



# **FY2013 2<sup>nd</sup> Quarter Financial Results ended September 30, 2012**

**October 31, 2012**

**DENSO CORPORATION**

**1. Sales and Income increased from previous year**

**2. Downward Revision of FY2013 forecast**

# FY2013 2<sup>nd</sup> Quarter Financial Results

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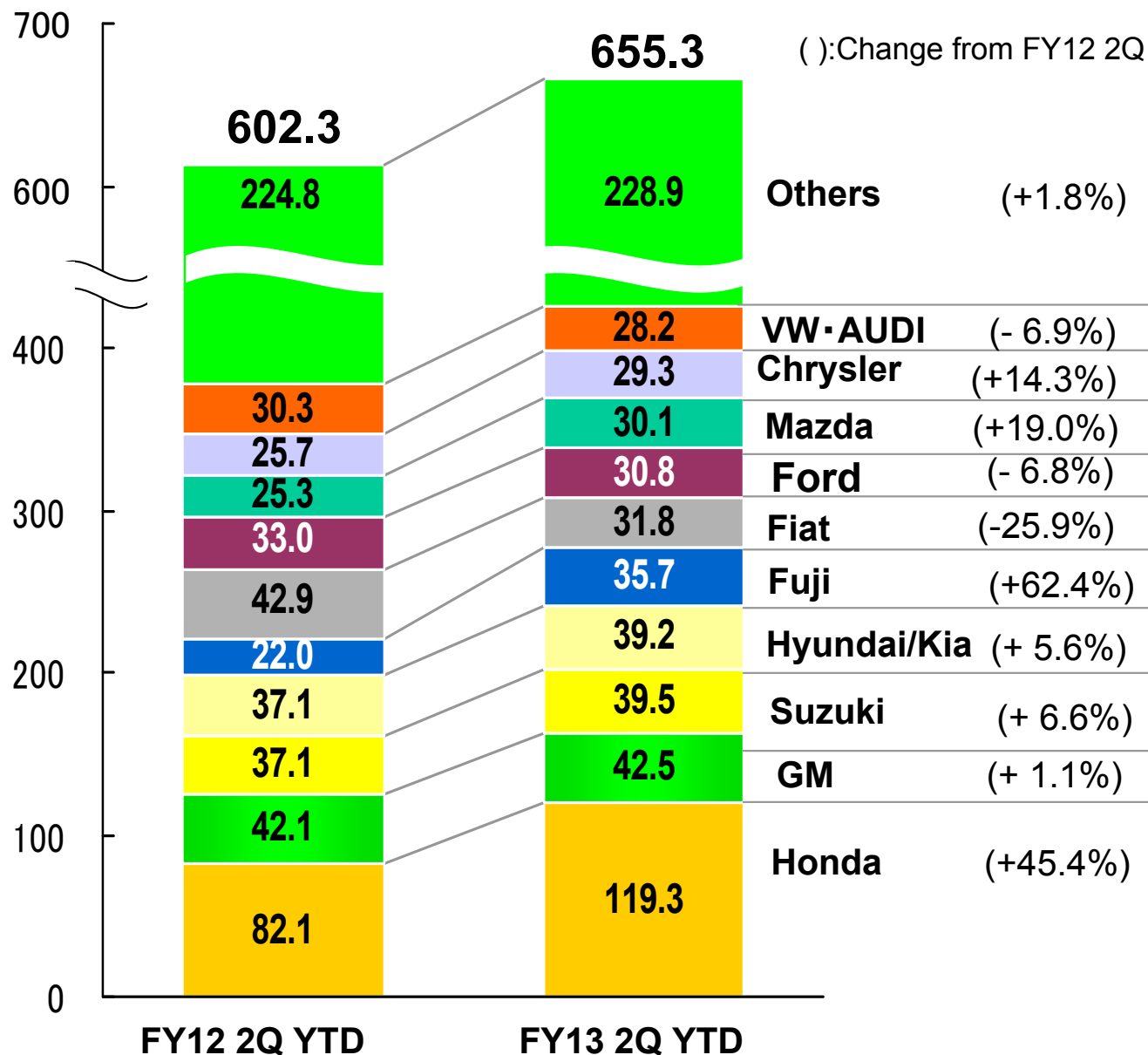
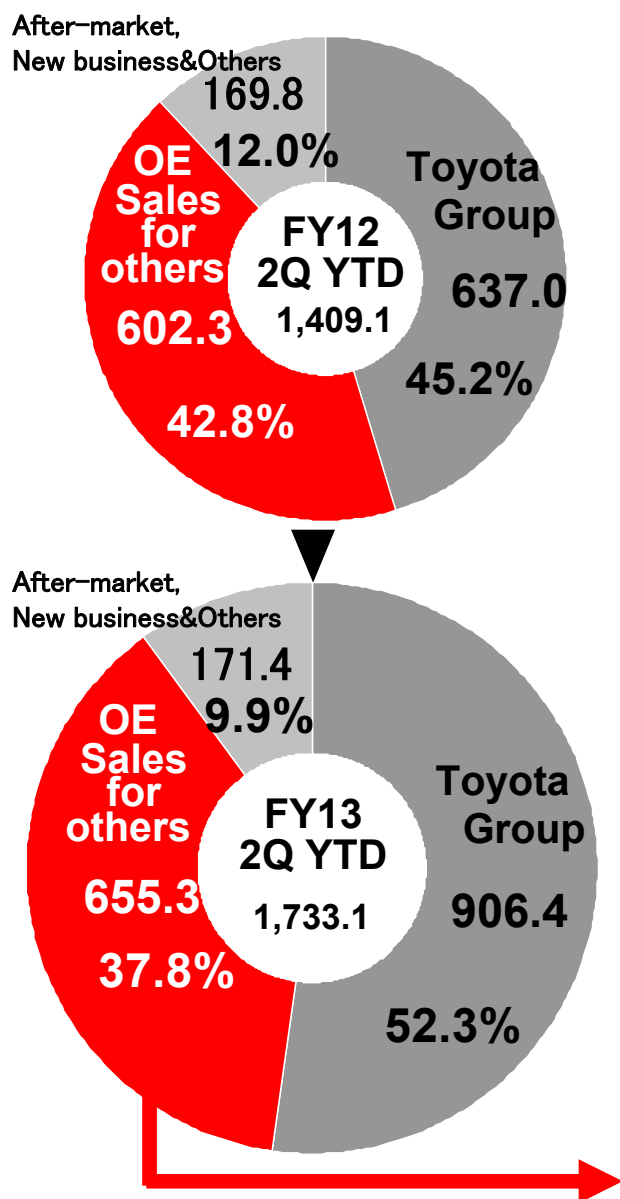
	(Ratio to Sales)			(Unit: Billions of Yen)	
	FY2013 Forecast as of July. 31	FY13 2Q YTD	FY12 2Q YTD	Change	
Sales	1,740.0	1,733.1	1,409.1	+324.0	+23.0%
Operating Income	(7.8%) 135.0	(7.9%) 136.3	(2.3%) 31.9	+104.4	+327.7%
Income before Income Taxes	(8.2%) 142.5	(7.9%) 137.4	(2.8%) 39.3	+98.1	+249.4%
Net Income	(5.1%) 88.0	(4.5%) 78.1	(1.7%) 23.3	+54.8	+235.3%

	(Unit: Millions of Units)				
Foreign Exchange Rate	JPY 80/\$ JPY101/Euro	JPY 79/\$ JPY101/Euro	JPY 80/\$ JPY114/Euro	-1JPY -13JPY	
Domestic Car Production	4.82	4.74	3.73	+1.01	+27.1%
Overseas Car Production of Japanese Manufacturers (North America)	8.11 (2.48)	8.24 (2.48)	6.79 (1.56)	+1.45 (+0.92)	+21.4% (+59.0%)

## By Customer

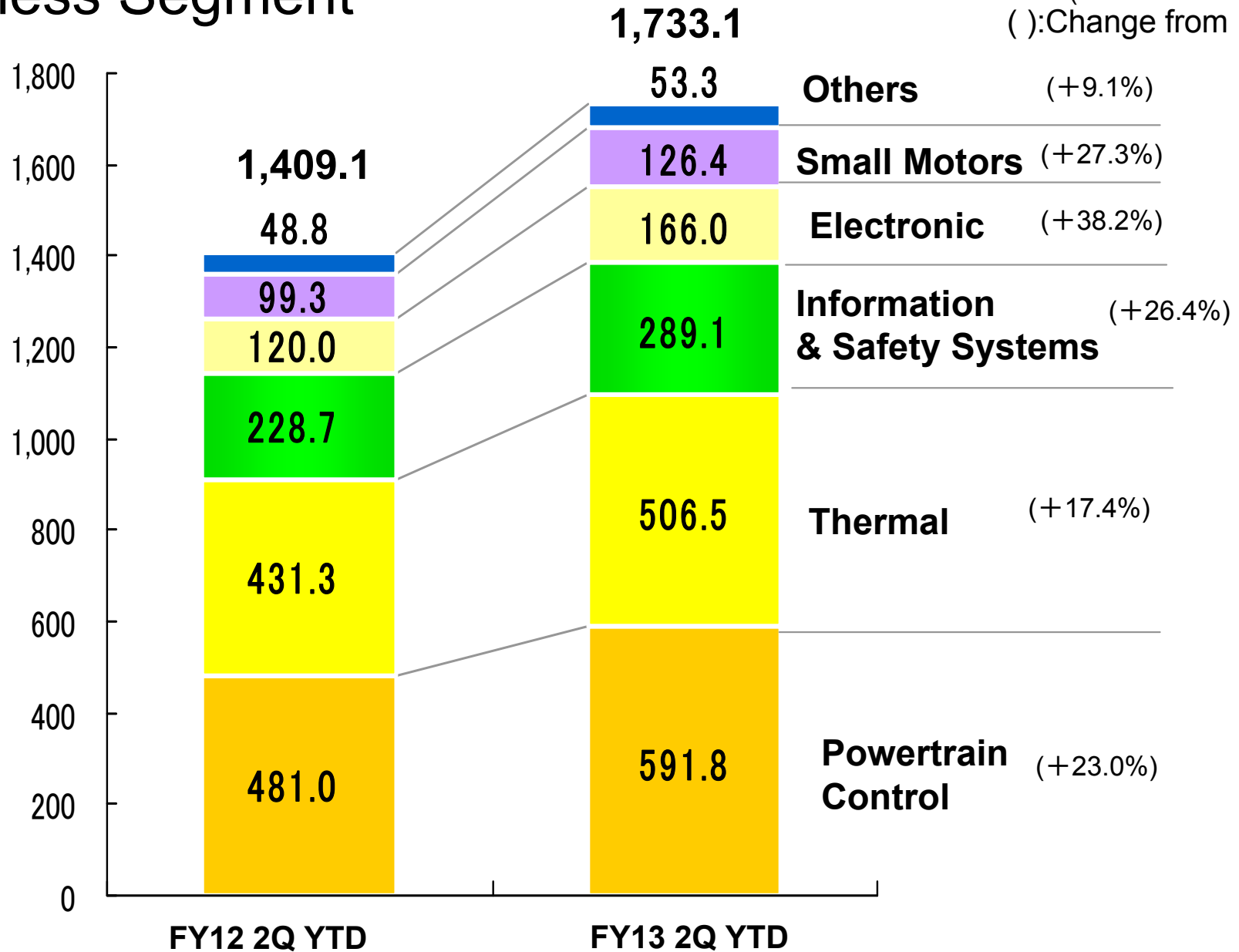
(Unit: Billions of Yen)

## OE Sales for others

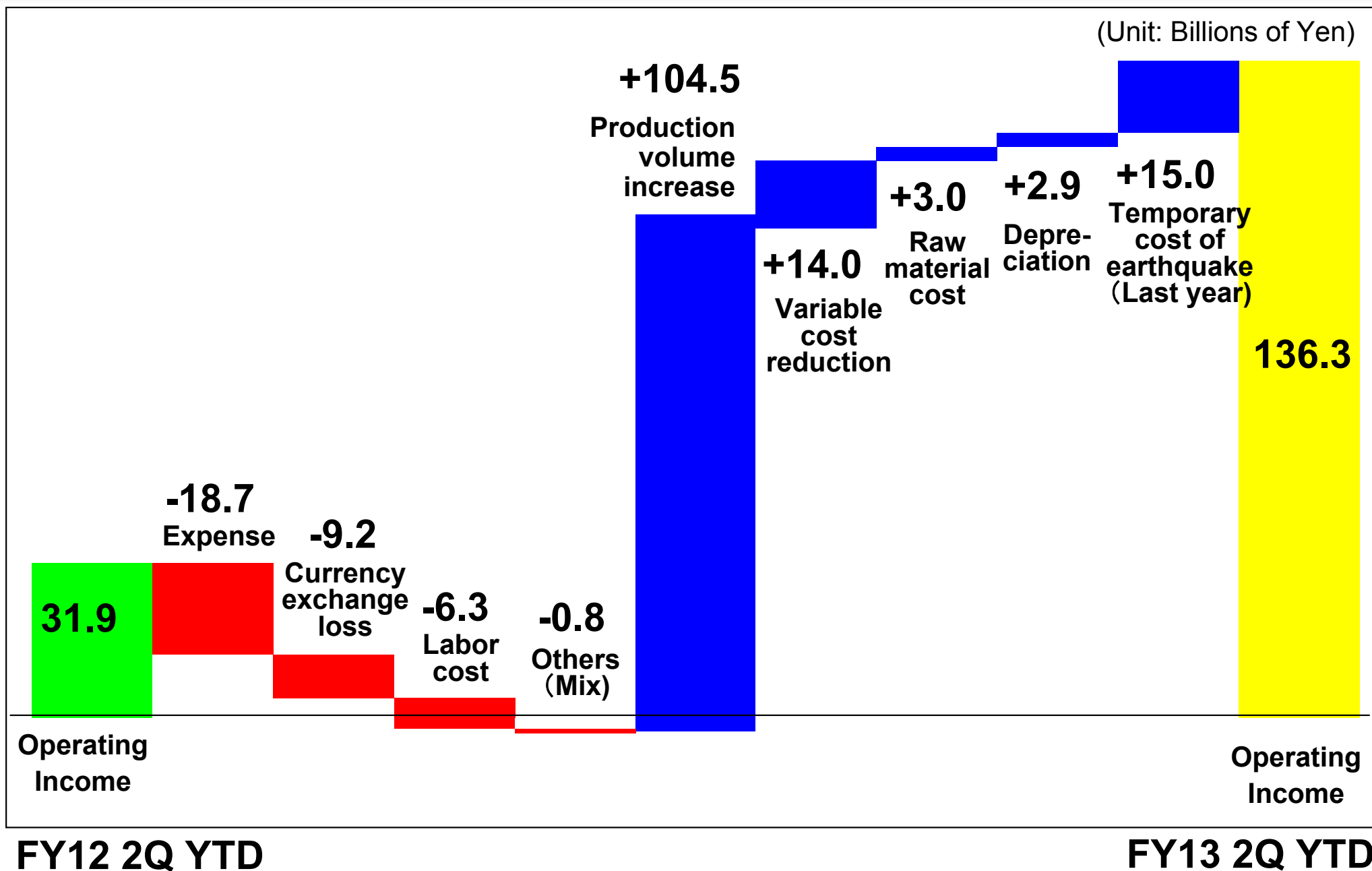


## By Business Segment

(Unit: Billions of Yen)  
( ): Change from FY12 2Q



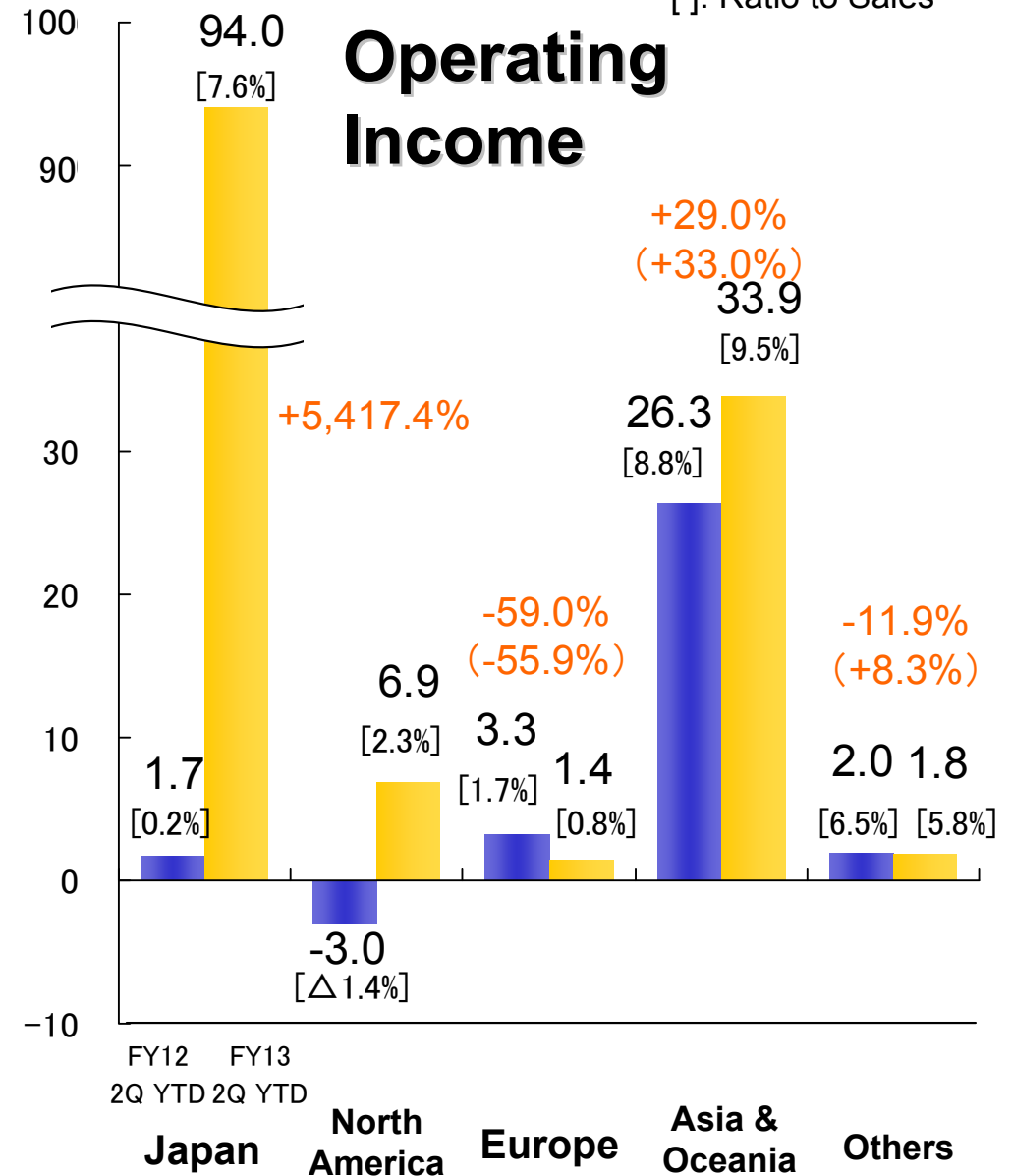
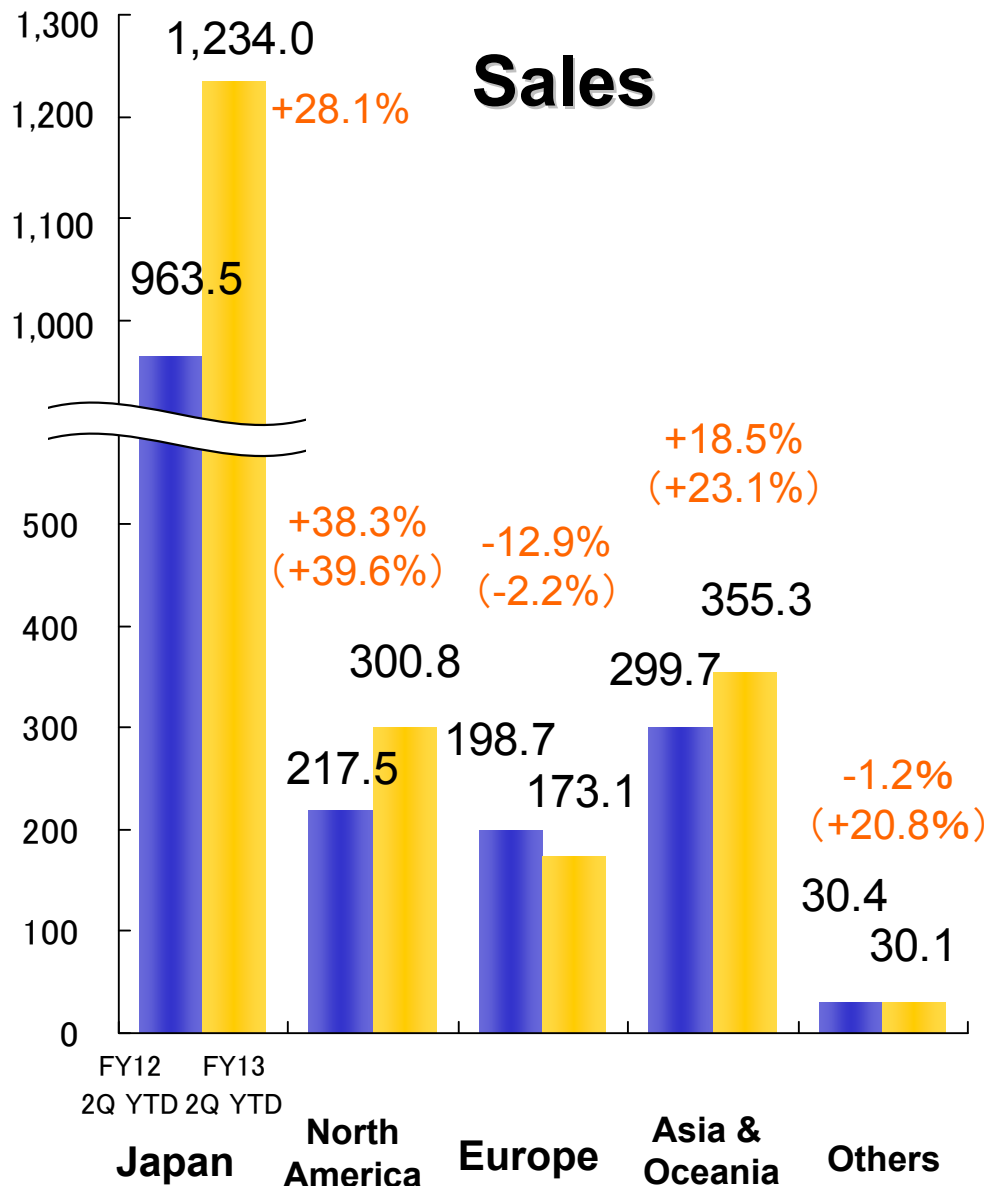
# Change in 2<sup>nd</sup> Quarter Operating Income



# 2<sup>nd</sup> Quarter Geographical Segments by Company Location

(Unit: Billions of Yen)

( ): Local Currency Base  
[ ]: Ratio to Sales

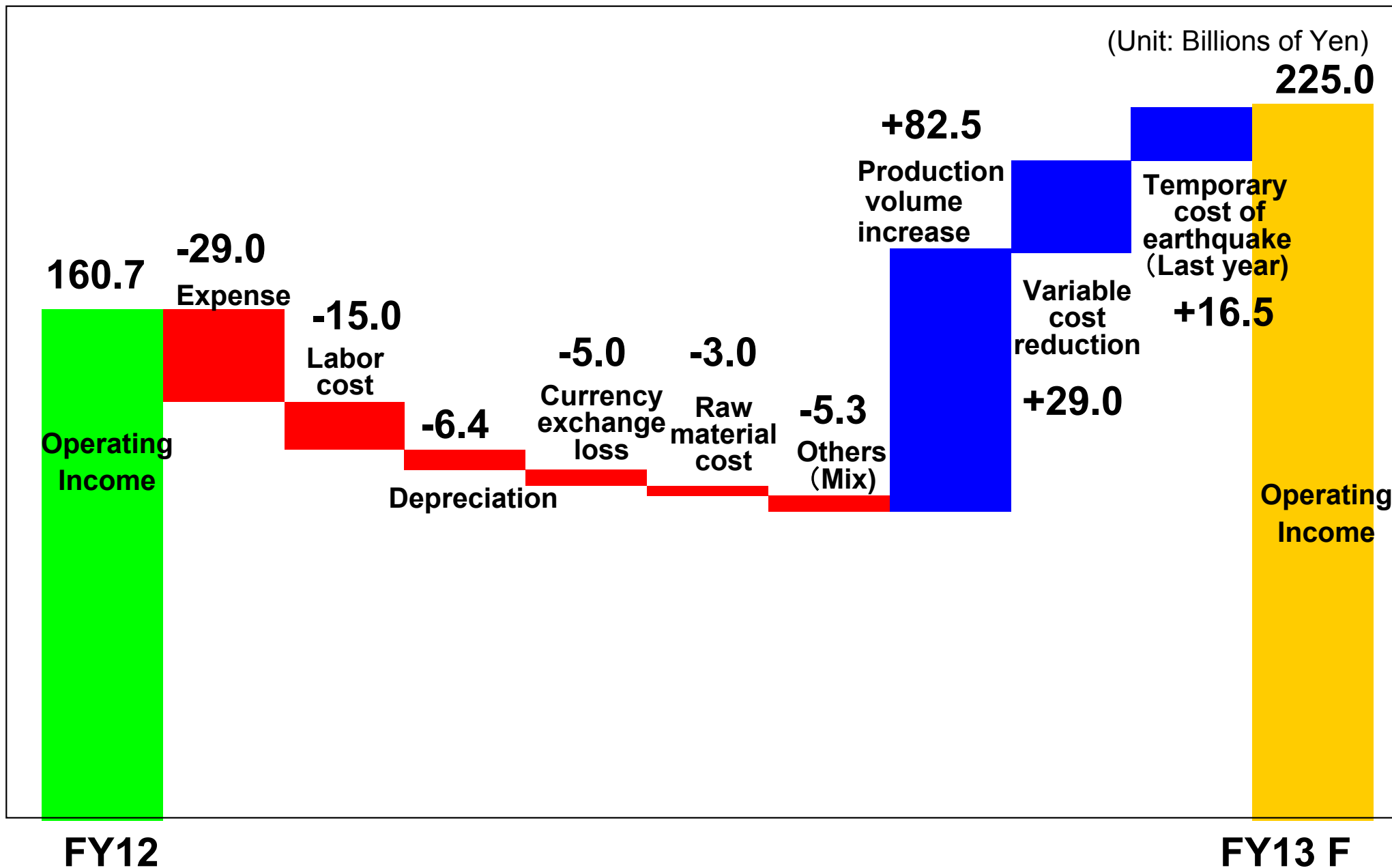


	(Ratio to Sales)			(Unit: Billions of Yen)	
	FY2013 Forecast as of Jul.31	FY2013 Revised	FY2012	Change	
Sales	3,480.0	3,410.0	3,154.6	+255.4	+8.1%
Operating Income	(7.2%) 250.0	(6.6%) 225.0	(5.1%) 160.7	+64.3	+40.0%
Income before Income Taxes	(7.5%) 262.5	(6.8%) 231.1	(5.2%) 163.5	+67.6	+41.4%
Net Income	(4.9%) 172.0	(4.0%) 138.0	(2.8%) 89.3	+48.7	+54.5%

	(Unit: Millions of Units)			
	JPY 80/\$ JPY103/Euro	JPY 80/\$ JPY100/Euro	JPY 79/\$ JPY109/Euro	JPY 1 -JPY 9
Domestic Car Production	9.56	9.31	8.89	+0.42 +4.7%
Overseas Car Production of Japanese Manufacturers (North America)	16.47 (4.88)	16.28 (5.00)	14.65 (3.95)	+1.63 (+1.05) +11.1% (+26.6%)



# Change in FY2013 Operating Income



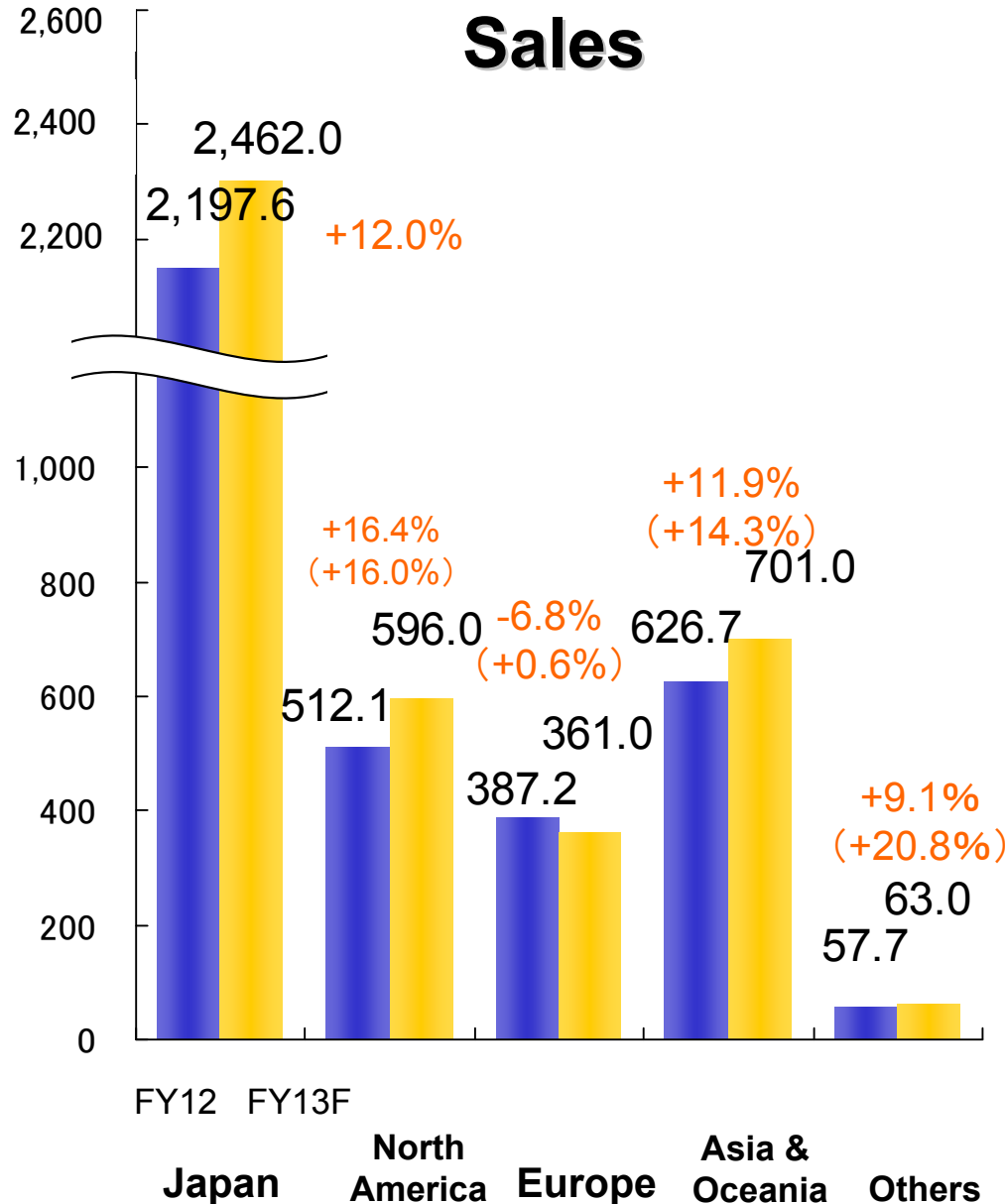
# Geographical Segments by Company Location

(Unit: Billions of Yen)

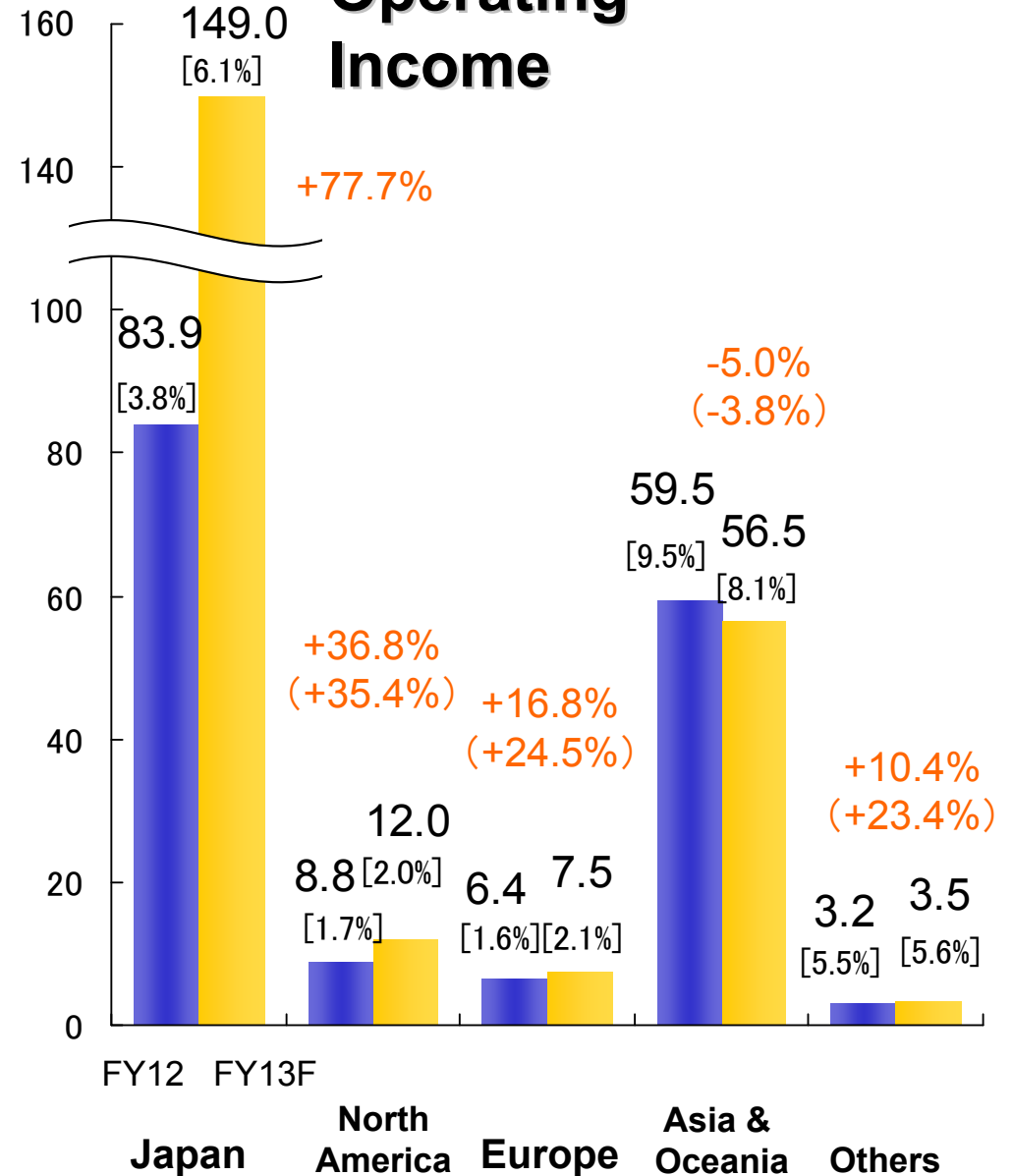
( ): Local Currency Base

[ ]: Ratio to Sales

## Sales



## Operating Income



- 1. Global Mid-term Policy**
- 2. Technology Development for Foster the Growth**
  - (1) Fuel Saving**
  - (2) Safety**
  - (3) Strengthen Cost Competitive**
- 3. DENSO's Development Network**

## DENSO Group's Global Mid-term Policy

### 1. Strategies to expand business for ensuring our continuous growth in future years

- (1) Strengthen relationship with major automakers and expand business in growing emerging markets
- (2) Develop system products that make vehicles more attractive for customers
- (3) Expand aftermarket business and develop new businesses

### 2. Evolve by continuing to develop the world's first products

- (1) Improve capabilities of product development focused on world first technology
- (2) Establish global procurement, production, and supply systems that make us outstanding (*Dantotsu*) cost competitive

### 3. Facilitating Group-wide collaboration worldwide and speeding-up corporate management

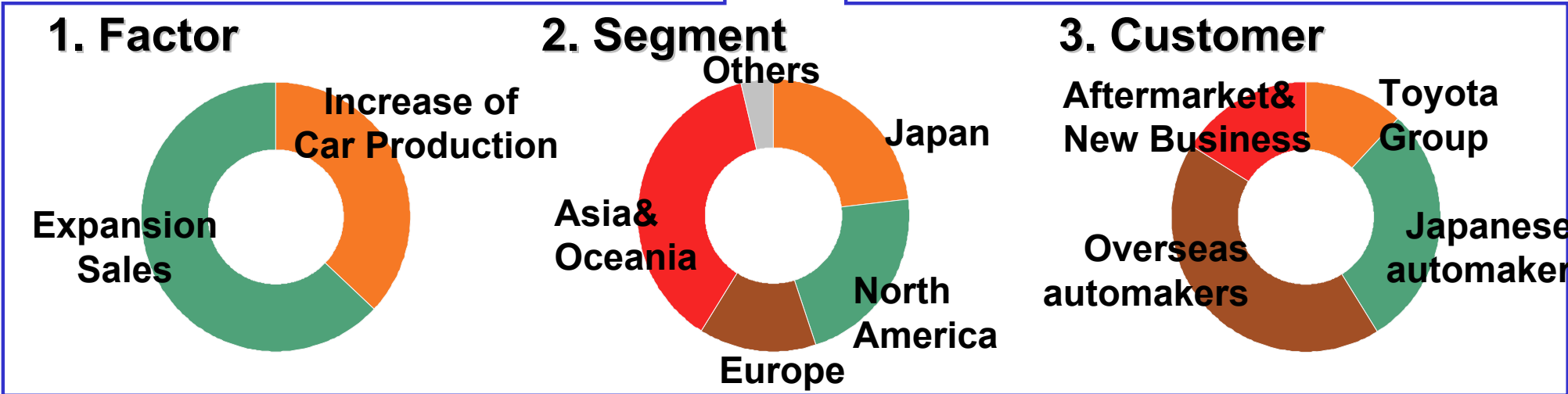
- (1) Strengthen the foundation to facilitate the collaboration of 120,000 associates in the DENSO Group
- (2) Foster a corporate climate that encourages associates to act quickly

**Achieve consolidated sales of 4,000 billion yen and an operating margin of 8% in FY2016.**

## Target for FY 2016

(Unit :Millions of Units)  
(Unit: Billions of Yen)

	FY12 YTD		FY16 YTD	Change
Global Car Production	79.00		99.60	+6%/year
Sales	3,154.6	→ +850	4,000.0	+7%/year
Operating Income	160.7		320.0	
Operating Profit Ratio	5.1%		8.0%	



## Technology Innovations for Fuel Efficiency/CO2 Reduction

### Smaller

Fuel-efficient Compact Car  
Smaller and Lighter Components

### Electrification

Hybrid  
Electric Vehicle

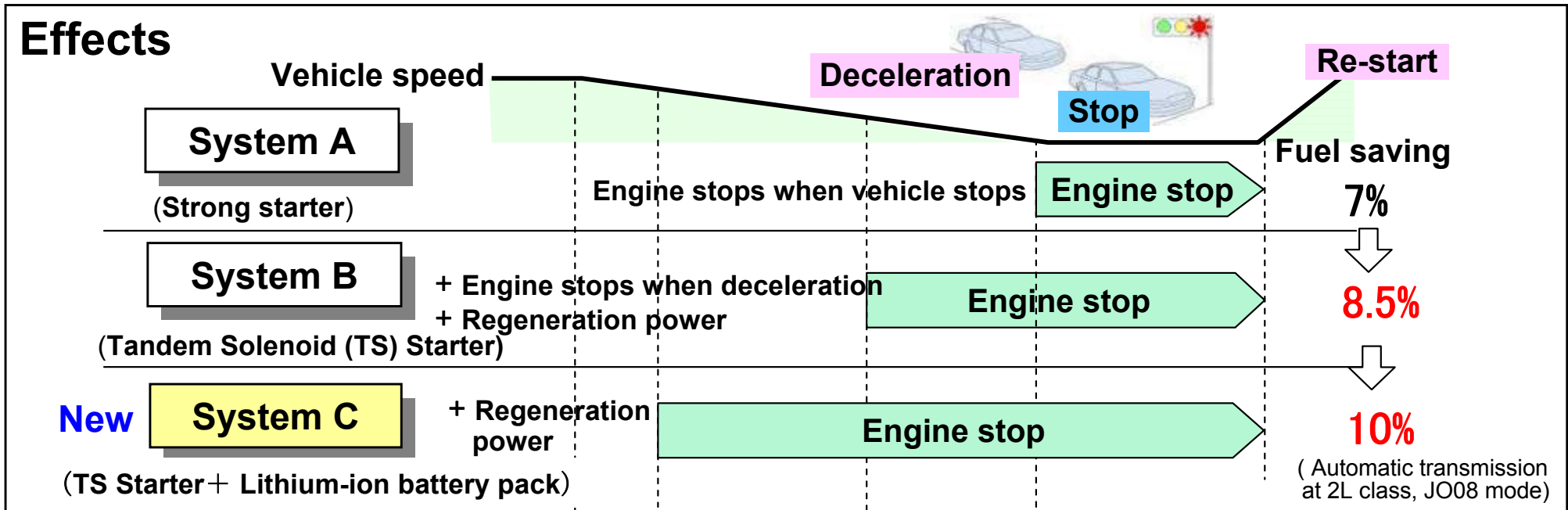
### System Approach

Fuel Saving through  
System Collaboration

- Higher Output Internal Combustion Engine
  - Gasoline Direct injection **Example**
  - Common Rail System
- Stop -Start System
  - Improve Starter's Starting Efficiency and Durability **Example**
  - Fuel Saving System
- Smaller and Lighter Hybrid Components
  - Improvement of Inverter, Motor Generator
- Energy Management Systems
  - Heat Energy and Electric Management

## Stop-Start System

### Effects

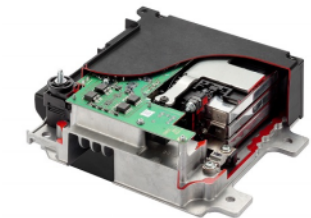


### New Lithium-ion Battery Pack

Supply requirement power only by generate and charge power when deceleration .

### New Cold Storage Evaporator

Storing cold energy while air conditioning run and cooled air can be supplied to the cabin in idling stop.



Lithium-ion Battery Pack



Cold Storage Evaporator

**Supplies them on the Suzuki Wagon R**

## Gasoline Direct Injection

### High Pressure Injector

- World's highest injection pressure (20 Mpa)
- World's smallest fuel particle spray (10-15 Micron)
- More accurate control of injection quantity
- High durability



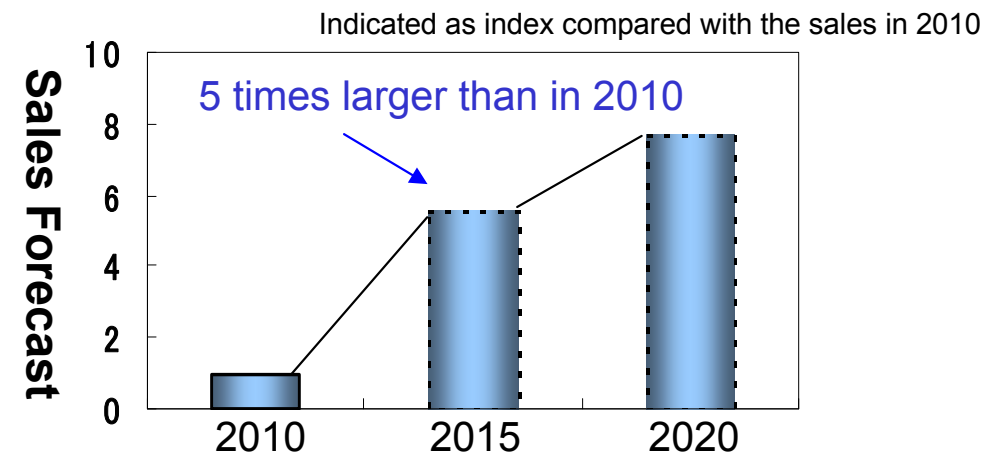
### High Pressure Fuel Pump

- World's highest injection pressure (20 Mpa)
- High durability



### Sales Forecast of Gasoline Direct Injection

High Pressure Injector, Fuel Pump, Fuel Rail, EDU



**Sales expansion to customers such as Ford, Nissan, Mazda, Renault and Honda**

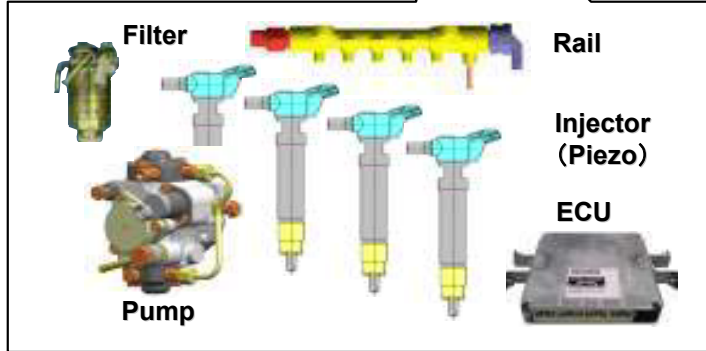
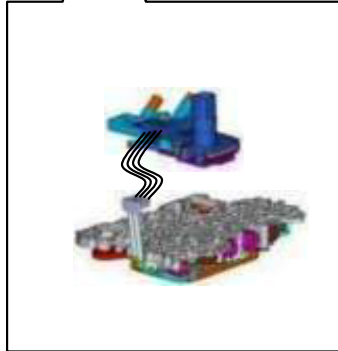
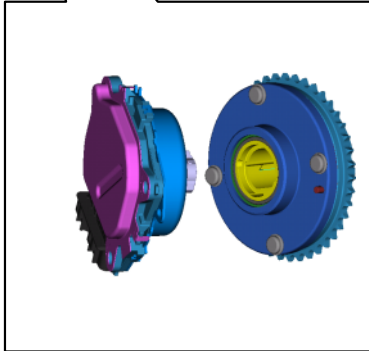


## Higher Output Internal Combustion Engine Gasoline / Diesel

**SKYACTIV-G**  
New Direct Injection Engine

**SKYACTIV-Drive**  
New Transmission

**SKYACTIV-D**  
New Diesel Engine



Gasoline Direct Injection

Electric VCT

AT Module

Common Rail System 2000 hpa

## Supplies them on the Mazda-SKYACTIV

- Contribute to fuel consumption improvement -

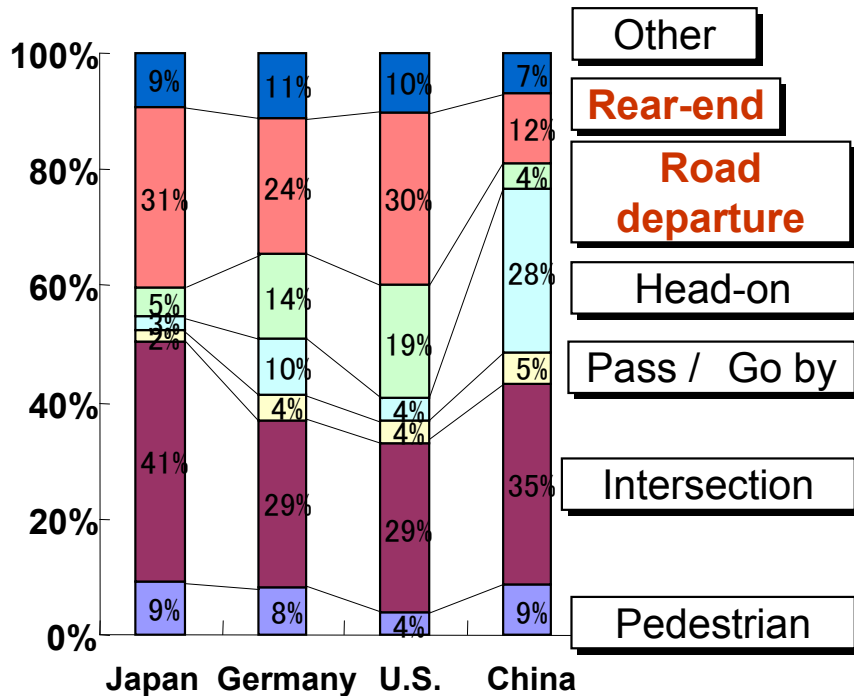
## Safety

### Traffic Fatalities Worldwide

**More than 1.2 million every year**




Number of traffic fatalities is increasing

### Fatal and injury accident situation



(Source: Government data, 2008)

### Trend of laws, regulations and ratings (NCAP)

	<p><b>For trucks and buses:</b></p> <ul style="list-style-type: none"> <li>✓ Advanced emergency braking systems (<b>AEBS</b>)</li> <li>Lane departure warning system (<b>LDW</b>) (2013)</li> </ul> <p><b>For passenger cars:</b></p> <ul style="list-style-type: none"> <li>✓ <b>NCAP</b> introduction of:                     <ul style="list-style-type: none"> <li>- <b>AEBS</b> for vehicles (2014) and for pedestrians (2016)</li> <li>- <b>LDW</b> and lane keeping assist system (<b>LKA</b>) (2014)</li> </ul> </li> </ul>
	<p><b>For passenger cars:</b></p> <ul style="list-style-type: none"> <li>✓ <b>Mandatory installation</b> of <b>rear view camera</b> (enforcement timing to be determined)</li> <li>✓ <b>NCAP</b> introduction of:                     <ul style="list-style-type: none"> <li>- Forward collision warning (<b>FCW</b>) (2011MY) and <b>LDW</b> (2011MY)</li> </ul> </li> </ul>
	<p><b>For trucks</b></p> <ul style="list-style-type: none"> <li>✓ <b>Mandatory installation</b> of <b>AEBS</b> (2014)</li> </ul> <p><b>For passenger cars:</b></p> <ul style="list-style-type: none"> <li>✓ <b>NCAP</b> introduction (under consideration) of:                     <ul style="list-style-type: none"> <li>- <b>AEBS</b> for vehicles (2014) and for pedestrians (2015)</li> <li>- <b>LKA</b> (2016)</li> </ul> </li> </ul>

NCAP: New Car Assessment Program  
 AEBS : Advanced Emergency Brake System

## DENSO's Sensing Technologies

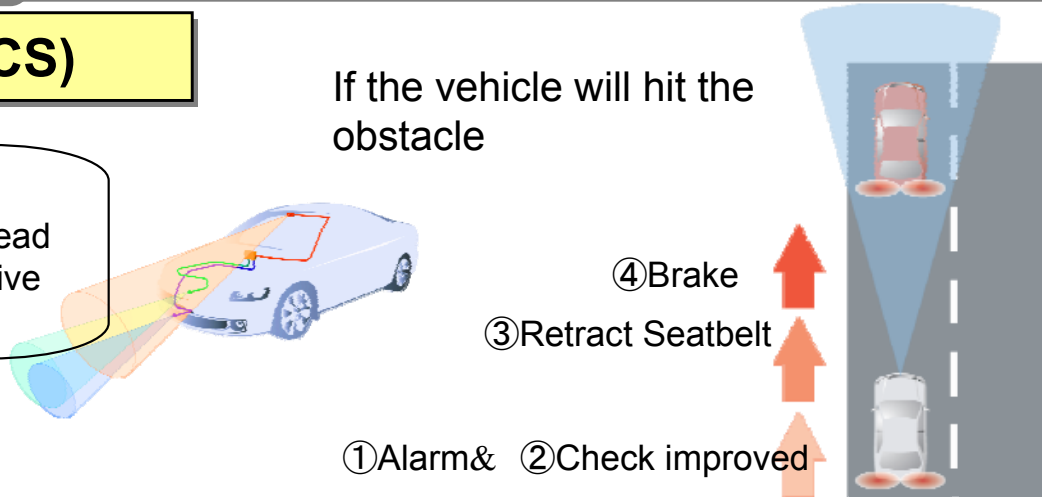


## Safety System

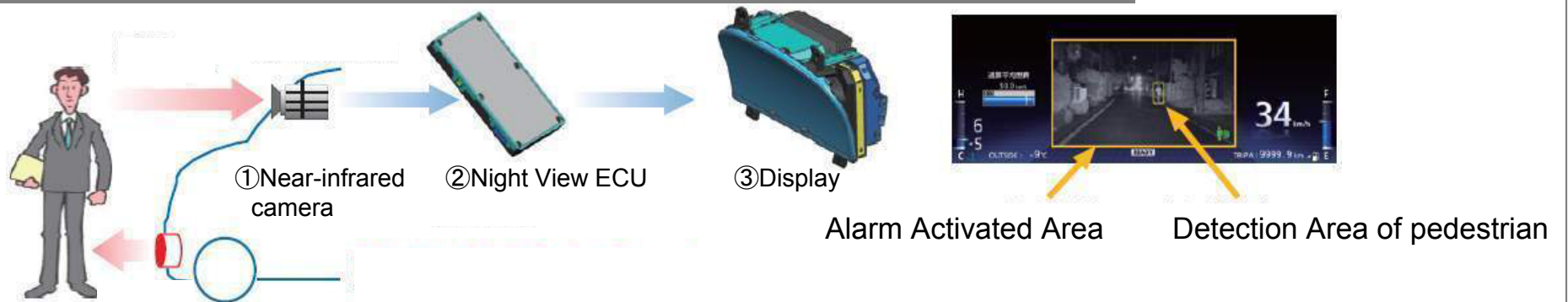
### Pre-crash safety (PCS)

#### Detect Information

- Detects vehicles and obstacles ahead
- Regarding distance and time relative speed of the obstacle



### Night View System with Pedestrian Detection Function



### Adaptive Cruise Control (ACC)

### Automatic High Beam (AHB)

### Lane Departure Warning (LDW)

### Blind Spot Warning

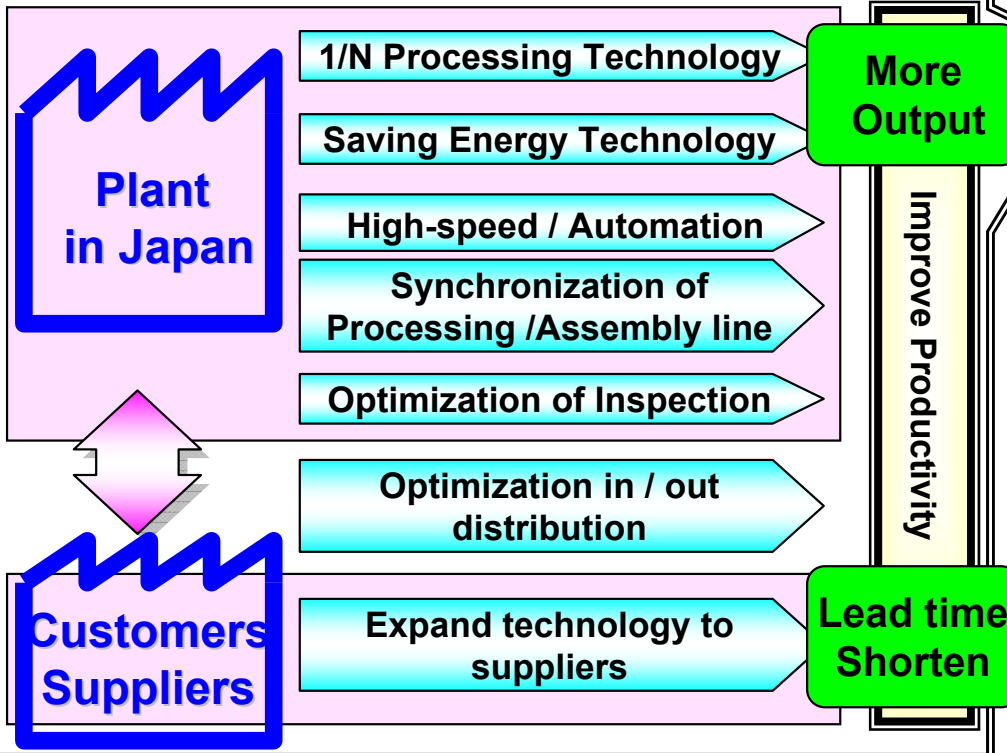
## Establish Outstanding “Dantotsu (extremely competitive) Plant” in Japan

### Ideal situations

The plant in Japan which can be internationally competitive in the production field even if the yen appreciates to 70 yen to the dollar.

### Activities

Development of production technology speedily against overseas competition



2012 | 2013 | 2014 | 2015

Activities of Model Plant

The Whole Company Activity

- All Business group
- Main 9 plant

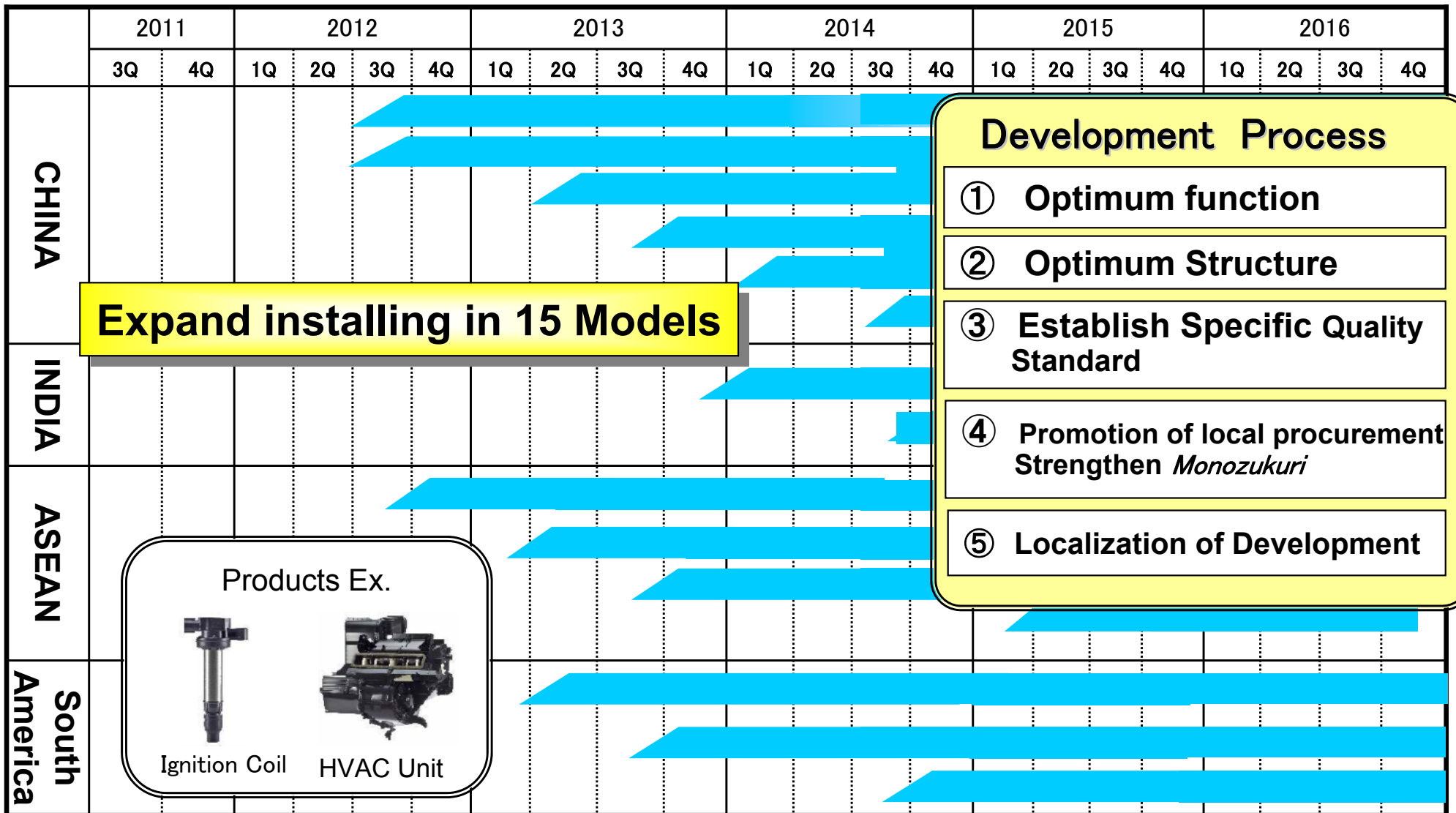
“Dantotsu” Plant

Establish “Dantotsu” Plant in Japan

Overseas expansion

Expand globally to *Monozukuri* technology Improve and adopt to local situation speedily

## Low-cost Products Sales Development (Cost-half Product : 23 products) Progress of Adoption



## Core Technical Centers (T/C) and Satellites

Core T/C	Japan	NA Michigan	Europe Germany	Asia & Oceania Thailand	China Shanghai	India Deli	SA Santa Barbara
Satellite	Group companies Korea	Tennessee, California	UK, Italy, Sweden, Czech	Vietnam, Philippines Australia	North and South China, Xian, Taiwan	-	-



Brazil (Santa Barbara)

India (Deli)

Thailand (Bangkok)

China (Shanghai)



Open in July 2012



Open in May 2012



Undergoing upgrades

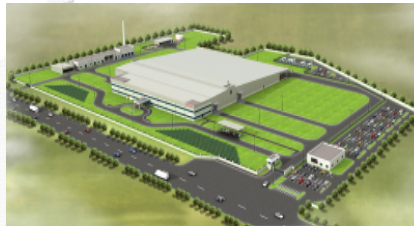


Relocation and expansion in June 2013

**Establishing global development system to develop region-best products in 7 regions around the world.**

## India <Haryana · Jhajjar Plant>

Investment : 2.7 billion rupees  
 (approximately US\$52.2 million)  
 Operation Start : July 2013  
 Employees 450 (planned for July 2013)  
 Total floor area : 12,000m<sup>2</sup>  
 Business description: Manufacturing and selling small motors for products such as windshield wipers and power windows, and engine cooling modules



## Mexico <Silao Plant>

Investment : approx. US\$57 million  
 Operation Start : October 2013  
 Employees : 400 people by 2015  
 Total floor area : 25,600m<sup>2</sup>  
 Business description: Manufacturing air conditioning (HVAC) units



**Global Network**  
**216 companies**  
 (35 Countries and Area)

## Indonesia <Fajar Plant >

Investment: Approx. 1,040 billion rupiah  
 (approx. US\$110 million\*)  
 Operation Start : February 2014  
 Employees : Approx. 1,300 (planned for March 2016)  
 Total floor area : 24,000 m<sup>2</sup>  
 Business description: Manufacturing ECUs, VCT systems, starters, and alternators



## Brazil <Santa Barbara>

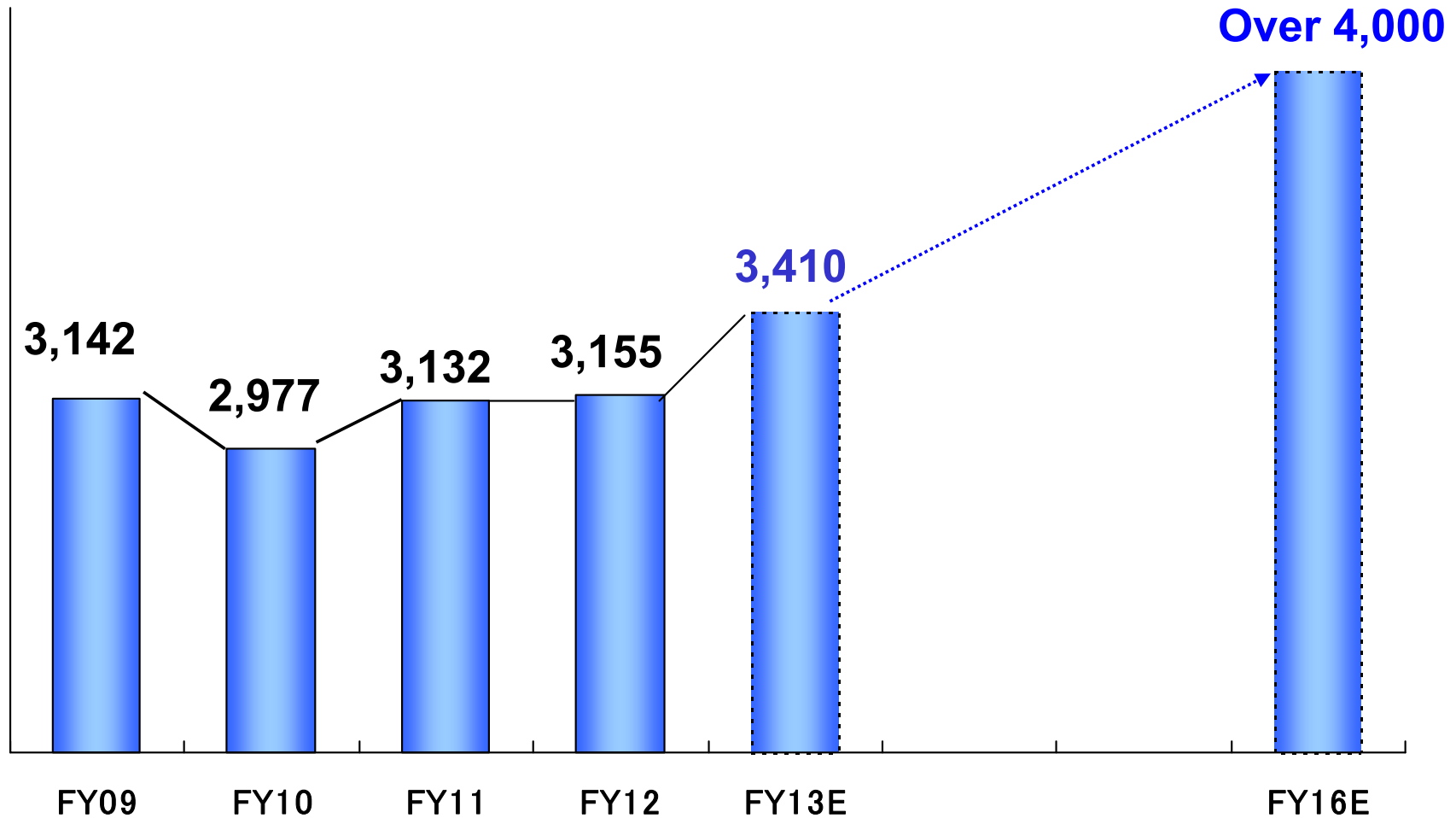
Investment : 100 million real  
 (approx. US\$48.8 million)  
 Employees : 342 (as of June 2012)  
 Total floor area : 30,200m<sup>2</sup>  
 Business description: Manufacturing automotive air-conditioning systems, cooling modules, (start manufacturing in Sep.2012) starters and windshield wipers



**Expanding global production system in mainly emerging countries.**

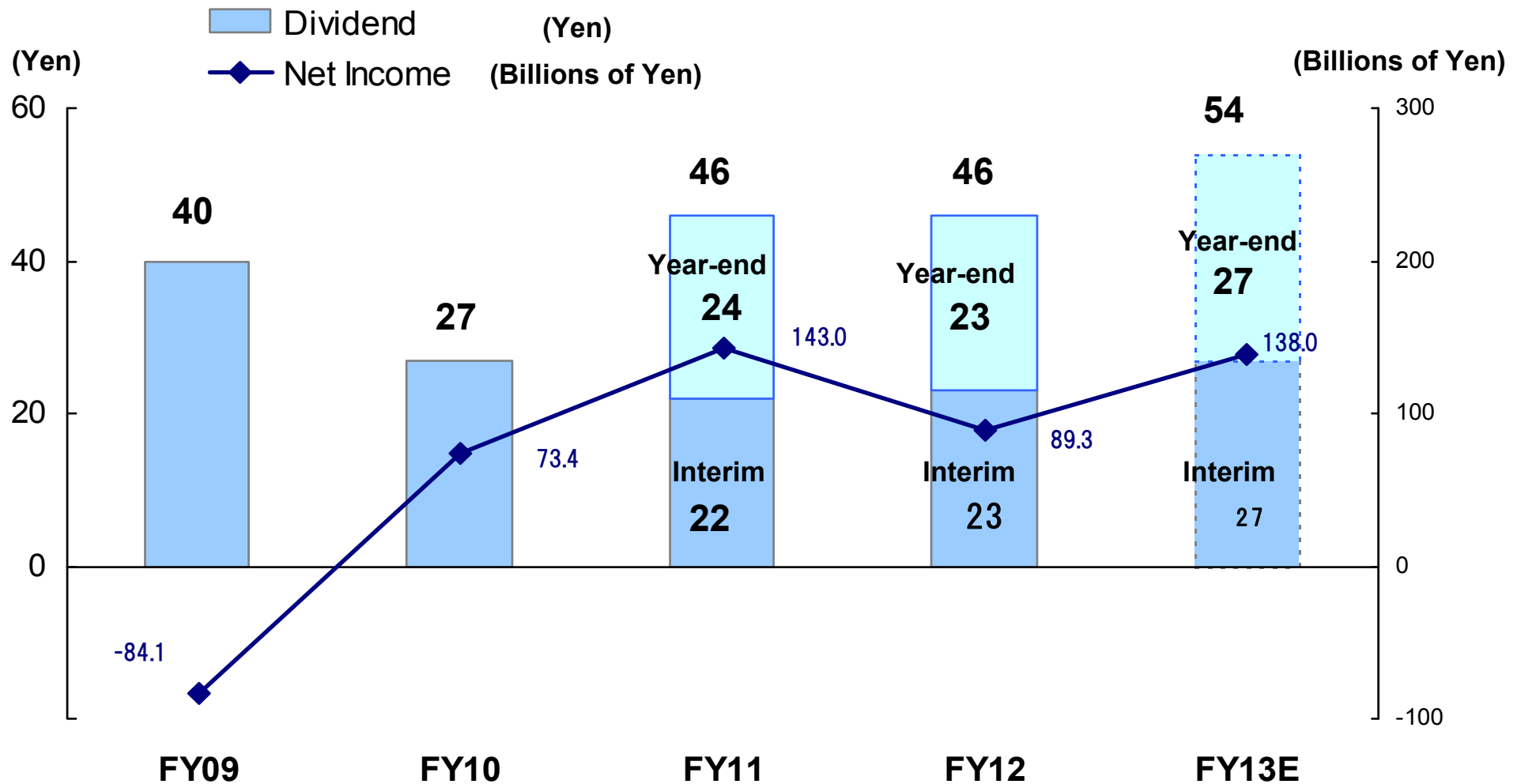


## Consolidated Sales (Billions of Yen)



**Construct an organization to achieve consolidated sales of 4,000 billion yen and an operating margin of 8% in FY2016.**

# Return to Shareholders



**FY2013 Annual Dividend per Share: Increase by 8 yen to 54 yen**

***DENSO***

- Non-Consolidated Financial Results
- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Sales by Customer
- Consolidated Sales by Business Segment
- Capital Expenditures, Depreciation and R&D

# Non-Consolidated Financial Results

## Income Statements

(Ratio to Sales)

(Unit: Billions of Yen, %)

Account	FY2013 2Q YTD		FY2012 2Q YTD		Change		FY2013 Forecast		Change from FY12			
					Amount	Percent	Forecast as of Jul. 31	Forecast as of Oct. 31	Amount	Percent		
<b>Net Sales</b>	( 100.0 )	1,145.2	( 100.0 )	886.0	259.2	29.3	( 100.0 )	2,293.0	( 100.0 )	2,255.0	223.4	11.0
Cost of Sales	( 88.5 )	1,013.5	( 93.7 )	829.8	183.7							
SGA Expenses	( 5.5 )	63.5	( 6.7 )	59.6	3.9							
<b>Operating Income</b>	( 6.0 )	68.2	( -0.4 )	-3.4	71.6	-	( 5.1 )	118.0	( 4.7 )	106.0	54.1	104.2
Non-Operating Income		41.1		40.7	0.4			52.0		56.0	-6.1	
Extraordinary Income (Loss)		-11.9		-0.0	-11.8			0.5		-11.9	-10.8	
<b>Income Before Income Taxes</b>	( 8.5 )	97.5	( 4.2 )	37.3	60.2	161.5	( 7.4 )	170.5	( 6.7 )	150.1	37.2	33.0
<b>Net Income</b>	( 5.7 )	65.1	( 4.2 )	37.2	27.9	75.0	( 5.2 )	120.0	( 4.6 )	104.0	24.8	31.3

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

		FY2013 Full Year														
		FY2013 First-Half					FY2013 Second-Half									
		Prior Year	Forecast (Original)	Forecast as of Jul.31	Actual	Change	Prior Year	Forecast (Original)	Forecast as of Jul.31	Revised Forecast	Change	Prior Year	Forecast (Original)	Forecast as of Jul.31	Revised Forecast	Change
Foreign Exchange Rate (Yen)	USD	80	80	80	79	- 1	78	80	80	80	+ 2	79	80	80	80	+ 1
	EUR	114	105	101	101	- 13	104	105	105	100	- 4	109	105	103	100	- 9
Forex Impact on Operating Income per Yen (Billions of Yen)	USD											2.9	2.9	2.9	3.2	+ 3
	EUR											0.7	0.7	0.7	0.6	- 1
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	3.73	4.54	4.82	4.74	+ 27%	5.16	4.74	4.74	4.57	- 11%	8.89	9.28	9.56	9.31	+ 5%
	North America	1.56	2.37	2.48	2.48	+ 59%	2.39	2.40	2.40	2.52	+ 5%	3.95	4.77	4.88	5.00	+ 27%
	Overseas	6.79	8.06	8.11	8.24	+ 21%	7.87	8.36	8.36	8.04	+ 2%	14.65	16.41	16.47	16.28	+ 11%

# Consolidated Sales by Customer

(Unit: Billion of Yen)

	FY2013 Ended Sep. 30, 2012		FY2012 Ended Sep. 30, 2011		Change	
	Amount	% to Total	Amount	% to Total	Amount	Percent
Toyota	830.5	47.9	574.9	40.8	255.6	44.5
Daihatsu	50.5	2.9	40.8	2.9	9.8	24.0
Hino	25.4	1.5	21.3	1.5	4.1	19.1
<b>Toyota Group</b>	<b>906.4</b>	<b>52.3</b>	<b>637.0</b>	<b>45.2</b>	<b>269.4</b>	<b>42.3</b>
Honda	119.3	6.9	82.1	5.8	37.2	45.4
GM	42.5	2.4	42.1	3.0	0.4	1.1
Suzuki	39.5	2.3	37.1	2.6	2.4	6.6
Hyundai/Kia	39.2	2.2	37.1	2.6	2.1	5.6
Fuji	35.7	2.1	22.0	1.6	13.7	62.4
Fiat	31.8	1.8	42.9	3.0	-11.1	-25.9
Ford	30.8	1.8	33.0	2.4	-2.3	-6.8
Mazda	30.1	1.7	25.3	1.8	4.8	19.0
Chrysler	29.3	1.7	25.7	1.8	3.7	14.3
VW/AUDI	28.2	1.6	30.3	2.2	-2.1	-6.9
Isuzu	23.0	1.3	21.4	1.5	1.6	7.6
Mitsubishi	21.9	1.3	23.4	1.7	-1.5	-6.4
Nissan	19.4	1.1	15.9	1.1	3.6	22.4
BMW	14.0	0.8	14.9	1.1	-0.9	-6.0
Benz	11.6	0.7	10.5	0.7	1.1	10.9
Jaguar/Land Rover	6.5	0.4	11.1	0.8	-4.7	-42.0
PSA	6.4	0.4	8.2	0.6	-1.9	-22.8
OE Sales for others	126.1	7.3	119.4	8.5	6.7	5.6
<b>OEM Total</b>	<b>1,561.7</b>	<b>90.1</b>	<b>1,239.4</b>	<b>88.0</b>	<b>322.4</b>	<b>26.0</b>
<b>After-market, New business &amp; Others(*)</b>	<b>171.4</b>	<b>9.9</b>	<b>169.8</b>	<b>12.0</b>	<b>1.6</b>	<b>0.9</b>
<b>Total</b>	<b>1,733.1</b>	<b>100.0</b>	<b>1,409.1</b>	<b>100.0</b>	<b>324.0</b>	<b>23.0</b>

\* Sales of industrial systems and consumer products, Sales for After Market, and Sales of property/equipment are included.

# Consolidated Sales by Business Segment

(Unit: Billion of Yen)

	FY2013 Ended Sep. 30, 2012		FY2012 Ended Sep. 30, 2011		Change	
	Amount	% to Total	Amount	% to Total	Amount	Percent
Powertrain Control	591.8	34.1	481.0	34.1	110.8	23.0
Thermal	506.5	29.2	431.3	30.6	75.2	17.4
Information & Safety Systems	289.1	16.7	228.7	16.3	60.5	26.4
Electronic	166.0	9.6	120.0	8.6	45.9	38.2
Small Motors	126.4	7.3	99.3	7.0	27.1	27.3
Others(*)	24.1	1.4	21.1	1.5	3.0	14.1
<b>Automotive Total</b>	<b>1,703.9</b>	<b>98.3</b>	<b>1,381.4</b>	<b>98.1</b>	<b>322.5</b>	<b>23.3</b>
Industrial & Consumer Product	21.5	1.2	21.6	1.5	-0.1	-0.6
Others	7.8	0.5	6.2	0.4	1.6	25.7
<b>New Business Total</b>	<b>29.2</b>	<b>1.7</b>	<b>27.8</b>	<b>1.9</b>	<b>1.5</b>	<b>5.3</b>
<b>Total</b>	<b>1,733.1</b>	<b>100.0</b>	<b>1,409.1</b>	<b>100.0</b>	<b>324.0</b>	<b>23.0</b>

\* Repair parts, original brand products of subsidiaries



# Capital Expenditures, Depreciation and R&D

(Unit: Billion of Yen)

		FY12		FY13 Estimate		2Q YTD Change from PY	Progress to FY13 Estimate
		2QYTD		2QYTD			
Capital Exp.	Japan	48.9	103.1	59.4	117.0	21.5%	50.8%
	North America	4.6	12.2	8.2	13.0	78.3%	63.1%
	Europe	8.8	18.7	8.2	19.0	-6.8%	43.2%
	Asia & Oceania	19.9	38.2	25.6	51.0	28.6%	50.2%
	Others	3.4	7.2	1.3	9.0	-61.8%	14.4%
	Capital Exp.	85.6	179.4	102.6	209.0	19.9%	49.1%
Depreciation	Japan	61.1	134.4	60.2	135.0	-1.5%	44.6%
	North America	7.8	14.6	6.8	16.0	-12.8%	42.5%
	Europe	5.9	11.1	5.0	11.5	-15.3%	43.5%
	Asia & Oceania	9.6	18.5	9.6	22.0	0.0%	43.6%
	Others	1.0	2.1	1.0	2.5	0.0%	40.0%
	Depreciation	85.4	180.6	82.5	187.0	-3.4%	44.1%
R&D Expenditure (Ratio to Sales)	148.0 (10.5%)	298.4 (9.5%)	161.7 (9.3%)	310.0 (9.1%)	9.3%	52.2%	