

# Results Briefing FY2017 3Q

Tuesday, January 30, 2018

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

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# FY2017 3Q Consolidated Financial Results

# 1. Summary of Financial Results

[Consolidated]

[Unit: ¥ billion]

	FY2016		FY2017								Difference		Difference		
	3Q(Cumulative)		1Q Results		2Q Results		3Q Results		3Q Results (Cumulative)		Effect of exchange rates vs. FY2016 3Q(Cumulative)	vs. FY2016 3Q(Cumulative)		vs. FY2017 2Q	
		%		%		%		%		%			%		%
<b>Net Sales</b>	<b>551.8</b>	<b>100.0%</b>	<b>189.5</b>	<b>100.0%</b>	<b>220.6</b>	<b>100.0%</b>	<b>234.1</b>	<b>100.0%</b>	<b>644.2</b>	<b>100.0%</b>		<b>92.3</b>	<b>16.7%</b>	<b>13.5</b>	<b>6.1%</b>
Electronic Components	319.9	58.0%	111.9	59.1%	138.3	62.7%	144.9	61.9%	395.2	61.4%	USD +13.3 EUR +2.4 Other currencies +3.1 (Subtotal +18.8)	75.3	23.6%	6.5	4.7%
Automotive market	184.9	33.5%	66.6	35.2%	68.3	31.0%	74.5	31.8%	209.4	32.5%		24.5	13.3%	6.2	9.1%
Consumer market	135.0	24.5%	45.3	23.9%	70.0	31.7%	70.3	30.1%	185.7	28.9%		50.7	37.6%	0.2	0.4%
Automotive Infotainment	177.3	32.1%	59.0	31.2%	63.1	28.6%	69.4	29.7%	191.6	29.8%	USD +5.0 EUR +1.3 (Subtotal +6.4)	14.3	8.1%	6.2	9.9%
Logistics	45.4	8.2%	15.7	8.3%	15.9	7.2%	16.8	7.2%	48.4	7.5%	-	2.9	6.6%	0.9	5.7%
Others	9.1	1.7%	2.7	1.4%	3.1	1.5%	2.9	1.2%	8.8	1.3%	-	-0.3	-3.6%	-0.1	-5.4%
<b>Operating Profit</b>	<b>32.8</b>	<b>6.0%</b>	<b>7.9</b>	<b>4.2%</b>	<b>22.6</b>	<b>10.3%</b>	<b>28.8</b>	<b>12.3%</b>	<b>59.4</b>	<b>9.2%</b>		<b>26.6</b>	<b>81.0%</b>	<b>6.2</b>	<b>27.5%</b>
Electronic Components	23.2	7.3%	7.1	6.4%	17.7	12.8%	21.5	14.9%	46.4	11.7%	USD +7.3 EUR +1.6 Other currencies -2.0 (Subtotal +6.9)	23.1	99.6%	3.7	21.4%
Automotive Infotainment	4.6	2.6%	0.3	0.6%	3.4	5.4%	5.4	7.9%	9.2	4.8%	USD +0.5 EUR +0.6 (Subtotal +1.1)	4.6	99.7%	2.0	61.0%
Logistics	3.9	8.7%	1.2	7.8%	1.0	6.9%	1.5	9.0%	3.8	7.9%	-	-0.1	-3.0%	0.4	38.3%
Others / Eliminations	1.0	-	-0.8	-	0.4	-	0.3	-	-0.0	-	-	-1.0	-	-0.0	-
<b>Ordinary Profit</b>	<b>32.5</b>	<b>5.9%</b>	<b>7.4</b>	<b>3.9%</b>	<b>22.6</b>	<b>10.3%</b>	<b>28.0</b>	<b>12.0%</b>	<b>58.0</b>	<b>9.0%</b>		<b>25.5</b>	<b>78.7%</b>	<b>5.4</b>	<b>24.0%</b>
Profit Attributable to Owners of Parent	28.1	5.1%	6.3	3.3%	18.5	8.4%	19.5	8.4%	44.4	6.9%		16.2	57.5%	1.0	5.6%
USD/JPY	106.63		111.09		111.03		112.98		111.70			5.07		1.95	
EUR/JPY	118.02		122.19		130.38		133.01		128.53			10.51		2.63	

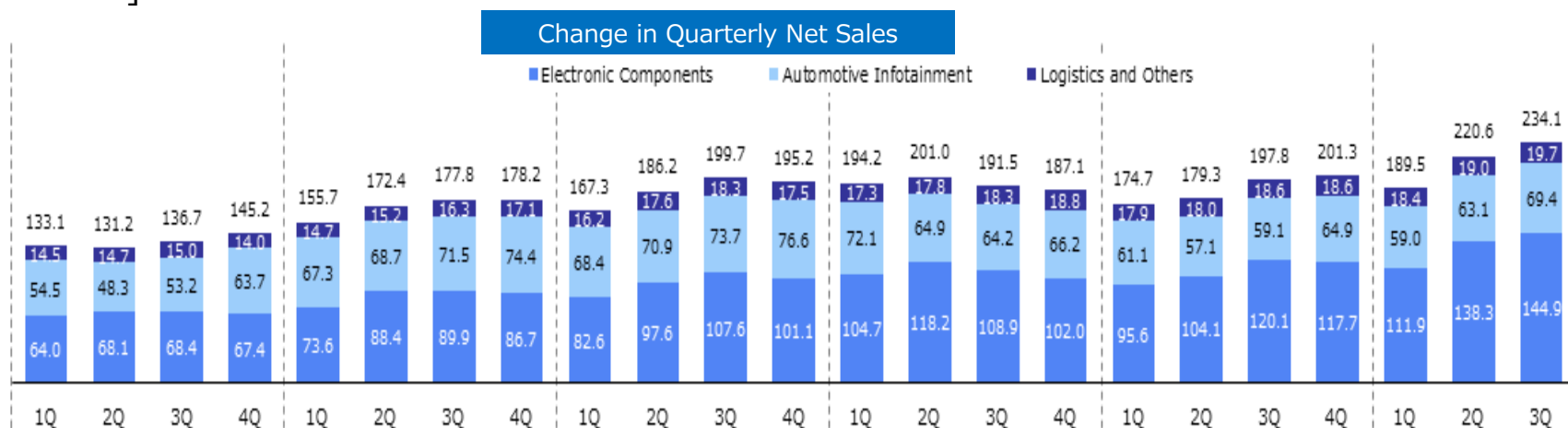
NB: Here and subsequently amounts have been rounded down to the nearest ¥100 million.

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

# 2. Net Sales and Operating Profit: Quarterly Change

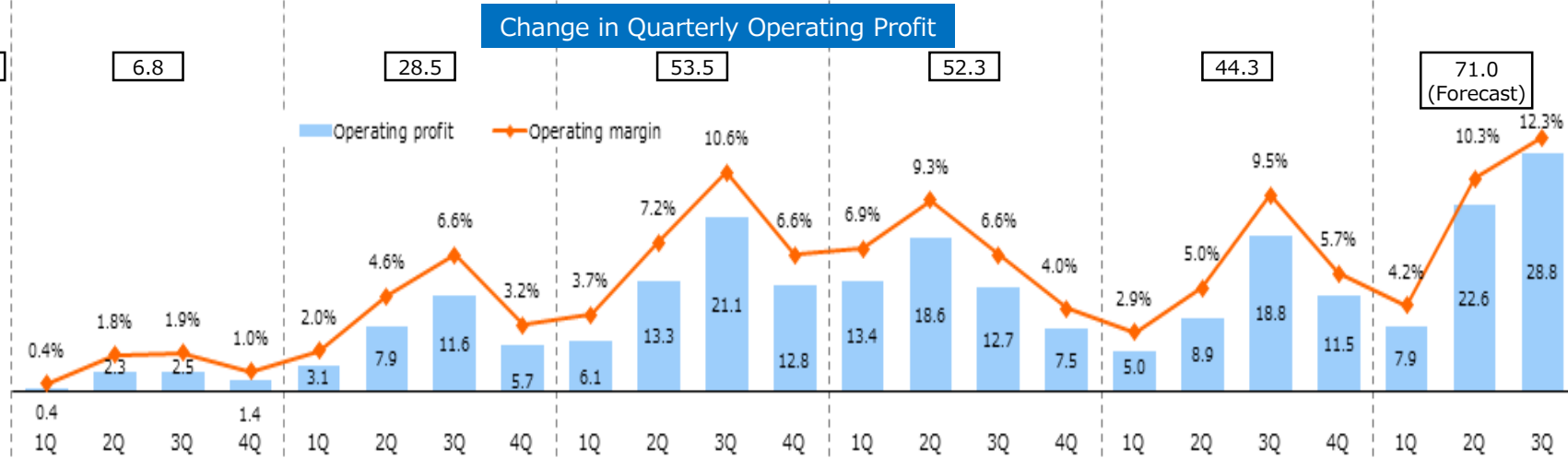
[Consolidated]

[Unit: ¥ billion]



Annual total

6.8      28.5      53.5      52.3      44.3      71.0 (Forecast)



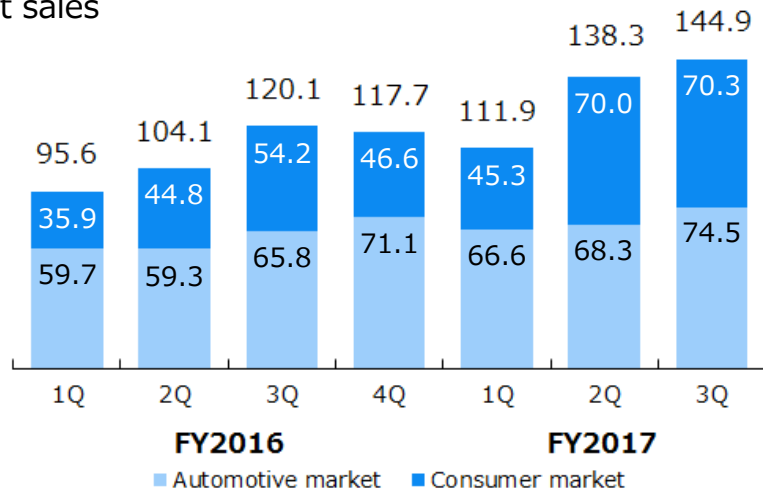
	FY2012				FY2013				FY2014				FY2015				FY2016				FY2017		
USD/JPY	80.20	78.62	81.17	92.42	98.76	98.95	100.46	102.78	102.16	103.92	114.54	119.09	121.36	122.23	121.50	115.48	108.14	102.43	109.30	113.64	111.09	111.03	112.98
EUR/JPY	102.91	98.36	105.25	122.04	128.95	131.05	136.69	140.79	140.07	137.76	143.07	134.18	134.16	135.98	132.95	127.23	122.02	114.28	117.78	121.08	122.19	130.38	133.01

# 3. Change in Breakdown of Sales by Business Segment

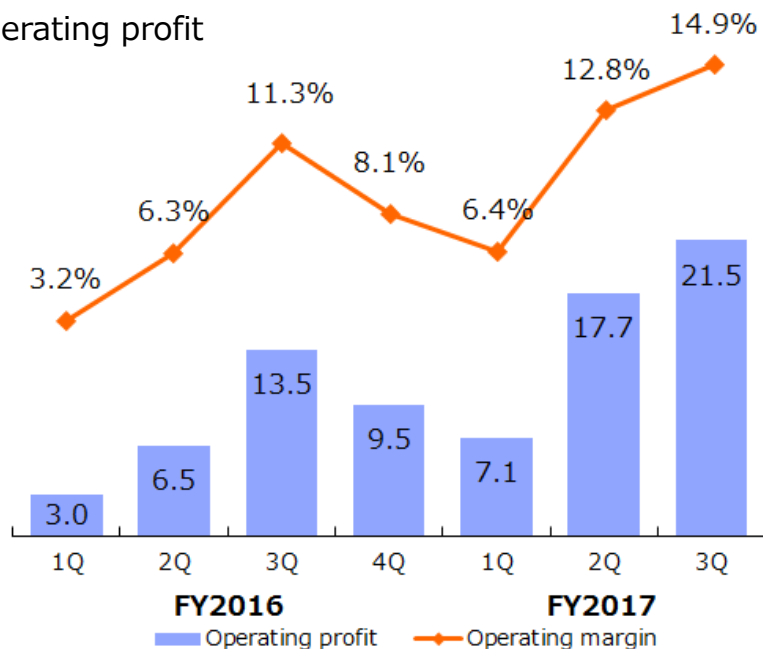
## Electronic Components Segment

[Unit: ¥ billion]

■ Net sales



■ Operating profit



**Net sales (3Q accumulated)  
¥395.2 billion (up 23.6% year on year)**

**Automotive market: ¥209.4 billion (up 13.3%)**

- Sales of devices such as components of encoders and switches increased. Sales of sensors and communication units also increased.
- As for modules, sales of instrument panels, door modules and keyless entry systems increased.

**Consumer market: ¥185.7 billion (up 37.6%)**

- Regarding camera actuators for smartphones, sales for Chinese manufacturers were weak but sales for major customers expanded, thus sales of actuators significantly increased overall. Sales of touch panels, sensors and switches were also strong.
- Sales of HAPTIC™ for game console grew significantly.

**Operating profit (3Q accumulated)  
¥46.4 billion (up 99.6% year on year)**

**Operating margin: 11.7%**

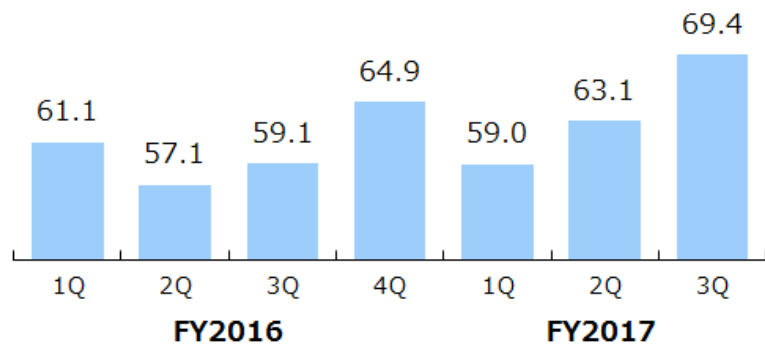
Improvement in profitability of in-car modules, increase in sales of automotive devices, increase in sales of smartphone products and significant growth in sales of HAPTIC™

# 4. Change in Breakdown of Sales by Business Segment

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

[Unit: ¥ billion]

■ Net sales



**Net sales (3Q accumulated)**  
**¥191.6 billion (up 8.1% year on year)**

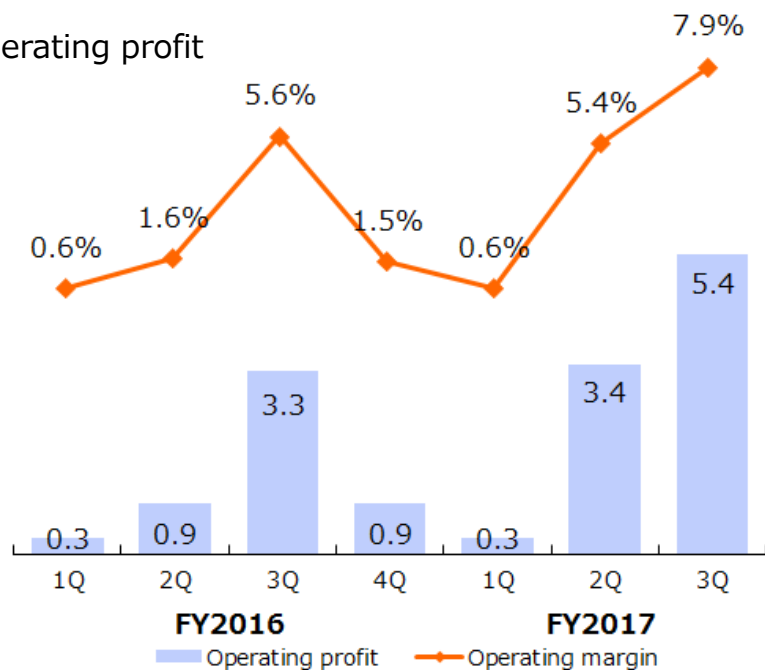
### Commercial products

- Sales of navigation systems increased in Japan, North America and Europe.

### Genuine products for automakers

- Navigation systems for Europe slightly declined due to the product mix but sales for Japan and Asia expanded, thus sales increased overall.
- Sales of audio equipment increased in North America, Europe and Asia.

■ Operating profit



**Operating profit (3Q accumulated)**  
**¥9.2 billion (up 99.7% year on year)**

### Operating margin: 4.8%

Increase in sales, improvement of the product mix and streamlining of product development

## 5. Amount of Effect from Exchange Rates

[Unit: ¥ billion/month/per ¥1]

		USD	EUR
Consolidated	Net sales	0.39	0.04
	Operating profit	0.13	0.02
Electronic components segment	Net sales	0.29	0.02
	Operating profit	0.12	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

[Consolidated]

[Unit: ¥ billion]

	FY2016		FY2017 3Q		Change
		%		%	
<b>Assets</b>					
<b>I. Current Assets</b>	379.7	63.0%	434.5	62.5%	54.8
Cash and deposits	118.9	19.7%	127.0	18.3%	8.1
Notes and accounts receivable - trade	146.1	24.2%	172.8	24.9%	26.7
Inventories	89.6	14.9%	103.5	14.9%	13.8
<b>II. Non-current Assets</b>	223.2	37.0%	261.0	37.5%	37.7
Property, plant and equipment	149.7	24.8%	183.2	26.3%	33.4
Intangible assets	16.7	2.8%	17.9	2.6%	1.1
Investment and other assets	56.6	9.4%	59.8	8.6%	3.1
<b>Total Assets</b>	602.9	100.0%	695.5	100.0%	92.6
<b>Liabilities</b>					
<b>I. Current Liabilities</b>	188.0	31.2%	219.6	31.6%	31.5
Notes and accounts payable - trade	74.1	12.3%	86.8	12.5%	12.6
Short-term loans payable	37.4	6.2%	52.2	7.5%	14.8
<b>II. Non-current Liabilities</b>	53.7	8.9%	60.5	8.7%	6.8
Long-term loans payable	25.8	4.3%	32.2	4.6%	6.4
<b>Total Liabilities</b>	241.8	40.1%	280.2	40.3%	38.3
<b>Net Assets</b>					
<b>Total Net Assets</b>	361.1	59.9%	415.3	59.7%	54.2
<b>Total Liabilities and Net Assets</b>	602.9	100.0%	695.5	100.0%	92.6

## Inventories

**¥103.5 billion**

**(up ¥13.8 billion from previous year-end)**

Electronic components segment: up ¥9.0 billion  
(includes +¥2.7 billion in exchange rate effect)

Automotive infotainment segment: up ¥4.7 billion  
(includes +¥1.5 billion in exchange rate effect)

## Property, plant and equipment

**¥183.2 billion**

**(up ¥33.4 billion from previous year-end)**

Electronic components segment: up ¥29.3 billion  
(includes +¥3.5 billion in exchange rate effect)

Automotive infotainment segment: up ¥1.3 billion  
(includes +¥0.8 billion in exchange rate effect)

## Net assets

**¥415.3 billion**

**(up ¥54.2 billion from previous year-end)**

Retained earnings: up ¥38.1 billion

## Equity ratio

**43.3% (previous year-end: 42.2%)**

# FY2017 Consolidated Financial Results Forecast

# 1. FY2017 Financial Results Forecast

[Consolidated]

[Unit: ¥ billion]

	FY2016 Results		FY2017										Difference vs. FY2016		Difference vs. FY2017 1H (A-B)	
			1H Results (B)		3Q Results		4Q Forecast		2H Forecast (A)		FY2017 Forecast					
		%		%		%		%		%		%		%		%
<b>Net Sales</b>	<b>753.2</b>	<b>100.0%</b>	<b>410.1</b>	<b>100.0%</b>	<b>234.1</b>	<b>100.0%</b>	<b>210.7</b>	<b>100.0%</b>	<b>444.8</b>	<b>100.0%</b>	<b>855.0</b>	<b>100.0%</b>	<b>101.7</b>	<b>13.5%</b>	<b>34.7</b>	<b>8.5%</b>
Electronic Components	437.6	58.1%	250.3	61.0%	144.9	61.9%	122.2	58.0%	267.1	60.1%	517.5	60.5%	79.8	18.2%	16.7	6.7%
Automotive market	256.0	34.0%	134.9	32.9%	74.5	31.8%	73.0	34.6%	147.5	33.2%	282.5	33.0%	26.4	10.3%	12.6	9.3%
Consumer market	181.6	24.1%	115.4	28.1%	70.3	30.1%	49.2	23.4%	119.5	26.9%	235.0	27.5%	53.3	29.4%	4.1	3.6%
Automotive Infotainment	242.3	32.2%	122.2	29.8%	69.4	29.7%	70.7	33.5%	140.1	31.5%	262.4	30.7%	20.0	8.3%	17.8	14.6%
Logistics	61.1	8.1%	31.6	7.7%	16.8	7.2%	14.5	6.9%	31.3	7.1%	63.0	7.4%	1.8	3.0%	-0.2	-0.9%
Others	12.1	1.6%	5.8	1.5%	2.9	1.2%	3.2	1.6%	6.2	1.3%	12.1	1.4%	-0.0	-0.2%	0.3	5.8%
<b>Operating Profit</b>	<b>44.3</b>	<b>5.9%</b>	<b>30.5</b>	<b>7.5%</b>	<b>28.8</b>	<b>12.3%</b>	<b>11.5</b>	<b>5.5%</b>	<b>40.4</b>	<b>9.1%</b>	<b>71.0</b>	<b>8.3%</b>	<b>26.6</b>	<b>60.0%</b>	<b>9.8</b>	<b>32.3%</b>
Electronic Components	32.8	7.5%	24.8	9.9%	21.5	14.9%	8.0	6.6%	29.6	11.1%	54.5	10.5%	21.6	66.1%	4.7	19.0%
Automotive Infotainment	5.6	2.3%	3.7	3.1%	5.4	7.9%	1.7	2.5%	7.2	5.2%	11.0	4.2%	5.3	95.6%	3.4	90.9%
Logistics	5.0	8.3%	2.3	7.3%	1.5	9.0%	1.3	9.5%	2.8	9.2%	5.2	8.3%	0.1	2.3%	0.5	24.6%
Others / Eliminations	0.8	-	-0.4	-	0.3	-	0.3	-	0.7	-	0.3	-	-0.5	-	1.1	-
<b>Ordinary Profit</b>	<b>42.7</b>	<b>5.7%</b>	<b>30.0</b>	<b>7.3%</b>	<b>28.0</b>	<b>12.0%</b>	<b>8.9</b>	<b>4.2%</b>	<b>36.9</b>	<b>8.3%</b>	<b>67.0</b>	<b>7.8%</b>	<b>24.2</b>	<b>56.8%</b>	<b>6.9</b>	<b>23.0%</b>
Profit Attributable to Owners of Parent	34.9	4.6%	24.8	6.1%	19.5	8.4%	6.0	2.9%	25.6	5.8%	50.5	5.9%	15.5	44.6%	0.7	3.2%
USD/JPY	108.38		111.06		112.98		108.00		110.49		110.78					
EUR/JPY	118.79		126.29		133.01		127.00		130.01		128.15					
Capital Expenditure	47.6		38.3		19.1		24.5		43.6		82.0					
Depreciation Expenses	33.0		15.6		9.8		11.2		21.0		36.7					
R&D Expenses	32.2		14.4		6.7		7.1		13.8		28.2					

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.

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**Revision to year-end dividend forecast**  
**(Year-end dividends to increase by ¥3.00 per share)**

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FY2017

Interim dividends (paid on November 30, 2017)  
¥17.00 per share

Year-end dividends (scheduled in late June 2018)  
¥20.00 per share

A proposal concerning this matter will be submitted to the Ordinary General Meeting of Shareholders scheduled for June 2018.

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 3Q (April 2017 – December 2017)

## Basic Data

January 2018

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	3 Q	4 Q (Est)	Total (Est)
Net Sales	1,747	1,793	1,978	2,013	7,532	1,895	2,206	2,341	2,107	8,550
Domestic	344	379	390	408	1,523	379	384	390	-	-
Overseas	1,402	1,413	1,587	1,605	6,009	1,515	1,821	1,950	-	-
Operating Income	50	89	188	115	443	79	226	288	115	710
Ordinary Income	31	78	214	102	427	74	226	280	89	670
Profit attributable to owners of parent	26	62	193	67	349	63	185	195	60	505

## 2. Net Sales (by segments)

(Unit : 100 million Yen)

	FY2016					FY2017				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	956	1,041	1,201	1,177	4,376	1,119	1,383	1,449	1,222	5,175
Automotive market	597	593	658	711	2,560	666	683	745	730	2,825
Consumer market	359	448	542	466	1,816	453	700	703	492	2,350
Automotive Infotainment	611	571	591	649	2,423	590	631	694	707	2,624
Logistics	146	150	157	156	611	157	159	168	145	630
Others	32	29	29	29	121	27	31	29	32	121
Total	1,747	1,793	1,978	2,013	7,532	1,895	2,206	2,341	2,107	8,550

## 3. Operating Income

(Unit : 100 million Yen)

	FY2016					FY2017				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	30	65	135	95	328	71	177	215	80	545
Automotive Infotainment	3	9	33	9	56	3	34	54	17	110
Logistics	11	12	15	11	50	12	10	15	13	52
Others / Eliminations	4	2	3	-1	8	-8	4	3	3	3
Total	50	89	188	115	443	79	226	288	115	710

## 4. Capital Expenditures

(Unit : 100 million Yen)

	FY2016					FY2017				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	115	97	64	93	370	139	166	154	224	685
Automotive Infotainment	21	20	13	23	79	20	21	20	20	83
Logistics	3	3	6	6	20	16	16	14	0	46
Others	1	1	1	1	4	1	1	1	1	4
Eliminations	-0	0	0	0	0	0	0	-0	-	0
Total	142	122	87	124	476	177	205	191	245	820

(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	3 Q	4 Q (Est)	Total (Est)
Electronic Components	60	58	60	61	241	48	61	74	88	272
Automotive Infotainment	15	15	15	16	64	16	17	16	17	68
Logistics	5	5	5	5	21	5	5	5	5	21
Others	1	0	0	0	3	1	0	1	1	5
Eliminations	0	0	0	0	0	0	0	0	-	0
Total	82	80	82	85	330	71	84	98	112	367

## 6. R &amp; D Expenses

(Unit : 100 million Yen)

	FY2016					FY2017				
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	4 Q (Est)	Total (Est)
Electronic Components	35	38	38	55	167	51	50	49	46	197
Automotive Infotainment	44	41	24	42	154	27	14	18	24	84
Logistics	-	-	-	-	-	-	-	-	-	-
Others	0	0	0	0	0	0	0	0	0	0
Total	81	80	63	97	322	79	64	67	71	282

## 7. Inventories

(Unit : 100 million Yen)

	2016/6	2016/9	2016/12	2017/3		2017/6	2017/9	2017/12
Electronic Components	550	551	631	618		696	719	709
Automotive Infotainment	286	269	303	256		266	282	304
Logistics	17	17	17	19		20	21	19
Others	3	3	2	2		2	2	2
Eliminations	-0	-0	-0	-0		-0	-0	-0
Total	858	843	954	896		985	1,026	1,035

## 8. Employees

(Unit : Person)

	2016/6	2016/9	2016/12	2017/3		2017/6	2017/9	2017/12
Electronic Components	21,729	22,061	21,926	22,688		22,612	22,407	22,305
Automotive Infotainment	12,107	12,093	12,177	12,959		13,369	13,640	13,013
Logistics	5,365	5,376	5,407	5,330		5,464	5,513	5,585
Others	1,019	1,045	1,054	1,076		1,103	1,128	1,120
Total	40,220	40,575	40,564	42,053		42,548	42,688	42,023
(Non Consolidated)	5,537	5,498	5,628	5,588		5,728	5,659	5,653

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