

# **FY2015 1<sup>st</sup> Quarter Financial Results ended June 30, 2014**

**July 31, 2014**

**DENSO CORPORATION**

**1. Sales increased due to car production volume increase and Income decreased due to investment for strengthening future growth**

**2. Maintaining the original first-half and full-year forecast**

# FY2015 1<sup>st</sup> Quarter Financial Results

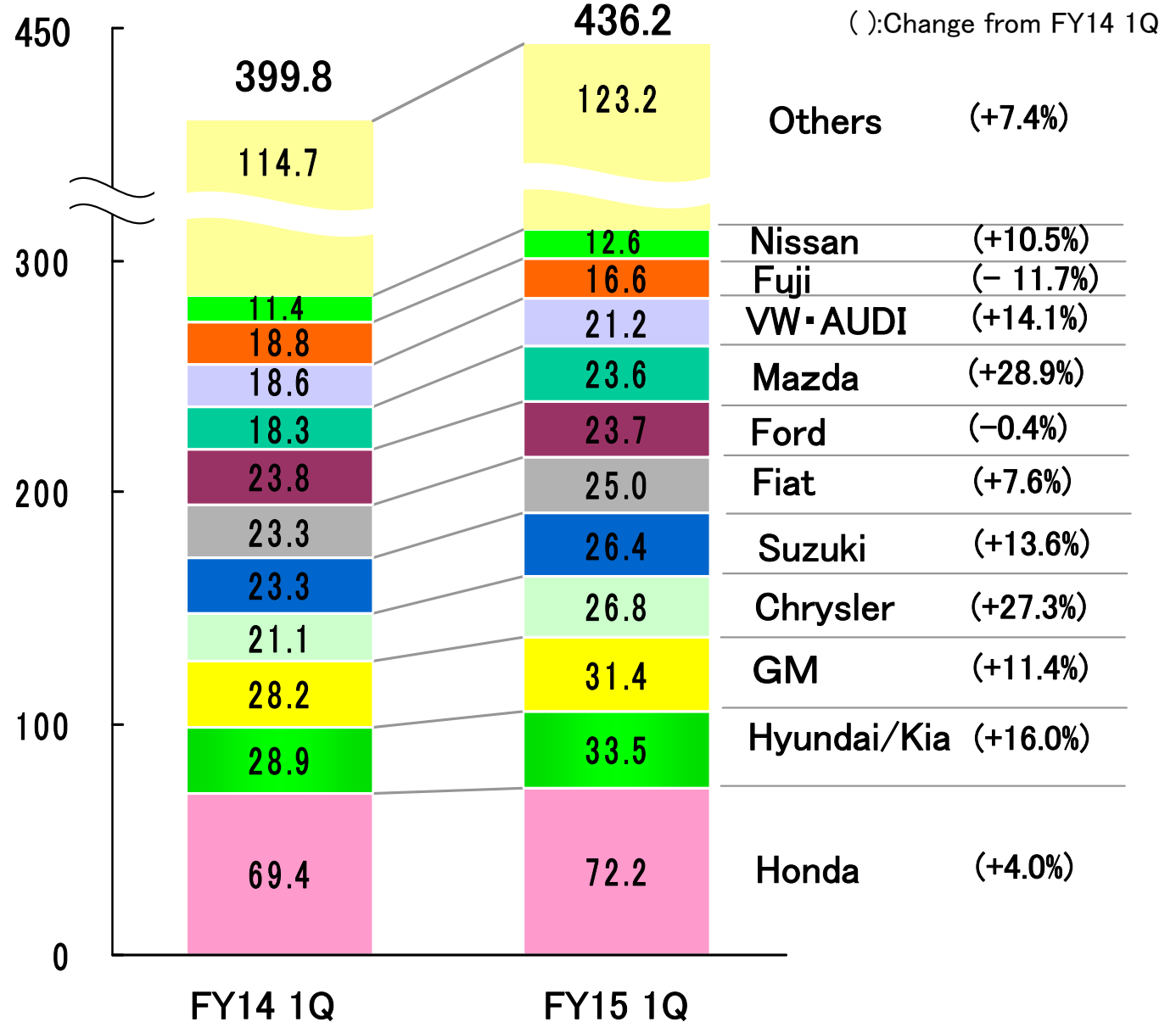
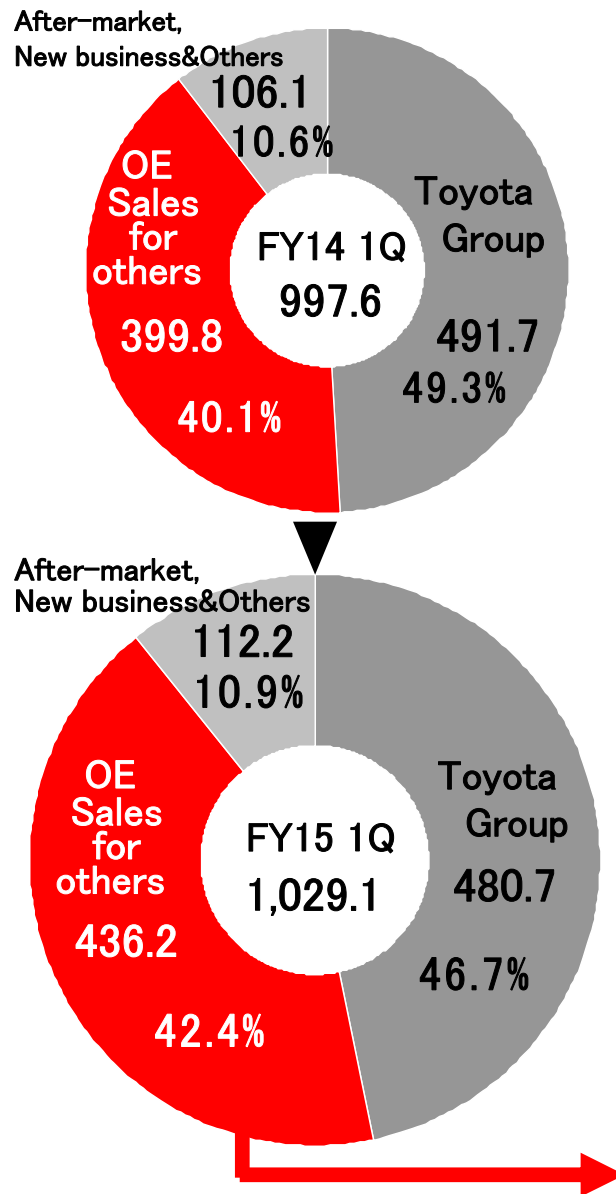
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	(Ratio to Sales)		(Unit: Billions of Yen)	
	FY15 1Q	FY14 1Q	Change	
Sales	1,029.1	997.6	+ 31.5	+ 3.2%
Operating Income	(8.3%) 85.1	(10.2%) 102.1	- 17.1	- 16.7%
Income before Income Taxes	(9.5%) 97.6	(11.7%) 116.7	- 19.1	- 16.3%
Net Income	(6.7%) 68.8	(8.6%) 86.0	- 17.3	- 20.1%
Foreign Exchange Rate	JPY 102/\$ JPY 140/Euro	JPY 99/\$ JPY 129/Euro	+ JPY 3 + JPY 11	

	(Unit: Millions of Units)			
Domestic Car Production	2.30	2.18	+ 0.12	+ 5.5%
Overseas Car Production of Japanese Manufacturers (North America)	4.50 (1.48)	4.33 (1.40)	+ 0.17 (+ 0.08)	+ 3.9% (+ 5.7%)

(Unit: Billions of Yen)

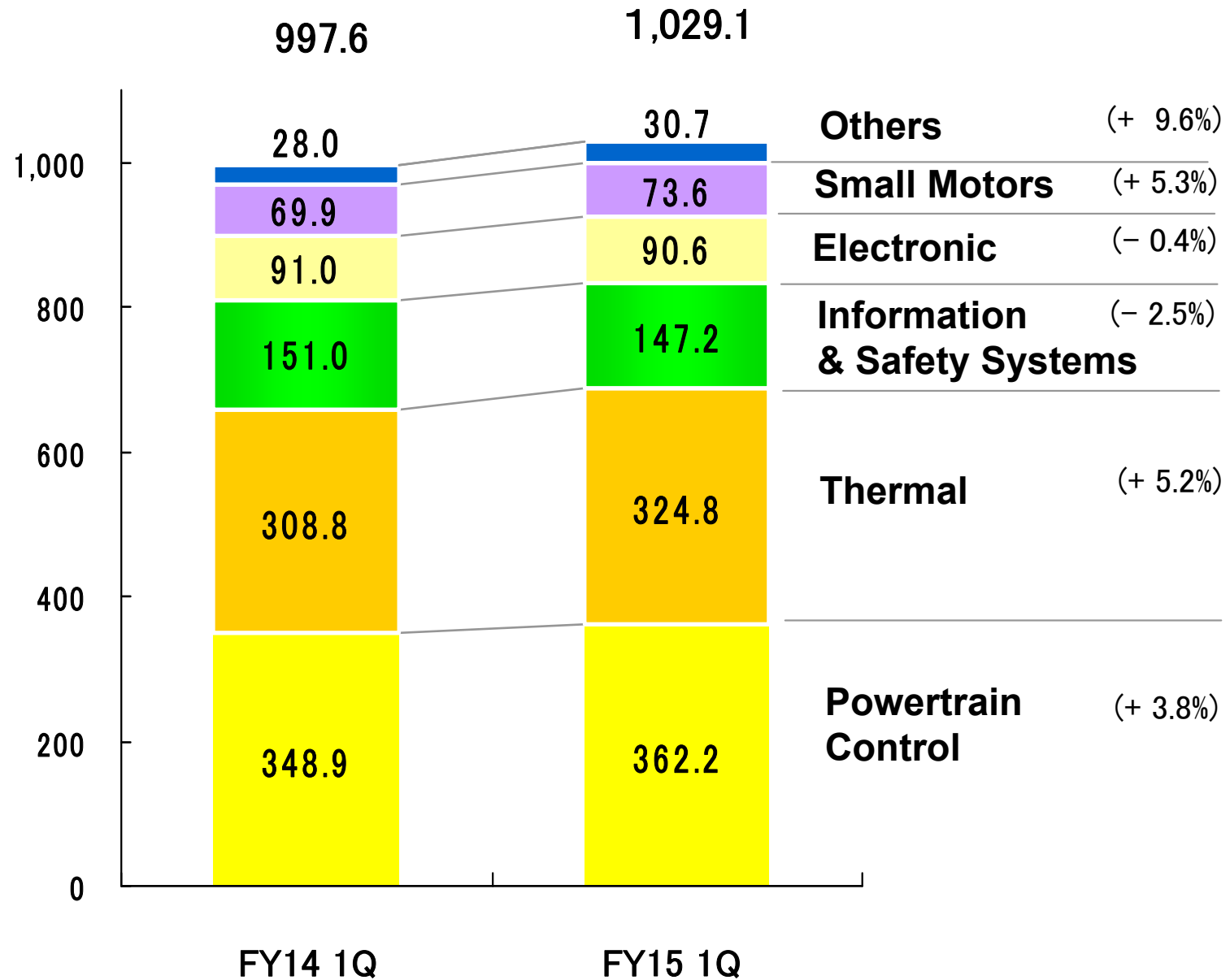
## OE Sales for others



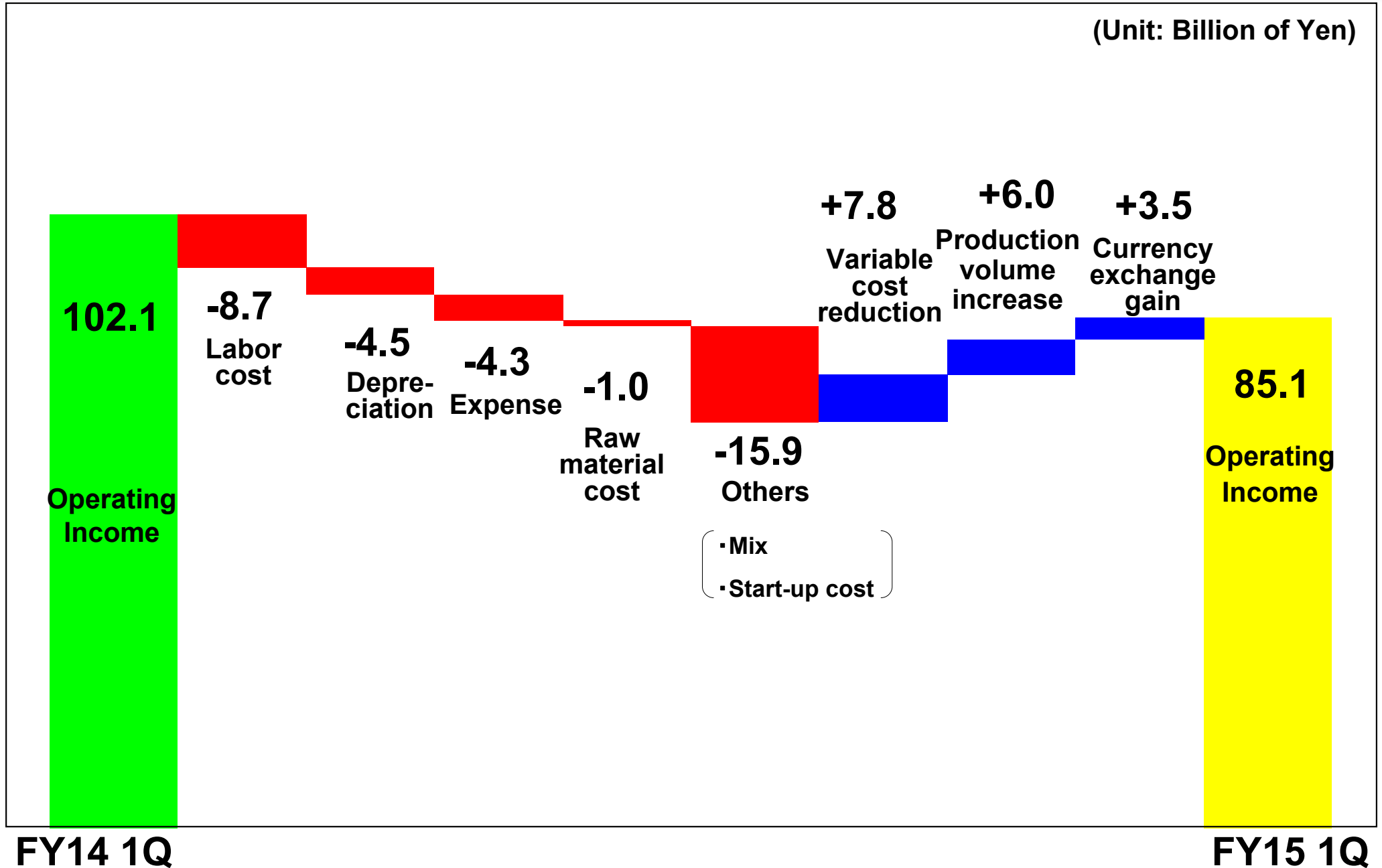
# Change in 1<sup>st</sup> Quarter Consolidated Sales(By Business Segment)

( ):Change from FY14 1Q

(Unit: Billions of Yen)



# Change in 1<sup>st</sup> Quarter Operating Income



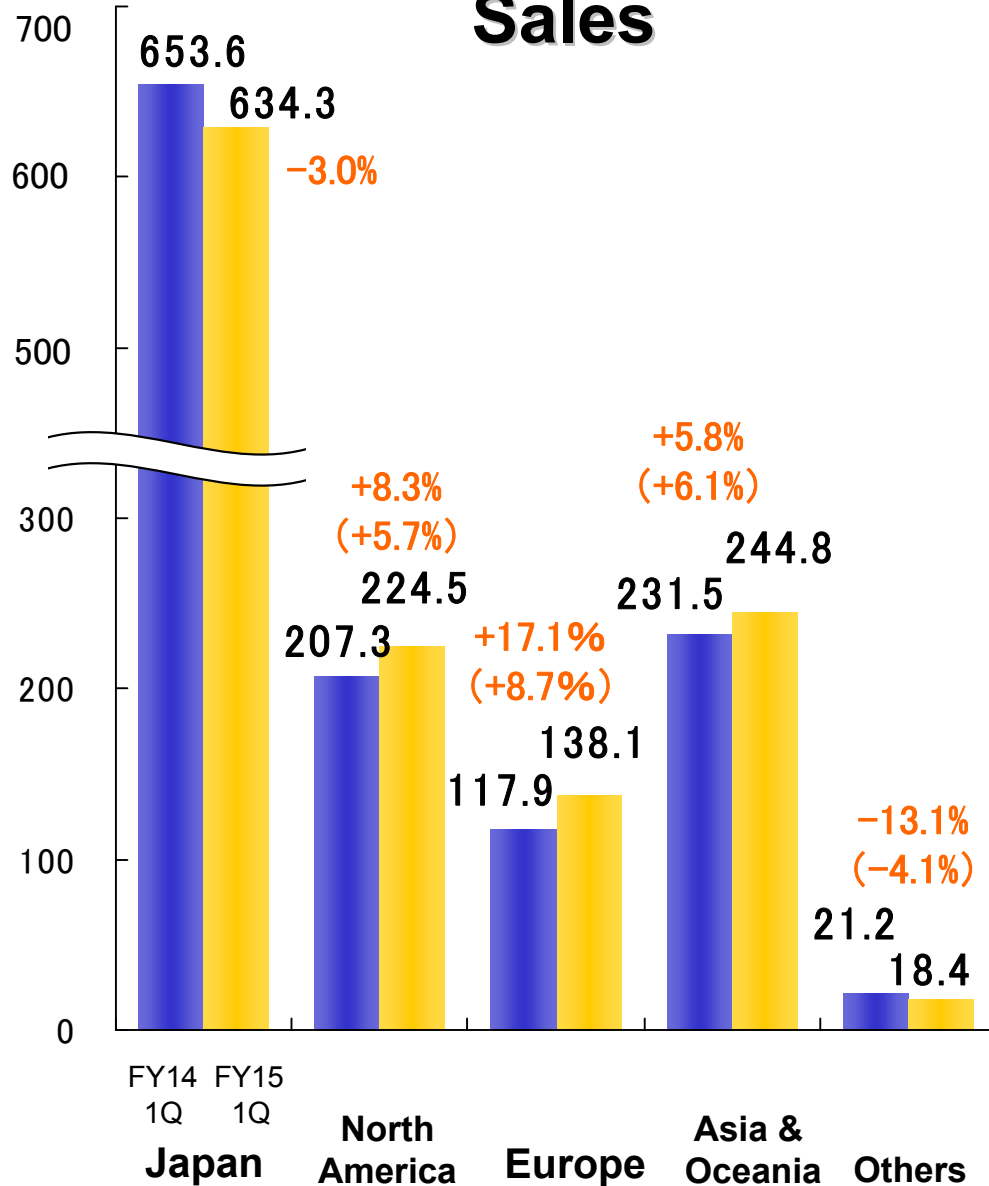
# 1st Quarter Geographical Segments by Company Location

(Unit: Billions of Yen)

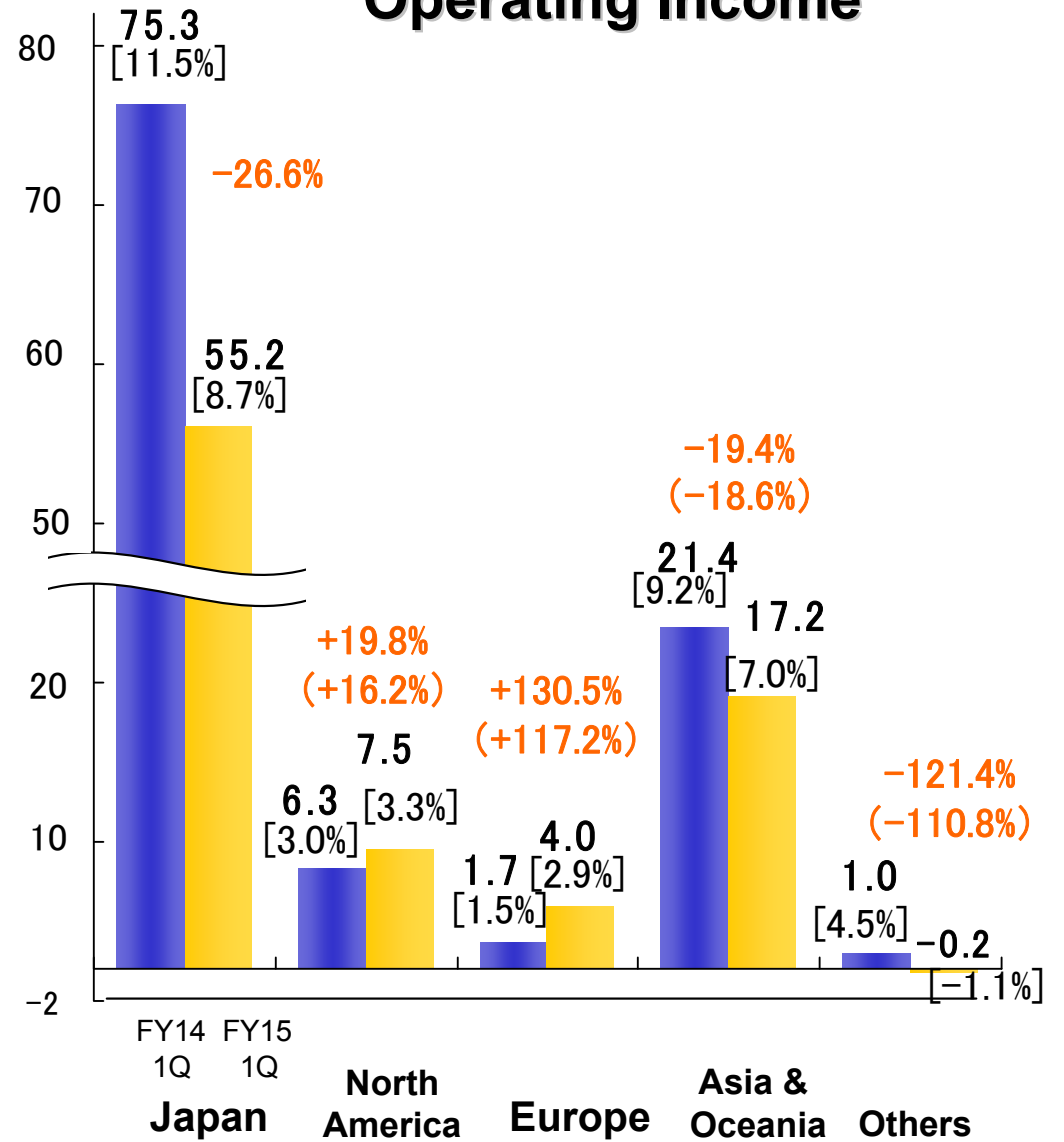
( ) : Local Currency Basis

[ ] : Ratio to Sales

## Sales



## Operating Income



# FY2015 1<sup>st</sup> Half Financial Forecast

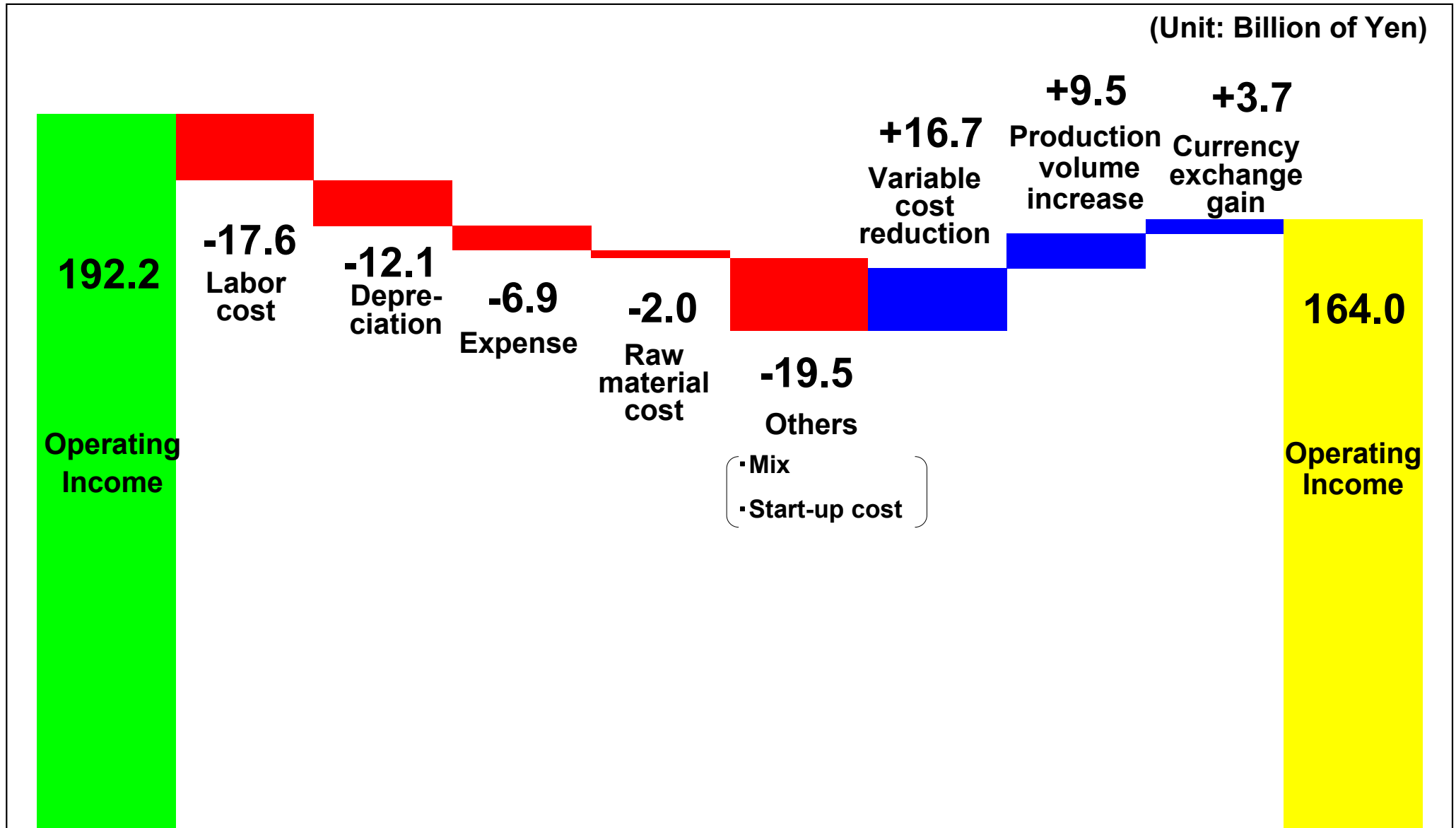
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	(Ratio to Sales)			(Unit: Billions of Yen)	
	FY15 2Q YTD Original	FY15 2Q YTD Revised	FY14 2Q YTD	Change	
<b>Sales</b>	2,022.0	2,022.0	1,987.9	+34.1	+1.7%
<b>Operating Income</b>	(8.1%) 164.0	(8.1%) 164.0	(9.7%) 192.2	-28.2	-14.7%
<b>Income before Income Taxes</b>	(8.8%) 177.0	(8.8%) 177.0	(10.8%) 214.6	-37.6	-17.5%
<b>Net Income</b>	(5.7%) 116.0	(5.7%) 116.0	(7.5%) 150.1	-34.1	-22.7%

	(Unit: Millions of Units)				
<b>Foreign Exchange Rate</b>	JPY 100/\$ JPY135/Euro	JPY 100/\$ JPY135/Euro	JPY 99/\$ JPY130/Euro	+ JPY 1 + JPY 5	
<b>Domestic Car Production</b>	<b>4.58</b>	<b>4.58</b>	<b>4.53</b>	+0.05	+1.1%
<b>Overseas Car Production of Japanese Manufacturers (North America)</b>	<b>9.63</b> (3.02)	<b>9.63</b> (3.02)	<b>8.69</b> (2.66)	+0.94 (+0.36)	+10.8% (+13.5%)



# Change in 1<sup>st</sup> Half Operating Income



FY14  
2Q YTD

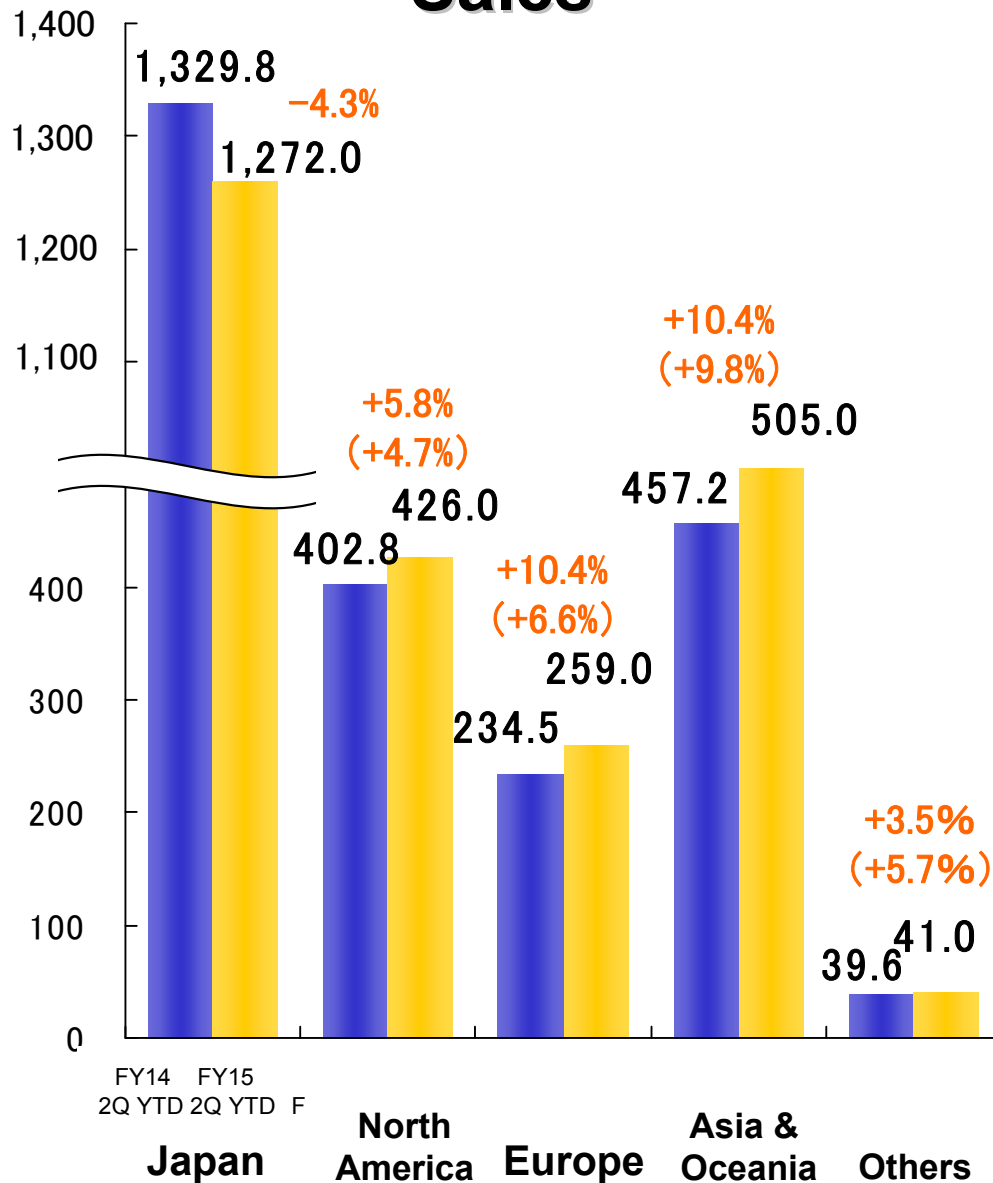
FY15  
2Q YTD F

# 1st Half Geographical Segments by Company Location

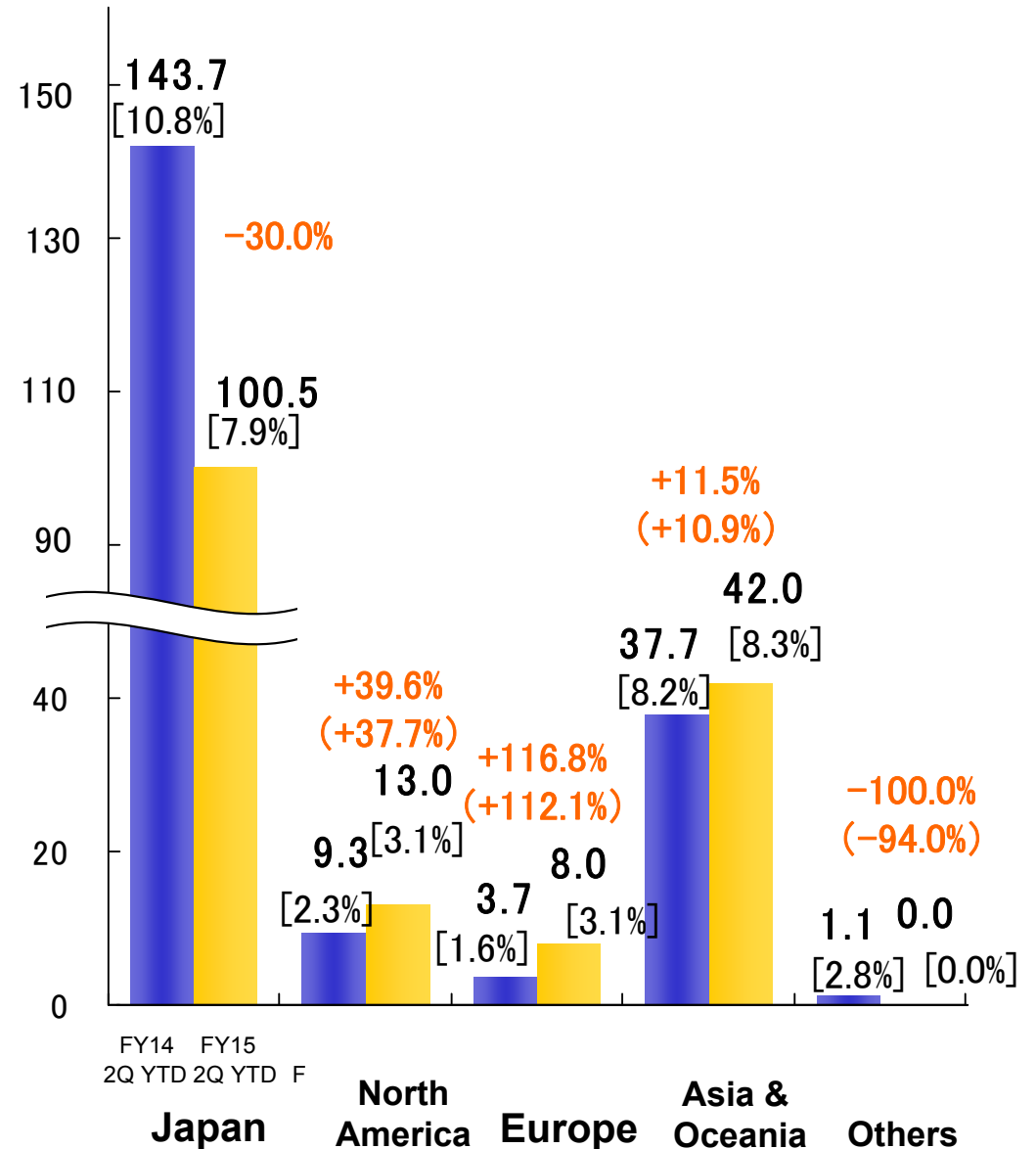
(Unit: Billions of Yen)

( ): Local Currency Base

## Sales



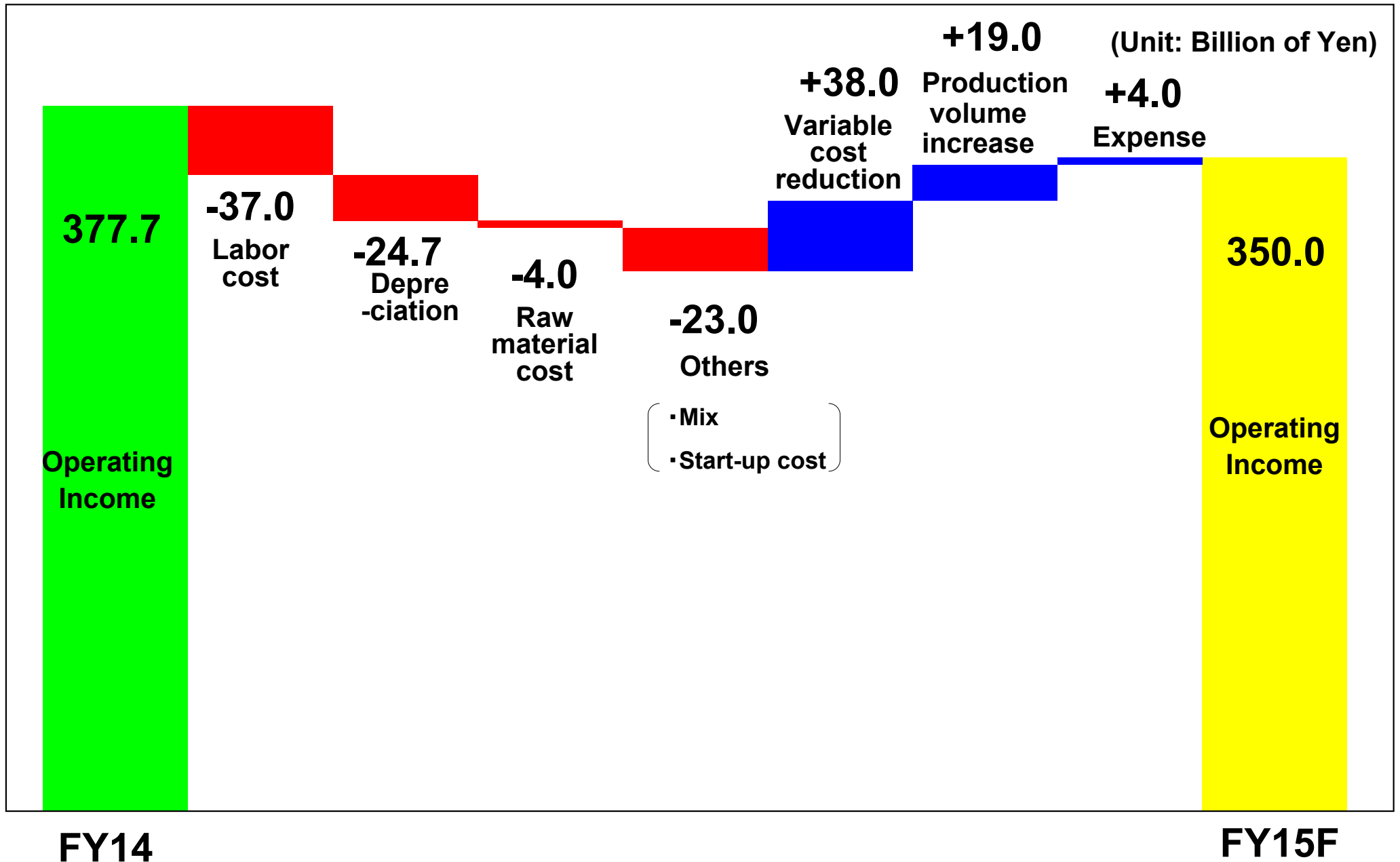
## Operating Income [ ]: Ratio to Sales



	(Ratio to Sales)			(Unit: Billions of Yen)	
	FY2015 Original	FY2015 Revised	FY2014	Change	
<b>Sales</b>	4,140.0	4,140.0	4,095.9	+44.1	+1.1%
<b>Operating Income</b>	(8.5%) 350.0	(8.5%) 350.0	(9.2%) 377.7	-27.7	-7.3%
<b>Income before Income Taxes</b>	(9.1%) 378.0	(9.1%) 378.0	(10.2%) 418.6	-40.6	-9.7%
<b>Net Income</b>	(6.0%) 248.0	(6.0%) 248.0	(7.0%) 287.4	-39.4	-13.7%

				(Unit: Millions of Units)	
	JPY 100/\$ JPY135/Euro	JPY 100/\$ JPY135/Euro	JPY 100/\$ JPY134/Euro	JPY0 + JPY1	
<b>Foreign Exchange Rate</b>					
<b>Domestic Car Production</b>	9.18	9.18	9.49	-0.31	-3.3%
<b>Overseas Car Production of Japanese Manufacturers (North America)</b>	19.98 (6.22)	19.98 (6.22)	17.70 (5.43)	+2.28 (0.79)	+12.9% (+14.5%)

# Change in FY2015 Operating Income

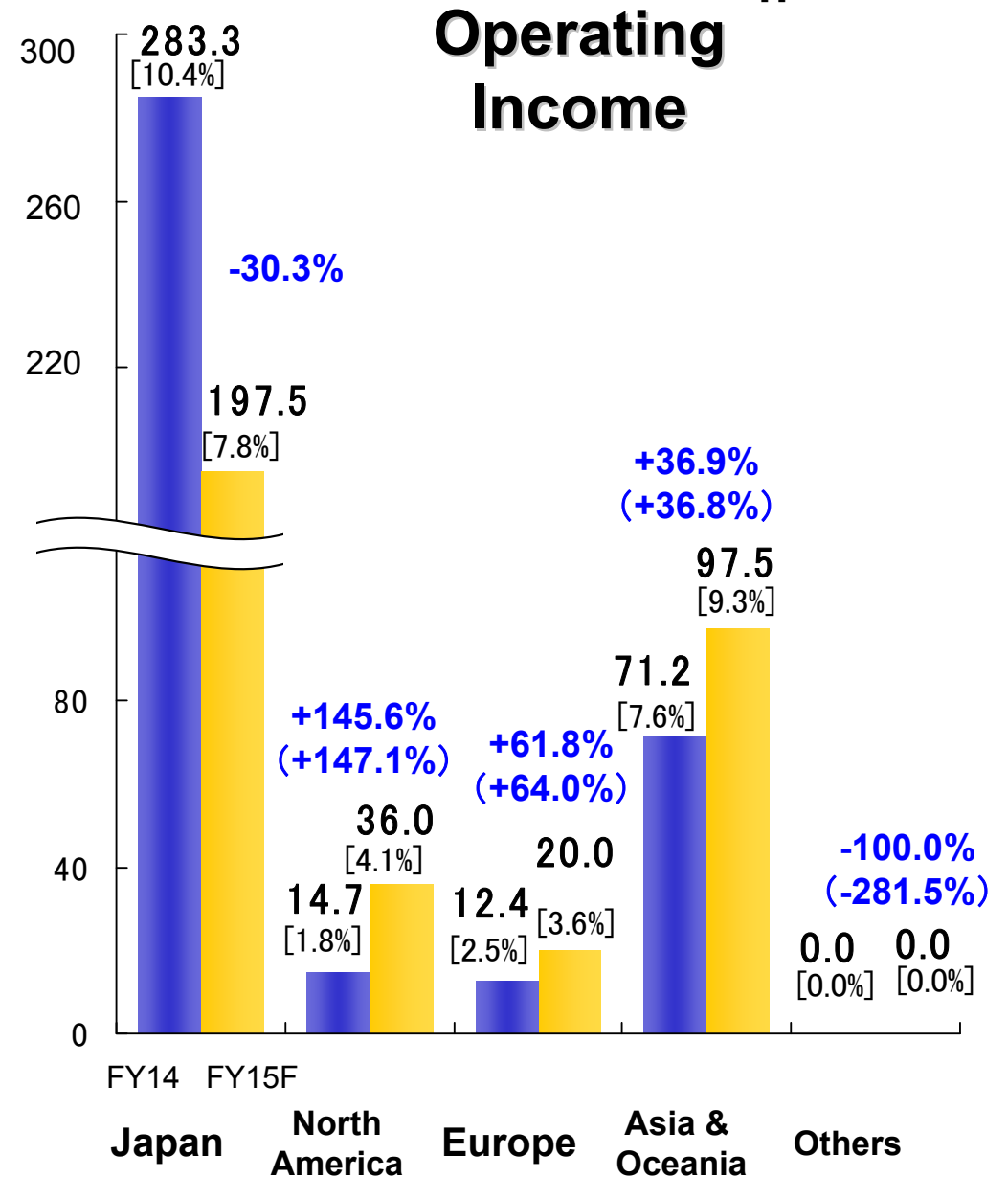
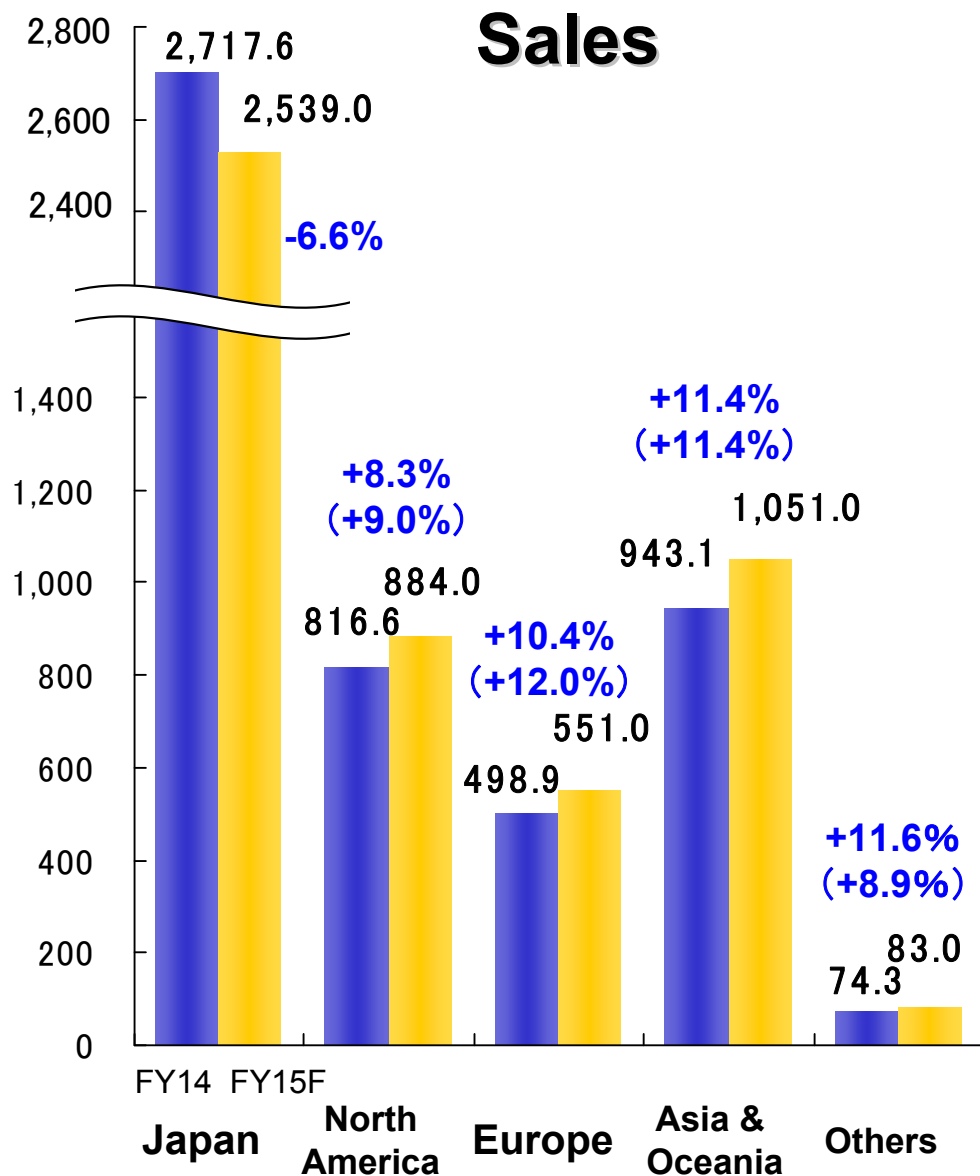


# Change in FY2015 Geographical Segments by Company Location Forecast

(Unit: Billions of Yen)

( ): Local Currency Base

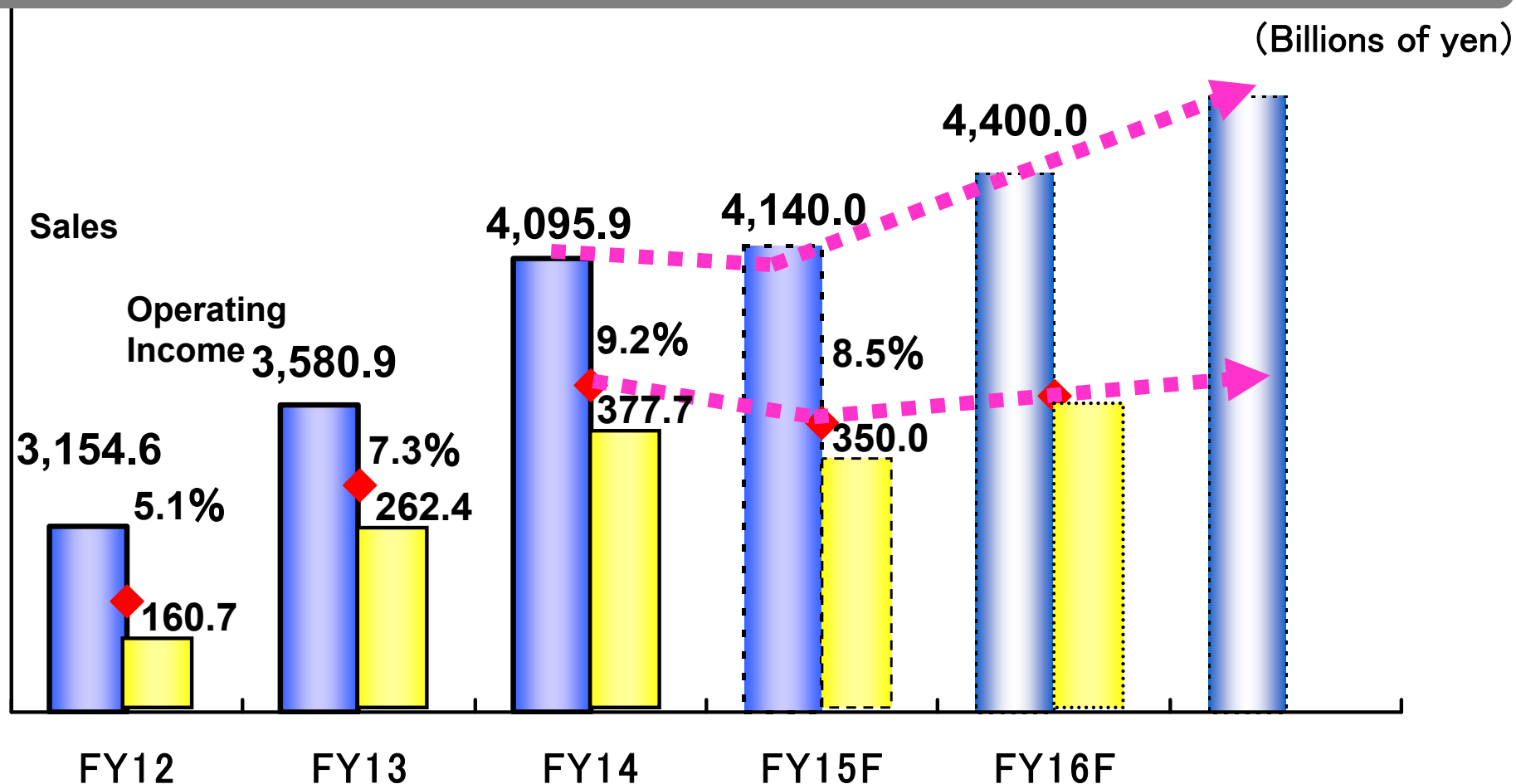
[ ]: Ratio to Sales



***DENSO***

- Sales and Income Target
- Non-Consolidated Financial Results
- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Sales by Customer
- Consolidated Sales by Business Segment
- DENSO 's Product Network
- Trend of Capital Expenditures, Depreciation and R&D Expenditures
- Capital Expenditures, Depreciation, and R&D Expenditures

## Trend of Sales, Operating Income, Operating Income Ratio



FY15: Production volume will decrease in Japan and investment cost for strengthening future growth will increase  
FY16~: Accelerating growth



## Income Statements

(Ratio to Sales)

(Unit:Billions of Yen,%)

Account	FY2015 1Q		FY2014 1Q		Change		FY2015 2Q YTD Forecast		FY2015 Forecast	
					Amount	Percent	Same as of Apr.25		Same as of Apr.25	
<b>Net Sales</b>	( 100.0 )	<b>580.6</b>	( 100.0 )	<b>600.9</b>	<b>-20.3</b>	<b>-3.4</b>	( 100.0 )	<b>1,164.0</b>	( 100.0 )	<b>2,323.0</b>
Cost of Sales	( 86.3 )	501.1	( 84.1 )	505.1	-4.0					
SGA Expenses	( 6.3 )	36.8	( 5.9 )	35.3	1.5					
<b>Operating Income</b>	( 7.3 )	<b>42.6</b>	( 10.1 )	<b>60.5</b>	<b>-17.9</b>	<b>-29.6</b>	( 6.8 )	<b>79.0</b>	( 6.4 )	<b>149.0</b>
Non-Operating Income		30.7		25.7	5.0			46.0		64.0
Extraordinary Income (Loss)		0.0		-0.1	0.1			0.0		0.0
<b>Income Before Income Taxes</b>	( 12.6 )	<b>73.3</b>	( 14.3 )	<b>86.1</b>	<b>-12.8</b>	<b>-14.9</b>	( 10.7 )	<b>125.0</b>	( 9.2 )	<b>213.0</b>
<b>Net Income</b>	( 10.6 )	<b>61.4</b>	( 11.8 )	<b>70.9</b>	<b>-9.5</b>	<b>-13.4</b>	( 7.9 )	<b>92.0</b>	( 6.8 )	<b>157.0</b>

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

		FY2015 First-Half												FY2015 Second-Half				FY2015 Full Year			
		1Q																			
		Prior Year	Actual	Change	Prior Year	Forecast (Original)	Revised Forecast	Change	Prior Year	Forecast (Original)	Revised Forecast	Change	Prior Year	Forecast (Original)	Revised Forecast	Change					
Foreign Exchange Rate (Yen)	USD	99	102	+ 3	99	100	100	+ 1	102	100	100	- 2	100	100	100	-					
	EUR	129	140	+ 11	130	135	135	+ 5	139	135	135	- 4	134	135	135	+ 1					
Forex Impact on Operating Income per Yen (Billions of Yen)	USD												2.8	2.5	2.5	-0.3					
	EUR												0.8	0.7	0.7	-0.1					
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	2.18	2.30	+ 5%	4.53	4.58	4.58	+ 1%	4.96	4.60	4.60	- 7%	9.49	9.18	9.18	- 3%					
	North America	1.40	1.48	+ 6%	2.66	3.02	3.02	+ 14%	2.77	3.20	3.20	+ 15%	5.43	6.22	6.22	+ 15%					
	Overseas	4.33	4.50	+ 4%	8.69	9.63	9.63	+ 11%	9.00	10.35	10.35	+ 15%	17.70	19.98	19.98	+ 13%					

# Consolidated Sales by Customer

(Unit: Billion of Yen)

	FY2015 1Q Ended June 30, 2014		FY2014 1Q Ended June 30, 2013		Change	
	Amount	% to Total	Amount	% to Total	Amount	%
Toyota	441.4	42.9	450.0	45.1	-8.6	-1.9
Daihatsu	26.9	2.6	28.7	2.9	-1.8	-6.4
Hino	12.5	1.2	13.1	1.3	-0.6	-4.6
<b>Toyota Group</b>	<b>480.7</b>	<b>46.7</b>	<b>491.7</b>	<b>49.3</b>	<b>-11.0</b>	<b>-2.2</b>
Honda	72.2	7.0	69.4	7.0	2.8	4.0
Hyundai/Kia	33.5	3.2	28.9	2.9	4.6	16.0
GM	31.4	3.1	28.2	2.8	3.2	11.4
Chrysler	26.8	2.6	21.1	2.1	5.7	27.3
Suzuki	26.4	2.6	23.3	2.3	3.2	13.6
Fiat	25.0	2.4	23.3	2.3	1.8	7.6
Ford	23.7	2.3	23.8	2.4	-0.1	-0.4
Mazda	23.6	2.3	18.3	1.8	5.3	28.9
VW/AUDI	21.2	2.1	18.6	1.9	2.6	14.1
Fuji	16.6	1.6	18.8	1.9	-2.2	-11.7
Nissan	12.6	1.2	11.4	1.2	1.2	10.5
Mitsubishi	11.9	1.2	11.1	1.1	0.9	7.7
Isuzu	11.4	1.1	14.0	1.4	-2.6	-18.4
BMW	9.9	1.0	8.3	0.8	1.7	20.3
Benz	8.2	0.8	8.6	0.9	-0.4	-4.4
PSA	5.4	0.5	5.8	0.6	-0.4	-6.8
Jaguar/Land Rover	5.2	0.5	4.3	0.4	0.9	20.5
OE Sales for others	71.1	6.9	62.7	6.3	8.3	13.3
<b>OEM Total</b>	<b>916.9</b>	<b>89.1</b>	<b>891.5</b>	<b>89.4</b>	<b>25.4</b>	<b>2.9</b>
<b>After-market, New business &amp; Others(*)</b>	<b>112.2</b>	<b>10.9</b>	<b>106.1</b>	<b>10.6</b>	<b>6.1</b>	<b>5.7</b>
<b>Total</b>	<b>1,029.1</b>	<b>100.0</b>	<b>997.6</b>	<b>100.0</b>	<b>31.5</b>	<b>3.2</b>

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

# Consolidated Sales by Business Segment

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(Unit: Billion of Yen)

	FY2015 1Q Ended June 30, 2014		FY2014 1Q Ended June 30, 2013		Change	
	Amount	% to Total	Amount	% to Total	Amount	%
Powertrain Control	362.2	35.2	348.9	35.0	13.3	3.8
Thermal	324.8	31.6	308.8	31.0	16.0	5.2
Information & Safety Systems	147.2	14.3	151.0	15.1	-3.8	-2.5
Electronic	90.6	8.8	91.0	9.1	-0.4	-0.4
Small Motors	73.6	7.1	69.9	7.0	3.7	5.3
Others(*)	14.3	1.4	14.9	1.5	-0.6	-4.0
<b>Automotive Total</b>	<b>1,012.6</b>	<b>98.4</b>	<b>984.5</b>	<b>98.7</b>	<b>28.1</b>	<b>2.9</b>
Industrial & Consumer Product	12.4	1.2	10.1	1.0	2.3	22.8
Others	4.1	0.4	3.0	0.3	1.1	36.7
<b>New Business Total</b>	<b>16.5</b>	<b>1.6</b>	<b>13.1</b>	<b>1.3</b>	<b>3.4</b>	<b>26.0</b>
<b>Total</b>	<b>1,029.1</b>	<b>100.0</b>	<b>997.6</b>	<b>100.0</b>	<b>31.5</b>	<b>3.2</b>

\* Sales of equipment, Repair parts, original brand products of subsidiaries

## India

< HARYANA · Jhajjar Plant >

Investment : 2.7 billion rupees  
(approx. US\$52.2 million)

Operation Start : FY13

Total floor area : 12,000m<sup>2</sup>

Business description : Manufacturing small motors ,engine cooling modules



## Mexico < Silao Plant > Expand

Investment : approx. US\$108.4 million

Operation Start : November 2013, October 2014

Employees : 850 people by 2015

Total floor area : 56,200m<sup>2</sup>



**Global Network**  
220 companies  
(38 Countries and Area)

## Indonesia <Fajar Plant >

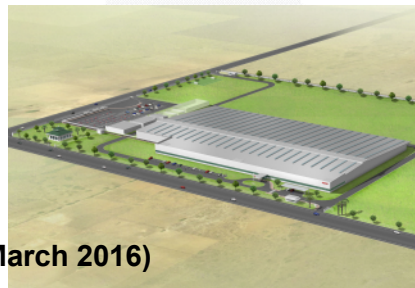
Investment: approx. 1,040 billion rupiah  
(approx. US\$110 million)

Operation Start : March 2014 (Plug, SIFS)

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

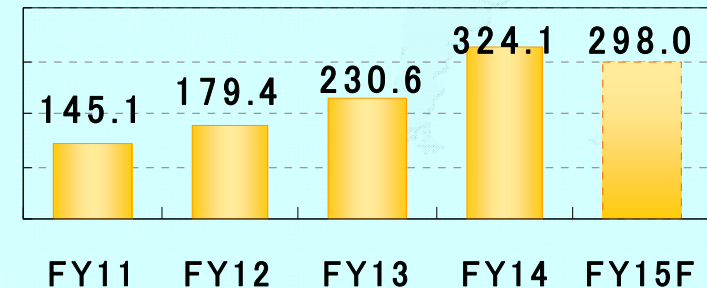


## Capital Expenditures FY15

298 billion yen

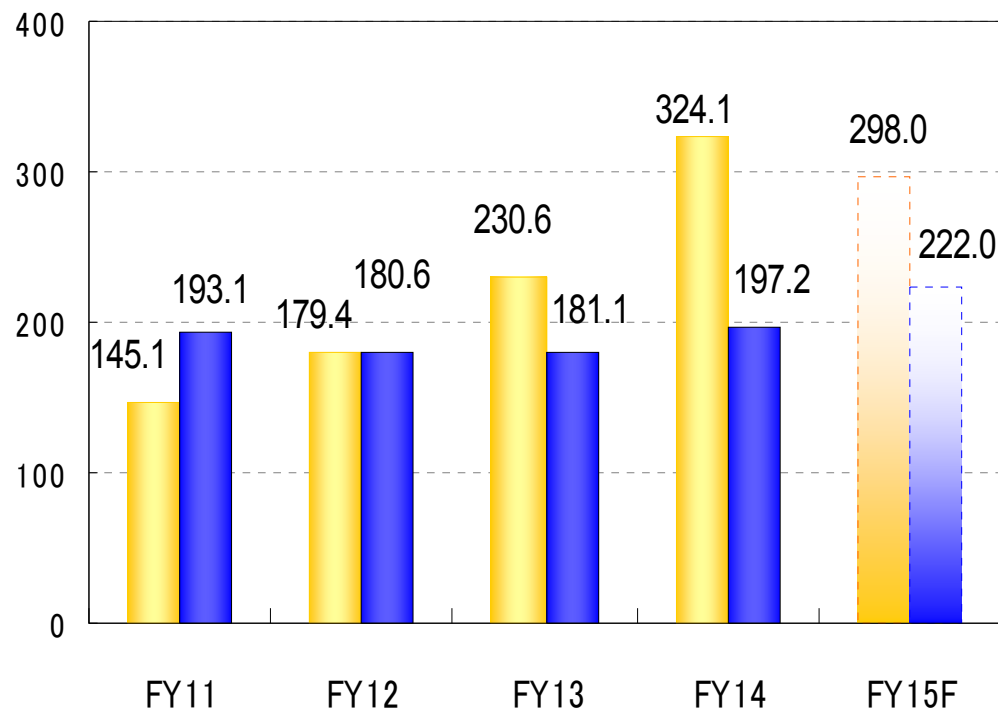
(keep high level as previous year)

Unit: billions of yen



**Expanding global production system**

(Unit: Billion of Yen)



	FY11	FY12	FY13	FY14	1Q	FY15F	Progress to FY15F
Capital Expenditures	145.1	179.4	230.6	324.1	81.2	298.0	27.2%
Depreciation	193.1	180.6	181.1	197.2	48.6	222.0	21.9%
R&D Expenditures (Ratio to Sales)	290.1 (9.3)	298.4 (9.5)	335.5 (9.4)	368.7 (9.0)	92.5 (9.0)	390.0 (9.4)	23.7%

(Unit: Billion of Yen)

	FY14		FY15 Forecast		1Q YTD Change from PY	Progress to FY15 Forecast
	1QYTD		1QYTD			
Japan	32.8	156.0	42.2	157.0	28.7%	26.9%
North America	10.8	43.3	9.8	36.5	-9.3%	26.8%
Europe	4.9	27.9	6.1	22.0	24.5%	27.7%
Asia & Oceania	19.9	88.6	22.6	78.0	13.6%	29.0%
Others	2.5	8.3	0.5	4.5	-80.0%	11.1%
Capital Exp.	70.9	324.1	81.2	298.0	14.5%	27.2%
Japan	27.7	130.9	29.5	141.0	6.5%	20.9%
North America	4.5	18.8	5.0	23.0	11.1%	21.7%
Europe	3.5	14.3	3.9	17.0	11.4%	22.9%
Asia & Oceania	7.2	30.2	9.3	37.0	29.2%	25.1%
Others	0.8	3.0	0.9	4.0	12.5%	22.5%
Depreciation	43.6	197.2	48.6	222.0	11.5%	21.9%
R&D Expenditure (Ratio to Sales)	86.9 (8.7%)	368.7 (9.0%)	92.5 (9.0%)	390.0 (9.4%)	6.4%	23.7%