

FINANCE

MARCH 3, 2021
SHUHEI SHINKAI
SVP AND CFO

RENESAS ELECTRONICS CORPORATION

TARGET FINANCIAL MODEL

TARGET FINANCIAL MODEL

	2019 Adjusted*	2020 Adjusted*	Long-term target*				
			Automotive	Industrial, Infra & IoT	Total		
Revenue	6,204 oku-yen	6,357 oku-yen	➤	Grow @SAM	Grow @SAM+	Grow @SAM+	✓
Gross margin	43%**	48%**	➤	40-45%	55-60%	50%	✓
Operating margin	12%	19%	➤	10-15%	25-30%	20%+	✓

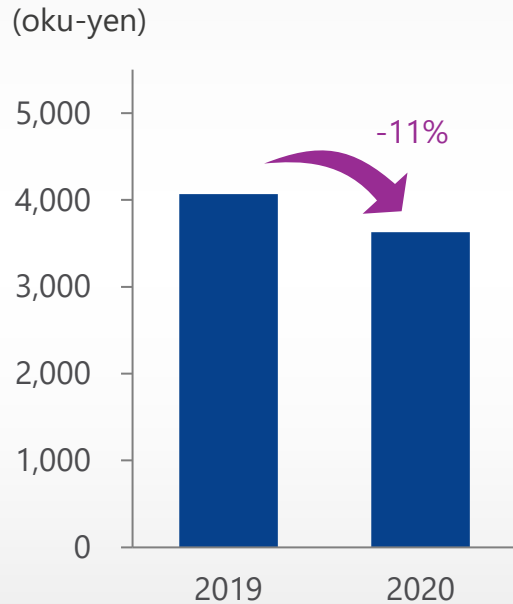
* FX 1USD=100yen, 1EUR=120yen. 2019 Adjusted:/2020 Adjusted Excluding 6" fab shutdown & structural reform-related EOLs. Excluding NREs

** After reclassification (part of SG&A reclassified to CoGs and R&D)

HIGHLIGHT FOR 2020

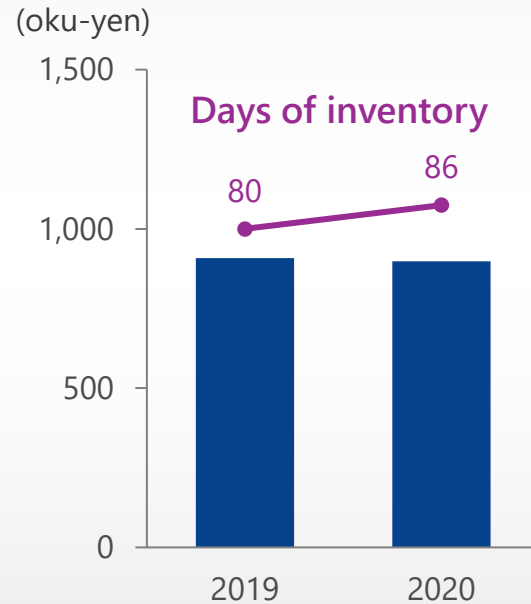
Fixed cost*

- Continuous effort



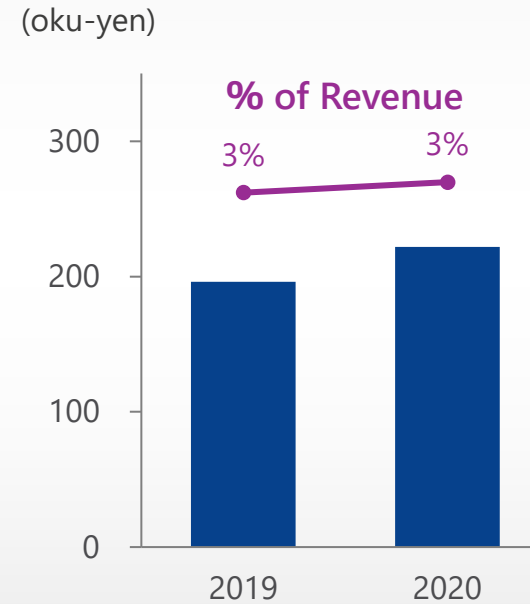
Inventory

- Die bank & BTO



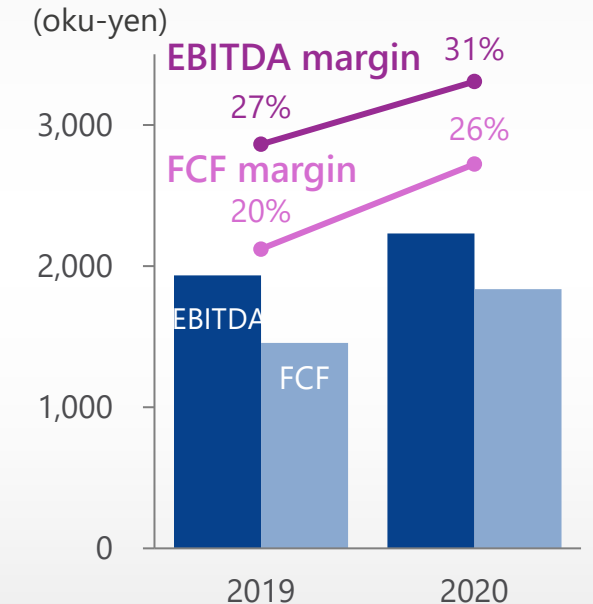
Capex**

- Financial validation



EBITDA & FCF

- Record-high



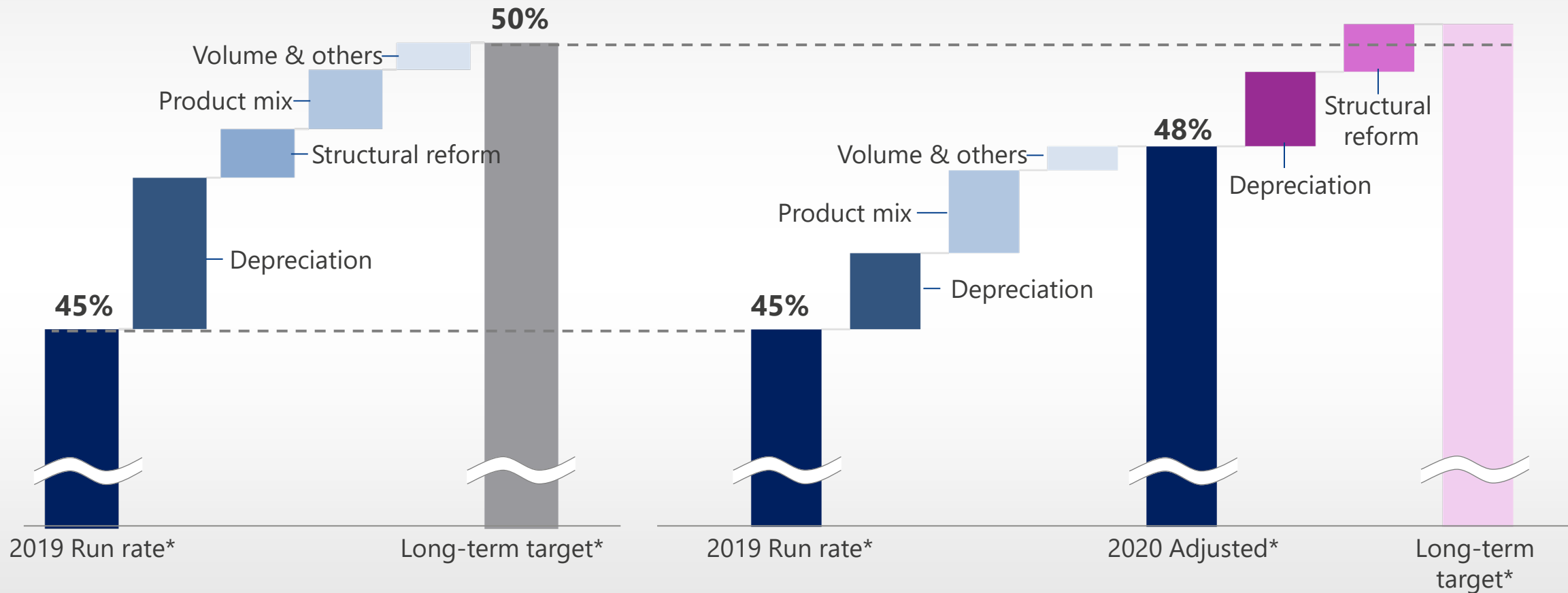
* Management accounting basis

** Management accounting and authorization basis

GROSS MARGIN OUTLOOK

Roadmap to Gross margin* target

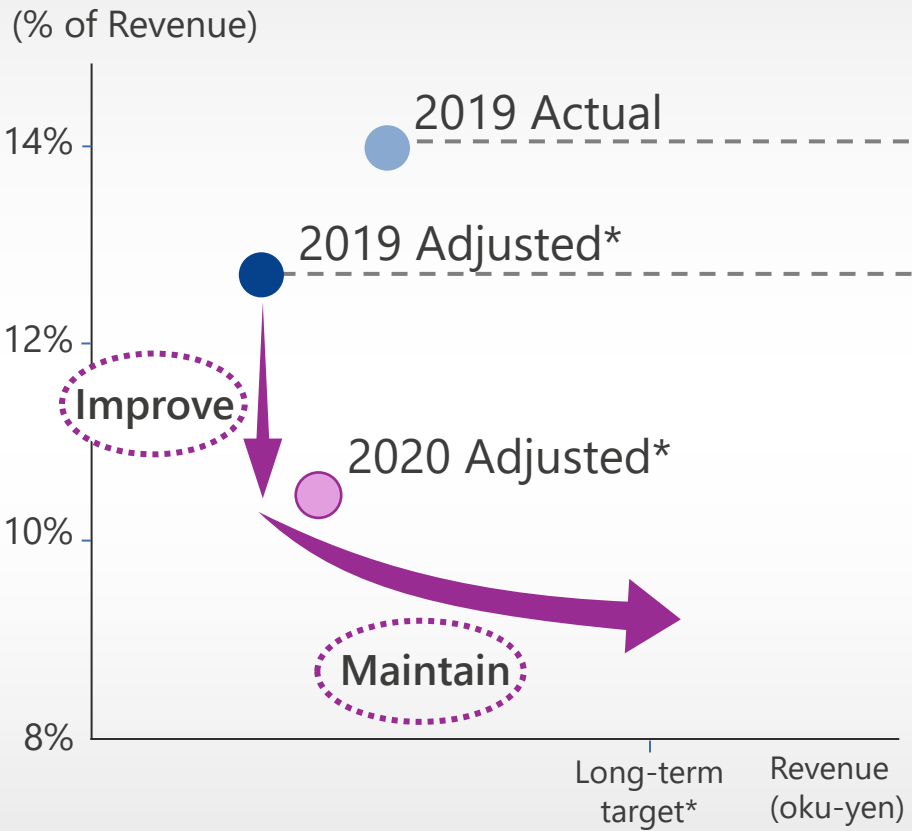
Gross margin* outlook from 2019 to Long-term target



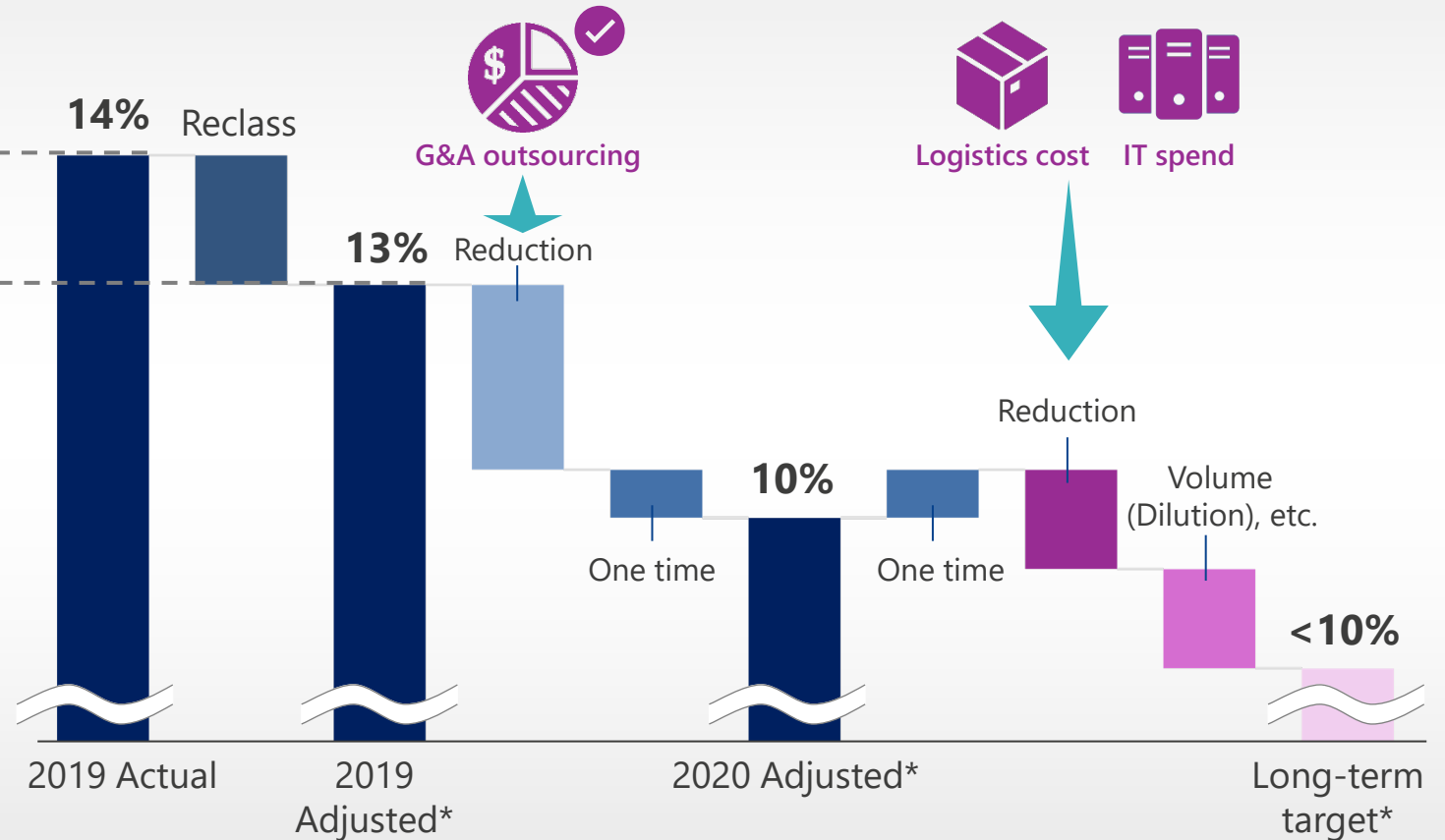
* FX 1USD=100yen, 1EUR=120yen. Excluding 6" fab shutdown & structural reform-related EOLs. Excluding NREs. 2019 Run rate: Including ex-IDT 2019/1Q

SG&A OUTLOOK

SG&A reduction plan



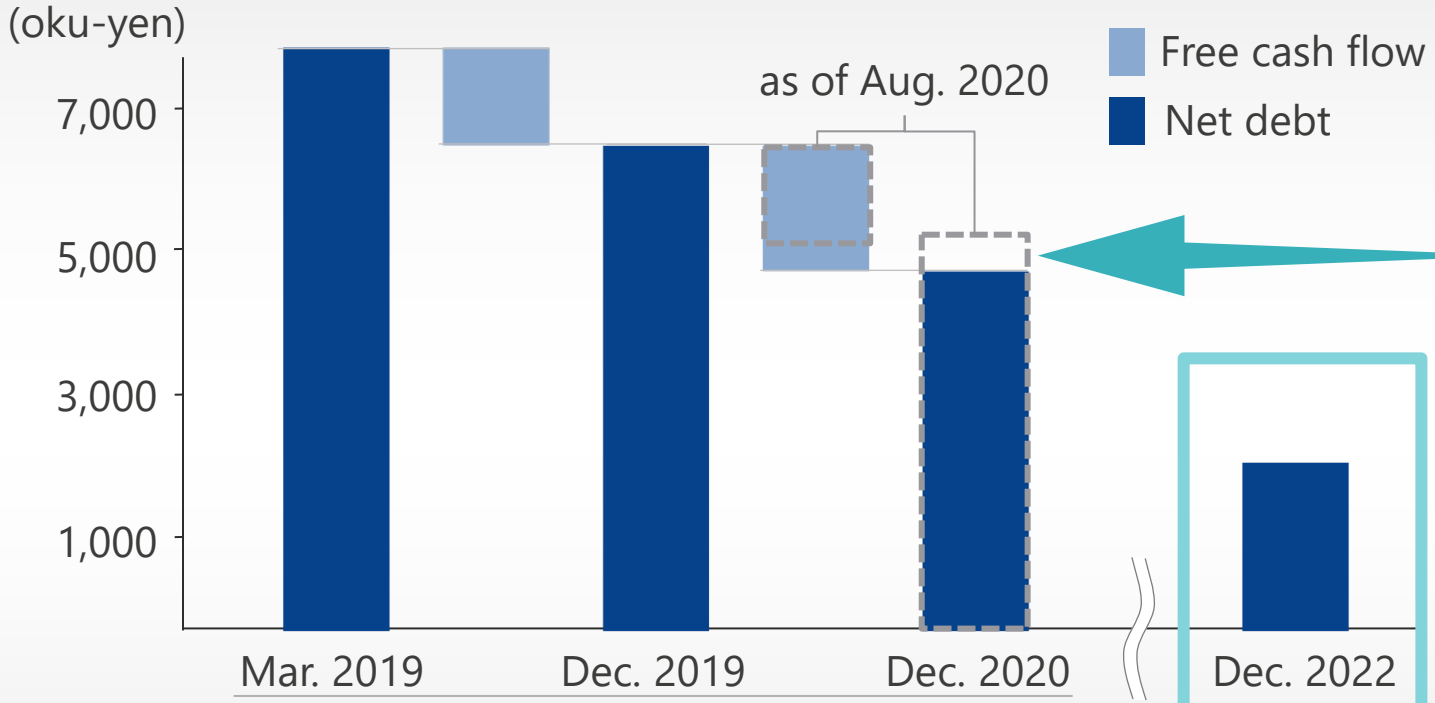
SG&A outlook from 2019 to Long-term target



* FX 1USD=100yen, 1EUR=120yen. Excluding 6" fab shutdown & structural reform-related EOLs. Excluding NREs

DELEVERAGING TARGET

Deleveraging plan



Net debt /EBITDA*	3.6x	3.2x	2.1x	<1.0x
--------------------------	-------------	-------------	-------------	-----------------

* Mar. 2019 and Dec. 2019 EBITDA: LTM (last twelve months) and proforma basis

Contribution

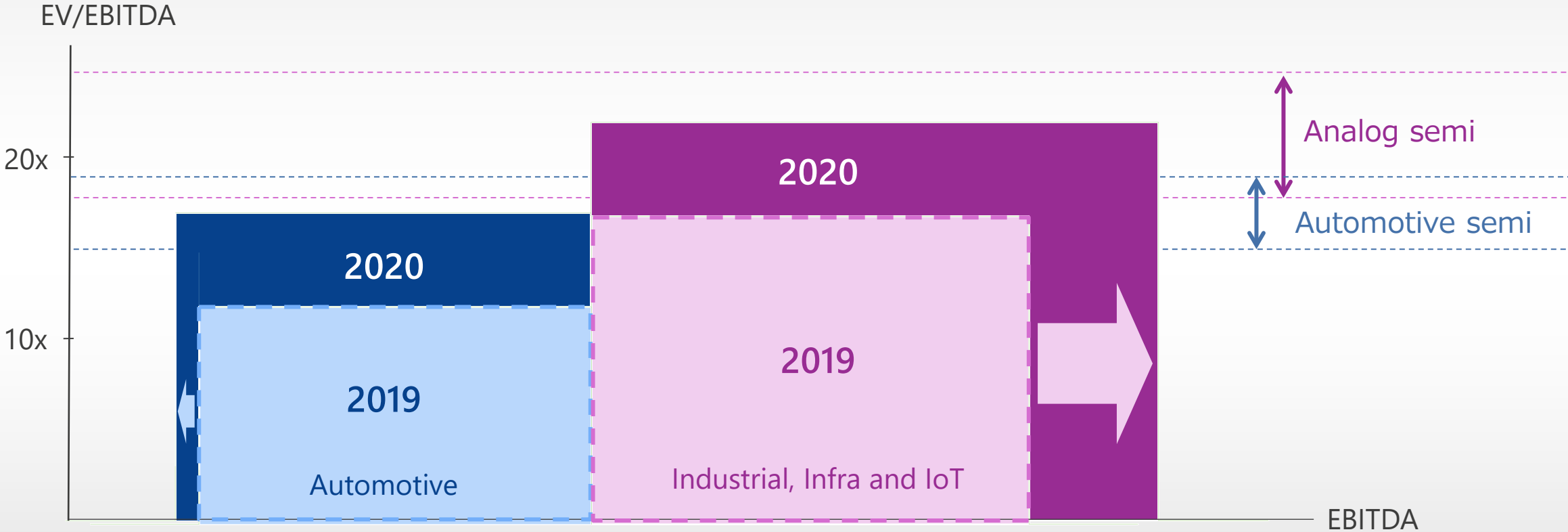
	SG&A	+	+	+
	Working capital	+	+	
	CapEx			+

SHAREHOLDER VALUE CREATION

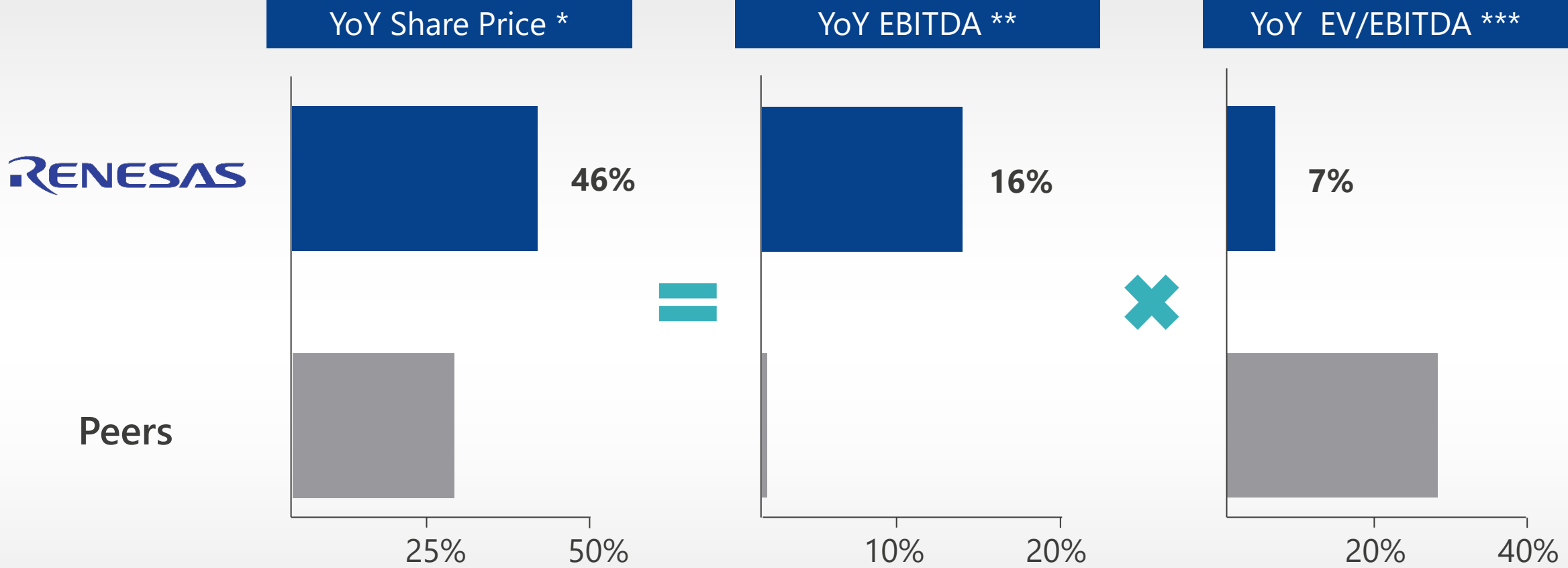
SUM OF THE PARTS

Enterprise value

Industry multiple



VALUATION



* Change in share price between 2019/12/30 and 2020/12/30
 ** Change in EBITDA between CY2019 and CY2020
 *** Change in EV/EBITDA between 2019/12/30 and 2020/12/30

KEY INITIATIVES TO DELIVER SHAREHOLDER RETURN

Growth	Capital allocation for growth
Operational	Reducing fixed cost and operational leverage
Strategic	Value realization of Industrial, Infra and IoT
Disclosure	Key financial metrics for segments

[Renesas.com](https://www.renesas.com)