

[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 Six Months Ended September 30, 2019
<under IFRS>

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Scheduled date of commencement of dividend payment : November 26, 2019

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

DATE: October 31, 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 six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2019	2,618,424	(0.2)	134,020	(12.0)	151,217	(11.2)	111,683	(10.9)
September 30, 2018	2,624,979	11.1	152,379	(25.5)	170,221	(24.9)	125,355	(23.6)

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2019	104,223	(8.6)	124,836	(21.1)	134.50	—
September 30, 2018	114,079	(26.0)	158,228	(43.1)	146.11	—

(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	%
September 30, 2019	5,767,159	3,827,111	3,661,662	63.5
March 31, 2019	5,792,414	3,770,366	3,595,694	62.1

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, 2019	—	70.00	—	70.00	140.00
Year ending March 31, 2020	—	70.00			
Year ending March 31, 2020 (Forecast)			—	70.00	140.00

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

(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	5,260,000	(1.9)	320,000	1.2	361,000	1.4	280,000	0.1	257,000	1.0	331.67

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2019	As of Sep. 30, 2019
Assets		
Current assets		
Cash and cash equivalents	711,638	716,954
Trade and other receivables	1,009,049	911,442
Inventories	612,539	620,895
Other financial assets	182,921	41,791
Other current assets	96,163	79,669
Total current assets	2,612,310	2,370,751
Non-current assets		
Property, plant and equipment	1,689,949	1,702,553
Right-of-use assets	—	47,696
Intangible assets	86,292	87,422
Other financial assets	1,200,258	1,367,570
Investments accounted for using the equity method	106,138	103,459
Retirement benefit assets	38,324	36,458
Deferred tax assets	29,774	27,956
Other non-current assets	29,369	23,294
Total non-current assets	3,180,104	3,396,408
Total assets	5,792,414	5,767,159

(Unit: Millions of yen)

	As of Mar. 31, 2019	As of Sep. 30, 2019
Liabilities and equity		
Current liabilities		
Bonds and borrowings	144,038	111,032
Trade and other payables	939,550	902,036
Other financial liabilities	26,263	23,644
Income tax payables	26,474	22,190
Provisions	87,959	74,080
Other current liabilities	69,663	73,662
Total current liabilities	1,293,947	1,206,644
Non-current liabilities		
Bonds and borrowings	406,160	357,248
Other financial liabilities	8,595	35,826
Retirement benefit liabilities	250,634	251,105
Provisions	1,198	2,974
Deferred tax liabilities	42,352	67,291
Other non-current liabilities	19,162	18,960
Total non-current liabilities	728,101	733,404
Total liabilities	2,022,048	1,940,048
Equity		
Capital stock	187,457	187,457
Capital surplus	268,776	268,776
Treasury stock	(56,803)	(56,807)
Other components of equity	401,582	416,110
Retained earnings	2,794,682	2,846,126
Equity attributable to owners of the parent company	3,595,694	3,661,662
Non-controlling interests	174,672	165,449
Total equity	3,770,366	3,827,111
Total liabilities and equity	5,792,414	5,767,159

Consolidated Statement of Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Revenue	2,624,979	2,618,424
Cost of revenue	(2,224,593)	(2,261,024)
Gross profit	400,386	357,400
Selling, general and administrative expenses	(247,962)	(222,947)
Other income	7,430	7,522
Other expenses	(7,475)	(7,955)
Operating profit	152,379	134,020
Finance income	25,427	26,024
Finance costs	(6,017)	(4,947)
Foreign exchange losses	(6,791)	(6,385)
Share of the profit of associates and joint ventures accounted for using the equity method	5,223	2,505
Profit before income taxes	170,221	151,217
Income tax expenses	(44,866)	(39,534)
Profit for the period	125,355	111,683
Attributable to:		
Owners of the parent company	114,079	104,223
Non-controlling interests	11,276	7,460

(Unit: Yen)

Earnings per share		
Basic	146.11	134.50
Diluted	—	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Profit for the period	125,355	111,683
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain on equity instruments designated as FVTOCI	9,287	70,278
Remeasurements of defined benefit pension plans	744	80
Share of other comprehensive income of investments accounted for using the equity method	9	(6)
Total	10,040	70,352
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	25,423	(55,504)
Cash flow hedges	(92)	(83)
Share of other comprehensive income of investments accounted for using the equity method	(2,498)	(1,612)
Total	22,833	(57,199)
Total other comprehensive income	32,873	13,153
Comprehensive income for the period	158,228	124,836
Attributable to:		
Owners of the parent company	145,557	120,165
Non-controlling interests	12,671	4,671

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, 2018	187,457	265,985	(57,677)	499,730	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	9,134	376
Comprehensive income for the period	—	—	—	9,134	376
Acquisition of treasury stock	—	—	(7)	—	—
Disposal of treasury stock	—	2,067	4,648	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in a subsidiaries without a loss of control	—	5,037	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(294)	(376)
Other	—	—	—	—	—
Total transactions with the owners	—	7,104	4,641	(294)	(376)
As of September 30, 2018	187,457	273,089	(53,036)	508,570	—

As of April 1, 2019	187,457	268,776	(56,803)	378,687	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	70,125	242
Comprehensive income for the period	—	—	—	70,125	242
Acquisition of treasury stock	—	—	(4)	—	—
Disposal of treasury stock	—	0	0	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(1,172)	(242)
Other	—	—	—	—	—
Total transactions with the owners	—	0	(4)	(1,172)	(242)
As of September 30, 2019	187,457	268,776	(56,807)	447,640	—

(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, 2018	28,534	154	528,418	2,674,138	3,598,321	175,972	3,774,293
Profit for the period	—	—	—	114,079	114,079	11,276	125,355
Other comprehensive income	21,958	10	31,478	—	31,478	1,395	32,873
Comprehensive income for the period	21,958	10	31,478	114,079	145,557	12,671	158,228
Acquisition of treasury stock	—	—	—	—	(7)	—	(7)
Disposal of treasury stock	—	—	—	—	6,715	—	6,715
Dividends	—	—	—	(50,684)	(50,684)	(14,992)	(65,676)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	5,037	(12,240)	(7,203)
Changes from business combination	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(670)	670	—	—	—
Other	—	—	—	(6)	(6)	(9)	(15)
Total transactions with the owners	—	—	(670)	(50,020)	(38,945)	(27,241)	(66,186)
As of September 30, 2018	50,492	164	559,226	2,738,197	3,704,933	161,402	3,866,335

As of April 1, 2019	22,764	131	401,582	2,794,682	3,595,694	174,672	3,770,366
Profit for the period	—	—	—	104,223	104,223	7,460	111,683
Other comprehensive income	(54,342)	(83)	15,942	—	15,942	(2,789)	13,153
Comprehensive income for the period	(54,342)	(83)	15,942	104,223	120,165	4,671	124,836
Acquisition of treasury stock	—	—	—	—	(4)	—	(4)
Disposal of treasury stock	—	—	—	—	0	—	0
Dividends	—	—	—	(54,243)	(54,243)	(14,061)	(68,304)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—	93	93
Changes from business combination	—	—	—	—	—	28	28
Transfer to retained earnings	—	—	(1,414)	1,414	—	—	—
Other	—	—	—	50	50	46	96
Total transactions with the owners	—	—	(1,414)	(52,779)	(54,197)	(13,894)	(68,091)
As of September 30, 2019	(31,578)	48	416,110	2,846,126	3,661,662	165,449	3,827,111

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Cash flows from operating activities		
Profit before income taxes	170,221	151,217
Depreciation	141,895	153,144
Increase in retirement benefit liabilities	1,066	1,669
Decrease in retirement benefit assets	1,551	1,867
Interest and dividend income	(24,919)	(24,844)
Interest expenses	4,437	3,894
Foreign exchange losses	3,001	872
Share of the profit of associates and joint ventures accounted for using the equity method	(5,223)	(2,505)
Losses on sales or disposal of property, plant and equipment	2,923	2,654
Decrease in trade receivables	55,825	73,563
Increase in inventories	(37,978)	(21,097)
Decrease in trade payables	(17,492)	(16,557)
Decrease in provisions	(474)	(10,113)
Other	22,387	31,390
Subtotal	317,220	345,154
Interest received	6,197	6,846
Dividends received	20,375	19,849
Interest paid	(4,262)	(4,061)
Income taxes paid	(69,295)	(45,434)
Net cash provided by operating activities	270,235	322,354
Cash flows from investing activities		
(Increase) decrease in time deposits	(127,015)	132,312
Purchases of property, plant and equipment	(195,042)	(208,616)
Proceeds from sales of property, plant and equipment	2,257	5,157
Purchases of intangible assets	(20,750)	(16,171)
Purchases of equity instruments	(39,133)	(42,050)
Purchases of debt instruments	(14,108)	(28,952)
Proceeds from sales and redemption of equity instruments	461	3,130
Proceeds from sales and redemption of debt instruments	13,023	4,265
Increase from acquisition of control over subsidiaries	—	142
Other	1,949	3,311
Net cash used in investing activities	(378,358)	(147,472)
Cash flows from financing activities		
Net increase in short-term borrowings	7,865	21,696
Proceeds from borrowings	136,691	16,295
Repayments of long-term borrowings	(119,195)	(96,742)
Repayments of lease liabilities	(6,747)	(11,908)
Issuance of bonds	90,000	—
Redemption of bonds	(30,000)	(20,000)
Dividends paid	(50,684)	(54,243)
Dividends paid to non-controlling interests	(14,992)	(14,061)
Purchase of treasury stock	(7)	(4)
Other	(3,563)	2,931
Net cash used in financing activities	9,368	(156,036)
Foreign currency translation adjustments on cash and cash equivalents	3,299	(13,530)
Net (decrease) increase in cash and cash equivalents	(95,456)	5,316
Cash and cash equivalents at beginning of period	783,338	711,638
Cash and cash equivalents at end of period	687,882	716,954

Segment information

For the Six months ended September 30, 2018

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	1,075,842	588,855	310,461	615,612	2,590,770	34,209	—	2,624,979
Intersegment	497,360	15,288	21,957	102,508	637,113	331	(637,444)	—
Total	1,573,202	604,143	332,418	718,120	3,227,883	34,540	(637,444)	2,624,979
Segment profit or losses	53,278	15,500	9,583	67,843	146,204	5,527	648	152,379
Finance income								25,427
Finance costs								(6,017)
Foreign exchange losses								(6,791)
Share of the profit of associates and joint ventures accounted for using the equity method								5,223
Profit before income taxes								170,221

(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 Six months ended September 30, 2019

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	1,155,809	587,912	276,724	563,856	2,584,301	34,123	—	2,618,424
Intersegment	470,197	15,600	18,228	96,135	600,160	397	(600,557)	—
Total	1,626,006	603,512	294,952	659,991	3,184,461	34,520	(600,557)	2,618,424
Segment profit or losses	56,399	11,215	6,335	50,427	124,376	6,269	3,375	134,020
Finance income								26,024
Finance costs								(4,947)
Foreign exchange losses								(6,385)
Share of the profit of associates and joint ventures accounted for using the equity method								2,505
Profit before income taxes								151,217

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