



# Financial Results Ended '20/3 1H

As of November 1, 2019

## ■ Financial Results Ended '20/3 1H

Financial results

Sales changes by Market segments ,by Geographic region

Difference in Operating income

## ■ Financial Plan '20/3 Full year

Revised Plan of '20/3 Full Year

Sales trend by Market segments ,by Geographic region

Difference in Operating income

## ■ CAPEX Plan

## ■ Other Topics

## ■ Returns to Shareholders

## ■ Inventory Reduction Status

## ■ ROHM's Strategy

# ■ Financial Results '20/3 1H (YOY)



(Unit : ¥billion)

	'20/3 1H Results	'19/3 1H Results	Difference in Amount	Difference in %
Net sales	<b>188.8</b>	<b>210.8</b>	<b>-21.9</b>	<b>-10.4%</b>
Operating Income	<b>17.7</b>	<b>35.3</b>	<b>-17.5</b>	<b>-49.8%</b>
(Ratio)	<b>( 9.4%)</b>	<b>(16.8%)</b>	-	-
Ordinary Income	<b>18.8</b>	<b>44.1</b>	<b>-25.3</b>	<b>-57.4%</b>
(Ratio)	<b>( 10.0%)</b>	<b>(20.9%)</b>	-	-
Net Income	<b>13.7</b>	<b>30.9</b>	<b>-17.2</b>	<b>-55.7%</b>
(Ratio)	<b>( 7.3%)</b>	<b>(14.7%)</b>	-	-
EBITDA	<b>38.9</b>	<b>56.5</b>	<b>-17.6</b>	<b>-31.2%</b>
(Ratio)	<b>( 20.6%)</b>	<b>(26.8%)</b>	-	-

Average Rate(¥/US\$)      (¥109.00)      (¥110.07)

# '20/3 1H

## Sales changes

### by Market Segments



(Unit : ¥billion)

#### 1H Sales

**¥210.8**  
billion

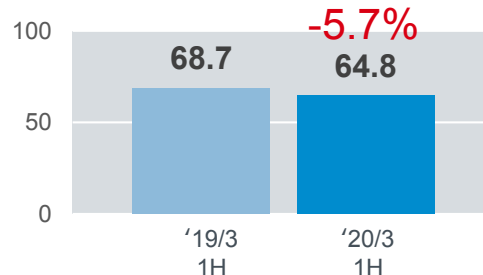
**¥188.8**  
billion

'19/3 1H Results

'20/3 1H Results

**-10.4%**

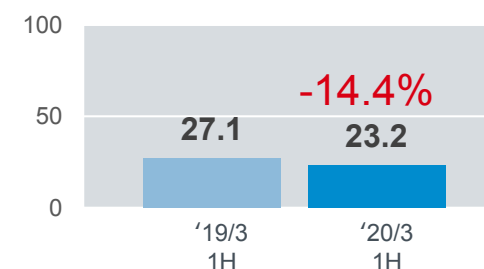
#### Automotive



- Infotainment: -8.7  
(Conventional audio/navigation -5.5)
- Powertrain: +2.4
- ADAS: +1.3
- Body: +1.1



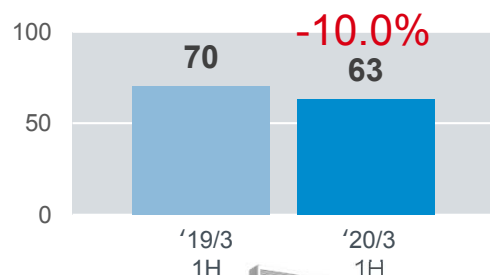
#### Industrial



- FA : -2.0
- Energy: -0.4
- Infrastructure: -0.3
- Others -1.2



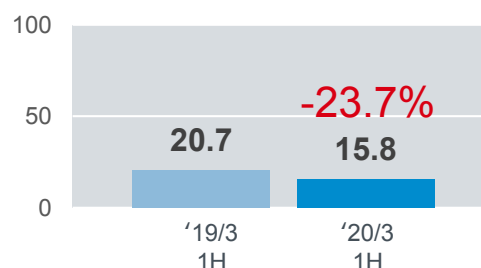
#### Consumer



- Home appliance: -2.6
- AV: -2.0
- Others: -2.4



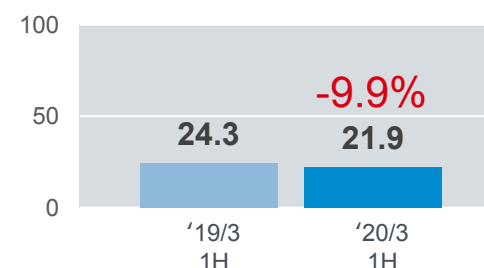
#### Communication



- Overall communication: -4.9



#### OA Equipment



- PC, OA: -3.8
- For POS: +1.3



# '20/3 1H Sales changes

by Geographic region



1H Sales

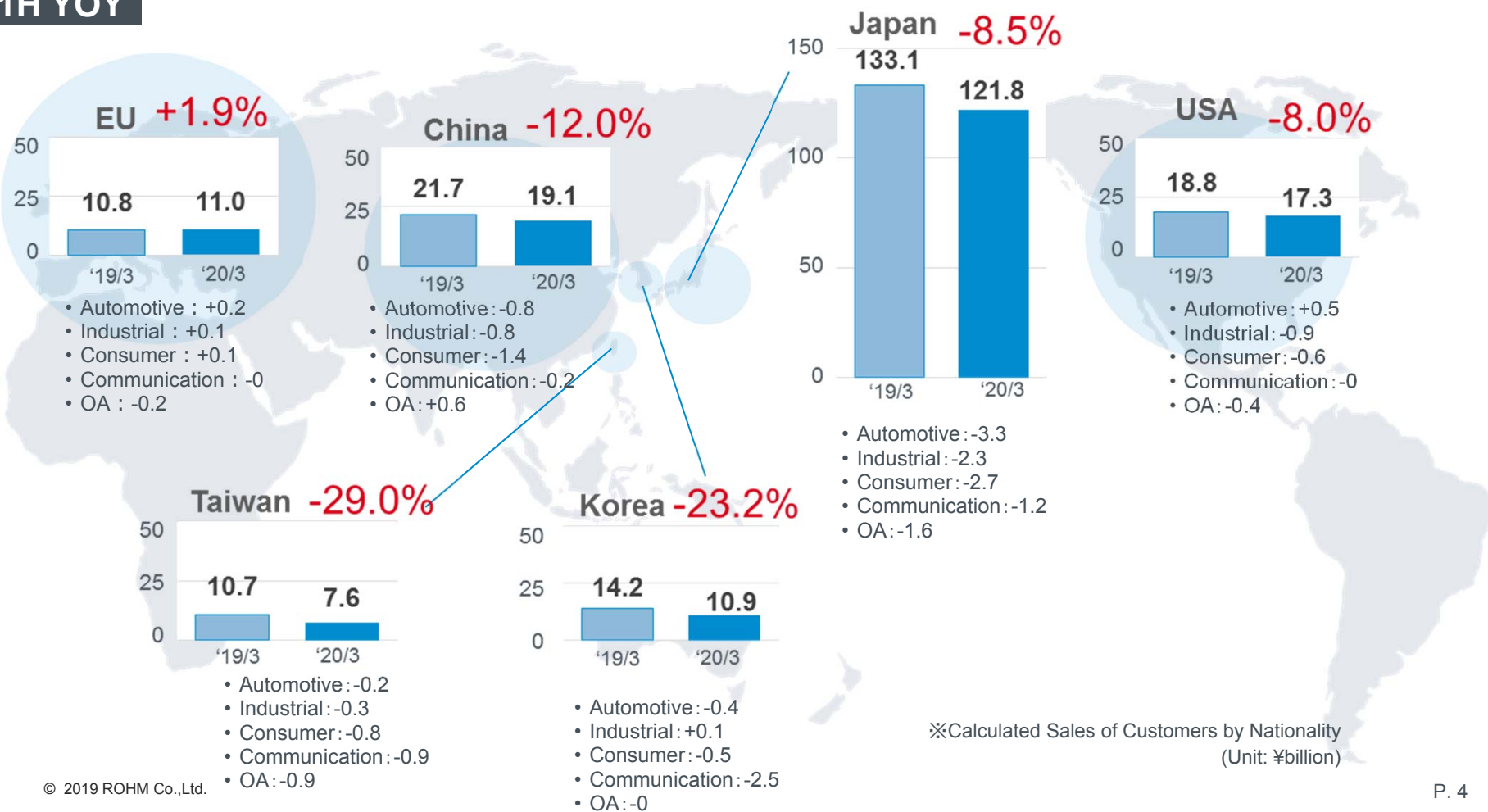
**¥210.8 billion** **¥188.8 billion**

'19/3 1H Results

'20/3 1H Results

**-10.4%**

1H YOY



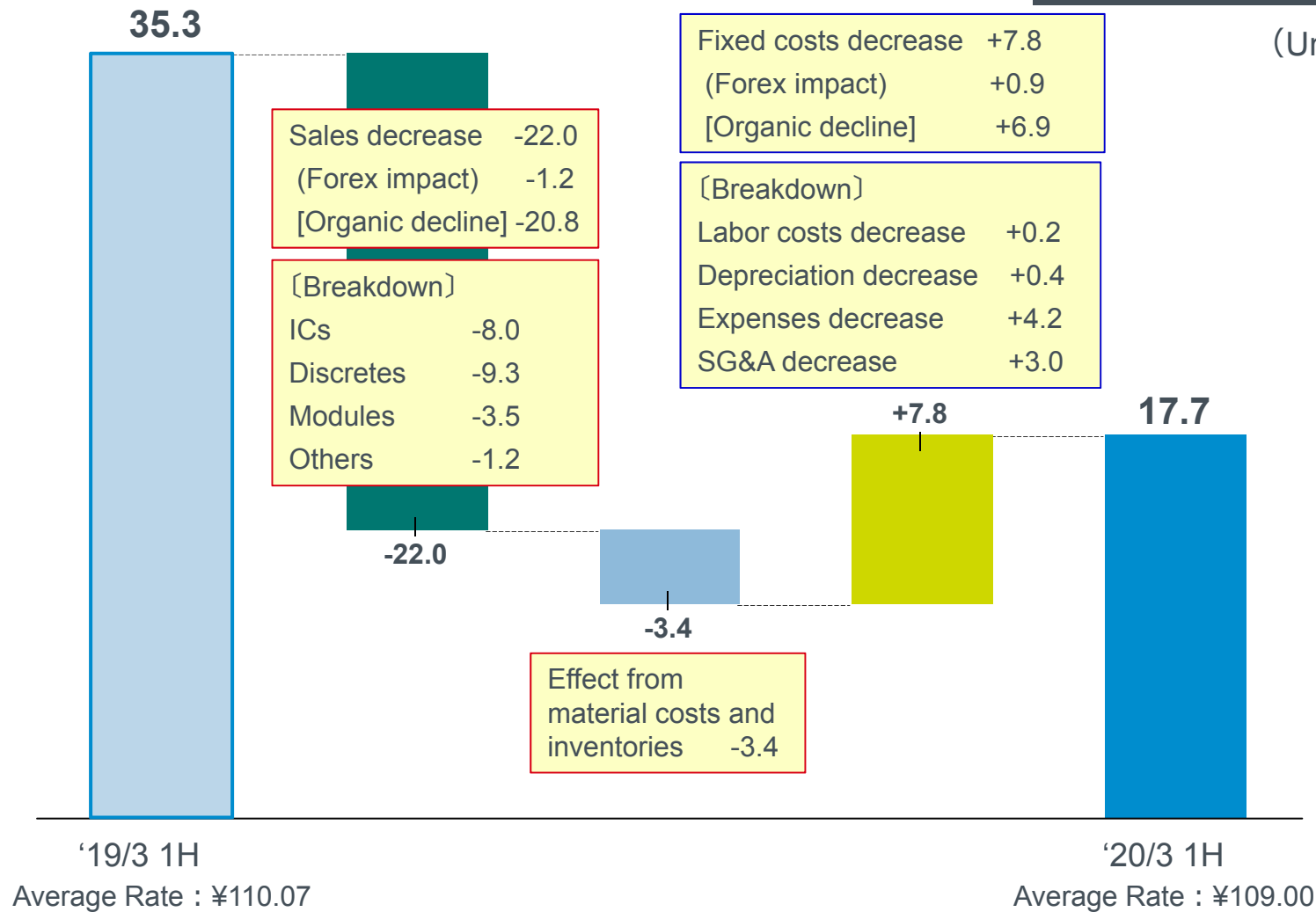
'20/3 1H

# Difference in Operating Income (YOY)



¥ 17.5 billion decrease

(Unit : ¥billion)



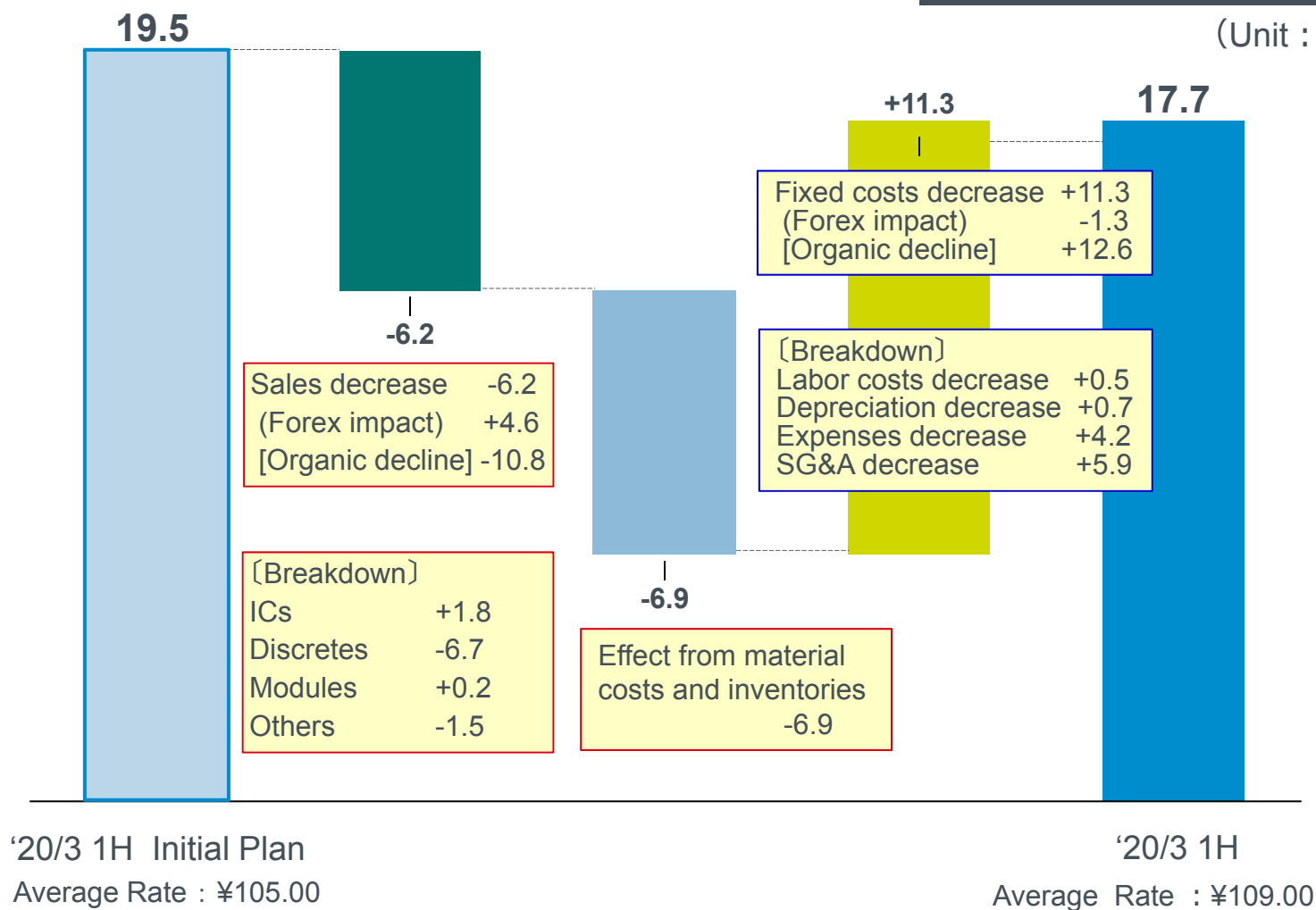
'20/3 1H

# Difference in Operating Income (vs Initial plan)



¥1.7 billion decrease

(Unit : ¥billion)



# ■ '20/3 Full Year Financial Revised Plan (vs initial plan and YOY)



(Unit : ¥billion)

	'20/3 Revised Plan	'19/3 Results	VS initial Plan	YOY
Net sales	365.0	398.9	-6.4%	-8.5%
Operating Income	27.0	55.9	-30.8%	-51.7%
(Ratio)	(7.4%)	(14.0%)	-	-
Ordinary Income	28.0	64.6	-33.3%	-56.7%
(Ratio)	(7.7%)	(16.2%)	-	-
Net Income	22.0	45.4	-29.0%	-51.6%
(Ratio)	(6.0%)	(11.4%)	-	-
EBITDA	73.5	101.3	-15.1%	-27.5%
(Ratio)	(20.1%)	(25.4%)	-	-

Average Rate (¥/US\$)      (¥107.15)      (¥110.69)

↑  
2H Plan rate ¥105



# '20/3 Full year Sales trend

## by Market Segments



(Unit: ¥billion)

### Full Year Sales

**¥398.9**  
billion

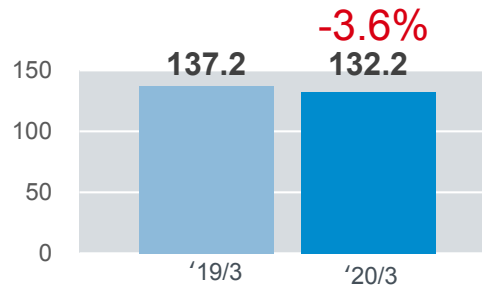
**¥365.0**  
billion

**-8.5%**

'19/3 Results

'20/3

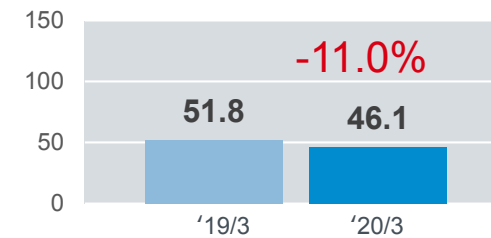
### Automotive



- Infotainment -15.7  
(Conventional audio/navigation -9.5)
- Powertrain +5.2
- ADAS +2.5
- Body +3.0



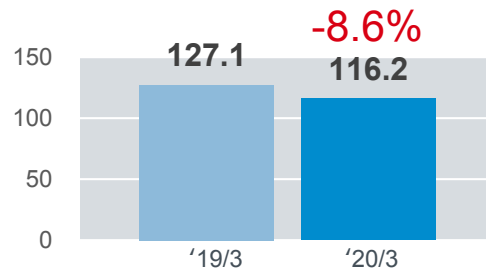
### Industrial



- FA -3.2
- Energy -0.3
- Infrastructure -0.6
- Others -1.6



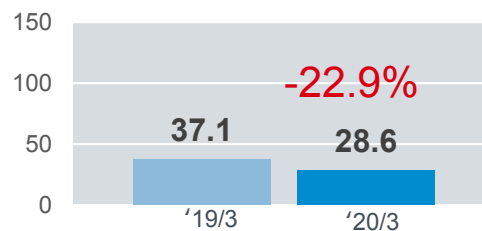
### Consumer



- AV -2.1
- Home appliance -3.3
- Others -5.5



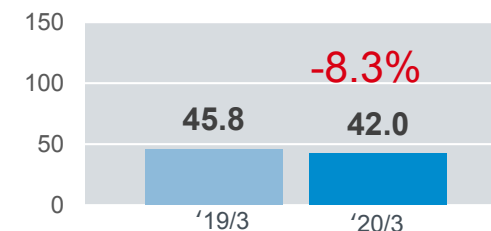
### Communication



- Overall communication -8.5



### OA Equipment



- PC, OA -5.7
- For POS +1.9



# '20/3 Full year Sales trend

by Geographic region



Full Year Sales

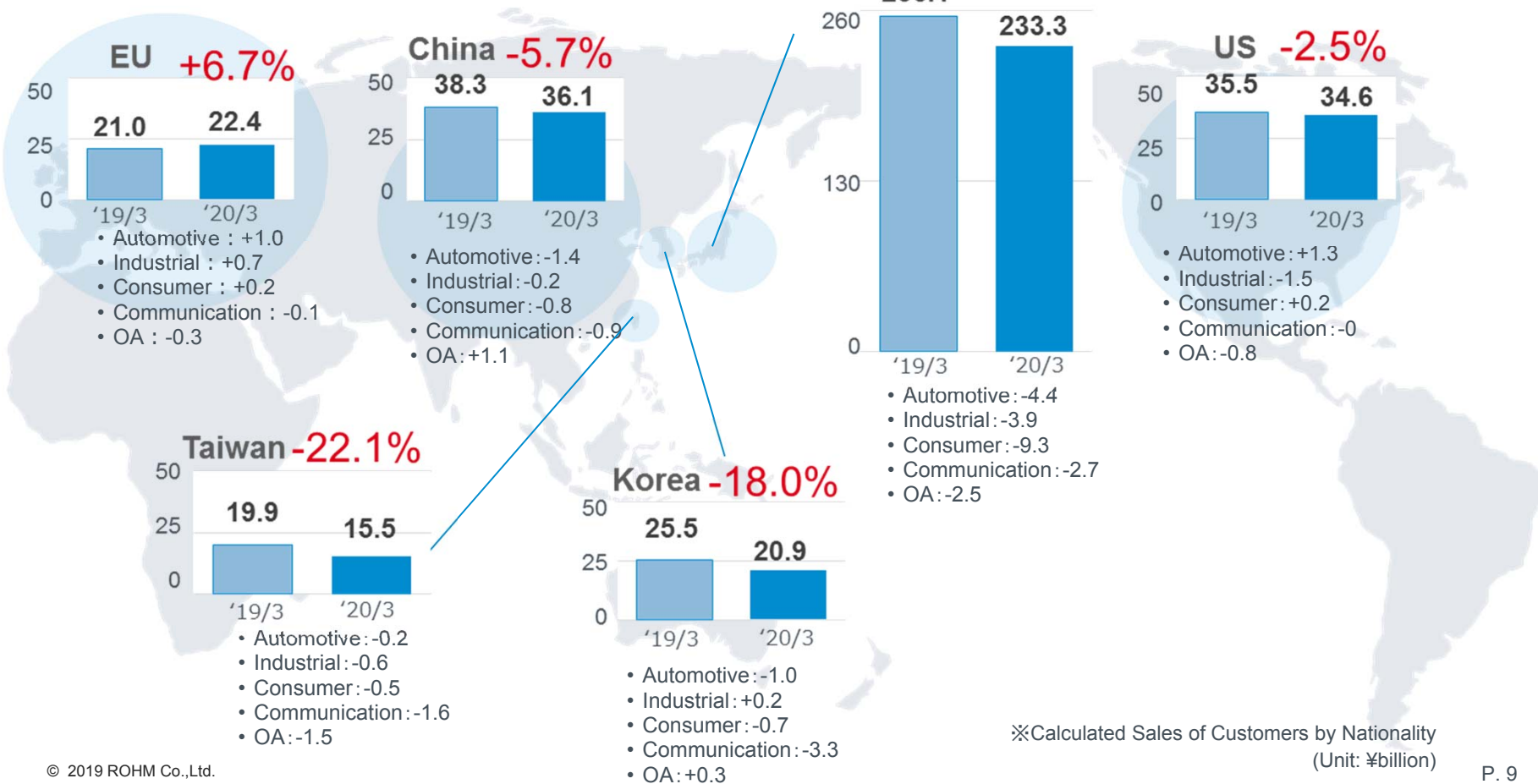
**¥398.9 billion** **¥365.0 billion**

'19/3 Full Year Results

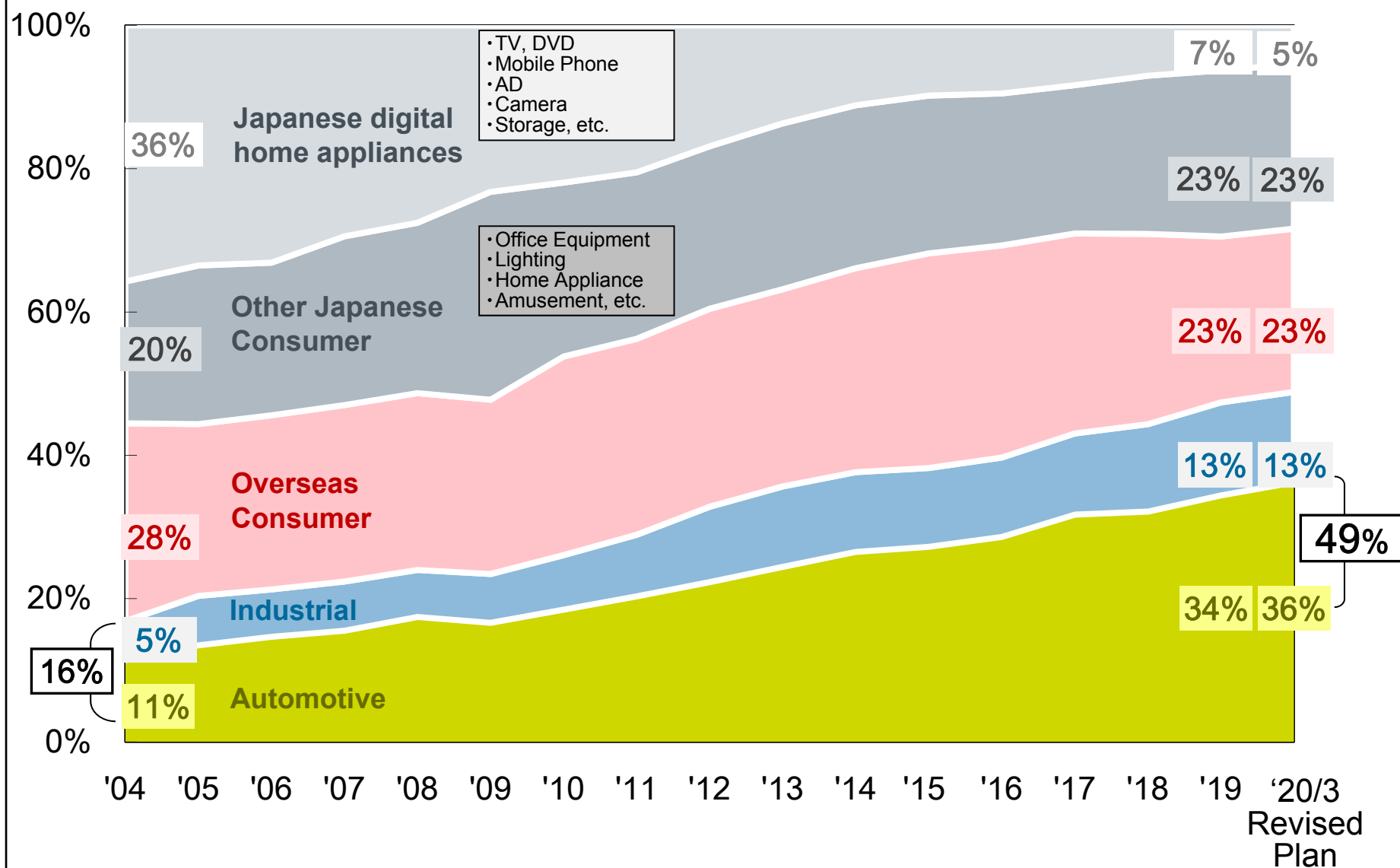
'20/3 Full Year

**-8.5%**

## Full Year YOY



# History of Sales Ratio by Market Segment



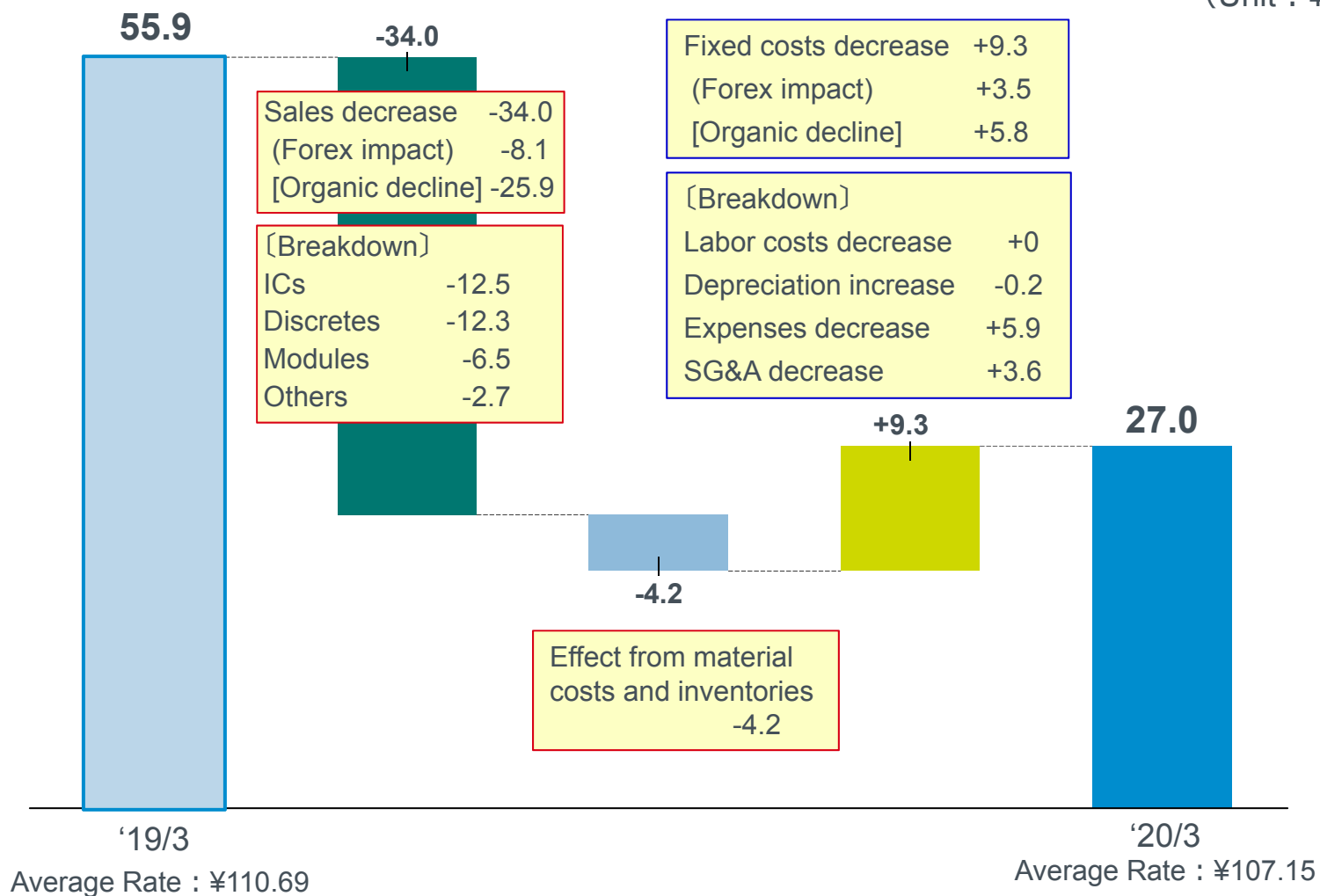
# '20/3 Full Year

## Difference in Operating Income(YOY)



¥ 28.9 billion decrease

(Unit : ¥billion)



## ■ Capital Expenditures

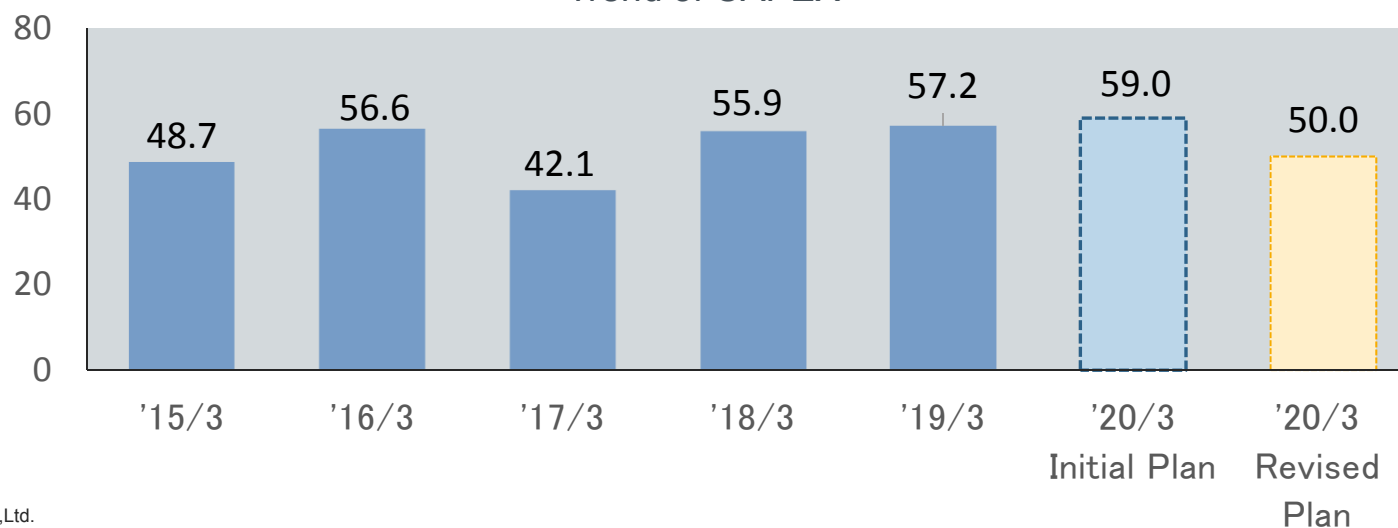


(Unit: ¥billion)

	Total	Capacity increase	Land/ building	Improve quality	Others
'18/3	<b>55.9</b>	37.2	4.5	3.5	10.7
'19/3	<b>57.2</b>	28.5	12.2	3.3	13.2
'20/3 Initial Plan	<b>59.0</b>	26.1	11.1	5.8	16.0
'20/3 1H Result	<b>15.8</b>	4.7	1.5	1.1	8.5
'20/3 Revised Plan	<b>50.0</b>	21.9	9.7	4.4	14.0

Trend of CAPEX

(Unit: ¥billion)



## Corporate Governance-related topics

### Introduction of the Corporate officer system (Effective September, 2019)

#### Purposes

- Establish a functionally effective and strategic management system that enables the Board of Directors to dedicate themselves on supervisory duties.
- Nurture/develop future managerial staff
- Enhance corporate competitiveness

#### Overview

- Corporate Officers may be elected/dismissed through resolutions of the Board of Directors.
- BOD members may serve concurrently as Corporate Officers.
- The term of office is, as a general rule, one year; Reappointment is not prohibited.

#### Corporate Officers

Title	Name	Responsibility
President, Chief Executive Officer	<b>Tadanobu Fujiwara</b>	
Member of the Board, Senior Managing Executive Officer	<b>Katsumi Azuma</b>	In charge of Business/Strategy
Member of the Board, Managing Executive Officer	<b>Isao Matsumoto</b>	In charge of Quality • Safety • Production
Member of the Board, Senior Corporate Officer	<b>Masahiko Yamazaki</b>	Director of Administrative Headquarters and Director of CSR Headquarters
Member of the Board, Senior Corporate Officer	<b>Yoshiaki Suenaga</b>	Director of System Solutions Engineering Headquarters
Member of the Board, Senior Corporate Officer	<b>Kunio Uehara</b>	Director of Accounting & Finance Headquarters
Member of the Board, Senior Corporate Officer	<b>Tetsuo Tateishi</b>	Director of LSI Development Headquarters
Corporate Officer	<b>Tetsuo Aoki</b>	Head of Japanese • Asia Sales and Director of East Japan Sales Headquarters
Corporate Officer	<b>Koji Yamamoto</b>	Director of LSI Production Headquarters and in charge of Development of ATP Rationalization
Corporate Officer	<b>Kazuhide Ino</b>	Director of Power Device Production Headquarters
Corporate Officer	<b>Syoji Higashida</b>	Group General Manager of WP Production Headquarters

### Continuation of partial sales of strategic cross-shareholdings

- Partial sales of cross-shareholdings ('20/3 1H results: approx. 2.7 billion yen; '20/3 Full year estimate: approx. 14 billion yen)
- Shares of our major trading partners, etc. will be continuously held.
- Need for continuous holdings will be evaluated and determined by the Board of Directors

# ■ Returns to Shareholders

## (Transition of Free Cash Flow and Shareholder Returns)



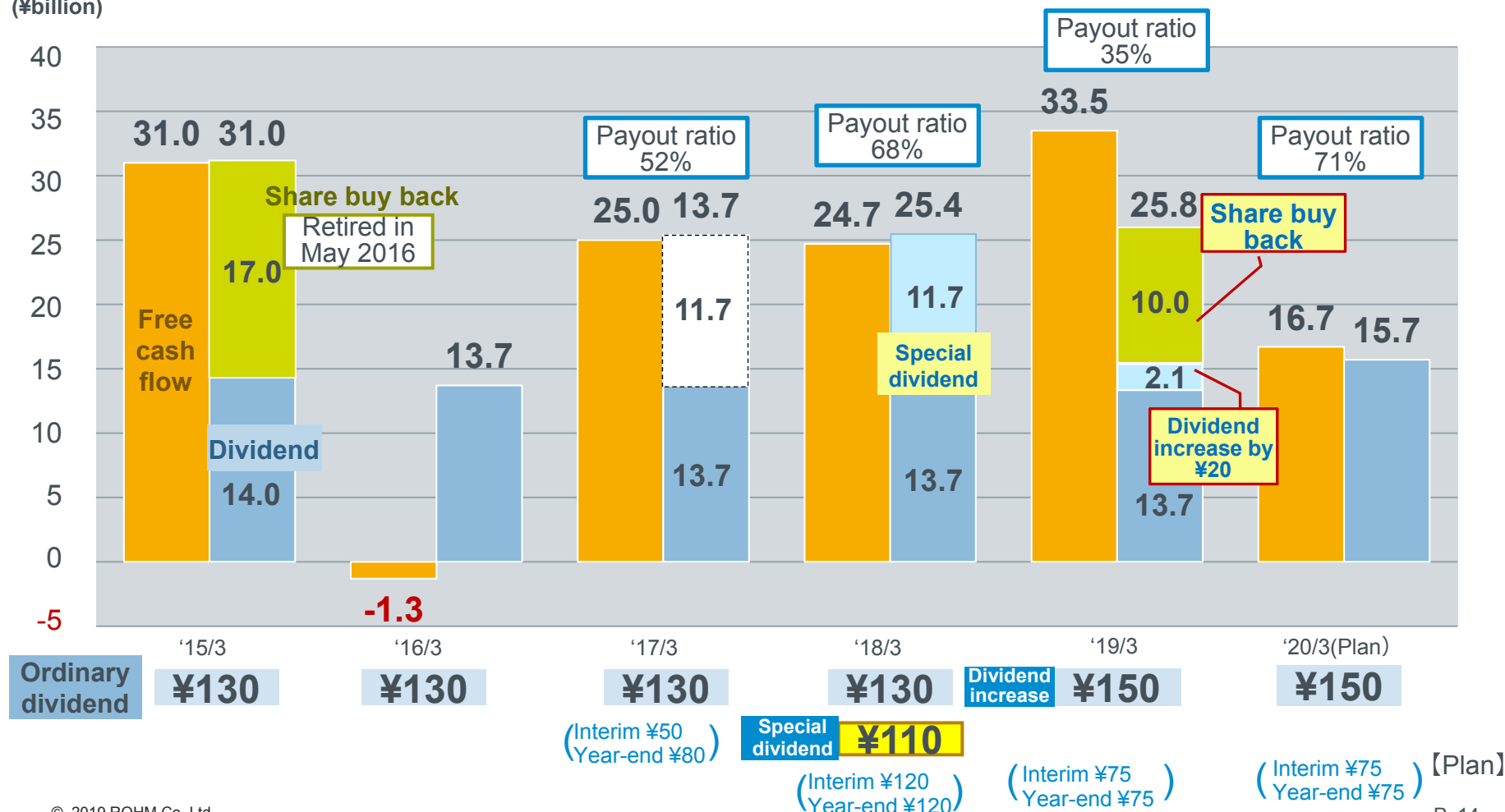
ROHM determined to buy back shares based on three factors:

①Plan to reduce strategic shareholdings ②Current stock market trends ③Mid-to long-term financial outlook

No changes to our finance and return to shareholders policies

(Aggressive investment for business growth, targeting payout ratio of 30% or more, no dividend cut as much as possible, etc.)

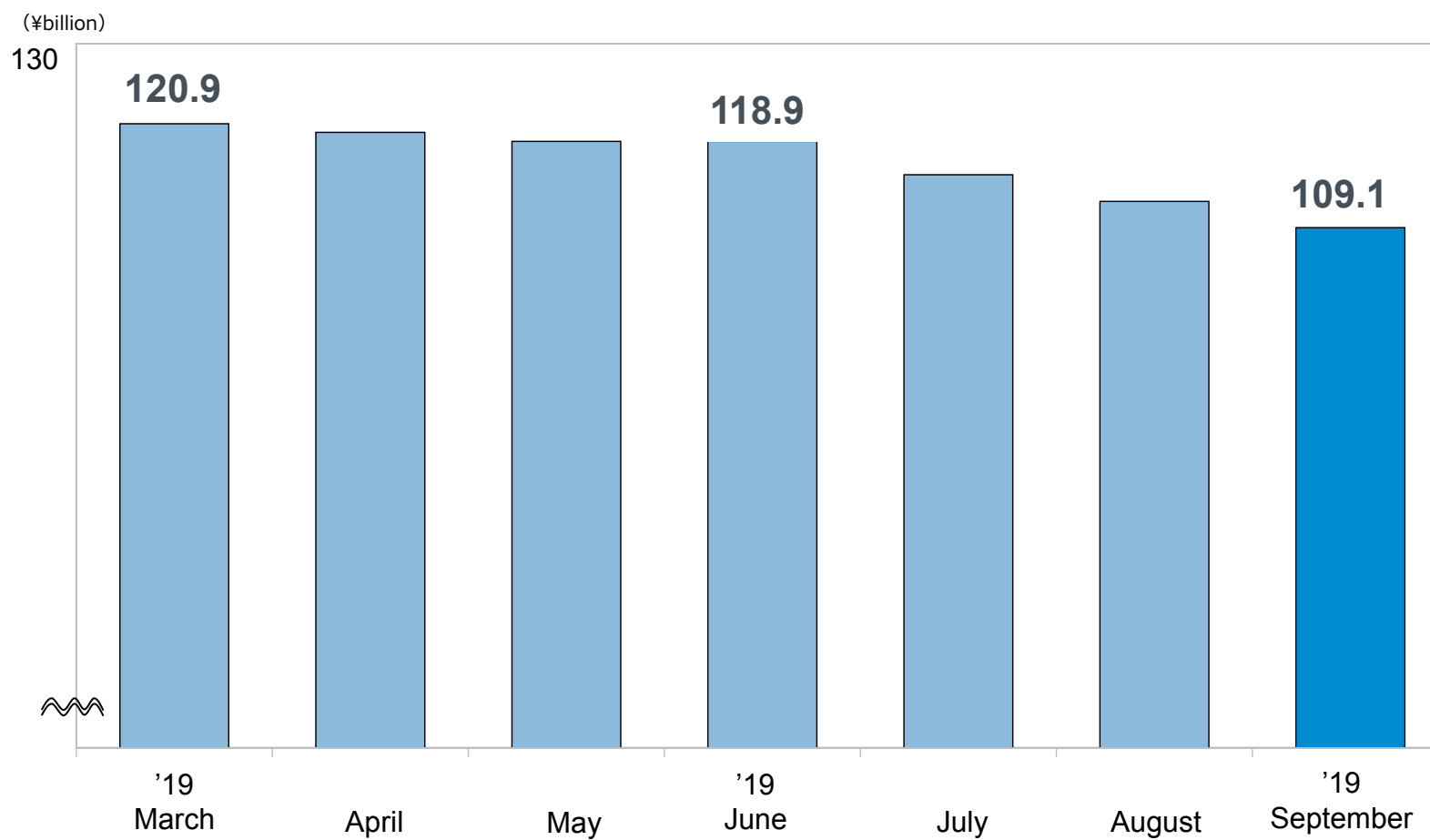
(¥billion)



## ■ Inventory reduction status (in Amount)



### History of Inventory Asset amount





## ■ '19/3 Change Factors from the Initial Plan



### By Market segment

#### Auto

YOY car production decrease.

#### Industrial

Expected FA investment recovery during this term did not happen.

#### Consumer

Customers' inventory is continued to be too much and orders from under-contract businesses did not meet the plan.

### By Geographic region

#### China

Expected reduction in distributors' inventory did not happen.

#### Japan

Customers' business for Automotive outside of Japan declined and sales for FA segment did not recover.

#### EU

Chinese automotive market declined.

## By Geographic region

### China

#### Growth in China market is mandatory for Rohm's growth.

- Concentrate development/marketing resources on **the design projects in the Chinese EV market. (inverters and DC/DC converters)**
- **Improve cost competitiveness** to meet demands from Chinese market .
- **Work close together with major distributors for the growth in** industrial market.
- **Achieve annual sales growth rates at 15%–20%** in Chinese in-vehicle equipment market after 2020.
- **Achieve annual growth rate of 10% or more** in Chinese industrial machinery market **after 2021.**

### Japan

#### Use development resources to the customers/application where Tier 1 customers are not producing in-house.

- **Clearly define where Rohm plays** without competing with Tier1s internal semiconductor production.
- **Maintain stable growth** by keeping high market shares (with annual growth rates of 2%–3%)

### Europe

#### Focused attacks on specified markets with specific products

- Enhance chip-sale business for module manufacturers for automotive market.
- **Target automotive OEM businesses** although competition is intense.

### Others

- Korea: Reduce dependency on smartphone business and **concentrate resources on automotive business.**
- Taiwan: Focus on power supply market (targeted annual growth rate at 2%–3%)

# Mid-to-Long Term Strategies



Priority items	Priority policies (measures)
Analog	<ul style="list-style-type: none"><li>■ Reach No.1 position in “Analog Power” with <b>general purpose ASSP products</b> by strengthening marketing ability and improving technologies in high performance cores.</li></ul>
Power	<ul style="list-style-type: none"><li>■ <b>Provide solutions</b> from the customers’ point of view.</li><li>■ Develop new products in automotive power trains, which is expected to grow in accordance with increasing electrification of automobiles.</li><li>■ Release <b>high efficiency power devices that contribute to energy-saving.</b> (4th-generation SiC; 6th-generation Si-MOS)</li></ul>
Standard Products	<ul style="list-style-type: none"><li>■ Increase market shares by fully utilizing superiority in supply capability, reliability, and cost competitiveness, particularly in the fast-growing <b>automotive/Chinese markets.</b></li></ul>
Synergy	<ul style="list-style-type: none"><li>■ Solve customers’ problems directly by proposing solutions.</li><li>■ Increase sales of new products drastically through coordinated promotions between <b>FAEs and Sales.</b></li></ul>

## Product development focused on high-performance general-purpose ASSP

Reinforce product line-up with unique and original process and circuit design capabilities.

### Power supply

- Promote **general-purpose ASSP products** for automotive and industrial markets.
- Expand product line-up ranging **from low-voltage- to high-voltage-products**, with core technology specialized for power supplies
- Feature solutions that enables complete **power tree requirements** for customers.

#### Reinforce Marketing strength

Establish organizations dedicated to business planning and product marketing functions

#### Target markets

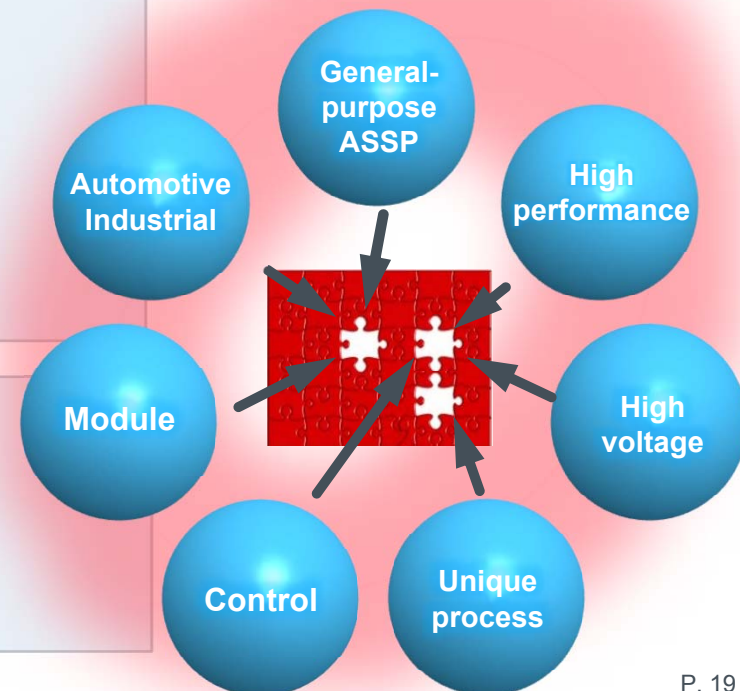
China  
(industrial, automotive, home appliances)

### Motor

- Expand product range **from low-voltage- to medium/high-voltage with motor control technology** (including those containing tinyMicon and Matisse CORE proprietary microcontrollers)
- Enhance **controls and modules, solutions** for IPMs and three-phase motor drivers
- For isolated gate drivers with unique structure, comply with needs for functionalization.

### Standard

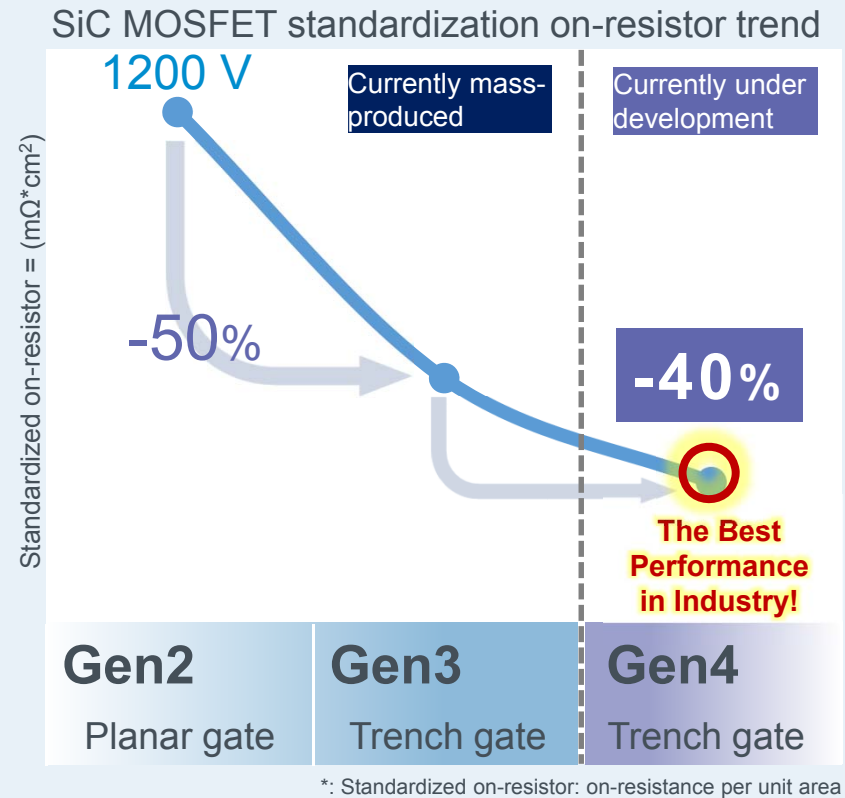
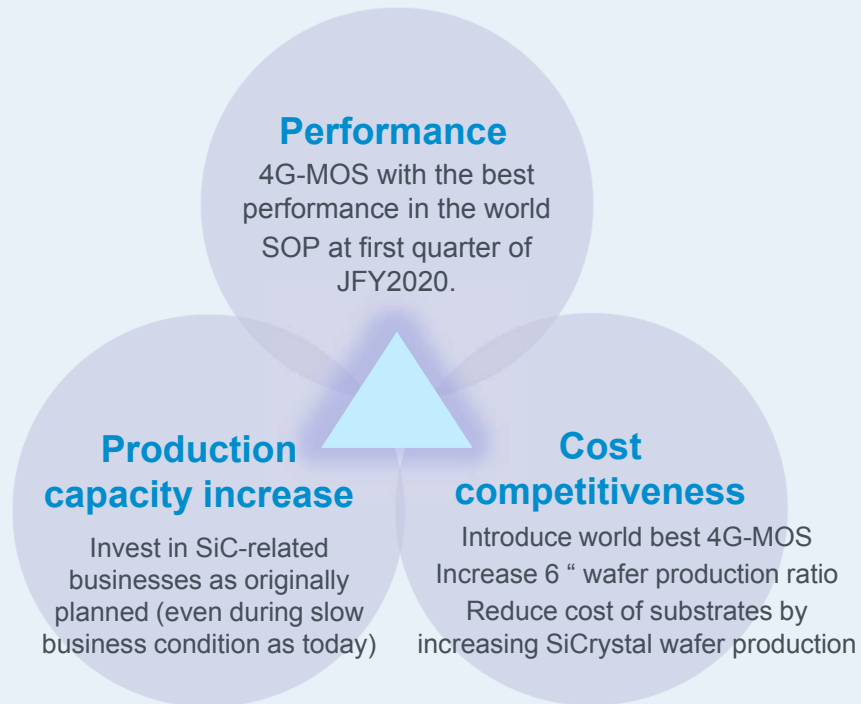
- Understand customers' requirements in automotive and industrial and reinforce line-up of **high-performance standard ICs products** focusing on **low power consumption, high EMC tolerance, low noise**, and etc.



# Power device products



Reach largest share in the world in SiC device market through cost reductions



Increase product line-ups for industrial and automotive markets

- For Evolving EV power trains and industrial machinery : 4G SiC-MOS exhibiting the best performance in the world
- For automotive heaters, power compressors, and ignitors : 3G Si-IGBT
- For automotive(ADAS, power trains, and etc.) and industrial : Increase 40 V, 60 V and 100 V-class 6G Si-MOS and 200 V-class Si-SBD in-vehicle packages



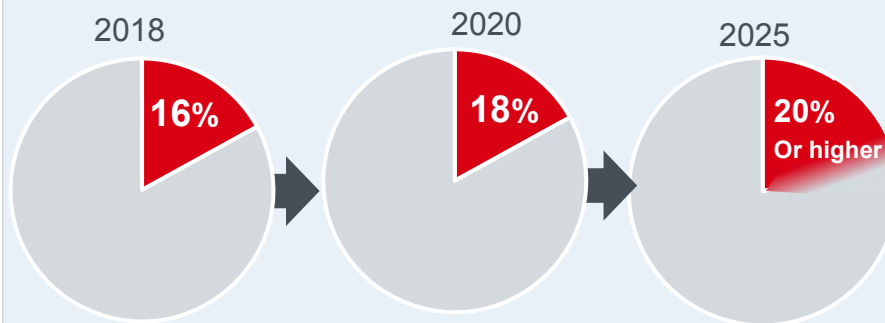
# Standard products



Expand market shares by fully utilizing advantages in supply, reliability, and cost competitiveness, particularly in the fast-growing **automotive and Chinese** markets

## ■ Small-signal discrete semiconductors

**Targets** Increase W/W Share to exceed 20%



Source: IHS W/W Share Data 2018

## **Actions**

### ■ Automotive/industrial markets

- Improve production efficiency for automotive products
- Establish production lines for high-quality/short TAT products in smaller quantities with larger product variations.
- Develop product line-ups of the next-generation DFN packages

### ■ Consumer/communication markets in Greater China Market

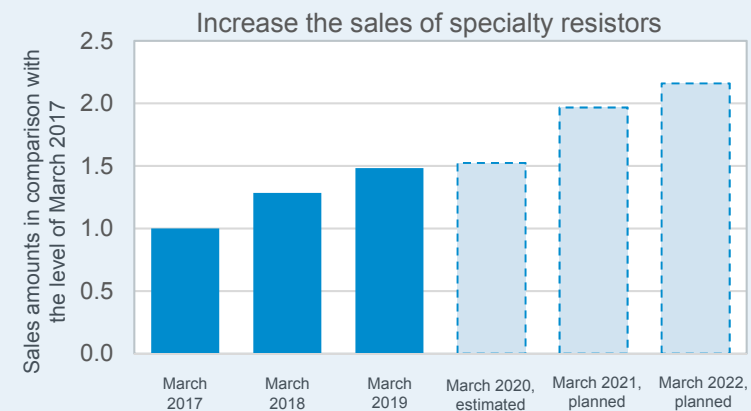
- Promote competitive cost responsiveness by establishing highly efficient lines specific to consumer market.
- Reinforce production capacity utilizing OSAT
- Develop ultra-small Silicon devices  
(From Diodes to MOS and LCR embedded devices.)

## ■ Resistors

**Target** Reach world No. 1 position in automotive and industrial markets

## **Actions**

- Renovate production facilities and improve supply capabilities
- Reinforce production capacity for the specialty resistors line-ups.
  - Develop new high-reliability products for automotive markets (anti-surge, high-power, and anti-sulfur products)
  - Reinforce product line-up of high-power shunt resistors

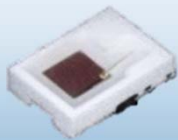


# Optical Module Products



Develop optical module products required in the markets specially automotive and industrial on time for the market needs with our unique proprietary technologies.

## Automotive



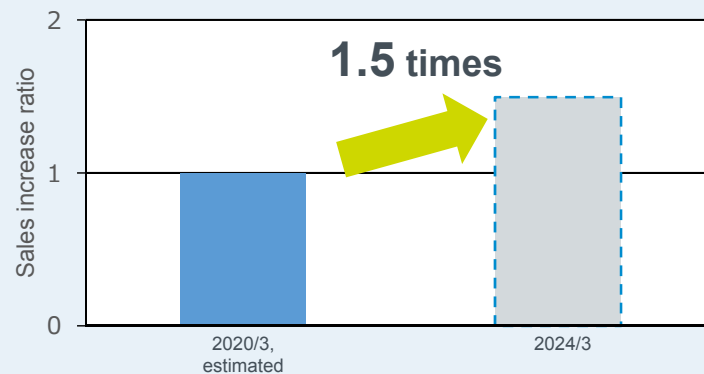
Small/high-power LED emitter



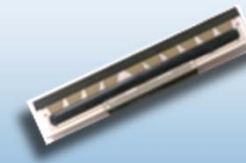
LED light-emitting bulb

**Focus on the Japanese market; enhance product lineup for rear combination lamps**

High-power LEDs with proprietary miniaturization technology  
Increase luminance intensity of LED light-emitting bulbs



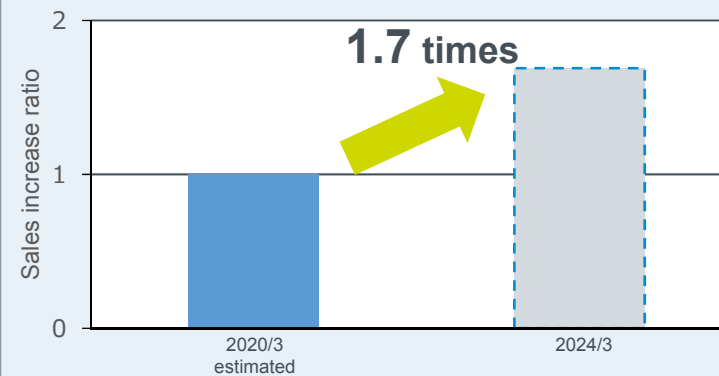
## Industrial



Thermal print heads

**Grow sales with the products for barcode readers and Chinese POS market**

Differentiate products with high speed (twice and more as fast as competitors) and longer product life



# “Monozukuri” Innovation (reinforce adaptability to changes)



## Sudden changes in demand from customers

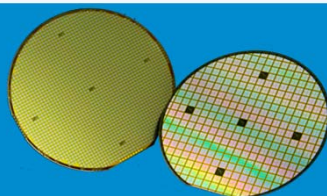
Economic/political situations ➡ Drastically change customers' production plans

Brexit/Trade frictions

In order to fulfill our supply responsibility toward customers,  
break away from the excessive emphasis on a vertically integrated production system

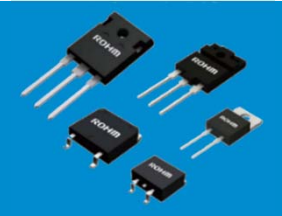
Frontend: Foundry

**4** companies



Backend: OSAT

**11** companies



OSAT : Outsourced Semiconductor Assembly & Test

## “Monozukuri” suited for automotive production needs (smaller in quantity/high quality)

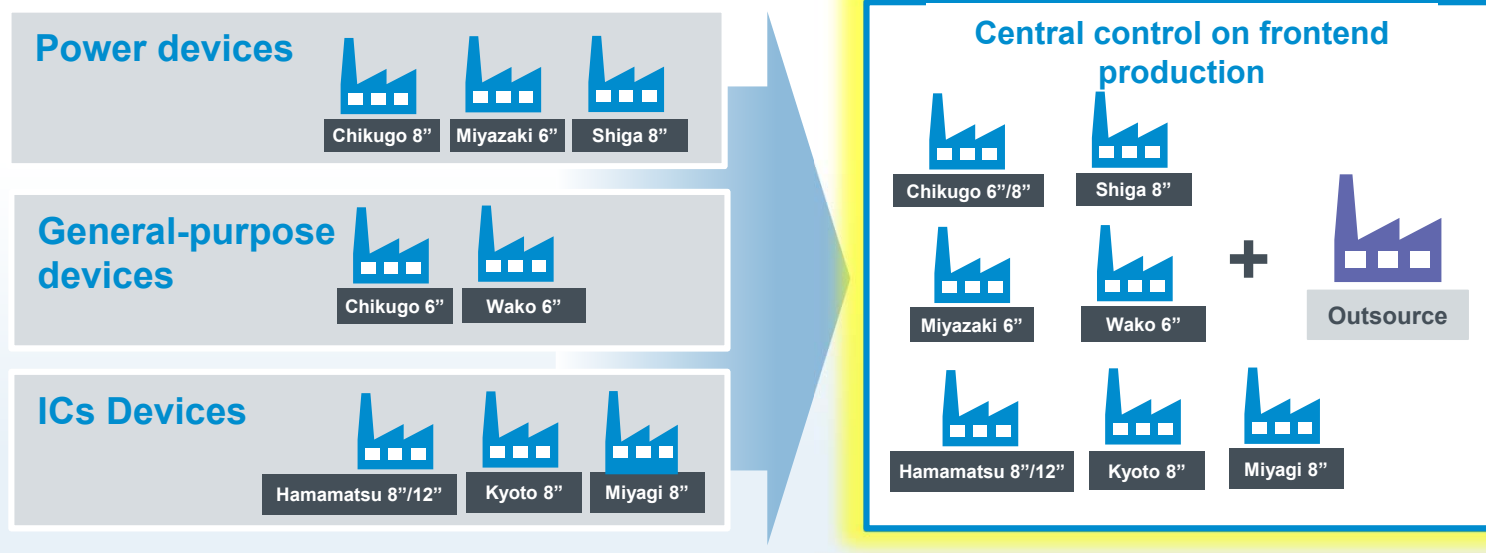
Establish internal production system suited for businesses with smaller-quantity/large-variation based on RPS activities, and a stable quality-assurance/supply system supported by preventive maintenance and automated production (labor-saving)

RPS : Rohm Production System





## Consolidated optimization of all Rohm Wafer FABs



- Promote mid-to-long-term strategies for all wafer (including refurbishing, adding new building structures, M&As, and etc.)
- Enhance optimization of company-wide wafer FAB including Outsource (optimize of resource).
- Promote smoother sharing of engineering knowledge and skill transfers

