

[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, 2018
<under IFRS>

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Scheduled date of commencement of dividend payment : —
 (URL <https://www.denso.com/global/>)

DATE: February 1, 2019
 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, 2018 (from April 1, 2018 to December 31, 2018)

(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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2018	3,979,658	7.6	243,539	(22.6)	276,211	(21.9)	208,698	(22.4)
December 31, 2017	3,699,054	11.7	314,628	27.1	353,635	27.7	268,978	33.1

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2018	192,013	(23.6)	58,502	(87.5)	245.97	—
December 31, 2017	251,280	31.6	468,289	54.3	321.57	—

(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, 2018	5,645,386	3,696,317	3,532,360	62.6
March 31, 2018	5,764,417	3,774,293	3,598,321	62.4

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, 2018	—	65.00	—	65.00	130.00
Year ending March 31, 2019	—	70.00			
Year ending March 31, 2019 (Forecast)			—	70.00	140.00

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

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

	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
Full year	5,370,000	5.1	380,000	(7.9)	415,000	(7.8)	319,000	(7.1)	295,000	(8.0)	379.38

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2018	As of Dec. 31, 2018
Assets		
Current assets		
Cash and cash equivalents	783,338	743,047
Trade and other receivables	993,549	927,743
Inventories	550,291	616,644
Other financial assets	151,122	134,749
Other current assets	85,533	104,749
Total current assets	2,563,833	2,526,932
Non-current assets		
Property, plant and equipment	1,591,207	1,662,692
Intangible assets	76,968	84,969
Other financial assets	1,330,820	1,169,062
Investments accounted for using the equity method	88,718	93,156
Retirement benefit assets	53,864	51,340
Deferred tax assets	35,020	28,681
Other non-current assets	23,987	28,554
Total non-current assets	3,200,584	3,118,454
Total assets	5,764,417	5,645,386

(Unit: Millions of yen)

	As of Mar. 31, 2018	As of Dec. 31, 2018
Liabilities and equity		
Current liabilities		
Bonds and borrowings	170,003	172,169
Trade and other payables	923,272	842,649
Other financial liabilities	16,483	21,778
Income tax payables	53,609	23,055
Provisions	69,295	69,561
Other current liabilities	57,674	86,153
Total current liabilities	1,290,336	1,215,365
Non-current liabilities		
Bonds and borrowings	303,847	406,696
Other financial liabilities	10,119	8,234
Retirement benefit liabilities	245,387	246,259
Provisions	1,515	1,138
Deferred tax liabilities	121,272	52,880
Other non-current liabilities	17,648	18,497
Total non-current liabilities	699,788	733,704
Total liabilities	1,990,124	1,949,069
Equity		
Capital stock	187,457	187,457
Capital surplus	265,985	268,892
Treasury stock	(57,677)	(43,951)
Other components of equity	528,418	378,549
Retained earnings	2,674,138	2,741,413
Equity attributable to owners of the parent company	3,598,321	3,532,360
Non-controlling interests	175,972	163,957
Total equity	3,774,293	3,696,317
Total liabilities and equity	5,764,417	5,645,386

Consolidated Statement of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Revenue	3,699,054	3,979,658
Cost of revenue	(3,075,353)	(3,362,870)
Gross profit	623,701	616,788
Selling, general and administrative expenses	(320,354)	(375,123)
Other income	27,021	14,370
Other expenses	(15,740)	(12,496)
Operating profit	314,628	243,539
Finance income	37,474	44,107
Finance costs	(7,288)	(8,870)
Foreign exchange gains (losses)	2,904	(9,466)
Share of the profit of associates and joint ventures accounted for using the equity method	5,917	6,901
Profit before income taxes	353,635	276,211
Income tax expenses	(84,657)	(67,513)
Profit for the period	268,978	208,698
Attributable to:		
Owners of the parent company	251,280	192,013
Non-controlling interests	17,698	16,685

(Unit: Yen)

Earnings per share		
Basic	321.57	245.97
Diluted	—	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Profit for the period	268,978	208,698
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain (loss) on equity instruments designated as FVTOCI	153,898	(138,756)
Remeasurements of defined benefit pension plans	(641)	698
Share of other comprehensive income of investments accounted for using the equity method	28	(19)
Total	153,285	(138,077)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	46,363	(9,223)
Cash flow hedges	171	(183)
Share of other comprehensive income of investments accounted for using the equity method	(508)	(2,713)
Total	46,026	(12,119)
Total other comprehensive income	199,311	(150,196)
Comprehensive income for the period	468,289	58,502
Attributable to:		
Owners of the parent company	445,419	43,308
Non-controlling interests	22,870	15,194

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, 2017	187,457	265,985	(31,191)	418,337	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	153,874	(642)
Comprehensive income for the period	—	—	—	153,874	(642)
Acquisition of treasury stock	—	—	(26,480)	—	—
Disposal of treasury stock	—	—	—	—	—
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	—	—	—	(2,787)	642
Other	—	—	—	—	—
Total transactions with the owners	—	—	(26,480)	(2,787)	642
As of December 31, 2017	187,457	265,985	(57,671)	569,424	—

As of April 1, 2018	187,457	265,985	(57,677)	499,730	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	(138,787)	330
Comprehensive income for the period	—	—	—	(138,787)	330
Acquisition of treasury stock	—	—	(15,595)	—	—
Disposal of treasury stock	—	2,067	4,648	—	—
Retirement of treasury stock	—	(4,125)	24,673	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	4,965	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(834)	(330)
Other	—	—	—	—	—
Total transactions with the owners	—	2,907	13,726	(834)	(330)
As of December 31, 2018	187,457	268,892	(43,951)	360,109	—

(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, 2017	36,153	(45)	454,445	2,436,028	3,312,724	134,358	3,447,082
Profit for the period	—	—	—	251,280	251,280	17,698	268,978
Other comprehensive income	40,736	171	194,139	—	194,139	5,172	199,311
Comprehensive income for the period	40,736	171	194,139	251,280	445,419	22,870	468,289
Acquisition of treasury stock	—	—	—	—	(26,480)	—	(26,480)
Disposal of treasury stock	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	(97,837)	(97,837)	(11,557)	(109,394)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	—	(1,265)	(1,265)
Changes from business combination	—	—	—	—	—	28,147	28,147
Transfer to retained earnings	—	—	(2,145)	2,145	—	—	—
Other	—	—	—	113	113	(160)	(47)
Total transactions with the owners	—	—	(2,145)	(95,579)	(124,204)	15,165	(109,039)
As of December 31, 2017	76,889	126	646,439	2,591,729	3,633,939	172,393	3,806,332

As of April 1, 2018	28,534	154	528,418	2,674,138	3,598,321	175,972	3,774,293
Profit for the period	—	—	—	192,013	192,013	16,685	208,698
Other comprehensive income	(10,162)	(86)	(148,705)	—	(148,705)	(1,491)	(150,196)
Comprehensive income for the period	(10,162)	(86)	(148,705)	192,013	43,308	15,194	58,502
Acquisition of treasury stock	—	—	—	—	(15,595)	—	(15,595)
Disposal of treasury stock	—	—	—	—	6,715	—	6,715
Retirement of treasury stock	—	—	—	(20,548)	—	—	—
Dividends	—	—	—	(105,348)	(105,348)	(14,992)	(120,340)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	4,965	(12,230)	(7,265)
Changes from business combination	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(1,164)	1,164	—	—	—
Other	—	—	—	(6)	(6)	13	7
Total transactions with the owners	—	—	(1,164)	(124,738)	(109,269)	(27,209)	(136,478)
As of December 31, 2018	18,372	68	378,549	2,741,413	3,532,360	163,957	3,696,317

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Cash flows from operating activities		
Profit before income taxes	353,635	276,211
Depreciation	198,525	214,031
Increase in retirement benefit liabilities	6,837	1,902
Decrease in retirement benefit assets	10,602	2,534
Interest and dividend income	(37,115)	(43,106)
Interest expenses	5,439	6,679
Foreign exchange (gains) losses	(2,785)	3,564
Share of the profit of associates and joint ventures accounted for using the equity method	(5,917)	(6,901)
Losses on sales or disposal of property, plant and equipment	2,764	2,539
Decrease in trade receivables	92,429	54,772
Increase in inventories	(31,671)	(51,855)
Decrease in trade payables	(121,917)	(21,183)
Decrease (Increase) in provisions	(4,244)	24
Other	(37,463)	(2,545)
Subtotal	429,119	436,666
Interest received	6,998	9,611
Dividends received	33,676	36,812
Interest paid	(5,315)	(6,282)
Income taxes paid	(56,262)	(110,769)
Net cash provided by operating activities	408,216	366,038
Cash flows from investing activities		
Increase (Decrease) in time deposits	(49,147)	17,670
Purchases of property, plant and equipment	(260,581)	(305,584)
Proceeds from sales of property, plant and equipment	6,263	8,391
Purchases of intangible assets	(9,532)	(30,003)
Purchases of equity instruments	(31,537)	(46,018)
Purchases of debt instruments	(52,203)	(14,236)
Proceeds from sales and redemption of equity instruments	368	3,380
Proceeds from sales and redemption of debt instruments	61,967	21,762
Decrease from acquisition of control over subsidiary	(5,756)	(8,933)
Increase from losing of control over subsidiary	674	—
Other	(2,260)	2,707
Net cash used in investing activities	(341,744)	(350,864)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(3,885)	20,295
Proceeds from borrowings	106,721	140,708
Repayments of long-term borrowings	(66,506)	(122,440)
Repayments of finance lease obligations	(9,471)	(9,959)
Issuance of bonds	70,000	90,000
Redemption of bonds	—	(30,000)
Dividends paid	(97,837)	(105,348)
Dividends paid to non-controlling interests	(11,557)	(14,992)
Purchase of treasury stock	(26,480)	(15,595)
Other	(2,333)	(5,057)
Net cash used in financing activities	(41,348)	(52,388)
Foreign currency translation adjustments on cash and cash equivalents	10,402	(3,077)
Net increase (decrease) in cash and cash equivalents	35,526	(40,291)
Cash and cash equivalents at beginning of period	793,550	783,338
Cash and cash equivalents at end of period	829,076	743,047

Segment information

For the Nine months ended December 31, 2017

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	1,525,228	819,149	445,997	847,577	3,637,951	61,103	—	3,699,054	
Intersegment	706,483	21,076	30,852	126,370	884,781	418	(885,199)	—	
Total	2,231,711	840,225	476,849	973,947	4,522,732	61,521	(885,199)	3,699,054	
Segment profit or losses	161,137	31,162	14,032	100,597	306,928	11,257	(3,557)	314,628	
Finance income									37,474
Finance costs									(7,288)
Foreign exchange gains									2,904
Share of the profit of associates and joint ventures accounted for using the equity method									5,917
Profit before income taxes									353,635

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

For the Nine months ended December 31, 2018

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	1,656,735	882,287	456,850	931,472	3,927,344	52,314	—	3,979,658	
Intersegment	755,245	21,762	31,727	152,958	961,692	578	(962,270)	—	
Total	2,411,980	904,049	488,577	1,084,430	4,889,036	52,892	(962,270)	3,979,658	
Segment profit or losses	97,819	22,197	14,294	102,163	236,473	8,704	(1,638)	243,539	
Finance income									44,107
Finance costs									(8,870)
Foreign exchange gains									(9,466)
Share of the profit of associates and joint ventures accounted for using the equity method									6,901
Profit before income taxes									276,211

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