

DENSO CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results of the Fiscal Year Ended March 31, 2015

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DENSO CORPORATION

CODE: 6902

Listed on the Tokyo and
Nagoya stock exchanges

Results of the fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(1) Operating Results

(Millions of yen, except per share figures)

	Year ended Mar. 31, 2015	Year ended Mar. 31, 2014
Net sales.....	4,308,754	4,095,925
% change from the previous corresponding period.....	5.2%	14.4%
Operating income.....	355,111	377,696
% change from the previous corresponding period.....	(6.0%)	44.0%
Income before income taxes and minority interests.....	427,238	418,637
% change from the previous corresponding period.....	2.1%	48.5%
Net income.....	293,099	287,388
% change from the previous corresponding period.....	2.0%	58.2%
Basic net income per share.....	367.54 yen	360.85 yen
Diluted net income per share	367.45 yen	360.60 yen
Return on equity.....	10.0 %	11.5 %

Notes 1. Equity in earnings of affiliates Year ended Mar. 31, 2015 : 4,726 millions of yen
Year ended Mar. 31, 2014 : 6,296 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, 2015	As of Mar. 31, 2014
Total assets.....	5,032,742	4,442,507
Total equity.....	3,341,439	2,823,346
Equity ratio.....	63.5 %	60.6 %
Equity per share.....	4,006.62 yen	3,376.06 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, 2015	Year ended Mar. 31, 2014
Net cash provided by operating activities.....	374,181	462,799
Net cash used in investing activities.....	(112,618)	(390,318)
Net cash used in financing activities.....	(125,606)	(154,976)
Cash and Cash Equivalents at End of Period.....	792,414	641,694

(4) Consolidation Scope

Number of consolidated subsidiaries : 188

Number of unconsolidated subsidiaries : 1

Number of affiliates : 35 (Affiliates accounted for by the equity method : 35)

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

Consolidated subsidiaries

Added : 4

Excluded : 1

Companies accounted for by the equity method

Added : 2

Excluded : 0

Consolidated Balance Sheets

	Millions of yen		
Assets	As of Mar. 31, 2015	As of Mar. 31, 2014	Increase (Decrease)
Current Assets:			
Cash and cash equivalents	792,414	641,694	
Short-term investments	171,961	392,414	
Notes and accounts receivable, less allowance for doubtful accounts	738,054	688,146	
Inventories	486,101	422,425	
Deferred tax assets	61,076	68,688	
Other current assets	147,318	128,280	
Total current assets	2,396,924	2,341,647	55,277
Property, Plant and Equipment:			
Land	181,446	175,244	
Buildings and structures	872,603	811,575	
Machinery and equipment	3,250,097	2,987,757	
Construction in progress	131,105	126,089	
	4,435,251	4,100,665	
Less: Accumulated depreciation	(3,234,635)	(3,056,989)	
Net property, plant and equipment	1,200,616	1,043,676	156,940
Investments and Other Assets	1,435,202	1,057,184	378,018
Total	5,032,742	4,442,507	590,235
Liabilities and Equity	As of Mar. 31, 2015	As of Mar. 31, 2014	Increase (Decrease)
Current Liabilities:			
Short-term borrowings	73,262	22,774	
Current portion of long-term debt	25,697	104,391	
Notes and accounts payable	521,503	493,933	
Income taxes payable	14,182	73,855	
Accrued expenses	224,207	233,676	
Other current liabilities	105,333	102,387	
Total current liabilities	964,184	1,031,016	(66,832)
Long-term Liabilities:			
Long-term debt	319,137	308,578	
Liabilities for retirement benefits to employees, directors, corporate auditors and managing officers	223,365	201,940	
Deferred tax liabilities	160,162	58,272	
Other long-term liabilities	24,455	19,355	
Total long-term liabilities	727,119	588,145	138,974
Shareholders' Equity:			
Common stock	187,457	187,457	
Capital surplus	270,082	269,497	
Retained earnings	2,393,612	2,184,238	
Treasury stock - at cost	(218,942)	(220,120)	
Total shareholders' equity	2,632,209	2,421,072	211,137
Variance of the Estimate/Conversion:			
Unrealized gain on available-for-sale securities	523,393	307,687	
Deferred gain (loss) on derivatives under hedge accounting	14	(113)	
Foreign currency translation adjustments	57,920	(27,380)	
Remeasurements of defined benefit plans	(17,470)	(9,775)	
Total variance of the estimate/conversion	563,857	270,419	293,438
Stock Acquisition Rights	148	488	(340)
Minority Interests	145,225	131,367	13,858
Total equity	3,341,439	2,823,346	518,093
Total	5,032,742	4,442,507	590,235

Consolidated Statements of Income

	Year ended Mar. 31, 2015	Year ended Mar. 31, 2014	Millions of yen Increase (Decrease)
Net Sales	4,308,754	4,095,925	212,829
Cost of Sales	3,551,832	3,341,834	209,998
Gross Profit	756,922	754,091	2,831
Selling, General and Administrative Expenses	401,811	376,395	
Operating Income	355,111	377,696	(22,585)
Other Income (Expenses):			
Interest and dividend income	26,955	20,698	
Interest expense	(7,627)	(7,516)	
Equity in earnings of affiliates	4,726	6,296	
Gain on sales of property, plant and equipment	1,258	1,635	
Gain on negative goodwill	5,265	-	
Gain on withdrawal of assets from retirement benefit trust	50,168	-	
Loss on sales or disposal of property, plant and equipment	(3,663)	(3,366)	
Impairment loss on long-lived assets	(1,892)	(894)	
Impairment loss on investment securities	(2)	(56)	
Foreign exchange gain	16,319	12,253	
Loss on antitrust issues	(21,890)	-	
Loss on liquidation of business	(2,783)	-	
Other, net	5,293	11,891	
Income before income taxes and minority interests	427,238	418,637	8,601
Income Taxes:			
Current	83,088	125,892	
Deferred	32,784	(12,859)	
Minority Interests in Net Income	18,267	18,216	
Net Income	293,099	287,388	5,711

Statements of Changes in Equity

	Year ended Mar. 31, 2015	Millions of yen Year ended Mar. 31, 2014
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	269,497	267,332
Gain on disposal of treasury stock	585	2,165
Balance at end of period	270,082	269,497
Retained Earnings:		
Balance at beginning of period	2,184,238	1,933,814
Cumulative effect of changes in accounting policies	-	29,903
Restated balance at beginning of period	-	1,963,717
Cash dividends	(83,725)	(66,867)
Net income	293,099	287,388
Balance at end of period	2,393,612	2,184,238
Treasury Stock – at cost:		
Balance at beginning of period	(220,120)	(224,505)
Purchase of treasury stock	(31)	(52)
Disposal of treasury stock	1,209	4,437
Balance at end of period	(218,942)	(220,120)
Unrealized Gain on Available-for-sale Securities:		
Balance at beginning of period	307,687	226,354
Net change	215,706	81,333
Balance at end of period	523,393	307,687
Deferred Gain (Loss) on Derivatives:		
under Hedge Accounting:		
Balance at beginning of period	(113)	17
Net change	127	(130)
Balance at end of period	14	(113)
Foreign Currency Translation Adjustments:		
Balance at beginning of period	(27,380)	(90,405)
Net change	85,300	63,025
Balance at end of period	57,920	(27,380)
Remeasurements of defined benefit plans:		
Balance at beginning of period	(9,775)	-
Cumulative effect of changes in accounting policies	-	(21,959)
Restated balance at beginning of period	-	(21,959)
Net change	(7,695)	12,184
Balance at end of period	(17,470)	(9,775)
Stock Acquisition Rights:		
Balance at beginning of period	488	2,293
Net change	(340)	(1,805)
Balance at end of period	148	488
Minority Interests:		
Balance at beginning of period	131,367	124,504
Cumulative effect of changes in accounting policies	-	(452)
Restated balance at beginning of period	-	124,052
Net change	13,858	7,315
Balance at end of period	145,225	131,367
Total Equity at End of Period	3,341,439	2,823,346

Consolidated Statements of Cash Flows

	Year ended Mar. 31, 2015	Year ended Mar. 31, 2014	Millions of yen Increase (Decrease)
Operating Activities:			
Income before income taxes and minority interests	427,238	418,637	
Adjustments for:			
Payment of income taxes	(151,944)	(109,842)	
Depreciation	230,686	197,174	
Impairment loss on long-lived assets	1,892	894	
Amortization of goodwill	2,104	1,617	
Increase in liability for retirement benefits	808	8,909	
Equity in earnings of affiliates	(4,726)	(6,296)	
Loss on sale or disposal of property, plant and equipment, net	834	1,731	
Gain on sale of investment securities	(329)	(142)	
Loss on valuation of investment securities	2	56	
Foreign exchange loss	1,700	8,629	
Changes in assets and liabilities:			
Gain on negative goodwill	(5,265)	-	
Increase in notes and accounts receivable	(4,261)	(11,603)	
Increase in inventories	(43,501)	(29,971)	
(Decrease) Increase in notes and accounts payable	(6,721)	4,654	
Increase in prepaid pension cost	(65,755)	(16,030)	
Other, net	(8,581)	(5,618)	
Total adjustments	(53,057)	44,162	(97,219)
Net cash provided by operating activities	374,181	462,799	(88,618)
Investing Activities:			
Acquisition of property, plant and equipment	(357,136)	(314,890)	
Purchase of available-for-sale securities	(343,346)	(878,707)	
Proceeds from sale and redemption of available-for-sale securities	528,520	781,611	
Other, net	59,344	21,668	
Net cash used in by investing activities	(112,618)	(390,318)	277,700
Financing Activities:			
Net decrease in short-term borrowings	14,158	6,227	
Proceeds from long-term borrowings	40,584	27,542	
Repayments of long-term borrowings	(64,433)	(49,307)	
Proceeds from issuance of bonds	20,000	30,000	
Repayments of bonds	(40,000)	(100,000)	
Dividends paid	(83,725)	(66,867)	
Purchase of treasury stock	(31)	(52)	
Purchase of subsidiary's shares	(4,583)	-	
Other, net	(7,576)	(2,519)	
Net cash used in by financing activities	(125,606)	(154,976)	29,370
Foreign Currency Translation Adjustments on			
Cash and Cash Equivalents	13,911	16,859	
Net Increase (Decrease) in Cash and Cash Equivalents	149,868	(65,636)	
Cash and Cash Equivalents of Newly Consolidated Subsidiary	852	-	
Cash and Cash Equivalents at Beginning of Period	641,694	707,330	
Cash and Cash Equivalents at End of Period	792,414	641,694	150,720

Segment Information

<u>Geographical Segments (by company location)</u>		Millions of yen		
		Year ended Mar. 31, 2015	Year ended Mar. 31, 2014	
Sales	Japan	Customers	1,837,415	1,896,447
		Intersegment	826,077	821,182
		Total	2,663,492	2,717,629
	North America	Customers	942,251	799,423
		Intersegment	24,206	17,179
		Total	966,457	816,602
	Europe	Customers	524,754	470,515
		Intersegment	29,999	28,386
		Total	554,753	498,901
	Asia & Oceania	Customers	930,792	855,448
		Intersegment	118,933	87,674
		Total	1,049,725	943,122
	Others	Customers	73,542	74,092
		Intersegment	261	255
		Total	73,803	74,347
Total	Customers	4,308,754	4,095,925	
	Intersegment	999,476	954,676	
	Total	5,308,230	5,050,601	
	Eliminations	(999,476)	(954,676)	
	Consolidated	4,308,754	4,095,925	
Operating Income	Japan	225,230	283,340	
	North America	38,686	14,657	
	Europe	16,888	12,361	
	Asia & Oceania	74,718	71,231	
	Others	406	27	
	Total	355,928	381,616	
	Eliminations	(817)	(3,920)	
	Consolidated	355,111	377,696	
Assets	Japan	2,812,829	2,298,556	
	North America	459,996	343,762	
	Europe	388,631	363,793	
	Asia & Oceania	902,468	778,172	
	Others	60,459	67,851	
	Total	4,624,383	3,852,134	
	Corporate and eliminations	408,359	590,373	
	Consolidated	5,032,742	4,442,507	