

# Results Briefing FY2014 1Q

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Thursday, July 31, 2014

***ALPS ELECTRIC CO., LTD.***

Perfecting the Art of Electronics

**ALPS**<sup>®</sup>

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# FY2014 1Q Consolidated Financial Results

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# 1. Summary of Financial Results

[Unit: ¥ billion]

[Consolidated]

	FY2013		FY2014			Difference		FY2013		Difference	
	1Q Results		1Q Results		Effect of exchange rates (YoY)	vs. FY2013 1Q		4Q Results		vs. FY2013 4Q	
		%		%			%		%		
Net Sales	155.7	100.0%	167.3	100.0%		11.5	7.4%	178.2	100.0%	-10.9	-6.1%
Electronic Components	73.6	47.3%	82.6	49.4%	USD appreciation +1.5 EUR appreciation +0.6 Other currencies +0.5 (Subtotal +2.7)	9.0	12.2%	86.7	48.7%	-4.0	-4.7%
Automotive market	40.0	25.8%	47.1	28.2%		7.0	17.7%	48.0	27.0%	-0.8	-1.8%
Consumer market	33.5	21.5%	35.4	21.2%		1.9	5.7%	38.6	21.7%	-3.2	-8.3%
Automotive Infotainment	67.3	43.2%	68.4	40.9%	USD appreciation +1.2 EUR appreciation +0.6 (Subtotal +1.8)	1.0	1.6%	74.4	41.7%	-5.9	-8.0%
Logistics	12.3	7.9%	13.5	8.1%	-	1.2	10.3%	13.3	7.5%	0.1	1.4%
Others	2.4	1.6%	2.6	1.6%	-	0.2	8.5%	3.7	2.1%	-1.0	-28.1%
Operating Income	3.1	2.0%	6.1	3.7%		2.9	95.0%	5.7	3.2%	0.4	7.4%
Electronic Components	0.6	0.9%	2.9	3.6%	USD appreciation +0.7 EUR appreciation +0.3 Other currencies -0.6 (Subtotal +0.4)	2.3	358.2%	2.6	3.1%	0.2	10.3%
Automotive Infotainment	1.4	2.1%	2.0	3.0%	USD appreciation +0.1 EUR appreciation +0.1 (Subtotal +0.2)	0.5	41.7%	2.0	2.7%	0.0	1.0%
Logistics	0.9	7.9%	0.9	7.1%	-	-0.0	-1.6%	0.9	6.7%	0.0	6.2%
Others	0.0	1.0%	0.1	6.6%	-	0.1	594.8%	0.1	5.2%	-0.0	-9.6%
Eliminations	0.0	-	0.0	-	-	-0.0	-	-0.0	-	0.0	-
Ordinary Income	2.9	1.9%	5.8	3.5%		2.8	97.0%	4.8	2.7%	1.0	20.9%
Net Income	-0.2	-0.2%	1.8	1.1%		2.0	-	3.1	1.8%	-1.3	-42.9%
USD/JPY	98.76		102.16			3.40		102.78		-0.62	
EUR/JPY	128.95		140.07			11.12		140.79		-0.72	

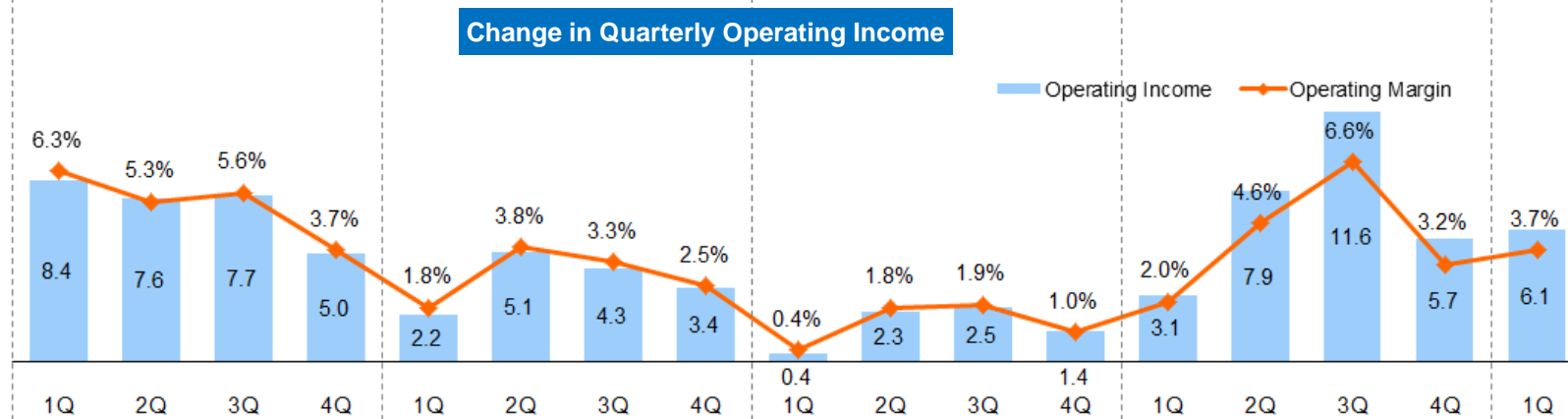
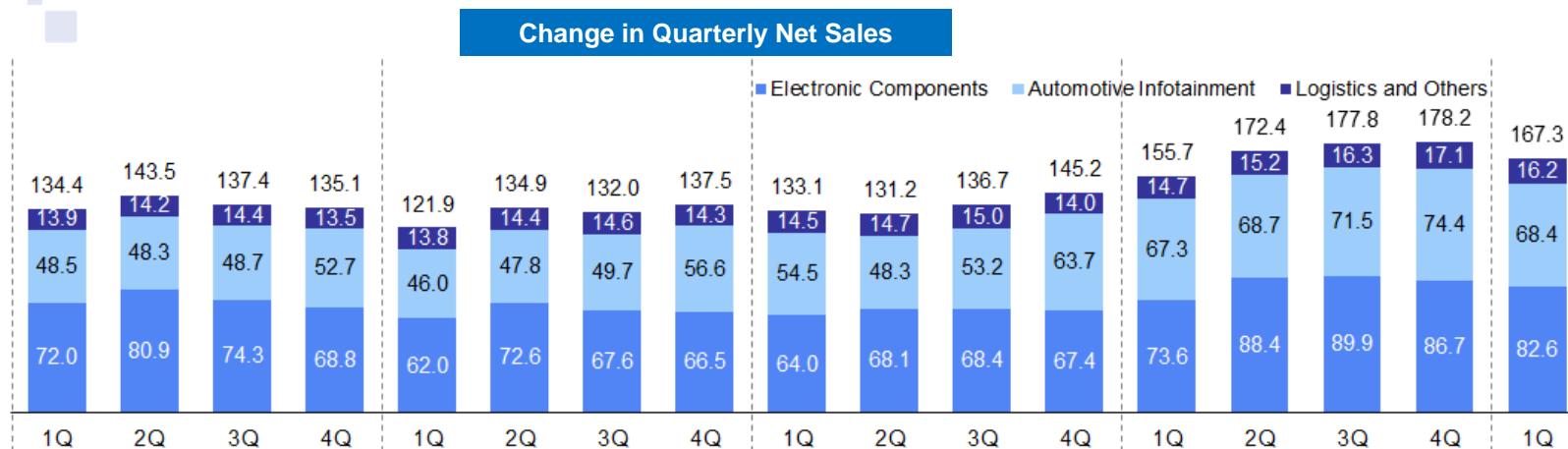
NB: Here and subsequently amounts have been rounded down to the nearest ¥100 million.

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

## 2. Net Sales and Operating Income: Quarterly Change

[Unit: ¥ billion]

[Consolidated]

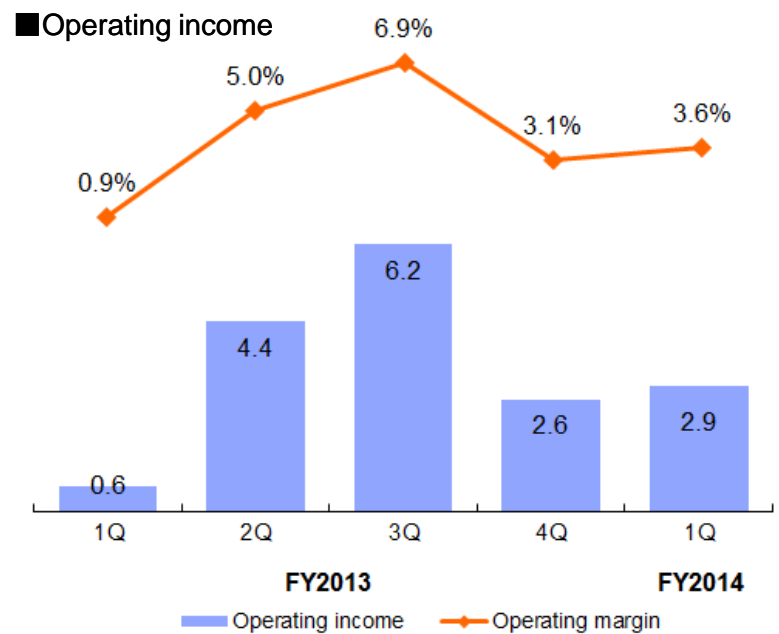
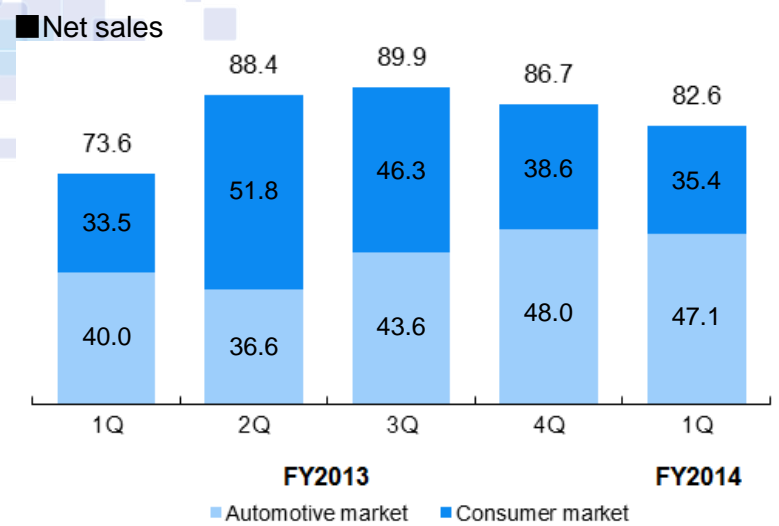


	FY2010				FY2011				FY2012				FY2013				FY2014
USD/JPY	92.01	85.90	82.64	82.34	81.74	77.89	77.41	79.28	80.20	78.62	81.17	92.42	98.76	98.95	100.46	102.78	102.16
EUR/JPY	116.99	110.70	112.23	112.57	117.40	110.19	104.33	103.99	102.91	98.36	105.25	122.04	128.95	131.05	136.69	140.79	140.07

# 3. Change in Breakdown of Sales by Business Segment

[Unit: ¥ billion]

## 1. Electronic Components Segment



**Net sales (1Q)**  
 ¥82.6 billion (up 12.2% year on year)

**Automotive market: ¥47.1 billion (up 17.7%)**  
 Sales of module products, such as electronic shifters, commanders, power window switches and keyless entry systems, as well as automotive sensors and communication modules grew.

**Consumer market: ¥35.4 billion (up 5.7%)**  
 Sales grew due to sales increase in camera actuators and switches for smartphones and geomagnetic and pressure sensors offsetting sales decrease in touch panels.

**Operating income (1Q)**  
 ¥2.9 billion (up 358.2% year on year)

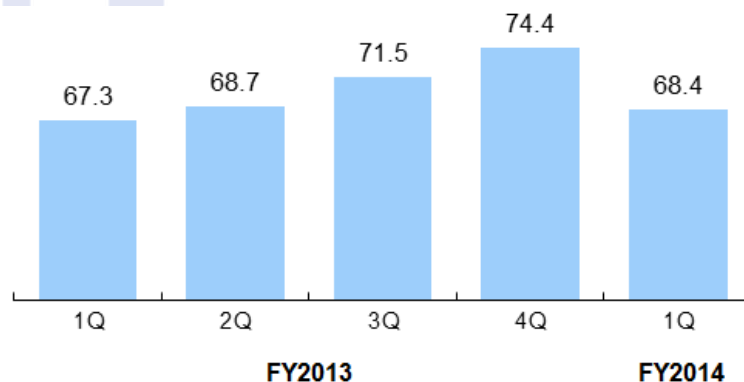
- Operating margin: 3.6%**
- Income from automotive module products improved.
  - Income from camera actuators increased resulting from their sales increase.

# 3. Change in Breakdown of Sales by Business Segment

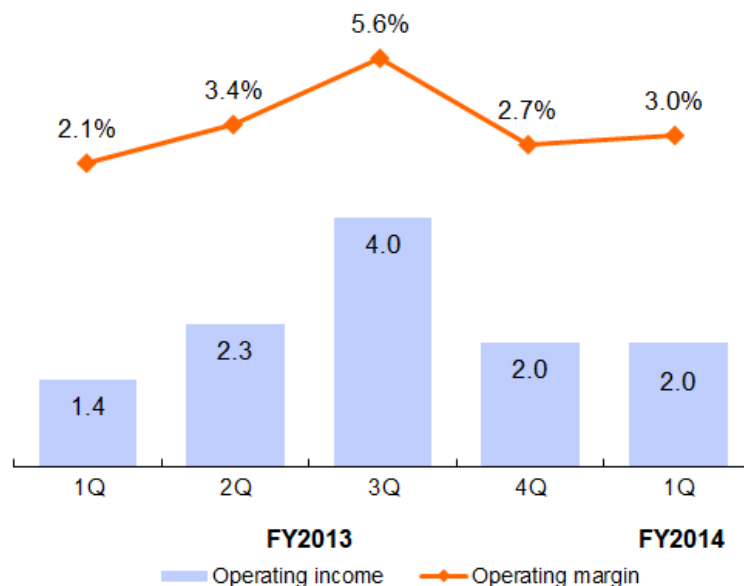
[Unit: ¥ billion]

## 2. Automotive Infotainment Segment

■ Net sales



■ Operating income



Net sales (1Q)

¥68.4 billion (up 1.6% year on year)

Commercial products

While, in Japan, sales of commercial products in general kept the same level in spite of the reaction against the rise in consumption tax rate in April by launching the world's largest 10 inch navigation system, sales of audio products were weak in Japan, the U.S. and Europe.

Genuine products for automakers

Sales of both audio products and navigation systems were steady, led by strong sales of European automakers' luxury cars in North America and China.

Operating income (1Q)

¥2.0 billion (up 41.7% year on year)

Operating margin: 3.0%

Income improved by launching commercial products.

## 4. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.29	0.04
	Operating income	0.06	0.01
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).



# 5. Summary of Balance Sheet

[Unit: ¥ billion]

[Consolidated]

	FY2013		FY2014 1Q		Change
		%		%	
<b>Assets</b>					
<b>I. Current Assets</b>	327.4	63.9%	324.9	63.6%	-2.4
Cash and time deposits	122.7	24.0%	120.2	23.5%	-2.4
Notes and accounts receivable - trade	111.1	21.7%	106.0	20.8%	-5.0
Inventories	73.1	14.3%	76.9	15.1%	3.8
<b>II. Non-current Assets</b>	184.9	36.1%	185.9	36.4%	0.9
Property, plant and equipment	133.7	26.1%	135.0	26.4%	1.2
Intangible assets	12.4	2.4%	12.4	2.4%	-0.0
Investment and other assets	38.6	7.6%	38.4	7.5%	-0.2
<b>Total Assets</b>	512.3	100.0%	510.9	100.0%	-1.4
<b>Liabilities</b>					
<b>I. Current Liabilities</b>	171.1	33.4%	193.5	37.9%	22.3
Notes and accounts payable - trade	61.2	11.9%	66.4	13.0%	5.2
Short-term loans payable	48.9	9.6%	66.8	13.1%	17.8
<b>II. Non-current Liabilities</b>	110.8	21.6%	91.9	18.0%	-18.8
Bonds with stock acquisition rights	30.2	5.9%	30.2	5.9%	-0.0
Long-term debt	55.0	10.8%	34.3	6.7%	-20.7
<b>Total Liabilities</b>	281.9	55.0%	285.4	55.9%	3.5
<b>Net Assets</b>					
<b>Total Net Assets</b>	230.3	45.0%	225.4	44.1%	-4.9
<b>Total Liabilities and Net Assets</b>	512.3	100.0%	510.9	100.0%	-1.4

## Inventories

¥76.9 billion

(up ¥3.8 billion from previous year-end)

Electronic components segment: up ¥2.3 billion  
(Sales increase and inventory accumulation as countermeasure for strikes at North American harbors)

Automotive infotainment segment: up ¥1.4 billion  
(Inventory accumulation as countermeasure for strikes at North American harbors)

## Tangible fixed assets

¥135.0 billion

(up ¥1.2 billion from previous year-end)

Electronic components segment: up ¥1.3 billion  
(Mainly production facility for products for smartphones)

## Interest-bearing debt

¥131.4 billion

(down ¥2.9 billion from previous year-end)

Electronic components segment: down ¥2.3 billion  
(Repayment of bank loans)

# FY2014 Consolidated Financial Results Forecast

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# 1. FY2014 Financial Results Forecast

[Unit: ¥ billion]

[Consolidated] No change from the forecasts announced on April 30, 2014.

	FY2013 Results		FY2014						Difference vs. FY 2013	
		%	1H Forecast		2H Forecast		FY2014 Forecast			%
<b>Net Sales</b>	<b>684.3</b>	<b>100.0%</b>	<b>335.5</b>	<b>100.0%</b>	<b>349.5</b>	<b>100.0%</b>	<b>685.0</b>	<b>100.0%</b>	<b>0.6</b>	<b>0.1%</b>
Electronic Components	338.8	49.6%	170.0	50.7%	180.0	51.5%	350.0	51.1%	11.1	3.3%
Automotive market	168.4	24.7%	90.0	26.8%	95.0	27.2%	185.0	27.0%	16.5	9.8%
Consumer market	170.3	24.9%	80.0	23.8%	85.0	24.3%	165.0	24.1%	-5.3	-3.1%
Automotive Infotainment	282.1	41.2%	134.0	39.9%	137.0	39.2%	271.0	39.6%	-11.1	-3.9%
Logistics	52.2	7.6%	26.5	7.9%	27.5	7.9%	54.0	7.9%	1.7	3.3%
Others	11.1	1.6%	5.0	1.5%	5.0	1.4%	10.0	1.4%	-1.1	-10.3%
<b>Operating Income</b>	<b>28.5</b>	<b>4.2%</b>	<b>13.5</b>	<b>4.0%</b>	<b>17.5</b>	<b>5.0%</b>	<b>31.0</b>	<b>4.5%</b>	<b>2.4</b>	<b>8.7%</b>
Electronic Components	14.0	4.1%	8.0	4.7%	10.0	5.6%	18.0	5.1%	3.9	28.5%
Automotive Infotainment	9.8	3.5%	3.5	2.6%	4.5	3.3%	8.0	3.0%	-1.8	-18.5%
Logistics	4.1	7.9%	1.7	6.6%	2.2	8.2%	4.0	7.4%	-0.1	-3.4%
Others	0.5	5.2%	0.1	3.0%	0.3	7.0%	0.5	5.0%	-0.0	-14.4%
Eliminations	-0.0	-	0.1	-	0.4	-	0.5	-	0.5	-
<b>Ordinary Income</b>	<b>28.0</b>	<b>4.1%</b>	<b>13.0</b>	<b>3.9%</b>	<b>16.0</b>	<b>4.6%</b>	<b>29.0</b>	<b>4.2%</b>	<b>0.9</b>	<b>3.2%</b>
<b>Net Income</b>	<b>14.3</b>	<b>2.1%</b>	<b>7.0</b>	<b>2.1%</b>	<b>10.0</b>	<b>2.9%</b>	<b>17.0</b>	<b>2.5%</b>	<b>2.6</b>	<b>18.8%</b>
USD/JPY	100.24		100.00		100.00		100.00			
EUR/JPY	134.37		135.00		135.00		135.00			
Capital Expenditure	26.5		18.3		8.9		27.2			
Depreciation Expenses	24.5		12.6		13.1		25.7			
R&D Expenses	32.9		18.8		17.1		35.9			

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.

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Consolidated Financial Results FY2014 1Q (April 2014 - June 2014)

## Basic Datas

July 2014

Alps Electric Co., Ltd.

## 1. Outline

(Unit : 100 million Yen)

	FY2013					FY2014			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	2 Q (Est)	Total
Net Sales	1,557	1,724	1,778	1,782	6,843	1,673	—	3,355	6,850
Domestic	287	332	350	349	1,319	316	—	—	—
Overseas	1,270	1,392	1,428	1,433	5,524	1,356	—	—	—
Operating Income	31	79	116	57	285	61	—	135	310
Ordinary Income	29	78	124	48	280	58	—	130	290
Net Income	△2	55	57	31	143	18	—	70	170

## 2. Net Sales (by segments)

(Unit : 100 million Yen)

	FY2013					FY2014			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	2 Q (Est)	Total
Electronic Components	736	884	899	867	3,388	826	—	1,700	3,500
Automotive market	400	366	436	480	1,684	471	—	900	1,850
Consumer market	335	518	463	386	1,703	354	—	800	1,650
Automotive Infotainment	673	687	715	744	2,821	684	—	1,340	2,710
Logistics	123	128	137	133	522	135	—	265	540
Others	24	24	25	37	111	26	—	50	100
Total	1,557	1,724	1,778	1,782	6,843	1,673	—	3,355	6,850

## 3. Operating Income

(Unit : 100 million Yen)

	FY2013					FY2014			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	2 Q (Est)	Total
Electronic Components	6	44	62	26	140	29	—	80	180
Automotive Infotainment	14	23	40	20	98	20	—	35	80
Logistics	9	8	13	9	41	9	—	17	40
Others	0	1	2	1	5	1	—	1	5
Eliminations	0	1	△1	△0	△0	0	—	1	5
Total	31	79	116	57	285	61	—	135	310

## 4. Capital Expenditures

(Unit : 100 million Yen)

	FY2013					FY2014			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	2 Q (Est)	Total
Electronic Components	41	39	46	39	166	63	—	133	190
Automotive Infotainment	15	22	21	22	81	21	—	40	66
Logistics	3	4	2	4	15	3	—	7	12
Others	1	1	1	1	5	0	—	2	4
Eliminations	△1	△0	△0	△1	△3	△1	—	—	—
Total	59	68	70	66	265	87	—	183	272

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

## 5. Depreciation Expenses

(Unit : 100 million Yen)

	FY2013					FY2014			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	2 Q (Est)	Total
Electronic Components	38	39	40	40	159	40	—	86	177
Automotive Infotainment	14	14	14	17	61	14	—	28	58
Logistics	4	4	5	5	19	4	—	8	16
Others	1	1	1	1	5	1	—	2	5
Eliminations	△0	△0	△0	△0	△0	0	—	0	—
Total	58	60	61	64	245	61	—	126	257

## 6. R &amp; D Expenses

(Unit : 100 million Yen)

	FY2013					FY2014			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	2 Q (Est)	Total
Electronic Components	33	34	32	30	130	37	—	80	159
Automotive Infotainment	44	48	44	61	198	41	—	108	200
Logistics	—	—	—	—	—	—	—	—	—
Others	0	0	—	0	0	—	—	—	—
Total	77	83	76	92	329	78	—	188	359

## 7. Inventories

(Unit : 100 million Yen)

	2013/6	2013/9	2013/12	2014/3	2014/6
Electronic Components	500	456	497	428	451
Automotive Infotainment	300	309	353	290	304
Logistics	10	11	10	11	11
Others	1	0	0	0	1
Eliminations	△0	△0	△0	△0	△0
Total	811	777	861	731	769

## 8. Employees

(Unit : Person)

	2013/6	2013/9	2013/12	2014/3	2014/6
Electronic Components	19,797	19,756	19,649	19,510	19,557
Automotive Infotainment	11,368	11,400	11,589	11,608	11,604
Logistics	4,721	4,751	4,811	4,876	4,930
Others	824	819	813	803	825
Total	36,710	36,726	36,862	36,797	36,916
(Non Consolidated)	5,567	5,515	5,499	5,433	5,466

(Ref.) All figures exclude temporary employees.