



# **FY2007 Interim Financial Results ended September 30, 2007**

**October 31, 2007**

**DENSO CORPORATION**

***DENSO***

# Overview of FY2007 Interim Financial Results

1. Sales and income increased due to the increase in overseas car production for Japanese auto manufacturers and the depreciated yen.

2. The annual forecast has been upwardly revised on the first-half results and review of vehicle production volume.

3. Interim dividend per share increased by 4 yen to 25 yen.  
(50 yen for the year)

# FY2007 Interim Financial Results

\*: Ratio to Sales

(Unit: Billions of Yen)

	07/4-9	06/4-9	Change	Change (%)
Sales	1,947.8	1,701.7	+246.1	+14.5%
Operating Income	8.7%* 169.1	8.1%* 138.3	+30.8	+22.3%
Income before Income Taxes	178.5	147.4	+31.1	+21.1%
Net Income	6.1%* 118.3	5.5%* 94.1	+24.2	+25.7%

(Unit: Millions of Units)

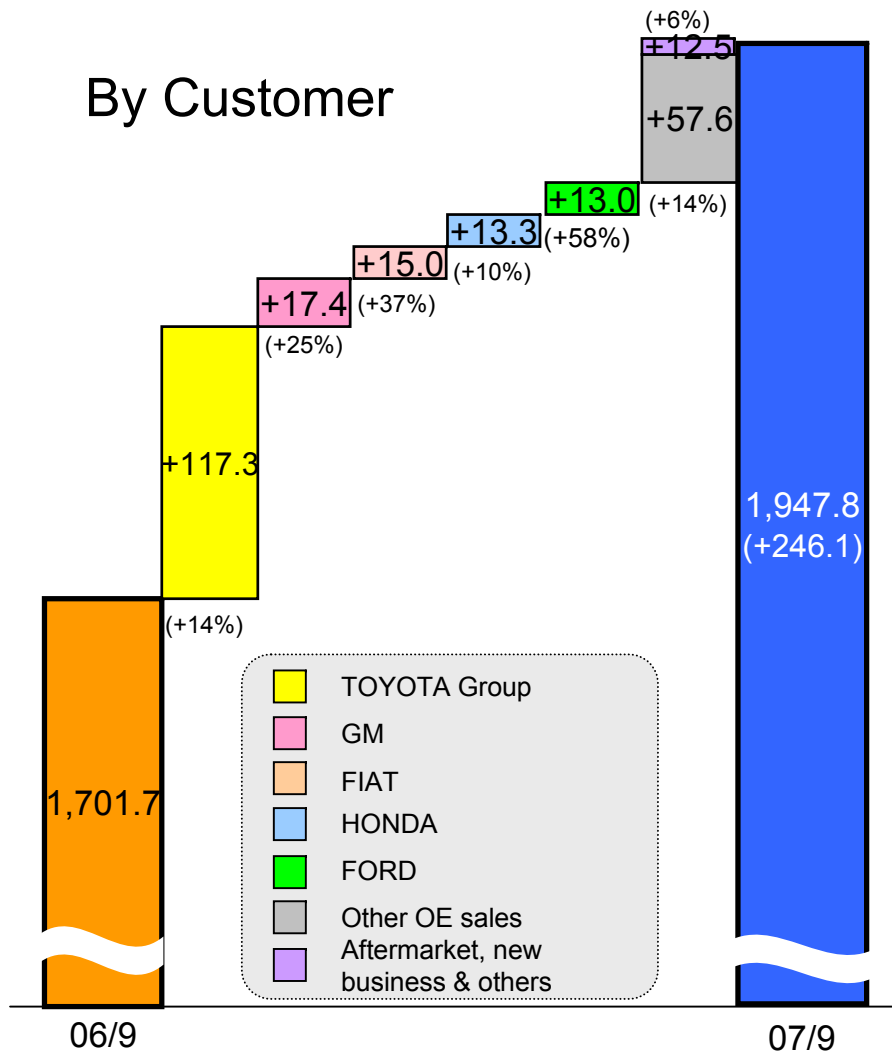
Foreign Exchange Rate	JPY118/\$ JPY161/Euro	JPY114/\$ JPY145/Euro	+ JPY4 + JPY16	
Domestic Car Production (Toyota)	5.46 (2.00)	5.53 (2.00)	-0.07 (±0)	-1% (± 0%)
Overseas Car Production of Japanese Manufacturers (Toyota)	6.25 (2.22)	5.50 (2.06)	+0.75 (+0.16)	+14% (+ 8%)

# Change in Consolidated Sales by Customer and Business Segments

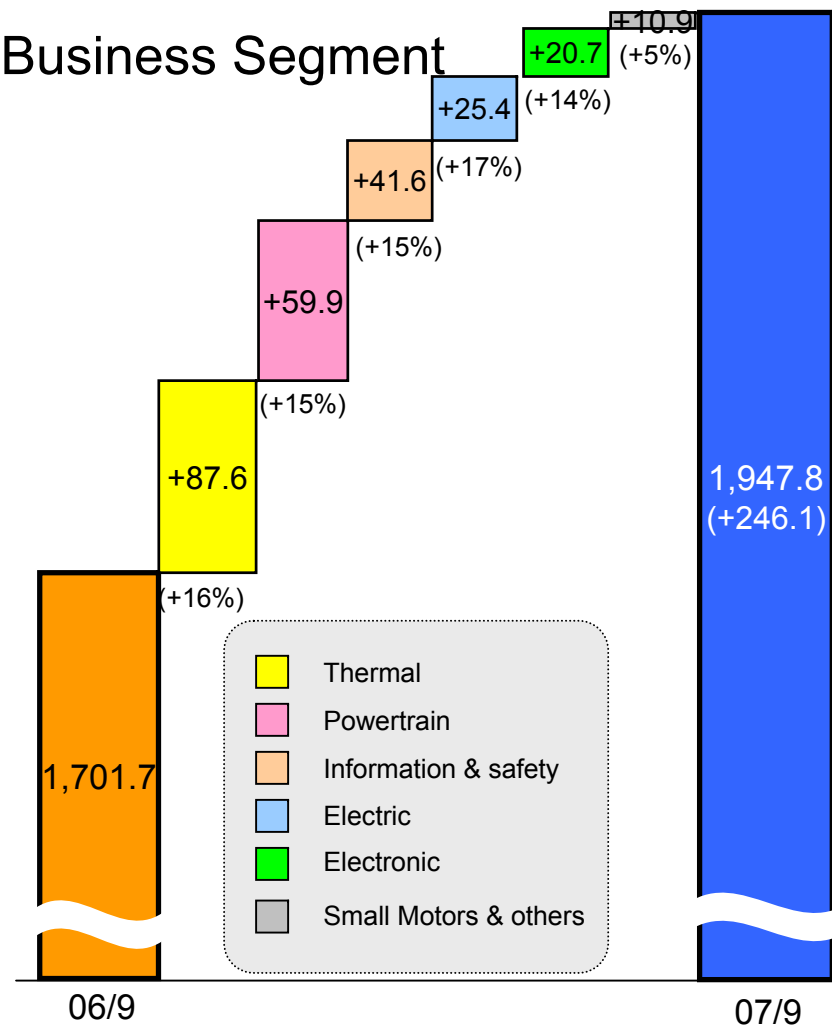
(Unit: Billions of Yen)

( ) : Change from previous period

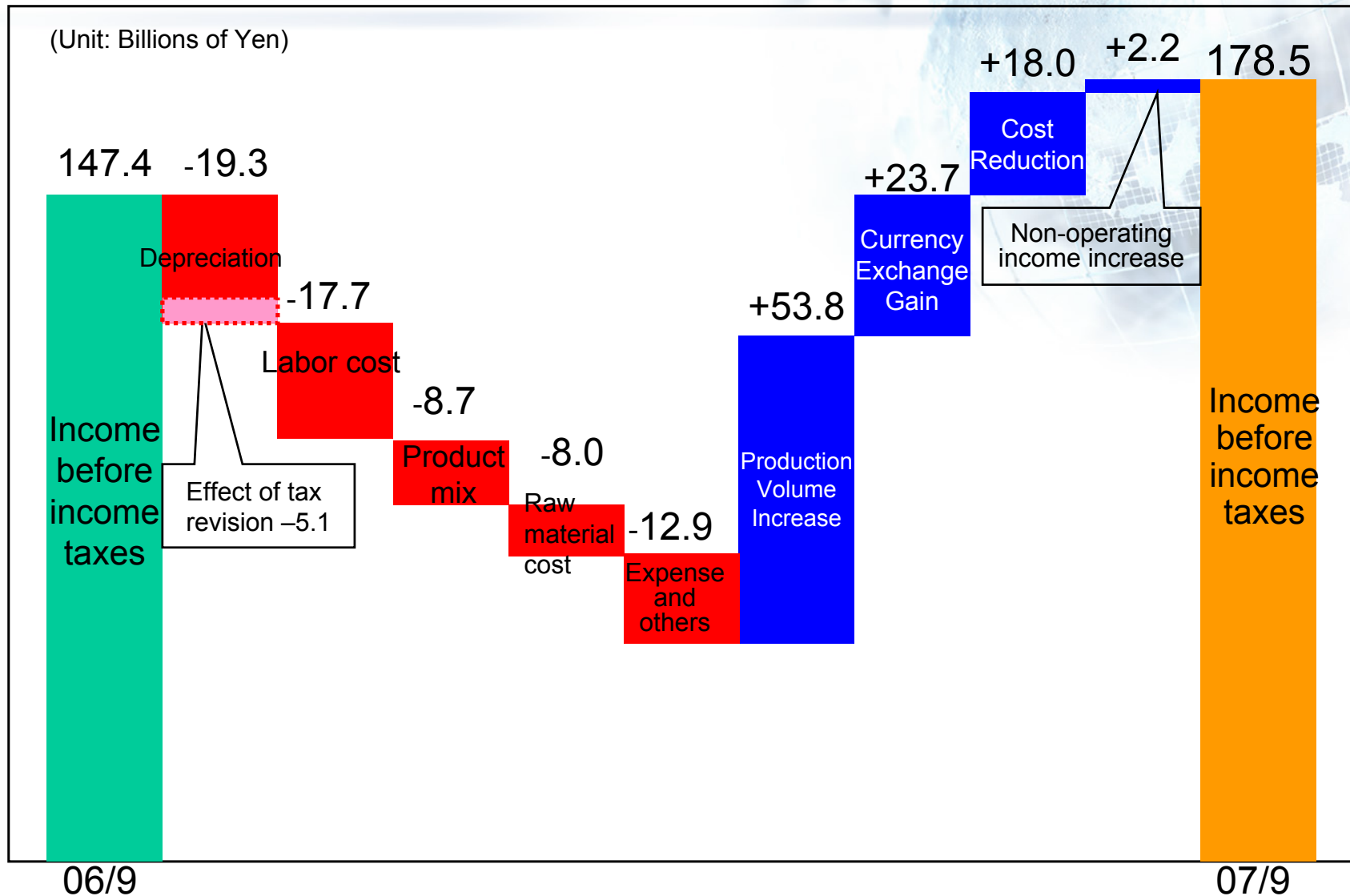
## By Customer



## By Business Segment



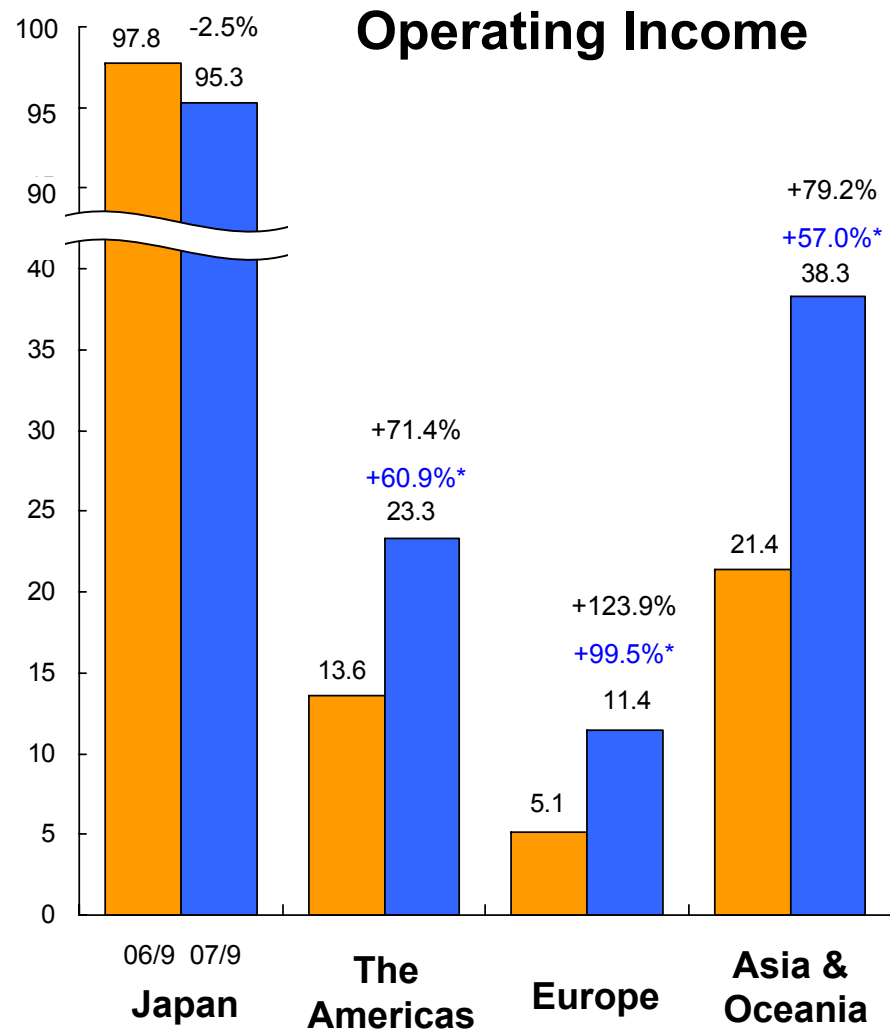
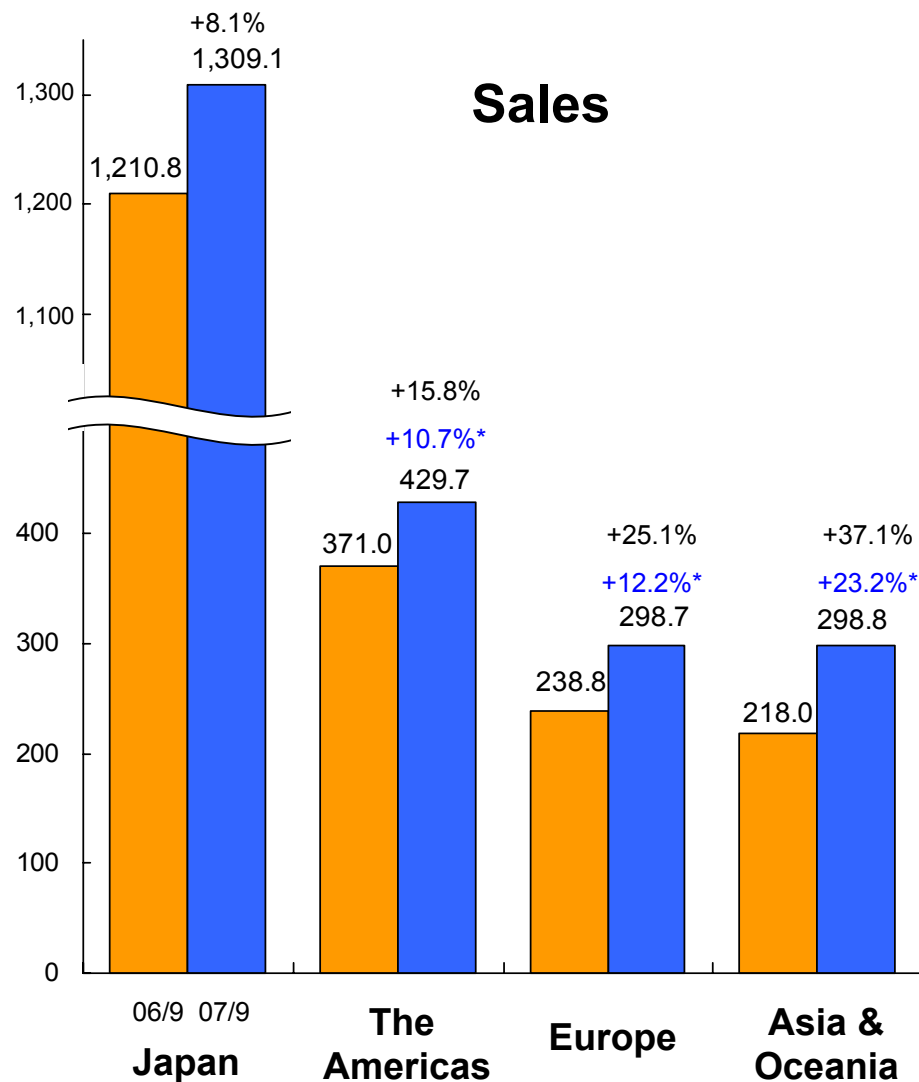
# Change in Income before Income Taxes



# Geographical Segments by Company Location

(Unit: Billions of Yen)

\*: Local Currency Base



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# FY2007 Estimate

\*: Ratio to Sales

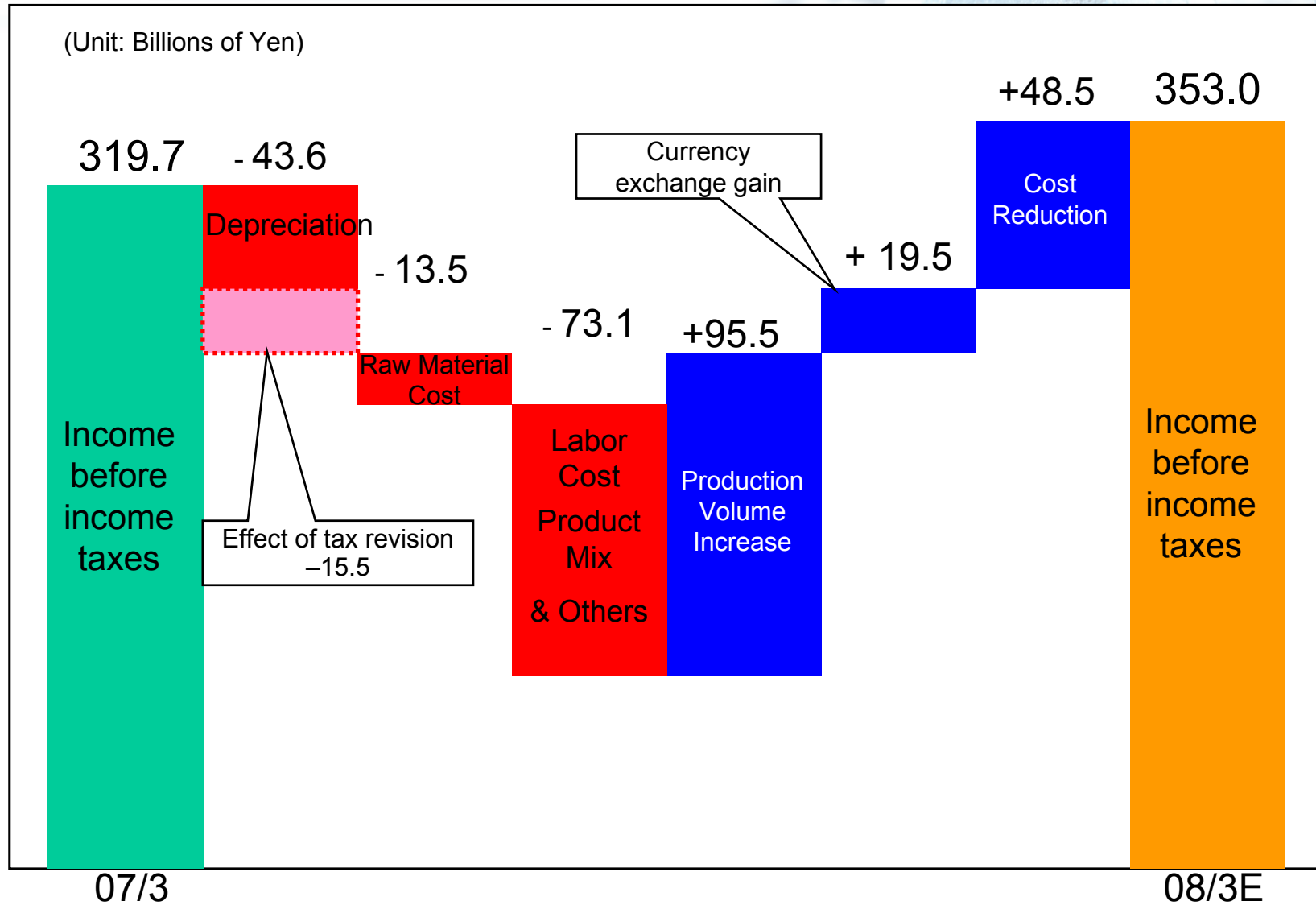
(Unit: Billions of Yen)

	08/3 Original	08/3 Revised	07/3	Change	Change(%)
Sales	3,800.0	3,950.0	3,609.7	+ 340.3	+9.4%
Operating Income	308.0 8.1%*	337.0 8.5%*	303.1 8.4%*	+ 33.9	+11.2%
Income before Income Taxes	323.0	353.0	319.7	+ 33.3	+10.4%
Net Income	207.0 5.4%*	228.0 5.8%*	205.2 5.7%*	+ 22.8	+11.1%

(Unit: Millions of Units)

Foreign Exchange Rate	JPY115/\$ JPY150/Euro	JPY117/\$ JPY156/Euro	JPY116/\$ JPY149/Euro	+JPY1 +JPY7	
Domestic Car Production (Toyota)	11.74 (4.34)	11.66 (4.28)	11.50 (4.19)	+0.16 (+0.09)	+1% (+2%)
Overseas Car Production of Japanese Manufacturers (Toyota)	12.62 (4.54)	12.78 (4.61)	11.39 (4.18)	+1.39 (+0.43)	+12% (+10%)

# Change in Income before Income Taxes (07/3-08/3)

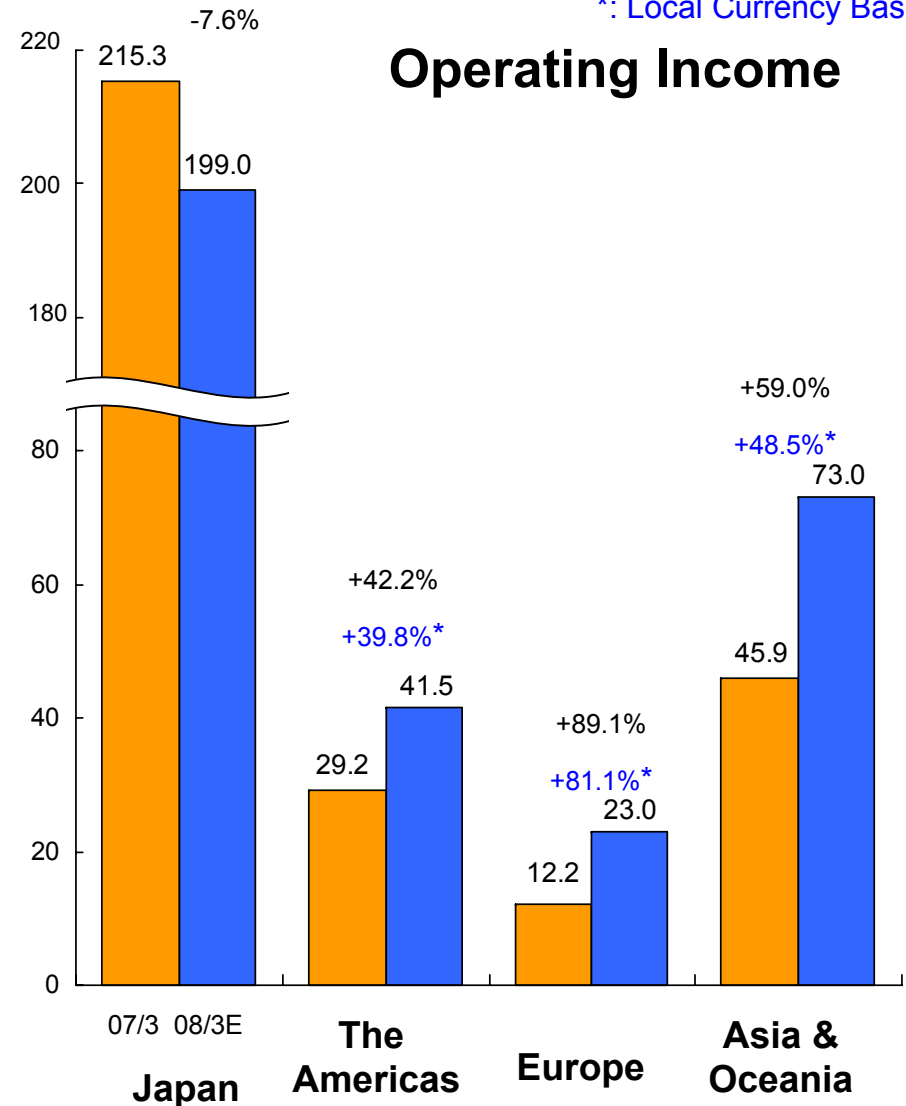
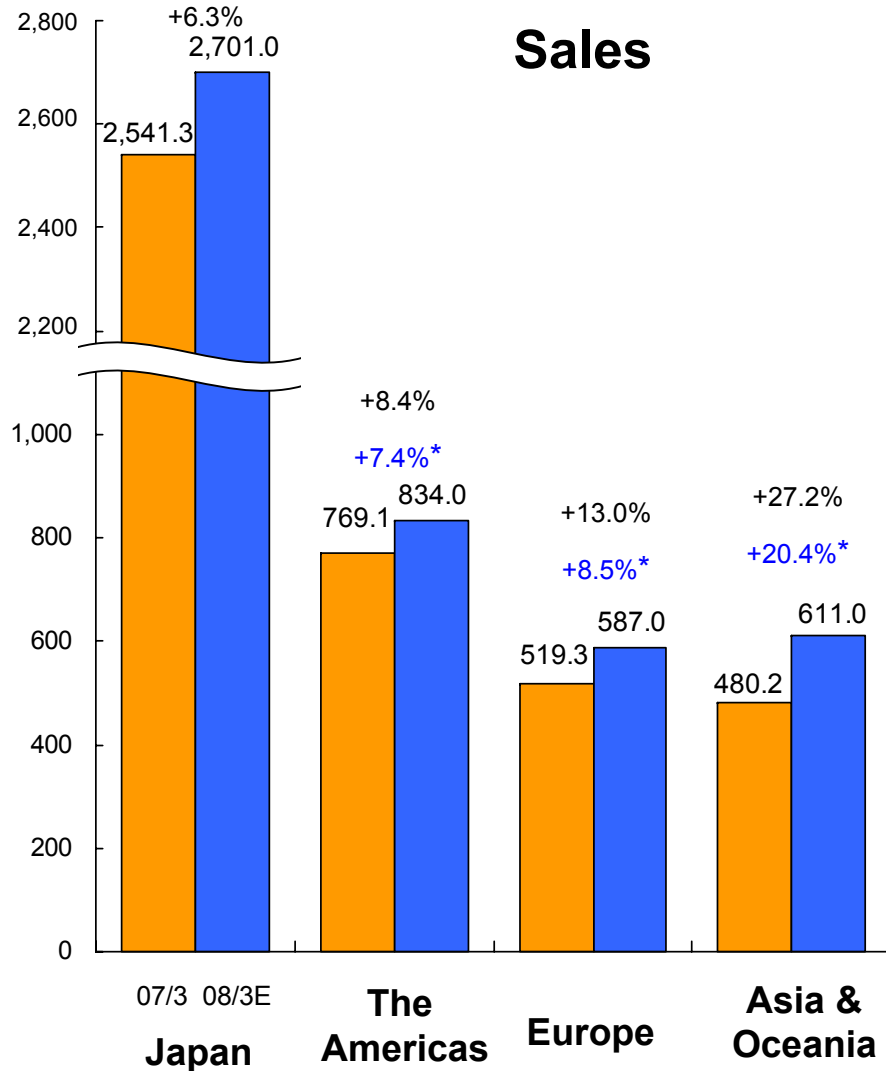




# Geographical Segments by Company Location (07/3->08/3)

(Unit: Billions of Yen)

\*: Local Currency Base



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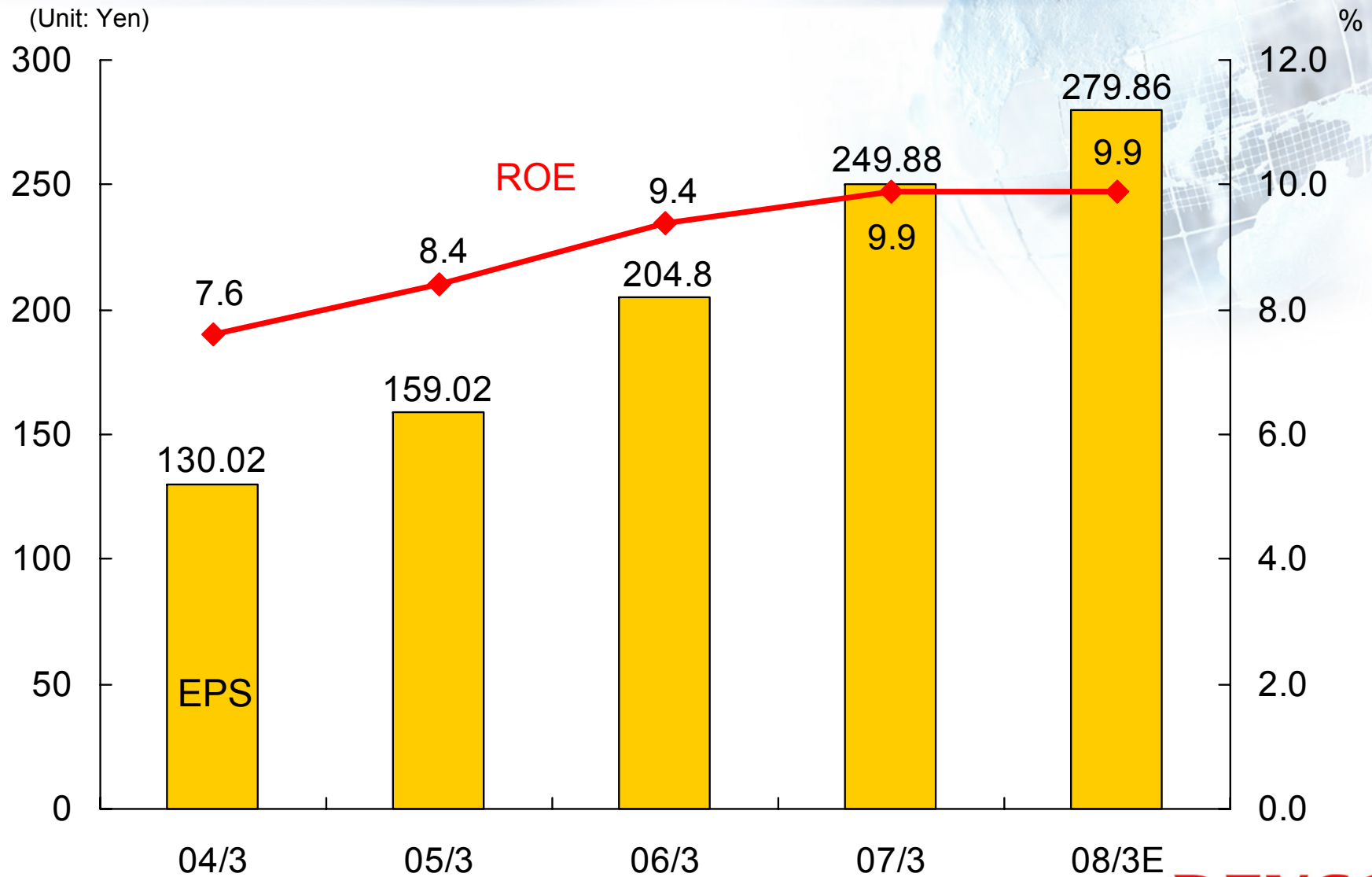


# Capital Expenditures, Depreciation and R&D

(Unit: Billions of Yen)

	07/3		08/3		07/9	
	06/9		07/9	Estimate	Change from Previous Period	Progress to 08/3 Estimate
Japan	97.1	210.7	108.3	249.0	+11.4%	43.5%
The Americas	20.2	40.4	19.5	45.0	-3.4%	43.3%
Europe	9.9	24.8	14.4	25.0	+46.0%	57.6%
Asia & Oceania	18.8	36.6	18.6	39.0	-1.1%	47.7%
Capital Exp.	146.0	312.5	160.8	358.0	+10.1%	44.9%
Japan	74.1	153.3	87.0	187.0	+17.4%	46.5%
The Americas	11.4	24.4	14.0	28.0	+22.8%	50.0%
Europe	10.7	21.4	11.7	24.0	+9.8%	48.8%
Asia & Oceania	9.6	20.7	12.2	24.5	+27.8%	49.8%
Depreciation	105.7	219.9	124.9	263.5	+18.2%	47.4%
R&D Expenditure (Ratio to Sales)	134.6 (7.9%)	279.9 (7.8%)	149.9 (7.7%)	310.0 (7.8%)	+11.3%	48.4%

# Other Financial Indices



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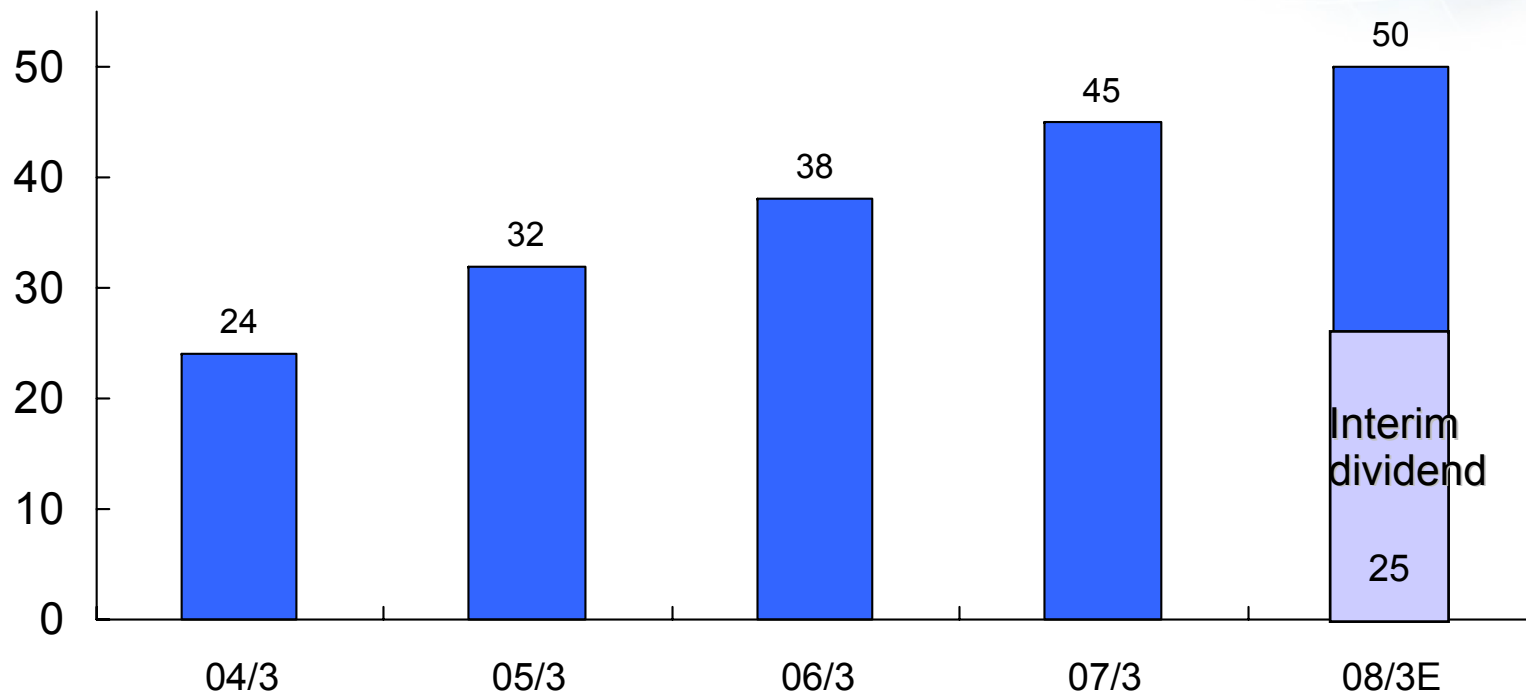
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# Maximize Shareholder Value

Interim dividend: 25 yen per share  
(One yen increase from the original announcement and  
four yen increase from the previous year)  
➡ 50 yen for the year in plan

## Dividends per Share

(Unit: Yen)



<Pay-out Ratio>  
Consolidated: 17.9%  
Non-Consolidated: 30.9%

# Non-Consolidated Financial Results

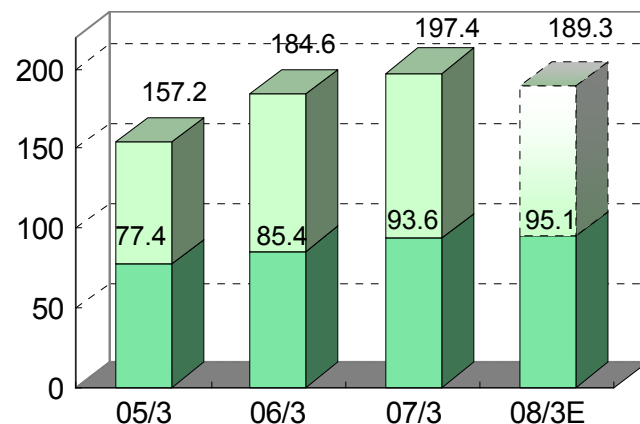
## Profit/Loss Statement

(Ratio to Sales )

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

Account	07/9		06/9		Change		08/3 Estimate		Change from 07/3	
	Bil. Yen	Change(%)	Bil. Yen	Change(%)	Bil. Yen	Change(%)	Estimate @ 07/3	Estimate @ 07/9	Bil. Yen	Change(%)
<b>Net Sales</b>	( 100.0 )	1,185.7	( 100.0 )	1,090.1	95.6	8.8	( 100.0 ) 2,366.0	( 100.0 ) 2,444.0	151.1	6.6
Cost of Sales	( 87.7 )	1,039.6	( 86.5 )	942.6	97.0					
SGA Expenses	( 5.8 )	68.2	( 6.6 )	71.5	-3.2					
<b>Operating Income</b>	( 6.6 )	77.8	( 7.0 )	76.0	1.8	2.4	( 6.6 ) 157.0	( 6.4 ) 157.0	-9.3	-5.6
Non-Operating Income		20.0		20.7	-0.7			30.0	35.0	-0.9
Extraordinary Income (Loss)		-2.7		-3.1	0.4			-	-2.7	2.1
<b>Income Before Income Taxes</b>	( 8.0 )	95.1	( 8.6 )	93.6	1.5	1.6	( 7.9 ) 187.0	( 7.7 ) 189.3	-8.0	-4.1
<b>Net Income</b>	( 5.7 )	67.8	( 6.1 )	66.2	1.6	2.4	( 5.5 ) 130.0	( 5.4 ) 132.0	-5.9	-4.3
Domestic Car Production		5,460		5,530				11,740	11,660	
Foreign Exchange Rate(US\$)		118 Yen		114 Yen				115 Yen	117 Yen	
Foreign Exchange Rate(Euro)		161 Yen		145 Yen				150 Yen	156 Yen	

## Income before Income Tax



## Changes in Income before Income Tax (06/9 ->07/9)

(Unit:Billions of Yen)

Positive Factors		Negative Factors	
Production Volume Increase	24.9	Product Mix	-13.3
Currency Exchange Gain	15.7	Labor Cost Increase	-10.5
Cost Reduction	9.0	Depreciation	-9.0
Extraordinary Loss Decrease	0.4	( Tax amendment -3.7 is included )	
		Raw Material Cost Increase	-3.9
		Expense and others	-11.1
		Non-Operating Income Decrease	-0.7
<b>Sub Total</b>	<b>50.0</b>	<b>Sub Total</b>	<b>-48.5</b>
<b>Total Increase</b>	<b>1.5</b>		

# Preconditions (Foreign Exchange Rate/Car Production)

[Unit] Foreign exchange: Yen, Car: Ten Thousand Cars

	08/3 First-Half					08/3 Second-Half				08/3 Full Year			
	Prior Year	Original Estimate	1Q Estimate	Actual	Change	Prior Year	Original Estimate	Revised Estimate	Change	Prior Year	Original Estimate	Revised Estimate	Change
Foreign Exchange Rate(US\$)	114	115	120	118	+ ¥4	118	115	115	- ¥3	116	115	117	+ ¥1
Foreign Exchange Rate(Euro)	145	150	160	161	+ ¥16	153	150	150	- ¥3	149	150	156	+ ¥7
Domestic Car Production	553	563	553	546	- 1%	597	611	620	+ 4%	1,150	1,174	1,166	+ 1%
<i>Toyota</i>	200	204	205	200	± 0%	219	230	228	+ 4%	419	434	428	+ 2%
North America Car Production of Japanese Manufacturers	217	237	228	229	+ 6%	228	237	239	+ 5%	445	474	468	+ 5%
<i>Toyota</i>	81	89	87	86	+ 7%	83	89	88	+ 6%	164	178	174	+ 6%
Overseas Car Production of Japanese Manufacturers	550	618	613	625	+14%	589	644	653	+11%	1,139	1,262	1,278	+12%
<i>Toyota</i>	206	220	224	222	+ 8%	212	234	239	+13%	418	454	461	+10%

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# Topics

1. Activities Toward Emerging Market Growth

2. Environment and Safety Product Development

# Growth in Emerging Markets

## Regional Sales Volume

	2005 (million)	2013 (million)	Annual Avg. Growth (%)
Japan	5.5	5.3	-0.5
USA	16.9	17.9	0.7
W. Europe	16.4	17.7	1.0
China	4.4	10.7	11.7
E. Europe	2.9	5.0	7.0
Asia	3.4	4.3	2.8
India	1.2	3.8	15.9
Central and South America	2.0	3.5	7.2
Others	6.9	9.2	3.7
Worldwide	59.6	77.4	3.3

Annual growth rate in advanced countries markets is approximately 0.7%.

Annual growth rate in emerging markets is approximately 7.5%.

Data Resources 2006

W. Europe: Australia, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxemburg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, England

Asia: ASEAN, Korea, Taiwan

Central and South America: Argentina, Brazil, Paraguay, Uruguay

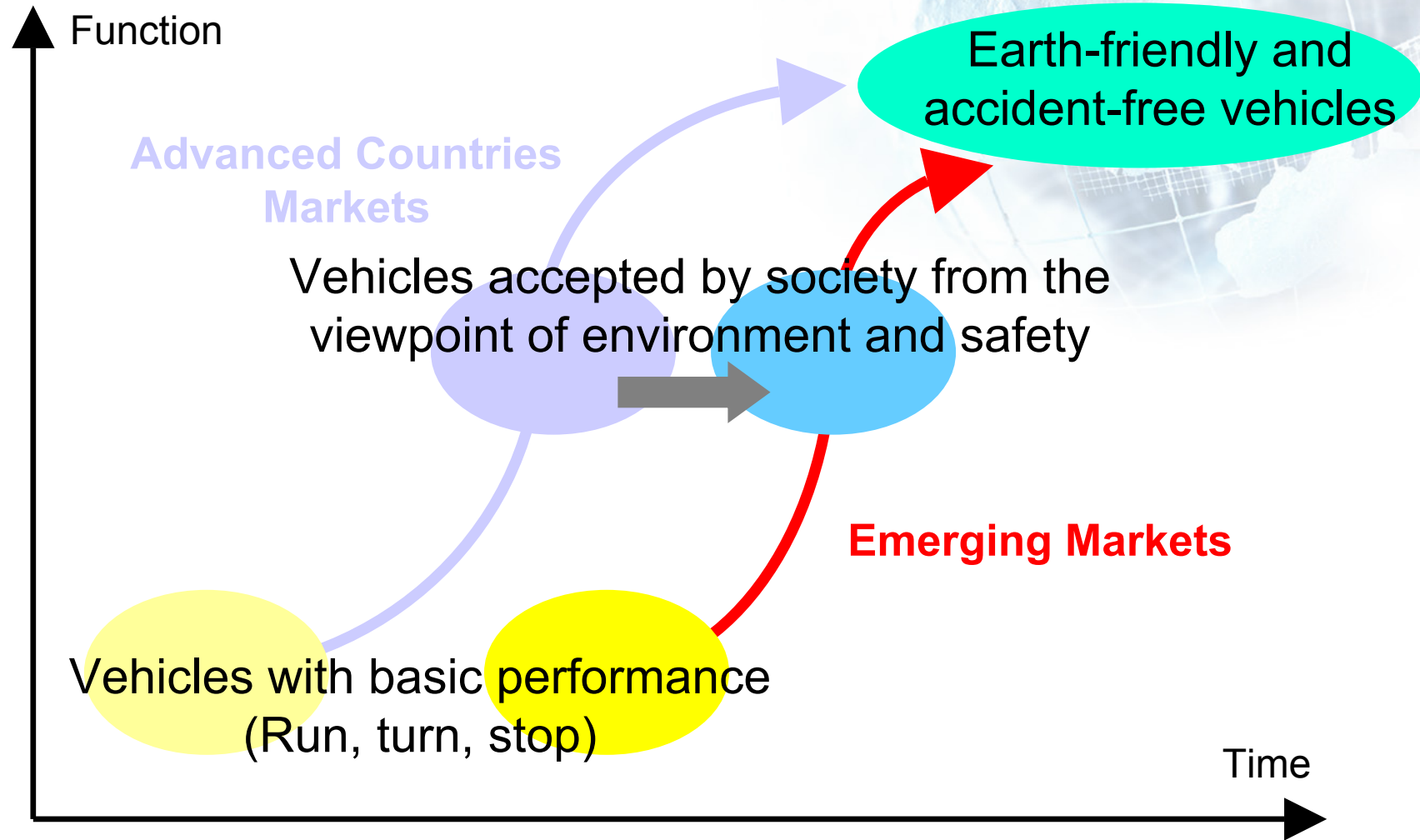
E. Europe: Bosnia and Herzegovina, Belarus, Bulgaria, Croatia, Macedonia, Rumania, Russia, Serbia, Turkey, Ukraine

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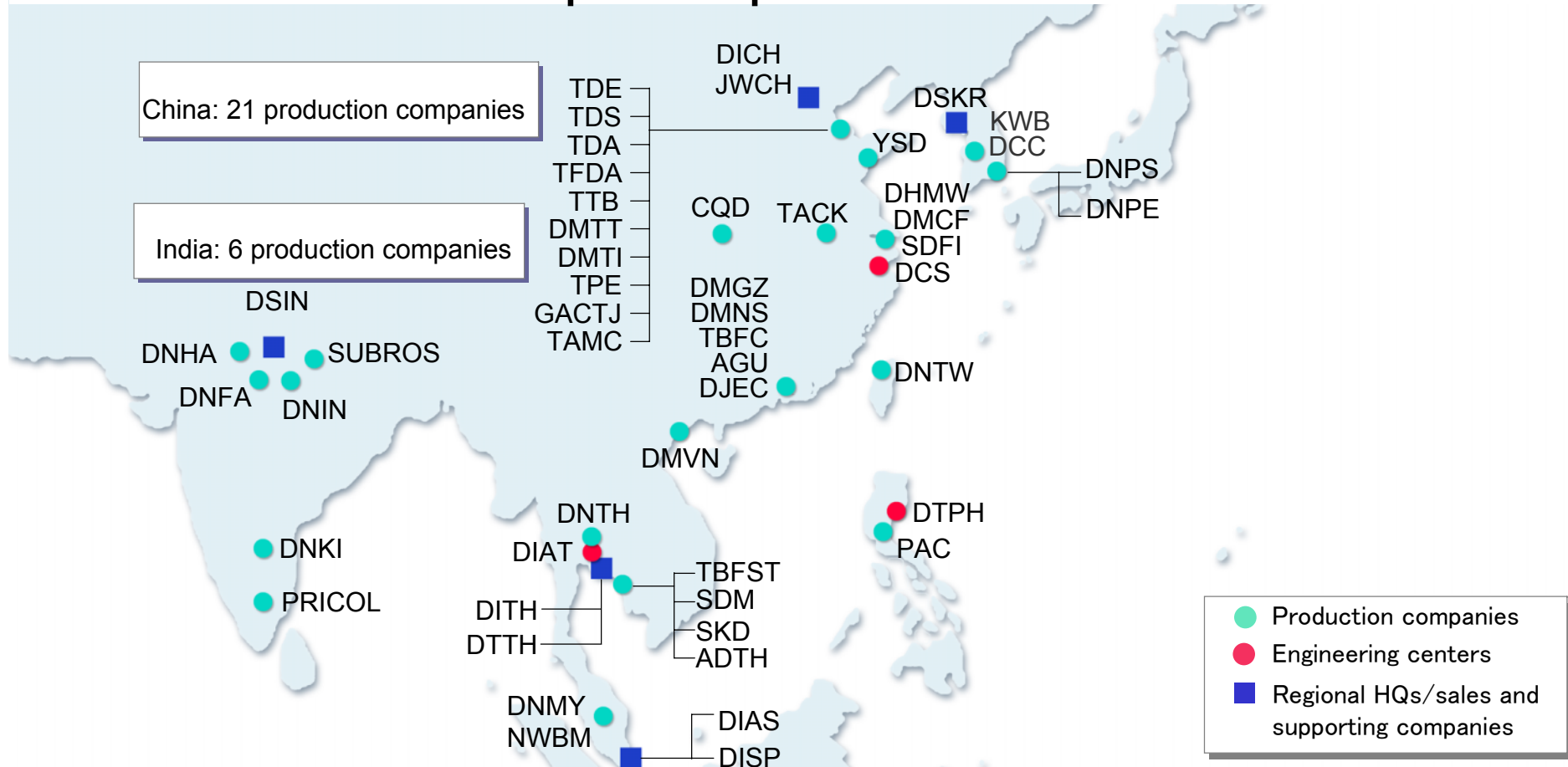


# Future in Emerging Markets



# Production Network in Emerging Markets

## DENSO Group Companies in Asia and China



Establishing production network in emerging markets to meet demand of customers

■ ● AINE

# Low-Cost Product Policy

## Optimal Design

- ✓ Adapt standard materials and parts
- ✓ Reduce CAPEX by utilizing universal equipment
- ✓ Develop products on local partner's know-how
- ✓ Utilize local technical functions

## Local Procurement

- ✓ Develop new suppliers
- ✓ Share information and procure materials with our affiliates and local partners

## Optimal Production

- ✓ Enhance production lines with local manpower
- ✓ Utilize existent and idle equipments, jig, mold, etc. effectively
- ✓ Utilize local parts-production centers

## Local Partners' Utilization

- ✓ Consign product development
- ✓ Consign new product production

# Key Development Areas

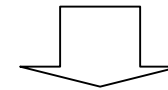
## Four Key Development Areas



### Keynote

Develop innovative components and systems in four key areas:

Environment, Safety, Comfort, Convenience




Develop next-generation technology focusing on environment and safety

# Environmental Products

	'95	'00	'05	Under Development
Diesel	95 120MPa common rail system	02 180MPa common rail system	05 Piezo injector	200MPa common rail system
Gasoline	97 Direct injection injector, pump	97 Hydraulic VCT*	06 Motor-driven VCT	
Hybrid	97 Inverter		07 Inverter using both side cooling	Energy management
Idle stop and start		01 Starter for idle stop and start system		
Power generation		99 Segment conductor alternator	02 Battery charge control ECU	
Air conditioning	95 Scroll-type compressor		03 Electric compressor	Ejector cycle
Steering		98 Electric power steering system		

\*VCT: Variable Cam Timing

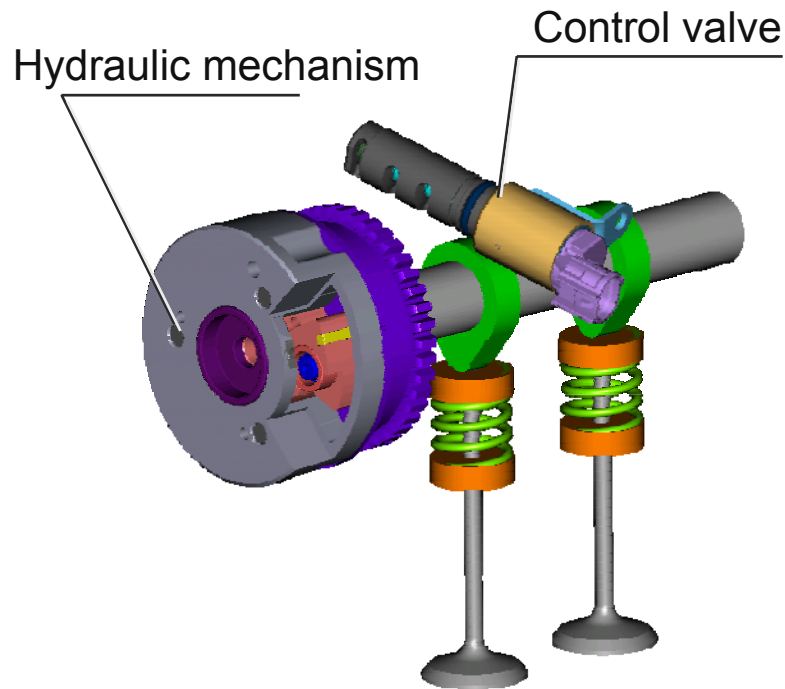
 The world's first product

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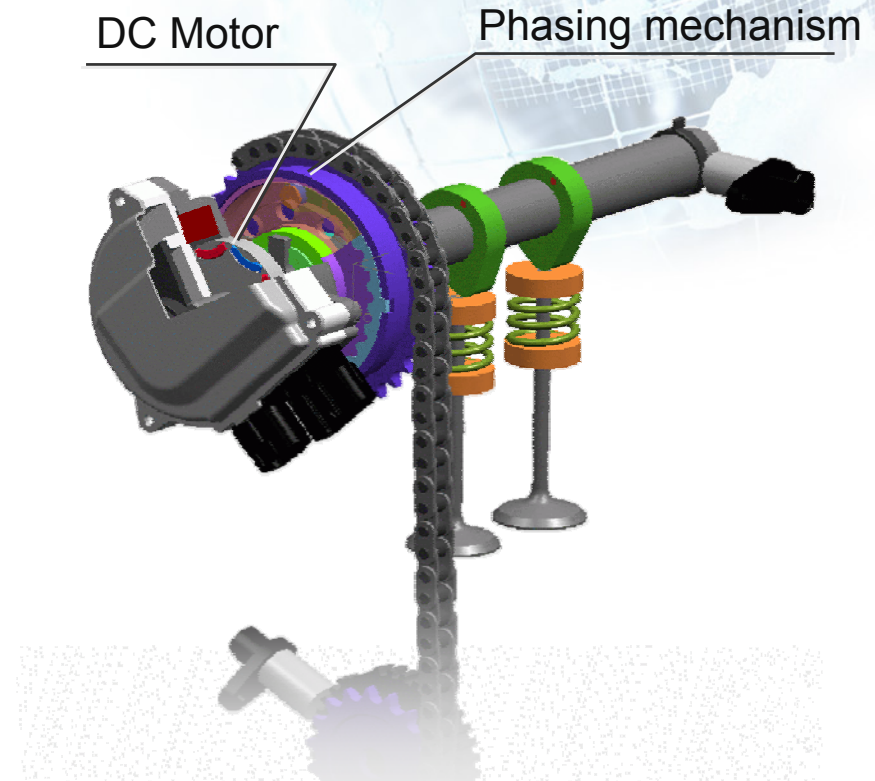
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# Motor-Driven Variable Com Timing (VCT)

## Hydraulic VCT



## Motor-Driven VCT



Improvement of  
fuel consumption, engine power, and emissions

# Safety Products

		'95	'00	'05	Under development
Passive safety	Airbag	96 Side impact sensor	02 Roll-over sensor		Pedestrian detection sensor
	Pre-crash		03 Millimeter wave radar	06 Stereo image processing ECU	
Active safety	Vehicle control	95 ESC* <sup>1</sup> <small>*1 Electronic stability control</small>			
	Visibility assistance	96 Ballast for discharge headlight		04 Ballast for mercury-free headlight 03 ECU for AFS* <sup>3</sup> <small>*3 Adaptive front lighting system</small>	Intelligent headlight control system
	Driver assistance	96 Lidar for ACC* <sup>2</sup> <small>*2 Adaptive Cruise Control</small>		04 Image processing ECU for lane-keeping assist system 06 Driver assistance system ECU	Vehicle-infrastructure cooperative system
	Display		02 HUD* <sup>4</sup> for night vision <small>*4 Head Up Display</small>		Windshield head-up display

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# Vehicle-Infrastructure Cooperative System

