

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2017
<under IFRS>

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Scheduled date of the general meeting of shareholders : June 20, 2017

Scheduled date of commencement of dividend payment : May 29, 2017

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

DATE: April 28, 2017

DENSO CORPORATION

CODE: 6902

Listed on the Tokyo and
Nagoya Stock Exchanges

(Millions of yen, except per share figures)

1. Consolidated financial results for the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the year	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2017	4,527,148	0.1	330,551	4.7	360,858	3.9	273,895	5.1
March 31, 2016	4,524,522	5.0	315,728	(4.7)	347,293	(6.6)	260,565	(5.8)

	Profit attributable to owners of the parent company		Comprehensive income for the year		Basic earnings per share	Diluted earnings per share
Year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2017	257,619	5.5	329,248	—	326.32	—
March 31, 2016	244,251	(5.5)	(75,245)	—	307.19	307.18

	Ratio of profit to equity attributable to owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
Year ended	%	%	%
March 31, 2017	8.0	7.1	7.3
March 31, 2016	7.6	6.7	7.0

Reference: Share of the profit of associates and joint ventures accounted for using the equity method:

Fiscal year ended March 31, 2017: ¥8,436 million; Fiscal year ended March 31, 2016: ¥5,130 million

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets	Equity attributable to owners of the parent company per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2017	5,150,762	3,447,082	3,312,724	64.3	4,215.46
March 31, 2016	5,042,896	3,255,035	3,123,578	61.9	3,939.97

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2017	467,779	(108,037)	(240,526)	793,550
March 31, 2016	552,862	(544,834)	(104,663)	672,482

2. Cash dividends

	Annual dividends per share					Total amount of dividends (total)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent company (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	—	60.00	—	60.00	120.00	95,290	39.1	3.0
Year ended March 31, 2017	—	60.00	—	60.00	120.00	94,585	36.8	2.9
Year ending March 31, 2018 (Forecast)	—	60.00	—	60.00	120.00		36.3	

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018
(from April 1, 2017 to March 31, 2018)**

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	2,260,000	3.8	140,000	(1.9)	155,000	3.0	105,000	7.7	133.61
Full year	4,610,000	1.8	327,000	(1.1)	360,000	(0.2)	260,000	0.9	330.85

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	2016	2017
Assets		
Current assets		
Cash and cash equivalents	672,482	793,550
Trade and other receivables	826,687	876,454
Inventories	476,574	485,867
Other financial assets	356,815	93,781
Other current assets	64,654	82,398
Total current assets	2,397,212	2,332,050
Non-current assets		
Property, plant and equipment	1,425,567	1,490,531
Intangible assets	21,156	22,451
Other financial assets	1,037,672	1,111,945
Investments accounted for using the equity method	71,096	92,198
Retirement benefit assets	25,791	43,868
Deferred tax assets	40,464	30,266
Other non-current assets	23,938	27,453
Total non-current assets	2,645,684	2,818,712
Total assets	5,042,896	5,150,762

(Unit: Millions of yen)

	2016	2017
Liabilities and equity		
Current liabilities		
Bonds and borrowings	261,973	84,139
Trade and other payables	812,936	861,161
Other financial liabilities	12,333	14,484
Income tax payables	36,494	24,890
Provisions	86,750	70,549
Other current liabilities	46,859	48,588
Total current liabilities	1,257,345	1,103,811
Non-current liabilities		
Bonds and borrowings	214,638	266,116
Other financial liabilities	10,099	9,819
Retirement benefit liabilities	231,120	228,576
Provisions	2,152	1,529
Deferred tax liabilities	54,417	78,243
Other non-current liabilities	18,090	15,586
Total non-current liabilities	530,516	599,869
Total liabilities	1,787,861	1,703,680
Equity		
Capital stock	187,457	187,457
Capital surplus	267,640	265,985
Treasury stock	(246,486)	(31,191)
Other components of equity	422,205	454,445
Retained earnings	2,492,762	2,436,028
Equity attributable to owners of the parent company	3,123,578	3,312,724
Non-controlling interests	131,457	134,358
Total equity	3,255,035	3,447,082
Total liabilities and equity	5,042,896	5,150,762

Consolidated Statement of Income

(Unit: Millions of yen)

	2016	2017
Revenue	4,524,522	4,527,148
Cost of revenue	(3,747,311)	(3,769,532)
Gross profit	777,211	757,616
Selling, general and administrative expenses	(412,015)	(431,192)
Other income	12,453	27,721
Other expenses	(61,921)	(23,594)
Operating profit	315,728	330,551
Finance income	34,267	35,487
Finance costs	(8,797)	(9,883)
Foreign exchange gains	965	(3,733)
Share of the profit of associates and joint ventures accounted for using the equity method	5,130	8,436
Profit before income taxes	347,293	360,858
Income tax expenses	(86,728)	(86,963)
Profit for the year	260,565	273,895
Attributable to:		
Owners of the parent company	244,251	257,619
Non-controlling interests	16,314	16,276

(Unit: Yen)

Earnings per share		
Basic	307.19	326.32
Diluted	307.18	—

Consolidated Statement of Other Comprehensive Income

(Unit: Millions of yen)

	2016	2017
Profit for the year	260,565	273,895
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value (loss) gain on equity instruments designated as FVTOCI	(192,673)	59,994
Remeasurements of defined benefit pension plans	(43,659)	21,660
Share of other comprehensive income of investments accounted for using the equity method	(44)	(12)
Total	(236,376)	81,642
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(98,058)	(24,987)
Cash flow hedges	(284)	477
Share of other comprehensive income of investments accounted for using the equity method	(1,092)	(1,779)
Total	(99,434)	(26,289)
Total other comprehensive income	(335,810)	55,353
Comprehensive income for the year	(75,245)	329,248
Attributable to:		
Owners of the parent company	(77,720)	314,074
Non-controlling interests	2,475	15,174

Consolidated Statement of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to owners of the parent company					
	Capital stock	Capital surplus	Treasury stock	Other components of equity		
				Stock acquisition rights	Net fair value gain on equity instruments designated as FVTOCI	Remeasurements of defined benefit pension plans
As of April 1, 2015	187,457	268,611	(218,942)	148	552,324	—
Profit for the year	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	(192,565)	(42,769)
Comprehensive income for the year	—	—	—	—	(192,565)	(42,769)
Acquisition of treasury stock	—	—	(27,829)	—	—	—
Disposal of treasury stock (includes exercising stock options)	—	133	285	(89)	—	—
Retirement of treasury stock	—	—	—	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in a subsidiaries without a loss of control	—	(1,104)	—	—	—	—
Transfer to retained earnings	—	—	—	—	1,617	42,769
Other	—	—	—	(59)	—	—
Total transactions with the owners	—	(971)	(27,544)	(148)	1,617	42,769
As of March 31, 2016	187,457	267,640	(246,486)	—	361,376	—
As of April 1, 2016	187,457	267,640	(246,486)	—	361,376	—
Profit for the year	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	59,970	21,206
Comprehensive income for the year	—	—	—	—	59,970	21,206
Acquisition of treasury stock	—	—	(30,020)	—	—	—
Disposal of treasury stock (includes exercising stock options)	—	14	65	—	—	—
Retirement of treasury stock	—	(1,683)	245,250	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in a subsidiaries without a loss of control	—	14	—	—	—	—
Transfer to retained earnings	—	—	—	—	(3,009)	(21,206)
Other	—	—	—	—	—	—
Total transactions with the owners	—	(1,655)	215,295	—	(3,009)	(21,206)
As of March 31, 2017	187,457	265,985	(31,191)	—	418,337	—

(Unit: Millions of yen)

	Equity attributable to owners of the parent company					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Exchange differences on translating foreign operations	Cash flow hedges	Total				
As of April 1, 2015	147,704	(238)	699,938	2,390,874	3,327,938	146,273	3,474,211
Profit for the year	—	—	—	244,251	244,251	16,314	260,565
Other comprehensive income	(86,353)	(284)	(321,971)	—	(321,971)	(13,839)	(335,810)
Comprehensive income for the year	(86,353)	(284)	(321,971)	244,251	(77,720)	2,475	(75,245)
Acquisition of treasury stock	—	—	—	—	(27,829)	—	(27,829)
Disposal of treasury stock (includes exercising stock options)	—	—	(89)	—	329	—	329
Retirement of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	(97,977)	(97,977)	(11,354)	(109,331)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	(1,104)	(5,919)	(7,023)
Transfer to retained earnings	—	—	44,386	(44,386)	—	—	—
Other	—	—	(59)	—	(59)	(18)	(77)
Total transactions with the owners	—	—	44,238	(142,363)	(126,640)	(17,291)	(143,931)
As of March 31, 2016	61,351	(522)	422,205	2,492,762	3,123,578	131,457	3,255,035

As of April 1, 2016	61,351	(522)	422,205	2,492,762	3,123,578	131,457	3,255,035
Profit for the year	—	—	—	257,619	257,619	16,276	273,895
Other comprehensive income	(25,198)	477	56,455	—	56,455	(1,102)	55,353
Comprehensive income for the year	(25,198)	477	56,455	257,619	314,074	15,174	329,248
Acquisition of treasury stock	—	—	—	—	(30,020)	—	(30,020)
Disposal of treasury stock (includes exercising stock options)	—	—	—	—	79	—	79
Retirement of treasury stock	—	—	—	(243,567)	—	—	—
Dividends	—	—	—	(95,001)	(95,001)	(12,262)	(107,263)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	14	11	25
Transfer to retained earnings	—	—	(24,215)	24,215	—	—	—
Other	—	—	—	—	—	(22)	(22)
Total transactions with the owners	—	—	(24,215)	(314,353)	(124,928)	(12,273)	(137,201)
As of March 31, 2017	36,153	(45)	454,445	2,436,028	3,312,724	134,358	3,447,082

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	2016	2017
Cash flows from operating activities		
Profit before income taxes	347,293	360,858
Depreciation	236,845	241,123
Impairment losses	1,257	—
Increase in retirement benefit liabilities	1,165	3,494
Decrease in retirement benefit assets	1,874	6,787
Interest and dividend income	(33,984)	(35,281)
Interest expenses	6,821	7,337
Foreign exchange losses (gains)	4,124	(2,153)
Share of the profit of associates and joint ventures accounted for using the equity method	(5,130)	(8,436)
Losses on sales or disposal of property, plant and equipment	4,706	6,477
Increase in trade receivables	(63,210)	(70,541)
Increase in inventories	(23,367)	(17,507)
Increase in trade payables	41,484	48,747
Increase (Decrease) in provisions	37,721	(16,607)
Other	28,067	21,406
Subtotal	585,666	545,704
Interest received	7,798	7,654
Dividends received	30,690	30,390
Interest paid	(6,515)	(7,557)
Income taxes paid	(64,777)	(108,412)
Net cash provided by operating activities	552,862	467,779
Cash flows from investing activities		
(Increase) Decrease in time deposits	(62,670)	126,464
Purchases of property, plant and equipment	(334,896)	(334,978)
Proceeds from sales of property, plant and equipment	5,627	6,693
Purchases of intangible assets	(9,484)	(9,437)
Purchases of equity instruments	(64,263)	(18,830)
Purchases of debt instruments	(574,611)	(92,542)
Proceeds from sales and redemption of equity instruments	99	1,312
Proceeds from sales and redemption of debt instruments	489,269	213,597
Other	6,095	(316)
Net cash used in investing activities	(544,834)	(108,037)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(489)	5,312
Proceeds from borrowings	120,250	76,744
Repayments of long-term borrowings	(104,865)	(163,643)
Repayments of finance lease obligations	(10,592)	(11,924)
Issuance of bonds	30,000	30,000
Redemption of bonds	—	(50,000)
Dividends paid	(97,977)	(95,001)
Dividends paid to non-controlling interests	(11,354)	(12,262)
Purchase of treasury stock	(27,829)	(30,020)
Purchase of subsidiary's treasury stock	(7,254)	—
Other	5,447	10,268
Net cash used in financing activities	(104,663)	(240,526)
Foreign currency translation adjustments on cash and cash equivalents	(23,403)	1,852
Net (decrease) increase in cash and cash equivalents	(120,038)	121,068
Cash and cash equivalents at beginning of year	792,414	672,482
Cash and cash equivalents of a newly consolidated subsidiary	106	—
Cash and cash equivalents at end of year	672,482	793,550

Segment information

For the year ended March 31, 2016

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	1,801,547	1,081,058	568,183	1,014,708	4,465,496	59,026	—	4,524,522	
Intersegment	845,023	31,625	25,394	146,525	1,048,567	474	(1,049,041)	—	
Total	2,646,570	1,112,683	593,577	1,161,233	5,514,063	59,500	(1,049,041)	4,524,522	
Segment profit or losses	154,531	47,706	14,417	96,585	313,239	(2,005)	4,494	315,728	
Finance income									34,267
Finance costs									(8,797)
Foreign exchange gains									965
Share of the profit of associates and joint ventures accounted for using the equity method									5,130
Profit before income taxes									347,293

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

For the year ended March 31, 2017

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	1,871,838	1,050,460	550,244	989,505	4,462,047	65,101	—	4,527,148	
Intersegment	814,166	26,743	27,025	149,770	1,017,704	715	(1,018,419)	—	
Total	2,686,004	1,077,203	577,269	1,139,275	5,479,751	65,816	(1,018,419)	4,527,148	
Segment profit or losses	130,154	59,959	20,168	112,740	323,021	6,893	637	330,551	
Finance income									35,487
Finance costs									(9,883)
Foreign exchange losses									(3,733)
Share of the profit of associates and joint ventures accounted for using the equity method									8,436
Profit before income taxes									360,858

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