

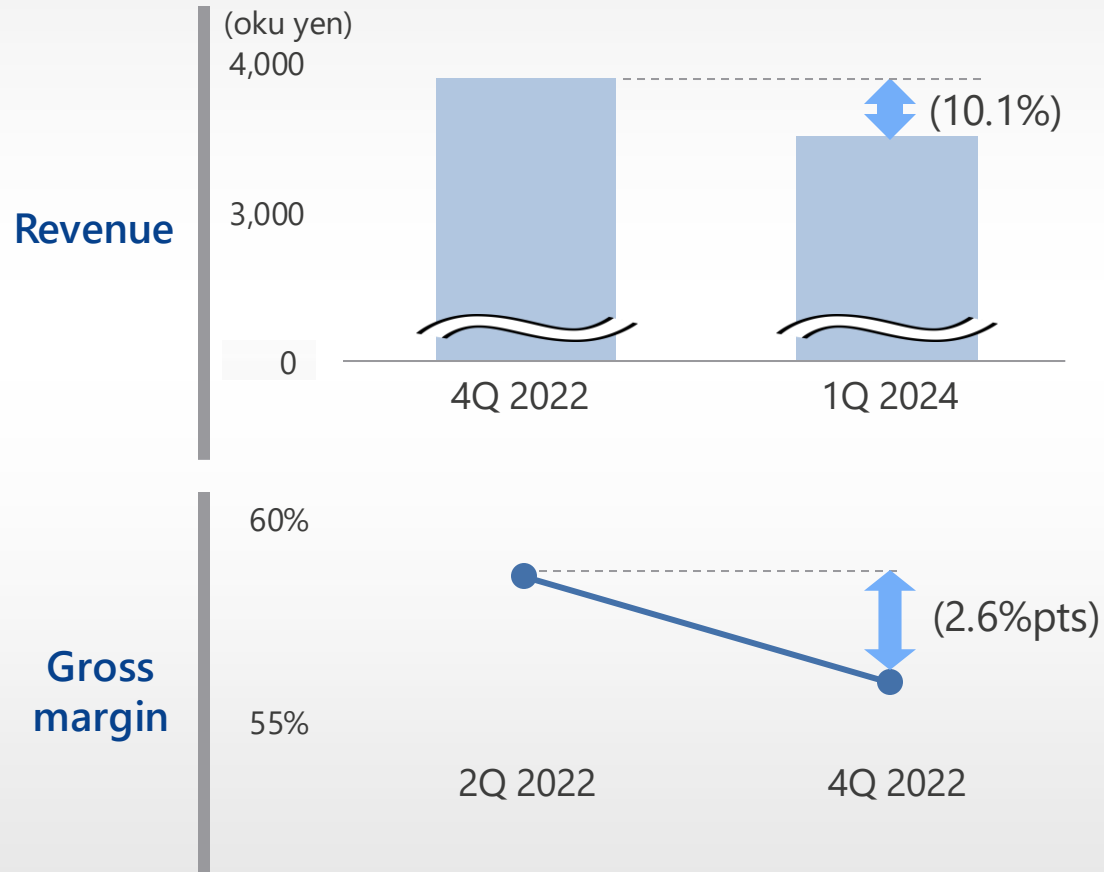
FINANCE



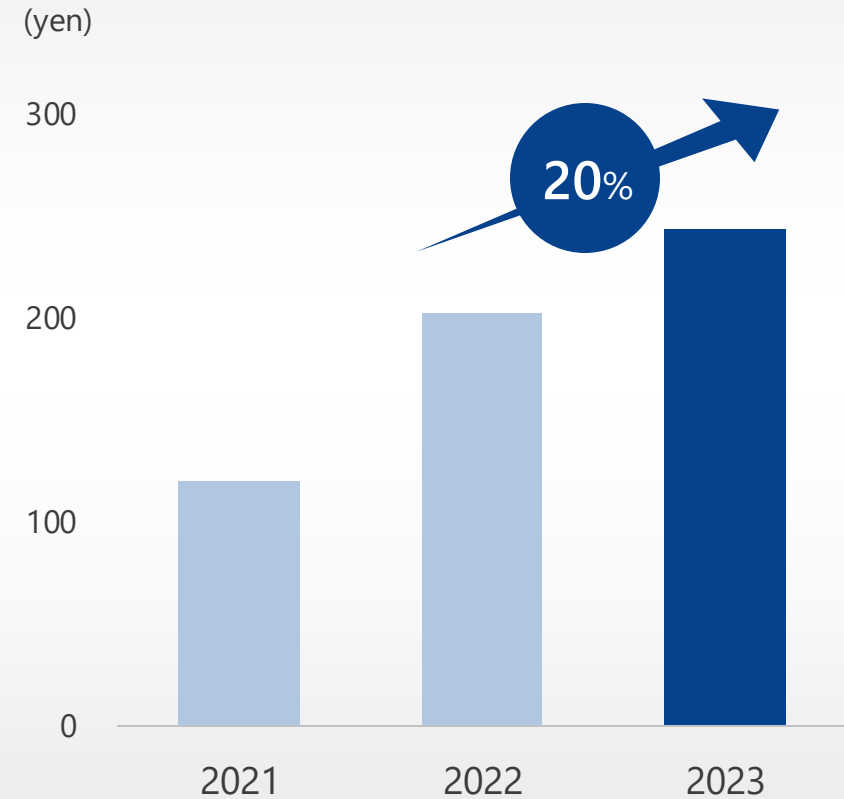
MAY 16, 2024
SHUHEI SHINKAI
SVP AND CFO
RENESAS ELECTRONICS CORPORATION

PROGRESS TO DATE

Peak and trough*1

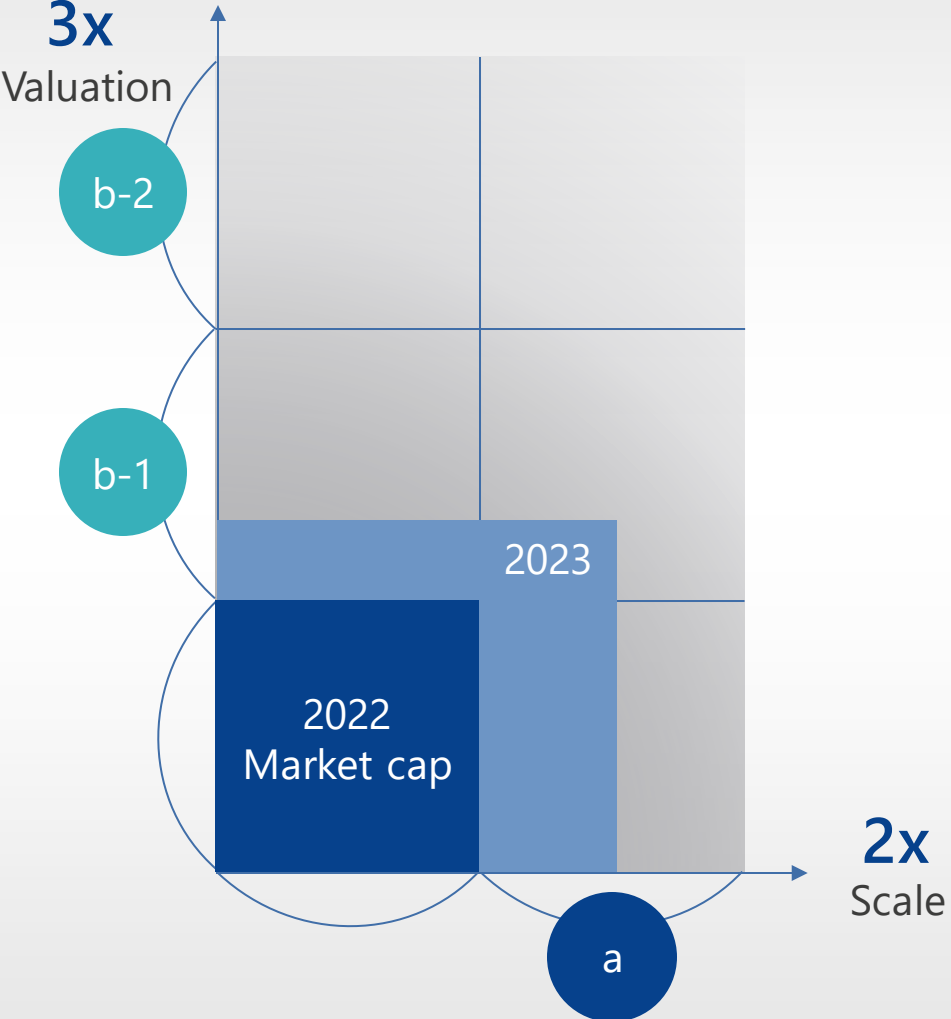


EPS*2



*1: Company data, Quarterly basis. Period: from 1Q 2022 to 1Q 2024, Trough is the lowest figure after Peak, *2: Net income for the year divided by the average number of ordinary shares (excl. treasury shares) during the year




6x BREAK DOWN – 2023 ACTIONS



a	Execution of mid-term plan	
	Capex	Naka 40nm MCU Takasaki SiC Wolfspeed CRD*1 / WSA*2
	M&A	Pantronics Transphorm
b-1	Valuation gap-fill	
	Downcycle management	Inventory management
	Shareholder return	Dividend Buyback
	Others	INCJ exit Nikkei 225
b-2	Multiple expansion	
	Digitalization	Altium acquisition

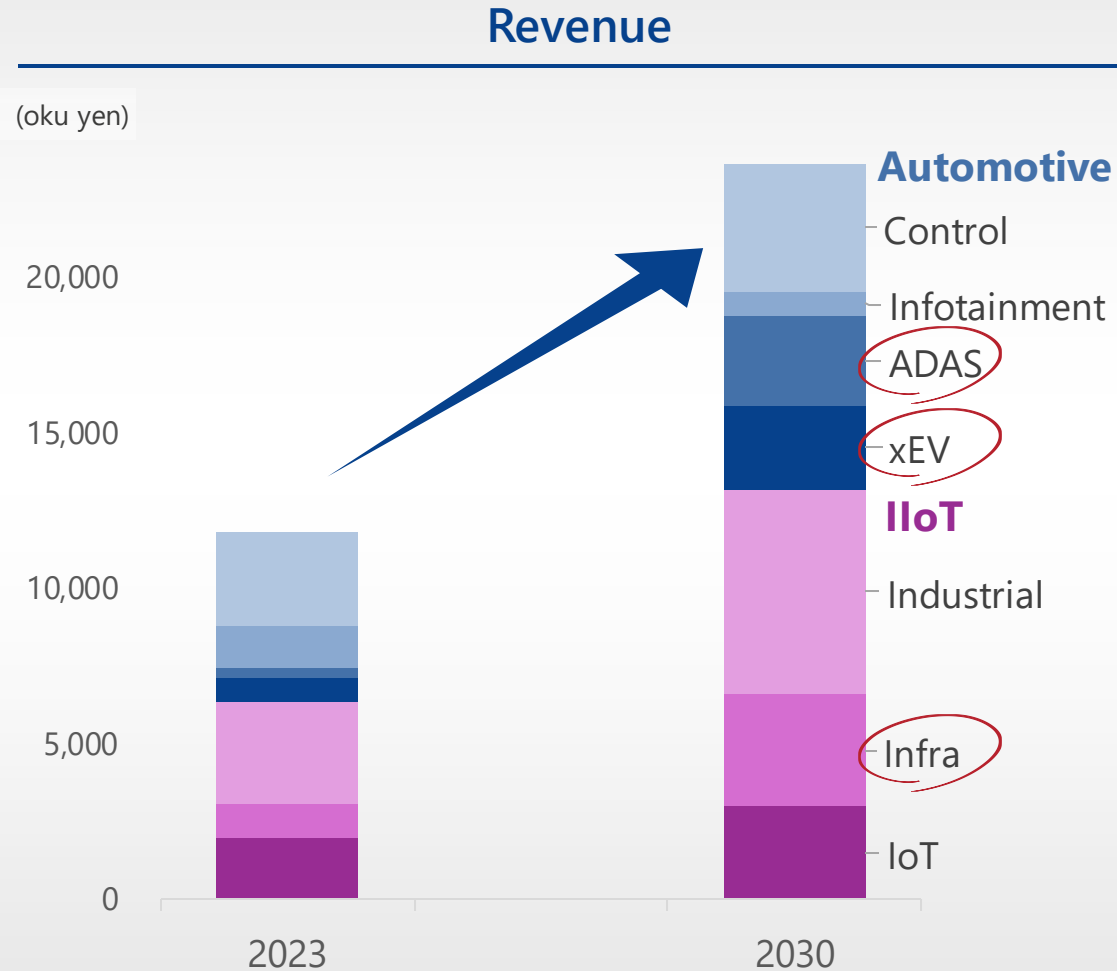
*1: Customer Refundable Deposit, *2: Wafer Supply Agreement

MID-TERM MODEL

	2019	2020	2021	2022	2023		Mid-term model*1
			Adjusted*1				
Revenue (oku yen)	6,204	6,357	8,894	12,282	11,648	➤	Grow @SAM+ 
Gross margin	43%	48%	54%	56%	57%	➤	55% 
Operating margin	12%	19%	29%	35%	32%	➤	30% 

*1: FX \$1 = 100yen, €1 = 120yen. Excluding 6" fab shutdown & structural reform-related EOLs. Excluding NREs

REVENUE GROWTH

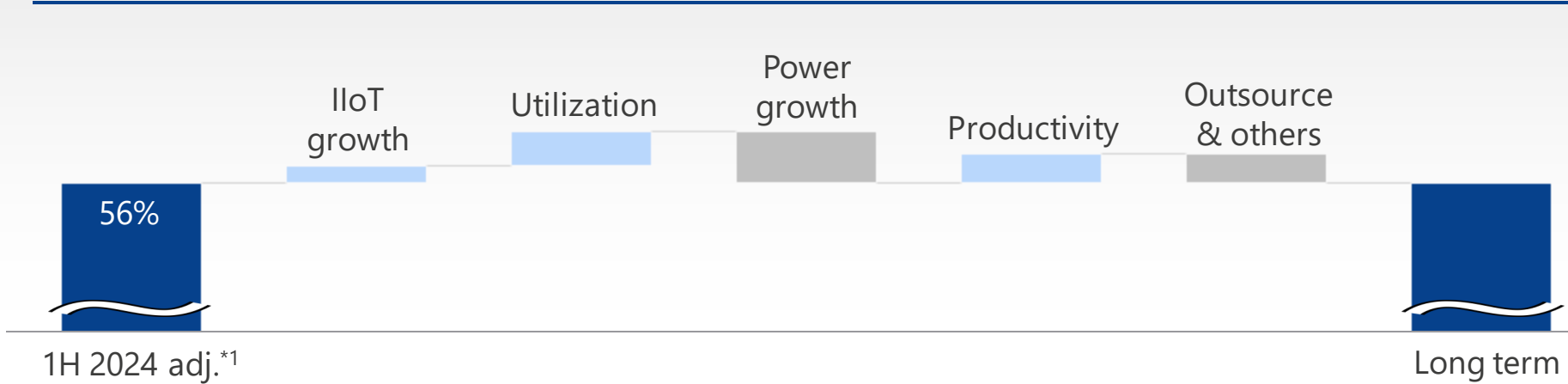


* FX \$1 = 100yen, €1 = 120yen

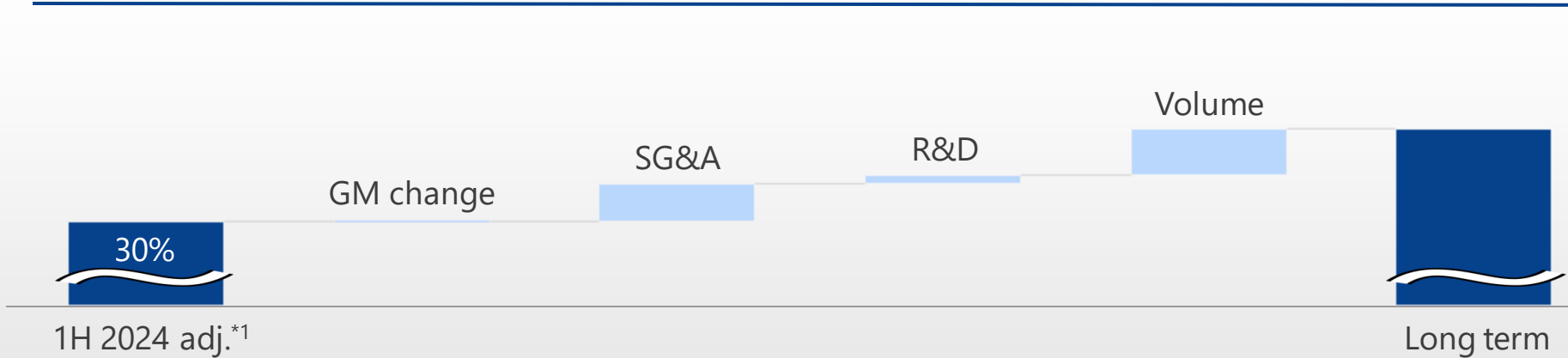
	Long-term Renesas CAGR vs SAM	Growth drivers
Renesas	+	
Automotive	≡	
Automotive control	≡	Scalability
Infotainment	-	
ADAS	++	Software / Tool
xEV	+	Portfolio
Industrial, Infra and IoT	++	
Industrial	+	Scalability / UX
Infra	++	Integration
IoT	+	Attach / UX

MARGINS MODEL

Gross margin



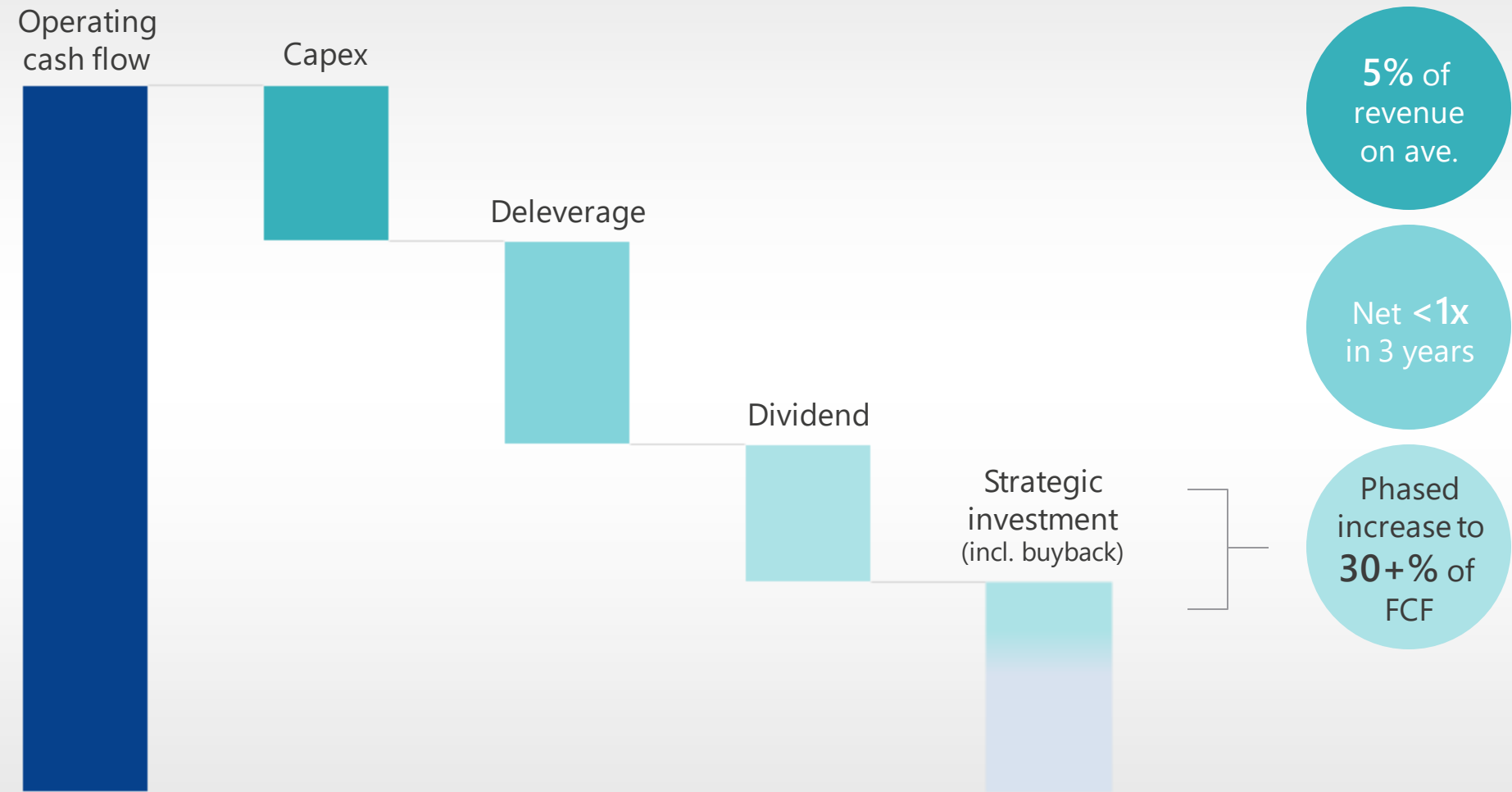
Operating margin



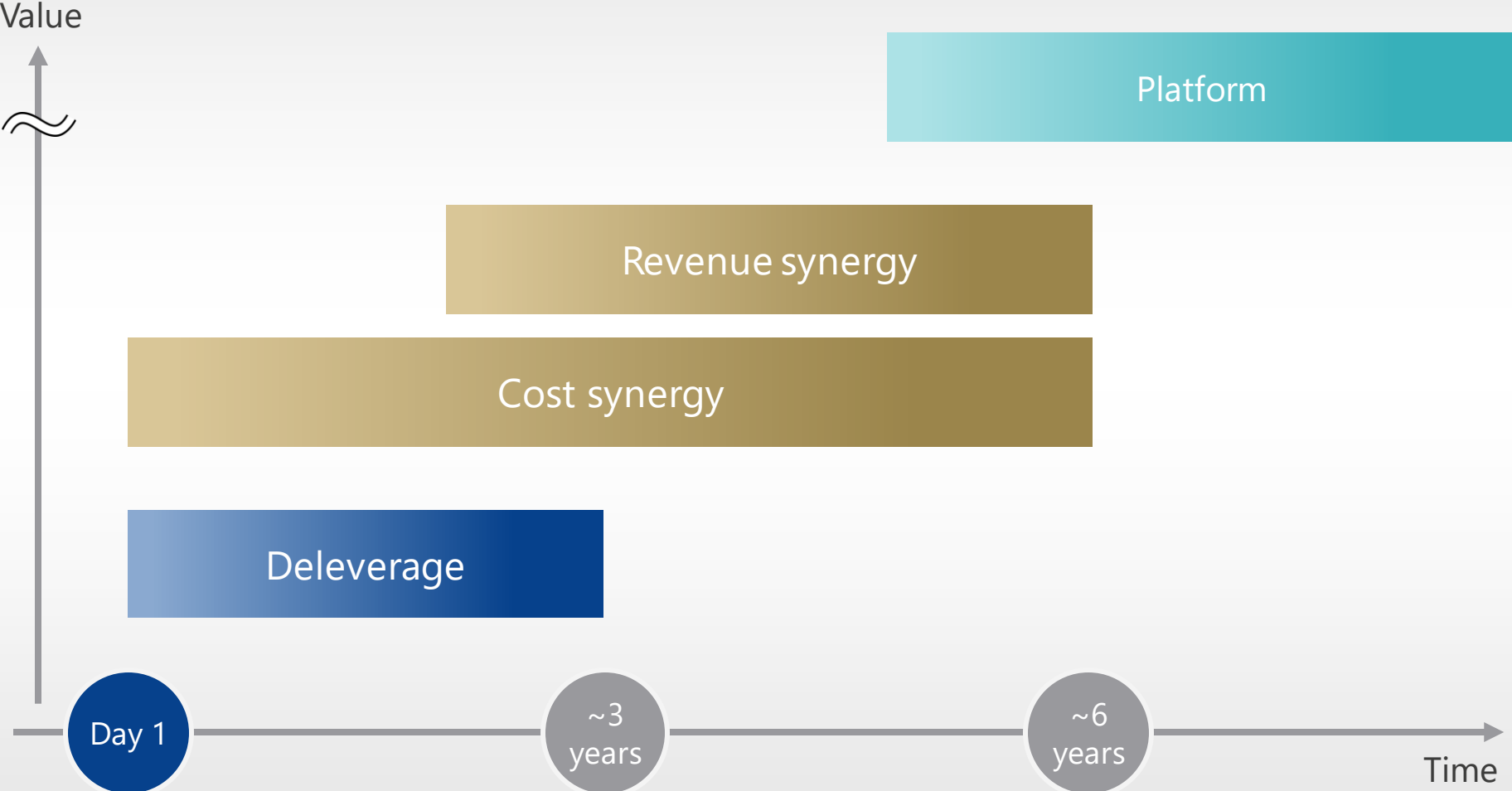
-  Emphasis on growth
-  Efficiency gains
-  Operating leverage




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CAPITAL ALLOCATION POLICY



ALTIUM – VALUE CREATION FRAMEWORK

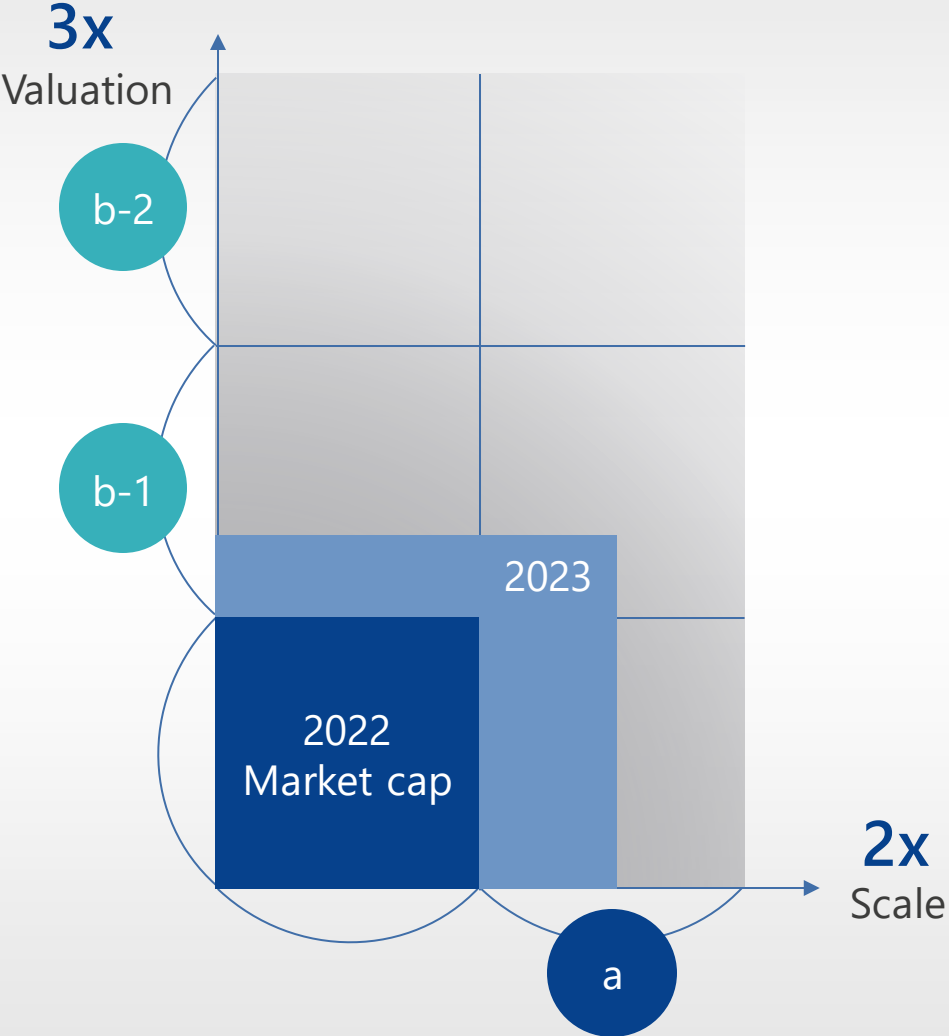


- 
Longer time frame
- 
Track records
- 
Further upside

MODEL HOUSE KEEPING

Revenue growth	SAM+
Gross margin	55%
R&D %	≈16%
SG&A %	≈8%
Operating margin	30%
EBITDA margin	40%
Tax rate	15~20%
Capital expenditures	5% as mid-term average
Inventory	120 days
FCF margin	20~30%
Net leverage	<1.0x in mid-term

6x BREAK DOWN – NEAR TERM PRIORITIES



- a** Execution of mid-term plan

 - Maximizing scale benefit
- b-1** Valuation gap-fill

 - Secular growth
 - Capital allocation
 - Addressing overhang concern
- b-2** Multiple expansion

 - Digitalization



THANK YOU

(FORWARD-LOOKING STATEMENTS)

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