

Results Briefing FY2014 3Q

Friday, January 30, 2015

ALPS ELECTRIC CO., LTD.

Perfecting the Art of Electronics

ALPS®

■ FY2014 3Q Consolidated Financial Results	P. 2 - 8
<hr/>	
■ FY2014 Consolidated Financial Results Forecast	P. 9 - 13
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■ Dividend Forecast	P. 14
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FY2014 3Q Consolidated Financial Results

Perfecting the Art of Electronics

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1. Summary of Financial Results

[Consolidated]

[Unit: ¥ billion]

	FY2013 3Q(Cumulative)		FY2014								Difference vs. FY2013 3Q		Difference vs. FY2014 2Q			
			1Q Results		2Q Results		3Q Results		3Q Results (Cumulative)						Effect of exchange rates vs. FY2013 3Q	
	%	%	%	%	%	%	%	%								
Net Sales	506.0	100.0%	167.3	100.0%	186.2	100.0%	199.7	100.0%	553.3	100.0%		47.2	9.3%	13.5	7.3%	
Electronic Components	252.0	49.8%	82.6	49.4%	97.6	52.5%	107.6	53.9%	287.9	52.0%	USD appreciation +13.0	35.9	14.2%	10.0	10.3%	
	Automotive market	120.3	23.8%	47.1	28.2%	43.6	23.5%	49.1	24.6%	140.0	25.3%	EUR appreciation +1.3	19.6	16.3%	5.5	12.8%
	Consumer market	131.6	26.0%	35.4	21.2%	54.0	29.0%	58.4	29.3%	147.9	26.7%	Other currencies +3.1 (Subtotal +17.5)	16.3	12.4%	4.4	8.2%
Automotive Infotainment	207.7	41.0%	68.4	40.9%	70.9	38.1%	73.7	36.9%	213.1	38.5%	USD appreciation +7.9 EUR appreciation +1.3 (Subtotal +9.3)	5.4	2.6%	2.8	4.0%	
Logistics	38.8	7.7%	13.5	8.1%	14.0	7.5%	14.8	7.5%	42.5	7.7%	-	3.6	9.4%	0.8	6.0%	
Others	7.4	1.5%	2.6	1.6%	3.5	1.9%	3.4	1.7%	9.6	1.8%	-	2.2	30.2%	-0.1	-4.7%	
Operating Income	22.8	4.5%	6.1	3.7%	13.3	7.2%	21.1	10.6%	40.7	7.4%		17.9	78.5%	7.8	58.4%	
Electronic Components	11.3	4.5%	2.9	3.6%	9.6	9.8%	15.6	14.5%	28.1	9.8%	USD appreciation +7.1 EUR appreciation +0.7 Other currencies -1.8 (Subtotal +5.9)	16.8	149.1%	5.9	62.2%	
	Automotive Infotainment	7.8	3.8%	2.0	3.0%	2.5	3.5%	3.8	5.2%	8.3	3.9%	USD appreciation +0.9 EUR appreciation +0.2 (Subtotal +1.1)	0.5	7.3%	1.3	52.4%
	Logistics	3.2	8.3%	0.9	7.1%	1.0	7.3%	1.4	9.9%	3.4	8.1%	-	0.2	6.9%	0.4	43.9%
	Others	0.3	5.2%	0.1	6.6%	0.2	6.2%	0.3	9.3%	0.7	7.4%	-	0.3	83.5%	0.0	44.2%
	Eliminations	0.0	-	0.0	-	-0.0	-	-0.0	-	-0.0	-	-	-0.0	-	-0.0	-
Ordinary Income	23.2	4.6%	5.8	3.5%	15.1	8.1%	23.5	11.8%	44.4	8.0%		21.2	91.2%	8.4	55.7%	
Net Income	11.1	2.2%	1.8	1.1%	11.1	6.0%	15.5	7.8%	28.5	5.2%		17.3	156.4%	4.3	39.5%	
USD/JPY	99.39		102.16		103.92		114.54		106.87			7.48		10.62		
EUR/JPY	132.23		140.07		137.76		143.07		140.30			8.07		5.31		

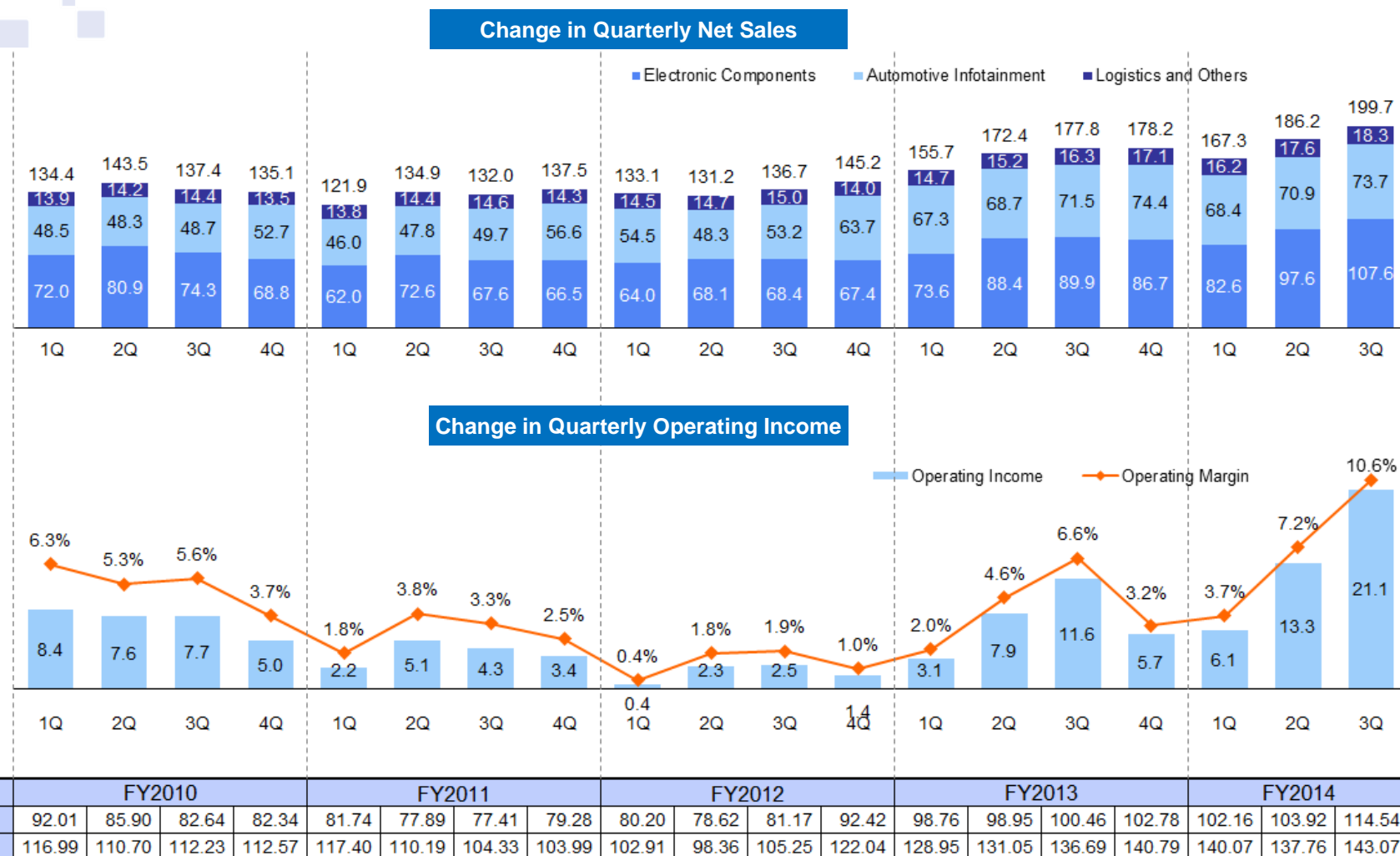
NB: Here and subsequently amounts have been rounded down to the nearest ¥100 million.

NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

2. Net Sales and Operating Income: Quarterly Change

[Consolidated]

[Unit: ¥ billion]

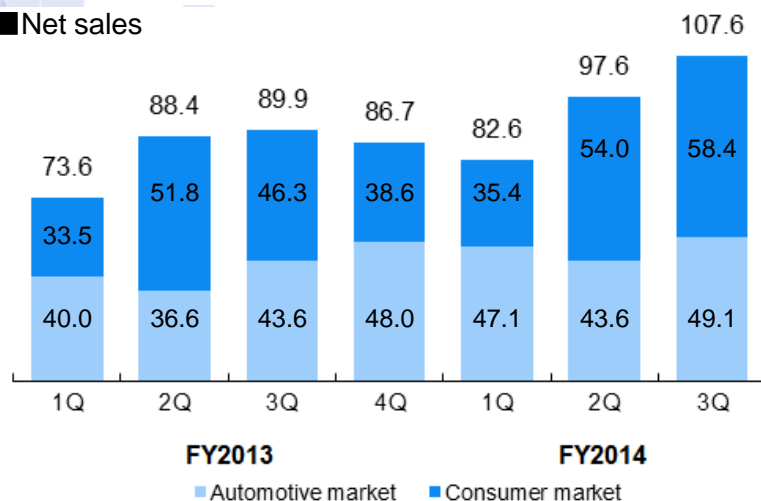


3. Breakdown of Sales by Business Segment

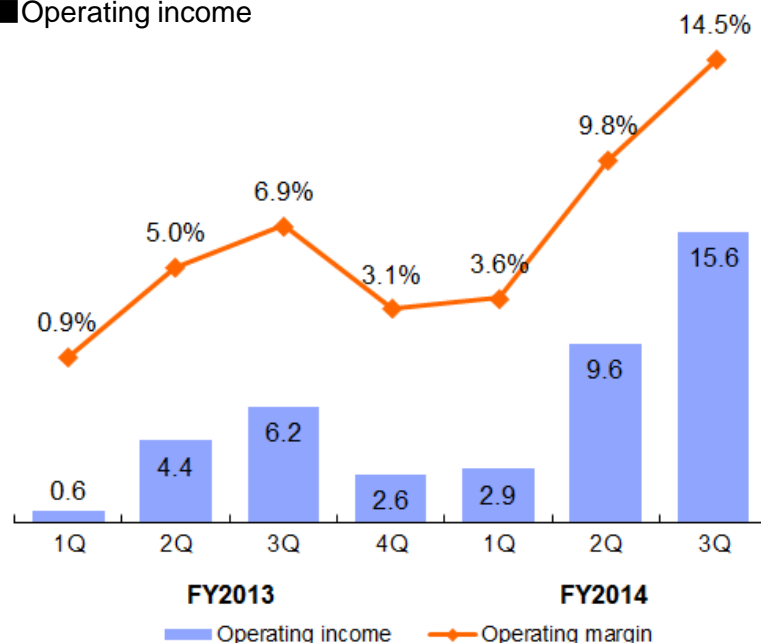
[Unit: ¥ billion]

1. Electronic Components Segment

■ Net sales



■ Operating income



Net sales (3Q accumulated)

¥287.9 billion (up 14.2% year on year)

Automotive market: ¥140.0 billion (up 16.3%)

Sales of electronic shifters and commanders grew. Additionally, sales of door modules, 2-axis sensors and communication modules increased. Sales of head-up displays launched.

Consumer market: ¥147.9 billion (up 12.4%)

Sales of camera actuators for smartphones grew substantially, while sales of switches also increased. Touch panels decreased slightly.

Operating income (3Q accumulated)

¥28.1 billion (up 149.1% year on year)

Operating margin: 9.8%

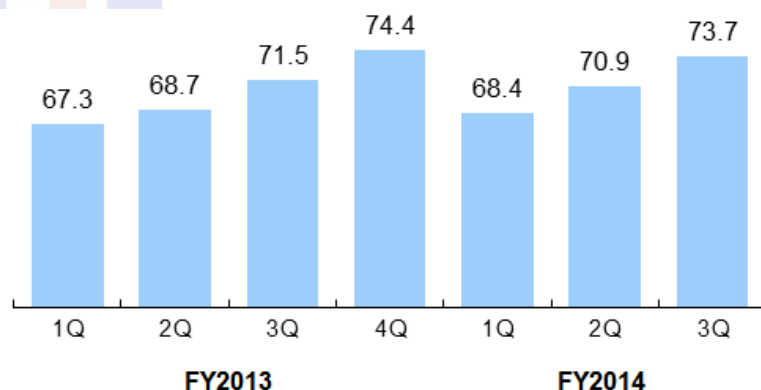
- Income from in-car module products improved.
- Sales of camera actuators for smartphones increased.
- Income from touch panels improved.

3. Breakdown of Sales by Business Segment

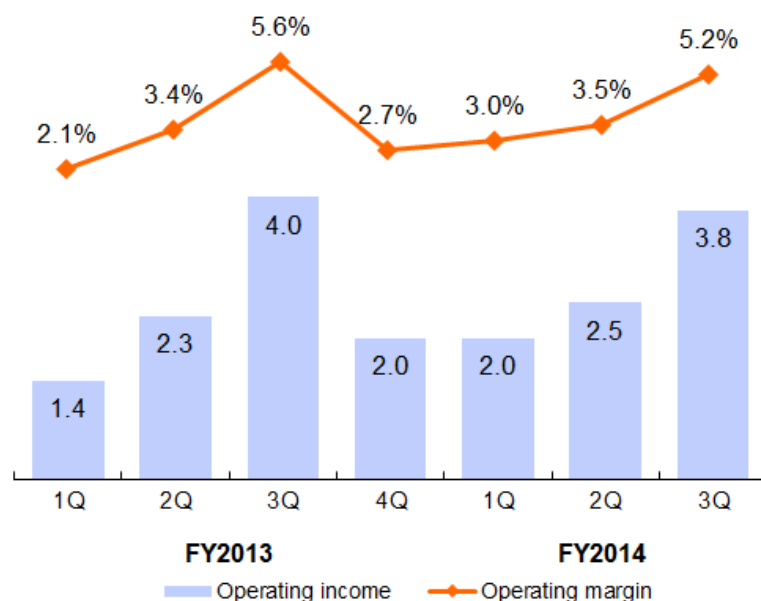
[Unit: ¥ billion]

2. Automotive Infotainment Segment

■ Net sales



■ Operating income



Net sales (3Q accumulated)

¥213.1 billion (up 2.6% year on year)

Commercial products

Sales grew due to positive reception to launch of the world's largest 10 inch navigation system in Japan. Sales also grew steadily due to the launches of model-specific navigation systems in Europe, North America and Asia.

In commercial audio products, sales were weak except in Japan, despite efforts to grow sales of products including models for smartphone applications.

Genuine products for automakers

Sales of both audio products and navigation systems increased, led by strong sales of European automakers' luxury cars in North America and China.

Operating income (3Q accumulated)

¥8.3 billion (up 7.3% year on year)

Operating margin: 3.9%

Improvement was gained from sales expansion of the 10 inch navigation system for the Japanese aftermarket and model-specific navigation systems for overseas aftermarkets, and other factors.

4. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.32	0.04
	Operating income	0.08	0.01
Electronic components segment	Net sales	0.20	0.02
	Operating income	0.07	0.01

NB: The above amounts for the USD effect include other currencies linked to the USD (eg.: HKD, CNY).

5. Summary of Balance Sheet

[Consolidated]

[Unit: ¥ billion]

	FY2013		FY2014 3Q		Change
		%		%	
Assets					
I. Current Assets	327.4	63.9%	375.7	65.6%	48.3
Cash and time deposits	122.7	24.0%	118.2	20.6%	-4.4
Notes and accounts receivable - trade	111.1	21.7%	133.7	23.3%	22.5
Inventories	73.1	14.3%	96.4	16.8%	23.3
II. Non-current Assets	184.9	36.1%	197.2	34.4%	12.3
Property, plant and equipment	133.7	26.1%	143.9	25.1%	10.1
Intangible assets	12.4	2.4%	12.8	2.2%	0.3
Investment and other assets	38.6	7.6%	40.4	7.1%	1.7
Total Assets	512.3	100.0%	573.0	100.0%	60.7
Liabilities					
I. Current Liabilities	171.1	33.4%	216.6	37.8%	45.5
Notes and accounts payable - trade	61.2	11.9%	72.3	12.6%	11.1
Short-term loans payable	48.9	9.6%	69.2	12.1%	20.3
II. Non-current Liabilities	110.8	21.6%	79.6	13.9%	-31.1
Bonds with stock acquisition rights	30.2	5.9%	30.2	5.3%	-0.0
Long-term debt	55.0	10.8%	22.1	3.9%	-32.9
Total Liabilities	281.9	55.0%	296.3	51.7%	14.3
Net Assets					
Total Net Assets	230.3	45.0%	276.7	48.3%	46.3
Total Liabilities and Net Assets	512.3	100.0%	573.0	100.0%	60.7

Inventories

¥96.4 billion

(up ¥23.3 billion from previous year-end)

Electronic components segment: up ¥15.6 billion
(includes ¥4.4 billion in exchange rate effect)

Inventory accumulation as countermeasure for sales increase

Automotive infotainment segment: up ¥7.5 billion
(includes ¥3.6 billion in exchange rate effect)

Inventory accumulation as countermeasure for sales increase

Tangible fixed assets

¥143.9 billion

(up ¥10.1 billion from previous year-end)

Electronic components segment: up ¥8.7 billion
(includes ¥1.6 billion in exchange rate effect)

Mainly production facilities for new smartphone products

Interest-bearing debt

¥121.7 billion

(down ¥12.6 billion from previous year-end)

Electronic components segment:
repayment of long-term debt: down ¥11.8 billion

FY2014 Consolidated Financial Results Forecast

Perfecting the Art of Electronics

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1. FY2014 Financial Results Forecast

[Consolidated]

[Unit: ¥ billion]

		FY2013 Results		FY2014									Difference vs. FY 2013		Difference vs. FY 2014 1H (A-B)		
				1H Results (B)		3Q Results		4Q Forecast		2H Forecast (A)		FY2014 Forecast					
			%		%		%		%		%		%		%		%
Net Sales		684.3	100.0%	353.5	100.0%	199.7	100.0%	181.6	100.0%	381.4	100.0%	735.0	100.0%	50.6	7.4%	27.8	7.9%
	Electronic Components	338.8	49.6%	180.3	51.0%	107.6	53.9%	92.0	50.6%	199.6	52.4%	380.0	51.7%	41.1	12.2%	19.3	10.8%
	Automotive market	168.4	24.7%	90.8	25.7%	49.1	24.6%	59.9	33.0%	109.1	28.7%	200.0	27.2%	31.5	18.7%	18.3	20.3%
	Consumer market	170.3	24.9%	89.5	25.3%	58.4	29.3%	32.0	17.6%	90.4	23.7%	180.0	24.5%	9.6	5.7%	0.9	1.1%
	Automotive Infotainment	282.1	41.2%	139.3	39.4%	73.7	36.9%	71.8	39.6%	145.6	38.2%	285.0	38.8%	2.8	1.0%	6.2	4.5%
	Logistics	52.2	7.6%	27.6	7.8%	14.8	7.5%	14.4	8.0%	29.3	7.7%	57.0	7.8%	4.7	9.0%	1.7	6.3%
	Others	11.1	1.6%	6.2	1.8%	3.4	1.7%	3.3	1.8%	6.7	1.7%	13.0	1.7%	1.8	16.6%	0.4	7.6%
Operating Income		28.5	4.2%	19.5	5.5%	21.1	10.6%	9.2	5.1%	30.4	8.0%	50.0	6.8%	21.4	75.3%	10.9	56.2%
	Electronic Components	14.0	4.1%	12.5	7.0%	15.6	14.5%	5.8	6.3%	21.4	10.7%	34.0	8.9%	19.9	142.6%	8.8	70.1%
	Automotive Infotainment	9.8	3.5%	4.5	3.3%	3.8	5.2%	2.6	3.7%	6.4	4.4%	11.0	3.9%	1.1	12.1%	1.9	42.1%
	Logistics	4.1	7.9%	1.9	7.2%	1.4	9.9%	1.0	7.2%	2.5	8.6%	4.5	7.9%	0.3	8.7%	0.5	26.7%
	Others	0.5	5.2%	0.3	6.3%	0.3	9.3%	0.1	5.6%	0.5	7.5%	0.9	6.9%	0.3	54.0%	0.1	26.8%
	Eliminations	-0.0	-	0.0	-	0.0	-	-0.3	-	-0.4	-	-0.4	-	-0.3	-	-0.4	-
Ordinary Income		28.0	4.1%	20.9	5.9%	23.5	11.8%	8.5	4.7%	32.0	8.4%	53.0	7.2%	24.9	88.7%	11.1	53.0%
Net Income		14.3	2.1%	12.9	3.7%	15.5	7.8%	3.4	1.9%	19.0	5.0%	32.0	4.4%	17.6	123.6%	6.0	46.8%
USD/JPY		100.24		103.04		114.54		115.00		114.77		108.91					
EUR/JPY		134.37		138.92		143.07		135.00		139.04		138.98					
Capital Expenditure		26.5		19.1		5.5		8.2		13.8		32.9					
Depreciation Expenses		24.5		12.8		7.5		6.5		14.0		26.9					
R&D Expenses		32.9		15.8		8.3		10.2		18.5		34.4					

NB: Here and subsequently amounts have been rounded down to the nearest ¥100 million.

NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

1. FY2014 Financial Results Forecast

[Consolidated]

[Unit: ¥ billion]

Revisions to FY2014 financial results forecast

		FY2014				Difference (B-A)	
		Forecast (Oct. 31, 2014) (B)		Forecast (Jan. 30, 2015) (A)			
			%		%		
Net Sales		710.0	100.0%	735.0	100.0%	25.0	3.5%
	Electronic Components	363.0	51.1%	380.0	51.7%	17.0	4.7%
	Automotive market	200.0	28.2%	200.0	27.2%	0.0	0.0%
	Consumer market	163.0	22.9%	180.0	24.5%	17.0	10.4%
	Automotive Infotainment	279.7	39.4%	285.0	38.8%	5.3	1.9%
	Logistics	56.0	7.9%	57.0	7.8%	1.0	1.8%
	Others	11.3	1.6%	13.0	1.7%	1.7	15.0%
Operating Income		41.0	5.8%	50.0	6.8%	9.0	22.0%
	Electronic Components	26.5	7.3%	34.0	8.9%	7.5	28.3%
	Automotive Infotainment	9.5	3.4%	11.0	3.9%	1.5	15.8%
	Logistics	4.1	7.4%	4.5	7.9%	0.3	8.4%
	Others	0.7	6.2%	0.9	6.9%	0.2	28.6%
	Eliminations	0.1	-	-0.4	-	-0.5	-
	Ordinary Income		39.5	5.6%	53.0	7.2%	13.5
Net Income		24.5	3.5%	32.0	4.4%	7.5	30.6%

NB: Here and subsequently amounts have been rounded down to the nearest ¥100 million.

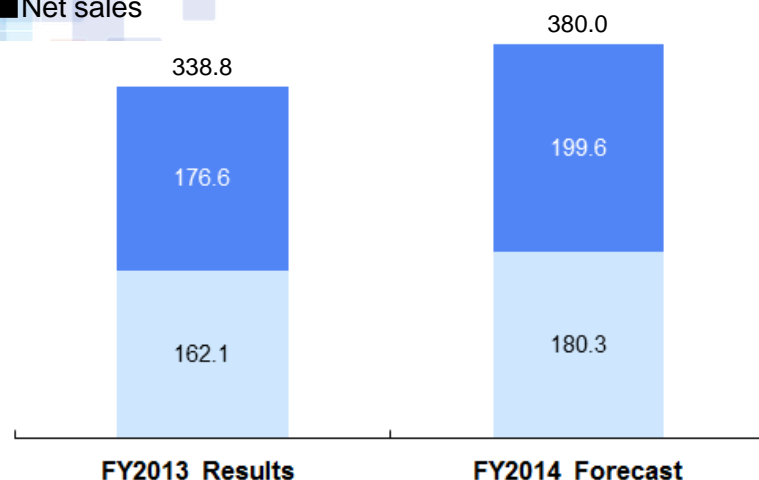
NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

2. Financial Results Forecasts by Business Segment

[Unit: ¥ billion]

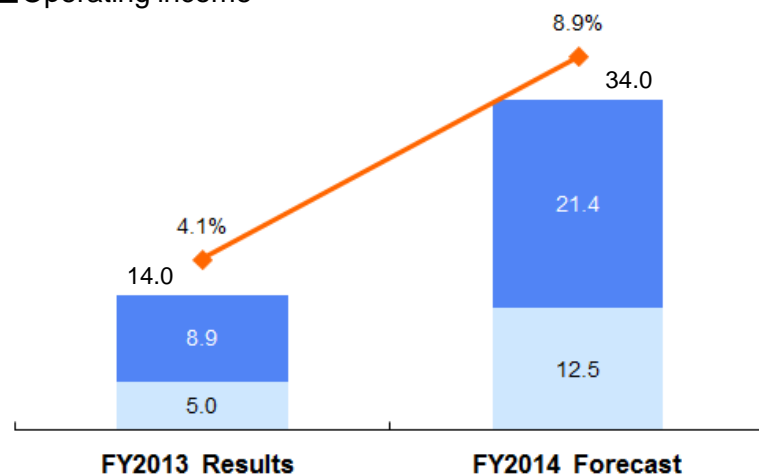
1. Electronic Components Segment

■ Net sales



■ Operating income

■ 1H ■ 2H



■ 1H ■ 2H — Operating margin

Net sales

¥380.0 billion (up 12.2% year on year)

(1H result: ¥180.3 billion;

2H forecast: ¥199.6 billion)

Automotive market: ¥200.0 billion (up 18.7%)

Sales of products such as sensors, in-car module products and communications modules are expected to increase.

Consumer market: ¥180.0 billion (up 5.7%)

Sales of products for smartphones such as camera actuators and switches are expected to grow.

Operating income

¥34.0 billion (up 142.6% year on year)

(1H result: ¥12.5 billion;

2H forecast: ¥21.4 billion)

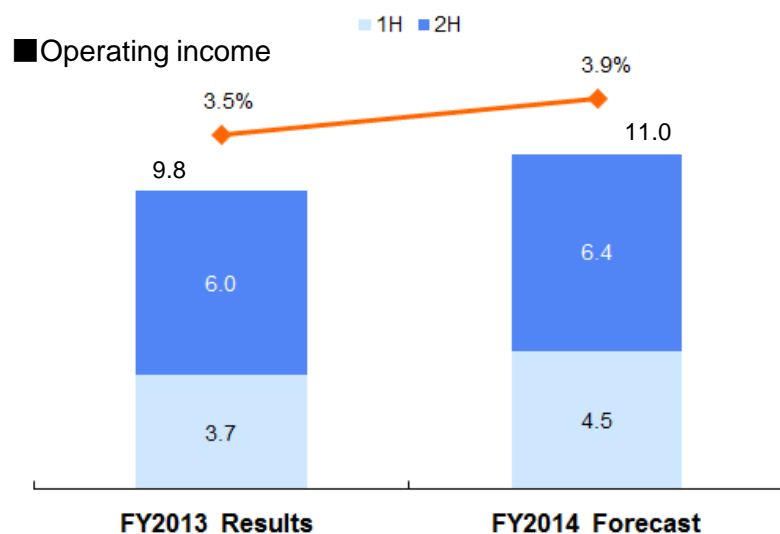
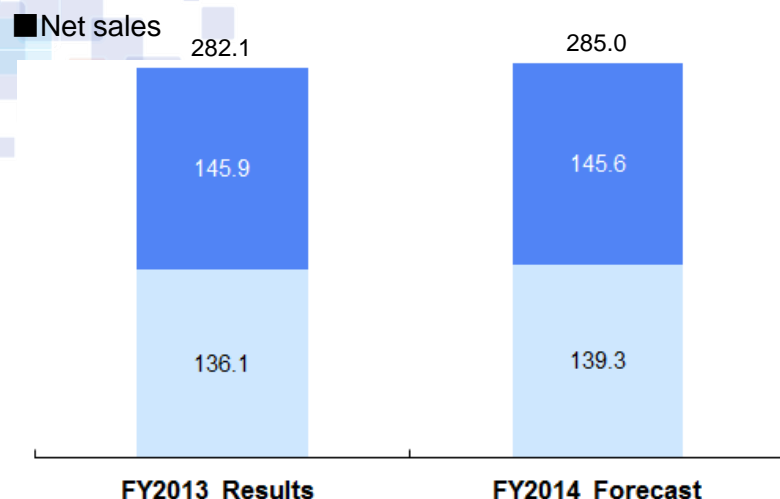
Operating margin: 8.9%

Income from in-car module products is expected to improve, and income from products for smartphones such as camera actuators and switches is also expected to improve due to increases in sales.

2. Financial Results Forecasts by Business Segment

[Unit: ¥ billion]

2. Automotive Infotainment Segment



Net sales

¥285.0 billion (up 1.0% year on year)
 (1H result: ¥139.3 billion;
 2H forecast: ¥145.6 billion)

In genuine products for North American automakers, sales of audio products and navigation systems will both be strong. Sales of model-specific navigation systems will increase steadily in all regions.

Operating income

¥11.0 billion (up 12.1% year on year)
 (1H result: ¥4.5 billion;
 2H forecast: ¥6.4 billion)

Operating margin: 3.9%

An increase is expected due to growth in sales of navigation systems.

Revision to Year-end Dividend Forecast

FY2014

Interim Dividends (paid on November 28, 2014)

¥5.00 per share

Year-end Dividends (scheduled in late June 2015)

¥10.00 per share

The business results forecasts and future predictions included in these materials are based on the judgment of the Company at the time of preparation of the materials, and are inherently subject to risks and uncertainties. As a result, actual business results and outcomes may differ significantly due to a variety of factors.

Consolidated Financial Results FY2014 3Q (April 2014 – December 2014)

Basic Data

January 2015

Alps Electric Co., Ltd.

1. Outline

(Unit : 100 million Yen)

	FY2013					FY2014				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Net Sales	1,557	1,724	1,778	1,782	6,843	1,673	1,862	1,997	1,816	7,350
Domestic	287	332	350	349	1,319	316	362	360	—	—
Overseas	1,270	1,392	1,428	1,433	5,524	1,356	1,499	1,637	—	—
Operating Income	31	79	116	57	285	61	133	211	92	500
Ordinary Income	29	78	124	48	280	58	151	235	85	530
Net Income	-2	55	57	31	143	18	111	155	34	320

2. Net Sales (by segments)

(Unit : 100 million Yen)

	FY2013					FY2014				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	736	884	899	867	3,388	826	976	1,076	920	3,800
Automotive market	400	366	436	480	1,684	471	436	491	599	2,000
Consumer market	335	518	463	386	1,703	354	540	584	320	1,800
Automotive Infotainment	673	687	715	744	2,821	684	709	737	718	2,850
Logistics	123	128	137	133	522	135	140	148	144	570
Others	24	24	25	37	111	26	35	34	33	130
Total	1,557	1,724	1,778	1,782	6,843	1,673	1,862	1,997	1,816	7,350

3. Operating Income

(Unit : 100 million Yen)

	FY2013					FY2014				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	6	44	62	26	140	29	96	156	58	340
Automotive Infotainment	14	23	40	20	98	20	25	38	26	110
Logistics	9	8	13	9	41	9	10	14	10	45
Others	0	1	2	1	5	1	2	3	1	9
Eliminations	0	1	-1	-0	-0	0	-0	-0	-3	-4
Total	31	79	116	57	285	61	133	211	92	500

4. Capital Expenditures

(Unit : 100 million Yen)

	FY2013					FY2014				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	41	39	46	39	166	63	86	33	58	241
Automotive Infotainment	15	22	21	22	81	21	13	18	17	71
Logistics	3	4	2	4	15	3	3	4	1	12
Others	1	1	1	1	5	0	0	1	1	4
Eliminations	-1	-0	-0	-1	-3	-1	-0	-2	3	—
Total	59	68	70	66	265	87	103	55	82	329

(Ref.) Estimate booked on the basis of order forecast including lease.

5. Depreciation Expenses

(Unit : 100 million Yen)

	FY2013					FY2014				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	38	39	40	40	159	40	45	49	40	177
Automotive Infotainment	14	14	14	17	61	14	15	19	17	67
Logistics	4	4	5	5	19	4	4	4	4	19
Others	1	1	1	1	5	1	1	0	2	5
Eliminations	-0	-0	-0	-0	-0	0	0	-0	-0	—
Total	58	60	61	64	245	61	67	75	65	269

6. R & D Expenses

(Unit : 100 million Yen)

	FY2013					FY2014				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	33	34	32	30	130	37	37	35	48	159
Automotive Infotainment	44	48	44	61	198	41	42	47	53	184
Logistics	—	—	—	—	—	—	—	—	—	—
Others	0	0	—	0	0	—	—	—	—	—
Total	77	83	76	92	329	78	79	83	102	344

7. Inventories

(Unit : 100 million Yen)

	2013/6	2013/9	2013/12	2014/3		2014/6	2014/9	2014/12
Electronic Components	500	456	497	428		451	500	586
Automotive Infotainment	300	309	353	290		304	317	366
Logistics	10	11	10	11		11	12	12
Others	1	0	0	0		1	3	0
Eliminations	-0	-0	-0	-0		-0	-0	-0
Total	811	777	861	731		769	832	964

8. Employees

(Unit : Person)

	2013/6	2013/9	2013/12	2014/3		2014/6	2014/9	2014/12
Electronic Components	19,797	19,756	19,649	19,510		19,557	20,253	20,218
Automotive Infotainment	11,368	11,400	11,589	11,608		11,604	11,499	11,405
Logistics	4,721	4,751	4,811	4,876		4,930	5,001	5,043
Others	824	819	813	803		825	837	846
Total	36,710	36,726	36,862	36,797		36,916	37,590	37,512
(Non Consolidated)	5,567	5,515	5,499	5,433		5,466	5,417	5,409

(Ref.) The number of employees represents the number of persons in employment.
(Exclude individuals seconded from the Alps to outside.)