

DENSO

Crafting the Core

FY2021

Financial Results

(2020/4-2021/3)

April. 28th , 2021

DENSO CORPORATION



Overview of FY2021 Financial Results

1. Revenue is recovering steadily due to the improve in vehicle sales, but sales in the full-year decreased compared to last fiscal year due to the significant decline in the first quarter.

Operating income increased year-over-year due to the effects of additional measures, although there was decline in vehicle sales, and achieve previous forecast 150.0 billion yen.

2. The full-year forecast for the next fiscal year, revenue is 5,460.0 billion yen and operating profit is 413.0 billion yen.

Although there are concerns about the effects of shortage of semiconductor, we expect sales expansion of ADAS and Electrification products and gains from further corporate reform.

FY2021 Financial Results (2020/4-2021/3)

(Ratio to Revenue)

[Unit: Billions of Yen, %]

	2019/4-2020/3	2020/4-2021/3	Change	
Revenue	5,153.5	4,936.7	-216.8	-4.2%
Operating Profit	(1.2%) 61.1	(3.1%) 155.1	+94.0	+153.9%
Profit before Income Taxes	(1.7%) 89.6	(3.9%) 193.8	+104.2	+116.2%
Profit ^(*)	(1.3%) 68.1	(2.5%) 125.1	+57.0	+83.6%

* Profit attributable to owners of the parent company

[Unit: Millions of Units]

Precondition	Foreign Exchange Rate	JPY 109/USD	JPY 106/USD	-3 JPY	—
		JPY 121/EUR	JPY 124/USD	+3 JPY	—
	Domestic Vehicle Production	9.27	7.88	-1.39	-15.0%
	Overseas Vehicle Production of Japanese Manufacturers (North America)	18.89 (5.46)	15.85 (4.50)	-3.04 (-0.96)	-16.1% (-17.5%)

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[Overview of the Consolidated Financial Results]

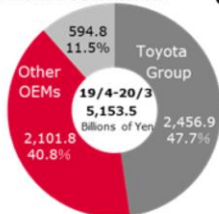
1. Consolidated revenue totaled 4,936.7 billion yen, decreased by 216.8 billion yen (-4.2%) from the previous year.
2. Consolidated operating profit totaled 155.1 billion yen, increased by 94.0 billion yen (+153.9%) from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 125.1 billion yen, increased by 57.0 billion yen (+83.6%) from the previous year.

FY2021 Consolidated Revenue (By Customer)

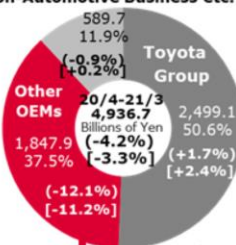
*:4Q(3months basis) INCR/DECR excludes FX diff.

(Unit: Billions of Yen)
 (Δ): Change from previous year
 [Δ]: Change from previous year
 excludes FX difference

After-market,
 Non-Automotive Business etc.



After-market,
 Non-Automotive Business etc.



Revenue	5,153.5 ⇒ 4,936.7	(-4.2%)	[-3.3%] *+13.3%
Toyota group	2,456.9 ⇒ 2,499.1	(+1.7%)	[+2.4%] *+19.2%
Other OEMs	2,101.8 ⇒ 1,847.9	(-12.1%)	[-11.2%] *+5.8%
	2,101.8		
	552.9		
	63.4		
	91.5		
	118.4		
	119.8		
	114.1		
	129.7		
	128.7		
	160.6		
	230.4		
	392.3		
	1,847.9		
	487.2		
Others		(-18.6%)	[-15.0%]
	55.8		
VW/AUDI		(-12.1%)	[-13.7%]
Nissan	80.8		(-11.7%) [-11.1%]
Hyundai/kia	94.0		(-20.6%) [-20.4%]
Mazda	99.7		(-16.7%) [-16.5%]
Suzuki	109.3		(-4.2%) [-2.5%]
Ford	110.3		(-14.9%) [-13.2%]
SUBARU	111.9		(-13.1%) [-12.1%]
GM	129.3		(-19.5%) [-17.7%]
STELLANTIS	193.6		(-16.0%) [-13.7%]
- FCA 183.8—1,51.9			(-17.4%) [-13.7%]
- PSA 46.6—41.7			(-10.5%) [-13.5%]
Honda	376.0		(-4.1%) [-2.6%]



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[Revenue by Customer (Quantity Base)]

In the cumulative 4th quarter, revenue increased from the previous year, mainly due to the increase in volume.

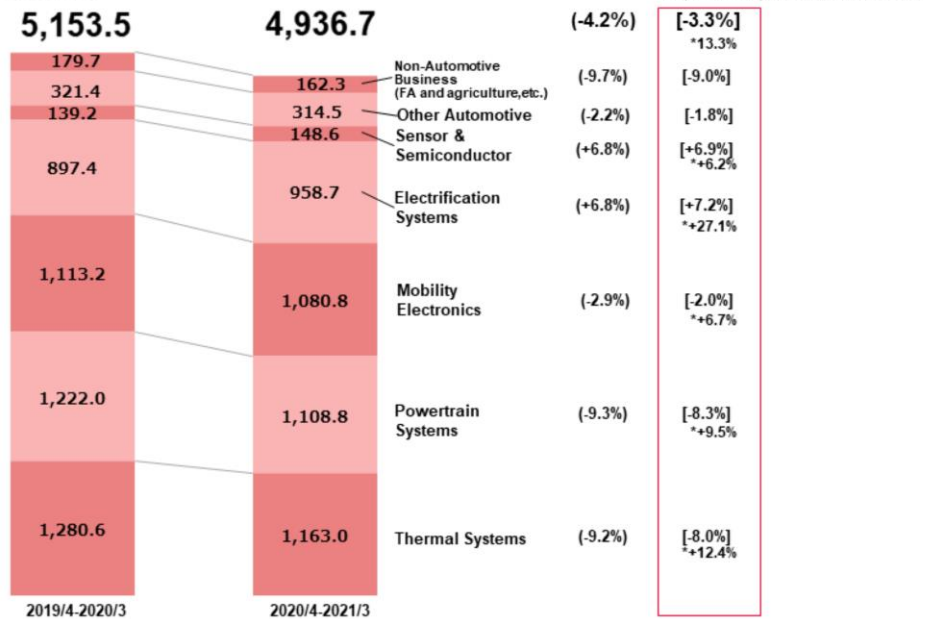
Revenue to

- 1) Toyota : Revenue increased 2.4% from the previous year due to commenced operations Hirose Plant, and EV-related products strong sales in China.
- 2) Honda : Strong sales in Japan and China.
- 3) Suzuki: Strong sales in Japan and India.

For these reasons the decline was modest.

FY2021 Consolidated Revenue (By Product)

(Unit: Billions of Yen)
 (): Change from previous year
 []: Change from previous year
 excludes FX difference



[Revenue by Product (Quantity Base)]

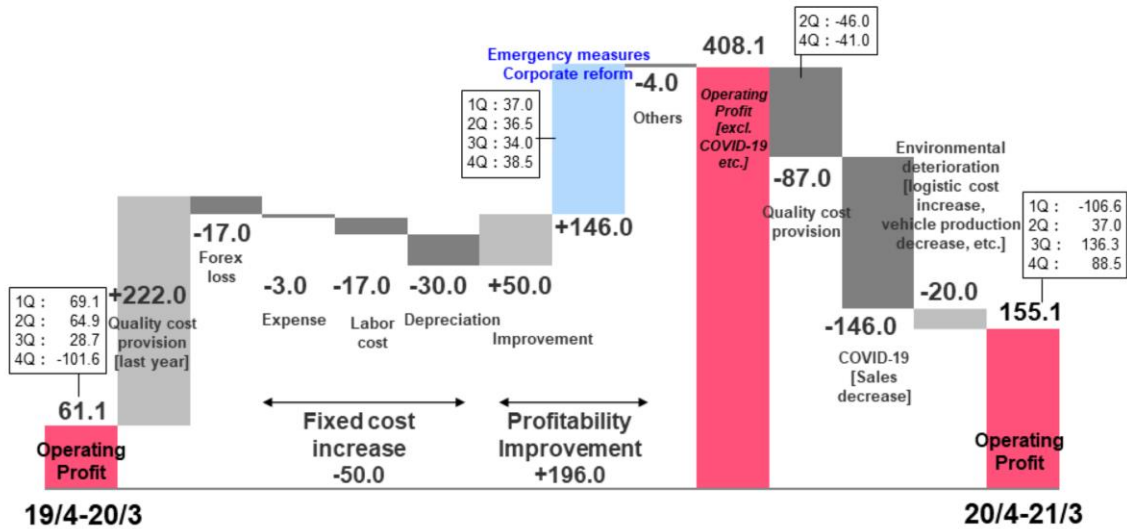
In the three months of the 4th Quarter increased over the previous year in all business groups.

About Electrification Systems , revenue increased due to commenced operations Hirose plant, and increased revenue of EPS in China and inverters in North America.

As a result, although there is a COVID-19 impact, the cumulative total also increased from the previous year.

Change in FY2021 Operating Profit

[Unit: Billions of Yen]



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[Factors that Contributed to Increases or Decreases in Operating Profit]

Negative factors

- Increase of fixed cost -50.0 billion yen.
- Production volume decreased -146.0 billion yen due to impact due to the COVID-19 .

Positive factors

- Improvement 50.0 billion yen.
- Emergency Measures, Corporate Reform 146.0 billion yen.
- Quality cost provision 135.0 billion yen
(20/3 + 222.0 billion yen, 21/3 -87.0 billion yen)

We will rationalize the increase in fixed cost input while promoting investment toward the realization of "Green" and "Peace of mind" .

Operating income excluding COVID-19 impact:

As a result of emergency Measures and Corporate Reform (through introduction of software development tools R & D efficiency, etc.) Operating Profit increased significantly from the previous year.

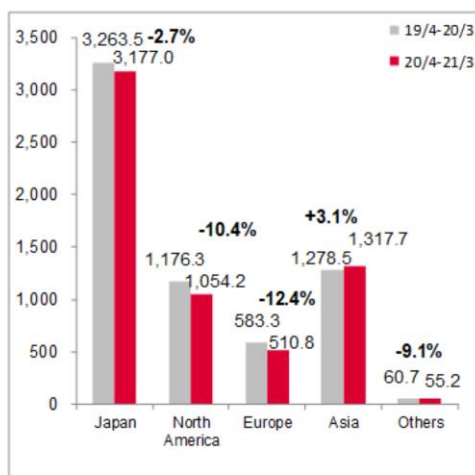
Operating income including COVID-19 impact :

Operating income was 151.1 billion yen due to external special factors such as CIVID-19, quality cost provision, and decrease in vehicle production due to semiconductor shortages.

Geographical Segments by Company Location

Excluding FX difference (109JPY/1USD, 121JPY/1EUR)

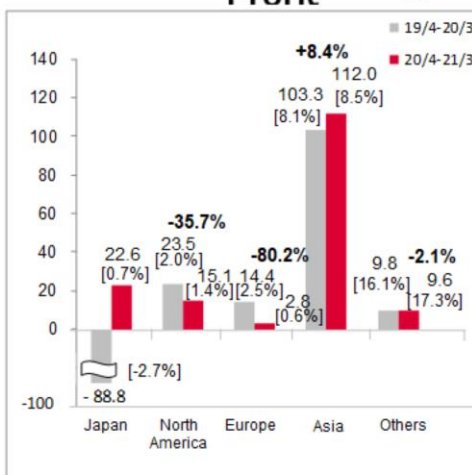
Revenue



Operating Profit

[Unit: Billions of Yen]

[]: Ratio to Revenue



4th quarter 3 months

20/1-3	830.9	290.9	143.9	273.4	11.6
21/1-3	926.9	302.9	153.3	364.5	18.0

-128.7	6.2	3.8	20.0	1.2
34.6	13.7	0.5	39.1	2.9

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[Revenue and Operating Profit by Each Region*]

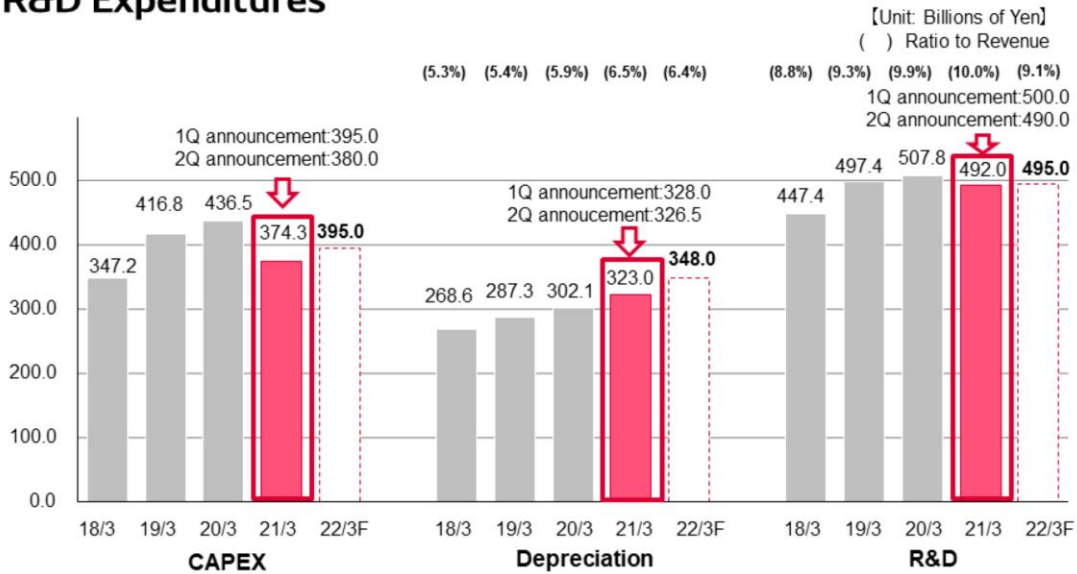
*Excluding the effect of foreign exchange

All regions

Vehicle sales have been recovering, recovering to 97% year-on-year for the full year.

Operating profit was in the black in all regions due to the effects of sales recovery, emergency Measures, Corporate Reform.

Trend of Capital Expenditures, Depreciation and R&D Expenditures



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[Capital Expenditures, Depreciation and R&D Expenditures]

Capital Expenditure

Actual Results: 374.3 billion yen (-62.2 billion yen from the previous year)

Forecast: 395.0 billion yen

In the 'Green' and 'Peace of Mind' fields that we are focusing on, we will strengthen investment for domestic production reorganization and increased production in North America and China, as well as scrutinizing projects and controlling them with discipline.

R&D expenditure

Actual Results: 492.0 billion yen

Forecast: 495.0 billion yen

In the next fiscal year, we will continue to invest at the same level as in the current fiscal year, further accelerating research and development in the CASE area while improving efficiency. We contribute to the realization of a carbon-neutral and traffic-free society. We will further improve the efficiency of research and development, aiming for about 450 billion yen in the medium term.

FY2022(2021/4-2022/3) Financial Forecast

	(Ratio to Revenue)		[Unit: Billions of Yen, %]	
	2021/3 Actual	2022/3 Forecast	Change	
Revenue	4,936.7	5,460.0	+523.3	+10.6%
Operating Profit	(3.1%) 155.1	(7.6%) 413.0	+257.9	+166.3%
Profit before Income Taxes	(3.9%) 193.8	(8.3%) 451.0	+257.2	+132.8%
Profit (*1)	(2.5%) 125.1	(5.8%) 317.0	+191.9	+153.5%

*1 Profit attributable to owners of the parent company

		[Unit: Millions of Units]			
Precondition	Foreign Exchange Rate	JPY 106.1/USD	JPY 105.0/USD	-1.1 JPY	-
		JPY 123.7/EUR	JPY 125.0/EUR	+1.3 JPY	-
		JPY 15.7/CNY	JPY 16.1/CNY	+0.4 JPY	-
	Domestic Vehicle Production (*2)	7.88	9.09	+1.21	+15.4%
	Overseas Vehicle Production of Japanese Manufacturers (*2) (North America) (*2)	15.85 (4.50)	19.07 (5.46)	+3.22 (+0.96)	+20.3% (+21.2%)

*2 Risk of external environment deterioration is not reflected to 2022/3 Forecast.

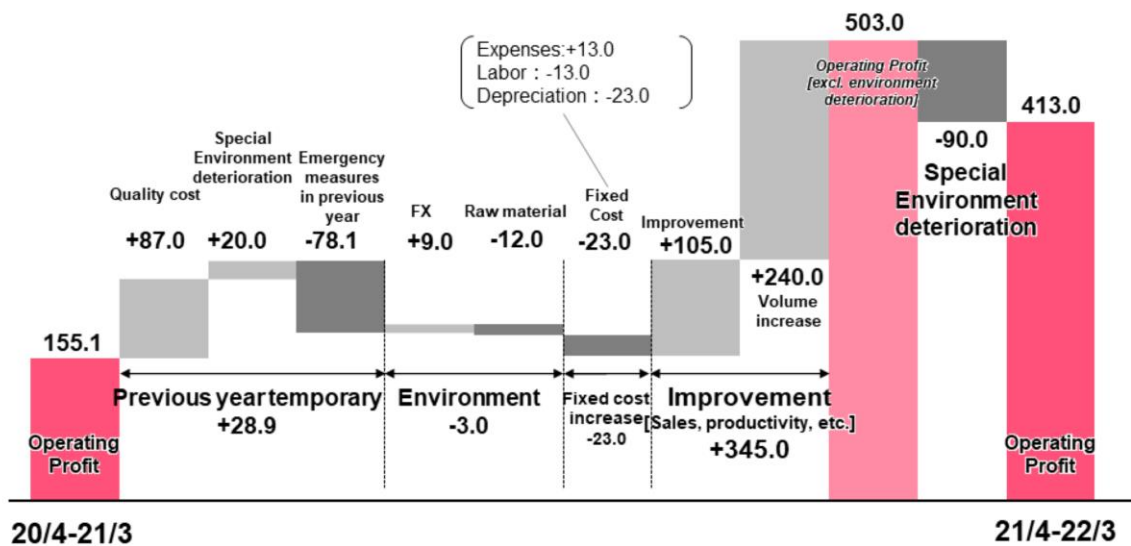
[Full year Financial Forecast]

- We expect revenue of 5,460.0 billion yen.
- We expect operating profit to be 413.0 billion yen.
- We used 105 yen to the U.S. dollar and 125 yen to the euro.

Although , there is uncertainty in the future, we reflect strong sales of electrification systems and ADAS products ,and the effects of further corporate reform.

Change in FY2022 Operating Profit

[Unit: Billions of Yen]



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<full-year operating income>

We will continue to curb expenses and cover the increase in fixed costs by rationalizing labor and depreciation costs, which increased year on year.

(Improvement includes the effects of corporate reform that have been ongoing since FY2020)

We expect Revenue to increase due to recovery from the impact of COVID-19, sales expansion of electrification systems and ADAS products, and an increase in the mounting rate.

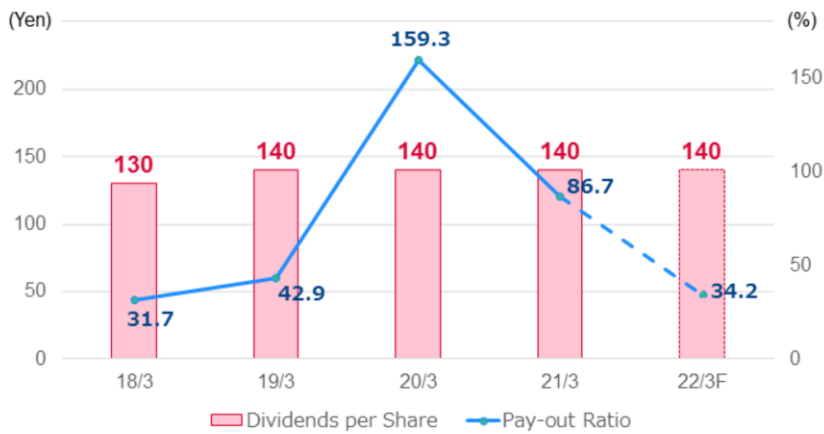
We will definitely reserve the operating profit from this increase in sales.

Despite external special factors such as tight supply and demand of semiconductors and increased distribution costs, we will realize a constitution that generates profitability.

Return to Shareholder

21/3 : Dividends per Share is 140yen (same as previous forecast)

22/3 forecast : Dividends per Share is 140yen (same as 21/3)



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[Return to Shareholders]

Annual dividend per share for FY2021 is 140 yen and for FY2022 expect to be 140 yen.

We will continue to enhance corporate value and further profit return to our shareholders.

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Appendix

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

Pre-Conditions (Foreign Exchange Rate/Car Production)

		20/4-20/9			20/10-21/3			20/4-21/3			21/4-22/3	
		Prior Year	Actual	Change	Prior Year	Actual	Change	Prior Year	Actual	Change	Forecast	Change
		Foreign Exchange Rate (Yen)	USD	109	107	- 2	109	105	- 4	109	106	- 3
	EUR	121	121	- 0	120	126	+6	121	124	+ 3	125	+1
Forex Impact on Operating Income per Yen (Billions of Yen)	USD							2.7	2.1	-0.6	2.8	+0.7
	EUR							1.2	0.8	-0.4	0.9	+0.1
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.68	3.34	- 29%	4.59	4.54	- 1%	9.27	7.88	- 15%	9.09	+ 15%
	North America	2.80	1.91	- 32%	2.66	2.59	- 3%	5.46	4.50	- 18%	5.46	+ 21%
	Overseas	9.61	6.25	- 35%	9.29	9.60	+ 3%	18.89	15.85	- 16%	19.07	+ 20%

Consolidated Revenue (By Customer)

[Unit: Billions of Yen]

	19/4-20/3		20/4-21/3		Change		Change excludes FX difference, etc.
	Amount	% to Total	Amount	% to Total	Amount	%	
Toyota	2,259.5	43.9	2,331.0	47.2	+71.5	+3.2	+3.9
Daihatsu	135.7	2.6	120.4	2.4	-15.3	-11.3	-10.4
Hino	61.7	1.2	47.7	1.0	-14.0	-22.6	-22.5
Toyota Group	2,456.9	47.7	2,499.1	50.6	+42.2	+1.7	+2.4
Honda	392.3	7.6	376.0	7.5	-16.3	-4.1	-2.6
FCA	183.8	3.6	151.9	3.1	-31.9	-17.4	-13.7
PSA	46.6	0.9	41.7	0.8	-4.9	-10.5	-13.5
GM	160.6	3.1	129.3	2.6	-31.3	-19.5	-17.7
SUBARU	128.7	2.5	111.9	2.3	-16.8	-13.1	-12.1
Ford	129.7	2.5	110.3	2.2	-19.4	-14.9	-13.2
Suzuki	114.1	2.2	109.3	2.2	-4.8	-4.2	-2.5
Mazuda	119.8	2.3	99.7	2.0	-20.0	-16.7	-16.5
Hyundai/Kia	118.4	2.3	94.0	1.9	-24.4	-20.6	-20.4
Nissan	91.5	1.8	80.8	1.6	-10.7	-11.7	-11.1
Isuzu	61.2	1.2	60.3	1.2	-0.9	-1.5	-0.4
VW-AUDI	63.4	1.2	55.8	1.1	-7.7	-12.1	-13.7
BMW	50.9	1.0	47.7	1.0	-3.2	-6.3	-8.6
Mitsubishi	59.3	1.2	33.8	0.7	-25.5	-42.9	-42.1
Volvo	41.9	0.8	28.1	0.6	-13.8	-33.0	-34.2
Daimler	24.3	0.5	20.4	0.4	-3.8	-15.7	-18.2
OE Sales for others	315.3	6.1	296.9	6.3	-18.5	-5.9	-5.8
OEM Total	4,558.7	88.5	4,347.0	88.1	-211.7	-4.6	-3.8
After-market, Non-Automotive Business(*)	594.8	11.5	589.7	11.9	-5.1	-0.9	+0.2
Total	5,153.5	100.0	4,936.7	100.0	-216.8	-4.2	-3.3

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

Consolidated Revenue (By Product)

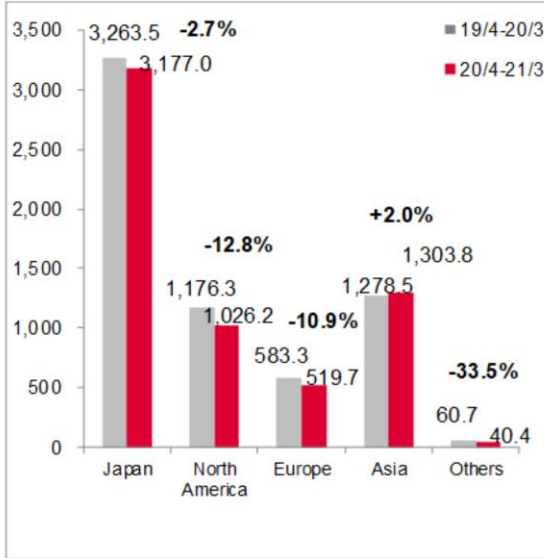
[Unit: Billions of Yen]

	19/4-20/3		20/4-21/3		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	1,280.6	24.8	1,163.0	23.6	-117.6	-9.2	-8.0
Powertrain Systems	1,222.0	23.8	1,108.8	22.5	-113.2	-9.3	-8.3
Mobility Electronics	1,113.2	21.6	1,080.8	21.9	-32.4	-2.9	-2.0
Electrification Systems	897.4	17.4	958.7	19.4	61.3	6.8	7.2
Sensor & Semiconductor	139.2	2.7	148.6	3.0	9.4	6.8	6.9
Others(*)	321.4	6.2	314.5	6.3	-6.9	-2.2	-1.8
Automotive Total	4,973.8	96.5	4,774.4	96.7	-199.4	-4.0	-3.2
Non-Automotive Business(FA and agriculture, etc.) Total	179.7	3.5	162.3	3.3	-17.4	-9.7	-9.0
Total	5,153.5	100.0	4,936.7	100.0	-216.8	-4.2	-3.3

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

Geographical Segments by Company Location

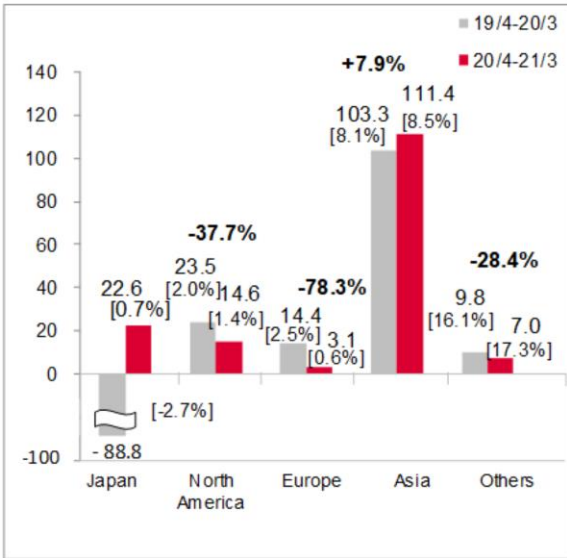
Revenue



Operating Profit

[Unit: Billions of Yen]

[]: Ratio to Revenue



Capital Expenditures, Depreciation and R&D Expenditures

[Unit: Billions of Yen]

	2020/3	2021/3	Change Percent	2022/3F	Change Percent
Japan	277.5	257.6	-7.2%	250.0	-3.0%
North America	46.1	34.3	-25.6%	40.0	+16.6%
Europe	26.1	16.8	-35.6%	20.0	+19.0%
Asia	84.3	63.5	-24.7%	82.0	+29.1%
Others	2.5	2.1	-16.0%	3.0	+42.9%
Capital Expenditures	436.5	374.3	-14.2%	395.0	+5.5%
Japan	184.3	205.7	+11.6%	217.0	+5.5%
North America	40.1	39.5	-1.5%	43.0	+8.9%
Europe	23.5	24.5	+4.3%	26.0	+6.1%
Asia	52.3	51.9	-0.8%	60.0	+15.6%
Others	1.9	1.4	-26.3%	2.0	+42.9%
Depreciation	302.1	323.0	+6.9%	348.0	+7.7%
R&D Expenditure	507.8	492.0	-3.1%	495.0	+0.6%
(Ratio to Sales)	(9.9%)	(10.0%)		(9.1%)	