

[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 Nine Months Ended December 31, 2017
<under IFRS>

1-1, Showa-cho, Kariya, Aichi 448-8661, Japan
 Representative : Koji Arima
 President and CEO
 Contact : Hiroyuki Shinyashiki
 Director
 Telephone : +81-566-25-5850
 Scheduled date of commencement of dividend payment : —
 (URL <https://www.denso.com/global/>)

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 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 nine months ended December 31, 2017 (from April 1, 2017 to December 31, 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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2017	3,699,054	11.7	314,628	27.1	353,635	27.7	268,978	33.1
December 31, 2016	3,311,516	(1.8)	247,503	1.8	277,034	0.9	202,049	(0.7)

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2017	251,280	31.6	468,289	54.3	321.57	—
December 31, 2016	190,908	(0.2)	303,572	170.6	241.45	—

(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	%
December 31, 2017	5,747,586	3,806,332	3,633,939	63.2
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	%	Yen
Full year	5,030,000	11.1	395,000	19.5	435,000	20.5	306,000	18.8	392.45

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2017	As of Dec. 31, 2017
Assets		
Current assets		
Cash and cash equivalents	793,550	829,076
Trade and other receivables	876,454	917,474
Inventories	485,867	574,019
Other financial assets	93,781	141,901
Other current assets	82,398	92,549
Total current assets	2,332,050	2,555,019
Non-current assets		
Property, plant and equipment	1,490,531	1,591,562
Intangible assets	22,451	69,218
Other financial assets	1,111,945	1,353,765
Investments accounted for using the equity method	92,198	89,566
Retirement benefit assets	43,868	33,266
Deferred tax assets	30,266	31,595
Other non-current assets	27,453	23,595
Total non-current assets	2,818,712	3,192,567
Total assets	5,150,762	5,747,586

(Unit: Millions of yen)

	As of Mar. 31, 2017	As of Dec. 31, 2017
Liabilities and equity		
Current liabilities		
Bonds and borrowings	84,139	172,955
Trade and other payables	861,161	838,358
Other financial liabilities	14,484	17,183
Income tax payables	24,890	33,635
Provisions	70,549	70,573
Other current liabilities	48,588	73,351
Total current liabilities	1,103,811	1,206,055
Non-current liabilities		
Bonds and borrowings	266,116	307,739
Other financial liabilities	9,819	10,697
Retirement benefit liabilities	228,576	247,132
Provisions	1,529	1,521
Deferred tax liabilities	78,243	150,470
Other non-current liabilities	15,586	17,640
Total non-current liabilities	599,869	735,199
Total liabilities	1,703,680	1,941,254
Equity		
Capital stock	187,457	187,457
Capital surplus	265,985	265,985
Treasury stock	(31,191)	(57,671)
Other components of equity	454,445	646,439
Retained earnings	2,436,028	2,591,729
Equity attributable to owners of the parent company	3,312,724	3,633,939
Non-controlling interests	134,358	172,393
Total equity	3,447,082	3,806,332
Total liabilities and equity	5,150,762	5,747,586

Consolidated Statement of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017
Revenue	3,311,516	3,699,054
Cost of revenue	(2,764,907)	(3,075,353)
Gross profit	546,609	623,701
Selling, general and administrative expenses	(304,199)	(320,354)
Other income	22,574	27,021
Other expenses	(17,481)	(15,740)
Operating profit	247,503	314,628
Finance income	33,109	37,474
Finance costs	(7,416)	(7,288)
Foreign exchange (losses) gains	(1,346)	2,904
Share of the profit of associates accounted for using the equity method	5,184	5,917
Profit before income taxes	277,034	353,635
Income tax expenses	(74,985)	(84,657)
Profit for the period	202,049	268,978
Attributable to:		
Owners of the parent company	190,908	251,280
Non-controlling interests	11,141	17,698

(Unit: Yen)

Earnings per share		
Basic	241.45	321.57
Diluted	—	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017
Profit for the period	202,049	268,978
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain on equity instruments designated as FVTOCI	110,371	153,898
Remeasurements of defined benefit pension plans	469	(641)
Share of other comprehensive income of investments accounted for using the equity method	15	28
Total	110,855	153,285
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(6,147)	46,363
Cash flow hedges	193	171
Share of other comprehensive income of investments accounted for using the equity method	(3,378)	(508)
Total	(9,332)	46,026
Total other comprehensive income	101,523	199,311
Comprehensive income for the period	303,572	468,289
Attributable to:		
Owners of the parent company	293,704	445,419
Non-controlling interests	9,868	22,870

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	—	—	—	110,320	359
Comprehensive income for the period	—	—	—	110,320	359
Acquisition of treasury stock	—	—	(30,013)	—	—
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)	(359)
Other	—	—	—	—	—
Total transactions with the owners	—	(1,655)	215,237	(1,932)	(359)
As of December 31, 2016	187,457	265,985	(31,249)	469,764	—
As of April 1, 2017	187,457	265,985	(31,191)	418,337	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	153,874	(642)
Comprehensive income for the period	—	—	—	153,874	(642)
Acquisition of treasury stock	—	—	(26,480)	—	—
Disposal of treasury stock	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(2,787)	642
Other	—	—	—	—	—
Total transactions with the owners	—	—	(26,480)	(2,787)	642
As of December 31, 2017	187,457	265,985	(57,671)	569,424	—

(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	—	—	—	190,908	190,908	11,141	202,049
Other comprehensive income	(8,076)	193	102,796	—	102,796	(1,273)	101,523
Comprehensive income for the period	(8,076)	193	102,796	190,908	293,704	9,868	303,572
Acquisition of treasury stock	—	—	—	—	(30,013)	—	(30,013)
Disposal of treasury stock	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	(243,593)	—	—	—
Dividends	—	—	—	(95,001)	(95,001)	(12,262)	(107,263)
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	—	2	130	132
Changes from business combination	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(2,291)	2,291	—	—	—
Other	—	—	—	—	—	(21)	(21)
Total transactions with the owners	—	—	(2,291)	(336,303)	(125,012)	(12,153)	(137,165)
As of December 31, 2016	53,275	(329)	522,710	2,347,367	3,292,270	129,172	3,421,442
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	—	—	—	251,280	251,280	17,698	268,978
Other comprehensive income	40,736	171	194,139	—	194,139	5,172	199,311
Comprehensive income for the period	40,736	171	194,139	251,280	445,419	22,870	468,289
Acquisition of treasury stock	—	—	—	—	(26,480)	—	(26,480)
Disposal of treasury stock	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	(97,837)	(97,837)	(11,557)	(109,394)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	—	(1,265)	(1,265)
Changes from business combination	—	—	—	—	—	28,147	28,147
Transfer to retained earnings	—	—	(2,145)	2,145	—	—	—
Other	—	—	—	113	113	(160)	(47)
Total transactions with the owners	—	—	(2,145)	(95,579)	(124,204)	15,165	(109,039)
As of December 31, 2017	76,889	126	646,439	2,591,729	3,633,939	172,393	3,806,332

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017
Cash flows from operating activities		
Profit before income taxes	277,034	353,635
Depreciation	176,753	198,525
Increase in retirement benefit liabilities	5,322	6,837
Decrease in retirement benefit assets	3,567	10,602
Interest and dividend income	(32,994)	(37,115)
Interest expenses	5,421	5,439
Foreign exchange gains	(67)	(2,785)
Share of the profit of associates and joint ventures accounted for using the equity method	(5,184)	(5,917)
Losses on sales or disposal of property, plant and equipment	4,153	2,764
(Increase) Decrease in trade receivables	(131)	92,429
Increase in inventories	(13,777)	(31,671)
Increase (Decrease) in trade payables	2,486	(121,917)
Decrease in provisions	(17,381)	(4,244)
Other	(7,783)	(37,463)
Subtotal	397,419	429,119
Interest received	5,476	6,998
Dividends received	30,283	33,676
Interest paid	(4,408)	(5,315)
Income taxes paid	(101,345)	(56,262)
Net cash provided by operating activities	327,425	408,216
Cash flows from investing activities		
Decrease (Increase) in time deposits	123,404	(49,147)
Purchases of property, plant and equipment	(250,560)	(260,581)
Proceeds from sales of property, plant and equipment	5,394	6,263
Purchases of intangible assets	(6,453)	(9,532)
Purchases of equity instruments	(18,021)	(31,537)
Purchases of debt instruments	(83,148)	(52,203)
Proceeds from sales and redemption of equity instruments	—	368
Proceeds from sales and redemption of debt instruments	206,273	61,967
Decrease from acquisition of control over subsidiaries	—	(5,756)
Increase from losing of control over subsidiary	—	674
Other	295	(2,260)
Net cash used in investing activities	(22,816)	(341,744)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,338	(3,885)
Proceeds from borrowings	82,586	106,721
Repayments of long-term borrowings	(152,627)	(66,506)
Repayments of finance lease obligations	(9,045)	(9,471)
Issuance of bonds	30,000	70,000
Redemption of bonds	(50,000)	—
Dividends paid	(95,001)	(97,837)
Dividends paid to non-controlling interests	(12,262)	(11,557)
Purchase of treasury stock	(30,013)	(26,480)
Other	10,572	(2,333)
Net cash used in financing activities	(220,452)	(41,348)
Foreign currency translation adjustments on cash and cash equivalents	3,588	10,402
Net increase (decrease) in cash and cash equivalents	87,745	35,526
Cash and cash equivalents at beginning of period	672,482	793,550
Cash and cash equivalents at end of period	760,227	829,076

Segment information

For the Nine months ended December 31, 2016

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	1,376,185	761,451	398,675	728,900	3,265,211	46,305	—	3,311,516	
Intersegment	606,010	20,127	18,247	110,946	755,330	578	(755,908)	—	
Total	1,982,195	781,578	416,922	839,846	4,020,541	46,883	(755,908)	3,311,516	
Segment profit or losses	106,858	43,449	14,307	80,502	245,116	4,009	(1,622)	247,503	
Finance income									33,109
Finance costs									(7,416)
Foreign exchange gains									(1,346)
Share of the profit of associates and joint ventures accounted for using the equity method									5,184
Profit before income taxes									277,034

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

For the Nine months ended December 31, 2017

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated	
	Japan	North America	Europe	Asia	Total				
Revenue									
Customers	1,525,228	819,149	445,997	847,577	3,637,951	61,103	—	3,699,054	
Intersegment	706,483	21,076	30,852	126,370	884,781	418	(885,199)	—	
Total	2,231,711	840,225	476,849	973,947	4,522,732	61,521	(885,199)	3,699,054	
Segment profit or losses	161,137	31,162	14,032	100,597	306,928	11,257	(3,557)	314,628	
Finance income									37,474
Finance costs									(7,288)
Foreign exchange gains									2,904
Share of the profit of associates and joint ventures accounted for using the equity method									5,917
Profit before income taxes									353,635

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