

Ryosan Company, Limited
FY2015 First Half Results Meeting
Results for the six months ended September 30, 2015
FY2015 : Year ending March 31, 2016

November 18, 2015
Naoto Mimatsu,
President

Results for FY2015 First Half

Business Plan for Full Year FY2015

9th Medium-Term Management Plan Approach Cases

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 FY2015 First Half

(Unit: 100 millions of yen)

	FY2014		FY2015			1H		
	1H Results	Of total	1H Results	Of total	% Chg. YoY	Plan at start of fiscal year	Of total	Comparison with plan at start of fiscal year
Net sales	1,201		1,167		(2.8)%	1,150		+1.5%
Gross margin	94	7.9%	97	8.3%	+2.9%	94	8.2%	+3.4%
SG & A expenses	68	5.7%	68	5.9%	+0.3%	67	5.8%	+2.6%
Operating income	25	2.2%	28	2.4%	+9.6%	27	2.3%	+5.3%
Ordinary income	24	2.0%	26	2.3%	+9.3%	27	2.3%	(1.6)%
Net income attributable to shareholders of parental company	14	1.2%	18	1.6%	+30.7%	18	1.6%	+2.2%
Earnings per share (yen)	44.73		59.30		+32.6%	58.03		+2.2%
Domestic sales	624	52%	683	59%	+9.5%			
Overseas sales	576	48%	484	41%	(16.1)%			

Overview of Results for FY2015 First Half by Business Segment

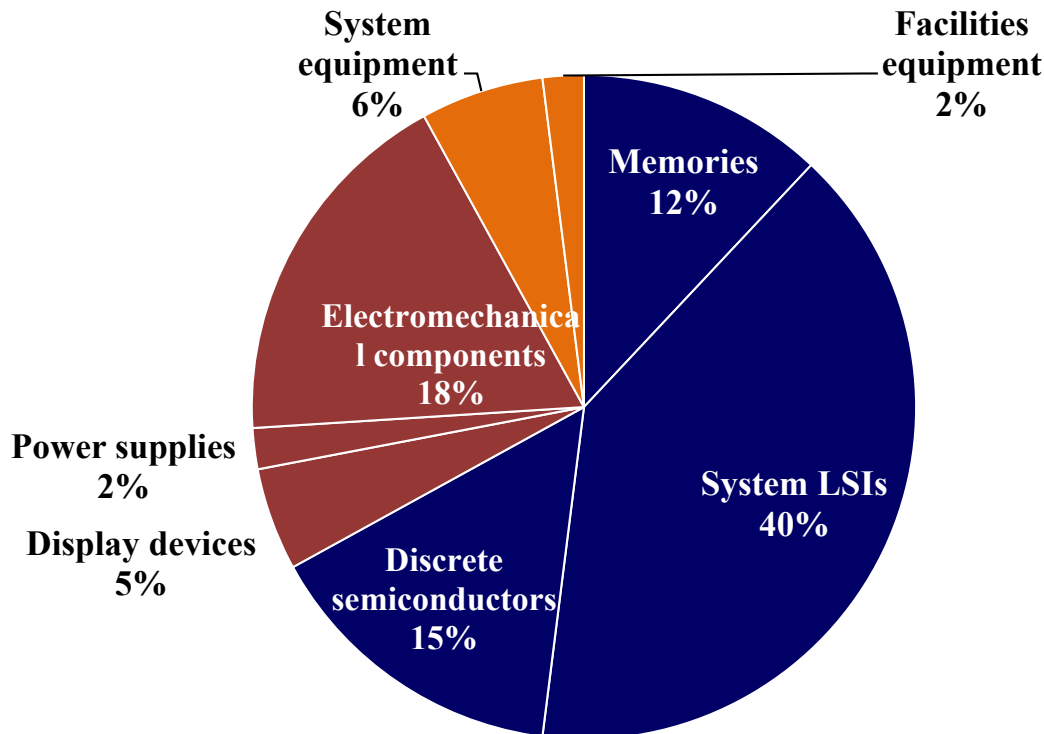
(Unit: 100 millions of yen)

		FY2014		FY2015					
		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	800		677		(15.4)%	680		(0.3)%
	Operating income	16.1	2.0%	14.2	2.1%	(11.7)%	14.0	2.1%	+1.6%
Electronic Components	Net sales	304		332		+9.3%	320		+4.0%
	Operating income	6.9	2.3%	9.0	2.7%	+28.9%	8.0	2.5%	+12.6%
Electronic Equipment	Net sales	95		156		+63.9%	150		+4.6%
	Operating income	4.3	4.5%	7.3	4.7%	+68.9%	7.0	4.7%	+5.0%
Adjustments		(1.5)		(2.1)			(2.0)		
Total	Net sales	1,201		1,167		(2.8)%	1,150		+1.5%
	Operating income	25.9	2.2%	28.4	2.4%	+9.6%	27.0	2.3%	+5.3%

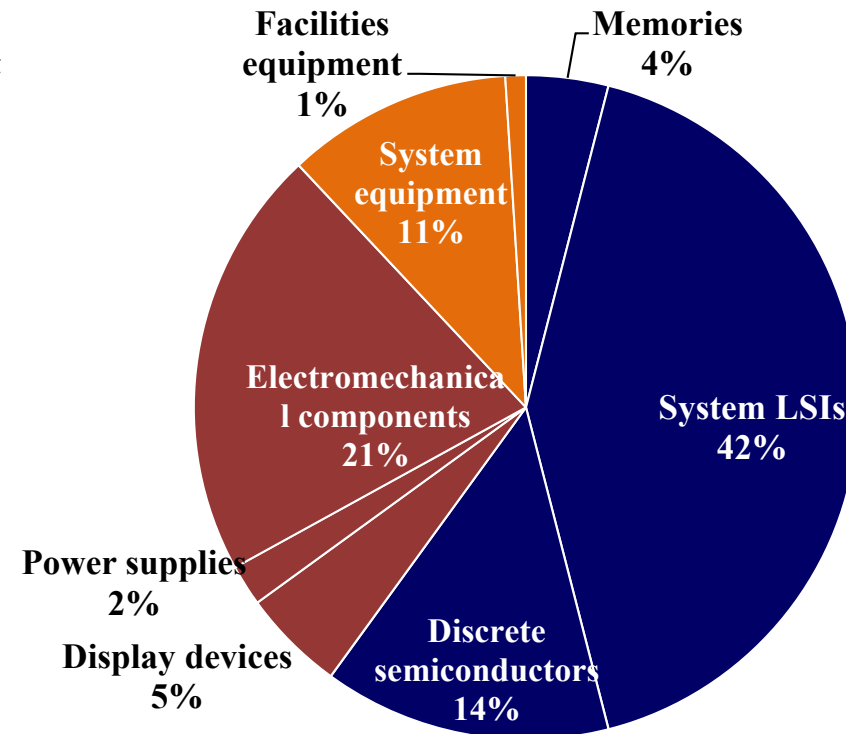
Percentage of Net Sales by Product

◆ Memories shrank while system equipment expanded

FY2014 1H



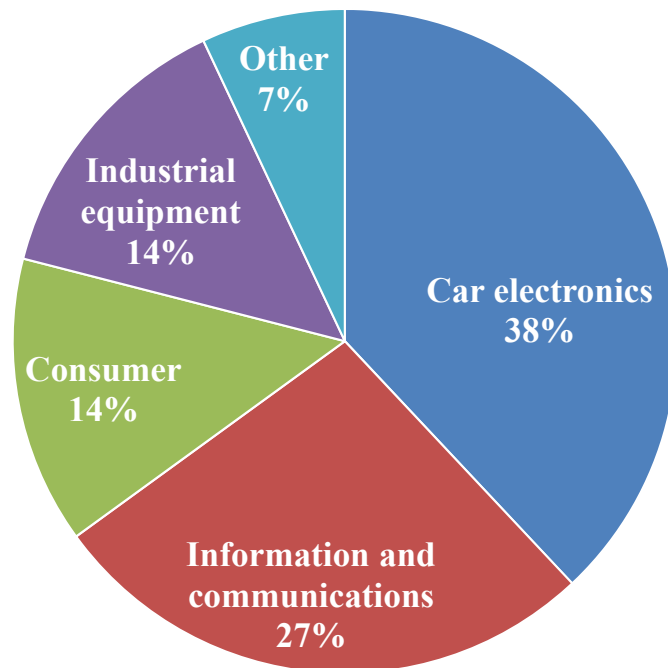
FY2015 1H



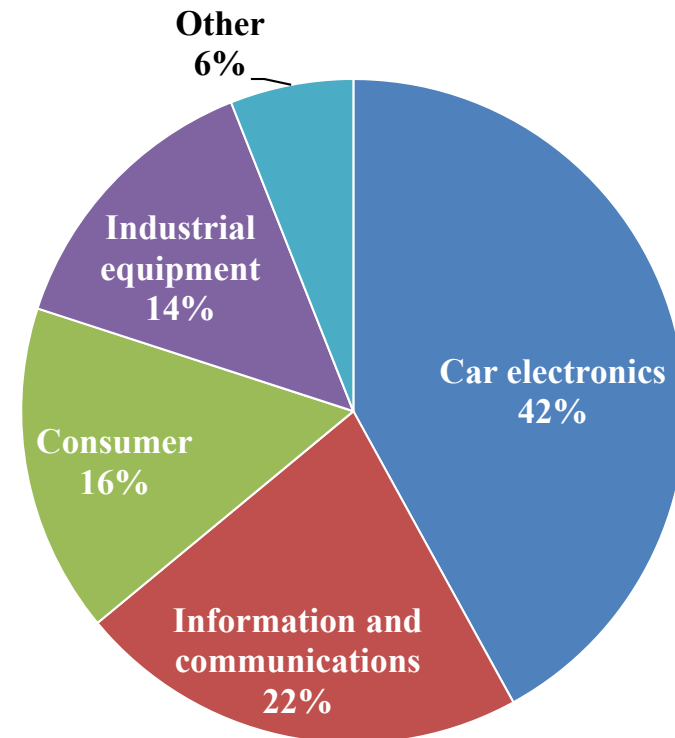
Percentage of Net Sales by Field

◆ Information and communications shrank while the car electronics expanded

FY2014 1H



FY2015 1H



Consolidated Balance Sheet

◆ No significant change in structure

(Unit: 100 millions of yen)

	End of Mar. 2015	End of Sep. 2015	Difference	Main factors
Current assets	1,492	1,489	(3)	<ul style="list-style-type: none"> ▪ Cash and deposits (89) ▪ Trade notes and accounts receivable +18 ▪ Marketable securities +59
Fixed assets	195	192	(3)	<ul style="list-style-type: none"> ▪ Investment securities (3)
Total assets	1,688	1,681	(7)	
Liabilities	470	470	0	<ul style="list-style-type: none"> ▪ Trade accounts payable +13 ▪ Short-term bank loans (7) ▪ Accrued income taxes (4)
Net assets	1,218	1,211	(7)	<ul style="list-style-type: none"> ▪ Net income +18 ▪ Cash dividends paid (13) ▪ Foreign currency translation adjustments (8)
Total liabilities and net assets	1,688	1,681	(7)	
Net assets to total assets	72.2%	72.0%	(0.2)	

Consolidated Statement of Cash Flow

(Unit: 100 millions of yen)

	FY2014 1H	FY2015 1H	Main factors	
Cash flows from operating activities	60	(2)	▪ Income before income taxes	26
			▪ Increase in notes and accounts receivable-trade	(26)
			▪ Increase in inventories	(10)
			▪ Increase in notes and accounts payable-trade	18
			▪ Income taxes paid	(12)
Cash flows from investing activities	9	(1)	▪ Proceeds from sales of property, plant and equipment	1
			▪ Purchase of intangible assets	(2)
Free cash flow	70	(3)		
Cash flows from financing activities	(27)	(21)	▪ Short-term loans payable	(6)
			▪ Cash dividends paid	(13)
Balance of cash and cash equivalents	545	529		

Results for FY2015 First Half

Business Plan for Full Year FY2015

9th Medium-Term Management Plan Approach Cases

Overview of Consolidated Plan for Full Year FY2015

(Unit: 100 millions of yen)

	FY2014		FY2015			FY2015		
	Full year Results	Of total	Full year Plan	Of total	% Chg. YoY	Full year Plan at start of fiscal year	Of total	Comparison with plan at start of fiscal year
Net sales	2,335		2,350		+0.6%	2,350		0.0%
Gross margin	195	8.4%	190	8.1%	(2.7)%	190	8.1%	0.0%
SG & A expenses	135	5.8%	133	5.7%	(2.2)%	133	5.7%	0.0%
Operating income	59	2.5%	57	2.4%	(3.8)%	57	2.4%	0.0%
Ordinary income	54	2.3%	57	2.4%	+4.2%	57	2.4%	0.0%
Net income attributable to shareholders of parental company	32	1.4%	38	1.6%	+18.7%	38	1.6%	0.0%
Earnings per share (yen)	101.80		122.51		+20.3%	122.51		0.0%
Domestic sales	1,258	54%	1,350	57%	+7.2%	1,350	57%	0.0%
Overseas sales	1,076	46%	1,000	43%	(7.1)%	1,000	43%	0.0%

Overview of Business Plan for Full Year FY2015 by Business Segment

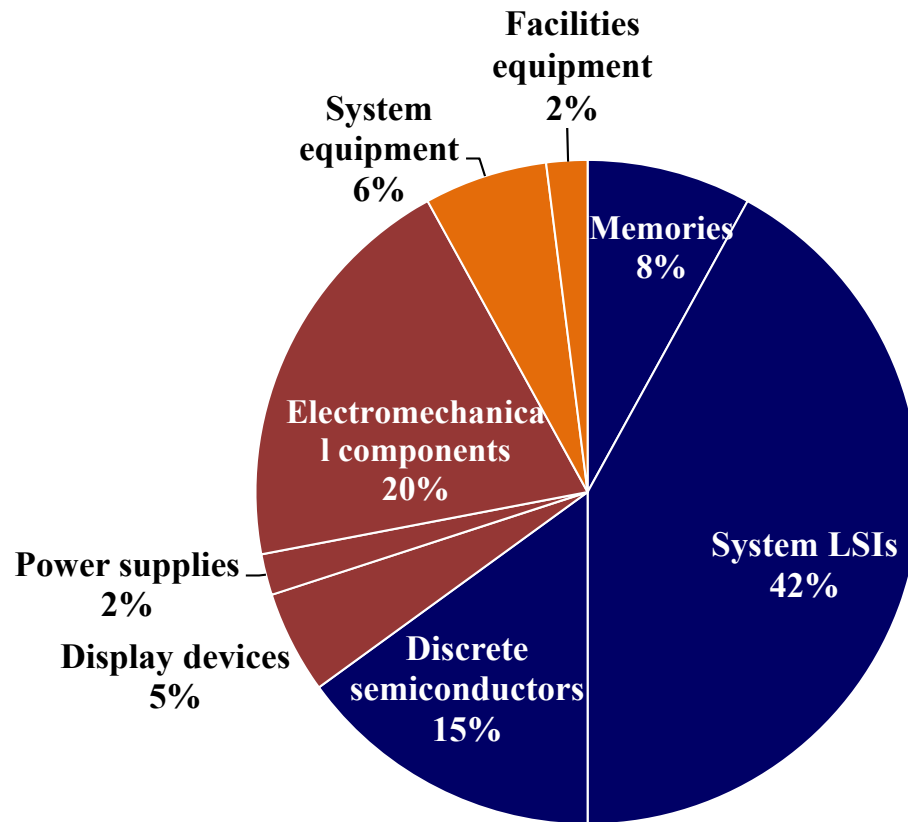
(Unit: 100 millions of yen)

		FY2014		FY2015					
		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	1,512		1,400		(7.4)%	1,400		0.0%
	Operating income	34.8	2.3%	31.0	2.2%	(11.0)%	31.0	2.2%	0.0%
Electronic Components	Net sales	629		660		+4.9%	660		0.0%
	Operating income	16.1	2.6%	17.0	2.6%	+5.1%	17.0	2.6%	0.0%
Electronic Equipment	Net sales	193		290		+49.5%	290		0.0%
	Operating income	10.5	5.4%	13.0	4.5%	+23.5%	13.0	4.5%	0.0%
Adjustments		(2.2)		(4.0)			(4.0)		0.0%
Total	Net sales	2,335		2,350		+0.6%	2,350		0.0%
	Operating income	59.2	2.5%	57.0	2.4%	(3.8)%	57.0	2.4%	0.0%

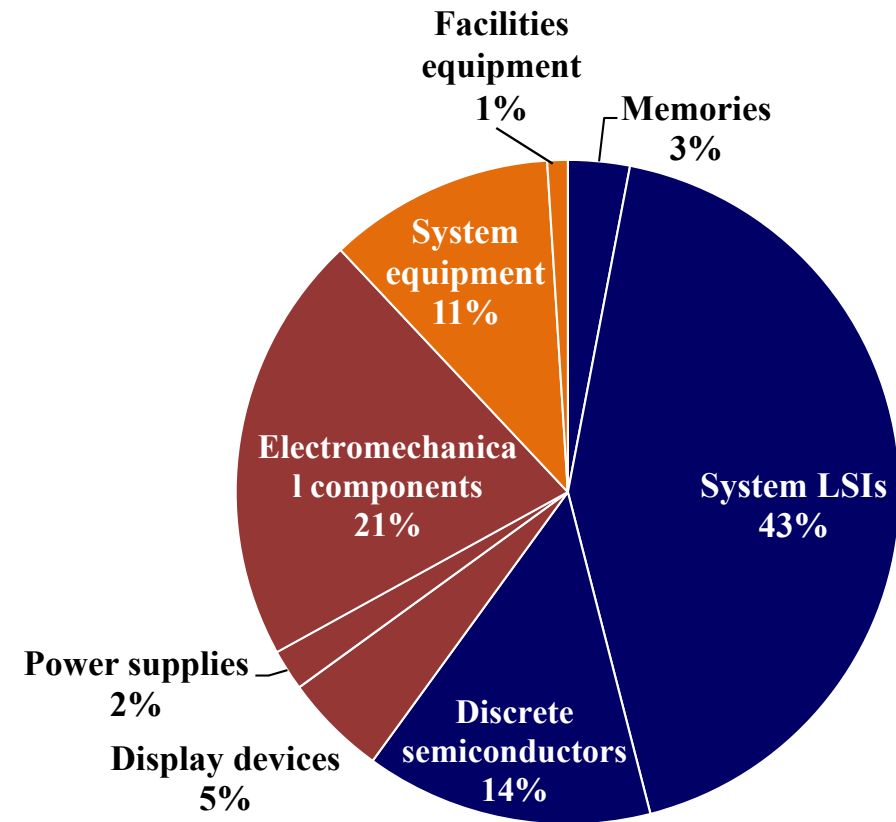
Percentage of Net Sales by Product

◆ Memories shrank while system equipment expanded

FY2014



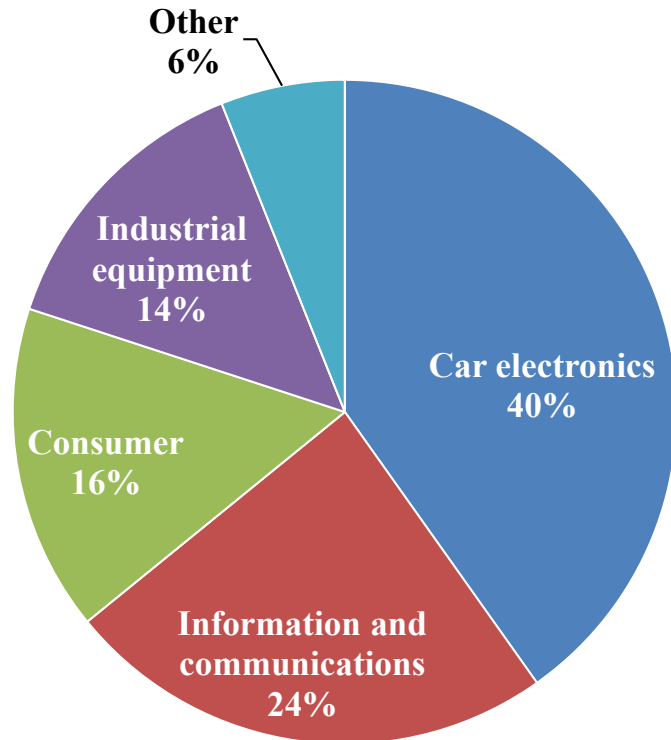
FY2015



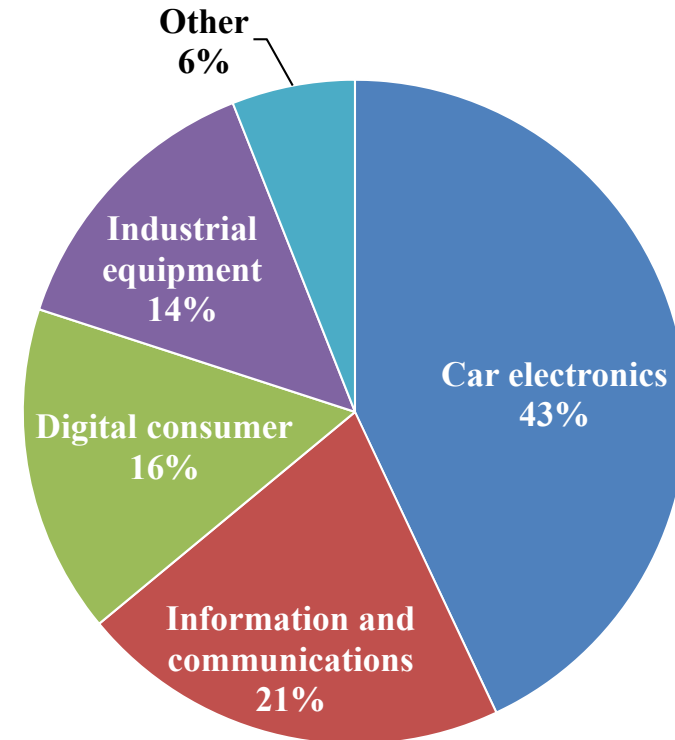
Percentage of Net Sales by Field

◆ Information and communications field shrank while the car electronics field expanded

FY2014



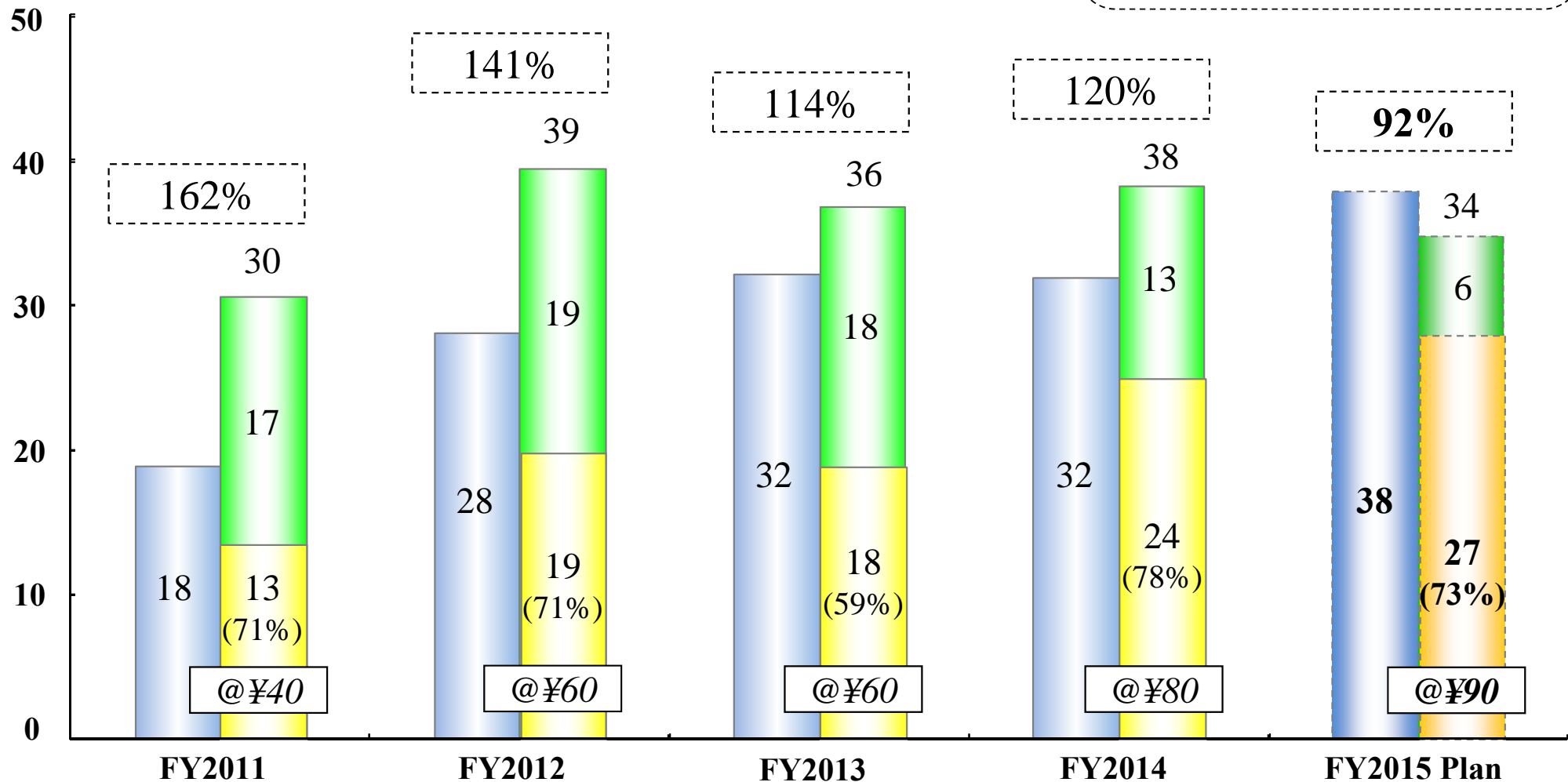
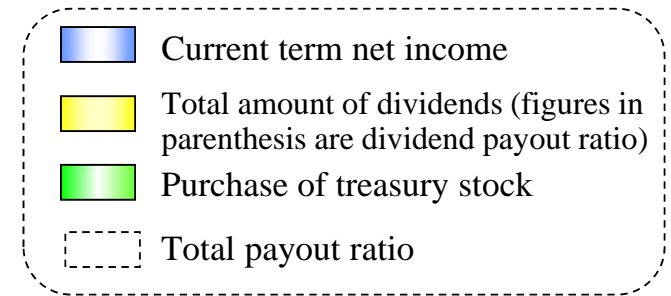
FY2015



Plan for Redistribution of Profit to Shareholders

(Unit: 100 millions of yen)

◆ Dividends for FY2015 is planned to be 90 yen



Results for FY2015 First Half

Business Plan for Full Year FY2015

9th Medium-Term Management Plan Approach Cases

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

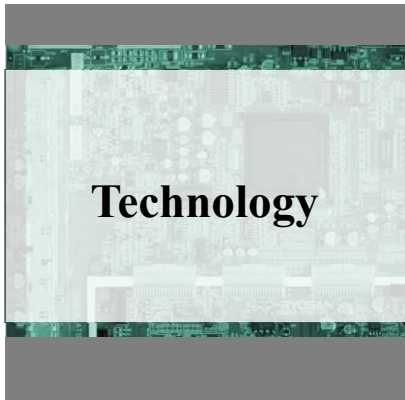
Expanding existing business

Improvement of capital efficiency

Proactive investment toward growth

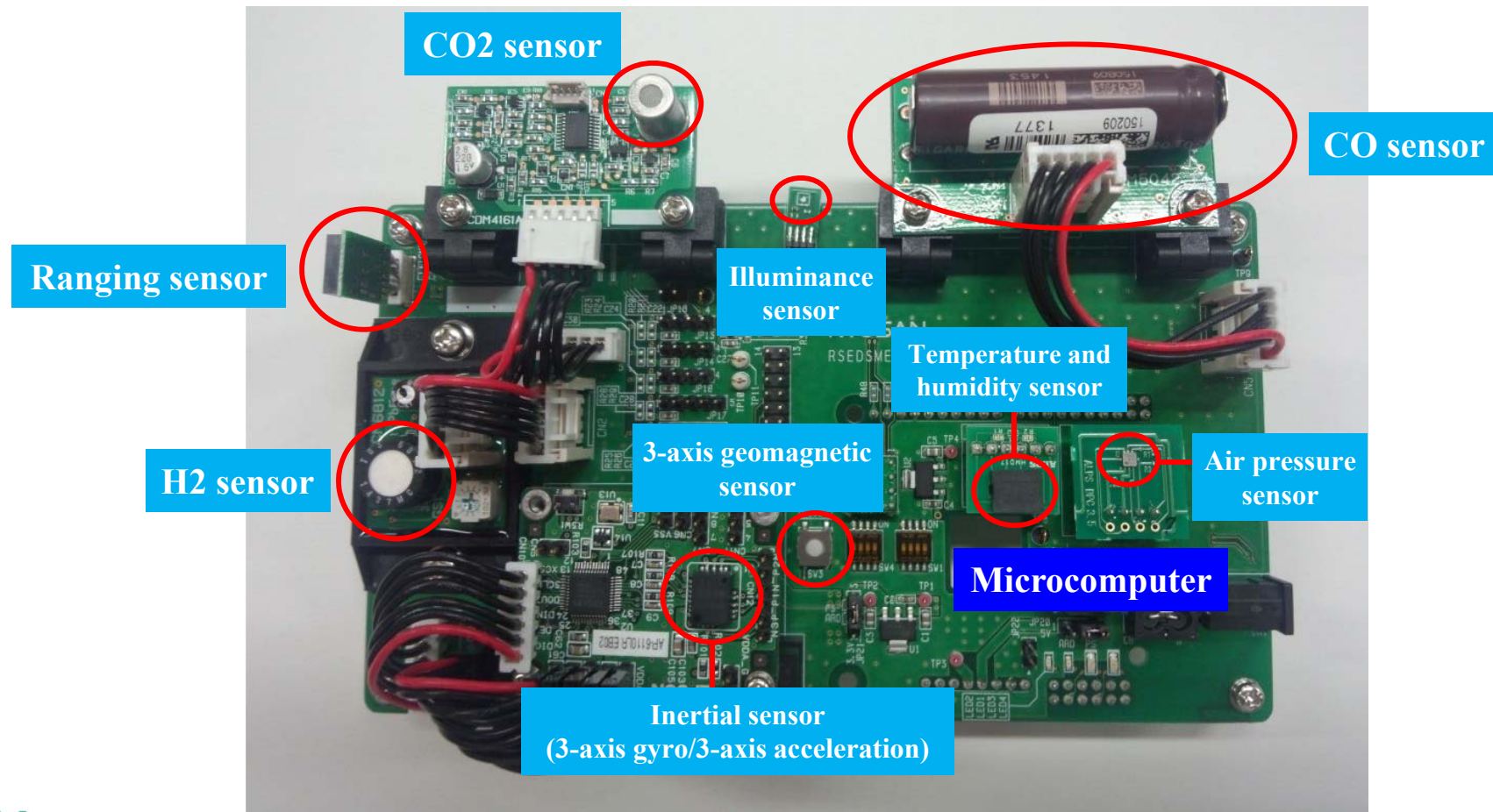
Acquiring treasury stock

Creating New Business Models (Case 1)



Development of IoT sensor hub board

- Propose solutions by means of an original control software using the sensors we handle.
- Create a business model not bound by commercial rights since it modularizes multiple sensors needed.



Creating New Business Models (Case 2)

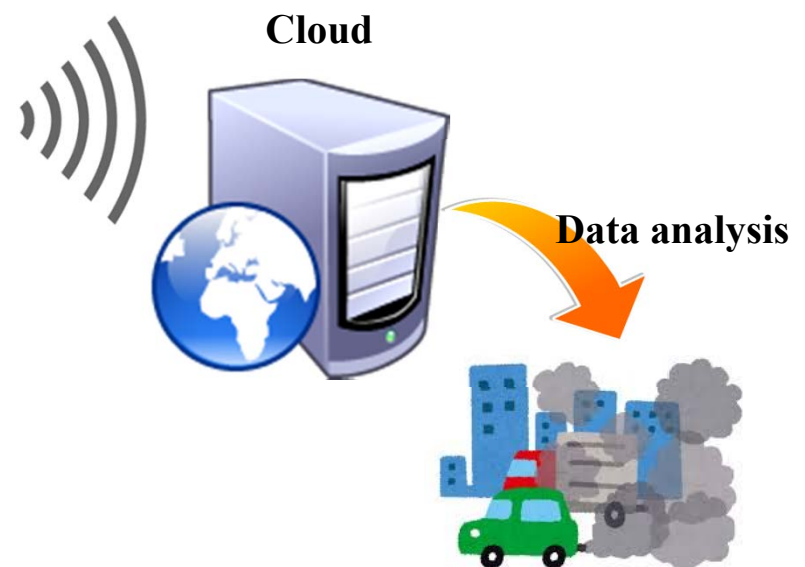
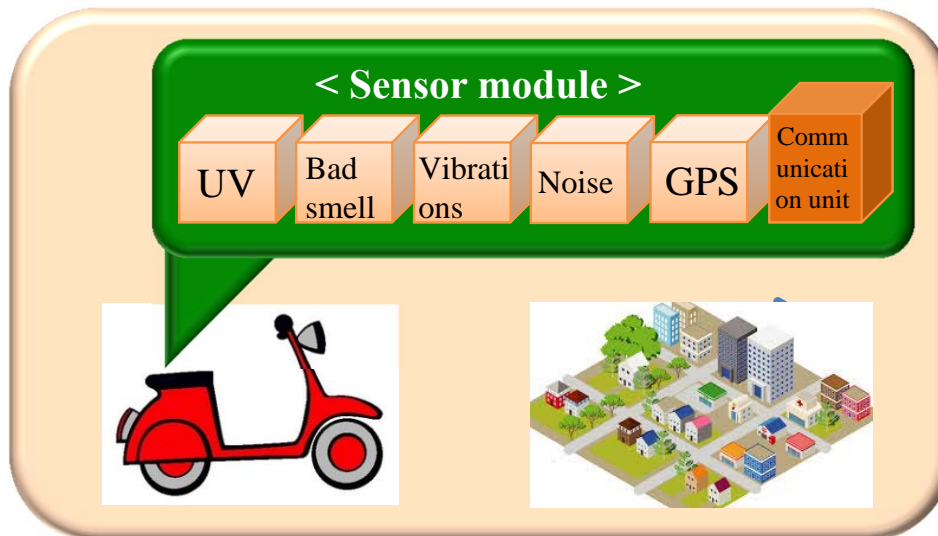
System Solution Project

- Participate in the development of the equipment needed to create a new business model, by making best use of our sensor hub solutions.
- Create a pay-per-use business model using big data.

— Business Model Case 1 — Participation in the VasP (Vehicle as Probe) business

< Business Summary >

- Consists of installing meters (various sensors) on mobile objects such as bicycles, monitoring various data in real time and then make practical use of the analysis data.



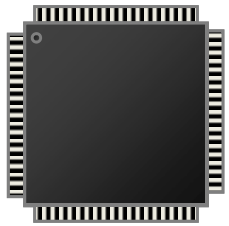
Creating New Business Models (Case 3)

Analog Sensor Marketing Project

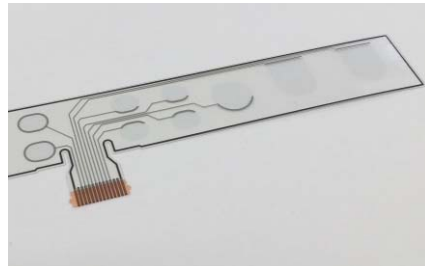
Provide integrated solutions for embedded systems, for which so far the customer has been buying the parts separately, by coordinating multiple suppliers.

— Business Model Case 1 — Touch Key Solution

Microcomputer



Touch key film



Decorative film



Case



acryl, glass,
etc.



Lamination

[offered by partner company]

[Ryosan Solution Demo Board]