FY18/12 Q4/FULL-YEAR PRESENTATION

RENESAS ELECTRONICS CORPORATION
FEBRUARY 8, 2019

BIG IDEAS
FOR EVERY SPACE

FINANCIAL TARGETS AND STRATEGY

Long-Term Financial Targets[*1] (Starting from CY16)

Topline growth

High Single-Digit CAGR

Margin Improvement

Adj. GM [*2] : 44%[*4] → 50%

Adj. OM [*3] : 12%[*4] → Over 20%

Clear Path to Gross Margin Expansion

Topline Growth

Manufacturing Optimization

Better Product Mix

Intersil Consolidation

+

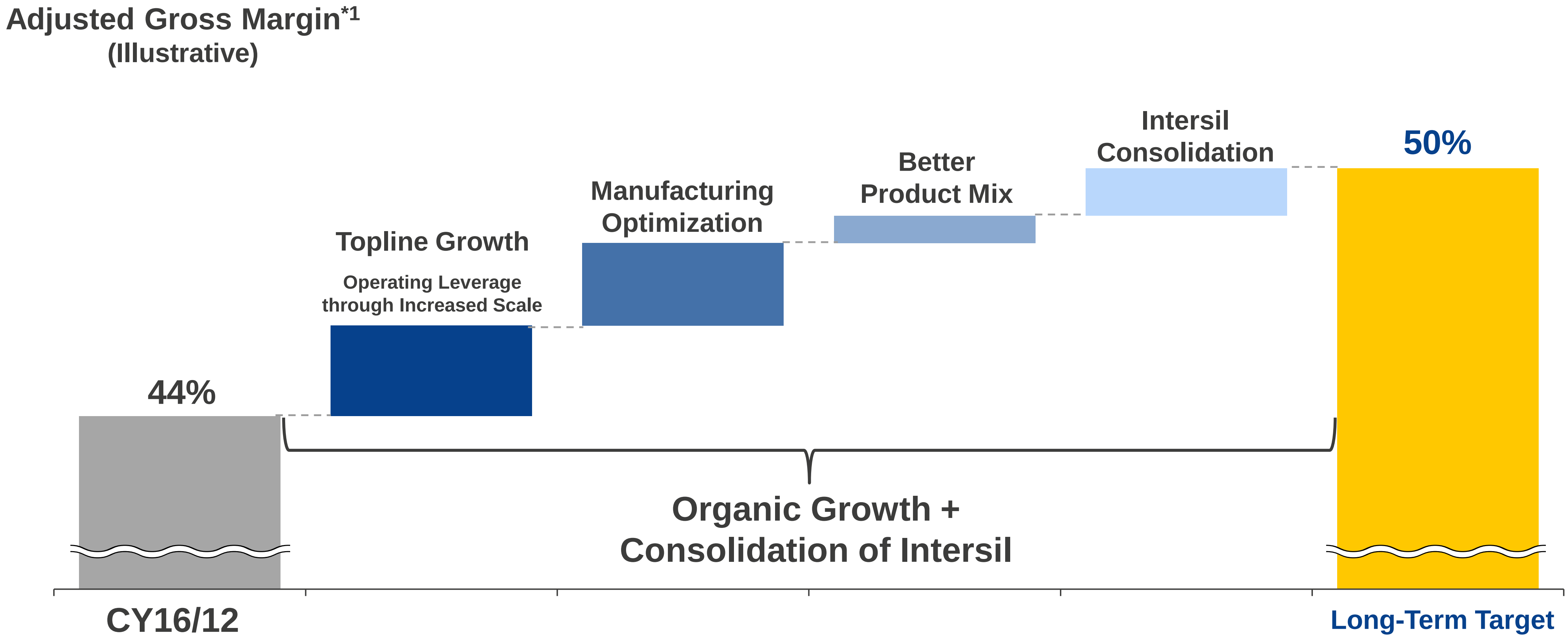
Further Acquisitions

*1: Long-term targets reflect non-GAAP adjustments and exclude amortization of goodwill and intangible assets, noncash expenses such as stock based compensation expenses and one-time expenses. For a detailed reconciliation of the GAAP / non-GAAP items, please see pages 6-8 in the appendix to these materials.

*2: Adjusted Gross Margin: The calculation of adjusted gross profit margin excludes the effects of inventory buildup, Purchased Price Allocation ("PPA") effects and expenses related to stock-based compensation

*3: Adjusted Operating Margin: The calculation of adjusted operating income margin excludes the effect of inventory buildup, PPA effects, amortization of goodwill, costs related to the acquisition of Intersil, amortization of purchased intangible assets, expenses related to stock-based compensation and costs related to the offering. *4: Calculated on a calendar-year basis (Jan-Dec 2016) by adding FY2016/3 4Q (3 months) to FY2016/12 (9 months)

STEPS TO IMPROVE GROSS MARGIN



*1: Non-GAAP figure, Gross Margin: The calculation of adjusted gross profit margin excludes the effects of inventory buildup, Purchased Price Allocation ("PPA") effects following the purchase of Intersil and expenses related to stock-based compensation. For a detailed reconciliation of the GAAP / non GAAP items, please see pages 6-8 in the appendix to these materials

Organic | Inorganic

CUSTOM APPROACHES FOR FOCUSED INDUSTRIES

	Automotive	Industrial	Broad-Based and others
MCUs	Intensive R&D	Intensive R&D	Inorganic + Organic Approaches
SoCs	Strategic Partnerships and Alliances		
Analog & Mixed Signal	Strategic Investments including Further Acquisitions Intersil: Acquired for $ 3.2B in Feb 2017 IDT: Plan to acquire for $ 6.7B by Jun 2019*1		
Power Discretes	Selective Investments		

*1: Closing of the transaction is expected to occur in the first half of 2019, following approvals by IDT shareholders and the relevant regulatory authorities.

NON-GAAP BASIS INFORMATION

In this section, Renesas Electronics Group (hereinafter “the Group”) applies Non-GAAP financial measures (hereinafter “Non-GAAP basis”) used for management’s decision making. The Group defines the Non-GAAP consolidated financial results as financial accounting figures (hereinafter “GAAP”) excluding or adjusting non-recurring and other items. The Group believes Non-GAAP operating income is useful information to understand its recurring operating performance.

The Group reports its consolidated forecast on a quarterly basis (cumulative quarter total) as a substitute for a yearly forecast.

REVISED GAAP/NON-GAAP RECONCILIATION (FY17/12-)

- Non-GAAP Basis: Non-GAAP figures are calculated by adjusting or removing non-recurring items and other adjustments from GAAP figures. The Group believes non-GAAP measures provide useful information in understanding and evaluating the Group's constant business results, and therefore results are provided in non-GAAP base. This adjustment and exclusion include the amortization of goodwill and depreciation of intangible assets recognized from acquisitions, other PPA (purchase price allocation) adjustments and costs relating to acquisitions, stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable.
- PPA effects include market valuations of inventories and fixed assets, etc.
- The consolidated financial statements for the year ended December 31, 2017 reflected a significant revision in allocation of the acquisition cost following the provisional accounting treatment finalized on December 31, 2017 for a business combination of Intersil which Renesas acquired on February 24, 2017.

(B yen)	FY17/12				FY18/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net Sales（After PPA)	177.2	197.3	195.5	210.2	185.9	203.5	180.2	187.7
PPA Effects (Net Sales)	+0.4	+0.8	-0	+0	-	-	-	-
Net Sales（Non-GAAP）	177.6	198.1	195.5	210.2	185.9	203.5	180.2	187.7
Gross Margin (GAAP/After PPA)	77.7	81.9	93.0	100.2	88.8	91.9	79.5	76.3
PPA Effects（Net Sales/COGS*1）	+3.1	+8.5	+0.3	+0.4	+0.3	+0.3	+0.3	+0.3
Stock-Based Compensation (COGS)	+0	+0	+0	+0.2	+0.1	+0.1	+0.2	+0.2
Gross Profit (Non-GAAP)	80.8	90.5	93.3	100.8	89.3	92.4	+80.0	76.8
Gross Margin (Non-GAAP) (%)	45.5%	45.7%	47.7%	47.9%	48.0%	45.4%	44.4%	40.9%

*1:Cost of goods sold

GAAP/NON-GAAP[*1] RECONCILIATION (FY17/12-)

(B yen)	FY17/12				FY18/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating Profit (GAAP/After PPA)	22.1	9.4	25.0	21.9	20.6	23.0	13.1	10.1
PPA Effects[*2] (Net Sales/COGS[*3])	+3.1	+8.5	+0.3	+0.4	+0.3	+0.3	+0.3	+0.3
PPA Effects (R&D[*4], SG&A[*5]) Increase in depreciation of fixed assets, etc.	+0.1	+0.2	+0.2	+0.2	+0.1	+0.1	+0.1	+0.1
Stock-Based Compensation (COGS)	+0	+0	+0	+0.2	+0.1	+0.1	+0.2	+0.2
Amortization of Goodwill (SG&A)	+1.8	+5.2	+5.2	+5.3	+5.1	+5.2	+5.2	+5.3
Costs Related to the Acquisition of Intersil (SG&A)	+0.5	+0.4	+0.4	+0.2	+0.2	+0.2	+0.2	+0.2
Costs Related to the Acquisition of Intersil (R&D)	-	-	-	+0.1	+0	+0.1	+0.1	+0.1
Amortization of Purchased Intangible Assets (SG&A)	+1.5	+4.4	+4.4	+4.5	+4.1	+3.7	+3.8	+3.9
Stock-Based Compensation (R&D)	+0	+0.3	+0.3	+0.5	+0.2	+0.5	+0.4	+0.5
Stock-Based Compensation (SG&A)	+0	+0.3	+0.3	+0.9	+0.6	+0.6	+0.5	+0.5
Costs Related to the Offering and Others (SG&A)	-	+0.2	+0	-	+0	+0.2	+0.4	+0.1
Operating Profit (Non-GAAP)	29.1	29.0	35.9	34.1	31.4	33.9	24.1	21.2
Operating Margin (Non-GAAP) (%)	16.4%	14.6%	18.4%	16.2%	16.9%	16.7%	13.4%	11.3%

*1: Non-GAAP Basis: Non-GAAP figures are calculated by adjusting or removing non-recurring items and other adjustments from GAAP figures. The Group believes non-GAAP measures provide useful information in understanding and evaluating the Group's constant business results, and therefore results are provided in non-GAAP base. This adjustment and exclusion include the amortization of goodwill and depreciation of intangible assets recognized from acquisitions, other PPA (purchase price allocation) adjustments and costs relating to acquisitions, stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable.

* 2: PPA effects include market valuations of inventories and fixed assets. *3: Cost of goods sold *4: Research & development expenses *5: Selling, general and administrative expenses

GAAP/NON-GAAP*1 RECONCILIATION (FY17/12-)

(B yen)	FY17/12				FY18/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	O4
Net Profit Attributable to Shareholders of Parent Company (GAAP/After PPA)	17.2	19.1	22.3	18.6	23.3	26.1	7.6	-2.4
Reconciliations in Operating Profit Level	+7.0	+19.6	+10.9	+12.2	+10.8	+10.9	+11.1	+11.1
Reconciliations in Ordinary Profit (PPA Effects*2)	-	-	-	+0.1	-	-	-	-
Reconciliations in Net Profit (PPA Effects)	-0.5	-1.4	-0.6	-0.5	-	-	-	-
Reconciliations in Net Profit (Impact from Intersil Acquisition and Non-Recurring Expenses)	-	-	-	-	-8.2	-6.7	-	+8.7
Net Profit Attributable to Shareholders of Parent Company (Non-GAAP)	23.6	37.3	32.7	30.3	25.9	30.4	18.6	17.4

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*2: PPA effects include market valuations of inventories and fixed assets.

FY18/12 Q4 FINANCIAL SNAPSHOT (NON-GAAP BASIS*1)

YoY and QoQ results as well as the changes from July 31 FCTs of the Net Sales and Semi Sales are rounded off to one decimal place.

(B yen)	FY17		FY18 (FY18/12)								
	Oct-Dec (Q4)	Full Year (Jan-Dec)	Jul-Sep (Q3)	Oct-Dec (Q4) Forecast	Oct-Dec (Q4) Actual	YoY	QoQ	Change from Oct 31 FCT	Full Year (Jan-Dec) Actual	YoY	Change from Oct 31 FCT
Net Sales	210.2	781.5	180.2	185.0	187.7	-10.7%	+4.2%	+1.5%	757.4	-3.1%	+0.4%
Semi Sales	206.4	765.6	175.6	181.1	183.8	-11.0%	+4.7%	+1.5%	740.5	-3.3%	+0.4%
Gross Margin	47.9%	46.7%	44.4%	40.0%	40.9%	-7.0pts	-3.5pts	+0.9pt	44.7%	-2.1pts	+0.2pt
Operating Income (Margin)	34.1 (16.2%)	128.1 (16.4%)	24.1 (13.4%)	13.5 (7.3%)	21.2 (11.3%)	-12.9 (-4.9pts)	-3.0 (-2.1pts)	+7.7 (+4.0pts)	110.6 (14.6%)	-17.5 (-1.8pts)	+7.7 (+1.0pt)
Net Income Attributable to Shareholders of Parent Company	30.3	123.9	18.6	12.5	17.4	-12.9	+1.2	+4.9	92.3	-31.5	+4.9
EBITDA*2	54.5	202.8	46.8	36.6	43.9	-10.6	-2.9	+7.3	200.6	-2.2	+7.3
1 US$=	113 yen	112 yen	111 yen	112 yen	113 yen	±0 yen	2 yen depreciation	1 yen depreciation	110 yen	2 yen appreciation	1 yen depreciation
1 Euro=	133 yen	127 yen	129 yen	129 yen	130 yen	3 yen appreciation	1 yen depreciation	1 yen depreciation	131 yen	4 yen depreciation	1 yen depreciation

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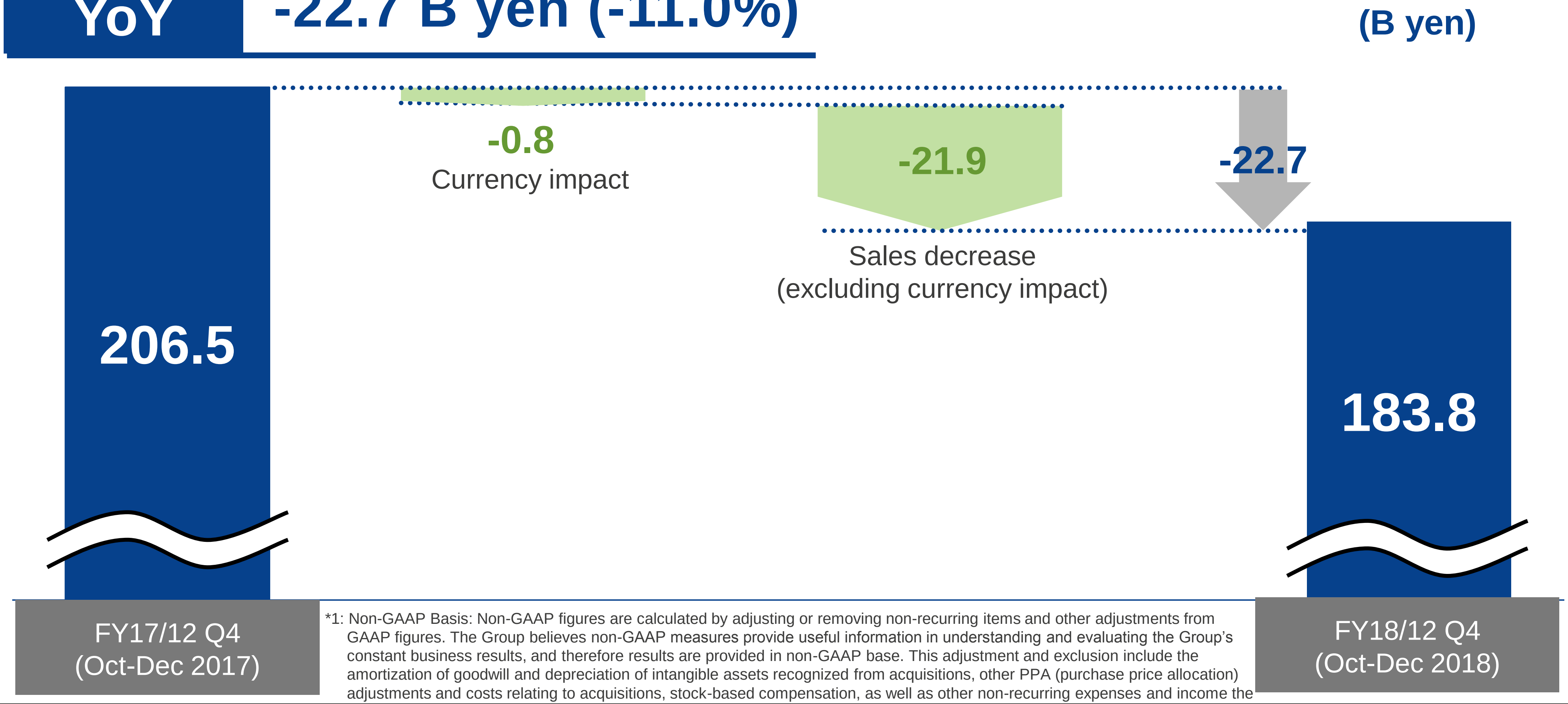
*2: Operating income + Depreciation and amortization + Amortization of long-term prepaid expenses

FY18/12 Q4 SEMICONDUCTOR SALES (NON-GAAP BASIS*1)

YoY -22.7 B yen (-11.0%)



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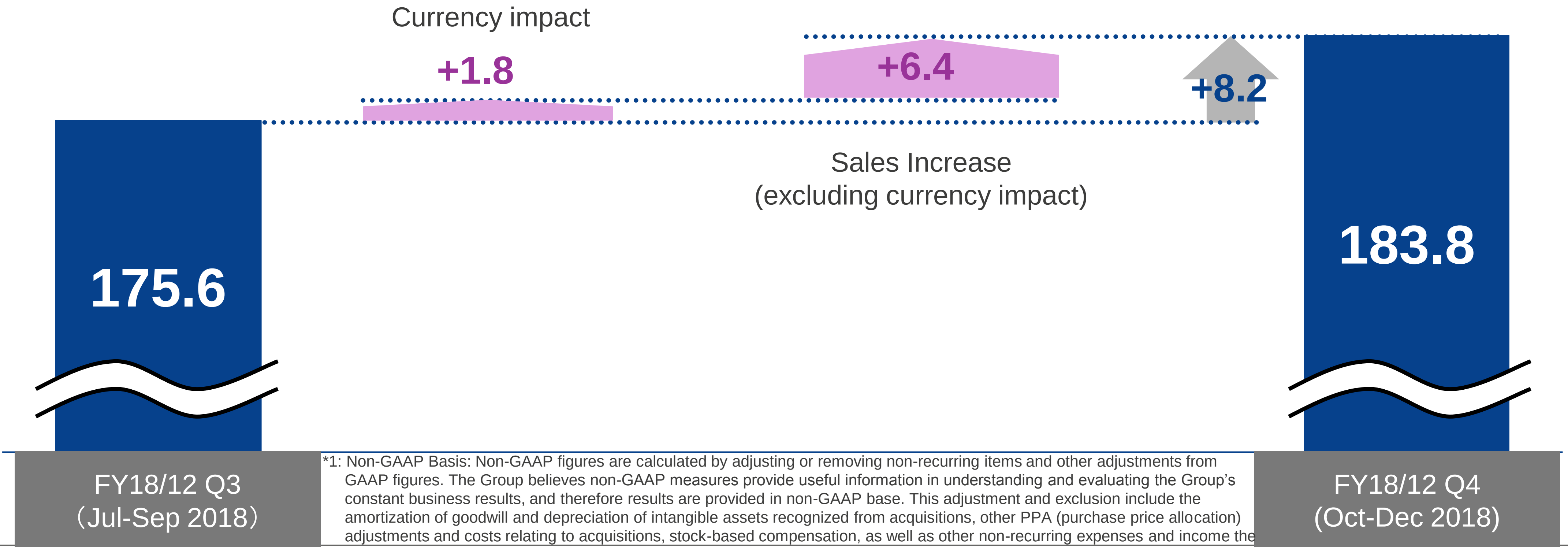
FY18/12 Q4 SEMICONDUCTOR SALES (NON-GAAP BASIS*1)

QoQ +8.2 B yen (+4.7%)

(B yen)



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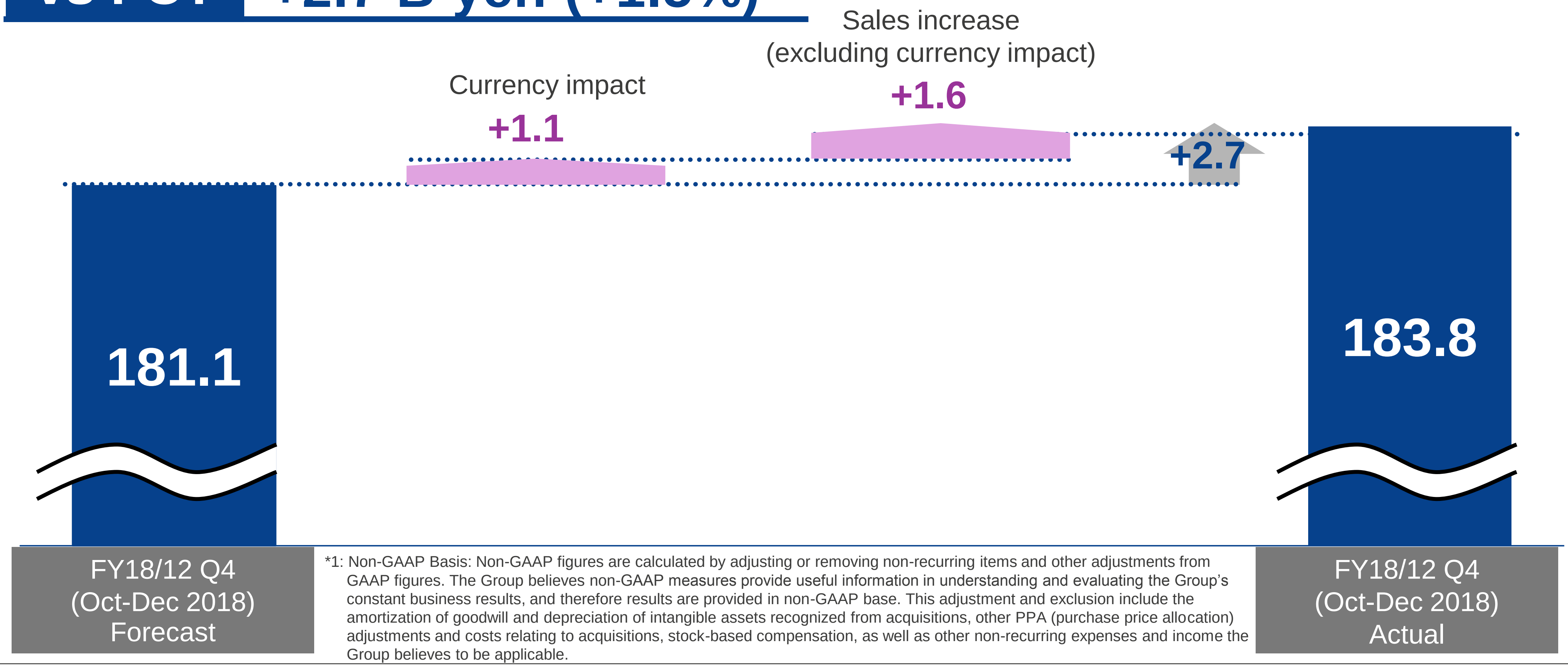
FY18/12 Q4 SEMICONDUCTOR SALES (NON-GAAP BASIS*1)

vs FCT +2.7 B yen (+1.5%)

(B yen)



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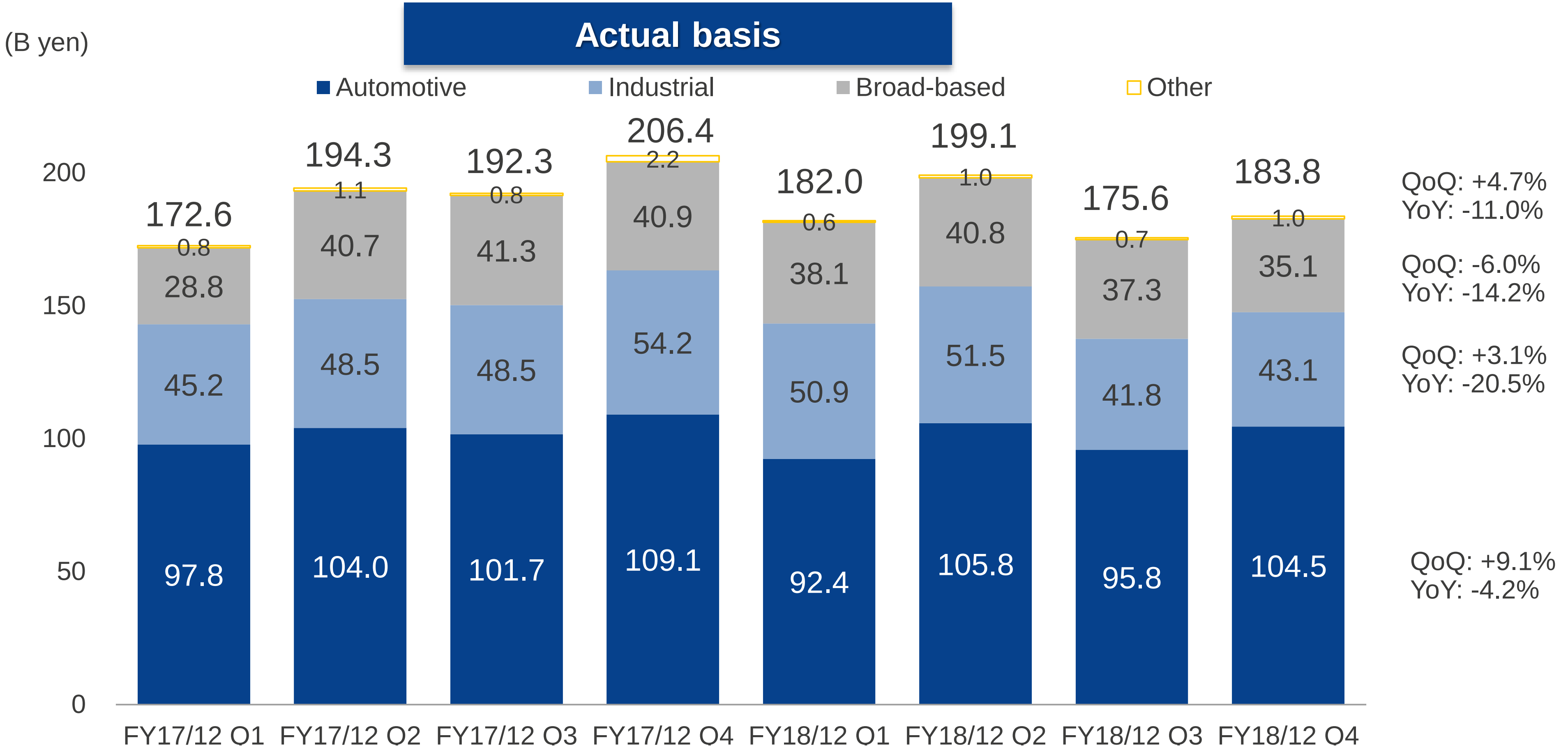
QUARTERLY SEMICONDUCTOR SALES TRENDS
(NON-GAAP BASIS*1)



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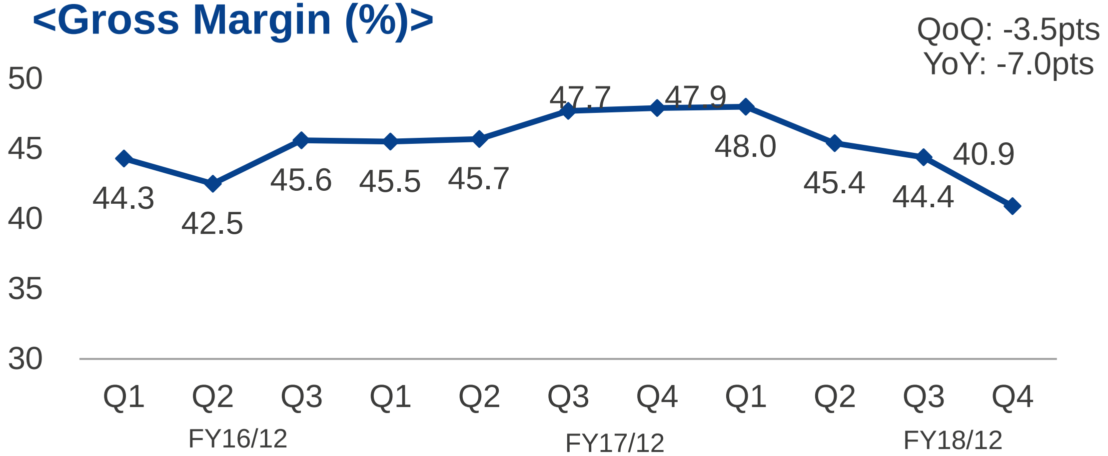
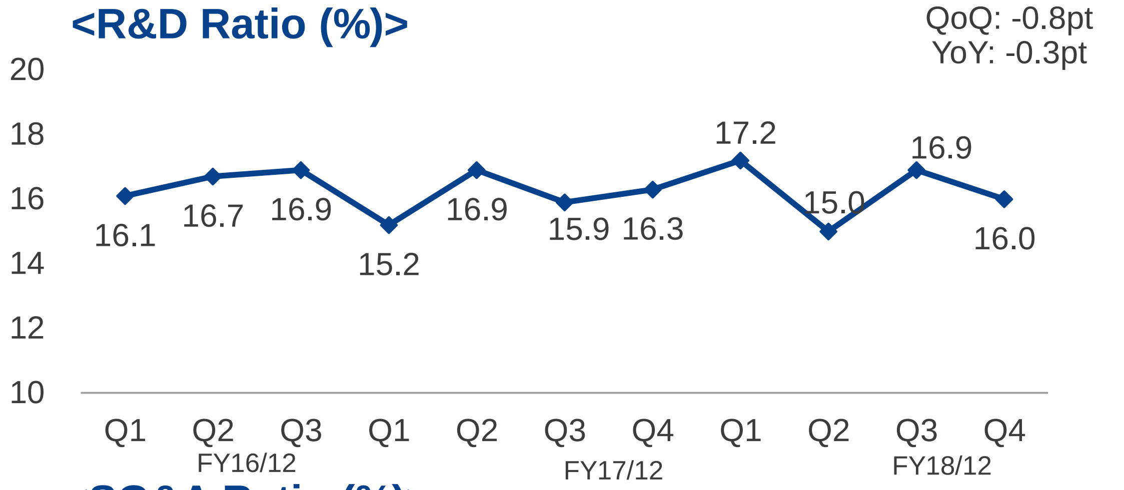
GROSS MARGIN, OPERATING MARGIN AND OPEX TRAJECTORY

(NON-GAAP BASIS*1)

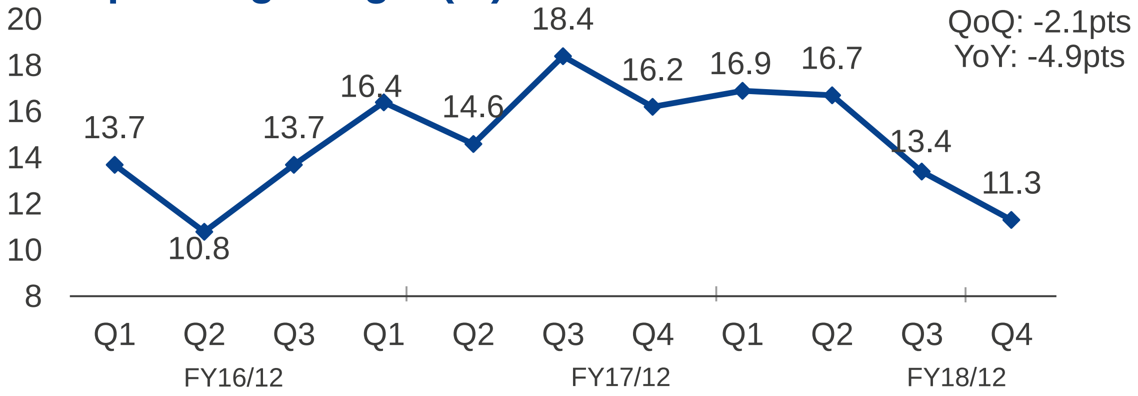
<Gross Margin (%)>



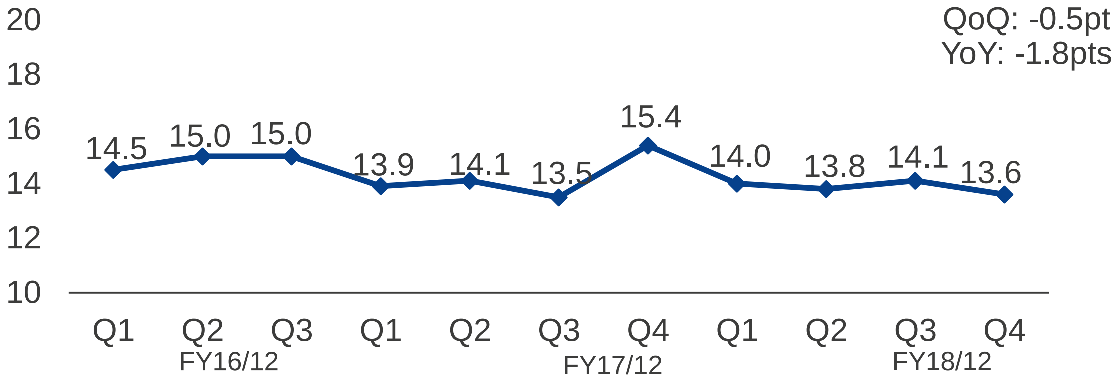
<R&D Ratio (%)>



<Operating Margin (%)>



<SG&A Ratio (%)>



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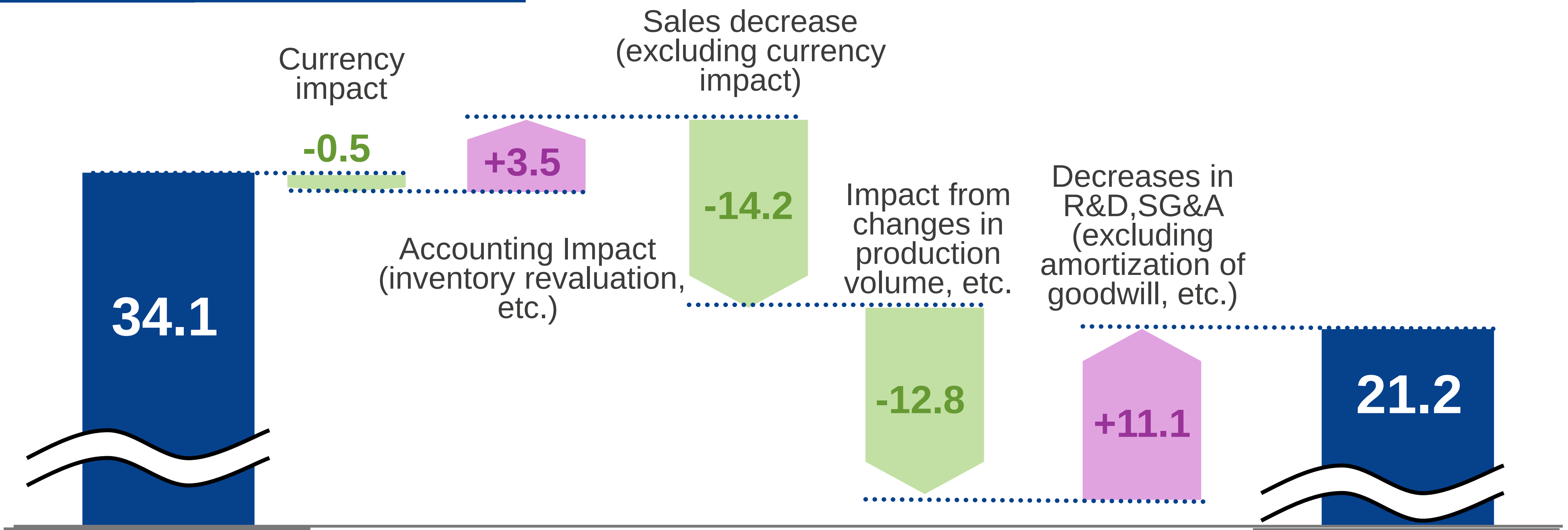
FY18/12 Q4 OPERATING INCOME
(NON-GAAP BASIS*1)

YoY -12.9 B yen

(B yen)



FY17/12 Q4 (Oct-Dec 2017)

FY18/12 Q4 (Oct-Dec 2018)

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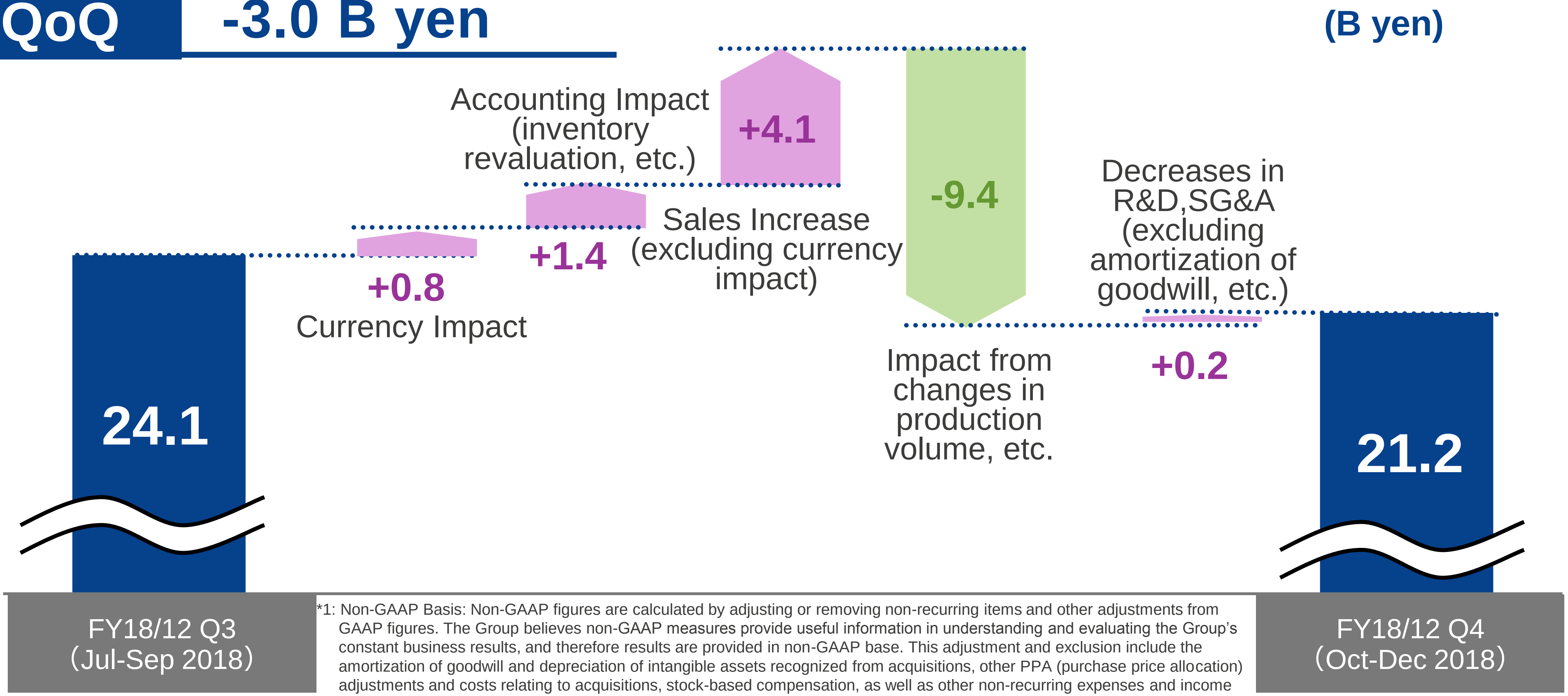
FY18/12 Q4 OPERATING INCOME
(NON-GAAP BASIS*1)

QoQ **-3.0 B yen**



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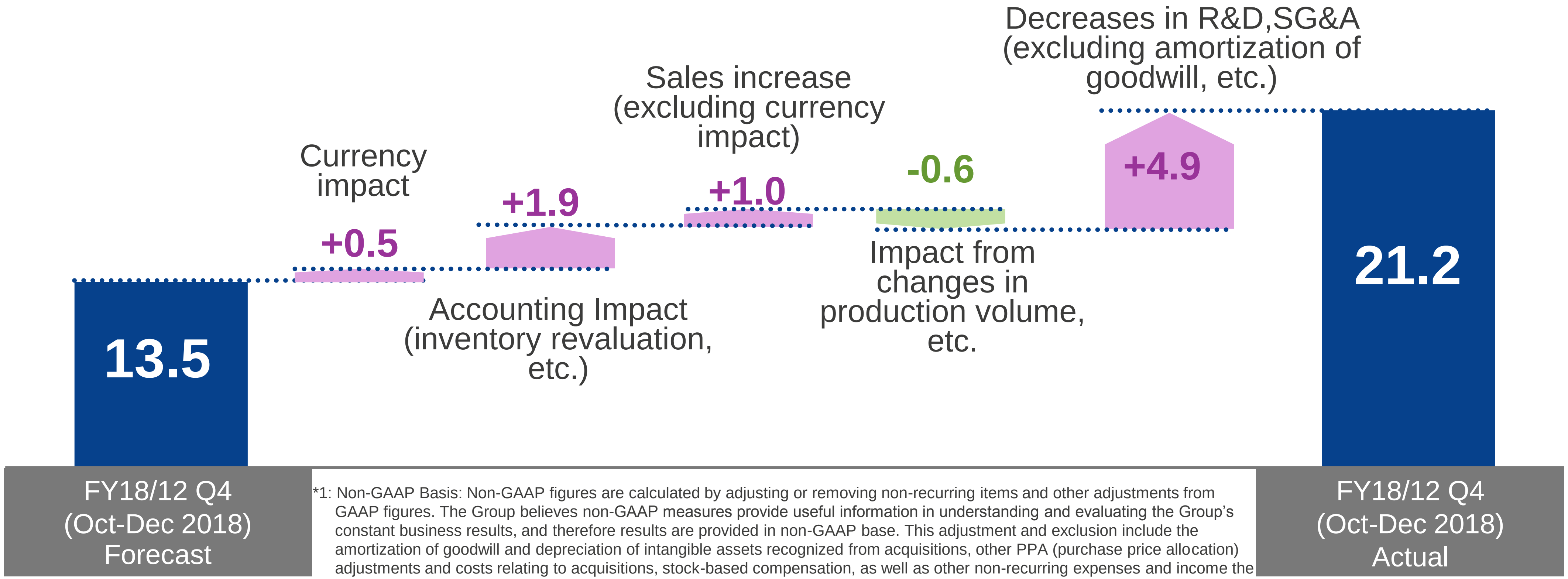
FY18/12 Q4 OPERATING INCOME
(NON-GAAP BASIS*1)

vs FCT +7.7 B yen

(B yen)



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ADOPTION OF IFRS AND CHANGES IN GUIDANCE

- With the outlook that the Group will continue to expand globally and to provide financial figures that can be compared on a global scale, it has been decided that the Group will voluntarily adopt the International Financial Reporting Standards ("IFRS") to its consolidated financial. Renesas will disclose its consolidated financial statements in accordance with IFRS starting from the annual securities report for the fiscal year ended December 31, 2018.

- Starting from the consolidated forecasts for the three months ending March 31, 2019, the Group will present financial forecasts as a range. In order to provide useful information that will help to better understand the Group's constant business results, figures such as sales, semiconductor sales and gross margin will be presented in the non-GAAP format, which excludes or adjusts the non-recurring items related to acquisitions and other adjustments removed as non-recurring expenses or income. The gross margin and operating margin forecasts are given assuming the midpoint in the net sales forecast.

FY19/12 Q1 FINANCIAL FORECASTS
(NON-GAAP BASIS*1)

YoY and QoQ forecasts of the Net Sales and Semi Sales are rounded off to one decimal place.

	FY19/1Q Forecast (IFRS)	Non-GAAP Reconciliation between IFRS and J-GAAP	FY19/1Q Forecast (J-GAAP basis)	FY18/1Q (J-GAAP basis)	FY18/4Q (J-GAAP basis)	YoY	QoQ
Sales (Billion Yen)	149.5 to 157.5	Disposal of sales incentive from sales rather than SG&A expenses	149.7 to 157.7	185.9	187.7	-19.5% to -15.2%	-20.3% to -16.0%
Semiconductor Sales (Billion Yen)	146.0 to 154.0	Same as above	146.2 to 154.2	182.0	183.8	-19.7% to -15.3%	-20.5% to -16.1%
Gross Margin	39%	Difference in the expected rate of return applied to pension assets for retirement benefit expenses	40%	48.0%	40.9%	-8.0pts	-0.9pt
Operating Margin	4.5%	The above sales incentive disposal and difference in retirement benefit expenses	5.5%	16.9%	11.3%	-11.4pts	-5.8pts
1USD=	109		109	108	113	1 yen depreciation	4 yen appreciation
1EUR=	124		124	133	130	9 yen appreciation	6 yen appreciation

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GAAP BASIS INFORMATION

The figures in this section are mainly based on GAAP (Generally Accepted Accounting Principles) stated on a financial reporting basis and are provided as additional information.

FORMER GAAP/NON-GAAP RECONCILIATION (UNTIL FY16/12)

(B Yen)	FY15/3				FY16/3				FY16/12		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Semiconductor Sales (GAAP) ①	201.2	199.6	177.4	175.1	174.5	177.0	160.9	163.2	147.5	148.3	161.4
Renesas SP Drivers*1②	-17.6	-21.0	-	-	-	-	-	-	-	-	-
Semiconductor Sales (Non-GAAP*2) ①+②	183.6	178.6	177.4	175.1	174.5	177.0	160.9	163.2	147.5	148.3	161.4
Gross Profit (GAAP) ①	80.5	81.6	78.6	78.1	79.8	85.5	71.8	68.5	65.1	62.9	74.7
Renesas SP Drivers ②	-6.0	-6.4	-	-	-	-	-	-	-	-	-
Inventory Buildup*3 ③	-2.6	-1.7	-1.7	-1.4	-0.4	-2.3	-2.3	+2.1	+2.3	+2.0	+1.2
Gross Profit (Non-GAAP) ①+②+③	71.9	73.5	76.9	76.7	79.4	83.2	69.5	70.6	67.4	64.9	75.9
Operating Income (GAAP) ①	27.0	23.5	29.5	24.4	32.4	30.7	25.0	15.7	18.6	14.6	21.6
Renesas SP Drivers ②	-3.9	-4.0	-	-	-	-	-	-	-	-	-
Inventory Buildup ③	-2.6	-1.7	-1.7	-1.4	-0.4	-2.3	-2.3	+2.1	+2.3	+2.0	+1.2
Operating Income (Non-GAAP) ①+②+③	20.5	17.9	27.8	23.0	32.0	28.4	22.7	17.8	20.9	16.6	22.8
R&D (Renesas SP Drivers)	1.8	1.9	-	-	-	-	-	-	-	-	-
SG&A (Renesas SP Drivers)	0.3	0.5	-	-	-	-	-	-	-	-	-

*1:Sales and operating income (loss) of the former Renesas SP Drivers, which was transferred on October 1, 2014

*2: 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.

*3:Amount of income (loss) from inventory buildup of the EOL products resulting from the realignment of the factories

FY18/12 Q4 FINANCIAL SNAPSHOT

YoY and QoQ results as well as the changes from July 31 FCTs of the Net Sales and Semi Sales are rounded off to one decimal place.

(B yen)	FY17/12		FY18/12								
	Q4 (Oct-Dec)	Full Year (Jan-Dec)	Q3 (Jul-Sep)	Q4 (Oct-Dec) Forecast	Q4 (Oct-Dec) Actual	YoY	QoQ	Change from Oct 31 FCT	Full Year (Jan-Dec) Actual	YoY	Change from Oct 31 FCT
Net Sales	210.2	780.3	180.2	185.0	187.7	-10.7%	+4.2%	+1.5%	757.4	-2.9%	+0.4%
Semi Sales	206.5	764.4	175.6	181.1	183.8	-11.0%	+4.7%	+1.5%	740.5	-3.1%	+0.4%
Gross Margin	47.7%	45.2%	44.1%	39.7%	40.7%	-7.0pts	-3.5pts	+0.9pt	44.4%	-0.8pt	+0.2pt
Operating Income (Margin)	21.9 (10.4%)	78.4 (10.0%)	13.1 (7.3%)	2.5 (1.4%)	10.1 (5.4%)	-11.7 (-5.0pts)	-3.0 (-1.9pts)	+7.6 (+4.0pts)	66.8 (8.8%)	-11.6 (-1.2pts)	+7.6 (+1.0pt)
Net Income Attributable to Shareholders of Parent Company	18.6	77.2	7.6	1.6	-2.4	-21.0	-10.0	-4.0	54.6	-22.6	-4.0
EBITDA*2	52.6	187.1	45.0	35.1	42.4	-10.2	-2.7	+7.3	194.5	+7.4	+7.3
1 US$=	113 yen	112 yen	111 yen	112 yen	113 yen	±0 yen	2 yen depreciation	1 yen depreciation	110 yen	2 yen appreciation	1 yen depreciation
1 Euro=	133 yen	127 yen	129 yen	129 yen	130 yen	3 yen appreciation	1 yen depreciation	1 yen depreciation	131 yen	4 yen depreciation	1 yen depreciation

*1: The consolidated financial statements for the year ended December 31, 2017 reflect a significant revision in allocation of the acquisition cost following the provisional accounting treatment finalized on December 31, 2017 for a business combination of Intersil which Renesas acquired on February 24, 2017.
*2: Operating income + Depreciation and amortization + Amortization of long-term prepaid expenses + Amortization of goodwill

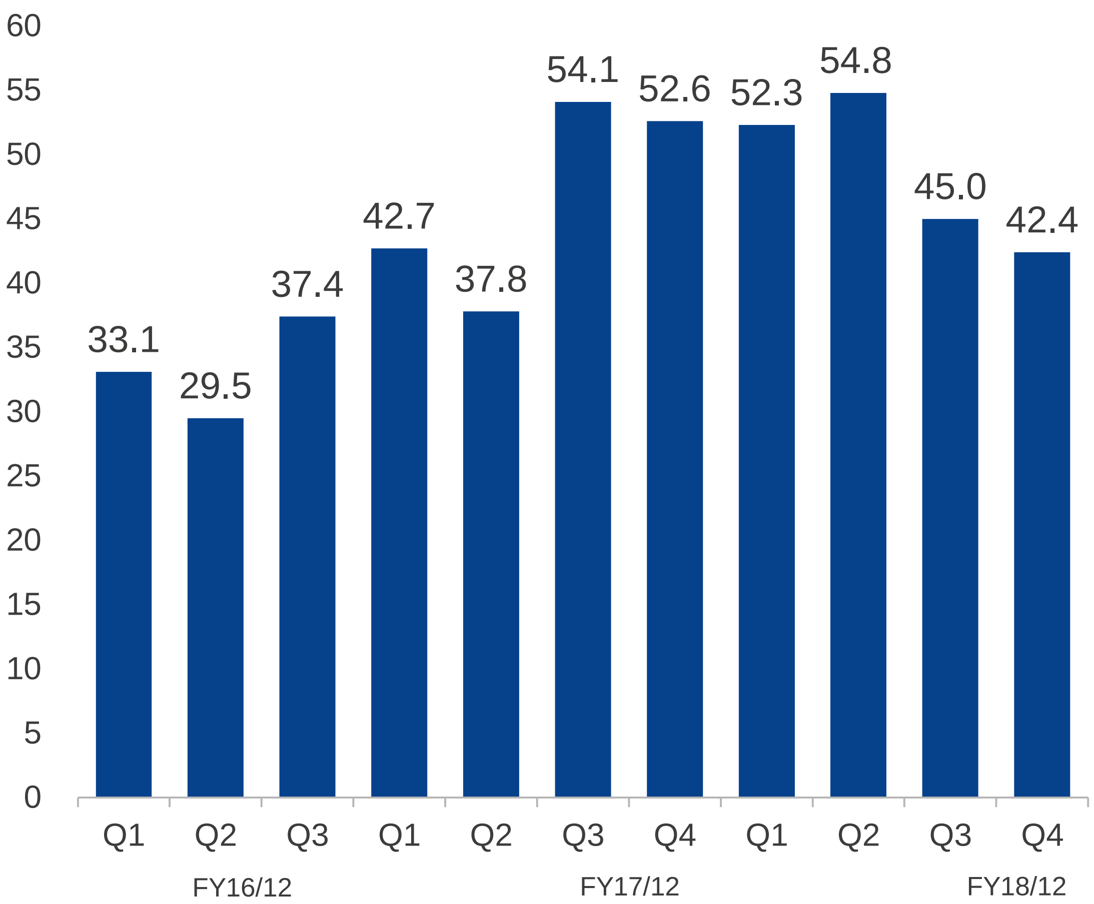
BALANCE SHEETS*1

(B yen)	As of Dec. 31, 2017	As of Mar. 31, 2018	As of Jun. 30, 2018	As of Sep. 30, 2018	As of Dec. 31, 2018
Total Assets	1,051.5	1,016.2	1,044.3	1,042.9	967.8
Cash and Cash Equivalents*2	139.5	124.3	160.3	184.5	188.8
Inventories	126.6	138.8	138.5	141.5	118.0
Liabilities	539.6	505.0	493.7	476.1	436.2
Interest-Bearing Debt*3	229.5	227.0	231.6	229.0	192.9
Shareholders' Equity	485.5	510.1	536.8	544.0	542.0
Net Assets	511.9	511.2	550.6	566.8	531.6
D/E Ratio (Gross)*4	0.45	0.45	0.43	0.41	0.37
D/E Ratio (Net)*5	0.18	0.20	0.13	0.08	0.01
Equity*6 Ratio	48.2%	49.8%	52.1%	53.7%	54.1%

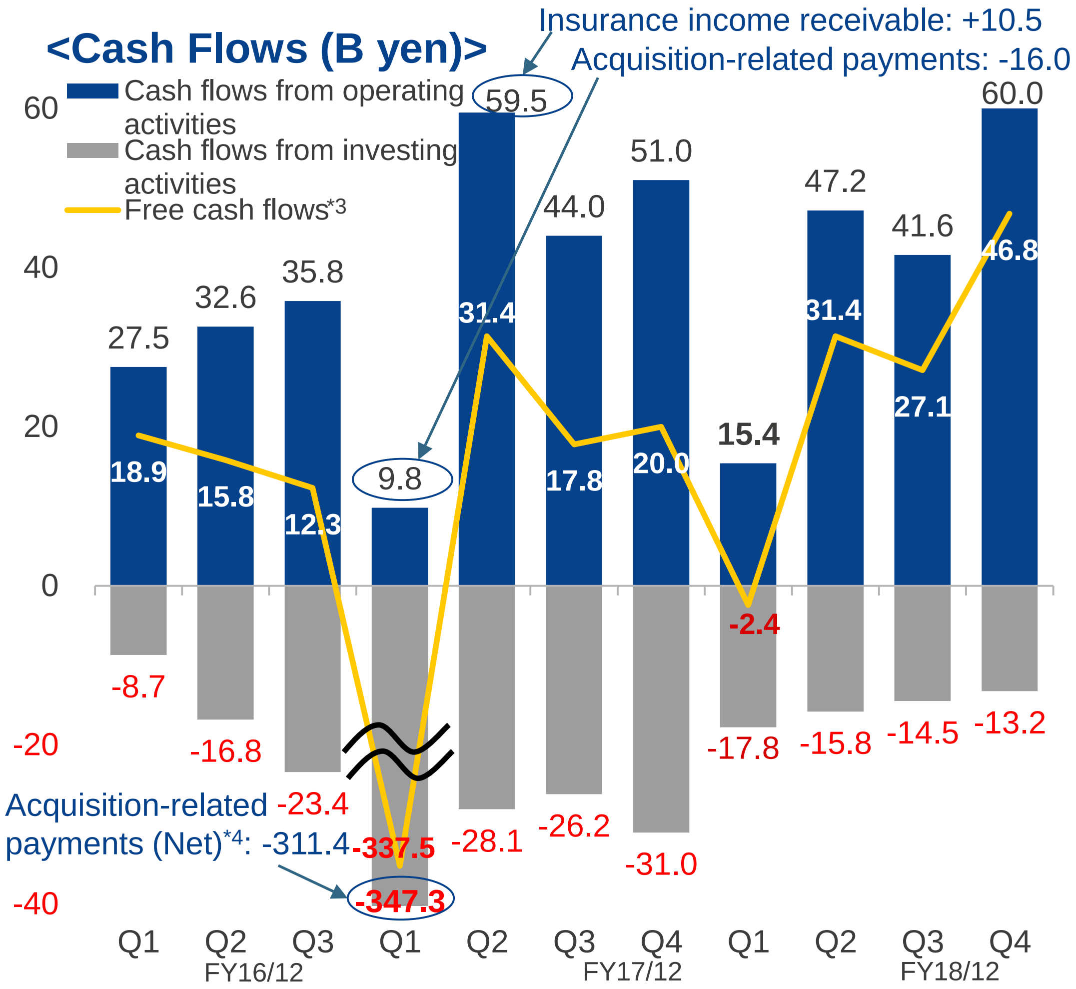
*1: The consolidated financial statements for the year ended December 31, 2017 reflect a significant revision tin allocation of the acquisition cost following the provisional accounting treatment finalized on December 31, 2017 for a business combination of Intersil which Renesas acquired on February 24, 2017.
*2: Sum of Cash and deposits and Short-term investment securities minus the Time deposits with maturities of more than three months and Securities with maturities of more than three months
*3: Short-term borrowings + Current portion of long-term borrowings + Lease obligations + Long-term borrowings
*4: Interest-Bearing Debt / Equity *5: (Interest-Bearing Debt - Cash and Cash Equivalents) / Equity *6: Shareholders' Equity + Other Comprehensive Income

EBITDA*1 AND CASH FLOWS

<EBITDA (B yen)>



<Cash Flows (B yen)>



*1 EBITDA: Operating income + Depreciation and amortization + Amortization of long-term prepaid expenses + Amortization of goodwill *3 Free cash flows: Cash flows from operating activities + cash flows from investing activities

*2: Operating income + Depreciation and amortization + Amortization of long-term prepaid expenses + Amortization of goodwill

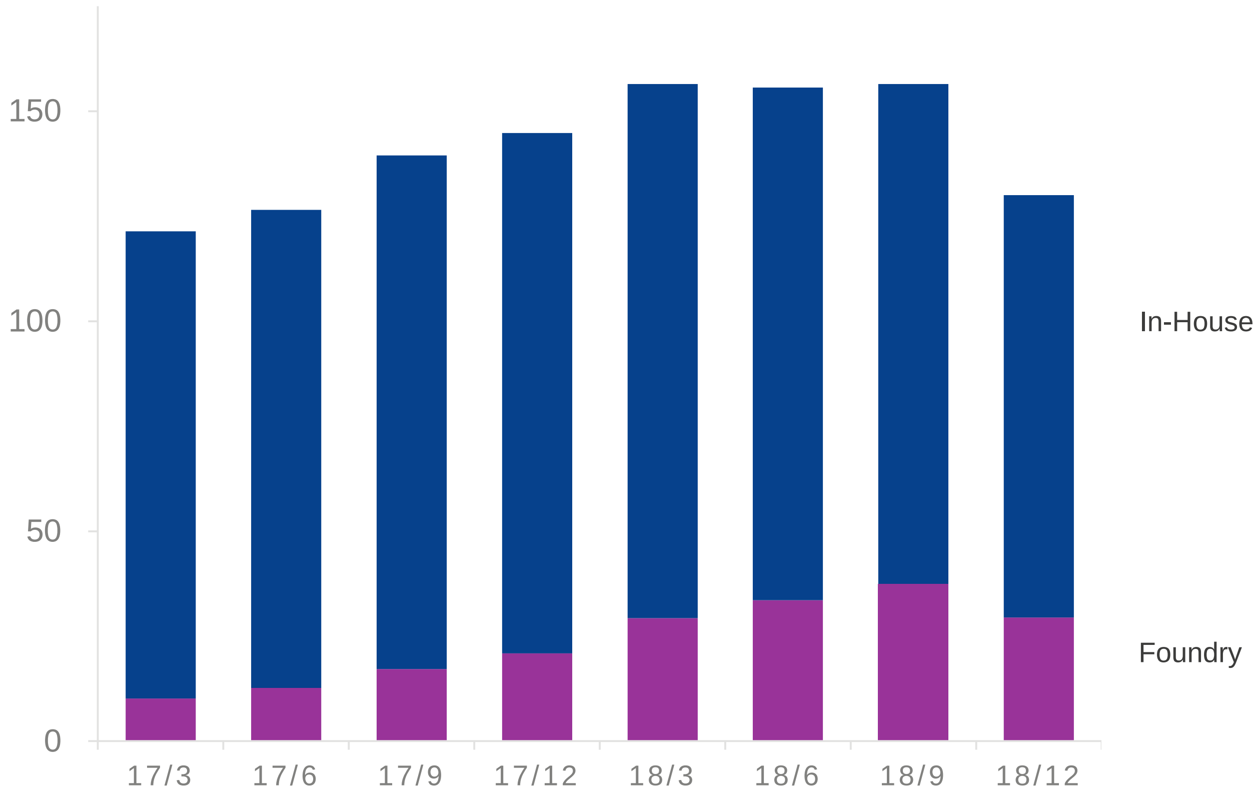
*4 Acquisition-related payments (Net): Sum of payments for purchase of Intersil shares and Intersil's cash and cash equivalents as of Feb 24, 2017

OTHER INFORMATION

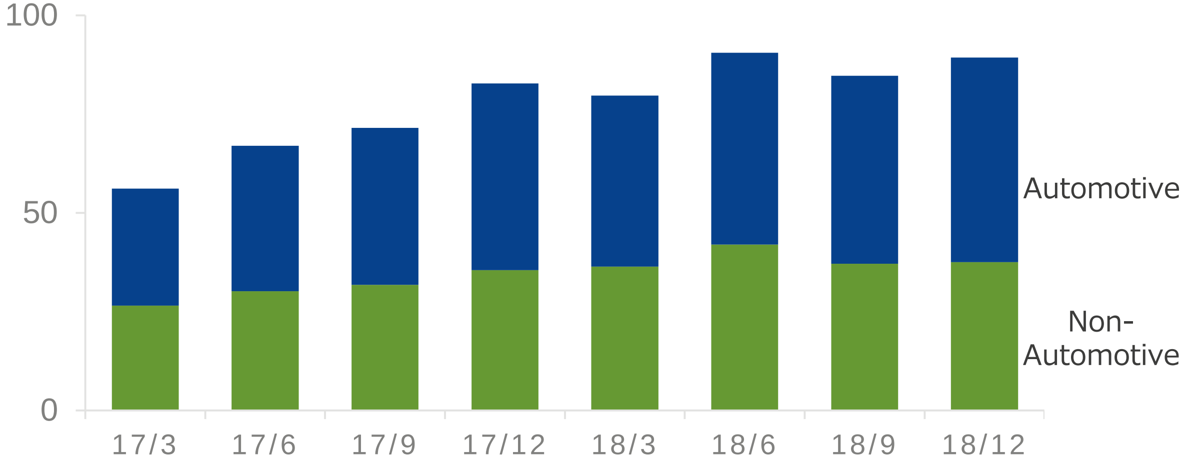
This section is mainly based on non-financial information categorized as "other information".

INVENTORY
(MANAGERIAL ACCOUNTING BASIS, BILLON YEN)

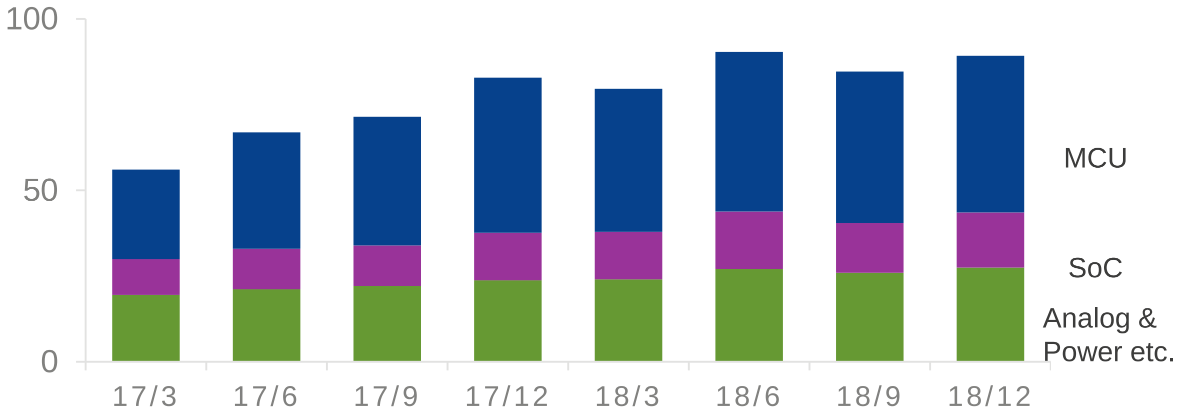
<Inventory Change
(Work in Process + Finished Goods)>



<Sales Channel Inventory*1 (by application) >



<Sales Channel Inventory (by product) >

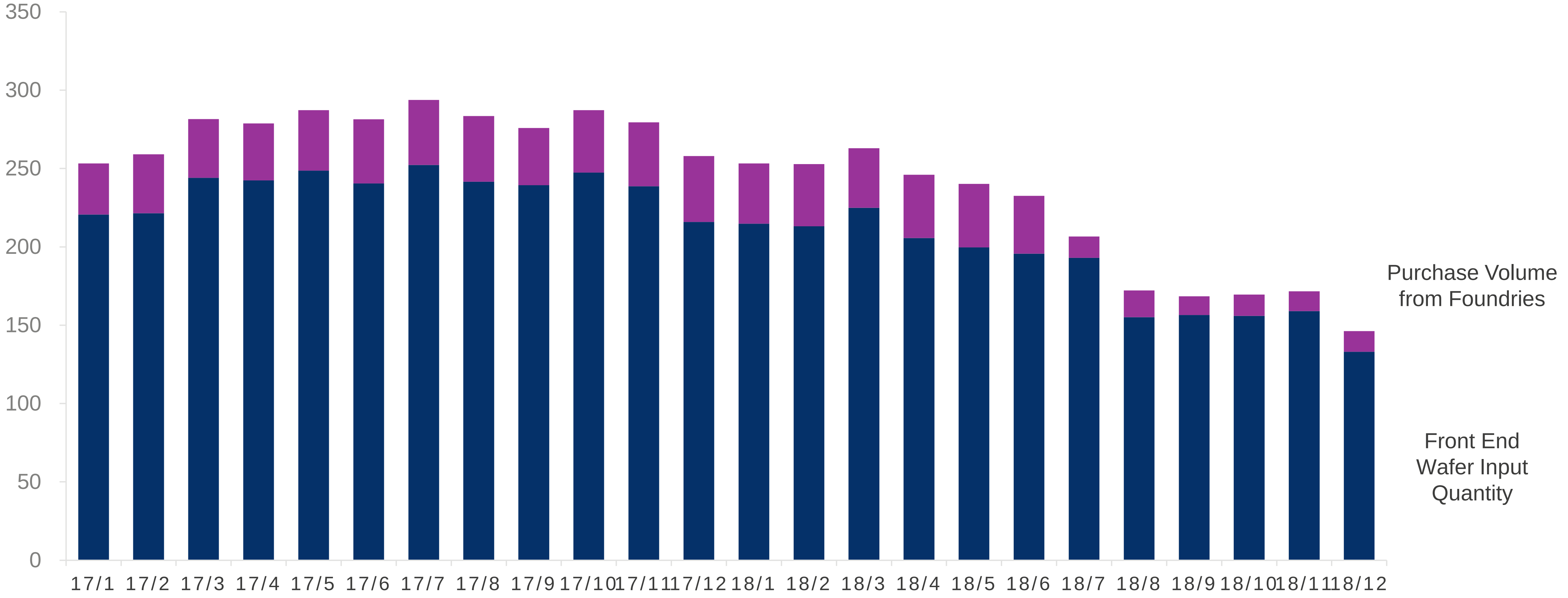


*1: Total inventory of the 16 exclusive sales distributors for Japanese customers.

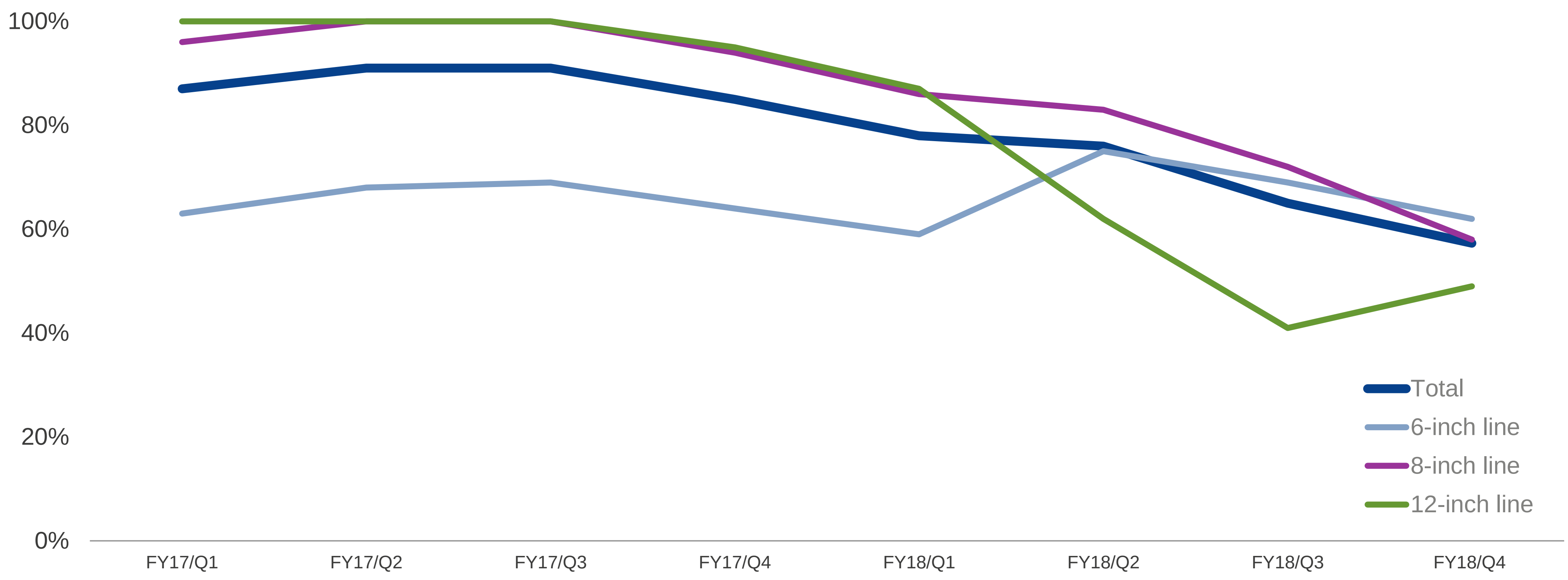
BIG IDEAS FOR EVERY SPACE

MONTHLY CHANGES IN FRONT-END WAFER INPUT QUANTITY AND PURCHASE VOLUME FROM FOUNDRIES (8-INCH EQUIVALENT)

<1,000 wafers / month>



QUARTERLY TRENDS IN FRONT-END UTILIZATION RATE
(WAFER INPUT BASIS)



BIG IDEAS FOR EVERY SPACE

(FORWARD-LOOKING STATEMENTS)

The statements in this presentation with respect to the plans, strategies and forecasts of Renesas Electronics and its consolidated subsidiaries (collectively "we") are forward-looking statements involving risks and uncertainties. Such forward-looking statements do not represent any guarantee by management of future performance. In many cases, but not all, we use such words as "aim," "anticipate," "believe," "continue," "endeavor," "estimate," "expect," "initiative," "intend," "may," "plan," "potential," "probability," "project," "risk," "seek," "should," "strive," "target," "will" and similar expressions to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements discuss future expectations, identify strategies, contain projections of our results of operations or financial condition, or state other forward-looking information based on our current expectations, assumptions, estimates and projections about our business and industry, our future business strategies and the environment in which we will operate in the future. Known and unknown risks, uncertainties and other factors could cause our actual results, performance or achievements to differ materially from those contained or implied in any forward-looking statement, including, but not limited to: general economic conditions in our markets, which are primarily Japan, North America, Asia and Europe; demand for, and competitive pricing pressure on, our products and services in the marketplace; our ability to continue to win acceptance of its products and services in these highly competitive markets; and movements in currency exchange rates, particularly the rate between the yen and the U.S. dollar. Among other factors, a worsening of the world economy, a worsening of financial conditions in the world markets, and a deterioration in the domestic and overseas stock markets, would cause actual results to differ from the projected results forecast.

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