

# FINANCE



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# RECENT INITIATIVES

February to August 2021



- Expansion of product portfolio and acquisition of engineering capabilities and talents
- Cost synergy target **125 MUSD**  
(Approx. 3 Years after closing)
- 88 Winning Combos\*<sup>1</sup>, D-in LTV **79 MUSD**\*<sup>2</sup>

June 2021



- Sustained investment grade rating
- EPS acceleration by **9.4%**\*<sup>3</sup>
- INCJ shares decreased to **20.3%**

November 2021



- Diversification of financing sources
- Senior bond (5 years) **850 MUSD**
- Green bond (3 years) **500 MUSD**

April to May 2022



- First time shareholder return since 2005
- EPS acceleration by **9.5%**
- INCJ shares decreased to **12.6%**

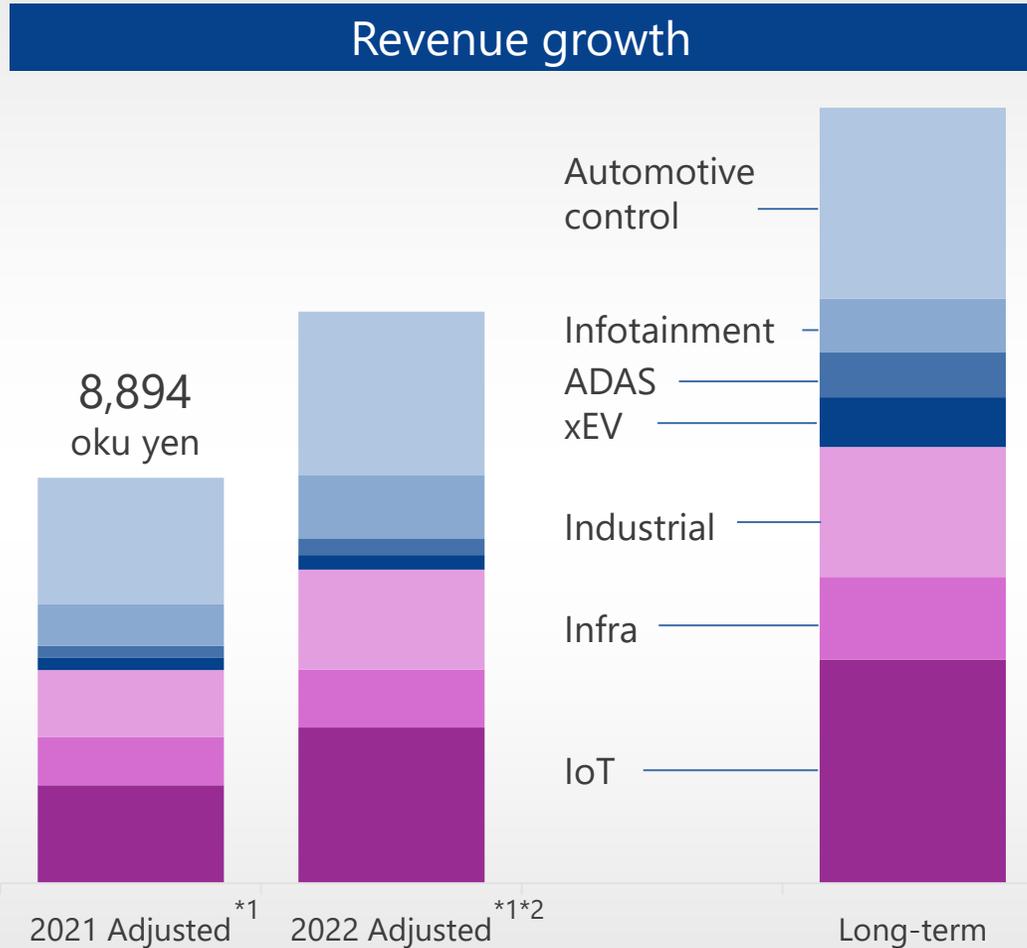
\*1: As of Aug. 2022. \*2: 2022 1H Actual \*3: Considered the effect of the acquisition of Dialog.

# PROGRESS TO DATE

	2019	2020	2021	1H 2022	Long-term target*1			
	Adjusted*1	Adjusted*1	Adjusted*1	Adjusted*1	Total	Automotive	Industrial, Infra and IoT	
Revenue	6,204 oku yen	6,357 oku yen	8,894 oku yen	6,231 oku yen	➤	<b>Grow @SAM+</b> ✓	Grow @SAM	Grow @SAM++
Gross margin	43%	48%	54%	58%	➤	<b>50-55%</b> ✓	≈45%	≈60%
Operating margin	12%	19%	29%	38%	➤	<b>25-30%</b> ✓	20-25%	30-35%

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

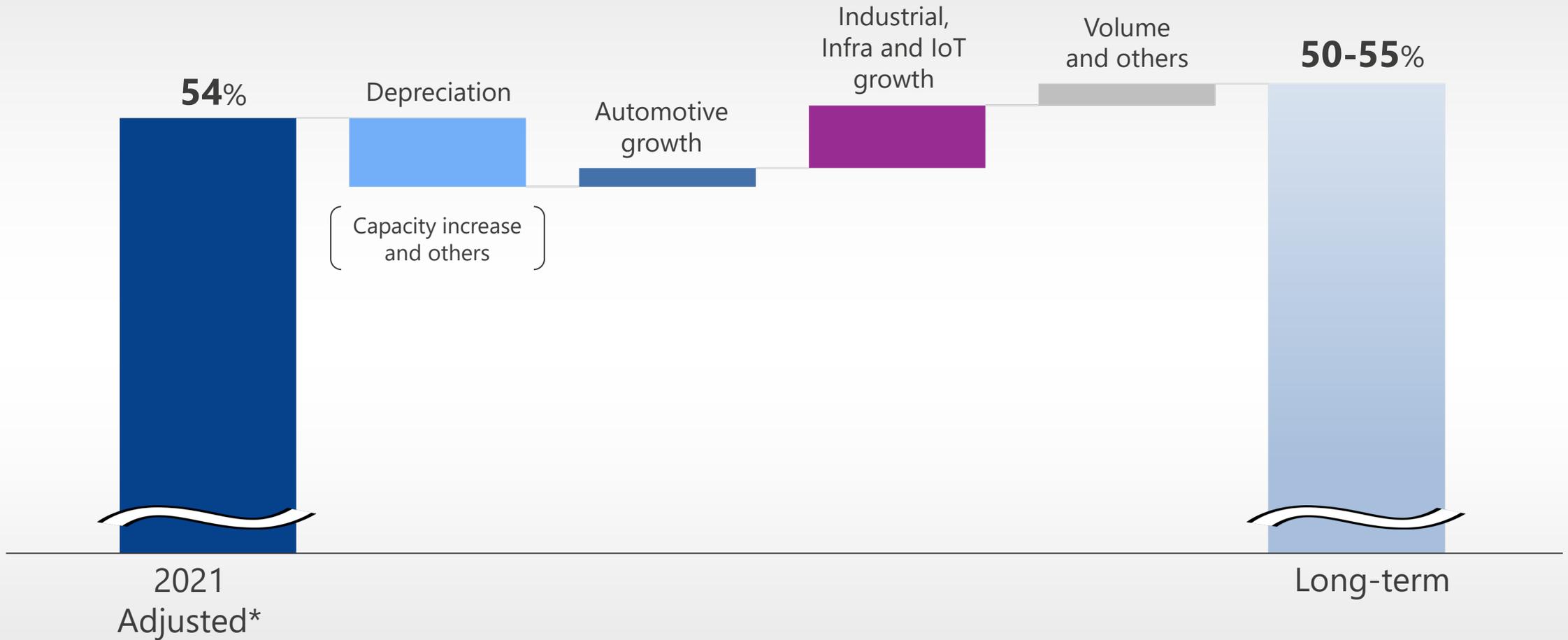
# REVENUE GROWTH



	Long-term Renesas CAGR vs <b>SAM</b>	Growth drivers
<b>Renesas</b>	<b>+</b>	
<b>Automotive</b>	<b>≡</b>	
Automotive control	<b>≡</b>	MCU (RH850)
Infotainment	<b>—</b>	
ADAS	<b>++</b>	SoC (R-Car)
xEV	<b>++</b>	Power (IGBT), Analog (BMIC)
<b>Industrial, Infra and IoT</b>	<b>++</b>	
Industrial	<b>+</b>	MCU (RA, RX), MPU (RZ)
Infra	<b>+</b>	Analog (Data Center & BTS)
IoT	<b>++</b>	MCU (RA, RX), MPU (RZ) & Analog (PMIC, Connectivity & HMI)

\*1: FX 1USD=100yen, 1EUR=120yen. Excluding 6" fab shutdown & structural reform-related EOLs. Excluding NREs. \*2: 2022 1H Actual + 3Q Guidance x2.

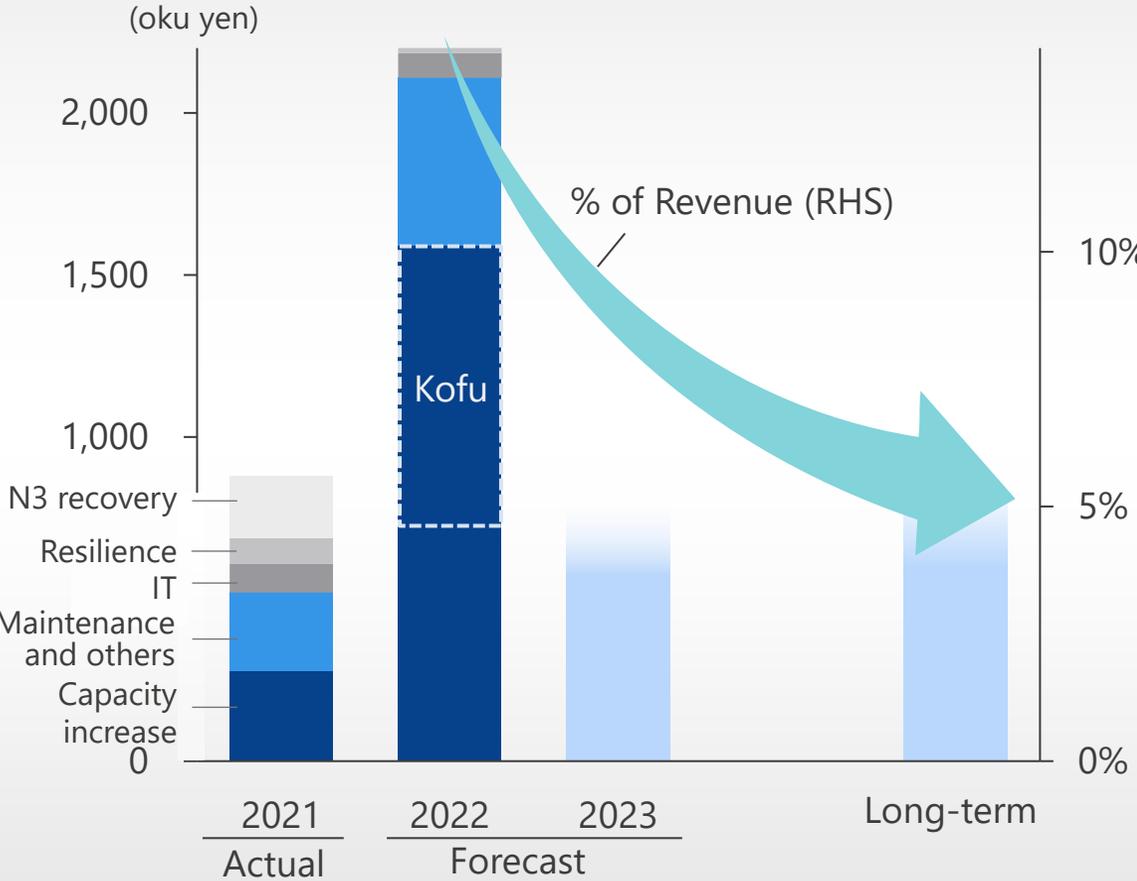
# GROSS MARGIN OUTLOOK



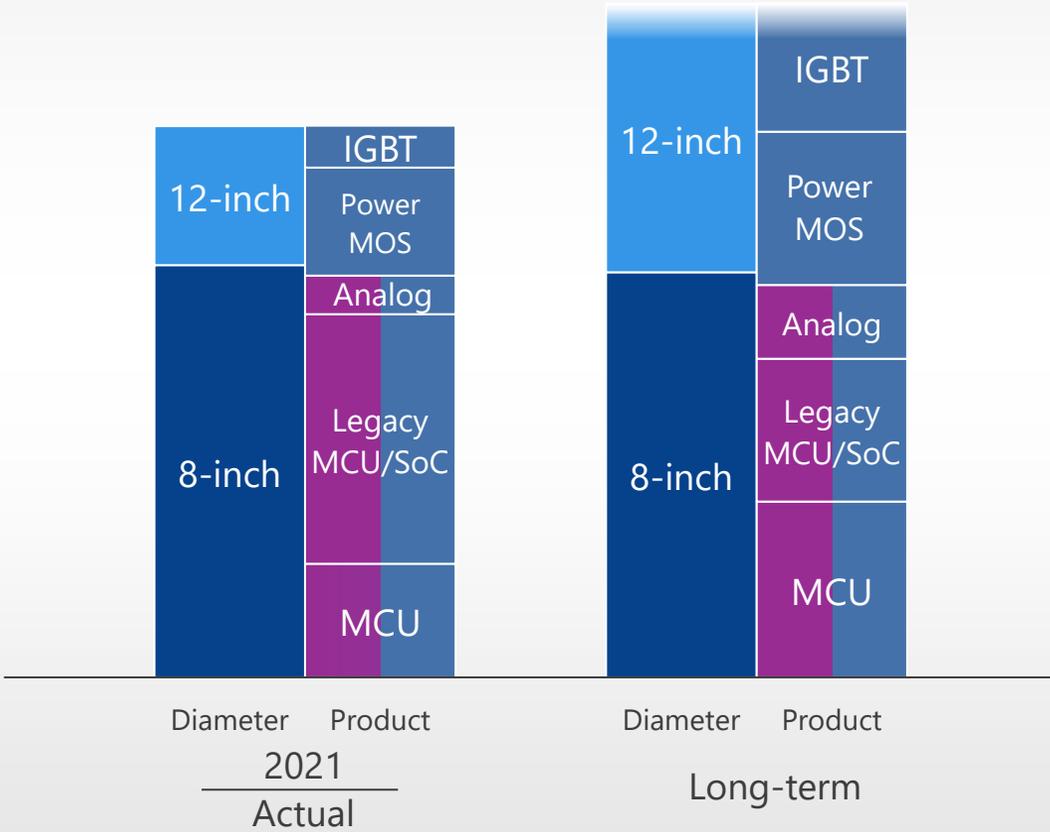
\*Based on adjusted revenue of 2021: FX 1USD=100yen, 1EUR=120yen. Excluding 6" fab shutdown & structural reform-related EOLs. Excluding NREs

# CAPEX & CAPACITY EXPANSION

## Capex\*1



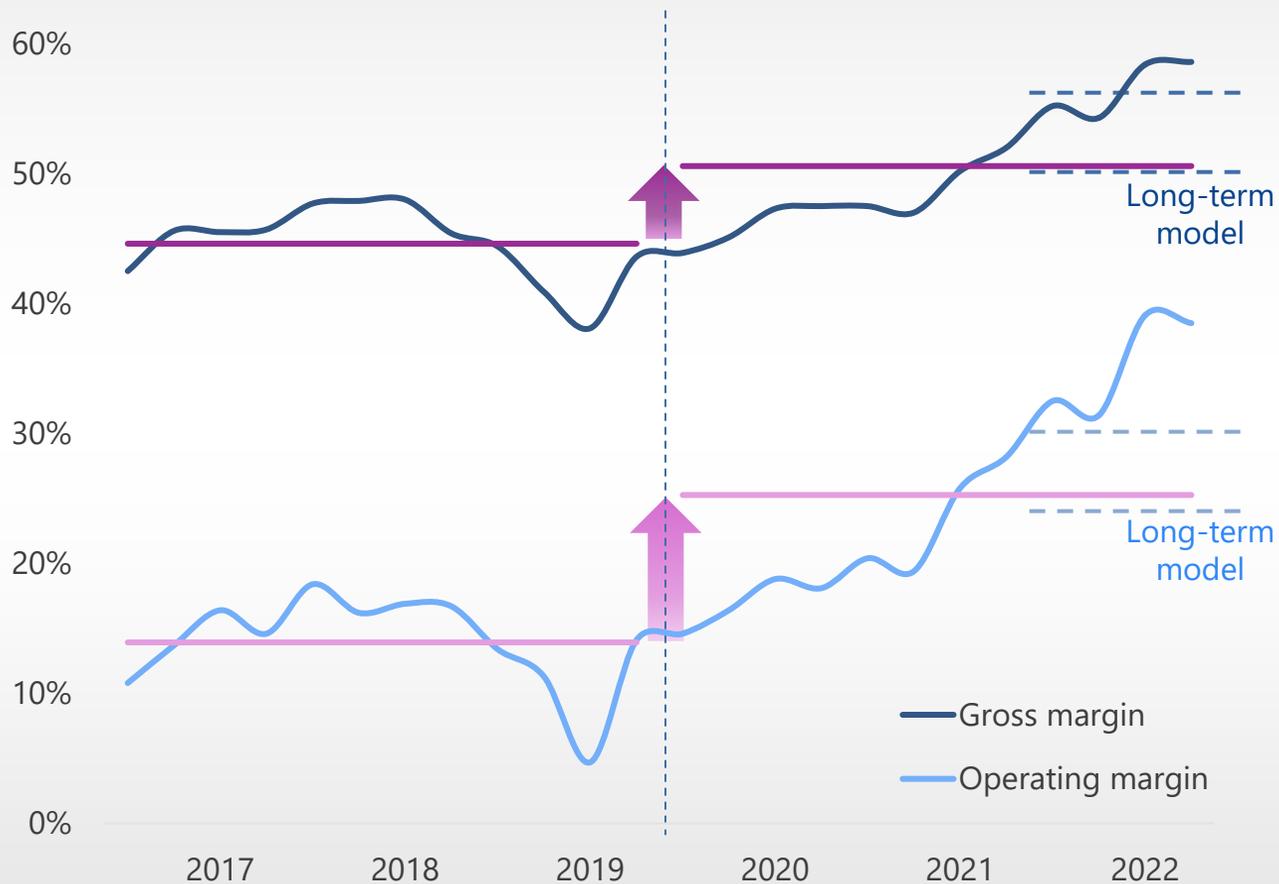
## Capacity by diameter / product\*2



\*1: Management accounting and authorization basis \*2: 8 and 12 inch only, 8inch equivalent

# OPERATIONAL RESILIENCE

## Margins



Source: Company data, Non-GAAP. Quarterly basis

## Initiatives

### Short-term

-  Order intake and management
-  Improved accuracy of demand forecast
-  Die bank

### Long-term

-  Fab lite
-  Synergy creation
-  FX hedging

# OPERATIONAL RESILIENCE

## Recent Incidents\*1



Voltage drop

Kawashiri  
(2022)

3.3

Operation  
loss (days)\*2



Earthquake

Naka, Takasaki  
(2022)

5.4

Naka  
(2021)

5.6

Wafer  
scrap (days)\*2

3.2

8.8

10.3

\*1: Incidents which have damaged over 100 wafers \*2: Number of days impacted per fab \*3: Multiple Power Compensator

## Initiatives



### Measures to prevent incidents

- Quake-resistant equipment for Quartz & SiC parts
- Power backup enhancement (Cogeneration/MPC\*3)
- Power line protection through negotiating with electric power companies



### Strategic inventories

- Die bank
- Ensuring BCM stock for raw materials and parts
- DOI 100+ days

# CAPITAL ALLOCATION POLICY



Organic growth

Execute capacity increase programs as planned



Financial soundness

Target < 1.0x of net leverage



M&A

Continue to acquire complementary technology



Shareholder return

Aim to resume dividends within the next couple of years

# APPENDIX

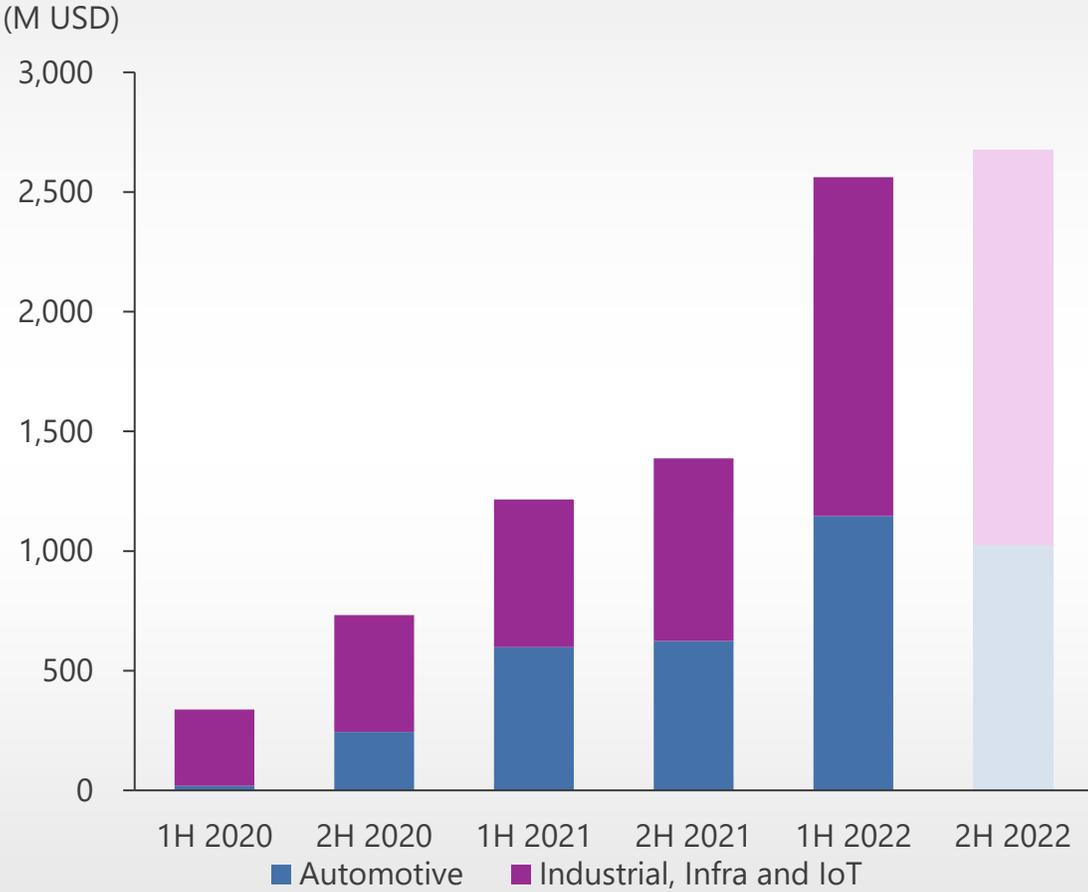
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# MODEL HOUSE KEEPING

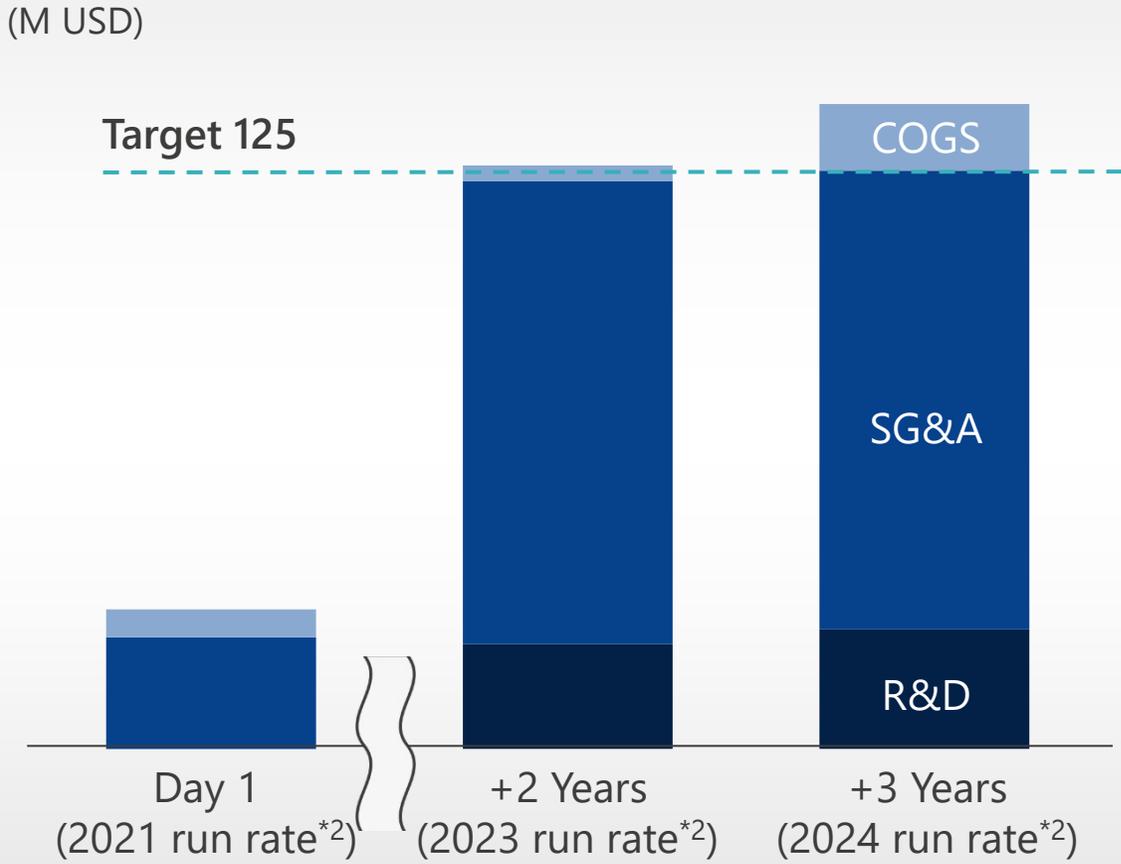
	Long-term target model
<b>Revenue growth</b>	<b>SAM+</b>
<b>Gross margin</b>	<b>50~55%</b>
<i>R&amp;D %</i>	<i>≈16%</i>
<i>SG&amp;A %</i>	<i>≈8%</i>
<b>Operating margin</b>	<b>25~30%</b>
<b>EBITDA margin</b>	<b>35~40%</b>
<i>Capex %</i>	<i>5% as mid-term average</i>
<b>Tax rate</b>	<b>15~20%</b>
<b>FCF margin</b>	<b>20~30%</b>
<i>DOI</i>	<i>100+ days</i>
<b>Net leverage</b>	<b>&lt;1.0x in mid-term</b>

# REVENUE & COST SYNERGY UPDATE

## Winning Combo D-in LTV historical



## Dialog Cost Synergy Progress<sup>\*1</sup>



\*1: As of Sep. 2022. \*2: Annual run rate is determined by multiplying the 4Q result of the relevant year or the forecast by 4

(FORWARD-LOOKING STATEMENTS)

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THANK YOU