

Results Briefing FY2012

Tuesday, April 30, 2013

ALPS ELECTRIC CO., LTD.

Perfecting the Art of Electronics

ALPS[®]

- FY2012 Consolidated Financial Results P. 2 - 8

- FY2013 Consolidated Financial Results Forecast P. 9 - 11

- 7th Mid-term Business Plan P. 12 - 19

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.

1. Summary of Financial Results

[Unit: ¥ billion]

[Consolidated]

	FY2011		FY2012			Effect of exchange rates	Forecast (January 31, 2013)		
		%		%	Difference vs. FY2011			Change from forecast	
Net Sales	526.5	100.0%	546.4	100.0%	3.8%		541.0	1.0%	
Electronic Components	268.9	51.1%	268.0	49.1%	-0.3%	USD appreciation +8.2 EUR depreciation -0.2 Other currencies +0.8 (Subtotal +8.8)	264.0	1.5%	
Automotive market	132.4	25.2%	140.0	25.6%	5.7%		137.0	2.2%	
Consumer market	136.4	25.9%	128.0	23.5%	-6.1%		127.0	0.8%	
Automotive Infotainment	200.2	38.0%	219.8	40.2%	9.8%	USD appreciation +4.1 EUR depreciation -0.5 (Subtotal +3.6)	218.0	0.8%	
Logistics	47.9	9.1%	48.5	8.9%	1.2%	-	49.4	-1.7%	
Others	9.3	1.8%	9.9	1.8%	6.4%	-	9.6	3.4%	
Operating Income	15.1	2.9%	6.8	1.3%	-54.8%		8.0	-14.4%	
Electronic Components	4.5	1.7%	0.2	0.1%	-95.0%	USD appreciation +1.8 EUR depreciation -0.0 Other currencies -0.2 (Subtotal +1.6)	0.4	-43.2%	
Automotive Infotainment	5.6	2.8%	2.3	1.1%	-58.7%	USD appreciation +0.7 EUR depreciation -0.3 (Subtotal +0.4)	3.0	-22.5%	
Logistics	3.7	7.7%	3.5	7.4%	-3.3%	-	4.0	-10.3%	
Others	0.4	5.1%	0.4	4.2%	-12.6%	-	0.5	-17.5%	
Eliminations	0.7		0.2			-	0.1		
Ordinary Income	14.3	2.7%	7.6	1.4%	-46.6%		6.5	17.8%	
Net Income	4.1	0.8%	-7.0	-1.3%	-269.4%		-8.5	-	
	USD/JPY		79.08			83.10		81.25	
	EUR/JPY		108.98			107.14		104.64	

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

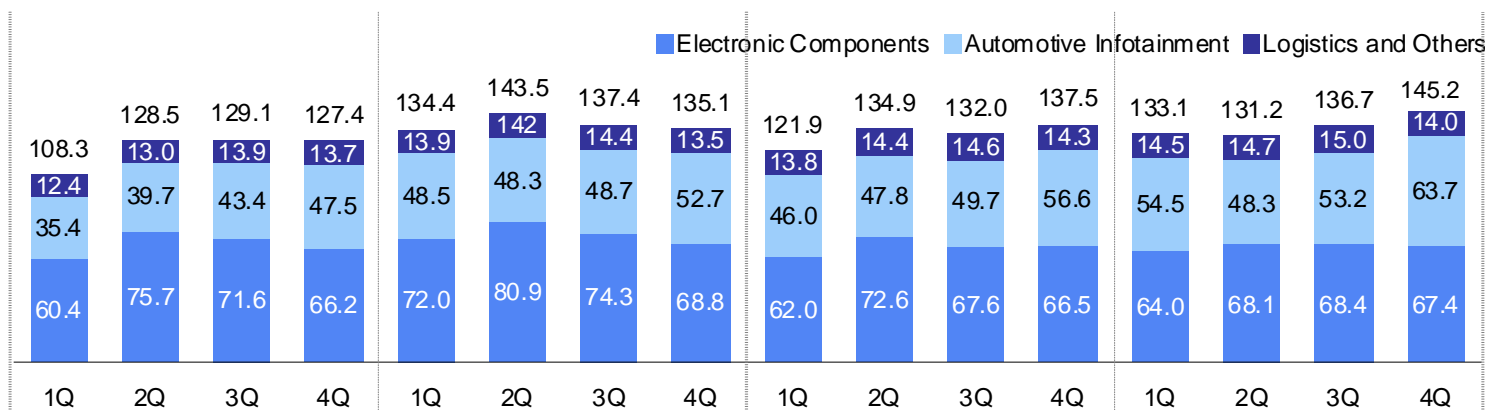
NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin

2. Net Sales and Operating Income: Quarterly Change

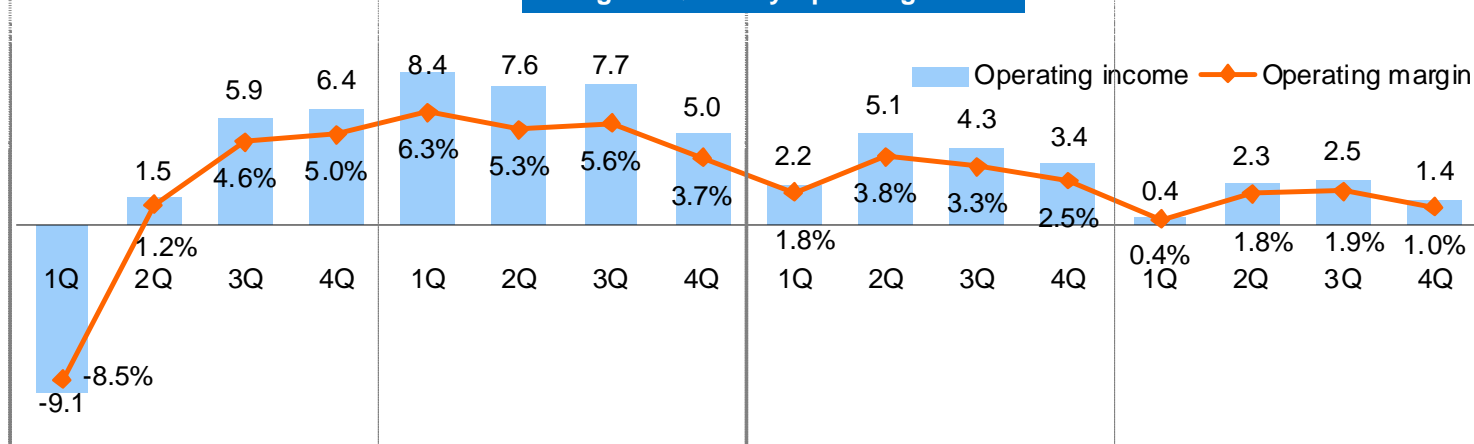
[Unit: ¥ billion]

[Consolidated]

Change in Quarterly Net Sales



Change in Quarterly Operating Income

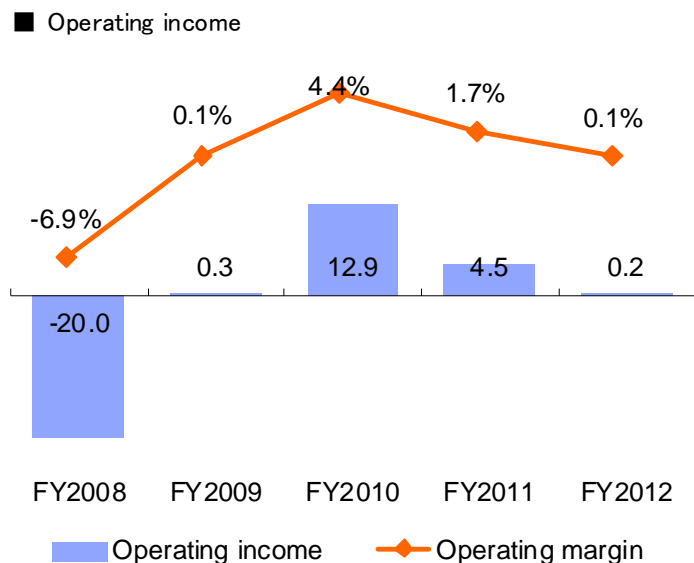
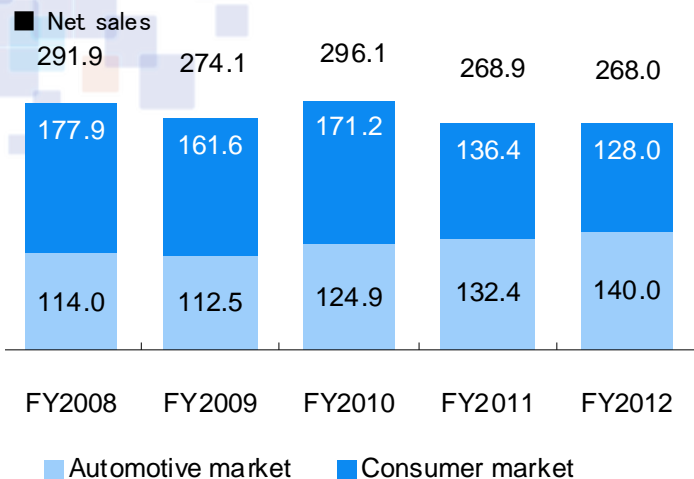


	FY2009				FY2010				FY2011				FY2012			
USD/JPY	97.32	93.65	89.72	90.70	92.01	85.90	82.64	82.34	81.74	77.89	77.41	79.28	80.20	78.62	81.17	92.42
EUR/JPY	132.57	133.74	132.68	125.62	116.99	110.70	112.23	112.57	117.40	110.19	104.33	103.99	102.91	98.36	105.25	122.04

3. Change in Breakdown of Sales by Business Segment

[Unit: ¥ billion]

1. Electronic Components Segment



Net sales

¥268.0 billion (down 0.3% year on year)

Automotive market: ¥140.0 billion (up 5.7%)

Sales of products such as instrument panels, door modules, communications modules grew steadily due to promotion of sales to automobile manufacturers.

Consumer market: ¥128.0 billion (down 6.1%)

While sales of camera actuators and switches for smartphones expanded, sales of other consumer market products were sluggish.

Operating income

¥0.2 billion (down 95.0% year on year)

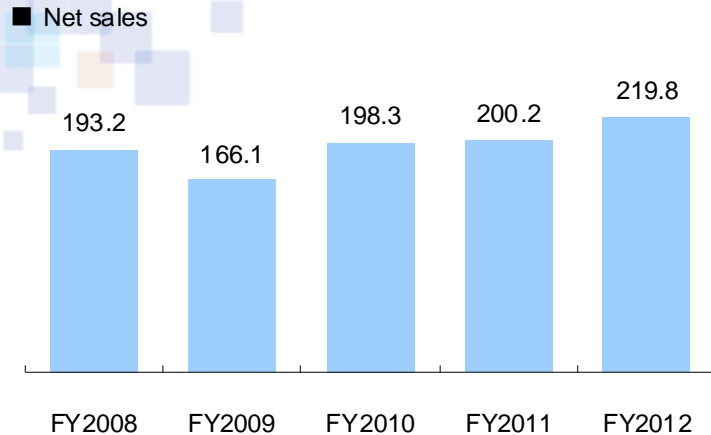
Operating margin: 0.1%

Operating margin was down due to the impact of sluggish sales of products for TVs and PCs, as well as a decrease in sales of some products for smartphones due to changes in the plans of customers.

3. Change in Breakdown of Sales by Business Segment

[Unit: ¥ billion]

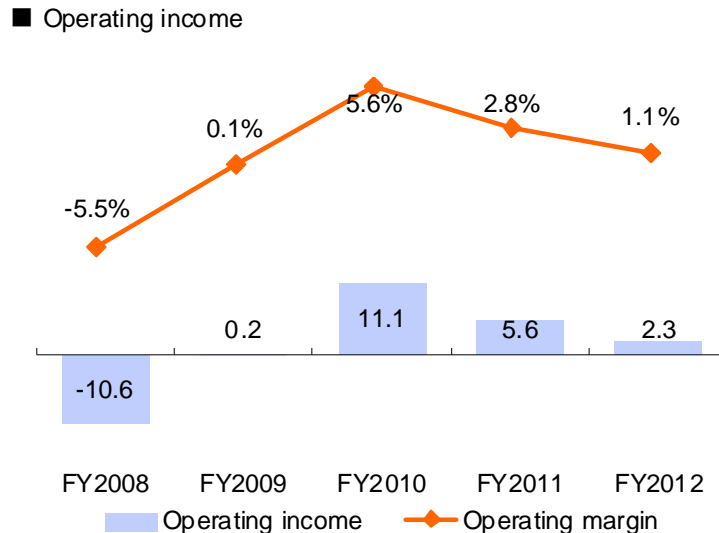
2. Automotive Infotainment Segment



Net sales

¥219.8 billion (up 9.8% year on year)

Sales of automobiles in the North American market were strong, leading to sales growth in genuine products for automakers.



Operating income

¥2.3 billion (down 58.7% year on year)

Operating margin: 1.1%

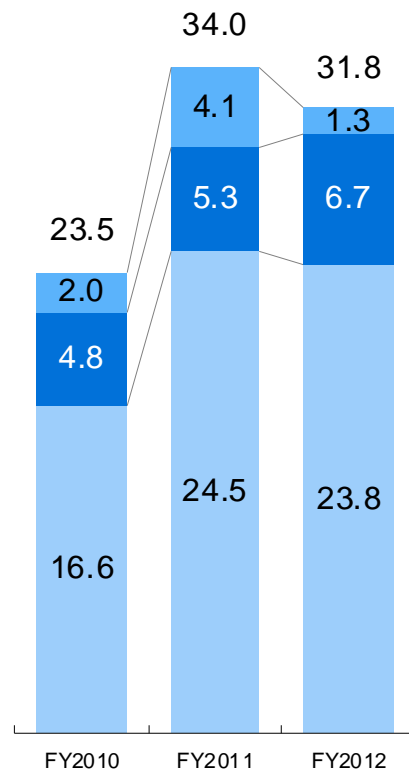
The change in the sales composition of genuine products for automakers and the cost of parts for in-car display, hard disk drives and others put pressure on income.

4. Capital Expenditure, Depreciation Expenses and R&D

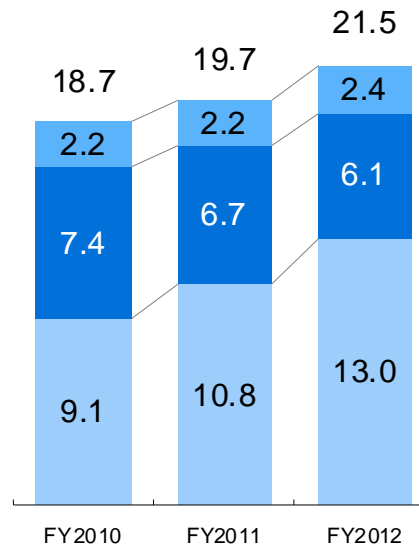
[Unit: ¥ billion]

[Consolidated]

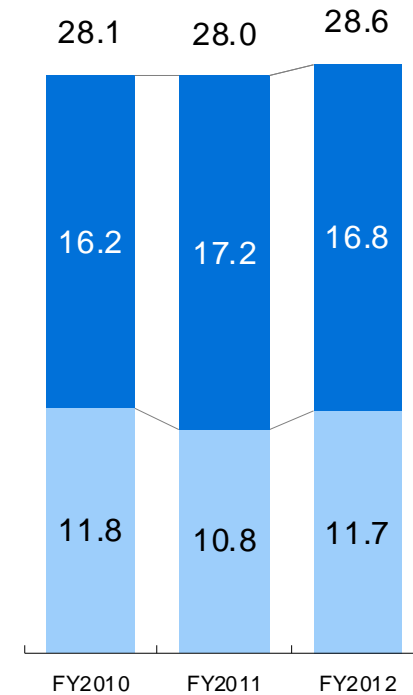
Capital Expenditure



Depreciation Expenses



R&D Expenses



■ Electronic Components

■ Automotive Infotainment

■ Logistics and Others

5. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.26	0.04
	Operating income	0.06	0.02
Electronic components segment	Net sales	0.18	0.02
	Operating income	0.05	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]

	FY2011		FY2012		Change
		%		%	
Assets					
I. Current Assets	275.7	62.4%	273.1	60.5%	-2.5
Cash and time deposits	85.5	19.4%	76.6	17.0%	-8.9
Notes and accounts receivable - trade	101.1	22.9%	102.2	22.6%	1.1
Inventories	69.1	15.6%	74.3	16.5%	5.2
II. Non-current Assets	166.3	37.6%	178.2	39.5%	11.9
Property, plant and equipment	120.9	27.4%	129.2	28.6%	8.2
Intangible assets	9.3	2.1%	11.8	2.6%	2.4
Investment and other assets	35.9	8.1%	37.1	8.2%	1.1
Total Assets	442.0	100.0%	451.4	100.0%	9.3
Liabilities					
I. Current Liabilities	206.3	46.7%	166.6	36.9%	-39.6
Notes and accounts payable - trade	61.9	14.0%	55.8	12.4%	-6.1
Short-term loans payable	92.1	20.8%	58.3	12.9%	-33.7
II. Non-current Liabilities	42.6	9.6%	85.3	18.9%	42.7
Long-term debt	26.3	6.0%	66.1	14.6%	39.7
Total Liabilities	248.9	56.3%	252.0	55.8%	3.0
Net Assets					
Total Net Assets	193.1	43.7%	199.4	44.2%	6.2
Total Liabilities and Net Assets	442.0	100.0%	451.4	100.0%	9.3

Inventories

¥74.3 billion (up ¥5.2 billion year on year)

Electronic components segment: up ¥3.1 billion
(includes ¥3.5 billion in exchange rate effect)

Automotive infotainment segment: up ¥2.3 billion
(includes ¥2.6 billion in exchange rate effect)

Tangible fixed assets

¥129.2 billion (up ¥8.2 billion year on year)

Electronic components segment: machinery and
equipment up ¥7.9 billion

Interest-bearing debt ¥124.4 billion (up
¥6.0 billion year on year)

Electronic components segment: fund raising for
capital expenditure and development expenditure

FY2013 Consolidated Financial Results Forecast

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1. FY2013 Financial Results Forecast

[Unit: ¥ billion]

[Consolidated]

	FY2012		FY2013 Forecast			1H		2H	
		%		%	Difference vs. FY2012		%		%
Net Sales	546.4	100%	600.0	100%	9.8%	286.0	100%	314.0	100%
Operating Income	6.8	1.3%	19.0	3.2%	177.3%	4.5	1.6%	14.5	4.6%
Ordinary Income	7.6	1.4%	19.3	3.2%	152.0%	5.3	1.9%	14.0	4.5%
Net Income	-7.0	-1.3%	9.5	1.6%	-	1.0	0.3%	8.5	2.7%

Capital Expenditure	31.8	25.7	18.9	6.7
Depreciation Expenses	21.5	25.1	12.4	12.7
R&D Expenses	28.6	33.7	17.5	16.1

USD/JPY	83.10	90.00	90.00	90.00
EUR/JPY	107.14	117.00	117.00	117.00

2. Breakdown of Net Sales and Operating Income Forecast by Business Segment

[Consolidated]

[Unit: ¥ billion]

		FY2012 Results	FY2013					
			Forecast	1H		2H		
				Difference vs. FY2012	Difference vs. FY2012	Difference vs. FY2012	Difference vs. FY2012	
Net Sales	Electronic Components	268.0	300.0	31.9	140.0	7.8	160.0	24.0
	Automotive market	140.0	155.0	14.9	72.0	3.5	83.0	11.4
	Consumer market	128.0	145.0	16.9	68.0	4.2	77.0	12.6
	Automotive Infotainment	219.8	239.0	19.1	117.0	14.1	122.0	5.0
	Logistics	48.5	51.0	2.4	25.0	0.6	26.0	1.8
	Others	9.9	10.0	0.0	4.0	-0.9	6.0	1.0
Operating Income	Electronic Components	0.2	10.0	9.7	1.0	1.8	9.0	7.9
		0.1%	3.3%		0.7%		5.6%	
	Automotive Infotainment	2.3	5.0	2.6	2.0	0.8	3.0	1.8
		1.1%	2.1%		1.7%		2.5%	
	Logistics	3.5	3.7	0.1	1.5	-0.3	2.1	0.4
		7.4%	7.3%		6.2%		8.3%	
	Others	0.4	0.3	-0.1	0.0	-0.2	0.3	0.1
		4.2%	3.0%		0.0%		5.0%	
Eliminations	0.2	0.0	-0.2	0.0	-0.3	0.0	0.0	

7th Mid-Term Business Plan

(Fiscal Year ending March 2014 – Fiscal Year ending March 2016)

Action Plan

Number 1
First 1
and
Be Proactive

Perfecting the Art of Electronics

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1. 7th Mid-Term Business Plan: Overview

[Unit: ¥ billion]

[Consolidated]

	FY2012 (Results)			FY2013 (Plan)			FY2014 (Plan)			FY2015 (Plan)		
	Net Sales	Operating Income	Operating Margin	Net Sales	Operating Income	Operating Margin	Net Sales	Operating Income	Operating Margin	Net Sales	Operating Income	Operating Margin
Electronic Components	268.0	0.2	0.1%	300.0	10.0	3.3%	325.0	16.0	4.9%	350.0	24.0	6.9%
Automotive Infotainment	219.8	2.3	1.0%	239.0	5.0	2.1%	246.0	8.0	3.3%	259.0	12.0	4.6%
Logistics	48.5	3.5	7.2%	51.0	3.7	7.3%	53.0	4.0	7.5%	55.0	4.5	8.2%
Others	9.9	0.4	4.0%	10.0	0.3	3.0%	11.0	1.0	9.1%	11.0	0.5	4.5%
Consolidated Total	546.4	6.8	1.2%	600.0	19.0	3.2%	635.0	29.0	4.6%	675.0	41.0	6.1%

	FY2012 (Results)	FY2013 (Plan)	FY2014 (Plan)	FY2015 (Plan)
USD/JPY	83.10	90.00	90.00	90.00
EUR/JPY	107.14	117.00	117.00	117.00

2. 7th Mid-Term Business Plan: Priority Areas

[Electronic Components Segment]

Targets

Strategies

1	Achieve ¥200 billion in sales to the automotive market	<ol style="list-style-type: none"> 1. Promote customer-targeted marketing strategies 2. Expand market share of existing products 3. Create new products
2	Achieve ¥100 billion in sales for smartphones	<ol style="list-style-type: none"> 1. Expand sales to leading smartphone manufacturers 2. 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 business 2. Accelerate healthcare business
4	Strengthen core technology and product capabilities	<ol style="list-style-type: none"> 1. Deepen the human-machine interface 2. Increase variety of sensors 3. Expand businesses based on connectivity
5	Rationalization of fixed costs	<p>Global personnel reduction of 3,000</p> <ul style="list-style-type: none"> - Mar. 31, 2013: reduction of 1,000 personnel completed - Sep. 30, 2013: reduction of 1,000 personnel planned - Mar. 31, 2014: reduction of 1,000 personnel planned - ¥3 billion reduction in personnel expenses

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

1. Adapt to modular development strategy of customers and become a strategic partner

- Strengthen global customer support
- Strengthen global production and supply structure

Global response capabilities (Japan, Europe, U.S. and emerging countries)



Steering modules



Power window switches



Heating, ventilation and air conditioning (HVAC)



Keyless entry

2. Actively propose next-generation products to existing customers

- Human-machine interface
- Connectivity integrated products
- Cockpit products
- Make joint proposals with Alpine Electronics

Next-generation product proposals



Cockpit proposals



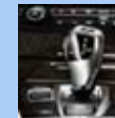
Center stacks



Haptic products



Overhead modules



Electronic shifters

Concept creation by specialist teams

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

Expand Market Share of Existing Products and Create New Products

Take advantage of opportunities in the shift to electronics to expand sales by creating new products

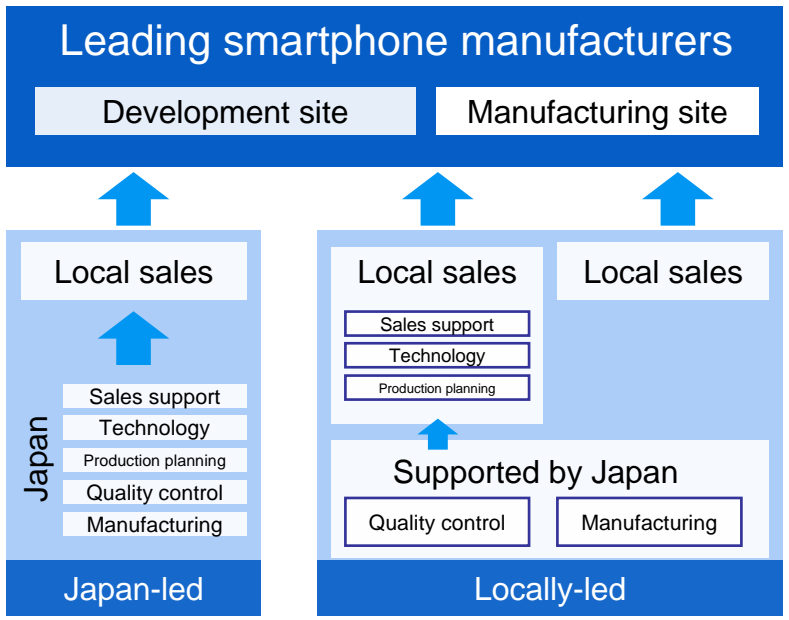
Expand Market Share of Existing Products	Create New Products	
	4-wheel	2-wheel
<p>Body electronics</p> <p>By-wire</p> <p>Steering angle sensors</p> <p>Throttle position sensors</p> <p>Brake position switches</p>	<p>Touch pads</p> <p>Capacitive sensors</p> <p>Communications modules</p> <p>Antennas</p> <p>Current sensors</p>	<p>Load sensors</p> <p>Smart keyless</p> <p>Answer back</p> <p>Level sensors</p> <p>Pressure sensors</p> <p>Brake switches</p>

5. Achieve ¥100 Billion in Sales for Smartphones

Expand Sales to Leading Smartphone Manufacturers and Boost Promotion of Sales in China

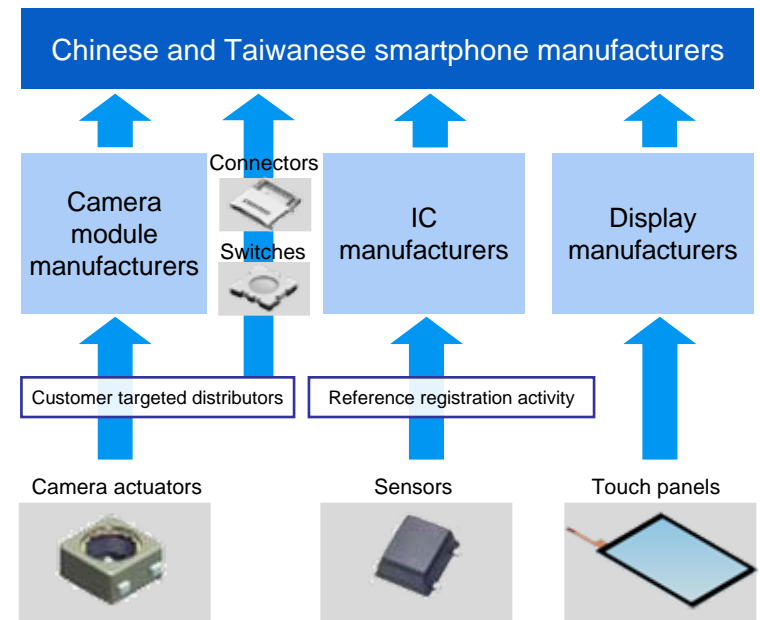
1. Marketing System with Total “Customer in” Focus

- Respond to changes in speed of customer requests
- Reinforce local sales and engineering staff
- Build prompt local decision-making structures



2. Boost Promotion of Sales to Chinese and Taiwanese Manufacturers

- Strengthen relationships with manufacturers by expanding sales of key parts
- Promote sales of component products

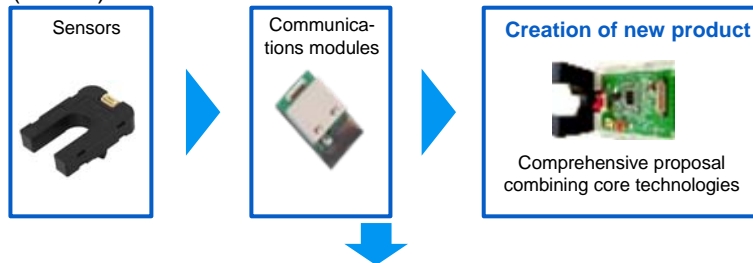


6. Establish Business in New Markets

Sale of module products using input, sensor, connectivity technology

1. Establish Environment / Energy Business

Example activity for home energy management system (HEMS) manufacturers



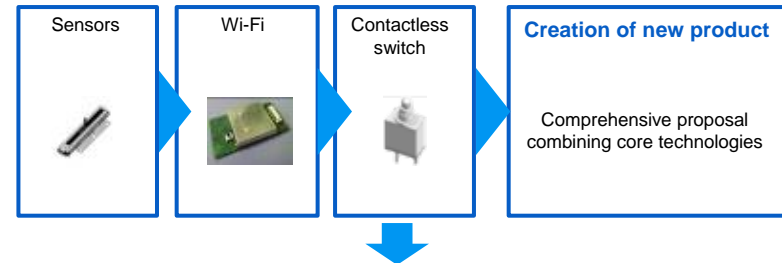
Horizontal expansion to target companies

Activity details

Key sectors and equipment		Products	
1. Energy creation	Power conversion systems (PCSs)	Current sensors	Reactors
2. Energy transmission	Wireless power transmission device pole transformer	Wireless power transmission module	Toroidal cores
3. Energy storage	Stationary storage cells	Storage cell units	Current sensors
4. Energy conservation	Energy conservation equipment	LED light plugs	T-heaters
			Humidity sensors
5. xEMS	Current sensors	Current sensors	Communications modules

2. Acceleration of Health Care Business

Example activity for medical equipment manufacturer



Horizontal expansion to target companies

Activity details

Key sectors and equipment		Products
1. Health and prevention	Health care equipment	Integrated products by Various Sensors + Communication modules
2. Diagnosis and treatment	Medical equipment	

7. Strengthen core technology and product capabilities

1. Product Hubs

- Human-machine interface
- Sensors
- Connectivity

2. Technology Hubs

Advance of mechatronics + black-boxization of technology

- In-house production of ASIC design (fabless)
- Firmware
- Materials and thin film processes

3. Strengthening Overseas R&D

North America: develop advanced input products

Europe: develop advanced in-car products

China and South Korea: strengthen product design capabilities

Japan: strengthen development of elemental technologies and new products

Consolidated Financial Results FY2012 (April 2012 - March 2013)

Basic Data

April 2013

Alps Electric Co., Ltd.

1. Outline (Unit : 100 million Yen)

	2009	2010	2011	2012	2013	2014(Est)	1st Half
Net Sales	5,389	4,936	5,506	5,265	5,464	6,000	2,860
Domestic	1,546	1,424	1,427	1,389	1,262	—	—
Overseas	3,843	3,511	4,079	3,875	4,202	—	—
Operating Income	△265	47	288	151	68	190	45
Ordinary Income	△233	16	231	143	76	193	53
Net Income	△700	5	111	41	△70	95	10

2. Net Sales (by segments) (Unit : 100 million Yen)

	2009	2010	2011	2012	2013
Japan	1,546	1,424	1,427	1,389	1,262
United States	867	751	937	892	1,036
EU	1,449	1,240	1,435	1,414	1,442
Asia	1,494	1,482	1,672	1,531	1,647
Others	31	35	33	36	76
Total	5,389	4,936	5,506	5,265	5,464

3. Performances (Unit : Yen)

	2009	2010	2011	2012	2013
EPS	△390.93	3.18	62.14	23.29	△39.47
EPS after adjustment	—	2.74	—	—	—
PBR	620.04	628.85	644.24	644.03	651.72
ROE	△45.9%	0.5%	9.8%	3.6%	△6.1%
ROA	△16.1%	0.1%	2.7%	1.0%	△1.6%
Equity Ratio	29.6%	27.4%	27.0%	26.1%	25.9%
Debt Redemption Years	7.0	4.1	4.3	5.1	5.1
Debt Equity Ratio	94.0%	103.3%	103.9%	102.7%	106.6%
Interest Coverage Ratio	15.7	18.5	14.8	14.1	17.7

4. Cash Flow (Unit : 100 million Yen)

	2009	2010	2011	2012	2013
by Sales operations ①	150	289	285	234	248
by Investments ②	△490	△195	△209	△293	△321
Free Cash Flow ①+②	△340	94	76	△59	△72
by Financial operations	280	121	51	△66	△56
Cash balances	683	887	984	850	761

5. Inventories (Unit : 100 million Yen)

	2009	2010	2011	2012	2013
Consolidated Amount	520	481	565	691	743
Turnover	8.7	9.9	10.5	8.4	7.6

6. Capital Expenditures, Depreciation Expenses (Unit : 100 million Yen)

	2009	2010	2011	2012	2013	2014(Est)	1st Half
Cap Ex	422	184	235	340	318	257	189
Depreciations	299	212	187	197	215	251	124

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

7. R & D Expenses (Unit : 100 million Yen)

	2009	2010	2011	2012	2013	2014(Est)	1st Half
Expenses	403	278	281	280	286	337	175
Ratio by Net Sales	7.5%	5.6%	5.1%	5.3%	5.2%	5.6%	6.1%

8. Employees (Unit : Person)

	2009	2010	2011	2012	2013
Headcount at the end	37,656	36,520	38,547	36,148	36,199

Consolidated Basic data by segments

(Unit : 100 million Yen)							
1. Net Sales	2009	2010	2011	2012	2013	2014(Est)	1st Half
Electronic Components	2,919	2,741	2,961	2,689	2,680	3,000	1,400
Automotive market	—	1,125	1,249	1,324	1,400	1,550	720
Consumer market	—	1,616	1,712	1,364	1,280	1,450	680
Components	(768)	(856)	—	—	—	—	—
Communications	(446)	(333)	—	—	—	—	—
Peripheral products	(923)	(751)	—	—	—	—	—
Automotive electronics	(781)	(799)	—	—	—	—	—
Automotive Infotainment※	1,932	1,661	1,983	2,002	2,198	2,390	1,170
Logistics	537	449	475	479	485	510	250
Others	—	83	86	93	99	100	40
Total	5,389	4,936	5,506	5,265	5,464	6,000	2,860

Ref1: We changed the segment informations from FY2009.
Ref2: "Logistics and others segment" has been split into the "Logistics segment" and "Others" due to the change of reporting segments from FY2009.

(Unit : 100 million Yen)							
2. Operating Income	2009	2010	2011	2012	2013	2014(Est)	1st Half
Electronic Components	△200	3	129	45	2	100	10
Automotive Infotainment※	△106	2	111	56	23	50	20
Logistics	39	34	38	37	35	37	15
Others	—	2	4	4	4	3	0
Eliminations	2	3	4	7	2	0	0
Total	△265	47	288	151	68	190	45

(Unit : 100 million Yen)					
3. Order Backlog	2009/3	2009/3	2010/3	2011/3	2012/3
Electronic Components	234	287	271	259	260
Automotive Infotainment※	189	247	222	226	253
Logistics	—	—	—	—	—
Others	—	—	—	—	—
Total	423	535	494	485	513

(Unit : 100 million Yen)					
4. Inventories	2009/3	2009/3	2010/3	2011/3	2012/3
Electronic Components	323	297	339	408	439
Automotive Infotainment※	190	177	214	270	293
Logistics	7	6	11	13	10
Others	—	—	0	0	0
Eliminations	△0	△0	△0	△0	△0
Total	520	481	565	691	743

Turnover					
	2009/3	2009/3	2010/3	2011/3	2012/3
Electronic Components	7.9	9.1	9.5	7.5	6.6
Automotive Infotainment※	8.3	9.2	10.3	8.4	7.9
Total	8.7	9.9	10.5	8.4	7.6

(Unit : 100 million Yen)							
5. Capital Expenditures	2009	2010	2011	2012	2013	2014(Est)	1st Half
Electronic Components	294	119	166	245	238	170	132
Automotive Infotainment※	101	43	48	53	67	61	40
Logistics	30	20	13	55	16	11	7
Others	—	4	7	7	6	13	9
Eliminations	△3	△3	△0	△21	△9	—	—
Total	422	184	235	340	318	257	189

(Unit : 100 million Yen)							
6. Depreciation Expenses	2009	2010	2011	2012	2013	2014(Est)	1st Half
Electronic Components	172	107	91	108	130	156	77
Automotive Infotainment※	103	83	74	67	61	58	28
Logistics	24	16	17	18	19	19	9
Others	—	5	5	4	5	17	8
Eliminations	△0	△1	△1	△1	△0	—	—
Total	299	212	187	197	215	251	124

(Unit : 100 million Yen)					
7. Loan Balance	2009	2010	2011	2012	2013
Electronic Components	975	947	999	1,006	1,159
Automotive Infotainment※	16	100	54	55	2
Logistics	—	—	66	61	56
Others	145	164	101	106	96
Eliminations	△93	△48	△23	△45	△70
Total	1,044	1,163	1,199	1,185	1,244

(Unit : 100 million Yen)							
8. R & D Expenses	2009	2010	2011	2012	2013	2014(Est)	1st Half
Electronic Components	138	96	118	108	117	141	74
Automotive Infotainment※	263	181	162	172	168	195	100
Logistics	—	—	—	—	—	—	—
Others	0	0	0	0	0	0	0
Total	403	278	281	280	286	337	175

(Unit : Person)					
9. Employees	2009	2010	2011	2012	2013
Electronic Components	21,182	20,633	22,522	19,760	19,600
Automotive Infotainment※	11,573	10,913	10,835	11,058	11,107
Logistics	4,901	4,974	4,386	4,542	4,683
Others	—	—	804	788	809
Total	37,656	36,520	38,547	36,148	36,199
(Non Consolidated)	5,805	5,854	5,600	5,493	5,471

(Ref.) All figures exclude temporary employees.