FY2016 2nd Quarter Financial Results ended September 30, 2015

October 30, 2015

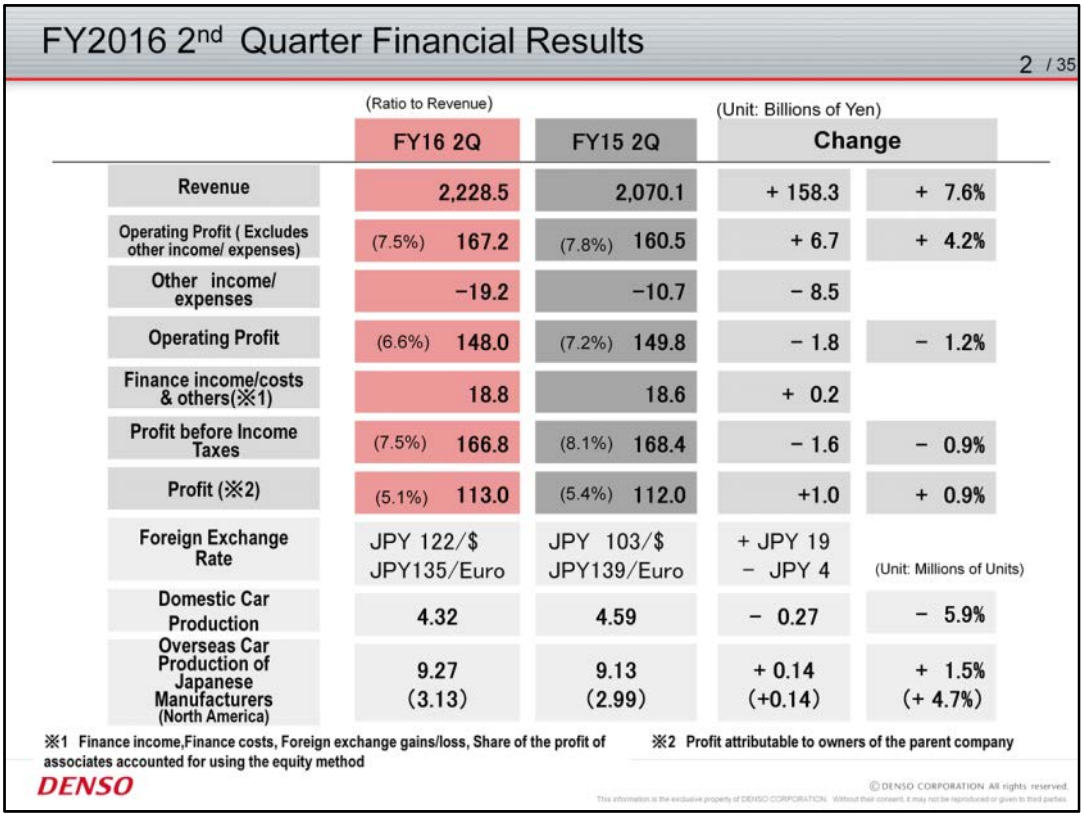
DENSO CORPORATION

DENSO

Overview of FY2016 2nd Quarter Financial Results

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

(Unit: Billions of Yen)

	FY16 2Q (Ratio to Revenue)	FY15 2Q (Ratio to Revenue)	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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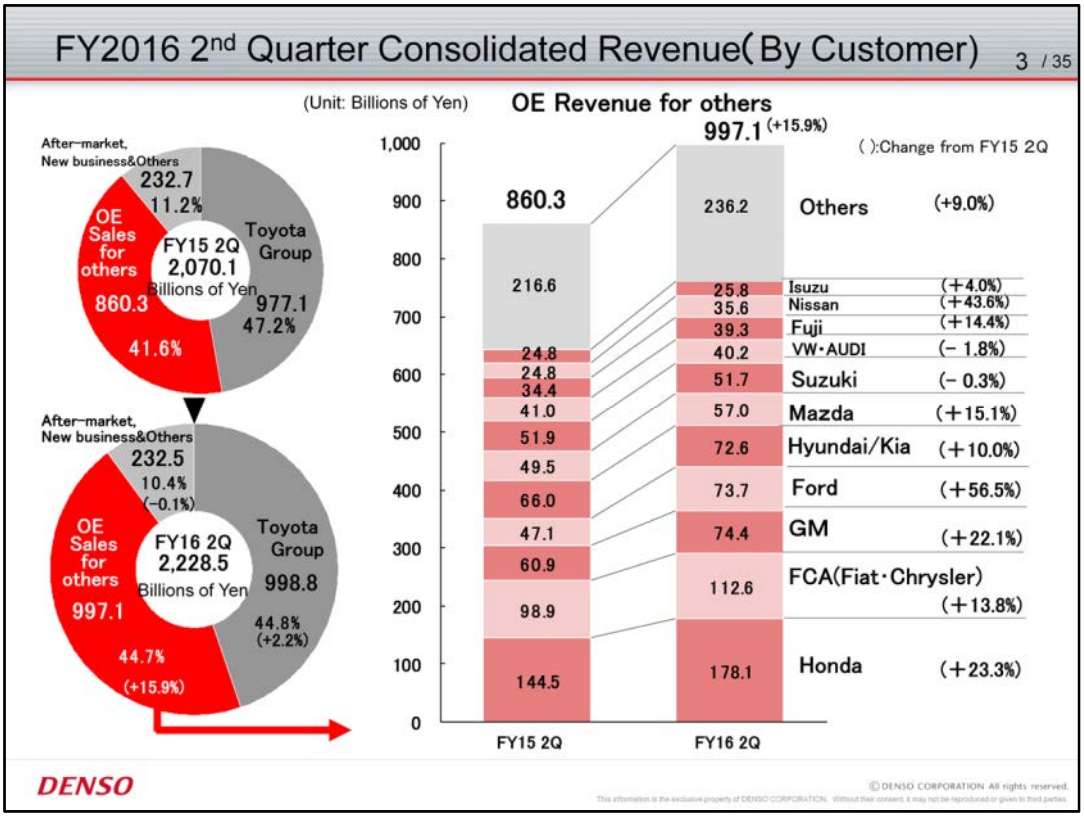
[Overview of the consolidated financial results]

We posted revenue of 2,228.5 billion yen, up 158.3 billion yen from the previous year, equivalent to annual revenue growth of 7.6%.

Operating profit (excludes other income/ expenses) reached 167.2 billion yen, 6.7 billion yen higher than a year, up 4.2% from the previous year.

We earned profit attributable to owners of the parent company of 113.0 billion, up 1.0 billion yen, which is 0.9%, from a year earlier.



[Sales by customer]

Sales to the Toyota Group

Domestic car production level decreased mainly due to compact cars.

However, total sales increased boosted by the steady production in North America.

Sales to non-Toyota Group companies

1)Honda: Sales increased due to the increase in car production mainly in North America and China as well as the growth in sales of gasoline direct injection system.

2)Mazda: Sales increased due to the increase in car production in addition to the sales increase in diesel common rail system for SKYACTIV.

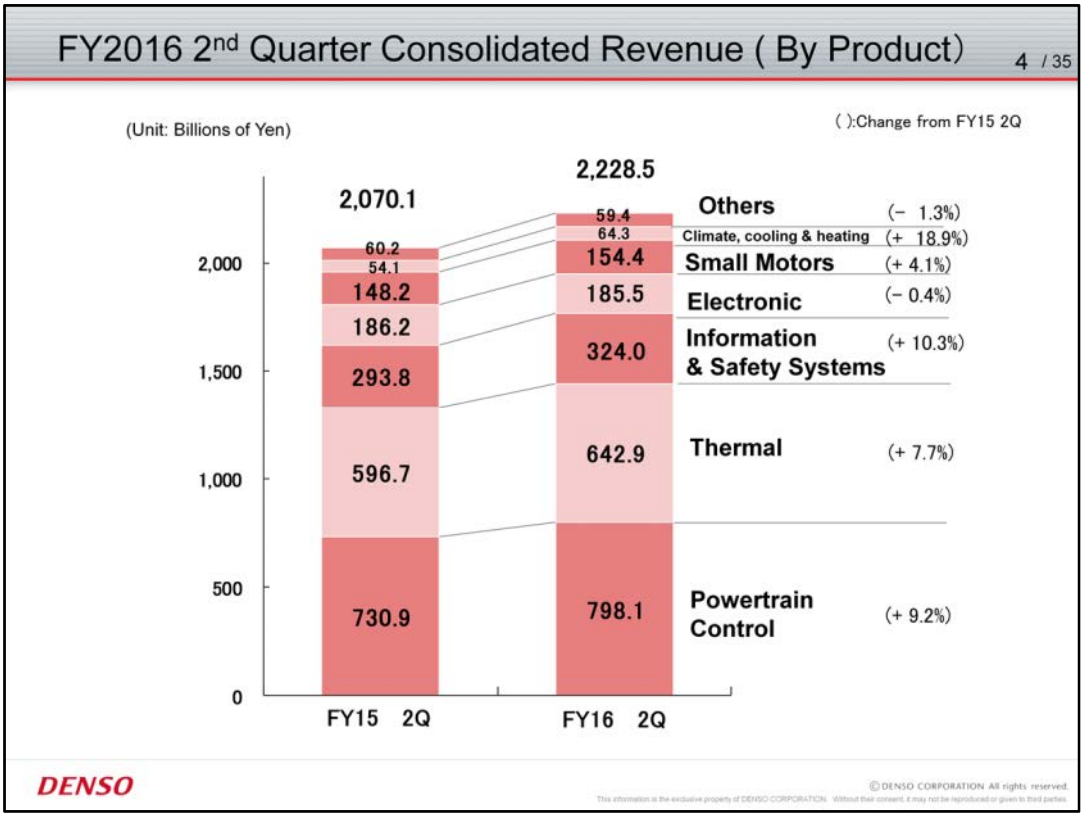
Sales to overseas automakers

Sales went up due to,

1)FCA(Fiat Chrysler Automobiles): increase in production volume in Europe.

2)GM: increase in sales in Europe and China.

3)Ford: increase in sales in North America, Europe and China.



[Sales by business segment]

Sales of Powertrain Control products

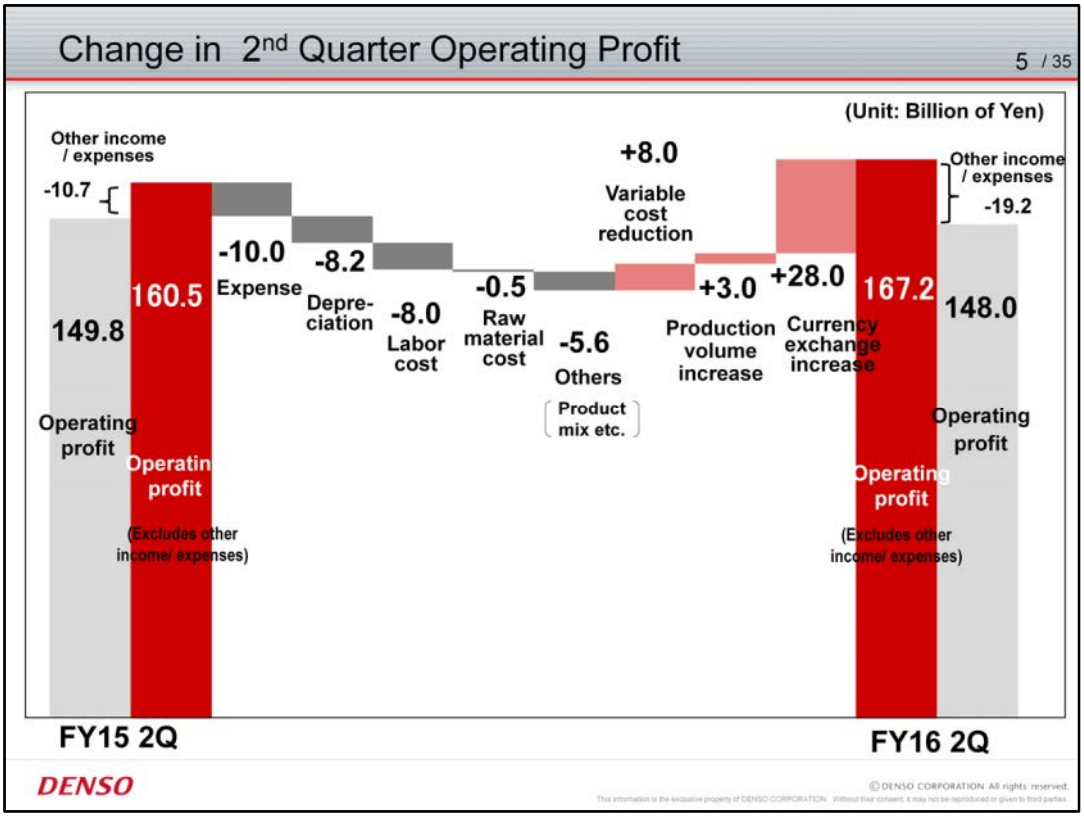
Sales increased due to production volume increase in North America and Europe on the top of sales expansion in gasoline direct injection products.

Sales of Thermal products

Sales increased mainly in Europe due to the production volume increase.

Sales of Information & Safety Systems

Sales increased due to the sales expansion of meter in North America and active safety products in Japan.



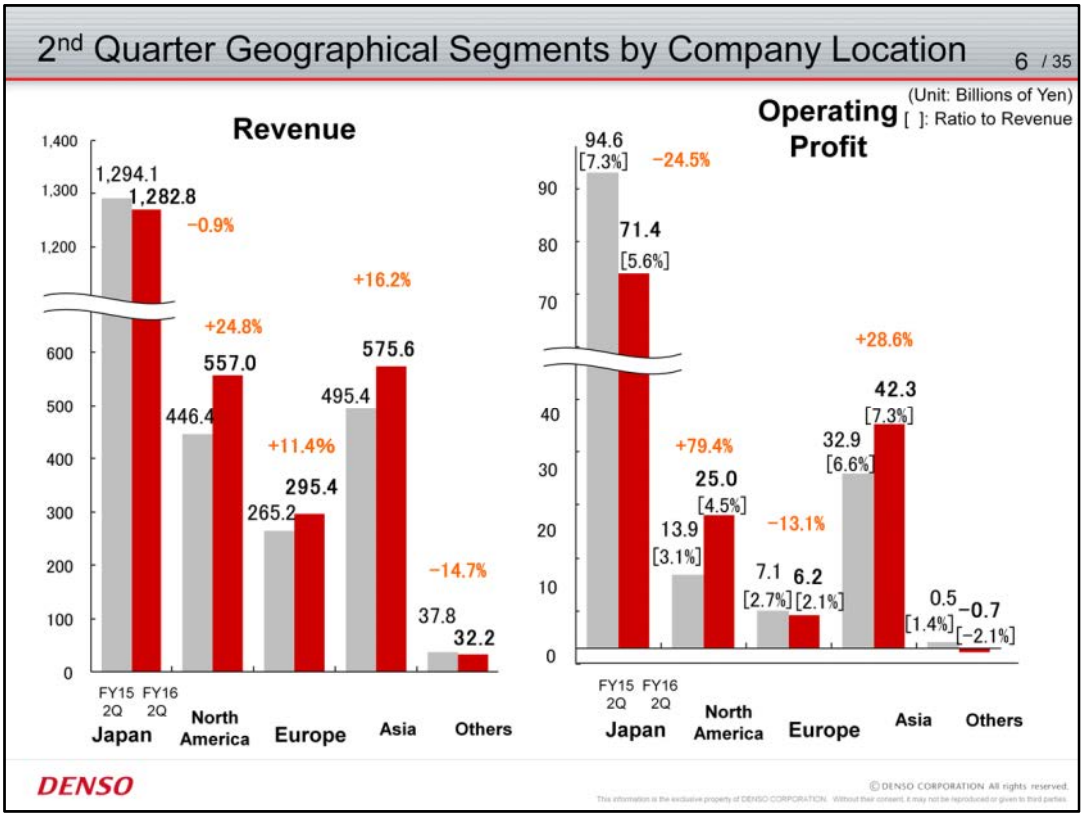
[Factors that contributed to increases or decreases in operating profit]

Negative factors

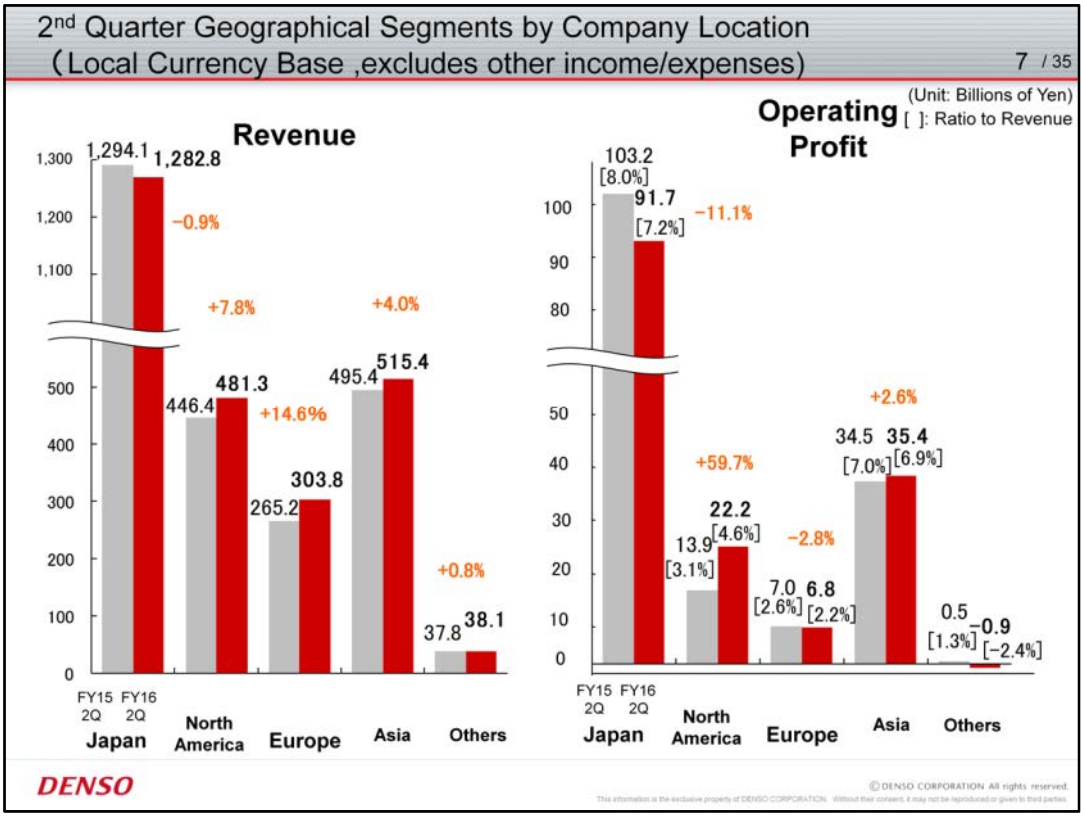
1) Higher expense: An increase of 10.0 billion yen was mainly due to an increase in R&D expenses for future growth.
2) Higher depreciation cost: An increase of 8.2 billion yen was due to an increase in investment costs overseas mainly in Asia.
3) Higher labor cost: An increase of 8.0 billion yen was due to an increase of salaries in emerging countries.

Positive factors

1) Variable cost reduction: An increase of 8.0 billion yen was due to increased productivity and other efficiencies.
2) Production volume increase: An increase of 3.0 billion yen was due to production volume increase and sales expansion in North America and Europe.
3) Depreciation of the yen: An increase of 28.0 billion yen was due to the impact of the weak yen, which is 19 yen lower against the US dollar.



[Revenue and operating profit by operating region]
* Based on Japanese yen



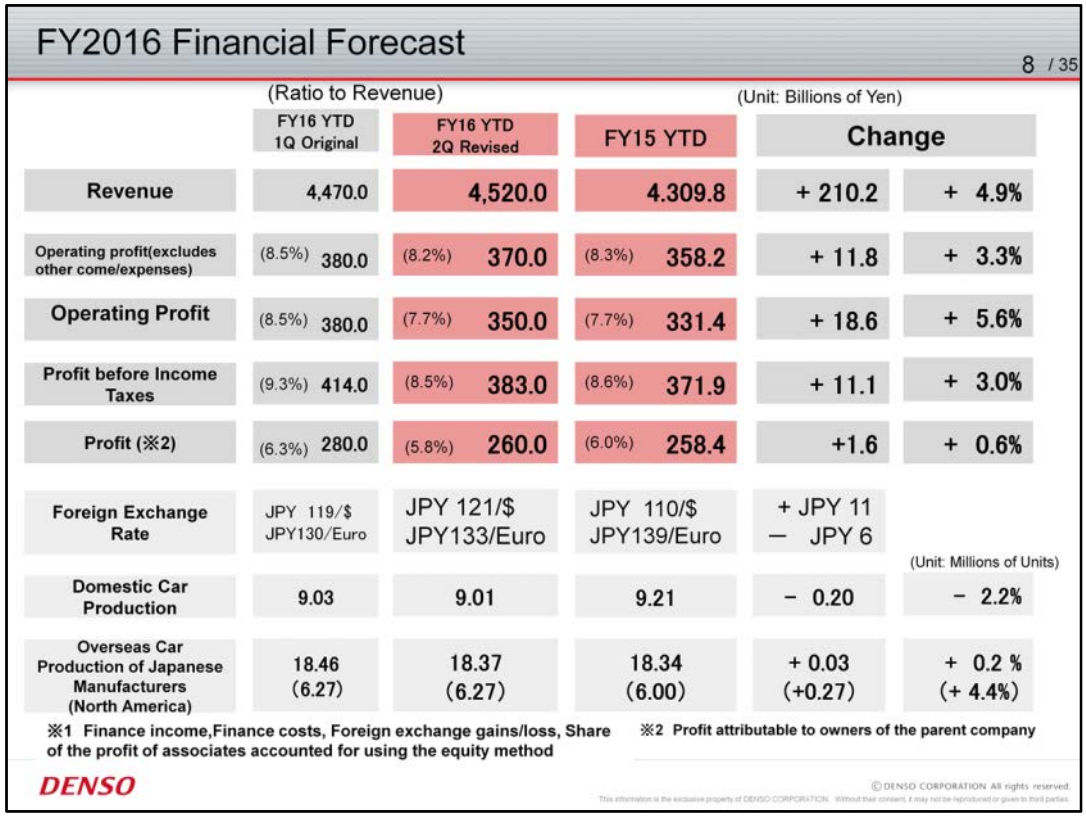
[Revenue and operating profit by operating region]
* Based on local currency, excluding the effect of foreign exchange rates. Excludes other income and expenses.

Japan

• Revenue decreased by 0.9% from the previous year due to reduction of production mainly in compact cars.
• Operating profit diminished by 11.1% from the previous year due to the decrease in production volume and the increase in R&D expenses for future growth.

Overseas

• Revenue and profit increased in North America and Asia thanks to the increase in car production and sales growth.
• In Europe, although revenue increased due to production increase and sales growth, operating profit decreased due to the start-up costs and depreciation costs.



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	
					(Unit: Millions of Units)
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%)

※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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[Forecasts for consolidated full-year financial forecasts]

Considering the market trend, we have decided to revise the original forecasts for the full-year financial results.

This forecast is based on the currency rate of 121 yen to the dollar and 133 yen to the euro.

We expect revenue to be 4,520.0 billion yen, increase by 210.2 billion yen, up 4.9% from the previous year.

On the other hand,
considering the market shrink in China and ASEAN and including the other expenses, we expect operating profit to be 350.0 billion, decrease by 30.0 billion yen from the original forecast. The profit increases by 18.6 billion yen, up 5.6% from the previous year.


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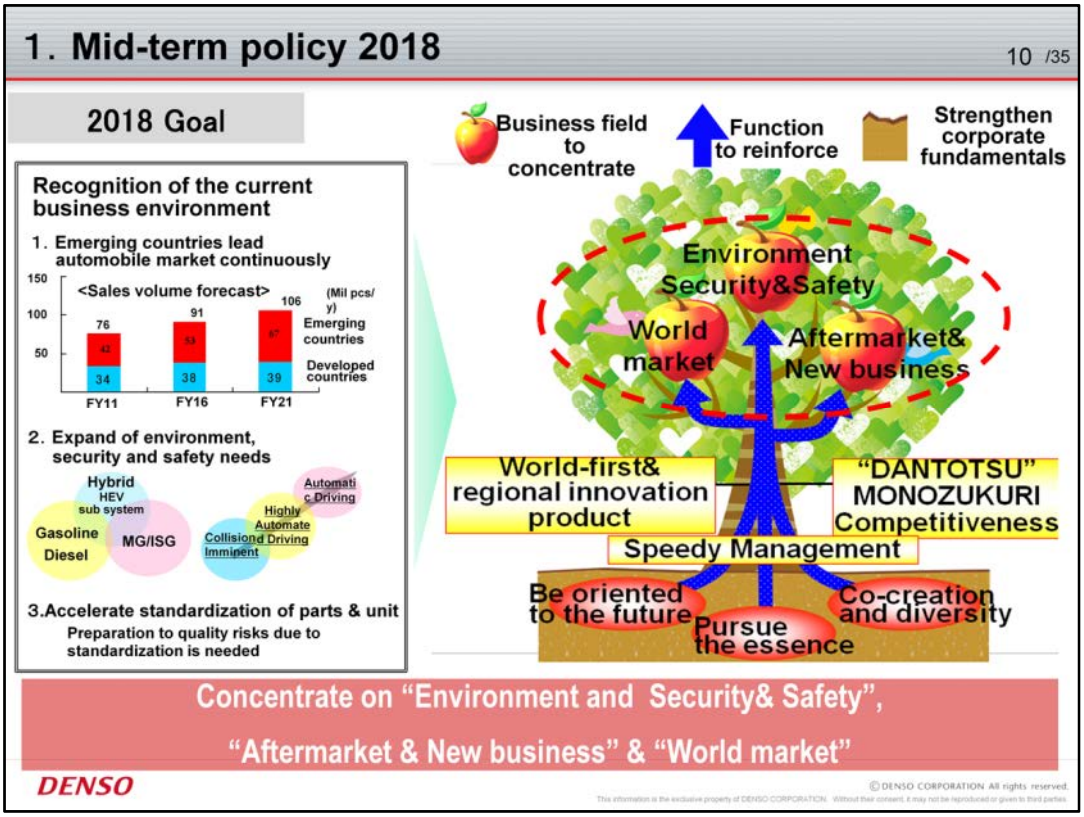
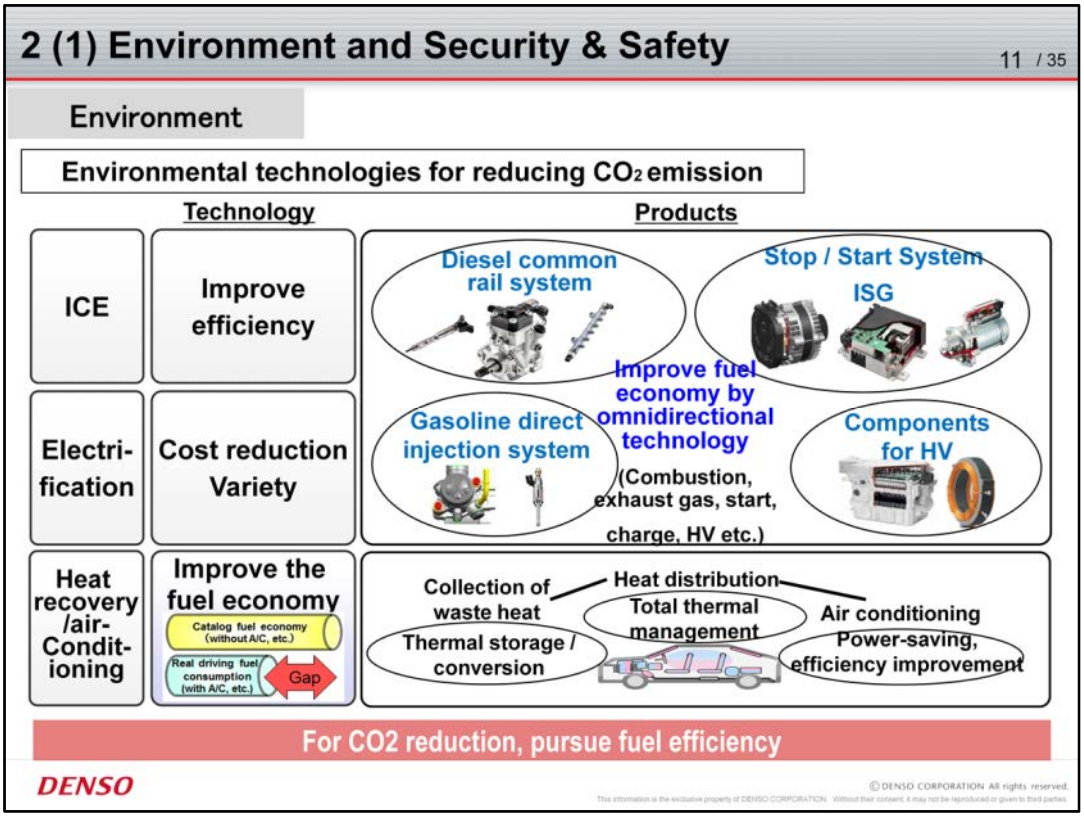
DENSO Group's growth strategy

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



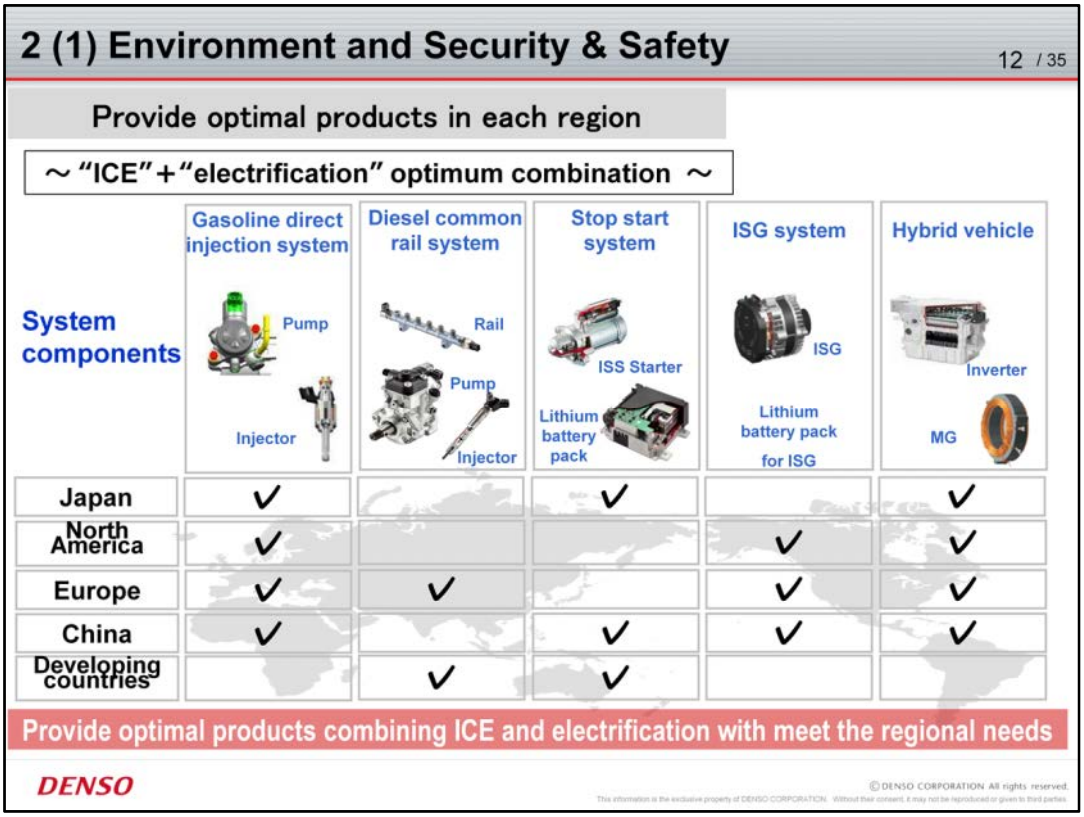
Mid-term Policy 2018

We formulated Mid-term Policy 2018, which sets out measures for the next three years, to achieve the goals for 2020.
We started to work on the Mid-term Policy from this fiscal year. Specifically, we will concentrate on three business fields by 2018: “Environment, Security and Safety,” “Aftermarket and New Business,” and “World Market.”
To this end, we will develop globally unique products as well as innovative regional products, and globally promote DANTOTSU monozukuri to further enhance competitiveness.

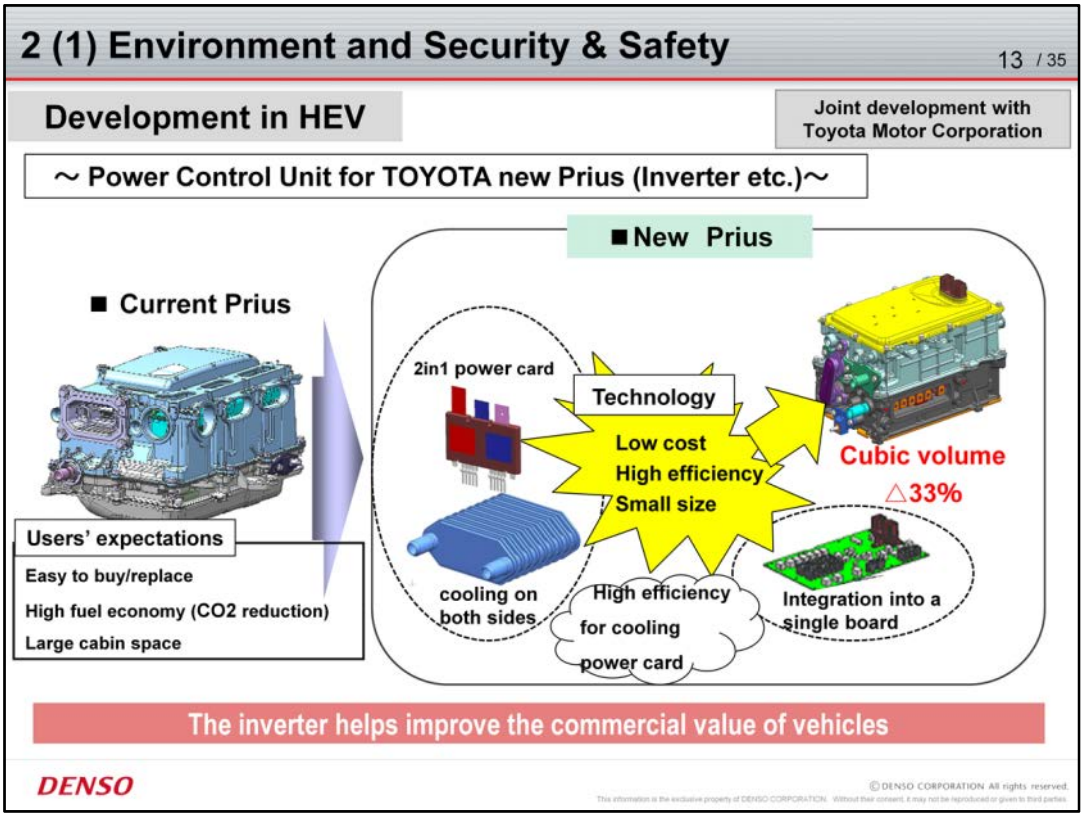


Environment

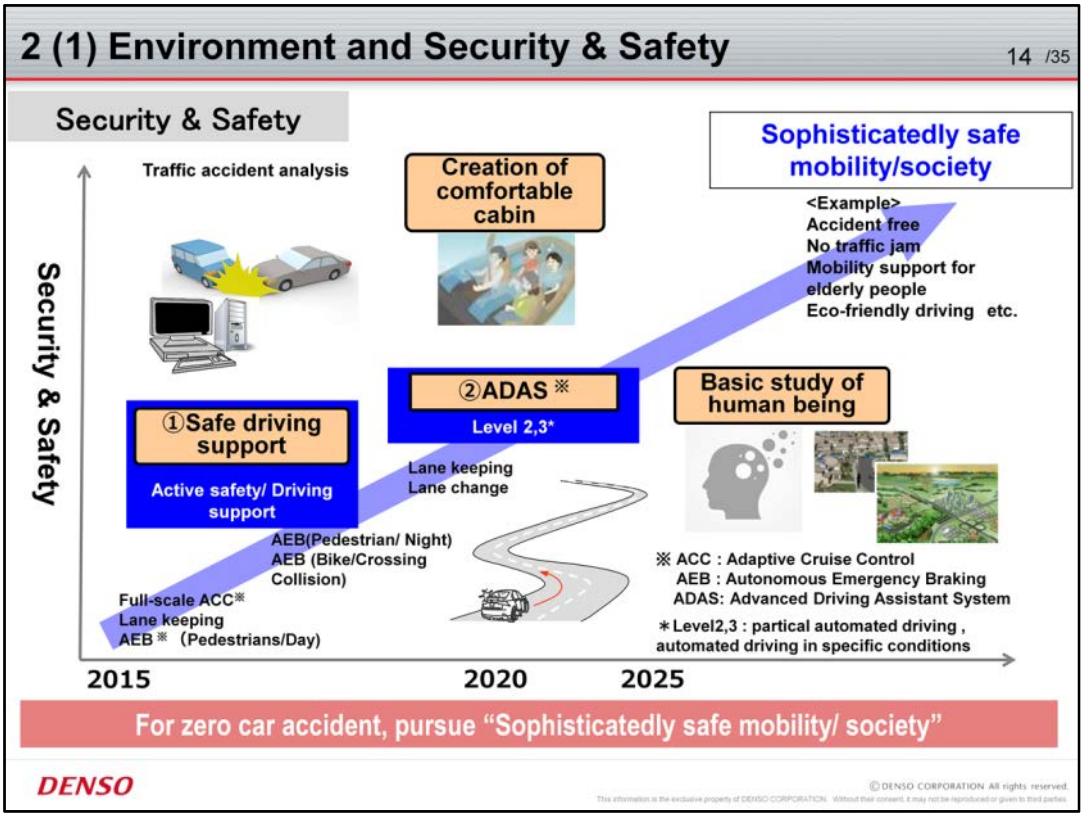
DENSO is conducting integrated research on injection, ignition, and emission treatment for ICEs including gasoline and diesel engines, in order to improve efficiency.
We will develop and release small, inexpensive, and highly efficient systems to assist electrification.
In anticipation of ever tighter regulations in respective markets, we will further improve fuel efficiency for all types of drivetrain, including gasoline- and diesel-powered vehicles, electric vehicles, and hybrid vehicles.
By taking full advantage of our diverse business strengths, we will improve the real driving fuel consumption of vehicles through cooperation between thermal systems and powertrain.



The products, which are developed for different types of drivetrain, are offered to the market through optimal combination of ICE
and electrification technologies, to meet the needs of respective regions and customers.
We have an advantage in taking a “full lineup” strategy in the area of powertrains.
That’s why we can promptly meet regional regulations and develop appropriate systems based on an accurate understanding of the different traffic situations in respective regions as well as the driver’s preferences, habits, and road environment.
We believe that we can propose products
that exceed customers’ expectations on a timely basis.

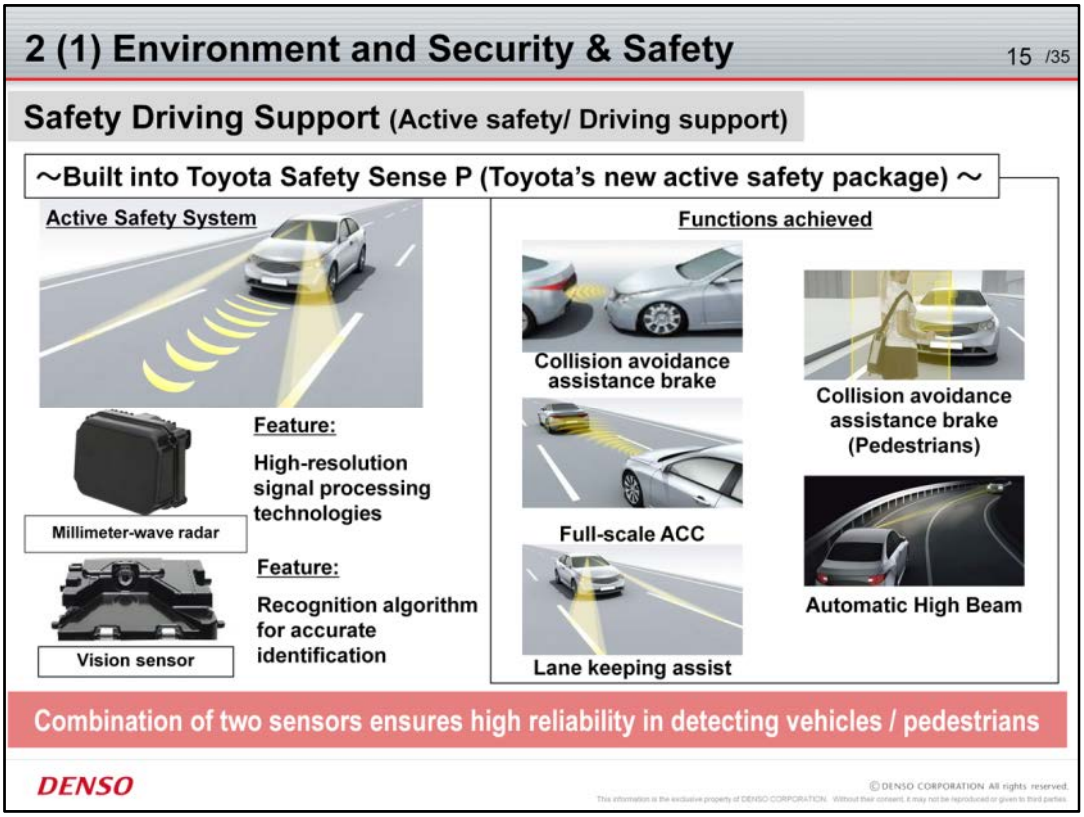


Here, I would like to introduce our power control unit
for Toyota's new Prius as an example of electrification.
In Japan, much of the driving is done on urban roads.
Due to frequent start-stop cycles, there is high demand
for hybrid vehicles to increase fuel efficiency.
We worked on innovating the technology of the inverter,
which is one of the main products for hybrid vehicles,
to achieve "high fuel efficiency" and "increase the cabin space
at low cost" to meet users' expectations.
Specifically, we consolidated circuit boards
and improved the cooling technologies.
The product is 33% smaller than the conventional one, thus
freeing up cabin space.
This is how we develop products that are needed
by customers and contribute to popularization of hybrid vehicles.

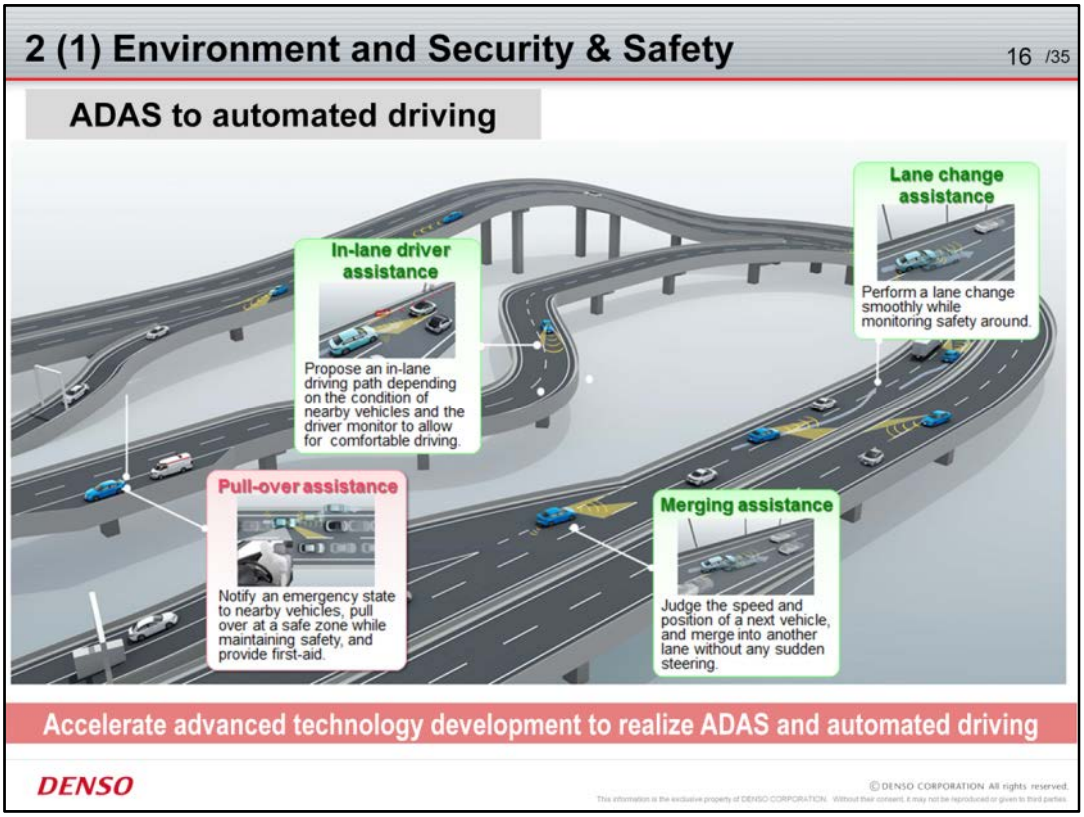


Security & Safety

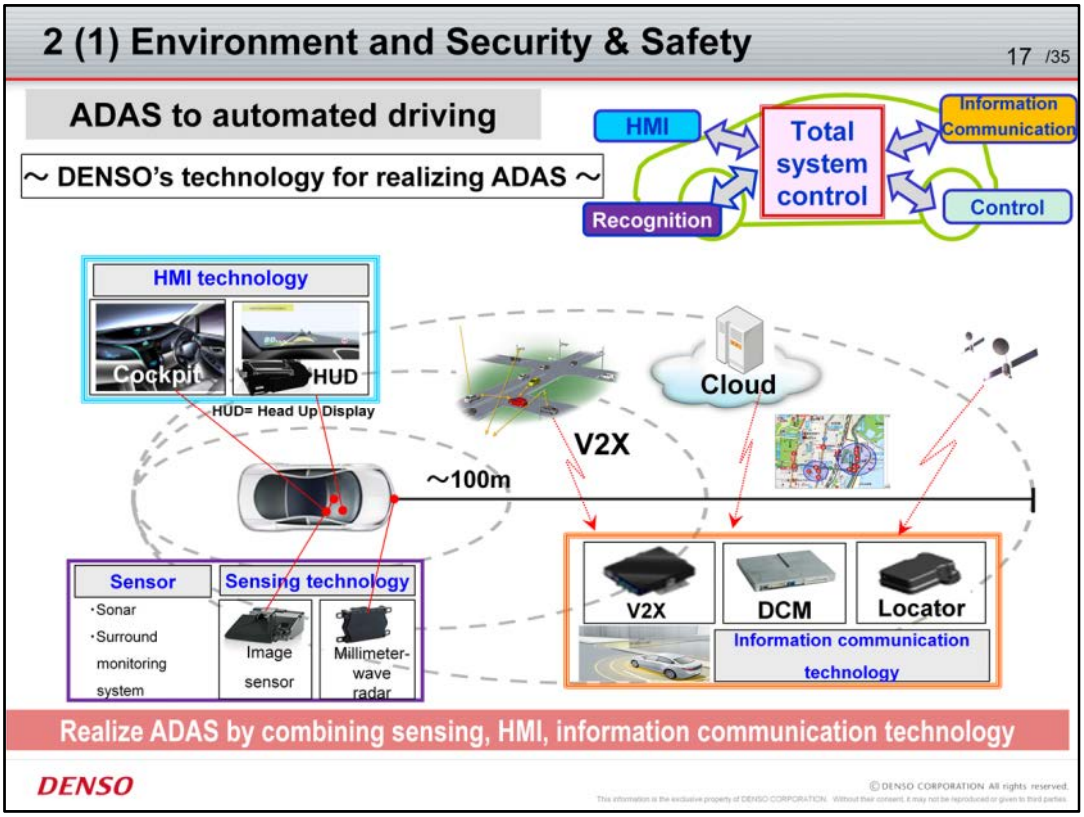
Car ownership has been increasing primarily
in emerging countries.
However, the increased car ownership is accompanied by
a negative aspect: more traffic accidents.
DENSO became the global leader in developing
and mass-producing safe driving support products in the 1990s.
To achieve safe mobility through sophisticated technology
and help eliminate traffic accidents,
we will increase our commitment to the Advanced Driving
Assistant System and basic studies of human beings.



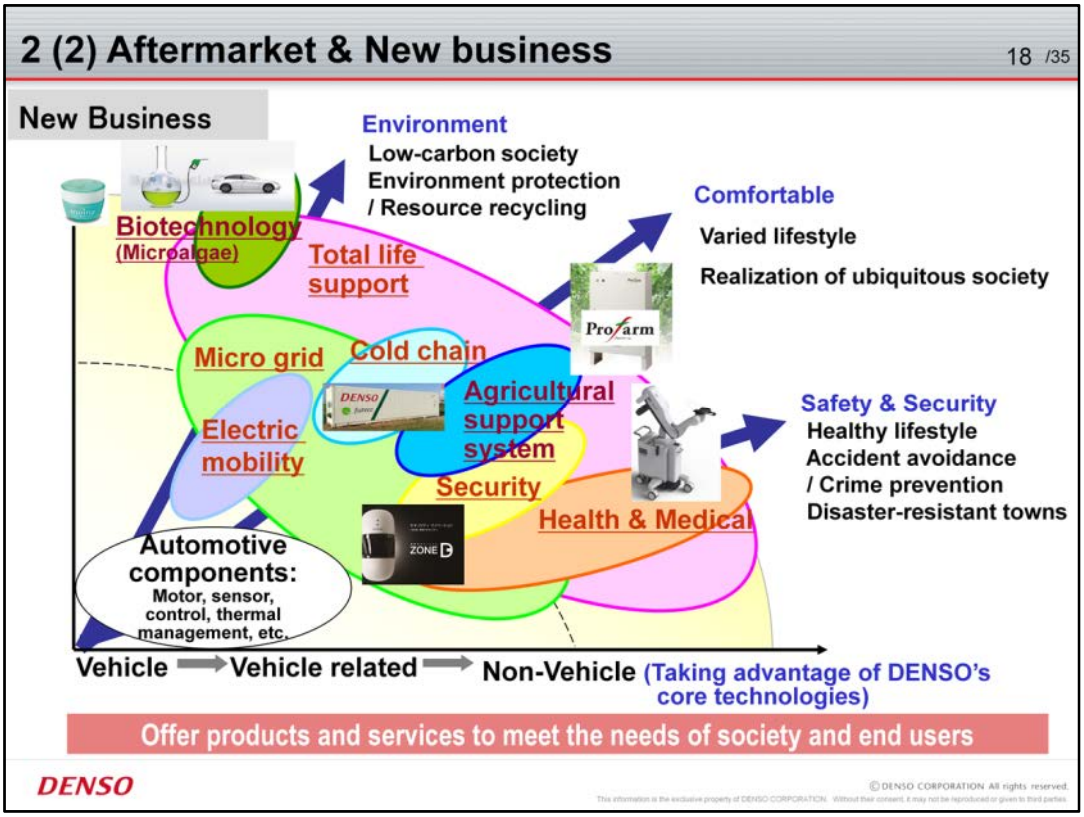
To meet the ever-tighter safety regulations in respective countries, the “active safety” market has been expanding.
It is worth noting that our newly developed millimeter-wave radar and vision sensor are now the standard equipment of one particular automaker.
These products are characterized by high-resolution signal processing technologies and accurate identification.
The combination of these two sensors enables vehicles and pedestrians to be detected with high reliability.
The functions offered to customers are assistance for avoiding collisions with vehicles and pedestrians, full-scale ACC, lane keeping assist, and automatic high beam.
These products have been used in Toyota Safety Sense P, Toyota’s new active safety package for medium and high-end cars.
Starting with the Land Cruiser and Prius, these products will be built into vehicles to be released in Japan, North America, and Europe.



We have been developing products to achieve automated driving on a highway, and field tests have already commenced on a highway.
We will accelerate our development of the Advanced Driving Assistant System for automated driving.

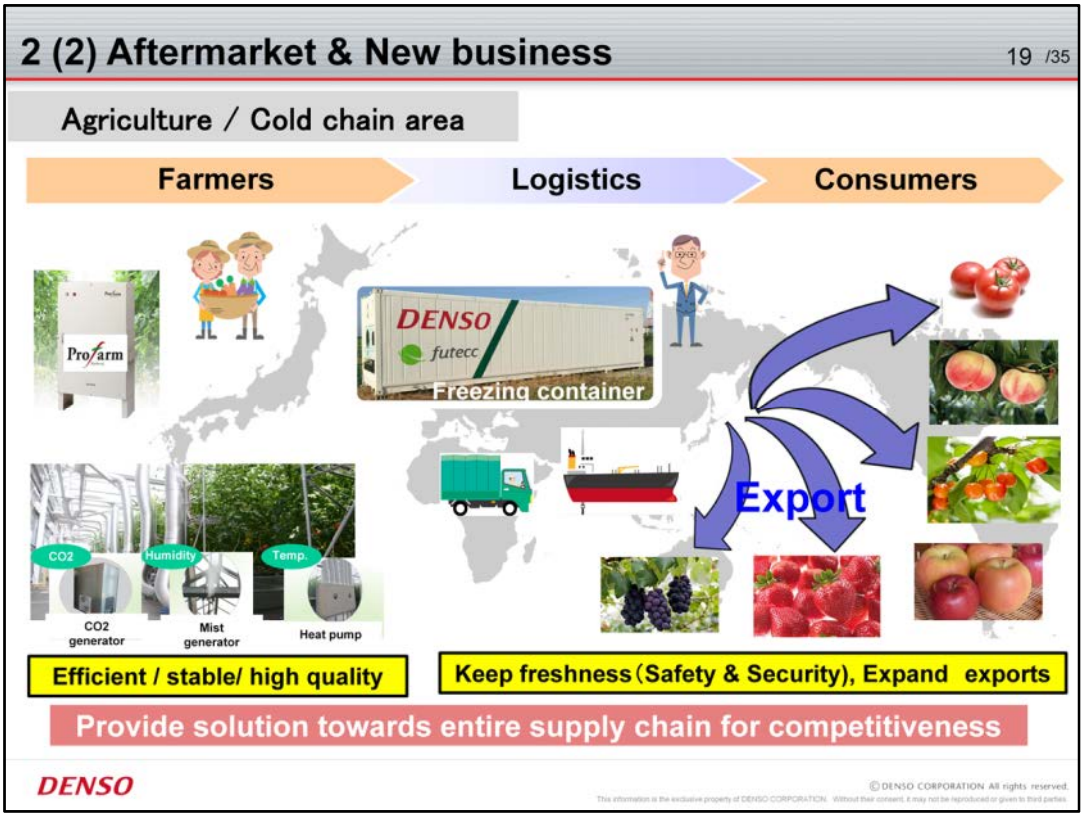


The Advanced Driving Assistant System is achieved
by three types of technologies:
first, sensing technologies to detect hazards around the vehicle, avoid collision, and reduce damage;
second, information communication technologies to identify hazards that are not visible to the driver and support safety driving;
and third, HMI technologies to appropriately process and present the collected information to the driver in an easy-to-understand manner.
Our strength lies in our extensive product lineup.
We will effectively coordinate these technologies and propose systems, with the entire vehicle in mind,
to expand our business in the rapidly changing environment.

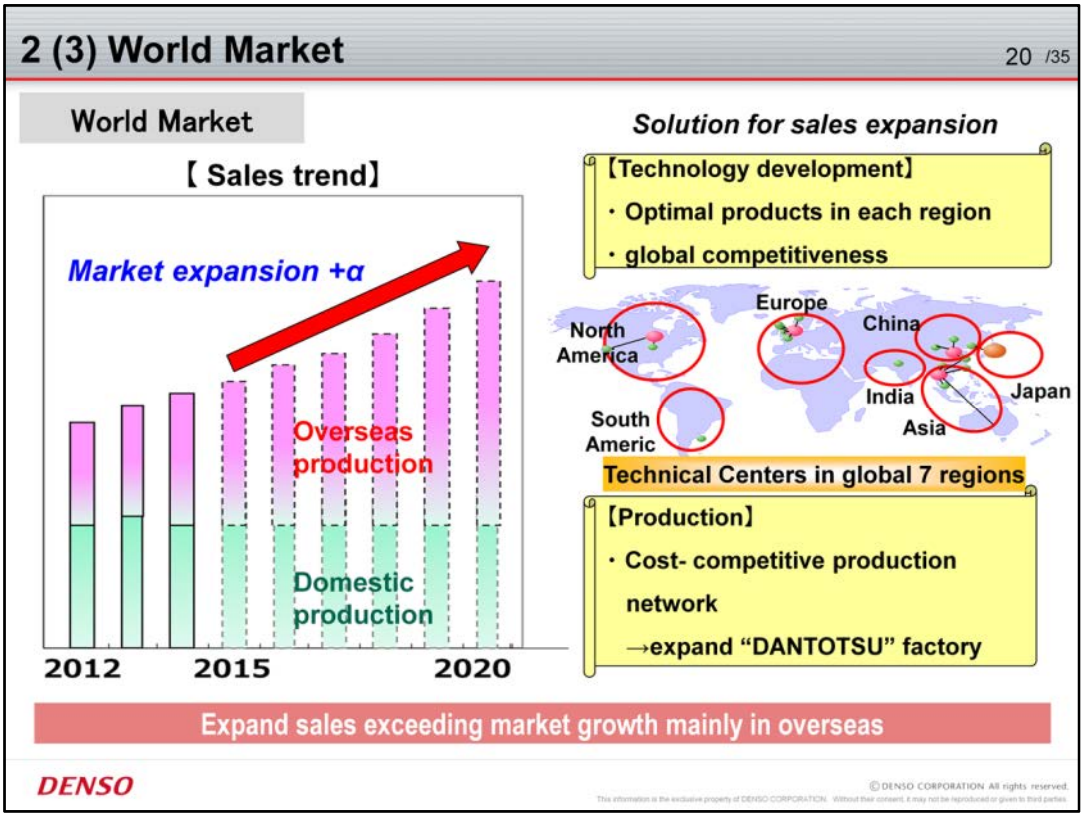


Aftermarket & New Business

Regarding new business, we started business in six areas including micro grid, security, and agricultural support systems. We have been working on the “solution business” from the viewpoint of users, to use technologies refined in the automotive components business to solve issues and meet needs in society.
We will steadily reap the profits derived from business that started small, and then expand the business.

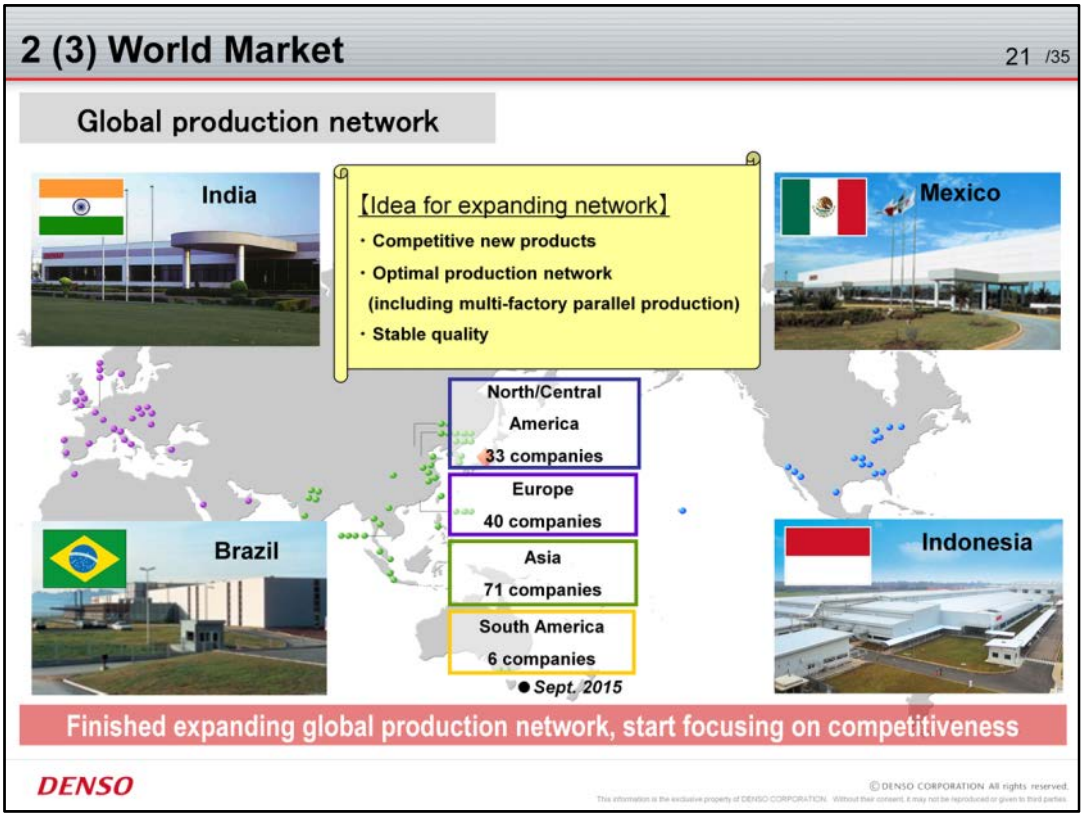


Agriculture in Japan faces issues such as aging of farmers and decreasing cultivated area.
It is necessary to enhance competitiveness against imported products.
We have been working to increase the efficiency and stability of production and improve the added value of agricultural products by applying sensing and control technologies and expertise in air conditioning management refined in the automotive field.
We have also been working to enhance the competitiveness of agriculture in Japan by developing refrigerators that can prolong the freshness and increasing the logistics efficiency of transporting fresh agricultural products from farmers to consumers using the conventional freezing containers.
We will continuously develop products and conduct field tests in order to solve issues in the entire supply chain from upstream to downstream and thus revitalize agriculture in Japan.

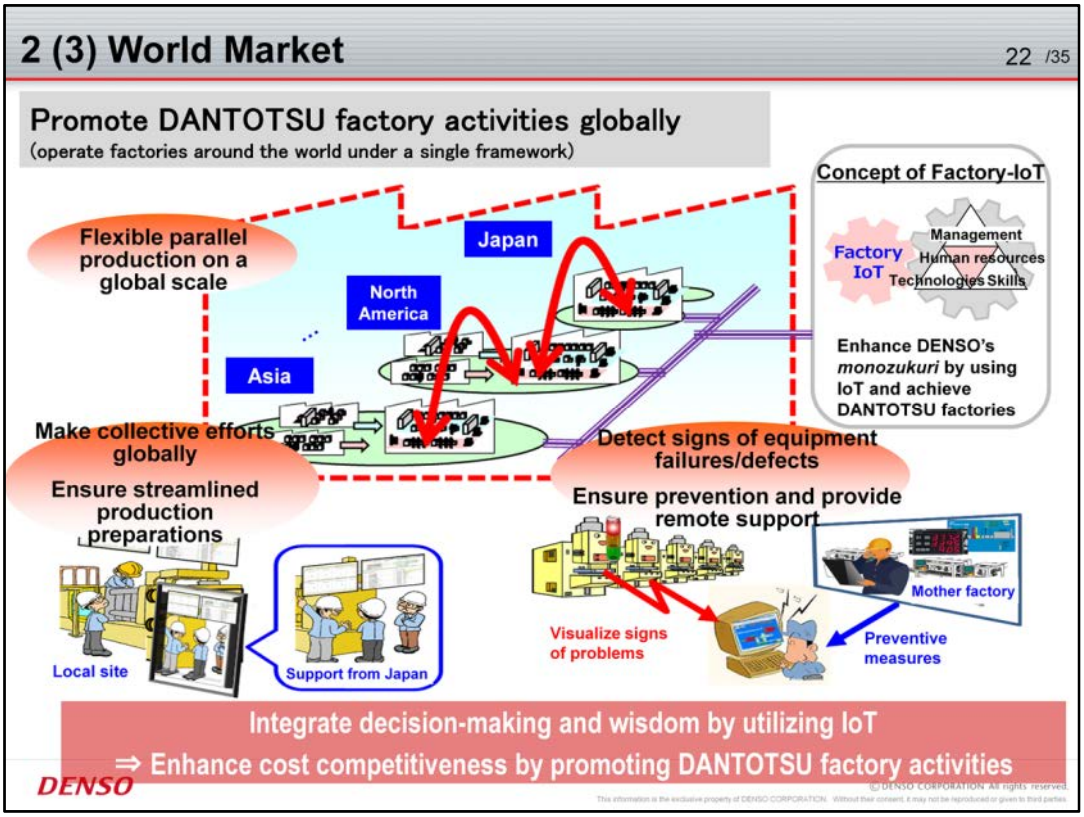


World Market

With the increasing global sales of vehicles,
we will achieve growth beyond market expansion.
In this context, the "World Market" is particularly important.
To expand sales, the Technical Centers we have established in seven regions worldwide will closely work with production bases.
The key issues in development are to offer optimal products in each region that meet various needs in respective regions and to develop globally competitive products that leverage local knowledge. The key issue in production is to build a cost-competitive production network.



We have enhanced our global production network to release competitive new products, achieve optimal production by multi-factory parallel production, and ensure stable quality.
More recently, we have been able to establish a global supply network encompassing Mexico and Indonesia.
We need to effectively utilize these production bases and enhance our competitiveness.



To improve competitiveness,
we have been promoting DANTOTSU factory activities
to achieve monozukuri with DANTOTSU competitiveness
by introducing the 1/N equipment, in particular.
IoT, the latest information technology, will be the key
to attaining higher goals.
We have long worked to increase efficiency
by networking production, quality, and information and
manufacturing the right products in the right quantities.
By further utilizing IoT to globally mobilize
and share employees' wisdom, expertise, and kaizen examples,
we will streamline preparations for production,
achieve flexible parallel production,
and prevent equipment problems on a global scale,
thus increasing the cost competitiveness of our factories.

The 43rd WorldSkills Competition (Brazil)

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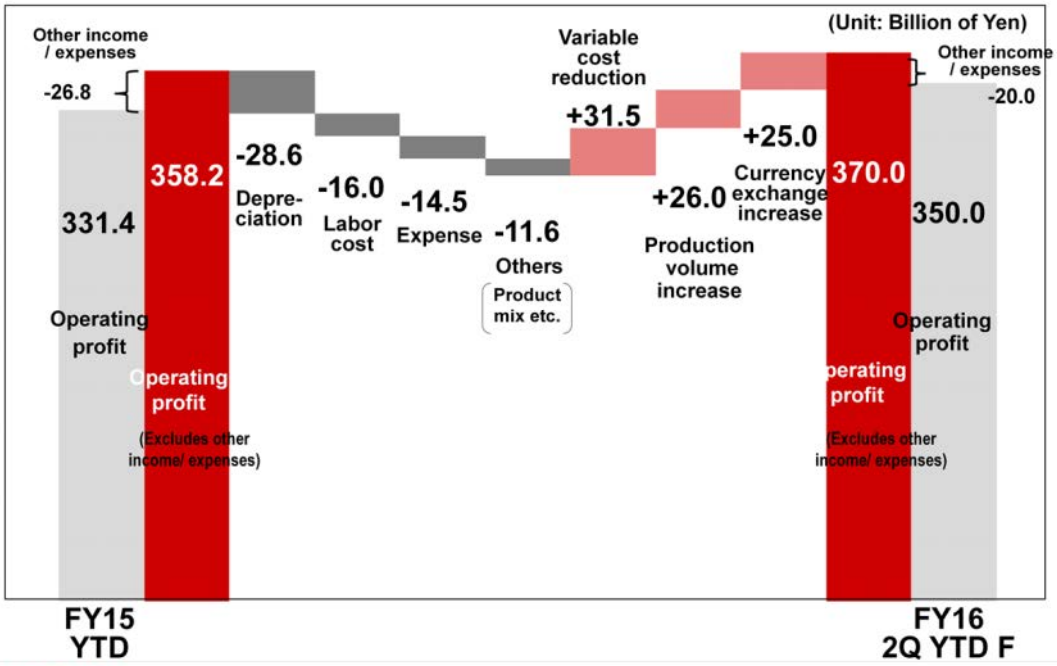
Appendix

- 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



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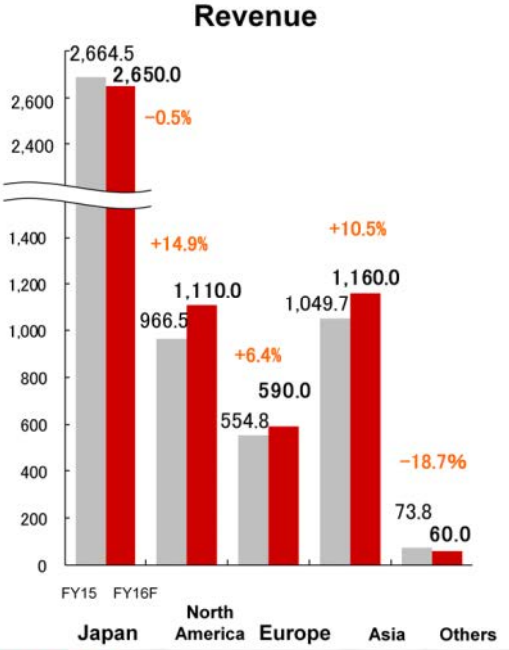
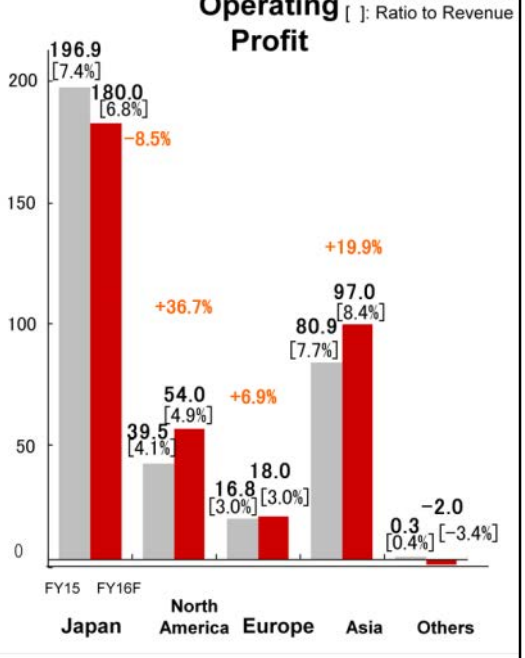
Change in FY2016 Geographical Segments by Company Location Forecast

(Unit: Billions of Yen)
[ ]: Ratio to Revenue





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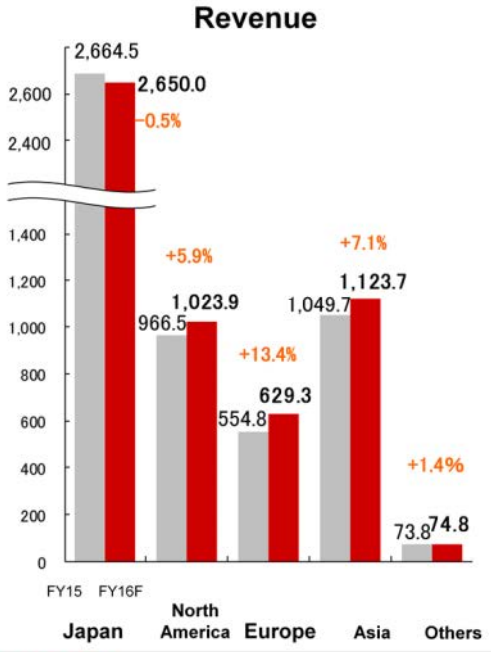
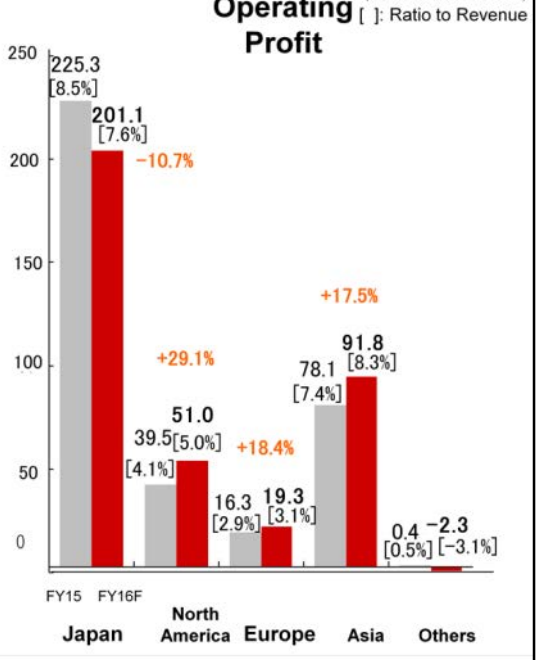
Change in FY2016 Geographical Segments by Company Location Forecast （Local Currency Base,excludes other income/expenses)

(Unit: Billions of Yen)





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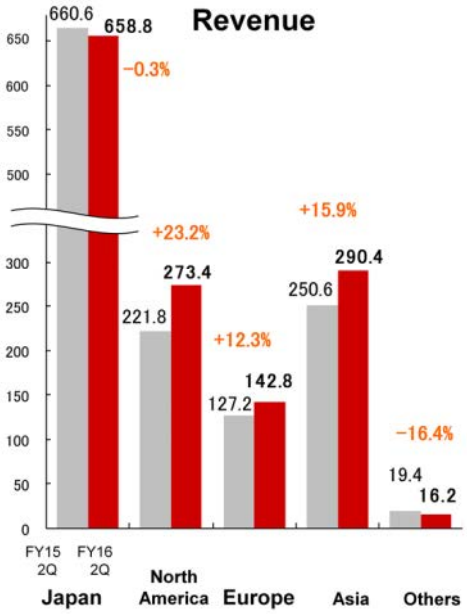
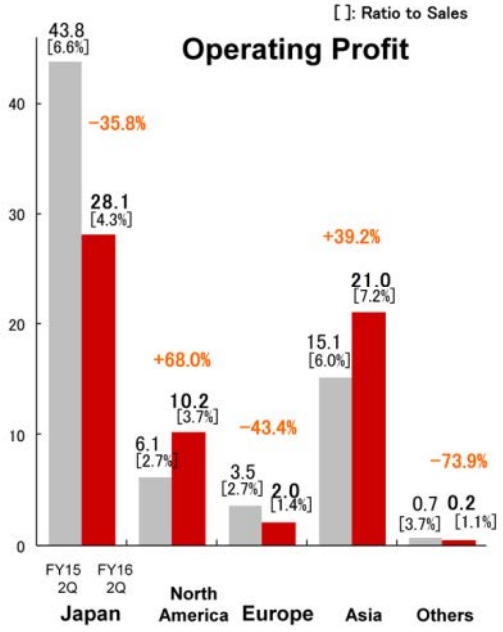
2nd Quarter(3months) Geographical Segments by Company Location

(Unit: Billions of Yen)

[ ]: Ratio to Sales





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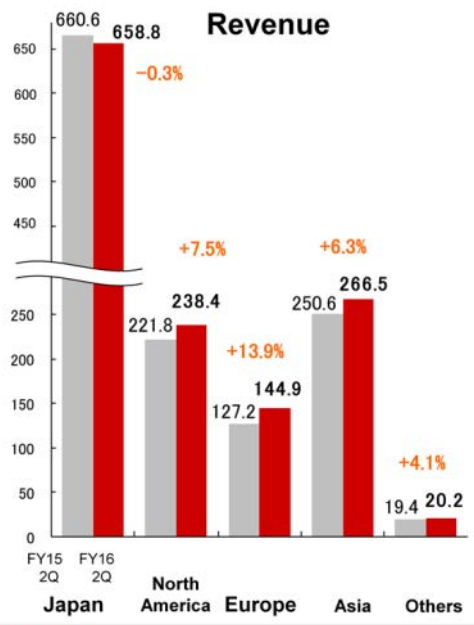
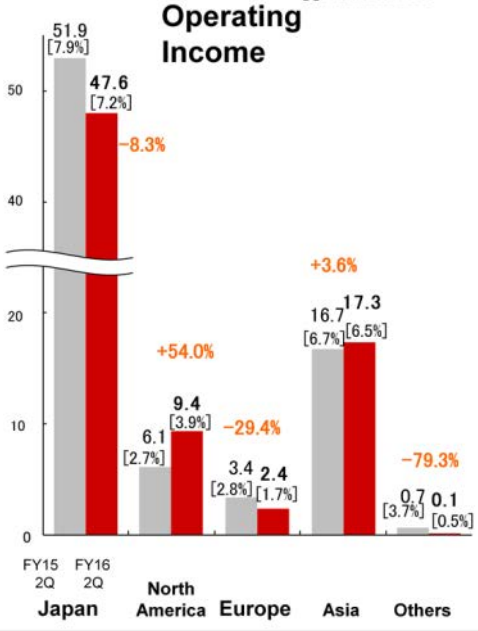
2nd Quarter (3months) Geographical Segments by Company Location(Local Currency Base,excludes other income/expenses)

(Unit: Billions of Yen)



[ ]: Ratio to Sales



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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)

		FY2016 First-Half					FY2016 Second-Half					FY2016 Full Year				
		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%

DENSO

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	FY2016 Ended Sep. 30, 2015		FY2015 Ended Sep. 30, 2014		Change	
	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.

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Consolidated Revenue (By Product)

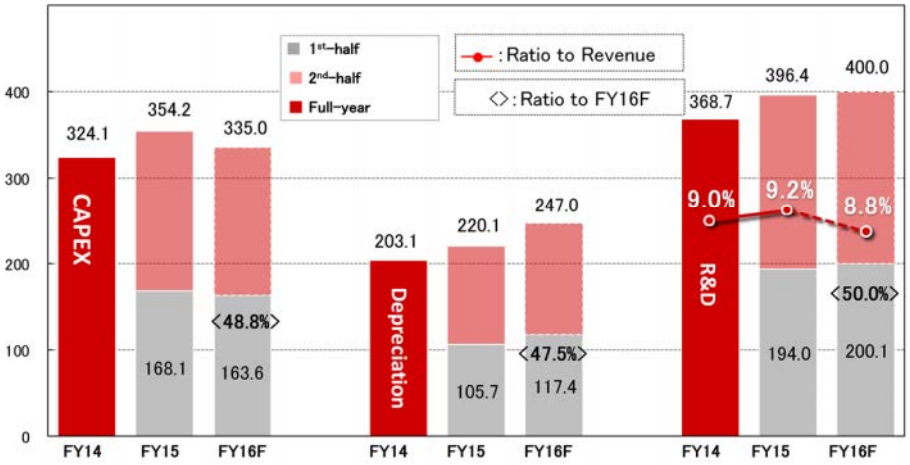
(Unit: Billions of Yen)

	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

Trend of Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)



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Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

		FY15 2Q	FY15	FY16 Forecast 2Q	FY16 Forecast	1Q YTD Change from PY	Progress to FY16 Forecast
	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%