

[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 Fiscal Year Ended March 31, 2018
<under IFRS>

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Scheduled date of the general meeting of shareholders : June 20, 2018

Scheduled date of commencement of dividend payment : May 28, 2018

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

DATE: April 27, 2018

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 fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the year	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	5,108,291	12.8	412,676	24.8	449,903	24.7	343,444	25.4
March 31, 2017	4,527,148	0.1	330,551	4.7	360,858	3.9	273,895	5.1

	Profit attributable to owners of the parent company		Comprehensive income for the year		Basic earnings per share	Diluted earnings per share
Year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2018	320,561	24.4	435,494	32.3	410.45	—
March 31, 2017	257,619	5.5	329,248	—	326.32	—

	Ratio of profit to equity attributable to owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
Year ended	%	%	%
March 31, 2018	9.3	8.2	8.1
March 31, 2017	8.0	7.1	7.3

Reference: Share of the profit of associates and joint ventures accounted for using the equity method:

Fiscal year ended March 31, 2018: ¥6,518 million; Fiscal year ended March 31, 2017: ¥8,436 million

(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	Equity attributable to owners of the parent company per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2018	5,764,417	3,774,293	3,598,321	62.4	4,614.87
March 31, 2017	5,150,762	3,447,082	3,312,724	64.3	4,215.46

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2018	558,001	(529,053)	(40,312)	783,338
March 31, 2017	467,779	(108,037)	(240,526)	793,550

2. Cash dividends

	Annual dividends per share					Total amount of dividends (total)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent company (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	—	60.00	—	60.00	120.00	94,585	36.8	2.9
Year ended March 31, 2018	—	65.00	—	65.00	130.00	101,368	31.7	2.9
Year ending March 31, 2019 (Forecast)	—	65.00	—	65.00	130.00		35.0	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	2,580,000	9.2	147,000	(28.1)	170,000	(25.0)	121,000	(26.3)	110,000	(28.7)	140.87
Full year	5,320,000	4.1	376,000	(8.9)	415,000	(7.8)	315,000	(8.3)	290,000	(9.5)	371.38

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	2017	2018
Assets		
Current assets		
Cash and cash equivalents	793,550	783,338
Trade and other receivables	876,454	993,549
Inventories	485,867	550,291
Other financial assets	93,781	151,122
Other current assets	82,398	85,533
Total current assets	2,332,050	2,563,833
Non-current assets		
Property, plant and equipment	1,490,531	1,591,207
Intangible assets	22,451	76,968
Other financial assets	1,111,945	1,330,820
Investments accounted for using the equity method	92,198	88,718
Retirement benefit assets	43,868	53,864
Deferred tax assets	30,266	35,020
Other non-current assets	27,453	23,987
Total non-current assets	2,818,712	3,200,584
Total assets	5,150,762	5,764,417

(Unit: Millions of yen)

	2017	2018
Liabilities and equity		
Current liabilities		
Bonds and borrowings	84,139	170,003
Trade and other payables	861,161	923,272
Other financial liabilities	14,484	16,483
Income tax payables	24,890	53,609
Provisions	70,549	69,295
Other current liabilities	48,588	57,674
Total current liabilities	1,103,811	1,290,336
Non-current liabilities		
Bonds and borrowings	266,116	303,847
Other financial liabilities	9,819	10,119
Retirement benefit liabilities	228,576	245,387
Provisions	1,529	1,515
Deferred tax liabilities	78,243	121,272
Other non-current liabilities	15,586	17,648
Total non-current liabilities	599,869	699,788
Total liabilities	1,703,680	1,990,124
Equity		
Capital stock	187,457	187,457
Capital surplus	265,985	265,985
Treasury stock	(31,191)	(57,677)
Other components of equity	454,445	528,418
Retained earnings	2,436,028	2,674,138
Equity attributable to owners of the parent company	3,312,724	3,598,321
Non-controlling interests	134,358	175,972
Total equity	3,447,082	3,774,293
Total liabilities and equity	5,150,762	5,764,417

Consolidated Statement of Income

(Unit: Millions of yen)

	2017	2018
Revenue	4,527,148	5,108,291
Cost of revenue	(3,769,532)	(4,254,598)
Gross profit	757,616	853,693
Selling, general and administrative expenses	(431,192)	(447,732)
Other income	27,721	34,275
Other expenses	(23,594)	(27,560)
Operating profit	330,551	412,676
Finance income	35,487	40,532
Finance costs	(9,883)	(9,495)
Foreign exchange losses	(3,733)	(328)
Share of the profit of associates and joint ventures accounted for using the equity method	8,436	6,518
Profit before income taxes	360,858	449,903
Income tax expenses	(86,963)	(106,459)
Profit for the year	273,895	343,444
Attributable to:		
Owners of the parent company	257,619	320,561
Non-controlling interests	16,276	22,883

(Unit: Yen)

Earnings per share		
Basic	326.32	410.45
Diluted	—	—

Consolidated Statement of Other Comprehensive Income

(Unit: Millions of yen)

	2017	2018
Profit for the year	273,895	343,444
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain on equity instruments designated as FVTOCI	59,994	84,164
Remeasurements of defined benefit pension plans	21,660	13,035
Share of other comprehensive income of investments accounted for using the equity method	(12)	10
Total	81,642	97,209
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(24,987)	(4,346)
Cash flow hedges	477	199
Share of other comprehensive income of investments accounted for using the equity method	(1,779)	(1,012)
Total	(26,289)	(5,159)
Total other comprehensive income	55,353	92,050
Comprehensive income for the year	329,248	435,494
Attributable to:		
Owners of the parent company	314,074	410,231
Non-controlling interests	15,174	25,263

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	
				Net fair value gain on equity instruments designated as FVTOCI	Remeasurements of defined benefit pension plans
As of April 1, 2016	187,457	267,640	(246,486)	361,376	—
Profit for the year	—	—	—	—	—
Other comprehensive income	—	—	—	59,970	21,206
Comprehensive income for the year	—	—	—	59,970	21,206
Acquisition of treasury stock	—	—	(30,020)	—	—
Disposal of treasury stock	—	14	65	—	—
Retirement of treasury stock	—	(1,683)	245,250	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in a subsidiaries without a loss of control	—	14	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(3,009)	(21,206)
Other	—	—	—	—	—
Total transactions with the owners	—	(1,655)	215,295	(3,009)	(21,206)
As of March 31, 2017	187,457	265,985	(31,191)	418,337	—
As of April 1, 2017	187,457	265,985	(31,191)	418,337	—
Profit for the year	—	—	—	—	—
Other comprehensive income	—	—	—	84,195	12,895
Comprehensive income for the year	—	—	—	84,195	12,895
Acquisition of treasury stock	—	—	(26,486)	—	—
Disposal of treasury stock	—	0	0	—	—
Retirement of treasury stock	—	—	—	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(2,802)	(12,895)
Other	—	—	—	—	—
Total transactions with the owners	—	0	(26,486)	(2,802)	(12,895)
As of March 31, 2018	187,457	265,985	(57,677)	499,730	—

(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, 2016	61,351	(522)	422,205	2,492,762	3,123,578	131,457	3,255,035
Profit for the year	—	—	—	257,619	257,619	16,276	273,895
Other comprehensive income	(25,198)	477	56,455	—	56,455	(1,102)	55,353
Comprehensive income for the year	(25,198)	477	56,455	257,619	314,074	15,174	329,248
Acquisition of treasury stock	—	—	—	—	(30,020)	—	(30,020)
Disposal of treasury stock	—	—	—	—	79	—	79
Retirement of treasury stock	—	—	—	(243,567)	—	—	—
Dividends	—	—	—	(95,001)	(95,001)	(12,262)	(107,263)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	14	11	25
Changes from business combination	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(24,215)	24,215	—	—	—
Other	—	—	—	—	—	(22)	(22)
Total transactions with the owners	—	—	(24,215)	(314,353)	(124,928)	(12,273)	(137,201)
As of March 31, 2017	36,153	(45)	454,445	2,436,028	3,312,724	134,358	3,447,082

As of April 1, 2017	36,153	(45)	454,445	2,436,028	3,312,724	134,358	3,447,082
Profit for the year	—	—	—	320,561	320,561	22,883	343,444
Other comprehensive income	(7,619)	199	89,670	—	89,670	2,380	92,050
Comprehensive income for the year	(7,619)	199	89,670	320,561	410,231	25,263	435,494
Acquisition of treasury stock	—	—	—	—	(26,486)	—	(26,486)
Disposal of treasury stock	—	—	—	—	0	—	0
Retirement of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	(97,837)	(97,837)	(11,569)	(109,406)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	—	(3,557)	(3,557)
Changes from business combination	—	—	—	—	—	31,638	31,638
Transfer to retained earnings	—	—	(15,697)	15,697	—	—	—
Other	—	—	—	(311)	(311)	(161)	(472)
Total transactions with the owners	—	—	(15,697)	(82,451)	(124,634)	16,351	(108,283)
As of March 31, 2018	28,534	154	528,418	2,674,138	3,598,321	175,972	3,774,293

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	2017	2018
Cash flows from operating activities		
Profit before income taxes	360,858	449,903
Depreciation	241,123	268,626
Impairment losses	—	1,154
Increase in retirement benefit liabilities	3,494	4,372
Decrease in retirement benefit assets	6,787	11,167
Interest and dividend income	(35,281)	(39,944)
Interest expenses	7,337	7,042
Foreign exchange gains	(2,153)	(734)
Share of the profit of associates and joint ventures accounted for using the equity method	(8,436)	(6,518)
Losses on sales or disposal of property, plant and equipment	6,477	3,762
Increase in trade receivables	(70,541)	(4,167)
Increase in inventories	(17,507)	(31,257)
Increase (Decrease) in trade payables	48,747	(80,417)
Decrease in provisions	(16,607)	(4,785)
Other	21,406	13,616
Subtotal	545,704	591,820
Interest received	7,654	9,779
Dividends received	30,390	33,691
Interest paid	(7,557)	(7,259)
Income taxes paid	(108,412)	(70,030)
Net cash provided by operating activities	467,779	558,001
Cash flows from investing activities		
Decrease (Increase) in time deposits	126,464	(72,714)
Purchases of property, plant and equipment	(334,978)	(347,973)
Proceeds from sales of property, plant and equipment	6,693	8,686
Purchases of intangible assets	(9,437)	(20,017)
Purchases of equity instruments	(18,830)	(116,706)
Purchases of debt instruments	(92,542)	(52,264)
Proceeds from sales and redemption of equity instruments	1,312	395
Proceeds from sales and redemption of debt instruments	213,597	74,119
Decrease from acquisition of control over subsidiaries	—	(5,756)
Increase from losing of control over subsidiary	—	674
Other	(316)	2,503
Net cash used in investing activities	(108,037)	(529,053)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,312	(998)
Proceeds from borrowings	76,744	113,280
Repayments of long-term borrowings	(163,643)	(71,721)
Repayments of finance lease obligations	(11,924)	(12,636)
Issuance of bonds	30,000	70,000
Redemption of bonds	(50,000)	—
Dividends paid	(95,001)	(97,837)
Dividends paid to non-controlling interests	(12,262)	(11,569)
Purchase of treasury stock	(30,020)	(26,486)
Other	10,268	(2,345)
Net cash used in financing activities	(240,526)	(40,312)
Foreign currency translation adjustments on cash and cash equivalents	1,852	1,152
Net increase (decrease) in cash and cash equivalents	121,068	(10,212)
Cash and cash equivalents at beginning of year	672,482	793,550
Cash and cash equivalents at end of year	793,550	783,338

Segment information

For the year ended March 31, 2017

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	1,871,838	1,050,460	550,244	989,505	4,462,047	65,101	—	4,527,148	
Intersegment	814,166	26,743	27,025	149,770	1,017,704	715	(1,018,419)	—	
Total	2,686,004	1,077,203	577,269	1,139,275	5,479,751	65,816	(1,018,419)	4,527,148	
Segment profit or losses	130,154	59,959	20,168	112,740	323,021	6,893	637	330,551	
Finance income									35,487
Finance costs									(9,883)
Foreign exchange losses									(3,733)
Share of the profit of associates and joint ventures accounted for using the equity method									8,436
Profit before income taxes									360,858

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

For the year ended March 31, 2018

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	2,140,729	1,122,847	620,193	1,146,037	5,029,806	78,485	—	5,108,291	
Intersegment	943,073	33,405	42,139	176,786	1,195,403	513	(1,195,916)	—	
Total	3,083,802	1,156,252	662,332	1,322,823	6,225,209	78,998	(1,195,916)	5,108,291	
Segment profit or losses	200,666	42,512	20,061	136,728	399,967	13,420	(711)	412,676	
Finance income									40,532
Finance costs									(9,495)
Foreign exchange losses									(328)
Share of the profit of associates and joint ventures accounted for using the equity method									6,518
Profit before income taxes									449,903

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