

[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 Nine Months Ended December 31, 2016
<under IFRS>

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Scheduled date of commencement of dividend payment : —

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

DATE: February 2, 2017

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 nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results

(Percentages indicate the change of the same period of the previous year)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2016	3,311,516	(1.8)	247,503	1.8	277,034	0.9	202,049	(0.7)
December 31, 2015	3,370,941	6.6	243,143	2.3	274,664	0.3	203,401	1.2

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended						
December 31, 2016	190,908	(0.2)	303,572	170.6	241.45	—
December 31, 2015	191,345	1.9	112,204	(75.8)	240.42	240.41

(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
As of	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2016	5,082,042	3,421,442	3,292,270	64.8
March 31, 2016	5,042,896	3,255,035	3,123,578	61.9

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	—	60.00	—	60.00	120.00
Year ending March 31, 2017	—	60.00	—		
Year ending March 31, 2017 (Forecast)				60.00	120.00

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2017
(from April 1, 2016 to March 31, 2017)**

(Percentages indicate the change of the same period of the previous year)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,440,000	(1.9)	298,000	(5.6)	323,000	(7.0)	214,000	(12.4)	272.32

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2016	As of Dec. 31, 2016
Assets		
Current assets		
Cash and cash equivalents	672,482	760,227
Trade and other receivables	826,687	810,920
Inventories	476,574	487,190
Other financial assets	356,815	92,622
Other current assets	64,654	70,710
Total current assets	2,397,212	2,221,669
Non-current assets		
Property, plant and equipment	1,425,567	1,472,796
Intangible assets	21,156	21,861
Other financial assets	1,037,672	1,189,710
Investments accounted for using the equity method	71,096	87,893
Retirement benefit assets	25,791	22,224
Deferred tax assets	40,464	38,889
Other non-current assets	23,938	27,000
Total non-current assets	2,645,684	2,860,373
Total assets	5,042,896	5,082,042

(Unit: Millions of yen)

	As of Mar. 31, 2016	As of Dec. 31, 2016
Liabilities and equity		
Current liabilities		
Bonds and borrowings	261,973	92,261
Trade and other payables	812,936	771,831
Other financial liabilities	12,333	18,279
Income tax payables	36,494	15,239
Provisions	86,750	69,825
Other current liabilities	46,859	62,987
Total current liabilities	1,257,345	1,030,422
Non-current liabilities		
Bonds and borrowings	214,638	270,200
Other financial liabilities	10,099	8,155
Retirement benefit liabilities	231,120	235,782
Provisions	2,152	1,635
Deferred tax liabilities	54,417	99,072
Other non-current liabilities	18,090	15,334
Total non-current liabilities	530,516	630,178
Total liabilities	1,787,861	1,660,600
Equity		
Capital stock	187,457	187,457
Capital surplus	267,640	265,985
Treasury stock	(246,486)	(31,249)
Other components of equity	422,205	522,710
Retained earnings	2,492,762	2,347,367
Equity attributable to owners of the parent company	3,123,578	3,292,270
Non-controlling interests	131,457	129,172
Total equity	3,255,035	3,421,442
Total liabilities and equity	5,042,896	5,082,042

Consolidated Statement of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2016
Revenue	3,370,941	3,311,516
Cost of revenue	(2,792,243)	(2,764,907)
Gross profit	578,698	546,609
Selling, general and administrative expenses	(307,585)	(304,199)
Other income	8,965	22,574
Other expenses	(36,935)	(17,481)
Operating profit	243,143	247,503
Finance income	32,672	33,109
Finance costs	(7,116)	(7,416)
Foreign exchange gains (losses)	1,727	(1,346)
Share of the profit of associates accounted for using the equity method	4,238	5,184
Profit before income taxes	274,664	277,034
Income tax expenses	(71,263)	(74,985)
Profit for the period	203,401	202,049
Attributable to:		
Owners of the parent company	191,345	190,908
Non-controlling interests	12,056	11,141

(Unit: Yen)

Earnings per share		
Basic	240.42	241.45
Diluted	240.41	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2016
Profit for the period	203,401	202,049
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value (loss) gain on equity instruments designated as FVTOCI	(38,749)	110,371
Remeasurements of defined benefit pension plans	(5,083)	469
Share of other comprehensive income of investments accounted for using the equity method	(15)	15
Total	(43,847)	110,855
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(46,557)	(6,147)
Cash flow hedges	(71)	193
Share of other comprehensive income of investments accounted for using the equity method	(722)	(3,378)
Total	(47,350)	(9,332)
Total other comprehensive income	(91,197)	101,523
Comprehensive income for the period	112,204	303,572
Attributable to:		
Owners of the parent company	108,572	293,704
Non-controlling interests	3,632	9,868

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		
				Stock acquisition rights	Net fair value gain on equity instruments designated as FVTOCI	Remeasurements of defined benefit pension plans
As of April 1, 2015	187,457	268,611	(218,942)	148	552,324	—
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	(38,709)	(5,083)
Comprehensive income for the period	—	—	—	—	(38,709)	(5,083)
Acquisition of treasury stock	—	—	(27,819)	—	—	—
Disposal of treasury stock (includes exercising stock options)	—	134	285	(89)	—	—
Retirement of treasury stock	—	—	—	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	(1,092)	—	—	—	—
Transfer to retained earnings	—	—	—	—	1,617	5,083
Other	—	—	—	(59)	—	—
Total transactions with the owners	—	(958)	(27,534)	(148)	1,617	5,083
As of December 31, 2015	187,457	267,653	(246,476)	—	515,232	—

As of April 1, 2016	187,457	267,640	(246,486)	—	361,376	—
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	110,320	359
Comprehensive income for the period	—	—	—	—	110,320	359
Acquisition of treasury stock	—	—	(30,013)	—	—	—
Disposal of treasury stock (includes exercising stock options)	—	—	—	—	—	—
Retirement of treasury stock	—	(1,657)	245,250	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in a subsidiaries without a loss of control	—	2	—	—	—	—
Transfer to retained earnings	—	—	—	—	(1,932)	(359)
Other	—	—	—	—	—	—
Total transactions with the owners	—	(1,655)	215,237	—	(1,932)	(359)
As of December 31, 2016	187,457	265,985	(31,249)	—	469,764	—

(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, 2015	147,704	(238)	699,938	2,390,874	3,327,938	146,273	3,474,211
Profit for the period	—	—	—	191,345	191,345	12,056	203,401
Other comprehensive income	(38,910)	(71)	(82,773)	—	(82,773)	(8,424)	(91,197)
Comprehensive income for the period	(38,910)	(71)	(82,773)	191,345	108,572	3,632	112,204
Acquisition of treasury stock	—	—	—	—	(27,819)	—	(27,819)
Disposal of treasury stock (includes exercising stock options)	—	—	(89)	—	330	—	330
Retirement of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	(97,977)	(97,977)	(11,354)	(109,331)
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	—	(1,092)	(5,929)	(7,021)
Transfer to retained earnings	—	—	6,700	(6,700)	—	—	—
Other	—	—	(59)	—	(59)	(16)	(75)
Total transactions with the owners	—	—	6,552	(104,677)	(126,617)	(17,299)	(143,916)
As of December 31, 2015	108,794	(309)	623,717	2,477,542	3,309,893	132,606	3,442,499

As of April 1, 2016	61,351	(522)	422,205	2,492,762	3,123,578	131,457	3,255,035
Profit for the period	—	—	—	190,908	190,908	11,141	202,049
Other comprehensive income	(8,076)	193	102,796	—	102,796	(1,273)	101,523
Comprehensive income for the period	(8,076)	193	102,796	190,908	293,704	9,868	303,572
Acquisition of treasury stock	—	—	—	—	(30,013)	—	(30,013)
Disposal of treasury stock (includes exercising stock options)	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	(243,593)	—	—	—
Dividends	—	—	—	(95,001)	(95,001)	(12,262)	(107,263)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	2	130	132
Transfer to retained earnings	—	—	(2,291)	2,291	—	—	—
Other	—	—	—	—	—	(21)	(21)
Total transactions with the owners	—	—	(2,291)	(336,303)	(125,012)	(12,153)	(137,165)
As of December 31, 2016	53,275	(329)	522,710	2,347,367	3,292,270	129,172	3,421,442

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2016
Cash flows from operating activities		
Profit before income taxes	274,664	277,034
Depreciation	177,268	176,753
Impairment losses	202	—
Increase in retirement benefit liabilities	4,348	5,322
Decrease in retirement benefit assets	890	3,567
Interest and dividend income	(32,518)	(32,994)
Interest expenses	5,349	5,421
Foreign exchange losses (gains)	610	(67)
Share of the profit of associates and joint ventures accounted for using the equity method	(4,238)	(5,184)
Losses on sales or disposal of property, plant and equipment	2,822	4,153
Decrease (Increase) in trade receivables	2,395	(131)
Increase in inventories	(22,285)	(13,777)
(Decrease) Increase in trade payables	(10,225)	2,486
Increase (Decrease) in provisions	19,450	(17,381)
Other	(3,832)	(7,783)
Subtotal	414,900	397,419
Interest received	6,553	5,476
Dividends received	30,548	30,283
Interest paid	(5,247)	(4,408)
Income taxes paid	(53,461)	(101,345)
Net cash provided by operating activities	393,293	327,425
Cash flows from investing activities		
(Increase) Decrease in time deposits	(198,167)	123,404
Purchases of property, plant and equipment	(247,182)	(250,560)
Proceeds from sales of property, plant and equipment	5,902	5,394
Purchases of intangible assets	(5,872)	(6,453)
Purchases of investments in equity instruments	(25,675)	(18,021)
Purchases of investments in debt instruments	(514,787)	(83,148)
Proceeds from sales and redemption of investments in equity instruments	99	—
Proceeds from sales and redemption of investments in debt instruments	311,677	206,273
Other	(308)	295
Net cash used in investing activities	(674,313)	(22,816)
Cash flows from financing activities		
Net decrease in short-term borrowings	(5,747)	5,338
Proceeds from borrowings	101,099	82,586
Repayments of long-term borrowings	(67,127)	(152,627)
Repayments of finance lease obligations	(7,537)	(9,045)
Issuance of bonds	30,000	30,000
Redemption of bonds	—	(50,000)
Dividends paid	(97,977)	(95,001)
Dividends paid to non-controlling interests	(11,354)	(12,262)
Purchase of treasury stock	(27,819)	(30,013)
Purchase of subsidiary's treasury stock	(7,254)	—
Other	5,744	10,572
Net cash used in financing activities	(87,972)	(220,452)
Foreign currency translation adjustments on cash and cash equivalents	(13,660)	3,588
Net (decrease) increase in cash and cash equivalents	(382,652)	87,745
Cash and cash equivalents at beginning of period	792,414	672,482
Cash and cash equivalents of a newly consolidated subsidiary	106	—
Cash and cash equivalents at end of period	409,868	760,227

Segment information

For the Nine months ended December 31, 2015

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	1,325,392	803,742	422,216	773,965	3,325,315	45,626	—	3,370,941	
Intersegment	642,013	24,351	18,399	109,125	793,888	309	(794,197)	—	
Total	1,967,405	828,093	440,615	883,090	4,119,203	45,935	(794,197)	3,370,941	
Segment profit or losses	126,464	32,161	10,715	73,426	242,766	(1,374)	1,751	243,143	
Finance income									32,672
Finance costs									(7,116)
Foreign exchange gains									1,727
Share of the profit of associates and joint ventures accounted for using the equity method									4,238
Profit before income taxes									274,664

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

For the Nine months ended December 31, 2016

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	1,376,185	761,451	398,675	728,900	3,265,211	46,305	—	3,311,516	
Intersegment	606,010	20,127	18,247	110,946	755,330	578	(755,908)	—	
Total	1,982,195	781,578	416,922	839,846	4,020,541	46,883	(755,908)	3,311,516	
Segment profit or losses	106,858	43,449	14,307	80,502	245,116	4,009	(1,622)	247,503	
Finance income									33,109
Finance costs									(7,416)
Foreign exchange losses									(1,346)
Share of the profit of associates and joint ventures accounted for using the equity method									5,184
Profit before income taxes									277,034

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