

FY2013 First Half Results Meeting

Results for the six months ended September 30, 2013

FY2013 : Year ending March 31, 2014

November 15, 2013

Ryosan Company, Limited

Results for FY2013 First Half and Forecasts for Whole Financial Year

Management Efforts for Second Half of FY2013

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 FY2013 First Half and Forecasts for Whole Financial Year

Management Efforts for Second Half of FY2013

Overview of Consolidated Results

FY2012

	1H	2H	Whole Year	
	Results	Results	Results	Of Total
Net sales	1,061	1,003	2,065	
Gross margin	86	80	166	8.1%
SG & A expenses	64	64	129	6.3%
Operating income	21	15	36	1.8%
Ordinary income	25	15	41	2.0%
Net income	15	12	28	1.4%
Earnings per share	¥46.40	¥38.00	¥84.40	

FY2013

	1H		2H		Whole Year		
	Results	% Chg. YoY	Plan	% Chg. YoY	Plan	Of Total	% Chg. YoY
Net sales	1,110	+4.6%	1,139	+13.5%	2,250		+8.9%
Gross margin	91	+5.6%	94	+16.8%	185	8.2%	+11.0%
SG & A expenses	68	+6.1%	66	+1.7%	135	6.0%	+3.9%
Operating income	22	+4.2%	27	+79.7%	50	2.2%	+36.1%
Ordinary income	21	(15.2)%	28	+81.1%	50	2.2%	+21.6%
Net income	13	(13.7)%	17	+39.5%	31	1.4%	+10.1%
Earnings per share	¥42.16		¥55.84		¥98.00		

	Results	Results	Results	Of Total
	Domestic sales	687	624	1,312
Overseas sales	374	378	752	36%

	Results	% Chg. YoY	Plan	% Chg. YoY	Plan	Of Total	% Chg. YoY
	Domestic sales	594	(13.5)%	605	(3.2)%	1,200	53%
Overseas sales	516	+37.9%	533	+41.0%	1,050	47%	+39.5%

(Unit: 100 millions of yen)

Overview of Results by Business Segment

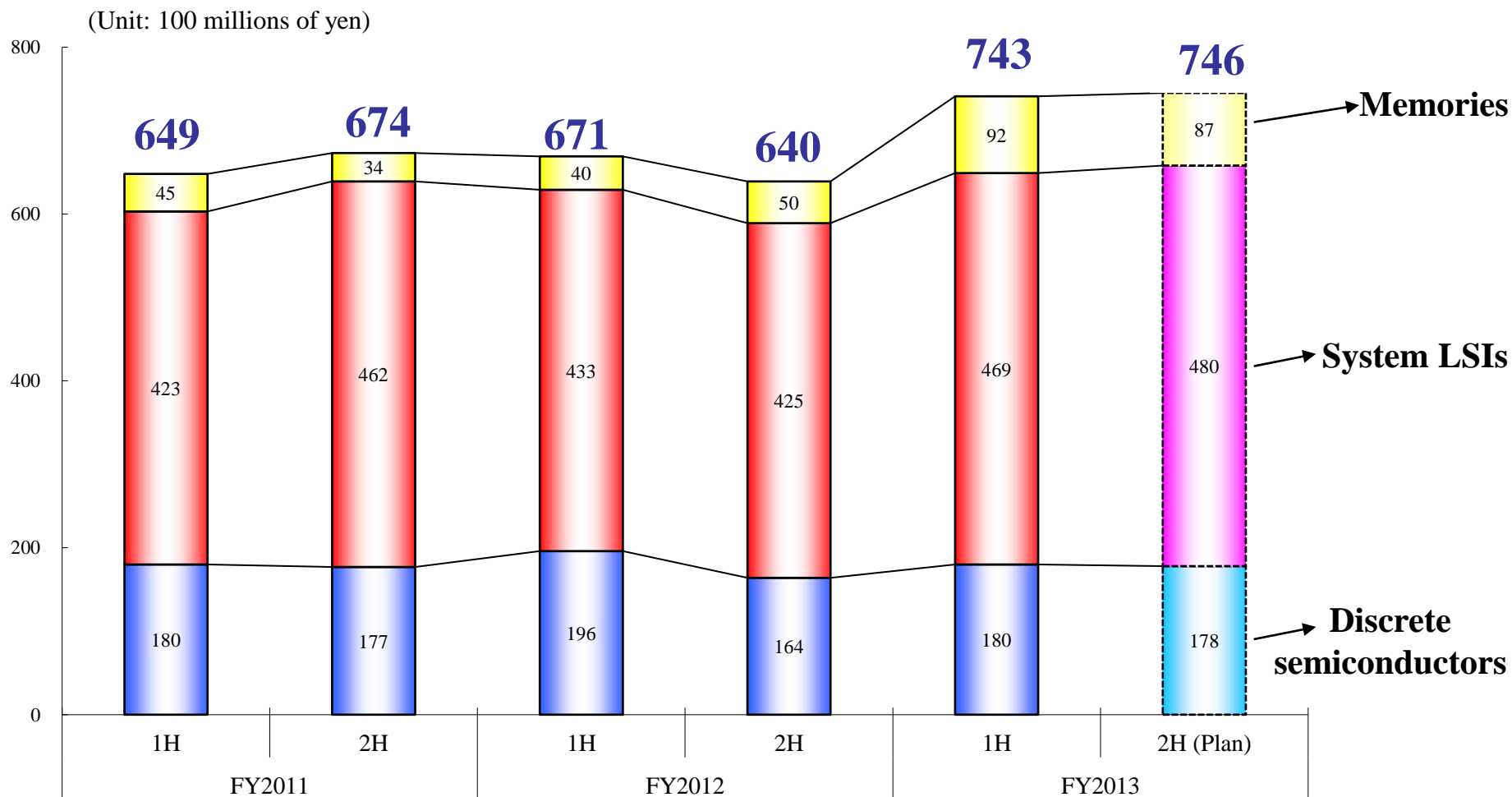
		FY2012			FY2013					
		1H	2H	Whole Year	1H		2H		Whole Year	
		Results	Results	Results	Results	% Chg. YoY	Plan	% Chg. YoY	Plan	% Chg. YoY
Semiconductors	Net Sales	67,106	64,066	131,172	74,332	+10.8%	74,668	+16.5%	149,000	+13.6%
	Operating income	1,169	765	1,934	1,364	+16.7%	1,636	+113.9%	3,000	+55.1%
Electronic Components	Net Sales	26,884	24,124	51,008	25,895	(3.7)%	27,105	+12.4%	53,000	+3.9%
	Operating income	660	544	1,204	654	(0.9)%	796	+46.3%	1,450	+20.4%
Electronic Equipment	Net Sales	9,620	9,899	19,519	8,285	(13.9)%	9,715	(1.9)%	18,000	(7.8)%
	Operating income	334	519	853	307	(8.1)%	343	(33.9)%	650	(23.8)%
Ryosan Products (Heat sinks)	Net Sales	2,573	2,260	4,833	2,579	+0.2%	2,421	+7.1%	5,000	+3.5%
	Operating income	39	(27)	12	(2)	-	52	-	50	+316.7%
Adjustments		(83)	(248)	(331)	(115)	-	(35)	-	(150)	-
Consolidated	Net Sales	106,185	100,349	206,534	111,092	+4.6%	113,908	+13.5%	225,000	+8.9%
	Operating income	2,119	1,554	3,673	2,208	+4.2%	2,792	+79.7%	5,000	+36.1%

(Unit: millions of yen)

Change in Net Sales for Semiconductors (By product)

Overview of Results for FY2013 First Half: sales of system LSIs for in-vehicle electrical components, memories for smartphones, etc. were favorable.

Prospects for FY2013 Second Half: expecting sales of system LSIs for in-vehicle electrical components, memories for smartphones, etc. to continue the current favorable trend.

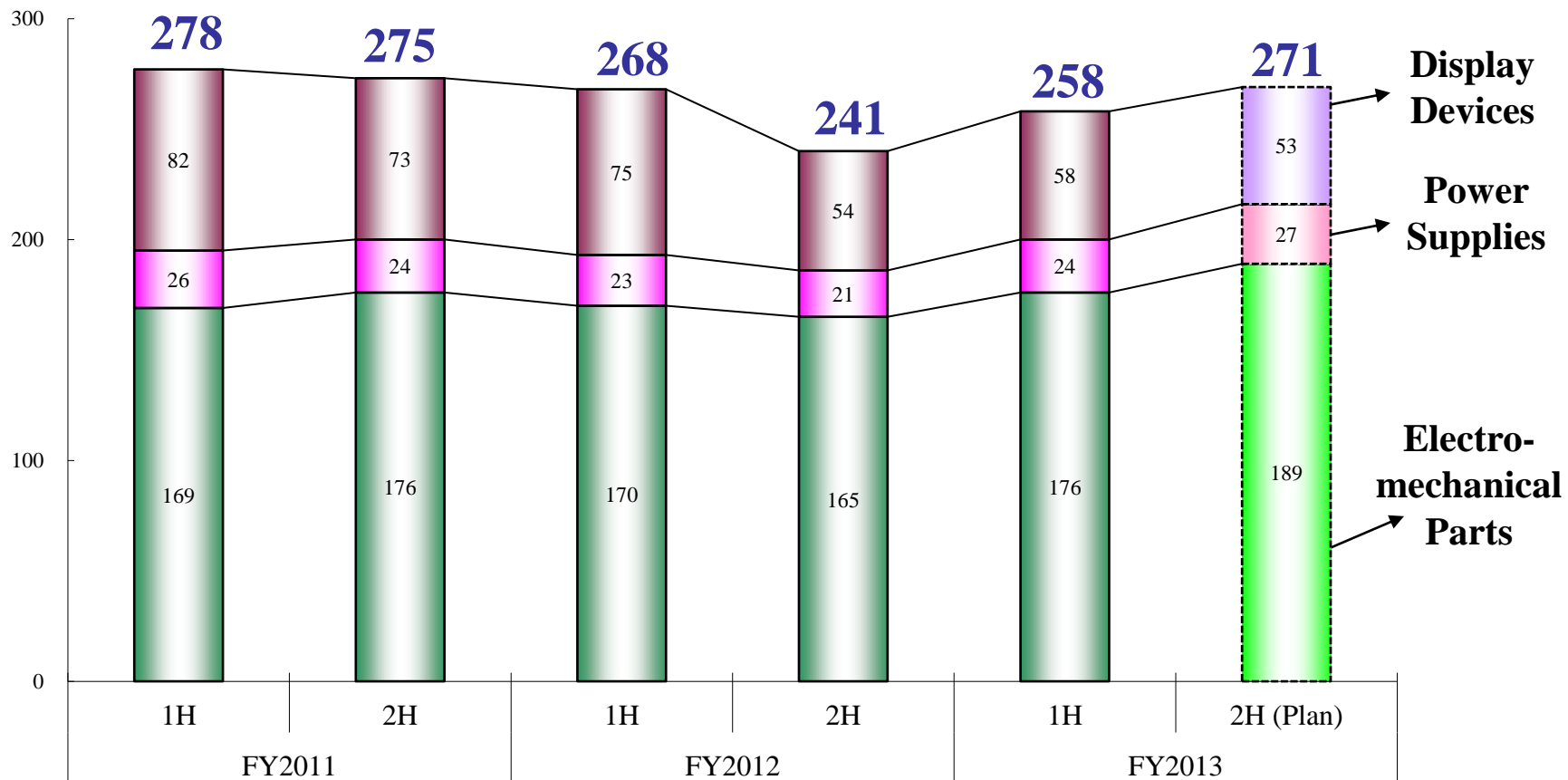


Change in Net Sales for Electronic Components (By product)

Overview of Results for FY2013 First Half: although sales of mechanical parts for in-vehicle electrical components, etc. increased, sales of display devices for digital cameras etc. were not as favorable.

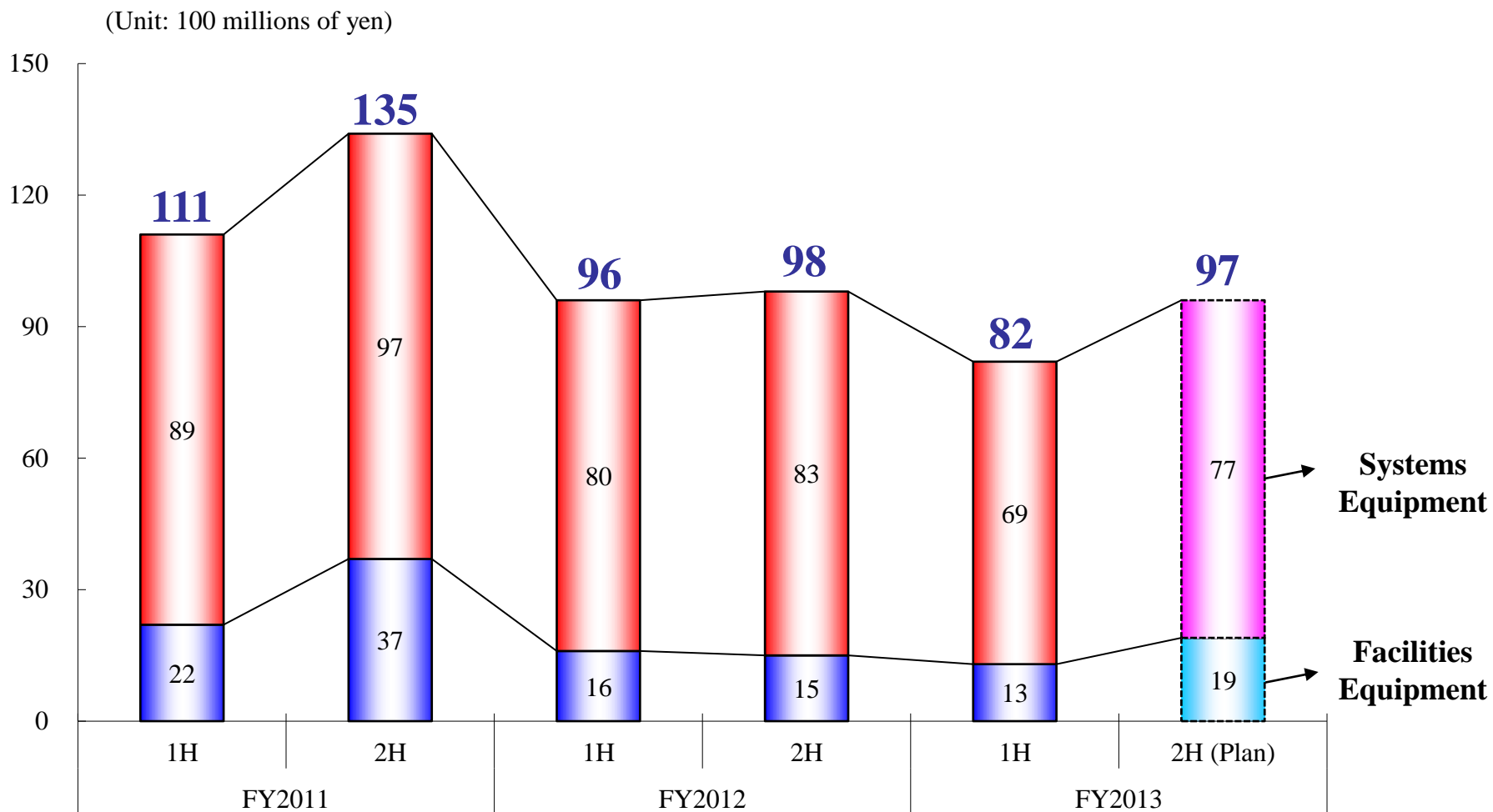
Prospects for FY2013 Second Half: expecting sales of mechanical parts, etc. for in-vehicle electrical components and smartphones to increase.

(Unit: 100 millions of yen)



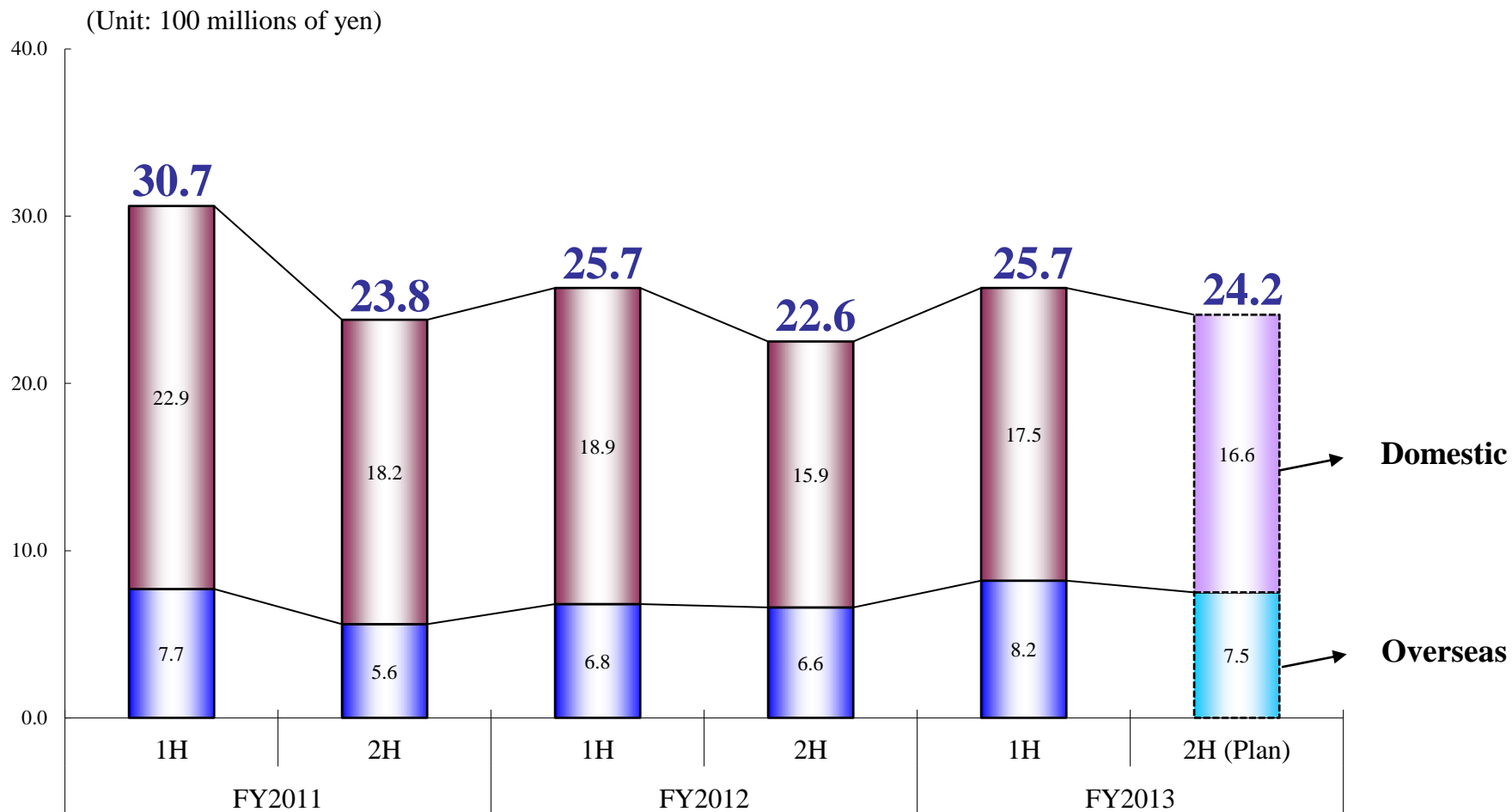
Change in Net Sales for Electronic Equipment (By product)

Overview of Results for FY2013 First Half: sales of systems equipment, etc. for in-vehicle electrical components decreased.
 Prospects for FY2013 Second Half: expecting sales of systems equipment for multifunction printers and sputtering equipment, etc. to increase.

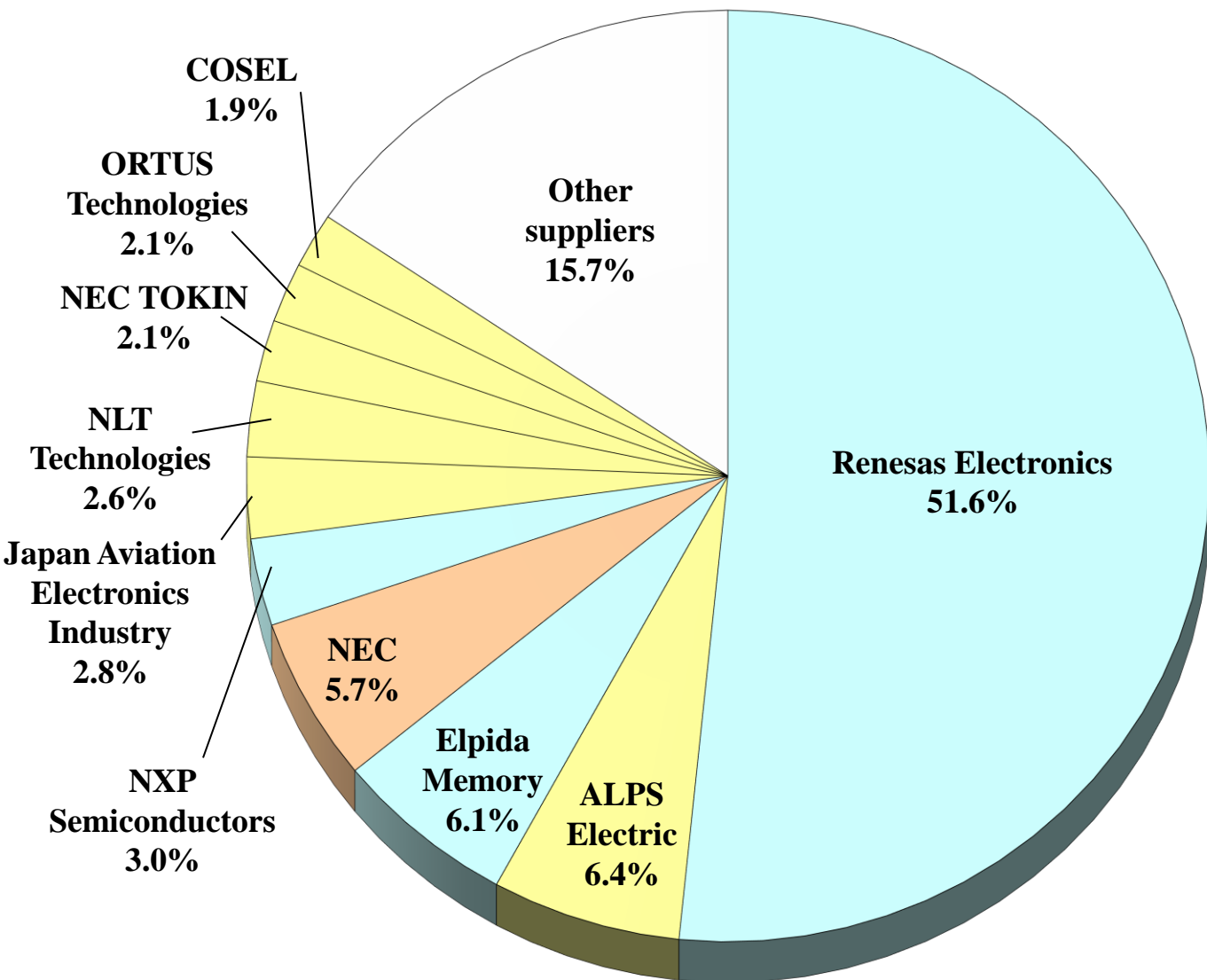


Change in Net Sales for Ryosan Products (By area)

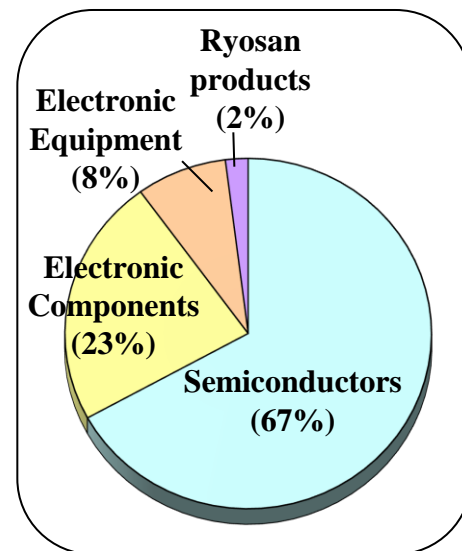
Overview of Results for FY2013 First Half: sales of heat sinks for white home appliances increased.
Prospects for FY2013 Second Half: expecting both domestic and overseas sales to advance on the level of the first half.



Main Suppliers



[Percentage of net sales by business segment]



* Honorifics omitted

* Percentage (%) is based on actual sales of products purchased from suppliers for the first half of FY2013.

Main Clients

<<Top 40 companies by net sales>>

	Top 1-10	Top 11-20	Top 21-30	Top 31-40
Clients (alphabetical order)	ALPINE CASIO COMPUTER HITACHI Mitsubishi Electric NEC NIKON OMRON PIONEER SAMSUNG (K) Wacom	ALPS Electric Brother Industries Calsonic Kansei DENSO Fuji Film Hyundai Motor (K) JABIL(U) NINTENDO Panasonic Sumitomo Wiring Systems	Canon Fuji Xerox Mamiya-OP Stanley Electric Sumitomo Electric Industries TOPRO(C) TOSHIBA TEC Wuhan Fiberhome(C) YAMAHA Yazaki Corporation	ADVANTEST BLUEWAY(C) Clarion Fujitsu Furuno Electric JVC KENWOOD KONICA MINOLTA Sharp TCL (C) Yokowo
Percentage Sales of all clients	(Top 10) 51%	(Top 20) 68%	(Top 30) 75%	(Top 40) 80%

* Honorifics omitted

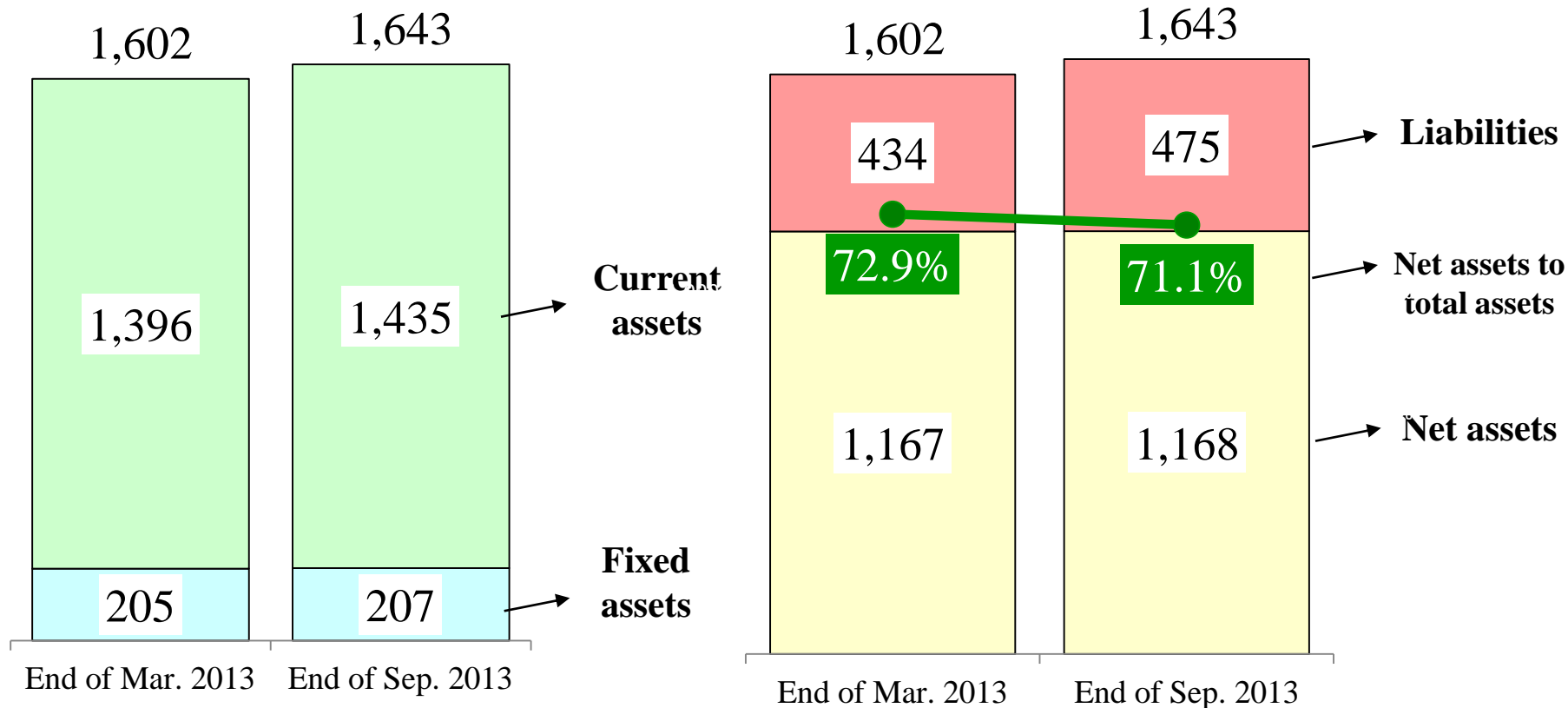
* Ranking and percentage (%) are based on actual sales for the first half of FY2013.

* (K), (U) and (C) represent clients in Korea, US and China, respectively.

Consolidated Balance Sheet

◆ Assets

◆ Liabilities/net assets



Major increases/decreases

	End of Sep. 2013	Increase/ decrease		End of Sep. 2013	Increase/ decrease
Cash, deposits and securities	494	(10)	Trade accounts payable	290	+38
Trade notes and accounts receivable	703	+22	Short-term bank loans	136	+7
Inventories	223	+32			

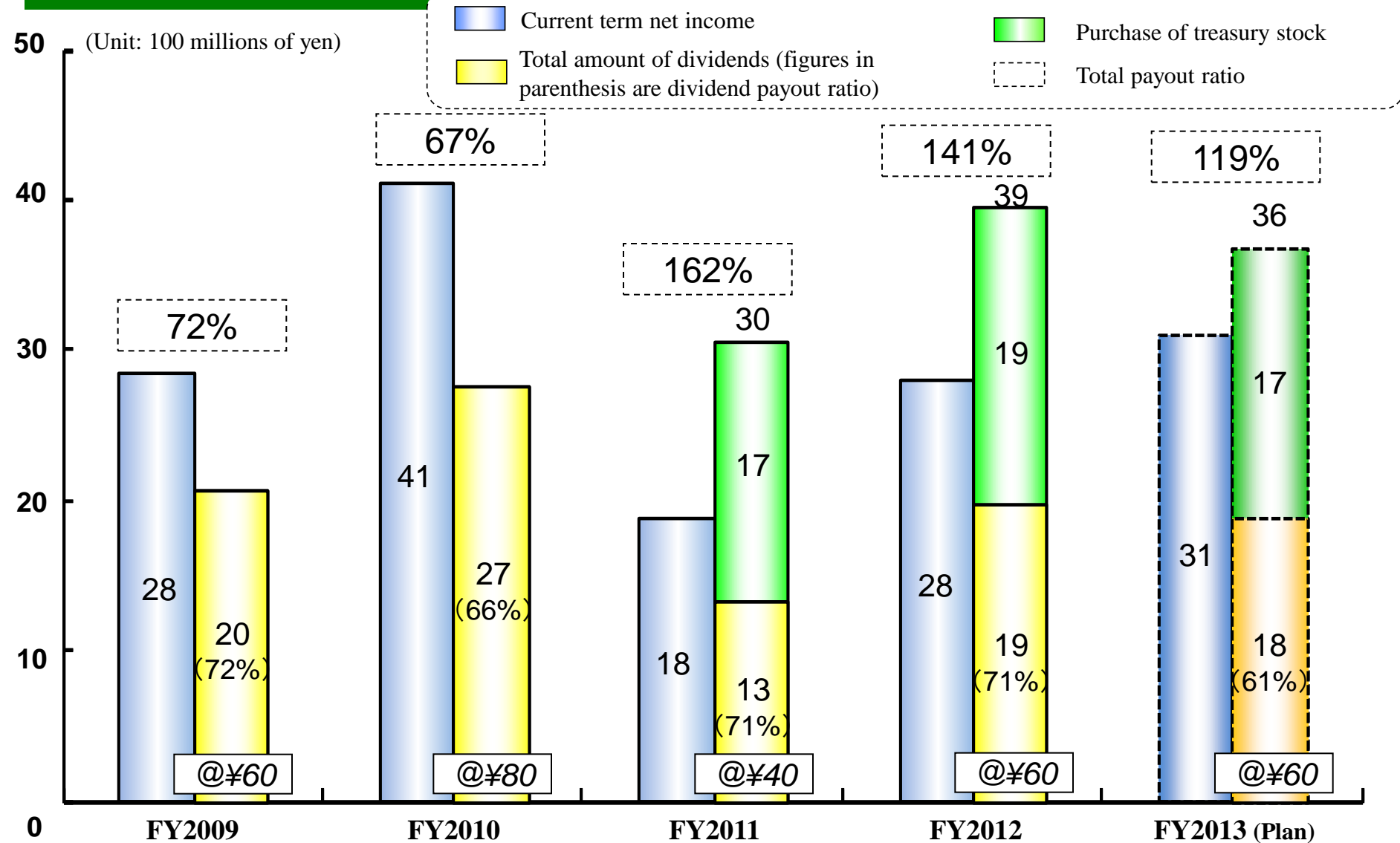
Consolidated Statement of Cash Flow

	FY2012 1H Results	FY2013 1H Results	Main factors	
Cash flows from operating activities	62	13	- Income before income taxes and minority interests	21
			- Increase in notes and accounts payable	29
			- Increase in notes and accounts receivable-trade	(8)
			- Increase in inventories	(24)
Cash flows from investing activities	14	(2)	- Purchase of property, plant and equipment	(1)
			- Purchase of intangible fixed assets	(1)
Free cash flow	77	11		
Cash flows from financing activities	(12)	(27)	- Purchase of treasury stock	(17)
			- Cash dividends paid	(9)
			- Increase in short-term loans payable	1
Balance of cash and cash equivalents	403	494		

(Unit: 100 millions of yen)

Redistribution of Profits to the Shareholders

In the period from FY2011 to FY2013, the Company repurchased 1 million shares each year and retired them.



Results for FY2013 First Half and Forecasts for Whole Financial Year

Management Efforts for Second Half of FY2013

Management Efforts for FY2013

[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
 - Implement projects for developing new resources
 - Further strengthening of overseas semiconductor device business

Further improvement of corporate structure

- ◇ Improvement in the profit structure and financial structure
 - Continuously challenge for improvement in the profit rate
 - Proper adjustment of turnover months for inventories:
Target of less than 1 month

- ◆ Progress made with “Implementing projects for developing new resources”
=> Plan to establish a subsidiary to engage in business with new suppliers.
- ◆ Progress made with “Further strengthening of overseas semiconductor device business”

SAXIS **RYOSAN GROUP**
SAXIS

Main suppliers: NXP Semiconductors, Macronix International, Entropic Communications, Everspin Technologies, THine Electronics.

=> In FY2013, the Company is concentrating on expansion of business with the existing suppliers.

GYRONICS **RYOSAN GROUP**
GYRONICS

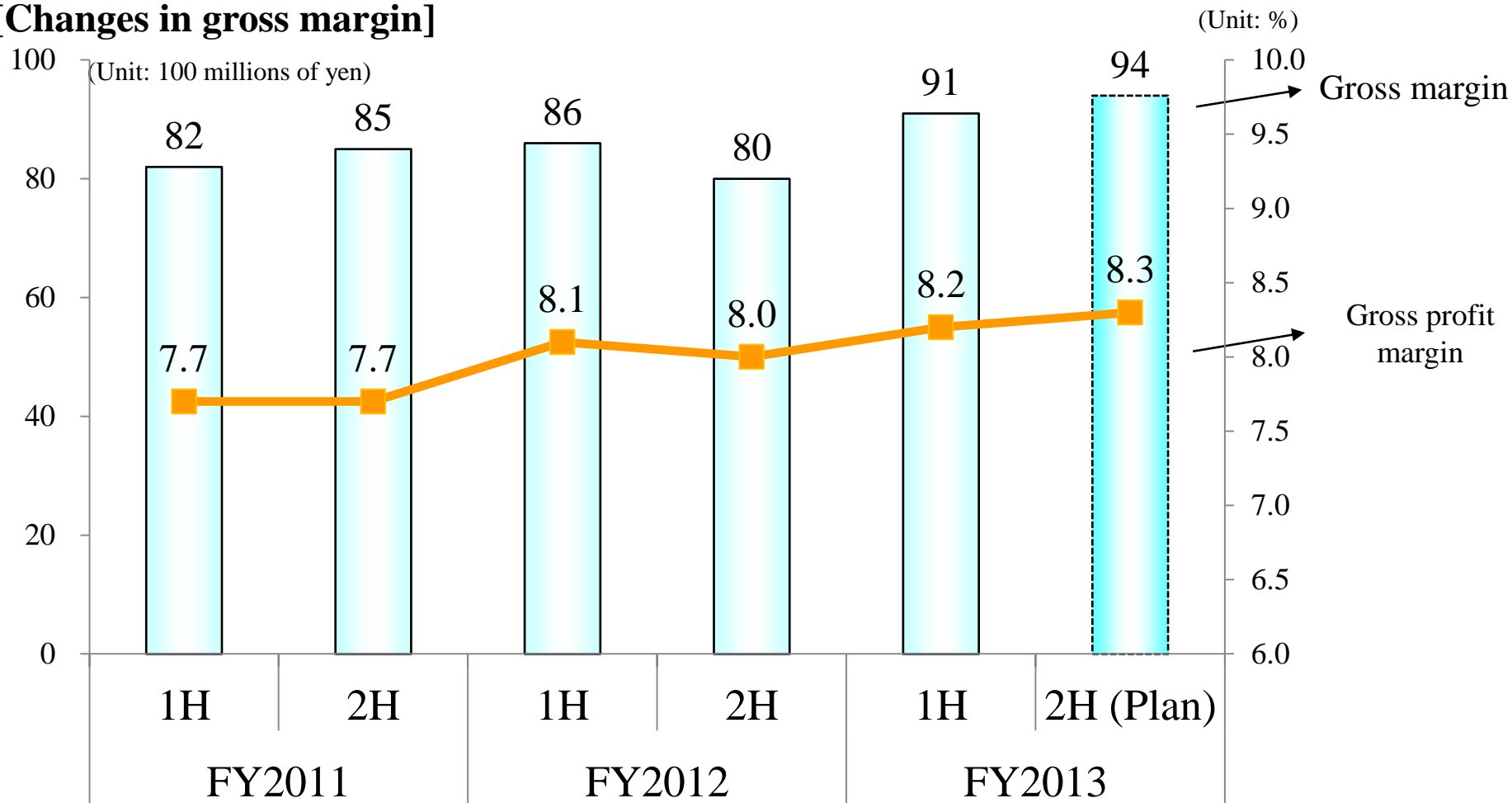
Main suppliers: Winbond Electronics, Micrel, STMicroelectronics, **ATMEL, Faraday Technology, Applied Micro Circuits (new suppliers)**

=> In FY2013, the Company is also making efforts to establish business with new suppliers.

Progress Made With Measures to Improve Profit Structure

The Company has been tackling the issue of improvement of profit structure from FY2011, and the measures implemented in this area succeeded in recovering the ratio of gross profit to net sales to 8.2% in the first half of FY2013. We plan to make further efforts to improve the ratio of gross profit to net sales in the future.

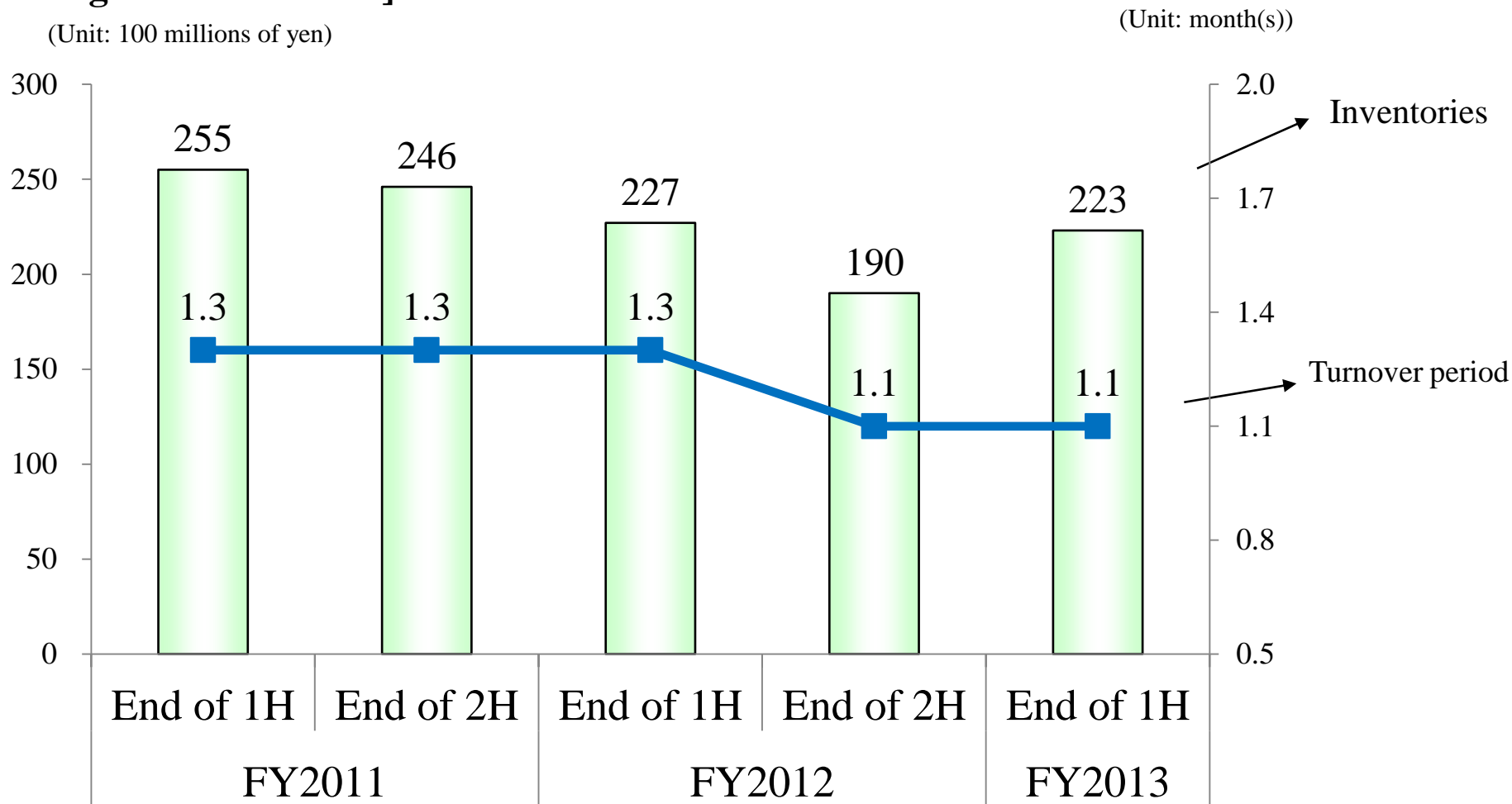
[Changes in gross margin]



Progress Made With Measures to Improve Financial Structure

The Company has similarly implemented measures to improve financial structure, improving the inventory turnover period to 1.1 months. We shall promote rationalization further aiming at reaching the target of less than one month.

[Changes in inventories]



Growth Strategies for 8th Medium-Term Management Plan

