

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2020
<under IFRS>

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Scheduled date of the general meeting of shareholders : June 19, 2020

Scheduled date of commencement of dividend payment : May 26, 2020

(URL <https://www.denso.com/global/en/>)

DATE: April 30, 2020

DENSO CORPORATION

CODE: 6902

Listed on the Tokyo and
 Nagoya Stock Exchanges

(Millions of yen, except per share figures)

1. Consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the year	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	5,153,476	(3.9)	61,078	(80.7)	89,631	(74.8)	84,622	(69.7)
March 31, 2019	5,362,772	5.0	316,196	(23.4)	356,031	(20.9)	279,609	(18.6)

	Profit attributable to owners of the parent company		Comprehensive income for the year		Basic earnings per share	Diluted earnings per share
Year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2020	68,099	(73.2)	(84,407)	—	87.89	—
March 31, 2019	254,524	(20.6)	144,565	(66.8)	326.47	—

	Ratio of profit to equity attributable to owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
Year ended	%	%	%
March 31, 2020	1.9	1.6	1.2
March 31, 2019	7.1	6.2	5.9

Reference: Share of the profit of associates and joint ventures accounted for using the equity method:

Fiscal year ended March 31, 2020: ¥5,454 million; Fiscal year ended March 31, 2019: ¥7,599 million

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets	Equity attributable to owners of the parent company per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2020	5,651,801	3,558,869	3,397,136	60.1	4,384.14
March 31, 2019	5,792,414	3,770,366	3,595,694	62.1	4,640.36

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2020	595,320	(447,390)	(240,948)	597,816
March 31, 2019	533,487	(514,700)	(92,240)	711,638

2. Cash dividends

	Annual dividends per share					Total amount of dividends (total)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent company (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	—	70.00	—	70.00	140.00	108,907	42.9	3.0
Year ended March 31, 2020	—	70.00	—	70.00	140.00	108,486	159.3	3.1
Year ending March 31, 2021 (Forecast)	—	—	—	—	—		—	

Reference: The forecast of cash dividends for the fiscal year ending March 31, 2021 have yet to be determined at this point.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

The forecast of consolidated earnings for the fiscal year ending March 31, 2021 have yet to be determined at this point, because of the effect of the spread of the novel coronavirus. We will carefully assess the impact and announce it promptly when we can disclose reasonable forecast.

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020
Assets		
Current assets		
Cash and cash equivalents	711,638	597,816
Trade and other receivables	1,009,049	885,461
Inventories	612,539	651,670
Other financial assets	182,921	121,177
Other current assets	96,163	90,194
Total current assets	2,612,310	2,346,318
Non-current assets		
Property, plant and equipment	1,689,949	1,758,233
Right-of-use assets	—	47,254
Intangible assets	86,292	96,388
Other financial assets	1,200,258	1,121,066
Investments accounted for using the equity method	106,138	104,590
Retirement benefit assets	38,324	38,298
Deferred tax assets	29,774	117,856
Other non-current assets	29,369	21,798
Total non-current assets	3,180,104	3,305,483
Total assets	5,792,414	5,651,801

(Unit: Millions of yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020
Liabilities and equity		
Current liabilities		
Bonds and borrowings	144,038	112,402
Trade and other payables	939,550	891,949
Other financial liabilities	26,263	53,436
Income tax payables	26,474	22,839
Provisions	87,959	269,733
Other current liabilities	69,663	72,708
Total current liabilities	1,293,947	1,423,067
Non-current liabilities		
Bonds and borrowings	406,160	352,970
Other financial liabilities	8,595	34,166
Retirement benefit liabilities	250,634	253,198
Provisions	1,198	4,429
Deferred tax liabilities	42,352	13,469
Other non-current liabilities	19,162	11,633
Total non-current liabilities	728,101	669,865
Total liabilities	2,022,048	2,092,932
Equity		
Capital stock	187,457	187,457
Capital surplus	268,776	272,375
Treasury stock	(56,803)	(56,815)
Other components of equity	401,582	226,653
Retained earnings	2,794,682	2,767,466
Equity attributable to owners of the parent company	3,595,694	3,397,136
Non-controlling interests	174,672	161,733
Total equity	3,770,366	3,558,869
Total liabilities and equity	5,792,414	5,651,801

Consolidated Statement of Income

(Unit: Millions of yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Revenue	5,362,772	5,153,476
Cost of revenue	(4,531,872)	(4,423,876)
Gross profit	830,900	729,600
Selling, general and administrative expenses	(513,323)	(668,509)
Other income	23,556	21,981
Other expenses	(24,937)	(21,994)
Operating profit	316,196	61,078
Finance income	48,629	47,250
Finance costs	(12,007)	(9,621)
Foreign exchange losses	(4,386)	(14,530)
Share of the profit of associates and joint ventures accounted for using the equity method	7,599	5,454
Profit before income taxes	356,031	89,631
Income tax expenses	(76,422)	(5,009)
Profit for the year	279,609	84,622
Attributable to:		
Owners of the parent company	254,524	68,099
Non-controlling interests	25,085	16,523

(Unit: Yen)

Earnings per share		
Basic	326.47	87.89
Diluted	—	—

Consolidated Statement of Other Comprehensive Income

(Unit: Millions of yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Profit for the year	279,609	84,622
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value loss on equity instruments designated as FVTOCI	(116,822)	(91,690)
Remeasurements of defined benefit pension plans	(12,565)	436
Share of other comprehensive income of investments accounted for using the equity method	(11)	(34)
Total	(129,398)	(91,288)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(5,853)	(76,037)
Cash flow hedges	(23)	(141)
Share of other comprehensive income of investments accounted for using the equity method	230	(1,563)
Total	(5,646)	(77,741)
Total other comprehensive income	(135,044)	(169,029)
Comprehensive income for the year	144,565	(84,407)
Attributable to:		
Owners of the parent company	118,875	(91,936)
Non-controlling interests	25,690	7,529

Consolidated Statement of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to owners of the parent company				
	Capital stock	Capital surplus	Treasury stock	Other components of equity	
				Net fair value gain on equity instruments designated as FVTOCI	Remeasurements of defined benefit pension plans
As of April 1, 2018	187,457	265,985	(57,677)	499,730	—
Profit for the year	—	—	—	—	—
Other comprehensive income	—	—	—	(116,845)	(13,011)
Comprehensive income for the year	—	—	—	(116,845)	(13,011)
Acquisition of treasury stock	—	—	(28,447)	—	—
Disposal of treasury stock	—	2,067	4,648	—	—
Retirement of treasury stock	—	(4,125)	24,673	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	4,849	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(4,198)	13,011
Transfer from retained earnings to capital surplus	—	—	—	—	—
Other	—	—	—	—	—
Total transactions with the owners	—	2,791	874	(4,198)	13,011
As of March 31, 2019	187,457	268,776	(56,803)	378,687	—

As of April 1, 2019	187,457	268,776	(56,803)	378,687	—
Profit for the year	—	—	—	—	—
Other comprehensive income	—	—	—	(91,768)	1,551
Comprehensive income for the year	—	—	—	(91,768)	1,551
Acquisition of treasury stock	—	—	(13)	—	—
Disposal of treasury stock	—	(1)	1	—	—
Retirement of treasury stock	—	—	—	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	3,599	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(13,343)	(1,551)
Transfer from retained earnings to capital surplus	—	1	—	—	—
Other	—	—	—	—	—
Total transactions with the owners	—	3,599	(12)	(13,343)	(1,551)
As of March 31, 2020	187,457	272,375	(56,815)	273,576	—

(Unit: Millions of yen)

	Equity attributable to owners of the parent company					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Exchange differences on translating foreign operations	Cash flow hedges	Total				
As of April 1, 2018	28,534	154	528,418	2,674,138	3,598,321	175,972	3,774,293
Profit for the year	—	—	—	254,524	254,524	25,085	279,609
Other comprehensive income	(5,770)	(23)	(135,649)	—	(135,649)	605	(135,044)
Comprehensive income for the year	(5,770)	(23)	(135,649)	254,524	118,875	25,690	144,565
Acquisition of treasury stock	—	—	—	—	(28,447)	—	(28,447)
Disposal of treasury stock	—	—	—	—	6,715	—	6,715
Retirement of treasury stock	—	—	—	(20,548)	—	—	—
Dividends	—	—	—	(105,348)	(105,348)	(15,119)	(120,467)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	4,849	(11,859)	(7,010)
Changes from business combination	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	8,813	(8,813)	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—
Other	—	—	—	729	729	(12)	717
Total transactions with the owners	—	—	8,813	(133,980)	(121,502)	(26,990)	(148,492)
As of March 31, 2019	22,764	131	401,582	2,794,682	3,595,694	174,672	3,770,366

As of April 1, 2019	22,764	131	401,582	2,794,682	3,595,694	174,672	3,770,366
Profit for the year	—	—	—	68,099	68,099	16,523	84,622
Other comprehensive income	(69,677)	(141)	(160,035)	—	(160,035)	(8,994)	(169,029)
Comprehensive income for the year	(69,677)	(141)	(160,035)	68,099	(91,936)	7,529	(84,407)
Acquisition of treasury stock	—	—	—	—	(13)	—	(13)
Disposal of treasury stock	—	—	—	—	0	—	0
Retirement of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	(108,486)	(108,486)	(15,592)	(124,078)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	3,599	(4,953)	(1,354)
Changes from business combination	—	—	—	—	—	28	28
Transfer to retained earnings	—	—	(14,894)	14,894	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	(1)	—	—	—
Other	—	—	—	(1,722)	(1,722)	49	(1,673)
Total transactions with the owners	—	—	(14,894)	(95,315)	(106,622)	(20,468)	(127,090)
As of March 31, 2020	(46,913)	(10)	226,653	2,767,466	3,397,136	161,733	3,558,869

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Cash flows from operating activities		
Profit before income taxes	356,031	89,631
Depreciation	287,317	312,888
Impairment losses	6,654	255
Increase in retirement benefit liabilities	435	1,593
Decrease in retirement benefit assets	3,373	3,994
Interest and dividend income	(46,709)	(45,139)
Interest expenses	9,223	7,324
Foreign exchange (gains) losses	(2,151)	5,933
Share of the profit of associates and joint ventures accounted for using the equity method	(7,599)	(5,454)
Losses on sales or disposal of property, plant and equipment	4,526	6,219
(Increase) Decrease in trade receivables	(14,660)	99,961
Increase in inventories	(47,384)	(57,299)
Increase (Decrease) in trade payables	14,464	(17,156)
Increase in provisions	17,872	187,575
Other	37,268	42,806
Subtotal	618,660	633,131
Interest received	12,535	13,588
Dividends received	37,020	35,679
Interest paid	(8,944)	(7,557)
Income taxes paid	(125,784)	(79,521)
Net cash provided by operating activities	533,487	595,320
Cash flows from investing activities		
(Increase) Decrease in time deposits	(31,316)	50,764
Purchases of property, plant and equipment	(410,241)	(424,510)
Proceeds from sales of property, plant and equipment	11,260	9,744
Purchases of intangible assets	(37,265)	(42,121)
Purchases of equity instruments	(56,075)	(51,350)
Purchases of debt instruments	(14,240)	(30,342)
Proceeds from sales and redemption of equity instruments	3,417	24,473
Proceeds from sales and redemption of debt instruments	24,834	4,543
(Decrease) Increase from acquisition of control over subsidiaries	(8,141)	142
Other	3,067	11,267
Net cash used in investing activities	(514,700)	(447,390)
Cash flows from financing activities		
Net Increase in short-term borrowings	3,082	18,061
Proceeds from borrowings	146,225	20,335
Repayments of long-term borrowings	(134,324)	(115,263)
Repayments of lease liabilities	(13,209)	(24,545)
Issuance of bonds	90,000	—
Redemption of bonds	(30,000)	(20,000)
Dividends paid	(105,348)	(108,486)
Dividends paid to non-controlling interests	(15,119)	(15,592)
Purchase of treasury stock	(28,447)	(13)
Other	(5,100)	4,555
Net cash used in financing activities	(92,240)	(240,948)
Foreign currency translation adjustments on cash and cash equivalents	1,753	(20,804)
Net decrease in cash and cash equivalents	(71,700)	(113,822)
Cash and cash equivalents at beginning of year	783,338	711,638
Cash and cash equivalents at end of year	711,638	597,816

Segment information

For the year ended March 31, 2019

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	2,284,190	1,182,012	609,417	1,215,115	5,290,734	72,038	—	5,362,772	
Intersegment	981,828	30,343	43,085	201,288	1,256,544	709	(1,257,253)	—	
Total	3,266,018	1,212,355	652,502	1,416,403	6,547,278	72,747	(1,257,253)	5,362,772	
Segment profit or losses	126,027	29,616	22,827	128,440	306,910	10,316	(1,030)	316,196	
Finance income									48,629
Finance costs									(12,007)
Foreign exchange losses									(4,386)
Share of the profit of associates and joint ventures accounted for using the equity method									7,599
Profit before income taxes									356,031

(Note) "Others" is an operating segment that is not included in reportable segments, such as business activities of subsidiaries in South America.

For the year ended March 31, 2020

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	2,313,046	1,145,230	548,301	1,086,862	5,093,439	60,037	—	5,153,476	
Intersegment	950,441	31,035	34,978	191,593	1,208,047	702	(1,208,749)	—	
Total	3,263,487	1,176,265	583,279	1,278,455	6,301,486	60,739	(1,208,749)	5,153,476	
Segment profit or losses	(88,763)	23,520	14,350	103,305	52,412	9,777	(1,111)	61,078	
Finance income									47,250
Finance costs									(9,621)
Foreign exchange losses									(14,530)
Share of the profit of associates and joint ventures accounted for using the equity method									5,454
Profit before income taxes									89,631

(Note) "Others" is an operating segment that is not included in reportable segments, such as business activities of subsidiaries in South America.