



FY2006 1st Quarter Financial Results ended June 30, 2006

July 27th, 2006

DENSO CORPORATION

DENSO

Overview of FY2006 1st Quarter Financial Results

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1. Hit a Sales record high with 13.6% increase

2. Hit record high Operating Income with 16.0% increase

3. Keep original forecast for both first half and fiscal year due to the future possibility of change in currency exchange and raw materials cost

1st Quarter Financial Results

(Unit:Billions of Yen)

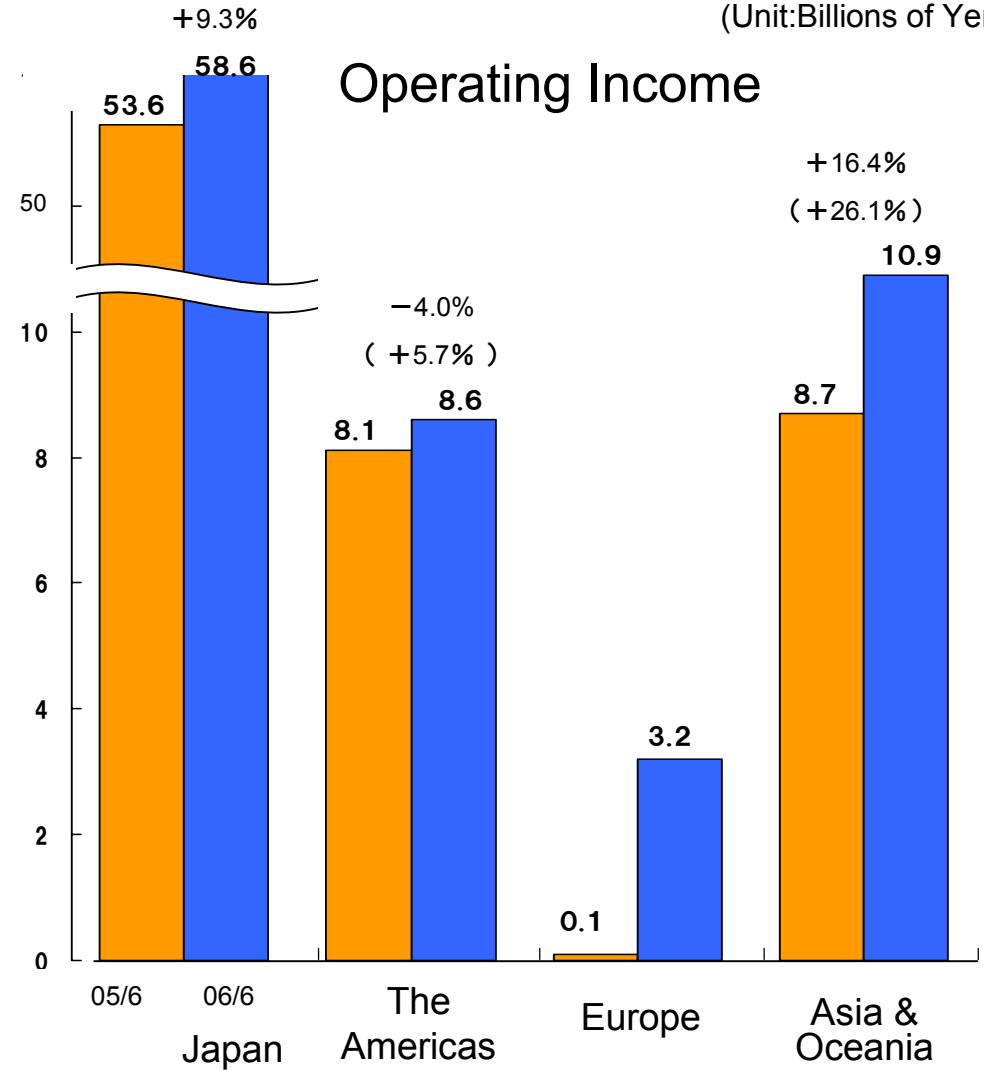
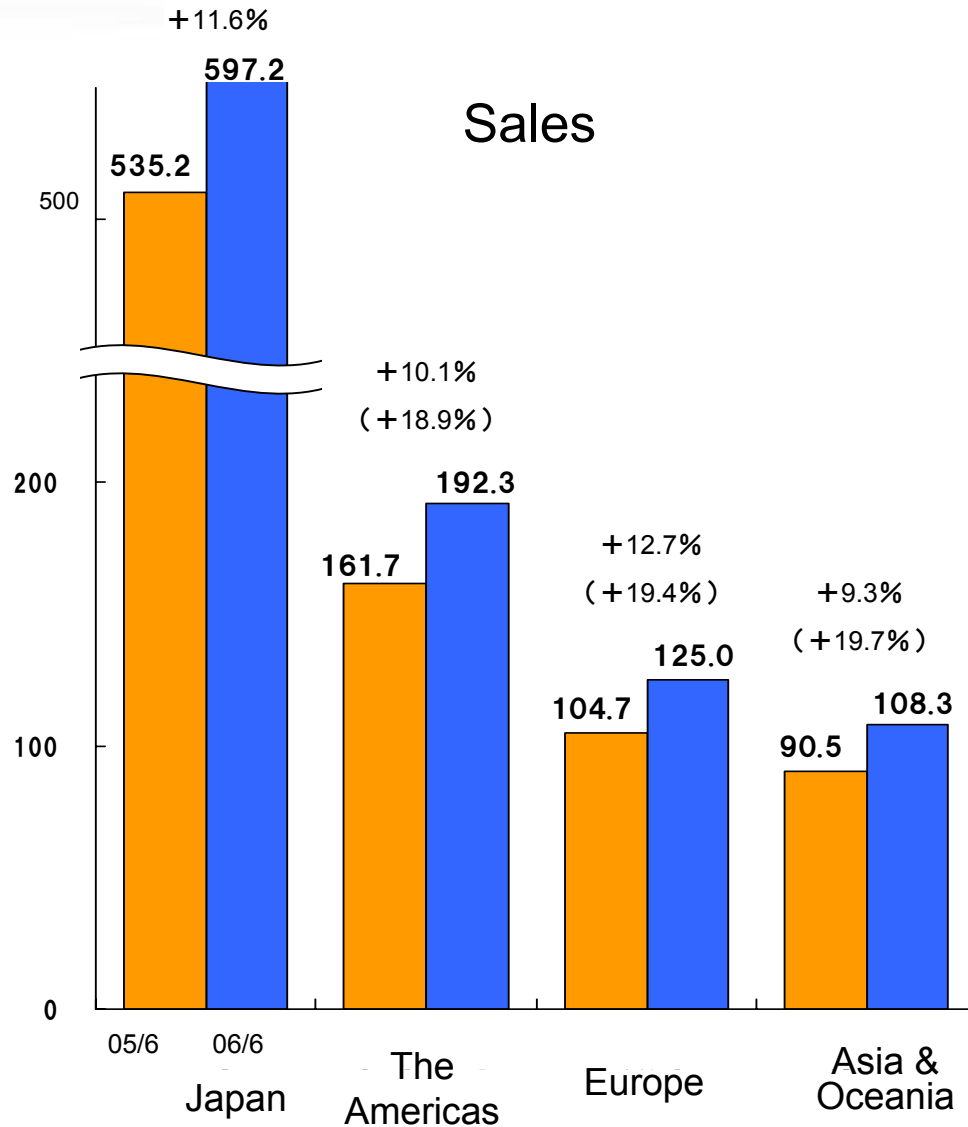
	06/6	05/6	Increase	Increase(%)
Sales	856.2	753.4	+102.8	+13.6%
Operating Income	82.5	71.2	+11.4	+16.0%
Income before Income Taxes	89.9	65.8	+24.1	+36.6%
Net Income	58.5	36.0	+22.5	+62.5%

(Unit:Millions of Units)

Foreign Exchange Rate	JPY114/\$ JPY144/Euro	JPY107/\$ JPY134/Euro	+JPY7 +JPY10	
Domestic Car Production (Toyota)	2.72 (1.00)	2.61 (0.92)	+0.11 (+0.08)	+4% (+8%)
Overseas Car Production of Japanese Manufacturers (Toyota)	2.73 (1.04)	2.72 (0.94)	+0.01 (+0.10)	+0% (+11%)

Geographical Segments by Company Location

* The growth rates are indicated in local currency.
 The growth rates in parentheses include the reflection of exchange.
 (Unit: Billions of Yen)

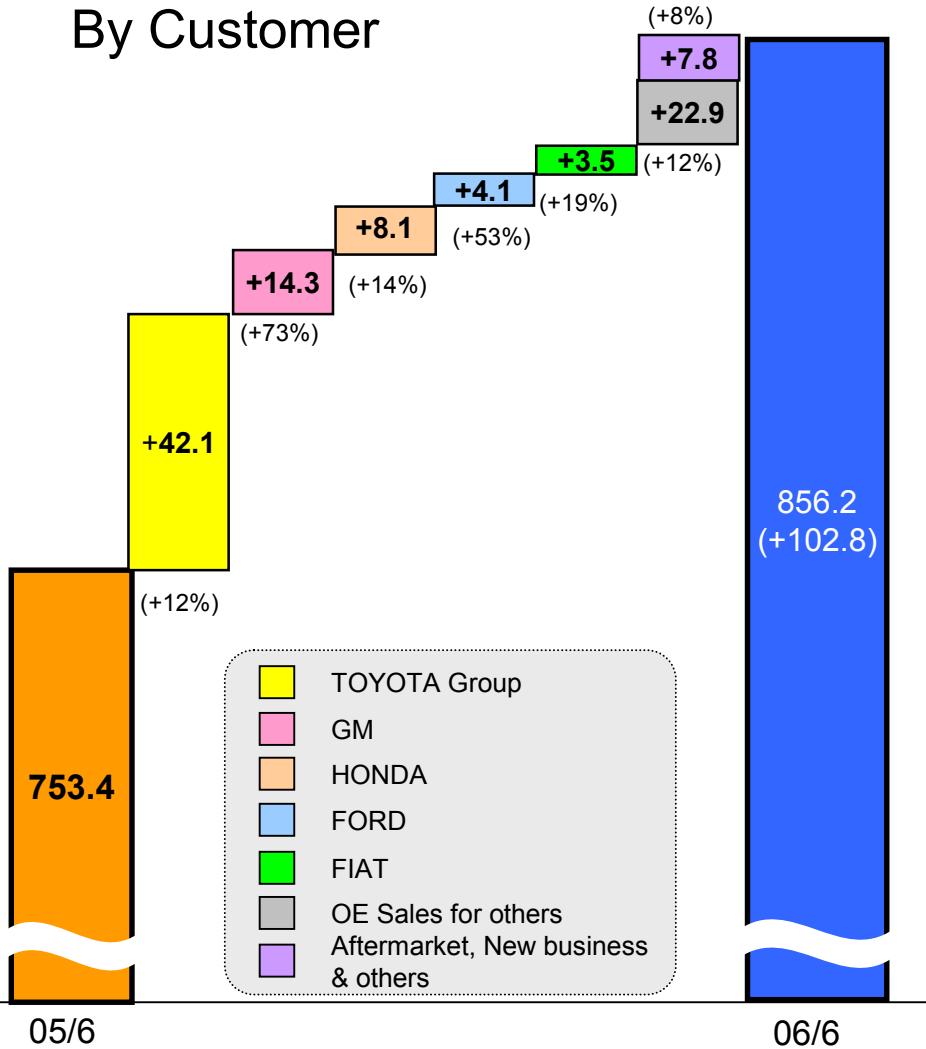


Change in Consolidated Sales (by Customer /Business Segment)

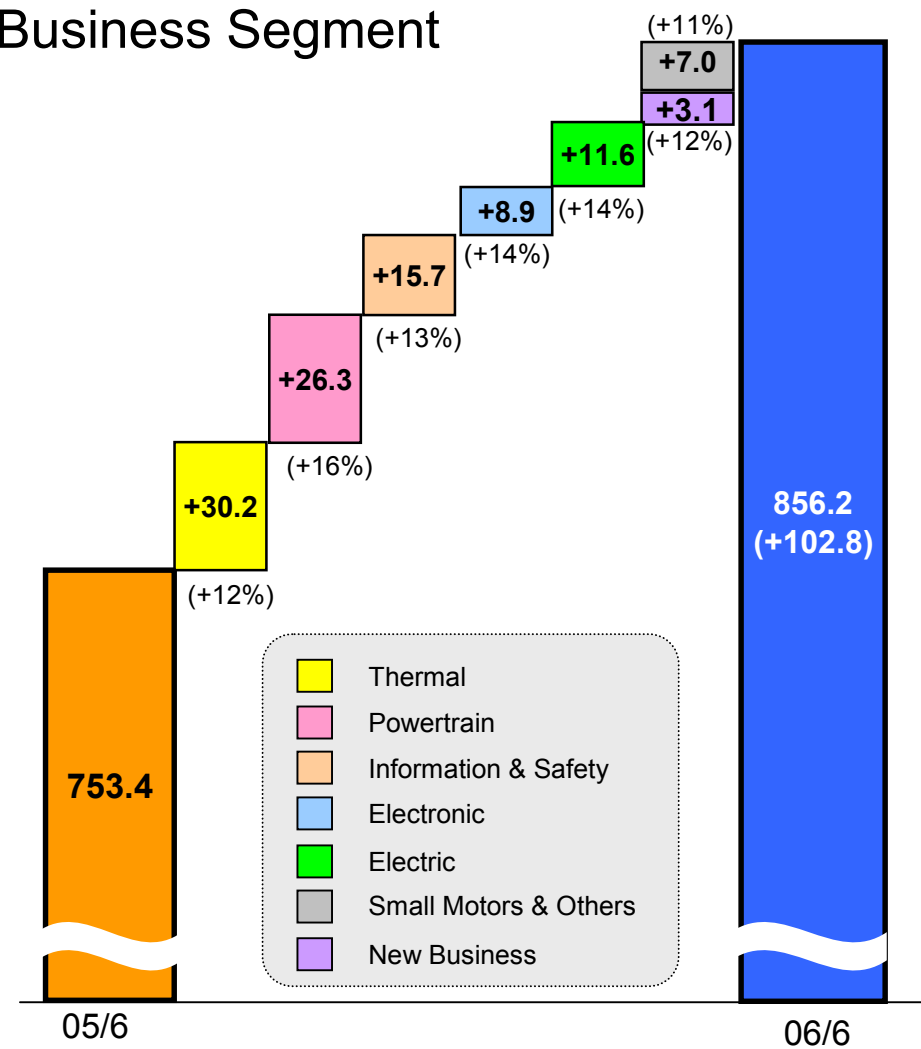
(Unit:Billions of Yen)

() :Change from previous period

By Customer



By Business Segment



Change in Income before Income Taxes (05/6-06/6)

(Unit: Billions of Yen)

+9.0 89.9

Cost Reduction

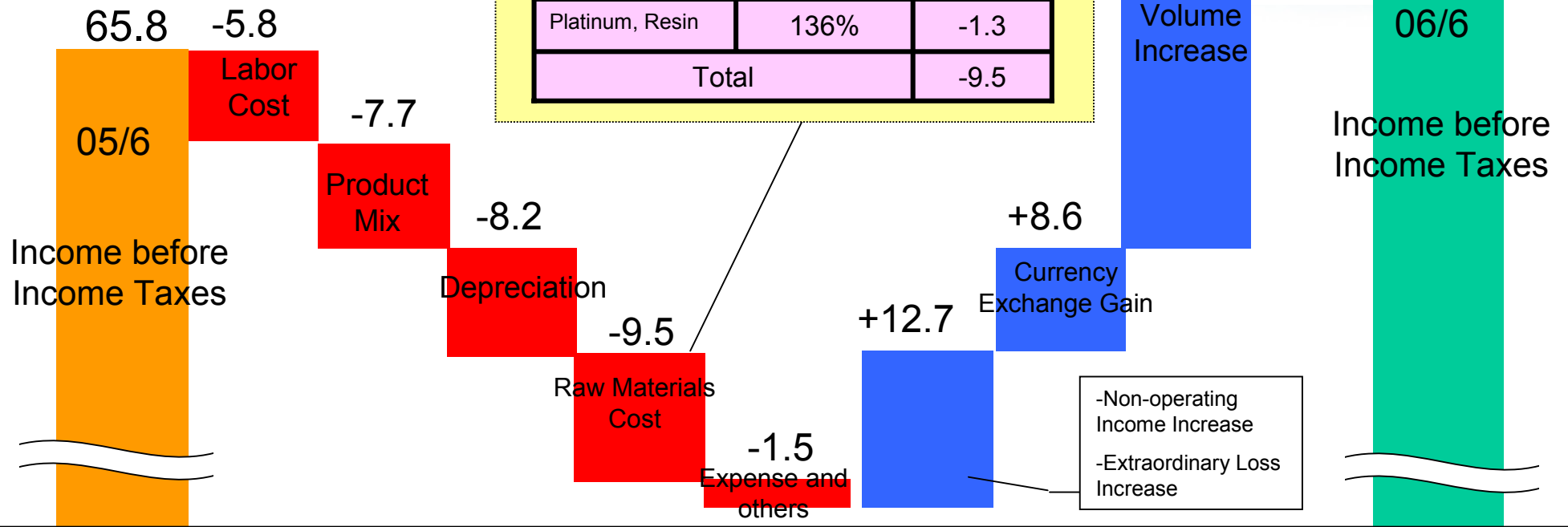
+26.5

Production Volume Increase

06/6

Income before Income Taxes

Breakdown		
	Unit Price (Change from previous period)	Impact
Copper	202%	-4.6
Aluminum	143%	-3.6
Platinum, Resin	136%	-1.3
Total		-9.5



Capital Expenditures, Depreciation and R&D

(Unit:Billions of Yen)

	06/3		07/3		06/6	
	05/6		06/6	Estimate	Rate change from previous year	Progress to 07/3 Estimate
Japan	36.9	202.0	40.7	226.5	+10.2%	18.0%
The Americas	5.7	31.6	8.9	42.0	+57.4%	21.3%
Europe	7.3	23.6	3.7	21.5	-49.7%	17.1%
Asia & Oceania	7.1	31.5	9.1	37.0	+28.6%	24.5%
Capital Exp.	57.0	288.7	62.4	327.0	+9.5%	19.1%
Japan	28.7	128.6	34.8	151.5	+21.1%	23.0%
The Americas	5.2	22.2	5.7	24.0	+9.3%	23.6%
Europe	4.5	18.3	5.0	19.5	+11.7%	25.5%
Asia & Oceania	3.5	16.1	4.7	19.5	+32.6%	23.9%
Depreciation	41.9	185.1	50.1	214.5	+19.6%	23.3%
R&D Expenditure (Ratio to Sales)	55.6 (7.4%)	256.3 (8.0%)	61.8 (7.2%)	272.0 (8.0%)	+11.1%	22.7%

FY2006 Estimate by Geographical Segments


No Change from Estimation at the Beginning of the Term

(Unit: Billions of Yen)

	06/9 Est.	05/9	Change	07/3 Est.	06/3	Change
Japan	1,172.0	1,081.2	+8.4%	2,431.0	2,289.0	+6.2%
The Americas	342.0	327.1	+4.6%	696.0	690.4	+0.8%
Europe	216.0	196.4	+10.0%	447.0	423.0	+5.7%
Asia & Oceania	215.0	183.6	+17.1%	451.0	395.1	+14.1%
Eliminations	-310.0	-281.7	-	-645.0	-609.2	-
Sales Total	1,635.0	1,506.6	+8.5%	3,380.0	3,188.3	+ 6.0%

Japan	97.0	8.3%	92.1	8.5%	+5.3%	214.0	8.8%	207.7	9.1%	+3.1%
The Americas	12.5	3.6%	11.8	3.6%	+5.6%	25.5	3.7%	21.9	3.2%	+16.6%
Europe	4.0	1.9%	-0.8	-0.4%	-	9.0	2.0%	1.6	0.4%	-
Asia & Oceania	15.0	7.0%	16.5	9.0%	-8.8%	34.5	7.6%	36.7	9.3%	-6.0%
Eliminations	-0.5	-	0.2	-	-	-1.0	-	-1.2	-	-
Operating Income Total	128.0	7.8%	119.7	7.9%	+6.9%	282.0	8.3%	266.6	8.4%	+5.8%

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2010 Long-term Plan

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2010 Long-term Plan

1. DENSO VISION 2015

2. Summary of Long-term Plan

3. Primary Tasks

4. Capital Policy

5. Goal in 2010

1. DENSO VISION 2015

DENSO VISION 2015 (announced in April 2004)

The Aim of DENSO VISION

- Contribute to the creation of an advanced automotive society
- Evolve into a truly global corporation

Goal

Bring "Consideration" and "Fulfillment" to the world

Action Principles

DENSO Spirit

Foresight

Credibility

Collaboration

2. Summary of Long-term Plan: Target in 2015

VISION 2015

Bring
“Consideration”
and “Fulfillment” to
the world

The Aim

Contribute to the creation
of an advanced
automotive society

Evolve into a truly
global corporation

Management as Global Excellent Company

- Leadership for Development of Automotive Society

DENSO continuously develops the first and best products and contributes to development of society and customers, and prosperity of industry through constant growth.

- Presence in each Region of the World

DENSO offers high-quality products to the world and realizes well-balanced profits globally.

- Reliable Corporation Policy

In addition to the economy, DENSO takes responsibility for the environment and society. Our stakeholders rely on us.

- Evolution of Worldwide Wisdom

DENSO keeps evolving with input from 100,000 people in group companies, which have local autonomy.

DENSO

2. Summary of Long-term Plan: Goal by 2010

Contributing to the creation of an advanced automotive society

Product Development

- Develop low-cost and high-functional products for unique market demands
- Offer the world-first and market-leading products in systems and components

New Business Development

- Establish aftermarket and non-automotive business to support the growth of DENSO
- Achieve success from the point of new business

Way of Manufacturing

- Achieve “zero-trouble” by quality improvement
- Realize the best QCD and an active workplace in each company of the world

2. Summary of Long-term Plan: Goal by 2010

Evolving into a truly global corporation

Business Operations

- Implement development and design in each region of the world with input from all employees
- Realize stable business against shifting exchange rates through suitable centralization and decentralization of global production

Management of DENSO Group Companies

- Implement activities with DENSO's characteristic for a world top-class CSR corporation
- Encourage autonomy of group companies through horizontal enhancement of function and addition of local viewpoint

Encourage Associates

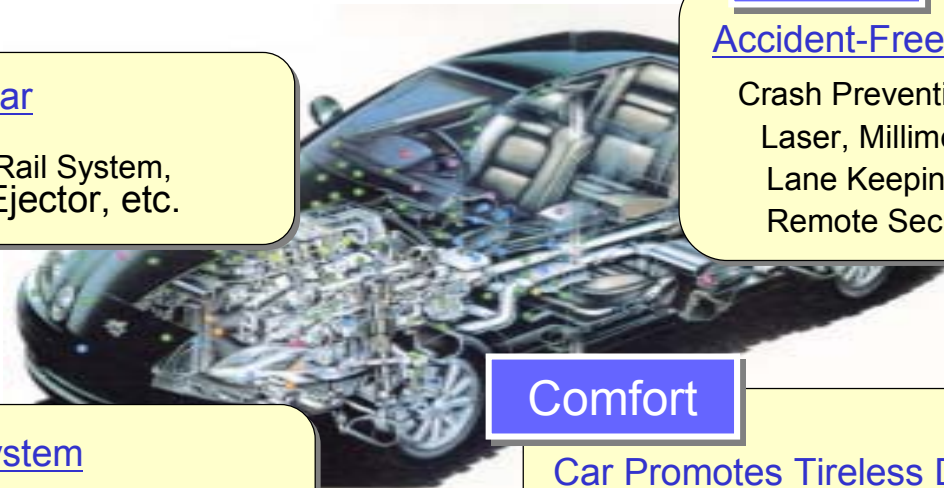
- Realize autonomous PDCA by setting DENSO's sense of value and business in each region
- Have a best workplace and atmosphere for employees to express their opinions and put their skills into practice

3. Primary Tasks

Product Development

Promote Development of Innovative Component and System in Four Important fields(Environment, Safety, Comfort, Convenience)

- Accelerate creation of world-first product with new technique and function
- Expansion of “World-Leading Product”
- > **World-first and Market-Leading products will make up two-thirds of the growth toward 2010**



Environment
Earth-friendly car
 Hybrid Vehicle, Common Rail System, CO2 Air Conditioner, Ejector, etc.

Safety
Accident-Free Car
 Crash Prevention and Avoidance
 Laser, Millimeter Wave Sensor,
 Lane Keeping, Pre-Crash,
 Remote Security

Convenience
Convenient HMI system
 Next Generation ETC, Next Generation Navigation,
 Driver Assist, etc.

Comfort
Car Promotes Tireless Driving
 Multi-climate Control, Thermal Management

HMI: Human/Machine Interface

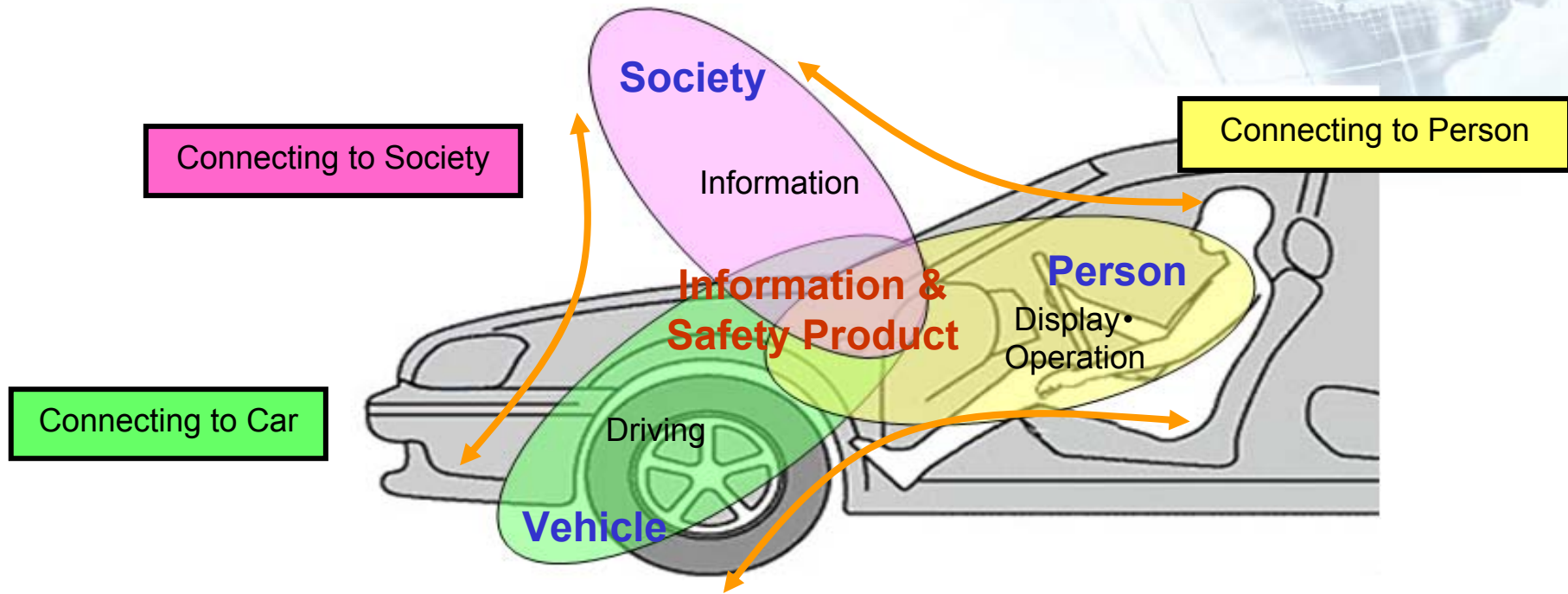


3. Primary Tasks

Product Development

Basic Ideas on Safety Field

Business group reorganization in January 2006
Integrate ITS Product Division, Body Electronics Product Division, Driving Safety Product Division as Information & Safety Business Group and strengthen system development



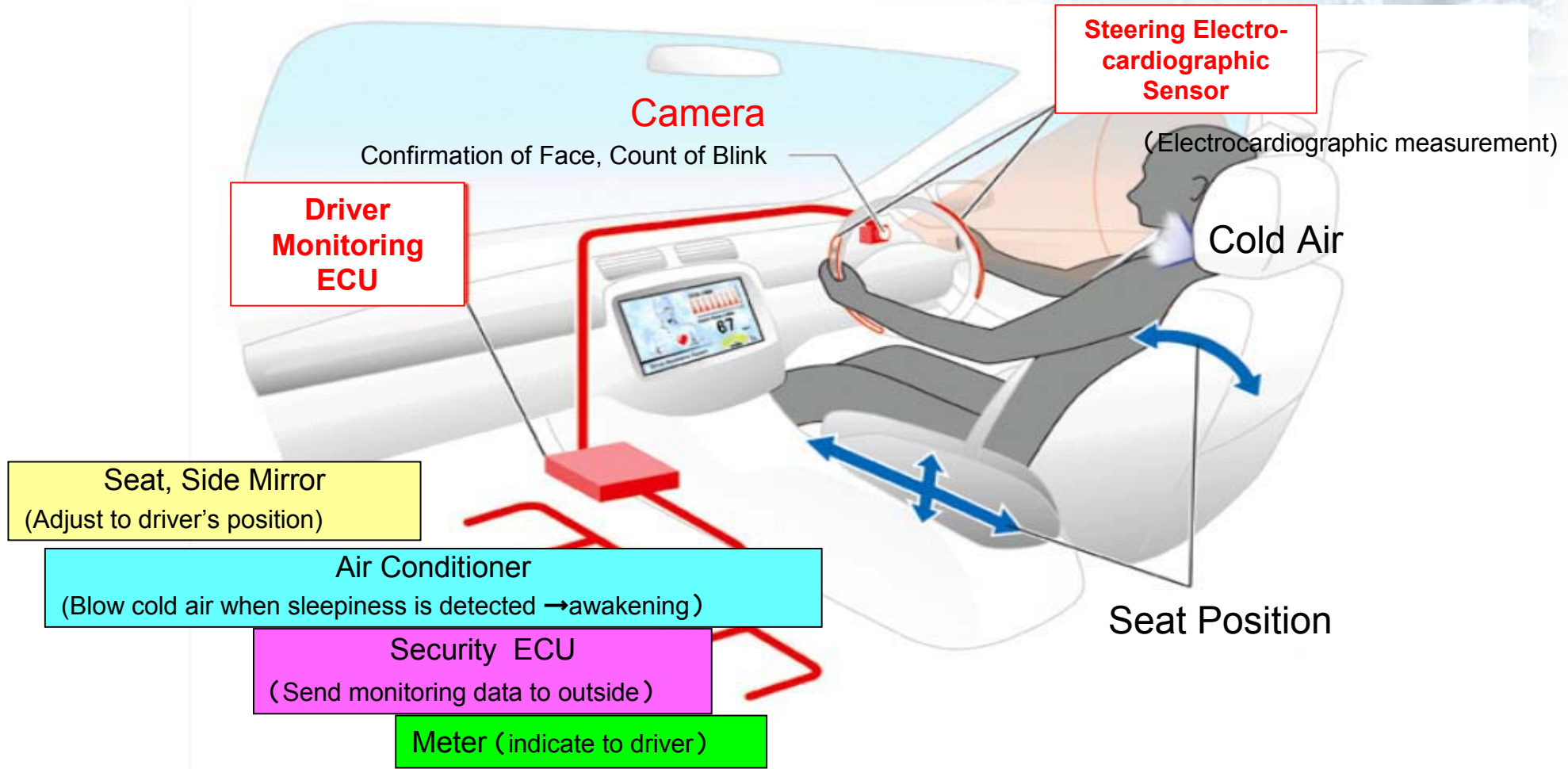
Offer new values through the development of products and services connecting cars to people and society
new value = "Consideration(safety,ease)" and "Fulfillment(convenience)" on driving



3. Primary Tasks

Product Development

Connecting to Person ⇨ Driver Assistant System



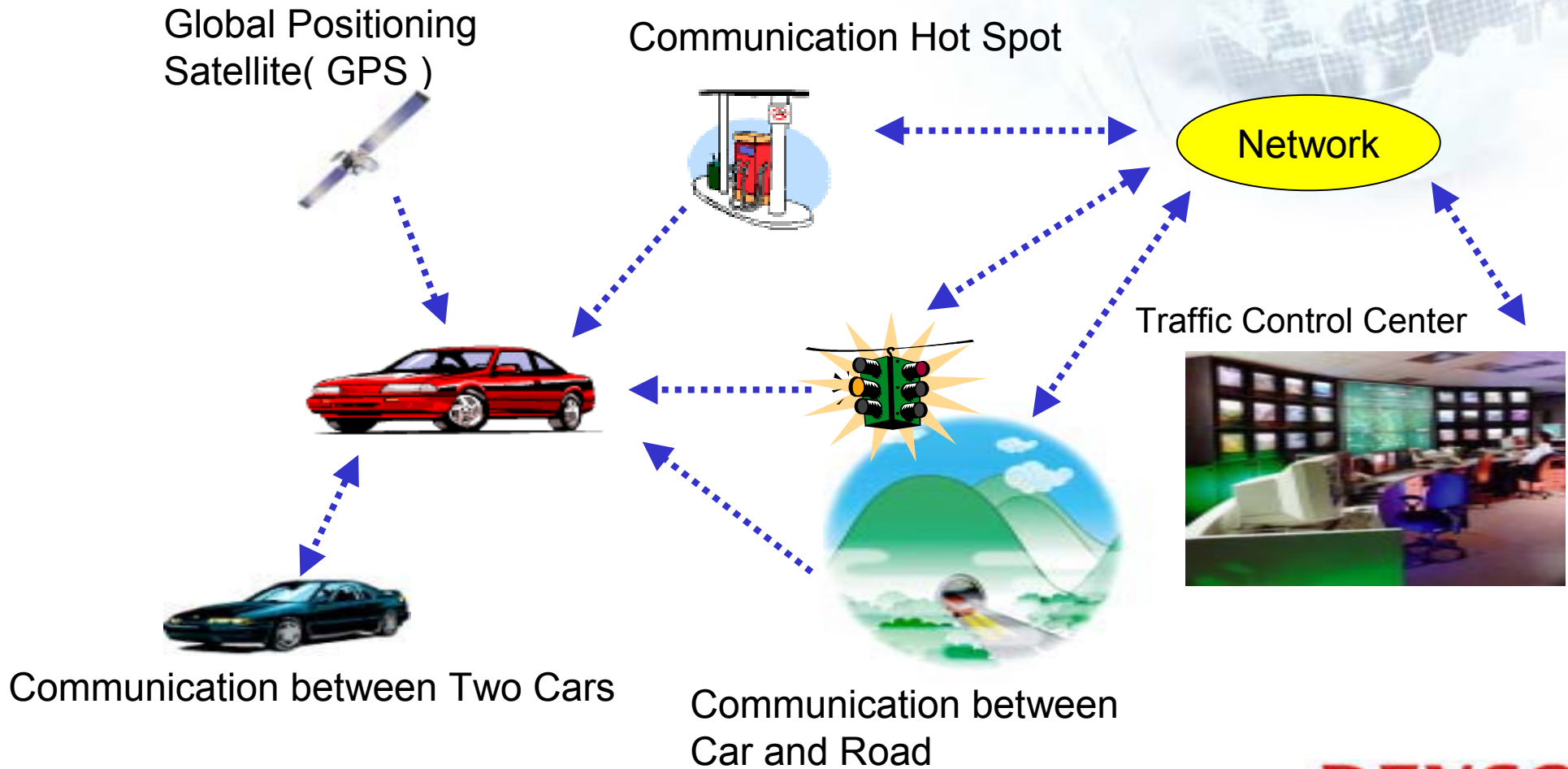
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3. Primary Tasks

Product Development

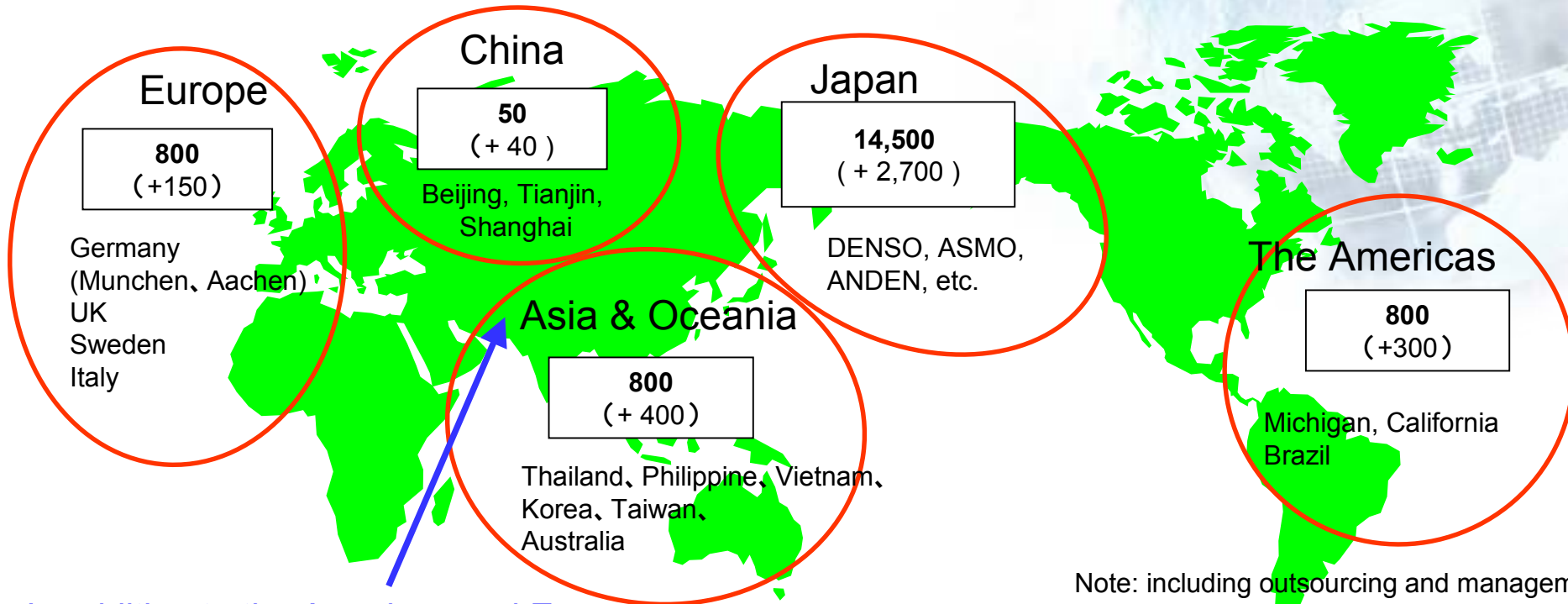
Connecting to Society → Safety System of Harmonized Infrastructure



3. Primary Tasks

Business Management - Establishment of Development and Design System

The number of Engineers in 2010 (increase from 2004)



Note: including outsourcing and management level of development and design

In addition to the Americas and Europe, establish Technical Center in Asia/China

Strengthen local management ability and achieve the complete application design in local areas

Ratio of application design in local areas	2004	2010	2015
	40%	60%	100%

(CSR = Corporate Social Responsibility)

- Achieve growth of DENSO groups through contribution to sustainable development of society
- Practice responsible corporate activities with a good balance of economic (business results), environmental and social aspects.

Framework



(CSR = Corporate Social Responsibility)

- Develop and integrate activities of all DENSO groups to promote “Environment Preservation”, “Contribution to Society” and “Respect for Employees”
- Spread and establish “Compliance” for CSR to all members of DENSO group

Examples of Activity

Fields	Policy
Environment Preservation	<p>Promote prevention of “Global Warming” (reduction of CO2)</p> <ul style="list-style-type: none"> - Act on overall corporate activities (development of new technology, factory management, employee activities)
Contribution to Society	<p>Promote community activities in regions where DENSO operates</p> <ul style="list-style-type: none"> - Act on common theme of welfare for disabled people, youth development and environmental coexistence
Respect for Employees	<p>Promote the activity of various human resources to support business management all over the world</p> <ul style="list-style-type: none"> - Establish a workplace and atmosphere for all people including women, elderly, disabled and local people
Compliance	<p>Promote the common compliance program of DENSO group</p> <ul style="list-style-type: none"> - Spread action policy of employees, assign office leaders, introduce monitoring system(reporting system, etc.)

4. Capital Policy

Return to Stockholders

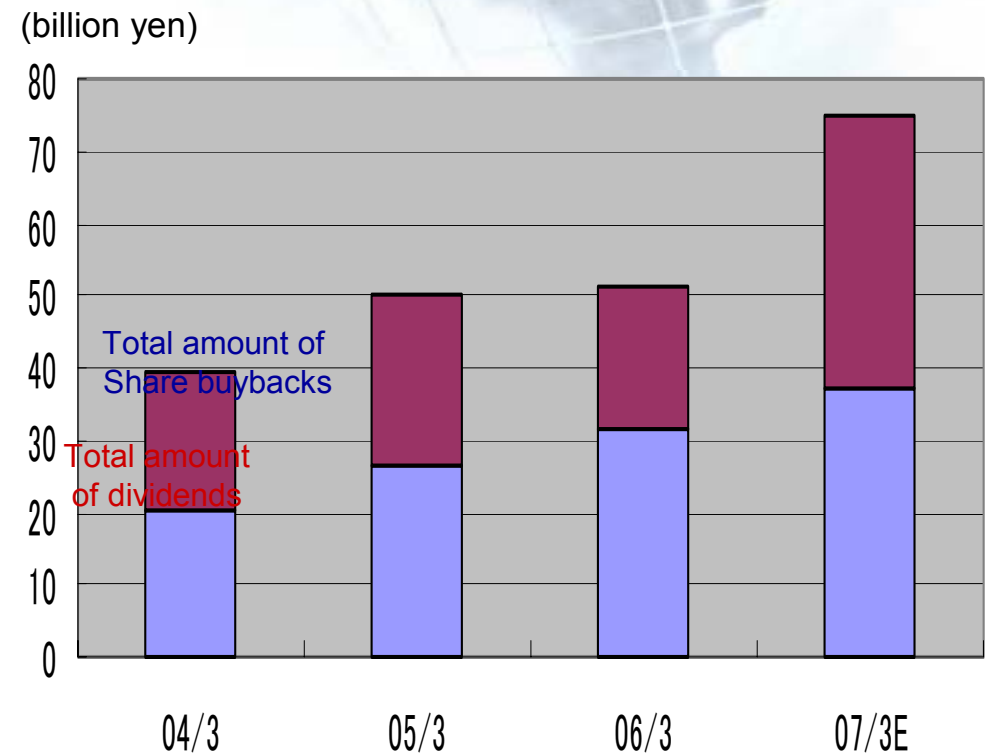
1. Dividends

Execute increased dividends by taking consolidated financial results into consideration

2. Share buybacks

Share buybacks in a timely manner under the consideration of cash flow to improve stockholder value

Trends of Total Payment for Stockholders



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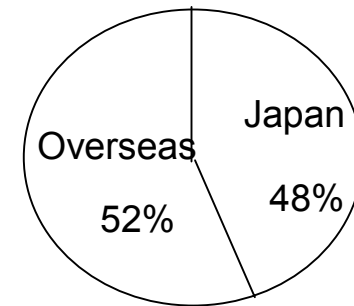
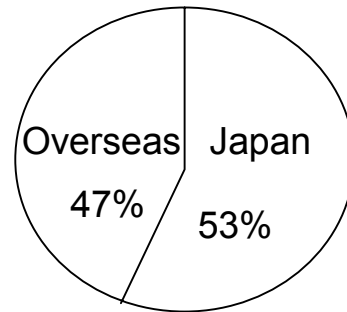
5. Goal by 2010

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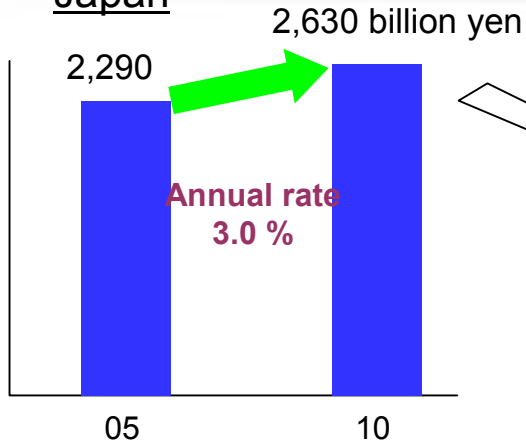
World's automotive production	65.7 million units	→ 3%/year	77.0 million units
Sales	3,188.3 billion yen	→ 5%/year	More than 4,000 billion yen
ROE	9.4 %		10 %

Sales breakdown



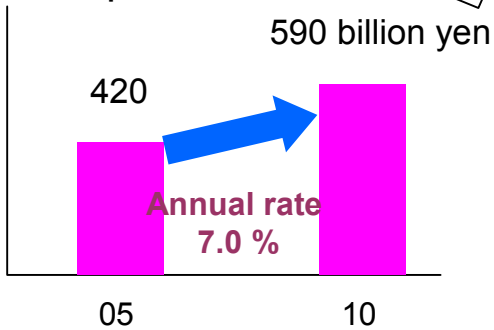
[Appendix] Sales by Geographical Segments

Japan



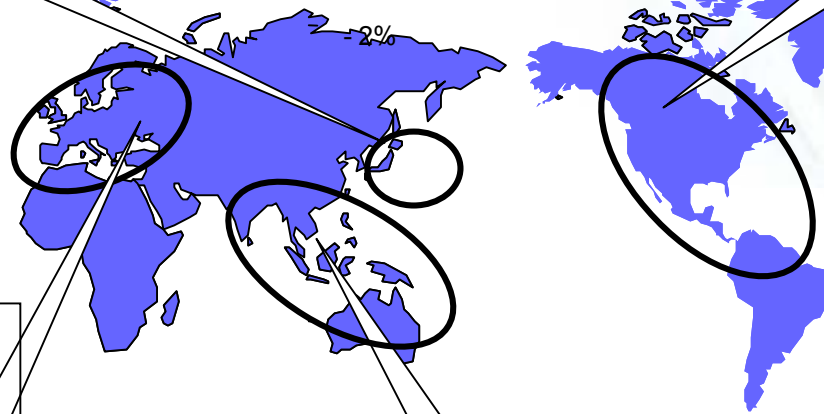
Automobile 10.7
 → 11.1 million units
 + 0.7% (annual rate)

Europe

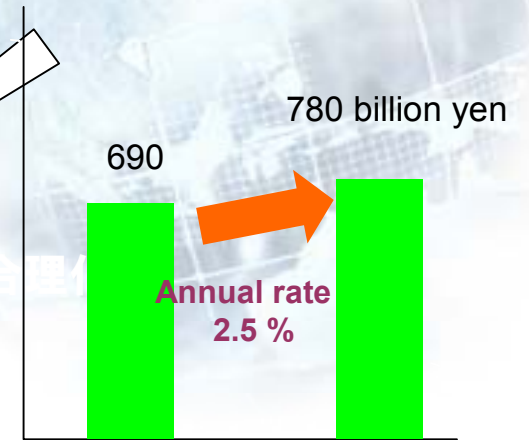


Automobile 21 → 24 million
 + 2.7% (annual rate)

Consolidated elimination:
 2005 600 billion yen
 2010 680 billion yen

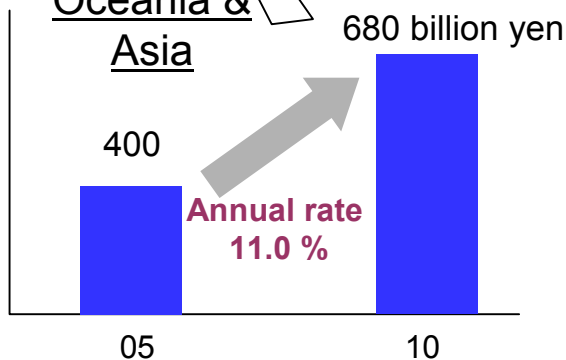


The Americas



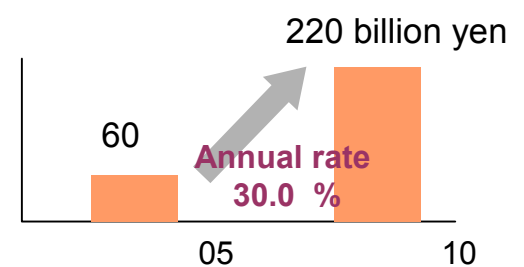
Automobile 18.3 → 20.4 million
 + 2.2% (annual rate)

Oceania & Asia



Automobile 15.7 → 21.5 million
 + 6.5% (annual rate)

(breakdown of China)



Automobile 5.4 → 10.4 million
 + 14.0% (annual rate)

