



2016/3 Presentation

Note: This document is a translation of the 2016/3 Presentation 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.

AGENDA

■ Financial Results Ended 2016/3

Financial Results of 2016/3
Factors for Sales Change
YOY Comparison of OP

■ Plan Ending 2017/3

Plan of 2017/3
Factors for Sales Change in 2017/3

■ ROHM's Strategy

■ CAPEX Plan

■ Return to Shareholders

Financial Results Ended 2016/3 (YOY)

(¥billion)

	'16/3	'15/3	Amount of decrease	YOY
Net Sales	352.3	362.7	▲10.4	▲2.9%
Operating income	33.6	38.8	▲5.2	▲13.3%
(Ratio)	(9.5%)	(10.7%)	—	—
Ordinary income	36.6	59.2	▲22.6	▲38.2%
(Ratio)	(10.4%)	(16.3%)	—	—
Net income(※)	25.6	45.2	▲19.6	▲43.3%
(Ratio)	(7.3%)	(12.5%)	—	—
EBITDA	71.9	73.2	▲1.3	▲1.8%
(Ratio)	(20.4%)	(20.2%)	—	—

Average rate (¥/US\$) (120.0) (110.0)

Financial Results Ended 2016/3 (V.S. Revised Plan)

(¥billion)

	'16/3	'16/3 Revised plan	Amount of decrease	V.S. Revised plan
Net Sales	352.3	363.0	▲10.7	▲2.9%
Operating income	33.6	34.0	▲0.4	▲1.1%
(Ratio)	(9.5%)	(9.4%)	—	—
Ordinary income	36.6	40.0	▲3.4	▲8.4%
(Ratio)	(10.4%)	(11.0%)	—	—
Net income(※)	25.6	31.0	▲5.4	▲17.1%
(Ratio)	(7.3%)	(8.5%)	—	—
EBITDA	71.9	74.8	▲2.9	▲3.8%
(Ratio)	(20.4%)	(20.6%)	—	—

Average rate (¥/US\$) (120.0) (118.5)

Factors for Sales Change

(¥billion)

	Main Factors for Sales Change in '16/3		V.S. plan	YOY
Positive Factors	1	Sales for auto control systems expanded	+2.3	+1.7
	2	Sales for auto body expanded	+2.1	+3.5
Negative Factors	1	Sales of lighting equipments decreased	▲2.5	▲1.3
	2	Production of power modules for EVs decreased	▲1.7	▲1.6
	3	Misestimation of the PC/OA markets	▲1.5	+0.6
	4	The consumer market was overall weak	▲1.3	▲4.4
	5	The smartphone market stagnated	▲0.8	▲2.4
	6	The conventional car audio market shrunk	▲0.6	▲1.3
	Total		▲4.0	▲5.2

YOY Comparison of OP

(¥billion)

'15/3	'16/3	Difference
+ 38.8	+ 33.6	▲5.2

(Major Factors)

Sales

Increase in marginal profits due to sales increase by forex

+21.9

Decrease in marginal profits due to sales decline

▲24.7



▲2.8

Variable & Fixed Costs

Cost reduction

+8.8

Increase in variable & fixed costs by forex

▲14.4

Increase in depreciation

▲3.1

Others

+6.3



▲2.4

Total

▲5.2

Plan Ending 2017/3 (YOY)

(¥billion)

	'16/3		'17/3 Plan		
	Amount	YOY	Amount	Amount of decrease	YOY
Net Sales	352.3	▲ 2.9%	343.0	▲ 9.3	▲ 2.7%
Operating income	33.6	▲ 13.3%	14.0	▲ 19.6	▲ 58.4%
(Ratio)	(9.5%)	—	(4.1%)	—	—
Ordinary income	36.6	▲ 38.2%	16.5	▲ 20.1	▲ 54.9%
(Ratio)	(10.4%)	—	(4.8%)	—	—
Net income(※)	25.6	▲ 43.3%	10.0	▲ 15.6	▲ 61.1%
(Ratio)	(7.3%)	—	(2.9%)	—	—
EBITDA	71.9	▲ 1.8%	64.0	▲ 7.9	▲ 11.1%
(Ratio)	(20.4%)	—	(18.7%)	—	—

Average rate (¥/US\$)

(120.0)

(110.0)

Factors for Sales Change in 2017/3 Estimate

		(¥billion)		
		YOY	(Without impact from forex)	
Positive Factors	1	Sales expansion for smartphones	+5.4	(+8.2)
	2	Sales expansion for the auto market excluding conventional car audios	+3.8	(+4.6)
	3	Sales expansion for the industrial market excluding lighting equipments	+2.6	(+2.8)
	4	Sales recovery in the gaming equipment market	+1.0	(+2.1)
Negative Factors	1	Sales decrease of drivers for large LCD panels	▲6.3	(▲4.5)
	2	Continuous decline of the PC/OA equipment market	▲5.5	(▲1.3)
	3	Withdrawal from the lighting equipment market	▲4.4	(▲4.3)
	4	Shrinking of the conventional car audio market	▲2.9	(▲1.3)
	5	Shrinking of the AV equipment market	▲2.4	(+0.5)
Total		▲8.7	(+6.8)	
Total		▲9.3	(+13.2)	
Impact from forex rate (¥/US\$)		(120→110)	(110→110)	

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ROHM's Strategy

1. Market Reform

- Focusing on the auto market
- Tapping the industrial market
- Increasing sales ratio of overseas customers

2. Product Reform

- Reorganizing the “Four Growth Engines” to “Four Growth Solutions”
 - High performance **Analog Solutions** with digital control capabilities
 - **Power Solutions** centering on SiCs
 - **Sensor Solutions** introducing MEMS•Photonics
 - **Mobile Solutions** providing ultra small-sized devices

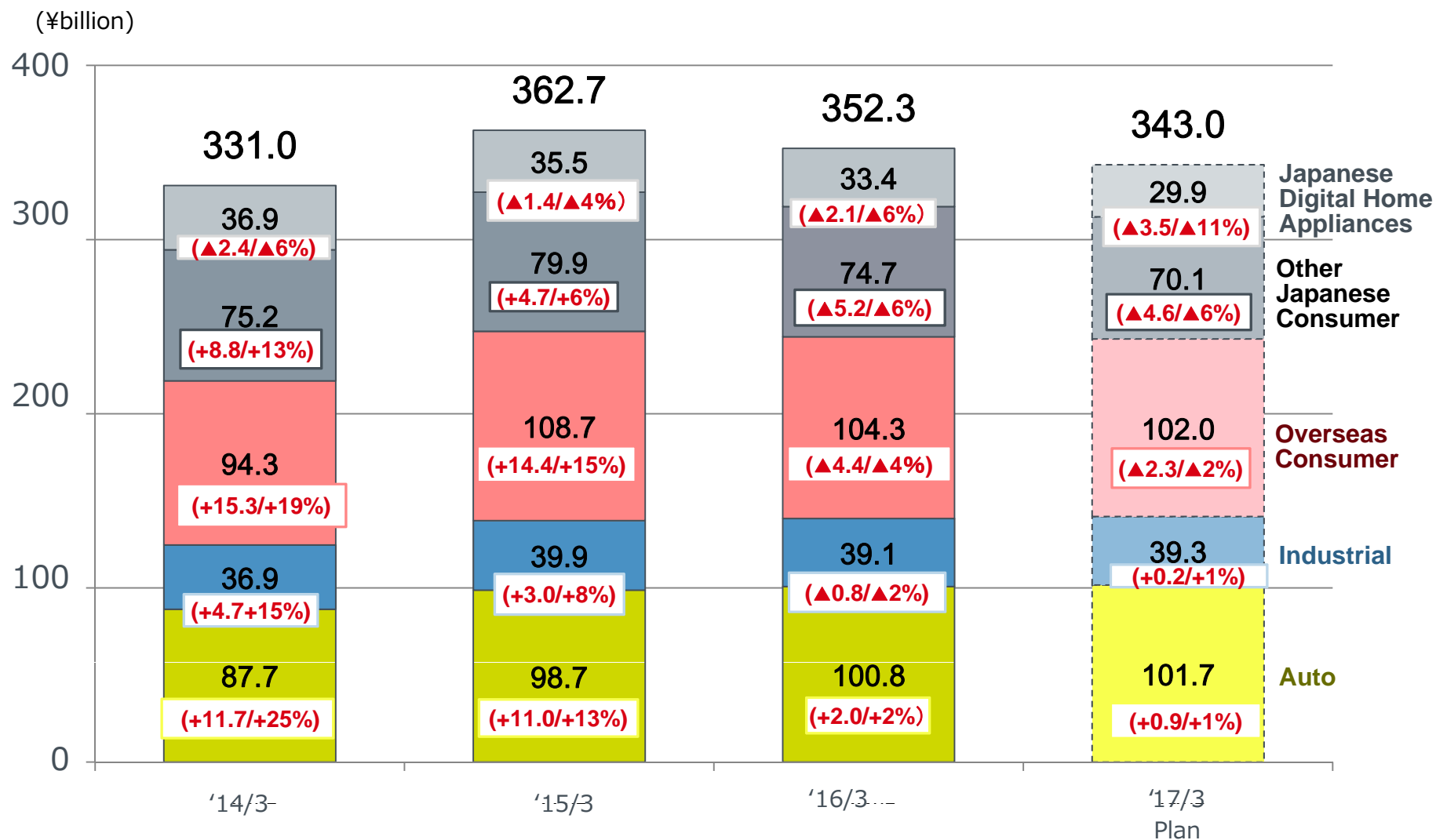
3. Production Reform

- Aiming for World's No.1 Manufacturing Plant
 - Thoroughly enhancing RPS(Rohm Production System)
 - Accomplishing “Zero Defect” and improving power of work sites in manufacturing plants

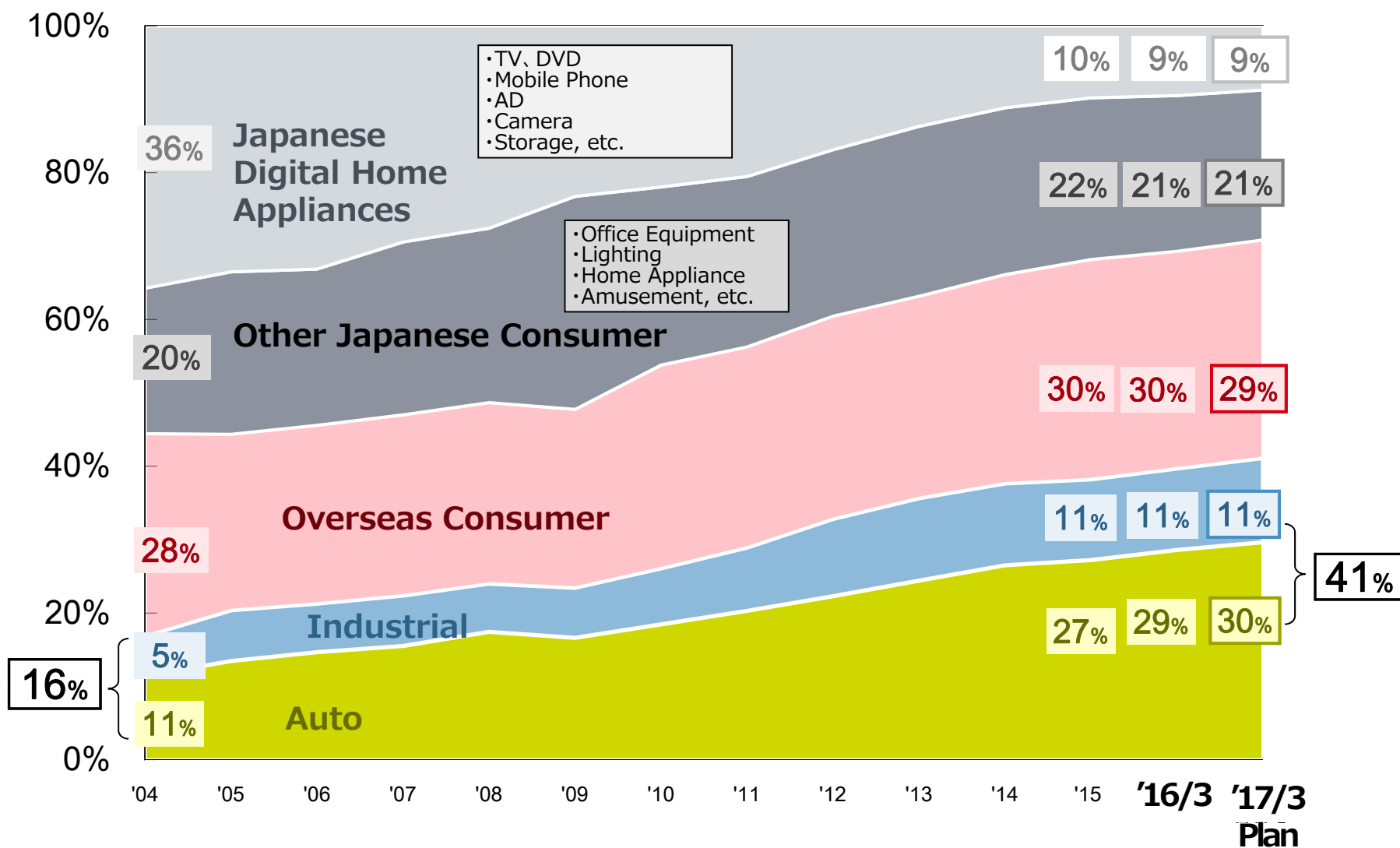
ROHM's Strategy

4 Years Trend of Sales by Market (YOY)

() Indicates difference from last year



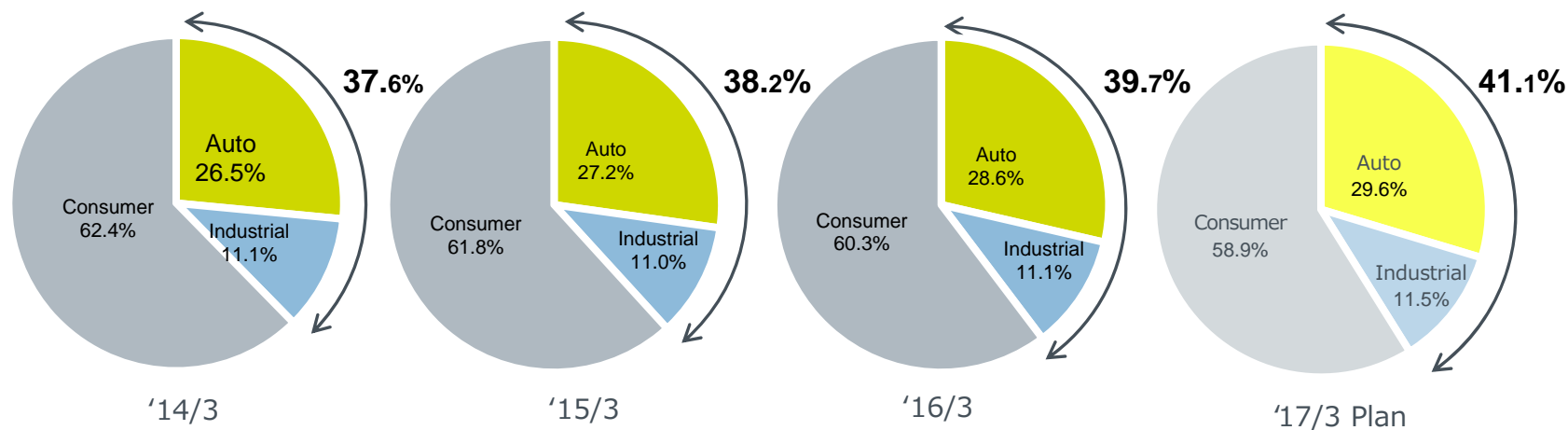
ROHM's Strategy Trend of Sales Composition Ratio by Market (2017/3 Plan)



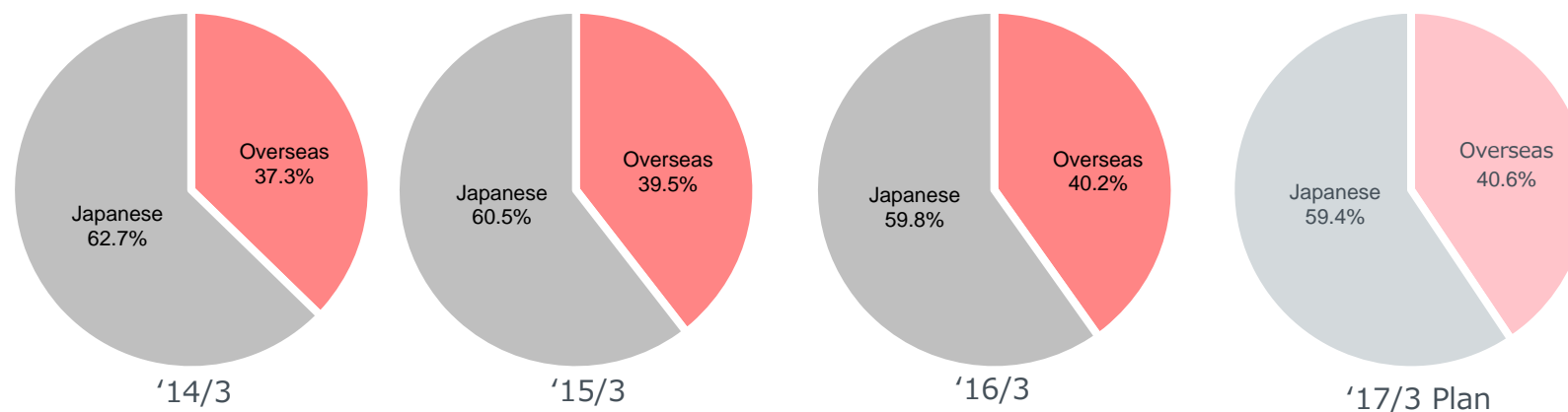
ROHMS's Strategy

Sales Ratio of Auto・Industrial and Overseas Customers


Reaching 50% sales ratio for auto + industrial markets ASAP




























Reaching 50% sales ratio for overseas customers ASAP



ROHM's Strategy Market Outlook

 ~+10%
  +10%~+2%
  +2%~▲2%
  ▲2%~▲10%
  ▲10%~

(\$ based) YOY

	'16/3			'17/3		
Industry	1H	2H	Comments	1H	2H	Comments
Consumer 			<ul style="list-style-type: none"> The TV market remained almost flat Inventories of air conditioners in home appliances increased DSC, game consoles were weak 			<ul style="list-style-type: none"> Slight positive impact from the Olympics in 1H (Takes over 1 year to eliminate inventories of air conditioners)
Communi- cation 			<ul style="list-style-type: none"> 1H was bullish due to launch of new models Sales greatly decreased in 2H 			<ul style="list-style-type: none"> Saturating of the global market Weak demand growth of components due to higher exposure to low-end models
PC/OA 			<ul style="list-style-type: none"> PC/tablets sales less than last year (Windows10 was not strong enough) OA adjusted due to weak demand 			<ul style="list-style-type: none"> PC except for servers will continue to be weak due to spread of the Cloud Recovery of office equipments will be weak
Auto 			<ul style="list-style-type: none"> Auto sales increased in 2H due to subsidy measures in China, India, etc. The component market was bullish due to increase in electronics content ratio per car 			<ul style="list-style-type: none"> Number of autos and electronics content ratio per car will increase High expectations for sales increase in developing nations
Industrial 			<ul style="list-style-type: none"> Strong and weak markets offset Medical, HEMS related <Weak> FA, energy related 			<ul style="list-style-type: none"> Recovery from the end of 2016 expected

1. Market Reform ① Focusing on the Auto・Industrial Markets

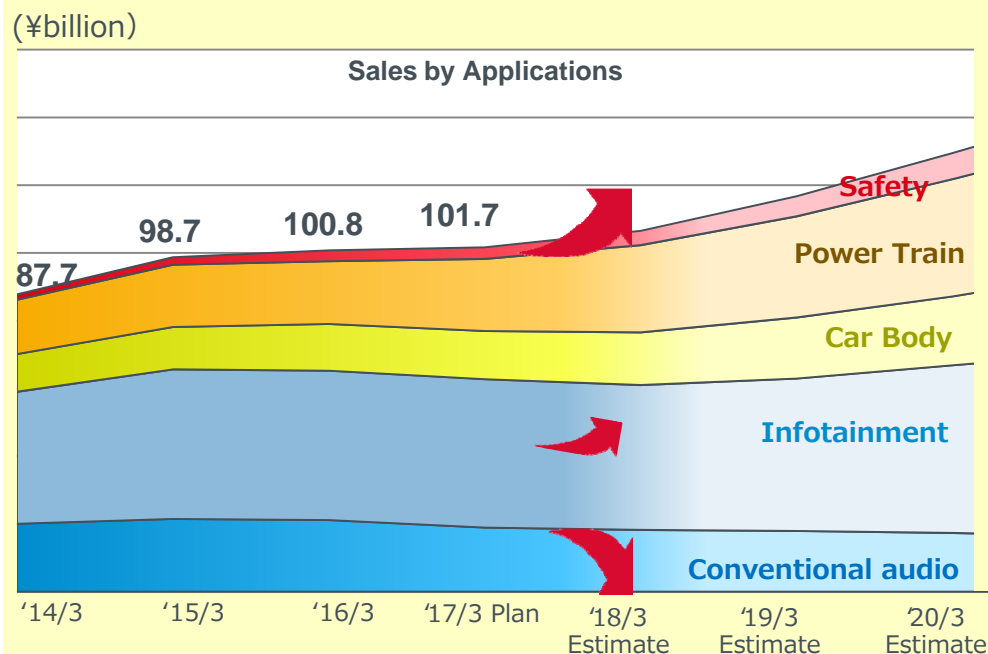
Auto Market

Design-ins for safety, power train, car body are increasing globally

Installing the latest power modules and gate drivers for FCV・EV/HEV

Expanding reference business with CPU manufacturers strong in the auto market

Accelerating shift from conventional audio to devices related to infotainment panels



1. Market Reform ① Focusing on the Auto・Industrial Markets

Industrial Market

Major・Direct Sales Customers

Design-ins of especially new products such as SiC・Wi-SUN・digital power, etc. to FA・infrastructure・energy markets are increasing

Expanding reference business with CPU manufacturers strong in the industrial market

New・Long Tail Customers

Grasping new businesses in broad areas

U.S.A. : IIC

HANNOVER MESSE

Maker Faire

Wi-SUN

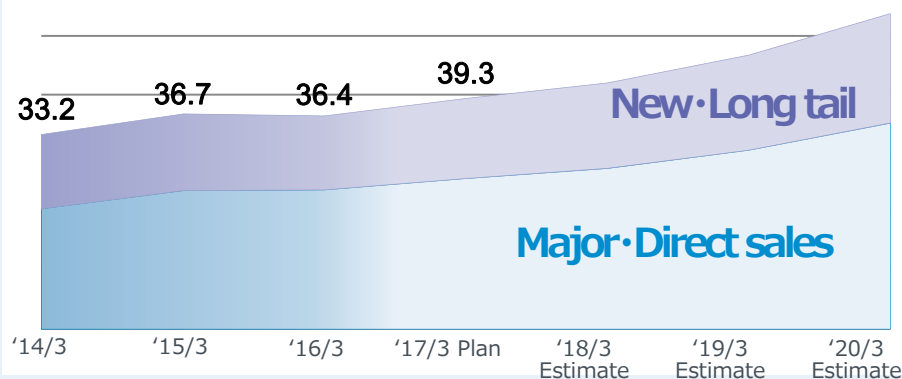
Wireless charging system

USB-PD

Improving service by strengthening relationships with influential trading companies and providing information on our website

(¥billion)

※Excluding lighting business

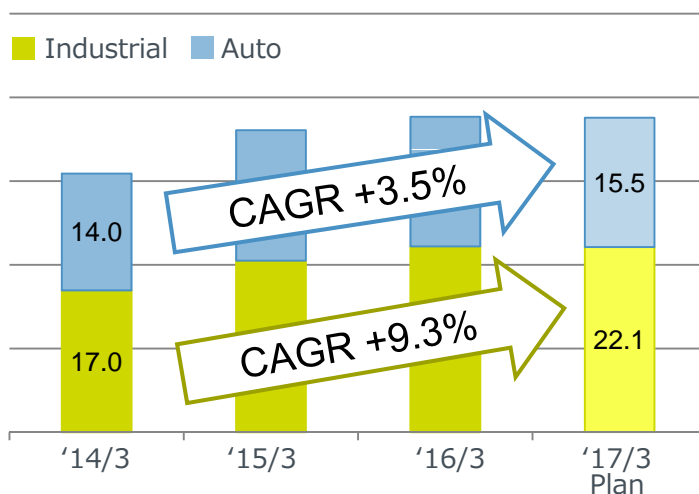


1. Market Reform ② Increasing Sales Ratio of Overseas Customers

Penetrating not only the auto·industrial markets, but also the giant mobile equipment market with new characteristic products

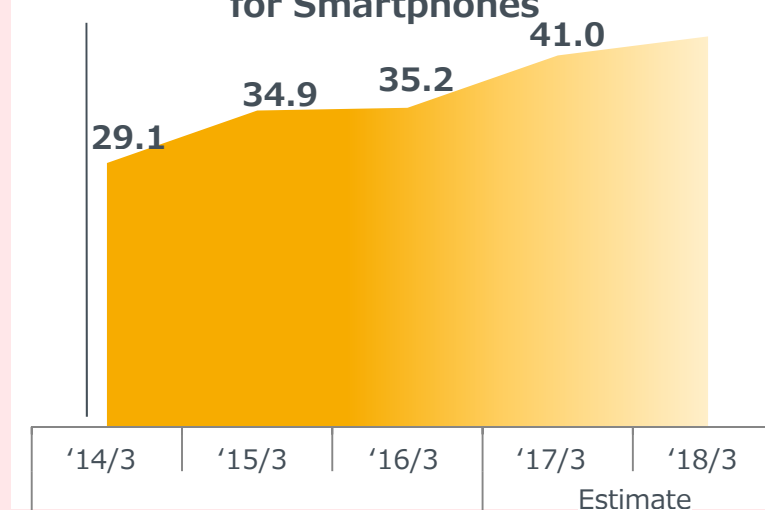


Auto·Industrial Sales to Overseas Customers



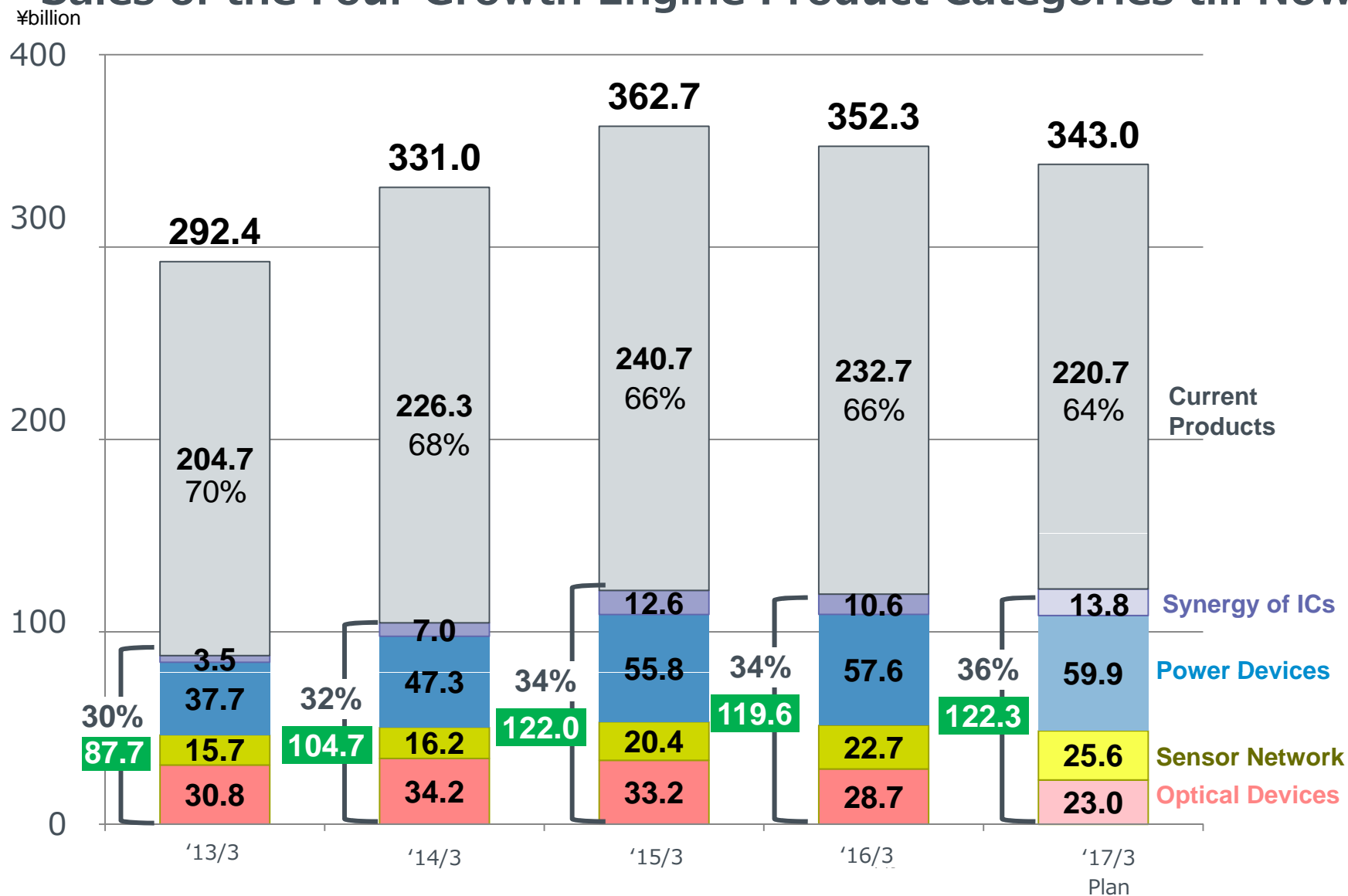
(¥billion)

Sales Estimate for Smartphones



2.Product Reform ① Reorganizing the “Four Growth Engines” to “Four Growth Solutions”

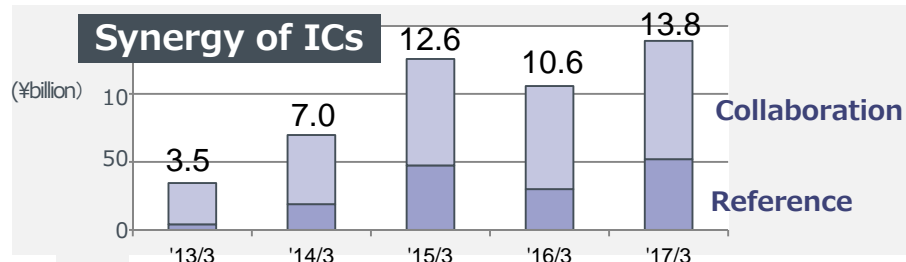
Sales of the Four Growth Engine Product Categories till Now



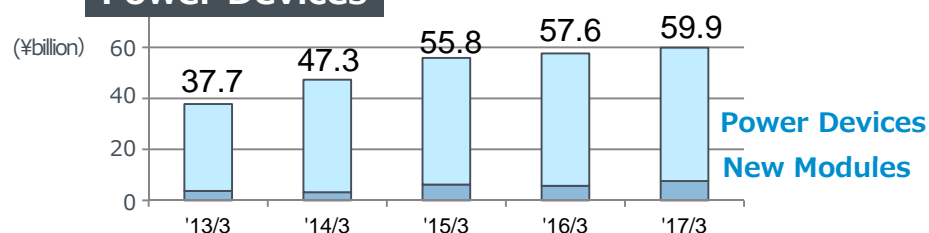
2.Product Reform ①Reorganizing the “Four Growth Engines” to “Four Growth Solutions”

4 Growth Engines

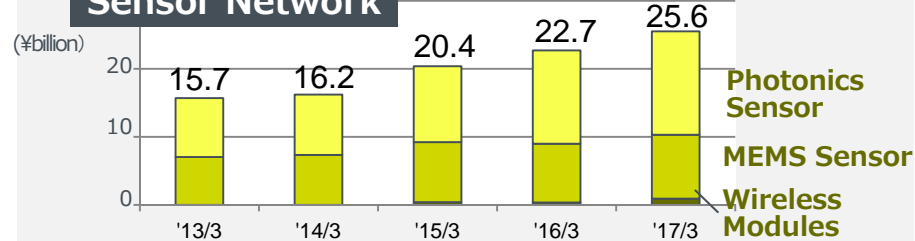
Synergy of ICs



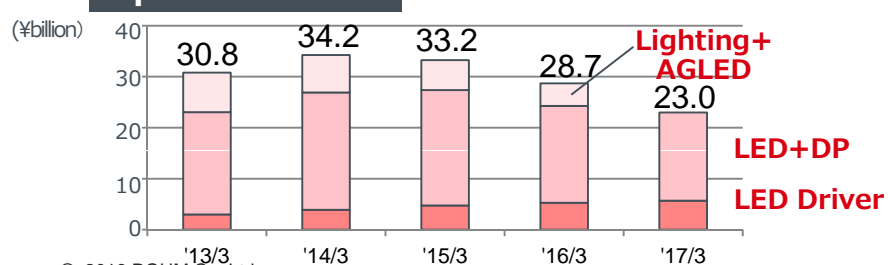
Power Devices



Sensor Network



Optical Devices



Results in the Past 4 Years

• Succeeding to develop large-scale PMIC for reference business with Intel, NXP, etc. by integrating ROHM's analog technology and LAPIS's digital technology

• Developing our new power module business centering on SiC, as well as steadily expanding power DIODE, IGBT and MOSFET

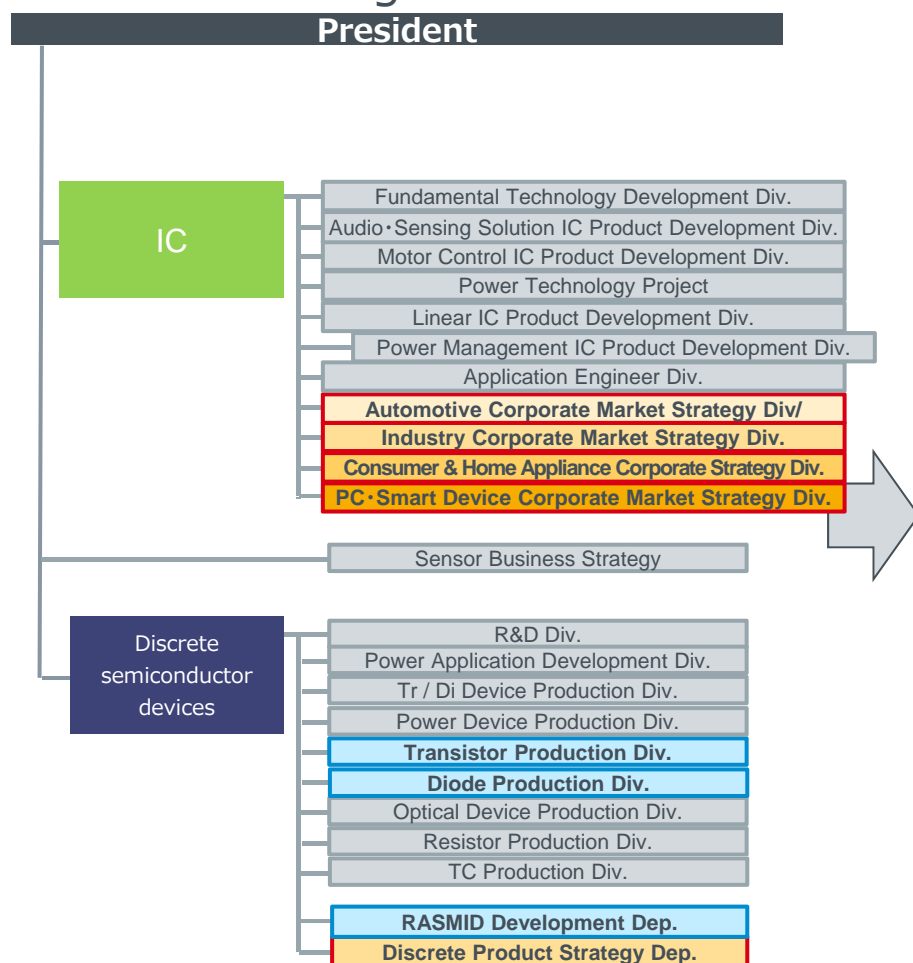
• Start-up of wireless modules as well as expansion of sensor devices such as MEMS・photonics, etc.

• Although LED drivers steadily expanded, we couldn't expand our finished product business, **therefore we determined to sell our lighting division (2016/3 sales: ¥4.4 billion)**

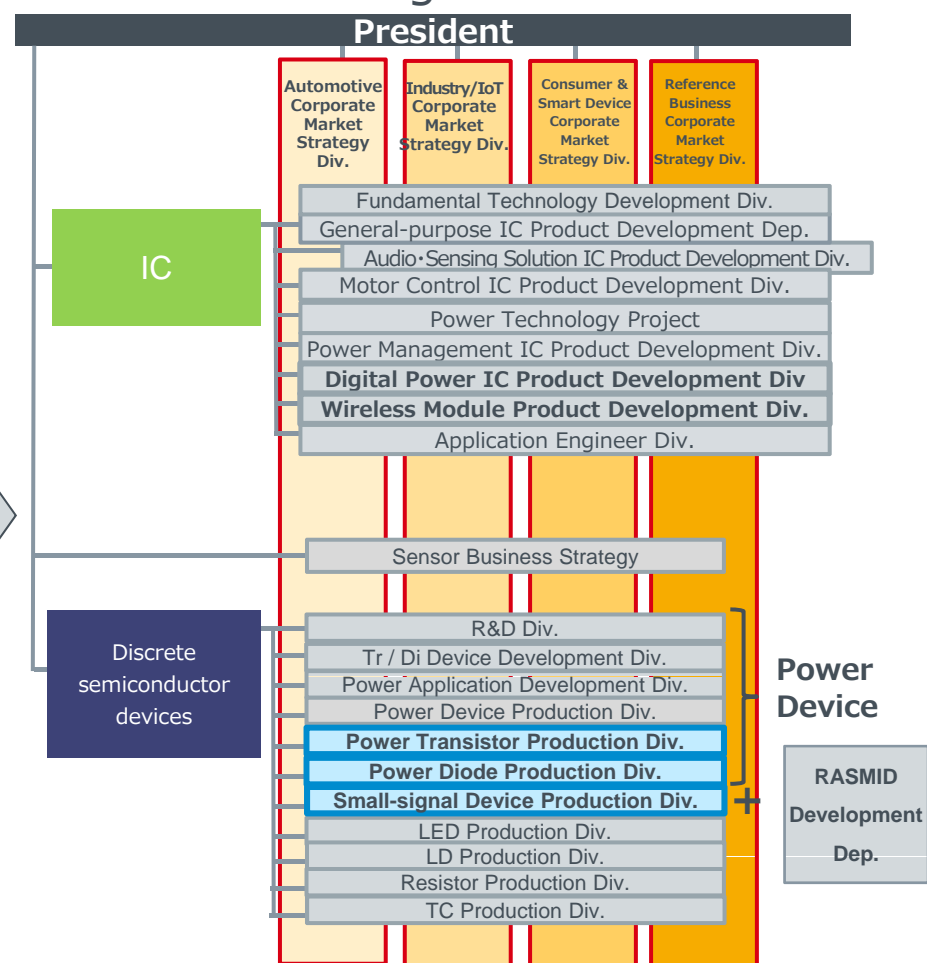
2.Product Reform ① Reorganizing the “Four Growth Engines” to “Four Growth Solutions”

Establishing corporate market strategy divisions categorized by markets directly under the president. Providing solutions matching demands of crucial markets with ROHM's technology

Old Organization



New Organization



2.Product Reform ① Reorganizing the “Four Growth Engines” to “Four Growth Solutions”

Key Devices Centered on the Four Growth Engines → Developing Four Growth Solutions that will resolve customer's problems

IC Synergy

Collaboration of
ROHM's Analog Technology
+ LAPIS's Digital Technology

**Analog Solution**

Providing solutions for customers by
ROHM's power IC, LED driver,
motor driver with digital control technology

Power Device

Development of Power DI,
IGBT, MOSFET, SiC

**Power Solution**

Supporting customer's needs of energy efficiency and
miniaturization by mainly SiC, optimal power devices, IC's control
technology and module technology

Sensor Network

Providing a variety
of sensor devices
and wireless technology

**Sensor Solution**

Supporting customer's IoT by combining unique
sensor devices, wireless technology and control ASIC

Optical Device

Sales of LED related devices,
mainly lighting and display



Drastically changing our strategy

Withdrawal from the lighting business (finished product)

- Power supply for lighting、LED driver → Shift to Analog Solution
- Ultra small-sized LED → Shift to Mobile Solution

Aiming for all products to become
smaller, lighter and energy efficient

**Mobile Solution**

Enabling miniaturization and high-precision of
discrete semiconductors and modules
by utilizing ROHM's original method as well as IC technology

PMIC

<Intel·NXP·Renesas>

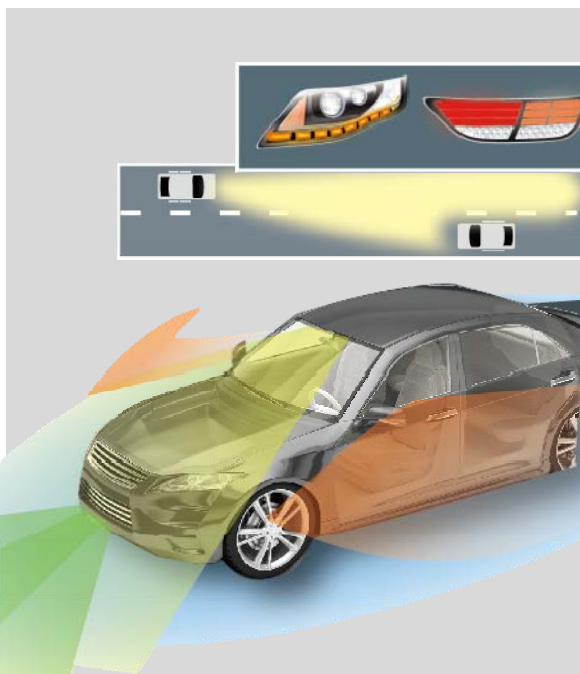
Expansion of reference business
Providing complex power supply for various platforms

■ For Auto·Industrial



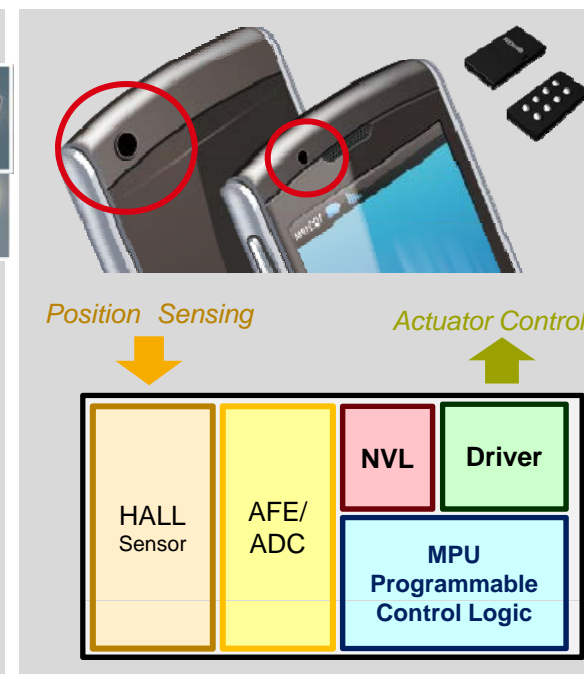
Intelligent LED Driver

Supporting high efficiency and multifunction driving of mainly European maker autos by cutting-edge auto LED lighting



Digital Control Motor Driver

Enabling ultra fast auto focus by sensing·analog digital control technology



2.Product Reform ② Four Growth Solutions

Achievements and applications in the auto & industrial are expanding

**SiC-SBD
for EV battery charger**

Supporting high efficiency and miniaturization of fast battery chargers
Achieving more than 80% of share


**Full SiC IPM
for industrial**

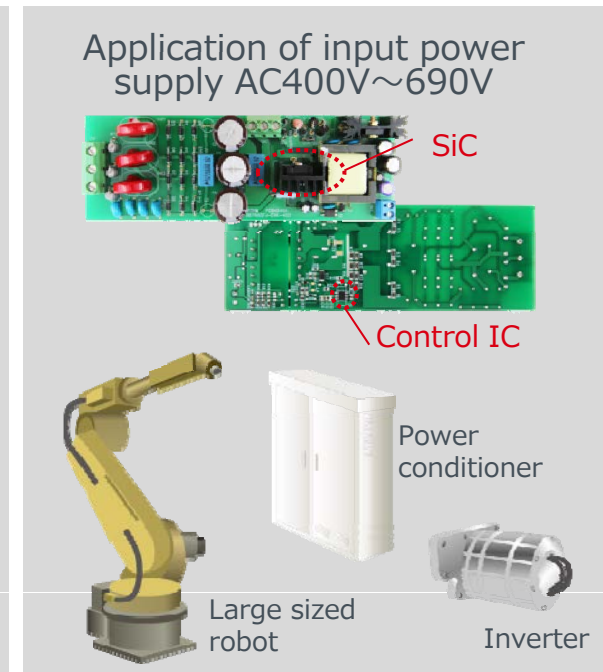
Started mass production

Adopted into large sized IH inverter power supply
Enabled higher efficiency and drastic miniaturization
Size ▲40%, Weight ▲50%


**SiC AC/DC power supply
for industrial**

Started mass production

Developed ROHM's original control IC for industrial taking full advantage of SiC
Providing SiC power supply solution to various customers



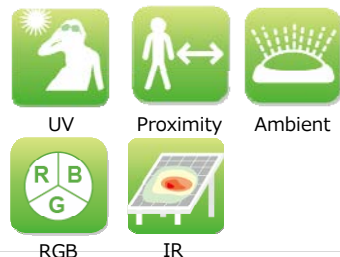
Sensor

Lineup of characteristic devices based on MEMS・Photonics technologies

MEMS Technology



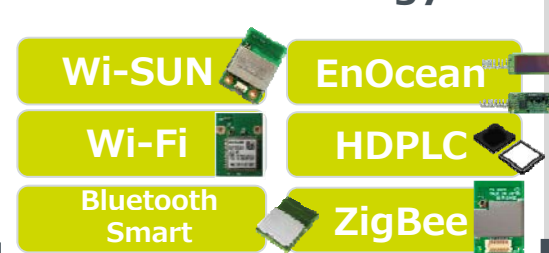
Photonics Technology



Wireless

Providing IoT solution based on wireless technology・control ASIC

Wireless Technology

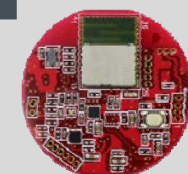


Control ASIC

Low power microcontroller
Analog front-end
Power supply

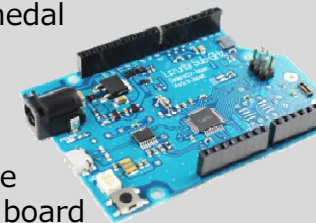
Module & Support

Supporting wide range of usage with general-purpose microcontroller boards and various tools








Sensor medal





General-purpose microcontroller board
Development of Lazlite series



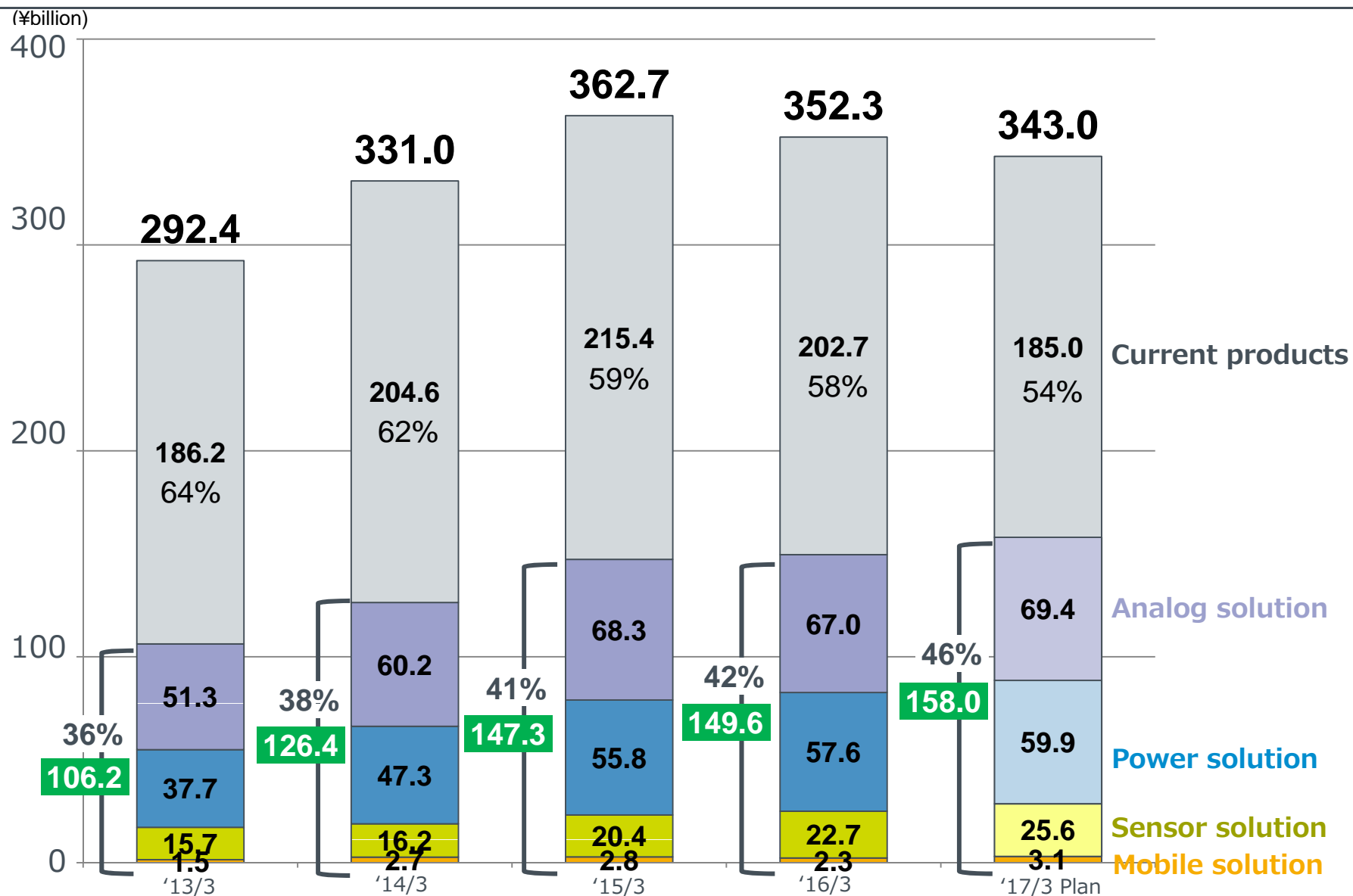
Ultra-small Device

<p>World's smallest※ transistor</p> <p>VML0604</p>  <p>World's smallest</p> <p>0.6×0.4mm t=0.36mm</p>	<p>Ultra-compact low profile chip LED</p> <p>PICOLED® Series</p>  <p>World's smallest</p> <p>1.0×0.6mm t=0.2mm</p>	<p>World's smallest class image stabilization hall device</p> <p>RHS-0122 Series</p>  <p>World's smallest</p> <p>1.2×0.5mm t=0.3mm</p>
<p>World's smallest※ conductive polymer tantalum capacitor</p> <p>TCTO(Case U)</p>  <p>World's smallest</p> <p>1.0×0.5mm t=0.65mm</p>	<p>World's smallest※ tantalum capacitor</p> <p>TCT(Case U)</p>  <p>World's smallest</p> <p>1.0×0.5mm t=0.6mm</p>	<p>Infrared LED embedded proximity-ambient light sensor</p> <p>RPR-0521 Series</p>  <p>Low noise</p> <p>3.94×2.36mm t=1.35mm</p>
<p>HMD package Multiple diode chips embedded in 1 chip</p> <p>HMD8</p>  <p>Multifunctional composite</p> <p>1.6×0.8mm t=0.3mm</p> 		

RASMID®

<p>Chip resistor</p> <p>SMR002</p>  <p>0.25×0.125mm t=0.08mm</p> <p>World's smallest</p>
<p>TVS diode</p> <p>SMD0402</p>  <p>0.4×0.2mm t=0.12mm</p> <p>World's smallest</p>
<p>Schottky barrier diode</p> <p>SMD0402</p>  <p>0.4×0.2mm t=0.12mm</p> <p>World's smallest</p> 

2.Product Reform ② Sales Trend of the Four Growth Solutions



3. Production Reform ① RPS・Zero Defect Initiatives

RPS

- Reducing costs and achieving higher quality
- Developing human resources

The Three Wastes (Sangen Shugi)

Waste of movement

Waste of stagnation

Waste of conveyance

Eliminating the three wastes!

Visualization of Processes

Visualization of logistics, quality and operation



Taking quick actions in case of abnormality (improve processes, eliminate waste)

Detecting changing points instantly by IoT
Improve process by PDCA cycle

Human Development

Improvement and transmission of know-how and knowledge

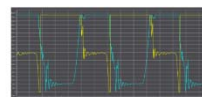
Improving workplace skills



Real time monitoring by automatic sensing technology



Automatic sensing waveform



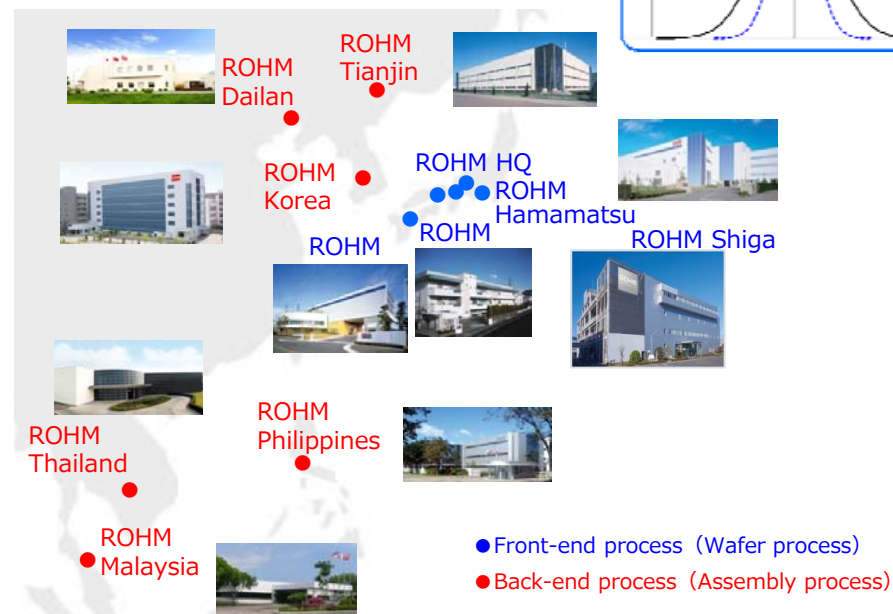
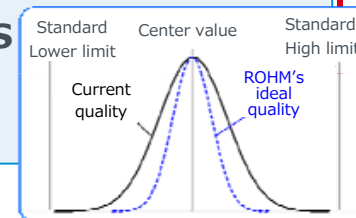
Automatic monitoring SPC control chart



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"Zero Defect" Initiatives

➡ Aiming for Zero Defects by minimizing variations



- Front-end process (Wafer process)
- Back-end process (Assembly process)

Investing for higher quality in all manufacturing plants

Objectives of Investment for Quality

1. Installing new methods・manufacturing lines
2. Improving design・structure
3. Improving process capacity
4. Improving analysis precision

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CAPEX Plan

Investing in new products and quality while watching market trend

Wafer Process

- Reinforcing mass production system for power device such as IGBT, etc.
- Startup of piezoelectric sensor manufacturing line in ROHM Shiga

Assembly Process

- Startup of new factory in Malaysia
- Continuously improving quality and renewing equipment

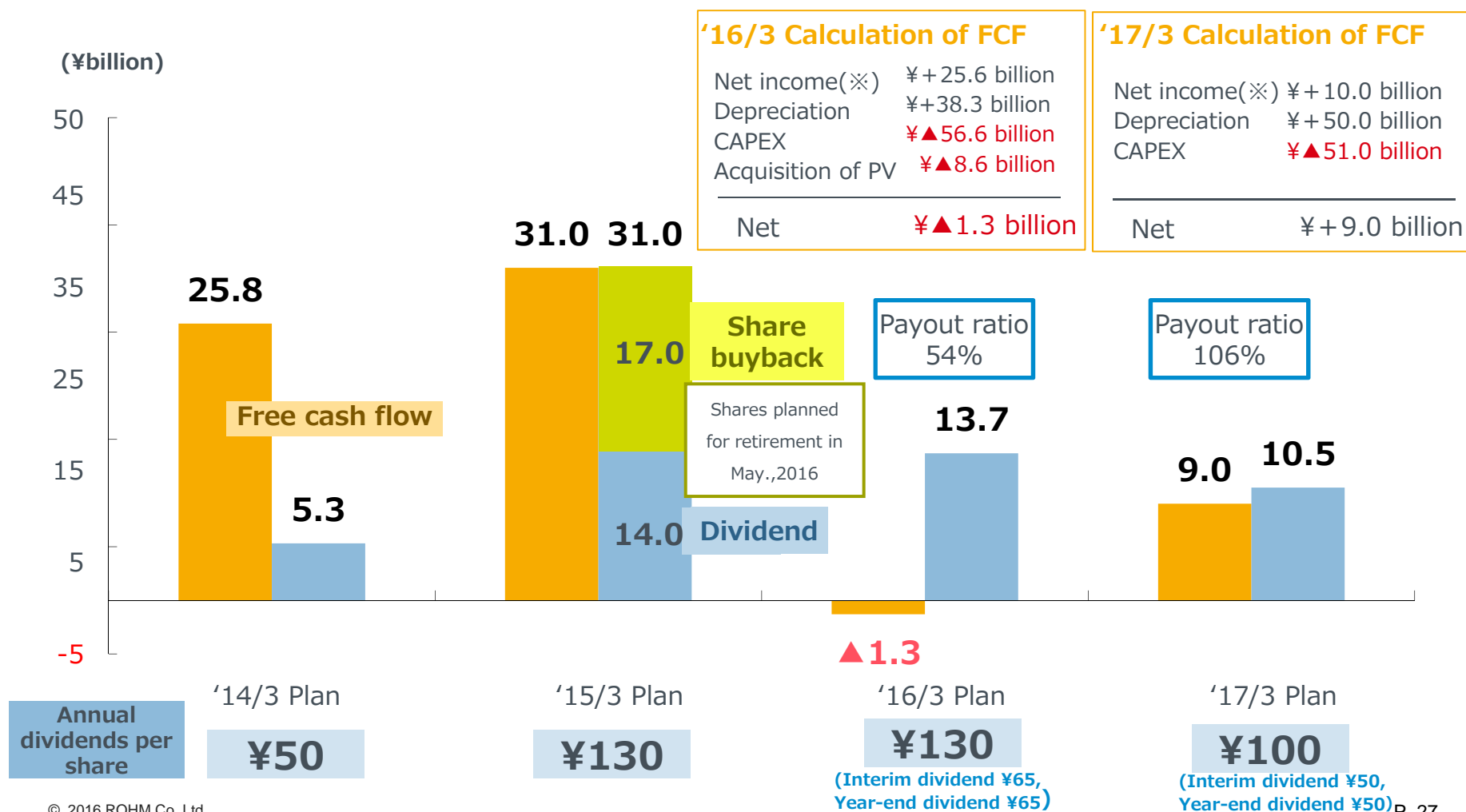
(¥billion)

	Total	Capacity increase	Land·building	New products	Quality	Others
'16/3	56.6	24.1	15.4	4.0	4.0	9.1
'17/3	51.0 100%	15.4 33%	11.0 22%	10.5 21%	6.3 12%	7.8 15%

Japan/Overseas Ratio	'16/3	'17/3 Plan
Japan	31.7(56%)	28.8(57%)
Overseas	24.9(44%)	22.2(43%)
Total	56.6(100%)	51.0(100%)

Return to Shareholders

- ① 2016/3 annual dividend will be ¥130/share as planned. (Payout ratio 54%)
- ② We will strive to put an emphasis on shareholder returns by continuing to improve our performance. Thus, we will return 100% of our free cash flow and maintain payout ratio of 30% or more.



Note Regarding Future Forecasts

The forecast statements in this report are based on information currently available and deemed by ROHM Group as reasonable, and therefore, are not intended to guarantee to be achieved by ROHM Group, and actual results may differ materially by various factors.

ROHM Group does not bear responsibility to update and disclose any future forecasts in this report.

Also, since the purpose of this report is to provide an outline of business performance, many figures are shown in unit of a billion yen, therefore, totals and differences of figures may appear inaccurate. Please refer to our Financial Report for detailed figures.

