



2019/3

# Presentation

## ■ Financial Results for the Year Ended 2019/3

Financial Results for the Year Ended 2019/3  
Factors for Sales Changes  
Changes in Operating Income

## ■ Plan for the Year Ending 2020/3

Plan for the Year Ending 2020/3  
Factors for Sales Changes YOY  
Changes in Operating Income YOY

## ■ ROHM's Strategy

## ■ CAPEX Plan

## ■ Return to Shareholders

# ■ Financial Results for the Year Ended 2019/3 (V.S Revised Plan)



(¥billion)

	'19/3	'19/3 Revised plan	Change from revised plan	
			Amount	Percentage
Net sales	<b>398.9</b>	<b>420.0</b>	<b>-21.1</b>	<b>-5.0%</b>
Operating income	<b>55.9</b>	<b>62.0</b>	<b>-6.1</b>	<b>-9.8%</b>
(Ratio)	<b>( 14.0%)</b>	<b>(14.8%)</b>	-	-
Ordinary income	<b>64.6</b>	<b>70.0</b>	<b>-5.4</b>	<b>-7.6%</b>
(Ratio)	<b>( 16.2%)</b>	<b>(16.7%)</b>	-	-
Net income	<b>45.4</b>	<b>50.0</b>	<b>-4.6</b>	<b>-9.1%</b>
(Ratio)	<b>( 11.4%)</b>	<b>(11.9%)</b>	-	-
EBITDA	<b>101.3</b>	<b>109.0</b>	<b>-7.7</b>	<b>-7.1%</b>
(Ratio)	<b>( 25.4%)</b>	<b>(26.0%)</b>	-	-

Average rate(¥/US\$)                      (¥110.69)                      (¥110.04)

# ■ Financial Results for the Year Ended 2019/3 (YOY)



(¥billion)

	'19/3	'18/3	Change from last year	
			Amount	Percentage
Net sales	<b>398.9</b>	<b>397.1</b>	<b>+1.8</b>	<b>+0.5%</b>
Operating income	<b>55.9</b>	<b>57.0</b>	<b>-1.0</b>	<b>-1.9%</b>
(Ratio)	<b>( 14.0%)</b>	<b>(14.4%)</b>	-	-
Ordinary income	<b>64.6</b>	<b>54.2</b>	<b>+10.4</b>	<b>+19.3%</b>
(Ratio)	<b>( 16.2%)</b>	<b>(13.7%)</b>	-	-
Net income	<b>45.4</b>	<b>37.2</b>	<b>+8.1</b>	<b>+22.0%</b>
(Ratio)	<b>( 11.4%)</b>	<b>(9.4%)</b>	-	-
EBITDA	<b>101.3</b>	<b>100.4</b>	<b>+0.9</b>	<b>+0.9%</b>
(Ratio)	<b>( 25.4%)</b>	<b>(25.3%)</b>	-	-

Average rate(¥/US\$)                      (¥110.69)                      (¥110.81)

# 2019/3 Factors for Sales Changes (V.S Revised Plan)



(¥billion)

Market	'19/3 Revised plan	'19/3	Difference	Major Factors
Auto	<b>144.0</b>	<b>137.2</b>	<b>-6.8</b>	<ul style="list-style-type: none"> <li>• Sales for the infotainment area (conventional audio, navigation) decreased (-4.2)</li> <li>• Sales for the power train area decreased (-1.5)</li> </ul>
Industrial	<b>53.7</b>	<b>51.8</b>	<b>-1.9</b>	<ul style="list-style-type: none"> <li>• Sales decreased due to adjustment of the FA area (-1.5)</li> <li>• Sales decreased for the energy area (-0.6)</li> </ul>
Consumer	<b>133.5</b>	<b>127.0</b>	<b>-6.5</b>	<ul style="list-style-type: none"> <li>• Sales decreased due to the weakness of the overall AV area (-2.5)</li> <li>• Sales decreased due to adjustment of the white goods area (-1.8)</li> </ul>
Communication	<b>40.9</b>	<b>37.1</b>	<b>-3.8</b>	<ul style="list-style-type: none"> <li>• Sales decreased due to weak smartphones (-2.8)</li> </ul>
OA	<b>47.9</b>	<b>45.8</b>	<b>-2.1</b>	<ul style="list-style-type: none"> <li>• Sales overall decreased for PCs and OA equipment (-2.1)</li> </ul>
<b>Total</b>	<b>420.0</b>	<b>398.9</b>	<b>-21.1</b>	

## Summary

- There was a big production and inventory adjustment in broad areas mainly in the China market from Dec., 2018.
- Demand related to mining servers and solar panels in the industrial market are continuing to adjust from the first half. (Included in the revised plan)

# 2019/3 Factors for Sales Changes (YOY)



(¥billion)

Market	'18/3	'19/3	Difference	Major Factors
Auto	<b>127.6</b>	<b>137.2</b>	<b>+9.6</b>	<ul style="list-style-type: none"> <li>• Sales for power train area increased (+4.8)</li> <li>• Sales for infotainment area (advanced cluster) increased (+2.4)</li> </ul>
Industrial	<b>48.5</b>	<b>51.8</b>	<b>+3.3</b>	<ul style="list-style-type: none"> <li>• Sales for FA area increased (+5.5)</li> <li>• Sales for energy area decreased (-2.3)</li> </ul>
Consumer	<b>132.5</b>	<b>127.0</b>	<b>-5.5</b>	<ul style="list-style-type: none"> <li>• Sales for TV/ flat panel decreased (-4.6)</li> <li>• Sales for audio decreased (-0.5)</li> </ul>
Communication	<b>42.6</b>	<b>37.1</b>	<b>-5.5</b>	<ul style="list-style-type: none"> <li>• Sales for smartphones decreased (-5.5)</li> </ul>
OA	<b>45.9</b>	<b>45.8</b>	<b>-0.1</b>	<ul style="list-style-type: none"> <li>• Sales for POS decreased (-0.3)</li> </ul>
<b>Total</b>	<b>397.1</b>	<b>398.9</b>	<b>+1.8</b>	

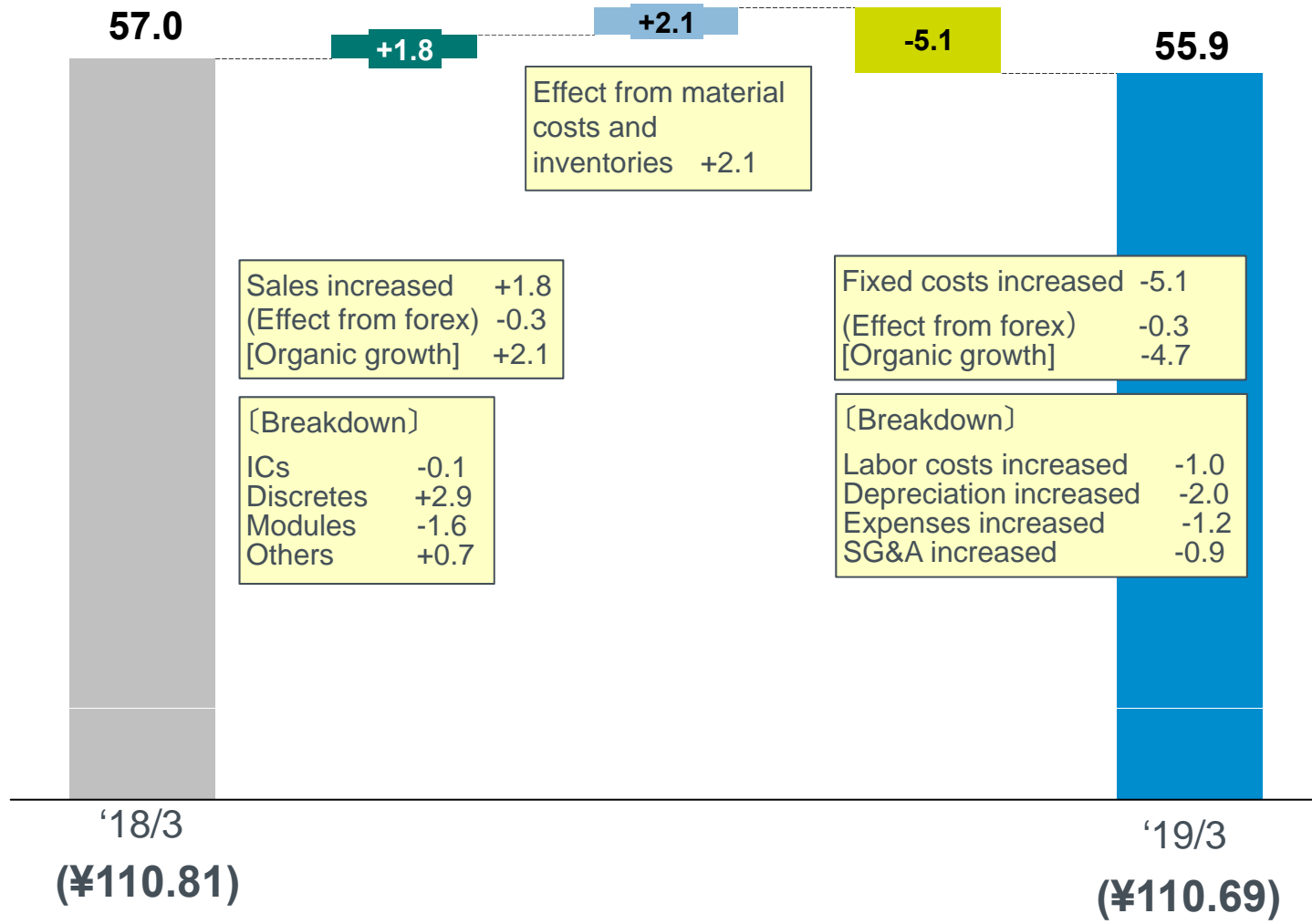
## Summary

- Sales of conventional consumer products such as TV, digital still cameras, etc. decreased.
- Sales of smartphones are continuing to slowdown from autumn 2018.
- Although auto and industrial markets adjusted in the second half, sales centered on focusing products grew annually.

# Changes in Operating Income (YOY)



OP declined by ¥1 billion (¥billion)



# ■ Plan for the Year Ending 2020/3 (YOY)



(¥billion)

	'19/3	'20/3 Plan		
	Amount	Amount	Difference	YOY
Net sales	398.9	390.0	-8.9	-2.3%
Operating income	55.9	39.0	-16.9	-30.2%
(Ratio)	( 14.0%)	( 10.0%)	-	-
Ordinary income	64.6	42.0	-22.6	-35.1%
(Ratio)	( 16.2%)	( 10.8%)	-	-
Net income	45.4	31.0	-14.4	-31.8%
(Ratio)	( 11.4%)	( 7.9%)	-	-
EBITDA	101.3	86.6	-14.7	-14.5%
(Ratio)	( 25.4%)	( 22.2%)	-	-

Average rate (¥/US\$)

(¥110.69)

(¥105)



# 2020/3 Factors for Sales Change (YOY)

(¥billion)

Market	'19/3	'20/3 Plan	Difference	Major Factors
Auto	<b>137.2</b>	<b>142.9</b>	<b>+5.7</b>	<ul style="list-style-type: none"> <li>• Sales for power train area will increase (+4.5)</li> <li>• Sales for body area will increase (+1.2)</li> <li>• Sales for infotainment area (conventional audio, navigation) will decrease (-0.6)</li> </ul>
Industrial	<b>51.8</b>	<b>54.1</b>	<b>+2.3</b>	<ul style="list-style-type: none"> <li>• Sales for FA area will increase (+3.5)</li> <li>• Sales for infrastructure/energy area will decrease (-1.2)</li> </ul>
Consumer	<b>127.0</b>	<b>119.8</b>	<b>-7.2</b>	<ul style="list-style-type: none"> <li>• Sales for TV/flat panels will decrease (-2.0)</li> <li>• Others (-5.0)</li> </ul>
Communication	<b>37.1</b>	<b>30.6</b>	<b>-6.5</b>	<ul style="list-style-type: none"> <li>• Sales for smartphones will decrease (-6.5)</li> </ul>
OA	<b>45.8</b>	<b>42.6</b>	<b>-3.2</b>	<ul style="list-style-type: none"> <li>• Sales for PC, OA equipment will decrease (-2.8)</li> </ul>
<b>Total</b>	<b>398.9</b>	<b>390.0</b>	<b>-8.9</b>	

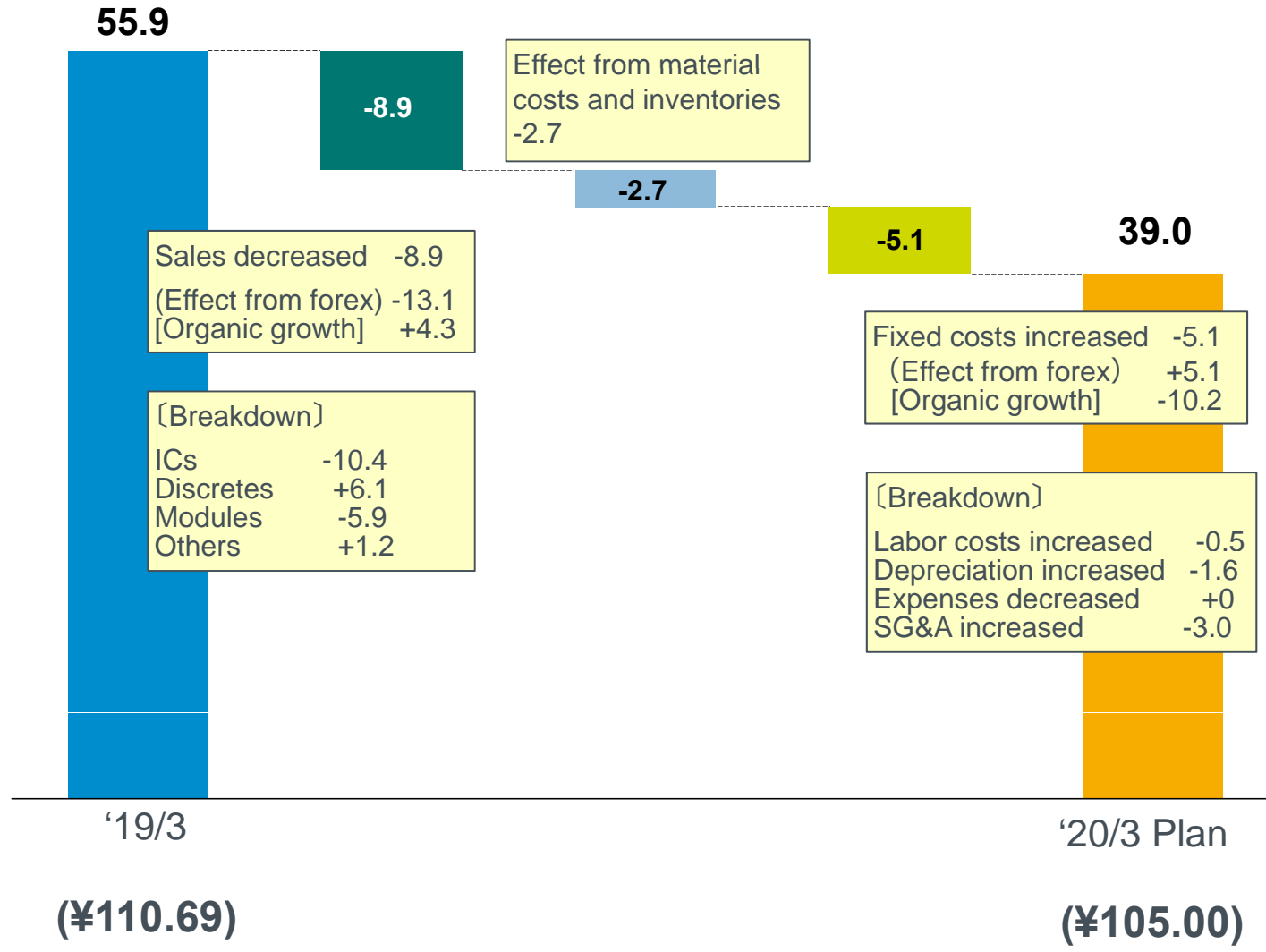
## Summary

- Same as last term, sales for auto and industrial markets are expected to increase, and sales for consumer and communication markets, etc. are expected to be negative.
- Although the overall market has hit the bottom in Feb., inventory adjustment will continue in the first half.  
We anticipate recovery from the second half, but we are expecting negative impact of ¥8.9 billion annually.

# Changes in Operating Income (YOY)



OP declined by ¥16.9 billion (¥billion)



'19/3  
**(¥110.69)**

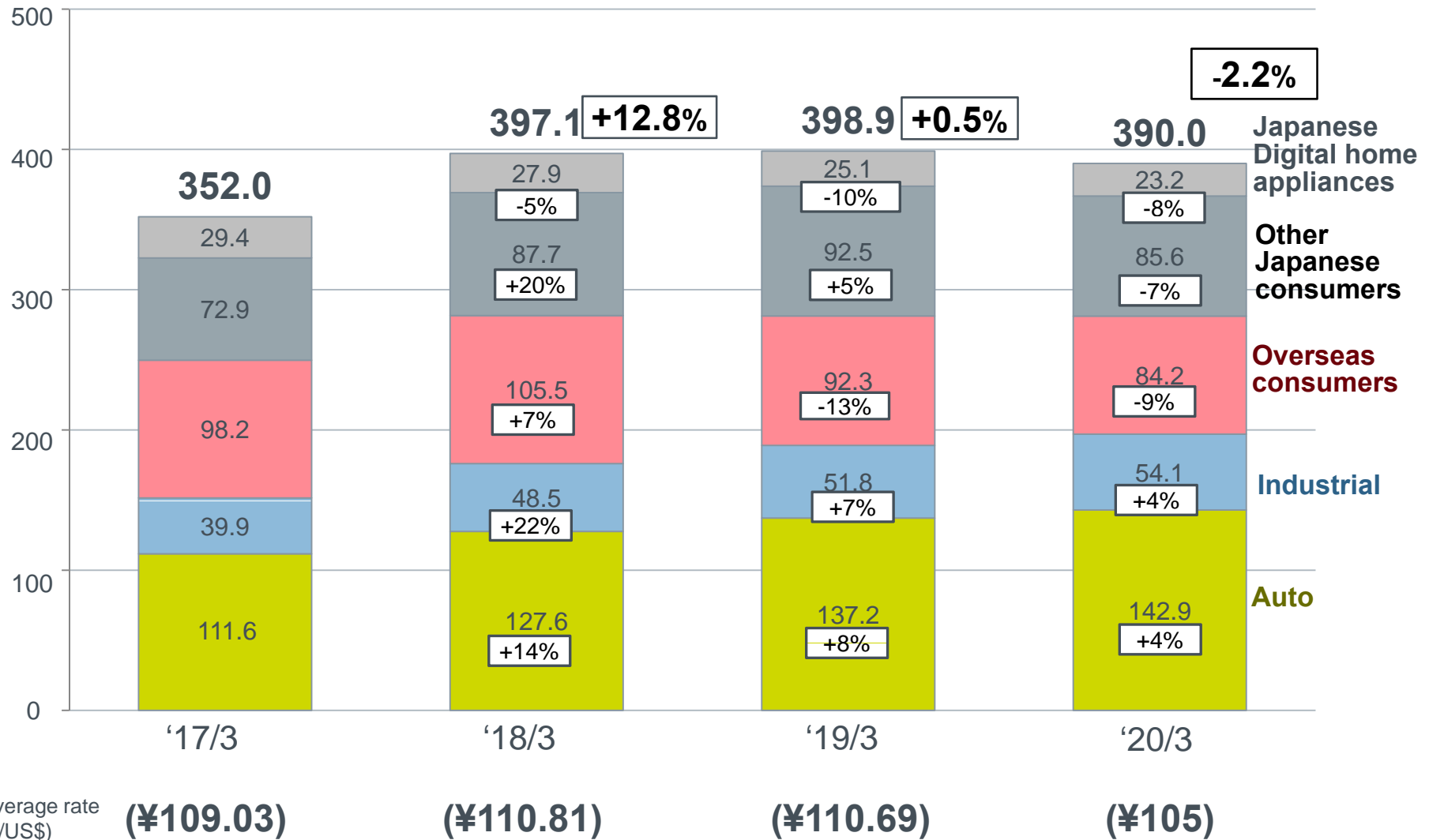
'20/3 Plan  
**(¥105.00)**

Average rate  
(¥/US\$)

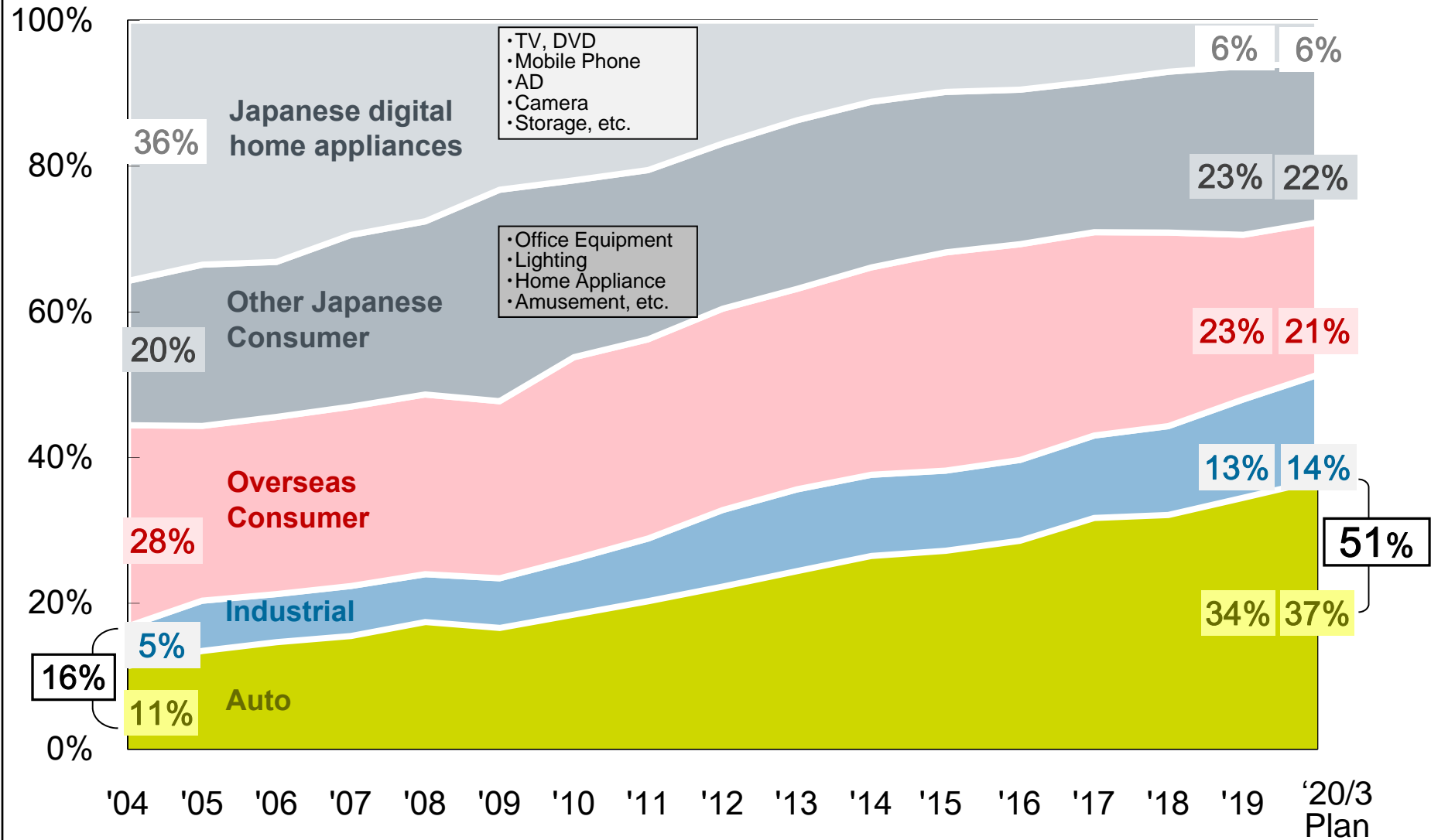
# Four Year Trends in Sales by Market (Annually)

(¥billion)

Boxes show YOY changes



# Trend of Sales Composition Ratio by Market



## Focusing Markets

**Auto  
market**

**Industrial  
market**

**Overseas  
market**

## Focusing Products

**Power**

SiC / Gate driver/ IPM

**Analog**

Power IC/Driver IC

**Standard Products**

General-purpose IC/  
Discrete semiconductors

## Enhancing Production

**Aiming to establish production system that can deal  
with long-term stable supply and demand fluctuation**

# Improving ICs Business Concentrating Resources to Analog Power



Problem

## Sales for growing auto/industrial markets are low

(Strongly and directly effected by the changes in consumer/digital equipment markets)

Challenge

## Expand sales by our competitive key products

### Already received high evaluation in the auto market

1. Power solution centered on power device
2. Power ICs that features high-accuracy analog technology
3. Motor driver IC combined with digital control



- Devote development resources
- Enhance application support

Measure

## Devote development resources for industrial/auto markets

Trend of number of development models for auto/industrial markets (ICs)



- Shift development resources to auto/industrial markets and increase development models

【Ratio of resources】 '19/3 30% → '20/3 60%

- Enhance application engineers centered on power solution

# Leading the World by Power Solution

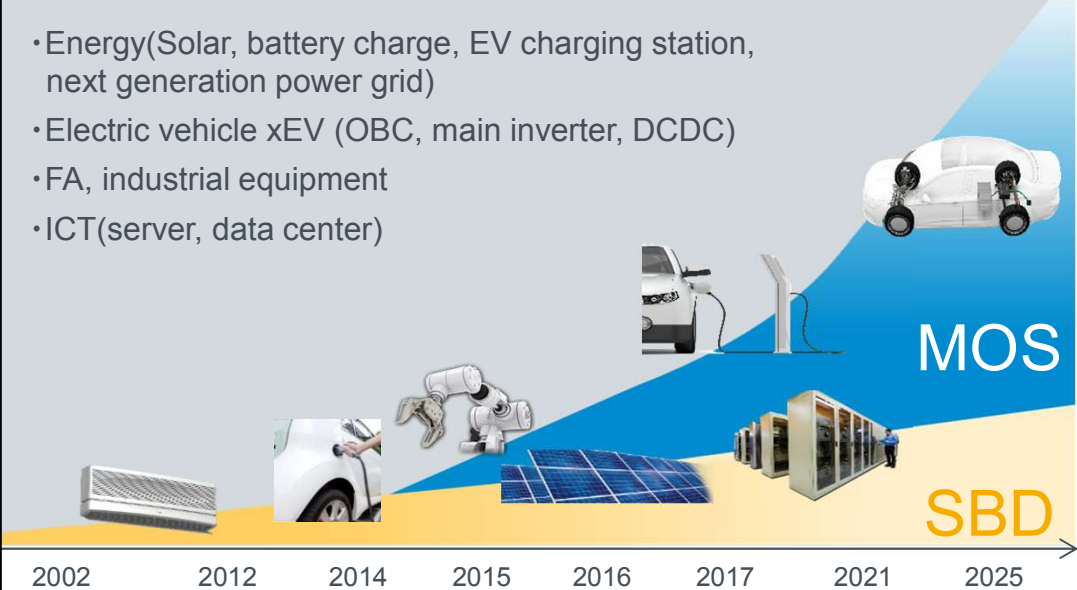


## SiC

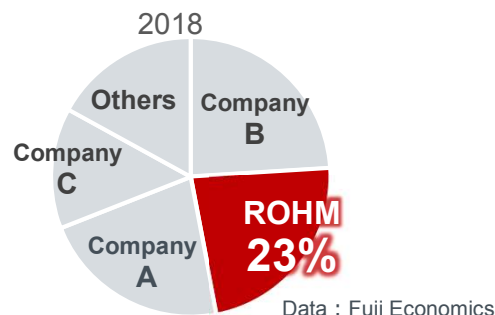
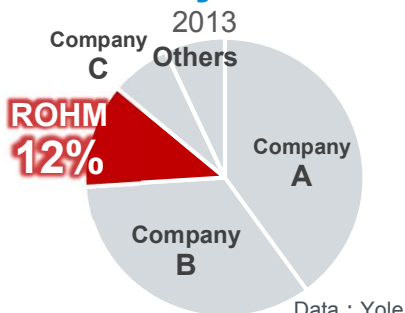
### ■ MOSFET will drive SiC demand

Market Estimate (Research by ROHM)

- Energy (Solar, battery charge, EV charging station, next generation power grid)
- Electric vehicle xEV (OBC, main inverter, DCDC)
- FA, industrial equipment
- ICT (server, data center)



### ■ Steadily increasing SiC market share



© 2019 ROHM Co., Ltd. Data : Yole

Data : Fuji Economics

### ■ 3 Advantages of SiC MOSFET

Maintaining top share centered on 3 advantages, materials, devices, and solution.

Comparative chart of SiC MOSFET

	In-house wafer	Trench MOS structure	Solution proposal with gate driver
<b>ROHM</b>	○	○	○
Company A	×	○	○
Company B	○	×	×
Company C	△	×	○

Planning to release the fourth generation MOSFET in 2020/3.

Aiming for further increase market share.

# Isolated Gate Driver World's No.1 Share

## Gate driver

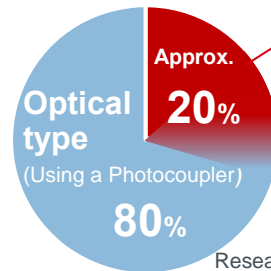
### Started development

■ To miniaturize automotive inverters, we began developing magnetic isolated gate drivers that can drive SiC

### Targets

- Ensure reliable operation under automotive environments
- Able to support the evolving needs of automotive inverters

■ **ROHM commands over 80% of the global share for Automotive Isolated Gate Driver ICs**



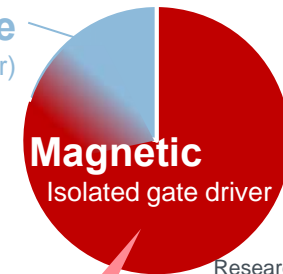
**Magnetic**  
Isolated gate drivers



### World's first

■ Started mass production of magnetic isolated gate driver integrated with temperature monitor and power supply into one package

Optical type  
(Using a Photocoupler)



**Magnetic**  
Isolated gate driver

■ **Stronger demand for smaller EV will expand the ratio of magnetic type isolated gate drivers. ROHM will maintain high market share and expand sales.**

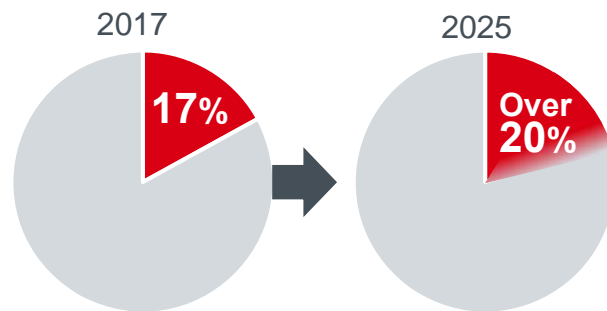


## General-purpose device

To establish an undefeatable position W/W centered on the growing auto market taking full advantage of our capacity and reliability

### ■ Small-signal discrete semiconductors

**Target To become W/W No.1 manufacturer**



Data : IHS W/W share data 2017

### Action

- Increase capacity of auto supporting products (Philippines/Thailand)
- Establish “Zero Defect manufacturing line” for auto/industrial
- Improve production efficiency, reduce man power and variable costs by installing newest equipment/materials
- M&A

### ■ Resistor

**Target To become World’s No.1 in the auto/industrial markets**

### Action

- Renewal of production equipment, improve capacity



- Enhance capacity of special resistors with added value
  - Expand high reliable products for auto (Surge resistant, high power, sulfide resistant product)
  - Expand high power shunt resistor

# Achieving Stable Supply by Expanding Capacity of our Factory and Using OSAT



■ Power products ■ Standard products

## ■ ROHM Shiga

Started operation from Sep., 2016



**Tr Di**

Expanding capacity of conventional manufacturing line of TR, Di  
**Expanding capacity**

## ■ RIST(Thailand)

Started operation from May, 2016



**IC**

Increasing capacity of gate drivers  
**Expanding capacity**

## ■ RWEM(Malaysia)

Started operation from Apr., 2017



**Di**

Increasing capacity of Di  
**Expanding capacity**

## ■ REPI(Philippines)

Plan to start operation from Jun., 2019



**R**

Increasing capacity of R  
**Completed in Dec., 2018**  
**Currently launching**

Front-end

Back-end

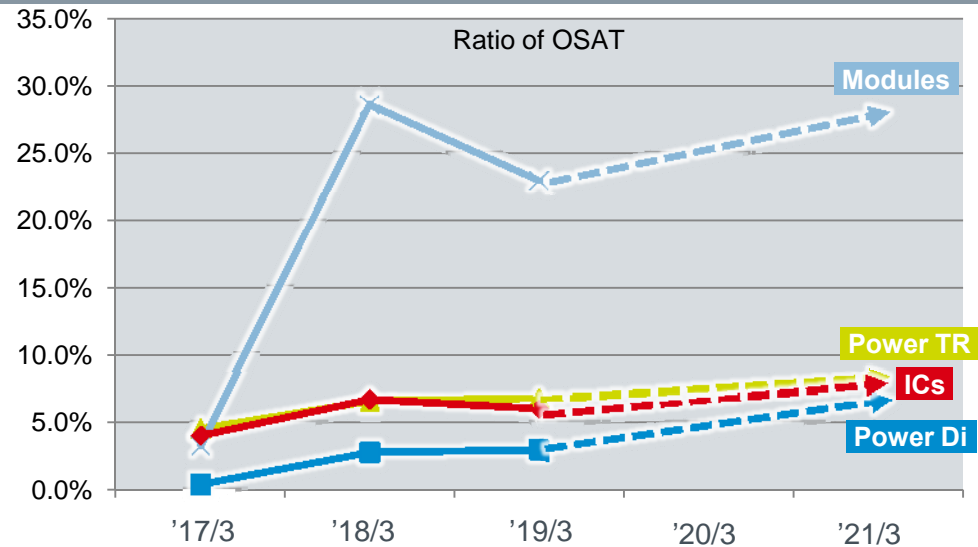


Plan to start operation from 2021  
**Apollo new building**

**SiC**

Factory dedicated to SiC front-end process  
**Began construction from Apr., 2019**

New area



Using OSAT

Coping with demand fluctuation and risks by using OSAT

# CAPEX

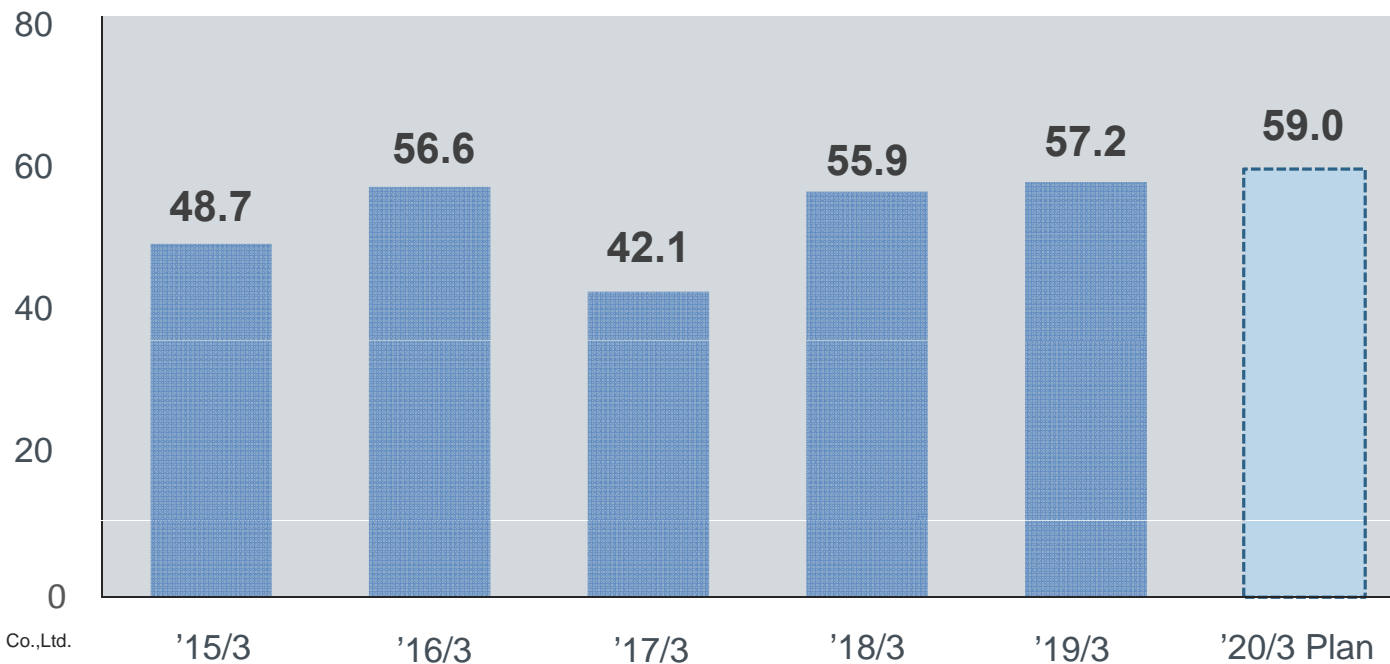


(¥billion)

	Total	Capacity increase	Land/building	Improve quality	Others
'18/3	55.9	37.2	4.5	3.5	10.7
'19/3 Revised plan	73.0	37.8	16.6	4.8	13.8
'19/3	57.2	28.5	12.2	3.3	13.2
'20/3 plan	59.0	26.1	11.1	5.8	16.0

(¥billion)

Trend of CAPEX



# Returns to Shareholders

(Transition of Free Cash Flow and Shareholder Returns)



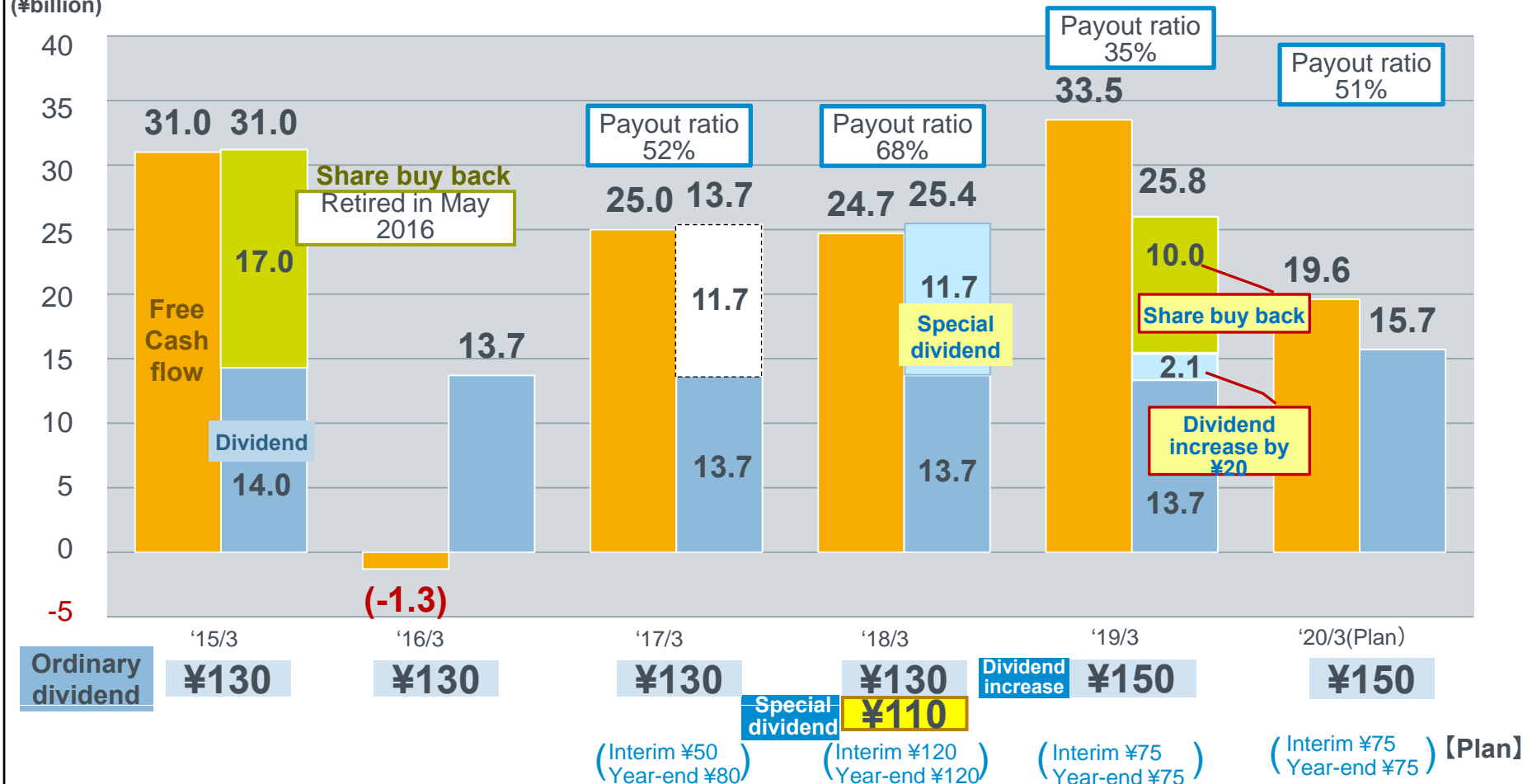
ROHM determined to buy back shares based on three factors:

- ① Plan to reduce strategic shareholdings
- ② Current stock market trends
- ③ Mid-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)



## ■ Governance

### Transition to a company with a board with audit committee structure

- Transition to a company with a board with audit committee structure to strengthen supervisory function of the board
- More than 1/3 of the board (5 out of 14 people) will be outside directors to strengthen supervisory function of the board
- Reorganize the internal audit division and cooperate with the Audit and Supervisory Committee to strengthen audit function

### Started to sell some of strategic shareholdings

- Started to sell some of strategic shareholdings
- Continue to hold shares of major partners, etc.
- Individual cases will be determined if it should be held or sold in board meetings

## ■ M&A

### Acquired part of the Discrete business of Panasonic

(Planned to be transferred in Oct., 2019)

- Acquired business rights for small signal transistors, diodes
- Production will be outsourced to Panasonic for the near term and will eventually be transferred to ROHM Group

