

[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 Six Months Ended September 30, 2017
<under IFRS>

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Scheduled date of commencement of dividend payment : November 27, 2017

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

DATE: October 31, 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 six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results

(Percentages indicate the change of the same period of the previous year)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2017	2,363,472	8.6	204,446	43.3	226,781	50.6	164,118	58.4
September 30, 2016	2,176,914	(2.3)	142,698	(3.6)	150,551	(9.8)	103,624	(14.0)

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
September 30, 2017	154,191	58.2	278,127	—	197.10	—
September 30, 2016	97,495	(13.8)	(36,169)	—	123.05	—

(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
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2017	5,478,328	3,648,940	3,504,640	64.0
March 31, 2017	5,150,762	3,447,082	3,312,724	64.3

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	—	60.00	—	60.00	120.00
Year ending March 31, 2018	—	65.00			
Year ending March 31, 2018 (Forecast)			—	65.00	130.00

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

(Percentages indicate the change of the same period of the previous year)

	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	%	
Full year	5,000,000	10.4	390,000	18.0	430,000	19.2	300,000	16.5	Yen 384.75

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Assets		
Current assets		
Cash and cash equivalents	793,550	716,318
Trade and other receivables	876,454	869,735
Inventories	485,867	523,163
Other financial assets	93,781	279,253
Other current assets	82,398	77,213
Total current assets	2,332,050	2,465,682
Non-current assets		
Property, plant and equipment	1,490,531	1,530,639
Intangible assets	22,451	47,531
Other financial assets	1,111,945	1,254,386
Investments accounted for using the equity method	92,198	86,192
Retirement benefit assets	43,868	36,215
Deferred tax assets	30,266	29,602
Other non-current assets	27,453	28,081
Total non-current assets	2,818,712	3,012,646
Total assets	5,150,762	5,478,328

(Unit: Millions of yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Liabilities and equity		
Current liabilities		
Bonds and borrowings	84,139	175,622
Trade and other payables	861,161	798,346
Other financial liabilities	14,484	15,468
Income tax payables	24,890	32,246
Provisions	70,549	60,076
Other current liabilities	48,588	58,477
Total current liabilities	1,103,811	1,140,235
Non-current liabilities		
Bonds and borrowings	266,116	307,869
Other financial liabilities	9,819	7,938
Retirement benefit liabilities	228,576	234,981
Provisions	1,529	1,517
Deferred tax liabilities	78,243	120,412
Other non-current liabilities	15,586	16,436
Total non-current liabilities	599,869	689,153
Total liabilities	1,703,680	1,829,388
Equity		
Capital stock	187,457	187,457
Capital surplus	265,985	265,985
Treasury stock	(31,191)	(57,660)
Other components of equity	454,445	565,602
Retained earnings	2,436,028	2,543,256
Equity attributable to owners of the parent company	3,312,724	3,504,640
Non-controlling interests	134,358	144,300
Total equity	3,447,082	3,648,940
Total liabilities and equity	5,150,762	5,478,328

Consolidated Statement of Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017
Revenue	2,176,914	2,363,472
Cost of revenue	(1,834,385)	(1,975,776)
Gross profit	342,529	387,696
Selling, general and administrative expenses	(203,590)	(198,355)
Other income	18,561	21,579
Other expenses	(14,802)	(6,474)
Operating profit	142,698	204,446
Finance income	18,315	20,441
Finance costs	(5,418)	(4,798)
Foreign exchange (losses) gains	(7,694)	2,804
Share of the profit of associates accounted for using the equity method	2,650	3,888
Profit before income taxes	150,551	226,781
Income tax expenses	(46,927)	(62,663)
Profit for the period	103,624	164,118
Attributable to:		
Owners of the parent company	97,495	154,191
Non-controlling interests	6,129	9,927

(Unit: Yen)

Earnings per share		
Basic	123.05	197.10
Diluted	—	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017
Profit for the period	103,624	164,118
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	(15,151)	82,064
Remeasurements of defined benefit pension plans	—	27
Share of other comprehensive income of investments accounted for using the equity method	(13)	14
Total	(15,164)	82,105
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(119,889)	33,236
Cash flow hedges	11	61
Share of other comprehensive income of investments accounted for using the equity method	(4,751)	(1,393)
Total	(124,629)	31,904
Total other comprehensive income	(139,793)	114,009
Comprehensive income for the period	(36,169)	278,127
Attributable to:		
Owners of the parent company	(32,485)	265,440
Non-controlling interests	(3,684)	12,687

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	
				Net fair value gain on equity instruments designated as FVTOCI	Remeasurements of defined benefit pension plans
As of April 1, 2016	187,457	267,640	(246,486)	361,376	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	(15,148)	—
Comprehensive income for the period	—	—	—	(15,148)	—
Acquisition of treasury stock	—	—	(9,382)	—	—
Disposal of treasury stock	—	—	—	—	—
Retirement of treasury stock	—	(1,657)	245,250	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	2	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(1,932)	—
Other	—	—	—	—	—
Total transactions with the owners	—	(1,655)	235,868	(1,932)	—
As of September 30, 2016	187,457	265,985	(10,618)	344,296	—
As of April 1, 2017	187,457	265,985	(31,191)	418,337	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	82,024	27
Comprehensive income for the period	—	—	—	82,024	27
Acquisition of treasury stock	—	—	(26,469)	—	—
Disposal of treasury stock	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in a subsidiary without a loss of control	—	—	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(65)	(27)
Other	—	—	—	—	—
Total transactions with the owners	—	—	(26,469)	(65)	(27)
As of September 30, 2017	187,457	265,985	(57,660)	500,296	—

(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, 2016	61,351	(522)	422,205	2,492,762	3,123,578	131,457	3,255,035
Profit for the period	—	—	—	97,495	97,495	6,129	103,624
Other comprehensive income	(114,843)	11	(129,980)	—	(129,980)	(9,813)	(139,793)
Comprehensive income for the period	(114,843)	11	(129,980)	97,495	(32,485)	(3,684)	(36,169)
Acquisition of treasury stock	—	—	—	—	(9,382)	—	(9,382)
Disposal of treasury stock	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	(243,593)	—	—	—
Dividends	—	—	—	(47,569)	(47,569)	(12,237)	(59,806)
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	—	2	100	102
Changes from business combination	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(1,932)	1,932	—	—	—
Other	—	—	—	—	—	(27)	(27)
Total transactions with the owners	—	—	(1,932)	(289,230)	(56,949)	(12,164)	(69,113)
As of September 30, 2016	(53,492)	(511)	290,293	2,301,027	3,034,144	115,609	3,149,753

As of April 1, 2017	36,153	(45)	454,445	2,436,028	3,312,724	134,358	3,447,082
Profit for the period	—	—	—	154,191	154,191	9,927	164,118
Other comprehensive income	29,137	61	111,249	—	111,249	2,760	114,009
Comprehensive income for the period	29,137	61	111,249	154,191	265,440	12,687	278,127
Acquisition of treasury stock	—	—	—	—	(26,469)	—	(26,469)
Disposal of treasury stock	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	(47,153)	(47,153)	(11,235)	(58,388)
Changes in the ownership interest in a subsidiary without a loss of control	—	—	—	—	—	(19)	(19)
Changes from business combination	—	—	—	—	—	8,519	8,519
Transfer to retained earnings	—	—	(92)	92	—	—	—
Other	—	—	—	98	98	(10)	88
Total transactions with the owners	—	—	(92)	(46,963)	(73,524)	(2,745)	(76,269)
As of September 30, 2017	65,290	16	565,602	2,543,256	3,504,640	144,300	3,648,940

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017
Cash flows from operating activities		
Profit before income taxes	150,551	226,781
Depreciation	116,412	130,313
Increase in retirement benefit liabilities	3,518	4,754
Decrease in retirement benefit assets	2,454	7,652
Interest and dividend income	(18,194)	(20,163)
Interest expenses	3,822	3,537
Foreign exchange losses (gains)	3,083	(2,794)
Share of the profit of associates and joint ventures accounted for using the equity method	(2,650)	(3,888)
Losses on sales or disposal of property, plant and equipment	3,135	1,325
(Increase) Decrease in trade receivables	(20,669)	35,417
Increase in inventories	(9,098)	(22,008)
Increase (Decrease) in trade payables	44,609	(80,693)
Decrease in provisions	(18,402)	(11,047)
Other	9,395	(2,280)
Subtotal	267,966	266,906
Interest received	3,486	4,750
Dividends received	16,604	19,059
Interest paid	(3,385)	(3,676)
Income taxes paid	(59,669)	(35,551)
Net cash provided by operating activities	225,002	251,488
Cash flows from investing activities		
Decrease (Increase) in time deposits	50,707	(154,377)
Purchases of property, plant and equipment	(167,418)	(159,694)
Proceeds from sales of property, plant and equipment	3,479	4,650
Purchases of intangible assets	(4,898)	(4,617)
Purchases of equity instruments	(4,169)	(30,233)
Purchases of debt instruments	(78,016)	(52,092)
Proceeds from sales and redemption of equity instruments	—	367
Proceeds from sales and redemption of debt instruments	154,715	25,210
Increase from acquisition of control over subsidiary	—	87
Other	(1,201)	(288)
Net cash used in investing activities	(46,801)	(370,987)
Cash flows from financing activities		
Net increase in short-term borrowings	400	13,897
Proceeds from borrowings	77,364	105,239
Repayments of long-term borrowings	(144,718)	(60,269)
Repayments of finance lease obligations	(5,908)	(6,300)
Issuance of bonds	30,000	70,000
Redemption of bonds	(50,000)	—
Dividends paid	(47,569)	(47,153)
Dividends paid to non-controlling interests	(12,237)	(11,235)
Purchase of treasury stock	(9,382)	(26,469)
Other	9,854	(2,295)
Net cash used in financing activities	(152,196)	35,415
Foreign currency translation adjustments on cash and cash equivalents	(20,973)	6,852
Net increase (decrease) in cash and cash equivalents	5,032	(77,232)
Cash and cash equivalents at beginning of period	672,482	793,550
Cash and cash equivalents at end of period	677,514	716,318

Segment information

For the Six months ended September 30, 2016

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	908,453	502,988	268,772	466,583	2,146,796	30,118	—	2,176,914	
Intersegment	383,863	13,630	11,446	72,729	481,668	346	(482,014)	—	
Total	1,292,316	516,618	280,218	539,312	2,628,464	30,464	(482,014)	2,176,914	
Segment profit or losses	52,560	29,520	9,350	46,117	137,547	1,731	3,420	142,698	
Finance income									18,315
Finance costs									(5,418)
Foreign exchange gains									(7,694)
Share of the profit of associates and joint ventures accounted for using the equity method									2,650
Profit before income taxes									150,551

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

For the Six months ended September 30, 2017

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	956,741	534,686	289,746	542,151	2,323,324	40,148	—	2,363,472	
Intersegment	450,121	13,410	20,174	77,092	560,797	292	(561,089)	—	
Total	1,406,862	548,096	309,920	619,243	2,884,121	40,440	(561,089)	2,363,472	
Segment profit or losses	105,496	20,799	8,871	62,845	198,011	7,075	(640)	204,446	
Finance income									20,441
Finance costs									(4,798)
Foreign exchange gains									2,804
Share of the profit of associates and joint ventures accounted for using the equity method									3,888
Profit before income taxes									226,781

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