

April 25, 2014 DENSO CORPORATION

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- 1. Sales and Income increased from the previous year.
- 2. Annual dividend increased by 41 yen to 105 yen from previous year.
- 3. Sales to increase and income to decrease in FY2015 due to investment for future competitiveness .

	incial Results			C
	(Ratio to Sales)		(Unit: E	Billions of Yen)
	FY2014	FY2013	Cha	ange
Sales	4,095.9	3,580.9	+ 515.0	+14.4%
Operating Income	(9.2%) 377.7	(7.3%) 262.4	+115.3	+44.0%
Income before Income Taxes	(10.2%) 418.6	(7.9%) 281.9	+136.7	+48.5%
Net Income	(7.0%) 287.4	(5.1%) 181.7	+105.7	+58.2%
			(Unit: N	/illions of Units)
Foreign	JPY 100/\$ JPY 134/Euro	JPY 83/\$ JPY107/Euro	+JPY 17 +JPY 27	,
Exchange Rate				
Exchange Rate Domestic Car Production	9.49	9.13	+ 0.36	+3.9%

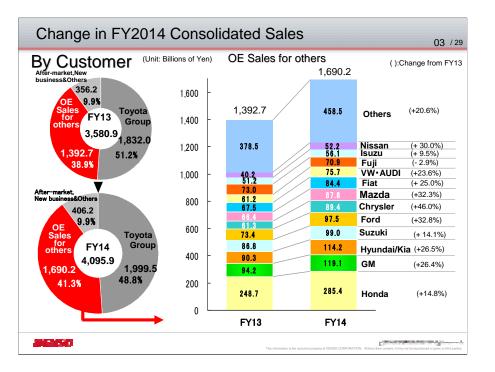
[Overview of the consolidated financial results]

We posted sales of 4,095.9 billion yen, up 515.0 billion yen from the previous year, equivalent to annual revenue growth of 14.4%, due to an increase in car production mainly in developed countries, in addition to the impact of the weak yen.

Operating income reached 377.7 billion yen, 115.3 billion yen higher than a year ago, thanks to the increase in production volume and cost reduction efforts, in addition to the impact of the weak yen.

Income before income taxes reached 418.6 billion yen, up 136.7 billion yen year-on-year.

We earned a net income of 287.4 billion yen after corporate and other taxes, up 105.7 billion yen from a year earlier.



#### [Sales by customer]

Sales to the Toyota Group:

The domestic car production level slightly decreased from the previous year, and it resulted in a decrease in its share.

#### Sales to non-Toyota Group companies:

- 1)Honda: Sales increased due to the increase in car production mainly in China.
- 2)Suzuki: Sales increased due to the increase in lithium battery packs
- 3)Mazda: Sales increased due to the increase in gasoline direct injection and diesel common rail system for SKYACTIV.

4)Nissan: Sales increased due to the increase in gasoline direct injection products and IVI( In-vehicle Infotainment ) system.

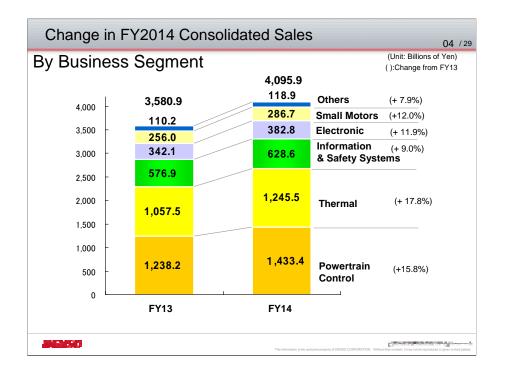
Sales to overseas automakers:

Sales went up due to the increase in car production as well as,

1)GM: increase in sales of common rail system

2)HYUNDAI/ KIA: increase in sales of meter products

3)Ford: increase in sales of car air conditioners



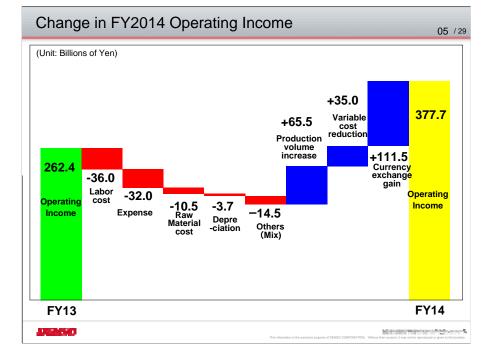
[Sales by business segment]

Sales of Powertrain Control products:

Thanks to an increase of sales in gasoline direct injection products and lithium battery packs, sales increase mainly in Japan and North America.

Sales of Thermal products:

Due to an increase of sales in car air conditioner products, sales increase mainly in North America and Europe.



[Factors that contributed to increases or decreases in operating income]

Negative factors

1) Higher labor cost: An increase of 36.0 billion yen was mainly due to an increase in salaries in emerging countries and also an increase in salaries and overtime in Japan.

2) Higher expenses: An increase of 32.0 billion yen was mainly due to an increase in R&D expenditure.

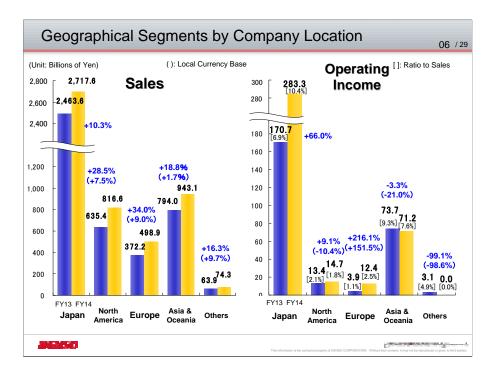
### Positive factors

1) Production volume increase: An increase of 65.5 billion yen was due to an increase in sales.

2) Variable cost reduction: An increase of 35.0 billion yen was due to increased productivity and other efficiencies.

3) The depreciation of the yen: An increase of 111.5 billion yen was due to the impact of the weak yen, which is 17 yen lower against the US dollar and 27 yen against the euro.

Following the third quarter financial results, sales and profit exceeded the level before the economic downturn because of the achievement from the structural reform plan we have worked.



[Sales and operating income by operating region]

\* Based on local currency, excluding the effect of foreign exchange rates

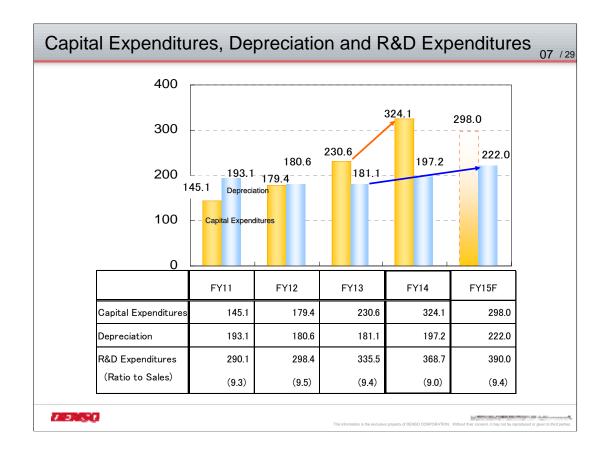
#### Japan

• Sales rose by 10.3% from the previous year due to an increase in car production.

• Operating income soared by 66.0% from the previous year. Despite an increase in R&D expenses and labor costs, the increase in production volume and cost reduction effort led to an operating income increase.

#### Overseas

- Sales and profit increased in Europe thanks to the increase in car production.
- Operating income decreased in North America, Asia and Oceania and Others due to an increase in labor costs and expenditure on the establishment of plants and technical centers for future competitiveness.



[Capital Expenditures, Depreciation and R&D Expenditures]

Capital Expenditures

• Due to the costs for initiating new products and investment to increase capabilities in overseas plants for future competitiveness, capital expenditure reached 324.1 billion yen, up 93.5 billion yen from the previous year.

• We keep high level of capital expenditure and it will be 298.0 billion yen in the next fiscal year.

### Depreciation

• Due to the increase in capital expenditure, depreciation cost reached 197.2 billion yen, up 16.1 billion yen from the previous year.

• We expect depreciation cost of 222.0 billion yen, up 24.8 billion yen in the next fiscal year.

### **R&D** Expenditures

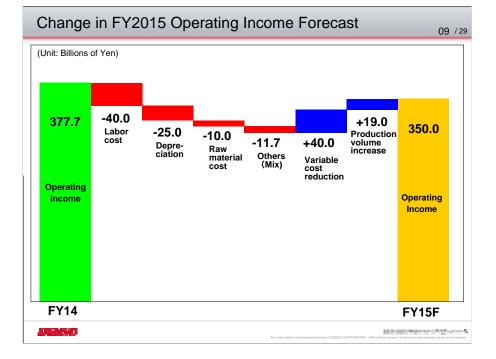
R&D expenditures mainly for environment-friendly products and driving safety products reached 368.7 billion yen, up 33.3 billion yen from the previous year.
We expect R&D expenditures of 390.0 billion yen, up around 20.0 billion yen in the next fiscal year.

FY2015 Fina	ncial Forecast	t			08 / 2
	(Ratio to Sales)		(Unit: E	Billions of Yen)	
	FY2015	FY2014	Cha	nge	
Sales	4,140.0	4,095.9	+ 44.1	+1.1%	
Operating Income	(8.5%) 350.0	(9.2%) 377.7	- 27.7	-7.3%	
Income before Income Taxes	(9.1%) 378.0	(10.2%) 418.6	- 40.6	-9.7%	
Net Income	(6.0%) 248.0	(7.0%) 287.4	- 39.4	-13.7%	
			(Unit: I	Villions of Unit	s)
Foreign Exchange Rate	JPY 100/\$ JPY135/Euro	JPY 100/\$ JPY134/Euro	JPY 0 +JPY 1		
Domestic Car Production	9.18	9.49	- 0.31	-3.3%	
Overseas Car Production of Japanese Manufacturers (North America)	19.98 (6.22)	17.70 (5.43)	+ 2.28 (+0.79)	+12.9% (+14.5%)	
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[Forecasts for consolidated financial results]

Due to the increase in R&D expense and investment for future competitiveness, in addition to the decrease in domestic car production volume, we expect sales of 4140.0 billion yen , up 44.1 billion yen, and operating income of 350.0 billion yen, down 27.7 billion yen from the FY 2014.

This forecast is based on the currency rate of 100 yen to the dollar, and 135 yen to the euro. Car production volume of Japanese manufacturers will be 9.18 million in domestic and 19.98 million in Overseas.



[Factors that contributed to increases or decreases in full-year forecasts for Operating income]

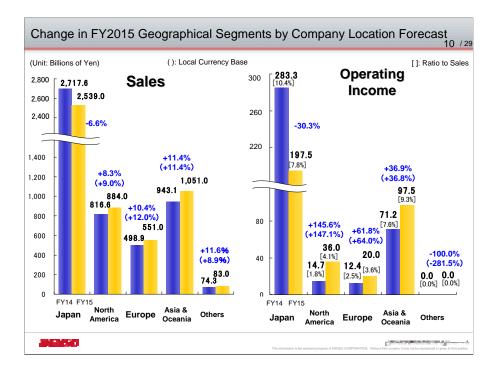
#### Negative factors

Due to the investment for future competitiveness, labor cost, depreciation cost and raw material cost is likely to increase, and the total will be 86.7 billion yen.

### Positive factors

Variable cost reduction gain 40.0 billion yen, Production volume increase gain 19.0 billion yen, and the total will be 59.0 billion yen.

Operating income is likely to be 350.0 billion yen, down 27.7 billion yen from the previous year.

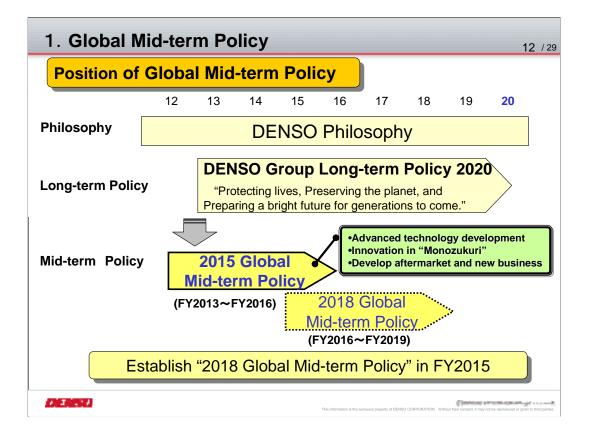


[Sales and operating income by operating region]

\* On a local currency basis excluding the effect of foreign exchange rate

We expect sales and profit to decrease in Japan and increase in North America, Europe and Asia and Oceania.



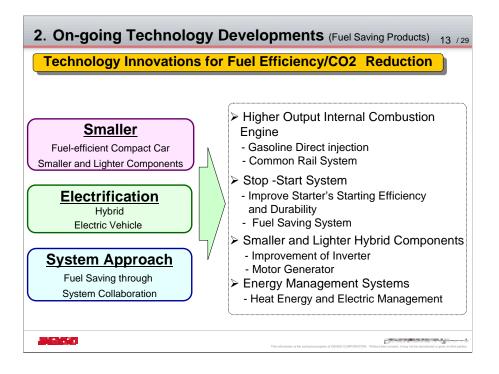


We established our Global Mid-term Policy in April 2012 to achieve the following three goals:

- 1. Advanced technology development.
- 2. Innovation in "Monozukuri".
- 3. Development of aftermarket and new business.

We achieved the target sales of 4,000 billion yen and operating margin of 8% this fiscal year, and we continue to work on this target this year, which will be the last year for this policy.

We will also establish next mid-term policy which is aiming FY2019.



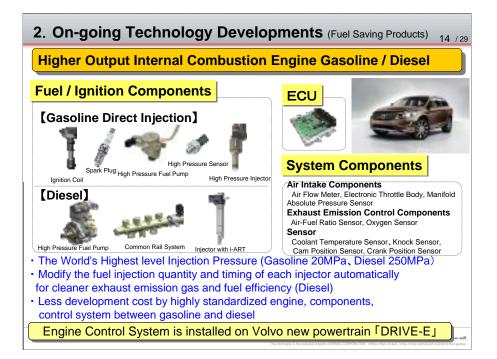
One of the key technologies for our sustainable growth is for fuel-efficient powertrains.

The demand for higher fuel efficiency and lower CO2 emissions is leading to downsizing, electrification, and systemization in automotive powertrain technology.

DENSO is developing a wide variety of powertrain products ranging from

internal combustion engine components to hybrid and electric vehicle devices.

We offer solutions that meet the needs and trends of respective regions and customers.



In gasoline direct injection system and diesel common rail system,

Our engine control system is installed on Volvo new powertrain "

DRIVE-E", which contributes to cleaner exhaust emission gas and fuel efficiency.

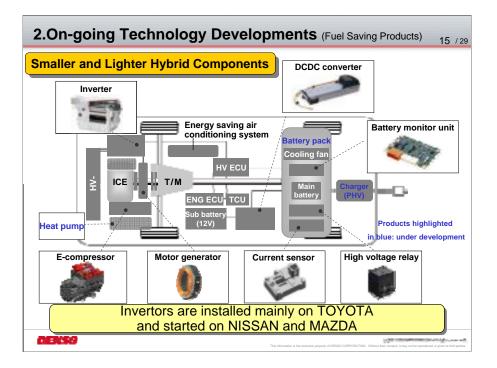
Difference from the conventional models

•World's highest level injection pressure (gasoline 20MPa, diesel 250MPa).

•Injection with i-ART, which enable to modify the fuel injection quantity and timing of each injector automatically for cleaner exhaust emission gas and fuel efficiency

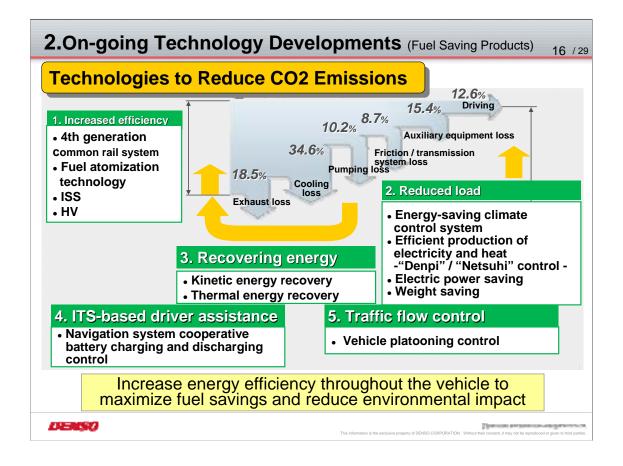
•Less development cost by highly standardized engine, components,

control system between gasoline and diesel



In hybrid system,

Invertors are installed on NISSAN SUV, Pathfinder, in North America, and Mazda AXELA.

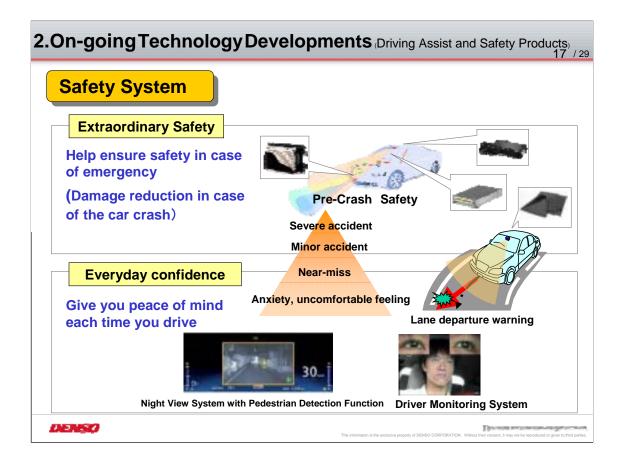


We are focusing on technology development to reduce C2 emission.

This chart shows how energy is consumed.

In DENSO, we are approaching to achieve fuel efficiency by these 5 methods.

We will maximize fuel efficiency and reduce environmental impact by not only improving engine and other components, but also approaching from comprehensive way, for example, ITS and infrastructure.



Another main technology, other than environment, of our business is Security & Safety.

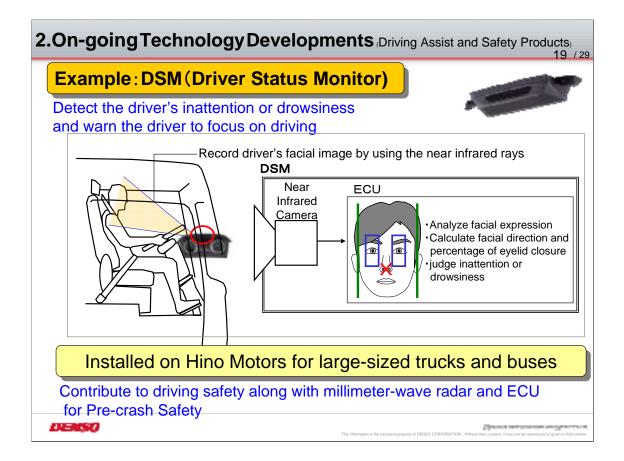
Under the slogan "Everyday Confidence, Extraordinary Safety," DENSO is developing products to reduce damage from road accidents, help drivers eliminate their stress and anxiety about driving, and make them feel secure.

Notably, in the area of active safety for preventing accidents, our products have been used by Toyota, Daihatsu, and other automakers. The number of car models employing our products is also on the rise.

For example, Laser Radar for Daihatsu "Smart Assist", which will help avoid lowspeed collisions, is installed on MOVE and started on Mira e:s and TanTo.



We will develop and propose three packages: Entry, Standard, and Premium, while taking into account of trends of laws, regulations and ratings (N–CAP) and customer needs in respective regions and will make these technologies into products in FY2016.

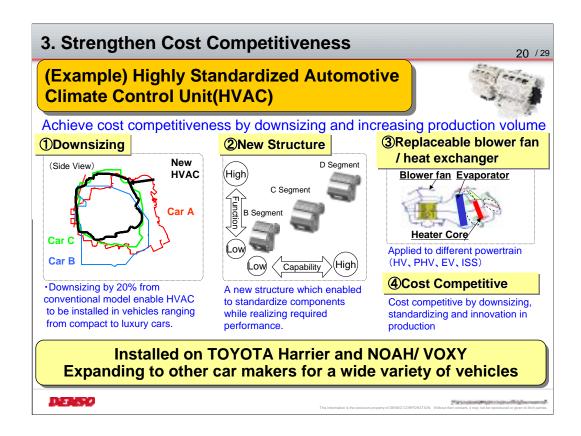


In active safety technology, we developed Driver Status Monitor, which contribute to prevent accidents by detecting driver's inattention or drowsiness and alerting driver to focus on driving.

Using near infrared camera, Driver Status Monitor calculates facial direction and percentage of eyelid closure and judge if driver is inattention or feeling drowsy.

This product is installed on Hino Motors, large-sized truck HINO PROFIA, and large-sized bus, HINO S'ELEGA.

Along with our millimeter-wave radar for Pre-crash Safety, we will continue to contribute to reduce traffic accidents to achieve more secure and safer car society.



One of our new products which will achieve cost competitiveness is highly standardized Automotive Climate Control Unit.

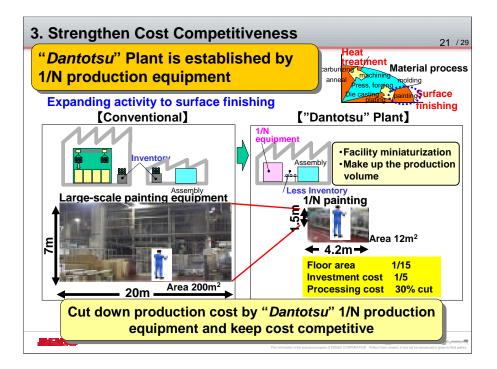
Main feature is,

Downsizing by 20% from conventional model

•New structure which enable to standardize components while realizing required performance

• Applicable to different powertrain like Start-Stop system and Hybrid car.

This new product is installed on Harrier and NOAH/VOXY and will expand to other car makers for wider variety of vehicles.



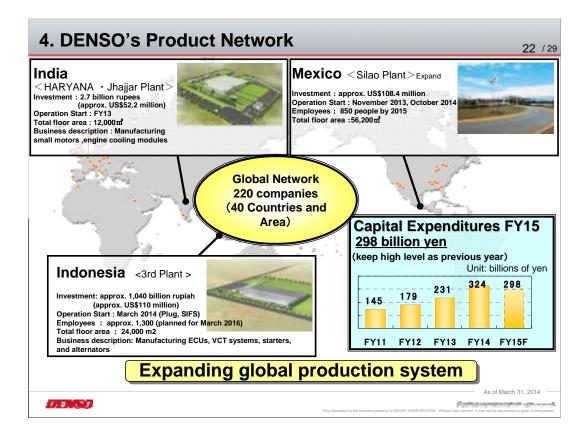
We will introduce compact 1/N equipment for "Dantotsu (extremely competitive)" plant.

We are expanding this activity from equipments for material process (ex: die casting and molding equipments) to surface finishing equipments.

Using our new 1/N painting equipment, we could achieve greater cost efficiency as follows,

- •Floor area 1/15
- •Investment cost 1/5
- Processing cost 30% cut

These downsized equipments can be speedily applied to capacity increase and we are planning to expand this painting equipment.



We have been building new plants in different parts of the world according to the 2015 mid-term policy. Projects are underway to expand our production system to meet the growing markets and ever-increasing capacity of our customers.

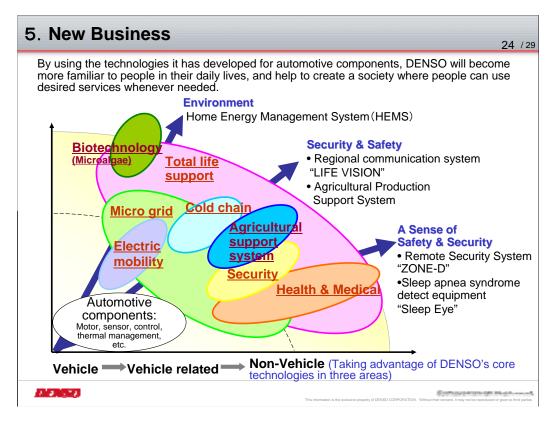
Plant and equipment investment cost for FY2015 is around 300 billion yen,

slightly less than FY2014, and we will keep high level of investment to expand global production system.

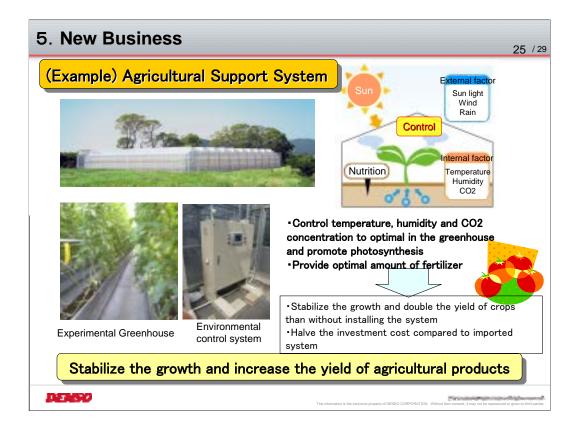
Especially in India, Mexico and Indonesia, we established new plants and started operation on schedule.

4. DENSO's Product Network	23 / 29
By Geographical Segments	Keep high level in every region
Japan[Major New Investment ] Direct Injector, Common Rail, Wafer, Radiator961031569610315796103144971241579810314498103144981031449810314498103144981031449810314498103144991918121919121919141441514415144161441714418144191419141014111412191314414145	Unit: billions of yen North America I Major New Investment I Expanding plant (Mexico). Direct Injection, Radiator, Alternator I 12 I 21
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We keep high level of investment in every region in this coming two years.



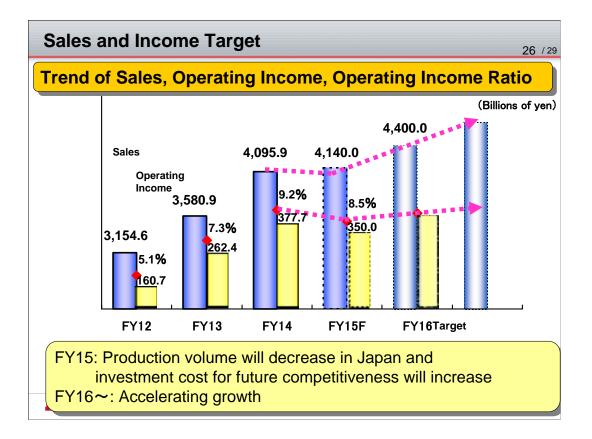
By taking advantage of technologies refined in the automotive area, we have worked on areas that deliver eco-friendly solutions, contribute to a society with enhanced security and safety, and help increase comfort and convenience.



Considering the food security issue caused by population increase in emerging countries and by future flow of lower price agricultural products after Japan joining TPP, necessary measures such as strengthening the competitiveness of domestic agricultural products have to be taken by installing production support system. However, in Japan, there was no system which is tailored to the Japanese agricultural conditions.

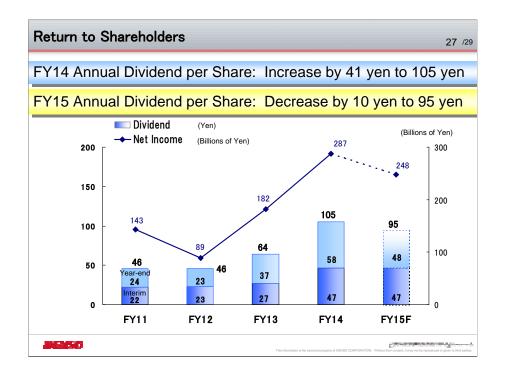
To solve these issues, we developed an agricultural production support system by using our technologies established through the development of control systems for manufacturing.

According to the demonstration test, it shows that by using the system we could double the yield of tomato. It will go on sale by the end of FY 2015.



In FY 2015, operating margin will temporary decrease because of the investment cost for future competitiveness. However, we are expecting sales and operating income to increase in FY 2016.

We expect sales to be 4400.0 billion yen and will work toward the goal of operating margin 8.5% to 9%.



In FY 2014, annual dividend will increase by 41yen to 105yen, In FY 2015, it will decrease by 10yen to 95yen based on the present income forecast.

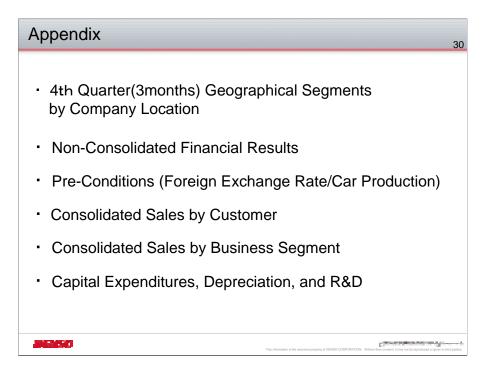


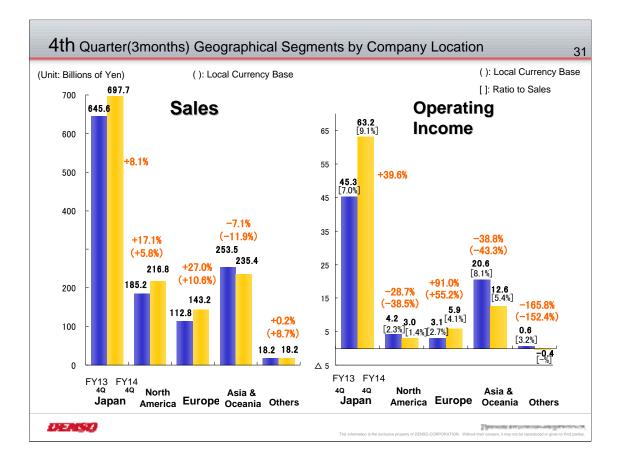
This policy is our new guiding principle which specifies our management visions and guidelines toward 2020.

The slogan is "Protecting Lives, Preserving the Planet, and Preparing a Bright Future for Generations to Come."

Over the next decade, we will be committed to preserving the planet and ensuring security and safety as the values that we should offer to society.







Ion-Consolida	ted Fir	nancia	al Re	sults							32
Income State	e <b>ments</b> (Ratio to	o Sales)						(L	Jnit:Billi	ons of Ye	
Account	5/00	14	FY2	112	Chan	ge		FY201	5	Change fr	om FY14
Net Sales	FY20		( 100.0 )		Amount 214.0	Percent 9.4	L	Foreca 100.0 )	st 2.323.0	Amount -167.8	Percent -6.7
Cost of Sales SGA Expenses SGA Expenses Operating Income Extraordinary Income (Loss) Income Before Income Taxes Net Income	( 100.3 ( 84.7 ( 6.3 ( 9.0 ( 11.9 ( 8.8	) 2,110.2 ) 157.2 ) 223.3 76.0 -3.2 ) 296.1	( 88.1 ) ( 85.1 ) ( 5.4 ) ( 8.6 ) ( 8.6 )	2,006.1 147.1 123.6 72.2 0.3 196.1	104:1 104:1 99-7 3.8 -3.5 10000 73.7	80.6 51.0 50.4		8.4) 9.2) 6.8)	149.0 64.0 0.0 213.0 157.0	-10,3 -74,3 -12,0 3,2 -83,1 -62,7	-33.3 -28.1 -28.5
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# Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2	014 First-	Half	FY20	14 Secon	id-Half	112	014 Full	i cai	112013	Full Year
		Prior Year	Actual	Change	Prior Year	Actual	Change	Prior Year	Actual	Change	Forecast	Change
Foreign Exchange	USD	79	99	+ 20	87	102	+ 15	83	100	+ 17	100	-
Rate (Yen)	EUR	101	130	+ 29	114	139	+ 25	107	134	+ 27	135	+ 1
Forex Impact on Operating Income	USD							3.2	2.8	-0.4	2.5	- 0.3
per Yen (Billions of Yen)	EUR							0.7	0.8	+ 0.1	0.7	- 0.1
Car Production of	Domestic	4.70	4.53	- 4%	4.43	4.96	+ 12%	9.13	9.49	+ 4%	9.18	- 3%
Japanese Manufacturers	North America	2.47	2.66	+ 8%	2.55	2.77	+ 9%	5.02	5.43	+ 8%	6.22	+ 15%
(Millions of Units)	Overseas	8.30	8.69	+ 5%	8.33	9.00	+ 8%	16.63	17.70	+ 6%	19.98	+ 13%

## Consolidated Sales by Customer

	FY2		FY2		Change		
	Ended Mar		Ended Mar			, 	
·	Amount	% to Total	Amount	% to Total	Amount	%	
Toyota	1,833.1	44.8	1,680.5	47.0	152.6	9.1	
Daihatsu	112.3	2.7	100.7	2.8	11.6	11.6	
Hino	54.1	1.3	50.8	1.4	3.3	6.5	
Toyota Group	1,999.5	48.8	1,832.0	51.2	167.4	9.1	
Honda	285.4	7.0	248.7	7.0	36.7	14.8	
GM	119.1	2.9	94.2	2.6	24.9	26.4	
Hyundai/Kia	114.2	2.8	90.3	2.5	23.9	26.5	
Suzuki	99.0	2.4	86.8	2.4	12.3	14.1	
Ford	97.5	2.4	73.4	2.1	24.1	32.8	
Chrysler	89.4	2.2	61.3	1.7	28.2	46.0	
Mazda	87.8	2.1	66.4	1.9	21.4	32.3	
Fiat	84.4	2.1	67.5	1.9	16.9	25.0	
VW/AUDI	75.7	1.8	61.2	1.7	14.4	23.6	
Fuji	70.9	1.7	73.0	2.0	-2.1	-2.9	
Isuzu	56.1	1.4	51.2	1.4	4.9	9.5	
Nissan	52.2	1.3	40.2	1.1	12.0	30.0	
Mitsubishi	48.8	1.2	45.4	1.3	3.4	7.5	
BMW	33.8	0.8	29.4	0.8	4.4	15.0	
Benz	31.7	0.8	24.8	0.7	6.8	27.4	
PSA	21.8	0.5	14.6	0.4	7.3	50.1	
Jaguar/Land Rover	16.0	0.4	14.9	0.4	1.1	7.2	
OE Sales for others	306.5	7.5	249.5	7.0	57.0	22.8	
OEM Total	3,689.7	90.1	3,224.7	90.1	465.0	14.4	
After-market,	406.2	9,9	356.2	9,9	50.0	14.0	
New business & Others(*)							
Total * Sales of industrial systems and consume	4,095.9	100.0	3,580.9	100.0	515.0	14.4	

## Consolidated Sales by Business Segment

#### 35

(Unit: Billion of Yen)

	FY20	014	FY20	13	<b>C1</b>		
	Ended Mar	. 31, 2014	Ended Mar.	31, 2013	Change		
	Amount	% to Total	Amount	% to Total	Amount	%	
Powertrain Control	1,433.4	35.0	1,238.2	34.6	195.2	15.8	
Thermal	1,245.5	30.4	1,057.5	29.5	188.0	17.8	
Information & Safety Systems	628.6	15.3	576.9	16.1	51.7	9.0	
Electronic	382.8	9.4	342.1	9.6	40.8	11.9	
Small Motors	286.7	7.0	256.0	7.2	30.7	12.0	
Others(*)	57.5	1.4	51.7	1.4	5.7	11.0	
Automotive Total	4,034.5	98.5	3,522.4	98.4	512.1	14.5	
Industrial & Consumer Product	45.8	1.1	42.7	1.2	3.1	7.3	
Others	15.6	0.4	15.8	0.4	-0.2	-1.3	
New Business Total	61.4	1.5	58.5	1.6	2.9	5.0	
Total	4,095.9	100.0	3,580.9	100.0	515.0	14.4	

## Capital Expenditures, Depreciation and R&D

36

(Unit: Billion of Yen)

North America 2 Europe 1	4.3	156.0 43.3	Percent 25.5%	157.0	Percent
North America 2 Europe 1	0.5			157.0	0.6%
Europe 1	~ /	+0.0	111.2%	36.5	-15.7%
Asia 0 Ossania	9.1	27.9	46.1%	22.0	-21.1%
Asia & Oceania 6	2.6	88.6	41.5%	78.0	-12.0%
Others	4.1	8.3	102.4%	4.5	-45.8%
Capital Expenditures 23	0.6	324.1	40.5%	298.0	-8.1%
Japan 13	1.5	130.9	-0.5%	141.0	7.7%
North America 1	4.5	18.8	29.7%	23.0	22.3%
Europe 1	0.7	14.3	33.6%	17.0	18.9%
Asia & Oceania 2	2.2	30.2	36.0%	37.0	22.5%
Others	2.3	3.0	30.4%	4.0	33.3%
Depreciation 18	1.2	197.2	8.8%	222.0	12.6%
	5.5 1%)	<u>368.7</u> (9.0%)	9.9%	<u>390.0</u> (9.4%)	5.8%