

FY2024 1st Quarter (2023/4-2023/6) Financial Results Summary of Q&A

Financial results & forecast

Q: What is DENSO's outlook about the expected increase of vehicle production in the plan for the fiscal year ending March 2024?

A: We announced at the beginning of the fiscal year that vehicle production would drop by 9%, based on uncertainties such as supply and demand for semiconductors. But based on our latest outlook, we expect production to fall by 6% on average for the fiscal year ending March 2024. Our outlook reflects the strong results of the first quarter and the volumes announced by customers in the second quarter, in addition to the volumes announced at the beginning of the fiscal year in the second half.

Q: What are DENSO's concerns to attain the plan for the fiscal year ending March 2024?

A: There are two concerns. The first point is that Chinese automakers are selling well amid the shift to BEVs in Chinese region, and sales of foreign-affiliated OEMs, including Japanese OEMs, are expected to decrease relatively. The second point is that loan credit in Thailand has been tightening and it has been difficult to get a loan when purchasing a car, so sales in Thailand have been decreasing recently.

Q: Regarding profitability in North America, it seems that profitability is improving. What kind of changes in North America?

A: The fact that North America became profitable in the first quarter was due to the effects of proper transfer costs of customers and reducing fixed costs. These factors boosted the profitability of DENSO MANUFACTURING TENNESSEE, which manufactures electrification and peace of mind products, and boosted North America as a whole. We will continue to improve profitability.

Surging costs of parts and material

Q: What is the status of the surging costs of parts and material?

A: While the surging costs of raw material and energy have stabilized slowly, semiconductor prices are still surging.

Electrification

Q: Though changing the external environment, what is the status of attaining the business target of manufacturing 12 million inverters by 2025?

A: We have been progressing sales expansion to both TOYOTA and outside TOYOTA smoothly.

Treasury stock

Q: DENSO has announced treasury stock in the first quarter of the past two years, but why did not do it this time?

A: We plan to conduct treasury stock flexibly at an appropriate time, taking into account capital structure and stock price trends.