



FY2016 Financial Results ended March 31, 2016

Apr 28, 2016

DENSO CORPORATION

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

2. Annual dividend per share is 120 yen (increased by 10 yen from the previous year)

3. Despite production volume increase and the growth in sales, revenue and operating profit will decrease in FY2017 due to the exchange rate.

FY2016 Financial Results

	FY16		FY15		Change	
Revenue		4,524.5		4,309.8	+214.7	+5.0%
Operating Profit (Excludes other income/ expenses)	(8.1%)	365.2	(8.3%)	358.1	+7.1	+2.0%
Other income/ expenses		-49.5		-26.8	-22.7	
Operating Profit Finance income/ costs & others(*1)	(7.0%)	315.7	(7.7%)	331.4	-15.6	-4.7%
		31.6		40.5	-9.0	
Profit before Income Taxes	(7.7%)	347.3	(8.6%)	371.9	-24.6	-6.6%
Profit (*2)	(5.4%)	244.3	(6.0%)	258.4	-14.1	-5.5%

(Unit:Millions of Units)

Precondition	Foreign Exchange	JPY	120/\$	JPY	110/\$	+10 JPY	
	Rate	JPY	133/Euro	JPY	139/Euro	-6 JPY	
	Domestic Car Production		8.93		9.21	-0.28	-3.1%
	Overseas Car Production of Japanese Manufacturers (North America)		18.75 (6.26)		18.34 (6.00)	+0.41 (+0.26)	+2.2% (+4.3%)

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

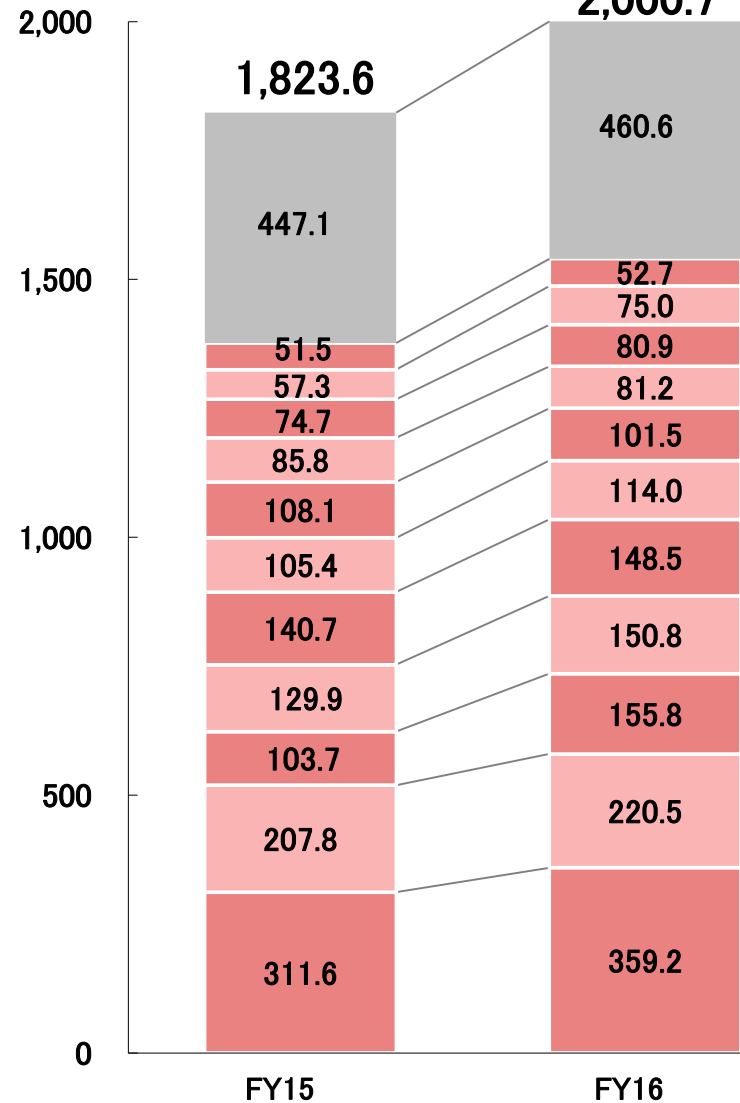
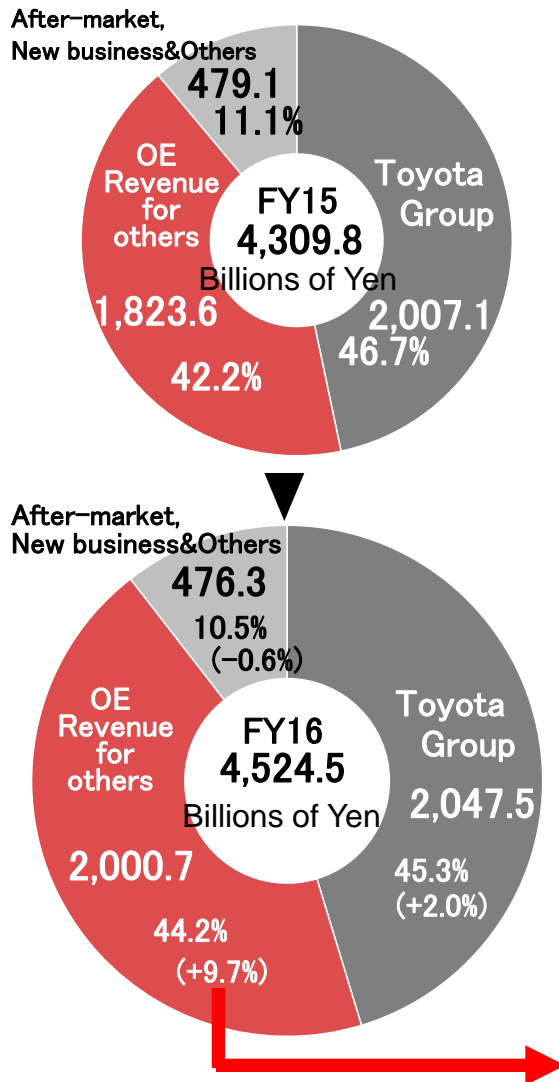
※2 Profit attributable to owners of the parent company

FY2016 Consolidated Revenue(By Customer)

(Unit: Billions of Yen)

OE Revenue for others

():Change from FY15

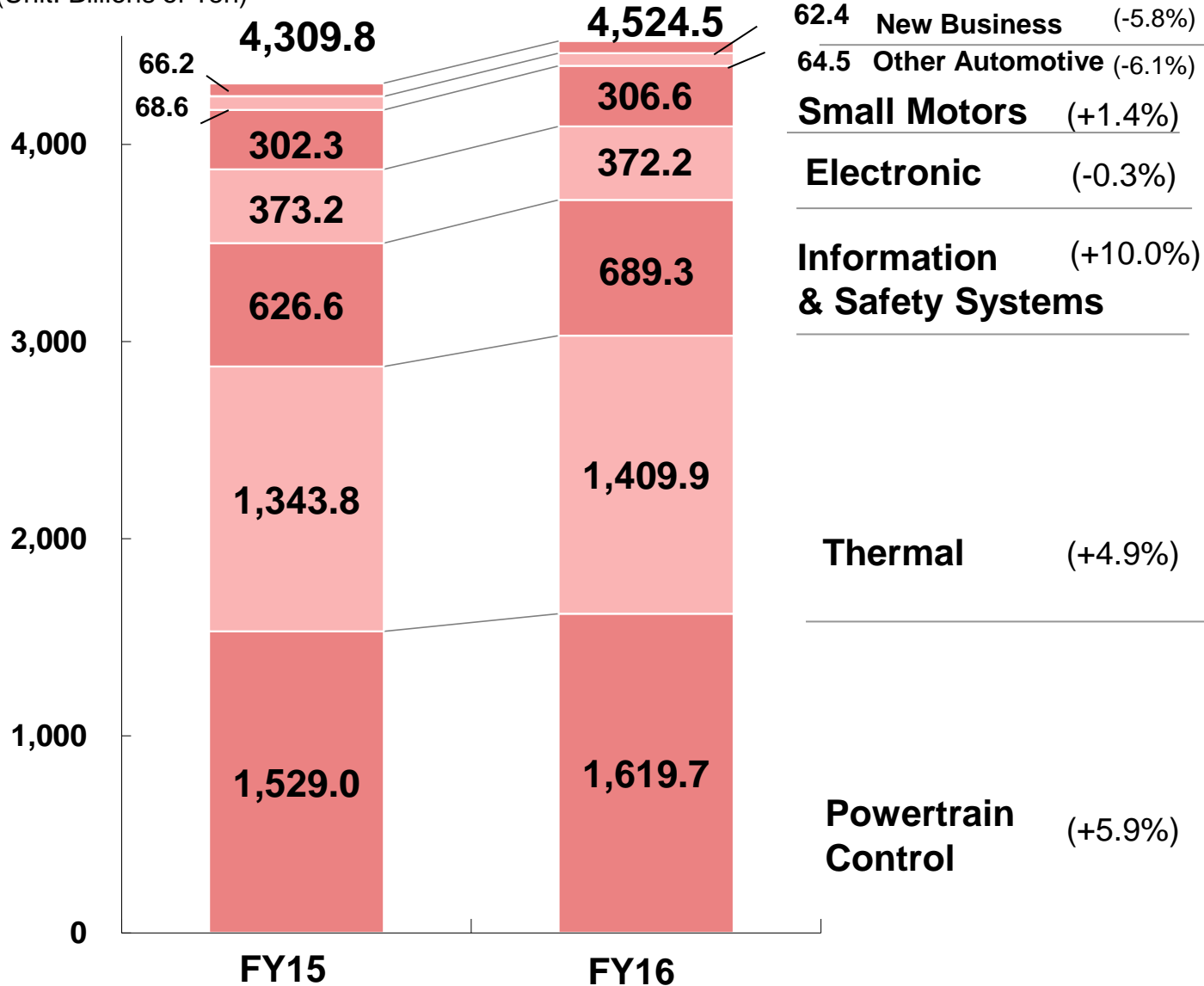


Others	(+9.7%)
Others	(+3.0%)
Isuzu	(+2.4%)
Nissan	(+31.0%)
Fuji	(+8.2%)
VW·AUDI	(-5.4%)
Suzuki	(-6.1%)
Mazda	(+8.2%)
Hyundai·Kia	(+5.6%)
GM	(+16.1%)
Ford	(+50.3%)
FCA (Fiat·Chrysler)	(+6.1%)
Honda	(+15.3%)

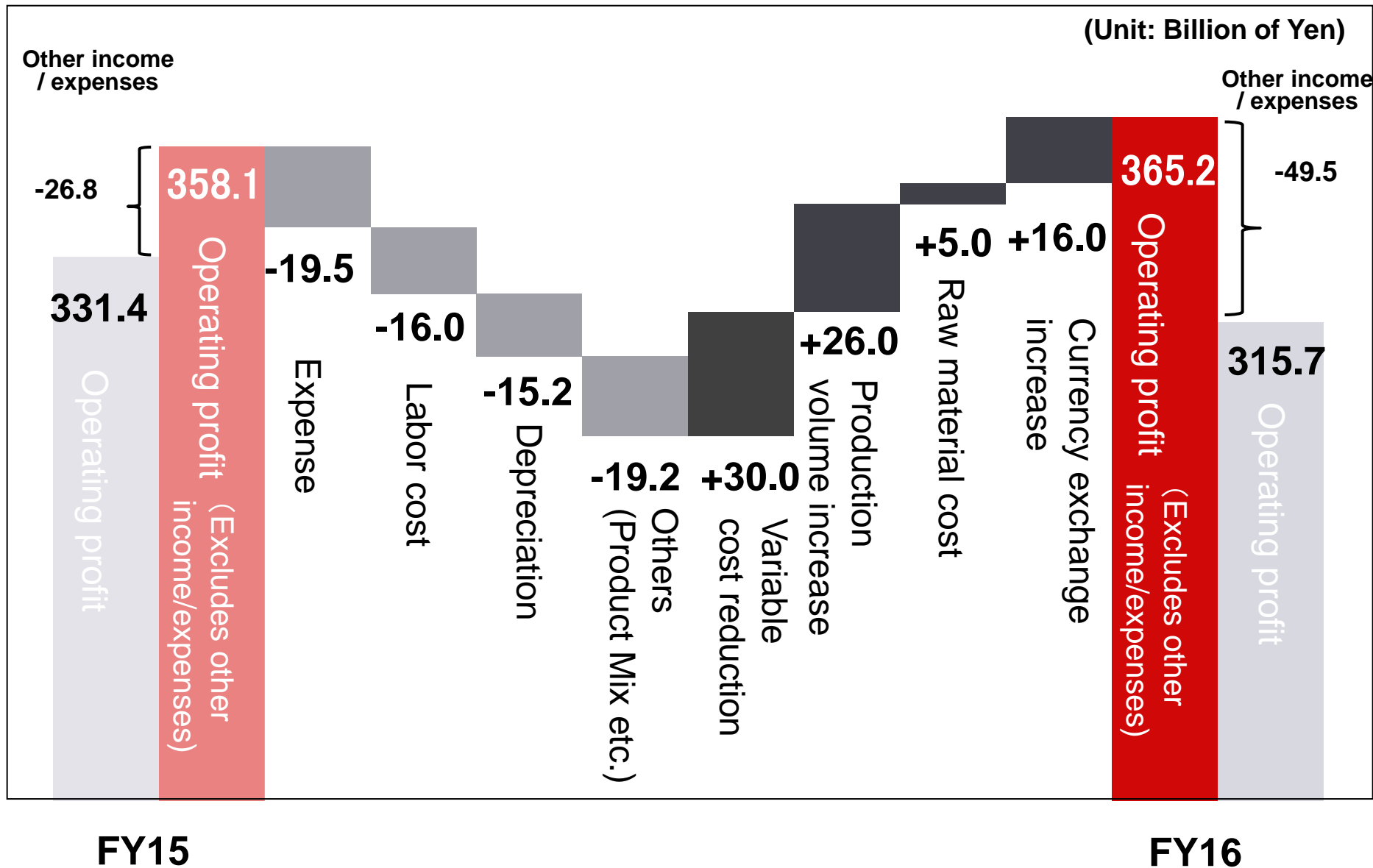
FY2016 Consolidated Revenue (By Product)

(Unit: Billions of Yen)

():Change from FY15



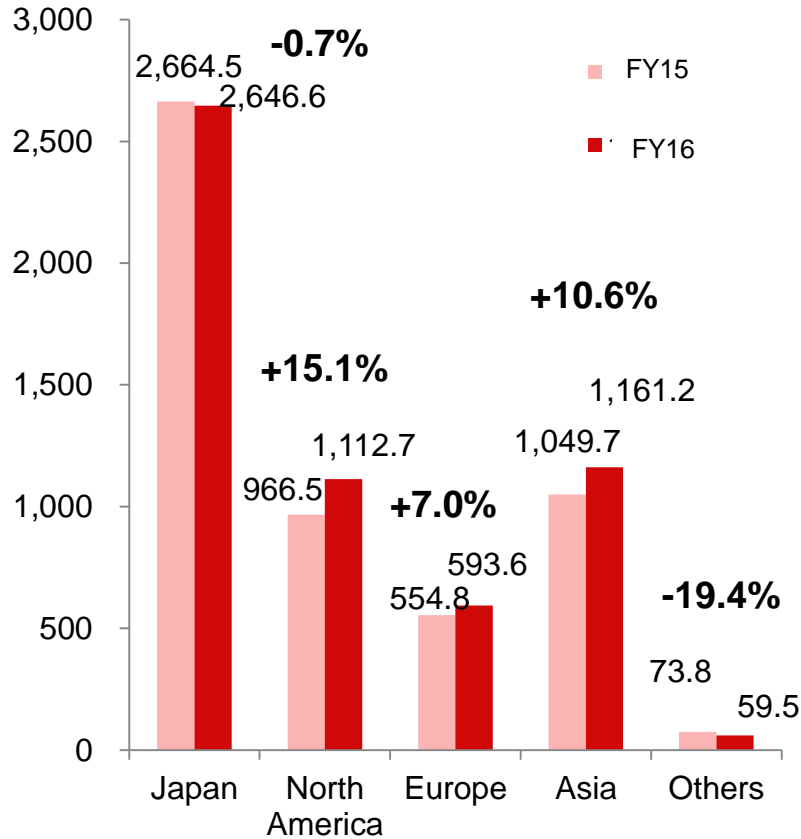
Change in Operating Profit



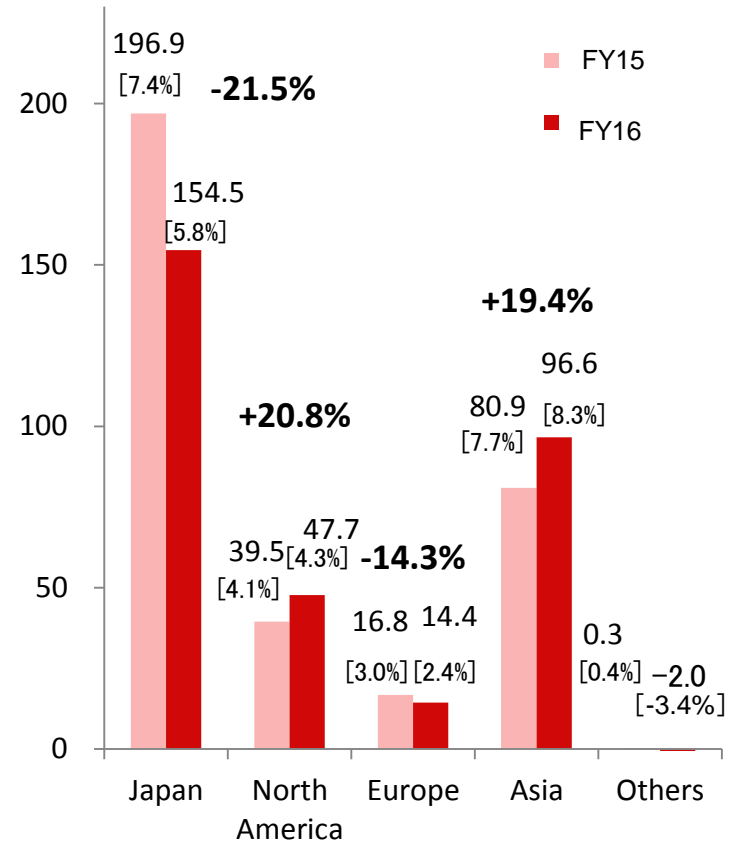
Geographical Segments by Company Location

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

Revenue



Operating Profit

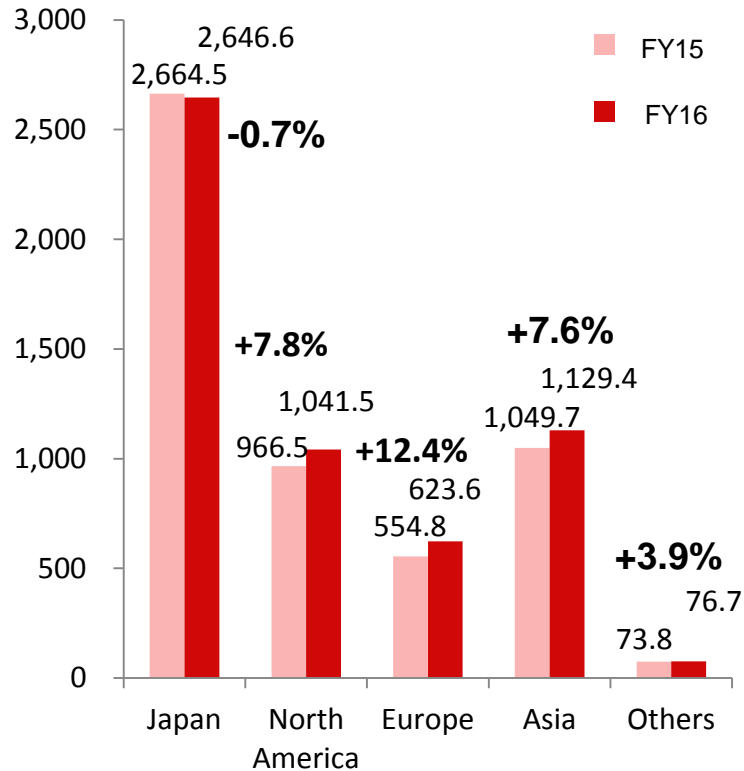


Geographical Segments by Company Location

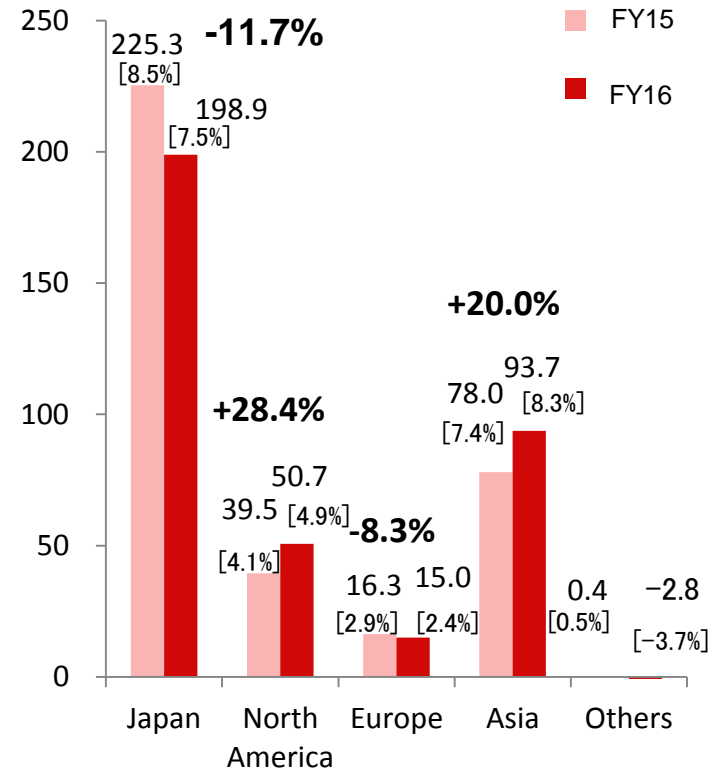
(Local Currency Base ,excludes other income/expenses)

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

Revenue

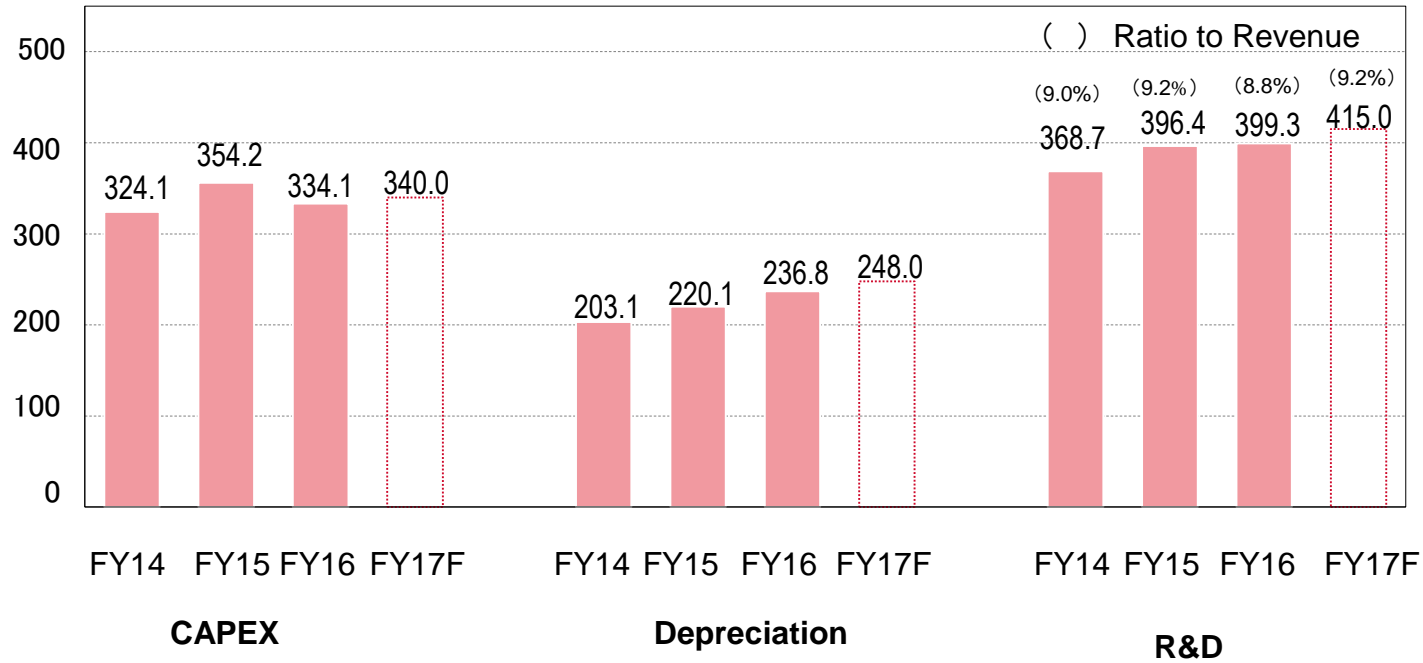


Operating Profit



Trend of Capital Expenditures, Depreciation and R&D Expenditures

[Bil.Yen]



	(Ratio to Revenue)		(Unit:Billions of Yen, %)	
	FY17F	FY16	Change	
Revenue	4,500.0	4,524.5	-24.5	-0.5%
Operating Profit (Excludes other income/ expenses)	(7.0%) 313.0	(8.1%) 365.2	-52.2	-14.3%
Other income/ expenses	0.0	-49.5	49.5	
Operating Profit	(7.0%) 313.0	(7.0%) 315.7	-2.7	-0.9%
Finance income/ costs & others(※1)	29.0	31.6	-2.6	
Profit before Income	(7.6%) 342.0	(7.7%) 347.3	-5.3	-1.5%
Profit (※2)	(5.2%) 235.0	(5.4%) 244.3	-9.3	-3.8%

		(Unit:Millions of Units)			
Precondition	Foreign Exchange Rate	JPY 110/\$	JPY 120/\$	-10 JPY	
		JPY 125/Euro	JPY 133/Euro	-8 JPY	
	Domestic Car Production	9.38	8.93	+0.45	+5.0%
	Overseas Car Production of Japanese Manufacturers (North America)	19.49	18.75	+0.74	+4.0%
		(6.48)	(6.26)	(+0.22)	+3.6%

※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

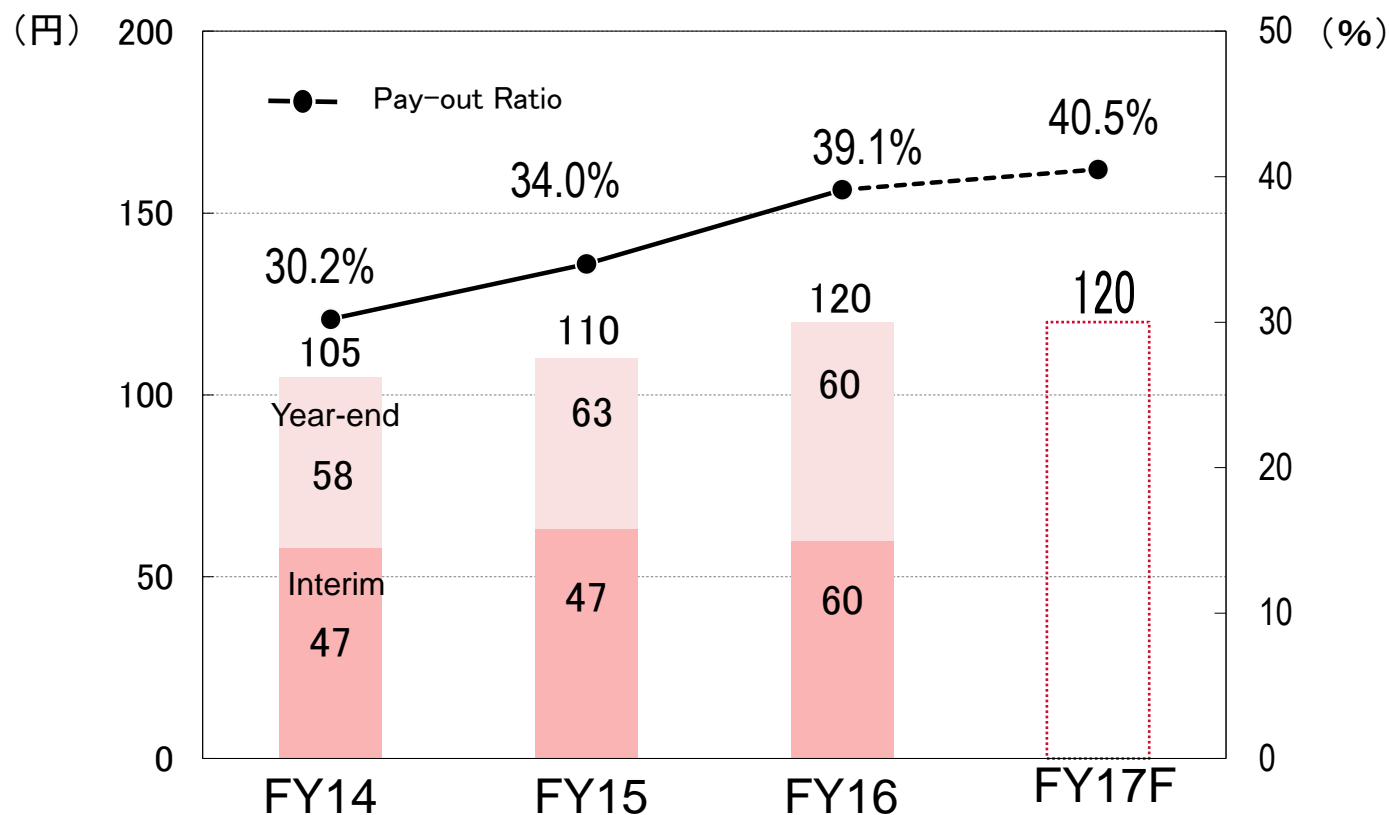
Policy of shareholders return

DENSO intends to allocate retained earnings not only to the capital investment, R&D investment and M&A required to maintain Long-term business development but also to,

1. Improve the dividend level stably on an ongoing basis by comprehensively taking into account the consolidated operating results, the payout ratio and the amount of dividends.
2. The acquisition of treasury stock while paying attention to the status of funds and market condition.

FY16 Annual Dividend per Share: Increase by 10 yen to 120 yen

FY17 Annual Dividend per Share: 120 yen same as FY16



DENSO Group's growth strategy

1. Mid-term policy 2018

2. Business field to concentrate

(1) Environment and Security & Safety

(2) Aftermarket & New business

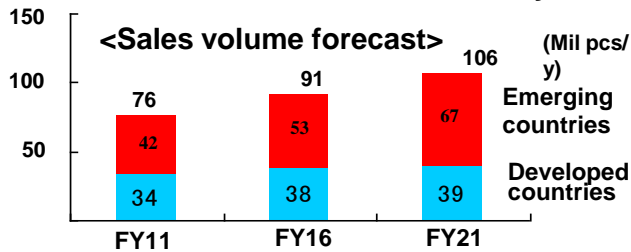
(3) World Market

(4) Measures that underpin sustainable growth

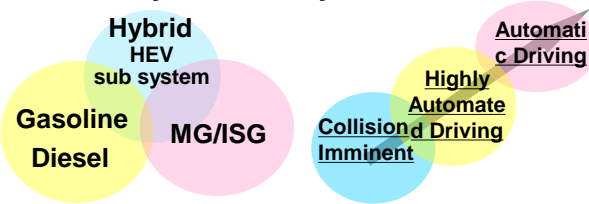
2018 Goal

Recognition of the current business environment

1. Emerging countries lead automobile market continuously

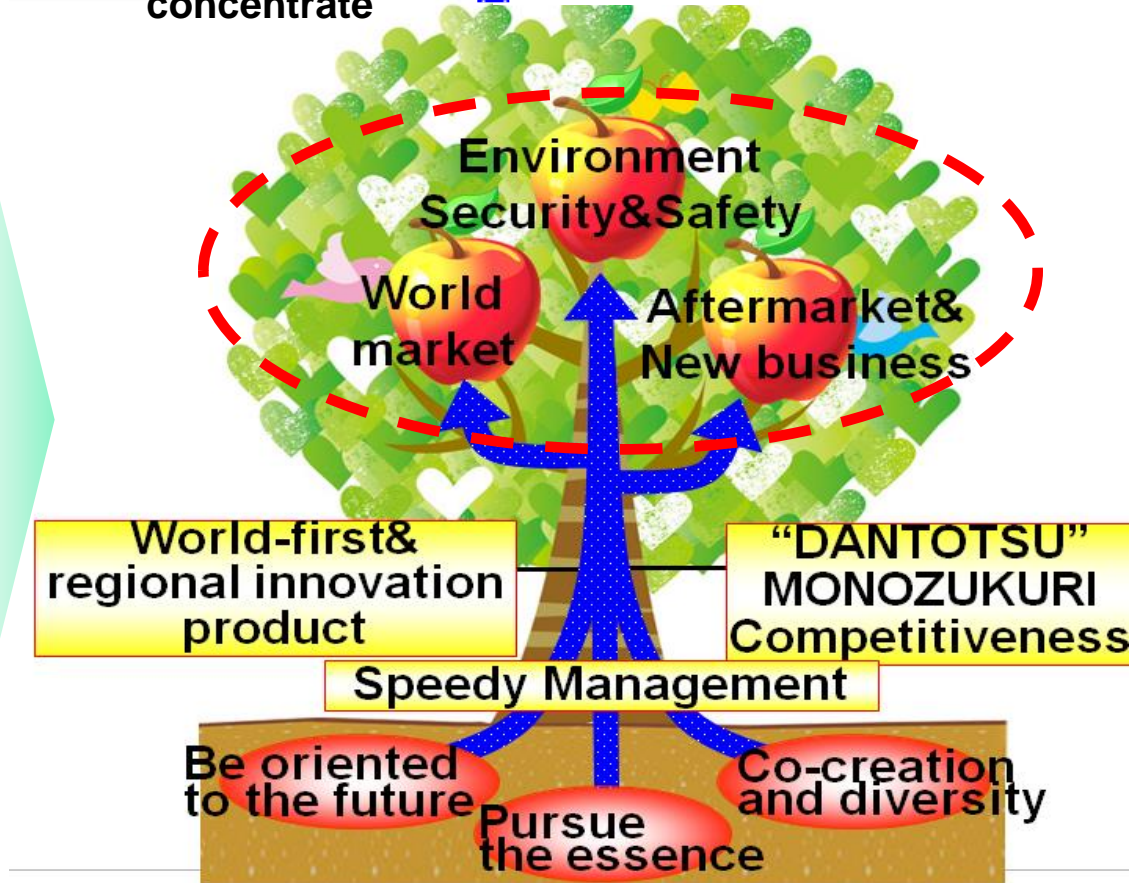


2. Expand of environment, security and safety needs



3. Accelerate standardization of parts & unit

Preparation to quality risks due to standardization is needed







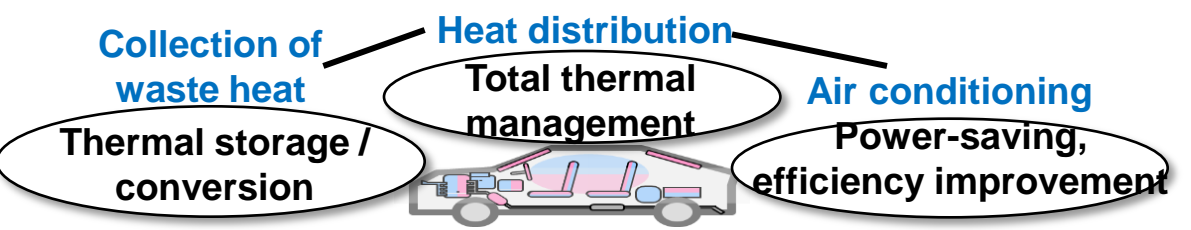
Concentrate on “Environment and Security& Safety”,
 “Aftermarket & New business” & “World market”.

Environment

Environmental technologies for reducing CO₂ emission

Technology

Products

<p>ICE</p>	<p>Improve efficiency</p>	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Diesel common rail system</p>  </div> <div style="width: 45%;"> <p>Gasoline direct injection system</p>  </div> </div> <p style="text-align: center;">Improve fuel economy by omnidirectional technology (Combustion, exhaust gas, start, charge, HV etc.)</p>
<p>Electrification</p>	<p>Cost reduction Variety</p>	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Stop / Start System</p>  </div> <div style="width: 45%;"> <p>Components for HV</p>  </div> </div>
<p>Heat recovery /air-Conditioning</p>	<p>Improve the fuel economy by reducing gap between catalog and actual fuel economy</p>	<div style="text-align: center;"> <p>Heat distribution</p>  <p>Collection of waste heat Total thermal management Air conditioning</p> <p>Thermal storage / conversion Power-saving, efficiency improvement</p> </div>

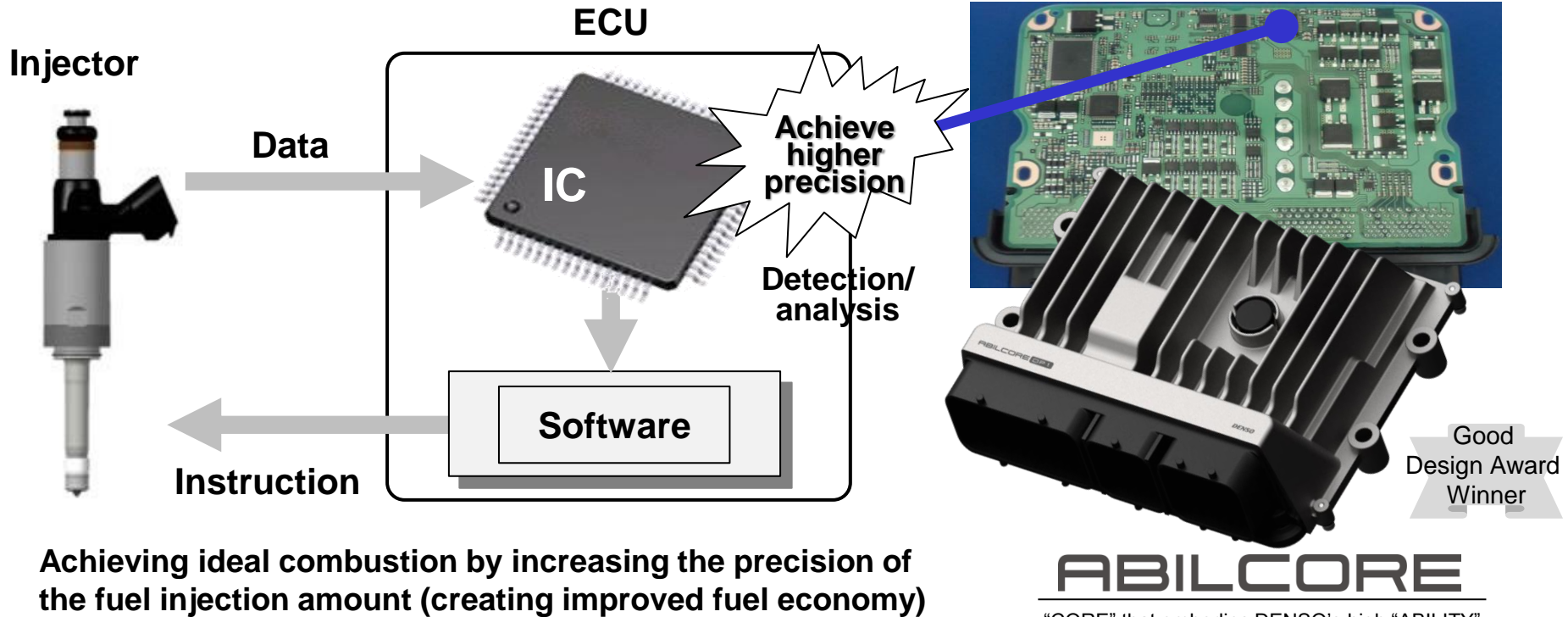
For CO₂ reduction, pursue fuel efficiency.

Improving the efficiency of internal combustion engines

Efforts taking full advantage of engine ECU (ABILCORE) technology

Development philosophy

- Completely utilize fuel
- Completely recover energy
- Completely purify emissions

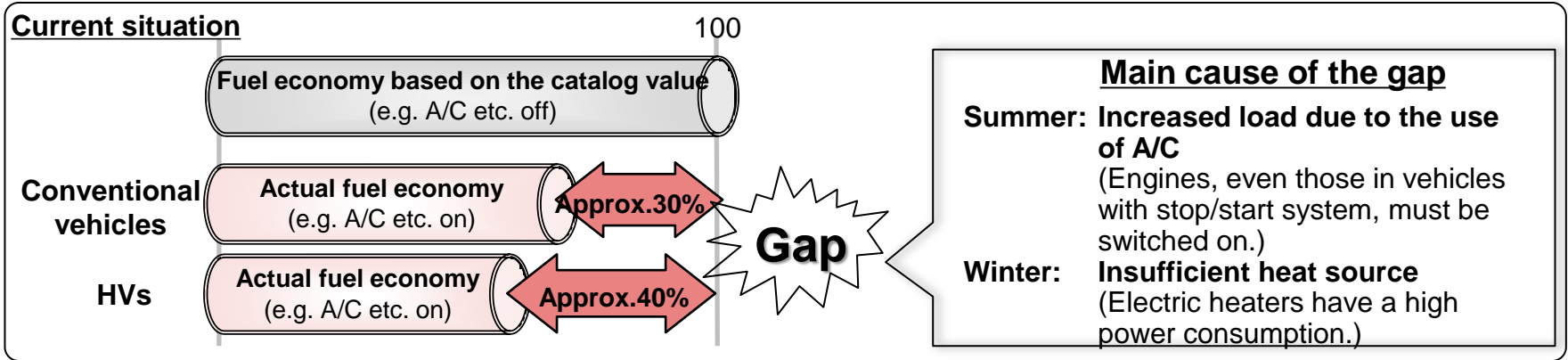


Achieving ideal combustion by increasing the precision of the fuel injection amount (creating improved fuel economy)

High-precision injection control technology helps improve fuel economy.

Improving actual fuel economy

Power-saving/efficiency improvement efforts for thermal and A/C products

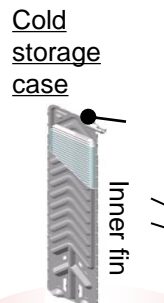


Solution for summer

⇒ **Power-saving air conditioning technology**

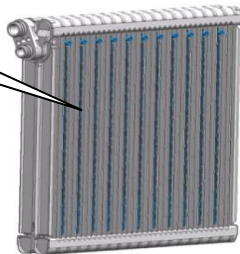
Solution for winter

⇒ **Heat source creation technology**



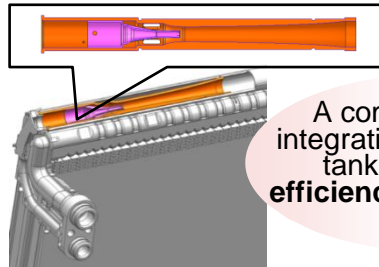
Cold Storage Evaporator

Operates while engine stops by stop/start system



Ejector

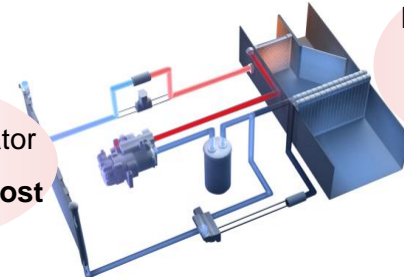
DENSO's proprietary ejector was added to save power



A compact structure integrating the evaporator tank **achieve high efficiency and lower cost**

Heat Pump System

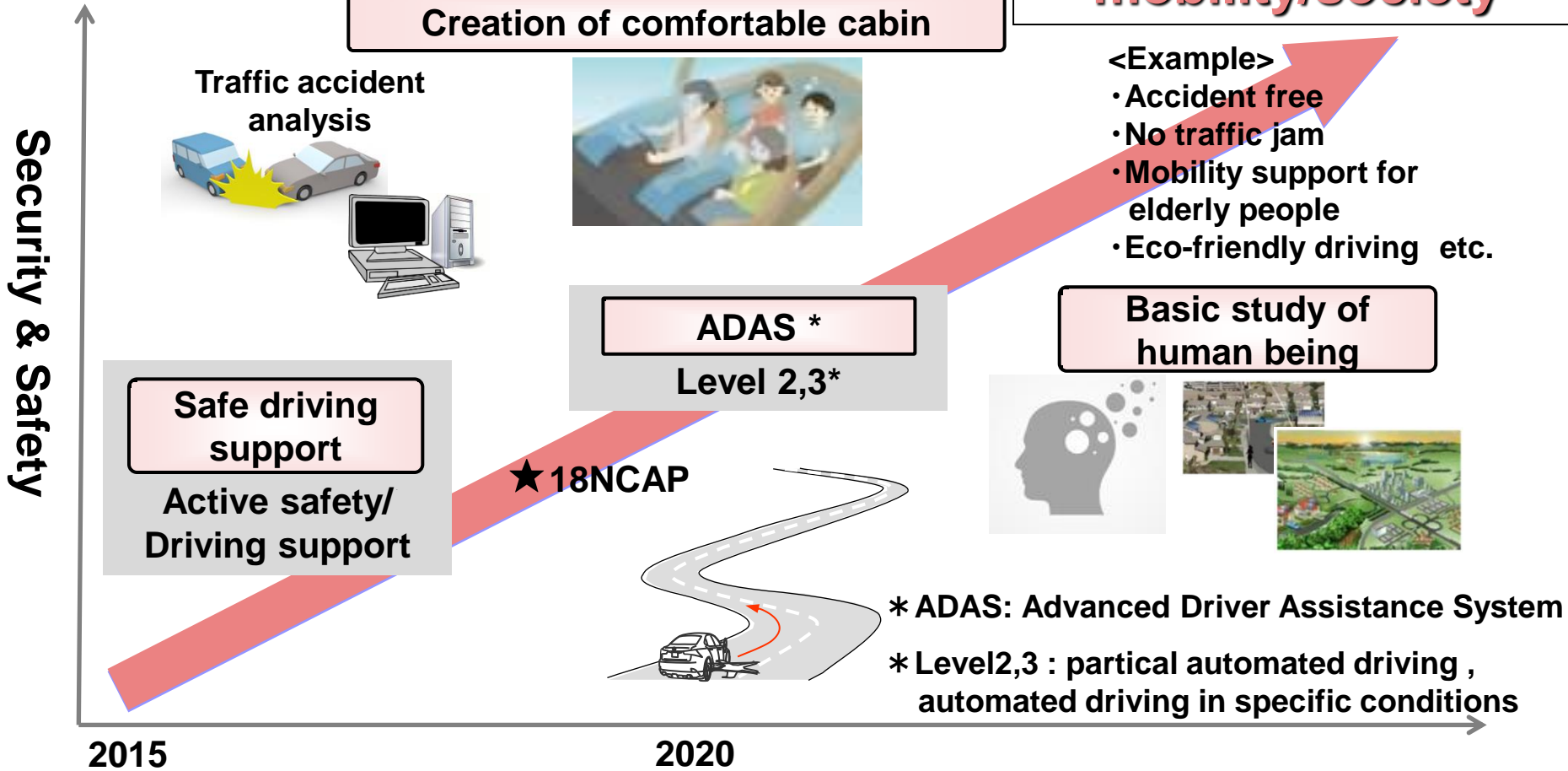
High efficiency heating technology by endothermic change from air



DENSO's proprietary cycle structure was added to **operate at low ambient temperature**

DENSO helps improve actual fuel economy by providing solutions for reducing the gap.

Security & Safety

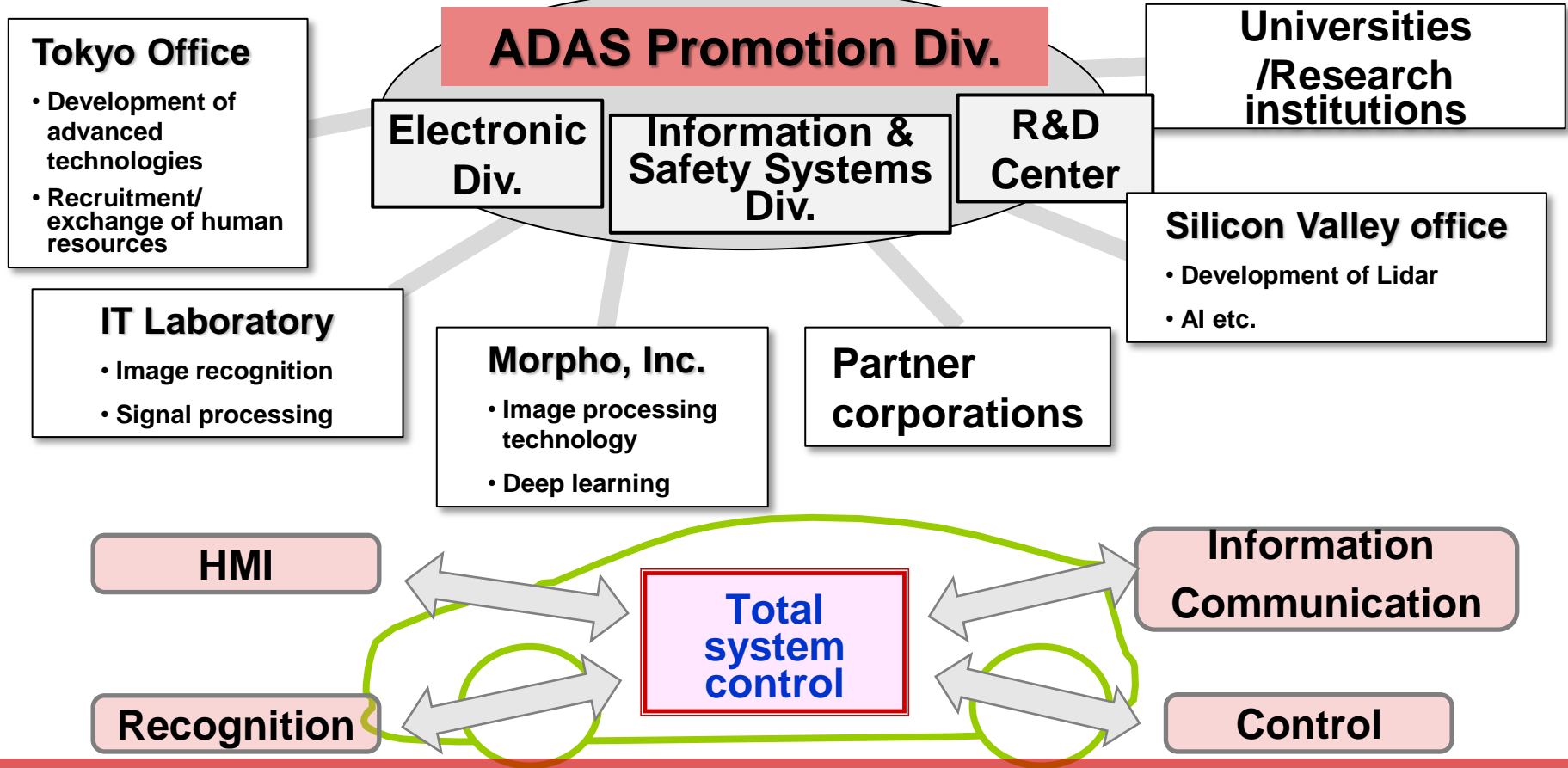


For zero car accident, pursue “Sophisticatedly safe mobility/ society”.

2 (1) Environment and Security & Safety

Structure required for achieving safe mobility through sophisticated technology

ADAS Promotion Div. established



A structure has been established to accelerate development toward automated driving in 2020 and beyond.

Safe driving support (active safety/driving support)

Technologies to achieve 2018 NCAP + extra functionality

Millimeter-wave radar sensor

- High-resolution signal processing technology

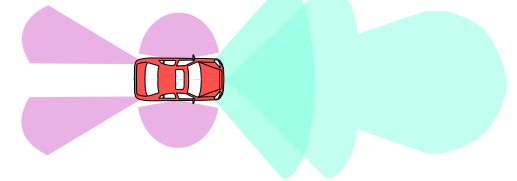


Vision sensor

- Recognition algorithm that achieves high identification performance



High performance sensor



2018 NCAP

Toyota Safety Sense P functions (from 2015)



Autonomous Emergency Braking



Lane Keeping Assist



Automatic High Beam



Autonomous Emergency Braking (Pedestrians)



Full-scale Adaptive Cruise Control

New functions (from 2018)



Autonomous Emergency Braking (Pedestrians/Night)



Autonomous Emergency Braking (Bicycles/Head-on)

+ extra



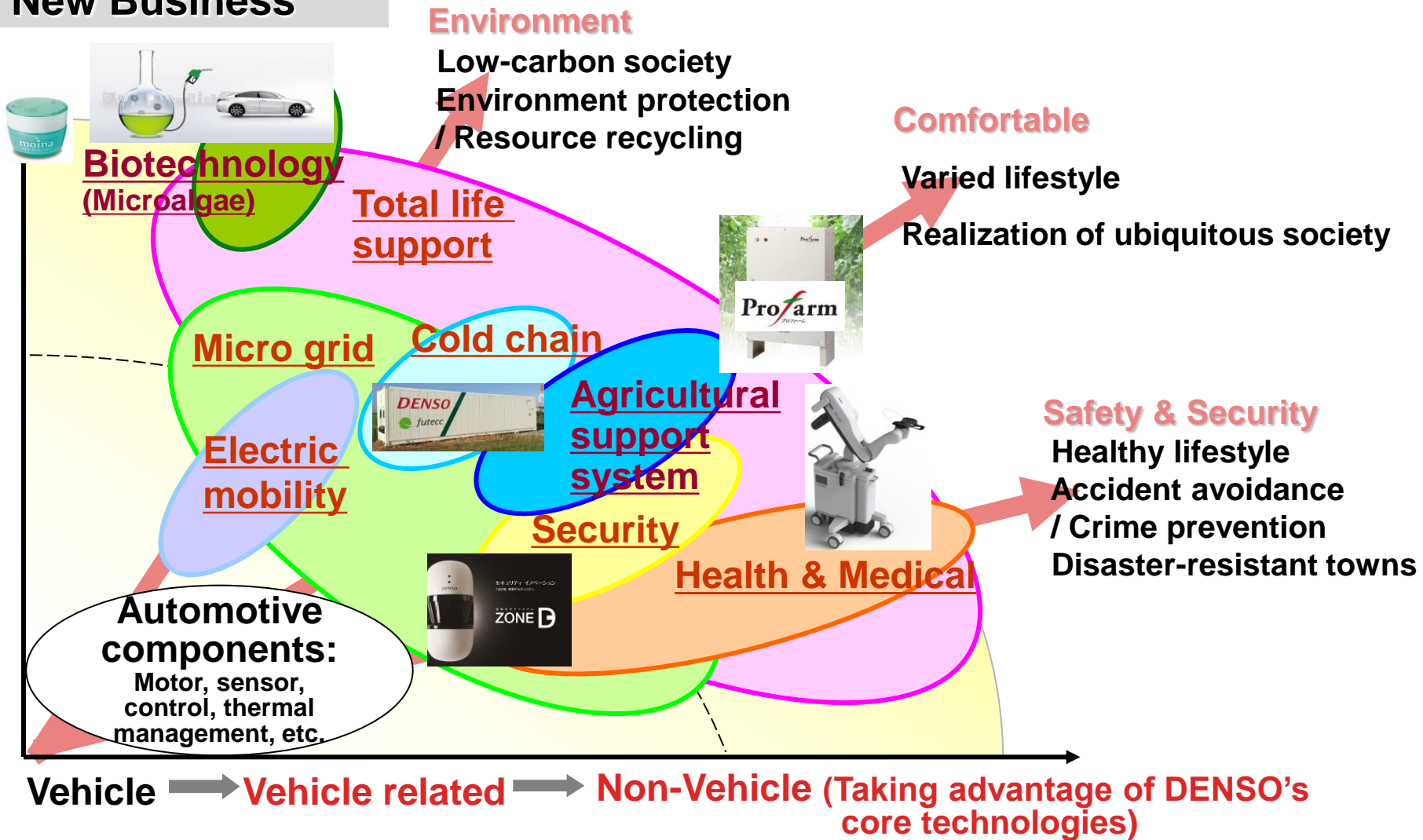
Lane Keeping Assist



Lane Change Assist

DENSO will offer functions exceeding 2018 NCAP by combining sensors featuring enhanced technology and performance.

New Business



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

Electric Power Assist

Robot technology that supports happiness in daily life

Exhibited in International
Robot Exhibition 2015
(December 2015)

Inspection services for bridges,
structures, etc.



UAV

(Unmanned Aerial Vehicle)



**High
weather
resistance
& Stability**

Maintenance inspection for bridges etc.

Experiment support at
laboratories



COBOTTA



Training engineers
and users



**Coexistence/
cooperation
with people**

Collaborative work at plants

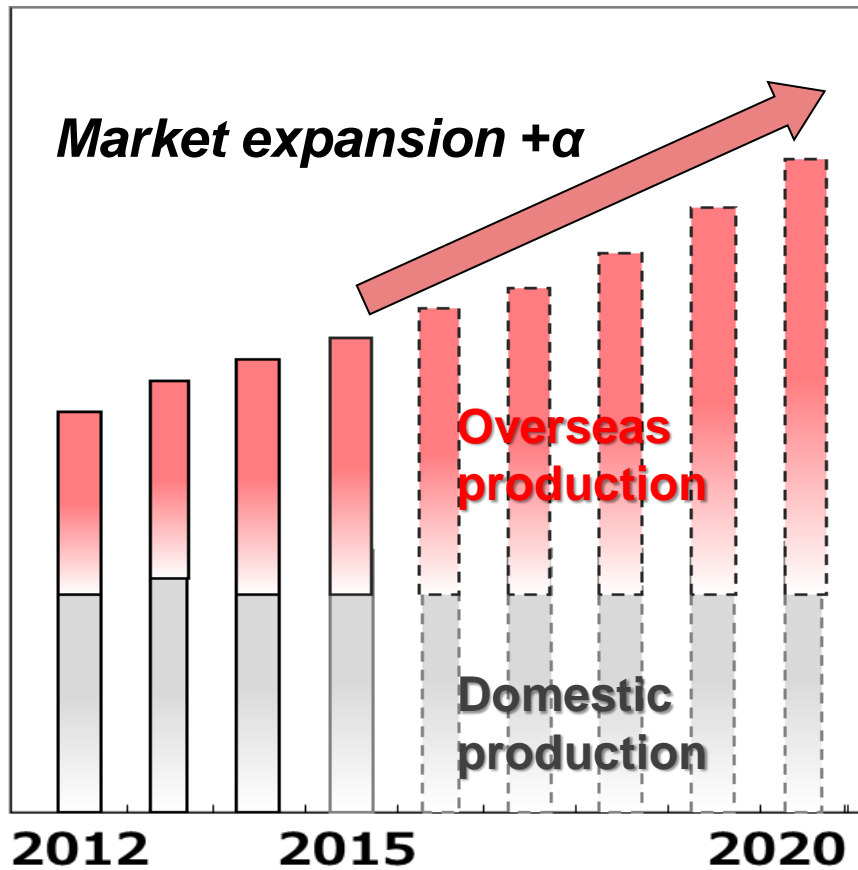


Dual-arm robots

DENSO helps solve various social issues by utilizing advanced robot technologies.

World Market

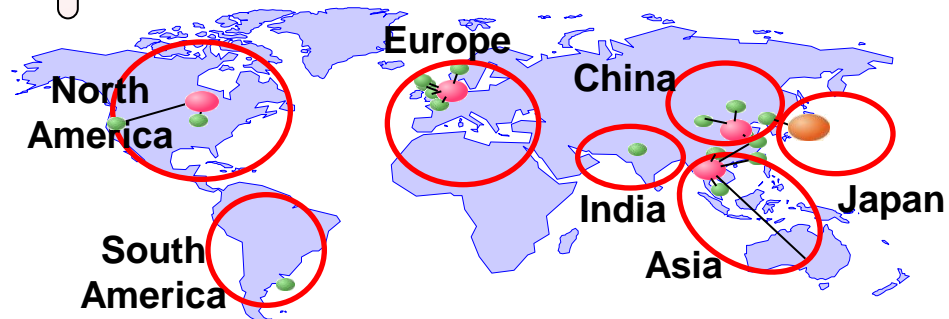
【 Sales trend】



Solution for sales expansion

【Technology development】

- Optimal products in each region
- global competitiveness



Technical Centers in global 7 regions

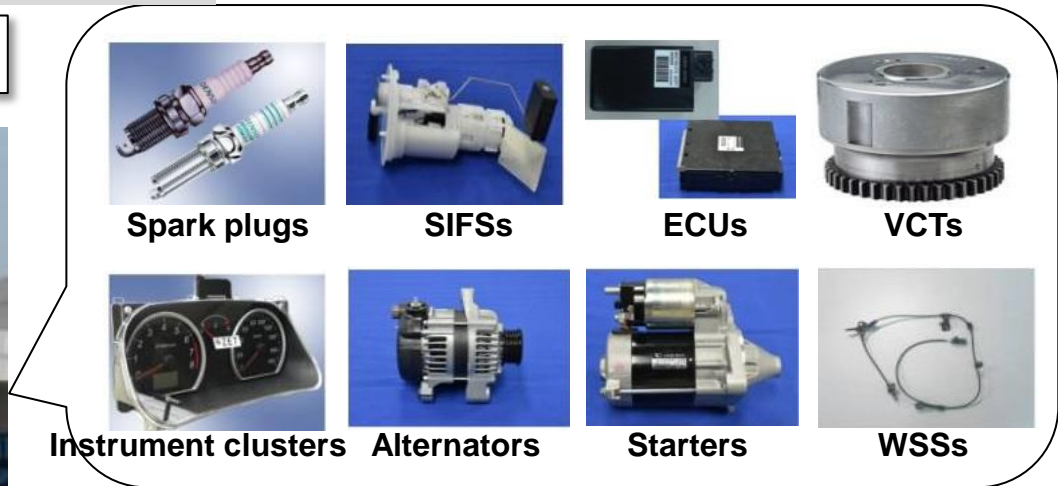
【Production】

- Cost- competitive production network

Expand sales exceeding market growth mainly in overseas.

Global production supply structure

Efforts at DENSO Indonesia



(Plants 1, 2, and 3 combined)

- Manufacture the products of 4 business groups (powertrain, thermal, information & safety systems and electronic)
- Increased the efficiency of management functions after integrating the 3 plants by 25%

In-house academy (DENSO Training Academy)

- Education and human resource development underpin stable manufacturing



- Training executives
- Education for new employees



- Education for general employees
- Training WorldSkills International Competition contestants

With a structure for global production and supply established, DENSO will further increase its competitiveness.

2 (4) Measures that underpin sustainable growth

Global HR system introduced (in January 2016)

Objective

Develop and promote more leaders who can be active beyond the borders of their regions

Old system

Mainly Japanese employees



New system

Global human resources



- Employees within and outside Japan work according to the same grading system. They are fairly evaluated and trained on the same criteria.

Global business promotion measures are accelerated to enhance competitiveness.

Secure human resources

Objective

Respond to the accelerated efforts to promote automated driving systems and Factory IoT
Train advanced and skilled technicians

(1) Recruitment

Concept

- Actively recruit individuals to work on cutting-edge technologies in areas new to DENSO

Means

- M&As, alliances, clear career path, etc.
- Build personal networks with authorities in respective industries, and enhance information dissemination



Silicon Valley office



Utilization of Tokyo Office

(2) Training

Concept

- Continuously produce human resources who can learn, think, and take action independently

Means

- Quickly train advanced and skilled technicians, upgrade training in new technology fields, etc.



9th International Abilympics (France)



43rd WorldSkills International Competition (Brazil)

DENSO will implement active measures to secure human resources and enhance competitiveness.



DENSO

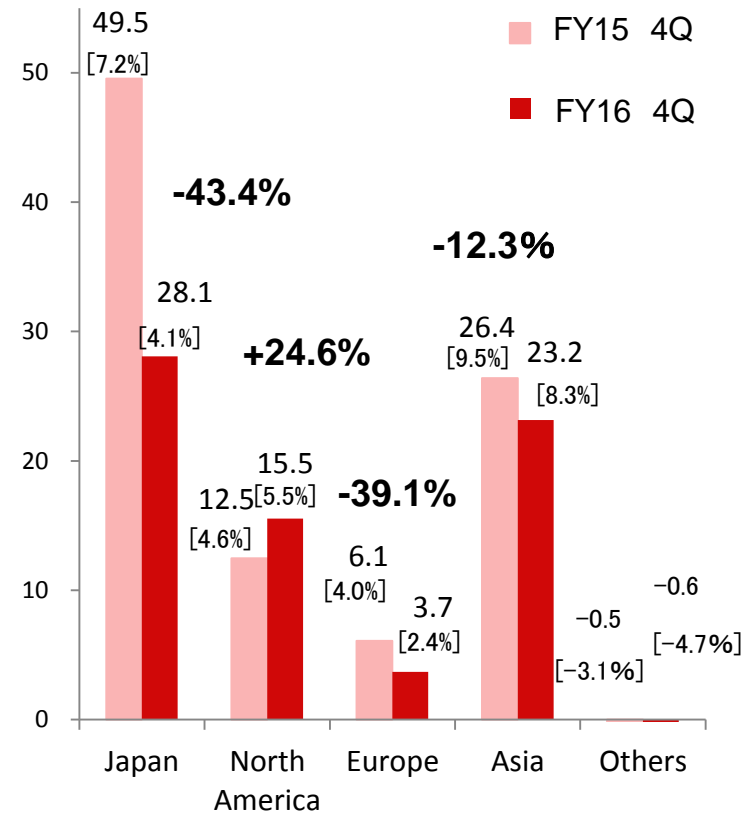
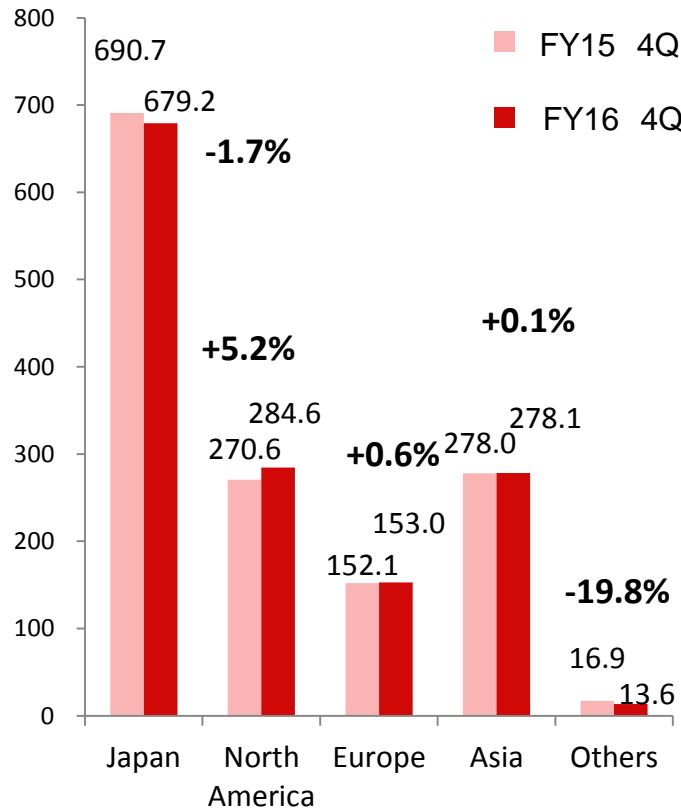
Appendix

- Change in FY2016 Geographical Segments by Company Location Forecast
4th 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

(Unit: Billions of Yen)

[]: Ratio to Sales

Revenue



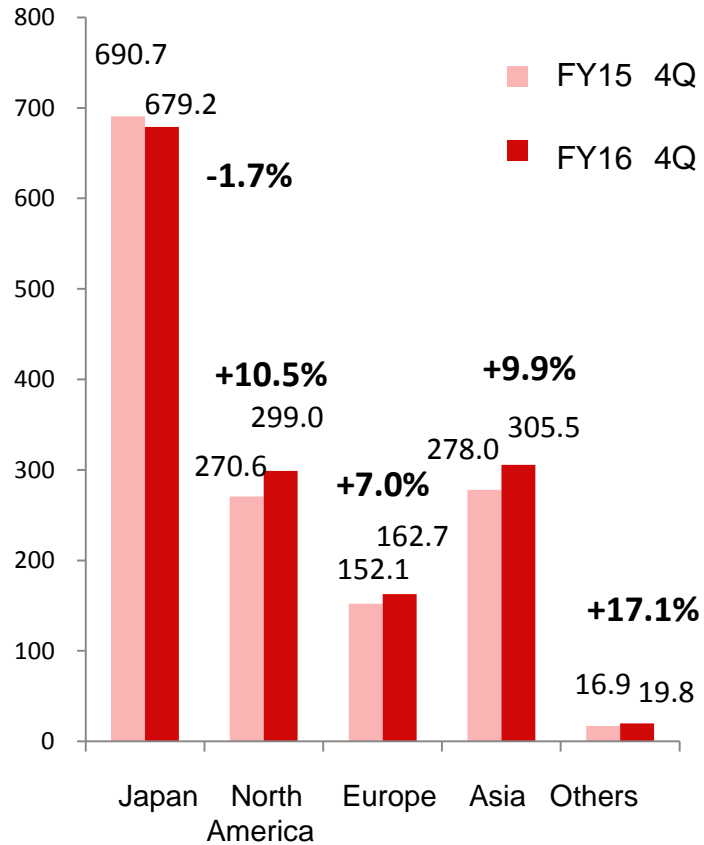
4th Quarter (3months) Geographical Segments by Company

Location(Local Currency Base,excludes other income/expenses)

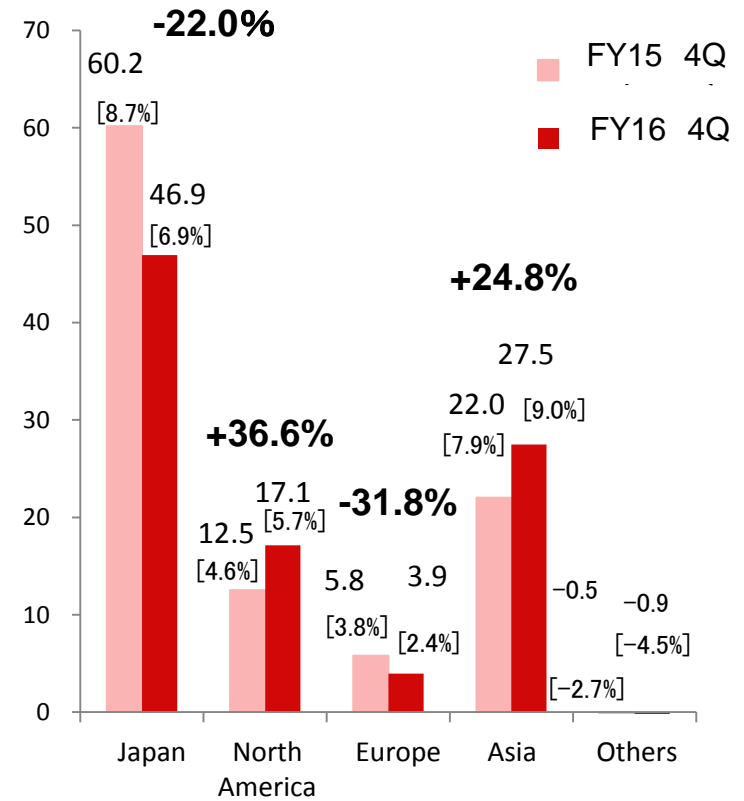
(Unit: Billions of Yen)

[]: Ratio to Sales

Revenue



Operating Income



Income Statements(Japanese accounting standards)

Account	(Ratio to Sales)		(Unit: Billions of Yen,%)			
	FY16		FY15		Change	
					Amount	Percent
Net Sales	(100.0)	2,425.0	(100.0)	2,437.2	-12.2	-0.5
Operating Income	(5.9)	142.2	(7.0)	169.5	-27.3	-16.1
Income Before Income Taxes	(7.8)	189.6	(11.0)	267.2	-77.6	-29.1
Net Income	(6.5)	156.9	(8.1)	198.2	-41.4	-20.9

Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2016 Full Year									FY2017F Full Year	
		FY2016 First-Half			FY2016 Second-Half							
		Prior Year	Actual	Change	Prior Year	Actual	Change	Prior Year	Actual	Change	Forecast	Change
Foreign Exchange Rate (Yen)	USD	103	122	+ 18.8	117	118	+ 1.7	110	120	+ 10.2	110	- 10
	EUR	139	135	- 3.8	139	130	- 8.6	139	133	- 6.2	125	- 8
Forex Impact on Operating Income per Yen (Billions of Yen)	USD	/						2.5	2.0	-0.5	2.0	-
	EUR	/						0.7	0.7	-	0.7	-
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.59	4.32	- 6%	4.63	4.61	- 0%	9.21	8.93	- 3%	9.38	+ 5%
	North America	2.99	3.13	+ 5%	3.02	3.13	+ 4%	6.00	6.26	+ 4%	6.48	+ 4%
	Overseas	9.13	9.27	+ 1%	9.21	9.48	+ 3%	18.34	18.75	+ 2%	19.49	+ 4%

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	FY16		FY15		Change	
	Amount	% to Total	Amount	% to Total	Amount	%
Toyota	1,907.2	42.2	1,846.5	42.9	60.7	3.3
Daihatsu	87.9	1.9	105.6	2.5	-17.6	-16.7
Hino	52.3	1.2	55.0	1.3	-2.7	-4.9
Toyota Group	2,047.5	45.3	2,007.1	46.7	40.4	2.0
Honda	359.2	7.9	311.6	7.2	47.6	15.3
FCA	220.5	4.9	207.8	4.8	12.7	6.1
Ford	155.8	3.4	103.7	2.4	52.1	50.3
GM	150.8	3.3	129.9	3.0	20.9	16.1
Hyundai/Kia	148.5	3.3	140.7	3.3	7.8	5.6
Mazda	114.0	2.5	105.4	2.4	8.7	8.2
Suzuki	101.5	2.2	108.1	2.5	-6.6	-6.1
VW/AUDI	81.2	1.8	85.8	2.0	-4.6	-5.4
Fuji	80.9	1.8	74.7	1.7	6.1	8.2
Nissan	75.0	1.7	57.3	1.3	17.8	31.0
Isuzu	52.7	1.2	51.5	1.2	1.2	2.4
Mitsubishi	48.8	1.1	51.4	1.2	-2.6	-5.0
BMW	46.4	1.0	41.0	1.0	5.4	13.2
Benz	36.2	0.8	34.5	0.8	1.7	5.0
PSA	26.7	0.6	20.9	0.5	5.9	28.2
Volvo	26.1	0.6	15.1	0.3	11.1	73.5
Jaguar/Land Rover	19.4	0.4	21.8	0.5	-2.4	-11.0
OE Sales for others	256.8	5.7	262.5	6.1	-5.8	-2.2
OEM Total	4,048.2	89.5	3,830.7	88.9	217.5	5.7
After-market, New business & Others(*)	476.3	10.5	479.1	11.1	-2.7	-0.6
Total	4,524.5	100.0	4,309.8	100.0	214.7	5.0

* OES (through OEM for aftermarket), Sales for After Market, Sales of industrial and consumer products, Sales of property/equipment and dies lease are included.

Consolidated Revenue (By Product)

(Unit: Billions of Yen)

	FY16		FY15		Change	
	Amount	% to Total	Amount	% to Total	Amount	%
Powertrain Control	1,619.7	35.8	1,529.0	35.5	90.7	5.9
Thermal	1,409.9	31.2	1,343.8	31.2	66.1	4.9
Information & Safety Systems	689.3	15.2	626.6	14.5	62.7	10.0
Electronic	372.2	8.2	373.2	8.7	-1.0	-0.3
Small Motors	306.6	6.8	302.3	7.0	4.3	1.4
Others(*)	64.5	1.4	68.6	1.6	-4.2	-6.1
Automotive Total	4,462.2	98.6	4,243.6	98.5	218.6	5.2
New Business Total	62.4	1.4	66.2	1.5	-3.9	-5.8
Total	4,524.5	100.0	4,309.8	100.0	214.7	5.0

* Sales of property/equipment, original brand products of subsidiaries are included.

Capital Expenditures, Depreciation and R&D Expenditures

32

(Unit: Billions of Yen)

		FY15	FY16	Change Percent	FY17F	Change Percent
Capital Expenditures	Japan	189.0	191.0	1.1%	200.5	5.0%
	North America	48.5	45.6	-6.0%	43.5	-4.6%
	Europe	29.2	30.9	5.8%	31.5	1.9%
	Asia	83.1	64.9	-21.9%	63.0	-2.9%
	Others	4.4	1.7	-61.4%	1.5	-11.8%
	Capital Expenditures	354.2	334.1	-5.7%	340.0	1.8%
Depreciation	Japan	133.3	134.6	1.0%	143.0	6.2%
	North America	23.4	28.0	19.7%	30.0	7.1%
	Europe	17.0	19.1	12.4%	20.0	4.7%
	Asia	42.8	52.0	21.5%	53.0	1.9%
	Others	3.6	3.1	-13.9%	2.0	-35.5%
	Depreciation	220.1	236.8	7.6%	248.0	4.7%
R&D Expenditure (Ratio to Sales)	396.4 (9.2%)	399.3 (8.8%)	0.7%	415.0 (9.2%)	3.9%	