

FY2017 1st Quarter Financial Results ended June 30, 2016

July 29, 2016

DENSO CORPORATION

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1. Despite production volume increase and the growth in sales, revenue and operating profit decreased due to appreciation of the Yen.

2. Downward revision to the first-half and full-year forecast due to appreciation of the Yen.

FY2017 1st Quarter Financial Results

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	FY17 1Q		FY16 1Q		Change	
Revenue		1,092.8		1,106.0	-13.2	-1.2%
Operating Profit (Excludes other income/ expenses)	(6.8%)	74.6	(7.9%)	87.2	-12.6	-14.4%
Other income/expenses		-7.4		-0.5	-6.9	
Operating Profit	(6.1%)	67.2	(7.8%)	86.7	-19.5	-22.5%
Finance income/ costs & others(*1)		7.8		20.4	-12.5	
Profit before Income Taxes	(6.9%)	75.0	(9.7%)	107.0	-32.0	-29.9%
Profit (*2)	(4.2%)	46.1	(6.7%)	73.9	-27.8	-37.6%

(Unit:Millions of Units)

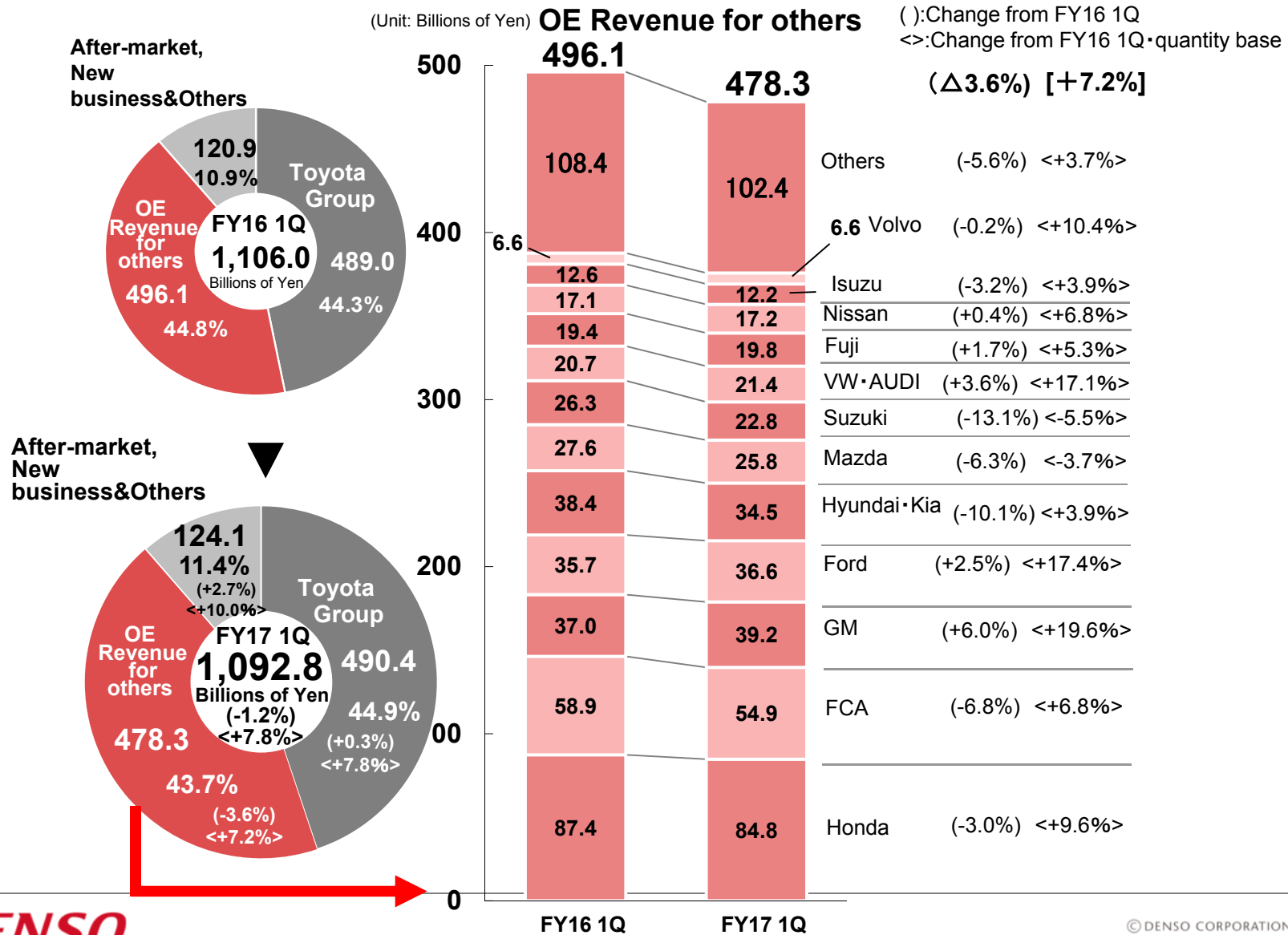
Precondition	Foreign Exchange Rate	JPY 108/\$	JPY 121/\$	-13 JPY	
		JPY 122/Euro	JPY 134/Euro	-12 JPY	
	Domestic Car Production	2.05	2.09	-0.04	-1.8%
	Overseas Car Production of Japanese Manufacturers (North America)	4.85 (1.62)	4.54 (1.61)	+0.31 (+0.01)	+6.9% (+0.7%)

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

FY2017 1st Quarter Consolidated Revenue(By Customer)

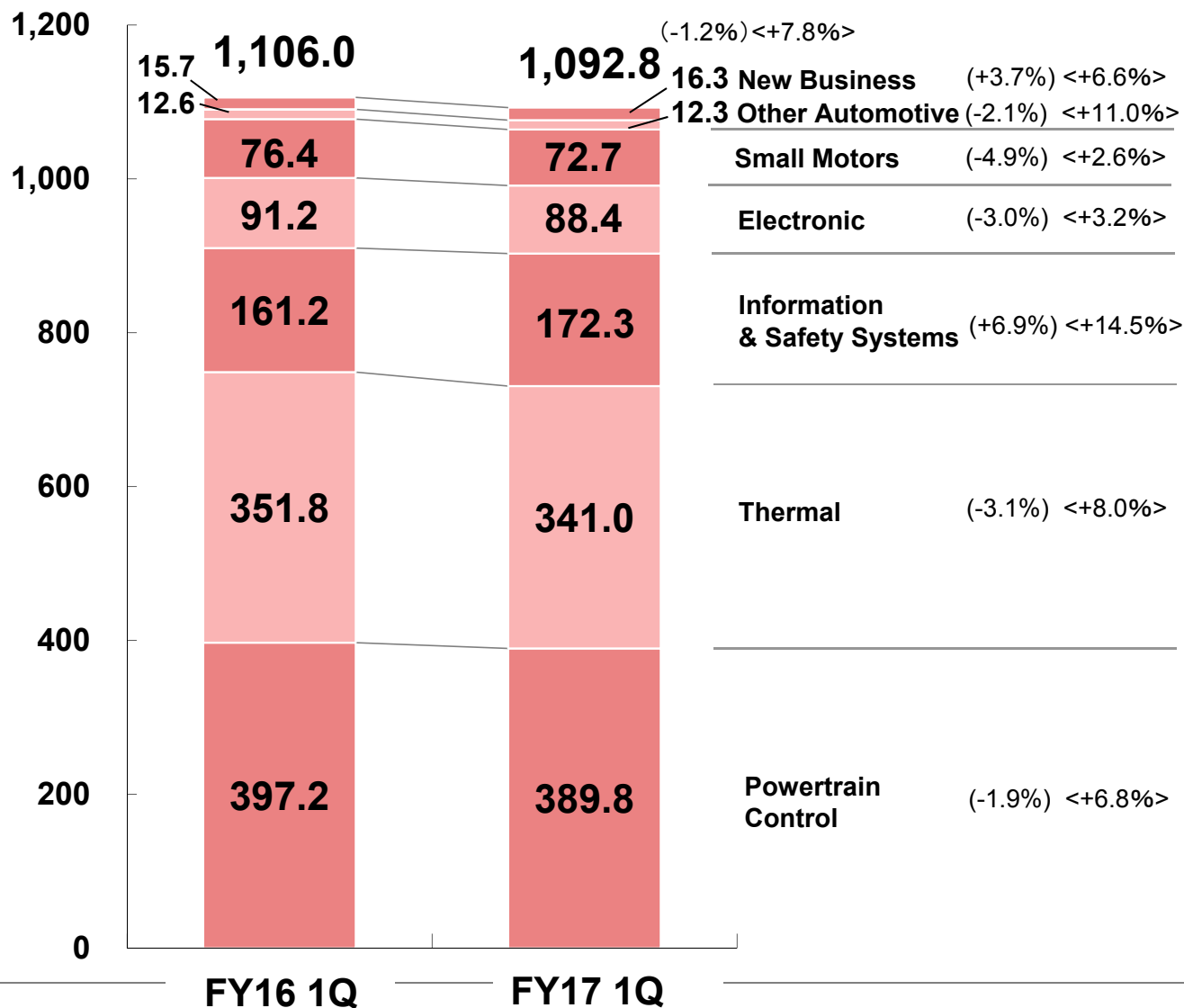
Revenue decreased due to Currency exchange losses despite increase of Vehicle production and Sales expansion in overseas market.



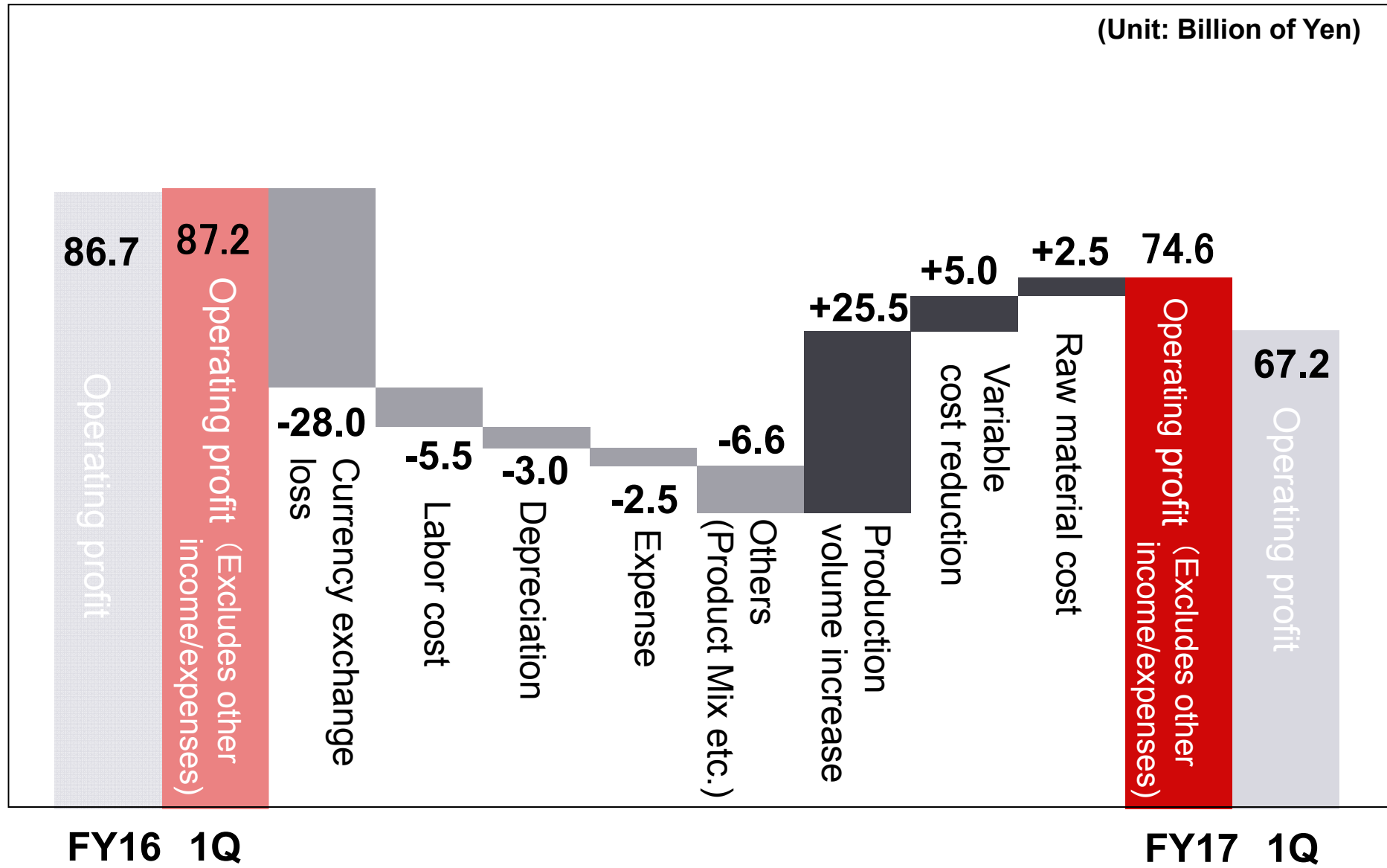
FY2017 1st Quarter Consolidated Revenue (By Product)

(Unit: Billions of Yen)

():Change from FY16 1Q
 <>:Change from FY16 1Q·quantity base



Change in 1st Quarter Operating Profit

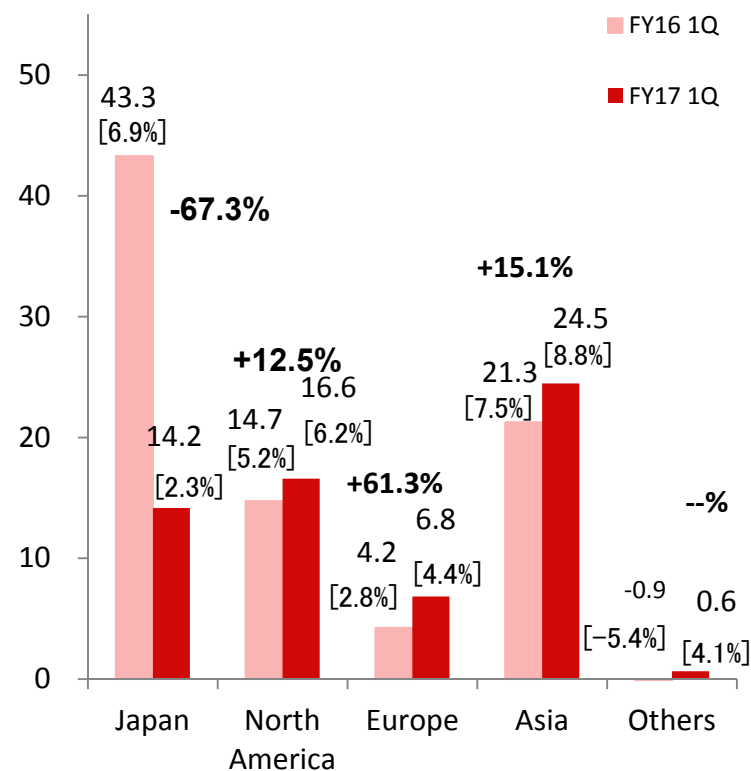
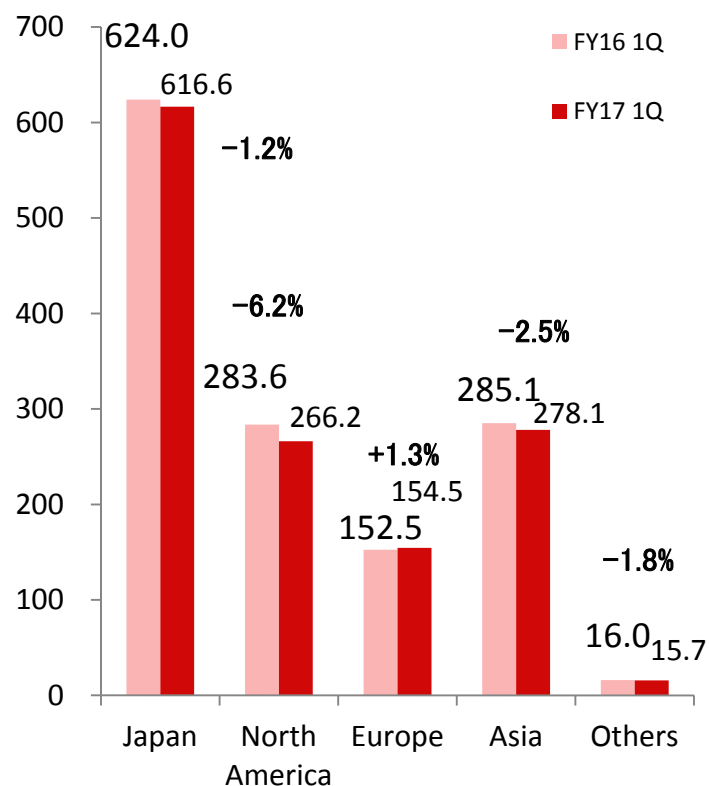


1st Quarter Geographical Segments by Company Location

Revenue

Operating Profit

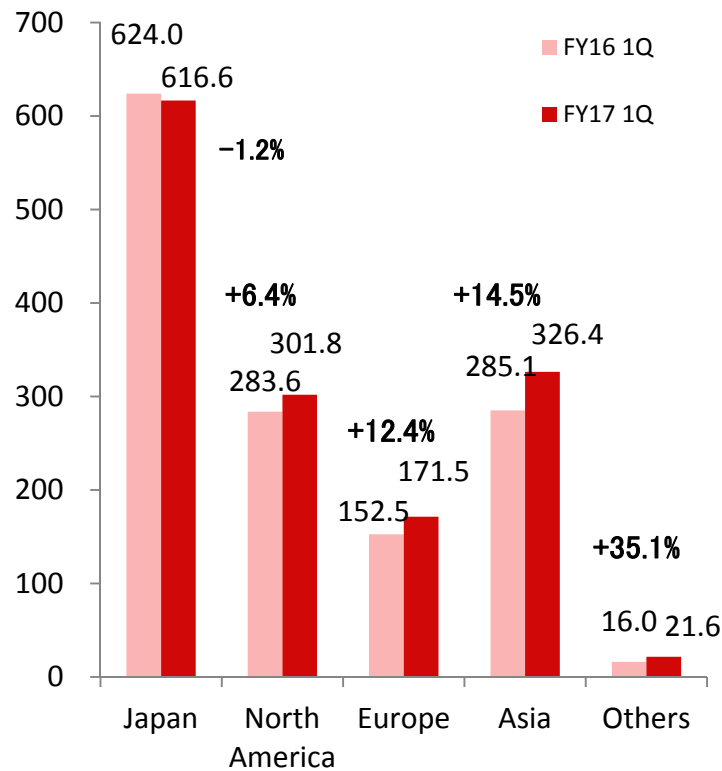
(Unit: Billions of Yen)
[]: Ratio to Revenue



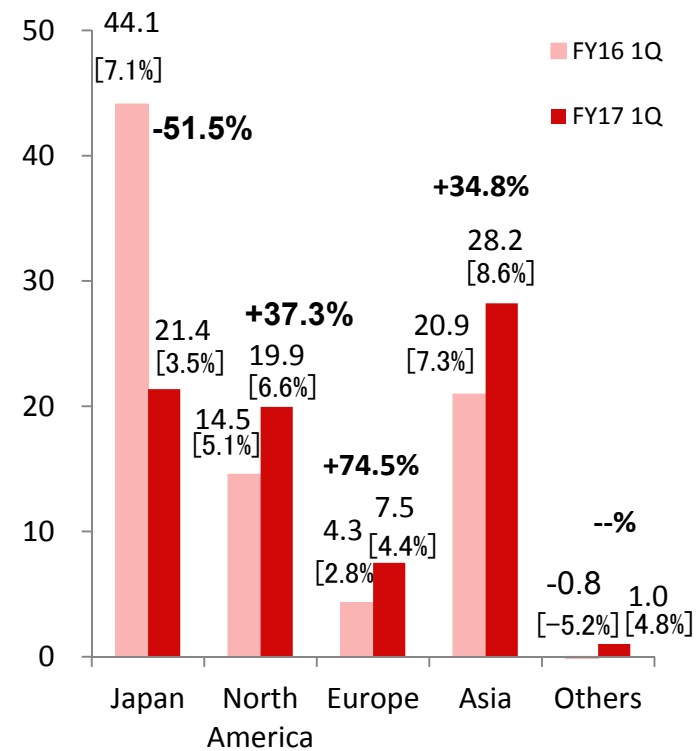
1st Quarter Geographical Segments by Company Location (Local Currency Base ,excludes other income/expenses)

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

Revenue



Operating Profit



FY2017 1st Half Financial Forecast

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	(Ratio to Revenue)			(Unit: Billions of Yen)		
	FY17 2Q YTD Original	FY17 2Q YTD Revised	FY16 2Q YTD	Change		
Revenue	2,200.0	2,170.0	2,228.5	-58.5	-2.6%	
Operating Profit (Excludes other income/ expenses)	(6.0%) 133.0	(5.8%) 125.0	(7.5%) 167.2	-42.2	-25.2%	
Other income/ expenses	0.0	2.0	△ 19.2	21.2		
Operating Profit	(6.0%) 133.0	(5.9%) 127.0	(6.6%) 148.0	-21.0	-14.2%	
Finance income/ costs & others(※1)	15.0	9.0	18.8	-9.8		
Profit before Income Taxes	(6.7%) 148.0	(6.3%) 136.0	(7.5%) 166.8	-30.8	-18.5%	
Profit (2)	(4.6%) 102.0	(4.0%) 86.0	(5.1%) 113.0	-27.0	-23.9%	

		(Unit: Millions of Units)					
Precondition	Foreign Exchange Rate	JPY 110/\$	JPY 107/\$	JPY 122/\$	-15 JPY		
		JPY 125/Euro	JPY 119/Euro	JPY 135/Euro	-17 JPY		
	Domestic Car Production	4.52	4.28	4.32	-0.03	-0.8%	
	Overseas Car Production of Japanese Manufacturers (North America)	9.53	9.71	9.27	+0.44	+4.8%	
		(3.19)	(3.15)	(3.13)	(+0.02)	(+0.7%)	

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

FY2017 Financial Forecast

	(Ratio to Revenue)				(Unit: Billions of Yen)	
	FY17 Original	FY17 Revised	FY16	Change		
Revenue	4,500.0	4,400.0	4,524.5	-124.5	-2.8%	
Operating Profit (Excludes other income/ expenses)	(7.0%) 313.0	(6.4%) 282.0	(8.1%) 365.2	-83.2	-22.8%	
Other income/ expenses	0.0	2.0	△ 49.5	51.5		
Operating Profit	(7.0%) 313.0	(6.5%) 284.0	(7.0%) 315.7	-31.7	-10.0%	
Finance income/ costs & others(※1)	29.0	26.0	31.6	-5.6		
Profit before Income Taxes	(7.6%) 342.0	(7.0%) 310.0	(7.7%) 347.3	-37.3	-10.7%	
Profit (2)	(5.2%) 235.0	(4.6%) 203.0	(5.4%) 244.3	-41.3	-16.9%	

		(Unit:Millions of Units)					
Precondition	Foreign Exchange Rate	JPY 110/\$	JPY 106/\$	JPY 120/\$	-14 JPY		
		JPY 125/Euro	JPY 117/Euro	JPY 133/Euro	-16 JPY		
	Domestic Car Production	9.38	9.14	8.93	+0.21	+2.4%	
	Overseas Car Production of Japanese Manufacturers (North America)	19.49	19.67	18.75	+0.92	+4.9%	
		(6.48)	(6.45)	(6.26)	(+0.19)	(+3.0%)	

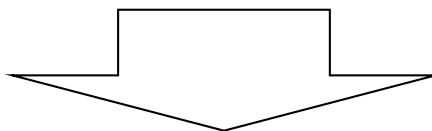
1 Finance income, Finance costs, Foreign exchange gains/loss, Share of the profit of associates accounted for using the equity method

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. Improvement of 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 own shares while paying attention to the status of funds and market condition.



A resolution was adopted at the board of directors meeting held today, July 29th, to **acquire own shares**.

- Purpose of the stock purchase:
To increase returns to shareholders and improve capital efficiency.
- Total number of shares to be purchased:
Up to 8 million shares or 30,000 million yen

- Resolution was adopted to cancel 90 million of its own shares.



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Appendix

- 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

Income Statements(Japanese accounting standards)

Account	(Ratio to Sales)				(Unit: Billions of Yen,%)	
	FY17 1Q		FY16 1Q		Change	
					Amount	%
Net Sales	(100.0)	5,684.0	(100.0)	5,725.0	-41.0	-0.7
Operating Income	(1.6)	90.0	(6.3)	359.0	-269.0	-75.0
Income Before Income Taxes	(6.7)	380.0	(11.9)	683.0	-302.0	-44.3
Net Income	(5.6)	321.0	(9.9)	565.0	-244.0	-43.2

Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2017 Full Year														
		FY2017 First-Half							FY2017 Second-Half							
		1Q														
		Prior Year	Actual	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change
Foreign Exchange Rate (Yen)	USD	121	108	- 13	122	110	107	- 15	118	110	105	- 13	120	110	106	- 14
	EUR	134	122	- 12	135	125	119	- 17	130	125	115	- 15	133	125	117	- 16
Forex Impact on Operating Income per Yen (Billions of Yen)	USD												2.0	2.0	2.5	-0.5
	EUR												0.7	0.7	1.0	+ 0.3
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	2.09	2.05	- 2%	4.32	4.52	4.28	- 1%	4.61	4.86	4.86	+ 5%	8.93	9.38	9.14	+ 2%
	North America	1.61	1.62	+ 1%	3.13	3.19	3.15	+ 1%	3.13	3.30	3.30	+ 5%	6.26	6.48	6.45	+ 3%
	Overseas	4.54	4.85	+ 7%	9.27	9.53	9.71	+ 5%	9.48	9.96	9.96	+ 5%	18.75	19.49	19.67	+ 5%

Consolidated Revenue (By Customer)

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(Unit: Billions of Yen, %)

	FY2017		FY2016		Change		Change quantity base	
	Ended Jun. 30, 2016		Ended Jun. 30, 2015		Amount	%	Amount	%
	Amount	% to Total	Amount	% to Total				
Toyota	457.7	41.9	454.4	41.1	3.3	0.7	38.5	8.5
Daihatsu	20.4	1.9	21.7	2.0	-1.3	-6.1	0.1	0.3
Hino	12.3	1.1	12.9	1.2	-0.6	-4.5	-0.5	-3.7
Toyota Group	490.4	44.9	489.0	44.3	1.4	0.3	38.1	7.8
Honda	84.8	7.8	87.4	7.9	-2.6	-3.0	8.4	9.6
FCA	54.9	5.0	58.9	5.3	-4.0	-6.8	4.0	6.8
GM	39.2	3.6	37.0	3.3	2.2	6.0	7.2	19.6
Ford	36.6	3.3	35.7	3.2	0.9	2.5	6.2	17.4
Hyundai/Kia	34.5	3.1	38.4	3.5	-3.9	-10.1	1.5	3.9
Mazda	25.8	2.3	27.6	2.5	-1.7	-6.3	-1.0	-3.7
Suzuki	22.8	2.1	26.3	2.4	-3.4	-13.1	-1.4	-5.5
VW/AUDI	21.4	2.0	20.7	1.9	0.7	3.6	3.5	17.1
Fuji	19.8	1.8	19.4	1.8	0.3	1.7	1.0	5.3
Nissan	17.2	1.6	17.1	1.5	0.1	0.4	1.2	6.8
Isuzu	12.2	1.1	12.6	1.1	-0.4	-3.2	0.5	3.9
BMW	11.7	1.1	10.8	1.0	1.0	9.1	2.2	20.3
Mitsubishi	11.0	1.0	11.3	1.0	-0.3	-3.0	1.0	8.5
Benz	8.9	0.8	9.1	0.8	-0.2	-2.4	0.7	7.5
PSA	7.1	0.6	6.6	0.6	0.5	7.6	1.3	19.8
Volvo	6.6	0.6	6.6	0.6	-0.0	-0.2	0.7	10.4
Jaguar/Land Rover	4.0	0.4	5.2	0.5	-1.2	-23.0	-0.9	-17.2
OE Sales for others	59.7	5.5	65.5	5.9	-5.8	-8.8	-0.2	-0.3
OEM Total	968.7	88.6	985.1	89.1	-16.5	-1.7	73.9	7.5
After-market, New business & Others(*)	124.1	11.4	120.9	10.9	3.2	2.7	12.0	10.0
Total	1,092.8	100.0	1,106.0	100.0	-13.2	-1.2	86.0	7.8

Consolidated Revenue (By Product)

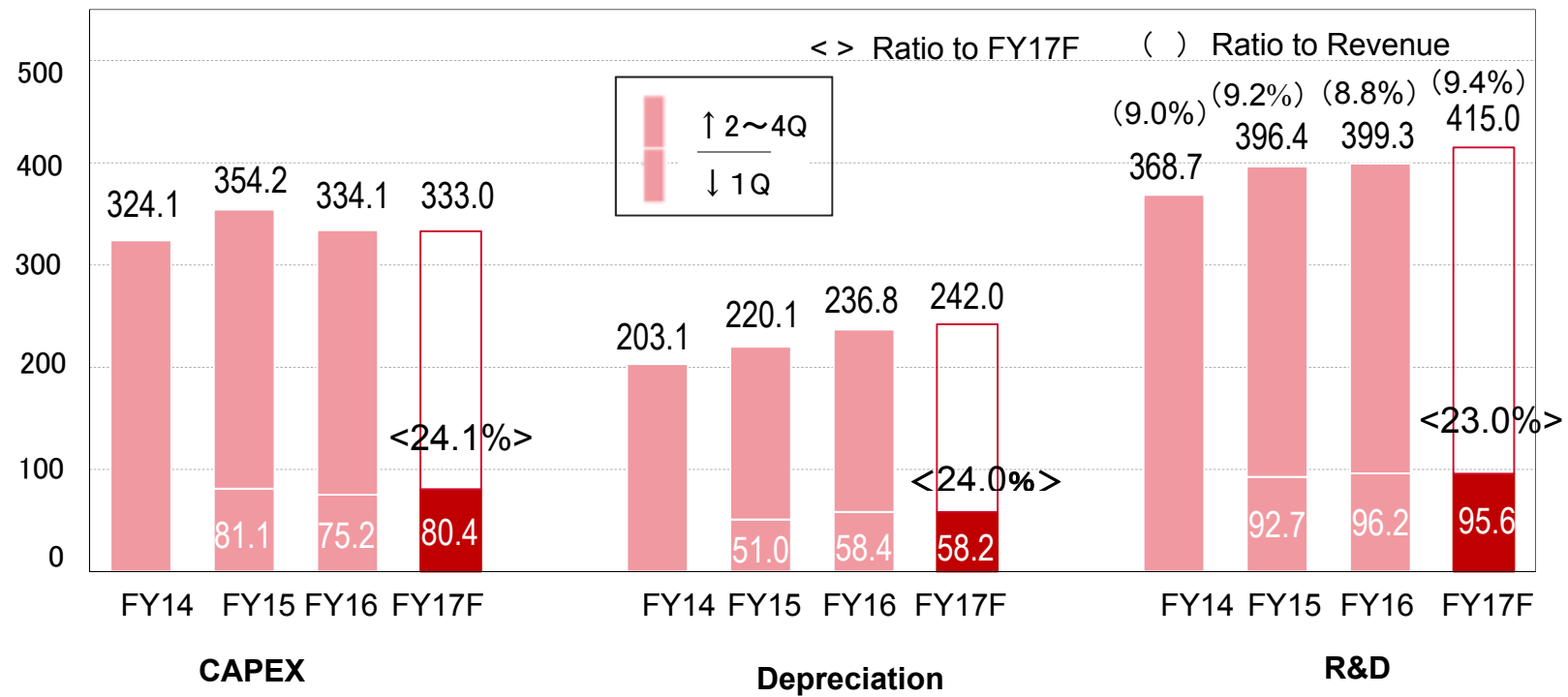
(Unit: Billions of Yen,%)

	FY2017		FY2016		Change		Change quantity base	
	Ended Jun. 30, 2016		Ended Jun. 30, 2015		Amount	%	Amount	%
	Amount	% to Total	Amount	% to Total				
Powertrain Control	389.8	35.7	397.2	35.9	-7.4	-1.9	27.1	6.8
Thermal	341.0	31.2	351.8	31.8	-10.8	-3.1	28.2	8.0
Information & Safety Systems	172.3	15.8	161.2	14.6	11.1	6.9	23.4	14.5
Electronic	88.4	8.1	91.2	8.3	-2.8	-3.0	3.0	3.2
Small Motors	72.7	6.6	76.4	6.9	-3.7	-4.9	2.0	2.6
Others(*)	12.3	1.1	12.6	1.1	-0.3	-2.1	1.4	11.0
Automotive Total	1,076.5	98.5	1,090.3	98.6	-13.8	-1.3	85.1	7.8
New Business Total	16.3	1.5	15.7	1.4	0.6	3.7	1.0	6.6
Total	1,092.8	100.0	1,106.0	100.0	-13.2	-1.2	86.1	7.8

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

Trend of Capital Expenditures, Depreciation and R&D Expenditures

[Bil. Yen]



Capital Expenditures, Depreciation and R&D Expenditures

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(Unit: Billions of Yen)

	FY16		FY17 Forecast		1Q YTD Change from PY	Progress to FY17 Forecast
	1Q		1Q			
Japan	38.9	191.0	52.3	200.5	34.4%	26.1%
North America	12.2	45.6	12.3	41.8	0.8%	29.4%
Europe	5.8	30.9	4.6	29.3	-20.7%	15.7%
Asia & Oceania	18.0	64.9	10.7	60.0	-40.6%	17.8%
Others	0.3	1.7	0.5	1.4	66.7%	35.7%
Capital Exp.	75.2	334.1	80.4	333.0	6.9%	24.1%
Japan	33.0	134.6	33.7	143.0	2.1%	23.6%
North America	6.8	28.0	6.5	28.4	-4.4%	22.9%
Europe	4.7	19.1	4.7	18.4	0.0%	25.5%
Asia & Oceania	13.0	52.0	12.6	50.4	-3.1%	25.0%
Others	0.9	3.1	0.7	1.8	-22.2%	38.9%
Depreciation	58.4	236.8	58.2	242.0	-0.3%	24.0%
R&D Expenditure (Ratio to Sales)	96.2 (8.7%)	399.3 (8.8%)	95.6 (8.7%)	415.0 (9.4%)	-0.6%	23.0%