

Results Briefing FY2015 1H

Thursday, October 29, 2015

ALPS ELECTRIC CO., LTD.

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FY2015 1H Consolidated Financial Results

1. Summary of Financial Results

[Consolidated]

[Unit: ¥ billion]

	FY2014		FY2015						Difference		Difference	
	1H(Cumulative)		1Q Results		2Q Results		1H(Cumulative)		vs. FY2014 1H		vs. FY2015 1Q	
		%		%		%		%		%		%
Net Sales	353.5	100.0%	194.2	100.0%	201.0	100.0%	395.3	100.0%	41.7	11.8%	6.8	3.5%
Electronic Components	180.3	51.0%	104.7	53.9%	118.2	58.8%	223.0	56.4%	42.7	23.7%	13.5	12.9%
Automotive market	90.8	25.7%	56.2	29.0%	61.1	30.4%	117.4	29.7%	26.6	29.3%	4.8	8.6%
Consumer market	89.5	25.3%	48.4	24.9%	57.1	28.4%	105.6	26.7%	16.1	18.0%	8.6	17.9%
Automotive Infotainment	139.3	39.4%	72.1	37.1%	64.9	32.3%	137.0	34.7%	-2.3	-1.7%	-7.1	-9.9%
Logistics	27.6	7.8%	14.6	7.6%	14.9	7.5%	29.6	7.5%	2.0	7.4%	0.3	2.1%
Others	6.2	1.8%	2.6	1.4%	2.8	1.4%	5.5	1.4%	-0.7	-11.6%	0.2	7.7%
Operating Income	19.5	5.5%	13.4	6.9%	18.6	9.3%	32.0	8.1%	12.5	64.2%	5.1	38.5%
Electronic Components	12.5	7.0%	10.1	9.7%	15.6	13.2%	25.7	11.6%	13.1	104.8%	5.5	54.7%
Automotive Infotainment	4.5	3.3%	1.8	2.6%	1.6	2.6%	3.5	2.6%	-0.9	-21.7%	-0.2	-12.6%
Logistics	1.9	7.2%	1.1	8.0%	1.0	6.7%	2.1	7.4%	0.2	10.1%	-0.1	-14.5%
Others	0.3	6.3%	0.2	8.5%	0.2	10.3%	0.5	9.4%	0.1	31.8%	0.0	30.9%
Eliminations	0.0	-	0.0	-	-0.0	-	0.0	-	-0.0	-	-0.0	-
Ordinary Income	20.9	5.9%	13.4	6.9%	17.5	8.7%	30.9	7.8%	10.0	47.7%	4.1	30.8%
Profit Attributable to Owners of Parent	12.9	3.7%	8.6	4.4%	20.5	10.2%	29.1	7.4%	16.1	124.9%	11.8	137.3%
USD/JPY	103.04		121.36		122.23		121.80		18.76		0.87	
EUR/JPY	138.92		134.16		135.98		135.07		-3.85		1.82	

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

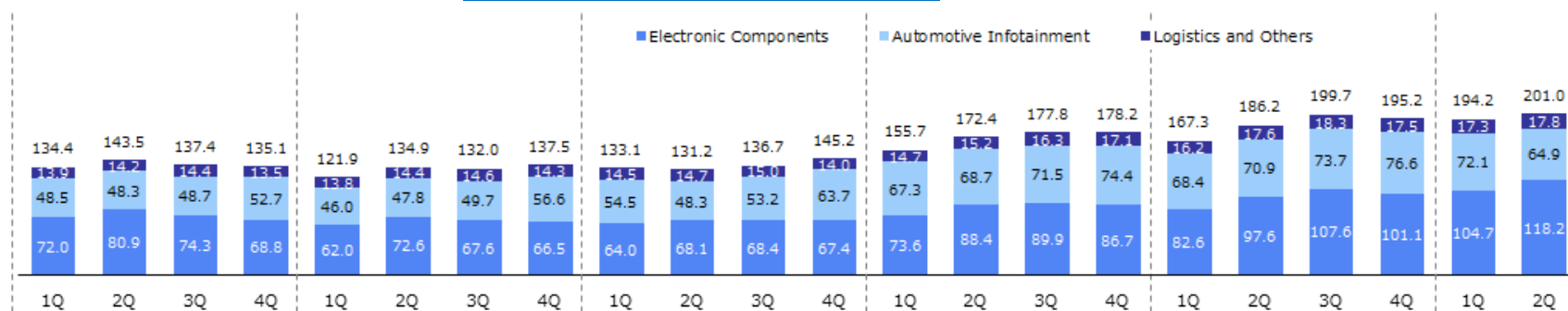
NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

2. Net Sales and Operating Income: Quarterly Change

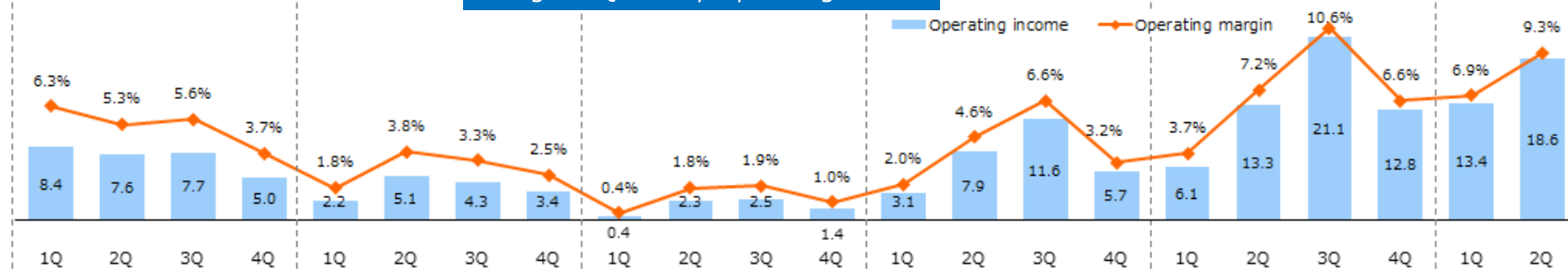
[Consolidated]

[Unit: ¥ billion]

Change in Quarterly Net Sales



Change in Quarterly Operating Income



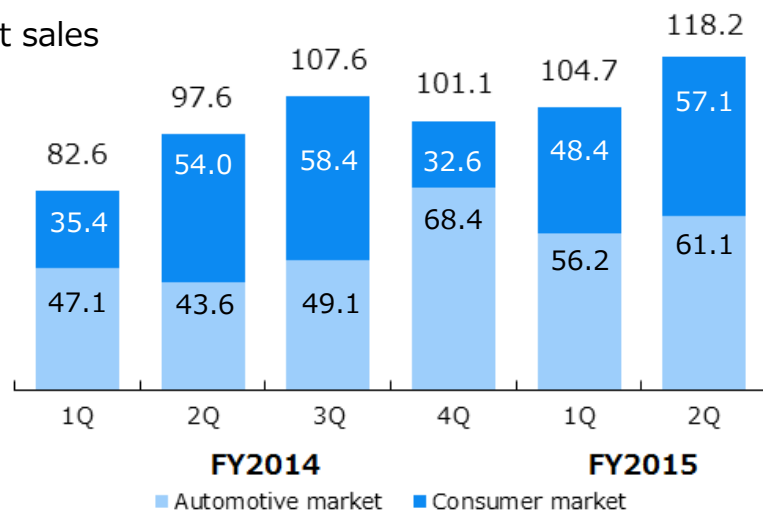
	FY2010				FY2011				FY2012				FY2013				FY2014				FY2015	
USD/JPY	92.01	85.90	82.64	82.34	81.74	77.89	77.41	79.28	80.20	78.62	81.17	92.42	98.76	98.95	100.46	102.78	102.16	103.92	114.54	119.09	121.36	122.23
EUR/JPY	116.99	110.70	112.23	112.57	117.40	110.19	104.33	103.99	102.91	98.36	105.25	122.04	128.95	131.05	136.69	140.79	140.07	137.76	143.07	134.18	134.16	135.98

3. Change in Breakdown of Sales by Business Segment

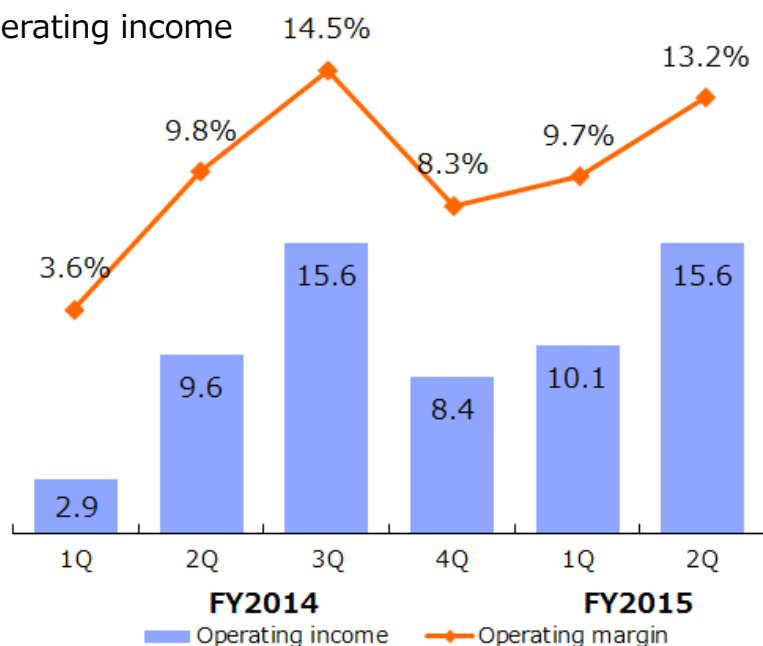
1. Electronic Components Segment

[Unit: ¥ billion]

■ Net sales



■ Operating income



Net sales (the first half)

¥223.0 billion (up 23.7% year on year)

Automotive market: ¥117.4 billion (up 29.3%)

- Sales of door modules for Japanese, North American, and European automakers increased, sales of instrument panels modules for Japanese and European automakers expanded, and sales of automotive sensors and communication modules increased.

Consumer market: ¥105.6 billion (up 18.0%)

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

Operating income (the first half)

¥25.7 billion (up 104.8% year on year)

Operating margin: 11.6%

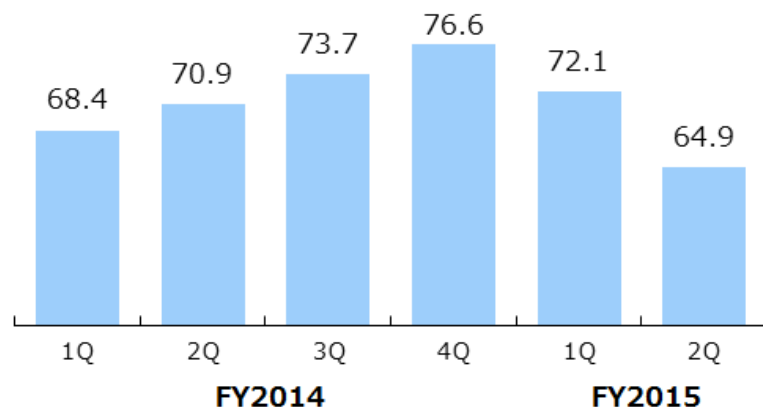
- Sales of in-car devices increased.
- Sales of camera actuators for smartphones, curved touch panel sensors, switches, and geomagnetic sensors increased.

3. Change in Breakdown of Sales by Business Segment

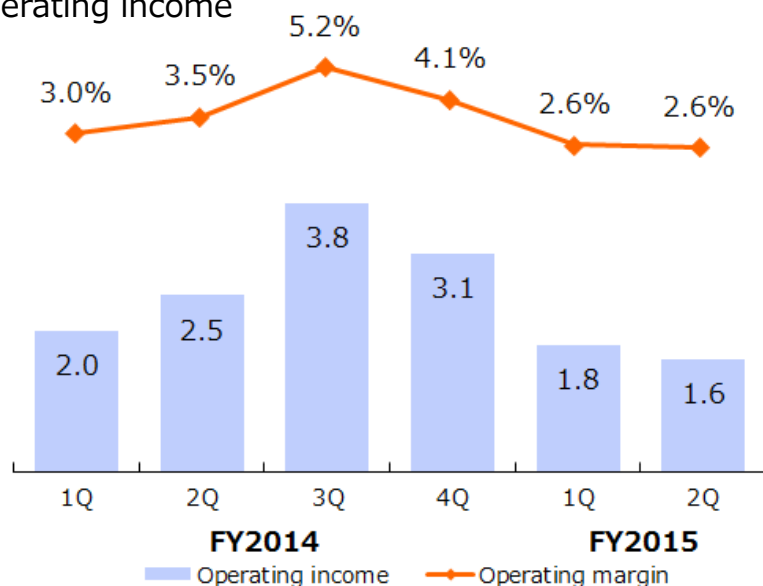
2. Automotive Infotainment Segment (Alpine Electronics, Inc.)

[Unit: ¥ billion]

■ Net sales



■ Operating income



Net sales (the first half)

¥137.0 billion (down 1.7% year on year)

Commercial products

- Sales of model-specific 10 inch navigation system and rear vision were favorable in Japan.
- Sales of sound systems such as speakers and amplifiers were strong in North America.
- Sales of audio equipment declined in Europe and Asia.

Genuine products for automakers

- In audio equipment, sales of sound systems increased owing to strong sales of new cars in North America. Overall, however, sales declined due to economic stagnation in China.
- In navigation and display systems, sales decreased in Asia but increased overall due to increased sales for composite parts for luxury cars in North America and Europe.

Operating income (the first half)

¥3.5 billion (down 21.7% year on year)

Operating margin: 2.6%

- Effect from decline in sales
- Decline resulting from changes in the product mix

4. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.32	0.04
	Operating income	0.09	0.01
Electronic components segment	Net sales	0.22	0.02
	Operating income	0.08	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]

	FY2014		FY2015 2Q		Change
		%		%	
Assets					
I. Current Assets	372.7	65.3%	398.2	67.0%	25.5
Cash and time deposits	134.7	23.6%	139.1	23.4%	4.4
Notes and accounts receivable - trade	127.5	22.4%	133.9	22.5%	6.3
Inventories	85.3	15.0%	97.8	16.5%	12.5
II. Non-current Assets	197.7	34.7%	196.5	33.0%	-1.1
Property, plant and equipment	140.9	24.7%	143.0	24.0%	2.1
Intangible assets	13.0	2.3%	13.6	2.3%	0.6
Investment and other assets	43.7	7.7%	39.8	6.7%	-3.8
Total Assets	570.4	100.0%	594.8	100.0%	24.3
Liabilities					
I. Current Liabilities	212.6	37.3%	201.7	33.9%	-10.9
Notes and accounts payable - trade	66.2	11.6%	73.0	12.3%	6.7
Short-term loans payable	71.1	12.5%	44.7	7.5%	-26.3
II. Non-current Liabilities	74.0	13.0%	57.8	9.7%	-16.2
Bonds with stock acquisition rights	30.2	5.3%	6.7	1.1%	-23.4
Long-term debt	14.8	2.6%	23.4	3.9%	8.5
Total Liabilities	286.7	50.3%	259.5	43.6%	-27.2
Net Assets					
Total Net Assets	283.7	49.7%	335.3	56.4%	51.6
Total Liabilities and Net Assets	570.4	100.0%	594.8	100.0%	24.3

Inventories

¥97.8 billion

(up ¥12.5 billion from previous year-end)

Electronic components segment: up ¥7.4 billion
(includes -¥0.6 billion in exchange rate effect)
Increase in inventories due to increased sales

Automotive infotainment segment: up ¥4.7 billion
(includes ¥0.2 billion in exchange rate effect)
Inventory accumulation as a countermeasure for increase
in sales to European automakers

Non-current assets

¥196.5 billion

(up ¥1.1 billion from previous year-end)

Interest-bearing debt

¥74.9 billion

(down ¥41.2 billion from previous year-end)

Electronic components segment

- Long-term debt: down ¥18.8 billion
- Conversion of bonds with stock acquisition rights: down ¥23.4 billion

Net assets

¥335.3 billion

(up ¥51.6 billion from previous year-end)

Electronic components segment

- Conversion of bonds with stock acquisition rights: up ¥23.4 billion

Consolidated retained earnings: up ¥27.3 billion

FY2015 Consolidated Financial Results Forecast

1. FY2015 Financial Results Forecast

[Consolidated]

[Unit: ¥ billion]

		FY2014 Results		FY2015						Difference vs. FY 2014		Difference vs. FY 2015 1H (A-B)	
				1H Results (B)		2H Forecast (A)		FY2015 Forecast					
			%		%		%		%		%		%
Net Sales		748.6	100.0%	395.3	100.0%	382.6	100.0%	778.0	100.0%	29.3	3.9%	-12.6	-3.2%
	Electronic Components	389.1	52.0%	223.0	56.4%	210.0	54.8%	433.0	55.7%	43.8	11.3%	-13.0	-5.9%
	Automotive market	208.4	27.9%	117.4	29.7%	118.6	30.9%	236.0	30.4%	27.5	13.2%	1.1	1.0%
	Consumer market	180.6	24.1%	105.6	26.7%	91.3	23.9%	197.0	25.3%	16.3	9.0%	-14.3	-13.5%
	Automotive Infotainment	289.7	38.7%	137.0	34.7%	137.9	36.1%	275.0	35.3%	-14.7	-5.1%	0.9	0.7%
	Logistics	57.0	7.6%	29.6	7.5%	30.3	7.9%	60.0	7.7%	2.9	5.1%	0.6	2.1%
	Others	12.6	1.7%	5.5	1.4%	4.4	1.2%	10.0	1.3%	-2.6	-20.9%	-1.0	-19.3%
Operating Income		53.5	7.2%	32.0	8.1%	28.4	7.4%	60.5	7.8%	6.9	13.0%	-3.5	-11.2%
	Electronic Components	36.5	9.4%	25.7	11.6%	22.7	10.8%	48.5	11.2%	11.9	32.5%	-3.0	-11.9%
	Automotive Infotainment	11.5	4.0%	3.5	2.6%	3.4	2.5%	7.0	2.5%	-4.5	-39.3%	-0.1	-3.3%
	Logistics	4.4	7.8%	2.1	7.4%	2.6	8.6%	4.8	8.0%	0.3	7.7%	0.4	19.7%
	Others	0.8	7.1%	0.5	9.4%	-0.1	-2.7%	0.4	4.0%	-0.4	-55.5%	-0.6	-123.5%
	Eliminations	0.0	-	0.0	-	-0.2	-	-0.2	-	-0.2	-	-0.2	-
Ordinary Income		57.5	7.7%	30.9	7.8%	28.5	7.5%	59.5	7.6%	1.9	3.3%	-2.3	-7.7%
Profit Attributable to Owners of Parent		34.7	4.6%	29.1	7.4%	20.3	5.3%	49.5	6.4%	14.7	42.5%	-8.8	-30.2%

USD/JPY	109.93	121.80	115.00	118.40
EUR/JPY	138.77	135.07	125.00	130.04
Capital Expenditure	31.4	19.7	35.2	55.0
Depreciation Expenses	28.0	15.4	16.5	32.0
R&D Expenses	33.0	17.1	16.9	34.1

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

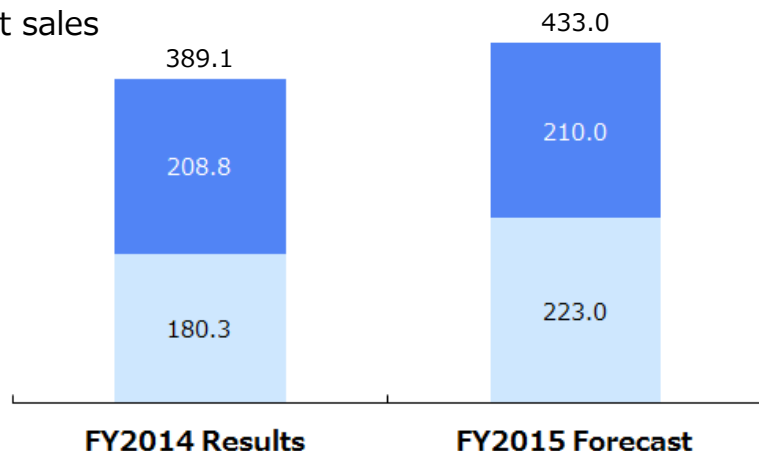
NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

2. Net Sales and Operating Income Forecasts by Business

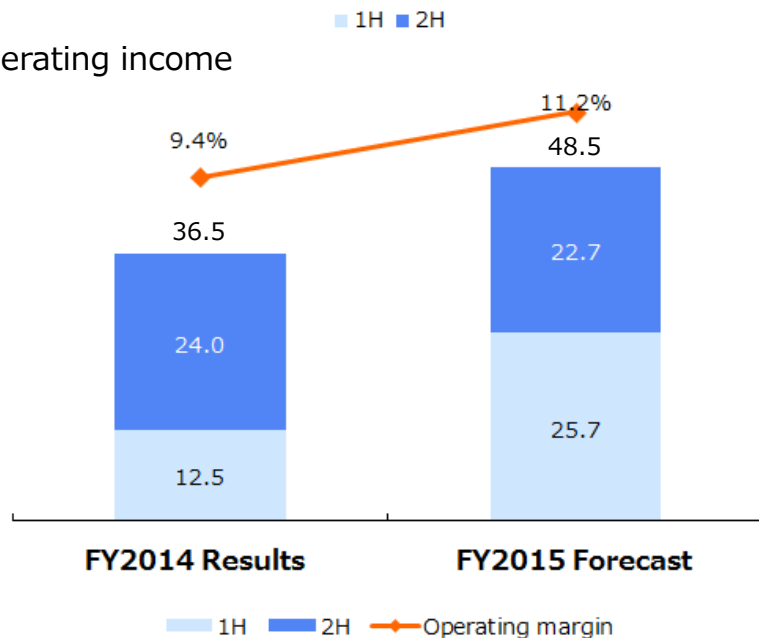
1. Electronic Components Segment

[Unit: ¥ billion]

■ Net sales



■ Operating income



Net sales

¥433.0 billion (up 11.3% year on year)
(1H result: ¥223.0 billion;
2H forecast: ¥210.0 billion)

Automotive market: ¥236.0 billion (up 13.2%)

- Among Japanese, North American, and European manufacturers, an expanded range of models will be equipped with in-car modules such as electronic shifters and door modules, and sales are expected to increase for devices such as switches and sensors and communication modules such as V2X.

Consumer market: ¥197.0 billion (up 9.0%)

- Sales of products such as camera actuators for smartphones, curved touch panel sensors, switches, and geomagnetic sensors are expected to grow.

Operating income

¥48.5 billion (up 32.5% year on year)
(1H result: ¥25.7 billion;
2H forecast: ¥22.7 billion)

Operating margin: 11.2%

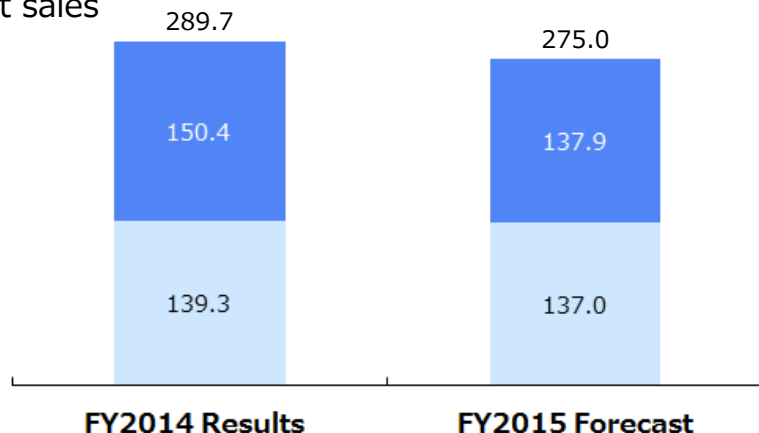
- Sales of in-car modules and devices are expected to grow.
- Sales of products such as camera actuators for smartphones, curved touch panel sensors, and geomagnetic sensors are expected to grow.

2. Net Sales and Operating Income Forecasts by Business

2. Automotive Infotainment Segment (Alpine Electronics, Inc.)

[Unit: ¥ billion]

■ Net sales

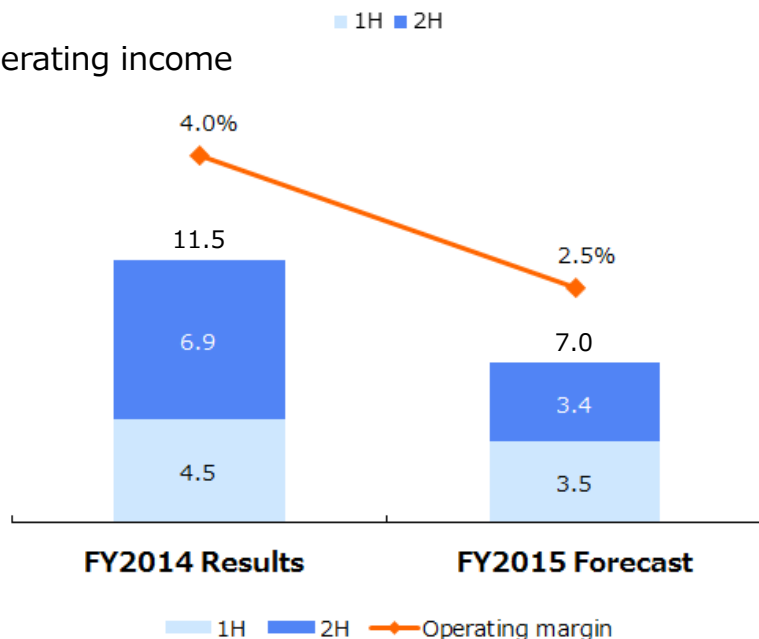


Net sales

¥275.0 billion (down 5.1% year on year)
(1H result: ¥137.0 billion;
2H forecast: ¥137.9 billion)

- Economic slowdown in China is expected to cause a decline in sales in Asia.
- Reduction in applicable models for genuine products for automakers is expected to cause a decline in sales.

■ Operating income



Operating income

¥7.0 billion (down 39.3% year on year)
(1H result: ¥3.5 billion;
2H forecast: ¥3.4 billion)

Operating margin: 2.5%

- Effect from decline in sales
- Decline resulting from changes in the product mix

FY2015

Interim Dividends (November 30, 2015)

¥10.00 per share

Year-end Dividends (scheduled in late June 2016)

¥10.00 per share

Progress of the 7th Mid-Term Business Plan

3years from FY2013 to FY2015

Number 1
First 1
and
Be Proactive

1. Priority Areas of the 7th Mid-Term Business Plan

[Electronic Components Segment]

3-Year Mid-Term Business Plan from FY2013 to FY2015

Targets

Strategies

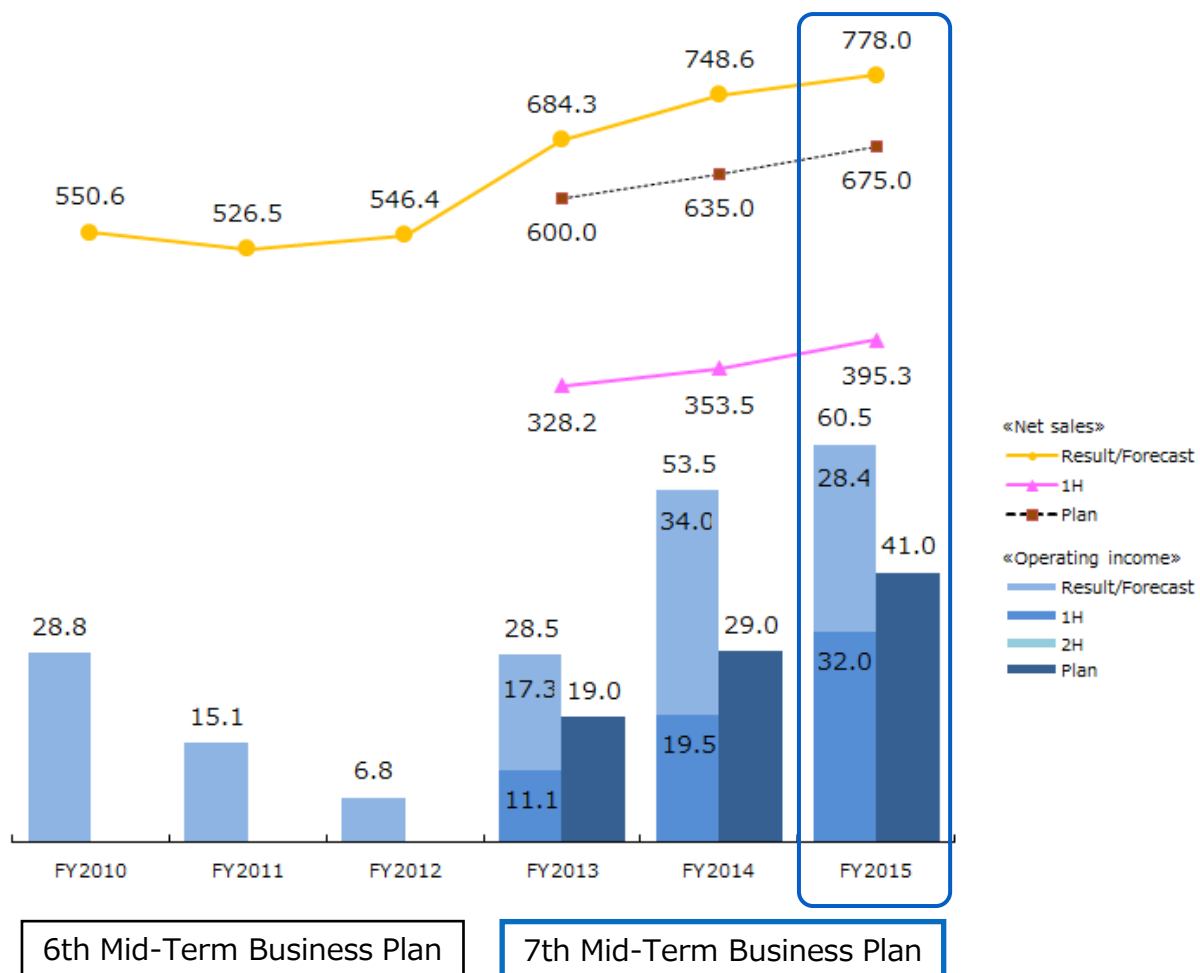
1	Achieve ¥200 billion in sales to the automotive market	<ol style="list-style-type: none">1. Promote customer-targeted marketing strategies2. Expand market share of existing products3. Create new products
2	Achieve ¥100 billion in sales for smartphones	<ol style="list-style-type: none">1. Expand sales to leading smartphone manufacturers2. Boost promotion of sales to Chinese and Taiwanese manufacturers
3	Establish business in new markets	<ol style="list-style-type: none">1. Establish environment / energy business2. Accelerate healthcare business
4	Strengthen core technology and product capabilities	<ol style="list-style-type: none">1. Deepen the human-machine interface2. Increase variety of sensors3. Expand businesses based on connectivity

2. Progress of the 7th Mid-Term Business Plan

[Consolidated]

[Unit: ¥ billion]

Profit remarkably increased in FY2014 Aiming at continued higher revenue and profit for FY2015

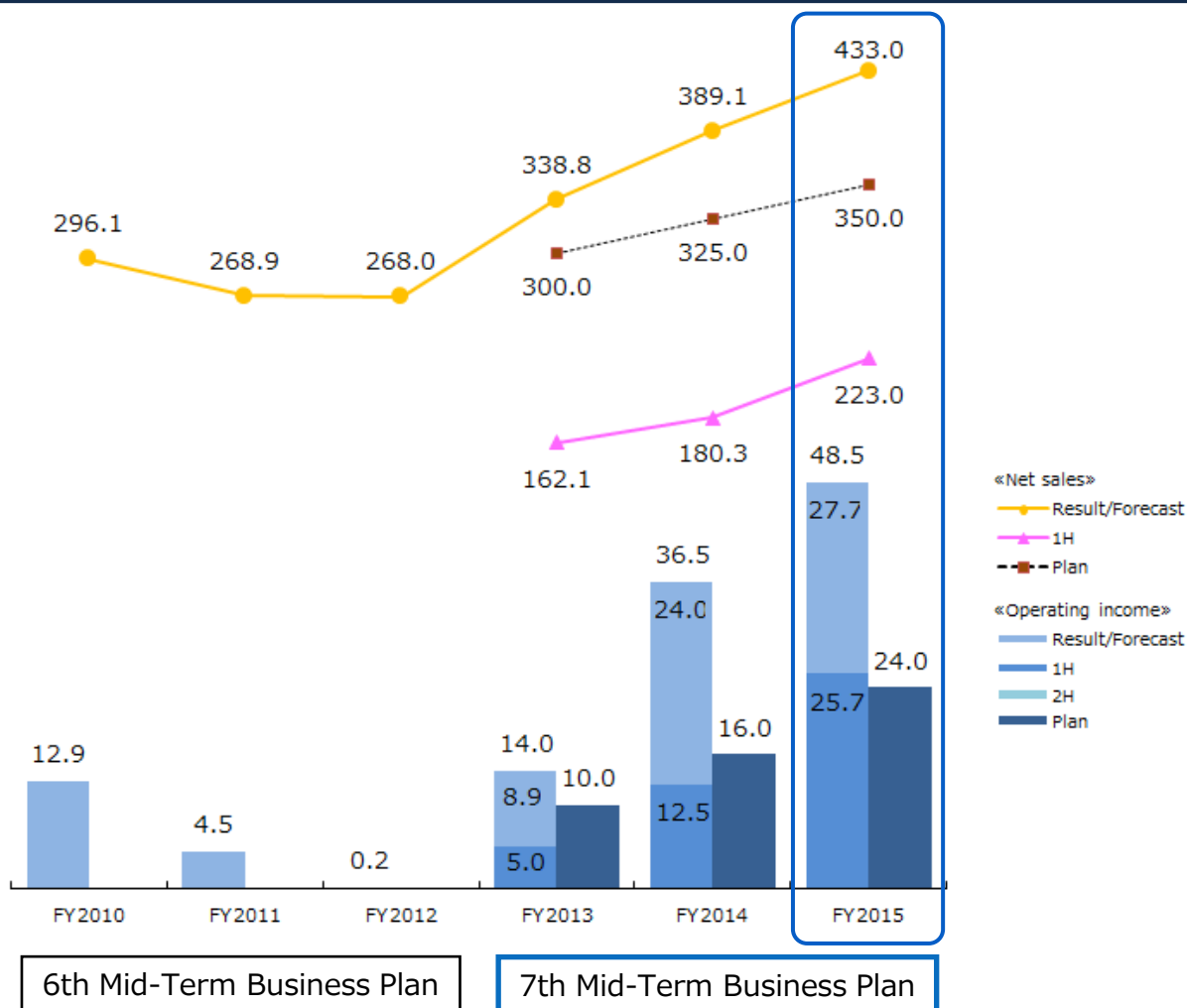


2. Progress of the 7th Mid-Term Business Plan

[Electronic Components Segment]

[Unit: ¥ billion]

Profit remarkably increased in FY2014 Aiming at continued higher revenue and profit for FY2015



Priority Areas of the 7th Mid-Term Business Plan

3. Achieve ¥200 Billion in Sales to the Automotive Market

Achieved 1 year in advance in FY2014.
Continual development and sales promotion for expansion of automotive electronics.



車載用V2X (Vehicle to X) /GNSSモジュール

V2X(IEEE802.11p)/Multi GNSS Module

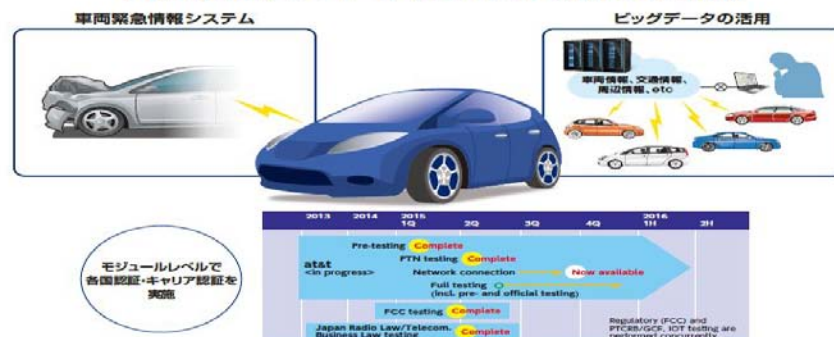
高精度位置情報と組合せて予防安全。交通事故ゼロへ。



車載用 LTEモジュール

LTE Data Communication Module for Automotive Use

世界最小、グローバルバンド対応を実現。

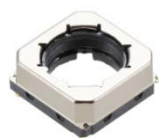


Priority Areas of the 7th Mid-Term Business Plan

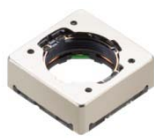
4. Achieve ¥100 Billion in Sales for Smartphones

Achieved 1 year in advance in FY2014.
We will continue business expansion and strengthen risk management.

Respond to size reduction and functional enhancement



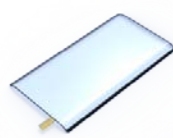
Actuator for
New-types
of Camera



Camera Actuator
for Image
Stabilization



Compact
and
waterproof
TACT Switch®



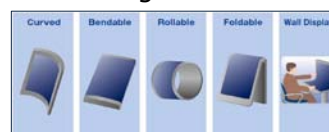
Curved
Touch Panel



High-Sensitivity
Geomagnetic
Sensor



Touch Panel

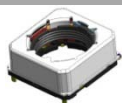


Development and mass-production
preparation for
actuators for next-generation cameras

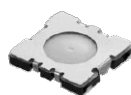
F2 Sensor and Curved Touch Panel

Development and Proposals of Next-Generation Products Aimed to Increase Customers and Increase Programs

Increase sales utilizing standardized product groups



Camera Actuator



Switch



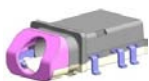
TACT Switch®



Gyro Sensor



Digital Air Pressure Sensor



Waterproof Jack



MicroClip™



Geomagnetic Sensor



Light Sensor

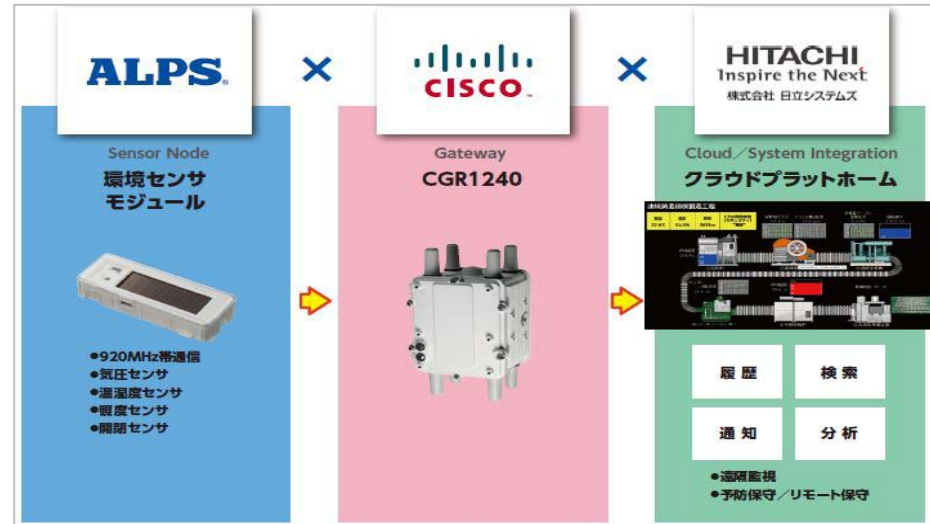
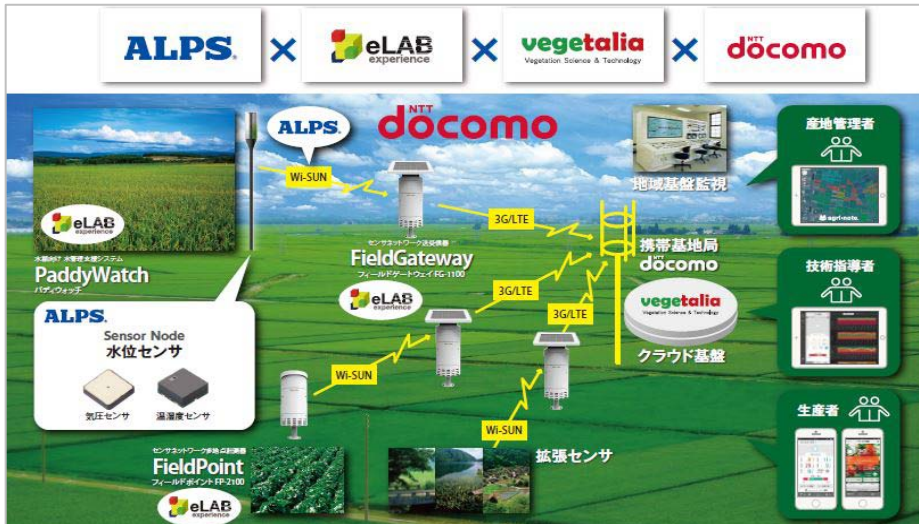


Digital Hygrothermal Sensor

Priority Areas of the 7th Mid-Term Business Plan

5. Establish Business in New Markets

Commercialize new products exhibited in ALPS SHOW 2014/CEATEC JAPAN 2015



スマート分電盤、磁気式電流センサを ABB 社と共同開発

「最もシンプルで、最もスリムなシステム」がコンセプト

The diagram shows the ABB smart distribution system, which includes a 'Smart Distribution Panel' (スマート分電盤) and a 'Magnetic Current Sensor' (磁気式電流センサ). The system is designed for 'Smart Farming' (スマートファーム) and 'Smart Agriculture' (スマート農業). It features a 'Circuit Monitoring System' (回路監視システム) and a 'Magnetic Current Sensor' (磁気式電流センサ). The system is powered by 'Wi-SUN' and '3G/LTE' networks. It is managed by 'docomo' and 'vegetalia' (Vegetation Science & Technology). The system is used for 'PaddyWatch' (稲葉監視) and 'FieldPoint' (フィールドポイント). It includes a 'Cloud Gateway' (クラウドゲートウェイ) and a 'Cloud Platform' (クラウドプラットフォーム). The system is designed for 'Smart Farming' (スマートファーム) and 'Smart Agriculture' (スマート農業).



CEATEC AWARD

Green Innovation Category
Semi-Grand Prix
Sensor Network Module

The CEATEC INNOVATION AWARDS, "As Selected by U.S. Journalists" Home Entertainment sector finalist Wearable Ring-type Computing Device

The CEATEC INNOVATION AWARDS, "As Selected by U.S. Journalists" Electronic Component sector finalist Near-Infrared Spectroscopy Sensor

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 FY2015 2Q (April 2015 – September 2015)

Basic Data

October 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	Total (Est)
Net Sales	1,673	1,862	1,997	1,952	7,486	1,942	2,010	3,953	7,780
Domestic	316	362	360	343	1,383	336	364	700	-
Overseas	1,356	1,499	1,637	1,609	6,103	1,605	1,646	3,252	-
Operating Income	61	133	211	128	535	134	186	320	605
Ordinary Income	58	151	235	131	575	134	175	309	595
Profit attributable to owners of parent	18	111	155	62	347	86	205	291	495

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	Total (Est)
Electronic Components	826	976	1,076	1,011	3,891	1,047	1,182	2,230	4,330
Automotive market	471	436	491	684	2,084	562	611	1,174	2,360
Consumer market	354	540	584	326	1,806	484	571	1,056	1,970
Automotive Infotainment	684	709	737	766	2,897	721	649	1,370	2,750
Logistics	135	140	148	145	570	146	149	296	600
Others	26	35	34	29	126	26	28	55	100
Total	1,673	1,862	1,997	1,952	7,486	1,942	2,010	3,953	7,780

3. Operating Income

(Unit : 100 million Yen)

	FY2014					FY2015			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H	Total (Est)
Electronic Components	29	96	156	84	365	101	156	257	485
Automotive Infotainment	20	25	38	31	115	18	16	35	70
Logistics	9	10	14	9	44	11	10	21	48
Others	1	2	3	1	8	2	2	5	4
Eliminations	0	-0	-0	0	0	0	-0	0	-2
Total	61	133	211	128	535	134	186	320	605

4. Capital Expenditures

(Unit : 100 million Yen)

	FY2014					FY2015			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H	Total (Est)
Electronic Components	63	86	33	38	222	65	63	128	417
Automotive Infotainment	21	13	18	21	74	18	23	42	87
Logistics	3	3	4	6	16	11	13	24	40
Others	0	0	1	0	3	1	1	2	4
Eliminations	-1	-0	-2	-0	-3	-0	-0	-0	-0
Total	87	103	55	67	314	96	101	197	550

(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	Total (Est)
Electronic Components	40	45	49	52	188	53	53	106	220
Automotive Infotainment	14	15	19	17	66	18	18	36	74
Logistics	4	4	4	5	19	4	4	9	20
Others	1	1	0	1	5	1	1	2	4
Eliminations	0	0	-0	-0	0	0	0	0	0
Total	61	67	75	76	280	76	77	154	320

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	Total (Est)
Electronic Components	37	37	35	38	149	38	34	72	157
Automotive Infotainment	41	42	47	50	181	49	48	98	183
Logistics	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	0	0	0	0
Total	78	79	83	88	330	88	83	171	341

7. Inventories

(Unit : 100 million Yen)

	2014/6	2014/9	2014/12	2015/3		2015/6	2015/9
Electronic Components	451	500	586	532		602	606
Automotive Infotainment	304	317	366	306		331	353
Logistics	11	12	12	13		13	15
Others	1	3	0	0		0	3
Eliminations	-0	-0	-0	-0		-0	-0
Total	769	832	964	853		948	978

8. Employees

(Unit : Person)

	2014/6	2014/9	2014/12	2015/3		2015/6	2015/9
Electronic Components	19,557	20,253	20,218	20,249		20,228	20,350
Automotive Infotainment	11,604	11,499	11,405	11,343		11,368	11,872
Logistics	4,930	5,001	5,043	5,134		5,138	5,199
Others	825	837	846	838		874	944
Total	36,916	37,590	37,512	37,564		37,608	38,365
(Non Consolidated)	5,466	5,417	5,409	5,323		5,435	5,380

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