

**Q3/FY2015 (56th)  
Results Briefing**

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December 1, 2015

**RYOYO ELECTRO CORPORATION**

(Tokyo Stock Exchange - 8068)

<http://www.ryoyo.co.jp>

**Date of establishment** : February 27, 1961

**Capital** : 13.672 million yen

**Represented by** : Kenhachiro Ogawa  
– Chairman & CEO  
Takayoshi Oouchi  
– President & COO

**Number of employees** : (As at October 31, 2015)  
Consolidated: 521  
Non-consolidated: 460  
\*Whole group: 611

**Domestic network** : Sendai, Koriyama, Matsumoto, Takasaki, Omiya, Hachioji, Yokohama, Nagoya, Kyoto, Osaka, Fukuoka

**Overseas network** : Dalian, Shanghai, Shenzhen, Hong Kong, Taipei, Bangkok, Kuala Lumpur, Singapore, Silicon Valley

**Domestic subsidiaries** : Ryoyo Semicon, Ryoyo Security Service

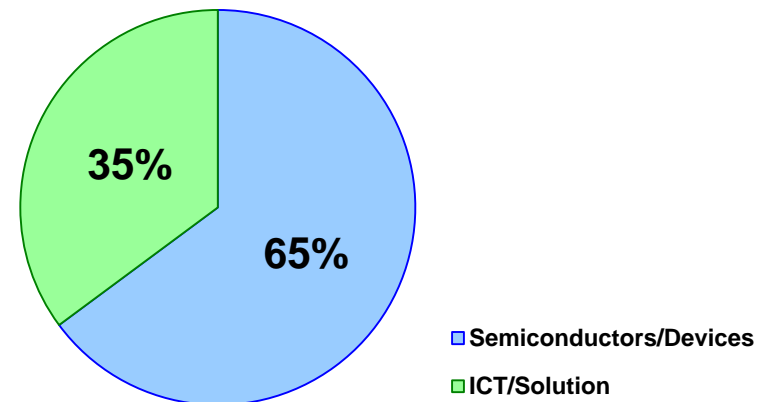
**Business areas** :

- ◇ Sales of semiconductors/devices
- ◇ Sales of ICT products (HW/SW)
- ◇ Sales of embedded devices
- ◇ Various engineering support
- ◇ Various services

**ISO 9001 / 14001 / 27001** :

All offices and subsidiaries in Japan  
(excluding Takasaki Satellite Office)

**Sales by product (Q3/FY2015)**



## Q3/FY2015 Business results

(Unit: 100 million yen, %)

	FY2014 Q1-Q3	FY2015 Q1-Q3	Diff.	YoY	Comments
Sales	809	847	+37	+4.6%	Higher than the previous year
Gross profit	63.6	56.3	(7)	(11.5%)	Recognized loss on abandoned inventory and loss on inventory revaluation in Q3
(%)	7.9%	6.7%			
SG&A	49.7	52.4	+3	+5.4%	An increase in labor cost due to higher sales, logistics expenses, etc.
Operating income	13.9	3.9	(10)	(71.7%)	After reaching over 130% of the previous year, turned to decrease due to lower gross profit
(%)	1.7%	0.5%			
Non-operating income	2.8	3.0	+0	+5.8%	
Ordinary income	16.8	6.9	(10)	(58.6%)	
(%)	2.1%	0.8%			
Extraordinary income	0.9	1.3	+0	+34.4%	Recognized gain/loss on sale of investment securities and loss on fixed assets revaluation
Income before income taxes	17.7	8.2	(10)	(53.7%)	
Income taxes	6.4	3.0	(3)	(53.4%)	
Net quarterly profit	11.3	5.2	(6)	(53.8%)	
(%)	1.4%	0.6%			

(Unit: 100 million yen, %)

	FY2014 (Q1-Q3)	FY2015 (Q1-Q3)	Diff	YoY	Comments
Total	809	847	+37	+4.6%	
Semiconductors/Devices	494	549	+56	+11.3%	
By application					
Communications	87	123	+36	+41.7%	Increased in the contract manufacturing business for communication devices
Digital consumer electronics and other home electronics	64	81	+16	+25.0%	Increased mainly in products for TVs
Vehicle installation	28	29	+1	+3.9%	No significant change from the previous year
PC and peripherals	163	156	(8)	(4.7%)	Lower sales in products for printers than the previous year, but continuously stable in those for peripherals
Industries and others	151	161	+10	+6.6%	Higher than the previous year with less effects of slowdown of the Chinese economy than expected
ICT/Solution	316	298	(18)	(5.8%)	
By product					
PC/Server/Network	104	85	(19)	(18.3%)	In a slump for large-volume orders which we have been focusing on
I/O equipment	47	53	+5	+11.7%	Contributed by the start of new orders
Software/Embedded devices	165	160	(5)	(2.9%)	Decreased in software for PCs

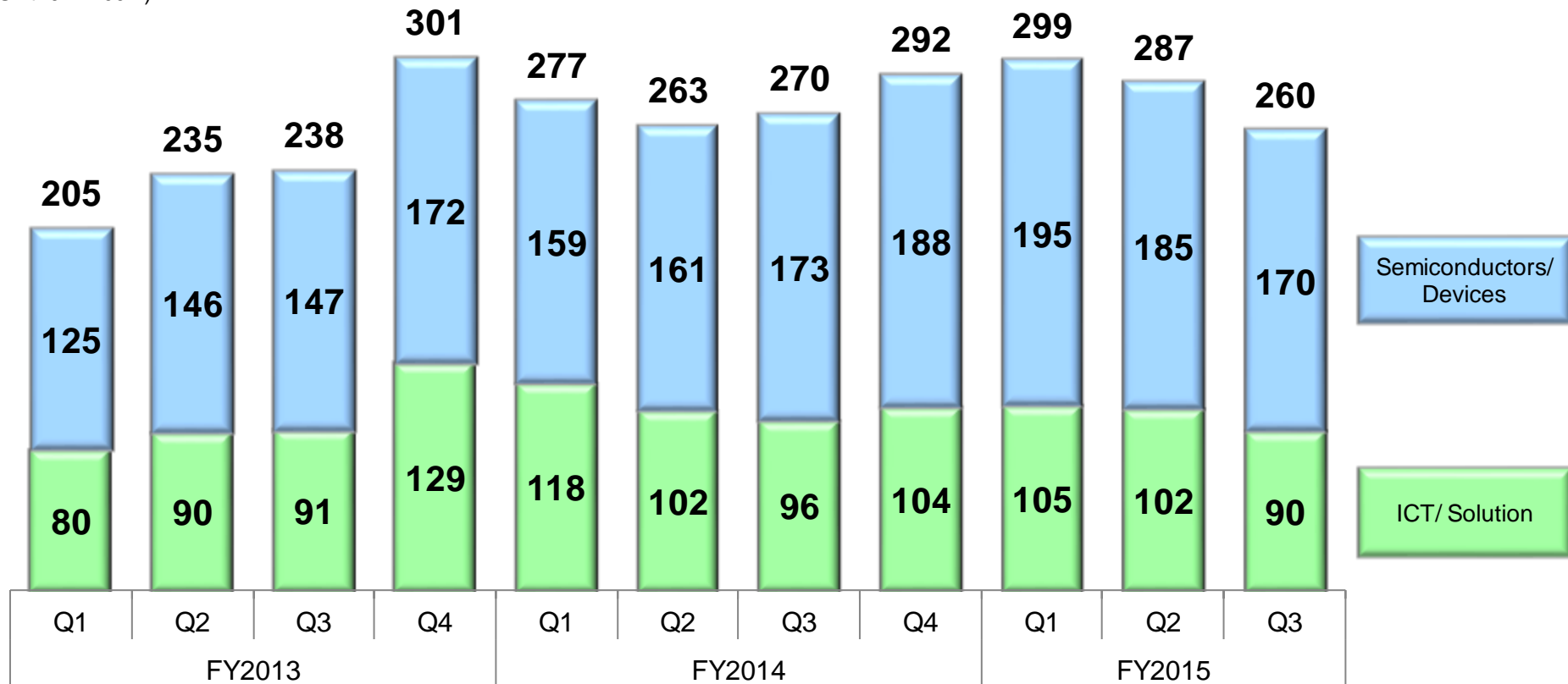
➤ **Semiconductors/Devices:**

Decreased in the contract manufacturing business of LCD for communication devices which was a key driver of increasing sales for this period

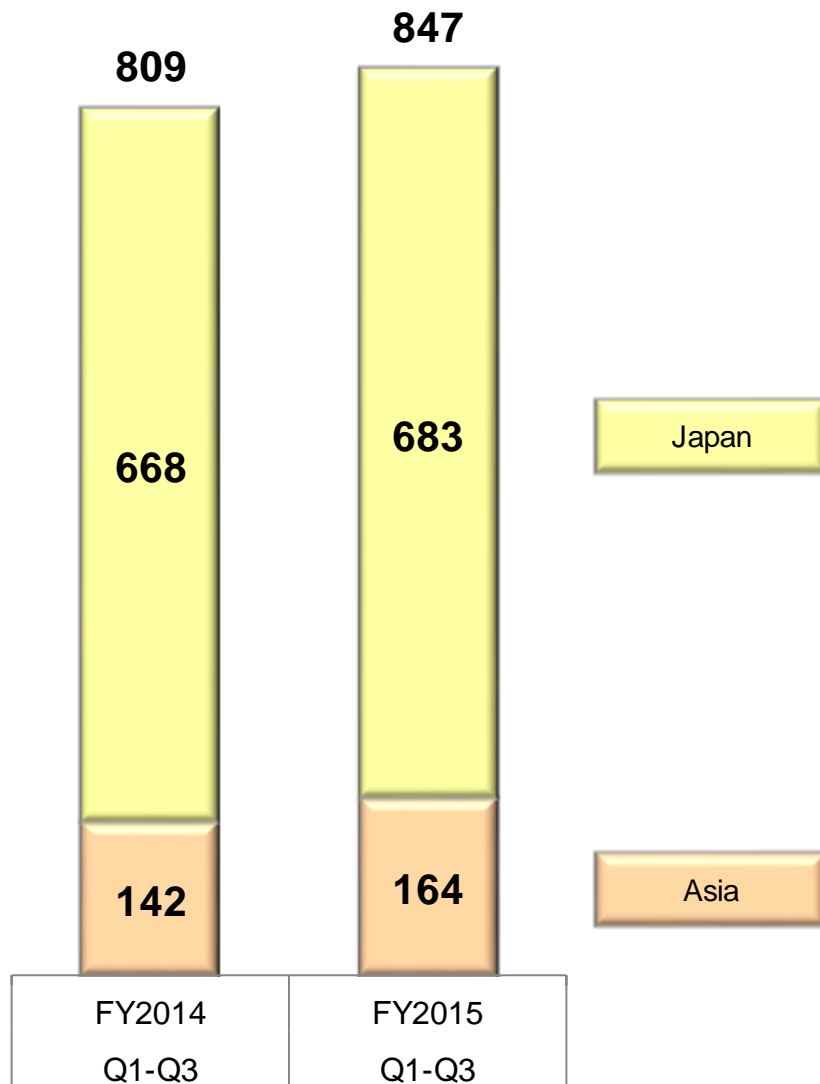
➤ **ICT/Solution:**

In a slump in large-volume orders which we have been focusing on

(Unit: JPY100M)



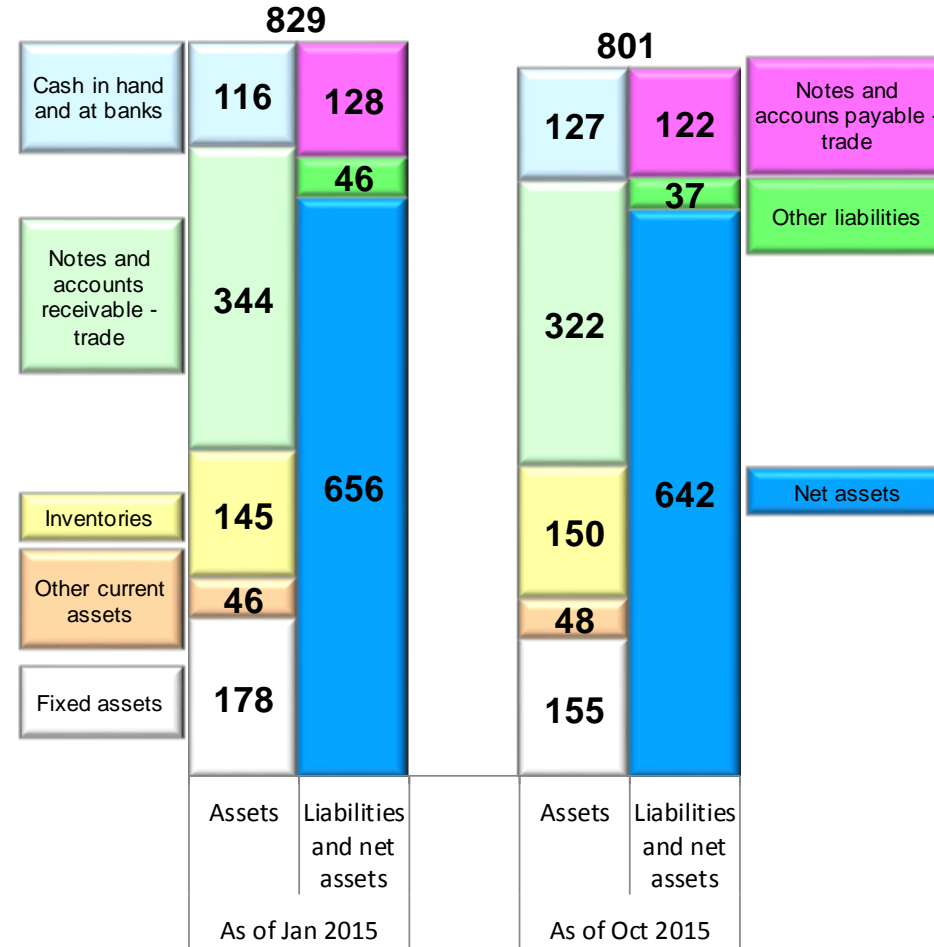
(Unit: 100 million yen)



**Higher sales than the previous year  
in both Japan and Asia**

- **Japan:**  
Increased in LCD for communication devices
- **Asia (Singapore, Hong Kong, Shanghai):**  
Increased in semiconductors for TVs and LCD for communication devices

(Unit: JPY100M)



**Continue to maintain the strong financial position**

- **Accounts receivable:**  
Decreased in line with the current sales trend
- **Fixed assets:**  
Investment securities (e.g. euro-yen bonds) being redeemed
- **Net assets:**  
Implemented payback (600,000 shares)
- **Equity ratio:**  
80.0%



# FY2015 Business plan

**Sales considerably decreased in Q3 for several temporary factors - Despite the revised whole year plan, expected to turn a profit n Q4 -**

➤ **Sales:**

Downward revision from the original plan, but sales will still exceed the previous year

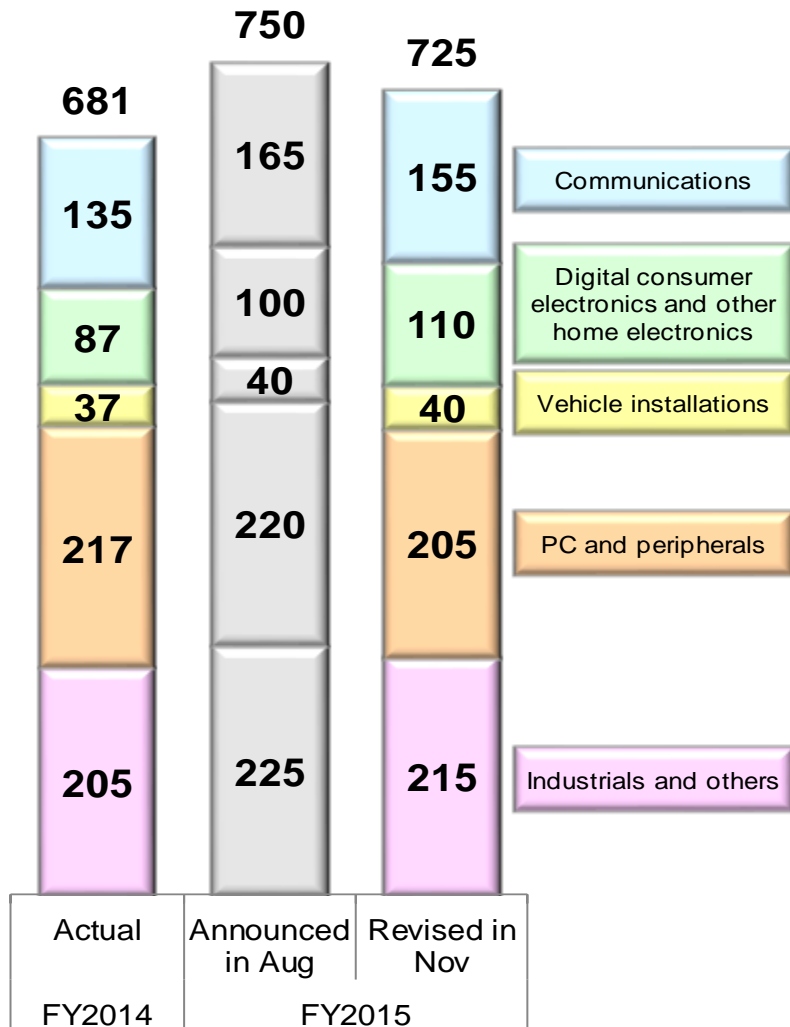
➤ **Gross profit, operating profit, net profit:**

Revised the whole year plan downward due to loss on abandoned inventory, loss on inventory revaluation and extraordinary loss in Q3

(Unit: 100 million yen, %)

	FY2014 Whole (Actual)	FY2015						Diff		YoY
		H1 (Actual)	Q3 (Actual)	Q4 (Estimate)	H2 (Estimate)	Whole (Revised plan)	Original plan	Amount	Ratio	
Sales	1,101	587	260	283	543	1,130	1,220	(90)	(7.4%)	+2.6%
Gross profit	88.0	46.2	10.1	20.2	30.3	76.5	98.0	(22)	(21.9%)	(13.1%)
(%)	8.0%	7.9%	3.9%	7.1%	5.6%	6.8%	8.0%			
SG&A	67.5	35.0	17.3	18.6	36.0	71.0	73.0	(2)	(2.7%)	+5.2%
Operating income	20.5	11.2	(7.3)	1.6	(5.7)	5.5	25.0	(20)	(78.0%)	(73.2%)
(%)	1.9%	1.9%	—	0.6%	—	0.5%	2.0%			
Ordinary income	25.0	14.4	(7.4)	2.1	(5.4)	9.0	29.0	(20)	(69.0%)	(64.0%)
Net profit	16.8	11.0	(5.8)	1.3	(4.5)	6.5	19.0	(13)	(65.8%)	(61.4%)
(%)	1.5%	1.9%	—	0.5%	—	0.6%	1.6%			
(ROE)	2.6%					1.0%	2.9%			

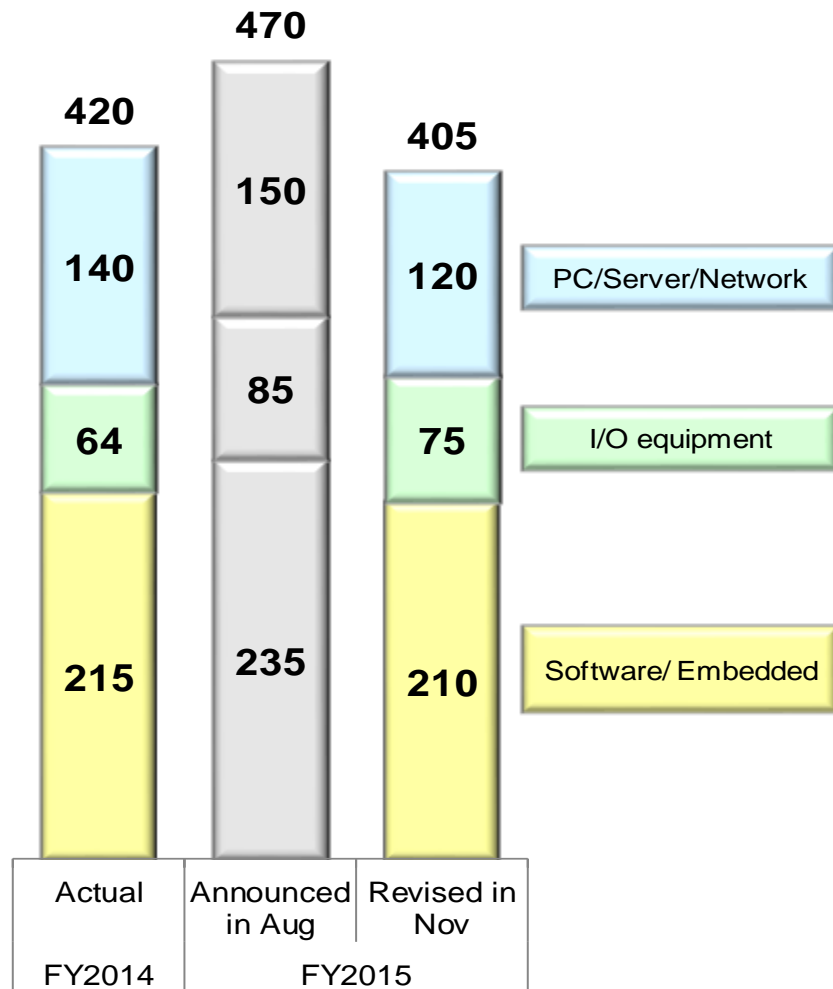
(Unit: 100 million yen)



**Revised downward by 2,500 million yen on a whole year basis from the original plan**

- **Communications:**  
Revised conservatively the forecasts on some orders which were expected to be recovering in H2
- **Digital consumer electronics and other home electronics:**  
Remain stable mainly in products for TVs
- **PC and peripherals:**  
Revised upward in August, but with the sigh of product adjustment in some PC products
- **Industrials and others:**  
Less effects of slowdown of the Chinese economy than expected, but the situation in Q4 onward is still uncertain

(Unit: 100 million yen)



**Revised downward by 6,500 million yen on a whole year basis from the original plan**

- **PC/Server/LAN:**  
In addition loss of some orders in H1, the large system project which we have been focusing on is in a slump
- **I/O equipment:**  
The large-volume project from which we are expected an order has been scaled down
- **Software/Embedded devices:**  
Revised upward in August, but with the sigh of product adjustment in some PC products

➤ **Dividend policy:**

Allocation of profit earning through our business activity is one of our most important matters. While we seek to maintain the stable management base and expand business, we also seek a return for shareholders based on our financial condition and business performance.

In FY2015 and the subsequent periods, **we will target 100% of the payout ratio to a net profit of each period** through dividend payment and payback

		Dividend per share			Payout ratio	Payback
		Interim (Q2)	Year-end	Total		
FY2015	(Forecast)	-	15 yen	30 yen	114.5%	Not yet determined
	(Actual)	15 yen	-	-	-	600,000 shares
FY2014	(Actual)	15 yen	15 yen	30 yen	44.9%	-

- **Notice**

**The business forecast and other forecasts contained in this report are based on certain assumptions, which we deemed reasonable at the time of release, and the actual results may differ due to the economic environment or various other factors.**

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