

DENSO CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results of the Fiscal Year Ended March 31, 2014

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DENSO CORPORATION

CODE: 6902

Listed on the Tokyo and
Nagoya stock exchanges

Results of the fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(1) Operating Results

(Millions of yen, except per share figures)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2013
Net sales.....	4,095,925	3,580,923
% change from the previous corresponding period.....	14.4%	13.5%
Operating income.....	377,696	262,376
% change from the previous corresponding period.....	44.0%	63.2%
Income before income taxes and minority interests.....	418,637	281,890
% change from the previous corresponding period.....	48.5%	72.4%
Net income.....	287,388	181,682
% change from the previous corresponding period.....	58.2%	103.5%
Basic net income per share.....	360.85 yen	226.59 yen
Diluted net income per share	360.60 yen	- yen
Return on equity.....	11.5 %	8.4 %

Notes 1. Equity in earnings of affiliates Year ended Mar. 31, 2014 : 6,296 millions of yen
Year ended Mar. 31, 2013 : 5,132 millions of yen

2. Basic net income per share is based upon the average number of shares outstanding.

(2) Financial Position

(Millions of yen, except per share figures)

	As of Mar. 31, 2014	As of Mar. 31, 2013
Total assets.....	4,442,507	3,979,093
Total equity.....	2,823,346	2,426,861
Equity ratio.....	60.6 %	57.8 %
Equity per share.....	3,376.06 yen	2,891.39 yen

Note: Equity per share is based upon the number of shares outstanding as of the respective balance sheet dates.

(3) Cash Flows

(Millions of yen)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2013
Net cash provided by operating activities.....	462,799	374,775
Net cash used in investing activities.....	(390,318)	(269,183)
Net cash used in financing activities.....	(154,976)	(98,519)
Cash and Cash Equivalents at End of Period.....	641,694	707,330

(4) Consolidation Scope

Number of consolidated subsidiaries : 185

Number of unconsolidated subsidiaries : 2 (Unconsolidated subsidiary accounted for
by the equity method : 2)

Number of affiliates : 33 (Affiliates accounted for by the equity method : 33)

(5) Changes in Consolidation Scope and Application of the Equity Method

Consolidated subsidiaries

Added : 4

Excluded : 2

Companies accounted for by the equity method

Added : 2

Excluded : 1

Consolidated Balance Sheets

	Millions of yen		
Assets	As of Mar. 31, 2014	As of Mar. 31, 2013	Increase (Decrease)
Current Assets:			
Cash and cash equivalents	641,694	707,330	
Short-term investments	392,414	387,874	
Notes and accounts receivable, less allowance for doubtful accounts	688,146	638,222	
Inventories	422,425	370,662	
Deferred tax assets	68,688	62,969	
Other current assets	128,280	114,829	
Total current assets	2,341,647	2,281,886	59,761
Property, Plant and Equipment:			
Land	175,244	165,740	
Buildings and structures	811,575	759,708	
Machinery and equipment	2,987,757	2,779,936	
Construction in progress	126,089	90,075	
	4,100,665	3,795,459	
Less: Accumulated depreciation	(3,056,989)	(2,909,299)	
Net property, plant and equipment	1,043,676	886,160	157,516
Investments and Other Assets	1,057,184	811,047	246,137
Total	4,442,507	3,979,093	463,414
Liabilities and Equity	As of Mar. 31, 2014	As of Mar. 31, 2013	Increase (Decrease)
Current Liabilities:			
Short-term borrowings	22,774	7,445	
Current portion of long-term debt	104,391	148,827	
Notes and accounts payable	493,933	456,603	
Income taxes payable	73,855	55,128	
Accrued expenses	233,676	215,879	
Other current liabilities	102,387	89,664	
Total current liabilities	1,031,016	973,546	57,470
Long-term Liabilities:			
Long-term debt	308,578	351,248	
Liabilities for retirement benefits to employees, directors, corporate auditors and managing officers	201,940	199,059	
Deferred tax liabilities	58,272	13,866	
Other long-term liabilities	19,355	14,513	
Total long-term liabilities	588,145	578,686	9,459
Shareholders' Equity:			
Common stock	187,457	187,457	
Capital surplus	269,497	267,332	
Retained earnings	2,184,238	1,933,814	
Treasury stock - at cost	(220,120)	(224,505)	
Total shareholders' equity	2,421,072	2,164,098	256,974
Variance of the Estimate/Conversion:			
Unrealized gain on available-for-sale securities	307,687	226,354	
Deferred (loss) gain on derivatives under hedge accounting	(113)	17	
Foreign currency translation adjustments	(27,380)	(90,405)	
Remeasurements of defined benefit plans	(9,775)	-	
Total variance of the estimate/conversion	270,419	135,966	134,453
Stock Acquisition Rights	488	2,293	(1,805)
Minority Interests	131,367	124,504	6,863
Total equity	2,823,346	2,426,861	396,485
Total	4,442,507	3,979,093	463,414

Consolidated Statements of Income

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2013	Millions of yen Increase (Decrease)
Net Sales	4,095,925	3,580,923	515,002
Cost of Sales	3,341,834	3,007,614	334,220
Gross Profit	754,091	573,309	180,782
Selling, General and Administrative Expenses	376,395	310,933	
Operating Income	377,696	262,376	115,320
Other Income (Expenses):			
Interest and dividend income	20,698	15,906	
Interest expense	(7,516)	(6,681)	
Equity in earnings of affiliates	6,296	5,132	
Gain on sales of property, plant and equipment	1,635	2,053	
Loss on sales or disposal of property, plant and equipment	(3,366)	(3,256)	
Impairment loss on long-lived assets	(894)	(956)	
Impairment loss on investment securities	(56)	(80)	
Foreign exchange gain	12,253	12,312	
Pension cost of subsidiaries	–	(13,836)	
Other, net	11,891	8,920	
Income before income taxes and minority interests	418,637	281,890	136,747
Income Taxes:			
Current	125,892	86,980	
Deferred	(12,859)	(2,890)	
Minority Interests in Net Income	18,216	16,118	
Net Income	287,388	181,682	105,706

Statements of Changes in Equity

	Year ended Mar. 31, 2014	Millions of yen Year ended Mar. 31, 2013
Common Stock:		
Balance at beginning of period	187,457	187,457
Balance at end of period	187,457	187,457
Capital Surplus:		
Balance at beginning of period	267,332	266,624
Gain on disposal of treasury stock	2,165	708
Balance at end of period	269,497	267,332
Retained Earnings:		
Balance at beginning of period	1,933,814	1,792,428
Cumulative effect of changes in accounting policies	29,903	-
Restated balance at beginning of period	1,963,717	-
Cash dividends	(66,867)	(40,296)
Net income	287,388	181,682
Balance at end of period	2,184,238	1,933,814
Treasury Stock – at cost:		
Balance at beginning of period	(224,505)	(198,498)
Purchase of treasury stock	(52)	(27,505)
Disposal of treasury stock	4,437	1,498
Balance at end of period	(220,120)	(224,505)
Unrealized Gain on Available-for-sale Securities:		
Balance at beginning of period	226,354	146,458
Net change	81,333	79,896
Balance at end of period	307,687	226,354
Deferred Gain (Loss) on Derivatives:		
under Hedge Accounting:		
Balance at beginning of period	17	(297)
Net change	(130)	314
Balance at end of period	(113)	17
Foreign Currency Translation Adjustments:		
Balance at beginning of period	(90,405)	(185,128)
Net change	63,025	94,723
Balance at end of period	(27,380)	(90,405)
Remeasurements of defined benefit plans:		
Balance at beginning of period	-	-
Cumulative effect of changes in accounting policies	(21,959)	-
Restated balance at beginning of period	(21,959)	-
Net change	12,184	-
Balance at end of period	(9,775)	-
Stock Acquisition Rights:		
Balance at beginning of period	2,293	3,530
Net change	(1,805)	(1,237)
Balance at end of period	488	2,293
Minority Interests:		
Balance at beginning of period	124,504	104,627
Cumulative effect of changes in accounting policies	(452)	-
Restated balance at beginning of period	124,052	-
Net change	7,315	19,877
Balance at end of period	131,367	124,504
Total Equity at End of Period	2,823,346	2,426,861

Consolidated Statements of Cash Flows

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2013	Millions of yen Increase (Decrease)
Operating Activities:			
Income before income taxes and minority interests	418,637	281,890	
Adjustments for:			
Payment of income taxes	(109,842)	(53,199)	
Depreciation	197,174	181,132	
Impairment loss on long-lived assets	894	956	
Amortization of goodwill	1,617	340	
Increase in liability for retirement benefits	8,909	6,741	
Equity in earnings of affiliates	(6,296)	(5,132)	
Loss on sale or disposal of property, plant and equipment, net	1,731	1,202	
Gain on sale of investment securities	(142)	(814)	
Loss on valuation of investment securities	56	80	
Foreign exchange loss (gain)	8,629	(4,318)	
Changes in assets and liabilities:			
(Increase) Decrease in notes and accounts receivable	(11,603)	35,238	
Increase in inventories	(29,971)	(18,676)	
Increase (Decrease) in notes and accounts payable	4,654	(19,411)	
Increase in prepaid pension cost	(16,030)	(10,162)	
Other, net	(5,618)	(21,092)	
Total adjustments	44,162	92,885	(48,723)
Net cash provided by operating activities	462,799	374,775	88,024
Investing Activities:			
Acquisition of property, plant and equipment	(314,890)	(226,406)	
Purchase of available-for-sale securities	(878,707)	(731,302)	
Proceeds from sale and redemption of available-for-sale securities	781,611	678,218	
Other, net	21,668	10,307	
Net cash used in by investing activities	(390,318)	(269,183)	(121,135)
Financing Activities:			
Net decrease in short-term borrowings	6,227	784	
Proceeds from long-term borrowings	27,542	27,052	
Repayments of long-term borrowings	(49,307)	(2,243)	
Proceeds from issuance of bonds	30,000	-	
Repayments of bonds	(100,000)	(50,000)	
Dividends paid	(66,867)	(40,296)	
Purchase of treasury stock	(52)	(27,505)	
Other, net	(2,519)	(6,311)	
Net cash used in by financing activities	(154,976)	(98,519)	(56,457)
Foreign Currency Translation Adjustments on			
Cash and Cash Equivalents	16,859	34,831	
Net (Decrease) Increase in Cash and Cash Equivalents	(65,636)	41,904	
Cash and Cash Equivalents of Newly Consolidated Subsidiary	-	17	
Cash and Cash Equivalents at Beginning of Period	707,330	665,409	
Cash and Cash Equivalents at End of Period	641,694	707,330	(65,636)

Segment Information

<u>Geographical Segments (by company location)</u>		Millions of yen		
		Year ended Mar. 31, 2014	Year ended Mar. 31, 2013	
Sales	Japan	Customers	1,896,447	1,808,850
		Intersegment	821,182	654,775
		Total	2,717,629	2,463,625
	North America	Customers	799,423	624,974
		Intersegment	17,179	10,424
		Total	816,602	635,398
	Europe	Customers	470,515	348,769
		Intersegment	28,386	23,467
		Total	498,901	372,236
	Asia & Oceania	Customers	855,448	734,525
		Intersegment	87,674	59,516
		Total	943,122	794,041
	Others	Customers	74,092	63,805
		Intersegment	255	123
		Total	74,347	63,928
	Total	Customers	4,095,925	3,580,923
Intersegment		954,676	748,305	
Total		5,050,601	4,329,228	
	Eliminations	(954,676)	(748,305)	
	Consolidated	4,095,925	3,580,923	
Operating Income	Japan	283,340	170,676	
	North America	14,657	13,429	
	Europe	12,361	3,910	
	Asia & Oceania	71,231	73,696	
	Others	27	3,135	
	Total	381,616	264,846	
	Eliminations	(3,920)	(2,470)	
	Consolidated	377,696	262,376	
Assets	Japan	2,298,556	1,989,799	
	North America	343,762	279,093	
	Europe	363,793	322,421	
	Asia & Oceania	778,172	646,545	
	Others	67,851	59,963	
	Total	3,852,134	3,297,821	
	Corporate and eliminations	590,373	681,272	
	Consolidated	4,442,507	3,979,093	