

# FY2009 1<sup>st</sup> Quarter Financial Results ended June 30, 2008



DENSO CORPORATION

July 30, 2008

1. Sales and income decreased by decrease in car production in North America and the substantial currency exchange loss.

2. Downward revision of FY2009 1<sup>st</sup>-half and full year forecast.

# FY2009 1<sup>st</sup> Quarter Financial Results

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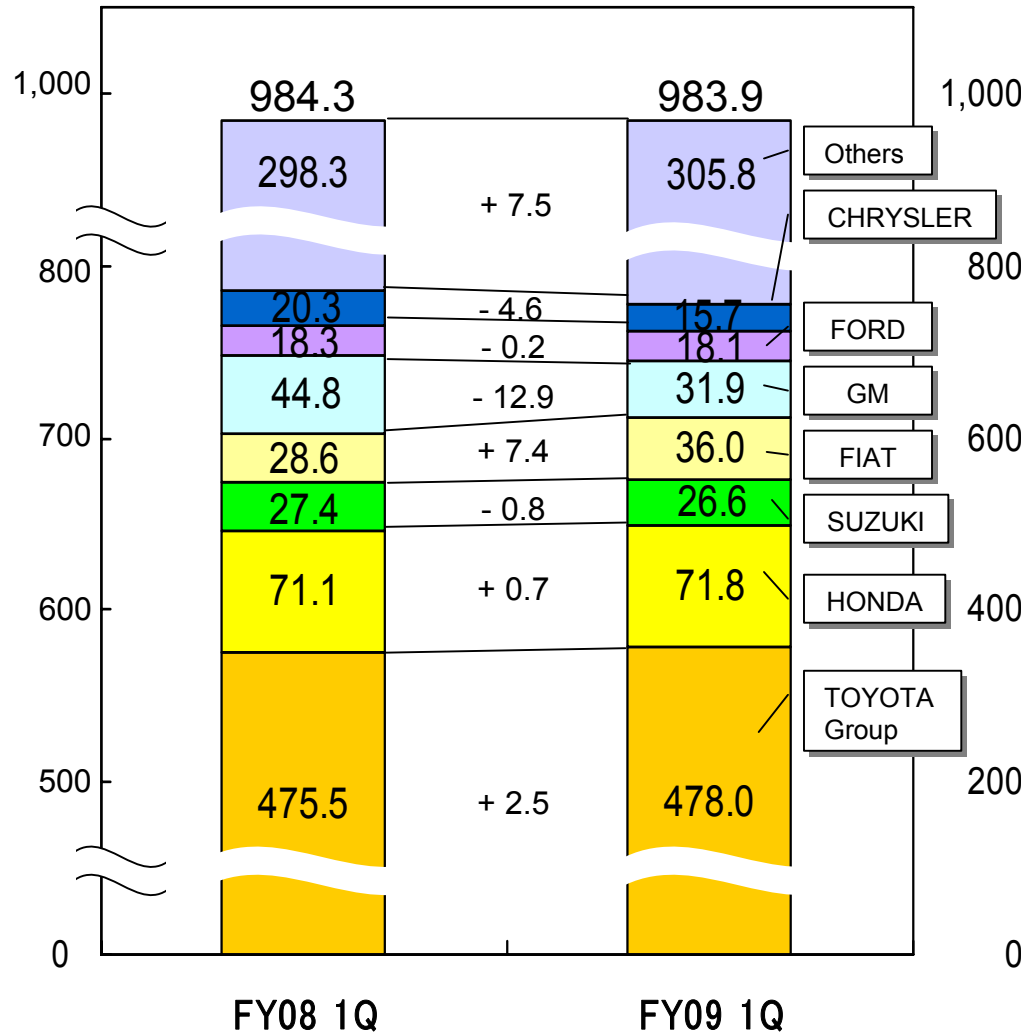
	(Ratio to Sales)		(Unit: Billions of Yen)	
	FY09 1Q	FY08 1Q	Change	
Sales	983.9	984.3	-0.4	-0.0%
Operating Income	(7.5%) 74.2	(9.5%) 93.3	-19.2	-20.6%
Income before Income Taxes	88.6	101.8	-13.1	-12.9%
Net Income	(5.3%) 51.7	(6.8%) 67.3	-15.7	-23.3%

	(Unit: Millions of Units)			
Foreign Exchange Rate	JPY104/\$ JPY162/Euro	JPY120/\$ JPY161/Euro	-JPY16 +JPY1	
Domestic Car Production	2.88	2.73	+0.15	+5.5%
Overseas Car Production of Japanese Manufacturers (North America)	3.15 (1.14)	3.10 (1.17)	+0.05 (-0.03)	+1.6% (-2.6%)

# Change in 1<sup>st</sup> Quarter Consolidated Sales

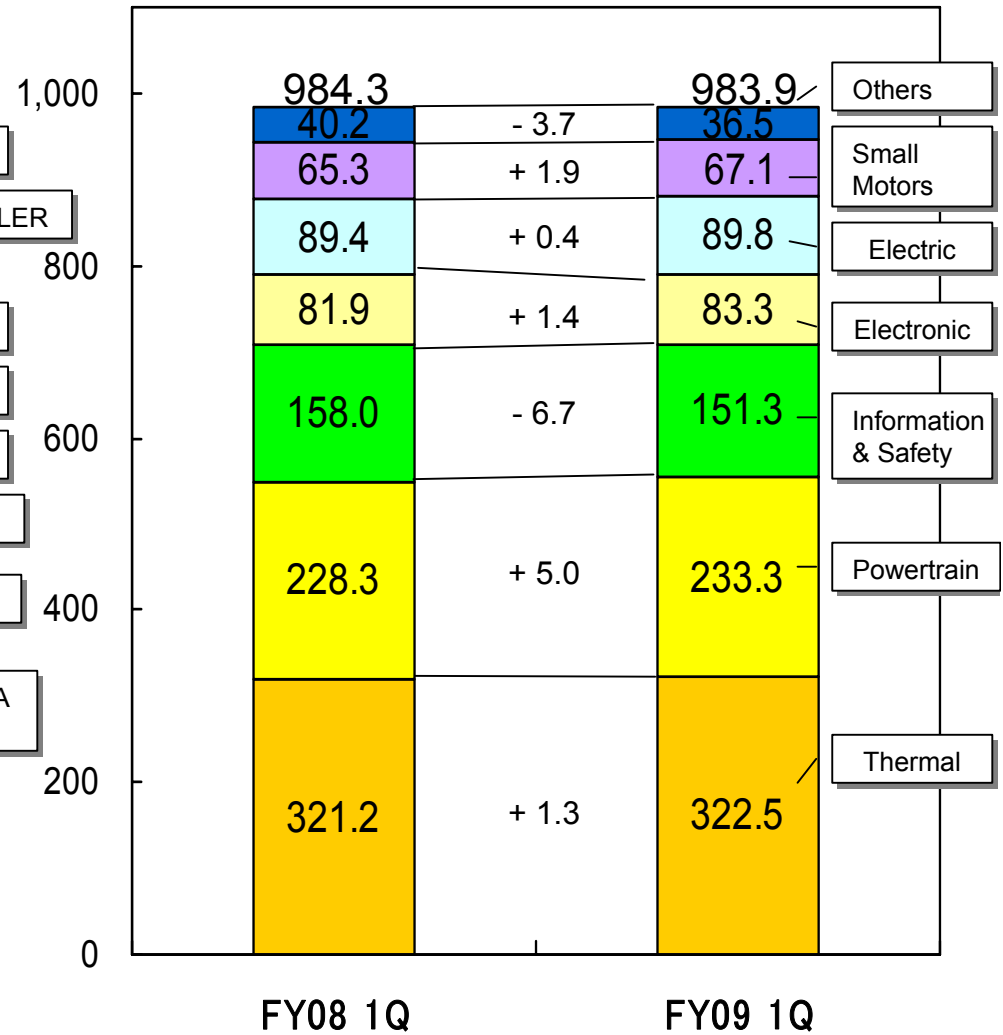
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## By Customer

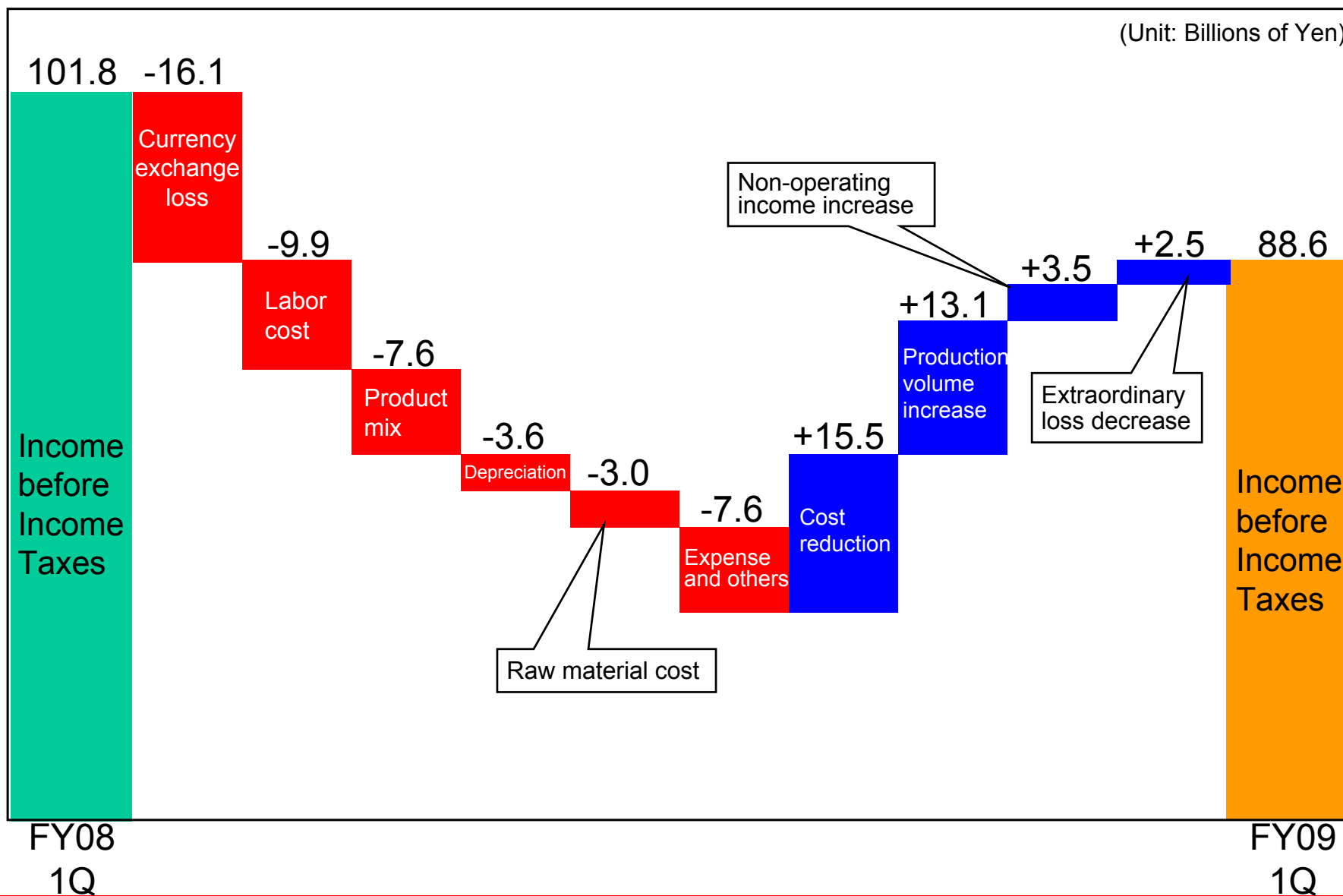


## By Business Segment

(Unit: Billions of Yen)



# Change in 1<sup>st</sup> Quarter Income before Income Taxes



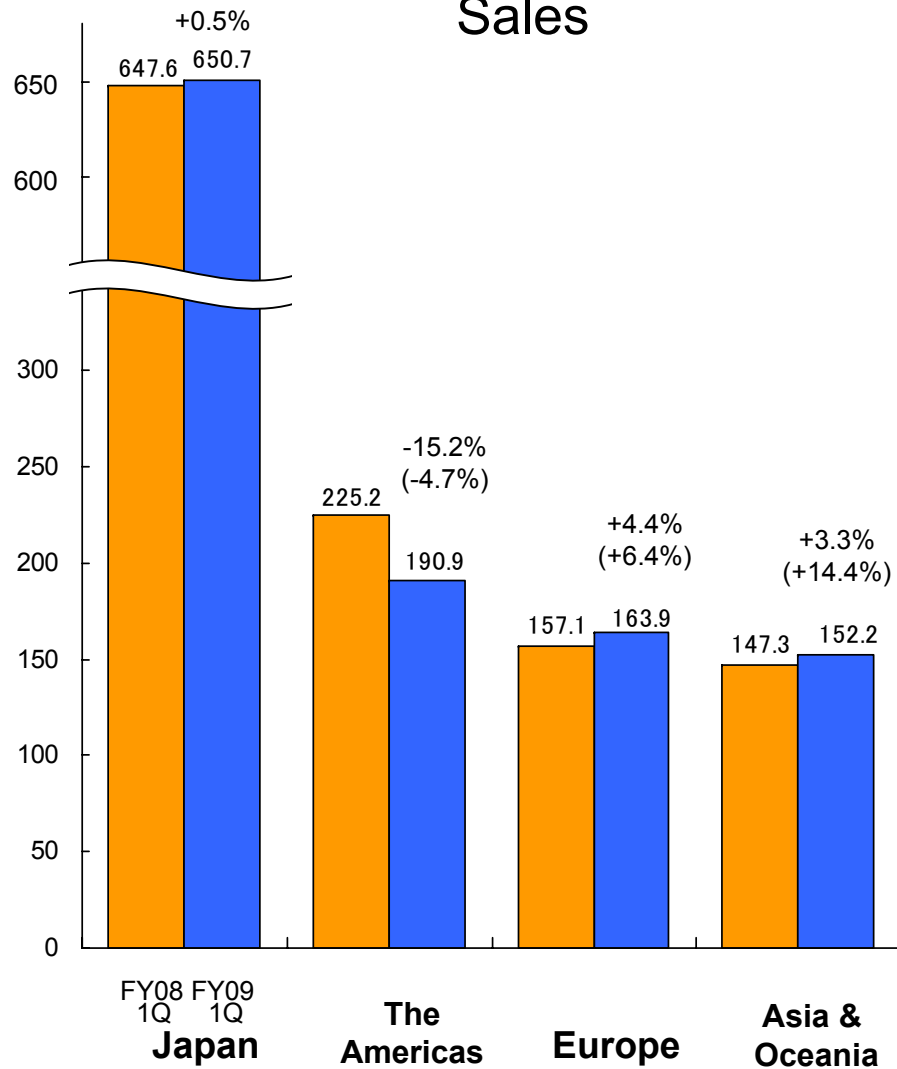
# 1<sup>st</sup> Quarter Geographical Segments by Company Location

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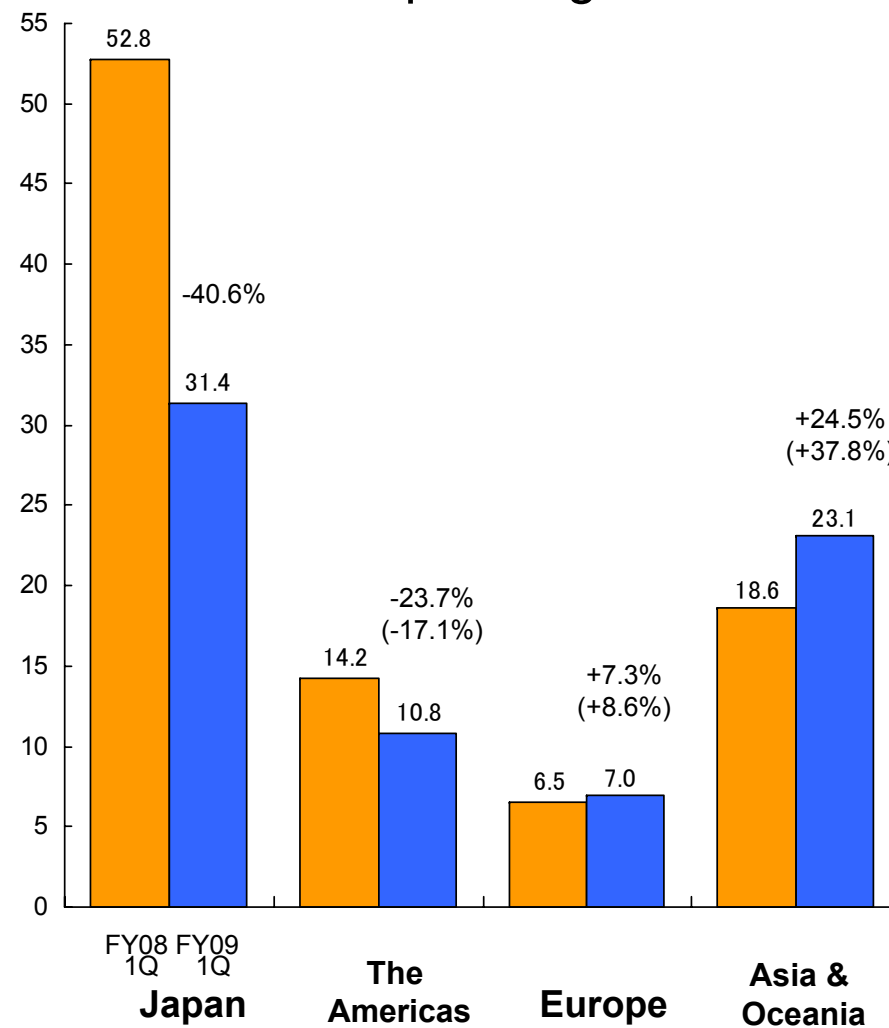
( ): Local Currency Base

(Unit: Billions of Yen)

## Sales



## Operating Income



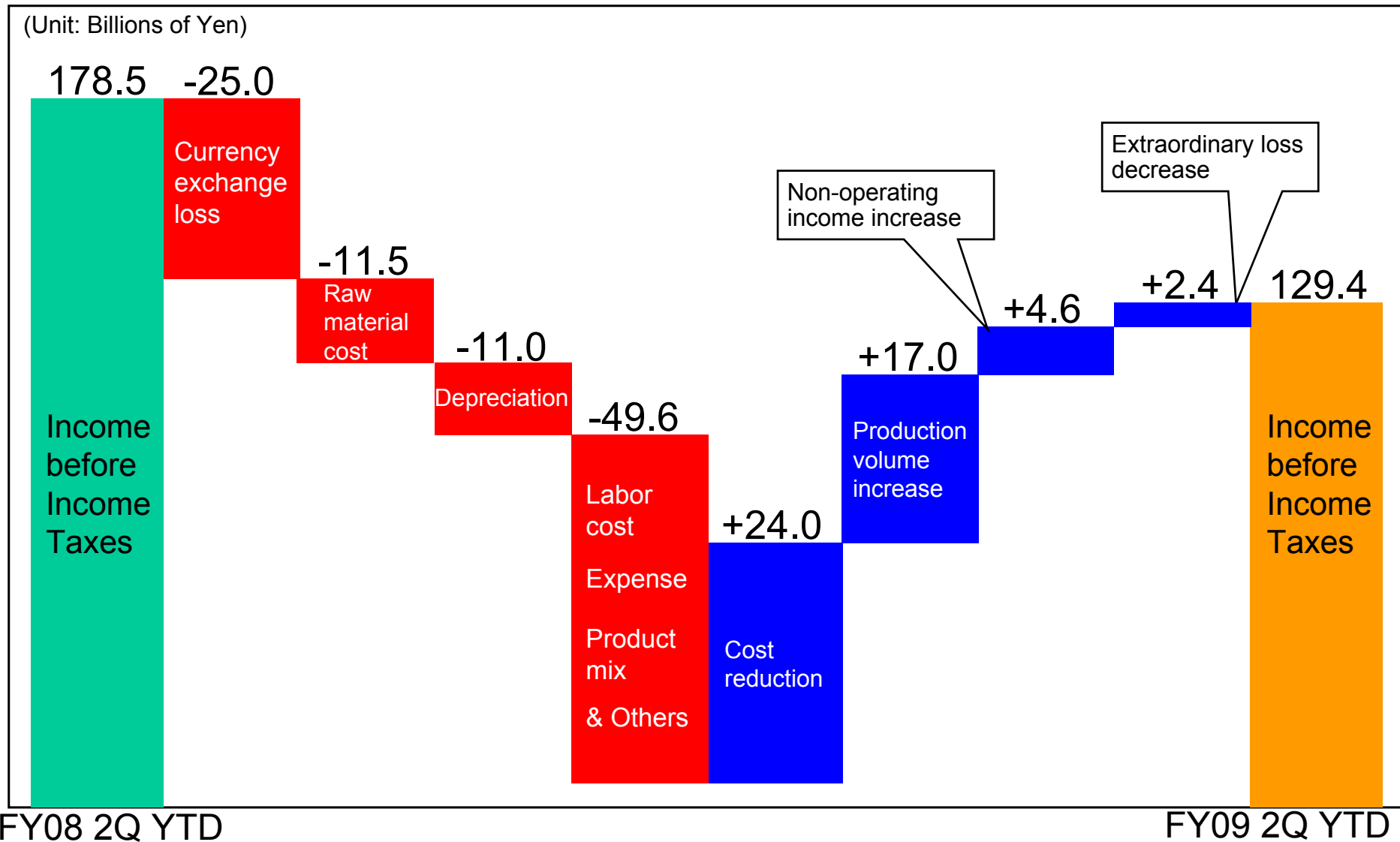
# FY2009 1<sup>st</sup> Half Financial Forecast

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	(Ratio to Sales)			(Unit: Billions of Yen)	
	FY09 2Q YTD Original	FY09 2Q YTD Revised	FY08 2Q YTD	Change	
<b>Sales</b>	1,950.0	1,920.0	1,947.8	-27.8	-1.4%
<b>Operating Income</b>	(6.7%) 130.0	(5.9%) 113.0	(8.7%) 169.1	-56.1	-33.2%
<b>Income before Income Taxes</b>	140.0	129.4	178.5	-49.1	-27.5%
<b>Net Income</b>	(4.7%) 91.0	(4.0%) 76.0	(6.1%) 118.3	-42.3	-35.8%

	(Unit: Millions of Units)				
<b>Foreign Exchange Rate</b>	JPY100/\$ JPY155/Euro	JPY104/\$ JPY164/Euro	JPY118/\$ JPY161/Euro	- JPY14 + JPY3	
<b>Domestic Car Production</b>	5.80	5.84	5.48	+0.36	+6.6%
<b>Overseas Car Production of Japanese Manufacturers (North America)</b>	6.48 (2.24)	6.26 (2.16)	6.04 (2.26)	+0.22 (-0.10)	+3.6% (-4.4%)

# Change in 1<sup>st</sup> Half Income before Income Taxes



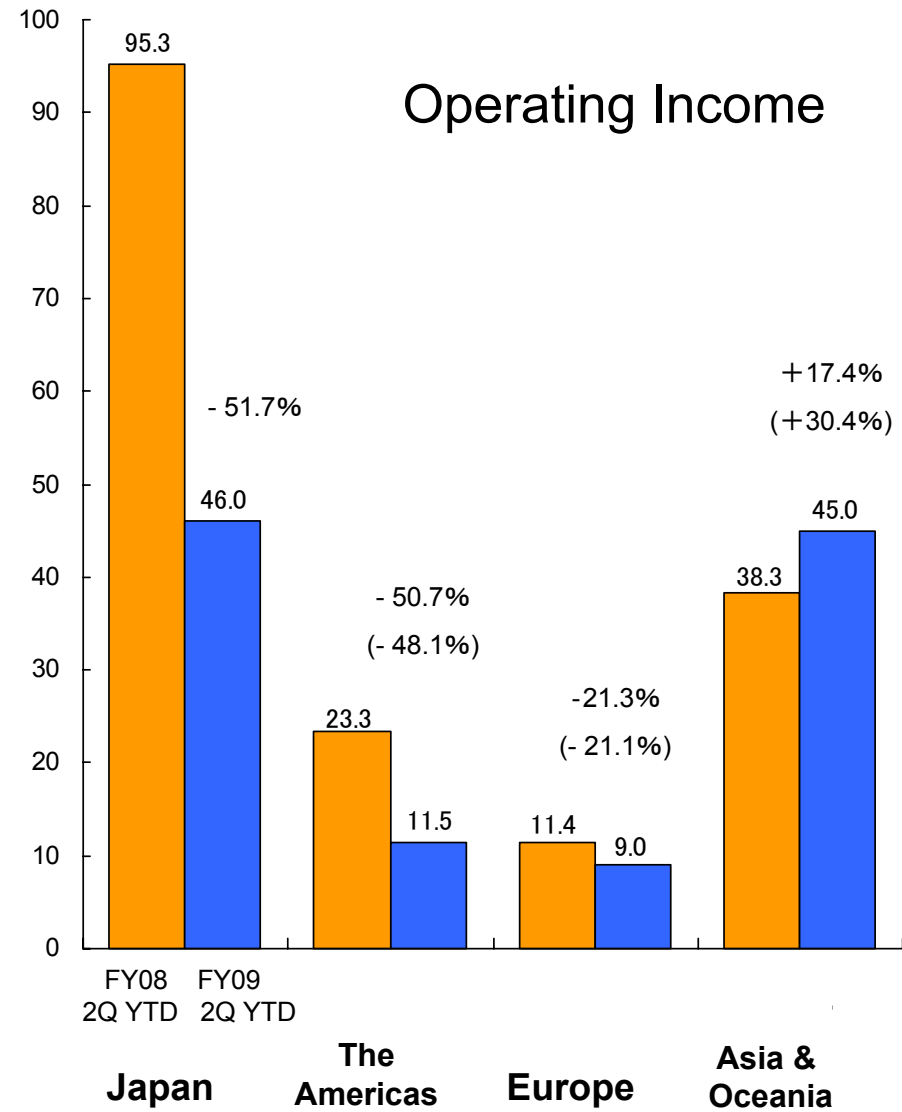
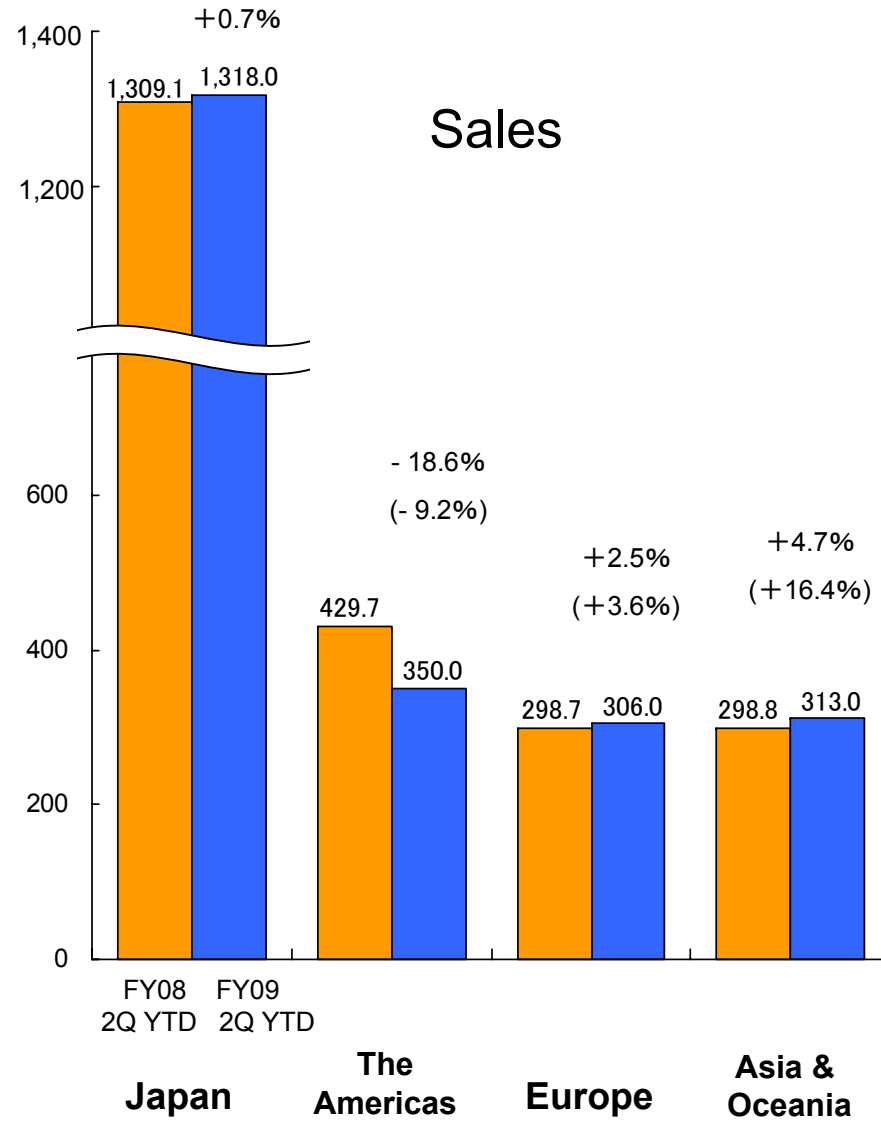


# 1st Half Geographical Segments by Company Location

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( ): Local Currency Base

(Unit: Billions of Yen)



# FY2009 Forecast

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	(Ratio to Sales)			(Unit: Billions of Yen)	
	FY2009 Original	FY2009 Revised	FY2008	Change	
<b>Sales</b>	4,030.0	4,000.0	4,025.1	-25.1	-0.6%
<b>Operating Income</b>	289.0 (7.2%)	272.0 (6.8%)	348.7 (8.7%)	-76.7	-22.0%
<b>Income before Income Taxes</b>	308.0	297.4	364.8	-67.4	-18.5%
<b>Net Income</b>	200.0 (5.0%)	185.0 (4.6%)	244.4 (6.1%)	-59.4	-24.3%

	(Unit:Millions of Units)				
<b>Foreign Exchange Rate</b>	JPY100/\$ JPY155/Euro	JPY102/\$ JPY160/Euro	JPY113/\$ JPY160/Euro	-JPY11 -	
<b>Domestic Car Production</b>	12.13	-	11.79	-	-
<b>Overseas Car Production of Japanese Manufacturers (North America)</b>	13.29 (4.53)	- (-)	12.53 (4.57)	- (-)	- (-)

# Capital Expenditures, Depreciation and R&D

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(Unit: Billions of Yen)

		FY08		FY09 Estimate		1Q Change from PY	Progress to FY09 Estimate
		1Q		1Q			
Capital Exp.	Japan	52.8	234.5	53.3	232.0	+0.9%	23.0%
	The Americas	8.4	40.0	7.8	39.0	-7.3%	19.9%
	Europe	6.5	31.7	6.8	22.0	+4.1%	30.7%
	Asia & Oceania	9.2	37.6	7.4	29.0	-19.9%	25.4%
	<b>Capital Exp.</b>	<b>76.9</b>	<b>343.8</b>	<b>75.3</b>	<b>322.0</b>	<b>-2.1%</b>	<b>23.4%</b>
Depreciation	Japan	41.5	188.1	44.5	222.0	+7.2%	20.0%
	The Americas	7.2	27.5	6.8	28.0	-5.5%	24.1%
	Europe	6.0	24.4	6.3	25.0	+5.4%	25.3%
	Asia & Oceania	6.0	24.6	6.6	26.0	+9.8%	25.2%
	<b>Depreciation</b>	<b>60.6</b>	<b>264.5</b>	<b>64.2</b>	<b>301.0</b>	<b>+5.9%</b>	<b>21.3%</b>
<b>R&amp;D Expenditure (Ratio to Sales)</b>		<b>69.5</b> (7.1%)	<b>311.5</b> (7.7%)	<b>72.7</b> (7.4%)	<b>311.0</b> (7.8%)	<b>+4.5%</b>	<b>23.4%</b>

## Improvement for Fuel Efficiency

1. Trend of auto industry and DENSO's basic strategy
2. Direction for technology development
3. Idle stop and start system

## Prevention from Global Warming

- Rising societal demand
- Achieving stricter worldwide fuel efficiency (CO<sub>2</sub> emission) regulations

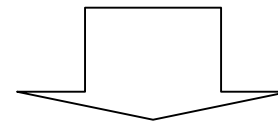
Japan: 2010 regulation -> 2015 regulation

U.S.A.: Stricter Corporate Average Fuel Economy (CAFE) standard (2010)

Europe: CO<sub>2</sub>130g/km regulation (2012)  
<Planning>

## Gasoline Price Rise

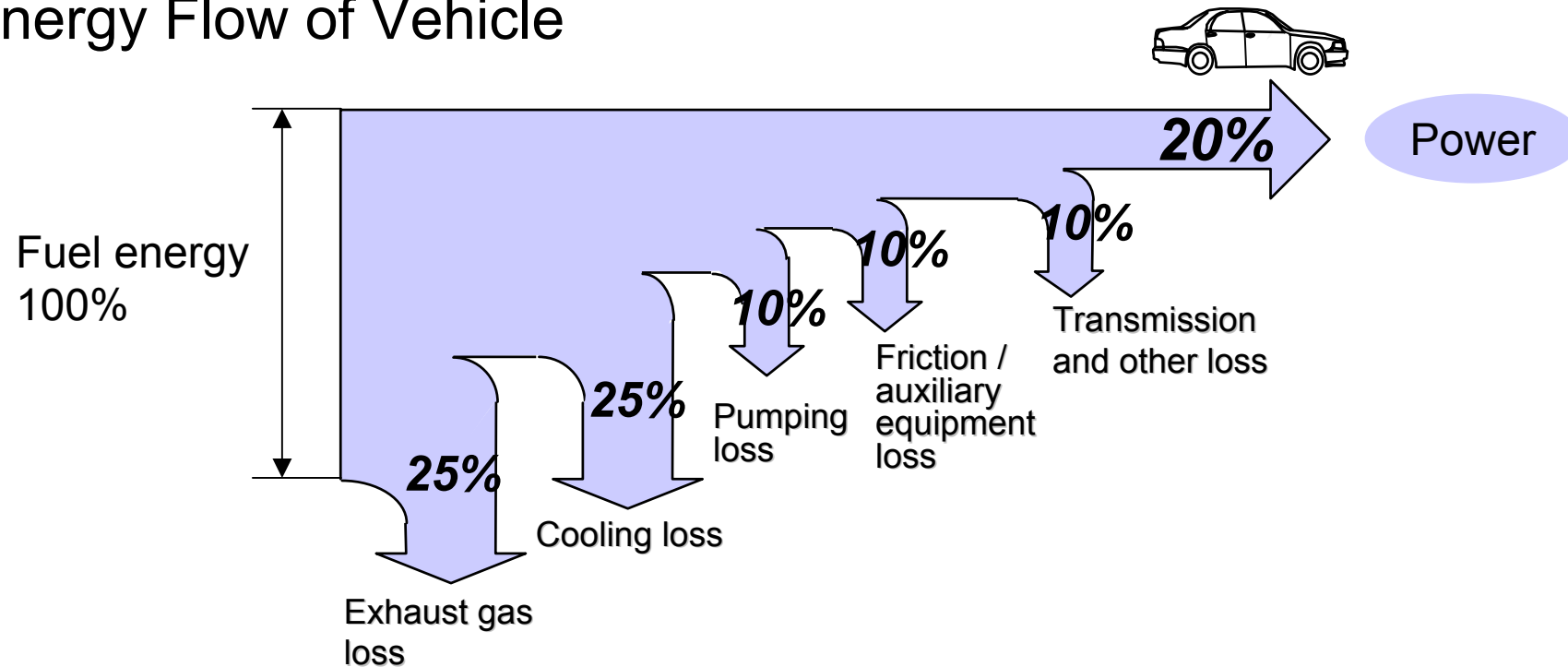
Shift from large vehicles to small or economical vehicles.



## DENSO's Basic Strategy

- Improvement for fuel efficiency and reducing CO<sub>2</sub> emission as the most important issue
- Technology development by using DENSO's strength.

## Energy Flow of Vehicle



Only 20 percent of fuel energy is used to power the vehicle.

## Concept for Improving Fuel Efficiency and Reducing CO<sub>2</sub> Emission

- Reduce energy loss
- Recover and reuse lost energy
- Store and reuse lost energy
- Convert and use lost energy

## Improve Efficiency of Internal-Combustion Engine

- Gasoline direct injection system
- Diesel common rail system

## Effective Use of Energy

- Energy management
  - Electric management
  - Thermal management
- Electrically powered
- Driver assistance

## Promotion of Hybrid System

- **Idle stop and start system**  
(Micro hybrid)
- Mild and strong hybrid

## Concept for Improving Fuel Efficiency

- Reduce energy loss
- Recover and reuse lost energy
- Store and reuse lost energy
- Convert and use lost energy

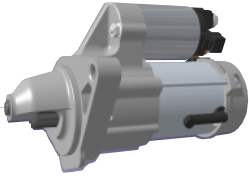

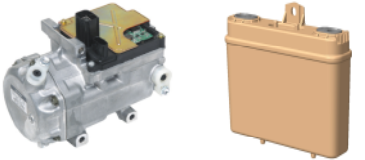
# Idle Stop-and-Start System

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## Outline of Idle Stop-and-Start System

The engine automatically stops/re-starts in response to vehicle stop/start, which avoids unnecessary idling, and reduces fuel consumption.

## DENSO's Main System Products

<p>Improved Starter</p> <p>Durability enhancement to handle frequent engine start/stop.</p> <p>-&gt; Starter with the durability of 300 thousands of engine start (The durability of normal starter is 50 thousands of engine start.)</p>	
<p>High Performance Alternator</p> <p>Generation capacity increase to improve fuel efficiency</p> <p>-&gt; Alternator with high capacity of converting deceleration energy into electricity</p>	
<p>Climate Control for Idle Stop</p> <p>Comfort to be maintained in the cabin even when the engine stops.</p> <p>-&gt; Electric compressor without any driving force of engine</p> <p>Cold storage unit used for cooling system when the engine stops</p>	 <p>Electric compressor      Cold storage unit</p>



***DENSO***

# Appendix

- Non-Consolidated Financial Results
- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Sales by Customer
- Consolidated Sales by Business Segment

# Non-Consolidated Financial Results

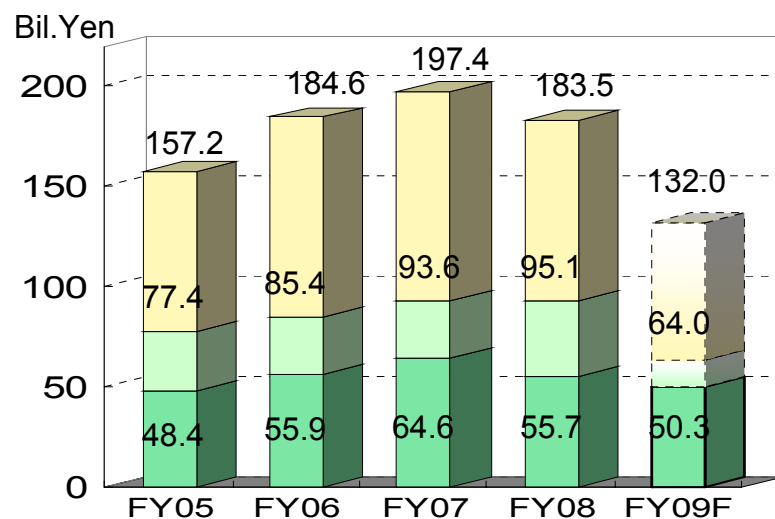
## Income Statements

(Ratio to Sales )

(Unit: Billions of Yen, %)

Account	FY2009 1Q		FY2008 1Q		Change		FY2009 2Q YTD Forecast		FY2009 Forecast					
	Amount	Percent	Amount	Percent	Amount	Percent	Forecast as of Apr. 25	Forecast as of Jul. 30	Forecast as of Apr. 25	Forecast as of Jul. 30				
<b>Net Sales</b>	( 100.0 )	594.2	( 100.0 )	588.3	5.9	1.0	( 100.0 )	1,210.0	( 100.0 )	2,500.0	( 100.0 )	2,480.0		
Cost of Sales	( 89.6 )	532.4	( 86.9 )	510.9	21.5									
SGA Expenses	( 6.3 )	37.6	( 5.8 )	34.3	3.4									
<b>Operating Income</b>	( 4.1 )	24.2	( 7.3 )	43.1	-18.9	-43.8	( 4.0 )	48.0	( 2.9 )	34.0	( 4.1 )	102.0	( 3.5 )	88.0
Non-Operating Income		26.1		15.3	10.8			23.0		30.0		37.0		44.0
Extraordinary Income (Loss)		-0.0		-2.7	2.7			-		-0.0		-		-0.0
<b>Income Before Income Taxes</b>	( 8.5 )	50.3	( 9.5 )	55.7	-5.4	-9.6	( 5.9 )	71.0	( 5.4 )	64.0	( 5.6 )	139.0	( 5.3 )	132.0
<b>Net Income</b>	( 5.3 )	31.6	( 6.7 )	39.5	-7.9	-20.0	( 4.1 )	50.0	( 3.4 )	41.0	( 3.9 )	98.0	( 3.6 )	89.0
Domestic Car Production (Mil.unit)		2.88		2.73				5.80		5.84		12.13		-
Foreign Exchange Rate(US\$)		104 Yen		120 Yen				100 Yen		104 Yen		100 Yen		102 Yen
Foreign Exchange Rate(Euro)		162 Yen		161 Yen				155 Yen		164 Yen		155 Yen		160 Yen

## Income before Income Taxes



## Changes in Income before Income Taxes

(FY08 1Q => FY09 1Q)

(Unit: Billions of Yen)

Positive Factors		Negative Factors	
Non-operating income increase	10.8	Currency exchange loss	-11.0
Cost reduction	8.0	Product mix	-8.9
Production volume increase	6.5	Labor cost increase	-5.0
Extraordinary loss decrease	2.7	Depreciation increase	-1.8
		( Tax amendment -0.9 is included )	
		Raw material cost increase	-1.7
		Expense increase and others	-5.0
Sub Total	28.0	Sub Total	-33.4
Total Decrease			-5.4

# Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2009												
		FY2009 First Half							FY2009 Second Half			FY2009 Full Year		
		1Q												
		Prior Year	Actual	Change	Prior Year	Forecast as of Apr.25	Revised Estimate	Change	Prior Year	Forecast as of Apr.25	Change	Prior Year	Forecast as of Apr.25	Change
Foreign Exchange Rate (Yen)	USD	120	104	- 16	118	100	104	- 14	118	100	- 18	113	100	- 13
	EUR	161	162	+ 1	161	155	164	+ 3	153	155	+ 2	160	155	- 5
Forex Impact on Operating Income per Yen (Bill. Yen)	USD	-	-	-	2.5	-	-	-	-	-	-	2.3	2.6	+ 0.3
	EUR	-	-	-	0.8	-	-	-	-	-	-	0.7	0.8	+ 0.1
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	2.73	2.88	+ 5%	5.48	5.80	5.84	+ 7%	6.31	6.33	+ 0%	11.79	12.13	+ 3%
	North America	1.17	1.14	- 3%	2.26	2.24	2.16	- 4%	2.31	2.29	- 1%	4.57	4.53	- 1%
	Overseas	3.10	3.15	+ 2%	6.04	6.48	6.26	+ 4%	6.49	6.81	+ 5%	12.53	13.29	+ 6%

# Consolidated Sales by Customer

(Unit: Billions of Yen)

## Sales by Customer

(Unit: Billions of Yen)

	FY2009 1Q		FY2008 1Q		Change	
	Amount	% to total	Amount	% to total	Amount	%
Toyota	442.6	45.0	440.4	44.8	2.2	0.5
Daihatsu	24.9	2.5	24.8	2.5	0.1	0.3
Hino	10.5	1.1	10.2	1.0	0.2	2.2
<b>Toyota Group</b>	<b>478.0</b>	<b>48.6</b>	<b>475.5</b>	<b>48.3</b>	<b>2.5</b>	<b>0.5</b>
Honda	71.8	7.3	71.1	7.2	0.7	1.0
Suzuki	26.6	2.7	27.4	2.8	-0.8	-2.8
Fuji	14.7	1.5	14.7	1.5	0.0	0.3
Isuzu	14.0	1.4	12.5	1.3	1.5	12.0
Mitsubishi	11.7	1.2	12.9	1.3	-1.2	-9.2
Mitsubishi Fuso	4.2	0.4	4.2	0.4	0.0	0.7
GM	31.9	3.2	44.8	4.6	-12.9	-28.9
FORD	18.1	1.8	18.3	1.9	-0.2	-1.3
JAGUAR	3.6	0.4	3.5	0.3	0.0	0.5
Volvo / Land Rover	8.9	0.9	8.8	0.9	0.1	0.8
Mazda	15.6	1.6	12.0	1.2	3.7	30.6
Chrysler	15.7	1.6	20.3	2.1	-4.6	-22.5
Benz	6.1	0.6	5.4	0.5	0.6	12.1
FIAT	36.0	3.7	28.6	2.9	7.4	25.9
Hyundai/Kia	11.7	1.2	16.5	1.7	-4.8	-28.8
VW/AUDI	15.5	1.6	14.5	1.5	1.1	7.4
BMW	6.0	0.6	6.2	0.6	-0.2	-3.5
Renault/Nissan	10.8	1.1	8.7	0.9	2.1	24.6
PSA	6.6	0.7	5.6	0.6	1.1	19.0
OE Sales for others	58.2	5.9	60.4	6.1	-2.2	-3.6
<b>OEM Total</b>	<b>865.6</b>	<b>88.0</b>	<b>871.6</b>	<b>88.6</b>	<b>-6.0</b>	<b>-0.7</b>
<b>After-market, New business &amp; Others</b>	<b>118.3</b>	<b>12.0</b>	<b>112.7</b>	<b>11.4</b>	<b>5.6</b>	<b>5.0</b>

# Consolidated Sales by Business Segment

(Unit: Billions of Yen)

	FY2009 1Q		FY2008 1Q		Change	
	Amount	% to total	Amount	% to total	Amount	%
Thermal	322.5	32.8	321.2	32.6	1.3	0.4
Powertrain Control	233.3	23.7	228.3	23.2	5.0	2.2
Information & Safety Systems	151.3	15.4	158.0	16.1	-6.7	-4.2
Electric	89.8	9.1	89.4	9.1	0.4	0.4
Electronic	83.3	8.5	81.9	8.3	1.4	1.8
Small Motors	67.1	6.8	65.3	6.6	1.9	2.9
Others (*1)	11.5	1.2	11.3	1.1	0.2	2.0
<b>Automotive Total</b>	<b>958.9</b>	<b>97.5</b>	<b>955.3</b>	<b>97.0</b>	<b>3.6</b>	<b>0.4</b>
Industrial & Consumer Product	14.0	1.4	15.1	1.6	-1.1	-7.5
Others (*2)	11.0	1.1	13.8	1.4	-2.8	-20.3
<b>New Business Total</b>	<b>25.0</b>	<b>2.5</b>	<b>29.0</b>	<b>3.0</b>	<b>-3.9</b>	<b>-13.6</b>
<b>Total</b>	<b>983.9</b>	<b>100.0</b>	<b>984.3</b>	<b>100.0</b>	<b>-0.4</b>	<b>-0.0</b>

\*1 repair parts, original brand products of subsidiaries

\*2 communication (Agency), display