



**FY2007 1<sup>st</sup> Quarter Financial Results  
ended June 30, 2007**

**July 26, 2007**

**DENSO CORPORATION**

***DENSO***

# Overview of FY2007 1st Quarter Financial Results

1. Steady sales and profit increase

2. Big profit increase in overseas segments

3. Half-year forecast revision

# 1<sup>st</sup> Quarter Financial Results

\*: Ratio to Sales

(Unit:Billions of Yen)

	07/4-6	06/4-6	Increase	Increase(%)
Sales	984.3	856.2	+128.0	+15.0%
Operating Income	9.5%* 93.3	9.6%* 82.5	+10.8	+13.1%
Income before Income Taxes	101.8	89.9	+11.9	+13.2%
Net Income	6.8%* 67.3	6.8%* 58.5	+8.8	+15.0%

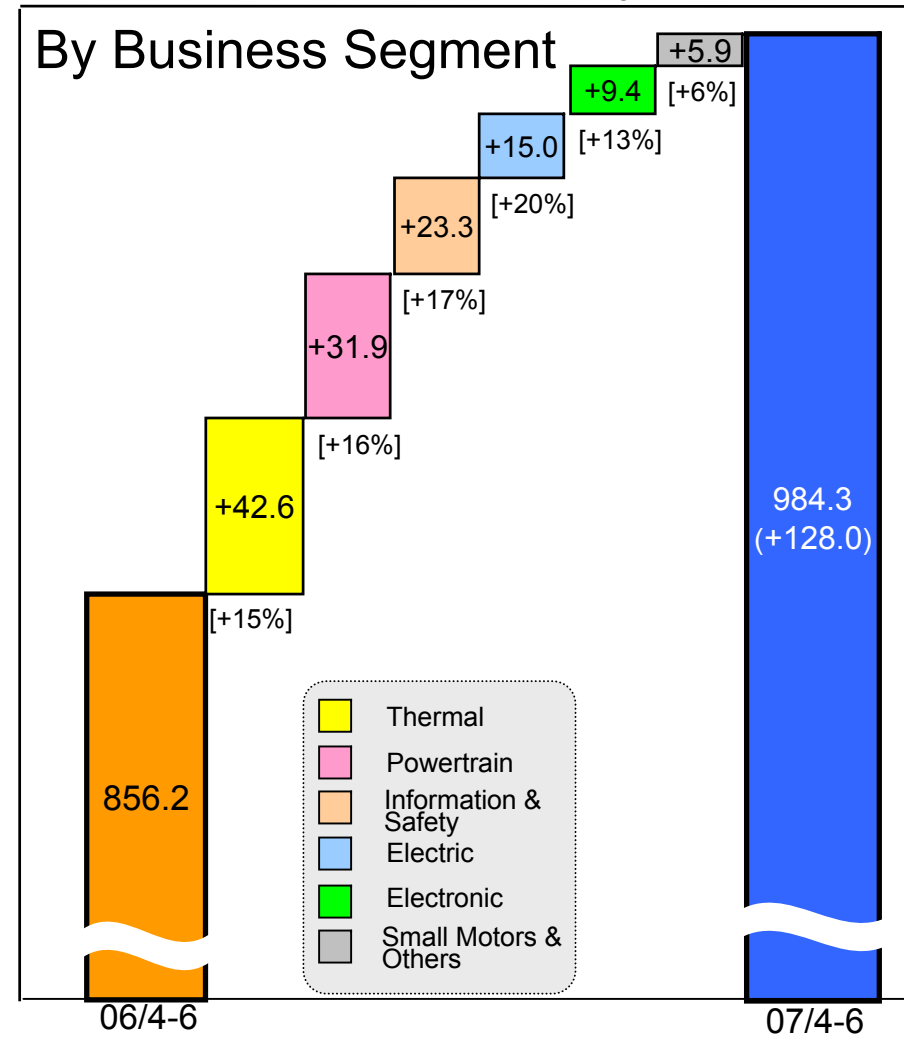
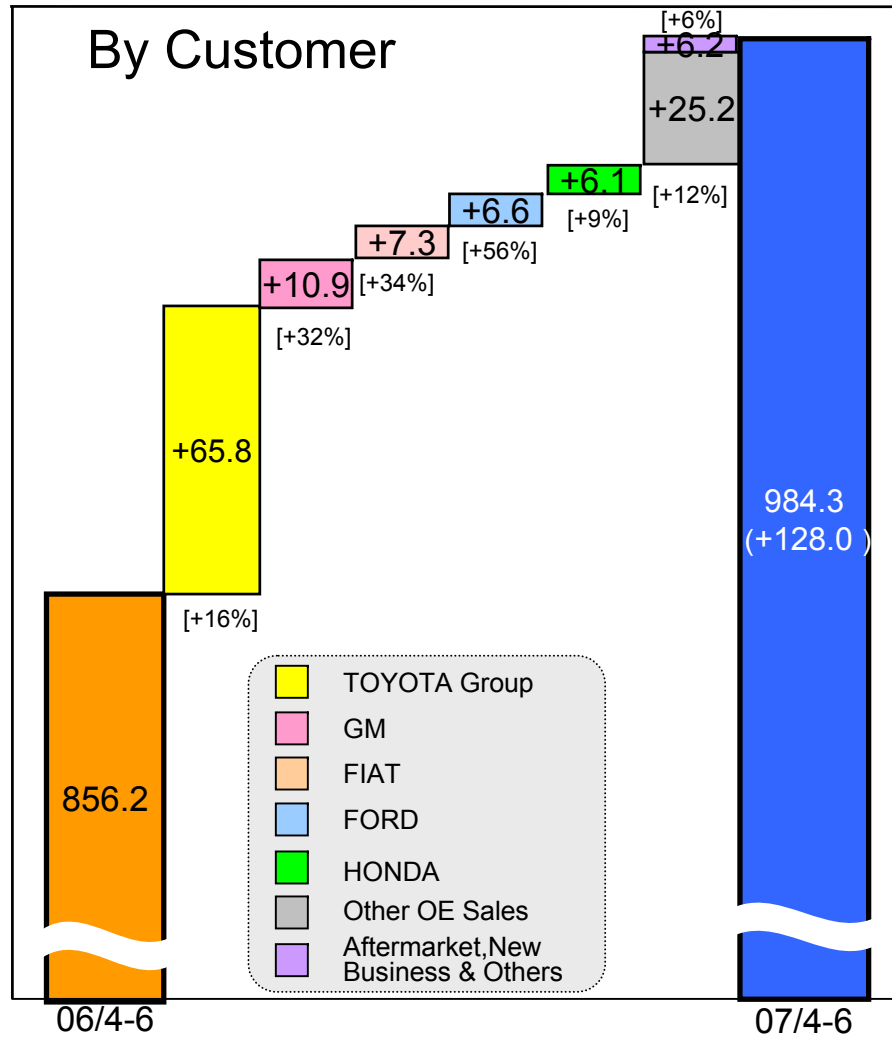
(Unit:Millions of Units)

Foreign Exchange Rate	JPY120/\$ JPY161/Euro	JPY114/\$ JPY144/Euro	+ JPY6 + JPY17	
Domestic Car Production (Toyota)	2.73 (1.03)	2.74 (1.01)	-0.01 (+0.02)	-0% (+2%)
Overseas Car Production of Japanese Manufacturers (Toyota)	3.10 (1.11)	2.72 (1.04)	+0.38 (+0.07)	+14% (+ 7%)

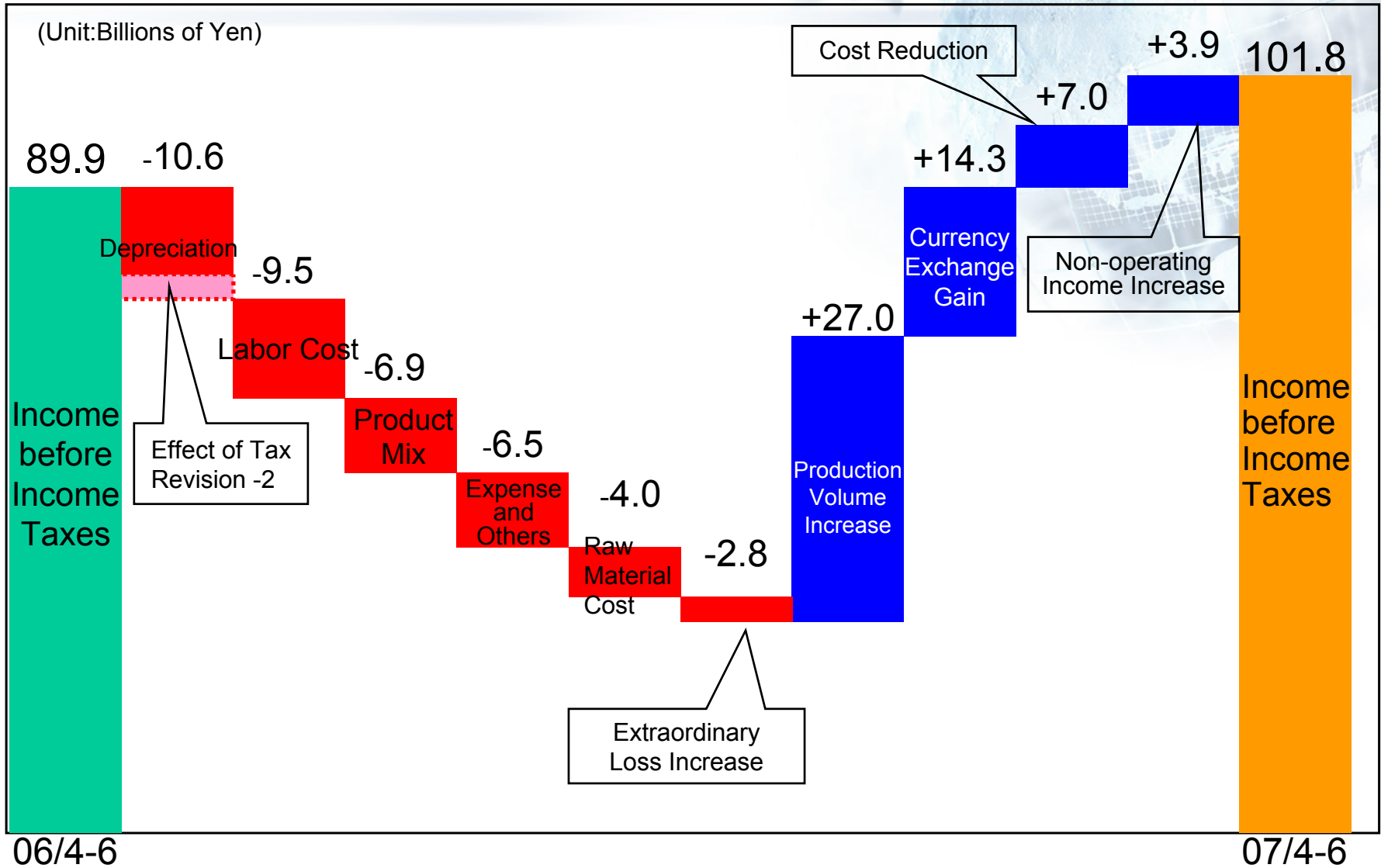
# Change in Consolidated Sales (by Customer /Business Segment)

(Unit:Billions of Yen)

[ ]:Change from previous period



# Change in Income before Income Taxes

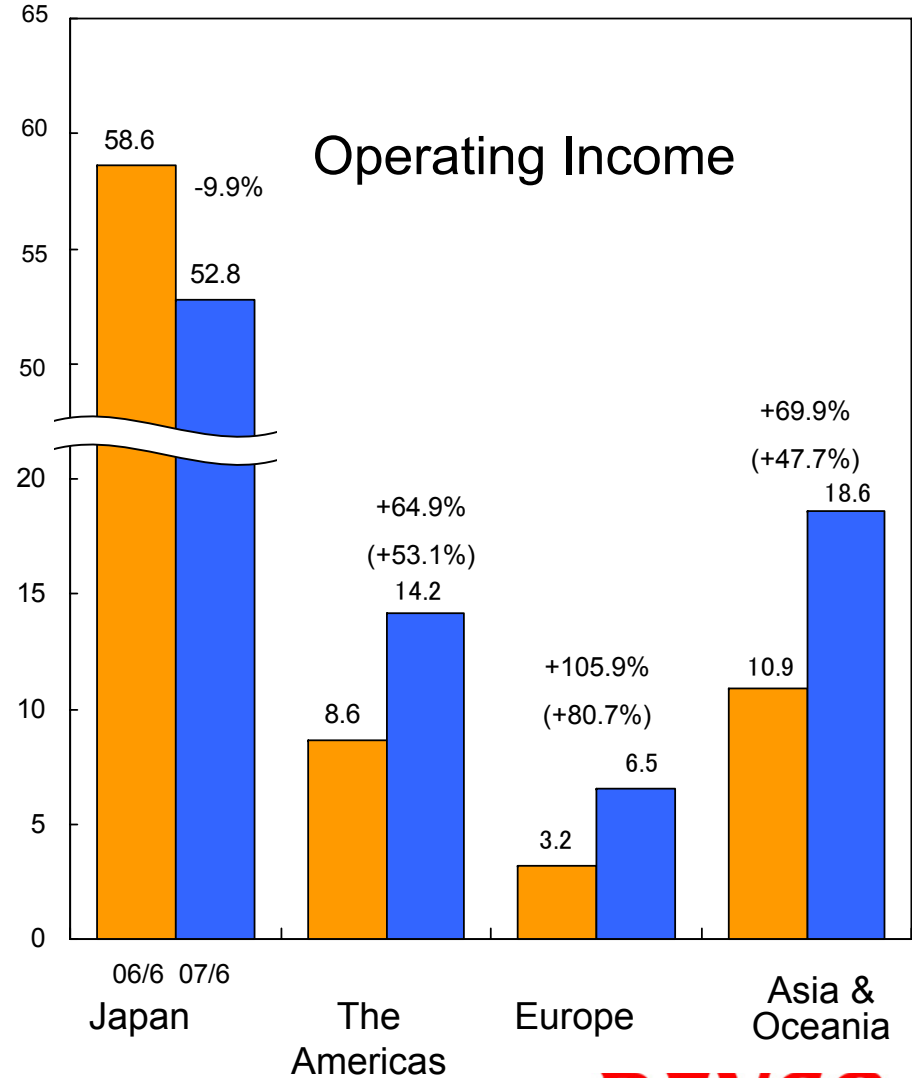
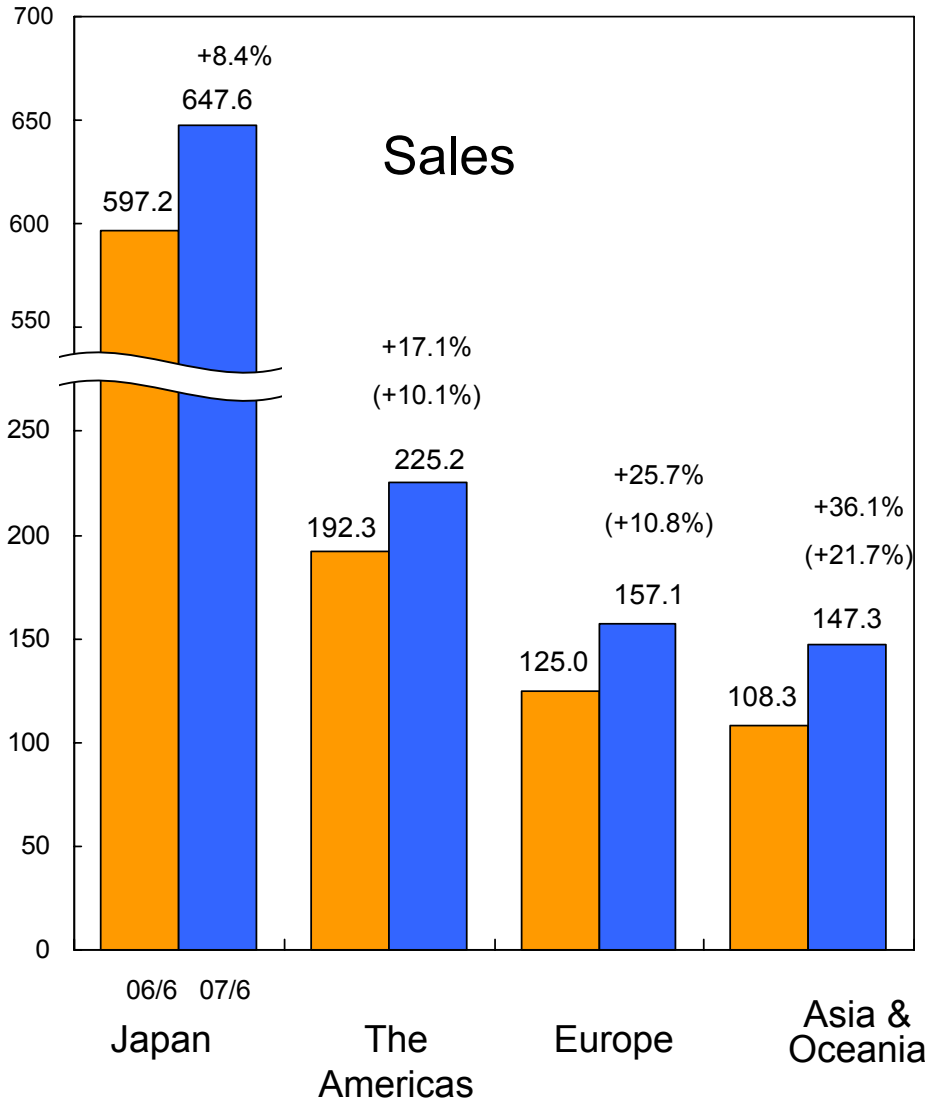


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# Geographical Segments by Company Location

(Unit:Billions of Yen)

( ):Local Currency Base



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# FY2007 Interim Financial Estimate

\*: Ratio to Sales

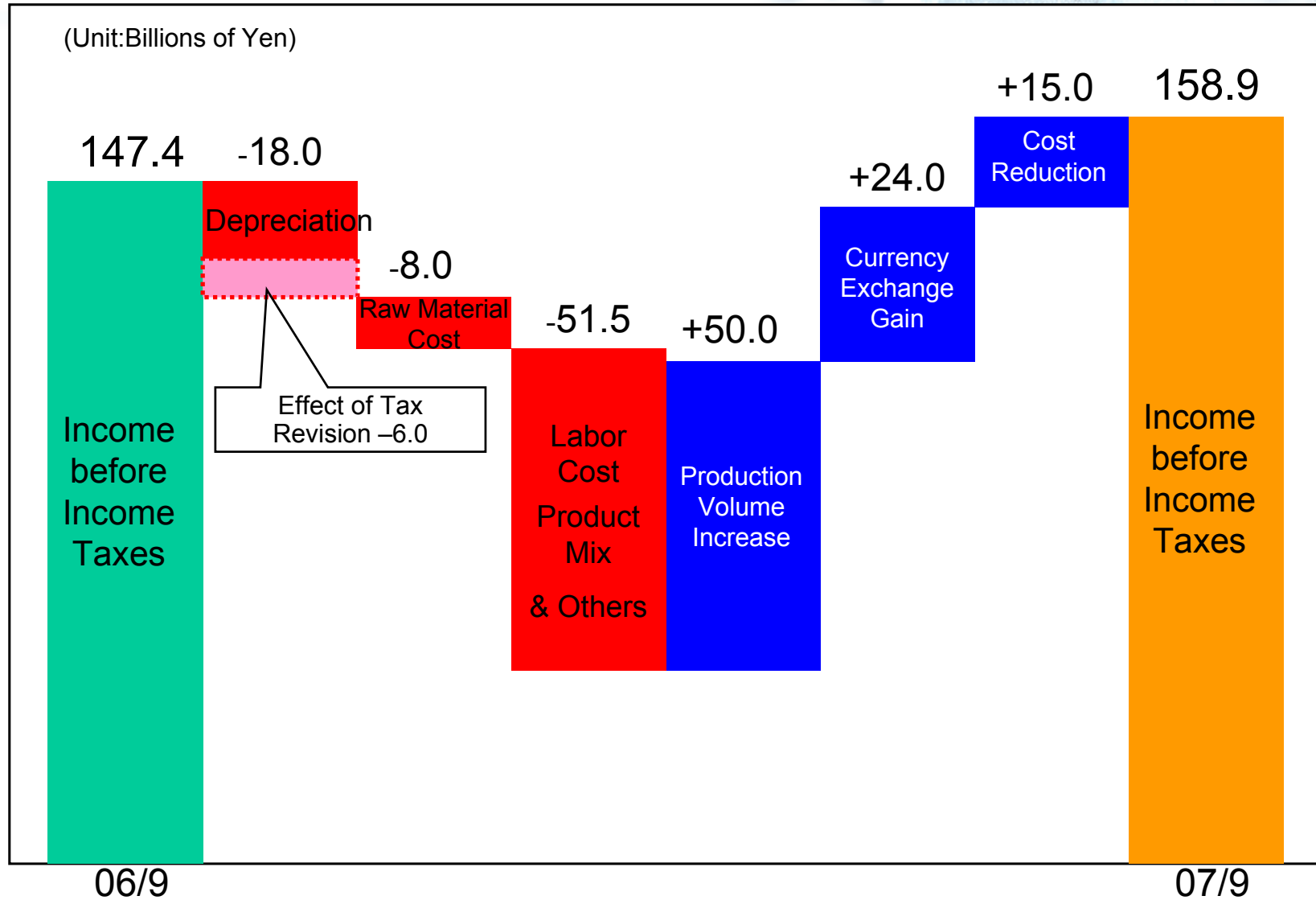
(Unit:Billions of Yen)

	07/9 Original	07/9 Revised	06/9	Increase	Increase(%)
Sales	1,830.0	1,930.0	1,701.7	+228.3	+13.4%
Operating Income	140.0 7.7%*	150.0 7.8%*	138.3 8.1%*	+11.7	+8.5%
Income before Income Taxes	149.0	158.9	147.4	+11.5	+7.8%
Net Income	95.0 5.2%*	100.0 5.2%*	94.1 5.5%*	+5.9	+6.2%

(Unit:Millions of Units)

	JPY115/\$ JPY150/Euro	JPY120/\$ JPY160/Euro	JPY114/\$ JPY145/Euro	+JPY6 +JPY15	
Foreign Exchange Rate					
Domestic Car Production (Toyota)	5.63 (2.04)	5.53 (2.05)	5.53 (2.00)	±0 (+0.05)	±0% (+2%)
Overseas Car Production of Japanese Manufacturers (Toyota)	6.18 (2.20)	6.13 (2.24)	5.50 (2.06)	+0.63 (+0.18)	+11% (+9%)

# Change in Income before Income Taxes (06/9-07/9)

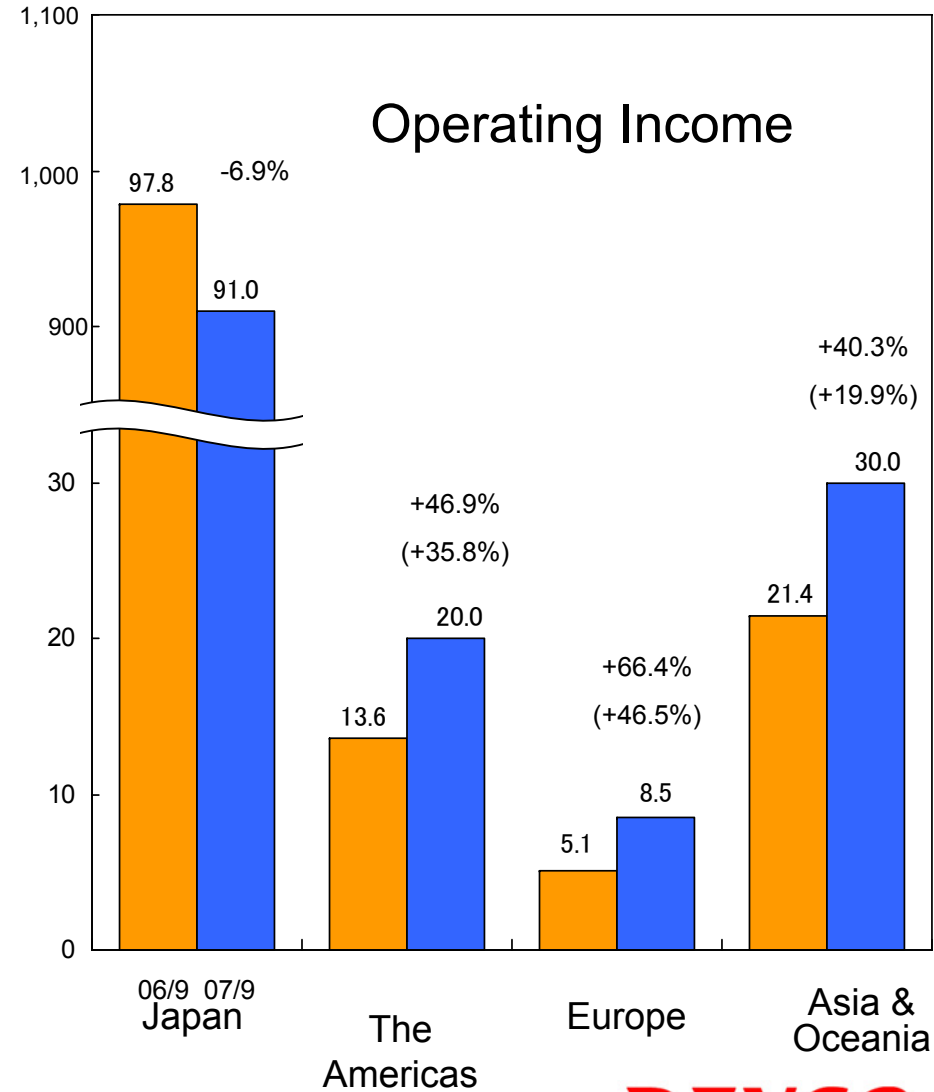
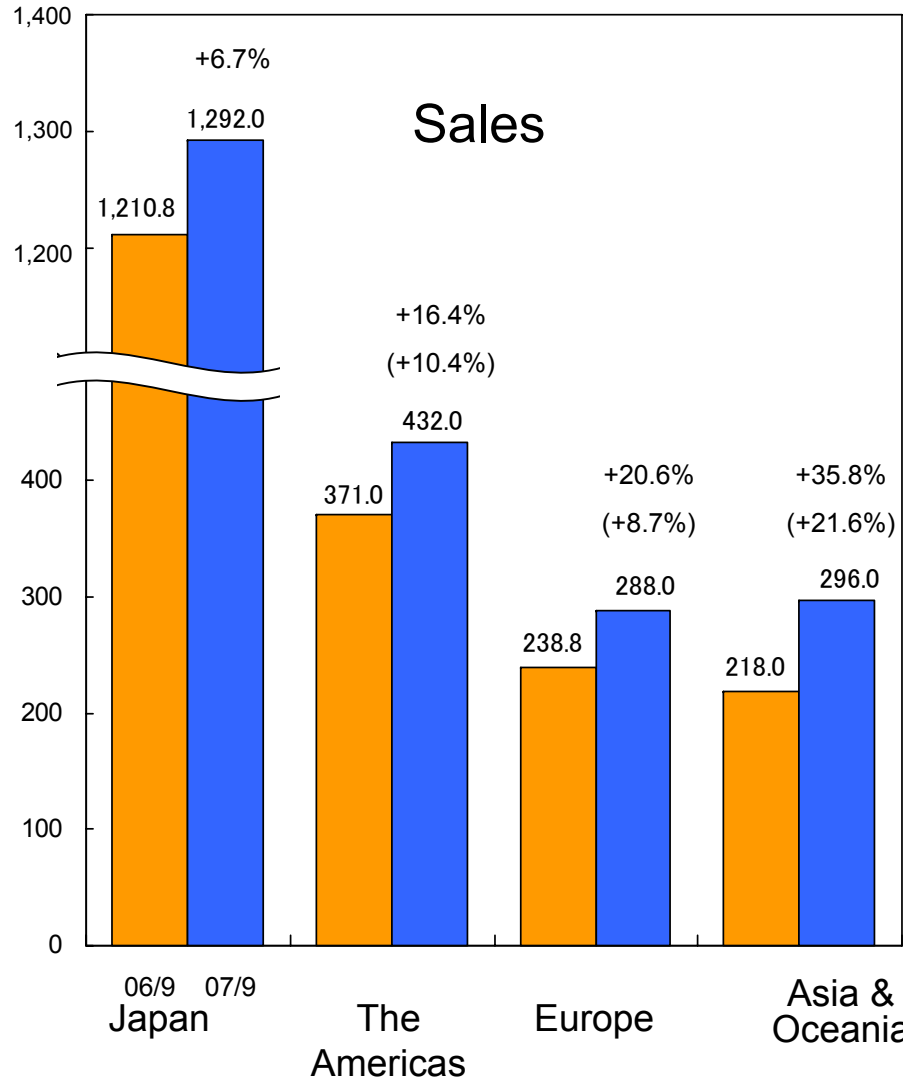




# Geographical Segments by Company Location (06/9-07/9)

(Unit:Billions of Yen)

( ):Local Currency Base



# Capital Expenditures, Depreciation and R&D

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(Unit:Billions of Yen)

	07/3		08/3 Estimate		07/4-6	
	06/4-6		07/4-6		Change from previous period	Progress to 08/3 Estimate
Japan	40.7	210.7	52.8	249.0	+29.8%	21.2%
The Americas	8.9	40.4	8.4	44.0	-6.2%	19.1%
Europe	3.7	24.8	6.5	24.0	+76.2%	27.1%
Asia & Oceania	9.1	36.6	9.2	36.0	+1.6%	25.6%
Capital Exp.	62.4	312.5	76.9	353.0	+23.3%	21.8%
Japan	34.8	153.3	41.5	187.0	+19.8%	22.3%
The Americas	5.7	24.4	7.2	27.5	+26.3%	26.0%
Europe	5.0	21.4	6.0	23.0	+20.9%	26.1%
Asia & Oceania	4.7	20.7	6.0	22.5	+28.3%	26.6%
Depreciation	50.1	219.9	60.6	260.0	+21.1%	23.4%
R&D Expenditure (Ratio to Sales)	61.8 (7.2%)	279.9 (7.8%)	69.5 (7.1%)	305.0 (8.0%)	+12.5%	22.8%

# Non-Consolidated Financial Results

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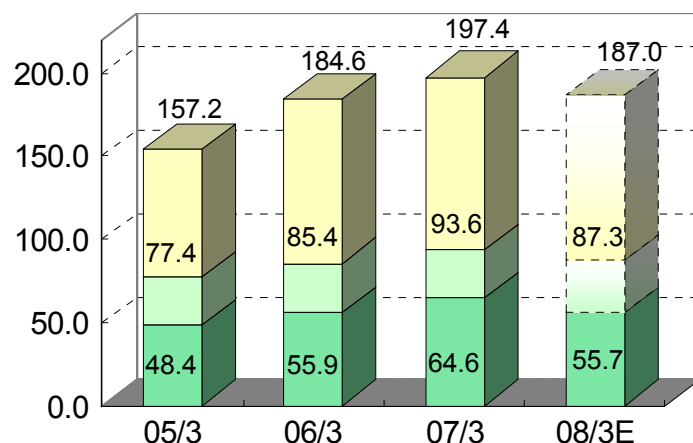
## Profit/Loss Statement

(Ratio to Sales )

(Unit:Billions of Yen, %, Thousand Cars)

Account	07/6		06/6		Change		07/9 Estimate		Change from 06/9	
	Bil. Yen	Change(%)	Bil. Yen	Change(%)	Bil. Yen	Change(%)	Estimate @ 07/3	Estimate @ 07/6	Bil. Yen	Change(%)
<b>Net Sales</b>	( 100.0 )	588.3	( 100.0 )	538.1	50.2	9.3	( 100.0 ) 1,138.0	( 100.0 ) 1,170.0	79.9	7.3
Cost of Sales	( 86.9 )	510.9	( 85.6 )	460.5	50.4					
SGA Expenses	( 5.8 )	34.3	( 5.5 )	29.7	4.6					
<b>Operating Income</b>	( 7.3 )	43.1	( 8.9 )	47.9	-4.8	-10.0	( 6.4 ) 73.0	( 6.3 ) 74.0	-2.0	-2.6
Non-Operating Income		15.3		17.0	-1.7			16.0	-4.7	
Extraordinary Income (Loss)		-2.7		-0.3	-2.4			-2.7	0.4	
<b>Income Before Income Taxes</b>	( 9.5 )	55.7	( 12.0 )	64.6	-8.9	-13.8	( 7.8 ) 89.0	( 7.5 ) 87.3	-6.3	-6.7
<b>Net Income</b>	( 6.7 )	39.5	( 8.5 )	45.9	-6.4	-14.0	( 5.4 ) 61.0	( 5.3 ) 62.0	-4.2	-6.4
Domestic Car Production		2,732		2,739				5,630	5,530	
Foreign Exchange Rate(US\$)		120 Yen		114 Yen				115 Yen	120 Yen	
Foreign Exchange Rate(Euro)		161 Yen		144 Yen				150 Yen	160 Yen	

Income before income tax



Changes in income before income tax (06/6 ->07/6)

(Unit:Billions of Yen)

Positive Factors		Negative Factors	
Production Volume Increase	13.0	Product Mix	-8.6
Currency Exchange Gain	9.5	Labor Cost Increase	-6.0
Cost Reduction	2.5	Depreciation	-5.2
		( Tax amendment -1.4 is included )	
		Raw Material Cost Increase	-2.0
		Expense and Others	-8.0
		Non-Operating Income Decrease	-1.7
		Extraordinary Loss Increase	-2.4
Sub Total	25.0	Sub Total	-33.9
Total Increase			-8.9

# Pre-Conditions (Foreign Exchange Rate/Car Production)

[Unit]Exchange:Yen,Car:Ten Thousand Cars

	07/4-6			08/3 First Half				08/3 Second Half				08/3 Full Year			
	Prior Year	Actual	Change	Prior Year	Original Estimate	Revised Estimate	Change	Prior Year	Original Estimate	Revised Estimate	Change	Prior Year	Original Estimate	Revised Estimate	Change
Foreign Exchange Rate (US\$)	114	120	+6	114	115	120	+6	118	115	115	-3	116	115	115	-1
Foreign Exchange Rate (Euro)	144	161	+17	145	150	160	+15	153	150	150	-3	149	150	150	+1
Domestic Production	274	273	±0%	553	563	553	± 0%	595	611	613	+3%	1,150	1,174	1,166	+1%
<i>Toyota</i>	101	103	+2%	200	204	205	+2%	219	230	223	+2%	419	434	428	+2%
North American Production for Japanese Auto Manufacturers	109	117	+7%	217	237	228	+5%	233	237	239	+3%	445	474	467	+5%
<i>Toyota</i>	42	44	+4%	81	89	87	+7%	83	89	88	+6%	164	178	175	+7%
Overseas Production for Japanese Auto Manufacturers	272	310	+14%	552	618	613	+11%	581	644	654	+13%	1,139	1,262	1,267	+11%
<i>Toyota</i>	104	111	+7%	206	220	224	+9%	212	234	239	+13%	418	454	463	+11%

1. Development of New Hybrid Vehicle Products

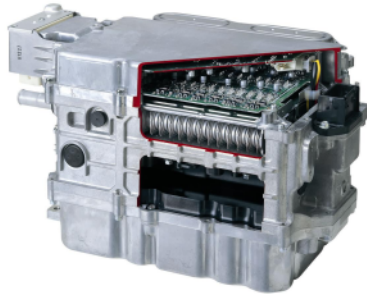
2. Enhancement of Common Rail System Production

# Development of new Hybrid Vehicle Products (for Lexus LS 600h)

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Development Concept: Improve competitiveness with compact, lightweight and high performance products

## 1. High Output Power Control Unit (PCU)



### Outline of Products

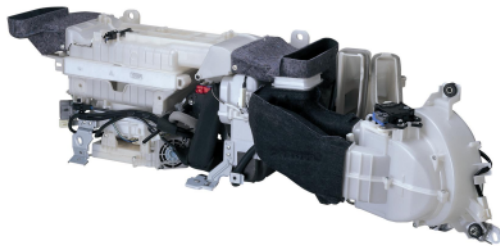
Unit consisting of a boost converter that raises the main battery voltage (288V) up to the maximum system voltage (650V), and two inverters that convert direct current (DC) into alternate current (AC) to drive the main traction motors.

### Feature

Adopting two-sided cooling structure (world's first for automobile), the PCU controls temperature rise with large electric power and realizes compact and lightweight. \*

\* rise output per volume (output voltage / product volume) approximately 60%

## 2. Battery Cooling System



### Outline of Products

The cooling unit that cools the main battery.

### Feature

Using cooled air from the rear air conditioning system, the new cooling system provides comparable cooling performance with approximately half the amount of air required by previous models that used only the cabin air. \*

\* reduce noise by approximately 30 percent



Lexus LS 600hL

Other DENSO's products installed

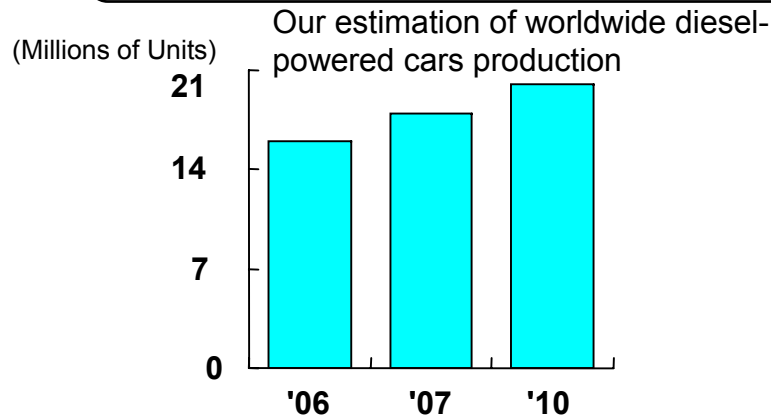
DC-DC converter, battery-monitoring unit, system main relay, current sensor, etc.

# Enhancement of Common Rail System Production

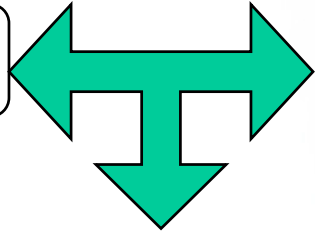
## 1. Worldwide Diesel-Powered Car Market

Expansion diesel-powered cars market by reason of better fuel economy and low carbon dioxide emissions.

Strict worldwide exhaust gas regulations

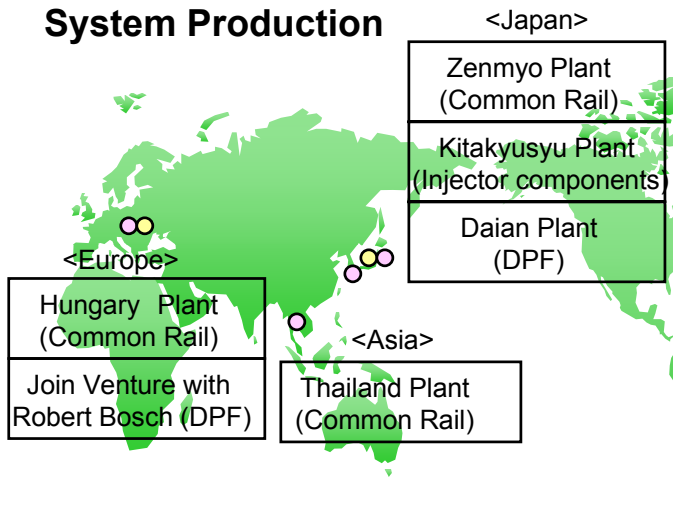


	2007	2008	2009	2010	2011
Japan	New long-term regulation		Post new long-term regulation		
Europe	EURO4		EURO5		
the U.S.	Tier2bin5				
China	EURO4 in Beijing		EURO4 in the whole country		



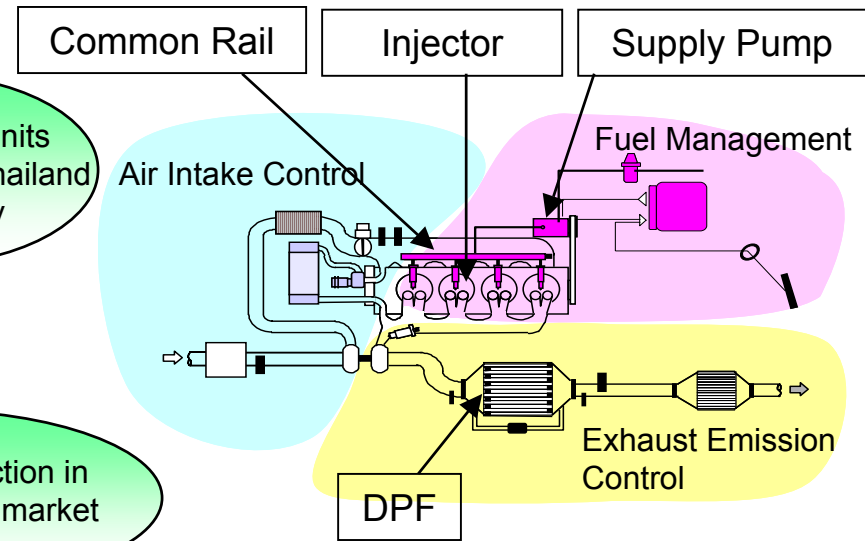
Growing demand of common rail system

## 2. DENSO's Current Situation of Common Rail System Production



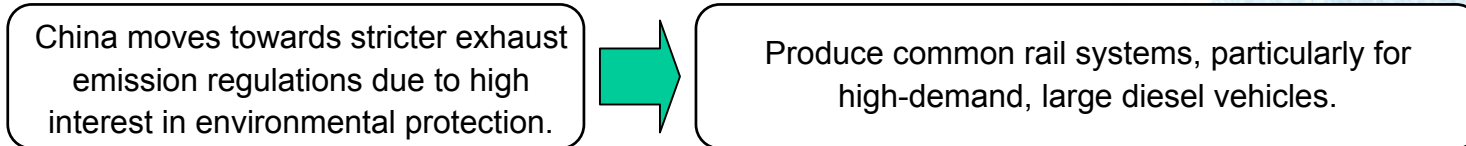
Total 3 million units annually Japan, Thailand and Hungary

Enhance production in expanded China market

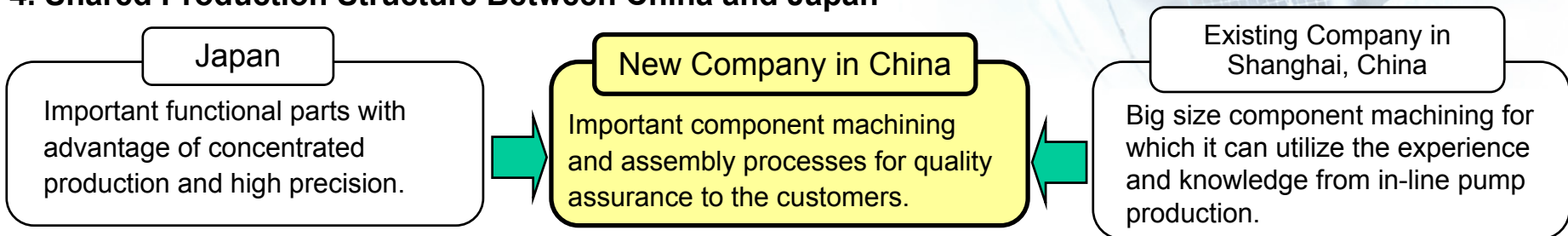


# Enhancement of Common Rail System Production

## 3. Background of New Company Establishment



## 4. Shared Production Structure Between China and Japan




## 5. New Company Profile

Name	DENSO (Changzhou) Fuel Injection System Co., Ltd.
Establishment	June 1, 2007
Location	Changzhou National Hi-Tech District, Changzhou, Jiangsu, China
Capital	US\$25.4 million(Our group invested 100%)
Operation	July 2009
Investment	Approximately US\$33 million (approximately four billion yen)
Sales Target	Approximately US\$148 million (approximately 18 billion yen projected for fiscal 2012)
Employees	Approximately 450 (projected for fiscal 2012)







クルマがずっと愛されるために

***DENSO***