

Management Strategy



Message from the President

On behalf of all at the DENSO Group, I would like to take this opportunity to express our sincere gratitude for the support we have received from all our stakeholders.

My name is Koji Arima, the newly appointed president and CEO. Upon taking up my post, I would like to extend my personal greetings to all stakeholders.

Amid expectations of energy and environmental challenges as well as of an increasing number of road traffic accidents in emerging countries, the DENSO Group formulated a Mid-term Policy targeting 2018 to continue contributing to society and sustainably growing in the years to come. Under the terms of the new Mid-term Policy, we set down three fields for particular attention over the coming three years—the environment, security and safety; the aftermarket and new business; and the global market. Consideration is being given to accelerating the pace of technological developments in the environment, security and safety field and continuing diversification in terms of products and services. Raising our proposal capabilities as system supplier, we will enhance our global development, production, and quality assurance systems.

With regard to the Company's performance in fiscal 2015, the fiscal year ended March 31, 2015, revenue rose to ¥4,309.8 billion due to increases in vehicle production volumes overseas, but operating profit decreased to ¥331.4 billion due to investment in future growth and an increase in plant establishment costs. Amid an ongoing increase in vehicle production, expected to again be primarily overseas, we will step up our performance efforts in fiscal 2016 by reducing costs and improving production efficiency, as we target revenue of ¥4,470.0 billion and operating profit of ¥380.0 billion.

In addition to delivering convenience as well as the joy of driving to people all over the world, we will aim for sustainable growth and respected individual life. We will maintain the trust of all our stakeholders as we continue to contribute to the creation of a better society.

In grateful and appreciative anticipation of receiving the ongoing support of all our stakeholders,

August 2015

President and CEO

A handwritten signature in black ink that reads "Koji Arima". The signature is written in a cursive, flowing style.

Interview with the President



Working together with the Group toward the realization of innovative *monozukuri*.

Koji Arima President and CEO

Q1

Where do you think the Denso Group's strengths lie?

A

The Group's greatest strength lies in *monozukuri*, which Denso has cultivated over many years. The competitiveness of this expertise is due to the integration of activities from the R&D stage through close cooperation across the areas of product development and manufacturing technology. By factoring in both quality and cost from the R&D stage, it is possible to minimize ineffectiveness and improve quality while reducing costs over a short period. The Company has been committed to honing this *monozukuri* method since the 1970s and, since then, has pioneered a large number of world-first and leading-edge products with quality unrivaled globally.

Going forward, the automotive industry is expected to expand, particularly in developing countries, necessitating initiatives toward further globalization of *monozukuri*. In light of that, we intend to build on our existing expertise and expand the establishment of *dantotsu** plants, which has been centered in Japan, to all our plants around the world. By aligning plants with product specificity and leveraging the unique features that define each country and region, we aspire to make each plant No.1 in its respective region for *monozukuri* through *dantotsu* productive efficiency. Furthermore, the Company has embarked on initiatives to utilize rapidly evolving information processing technology to share production information across approximately 130 plants around the world in real time. By collecting information on *monozukuri* technology and know-how on a global scale and monitoring the current status of plants, we are enhancing the visibility and accessibility of information. Through such initiatives, we aim to identify and prevent problems associated with defective products and improve productivity. Going forward, the Company will continue to contribute widely to society by working together with the Group toward the realization of innovative *monozukuri*.

* *Dantotsu* plants are those that demonstrate increased competitiveness through the introduction of speedy, efficient production lines, the development of unique, space-saving facilities, and the streamlining of distribution and inspection protocols.

Q2

Please discuss challenges related to the Group's further growth going forward.

A

Changing powertrain control systems, such as the increased efficiency of and the incorporation of electric technology in engines, changing safety technology, such as advanced driving support, and technological advances that link automobiles to society represent how technology in the automotive industry is ever-evolving, and competition in the development of new technologies continues to intensify. Against this backdrop, the Company must further reinforce product development in response to these changes if it is to maintain continuous growth going forward.

To this end, I believe that, in addition to strengthening the development of individual products, it is also going to be important to accelerate the development process overall by incorporating a systematic approach geared toward integration and improved performance. We are engaged in the assembly of specialists from across the Company as part of DP (Denso Project) activities, which foster timely development. The initiative to promote timely development began in 2008 following the establishment of such important themes as fuel efficiency and the development of products targeted at emerging markets.

Moreover, we are promoting similar activities to strengthen competitiveness in new areas, such as advanced driving support, information security, and small motors. With a keen sense of urgency, we intend to push forward with the pursuit of such activities by drawing on expertise across the whole Company in areas that reflect a strong societal need.

Q3

Please tell us about the Company's policy with regard to shareholder returns.

A

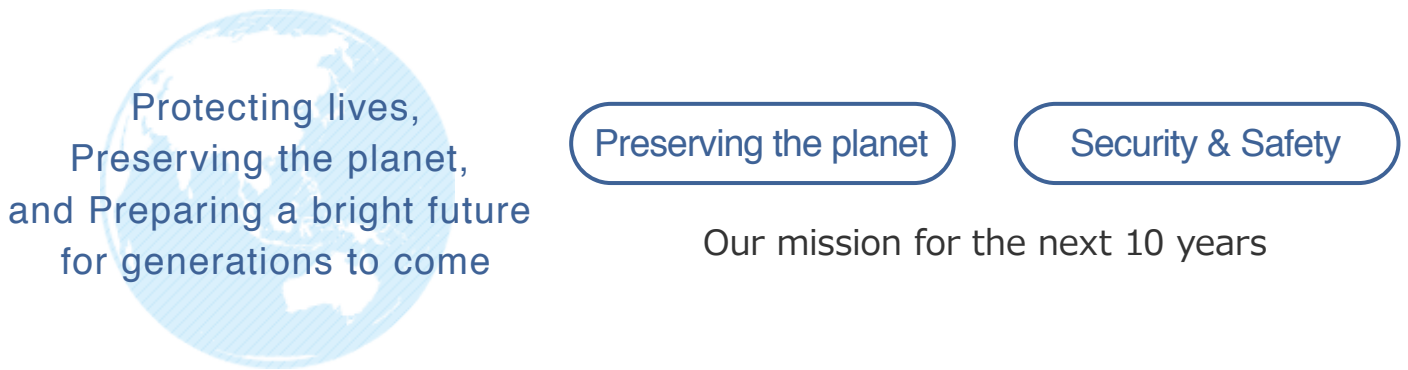
Concerning the return of profits to shareholders, we will continuously strive to raise the dividend threshold while maintaining long-term stability, giving careful consideration to a comprehensive range of factors, including consolidated performance, the dividend payout ratio, and the dividend amount. Denso uses retained earnings after the payment of dividends for investment in such areas as infrastructure, R&D, and M&A to maintain the long-term growth of its businesses and allocates funds for the repurchase of treasury stock following thorough consideration of the Company's financial position.

In line with these policies, in fiscal 2015, we declared an annual dividend of ¥110 per share, an increase of ¥5 per share from the previous fiscal year. Also, we intend to conduct an equity repurchase capped at 5 million shares, or ¥30 billion, during fiscal 2016.

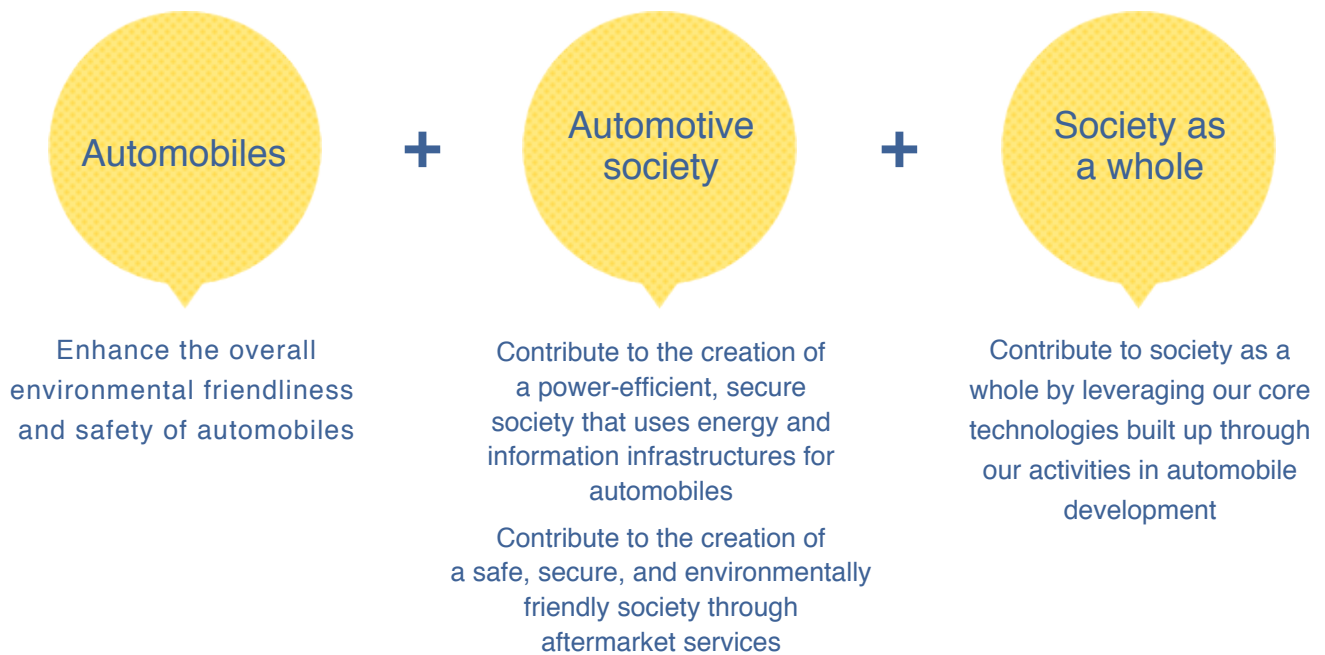
Going forward, we will continue to work toward further enhancing corporate value and raising shareholder returns.

DENSO Group Long-term Policy 2020

The DENSO Group Long-term Policy 2020 has the slogan “Protecting lives, Preserving the planet, and Preparing a bright future for generations to come,” which the Company has established as its mission, with a particular focus on the themes of preserving the planet as well as security and safety.

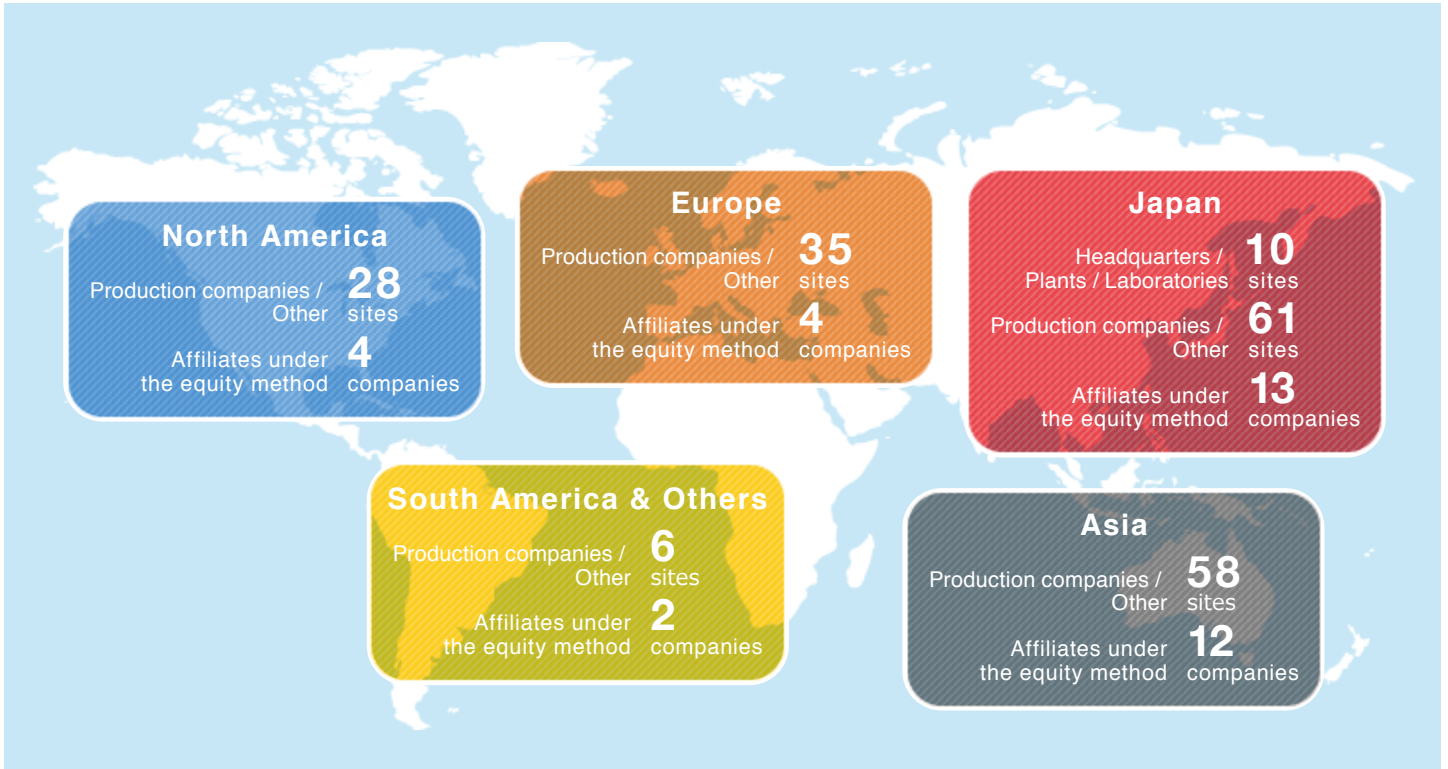


Value Creation



The above goals characterize the value that DENSO provides, value created from a global perspective to meet local needs. To achieve these goals, we will develop new products and services through R&D activities focused on “world-first technology.”

Global Management

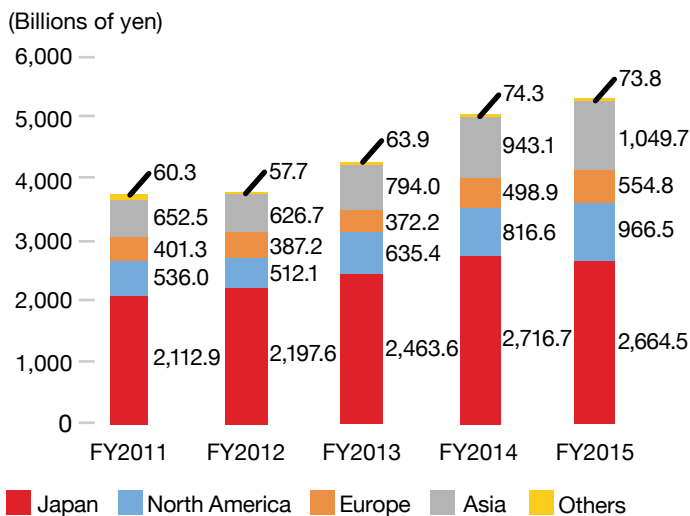


Note: In addition to the above, there is one nonconsolidated subsidiary.

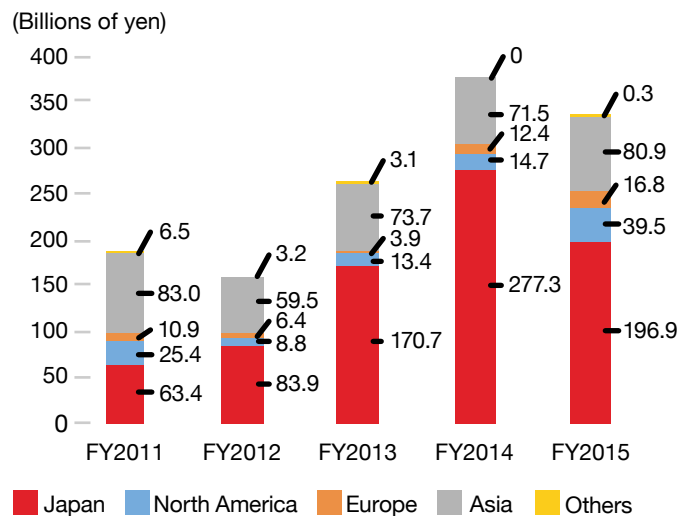
Revenue and Profit by Segment

Figures for the fiscal 2014, the year ended March 31, 2014, and afterwards are based on International Financial Reporting Standards (IFRS). (Figures for the fiscal 2013, the year ended March 31, 2013, and prior are based on Japanese accounting standards.)

Revenue by Segment



Operating Profit by Segment



Performance and Outlook by Segment

| Japan

○ Results for Fiscal 2015

In the domestic automobile market, revenue decreased 1.9% year on year, to ¥2,664.5 billion. This decline was largely attributable to a shift toward compact vehicles for the domestic market and lower sales of products for use overseas. Similarly, operating profit was down 29.0%, to ¥196.9 billion, due to detractors including the lower capacity utilization rate that followed reduced sales as well as an increase in labor costs and other fixed costs.

○ Approach for Fiscal 2016

The Japanese economy is anticipated to display a modest recovery trend on the back of increased exports and capital expenditure. These increases will follow from the dissipation of the adverse impact of the consumption tax rate hike as well as the benefits of the depreciated yen and lower crude oil prices. In the domestic automobile market, however, conditions are expected to deteriorate in comparison to fiscal 2015 due to a delayed recovery as well as a sales downturn due to the increase in taxes for compact vehicles.

Against this backdrop, the Company will install 1/N production equipment and lines to create *DANTOTSU* plants with the aim of realizing increases in investment efficiency and productivity in terms of human resources, facilities, and plant floor space. When introducing the new lines, we will employ designs similar to previous lines to lower installation costs and start-up costs. At the same time, development will be advanced while optimally allocating our resources by shifting focus toward growth fields, such as active safety systems. By increasing production and development efficiency in this manner, we will endeavor to build a business structure that can maintain stable profit levels, even in a sluggish market.

○ Results for Fiscal 2015

The U.S. automobile market showed strong sales and production levels due to recovery in the U.S. economy. In this market, revenue rose 18.4% year on year, to ¥966.5 billion, following increases in the number of automobiles produced for Toyota Motor Corporation and Honda Motor Co., Ltd., as well as the benefit of sales promotions for heating, ventilation, and air-conditioning (HVAC) units and gasoline direct injection engine products. Buoyed by the benefits of a higher capacity utilization rate stemming from increased sales, operating profit grew 156.9%, to ¥39.5 billion.

○ Approach for Fiscal 2016

In the United States, despite the decrease in exports and rise in interest rates resulting from the strong U.S. dollar, the economy is expected to continue to expand gradually, supported by the stable job market and low crude oil prices. The automobile market is likewise forecast to grow steadily.

In this environment, the Company will expand plants in Mexico to establish an optimal production and supply system for all of North America and thereby respond to the expected increases in automobile production going forward. In addition, we will enhance human resource development programs for production, maintenance, and other manufacturing-related personnel based on the recognition that these employees are essential to ensuring stable operations and the smooth start-up of new facilities. Through these efforts, we will reinforce DENSO's earnings structure. In the area of R&D, collaboration will be pursued with technical centers and external partners to enhance development capabilities related to advanced driving support, which is in high demand in North America.

| Europe

○ Results for Fiscal 2015

In Europe, market recovery coupled with the success of sales promotions for HVAC units and diesel common rail systems led revenue to increase 11.2% year on year, to ¥554.8 billion. Operating profit rose 39.6%, to ¥16.8 billion, due to such factors as gains from a capacity utilization rate increase brought about by the sales increase.

○ Approach for Fiscal 2016

The European economy is set to recover gradually as a result of improvements in consumer spending, corporate expenditures, and exports stemming from the benefits of quantitative easing, lower crude oil prices, currency devaluation, and a strong job market. The automobile market, too, will recover steadily leading up to 2018.

Under these conditions, we will continue to advance sales promotions for powertrain control systems and thermal systems aimed primarily at European customers. In manufacturing operations, we will strive to construct a more competitive production system by further accelerating the shift toward local production of parts and equipment and developing optimal processes that incorporate suppliers. In terms of development, the European market is highly demanding as it is on the forefront of environmental and safety regulations. Accordingly, DENSO will strengthen its design functions to create products that meet the needs of customers in this market.

○ Results for Fiscal 2015

While growth slowed in Thailand and Indonesia, automobile production rose centered on China. As a result, revenue was up 11.3% year on year, to ¥1,049.7 billion. While there was an increase in labor costs and expenses for setting up new factories and technical centers to fuel future growth, this was outweighed by the gains on capacity utilization following higher sales and the currency exchange gain stemming from yen depreciation. Accordingly, operating profit increased 13.1%, to ¥80.9 billion.

○ Approach for Fiscal 2016

Countries in the ASEAN region continue to suffer from sluggish internal demand, and economic growth is therefore forecast to be limited to a slow pace. Nonetheless, this region is anticipated to see ongoing economic growth over the medium to long term. Meanwhile, there is a certain degree of uncertainty with regard to the future of the automobile market. However, the market on the whole is expected to expand steadily going forward.

In this environment, we will continue to promote sales of compact vehicles by our cost competitive products. At the same time, we will work to differentiate the Company's offerings by launching products with specifications that optimally address the issues faced by each market in response to the introduction of regulations related to the fields of environment and safety. In the environment field, we will step up activities aimed at creating markets for stop/start systems and energy-efficient air-conditioning systems. In the safety field, we will focus on promoting sales of airbags while also advancing preparations for future promotions of cutting-edge safety products.

DENSO Group's Mid-term Policy 2018

Special Feature

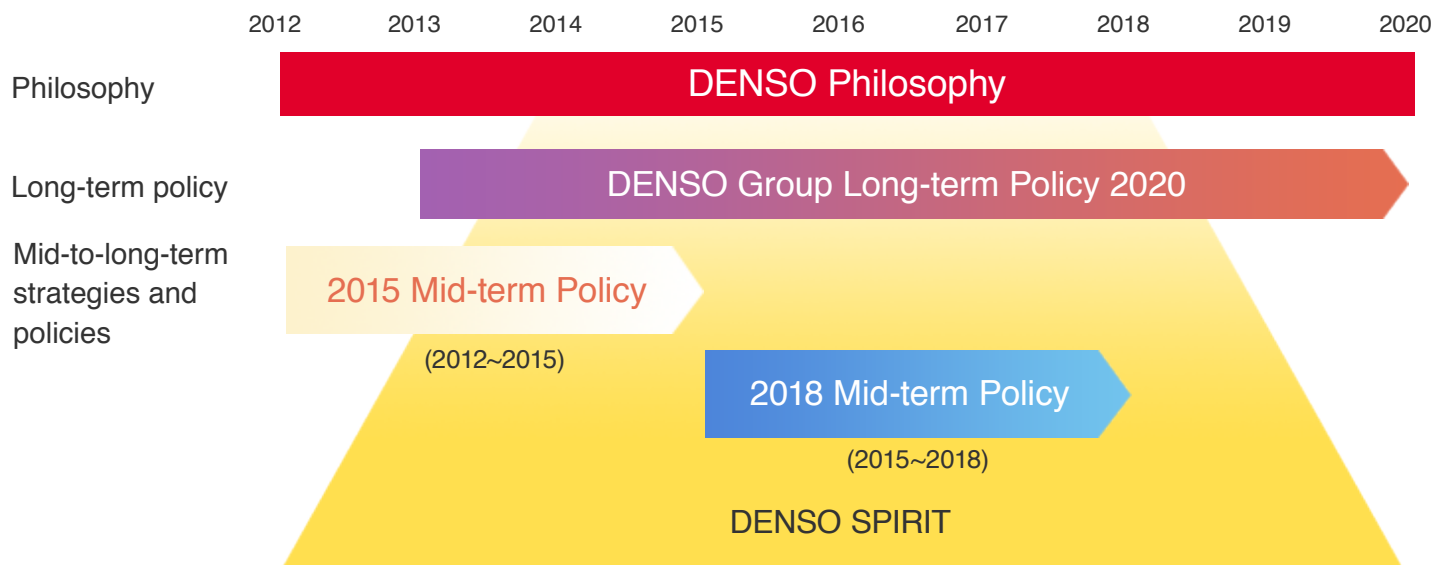
DENSO Group's Mid-term Policy 2018

Targeting
New Value Creation



With a view to realizing its long-term aspirations, and in accordance with the DENSO Group Long-term Policy 2020 formulated in April 2013, DENSO formulated a Mid-term Policy, which will run through 2018. Under its new Mid-term Policy, the DENSO Group firstly continues to focus on heading toward realizing an automotive society in which automobiles place less of a burden on the environment and drivers have fewer worries about traffic accidents and, secondly, targets sustainable growth by further evolving its traditional operations.

Major Policies



Recognition of the Current Business Environment (Formulation Background)

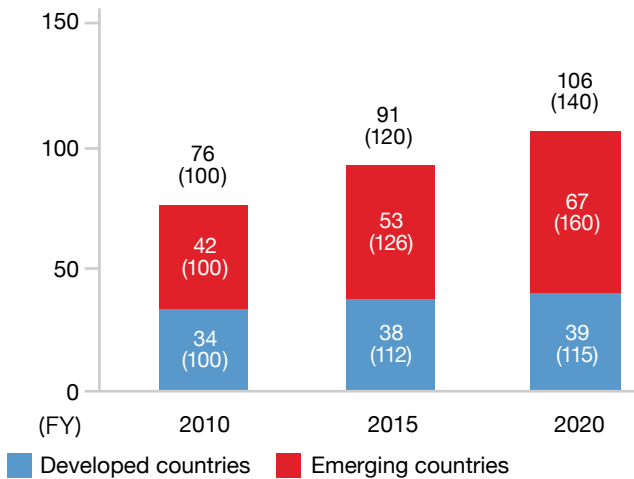
1. Emerging Countries Continuously Lead Automobile Market

Expand both sales volume and number of vehicles owned in emerging countries.

→ Strengthen global manufacturing capabilities by responding to growing markets

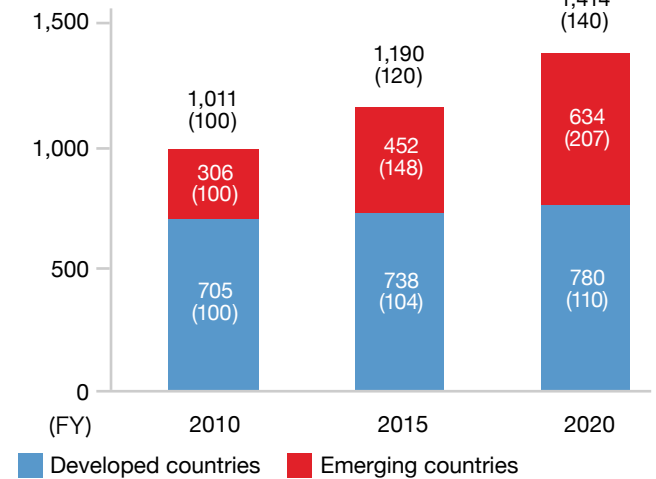
Sales Volume Forecast

(Millions of units/year)



Number of Vehicles Owned Forecast

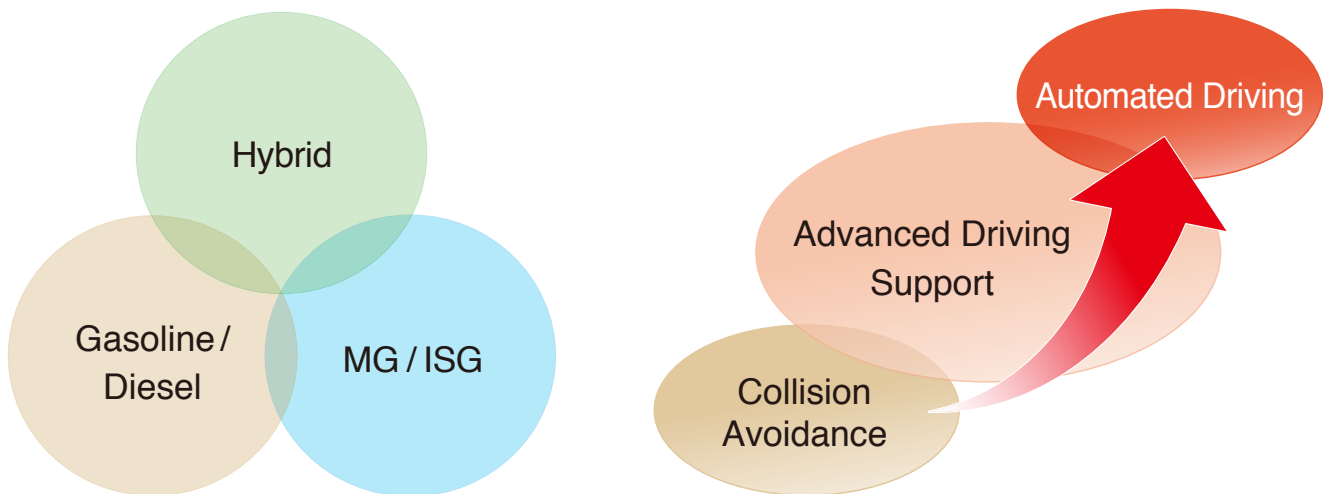
(Millions of units/year)



2. Expand upon Environment, Security & Safety Needs

Need proposals for the most suitable combination of ICE efficiency electrification

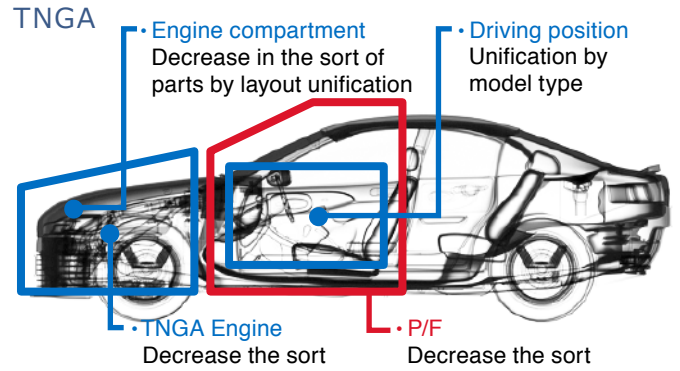
→ Enhance customer support as a Tire 1 supplier



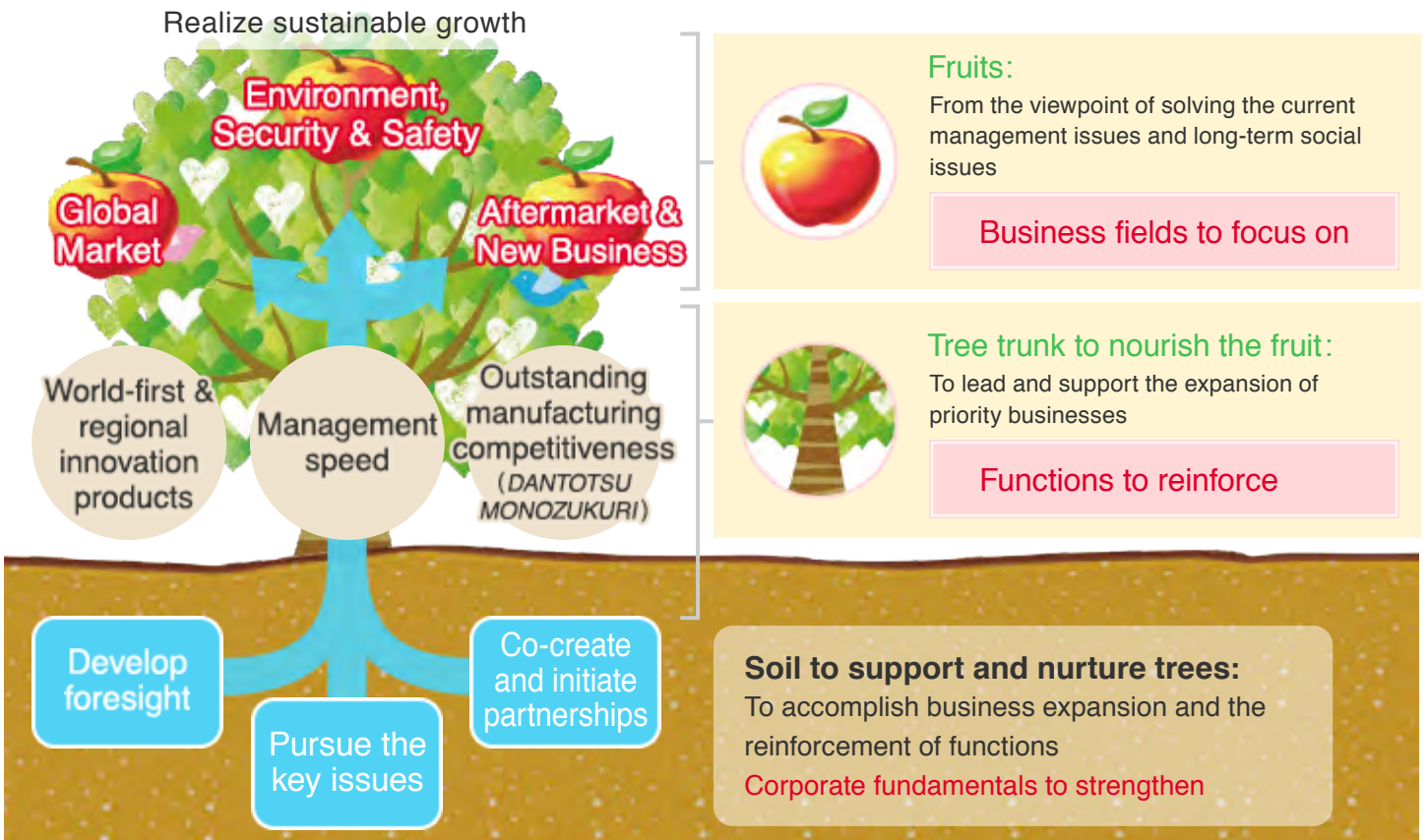
3. Accelerate Standardization of Parts and Units

Accelerate standardization of parts and units to be compatible with vehicle competitiveness and support cost reductions

→ Preparation to quality risks due to standardization needed



2018 Goal



Policies and Key Actions

○ Policies

1. Contribute to society focusing on Environment and Security & Safety
2. Evolve technological development and manufacturing to satisfy diverse needs
3. Promote continuous development of our employees

○ Key Actions



Business fields to focus on

We will address expanding the relevant businesses in the priority business fields of “**Environment, Security & Safety,**” “**Aftermarket & New Business**” and “**Global Market.**”



Environment, Security & Safety

Create system products that address social issues toward the reduction of the environmental footprint and traffic accidents

Aftermarket & New Business

Challenge for aftermarket and new business expansion to create new customer value from social needs and end users' perspectives

Global Market

Reinforce the relationship of mutual trust and raise DENSO's presence in each region to deliver the convenience and pleasure of automobile use and driving for people in many countries



Functions to reinforce

We will reinforce the following functions to lead and support the expansion of priority businesses: “**World-first & regional innovation products,**” “**Outstanding manufacturing competitiveness,**” and “**Management speed.**”



World-first & regional innovation products

Take on the challenge of advanced technological development that creates world-first and regional innovation products by realizing regional strengths and community-based wisdom

Specific initiatives

1. Accelerate advanced technology research and reinforce study on human and society science
2. By predicting the trend of regional needs, enhance the ability to design product concepts and develop advanced technologies

Outstanding manufacturing competitiveness

Enhance *monozukuri* capability and the global expansion of *DANTOTSU* through enhanced competitiveness to realize a regional No. 1 production structure and the *DANTOTSU* plant

Specific initiatives

1. Reinforce simultaneous development of products and *monozukuri* for product evolution (high difficulty level, systems) and expansion of overseas production
2. Establish strong *MONOZUKURI* capabilities by One DENSO and realize regional No.1 production supply structure and the *DANTOTSU* plant

Management speed

Speed up management by promoting global collaboration by changing our way of working to improve the speed of business operations

Specific initiatives

1. Collaborate with diverse people
2. Implement global next-generation information systems and change our way of working to improve speed of business operations

Environment, Security & Safety

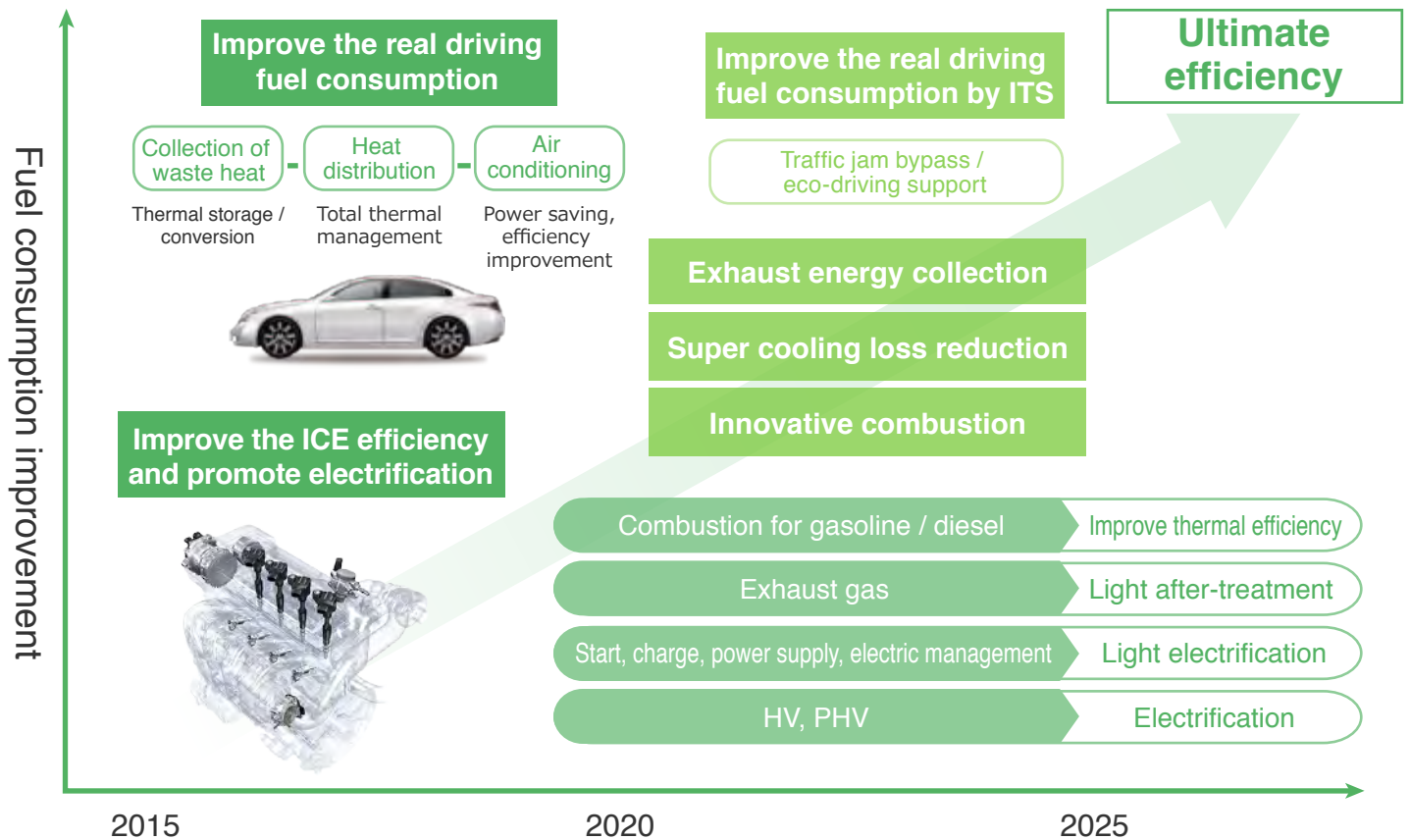
Reducing Environmental Burden and Traffic Accidents through Cutting-Edge Technological Development

Environment Field

In the environment field, DENSO will target “ultimate efficiency” and continue to promote the development of products that place less of a burden on the environment by focusing on fuel-saving technologies.

In the case of the internal combustion engine (ICE), we will develop combustion and exhaust gas technologies and work on overall improvements in thermal efficiency. We will also promote electrification by offering smaller and lighter hybrid products. Leveraging the technologies gained from internal combustion and hybrid vehicles, we will develop new powertrain products like those installed in fuel-cell vehicles, and realize not only improvements in reliability and efficiency but also significant reductions in cost.

At the same time, paying close attention to improvements in fuel economy, our target is to halve the gap between actual fuel economy and catalog fuel economy by 2025. To realize this, we will promote the development of technologies that increase air-conditioning efficiency—such as by detecting the driver’s position and providing automatic optimization by means of “single-seat concentration air conditioning”—and heat-pump technology that recovers heat from the outside air.

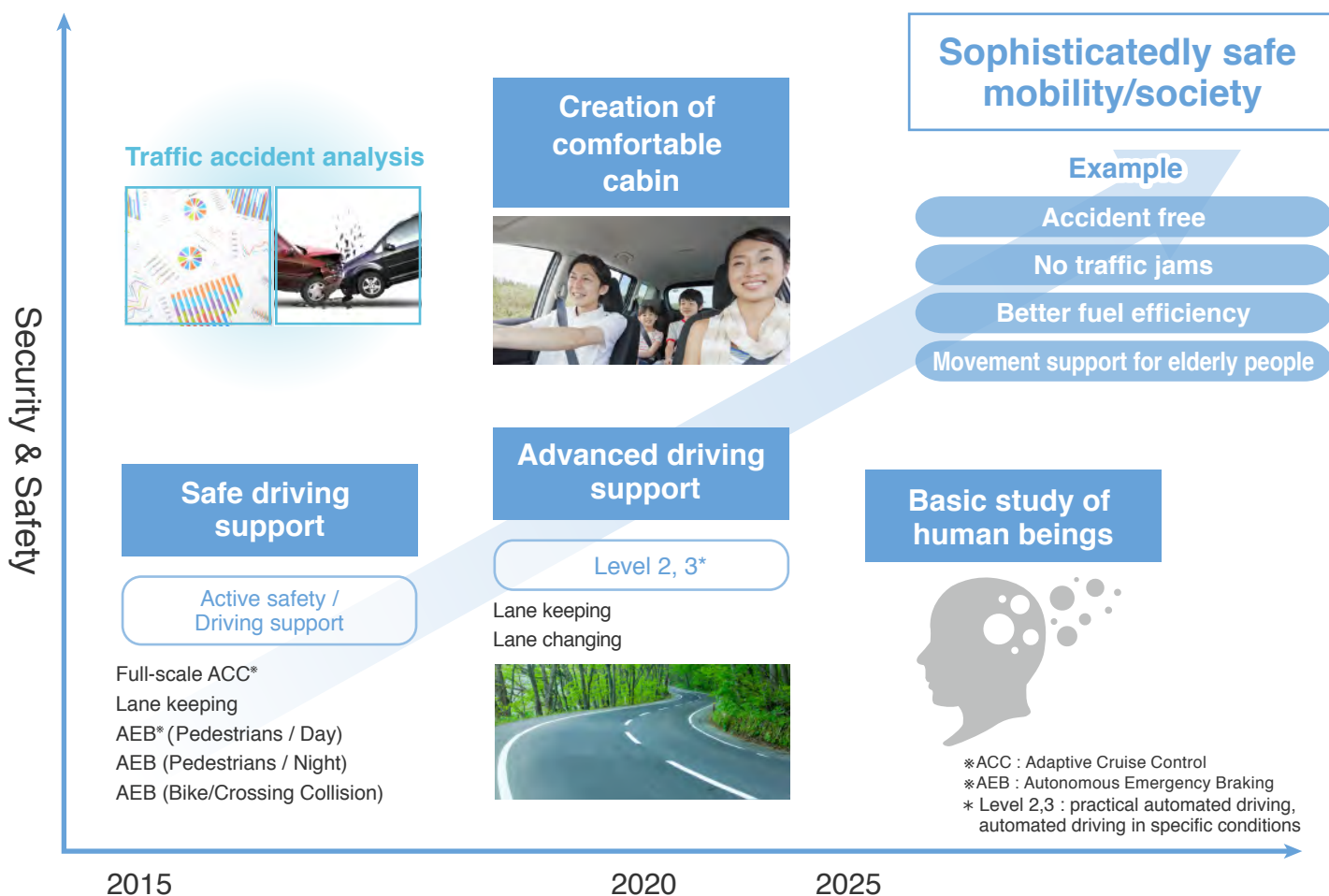


Security & Safety Fields

In the fields of security and safety, DENSO will aim to realize a society that provides sophisticated safety and mobility and will step up efforts to develop technologies not only to minimize damage in the event of an accident but also to support drivers and prevent accidents.

We will promote the introduction and enhancement of the New Car Assessment Program (NCAP) as the vehicle safety assessment standard in major markets. In anticipation of the introduction and enhancement of NCAPs, we will continue undertaking technological developments to further advance driving support at night and in the prevention of collisions with bicycles, head-on collisions, or collisions when turning right. The resulting active safety products will be commercialized and mass produced in stages.

We will also continue conducting research to increase driver comfort—such as by supporting driver concentration, enhancing the field of vision, and utilizing control interfaces—and thereby enhance the security and safety of vehicles. To that end, we will conduct a basic study of human beings, conducted from the viewpoints of medical science and psychology, to simulate a variety of situations that a driver is likely to face. We also plan to develop system products that will help drivers concentrate on driving by the use of cold air and scents, ensure both driver comfort and a wide field of vision, and achieve intuitive operation with easily viewable interfaces.



Aftermarket & New Business

Delivering New Products and Technologies in a Timely Manner with the Needs of Customers and the Market Uppermost in Our Mind

In the aftermarket and new business fields, DENSO provides products and services to solve wide-ranging social issues from the points of view of social and end-user needs. The Company also plans to expand its business domains by engaging in strategic M&A activities and developing emerging markets. Sales expansion in the aftermarket and new business fields will be linked to the realization of a business structure that is less susceptible to the changing trends in vehicle sales.

We will engage in business expansion after having adopted a system that integrated Sales and Business Planning Department into a single group. It was with business expansion in mind that we established the Aftermarket, Fleet and New Business Group, our fifth business unit, in January 2015.

In addition to expanding our product lineup in the aftermarket business, we will engage in the creation of systems that will be reliable and convenient for users to utilize by proposing services capable of quickly responding to a cycle of requirements, from automobile diagnosis and repair to preventive maintenance.

In the new business field, we have thus far launched businesses in six fields, including microgrids, security, and agriculture support systems. In the years to come, we will not only sell stand-alone products but also draw up sales strategies and create sales systems with a view to enhancing our solution sales capabilities that assist in solving end-user issues. From the current fiscal year, we will promote field tests in the traffic infrastructure field to assist in reducing the number of traffic accidents.

Business fields	Initiatives
Spare parts	<ul style="list-style-type: none"> · Expand business to developing countries · Widen range of products · Accomplish cost competitiveness by becoming “Global Supplier of choice”
Accessories	<ul style="list-style-type: none"> · Focus on important field (Security and safety, environment, IVI)
Service	<ul style="list-style-type: none"> · Diagnosis for highly integrated products market / repair machine lineup and global sales expansion
New business	<ul style="list-style-type: none"> · Strengthen sales structure and organization to expand solution business

Global Market

Providing Automotive Convenience and Pleasure through the Development of Products that Match the Needs of Each Region and Promoting Efficient Production

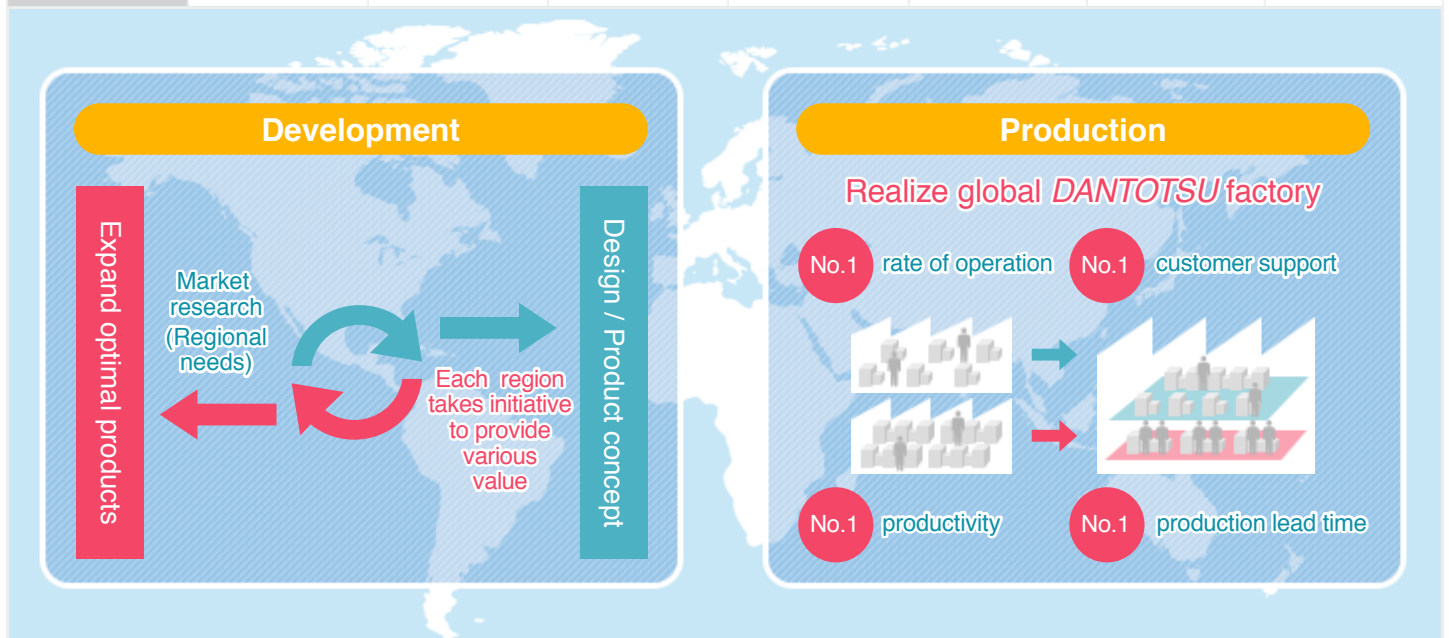
In the global market, customer needs vary depending on the country or region. DENSO thus undertakes product development from a long-term perspective that anticipates local regulations, market trends, and competitors' circumstance. In addition, DENSO will deliver the pleasure that the convenience of a car offers to the people of even more countries by producing cost-competitive products through monozukuri production at a DANTOTSU price.

Having established technical centers in seven countries and regions worldwide, we have been strengthening our global R&D system. Having integrated sales and development functions, we will develop and propose unique products and services that are compatible with differing local needs and conditions and therefore maximize the value of the vehicles.

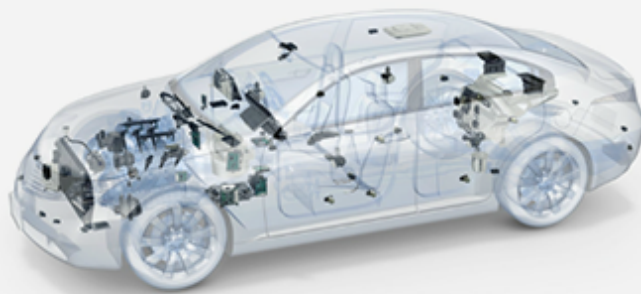
Amid the rapid spread of motorization in emerging countries, we are now ready to globally launch our DANTOTSU factory activities that have, up to now, been promoted primarily in Japan, to develop globally and realize efficient production to further raise our cost competitiveness. While taking into account their particular circumstance and advantages—such as operational efficiency and customer response speed—we will promote our No. 1 DANTOTSU monozukuri activities in respective countries and regions as well as the characteristics of the products to be manufactured, thereby enhancing our cost competitiveness.

Global R&D Network

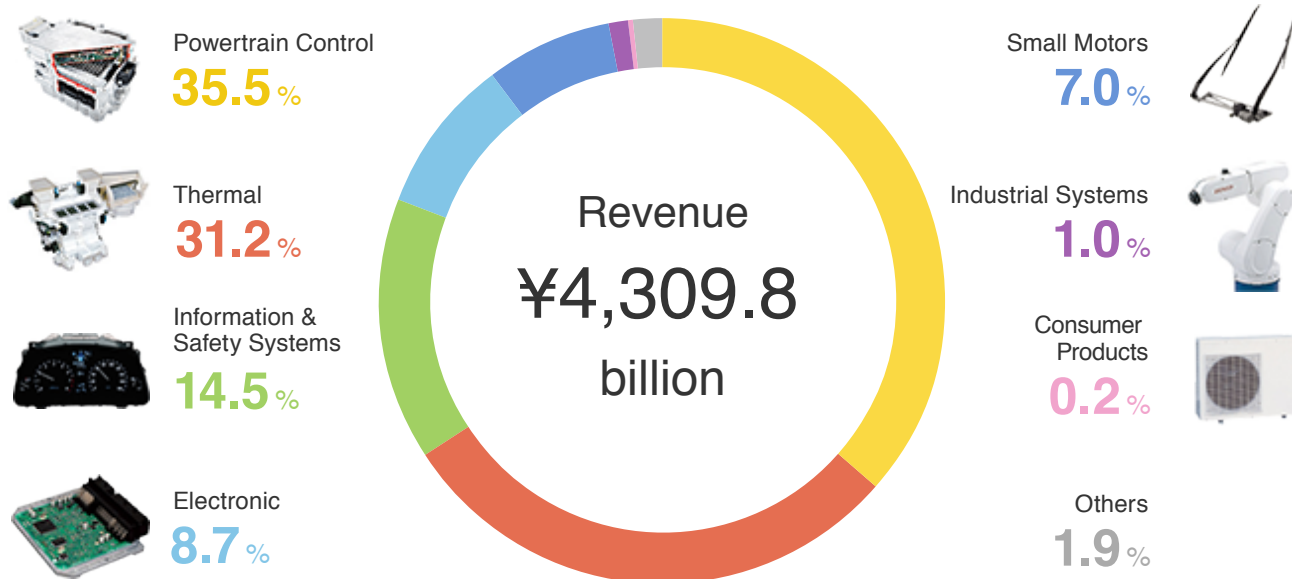
Region	Japan	North America	Europe	Asia & Oceania	China	India	South America
Core T/C	Head Office	Michigan	Germany (Aachen)	Thailand (Bangkok)	Shanghai	Delhi	Brazil
Satellite	Domestic Group companies, Korea	Tennessee, California	UK, Italy, Sweden	Vietnam, Philippines, Australia	Beijing, Xian, Taiwan	—	—



Business Group Overview



DENSO is organized around business groups. These businesses coordinate with one another to accommodate systemization and modularization, and decision making is conducted promptly in line with the prevailing conditions of each business.



Revenue by Business Group (IFRS)

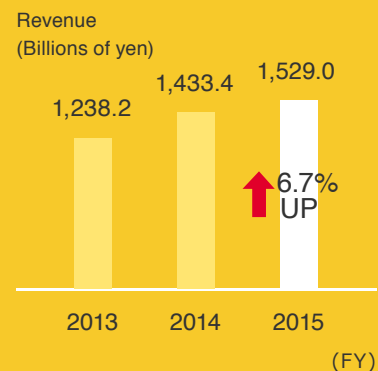
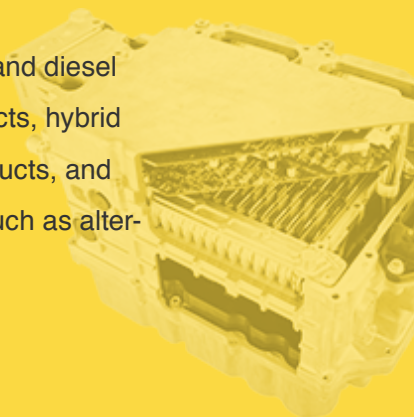
Classification	FY2015 (Billions of yen)	FY2014 (Billions of yen)	Change YoY (%)
Powertrain Control	1,529.0	1,433.4	+6.7
Thermal	1,343.8	1,245.5	+7.9
Information & Safety Systems	626.6	628.6	-0.3
Electronic	373.2	382.8	-2.5
Small Motors	302.3	286.7	+5.4
Others*	68.6	56.6	+21.2
Automotive Total	4,243.5	4,033.6	+5.2
Industrial Systems	41.9	35.6	+17.7
Consumer Products	9.8	10.2	-3.9
Others	14.5	15.6	-7.1
New Business Total	66.2	61.4	+7.8
Total	4,309.8	4,095.0	+5.2

*1 Repair parts and original brand products of subsidiaries

*2 Includes adjustments that accompanied the change from Japanese accounting standards to IFRS.

Powertrain Control

Development and production of gasoline and diesel engine control systems and related products, hybrid and electric car products, powertrain products, and power supply and starting system parts such as alternators and starters



Results for Fiscal 2015 and Growth Strategies

	FY2015	FY2014	Change YoY
Revenue (Billions of yen)	1,529.0	1,433.4	6.7%

In fiscal 2015, the year ended March 31, 2015, revenue increased on the back of higher automobile production volumes mainly in North America, China, and Europe as well as the weak yen.

Going forward, as a system supplier in the environment field, we will develop, propose, and promote the widespread use of products that trigger new trends while contributing to society.

In the internal combustion engine (ICE) field, we are helping to improve the fuel efficiency and performance of engines while expanding sales by enhancing the attributes of gasoline direct injection as well as diesel common rail systems. In the field of electric motors, we will also be contributing to improved fuel efficiency and performance as well as an upswing in sales by enhancing the capabilities of such essential hybrid components as motor generators and inverters and by reducing the size and costs of these products. We will leverage our core technologies and experience in the fields of starters, alternators, engine cooling systems, and semiconductors to develop new products including battery packs that make full use of our proprietary technologies. In the aftermarket business for products including iridium plugs, we plan to invest in cost-competitive products suited to market needs and products with our proprietary technologies at their core.

Fiscal 2015 Topics

New Products and Technologies

Developed a new fuel injection (FI) system for small-motor motorcycles called DIET-FI*. DIET-FI is a world first FI system to do away with the use of throttle position and engine temperature sensors. Instead, it uses newly developed control technologies that ensure the same fuel economy and environmental performance as conventional FI systems, thus helping to cut costs. DIET-FI is currently manufactured by Gongcheng DENSO (Chongqing) Co., Ltd., a Group company that manufactures motorcycle components, and supplied to Wuyang-Honda Motors (Guangzhou) Co., Ltd.

* DIET-FI (DENSO Intelligent Economical Technology-Fuel Injection)

Developed a new common rail system that ensures high fuel efficiency for diesel vehicles. The system incorporates spray nozzles that deliver the world's highest level widespread distribution of atomized particles as well as injectors that improve the degree of FI freedom. The system has been adopted in Mazda Motor Corporation's SKYACTIV technology and is being delivered for use in the new Mazda 2 (DEMIO) model.

Business Expansion and New Companies

Decided to expand the plant in Apodaca, Mexico, owned and operated by DENSO MEXICO S.A. DE C.V. (DNMX), in response to the growth in automobile production in North America. Following construction of a new production line for transmission components, plans are in place to commence production from December 2015.

Group company HAMANAKODENSO Co., Ltd. established a new company, HAMADEN MEXICO S.A. DE C.V. (HDMX), to produce engine-related components for use in automobiles in response to the growth in automobile production in North America. Construction of a new facility began in January 2015, with completion scheduled for August 2015. Plans are also in place to start up production of solenoids and other components that help to control engines and airflows in stages from August 2016 for delivery to customers in North and South America.

Decided to expand operations at DENSO Manufacturing Athens Tennessee, INC., a production base located in Tennessee, United States. This is in response to the increase in production of gasoline direct injection products triggered by an upswing in demand on the back of growing interest in fuel efficiency and concerns surrounding exhaust gas regulations. Production is scheduled to start in July 2016.

Decided to construct a new plant in response to the increase in vehicle production in the ASEAN region. The new plant will be located in the Phnom Penh Special Economic Zone in Cambodia where DENSO Cambodia Co., Ltd. operates its existing plant. The new facility is scheduled to begin production of magnetos and oil coolers from July 2016.

Main Products

Engine Control Components

Ignition coils, Magnetos

Spark plugs

Glow plugs

Exhaust gas sensors

Ceramic substrates

Diesel particulate filters (DPFs)

Engine ECUs for motorcycles

Exhaust gas temperature sensors

System Control Components

Intake and exhaust products: Exhaust gas recirculation (EGR) valves, Throttle bodies, Integrated air fuel modules, etc.

Variable valve products: Variable cam timing (VCT) components, Oil flow control valve (OCV)

Drive control products: Integrated mechatronic modules, AT solenoid valves, Valve bodies, Shift-by-wire actuators

Evaporator products: Purge valves, Evaporative leak check pump modules

Sensors: Knock sensors, Air flow meters, Accelerator pedal modules (APMs)

Filters: Oil filters, Air cleaners

Diesel Injection Products

Common rail systems

In-line fuel injection pumps, Rotary fuel injection pumps

Nozzles

Fuel filters



Common rail systems

Gasoline Injection Products

Fuel pumps

Fuel pump modules

Fuel injectors

Direct injection components (Injector, Pump)



Fuel pump module

● Engine Electrical Systems

Starters

ISG

Alternators

Lithium-ion battery packs

MG stators



Alternator

● Electric Hybrid Vehicle (EHV) Components

Inverters

Battery monitoring units

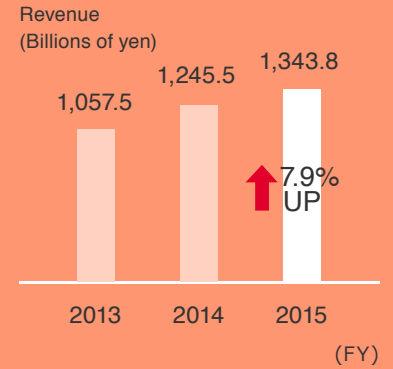
DC-DC converters



Inverter

Thermal

Development and production of air-conditioning systems for cars and buses, truck refrigeration units, air purifiers and related air-conditioning products, radiators, and cooling systems



Results for Fiscal 2015 and Growth Strategies

	FY2015	FY2014	Change YoY
Revenue (Billions of yen)	1,343.8	1,245.5	7.9%

In fiscal 2015, revenue increased as a result of higher automobile output in North America and Europe as well as the growth in sales.

In the case of our existing products, we have been expanding sales by standardization as well as by making the products smaller and lighter. Going forward, in addition to providing a product lineup that meets the needs of customers across the world and further strengthening the cost competitiveness achieved through our Dantotsu (outstanding) plant activities, we will enhance sales to Europe and emerging countries.

We will also enhance the development and sale of high-value-added products in the environment, security, and safety fields, while expanding our business domains. For example, we will advance the development of products that bring about improvements in fuel saving and fuel economy through a combination of technologies, including the “single-seat concentration” air-conditioning efficiency technology that senses the presence of a driver and automatically provides optimal air-conditioning, or heat-pump technologies that recover heat from outside the vehicle. In addition, we will step up research into the five senses and human biology and develop products that contribute to safety and peace of mind by supporting driver concentration, range of vision, and driving operations.

In commercial vehicles, such as buses and trucks, we will leverage the proprietary technologies accumulated in automobile technologies to work on product differentiation that meets maker needs and promote global expansion.

Fiscal 2015 Topics

New Products and Technologies

Developed a transmission oil cooler that offers improved performance in a reduced size compared with conventional products. Plans are in place to commence production from April 2016.

Jointly developed with Hino Motors, Ltd. an electric refrigerator system for heavy-duty trucks that received the Minister of Economy, Trade and Industry Award, the highest honor at the Energy Conservation Grand Prize ceremony. This award recognizes advanced, energy-saving products built on the back of outstanding energy-saving activities and new advances, including the development of technology. The award-winning system was installed in the Hino Profia released in February 2014.

Business Expansion and New Companies

Acquired an equity stake in DJ COOL Corporation, a company that designs, manufactures, and sells air-conditioning systems for buses and tractors as well as refrigerator systems in Turkey, the largest manufacturer of buses for the European market. This initiative was aimed at strengthening the Group's air-conditioning systems for buses and tractors as well as refrigerator systems in Europe.

Decided to commence the manufacture of car air-conditioning system production at DENSO Korea Automotive Corporation from July 2015.

Main Products

○ Thermal Systems Products

Air-conditioning systems for cars

Radiators

Cooling fans

Inter coolers

Oil coolers

Engine cooling modules

Reserve tanks



Air-conditioning system

○ Climate, Cooling, and Heating Products

Air-conditioning systems for buses and construction equipment

Truck refrigeration units

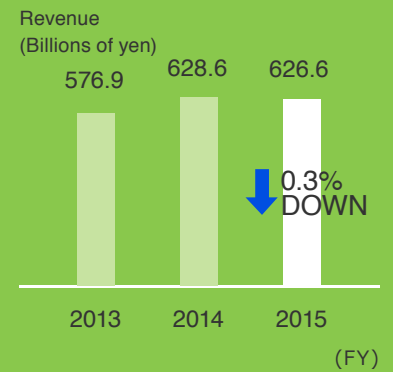
Air purifiers



Engine cooling module

Information & Safety Systems

Development and production of car navigation systems, ITS (intelligent transport system) products such as electronic toll collection, telematics, driving safety products including sensor computers for airbags, body ECUs (engine control units), and meters



Results for Fiscal 2015 and Growth Strategies

	FY2015	FY2014	Change YoY
Revenue (Billions of yen)	626.6	628.6	-0.3%

In fiscal 2015, revenue were essentially unchanged from the previous fiscal year. Despite an increase in the use of control braking systems and active safety products as well as the positive flow-on effects of the weak yen, this stagnant result was mainly attributable to the drop in navigation product sales.

Going forward, we will focus our energies on expanding sales of automatic braking systems and other typical active safety products. We will also concentrate on the development of advanced driving support systems that utilize automated driving support. In addition, with regard to IVI* products, the new development of which is being promoted as an alternative to navigation systems, we will enhance sales by product planning that takes in the end-users' perspective. Moving forward, we will help to bring about an increasingly safe and secure mobile society by not only delivering sensors in millimeter-wave and laser radar, camera, sonar, and other fields, such products as head-up displays (HUDs), information and communication products including in-vehicle wireless devices as well as individual products, but also by reinforcing the development of compatible systems that employ these strengths.

* In-vehicle infotainment: Automotive information and communication systems that provide not only the functions found on conventional car navigation systems but also preventive safety and advanced driver support functions as well as bundled inside and outside vehicle information and audio functions and Internet connectivity functions of the kind found in smartphones.

Fiscal 2015 Topics

New Products and Technologies

Began conducting tests on a public road in Aichi Prefecture in an effort to develop advanced support technologies that help to reduce driver workload and assist in safe driving. Utilizing vision sensors and millimeter-wave radar to recognize moving vehicles and lane-separating white lines, tests are being conducted on automated driving scenarios in a single lane, automatic lane changes, and other driving maneuvers.

Participated in the 2014 Intelligent Transport Systems World Congress held in Detroit, United States. In addition to an exhibition booth, the Company's participation included driving demonstrations based on DENSO's safety and HMI* technologies.

* Human machine interface (technology): Technology to ensure the careful and automatic presentation of information and control operations to an operator or user about the state of a process without causing his or her distraction by deeply understanding the features of the human body and the senses such as eyesight, hearing, and touch.

Received the Good Design Award 2014 sponsored by the Japan Institute of Design Promotion for the Company's analog meter installed in the LEXUS new model SUV NX. Since first receiving the award for its simplified wireless equipment in 1976, DENSO has received the award on 121 occasions and over 23 consecutive years since 1992.

Developed an ultrasonic wave sensor in collaboration with multiple companies. This sensor helps to reduce collision damage when parking and is being delivered to Toyota Motor Corporation to support that company's intelligence clearance sonar technology. Moreover, DENSO is developing vision sensors and millimeter-wave radar for inclusion in the safety technology package called Toyota Safety Sense.

Developed and began the delivery of ECUs for peripheral monitoring system use. These ECUs employ four cameras, one each at the front, left, right, and rear of vehicles to capture and provide information of surrounding objects that are otherwise difficult to see.

Manufactured and began delivery of the world's first 2-drive motor control unit (MCU) for integrated electronic power steering (EPS) providing enhanced EPS reliability.

Business Expansion and New Companies

Promoted increased sales of HUDs for use in the Volvo 90 series.

Main Products

Information and Communications

Instrument clusters

Head-up displays (HUDs)

Integrated climate control panels

Smart keys

Remote keyless entry controllers

Wireless door lock controller

Car security systems

Body ECUs

Tire pressure monitoring systems

Remote touch controllers

Car navigation systems

Electronic toll collection (ETC) on-board equipment

Telematics control units

Advanced vehicle operation systems

In-vehicle infotainment (IVI) systems



Instrument cluster



Car navigation system

Driving Assist and Safety Products

Airbag sensors and ECUs

ABS/ESC actuators and ECUs

Millimeter-wave radars and ECUs for pre-crash safety systems and adaptive cruise control systems

Laser radars and ECUs for adaptive cruise control systems

Cameras and ECUs for Lane Keeping Assist

ECUs for adaptive front lighting systems

Rear and corner sonars

Driver status monitoring systems

Surround monitoring system



Millimeter-wave radar

Electric Control Components

ECUs for electric power steering (EPS) systems

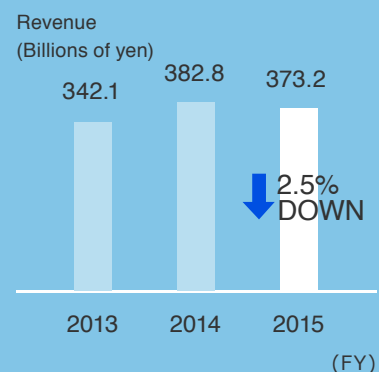
Sensors

Motor control units (MCUs)

Electric drive units (EDUs) for electric Variable Cam Timing (e-VCT) systems

Electronic

Development and production of semiconductor sensors, microelectronic devices including ICs (integrated circuits), and electronic products including engine control computers



Results for Fiscal 2015 and Growth Strategies

	FY2015	FY2014	Change YoY
Revenue (Billions of yen)	373.2	382.8	-2.5%

In fiscal 2015, overall revenues decreased. Despite an increase in sales of various sensors and controllers on the back of the growing trend toward electronically controlled devices, this downturn was largely attributable to a decrease in vehicle production in Japan.

Amid the accelerating pace of in-car electronic installations, we will undertake the further standardization of platforms in the development process to enable us to respond to wide-ranging demand. We will also contribute to the development of groundbreaking new products in the environmental, safety, and security fields. For example, we are making progress with the development of an electronic control unit (ECU) that contributes to improved fuel economy by electronically controlling, to a high degree of accuracy, the amount of fuel in the injectors. We will also assist in improvements in value added as well as in cost and unit size reductions by developments that include the integrated starter generator (ISG), which features modularized actuators and sensors.

We will enhance sales to our principal overseas customers and to emerging countries going forward. By strengthening our advanced technology development network in Europe in particular and also by the localization of product design in that region, we are working to set our products apart by development that has a sense of speed and the creation of regionally optimized products.

Fiscal 2015 Topics

New Products and Technologies

Developed silicon carbide (SiC) power devices for use in industrial products including hybrid and electric vehicles helping to reduce power consumption. For example, the application of SiC power devices in the inverters of hybrid vehicles considerably simplifies the cooling structure of onboard components due to lower output loss compared with conventional materials. SiC power devices can help to minimize the cubic volume of inverters to about one-fifth of their original size, further improving fuel efficiency. In addition, jointly developed SiC power devices for audio equipment with New Japan Radio Co., Ltd. in October 2014.

Business Expansion and New Companies

Established a new office in Tokyo as a part of efforts to strengthen the Company's in-vehicle integrated circuit design and development capabilities. This Tokyo office is positioned as the fourth in-vehicle integrated circuit development base behind our head office, Kota Plant, and DENSO Research Laboratories. Looking ahead, we will engage in advanced development activities in each of the environment, safety, and security fields.

Main Products

Electronic Products

Engine ECUs

Transmission ECUs

Power management ECUs



Engine ECU

Electronic Devices

Semiconductor sensors

Integrated circuits (ICs)

Power modules

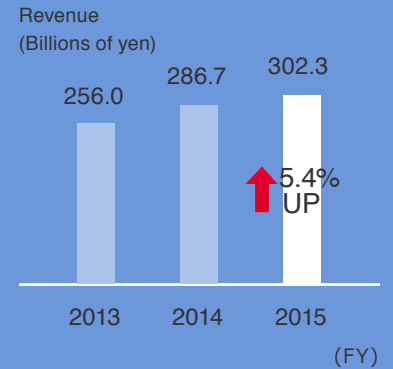


Semiconductor sensor (Inertia sensor)

Relays

Small Motors

Development and production of windshield wiper systems, power windows, power seats, sliding doors, power steering, motors for engine control systems, and other motors



Results for Fiscal 2015 and Growth Strategies

	FY2015	FY2014	Change YoY
Revenue (Billions of yen)	302.3	286.7	5.4%

In fiscal 2015, revenue increased due to the upswing in production and sales of mainly wiper systems and power window motors in North America and Europe.

Going forward, we will place higher-value-added products on the market, such as electromechanically integrated products, featuring smart motors with modularized actuators and sensors, as well as miniaturized new products. Working on differentiation with these strategic products, we will enhance sales in North America and emerging countries.

With regard to product supply, having thus far built plants in Myanmar and India, we have been advancing the expansion of our global production network. From now on, we will install 1/N production equipment technology and enhance the management systems at local agents to build a more competitive supply system.

Affiliated Company: ASMO Co., Ltd.

Fiscal 2015 Topics

New Products and Technologies

Began production of a brushless electronic water pump that cools the inverters of hybrid vehicles. In addition to lowering energy consumption by increasing pump efficiency, this new motor also accommodates the need for reduced size by adopting a structure that integrates mechanical and electronic components as well as a proprietary winding configuration. By employing a new rotor structure, positive steps have also been taken to cutback the amount of rare earth magnets used helping to offset the risks associated with resource procurement. Furthermore, the Company has achieved success in curtailing costs by applying sensor-less control of the circuit section thereby reducing the number of components.

Main Products

Windshield wiper systems

Windshield washer systems

Power window motors, seat motors

Power sliding door motors

Power steering motors

Motors for engine control systems

Other automotive motors



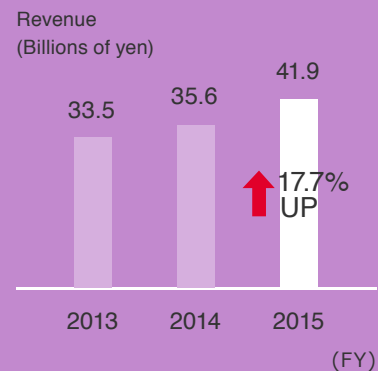
Windshield wiper system



Power window motor

Industrial Systems

Development and production of bar code, QR code, and IC card scanners, industrial robots, and other factory automation equipment (through DENSO WAVE INCORPORATED)



Results for Fiscal 2015 and Growth Strategies

	FY2015	FY2014	Change YoY
Revenue (Billions of yen)	41.9	35.6	17.7%

In fiscal 2015, revenue increased mainly as a result of sales growth in industrial robots and controllers mainly in Japan.

Going forward, we will leverage our strengths in the high-precision control and unit size reduction of industrial robots, while working to further increase business not only in the production field but also in the pharmaceutical and medical fields. AUTO-ID products draw on our strengths, which include high-speed, high-precision reading and high-speed wireless communications. In addition to the QR code anti-counterfeiting field, which calls for reliability, we will enter the settlement business field with a device compatible with non-contact credit cards and work on market creation and expansion. Drawing on our strengths in authentication, control, and sensing technologies, we will propose and carry out the transformation of safe and secure social systems.

Fiscal 2015 Topics

New Products and Technologies

Received the Popular Prize selected by popular vote at the European Inventor Award ceremony held by the European Patent Office. This prize was presented to the QR code development team made up of engineers from Group company DENSO WAVE as well as TOYOTA CENTRAL R&D LABS, and was the first such award recognizing a team from Japan.

Received an award for excellence at the 6th Robot Awards. This award was received in recognition of the Intelligent Arm Support System (iArmS) developed jointly with Shinshu University and Tokyo Women's Medical University. Organized by Japan's Ministry of Economy, Trade and Industry as well as the Japan Machinery Federation, these awards are presented in recognition of highly acclaimed examples of robotics. The goals of the awards are to foster innovation in robotics technologies and expand their application, as well as driving demand for such technologies that excel in terms of their present or future potential contribution to market development.

Received the Good Design Award 2014. This award was received in recognition of the Company's industrial-use robot / pharmaceutical and medical-use robot, which was jointly developed with DENSO WAVE. This Grand Award was the highest award, which was presented to only one company from among 1,258 Good Design Award winners. This robot boasts a smooth and elegant configuration that eliminates grooves and slots. By ensuring a precise circular cross-sectional surface, successful steps have been taken to remove all gradations and gaps, where dirt and bacteria can easily accumulate. This in turn ensures that high sanitary conditions can be maintained.

Announced details of Frame QR, a new kind of QR code. At the same time, announced to provide Q-revo, a new solution service that employs the QR code. Each of these initiatives was a part of the celebrations to mark the 20th anniversary since the QR code's development.

Business Expansion and New Companies

Rolled out global measures that focused on regional and customer requirements for AUTO-ID products. Promoted an increase in sales of industrial robots by implementing a variety of measures including steps to bolster solution proposal-based marketing activities. Increased sales of industrial controllers by upgrading and expanding existing products and acquiring new development projects. In addition, undertook steps to build a new business model that employs the QR code.

Main Products

○ Automatic ID Data Capture Devices

Bar code handy scanners and handy terminals

QR code scanners and handy terminals

IC card readers/writers

Radio frequency-identification (RF-ID) systems



Industrial robot

○ Factory Automation (FA) Products

Industrial robots

Programmable controllers

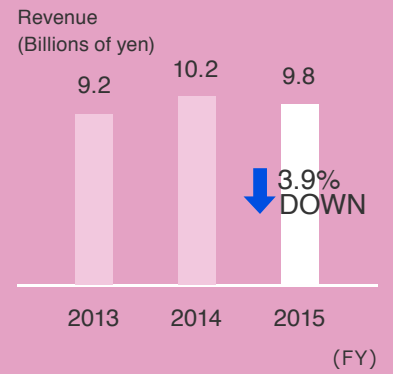
○ Refrigeration and Air-Conditioning Systems

Cooling units for electronic devices (mobile phone base stations and other devices)

Spot coolers and heaters

Consumer Products

Development and production of CO₂ refrigerant heat-pump water heaters, home air conditioning, and home energy management systems (HEMS)



Results for Fiscal 2015 and Growth Strategies

	FY2015	FY2014	Change YoY
Revenue (Billions of yen)	9.8	10.2	-3.9%

In fiscal 2015, revenue declined owing mainly to a downturn in the number of new residential construction starts as a result of corrections in the market following the rush in demand in the lead up to Japan's consumption tax rate hike, which in turn led to a drop in CO₂ refrigerant heat-pump water heater sales.

Going forward, in addition to greater efficiency from our proprietary ejector cycles and compressors, we will work to set our CO₂ water heaters apart by improving the value added, such as by keeping bathtubs clean, improving comfort when taking a bath, and preventing accidents. Centered on home energy management systems (HEMS), we will make efforts not only in energy saving but also in comfortable and secure value creation by instigating mutual cooperation in such areas as CO₂ water heaters, central air-conditioning systems, storage batteries, and charging devices.

Fiscal 2015 Topics

New Products and Technologies

Received the Heat Pump & Thermal Storage Technology Center of Japan Director's Award at the 16th Commendation of Equipment & Systems with Standardized Electric Power Load sponsored by the Heat Pump & Thermal Storage Technology Center of Japan. This award was an acknowledgement of the Corona Premium Eco-cute CO₂ refrigerant heat-pump water heater developed jointly with Corona Corporation, and reflected the high esteem in which both companies' efforts to standardize electric power load by ensuring high levels of energy conservation through increased heat-pump efficiency, visualizing the amount of electric power and hot water consumption, and incorporating a variety of initiatives including functions that enhance users' awareness toward energy conservation were held.

Launched for sale Naviehe*, a new model home energy management system (HEMS) that supports energy conservation in the home. Naviehe is defined by its improved simplicity and operability, high general-purpose use, and compatibility with everyday home appliances, and the Company's original automatic energy management functions.

* Naviehe is a coined term that combines the concepts of navigating energy around the home and vehicle mobility.

Main Products

CO₂ refrigerant heat-pump water heaters

Automatic faucets

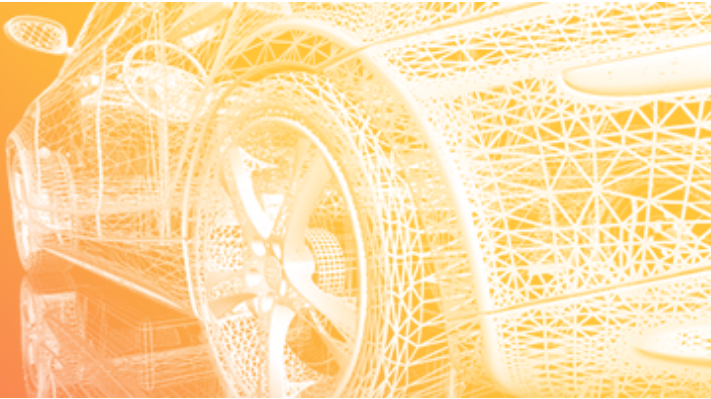
Central air-conditioning systems

Home energy management systems (HEMSs)



CO₂ refrigerant heat-pump water heater

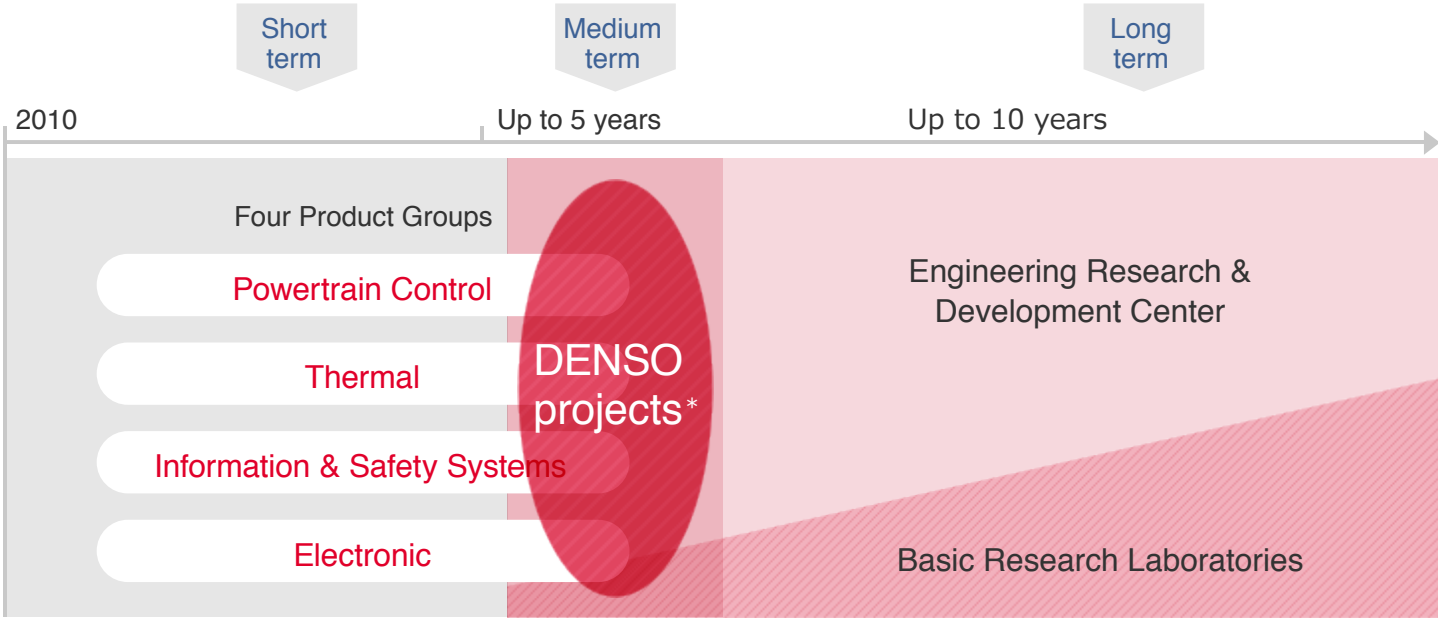
R&D Structure



In a global environment of continued severe competition, DENSO has further strengthened its R&D development in order to create new value and produce new technologies. In conjunction with this, we have instituted roadmaps to track the progress for each development span from the short term (up to 5 years) through the medium term (up to 10 years) to the long term (11 years or more). These roadmaps are updated every year, incorporating changes in society and regulations, and shared between each division and the Engineering Research & Development Center so that decisions can be made about which projects to start and which to alter or terminate. Roadmaps are used throughout the Group, including proposals for unique kinds of value and technologies in each region. Presently, the Company's R&D Division makes decisions about new technology proposals, but in the future we aim to build a global R&D structure centered on European and North American sites.

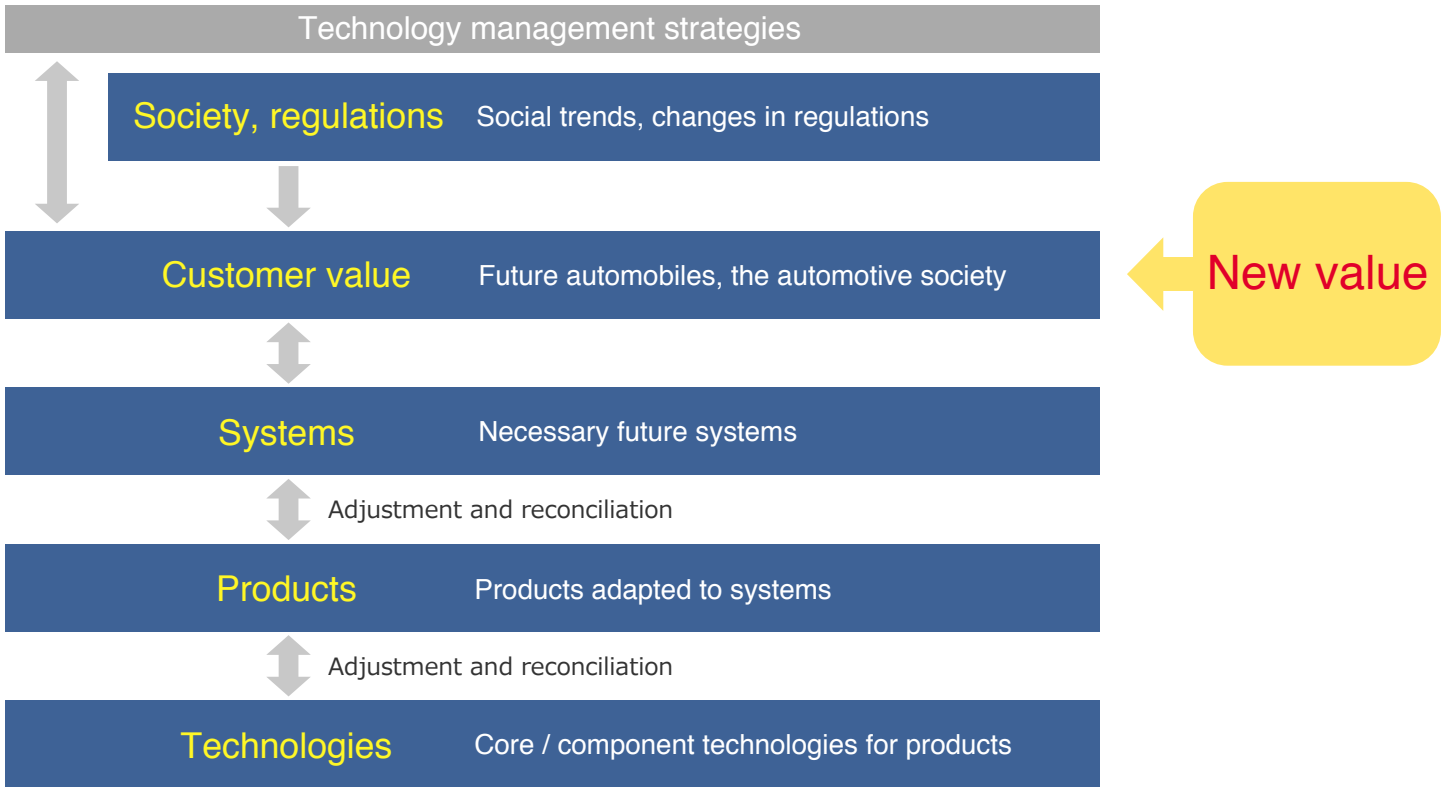
Technology management strategies

Technological development roadmap (environment, security & safety, comfort, convenience)



* DENSO projects: accelerated development limited to 2 years at business groups or the Engineering Research & Development Center

○ Roadmaps

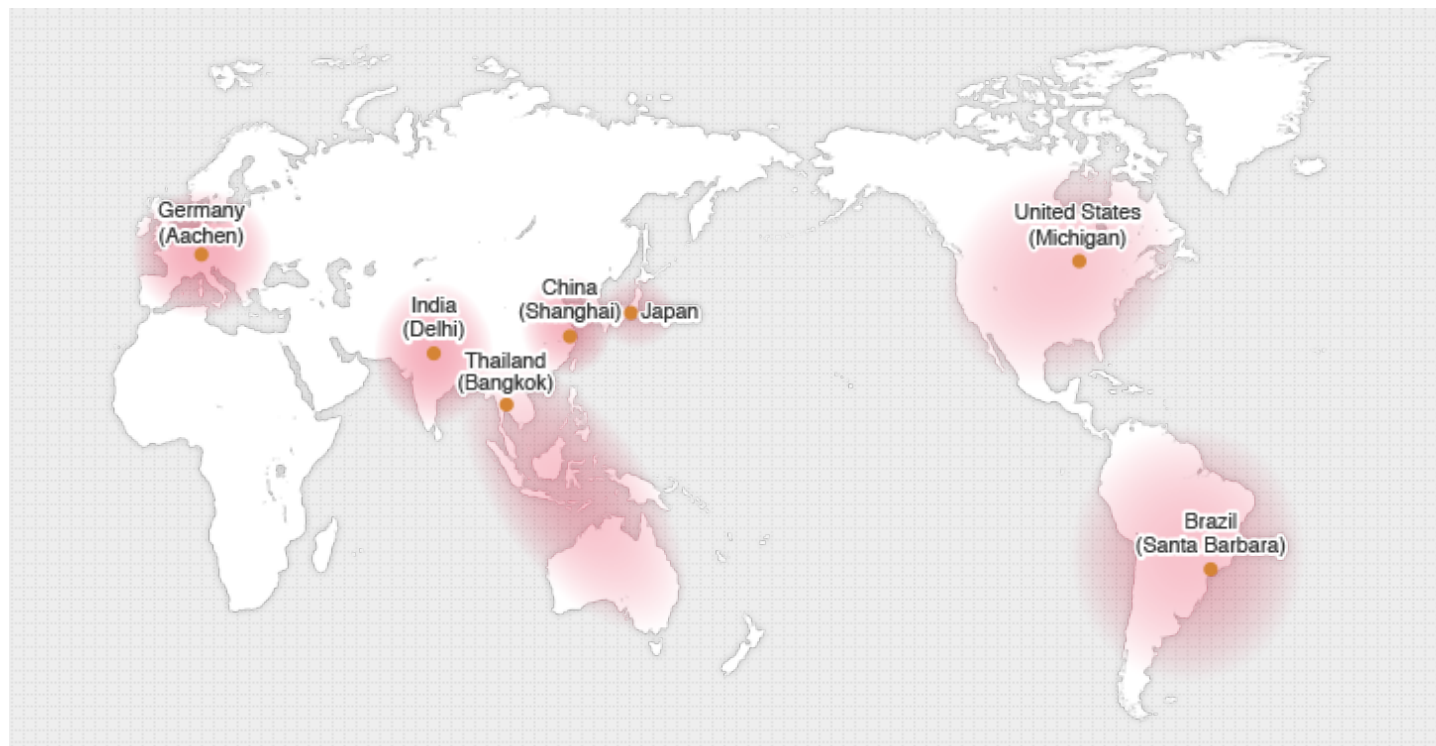


○ Development System

In order to develop products that are optimized to meet the conditions and needs in each of the world's regions, the DENSO Group maintains seven technical centers and is strengthening its global development network. In fiscal 2015, the year ended March 31, 2015, we relocated, upgraded, and expanded our technical center in Shanghai in order to address market expansion in China and to reinforce our product development systems with the aim of better matching market needs. Operations at these facilities are now online. In addition to constructing new premises that include an integral testing facility, this technical center has also installed such evaluation equipment as an environmental wind tunnel. Building on its activities in Japan, the DENSO Group engages in the development of advanced technologies in North America and Europe. At our Silicon Valley office, which was expanded this year, we are engaging in the research and development of new cyber security, the use of big data, and automated driving systems.

In fiscal 2015, the year ended March 31, 2015, R&D expenditure came to ¥396.4 billion. Looking ahead, R&D expenditure is projected to reach around the same level at ¥400.0 billion in fiscal 2016. While placing priority on strengthening the development of fuel saving and active safety products, we will continue to conduct research and development that will help drive further growth. We consider R&D expenditure at 8%-9% of revenue to be an appropriate level and will work proactively on advancing the power shift to priority fields, enhancing our integrated development and production network, and raising operational efficiency by the promotion of standardized procedures.

Core Technical Centers



Europe



India



Asia & Oceania



China



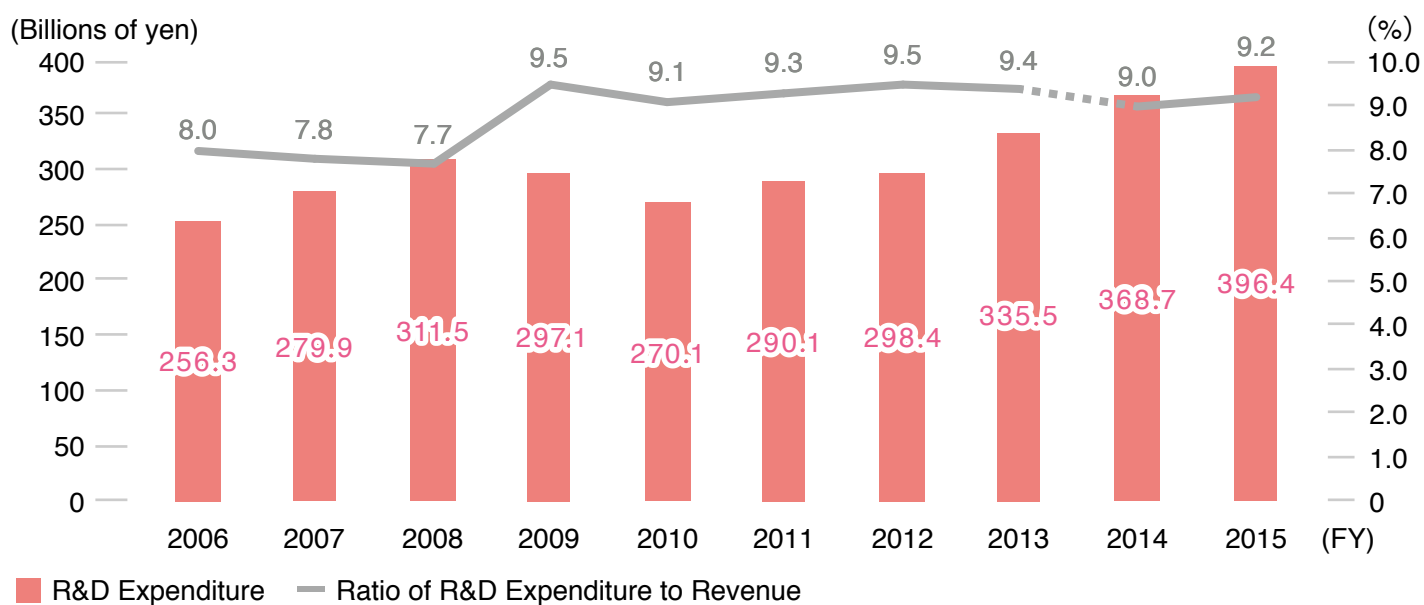
North America



South America

R&D Expenditure / Ratio of R&D Expenditure to Revenue

Since fiscal 2014, figures are based on IFRS. (Figures for fiscal 2013 and earlier are based on Japanese accounting standards.)



Non-Financial (ESG) Information



Corporate Governance

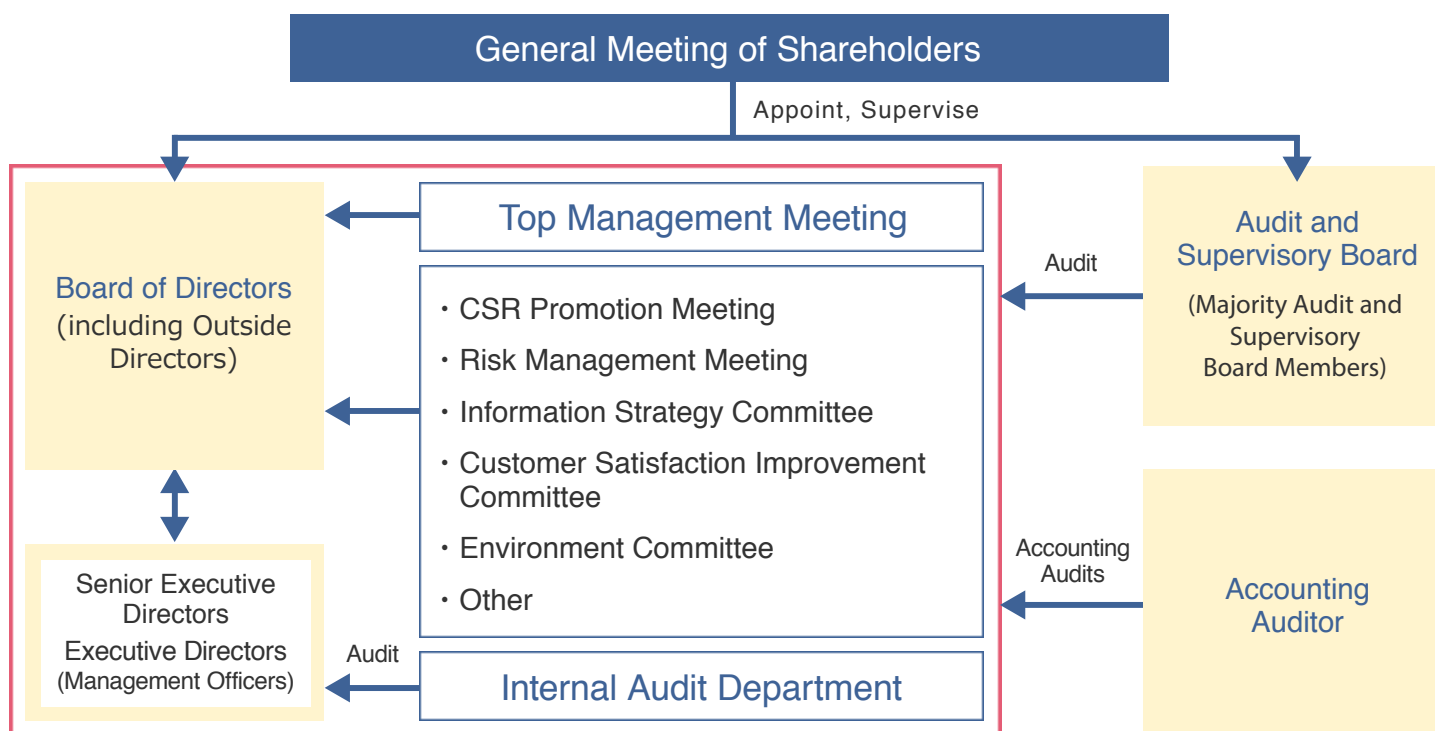
● Basic Stance

The DENSO Group is working to strengthen its corporate governance activities in a bid to reinforce the Group's competitiveness and ultimately to maintain and improve its long-term corporate performance in a quickly changing global marketplace. In addition to putting in place a variety of governance mechanisms, the Group will continue to provide information regarding financial conditions to stakeholders including shareholders and other investors. In doing so, the Group will carry out sound, efficient management with a high level of transparency.

● Promotion Structure

DENSO Corporation has adopted an audit & supervisory board system. In addition to statutory bodies such as the General Meeting of Shareholders, Board of Directors, Audit and Supervisory Board, and Accounting Auditor, DENSO Corporation has developed various internal control mechanisms. For rapid decision making and the execution of our operations, we have adopted an executive officer system that separates and clarifies the roles of the Board of Directors, which is charged with management (decision making / oversight) and the senior executive directors and executive directors, who are responsible for business execution.

Corporate governance system



Overview of Corporate Governance System

As of June 19, 2015

Format	Audit & Supervisory Board system
Number of directors	13
Number of outside directors	2
Term of directors	1 year
Number of Audit and Supervisory Board members	5
Number of outside Audit and Supervisory Board members	3
Number of meetings of Board of Directors*	16
Policy regarding incentives for directors	Stock option system
Number of independent officers	4
Remuneration disclosure	Disclosure of total figure
Retirement benefit allowance system for Audit and Supervisory Board members	None

*Total for the period from April 2014 to March 2015

○ Status of Outside Director and Audit and Supervisory Board Member Selection and Appointment

Fulfilling a management monitoring function, 13 directors (including two outside directors), two standing (full-time) Audit and Supervisory Board members, and three outside Audit and Supervisory Board members (appointed from outside the Company) supervise and audit directors in the execution of their duties as well as the operations and financial condition of subsidiaries in Japan and overseas.

Selection / Appointment Criteria

DENSO recognizes the important role that external objectivity and independence plays in the management monitoring and oversight functions and in ensuring sound corporate governance. The Company therefore selects and appoints outside directors and outside Audit and Supervisory Board members based on the individual's ability to properly reflect abundant external experience and broad knowledge in the Company's decision-making and audit processes.

Rationale for Selection / Appointment

Outside directors	Reason for appointment	Attendance at meetings of the Board of Directors
George Olcott*	To reflect his wealth of experience and considerable knowledge in academia and corporate management in the Company's management	12/12
Takashi Nawa*	To reflect his wealth of experience and considerable knowledge in the field of corporate management strategy in the Company's management	11/12

Note: Attendance record after the date of appointment on June 19, 2014

Outside Audit and Supervisory Board members	Reason for appointment	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Board
Fujio Cho	To reflect the wealth of experience and broad knowledge as a corporate executive in the Company's auditing activities	14/16	11/11
Tsutomu Saito*	To reflect the abundant knowledge as a lawyer in the Company's auditing activities	16/16	11/11
Toshimichi Kondo*	To reflect the abundant knowledge as a certified public accountant in the Company's auditing activities	16/16	11/11

* Independent officers

Director Remuneration

Monthly remuneration has been set within the range of the maximum amount of total compensation (Directors: ¥80 million per month; Audit and Supervisory Board members: ¥15 million per month) determined by resolution at a General Shareholders' Meeting. Upon receipt of the Board of Director's authority, the representative director decides the monthly remuneration of each director on the basis of Company-set criteria; the remuneration of each Audit and Supervisory Board member being decided following consultation with the individual.

Following approval by resolution at an Ordinary General Shareholders' Meeting, a number of stock options are granted to directors by rank. However, since it was difficult to offer stock options as a medium- to long-term incentive due to considerable short-term volatility in share prices, the stock options granted up to and including fiscal 2010 were continued until the end of the period in which they could be exercised, and stock options were not granted from fiscal 2011 onward.

Based on a resolution at an Ordinary General Shareholders' Meeting, and after receiving approval of the total amount of bonuses to be paid to the Board of Directors, the amount of bonus for each director, which takes into account the level of contribution the individual has made to the Company, is then determined by the representative director upon receipt of the Board of Directors' authority.

Compensation of Directors and Audit and Supervisory Board Members

Compensation of directors and Audit and Supervisory Board members for fiscal 2015 is as follows.

Position	Total compensation (¥ million)	Total compensation by type (¥ million)				Directors / Audit and Supervisory Board members
		Base	Stock option	Base	Retirement benefits	
Directors (excluding outside directors)	883	538	—	345	—	15
Audit and Supervisory Board members (excluding outside Audit and Supervisory Board members)	84	84	—	—	—	3
Outside directors	57	57	—	—	—	5

1 Compliance

○ Basic Stance

We believe that key actions to earning the trust and understanding of society pertain to the DENSO Group's observance of all applicable national and regional laws and all Group associates' fair and faithful conduct with the highest ethical standards. We see compliance as not only the observance of laws but also a responsibility to meet the expectations of stakeholders. In this sense, we consider it to be the cornerstone of all conduct.

Based on this recognition, in 2006 we adopted the Code of Conduct for DENSO Group Associates, which clearly indicates the standards of conduct for each and every associate. This code of conduct is used to raise awareness of CSR among employees including domestic Group companies during training and in workplace meetings. Overseas Group companies are also engaged in thorough compliance efforts through a regional version of the Code of Conduct for DENSO Group Associates formulated by their regional headquarters in accordance with national and regional laws and customs.

○ Key Items in the Code of Conduct for DENSO Group Associates

I. Your conduct as a member of the DENSO Group

Recognizing your role in society / Integrity as the foundation of trust / Compliance with laws and ethical principles

II. Creating a vibrant workplace

Understanding DENSO's philosophy and values and pursuing personal development / Respecting human rights, ensuring open communication and respecting the privacy of others / Maintaining mental and physical health and maintaining a healthy workplace / Maintaining order and ethics in the workplace / Maintaining a clear distinction between public and private matters

III. Earning trust and meeting the expectations of customers

Remembering to express appreciation, providing “ureshisa” (consideration) and “yasashisa” (fulfillment), and providing timely and sincere solutions / Transactions based on free and fair competition

IV. Building win-win relationships with our suppliers

Adherence to laws related to competition such as antitrust laws and subcontracting laws as well as the contract conditions of agreements with suppliers and affiliated service stores / Respecting intellectual property rights

V. Living up to the trust and expectations of our shareholders

Managing corporate assets effectively and preventing risk / Practicing proper accounting / Managing inside information

VI. Upholding the best interests of society

Pursuing eco-friendly practices / Serving as a member of your community / Taking a forceful stand against anti-social organizations and ensuring moderate relationships with governmental authorities / Serving as a member of the automotive industry

2 Risk Management

○ Basic Stance

In keeping with the global expansion of business, the DENSO Group is striving to strengthen risk management as part of its internal control system to help minimize risk. Specifically, emergence of circumstances with the potential to cause damage to corporate management are classified as risks (situations in which risks have not yet been realized) and crises (emergency situations in which risks have already been realized). For the former, efforts focus on nipping risks in the bud before they have the chance to manifest themselves; for the latter, DENSO strives to make an initial response and response for restoring business operations in a prompt and appropriate manner.

○ Promotion Structure

We selected 55 risk items with the potential to impact life, credit, business activities, or property, and designated a department responsible for each. The Risk Management Meeting deals with activities for ongoing improvement in the risk management system and structure and permeation of risk management, and is responsible for the initial response when a crisis or emergency situation arises. We also form specialized contingency organizations depending on the extent of the situation and degree of urgency, which facilitates agile response to minimize damage.

At domestic and overseas companies subject to our managerial consolidation rules as well as Group companies in which DENSO Corporation is the largest shareholder, CSR leaders at each company are constantly working to upgrade our risk management based on support from key functional departments at DENSO Corporation and overseas regional headquarters.

○ Basic Stance

In our corporate philosophy, we describe our mission as "contributing to a better world by creating value together with a vision for the future."

Cooperating, collaborating, and sharing values with our many stakeholders are indispensable to achieving this mission based on corporate behavior that earns the trust and support of society. To ensure that all Group companies conducting business worldwide put this philosophy into practice, we adopted the DENSO Group Declaration of Corporate Behavior in April 2006, making clear our responsibility to stakeholders. Under the DENSO Group Long-term Policy 2020, our long-term management policy based on this approach, we aim to contribute to the creation of a sustainable society through our business activities with corporate social responsibility (CSR) a core principle of management.

○ Promotion Structure

In 2006, we established the CSR Promotion Meeting (Corporate Planning Division), which is chaired by the president and in which the basic policies behind CSR activities are discussed and examined. The meeting is held twice yearly to set the direction for and make decisions on CSR management and to confirm the progress of CSR-related activities.

To lead the way in promoting CSR at workplaces and Group companies, we select one CSR leader at each department and company in line with efforts to permeate and firmly establish CSR.

Intellectual Property Activities

DENSO's intellectual property (IP) strategy is directed at unifying its business unit and technology strategies, and it is one of the important management strategies that will sustain growth into the future.

IP Activities' Policy

DENSO is endeavoring to unify its business unit strategies with its IP strategies in a bid to better engage in business activities that help resolve such critical issues as preserving the earth's environment and ensuring security and safety. In line with the DENSO Group's Global Mid-term Policy 2018, energies are directed on a priority basis toward building a patent portfolio of system and world-first products in the environment, security, and safety fields as well as conducting IP activities related to open innovation. The Company is supporting efforts to expand its business and achieve continued growth by utilizing in a strategic manner the patents that have been acquired.

○ Respect for Other Companies' IP Rights

DENSO sees problems related to other companies' IP rights as equally important as major quality problems in its own products. From the development stage, the Company examines the IP rights of other companies and has clearly defined internal rules to ensure that its products do not infringe on the IP rights of third parties.

○ Measures Against Counterfeit Products

DENSO takes active measures against counterfeit products (in particular those with imitation trademarks). There are many quality problems with counterfeit products, and there is the possibility that purchasing such a product in the belief that it was manufactured by DENSO could be detrimental to the purchaser. In 2005, the Company commenced activities to detect counterfeit products in cooperation with government and customs agencies. DENSO is continuing those activities and, since more recently, has been monitoring Internet auctions and other sales channels for counterfeit products.

Global Intellectual Property Network

Global IP System

As we bolster development in our overseas technical centers, we are working to set up IP systems at our centers in North America, Europe, and China, thereby strengthening our acquisition of IP rights for local inventions and examination of other companies' IP rights. In addition, as a cooperative framework within the Group, we support patent disputes in North America through our bases in North America, and our bases in China engage in product protection by taking measures against counterfeit products and the taking out of Chinese petty patents.

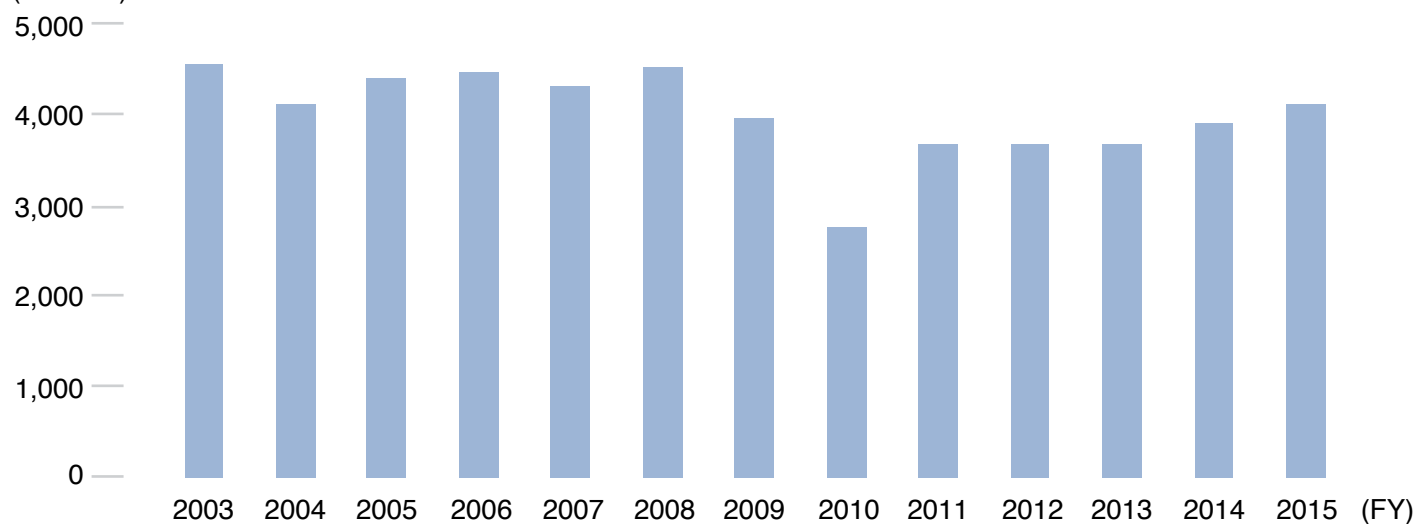
Problems are shared between the IP staff at each technical center and Head Office, and a global IP meeting is in place to work on plans to stimulate and develop the IP activities in each region. In place to allow discussions between IP staff from Group companies in Japan, a similar meeting works on plans to stimulate and develop the IP activities at each Group company.

Meetings to Support IP Activities

	Activities	Meetings held
Technology development meetings:(IP strategy committee)	Decision making regarding DENSO's IP strategies, involving discussions and decisions about related matters	As required
Business unit patent promotion meetings	Follow up of progress made as regards to each unit's IP activities, and steady development of these activities	Twice a year
Liaison meetings for full-time patent personnel	Implement IP activities policies and measures regarding each technology department's patent representative	Six times a year
Global IP meetings	Discussion of issues and planning of stimulation and development of regional IP activities by Head Office and IP staff at technical centers in North America, Europe, and China	Once a year
DENSO Group IP Conference	Discussion of issues by IP staff (those in charge) at DENSO consolidated subsidiaries and Head Office, planning to stimulate and develop each company's IP activities	Once a year

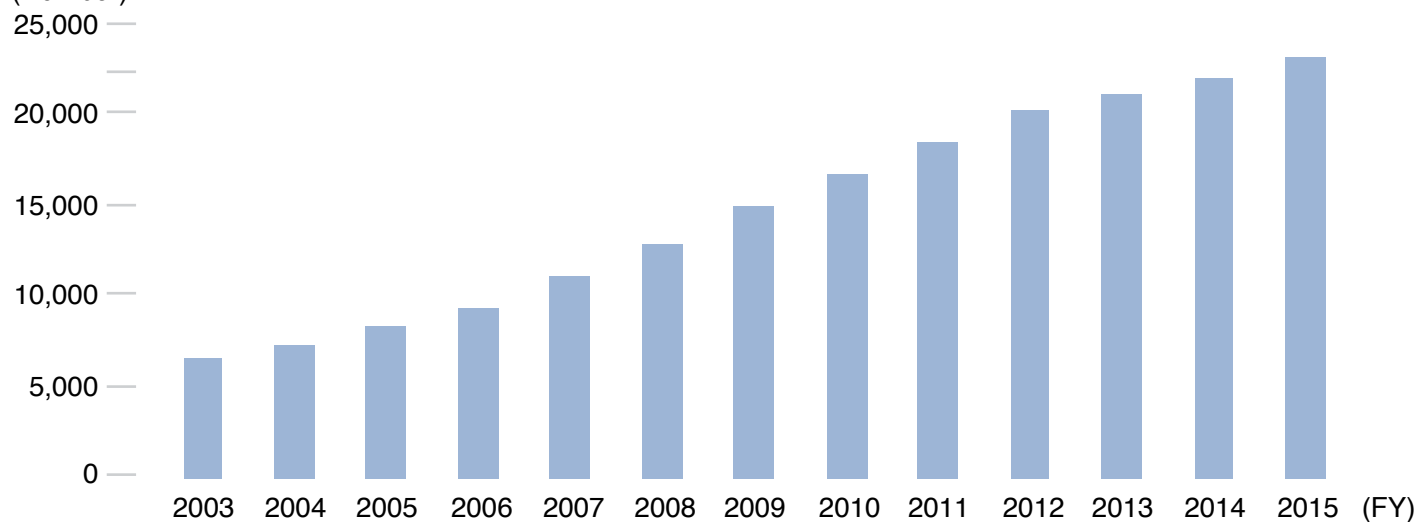
Number of Domestic Patent Applications Filed

(Number)



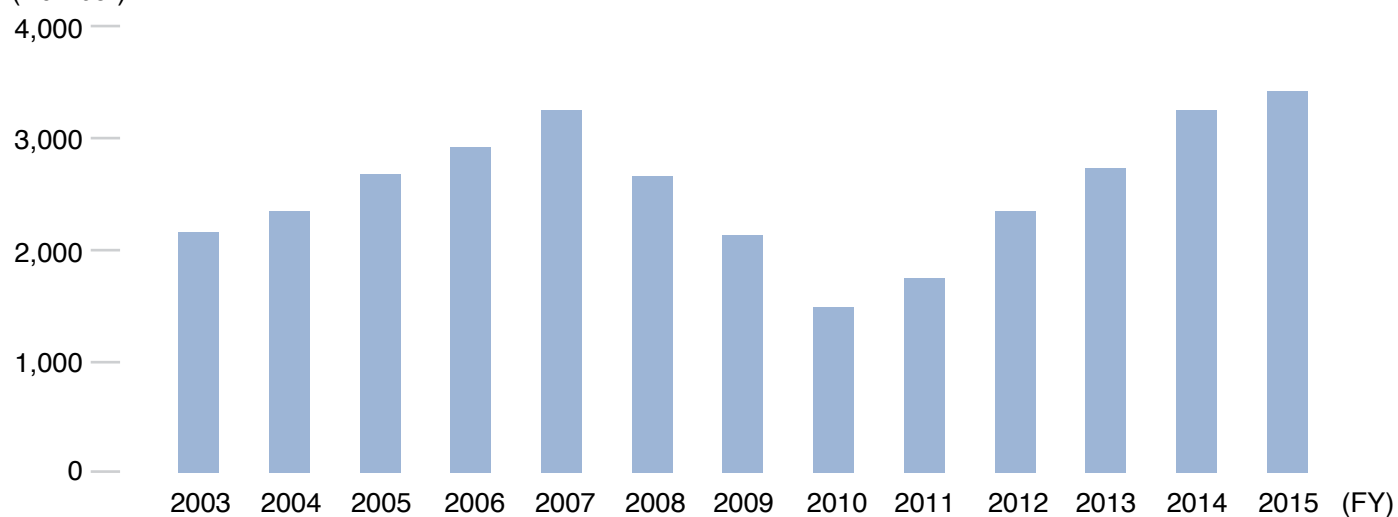
Number of Domestic Patents Held

(Number)

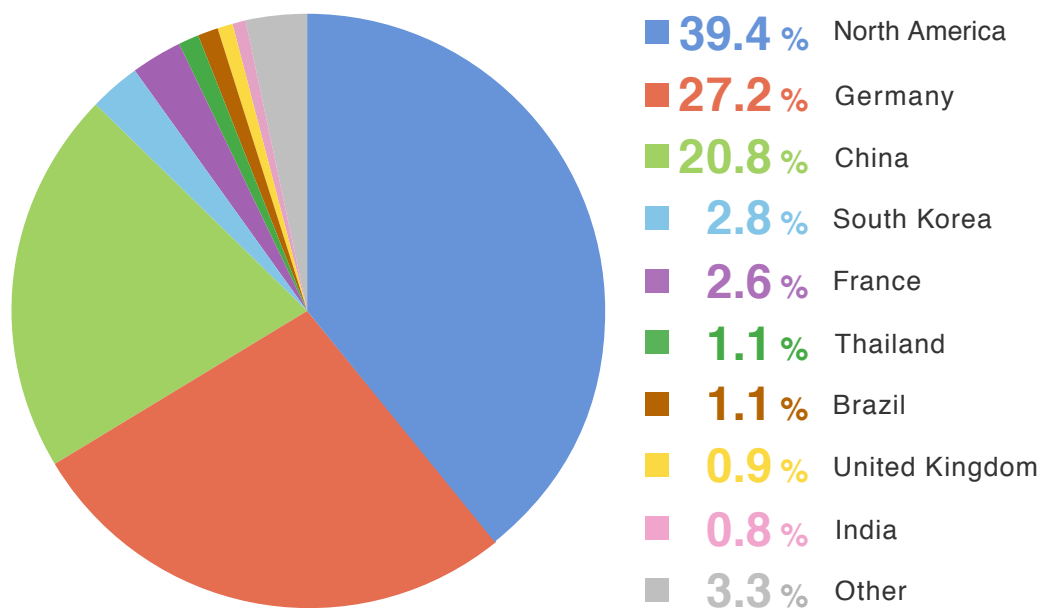


Number of Overseas Patent Applications Filed

(Number)



Percentage of Patent Applications Filed by Country

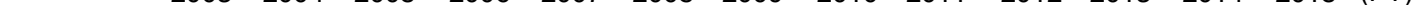


Number of Overseas Patents Held

(Number)
20,000 —

15,000 —
10,000 —
5,000 —
0 —

2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 (FY)



Company Overview



Company Summary

Company Name	DENSO CORPORATION
Established	December 16, 1949
Capital	¥187.4 billion (as of March 31, 2015)
Head Office	1-1, Showa-cho, Kariya, Aichi 448-8661, Japan
Employees	Consolidated basis : 146,714 (as of March 31, 2015) Non-consolidated basis : 38,493 (as of March 31, 2015)
Fiscal Year	From April 1 to March 31
Ordinary General Shareholders' Meeting	June
Share Trading Unit	100 shares
Number of Shares Issued	797,728,022 shares (excluding DENSO CORPORATION owning 86,340,691 shares of treasury stock) (as of March 31, 2015)
Number of Shareholders	53,902 (Including DENSO CORPORATION owning treasury stock) (as of March 31, 2015)
Securities Identification Code	6902
Stock Exchange Listings	Tokyo, Nagoya

Philosophy

The DENSO Philosophy guides our corporate actions, ensuring that we will continue to be a corporation that is trusted by people around the world.

○ Mission

Contributing to a better world by creating value together with a vision for the future.

○ Management Principles

1. Customer satisfaction through quality products and services.
2. Global growth through anticipation of change.
3. Environmental preservation and harmony with society.
4. Corporate vitality respect for individuality.

○ Individual Spirit

1. To be creative in thought and steady in action.
2. To be cooperative and pioneering.
3. To be trustworthy by improving ourselves.

Technological Development Timeline

Since its foundation, DENSO has contributed to the realization of a new automotive society by repeatedly developing technologies and products that are ahead of the times, while refusing to compromise on quality. The following introduces many of the world-first products that DENSO has developed through its innovative technology.

○ Foundation and Early Years

1949

Establishment of Nippondenso Co., Ltd., after separation from Toyota Motor Co., Ltd.



1954

Established technical training center

○ 1980s to 1990s

1987

Developed car navigation system using CD digital maps



1994

Invented QR code, a matrix bar code



1995

Developed first mass-produced common rail fuel-injection system



1997

Developed long-life iridium plugs with superfine iridium alloy center electrodes



1997

Developed two-dimensional scanning laser radar system that scans using vertical and horizontal beams



○ Early 2000s

2000

Introduced semiconductor into stator coil; with simultaneous transition to use of one regulator chip, achieved high efficiency and power in small and light sizes



2000

Started mass production of single fin cooling Module, which integrates the radiator and condenser



2001

Developed heat-pump water heater using the natural refrigerant CO₂



2002

Implemented common rail system that reaches 180 MPa injection pressure through the use of outer-cam-type supply pump



2003

Developed world-first ejector combining the functions of an expansion valve and compressor, which efficiently uses energy lost after use of conventional expansion valve



2003

Developed millimeter-wave radar and pre-crash electronic control unit as pre-crash safety systems to reduce damage from impact



2004

Developed electric compressor that achieves both comfortable air conditioning and fuel efficiency during an idling stop



2004

Developed mercury-free eco-friendly discharge headlamp ballast



2005 to Today

2006

Developed electric variable cam timing (VCT) powered by the motor rather than hydraulic pressure, leading to increased performance and fuel efficiency and reduced environmental impact



2006

Developed matrix infrared sensors for controlling air conditioning to match the surface temperature of passengers when they enter the vehicle



2007

Developed small, high-output inverter with cooling on both sides



2008

Developed night-view system for detection of pedestrians using near-infrared rays



2009

Developed world-first radiator tank made from plant-derived resin (from the castor oil tree) as an environmental initiative



2009

Developed first remote touch controller with a two-dimensional cursor



2009

Developed ejector-based car air-conditioning system



2010

Developed UC injector with two injectors on each suction port and smaller-than-ever fuel particle injection



2011

Developed ISS (idle-stop system) tandem solenoid starter to make it possible to restart the engine when it is coasting, shaving up to 1.5 seconds off the restart time



2011

Launched 20 MPa direct-injector, high-pressure pump with state-of-the-art injection, atomization, and spray formation technologies, as well as durability



2012

Developed motor generator using DENSO's proprietary coil technology



2012

Developed air-conditioning system that divides the car interior into three zones, the driver's seat, front passenger seat, and rear seats, and allows air conditioning of only the driver's seat if there are no passengers



2013

Developed common rail fuel injection system for use in diesel engines that realized the world's highest* injection pressure of 2,500 bar

* For diesel common rail fuel injection systems comprising injector, fuel pump, and common rail. As at June 2013, DENSO data.



2014

Developed highly standardized automotive climate control unit, the first the world that can be installed across vehicle models from compacts to luxury cars



2014

Developed an exhaust gas recirculation (EGR) valve unit, the first in the world to integrate the air intake throttle valve and the EGR valve, that is half the size of conventional products and reduces costs by 20%



2014

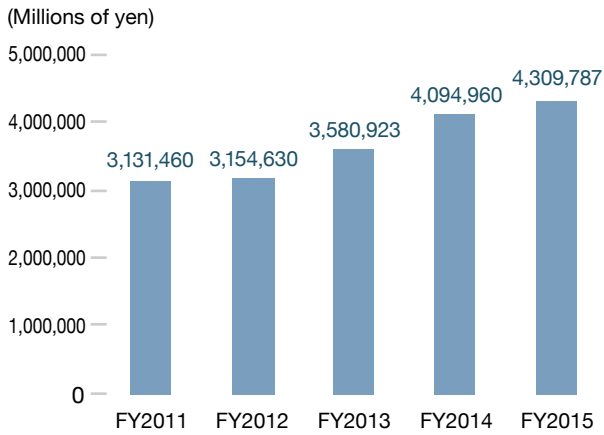
Developed the world's highest-quality SiC power device, which substantially reduces the incidence of product defects using proprietary patented technology



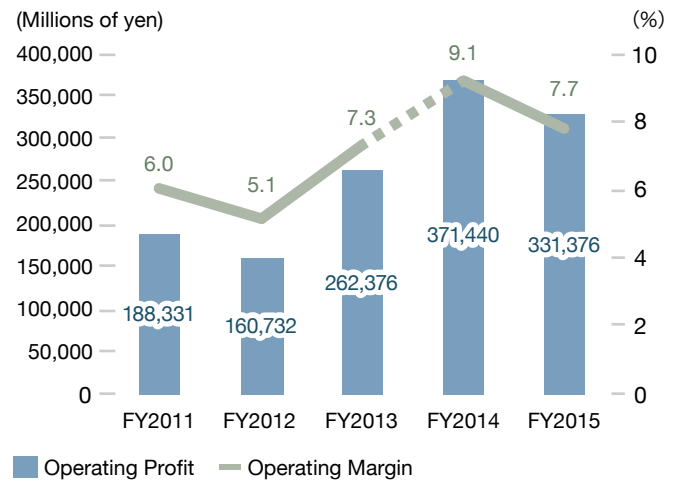
Facts & Figures

Figures for fiscal 2014, the year ended March 31, 2014, and thereafter are based on IFRS (figures for fiscal 2013, the year ended March 31, 2013, and prior years are based on Japanese accounting standards).

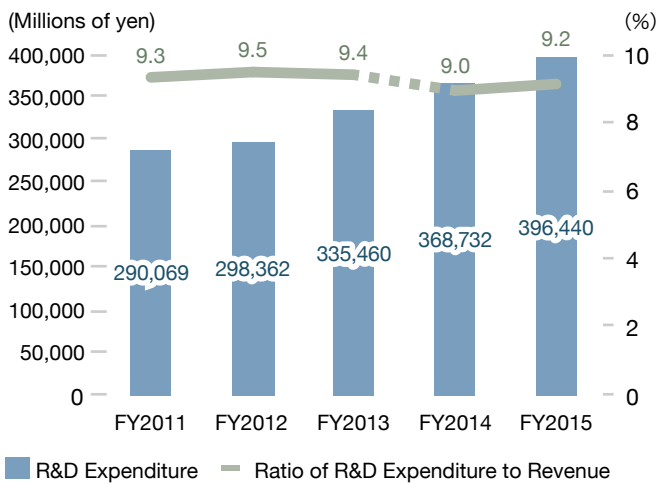
Revenue



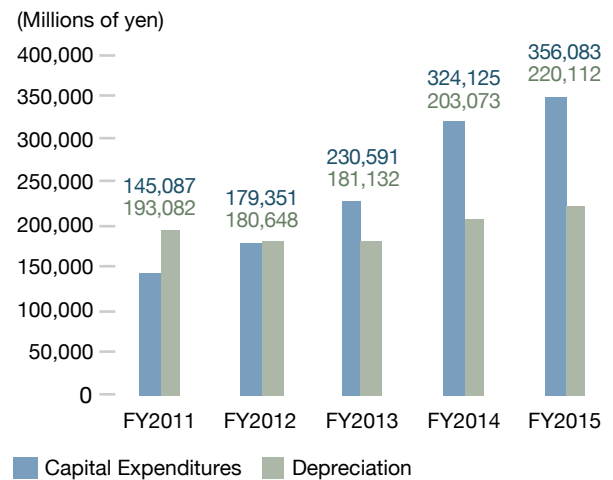
Operating Profit / Operating Margin



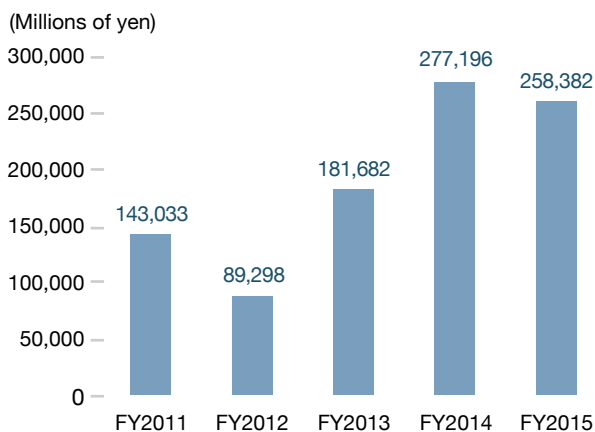
R&D Expenditure / Ratio of R&D Expenditure to Revenue



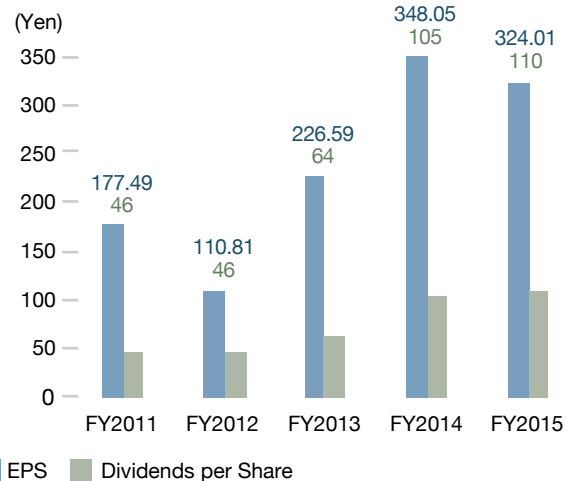
Capital Expenditures / Depreciation



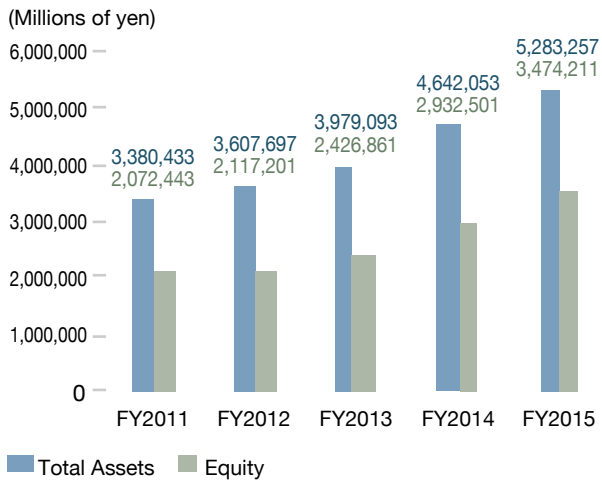
Profit Attributable to Owners of the Parent Company



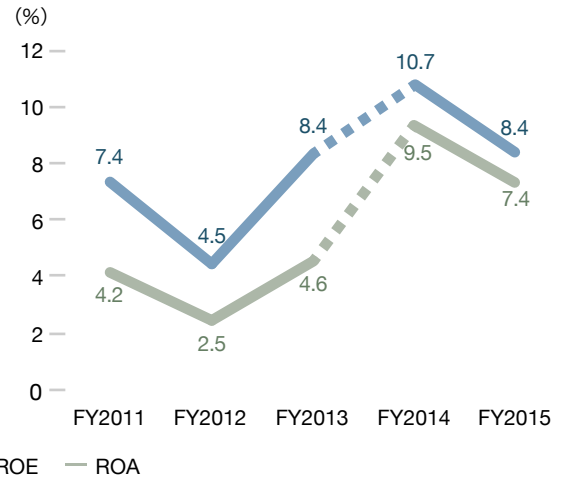
EPS / Dividends per Share



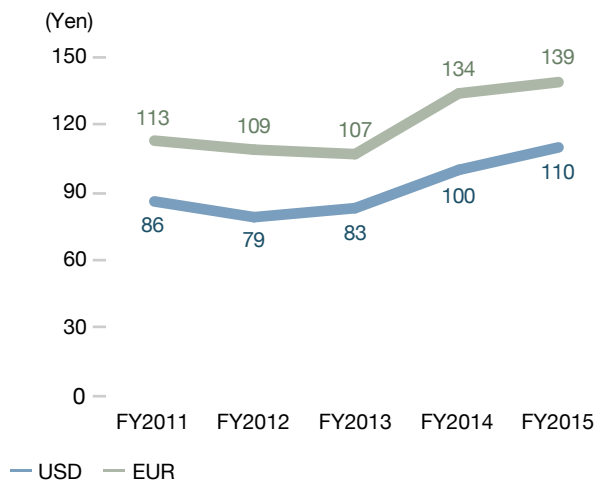
Total Assets / Equity



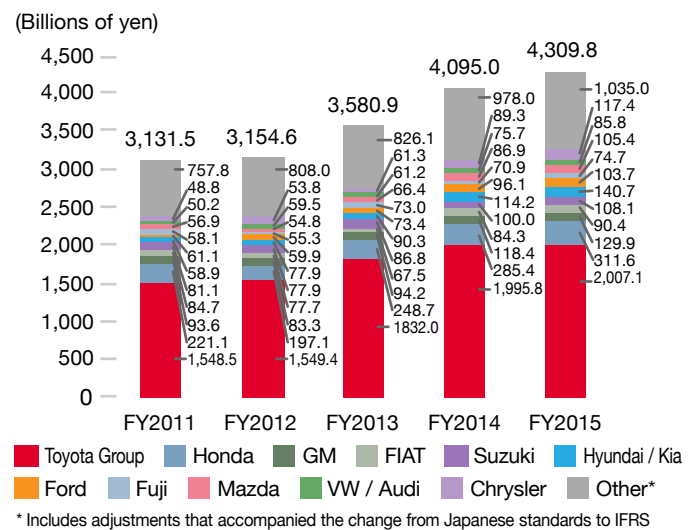
ROE / ROA



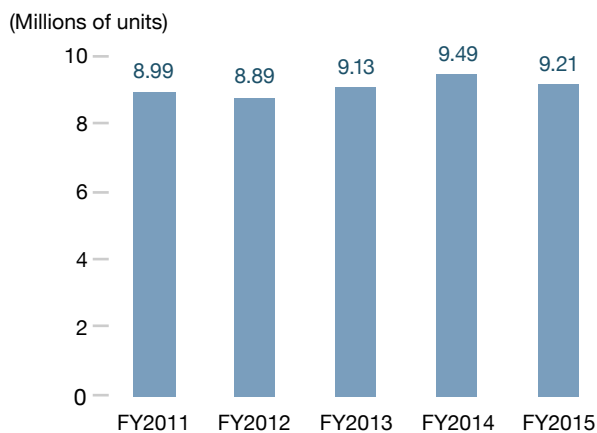
Foreign Exchange Rate



Revenue by Customer

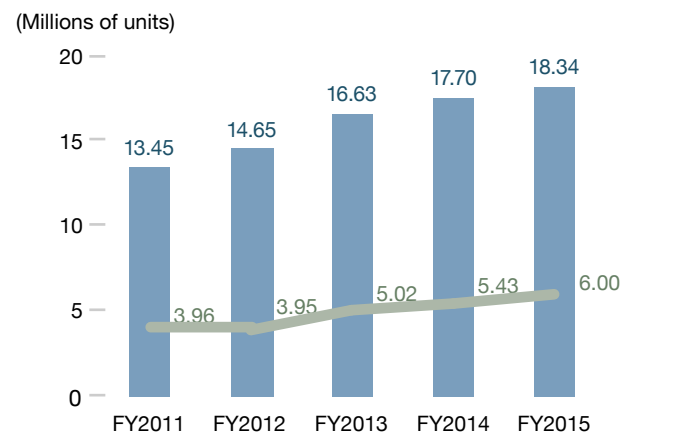


Domestic Car Production



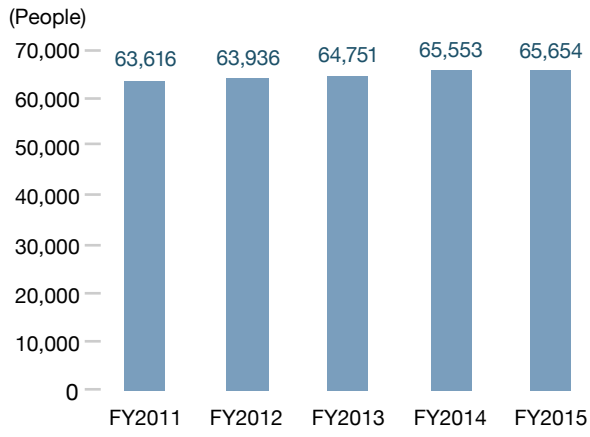
Source: Number of vehicles (DENSO estimate)

Overseas Car Production of Japanese Manufacturers



Source: Number of vehicles (DENSO estimate)

Number of Employees by Region (Domestic)



Number of Employees by Region (Overseas)

