION

RENESAS ELECTRONICS CORPORATION
FEBRUARY 8, 2019

BIG IDEAS
FOR EVERY SPACE

LOOKING BACK ON FY18/12

- While the company achieved sustainable profit growth over the past 5 years, FY18/12 sales and profit both decreased YoY due to the impact from inventory adjustments and the weakening market



*1: Results excluding non-recurring and certain other items. Following the completion of the purchase of Intersil in February 2017, Non-GAAP figures exclude amortization of goodwill, amortization of purchased intangible assets, costs related to the Intersil acquisition, stock-based compensation cost, costs related to the offering, and PPA (purchase price allocation) effects associated with the acquisition.

FY18/12 ACHIEVEMENTS

DESPITE DECREASES IN SALES AND PROFIT, COMPLETED ADJUSTMENT OF IN-HOUSE INVENTORIES AND SOWED THE SEEDS OF GROWTH FOR THE FUTURE

▪ IDT acquisition

- Signed a definitive agreement to acquire IDT with the aim of enhancing solution offerings by obtaining complementary analog products and expanding business growth opportunities (Expect the acquisition to complete in the first half of 2019)

▪ New businesses/products for further growth and synergies derived from the integration of Intersil

- Automotive: big design-ins in growth markets
- Industrial: released new core products for IoT
- On track to achieving synergies from the former Intersil integration

▪ Enhanced stock liquidity

- Expanded stock liquidity ratio largely through the second stock offerings in April 2018 following the first offering in 2017

IDT ACQUISITION : ADDING THE NUMBER OF VERTICALS SERVED

EXPECT TO ENHANCE SOLUTION OFFERINGS, EXPAND BUSINESS GROWTH OPPORTUNITIES IN FAST-GROWING MARKETS INCLUDING 5G, AND CONTRIBUTE TO IMPROVING PROFITABILITY IMMEDIATELY AFTER CLOSING



Automotive


IDT FY18/Oct-Dec period earnings announcement (Jan 28, 2019)


- Sales : Achieved 7 consecutive-quarter growth (240.6M\$, YoY+11%, QoQ + 2%)
- Gross margin (Non-GAAP) : 64.8%
- Operating margin (Non-GAAP) : 32.2%



Industrial


Data flow

intersil Analog (Power management) 

IDT Sensor 

IDT Analog 

RENESAS Digital (MCU / SoC) 

IDT Analog (Actuation) 

IDT Analog (Connectivity) 



Data center



Infrastructure (5G, etc)

EXPANDED ADOPTIONS OF SMART CAMERA SOLUTIONS FOR ADAS AND AUTONOMOUS DRIVING

START MASS PRODUCTION IN 2019 FOR MAJOR GLOBAL TIER-1s



- Renesas offers automotive smart camera SoCs, “R-Car V3M/V3H”, as part of an open, innovative and trusted Renesas autonomy™ Platform, scheduled for deployment in commercial vehicles.
- Won large-scale businesses of around 1.5B\$ from European and Asian customers by upgrading existing products and replacing other companies’ products

- Automotive front camera market to grow at CAGR 15% (2019: 25M units → 2025: 71M units*1)



<Examples of Major Businesses with LTV*2 over 100M US\$ >

Customer	MP*3 of Renesas products
Major European automotive supplier, Company A	FY19 2H
Major European automotive supplier, Company B	FY19 2H
Major Asian automotive supplier, Company C	FY20 1H
Major European automotive supplier, Company A	FY21 2H
Major European automotive supplier, Company D	FY21 2H

*1: Source: Strategy Analytics

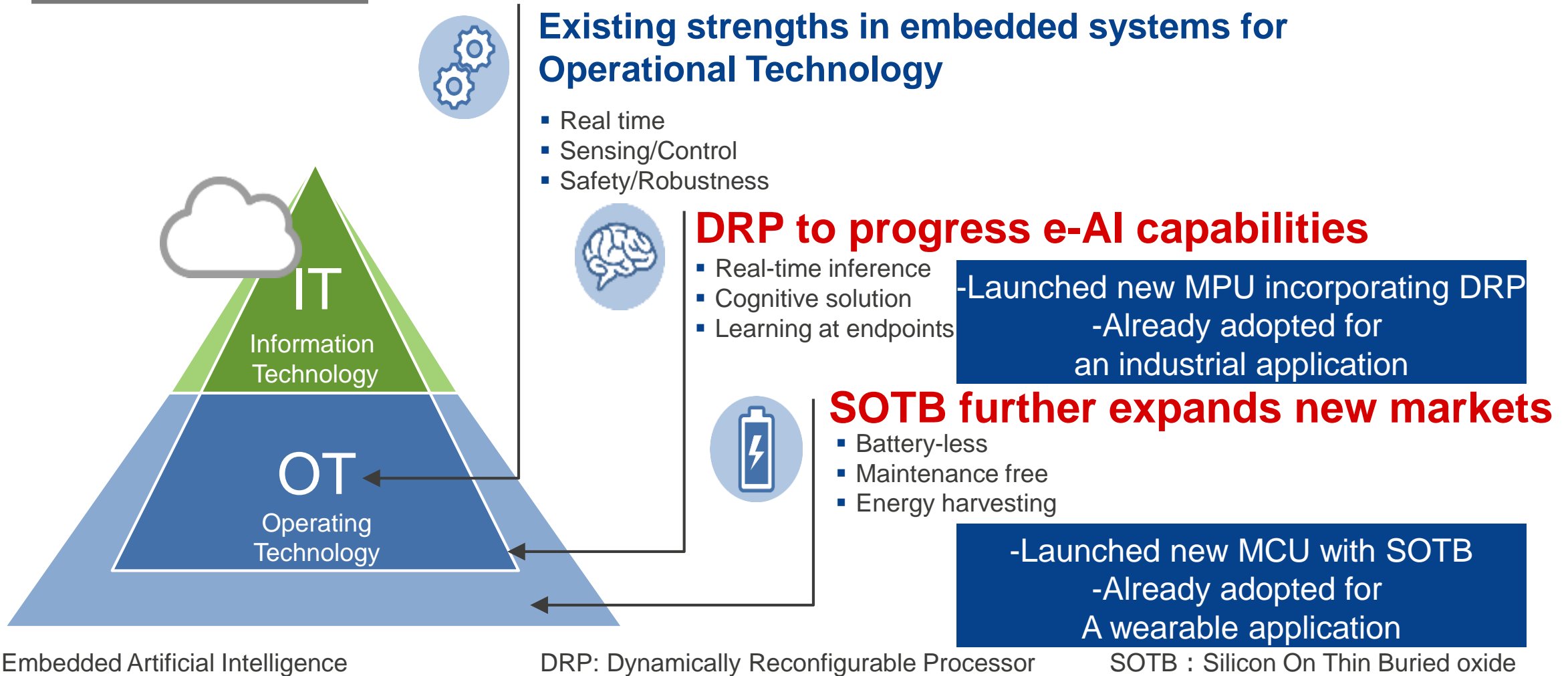
*2: Life Time Value

*3: Mass production

ADAS: Advanced Driver-Assistance System

INNOVATIVE SOLUTIONS TO REALIZE ENDPOINT INTELLIGENCE

DRP ADVANCES IN e-AI AND EXTREME-LOW POWER SOTB ENHANCES IOT DEVICES AND GIVE RISE TO NEW MARKETS



INTERSIL INTEGRATION

US\$170M+*1 ANNOUNCED SYNERGIES WELL IN SCOPE

Former Intersil business

- Profitable revenue growth at CAGR 10%+ (FY16~FY18)

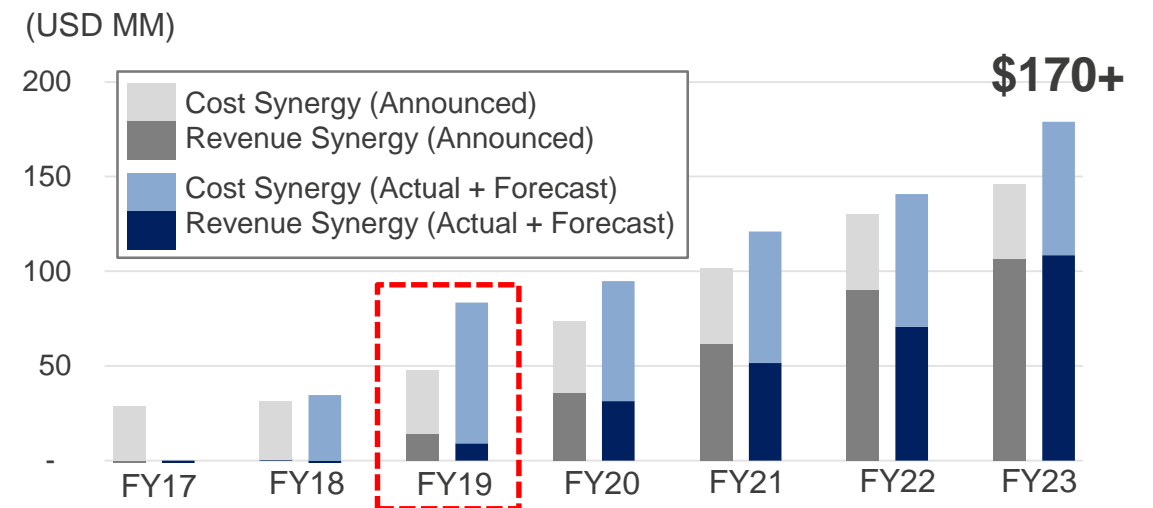
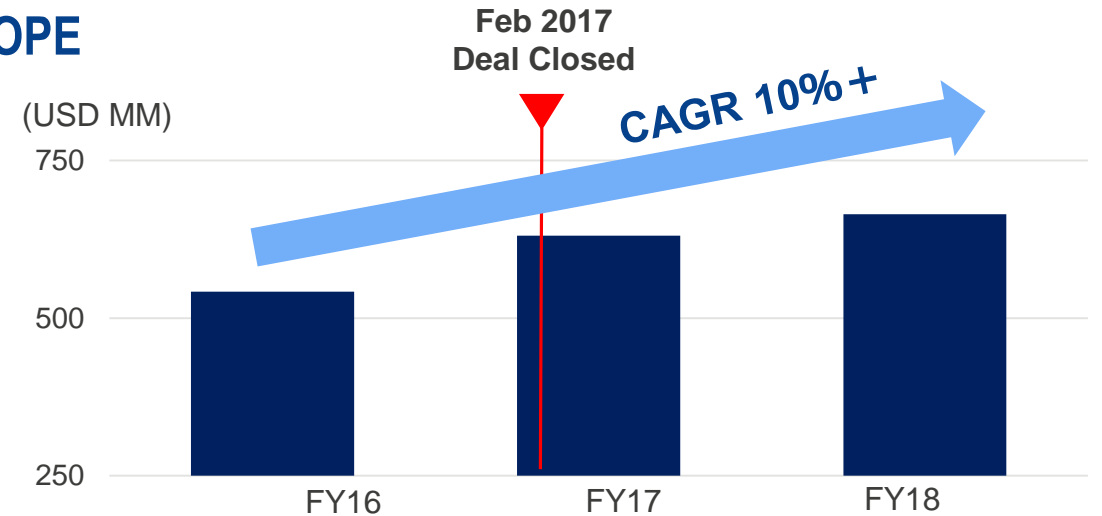
Synergies and lessons learned



- Revenue synergy on track for LTV*2 of US\$860m
- Realized US\$74m cost reduction on an annual run rate basis



- Integration of supply chain and IT systems is still underway
- Synergies on manufacturing side was less than initial expectation



*1: Combination of revenue and cost synergies on an operating income basis.

*2: LTV (Life Time Value) is a measurement of the total expected value (revenue basis) derived from a customer over their entire relationship with a company

FY19 KEY INITIATIVES

PLAN TO UPDATE AND ANNOUNCE MID-TERM PLAN

Concentrate on winning in focus markets with sustainable, mid-to long-term growth by continuing our efforts toward growth while improving cost structure and ability

IDT integration

- Realize mid- to long-term growth by winning the global competition, leveraging IDT integration as a catalyst to growth
- Realize synergies faster, leveraging experiences learned from the Intersil integration

Build strong organization focused on winning

- Thoroughly control cash and inventories and restrain capital expenditures in light of uncertainty in the short-term topline
- Reduce cost through significantly streamlining operational efficiency as well as selective & concentrated R&D

**Plan to update and announce mid-term plan
after closing of IDT acquisition (In the first half of 2019)**

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RENESAS.COM