

Results Briefing FY2015 1Q

Wednesday, July 29, 2015

ALPS ELECTRIC CO., LTD.

Perfecting the Art of Electronics

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FY2015 1Q Consolidated Financial Results

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1. Summary of Financial Results

[Unit: ¥ billion]

[Consolidated]

	FY2014		FY2015			Difference		FY2014		Difference	
	1Q Results		1Q Results		Effect of exchange rates (YoY)	vs. FY2014 1Q		4Q Results		vs. FY2014 4Q	
		%		%			%		%		%
Net Sales	167.3	100.0%	194.2	100.0%		26.8	16.1%	195.2	100.0%	-1.0	-0.5%
Electronic Components	82.6	49.4%	104.7	53.9%	USD appreciation +10.6	22.1	26.8%	101.1	51.8%	3.6	3.6%
Automotive market	47.1	28.2%	56.2	29.0%	EUR appreciation -0.3	9.0	19.3%	68.4	35.1%	-12.1	-17.8%
Consumer market	35.4	21.2%	48.4	24.9%	Other currencies +2.1	13.0	36.8%	32.6	16.7%	15.8	48.4%
					(Subtotal +12.4)						
Automotive Infotainment	68.4	40.9%	72.1	37.1%	USD appreciation +6.5	3.6	5.3%	76.6	39.3%	-4.5	-5.9%
					EUR appreciation -0.4						
					(Subtotal +6.1)						
Logistics	13.5	8.1%	14.6	7.6%	-	1.1	8.2%	14.5	7.4%	0.1	1.1%
Others	2.6	1.6%	2.6	1.4%	-	-0.0	-0.5%	2.9	1.5%	-0.3	-10.3%
Operating Income	6.1	3.7%	13.4	6.9%		7.2	118.8%	12.8	6.6%	0.6	4.8%
Electronic Components	2.9	3.6%	10.1	9.7%	USD appreciation +5.4	7.1	240.8%	8.4	8.3%	1.7	20.5%
					EUR appreciation -0.1						
					Other currencies -1.7						
					(Subtotal +3.5)						
Automotive Infotainment	2.0	3.0%	1.8	2.6%	USD appreciation +0.6	-0.1	-6.4%	3.1	4.1%	-1.2	-40.0%
					EUR appreciation -0.1						
					(Subtotal +0.4)						
Logistics	0.9	7.1%	1.1	8.0%	-	0.2	22.9%	0.9	6.9%	0.1	18.3%
Others	0.1	6.6%	0.2	8.5%	-	0.0	28.5%	0.1	6.2%	0.0	23.0%
Eliminations	0.0	-	0.0	-	-	0.0	-	0.0	-	-0.0	-
Ordinary Income	5.8	3.5%	13.4	6.9%		7.5	129.3%	13.1	6.7%	0.2	2.1%
Profit attributable to owners of parent	1.8	1.1%	8.6	4.4%		6.8	374.1%	6.2	3.2%	2.4	38.6%
USD/JPY	102.16		121.36			19.20		119.09		2.27	
EUR/JPY	140.07		134.16			-5.91		134.18		-0.02	

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

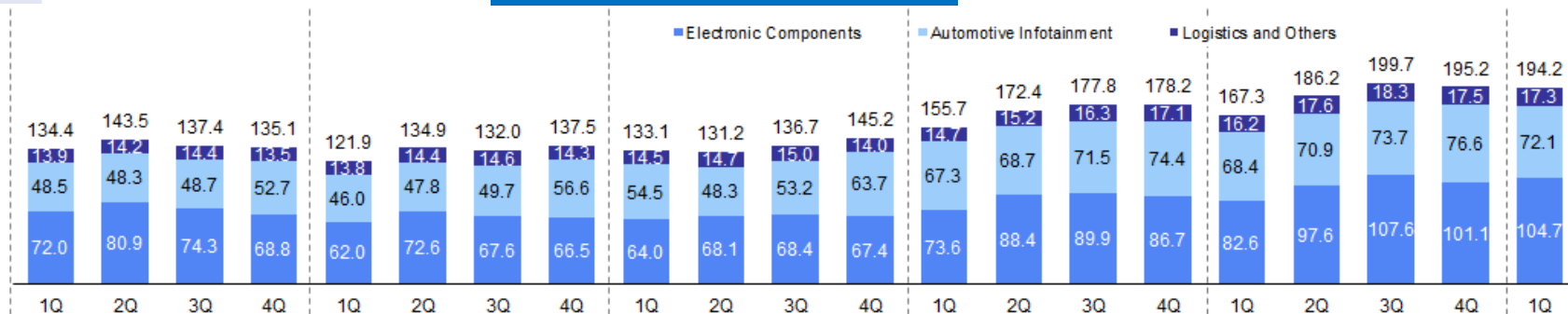
NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

2. Net Sales and Operating Income: Quarterly Change

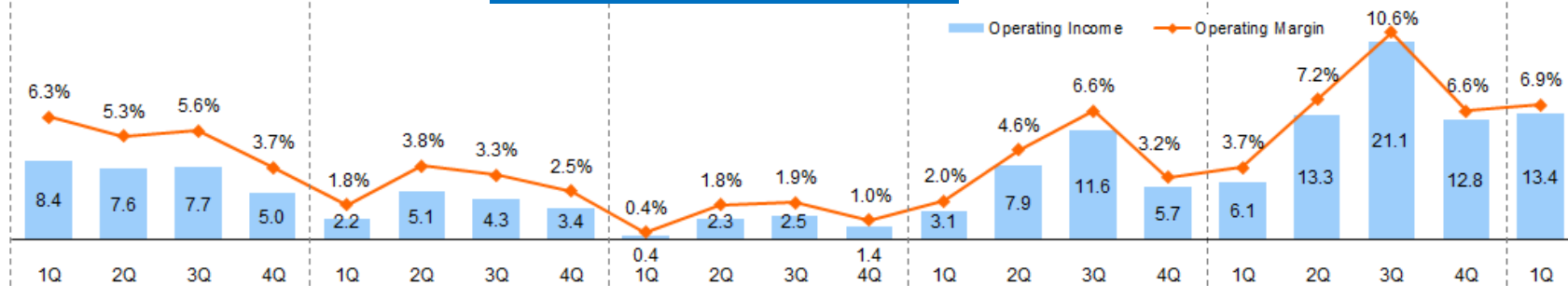
[Unit: ¥ billion]

[Consolidated]

Change in Quarterly Net Sales



Change in Quarterly Operating Income



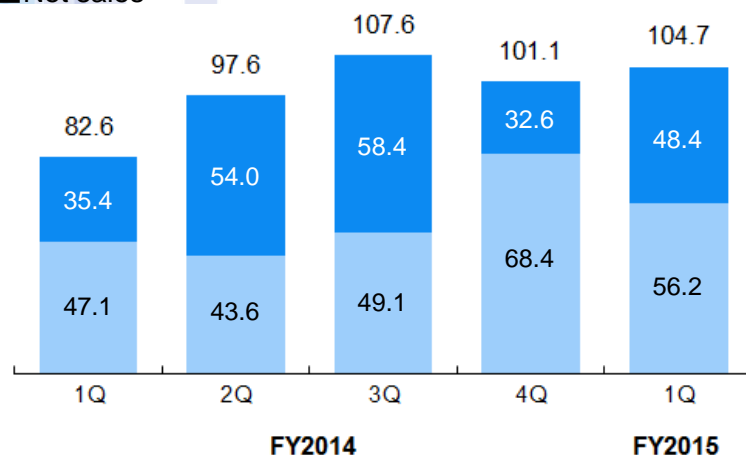
	FY2010				FY2011				FY2012				FY2013				FY2014				FY2015
USD/JPY	92.01	85.90	82.64	82.34	81.74	77.89	77.41	79.28	80.20	78.62	81.17	92.42	98.76	98.95	100.46	102.78	102.16	103.92	114.54	119.09	121.36
EUR/JPY	116.99	110.70	112.23	112.57	117.40	110.19	104.33	103.99	102.91	98.36	105.25	122.04	128.95	131.05	136.69	140.79	140.07	137.76	143.07	134.18	134.16

3. Breakdown of Sales by Business Segment

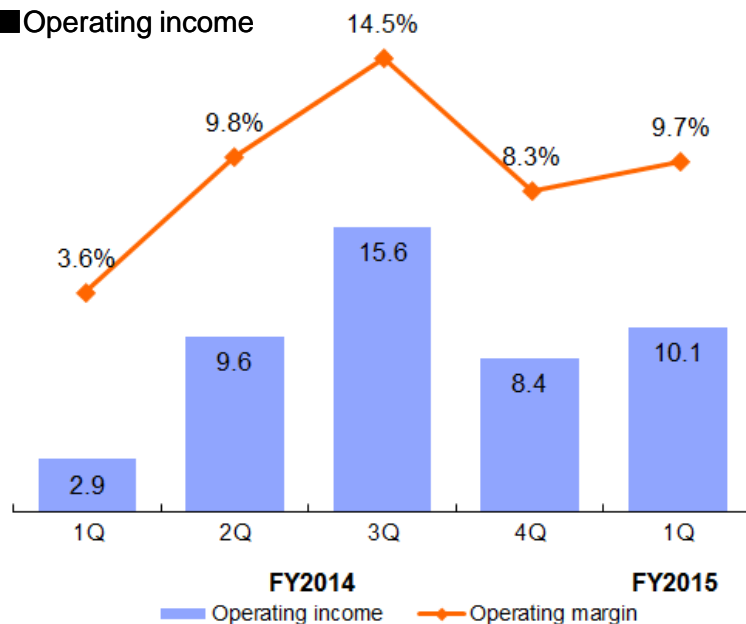
[Unit: ¥ billion]

1. Electronic Components Segment

■ Net sales



■ Operating income



Net sales (1Q)

¥104.7 billion (up 26.8% year on year)

Automotive market: ¥56.2 billion (up 19.3%)

- Sales of door modules for Japanese, North American, and European automakers increased, and vehicle models adopting commander for Japanese automakers expanded. Sales of automotive sensors, communication modules and in-car devices also increased.

Consumer market: ¥48.4 billion (up 36.8%)

- Sales of camera actuators for smartphones (AF and image stabilization), and curved touch panel sensors grew.

Operating income (1Q)

¥10.1 billion (up 240.8% year on year)

Operating margin: 9.7%

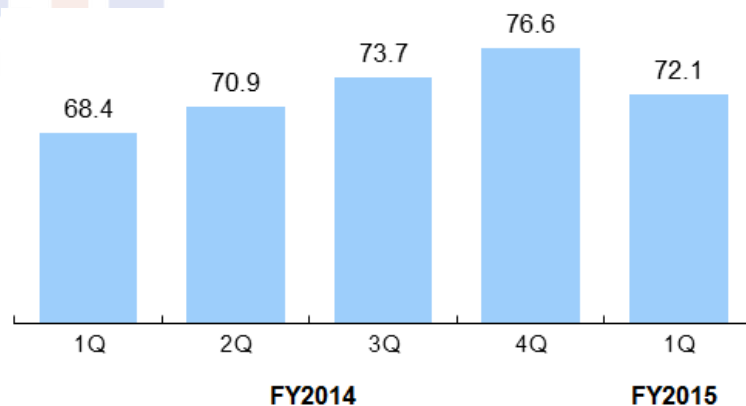
- Sales of in-car modules and in-car devices increased.
- Sales of camera actuators for smartphones, and curved touch panel sensors increased.

3. Breakdown of Sales by Business Segment

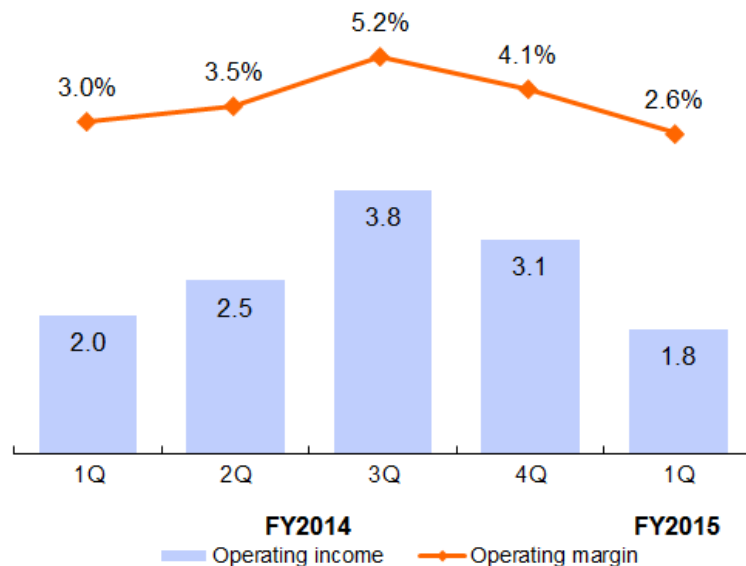
[Unit: ¥ billion]

2. Automotive Infotainment Segment

■ Net sales



■ Operating income



Net sales (1Q)

¥72.1 billion (up 5.3% year on year)

Commercial products

- Sales grew due to launch of new products (10 inch navigation system and rear vision) in Japan.
- Sales grew steadily due to the launches of model-specific navigation systems for pick-up trucks and SUVs in North America.

Genuine products for automakers

- In audio equipment, sales of sound systems increased in North America owing to strong sales of luxury cars. However, this could not cover the decline in Europe and China due to economic stagnation, and sales declined overall.
- In navigation systems, sales for composite parts for luxury cars increased in North America and Europe, and in China, sales declined slightly.

Operating income (1Q)

¥1.8 billion (down 6.4% year on year)

Operating margin: 2.6%

The decline in sales of audio equipment was covered for by increases in sales of commercial and OEM navigation systems in each country.

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	0.02
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

[Unit: ¥ billion]

[Consolidated]

	FY2014		FY2015 1Q		Change
		%		%	
Assets					
I. Current Assets	372.7	65.3%	381.5	65.5%	8.8
Cash and time deposits	134.7	23.6%	131.0	22.5%	-3.7
Notes and accounts receivable - trade	127.5	22.4%	127.6	21.9%	0.1
Inventories	85.3	15.0%	94.8	16.3%	9.5
II. Non-current Assets	197.7	34.7%	201.4	34.5%	3.6
Property, plant and equipment	140.9	24.7%	143.9	24.7%	3.0
Intangible assets	13.0	2.3%	13.3	2.3%	0.2
Investment and other assets	43.7	7.7%	44.1	7.6%	0.4
Total Assets	570.4	100.0%	583.0	100.0%	12.5
Liabilities					
I. Current Liabilities	212.6	37.3%	199.5	34.2%	-13.1
Notes and accounts payable - trade	66.2	11.6%	72.9	12.5%	6.7
Short-term loans payable	71.1	12.5%	49.3	8.5%	-21.8
II. Non-current Liabilities	74.0	13.0%	83.5	14.3%	9.4
Bonds with stock acquisition rights	30.2	5.3%	23.6	4.1%	-6.5
Long-term debt	14.8	2.6%	31.4	5.4%	16.6
Total Liabilities	286.7	50.3%	283.1	48.6%	-3.6
Net Assets					
Total Net Assets	283.7	49.7%	299.8	51.4%	16.1
Total Liabilities and Net Assets	570.4	100.0%	583.0	100.0%	12.5

Inventories

¥94.8 billion (up ¥9.5 billion from previous year-end)

Electronic components segment: up ¥7.0 billion

(includes ¥0.8 billion in exchange rate effect)

Inventory accumulation for future demand periods

Automotive infotainment segment: up ¥2.4 billion

(includes ¥1.0 billion in exchange rate effect)

Inventory accumulation as a countermeasure for increase in sales to European automakers.

Tangible fixed assets

¥143.9 billion (up ¥3.0 billion from previous year-end)

Electronic components segment: up ¥1.9 billion

(includes ¥0.7 billion in exchange rate effect)

Mainly production facilities for in-car products and new smartphone products

Interest-bearing debt

¥104.4 billion (down ¥11.7 billion from previous year-end)

Electronic components segment

- Repayment of long-term debt ¥6.4 billion

- Conversion of bonds

with stock acquisition rights: down ¥6.5 billion

Net assets

¥299.8 billion (up ¥16.1 billion)

Electronic components segment

- Common stock and legal capital surplus by conversion of bonds with stock acquisition rights: up ¥6.5 billion

- Retained earnings by increase of profit attributable to owners of parent, etc.: up ¥6.8 billion.

FY2015 Consolidated Financial Results Forecast

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1. FY2015 Financial Results Forecast

[Unit: ¥ billion]

[Consolidated] Only profit attributable to owners of parent changed from the forecasts announced on April 28, 2015.

	FY2014 Results		FY2015						Difference vs. FY 2014	
		%	1H Forecast		2H Forecast		FY2015 Forecast			%
Net Sales	748.6	100.0%	378.0	100.0%	389.0	100.0%	767.0	100.0%	18.3	2.5%
Electronic Components	389.1	52.0%	205.0	54.2%	210.0	54.0%	415.0	54.2%	25.8	6.7%
Automotive market	208.4	27.9%	112.0	29.6%	116.0	29.8%	228.0	29.8%	19.5	9.4%
Consumer market	180.6	24.1%	93.0	24.6%	94.0	24.2%	187.0	24.4%	6.3	3.5%
Automotive Infotainment	289.7	38.7%	139.0	36.8%	142.0	36.5%	281.0	36.6%	-8.7	-3.0%
Logistics	57.0	7.6%	29.0	7.7%	31.0	8.0%	60.0	7.8%	2.9	5.1%
Others	12.6	1.7%	5.0	1.3%	6.0	1.5%	11.0	1.4%	-1.6	-13.0%
Operating Income	53.5	7.2%	24.0	6.3%	30.5	7.8%	54.5	7.1%	0.9	1.8%
Electronic Components	36.5	9.4%	17.5	8.5%	22.5	10.7%	40.0	9.6%	3.4	9.3%
Automotive Infotainment	11.5	4.0%	4.5	3.2%	5.5	3.9%	10.0	3.6%	-1.5	-13.3%
Logistics	4.4	7.8%	2.0	7.1%	2.7	8.9%	4.8	8.0%	0.3	7.7%
Others	0.8	7.1%	0.2	4.0%	0.2	3.3%	0.4	3.6%	-0.4	-55.5%
Eliminations	0.0	-	-0.2	-	-0.4	-	-0.7	-	-0.7	-
Ordinary Income	57.5	7.7%	23.5	6.2%	31.0	8.0%	54.5	7.1%	-3.0	-5.4%
Profit attributable to owners of parent	34.7	4.6%	20.0	5.3%	21.5	5.5%	41.5	5.4%	6.7	19.5%
USD/JPY	109.93		115.00		115.00		115.00			
EUR/JPY	138.77		125.00		125.00		125.00			
Capital Expenditure	31.4		22.8		24.6		47.4			
Depreciation Expenses	28.0		15.9		17.0		32.9			
R&D Expenses	33.0		18.2		16.7		35.0			

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.

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.

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Consolidated Financial Results FY2015 1Q (April 2015 – June 2015)

Basic Data

July 2015

Alps Electric Co., Ltd.

1. Outline

(Unit : 100 million Yen)

	FY2014					FY2015			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Net Sales	1,673	1,862	1,997	1,952	7,486	1,942	-	3,780	7,670
Domestic	316	362	360	343	1,383	336	-	-	-
Overseas	1,356	1,499	1,637	1,609	6,103	1,605	-	-	-
Operating Income	61	133	211	128	535	134	-	240	545
Ordinary Income	58	151	235	131	575	134	-	235	545
Profit attributable to owners of parent	18	111	155	62	347	86	-	200	415

2. Net Sales (by segments)

(Unit : 100 million Yen)

	FY2014					FY2015			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	826	976	1,076	1,011	3,891	1,047	-	2,050	4,150
Automotive market	471	436	491	684	2,084	562	-	1,120	2,280
Consumer market	354	540	584	326	1,806	484	-	930	1,870
Automotive Infotainment	684	709	737	766	2,897	721	-	1,390	2,810
Logistics	135	140	148	145	570	146	-	290	600
Others	26	35	34	29	126	26	-	50	110
Total	1,673	1,862	1,997	1,952	7,486	1,942	-	3,780	7,670

3. Operating Income

(Unit : 100 million Yen)

	FY2014					FY2015			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	29	96	156	84	365	101	-	175	400
Automotive Infotainment	20	25	38	31	115	18	-	45	100
Logistics	9	10	14	9	44	11	-	20	48
Others	1	2	3	1	8	2	-	2	4
Eliminations	0	-0	-0	0	0	0	-	-2	-7
Total	61	133	211	128	535	134	-	240	545

4. Capital Expenditures

(Unit : 100 million Yen)

	FY2014					FY2015			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	63	86	33	38	222	65	-	146	340
Automotive Infotainment	21	13	18	21	74	18	-	60	87
Logistics	3	3	4	6	16	11	-	17	40
Others	0	0	1	0	3	1	-	3	5
Eliminations	-1	-0	-2	-0	-3	-0	-	-	-
Total	87	103	55	67	314	96	-	228	474

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

5. Depreciation Expenses

(Unit : 100 million Yen)

	FY2014					FY2015			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	40	45	49	52	188	53	-	110	229
Automotive Infotainment	14	15	19	17	66	18	-	36	74
Logistics	4	4	4	5	19	4	-	9	21
Others	1	1	0	1	5	1	-	2	4
Eliminations	0	0	-0	-0	0	0	-	-	-
Total	61	67	75	76	280	76	-	159	329

6. R & D Expenses

(Unit : 100 million Yen)

	FY2014					FY2015			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	37	37	35	38	149	38	-	95	181
Automotive Infotainment	41	42	47	50	181	49	-	87	169
Logistics	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	0	-	-	-
Total	78	79	83	88	330	88	-	182	350

7. Inventories

(Unit : 100 million Yen)

	2014/6	2014/9	2014/12	2015/3	2015/6
Electronic Components	451	500	586	532	602
Automotive Infotainment	304	317	366	306	331
Logistics	11	12	12	13	13
Others	1	3	0	0	0
Eliminations	-0	-0	-0	-0	-0
Total	769	832	964	853	948

8. Employees

(Unit : Person)

	2014/6	2014/9	2014/12	2015/3	2015/6
Electronic Components	19,557	20,253	20,218	20,249	20,228
Automotive Infotainment	11,604	11,499	11,405	11,343	11,368
Logistics	4,930	5,001	5,043	5,134	5,138
Others	825	837	846	838	874
Total	36,916	37,590	37,512	37,564	37,608
(Non Consolidated)	5,466	5,417	5,409	5,323	5,435

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