FY2018 2nd Quarter Financial Results ended Sep 30, 2017

I. Closing results
II. Strategies

Oct. 31, 2017
DENSO CORPORATION
I . Closing results
Overview of FY2018 2nd Quarter Financial Results

1. The revenue and operating profit have reached the highest level ever. Revenue increased due to an increase in vehicle production, as well as sales expansion. Operating profit also saw an increase due to the production volume increase and company cost reduction efforts.

2. Full-year financial result forecasts has been revised up after considering first-half financial results, and the latest movement in the foreign exchange markets.

3. Annual dividend payment will be 130 yen per one stock, a 5 yen increase from the previous forecast on each of interim and fiscal year-end payment.
## FY2018 2nd Quarter Financial Results

<table>
<thead>
<tr>
<th></th>
<th>FY18 2Q</th>
<th>FY17 2Q</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>2,363.5</td>
<td>2,176.9</td>
<td>+186.6</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Excludes other income/expenses)</td>
<td>189.3</td>
<td>138.9</td>
<td>+50.4</td>
</tr>
<tr>
<td>Other income/expenses</td>
<td>15.1</td>
<td>3.8</td>
<td>+11.3</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>204.4</td>
<td>142.7</td>
<td>+61.7</td>
</tr>
<tr>
<td>(Excludes other income/expenses)</td>
<td>(6.6%)</td>
<td>(6.6%)</td>
<td></td>
</tr>
<tr>
<td>Finance income/costs &amp; others</td>
<td>22.3</td>
<td>7.9</td>
<td>+14.5</td>
</tr>
<tr>
<td><strong>Profit before Income Taxes</strong></td>
<td>226.8</td>
<td>150.6</td>
<td>+76.2</td>
</tr>
<tr>
<td>(9.6%)</td>
<td></td>
<td></td>
<td>+50.6%</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>154.2</td>
<td>97.5</td>
<td>+56.7</td>
</tr>
<tr>
<td>(6.5%)</td>
<td></td>
<td></td>
<td>+58.2%</td>
</tr>
</tbody>
</table>

### Notes
- Finance income, Finance costs, Foreign exchange gains/loss, Share of the profit of associates accounted for using the equity method
- Profit attributable to owners of the parent company

### Overview of the Consolidated Financial Results

1. Consolidated revenue totaled 2,363.5 billion yen, increased by 186.6 billion yen (+8.6%) from the previous year.
2. Consolidated operating profit excluding other income/expenses totaled 189.3 billion yen, increased by 50.4 billion yen (+36.3%) from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 154.2 billion yen, increased by 56.7 billion yen (+58.2%) from the previous year.
[Sales by Customer (Quantity Base)]

**Sales to Toyota Group**
Sales to the Toyota Group increased by 2.6% from the previous year. The reasons are as follows; 1) The car production increased in Europe, China and South America. 2) Attach rate of safety related products has been expanded in North America.

**Sales to non-Toyota Group companies**
Sales to non-Toyota Group companies increased by 7.1% from last year. The reasons of each manufacture are as follows; 1) Honda: Increase of car production in China. 2) Fiat Chrysler Automobiles: Increase of car production in Europe and China. 3) General Motors: Increase of car production in China and sales expansion of Common Rail Systems in North America.
[Sales by Product (Quantity Base)]

Sales of Thermal Systems Products
Sales increased in China and Europe due to the production volume increase and sales expansion.

Sales of Powertrain Systems Products
Sales increased in Asia due to the production volume increase, and in North America due to sales expansion.

Sales of Information & Safety Systems Products
Sales increased in Asia due to the production volume increase, and in North America due to sales expansion of safety related products.
Change in FY2018 2nd Quarter Operating Profit

(Factors that Contributed to Increases or Decreases in Operating Profit*)
*Excludes other income/expenses

Negative factors
1. Depreciation: -11.5 billion yen was due to the increase of capital investment for future competition area in addition to strengthen core production capabilities mainly for improving productivity.
2. Raw material cost: -10.0 billion yen was due to an increase in material costs.

Positive factors
1. Production volume increase: +31.0 billion yen was due to production volume increase and sales expansion.
2. Variable cost reduction: +20.5 billion yen was due to cost reduction efforts and improved productivity.
3. Currency exchange gain: +20.0 billion yen was due to the weakness of the yen against the dollar and euro.
[Revenue and Operating Profit by Each Region*]

*Based on Japanese yen
[Revenue and Operating Profit by Each Region*]
*Excluding the effect of foreign exchange rates and other income/expenses

**In Japan**
1. The revenue increased by 8.9% from the previous year due to production volume increase and sales expansion.
2. Operating profit increased by 92.3% from the previous year due to production volume increase, cost reduction efforts, and exchange gains.

**Overseas**
1. Except in North America, the revenue increased in all regions due to car production increase and sales expansion. In North America, despite of sales expansion, revenue generally continued to be flat due to decrease in production volume.
2. Operating profit increased in Asia and Other regions due to cost reduction effort. However, the change of payers, who pay foreign exchange balance, from Denso (Japan) to overseas group companies caused to reduce operating profit in North America and Europe.
**FY2018 Financial Forecast**

<table>
<thead>
<tr>
<th></th>
<th>As of June 2017</th>
<th>FY18 Revised</th>
<th>Change from March</th>
<th>FY17 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,740.0</td>
<td>5,000.0</td>
<td>+260.0 +5.5%</td>
<td>4,527.1</td>
</tr>
<tr>
<td>Operating Profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Excludes other income/expenses)</td>
<td>(7.2%)</td>
<td>(7.5%)</td>
<td>373.0</td>
<td>+32.0 +9.4%</td>
</tr>
<tr>
<td>Other income/expenses</td>
<td>12.0</td>
<td>17.0</td>
<td>+5.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Operating Profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Excludes other income/expenses)</td>
<td>(7.4%)</td>
<td>(7.8%)</td>
<td>390.0</td>
<td>+37.0 +10.5%</td>
</tr>
<tr>
<td>Finance income/costs &amp; others†1</td>
<td>35.0</td>
<td>40.0</td>
<td>+5.0</td>
<td>30.3</td>
</tr>
<tr>
<td>Profit before Income Taxes</td>
<td>(8.2%)</td>
<td>(8.6%)</td>
<td>430.0</td>
<td>+42.0 +10.8%</td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5.9%)</td>
<td>280.0 (6.0%)</td>
<td>300.0</td>
<td>+20.0 +7.1%</td>
<td>257.6</td>
</tr>
</tbody>
</table>

(Eng: Unit: Billions of Yen, %)

---

**[Full-Year Financial Forecast]**

Regarding the full-year forecast, we have revised the revenues upward to five trillion yen and operation profit exclude other income/expenses to 373.0 billion yen.

For the full-year forecast, we used 111 yen to the U.S. dollar and 126 yen to the euro.
(For the second half, we used 110 yen to the U.S. dollar as before and 125 yen to the euro.)

*Full-year financial result forecasts includes the influence of FUJITSU TEN LIMITED which has become Denso’s subsidiary in November 2017.
[Factors that Contributed to Increases or Decreases in Full-Year Forecasts for Operating Profit*]
*Excludes other income/expenses

**Negative factors**
The depreciation allowance, expenses, and raw materials costs will increase by 73.5 billion yen.

**Positive factors**
The reduction in variable costs and the increase of production volume will lead to an increase of 120.0 billion yen.

We also revised up dividend payment for both of interim and fiscal year-end. As a result, annual dividend payment will be 130 yen per one stock, a 5 yen increase from the previous forecast on each of interim and fiscal year-end payment.
II. Strategies
We are not complacent with conventional business model, but aiming to create a new value

Our goal - DENSO Group Long Term Policy 2030
Roadmap to change - DENSO Group Long Term Plan 2025

[DENSO Group Long Term Policy 2030 and Long Term Plan 2025]

As the pace of electrification and automated driving is accelerating, the global auto industry is undergoing a once-in-a-century paradigm shift. This is an ideal opportunity for DENSO to embrace the challenge because it has steadily improved technologies and gained experience. We must not be complacent with the conventional business model, but must continue to create new value for the future of mobility and provide peace of mind to all people by offering inspiring value-added products.

Against this backdrop, we have formulated the long-term policy for setting the goals and principles toward 2030, and the long-term plan as the roadmap toward 2025 to fulfill the long-term policy.
1. DENSO Group
Long Term Policy 2030
[Toward 2030]

1. We will improve and deepen the value offered in terms of the environment and safety, and will increase the value through interaction.

2. We will deliver value in these areas to all people around the world and create new value based on the value and inspiration provided by DENSO.
[DENSO Group Long Term Policy 2030]

The slogan of the Long Term Policy 2030 is “Bringing hope for the future for our planet, society, and all people.”

We have included “inspiring” in the goal of the long-term policy. We wish to create inspiring value for customers, partners, and all other stakeholders. This will help create new value that we cannot deliver by ourselves. We will achieve lasting vitality for the environment as well as safe, comfortable, and flexible mobility for all people to create hope for the future.
To achieve the goal, we will change our behavior based on an approach involving “Open,” “Fair,” and “Reliable.”

1. “Open” means to work hand in hand with diverse partners to enrich society.
2. “Fair” means to deliver value for all people worldwide.
3. “Reliable” means to earn people’s confidence by offering value that transcends expectations.

This approach will be achieved by our strong commitment to “Passion & Initiative.”
2. DENSO Group Long Term Plan 2025

Strategy

Growth and Development
Appeal values in aspect of vehicles and drive the growth in a new mobility field.

Earning Capacity
Increase profitability of existing business and make it as a solid foundation for the profits.

Organizational Ability
Accelerating our business execution and increase vitality of workplace in order to prevail in the rapidly changing business environment.

(1) Target of Revenue & Profit
(2) Management Reform
(3) Initiatives in Focus Fields

DENSO Crafting the Core

FY2018 2nd Quarter Financial Results ended Sep 30, 2017
© DENSO CORPORATION All Rights Reserved

17/39

[DENSO Group Long Term Plan 2025]

The long-term plan toward 2025 expresses our determination to change.

The basic concept is as follows:
1. Promote the value of vehicles and drive growth in the new mobility field.
2. Increase the profitability of existing business as a solid foundation for profits.
3. Accelerate the execution of our business and increase the vitality of the workplace in order to prevail in the rapidly changing business environment.
(1) Target of Revenue & Profit

Achieve revenue of 7 trillion yen and operating profit ratio of 10% by FY2026 by increasing the performance in a new field of Electrification and Automated Driving

[Target of Revenue & Profit Ratio]

[Target for Revenue & Profit]

DENSO will create hope for the future for all people by increasing the performance in the new field of electrification and automated driving and by achieving sustainable growth. We aim to achieve revenues of 7 trillion yen and an operating profit ratio of 10% (excluding other income/expenses) by FY2026.
(2) Management Reform : 5 Pillars

Point of innovation:
“Speed of Decision Making” & “Vitality of Workplace”

By accelerating our business execution and taking action/reaction faster, we will become company who has a sense of speed and vitality of workplace.

**1.** Enhancement of vehicle perspective and cross-sector functions

**2.** Advanced R&D function to realize agile development globally

**3.** Business Unit evolution and smaller but stronger headquarters
- Motivated fighting force; streamlining & value creation

**4.** Global management with optimal use of group and regional power
- Group management and Self-reliant management in each region

**5.** Way of working with tremendous speed and efficiency
- People, HR systems and tools, Culture

Management Reform : Five Pillars

To attain the Target for Revenue & Profit, we must increase our organizational capability and change the organization in order to prevail in the rapidly changing business environment.

The main changes : “Speed of Decision Making” & “Vitality of The Workplace.”

**Five Pillars to promote Management Reform**
(1 and 2 are explained in the following pages.)

3. “Business Unit evolution and smaller but stronger headquarters” means to increase the commitment and discretion of business units and to work quickly. The personnel assignment at the headquarters will be overhauled to form a streamlined team that can quickly create new value.

4. “Global management with optimal use of group and regional power” means to achieve “self-reliant management in each region.” Specifically, directors of regional headquarters who are responsible for regional business performance targets will run the business on behalf of me, the president of DENSO, based on quick decision-making taking regional characteristics into account.

5. “Way of working with tremendous speed and efficiency” means to improve the mindset of the top management and managers, business processes, HR systems, and information systems to change workstyles. We will encourage outstanding production site capabilities, passion, and smiles to become an inspiring company.
(2) Management Reform : 5 Pillars

1. Enhancement of vehicle perspective and cross-sector functions

   Strengthen competitiveness from both cyber and physical sides in the perspective of vehicles.

   Integrated platform
   - Heat management sub-systems and components
   - Energy management sub-systems and components
   - Information management sub-systems and components

   Appeal for value and services from vehicle perspective. (In-Car/Out-Car)

   - Pursuit of value with subsystems and strong components.

   Thorough enhancement of competitiveness through cross-sector efforts.

   ECU
   Semiconductor
   Sensor
   Motor

---

[Management Reform : Five Pillars]

**Five Pillars to promote Management Reform**

1. “Enhancement of vehicle perspective and cross-sector functions.” means to offer value from the viewpoint of vehicles, we will enhance the system for developing integrated platforms as well as cross-functional competitiveness in business fields that encompass the entire company, such as ECUs, semiconductors, sensors, and motors. We will improve the profitability of the existing in-vehicle business from both cyber and physical sides to enhance competitiveness in new fields of mobility.
(2) Management Reform: 5 Pillars

2. Advanced R&D function to realize agile development globally

Arrange satellite facilities globally which are able to react agilely in the rapidly changing business environment, and execute advanced R&D more speedy with global partners.

- Promote development at the center of innovation
  Promote forecasting, verification and development from both cyber and physical sides.
- Strengthen the satellite facilities for global R&D

[Management Reform : Five Pillars]

Five Pillars to promote Management Reform

2. “Advanced R&D function to realize agile development globally.” means we will arrange satellite facilities globally which are able to react agilely in the rapidly changing business environment, and actively promote collaboration and partnership with global partners who share the vision in order to make changes through quick decisions. The headquarters will serve as the control tower for the global satellite facilities for R&D. We will accelerate the development at the center of innovation.
(3) Initiatives in Focus Fields

i  Electrification

ii  Automated Driving

iii  Connected Cars

iv  Non-Automotive Businesses
   (Factory Automation / Agriculture)

[Initiatives in Focus Fields]

we will focus on “electrification,” “automated driving,” and “connected cars” to offer the new value of mobility. In the non-automotive business, we will focus on factory automation and agro-industrialization.
[Initiatives in Focus Fields : Electrification]

We will lead the electrification market by taking full advantage of technologies acquired over the years and the track record of supplying products. We will further advance the future-oriented technologies to help promote the spread of EVs. We will continue to improve the internal combustion engine technologies suitable for electrification and ensure total energy management of vehicles in order to reduce the environmental impact and achieve highly efficient mobility.
[Initiatives in Focus Fields: Electrification]

The entire process of using, creating, and storing energy must be efficient and optimized.

Create – Thermal Systems -
In terms of thermal management to efficiently create energy by using heat, we will offer thermal management systems that recover the waste heat produced during driving as heating energy. A heat pump developed by DENSO will efficiently generate heat to minimize electricity consumption required for heating.

Storing Energy - Battery ECU -
To store electricity efficiently, it is necessary to improve the battery performance and control charging and discharging. Our proprietary circuits and IC technologies can accurately monitor the heat generation of batteries and the charging and discharging condition of each cell in order to optimize charging and discharging.

Use - SiC inverters -
Explained in the next page.
SiC MOSFET
DENSO have achieved to grow high density crystals, which increase the quality of device.

[Initiatives in Focus Fields : Electrification]

Use - SiC inverters -
Heat is generated when the electricity for driving is converted from direct current to alternating current by an inverter, causing a loss of energy. Reducing this heat generation is a major challenge. We have developed a power device made from silicon carbide (SiC) which generates little heat. This power device can reduce energy losses to one third. To use SiC in the severe in-vehicle environment, SiC crystals of outstandingly high quality must be produced. We are developing materials in-house by utilizing our proprietary material technologies.
We will pursue advances not only in electric vehicle systems, but also in gasoline and diesel vehicle systems in support of eco driving.

To always meet the social and market needs, we will continue to develop internal combustion engine technologies for gasoline and diesel engines.
[Initiatives in Focus Fields : Automated Driving]

We have improved sensing technologies by proposing next-generation sensors using cutting-edge technologies. We will not only develop sensors but also systems including semiconductors and ECUs to propose automated driving platforms. We will promote faster development by open innovation without focusing on entirely in-house development.

Meanwhile, it is becoming increasingly important to understand the algorithms of AI and software for quality assurance. The causes of defects cannot be identified if the core technologies are black-boxed. We will securely internalize core technologies while accelerating the development through open innovation in order to realize a safe society free from traffic accidents and achieve comfortable and flexible mobility.
DENSO will provide safe and reassuring recognition across 360 degrees around a vehicle by deploying a full range of sensors and on refining the functionality of each of those sensors.

[Initiatives in Focus Fields : Automated Driving]

Automated driving is based on three technologies, “recognition”, “judgment”, and “operation”. In order to carry out “judgment” and “operation” adequately, we need to realize the “recognition” in a highly reliable level.

“Recognition” (1/2)
To achieve 360° recognition, we have developed various sensors such as millimeter-wave radar sensors, vision sensors, laser radar sensors, and sonars. In terms of improving recognition, we have developed the latest millimeter-wave radar sensor and vision sensor that can detect pedestrians and vehicles at night, which was difficult before, and can detect empty road spaces to move into.
Future advances at DENSO in refining recognition functionality will incorporate deep-learning artificial intelligence. That will carry us beyond recognition in static space and into the realm of anticipating movement in time.

[Initiatives in Focus Fields : Automated Driving]

“Recognition” (2/2)
AI technologies that utilize deep learning will be introduced to recognize both space and time and anticipate the movement of pedestrians and vehicles and the road condition in order to improve recognition.
Automated Driving - Initiative in Focus Fields -

DENSO developed a high-performance semiconductor.

[Initiatives in Focus Fields : Automated Driving]

“Judgment”(1/2)

In judgment, it is essential to increase the speed of data processing, reduce the electricity consumption and achieve human-like reflexive decision-making. The data flow processor (DFP) which is being developed by DENSO analyzes information at once and makes judgments by efficiently performing sophisticated calculations.
[Initiatives in Focus Fields : Automated Driving]

“Judgment”(2/2)

The DFP will achieve quick processing, reduce heat generation, and cut electricity consumption to one tenth. We will utilize CPUs, GPUs, and DFPs for optimal applications to achieve reliable automated driving.
We’re adopting multilayer protection against cyber threats in all of our electronic control units and vehicle networking.

**[Initiatives in Focus Fields : Automated Driving]**

Meanwhile, cyberattacks must be blocked to achieve secure automated driving. We will utilize defense-in-depth technologies, that is, implement security measures for all the elements including ECUs and in-vehicle networks and provide security in multiple layers, to enhance cybersecurity.
Connected Cars - An Example of Efforts -

Value
Contribute mobility society connected automobiles, human and things.

1. Development of integrated system with cloud
   - Development of integrated electronic platform
   - Development of automotive big data use technology

2. Value to connected car to provide
   - Development of secured OTA system
   - Provide next generation automotive communication system
   - Provide fleet operational management system

3. Value creation by strengthen alliance
   - Investment to third parties
   - Development of efficient mobility use

[Initiatives in Focus Fields : Connected Cars.]

We are undergoing a paradigm shift from vehicle ownership to utilization and service. To increase the added value of vehicles and offer safety, security, and the pleasure of driving to users, we will develop vehicle systems that are integrated with cloud services and offer new value to connected cars while strengthening alliances with partners. We will create a future of mobility where vehicles are connected with other vehicles, people, and things by quickly introducing advanced technologies.
[Initiatives in Focus Fields: Connected Cars.]

We will promote open innovation including industry-government-academia partnerships.

**Example of an Activity**

We decided to take a stake in MaaS Global, a Finnish company, to increase convenience by combining various modes of transport such as taxis, rental cars, trains, and buses. Meanwhile, we have been globally decentralizing the development system which was centralized in Japan, in order to develop the MaaS market and enhance the business fields.
For the new mobility society in the future

To achieve a future of people-centered mobility by focusing on electrification, automated driving, and connected cars, it is essential to improve the social infrastructure including research on people’s lifestyles, establishment of traffic rules, and construction of roads. We will actively contribute in these fields.
Monozukuri + Technology

Strong manufacturing capability is required to embody these new technologies and products and contribute to society. Along with technology development, production is the source of our competitiveness.
In DENSO, human possibilities and equipment possibilities come together in raising our manufacturing possibilities around the world.

We will further improve our advanced manufacturing capability, which is underpinned by findings and experience gained since our founding, in factory IoT to globally accelerate the change in manufacturing.
[Initiatives in Focus Fields : Non-Automotive Businesses (Factory Automation / Agriculture)]

We will take full advantage of our strengths in manufacturing and technologies and expertise developed in the automotive field to help improve productivity in society and industry.

**Develop optimal solutions for the FA systems**

Based on our track record of introducing FA to 130 plants globally, we will offer optimal FA systems as solutions to meet the various needs of customers from the viewpoint of an entire plant and lifecycle.

**Agro-Industrialization**

We will also apply these technologies and expertise to the entire supply chain of food products from agricultural production to processing and logistics and help develop the agriculture and food industry to ensure stable and efficient supply of safe food.
For mobility society full of smiles, DENSO will keep providing solutions that will provides people everywhere with something to smile about.
DENSO
Crafting the Core
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
- Return to Stockholders
- Target of Revenue & Profit in FY2026 (By Product)
## FY18 2nd Quarter
### Non-Consolidated Financial Results

#### Income Statements (Japanese accounting standards)

<table>
<thead>
<tr>
<th>Account</th>
<th>FY18</th>
<th>2Q</th>
<th>FY17</th>
<th>2Q</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(Ratio to Sales)</td>
<td></td>
<td>(Unit: Billions of Yen,%)</td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>(100.0 )</td>
<td>1,268.4</td>
<td>(100.0 )</td>
<td>1,190.0</td>
<td>78.4</td>
</tr>
<tr>
<td>Operating Income</td>
<td>(4.1  )</td>
<td>51.4</td>
<td>(1.4  )</td>
<td>17.2</td>
<td>34.3</td>
</tr>
<tr>
<td>Income Before Taxes</td>
<td>(9.1  )</td>
<td>115.8</td>
<td>(6.6  )</td>
<td>78.3</td>
<td>37.6</td>
</tr>
<tr>
<td>Net Income</td>
<td>(7.6  )</td>
<td>95.9</td>
<td>(5.7  )</td>
<td>68.2</td>
<td>27.7</td>
</tr>
</tbody>
</table>
## Pre-Conditions
*(Foreign Exchange Rate/Car Production)*

<table>
<thead>
<tr>
<th></th>
<th>FY2018 First-Half</th>
<th>FY2017 Second-Half</th>
<th>FY2018 Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior Year</td>
<td>Forecast (Original)</td>
<td>Forecast as of July 28</td>
</tr>
<tr>
<td>Foreign Exchange Rate (Yen)</td>
<td>USD</td>
<td>105</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td>EUR</td>
<td>118</td>
<td>115</td>
</tr>
<tr>
<td>Forex impact on Operating Income per Yen (Billions of Yen)</td>
<td>USD</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EUR</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Car Production of Japanese Manufacturers (Millions of Units)</td>
<td>Domestic</td>
<td>4.30</td>
<td>4.44</td>
</tr>
<tr>
<td></td>
<td>North America</td>
<td>3.18</td>
<td>3.24</td>
</tr>
</tbody>
</table>
## Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY18 2Q Amount</th>
<th>% to Total</th>
<th>FY17 2Q Amount</th>
<th>% to Total</th>
<th>Change Amount</th>
<th>%</th>
<th>% FX difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>967.3</td>
<td>40.9</td>
<td>932.5</td>
<td>42.8</td>
<td>34.9</td>
<td>3.7</td>
<td>1.4</td>
</tr>
<tr>
<td>Daihatsu</td>
<td>53.0</td>
<td>2.2</td>
<td>42.2</td>
<td>1.9</td>
<td>10.8</td>
<td>25.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Hino</td>
<td>28.1</td>
<td>1.2</td>
<td>25.6</td>
<td>1.2</td>
<td>2.5</td>
<td>10.0</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Toyota Group</strong></td>
<td><strong>1,048.4</strong></td>
<td><strong>44.3</strong></td>
<td><strong>1,000.2</strong></td>
<td><strong>45.9</strong></td>
<td><strong>48.2</strong></td>
<td><strong>4.8</strong></td>
<td><strong>2.6</strong></td>
</tr>
<tr>
<td>Honda</td>
<td>179.6</td>
<td>7.6</td>
<td>165.4</td>
<td>7.6</td>
<td>14.2</td>
<td>8.6</td>
<td>4.4</td>
</tr>
<tr>
<td>FCA</td>
<td>113.8</td>
<td>4.8</td>
<td>101.8</td>
<td>4.7</td>
<td>12.0</td>
<td>11.8</td>
<td>5.7</td>
</tr>
<tr>
<td>GM</td>
<td>88.5</td>
<td>3.8</td>
<td>78.6</td>
<td>3.6</td>
<td>9.9</td>
<td>12.6</td>
<td>6.6</td>
</tr>
<tr>
<td>Ford</td>
<td>73.4</td>
<td>3.1</td>
<td>70.2</td>
<td>3.2</td>
<td>3.2</td>
<td>4.5</td>
<td>-0.5</td>
</tr>
<tr>
<td>Hyundai/Kia</td>
<td>67.1</td>
<td>2.8</td>
<td>63.8</td>
<td>2.9</td>
<td>3.2</td>
<td>5.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Suzuki</td>
<td>55.8</td>
<td>2.4</td>
<td>46.4</td>
<td>2.1</td>
<td>9.4</td>
<td>20.2</td>
<td>15.5</td>
</tr>
<tr>
<td>Mazda</td>
<td>55.4</td>
<td>2.4</td>
<td>54.2</td>
<td>2.5</td>
<td>1.2</td>
<td>2.2</td>
<td>0.8</td>
</tr>
<tr>
<td>SUBARU</td>
<td>47.5</td>
<td>2.0</td>
<td>41.6</td>
<td>1.9</td>
<td>5.9</td>
<td>14.1</td>
<td>12.2</td>
</tr>
<tr>
<td>Nissan</td>
<td>46.8</td>
<td>2.0</td>
<td>36.9</td>
<td>1.7</td>
<td>9.8</td>
<td>26.6</td>
<td>24.2</td>
</tr>
<tr>
<td>VW/AUDI</td>
<td>38.4</td>
<td>1.6</td>
<td>38.9</td>
<td>1.8</td>
<td>-0.5</td>
<td>-1.3</td>
<td>-6.7</td>
</tr>
<tr>
<td>Isuzu</td>
<td>26.9</td>
<td>1.1</td>
<td>23.7</td>
<td>1.1</td>
<td>3.2</td>
<td>13.6</td>
<td>9.8</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>24.2</td>
<td>1.0</td>
<td>21.0</td>
<td>1.0</td>
<td>3.2</td>
<td>15.2</td>
<td>9.0</td>
</tr>
<tr>
<td>BMW</td>
<td>20.5</td>
<td>0.9</td>
<td>22.5</td>
<td>1.0</td>
<td>-2.0</td>
<td>-8.8</td>
<td>-14.6</td>
</tr>
<tr>
<td>Volvo</td>
<td>17.7</td>
<td>0.8</td>
<td>13.5</td>
<td>0.6</td>
<td>4.1</td>
<td>30.5</td>
<td>23.1</td>
</tr>
<tr>
<td>Benz</td>
<td>17.5</td>
<td>0.7</td>
<td>17.6</td>
<td>0.8</td>
<td>-0.1</td>
<td>-0.6</td>
<td>-6.8</td>
</tr>
<tr>
<td>PSA</td>
<td>14.4</td>
<td>0.6</td>
<td>11.9</td>
<td>0.6</td>
<td>2.6</td>
<td>21.6</td>
<td>14.9</td>
</tr>
<tr>
<td>OE Sales for others</td>
<td>156.3</td>
<td>6.6</td>
<td>126.7</td>
<td>5.9</td>
<td>29.6</td>
<td>23.3</td>
<td>19.5</td>
</tr>
<tr>
<td><strong>OEM Total</strong></td>
<td><strong>2,092.0</strong></td>
<td><strong>88.5</strong></td>
<td><strong>1,934.8</strong></td>
<td><strong>88.9</strong></td>
<td><strong>157.1</strong></td>
<td><strong>8.1</strong></td>
<td><strong>4.8</strong></td>
</tr>
<tr>
<td>After-market, New business &amp; Others(*)</td>
<td>271.5</td>
<td>11.5</td>
<td>242.1</td>
<td>11.1</td>
<td>29.4</td>
<td>12.2</td>
<td>9.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,363.5</strong></td>
<td><strong>100.0</strong></td>
<td><strong>2,176.9</strong></td>
<td><strong>100.0</strong></td>
<td><strong>186.6</strong></td>
<td><strong>8.6</strong></td>
<td><strong>5.2</strong></td>
</tr>
</tbody>
</table>

* OE Sales (through OEM for aftermarket), Sales for After Market, Sales of industrial and consumer products, Sales of property/equipment and dies are included.
<table>
<thead>
<tr>
<th></th>
<th>FY2018 2Q</th>
<th></th>
<th>FY2017 2Q</th>
<th></th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% to Total</td>
<td>Amount</td>
<td>% to Total</td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Thermal Systems</td>
<td>711.1</td>
<td>30.1</td>
<td>663.4</td>
<td>30.5</td>
<td>47.7</td>
<td>7.2</td>
</tr>
<tr>
<td>Powertrain Systems</td>
<td>604.3</td>
<td>25.6</td>
<td>555.0</td>
<td>25.5</td>
<td>49.3</td>
<td>8.9</td>
</tr>
<tr>
<td>Information &amp; Safety Systems</td>
<td>383.8</td>
<td>16.2</td>
<td>355.2</td>
<td>16.3</td>
<td>28.6</td>
<td>8.1</td>
</tr>
<tr>
<td>Electrification Systems</td>
<td>237.1</td>
<td>10.0</td>
<td>219.0</td>
<td>10.0</td>
<td>18.1</td>
<td>8.3</td>
</tr>
<tr>
<td>Electronic Systems</td>
<td>186.0</td>
<td>7.9</td>
<td>180.7</td>
<td>8.3</td>
<td>5.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Small Motors</td>
<td>152.6</td>
<td>6.4</td>
<td>145.0</td>
<td>6.7</td>
<td>7.6</td>
<td>5.2</td>
</tr>
<tr>
<td>Others(*)</td>
<td>30.1</td>
<td>1.3</td>
<td>26.3</td>
<td>1.2</td>
<td>3.8</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>Automotive Total</strong></td>
<td><strong>2,305.0</strong></td>
<td><strong>97.5</strong></td>
<td><strong>2,144.4</strong></td>
<td><strong>98.5</strong></td>
<td><strong>160.5</strong></td>
<td><strong>7.5</strong></td>
</tr>
<tr>
<td><strong>New Business Total</strong></td>
<td>58.5</td>
<td>2.5</td>
<td>32.5</td>
<td>1.5</td>
<td>26.0</td>
<td>80.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,363.5</strong></td>
<td><strong>100.0</strong></td>
<td><strong>2,176.9</strong></td>
<td><strong>100.0</strong></td>
<td><strong>186.6</strong></td>
<td><strong>8.6</strong></td>
</tr>
</tbody>
</table>

* Revenue of equipment, Repair parts, original brand products of subsidiaries
Trend of Capital Expenditures, Depreciation and R&D Expenditures

(Billions of yen)

FY14 | FY15 | FY16 | FY17 | FY18F | FY14 | FY15 | FY16 | FY17 | FY18F | FY14 | FY15 | FY16 | FY17 | FY18F
---|---|---|---|---|---|---|---|---|---|---|---|---|---|---
324.1 | 354.2 | 334.1 | 337.4 | 351.0 | 203.1 | 220.1 | 236.8 | 241.1 | 260.0 | 368.7 | 396.4 | 399.3 | 409.2 | 450.0

↑3~4Q
↓1~2Q

<45.1%>
<49.0%>

(9.0%) (9.2%) (8.8%) (9.0%) (9.0%)

※ Full-year forecast includes the influence of FUJITSU TEN LIMITED which will become Denso’s affiliate on November 2017.

DENSO
Crafting the Core

FY2018 2nd Quarter Financial Results ended Sep 30, 2017
© DENSO CORPORATION All Rights Reserved.

45/39
## Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY17 2Q</th>
<th>FY18 2Q Forecast</th>
<th>2Q YTD Change from PY</th>
<th>Progress to FY18 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td>103.9</td>
<td>166.5</td>
<td>215.7</td>
<td>106.3</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>29.0</td>
<td>51.8</td>
<td>16.2</td>
<td>57.5</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>10.9</td>
<td>13.8</td>
<td>13.6</td>
<td>21.0</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td>21.8</td>
<td>21.3</td>
<td>8.1</td>
<td>57.0</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>1.0</td>
<td>0.8</td>
<td>2.2</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Capital Exp.</strong></td>
<td>166.5</td>
<td>158.4</td>
<td>337.4</td>
<td>351.0</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>68.2</td>
<td>75.2</td>
<td>140.1</td>
<td>156.0</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>12.8</td>
<td>15.9</td>
<td>27.0</td>
<td>30.5</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>9.0</td>
<td>10.4</td>
<td>19.0</td>
<td>21.5</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td>25.0</td>
<td>27.4</td>
<td>52.1</td>
<td>55.5</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>1.4</td>
<td>1.5</td>
<td>2.9</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>116.4</td>
<td>130.3</td>
<td>241.1</td>
<td>266.0</td>
</tr>
<tr>
<td><strong>R&amp;D Expenditure (Ratio to Revenue)</strong></td>
<td>199.4 (9.2%)</td>
<td>201.4 (8.5%)</td>
<td>409.2 (9.0%)</td>
<td>450.0 (9.0%)</td>
</tr>
</tbody>
</table>

**FY2018 2nd Quarter Financial Results ended Sep 30, 2017**

© DENSO CORPORATION All Rights Reserved.
Return to Stockholders

1. We will continue to pay dividends sustainably with taking into accounts our consolidated results, consolidated dividend payout ratio, and dividend amount.
2. We continue to repurchase our own shares adapting flexibly to environmental changes and considering finance status.

Cash Dividends per Share and Dividend Payout Ratio

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>full year</td>
<td>110</td>
<td>120</td>
<td>120</td>
<td>130</td>
</tr>
<tr>
<td>Dividend Payout Ratio</td>
<td>34.0</td>
<td>39.1</td>
<td>36.8</td>
<td>33.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Amount of Treasury Stock Acquired</th>
<th>Total Dividend Amount</th>
<th>Total Return Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>877</td>
<td>34.0</td>
<td>47</td>
</tr>
<tr>
<td>FY2016</td>
<td>953</td>
<td>50.4</td>
<td>60</td>
</tr>
<tr>
<td>FY2017</td>
<td>946</td>
<td>48.4</td>
<td>65</td>
</tr>
<tr>
<td>FY2018 Est.</td>
<td>1,278</td>
<td>50.7</td>
<td>771</td>
</tr>
</tbody>
</table>

FY2018 2nd Quarter Financial Results ended Sep 30, 2017
© DENSO CORPORATION All rights reserved.
Target of Revenue & Profit in FY2026 (By Product)

(Unit: Trillions of Yen)

- New Business (FUJITSU TEN LIMITED, etc.) (3.0 times)
- Non-Automotive (FA / Agriculture, etc.) (2.0 times)
- Small Motors (1.9 times)
- Electronic Systems (2.1 times)
- Electrification Systems (1.6 times)
- Information & Safety Systems (1.2 times)
- Powertrain Systems (1.3 times)
- Thermal Systems

FY2017 Results vs. Target in FY2026

DENSO
Crafting the Core

FY2018 2nd Quarter Financial Results ended Sep 30, 2017
© DENSO CORPORATION All Rights Reserved.