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In the event of any discrepancy, the original in Japanese shall prevail.)

# **Investor Meeting for the First Half ending March 2012**

November 10, 2011

 **SANSHIN ELECTRONICS CO., LTD.**

Mitsumasa Matsunaga, President

(Stock code: 8150)

## \*Note for Use of This Reference Material

Business forecasts stated in this presentation are future predictions based on information that could be acquired at the current point, and includes potential risk and uncertain factors. Due to various factors, actual results may differ from assessment figures. Major factors affecting actual results are mainly those listed below.

- Economic conditions and consumption trends in Japan, North America and Asia, etc.
- Purchaser's production trends and product development
- Supplier's supply situation and product development
- Price drops due to intensifying competition
- Significant fluctuations in exchange rates, etc.

# **I. Year Ending March 2012 Performance Summary for the First Half**

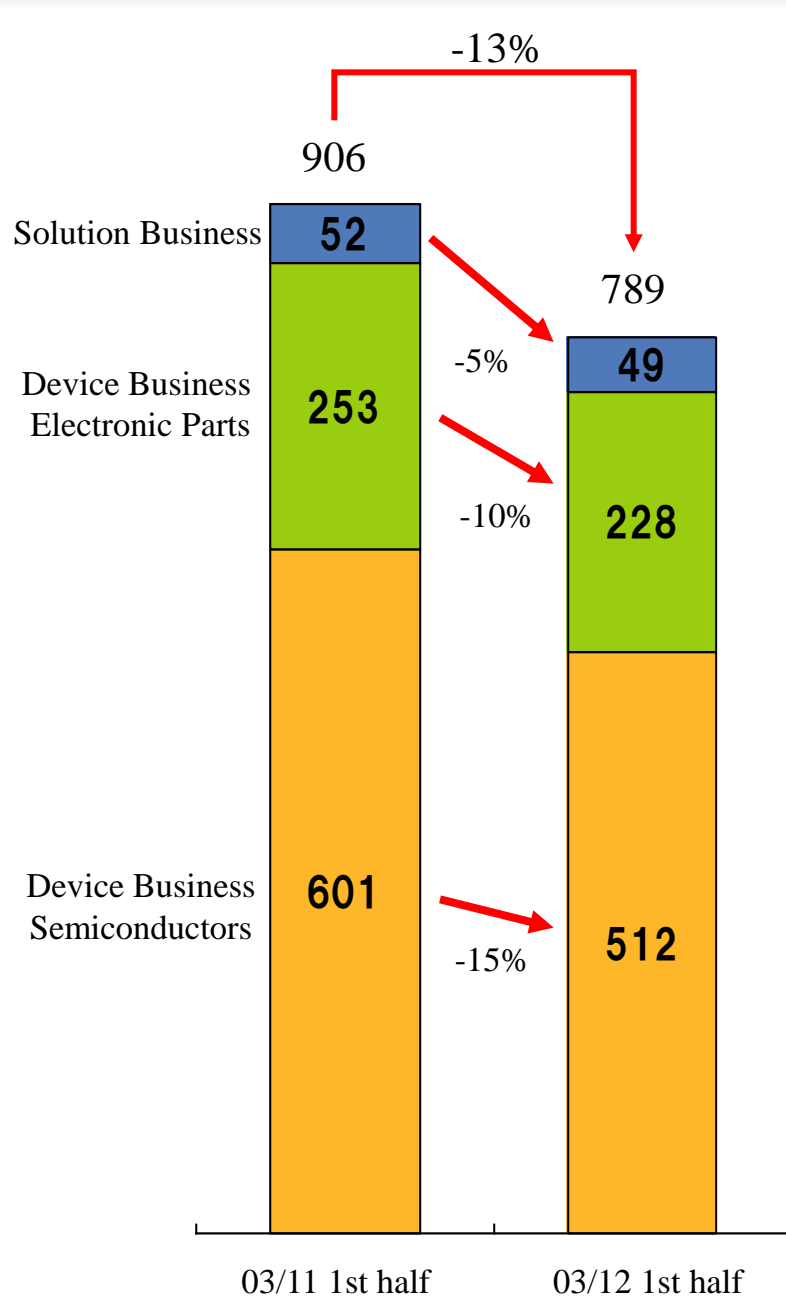
- Net sales decreased 13% year on year (TOY Sector decreased by 42%; Other than TOY Sector decreased by 3%)
- Operating/ordinary/net profit fell significantly due to the decrease in net sales

	03/11 1st Half Result	03/12 1st Half Result	YoY change	*Initial Forecast	Achievement Ratio
Net Sales	906	789	87%	810	97%
Gross Profit to Sales	6.5% 58.6	6.7% 53.2	91%	6.2% 50.4	106%
SG&A Expenses	5.1% 46.2	6.0% 47.1	102%	5.9% 47.7	99%
Operating Profit	1.4% 12.5	0.8% 6.1	49%	0.3% 2.7	225%
Ordinary Profit	1.5% 13.2	0.8% 6.4	48%	0.4% 3.0	212%
Net Profit	0.8% 7.6	0.5% 4.0	53%	0.2% 1.5	268%
Foreign Exchange Rate (US\$1)	¥88.94	¥79.82	Increase/decrease ¥-9.12	¥82.00	Increase/decrease ¥-2.18

\*1) Accumulated 1st half ending March: April 1 to September 30

\*2) Initial forecast for the period were the assessment figures announced on May 18, 2011 (Settlement of the year ended March 2011)

\*3) Retroactive application is not performed for the 2<sup>nd</sup> quarter of the fiscal year ending March 2011. Therefore, numbers differ from those listed in the notes on settlement of accounts.



- Device business decreased by 13%; solution business decreased by 5%
- Viewed by item in device business, microcomputer and A & P increased due to transfer of commercial distributions, and connectors showed strong growth in the field of electromechanical parts.

	03/11 1st Half Result	03/12 1st Half Result	YoY change
Consolidated Net Sales	906	789	-13%
Device Business	854	740	-13%
Semiconductors	601	512	-15%
SoC	346	248	-28%
Microcomputer	86	99	+15%
A & P*	112	121	+8%
Other Semiconductors	57	44	-23%
Electronic Parts	253	228	-10%
Electromechanical Parts	120	131	+10%
Circuit Boards	23	19	-19%
Other Electronic Parts	110	78	-29%
Solution Business	52	50	-5%

\*A & P . . . Analog & Power semiconductors

- In the device business, the decrease in net sales caused segment profit to decrease by 60% year on year
- In the solution business, segment profit increased significantly year on year despite the decrease in net sales.

		03/11 1st Half Result	03/12 1st Half Result	YoY change	*Initial Forecast	Achievement ratio
Device Business	Net Sales	854	740	87%	757	98%
	Segment Profit	1.4%	0.6%		0.3%	
Solution Business	Net Sales	12.0	4.8	40%	2.0	240%
	Segment Profit	4.3%	7.8%		3.8%	
Foreign Exchange Rate (US\$1)		2.3	3.9	171%	2.0	194%
		¥88.94	¥79.82	Increase/decrease ¥-9.12	¥82.00	Increase/decrease ¥-2.18

\*1 Listings of adjustment amounts (such as costs related to management division which are not allocated to each business) are abbreviated in the total of segment profit for the device business and the solution business.

Therefore, numbers do not match the ordinary profit listed in the consolidated income statement.

\*2 Accumulated 1st half ended March: April 1 to September 30

\*3 Initial forecast for the period were the assessment figures announced on May 18, 2011 (Settlement of the year ended March 2011)

# **II. Year Ending March 2012 Business Forecasts for the Full-Year**

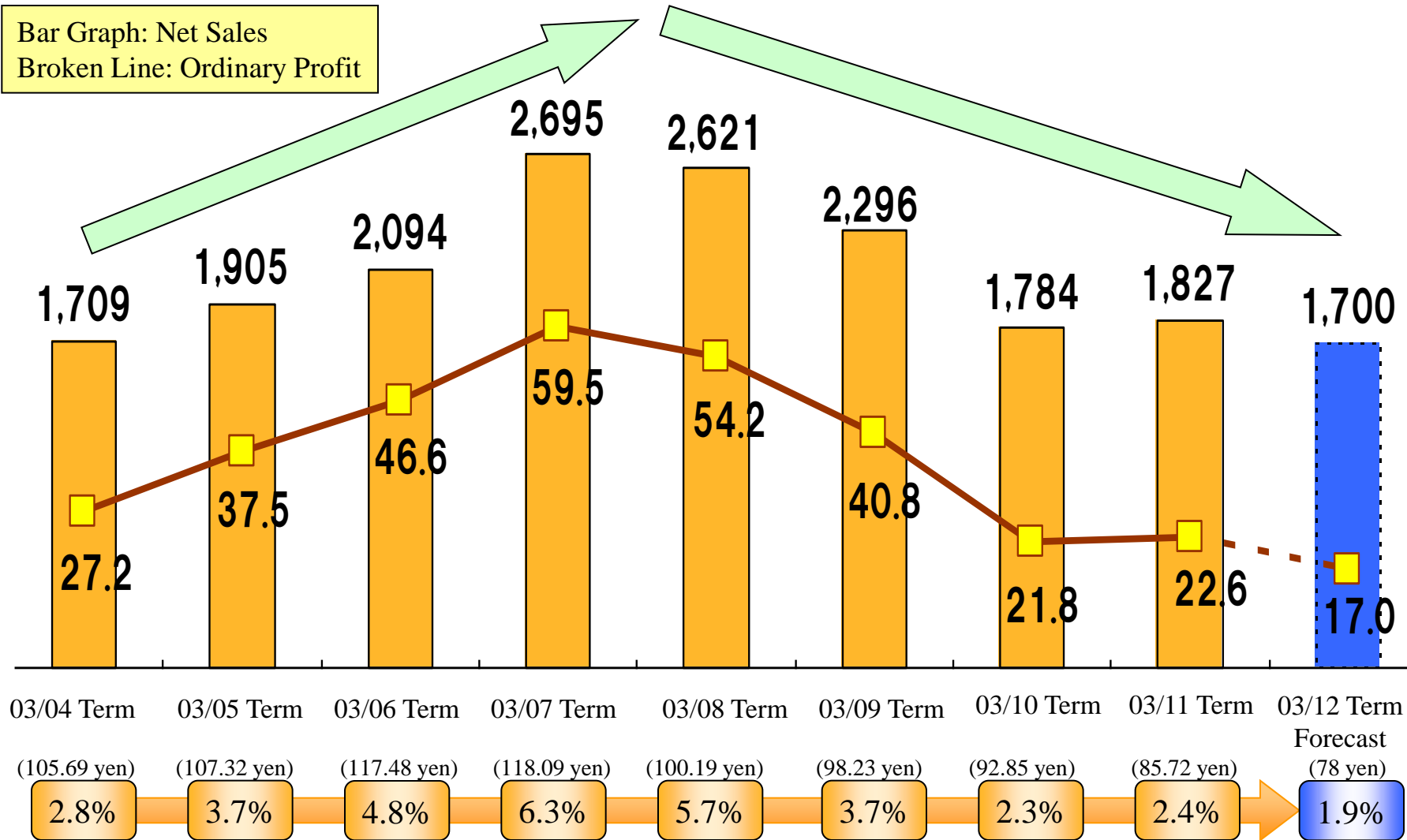
- **The global economy contains factors which suppress economic growth and continues to weaken. This is true in Japan, America and Europe.**
- **Due to the Great East Japan Earthquake and inflation of the yen, electronic industrial production in Japan has decreased greatly year-on-year.**
- **Although overall domestic IT investment is sluggish, we expect gradual recovery due to BCP and energy-saving technology, etc.**
- **Due to refreshed PC demand and growth of the smartphone industry, the semiconductor industry showed solid growth of 3-4% year-on-year.**
- **The effect of flooding in Thailand is currently unclear but requires attention.**

# Our Consolidated Business Performance

Unit: ¥100 million

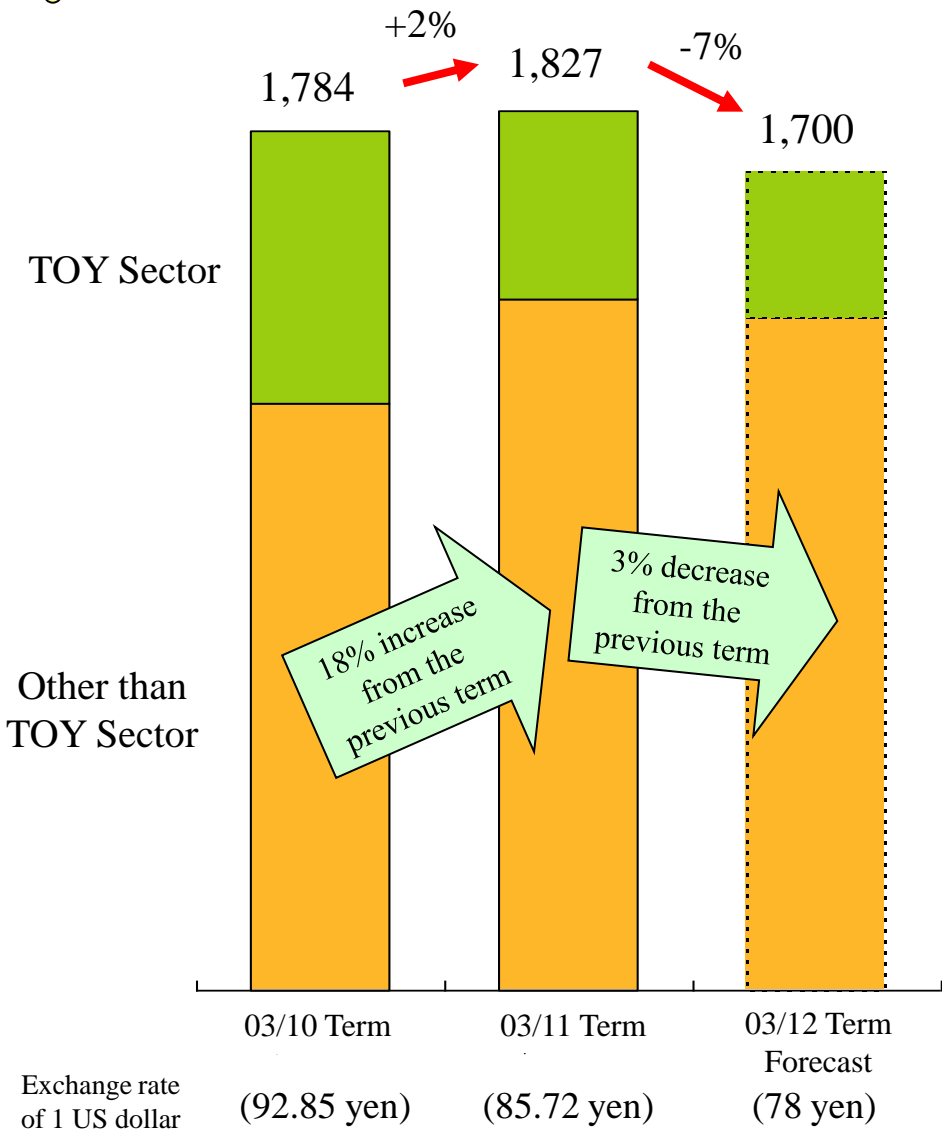
■ We forecast decreased revenue and profits for the period ending March 2012. Although the forecast exceeds initial profit forecasts, recovery will take place in the next period.

Bar Graph: Net Sales  
Broken Line: Ordinary Profit



\* Upper panel: Exchange rate of 1 US dollar; Lower panel: Consolidated ROE

Sales for the Full Year



■ In the forecast of net sales for the period ending March 2012, decreases in the TOY Sector cannot be covered by sales in the Other than TOY Sector!

- Initial forecast for Other than TOY Sector increased by 5%
- Current forecast for Other than TOY Sector decreased by 3%

	03/11 term result	03/12 term forecast
TOY Sector	-31%	-22%
Other than TOY Sector	+18%	-3%

- Net sales will decrease 7% year on year (TOY Sector decrease by 22%; Other than TOY Sector decrease by 3%)
- Operating/ordinary/net profit all decrease year on year. We forecast increased earnings in the second half due to expansion of sales
- The effect of flooding in Thailand is currently unclear and therefore is not included in the forecast shown below.

	03/11 Term Result			Forecast for 03/12 Full-year	YoY change	Initial Forecast	Achievement Ratio
		1st Half Result	2nd Half Forecast				
Net Sales	1,827	789	911	1,700	93%	1,780	96%
Gross Profit to Net Sales	6.3% 115.7	6.7% 53.2	6.5% 59.2	6.6% 112.4	97%	6.3% 113.0	99%
SG&A Expenses	5.1% 94.0	6.0% 47.1	5.3% 48.3	5.6% 95.4	101%	5.5% 97.5	98%
Operating Profit	1.2% 21.6	0.8% 6.1	1.2% 10.9	1.0% 17.0	79%	0.9% 15.5	110%
Ordinary Profit	1.2% 22.6	0.8% 6.4	1.2% 10.7	1.0% 17.0	75%	0.9% 16.0	106%
Net Profit	0.8% 14.5	0.5% 4.0	0.8% 7.5	0.7% 11.5	79%	0.6% 11.0	105%
Consolidated ROE	2.4%	—	—	1.9%	Increase/decrease -0.5P	1.8%	Increase/decrease +0.1P
Foreign Exchange Rate (US\$1)	¥85.72	¥79.82	¥76.00	¥78.00	Increase/decrease ¥-7.72	¥82.00	Increase/decrease ¥-4.00

\*1) 1st half: April 1 to September 30, 2nd half: October 1 to March 31

\*2) Initial forecast for the period were the assessment figures announced on May 18, 2011 (Settlement of the year ended March 2011)

- Device business will decrease in revenue and profits, and segment profit is forecasted to increase in the second half. (increase by ¥320 million as compared with first half)
- Solution business anticipates increase in revenue and profits. The forecast exceeds initial forecasts for the period, and a 0.7P increase is forecasted for earnings rate.

		03/11 Term Result			Forecast for 03/12 Full-year	YoY change	Initial Forecast	Achievement Ratio
			1st Half Result	2nd Half Forecast				
Device Business	Net Sales	1,709	740	840	1,580	92%	1,660	95%
	Segment Profit	1.1%	0.6%	1.0%	0.8%		0.8%	
		18.9	4.8	8.0	12.8	68%	12.8	100%
Solution Business	Net Sales	118.1	49.5	70.5	120.0	102%	120.0	100%
	Segment Profit	6.1%	7.8%	6.1%	6.8%		6.0%	
		7.2	3.9	4.3	8.2	114%	7.2	114%
Foreign Exchange Rate (US\$1)		¥85.72	¥79.82	¥76.00	¥78.00	Increase/decrease ¥-7.72	¥82.00	Increase/decrease ¥-4.00

\*1) 1 Listings of adjustment amounts (such as costs related to management division which are not allocated to each business) are abbreviated in the total of segment profit for the device business and the solution business. Therefore, numbers do not match the ordinary profit listed in the consolidated income statement.

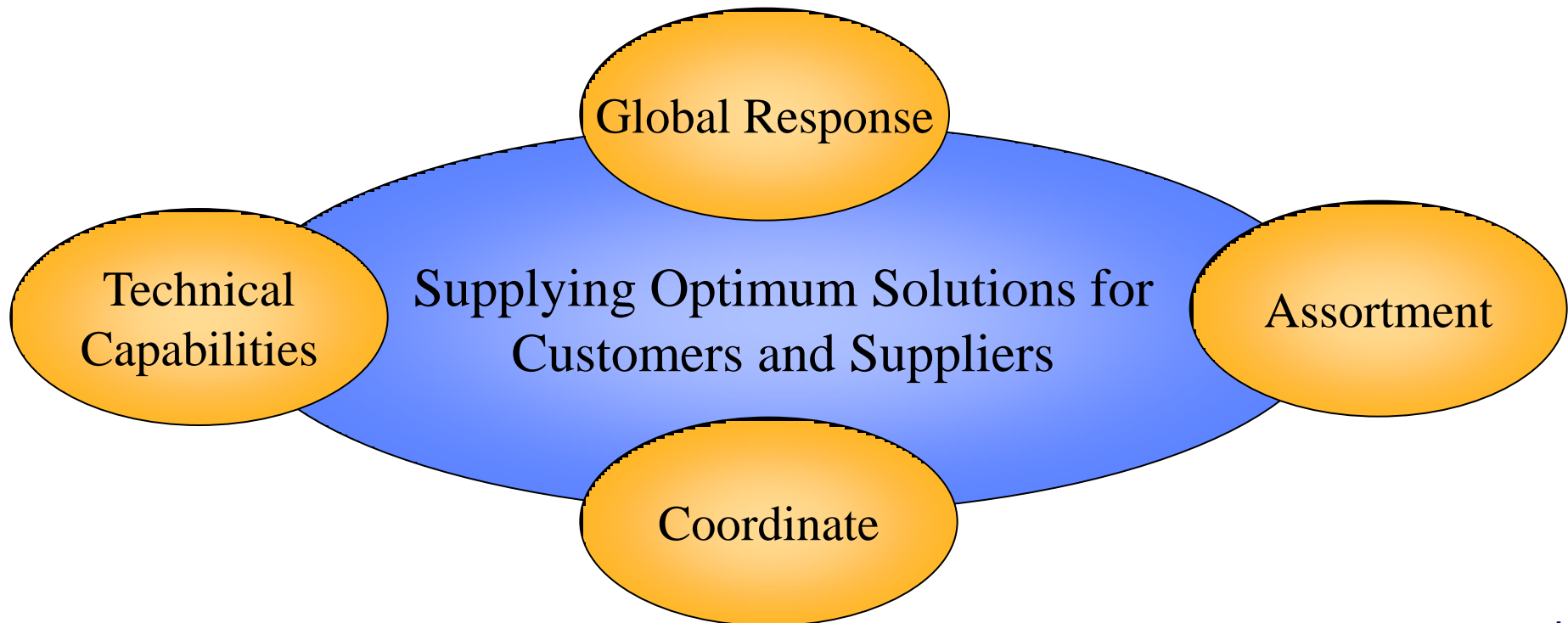
\*2) 1st half: April 1 to September 30, 2nd half: October 1 to March 31

\*3) Initial forecast for the period were the assessment figures announced on May 18, 2011 (Settlement of the year ended March 2011)

# **III. Business Policies / Priority Issues**

## Sanshin Electronics, Displaying our Existence Values through our Reliability and Solutions

- ★ Stable supply of optimum products to customers
  - ★ Enhancing marketing functions to suppliers
- ⇒ Improving our existence values



# Construct a robust income base by implementing new perspectives and measures

## 1. Strengthening of business capability

### ● Device Business

- (1) Maximize the effect of integrating Renesas Electronics
- (2) Continued strengthening of business capability for other supplier businesses
- (3) Strengthening of the ability to conduct overseas business

### ● Solution Business

- (4) Expansion of stock-businesses

## 2. Development of the management base

- (1) Enhancement of personnel and development of infrastructure

# 1. Maximize the effect of integrating Renesas EL

## ☆ Boosting sales by integration effect

- To maintain and expand the Renesas EL business



● Net Sales Unit: ¥100 million

	03/11 Term Result	03/12 Term Forecast
Transfer of commercial distributions	41	186

1. Focus on expanding sales of microcomputers to a wide range of fields such as vehicle-mounted systems
  - Forecast of net sales for the period ending March 2012 shows a 6% year-on-year increase for microcomputers and a 123% year-on-year increase for vehicle-mounted devices.
2. Promote promotion of kits such as A&P products in which microcomputers are a key component
  - Forecast of net sales for the period ending March 2012 shows a 28% year-on-year increase for A&P (excluding DrIC).
3. Enhancement of sales expansion for SoC (SysL) towards specialized fields achieved through strategic sharing

\*A & P . . . Analog & Power semiconductors

## 2. Continued strengthening of business capability for other supplier businesses

### ☆ Boosting sales and improving gross gain

- Promotion of steady measures for other supplier businesses



### ● Sales amount composition ratio

	03/11 Term Result	03/12 Term Forecast
Renesas EL	61%	60%
Other than Renesas EL	39%	40%

1. Concentrate on industrial device fields and enhanced sales expansion for overseas supplier products
2. Promotion of kit proposals with Renesas Electronics products
3. Secure new incomes sources through new suppliers, new businesses and new customers
  - Acquisition of new customer trade rights for overseas suppliers: 7 companies

### 3. Strengthening of the ability to conduct overseas businesses

#### ☆ Strengthen response to expanding overseas business

- Respond to increased diversity and complexity of the supply chain.



#### ● Ordinary profit composition ratio

	03/11 Term Result	03/12 Term Forecast
Domestic	47%	37%
Overseas subsidiaries	53%	63%

#### 1. Promotion of continued sales expansion towards EMS/ODM corporations

- Forecasted net sales by overseas subsidiaries for the period ending March 2012: 79,800 million yen/year-on-year increase of 3%
- Included in the above is a 10% year-on-year increase in net sales for main EMS/ODM.

#### 2. Strengthened cultivation of overseas personnel and strategic development of core local employees

- overseas business employees: 207 (including local employees : 155)

#### 3. Development of logistics, promotion of information sharing, strengthened technological support

\*EMS . . . Electronic Manufacturing Service, ODM . . . Original Design Manufacturing

## 4. Expansion of stock-business

### ☆ Response to customer needs through advancements in technology

- Provide “Broad” & “Deep” service



### ● Solution Business

	03/11 Term Result	03/12 Term Forecast
Segment Profit	720 million yen	820 million yen
Stock Total Profit Ratio	36%	37%

1. Functions Improvement of the technical support section in our corporate group
  - Create a framework based on audio systems, data systems and software systems; strengthen technology
2. Provide a complex solutions service through partnership with business partners
  - One-stop service, new support menu, nationwide expansion, 24 hours a day/365 days a year, etc.

# 1. Enhancement of personnel and development of infrastructure

## ☆ Continued increasing of efficiency

- Improvement in employees' skills
- Increased efficiency for sales expansion activities, minimizing risks



## ● Consolidated Business Performance

Unit: ¥100 million

	03/11 Term Result	03/12 Term Forecast
Net Sales	1,827	1,700
SG&A Expenses	94.0	95.4

1. The initially forecasted increase in SG&A expenses of 350 million yen is has been decreased to 140 million yen due to advances in efficiency
2. Skill improvement of employees by enriching personnel programs and training systems, and recruiting experts (promising personnel) (new graduates/mid-career employment)
3. Upgrading and expanding information system and optimizing logistics
  - Currently working to support system integration of Renesas EL (full-scale operation in April 2011)
  - One logistics office has been integrated and integration is schedule for another office. Establish a 2-office system by the end of this period.
4. Strengthened response to globalization, and minimizing risks related to sale contracts, inventory, credits and exchange, etc.

\*1 Employees as of the end of Sept. 2011: 735 (year-on-year increase of 30 employees)

⇒ Breakdown: device business 470 (+40), solution business 186 (-6), control department 79 (-4)

\*2 The number of employees at the end of year is people working within our group (includes employees of other companies stationed within our group; excludes employees of our group stationed at other companies)

# **IV. Year Ending March 2012**

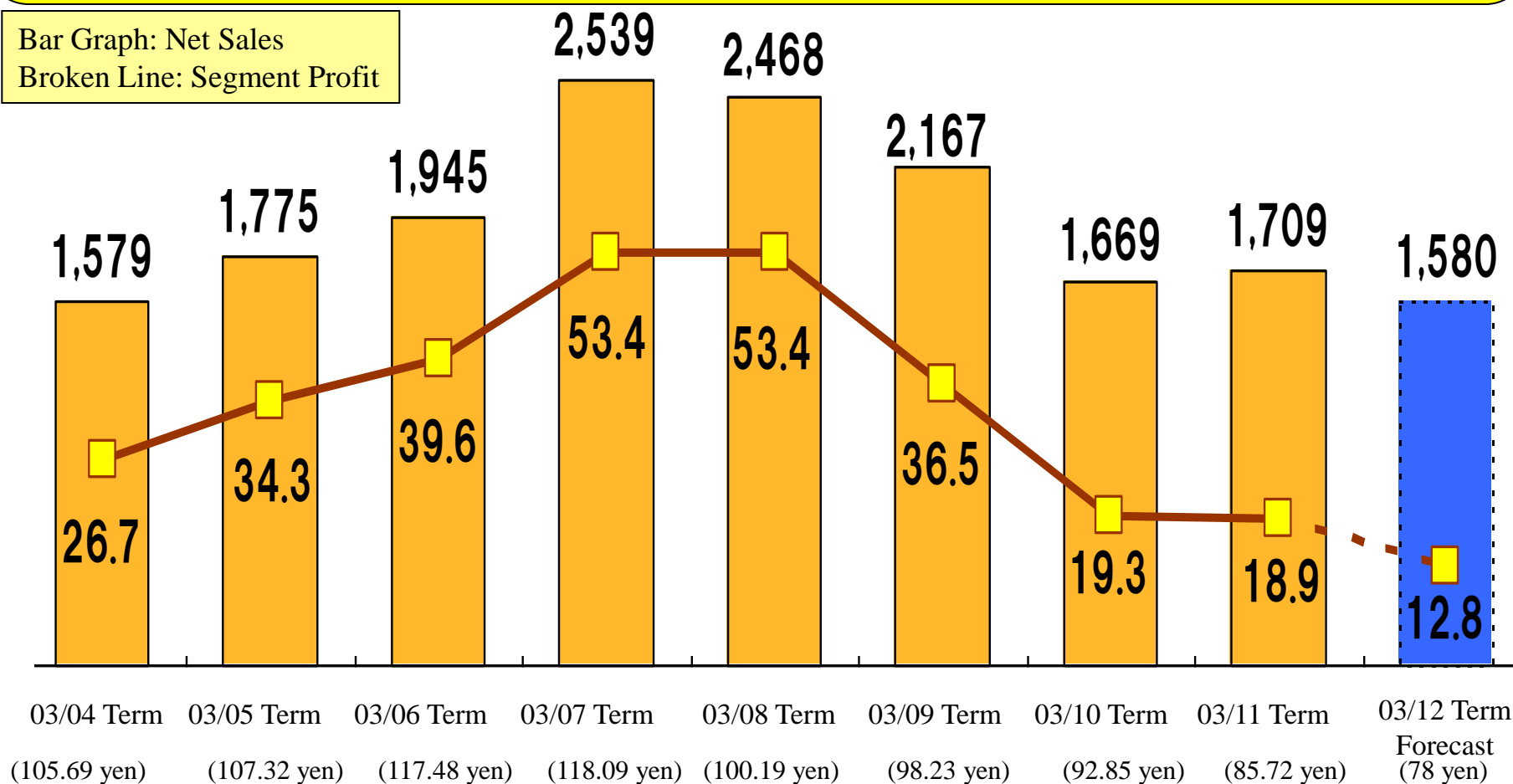
## **Device Business**

### **Business Forecasts**

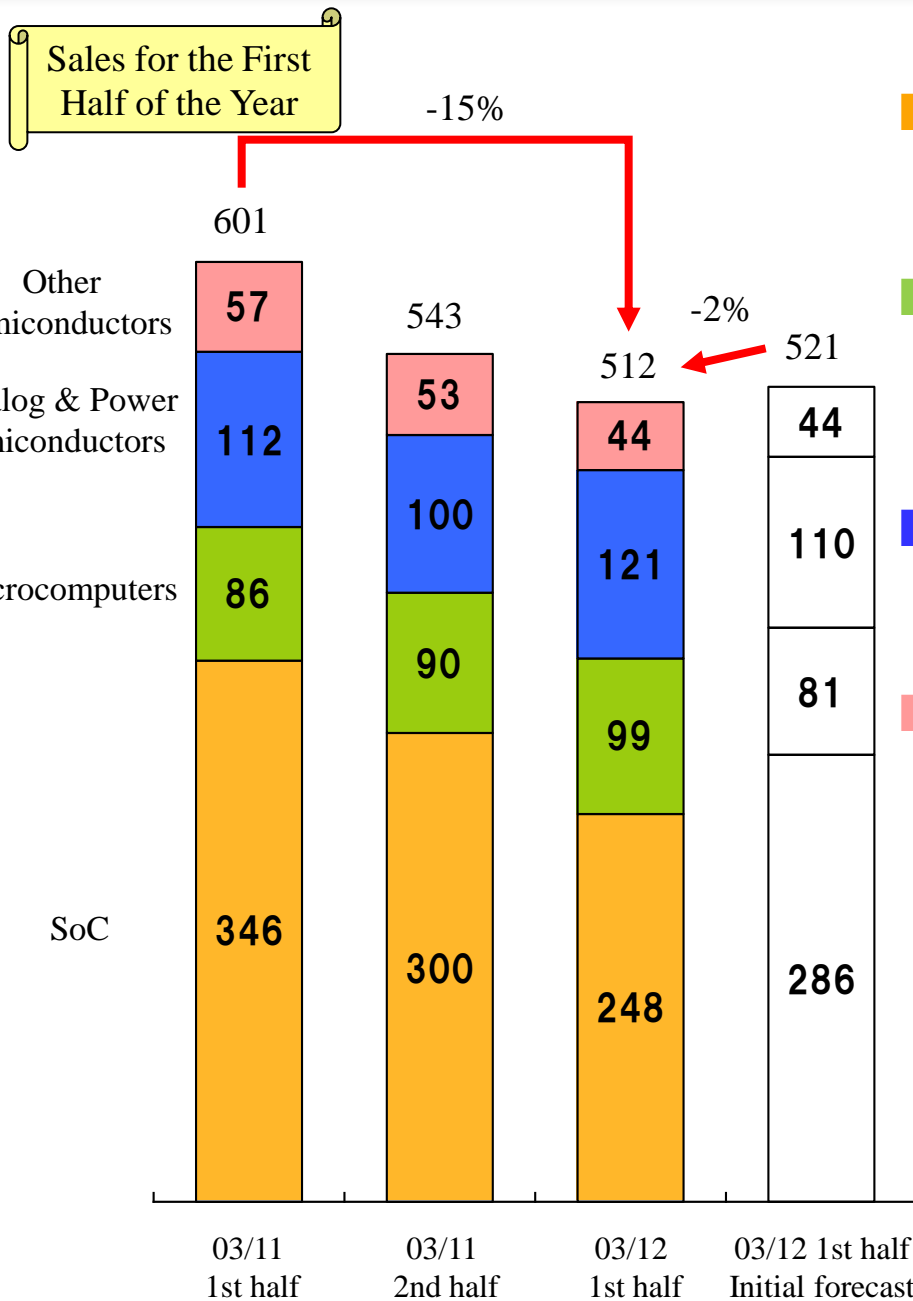
■ Forecast of the period ending March 2012 shows an 8% decrease in net sales and a 32% decrease in segment profit.

→ We forecast an increase in sales for new commercial distribution due to the Renesas Integration. However, we also forecast decreased income and profits due to a decrease in game-related products, the effect of the recent earthquake, and increased SG&A expenses caused by an increase in the number of employees, etc.

Bar Graph: Net Sales  
Broken Line: Segment Profit



※ Exchange rate of 1 US dollar

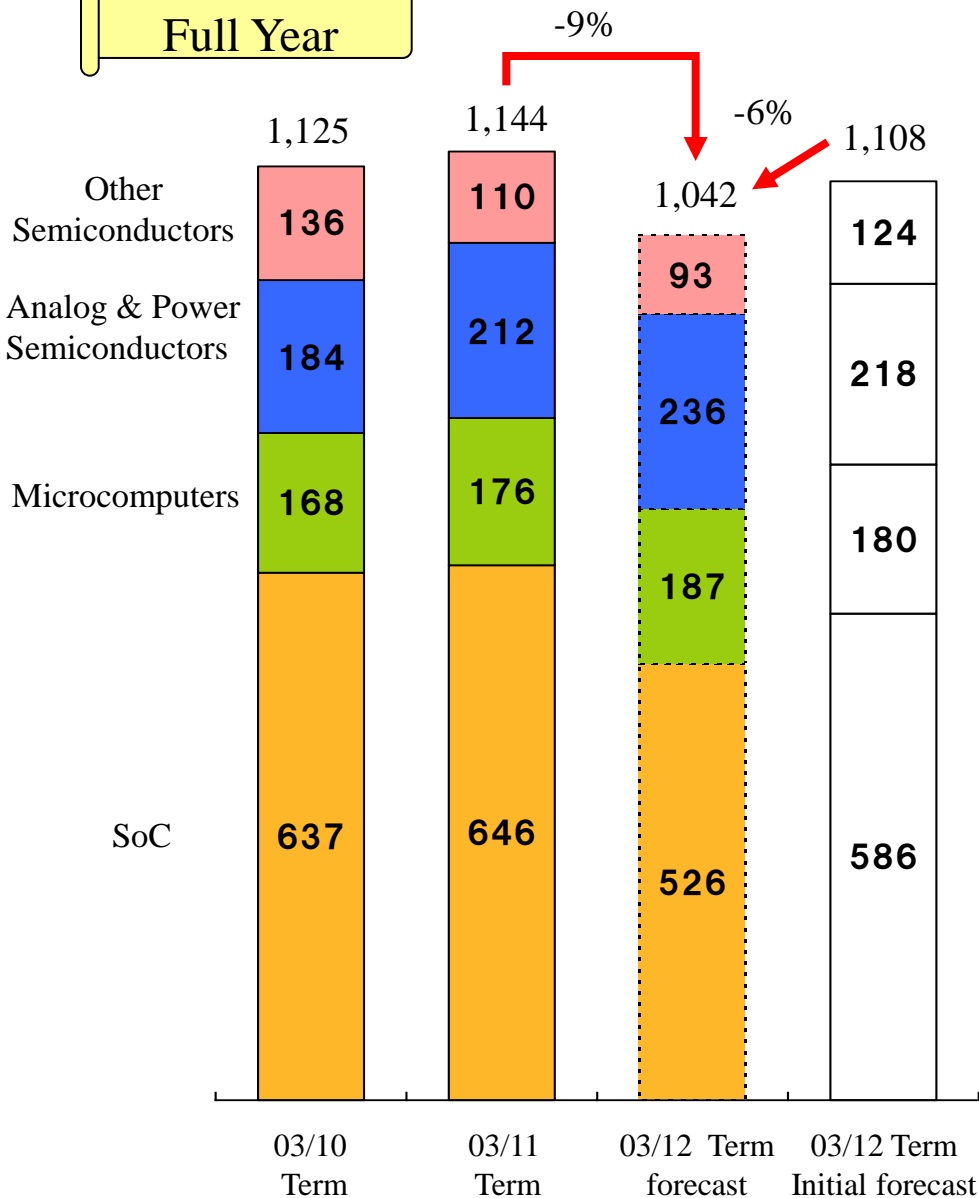


**【Year-to-Year Comparison of Fluctuations】**

- SoC (System LSIs)
  - Old Renesas products increased due to transfer of commercial distributions
  - Those for digital appliances/gaming consoles decreased
- Microcomputers
  - Old Renesas products increased due to transfer of commercial distributions
  - Those for digital appliances/gaming consoles (including peripheral device) decreased
- Analog & Power Semiconductors
  - Old Renesas products increased due to transfer of commercial distributions
  - Those for liquid crystal panels decreased
- Other Semiconductors
  - Those for PCs increased due to the start of mass production
  - Those for cell phones decreased

	YoY Change	Compared to initial forecast
SoC	-18%	-13%
Microcomputers	+15%	+21%
Analog & Power Semiconductors	+8%	+10%
Other Semiconductors	-23%	±0%

Sales for the Full Year



**【Year-to-Year Comparison of Fluctuations】**

**SoC (System LSIs)**

○ Old Renesas products increase due to transfer of commercial distributions

● Those for digital appliances/gaming consoles decrease

**Microcomputers**

○ Old Renesas products increase due to transfer of commercial distributions

● Those for digital appliances/gaming consoles (including peripheral device) decrease

**Analog & Power Semiconductors**

○ Old Renesas products increase due to transfer of commercial distributions

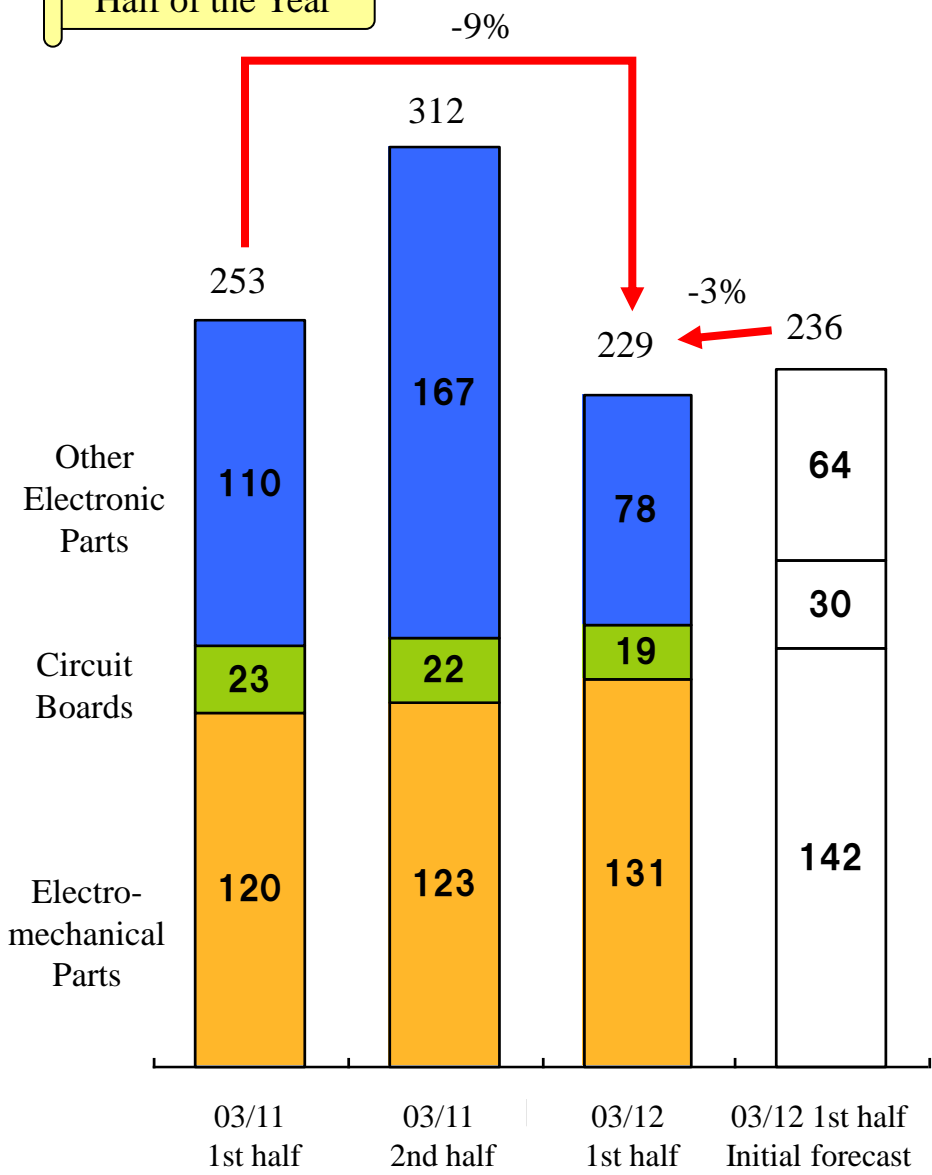
● Those for liquid crystal panels remain the same level

**Other Semiconductors**

● Those for PCs/cell phones decrease

	YoY Change	Compared to initial forecast
SoC	-18%	-10%
Microcomputers	+6%	+4%
Analog & Power Semiconductors	+11%	+8%
Other Semiconductors	-9%	-6%

Sales for the First Half of the Year



**Year-to-Year Comparison of Fluctuations**

**Electromechanical Parts**

- Those for digital appliances increased
- Those for cell phones decreased

**Circuit Boards**

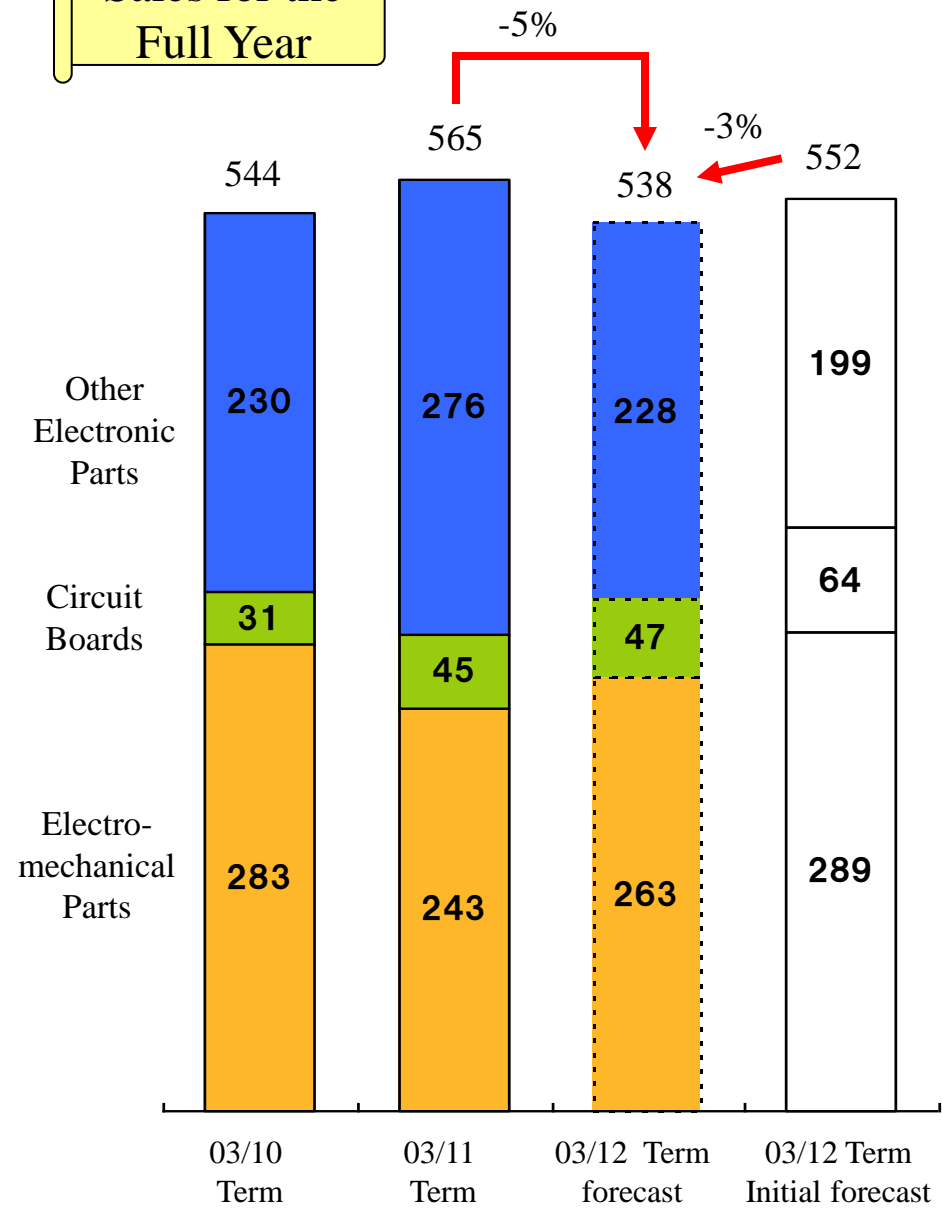
- Those for TVs decreased

**Other Electronic Parts**

- New businesses increased steadily
- Those for gaming consoles (including peripheral device) decreased

	YoY Change	Compared to initial forecast
Electromechanical Parts	+10%	-7%
Circuit Boards	-19%	-38%
Others	-29%	+21%

Sales for the Full Year

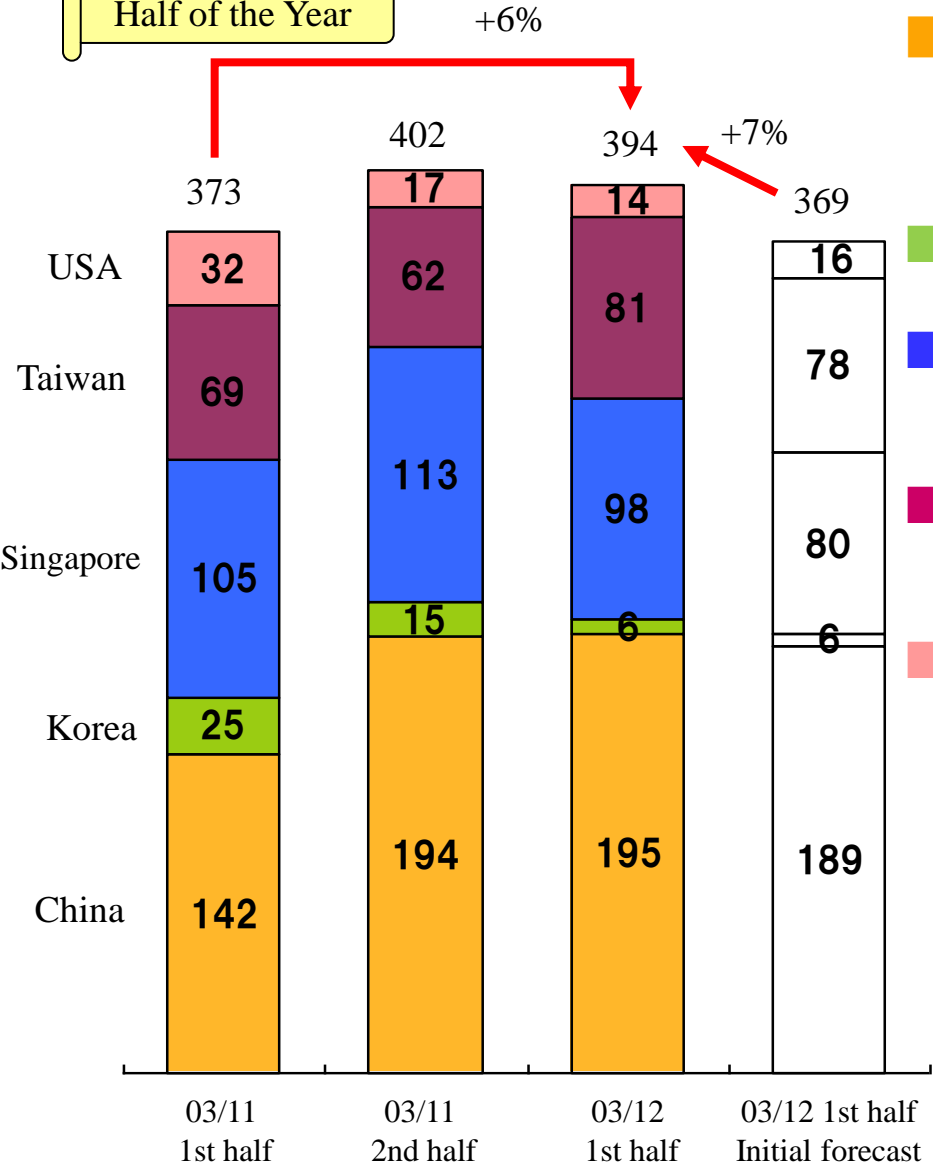


**【 Year-to-Year Comparison of Fluctuations 】**

- Electromechanical Parts
  - Those for digital appliances increase
  - Those for cell phones decrease
- Circuit Boards
  - Those for TVs make a recovery for the full year
- Other Electronic Parts
  - New businesses increase steadily
  - Those for gaming consoles (including peripheral device) decrease

	YoY Change	Compared to initial forecast
Electromechanical Parts	+8%	-9%
Circuit Boards	+4%	-27%
Others	-18%	+15%

Sales for the First Half of the Year



**【Year-to-Year Comparison of Fluctuations】**

**China**

- SoC (System LSIs), etc., for digital appliances increased
- Semiconductors for PCs increased
- Semiconductors for cell phones decreased

**Korea**

- Decreased due to transfer of commercial distributions

**Singapore**

- Semiconductors for PCs increased
- SoC (System LSIs) for digital appliances decreased

**Taiwan**

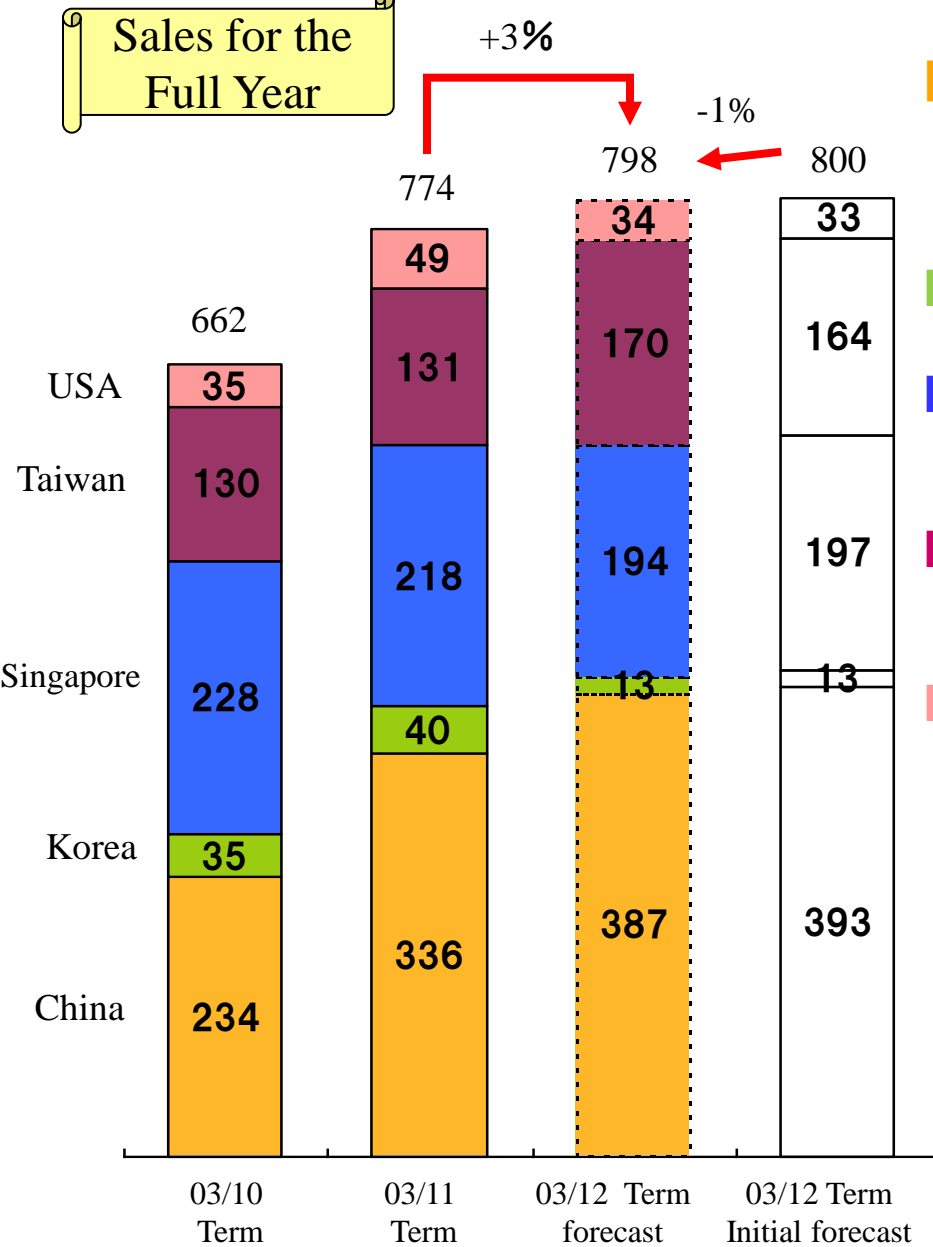
- Those for digital appliances increased
- Microcomputers, etc., for gaming consoles decreased

**USA**

- SoC (System LSIs), etc., for digital appliances decreased
- New business, such as GPS modules decreased

	YoY Change	Compared to initial forecast
China	+37%	+3%
Korea	-75%	+10%
Singapore	-6%	+23%
Taiwan	+16%	+3%
USA	-55%	-14%

Sales for the Full Year



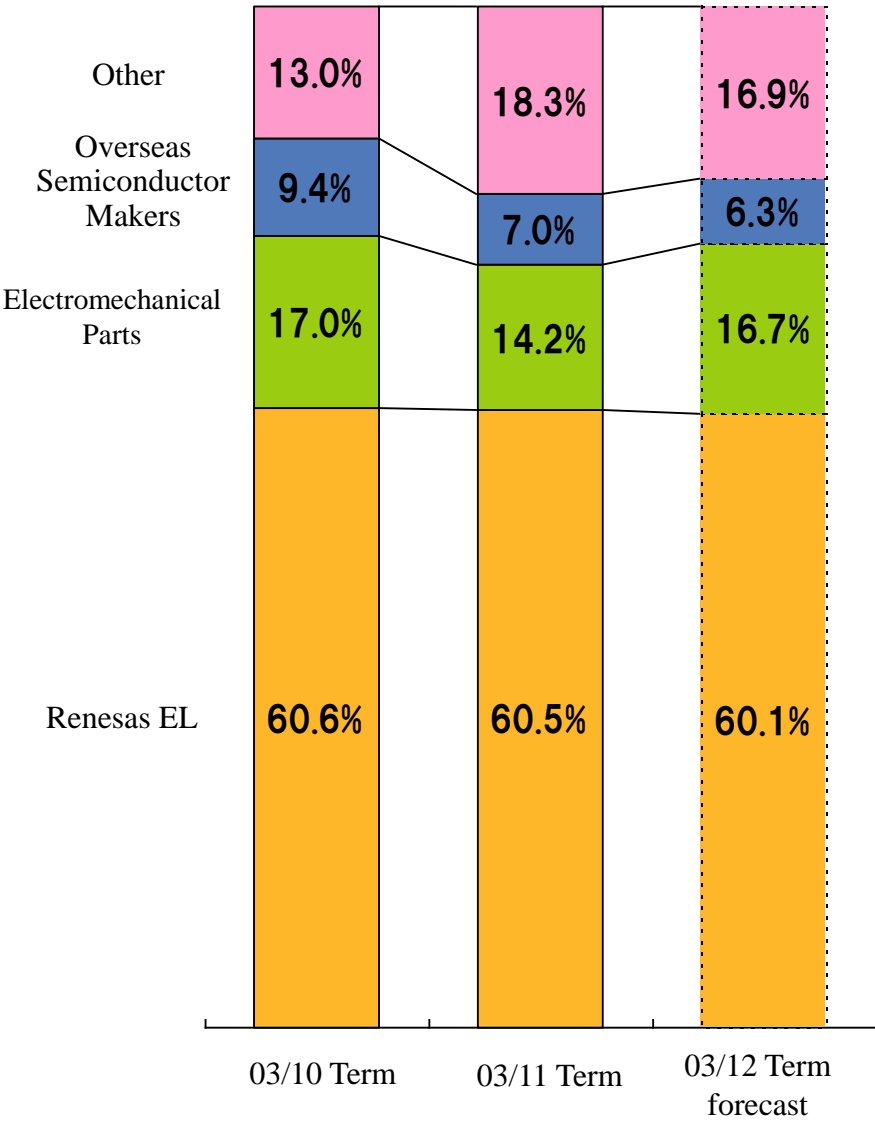
**Year-to-Year Comparison of Fluctuations**

- China
  - SoC (System LSIs), etc., for digital appliances increase
  - Forecast the establishment of new business
  - Semiconductors for PCs/cell phones decrease
- Korea
  - Decrease due to transfer of commercial distributions
- Singapore
  - Semiconductors for PCs decrease
  - SoC (System LSIs) for digital appliances decrease
- Taiwan
  - Those for digital appliances increase
  - Microcomputers, etc., for gaming consoles decrease
- USA
  - SoC (System LSIs) for digital appliances decrease
  - New business, such as GPS modules decrease

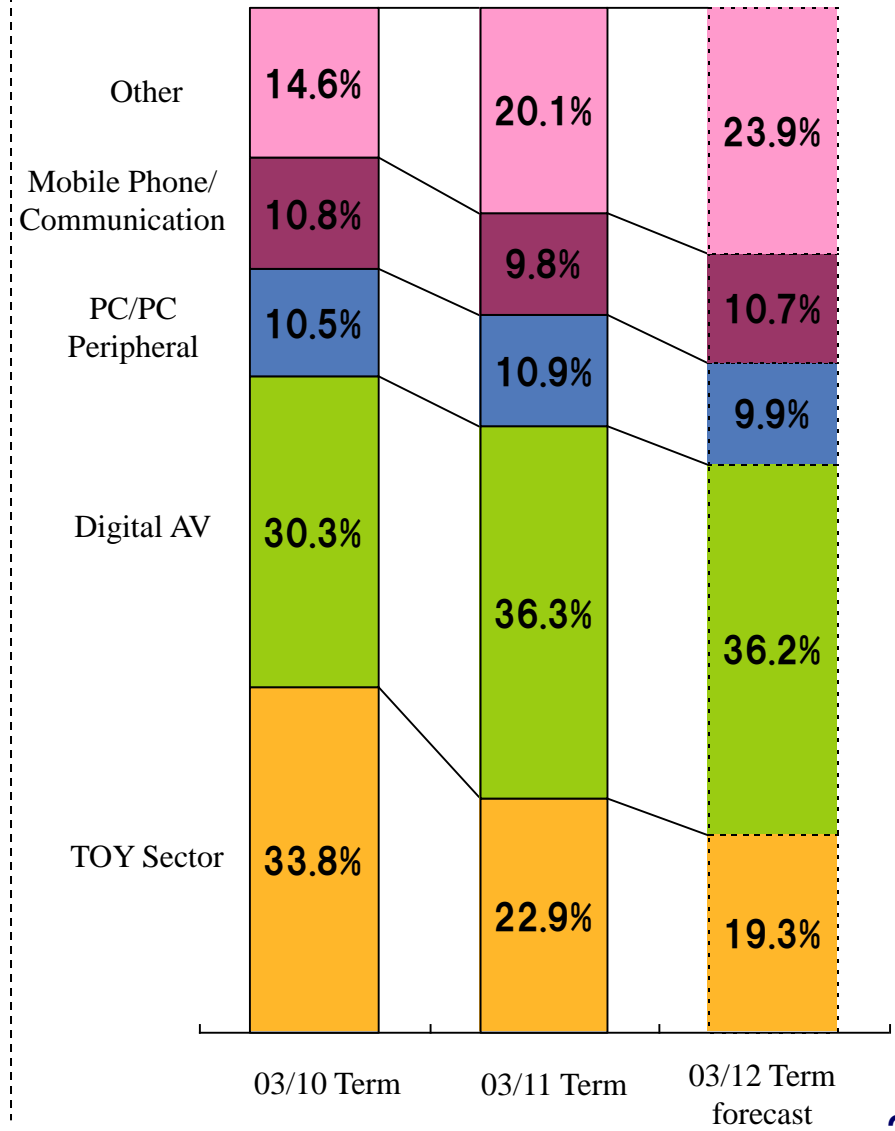
	YoY Change	Compared to initial forecast
China	+15%	-2%
Korea	-66%	+3%
Singapore	-11%	-1%
Taiwan	+29%	+3%
USA	-30%	+4%

# Sales Composition Ratio for Device Business

## Sales Composition Ratio by Supplier



## Sales Composition Ratio by Sector

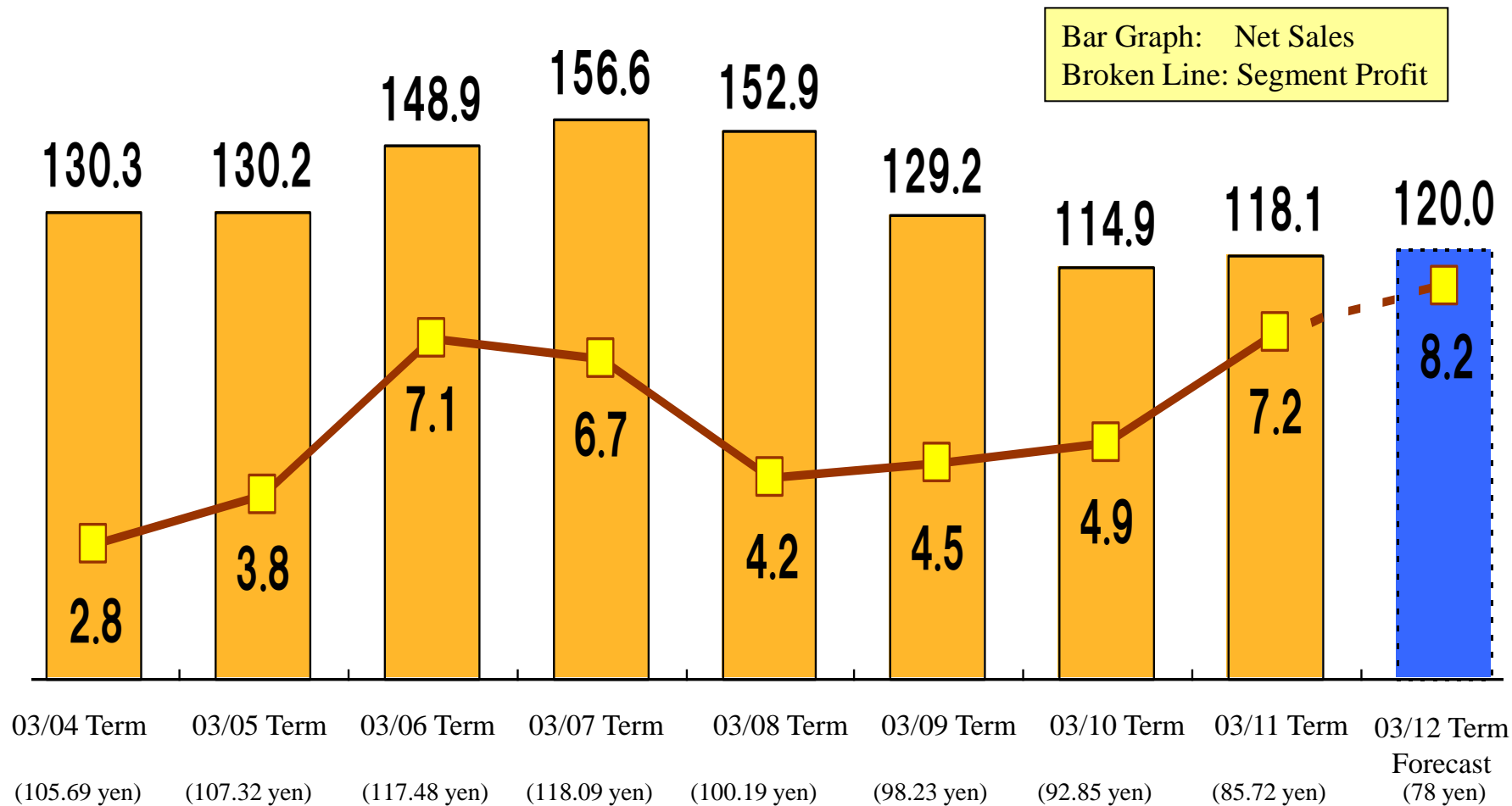


# **V. Year Ending March 2012**

## **Solution Business**

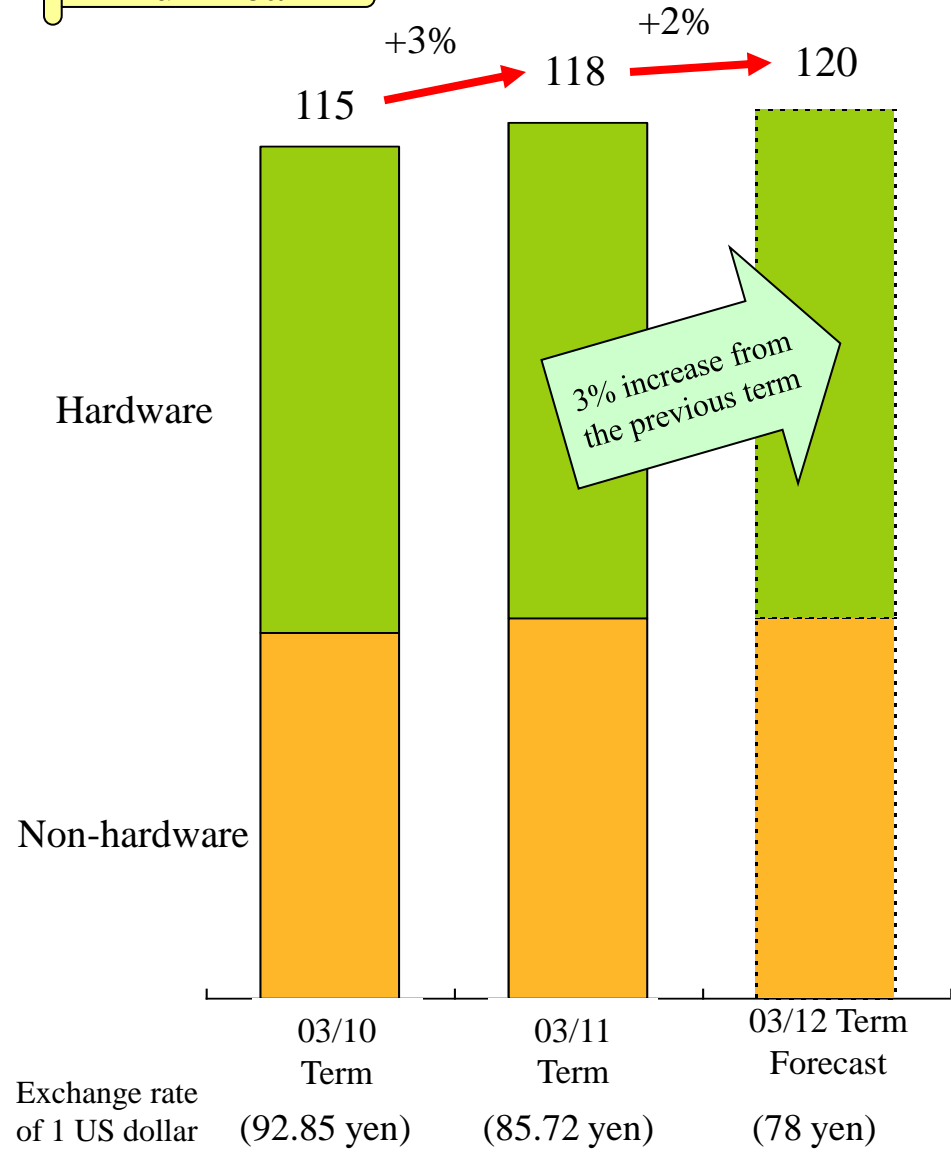
## **Business Forecast**

- Forecast for the period ending March 2012 shows a 2% increase in net sales and a 14% increase in segment profit.
- Forecast shows highest segment profit in history and improved earnings rate through expansion of stock business.



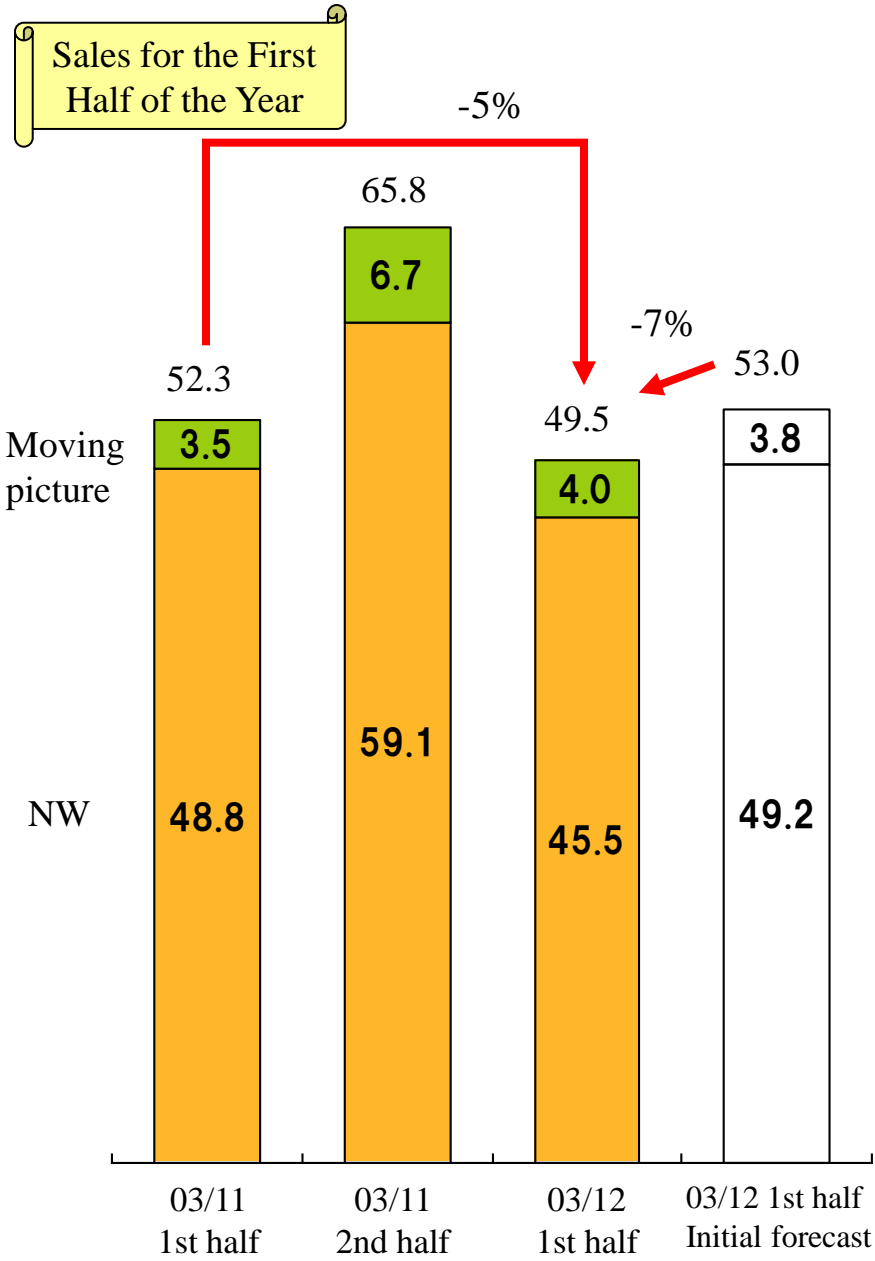
※ Exchange rate of 1 US dollar

Sales for the Full Year



- The forecast for the period ending March 2012 shows an increase in hardware sales. Non-hardware sales are the same as the previous fiscal period.
- The ration of non-hardware sales is maintained at 40%.

	03/11 term result	03/12 term forecast
Hardware	+2%	+3%
Non-hardware	+4%	±0%



**【Year-to-Year Comparison of Fluctuations】**

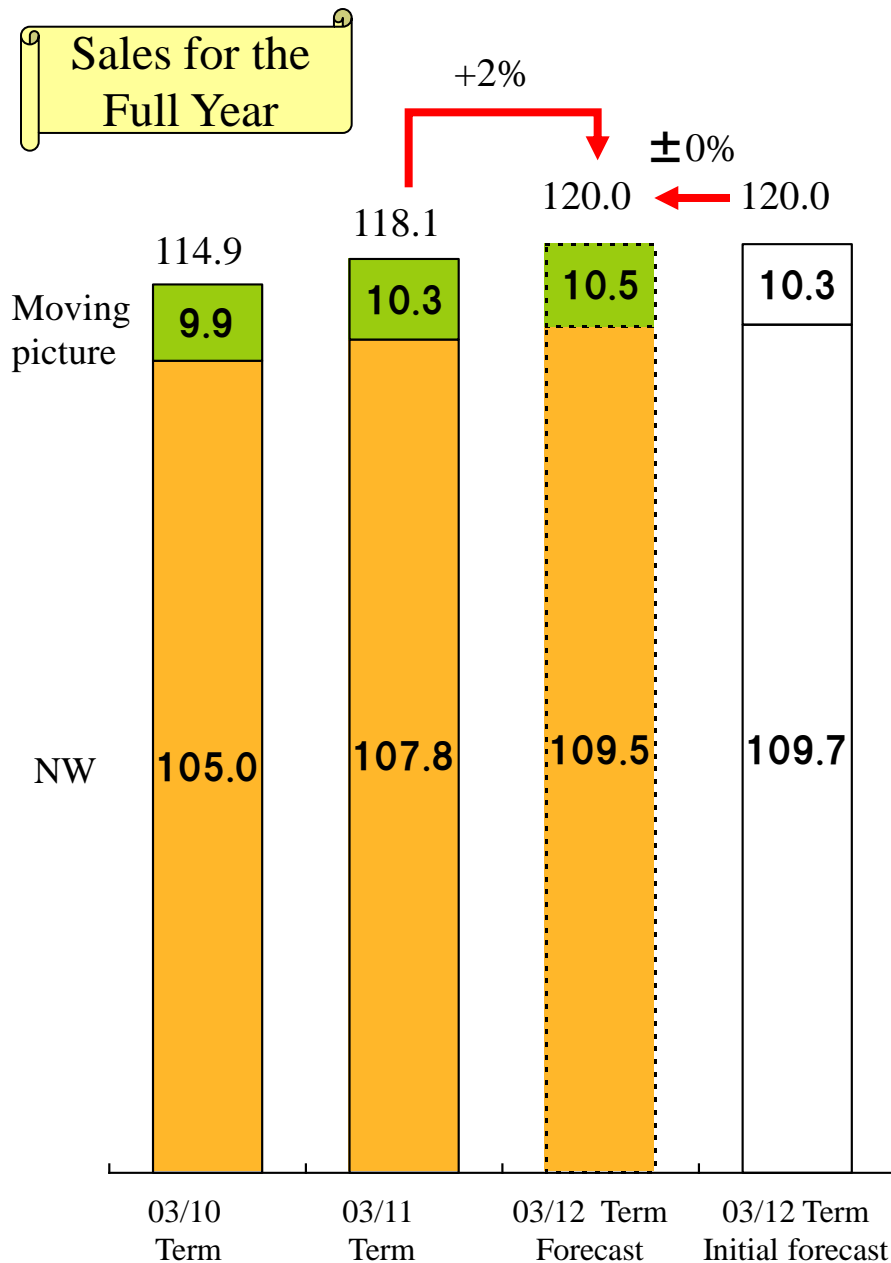
■ Related to the NW system

- Those for large companies increased
- Application software slightly increased
- Those for the public sector decreased
- Embedded OEM sales decreased

■ Related to the moving picture system

- Increase in live broadcast system for mobile phone lines.

	YoY Change	Compared to initial forecast
Related to the NW system	-7%	-8%
Related to the moving picture system	+14%	+6%



**【Year-to-Year Comparison of Fluctuations】**

**Related to the NW system**

- Those for large companies increase
- Application software increase
- Embedded OEM sales for full-year increase
- Those for the public sector decrease

**Related to the moving picture system**

- Increase in live broadcast system for mobile phone lines.
- Increase in system for creating high-definition CS broadcasts.

	YoY Change	Compared to initial forecast
Related to the NW system	+2%	-0.2%
Related to the moving picture system	+3%	+2%

# VI. Financial Situation

Item	FY ended Mar. 11 Result (A)	FY ended Sep. 11 Result (B)	B-A Increase/ Decrease (Contrast	FY ending Mar. 12 Forecast (C)	C-A Increase/ Decrease (Contrast
Cash and Deposits	68	126	57	119	51
Accounts Receivable	549	453	-95	489	-60
Inventories	210	179	-31	170	-40
Other Assets	97	83	-14	83	-15
Total Assets	924	841	-84	861	-63
Accounts Payable	232	198	-34	214	-18
Interest Bearing Liabilities	78	36	-41	36	-41
Other Liabilities	18	19	0	19	0
Total Net Assets	596	588	-8	592	-4
Total Liabilities and Net Assets	924	841	-84	861	-63
Ratio of Net Worth to Total Capital	64.5%	69.9%	+5.4P	68.8%	+4.3P

Item	03/11 Term Result	03/12 Term Forecast		
		1st Half Result	2nd Half Forecast	Full-year Forecast
Decrease (increase) in accounts	-121.3	79.1	-19.3	59.8
Decrease (increase) in inventories	-47.8	25.4	14.7	40.1
Increase (decrease) in accounts	16.7	-22.5	4.2	-18.3
Others	22.8	18.7	-2.5	16.1
Operating C/F	-129.6	100.7	-2.9	97.8
Investing C/F	0.6	-0.6	-0.4	-1.0
Financing C/F	44.6	-42.0	-3.0	-45.0
Foreign currency conversion adjustments	-2.3	-0.7	0.0	-0.7
Increase/decrease in cash and deposits	-86.7	57.4	-6.3	51.1
Balance of cash and deposits at term end	68.2	125.6	119.3	119.3

※ 1st half: April 1 to September 30, 2nd half: October 1 to March 31

# Forecast of Shareholder Returns

	03/08 Term	03/09 Term	03/10 Term	03/11 Term	03/12 Term Forecast
1)Consolidated net profit	¥3,415 million	¥2,209 million	¥1,340 million	¥1,448 million	¥1,150 million
2)Comprehensive profit	—	—	¥1,223 million	¥637 million	—
3)Consolidated equity ratio	61.4%	72.1%	68.6%	64.5%	—
4)Total dividend (Dividend per share)	¥1,201 million (¥38)	¥1,168 million (¥38)	¥605 million (¥20)	¥605 million (¥20)	¥605 million (¥20)
5)Consolidated payout ratio	35.2%	53.1%	45.2%	41.8%	52.6%
6)Value of treasury stocks acquired (Number of shares acquired)*	¥809 million (700,000 shares)	¥892 million (1,000,000 shares)	—	—	Suspense
7)Total payout ratio (3+5) ÷ 1	58.9%	93.3%	45.2%	41.8%	Suspense
8)Cancellation of treasury stocks	—	—	1,702,000 shares	—	Suspense
9)Total number of shares issued (Excluding treasury stocks) (Shares)	31,983,000 shares (31,282,000 shares)	31,983,000 shares (30,281,000 shares)	30,281,000 shares (30,281,000 shares)	30,281,000 shares (30,280,000 shares)	30,281,000 shares (Suspense)
10)Net profit per share	¥106.95	¥71.61	¥44.28	¥44.81	¥37.98
11)Net assets per share	¥1,910.45	¥1,956.15	¥1,967.08	¥1,968.14	—

\*Those acquired along with purchase requests for odd shares are not included in acquisition of own shares.

## **● Basic Policies**

- Expanding profit returns and enhancing internal reserves

## **● Predicted Dividends for the Year Ending March 2012**

- Consolidated business performance forecasted slightly decreased. The stable payment of dividends is emphasized. An annual dividend of ¥20 per share, the same amount of the previous fiscal year (¥10 at both the midterm and term end points)
- Consolidated dividend payout ratio of 52.6%
- Average consolidated dividend payout ratio from the term ended Mar. 2008 to the term ending Mar. 2012: 43.8%