

# **FY2005 Results Meeting**

**FY2005: Year ended March 31, 2005**

**May 25, 2005**

**Ryosan Co., Ltd**

## Notice

This presentation contains forward-looking statements regarding business performance, which may differ substantially from actual results, depending on certain risks and uncertainties, the most significant of which are listed below.

- Economic conditions in key markets (Japan and the rest of Asia), rapid changes in consumption patterns and supply-demand balance for products
- Sharp fluctuations in the ¥/\$ exchange rate
- Substantial fluctuation in prices in capital markets

## Consolidated results for fiscal year ended March 31, 2005

	2004/3 (Results)			2005/3 (Results)		
		Of Total	% Chg. YoY		Of Total	% Chg. YoY
Net sales	¥ 100 million 2,882	% 100.0	% +12.8	¥ 100 million <b>3,170</b>	% 100.0	% +10.0
Gross margin	225	7.8	+3.5	<b>252</b>	8.0	+12.1
SG&A expenses	145	5.0	(3.5)	<b>154</b>	4.9	+6.0
Operating income	79	2.8	+19.3	<b>98</b>	3.1	+23.3
Ordinary income	89	3.1	+17.6	<b>105</b>	3.3	+18.0
Net income	57	2.0	+53.2	<b>58</b>	1.9	+2.8
EPS	¥150.27		+ ¥57	<b>¥158.53</b>		+ ¥8
BPS	¥2,934		+ ¥200	<b>¥3,061</b>		+ ¥126

## Business segment results for fiscal year ended March 31, 2005

Business Segment	2004/3 (Results)				2005/3 (Results)			
	Sales		OP		Sales		OP	
	¥ 100 million	% Chg. YoY	¥ 100 million	% Chg. YoY	¥ 100 million	% Chg. YoY	¥ 100 million	% Chg. YoY
Semiconductors	1,452	+8.2	57	+0.2	<b>1,682</b>	+15.8	<b>67</b>	+17.5
Electronic Components	1,140	+20.0	31	+33.9	<b>1,161</b>	+1.8	<b>41</b>	+31.6
Electronic Equipment	219	+10.2	7	+52.1	<b>249</b>	+13.7	<b>8</b>	+13.3
Ryosan Products	69	+9.7	10	+39.8	<b>77</b>	+11.4	<b>11</b>	+3.8
Unallocable expenses	—	—	(26)	—	—	—	(29)	—
Consolidated	2,882	+12.8	79	+19.3	<b>3,170</b>	+10.0	<b>98</b>	+23.3

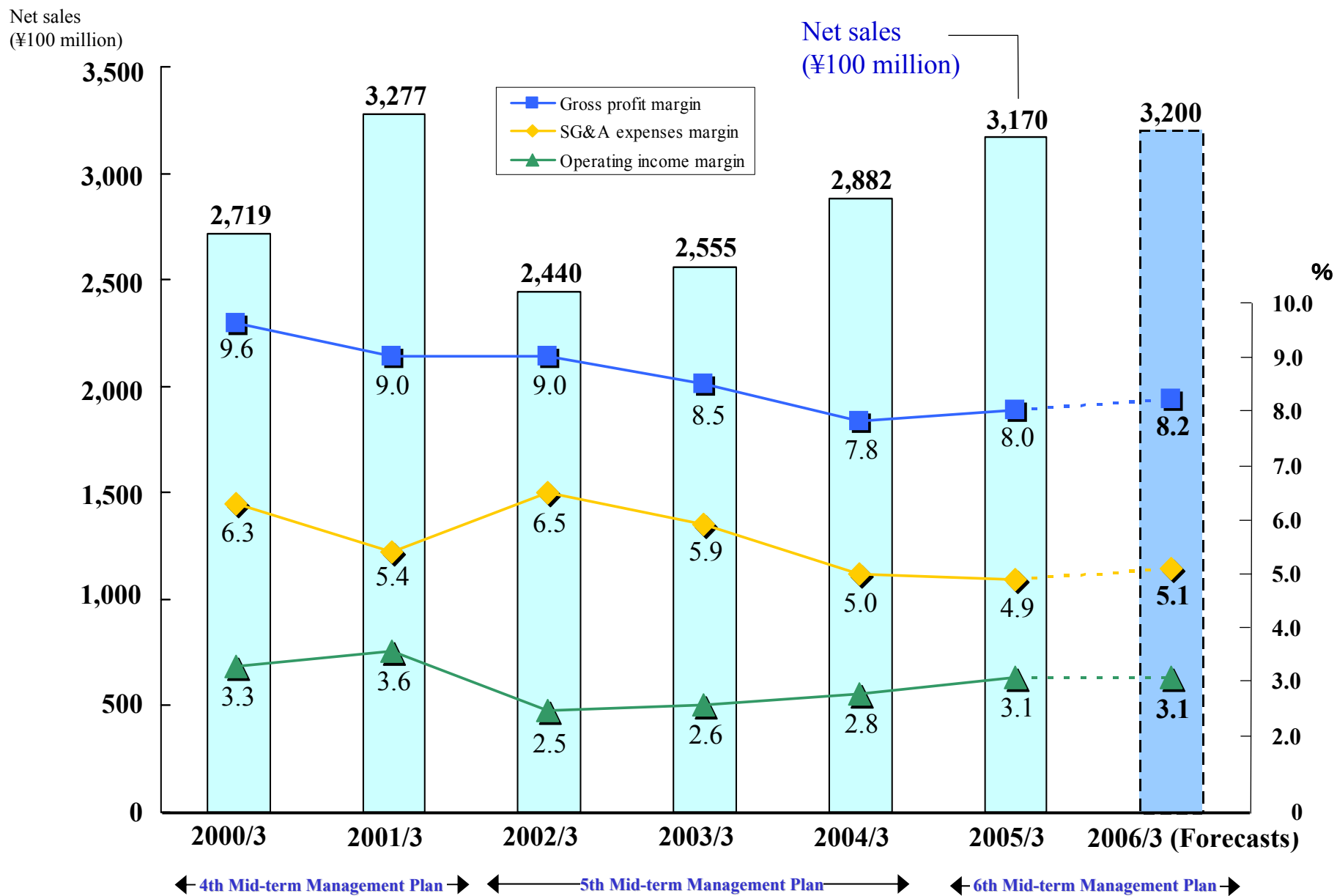
## Consolidated forecasts for fiscal year ended March 31, 2006

	2005/3 (Results)			2006/3 (Forecasts)		
		Of Total	% Chg. YoY		Of Total	% Chg. YoY
Net sales	¥ 100 million <b>3,170</b>	% 100.0	% +10.0	¥ 100 million <b>3,200</b>	% 100.0	% +0.9
Gross margin	<b>252</b>	8.0	+12.1	<b>262</b>	8.2	+3.8
SG&A expenses	<b>154</b>	4.9	+6.0	<b>164</b>	5.1	+5.0
Operating income	<b>98</b>	3.1	+23.3	<b>100</b>	3.1	+1.9
Ordinary income	<b>105</b>	3.3	+18.0	<b>106</b>	3.3	+0.6
Net income	<b>58</b>	1.9	+2.8	<b>63</b>	2.0	+7.4
EPS	¥158.53		+ ¥8	¥172.77		+ ¥14
BPS	¥3,061		+ ¥126	¥3,164		+ ¥102

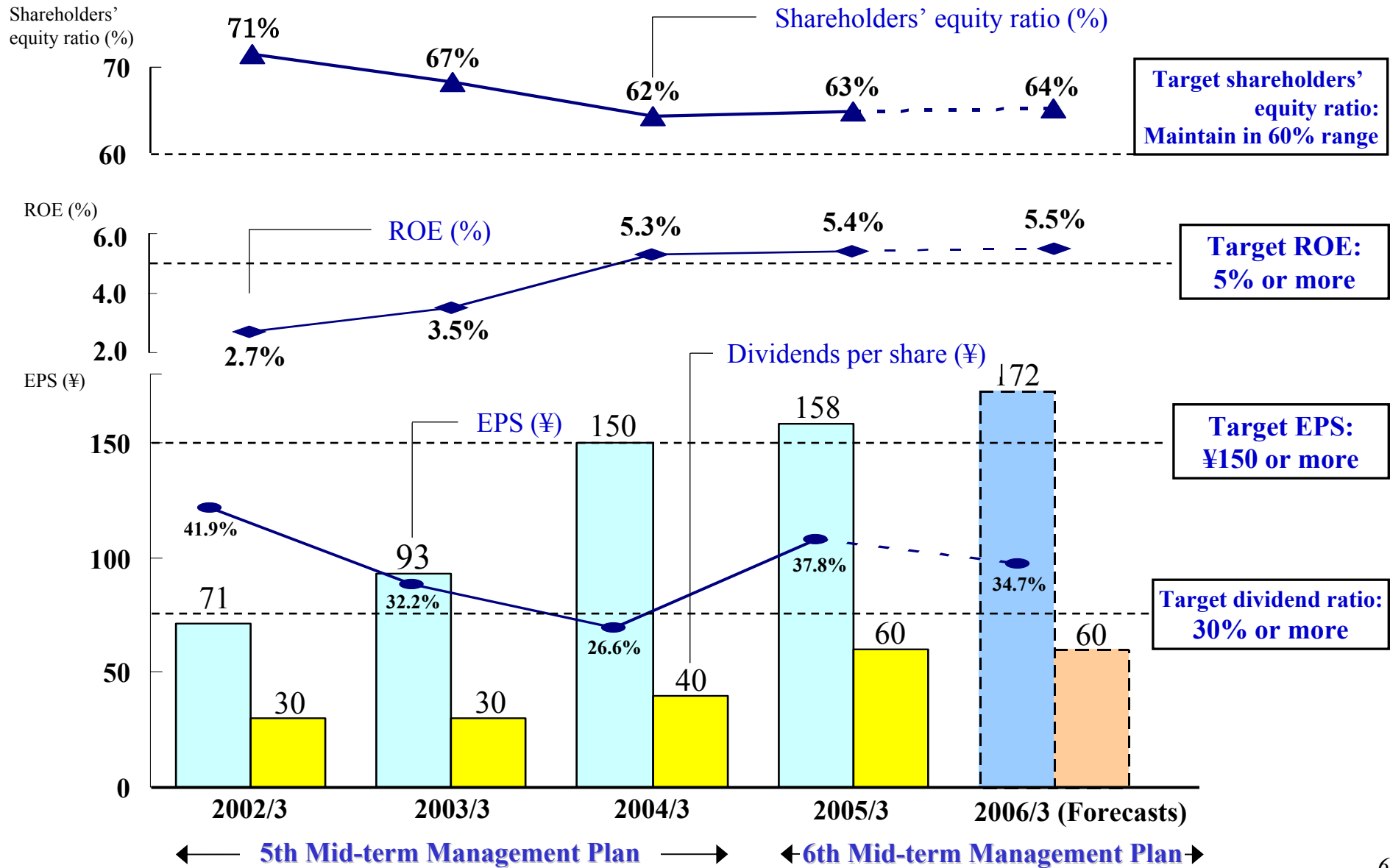
## Business segment forecasts for fiscal year ended March 31, 2006

Business Segment	2005/3 (Results)				2006/3 (Forecasts)			
	Sales		OP		Sales		OP	
	¥ 100 million	% Chg. YoY	¥ 100 million	% Chg. YoY	¥ 100 million	% Chg. YoY	¥ 100 million	% Chg. YoY
Semiconductors	1,682	+15.8	67	+17.5	<b>1,760</b>	+4.6	<b>77</b>	+14.8
Electronic Components	1,161	+1.8	41	+31.6	<b>1,125</b>	(3.1)	<b>39</b>	(5.3)
Electronic Equipment	249	+13.7	8	+13.3	<b>242</b>	(2.9)	<b>8</b>	(0.4)
Ryosan Products	77	+11.4	11	+3.8	<b>73</b>	(6.1)	<b>10</b>	(5.3)
Unallocable expenses	—	—	(29)	—	—	—	(35)	—
Consolidated	3,170	+10.0	98	+23.3	<b>3,200</b>	(0.9)	<b>100</b>	+1.9

# Consolidated Results Trend



# Management Benchmarks Trend



# Semiconductors Sales Breakdown

## Sales Results/Forecasts

Unit: ¥100 million; Year-on-year figures represent growth rates

	2004/3	2005/3	% Chg. YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg. YoY (05/3-06/3)
Memories	155	269	+73.5%	310	+15.2%
System LSIs	837	953	+13.9%	950	(0.3%)
Discrete	461	460	(0.2%)	500	+8.7%
<b>Total</b>	<b>1,452</b>	<b>1,682</b>	<b>+15.8%</b>	<b>1,760</b>	<b>+4.6%</b>

### <2005/3 Results>

**[Memories] Increase in DRAMs for servers and personal computers.**

**[System LSIs] Increase in ASICs for hard disk drives and mobile phones and ICs for car audios.**

**[Discrete] Decrease in LCD driver ICs for mobile phones.**

### <2006/3 Forecasts>

**[Memories] Continued increase in DRAMs for servers and personal computers.**

**[System LSIs] Decrease in ASICs for mobile phones.**

**[Discrete] Increase in LCD driver ICs for monitors.**

# NECEL Product Sales

## Sales Results / Forecasts

Unit: ¥100 million; Year-on-year figures represent growth rates

	2004/3	2005/3	% Chg. YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg. YoY (05/3-06/3)
NECEL <small>(Included NEC Compound Semiconductor Devices)</small>	1,189	1,245	+4.7%	1,250	+0.4%

### <2005/3 Results>

- Increase in ASICs for hard disk drives and mobile phones and ICs for car audios.

### <2006/3 Forecasts>

- Increase in ASICs for flat-panel TVs and LCD driver ICs for monitors.

### <Measures to Expand Sales>

- Strengthen efforts to expand sales in growth fields, both in Japan and overseas.

Digital AV products: Microcomputers, system LSIs, compound and optical devices  
(Flat-panel TVs, D-TVs, DVD recorders, STBs)

Car multimedia: Microcomputers, system LSIs

Mobile phones: System LSIs (Appli-chip)

Automotive electronics: Microcomputers, IPDs

Displays: TFT drivers / controllers

- Bolster solution proposals: Flat-panel TVs, D-TVs, STBs, car-CDs

# Elpida Memory Product Sales

## Sales Results/Forecasts

Unit: ¥100 million; Year-on-year figures represent growth rates

	2004/3	2005/3	% Chg. YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg. YoY (05/3-06/3)
Elpida Memory	87	194	+123.0%	243	+25.3%

### <2005/3 Results>

- Increase in DRAMs for servers and personal computers.

### <2006/3 Forecasts>

- Continued increase in DRAMs for servers and personal computers.
- Increase in DRAMs for digital AV products and car multimedia.

### <Measures to Expand Sales>

- Strengthen efforts to expand sales in growth fields.  
(Digital AV products, mobile phones, car multimedia)
- Establish partnerships with server and leading PC companies.  
(Prioritize DDR2 sales expansion)
- Collaborate with system LSI manufacturers.  
(Respond to SIP needs)

# New-resource Semiconductor Business Sales

## Sales Results/Forecasts

Unit: ¥100 million; Year-on-year figures represent growth rates

	2004/3	2005/3	% Chg. YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg. YoY (05/3-06/3)
Philips	47	72	+53.2%	102	+41.7%
Memories	46	57	+23.9%	59	+3.5%
ASSP	49	69	+40.8%	104	+50.7%
Total	141	197	+39.7%	265	+34.5%

### <2005/3 Results>

[Philips] Increase in ICs for TVs.

[Memories] Increase in memories for digital still cameras and photocopiers.

[ASSP] Increase in LCD driver ICs for mobile phones.

### <2006/3 Forecasts>

[Philips] Increase in ICs for TVs and magnetic tape control tags.

[Memories] Increase in memories for hard disk drives due to new order.

[ASSP] Continued increase in LCD drivers ICs for mobile phones.

### <Measures to Expand Sales>

[Philips]

- Promoting 5 projects: UOC, Nexperia, LCD Drivers, Automotive, MMS
- Expand RFID tag IC business.
- Construction of a global sales network targeting Japanese customers.

[Memories]

- Boost digital home appliance sales.  
(Expand sales of non-DRAM products, including SRAM, flash memories)

[ASSP]

- Boost sales of mobile phone LCD drivers ICs, ISPs.

# Overview of Fabless Semiconductor Development

## Sales Results/Forecasts

Unit: ¥100 million; Year-on-year figures represent growth rates

	2004/3	2005/3	% Chg. YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg. YoY (05/3-06/3)
Handled amt.	3.0	3.8	+26.7%	10.0	+163.2%

### <2005/3 Results>

- Graphic LSI
- Image processing LSIs  
(Development expenses)
- Wireless communication LSIs  
(Development expenses)
- Cable LAN LSIs  
(Development expenses)

### <2006/3 Forecasts>

- Security camera LSIs
- Graphic LSIs
- Image processing LSIs  
(Development expenses)
- Wireless communication LSIs
- Cable LAN LSIs

### <Development stage>

- Security camera LSI (Completed)
- Image processing LSI ① (ES: August; MP: 06/4 forecast)
- Image processing LSI ② (ES: Being evaluated; MP: 06/3 forecast)
- Wireless communication LSI (CS: August; MP: 05/9 forecast)
- Cable LAN LSIs (ES: Being evaluated; MP: 05/8 forecast)

# Electronic Components Sales Breakdown

## Sales Results/Forecasts

Unit: ¥100 million; Year-on-year figures represent growth rates

	2004/3	2005/3	% Chg. YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg. YoY (05/3-06/3)
Display Devices	467	486	+4.1%	510	+4.9%
Power Supplies	63	74	+17.5%	80	+8.1%
Mechanical Components	610	601	(1.5%)	535	(11.0%)
<b>Total</b>	<b>1,140</b>	<b>1,161</b>	<b>+1.8%</b>	<b>1,125</b>	<b>(3.1%)</b>

### <2005/3 Results>

**[Display Devices] Increase in LCDs for PDAs.**

**[Power Supplies] Increase in amplifiers for mobile phone base stations, power supplies for measuring instruments and batteries for digital still cameras.**

**[Mechanical Components] Decrease in electric wiring harnesses for mobile phones and switches for digital still cameras.**

### <2006/3 Forecasts>

**[Display Devices] Continued increase in LCDs for PDAs.**

**[Power Supplies] Increase in batteries for mobile phones.**

**[Mechanical Components] Decrease in cradles for digital still cameras, connectors for personal computers and modules for mobile phones.**

# Electronic Equipment Sales Breakdown

## Sales Results/Forecasts

Unit: ¥100 million; Year-on-year figures represent growth rates

	2004/3	2005/3	% Chg.YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg.YoY (05/3-06/3)
Facility Equipment	94	102	+8.5%	102	+0.0%
System Equipment	125	147	+17.6%	140	(4.8%)
Total	219	249	+13.7%	242	(2.9%)

### <2005/3 Results>

**[Facility Equipment]** Increase in wafer inspection systems and analytic equipment.

**[System Equipment]** Increase in system equipment for office automation equipment.

### <2006/3 Forecasts>

**[Facility Equipment]** Increase in sputtering systems for HDD media.

**[System Equipment]** Decrease in system equipment for office automation equipment.

# Ryosan Products Sales Breakdown

## Sales Results/Forecasts

Unit: ¥100 million; Year-on-year figures represent growth rates

	2004/3	2005/3	% Chg.YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg.YoY (05/3-06/3)
Domestic	58	62	+6.9%	58	(6.5%)
Overseas	12	16	+33.3%	15	(6.3%)
Total	69	77	+11.4%	73	(6.1%)

### <2005/3 Results>

**[Domestic] Increase in heatsinks for measuring equipment and machine tools.**

**[Overseas] Increase in heatsinks for TVs and home AV equipment.**

### <2006/3 Forecasts>

**[Domestic] Decrease in heatsinks for measuring equipment.**

**[Overseas] Decrease in heatsinks for TVs and home AV equipment.**

# Overseas Sales Breakdown

## Sales Results/Forecasts

Unit: ¥100 million; Year-on-year figures represent growth rates

	2004/3	2005/3	% Chg. YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg. YoY (05/3-06/3)
Overseas	882	1,074	+21.8%	1,130	+5.2%
Chinese Market	264	310	+17.4%	360	+16.1%
Local Mkts	57	106	+86.0%	155	+46.2%
Shift Mkts	207	204	(1.4%)	205	+0.5%

※Approximately 39% of total overseas sales was to Japanese companies. (Results for the year ended March 31, 2005)

### <2005/3 Results>

#### [Local Market]

- Increased electronic component sales by starting sales to local companies manufacturing digital home appliances.
- Increased component demand from local companies that have received relocated production from foreign companies (EMS).

#### [Shift Market]

- DVDs, DSCs and other digital home appliances sold well in the first half of the year, but lost momentum in second half.

### <2006/3 Forecasts>

#### [Local Market]

- Greatly increased sales in automotive and audio markets mainly due to launch of system solutions business in China.

#### [Shift Market]

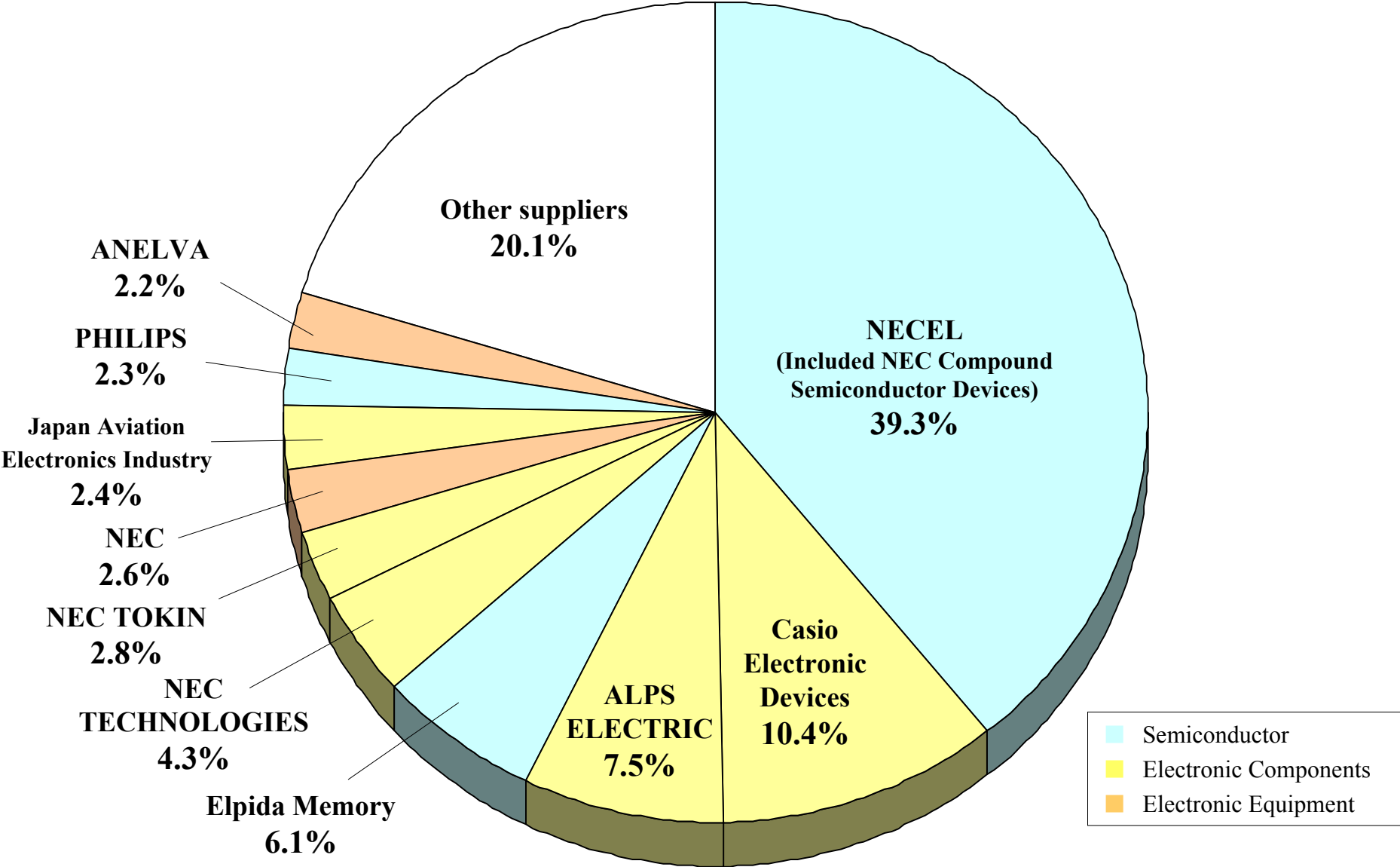
- Slight increase in sales, after recovery in the second half of the year from stalled digital home appliance sales in the first of the year, and from responding to China-related business risks.

## Key Clients Ranked by Ryosan's Consolidated Sales

	Top 1-10	Top 11-20	Top 21-30	Top 31-40
Clients (alphabetical order)	Alps Electric CASIO Fuji Photo film HITACHI MiTAC Mitsubishi Electric NEC Pantech & Curitel Pioneer SANYO	Advantest Alpine Bussan Microelectronics Calsonic Kansei Fujitsu Furuno Electric JVC Matsushita Electric Industrial MINTON OPTIC SHARP	Clarion HYUNDAI ELECTRONICS Japan Radio KENWOOD Nikon Nintendo SANYO EPSON IMAGING DEVICES TDK TOSHIBA YAMAHA	Brother Industries DENSO Hitachi Kokusai Electric Matsushita Electric Works OMRON SEGA Sumitomo Electric Industries TAKATA YASUKAWA Electric YAZAKI METER
Percentage sales of all clients	(Top 10) 45%	(Top 20) 58%	(Top 30) 66%	(Top 40) 70%

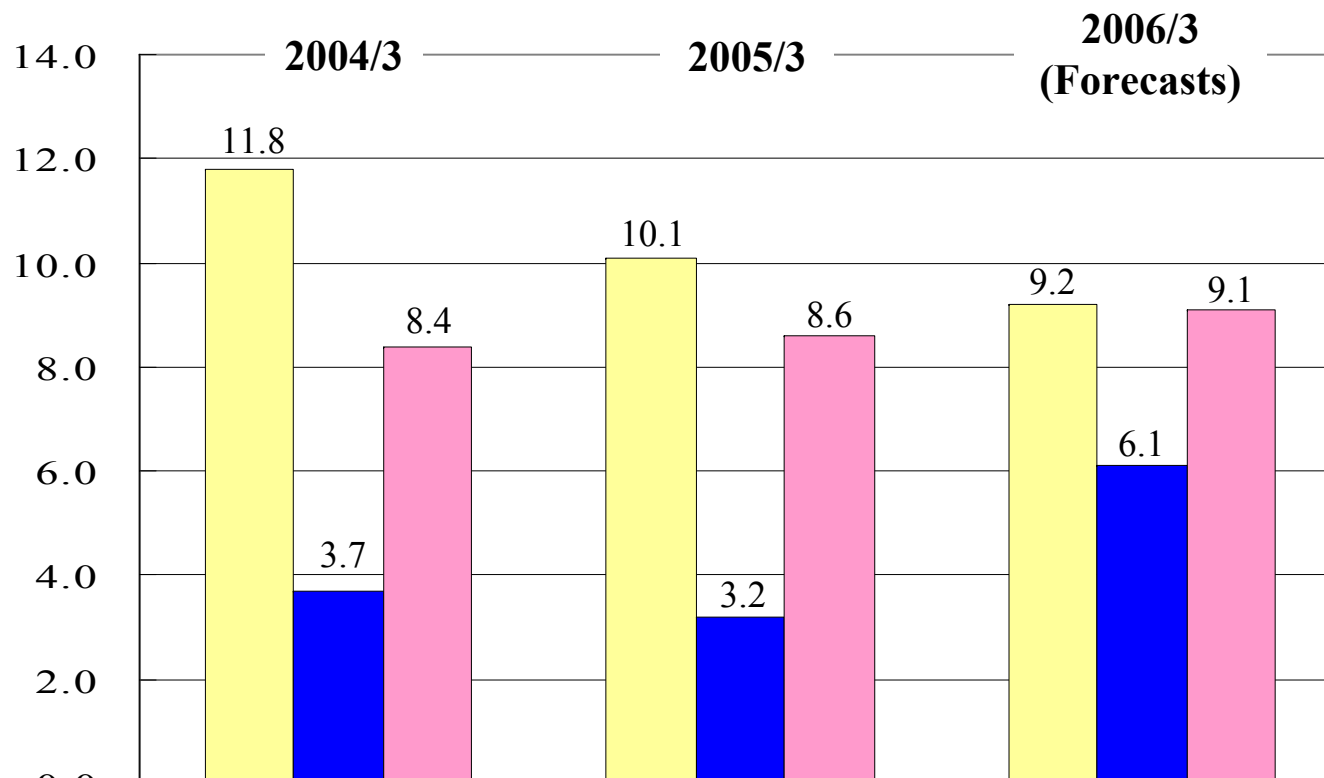
※Rank and percentage are based on results for the year ended March 31, 2005.

# Main Suppliers



※Percentage share is based on sales of supplier's products for the year ended March 31, 2005.

# R&D, Capex and Depreciation



	2004/3	2005/3	% Chg. YoY (04/3-05/3)	2006/3 (Forecasts)	% Chg. YoY (05/3-06/3)
<span style="color: yellow;">■</span> R&D	11.8	10.1	(14.4%)	9.2	(8.9%)
<span style="color: blue;">■</span> Capex	3.7	3.2	(13.5%)	6.1	+90.6%
<span style="color: pink;">■</span> Depreciation	8.4	8.6	+2.4%	9.1	+5.8%
<b>Total</b>	<b>23.9</b>	<b>21.9</b>	<b>(8.4%)</b>	<b>24.4</b>	<b>+11.4%</b>

Unit: ¥100 million; Year-on-year figures represent growth rates