



ROHM Co., Ltd. Financial Highlights for the Year Ended on March 31, 2018

April 26, 2018

1. 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		'19/3 (Projected) ^{Note1}			
				Actual	Actual	Amount	Percentage	Annual	Change from the previous year
Net sales	Millions of yen	397,106	352,010	+45,096	+12.8%	420,000	+5.8%	210,000	+4.8%
Cost of sales	Millions of yen	252,591	234,967	+17,624	+7.5%	268,400		133,000	
Selling, general and administrative expenses	Millions of yen	87,510	85,215	+2,295	+2.7%	93,600		47,000	
Operating income (loss)	Millions of yen	57,004	31,827	+25,177	+79.1%	58,000	+1.7%	30,000	+0.8%
		(14.4%)	(9.0%)	(+5.4%)		(13.8%)		(14.3%)	
Ordinary income (loss)	Millions of yen	54,213	35,579	+18,634	+52.4%	61,000	+12.5%	31,000	-0.7%
		(13.7%)	(10.1%)	(+3.6%)		(14.5%)		(14.8%)	
Profit attributable to owners of parent	Millions of yen	37,249	26,432	+10,817	+40.9%	44,000	+18.1%	22,500	-2.6%
		(9.4%)	(7.5%)	(+1.9%)		(10.5%)		(10.7%)	
Figures in () indicate ratio to sales.									
Net income (loss) per share	yen	352.14	249.88	+102.26	+40.9%	415.98		212.72	
ROE	%	5.0	3.7						
ROA	%	4.4	3.2						
Net assets per share	yen	7,104.04	6,854.01	+250.03	+3.6%				
EBITDA ^{Note2}	Millions of yen	100,411	72,628	+27,783	+38.3%				
Capital expenditures	Millions of yen	55,911	42,182	+13,729	+32.5%	78,000	+39.5%	34,000	+46.9%
Depreciation	Millions of yen	43,407	40,801	+2,606	+6.4%	49,500	+14.0%	22,000	+9.2%
Research and development costs	Millions of yen	38,852	37,277	+1,575	+4.2%	42,000	+8.1%	21,000	+11.5%
Foreign exchange gains (losses)	Millions of yen	(loss) 7,248	(loss) 766	(loss) 6,482					
Foreign exchange rate (Average yen-dollar rate)	yen/US\$	110.81	109.03	+1.78	+1.6%	105.00		105.00	

(Note) 1. The projected data are based on the information available at the time of release of this report. A number of important factors including business conditions may cause actual results to differ materially from those projected, and therefore, the projected data are not intended to guarantee to be achieved by ROHM.

2. EBITDA is calculated by adding back depreciation to operating income.

Contact: Public Relations and Investor Relations Div., ROHM Co., Ltd.
21, Saiin Mizosaki-cho, Ukyo-ku, Kyoto 615-8585 Japan +81-75-311-2121

Note: This report is a translation of the financial highlights 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.

1. Consolidated Financial Results (Continued from the previous page)

(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		19/3 (Projected)			
		Actual	Actual	Amount	Percentage	Annual	Change from the previous year	First six months	Change from the first six months of the previous year
Sales by segment and by region	(Note)								
	Millions of yen								
ICs		183,430	161,195	+22,235	+13.8%	188,084	+2.5%	94,258	+0.7%
(Japan)		(67,024)	(51,755)	(+15,269)	(+29.5%)	(73,082)	(+9.0%)	(36,017)	(+8.6%)
(Asia)		(105,145)	(100,123)	(+5,022)	(+5.0%)	(103,319)	(-1.7%)	(52,478)	(-4.9%)
(Americas)		(6,410)	(5,604)	(+806)	(+14.4%)	(5,836)	(-9.0%)	(2,903)	(-5.3%)
(Europe)		(4,849)	(3,712)	(+1,137)	(+30.7%)	(5,845)	(+20.5%)	(2,858)	(+27.4%)
Discrete semiconductor devices		149,915	130,036	+19,879	+15.3%	169,171	+12.8%	83,994	+12.9%
(Japan)		(45,123)	(40,928)	(+4,195)	(+10.3%)	(50,510)	(+11.9%)	(25,005)	(+14.3%)
(Asia)		(85,307)	(73,167)	(+12,140)	(+16.6%)	(95,818)	(+12.3%)	(48,088)	(+11.7%)
(Americas)		(8,999)	(8,354)	(+645)	(+7.7%)	(9,853)	(+9.5%)	(4,823)	(+9.6%)
(Europe)		(10,484)	(7,585)	(+2,899)	(+38.2%)	(12,988)	(+23.9%)	(6,077)	(+19.9%)
Modules		41,829	39,608	+2,221	+5.6%	38,910	-7.0%	19,990	-6.9%
(Japan)		(9,458)	(9,494)	(-36)	(-0.4%)	(9,377)	(-0.9%)	(4,475)	(-10.1%)
(Asia)		(28,929)	(26,827)	(+2,102)	(+7.8%)	(25,530)	(-11.8%)	(13,599)	(-8.4%)
(Americas)		(849)	(1,128)	(-279)	(-24.7%)	(888)	(+4.5%)	(443)	(+6.6%)
(Europe)		(2,592)	(2,158)	(+434)	(+20.1%)	(3,114)	(+20.1%)	(1,472)	(+19.3%)
Others		21,930	21,169	+761	+3.6%	23,834	+8.7%	11,756	+7.8%
(Japan)		(3,898)	(4,048)	(-150)	(-3.7%)	(4,327)	(+11.0%)	(2,157)	(+14.0%)
(Asia)		(13,842)	(13,130)	(+712)	(+5.4%)	(15,017)	(+8.5%)	(7,343)	(+5.3%)
(Americas)		(1,738)	(1,807)	(-69)	(-3.8%)	(1,800)	(+3.5%)	(904)	(+4.8%)
(Europe)		(2,450)	(2,182)	(+268)	(+12.3%)	(2,689)	(+9.7%)	(1,350)	(+15.1%)
Total		397,106	352,010	+45,096	+12.8%	420,000	+5.8%	210,000	+4.8%
(Japan)		(125,504)	(106,226)	(+19,278)	(+18.1%)	(137,298)	(+9.4%)	(67,655)	(+9.2%)
(Asia)		(233,225)	(213,250)	(+19,975)	(+9.4%)	(239,685)	(+2.8%)	(121,509)	(+1.2%)
(Americas)		(17,999)	(16,894)	(+1,105)	(+6.5%)	(18,378)	(+2.1%)	(9,075)	(+3.7%)
(Europe)		(20,376)	(15,638)	(+4,738)	(+30.3%)	(24,637)	(+20.9%)	(11,759)	(+21.0%)
Sales by application									
Consumer	%	33.3	33.0	+0.3					
Telecommunications		10.7	11.3	-0.6					
Automotive		32.2	31.3	+0.9					
Industrial		12.1	11.8	+0.3					
Computers and OA		11.7	12.6	-0.9					
Major End Products									
Consumer		TV, Video Camera, Audio, Microwave Oven, Air Conditioner, Refrigerator, Washing Machine, Air Cleaner, Digital Still Camera, Game Machine, Electronic Musical Instrument, Electronic Cigarette, Drone, etc.							
Telecommunications		Mobile Phone, FAX, Wearable Electronics (excludes Medical Equipment), etc.							
Automotive		Engine Control Unit, Air Bag, Car Navigation, Car Audio, ADAS, etc.							
Industrial		Medical Equipment, Electrical Measuring Equipment, Machine Tool, Vending Machine, Solar Power, Smart Meter, Security Equipment, Communications Infrastructures, Cloud Server, etc.							
Computers and OA		PC, PC Server, Tablet PC, Printer, PPC, Data Storage (DVD, HDD, Semiconductor Memory), Monitor, Terminal, etc.							

(Note) The above amounts are sales to external customers.

2.Relevant information

(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		'19/3 (Projected)			Change from the first six months of the previous year
		Actual	Actual	Amount	Percentage	Annual	Change from the previous year	First six months	
Capital expenditures by individual segments									
ICs	Millions of yen	25,077	16,484	+8,593	+52.1%	26,900	+7.3%	11,000	-7.3%
Discrete semiconductor devices		23,148	17,704	+5,444	+30.7%	38,400	+65.9%	16,700	+86.1%
Modules		1,185	2,709	-1,524	-56.2%	2,500	+110.9%	1,100	+109.0%
Others		4,407	1,925	+2,482	+128.9%	5,600	+27.1%	3,600	+236.5%
Sales and administrative division		2,091	3,358	-1,267	-37.7%	4,600	+119.9%	1,600	+127.4%
Total		55,911	42,182	+13,729	+32.5%	78,000	+39.5%	34,000	+46.9%
Number of shareholders									
	Number	25,178	23,149	+2,029	+8.8%				
Financial institution shareholding ratio	%	27.51	27.73	-0.22					
Foreign shareholding ratio	%	45.54	44.71	+0.83					
Number of employees									
Domestic	Number	5,633	5,440	+193	+3.5%				
Overseas	Number	17,487	15,868	+1,619	+10.2%				
Total	Number	23,120	21,308	+1,812	+8.5%				
(Number of R&D employees)	(Number)	(3,094)	(2,921)	(+173)	(+5.9%)				
Number of consolidated subsidiaries									
	Number	45	44	+1					
(Domestic)	(Number)	(10)	(10)	(0)					
(Overseas)	(Number)	(35)	(34)	(+1)					
Number of affiliated companies									
	Number	3	3	0					
(Number of companies accounted for by equity method)	(Number)	(0)	(0)	(0)					
Number of non-consolidated subsidiaries									
	Number	1	2	-1					
(Number of companies accounted for by equity method)	(Number)	(0)	(0)	(0)					



Financial Report for the Year Ended March 31, 2018 (Japan GAAP, Consolidated)

April 26, 2018

Stock Exchange Listings: Tokyo

Listed Company Name: ROHM CO., LTD.

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

Company Representative: (Title) President (Name) Satoshi Sawamura

Contact Person: (Title) Group General Manager, Accounting & Finance Headquarters (Name) Kunio Uehara

TEL +81-75-311-2121

Scheduled Date of Annual Meeting of Shareholders June 28, 2018 Scheduled Dividend Payment Date June 29, 2018

Scheduled Date of Securities Report for Submission June 28, 2018

Supplementary Material Prepared for Account Closing: Yes

Financial Results Briefing Available: Yes (For analysts and institutional investors)

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

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

(1) Consolidated Results of Operations

(The percentages [%] represent change from 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	%
Year ended March 31, 2018	397,106	12.8	57,004	79.1	54,213	52.4	37,249	40.9
Year ended March 31, 2017	352,010	-0.1	31,827	-5.4	35,579	-2.9	26,432	2.9

(Note) Comprehensive income Year ended March 31, 2018: 47,593 million yen (51.7%)

Year ended March 31, 2017: 31,371 million yen (—%)

	Net income per share	Diluted net income per share	Net income to equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	352.14	—	5.0	6.4	14.4
Year ended March 31, 2017	249.88	—	3.7	4.3	9.0

(Reference) Investment loss (-gain) on equity method Year ended March 31, 2018: — million yen

Year ended March 31, 2017: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2018	870,034	751,877	86.4	7,104.04
Year ended March 31, 2017	834,503	725,452	86.9	6,854.01

(Reference) Shareholder's equity Year ended March 31, 2018: 751,425 million yen

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	74,727	-54,517	-21,186	243,973
Year ended March 31, 2017	67,397	-38,742	-12,173	246,015

2. Dividend Details

	Dividend per share					Total annual dividend	Shareholder payout ratio (consolidated)	Dividend on net asset ratio (consolidated)
	End of the first quarter	End of the interim	End of the third quarter	End of year	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	—	50.00	—	80.00	130.00	13,750	52.0	1.9
Year ended March 31, 2018	—	120.00	—	120.00	240.00	25,385	68.2	3.4
Year ending March 31, 2019 (Estimates)	—	75.00	—	75.00	150.00		36.1	

(Note) Details of dividends for the first six months of the year ended March 31, 2018

Ordinary dividend: 65.00 yen

Commemorative dividend: 55.00 yen

Details of dividends for the year ended on March 31, 2018

Ordinary dividend: 65.00 yen

Commemorative dividend: 55.00 yen

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(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	210,000	4.8	30,000	0.8	31,000	-0.7	22,500	-2.6	212.72
Annual	420,000	5.8	58,000	1.7	61,000	12.5	44,000	18.1	415.98

* Note

- (1) Major Changes in Subsidiaries During the Year Ended March 31, 2018
(Changes to specified subsidiaries accompanying revision on the scope of consolidation): None
- (2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions
- | | |
|--|------|
| [1] Changes in accounting policies according to revisions to accounting standards: | None |
| [2] Changes in accounting policies other than items indicated in [1]: | None |
| [3] Changes in accounting estimates: | None |
| [4] Restatement of revisions: | None |

(3) Number of Shares Outstanding (common shares)

[1] Year-end number of shares outstanding (incl. treasury stocks)	Year ended March 31, 2018	111,200,000 shares
	Year ended March 31, 2017	111,200,000 shares
[2] Year-end number of treasury stocks	Year ended March 31, 2018	5,425,837 shares
	Year ended March 31, 2017	5,424,815 shares
[3] Average number of shares during the period	Year ended March 31, 2018	105,774,739 shares
	Year ended March 31, 2017	105,775,828 shares

(Reference) Summary of non-consolidated operating results

1. Non-consolidated Financial Results for Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(1) Non-consolidated Results of Operations (The percentages [%] represent change from the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	348,737	15.0	27,274	325.3	42,935	103.9	26,784	32.7
Year ended March 31, 2017	303,279	-1.2	6,413	-20.2	21,060	74.1	20,187	213.0

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2018	253.22	—
Year ended March 31, 2017	190.85	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2018	544,297	456,341	83.8	4,314.30
Year ended March 31, 2017	521,498	442,278	84.8	4,181.31

(Reference) Shareholder's equity
Year ended March 31, 2018: 456,341 million yen
Year ended March 31, 2017: 442,278 million yen

*Disclosure Regarding Implementation Status of Auditing Procedures

This financial report is not subject to auditing by Certified Public Accountant or Audit Firm.

*Explanation on Adequate Usage of Financial Results Forecast

Statements on financial results forecasts in this financial report are based on current information that ROHM acquired as well as specific premises that the company judges legitimate, therefore, ROHM makes no promises as to actual results attaining these forecasts. Actual financial results may be considerably different due to various factors. For presuppositional conditions used for financial results forecasts and notes on using the forecasts, please refer to "1. Overview of Business Results and Financial Condition (4) Future Outlook," on Page 4 of the Appendix of the Financial Report for the Year Ended March 31, 2018.

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*Separately attached as supplementary material are “Financial Highlights for the Year Ended on March 31, 2018.”

1. Overview of Business Results and Financial Condition

(1) Overview of Business Results for the Year Ended March 31, 2018

General Overview of Business Performance

The world economy in the fiscal year ended in March 2018 was solid, as the US economy was bullish, the European and Japanese economies kept their recoveries going and the Chinese economy continued to grow stably.

In the electronics industry, the automotive electronics market was steady, despite a slowdown in the USA during the second half of the year, thanks to the rise in new vehicle sales in China and across Asia, as well as the increasing use of in-vehicle electronics that growing demand for “safety” and “environmental performance” is fueling. As for industrial equipment markets, the FA *1 equipment market grew considerably owing to wider-spread factory automation and increased use of IoT *2. With regards to consumer products markets, adjustments continued in both the AV and PC markets, and high-end smartphones lost some traction in the latter half of the year, but the game console market was strong and, thanks to energy-saving air conditioners and other products, the home appliance market was bullish.

Working within this business environment, the ROHM Group continued to implement important strategies aimed at strengthening product lineups for the automotive and industrial equipment markets, which are expected to grow in the mid- to long-term, and boosting sales especially in these two markets. 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 activities *3 and, with the goal of achieving “zero defects”, by building a state-of-the-art quality management system and converting its production sites into smart factories *4. Furthermore, the ROHM Group constructively invested in equipment that will increase the group’s production capacity of power devices and other fields that are expected to grow in the future. Moreover, amidst an upswing in the semiconductor material (wafer) and equipment markets caused by vigorous demand stemming from expansion in the semiconductor market, the ROHM Group undertook efforts to build up its procurement activities, by, for example, strengthening relations with suppliers.

Owing to the foregoing conditions, sales in the fiscal year ended in March 2018 were 397,106 million yen (an increase of 12.8% from last year) and operating income was 57,004 million yen (an increase of 79.1% from last year).

For this same period, ordinary income was 54,213 million yen (an increase of 52.4% from last year) and profit attributable to owners of the parent was 37,249 million yen (an increase of 40.9% from last year).

*1. FA (Factory Automation)

Systems that automate the various processes of a factory.

*2. IoT (Internet of Things)

A technological scenario in which all sorts of equipment and appliances connect to the internet and control each other by exchanging information.

*3 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.

*4 Smart factory

A factory that improves product quality and production efficiency by interconnecting production systems over a network.

Overview of Performance by Segment

<ICs>

Consolidated net sales for the year ended March 31, 2018 were 183,430 million yen (an increase of 13.8% from last year) and segment income was 20,181 million yen (an increase of 122.7% from last year).

Sales to the automotive electronics market were strong overall, despite power ICs and other IC products for car audio going through an adjustment phase, as sales of isolated gate driver ICs *5 for xEV *6 grew and driver ICs were widely adopted for instrument panels and power ICs for car bodies.

In the industrial equipment market, sales of power ICs, motor driver ICs and other products for FA and measuring equipment grew steadily.

In the consumer electronics segment, while sales of LCD drivers and power ICs for TVs went through an adjustment phase on the one hand, sales of power ICs for home appliances and customized ICs and memory ICs for game consoles increased, and sales of motor driver ICs for office equipment and other products trended towards recovery on the other.

*5. Isolated gate driver IC

A gate driver IC drives power semiconductors like IGBT *7, but by incorporating an isolated element in a gate driver, external isolating components that are critical to protecting people and systems have become unnecessary.

*6. xEV

A collective acronym for vehicles that use an electric power drive such as electric vehicles (EV), hybrid vehicles (HV) and plug-in hybrid vehicles (PHV).

*7. IGBT (Insulated Gate Bipolar Transistor)

A bipolar transistor *8 that lessens the operating resistance by incorporating a MOSFET *9 for the gate. Suited for high current switching, IGBTs are often used for power control applications.

*8. Bipolar transistor

A 3-terminal semiconductor that structures N-type and P-type semiconductors into either P-N-P or N-P-N junctions. Bipolar transistors are widely used in electronic devices for current amplification/switching and other signal processing tasks.

*9. MOSFET (Metal Oxide Semiconductor Field Effect Transistor)

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

<Discrete Semiconductor Devices>

Consolidated net sales for the year ended March 31, 2018 were 149,915 million yen (an increase of 15.3% from last year) and segment income was 32,193 million yen (an increase of 53.9% from last year).

With regard to transistors, sales of power MOSFETs for various types of power sources for the automotive and game console markets grew steadily, and sales of small signal transistors to the industrial equipment and consumer products markets were firm. As for diodes, sales of power diodes to the automotive electronics markets were strong. With regard to power devices, sales of SiC devices to the solar power and automotive markets in China grew considerably. Sales were bullish also with optical devices.

<Modules>

Consolidated net sales for the year ended March 31, 2018 were 41,829 million yen (an increase of 5.6% from last year) and segment income was 3,793 million yen (an increase of 111.6% from last year).

With regard to printheads, sales of printheads for mobile payment terminals and other applications were strong.

As for optical modules, sensor modules continued to be adopted for smartphones and wearable electronics.

<Others>

Consolidated net sales for the year ended March 31, 2018 were 21,930 million yen (an increase of 3.6% from last year) and segment income was 2,968 million yen (an increase of 98.2% from last year).

Sales of resistors were driven by the automotive electronics market but were otherwise impacted by adjustments in the smartphone market.

We withdrew from the LED lighting business last year.

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

(2) Financial Condition

Total assets increased by 35,531 million yen from the end of the previous fiscal year to 870,034 million yen. The main factors behind this were a decrease of 5,103 million yen in intangible assets and increases of 13,531 million yen in investment securities, 11,592 million yen in inventories, 8,957 million yen in property, plants and equipment, and 8,592 million yen in notes and accounts receivable (trade).

Liabilities increased by 9,105 million yen from the end of the previous fiscal year to 118,156 million yen. The main factors behind this were a decrease of 3,754 million yen in electronically recorded obligations (operating) and increases of 6,633 million yen in income taxes payable and 3,554 million yen in accounts payable (other).

Net assets increased by 26,425 million yen from the end of the previous fiscal year to 751,877 million yen. The main factors that contributed to this were increases respectively in shareholders' equity of 16,083 million yen, which resulted from recording profit attributable to owners of the parent, and valuation differences on available-for-sale securities of 8,493 million yen.

As a result, equity ratio decreased from the 86.9% of the end of the previous year to 86.4%.

(3) Cash Flow

Cash flow from operating activities was a positive 74,727 million yen, which represents an increase in income of 7,330 million yen from the previous year (positive by 67,397 million yen). The positive factors behind this were increases in both profits before income taxes and impairment losses, while an increase in inventories worked negatively against this.

Cash flow from investment activities was a negative 54,517 million yen, which represents an increase in payouts of 15,775 million yen from the previous year (negative by 38,742 million yen). The main negative factors working against this were increases in purchases of both property, plants and equipment, and short-term and long-term investment securities.

Cash flow from financing activities was a negative 21,186 million yen, which represents an increase in payouts of 9,013 million yen from the previous year (negative by 12,173 million yen). The biggest factor that worked against this was an increase in cash dividends paid.

After subtracting 1,063 million yen because of the effects of exchange rate changes, cash and cash equivalents decreased 2,041 million yen from the end of the previous fiscal year to 243,973 million yen.

Cash flow next year will be considerably affected by planned capital expenditures of 78,000 million yen and depreciation of 49,500 million yen.

(4) Future Outlook

Although mild recoveries continue in each of the regional economies around the world, it is unclear what lays ahead because, amongst other things, trade friction and other issues between the USA and China could impact the real economy. In the electronics industry, despite the slowdown in the smartphone and other consumer products markets, the automotive electronics and industrial equipment markets should remain firm respectively because of increasing adoption of electronics for vehicle applications and expanding use of IoT. Given these circumstances, the ROHM Group will continue to develop products that bring high added-value ahead of market needs and release them at the most opportune time. Moreover, we will continue to build stable product supply systems in preparation for expected mid- to long-term growth in the automotive, industrial equipment and other markets, and strive to increase sales and improve our earnings structure through higher product quality and reliability, and by enhancing the efficiency of our production systems.

In consideration of the above-mentioned situations, ROHM forecasts consolidated financial results for the next fiscal year and consolidated sales prospects of individual segments as follows.

<Consolidated Financial Results Forecast>

	Year ended on March 31, 2018 Result	Year ending on March 31, 2019 Forecast	Percent change from the previous year
Net sales	397,100 million yen	420,000 million yen	+5.8%
Operating income	57,000 million yen	58,000 million yen	+1.7%
Ordinary income	54,200 million yen	61,000 million yen	+12.5%
Profits attributable to owners of parent company	37,200 million yen	44,000 million yen	+18.1%

<Consolidated Sales Forecast by Segment>

	Year ended on March 31, 2018 Result	Year ending on March 31, 2019 Forecast	Percent change from the previous year
ICs	183,400 million yen	188,000 million yen	+2.5%
Discrete semi-conductor devices	149,900 million yen	169,100 million yen	+12.8%
Modules	41,800 million yen	38,900 million yen	-7.0%
Others	21,900 million yen	23,800 million yen	+8.7%

The forecasts are based on an exchange rate of 105 yen to US\$1.

(5) Basic Policy for Profit Distribution and Dividends for the Year Ended March 31, 2018 and Year Ending March 31, 2019

[1] Basic Policy for Profit Distribution

In the semiconductor and electronic component business, the ROHM Group wants to meet shareholder expectations by improving results from both mid- and long-term perspectives via forward-looking investment in equipment, plants, R&D and M&A.

While continuing efforts to achieve sustainable growth on the one hand, the ROHM Group believes it necessary to improve our overall corporate value on the other by balancing our financial condition and capital demand with investor expectations when exploring ways to share profits.

Under this policy, the ROHM Group sets 130 yen as the ordinary annual dividend per share, which we will pay to current shareholders in full and to the best of our abilities bar any sudden or momentary changes in business performance or financial condition of the group. As we improve our business performance over the long-term, we will seek ways to raise our ordinary annual dividend per share.

Moreover, ROHM will not lower consolidated payout ratio below 30% and will additionally take constructive steps to properly distribute profits such as to issue, as the situation permits, a one-time dividend on top of ordinary dividends.

ROHM will also constructively utilize the free cash flow that is generated every year to invest in plants, equipment and M&A that will improve shareholder value in the mid- to long-term, and, in order to improve our balance sheet, will strive to improve ROE, DOE and other indicators by not building up reserves any greater than necessary.

[2] Profit Distribution for the Year Ended March 31, 2018

Taking into consideration our business performance in the year ended March 31, 2018 and our policy of stably distributing profits to shareholders, we plan to pay a year-end dividend of 65 yen per share and a special dividend of 55 yen per share to commemorate our 60th year of business. Adding to that the 65-yen interim dividend and 55-yen-per-share special dividend paid at mid-year, each share at year-end will have earned 240 yen.

[3] Schedule of Profit Distribution for the Year Ending March 31, 2019

Profit distribution in the year ending March 31, 2019 will take into consideration business performance and free cash flow in that fiscal year, as well as our policy of stably distributing profits to shareholders, but we plan to pay a total of 150 yen per share between a 75 yen-per-share interim dividend and 75 yen-per-share year-end dividend.

[4] Retirement of Treasury Shares

The ROHM Group considers a maximum 5% of the total outstanding shares as its treasury shares holdings, and, in principle, any amount beyond this limit is retired at the end of every fiscal year. The Group always keeps treasury shares on hand in order to ensure management flexibility for M&A activity and other needs as required.

2. Status of the ROHM Group

No major changes were made to group business since the financial statement of March 2017.

3. Basic Thinking Behind the Selection of Accounting Standards

The accounting practices of the ROHM Group comply with Japanese accounting standards.

In preparation for the future use of international accounting standards, the ROHM Groups is doing related research and analyses, and working to identify differences from Japanese accounting standards, but no decision has been made yet as to when the ROHM Group will conform internal accounting practices with international accounting standards.

4. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Unit: millions of yen)

	Year ended March 31, 2017 (March 31, 2017)	Year ended March 31, 2018 (March 31, 2018)
Assets		
Current assets		
Cash and deposits	264,916	264,600
Notes and accounts receivable - trade	76,700	85,292
Electronically recorded monetary claims - operating	5,132	5,409
Securities	42,582	41,221
Merchandise and finished goods	23,197	27,563
Work in process	38,699	41,643
Raw materials and supplies	24,800	29,082
Deferred tax assets	9,047	9,356
Income taxes receivable	1,137	205
Other	10,285	9,620
Allowance for doubtful accounts	-541	-457
Total current assets	495,958	513,539
Non-current assets		
Property, plant and equipment		
Buildings and structures	230,987	233,592
Accumulated depreciation	-154,375	-160,293
Buildings and structures, net	76,611	73,298
Machinery, equipment and vehicles	516,448	544,650
Accumulated depreciation	-450,496	-471,897
Machinery, equipment and vehicles, net	65,952	72,752
Tools, furniture and fixtures	47,668	49,661
Accumulated depreciation	-40,600	-41,987
Tools, furniture and fixtures, net	7,068	7,673
Land	66,961	66,809
Construction in progress	14,676	19,691
Total property, plant and equipment	231,270	240,227
Intangible assets		
Goodwill	5,355	-
Other	5,157	5,410
Total intangible assets	10,513	5,410
Investments and other assets		
Investment securities	81,084	94,615
Net defined benefit asset	1,435	2,073
Deferred tax assets	2,685	2,580
Other	11,961	12,199
Allowance for doubtful accounts	-406	-612
Total investments and other assets	96,760	110,857
Total non-current assets	338,545	356,495
Total assets	834,503	870,034

(Unit: millions of yen)

	Year ended March 31, 2017 (March 31, 2017)	Year ended March 31, 2018 (March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,193	13,788
Electronically recorded obligations - operating	8,657	4,903
Accounts payable - other	22,382	25,936
Income taxes payable	3,790	10,423
Deferred tax liabilities	2	30
Provision for loss on business liquidation	224	215
Other	21,798	22,788
Total current liabilities	69,050	78,085
Non-current liabilities		
Deferred tax liabilities	28,195	27,667
Net defined benefit liability	10,693	10,136
Other	1,111	2,266
Total non-current liabilities	40,001	40,071
Total liabilities	109,051	118,156
Net assets		
Shareholders' equity		
Capital stock	86,969	86,969
Capital surplus	102,403	102,403
Retained earnings	604,057	620,151
Treasury shares	-47,777	-47,788
Total shareholders' equity	745,653	761,736
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,438	33,931
Foreign currency translation adjustment	-40,942	-40,666
Remeasurements of defined benefit plans	-5,163	-3,576
Total accumulated other comprehensive income	-20,667	-10,311
Non-controlling interests	466	452
Total net assets	725,452	751,877
Total liabilities and net assets	834,503	870,034

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated statement of income)

(Unit: millions of yen)

	Year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)
Net sales	352,010	397,106
Cost of sales	234,967	252,591
Gross profit	117,042	144,515
Selling, general and administrative expenses	85,215	87,510
Operating profit	31,827	57,004
Non-operating income		
Interest income	2,319	2,748
Dividend income	1,733	1,112
Other	700	1,060
Total non-operating income	4,753	4,920
Non-operating expenses		
Foreign exchange losses	766	7,248
Settlement package	148	212
Other	86	251
Total non-operating expenses	1,001	7,712
Ordinary profit	35,579	54,213
Extraordinary income		
Gain on sales of non-current assets	251	501
Gain on sales of investment securities	177	-
Total extraordinary income	428	501
Extraordinary losses		
Loss on sales of non-current assets	74	77
Loss on abandonment of non-current assets	544	664
Impairment loss	2,455	7,046
Loss on reduction of non-current assets	1	-
Loss on valuation of investment securities	57	81
Loss on valuation of shares of subsidiaries and associates	24	-
Loss on liquidation of business	267	-
Special retirement expenses	204	331
Total extraordinary losses	3,630	8,201
Profit before income taxes	32,377	46,512
Income taxes - current	4,866	13,572
Income taxes for prior periods	1,741	-
Income taxes - deferred	-680	-4,325
Total income taxes	5,927	9,247
Profit	26,450	37,265
Profit attributable to non-controlling interests	17	16
Profit attributable to owners of parent	26,432	37,249

(Consolidated statement of comprehensive income)

(Unit: millions of yen)

	Year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)
Profit	26,450	37,265
Other comprehensive income		
Valuation difference on available-for-sale securities	8,934	8,493
Foreign currency translation adjustment	-3,866	247
Remeasurements of defined benefit plans, net of tax	-146	1,586
Total other comprehensive income	4,921	10,327
Comprehensive income	31,371	47,593
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,381	47,605
Comprehensive income attributable to non-controlling interests	-10	-11

(3) Consolidated Statement of Shareholder's Equity

Year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	86,969	102,403	609,166	-67,148	731,391
Changes of items during period					
Dividends of surplus			-12,164		-12,164
Profit attributable to owners of parent			26,432		26,432
Purchase of treasury shares				-6	-6
Disposal of treasury shares		-0		0	0
Retirement of treasury shares		-19,377		19,377	-
Transfer to capital surplus from retained earnings		19,377	-19,377		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	-5,108	19,370	14,261
Balance at end of current period	86,969	102,403	604,057	-47,777	745,653

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	16,503	-37,103	-5,016	-25,616	476	706,251
Changes of items during period						
Dividends of surplus						-12,164
Profit attributable to owners of parent						26,432
Purchase of treasury shares						-6
Disposal of treasury shares						0
Retirement of treasury shares						-
Transfer to capital surplus from retained earnings						-
Net changes of items other than shareholders' equity	8,934	-3,838	-146	4,949	-9	4,939
Total changes of items during period	8,934	-3,838	-146	4,949	-9	19,201
Balance at end of current period	25,438	-40,942	-5,163	-20,667	466	725,452

Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	86,969	102,403	604,057	-47,777	745,653
Changes of items during period					
Dividends of surplus			-21,154		-21,154
Profit attributable to owners of parent			37,249		37,249
Purchase of treasury shares				-10	-10
Disposal of treasury shares					
Retirement of treasury shares					
Transfer to capital surplus from retained earnings					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	16,094	-10	16,083
Balance at end of current period	86,969	102,403	620,151	-47,788	761,736

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	25,438	-40,942	-5,163	-20,667	466	725,452
Changes of items during period						
Dividends of surplus						-21,154
Profit attributable to owners of parent						37,249
Purchase of treasury shares						-10
Disposal of treasury shares						
Retirement of treasury shares						
Transfer to capital surplus from retained earnings						
Net changes of items other than shareholders' equity	8,493	275	1,586	10,355	-14	10,341
Total changes of items during period	8,493	275	1,586	10,355	-14	26,425
Balance at end of current period	33,931	-40,666	-3,576	-10,311	452	751,877

(4) Consolidated Statement of Cash Flow

(Unit: millions of yen)

	Year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	32,377	46,512
Depreciation	40,801	43,407
Impairment loss	2,455	7,046
Amortization of goodwill	385	391
Increase (decrease) in allowance for doubtful accounts	651	147
Increase (decrease) in net defined benefit liability	664	496
Decrease (increase) in net defined benefit asset	232	150
Interest and dividend income	-4,052	-3,860
Foreign exchange losses (gains)	1,707	1,581
Loss (gain) on valuation of short-term and long-term investment securities	57	81
Loss (gain) on sales of non-current assets	-177	-424
Decrease (increase) in notes and accounts receivable - trade	-11,935	-9,433
Decrease (increase) in inventories	-251	-11,737
Increase (decrease) in notes and accounts payable - trade	2,400	-1,429
Increase (decrease) in accounts payable - other	571	512
Other, net	3,418	2,745
Subtotal	69,307	76,190
Payments for business restructuring	-305	-8
Interest and dividend income received	4,052	4,714
Interest expenses paid	-1	-16
Income taxes (paid) refund	-5,654	-6,152
Net cash provided by (used in) operating activities	67,397	74,727
Cash flows from investing activities		
Decrease (increase) in time deposits	3,855	10,469
Purchase of short-term and long-term investment securities	-10,990	-19,362
Proceeds from sales and redemption of short-term and long-term investment securities	8,486	5,218
Purchase of property, plant and equipment	-39,602	-49,862
Proceeds from sales of property, plant and equipment	563	1,006
Proceeds from transfer of business	429	-
Other, net	-1,483	-1,986
Net cash provided by (used in) investing activities	-38,742	-54,517
Cash flows from financing activities		
Purchase of treasury shares	-6	-10
Cash dividends paid	-12,164	-21,154
Other, net	-2	-21
Net cash provided by (used in) financing activities	-12,173	-21,186
Effect of exchange rate change on cash and cash equivalents	-2,268	-1,063
Net increase (decrease) in cash and cash equivalents	14,212	-2,041
Cash and cash equivalents at beginning of period	231,802	246,015
Cash and cash equivalents at end of period	246,015	243,973

(5) Notes on Consolidated Financial Statements

(Note on going concern)

None.

(Segment information)

1. Overview of reportable segments

The reportable segments of the ROHM Group are units of the group for which separated financial information is available, and which is the subject of the periodical review by the board of directors for the purpose of deciding the distribution of management resources and evaluating business performance.

The ROHM Group is a comprehensive manufacturer of electronic components, and sets up operational divisions by individual product categories at its headquarters. Each operational division draws up comprehensive production plans and business strategies for both domestic and overseas operations, and develops global production activities. Therefore, from a management standpoint, the group attaches great importance to the supervision of profits and losses by operational segments organized as operational divisions of individual product categories. For this reason, the group is consolidating operational segments in consideration of characteristics of the products each operational division is manufacturing and similarities of production process, and setting up three reportable segments as “ICs,” “Discrete Semiconductor Devices,” and “Modules.”

In the “ICs” segment, products such as analog ICs, logic ICs, memory ICs and MEMS are manufactured and foundry business operations are conducted.

Products manufactured in the “Discrete Semiconductor Devices” segment include diodes, transistors, light-emitting diodes, and semiconductor laser.

Products of the “Modules” segment include printheads, optical modules, and power modules.

2. Calculating method of amount of sales, profit or loss, asset, and other items of individual reportable segment information

Accounting processing for each reported operating segment is basically identical to accounting standards used for compiling consolidated financial statements.

The profits of reportable segments are based on operating profits, while “Inter-segment sales or transfers” are based on market prices.

Although assets of common categories such as sales and administrative expenses, are included in “Adjusted amount,” depreciation costs derived from these assets are allocated to individual segments according to in-house standards to calculate individual segment profits.

3. Information regarding amount of sales, profit or loss, asset, and other items of individual reportable segment information

Year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Unit: Millions of yen)

	Reportable segments				Others (Note) 1	Total	Adjusted amount (Note) 2	Amount on consolidate financial statements (Note) 3
	ICs	Discrete semi- conductor devices	Modules	Total				
Net sales								
Sales to customer	161,195	130,036	39,608	330,840	21,169	352,010	-	352,010
Inter-segment sales or transfer	2,723	6,473	31	9,228	78	9,307	-9,307	-
Total	163,918	136,510	39,640	340,069	21,248	361,318	-9,307	352,010
Segment profit	9,064	20,916	1,793	31,774	1,497	33,272	-1,444	31,827
Segment asset	118,317	91,515	21,629	231,462	13,121	244,584	589,919	834,503
Other items								
Depreciation	18,422	17,039	3,747	39,207	2,393	41,600	-799	40,801
Amortization of goodwill	385	-	-	385	-	385	-	385
Increase in property, plant and equipment and intangible assets	16,484	17,704	2,709	36,899	1,925	38,824	3,358	42,182

- (Note) 1. “Others” is an operational segment that is not included in reportable segments, consisting of business in resistors, tantalum capacitors, and lightings.
2. Adjusted amount are as follows.
- [1]The adjusted amount of the segment profit, -1,444 million yen, mainly includes general administrative expenses of -778 million yen that do not attribute to the segment, and the settlement adjusted amount of -666 million yen, which is not allocated to the segment (such as adjustment for retirement benefits).
- [2]The adjusted amount of 589,919 million yen in segment assets contains corporate assets of 592,092 million yen that have not been allocated to individual segment information and a downward adjustment of non-current assets of -2,173 million yen. Corporate assets do not belong to reported segments, consisting of cash and deposits of 264,916 million yen, investment securities of 81,084 million yen, and notes and accounts receivable (trade) of 76,700 million yen.
- [3]The adjusted amount of depreciation is the settlement adjusted amount (after subtracting unrealized gains on fixed assets) that is not allocated to the segment.
- [4]Adjustments to increases in property, plant and equipment and intangible assets apply to non-current assets of common categories such as sales and administrative expenses.
3. Segment profits are adjusted with operating income on consolidated financial statements.

Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Unit: Millions of yen)

	Reportable segments				Others (Note) 1	Total	Adjusted amount (Note) 2	Amount on consolidate financial statements (Note) 3
	ICs	Discrete semi- conductor devices	Modules	Total				
Net sales								
Sales to customer	183,430	149,915	41,829	375,175	21,930	397,106	-	397,106
Inter-segment sales or transfer	2,874	9,217	91	12,183	53	12,237	-12,237	-
Total	186,305	159,133	41,921	387,359	21,984	409,344	-12,237	397,106
Segment profit	20,181	32,193	3,793	56,169	2,968	59,137	-2,132	57,004
Segment asset	122,043	103,057	18,580	243,681	15,151	258,832	611,202	870,034
Other items								
Depreciation	20,293	18,638	3,725	42,656	1,598	44,254	-847	43,407
Amortization of goodwill	391	-	-	391	-	391	-	391
Increase in property, plant and equipment and intangible assets	25,077	23,148	1,185	49,411	4,407	53,819	2,091	55,911

- (Note) 1. “Others” is an operational segment that is not included in reportable segments, consisting of business in resistors and tantalum capacitors.
2. Adjusted amount are as follows.
- [1]The adjusted amount of the segment profit, -2,132 million yen, mainly includes general administrative expenses of -806 million yen that do not attribute to the segment, and the settlement adjusted amount of -1,326 million yen, which is not allocated to the segment (such as adjustment for retirement benefits).
- [2]The adjusted amount of 611,202 million yen in segment assets contains corporate assets of 613,146 million yen that have not been allocated to individual segment information and a downward adjustment of non-current assets of -1,943 million yen. Corporate assets do not belong to reported segments, consisting of cash and deposits of 264,600 million yen, investment securities of 94,615 million yen, and notes and accounts receivable (trade) of 85,292 million yen.
- [3]The adjusted amount of depreciation is the settlement adjusted amount (after subtracting unrealized gains on fixed assets) that is not allocated to the segment.
- [4]Adjustments to increases in property, plant and equipment and intangible assets apply to non-current assets of common categories such as sales and administrative expenses.
3. Segment profits are adjusted with operating income on consolidated financial statements.

(Per share data)

	Year ended March 31, 2017	Year ended March 31, 2018
Net assets per share	6,854.01 yen	7,104.04 yen
Net income per share	249.88 yen	352.14 yen

(Note) 1. Net income per share after adjustment of residual securities for the year ended March 31, 2018 has been omitted as there are no residual securities.

2. The basis for the calculation of the net income per share is as follows.

	Year ended March 31, 2017	Year ended March 31, 2018
Profit attributable to owners of parent (million yen)	26,432	37,249
Amount not attributable to common shareholders (million yen)	1	1
Amount attributable to common shareholders (million yen)	26,430	37,247
Average number of common shares during the year (Thousand shares)	105,775	105,774

(Significant subsequent events)

There is no relevant information.

5. Others

Transfer of Directors (As of June 28, 2018)

[1] Candidate Directors

Director	Kunio Uehara
Director	Shinichi Yoshimi

[2] Retiring Directors

President	Satoshi Sawamura
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