



# FY2024 2<sup>nd</sup> Quarter Financial Results (2023/4-2023/9)

October 31<sup>st</sup> , 2023  
DENSO CORPORATION



## Overview of FY2024 2<sup>nd</sup> Quarter Financial Results

1. Revenue in the second quarter increased compared to the previous year due to the strong vehicle sales mainly in Japan and North America, foreign exchange gains and expansion of products for electrification, safety and peace of mind areas though decrease of Japanese, European, and American vehicle sales in China.  
Operating profit in the second quarter increased compared to the previous year due to production volume, foreign exchange gains and improvement, though the continuing rise in the cost of materials, especially electronic components, and the accelerating investment for future as R&D.

2. In this fiscal year, we forecast 7,000.0 billion yen in revenue and 630.0 billion yen in operating profit.  
Revenue and operating profit will be based on strong sales actuals in the first half and forecast of foreign exchange gains and sales expansions in the third quarter.

3. The annual dividends for the end of the fiscal year will be 52 yen\*, a 2 yen increase from the previous announcement.  
We will continue to improve DOE levels over the long term and in a stable manner.

\*Pre-stock conversion : 208 yen (Change from the previous announcement +8 yen)

## FY2024 2<sup>nd</sup> Quarter Consolidated Financial Results (2023/4-2023/9)

【Unit : Billions of Yen, %】  
(Ratio to Revenue)

Items		2022/4-2023/9		2023/4-2023/9		Change	
Revenue		3,020.1		3,513.5		+493.4 +16.3%	
Operating Profit		( 5.1% ) 155.4		( 6.0% ) 211.8		+56.4 +36.3%	
Profit before Income Taxes		( 5.7% ) 170.6		( 7.0% ) 247.7		+77.0 +45.1%	
Profit(*1)		( 3.5% ) 105.8		( 4.8% ) 168.9		+63.1 +59.7%	
Precondition	Foreign Exchange Rate	JPY	134.0/USD	141.0/USD	+7.0JPY	-	-
		JPY	138.7/EUR	153.4/EUR	+14.7JPY	-	-
		JPY	19.9/CNY	19.7/CNY	-0.2JPY	-	-
	Domestic Vehicle Production		3.58Mil	4.26Mil	+0.68Mil		+19.0%
	Overseas Vehicle Production of Japanese Manufactures		8.43Mil	9.00Mil	+0.57Mil		+6.8%

(\*1) Profit attributable to owners of the parent company



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### [Overview of the Consolidated Financial Results]

#### **Revenue**

Consolidated revenue totaled 3,513.5 billion yen, increased by 493.4 billion yen (+16.3%) from the previous year.

#### **Operating Profit**

Consolidated operating profit totaled 211.8 billion yen, increased by 56.4 billion yen (+36.3%) from the previous year.

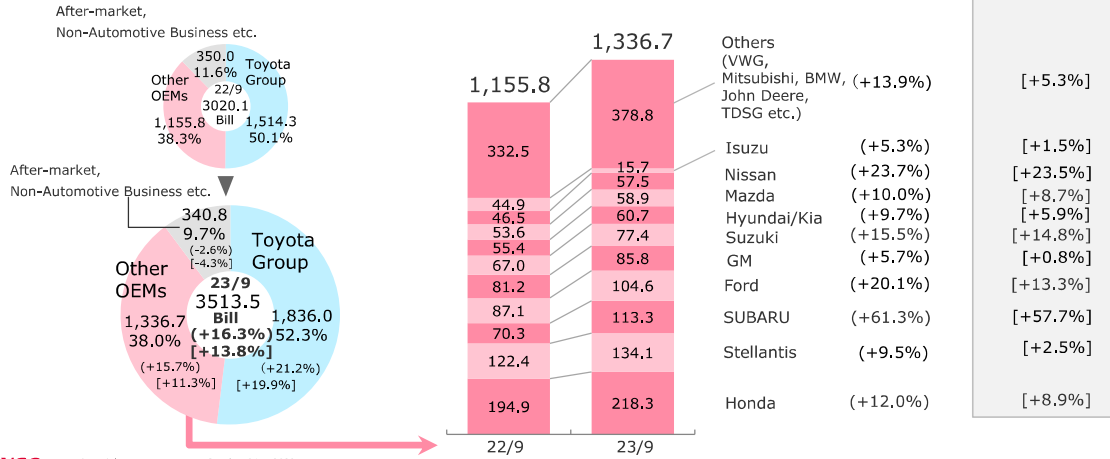
#### **Profit**

Consolidated profit attributable to owners of the parent company totaled 168.9 billion yen, increased by 63.1 billion yen (+59.7%) from the previous year.

## FY2024 2<sup>nd</sup> Quarter Consolidated Revenue (By Customer)

(Unit: Billions of Yen)  
 (vs 22/9 (6 months basis)  
 INCR/DECR)  
 [vs 22/9 (6 months basis)  
 INCR/DECR excluding FX diff.]

<b>Revenue</b>	<b>3,020.1</b>	⇒	<b>3,513.5</b>		<b>(+16.3%)</b>	<b>[+13.8%]</b>
·Toyota group	1,514.3	⇒	1,836.0		<b>(+21.2%)</b>	<b>[+19.9%]</b>
·Other OEM s	1,155.8	⇒	1,336.7		<b>(+15.7%)</b>	<b>[+11.3%]</b>



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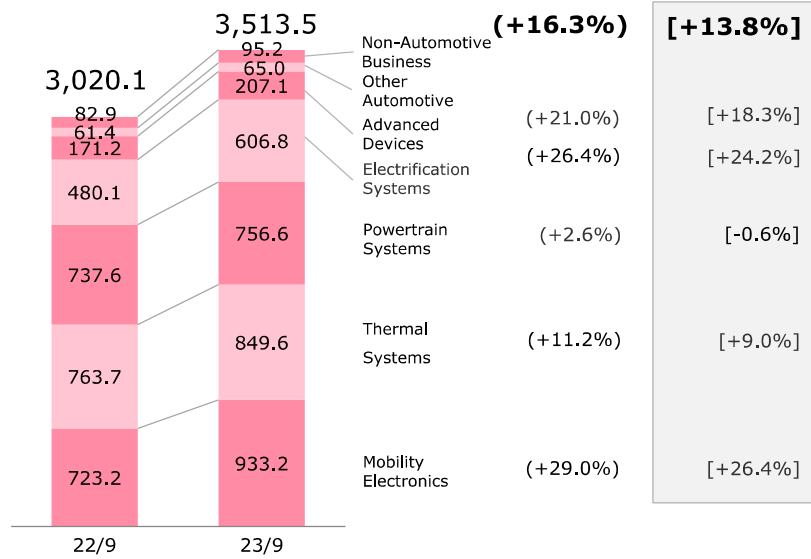
### [Revenue by Customer(Quantity Base)]

Revenue by customer increased 13.8% from the previous year as a result of the easing of semiconductor shortages and the vehicle production increase.

Especially, the recovery of vehicle production in Japan and North America has been strong, and Japanese customers such as Toyota Group lead the recovery.

## FY2024 2<sup>nd</sup> Quarter Consolidated Revenue (By Product)

(Unit: Billions of Yen)  
 (vs 22/9 (6 months basis)  
 INCR/DECR)  
 [vs 22/9 (6 months basis)  
 INCR/DECR excluding FX diff.]



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### [Revenue by Product(Quantity base)]

Revenue by product increased from the previous year as a result of the expansion of products for electrification, safe and peace of mind areas.

#### **Electrification Systems**

Revenue of inverters in Japan and North America and motor generators in Japan increased.

#### **Powertrain Systems**

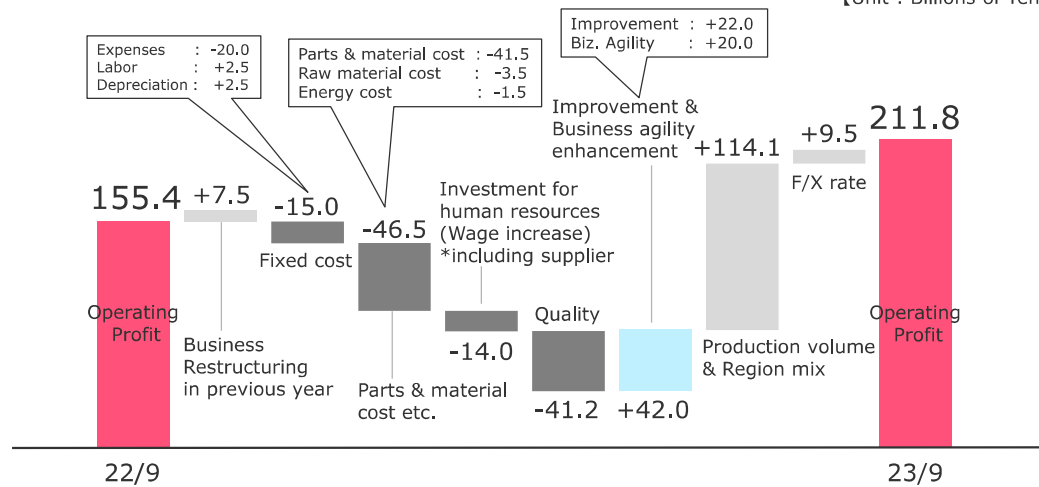
Revenue of internal combustion machine products decreased.

#### **Mobility Electronics**

Revenue of GSP3 and multimedia systems in Japan increased.

## Change in FY2024 2<sup>nd</sup> Quarter Consolidated Operating Profit

【Unit : Billions of Yen】



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### [Factor that Contributed to Increases or Decreases in Operating Profit]

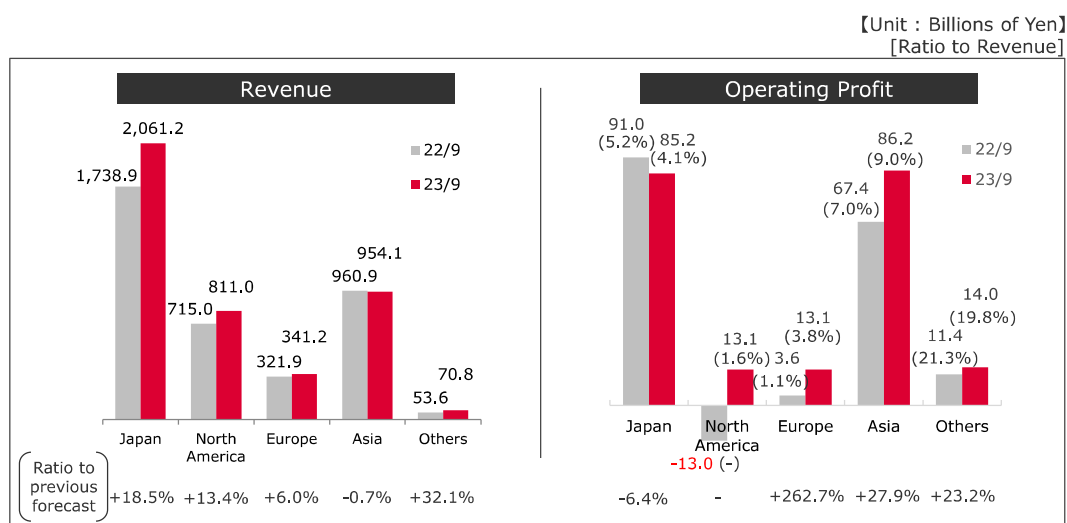
#### **Positive Factors**

- Business Restructuring in previous year +7.5 billion yen
- Improvement & Business agility enhancement  
+42.0 billion yen
- Production volume & Region mix +114.1 billion yen
- F/X rate +9.5 billion yen

#### **Negative Factors**

- Fixed cost -15.0 billion yen
- Parts & material cost etc. -46.5 billion yen
- Investment for human resources -14.0 billion yen
- Quality -41.2 billion yen

## Geographical Segments by Company Location



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### [Revenue and Operating Profit by Each Region\*]

\*Excluding the effect of foreign exchange

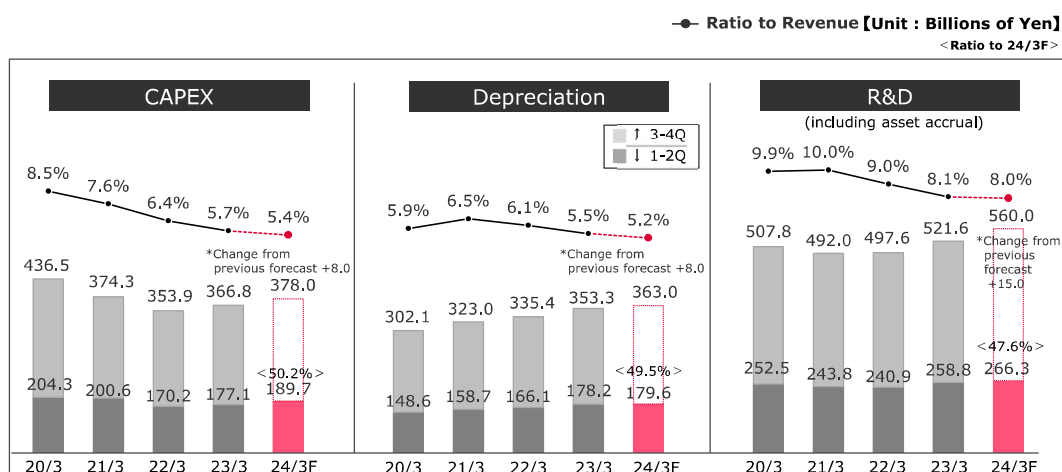
#### **Revenue**

Revenue increased in each regions exclude Asia from the previous year as a result of the easing of semiconductor shortages a strong vehicle sales, particularly in Japan and North America. On the other hand, revenue decreased in Asia because sales of Japanese, European and North American vehicles in China decreased.

#### **Operating Profit**

Operating profit increased in each regions exclude Japan from the previous year by efforts to production volume and improvement of profitability globally. On the other hand, operating profit decreased in Japan from the previous year due to surging costs of parts and material, and quality cost.

## Trend of Capital Expenditures, Depreciation and R&D Expenditures



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## [Capital Expenditures, Depreciation and R&D Expenditures]

### Capital Expenditures

Actual results: 189.7 billion yen

Annual forecast: 378.0 billion yen

While ensuring disciplined investment, capital expenditures accelerate necessary investment in focus areas such as electrification and advanced safety. The annual forecast increased to 378 billion yen, up 8 billion yen from the previous announcement as a result of foreign exchange gains to strengthen fixed cost management although we expect to increase revenue.

### R&D Expenditures

Actual results: 266.3 billion yen

Annual forecast: 560.0 billion yen

We respond to the rapid increase in development needs, particularly in CASE area, by increasing the efficiency of mass-production design and shifting resources to advanced development. The annual forecast increased to 560 billion yen, up 15 billion yen from the previous announcement as a result of foreign exchange gains and development for growth areas.



## FY2024 Financial Forecast

【Unit : Billions of Yen, %】  
(Ratio to Revenue)

Items	Forecast as of June, 2023		2024/3 Forecast		Change from Previous forecast		Change from Previous year	
Revenue		6700.0		7000.0	+300.0	+4.5%	+598.7	+9.4%
Operating Profit	( 9.0% )	600.0	( 9.0% )	630.0	+30.0	+5.0%	+203.9	+47.9%
Profit before Income Taxes	( 9.8% )	654.0	( 9.8% )	684.0	+30.0	+4.6%	+227.1	+49.7%
Profit(*1)	( 6.6% )	444.0	( 6.7% )	470.0	+26.0	+5.9%	+155.4	+49.4%
Return on Equity		9.3%		9.7%		+0.4%	-	+2.4%
Precondition	Foreign Exchange Rate	JPY 131.8/USD	(*3) 140.5/USD	-8.7JPY	-	-5.0JPY	-	-
		JPY 142.4/EUR	(*3) 151.7/EUR	-9.3JPY	-	-10.7JPY	-	-
		JPY 18.8/CNY	(*3) 19.6/CNY	-0.8 JPY	-	+0.1JPY	-	-
	Domestic Vehicle Production	(*2) 9.15Mil	9.08Mil	-0.07Mil	-0.7%	+1.16Mil	+14.6%	
	Overseas Vehicle Production of Japanese Manufactures	(*2) 19.40Mil	18.52Mil	-0.89Mil	-4.6%	+1.55Mil	+9.2%	

(\*1) Profit attributable to owners of the parent company

(\*2) Risk of external environment deterioration is not reflected to Forecast for Mar, 2024.

(\*3) Foreign exchange rate of forecast for the 3<sup>rd</sup> quarter and after : JPY 140.0/USD, 150.0/EUR, 19.5/CNY



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## [Full year Financial Forecast]

### Revenue

We expect revenue of 7,000.0 billion yen.  
(Change from previous forecast +300.0 billion yen)

### Operating Profit

We expect operating profit of 630.0 billion yen.  
(Change from previous forecast +30.0 billion yen)

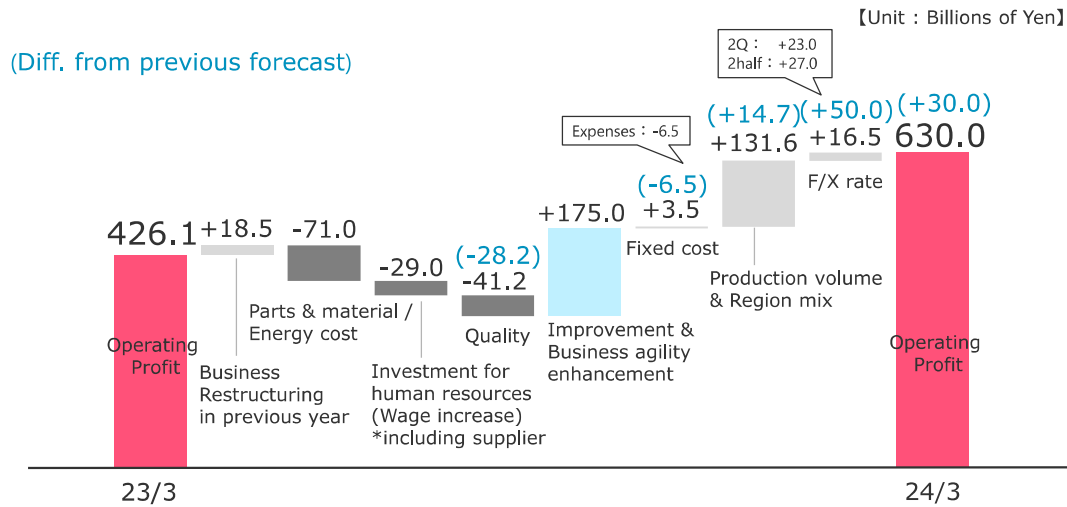
### Profit

We expect profit of 470.0 billion yen.  
(Change from previous forecast +26.0 billion yen)

### Foreign Exchange Rate

140.5 JPY/1USD, 151.7 JPY/1EUR, 19.6 JPY/1CNY

## Change in FY2024 Forecast Operating Profit



### [Factor that Contributed to Increases or Decreases in Full-year Forecast Operating Profit]

\*Difference from last financial forecast

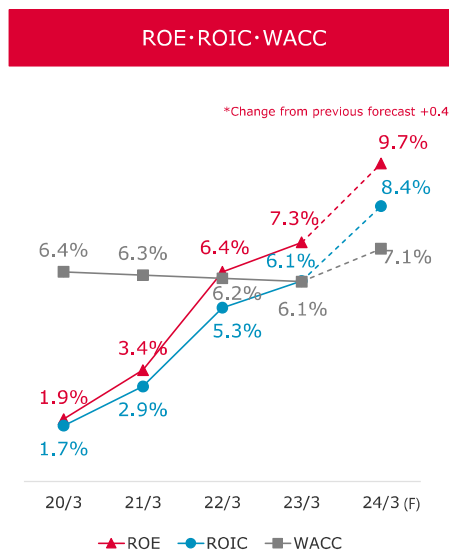
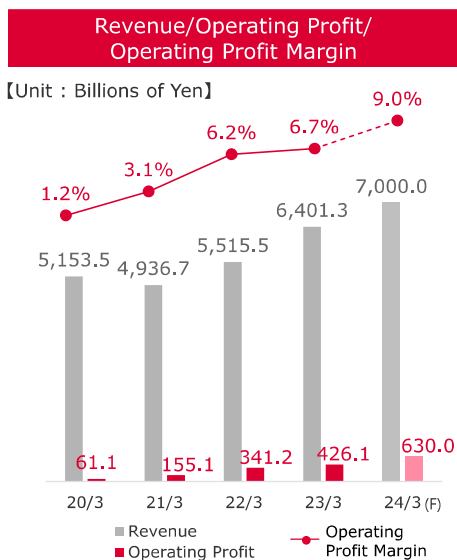
#### **Positive factors**

- Production volume & Region mix +14.7 billion yen
- F/X rate +50.0 billion yen

#### **Negative factor**

- Quality -28.2 billion yen
- Fixed cost -6.5 billion yen

## Major Financial Indicator



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### [Major Financial Indicator]

ROE 9.7%

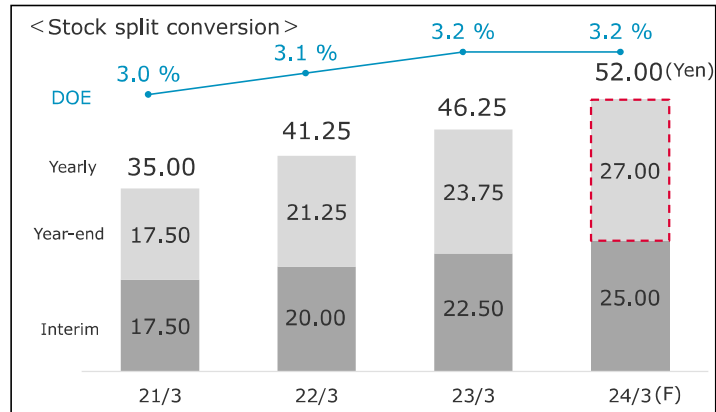
ROIC 8.4%

WACC 7.1%

We will continue to promote the replacement of business portfolio taking into account the cost of shareholder's equity, based on the three criteria of philosophy, growth potential, and ROIC. And we aim to attain a return on equity (ROE) beyond the cost of shareholder's equity.

## Annual dividend

24/3F : 52 yen (Change from the previous announcement +2 yen)  
\*Pre-stock conversion : 208 yen



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### [Annual dividend]

The annual dividend for the concluded fiscal year will be 52 yen, up 2 yen from the previous forecast.

This means 208 yen as pre-stock split conversion.

We will continue to strive to improve our corporate value and increase the returns to shareholders in order to be inspired from them.

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