

# **FY2006 Results Meeting**

**FY2006 : Year ended March 31, 2007**

**May 18, 2007**

**Ryosan Company, Limited**

Code : 8140 / Stock listings: Tokyo Stock Exchange (First Section)

URL : <http://www.ryosan.co.jp/eng/>

**RYOSAN**

## 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 the fiscal year ended March 31, 2007

Unit : ¥ 100 million, %

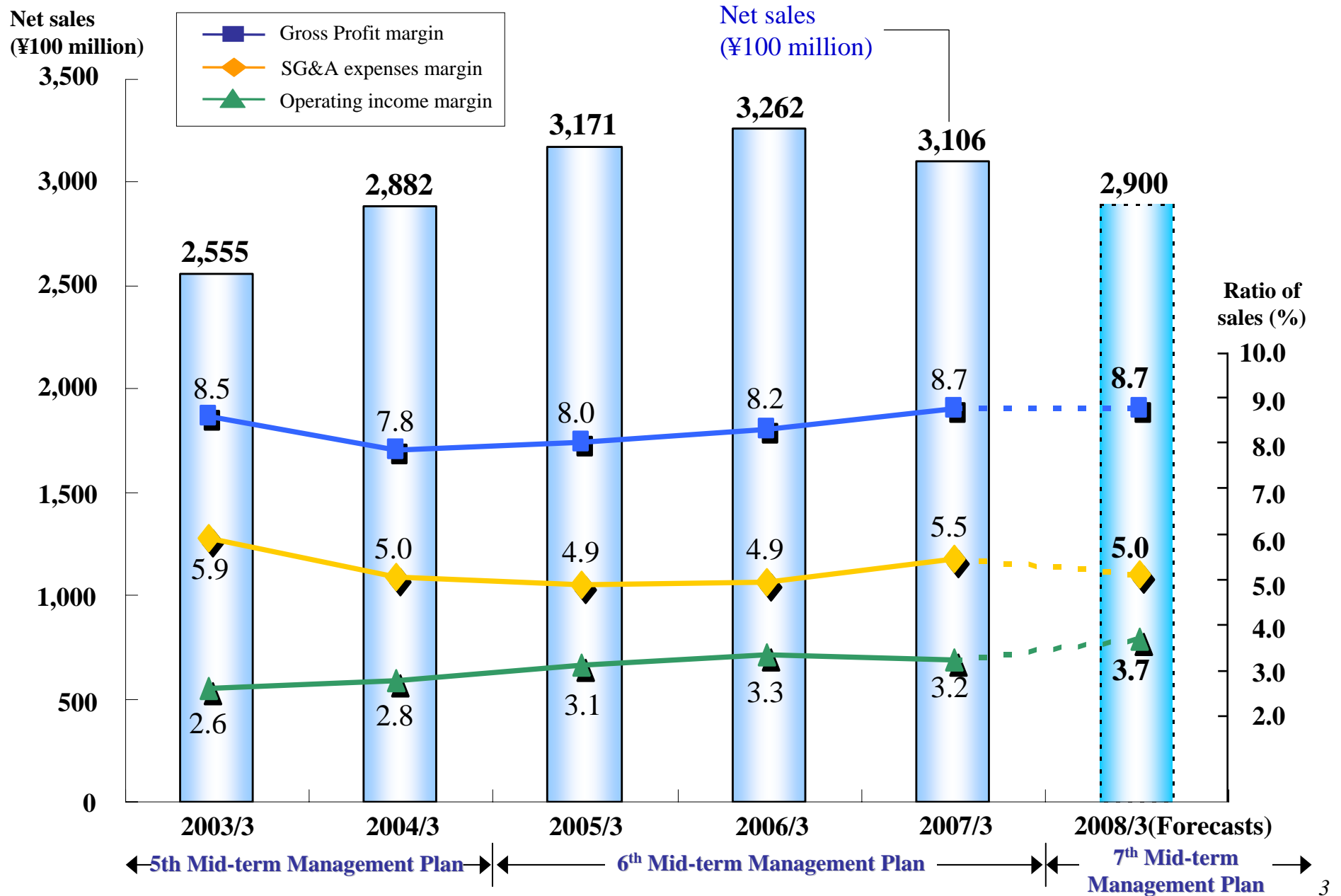
	2006/3		2007/3			2008/3(Forecasts)		
		Of Total		Of Total	% Chg. YoY		Of Total	% Chg. YoY
	¥ 100 million	%	¥ 100 million	%	%	¥ 100 million	%	%
Net sales	3,262		3,106		(4.8)	2,900		(6.6)
Gross margin	269	8.2	269	8.7	+0.2	254	8.7	(5.8)
SG&A expenses	161	4.9	169	5.5	+4.9	147	5.0	(12.9)
Operating income	108	3.3	100	3.2	(6.8)	107	3.7	+6.3
Ordinary income	107	3.3	103	3.3	(3.0)	110	3.8	+6.2
Net income	66	2.0	63	2.0	(3.4)	66	2.3	+3.7
Earnings per share	¥178.38		¥174.54		(¥4)	¥180.96		+ ¥6

## Segment results for the fiscal year ended March 31, 2007

Unit : ¥ 100 million, %

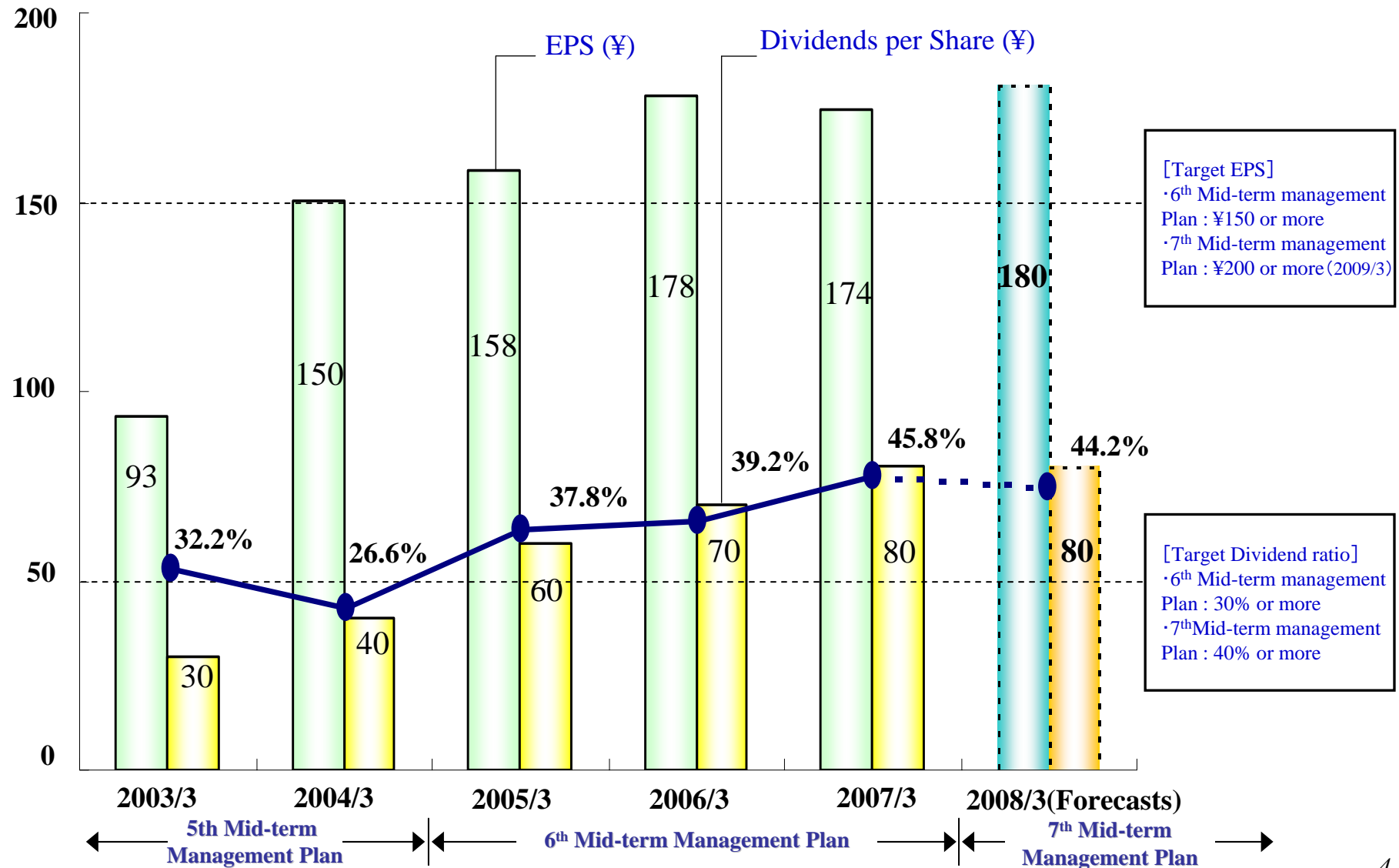
		2006/3		2007/3			2008/3 (Forecasts)		
			OP Margin		OP Margin	% Chg. YoY		OP Margin	% Chg. YoY
Semiconductors	Sles	1,768		1,690		(4.4)	1,570		(7.1)
	OP	74	4.2%	80	4.8%	+8.2	78	5.0%	(3.6)
Electronic Components	Sles	1,180		1,031		(12.7)	980		(4.9)
	OP	52	4.4%	36	3.5%	(31.2)	43	4.4%	+19.5
Electronic Equipment	Sles	244		307		+25.9	270		(12.1)
	OP	7	2.9%	11	3.4%	+45.5	8	3.0%	(24.2)
Ryosan Products (Heat sinks)	Sles	69		78		+13.1	80		+1.8
	OP	6	9.1%	6	8.2%	+2.2	7	8.8%	+8.6
Unallocable Operating expenses		(32)	-	(33)	-	-	(29)	-	-
Consolidated	Sles	3,262		3,106		(4.8)	2,900		(6.6)
	OP	107	3.3%	100	3.2%	(6.8)	107	3.7%	+6.3

# Consolidated results Trend



# Trends in cash Dividends per Share and Earnings per Share (EPS)

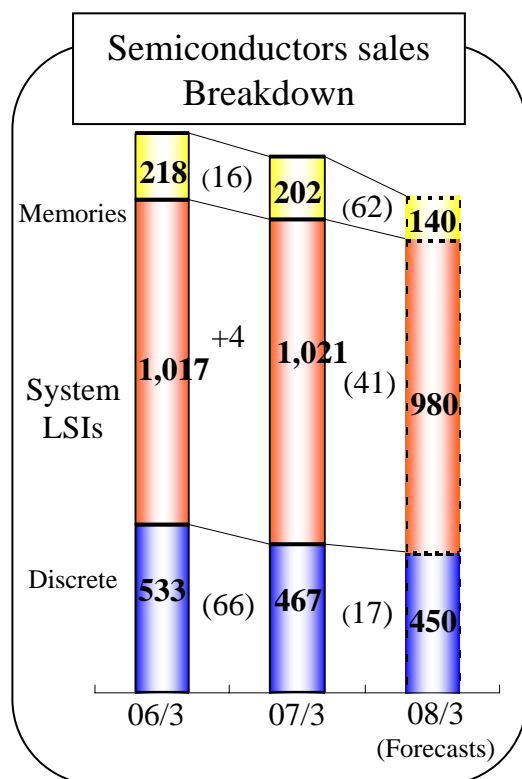
EPS (¥) /  
Dividends per Share (¥)



# Semiconductors Sales Breakdown (By Product)

Unit : ¥ 100 million, %

	2006/3	2007/3		2008/3(Forecasts)	
			% Chg. YoY		% Chg. YoY
Memories	218	202	(7.3)	140	(30.6)
System LSIs	1,017	1,021	+0.4	980	(4.0)
Discrete	533	467	(12.3)	450	(3.6)
<b>Total</b>	<b>1,768</b>	<b>1,690</b>	<b>(4.4)</b>	<b>1,570</b>	<b>(7.1)</b>



## 《 2007/3 Results 》

[Memories] Decrease attributed to the shift to a direct sales policy for certain Elpida memory products from the second half of fiscal 2006.

[System LSIs] Increase in NEC Electronics ASICs and ASSPs, decrease in NEC Electronics microcomputers. Stagnant results in NXP system LSIs, drop in overseas semiconductor LSIs.

[Discrete] Significant decline in LCD drivers ICs.

## 《 2008/3 Forecasts 》

[Memories] Decrease attributed to the direct sales of certain Elpida memory products.

[System LSIs] Decrease in NEC Electronics ASICs and ASSPs, increase in NEC Electronics microcomputers. Increase in NXP system LSIs.

[Discrete] Decline in LCD drivers ICs.

Note: Certain figures for the fiscal year ended March 31, 2006 have been restated to coincide with SBU changes implemented in the fiscal year ended March 31, 2007.

# Semiconductors Sales Breakdown (By suppliers①)

Unit : ¥ 100 million, %

	2006/3	2007/3		2008/3(Forecasts)	
			% Chg. YoY		% Chg. YoY
NEC Electronics	1,303	1,299	(0.3)	1,227	(5.5)
(ASIC / ASSP)	551	566	+2.7	477	(15.7)
(Microcomputer)	302	293	(2.9)	316	+7.8
(LCD drivers ICs)	142	114	(19.7)	86	(24.5)
(Compound Semiconductor Devices)	116	126	+8.6	141	+11.9

## 《 2007/3 Results 》

- [ASIC / ASSP] Despite a decline in photo printer ASICs, increase in EMMAs, DSCs, system LSIs for car audio equipment use and related products.
- [Microcomputer] Decrease attributed to the drop in unit prices of car audio equipment microcomputers.
- [LCD drivers ICs] Drop in sales to overseas customers of large TFT drivers for monitors.
- [Compound Semiconductor Devices] Increase in couplers and optical metal-oxide semiconductors (MOS) to the industrial sector.

## 《 2008/3 Forecasts 》

- [ASIC / ASSP] Despite an increase in EMMAs, decrease in DVD drives and system LSIs for DSCs.
- [Microcomputer] Decrease owing to the shift to 1-chip car audio equipment.
- [LCD drivers ICs] Drop in sales to overseas customers of large TFT drivers for monitors.
- [Compound Semiconductor Devices] Continued robust results in couplers and optical MOSs to the industrial sector.

# Semiconductors Sales Breakdown (By suppliers②)

Unit : ¥ 100 million, %

	2006/3	2007/3		2008/3(Forecasts)	
				% Chg. YoY	
NXP Semiconductors	108	105	(2.7)	111	+5.7
(System LSIs)	93	94	+1.0	107	+13.8
Elpida Memory	166	157	(5.4)	86	(45.2)
Overseas Semiconductor	140	73	(47.8)	88	+20.5
(Memories)	36	34	(5.5)	40	+17.6
(LCD driver ICs)	89	31	(65.1)	29	(6.4)

## 《 2007/3 Results 》

[NXP semiconductors] Increase in TV tuners, RFIDs and related products, decrease in general-purpose products.

[Elpida Memory] Decline attributed to the shift to direct sales for certain products from the second half of the fiscal year.

[Overseas Semiconductors] Firm sales of SIMMs for OA equipment. Substantial decrease in compact TFT drivers for cellphone use.

## 《 2008/3 Forecasts 》

[NXP semiconductors] Increase in TV tuners, RFIDs and automotive system LSIs.

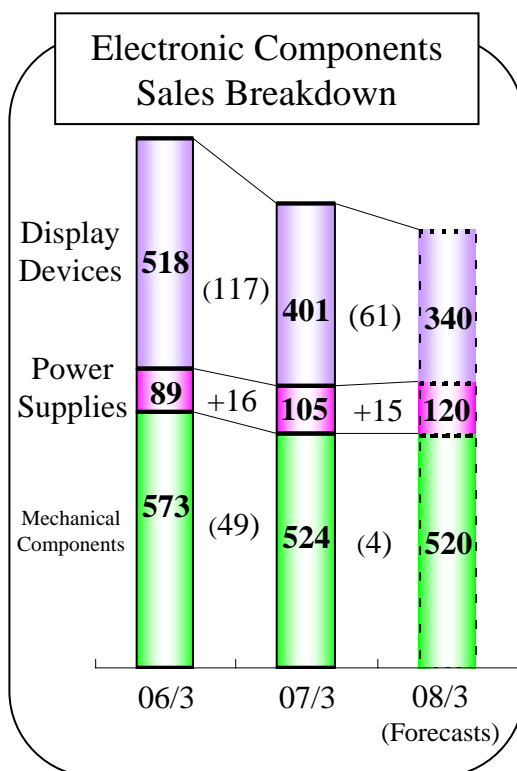
[Elpida Memory] Sharp decrease due to the shift to direct sales for certain products. (Decrease for use in servers and cellphones. Increase for use in digital AV equipment.)

[Overseas Semiconductors] Firm sales of SIMMs for OA equipment. Increase in display drivers for organic electroluminescence (EL) use, significant decrease for compact TFT use.

# Electronic Components Sales Breakdown (By product)

Unit : ¥ 100 million, %

	2006/3	2007/3		2008/3(Forecasts)	
			% Chg. YoY		% Chg. YoY
Display Devices	518	401	(22.5)	340	(15.2)
Power Supplies	89	105	+17.9	120	+14.2
Mechanical Components	573	524	(8.5)	520	(0.8)
<b>Total</b>	<b>1,180</b>	<b>1,030</b>	<b>(12.7)</b>	<b>980</b>	<b>(4.9)</b>



## 《 2007/3 Results 》

[Display Devices]  
[Power Supplies]

[Mechanical Components]

Substantial drop in LCDs for PDAs and DSCs.

Increase in power supplies for cellphone base stations and rechargeable batteries for DCSs and cellphones.

Decrease in radio frequency modules for ETCs and modules for cellphones.

## 《 2008/3 Forecasts 》

[Display Devices]  
[Power Supplies]

[Mechanical Components]

Decrease in LCDs for PDAs, cellphones and DSCs.

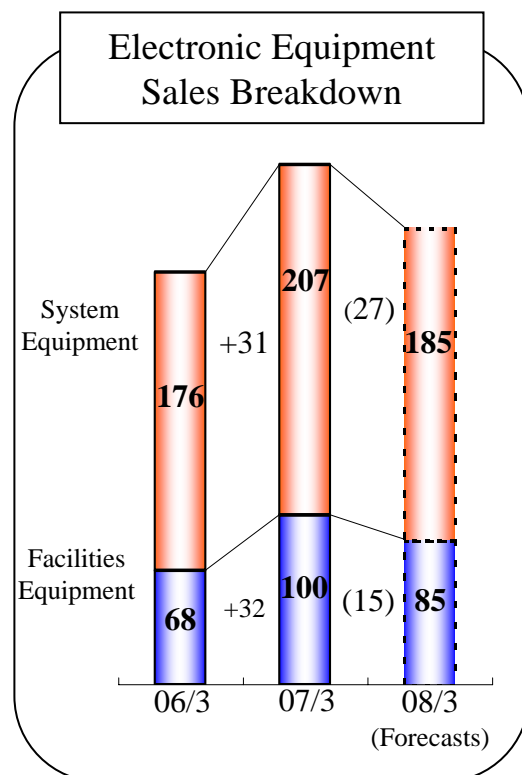
Increase in rechargeable batteries for DCSs, DVD camcorder and cellphones.

Drop in condensers for cellphones, decline in battery chargers.

# Electronic Equipment Sales Breakdown (By product)

Unit : ¥ 100 million, %

	2006/3	2007/3		2008/3(Forecasts)	
			% Chg. YoY		% Chg. YoY
System Equipment	176	207	+17.6	185	(10.6)
Facilities Equipment	68	100	+47.0	85	(15.0)
Total	244	307	+25.9	270	(12.1)



## 《 2007/3 Results 》

[System Equipment] Increase in boards for automotive ETCs and car navigation devices.

[Facilities Equipment] Increase in solar battery panel manufacturing equipment and equipment for manufacturing magnetic heads.

## 《 2008/3 Forecasts 》

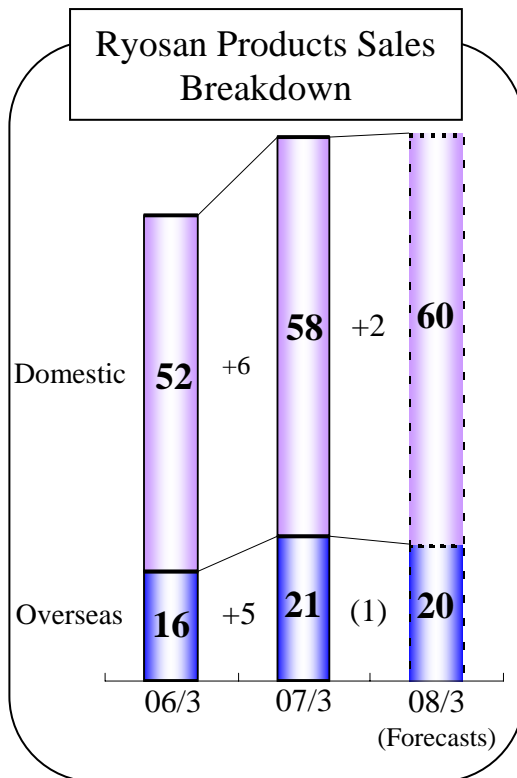
[System Equipment] Decrease in systems equipment for MFPs and POSs.

[Facilities Equipment] Decrease in solar battery panel manufacturing equipment.

# Ryosan Products Sales Breakdown (By area)

Unit : ¥ 100 million, %

	2006/3	2007/3		2008/3(Forecasts)	
			% Chg. YoY		% Chg. YoY
Domestic	52	58	+11.5	60	+3.4
Overseas	16	21	+31.2	20	(4.7)
Total	69	79	+13.1	80	+1.8



## 《 2007/3 Results 》

[Domestic] Increase in heat sinks for measuring equipment and flat-screen televisions.

[Overseas] Increase in heat sinks for audio use and flat-screen televisions.

## 《 2008/3 Forecasts 》

[Domestic] Increase in heat sinks for FA equipment and air-conditioning equipment.

[Overseas] Decrease in heat sinks for printers and audio use.

# Overseas Sales Breakdown

Unit : ¥ 100 million, %

	2006/3		2007/3			2008/3(Forecasts)		
	¥ 100 million	Of Total %	¥ 100 million	Of Total %	% Chg. YoY	¥ 100 million	Of Total %	% Chg. YoY
<b>Consolidated net sales</b>	<b>3,262</b>		<b>3,106</b>		<b>(4.8)</b>	<b>2,900</b>		<b>(6.6)</b>
<b>Domestic</b>	<b>2,059</b>	<b>63.1</b>	<b>2,008</b>	<b>64.6</b>	<b>(2.5)</b>	<b>1,860</b>	<b>64.1</b>	<b>(7.4)</b>
<b>Overseas</b>	<b>1,203</b>	<b>36.9</b>	<b>1,098</b>	<b>35.4</b>	<b>(8.7)</b>	<b>1,040</b>	<b>35.9</b>	<b>(5.3)</b>
<b>Chinese Market</b>	<b>410</b>	<b>12.6</b>	<b>417</b>	<b>13.4</b>	<b>+1.7</b>	<b>435</b>	<b>15.0</b>	<b>+4.3</b>

# Key Clients

## 《Top 40》

	Top 1-10	Top 11-20	Top 21-30	Top 31-40
<b>Clients</b> (alphabetical order)	ALPS Electric CASIO DENSO FUJIFILM Holdings Corporation HITACHI JVC Mitsubishi Electric NEC PIONEER SANYO	ADVANTEST ALPINE Bussan Microelectronics Brother Industries Calsonic Kansei FUJITSU Matsushita Electric Pantech & Curitel (K) MITAC (T) TOSHIBA	Clarion Furuno Electric Japan Radio KENWOOD NIKON NINTENDO SEGA Sumitomo Electric Industries TAKATA YAMAHA	Hitachi Kokusai Electric Hyundai(K) IZUMI Products Matsushita Electric Works OMRON SHARP TAIYO YUDEN TDK YASUKAWA Electric YAZAKI meter
<b>Percentage Sales of all clients</b>	(Top 10) <b>45%</b>	(Top 20) <b>59%</b>	(Top 30) <b>66%</b>	(Top 40) <b>70%</b>

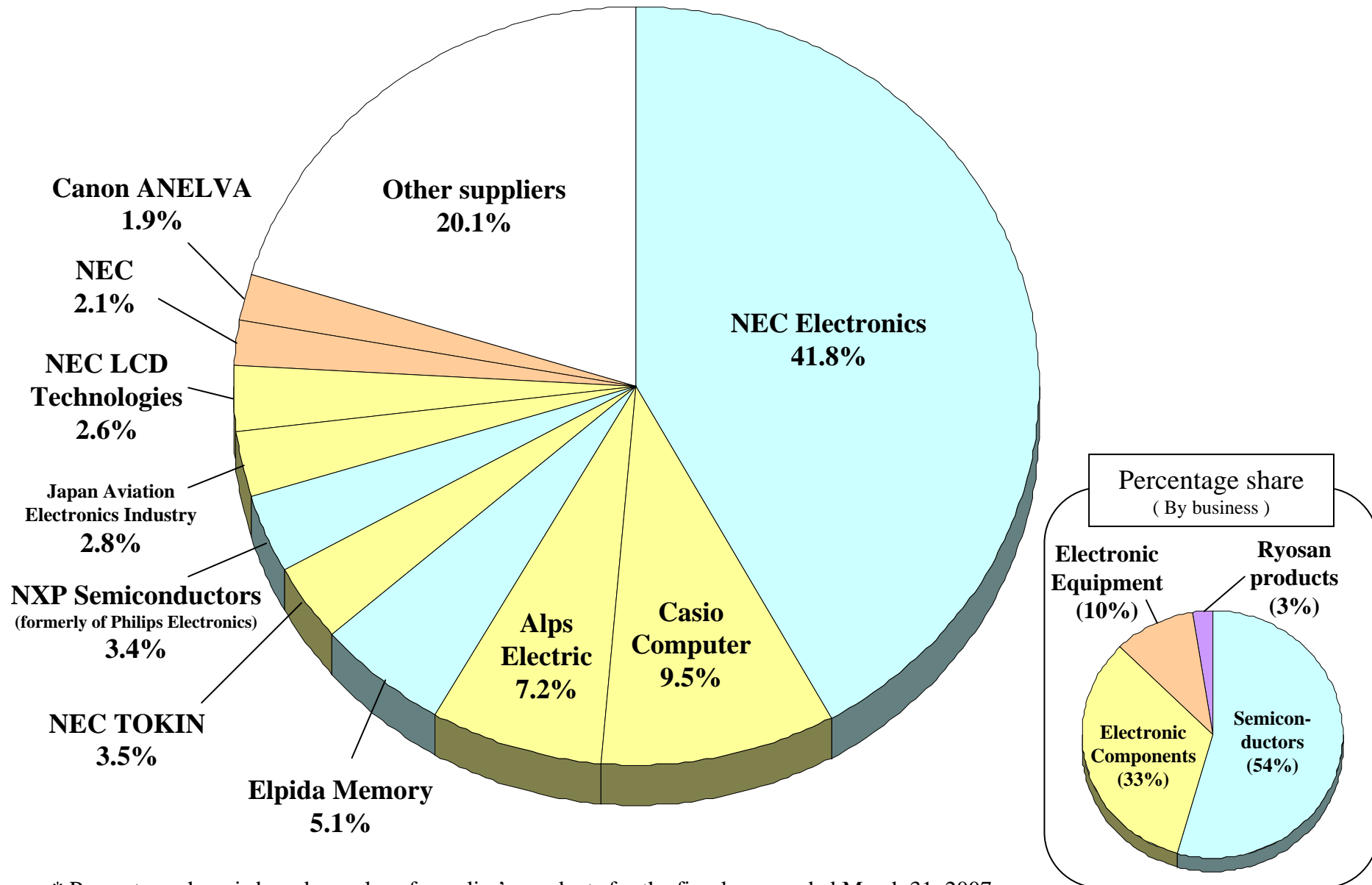
## 《Top 5 (by business)》

Semiconductor	Electronic Equipment
CASIO FUJIFILM HITACHI Mitsubishi Electric PIONEER	DENSO FUJIFILM HITACHI NEC SEGA
( Top 5 ) <b>42%</b>	( Top 5 ) <b>49%</b>
Electronic Components	Ryosan Product
CASIO FUJIFILM MITAC (T) NEC SANYO	DENSO FUNAC HITACHI Matsushita Electric Mitsubishi Electric
( Top 5 ) <b>28%</b>	( Top 5 ) <b>32%</b>

\* Rank and percentage share are based on results for the fiscal year ended March 31, 2007.

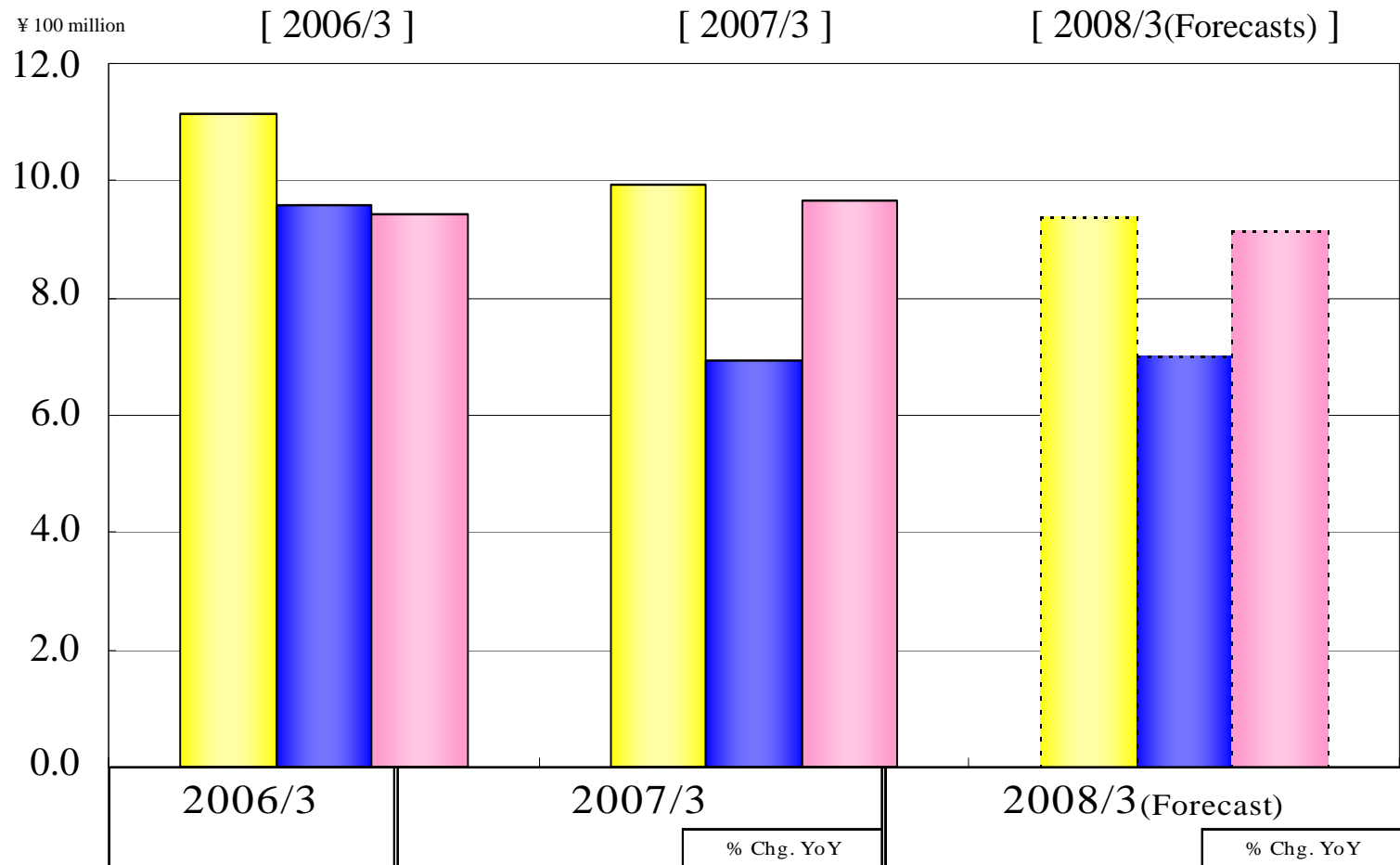
\* (T) denotes a Taiwanese company, (K) a Korean company.

# Main suppliers



\* Percentage share is based on sales of supplier's products for the fiscal year ended March 31, 2007.

# R&D, Capex and Depreciation



	2006/3	2007/3	% Chg. YoY	2008/3(Forecast)	% Chg. YoY
■ R&D	¥ 100 million 11.2	¥ 100 million 9.9	(11.0)%	¥ 100 million 9.4	(5.3)%
■ Capex	9.6	6.9	(27.5)	7.0	+0.9
■ Depreciation	9.4	9.7	+2.3	9.1	(5.3)

Unit : ¥ 100 million, %

# [Reference] Sales Ratio by Industry and Business Type

