

DENSO Announces First-half Financial Results

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KARIYA (Japan) – DENSO Corporation today announced its global financial results for the first half of the fiscal year ending Sept. 30, 2014:

- Consolidated net sales totaled 2,071.0 billion yen (US\$18.9 billion), a 4.2 percent increase from the previous year.
- Consolidated operating income totaled 161.3 billion yen (US\$1.5 billion), a 16.1 percent decrease from the previous year.
- Consolidated net income totaled 122.4 billion yen (US\$1.1 billion), a 18.5 percent decrease from the previous year.

”Sales increased due to the production volume increase. Despite cost reduction efforts and the increase in production volume, research and development expenditures and investment costs led to the decrease in operating income” said Nobuaki Katoh, president and CEO of DENSO Corp.

In Japan, the market shift towards compact cars and decrease of export sales, led to a decrease in sales to 1,294.9 billion yen (US\$11.8 billion), a 2.6 percent decrease from the previous year. The decrease in production volume and the increase in labor costs, and other expenses led to an operating income of 105.8 billion yen (US\$966.5 million), a 26.4 percent decrease from the previous year.

In North America, an increase in car production, boosted by the steady economic growth, led to an increase in sales to 446.4 billion yen (US\$4.1 billion), a 10.8 percent increase from the previous year. As a result of the increase in production volume and the cost reduction effort, the operating income totaled 13.5 billion yen (US\$123.2 million), a 44.8 percent increase from the previous year.

In Europe, car production increased due to the recovery of economic slump, which led to an increase in sales to 265.2 billion yen (US\$2.4 billion), a 13.1 percent increase from the previous year. Due to the increase in production volume and the cost reduction effort, the operating income totaled 7.4 billion yen (US\$67.9 million), a 101.2 percent increase from the previous year.

In Asia and Oceania, the increase of car production, mainly in China, resulted in a sales increase of 495.4 billion yen (US\$4.5 billion), a 8.3 percent increase from the previous year. The increase in labor costs and the expenditure on production, research and capability led to an operating income of 33.1 billion yen (US\$302.8 million), a decrease from the previous year.

In other areas, mainly the South American region, including Brazil and Argentina, sales totaled 37.8 billion yen (US\$345.1 million), a 4.6 percent decrease from the previous year. The operating income totaled 0.5 billion yen (US\$5.0 million), a 51.5 percent decrease from the previous year.

“Considering the first-half financial results and future business conditions, we have decided to revise the original forecasts for the full-year financial results,” said Katoh.

(Foreign exchange rates used for the second-half financial result forecasts are US\$=105yen Euro=135 yen, and full-year financial result forecasts are: US\$=104yen Euro=137 yen)

Forecast for Fiscal Year Ending March 31, 2015

	FY Forecast (Original)	FY Forecast (Revised)	Changes from Previous FY
Net Sales	4,140.0 billion yen [US\$37.8 billion]	4,230.0 billion yen [US\$38.6 billion]	+134.1 billion yen (+3.3 percent)
Operating income	350.0 billion yen [US\$3.2 billion]	350.0 billion yen [US\$3.2 billion]	-27.7 billion yen (-7.3 percent)
Income before income taxes and minority interests	378.0 billion yen [US\$3.5 billion]	377.8 billion yen [US\$3.5 billion]	-40.8 billion yen (-9.8 percent)
Net income	248.0 billion yen [US\$2.3 billion]	248.0 billion yen [US\$2.3 billion]	-39.4 billion yen (-13.7 percent)

(Notes) (Notes)

The above forecasts are created based on the information obtained by

the date of this announcement and the actual results may differ due to various causes in the future.

U.S. dollar amounts have been translated, for convenience only, at the rate of 109.45 yen = US\$1, the approximate exchange rate prevailing in the Tokyo Foreign Exchange Market on September 30, 2014. Billion is used in the American sense of one thousand million.

About DENSO Corporation:

DENSO Corporation, headquartered in Kariya, Aichi prefecture, Japan, is a leading global automotive supplier of advanced technology, systems and components in the areas of thermal, powertrain control, electronics and information and safety. Its customers include all the world's major carmakers. Worldwide, the company has more than 200 subsidiaries and affiliates in 38 countries and regions (including Japan) and employs nearly 140,000 people. Consolidated global sales for the fiscal year ending March 31, 2014, totaled US\$39.8 billion. Last fiscal year, DENSO spent 9.0 percent of its global consolidated sales on research and development. DENSO common stock is traded on the Tokyo and Nagoya stock exchanges. For more information, go to www.globaldenso.com.

About DENSO in North America:

DENSO employs more than 17,000 people at 33 consolidated companies and affiliates throughout North America. Of these, 28 are manufacturing facilities located in the U.S., Canada and Mexico. In the U.S. alone, DENSO employs more than 14,000 people in California, Alabama, Michigan, North Carolina, South Carolina, Tennessee, Kentucky, Georgia, Iowa, Ohio, Arkansas, and Pennsylvania. DENSO's North American consolidated sales totaled US\$7.9 billion for the fiscal year ending March 31, 2014.

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