

Results Briefing FY2016 3Q

Friday, January 27, 2017

ALPS ELECTRIC CO., LTD.

■ FY2016 3Q Consolidated Financial Results P. 3 - 9

■ FY2016 Consolidated Financial Results Forecast P. 10 - 13

FY2016 3Q Consolidated Financial Results

1. Summary of Financial Results

[Consolidated]

[Unit: ¥ billion]

	FY2015		FY2016								Difference		Difference		
	3Q(Cumulative)		1Q Results		2Q Results		3Q Results		3Q Results (Cumulative)		Effect of exchange rates vs. FY2015 3Q	vs. FY2015 3Q(Cumulative)		vs. FY2016 2Q	
		%		%		%		%		%			%		%
Net Sales	586.8	100.0%	174.7	100.0%	179.3	100.0%	197.8	100.0%	551.8	100.0%		-35.0	-6.0%	18.5	10.3%
Electronic Components	332.0	56.6%	95.6	54.7%	104.1	58.1%	120.1	60.7%	319.9	58.0%	USD depreciation -26.3 EUR depreciation -3.2 Other currencies -9.4 (Subtotal) -39.1	-12.1	-3.7%	15.9	15.3%
Automotive market	180.4	30.7%	59.7	34.2%	59.3	33.1%	65.8	33.3%	184.9	33.5%		4.4	2.5%	6.5	11.0%
Consumer market	151.5	25.9%	35.9	20.5%	44.8	25.0%	54.2	27.4%	135.0	24.5%		-16.5	-10.9%	9.4	21.1%
Automotive Infotainment	201.3	34.3%	61.1	35.0%	57.1	31.8%	59.1	29.9%	177.3	32.1%	USD depreciation -13.7 EUR depreciation -3.4 (Subtotal) -17.1	-23.9	-11.9%	1.9	3.5%
Logistics	45.1	7.7%	14.6	8.4%	15.0	8.4%	15.7	7.9%	45.4	8.2%	-	0.2	0.6%	0.6	4.2%
Others	8.3	1.4%	3.2	1.9%	2.9	1.7%	2.9	1.5%	9.1	1.7%	-	0.8	9.6%	-0.0	-1.6%
Operating Income	44.7	7.6%	5.0	2.9%	8.9	5.0%	18.8	9.5%	32.8	6.0%		-11.9	-26.6%	9.8	109.7%
Electronic Components	35.9	10.8%	3.0	3.2%	6.5	6.3%	13.5	11.3%	23.2	7.3%	USD depreciation -13.2 EUR depreciation -1.5 Other currencies +4.8 (Subtotal) -9.9	-12.6	-35.3%	7.0	107.1%
Automotive Infotainment	4.3	2.1%	0.3	0.6%	0.9	1.6%	3.3	5.6%	4.6	2.6%	USD depreciation -0.6 EUR depreciation -0.6 (Subtotal) -1.3	0.3	7.3%	2.4	264.5%
Logistics	3.6	8.1%	1.1	7.7%	1.2	8.4%	1.5	9.9%	3.9	8.7%	-	0.2	7.6%	0.2	22.2%
Others	0.8	10.1%	0.4	13.8%	0.2	7.7%	0.3	12.1%	1.0	11.3%	-	0.1	22.4%	0.1	53.8%
Eliminations	0.0	-	-0.0	-	-0.0	-	-0.0	-	-0.0	-	-	-0.0	-	-0.0	-
Ordinary Income	43.9	7.5%	3.1	1.8%	7.8	4.4%	21.4	10.9%	32.5	5.9%		-11.4	-26.1%	13.6	175.3%
Profit Attributable to Owners of Parent	37.2	6.3%	2.6	1.5%	6.2	3.5%	19.3	9.8%	28.1	5.1%		-9.0	-24.2%	13.0	208.6%
USD/JPY	121.70		108.14		102.43		109.30		106.63			-15.07		6.87	
EUR/JPY	134.36		122.02		114.28		117.78		118.02			-16.34		3.50	

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

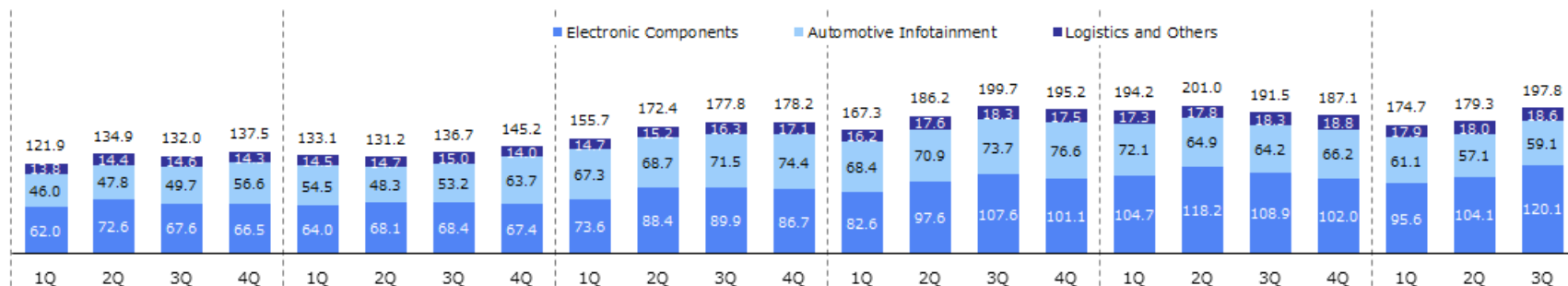
NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

2. Net Sales and Operating Income: Quarterly Change

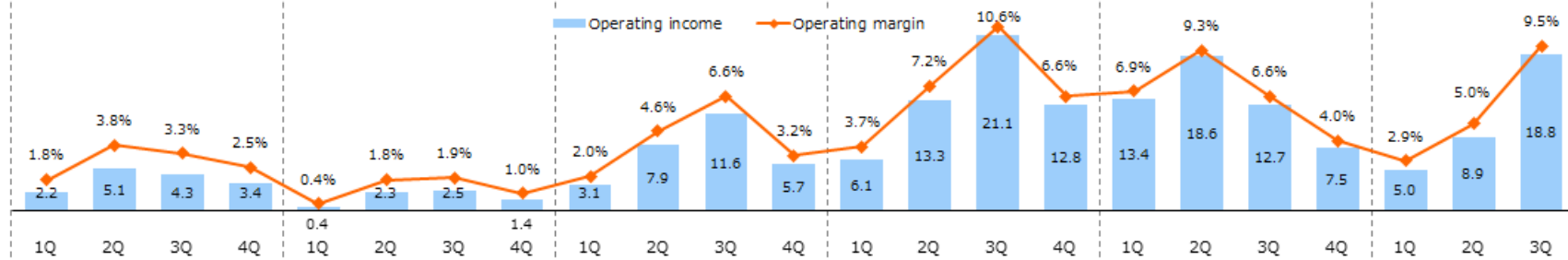
[Consolidated]

[Unit: ¥ billion]

Change in Quarterly Net Sales



Change in Quarterly Operating Income

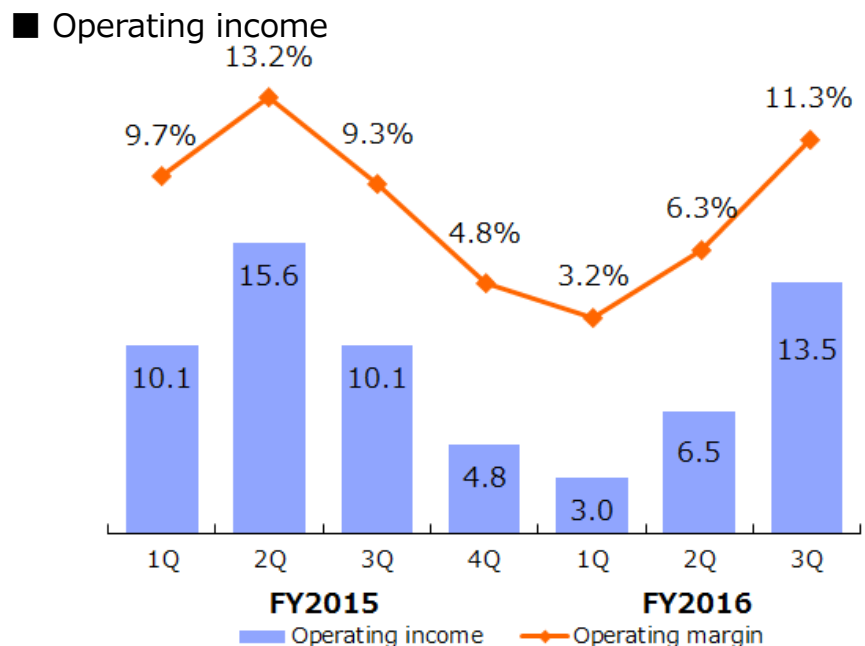
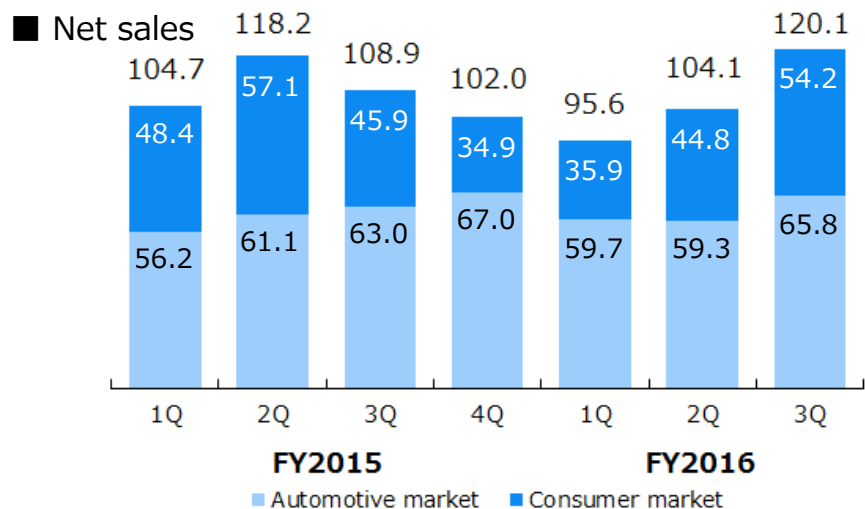


	FY2011				FY2012				FY2013				FY2014				FY2015				FY2016		
USD/JPY	81.74	77.89	77.41	79.28	80.20	78.62	81.17	92.42	98.76	98.95	100.46	102.78	102.16	103.92	114.54	119.09	121.36	122.23	121.50	115.48	108.14	102.43	109.30
EUR/JPY	117.40	110.19	104.33	103.99	102.91	98.36	105.25	122.04	128.95	131.05	136.69	140.79	140.07	137.76	143.07	134.18	134.16	135.98	132.95	127.23	122.02	114.28	117.78

3. Change in Breakdown of Sales by Business Segment

1. Electronic Components Segment

[Unit: ¥ billion]



Net sales (3Q accumulated)
¥319.9 billion (down 3.7% year on year)

Automotive market: ¥184.9 billion (up 2.5%)

- The range of models equipped with in-car modules for Japanese, North American, and European manufacturers was expanded.
- Sales of communication modules such as Bluetooth® and V2X increased.

Consumer market: ¥135.0 billion (down 10.9%)

- Sales of touch panels and game controllers decreased significantly.
- Regarding camera actuators for smartphones, sales for specific customers decreased year on year in 1H but expanded significantly in 3Q, and 3Q accumulated sales increased slightly year on year. Sales for Chinese manufacturers grew steadily.
- Sales of sensors expanded significantly, with sales of the new geomagnetic sensor contributing.

Operating income (3Q accumulated)
¥23.2 billion (down 35.3% year on year)

Operating margin: 7.3%

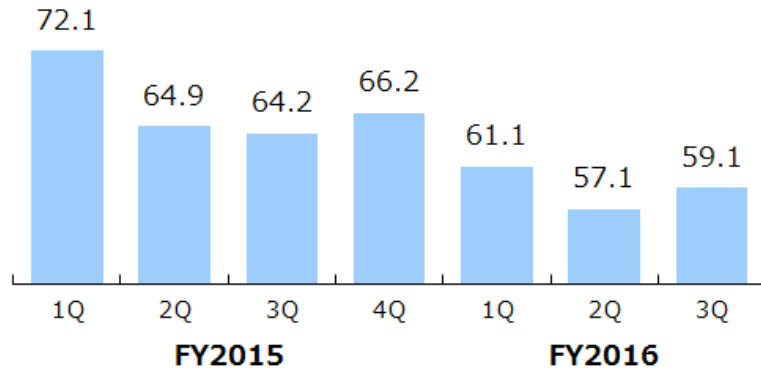
- Decline in sales mainly due to the effect from exchange rate

3. Change in Breakdown of Sales by Business Segment

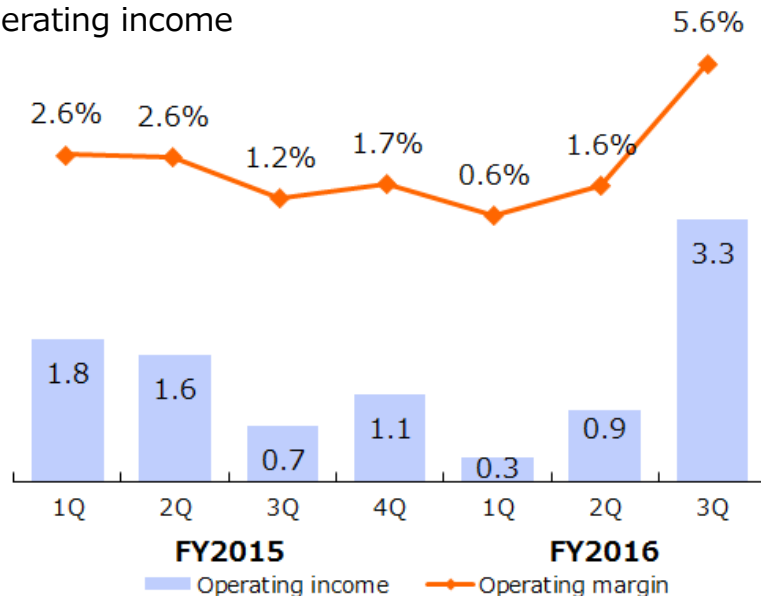
2. Automotive Infotainment Segment (Alpine Electronics, Inc.)

[Unit: ¥ billion]

■ Net sales



■ Operating income



Net sales (3Q accumulated)
¥177.3 billion (down 11.9% year on year)

Commercial products

- Sales of commercial products declined overall in North America and Europe.
- Sales remained steady in Japan due to the launch of new products such as 11-inch large-screen navigation systems.

Genuine products for automakers

- Sales continued to decrease due to the effects of model changeovers by Japanese automakers.
- Sales of display systems for European automakers decreased, although it grew in 1H.

Operating income (3Q accumulated)
¥4.6 billion (up 7.3% year on year)

Operating margin: 2.6%

- The operating margin increased primarily due to curtailed development costs and early collection from customers.

4. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.33	0.05
	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]

	FY2015		FY2016 3Q		Change
		%		%	
Assets					
I. Current Assets	354.3	63.0%	385.1	63.6%	30.7
Cash and time deposits	117.5	20.9%	112.2	18.5%	-5.3
Notes and accounts receivable - trade	123.3	21.9%	152.9	25.3%	29.5
Inventories	87.5	15.6%	95.4	15.8%	7.9
II. Non-current Assets	208.4	37.0%	220.1	36.4%	11.6
Property, plant and equipment	144.1	25.6%	149.1	24.6%	4.9
Intangible assets	14.2	2.5%	16.0	2.7%	1.8
Investment and other assets	50.0	8.9%	54.9	9.1%	4.8
Total Assets	562.8	100.0%	605.2	100.0%	42.4
Liabilities					
I. Current Liabilities	178.8	31.8%	197.7	32.7%	18.9
Notes and accounts payable - trade	67.4	12.0%	78.7	13.0%	11.3
Short-term loans payable	34.9	6.2%	39.1	6.5%	4.2
II. Non-current Liabilities	52.2	9.3%	52.9	8.7%	0.6
Long-term debt	19.4	3.4%	21.3	3.5%	1.8
Total Liabilities	231.0	41.1%	250.6	41.4%	19.5
Net Assets					
Total Net Assets	331.7	58.9%	354.5	58.6%	22.8
Total Liabilities and Net Assets	562.8	100.0%	605.2	100.0%	42.4

Inventories

¥95.4 billion

(up ¥7.9 billion from previous year-end)

Electronic components segment: up ¥7.5 billion
(includes -¥0.6 billion in exchange rate effect)

Automotive infotainment segment: up ¥0.2 billion
(includes -¥0.6 billion in exchange rate effect)

Property, plant and equipment

¥149.1 billion

(up ¥4.9 billion from previous year-end)

Electronic components segment: up ¥6.6 billion
(includes -¥0.9 billion in exchange rate effect)

Automotive infotainment segment: down ¥0.9 billion
(includes -¥0.1 billion in exchange rate effect)

Net assets

¥354.5 billion

(up ¥22.8 billion from previous year-end)

Retained earnings: up ¥22.3 billion

Equity ratio

41.1% (previous year-end: 40.6%)

FY2016 Consolidated Financial Results Forecast

1. FY2016 Financial Results Forecast

[Consolidated]

[Unit: ¥ billion]

	FY2015 Results		FY2016										Difference vs. FY2015		Difference vs. FY2016 1H (A-B)	
			1H Results (B)		3Q Results		4Q Forecast		2H Forecast (A)		FY2016 Forecast					
		%		%		%		%		%		%		%		%
Net Sales	774.0	100.0%	354.0	100.0%	197.8	100.0%	191.1	100.0%	388.9	100.0%	743.0	100.0%	-31.0	-4.0%	34.9	9.9%
Electronic Components	434.0	56.1%	199.8	56.4%	120.1	60.7%	110.0	57.6%	230.1	59.2%	430.0	57.9%	-4.0	-0.9%	30.3	15.2%
Automotive market	247.5	32.0%	119.0	33.6%	65.8	33.3%	64.5	33.8%	130.4	33.5%	249.5	33.6%	1.9	0.8%	11.3	9.6%
Consumer market	186.5	24.1%	80.7	22.8%	54.2	27.4%	45.4	23.8%	99.7	25.7%	180.5	24.3%	-6.0	-3.3%	19.0	23.5%
Automotive Infotainment	267.5	34.6%	118.2	33.4%	59.1	29.9%	62.2	32.6%	121.3	31.2%	239.6	32.2%	-27.9	-10.4%	3.1	2.6%
Logistics	60.2	7.8%	29.7	8.4%	15.7	7.9%	15.7	8.2%	31.4	8.1%	61.2	8.2%	0.9	1.6%	1.6	5.7%
Others	12.1	1.5%	6.2	1.8%	2.9	1.5%	2.9	1.6%	5.8	1.5%	12.1	1.7%	-0.0	-0.6%	-0.3	-6.1%
Operating Income	52.3	6.8%	14.0	4.0%	18.8	9.5%	9.1	4.8%	27.9	7.2%	42.0	5.7%	-10.3	-19.7%	13.9	99.5%
Electronic Components	40.7	9.4%	9.6	4.8%	13.5	11.3%	8.2	7.5%	21.8	9.5%	31.5	7.3%	-9.2	-22.8%	12.1	126.1%
Automotive Infotainment	5.4	2.0%	1.3	1.1%	3.3	5.6%	-0.0	-0.0%	3.2	2.7%	4.6	1.9%	-0.8	-15.4%	1.9	152.6%
Logistics	4.8	8.1%	2.3	8.0%	1.5	9.9%	0.9	6.1%	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	12.1%	-0.0	-1.1%	0.3	5.5%	1.0	8.3%	-0.2	-18.9%	-0.3	-53.0%
Eliminations	0.0	-	-0.0	-	-0.0	-	0.0	-	0.0	-	-	-	-0.0	-	0.0	-
Ordinary Income	50.0	6.5%	11.0	3.1%	21.4	10.9%	8.4	4.4%	29.9	7.7%	41.0	5.5%	-9.0	-18.1%	18.9	172.4%
Profit Attributable to Owners of Parent	39.0	5.0%	8.8	2.5%	19.3	9.8%	2.8	1.5%	22.1	5.7%	31.0	4.2%	-8.0	-20.6%	13.2	148.5%
USD/JPY	120.14		105.29		109.30		110.00		109.65		107.47					
EUR/JPY	132.58		118.15		117.78		117.00		117.39		117.77					
Capital Expenditure	41.1		26.5		8.7		17.8		26.5		53.0					
Depreciation Expenses	30.7		16.3		8.2		8.5		16.7		33.1					
R&D Expenses	33.3		16.1		6.3		8.9		15.3		31.4					

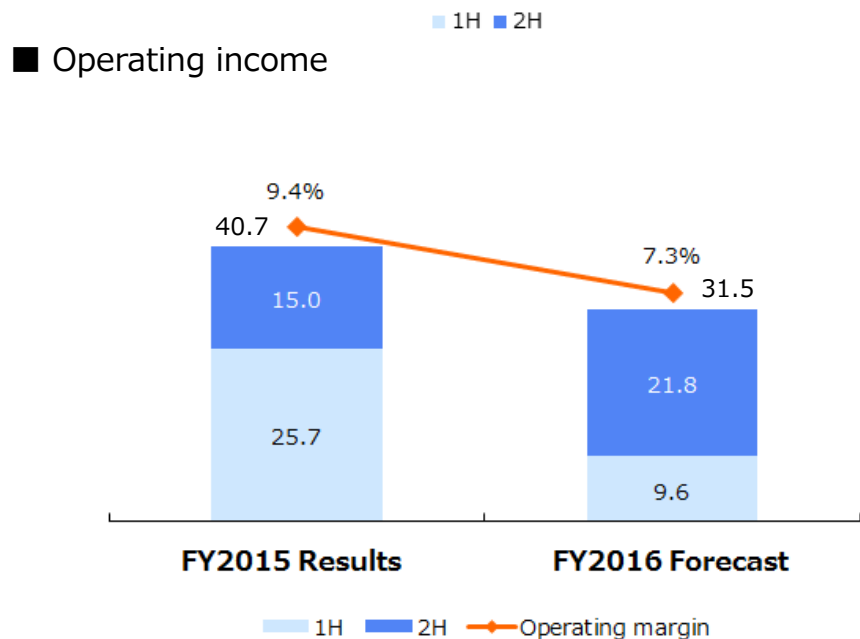
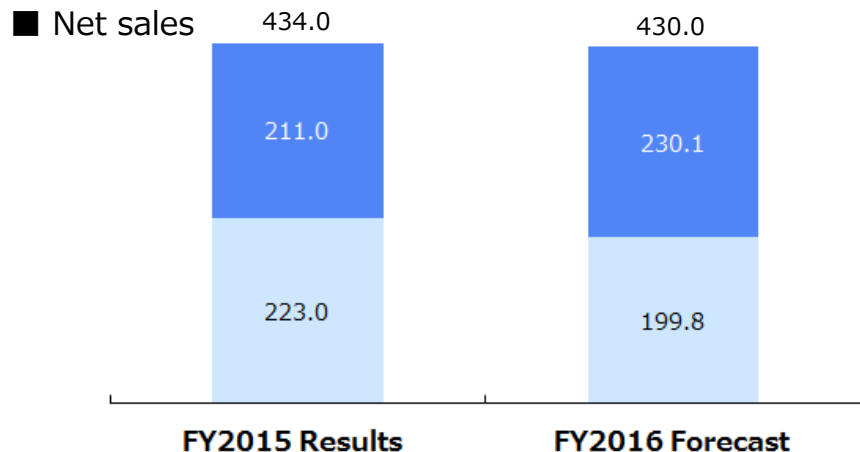
NB: Here and subsequently amounts have been rounded down to the nearest ¥100 million.

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

¥430.0 billion (down 0.9% year on year)
(1H result: ¥199.8 billion;
2H forecast: ¥230.1 billion)

Automotive market: ¥249.5 billion (up 0.8%)

- An expanded range of models will be equipped with in-car modules such as electronic shifters and door modules and sales of automotive sensors and communication modules are expected to steadily grow.

Consumer market: ¥180.5 billion (down 3.3%)

- Sales of products such as camera actuators for smartphones, switches, and new-types of sensors are expected to grow. However, sales of touch panels are expected to decrease.

Operating income

¥31.5 billion (down 22.8% year on year)
(1H result: ¥9.6 billion;
2H forecast: ¥21.8 billion)

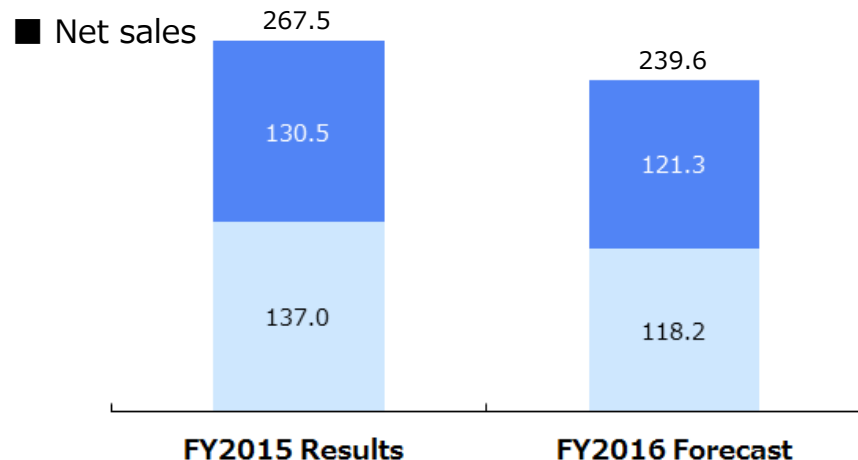
Operating margin: 7.3%

- 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.)

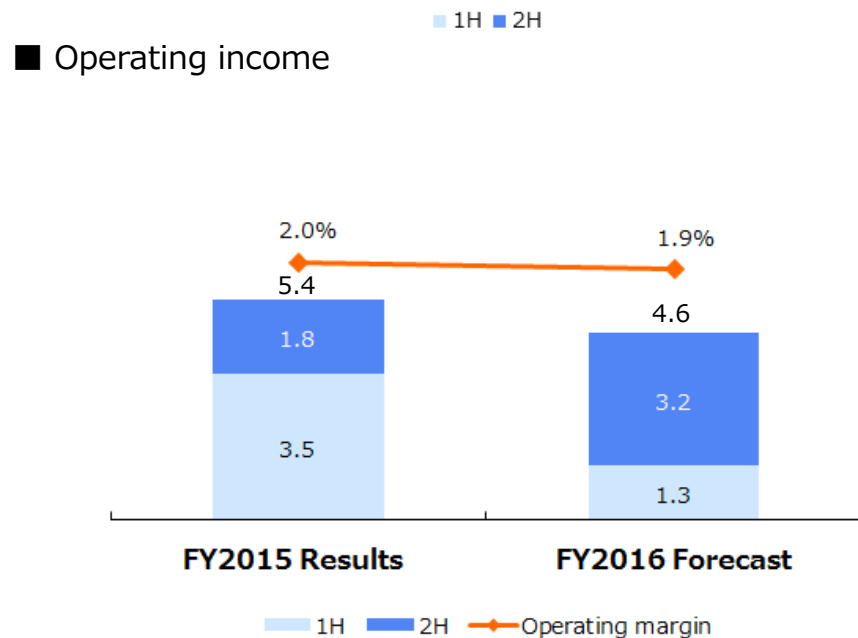
[Unit: ¥ billion]



Net sales

¥239.6 billion (down 10.4% year on year)
(1H result: ¥118.2 billion;
2H forecast: ¥121.3 billion)

- Sales of genuine products for Japanese automakers are expected to be weak due to the effects of model changeovers.



Operating income

¥4.6 billion (down 15.4% year on year)
(1H result: ¥1.3 billion;
2H forecast: ¥3.2 billion)

Operating margin: 1.9%

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

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 3Q (April 2016 - December 2016)

Basic Data

January 2017

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	3 Q	4 Q (Est)	Total (Est)
Net Sales	1,942	2,010	1,915	1,871	7,740	1,747	1,793	1,978	1,911	7,430
Domestic	336	364	361	377	1,440	344	379	390	-	-
Overseas	1,605	1,646	1,554	1,493	6,300	1,402	1,413	1,587	-	-
Operating Income	134	186	127	75	523	50	89	188	91	420
Ordinary Income	134	175	130	60	500	31	78	214	84	410
Profit attributable to owners of parent	86	205	80	18	390	26	62	193	28	310

2. Net Sales (by segments)

(Unit : 100 million Yen)

	FY2015					FY2016				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	1,047	1,182	1,089	1,020	4,340	956	1,041	1,201	1,100	4,300
Automotive market	562	611	630	670	2,475	597	593	658	645	2,495
Consumer market	484	571	459	349	1,865	359	448	542	454	1,805
Automotive Infotainment	721	649	642	662	2,675	611	571	591	622	2,396
Logistics	146	149	154	150	602	146	150	157	157	612
Others	26	28	28	38	121	32	29	29	29	121
Total	1,942	2,010	1,915	1,871	7,740	1,747	1,793	1,978	1,911	7,430

3. Operating Income

(Unit : 100 million Yen)

	FY2015					FY2016				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	101	156	101	48	407	30	65	135	82	315
Automotive Infotainment	18	16	7	11	54	3	9	33	-0	46
Logistics	11	10	14	11	48	11	12	15	9	49
Others	2	2	3	3	12	4	2	3	-0	10
Eliminations	0	-0	0	0	0	-0	-0	-0	0	-
Total	134	186	127	75	523	50	89	188	91	420

4. Capital Expenditures

(Unit : 100 million Yen)

	FY2015					FY2016				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	65	63	54	106	289	115	97	64	161	439
Automotive Infotainment	18	23	17	14	74	21	20	13	11	67
Logistics	11	13	10	7	42	3	3	6	4	19
Others	1	1	1	1	5	1	1	1	1	5
Eliminations	-0	-0	-0	0	-0	-0	0	0	-0	-
Total	96	101	83	130	411	142	122	87	178	530

(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	3 Q	4 Q (Est)	Total (Est)
Electronic Components	53	53	49	54	210	60	58	60	62	242
Automotive Infotainment	18	18	18	18	72	15	15	15	16	64
Logistics	4	4	5	5	20	5	5	5	5	21
Others	1	1	1	1	4	1	0	0	0	3
Eliminations	0	0	-0	0	0	0	0	0	-0	-
Total	76	77	73	79	307	82	80	82	85	331

6. R & D Expenses

(Unit : 100 million Yen)

	FY2015					FY2016				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	38	34	32	30	136	35	38	38	46	159
Automotive Infotainment	49	48	47	50	196	44	41	24	43	155
Logistics	-	-	-	-	-	-	-	-	-	-
Others	0	0	0	0	0	0	0	0	0	0
Total	88	83	80	81	333	81	80	63	89	314

7. Inventories

(Unit : 100 million Yen)

	2015/6	2015/9	2015/12	2016/3		2016/6	2016/9	2016/12
Electronic Components	602	606	639	555	/	550	551	631
Automotive Infotainment	331	353	333	301	/	286	269	303
Logistics	13	15	14	16	/	17	17	17
Others	0	3	6	2	/	3	3	2
Eliminations	-0	-0	-0	-0	/	-0	-0	-0
Total	948	978	993	875	/	858	843	954

8. Employees

(Unit : Person)

	2015/6	2015/9	2015/12	2016/3		2016/6	2016/9	2016/12
Electronic Components	20,228	20,350	20,437	21,387	/	21,729	22,061	21,926
Automotive Infotainment	11,368	11,872	11,920	11,908	/	12,107	12,093	12,177
Logistics	5,138	5,199	5,234	5,304	/	5,365	5,376	5,407
Others	874	944	946	989	/	1,019	1,045	1,054
Total	37,608	38,365	38,537	39,588	/	40,220	40,575	40,564
(Non Consolidated)	5,435	5,380	5,382	5,328	/	5,537	5,498	5,628

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