



Direction of Renesas Group

Renesas Electronics Corporation

August 2, 2013

- Hisao Sakuta, Representative Director, Chairman and CEO
- Tetsuya Tsurumaru, Representative Director, President and COO

1. Overview of the Direction



Principles of behavior as an organization and personnel

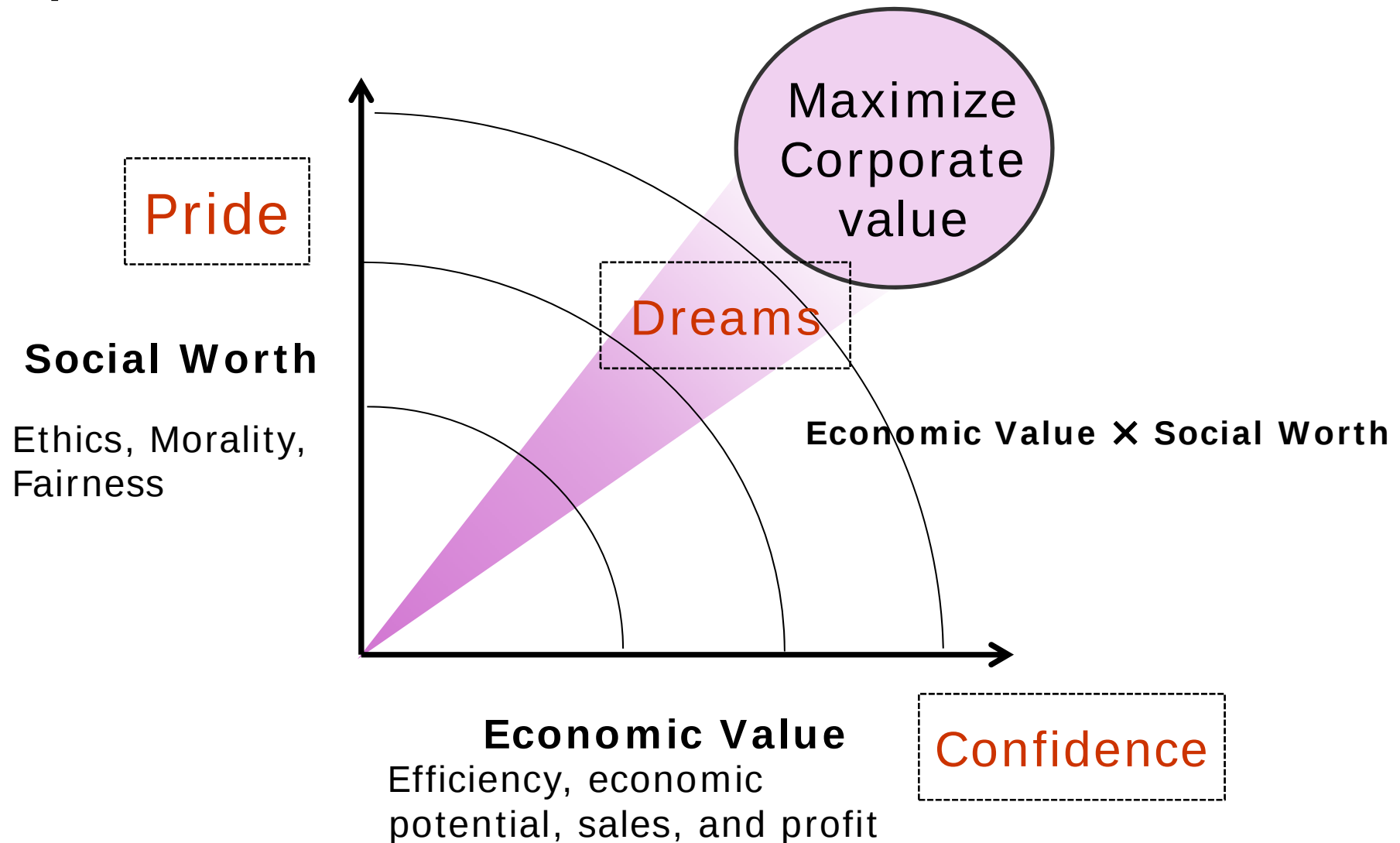
Three kinds of autonomy

Autonomous Management

Autonomous Business

Autonomous Individuals

Principles of behavior as an organization and personnel



Direction of Renesas Group

Renesas' mission - to develop society and industry

To realize the above,

Selection and Concentration

Focus on advantageous
business

Structural Reforms

Build absolutely profitable
structure

Operational Changes that supports Business and Production Reforms

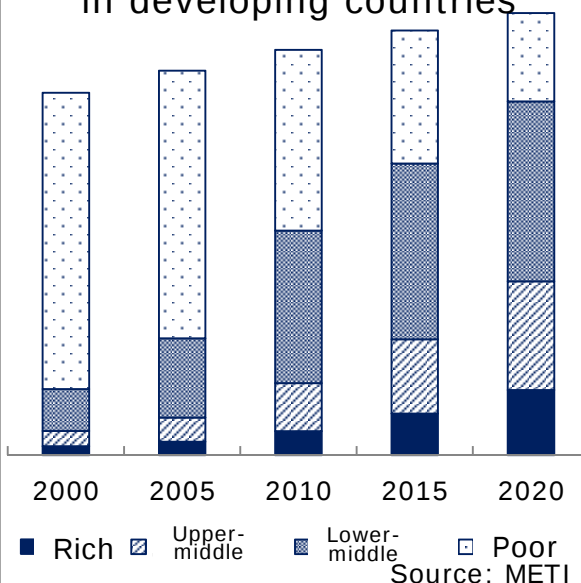
Optimize resources on business

Selection and Concentration (Market environment)

Expansion of middle class in developing countries



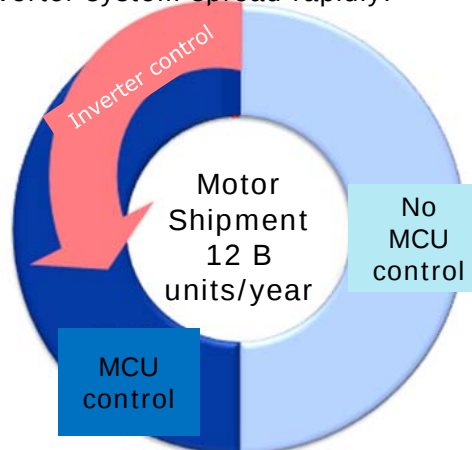
Transition of the population in developing countries



Power saving, environmental conscious



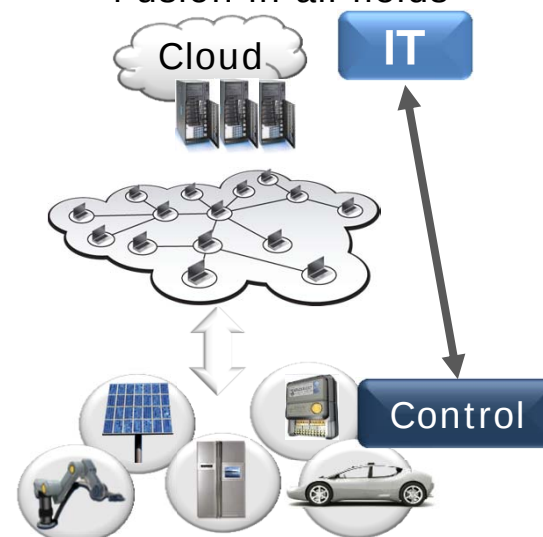
Motors consume approx. 60% of power consumption and annual shipments are more than 12 billion units. Recently inverter system spread rapidly.



Fusion of control and IT



The age of the Control & IT Fusion in all fields



Selection and Concentration (Criteria of Judgment)

Contribution to Customers

- Field where Renesas can contribute to customers with high technology to differentiate their products and compete in the world
- Field where Renesas can contribute to the customers who are oriented to general products to lead markets with speed

Viewpoint of Renesas

- Market with high growth rate or stability
- Market where Renesas has advantage
- Field where Renesas already has a high presence and can lead market

Renesas' Strategic Business Domains

Automotive

Industry and Network

General Purpose

Structural Reforms

Events in the past

Natural Disasters

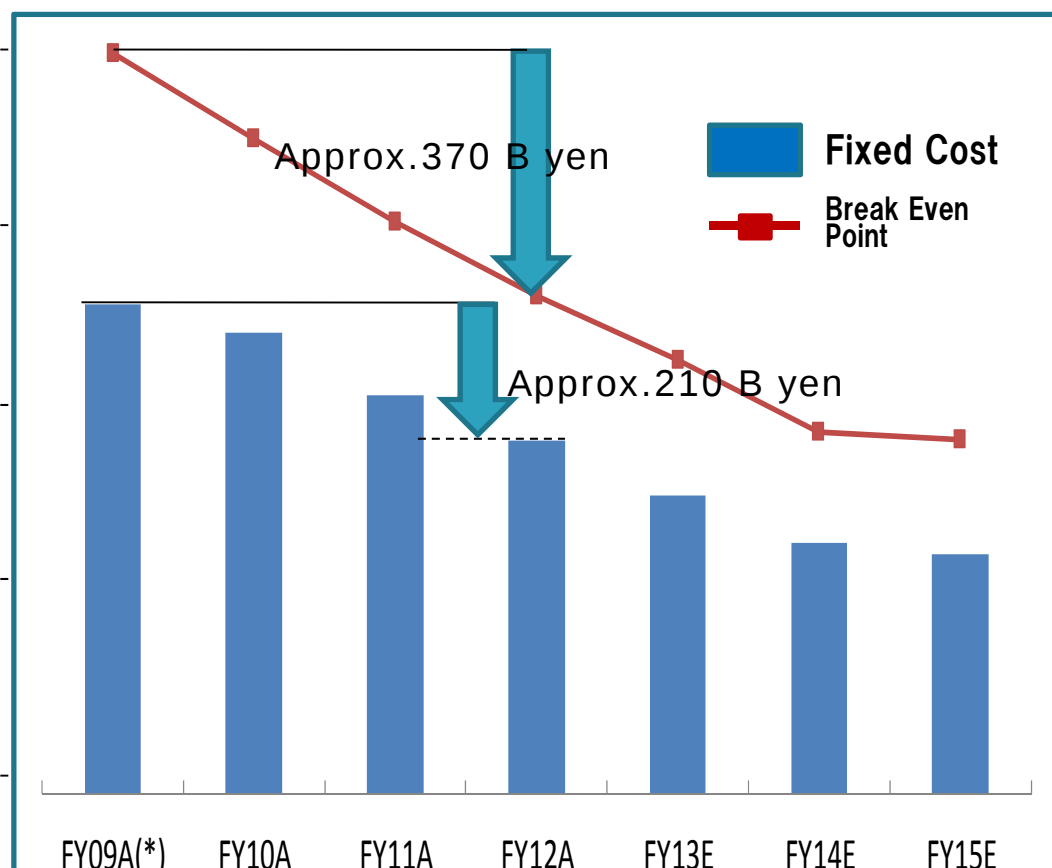
Stagnant Market

Market Change

Strong Yen

Decreasing Share

Push through the required structural reforms



(*)Total of the two companies before the integration

2. Review of the past years

Review of the past years <Production Reforms and personnel streamlining>

<Production Reforms>

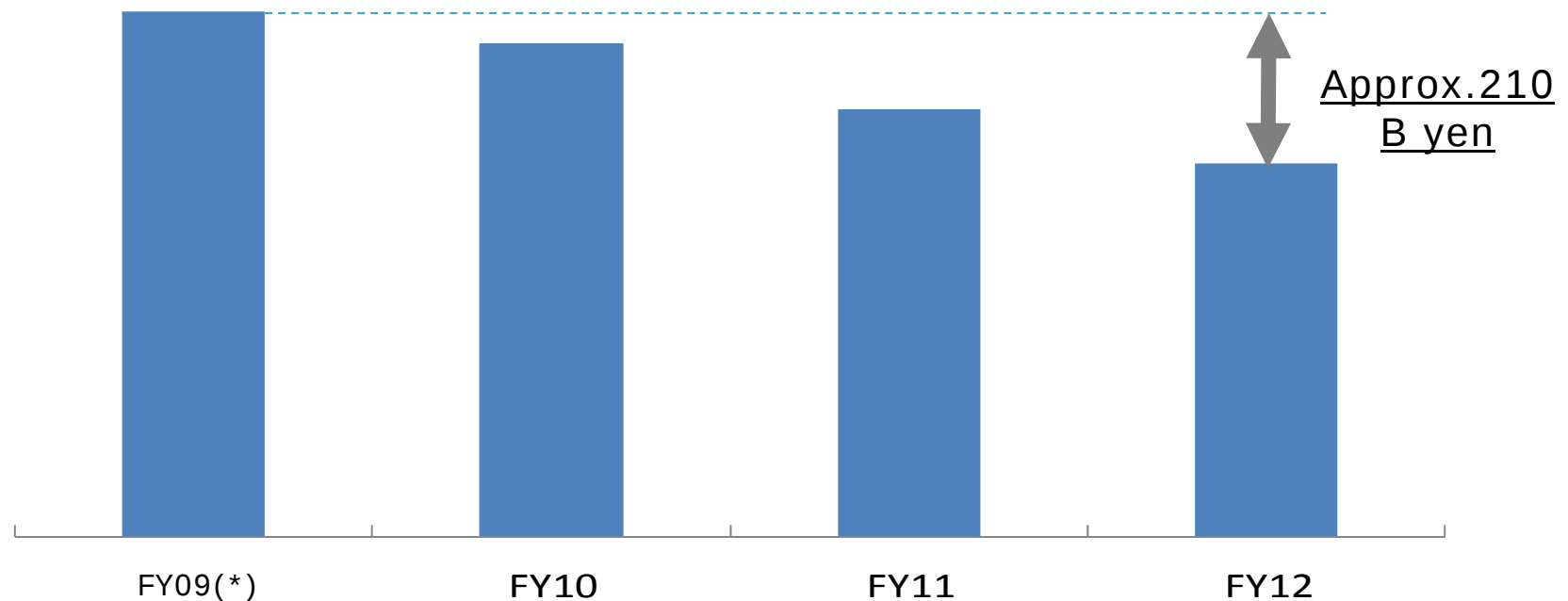
	Renesas Electronics started	Aug.2, 2013	Current status
Front end (in Japan)	10 sites, 16 lines	9 sites, 14 lines	Being restructured to build a stable supply system and Fab-network
Back end (in Japan)	12 sites	5 sites	Focusing on main factories in Japan, and enhancing own sites abroad

<Personnel Streamlining>

	Renesas Electronics started	Jun.30, 2013	Current status
Number of employees (Consolidated)	Approx. 48,000	Approx. 32,850	Achieved approx.30% of personnel streamlining since the start of operations

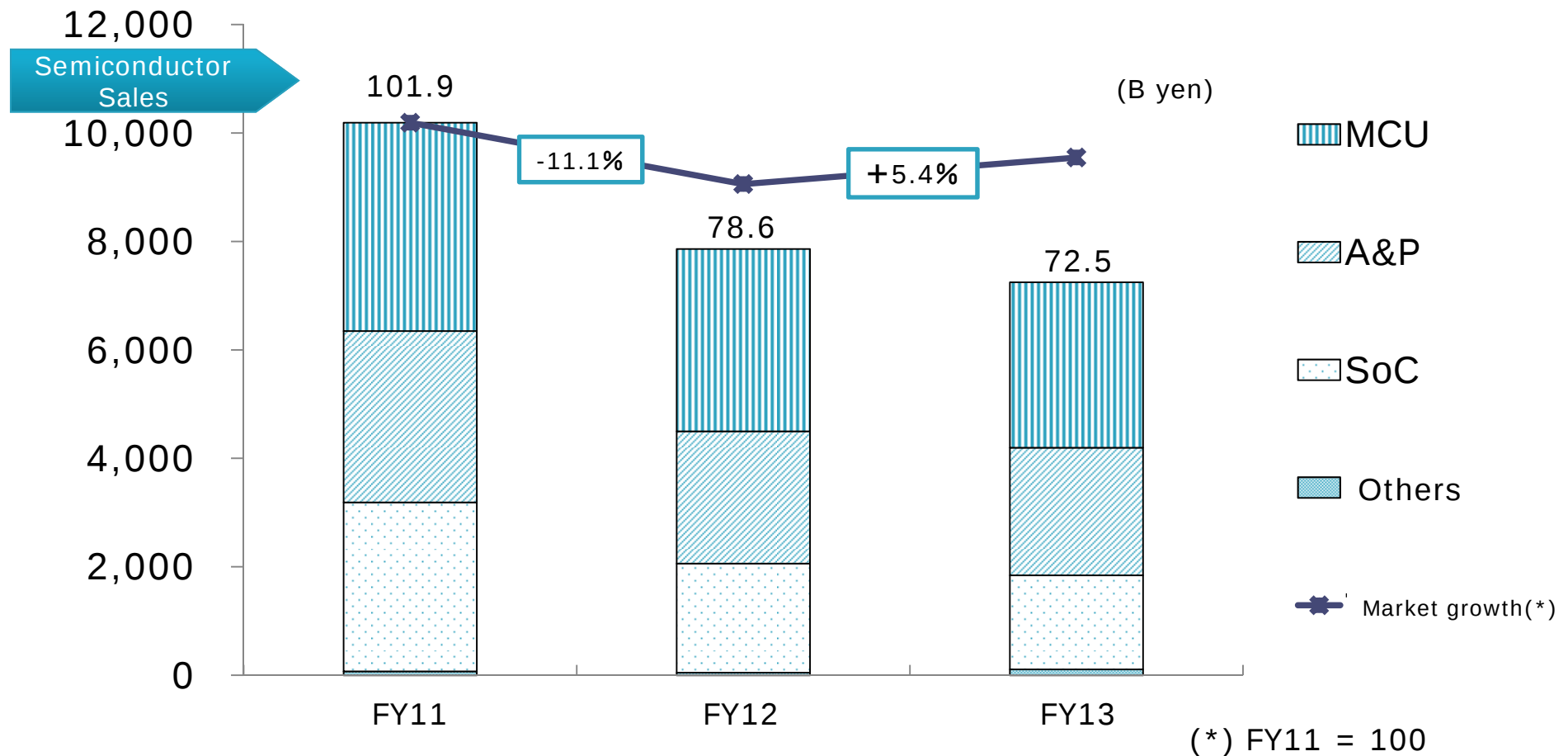
Review of the past years <Reduction of Fixed Cost>

<Transition of the fixed cost>



(*)Total of the two companies before the integration

Review of the past years <Transition of the Semiconductor Sales (Results)>



3. Selection and Concentration

Selection and Concentration – Renesas' Advantage

Expansion of
middle class in
developing
countries



Power saving
and
environmental
conscious



Fusion of
control
and IT



Comfortable society
with safety and
security

No.1 MCU maker in the world market

- Global sales network and customer support
- Solution for home appliances in developing countries

Power saving technology contributing energy saving

- Low power devices (e.g. RL78 Series)
- Low power system technology cultivated by MCUs and A&P (inverter control)

Integration of MCU (Control) and SoC (IT)

- Top level integration technology in the world
- High integration technology of multicore CPU (e.g. Car Navigation SoC)

High Reliability, Safe and Secured technology

- High reliability and quality lead automotive and industry field
- Function safety technology cultivated by automotive field
- Security technology to prevent attack by hackers and virus

Selection and Concentration – Renesas' Advantage

Market Environment

Expansion of
middle class in
developing
countries



Power saving
and
environmental
conscious



Fusion of
control and
IT



Auto- motive

- Firmly keep the power train and HEV/EV business
- Expansion of the chassis, safety and body business globally
- Fusion of safety driving assist and navigation
- Enhancement of the solution for function safety and security
- Solution for automotive center console
- Alliance to realize the next generation “intelligent car”

Industry Network and General Purpose

- Enhancement of motor solution as the key to power saving
- Business in developing countries collaborating with IDHs
- Expansion of the business of industrial network, power and lighting
- Enhancement of infrastructure business for 4G network
- Keep ASIC business utilizing prominent IPs
- Expansion of the business for smartphone panel

(*)HEV/EV: Hybrid Electric Vehicle/Electric Vehicle

Selection and Concentration - Automotive

Automotive Semiconductors WW			
	Company	CY11	CY12
1	Renesas	13.8 %	14.2 %
2	Infineon	9.8%	9.1%
3	STMicro	8.7%	7.9%
4	Freescale	7.9%	7.0%
5	NXP	6.4%	6.3%

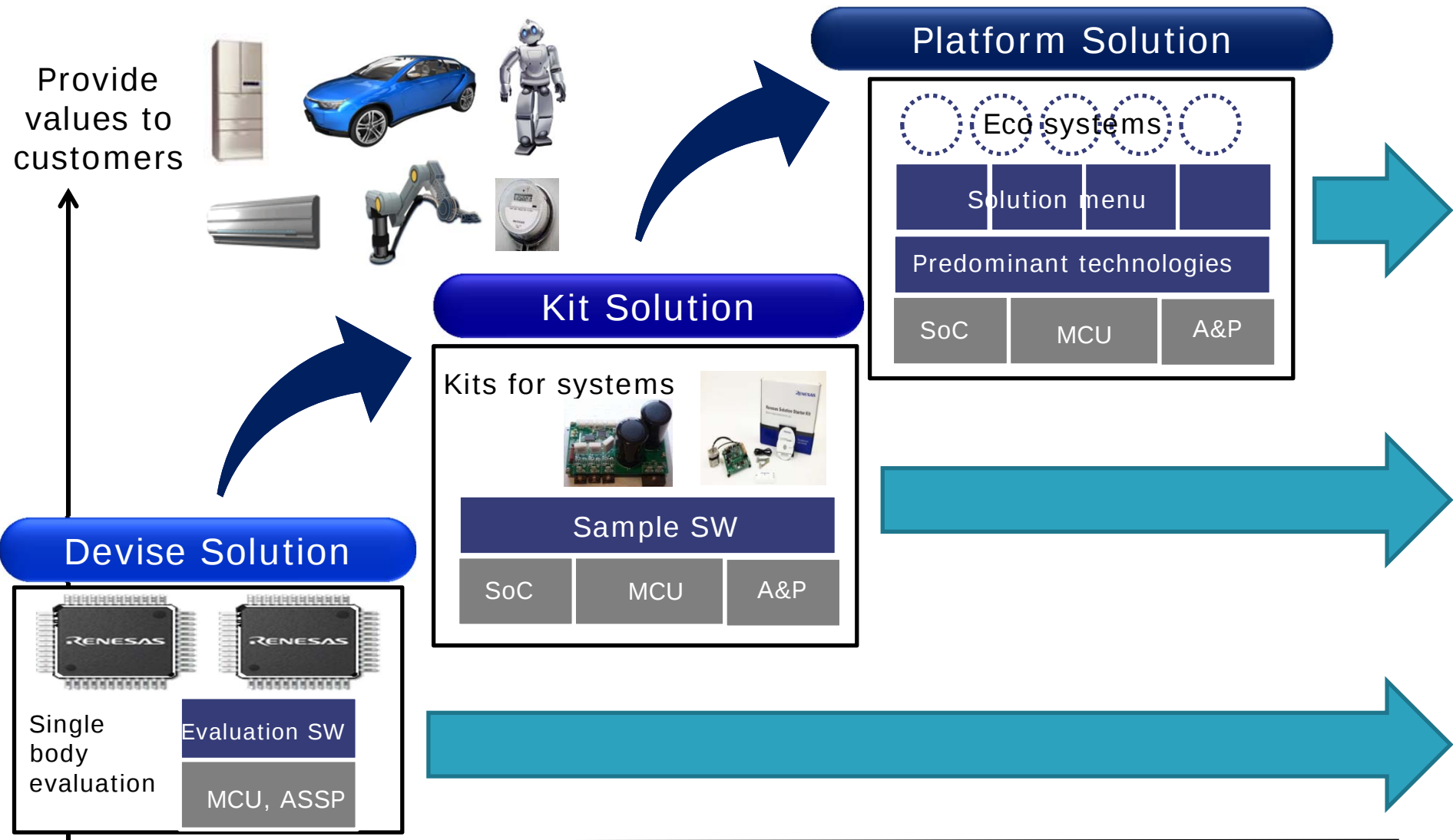
Automotive processors (MCU/MPU) WW					
	Company	CY09	CY10	CY11	CY12
1	Renesas	41.7 %	41.2 %	42.7 %	43.5 %
2	Freescale	19.5%	21.5%	19.5%	18.0%
3	Infineon	6.6%	7.0%	8.3%	8.1%
4	TI	6.6%	6.0%	5.9%	7.1%
5	Fujitsu	6.2%	7.0%	7.0%	6.5%

Automotive Analog & Power semiconductors(*)					
	Company	CY09	CY10	CY11	CY12
1	STMicro	16.6%	17.9%	18.6%	16.6%
2	Infineon	16.5%	15.8%	16.6%	15.6%
3	NXP	11.4%	12.5%	10.8%	10.5%
4	TI	8.3%	8.0%	7.9%	9.6%
5	Renesas	6.6 %	7.0 %	7.3 %	8.6 %

(*) Automotive Analog & Power Semiconductors: Non-Power Analog + Power Device

Reference: Strategy Analytics. The shares of automotive MCU and A&P were calculated with a parameter of total amount of the top 12 companies.

Selection and Concentration – 3 types of solutions



Example of Solution Business (1)

Kit Solution

The market needs speed with turnkey solution

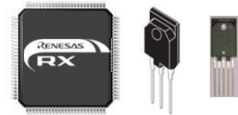
Example of solution for home appliances (cooperation with IDHs in India)

RENESAS

Motor Reference Kit

Kit
Solution

Device
Solution



MCU for Motors,
Power device

Cooperate with
potent IDHs in
India

Company A, B,
C and D



Turnkey solution along
with motor home
appliances in India

IDH: Independent Design House



Got inquiries of
4 M units / year

40 M units of home
appliances with motors are
produced in India in a year.
Inverter with MCU control has
just begun in India.

Example of Solution Business (2)

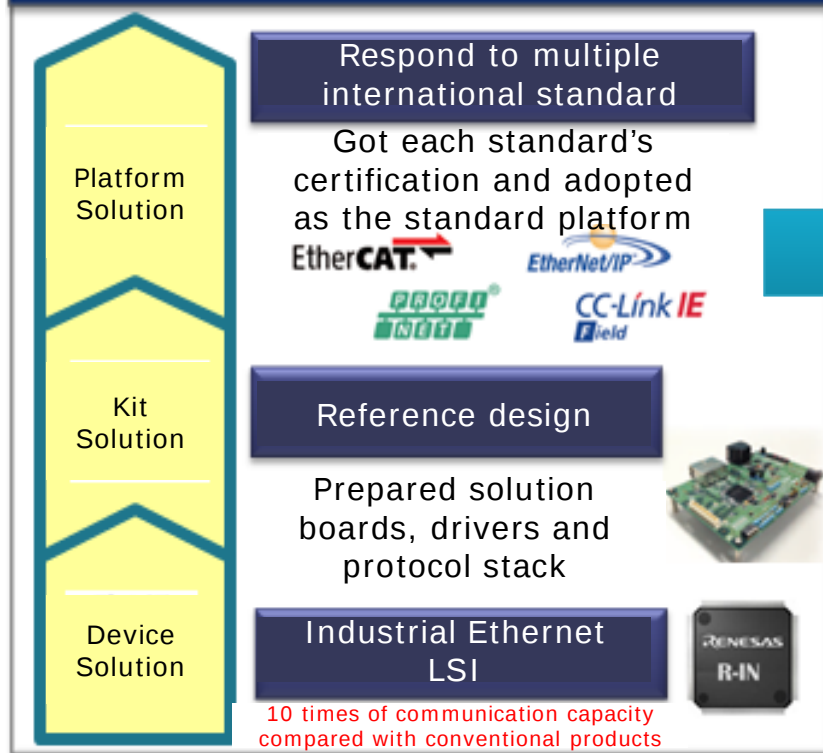
Platform Solution

Respond to various customers centering optimized platform for each field

Example of responding spreading international standard of Industrial Ethernet

RENESAS

Industrial Ethernet platform



The industrial Ethernet standards that industrial device makers (several thousand) join

EtherCAT

PROFINET

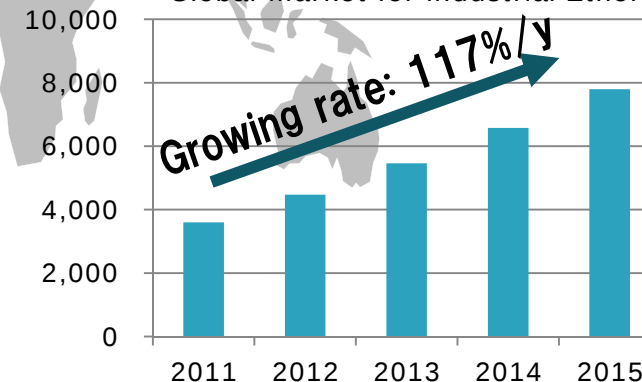
EtherNet/IP

CC-Link IE Field



K node

Global market for industrial Ethernet (K node)



4. Structural Reforms

Implementation of production Reforming and further progress

Policy of the Production Reforms

- Retain and enhance Renesas' advantageous technology (power saving and high quality)
- Build a flexible production system to correspond market change
- Raise efficiency of production (to realize cost performance for customers)

Own sites	Front-end	✓ Keep production of power saving and high quality devices in Japan (Flash MCU technology: Naka, Kawashiri, Saijo) ✓ Downsize or close other sites based on the production efficiency and cost performance principle
	Back-end	✓ Enhance 2 sites in Japan (Yonezawa, Oita) to lead high quality technology ✓ Expand and enhance own sites abroad to improve production efficiency
Outsourcing (Foundries / Subcontractors)		✓ Mass production and collaborated development on long-term partnership with strategic partners ✓ Optimal QCD utilizing general outsourcing

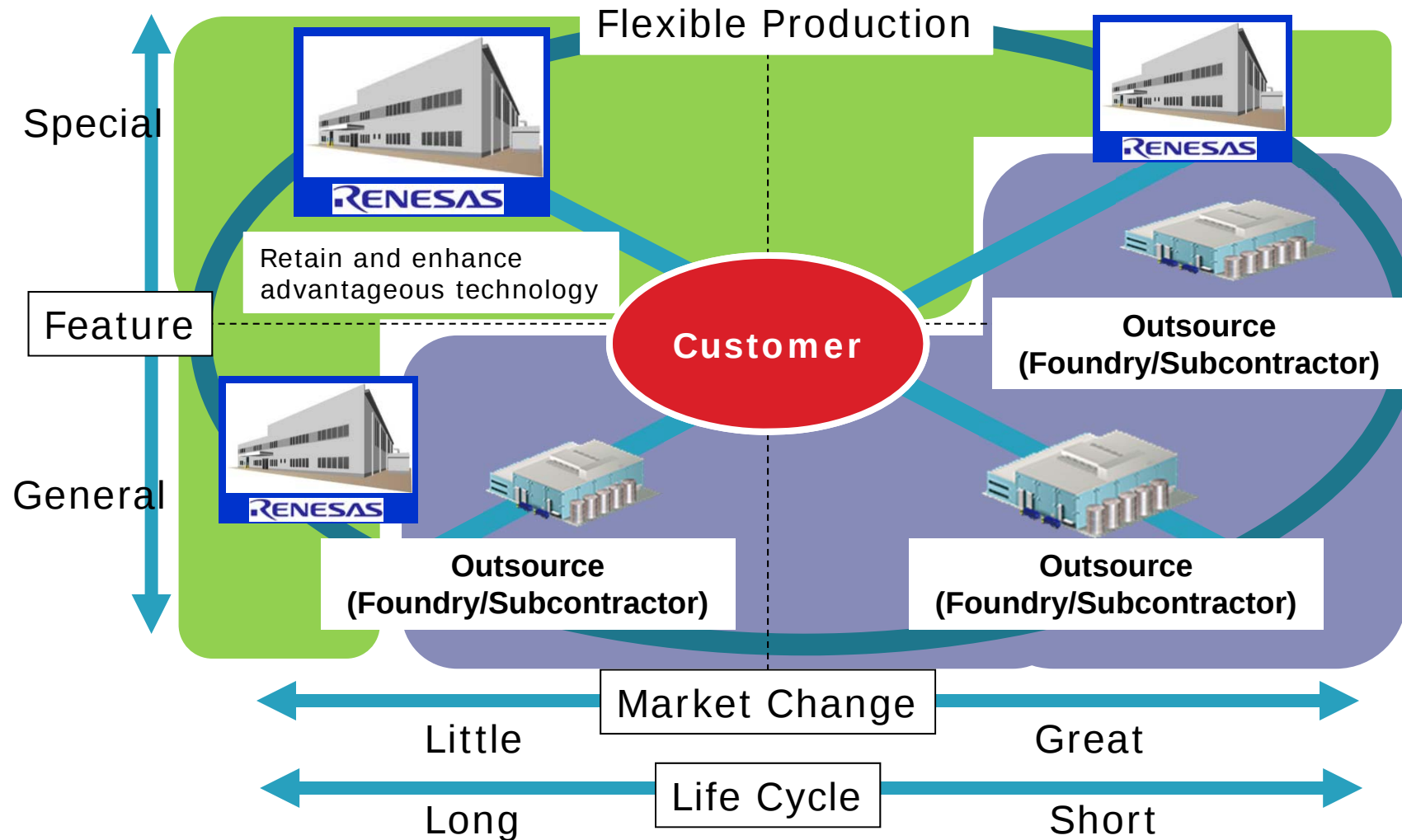
Production Reforms (Front-end)

Site	Process (inch)	Before Structural Reforms	After Structural Reforms
Naka	12	Continue production as Renesas' main sites	
	8		
Kawashiri	8		
Saijo	8		
Tsuruoka	12	Planned to be closed in 2 or 3 years	• Production will be transferred to own sites or outsourcing sites. • EOL
	5		
Shiga	8	Planned to be closed in 2 or 3 years	
	6	Downsize and continue production to keep some products	
Kofu	8	Planned to be closed in 1 or 2 years	• Production will be transferred to own sites or outsourcing sites. • EOL
	6		
Takasaki	6	Continue production, downsizing to be appropriate scale	
	5	Planned to be closed 1 year	
Kochi	6	Continue production, downsizing to be appropriate scale	
Yamagichi	6	Continue production with downsizing, but considering transfer	

Production Reforms (Back-end)

Site	Before Structural Reforms	After Structural Reforms
Yonezawa	Continue production as Renesas' main sites	
Oita		
Yanai	Planned to be closed in 2 years	• Production will be transferred to own sites or outsourcing sites. • EOL
Yamaguchi (Ube)	Planned to be closed in 1 year	
Kumamoto (Nishiki)	Will be decided to be transferred or closed within 2 years	

Build Production System to deliver appropriate products to customers



Operation Change that is supporting Business and Production Reforms

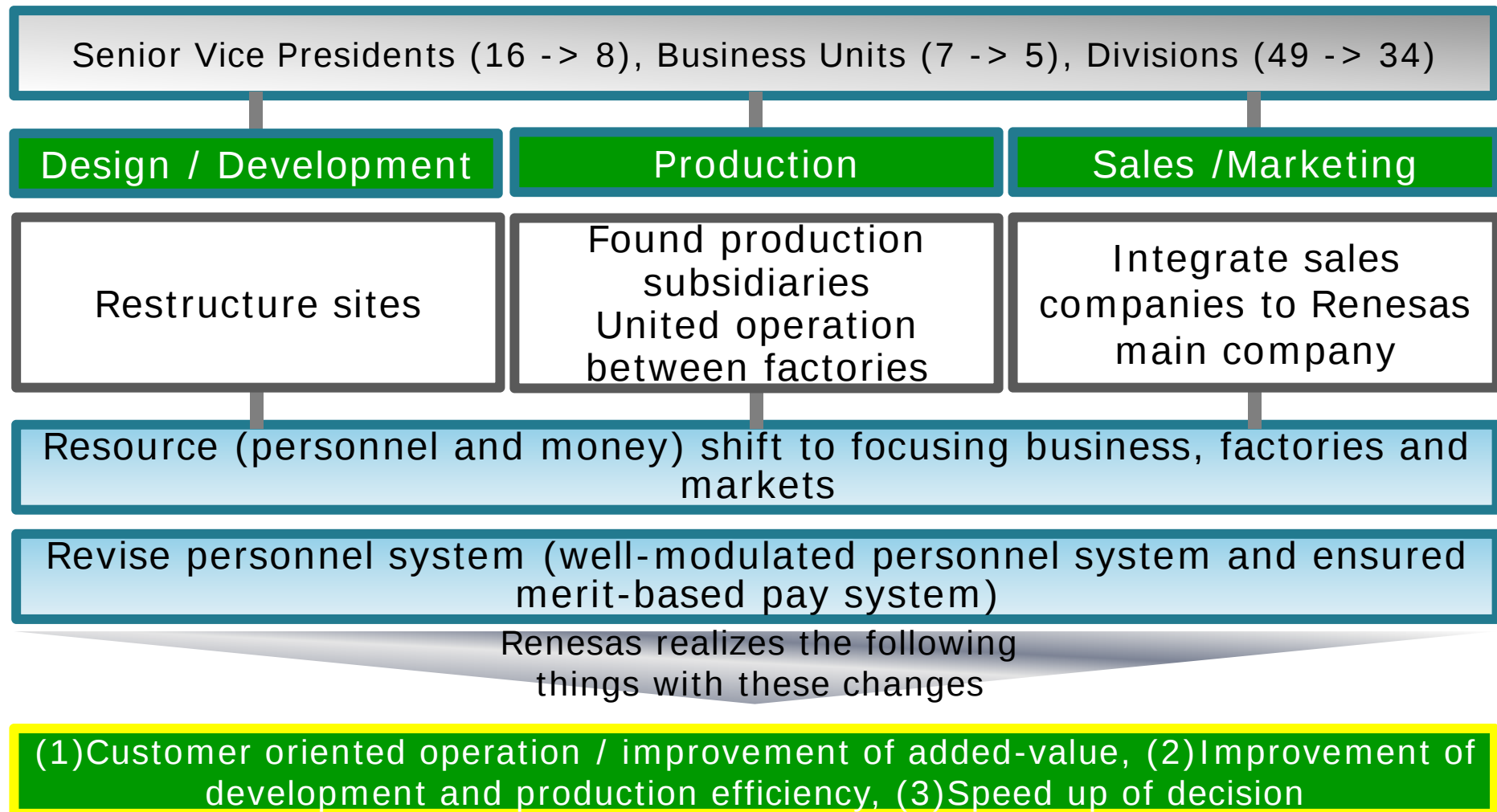
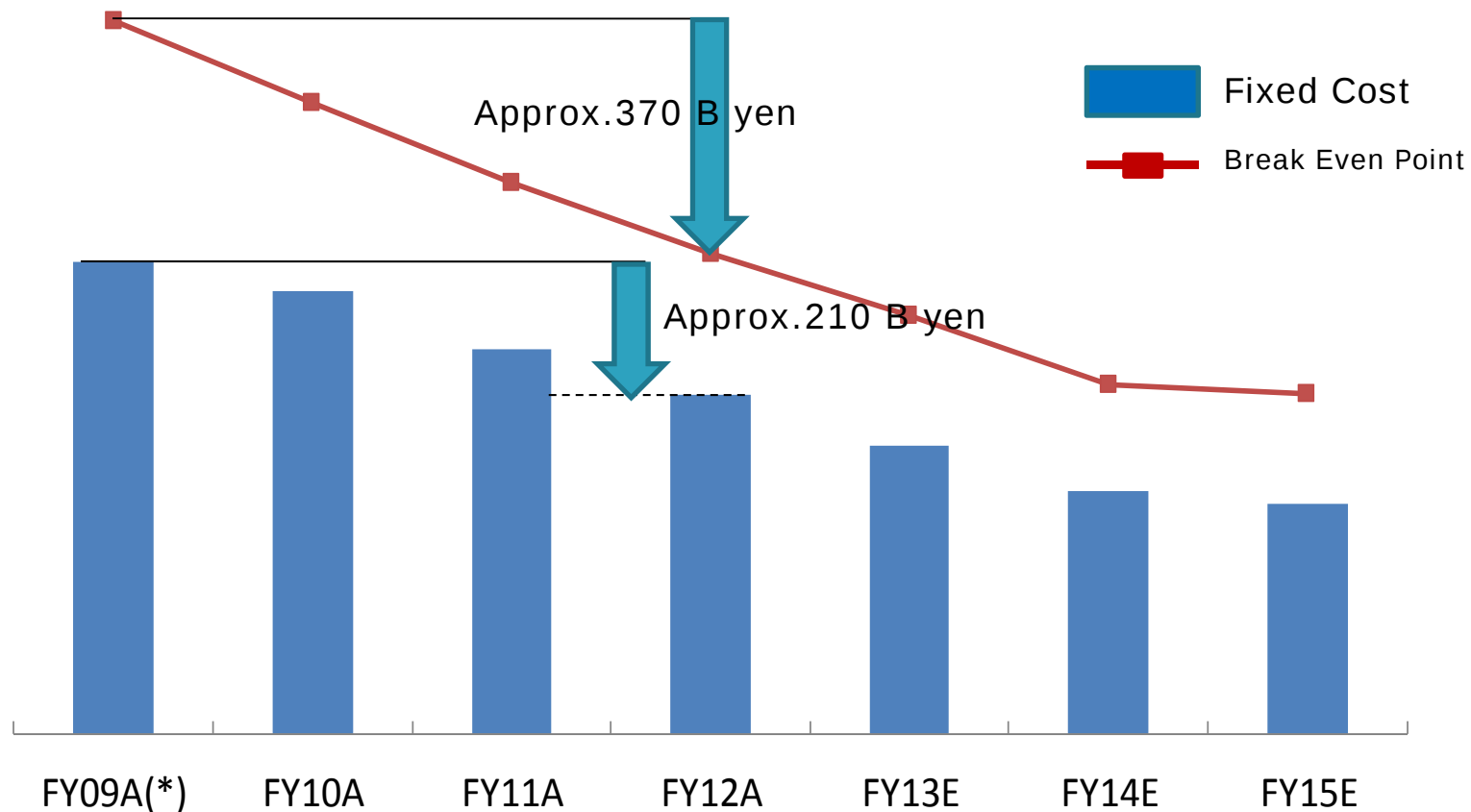


Image of Fixed Costs and Break Even Point



(*)Total of the two companies before the integration

5. Summary

Summary

Renesas' mission - to develop society and industry

To realize the above,

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Focus on advantageous
business

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Build absolutely profitable
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Operational Changes that supports Business and Production Reforms

Optimize resources on business



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