

Ryosan Company, Limited

FY2014 First Half Results Meeting

Results for the six months ended September 30, 2014

FY2014 : Year ending March 31, 2015

November 18, 2014

Naoto Mimatsu,

President

Results for FY2014 First Half

Business Plan for Full Year FY2014

Status of the 9th Medium-Term Management Plan

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

Overview of Consolidated Results for FY2014 First Half

(Unit: 100 millions of yen)

	FY2013		FY2014					
	1H Results	Of total	1H Results	Of total	% Chg. YoY	1H Plan at start of fiscal year	Of total	Comparison with plan at start of fiscal year
Net sales	1,110		1,201		+8.1%	1,120		+7.3%
Gross margin	91	8.2%	94	7.9%	+3.8%	92	8.2%	+2.7%
SG & A expenses	68	6.2%	68	5.7%	(0.6)%	69	6.2%	(0.7)%
Operating income	22	2.0%	25	2.2%	+17.6%	23	2.1%	+12.9%
Ordinary income	21	1.9%	24	2.0%	+13.0%	24	2.1%	+1.3%
Net income	13	1.2%	14	1.2%	+5.0%	15	1.3%	(6.2)%
Earnings per share (yen)	42.16		44.73		+6.1%	47.67		(6.2)%
Domestic sales	594	54%	624	52%	+5.0%	580	52%	+7.7%
Overseas sales	516	46%	576	48%	+11.7%	540	48%	+6.8%

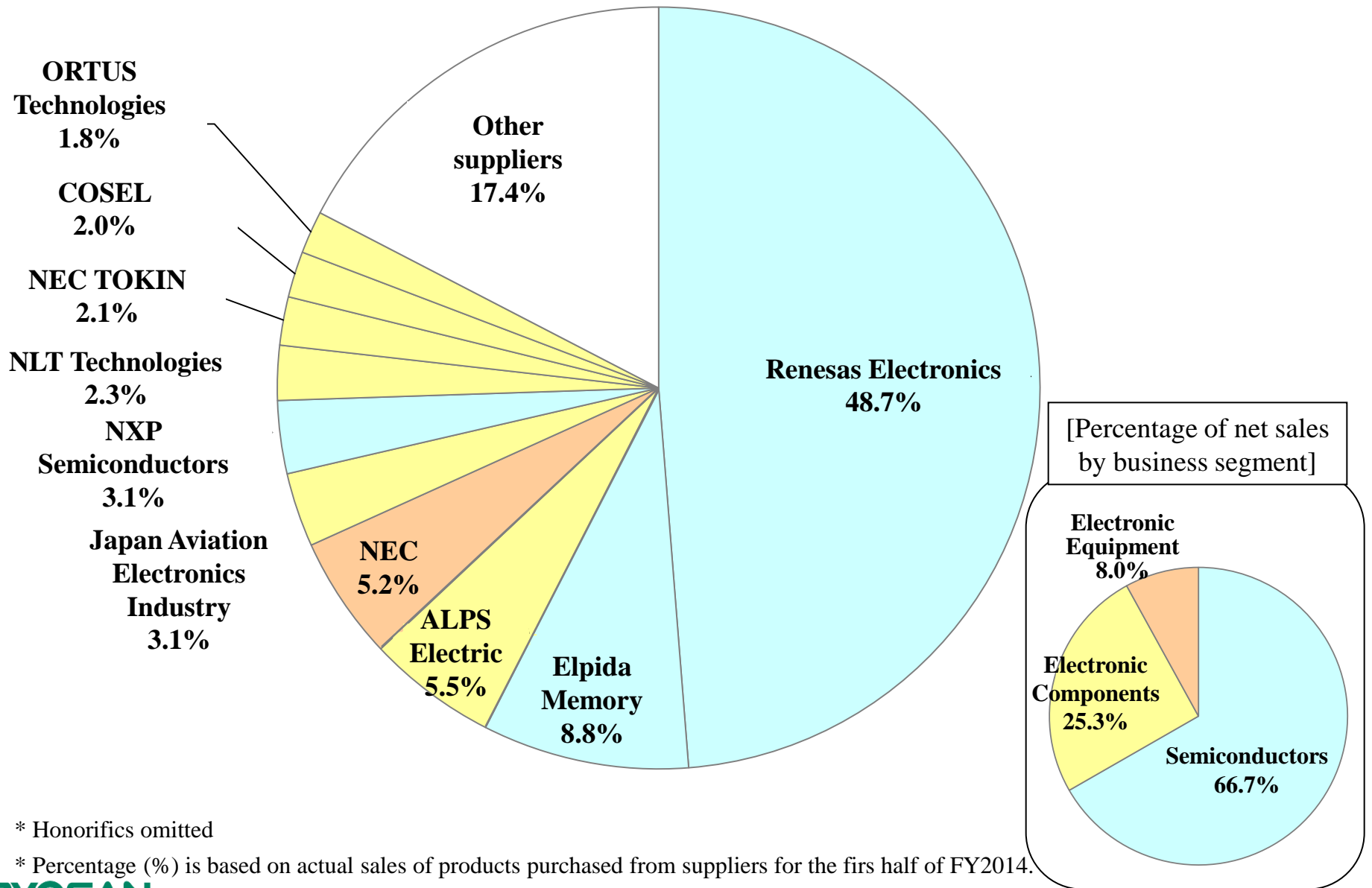
Overview of Results for FY2014 First Half by Business Segment

(Unit: 100 millions of yen)

		FY2013		FY2014					
		1H		1H		% Chg. YoY	1H		Comparison with plan at start of fiscal year
		Results	Of total	Results	Of total		Plan at start of fiscal year	Of total	
Semiconductors	Net sales	743		800		+7.7%	750		+6.8%
	Operating income	13.6	1.8%	16.1	2.0%	+18.1%	14.0	1.9%	+15.1%
Electronic Components	Net sales	284		304		+6.9%	285		+6.8%
	Operating income	6.5	2.3%	6.9	2.3%	+7.4%	7.2	2.5%	(3.6)%
Electronic Equipment	Net sales	82		95		+15.6%	85		+12.7%
	Operating income	3.0	3.7%	4.3	4.5%	+41.7%	3.0	3.5%	+45.0%
Adjustments		(1.1)		(1.5)			(1.2)		
Total	Net sales	1,110		1,201		+8.1%	1,120		+7.3%
	Operating income	22.0	2.0%	25.9	2.2%	+17.6%	23.0	2.1%	+12.9%

* With the transfer of the heat sink production business, the business is split into three segments: Semiconductors, Electronic Components and Electronic Equipment.

Main Suppliers



Main Clients

◆ Top 40 companies by net sales

	Top 1-10	Top 11-20	Top 21-30	Top 31-40
Clients (alphabetical order)	ALPINE Brother Industries HITACHI Mitsubishi Electric NEC NIKON OMRON PIONEER SAMSUNG (K) Wacom	ALPS Electric Calsonic Kansei CASIO COMPUTER DENSO Fuji Xerox Hyundai Motor (K) JABIL (U) Mamiya-OP Panasonic Sumitomo Wiring Systems	Fuji Film Fujitsu HAIER (C) JVC KENWOOD NINTENDO TOPRO (C) TOSHIBA TEC Wuhan Fiberhome (C) YAMAHA Yazaki Corporation	Clarion Furuno Electric HISENSE (C) KONICA MINOLTA Murata Manufacturing NLT Technologies SANYO DENKI Seiko Epson Stanley Electric Yokowo
Percentage Sales of all clients	(Top 10) 54%	(Top 20) 70%	(Top 30) 77%	(Top 40) 81%

* Honorifics omitted

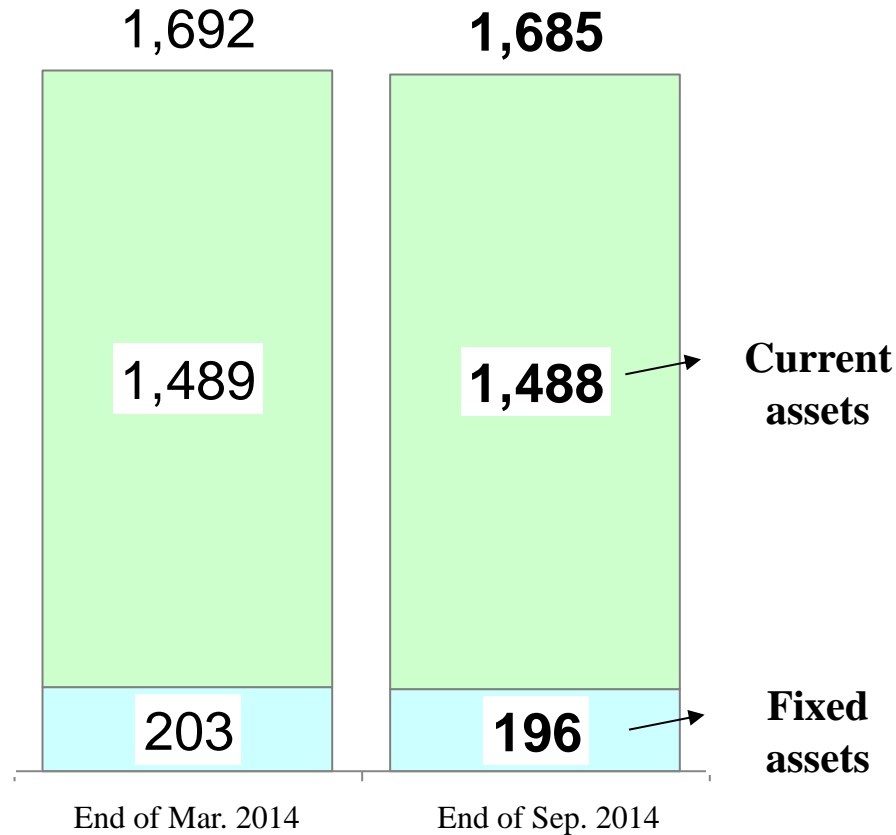
* Ranking and percentage (%) are based on actual sales for the first half of FY2014.

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

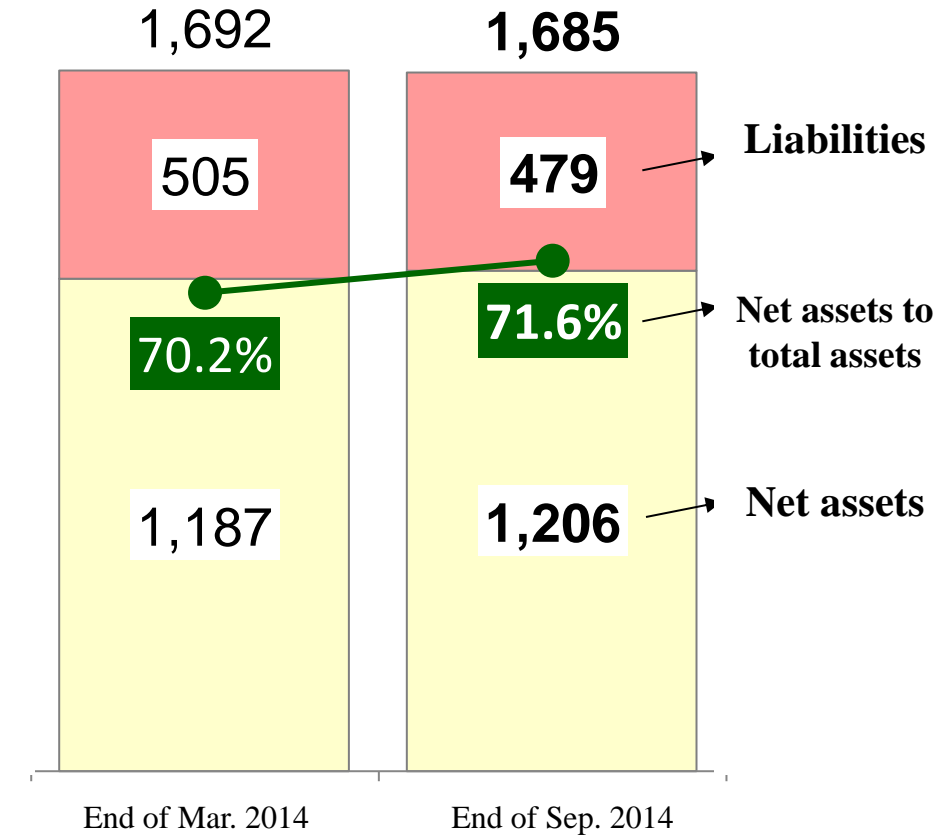
Consolidated Balance Sheet

(Unit: 100 millions of yen)

◆ Assets



◆ Liabilities/net assets



Major increases/decreases

	Results	Increase/ decrease
Trade notes and accounts receivable	701	(49)
Inventories	227	+10

	Results	Increase/ decrease
Trade accounts payable	279	(23)
Short-term bank loans	147	(9)

Consolidated Statement of Cash Flow

(Unit: 100 millions of yen)

	FY2013 1H	FY2014 1H	Main factors	
Cash flows from operating activities	13	60	<ul style="list-style-type: none"> ▪ Income before income taxes and minority interests 24 ▪ Decrease in notes and accounts receivable-trade 59 ▪ Decrease in notes and accounts payable (28) 	
Cash flows from investing activities	(2)	9	<ul style="list-style-type: none"> ▪ Proceeds from transfer of business 12 	
Free cash flow	11	70		
Cash flows from financing activities	(27)	(27)	<ul style="list-style-type: none"> ▪ Short-term loans payable (17) ▪ Cash dividends paid (9) 	
Balance of cash and cash equivalents	494	545		

Results for FY2014 First Half

Business Plan for Full Year FY2014

Status of the 9th Medium-Term Management Plan

Overview of Consolidated Plan for Full Year FY2014

(Unit: 100 millions of yen)

	FY2013		FY2014					
	Full year		Full year			Full year		Comparison
	Results	Of total	Plan	Of total	% Chg. YoY	Plan at start of fiscal year	Of total	with plan at start of fiscal year
Net sales	2,383		2,290		(3.9)%	2,270		+0.9%
Gross margin	186	7.8%	187	8.2%	+0.5%	186	8.2%	+0.5%
SG & A expenses	134	5.6%	133	5.8%	(1.2)%	135	5.9%	(1.5)%
Operating income	51	2.2%	54	2.4%	+5.0%	51	2.2%	+5.9%
Ordinary income	50	2.1%	53	2.3%	+4.9%	53	2.3%	0.0%
Net income	32	1.4%	34	1.5%	+5.5%	34	1.5%	0.0%
Earnings per share (yen)	101.86		108.06		+6.1%	108.06		0.0%
Domestic sales	1,246	52%	1,240	54%	(0.5)%	1,250	55%	(0.8)%
Overseas sales	1,137	48%	1,050	46%	(7.7)%	1,020	45%	+2.9%

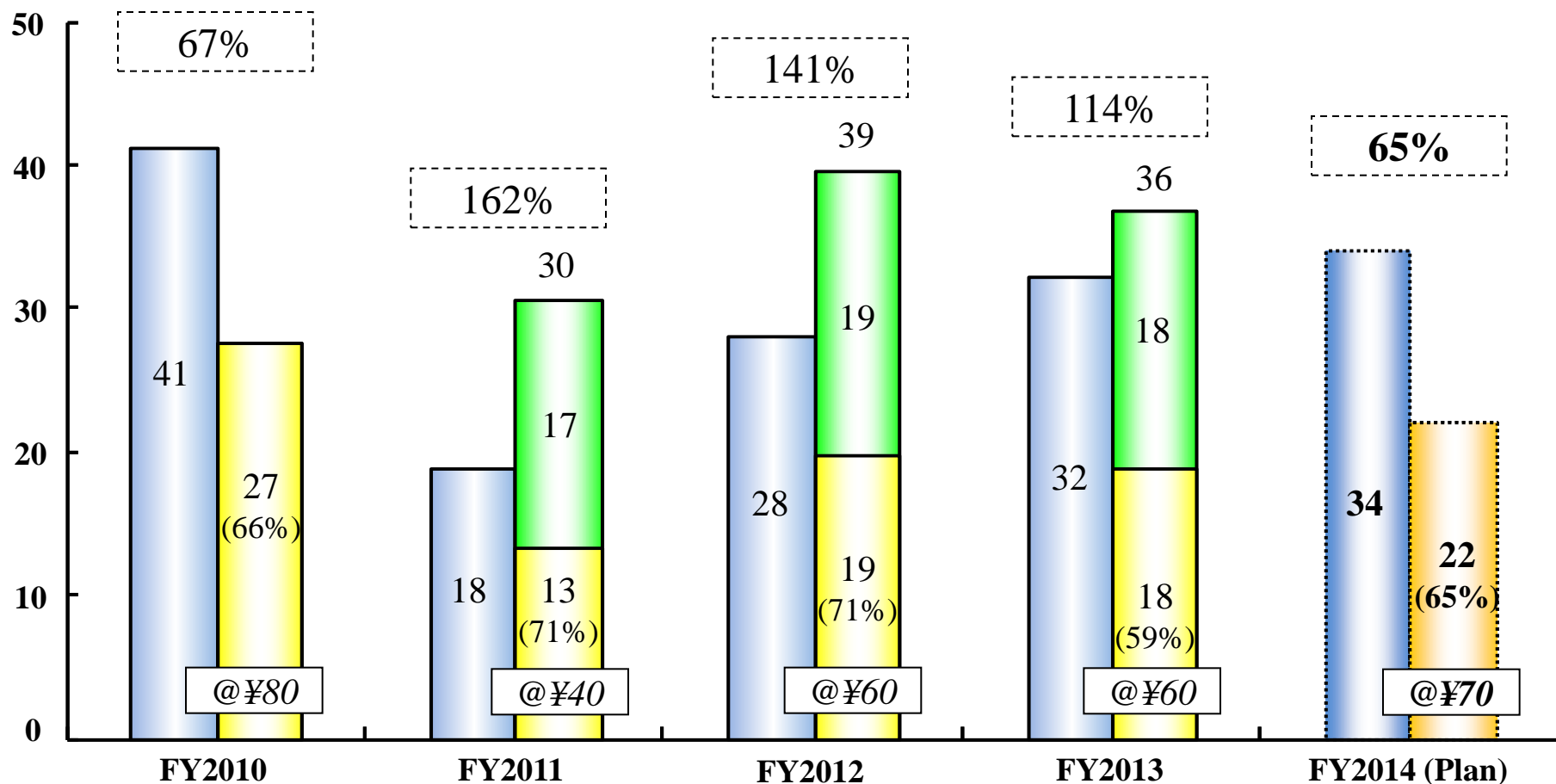
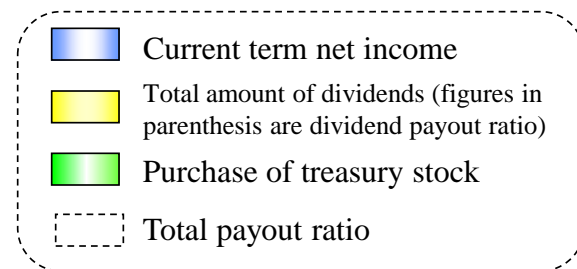
Overview of Business Plan for Full Year FY2014 by Segment

(Unit: 100 millions of yen)

		FY2013		FY2014					
		Full year		Full year			Full year		
		Results	Of total	Plan	Of total	% Chg. YoY	Plan at start of fiscal year	Of total	Comparison with plan at start of fiscal year
Semiconductors	Net sales	1,615		1,495		(7.4)%	1,470		+1.7%
	Operating income	32.0	2.0%	33.0	2.2%	+3.0%	31.5	2.1%	+4.8%
Electronic Components	Net sales	593		610		+2.7%	605		+0.8%
	Operating income	14.1	2.4%	15.5	2.5%	+9.6%	16.5	2.7%	(6.1)%
Electronic Equipment	Net sales	174		185		+5.7%	195		(5.1)%
	Operating income	7.0	4.1%	8.0	4.3%	+12.7%	5.5	2.8%	+45.5%
Adjustments		(1.8)		(2.5)			(2.5)		
Total	Net sales	2,383		2,290		(3.9)%	2,270		+0.9%
	Operating income	51.4	2.2%	54.0	2.4%	+5.0%	51.0	2.2%	+5.9%

Plan for Redistribution of Profit to Shareholders

(Unit: 100 millions of yen)



Results for FY2014 First Half

Business Plan for Full Year FY2014

Status of the 9th Medium-Term Management Plan

Basic Stance

Basic stance of the 9th Medium-Term Management Plan

“Innovation” and
“growth”

Pursuing a business model shift which responds to changes in our business structure and sustainable independent growth

Universal Management Policy

Pursuing management essence, advancing management innovation, and yielding management results are the keys to conducting open and transparent corporate management and business activities with abundant creativity

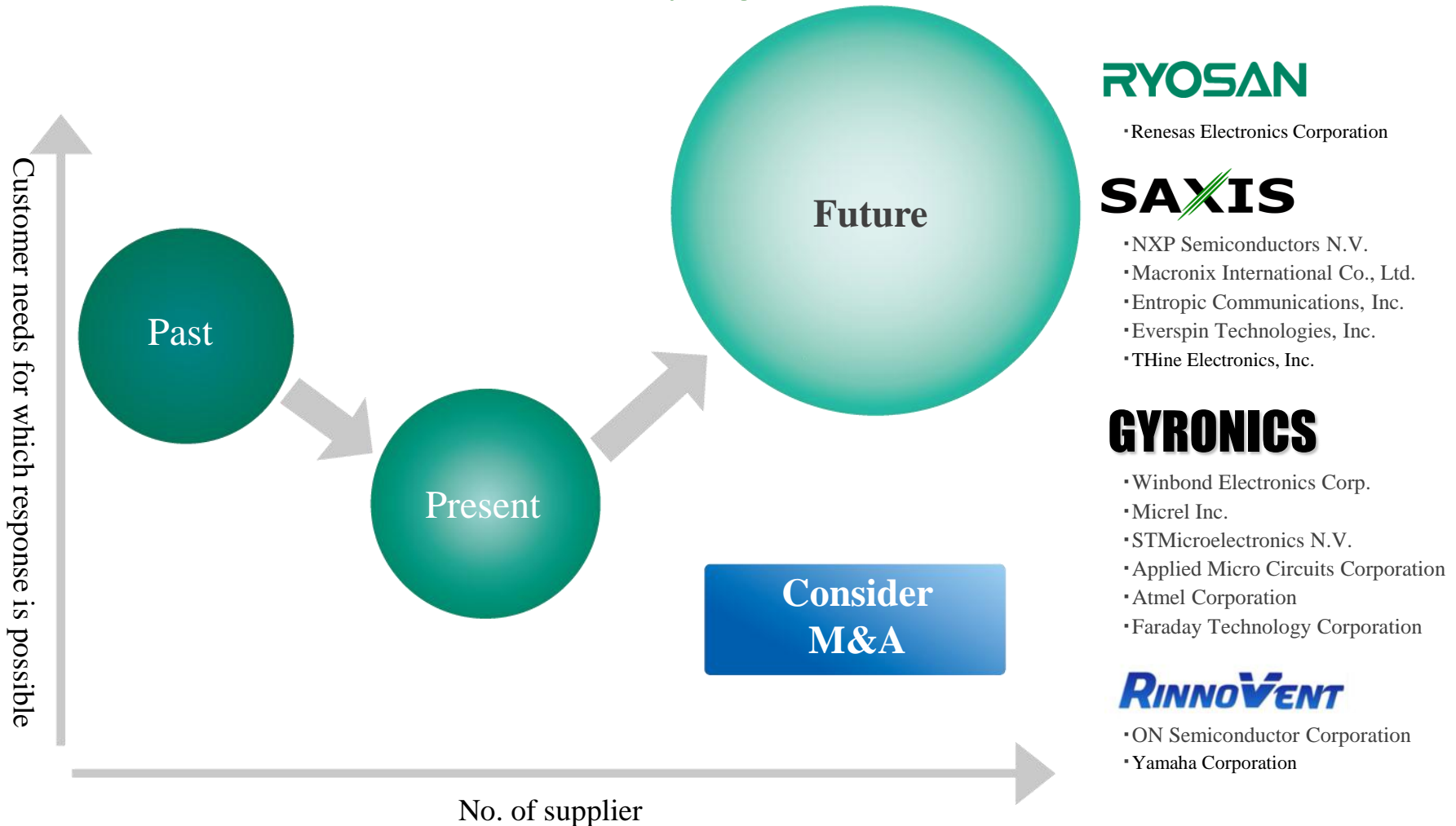
Growth Strategies

◆ Further promotion of multi-vendor support to respond to customers' diversifying needs

◆ Strengthening global support to expand overseas business

◆ Strengthening system solution capabilities (capabilities in system engineering plus embedded systems) to create new business models

Further Promotion of Multi-vendor Support to Respond to Customers' Diversifying Needs

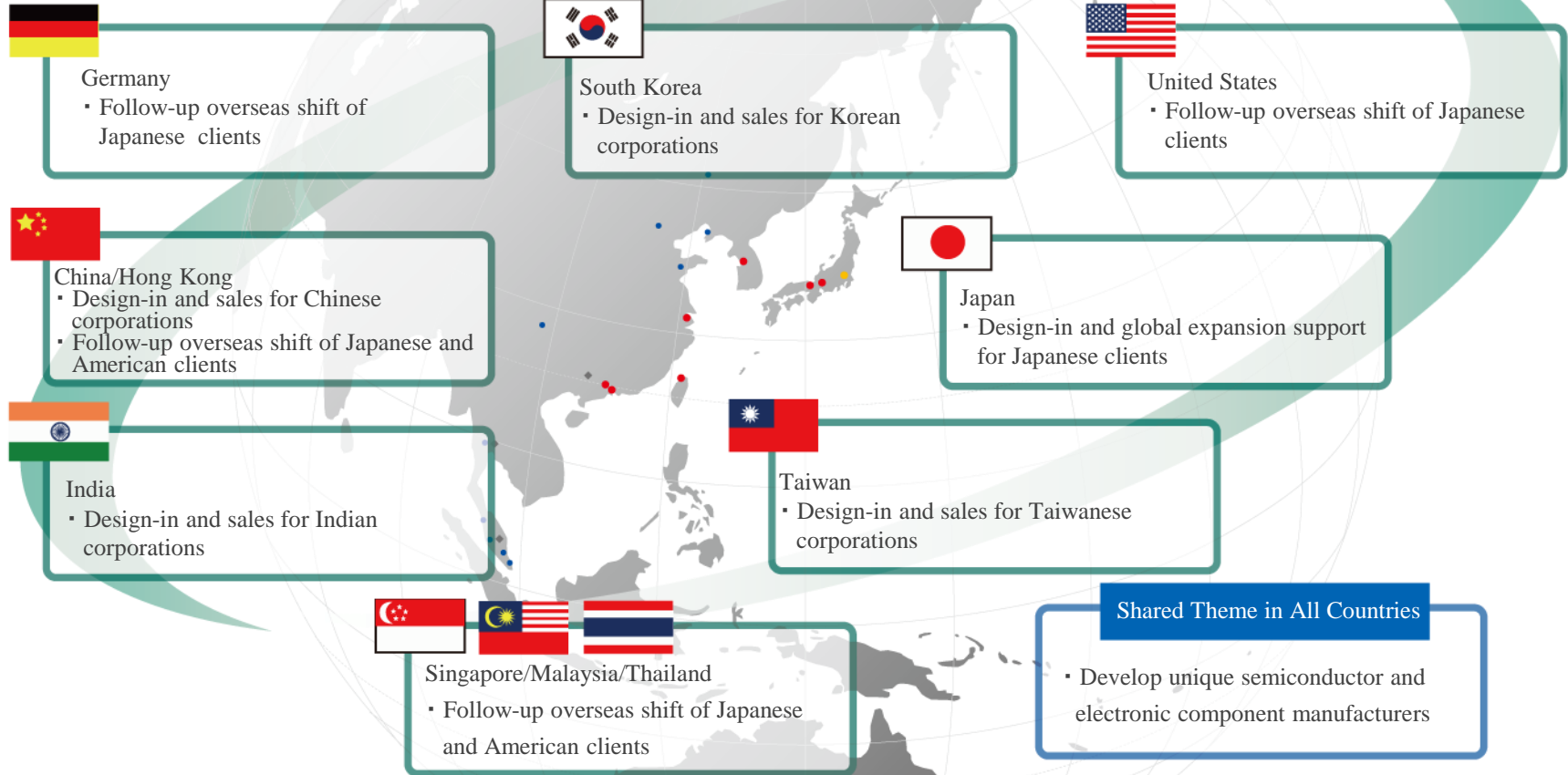


Key measures implemented to date:

- ◆ Establishment of Rennovent Company Limited; launch of business focused on ON Semiconductor and Yamaha

Strengthening Global Support to Expand Overseas Business

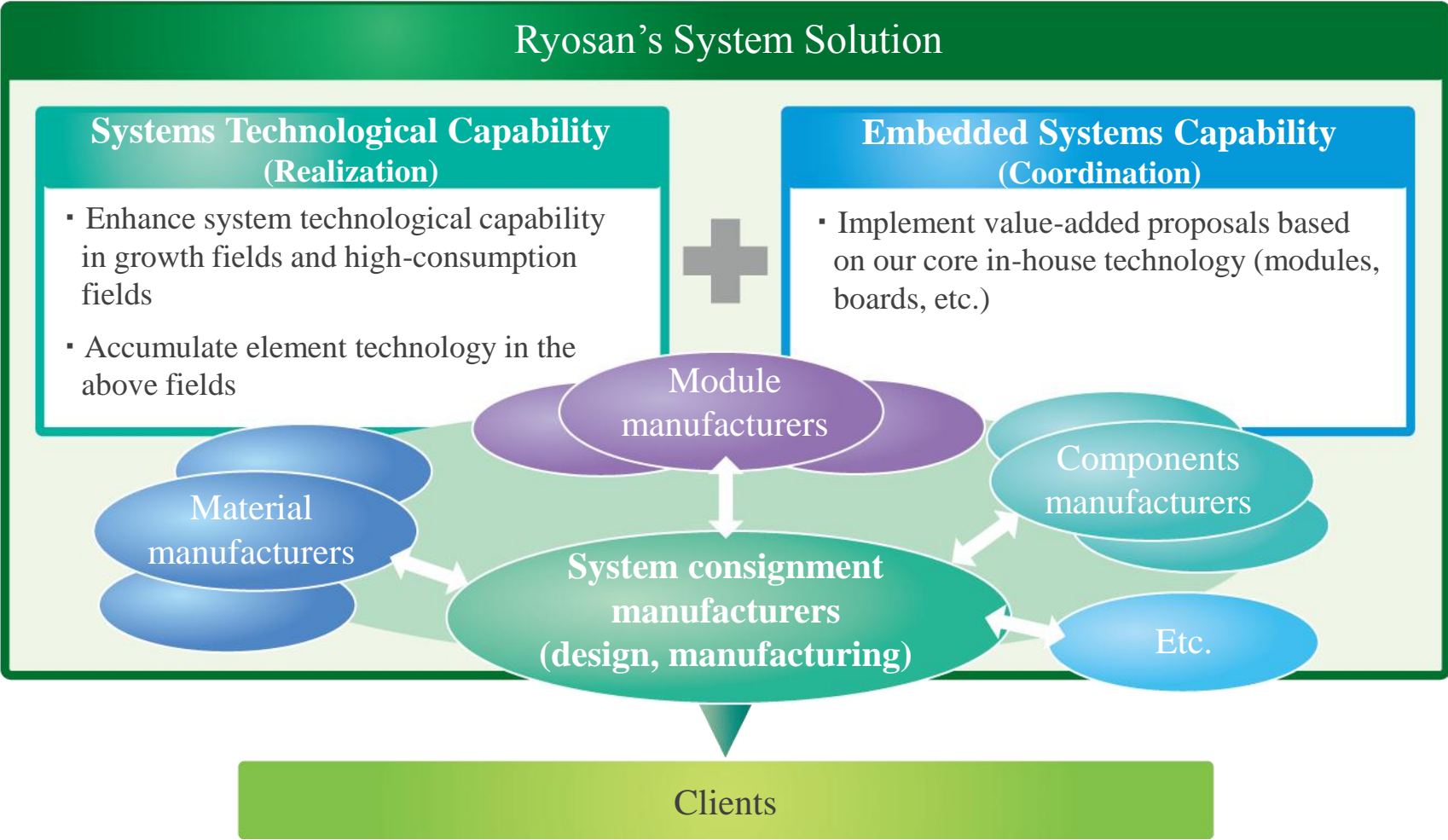
RYOSAN



Key measures implemented to date:

- ◆ Strengthening of India business with establishment of a local affiliate in India

Strengthening System Solution Capabilities to Create New Business Models



Key measures implemented to date:

- ◆ **Launch of four ongoing projects targeting specific fields and customers**
Fields: Security cameras, etc.

Basic Policy Regarding Redistribution of Profits to the Shareholders

◆ Basic policy

- Sustain stable and high dividends; seek resumption of 80 yen dividends by FY2016
- Continue to consider share repurchases based on trends in consolidated business performance, etc.

◆ Consolidated dividend payout ratio

- 50% or higher each year