

Results Briefing FY2014 1H

Friday, October 31, 2014

ALPS ELECTRIC CO., LTD.

Perfecting the Art of Electronics
ALPS[®]

- FY2014 1H Consolidated Financial Results P. 2 - 9

- FY2014 Consolidated Financial Results Forecast P. 10 - 13

- Progress of the 7th Mid -Term Business Plan P. 14 - 20

- Dividend Forecast P. 21

FY2014 1H Consolidated Financial Results

1. Summary of Financial Results

[Consolidated]

[Unit: ¥ billion]

	FY2013		FY2014						Difference vs. FY2013 1H		Difference vs. FY2014 1Q		
	1H(Cumulative)		1Q Results		2Q Results		1H(Cumulative)		Effect of exchange rates vs. FY2013 1H				
		%		%		%		%					
Net Sales	328.2	100.0%	167.3	100.0%	186.2	100.0%	353.5	100.0%		25.3	7.7%	18.8	11.3%
Electronic Components	162.1	49.4%	82.6	49.4%	97.6	52.5%	180.3	51.0%	USD appreciation +4.4 EUR appreciation +1.0 Other currencies +1.4 (Subtotal +6.9)	18.1	11.2%	15.0	18.2%
Automotive market	76.7	23.4%	47.1	28.2%	43.6	23.5%	90.8	25.7%		14.0	18.3%	-3.5	-7.5%
Consumer market	85.3	26.0%	35.4	21.2%	54.0	29.0%	89.5	25.3%		4.1	4.9%	18.5	52.4%
Automotive Infotainment	136.1	41.5%	68.4	40.9%	70.9	38.1%	139.3	39.4%	USD appreciation +3.0 EUR appreciation +0.9 (Subtotal +4.0)	3.2	2.4%	2.4	3.6%
Logistics	25.1	7.6%	13.5	8.1%	14.0	7.5%	27.6	7.8%	-	2.5	10.0%	0.4	3.5%
Others	4.8	1.5%	2.6	1.6%	3.5	1.9%	6.2	1.8%	-	1.3	28.4%	0.9	33.9%
Operating Income	11.1	3.4%	6.1	3.7%	13.3	7.2%	19.5	5.5%		8.3	75.2%	7.2	117.9%
Electronic Components	5.0	3.1%	2.9	3.6%	9.6	9.8%	12.5	7.0%	USD appreciation +2.3 EUR appreciation +0.5 Other currencies -1.2 (Subtotal +1.7)	7.4	147.3%	6.6	223.9%
Automotive Infotainment	3.7	2.8%	2.0	3.0%	2.5	3.5%	4.5	3.3%	USD appreciation +0.3 EUR appreciation +0.1 (Subtotal +0.5)	0.7	19.8%	0.4	24.1%
Logistics	1.8	7.4%	0.9	7.1%	1.0	7.3%	1.9	7.2%	-	0.1	7.3%	0.0	7.1%
Others	0.1	3.7%	0.1	6.6%	0.2	6.2%	0.3	6.3%	-	0.2	120.3%	0.0	25.1%
Eliminations	0.2	-	0.0	-	0.0	-	0.0	-	-	-0.2	-	0.0	-
Ordinary Income	10.7	3.3%	5.8	3.5%	15.1	8.1%	20.9	5.9%		10.1	94.2%	9.2	158.3%
Net Income	5.3	1.6%	1.8	1.1%	11.1	6.0%	12.9	3.7%		7.6	143.5%	9.3	511.2%
USD/JPY	98.85		102.16		103.92		103.04			4.19		1.76	
EUR/JPY	130.00		140.07		137.76		138.92			8.92		-2.31	

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.

1. Summary of Financial Results

[Consolidated]

[Unit: ¥ billion]

Difference between revision announcement and 1H result

	FY2014 1H						Difference vs. Forecast (C-B)		Difference vs. Forecast (C-A)	
	1H Forecast (Apr. 30, 2014) (A)		1H Forecast (Oct. 8, 2014) (B)		1H Results (Oct. 31, 2014) (C)			%		%
		%		%		%				
Net Sales	335.5	100.0%	349.0	100.0%	353.5	100.0%	4.5	1.3%	18.0	5.4%
Electronic Components	170.0	50.7%	178.5	51.1%	180.3	51.0%	1.8	1.0%	10.3	6.1%
Automotive market	90.0	26.8%	-	-	90.8	25.7%	-	-	0.8	-
Consumer market	80.0	23.8%	-	-	89.5	25.3%	-	-	9.5	-
Automotive Infotainment	134.0	39.9%	137.8	39.5%	139.3	39.4%	1.5	1.1%	5.3	4.0%
Logistics	26.5	7.9%	27.5	7.9%	27.6	7.8%	0.1	0.5%	1.1	4.3%
Others	5.0	1.5%	5.1	1.5%	6.2	1.8%	1.0	20.6%	1.2	25.2%
Operating Income	13.5	4.0%	18.5	5.3%	19.5	5.5%	1.0	5.5%	6.0	44.6%
Electronic Components	8.0	4.7%	12.0	6.7%	12.5	7.0%	0.5	4.9%	4.5	57.4%
Automotive Infotainment	3.5	2.6%	4.3	3.1%	4.5	3.3%	0.2	5.6%	1.0	29.8%
Logistics	1.7	6.6%	1.9	7.2%	1.9	7.2%	0.0	0.8%	0.2	13.4%
Others	0.1	3.0%	0.1	2.5%	0.3	6.3%	0.2	205.2%	0.2	164.5%
Eliminations	0.1	-	0.1	-	0.0	-	-0.0	-	-0.0	-
Ordinary Income	13.0	3.9%	19.0	5.4%	20.9	5.9%	1.9	10.2%	7.9	61.1%
Net Income	7.0	2.1%	12.0	3.4%	12.9	3.7%	0.9	8.0%	5.9	85.2%

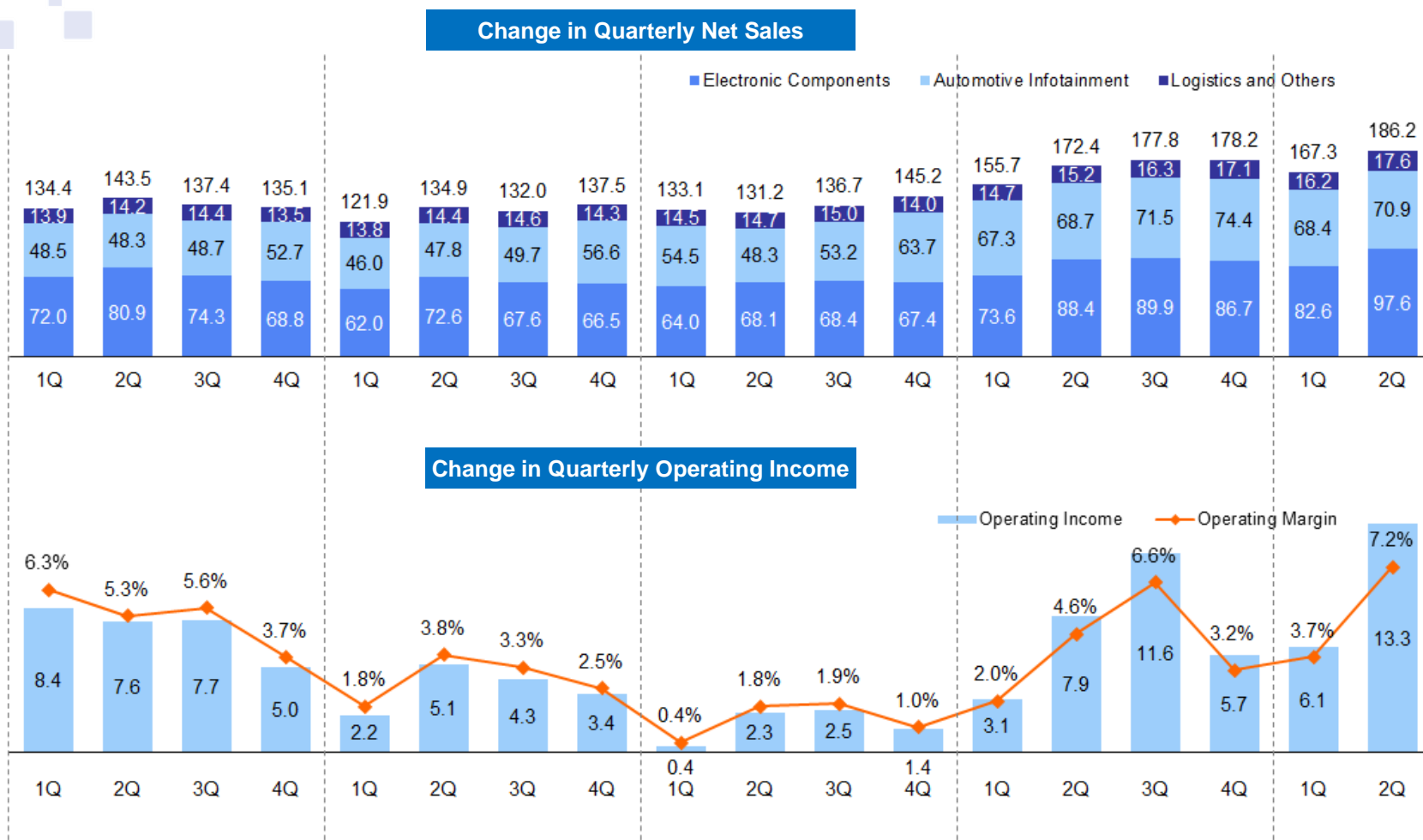
NB: Here and subsequently amounts have been rounded down to the nearest ¥100 million.

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

2. Net Sales and Operating Income: Quarterly Change

[Consolidated]

[Unit: ¥ billion]

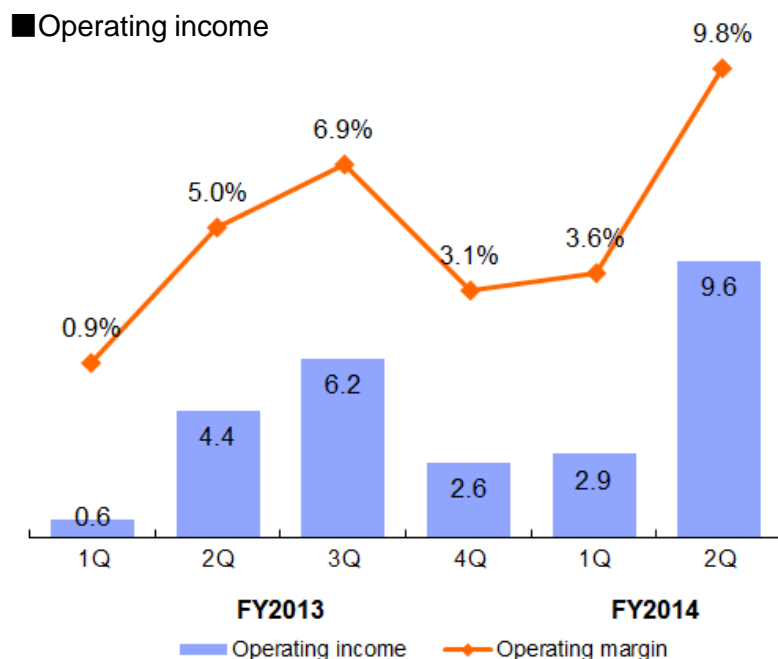
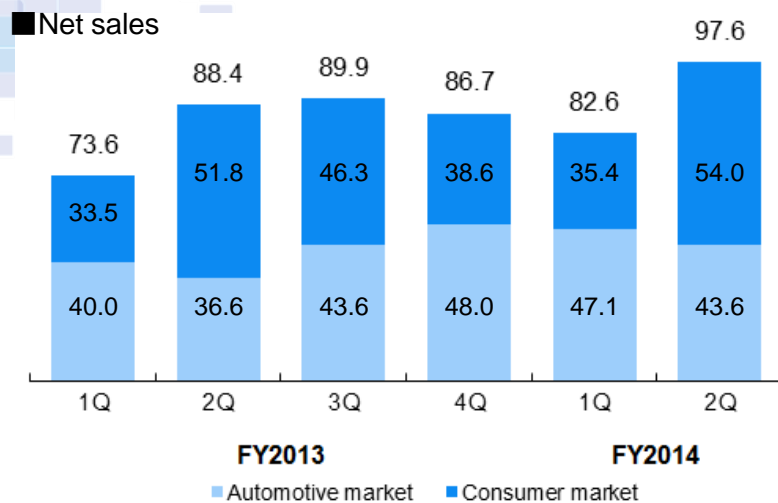


	FY2010				FY2011				FY2012				FY2013				FY2014	
USD/JPY	92.01	85.90	82.64	82.34	81.74	77.89	77.41	79.28	80.20	78.62	81.17	92.42	98.76	98.95	100.46	102.78	102.16	103.92
EUR/JPY	116.99	110.70	112.23	112.57	117.40	110.19	104.33	103.99	102.91	98.36	105.25	122.04	128.95	131.05	136.69	140.79	140.07	137.76

3. Change in Breakdown of Sales by Business Segment

[Unit: ¥ billion]

1. Electronic Components Segment



Net sales (the first half)

¥180.3 billion (up 11.2% year on year)

Automotive market: ¥90.8 billion (up 18.3%)

Sales grew due to the launch of new module products and the strong market for premium-class cars. Additionally, 2-axis sensors expanded and communication modules grew.

Consumer market: ¥89.5 billion (up 4.9%)

Sales of encoders, switches and camera actuators for smartphones grew while touch panels increased slightly.

Operating income (the first half)

¥12.5 billion (up 147.3% year on year)

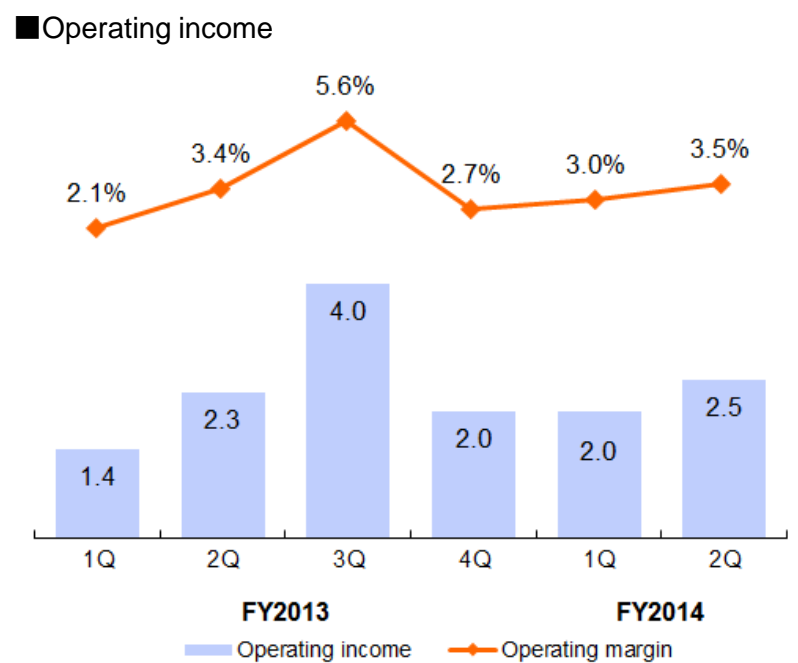
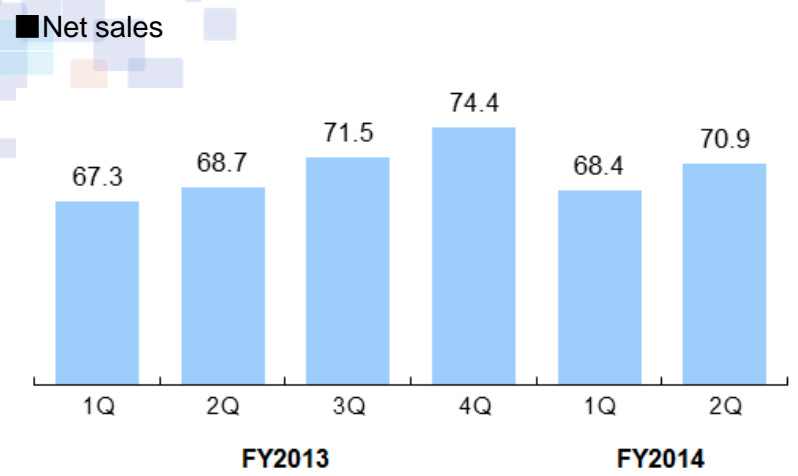
Operating margin: 7.0%

- Income from automotive module products improved.
- Sales of camera actuators increased.

3. Change in Breakdown of Sales by Business Segment

[Unit: ¥ billion]

2. Automotive Infotainment Segment



Net sales (the first half)
 ¥139.3 billion (up 2.4% year on year)

Commercial products

Sales grew due to positive reception to launch of the world's largest 10 inch navigation system. Sales also grew steadily due to the launches of model-specific navigation systems in Europe, North America and Asia.

Genuine products for automakers

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

Operating income (the first half)
 ¥4.5 billion (up 19.8% year on year)

Operating margin: 3.3%

Improvement was gained from sales expansion of the 10 inch navigation system for the Japanese aftermarket and other factors.

4. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.31	0.04
	Operating income	0.08	0.01
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]

	FY2013		FY2014 2Q		Change
		%		%	
Assets					
I. Current Assets	327.4	63.9%	346.7	64.2%	19.3
Cash and time deposits	122.7	24.0%	113.5	21.0%	-9.2
Notes and accounts receivable - trade	111.1	21.7%	125.3	23.2%	14.1
Inventories	73.1	14.3%	83.2	15.4%	10.1
II. Non-current Assets	184.9	36.1%	193.3	35.8%	8.4
Property, plant and equipment	133.7	26.1%	140.6	26.0%	6.9
Intangible assets	12.4	2.4%	12.8	2.4%	0.3
Investment and other assets	38.6	7.6%	39.8	7.4%	1.1
Total Assets	512.3	100.0%	540.1	100.0%	27.7
Liabilities					
I. Current Liabilities	171.1	33.4%	211.4	39.1%	40.2
Notes and accounts payable - trade	61.2	11.9%	71.6	13.3%	10.4
Short-term loans payable	48.9	9.6%	69.2	12.8%	20.2
II. Non-current Liabilities	110.8	21.6%	81.0	15.0%	-29.8
Bonds with stock acquisition rights	30.2	5.9%	30.2	5.6%	-0.0
Long-term debt	55.0	10.8%	23.2	4.3%	-31.8
Total Liabilities	281.9	55.0%	292.4	54.1%	10.4
Net Assets					
Total Net Assets	230.3	45.0%	247.6	45.9%	17.2
Total Liabilities and Net Assets	512.3	100.0%	540.1	100.0%	27.7

Inventories

¥83.2 billion

(up ¥10.1 billion from previous year-end)

Electronic components segment: up ¥7.1 billion
(includes ¥1.3 billion in exchange rate effect)
(Inventory accumulation as countermeasure for sales increase)

Automotive infotainment segment: up ¥2.6 billion
(includes ¥0.9 billion in exchange rate effect)
(Inventory accumulation as countermeasure for sales increase)

Tangible fixed assets

¥140.6 billion

(up ¥6.9 billion from previous year-end)

Electronic components segment: up ¥6.5 billion
(includes ¥2.2 billion in exchange rate effect)
(Mainly production facilities for smartphone products)

Interest-bearing debt

¥122.7 billion

(down ¥11.6 billion from previous year-end)

Electronic components segment:
Up ¥20.1 billion in short-term loans payable
Down ¥31.8 billion in long-term debt

FY2014 Consolidated Financial Results Forecast

1. FY2014 Financial Results Forecast

[Consolidated]

[Unit: ¥ billion]

	FY2013 Results		FY2014						Difference vs. FY 2013		Difference vs. FY 2014 1H (A-B)	
		%	1H Results (B)		2H Forecast (A)		FY2014 Forecast			%		%
				%		%		%				%
Net Sales	684.3	100.0%	353.5	100.0%	356.4	100.0%	710.0	100.0%	25.6	3.7%	2.8	0.8%
Electronic Components	338.8	49.6%	180.3	51.0%	182.6	51.2%	363.0	51.1%	24.1	7.1%	2.3	1.3%
Automotive market	168.4	24.7%	90.8	25.7%	109.1	30.6%	200.0	28.2%	31.5	18.7%	18.3	20.3%
Consumer market	170.3	24.9%	89.5	25.3%	73.4	20.6%	163.0	22.9%	-7.3	-4.3%	-16.0	-17.9%
Automotive Infotainment	282.1	41.2%	139.3	39.4%	140.3	39.4%	279.7	39.4%	-2.4	-0.9%	0.9	0.7%
Logistics	52.2	7.6%	27.6	7.8%	28.3	8.0%	56.0	7.9%	3.7	7.1%	0.7	2.6%
Others	11.1	1.6%	6.2	1.8%	5.0	1.4%	11.3	1.6%	0.1	1.3%	-1.2	-19.5%
Operating Income	28.5	4.2%	19.5	5.5%	21.4	6.0%	41.0	5.8%	12.4	43.7%	1.9	10.0%
Electronic Components	14.0	4.1%	12.5	7.0%	13.9	7.6%	26.5	7.3%	12.4	89.1%	1.3	10.5%
Automotive Infotainment	9.8	3.5%	4.5	3.3%	4.9	3.5%	9.5	3.4%	-0.3	-3.2%	0.4	9.1%
Logistics	4.1	7.9%	1.9	7.2%	2.1	7.6%	4.1	7.4%	0.0	0.2%	0.1	9.1%
Others	0.5	5.2%	0.3	6.3%	0.3	6.0%	0.7	6.2%	0.1	19.8%	-0.0	-23.6%
Eliminations	-0.0	-	0.0	-	0.1	-	0.1	-	0.1	-	0.1	-
Ordinary Income	28.0	4.1%	20.9	5.9%	18.5	5.2%	39.5	5.6%	11.4	40.6%	-2.3	-11.4%
Net Income	14.3	2.1%	12.9	3.7%	11.5	3.2%	24.5	3.5%	10.1	71.2%	-1.4	-11.0%
USD/JPY	100.24		103.04		105.00		104.02					
EUR/JPY	134.37		138.92		135.00		136.96					
Capital Expenditure	26.5		19.1		13.8		32.9					
Depreciation Expenses	24.5		12.8		13.7		26.6					
R&D Expenses	32.9		15.8		16.6		32.4					

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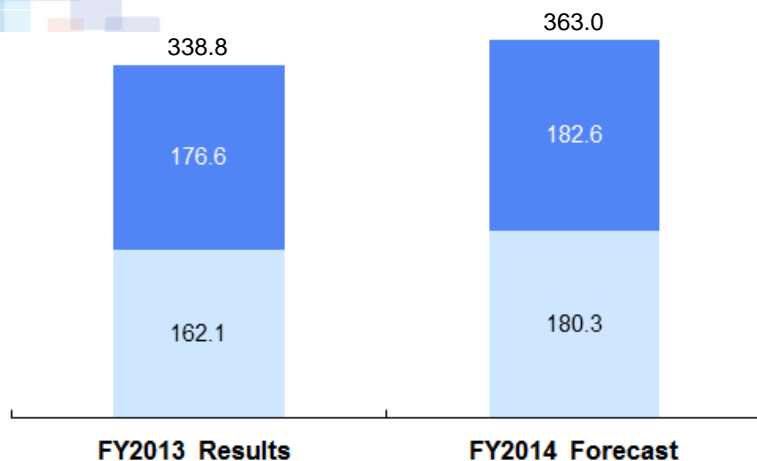
NB: Breakdown of sales shows composition, breakdown of operating income shows operating margin.

2. Net Sales and Operating Income Forecasts by Business

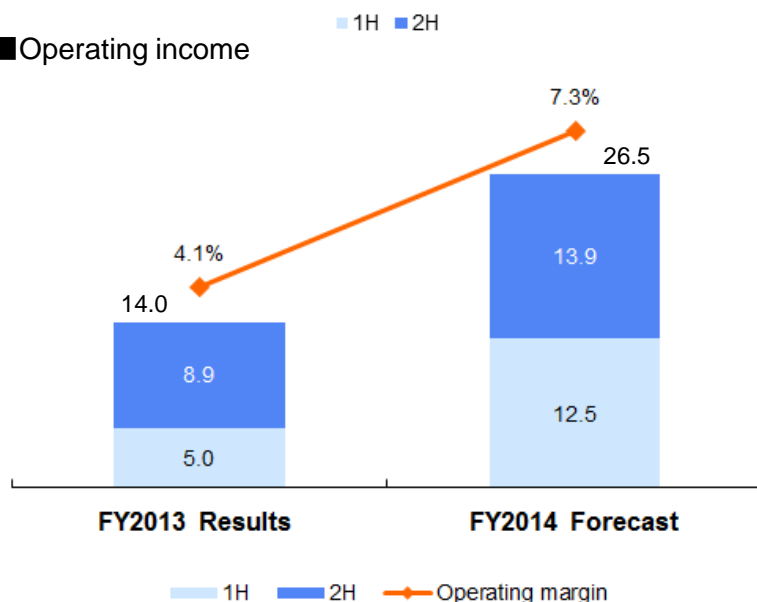
[Unit: ¥ billion]

1. Electronic Components Segment

■ Net sales



■ Operating income



■ Net sales

¥363.0 billion (up 7.1% year on year)
 (1H result: ¥180.3 billion; 2H forecast: ¥182.6 billion)

Automotive market: ¥200.0 billion (up 18.7%)
 Sales of products such as sensors, automotive module products and communication modules are expected to increase.

Consumer market: ¥163.0 billion (down 4.3%)
 Although various smartphone products increased, other consumer-market products declined further.

■ Operating income

¥26.5 billion (up 89.1% year on year)
 (1H result: ¥12.5 billion; 2H forecast: ¥13.9 billion)

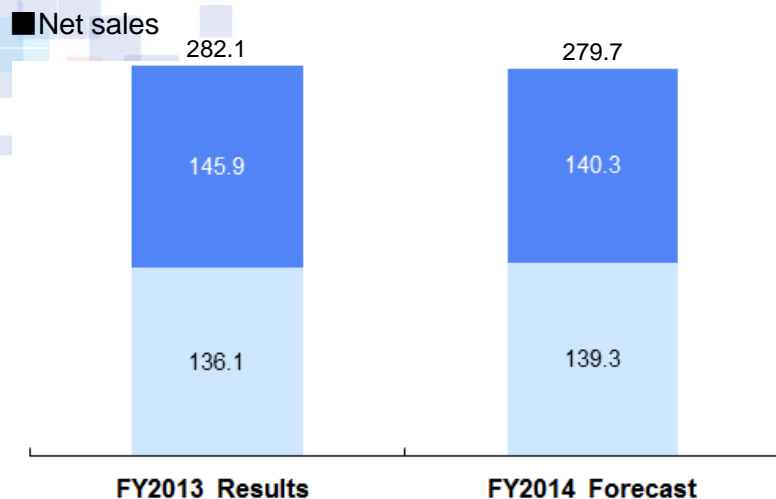
Operating margin: 7.3%

Income from automotive module products is expected to improve, and income from products for smartphones such as camera actuators and switches is also expected to improve due to their sales increase.

2. Net Sales and Operating Income Forecasts by Business

[Unit: ¥ billion]

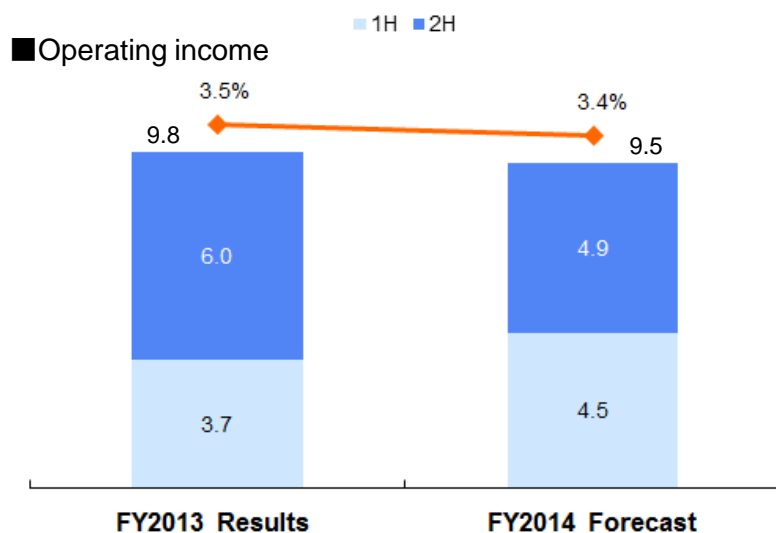
2. Automotive Infotainment Segment



Net sales

¥279.7 billion (down 0.9% year on year)
 (1H result: ¥139.3 billion; 2H forecast: ¥140.3 billion)

A decline is expected since a decrease in the number of car models of some European automakers for which our genuine products are applicable is anticipated.



Operating income

¥9.5 billion (down 3.2% year on year)
 (1H result: ¥4.5 billion; 2H forecast: ¥4.9 billion)

Operating margin: 3.4%

The expected decrease in sales and the change in composition of products will have an effect.

Progress of the 7th Mid-Term Business Plan

Action Plan

Number 1
First 1
and
Be Proactive

1. Priority Areas of the 7th Mid-Term Business Plan

[Electronic Components Segment]

Targets

Strategies

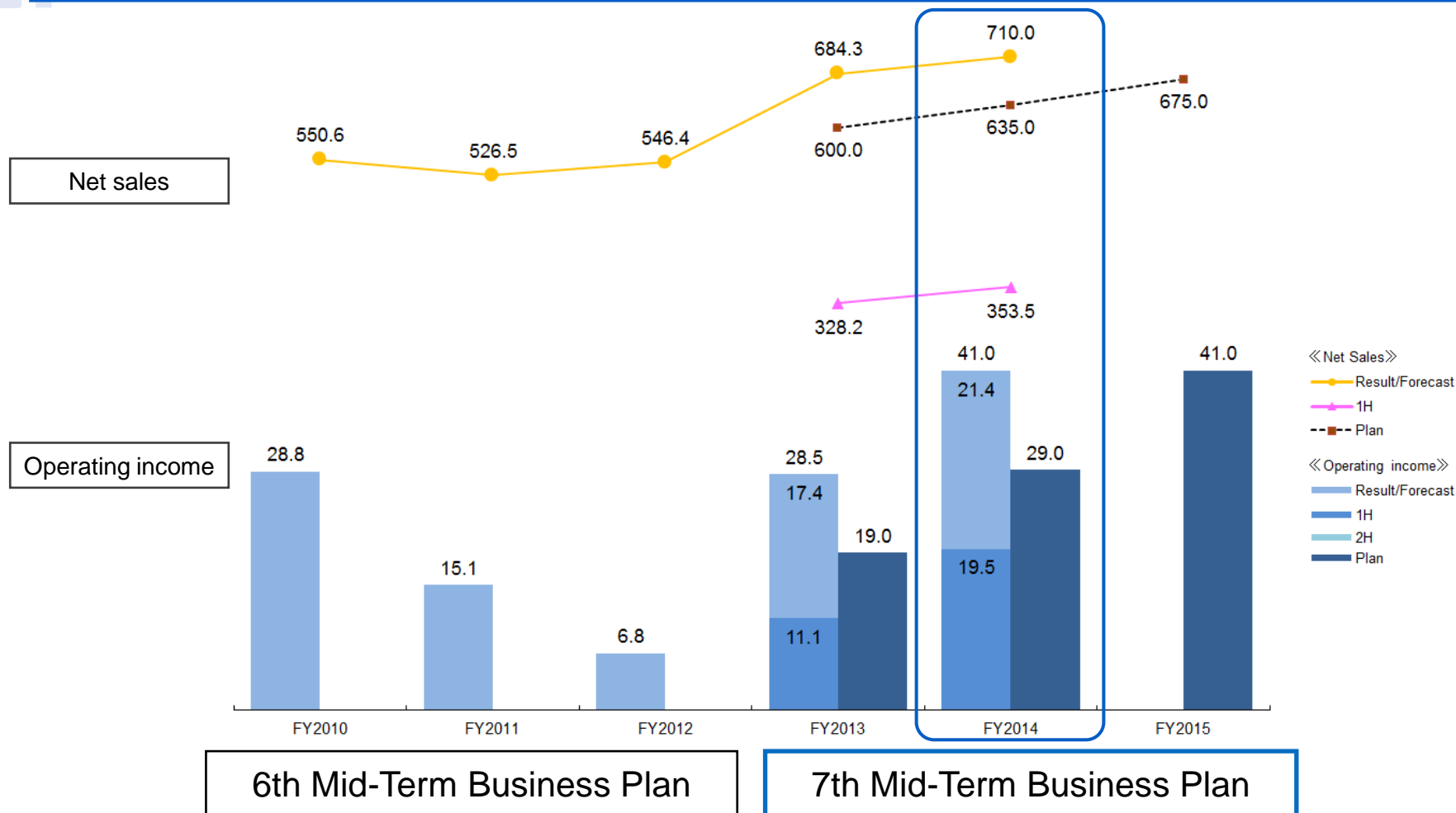
1	Achieve ¥200 billion in sales to the automotive market	<ol style="list-style-type: none">1. Promote customer-targeted marketing strategies2. Expand market share of existing products3. Create new products
2	Achieve ¥100 billion in sales for smartphones	<ol style="list-style-type: none">1. Expand sales to leading smartphone manufacturers2. 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 business2. Accelerate healthcare business
4	Strengthen core technology and product capabilities	<ol style="list-style-type: none">1. Deepen the human-machine interface2. Increase variety of sensors3. Expand businesses based on connectivity

2. Progress of the 7th Mid-Term Business Plan

[Consolidated]

[Unit: ¥ billion]

Aim to achieve increased revenue and profit for FY2014
To achieve both sales and profit targets
even without effect of exchange rates

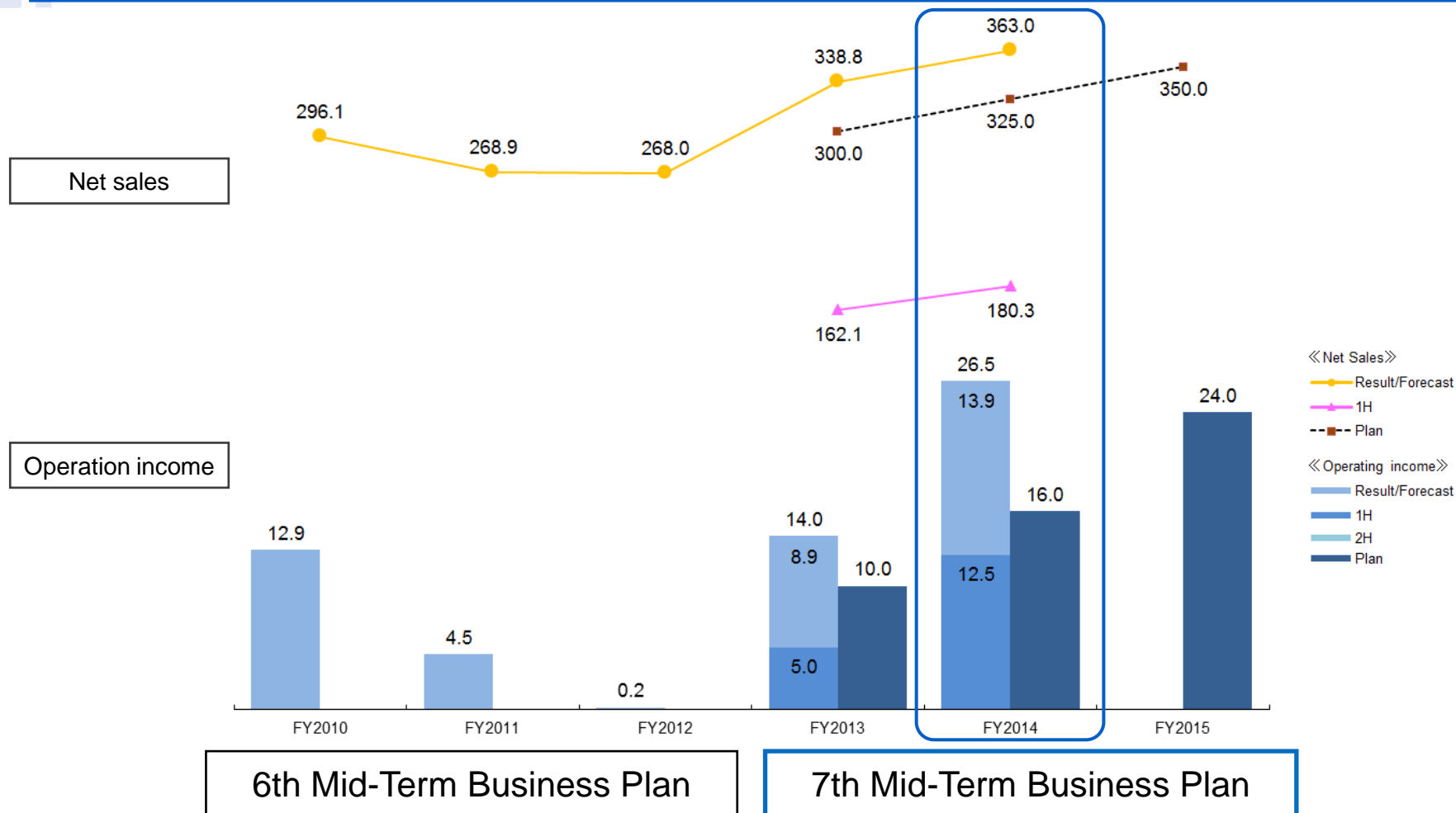


2. Progress of the 7th Mid-Term Business Plan

[Electronic Components Segment]

[Unit: ¥ billion]

Aim to achieve increased revenue and profit for FY2014
To achieve both sales and profit targets
even without effect of exchange rates



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

Product Development

Develop products that help realize "Reliability, safety and comfort" in automobiles through computerization and networking



Sales Expansion

Become a strategic partner for customers in module products Accelerate the creation of new products during this period of component computerization



Head-Up Display (HUD)



Touch Panel Module



Electronic Shifter



Electronic Parking Brake



Haptic Commander®



4. Achieve ¥100 Billion in Sales for Smartphones

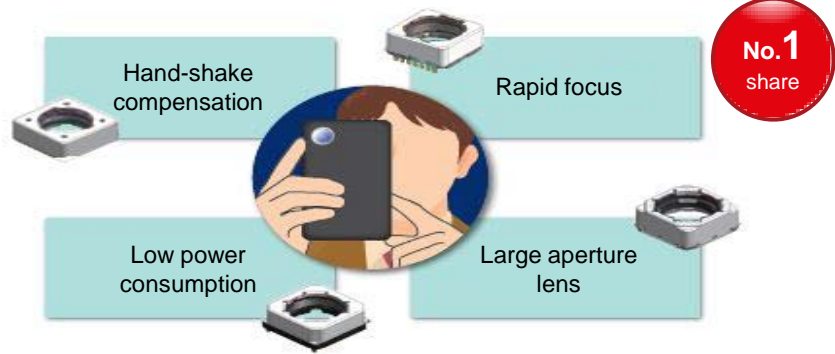
Product Development

Develop products meeting the demand for size reduction and functional enhancement

高機能オートフォーカスアクチュエータ

Highly Functional Type Autofocus Actuator

Even more sophisticated functions for smartphone cameras



地磁気センサ

Geomagnetic Sensor

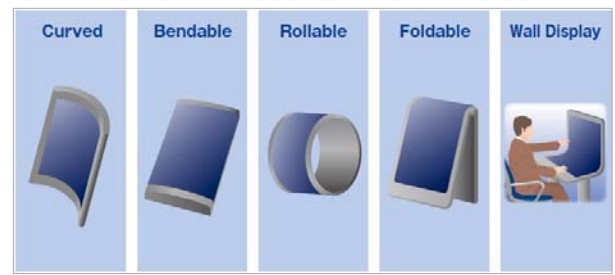
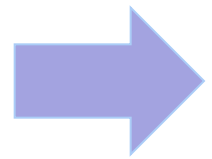
World's smallest software gyro



Advance selectively into high-value-added sector/Enter automotive market



Touch Panel



F2 Sensor/Curved Touch Panel



Automotive Touch Panel Module

5. Establish Business in New Markets

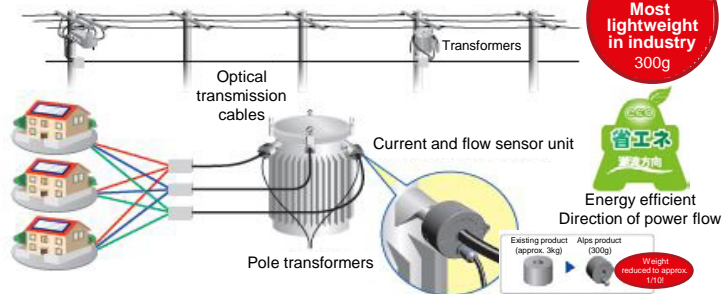
Environment / Energy

Highly efficient electrical energy conversion, and green devices that contribute to xEMS to support the creation of a low-carbon society

配電用クランプ型軽量多機能電流センサ

Clamp Type Multiple Function Current Sensor for Distribution Network

Mass introduction of distributed power generation to support more stable smart grids.

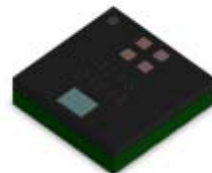


Sensor for agricultural ICT + wireless communication module

Realize “visualization” of information such as temperature, humidity and illuminance by combining environmental sensors with 920 MHz band communication module. Contribute to highly efficient energy management.

Health Care

Vital sensors for miniaturization and functional enhancement of medical equipment in line with the aging society and advancements in medical treatment



Heart Rate Sensor

Placement of LED/sensors for optimal pulse wave detection to accurately detect specific wavelengths. Contribute to obtaining health information by providing vital sensors such as pulse wave detector



FY2014

Interim Dividends (November 28, 2014)

¥5.00 per share

Year-end Dividends (scheduled in late June 2015)

¥5.00 per share

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 FY2014 2Q (April 2014 - September 2014)

Basic Datas

October 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 Half	Total
Net Sales	1,557	1,724	1,778	1,782	6,843	1,673	1,862	3,535	7,100
Domestic	287	332	350	349	1,319	316	362	679	—
Overseas	1,270	1,392	1,428	1,433	5,524	1,356	1,499	2,855	—
Operating Income	31	79	116	57	285	61	133	195	410
Ordinary Income	29	78	124	48	280	58	151	209	395
Net Income	△2	55	57	31	143	18	111	129	245

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 Half	Total
Electronic Components	736	884	899	867	3,388	826	976	1,803	3,630
Automotive market	400	366	436	480	1,684	471	436	908	2,000
Consumer market	335	518	463	386	1,703	354	540	895	1,630
Automotive Infotainment	673	687	715	744	2,821	684	709	1,393	2,797
Logistics	123	128	137	133	522	135	140	276	560
Others	24	24	25	37	111	26	35	62	113
Total	1,557	1,724	1,778	1,782	6,843	1,673	1,862	3,535	7,100

3. Operating Income

(Unit : 100 million Yen)

	FY2013					FY2014			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	2 Q Half	Total
Electronic Components	6	44	62	26	140	29	96	125	265
Automotive Infotainment	14	23	40	20	98	20	25	45	95
Logistics	9	8	13	9	41	9	10	19	41
Others	0	1	2	1	5	1	2	3	7
Eliminations	0	1	△1	△0	△0	0	△0	0	1
Total	31	79	116	57	285	61	133	195	410

4. Capital Expenditures

(Unit : 100 million Yen)

	FY2013					FY2014			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	2 Q Half	Total
Electronic Components	41	39	46	39	166	63	86	149	241
Automotive Infotainment	15	22	21	22	81	21	13	34	71
Logistics	3	4	2	4	15	3	3	6	12
Others	1	1	1	1	5	0	0	1	4
Eliminations	△1	△0	△0	△1	△3	△1	△0	△1	—
Total	59	68	70	66	265	87	103	191	329

(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 Half	Total
Electronic Components	38	39	40	40	159	40	45	86	177
Automotive Infotainment	14	14	14	17	61	14	15	30	63
Logistics	4	4	5	5	19	4	4	9	19
Others	1	1	1	1	5	1	1	2	5
Eliminations	△0	△0	△0	△0	△0	0	0	0	—
Total	58	60	61	64	245	61	67	128	266

6. R & D Expenses

(Unit : 100 million Yen)

	FY2013					FY2014			
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	2 Q Half	Total
Electronic Components	33	34	32	30	130	37	37	75	159
Automotive Infotainment	44	48	44	61	198	41	42	83	165
Logistics	—	—	—	—	—	—	—	—	—
Others	0	0	—	0	0	—	—	—	—
Total	77	83	76	92	329	78	79	158	324

7. Inventories

(Unit : 100 million Yen)

	2013/6	2013/9	2013/12	2014/3		2014/6	2014/9
Electronic Components	500	456	497	428		451	500
Automotive Infotainment	300	309	353	290		304	317
Logistics	10	11	10	11		11	12
Others	1	0	0	0		1	3
Eliminations	△0	△0	△0	△0		△0	△0
Total	811	777	861	731		769	832

8. Employees

(Unit : Person)

	2013/6	2013/9	2013/12	2014/3		2014/6	2014/9
Electronic Components	19,797	19,756	19,649	19,510		19,557	20,253
Automotive Infotainment	11,368	11,400	11,589	11,608		11,604	11,499
Logistics	4,721	4,751	4,811	4,876		4,930	5,001
Others	824	819	813	803		825	837
Total	36,710	36,726	36,862	36,797		36,916	37,590
(Non Consolidated)	5,567	5,515	5,499	5,433		5,466	5,417

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