

[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 Six Months Ended September 30, 2016
<under IFRS>

1-1, Showa-cho, Kariya, Aichi 448-8661, Japan

Representative : Koji Arima
 President and CEO

Contact : Hiroyuki Shinyashiki
 Director

Telephone : +81-566-25-5850

Scheduled date of commencement of dividend payment : November 25, 2016

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

DATE: October 28, 2016

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 six months ended September 30, 2016 (from April 1, 2016 to September 30, 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	%
Six months ended								
September 30, 2016	2,176,914	(2.3)	142,698	(3.6)	150,551	(9.8)	103,624	(14.0)
September 30, 2015	2,228,462	7.6	148,036	(1.2)	166,833	(0.9)	120,560	(0.0)

	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
Six months ended						
September 30, 2016	97,495	(13.8)	(36,169)	—	123.05	—
September 30, 2015	113,050	0.9	(40,355)	—	141.82	141.81

(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	%
September 30, 2016	4,742,475	3,149,753	3,034,144	64.0
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	4,380,000	(3.2)	290,000	(8.1)	310,000	(10.7)	204,000	(16.5)	258.06

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2016	As of Sep. 30, 2016
Assets		
Current assets		
Cash and cash equivalents	672,482	677,514
Trade and other receivables	826,687	771,718
Inventories	476,574	450,564
Other financial assets	356,815	200,516
Other current assets	64,654	55,405
Total current assets	2,397,212	2,155,717
Non-current assets		
Property, plant and equipment	1,425,567	1,399,150
Intangible assets	21,156	21,595
Other financial assets	1,037,672	1,007,565
Investments accounted for using the equity method	71,096	69,272
Retirement benefit assets	25,791	23,337
Deferred tax assets	40,464	40,458
Other non-current assets	23,938	25,381
Total non-current assets	2,645,684	2,586,758
Total assets	5,042,896	4,742,475

(Unit: Millions of yen)

	As of Mar. 31, 2016	As of Sep. 30, 2016
Liabilities and equity		
Current liabilities		
Bonds and borrowings	261,973	134,559
Trade and other payables	812,936	797,282
Other financial liabilities	12,333	12,478
Income tax payables	36,494	23,312
Provisions	86,750	67,231
Other current liabilities	46,859	42,205
Total current liabilities	1,257,345	1,077,067
Non-current liabilities		
Bonds and borrowings	214,638	209,335
Other financial liabilities	10,099	10,953
Retirement benefit liabilities	231,120	232,373
Provisions	2,152	1,584
Deferred tax liabilities	54,417	44,226
Other non-current liabilities	18,090	17,184
Total non-current liabilities	530,516	515,655
Total liabilities	1,787,861	1,592,722
Equity		
Capital stock	187,457	187,457
Capital surplus	267,640	265,985
Treasury stock	(246,486)	(10,618)
Other components of equity	422,205	290,293
Retained earnings	2,492,762	2,301,027
Equity attributable to owners of the parent company	3,123,578	3,034,144
Non-controlling interests	131,457	115,609
Total equity	3,255,035	3,149,753
Total liabilities and equity	5,042,896	4,742,475

Consolidated Statement of Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2016
Revenue	2,228,462	2,176,914
Cost of revenue	(1,858,052)	(1,834,385)
Gross profit	370,410	342,529
Selling, general and administrative expenses	(203,196)	(203,590)
Other income	6,785	18,561
Other expenses	(25,963)	(14,802)
Operating profit	148,036	142,698
Finance income	19,319	18,315
Finance costs	(4,754)	(5,418)
Foreign exchange gains (losses)	777	(7,694)
Share of the profit of associates accounted for using the equity method	3,455	2,650
Profit before income taxes	166,833	150,551
Income tax expenses	(46,273)	(46,927)
Profit for the period	120,560	103,624
Attributable to:		
Owners of the parent company	113,050	97,495
Non-controlling interests	7,510	6,129

(Unit: Yen)

Earnings per share		
Basic	141.82	123.05
Diluted	141.81	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2016
Profit for the period	120,560	103,624
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value loss on equity instruments designated as FVTOCI	(117,386)	(15,151)
Remeasurements of defined benefit pension plans	—	—
Share of other comprehensive income of investments accounted for using the equity method	(31)	(13)
Total	(117,417)	(15,164)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(43,520)	(119,889)
Cash flow hedges	(10)	11
Share of other comprehensive income of investments accounted for using the equity method	32	(4,751)
Total	(43,498)	(124,629)
Total other comprehensive income	(160,915)	(139,793)
Comprehensive income for the period	(40,355)	(36,169)
Attributable to:		
Owners of the parent company	(39,067)	(32,485)
Non-controlling interests	(1,288)	(3,684)

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	—	—	—	—	(117,322)	—
Comprehensive income for the period	—	—	—	—	(117,322)	—
Acquisition of treasury stock	—	—	(13,891)	—	—	—
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	—	(292)	—	—	—	—
Transfer to retained earnings	—	—	—	—	1,635	—
Other	—	—	—	(59)	—	—
Total transactions with the owners	—	(158)	(13,606)	(148)	1,635	—
As of September 30, 2015	187,457	268,453	(232,548)	—	436,637	—
As of April 1, 2016	187,457	267,640	(246,486)	—	361,376	—
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	(15,148)	—
Comprehensive income for the period	—	—	—	—	(15,148)	—
Acquisition of treasury stock	—	—	(9,382)	—	—	—
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)	—
Other	—	—	—	—	—	—
Total transactions with the owners	—	(1,655)	235,868	—	(1,932)	—
As of September 30, 2016	187,457	265,985	(10,618)	—	344,296	—

(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	—	—	—	113,050	113,050	7,510	120,560
Other comprehensive income	(34,785)	(10)	(152,117)	—	(152,117)	(8,798)	(160,915)
Comprehensive income for the period	(34,785)	(10)	(152,117)	113,050	(39,067)	(1,288)	(40,355)
Acquisition of treasury stock	—	—	—	—	(13,891)	—	(13,891)
Disposal of treasury stock (includes exercising stock options)	—	—	(89)	—	330	—	330
Retirement of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	(50,257)	(50,257)	(11,347)	(61,604)
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	—	(292)	(7,216)	(7,508)
Transfer to retained earnings	—	—	1,635	(1,635)	—	—	—
Other	—	—	(59)	—	(59)	(15)	(74)
Total transactions with the owners	—	—	1,487	(51,892)	(64,169)	(18,578)	(82,747)
As of September 30, 2015	112,919	(248)	549,308	2,452,032	3,224,702	126,407	3,351,109

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	—	—	—	97,495	97,495	6,129	103,624
Other comprehensive income	(114,843)	11	(129,980)	—	(129,980)	(9,813)	(139,793)
Comprehensive income for the period	(114,843)	11	(129,980)	97,495	(32,485)	(3,684)	(36,169)
Acquisition of treasury stock	—	—	—	—	(9,382)	—	(9,382)
Disposal of treasury stock (includes exercising stock options)	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	(243,593)	—	—	—
Dividends	—	—	—	(47,569)	(47,569)	(12,237)	(59,806)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	2	100	102
Transfer to retained earnings	—	—	(1,932)	1,932	—	—	—
Other	—	—	—	—	—	(27)	(27)
Total transactions with the owners	—	—	(1,932)	(289,230)	(56,949)	(12,164)	(69,113)
As of September 30, 2016	(53,492)	(511)	290,293	2,301,027	3,034,144	115,609	3,149,753

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2016
Cash flows from operating activities		
Profit before income taxes	166,833	150,551
Depreciation	117,446	116,412
Increase in retirement benefit liabilities	3,585	3,518
Decrease in retirement benefit assets	293	2,454
Interest and dividend income	(19,108)	(18,194)
Interest expenses	3,706	3,822
Foreign exchange losses	3,226	3,083
Share of the profit of associates and joint ventures accounted for using the equity method	(3,455)	(2,650)
Losses on sales or disposal of property, plant and equipment	1,696	3,135
Decrease (Increase) in trade receivables	1,276	(20,669)
Increase in inventories	(15,551)	(9,098)
(Decrease) Increase in trade payables	(4,479)	44,609
Increase (Decrease) in provisions	12,247	(18,402)
Other	7,892	9,395
Subtotal	275,607	267,966
Interest received	4,339	3,486
Dividends received	17,589	16,604
Interest paid	(3,771)	(3,385)
Income taxes paid	(24,004)	(59,669)
Net cash provided by operating activities	269,760	225,002
Cash flows from investing activities		
(Increase) Decrease in time deposits	(200,433)	50,707
Purchases of property, plant and equipment	(166,827)	(167,418)
Proceeds from sales of property, plant and equipment	5,535	3,479
Purchases of intangible assets	(4,337)	(4,898)
Purchases of investments in equity instruments	(490)	(4,169)
Purchases of investments in debt instruments	(349,606)	(78,016)
Proceeds from sales and redemption of investments in debt instruments	137,942	154,715
Other	1,785	(1,201)
Net cash used in investing activities	(576,431)	(46,801)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(2,642)	400
Proceeds from borrowings	45,521	77,364
Repayments of long-term borrowings	(28,573)	(144,718)
Repayments of finance lease obligations	(5,094)	(5,908)
Issuance of bonds	30,000	30,000
Redemption of bonds	—	(50,000)
Dividends paid	(50,257)	(47,569)
Dividends paid to non-controlling interests	(11,347)	(12,236)
Purchase of treasury stock	(13,891)	(9,383)
Purchase of subsidiary's treasury stock	(7,254)	—
Other	327	9,854
Net cash used in financing activities	(43,210)	(152,196)
Foreign currency translation adjustments on cash and cash equivalents	(10,704)	(20,973)
Net (decrease) Increase in cash and cash equivalents	(360,585)	5,032
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	431,935	677,514

Segment information

For the Six months ended September 30, 2015

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	869,151	540,445	283,220	503,644	2,196,460	32,002	—	2,228,462	
Intersegment	413,682	16,576	12,160	71,919	514,337	206	(514,543)	—	
Total	1,282,833	557,021	295,380	575,563	2,710,797	32,208	(514,543)	2,228,462	
Segment profit or losses	71,429	24,958	6,196	42,263	144,846	(682)	3,872	148,036	
Finance income									19,319
Finance costs									(4,754)
Foreign exchange gains									777
Share of the profit of associates and joint ventures accounted for using the equity method									3,455
Profit before income taxes									166,833

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

For the Six months ended September 30, 2016

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	908,453	502,988	268,772	466,583	2,146,796	30,118	—	2,176,914	
Intersegment	383,863	13,630	11,446	72,729	481,668	346	(482,014)	—	
Total	1,292,316	516,618	280,218	539,312	2,628,464	30,464	(482,014)	2,176,914	
Segment profit or losses	52,560	29,520	9,350	46,117	137,547	1,731	3,420	142,698	
Finance income									18,315
Finance costs									(5,418)
Foreign exchange losses									(7,694)
Share of the profit of associates and joint ventures accounted for using the equity method									2,650
Profit before income taxes									150,551

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