

DENSO

Crafting the Core

FY2019 Financial results
(2018/4-2019/3)

Apr. 26, 2019

DENSO CORPORATION



Overview of FY2019 Financial Results

1. Despite market slowdown in Europe and China, revenue increased due to volume increase and sales expansion in all regions as well as the subsidiary DENSO TEN which was consolidated in the middle of previous fiscal year. Operating profit decreased due to increase in investment for future growth, transient profit in the last fiscal year and quality costs which was posted in the fourth quarter.

2. For the new fiscal year, revenue and operating profit will increase due to sales expansion of electrification and safety related products.

FY2019 Financial Results(2018/4-2019/3)

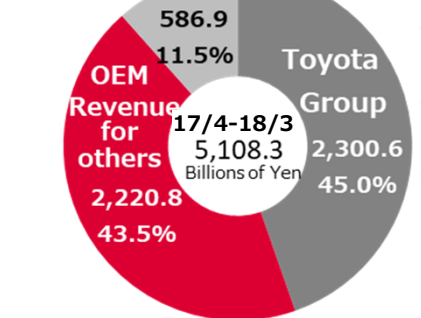
		18/4-19/3		17/4-18/3		Change	
Revenue		5,362.8		5,108.3		+254.5	+5.0%
Operating Profit		(5.9%)	316.2	(8.1%)	412.7	-96.5	-23.4%
Finance income/ costs & others(*1)			39.8		37.2	2.6	
Profit before Income Taxes		(6.6%)	356.0	(8.8%)	449.9	-93.9	-20.9%
Profit (*2)		(4.7%)	254.5	(6.3%)	320.6	-66.0	-20.6%
(Unit: Millions of Units)							
Precondition	Foreign Exchange Rate	JPY	111/\$	JPY	111/\$	+0 JPY	
		JPY	128/Euro	JPY	130/Euro	-2 JPY	
	Domestic Car Production		9.43		9.37	+0.05	+0.6%
	Overseas Car Production of Japanese Manufacturers		20.11		20.15	-0.03	-0.2%
	(North America)		(5.91)		(6.03)	(-0.12)	(-2.0%)

※1 Finance income, Finance costs, Foreign exchange gains/loss, Share of the profit of associates accounted for using the equity method

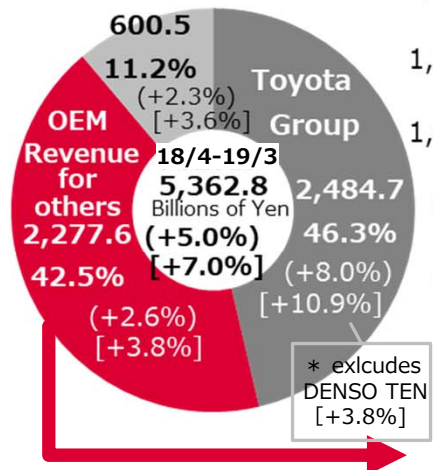
※2 Profit attributable to owners of the parent company

FY2019 Consolidated Revenue (By Customer)

After-market, Non-Automotive Business (Unit: Billions of Yen)



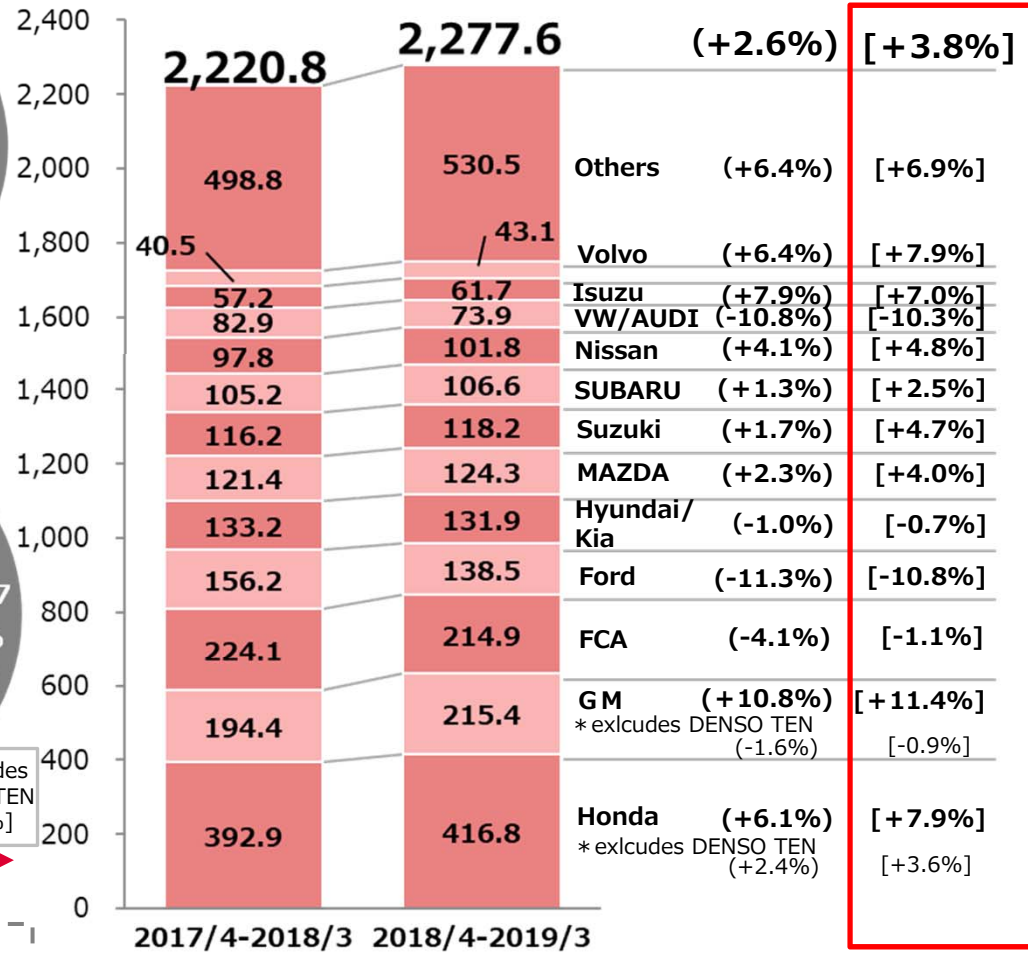
After-market, Non-Automotive Business



DENSO TEN : 344.6
(238.1 for Toyota included)

(): Change from 2018/4-2019/3
[]: Change from 2018/4-2019/3 excludes FX difference

OEM Revenue for others

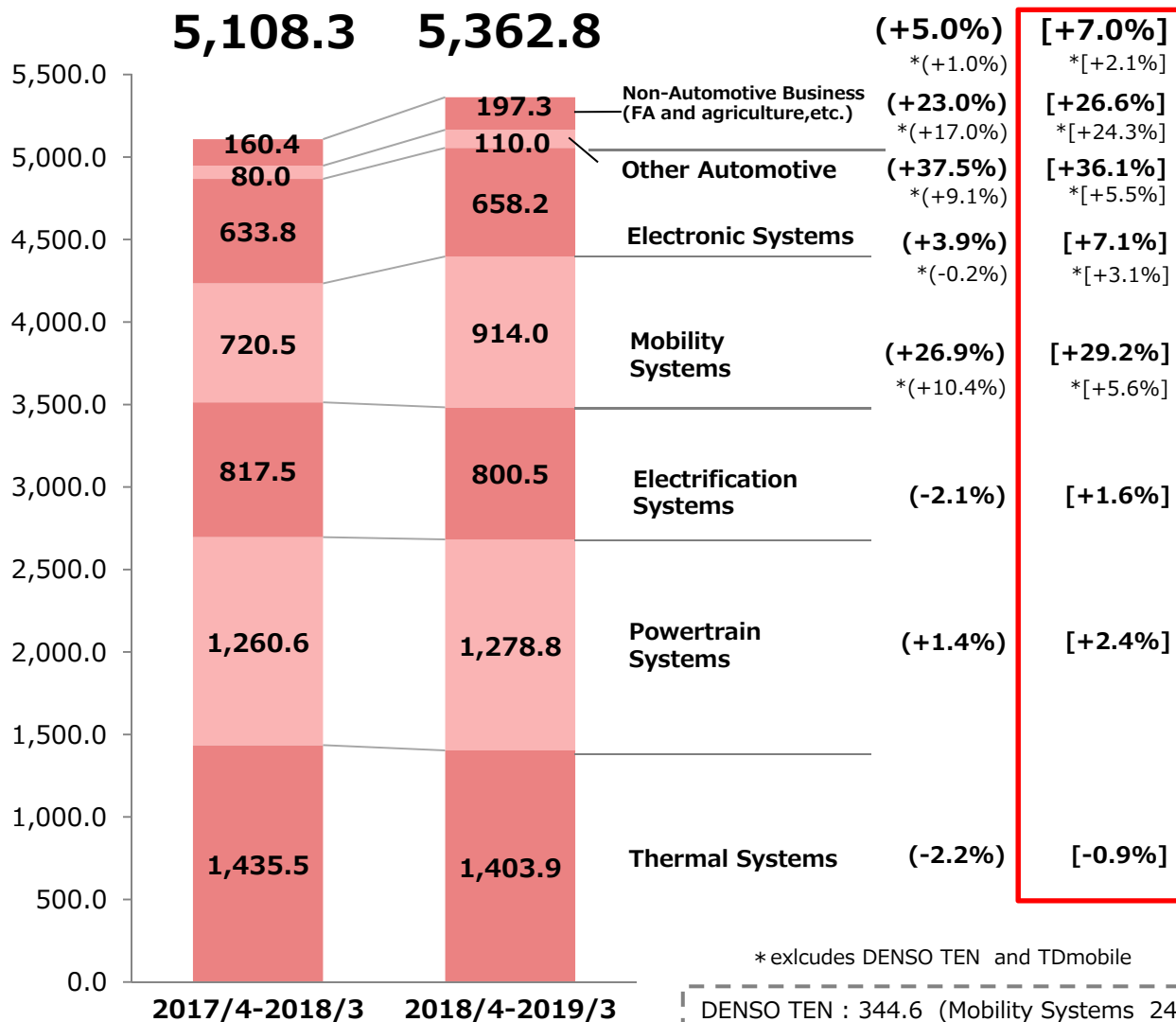


FY2019 Consolidated Revenue (By Product)

(Unit: Billions of Yen)

(): Change from 2018/4-2019/3

[]: Change from 2018/4-2019/3 excludes FX difference

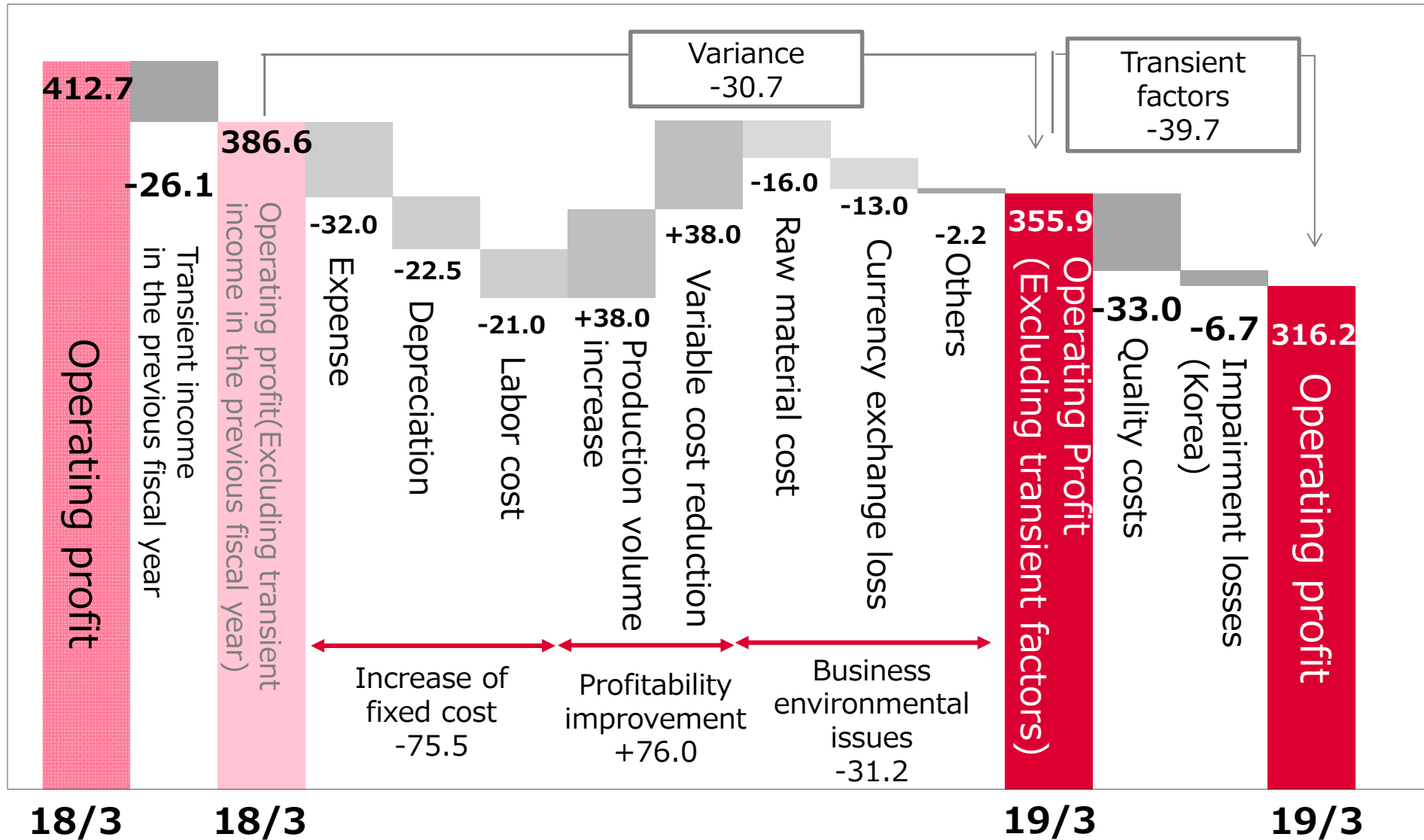


*excludes DENSO TEN and TDmobile

DENSO TEN : 344.6 (Mobility Systems 248.2, Other Automotive, etc. 96.4)

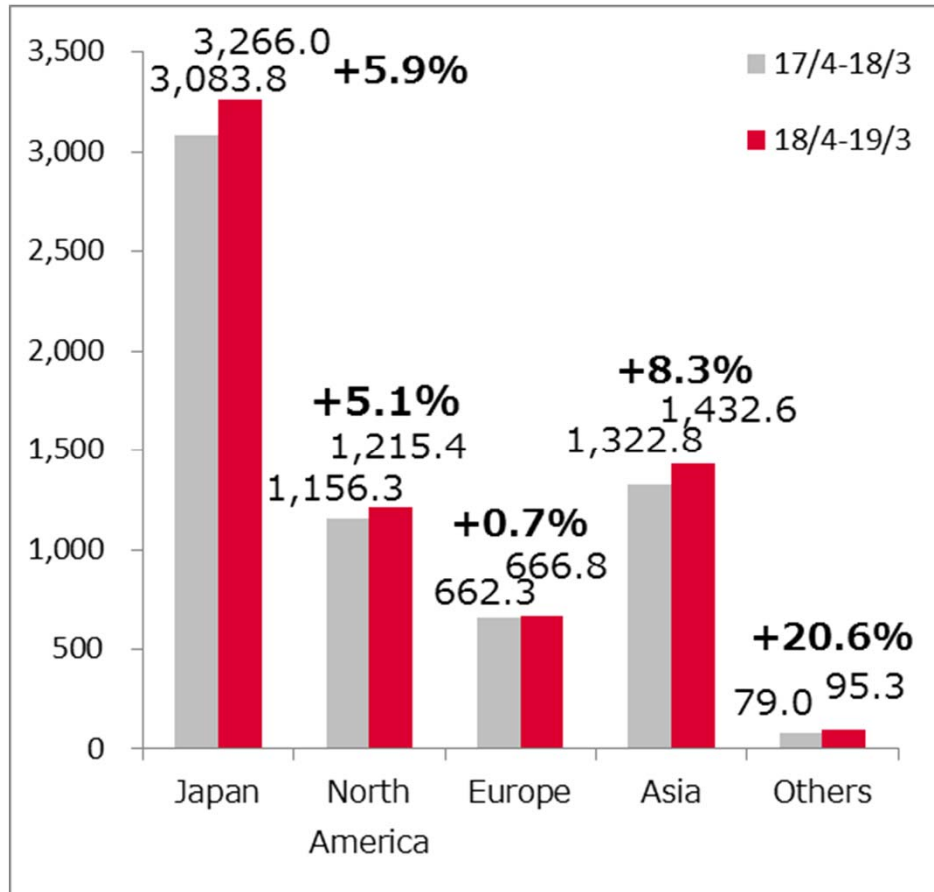
Change in FY2019 Operating Profit

(Unit: Billion of Yen)



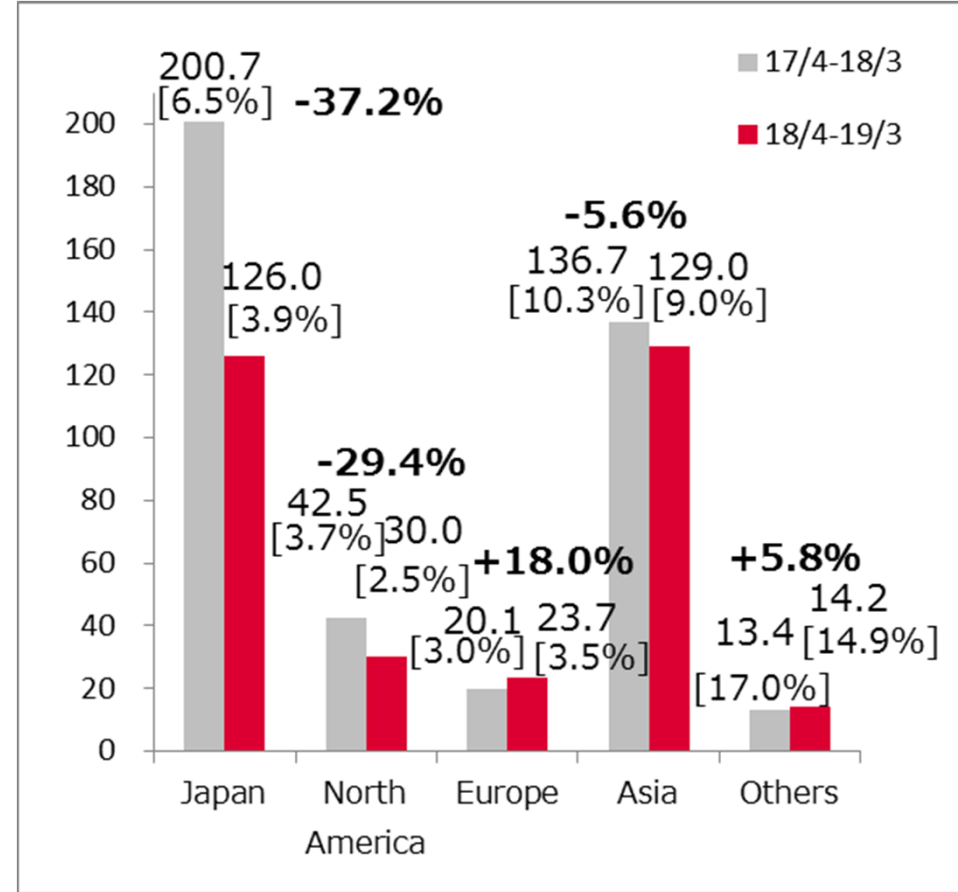
Geographical Segments by Company Location (Local Currency Base)

Revenue



Operating Profit

(Unit: Billions of Yen)
[]: Ratio to Revenue



Variance from previous estimation at 3rd quarter

	Previous estimation	Actual result	Diff.
Operating profit	412.7	412.7	
Transient income in the previous fiscal year	-26.1	-26.1	±0
Operating profit(excluding transient income in the previous fiscal year)	386.6	386.6	-
Expense	-32.0	-32.0	±0
Depreciation	-26.0	-22.5	+3.5
Labor cost	-19.0	-21.0	-2.0
Raw material cost	-15.0	-16.0	-1.0
Currency exchange loss	-15.0	-13.0	+2.0
Production volume increase	43.0	38.0	-5.0
Variable cost reduction	40.0	38.0	-2.0
Others	17.4	-2.2	-19.6
Operating profit(Excluding transient factors)	398.5	374.4	-24.1
Quality costs	0	-33.0	-33.0
Impairment losses	-	-6.7	-6.7
Operating profit	+380.0	+316.2	-63.8

<Variance factors>

Decrease sales amount in Japan due to shutdown of OEM factory

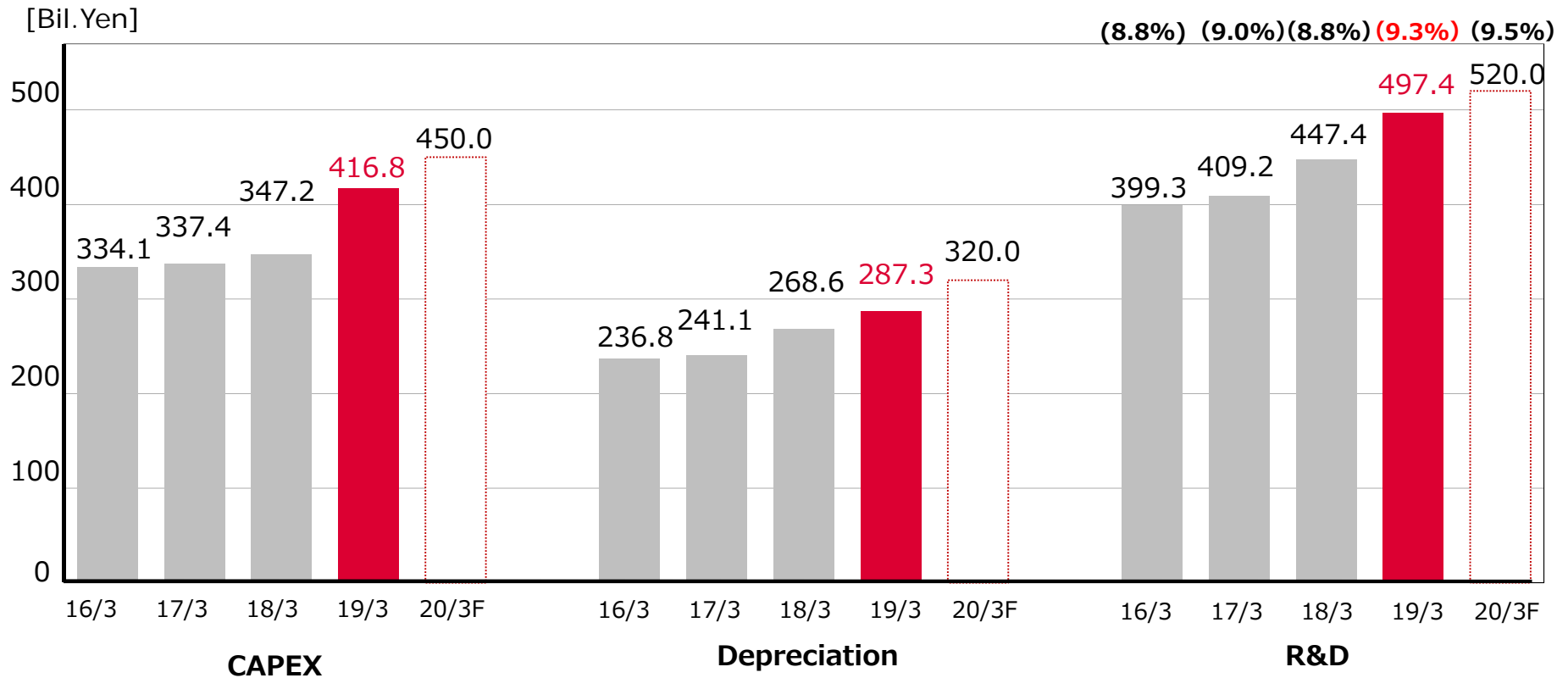
-10.0: Increase advanced investment and special expense in North America
-3.0 : Delay SOP of new product in Japan

Provision of quality costs in Japan

Impairment of Korea business

Trend of Capital Expenditures, Depreciation and R&D Expenditures

() Ratio to Revenue



FY2020 Financial Forecast

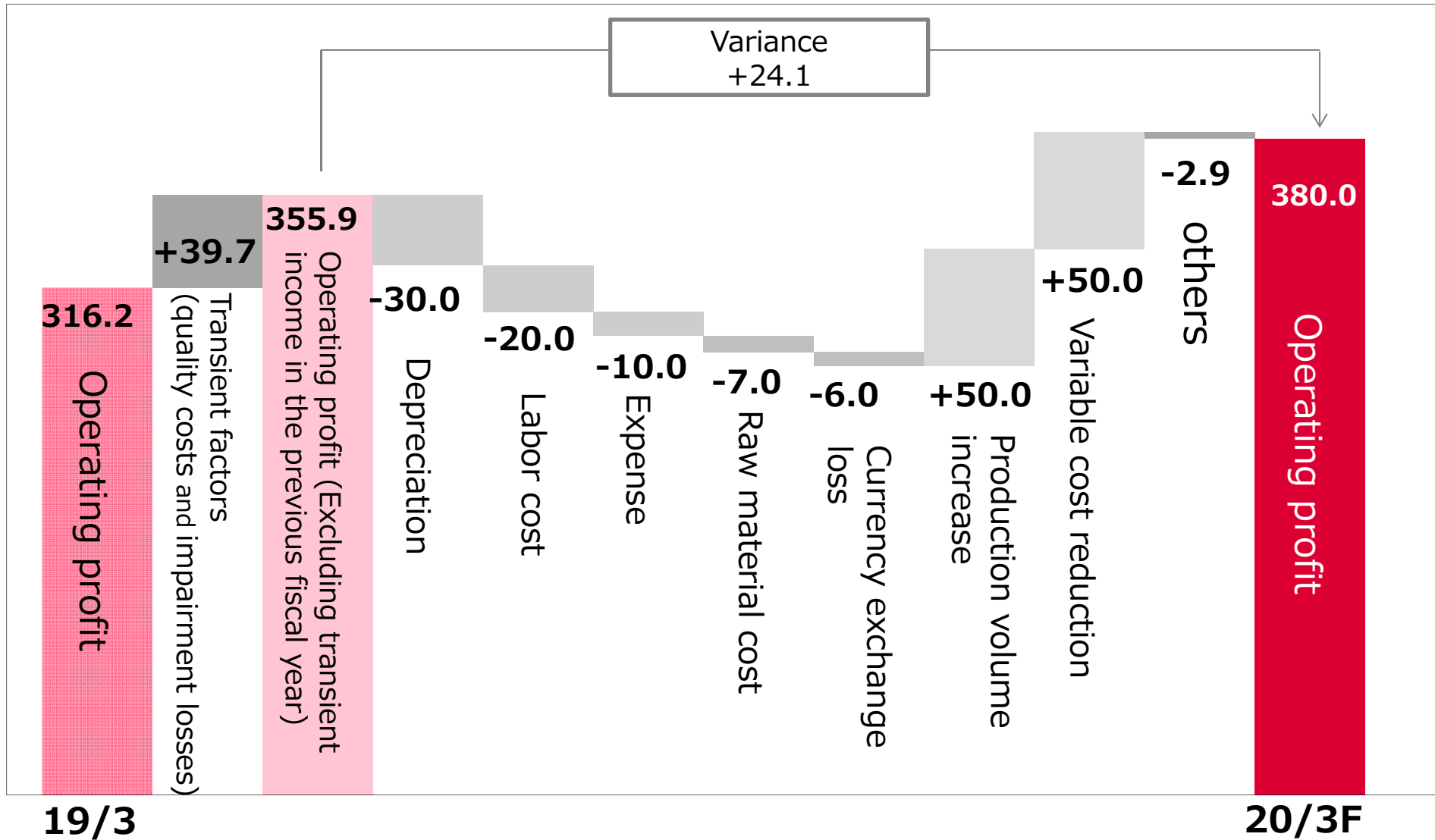
		20/3 Forecast		19/3 Actual		Change	
Revenue			5,500.0		5,362.8	+137.2	+2.6%
Operating Profit		(6.9%)	380.0	(5.9%)	316.2	+63.8	+20.2%
Finance income/ costs & others(*1)			49.0		39.8	+9.2	
Profit before Income Taxes		(7.8%)	429.0	(6.6%)	356.0	+73.0	+20.5%
Profit (*2)		(5.5%)	305.0	(4.7%)	254.5	+50.5	+19.8%
(Unit: Millions of Units)							
Precondition	Foreign Exchange Rate	JPY	110/\$	JPY	111/\$	-1 JPY	
		JPY	125/Euro	JPY	128/Euro	-3 JPY	
	Domestic Car Production		9.61		9.43	+0.18	+1.9%
	Overseas Car Production of Japanese Manufacturers		20.46		20.11	+0.35	+1.7%
	(North America)		(5.83)		(5.91)	(-0.08)	(-1.3%)

※1 Finance income, Finance costs, Foreign exchange gains/loss, Share of the profit of associates accounted for using the equity method

※2 Profit attributable to owners of the parent company

Change in FY2020 Operating Profit

(Unit: Billion of Yen)



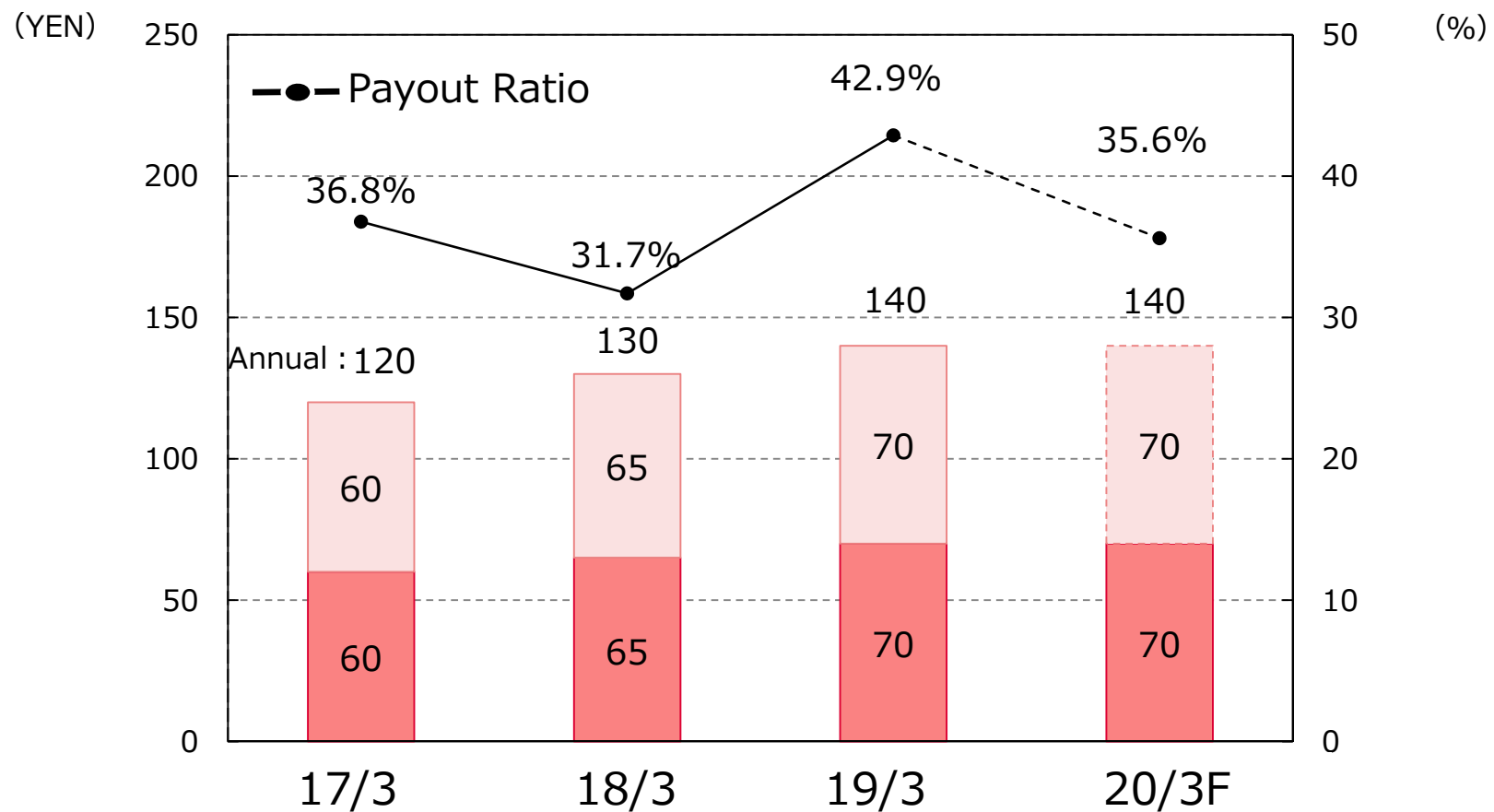
19/3

20/3F

Return to Shareholders

FY19 Annual Dividend per Share: 140 yen same as the previous financial forecast

FY20 Annual Dividend per Share: 140 yen same as FY19



Recent technical development

- **Integrate TOYOTA's electronics business to DENSO**
Invest 180bil yen to enhance R&D and manufacturing of Electrification



Electrification R&D center (establish in May, 2020)

- **Invest to Uber Advanced Technologies Group**
Collaboration to accelerate the development and commercialization of automated ridesharing services.
- **Establish new J/V for expansion of electrification and automated driving**

Establish "BluE Nexus", "J-QuAD DYNAMICS" in Apr. 2019

Improve competitiveness through expanded partnership, acceleration of R&D investment and Capital expenditure.

DENSO

Crafting the Core

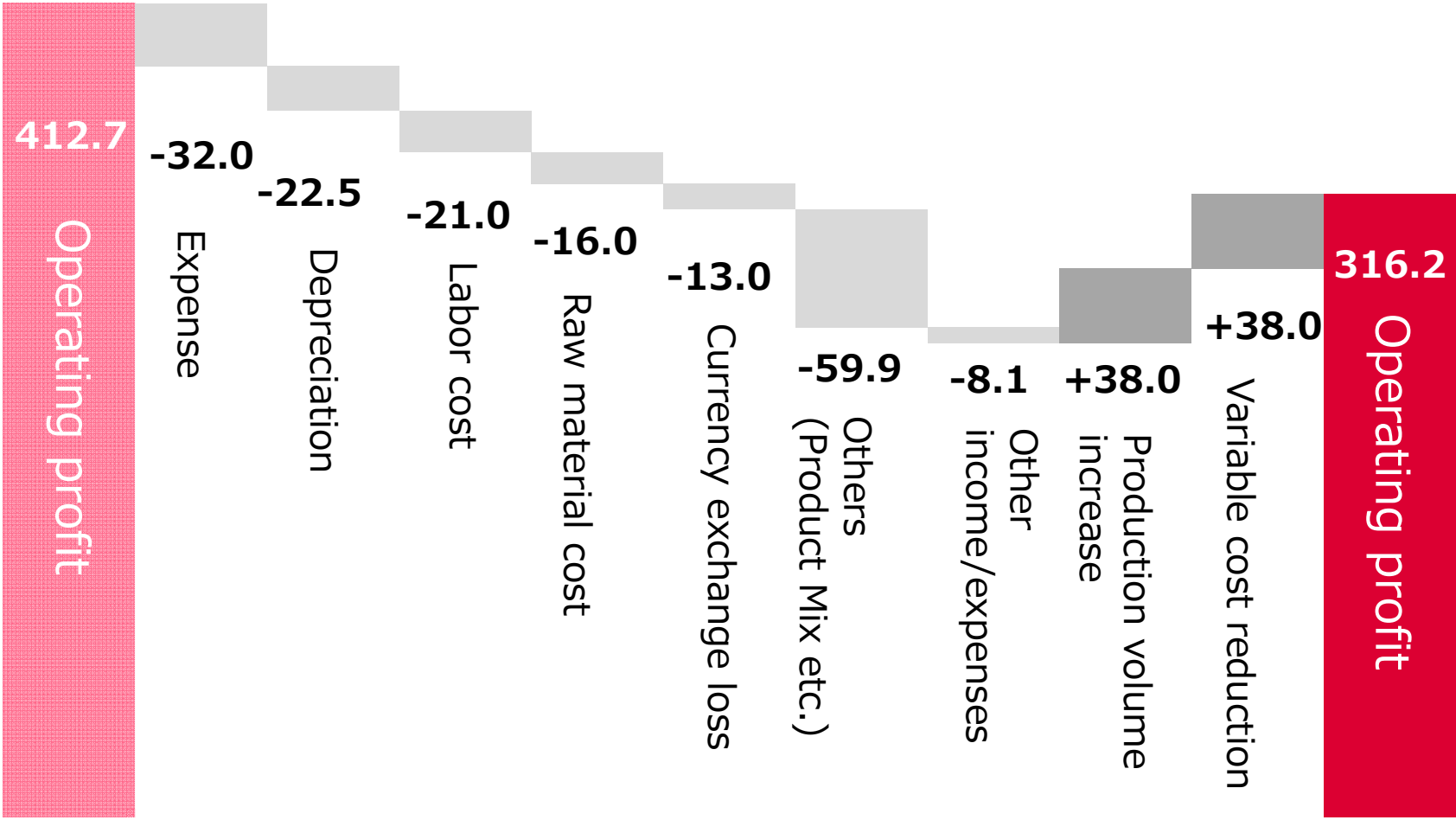
Appendix

- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Change in FY2019 Operating Profit
- Consolidated Revenue by Customer
- Consolidated Revenue by Product
- Geographical Segments by Company Location
- Capital Expenditures, Depreciation and R&D Expenditures

Change in FY2019 Operating Profit

(Unit: Billion of Yen)

Based on the original categories



18/3

19/3

Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2019 Full Year									FY2020 Full Year	
		FY2019 First-Half			FY2019 Second-Half							
		Prior Year	Actual	Change	Prior Year	Actual	Change	Prior Year	Actual	Change	Forecast	Change
Foreign Exchange Rate (Yen)	USD	111	110	- 1	111	112	+ 1	111	111	+ 0	110	- 1
	EUR	126	130	+ 4	133	127	- 6	130	128	- 2	125	- 3
Forex Impact on Operating Income per Yen (Billions of Yen)	USD	-			-			2.5	2.5	0.0	2.5	0.0
	EUR	-			-			1.0	1.0	0.0	1.0	0.0
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.54	4.47	- 1%	4.84	4.95	+ 2%	9.37	9.43	+ 1%	9.61	+ 2%
	North America	3.01	2.90	- 4%	3.02	3.01	- 0%	6.03	5.91	- 2%	5.83	- 1%
	Overseas	9.89	10.20	+ 3%	10.26	9.91	- 3%	20.15	20.11	- 0%	20.46	+ 2%

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	2018/4-2019/3		2017/4-2018/3		Change		Change excludes FX difference,etc. %
	Amount	% to Total	Amount	% to Total	Amount	%	
Toyota	2,289.2	42.6	2,124.2	41.5	165.0	7.8	10.7
Daihatsu	128.1	2.4	116.0	2.3	12.1	10.4	13.4
Hino	67.4	1.3	60.3	1.2	7.1	11.8	11.9
Toyota Group	2,484.7	46.3	2,300.6	45.0	184.1	8.0	10.9
Honda	416.8	7.8	392.9	7.6	23.9	6.1	7.9
GM	215.4	4.0	194.4	3.8	21.0	10.8	11.4
FCA	214.9	4.0	224.1	4.4	-9.2	-4.1	-1.1
Ford	138.5	2.6	156.2	3.1	-17.7	-11.3	-10.8
Hyundai/Kia	131.9	2.5	133.2	2.6	-1.3	-1.0	-0.7
Mazda	124.3	2.3	121.4	2.4	2.8	2.3	4.0
Suzuki	118.2	2.2	116.2	2.3	2.0	1.7	4.7
SUBARU	106.6	2.0	105.2	2.1	1.4	1.3	2.5
Nissan	101.8	1.9	97.8	1.9	4.0	4.1	4.8
VW·AUDI	73.9	1.4	82.9	1.6	-8.9	-10.8	-10.3
Mitsubishi	65.4	1.2	55.0	1.1	10.3	18.8	18.8
Isuzu	61.7	1.2	57.2	1.1	4.5	7.9	7.0
BMW	43.8	0.8	42.4	0.8	1.5	3.5	4.4
Volvo	43.1	0.8	40.5	0.8	2.6	6.4	7.9
PSA	31.5	0.6	34.3	0.7	-2.8	-8.1	-7.5
Daimler	29.4	0.5	34.5	0.7	-5.0	-14.6	-13.7
OE Sales for others	360.2	6.7	332.6	6.5	27.6	8.3	8.9
OEM Total	4,762.3	88.8	4,521.4	88.5	240.9	5.3	7.4
After-market, Non-Automotive Business(*)	600.5	11.2	586.9	11.5	13.6	2.3	3.6
Total	5,362.8	100.0	5,108.3	100.0	254.5	5.0	7.0

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

Consolidated Revenue (By Product)

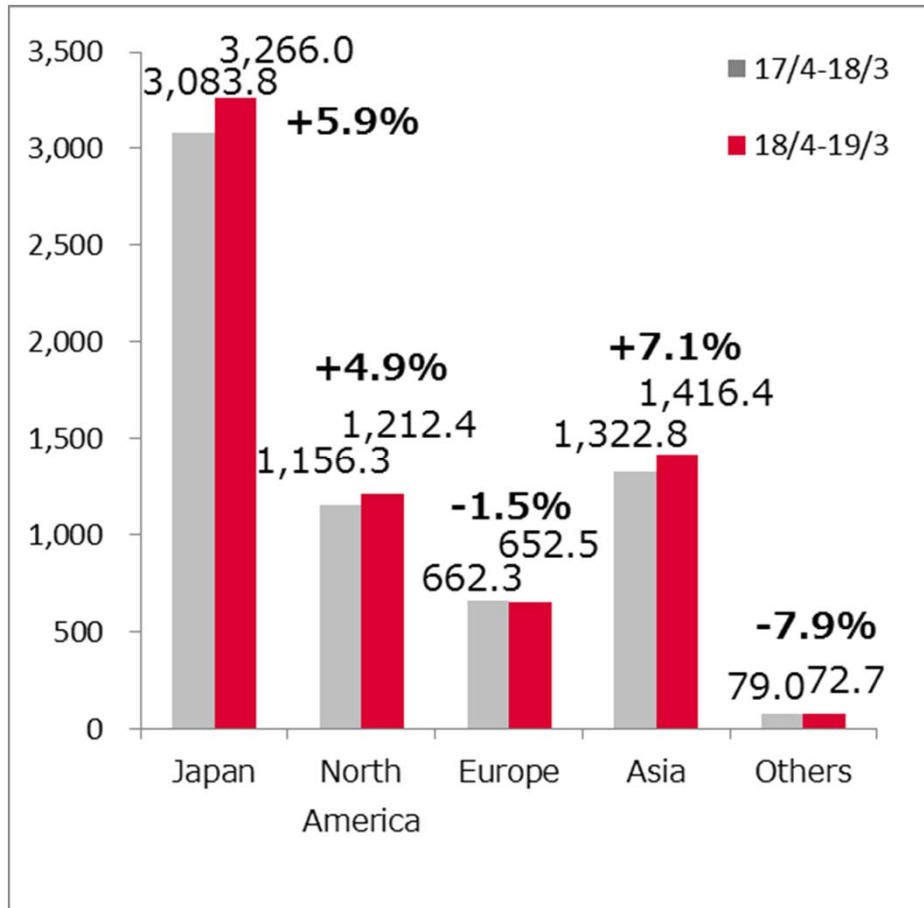
(Unit: Billions of Yen,%)

	18/4-19/3		17/4-18/3		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	1,403.9	26.2	1,435.5	28.1	-31.6	-2.2	-0.9
Powertrain Systems	1,278.8	23.8	1,260.6	24.6	18.2	1.4	2.4
Electrification Systems	800.5	14.9	817.5	16.0	-17.0	-2.1	1.6
Mobility Systems	914.0	17.0	720.5	14.1	193.6	26.9	29.2
Electronic Systems	658.2	12.4	633.8	12.5	24.4	3.9	7.1
Others(*)	110.0	2.0	80.0	1.6	30.0	37.5	36.1
Automotive Total	5,165.4	96.3	4,947.9	96.9	217.6	4.4	6.4
Non-Automotive Business(FA and agriculture, etc.) Total	197.3	3.7	160.4	3.1	36.9	23.0	26.6
Total	5,362.8	100.0	5,108.3	100.0	254.5	5.0	7.0

* Revenue of equipment, Repair parts, original brand products of subsidiaries

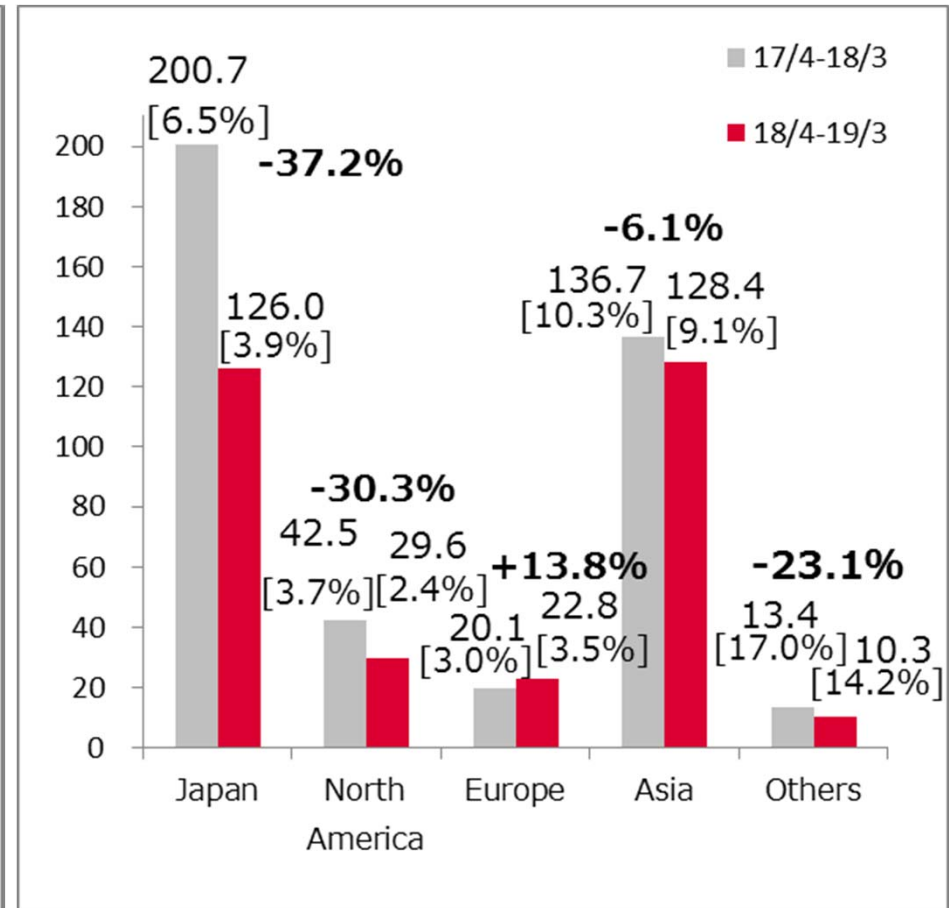
Geographical Segments by Company Location

Revenue



Operating Profit

(Unit: Billions of Yen)
[]: Ratio to Revenue



Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

		2019/3	2018/3	Change Percent	2020/3F	Change Percent
Capital Expenditures	Japan	217.7	258.2	18.6%	261.5	1.3%
	North America	43.8	60.3	37.7%	60.0	-0.5%
	Europe	30.8	25.5	-17.2%	25.0	-2.0%
	Asia	52.7	69.5	31.9%	100.0	43.9%
	Others	2.2	3.4	54.5%	3.5	2.9%
	Capital Expenditures	347.2	416.8	20.0%	450.0	8.0%
Depreciation	Japan	154.7	168.6	9.0%	189.0	12.1%
	North America	32.4	36.8	13.6%	44.5	20.9%
	Europe	22.2	24.0	8.1%	26.0	8.3%
	Asia	56.4	55.7	-1.2%	58.0	4.1%
	Others	2.8	2.1	-25.0%	2.5	19.0%
	Depreciation	268.6	287.3	7.0%	320.0	11.4%
R&D Expenditure (Ratio to Sales)	447.4 (8.8%)	497.4 (9.3%)	11.2%	520.0 (9.5%)	4.5%	