FY2012 Results Meeting

Fiscal year ended March 31, 2013

May 29, 2013

Ryosan Company, Limited

Code : 8140 / Stock listings: Tokyo Stock Exchange (First Section)
URL : http://www.ryosan.co.jp/eng/

Results for FY2012 and Forecasts for FY2013

Management Execution Report (FY2011 to FY2012)

"Management Efforts" for FY2013

[Appendix] Introduction of Technical Activities

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

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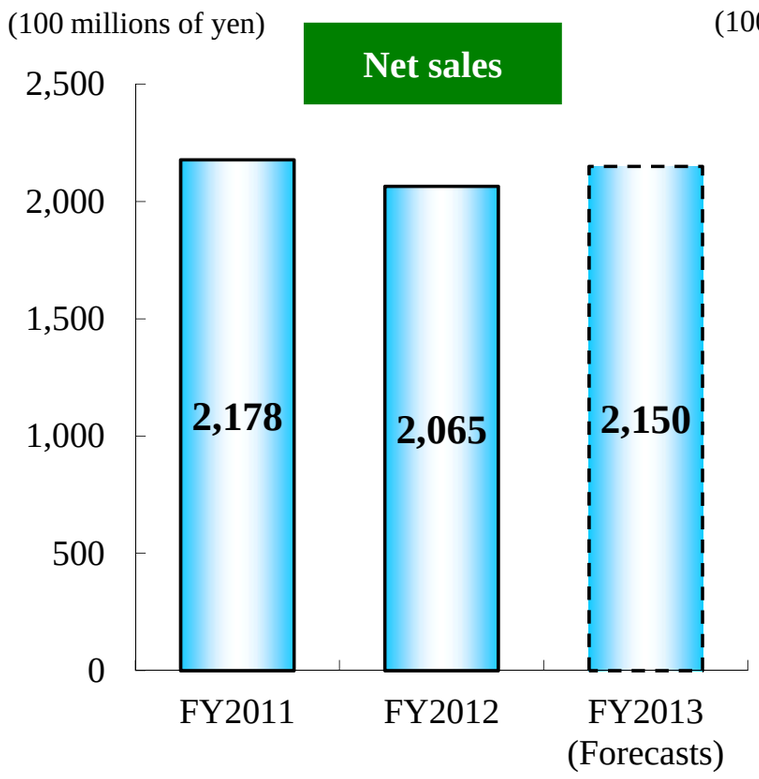
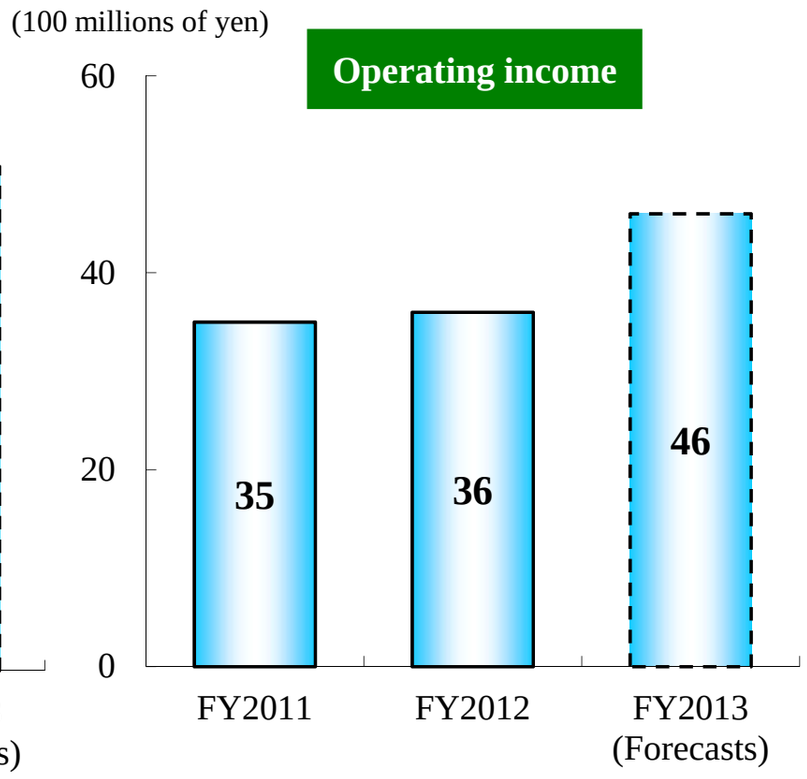
[Appendix] Introduction of Technical Activities

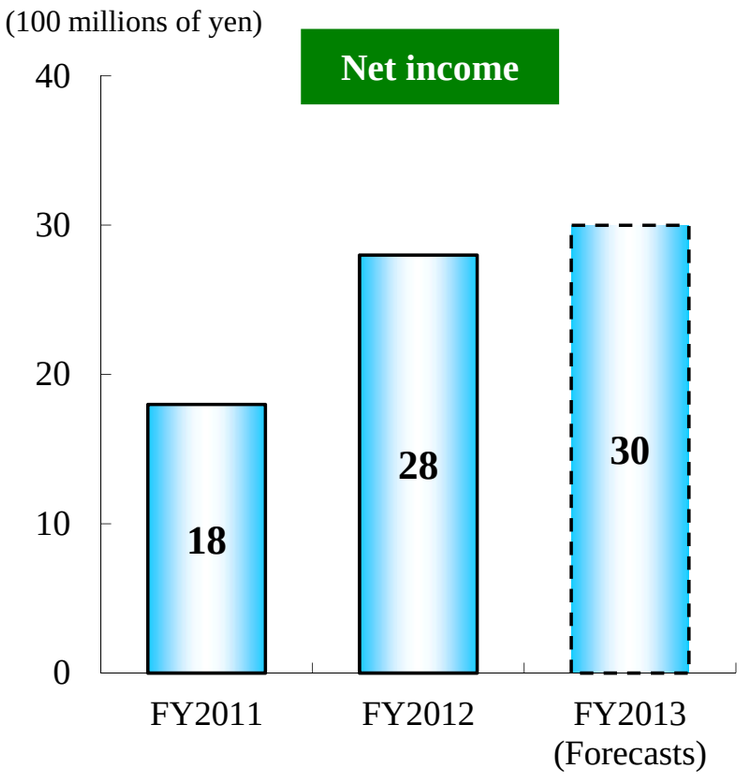
Overview of Consolidated Results

Unit: 100 millions of yen

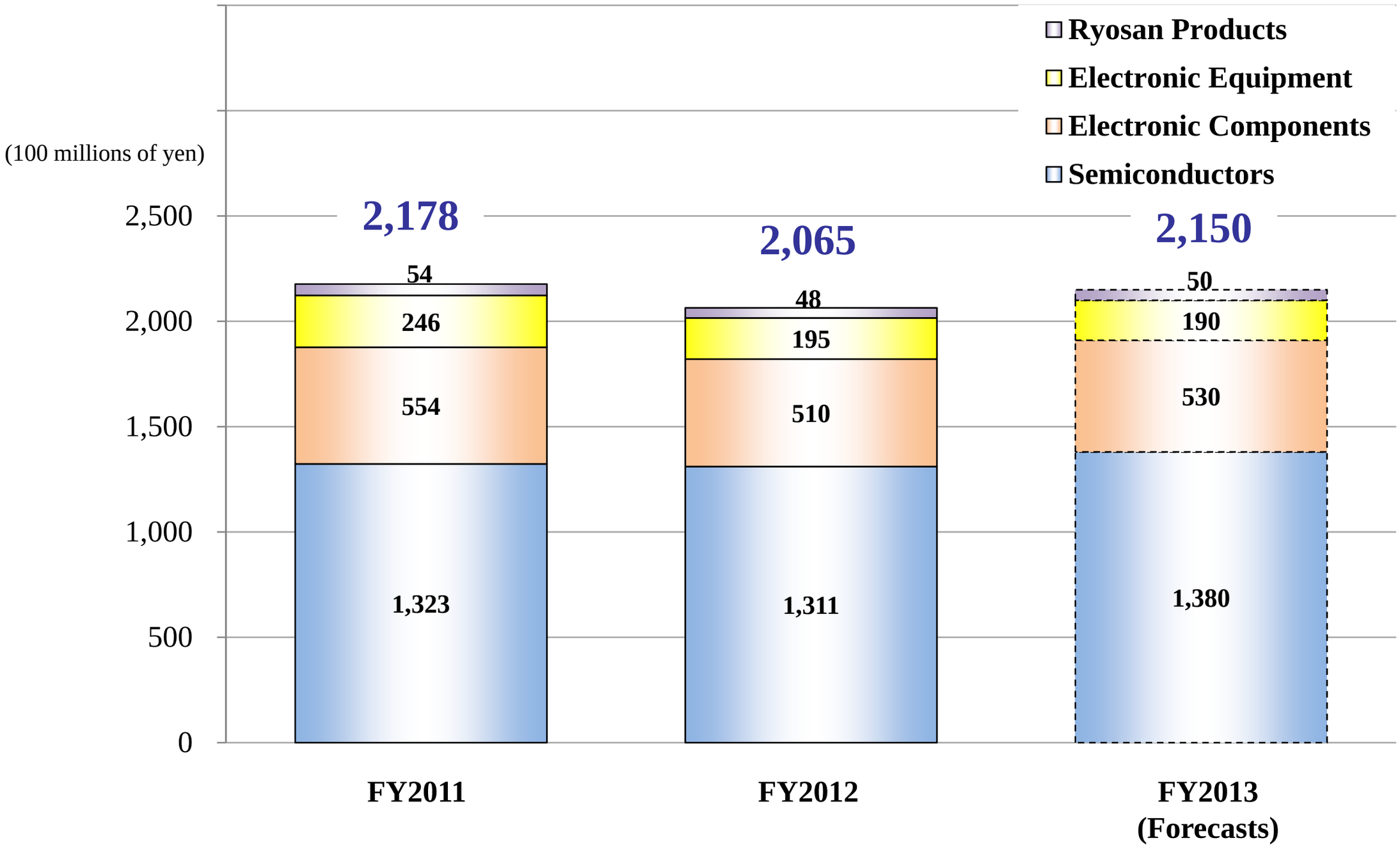
	FY2011		FY2012			FY2013 (forecasts)		
		Of Total		Of Total	% Chg. YoY		Of Total	% Chg. YoY
Net sales	2,178	%	2,065	%	(5.2)%	2,150	%	+4.1%
Gross margin	167	7.7	166	8.1	(0.6)%	176	8.2	+5.6%
SG & A expenses	132	6.1	129	6.3	(2.0)%	130	6.0	+0.1%
Operating income	35	1.6	36	1.8	+4.6%	46	2.1	+25.2%
Ordinary income	44	2.1	41	2.0	(8.1)%	48	2.2	+16.7%
Net income	18	0.9	28	1.4	+48.2%	30	1.4	+6.6%
Earnings per share	¥55.90		¥84.40			¥92.41		



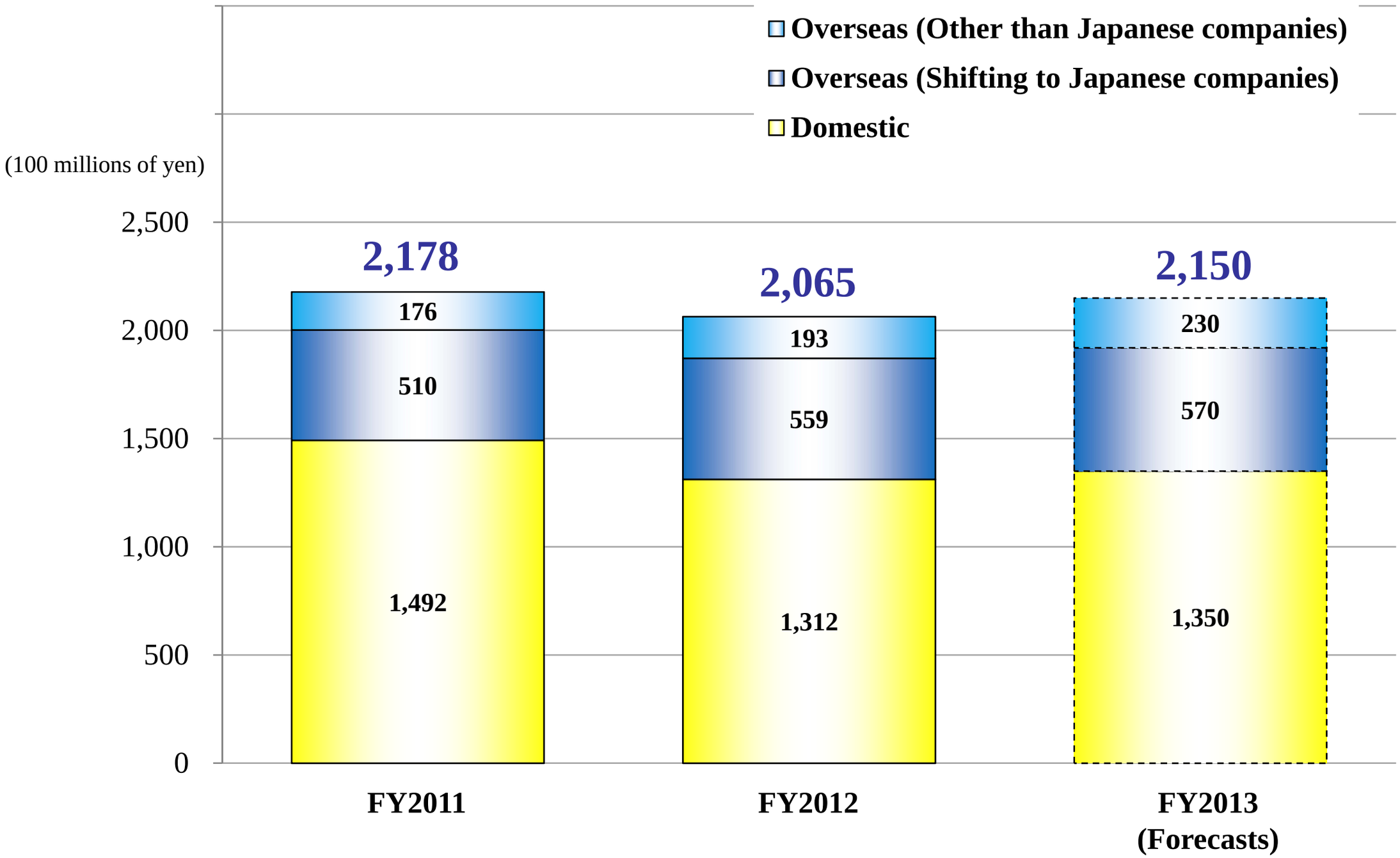




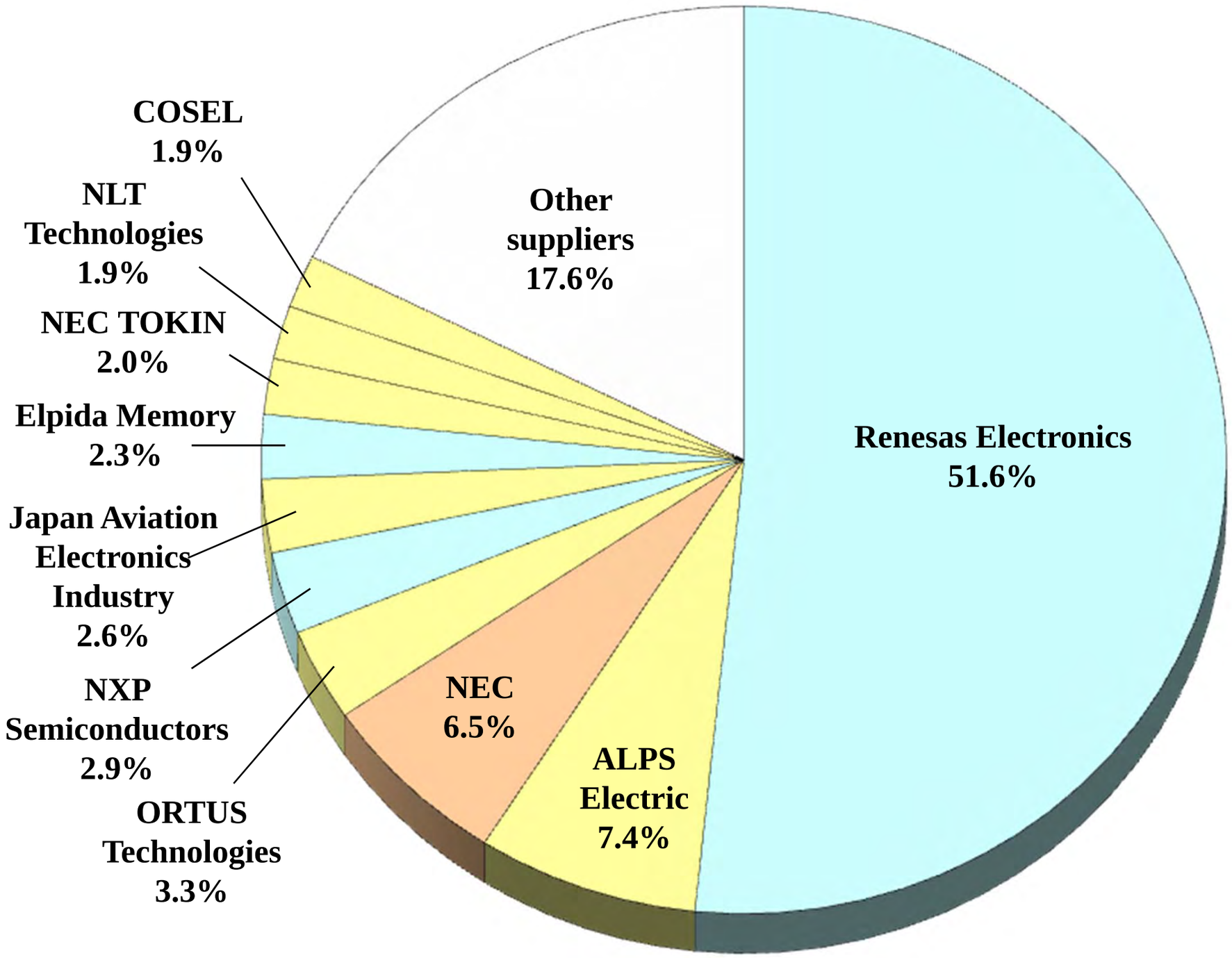
Change in Net Sales by Business Segment



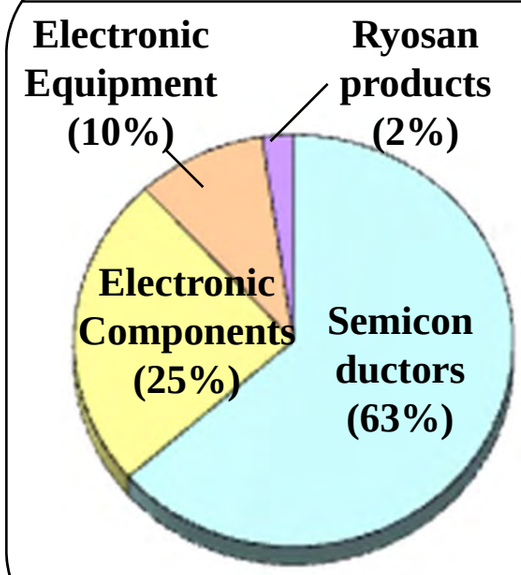
Change in Net Sales for Domestic/Overseas



Main Suppliers for FY2012



[Percentage of net sales by business segment]



* Honorifics omitted

* Percentage (%) is based on actual sales of products purchased from suppliers for FY2012.

Main Clients for FY2012

<<Top 40 companies by net sales>>

	Top 1-10	Top 11-20	Top 21-30	Top 31-40
Clients	CASIO COMPUTER DENSO HITACHI Mitsubishi Electric NEC NIKON OMRON Panasonic PIONEER Wacom	ALPINE ALPS Electric Brother Industries Calsonic Kansei Canon Fuji Film Mamiya-OP NINTENDO SAMSUNG (K) Sumitomo Wiring Systems	BLUEWAY (C) Clarion Fuji Xerox Hyundai Motor (K) JABIL (U) JVC KENWOOD KONICA MINOLTA TOSHIBA TEC YAMAHA Yazaki Corporation	ADVANTEST ARIMA (T) Fujitsu Furuno Electric NLT Technologies Sharp Stanley Electric TAISHODO SEIKO TOPRO (C) Yokowo
Percentage sales of all clients	(Top 10) 51%	(Top 20) 68%	(Top 30) 76%	(Top 40) 80%

(Alphabetical order)

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

Semiconductors	Electronic Equipment
Mitsubishi Electric NEC NIKON PIONEER Wacom	DENSO Fuji Xerox NEC NIKON Panasonic
(Top 5) 49%	(Top 5) 48%

Electronic Components	Ryosan Products
Calsonic Kansei Canon Mitsubishi Electric NEC NINTENDO	DENSO FANUC HITACHI Mitsubishi Electric Panasonic
(Top 5) 28%	(Top 5) 42%

(Alphabetical order)

* Honorifics omitted
* Ranking and percentage (%) are based on actual sales for FY2012.
* (K), (T), (C) and (U) represent clients in Korea, Taiwan, China and US, respectively.

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[Appendix] Introduction of Technical Activities

Growth strategy

◇Strengthening approach to developing countries of quick growth (China and India)

☞In India, start business with local STB manufacturers

◇Strengthening dealing with globalizing Japanese customers

☞In Europe (Germany), start business with Japanese manufacturers (in-vehicle electrical component systems)

◇ Strengthening exploitation in growing fields (car electronics, social infrastructure, etc.)

☞Continuing expansion of sales with a focus on Japanese clients

Segment strategy

<Technological strategy>

◇Contribute to semiconductor sales and profit maximization with our abilities in system technology and development as added values

☞Refer to Appendix

<Semiconductors>

☞As a new line card, start business with 4 overseas semiconductor manufacturers

☞Expand business with major Korean automotive manufacturers
(in FY2012, approx. 2 times the results of FY2010)

Segment strategy

<Electronic Components>

☞As a new line card, start business with 2 electric component manufacturers

<Electronic Equipment>

☞Conduct business talks for commissioned development of software/hardware for HEMS (Home Energy Management System)
Commissioned development decided for a portion of software/hardware

<Ryosan Products>

☞Introduce new products (fine pitch KBS) for the social infrastructure market using in-house products (heat sinks)

Infrastructure strategy

- ☞Establish a base (branch office of Singapore Ryosan) in India (Bangalore)
- ☞Establish a local subsidiary (Ryosan Europe GmbH) in Germany (Munich)
- ☞June 2012: Select 1 outside director
- ☞Implement full consolidation from FY2013 (implement new accounting system)

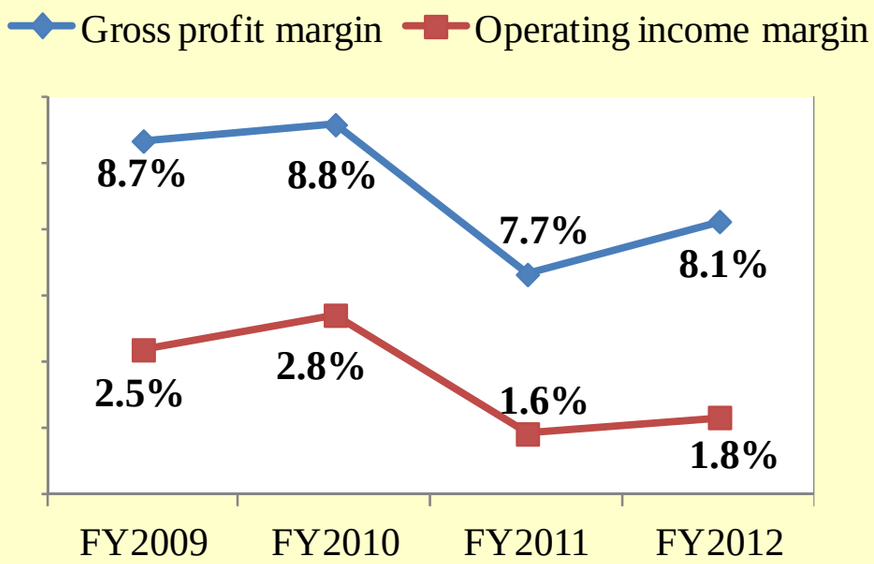
Laying the foundation

◇Improvement in the profit structure

- Worsening profit structure due to restructuring of business structure by major suppliers and stagnation of the Japanese electronics industry

- Although the gross profit margin is improving, it remains at a low level when compared to past levels
- The past few years, net sales have stagnated at about 200,000 million yen. There are issues with growth potential.

Continue with FY2013 Management Activities



Management Execution Report <FY2012 Priority Theme>

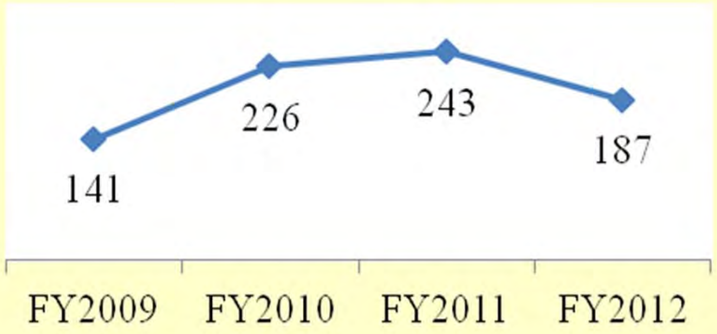
Laying the foundation

◇**Improvement in the financial structure**

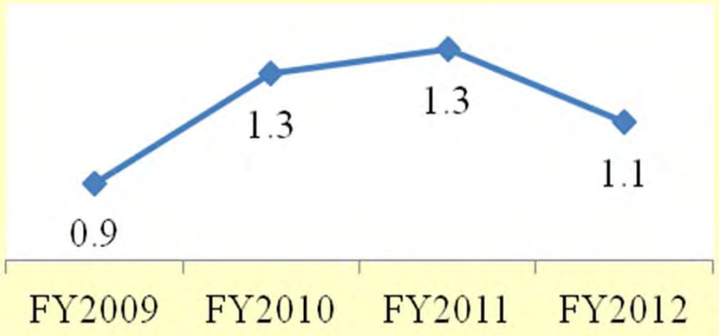
- **Inventories amount decreased, but failed to reach target for turnover months**

- **Decrease in inventories is mainly due to stagnating net sales. Inventory control is insufficient.**

Inventories (amount) <100 millions of yen>



Inventories (turnover months) <XX months>



Continue with FY2013 Management Activities

Results for FY2012 and Forecasts for FY2013

Management Execution Report (FY2011 to FY2012)

"Management Efforts" for FY2013

[Appendix] Introduction of Technical Activities

Management Efforts for FY2013

[Recognition of current situations]

Changes in external environment

◇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

◇Stagnating net sales

◇Issues regarding the profit structure

・Stagnating profit rate (gross margin, operating income)

[Our Basic Stance]

Seek sustainable growth and sound management

[Specific Efforts]

Cultivation of businesses to serve as 2nd and 3rd pillars

◇Further strengthening of overseas semiconductor device business

[Reference] Editing of 8th Medium-Term Management Plan

Further improvement of corporate structure

◇Improvement in the profit structure and financial structure

Cultivation of businesses to serve as 2nd and 3rd pillars

◇Further strengthening of overseas semiconductor device business

- Implement projects for developing new resources

Objective: Discover new resources for sustainable growth of our company

Goal: ・Quick contribution to performance through new resources which can be deployed throughout entire group

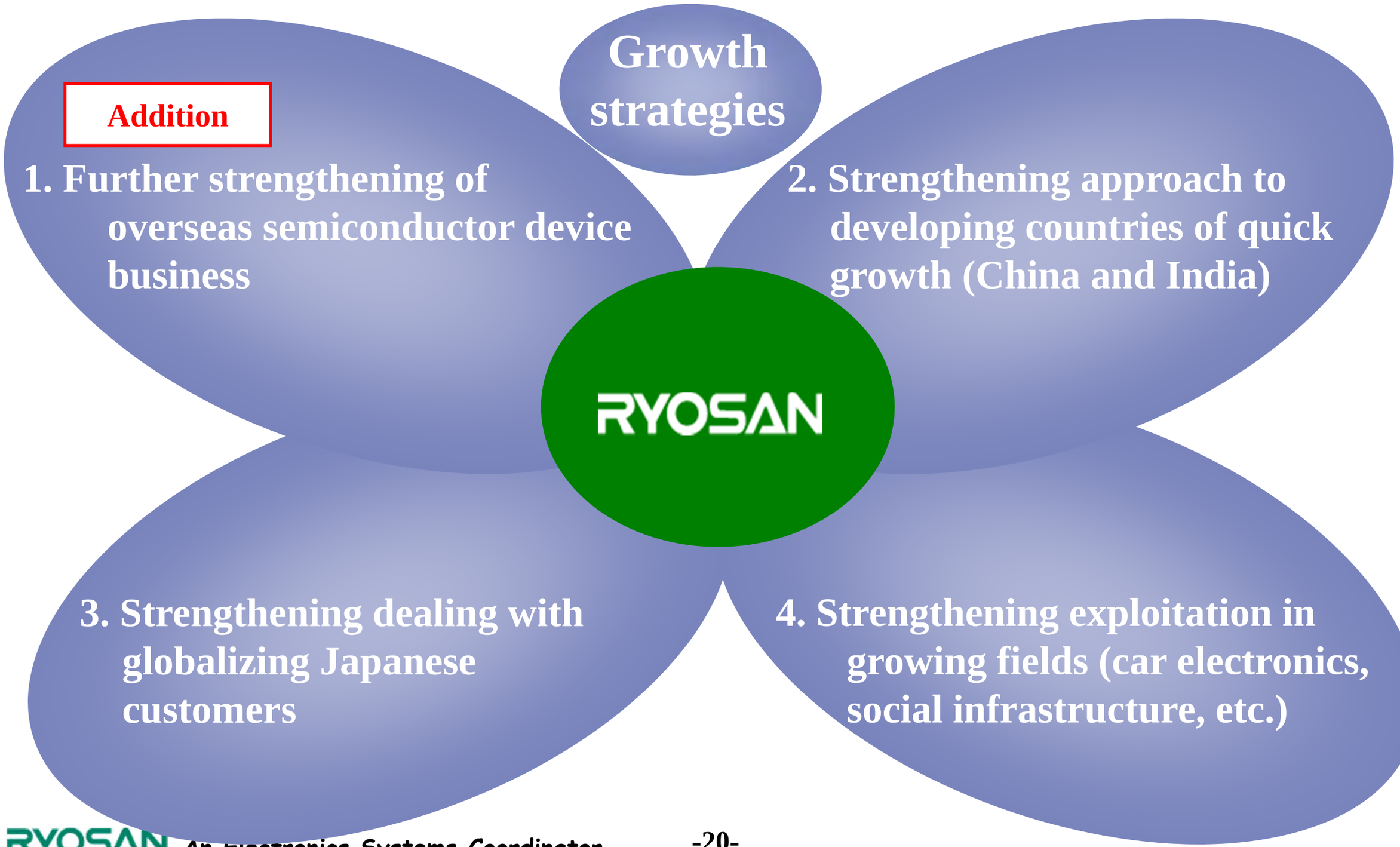
・Determine whether the new resources can be used to expand our company's business

・Further strengthening of overseas semiconductor device business

Objective: Re-challenge the overseas semiconductor device business as a growth strategy

Goal: Seek net sales of 20 to 30 billion yen through subsidiaries (Saxis, Gyronics) which mainly conduct business in overseas semiconductors

Editing of 8th Medium-Term Management Plan



Further improvement of corporate structure

◇**Improvement in the profit structure**

・**Continuously challenge for improvement in the profit rate**

➥**Secure an appropriate gross profit margin by implementing sales activities with added value such as technical support**

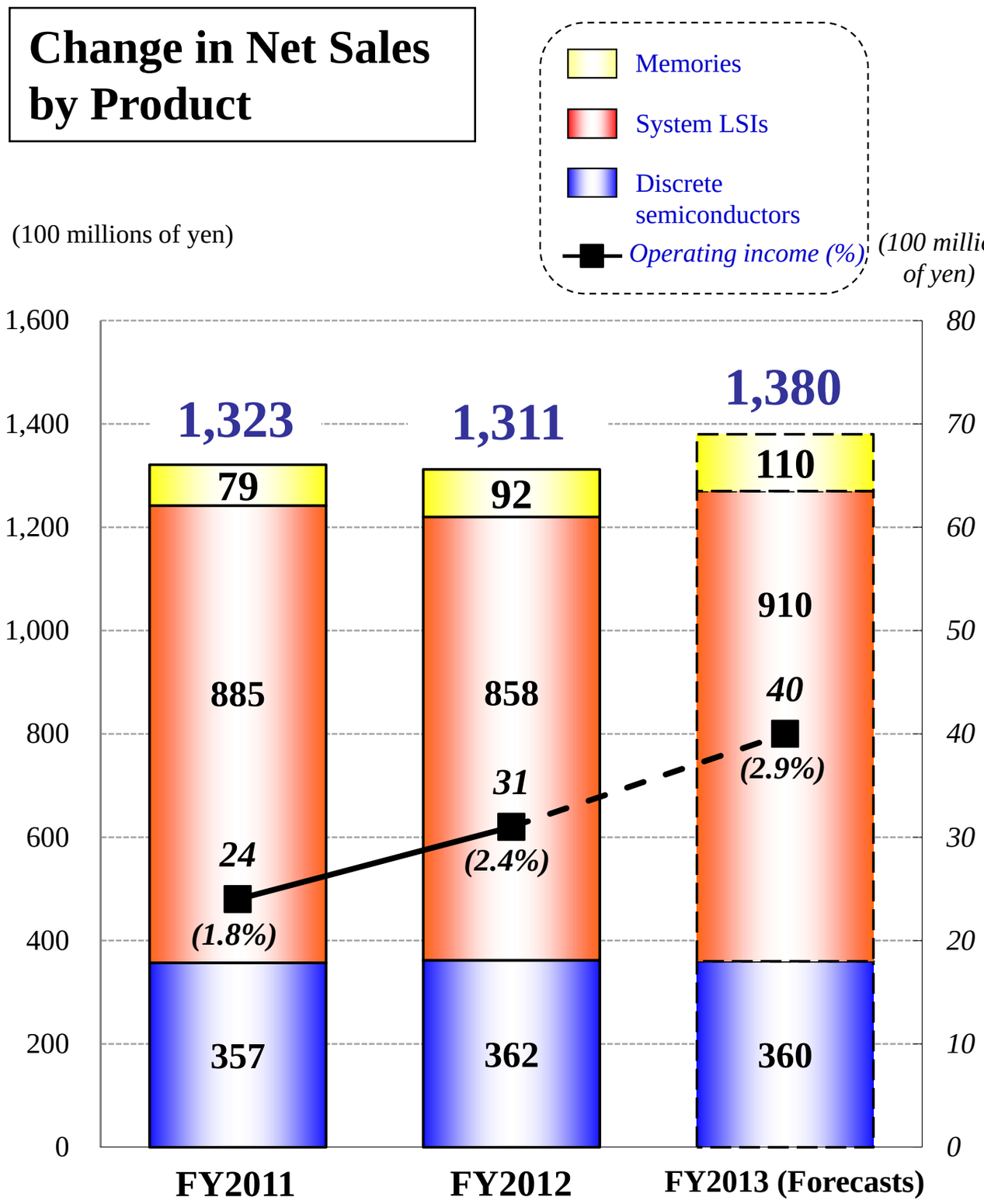
◇**Improvement in the financial structure**

・**Proper adjustment of turnover months for inventories: Target of less than 1 month**

➥**Reduce excess inventory through strict enforcement of detailed control for delivery dates**

Efforts in Semiconductors Business

Change in Net Sales by Product



Efforts in FY2013

◇Focused target markets

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

◇Specific efforts

Domestic suppliers

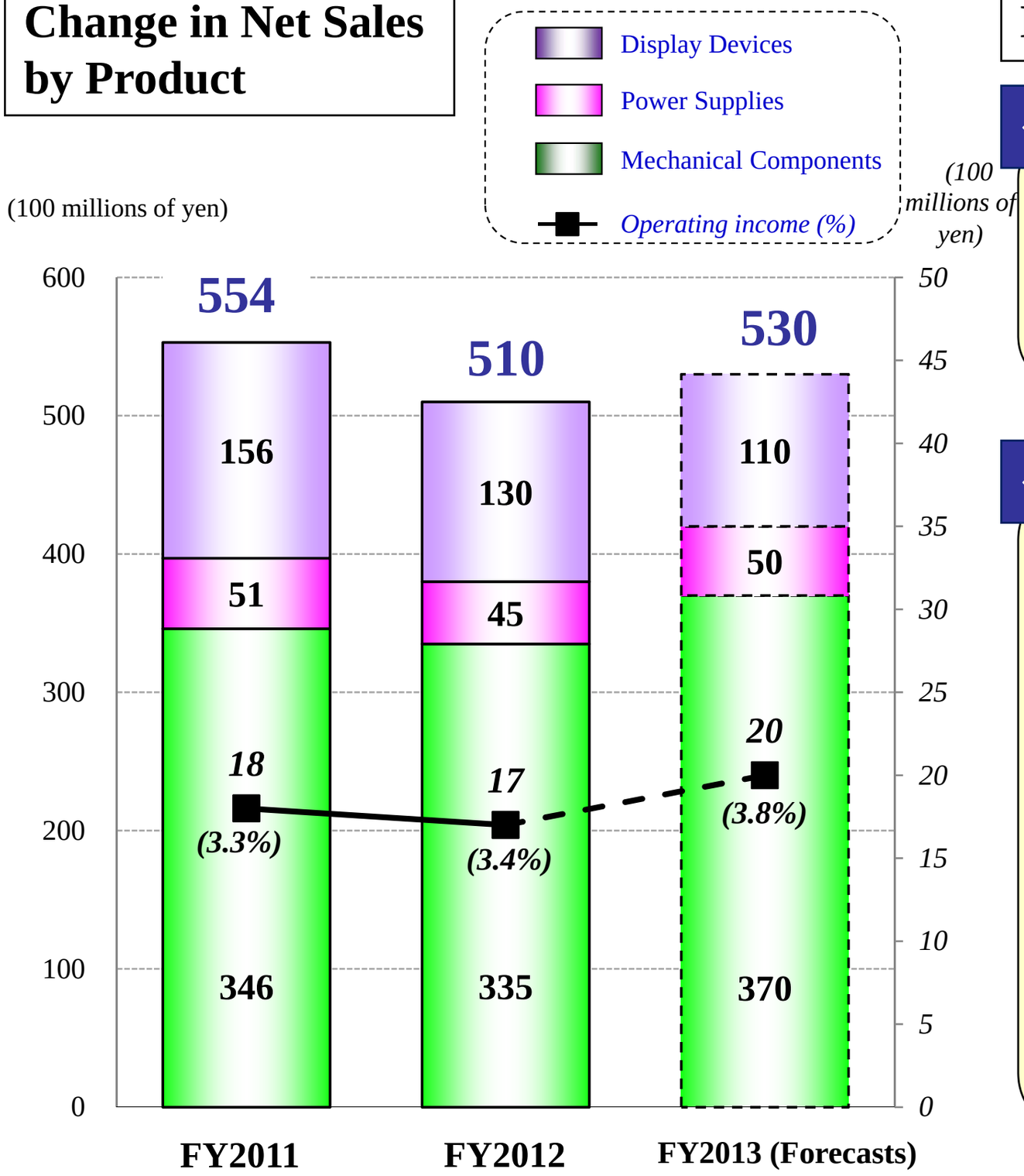
- **Exploiting and capturing new markets (Smart grids and LED lightening, etc.)**
- **Deepening relationships with newly transferred clients**
- **Sales promotion to overseas local clients in cooperation with local design houses (China, Korea)**

Overseas suppliers

- **Strengthening the sales system for current suppliers**

Efforts in Electronic Components Business

Change in Net Sales by Product



Efforts in FY2013

◇Focused target markets

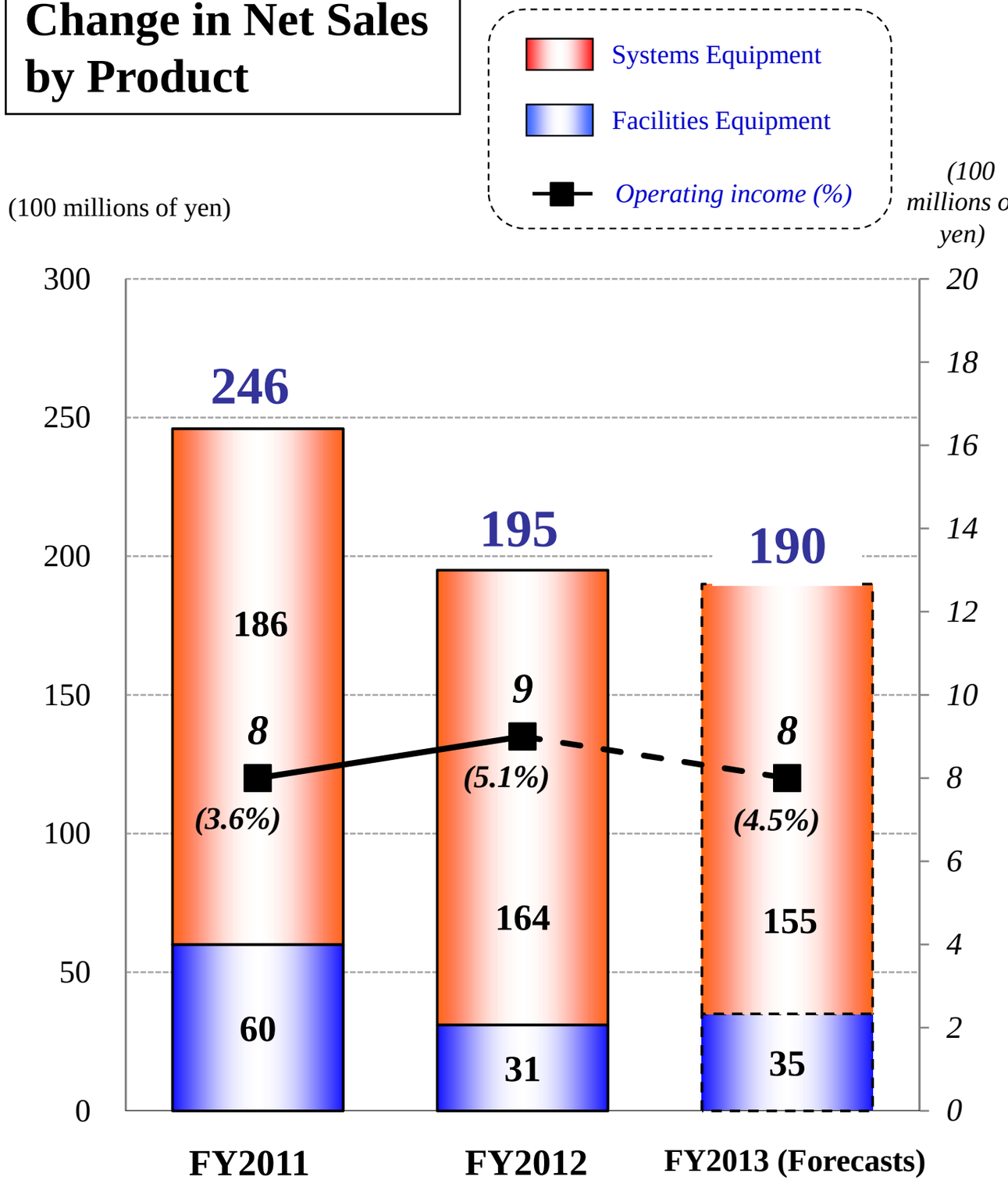
- **In-vehicle electrical components**
- **Social infrastructure**
- **Communication equipment**

◇Specific efforts

- **Improving the product lineup**
  (LED, optical track pads, solar cells, censors, etc.)
- **Strengthening sales promotion in overseas markets**
  (Establish new division dedicated to Chinese electronic components)
- **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 FY2013

◇Focused target markets

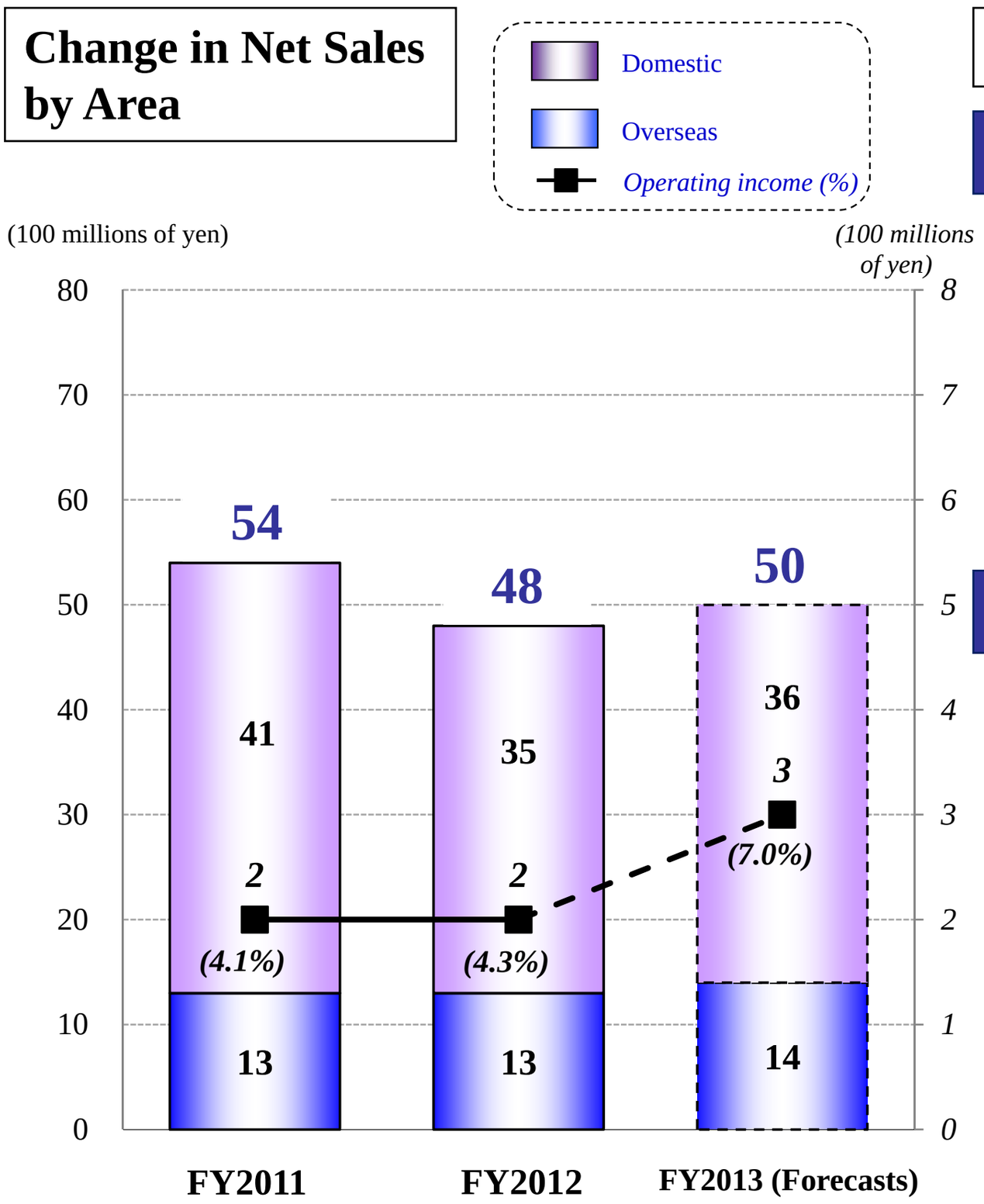
- **In-vehicle related**
- **Social infrastructure**
- **Environmental energy**

◇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], ODD unit, lithium ion batteries for in-vehicle devices)
- **Exploiting markets and clients in growth areas**
  (Social infrastructure, environmental energy, next-generation semiconductors)
- **Response to globalization**
  (Exploiting markets in China and Taiwan)

Efforts in Ryosan Products Business

Change in Net Sales by Area



Efforts in FY2013

◇Focused target markets

Domestic

- Energy
- In-vehicle electrical components
- Elevators
- Industry/FA
- Heavy electrical machineries
- Medical devices

Overseas

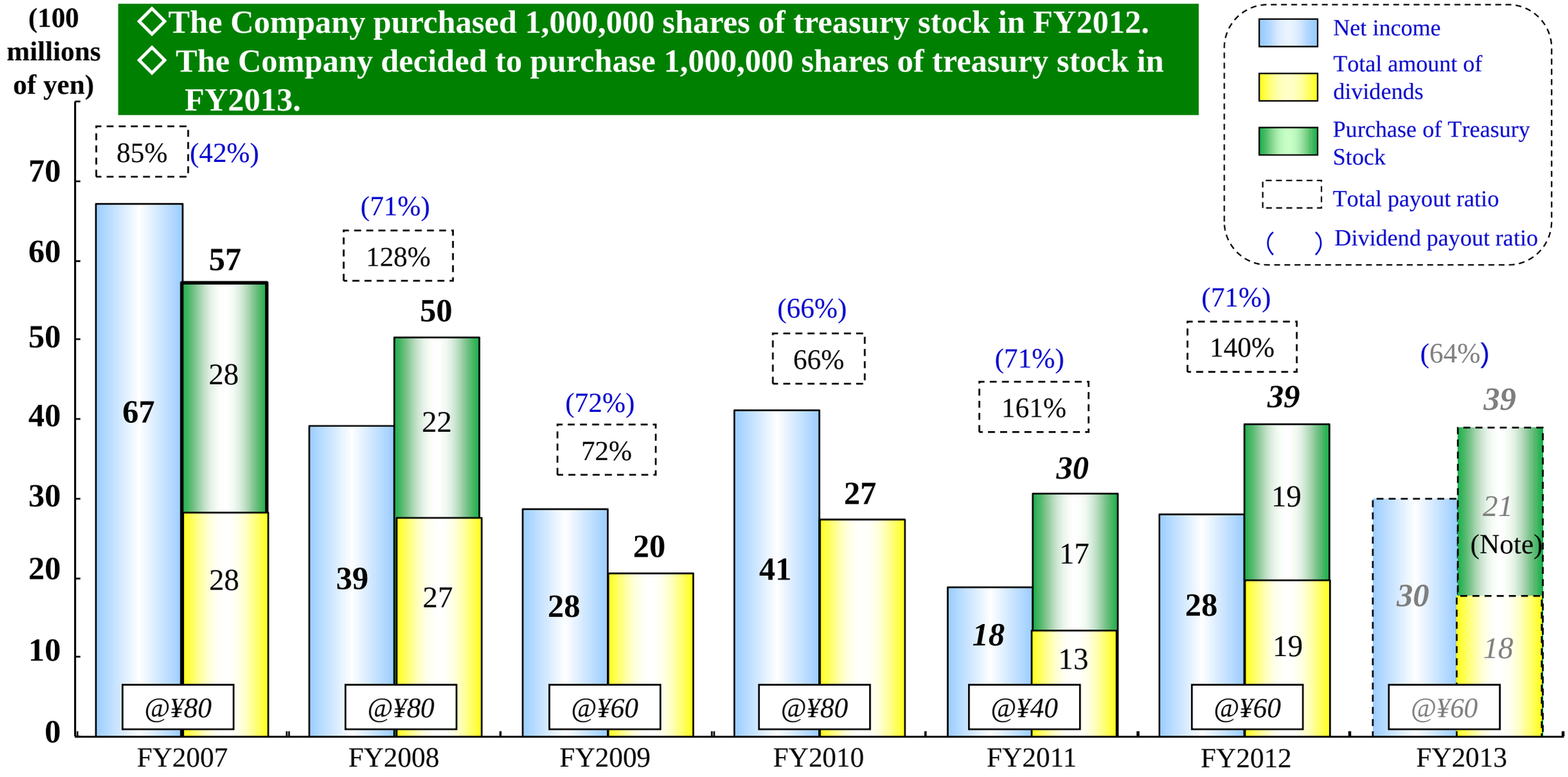
- Air conditioners
- OA
- In-vehicle electrical components

◇Specific efforts

- Focusing resources on appealing markets
  Domestic: In-vehicle electrical components, heavy electrical machineries, FA, energy, infrastructure, medical devices, 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

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

◇The Company purchased 1,000,000 shares of treasury stock in FY2012.
◇ The Company decided to purchase 1,000,000 shares of treasury stock in FY2013.



<<Trends in Purchase of Treasury Stock>>

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 (Plan)
Amount (￥100 million)	28.8	22.5	—	—	17.2	19.8	21.2 (Note)
Number of stocks (10,000 shares)	100.0	100.0	—	—	100.0	100.0	100.0

(Note) From announcements made on May 24th and 27th, 2013 in relation to acquisition of treasury stock.

Consolidated Statements of Cash Flows

<Supplementary Material-1>

(Unit: millions of yen)

Cash flow	FY2011	FY2012
Operating CF	(8,356)	17,689
Investing CF	(936)	2,485
Financing CF	419	(4,874)
Free CF	(9,292)	20,174
Balance of cash and cash equivalents	34,113	50,463

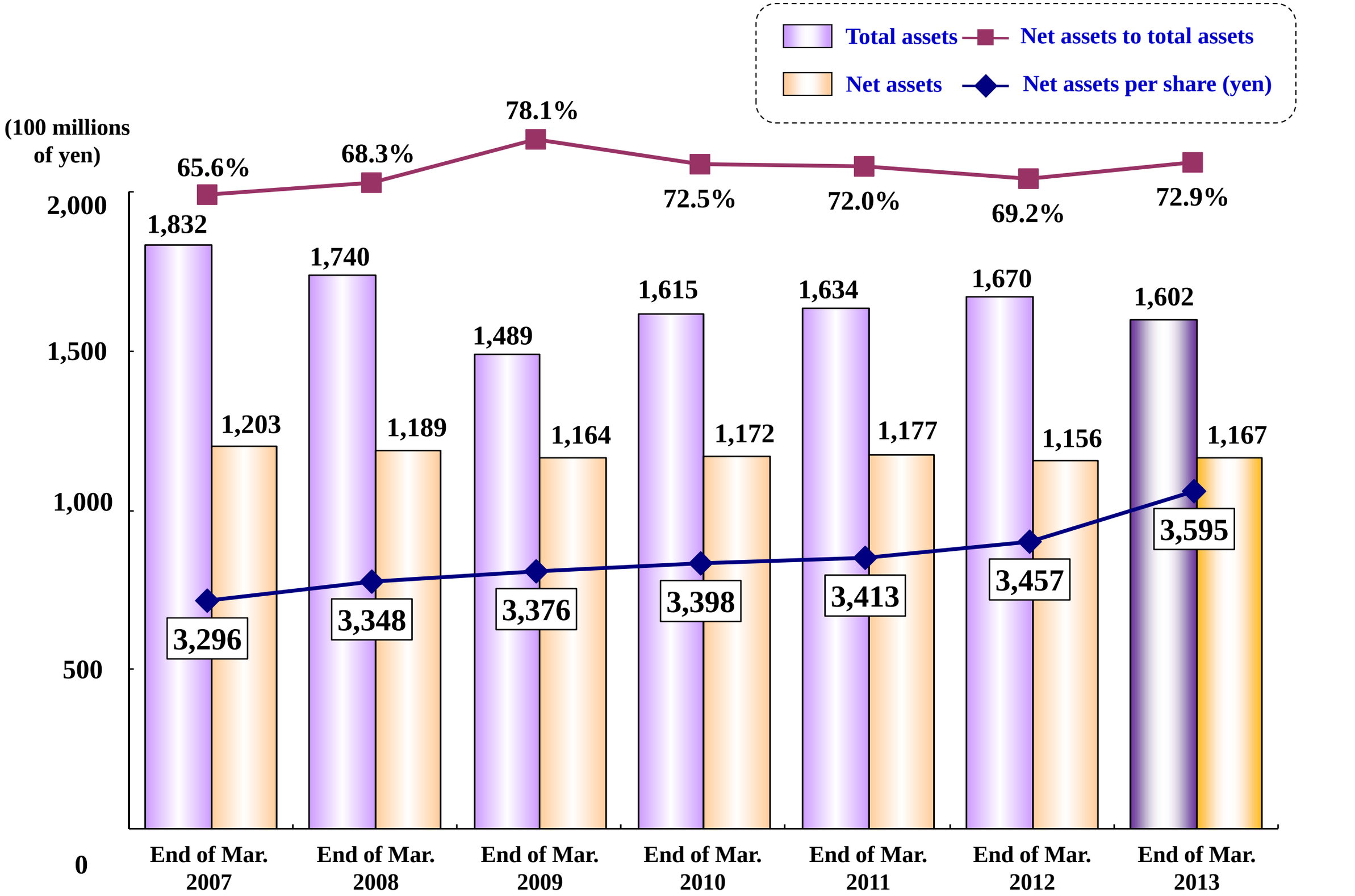
Major causes for increases/decreases

- **Income before income taxes and minority interests: 4,146 million yen**
- **Decrease in notes and accounts receivable-trade: (14,941 million yen)**
- **Decrease in inventories: (6,319 million yen)**

- **Withdrawal of time deposits: 3,000 million yen**

- **Decrease in short-term loans in foreign currency: (1,086 million yen)**
- **Payment of year-end dividends: (1,673 million yen)**
- **Purchase of treasury stock: (1,983 million yen)**

Trends in Consolidated Financial Position <Supplementary Material-2>



[Appendix]
Introduction of Technical Activities

An Electronics Systems Coordinator

May 29, 2013

Ryosan Company, Limited
Toshifumi Sakata
Director & General Manager of the Engineering Headquarters

RYOSAN

[Orientation of technology]

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

[Medium-term technology strategy]

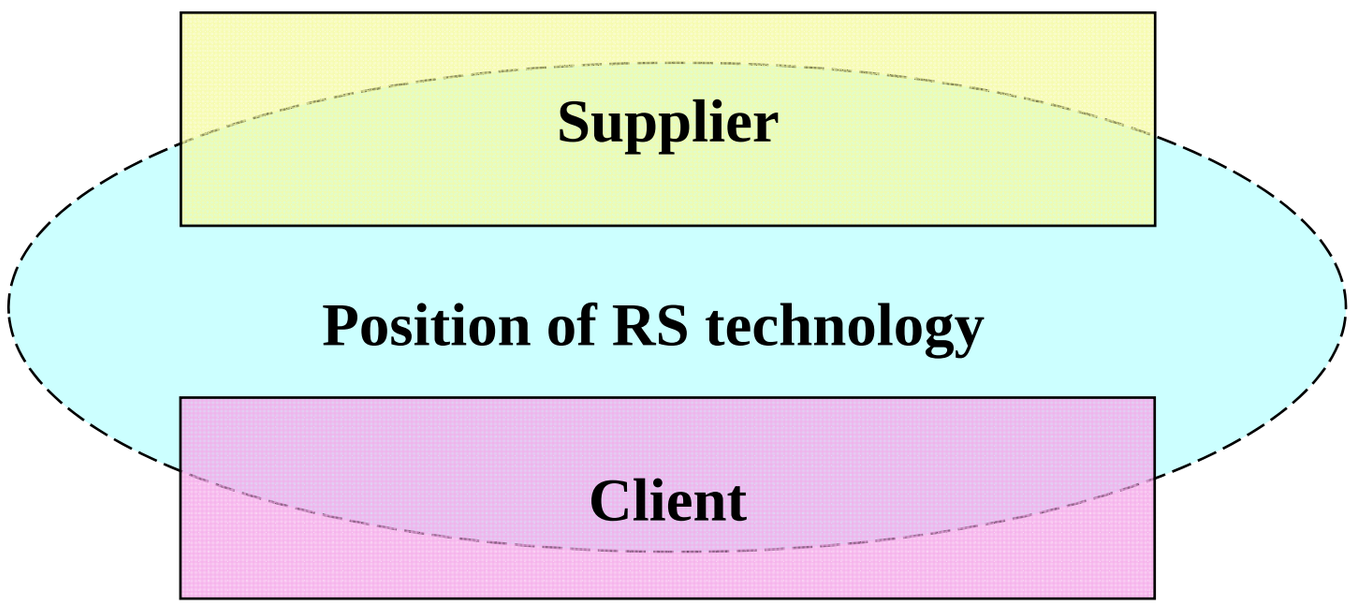
～Strengthening technology that sells out～

- Strengthening system technical abilities (including elemental technology) and proposal abilities
- Strengthening development abilities through commissioned development (ASIC/software development)
- Strengthening technical support abilities (device applied technical abilities) for complementing suppliers
- Global expansion of in-house technology to growth markets

  Promoting design-in for the Korean, Chinese and Indian markets

[Position of technology]

Technology for selling out devices



Device technology

∨

RS technology

∧

System technology (Client set)

Provision/pursuit of practical technology which matches conditions at each client

- **Development technical abilities and device applied technical abilities gained through many years of experience**
  - **I. Deep knowledge of characteristics/problems related to device application; technical abilities which maximize the performance of devices.**
  - **II. Proposal/realization abilities with in-depth understanding of the client's unique development style and set specifications (system)**

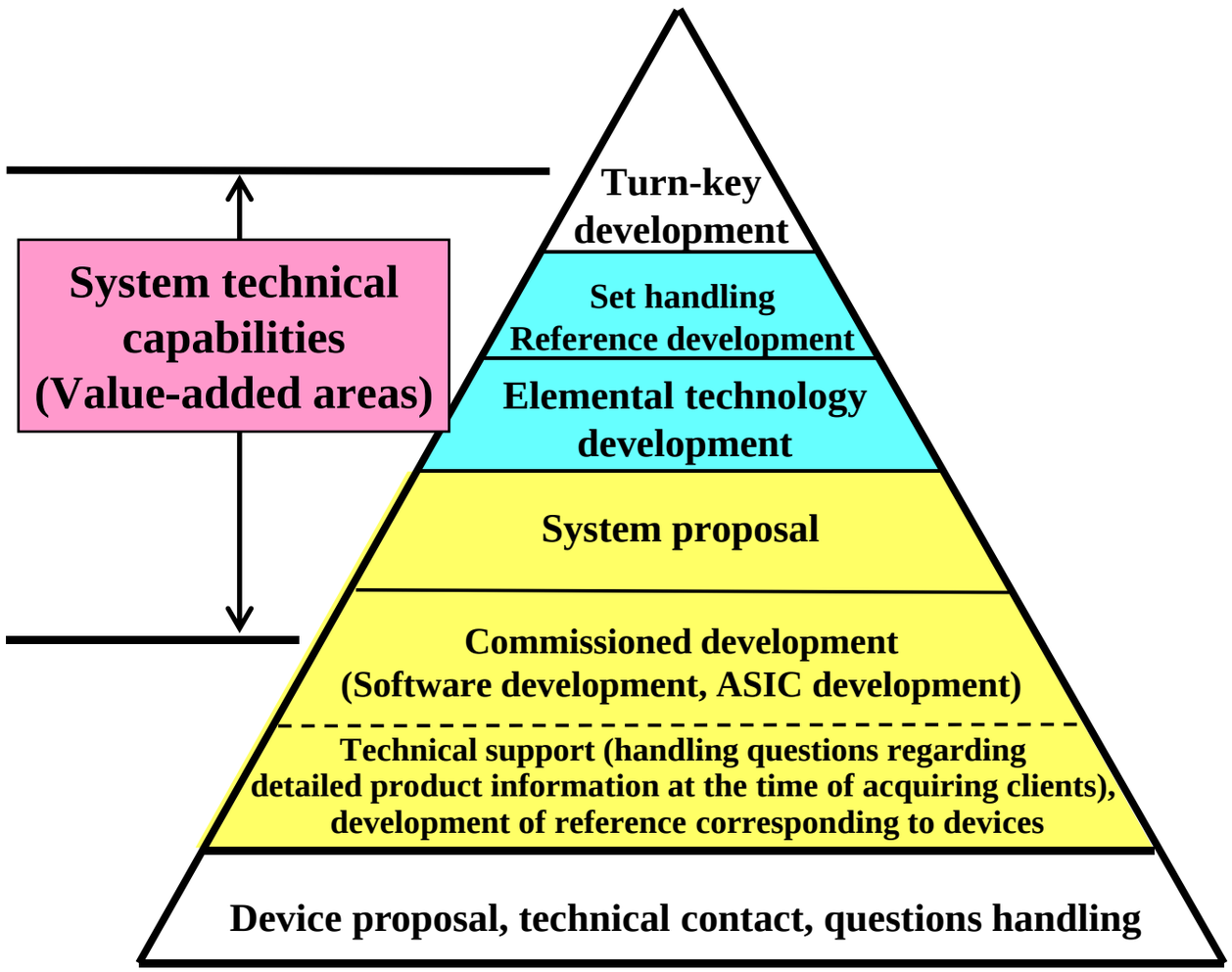
■Strengthening system technical abilities (including elemental technology) and proposal abilities

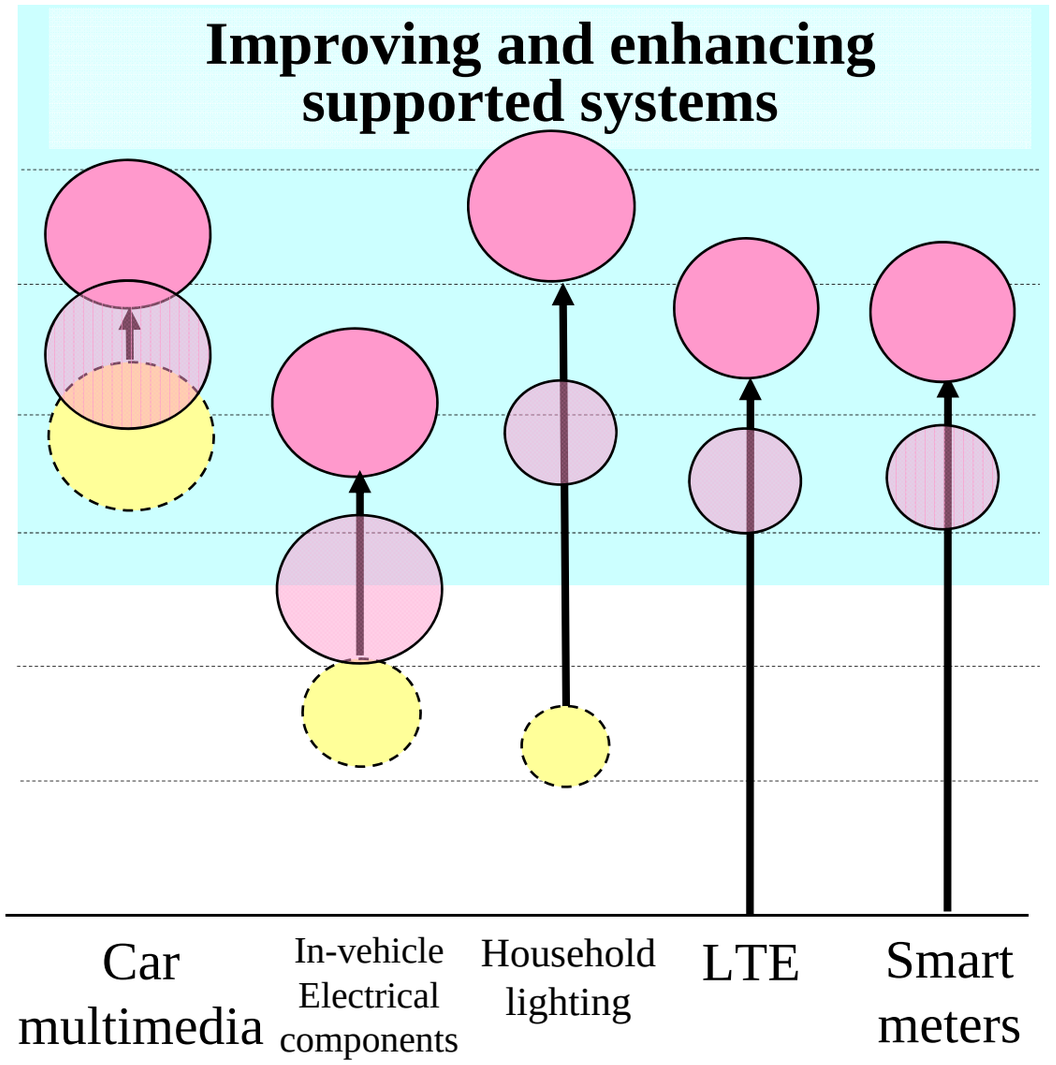
Medium-term accumulated technologies

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 (MirrorLink, Miracast, Linux) Immobilize (keyless entry)	Manufacturers of in-vehicle equipment
Home equipment	Smart grids, household power management systems Power-saving LAN control technology (for offices) LED/organic EL lighting technology Power systems (AC-DC, DC-DC)	Domestic and overseas manufacturers of smart meters, manufacturers of LED lighting & solar cells, etc.
Communication equipment	Wireless telecommunication technology (LTE, Wi-Fi, Bluetooth-LowEnergy) router	Manufacturers of cell-phone handsets, car-mounted navigation system, and OA equipment
Mobile devices	DSC/surveillance cameras (image processing, noise reduction, image communication I/F)	Manufacturers of DSC and industrial cameras
Shared element technology	Control technology (analog) for PFC power supply IC ARM multi-core response technology (Cortex Series)	Power supply clients, OA devices clients

Strengthening value-added areas by improving and enhancing supported systems

- Supported areas in FY2011
- Condition in FY2012
- FY2013 targets for Medium-Term Plan

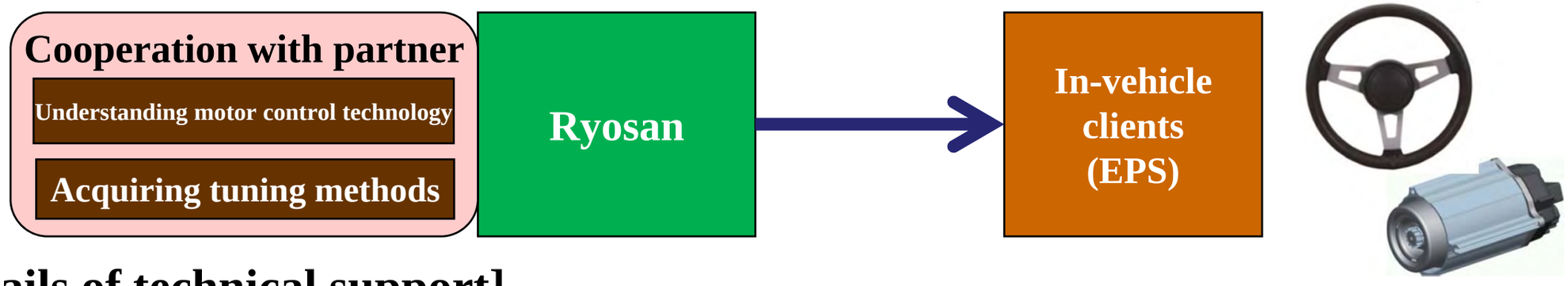




[Improvement of Supported Systems① In-Vehicle Motor Control]

An Electronics Systems Coordinator

Through cooperation with partners who possess technical know-how in motor control, acquire motor control technology and develop EPS modify programs which meet client specifications

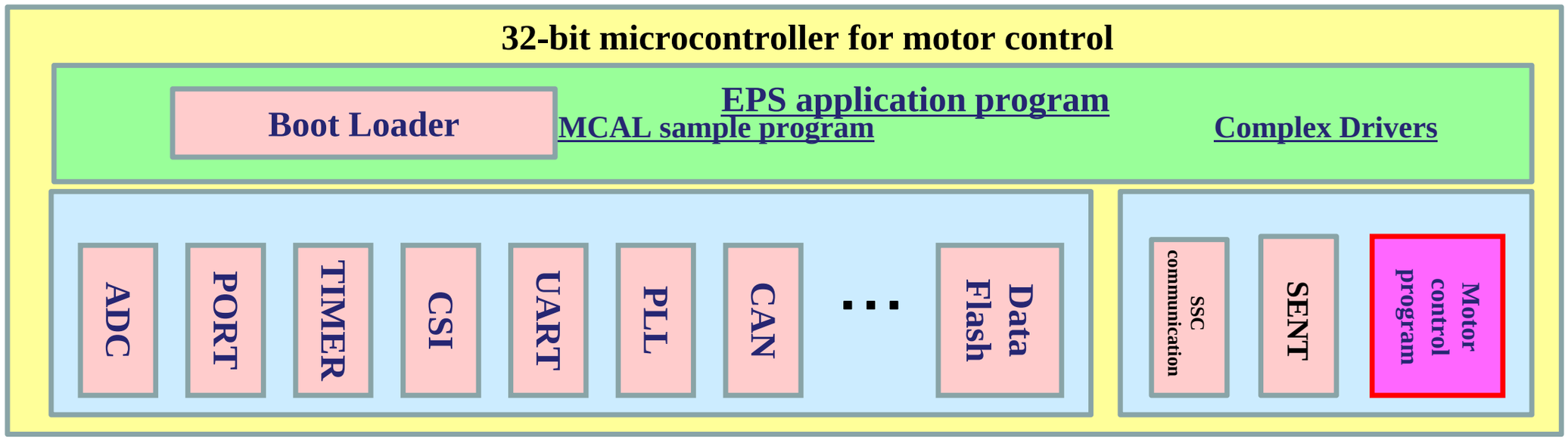


[Details of technical support]

①Operation verification and modification which matches client motor units

②Design of MCAL sample programs, boot programs

***MCAL: Driver program in compliance with AUTOSAR**



[Improvement of Supported Systems② Power Line Communication (PLC)]

An Electronics Systems Coordinator

Based on REL's PLC for LSI, accumulating technology in advance for overseas business
Implementing technology in domestic market and increasing sales in the smart grid market

PLC: Power Line Communication

Ryosan

Technical support
Sample software design
Software commissioned development

Overseas manufacturers
- Meter clients
- Modules
- etc

Power companies Taiwan, Thailand, Europe, China

Implement accumulated technology

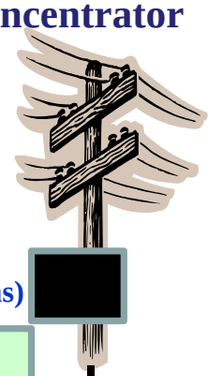
Domestic manufacturers
- Meter clients
- Communications equipment, etc.

Power companies

ECHONET Lite

Smart Meter MCU

Concentrator



PLC module **(G3/ARIB specifications)**

32bit microcontroller

PLC LSI

ARM7 | SRAM
DSP | PHY

PLC **PLC**

- ECHONET Lite: A control protocol and sensor network protocol for smart homes. International standardization through ISO and IEC specifications.
- HEMS: Home Energy Management System

[Improvement of Supported Systems③ Communications Standard Miracast]

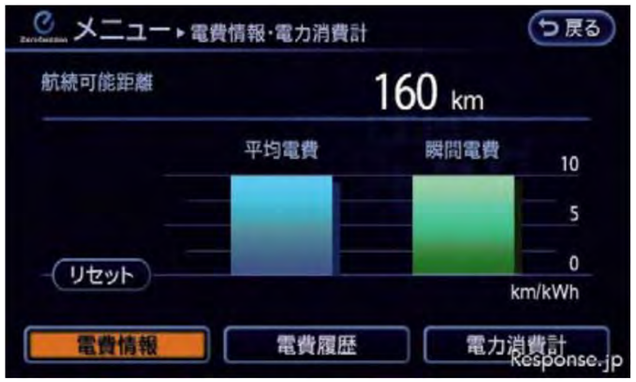
An Electronics Systems Coordinator

New standard which uses Wi-Fi (wireless) to connect smartphones and in-vehicle equipment

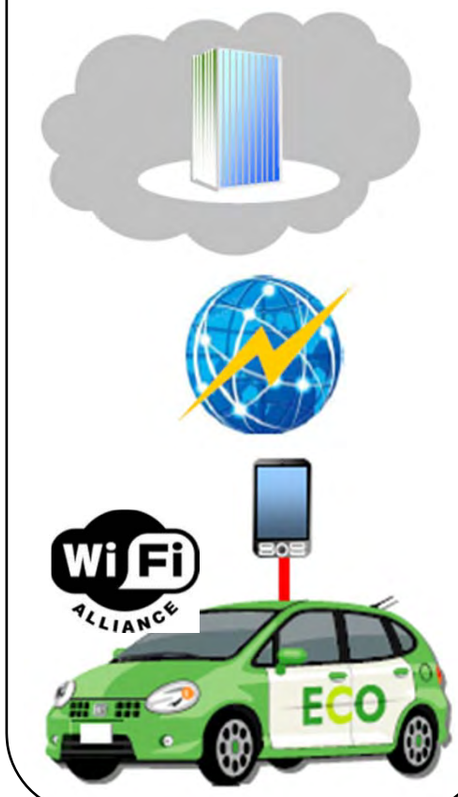
- **The screen (function) of a smartphone is displayed on in-vehicle equipment**
- **A smartphone is operated by manipulating in-vehicle equipment**

[Usage example]
Navigation application of a smartphone is used on in-vehicle equipment

[Usage example]
Information of in-vehicle equipment is displayed on a smartphone

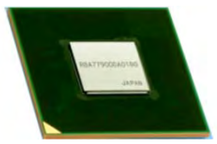


[Usage example]
Network connection using a smartphone



Device: manufactured by Renesas

R-CAR, R-Mobile



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Middleware: manufactured by Partner

Miracast stack

M/W

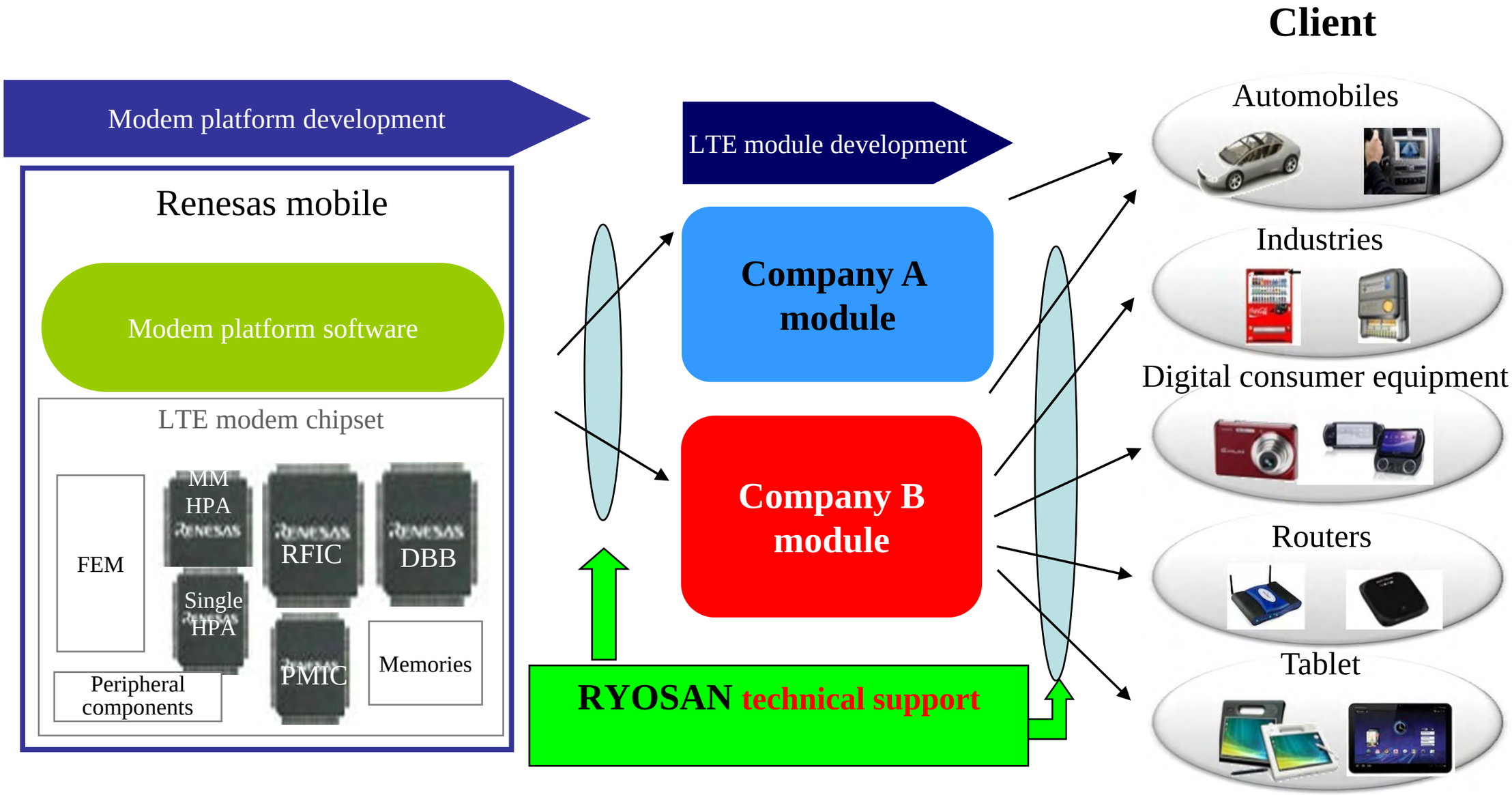
Ryosan

In-vehicle equipment manufactures

Technical support

[Improvement of Supported Systems④ LTE]

**Advanced accumulation of LTE (Long Term Evolution) technology for next-generation cell-phones (3.9G or after)
Collaborating with module manufactures and currently promoting DI for a wide range of fields**



■Strengthening development abilities through commissioned development (ASIC/software development)

[Main development record]

	Client	Set	Process	Notes
ASIC development 24 projects	Company A	Slot machines	MF2	Securing continual business talks
	Company B	DSC	CB40LR	Acquiring technology for image processing circuits (Strengthening design abilities from specifications)
	Company C	Machine tools Motion controller	CB40LR CB40LR	Acquiring technology for communications IP (Giga-Ether)
	Company D	LBP	CB40LR	Application of ARM bus I/F technology (Strengthening design abilities from specifications)
	Company E	MFP	UMC (130nm)	DI expansion for Faraday ASIC
	Client	**Set**	**Device**	**Notes**
Microcontroller development 126 projects	Company F	Display audio	R-Mobile	Acquiring MirrorLINK new technology
	Company G	In-vehicle audio	V850E2/SK4	Expanding commissioned development through strengthened DH cooperation
	Company H	Tablet	RL78/G13	Securing clients in new growth fields
	Company I	Answerback	RL78/F12	Expansion for field of new in-vehicle electrical components
	Company J	Doorlock	RL78/F12	Expansion for field of new in-vehicle electrical components

■Strengthening technical support abilities (device applied technical abilities) for complementing suppliers

- Improving device applied technical abilities with the goal of shifting from dependence on overseas suppliers to self-containment, strengthening claim analysis abilities and device Q&A response abilities, etc. for high-level application

Action item for strengthening technical abilities	System and product	Supplier
Kit (system) proposal	Large household appliances, lighting, car multimedia	NXP, Micrel
Reference board, software design	Power supply LED lighting Speech recognition Near field communication	NXP, Micrel NXP, ST NXP NXP
Device application evaluation	Gigabit Ethernet PHY Ripple Blocker MEMS	Micrel Micrel ST
Error analysis and isolation of problems, proposal of solutions	All handled products	NXP, Micrel, ST

[Technical Support Example① Touch Panel]

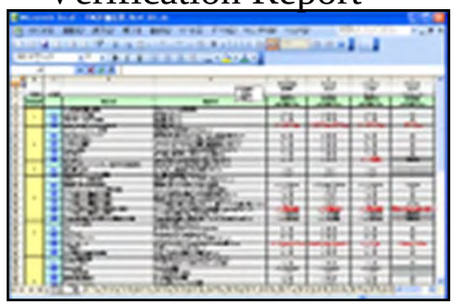
An Electronics Systems Coordinator

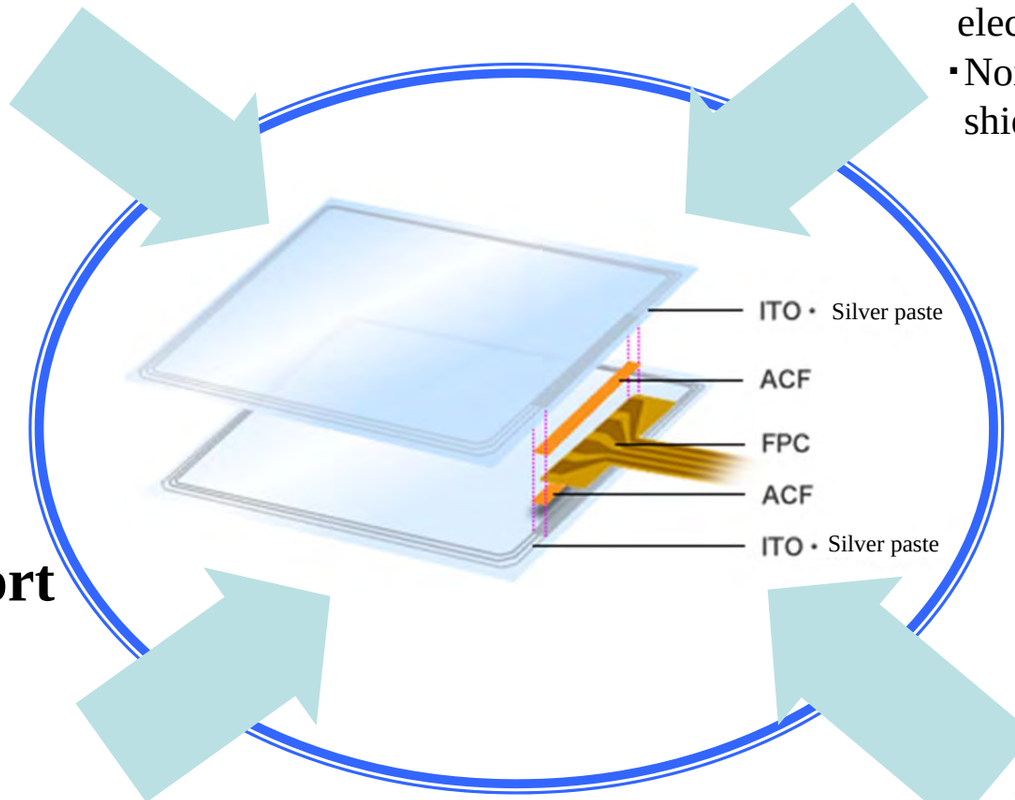
Implementing total technical support for specifications review, software design, panel/sensor design, FPC design and error analysis. Also implementing technical support for module manufacturers.

①Set specifications, SW design support

・Support for tuning work
・Verifying SW operation, etc.

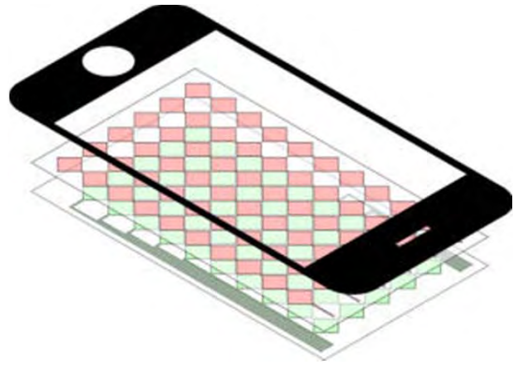
<Example: Operation Verification Report>





②Panel/sensor design support

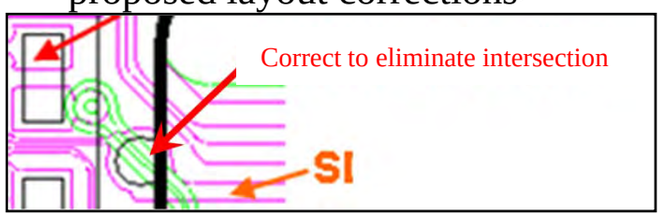
・Reviewing/proposing shape for transparent electrodes
・Noise reduction measures such as adding a shield, etc.



③FPC design support

・Shield design
・Noise reduction measures for LCD drive, etc.

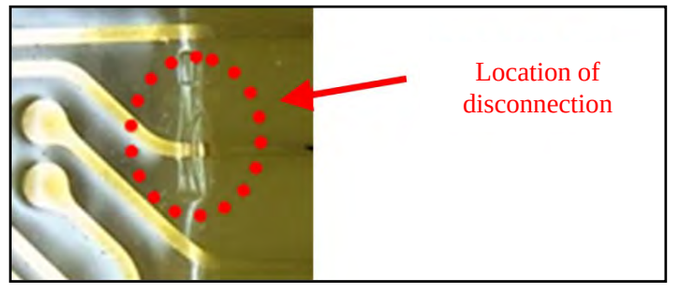
<Example: Diagram for proposed layout corrections>



④Error analysis support

・Isolating causes (originating from IC or panel)
・Identifying/inspecting error location, etc.

<Example: Report on Disconnection Location>



[Technical Support Example② Kit Business]

An Electronics Systems Coordinator

Kit business with transformers which compose NXP-manufactured power supply IC + power system

Acquiring commercial rights for transformers through cooperation with transformer manufacturers

Client

Set

- **Washing machine**
- **Rice cooker**
- **Microwave oven**
- **Vacuum cleaner**
- **Air conditioning**
- **Lighting, etc.**

Proposal

Reference board designed by Ryosan

NXP

TEA173x series
TEA172x series

+

RYOSAN
- **Reference board design**
- **Characteristics evaluation**
- **Tuning**

Transformer manufacturer

Acquiring commercial rights

Tokyo Parts Industrial Co., Ltd.

sumida

Kami Electronics IND. Co., Ltd.

Company A

Company B

Company C

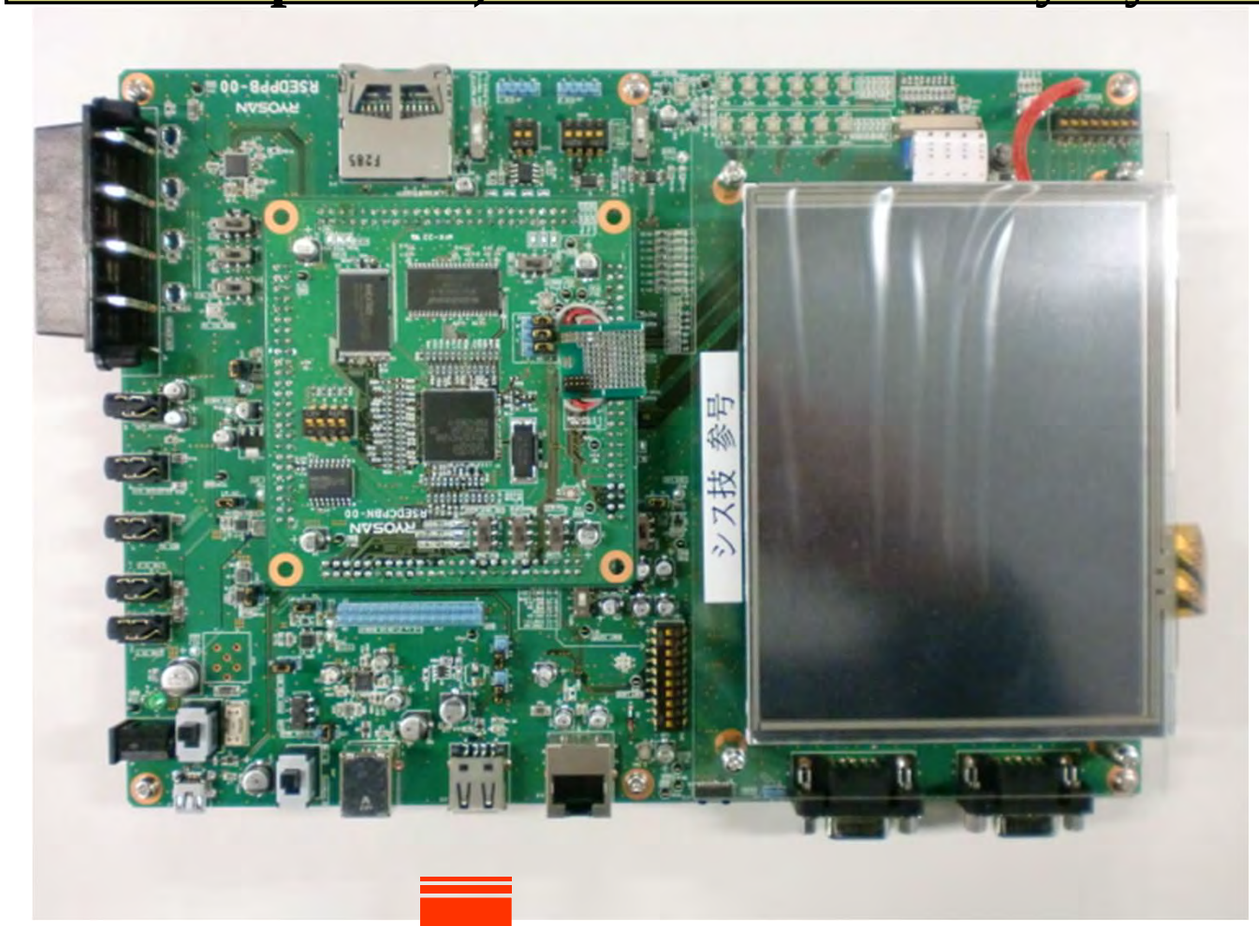
Currently negotiating commercial rights

[Technical Support Example③ Reference Board]

An Electronics Systems Coordinator

Independent development of reference board for realizing client systems

Constructing solutions equipped with products (semiconductors, electronic components) which are handled by Ryosan and are target for expanded sales



Under development

Target application

(1) Touch panel display monitor (Example: Solar panel, DPF, etc.)

(2) Speech recognition solutions (Example: Microwave ovens, air conditioning, etc.)

Overview of Board Specifications

CPU	Cortex-M4/M0 (dual) 204MHz
Memory	FLASH 1MB (CPU embedded) 8MB (parallel) ＋16MB (serial) SDRAM 16MB
Communication I/F	USB HS Host/Device 10/100Mb Ethernet, RS232C IrDA, SD Card Audio I/F (Mic/Line)
LCD	5.7 inch TFT with touch panel

Based on a fundamental display and touch panel, possesses a variety of I/F functions and enables speedy construction of demos through connection to peripheral circuits

[Promoting Proposal of Kits]

Renesas product + overseas semiconductors + modules

- **Promoting proposal of kits to priority systems**

  Reviewing new items, promoting proposal of kits through reference boards

- **Sharing new business talk information and system information**

Example of applicable systems	Example of kit proposal
Car navigation systems/audio	SOC, MCU, Power supply (**REL**) + Ether（**Micrel**)＋DRAM(**Winbond**)
DSC Single-lens reflex/interchangeable lens	MCU, ASIC(**REL**)＋MEMS（**ST**) + Power supply, Ripple Blocker, CLS (**Micrel**)
Printer/POS	MCU (**REL, NXP**) + Memory (**Winbond**) + Power supply, CLS, Ether (**Micrel**)
LCD display module	MCU (**REL, NXP**) + FROM (**Macronics**) + DRAM (**Winbond**) + Power supply, EEEPROM (**REL, ST**) + Ether (**Micrel**)

[Development of system block diagrams used in proposals, use in sales and FAE]

DSC, air conditioning, refrigerator, IH cooking heater, toilet seats with warm-water shower, blood glucose meter, electronic piano, sewing machine, LED ceiling light, power system, memory selection guide, etc.

[Global expansion to growth markets]

■Strengthening technical support system for automotive clients in Korea

・Currently conducting DI activities/technical support with the goal of sales of 10,000 million yen in 2016.

Engine control microcontrollers, airbag microcontrollers, EPS microcontrollers, Navigation system SoC, audio microcontrollers, various power devices, etc.

■Promoting DI/DW to Chinese clients

・Deploying advanced technology accumulated in Japan; conducting activities by cooperating with Chinese monopolies

Image processing LSI for mobile cameras, SoC for STB, LSI for smart meters, ASIC for exchange equipments, in-vehicle microcontrollers, etc.

■Making inroads into Indian market

・STB development for Indian companies, 1-year business trip technical support, start mass production in March 2013

・Entering new fields through cooperation with Ryosan India