



FY2016 2nd Quarter Financial Results ended September 30, 2015

October 30, 2015

DENSO CORPORATION

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1. Revenue and operating profit increased due to overseas production volume increase and the growth in sales as well as the depreciation of yen. Operating profit (excludes other income/expenses) increased due to the depreciation of yen and cost reduction efforts. The profit decreased including the other income /expenses.

2. Downward revision to the full-year forecast of operating income mainly due to the China and ASEAN market. However revised operating income increases from previous year.

FY2016 2nd Quarter Financial Results

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	(Ratio to Revenue)		(Unit: Billions of Yen)	
	FY16 2Q	FY15 2Q	Change	
Revenue	2,228.5	2,070.1	+ 158.3	+ 7.6%
Operating Profit (Excludes other income/ expenses)	(7.5%) 167.2	(7.8%) 160.5	+ 6.7	+ 4.2%
Other income/ expenses	-19.2	-10.7	- 8.5	
Operating Profit	(6.6%) 148.0	(7.2%) 149.8	- 1.8	- 1.2%
Finance income/costs & others(※1)	18.8	18.6	+ 0.2	
Profit before Income Taxes	(7.5%) 166.8	(8.1%) 168.4	- 1.6	- 0.9%
Profit (※2)	(5.1%) 113.0	(5.4%) 112.0	+1.0	+ 0.9%
Foreign Exchange Rate	JPY 122/\$ JPY135/Euro	JPY 103/\$ JPY139/Euro	+ JPY 19 - JPY 4	(Unit: Millions of Units)
Domestic Car Production	4.32	4.59	- 0.27	- 5.9%
Overseas Car Production of Japanese Manufacturers (North America)	9.27 (3.13)	9.13 (2.99)	+ 0.14 (+0.14)	+ 1.5% (+ 4.7%)

※1 Finance income, Finance costs, Foreign exchange gains/loss, Share of the profit of associates accounted for using the equity method

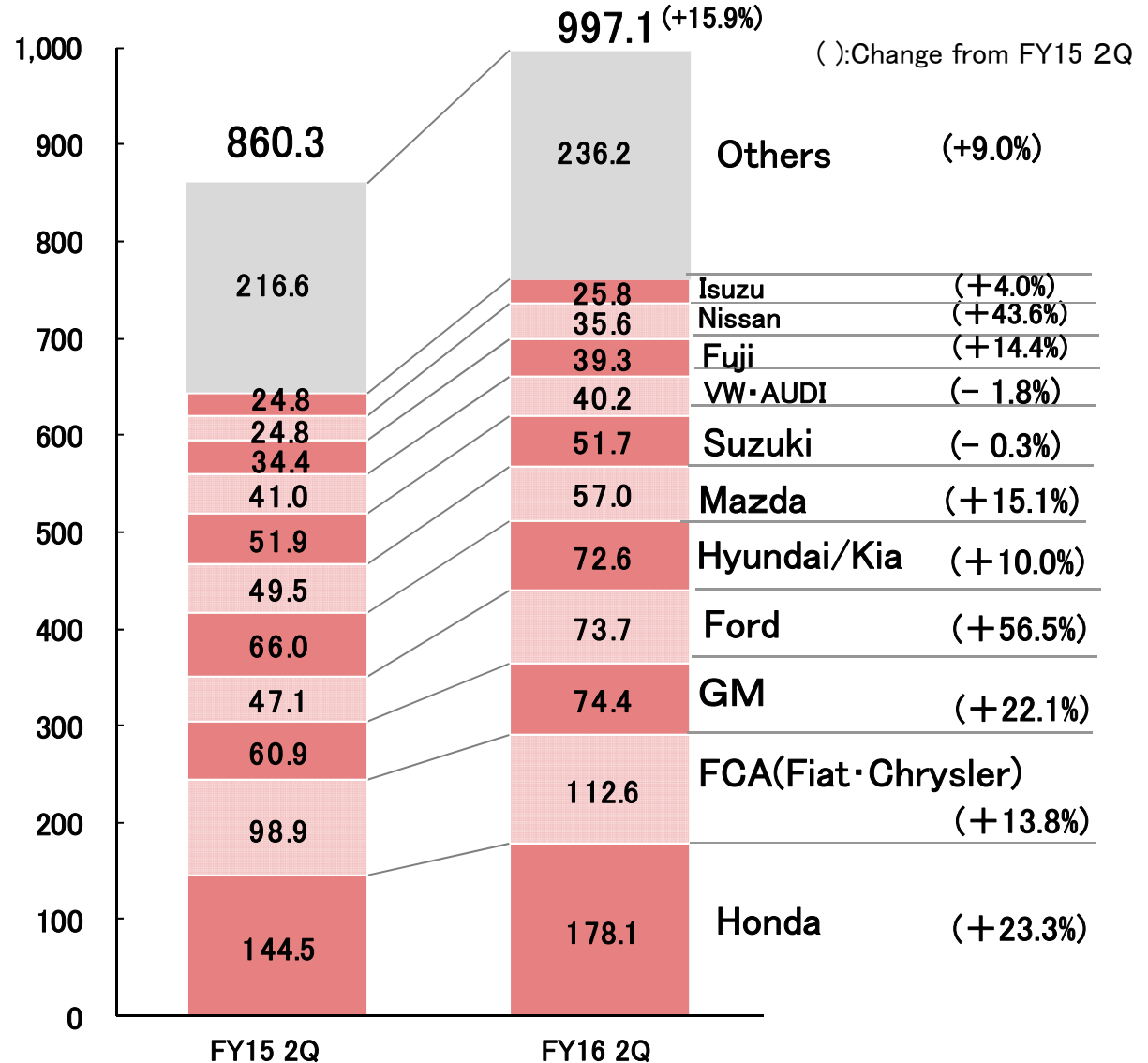
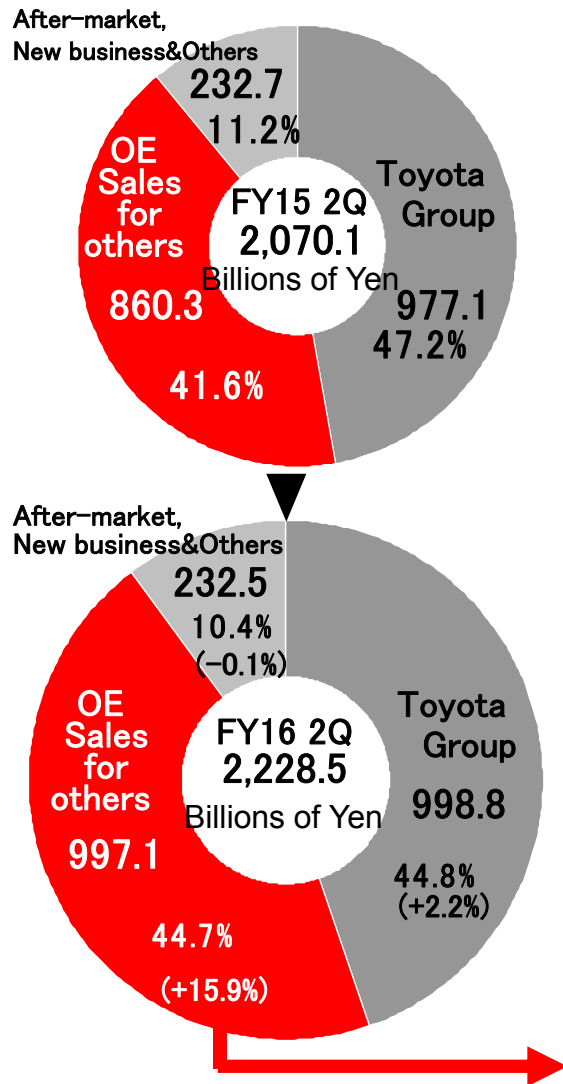
※2 Profit attributable to owners of the parent company

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FY2016 2nd Quarter Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

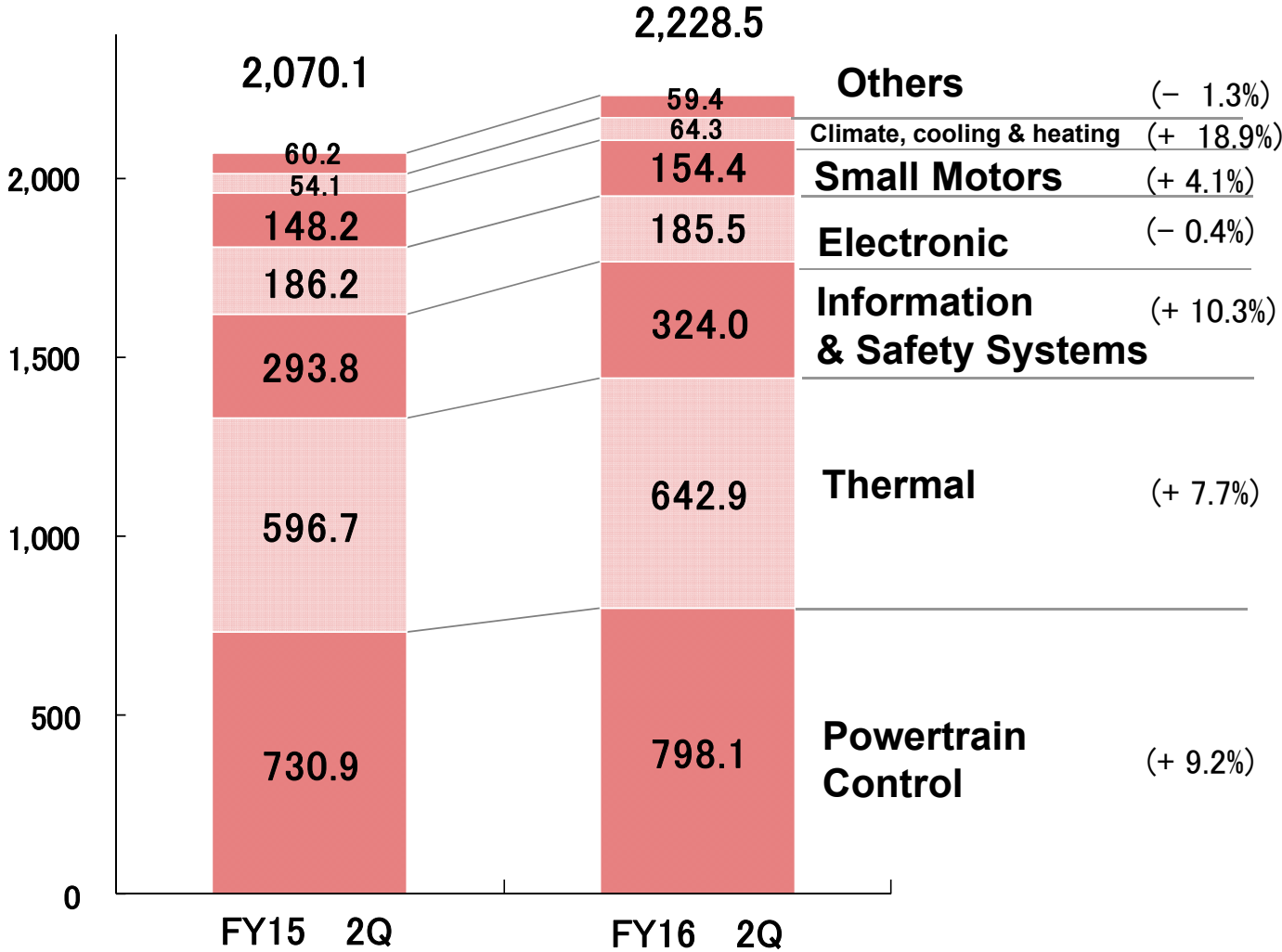
OE Revenue for others



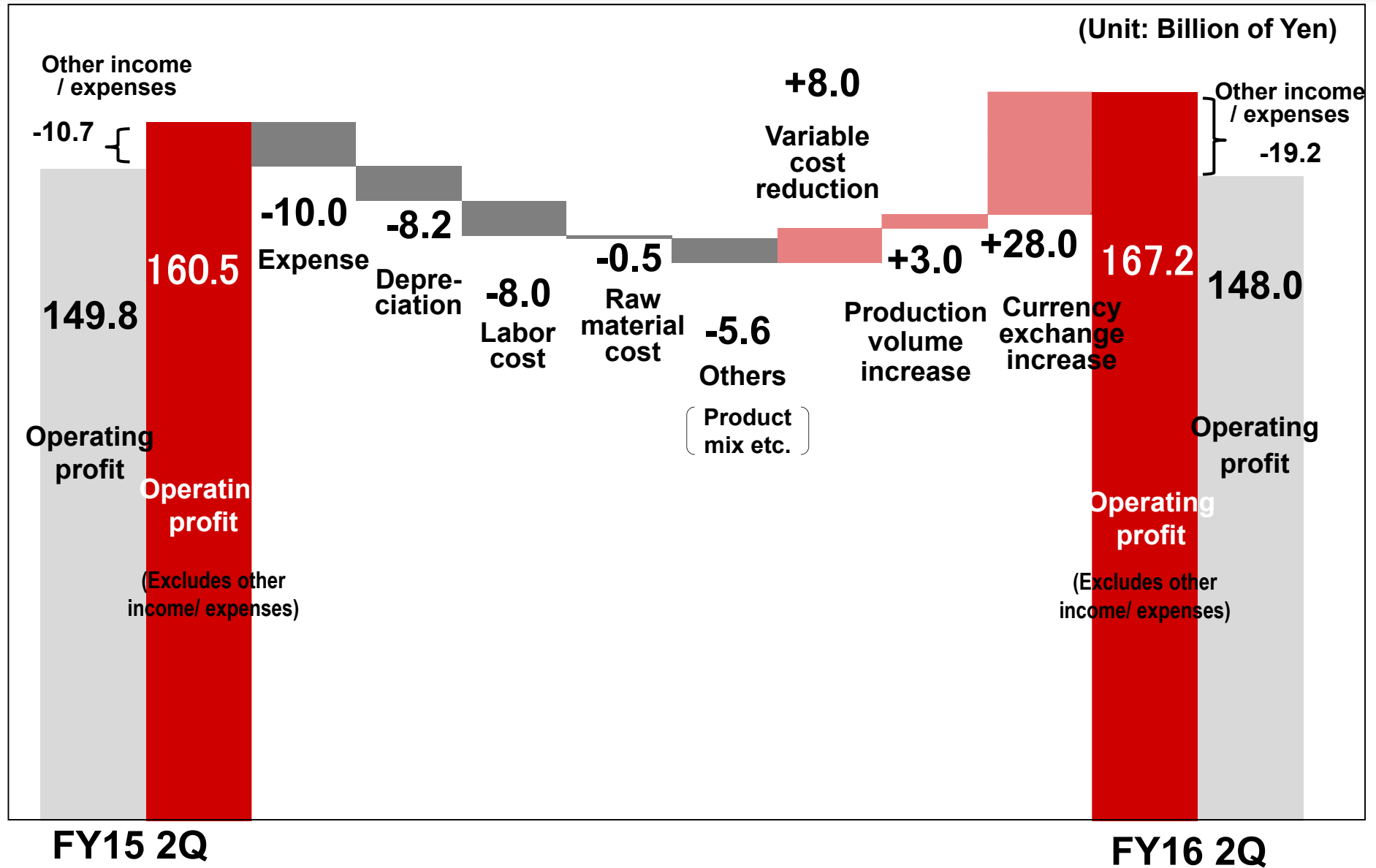
FY2016 2nd Quarter Consolidated Revenue (By Product)

(Unit: Billions of Yen)

():Change from FY15 2Q



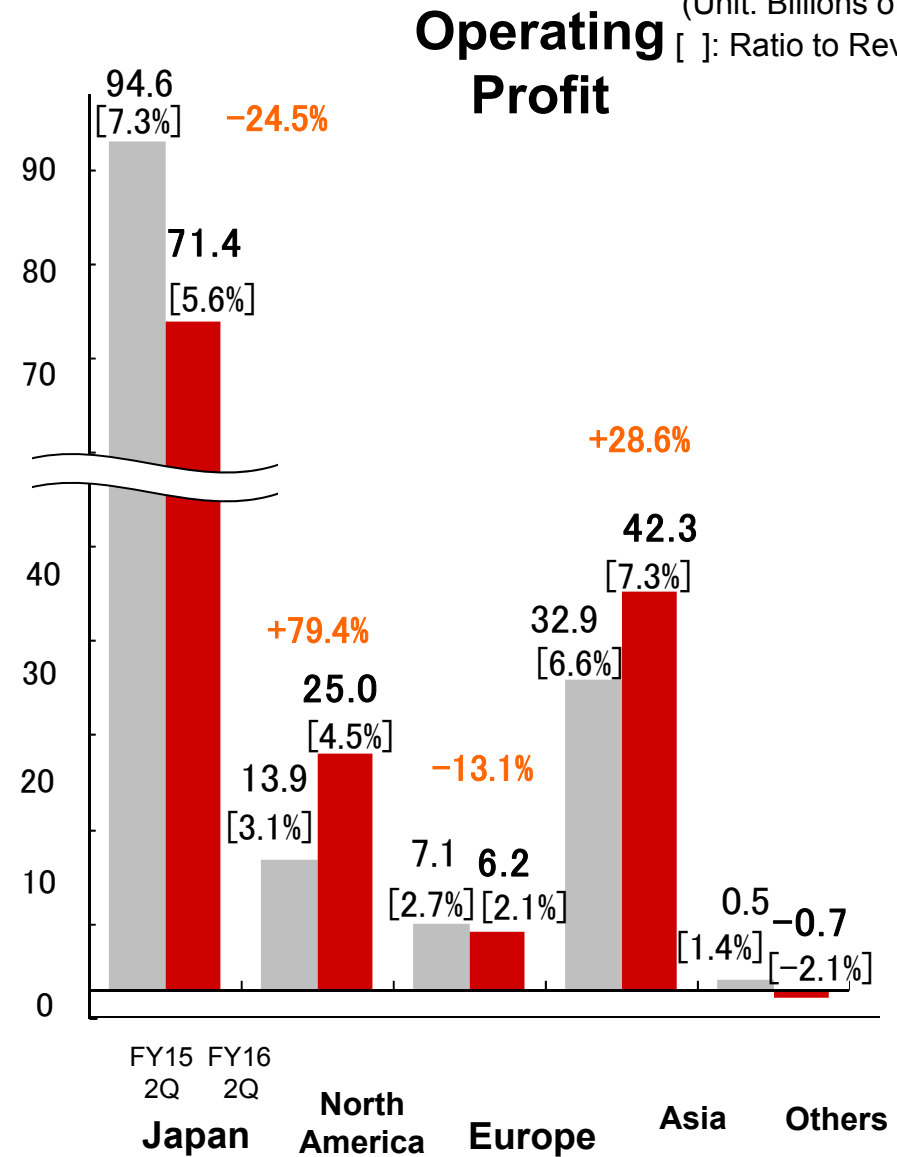
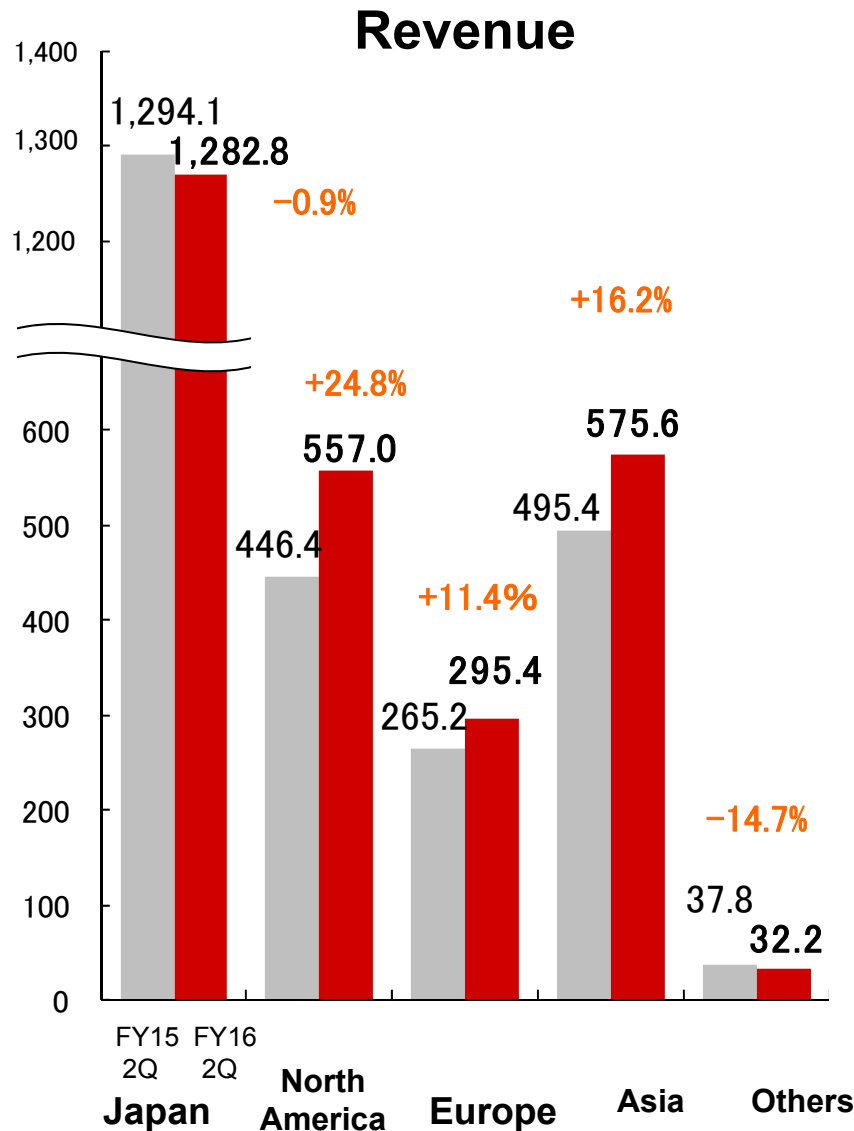
Change in 2nd Quarter Operating Profit



2nd Quarter Geographical Segments by Company Location

(Unit: Billions of Yen)

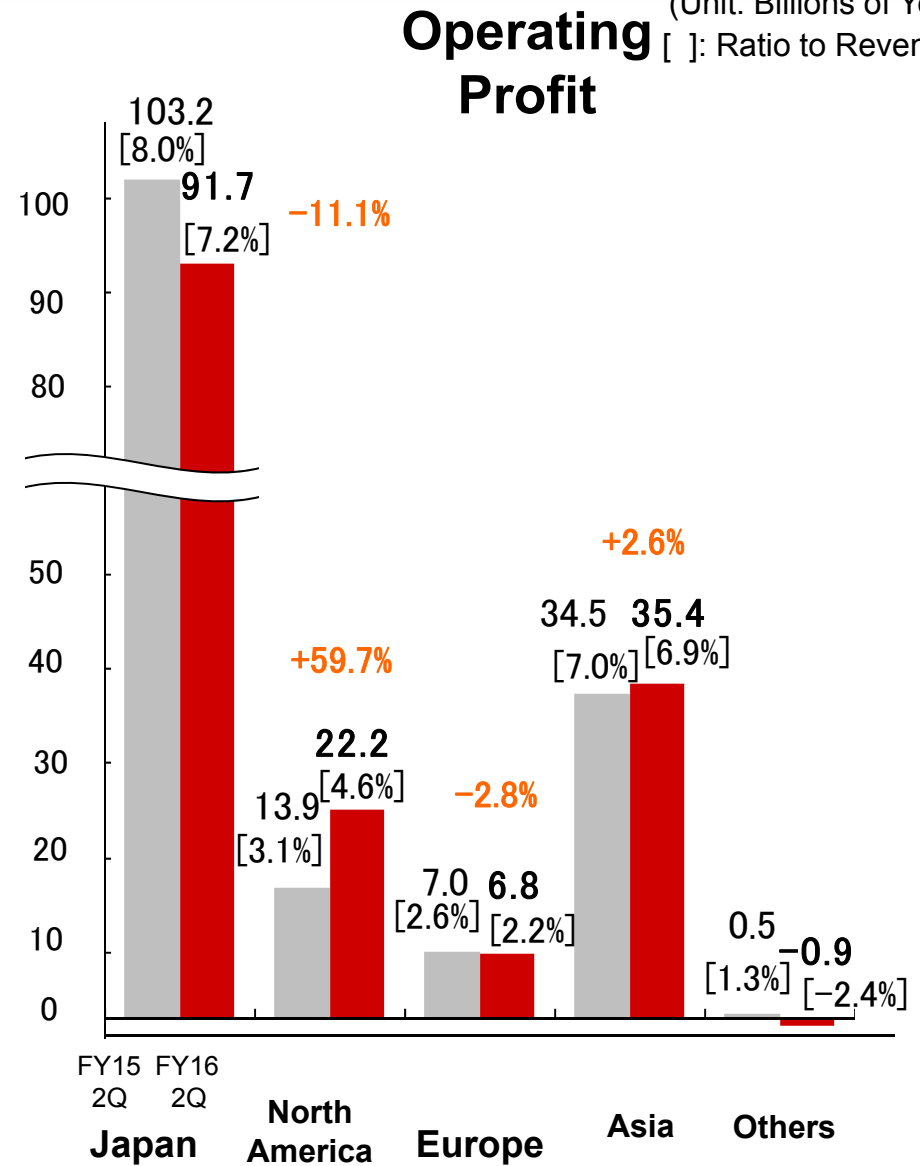
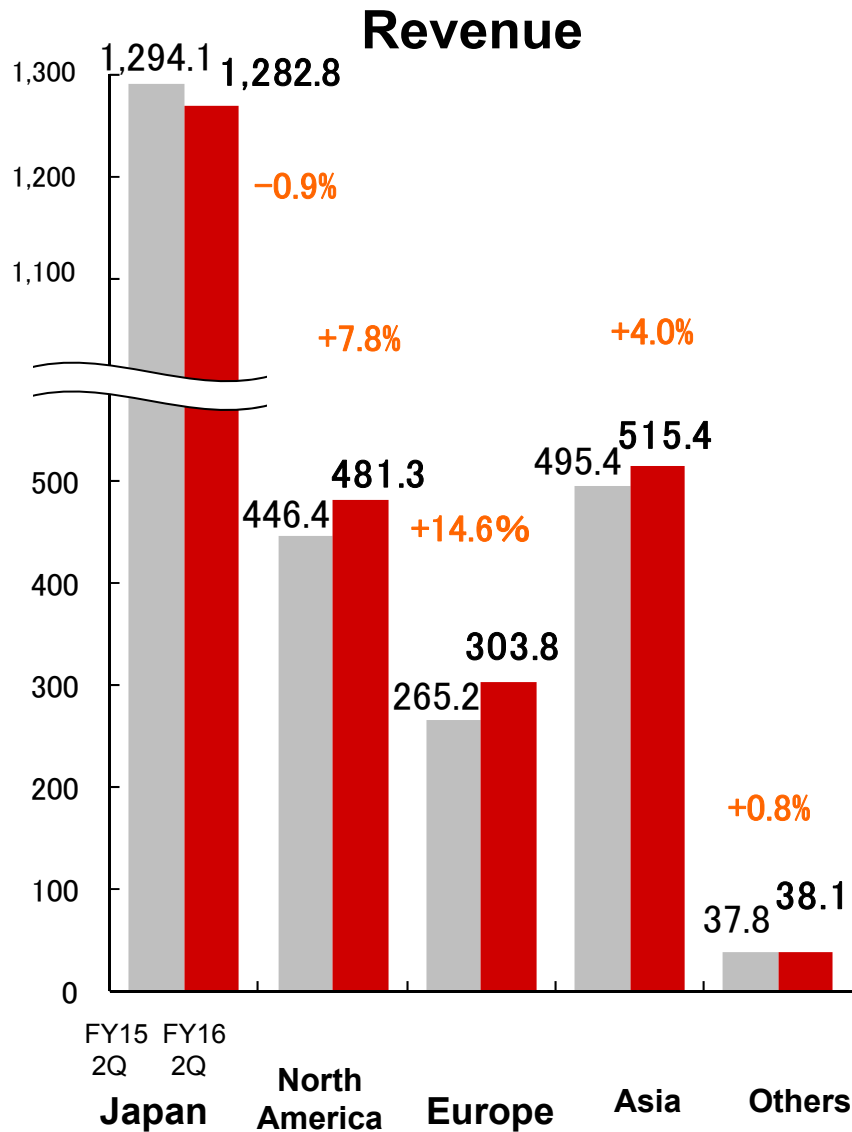
[] : Ratio to Revenue



2nd Quarter Geographical Segments by Company Location (Local Currency Base ,excludes other income/expenses)

(Unit: Billions of Yen)

[]: Ratio to Revenue



FY2016 Financial Forecast

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(Ratio to Revenue)

(Unit: Billions of Yen)

	FY16 YTD 1Q Original	FY16 YTD 2Q Revised	FY15 YTD	Change	
Revenue	4,470.0	4,520.0	4,309.8	+ 210.2	+ 4.9%
Operating profit(excludes other come/expenses)	(8.5%) 380.0	(8.2%) 370.0	(8.3%) 358.2	+ 11.8	+ 3.3%
Operating Profit	(8.5%) 380.0	(7.7%) 350.0	(7.7%) 331.4	+ 18.6	+ 5.6%
Profit before Income Taxes	(9.3%) 414.0	(8.5%) 383.0	(8.6%) 371.9	+ 11.1	+ 3.0%
Profit (※2)	(6.3%) 280.0	(5.8%) 260.0	(6.0%) 258.4	+1.6	+ 0.6%
Foreign Exchange Rate	JPY 119/\$ JPY130/Euro	JPY 121/\$ JPY133/Euro	JPY 110/\$ JPY139/Euro	+ JPY 11 - JPY 6	
Domestic Car Production	9.03	9.01	9.21	- 0.20	- 2.2%
Overseas Car Production of Japanese Manufacturers (North America)	18.46 (6.27)	18.37 (6.27)	18.34 (6.00)	+ 0.03 (+0.27)	+ 0.2 % (+ 4.4%)

(Unit: Millions of Units)

※1 Finance income, Finance costs, Foreign exchange gains/loss, Share of the profit of associates accounted for using the equity method

※2 Profit attributable to owners of the parent company

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DENSO Group's growth strategy

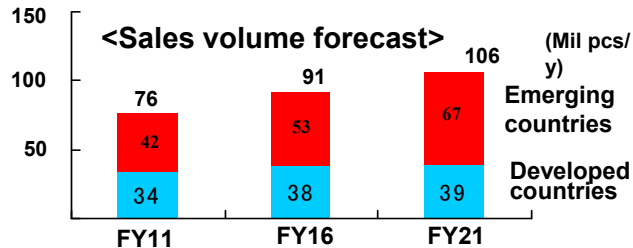
1. Mid-term policy 2018
2. Business field to concentrate
 - (1) Environment and Security & Safety
 - (2) Aftermarket & New business
 - (3) World Market

1. Mid-term policy 2018

2018 Goal

Recognition of the current business environment

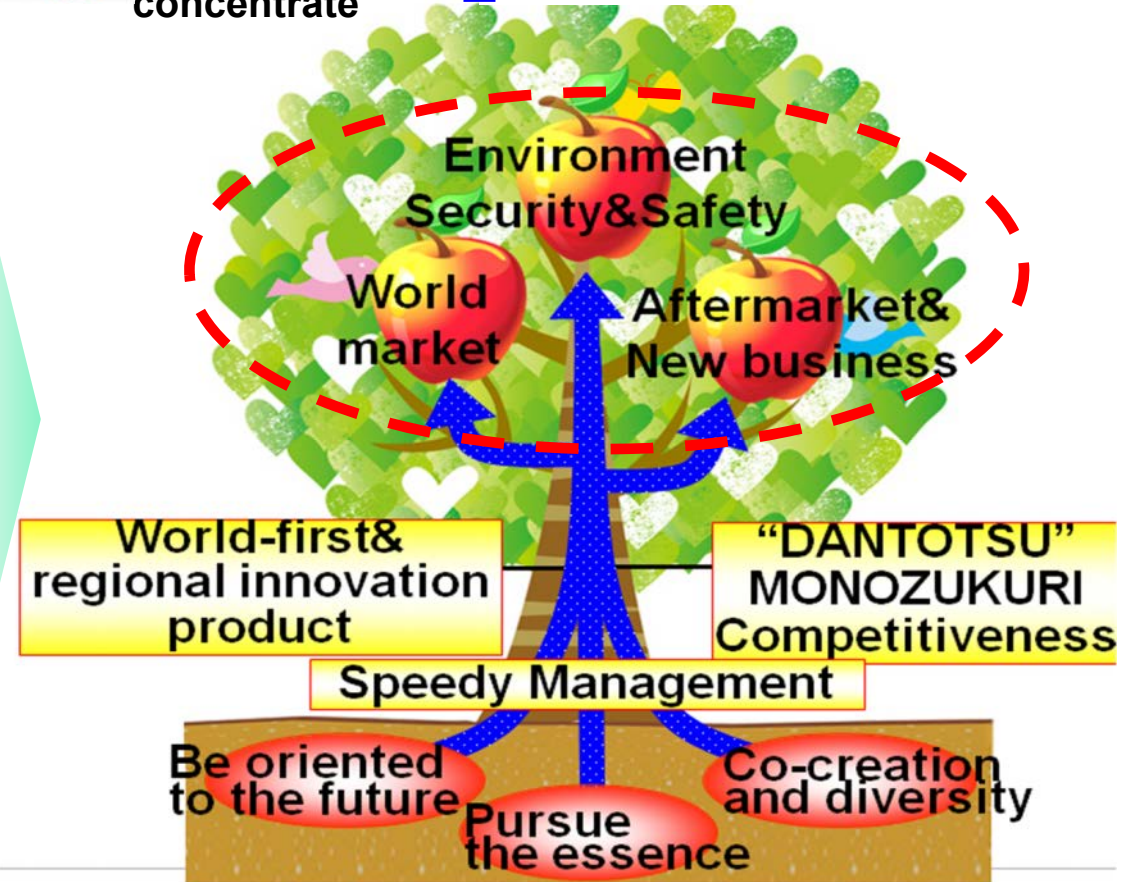
1. Emerging countries lead automobile market continuously



2. Expand of environment, security and safety needs



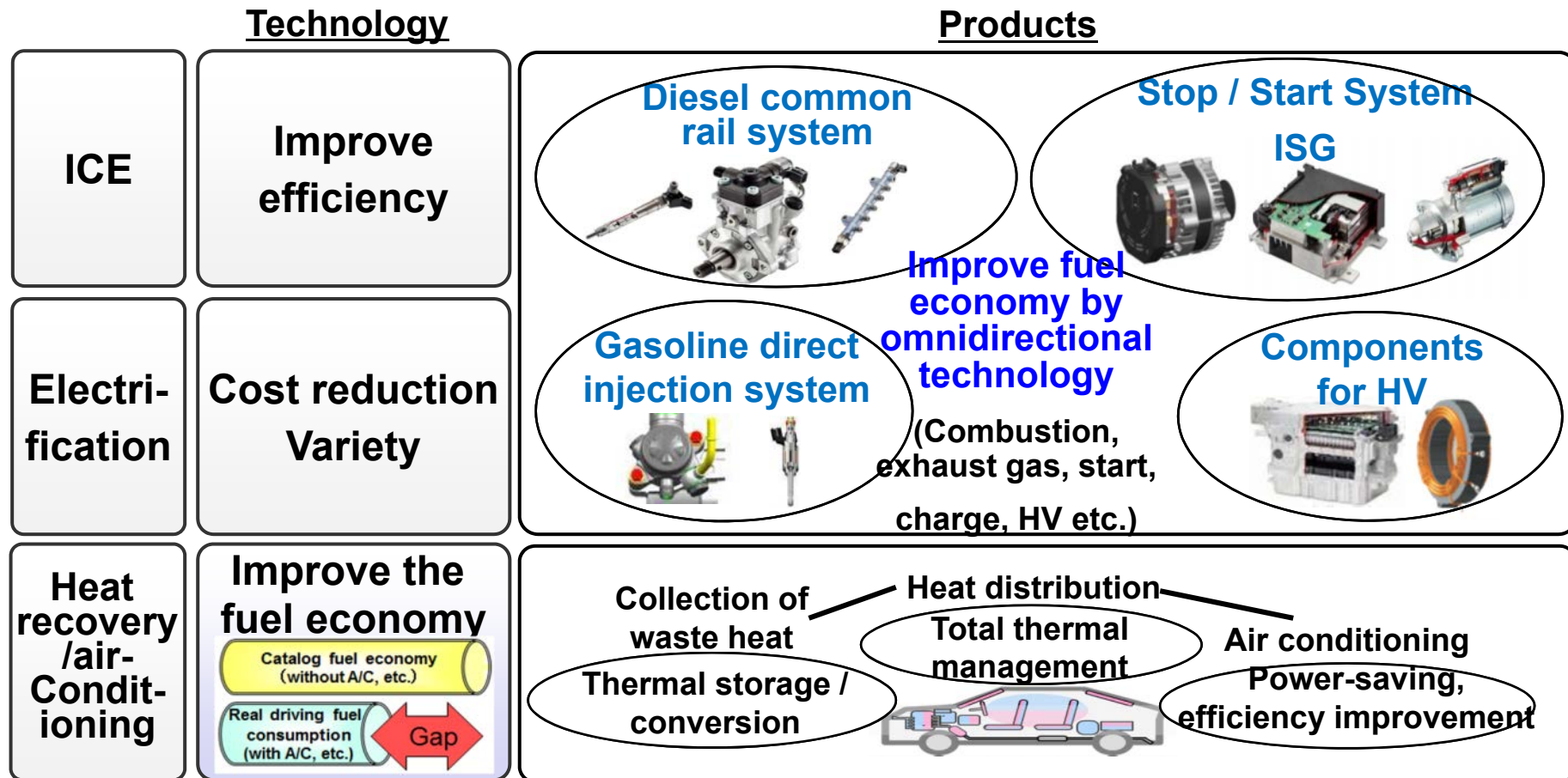
3. Accelerate standardization of parts & unit
Preparation to quality risks due to standardization is needed



Concentrate on “Environment and Security& Safety”,
“Aftermarket & New business” & “World market”

Environment

Environmental technologies for reducing CO₂ emission

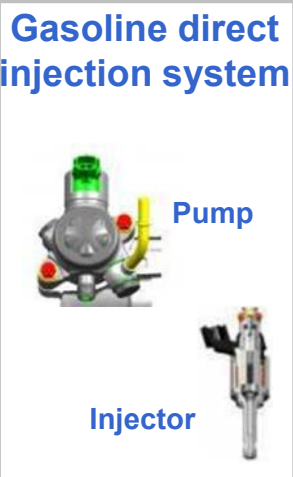






For CO₂ reduction, pursue fuel efficiency

2 (1) Environment and Security & Safety

Provide optimal products in each region

~ "ICE" + "electrification" optimum combination ~

System components	Gasoline direct injection system	Diesel common rail system	Stop start system	ISG system	Hybrid vehicle
					
Japan	✓		✓		✓
North America	✓			✓	✓
Europe	✓	✓		✓	✓
China	✓		✓	✓	✓
Developing countries		✓	✓		

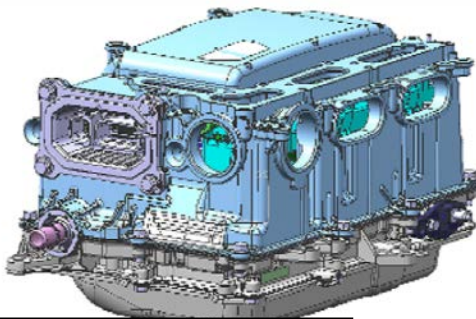
Provide optimal products combining ICE and electrification with meet the regional needs

Development in HEV

Joint development with
Toyota Motor Corporation

~ Power Control Unit for TOYOTA new Prius (Inverter etc.)~

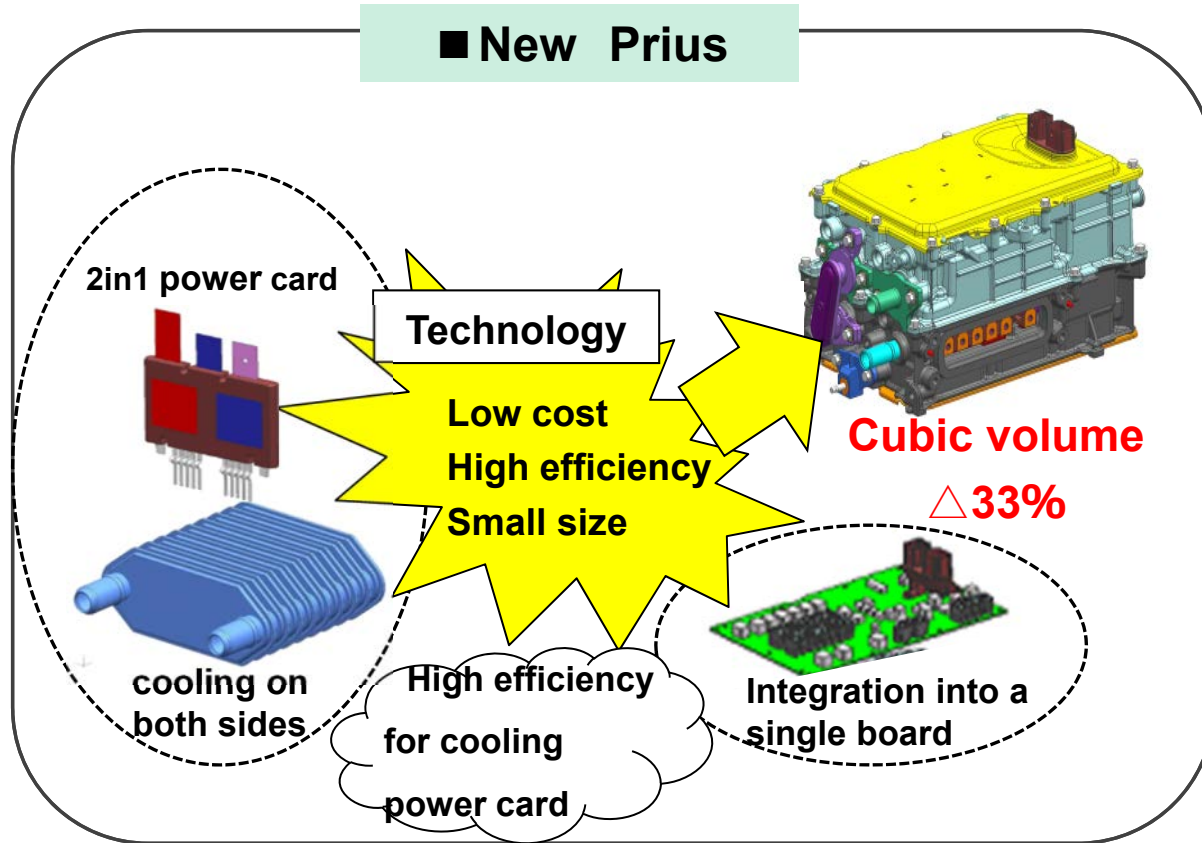
■ Current Prius



Users' expectations

- Easy to buy/replace
- High fuel economy (CO2 reduction)
- Large cabin space

■ New Prius



The inverter helps improve the commercial value of vehicles

Safety Driving Support (Active safety/ Driving support)

~Built into Toyota Safety Sense P (Toyota's new active safety package) ~

Active Safety System



Millimeter-wave radar



Vision sensor

Feature:

High-resolution signal processing technologies

Feature:

Recognition algorithm for accurate identification

Functions achieved



Collision avoidance assistance brake



Collision avoidance assistance brake (Pedestrians)



Full-scale ACC



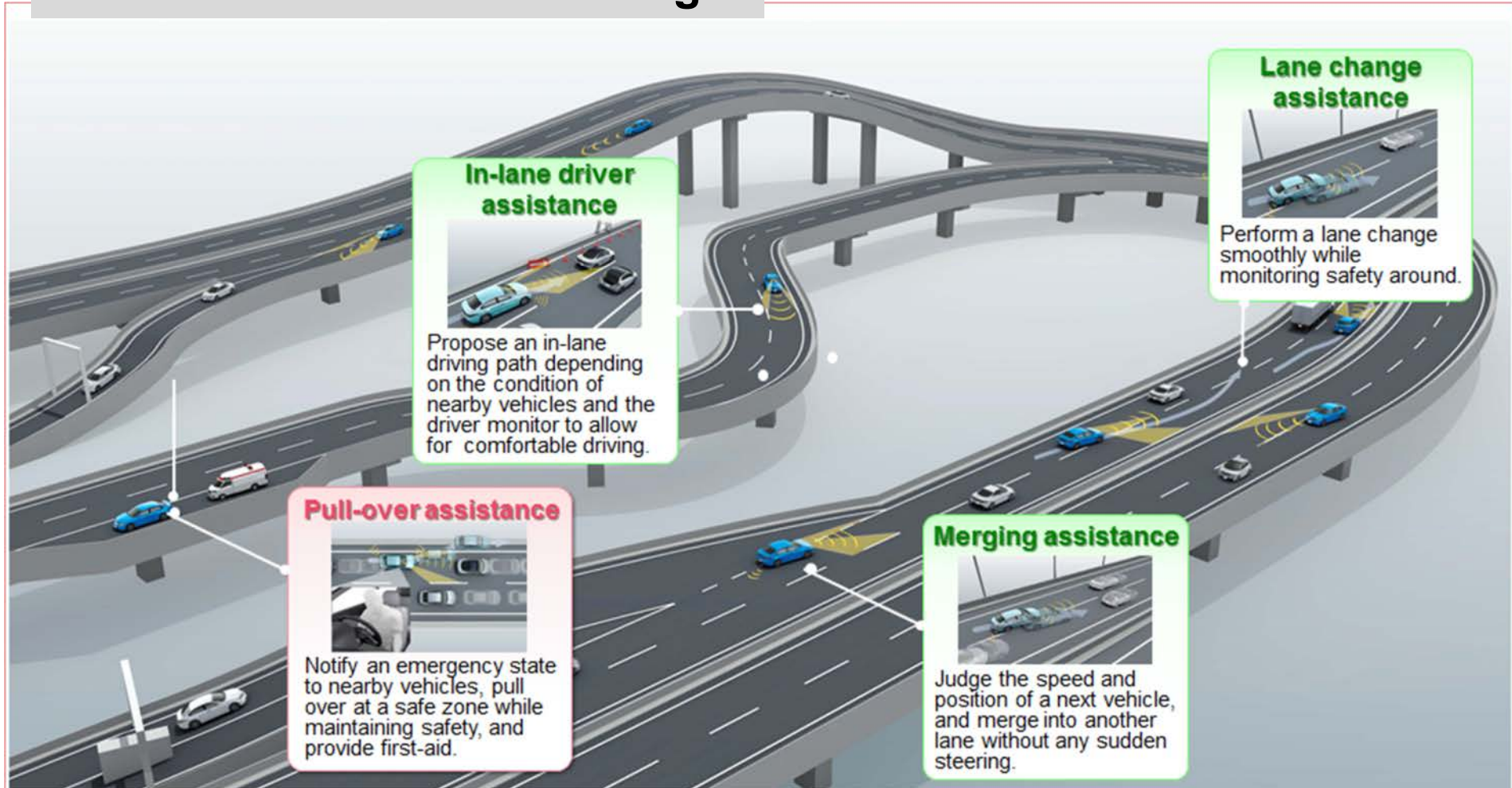
Lane keeping assist



Automatic High Beam

Combination of two sensors ensures high reliability in detecting vehicles / pedestrians

ADAS to automated driving

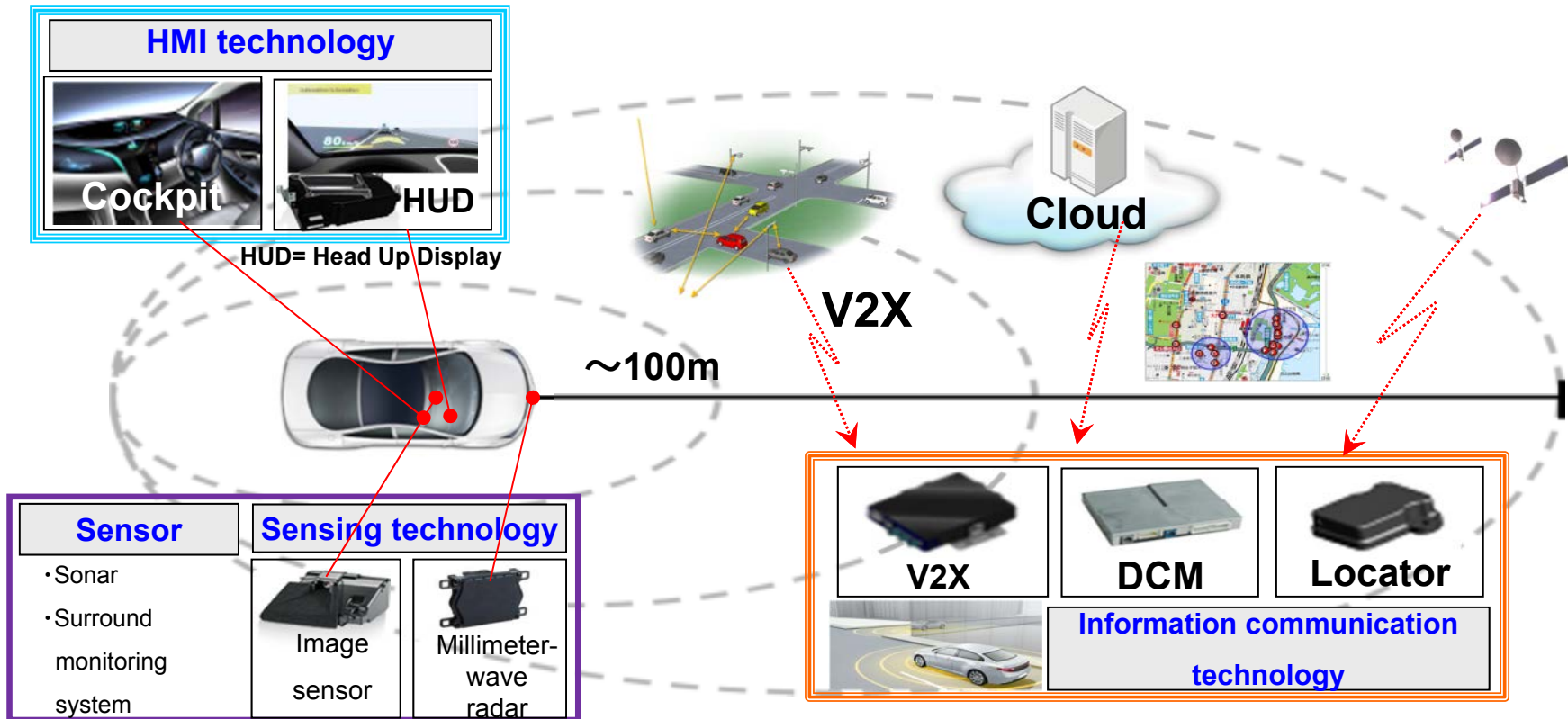
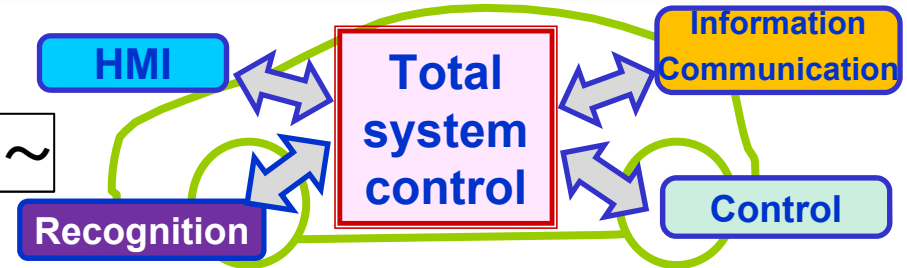


Accelerate advanced technology development to realize ADAS and automated driving

2 (1) Environment and Security & Safety

ADAS to automated driving

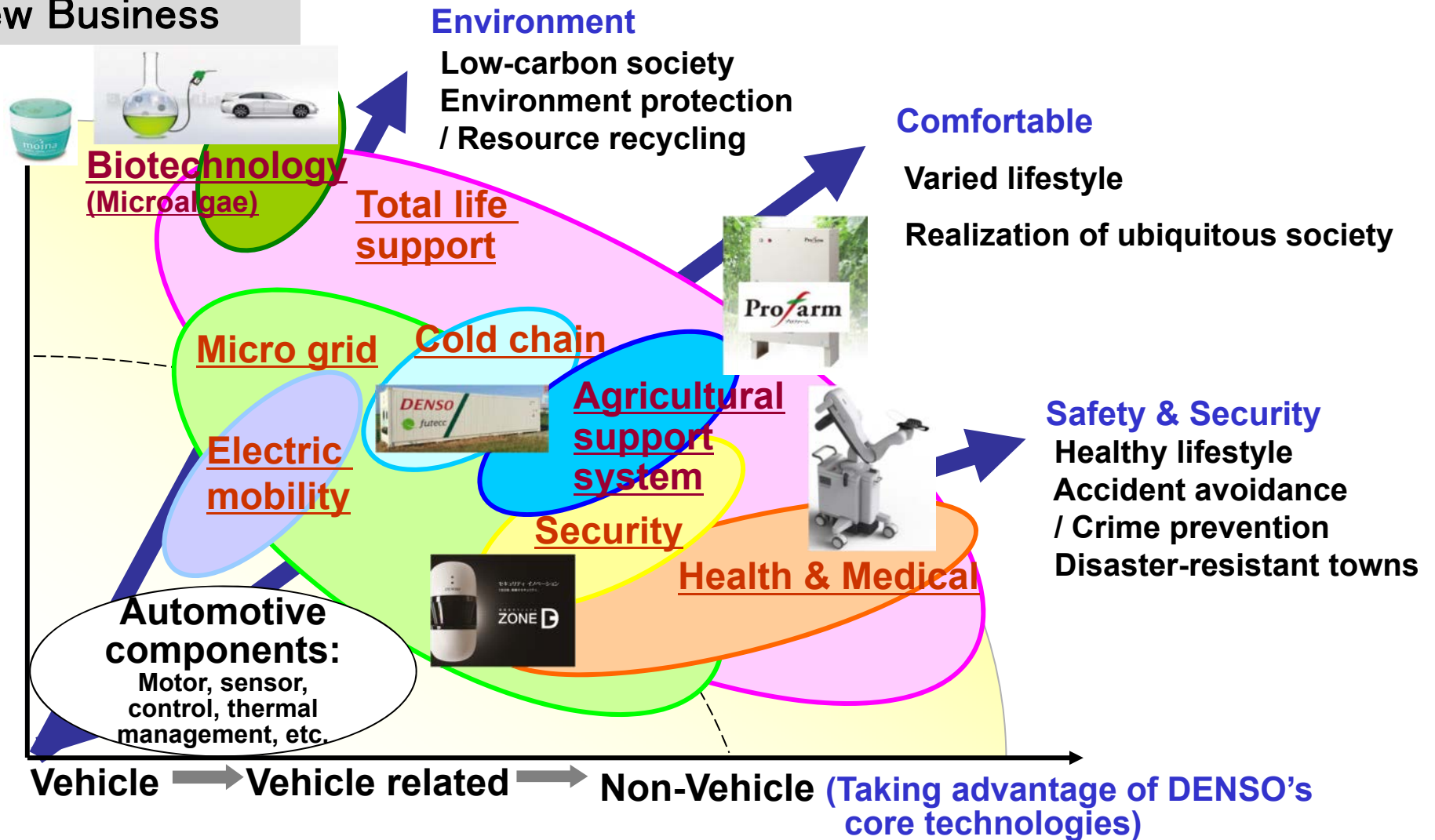
~ DENSO's technology for realizing ADAS ~



Realize ADAS by combining sensing, HMI, information communication technology

2 (2) Aftermarket & New business

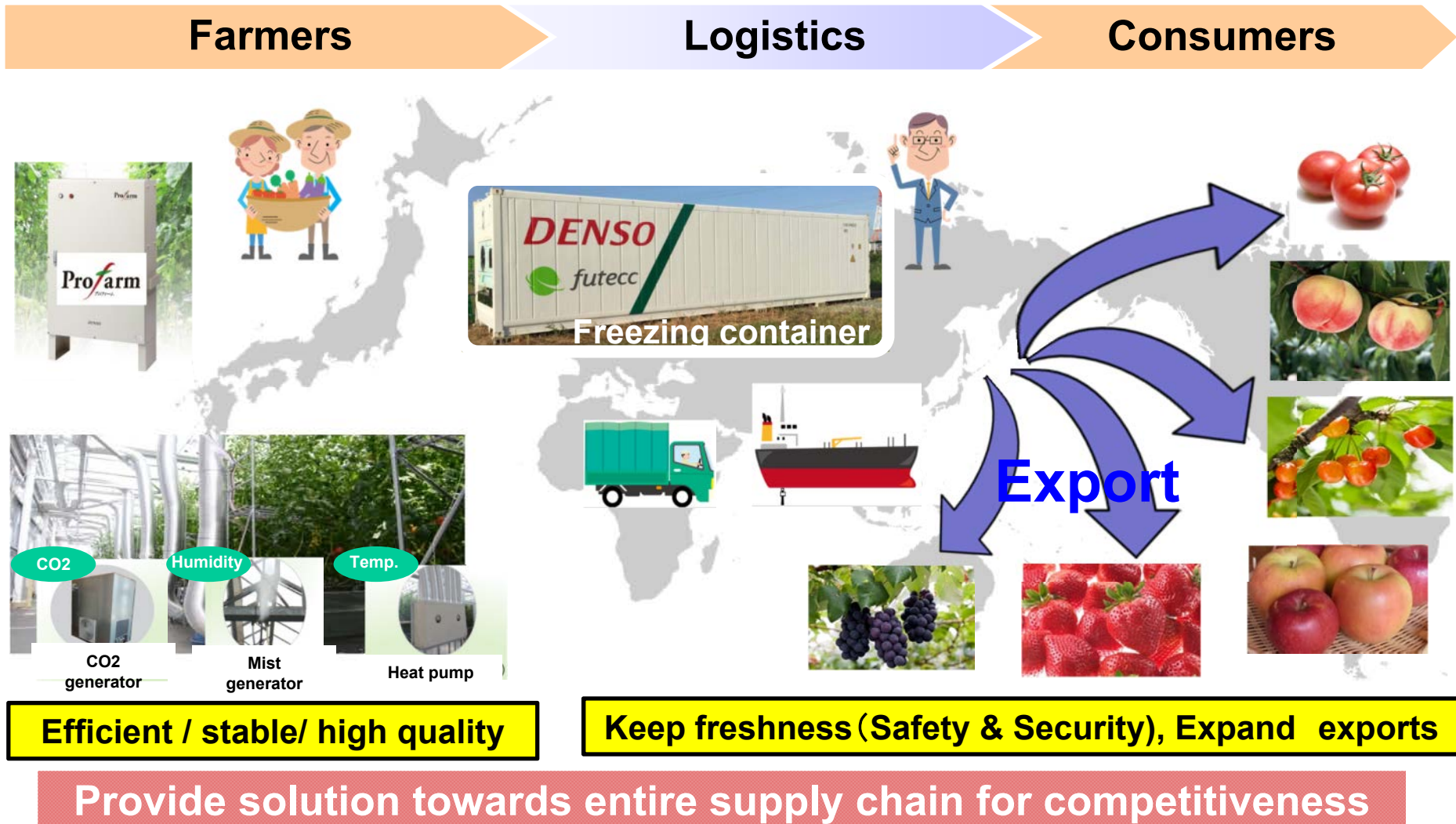
New Business



Offer products and services to meet the needs of society and end users

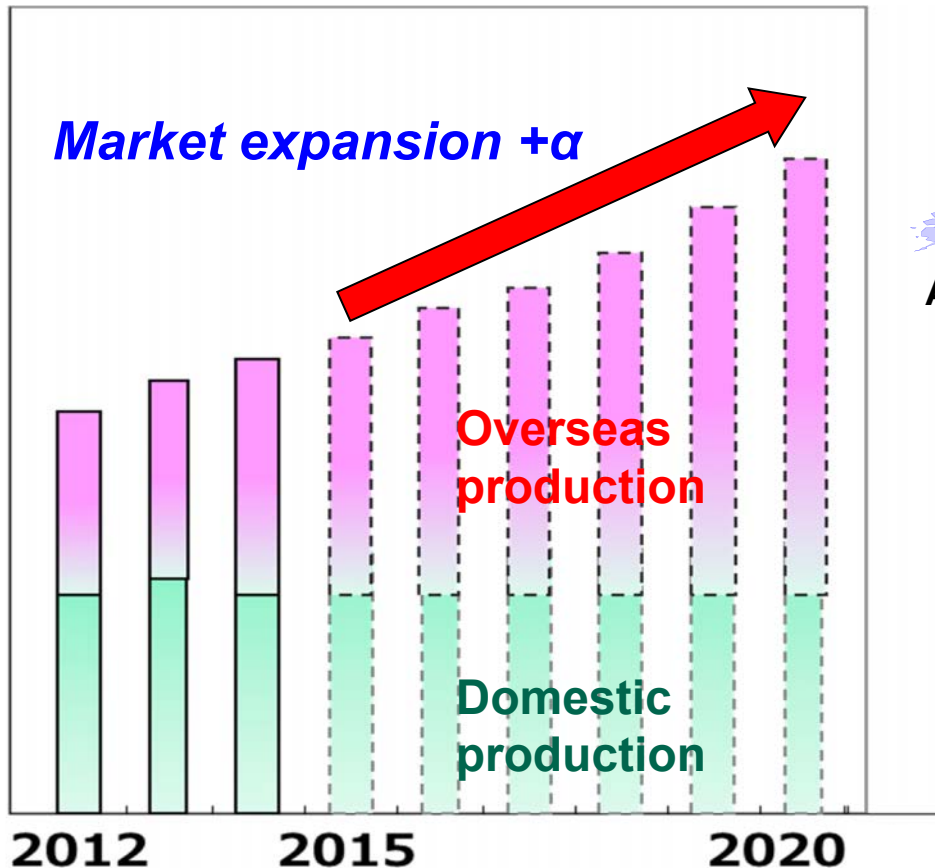
2 (2) Aftermarket & New business

Agriculture / Cold chain area



World Market

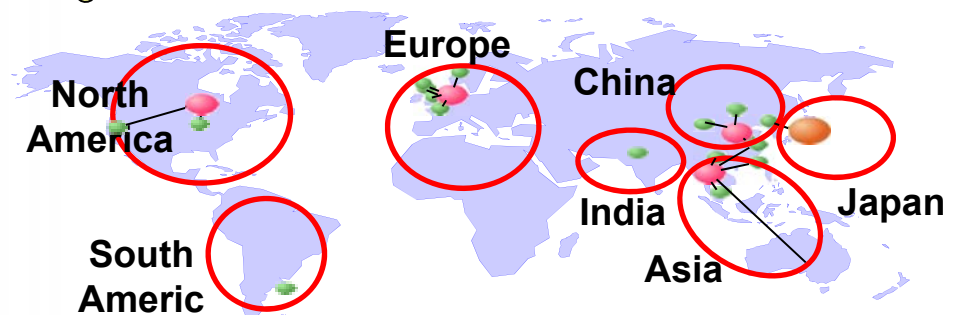
【 Sales trend】



Solution for sales expansion

【Technology development】

- Optimal products in each region
- global competitiveness



Technical Centers in global 7 regions

【Production】

- Cost- competitive production network
- expand “DANTOTSU” factory

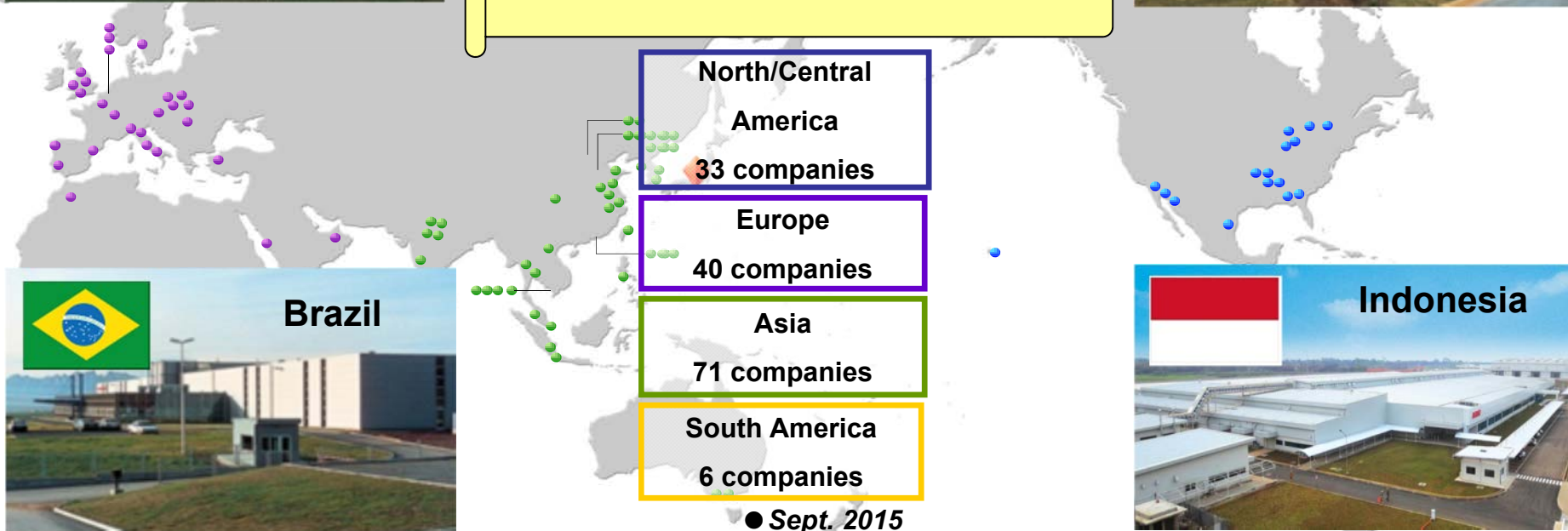
Expand sales exceeding market growth mainly in overseas

Global production network



【Idea for expanding network】

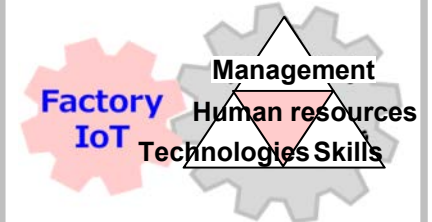
- Competitive new products
- Optimal production network (including multi-factory parallel production)
- Stable quality



Finished expanding global production network, start focusing on competitiveness

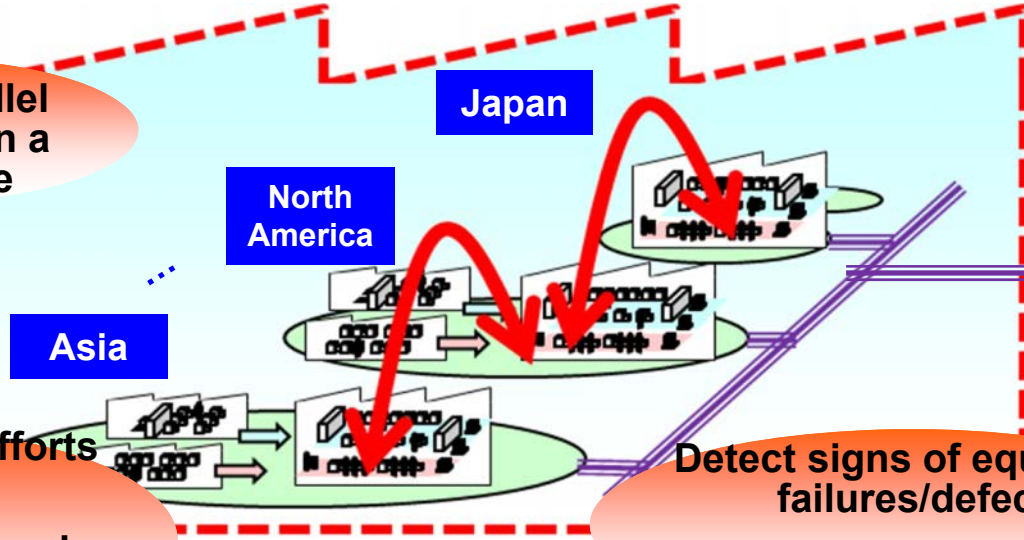
Promote DANTOTSU factory activities globally
 (operate factories around the world under a single framework)

Concept of Factory-IoT



Enhance DENSO's *monozukuri* by using IoT and achieve DANTOTSU factories

Flexible parallel production on a global scale



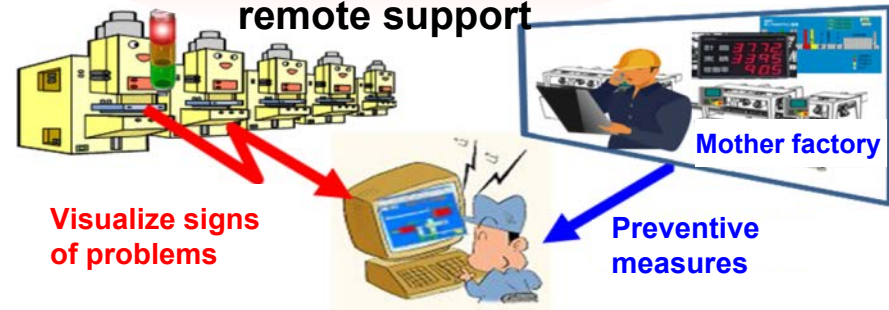
Make collective efforts globally

Ensure streamlined production preparations



Detect signs of equipment failures/defects

Ensure prevention and provide remote support



Integrate decision-making and wisdom by utilizing IoT
 ⇒ Enhance cost competitiveness by promoting DANTOTSU factory activities



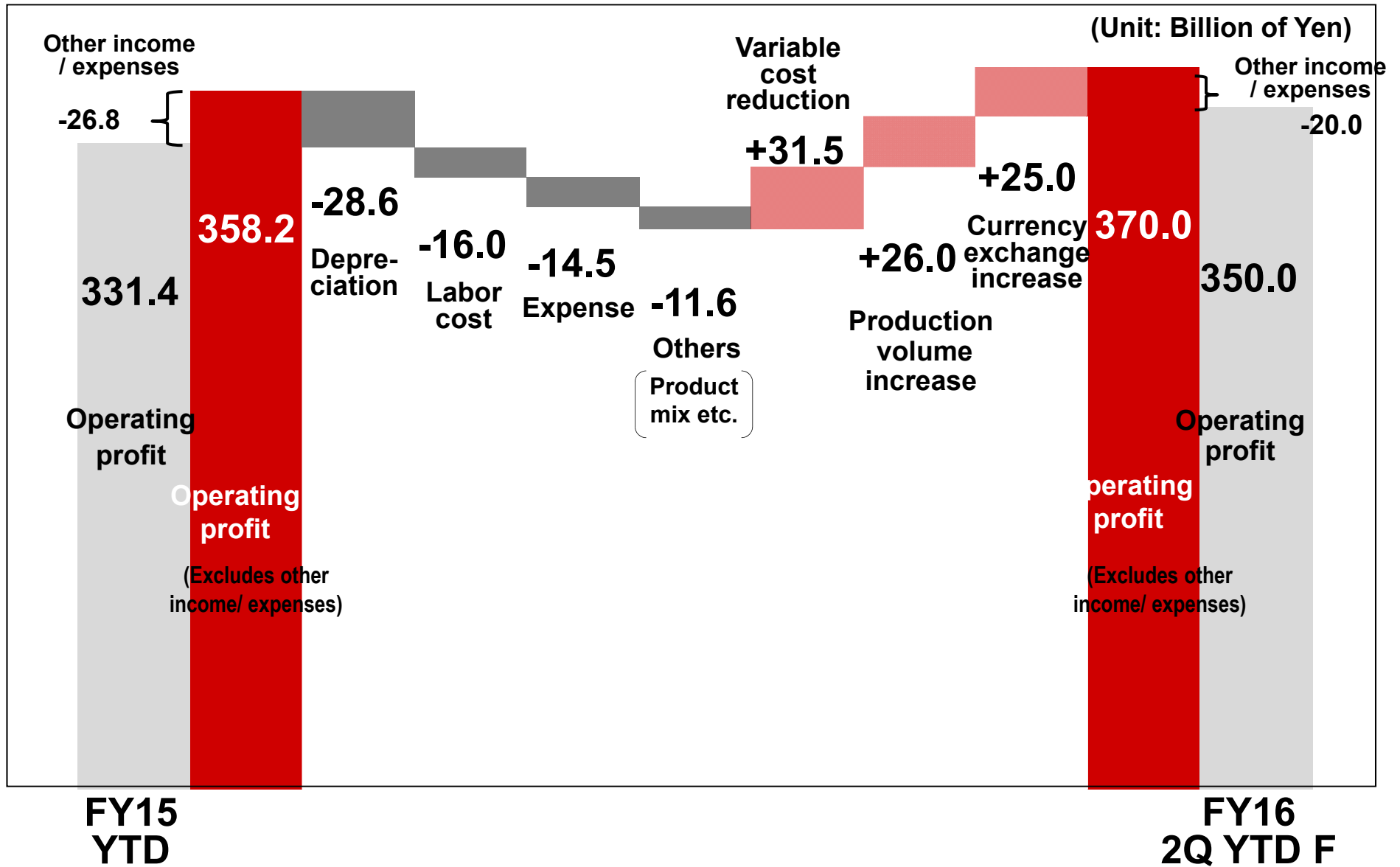


The 43rd WorldSkills Competition (Brazil)

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- Change in FY2016 Operating Profit
- Change in FY2016 Geographical Segments by Company Location Forecast
- 2nd Quarter(3months) Geographical Segments
by Company Location
- Non-Consolidated Financial Results
- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Revenue by Customer
- Consolidated Revenue by Product
- Trend of Capital Expenditures, Depreciation and R&D Expenditures
- Capital Expenditures, Depreciation, and R&D Expenditures

Change in FY2016 Operating Profit

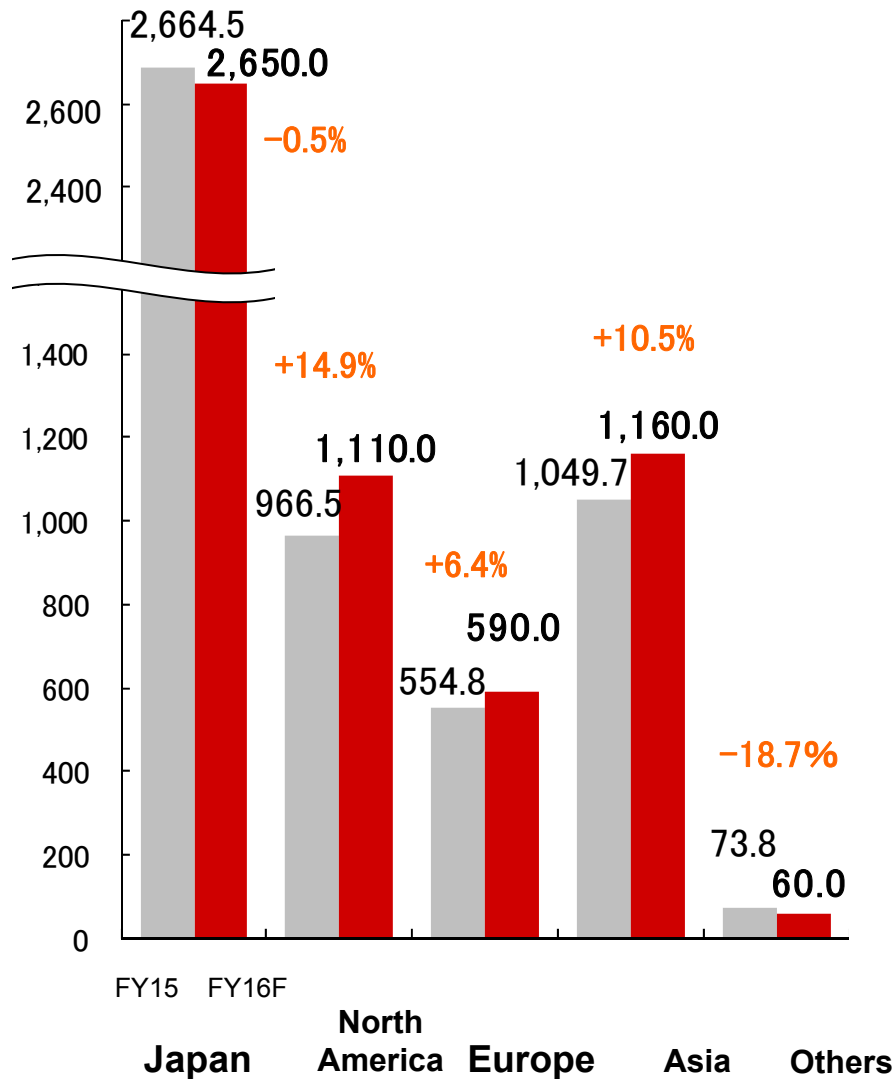


Change in FY2016 Geographical Segments by Company Location Forecast 26

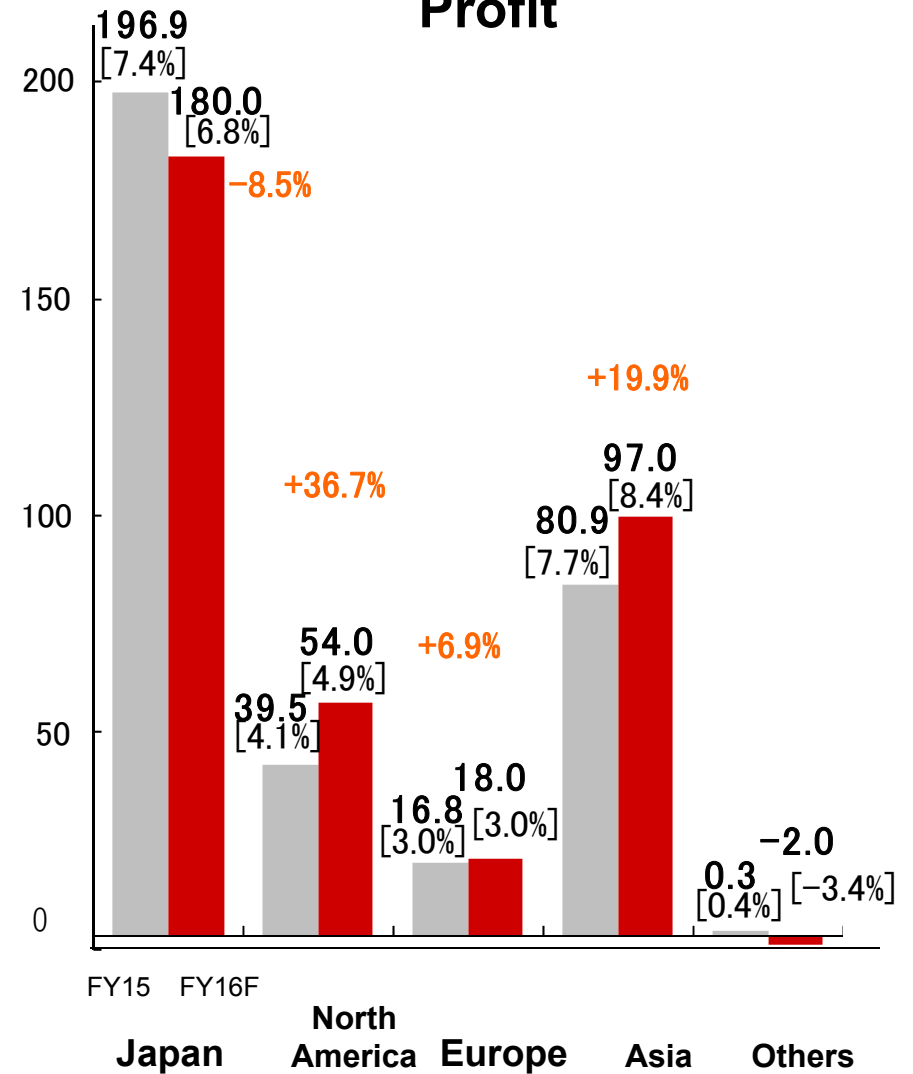
(Unit: Billions of Yen)

[]: Ratio to Revenue

Revenue



Operating Profit

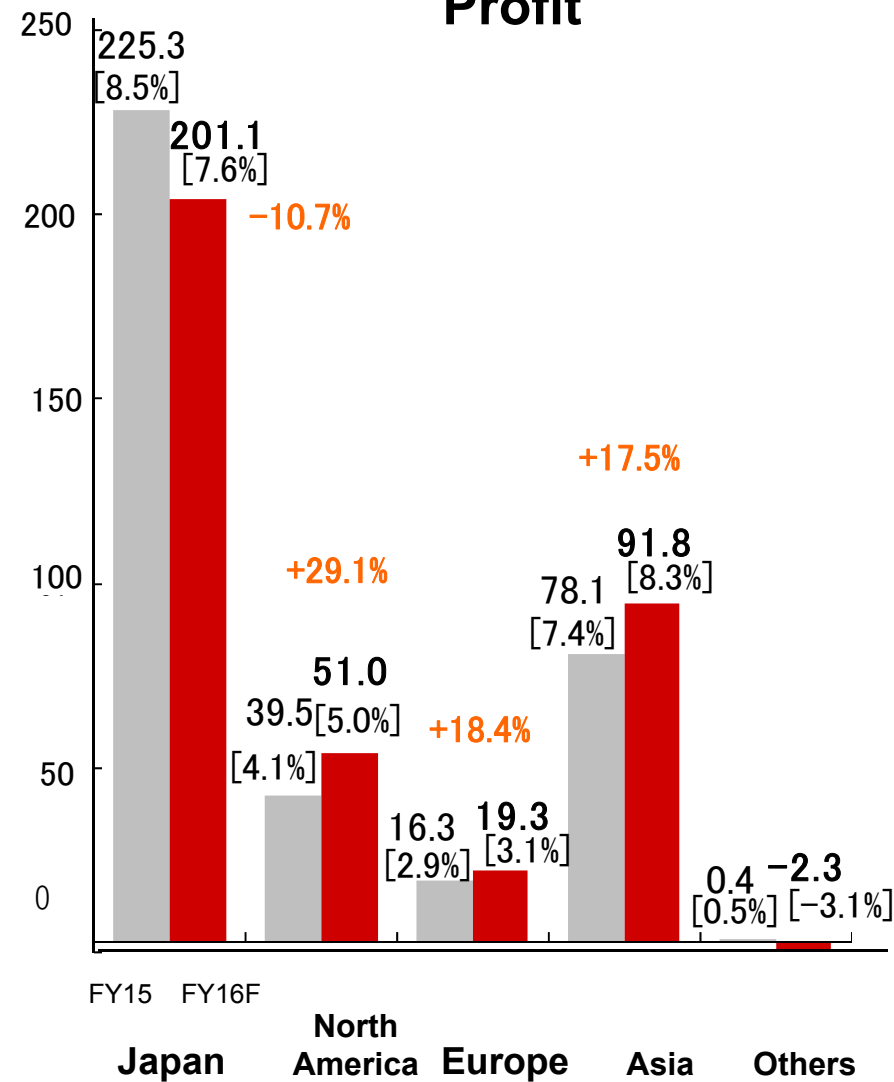
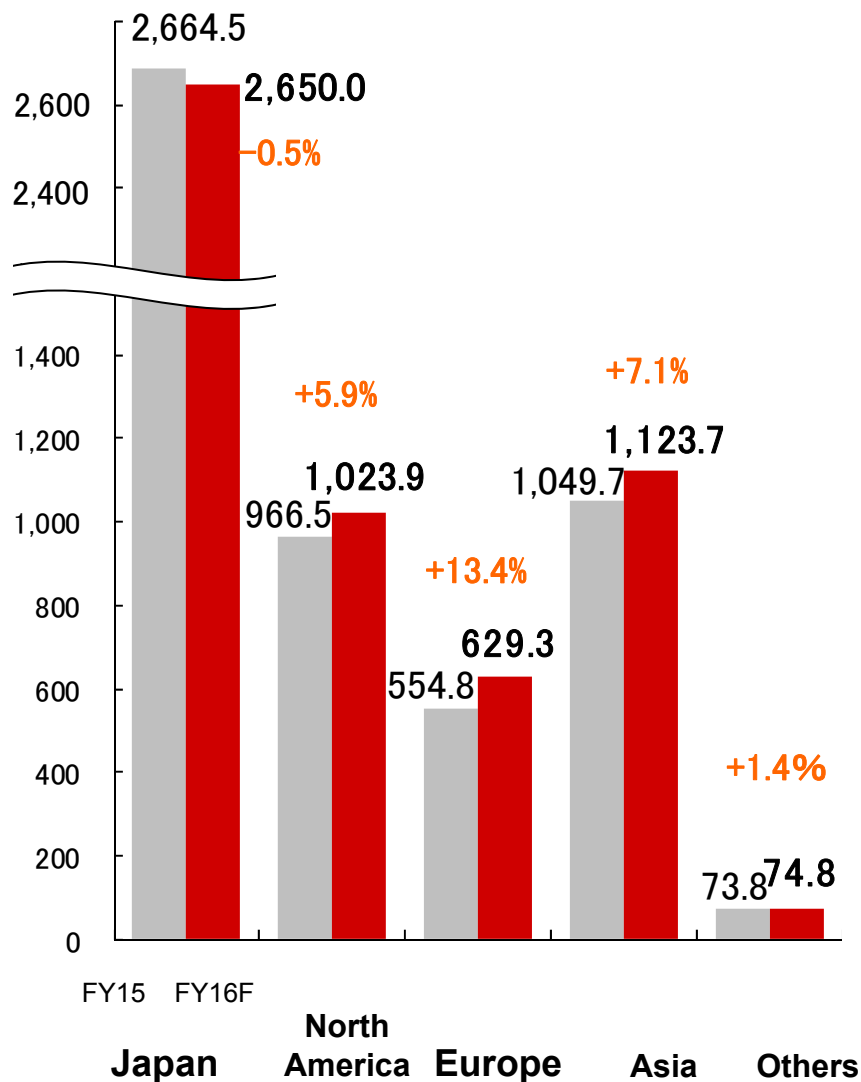


Change in FY2016 Geographical Segments by Company Location Forecast (Local Currency Base,excludes other income/expenses)

(Unit: Billions of Yen)

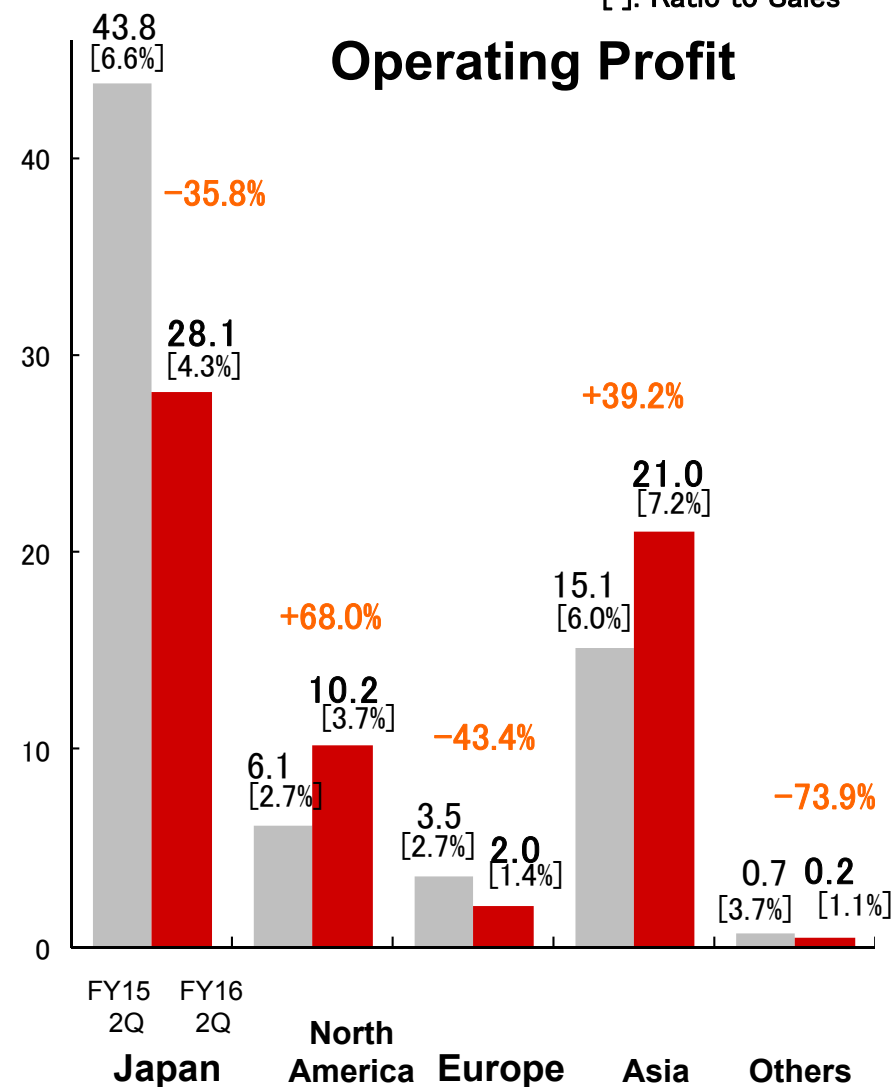
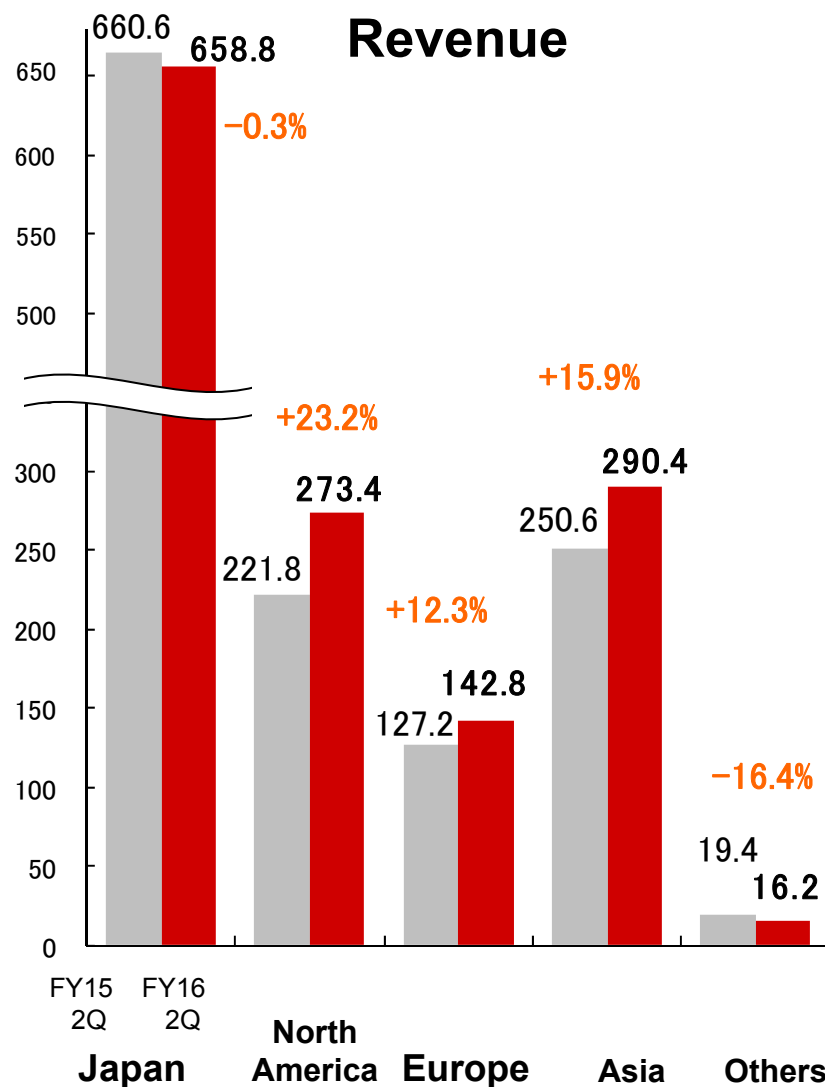
Operating Profit []: Ratio to Revenue

Revenue



(Unit: Billions of Yen)

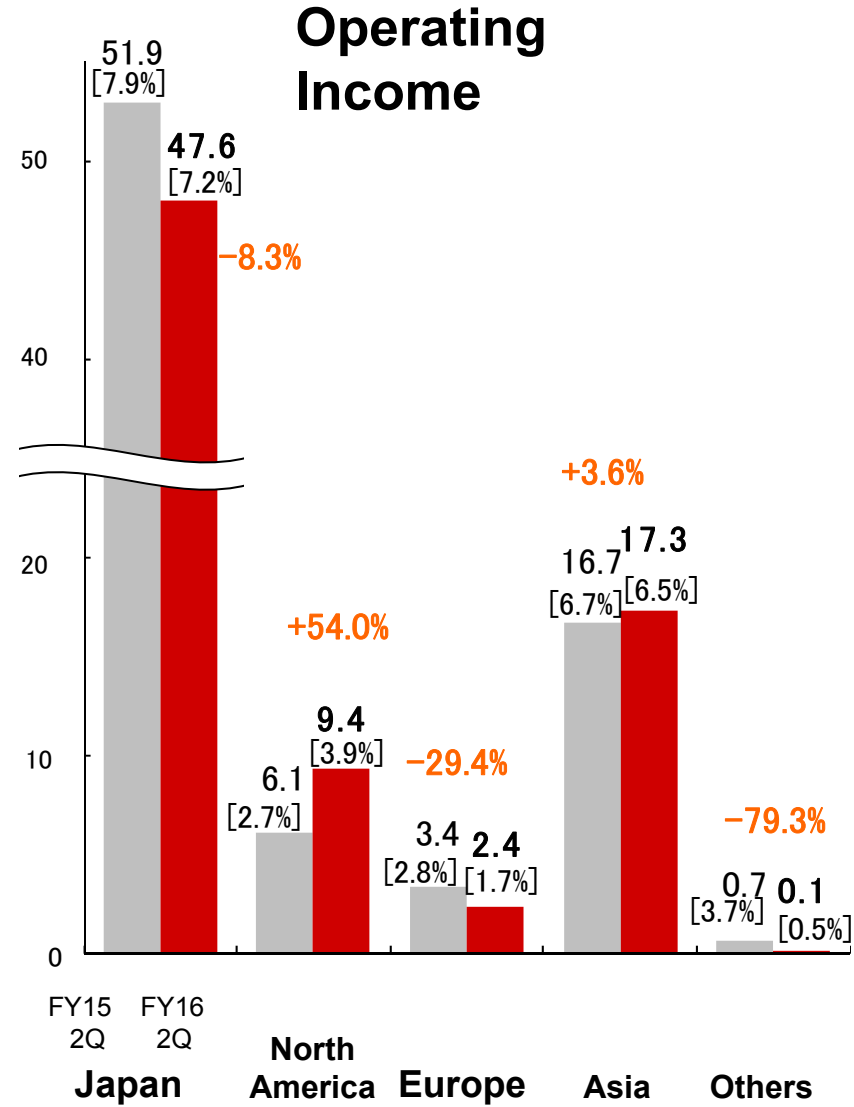
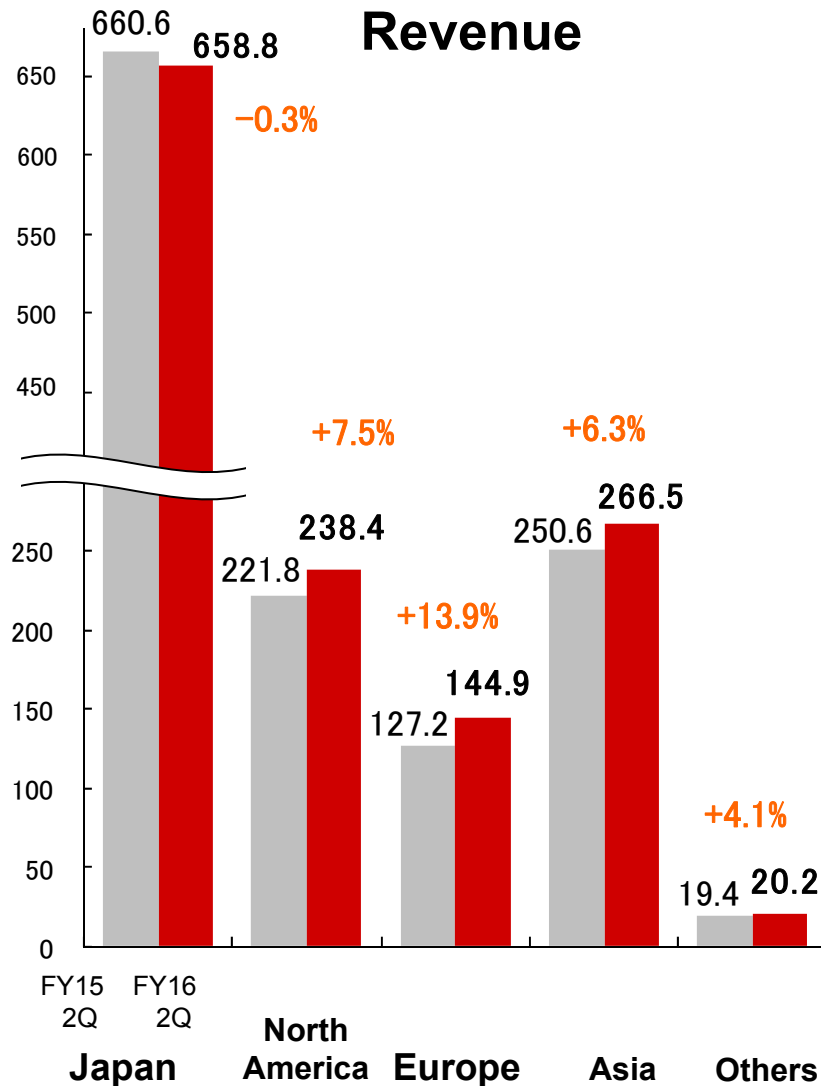
[]: Ratio to Sales



2nd Quarter (3months) Geographical Segments by Company Location(Local Currency Base,excludes other income/expenses)

(Unit: Billions of Yen)

[]: Ratio to Sales



Income Statements(Japanese accounting standards)

(Ratio to Sales)

(Unit: Billions of Yen,%)

Account	FY2016 2Q		FY2015 2Q		Change	
					Amount	Percent
Net Sales	(100.0)	1,175.3	(100.0)	1,184.5	-9.2	-0.8
Operating Income	(5.9)	68.9	(6.7)	79.0	-10.1	-12.8
Income Before Income Taxes	(8.6)	101.0	(10.4)	122.7	-21.7	-17.7
Net Income	(7.6)	89.1	(8.6)	101.9	-12.8	-12.6

Pre-Conditions (Foreign Exchange Rate/Car Production)

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		FY2016 Full Year														
		FY2016 First-Half					FY2016 Second-Half									
		Prior Year	Forecast (Original)	Forecast as of Aug.1	Actual	Change	Prior Year	Forecast (Original)	Forecast as of Aug.1	Forecast (Revised)	Change	Prior Year	Forecast (Original)	Forecast as of Aug.1	Forecast (Revised)	Change
Foreign Exchange Rate (Yen)	USD	103	115	122	122	+ 18.8	117	115	115	120	+ 3.2	110	115	119	121	+ 11.1
	EUR	139	125	135	135	- 3.8	139	125	125	130	- 8.6	139	125	130	133	-5.8
Forex Impact on Operating Income per Yen (Billions of Yen)	USD					-					-	2.5	2.5	2.5	2.0	-0.5
	EUR					-					-	0.7	0.7	0.7	0.7	0.0
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.59	4.36	4.34	4.32	- 6%	4.63	4.73	4.69	4.69	+ 1%	9.21	9.09	9.03	9.01	- 2%
	North America	2.99	3.14	3.13	3.13	+ 5%	3.02	3.24	3.14	3.14	+ 4%	6.00	6.37	6.27	6.27	+ 5%
	Overseas	9.13	9.22	9.35	9.27	+ 1%	9.21	9.82	9.10	9.10	- 1%	18.34	19.04	18.46	18.37	+ 0%

Consolidated Revenue (By Customer)

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(Unit: Billions of Yen)

	FY2016		FY2015		Change	
	Ended Sep. 30, 2015		Ended Sep. 30, 2014			
	Amount	% to Total	Amount	% to Total	Amount	%
Toyota	930.1	41.7	898.5	43.4	31.7	3.5
Daihatsu	42.5	1.9	51.5	2.5	-9.0	-17.5
Hino	26.2	1.2	27.1	1.3	-0.9	-3.5
Toyota Group	998.8	44.8	977.1	47.2	21.7	2.2
Honda	178.1	8.0	144.5	7.0	33.6	23.3
FCA	112.6	5.1	98.9	4.7	13.7	13.8
GM	74.4	3.3	60.9	2.9	13.5	22.1
Ford	73.7	3.3	47.1	2.3	26.6	56.5
Hyundai/Kia	72.6	3.3	66.0	3.2	6.6	10.0
Mazda	57.0	2.6	49.5	2.4	7.5	15.1
Suzuki	51.7	2.3	51.9	2.5	-0.2	-0.3
VW/AUDI	40.2	1.8	41.0	2.0	-0.8	-1.8
Fuji	39.3	1.8	34.4	1.6	4.9	14.4
Nissan	35.6	1.6	24.8	1.2	10.8	43.6
Isuzu	25.8	1.2	24.8	1.2	1.0	4.0
BMW	23.1	1.0	20.2	1.0	2.8	14.0
Mitsubishi	22.8	1.0	24.1	1.2	-1.3	-5.3
Benz	18.7	0.8	17.2	0.8	1.6	9.2
PSA	14.1	0.6	10.1	0.5	4.0	39.0
Volvo	12.4	0.6	7.8	0.4	4.6	59.1
Jaguar/Land Rover	9.5	0.4	9.5	0.5	-0.1	-0.7
OE Sales for others	135.6	6.1	127.6	6.2	8.0	6.2
OEM Total	1,995.9	89.6	1,837.4	88.8	158.5	8.6
After-market, New business & Others(*)	232.5	10.4	232.7	11.2	-0.2	-0.1
Total	2,228.5	100.0	2,070.1	100.0	158.3	7.6

* Sales of industrial systems and consumer products, Sales for After Market, and Sales of property/equipment are included.

Consolidated Revenue (By Product)

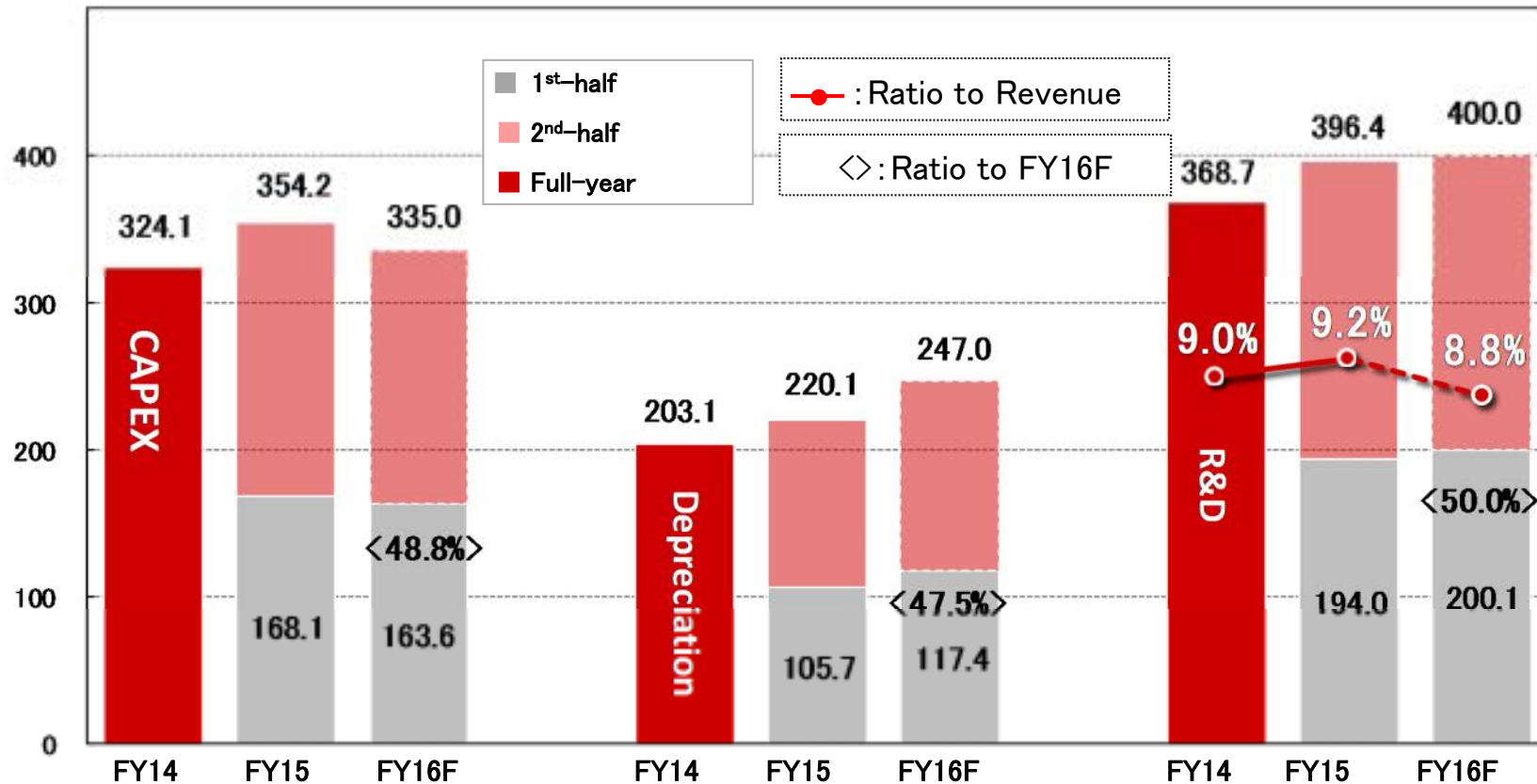
33

(Unit: Billions of Yen)

	FY2016 Ended Sep 30, 2015		FY2015 Ended Sep 30, 2014		Change	
	Amount	% to Total	Amount	% to Total	Amount	%
Powertrain Control	798.1	35.8	730.9	35.3	67.1	9.2
Thermal	642.9	28.8	596.7	28.8	46.2	7.7
Information & Safety Systems	324.0	14.6	293.8	14.2	30.2	10.3
Electronic	185.5	8.3	186.2	9.0	-0.7	-0.4
Small Motors	154.4	6.9	148.2	7.2	6.1	4.1
Climate, Cooling and Heating	64.3	2.9	54.1	2.6	10.2	18.9
Others(*)	27.9	1.3	27.9	1.3	0.0	0.1
Automotive Total	2,196.9	98.6	2,037.8	98.4	159.1	7.8
Industrial & Consumer Product	23.3	1.0	23.4	1.1	-0.1	-0.4
Others	8.3	0.4	9.0	0.4	-0.7	-7.4
New Business Total	31.5	1.4	32.3	1.6	-0.8	-2.4
Total	2,228.5	100.0	2,070.1	100.0	158.3	7.6

* Revenue of equipment, Repair parts, original brand products of subsidiaries

(Unit: Billions of Yen)



Capital Expenditures, Depreciation and R&D Expenditures

35

(Unit: Billions of Yen)

	FY15		FY16 Forecast		1Q YTD Change from PY	Progress to FY16 Forecast
	2Q		2Q			
Japan	88.8	189.0	93.0	183.0	4.7%	50.8%
North America	20.4	48.5	23.3	45.0	14.2%	51.8%
Europe	12.9	29.2	13.0	28.0	0.8%	46.4%
Asia	44.3	83.1	33.3	76.0	-24.8%	43.8%
Others	1.7	4.4	0.9	3.0	-47.1%	30.0%
Capital Exp.	168.1	354.2	163.6	335.0	-2.7%	48.8%
Japan	65.7	133.3	66.4	142.8	1.1%	46.5%
North America	10.4	23.4	13.9	29.0	33.7%	47.9%
Europe	8.2	17.0	9.2	18.5	12.2%	49.7%
Asia	19.6	42.8	26.2	53.0	33.7%	49.4%
Others	1.8	3.6	1.7	3.7	-5.6%	45.9%
Depreciation	105.7	220.1	117.4	247.0	11.1%	47.5%
R&D Expenditure (Ratio to Revenue)	194.0 (9.4%)	396.4 (9.2%)	200.1 (9.0%)	400.0 (8.8%)	3.1%	50.0%