

[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, 2019
<under IFRS>**

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

Representative : Koji Arima
President and CEO

Contact : Yoshimasa Shinoda
Director

Telephone : +81-566-61-7910

Scheduled date of the general meeting of shareholders : June 26, 2019

Scheduled date of commencement of dividend payment : May 27, 2019

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

DATE: April 26, 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 fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	5,362,772	5.0	316,196	(23.4)	356,031	(20.9)	279,609	(18.6)
March 31, 2018	5,108,291	12.8	412,676	24.8	449,903	24.7	343,444	25.4

	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, 2019	254,524	(20.6)	144,565	(66.8)	326.47	—
March 31, 2018	320,561	24.4	435,494	32.3	410.45	—

	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, 2019	7.1	6.2	5.9
March 31, 2018	9.3	8.2	8.1

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

Fiscal year ended March 31, 2019: ¥7,599 million; Fiscal year ended March 31, 2018: ¥6,518 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, 2019	5,792,414	3,770,366	3,595,694	62.1	4,640.36
March 31, 2018	5,764,417	3,774,293	3,598,321	62.4	4,614.87

(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, 2019	533,487	(514,700)	(92,240)	711,638
March 31, 2018	558,001	(529,053)	(40,312)	783,338

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, 2018	—	65.00	—	65.00	130.00	101,368	31.7	2.9
Year ended March 31, 2019	—	70.00	—	70.00	140.00	108,907	42.9	3.0
Year ending March 31, 2020 (Forecast)	—	70.00	—	70.00	140.00		35.6	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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
Full year	5,500,000	2.6	380,000	20.2	429,000	20.5	333,000	19.1	305,000	19.8	393.61

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2018	As of Mar. 31, 2019
Assets		
Current assets		
Cash and cash equivalents	783,338	711,638
Trade and other receivables	993,549	1,009,049
Inventories	550,291	612,539
Other financial assets	151,122	182,921
Other current assets	85,533	96,163
Total current assets	2,563,833	2,612,310
Non-current assets		
Property, plant and equipment	1,591,207	1,689,949
Intangible assets	76,968	86,292
Other financial assets	1,330,820	1,200,258
Investments accounted for using the equity method	88,718	106,138
Retirement benefit assets	53,864	38,324
Deferred tax assets	35,020	29,774
Other non-current assets	23,987	29,369
Total non-current assets	3,200,584	3,180,104
Total assets	5,764,417	5,792,414

(Unit: Millions of yen)

	As of Mar. 31, 2018	As of Mar. 31, 2019
Liabilities and equity		
Current liabilities		
Bonds and borrowings	170,003	144,038
Trade and other payables	923,272	939,550
Other financial liabilities	16,483	26,263
Income tax payables	53,609	26,474
Provisions	69,295	87,959
Other current liabilities	57,674	69,663
Total current liabilities	1,290,336	1,293,947
Non-current liabilities		
Bonds and borrowings	303,847	406,160
Other financial liabilities	10,119	8,595
Retirement benefit liabilities	245,387	250,634
Provisions	1,515	1,198
Deferred tax liabilities	121,272	42,352
Other non-current liabilities	17,648	19,162
Total non-current liabilities	699,788	728,101
Total liabilities	1,990,124	2,022,048
Equity		
Capital stock	187,457	187,457
Capital surplus	265,985	268,776
Treasury stock	(57,677)	(56,803)
Other components of equity	528,418	401,582
Retained earnings	2,674,138	2,794,682
Equity attributable to owners of the parent company	3,598,321	3,595,694
Non-controlling interests	175,972	174,672
Total equity	3,774,293	3,770,366
Total liabilities and equity	5,764,417	5,792,414

Consolidated Statement of Income

(Unit: Millions of yen)

	Year ended Mar. 31, 2018	Year ended Mar. 31, 2019
Revenue	5,108,291	5,362,772
Cost of revenue	(4,254,598)	(4,531,872)
Gross profit	853,693	830,900
Selling, general and administrative expenses	(447,732)	(513,323)
Other income	34,275	23,556
Other expenses	(27,560)	(24,937)
Operating profit	412,676	316,196
Finance income	40,532	48,629
Finance costs	(9,495)	(12,007)
Foreign exchange losses	(328)	(4,386)
Share of the profit of associates and joint ventures accounted for using the equity method	6,518	7,599
Profit before income taxes	449,903	356,031
Income tax expenses	(106,459)	(76,422)
Profit for the year	343,444	279,609
Attributable to:		
Owners of the parent company	320,561	254,524
Non-controlling interests	22,883	25,085

(Unit: Yen)

Earnings per share		
Basic	410.45	326.47
Diluted	—	—

Consolidated Statement of Other Comprehensive Income

(Unit: Millions of yen)

	Year ended Mar. 31, 2018	Year ended Mar. 31, 2019
Profit for the year	343,444	279,609
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	84,164	(116,822)
Remeasurements of defined benefit pension plans	13,035	(12,565)
Share of other comprehensive income of investments accounted for using the equity method	10	(11)
Total	97,209	(129,398)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(4,346)	(5,853)
Cash flow hedges	199	(23)
Share of other comprehensive income of investments accounted for using the equity method	(1,012)	230
Total	(5,159)	(5,646)
Total other comprehensive income	92,050	(135,044)
Comprehensive income for the year	435,494	144,565
Attributable to:		
Owners of the parent company	410,231	118,875
Non-controlling interests	25,263	25,690

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 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 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	—
As of April 1, 2018	187,457	265,985	(57,677)	499,730	—
Profit for the year	—	—	—	—	—
Other comprehensive income	—	—	—	(116,845)	(13,011)
Comprehensive income for the year	—	—	—	(116,845)	(13,011)
Acquisition of treasury stock	—	—	(28,447)	—	—
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	—	4,849	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(4,198)	13,011
Other	—	—	—	—	—
Total transactions with the owners	—	2,791	874	(4,198)	13,011
As of March 31, 2019	187,457	268,776	(56,803)	378,687	—

(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 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 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

As of April 1, 2018	28,534	154	528,418	2,674,138	3,598,321	175,972	3,774,293
Profit for the year	—	—	—	254,524	254,524	25,085	279,609
Other comprehensive income	(5,770)	(23)	(135,649)	—	(135,649)	605	(135,044)
Comprehensive income for the year	(5,770)	(23)	(135,649)	254,524	118,875	25,690	144,565
Acquisition of treasury stock	—	—	—	—	(28,447)	—	(28,447)
Disposal of treasury stock	—	—	—	—	6,715	—	6,715
Retirement of treasury stock	—	—	—	(20,548)	—	—	—
Dividends	—	—	—	(105,348)	(105,348)	(15,119)	(120,467)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	4,849	(11,859)	(7,010)
Changes from business combination	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	8,813	(8,813)	—	—	—
Other	—	—	—	729	729	(12)	717
Total transactions with the owners	—	—	8,813	(133,980)	(121,502)	(26,990)	(148,492)
As of March 31, 2019	22,764	131	401,582	2,794,682	3,595,694	174,672	3,770,366

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Year ended Mar. 31, 2018	Year ended Mar. 31, 2019
Cash flows from operating activities		
Profit before income taxes	449,903	356,031
Depreciation	268,626	287,317
Impairment losses	1,547	6,654
Increase in retirement benefit liabilities	4,372	435
Decrease in retirement benefit assets	11,167	3,373
Interest and dividend income	(39,944)	(46,709)
Interest expenses	7,042	9,223
Foreign exchange gains	(734)	(2,151)
Share of the profit of associates and joint ventures accounted for using the equity method	(6,518)	(7,599)
Losses on sales or disposal of property, plant and equipment	3,762	4,526
Increase in trade receivables	(4,167)	(14,660)
Increase in inventories	(31,257)	(47,384)
(Decrease) Increase in trade payables	(80,417)	14,464
(Decrease) Increase in provisions	(4,785)	17,872
Other	13,223	37,268
Subtotal	591,820	618,660
Interest received	9,779	12,535
Dividends received	33,691	37,020
Interest paid	(7,259)	(8,944)
Income taxes paid	(70,030)	(125,784)
Net cash provided by operating activities	558,001	533,487
Cash flows from investing activities		
Increase in time deposits	(72,714)	(31,316)
Purchases of property, plant and equipment	(347,973)	(410,241)
Proceeds from sales of property, plant and equipment	8,686	11,260
Purchases of intangible assets	(20,017)	(37,265)
Purchases of equity instruments	(116,706)	(56,075)
Purchases of debt instruments	(52,264)	(14,240)
Proceeds from sales and redemption of equity instruments	395	3,417
Proceeds from sales and redemption of debt instruments	74,119	24,834
Decrease from acquisition of control over subsidiaries	(5,756)	(8,141)
Increase from losing of control over subsidiary	674	—
Other	2,503	3,067
Net cash used in investing activities	(529,053)	(514,700)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(998)	3,082
Proceeds from borrowings	113,280	146,225
Repayments of long-term borrowings	(71,721)	(134,324)
Repayments of finance lease obligations	(12,636)	(13,209)
Issuance of bonds	70,000	90,000
Redemption of bonds	—	(30,000)
Dividends paid	(97,837)	(105,348)
Dividends paid to non-controlling interests	(11,569)	(15,119)
Purchase of treasury stock	(26,486)	(28,447)
Other	(2,345)	(5,100)
Net cash used in financing activities	(40,312)	(92,240)
Foreign currency translation adjustments on cash and cash equivalents	1,152	1,753
Net decrease in cash and cash equivalents	(10,212)	(71,700)
Cash and cash equivalents at beginning of year	793,550	783,338
Cash and cash equivalents at end of year	783,338	711,638

Segment information

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.

For the year ended March 31, 2019

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	2,284,190	1,182,012	609,417	1,215,115	5,290,734	72,038	—	5,362,772	
Intersegment	981,828	30,343	43,085	201,288	1,256,544	709	(1,257,253)	—	
Total	3,266,018	1,212,355	652,502	1,416,403	6,547,278	72,747	(1,257,253)	5,362,772	
Segment profit or losses	126,027	29,616	22,827	128,440	306,910	10,316	(1,030)	316,196	
Finance income									48,629
Finance costs									(12,007)
Foreign exchange losses									(4,386)
Share of the profit of associates and joint ventures accounted for using the equity method									7,599
Profit before income taxes									356,031

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