



ROHM Co., Ltd. Financial Highlights for the First Quarter of the Year Ending March 31, 2018

(From April 1, 2017 to June 30, 2017)

August 1, 2017

Consolidated Financial Results

(Figures are rounded down to the nearest million yen. Any fraction less than the unit is rounded off)

		'18/3	'17/3	change from the previous year		'17/3	'18/3 (Projected) Note1			
		First quarter	First quarter	Amount	Percentage	Annual	Annual	Change from the previous year	Interim	Change from the previous year
Net sales	Millions of yen	96,418	83,204	+13,214	+15.9%	352,010	368,000	+4.5%	187,000	+8.8%
Cost of sales	Millions of yen	62,527	55,071	+7,456	+13.5%	234,967	240,000		121,600	
Selling, general and administrative expenses	Millions of yen	21,463	21,232	+231	+1.1%	85,215	90,000		45,400	
Operating income	Millions of yen	12,427 (12.9%)	6,900 (8.3%)	+5,527 (+4.6%)	+80.1%	31,827 (9.0%)	38,000 (10.3%)	+19.4%	20,000 (10.7%)	+26.7%
Ordinary income	Millions of yen	13,023 (13.5%)	509 (0.6%)	+12,514 (+12.9%)	—	35,579 (10.1%)	38,500 (10.5%)	+8.2%	19,000 (10.2%)	+130.4%
Profit attributable to owners of parent	Millions of yen	10,216 (10.6%)	2,043 (2.5%)	+8,173 (+8.1%)	+400.0%	26,432 (7.5%)	28,000 (7.6%)	+5.9%	14,500 (7.8%)	+78.1%
Figures in () indicate ratio to sales.										
Net income per share	yen	96.59	19.32	+77.27	+399.9%	249.88	264.71		137.08	
ROE	%					3.7				
ROA	%					3.2				
Net assets per share	yen	6,908.68	6,348.21	+560.47	+8.8%	6,854.01				
EBITDA	Note2 Millions of yen	22,197	16,141	+6,056	+37.5%	72,628				
Capital expenditures	Millions of yen	10,595	8,711	+1,884	+21.6%	42,182	57,000	+35.1%	33,700	+119.2%
Depreciation	Millions of yen	9,770	9,240	+530	+5.7%	40,801	48,000	+17.6%	21,500	+15.3%
Research and development costs	Millions of yen	9,463	9,335	+128	+1.4%	37,277	41,000	+10.0%	20,500	+12.3%
Number of employees	Number	22,554	21,185	+1,369	+6.5%	21,308				
Foreign exchange rate (Average yen-dollar rate)	yen/US\$	111.61	109.07	+2.54	+2.3%	109.03	105.00		105.00	

(Note) 1. As the projected data are based on the information that ROHM is currently acquiring as well as specific prerequisites judged as legitimate, actual data may be considerably different due to various factors.
2. EBITDA is calculated by adding back depreciation to operating income.

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Note: This report is translation of the financial highlights and the financial report of the Company prepared in accordance with the provisions set forth in the Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan. The original version of this report is written in Japanese. In the event of any discrepancies in words, accounts, figures, or the like between this report and the original, the original Japanese version shall govern.



Financial Report for the First Quarter of the Year Ending March 31, 2018 [Based on Japanese Standard] (Consolidated)

August 1, 2017

Listed Company Name: ROHM CO., LTD.

Stock Exchange Listings: Tokyo

Code No.: 6963 URL <http://www.rohm.com>

Company Representative: (Title) President

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Scheduled Date for Submitting the Quarterly Financial Reports

August 3, 2017

Scheduled Dividend Payment Date

—

Preparation of Supplementary Briefing Materials for the Quarterly Settlement:

Yes

Briefing Session for the Quarterly Settlement to Be Held:

None

(Figures are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2018 (From April 1, 2017 to June 30, 2017)

(1) Consolidated Results of Operations (Accumulated total)

(The percentages [%] represent change from the same time of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of the year ending March 31, 2018	96,418	15.9	12,427	80.1	13,023	—	10,216	400.0
First quarter of the year ended March 31, 2017	83,204	-12.3	6,900	-40.3	509	-96.8	2,043	-82.3

(Note) Comprehensive income

First quarter of the year ending March 31, 2018: 14,247 million yen (—%)

First quarter of the year ended March 31, 2017: -27,453 million yen (—%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
First quarter of the year ending March 31, 2018	96.59		—	
First quarter of the year ended March 31, 2017	19.32		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
First quarter of the year ending March 31, 2018	842,991		731,235		86.7	
Year ended March 31, 2017	834,503		725,452		86.9	

(Reference) Shareholder's equity

First quarter of the year ending March 31, 2018: 730,766 million yen

Year ended March 31, 2017: 724,986 million yen

2. Dividend Details

	Annual dividend				
	End of the first quarter	Interim	End of the third quarter	End of year	Total
Year ended March 31, 2017	—	50.00	—	80.00	130.00
Year ending March 31, 2018 (Estimates)	—	120.00	—	120.00	240.00

(Note) Revision to recently disclosed dividend estimates: None

Details of dividends for the first six months of the year ending March 31, 2018(Estimates)

Ordinary dividend: 65.00 yen

Commemorative dividend: 55.00 yen

Details of dividends for the year ending March 31, 2018(Estimates)

Ordinary dividend: 65.00 yen

Commemorative dividend: 55.00 yen

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(The percentages [%] shown for annual figures represent change from the previous year and those for the quarter figures represent change from the same time of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Interim	187,000	8.8	20,000	26.7	19,000	130.4	14,500	78.1	137.08	
Annual	368,000	4.5	38,000	19.4	38,500	8.2	28,000	5.9	264.71	

(Note) Revision to recently disclosed figures for consolidated financial results forecast: None

*Note

- (1) Major Changes in Subsidiaries during the First Quarter of the Year Ending March 31, 2018
(Changes to specified subsidiaries accompanying revision on the scope of consolidation): None
- (2) Application of Specific Accounting Method for Compiling Consolidated Quarterly Financial Statement: None
- (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions
- | | |
|---|------|
| [1] Changes in accounting policies according to revision to accounting standards: | None |
| [2] Other changes in accounting policies other than items indicated in [1]: | None |
| [3] Change in accounting estimates: | None |
| [4] Restatement of revisions: | None |

(4) Number of Shares Outstanding (common shares)

[1] Year-end number of shares outstanding (incl. treasury stocks)	First quarter of the year ending March 31, 2018	111,200,000 shares
	Year ended March 31, 2017	111,200,000 shares
[2] Year-end number of treasury stocks	First quarter of the year ending March 31, 2018	5,424,894 shares
	Year ended March 31, 2017	5,424,815 shares
[3] Average number of shares during the period (Accumulated total of the quarter)	First quarter of the year ending March 31, 2018	105,775,156 shares
	First quarter of the year ended March 31, 2017	105,776,230 shares

*This quarterly financial report is not subject to the quarter review procedures under the Financial Instruments and Exchange Act.

*Explanation on Adequate Usage of Financial Results Forecast

Statements on financial results forecasts in this financial report are based on current information acquired by ROHM as well as specific legitimate premises for making decisions, therefore ROHM makes no promises as to attaining these forecasts.

Actual financial results may be considerably different due to various factors. For conditions and notes used for making prepositions of financial forecasts, please refer to "1. Qualitative Information Regarding Business Results, etc. for the First Quarter of the Current Fiscal Year, (3) Qualitative Information Regarding Consolidated Financial Results Forecast" on Page 4 of the Financial Report for the First Quarter of the Year Ending March 31, 2018 (Appendix).

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* Separately attached as supplementary material are “Financial Highlights for the First Quarter of the Year Ending March 31, 2018.”

1. Qualitative Information Regarding Business Results, etc. for the First Quarter of the Current Fiscal Year

(1) Business Results

General Overview of Business Performance

The world economy in the first quarter of the fiscal year ending in March 2018 trended towards a mild recovery on the whole, as the western economies were bullish, the Japanese economy kept its recovery going and the Chinese economy showed signs of a rally.

In the electronics industry, the automotive electronics market was steady, despite a slowdown in the USA, thanks to good vehicles sales in Europe and Japan, as well as increased use of in-vehicle electronics. The industrial equipment market was strong, as an uptick in China provided support. In the consumer products market, smartphones went through an adjustment, but game consoles performed well and home appliances were solid.

Working within this business environment, the ROHM Group continued to implement important strategies aimed at boosting sales to overseas customers and strengthening product lineups for IoT markets and the automotive and industrial equipment markets, which are expected to grow in the mid- to long-term. Accordingly, time and resources were directed at developing new products and technologies into [1] analog solutions, [2] power solutions, [3] sensor solutions and [4] mobile solutions, and improving proposals that combine them. The ROHM Group also pushed ahead with 'production innovation' by continuing its RPS (ROHM Production System) activities *1 and promoting technological development needed to build a state-of-the-art quality management system and achieve 'zero defects'.

Under these circumstances, consolidated net sales for the first quarter of the fiscal year ending March 31, 2018 were 96,418 million yen (an increase of 15.9% from the same time last year) and operating income was 12,427 million yen (an increase of 80.1% from the same time last year).

Ordinary income was 13,023 million yen (509 million yen for the same time last year) and quarterly net income belonging to parent company shareholders was 10,216 million yen (an increase of 400.0% from the same time last year).

*1 RPS (ROHM Production System) activities

A production system centered on improvement activities for integrating higher quality into products, shortening lead time and thoroughly eliminating waste in inventory and other operations at all Group plants. ROHM believes that establishing production systems of unparalleled efficiency and quality is essential for strengthening the Group's earning structure.

Overview of Performance by Segment

<ICs>

Consolidated net sales for the first quarter of the year ending March 31, 2018 were 44,777 million yen (an increase of 18.7% from the same time last year) and segment income was 4,243 million yen (an increase of 105.9% from the same time last year).

In the automotive electronics market, sales were strong, owing to greater adoption of isolated gate driver ICs *2 for hybrid vehicle powertrains, as well as power ICs and LED driver ICs for car bodies, instrument panels and car navigation systems.

In the industrial equipment market, sales of power ICs and other products for FA, measuring equipment, and HEMS and BEMS *3 grew steadily.

In the consumer electronics segment, color sensors for smartphones went through an adjustment, but sales of power ICs and USB Power Delivery Type-C *4 controller ICs for game consoles and home appliances increased, while sales of power ICs for PCs trended towards recovery.

With regard to group company LAPIS Semiconductor Co., Ltd., sales of memory ICs for game consoles were good.

*2 Isolated gate driver IC

A gate driver IC drives power semiconductors like IGBT *5, but by incorporating an isolated element in a gate driver, external isolating components that are critical to protecting people and systems have become unnecessary.

*3 HEMS (Home Energy Management System)/BEMS (Building Energy Management System)

A HEMS is a system for managing energy consumption in a home. A BEMS is a similar system, but for buildings. Though they serve different targets, both systems connect power meters, solar power systems, storage batteries, home appliances and other equipment over a network, visualize power consumption and economically manage equipment, using sensors and IT.

*4 USB Power Delivery Type-C

USB Power Delivery is a USB power expansion standard that specifies up to 100 W of power to be supplied or drawn over a USB cable. It allows laptop computers and other devices that could not be driven over earlier USB standards to be powered over USB and shortens the charging time for mobile devices.

*5 IGBT (Short for Insulated Gate Bipolar Transistor)

A semiconductor that combines the best features of a MOSFET*6 and bipolar transistor*7, making it ideal for power control applications.

*6 MOSFET (Short for Metal Oxide Semiconductor Field Effect Transistor)

This type of transistor enables faster switching with less power consumption than bipolar transistors, and is widely used in a variety of electronic products.

*7 Bipolar transistor

A 3-terminal semiconductor in which N-type semiconductors and P-type semiconductors have a P-N-P or N-P-N junction structure. Primarily used for current amplification and switching.

<Discrete Semiconductor Devices>

Consolidated net sales for the first quarter of the year ending March 31, 2018 were 36,393 million yen (an increase of 16.7% from the same time last year) and segment income was 6,926 million yen (an increase of 27.0% from the same time last year).

With regard to transistors, sales of power MOSFETs for various types of power sources and small signal transistors for smartphones and game consoles grew steadily. As for diodes, sales for automotive electronics were strong. Regarding power devices, sales of SiC devices for solar power applications were solid. With LEDs, sales for amusement devices fell, but sales for other kinds of consumer products were bullish. In the semiconductor laser segment, sales for laser printers and other applications increased.

<Modules>

Consolidated net sales for the first quarter of the year ending March 31, 2018 were 9,975 million yen (an increase of 14.6% from the same time last year) and segment income was 989 million yen (an increase of 548.6% from the same time last year).

With regard to printheads, sales of printheads for mobile payment terminals and label printers were solid on the one hand, while sales for fax machines and other applications slumped on the other.

As for optical modules, sales of sensor modules for smartphones grew considerably.

<Others>

Consolidated net sales for the first quarter of the year ending March 31, 2018 were 5,272 million yen (a decrease of 5.6% from the same time last year) and segment income was 710 million yen (an increase of 109.1% from the same time last year).

Sales of resistors were strong and driven by the automotive electronics market. Sales of tantalum capacitors for smartphones decreased.

Performance was also affected by our withdrawal from the LED business last quarter.

Sales mentioned in 'Overview of Performance by Segment' above were to customers outside of the ROHM Group.

(2) Financial Conditions

At the end of the first quarter of the year ending March 31, 2018, total assets of the ROHM Group were 842,991 million yen, constituting an increase of 8,488 million yen from the end of the previous fiscal year. The main factors behind this were a decrease in securities of 14,053 million yen and increases respectively in cash and deposits of 10,898 million yen, notes and accounts receivable (trade) of 6,094 million yen, and investment securities of 6,008 million yen.

Liabilities increased 2,704 million yen compared to the end of the previous fiscal year, to 111,755 million yen. The main factor behind this was an increase in the 'other' category of current liabilities to 3,080 million yen (of which 2,789 million yen were for plant and equipment-related electronically recorded obligations [operating]).

Net assets increased 5,783 million yen compared to the end of the previous fiscal year, to 731,235 million yen. The main factors behind this were increases respectively in valuation differences on available-for-sale securities of 2,288 million yen, shareholders' equity of 1,753 million yen, which resulted from posting quarterly profits available to owners of the parent company, and foreign currency translation adjustments of 1,537 million yen.

As a result, equity ratio decreased from the 86.9% from the end of the previous fiscal year, to 86.7%.

(3) Qualitative Information Regarding Consolidated Financial Results Forecast

Sales for the first quarter of the year ending March 31, 2018 by and large put us on track to exceed initial projections for the first half of the year, owing to bullish performances in the automotive electronics and industrial equipment markets, the yen trending lower than expected, and cost reductions achieved via our RPS activities and other efforts. However, we are not changing our initial projections at this time because there is no telling how markets and exchange rates will trend in the second quarter. ROHM will revise and announce its forecast if changes are deemed necessary due to future trends.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Unit: millions of yen)

	End of the accounting year ended March 31, 2017 (March 31, 2017)	First quarter of the year ending March 31, 2018 (June 30, 2017)
Assets		
Current assets		
Cash and deposits	264,916	275,814
Notes and accounts receivable - trade	76,700	82,794
Electronically recorded monetary claims - operating	5,132	4,920
Securities	42,582	28,529
Merchandise and finished goods	23,197	22,172
Work in process	38,699	39,335
Raw materials and supplies	24,800	25,688
Deferred tax assets	9,047	8,575
Income taxes receivable	1,137	321
Other	10,285	9,623
Allowance for doubtful accounts	-541	-546
Total current assets	495,958	497,229
Non-current assets		
Property, plant and equipment		
Buildings and structures	230,987	231,659
Machinery, equipment and vehicles	516,448	520,179
Tools, furniture and fixtures	47,668	47,685
Land	66,961	66,881
Construction in progress	14,676	16,437
Accumulated depreciation	-645,472	-651,836
Total property, plant and equipment	231,270	231,006
Intangible assets		
Goodwill	5,355	5,247
Other	5,157	6,591
Total intangible assets	10,513	11,839
Investments and other assets		
Investment securities	81,084	87,092
Net defined benefit asset	1,435	1,526
Deferred tax assets	2,685	2,610
Other	11,961	12,108
Allowance for doubtful accounts	-406	-423
Total investments and other assets	96,760	102,915
Total non-current assets	338,545	345,761
Total assets	834,503	842,991

(Unit: millions of yen)

	End of the accounting year ended March 31, 2017 (March 31, 2017)	First quarter of the year ending March 31, 2018 (June 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,193	13,053
Electronically recorded obligations - operating	8,657	8,995
Accounts payable - other	22,382	20,242
Income taxes payable	3,790	1,861
Deferred tax liabilities	2	-
Provision for loss on business liquidation	224	215
Other	21,798	24,878
Total current liabilities	69,050	69,246
Non-current liabilities		
Deferred tax liabilities	28,195	29,194
Net defined benefit liability	10,693	10,989
Other	1,111	2,324
Total non-current liabilities	40,001	42,509
Total liabilities	109,051	111,755
Net assets		
Shareholders' equity		
Capital stock	86,969	86,969
Capital surplus	102,403	102,403
Retained earnings	604,057	605,811
Treasury shares	-47,777	-47,778
Total shareholders' equity	745,653	747,406
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,438	27,726
Foreign currency translation adjustment	-40,942	-39,405
Remeasurements of defined benefit plans	-5,163	-4,961
Total accumulated other comprehensive income	-20,667	-16,640
Non-controlling interests	466	469
Total net assets	725,452	731,235
Total liabilities and net assets	834,503	842,991

(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income

(Consolidated quarterly statement of income)

(First quarter of the year ending March 31, 2018)

(Unit: millions of yen)

	First quarter of the year ended March 31, 2017 (From April 1, 2016 To June 30, 2016)	First quarter of the year ending March 31, 2018 (From April 1, 2017 To June 30, 2017)
Net sales	83,204	96,418
Cost of sales	55,071	62,527
Gross profit	28,133	33,890
Selling, general and administrative expenses	21,232	21,463
Operating profit	6,900	12,427
Non-operating income		
Interest income	499	628
Dividend income	381	399
Other	194	342
Total non-operating income	1,075	1,371
Non-operating expenses		
Foreign exchange losses	7,284	721
Other	180	53
Total non-operating expenses	7,465	775
Ordinary profit	509	13,023
Extraordinary income		
Gain on sales of non-current assets	6	73
Gain on sales of investment securities	61	-
Total extraordinary income	68	73
Extraordinary losses		
Loss on sales of non-current assets	32	27
Loss on abandonment of non-current assets	9	119
Loss on valuation of investment securities	6	-
Loss on liquidation of business	228	-
Provision for loss on business liquidation	53	-
Total extraordinary losses	330	147
Profit before income taxes	247	12,949
Income taxes - current	511	2,192
Income taxes - deferred	-2,301	534
Total income taxes	-1,789	2,727
Profit	2,037	10,222
Profit (loss) attributable to non-controlling interests	-5	6
Profit attributable to owners of parent	2,043	10,216

(Consolidated quarterly statement of comprehensive income)
 (First quarter of the year ending March 31, 2018)

(Millions of yen)

	First quarter of the year ended March 31, 2017 (From April 1, 2016 To June 30, 2016)	First quarter of the year ending March 31, 2018 (From April 1, 2017 To June 30, 2017)
Profit	2,037	10,222
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,688	2,288
Foreign currency translation adjustment	-27,059	1,535
Remeasurements of defined benefit plans, net of tax	256	201
Total other comprehensive income	-29,491	4,025
Comprehensive income	-27,453	14,247
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-27,409	14,242
Comprehensive income attributable to non-controlling interests	-43	4

(3) Note on Consolidated Quarterly Financial Statement

(Note on going concern)

None

(Note in case of significant change in amount of shareholders' equity)

None

(Segment information)

First quarter of the year ended March 31, 2017 (From April 1, 2016 to June 30, 2016)

Information on net sales, profits or losses by individual reportable segments

(Unit: Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjusted amount (Note 2)	Amount on consolidated quarterly statement of income (Note 3)
	ICs	Discrete semi- conductor devices	Modules	Subtotal				
Sales								
Sales to customers	37,726	31,191	8,703	77,621	5,582	83,204	-	83,204
Inter-segment sales or transfer	743	1,238	4	1,987	43	2,031	-2,031	-
Total	38,470	32,430	8,708	79,609	5,626	85,235	-2,031	83,204
Segment profit	2,060	5,455	152	7,669	339	8,008	-1,108	6,900

- (Note) 1. "Others" is an operational segment that is not included in reportable segments, consisting of business in resistors, tantalum capacitors, and lightings.
2. The adjusted amount of the segment profit or loss, minus 1,108 million yen, mainly includes general administrative expenses of minus 924 million yen that do not attribute to the segment, and the settlement adjusted amount of minus 183 million yen, which is not allocated to the segment (such as adjustment for retirement benefits).
3. For segment profits, adjustments are made using the operating income of the consolidated quarterly statement of income.

First quarter of the year ended March 31, 2018 (From April 1, 2017 to June 30, 2017)

Information on net sales, profits or losses by individual reportable segments

(Unit: Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjusted amount (Note 2)	Amount on consolidated quarterly statement of income (Note 3)
	ICs	Discrete semi- conductor devices	Modules	Subtotal				
Sales								
Sales to customers	44,777	36,393	9,975	91,146	5,272	96,418	-	96,418
Inter-segment sales or transfer	796	1,904	20	2,721	12	2,734	-2,734	-
Total	45,574	38,298	9,995	93,868	5,284	99,153	-2,734	96,418
Segment profit	4,243	6,926	989	12,159	710	12,869	-442	12,427

- (Note) 1. "Others" is an operational segment that is not included in reportable segments, consisting of business in resistors, tantalum capacitors, etc.
2. The adjusted amount of the segment profit or loss, minus 442 million yen, mainly includes general administrative expenses of minus 258 million yen that do not attribute to the segment, and the settlement adjusted amount of minus 183 million yen, which is not allocated to the segment (such as adjustment for retirement benefits).
3. For segment profits or loss, adjustments are made using the operating income of the consolidated quarterly statement of income.