

Results Briefing FY2016 1H

Friday, October 28, 2016

ALPS ELECTRIC CO., LTD.

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FY2016 1H Consolidated Financial Results

1. Summary of Financial Results

[Consolidated]

[Unit: ¥ billion]

	FY2015 1H Results		FY2016							Difference		Difference		
			1Q Results		2Q Results		1H Results (Cumulative)		Effect of exchange rates vs. FY2015 1H	vs. FY2015 1H		vs. FY2016 1Q		
		%		%		%		%			%		%	
Net Sales	395.3	100.0%	174.7	100.0%	179.3	100.0%	354.0	100.0%		-41.2	-10.4%	4.5	2.6%	
Electronic Components	223.0	56.4%	95.6	54.7%	104.1	58.1%	199.8	56.4%	USD depreciation -17.9 EUR depreciation -2.1 Other currencies -6.5 (Subtotal -26.6)	-23.2	-10.4%	8.5	8.9%	
	Automotive market	117.4	29.7%	59.7	34.2%	59.3	33.1%	119.0		33.6%	1.6	1.4%	-0.3	-0.6%
	Consumer market	105.6	26.7%	35.9	20.5%	44.8	25.0%	80.7		22.8%	-24.9	-23.6%	8.8	24.7%
Automotive Infotainment	137.0	34.7%	61.1	35.0%	57.1	31.8%	118.2	33.4%	USD depreciation -10.0 EUR depreciation -2.5 (Subtotal -12.6)	-18.7	-13.7%	-4.0	-6.6%	
Logistics	29.6	7.5%	14.6	8.4%	15.0	8.4%	29.7	8.4%	-	0.0	0.2%	0.4	2.7%	
Others	5.5	1.4%	3.2	1.9%	2.9	1.7%	6.2	1.8%	-	0.7	12.7%	-0.3	-9.5%	
Operating Income	32.0	8.1%	5.0	2.9%	8.9	5.0%	14.0	4.0%		-18.0	-56.2%	3.9	77.7%	
Electronic Components	25.7	11.6%	3.0	3.2%	6.5	6.3%	9.6	4.8%	USD depreciation -8.7 EUR depreciation -1.0 Other currencies +3.6 (Subtotal -6.2)	-16.1	-62.5%	3.4	112.2%	
Automotive Infotainment	3.5	2.6%	0.3	0.6%	0.9	1.6%	1.3	1.1%	USD depreciation -0.8 EUR depreciation -1.0 (Subtotal -1.9)	-2.2	-63.3%	0.5	134.3%	
Logistics	2.1	7.4%	1.1	7.7%	1.2	8.4%	2.3	8.0%	-	0.2	9.5%	0.1	12.3%	
Others	0.5	9.4%	0.4	13.8%	0.2	7.7%	0.6	10.9%	-	0.1	30.2%	-0.2	-49.2%	
Eliminations	0.0	-	-0.0	-	-0.0	-	-0.0	-	-	-0.0	-	0.0	-	
Ordinary Income	30.9	7.8%	3.1	1.8%	7.8	4.4%	11.0	3.1%		-19.9	-64.4%	4.6	144.0%	
Profit Attributable to Owners of Parent	29.1	7.4%	2.6	1.5%	6.2	3.5%	8.8	2.5%		-20.2	-69.5%	3.6	137.1%	
USD/JPY	121.80		108.14		102.43		105.29			-16.51		-5.71		
EUR/JPY	135.07		122.02		114.28		118.15			-16.92		-7.74		

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

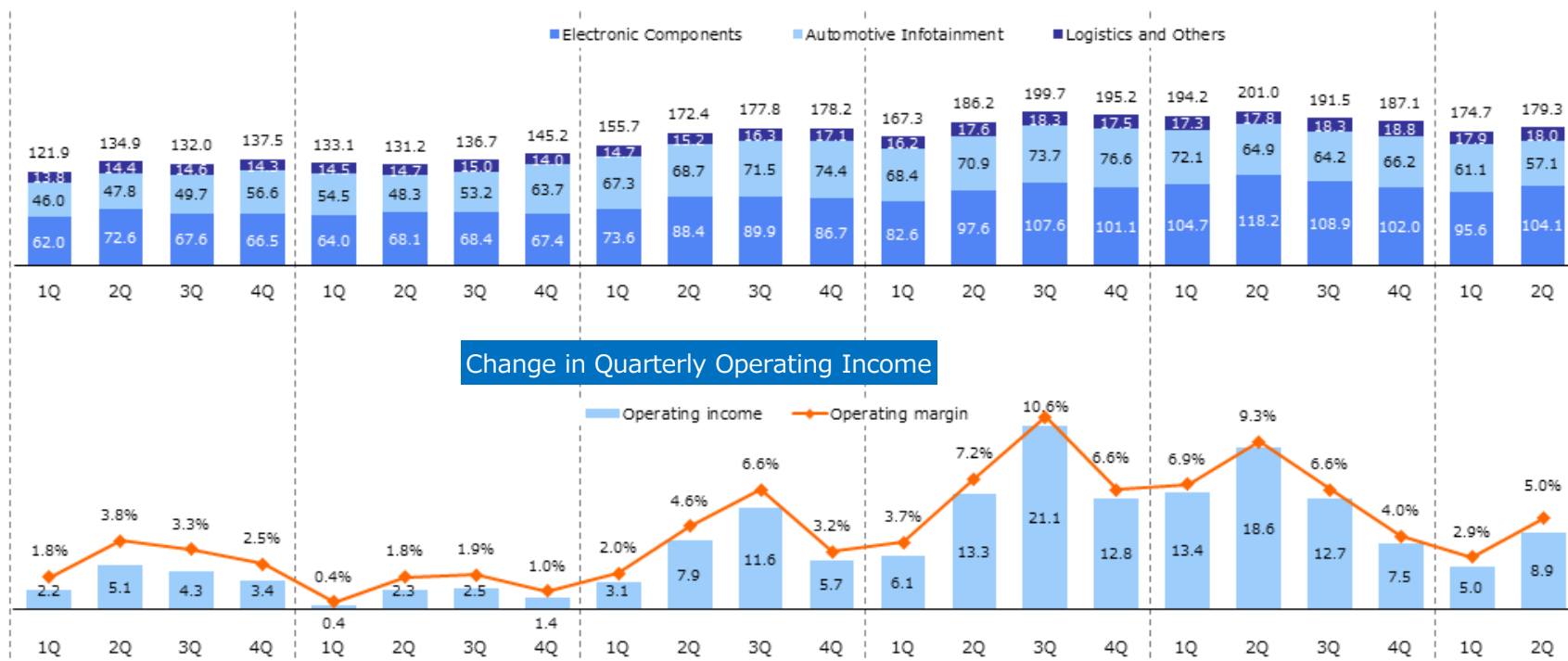
NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

2. Net Sales and Operating Income: Quarterly Change

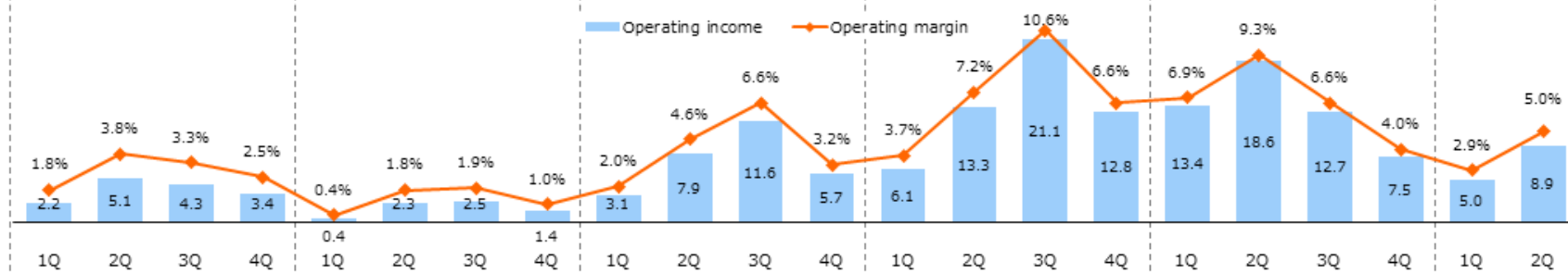
[Consolidated]

[Unit: ¥ billion]

Change in Quarterly Net Sales



Change in Quarterly Operating Income

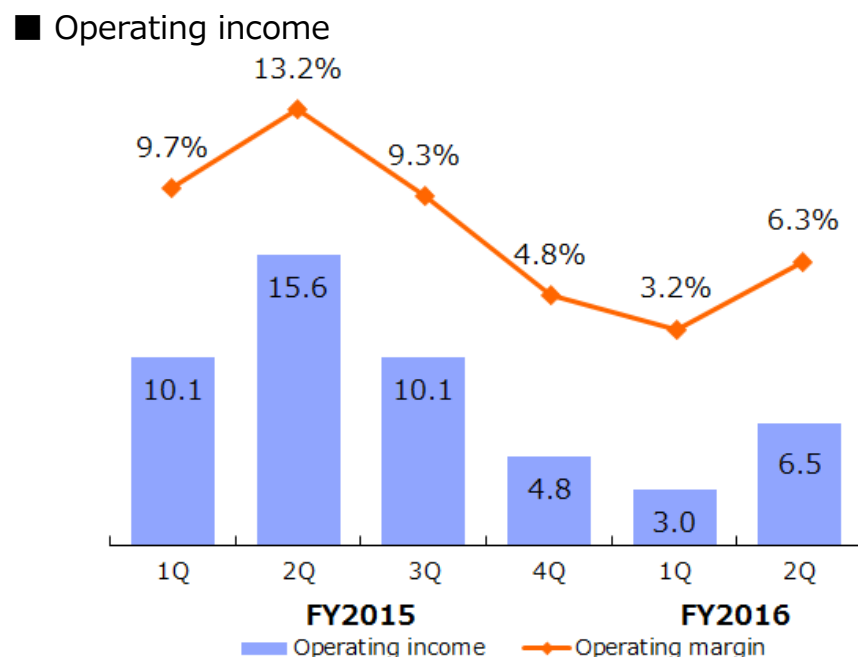
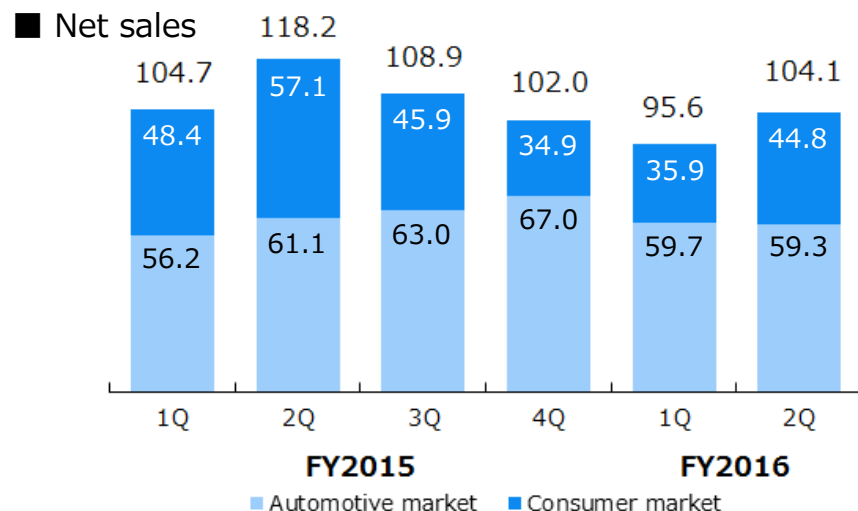


	FY2011				FY2012				FY2013				FY2014				FY2015				FY2016	
USD/JPY	81.74	77.89	77.41	79.28	80.20	78.62	81.17	92.42	98.76	98.95	100.46	102.78	102.16	103.92	114.54	119.09	121.36	122.23	121.50	115.48	108.14	102.43
EUR/JPY	117.40	110.19	104.33	103.99	102.91	98.36	105.25	122.04	128.95	131.05	136.69	140.79	140.07	137.76	143.07	134.18	134.16	135.98	132.95	127.23	122.02	114.28

3. Change in Breakdown of Sales by Business Segment

1. Electronic Components Segment

[Unit: ¥ billion]



Net sales (the first half)
¥199.8 billion (down 10.4% year on year)

Automotive market: ¥119.0 billion (up 1.4%)

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

Consumer market: ¥80.7 billion (down 23.6%)

- 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 (the first half)
¥9.6 billion (down 62.5% year on year)

Operating margin: 4.8%

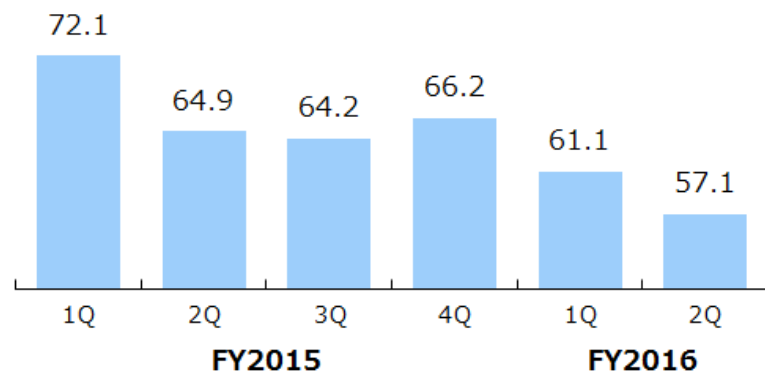
- Effect from decline in sales and exchange rate

3. Change in Breakdown of Sales by Business Segment

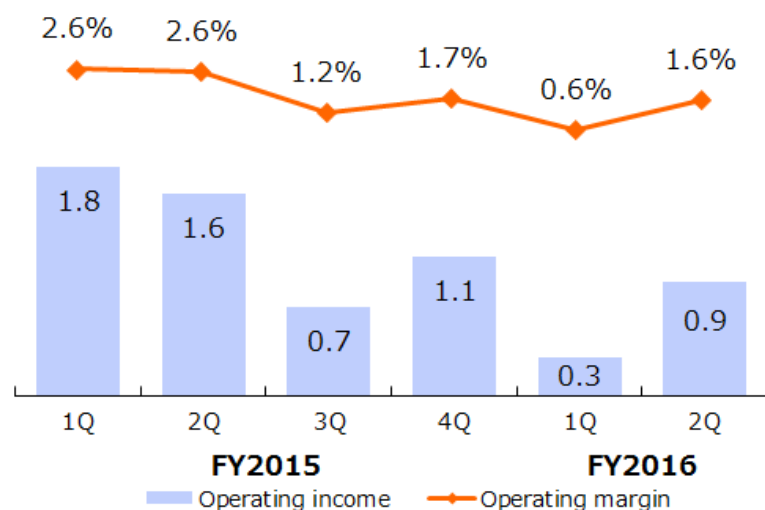
2. Automotive Infotainment Segment (Alpine Electronics, Inc.)

[Unit: ¥ billion]

■ Net sales



■ Operating income



Net sales (the first half)

¥118.2 billion (down 13.7% 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 Europe.

Genuine products for automakers

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

Operating income (the first half)

¥1.3 billion (down 63.3% year on year)

Operating margin: 1.1%

- Effect from decline in sales and exchange rate

4. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.31	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 2Q		Change
		%		%	
Assets					
I. Current Assets	354.3	63.0%	324.4	60.5%	-29.8
Cash and time deposits	117.5	20.9%	87.3	16.3%	-30.2
Notes and accounts receivable - trade	123.3	21.9%	128.7	24.0%	5.3
Inventories	87.5	15.6%	84.3	15.7%	-3.2
II. Non-current Assets	208.4	37.0%	212.2	39.5%	3.7
Property, plant and equipment	144.1	25.6%	144.2	26.9%	0.1
Intangible assets	14.2	2.5%	15.6	2.9%	1.4
Investment and other assets	50.0	8.9%	52.2	9.7%	2.1
Total Assets	562.8	100.0%	536.7	100.0%	-26.1
Liabilities					
I. Current Liabilities	178.8	31.8%	168.7	31.4%	-10.0
Notes and accounts payable - trade	67.4	12.0%	67.4	12.6%	0.0
Short-term loans payable	34.9	6.2%	28.8	5.4%	-6.0
II. Non-current Liabilities	52.2	9.3%	51.1	9.5%	-1.1
Long-term debt	19.4	3.4%	20.6	3.8%	1.2
Total Liabilities	231.0	41.1%	219.9	41.0%	-11.1
Net Assets					
Total Net Assets	331.7	58.9%	316.8	59.0%	-14.9
Total Liabilities and Net Assets	562.8	100.0%	536.7	100.0%	-26.1

Inventories

¥84.3 billion

(down ¥3.2 billion from previous year-end)

Electronic components segment: down ¥0.3 billion
(includes -¥4.1 billion in exchange rate effect)

Automotive infotainment segment: down ¥3.1 billion
(includes -¥3.2 billion in exchange rate effect)

Property, plant and equipment

¥144.2 billion

(up ¥0.1 billion from previous year-end)

Electronic components segment: up ¥3.0 billion
(includes -¥4.6 billion in exchange rate effect)

Automotive infotainment segment: down ¥2.2 billion
(includes -¥1.7 billion in exchange rate effect)

Net assets

¥316.8 billion

(down ¥14.9 billion from previous year-end)

Foreign currency translation adjustments
: down ¥14.7 billion

Equity ratio

41.1% (previous year-end: 40.6%)

FY2016 Consolidated Financial Results Forecast

1. FY2015 Financial Results Forecast

[Consolidated]

[Unit: ¥ billion]

	FY2015 Results		FY2016						Difference vs. FY2015		Difference vs. FY2016 1H (A-B)		
			1H Results (B)		2H Forecast (A)		FY2016 Forecast						
		%		%		%		%		%		%	
Net Sales	774.0	100.0%	354.0	100.0%	365.0	100.0%	719.0	100.0%	-55.0	-7.1%	10.9	3.1%	
Electronic Components	434.0	56.1%	199.8	56.4%	214.1	58.7%	414.0	57.6%	-20.0	-4.6%	14.3	7.2%	
	Automotive market	247.5	32.0%	119.0	33.6%	116.9	32.0%	235.9	32.8%	-11.5	-4.7%	-2.1	-1.8%
	Consumer market	186.5	24.1%	80.7	22.8%	97.2	26.7%	178.0	24.8%	-8.5	-4.6%	16.5	20.5%
	Automotive Infotainment	267.5	34.6%	118.2	33.4%	113.2	31.0%	231.5	32.2%	-36.0	-13.5%	-4.9	-4.2%
	Logistics	60.2	7.8%	29.7	8.4%	31.4	8.6%	61.2	8.5%	0.9	1.6%	1.6	5.7%
	Others	12.1	1.5%	6.2	1.8%	6.1	1.7%	12.3	1.7%	0.1	1.0%	-0.1	-2.9%
Operating Income	52.3	6.8%	14.0	4.0%	24.0	6.6%	38.0	5.3%	-14.3	-27.4%	9.9	71.0%	
Electronic Components	40.7	9.4%	9.6	4.8%	20.3	9.5%	30.0	7.2%	-10.7	-26.4%	10.6	110.6%	
	Automotive Infotainment	5.4	2.0%	1.3	1.1%	1.0	0.9%	2.3	1.0%	-3.1	-57.7%	-0.3	-23.7%
	Logistics	4.8	8.1%	2.3	8.0%	2.5	8.0%	4.9	8.0%	0.0	0.9%	0.1	4.8%
	Others	1.2	10.1%	0.6	10.9%	0.3	5.3%	1.0	8.1%	-0.2	-18.9%	-0.3	-53.0%
	Eliminations	0.0	-	-0.0	-	-0.1	-	-0.2	-	-0.2	-	-0.1	-
Ordinary Income	50.0	6.5%	11.0	3.1%	23.4	6.4%	34.5	4.8%	-15.5	-31.1%	12.4	113.4%	
Profit Attributable to Owners of Parent	39.0	5.0%	8.8	2.5%	16.6	4.6%	25.5	3.5%	-13.5	-34.7%	7.7	86.7%	
USD/JPY	120.14		105.29		100.00		102.65						
EUR/JPY	132.58		118.15		110.00		114.08						
Capital Expenditure	41.1		26.5		27.2		53.7						
Depreciation Expenses	30.7		16.3		20.7		37.0						
R&D Expenses	33.3		16.1		18.2		34.4						

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

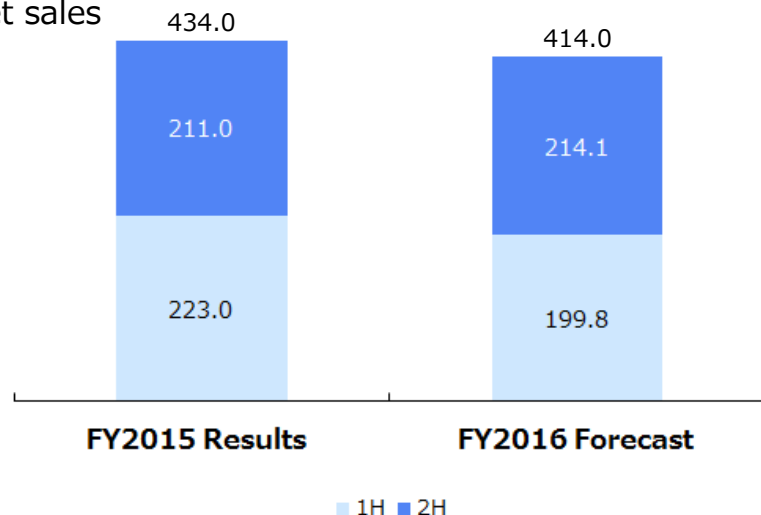
NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

2. Net Sales and Operating Income Forecasts by Business

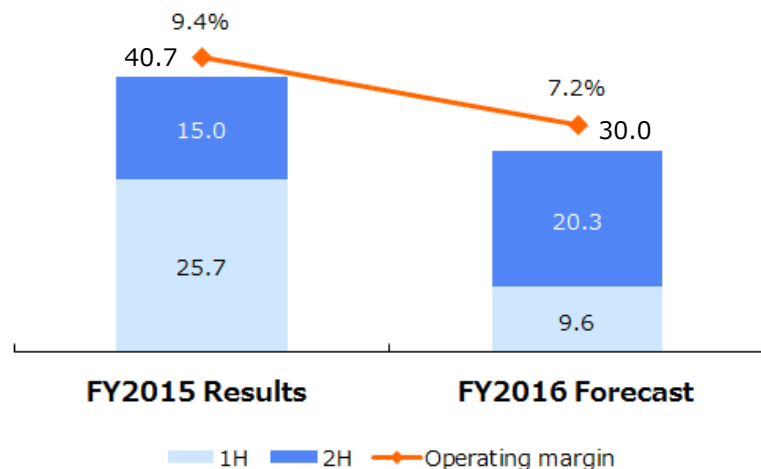
1. Electronic Components Segment

[Unit: ¥ billion]

■ Net sales



■ Operating income



Net Sales

¥414.0 billion (down 4.6% year on year)
(1H result: ¥199.8 billion;
2H forecast: ¥214.1 billion)

Automotive market: ¥235.9 billion (down 4.7%)

- An expanded range of models will be equipped with in-car modules such as electronic shifters and door modules and sales of devices such as sensors and communication modules such as V2X are expected to steadily grow. However, sales are expected to decrease due to the effect from exchange rates.

Consumer market: ¥178.0 billion (down 4.6%)

- Sales of products such as camera actuators for smartphones, switches, and new-types of sensors are expected to grow. However, sales are expected to decrease due to the effect from exchange rates.

Operating income

¥30.0 billion (down 26.4% year on year)
(1H result: ¥9.6 billion;
2H forecast: ¥20.3 billion)

Operating margin: 7.2%

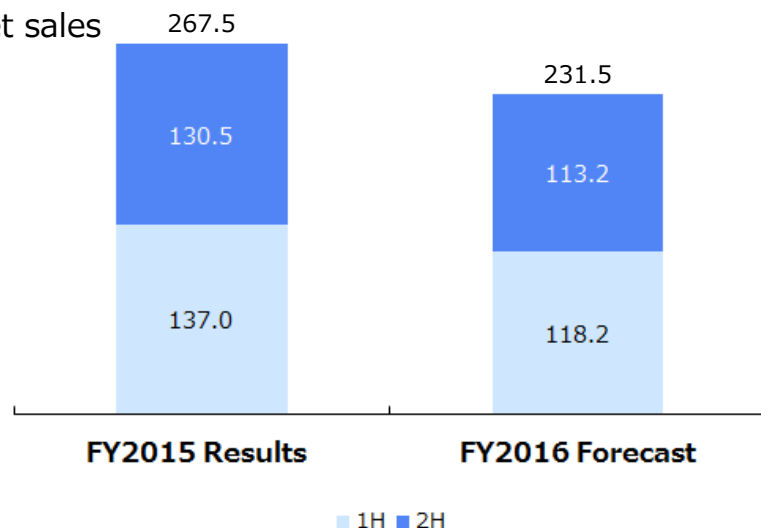
- Operating income is expected to decrease due to the effect from exchange rates.

2. Net Sales and Operating Income Forecasts by Business

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

[Unit: ¥ billion]

■ Net sales

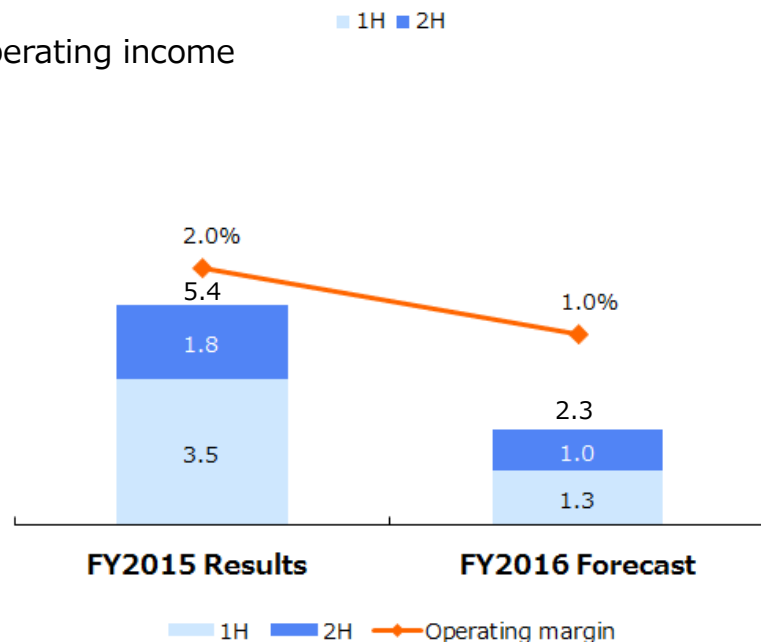


Net sales

¥231.5 billion (down 13.5% year on year)
(1H result: ¥118.2 billion;
2H forecast: ¥113.2 billion)

Sales of genuine products for automakers are expected to be weak.

■ Operating income



Operating income

¥2.3 billion (down 57.7% year on year)
(1H result: ¥1.3 billion;
2H forecast: ¥1.0 billion)

Operating margin: 1.0%

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

FY2016

Interim Dividends (scheduled in November 30, 2016)
¥15.00 per share

Year-end Dividends (scheduled in late June 2017)
¥15.00 per share

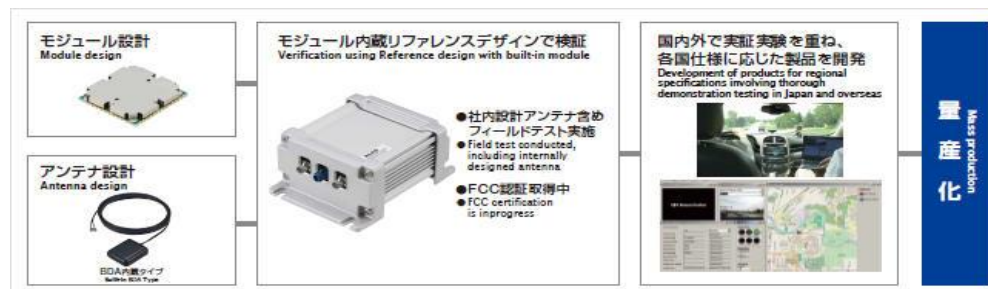
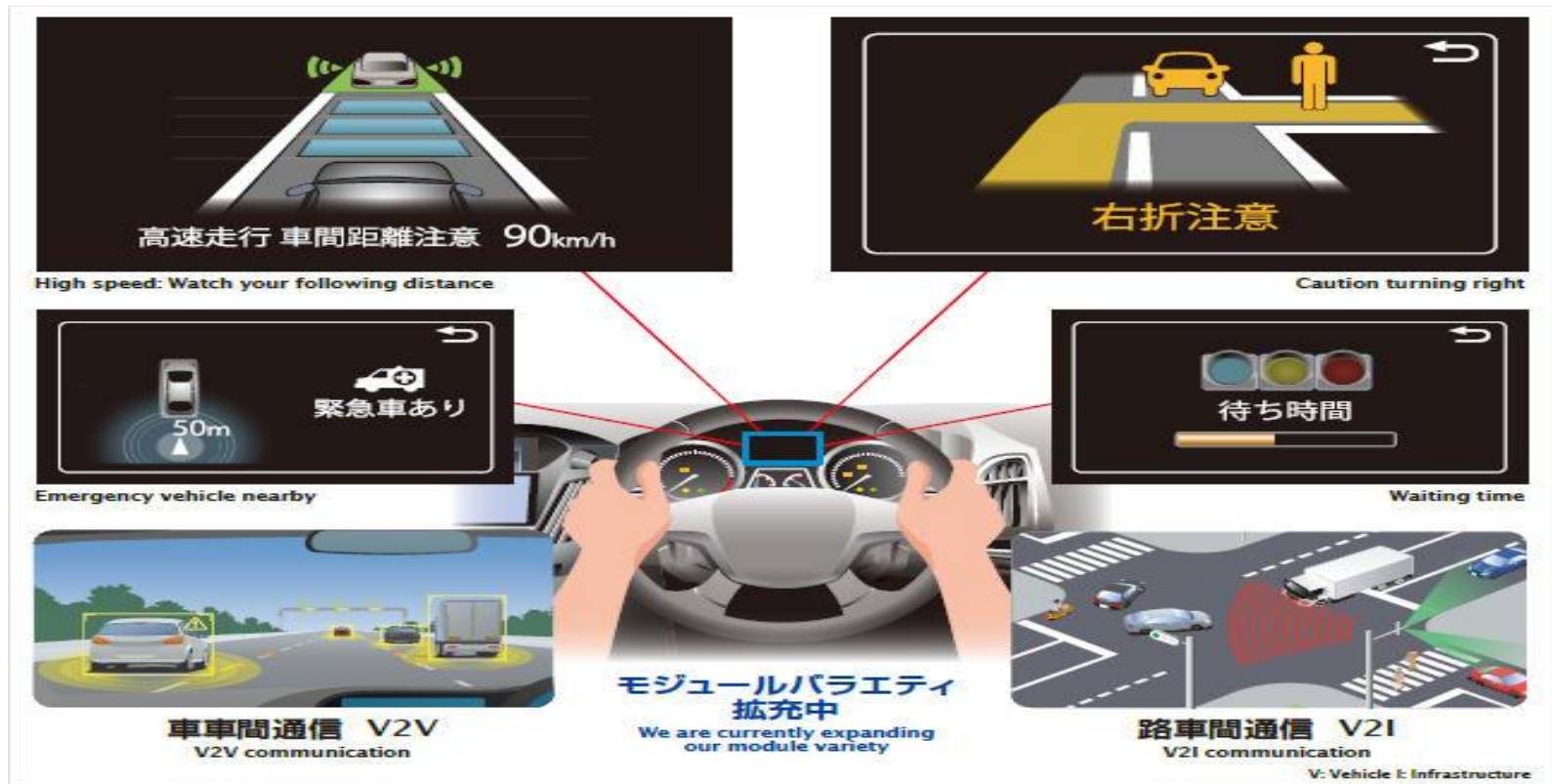


References

Major new products introduced in ALPS SHOW 2016

(ALPS SHOW 2016 ran from September 20 to September 22, 2016)

V2X module mass production is underway - a world first



Built-in GNSS functionality available



An extensive range of technologies supporting seamless design



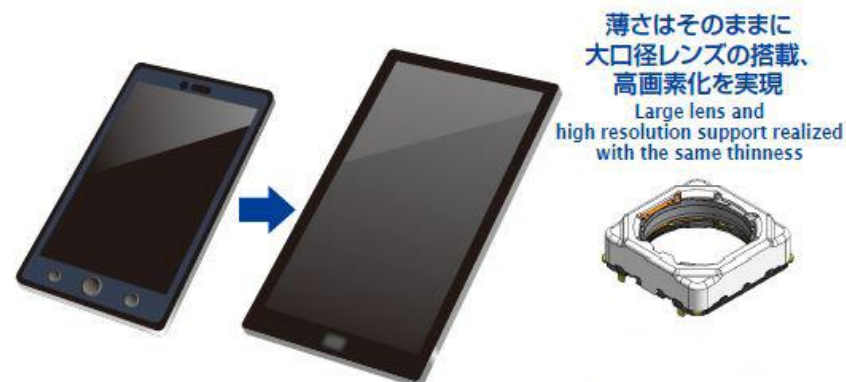
Mobile market Autofocus Actuators (VCM)

Leading the industry in sales performance and reliability
Compatible with Dual Cameras



磁場漏れ抑制により0mm間隔レイアウトが可能。
省スペース化と設計自由度に貢献。

Reducing magnetic field
leakage enables a 0mm-spaced layout,
contributing to space savings
and greater design freedom



Creating realistic tactile feelings

お好みの操作感触を
自在に創出。
Flexibility in generating a desired operating feel



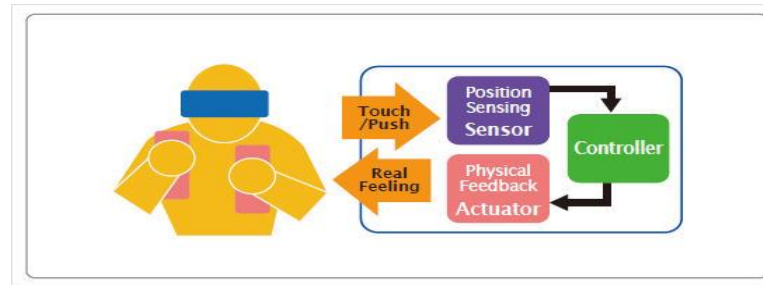
**アクティブ
アクチュエータ**
Active actuator

操作方向に引張る・押返される
感触を作り出す
Creates a pulling force feeling
or reaction force feeling

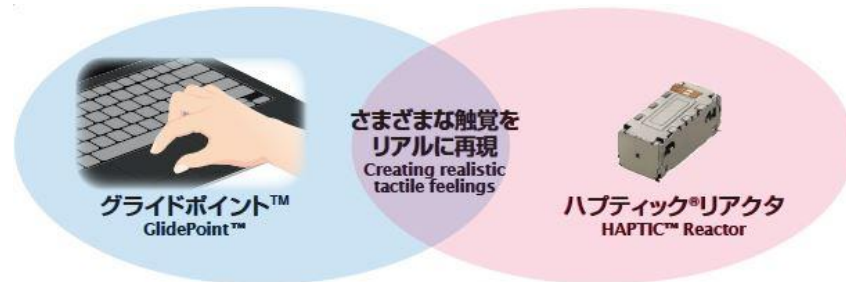


**パッシブ
アクチュエータ**
Passive actuator

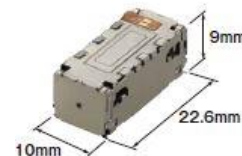
操作を安定・停止させるような
感触を作り出す
Creates a stable operation feeling
or end-stop feeling



HAPTIC™ Trigger



HAPTIC™ Reactor



One-stop IoT solutions



作業者の健康管理に
Worker health management



農業ICTに
Agricultural ICT



オフィスの環境管理に
Office environment monitoring



介護・見守りに
Care monitoring



フィットネス・ヘルスケアに
Fitness and healthcare

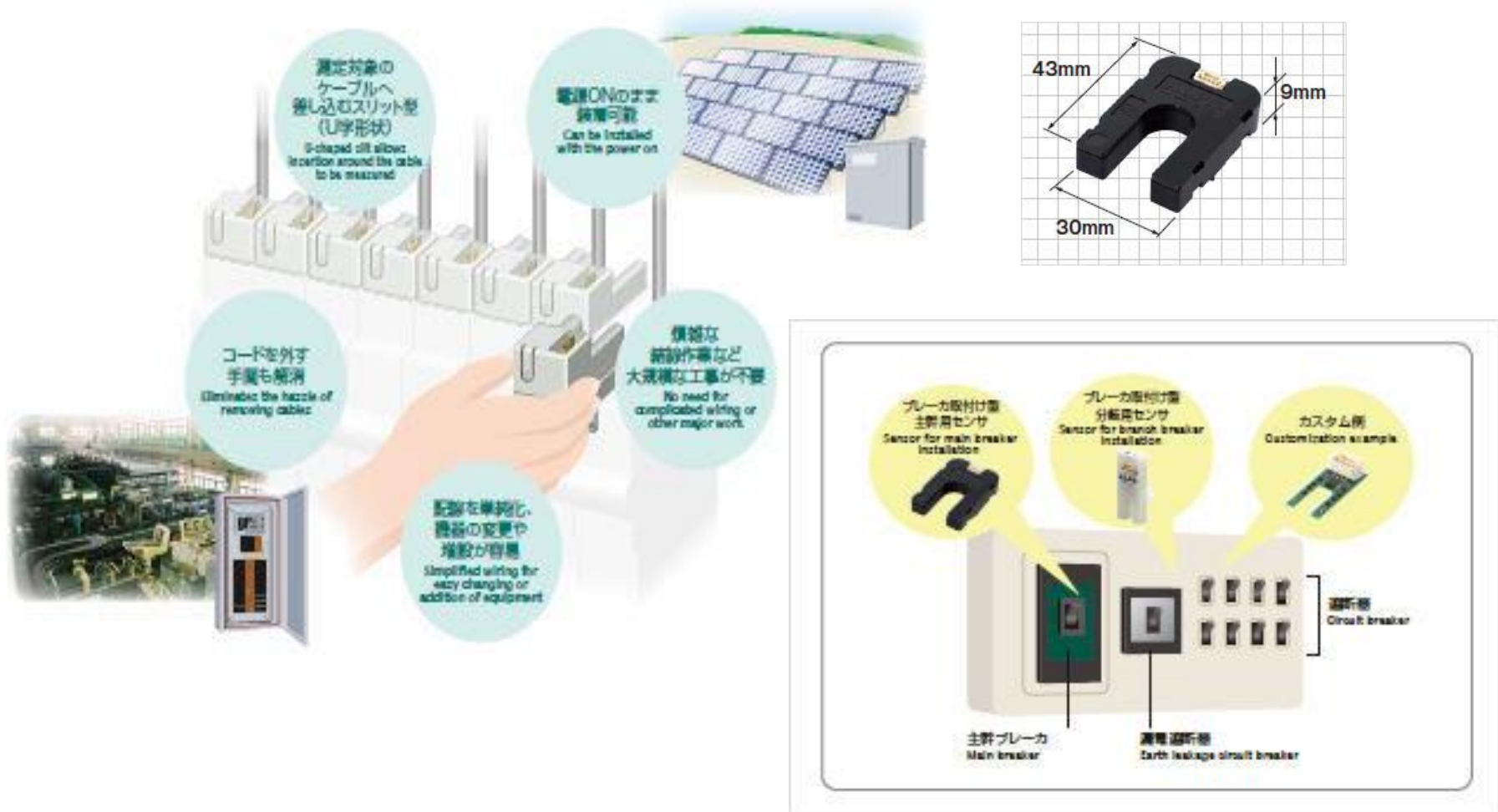


スマートメンテナンスに
Smart maintenance



EHII market U-Shaped Slit Type Current Sensors

U-shaped slit design for retrofit installation makes power visualization easy



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 1H (April 2016 – September 2016)

Basic Data

October 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	Total (Est)
Net Sales	1,942	2,010	1,915	1,871	7,740	1,747	1,793	3,540	7,190
Domestic	336	364	361	377	1,440	344	379	724	-
Overseas	1,605	1,646	1,554	1,493	6,300	1,402	1,413	2,816	-
Operating Income	134	186	127	75	523	50	89	140	380
Ordinary Income	134	175	130	60	500	31	78	110	345
Profit attributable to owners of parent	86	205	80	18	390	26	62	88	255

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	Total (Est)
Electronic Components	1,047	1,182	1,089	1,020	4,340	956	1,041	1,998	4,140
Automotive market	562	611	630	670	2,475	597	593	1,190	2,359
Consumer market	484	571	459	349	1,865	359	448	807	1,780
Automotive Infotainment	721	649	642	662	2,675	611	571	1,182	2,315
Logistics	146	149	154	150	602	146	150	297	612
Others	26	28	28	38	121	32	29	62	123
Total	1,942	2,010	1,915	1,871	7,740	1,747	1,793	3,540	7,190

3. Operating Income

(Unit : 100 million Yen)

	FY2015					FY2016			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H	Total (Est)
Electronic Components	101	156	101	48	407	30	65	96	300
Automotive Infotainment	18	16	7	11	54	3	9	13	23
Logistics	11	10	14	11	48	11	12	23	49
Others	2	2	3	3	12	4	2	6	10
Eliminations	0	-0	0	0	0	-0	-0	-0	-2
Total	134	186	127	75	523	50	89	140	380

4. Capital Expenditures

(Unit : 100 million Yen)

	FY2015					FY2016			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H	Total (Est)
Electronic Components	65	63	54	106	289	115	97	213	404
Automotive Infotainment	18	23	17	14	74	21	20	42	96
Logistics	11	13	10	7	42	3	3	7	32
Others	1	1	1	1	5	1	1	2	5
Eliminations	-0	-0	-0	0	-0	-0	0	0	-
Total	96	101	83	130	411	142	122	265	537

(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	Total (Est)
Electronic Components	53	53	49	54	210	60	58	119	281
Automotive Infotainment	18	18	18	18	72	15	15	31	64
Logistics	4	4	5	5	20	5	5	10	21
Others	1	1	1	1	4	1	0	1	3
Eliminations	0	0	-0	0	0	0	0	0	-
Total	76	77	73	79	307	82	80	163	370

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	Total (Est)
Electronic Components	38	34	32	30	136	35	38	74	168
Automotive Infotainment	49	48	47	50	196	44	41	86	175
Logistics	-	-	-	-	-	-	-	-	-
Others	0	0	0	0	0	0	0	0	0
Total	88	83	80	81	333	81	80	161	344

7. Inventories

(Unit : 100 million Yen)

	2015/6	2015/9	2015/12	2016/3		2016/6	2016/9
Electronic Components	602	606	639	555		550	551
Automotive Infotainment	331	353	333	301		286	269
Logistics	13	15	14	16		17	17
Others	0	3	6	2		3	3
Eliminations	-0	-0	-0	-0		-0	-0
Total	948	978	993	875		858	843

8. Employees

(Unit : Person)

	2015/6	2015/9	2015/12	2016/3		2016/6	2016/9
Electronic Components	20,228	20,350	20,437	21,387		21,729	22,061
Automotive Infotainment	11,368	11,872	11,920	11,908		12,107	12,093
Logistics	5,138	5,199	5,234	5,304		5,365	5,376
Others	874	944	946	989		1,019	1,045
Total	37,608	38,365	38,537	39,588		40,220	40,575
(Non Consolidated)	5,435	5,380	5,382	5,328		5,537	5,498

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