



2018/3 1H

Presentation

Note: This document is a translation of the 2017/9 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.

■ Financial Results Ended 2018/3 1H

Financial Results of 2018/3 1H
Factors for Sales Change in 1H
YOY Comparison of OP in 1H

■ Plan of Ending 2018/3

Plan of 2018/3
YOY Factors for Sales Changes in 2018/3
YOY Comparison of OP in 2018/3

■ ROHM's Strategy

■ Capital Expenditure

■ Return to Shareholders

Financial Results of 2018/3 1H (v.s. Initial Plan)



(¥billion)

	'18/3 1H	'18/3 1H Initial plan	Change from Initial plan	
			Amount	Percentage
Net Sales	200.4	187.0	+ 13.4	+ 7.2%
Operating income	29.7	20.0	+9.7	+48.9%
(Ratio)	(14.8%)	(10.7%)	-	-
Ordinary income	31.2	19.0	+12.2	+64.3%
(Ratio)	(15.6%)	(10.2%)	-	-
Net income	23.1	14.5	+8.6	+59.4%
(Ratio)	(11.5%)	(7.8%)	-	-
EBITDA	49.9	41.5	+8.4	+20.3%
(Ratio)	(24.9%)	(22.2%)	-	-

Average rate (¥/US\$)

(¥111.42)

(¥105)

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Financial Results of 2018/3 1H (v.s. Previous year)

(¥billion)

	'18/3 1H	'17/3 1H	Change from previous year	
			Amount	Percentage
Net Sales	200.4	171.8	+ 28.6	+ 16.6%
Operating income	29.7	15.7	+14.0	+88.5%
(Ratio)	(14.8%)	(9.2%)	-	
Ordinary income	31.2	8.2	+23.0	+278.4%
(Ratio)	(15.6%)	(4.8%)	-	-
Net income	23.1	8.1	+15.0	+183.9%
(Ratio)	(11.5%)	(4.7%)	-	-
EBITDA	49.9	34.4	+15.5	+45.0%
(Ratio)	(24.9%)	(20.0%)	-	-

Average rate (¥/US\$)

(¥111.42)

(¥106.43)

Factors for Sales Changes in the 1H

(¥ billion)

Main Factors for Sales Changes in '18/3 1H		V.S Plan	YOY	
Positive Factors	1	Increased sales for new game consoles	+3.9	+6.9
	2	Increased sales for industrial market	+2.3	+4.6
	3	Increase of adoption of power devices in household appliances including air conditioners	+1.3	+3.1
	4	Increased sales for automotive infotainment systems	+0.1	+2.9
	5	Increased sales for automotive power trains	+0.3	+2.8
	6	Increased sales for car body related	+0.2	+1.9
	7	Increased sales for smartphones	+0	+1.7
		+8.1	+23.9	

Total (+13.4) (+28.6)

YOY Comparison of OP in 1H

(¥ billion)

'17/3 1H	'18/3 1H	Difference
15.7	29.7	+14.0

Major Factors

Sales

Increase of marginal profits due to sales increase based on forex	+ 5.7	➡ +23.0
Increased marginal profits from increased sales	+ 17.3	

Variable & Fixed Costs

Increase of variable and fixed costs based on forex	▲3.7	➡ ▲9.0
Increase in depreciation	▲1.1	
Increase of manufacturing costs (except depreciation costs)	▲2.9	
Increase of selling and general administrative expenses (except depreciation costs)	▲1.3	

Total

+14.0

■ Revised Plan of 2018/3 (v.s. Initial Plan and YOY)

(¥ billion)

	'18/3 Revised plan	'18/3 Initial plan	V.S Initial plan	YOY
Net Sales	390.0	368.0	+ 6.0%	+ 10.8%
Operating income	49.0	38.0	+ 28.9%	+ 54.0%
(Ratio)	(12.6%)	(10.3%)		
Ordinary income	48.0	38.5	+ 24.7%	+ 34.9%
(Ratio)	(12.3%)	(10.5%)		
Net income	36.5	28.0	+ 30.4%	+ 38.1%
(Ratio)	(9.4%)	(7.6%)		
EBITDA	93.0	86.0	+ 8.1%	+ 28.0%
(Ratio)	(23.8%)	(23.4%)		

Average rate (¥/US\$)

(¥108.46)

(¥105)

→ (1H: ¥ 111.42 Oct.: ¥112.73 from Nov.: ¥ 105)

Factors for Sales Changes in 2018/3



(¥ billion)

	Main Factors for Sales Changes in '18/3		V.S Initial Plan	Y.O.Y
Positive Factors	1	Increase in sales for new game consoles	+7.4	+8.2
	2	Increase in sales for industrial market	+3.8	+8.0
	3	Increase in sales for automotive power trains	+0.8	+7.3
	4	Increase of adoption of power devices in household appliances including air conditioners	+2.1	+4.4
	5	Increase in sales for automotive infotainment systems	+1.0	+3.9
	6	Increased sales for new smartphones	▲0.1	+3.2
	7	Increase in sales for car body related	+0.2	+2.7
Negative Factors	1	Sales decrease in LCD drivers for large panels	+1.2	▲2.6
	Total		+16.4	+35.1

Total(+ 22.0) (+ 38.0)

YOY Comparison of OP

(¥ billion)

'17/3	'18/3 estimate	Difference
31.8	49.0	+17.2

Major Factors

Sales

Decrease in marginal profits due to sales decline based on forex

▲1.3



+28.9

Increased marginal profit from increased sales

+30.2

Variable & Fixed Costs

Decrease in variable & fixed costs based on forex

+0.9

Increase in depreciation

▲2.9

Increase of manufacturing costs (except depreciation costs)

▲7.1



▲11.7

Increase of selling and general administrative expenses (except depreciation costs)

▲2.6

Total

+17.2

1. Market Reform

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

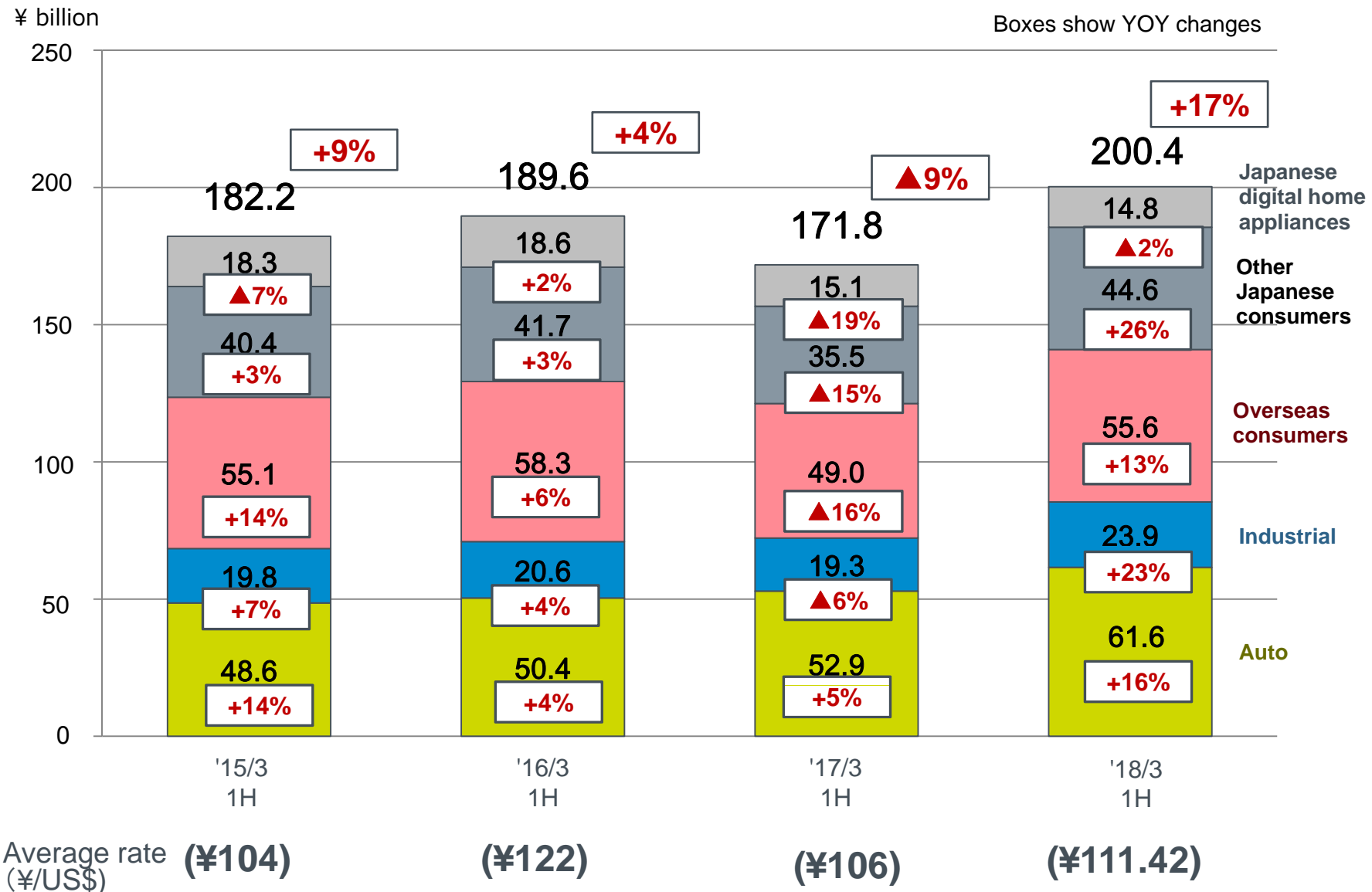
2. Product Reform

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

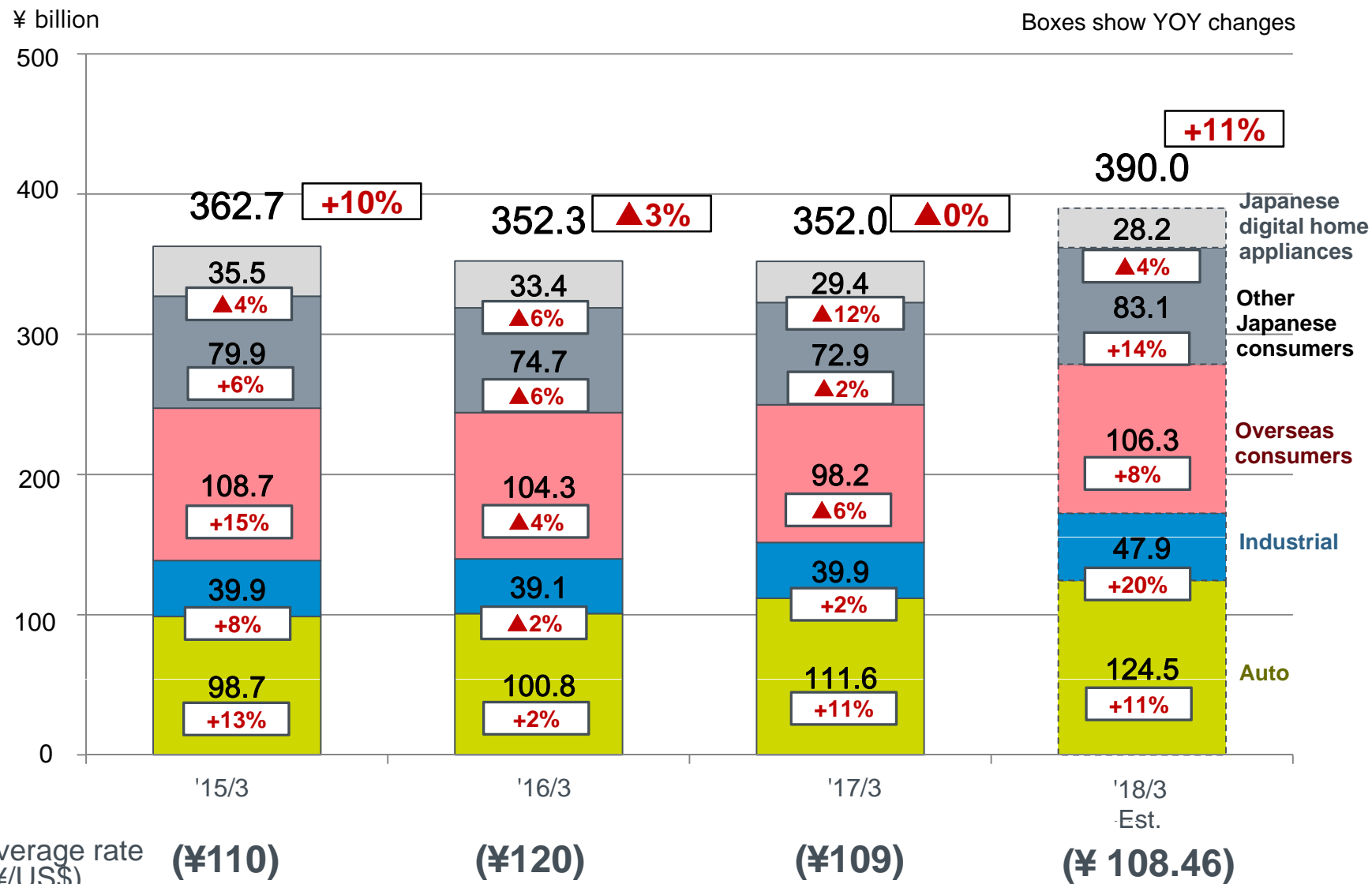
3. Production Reform

- Aiming for World's No.1 Manufacturing Plant
 - Making all factories smart factories
 - Aiming for Zero Defects

Four Year Trends in Sales by Market (Half year trend)



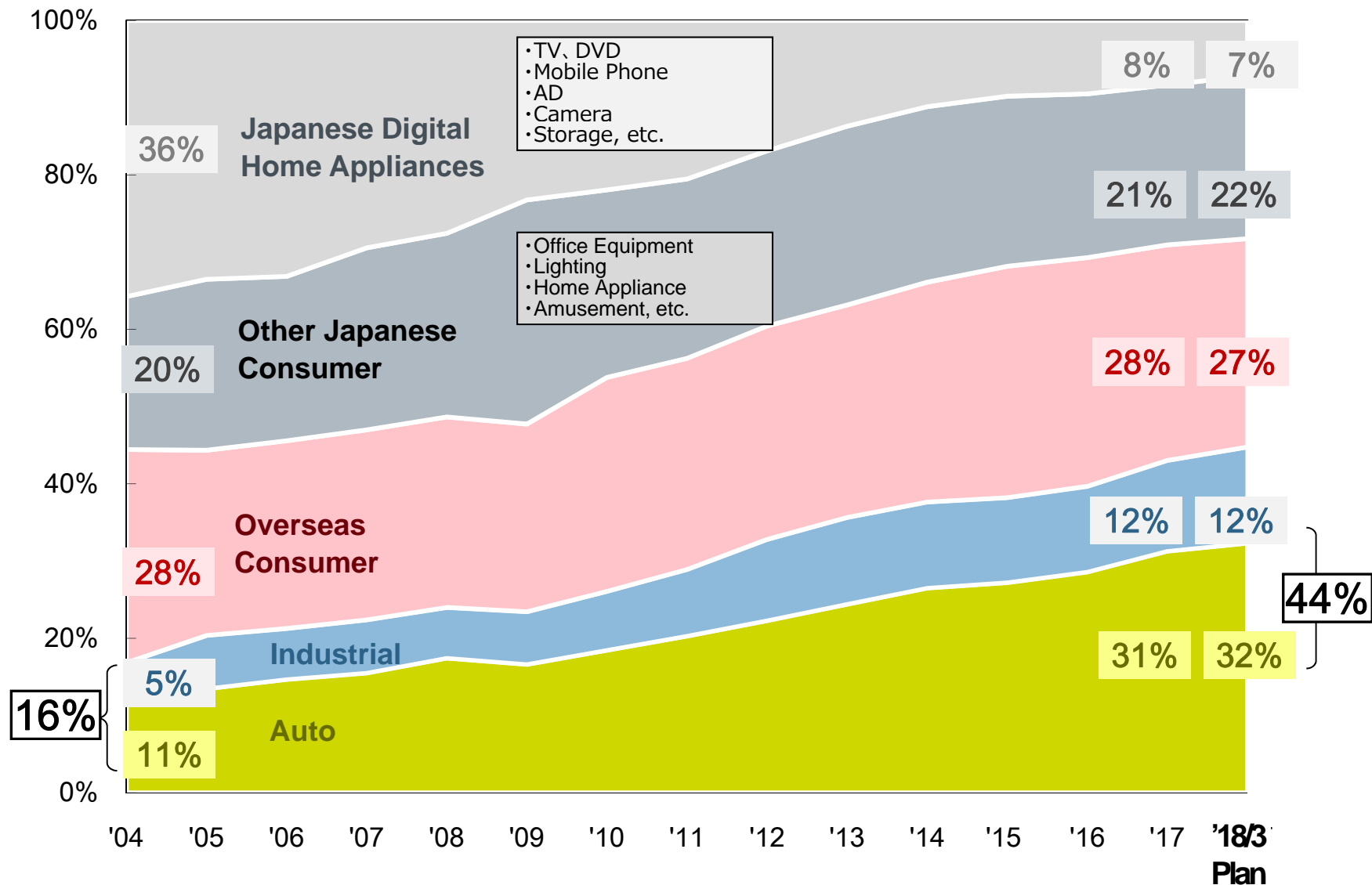
Four Year Trends in Sales by Market (Annually)



ROHM's Strategy

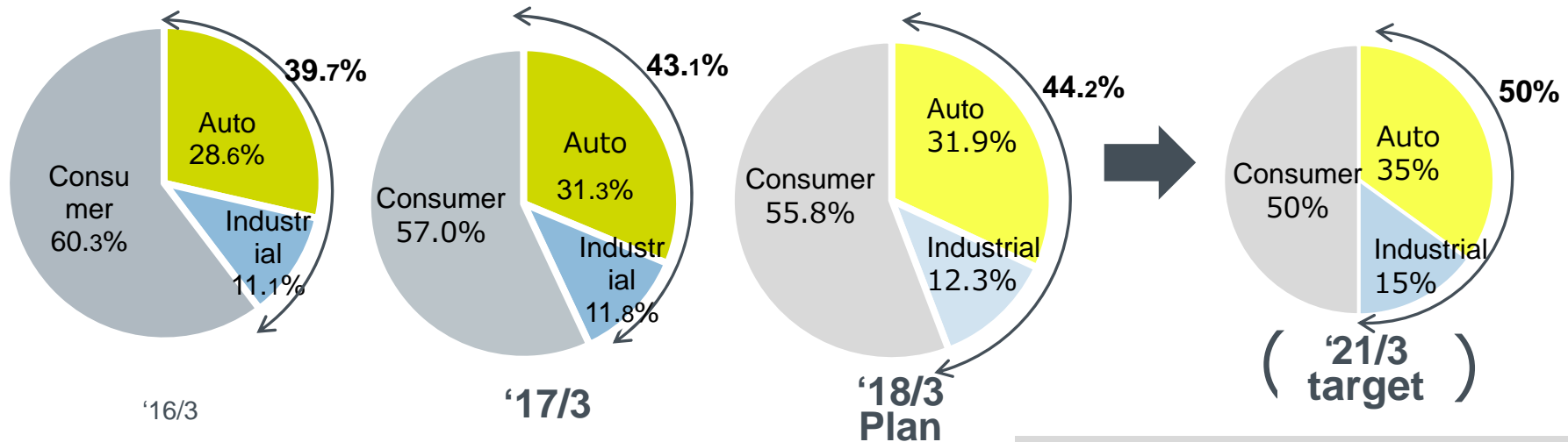


Trend of Sales Composition Ratio by Market (2018/3 Plan)

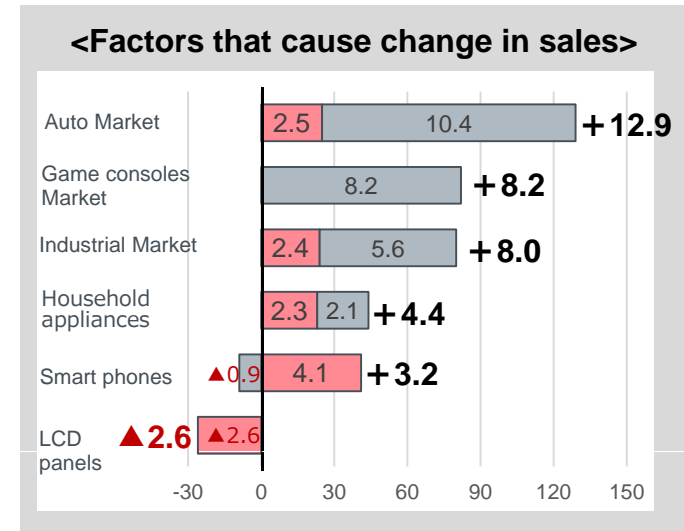
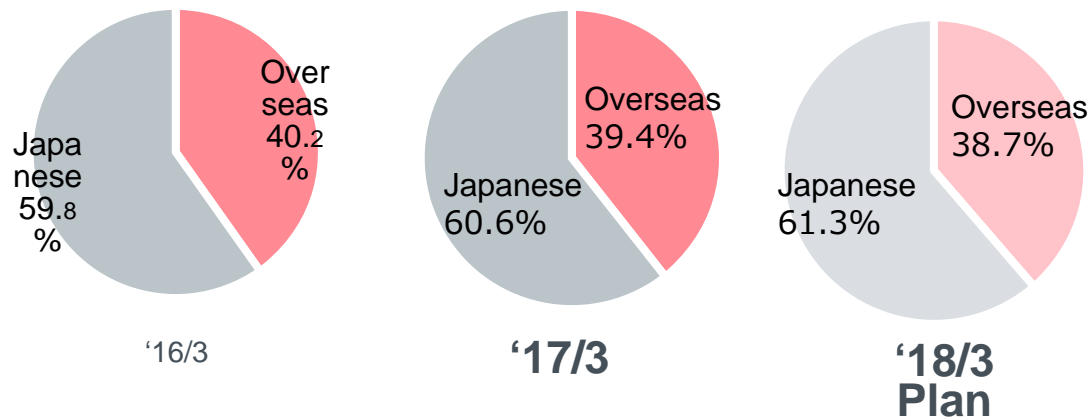


Sales Ratio of Auto / Industrial and Overseas Customers

Reaching 50% sales ratio for auto + industrial markets by '21/3



Reaching 50% sales ratio for overseas customers ASAP





[Change of markets]

- Shifting sales of two-wheeled vehicles from industrial machinery to automotive electronics (March 2017: 1.5 billion yen)



[Change of fields]

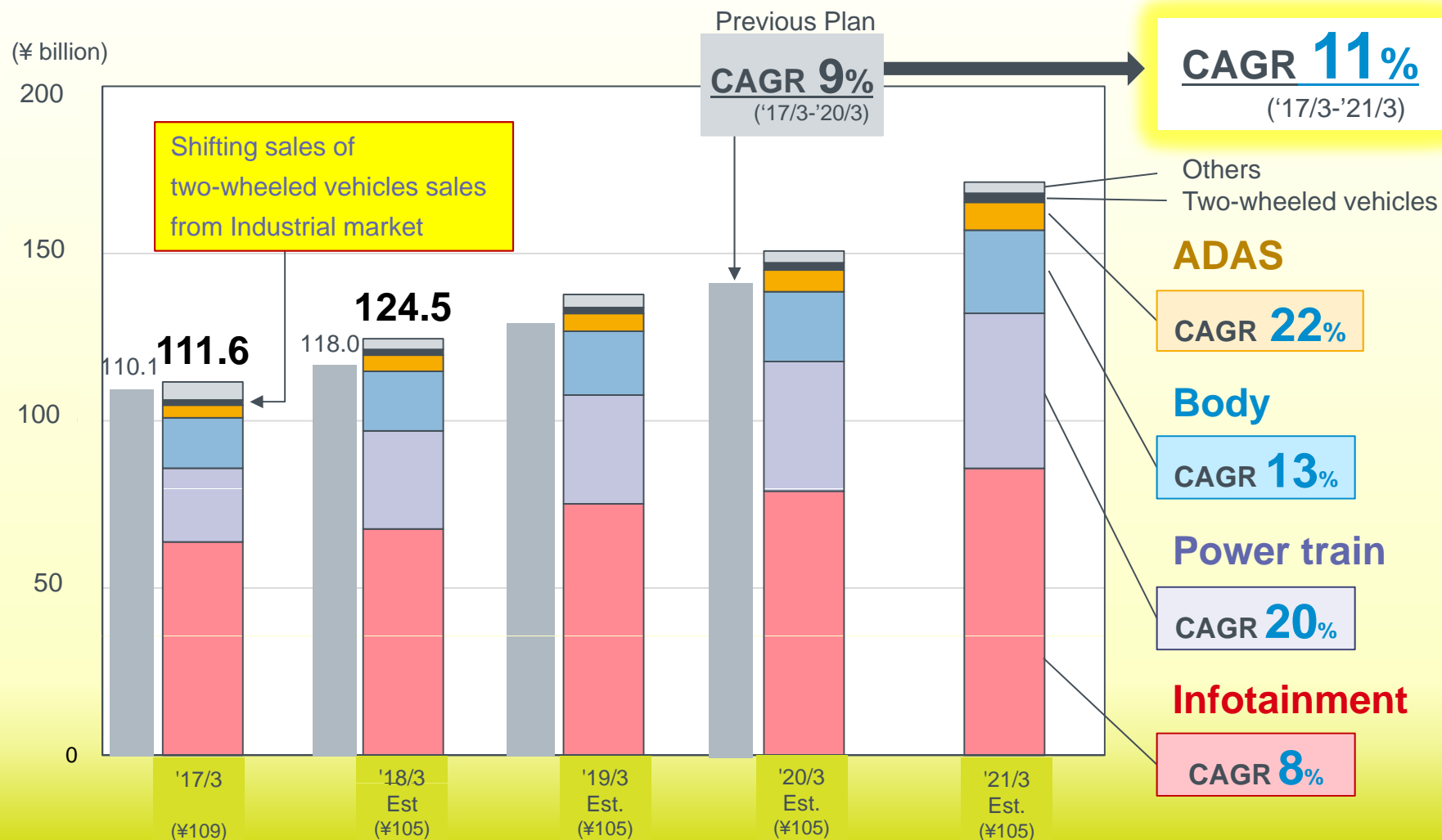
- **Automotive electronics**

Shifting sales of cockpits with safety features from products in the ADAS field to the infotainment field

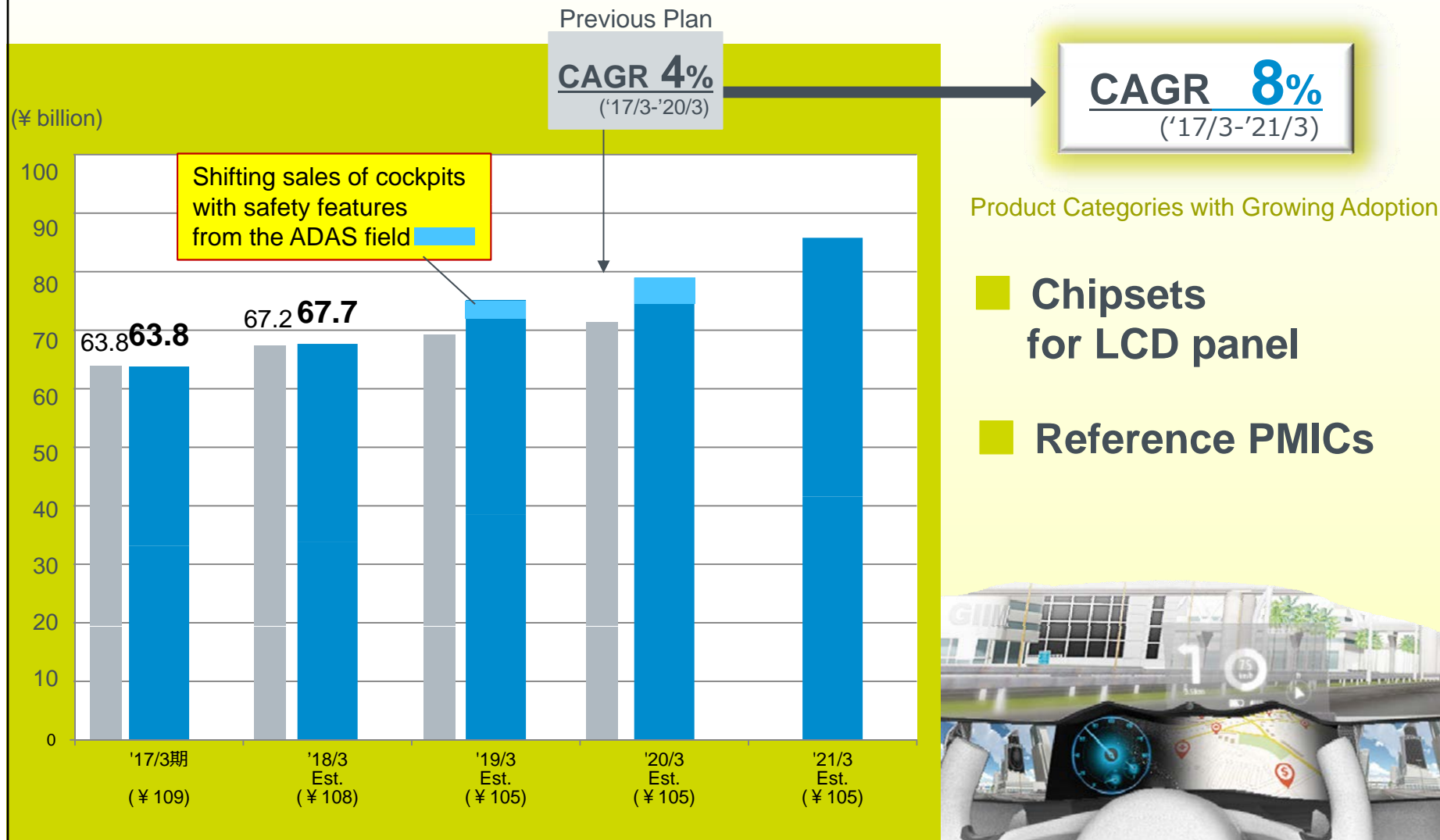
- **Industrial machinery**

Shifting general-purpose power sources from products in the energy field to the FA field and other industrial fields

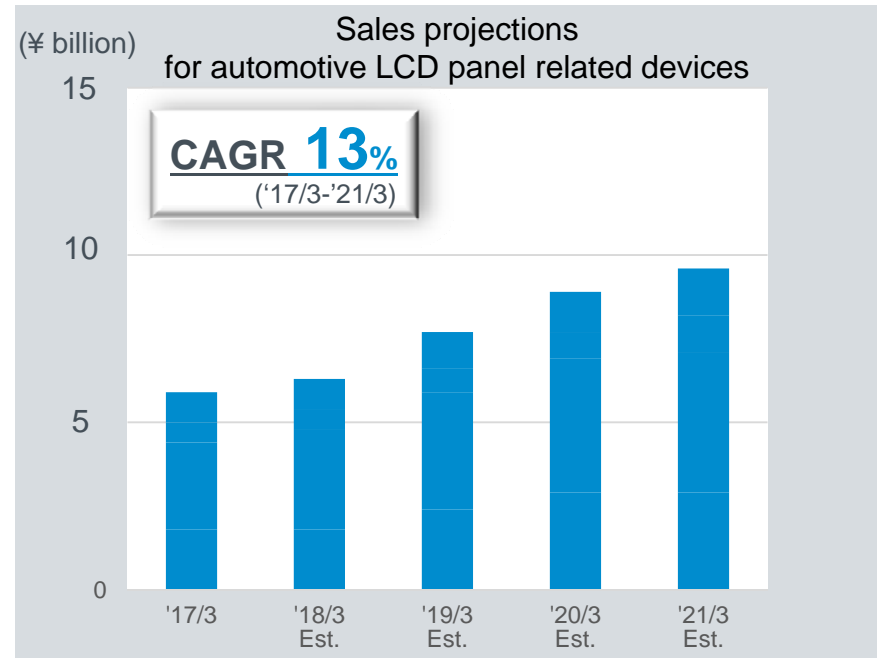
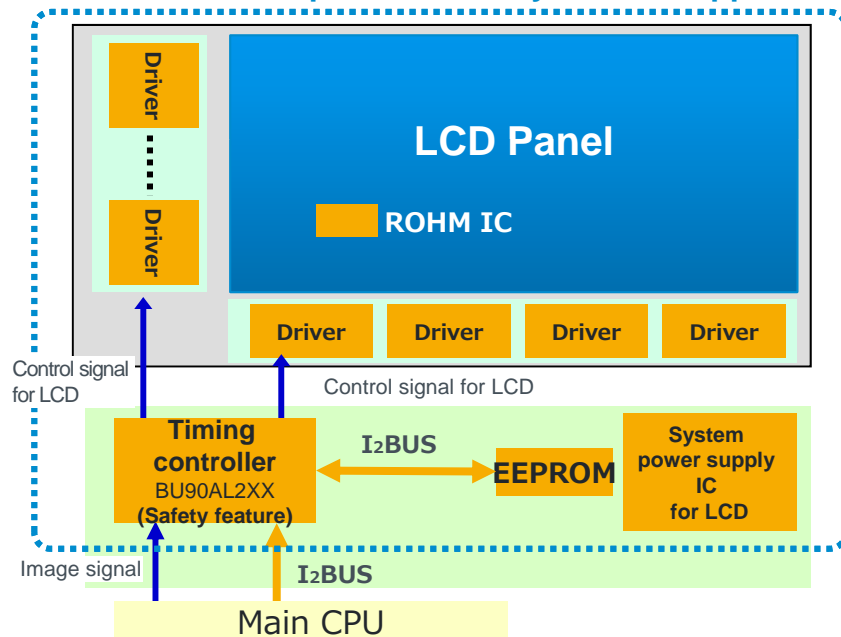
Sales projections for each automotive application



Infotainment Fields



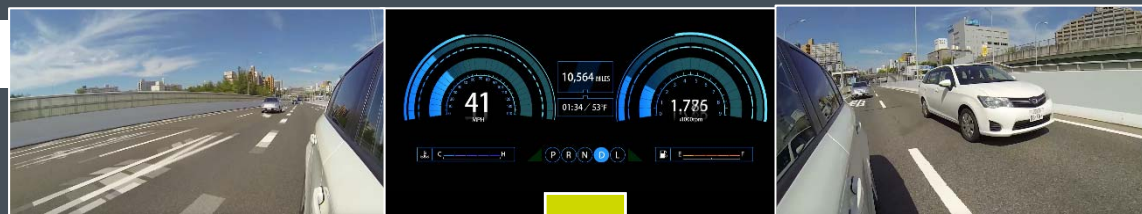
Overview of chipset with safety feature support



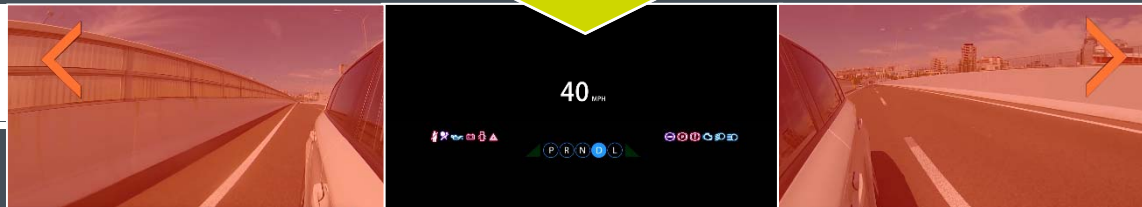
ROHM's chipsets alone can support users in safe vehicle stops during an emergency

Safety feature performance

Normal status

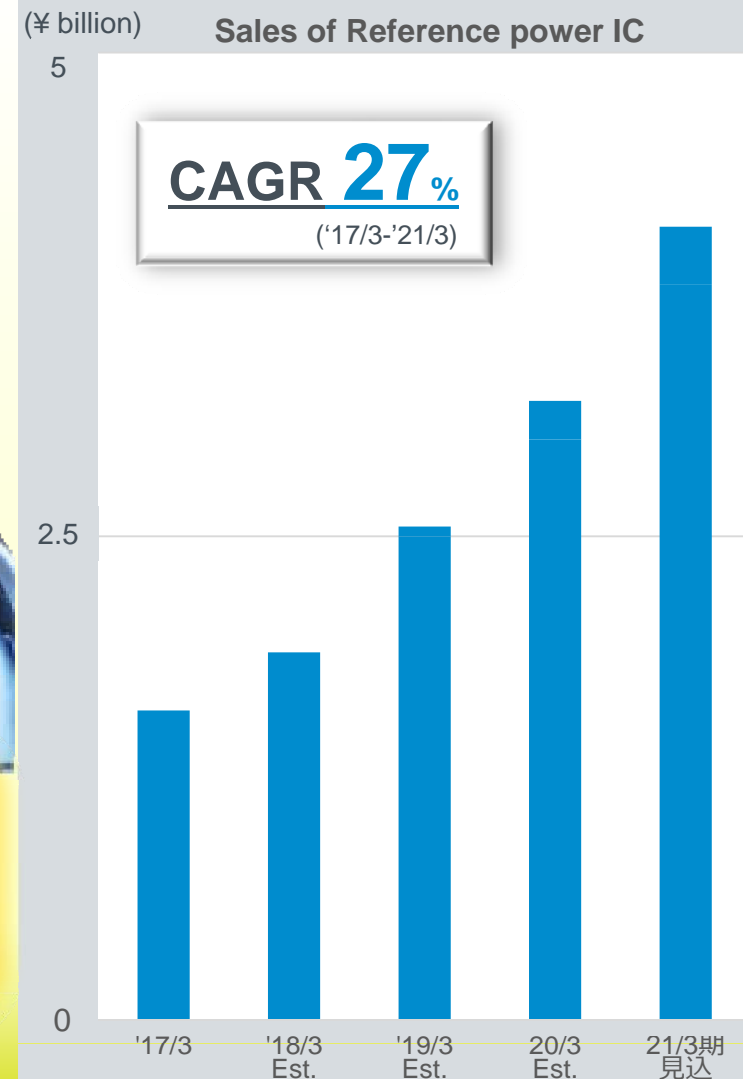


Meter trouble status

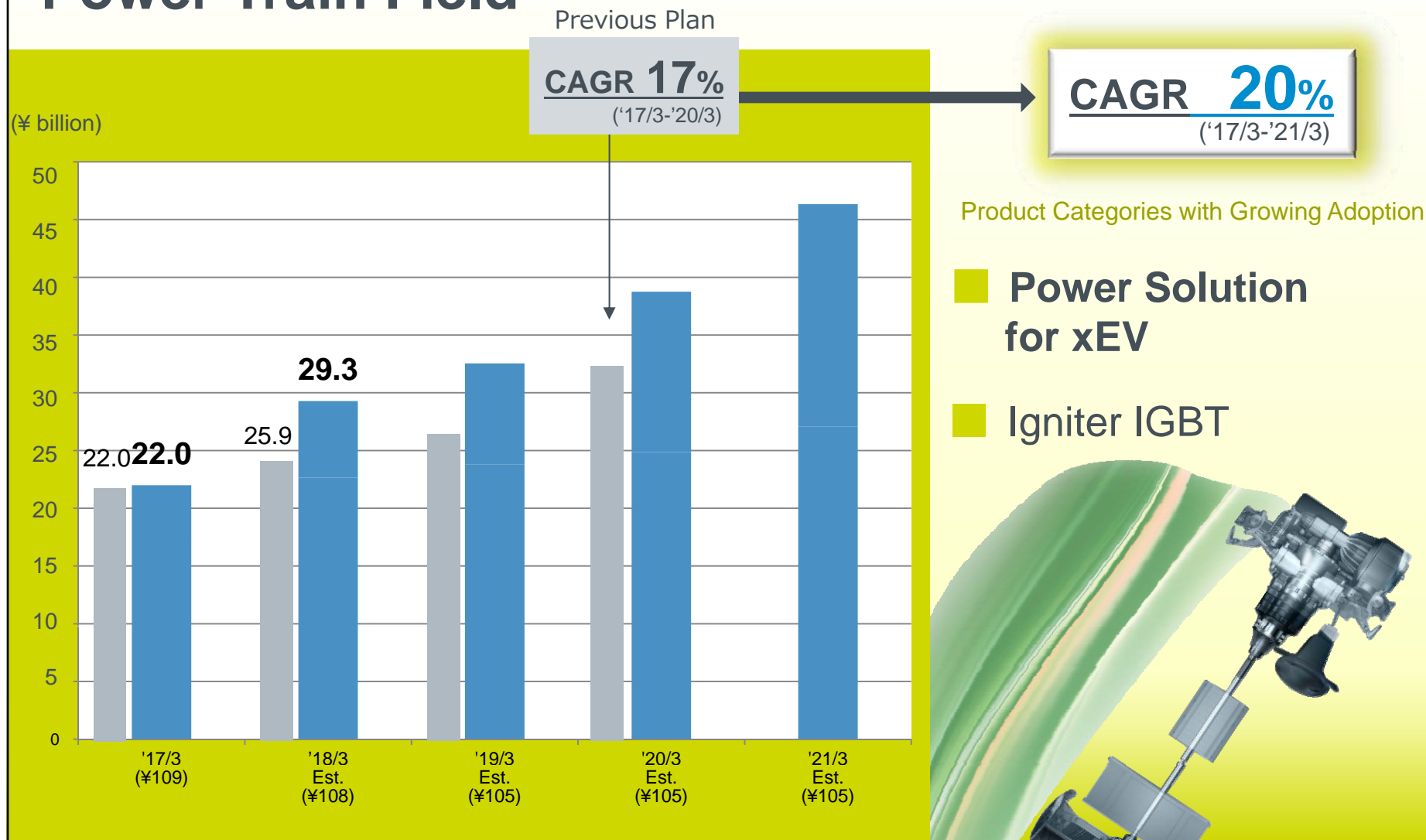


Auto Increased adoption of reference power ICs

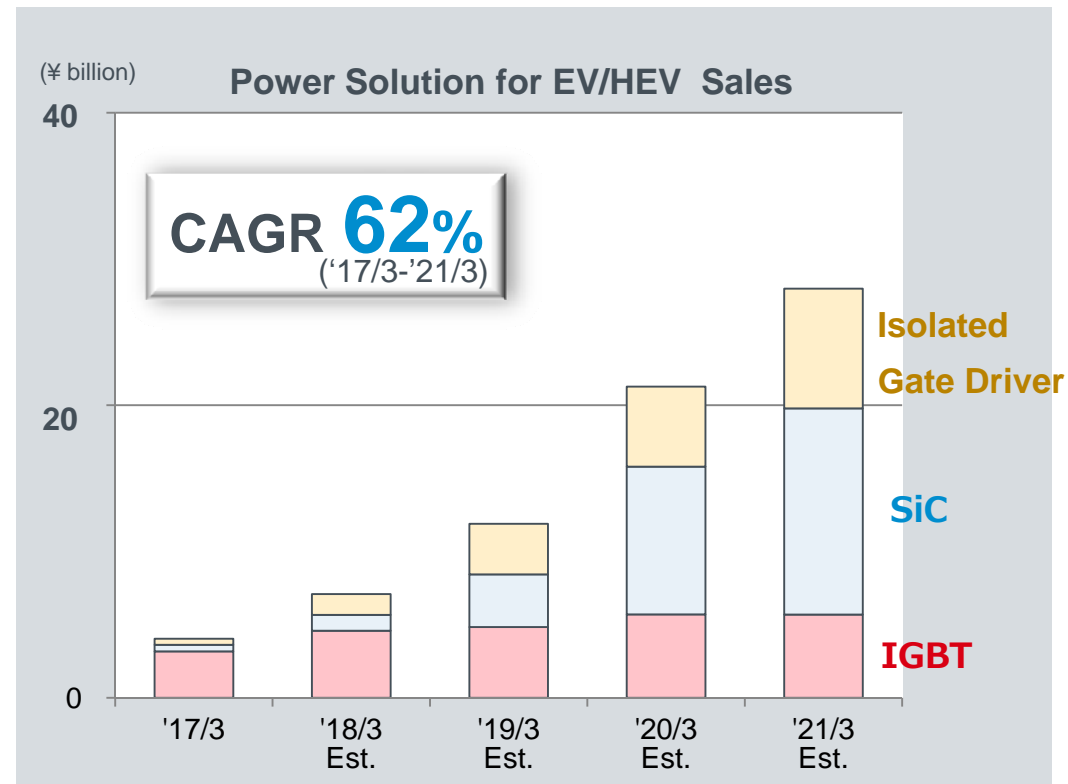
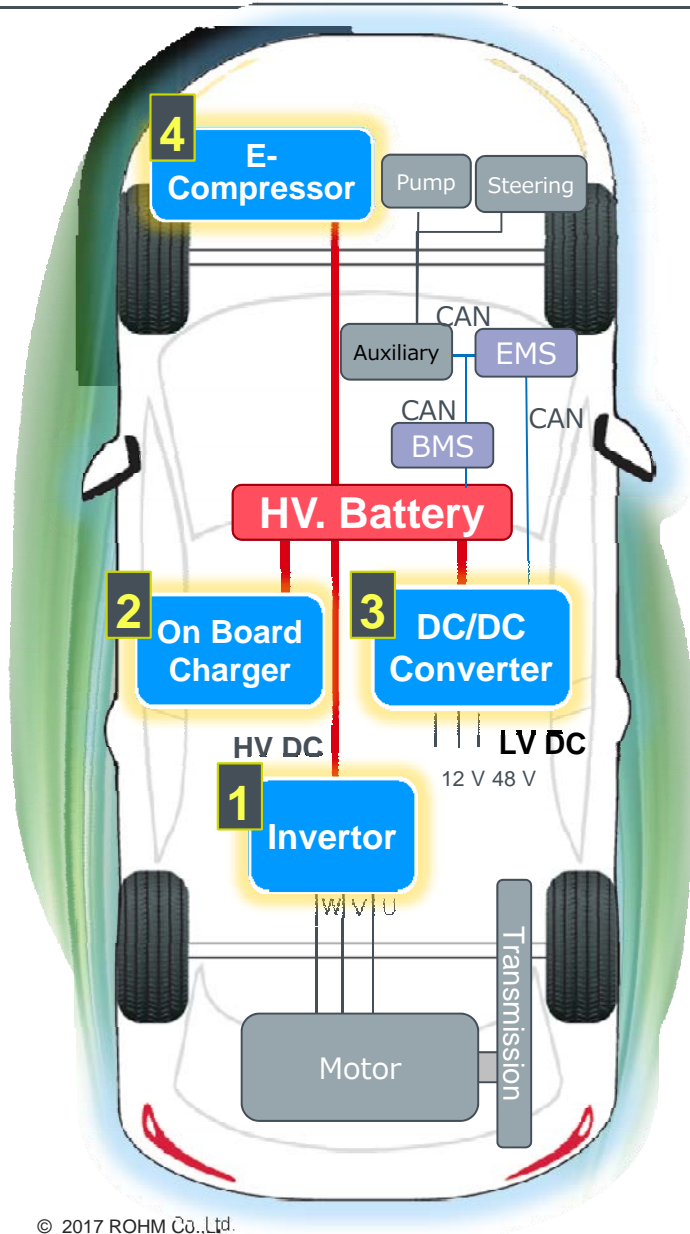
Automotive CPU:
Further development of special
power ICs for leading
manufacturers expands
reference business



Power Train Field



Auto xEV: Increased adoption of power solutions in four blocks



Adoption of power solutions combined with insulated gate drivers, SiC and IGBT is increasing in four blocks

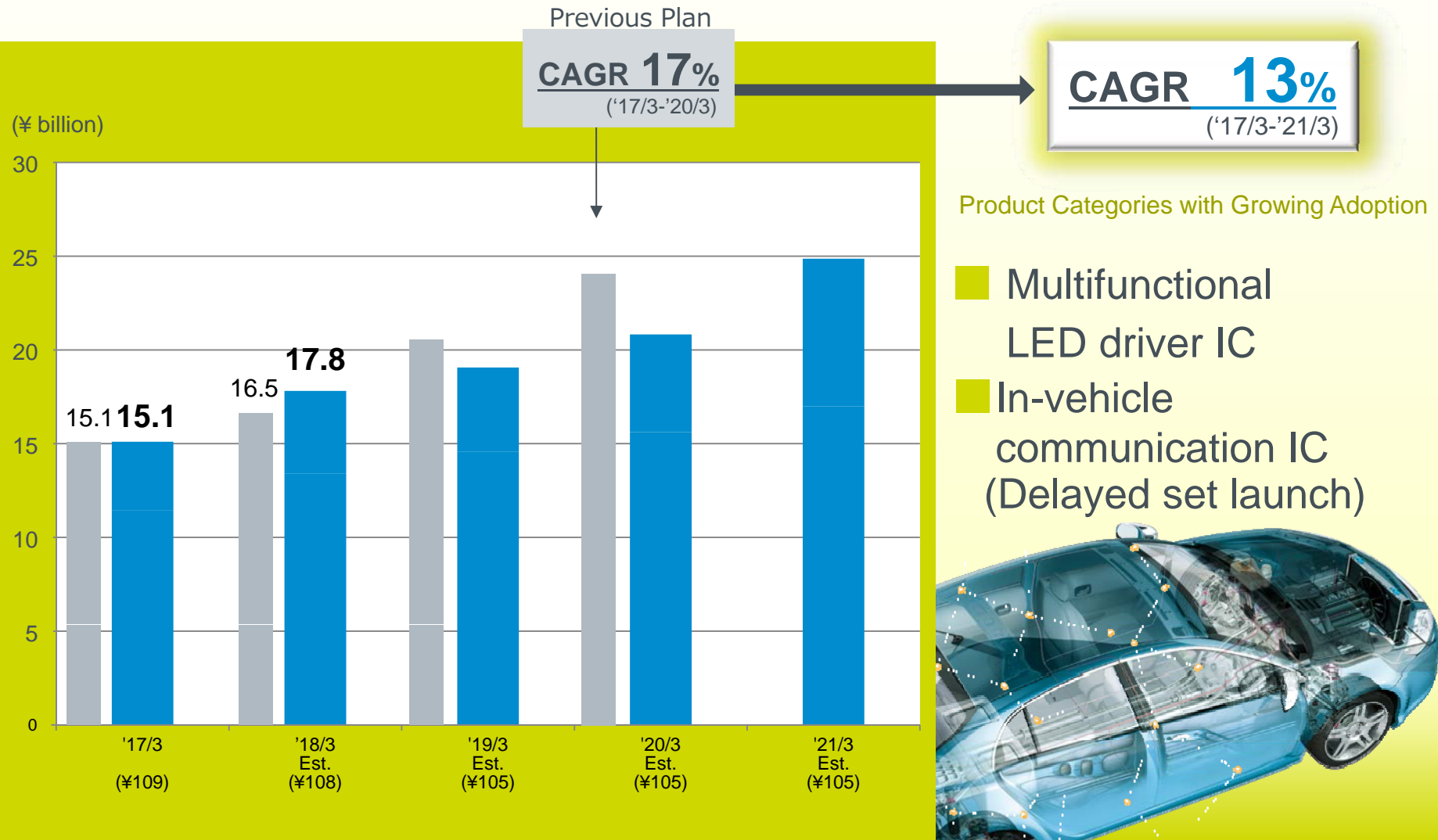
Supports highly safe and efficient power solutions in
response to growing demand from customers in Europe

Design
supports

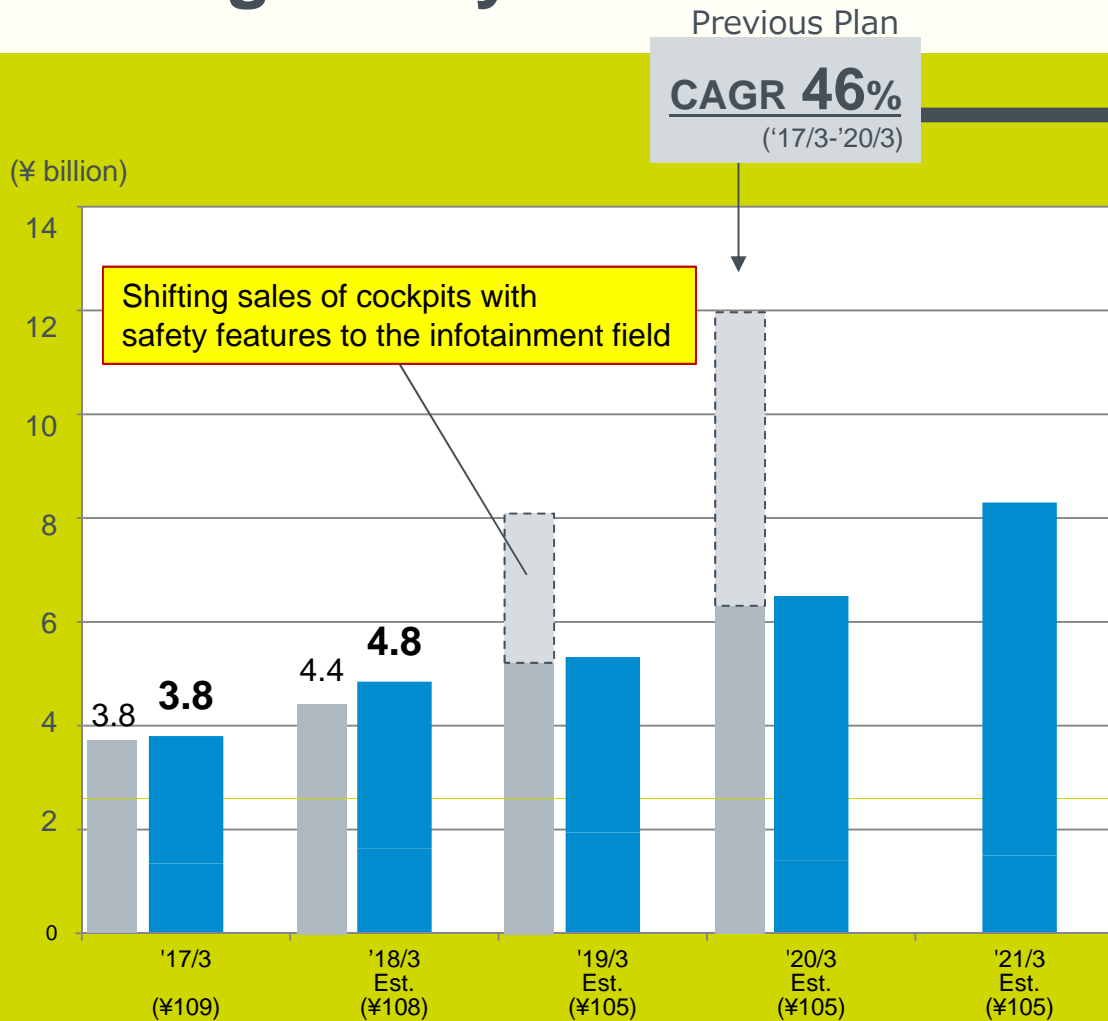
Various evaluation
supports



Body Control Fields



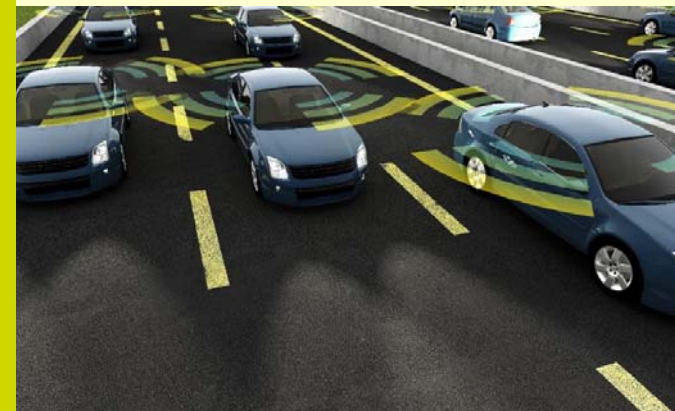
Driving Safety & ADAS Fields



CAGR 22%
('17/3-'21/3)

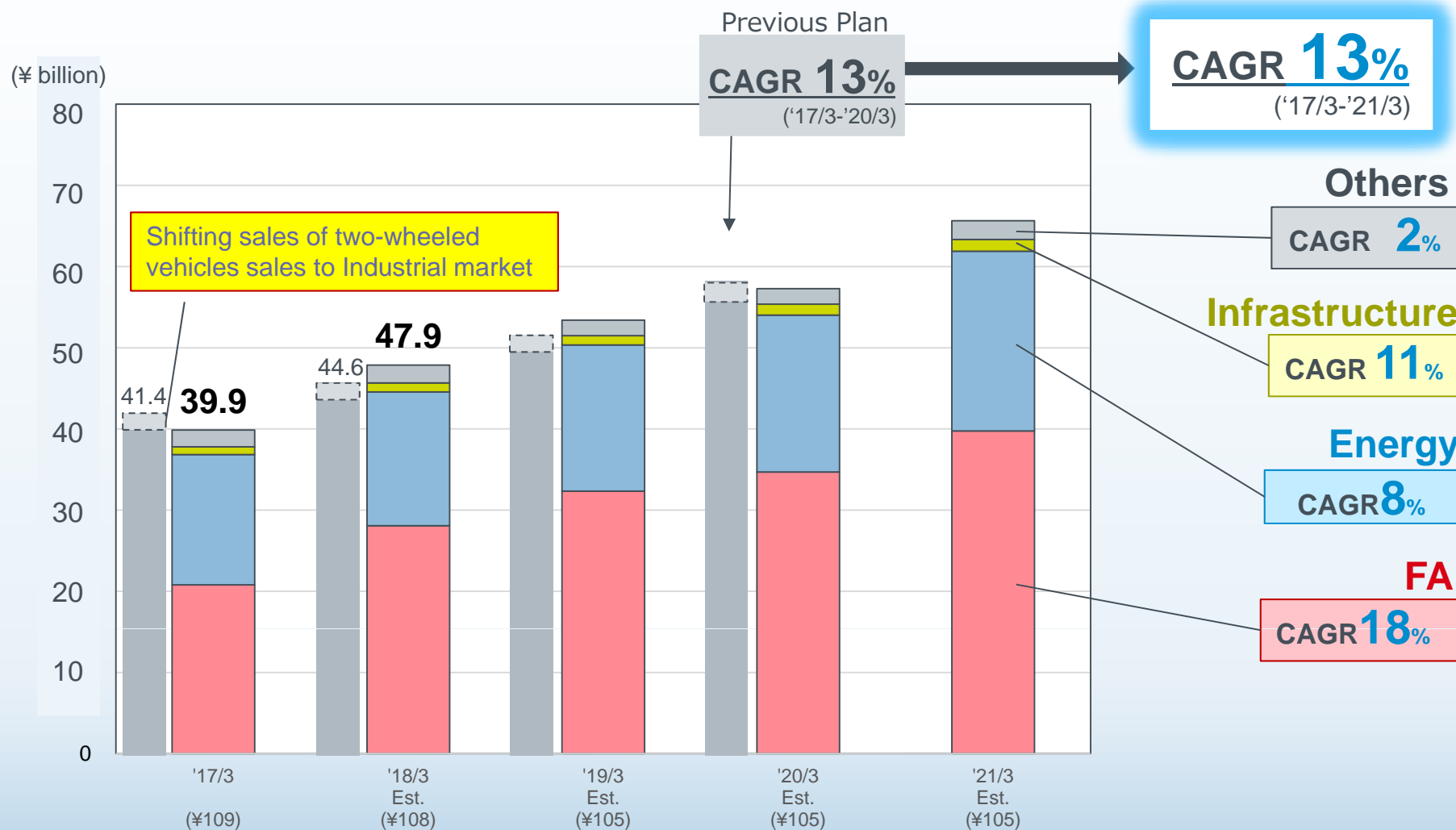
Product Categories with Growing Adoption

- Camera PMIC
- Power ICs for millimeter-wave radar
- Signal processing ICs for Sonar

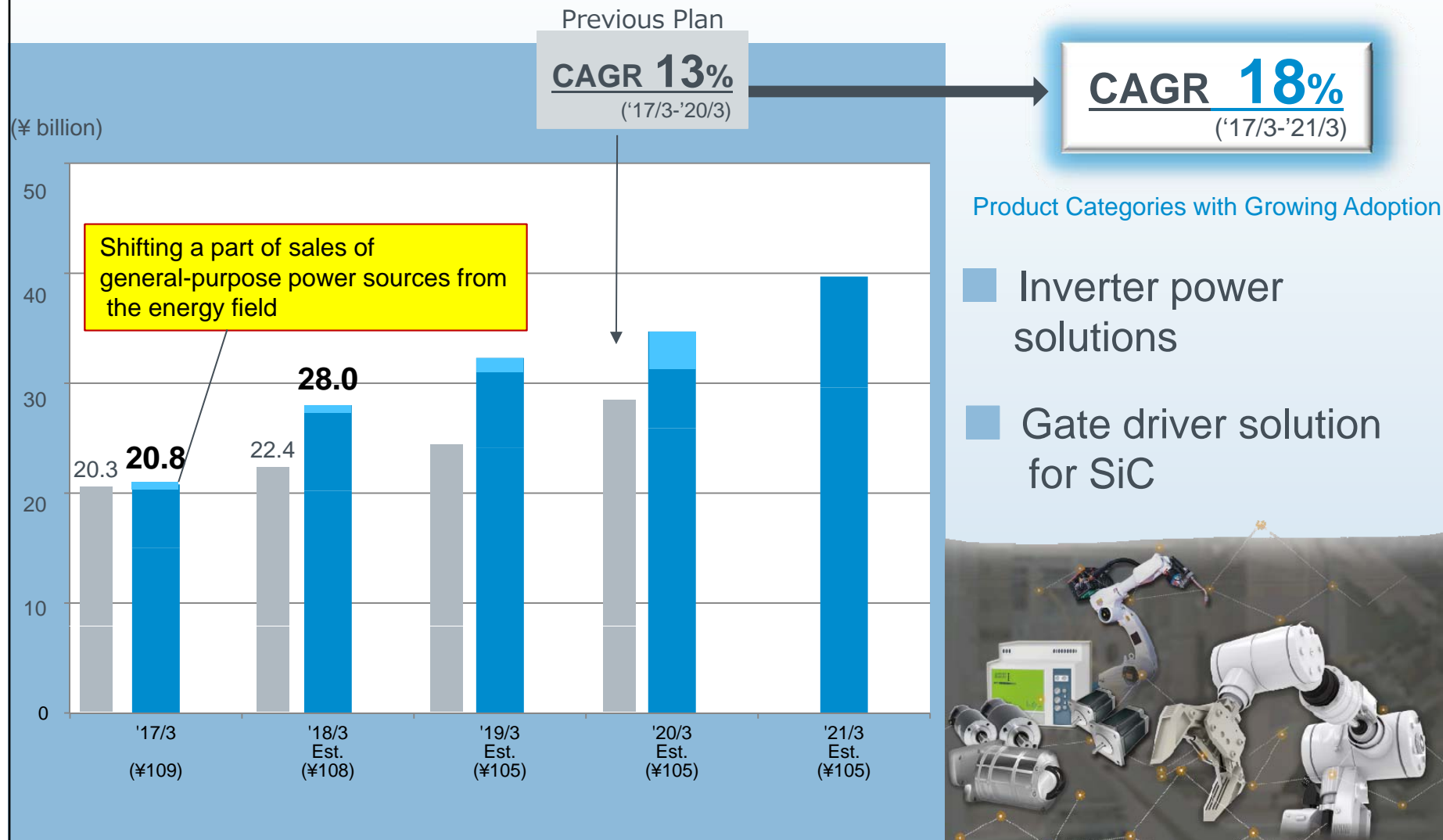


1. Market Reform Focusing on Industrial Market

Sales projections for each Industrial application



FA Fields

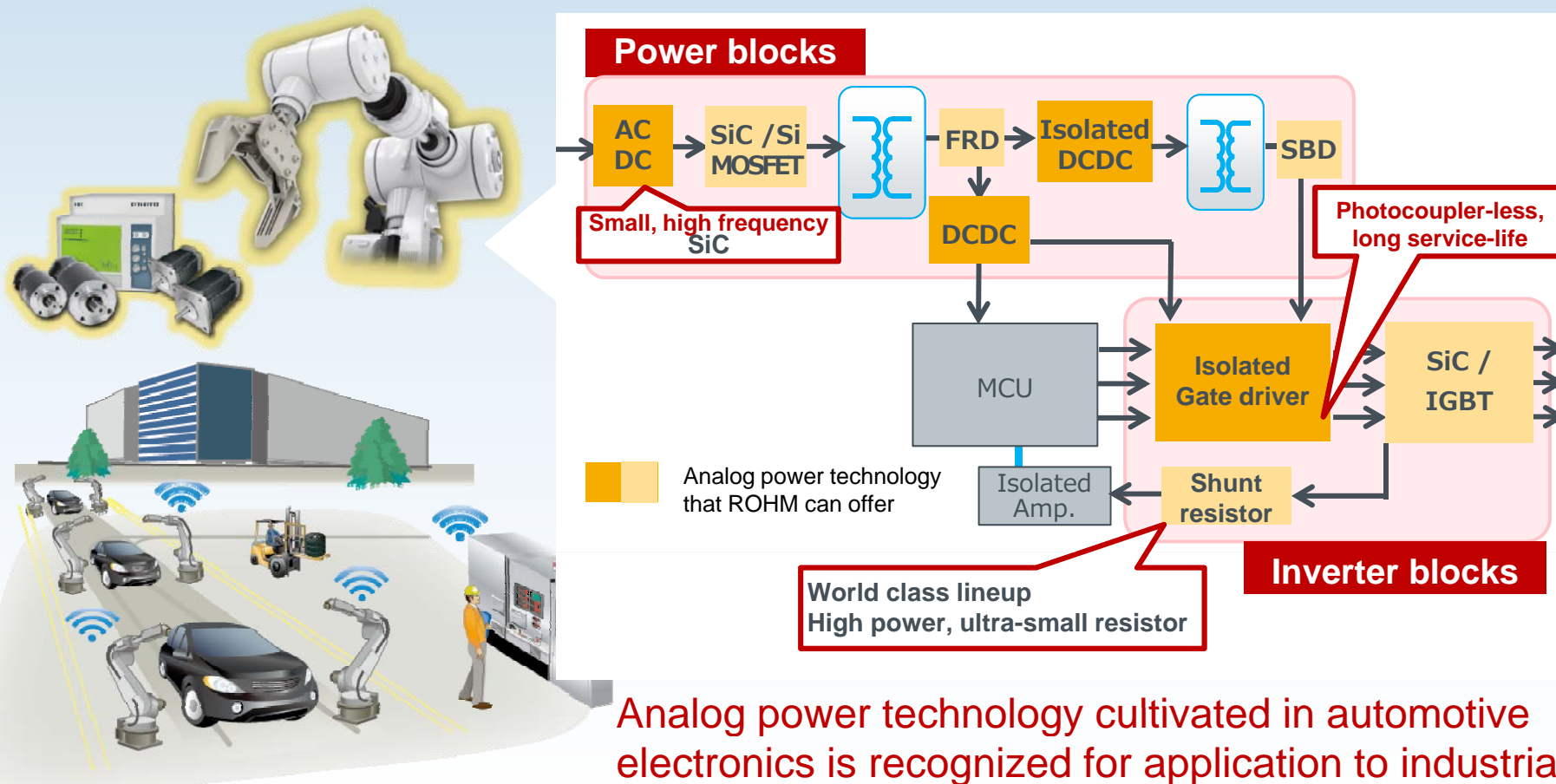


[FA] Innovation and expansion are ongoing in factories around the world

Automobiles, organic EL panels, and semiconductors

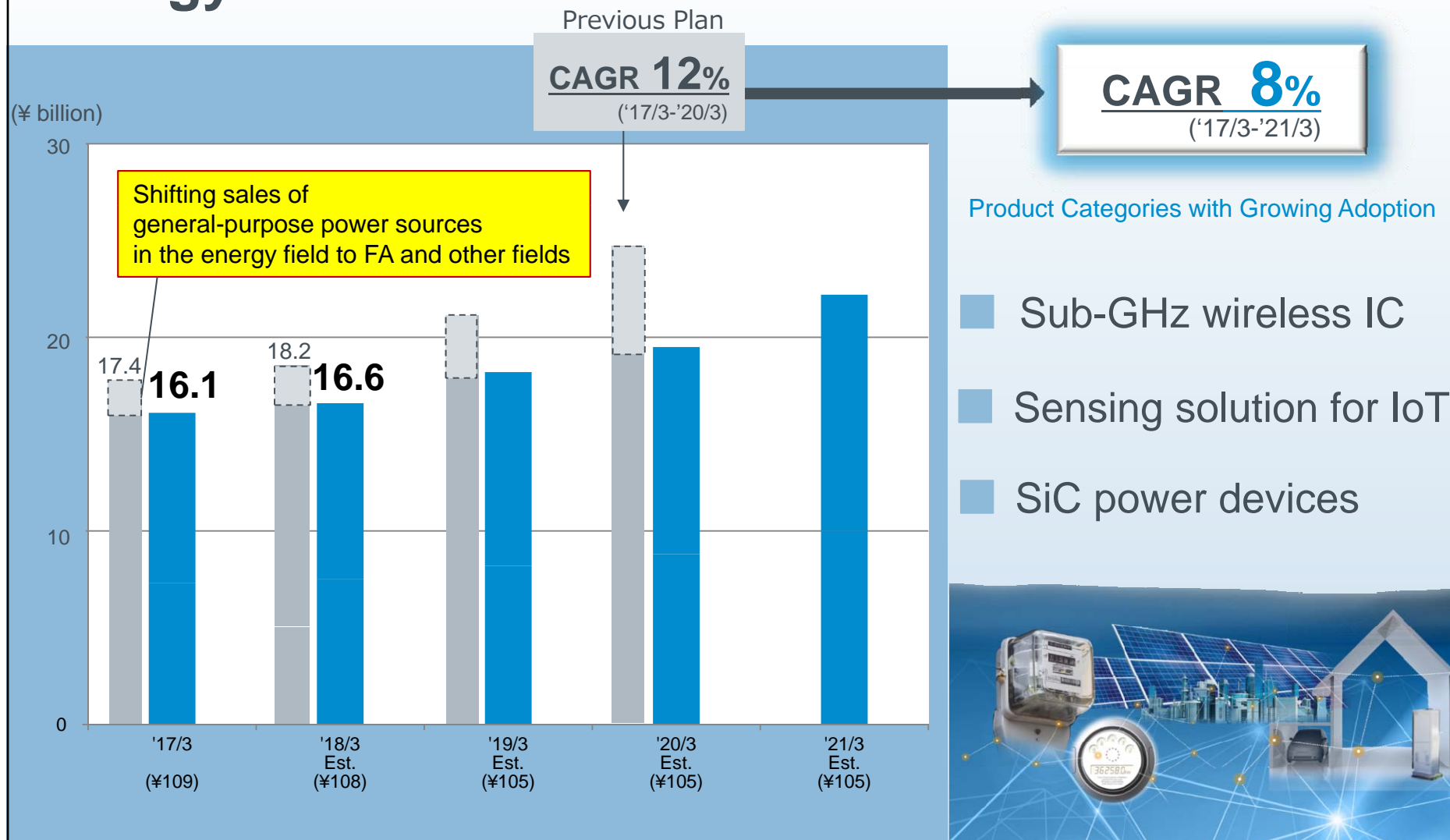
ROHM contributes to energy efficiency improvement in

Power blocks and **Inverter blocks**

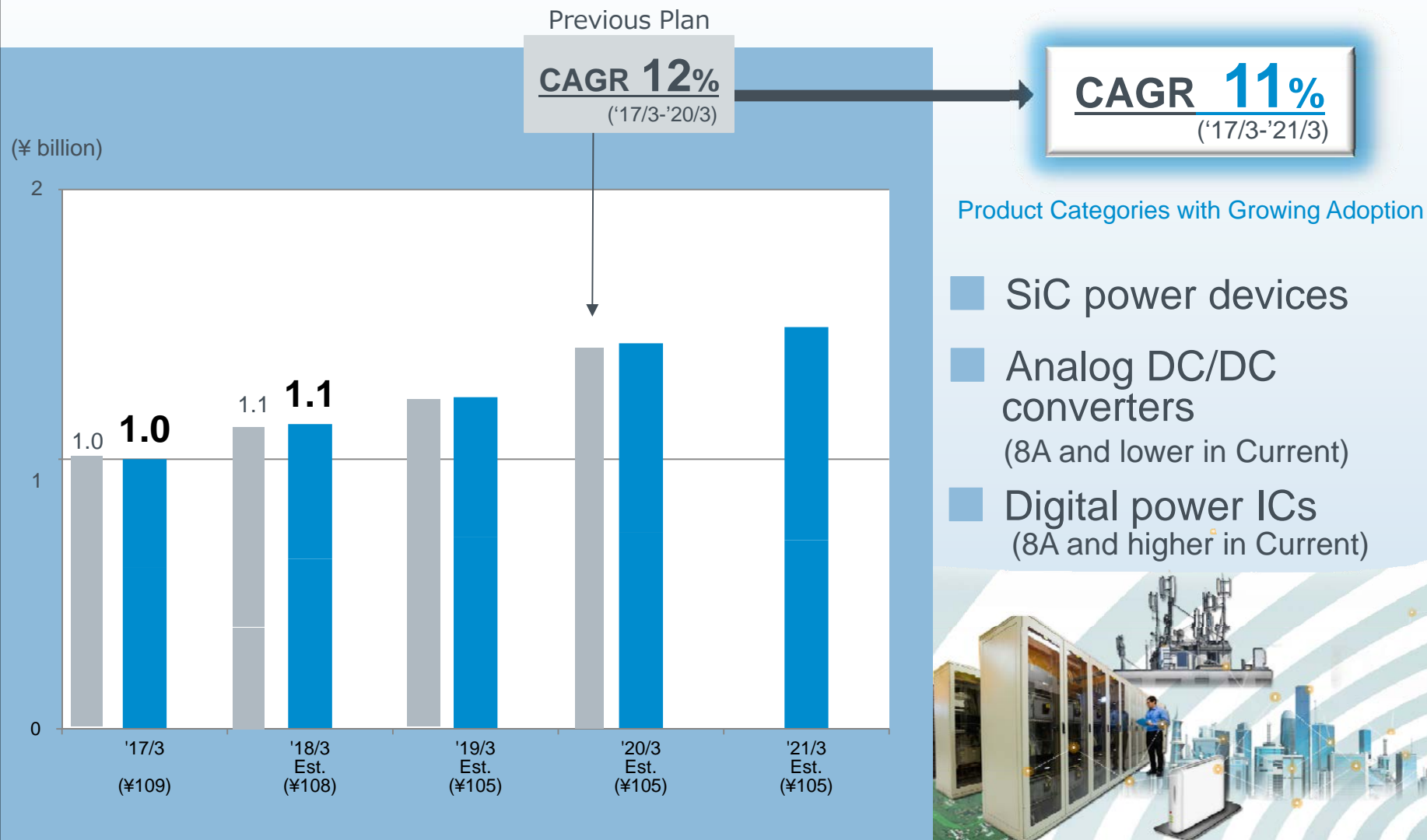


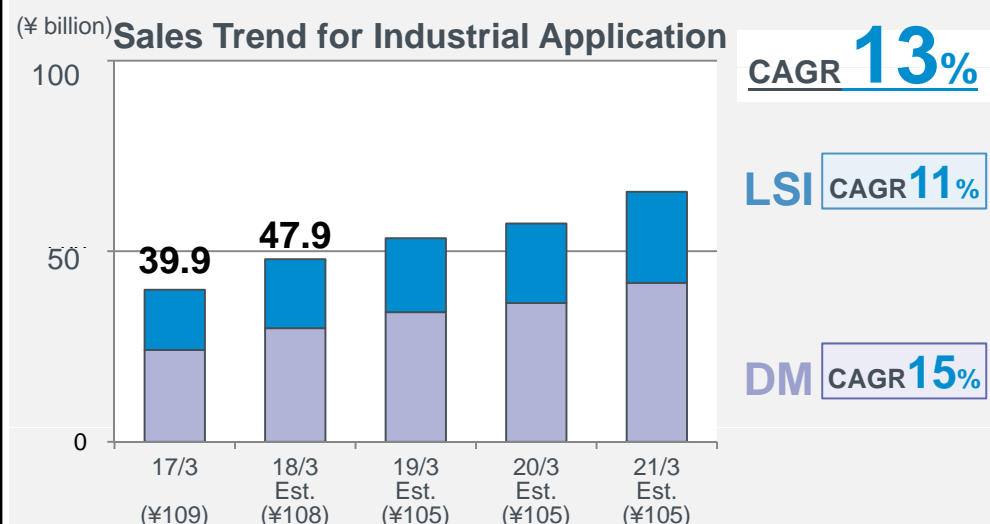
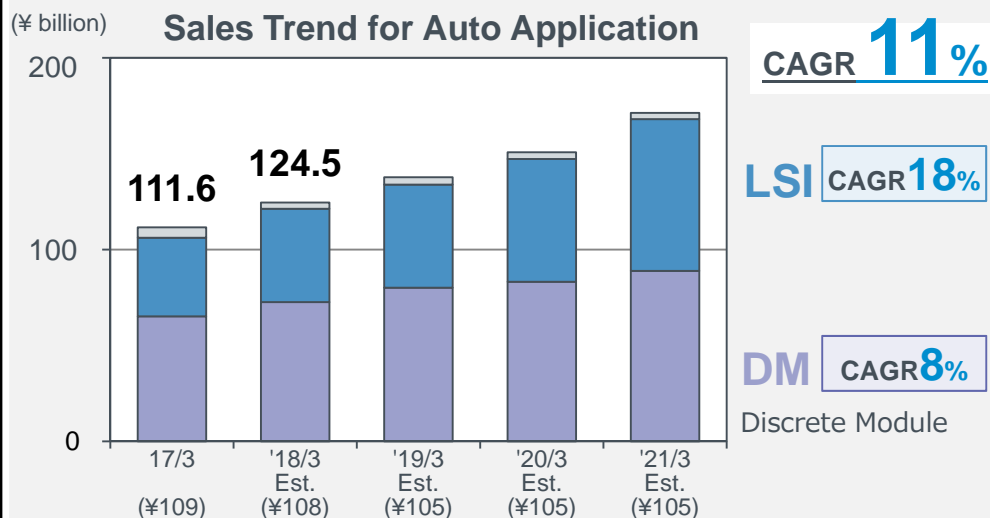
Analog power technology cultivated in automotive electronics is recognized for application to industrial machinery

Energy Fields



Infrastructure Fields





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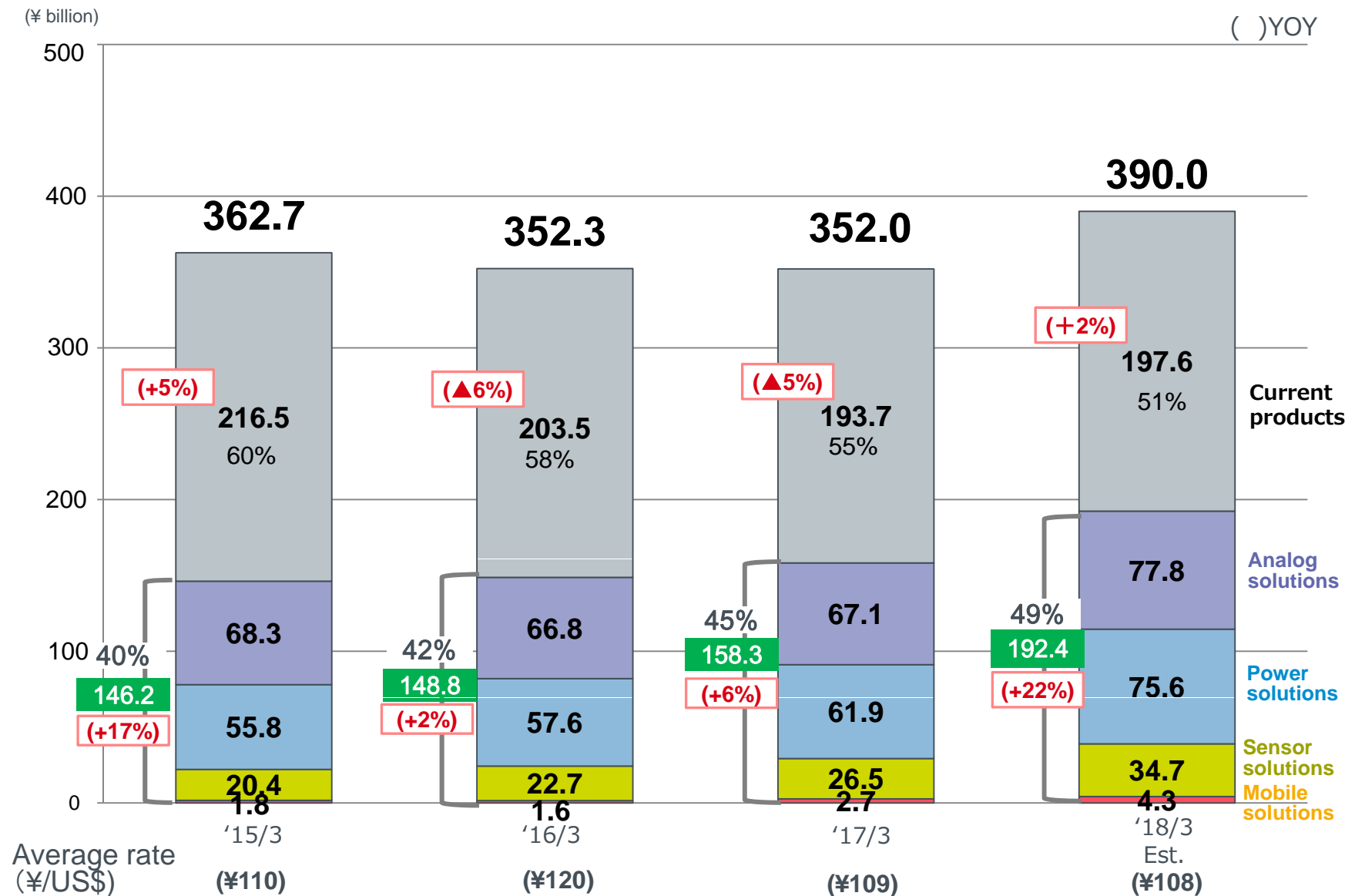
Analog Solution

- Offering safety features for automotive electronics fusing digital control technologies
- The world's best core technologies expand new business opportunities

Power Solution

- Power solutions such as SiC are adopted in various applications
- Power modules for motors are increasingly adopted mainly in home electronics

2. Product Reform Sales Trends of Four Growth Solutions



3. Production reform

**1st
Stage**

1995 to

**Thoroughly eliminate waste
by promoting RPS activities.**

**2nd
Stage**

2013 to

Build smart lines using electronics.



**3rd
Stage**

2016 to

**We aim to make all of
our factories smart factories with Zero Defects.**

IoT of the Factory

HQ (Entire system)

... Mechanism for detecting and countering trouble before it happens

Plants & Equipment

... Visualization of manufacturing using IoT

Monitoring

... Trouble detection using sensors

**Establishment
of QMS**

(Quality Management System)

ISO9000/QS9000/TS16949



Sharing situation of the manufacturing from the management

■ Capital Expenditures



We will drastically increase production capacity for both new and current products to respond to increasing orders in and after the next year

'18/3 Initial plan

- Construction of new factory in the Philippines
- Improvement in production capacity of power devices
- Improvement in quality of transistors and diodes

'18/3 Changes since initial plan

Additional investment

- ICs: enhancement of 8 and 12-inch FAB
- ICs: Increase in production capacity of assembly lines
- Increase of production capacity in SiCrystal
- Moving up the schedule for construction of a new factory in the Philippines

(Units: ¥ billion)

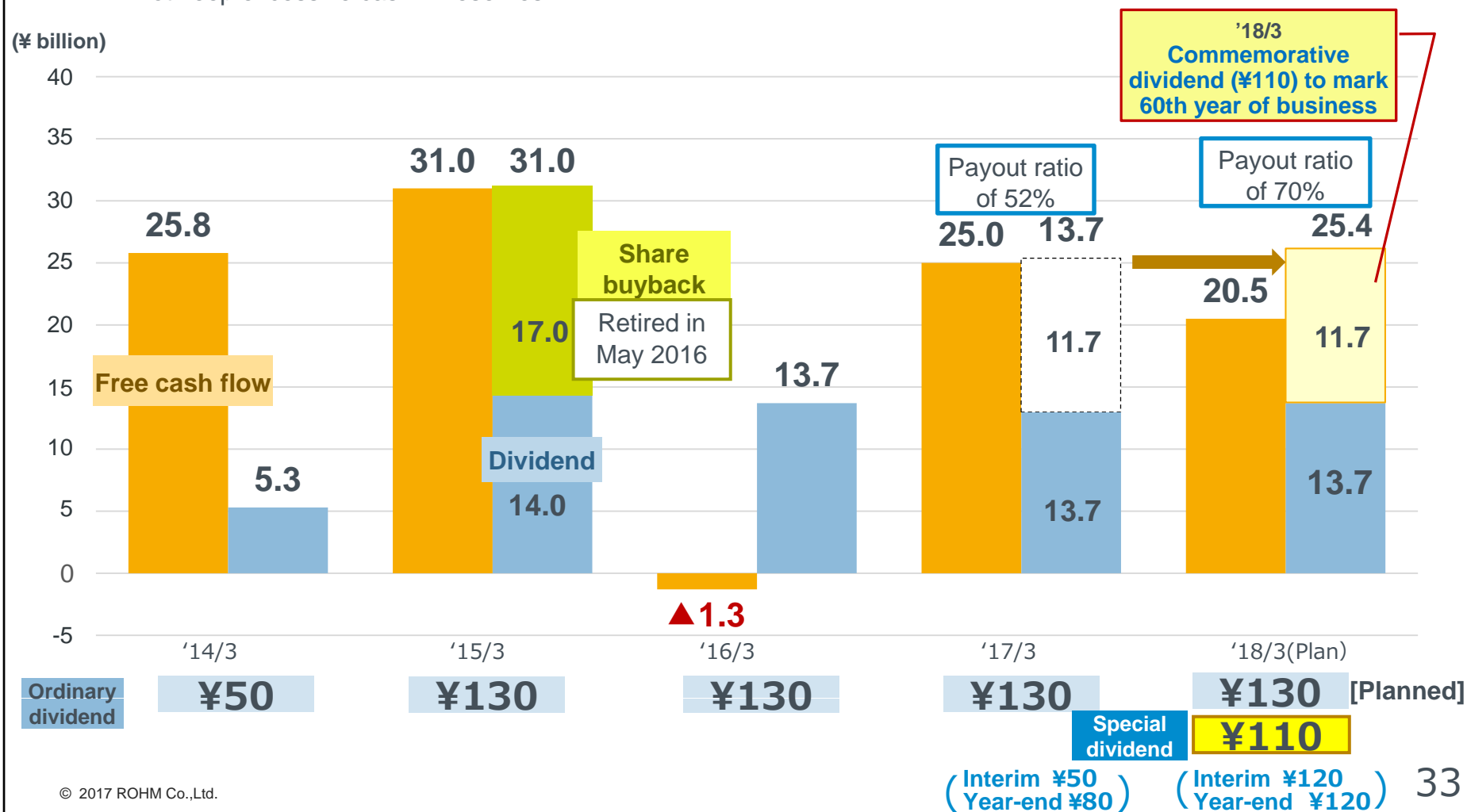
	Total	Capacity increase	Land, building	New products	Quality	Others
'18/3 Initial plan	57.0	24.6	5.4	12.3	6.4	8.3
'18/3 1H	23.1	11.5	0.6	5.7	1.4	3.9
'18/3 2H Plan	36.9	14.8	4.2	8.3	4.4	5.2
'18/3 Revised plan	60.0	26.3	4.8	14.0	5.8	9.1

■ Returns to Shareholders

(Transition of free cash flow and shareholder returns)



- [1] Rohm pays standard annual dividends of ¥130, but plans to raise this amount as performance improves over the long-term.
- [2] Rohm targets a payout ratio of 30% or more and depending on the situation, will add a special dividend or other additional shareholder return.
- [3] Rohm will proactively invest in M&A that will contribute to growth and, in an effort to improve our balance sheet, will not keep excessive cash in reserves.



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.

