

# Ryosan Company, Limited

## Shareholders Social Meeting

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June 26, 2015

Naoto Mimatsu,  
President

# Introduction of the New Board Structure

## 9th Medium-Term Management Plan (Revision)

### FY2015 Business 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

# Directors

<b>Representative Director</b>	<b>President</b>	Naoto Mimatsu
<b>Senior Managing Director</b>	<b>General Manager, Corporate Planning Headquarters</b> <b>Concurrently General Manager, Sales Planning and Control Headquarters</b> <b>Concurrently General Manager, 3rd Domestic Marketing and Sales Headquarters</b>	Hiroyuki Kurihara
<b>Managing Director</b>	<b>General Manager, Engineering Headquarters</b> <b>Concurrently General Manager, 1st Semiconductor Business Headquarters</b>	Toshifumi Sakata
<b>Director</b>	<b>General Manager, 1st Domestic Marketing and Sales Headquarters</b> <b>Concurrently General Manager, 2nd Semiconductor Business Headquarters</b>	Kazunori Sato
	<b>General Manager, International Marketing and Sales Headquarters</b> <b>Concurrently General Manager, Electronic Components Business Headquarters</b>	Koji Homma
	<b>General Manager, 2nd Domestic Marketing and Sales Headquarters</b>	Hiroshi Shibuya
	<b>General Manager, Electronic Equipment Business Headquarters</b>	Yasuo Yoshiizumi
	<b>General Manager, Administrative Headquarters</b>	Iwao Sakamoto
	<b>General Manager, Finance and Accounting Headquarters</b>	Masahide Nishiura

# Outside Directors, Audit & Supervisory Board Members

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## Outside Directors

Fumiaki Sato

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Hideki Kuwahata

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Kosuke Nishimoto

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## Full-time Corporate Auditor

Harumitsu Seki

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Takeshi Honda

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## Outside Auditor

Kotaro Nakano

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Toshiyuki Fujino

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# Nomination and Remuneration Advisory Committee

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**Representative Director**

Naoto Mimatsu

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**Director**

Iwao Sakamoto

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**Outside Directors**

Fumiaki Sato

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Hideki Kuwahata

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Kosuke Nishimoto

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Introduction of the New Board Structure

**9th Medium-Term Management Plan (Revision)**

FY2015 Business Plan

Ryosan Company, Limited  
**9th Medium-Term Management Plan**  
**FY2014~FY2017**

May 20, 2015  
Naoto Mimatsu,  
President

## Management Environment and Issues to be Addressed

### ◆ Management Environment (Electronics Industry)

- Expansion of horizontal specialization alliances & reduction of entry barriers
- Slow growth of Japanese market & growing number of Japanese corporations shifting production overseas/engaging in overseas procurement
- Diversifying customer needs (from individual components to modules and OEM/ODM)

### ◆ Issues to be Addressed

- Reconstructing our business portfolio
- Expanding our corporate activities on a global scale
- Revising our profit/financial structure



## 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

## Concrete Initiatives

### 1. Ideal state for Ryosan

#### Realizing electronics system coordination

- Commercialization of system solution business
- Global distributor

### 2. Description of initiatives

#### Reestablishment of growth path

- Creating new business models  
(Strengthening system solution capability)
- Further promotion of multi-vendor support  
(Expanding new supplier and product in existing business)
- Strengthening global support to expand overseas business  
(Aiming at being global distributor)

Project  
business

Expanding  
existing business

#### Improvement of capital efficiency

- Proactive investment toward growth
- Acquiring treasury stock

## Strengthening System Solution Capabilities to Create New Business Models

Project business

Customer needs

### Ryosan's System Solution

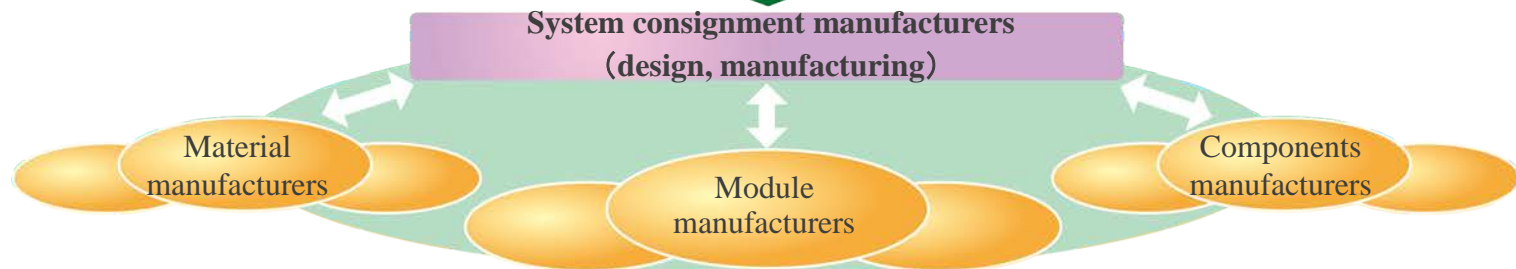
#### Systems Technological Capability (Realiation)

- Enhance system technological capability in growth fields and high-consumption fields
- Accumulate element technology in the above fields



#### Embedded Systems Capability (Coordination)

- Implement value-added proposals based on our core in-house technology (modules, boards, etc.)

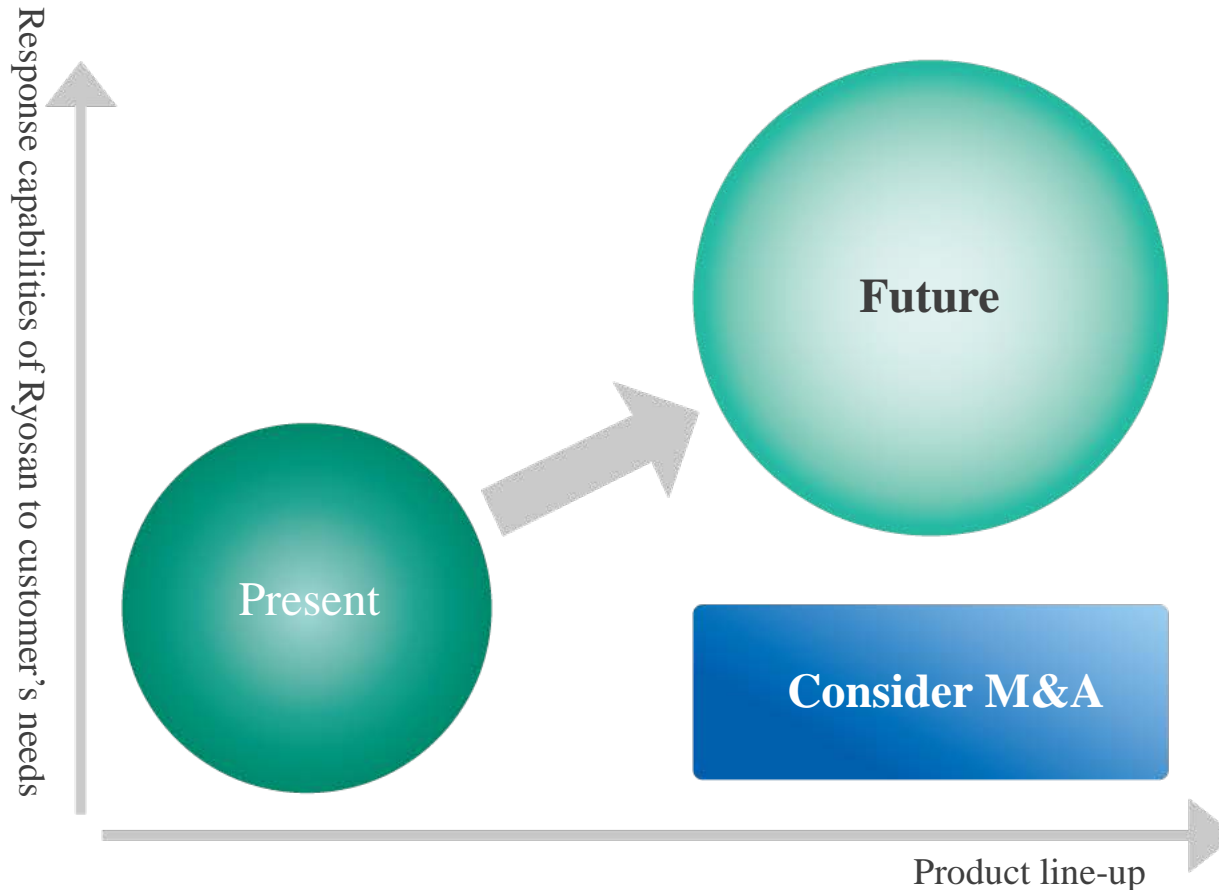


- System consignment business independent from commercial right
- Accumulation of system technological capability focusing on each field such as in-vehicle electrical components, home equipment, IoT equipment, medical and healthcare device
- Acquisition of outside human resources with experience in system development

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

Project business

Expanding existing business



e.g.) Main suppliers of semiconductor

**RYOSAN**

•Renesas Electronics Corporation

**SAXIS**

•NXP Semiconductors N.V.

**GYRONICS**

•Winbond Electronics Corp.  
•Micrel Inc.  
•STMicroelectronics N.V.  
•Applied Micro Circuits Corporation  
•Atmel Corporation  
•Faraday Technology Corporation

**RINNOVENT**

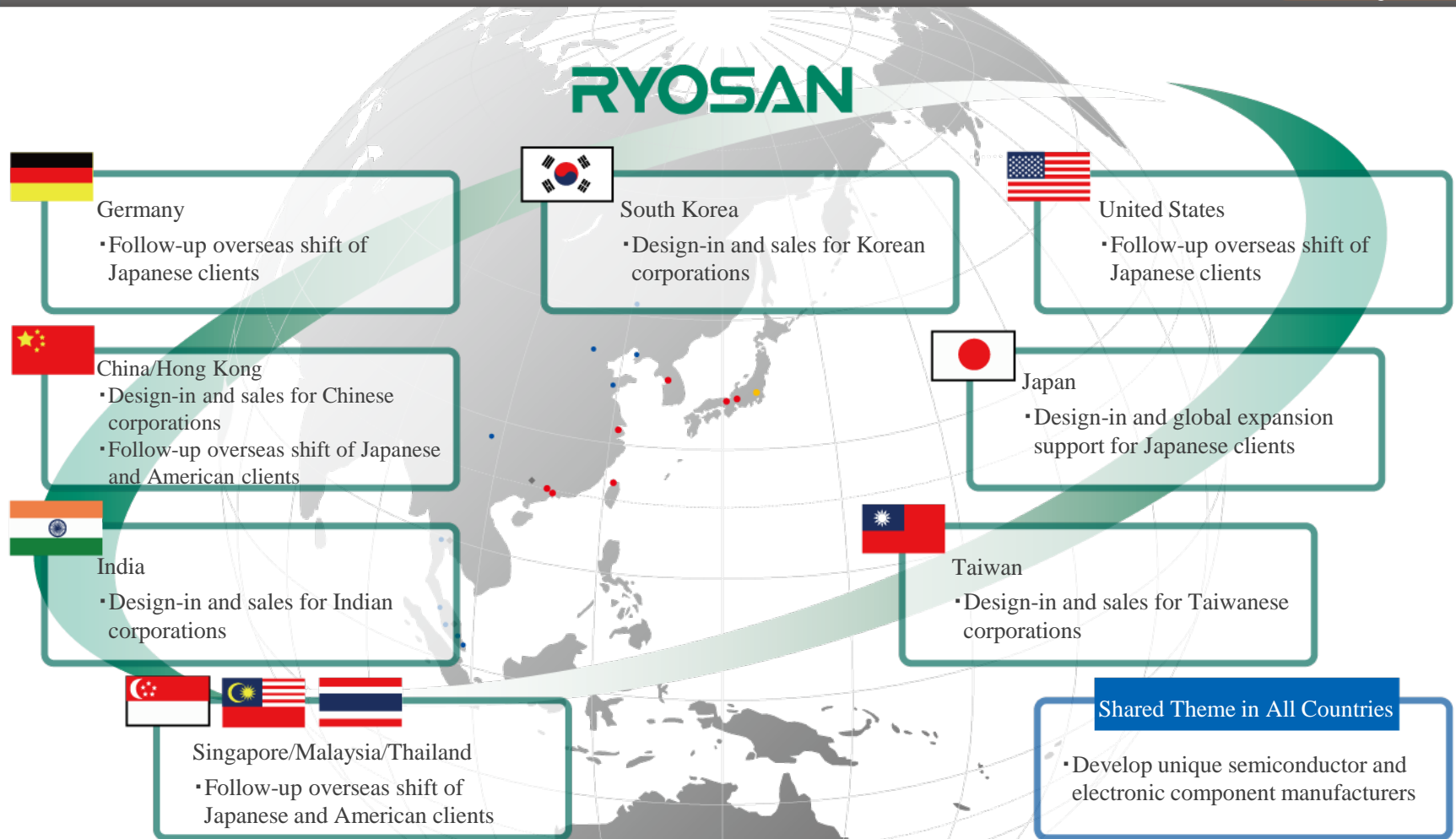
•ON Semiconductor  
•Yamaha Corporation  
•Macronix International Co., Ltd.  
•Entropic Communications, Inc.  
•Everspin Technologies, Inc.  
•THine Electronics, Inc.

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Expansion of new suppliers and new products by business acquisition, alliance and etc.

## Strengthening Global Support to Expand Overseas Business

Expanding  
existing business



Considering business acquisition from and alliance with local companies

## Existing Business Strategy



### Semiconductors

- Aim at business expansion by proactive design-in initiative and effective allocation of resources in our main business with Renesas Electronics and foreign semiconductor companies



### Electronic Components

- Aim at business expansion by proposals of kit and system that consist of semiconductors and multiple electronic components under market expansion strategy integrated with suppliers
- Continue to deal with sales of heat sink as an agent

## Existing Business Strategy

A close-up photograph of a blue printed circuit board (PCB) with various electronic components. A magnifying glass is positioned over a specific area of the board, highlighting a component.

### Electronic Equipment

We will aim at expansion of business through the following strategies:

- Expansion of OEM and ODM business, further cultivation of existing ICT clients, and exploring of new clients by core resources in systems equipment business
- Promotion of 3 business elements of hardware, material, and service in facilities equipment business

A photograph showing two hands in white business suits shaking hands, symbolizing a partnership or agreement.

### Technology

- Enhancement of global sales promotion capability of devices by establishment of system solution, while expanding technical support capability of mainly semiconductor technology, which accumulated long time as a technology trading company, into the fields of electronic components and embedded products



## Project Business Strategy

### System Solution Project

- Aim at braking away from existing business model by developing system consignment business based on clients and market needs independent from trademark right and solution business in growth field

### Analog Sensor Marketing Project

- Propose a kit consisted of competent I/O device (sensor / light / wireless, etc.) and analog IC



## Infrastructure Strategies

### ◆ Reinforcing management in terms of quality

- Implement and promotion of Ryosan spirits (reestablishment of vision, human resources development)
- Strengthen corporate governance  
(3 outside directors, establishment of the Remuneration Advisory Committee and the Nomination Advisory Committee, etc.)
- Enhance global internal controls
- Strengthen CSR at group companies
- Enhance global risk response capability (legal and tax aspects)

### ◆ Strengthening of our management structure

(Strengthening of consolidated management)

- Develop global information system (sales, logistics, accounting)
- Develop system to strengthen the profit/financial structure of group companies
- Increase efficiency of headquarters functions (Headquarters Management Division)
- Appropriate use of human resources regardless sex, ages, or nationality

## Basic Policy Regarding Redistribution of Profits to the Shareholders

### ◆ Dividends

- Aim at increasing payout ratio over 50%

FY2014	Target of FY2017年
80 yen	Over 100 yen

### ◆ Acquiring of treasury stock

- Plan to implement continuous acquiring of treasury stock basically 1 million share per year

## Business Objectives

**Achieve 5% of ROE in FY2017 aiming at 8% of ROE**

(Unit: 100 millions of yen)

	FY2014		FY2017	
	Results	Of total	Target	Of total
<b>Net sales</b>	2,335		<b>2,700</b>	
<b>Gross margin</b>	195	8.4%	<b>235</b>	8.7%
<b>SG &amp; A expenses</b>	135	5.8%	<b>140</b>	5.2%
<b>Operating income</b>	59	2.5%	<b>95</b>	3.5%
<b>Net income</b>	32	1.4%	<b>60</b>	2.2%
<b>ROE</b>	2.7%		<b>5.0%</b>	

**FY2017 Target by Business Segment**

(Unit: 100 millions of yen)

	FY2014			FY2017 target		
	Net sales	Operating income	Of total	Net sales	Operating income	Of total
<b>Existing business</b>	2,335	61.5	2.6%	<b>2,500</b>	<b>86.0</b>	3.4%
Semiconductors	1,512	34.8	2.3%	<b>1,500</b>	<b>51.0</b>	3.4%
Electronic Components	629	16.1	2.6%	<b>700</b>	<b>20.3</b>	2.9%
Electronic Equipment	193	10.5	5.4%	<b>300</b>	<b>14.7</b>	4.9%
<b>Project business</b>	0	0	—	<b>200<sup>*2</sup></b>	<b>9.0</b>	4.5%
<b>Total</b>	2,335	<sup>*1</sup> 59.2	2.5%	<b>2,700</b>	<b>95.0</b>	3.5%

\*1. The total amount of operating income in FY2014 indicates the figure after deduction of -220 million yen of operating income adjustment

\*2. Net sales of project business in FY2017 include 13 billion yen for system solution business and 7 billion yen for new products, etc.

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9th Medium-Term Management Plan (Revision)

**FY2015 Business Plan**

# Overview of Consolidated Plan for FY2015

◆ Both net sales and operating income are projected to be flat

(Unit: 100 millions of yen)

	FY2014		FY2015		
	Results	Of total	Plan	Of total	% Chg. YoY
Net sales	2,335		<b>2,350</b>		+0.6%
Gross margin	195	8.4%	<b>190</b>	8.1%	(2.7)%
SG & A expenses	135	5.8%	<b>133</b>	5.7%	(2.2)%
Operating income	59	2.5%	<b>57</b>	2.4%	(3.8)%
Ordinary income	54	2.3%	<b>57</b>	2.4%	+4.2%
Net income	32	1.4%	<b>38</b>	1.6%	+18.7%
Earnings per share (yen)	101.80		<b>122.51</b>		+20.3%
Domestic sales	1,258	54%	<b>1,350</b>	57%	+7.2%
Overseas sales	1,076	46%	<b>1,000</b>	43%	(7.1)%

# Overview of Business Plan for FY2015 by Business Segment

- ◆ Income and profit will increase in Electronic Components business and Electronic Equipment business

(Unit: 100 millions of yen)

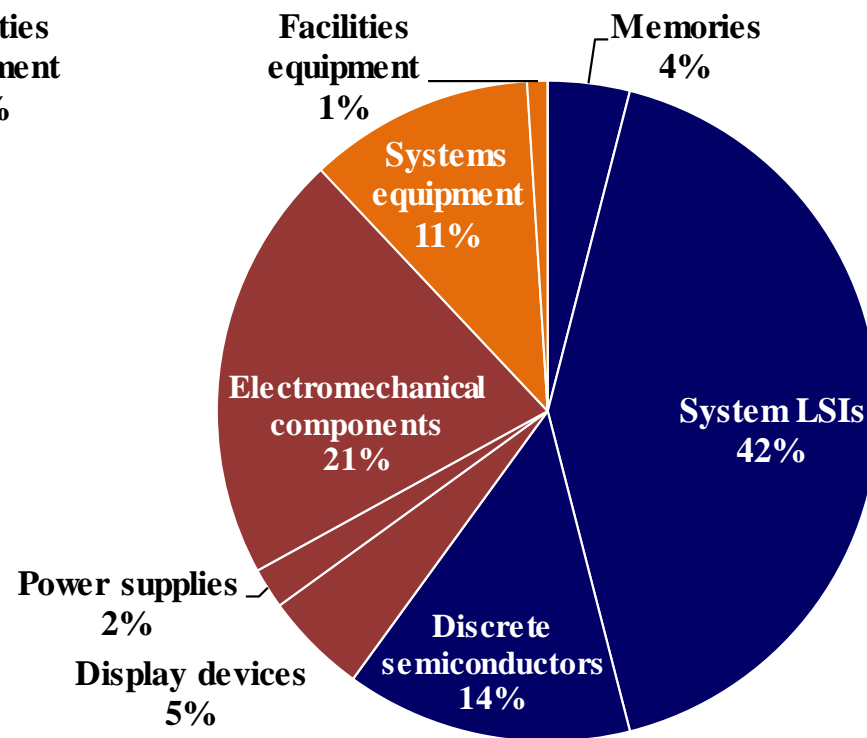
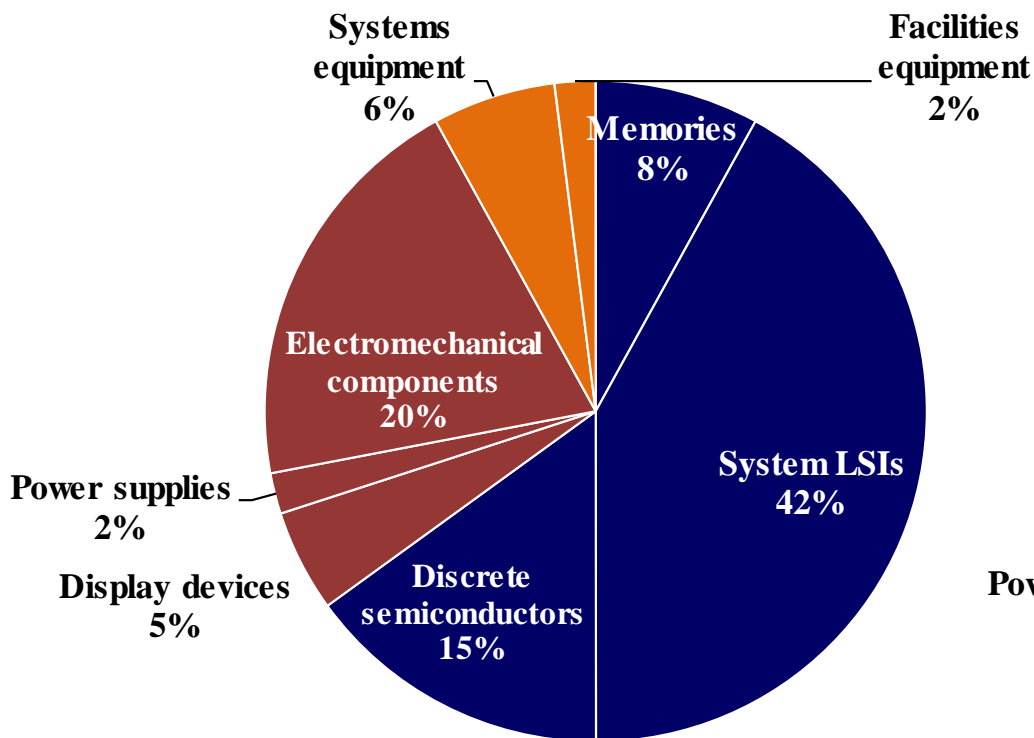
		FY2014		FY2015		
		Results	Of total	Plan	Of total	% Chg. YoY
Semiconductors	Net sales	1,512		1,400		(7.4)%
	Operating income	34.8	2.3%	31.0	2.2%	(11.0)%
Electronic Components	Net sales	629		660		+4.9%
	Operating income	16.1	2.6%	17.0	2.6%	+5.1%
Electronic Equipment	Net sales	193		290		+49.5%
	Operating income	10.5	5.4%	13.0	4.5%	+23.5%
Adjustments		(2.2)		(4.0)		
Total	Net sales	2,335		2,350		+0.6%
	Operating income	59.2	2.5%	57.0	2.4%	(3.8)%

# Percentage of Net Sales by Product (Plan)

◆ Net sales of memories will shrink and systems equipment will expand

**FY2014**

**FY2015 Plan**

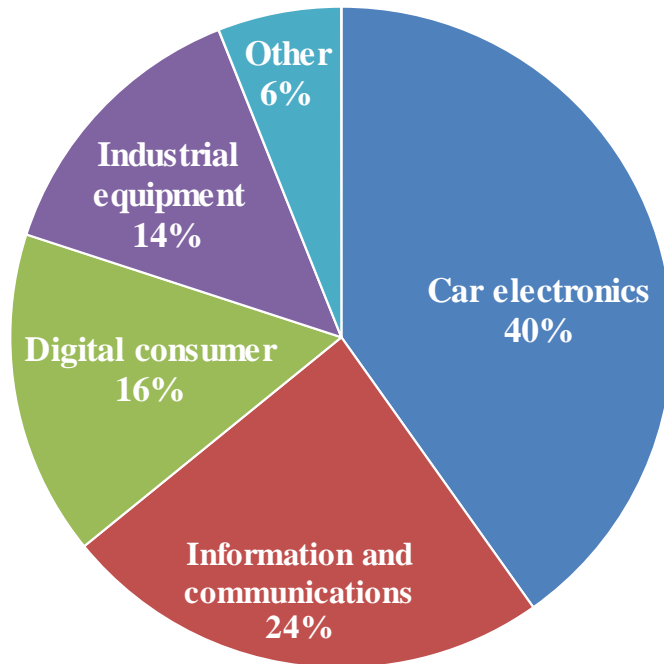




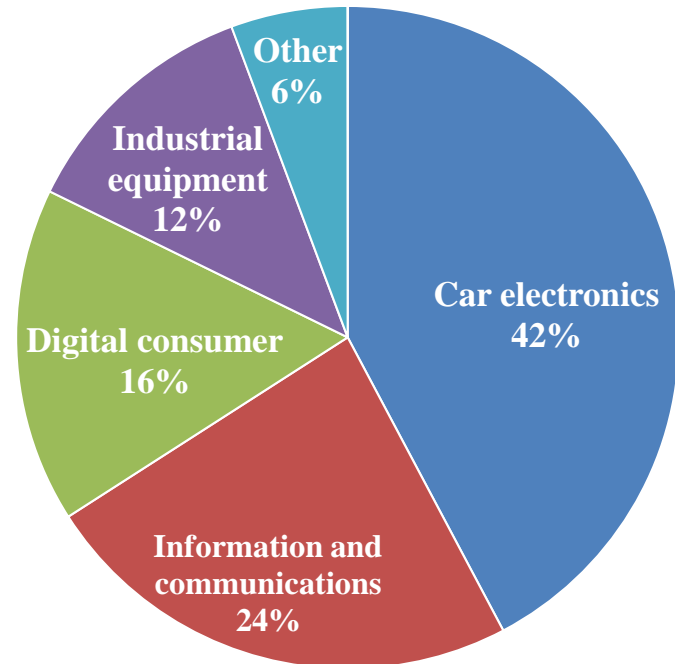
# Percentage of Net Sales by Field (Plan)

◆ Net sales of car electronics will continue to expand in FY2015

**FY2014**



**FY2015 Plan**



# Plan for Redistribution of Profit to Shareholders

◆ Dividends for FY2015 is planned to be 90 yen

(Unit: 100 millions of yen)

