

DENSO
Crafting the Core

FY2018 1st Quarter Financial Results ended June 30, 2017



July 28, 2017

DENSO CORPORATION

Overview of FY2018 1st Quarter Financial Results

1. Revenue increased by the increase of car production and sales expansion.

Operating profit increased due to the production volume increase and cost reduction efforts.

2. Upward revision to the first-half and full-year forecast due to the depreciation of yen.

FY2018 1st Quarter Financial Results

		(Ratio to Revenue)		(Unit: Billions of Yen)	
		FY18 1Q	FY17 1Q	Change	
Revenue		1,164.9	1,092.8	+72.1	+6.6%
Operating Profit (Excludes other income/ expenses)		92.5	74.6	+17.9	+23.9%
Other income/ expenses		0.7	-7.4	+8.1	
Operating Profit		93.2	67.2	+26.0	+38.6%
Finance income/ costs & others(*1)		20.6	7.8	+12.7	
Profit before Income Taxes		113.7	75.0	+38.7	+51.6%
Profit (*2)		76.7	46.1	+30.6	+66.3%

		(Unit: Millions of Units)					
Precondition	Foreign Exchange Rate	JPY	111/\$	JPY	108/\$	+3 JPY	
		JPY	122/Euro	JPY	122/Euro	+0 JPY	
	Domestic Car Production		2.23		2.05	+0.18	+8.7%
	Overseas Car Production of Japanese (North America)		4.83		4.81	+0.01	+0.3%
			(1.56)		(1.63)	(-0.07)	(-4.2%)

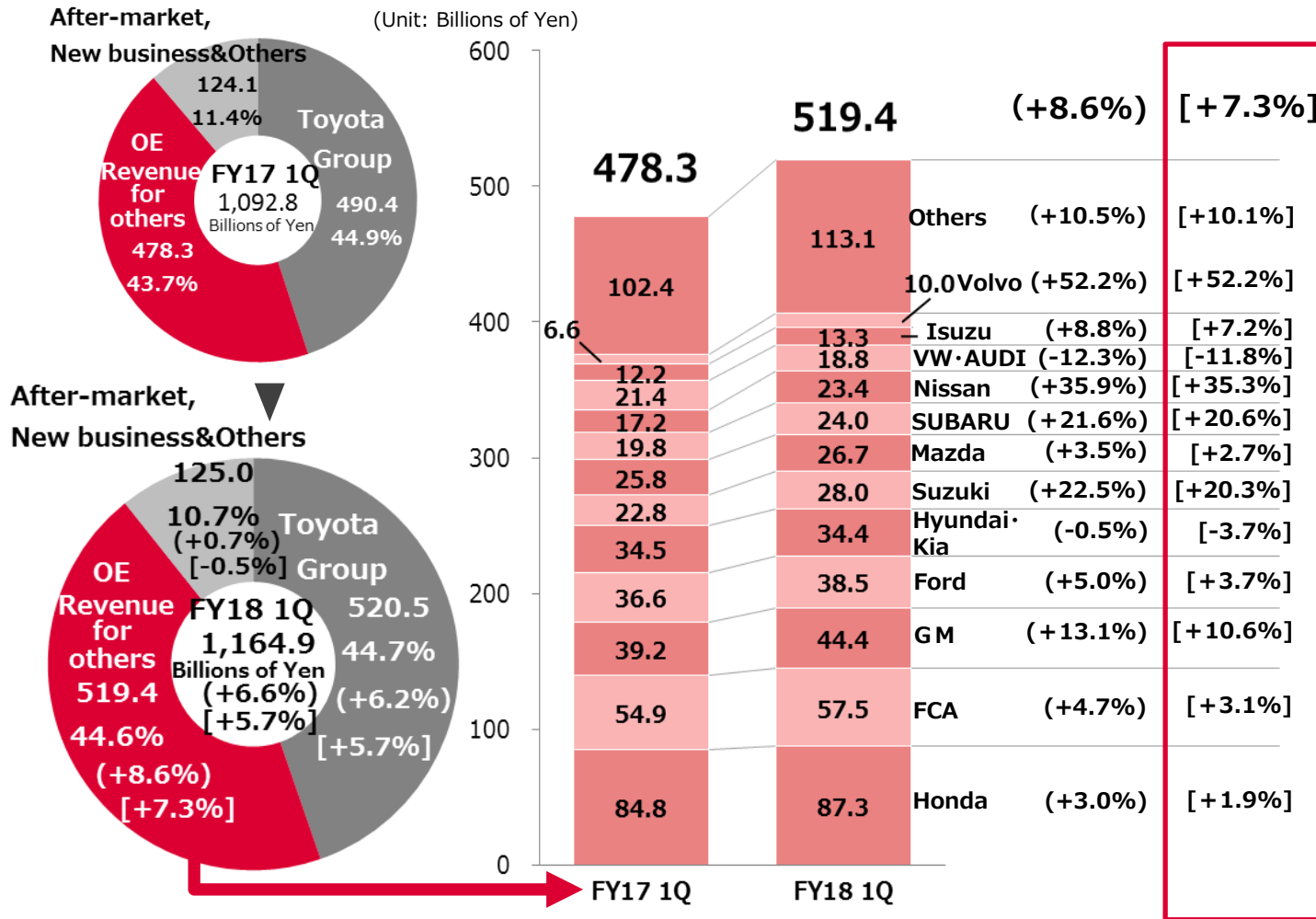
※1 Finance income, Finance costs, Foreign exchange gains/loss, Share of the profit of associates accounted for using the equity method

※2 Profit attributable to owners of the parent company

FY2018 1st Quarter Consolidated Revenue (By Customer)

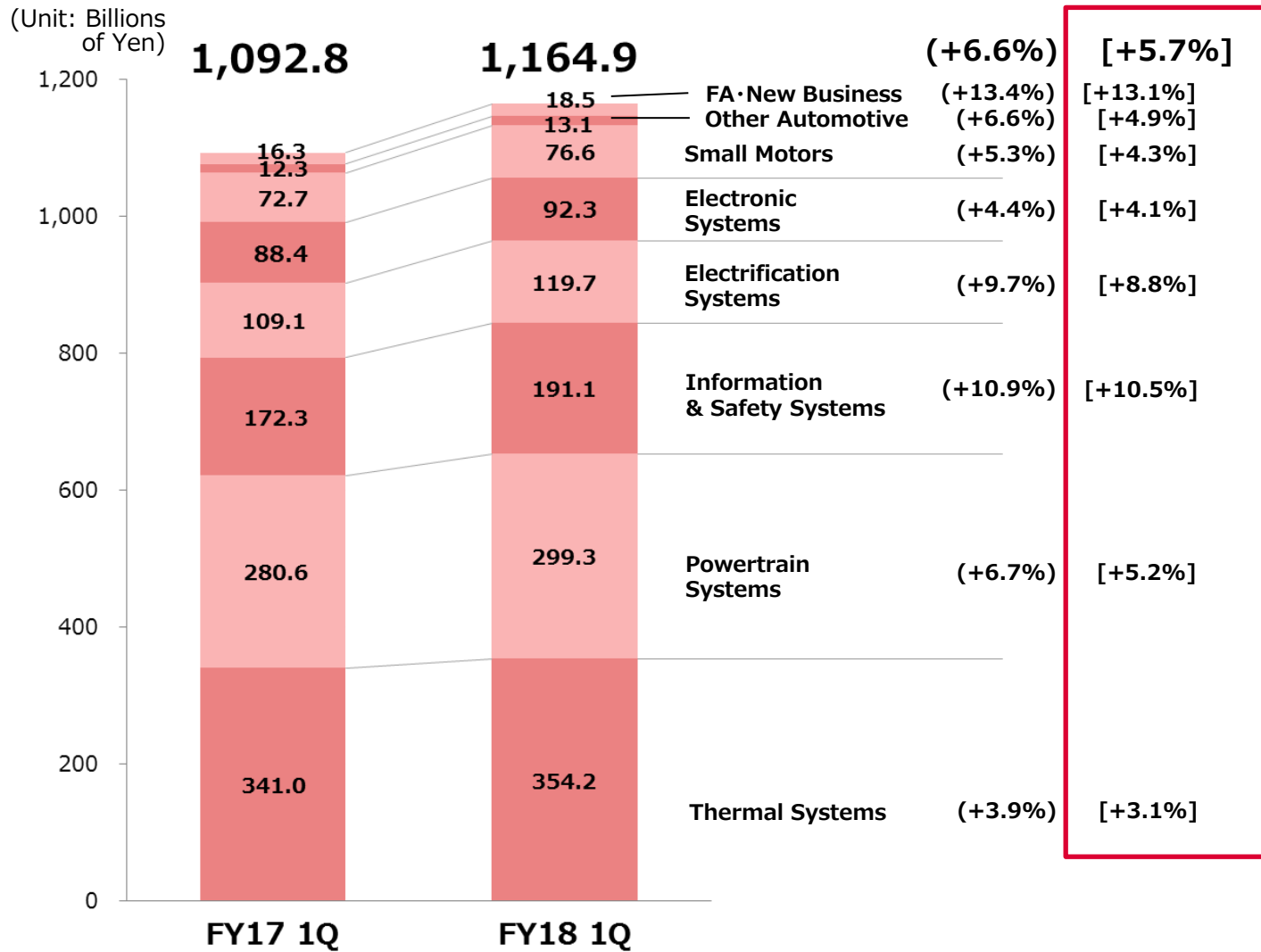
OE Revenue for others

():Change from FY17 1Q
 []:Change from FY17 1Q
 excludes FX difference

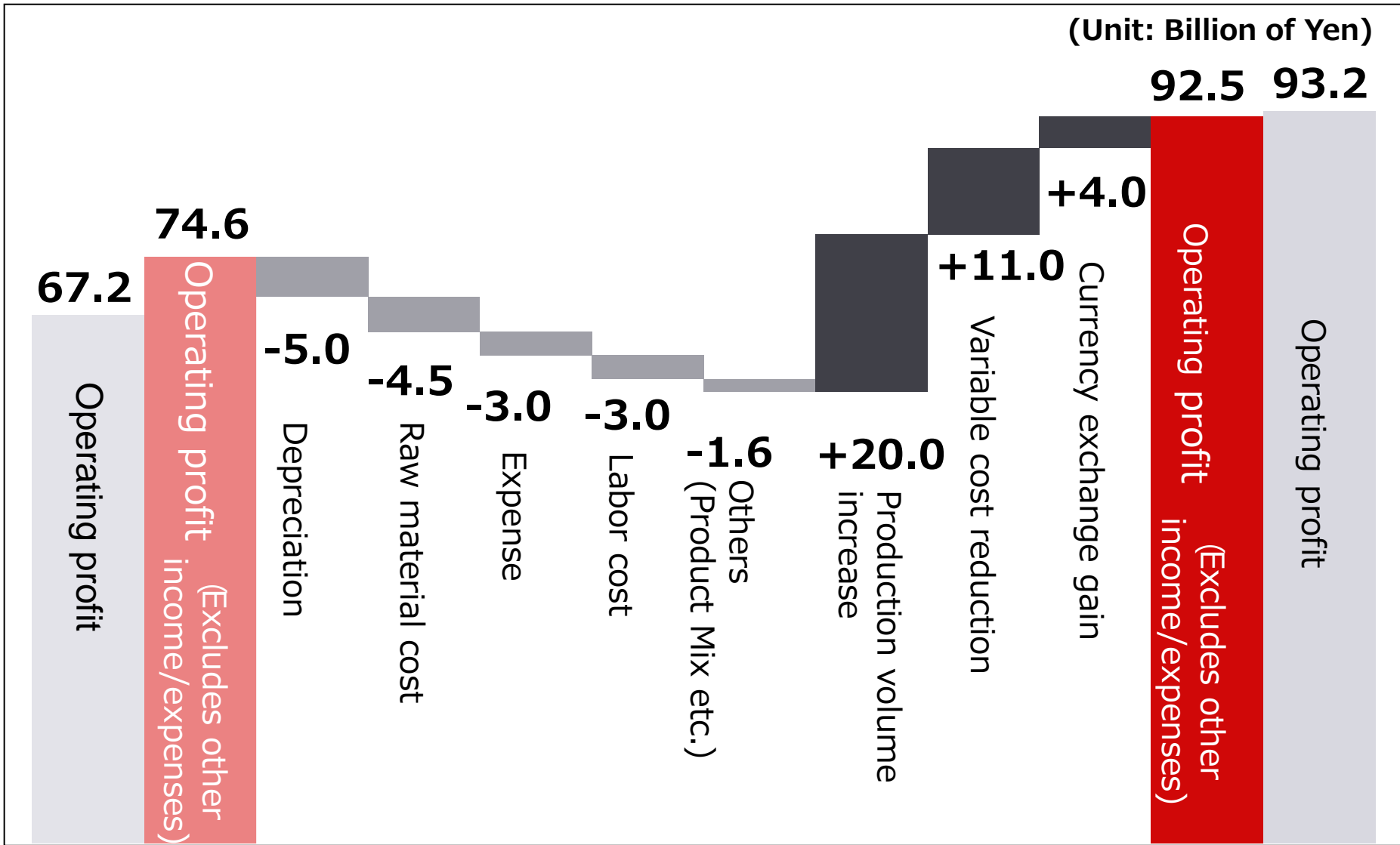


FY2018 1st Quarter Consolidated Revenue (By Product)

(): Change from FY17 1Q
 []: Change from FY17 1Q excludes FX difference



Change in FY2018 1st Quarter Operating Profit

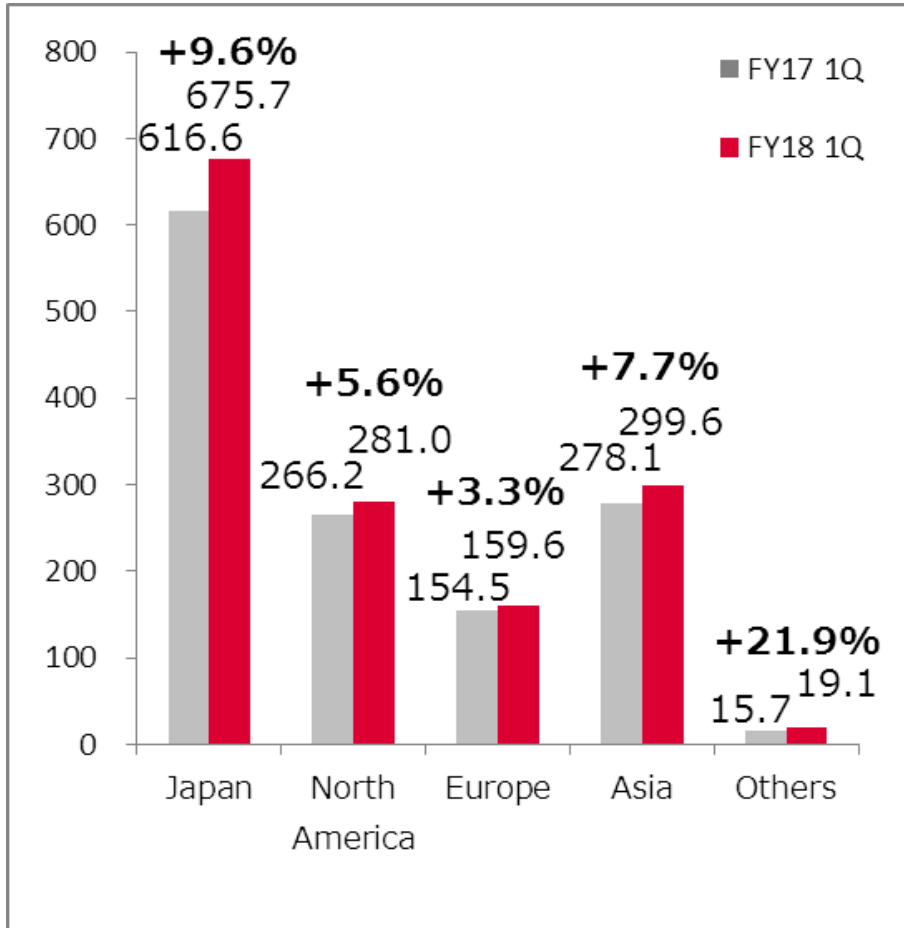


FY17 1Q

FY18 1Q

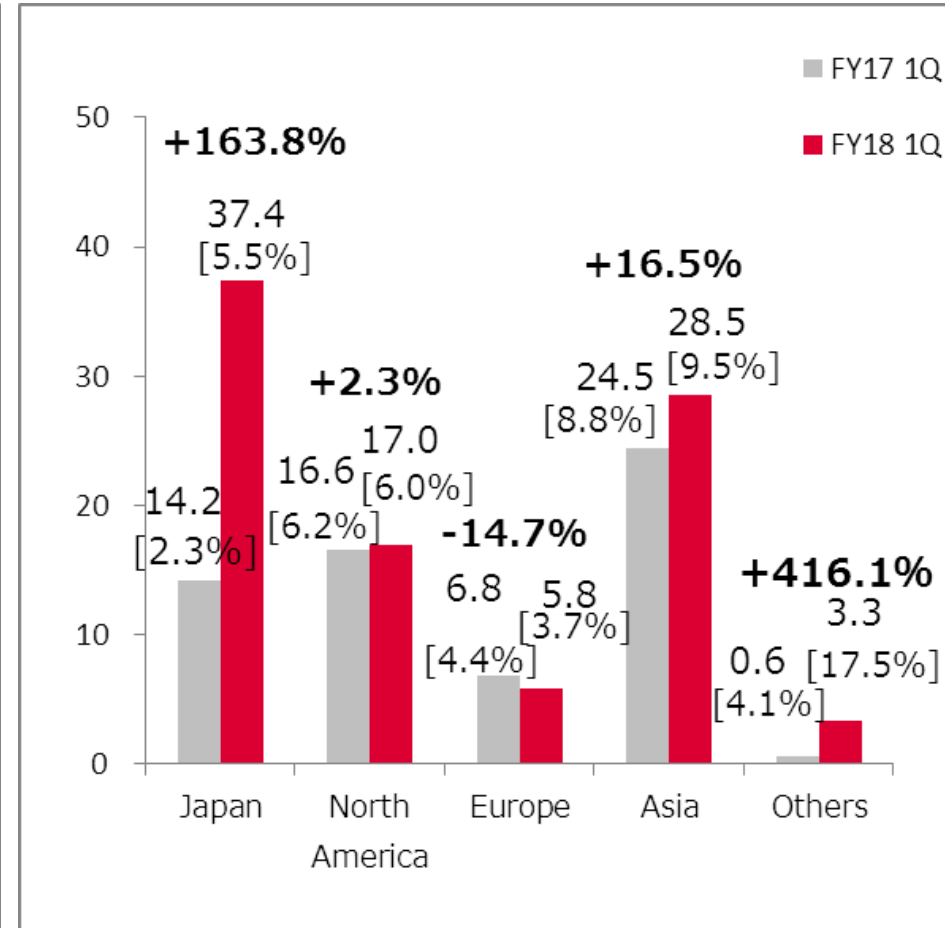
1st Quarter Geographical Segments by Company Location

Revenue



Operating Profit

(Unit: Billions of Yen)
[]: Ratio to Revenue



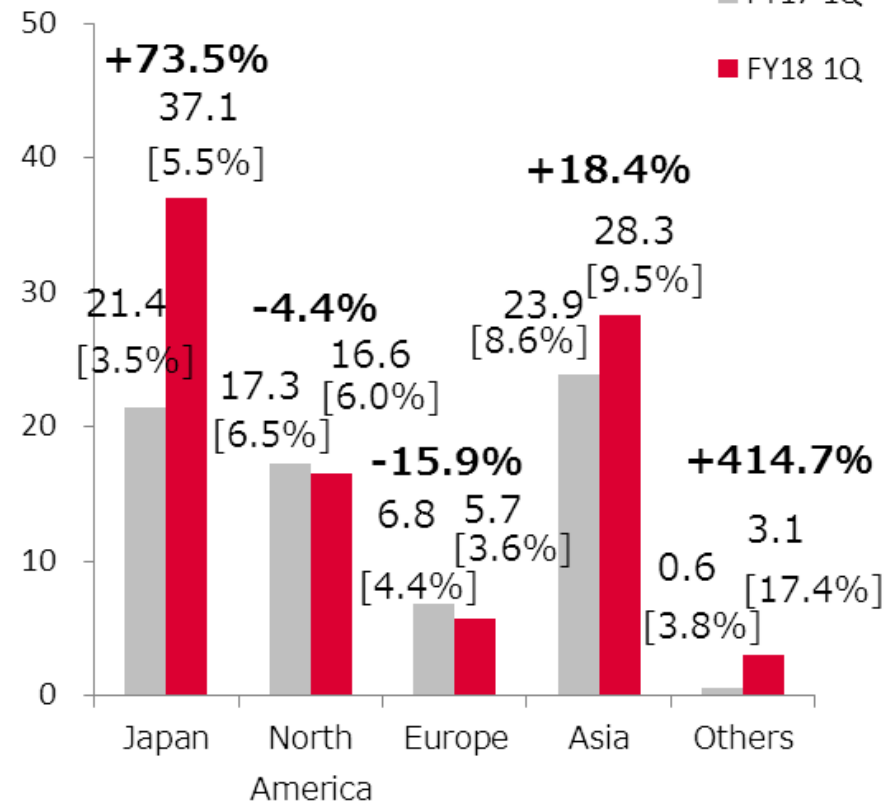
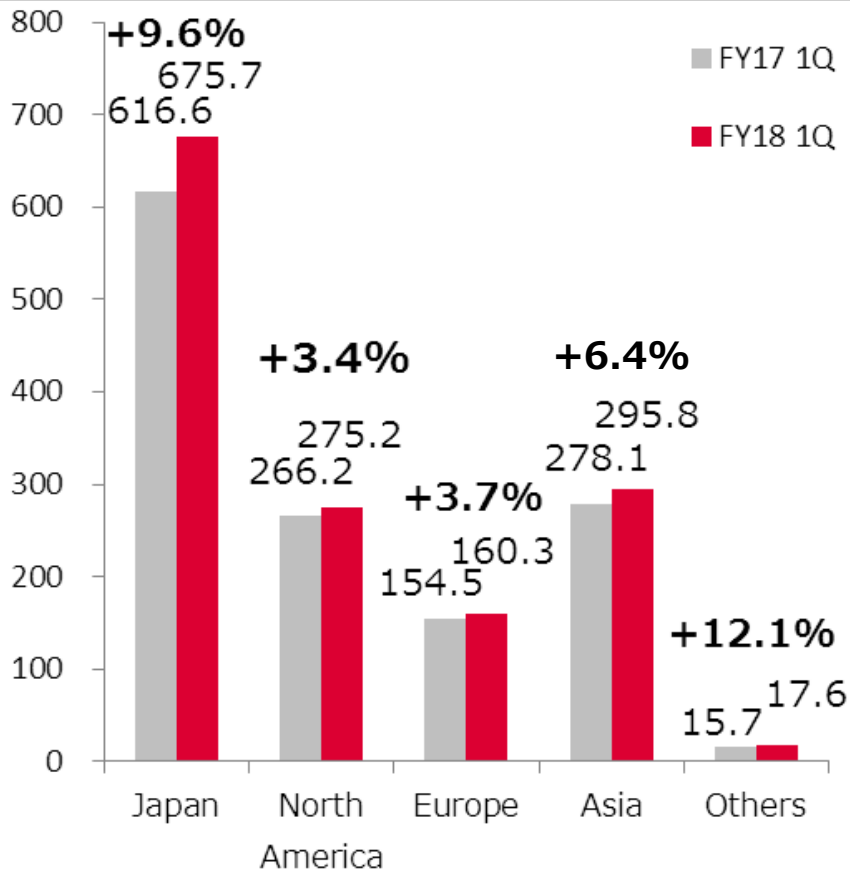
1st Quarter Geographical Segments by Company Location (Local Currency Base ,excludes other income/expenses)

(Unit: Billions of Yen)

[] : Ratio to Revenue

Revenue

Operating Profit



FY2017 1st Half Financial Forecast

	(Ratio to Revenue)				(Unit:Billions of Yen)	
	FY18 2Q YTD Original	FY18 2Q YTD Revised		FY17 2Q YTD	Change	
Revenue	2,260.0	2,330.0		2,176.9	153.1	+7.0%
Operating Profit (Excludes other income/ expenses)	(6.2%) 140.0	(6.4%) 149.0		(6.4%) 138.9	10.1	+7.2%
Other income/ expenses	0.0	12.0		3.8	8.2	
Operating Profit	(6.2%) 140.0	(6.9%) 161.0		(6.6%) 142.7	18.3	+12.8%
Finance income/ costs & others(※1)	15.0	18.0		7.9	10.1	
Profit before Income Taxes	(6.9%) 155.0	(7.7%) 179.0		(6.9%) 150.6	28.4	+18.9%
Profit	(4.6%) 105.0	(5.3%) 123.0		(4.5%) 97.5	25.5	+26.2%

		(Unit:Millions of Units)					
Precondition	Foreign Exchange Rate	JPY 110/\$	JPY 111/\$	JPY 105/\$	+6 JPY		
		JPY 115/Euro	JPY 121/Euro	JPY 118/Euro	+3 JPY		
	Domestic Car Production	4.44	4.54	4.30	+0.25	+5.8%	
	Overseas Car Production of Japanese Manufacturers (North America)	9.96	9.85	9.68	+0.16	+1.7%	
		(3.24)	(2.99)	(3.18)	(-0.19)	(-5.9%)	

※1 Finance income, Finance costs, Foreign exchange gains/loss,
Share of the profit of associates accounted for using the equity method

※2 Profit attributable to owners of the parent company

FY2018 Financial Forecast

(Ratio to Revenue)

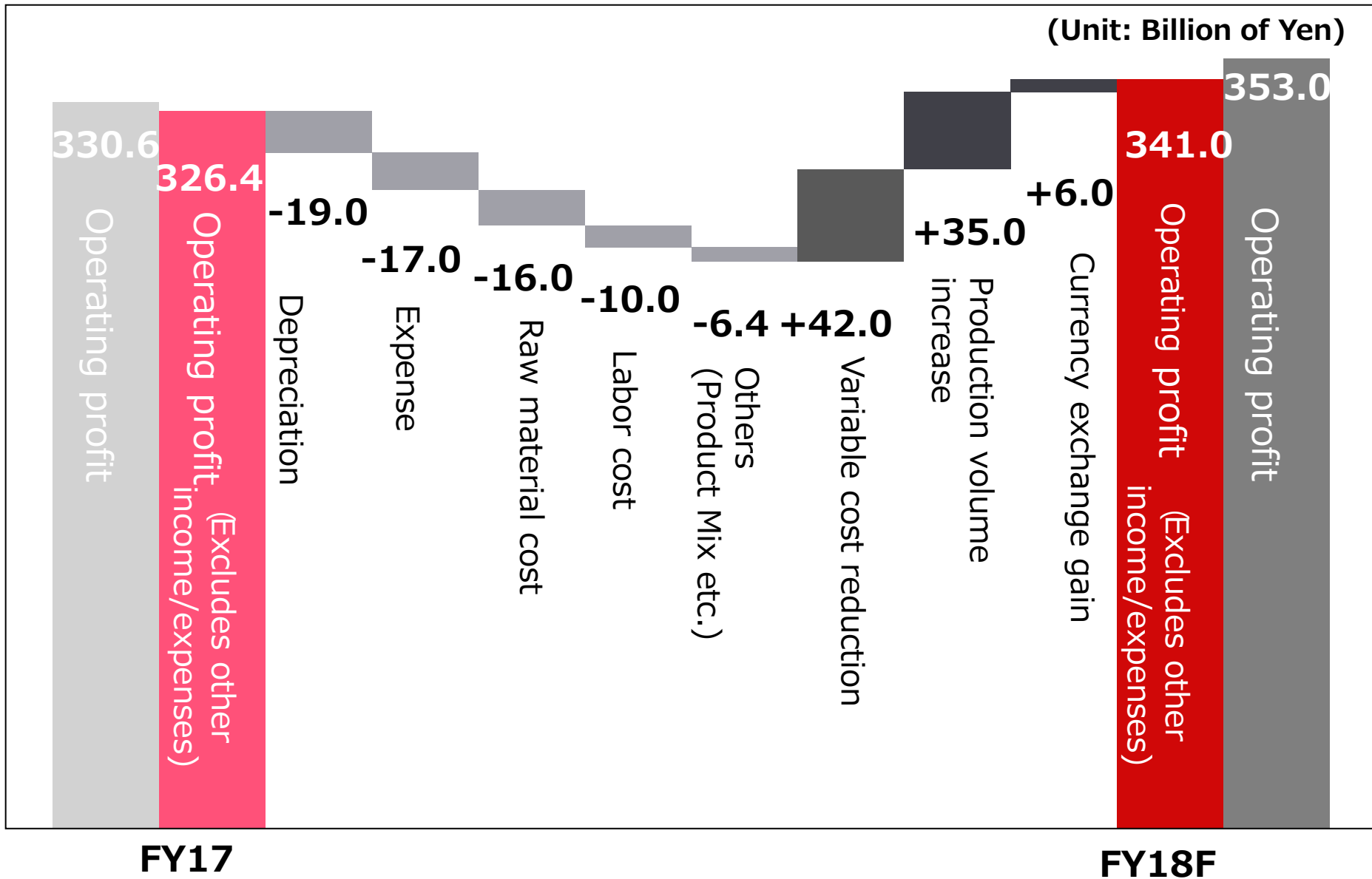
(Unit: Billions of Yen)

	FY18		FY18		Change from september		FY17	
	Original	Revised	Amount	Ratio	Amount	Ratio		
Revenue	4,610.0	4,740.0	130.0	+2.8%			4,527.1	
Operating Profit (Excludes other income/ expenses)	(7.1%) 327.0	(7.2%) 341.0	14.0	+4.3%			(7.2%) 326.4	
Other income/ expenses	0.0	12.0	12.0				4.1	
Operating Profit	(7.1%) 327.0	(7.4%) 353.0	26.0	+8.0%			(7.3%) 330.6	
Finance income/ costs & others(※1)	33.0	35.0	2.0				30.3	
Profit before Income Taxes	(7.8%) 360.0	(8.2%) 388.0	28.0	+7.8%			(8.0%) 360.9	
Profit	(5.6%) 260.0	(5.9%) 280.0	20.0	+7.7%			(5.7%) 257.6	
(Unit: Millions of Units)								
Precondition	Foreign Exchange Rate	JPY 110/\$	JPY 110/\$	+0 JPY			JPY 108/\$	
		JPY 115/Euro	JPY 121/Euro	+6 JPY			JPY 119/Euro	
	Domestic Car Production	9.18	9.42	+0.24	+2.7%		9.10	
	Overseas Car Production of Japanese Manufacturers (North America)	20.02	20.06	+0.03	+0.2%		19.67	
		(6.54)	(6.08)	(-0.46)	(-7.0%)		(6.38)	

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Change in FY2018 Operating Profit



FY17

FY18F

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Appendix

- Non-Consolidated Financial Results
- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Revenue by Customer
- Consolidated Revenue by Product
- Trend of Capital Expenditures, Depreciation and R&D Expenditures
- Capital Expenditures, Depreciation, and R&D Expenditures

FY18 1st Quarter Non-Consolidated Financial Results

Income Statements(Japanese accounting standards)

(Ratio to Sales)

(Unit: Billions of Yen,%)

Account	FY18 1Q		FY17 1Q		Change	
	Amount	%	Amount	%	Amount	%
Net Sales	(100.0)	619.8	(100.0)	568.4	51.4	9.0
Operating Income	(3.0)	18.6	(1.6)	9.0	9.6	107.0
Income Before Income Taxes	(9.9)	61.6	(6.7)	38.0	23.3	61.9
Net Income	(8.9)	55.3	(5.6)	32.1	23.2	72.2

Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2018 Full Year														
		FY2018 First-Half							FY2017 Second-Half							
		1Q														
		Prior Year	Actual	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change
Foreign Exchange Rate (Yen)	USD	108	111	+ 3	105	110	111	+6	111	110	110	-	108	110	110	+ 2
	EUR	122	122	+ 0	118	115	121	+3	119	115	120	-	119	115	121	+ 2
Forex Impact on Operating Income per Yen (Billions of Yen)	USD	-											2.5	2.5	2.5	0.0
	EUR	-											1.0	1.0	1.0	0.0
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	2.05	2.23	+ 9%	4.30	4.44	4.54	+ 6%	4.80	4.74	4.88	+ 2%	9.10	9.18	9.42	+ 4%
	North America	1.63	1.56	- 4%	3.18	3.24	2.99	- 6%	3.20	3.30	3.09	- 3%	6.38	6.54	6.08	- 5%
	Overseas	4.81	4.83	+ 0%	9.68	9.96	9.85	+ 2%	9.98	10.06	10.21	+ 2%	19.67	20.02	20.06	+ 2%

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	FY2018 1Q		FY2017 1Q		Change		Change excludes
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	480.6	41.3	457.7	41.9	22.9	5.0	4.5
Daihatsu	26.6	2.3	20.4	1.9	6.2	30.3	30.3
Hino	13.4	1.1	12.3	1.1	1.1	9.0	9.0
Toyota Group	520.5	44.7	490.4	44.9	30.2	6.2	5.7
Honda	87.3	7.5	84.8	7.8	2.5	3.0	1.9
FCA	57.5	4.9	54.9	5.0	2.6	4.7	3.1
GM	44.4	3.8	39.2	3.6	5.2	13.1	10.6
Ford	38.5	3.3	36.6	3.3	1.8	5.0	3.7
Hyundai/Kia	34.4	3.0	34.5	3.1	-0.2	-0.5	-3.7
Suzuki	28.0	2.4	22.8	2.1	5.1	22.5	20.3
Mazda	26.7	2.3	25.8	2.3	0.9	3.5	2.7
SUBARU	24.0	2.1	19.8	1.8	4.3	21.6	20.6
Nissan	23.4	2.0	17.2	1.6	6.2	35.9	35.3
VW/AUDI	18.8	1.6	21.4	2.0	-2.6	-12.3	-11.8
Isuzu	13.3	1.1	12.2	1.1	1.1	8.8	7.2
Mitsubishi	10.8	0.9	11.0	1.0	-0.2	-1.5	-4.2
BMW	10.0	0.9	11.7	1.1	-1.7	-14.5	-14.5
Volvo	10.0	0.8	6.6	0.6	3.4	52.2	52.2
Benz	8.3	0.7	8.9	0.8	-0.6	-6.6	-6.6
PSA	7.6	0.7	7.1	0.6	0.5	7.6	7.6
OE Sales for others	76.5	6.6	63.8	5.9	12.7	19.9	19.6
OEM Total	1,039.9	89.3	968.7	88.6	71.3	7.4	6.5
After-market, New business & Others(*)	125.0	10.7	124.1	11.4	0.8	0.7	-0.5
Total	1,164.9	100.0	1,092.8	100.0	72.1	6.6	5.7

* Sales of industrial systems and consumer products, Sales for After Market, and Sales of property/equipment are included.

Consolidated Revenue (By Product)

(Unit: Billions of Yen,%)

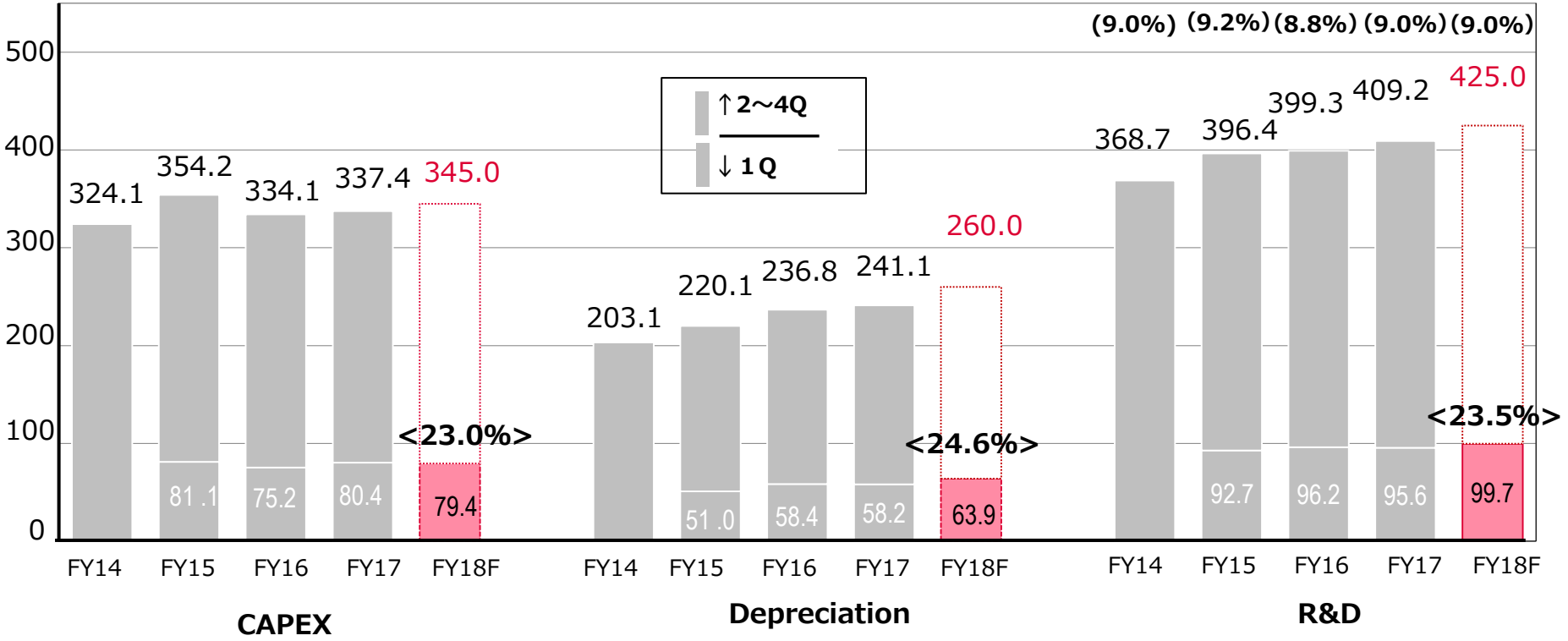
	FY2018 1Q		FY2017 1Q		Change		Change excludes
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	354.2	30.4	341.0	31.2	13.2	3.9	3.1
Powertrain Systems	299.3	25.7	280.6	25.7	18.7	6.7	5.2
Information & Safety System	191.1	16.4	172.3	15.8	18.8	10.9	10.5
Electrification Systems	119.7	10.3	109.1	10.0	10.5	9.7	8.8
Electronic Systems	92.3	7.9	88.4	8.1	3.9	4.4	4.1
Small Motors	76.6	6.6	72.7	6.6	3.9	5.3	4.3
Others(*)	13.1	1.1	12.3	1.1	0.8	6.6	4.9
Automotive Total	1,146.4	98.4	1,076.5	98.5	69.9	6.5	5.6
New Business Total	18.5	1.6	16.3	1.5	2.2	13.4	13.1
Total	1,164.9	100.0	1,092.8	100.0	72.1	6.6	5.7

* Revenue of equipment, Repair parts, original brand products of subsidiaries

Trend of Capital Expenditures, Depreciation and R&D Expenditures

[Bil.Yen]

< >Ratio to FY18F () Ratio to Revenue



Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

	FY17		FY18 Forecast		1Q YTD Change from PY	Progress to FY18 Forecast
	1Q		1Q			
Japan	52.3	215.7	54.7	211.0	4.6%	25.9%
North America	12.3	51.8	8.3	57.0	-32.5%	14.6%
Europe	4.6	23.6	5.2	20.0	13.0%	26.0%
Asia	10.7	44.1	10.7	55.0	0.0%	19.5%
Others	0.5	2.2	0.4	2.0	-20.0%	20.0%
Capital Exp.	80.4	337.4	79.4	345.0	-1.2%	23.0%
Japan	33.7	140.1	37.1	153.0	10.1%	24.2%
North America	6.5	27.0	7.5	30.0	15.4%	25.0%
Europe	4.7	19.0	5.1	20.5	8.5%	24.9%
Asia	12.6	52.1	13.4	54.0	6.3%	24.8%
Others	0.7	2.9	0.8	2.5	14.3%	32.0%
Depreciation	58.2	241.1	63.9	260.0	9.8%	24.6%
R&D Expenditure (Ratio to Revenue)	95.6 (8.7%)	409.2 (9.0%)	99.7 (9.0%)	425.0 (9.0%)	4.3%	23.5%