

# **FY2009 Results Meeting**

**FY2009 : Year ended March 31, 2010**

**May 25, 2010**

**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

# Overview of Consolidated results

Unit: ¥ 100 million

	FY2008		FY2009			FY2010 (Forecasts)			
		Of Total		Of Total	% Chg. YoY		Of Total	% Chg. YoY	
Net sales	2,208	%	1,943	%	(12.0)%	2,150	%	+10.6%	
Gross margin	196	8.9	168	8.7	(14.0)	185	8.6	+9.7	
SG&A expenses	134	6.1	120	6.2	(10.3)	119	5.5	(1.5)	
Operating income	61	2.8	47	2.5	(22.1)	66	3.1	+37.9	
Ordinary income	72	3.3	53	2.7	(26.9)	72	3.3	+35.5	
Net income	39	1.8	28	1.5	(26.8)	42	2.0	+46.5	
Earnings per share	¥111.83		¥83.21			(¥28.6)	¥121.86		+¥38.6

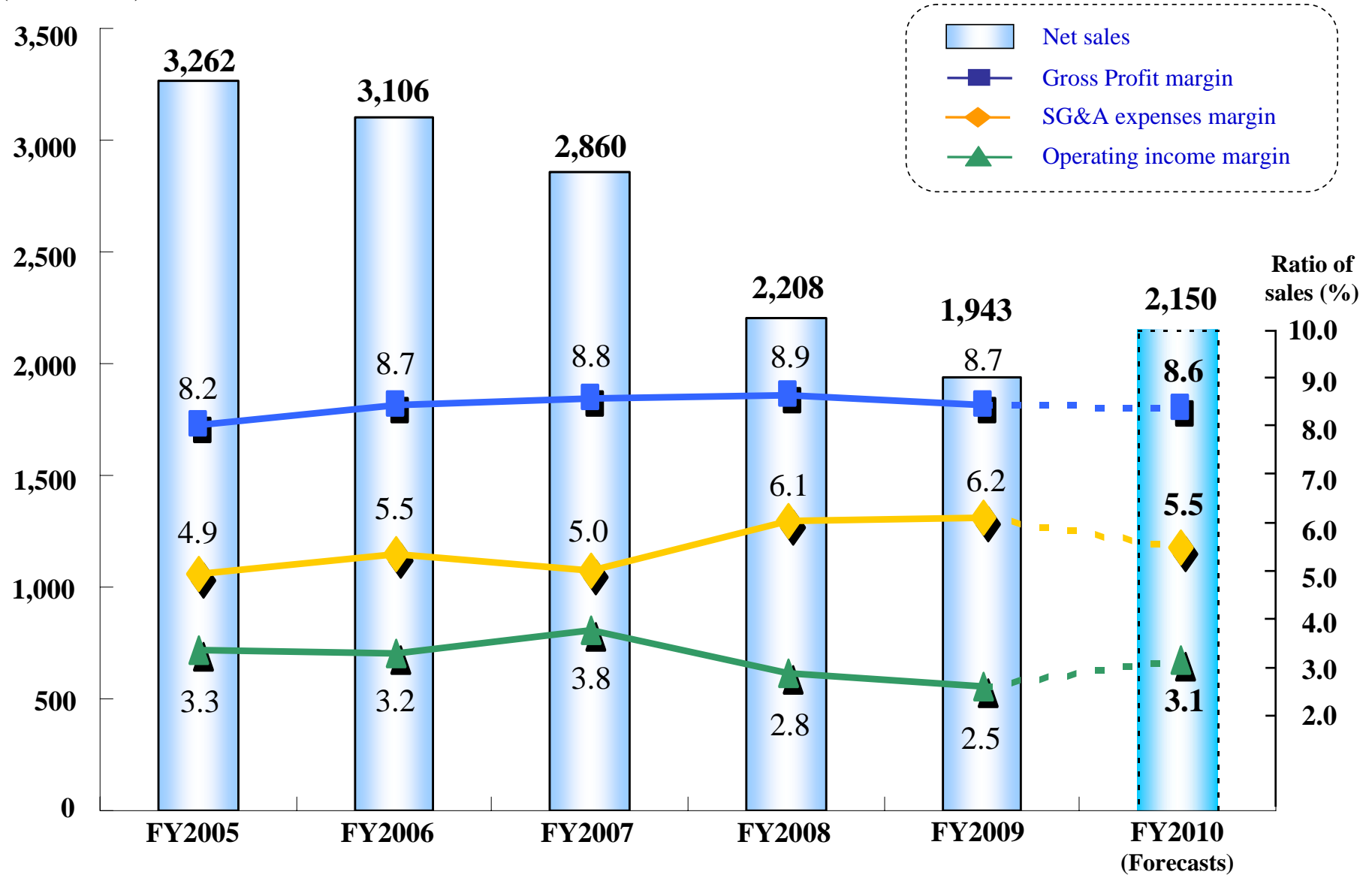
# Segment Information by Business Type

Unit: ¥ 100 million

		FY2008		FY2009			FY2010 (Forecasts)		
			OP Margin		OP Margin	% Chg. YoY		OP Margin	% Chg. YoY
Semiconductors	Sales	1,169	%	1,015	%	(13.2) <sup>%</sup>	1,250	%	+23.1 <sup>%</sup>
	Operating income	48	4.2	33	3.3	(31.9)	53	4.2	+59.2
Electronic Components	Sales	759		604		(20.4)	607		+0.4
	Operating income	28	3.7	23	3.8	(17.9)	23	3.9	+1.4
Electronic Equipment	Sales	213		276		+29.7	230		(16.8)
	Operating income	4	2.1	7	2.8	+74.1	4	1.9	(43.0)
Ryosan Products (Heat sinks)	Sales	67		47		(29.7)	63		+33.5
	Operating income	5	7.7	3	8.4	(22.5)	7	11.1	+75.9
Unallocable Operating expenses		▲25	-	▲20	-	-	▲21	-	-
Consolidated	Sales	2,208		1,943		(12.0) <sup>%</sup>	2,150		+10.6 <sup>%</sup>
	Operating income	61	2.8 <sup>%</sup>	47	2.5 <sup>%</sup>	(22.1) <sup>%</sup>	66	3.1 <sup>%</sup>	+37.9 <sup>%</sup>

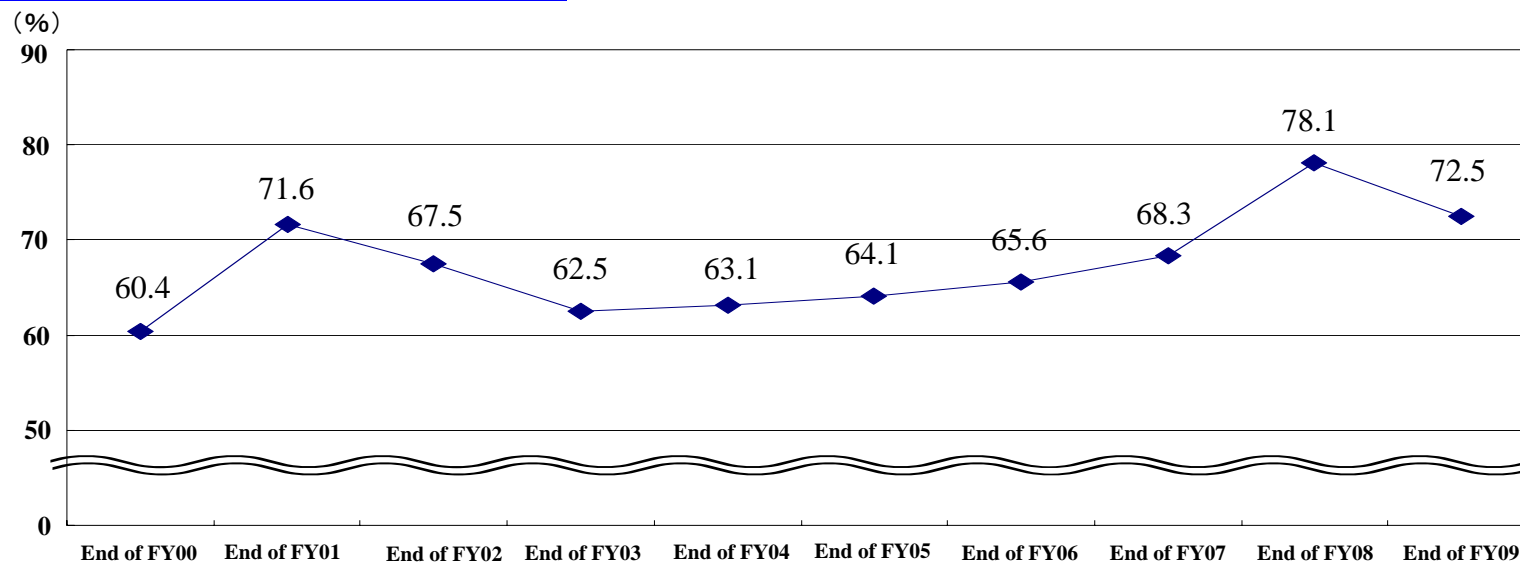
# Consolidated results Trend

(¥100 million)

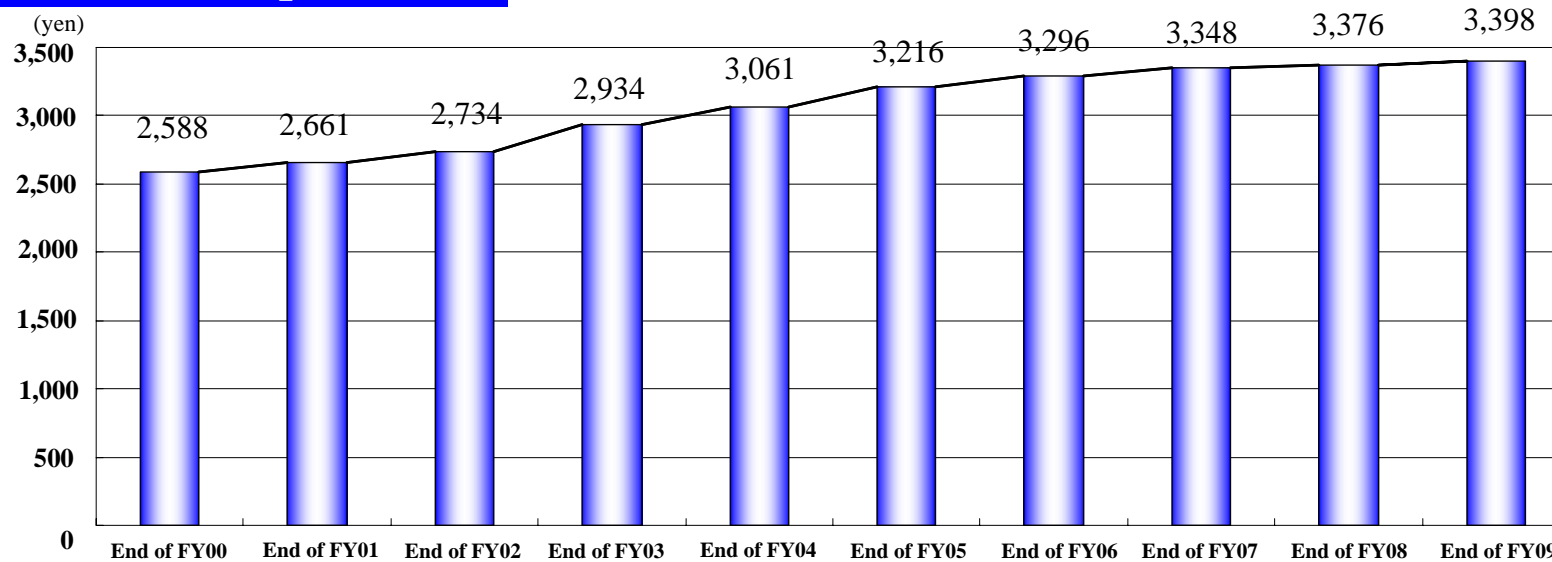


# Trend in net assets to total assets, net assets per share

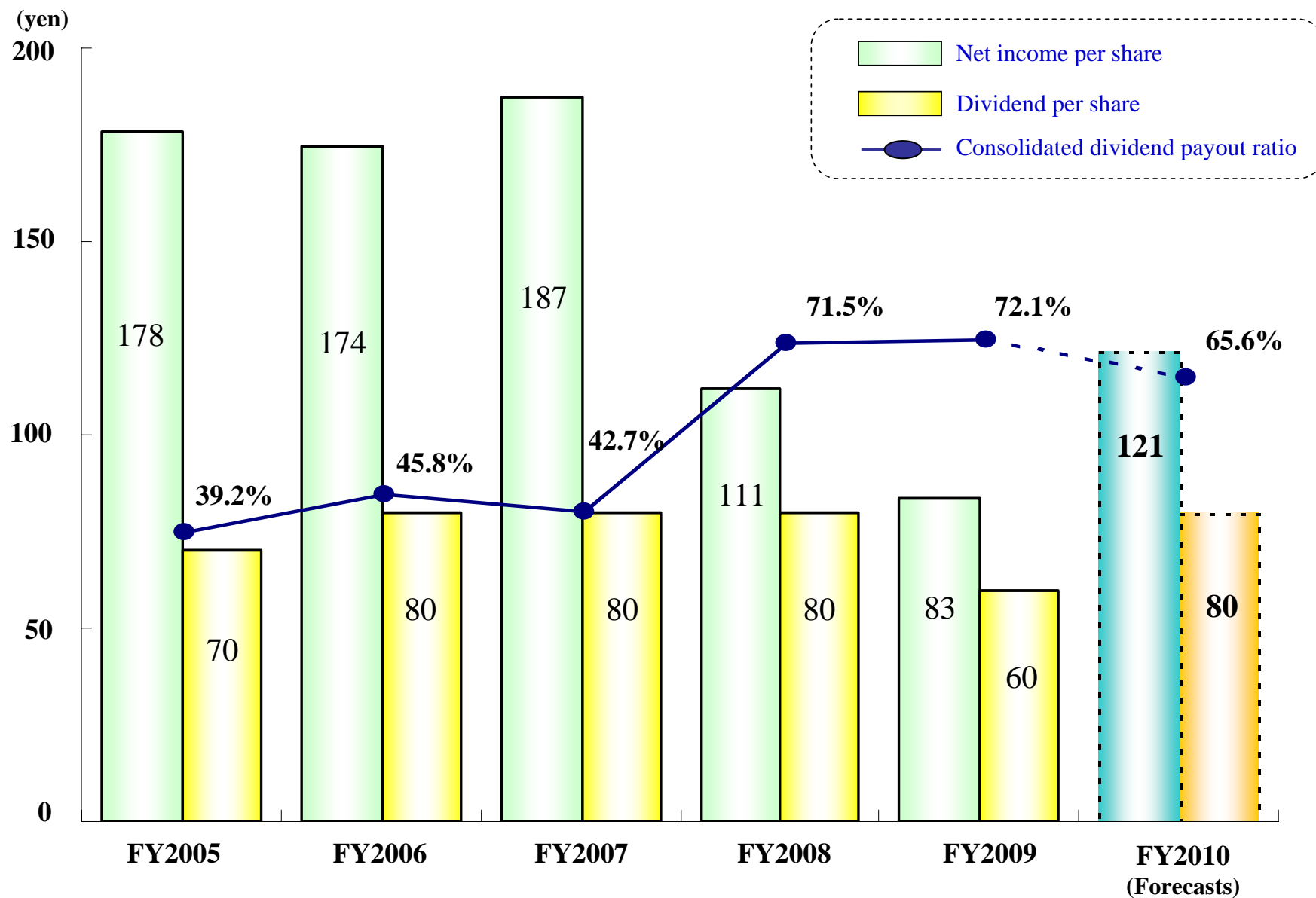
## Trend in net assets to total assets



## Trend in net assets per share



# Trend in net income and dividend per share



## Basic policy regarding the allocation of profits

- In fiscal 2009, our business performance worsened significantly, and so we had no choice but to decrease dividend to shareholders.
- Our basic policy for returning profit to shareholders has been “incremental yet steady and sustained increases,” but we would like to revise it as follows:

### **(Basic policy regarding the allocation of profits)**

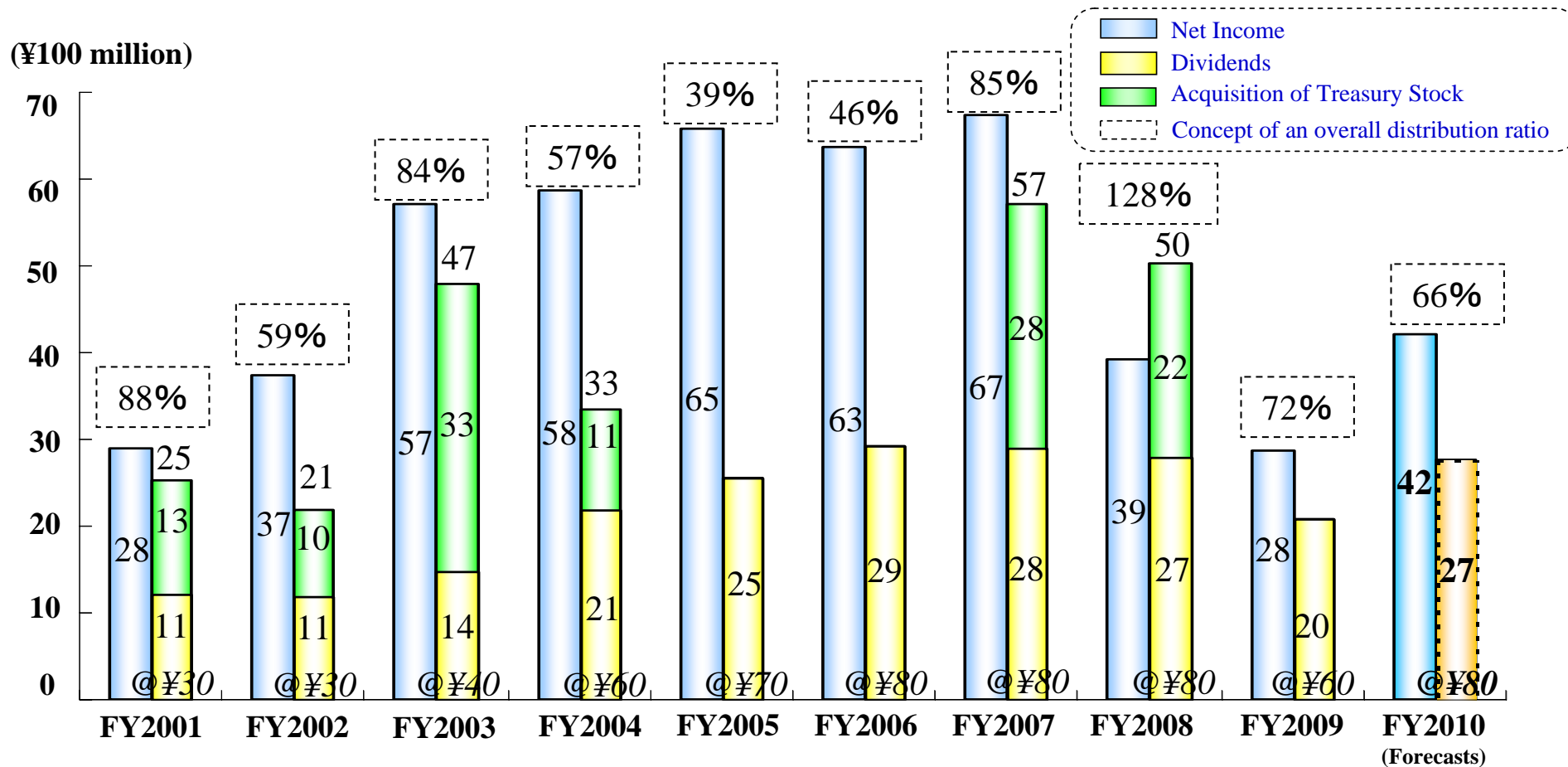
Ryosan recognizes that the return of profits to shareholders is an important business priority. At the same time, the Company works to increase consolidated basic net income per share. Accordingly, Ryosan’s fundamental policy is to *continue high dividend payout in profits returned to shareholders, and the Company is targeting a consolidated dividend payout ratio of 50% or more.*

*With regard to purchasing of own shares, the Company plans to make decisions in an integrated manner, with consideration given to trends in consolidated results and other matters.*



**【Reference】**

## Trends in Net Income, Dividends, and Acquisition of Treasury Stock



### 《Trends in Acquisition of Treasury Stock》

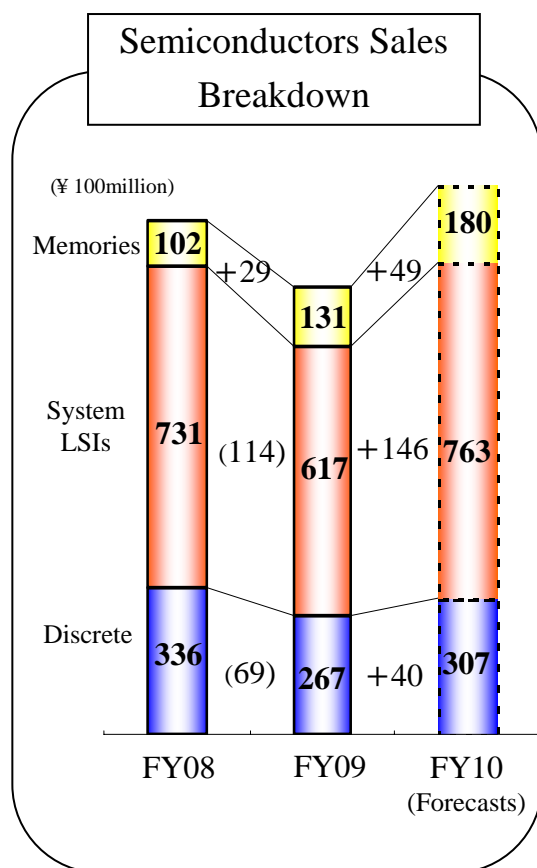
	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Total
Amount (¥ 100 million)	13.2	10.1	33.1	11.3	-	-	28.8	22.5	-	TBD	119.0
Number of stocks (1,000 shares)	924	895	2,001	483	-	-	1,000	1,000	-	TBD	6,303

# Semiconductors Sales Breakdown (By Product)

Unit: ¥ 100 million

		FY2008		FY2009			FY2010 (Forecasts)		
			Of Total		Of Total	% Chg. YoY		Of Total	% Chg. YoY
Memories		<b>102</b>	<b>8.7%</b>	<b>131</b>	<b>12.9%</b>	<b>+28.4%</b>	<b>180</b>	<b>14.4%</b>	<b>+37.4%</b>
System LSIs	(Microcomputer)	273	23.4	269	26.5	(1.5)	328	26.2	+21.9
	(ASIC / ASSP)	458	39.2	348	34.3	(24.0)	435	34.8	+25.0
		<b>731</b>	<b>62.5</b>	<b>617</b>	<b>60.8</b>	<b>(15.6)</b>	<b>763</b>	<b>61.0</b>	<b>+23.7</b>
Discrete	(LCD drivers ICs)	69	5.9	30	3.0	(56.5)	13	1.0	(56.7)
	(Compound Semiconductor Devices)	108	9.2	94	9.3	(13.0)	109	8.7	+16.0
	(Others)	159	13.6	143	14.1	(10.1)	185	14.8	+29.4
	<b>336</b>	<b>28.7</b>	<b>267</b>	<b>26.3</b>	<b>(20.5)</b>	<b>307</b>	<b>24.6</b>	<b>+15.0</b>	
<b>Total</b>		<b>1,169</b>		<b>1,015</b>		<b>(13.2)</b>	<b>1,250</b>		<b>+23.1</b>

# Semiconductors Sales Breakdown (By Product)



## 《Result for fiscal 2009》

**[Memories]** While sales of DRAMs for DSCs decreased, sales of DRAMs for PCs and cell phones increased.

**[System LSIs]** Sales of the system LSIs for cell phones as well as related products increased, but sales of the system LSIs for digital AV devices and the microcomputers for car audio as well as related products decreased.

**[Discrete]** Sales of PMDs\*1 for cell phones as well as related products increased, but sales of LCDs drivers for TVs and PNDs\*2 as well as related products decreased.

## 《Forecasts for fiscal 2010》

**[Memories]** Sales of DRAMs for PCs and for cell phones will increase.

**[System LSIs]** Sales of the system LSIs for DSCs and for cell phones will increase.

**[Discrete]** Sales of the LCDs drivers for cell phones as well as related products will decrease, but sales of the PMDs for automotive and electric as well as related products will increase.

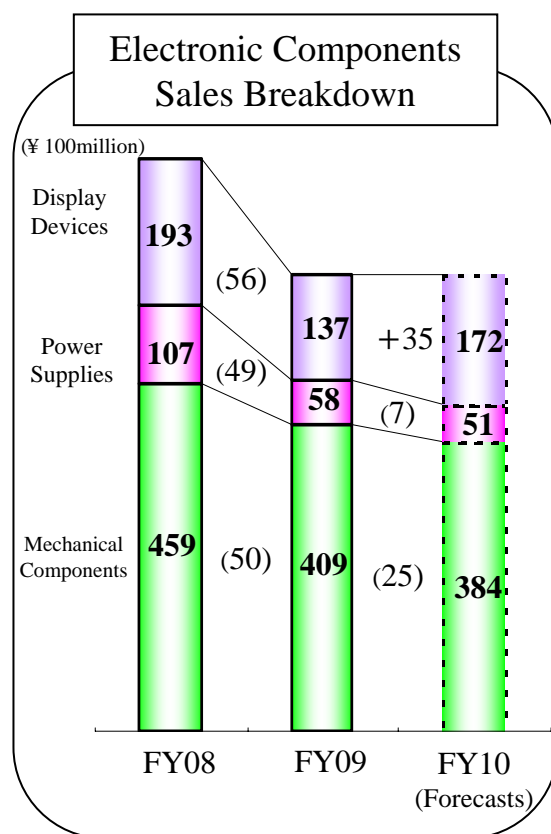
\*1 PMD: Power Management Device

\*2 PND: Personal Navigation Device

# Electronic Components Sales Breakdown (By product)

Unit: ¥ 100 million

	FY2008	FY2009		FY2010 (Forecasts)	
			% Chg. YoY		% Chg. YoY
Display Devices	193	137	(29.0) <sup>0%</sup>	172	+25.5 <sup>0%</sup>
Power Supplies	107	58	(45.8)	51	(12.1)
Mechanical Components	459	409	(10.9)	384	(6.1)
Total	759	604	(20.4)	607	+0.4



## 《Results for fiscal 2009》

**[Display Devices]** Sales of the LCDs for PNDs as well as related products decreased.

**[Power Supplies]** Sales of the rechargeable batteries for game consoles and for DSCs as well as related products decreased.

### **[Mechanical Components]**

Sales of the mechanical components for game consoles and for PCs as well as related products decreased.

## 《Forecasts for fiscal 2010》

**[Display Devices]** Sales of the LCDs for DSCs and for FAX will increase.

**[Power Supplies]** The sales of the rechargeable batteries for DSCs as well as related products will decrease.

### **[Mechanical Components]**

The sales of mechanical components for automotive and electric will increase, but the components for game consoles and for TVs will decrease.

# Electronic Equipment Sales Breakdown (By product)

Unit: ¥ 100 million

	FY2008	FY2009		FY2010 (Forecasts)	
			% Chg. YoY		% Chg. YoY
System Equipment	152	241	+58.6%	182	(24.5)%
Facilities Equipment	61	35	(42.6)	48	+37.1
Total	213	276	+29.7	230	(16.8)

## 《Results for fiscal 2009》

**[System Equipment]** Sales of the system equipment for automotive and electric and for MFPs\* as well as related products increased.

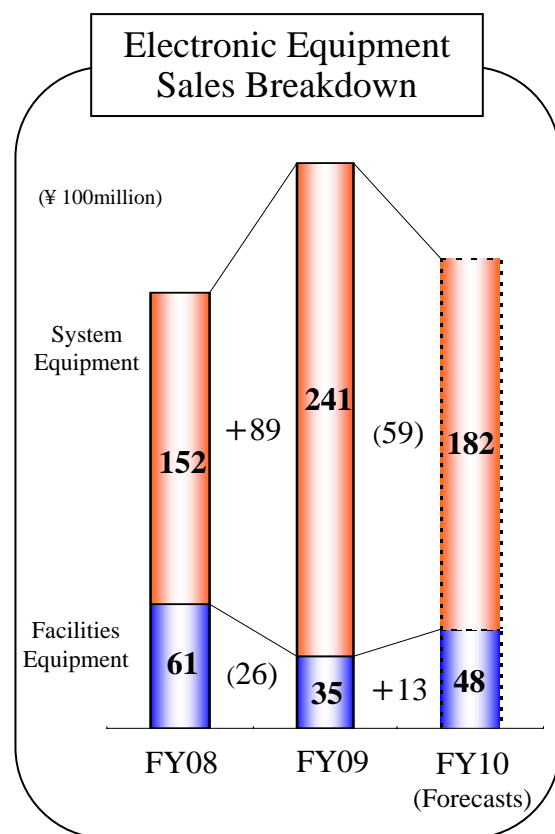
**[Facilities Equipment]** The sales of the production equipment for liquid crystal panels as well as related products decreased.

## 《Forecasts for fiscal 2010》

**[System Equipment]** Sales of the system equipment for automotive and electric and for MFPs as well as related products will decrease.

**[Facilities Equipment]** Sales of liquid crystal repair equipment will decrease, but the sales of sputtering equipments as well as related products will increase.

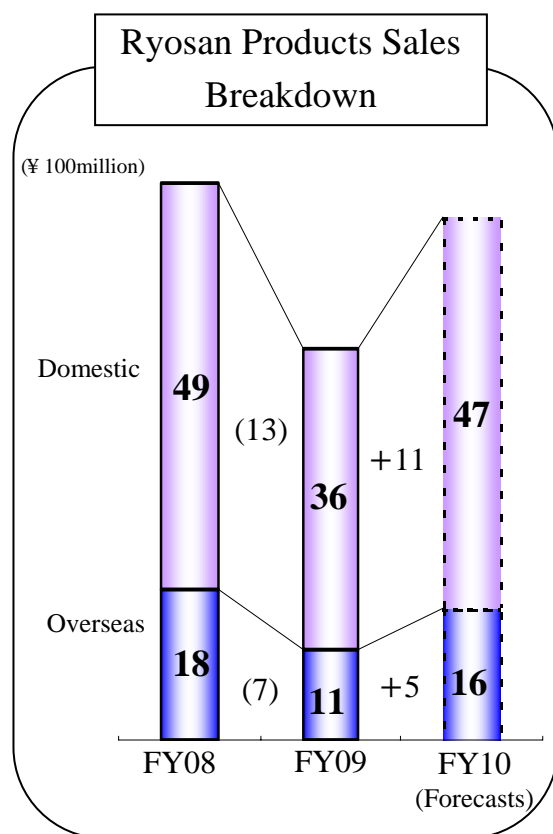
\*MFP: Multi functional Printer



# Ryosan Products Sales Breakdown (By area)

Unit: ¥ 100 million

	FY2008	FY2009		FY2010 (Forecasts)	
			% Chg. YoY		% Chg. YoY
Domestic	49	36	(26.5)%	47	+30.6%
Overseas	18	11	(38.9)	16	+45.5
Total	67	47	(29.7)	63	+33.5



## 《Results for fiscal 2009》

**[Domestic]** Sales of heat sinks for FA equipment as well as related products decreased.

**[Overseas]** Sales of heat sinks for TVs as well as related products decreased.

## 《Forecasts for fiscal 2010》

**[Domestic]** Sales of heat sinks for FA equipment as well as related products will increase.

**[Overseas]** Sales of heat sinks for TVs as well as related products will decrease.

# Overseas Sales Breakdown

Unit: ¥ 100 million

	FY2008		FY2009			FY2010 (Forecasts)		
		Of Total		Of Total	% Chg. YoY		Of Total	% Chg. YoY
		%		%	%		%	%
Consolidated net sales	2,208	—	1,943	—	(12.0)	2,150	—	+10.6
Japan	1,368	62.0	1,282	66.0	(6.3)	1,370	63.7	+6.8
Asia (Excluding Japan)	<b>840</b>	<b>38.0</b>	<b>661</b>	<b>34.0</b>	<b>(21.3)</b>	<b>780</b>	<b>36.3</b>	<b>+17.9</b>
(Chinese Bloc)	<b>466</b>	<b>21.1</b>	<b>369</b>	<b>19.0</b>	<b>(20.8)</b>	<b>441</b>	<b>20.5</b>	<b>+19.5</b>

# Key Clients

## 《Top 40》

	Top 1-10	Top 11-20	Top 21-30	Top 31-40
<b>Clients</b> (alphabetical order)	<b>Calsonic Kansei</b> CASIO COMPUTER <b>DENSO</b> <b>Fuji Xerox</b> HITACHI Mitsubishi Electric NINTENDO Panasonic PIONEER Sumitomo Electric Industries Group	ALPS Electric <b>Brother Industries</b> Clarion Fuji Film Mamiya-OP NEC <b>NIKON</b> <b>OMRON</b> SHARP Taiyo Yuden	ALPINE Furuno Electric <b>Hyundai Group (K)</b> JVC Panasonic Electric Works TAKATA TOSHIBA TEC YAMAHA YASKAWA Electric YAZAKI meter	ADVANTEST CHI MEI Group (T) Fujitsu JRC KENWOOD <b>MiTAC Group (T)</b> SANYO Electric Stanley Electric TDK TOSHIBA
<b>Percentage Sales of all clients</b>	(Top 10) <b>47%</b>	(Top 20) <b>60%</b>	(Top 30) <b>67%</b>	(Top 40) <b>71%</b>

## 《Top 5 (by business)》

Semiconductor	Electronic Equipment
CASIO COMPUTER HITACHI Mitsubishi Electric PIONEER Sumitomo Electric Industries Group	DENSO Fuji Xerox HITACHI NEC NIKON
( Top 5 ) <b>37%</b>	( Top 5 ) <b>71%</b>
Electronic Components	Ryosan Product
Calsonic Kansei CASIO COMPUTER Mitsubishi Electric NINTENDO Panasonic	DENSO FANUC HITACHI Mitsubishi Electric TOSHIBA
( Top 5 ) <b>41%</b>	( Top 5 ) <b>37%</b>

(alphabetical order)

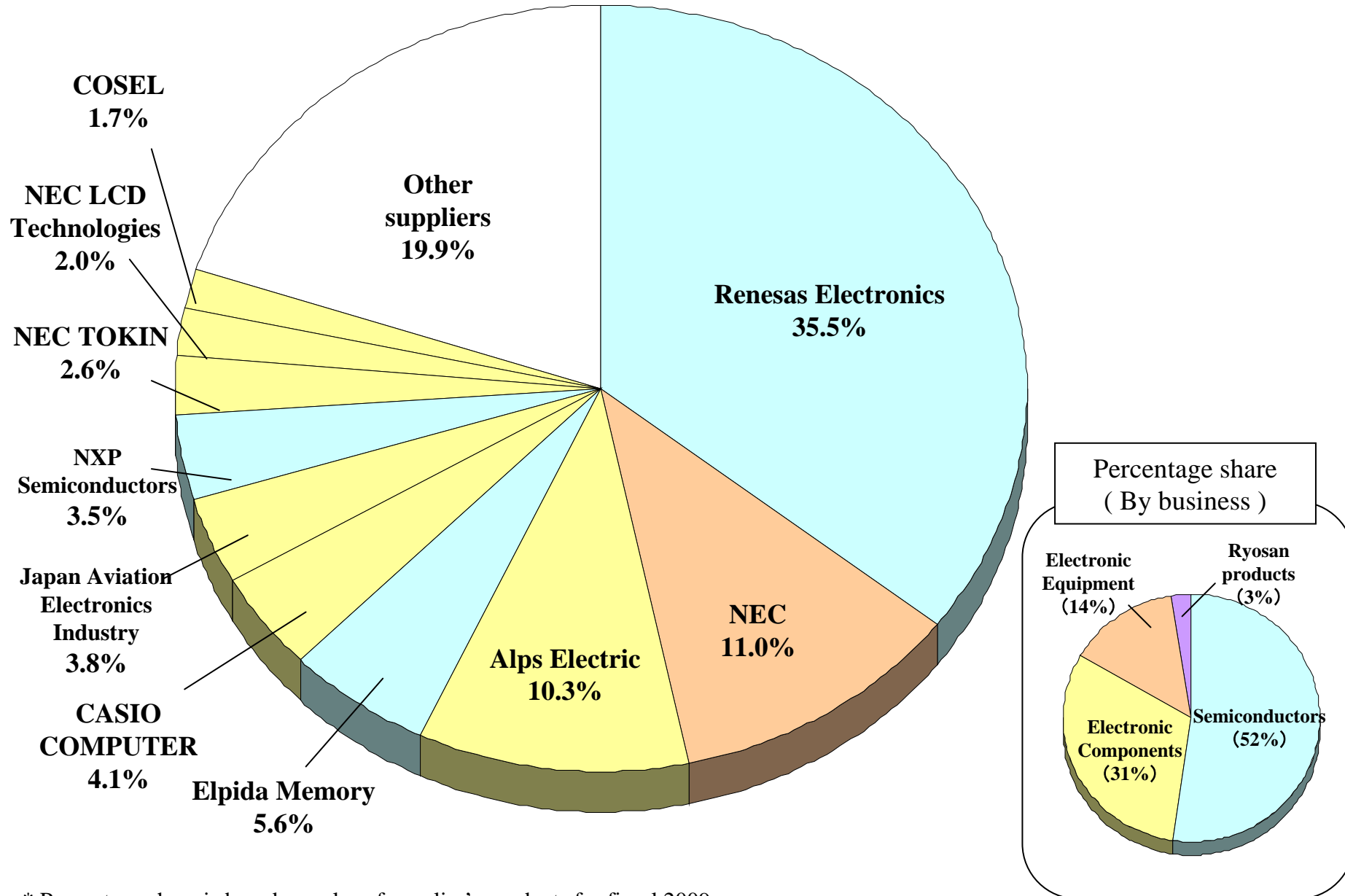
\* Rank and percentage share are based on results for FY2009.

\* K: Customer in Korea, T: Customer in Taiwan.

\* The blue characters represent the clients for which our sales increased by over 10% from the previous term.



# Main suppliers



\* Percentage share is based on sales of supplier's products for fiscal 2009.

About the “Business management effort ” for fiscal 2010

## < About medium-term management plans >

- ◆ The start of the new medium-term management plan will be postponed for 1 year.
  - Renesas Electronics, which is our major supplier and influences our business management the most, has just been founded, and so we will design a new medium-term management plan after checking its outlook.
  - We will select some themes from the themes of the 7th medium-term management plan, and use them as the “themes for fiscal 2010.”

### Measures for “the new Renesas Electronics”

- ◆ Swift development of systems and expand businesses for the “Renesas Electronics business”
  - Development of a system for the sales promotion of the Renesas Technology products
  - Discussion on the “establishment of offices in Europe” and the “increase in the number of offices in the U.S.”

### Business expansion for “overseas semiconductor resources”

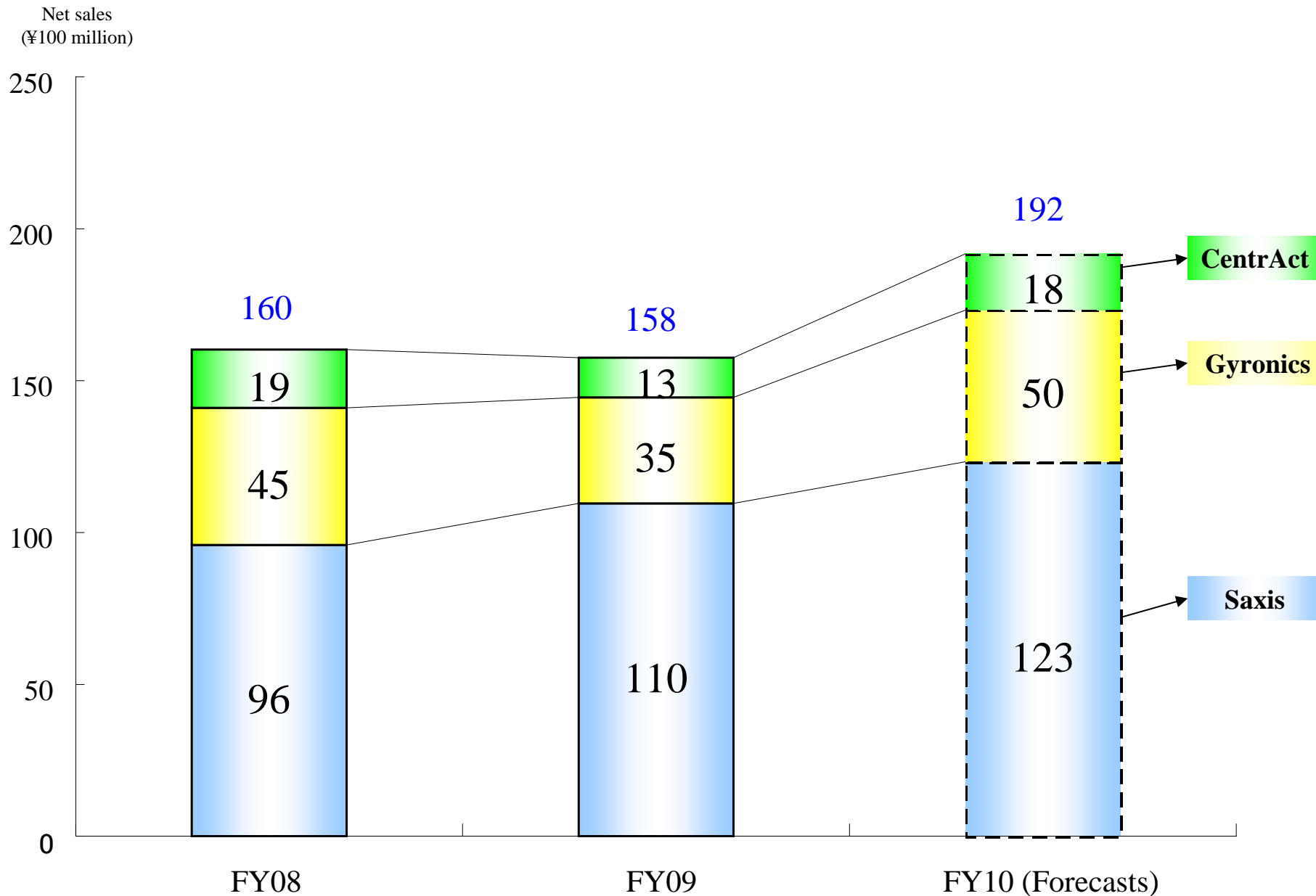
- ◆ Make the subsidiaries (Saxis, Gyronics, and CentrAct) independent as soon as possible.
  - Strengthening of profitability through the expansion of business scale (to gain operating income early)
  - Development of business infrastructure

### Expansion of China Bloc (Hong Kong, China, Taiwan, and South Korea)

- ◆ Business expansion in cooperation with Chinese, Taiwanese, and South Korean companies
  - Strengthening of the capability to suggest systems in cooperation with Chinese, Taiwanese, and South Korean distributors and System House, based on the products of Renesas Electronics

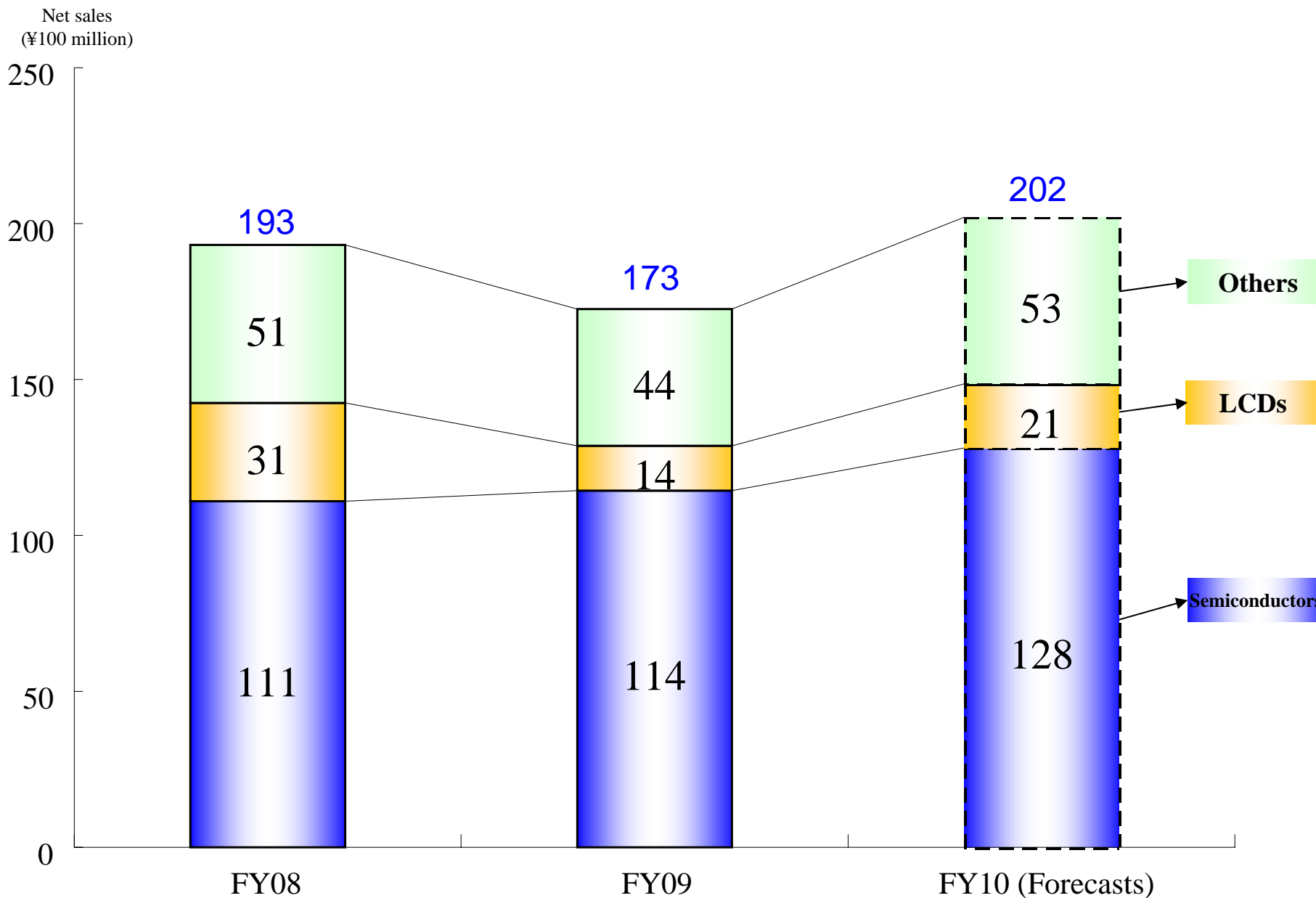
**【Reference】**

# Trend in sales for “overseas semiconductor resources”



**【Reference】**

# Trend in sales for “local business in China Bloc”



## Improvement of “internal control” qualitatively

- ◆ Increasing onsite staffs’ comprehension of internal control

## Response to “International Financial Reporting Standards”

- ◆ Starting project for adopting it.

## Enhancement of the “RS (Ryosan) culture”

- ◆ Conducting the “RS training” for diffusing the awareness of CSR for 3 years

- ◆ Cultivate new markets (LED lighting, energy, and environmental business) based on “Ryosan Products business (heat sinks)”

<Business performance for fiscal 2009>

	<b>Total</b>	Photovoltaic batteries and fuel cells	LED lighting	EV
Number of design-in projects	<b>18</b>	12	5	1
Number of business deals	<b>80</b>	21	40	17
Number of samples	<b>128</b>	18	94	15

**Business worth 200 million yen per year will be started**

<Exhibited at Lighting Japan in April 2010>

**For LED lighting**



**LED lamp**

