

FINANCE

AUGUST 6, 2020
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SVP AND CFO

RENESAS ELECTRONICS CORPORATION

TARGET FINANCIAL MODEL UNDERWAY WITH TARGET INTACT

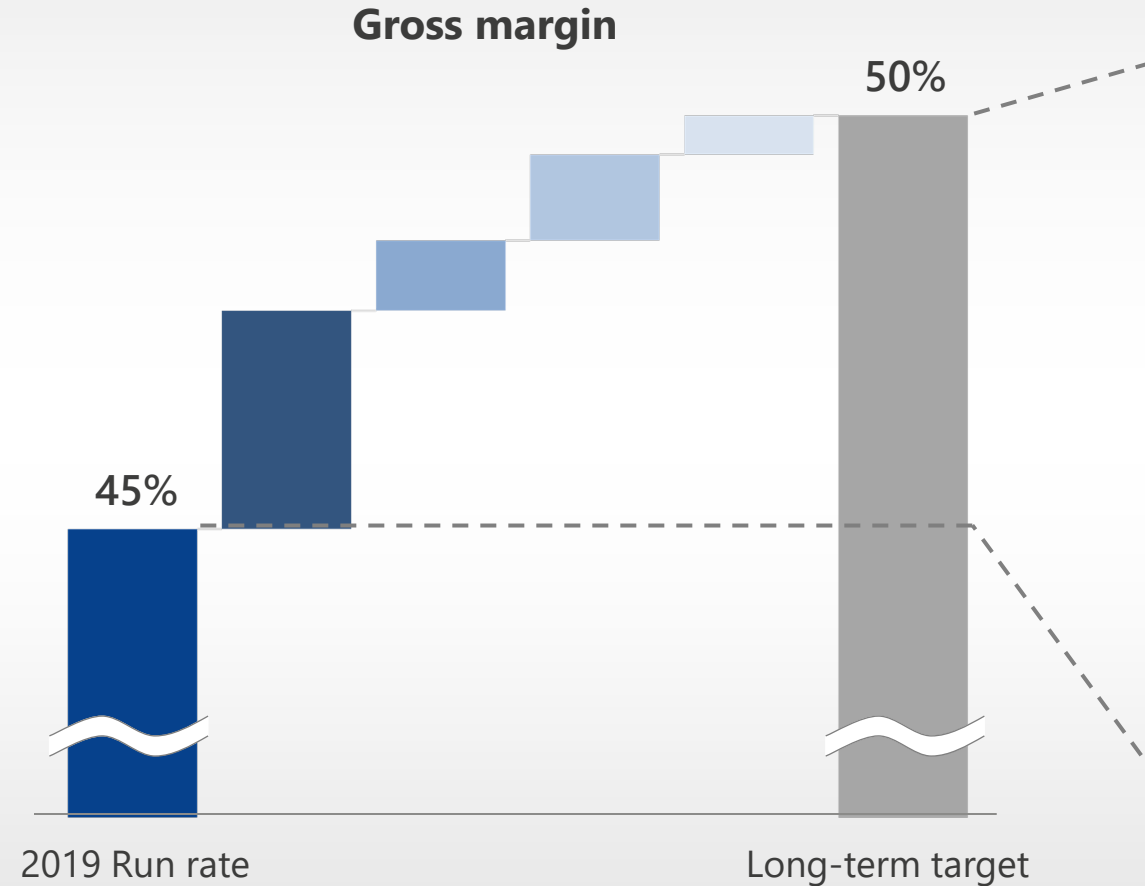
	2019 Actual	2019 Adjusted*		Long-term target*		
				Automotive	Industrial, Infra and IoT	Corporate
Revenue	7,182 oku-yen	6,204 oku-yen	➤	Grow @SAM	Grow @SAM+	Grow @SAM+
Gross margin	44%	43%**	➤	40-45%	55-60%	50%
Operating margin	13%	12%	➤	10-15%	25-30%	20%+

* FX 1USD=100yen, 1EUR=120yen. Continuing business only

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

GROSS MARGIN OUTLOOK

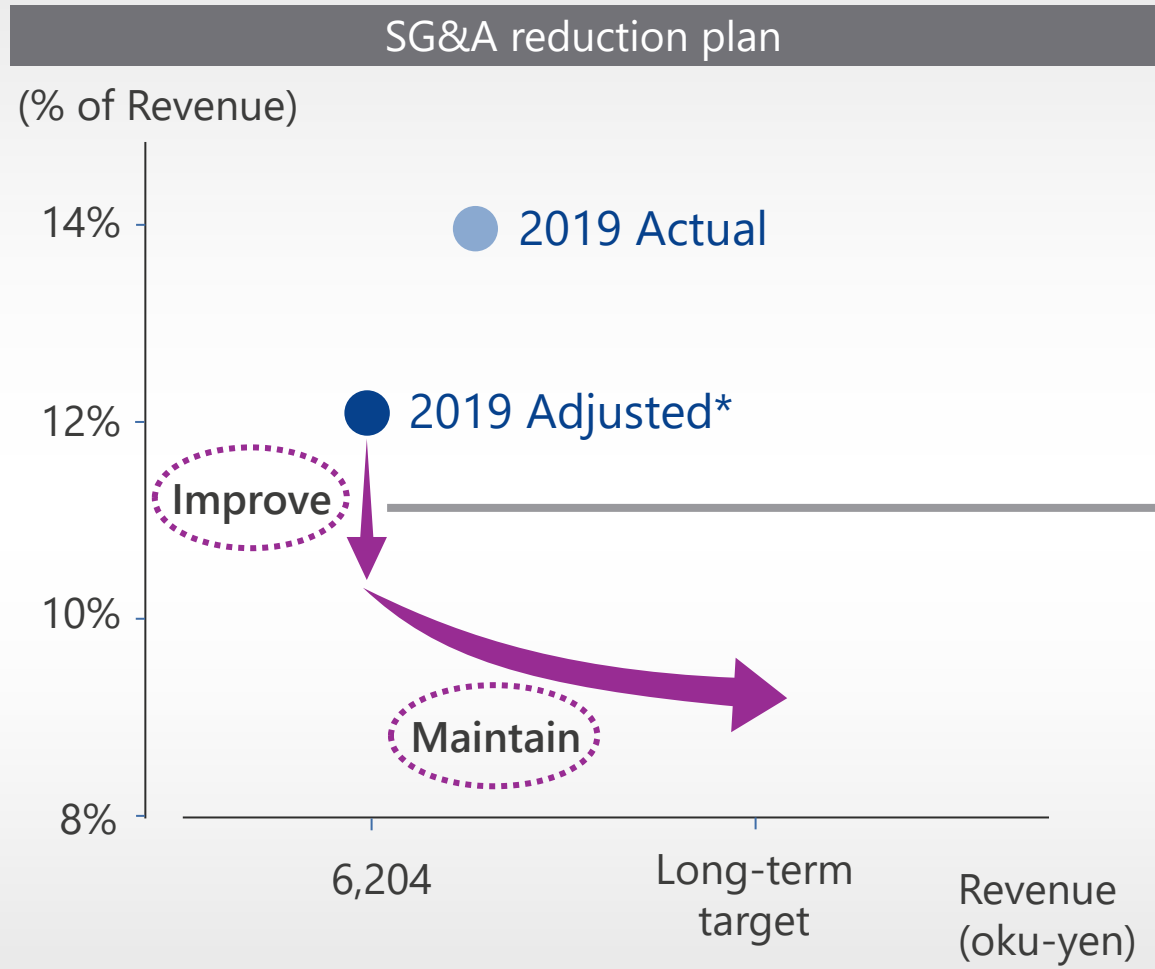
Roadmap to Gross margin target



Elements Time horizon

<p>Volume & others: -Automotive revenue growth pushed out due to COVID-19</p>	<p>Push out</p>
<p>Product mix: -Industrial, Infra and IoT revenue growth to contribute to improve the company-wide product mix</p>	<p>Pull in</p>
<p>Structural reform: -Shutdown of Shiga compound added</p>	<p>Pull in</p>
<p>Depreciation</p>	<p>On schedule</p>

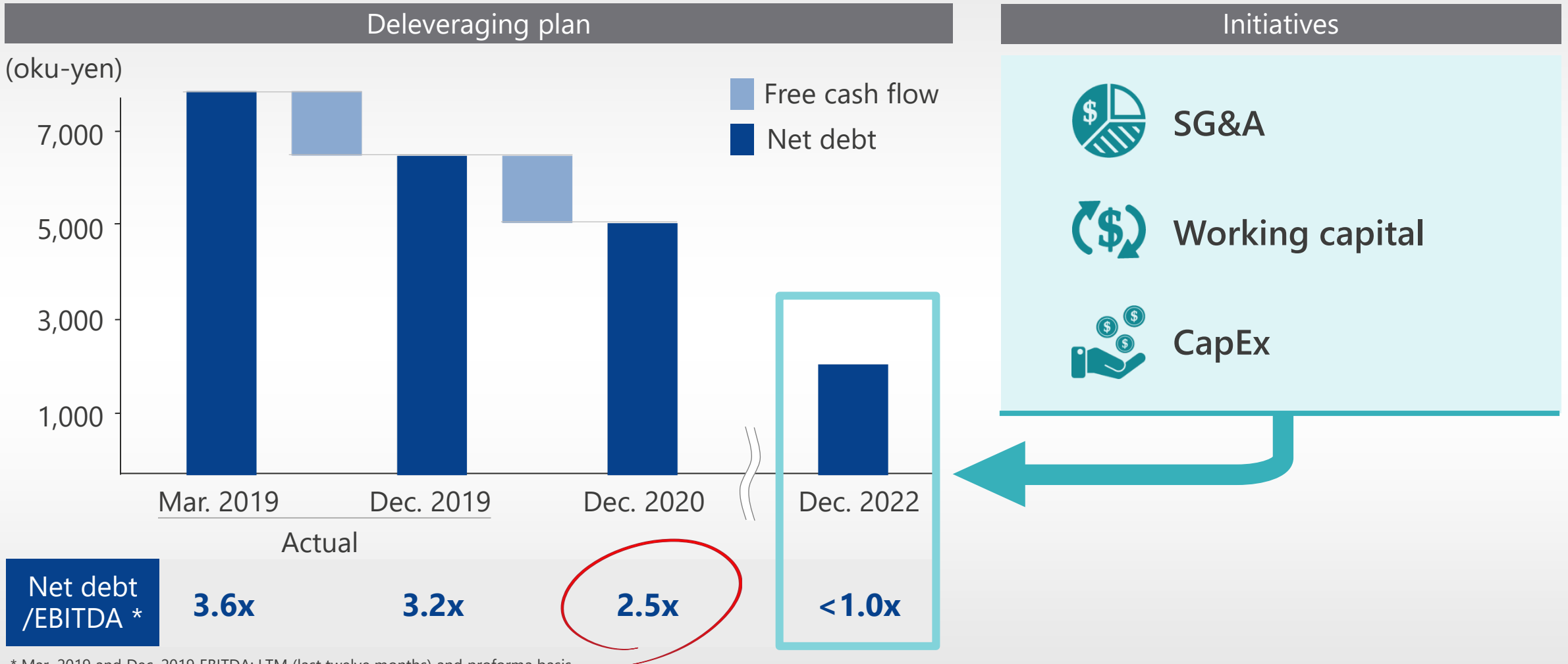
SG&A OUTLOOK



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

Initiatives	Time horizon
<p>Logistics cost:</p> <ul style="list-style-type: none"> -Short-term increase due to COVID-19 -Mid-term decrease expected through simplification of logistics flow 	Push out
<p>IT spend:</p> <ul style="list-style-type: none"> -Larger-than-expected effect from ERP and peripheral systems integration 	Pull in
<p>GA outsourcing:</p> <ul style="list-style-type: none"> -Accelerated "new normal" post COVID-19 -Reducing office spaces and upgrading key offices 	Pull in

DELEVERAGING TARGET **STAY THE COURSE**



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

SUMMARY

	As of Analyst day (Feb. 2020)		As of Today
Revenue	Grow @SAM+	➤	=
Gross margin	50%	➤	=
Operating margin	20%+	➤	+
Deleveraging	<1.0x by Dec. 2022	➤	=

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