

Results Briefing FY2016 1Q

Wednesday, July 27, 2016

ALPS ELECTRIC CO., LTD.

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FY2016 1Q Consolidated Financial Results

1. Summary of Financial Results

[Consolidated]

[Unit: ¥ billion]

	FY2015		FY2016			Difference		FY2015		Difference	
	1Q Results		1Q Results		Effect of exchange rates (YoY)	vs. FY2015 1Q		4Q Results		vs. FY2015 4Q	
		%		%			%		%		%
Net Sales	194.2	100.0%	174.7	100.0%		-19.4	-10.0%	187.1	100.0%	-12.4	-6.6%
Electronic Components	104.7	53.9%	95.6	54.7%	USD depreciation -6.7	-9.1	-8.7%	102.0	54.5%	-6.3	-6.3%
Automotive market	56.2	29.0%	59.7	34.2%	EUR depreciation -0.8	3.4	6.1%	67.0	35.8%	-7.3	-10.9%
Consumer market	48.4	24.9%	35.9	20.5%	Other currencies -2.5						
					(Subtotal) -10.1	-12.5	-25.9%	34.9	18.7%	0.9	2.7%
Automotive Infotainment	72.1	37.1%	61.1	35.0%	USD depreciation -4.1	-10.9	-15.2%	66.2	35.4%	-5.0	-7.7%
					EUR depreciation -1.0						
					(Subtotal) -5.1						
Logistics	14.6	7.6%	14.6	8.4%	-	-0.0	-0.1%	15.0	8.1%	-0.4	-2.7%
Others	2.6	1.4%	3.2	1.9%	-	0.6	22.9%	3.8	2.0%	-0.5	-14.2%
Operating Income	13.4	6.9%	5.0	2.9%		-8.3	-62.4%	7.5	4.0%	-2.5	-33.2%
Electronic Components	10.1	9.7%	3.0	3.2%	USD depreciation -3.2	-7.0	-69.4%	4.8	4.8%	-1.7	-36.3%
					EUR depreciation -0.4						
					Other currencies +2.1						
					(Subtotal) -1.5						
Automotive Infotainment	1.8	2.6%	0.3	0.6%	USD depreciation -0.3	-1.5	-79.4%	1.1	1.7%	-0.7	-64.8%
					EUR depreciation -0.3						
					(Subtotal) -0.7						
Logistics	1.1	8.0%	1.1	7.7%	-	-0.0	-4.3%	1.1	7.9%	-0.0	-5.8%
Others	0.2	8.5%	0.4	13.8%	-	0.2	99.3%	0.3	10.2%	0.0	15.8%
Eliminations	0.0	-	-0.0	-	-	-0.0	-	0.0	-	-0.0	-
Ordinary Income	13.4	6.9%	3.1	1.8%		-10.2	-76.1%	6.0	3.2%	-2.8	-47.2%
Profit Attributable to Owners of Parent	8.6	4.4%	2.6	1.5%		-6.0	-69.5%	1.8	1.0%	0.8	45.0%
USD/JPY	121.36		108.14			-13.22		115.48		-7.34	
EUR/JPY	134.16		122.02			-12.14		127.23		-5.21	

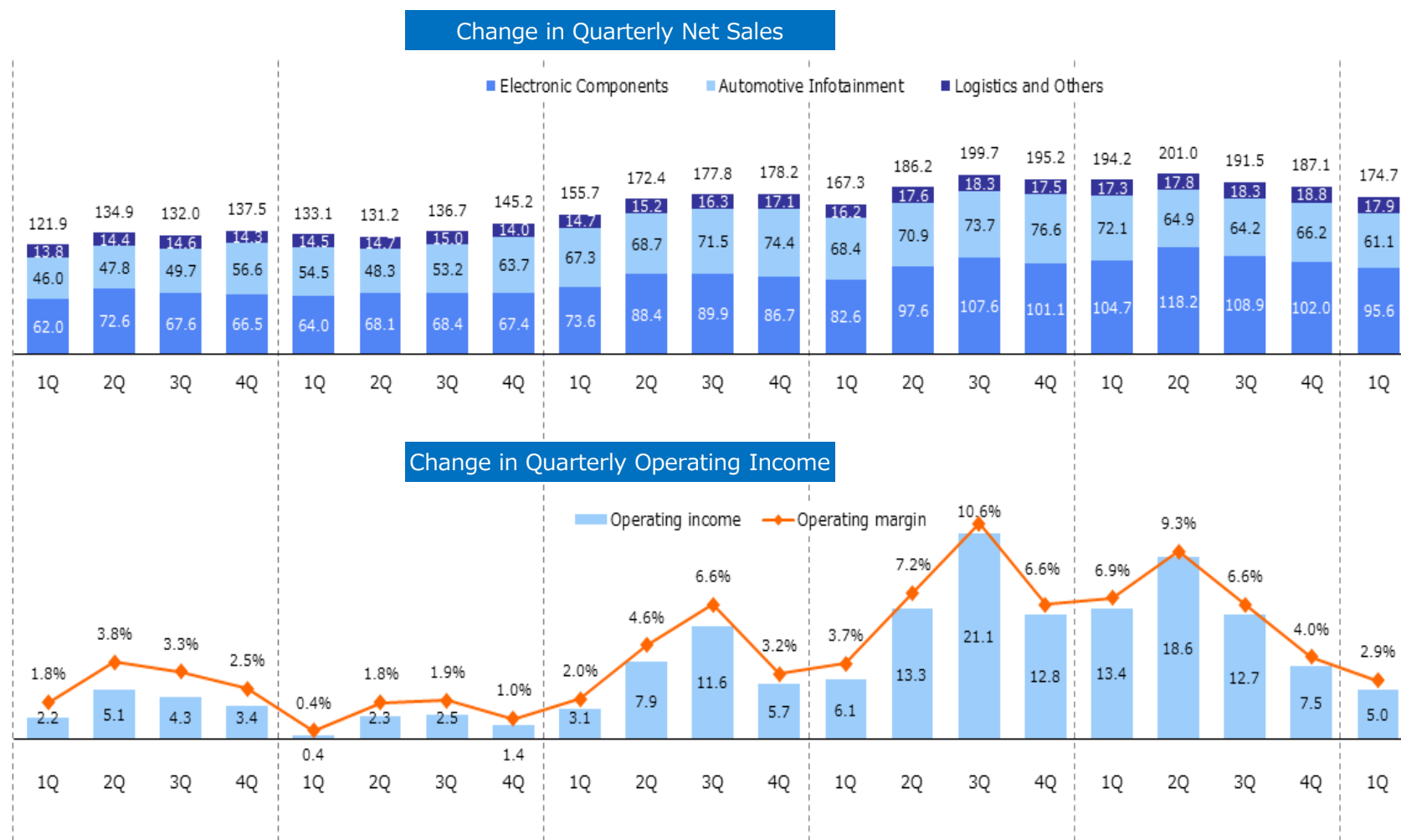
NB: Here and subsequently amounts have been rounded down to the nearest ¥100 million.

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

2. Net Sales and Operating Income: Quarterly Change

[Consolidated]

[Unit: ¥ billion]

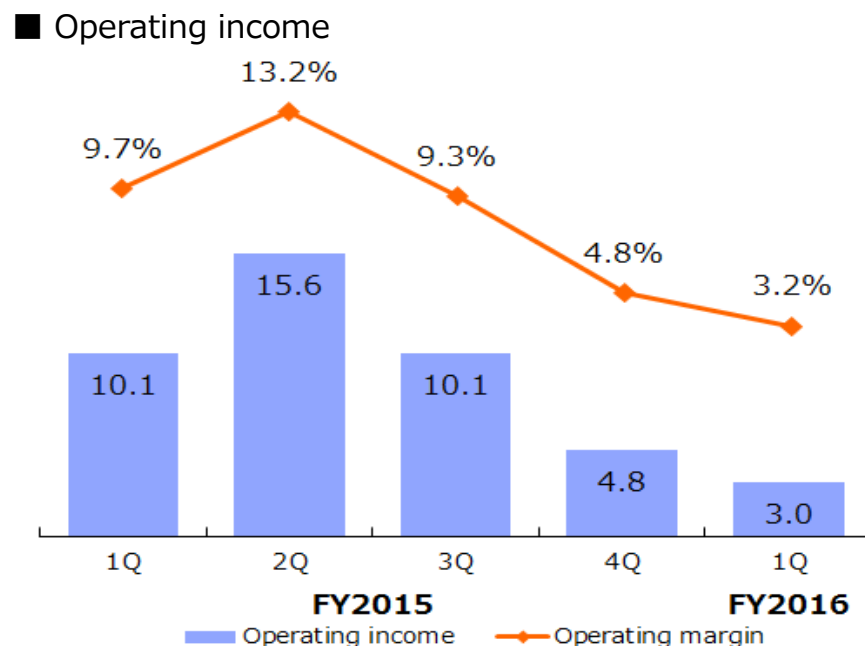
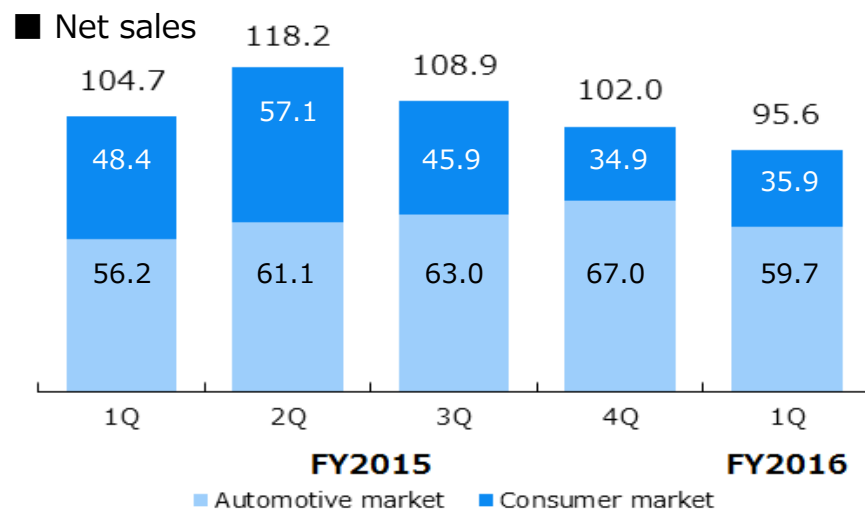


	FY2011				FY2012				FY2013				FY2014				FY2015				FY2016
USD/JPY	81.74	77.89	77.41	79.28	80.20	78.62	81.17	92.42	98.76	98.95	100.46	102.78	102.16	103.92	114.54	119.09	121.36	122.23	121.50	115.48	108.14
EUR/JPY	117.40	110.19	104.33	103.99	102.91	98.36	105.25	122.04	128.95	131.05	136.69	140.79	140.07	137.76	143.07	134.18	134.16	135.98	132.95	127.23	122.02

3. Change in Breakdown of Sales by Business Segment

1. Electronic Components Segment

[Unit: ¥ billion]



Net sales (1Q)

¥95.6 billion (down 8.7% year on year)

Automotive market: ¥59.7 billion (up 6.1%)

- Among Japanese, North American, and European manufacturers, an expanded range of models were equipped with in-car modules such as electronic shifters and door modules.
- Sales of communication modules such as Bluetooth® and V2X increased.

Consumer market: ¥35.9 billion (down 25.9%)

- Regarding camera actuators for smartphones, sales for specific customers decreased, and sales for Chinese manufacturers remained steady.
- Sales of sensors grew significantly, with sales of the new geomagnetic sensor contributing.

Operating income (1Q)

¥3.0 billion (down 69.4% year on year)

Operating margin: 3.2%

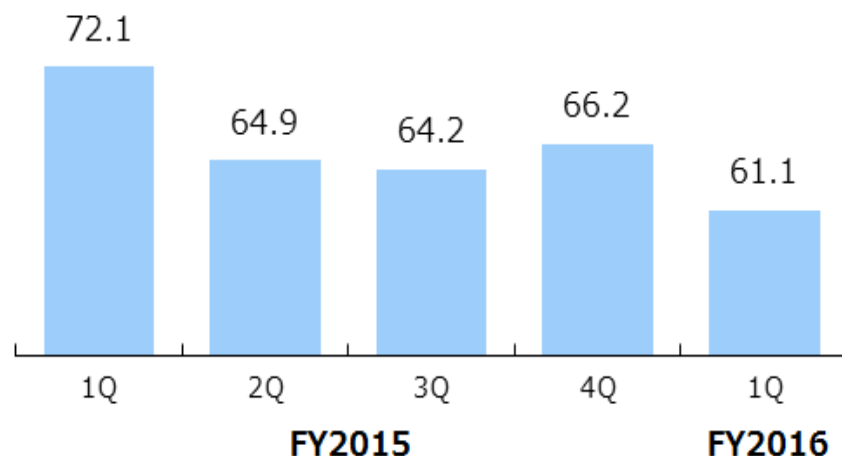
- Effect from decline in sales and exchange rate
- Changes in the product model mix

3. Change in Breakdown of Sales by Business Segment

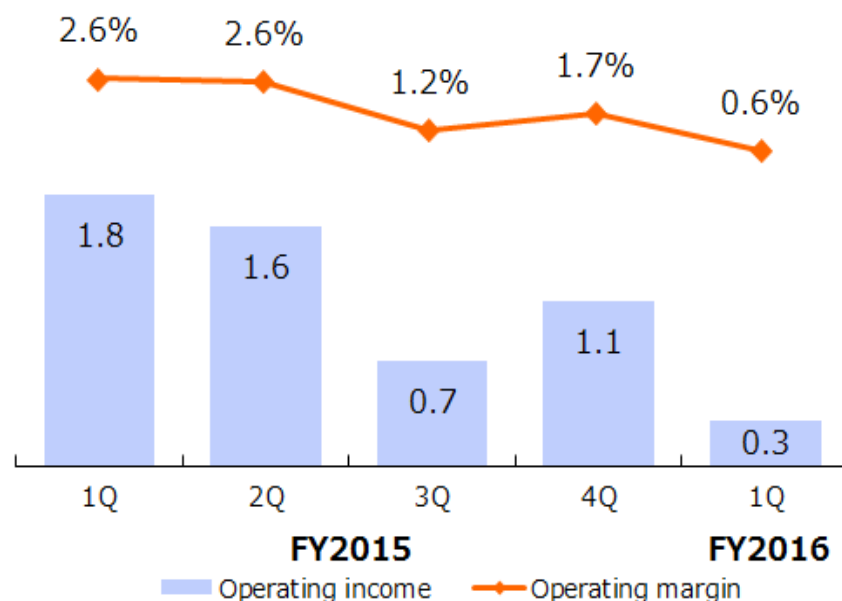
2. Automotive Infotainment Segment (Alpine Electronics, Inc.)

[Unit: ¥ billion]

■ Net sales



■ Operating income



Net sales (1Q)

¥61.1 billion (down 15.2% year on year)

Commercial products

- Sales decreased due to the effect of decreased sales of new cars in Japan.
- Sales of commercial products declined overall in North America and Asia.

Genuine products for automakers

- In navigation and display systems, although sales grew due to launch of new products in Europe, it was not possible to absorb the downturn in other regions, thus sales decreased overall.

Operating income (1Q)

¥0.3 billion (down 79.4% year on year)

Operating margin: 0.6%

- Effect from decline in sales and exchange rate
- Changes in the product model mix

4. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.30	0.05
	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

[Consolidated]

[Unit: ¥ billion]

	FY2015		FY2016 1Q		Change
		%		%	
Assets					
I. Current Assets	354.3	63.0%	333.2	61.5%	-21.0
Cash and time deposits	117.5	20.9%	102.2	18.9%	-15.2
Notes and accounts receivable - trade	123.3	21.9%	117.7	21.7%	-5.6
Inventories	87.5	15.6%	85.8	15.9%	-1.6
II. Non-current Assets	208.4	37.0%	208.2	38.5%	-0.2
Property, plant and equipment	144.1	25.6%	141.7	26.2%	-2.3
Intangible assets	14.2	2.5%	15.1	2.8%	0.9
Investment and other assets	50.0	8.9%	51.2	9.5%	1.2
Total Assets	562.8	100.0%	541.5	100.0%	-21.3
Liabilities					
I. Current Liabilities	178.8	31.8%	176.6	32.6%	-2.1
Notes and accounts payable - trade	67.4	12.0%	69.8	12.9%	2.3
Short-term loans payable	34.9	6.2%	35.0	6.5%	0.1
II. Non-current Liabilities	52.2	9.3%	50.7	9.4%	-1.5
Long-term debt	19.4	3.4%	19.3	3.6%	-0.1
Total Liabilities	231.0	41.1%	227.3	42.0%	-3.6
Net Assets					
Total Net Assets	331.7	58.9%	314.1	58.0%	-17.6
Total Liabilities and Net Assets	562.8	100.0%	541.5	100.0%	-21.3

Inventories

¥85.8 billion

(down ¥1.6 billion from previous year-end)

Electronic components segment: down ¥0.4 billion
(includes -¥3.4 billion in exchange rate effect)

Automotive infotainment segment: down ¥1.4 billion
(includes -¥2.7 billion in exchange rate effect)

Property, plant and equipment

¥141.7 billion

(down ¥2.3 billion from previous year-end)

Electronic components segment: down ¥0.1 billion
(includes -¥4.1 billion in exchange rate effect)

Automotive infotainment segment: down ¥1.9 billion
(includes -¥1.5 billion in exchange rate effect)

Net assets

¥314.1 billion

(down ¥17.6 billion from previous year-end)

Foreign currency translation adjustments: down ¥11.8 billion

Equity ratio

40.2% (previous year-end: 40.6%)

FY2016 Consolidated Financial Results Forecast

1. FY2016 Financial Results Forecast

[Consolidated] There have been no changes in the previous forecasts announced on April 27, 2016. [Unit: ¥ billion]

		FY2015 Results		FY2016						Difference vs. FY 2015	
				1H Forecast		2H Forecast		FY2016 Forecast			
			%		%		%		%		%
Net Sales		774.0	100.0%	369.0	100.0%	388.0	100.0%	757.0	100.0%	-17.0	-2.2%
	Electronic Components	434.0	56.1%	205.0	55.6%	223.0	57.5%	428.0	56.5%	-6.0	-1.4%
	Automotive market	247.5	32.0%	115.0	31.2%	125.0	32.2%	240.0	31.7%	-7.5	-3.0%
	Consumer market	186.5	24.1%	90.0	24.4%	98.0	25.3%	188.0	24.8%	1.4	0.8%
	Automotive Infotainment	267.5	34.6%	128.4	34.8%	127.6	32.9%	256.0	33.8%	-11.5	-4.3%
	Logistics	60.2	7.8%	29.7	8.0%	31.5	8.1%	61.2	8.1%	0.9	1.6%
	Others	12.1	1.5%	5.9	1.6%	5.9	1.5%	11.8	1.6%	-0.3	-3.1%
Operating Income		52.3	6.8%	15.0	4.1%	31.5	8.1%	46.5	6.1%	-5.8	-11.1%
	Electronic Components	40.7	9.4%	11.5	5.6%	25.0	11.2%	36.5	8.5%	-4.2	-10.5%
	Automotive Infotainment	5.4	2.0%	1.2	0.9%	3.3	2.6%	4.5	1.8%	-0.9	-17.2%
	Logistics	4.8	8.1%	2.1	7.2%	2.7	8.7%	4.9	8.0%	0.0	0.9%
	Others	1.2	10.1%	0.1	2.5%	0.4	7.6%	0.6	5.1%	-0.6	-51.4%
	Eliminations	0.0	-	-	-	-	-	-	-	-0.0	-
Ordinary Income		50.0	6.5%	15.0	4.1%	31.0	8.0%	46.0	6.1%	-4.0	-8.1%
Profit Attributable to Owners of Parent		39.0	5.0%	10.0	2.7%	22.0	5.7%	32.0	4.2%	-7.0	-18.0%

USD/JPY	120.14	110.00	110.00	110.00
EUR/JPY	132.58	125.00	125.00	125.00

Capital Expenditure	41.1	23.5	28.9	52.5
Depreciation Expenses	30.7	18.2	19.7	38.0
R&D Expenses	33.3	18.7	15.2	33.9

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.

Consolidated Financial Results FY2016 1Q (April 2016 – June 2016)

Basic Data

July 2016

Alps Electric Co., Ltd.

1. Outline

(Unit : 100 million Yen)

	FY2015					FY2016			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Net Sales	1,942	2,010	1,915	1,871	7,740	1,747	-	3,690	7,570
Domestic	336	364	361	377	1,440	344	-	-	-
Overseas	1,605	1,646	1,554	1,493	6,300	1,402	-	-	-
Operating Income	134	186	127	75	523	50	-	150	465
Ordinary Income	134	175	130	60	500	31	-	150	460
Profit attributable to owners of parent	86	205	80	18	390	26	-	100	320

2. Net Sales (by segments)

(Unit : 100 million Yen)

	FY2015					FY2016			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	1,047	1,182	1,089	1,020	4,340	956	-	2,050	4,280
Automotive market	562	611	630	670	2,475	597	-	1,150	2,400
Consumer market	484	571	459	349	1,865	359	-	900	1,880
Automotive Infotainment	721	649	642	662	2,675	611	-	1,284	2,560
Logistics	146	149	154	150	602	146	-	297	612
Others	26	28	28	38	121	32	-	59	118
Total	1,942	2,010	1,915	1,871	7,740	1,747	-	3,690	7,570

3. Operating Income

(Unit : 100 million Yen)

	FY2015					FY2016			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	101	156	101	48	407	30	-	115	365
Automotive Infotainment	18	16	7	11	54	3	-	12	45
Logistics	11	10	14	11	48	11	-	21	49
Others	2	2	3	3	12	4	-	1	6
Eliminations	0	-0	0	0	0	-0	-	-	-
Total	134	186	127	75	523	50	-	150	465

4. Capital Expenditures

(Unit : 100 million Yen)

	FY2015					FY2016			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	65	63	54	106	289	115	-	166	390
Automotive Infotainment	18	23	17	14	74	21	-	57	98
Logistics	11	13	10	7	42	3	-	9	32
Others	1	1	1	1	5	1	-	2	5
Eliminations	-0	-0	-0	0	-0	-0	-	-	-
Total	96	101	83	130	411	142	-	235	525

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

5. Depreciation Expenses

(Unit : 100 million Yen)

	FY2015					FY2016			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	53	53	49	54	210	60	-	135	281
Automotive Infotainment	18	18	18	18	72	15	-	35	73
Logistics	4	4	5	5	20	5	-	10	21
Others	1	1	1	1	4	1	-	1	3
Eliminations	0	0	-0	0	0	0	-	-	-
Total	76	77	73	79	307	82	-	182	380

6. R & D Expenses

(Unit : 100 million Yen)

	FY2015					FY2016			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	38	34	32	30	136	35	-	90	168
Automotive Infotainment	49	48	47	50	196	44	-	96	171
Logistics	-	-	-	-	-	-	-	-	-
Others	0	0	0	0	0	0	-	0	0
Total	88	83	80	81	333	81	-	187	339

7. Inventories

(Unit : 100 million Yen)

	2015/6	2015/9	2015/12	2016/3	2016/6
Electronic Components	602	606	639	555	550
Automotive Infotainment	331	353	333	301	286
Logistics	13	15	14	16	17
Others	0	3	6	2	3
Eliminations	-0	-0	-0	-0	-0
Total	948	978	993	875	858

8. Employees

(Unit : Person)

	2015/6	2015/9	2015/12	2016/3	2016/6
Electronic Components	20,228	20,350	20,437	21,387	21,729
Automotive Infotainment	11,368	11,872	11,920	11,908	12,107
Logistics	5,138	5,199	5,234	5,304	5,365
Others	874	944	946	989	1,019
Total	37,608	38,365	38,537	39,588	40,220
(Non Consolidated)	5,435	5,380	5,382	5,328	5,537

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