

Results Briefing FY2017 1Q

Thursday, July 27, 2017

ALPS ELECTRIC CO., LTD.

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FY2017 1Q Consolidated Financial Results

1. Summary of Financial Results

[Consolidated]

[Unit: ¥ billion]

	FY2016		FY2017			Difference		FY2016		Difference	
	1Q Results		1Q Results		Effect of exchange rates (YoY)	vs. FY2016 1Q		4Q Results		vs. FY2016 4Q	
		%		%			%		%		
Net Sales	174.7	100.0%	189.5	100.0%		14.8	8.5%	201.3	100.0%	-11.8	-5.9%
Electronic Components	95.6	54.7%	111.9	59.1%	USD 1.8 EUR 0 Other currencies 0 (Subtotal 1.8)	16.3	17.1%	117.7	58.5%	-5.7	-4.9%
Automotive market	59.7	34.2%	66.6	35.2%		6.9	11.6%	71.1	35.3%	-4.5	-6.3%
Consumer market	35.9	20.5%	45.3	23.9%		9.4	26.2%	46.6	23.2%	-1.2	-2.7%
Automotive Infotainment	61.1	35.0%	59.0	31.2%	USD 0.9 EUR 0 (Subtotal 0.9)	-2.0	-3.4%	64.9	32.3%	-5.8	-9.1%
Logistics	14.6	8.4%	15.7	8.3%	-	1.0	7.2%	15.6	7.8%	0.0	0.2%
Others	3.2	1.9%	2.7	1.4%	-	-0.5	-15.8%	2.9	1.4%	-0.2	-7.2%
Operating Profit	5.0	2.9%	7.9	4.2%		2.8	56.5%	11.5	5.7%	-3.6	-31.5%
Electronic Components	3.0	3.2%	7.1	6.4%	USD 0.8 EUR 0 Other currencies 0 (Subtotal 0.8)	4.0	131.1%	9.5	8.1%	-2.3	-25.1%
Automotive Infotainment	0.3	0.6%	0.3	0.6%	USD 0.1 EUR 0 (Subtotal 0.1)	-0.0	-3.0%	0.9	1.5%	-0.6	-61.6%
Logistics	1.1	7.7%	1.2	7.8%	-	0.0	8.7%	1.1	7.3%	0.0	7.1%
Others / Eliminations	0.4	-	-0.8	-	-	-1.2	-	-0.1	-	-0.7	-
Ordinary Profit	3.1	1.8%	7.4	3.9%		4.2	131.9%	10.2	5.1%	-2.7	-27.4%
Profit Attributable to Owners of Parent	2.6	1.5%	6.3	3.3%		3.6	139.8%	6.7	3.3%	-0.3	-5.9%
USD/JPY	108.14		111.09			2.95		113.64		-2.55	
EUR/JPY	122.02		122.19			0.17		121.08		1.11	

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

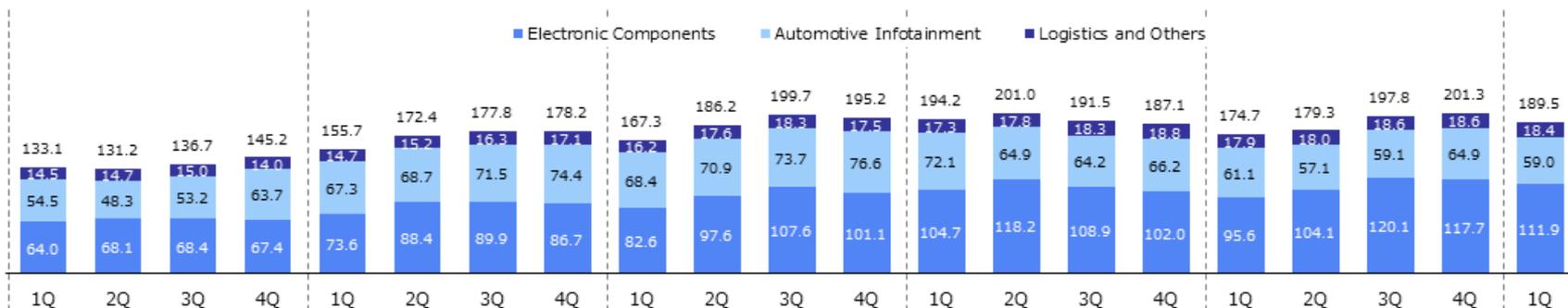
NB: Breakdown of sales shows composition, breakdown of operating profit shows operating margin.

2. Net Sales and Operating Profit: Quarterly Change

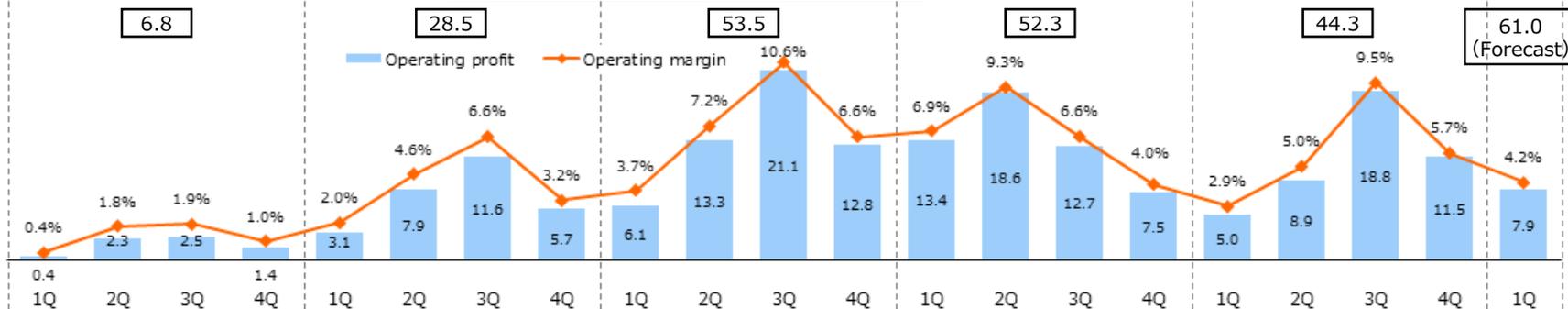
[Consolidated]

[Unit: ¥ billion]

Change in Quarterly Net Sales



Change in Quarterly Operating Profit



Annual total

6.8

28.5

53.5

52.3

44.3

61.0 (Forecast)

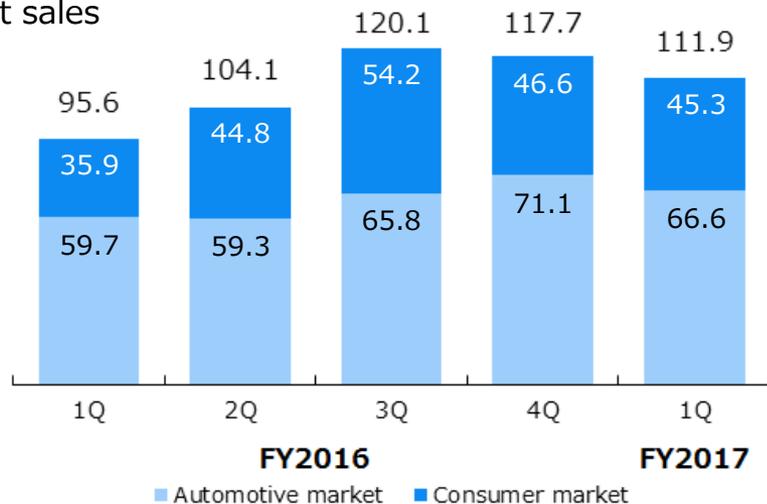
	FY2012				FY2013				FY2014				FY2015				FY2016				FY2017
USD/JPY	80.20	78.62	81.17	92.42	98.76	98.95	100.46	102.78	102.16	103.92	114.54	119.09	121.36	122.23	121.50	115.48	108.14	102.43	109.30	113.64	111.09
EUR/JPY	102.91	98.36	105.25	122.04	128.95	131.05	136.69	140.79	140.07	137.76	143.07	134.18	134.16	135.98	132.95	127.23	122.02	114.28	117.78	121.08	122.19

3. Change in Breakdown of Sales by Business Segment

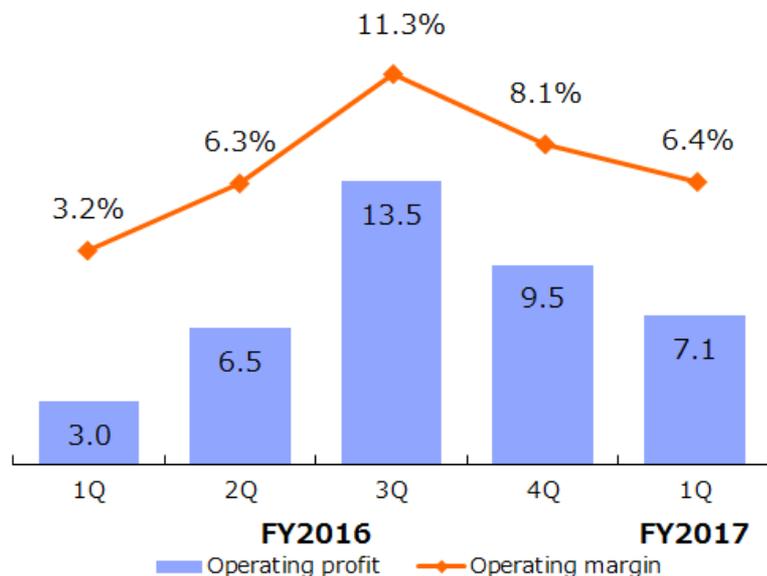
Electronic Components Segment

[Unit: ¥ billion]

■ Net sales



■ Operating profit



Net sales (1Q)

¥111.9 billion (up 17.1% year on year)

Automotive market: ¥66.6 billion (up 11.6%)

- Sales of devices such as switches, sensors, and communication devices increased.
- As for modules, sales of instrument panel products such as electronic shifters increased. Sales for door modules and keyless entry systems were also strong.

Consumer market: ¥45.3 billion (up 26.2%)

- Regarding camera actuators for smartphones, sales for major customers expanded significantly. Although sales for Chinese manufacturers decreased due to the effect of weakened market condition, actuators overall increased by more than 50%.
- Sales of HAPTIC™ products for consumer equipment grew significantly, and sales of touch panels, sensors, optical lenses, and mobile printers were strong.

Operating profit (1Q)

¥7.1 billion (up 131.1% year on year)

Operating margin: 6.4%

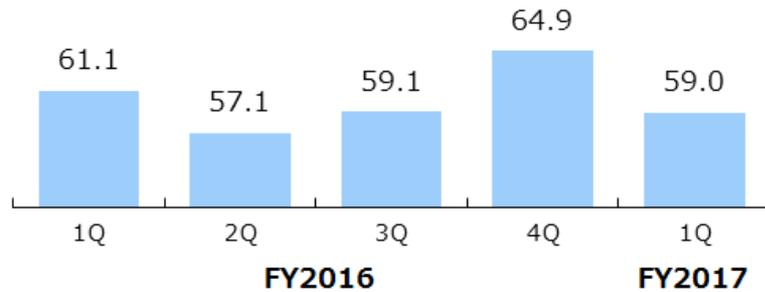
Increase in sales of components and effect of exchange rates

4. Change in Breakdown of Sales by Business Segment

Automotive Infotainment Segment (Alpine Electronics, Inc.)

[Unit: ¥ billion]

■ Net sales



Net sales (1Q)

¥59.0 billion (down 3.4% year on year)

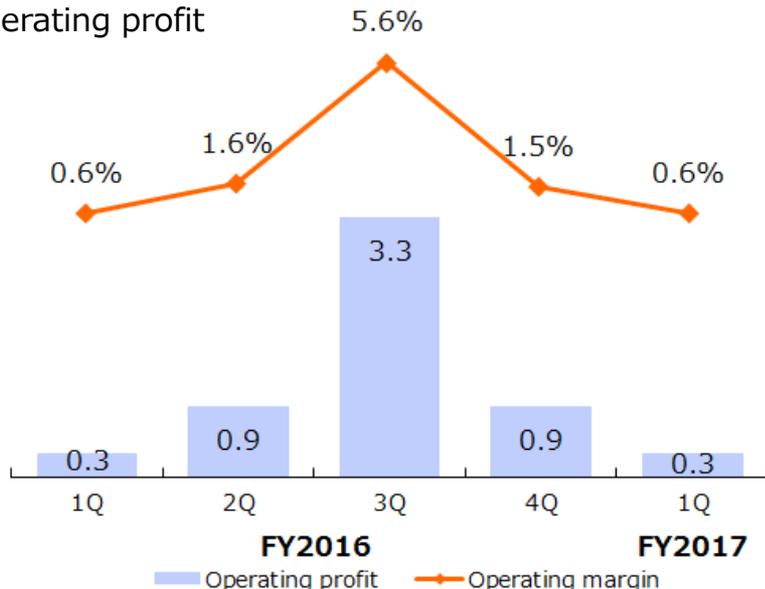
Commercial products

- Sales of BIG X series of navigation system for customized cars were strong in Japan.

Genuine products for automakers

- Although sales of audio equipment were strong, hybrid displays for European automakers decreased, thus sales decreased overall.

■ Operating profit



Operating profit (1Q)

¥0.3 billion (down 3.0% year on year)

Operating margin: 0.6%

- Decline in sales and changes in the product model mix

5. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.34	0.05
	Operating profit	0.09	0.02
Electronic components segment	Net sales	0.24	0.02
	Operating profit	0.08	0.01

NB: The above amounts for the USD effect include other currencies linked to the USD (eg.: HKD, CNY).

6. Summary of Balance Sheet

[Unit: ¥ billion]

[Consolidated]

	FY2016		FY2017 1Q		Change
		%		%	
Assets					
I. Current Assets	379.7	63.0%	384.8	62.1%	5.1
Cash and deposits	118.9	19.7%	119.9	19.4%	0.9
Notes and accounts receivable - trade	146.1	24.2%	138.8	22.4%	-7.2
Inventories	89.6	14.9%	98.5	15.9%	8.9
II. Non-current Assets	223.2	37.0%	234.6	37.9%	11.4
Property, plant and equipment	149.7	24.8%	160.3	25.9%	10.5
Intangible assets	16.7	2.8%	17.2	2.8%	0.4
Investment and other assets	56.6	9.4%	57.0	9.2%	0.3
Total Assets	602.9	100.0%	619.4	100.0%	16.5
Liabilities					
I. Current Liabilities	188.0	31.2%	199.0	32.1%	11.0
Notes and accounts payable - trade	74.1	12.3%	79.7	12.9%	5.5
Short-term loans payable	37.4	6.2%	41.7	6.7%	4.2
II. Non-current Liabilities	53.7	8.9%	55.1	8.9%	1.4
Long-term loans payable	25.8	4.3%	26.8	4.3%	1.0
Total Liabilities	241.8	40.1%	254.2	41.0%	12.4
Net Assets					
Total Net Assets	361.1	59.9%	365.2	59.0%	4.1
Total Liabilities and Net Assets	602.9	100.0%	619.4	100.0%	16.5

Inventories **¥98.5 billion** **(up ¥8.9 billion from previous year-end)**

Electronic components segment: up ¥7.8 billion
(includes +¥0.7 billion in exchange rate effect)

Automotive infotainment segment: up ¥1.0 billion
(includes +¥0.6 billion in exchange rate effect)

Property, plant and equipment **¥160.3 billion** **(up ¥10.5 billion from previous year-end)**

Electronic components segment: up ¥9.1 billion
(includes +¥0.5 billion in exchange rate effect)

Automotive infotainment segment: up ¥0.4 billion
(includes +¥0.3 billion in exchange rate effect)

Net assets **¥365.2 billion** **(up ¥4.1 billion from previous year-end)**

Retained earnings: up ¥3.3 billion

Equity ratio **41.9% (previous year-end: 42.2%)**

FY2017 Consolidated Financial Results Forecast

1. FY2017 Financial Results Forecast

[Consolidated] FY2017 forecast is revised after review of 1H forecast.

[Unit: ¥ billion]

	FY2016 Results		FY2017						Difference vs. FY2016	
			1H Forecast		2H Forecast		FY2017 Forecast			
		%		%		%		%		%
Net Sales	753.2	100.0%	395.0	100.0%	407.0	100.0%	802.0	100.0%	48.7	6.5%
Electronic Components	437.6	58.1%	240.0	60.8%	243.0	59.7%	483.0	60.2%	45.3	10.4%
Automotive market	256.0	34.0%	134.0	33.9%	137.0	33.7%	271.0	33.8%	14.9	5.8%
Consumer market	181.6	24.1%	106.0	26.9%	106.0	26.0%	212.0	26.4%	30.3	16.7%
Automotive Infotainment	242.3	32.2%	117.4	29.7%	125.4	30.8%	242.8	30.3%	0.4	0.2%
Logistics	61.1	8.1%	31.0	7.8%	32.0	7.9%	63.0	7.9%	1.8	3.0%
Others	12.1	1.6%	6.6	1.7%	6.6	1.6%	13.2	1.6%	1.0	8.8%
Operating Profit	44.3	5.9%	25.0	6.3%	36.0	8.8%	61.0	7.6%	16.6	37.5%
Electronic Components	32.8	7.5%	22.0	9.2%	28.0	11.5%	50.0	10.4%	17.1	52.4%
Automotive Infotainment	5.6	2.3%	2.1	1.8%	4.4	3.5%	6.5	2.7%	0.8	15.6%
Logistics	5.0	8.3%	2.3	7.4%	2.9	9.1%	5.2	8.3%	0.1	2.3%
Others / Eliminations	0.8	-	-1.4	-	0.7	-	-0.7	-	-1.5	-
Ordinary Profit	42.7	5.7%	23.0	5.8%	34.0	8.4%	57.0	7.1%	14.2	33.4%
Profit Attributable to Owners of Parent	34.9	4.6%	17.0	4.3%	24.0	5.9%	41.0	5.1%	6.0	17.4%
USD/JPY	108.38		109.55		108.00		108.00			
EUR/JPY	118.79		119.10		116.00		116.00			
Capital Expenditure	47.6		42.6		15.9		58.5			
Depreciation Expenses	33.0		16.2		21.4		37.7			
R&D Expenses	32.2		18.2		17.1		35.3			

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

NB: Breakdown of sales shows composition, breakdown of operating profit 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 FY2017 1Q (April 2017 - June 2017)

Basic Data

July 2017

Alps Electric Co., Ltd.

1. Outline

(Unit : 100 million Yen)

	FY2016					FY2017			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Net Sales	1,747	1,793	1,978	2,013	7,532	1,895	-	3,950	8,020
Domestic	344	379	390	408	1,523	379	-	-	-
Overseas	1,402	1,413	1,587	1,605	6,009	1,515	-	-	-
Operating Income	50	89	188	115	443	79	-	250	610
Ordinary Income	31	78	214	102	427	74	-	230	570
Profit attributable to owners of parent	26	62	193	67	349	63	-	170	410

2. Net Sales (by segments)

(Unit : 100 million Yen)

	FY2016					FY2017			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	956	1,041	1,201	1,177	4,376	1,119	-	2,400	4,830
Automotive market	597	593	658	711	2,560	666	-	1,340	2,710
Consumer market	359	448	542	466	1,816	453	-	1,060	2,120
Automotive Infotainment	611	571	591	649	2,423	590	-	1,174	2,428
Logistics	146	150	157	156	611	157	-	310	630
Others	32	29	29	29	121	27	-	66	132
Total	1,747	1,793	1,978	2,013	7,532	1,895	-	3,950	8,020

3. Operating Income

(Unit : 100 million Yen)

	FY2016					FY2017			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	30	65	135	95	328	71	-	220	500
Automotive Infotainment	3	9	33	9	56	3	-	21	65
Logistics	11	12	15	11	50	12	-	23	52
Others / Eliminations	4	2	3	-1	8	-8	-	-14	-7
Total	50	89	188	115	443	79	-	250	610

4. Capital Expenditures

(Unit : 100 million Yen)

	FY2016					FY2017			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	115	97	64	93	370	139	-	343	462
Automotive Infotainment	21	20	13	23	79	20	-	48	71
Logistics	3	3	6	6	20	16	-	31	46
Others	1	1	1	1	4	1	-	2	4
Eliminations	-0	0	0	0	0	0	-	-	-
Total	142	122	87	124	476	177	-	426	585

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

5. Depreciation Expenses

(Unit : 100 million Yen)

	FY2016					FY2017			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	60	58	60	61	241	48	-	115	278
Automotive Infotainment	15	15	15	16	64	16	-	34	72
Logistics	5	5	5	5	21	5	-	10	21
Others	1	0	0	0	3	1	-	2	5
Eliminations	0	0	0	0	0	0	-	-	-
Total	82	80	82	85	330	71	-	162	377

6. R & D Expenses

(Unit : 100 million Yen)

	FY2016					FY2017			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	1 H (Est)	Total (Est)
Electronic Components	35	38	38	55	167	51	-	104	197
Automotive Infotainment	44	41	24	42	154	27	-	77	155
Logistics	-	-	-	-	-	-	-	-	-
Others	0	0	0	0	0	0	-	0	1
Total	81	80	63	97	322	79	-	182	353

7. Inventories

(Unit : 100 million Yen)

	2016/6	2016/9	2016/12	2017/3	2017/6
Electronic Components	550	551	631	618	696
Automotive Infotainment	286	269	303	256	266
Logistics	17	17	17	19	20
Others	3	3	2	2	2
Eliminations	-0	-0	-0	-0	-0
Total	858	843	954	896	985

8. Employees

(Unit : Person)

	2016/6	2016/9	2016/12	2017/3	2017/6
Electronic Components	21,729	22,061	21,926	22,688	22,612
Automotive Infotainment	12,107	12,093	12,177	12,959	13,369
Logistics	5,365	5,376	5,407	5,330	5,464
Others	1,019	1,045	1,054	1,076	1,103
Total	40,220	40,575	40,564	42,053	42,548
(Non Consolidated)	5,537	5,498	5,628	5,588	5,728

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