



2017/3 1H Presentation

Note: This document is a translation of the 2017/3 1H 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 2017/3 1H

Financial Results of 2017/3 1H
Factors for Sales Changes in 1H
YOY Comparison of OP in 1H

■ Plan Ending 2017/3

Revised Plan of 2017/3
Factors for Sales Changes in 2017/3
YOY Comparison of OP in 2017/3

■ ROHM Strategy

■ CAPEX Plan

■ Returns to Shareholders

Financial Results of 2017/3 1H (V.S. Initial Plan)

(¥ billion)

	'17/3 1H	'17/3 1H Initial plan	Change from initial plan	
			Amount	Percentage
Net sales	171.8	172.0	-0.2	-0.1%
Operating income	15.7	7.6	8.1	107.7%
(Ratio)	(9.2%)	(4.4%)	-	-
Ordinary income	8.2	8.7	-0.5	-5.2%
(Ratio)	(4.8%)	(5.1%)	-	-
Net income	8.1	5.6	2.5	45.3%
(Ratio)	(4.7%)	(3.3%)	-	-
EBITDA	34.4	29.8	4.6	15.4%
(Ratio)	(20.0%)	(17.3%)	-	-

Average rate (¥/US\$)

(¥106.43)

(¥110.00)

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Financial Results of 2017/3 1H (YOY)

(¥ billion)

	'17/3 1H	'16/3 1H	Change from previous year	
			Amount	Percentage
Net sales	171.8	189.6	-17.8	-9.4%
Operating income	15.7	23.4	-7.7	-32.6%
(Ratio)	(9.2%)	(12.4%)	-	
Ordinary income	8.2	32.7	-24.5	-74.8%
(Ratio)	(4.8%)	(17.2%)	-	-
Net income	8.1	26.1	-18.0	-68.9%
(Ratio)	(4.7%)	(13.8%)	-	-
EBITDA	34.4	41.5	-7.1	-1.73
(Ratio)	(20.0%)	(21.9%)	-	-

Average rate (¥/US\$)

(¥106.43)

(¥121.50)

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Factors for Sales Changes

(¥ billion)

	Main Factors for Sales Changes in '17/3		V.S. plan	YOY
Positive Factors	1	Increased sales for auto power train & ADAS fields	+0.8	+2.7
	2	Increased sales of new smartphone models	-1.7	+1.4
	3	Increased sales for auto body control fields	+0.6	+1.0
Negative Factors	1	Decreased sales of drivers for large LCD panels	-0.5	-5.5
	2	Adjustment of production for wearable devices	0	-4.3
	3	Shrinking of conventional car audio market	-0.1	-2.3
	4	Withdrawal from lighting equipment market	-0.1	-1.8
	5	Shrinking of gaming equipment market	+0.2	-1.7
	6	Shrinking of business equipment market	-0.4	-1.7
	Total		-1.2	-12.2

Total (-0.2) (-17.8)

YOY Comparison of OP in 1H

(¥ billion)

	'16/3 1H	'17/3 1H	Difference
Major Factors	23.4	15.7	-7.7

Sales

Decrease in marginal profits due to sales decline based on forex

-16.6

Decrease in marginal profits due to sales decline

-0.9



-17.5

Variable & Fixed Costs

Cost reductions

3.7

Decrease in variable & fixed costs based on forex

10.9

Increase in depreciation (excluding forex effects)

-2.0

Unrealized profits on inventories, fixed costs for inventories

-2.0

Other

-0.8



9.8

Total

-7.7

Revised Plan of 2017/3 (V.S. Initial Plan and YOY)

(¥ billion)

	'17/3 Revised plan	'17/3 Initial plan	V.S Initial plan	YOY
Net sales	334.0	343.0	-9.0	-18.3
Operating income	23.5	14.0	9.5	-10.1
(Ratio)	(7.0%)	(4.1%)		
Ordinary income	16.5	16.5	±0	-20.1
(Ratio)	(4.9%)	(4.8%)		
Net income	12.0	10.0	2.0	-13.6
(Ratio)	(3.6%)	(2.9%)		
EBITDA	64.5	64.0	0.5	-7.4
(Ratio)	(19.3%)	(18.7%)		

Average rate (¥/US\$) **(¥103.46)** (Full year **¥110.00**)

Factors for Sales Changes in 2017/3

(Planning comparison: V.S. initial and excluding forex effects)

Forex correction Correction to assumed forex rate of ¥110 at time of initial planning

(¥ billion)

	Main Factors for Sales Changes in '17/3		V.S. initial plan	Comparison after forex correction
Positive Factors	1	Increased sales for auto power train & ADAS fields	+2.1	+3.0
	2	Increased sales for overseas home appliance field	+2.1	+2.8
	3	Increased sales for overall industrial market	+1.3	+2.5
	4	Recovery of AV equipment market	+1.1	+1.8
	5	Increased sales for auto body control fields	+0.8	+1.8
Negative Factors	1	Misestimation in smartphone planning	-5.6	-4.1
	2	Decreased sales of drivers for large LCD panels	-2.6	-2.1
	3	Shrinking of business equipment market	-1.4	-0.7
	4	Shrinking of camera market	-1.4	-1.1
	Total		-3.5	+3.5

Total (-9.0) (+5.4)

Factors for Sales Changes in 2017/3

(Year on year comparison: Direct and excluding forex effects)

Forex correction

Correction to average forex rate of ¥120 for previous year's results

(¥ billion)

	Main Factors for Sales Changes in '17/3		YOY	Comparison after forex correction
Positive Factors	1	Increased sales for auto power train & ADAS fields	+4.2	+6.6
	2	Increased sales of new smartphone models	+2.7	+6.5
	3	Increased sales for overall industrial market	+3.0	+5.8
	4	Increased sales for overseas home appliance field	+1.8	+3.6
	5	Increased sales for auto body control fields	+0.6	+3.2
Negative Factors	1	Decreased sales of drivers for large LCD panels	-8.5	-7.2
	2	Adjustment of production for wearable devices	-4.6	-4.1
	3	Withdrawal from lighting equipment market	-4.0	-4.0
	Total (excluding foundry business)		-3.7	+10.4

Total (-18.3) (+18.1)

YOY Comparison of OP

(¥ billion)

'16/3	'17/3 estimate	Difference
33.6	23.5	-10.1

Major Factors

Sales

Decrease in marginal profits due to sales decline based on forex

-36.4

Increase in marginal profits due to sales increase

13.9



-22.5

Variable & Fixed Costs

Cost reductions

7.6

Decrease in variable & fixed costs based on forex

24.0

Increase in depreciation (excluding forex effects)

-6.3

Unrealized profits on inventories, fixed costs for inventories

-4.0

Other

-8.9



12.4

Total

-10.1

ROHM Strategy

1. Market Reform

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

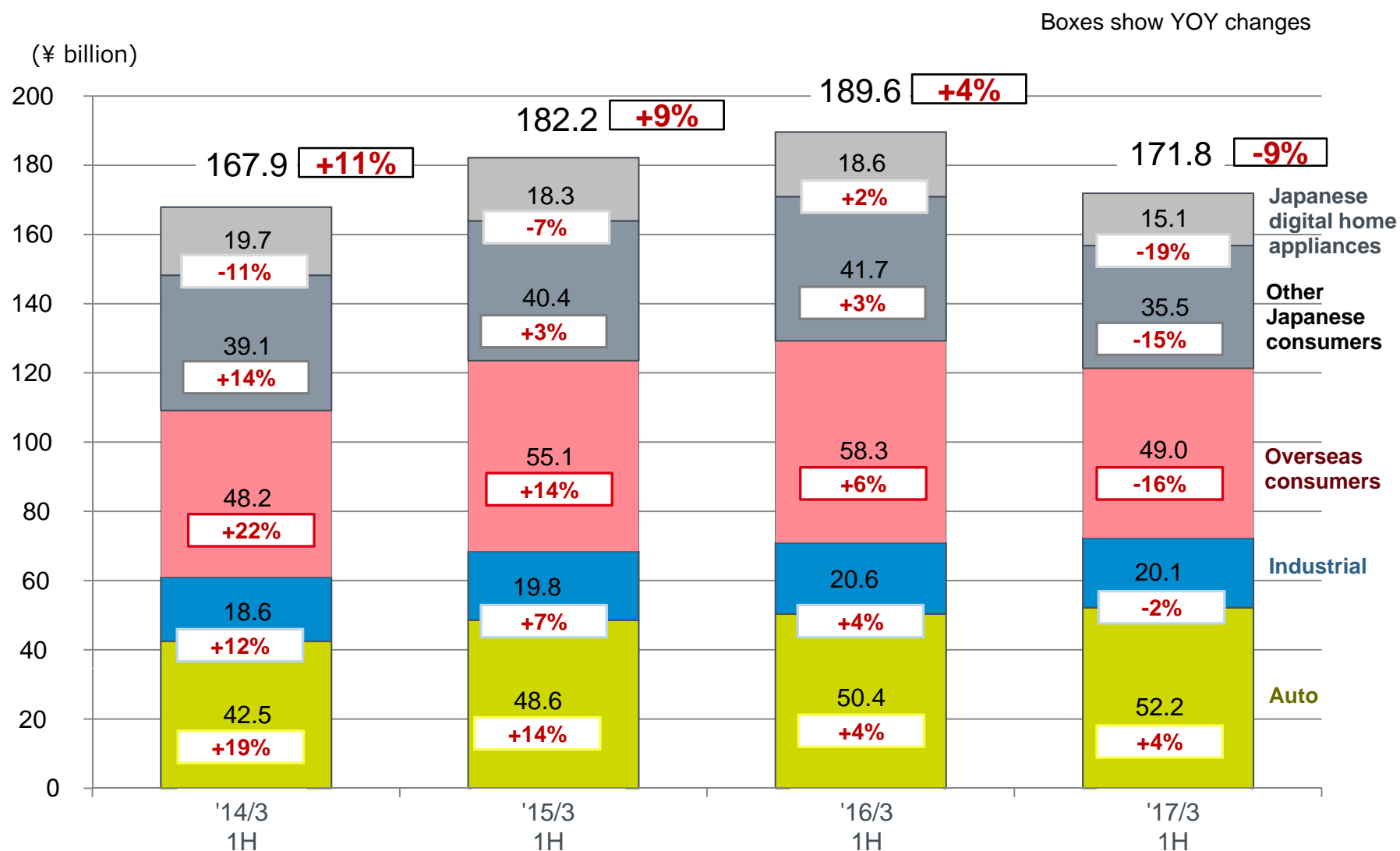
2. Product Reform

- Focusing on Four Growth Solutions
 - High performance **Analog Solutions** with digital control capabilities
 - **Power Solutions** centering on SiC
 - **Sensor Solutions** introducing MEMS/phonics
 - **Mobile Solutions** providing ultra small-sized devices

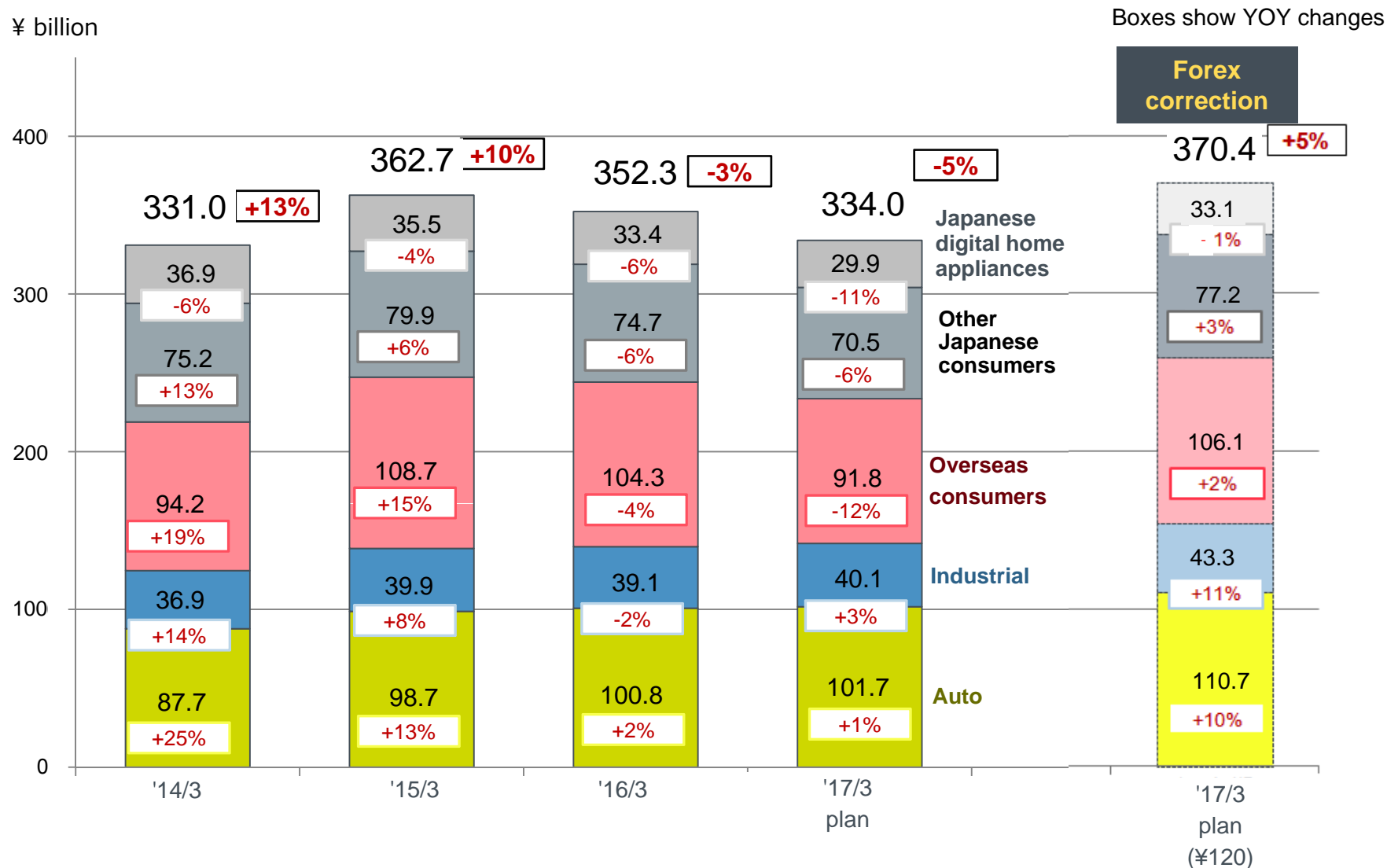
3. Production Reform

- Aiming to Have World's No.1 Production Facilities
 - Thoroughly enhancing RPS (ROHM Production System)
 - Achieving zero defects and improving power of work sites in production facilities

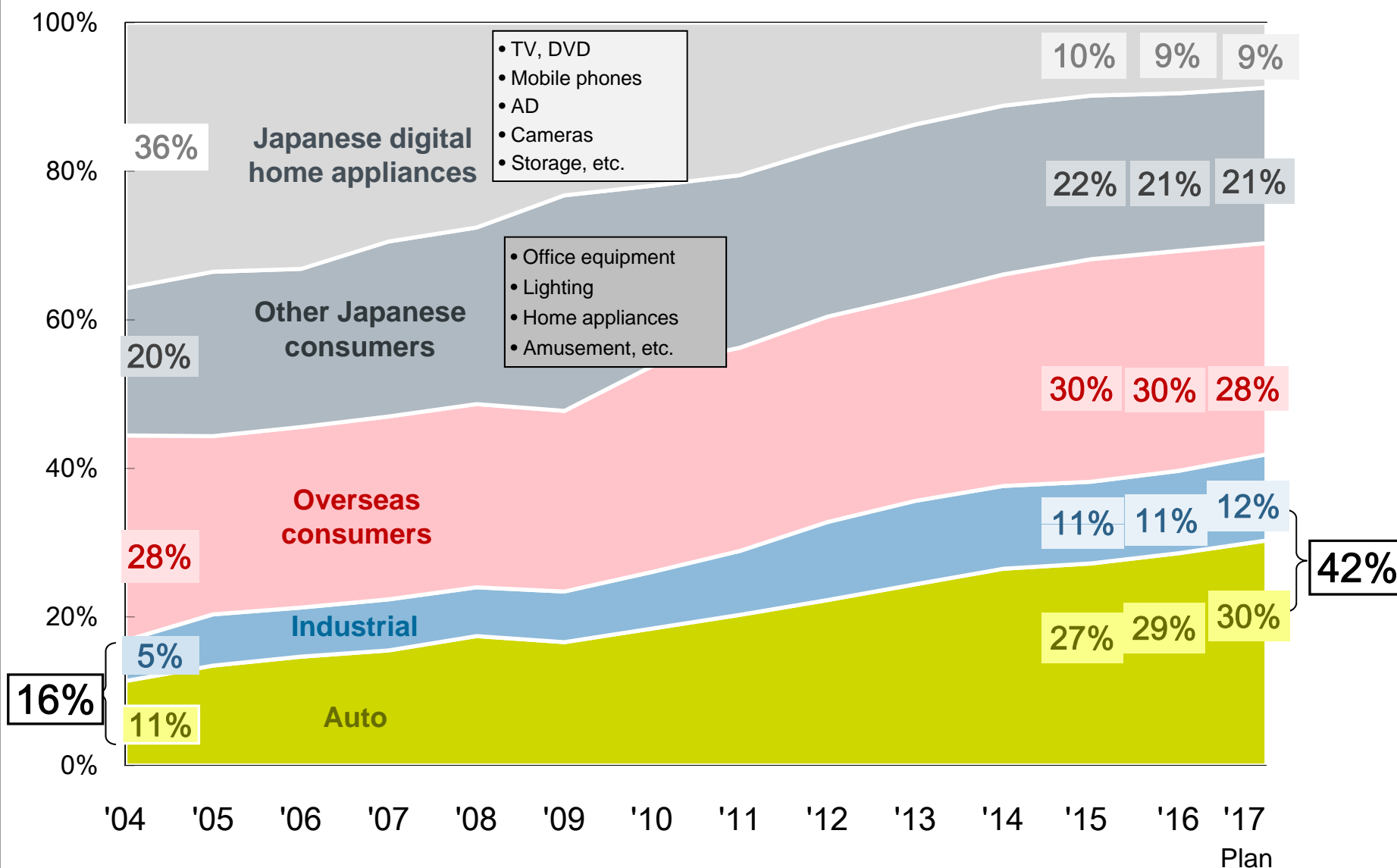
ROHM Strategy Four Year Trends in Sales by Market (V.S. 1H)



ROHM Strategy Four Year Trends in Sales by Market (YOY)

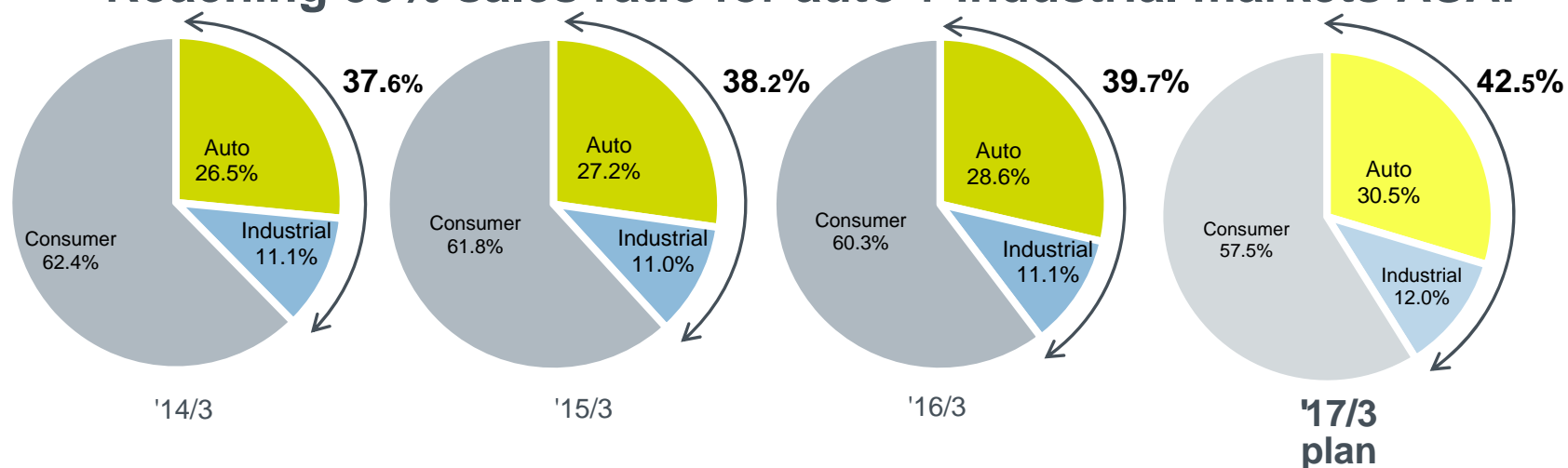


ROHM Strategy Trends in Sales Composition Ratio by Market (2017/3 Plan)

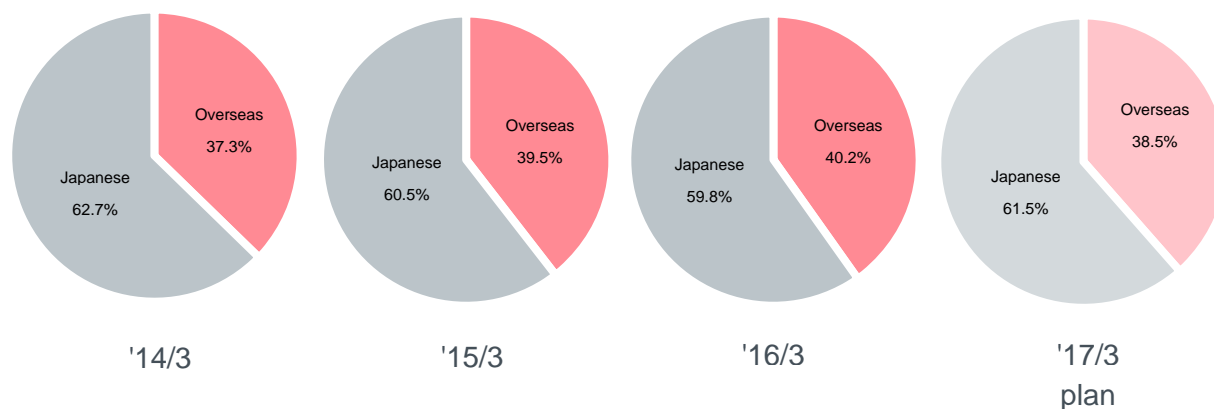


ROHM Strategy Sales Ratios for Auto/Industrial and Overseas Customers

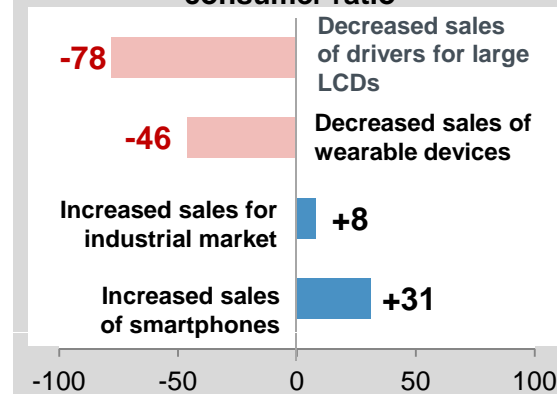
Reaching 50% sales ratio for auto + industrial markets ASAP



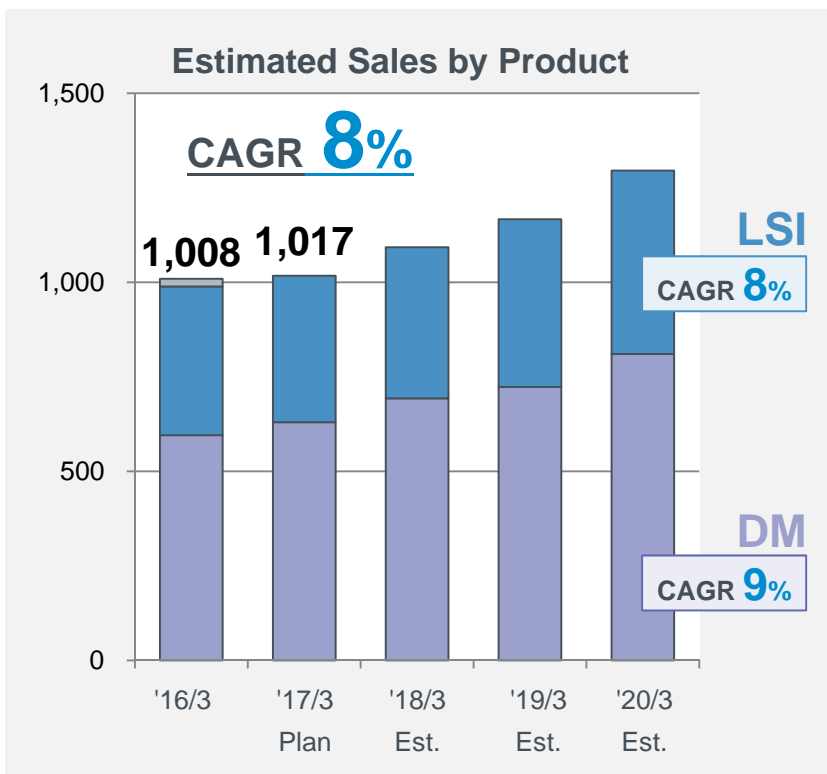
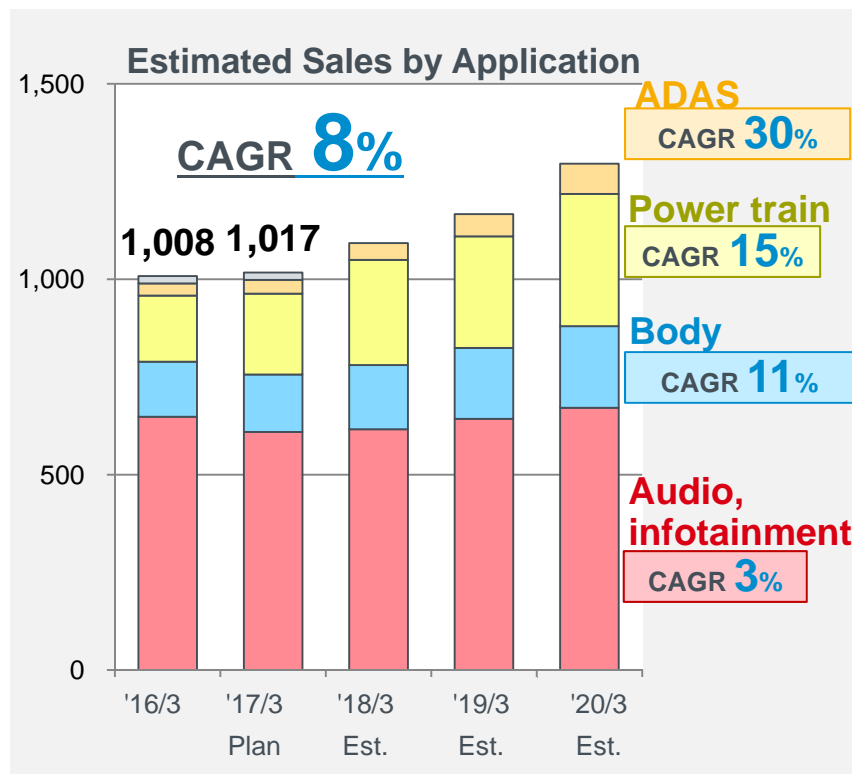
Reaching 50% sales ratio for overseas customers ASAP



Causes of fluctuations in overseas consumer ratio



1. Market Reform Focusing on Auto Market



■ Design-ins of **analog and power solutions** for auto market will expand

■ In infotainment, display audio will cover the weakening conventional audio from 2018

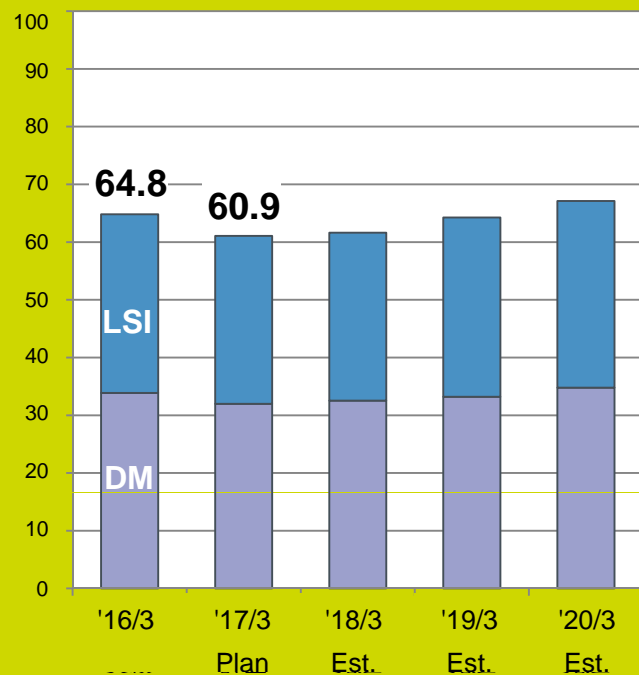
■ Sales for body, power train and ADAS fields will increase rapidly

Auto Market Examples of Expanded Adoption

Audio & Infotainment Fields

CAGR **3%**

(¥ billion)



Product Categories with Growing Adoption

- High resolution audio IC
- Display audio IC + ● DM
- Renesas CPU, reference power IC
- LCD panel control IC + power IC
Shift development resources from TV panels to vehicles

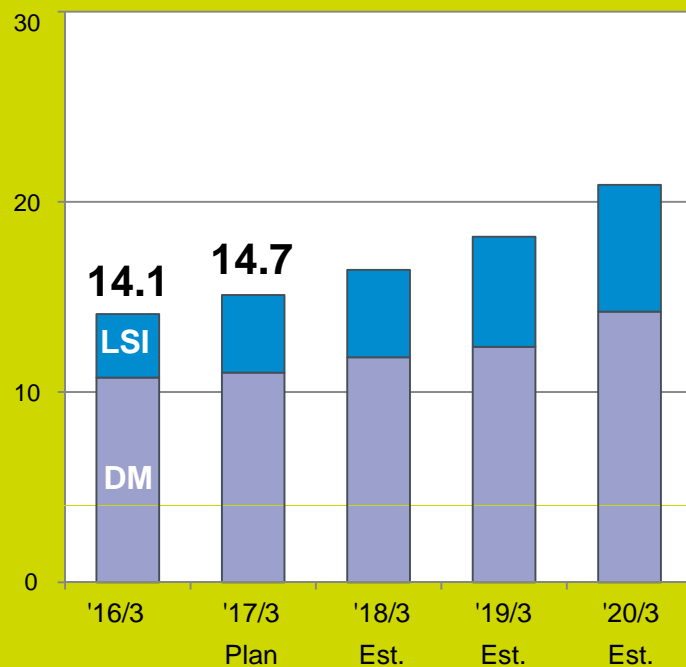


Auto Market Examples of Expanded Adoption

Body Control Fields

CAGR **11%**

(¥ billion)

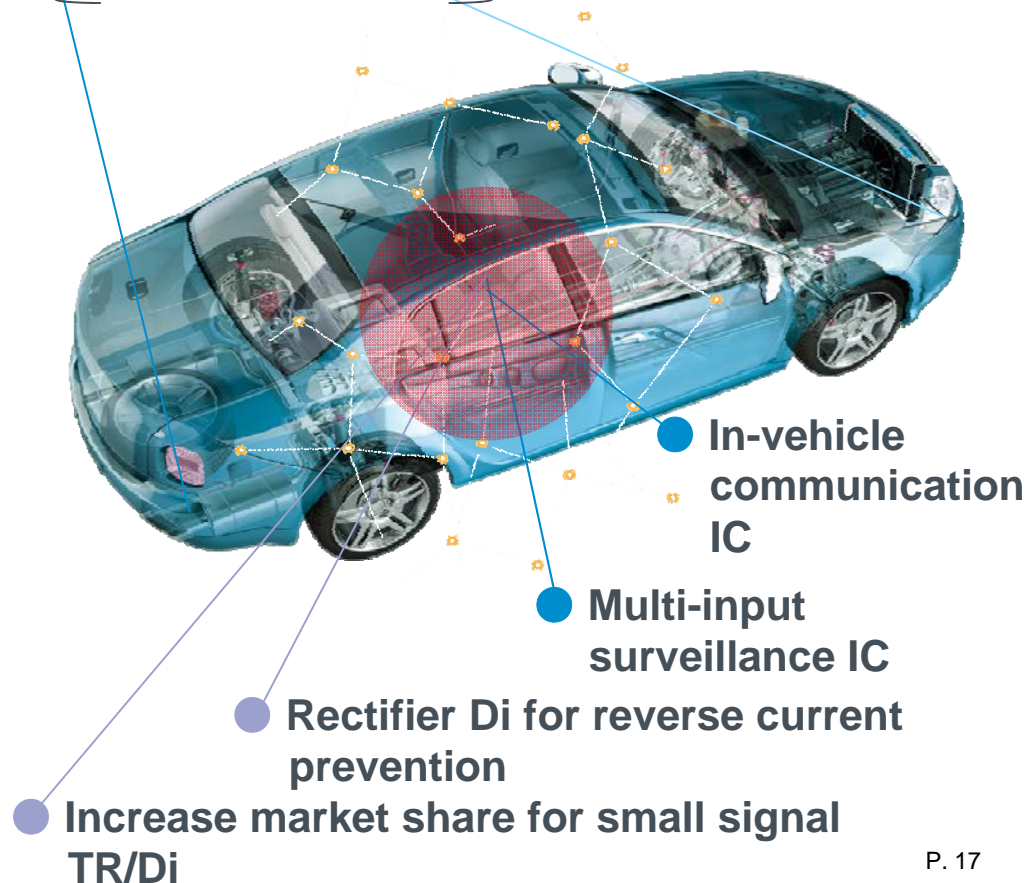


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Product Categories with Growing Adoption

● LED driver IC + IPD

- On/Off switch
- Matrix LED driver
- Leveler motor IC



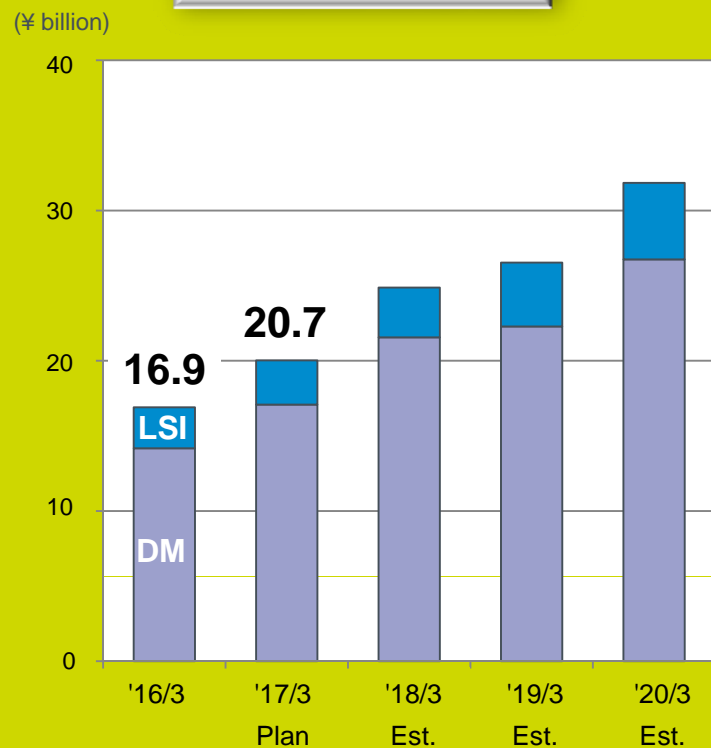
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Auto Market Examples of Expanded Adoption

Power Train Field

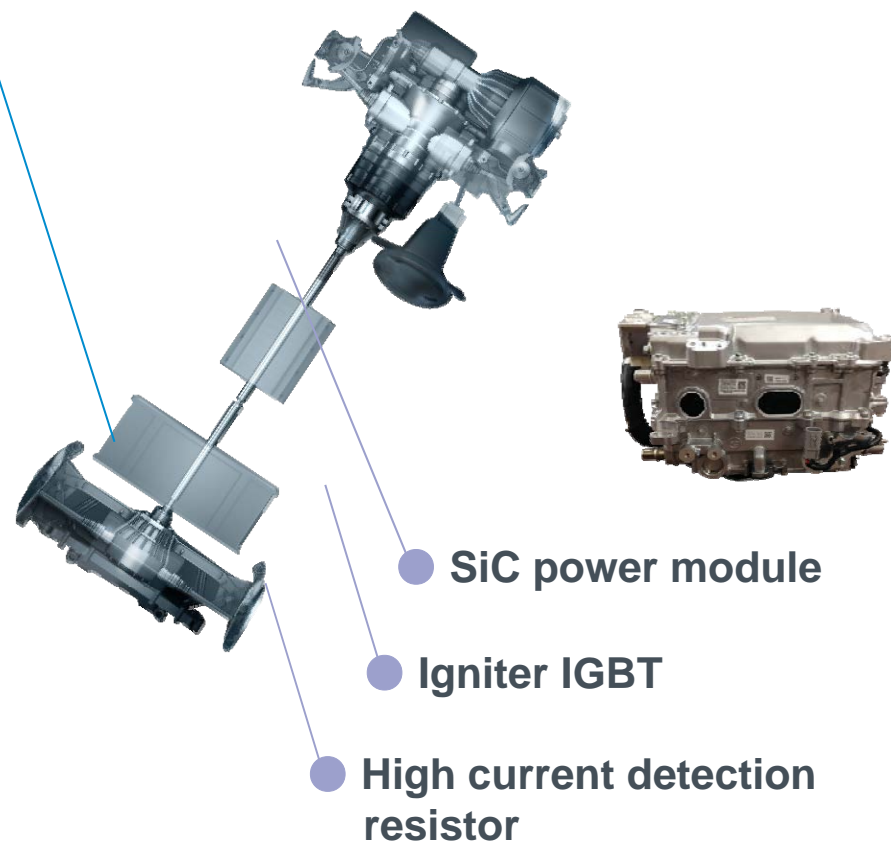
CAGR **15%**



Product Categories with Growing Adoption

● EV/HEV insulated gate driver IC + ● SiC

Fully demonstrate special characteristics of SiC

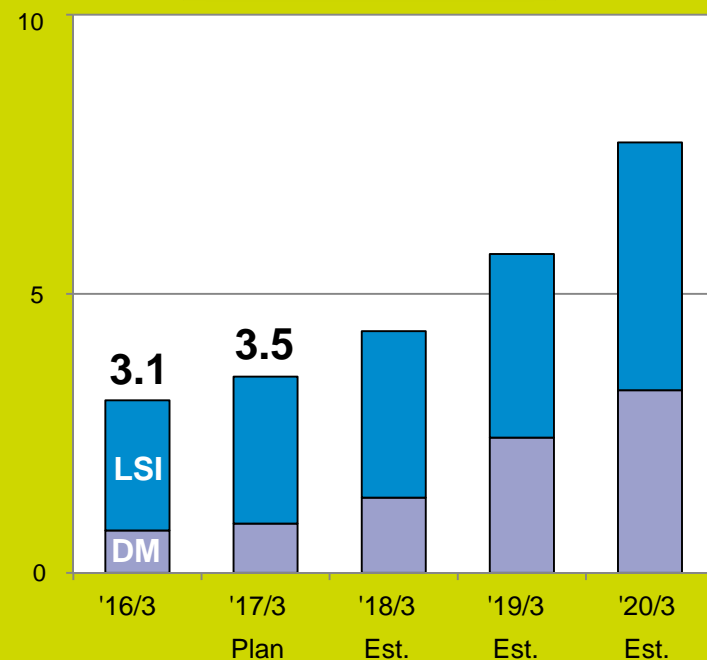


Auto Market Examples of Expanded Adoption

Driving Safety & ADAS Fields

CAGR **30%**

(¥ billion)



Product Categories with Growing Adoption

● Sonar signal processing IC

● Camera power IC

● Radar module power IC

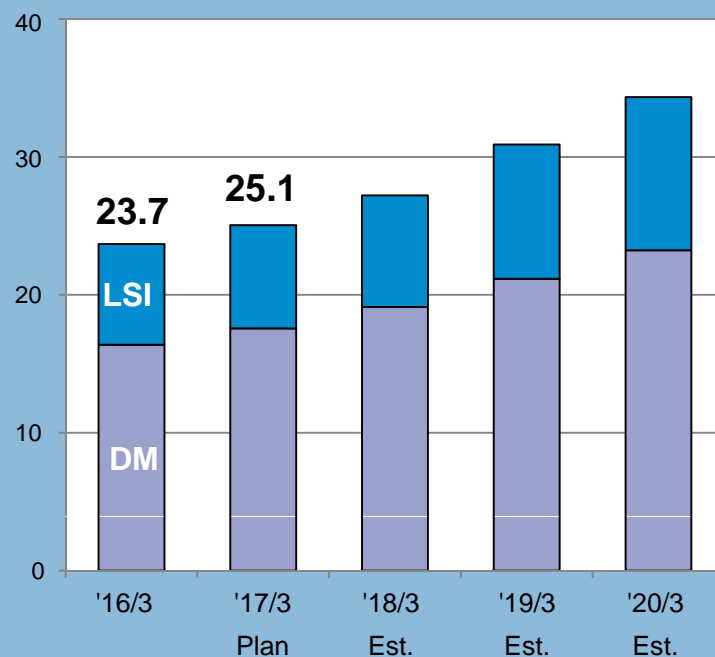
System power designed for functional safety

Industrial Equipment Examples of Expanded Adoption

FA & Energy Fields

CAGR **11%**

(¥ billion)



Product Categories with Growing Adoption

● Inverter power solutions

- Insulated DC/DC IC
- Insulated gate driver
- SiC



● Digital power IC

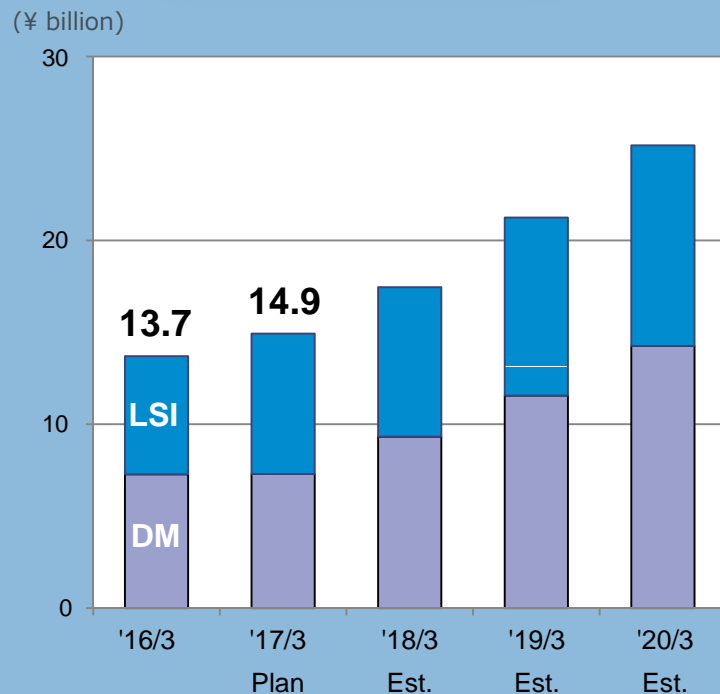
● SiC power devices

■ Design-in of **power solutions**
continues to advance

Industrial Equipment

IoT, Infrastructure & HEMS Fields

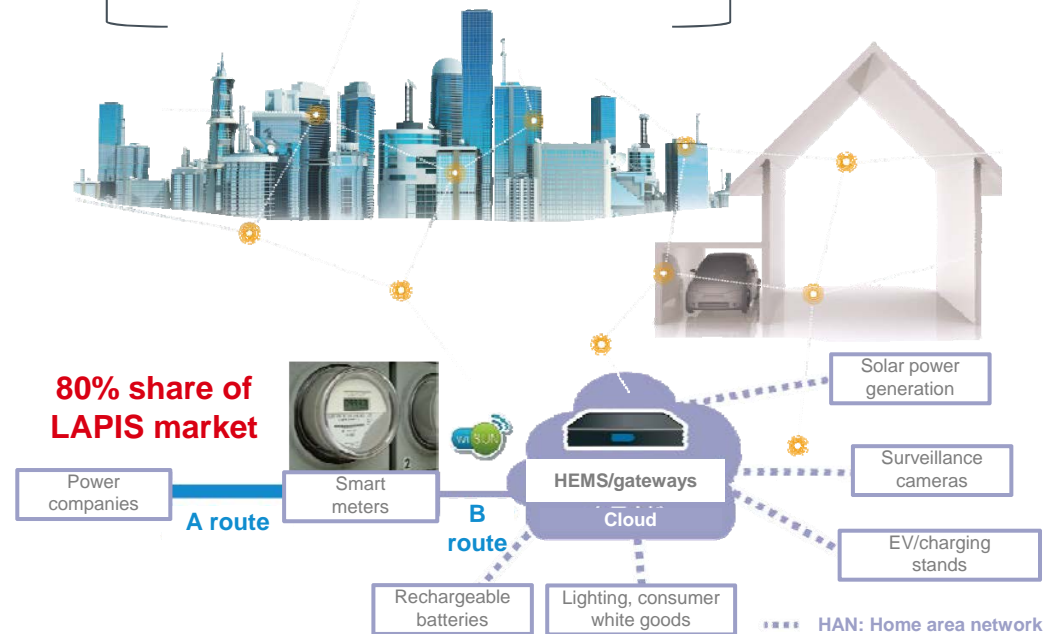
CAGR 19%



Product Categories with Growing Adoption

- Wi-SUN modules (A & B routes)
- Sensing devices

- Motion sensors
- Environmental sensors



■ Design-in of **sensor solutions** continues to advance

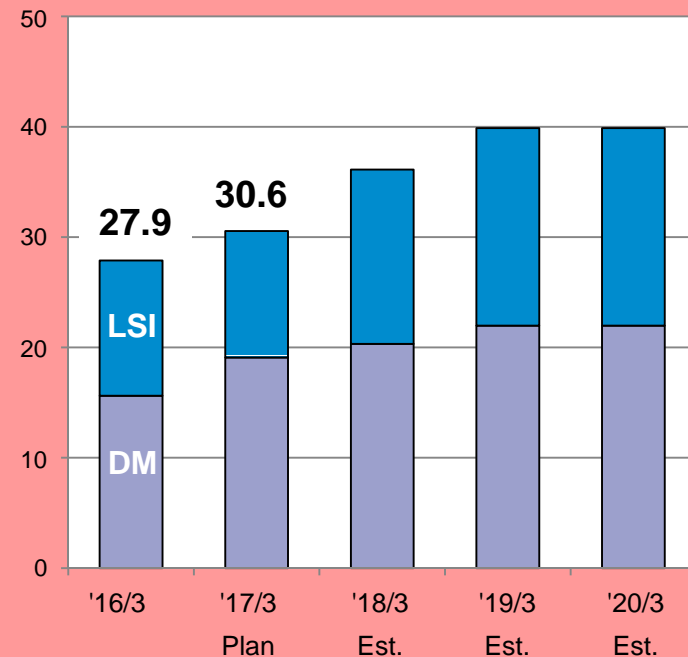
Overseas Consumers

Examples of Expanded Adoption

Smartphone Field

CAGR 9%

(¥ billion)



Product Categories with Growing Adoption

● Color sensors

● Proximity & ambient light sensor modules

● Controller IC for wireless charging systems

● Camera modules

- Image stabilization driver IC
- Hall devices

● RASMID

Customer adoption is growing

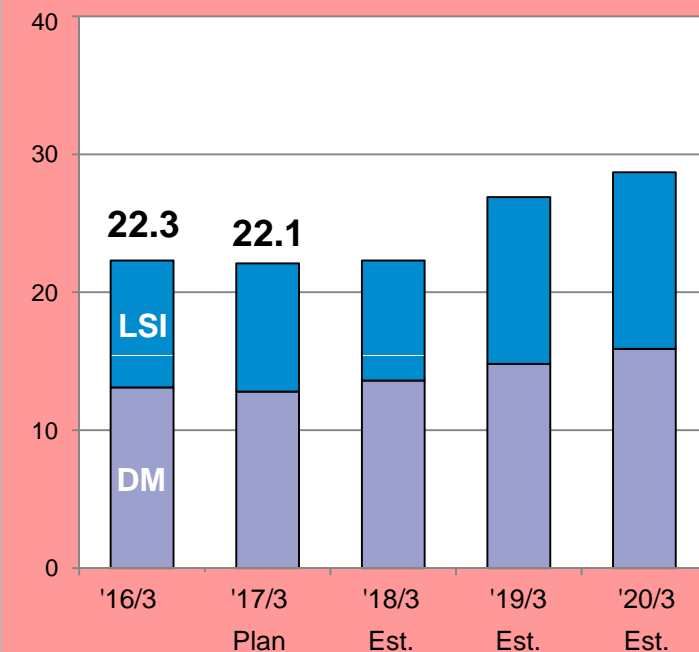
■ Adoption of **sensor and mobile solutions** continues to expand

Overseas Consumers Examples of Expanded Adoption

Overseas Home Appliance Field

CAGR 9%

(¥ billion)



Product Categories with Growing Adoption

- **Power solutions for home appliances**
Energy saving effectiveness is recognized globally

- AC/DC, DC/DC control IC
- High voltage MOS-FET, IGBT, FRD
- High current detection resistor



- **General purpose devices**

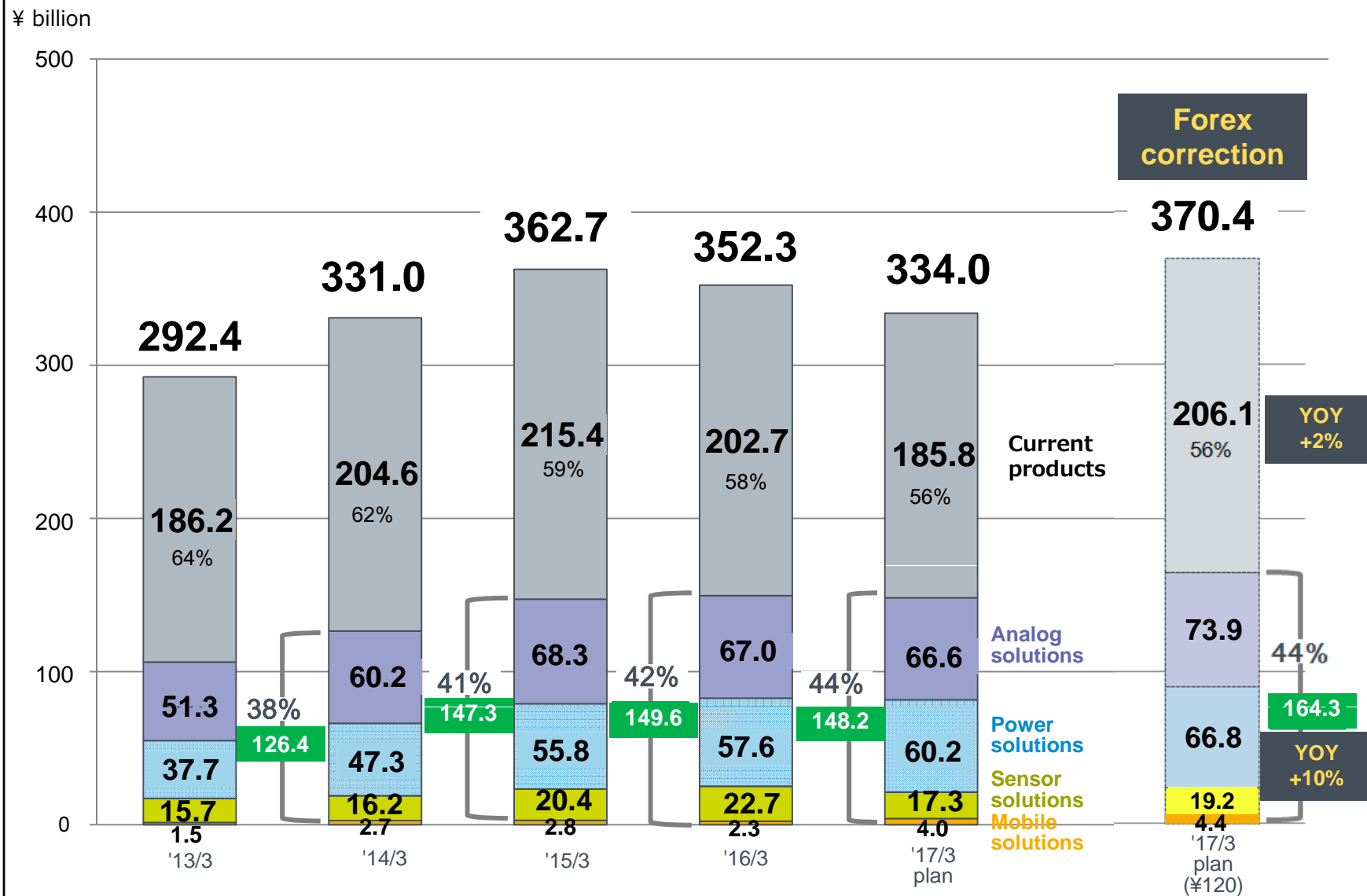
- **Motor drive solutions**

- Motor driver IC
- Medium voltage MOS-FET

■ Design-in of **power solutions** continues to advance



2. Product Reform Sales Trends of Four Growth Solutions





3. Production Reform Strengthening of Production System to Promote Future Growth

Continue quality investment targeting all production facilities

Fully apply RPS (ROHM Production System) to drive production reform

- Eliminate the three wastes
- Reduce costs and achieve higher quality
- Develop human resources



Aim to halve production lead time based on RPS methods

Aim to achieve zero defects and improve power of work sites in production facilities

Aim for zero defects by minimizing variations

Development of model IoT-based facility is underway



CAPEX Plan

Reduce non-essential investment and focus on fields that lead to future growth

Enhance

- Power device-related areas
- New package product-related areas
- Startup of new factory in Malaysia

Reduce

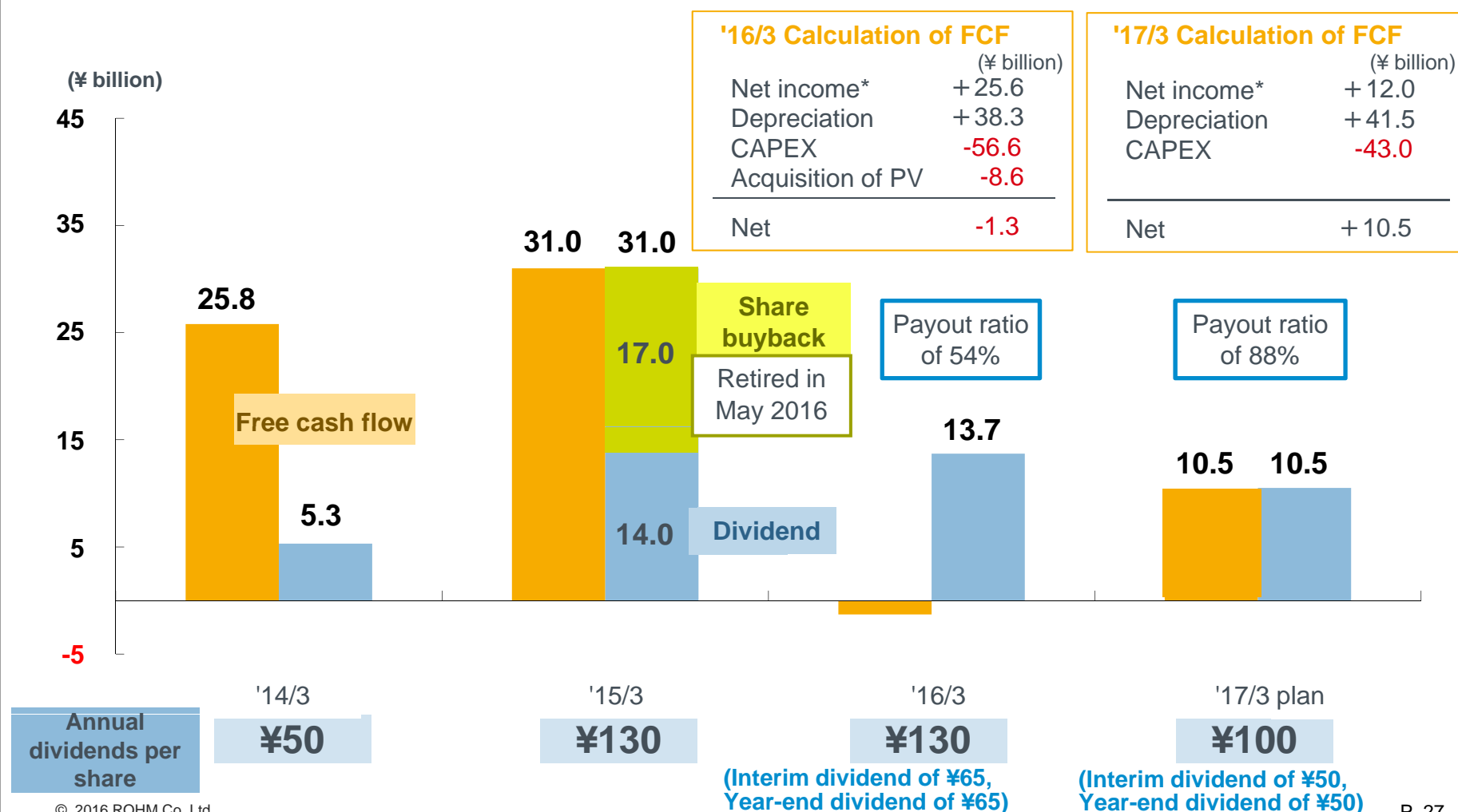
- Postponement of local land acquisition
- Postponement of construction of new factory in Philippines

(¥ 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 Initial plan	51.0	15.4	11.0	10.5	6.3	7.8
'17/3 Revised plan	43.0	17.0	6.2	6.1	5.0	8.6

Returns to Shareholders

1. 2017/3 annual dividend will be ¥100/share as planned. (Payout ratio of 88%)
2. We will strive to emphasize shareholder returns by continuing to improve our performance. Thus, we will return 100% of 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.

