



FY2015 2nd Quarter Financial Results ended September 30, 2014

October 31, 2014

DENSO CORPORATION

**1. Sales increased due to production volume increase.
Income decreased due to investment for future growth and
establishment cost overseas**

**2. Maintain the original income forecast due to
first-half financial results and business condition in Asia**

FY2015 2nd Quarter Financial Results

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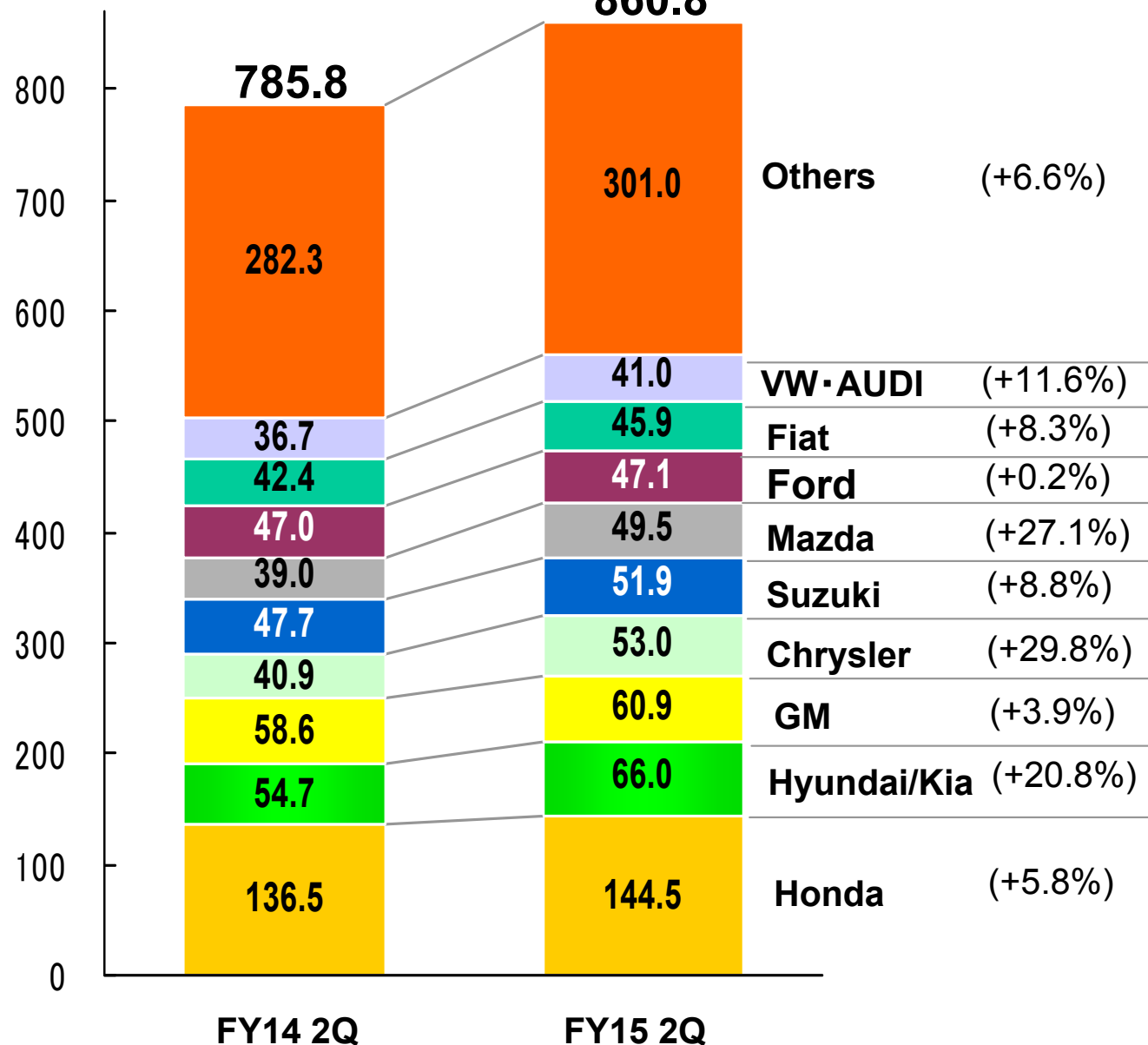
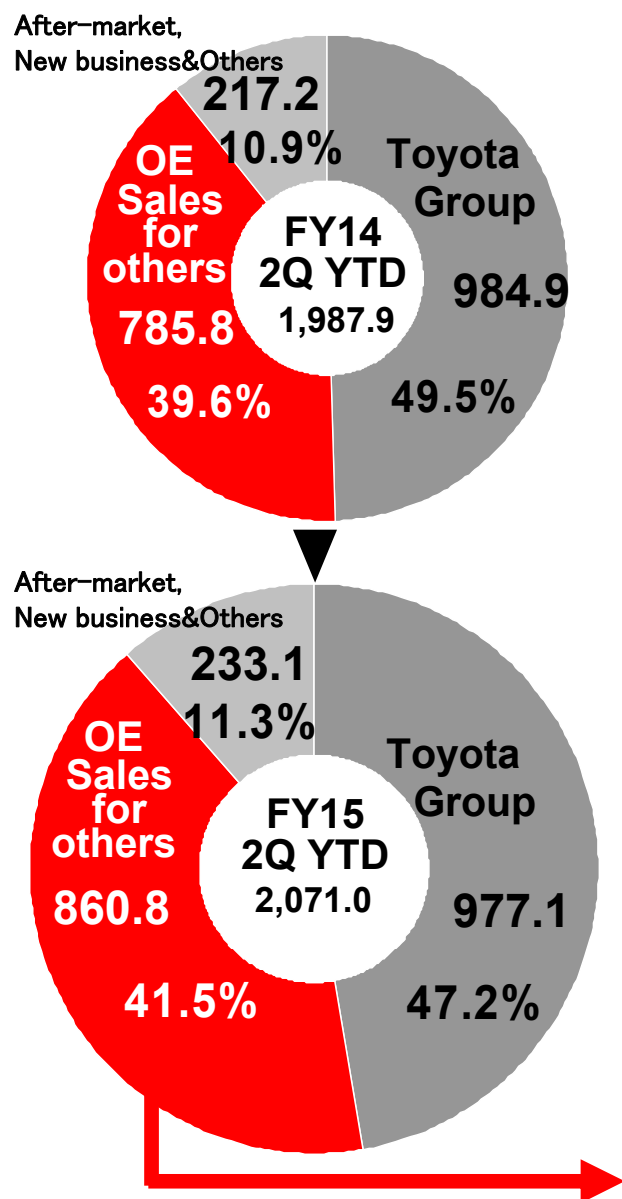
	(Ratio to Sales)			(Unit: Billions of Yen)	
	FY2015 Forecast as of July. 31	FY15 2Q YTD	FY14 2Q YTD	Change	
Sales	2,022.0	2,071.0	1,987.9	+83.1	+4.2%
Operating Income	(8.1%) 164.0	(7.8%) 161.3	(9.7%) 192.2	-30.9	-16.1%
Income before Income Taxes	(8.8%) 177.0	(8.5%) 175.2	(10.8%) 214.6	-39.4	-18.4%
Net Income	(5.7%) 116.0	(5.9%) 122.4	(7.5%) 150.1	-27.7	-18.5%

	(Unit: Millions of Units)				
Foreign Exchange Rate	JPY 100/\$ JPY135/EUR	JPY 103/\$ JPY139/EUR	JPY 99/\$ JPY130/EUR	+JPY 4 +JPY9	
Domestic Car Production	4.58	4.59	4.53	+0.06	+1.3%
Overseas Car Production of Japanese Manufacturers (North America)	9.63 (3.02)	9.13 (2.99)	8.69 (2.66)	+0.44 (+0.33)	+5.1% (+12.4%)

(Unit: Billions of Yen)

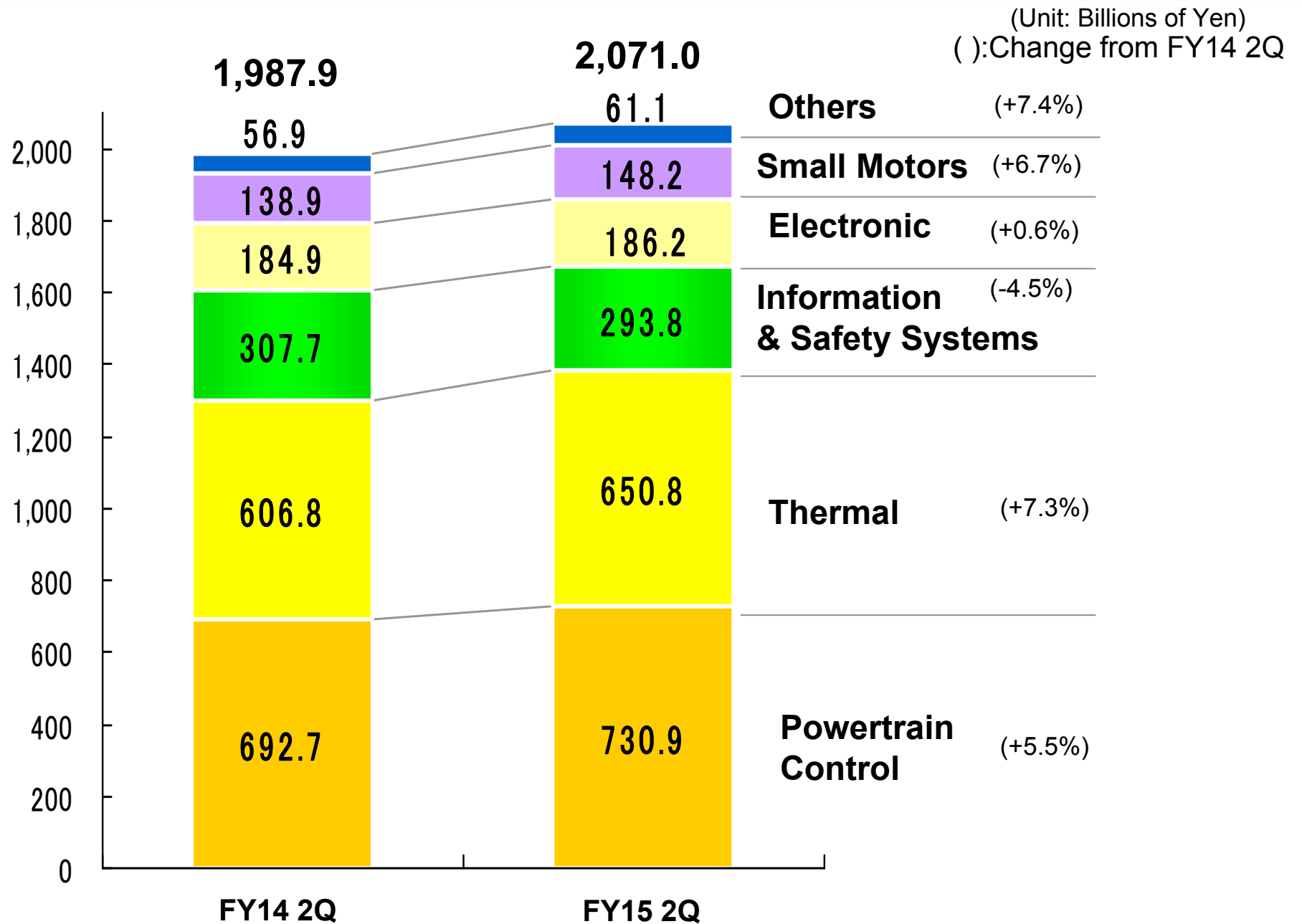
OE Sales for others

():Change from FY14 2Q



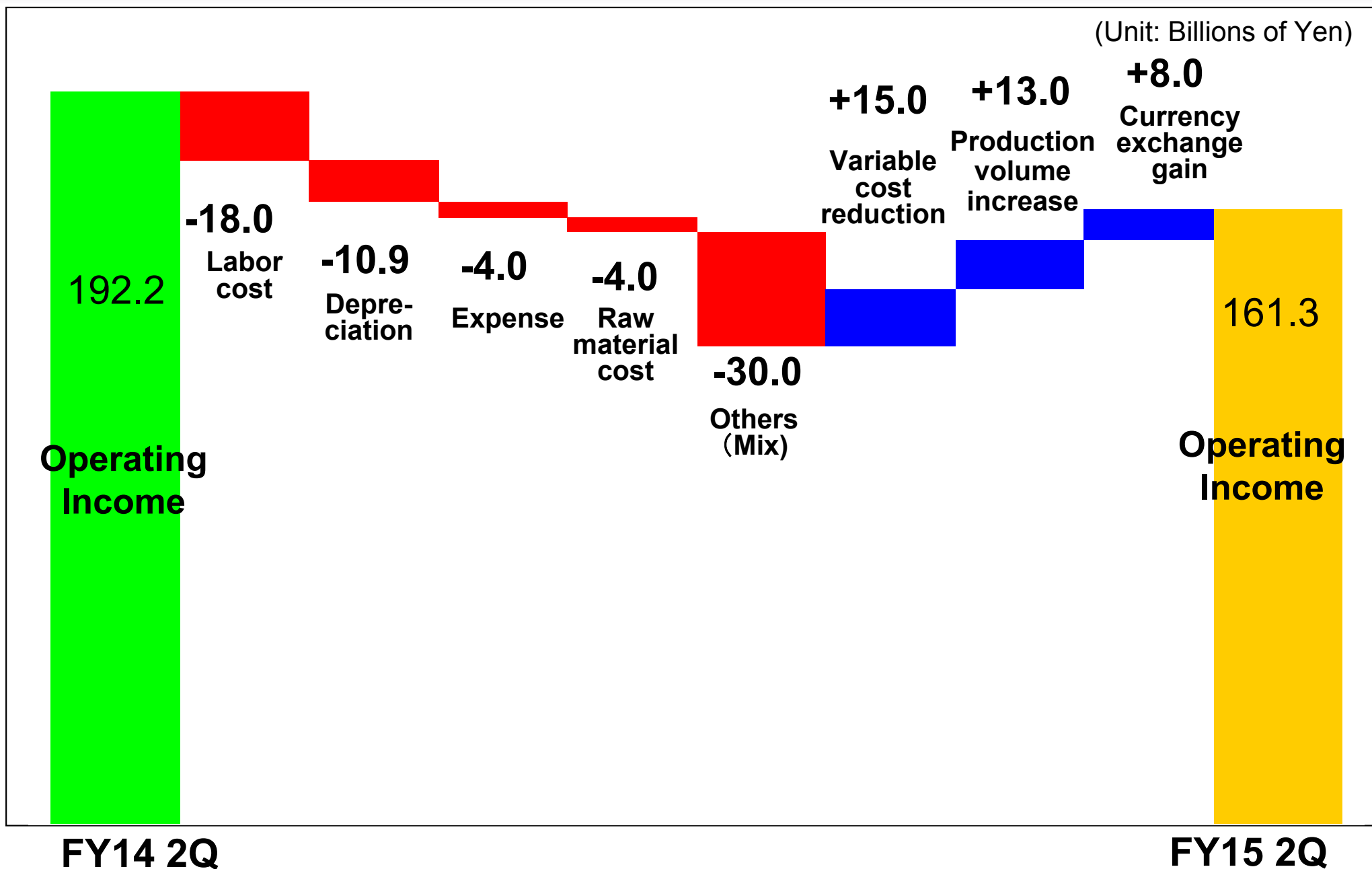
FY2015 2nd Quarter Consolidated Sales(By Business Segment)

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Change in 2nd Quarter Operating Income

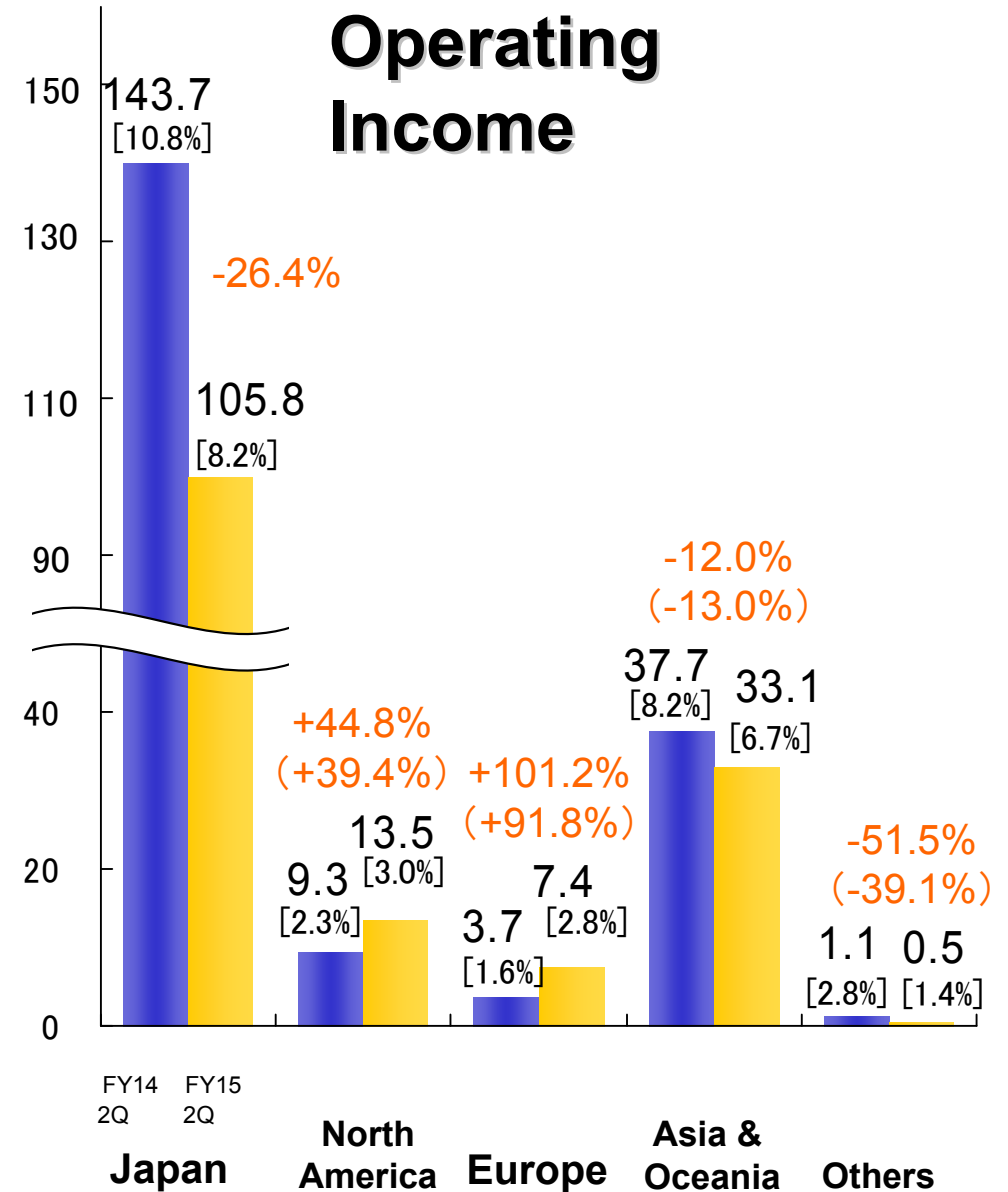
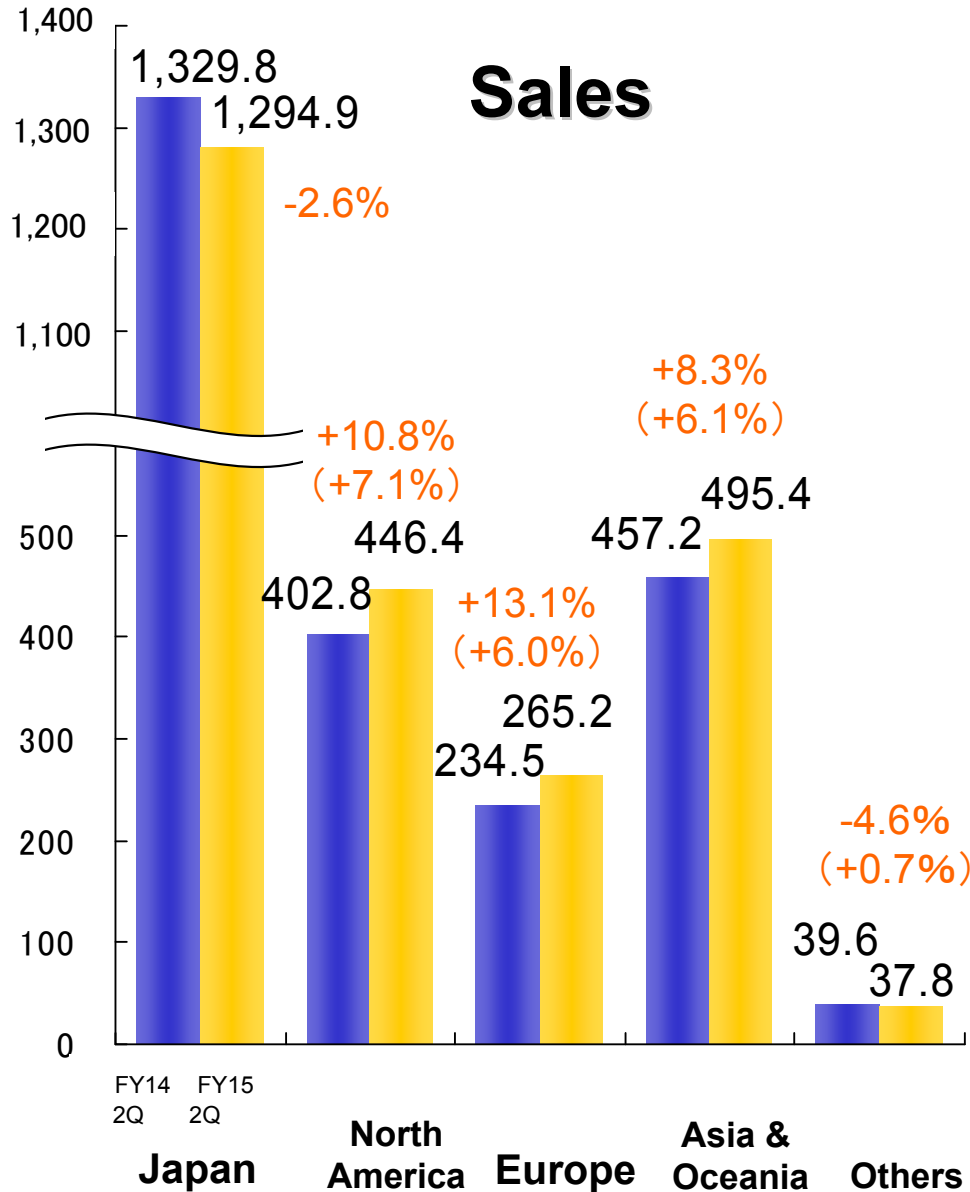
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2nd Quarter Geographical Segments by Company Location

(Unit: Billions of Yen)

(): Local Currency Base
[]: Ratio to Sales



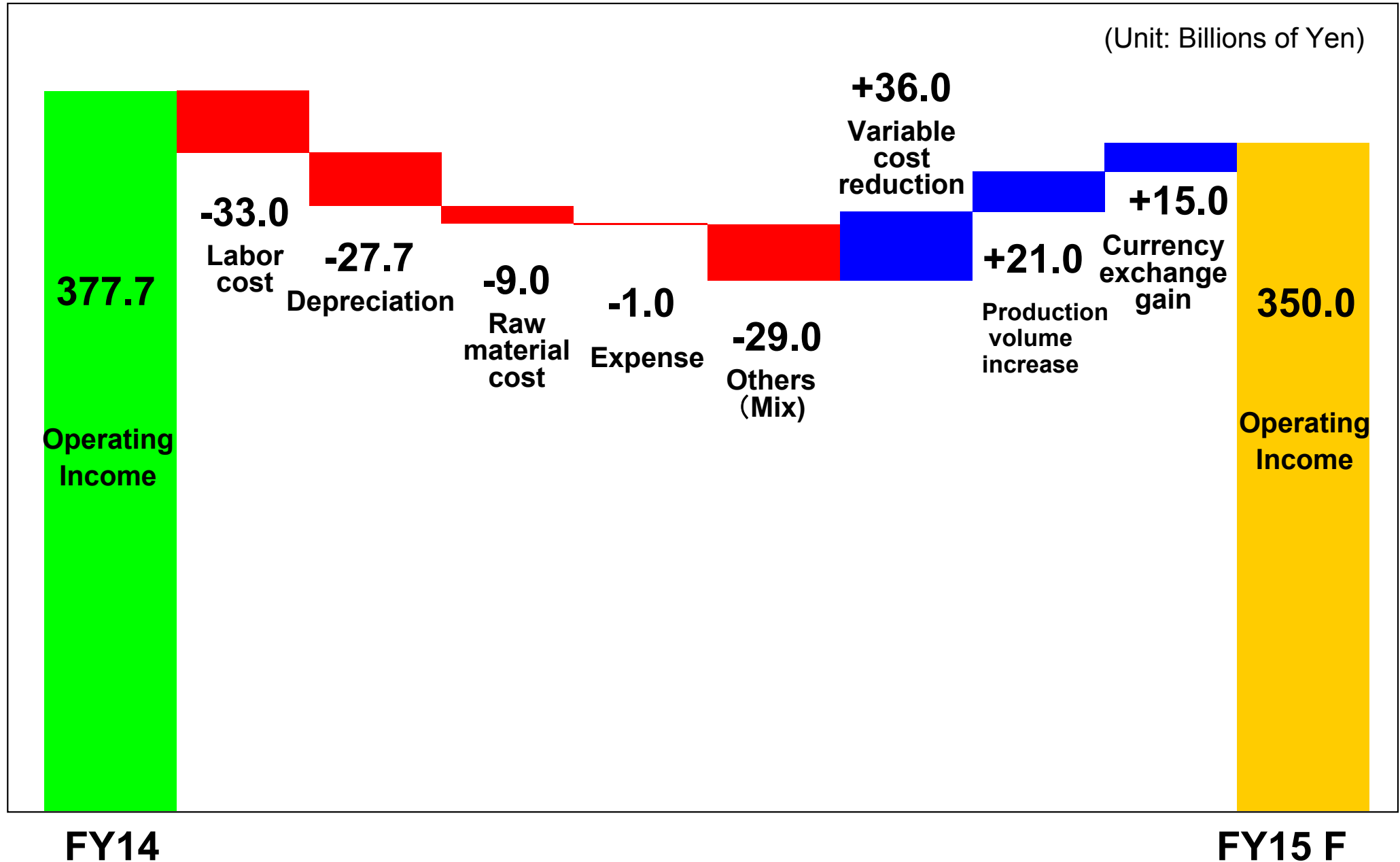
FY2015 Financial Forecast

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	(Ratio to Sales)			(Unit: Billions of Yen)	
	FY2015 Forecast as of Jul.31	FY2015 Revised	FY2014	Change	
Sales	4,140.0	4,230.0	4,095.9	+134.1	+3.3%
Operating Income	(8.5%) 350.0	(8.3%) 350.0	(9.2%) 377.7	-27.7	-7.3%
Income before Income Taxes	(9.1%) 378.0	(8.9%) 377.8	(10.2%) 418.6	-40.8	-9.8%
Net Income	(6.0%) 248.0	(5.9%) 248.0	(7.0%) 287.4	-39.4	-13.7%

	(Unit: Millions of Units)			
Foreign Exchange Rate	JPY 100/\$ JPY135/Euro	JPY 104/\$ JPY137/Euro	JPY 100/\$ JPY134/Euro	+JPY 4 +JPY 3
Domestic Car Production	9.18	9.30	9.49	-0.19 -2.0%
Overseas Car Production of Japanese Manufacturers (North America)	19.98 (6.22)	18.83 (6.12)	17.70 (5.43)	+1.13 (+0.69) +6.4% (+12.7%)

Change in FY2015 Operating Income

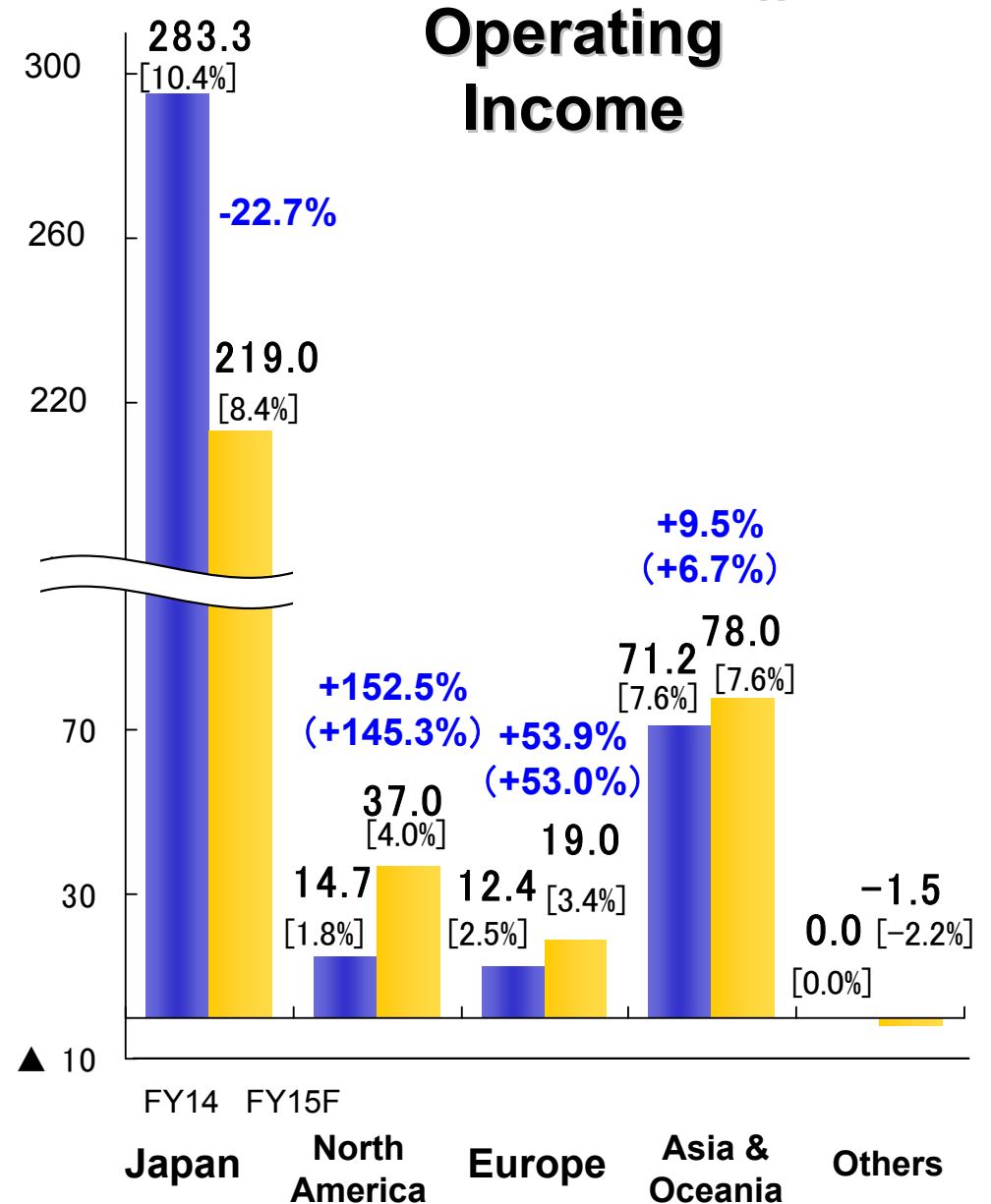
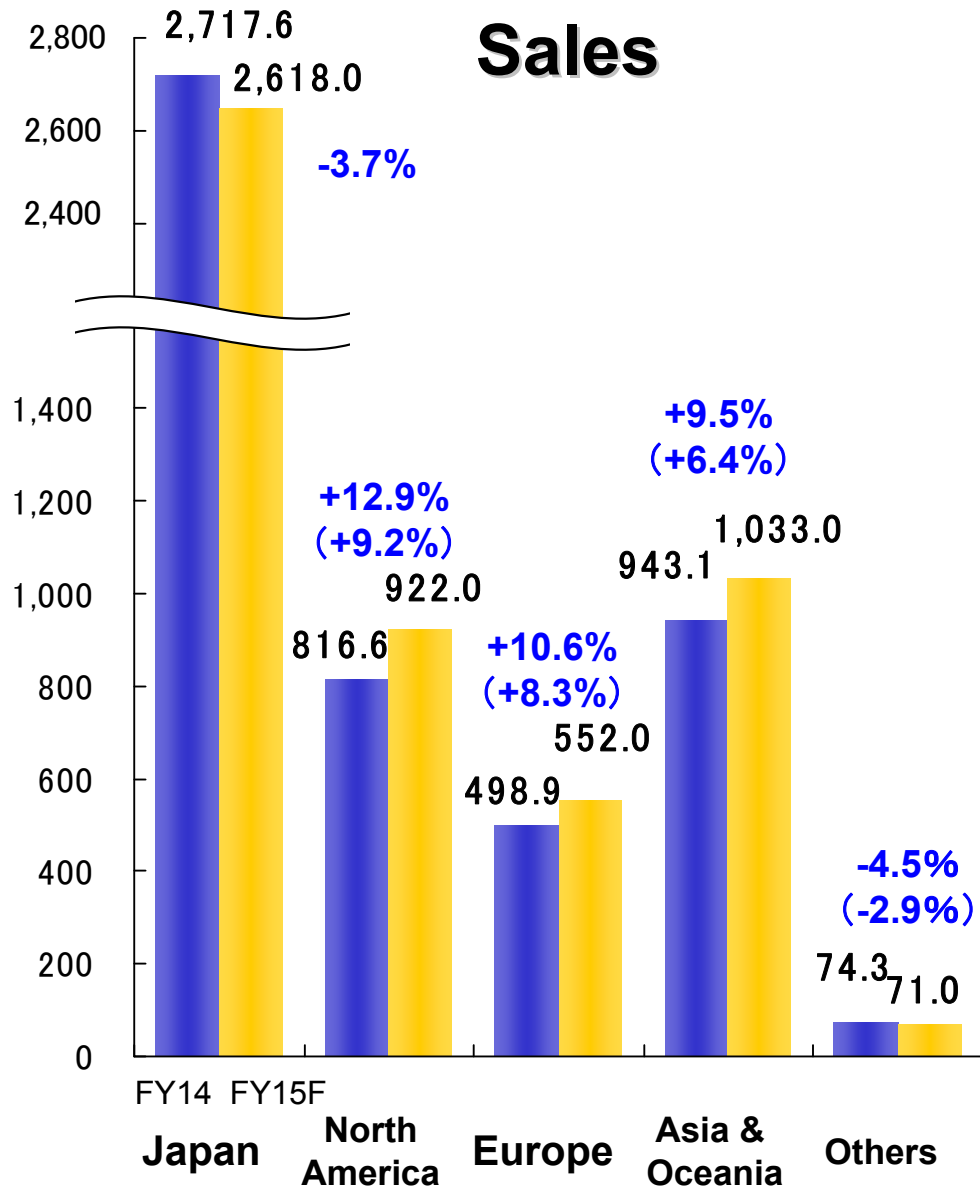


Change in FY2015 Geographical Segments by Company Location Forecast

(Unit: Billions of Yen)

(): Local Currency Base

[]: Ratio to Sales



- 1. Global Mid-term Policy**
- 2. On-going Technology Developments**
 - (1) Fuel Saving Products**
 - (2) Driving Assist and Safety Products**
- 3. DENSO's Development Network**
- 4. Strengthen Cost Competitiveness**
- 5. DENSO's Production Network**
- 6. New Business**

Position of Global Mid-term Policy

12 13 14 15 16 17 18 19 20

Philosophy

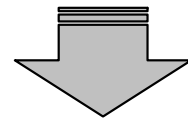
DENSO Philosophy

Long-term Policy

DENSO Group Long-term Policy 2020

“Protecting lives, Preserving the planet, and
Preparing a bright future for generations to come.”

Mid-term Policy



**2015 Global
Mid-term Policy**

(FY2013~FY2016)

- Advanced technology development
- Innovation in “Monozukuri”
- Develop aftermarket and new business

**2018 Global
Mid-term Policy**

(FY2016~FY2019)

Establishing “2018 Global Mid-term Policy” in FY2015

Technology Innovations for Fuel Efficiency/CO2 Reduction

Smaller

Fuel-efficient Compact Car
Smaller and Lighter Components

Electrification

Hybrid
Electric Vehicle

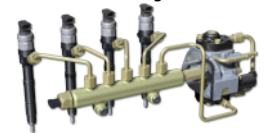
System Approach

Fuel Saving through
System Collaboration

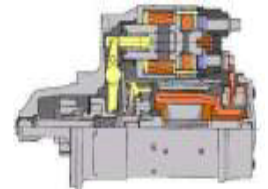
- Higher Output Internal Combustion Engine
 - Gasoline Direct injection
 - Common Rail System
- Stop -Start System
 - Improve Starter's Starting Efficiency and Durability
 - Fuel Saving System
- Smaller and Lighter Hybrid Components
 - Improvement of Inverter
 - Motor Generator
- Energy Management Systems
 - Heat Energy and Electric Management



High Pressure Fuel Pump for Gasoline Direct Injection



Common Rail System



Tandem Solenoid Starter



Inverter



Motor Generator

Higher Output Internal Combustion Engine Gasoline / Diesel

SKYACTIV-G

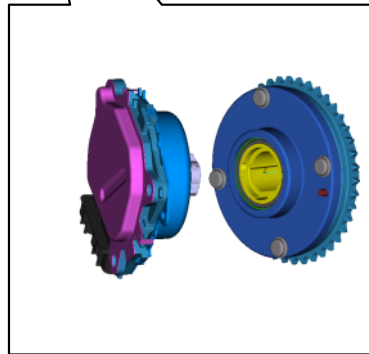
New Direct Injection Engine



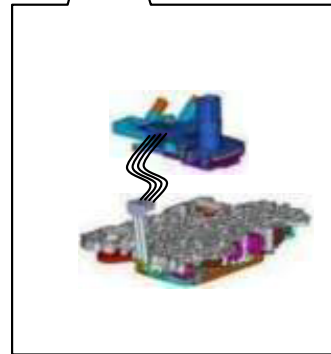
Gasoline Direct Injection

SKYACTIV-Drive

New Transmission



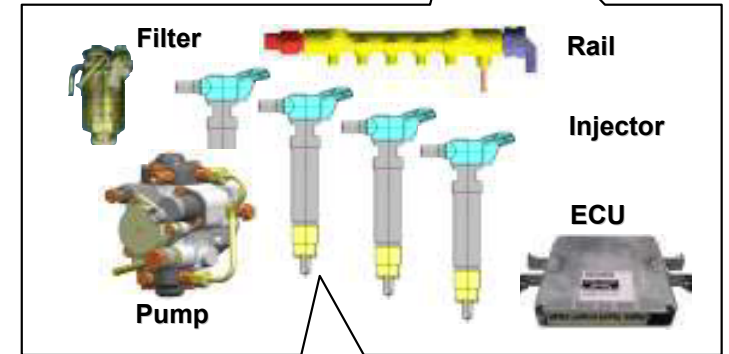
Electric VCT



AT Module

SKYACTIV-D

New Diesel Engine



Common Rail System 200 Mpa

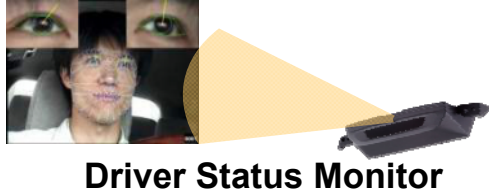
Supply new injectors on the Mazda·SKYACTIV
Contribute to fuel consumption improvement

New Injectors for compact car are installed on MAZDA2 (DEMIO) new model

Controlled Diffusive Spray Nozzle



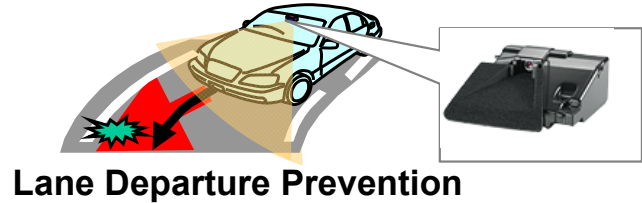
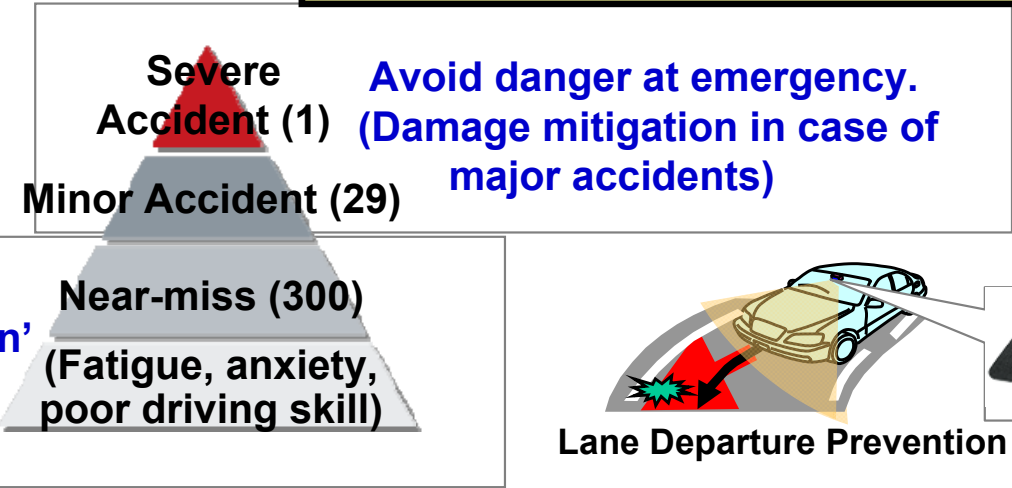
Security and Safety System



Extraordinary Safety

Everyday Confidence

Assist the driver in 'Recognition', 'Judgment' and 'Operation' in every driving scene (Provide the driver with 'Confidence')



Cockpit Information System

- Driver intention
- Vehicle ambient environment (far)
- Arbitration
- Connect to Cloud






Active Safety System

- Vehicle ambient environment (near)
- Arbitration

Provide DENSO's 'Everyday Confidence' and 'Extraordinary Safety' achieved by merging safety and HMI technologies


Contribute to Reduce Traffic Accidents

Fixed
 Planed


		~2014	2015	2016	2017	2018	2019~
Safety Standard Of Major Markets (NCAP)		<div style="background-color: #00b050; color: white; padding: 2px;">AEB (Vehicle/Collision)</div> <div style="background-color: #00b050; color: white; padding: 2px;">LDW</div>			<div style="background-color: #ffff00; color: black; padding: 2px;">AEB (Pedestrians/Day)</div>		<div style="background-color: #ffff00; color: black; padding: 2px;">AEB (Pedestrians/Night)</div> <div style="background-color: #ffff00; color: black; padding: 2px;">AEB (Bike/Crossing Collision)</div> <div style="background-color: #ffff00; color: black; padding: 2px;">AEB (Vehicle/Crossing collision, Turn Right)</div>
		<div style="background-color: #00b050; color: white; padding: 2px;">AEB (Vehicle/Collision)</div> <div style="background-color: #00b050; color: white; padding: 2px;">LDW</div>		<div style="background-color: #ffff00; color: black; padding: 2px;">AEB (Pedestrians/Day)</div> <div style="background-color: #ffff00; color: black; padding: 2px;">LKA</div>			
		<div style="background-color: #00b050; color: white; padding: 2px;">FCW/LDW</div>		<div style="background-color: #ffff00; color: black; padding: 2px;">AEB (Pedestrians/Day)</div> <div style="background-color: #ffff00; color: black; padding: 2px;">AEB (Vehicle/Collision)</div> <div style="background-color: #ffff00; color: black; padding: 2px;">LDP</div>			<div style="background-color: #ffff00; color: black; padding: 2px;">AEB (Pedestrians/Night)</div>


DENSO Approach

Millimeter-wave Radar




Vision Sensor







FCW/AEB (Vehicle/Collision)




LDW/LDP




ACC




Auto High Beam




AEB (Pedestrians/Day)




LKA



AEB (Pedestrians/Night)




AEB (Bike/Crossing Collision)




AEB (Vehicle/Crossing Collision)


Advanced Driving Support Technology




LDP



Lane Change



Emergency Shelter



Crossing Collision Prevention

Advanced Driving Support Technology

ACC: Adaptive Cruise Control
 AEB: Autonomous Emergency Braking
 FCW: Forward Collision Warning
 LDP: Lane Departure prevention
 LDW: Lane Departure Warning
 LKA: Lane Keeping Assist
 NCAP: New Car Assessment Program



- Developed Active Safety System prior to NCAP installation
- Start producing Advanced Driving Support Technology around 2018

Advanced Driving Support Technology (Demo)

① Public Road Testing in Aichi Pref.

Using sensors (Camera and Millimeter-wave Radar)

■ Automated Driving Scenarios in a single lane



■ Automatic Lane Change



※DENSO is conducting these field tests as part of the project team led by the Aichi Pref. Government from June 2014.

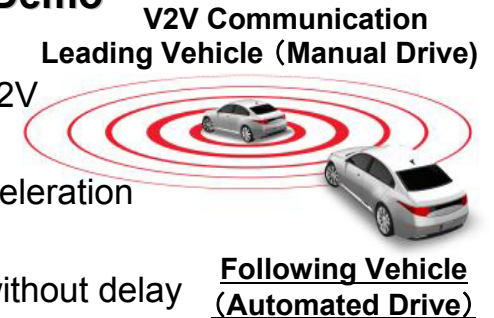
② Demo at 21st ITS World Congress (Detroit)

Using V2V communication with leading vehicle information

■ Advanced Driving Support Demo

With the position, status signals and dynamics data communicated over V2V from the leading vehicle

- Provide automated steering and acceleration control
- Stop safely during sudden braking without delay



■ Advanced HMI Management Demo

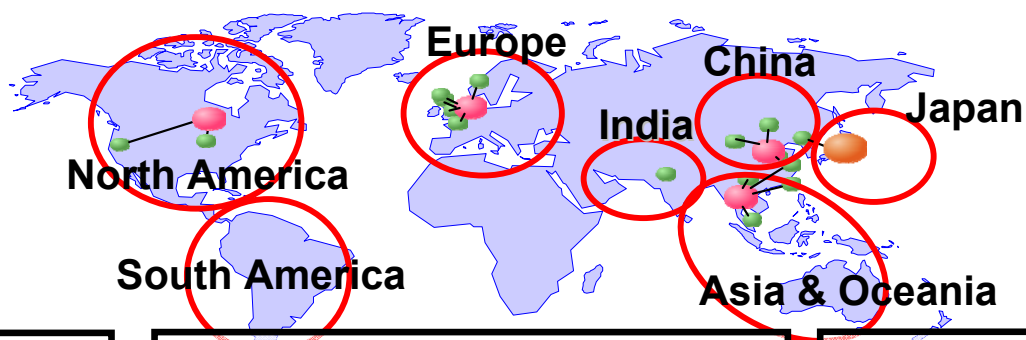
HMI Cockpit System inform drivers surrounding information from V2V and V2X in a safe and effective manner by HUD and sound alert

V2V : Vehicle to Vehicle

3. DENSO's Development Network

Core Technical Centers (T/C) and Satellites

Core T/C	Japan	NA Michigan	Europe Germany (Aachen)	Asia & Oceania Thailand (Bangkok)	China Shanghai	India Deli	SA Santa Barbara
Satellite	Domestic Group companies Korea	Tennessee, California	UK, Italy, Sweden, Czech	Vietnam, Philippines, Australia	North and South China, Xian, Taiwan	-	-



Silicon Valley

[Expand]

- Cyber security
- Big data
- Autonomous driving
- New business (Health care, Security)

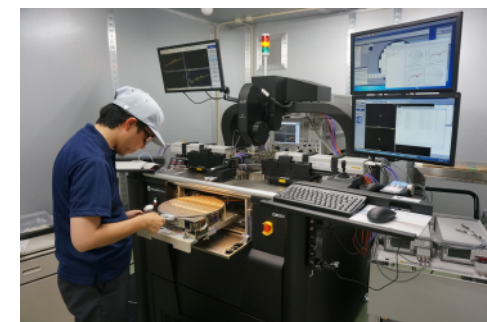
China (Shanghai)

[Transfer/ Expand]



Tokyo (Design Development Center)

- Develop automotive semi conductor



• Increasing its capacity to design optimal products in its seven operating regions worldwide
 • Strengthening the role of R&D facilities in North America and Europe

4. Strengthen Cost Competitiveness

“Dantotsu” Plant is established by 1/N production equipment

【Conventional】 → **【“Dantotsu” Plant】**

30m
(Three-story plant)

Storage tank

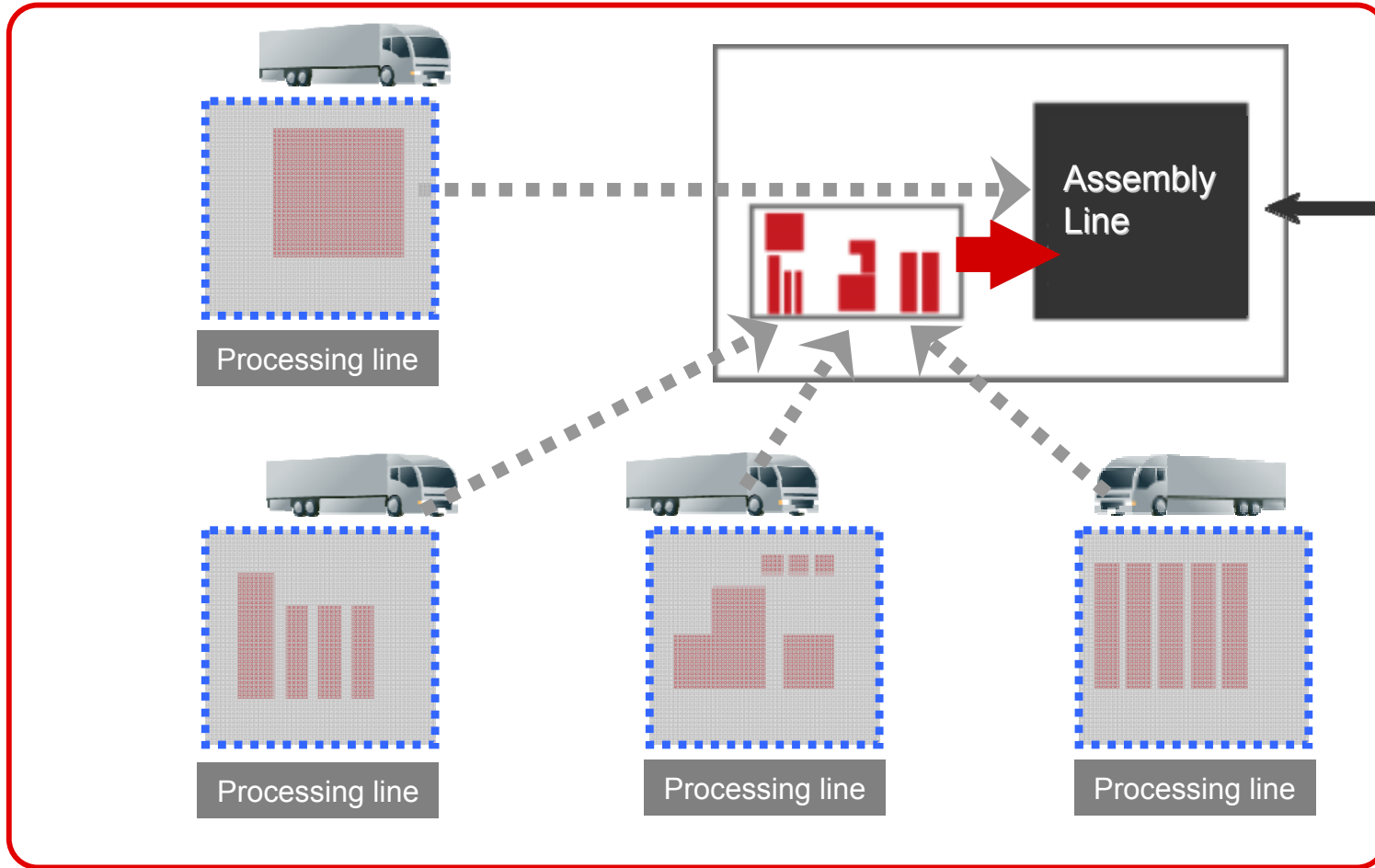
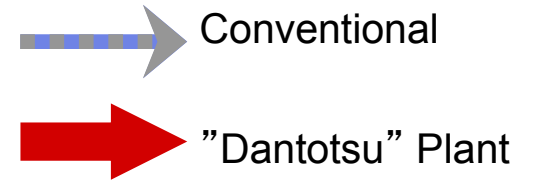
Storage tank

5m
(One-story plant)

Height	1 / 6
Productivity	20% UP
Lead Time	1 / 2

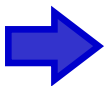
4. Strengthen Cost Competitiveness

Synchronization of Processing /Assembly line



- Optimization of distributing and stock
- Energy saving
- Smaller floor area
- Decrease lead time

Install compact 1/N equipment



Synchronization of Processing /Assembly line

Cut down production cost by "Dantotsu" 1/N production

5. DENSO's Production Network

India

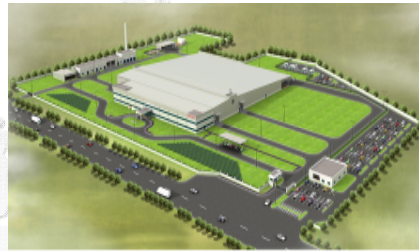
< HARYANA · Jhajjar Plant >

Investment : 2.7 billion rupees
(approx. US\$52.2 million)

Operation Start : FY13

Total floor area : 12,000m²

Business description : Manufacturing small motors ,engine cooling modules



Mexico < Silao Plant > Expand

Investment : approx. US\$108.4 million

Operation Start : November 2013(HVAC),
October 2014(Alternator)

Employees : 850 people by 2015

Total floor area : 56,200m²



Global Network
222 companies
(38 Countries and Area)

Indonesia <3rd Plant >

Investment: approx. 1,040 billion rupiah
(approx. US\$110 million)

Operation Start : March 2014 (Plug, SIFS)

Employees : approx. 1,300 (planned for March 2016)

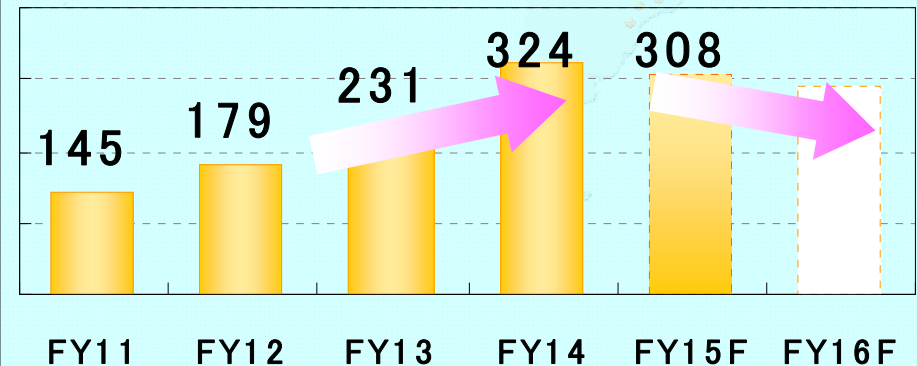
Total floor area : 24,000 m²

Business description: Manufacturing ECUs, VCT systems, starters, and alternators



Capital Expenditures

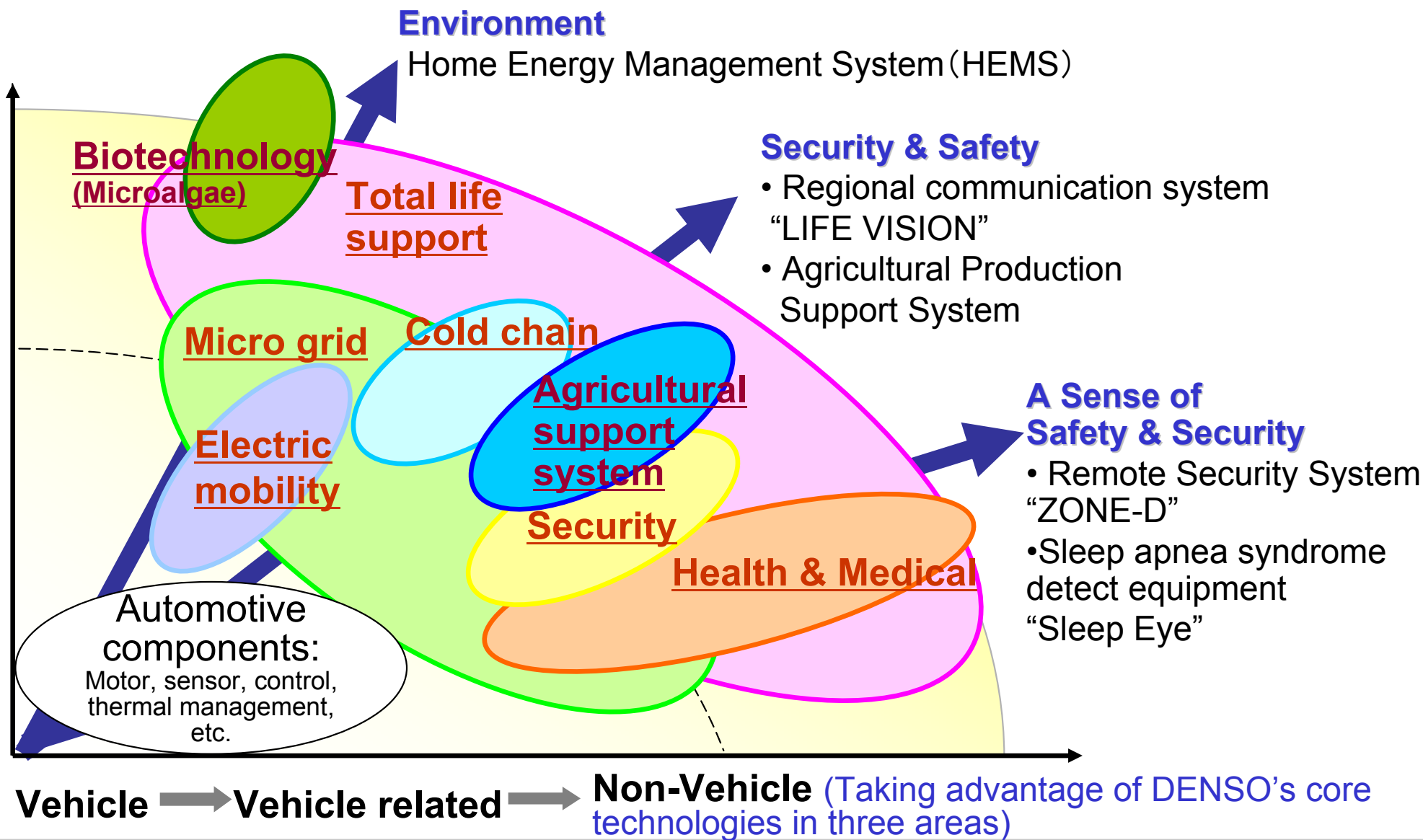
Unit: billions of yen



Expanded global production system and reached enough capacity
Capital expenditures will be decreasing

6. New Business

By using the technologies it has developed for automotive components, DENSO will become more familiar to people in their daily lives, and help to create a society where people can use desired services whenever needed.



QR Code® Evolve and Expand business



QR Code® ('94)



First adopted by the auto industry for Kanban.

- High Capacity
- Everyone can use QR Code freely
- High designability

High Designability

LogoQ®, LogoQ Motion®, LogoPass® '10)



Frame QR® ('14)



With Free "canvas area", you can change the center location, size, and angle

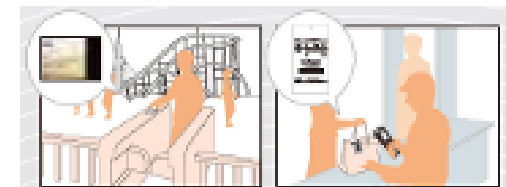
High Security Level

SQRC® ('07)



- Composite of public and private data
- Prevention of duplication

Anti-copying QR Code('11)



Judge genuine tickets/high-brand goods etc.

QR Code Development Team Becomes First Japanese Winner of European Inventor Award

DENSO WAVE Incorporated, a DENSO subsidiary, and TOYOTA CENTRAL R&D LABS., INC. announced that the QR Code development team was awarded the Popular Prize, which was selected by popularity vote at the ceremony for the European Inventor Award.

Expand Online to Offline business and contribute to social convenience and safety by expanding business connecting cyber space and physical



**Protecting Lives,
Preserving the planet, and
Preparing a bright future
for generations to come**

Preserve the Planet

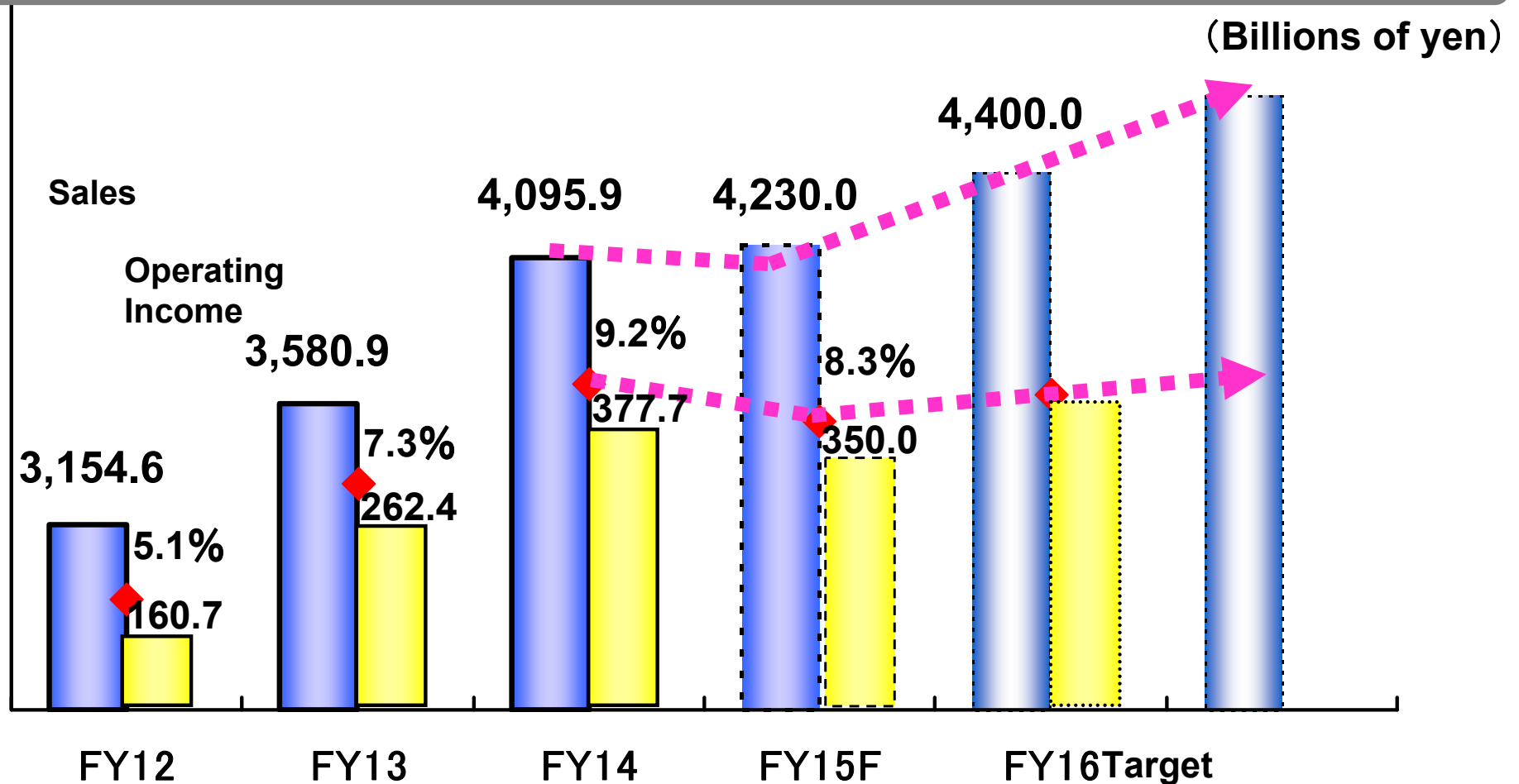
Security & Safety

Our mission in next 10 years

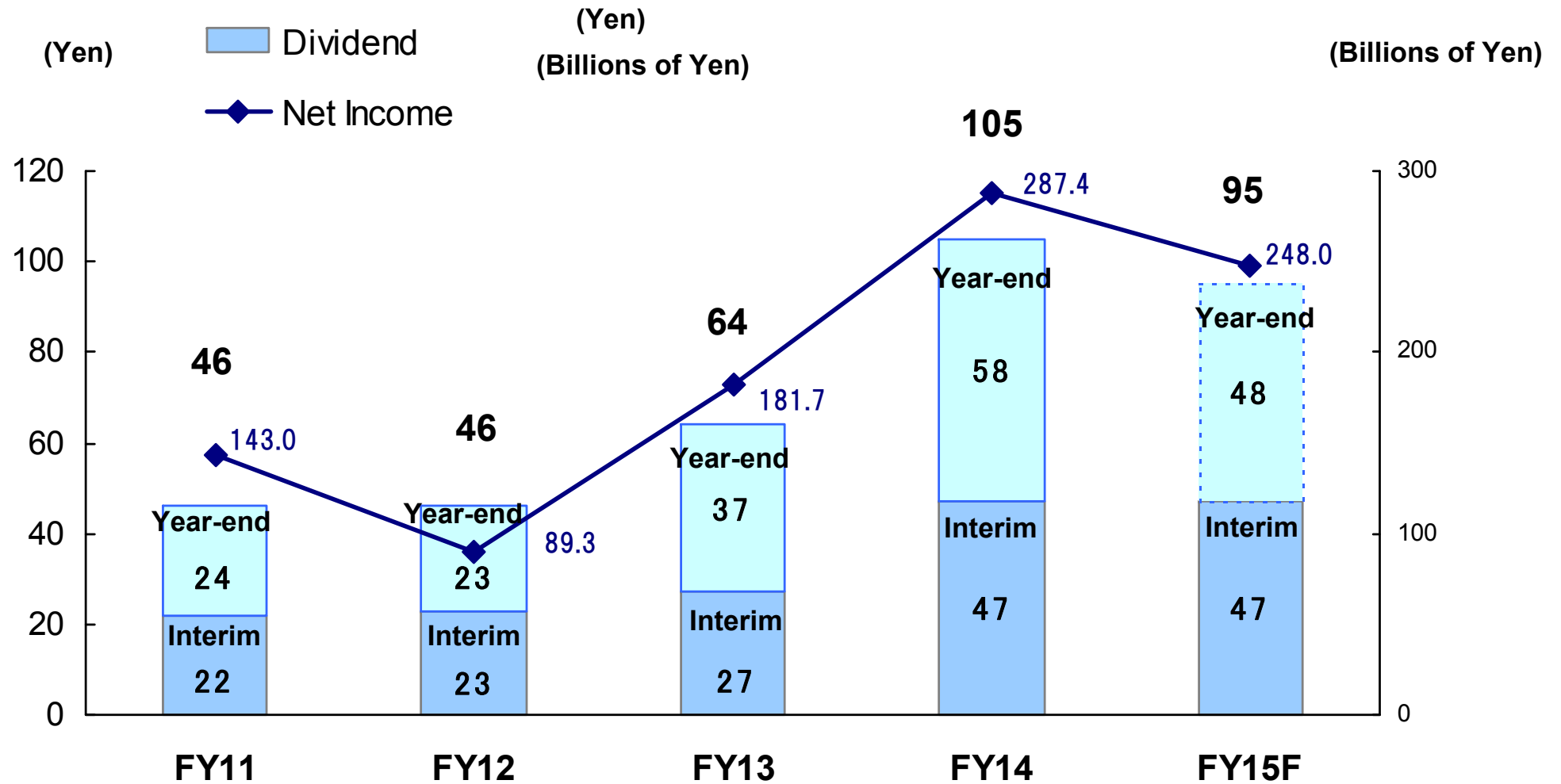
DENSO

- Sales and Income Target
- Return to Shareholders
- 2nd Quarter(3months) Geographical Segments
by Company Location
- Non-Consolidated Financial Results
- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Sales by Customer
- Consolidated Sales by Business Segment
- Capital Expenditures, Depreciation and R&D

Trend of Sales, Operating Income, Operating Income Ratio



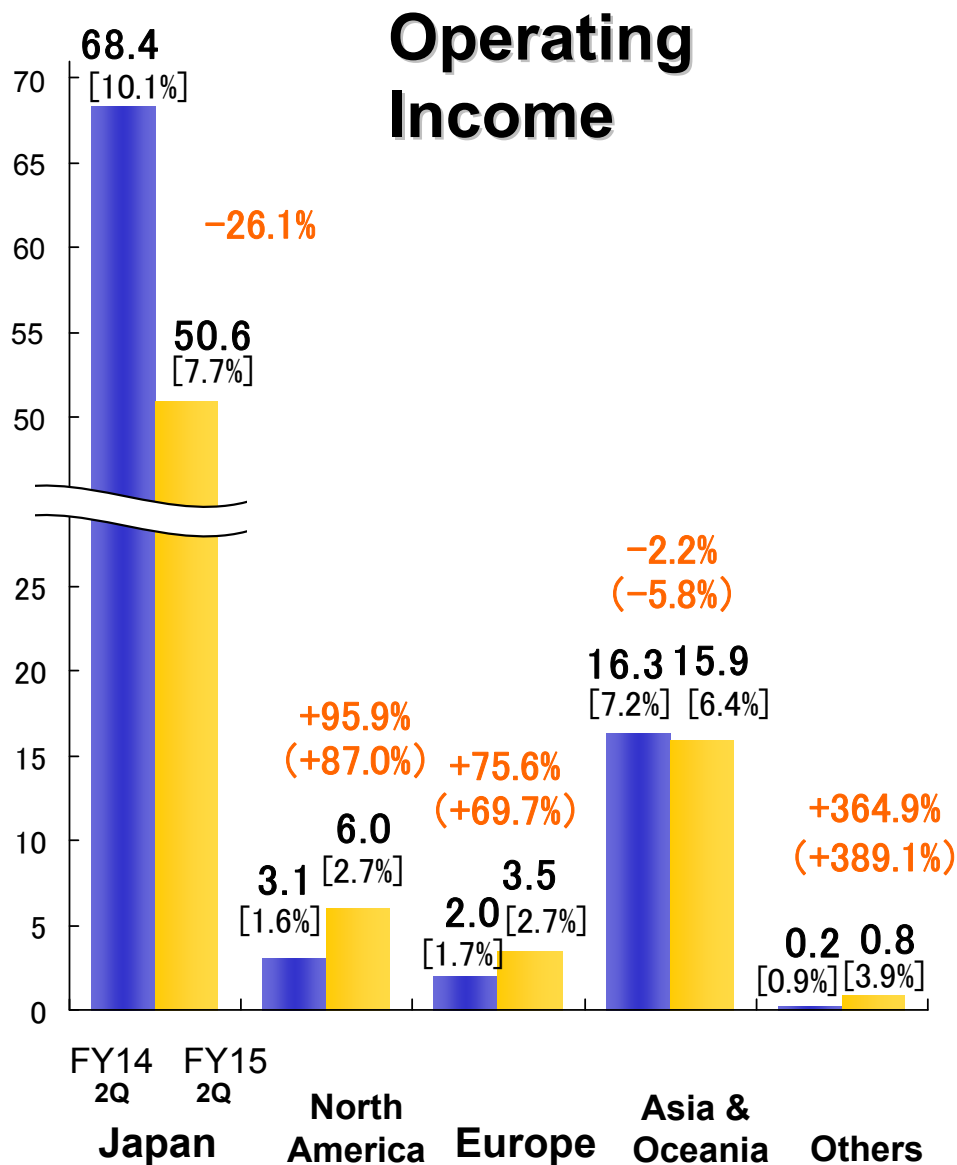
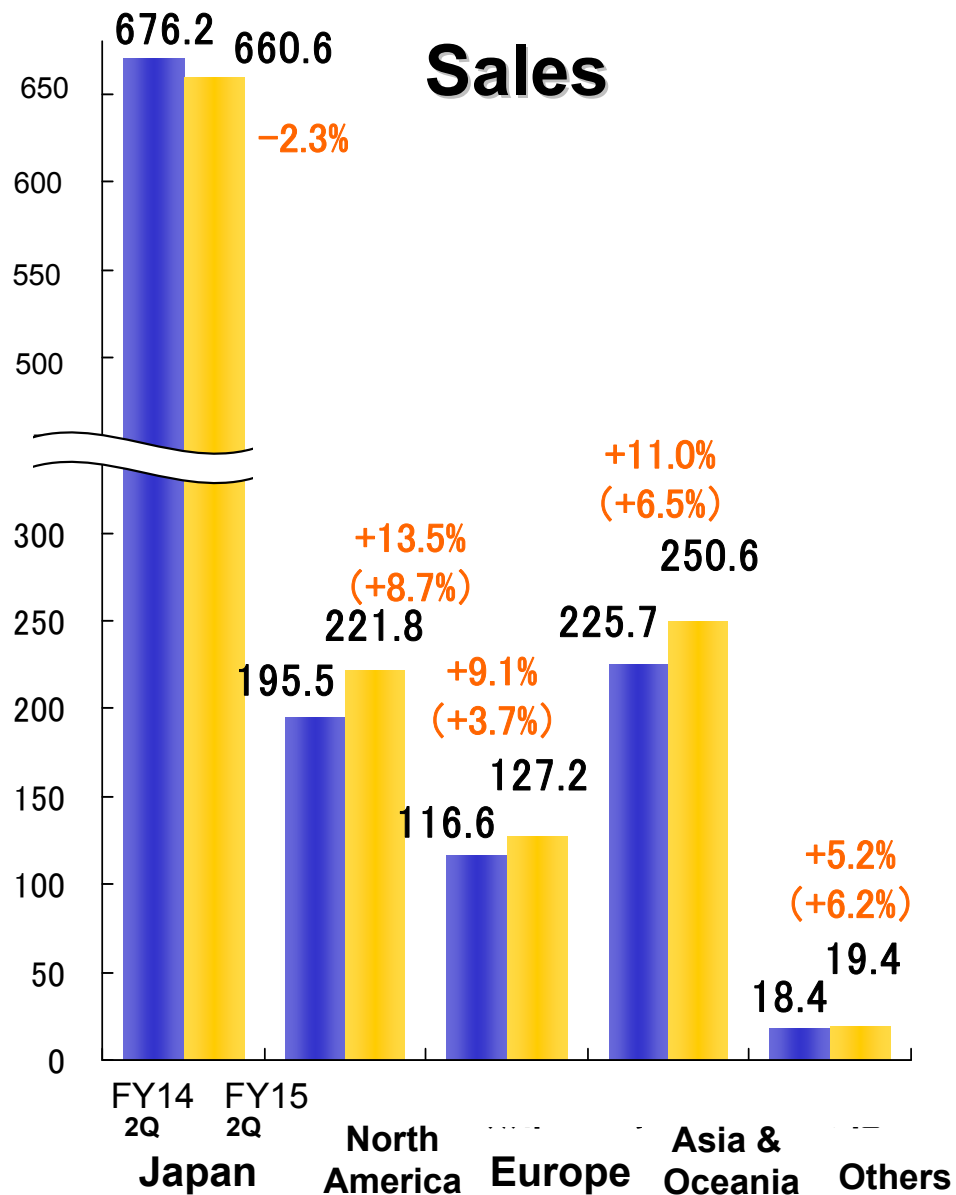
FY15: Production volume will decrease in Japan and investment cost for future competitiveness will increase
 FY16~: Accelerating growth



(Unit: Billions of Yen)

(): Local Currency Base

[]: Ratio to Sales



Income Statements

(Ratio to Sales)

(Unit: Billions of Yen, %)

Account	FY2015 2Q YTD		FY2014 2Q YTD		Change		FY2015 Forecast		Change from FY14	
					Amount	Percent	Forecast as of Jul. 31	Forecast as of Oct. 31	Amount	Percent
Net Sales	(100.0)	1,184.5	(100.0)	1,221.2	-36.7	-3.0	(100.0) 2,323.0	(100.0) 2,395.0	-95.8	-3.8
Cost of Sales	(86.7)	1,026.6	(84.6)	1,033.0	-6.4					
SGA Expenses	(6.7)	78.8	(6.1)	74.1	4.7					
Operating Income	(6.7)	79.0	(9.3)	114.1	-35.1	-30.7	(6.4) 149.0	(6.9) 165.0	-58.3	-26.1
Non-Operating Income		53.1		52.2	0.9			64.0 73.0	-3.0	
Extraordinary Income (Loss)		-9.4		0.0	-9.4			0.0 -9.4	-6.2	
Income Before Income Taxes	(10.4)	122.7	(13.6)	166.3	-43.6	-26.2	(9.2) 213.0	(9.5) 228.6	-67.5	-22.8
Net Income	(8.6)	101.9	(10.7)	130.8	-28.9	-22.1	(6.8) 157.0	(7.1) 169.0	-50.7	-23.1

Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2015 Full Year														
		FY2015 First-Half					FY2015 Second-Half									
		Prior Year	Forecast (Original)	Forecast as of Jul.31	Actual	Change	Prior Year	Forecast (Original)	Forecast as of Jul.31	Revised Forecast	Change	Prior Year	Forecast (Original)	Forecast as of Jul.31	Revised Forecast	Change
Foreign Exchange Rate (Yen)	USD	99	100	100	103	+4	102	100	100	105	+ 3	100	100	100	104	+ 4
	EUR	130	135	135	139	+9	139	135	135	135	- 4	134	135	135	137	+ 3
Forex Impact on Operating Income per Yen (Billions of Yen)	USD											28	25	25	25	- 3
	EUR											8	7	7	7	- 1
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.53	4.58	4.58	4.59	1%	4.96	4.60	4.60	4.72	- 5%	9.49	9.18	9.18	9.3	-2%
	North America	2.66	3.02	3.02	2.99	13%	2.77	3.20	3.2	3.13	+ 13%	5.43	6.22	6.22	6.12	13%
	Overseas	8.69	9.63	9.63	9.13	5%	9.00	10.35	10.35	9.70	+ 8%	17.7	19.98	19.98	18.83	6%

Consolidated Sales by Customer

(Unit: Billion of Yen)

	FY2015 Ended Sep. 30, 2014		FY2014 Ended Sep. 30, 2013		Change	
	Amount	% to Total	Amount	% to Total	Amount	Percent
Toyota	898.5	43.4	902.5	45.4	-4.0	-0.4
Daihatsu	51.5	2.5	56.3	2.8	-4.8	-8.5
Hino	27.1	1.3	26.0	1.3	1.1	4.2
Toyota Group	977.1	47.2	984.9	49.5	-7.7	-0.8
Honda	144.5	7.0	136.5	6.9	8.0	5.8
Hyundai/Kia	66.0	3.2	54.7	2.7	11.4	20.8
GM	60.9	2.9	58.6	3.0	2.3	3.9
Chrysler	53.0	2.5	40.9	2.1	12.2	29.8
Suzuki	51.9	2.5	47.7	2.4	4.2	8.8
Mazda	49.5	2.4	39.0	2.0	10.5	27.1
Ford	47.1	2.3	47.0	2.4	0.1	0.2
Fiat	45.9	2.2	42.4	2.1	3.5	8.3
VW/AUDI	41.0	2.0	36.7	1.8	4.3	11.6
Fuji	34.4	1.6	34.9	1.8	-0.6	-1.6
Isuzu	24.8	1.2	28.5	1.4	-3.7	-13.0
Nissan	24.8	1.2	24.3	1.2	0.6	2.3
Mitsubishi	24.1	1.2	23.0	1.2	1.1	4.6
BMW	20.2	1.0	16.3	0.8	3.9	24.2
Benz	17.2	0.8	16.5	0.8	0.6	3.9
PSA	10.1	0.5	10.5	0.5	-0.4	-3.4
Jaguar/Land Rover	9.5	0.5	8.0	0.4	1.6	19.8
OE Sales for others	135.9	6.5	120.5	6.1	15.4	12.8
OEM Total	1,837.9	88.7	1,770.7	89.1	67.2	3.8
After-market, New business & Others(*)	233.1	11.3	217.2	10.9	15.9	7.3
Total	2,071.0	100.0	1,987.9	100.0	83.1	4.2

* Sales of industrial systems and consumer products, Sales for After Market, and Sales of property/equipment are included.

Consolidated Sales by Business Segment

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(Unit: Billion of Yen)

	FY2015 Ended Sep. 30, 2014		FY2014 Ended Sep. 30, 2013		Change	
	Amount	% to Total	Amount	% to Total	Amount	Percent
Powertrain Control	730.9	35.3	692.7	34.8	38.3	5.5
Thermal	650.8	31.4	606.8	30.5	44.0	7.3
Information & Safety Systems	293.8	14.2	307.7	15.5	-13.9	-4.5
Electronic	186.2	9.0	184.9	9.3	1.2	0.6
Small Motors	148.2	7.2	138.9	7.0	9.3	6.7
Others(*)	28.7	1.4	29.3	1.5	-0.6	-2.0
Automotive Total	2,038.7	98.5	1,960.3	98.6	78.4	4.0
Industrial & Consumer Product	23.4	1.1	20.8	1.1	2.5	12.0
Others	9.0	0.4	6.7	0.3	2.2	32.6
New Business Total	32.3	1.5	27.6	1.4	4.8	17.4
Total	2,071.0	100.0	1,987.9	100.0	83.1	4.2

* Repair parts, original brand products of subsidiaries

Capital Expenditures, Depreciation and R&D

32

(Unit: Billion of Yen)

		FY14		FY15 Forecast		2Q YTD Change from PY	Progress to FY15 Forecast
		2QYTD		2QYTD			
Capital Exp.	Japan	68.4	156.0	88.9	164.0	30.0%	54.2%
	North America	21.1	43.3	20.4	38.0	-3.3%	53.7%
	Europe	11.2	27.9	12.9	22.5	15.2%	57.3%
	Asia & Oceania	44.3	88.6	44.2	79.0	-0.2%	55.9%
	Others	5.3	8.3	1.7	4.5	-67.9%	37.8%
	Capital Exp.	150.3	324.1	168.1	308.0	11.8%	54.6%
Depreciation	Japan	58.7	130.9	63.0	144.0	7.3%	43.8%
	North America	9.0	18.8	10.4	23.0	15.6%	45.2%
	Europe	6.8	14.3	7.7	17.0	13.2%	45.3%
	Asia & Oceania	13.9	30.2	19.6	37.0	41.0%	53.0%
	Others	1.5	3.0	1.8	4.0	20.0%	45.0%
	Depreciation	89.9	197.2	102.5	225.0	14.0%	45.6%
R&D Expenditure (Ratio to Sales)	181.2 (9.1%)	368.7 (9.0%)	193.8 (9.4%)	390.0 (9.2%)	7.0%	49.7%	