

DENSO Announces First -quarter Financial Results

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KARIYA (Japan) – DENSO Corporation today announced its global financial results for the first quarter ending June 30, 2016 for fiscal year ending March 31, 2017:

- Consolidated revenue totaled 1,092.8 billion yen (US\$10.6 billion), an 1.2 percent decrease from the previous year.
- Consolidated operating profit totaled 67.2 billion yen (US\$652.9 million), a 22.5 percent decrease from the previous year.
- Consolidated profit attributable to owners of the parent company totaled 46.1 billion yen (US\$448.1 million), a 37.6 percent decrease from the previous year.

“Despite the production volume increase and the growth in sales, DENSO’s revenue and operating profit decreased due to the appreciation of the yen,” said Yasushi Matsui, executive director of DENSO Corporation.

In Japan, impact of the exchange rate of export sales led to a decrease in revenue to 616.6 billion yen (US\$6.0 billion), an 1.2 percent decrease from the previous year. The increase in R&D cost for future growth in addition to the impact of the exchange rate of export sales led to an operating profit of 14.2 billion yen (US\$137.6 million), a 67.3 percent decrease from the previous year.

In North America, despite an increase in car production and sales expansion, boosted by the steady economic growth, impact of exchange rate led to a decrease in revenue to 266.2 billion yen (US\$2.6 billion), a 6.2 percent decrease from the previous year. As a result of the increase in production volume, the operating profit totaled 16.6 billion yen (US\$161.1 million), a 12.5 percent increase from the previous year.

In Europe, car production increase and sales expansion due to the moderate recovery of the market led to an increase in revenue to 154.5 billion yen (US\$1.5 billion), an 1.3 percent increase from the previous year. The production volume increase and the growth in sales led to the increase in the operating profit to 6.8 billion yen (US\$66.5 million), a 61.3 percent increase from the previous year.

In Asia, despite the increase of car production and sales expansion, impact of exchange rate resulted in a revenue decrease of 278.1 billion yen (US\$2.7 billion), a 2.5 percent decrease from the previous year. As a result of the increase in production volume, an operating profit totaled 24.5 billion yen (US\$237.8 million), a 15.1 percent increase from the previous year.

In other areas, mainly the South American region, including Brazil and Argentina, revenue totaled 15.7 billion yen (US\$152.5 million), an 1.8 percent decrease from the previous year. The operating profit totaled 648 million yen (US\$6.3 million).

“Considering the appreciation of the yen, we have decided to revise the original forecasts for the first-half and full-year financial results,” said Matsui.

(Foreign exchange rates used for the first-half financial result forecast are US\$= 107yen Euro=119 yen, and for the full-year are US\$= 106 yen, Euro= 117 yen)

Forecast for Fiscal Year Ending March 31, 2017

	First-Half Forecast (Revised)	Full-Year Forecast (Revised)	Changes from Previous FY
Revenue	2,170.0 billion yen [US\$21.1 billion]	4,400.0 billion yen [US\$42.8 billion]	-124.5 billion yen (-2.8 percent)
Operating profit	127.0 billion yen [US\$1.2 billion]	284.0 billion yen [US\$2.8 billion]	-31.7 billion yen (-10.0 percent)
Profit before income taxes	136.0 billion yen [US\$1.3 billion]	310.0 billion yen [US\$3.0 billion]	-37.3 billion yen (-10.7 percent)
Profit attributable to owners of the parent company	86.0 billion yen [US\$0.8 billion]	203.0 billion yen [US\$2.0 billion]	-41.3 billion yen (-16.9 percent)

(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 102.91 yen = US\$1, the approximate exchange rate prevailing in the Tokyo Foreign Exchange Market June 30, 2016. Billion is used in the American sense of one thousand million.

About DENSO Corporation

DENSO Corp., 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 more than 150,000 people. Consolidated global sales for the fiscal year ending March 31, 2016, totaled US\$40.2 billion. Last fiscal year, DENSO spent 8.8 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, or visit our media website at www.globaldenso.com/en/newsreleases/media-center/

About DENSO in North America: In North America, DENSO employs more than 23,000 people at 30 consolidated companies and affiliates. Of these, 25 are manufacturing facilities located in the United States, Canada and Mexico. In the United States, DENSO employs more than 15,000 people in California, Michigan, North Carolina, South Carolina, Tennessee, Kentucky, Georgia, Iowa, Ohio, Pennsylvania, Texas and Arkansas. DENSO's North American consolidated sales totaled US\$9.9 billion for the fiscal year ending March 31, 2016. Locally, DENSO Manufacturing Michigan, Inc. (DMMI) is the lead production facility for DENSO's thermal manufacturing in North America and Battle Creek's largest employer, with 2,927 people at its Battle Creek facility. For more information, go to www.densocorp-na.com. Connect with us on Facebook: www.facebook.com/DENSOinNorthAmerica

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