

FY2018 1st QTR Consolidated Financial Result Overview



July 27th, 2018

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Director

The earnings projections and other forward-looking statements herein are based on certain assumptions made in light of the information currently available to ALPINE and include potential risks and uncertainty. Actual results could differ from these forecasts due to changes in various factors surrounding the businesses of the Company.

FY2018 1st QTR
Consolidated Financial Result
Overview

Consolidated Financial Result Overview

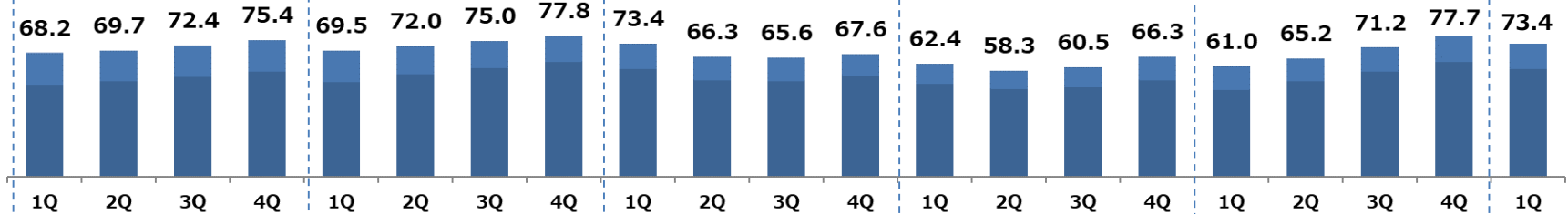
	FY2017 (Ended Mar.2018)	FY2018 (Ending Mar.2019)	% (vs. FY2017)	Exchange Rate Impact
Net sales	¥61.0bln	¥73.4bln	+ ¥12.4bln + 20.3%	Net Sales +¥11.8bln Exchange Rate Impact + ¥0.6bln 《Details》 • USD △ ¥0.7bln • EUR + ¥0.5bln • CNY + ¥0.8bln
Operating Income	¥0.3bln	¥4.0bln	+ ¥3.6bln + 938.9%	
Ordinary Income	¥0.4bln	¥3.7bln	+ ¥3.2bln + 649.6%	
Profit attributable to owners of parent	△ 1.2bln	¥2.2bln	+ ¥3.5bln —	
Exchange Rate	¥111.1／USD ¥122.2／EUR ¥16.2／CNY	¥109.1／USD ¥130.1／EUR ¥17.1／CNY	△ ¥2.0/USD + ¥7.9/EUR + ¥0.9/CNY	
E.P.S	△ ¥18.42	¥33.15	【Foreign Exchange Sensitivity】 Impact on Operating Income • USD per ¥1 ¥20mil/year • EUR per ¥1 ¥60mil/year • CNY per ¥0.1 ¥170mil/year	
Dividend	¥30(full year)	¥30(forecast)		
R.O.E.	△ 0.9%	1.5%		
R.O.A.	△ 0.6%	1.0%		

Quarterly Result (Segment)

Unit: ¥ billion

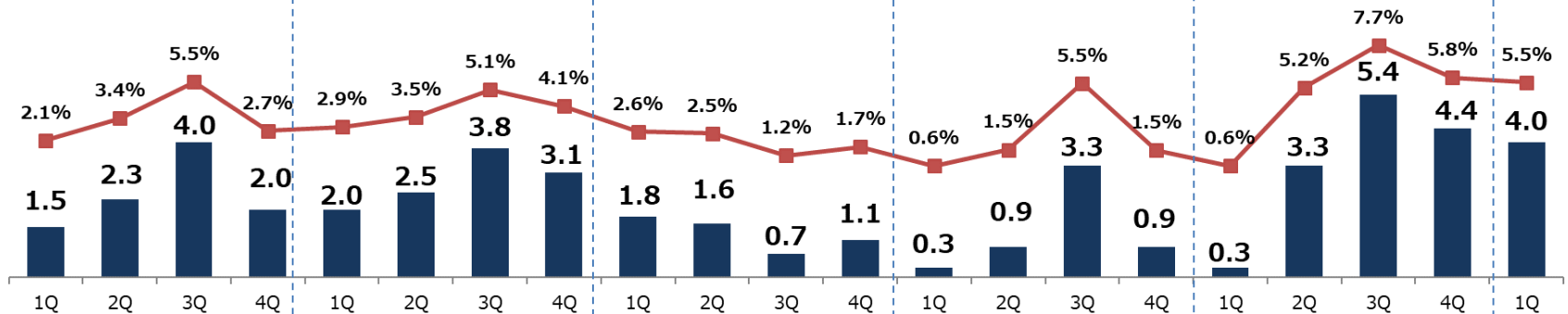
Quarterly Net Sales

Audio
Information &
Communication
Sales



Quarterly Operating Income

Operating
Income
Operating
Income Ratio



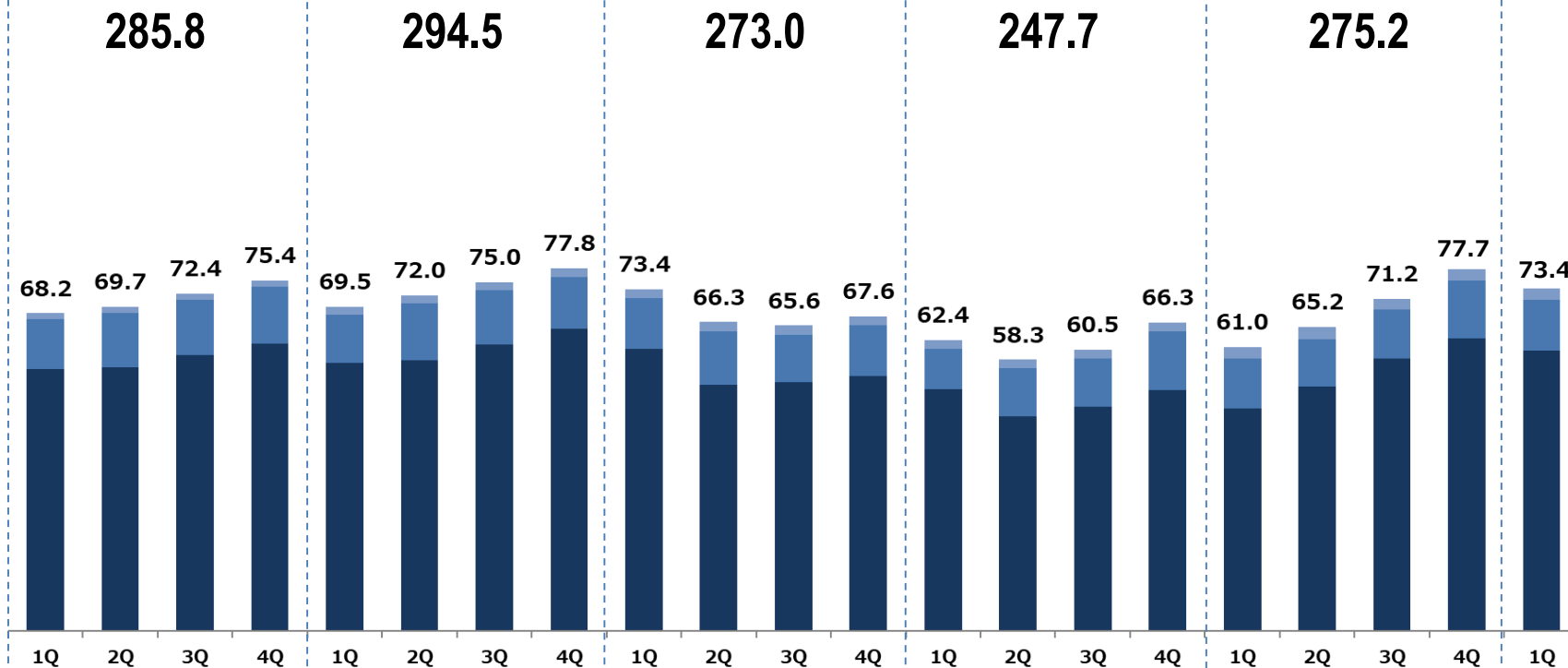
	FY2013				FY2014				FY2015				FY2016				FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
JPY/USD	98.8	99.0	100.5	102.8	102.2	103.9	114.5	119.1	121.4	122.2	121.5	115.5	108.1	102.4	109.3	113.6	111.1	111.0	113.0	108.3	109.1
JPY/EUR	129.0	131.1	136.7	140.8	140.1	137.8	143.1	134.2	134.2	136.0	133.0	127.2	122.0	114.3	117.8	121.1	122.2	130.4	133.0	133.2	130.1
JPY/CHY	16.1	16.2	16.5	16.9	16.4	16.9	18.6	19.1	19.6	19.3	18.9	17.6	16.5	15.4	16.0	16.6	16.2	16.6	17.1	17.1	17.1
JPY/USD	100.2				109.9				120.1				108.4				110.9				109.1
JPY/EUR	134.4				138.8				132.6				118.8				129.7				130.1
JPY/CHY	16.4				17.7				18.9				16.1				16.8				17.1

Quarterly Result (After & OEM)

Unit: ¥ billion

Quarterly Net Sales

Others
After
OEM
Sales



	FY2013				FY2014				FY2015				FY2016				FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
JPY/USD	98.8	99.0	100.5	102.8	102.2	103.9	114.5	119.1	121.4	122.2	121.5	115.5	108.1	102.4	109.3	113.6	111.1	111.0	113.0	108.3	109.1
JPY/EUR	129.0	131.1	136.7	140.8	140.1	137.8	143.1	134.2	134.2	136.0	133.0	127.2	122.0	114.3	117.8	121.1	122.2	130.4	133.0	133.2	130.1
JPY/CHY	16.1	16.2	16.5	16.9	16.4	16.9	18.6	19.1	19.6	19.3	18.9	17.6	16.5	15.4	16.0	16.6	16.2	16.6	17.1	17.1	17.1
JPY/USD	100.2				109.9				120.1				108.4				110.9				109.1
JPY/EUR	134.4				138.8				132.6				118.8				129.7				130.1
JPY/CHY	16.4				17.7				18.9				16.1				16.8				17.1

Net Sales Result (Segment/ After & OEM)

Unit: ¥ billion

Audio

Information &
Communication

vs .FY2017 +12.4



[Net Sales Change +11.8, Exchange Rate Impact +0.6]

Others



After

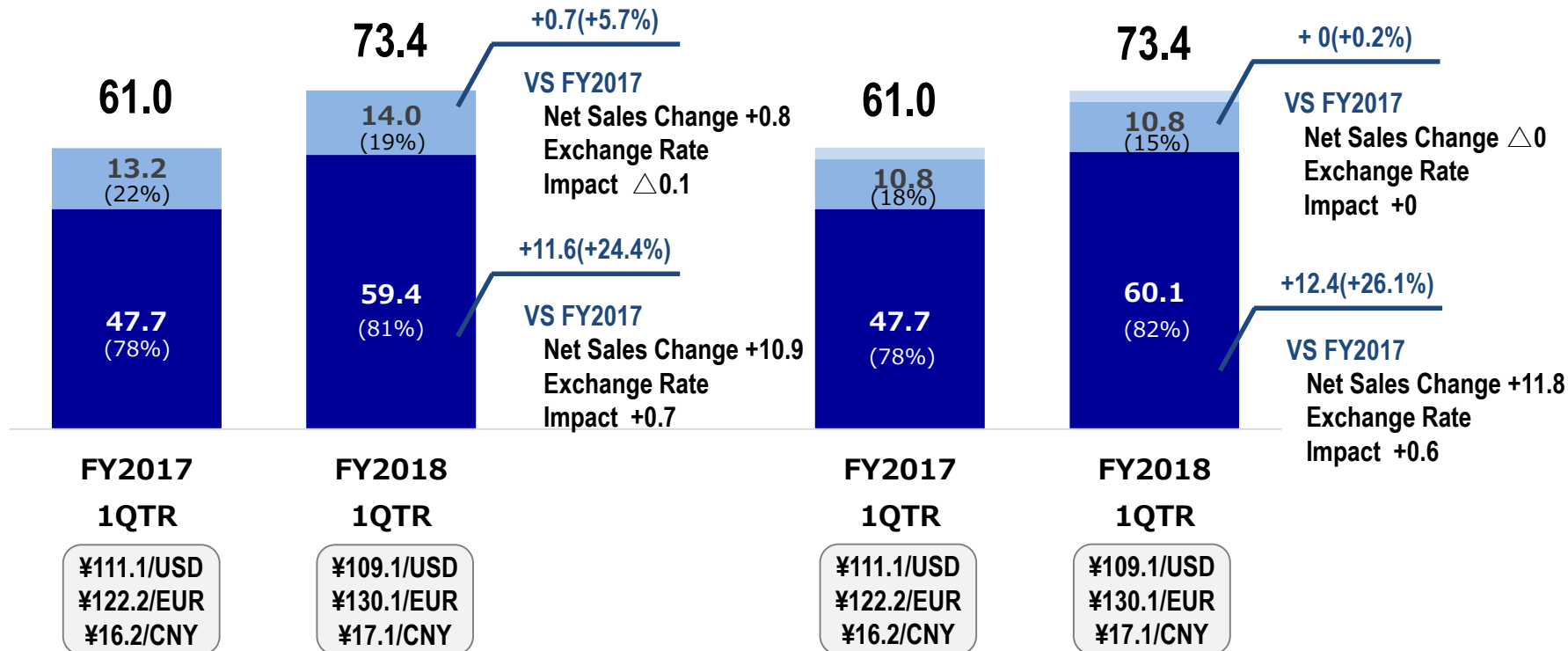


OEM



Segment

After & OEM



Net Sales per Area



Unit: ¥ billion

Audio		
Information & Communication		
	FY2017 1QTR	FY2018 1QTR
	¥111.1/USD	¥109.1/USD
	¥122.2/EUR	¥130.1/EUR
	¥16.2/CNY	¥17.1/CNY

US

Vs. FY2017

△ 1.1
(△ 5.0%)



△ 0.7
△ 0.4

EU

+ 5.8
(+ 27.7%)



+ 5.6
+ 0.2

Asia & Others

+ 7.1
(+ 76.9%)



+ 6.3
+ 0.8

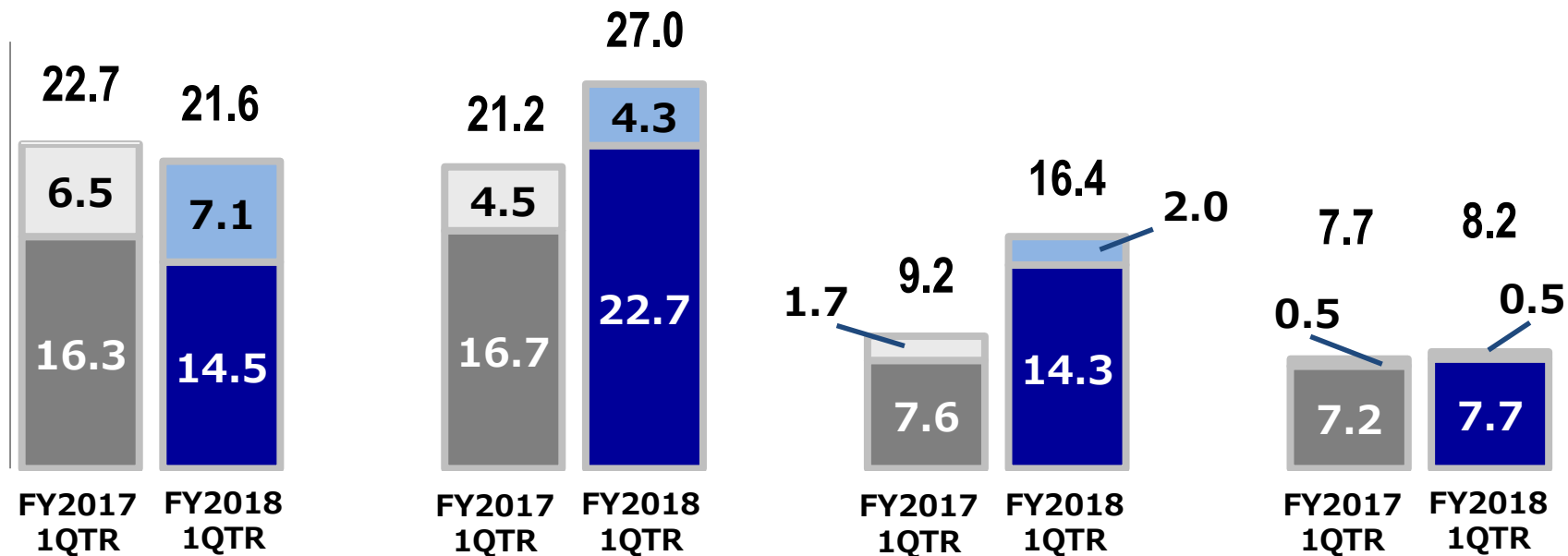
Japan

+ 0.5
(+ 6.9%)



+ 0.5
-

Net Sales Change
Exchange Rate
Impact

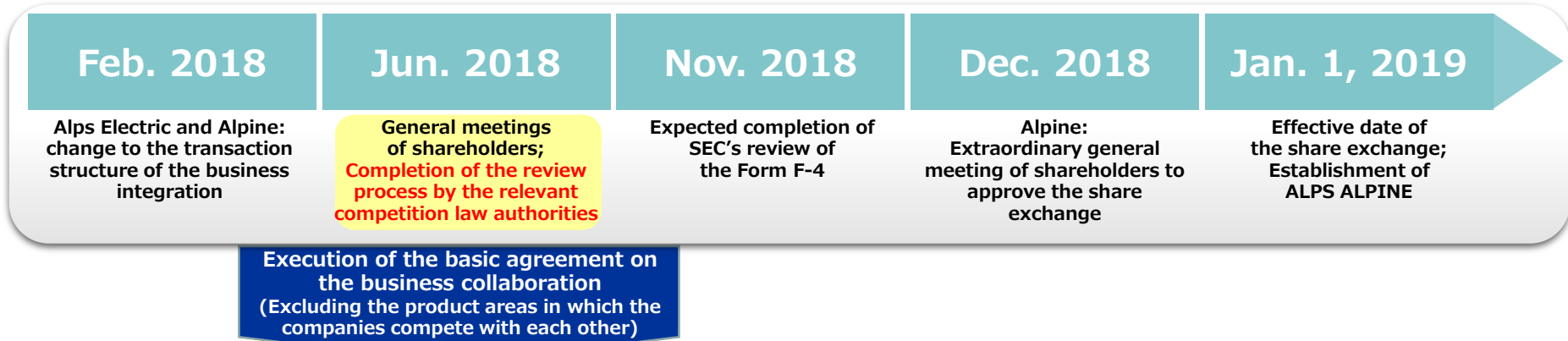


FY2018 Consolidated Financial Forecast

Consolidated Financial Result / Forecast

	FY2017 (ended Mar. 2018)			FY2018 (ending Mar.2019)			
	1 st Half	2 nd Half	Total	1 st Half	2 nd Half	Total	vs. FY2017
Net sales	¥126.2bln	¥149.0bln	¥275.2bln	¥147.0bln	¥148.0bln	¥295.0bln	¥19.7bln
Operating Income	¥3.7bln	¥9.9bln	¥13.7bln	¥6.0bln	¥7.0bln	¥13.0bln	△0.7bln
Ordinary Income	¥3.8bln	¥9.8bln	¥13.6bln	¥5.3bln	¥6.7bln	¥12.0bln	△1.6bln
Profit attributable to owners of parent	¥2.4bln	¥6.9bln	¥9.3bln	¥4.0bln	¥6.0bln	¥10.0bln	¥0.7bln
	¥111.1/USD ¥126.3/EUR ¥16.4/CNY	¥110.6/USD ¥133.1/EUR ¥17.1/CNY	¥110.9/USD ¥129.7/EUR ¥16.8/CNY	¥109.5/USD ¥128.9/EUR ¥16.9/CNY	¥107.0/USD ¥131.0/EUR ¥17.0/CNY	¥108.2/USD ¥130.0/EUR ¥17.0/CNY	△¥2.7/USD +¥0.3/EUR +¥0.2/CNY
E.P.S			¥135.27			¥145.03	¥9.76
Dividend			¥30(full year)			¥30(forecast)	-
R.O.E.			6.3%			6.3%	-
R.O.A.			4.4%			4.5%	0.1%

Progress on the Business Integration between Alps Electric and Alpine



Seek steady realization of the business integration synergy effects by
expanding the scope of business collaboration activities and
accelerating the business collaboration schedule

"ITC101"

Sales & Marketing	Start joint promotion to customers common to the Companies	Medium- to Long-Term Target	Achieve net sales of 1 trillion yen and 10% operating income margin (during the term of the 2nd Medium-Term Plan)
Development	Formulate a development roadmap and promote a joint development activities		
Production and Quality Assurance	Facilitate mutual exploitation of resources at the Companies' production sites across the globe		
Procurement	Promote activities toward improved procurement capabilities through joint purchasing		
Administration	Expedite streamlining and standardizing of operations and processes for early realization of the integration of the administrative functions		Realize a new business of 150 billion yen

* The projects for which an NDA has been executed will be carried out in compliance with the terms of the NDA. For the product areas in which the companies compete with each other, independent business operations will be maintained until the consummation of the business integration.

Disclaimer



Alps Electric Co., Ltd. ("Alps Electric") may file a registration statement on Form F-4 ("Form F-4") with the U.S. Securities and Exchange Commission (the "SEC") in connection with the possible share exchange (the "Share Exchange") with Alpine Electronics, Inc. ("Alpine" and, together with Alps Electric, the "Companies"). The Form F-4 (if filed) will contain a prospectus and other documents. If a Form F-4 is filed and declared effective, the prospectus contained in the Form F-4 will be mailed to U.S. shareholders of Alpine prior to the shareholders' meeting at which the Share Exchange will be voted upon. The Form F-4 and prospectus (if a Form F-4 is filed) will contain important information about the Companies, the Share Exchange and related matters. U.S. shareholders of Alpine are urged to read the Form F-4, the prospectus and other documents that may be filed with the SEC in connection with the Share Exchange carefully before they make any decision at the shareholders' meeting with respect to the Share Exchange. Any documents filed with the SEC in connection with the Share Exchange will be made available when filed, free of charge, on the SEC's website at www.sec.gov. In addition, upon request, the documents will be mailed to shareholders for free of charge. To make a request, please refer to the following contact information.

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Forward-Looking Statements

This document includes “forward-looking statements” that reflect the plans and expectations of Alps Electric and Alpine in relation to, and the benefits resulting from, their business integration described above. To the extent that statements in this document do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Companies in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the actual results, performance, achievements or financial position of one or both of the Companies (or the integrated group) to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

The Companies undertake no obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by the Companies (or the integrated group) in their subsequent domestic filings in Japan and filings with the U.S. Securities and Exchange Commission.

The risks, uncertainties and other factors referred to above include, but are not limited to:

- (1) economic and business conditions in and outside Japan;
- (2) changes in demand for and material prices of automobiles, smart phones and consumer electrical equipment and machines, which are the main markets of the Companies’ products, and changes in exchange rates;
- (3) changes in the competitive landscape, including the changes in the competition environment and the relationship with major customers;
- (4) further intensified competition in the electronic components business, automotive infotainment business and logistics business;
- (5) increased instability of the supply system of a certain important components;
- (6) change in the product strategies or other similar matters, cancellation of a large-quantity order, or bankruptcy, of the major customers;
- (7) costs and expenses, as well as adverse impact to the group’s reputation, resulting from any product defects;
- (8) suspension of licenses provided by other companies of material intellectual property rights;
- (9) changes in interest rates on loans and other indebtedness of the Companies, as well as changes in financial markets;
- (10) adverse impact to liquidity due to acceleration of indebtedness;
- (11) changes in the value of assets (including pension assets) such as securities and investment securities;
- (12) changes in laws and regulations (including environmental regulations) relating to the Companies’ business activities;
- (13) increases in tariffs, imposition of import controls and other developments in the Companies’ main overseas markets;
- (14) unfavorable political factors, terrorism, war and other social disorder;
- (15) interruptions in or restrictions on business activities due to natural disasters, accidents and other causes;
- (16) environmental pollution countermeasures costs;
- (17) violation of laws or regulations, or the filing of a lawsuit;
- (18) the Companies being unable to complete the business integration due to reasons such as the Companies are not able to implement the necessary procedures including approval of the agreement with regard to the business integration by the shareholders’ meetings of the Companies, and any other reasons;
- (19) delays in the review process by the relevant competition law authorities or the clearance of the relevant competition law authorities’ or other necessary approvals’ being unable to be obtained; and
- (20) inability or difficulty of realizing synergies or added values by the business integration by the integrated group.



Driving Mobile Media Innovation