

FY2011 Results Meeting

Fiscal year ended March 31, 2012

May 24, 2012

Ryosan Company, Limited

Results for FY2011 and Forecasts for FY2012

"Management Efforts" for FY2012

Efforts by the Technology Division

Notice

Business forecasts and all statement related to the future contained in this presentation are based on information currently possessed by the Company and on certain assumptions which we judge to be rational. Actual business performance may differ greatly depending on a variety of factors. The following is a list of major factors:

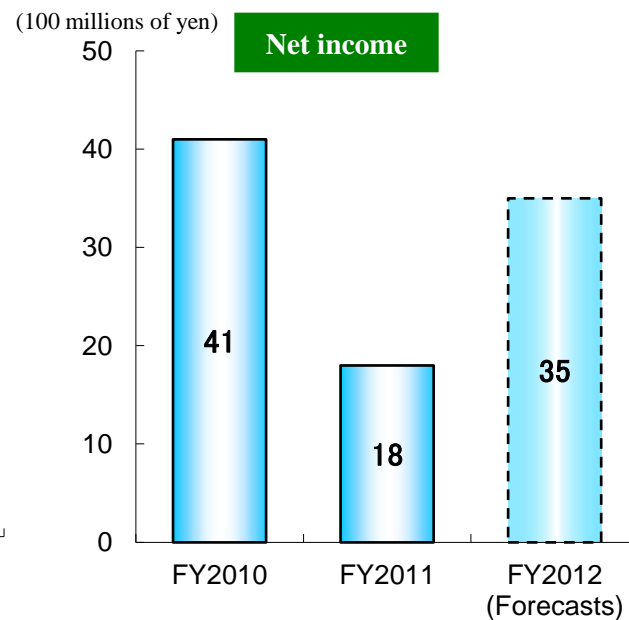
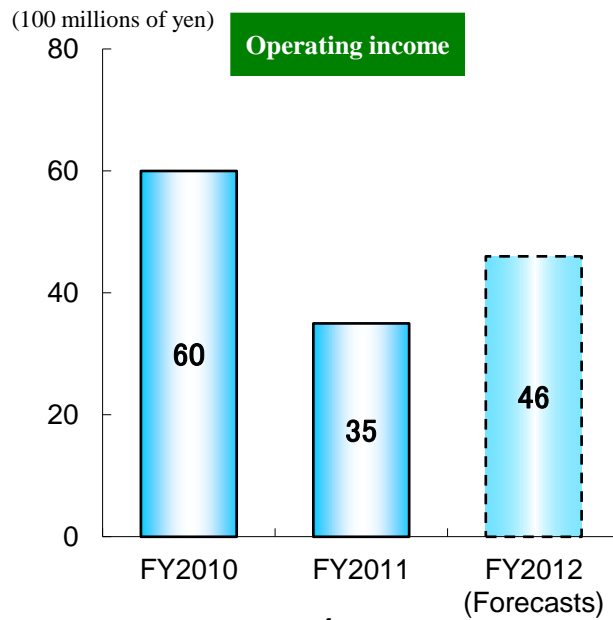
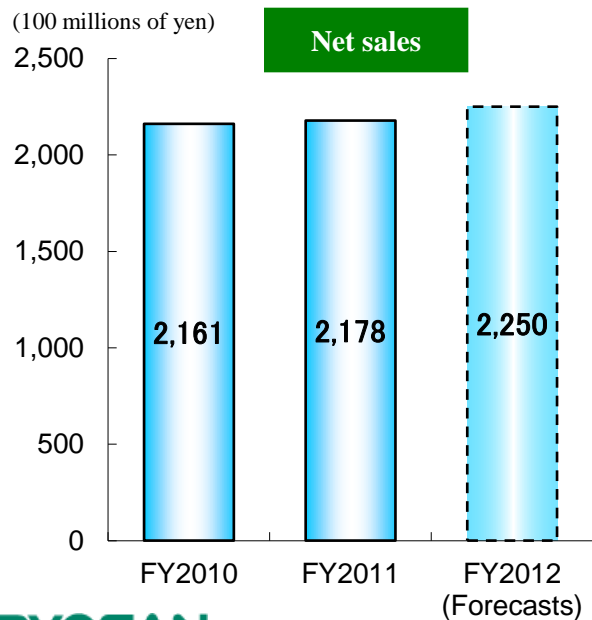
- Economic conditions in key markets (Japan and the rest of Asia), rapid changes in consumption trends and supply-demand balance for products
- Sharp fluctuations in the dollar-yen exchange rate
- Substantial fluctuation in prices in capital markets

Results for FY2011 and Forecasts for FY2012

Overview of Consolidated Results

Unit: 100 millions of yen

	FY2010		FY2011			FY2012(forecasts)		
		Of Total		Of Total	% Chg. YoY		Of Total	% Chg. YoY
Net sales	2,161	%	2,178	%	+0.8%	2,250	%	+3.3%
Gross margin	190	8.8	167	7.7	△11.9%	181	8.0	+7.9%
SG & A expenses	129	6.0	132	6.1	+2.4%	135	6.0	+1.8%
Operating income	60	2.8	35	1.6	△42.2%	46	2.0	+31.0%
Ordinary income	68	3.2	44	2.1	△35.0%	54	2.4	+20.6%
Net income	41	1.9	18	0.9	△54.0%	35	1.6	+84.3%
Earnings per share	¥119.85		¥55.90			¥104.59		



Overview of Results by Business Segment

Unit: 100 millions of yen

		FY2010		FY2011			FY2012 (Forecasts)		
			Operating margin (%)		Operating margin (%)	Chg. YoY (%)		Operating margin (%)	Chg. YoY (%)
Semiconductors	Sales	1,237		1,323		+ 6.9	1,370		+ 3.5
	Operating income	45	3.7	24	1.8	△47.6	37	2.7	+54.0
Electronic Components	Sales	600		554		△ 7.7	565		+ 2.0
	Operating income	22	3.7	18	3.3	△19.7	20	3.5	+10.8
Electronic Equipment	Sales	258		246		△ 4.6	255		+ 3.4
	Operating income	9	3.5	8	3.6	△ 3.2	9	3.5	+ 2.5
Ryosan Products (Heat sinks)	Sales	64		54		△15.8	60		+10.1
	Operating income	4	7.5	2	4.1	△54.6	5	8.3	+127.3
Unallocable Operating expenses		▲21	-	▲17	-	-	▲25	-	-
Consolidated	Sales	2,161		2,178		+ 0.8	2,250		+ 3.3
	Operating income	60	2.8	35	1.6	△42.2	46	2.0	+31.0

Consolidated Statements of Cash Flows

Cash flow

FY2010

FY2011

Major causes for increases/decreases

(Unit: millions of yen)

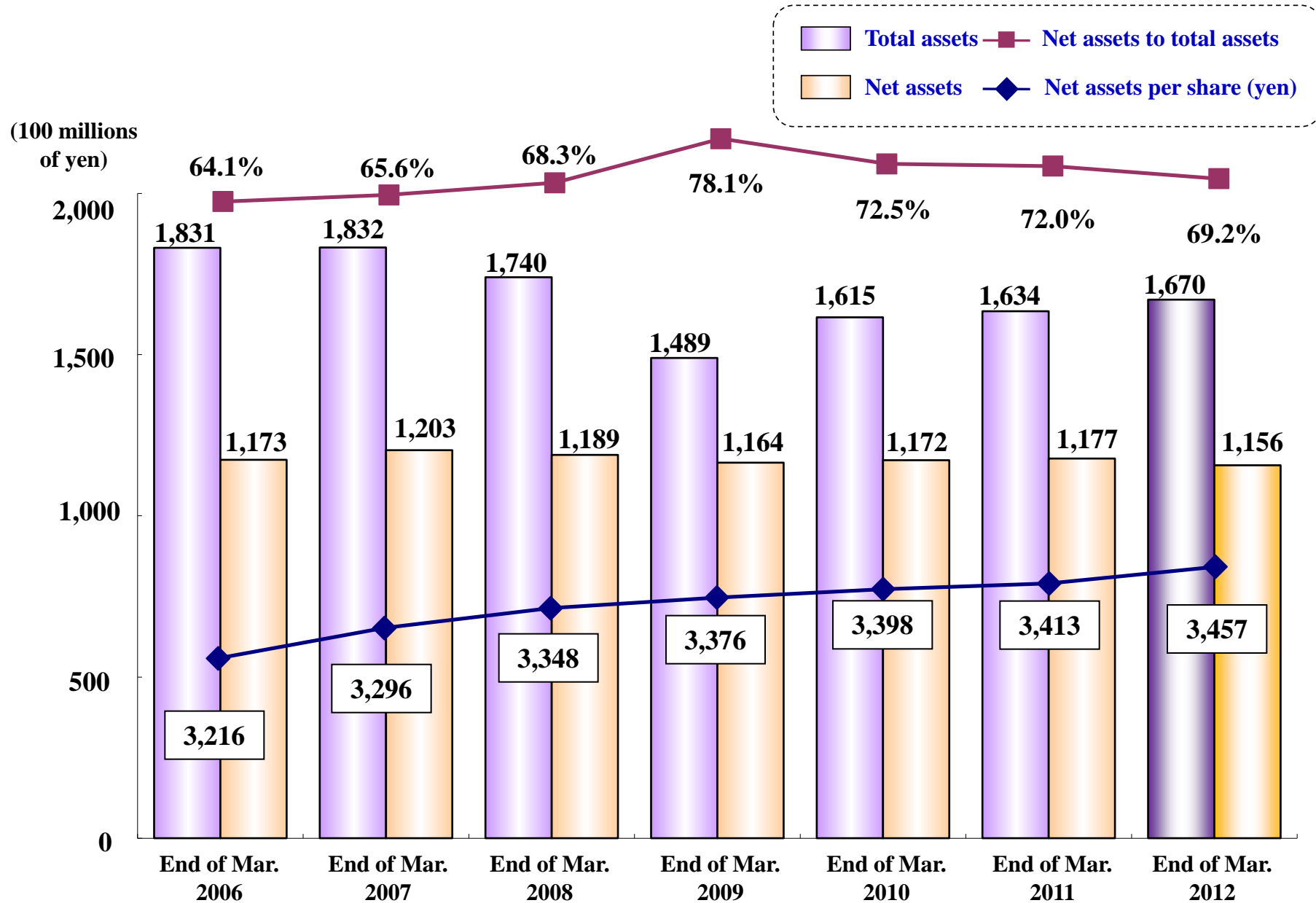
Cash flow	FY2010	FY2011
Operating CF	△7,797	△ 8,356
Investing CF	△ 474	△ 936
Financing CF	929	419
Free CF	△8,271	△ 9,292
Balance of cash and cash equivalents	43,239	34,113

- Income before income taxes and minority interests: 4,321 million yen
- Increase in notes and accounts receivable-trade: △12,427 million yen
- Increase in inventories: △1,683 million yen

- Purchase of insurance funds: △203 million yen
- Purchase of noncurrent assets: △501 million yen

- Increase in short-term loans in foreign currency: 4,319 million yen
- Payment of year-end dividends: △2,056 million yen
- Purchase of treasury stock: △1,720 million yen

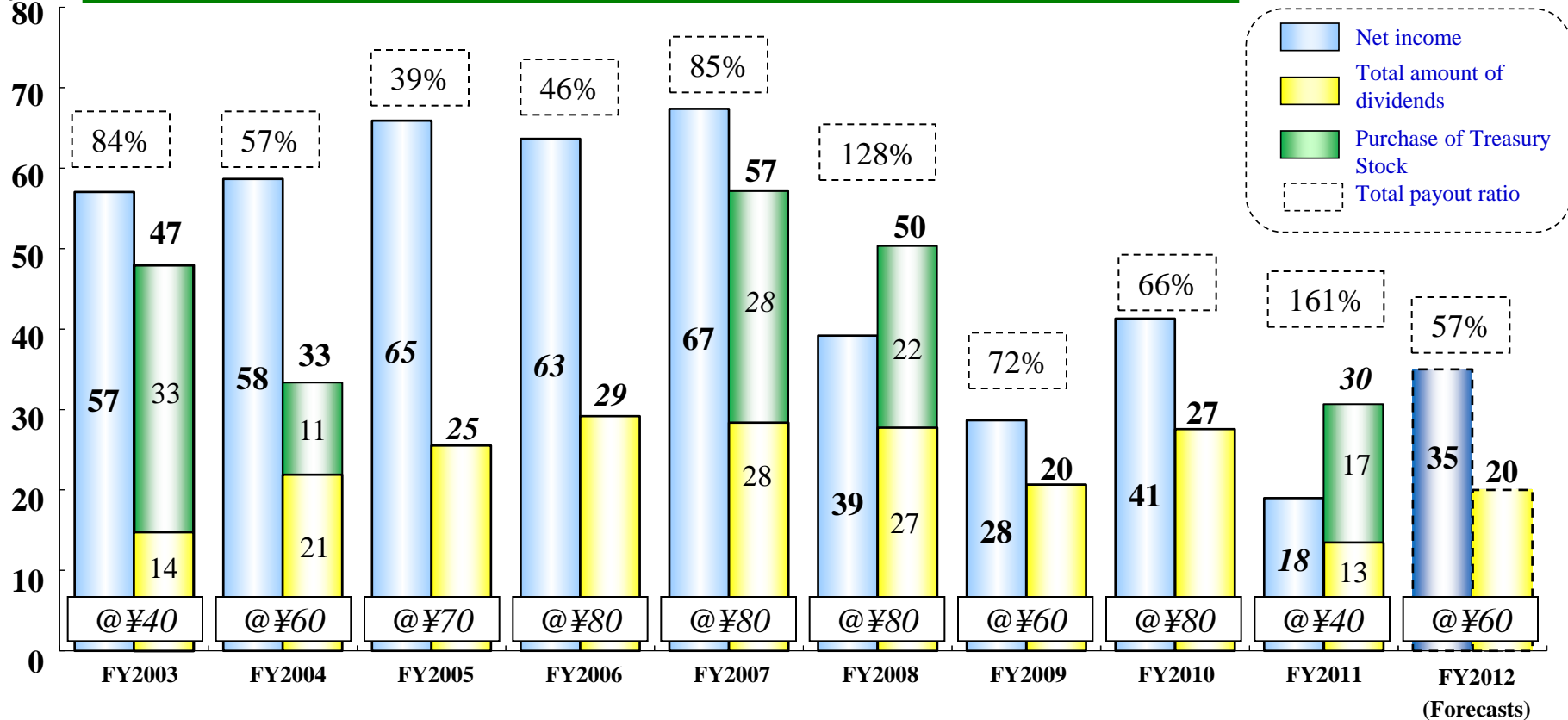
Trends in Consolidated Financial Position



Trends in Net Income, Total Amount of Dividends, and Purchase of Treasury Stock

(100 millions of yen)

◇ The Company purchased 1,000,000 shares of treasury stock in FY2011.
 ◇ With regard to purchasing of treasury stock, the Company plans to make decisions in consideration of trends in consolidated results and other matters.



<<Trends in Purchase of Treasury Stock>>

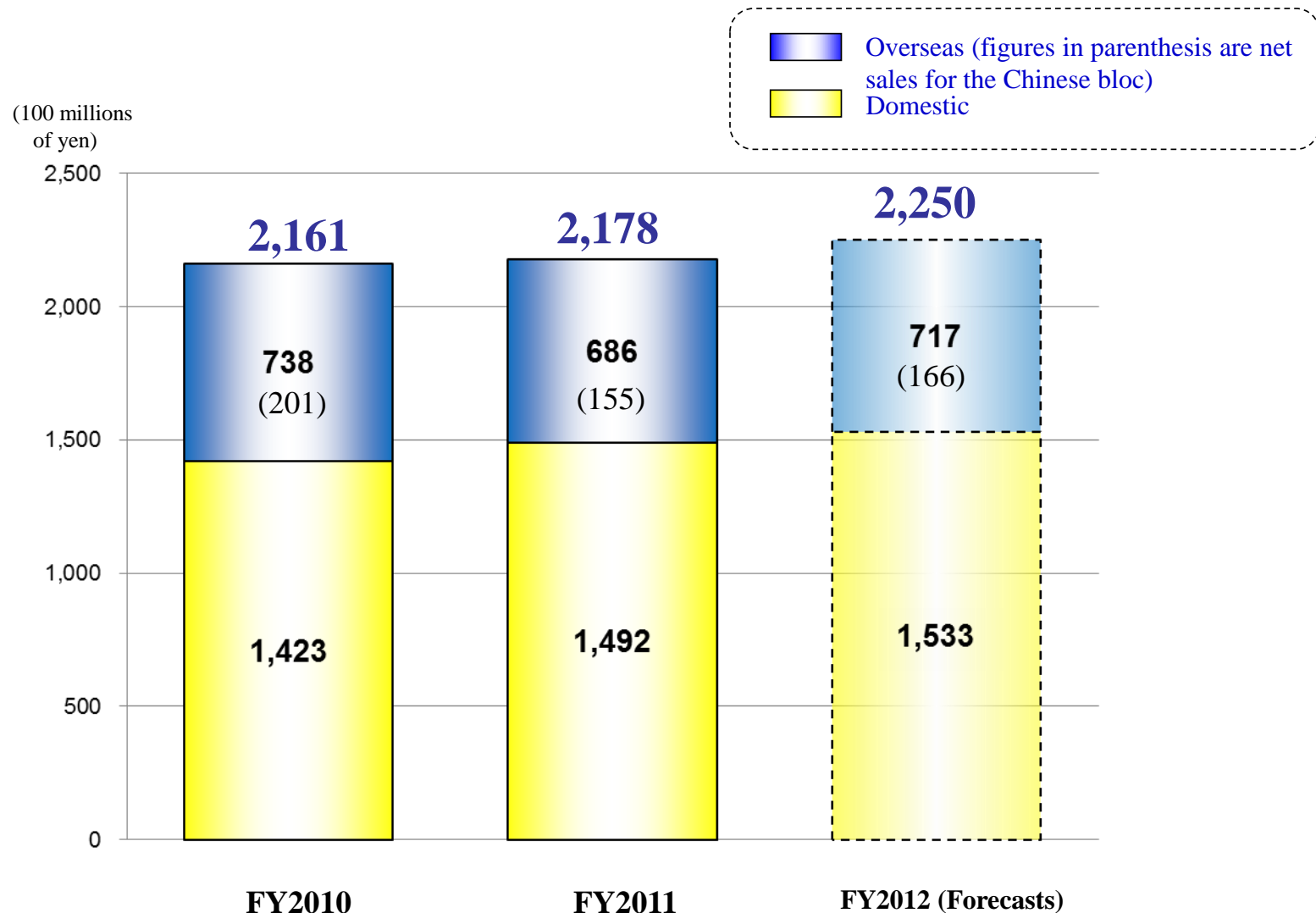
	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Amount (¥ 100 million)	33.1	11.3	-	-	28.8	22.5	-	-	17.2
Number of stocks (10,000 shares)	200.1	48.3	-	-	100.0	100.0	-	-	100.0

Trends in Domestic and Overseas Net Sales

<Reference>

FY2011: Net sales of DRAM for PCs, etc. decreased.

FY2012: Net sales of system LSIs for DSC and microcontrollers for automotive are expected to increase.



Main Clients

<Reference>

<<Top 40 companies by net sales>>

	Top 1-10	Top 11-20	Top 21-30	Top 31-40
Clients (alphabetical order)	Calsonic Kansei CASIO COMPUTER DENSO HITACHI Mitsubishi Electric NEC NIKON OMRON Panasonic PIONEER	ADVANTEST ALPINE ALPS Electric Brother Industries Fuji Film Fuji Xerox Mamiya-OP NINTENDO Sumitomo Wiring Systems TDK	KONICA MINOLTA HOLDINGS Clarion Furuno Electric JVC KENWOOD SAMSUNG Group (K) Sharp Sumitomo Electric Industries TOSHIBA TEC YAMAHA YAZAKI Group	Fujitsu JRC MiTAC (T) Panasonic Electric Works Stanley Electric Taiyo Yuden TAKATA TOSHIBA Victor YASKAWA Electric
Net sales	(Top 10) 50%	(Top 20) 64%	(Top 30) 70%	(Top 40) 72%

<<Top 5 companies by net sales for each business segment>>

Semiconductors	Electronic Equipment
HITACHI Mitsubishi Electric NEC NIKON PIONEER	DENSO Fuji Xerox NEC Panasonic TDK
(Top 5) 49%	(Top 5) 56%
Electronic Components	Ryosan Products
Calsonic Kansei Mitsubishi Electric NEC Panasonic PIONEER	DENSO FANUC HITACHI Mitsubishi Electric Panasonic
(Top 5) 25%	(Top 5) 44%

(alphabetical order)

* Honorifics omitted

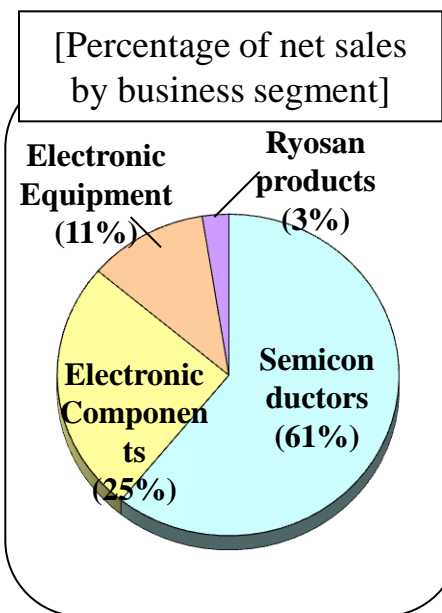
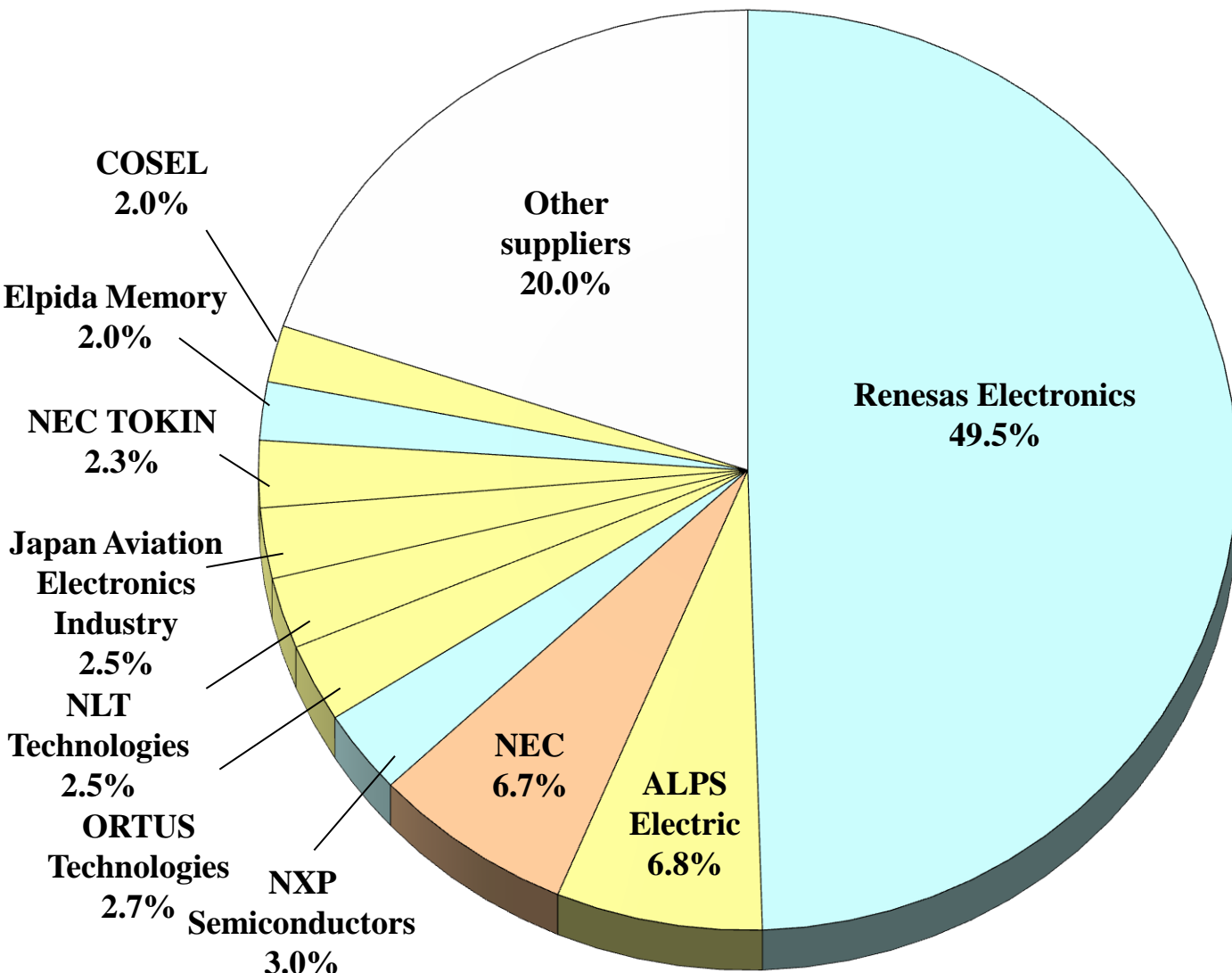
* Ranking and percentage (%) are based on actual sales for FY2011.

* (T) and (K) represent clients in Taiwan and Korea, respectively.

* Blue characters represent the clients for which sales increased by 20% or more year-on-year.

Main Suppliers

<Reference>



* Honorifics omitted

* Percentage (%) is based on actual sales of products purchased from suppliers for FY2011.

Management Efforts for FY2012

Partial Amendment of "8th Medium-Term Management Plan"

Withdrawal of "Business Goals of Achieving 300,000 million yen of Net Sales in FY2013"

[Reason] A lack of awareness of changes in the business environment

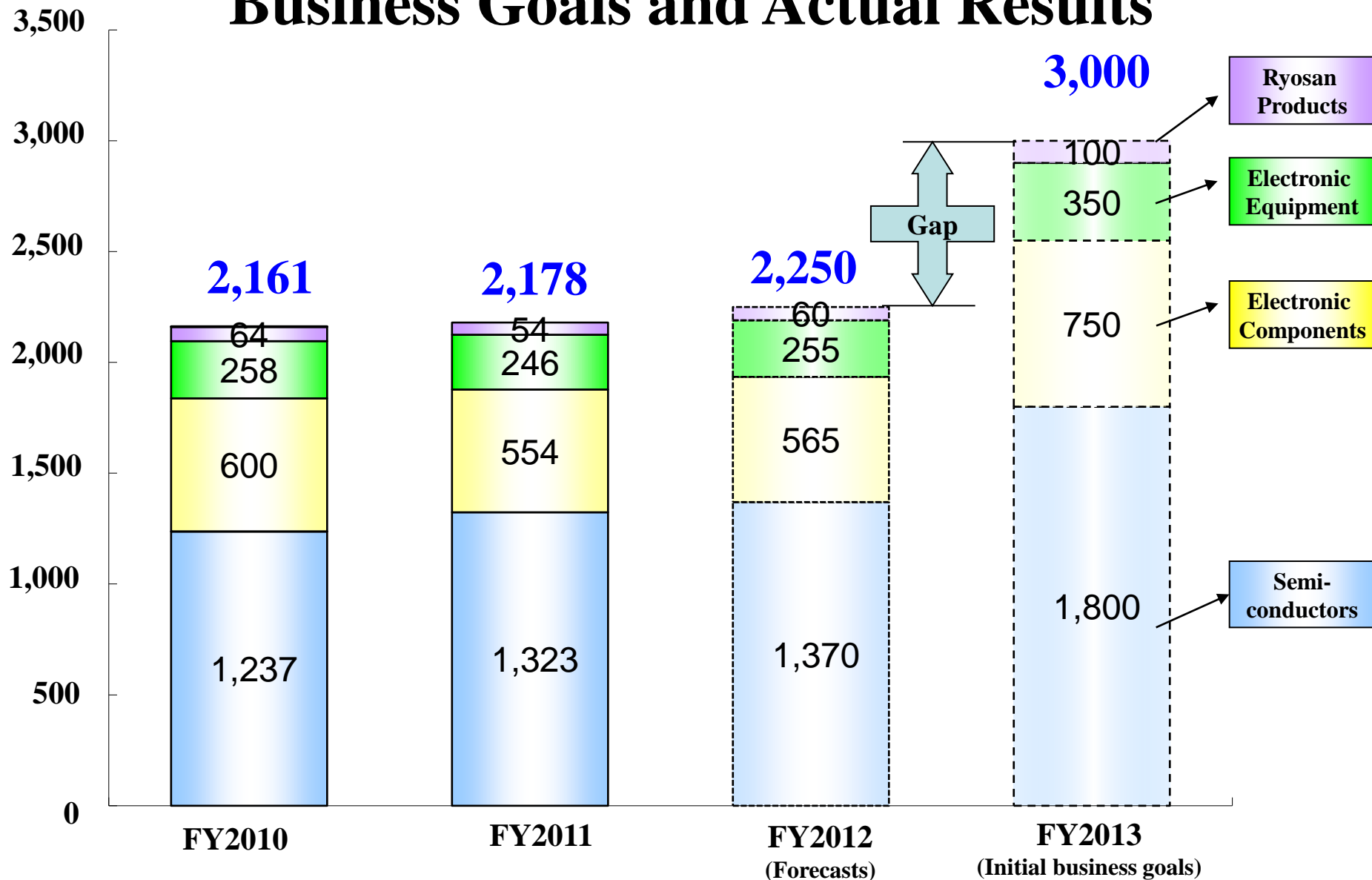
- ◆ The domestic business environment has undergone major structural changes since planning
 - Diminishing competitiveness of Japanese companies due to the extreme appreciation of the yen
 - The Great East Japan Earthquake and the floods in Thailand
- ◆ Uncertainties are growing in an increasingly unpredictable global economy
 - European sovereign crisis
 - The slowdown in the Chinese economy
 - The delay in the recovery of the US economy

Since the business environment is expected to change significantly in and after FY2012, the Company gives the highest priority to rebuild the "sound business structure" aiming to restore 3% of operating income to net sales in FY2013, the last fiscal year of the plan.

Partial Amendment of "8th Medium-Term Management Plan"

(100 millions of yen)

Business Goals and Actual Results



Management Efforts for FY2012

[Recognition of current situations]

Changes in the business structure

- ◇ Changes in the global economic and industrial structure
- ◇ Structural changes in the semiconductor industry
 - New restructuring of semiconductor manufacturers
 - Clear demonstration of the survival of the fittest in semiconductor distributors

The Company's circumstances

- ◇ Issues regarding the profit structure
 - Decreasing gross profit and increasing personnel costs and other costs
- ◇ Issues regarding the financial structure
 - Decreasing cash and deposits, and increasing inventories and loans

[Our Basic Stance]

**The Company addresses "Renovation of Management Structure"
to survive in a changing external environment.**

- **Rebuilding the sound business structure**
- **Building a far-sighted management system**

[Specific Efforts]

Laying the foundation

- ◇Improvement in the profit structure
- ◇Improvement in the financial structure

Reform of the management system

- ◇Rejuvenation of Directors
- ◇Enhancement in corporate governance

Promotion of globalization

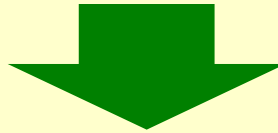
- ◇Strengthening the efforts in rapidly growing emerging markets
- ◇Strengthening the response to Japanese clients becoming more globalized

Laying the foundation

~ Restructuring of the profit and financial structure

◇ Improvement in the profit structure

- The businesses transferred due to changes in business flows of suppliers are highly unprofitable since the Company did not conduct sales activities with its own added value (technical support) for them.



- The Company will improve future profitability by conducting sales activities with technical support to the new commercial rights.

Laying the foundation

~ Restructuring of the profit and financial structure

◇ Improvement in the financial structure

- Worsening of the financial structure due to increasing inventories (due to the slowdown in the Chinese economy and the launch of newly transferred businesses)



- The Company will improve months sales in inventory and cash flows by reducing inventories to an adequate level through strict control of delivery time.

Reform of the management system

◇ Rejuvenation of Directors

- Active promotion of potential younger members

◇ Enhancement in corporate governance

- Appointment of independent outside directors

(Supplementary information) "Renewal of the Board of Directors"

- ◇ The Company implemented "Renewal of the Board of Directors" in consideration of "worsening business performance" and "reduction in the year-end dividend."

- The remuneration for officers (January-March 2012) was reduced.
- No Directors with title (Senior Managing Directors or Managing Directors) were placed this time.

Promotion of globalization

◇ Strengthening our approach to developing countries with rapid growth

(1) Strengthening of measures to promote sales in the Chinese market

- Establishment of the integrated sales promotion system in China centering on the Shanghai office

[Progress] Business, legal and tax matters have been considered and verified.

The optimum sales promotion system is under consideration.

(2) Making inroads into the Indian market

- Sales promotion activities, particularly to Indian local clients

[Progress] A local office (affiliated with Singapore RS) will be established in the 1st quarter.

It is scheduled to begin full-scale operation.

Promotion of globalization

◇ Strengthening our business with globalizing Japanese customers

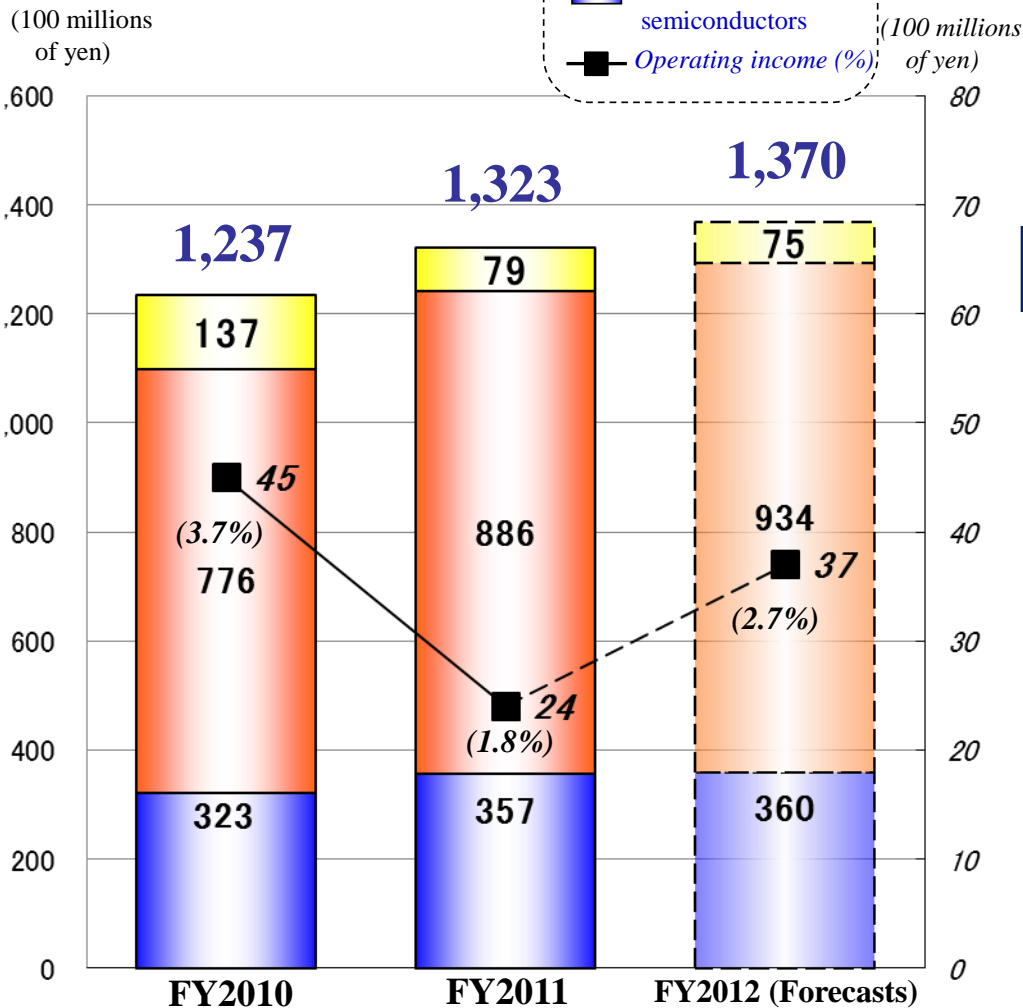
Making inroads into the European market

- Construction of a service/support system for Japanese companies making inroads to Europe

[Progress] Ryosan Europe GmbH (Munich) was established in March 2012. It began operation.

Efforts in Semiconductors Business

Change in Net Sales by Product



Efforts in FY2012

◇ Focused target markets

- In-vehicle electrical components
- Social infrastructure
- Communication equipment

◇ Specific Efforts

Domestic suppliers

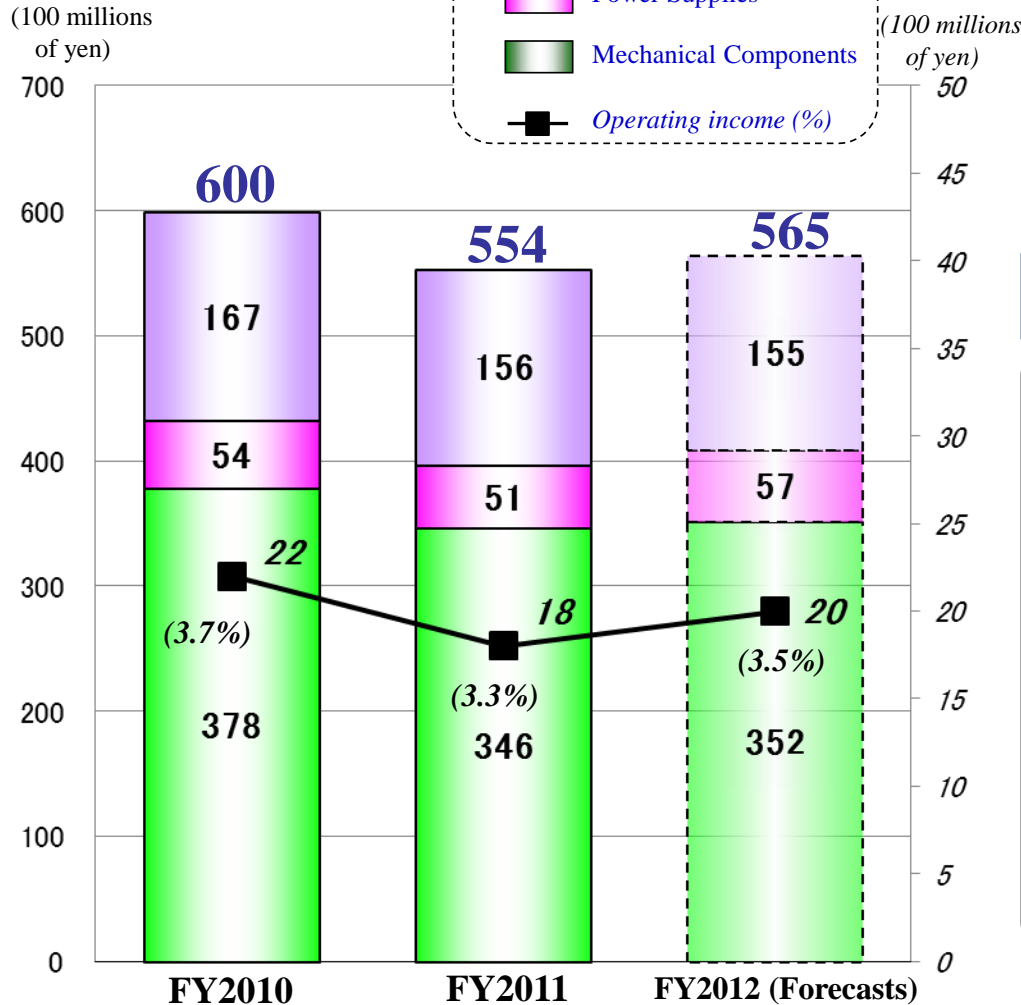
- Exploiting and capturing new markets (Smart grids and LED lightening, etc.)
- Deepening relationships with newly transferred clients
- Sales promotion to overseas local clients in cooperation with local design houses (China, Korea)

Overseas suppliers

- Strengthening the sales system for current suppliers (Establishing the divisions responsible for QC and common operations)
- Acquiring new suppliers (next-generation semiconductors [such as MRAM])

Efforts in Electronic Components Business

Change in Net Sales by Product



Efforts in FY2012

◇ Focused target markets

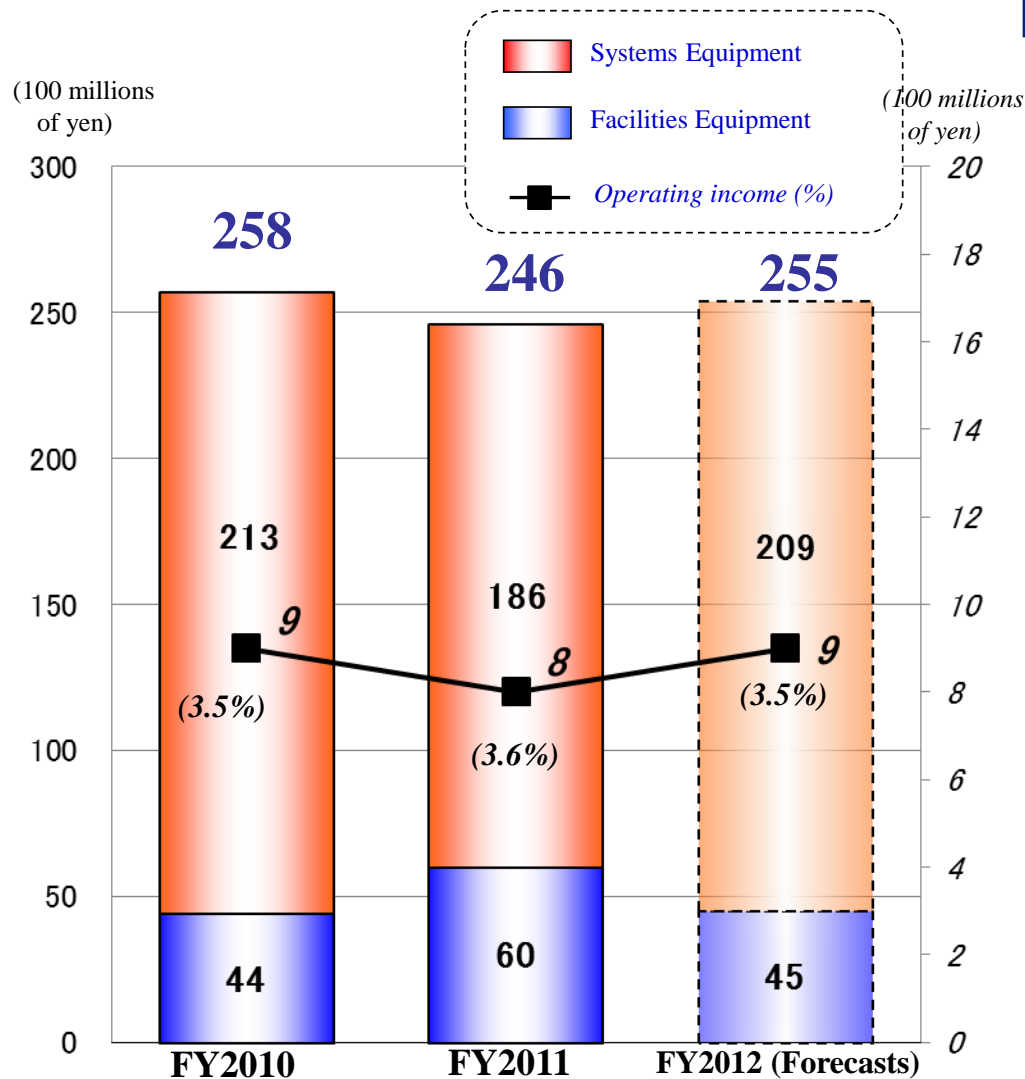
- In-vehicle electrical components
- Social infrastructure
- Information and telecommunications

◇ Specific Efforts

- Improving the product lineup (LED, optical track pads, solar cells, sensors, etc.)
- Strengthening sales promotion in overseas markets (Shifting to Japanese companies and Chinese local companies)
- Exploiting growth areas (In-vehicle electrical components, social infrastructure, information and telecommunications)

Efforts in Electronic Equipment Business

Change in Net Sales by Product



Efforts in FY2012

◇ Focused target markets

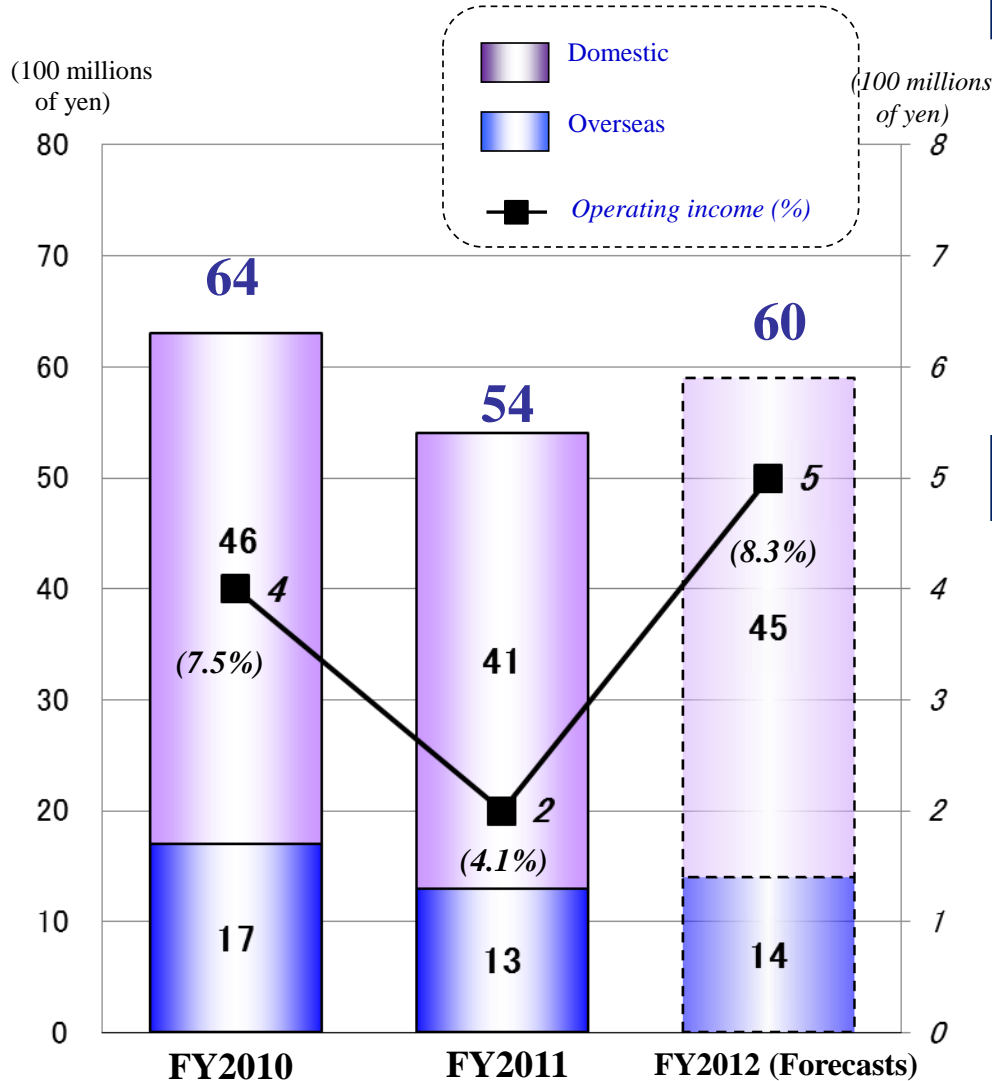
- In-vehicle related
- Social infrastructure
- Environmental energy

◇ Specific Efforts

- Improving the product lineup
(Taiwanese and Chinese suppliers, mid-sized venture companies manufacturing facilities equipment, etc.)
- Introducing new business models
(EOL, commissioned processing services, materials [such as noise suppression sheet])
- Exploiting markets and clients in growth areas
(Social infrastructure, environmental energy, next-generation semiconductors)
- Response to globalization
(Exploiting the Chinese market)

Efforts in Ryosan Products Business

Change in Net Sales by Product



Efforts in FY2012

◇ Focused target markets

Domestic

- Energy
- In-vehicle electrical components
- FA, servo
- Heavy electrical machineries

Overseas

- Air conditioners
- OA
- In-vehicle electrical components

◇ Specific Efforts

- Focusing resources on appealing markets
 - Domestic: In-vehicle electrical components, heavy electrical machineries, FA, energy, infrastructure, amusement, etc.
 - Overseas: Higher value-added products such as air conditioners, in-vehicle electrical components
- Business expansion by introducing new products and technologies (Liquid cooling, improving Wave Cooler functions, new materials, etc.)
- Improving profitability in factories, strengthening the overall optimum production system, and promoting globalization

Efforts by the Technology Division

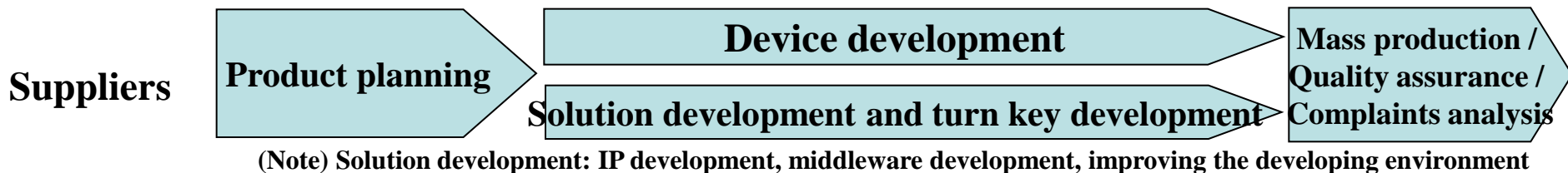
[Focused Activities in the Technology Division]

- **Expanding the strongest areas and enhancing the system technical capabilities**
- **Extending the technology for growth markets and expanding globally**

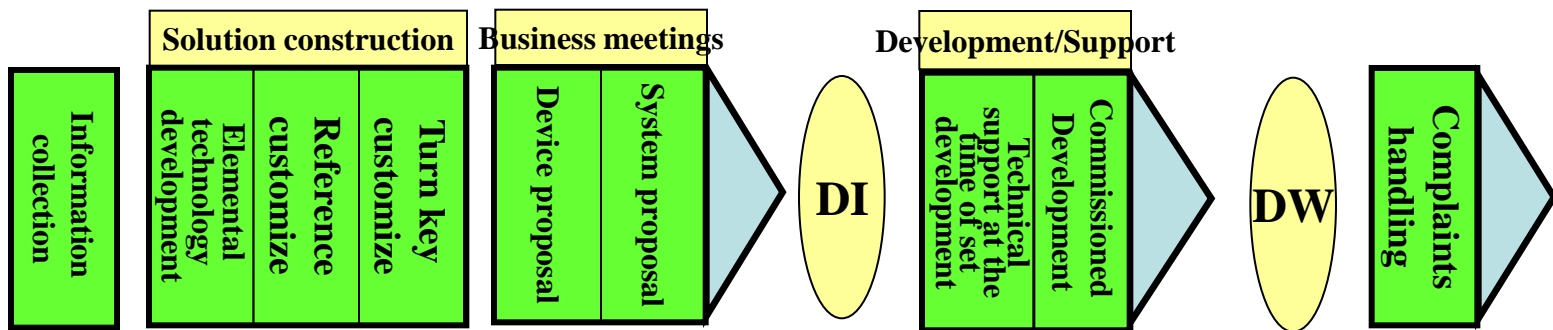
Efforts by the Technology Division

Areas of technical activities ①

Supports from beginning business meetings to mass production
 ~ Shares activities with suppliers in each area ~



DI and DW activities
 (Sharing with suppliers)



[Examples]

	Information collection	Elemental technology development	Reference customize	Turn key	Device proposal	System proposal	Technical support at the time of set development	Commissioned Development	Complaints handling
Microcontrollers	◎	○	△	△	◎	◎	◎	◎	○
ASIC	◎	○	△		◎	◎	◎	◎	○
A&P	◎				◎	◎	◎		○
SOC	◎	○	△	△	◎	○	◎		○

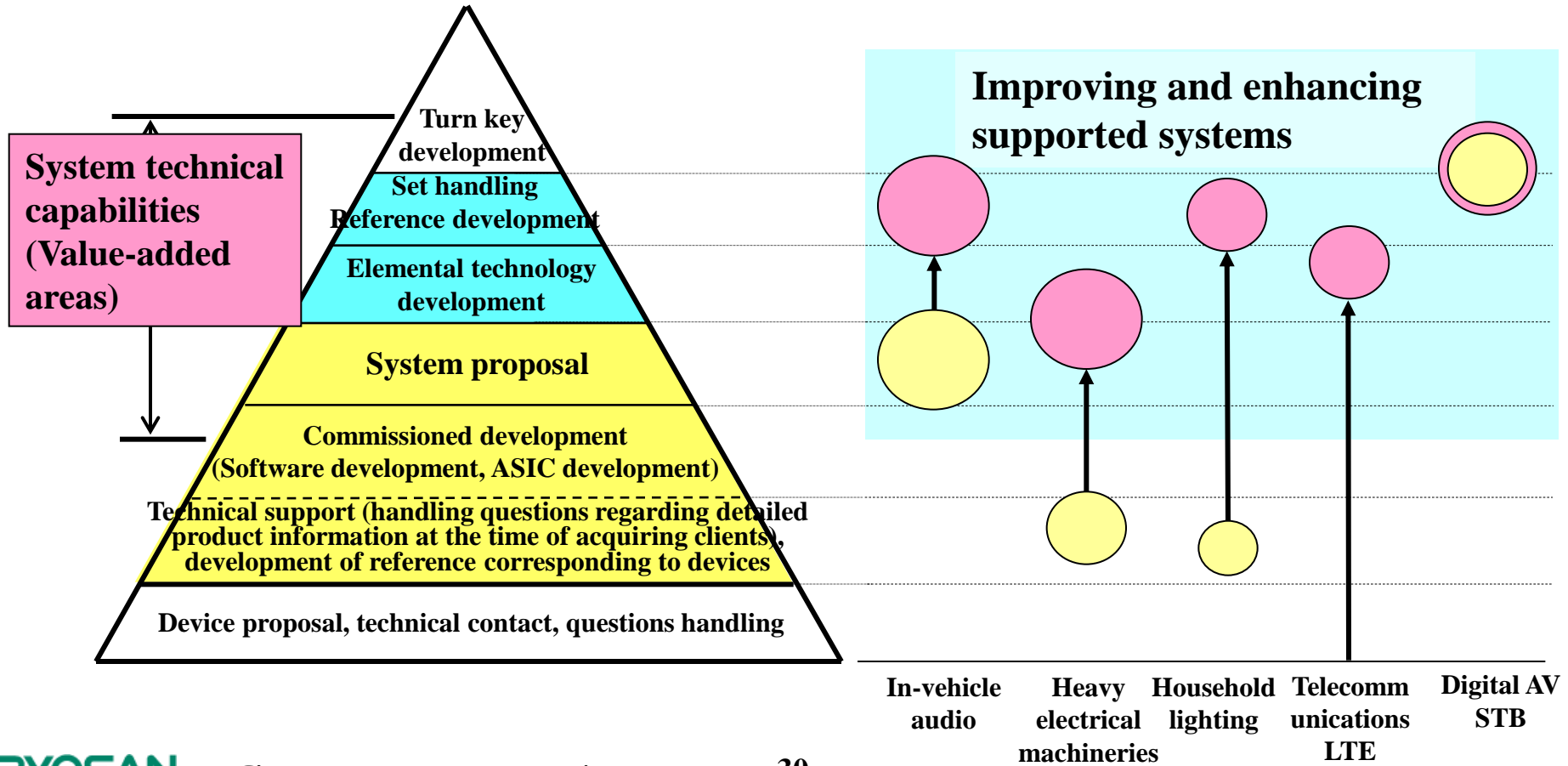
◎: handled mainly by the Company ○: handled by the Company in cooperation or shared with suppliers
 △: developed mainly by suppliers and customized by the Company

Efforts by the Technology Division

Areas of technical activities ②

Strengthening value-added areas by improving and enhancing supported systems

● Supported areas in FY2011
● Expanding supported areas



Efforts by the Technology Division

Main accumulated technologies

Improving and enhancing advanced technologies in growth areas (car electronics, social infrastructure, etc.)

Systems	System technologies and elemental technologies	Main targeted clients
In-vehicle electrical components	In-vehicle LAN (Ethernet AVB control technology), functional security Various ECU (Body, EPS, ACC), car-mounted cameras Display audio (Mirror link, Linux OS)	Domestic and overseas manufacturers of in-vehicle equipment
Green equipment	Smart grids, household power management systems Power-saving LAN control technology (for offices) LED/organic EL lighting technology AC-DC power	Domestic and overseas manufacturers of smart meters, solar cells, and LED lighting
Communication equipment	LTE control technology Wireless telecommunication technology (Bluetooth low energy) RFI technology (Keyless entry system)	Manufacturers of cell-phone handsets, car-mounted navigation system, and OA equipment