



# **FY2015 3<sup>rd</sup> Quarter Financial Results ended December 31, 2014**

**Feb 3, 2015**

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**1. Sales increased due to production volume increase overseas.  
Income decreased due to investment for future growth and  
establishment cost overseas**

**2. Upward revision of FY2015 full year forecast**



FY2015 3 <sup>rd</sup> Quarter Financial Results					2 / 9
	(Ratio to Sales)		(Unit: Billions of Yen)		
	FY15 3Q YTD	FY14 3Q YTD	Change		
<b>Sales</b>	3,160.3	3,016.6	+ 143.7	+ 4.8%	
<b>Operating Income</b>	(8.1%) 255.3	(9.6%) 289.9	- 34.5	- 11.9%	
<b>Income before Income Taxes</b>	(8.8%) 279.0	(10.9%) 329.4	- 50.3	- 15.3%	
<b>Net Income</b>	(6.2%) 195.4	(7.5%) 225.6	- 30.2	- 13.4%	
(Unit: Millions of Units)					
<b>Foreign Exchange Rate</b>	JPY 107/\$ JPY140/Euro	JPY 99/\$ JPY132/Euro	+JPY 8	+JPY 8	
<b>Domestic Car Production</b>	6.83	6.93	- 0.10	- 1.4%	
<b>Overseas Car Production of Japanese Manufacturers (North America)</b>	13.82 (4.51)	13.27 (3.98)	+ 0.55 (+ 0.53)	+ 4.1% (+ 13.3%)	

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[Overview of the consolidated financial results]

We posted sales of 3,160.3 billion yen, up 143.7 billion yen from the previous year, equivalent to annual revenue growth of 4.8%.

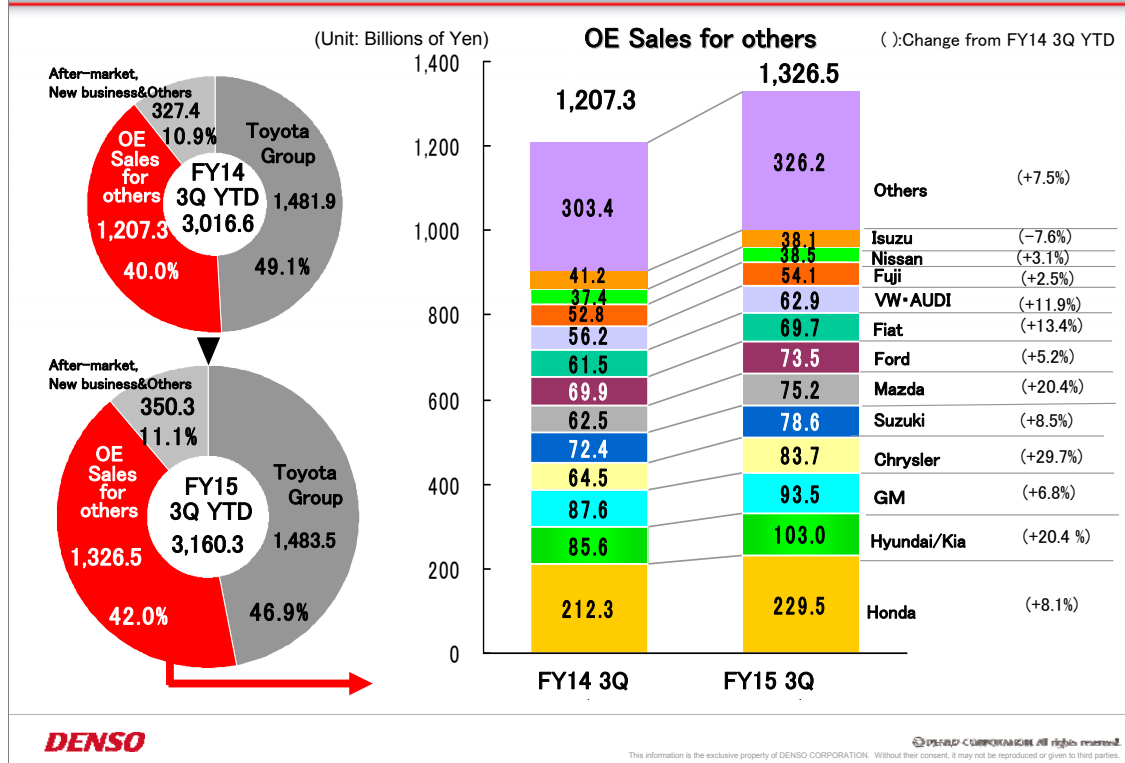
Operating income reached 255.3 billion yen, 34.5 billion yen lower than a year ago leading the operating income ratio to 11.9%. Despite the variable cost reduction and the increase in production volume as well as the depreciation of yen, the operating income decreased due to R&D expenditures and investment costs that will strength future growth.

Income before income taxes reached 279.0 billion yen, down 50.3 billion yen year-on-year.

We earned a net income of 195.4 billion yen after corporate and other taxes, down 30.2 billion yen from a year earlier.

## Change in 3<sup>rd</sup> Quarter Consolidated Sales(By Customer)

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[Sales by customer]

### Sales to the Toyota Group

The domestic car production level decreased from the previous year, and it resulted in a decrease in its share.

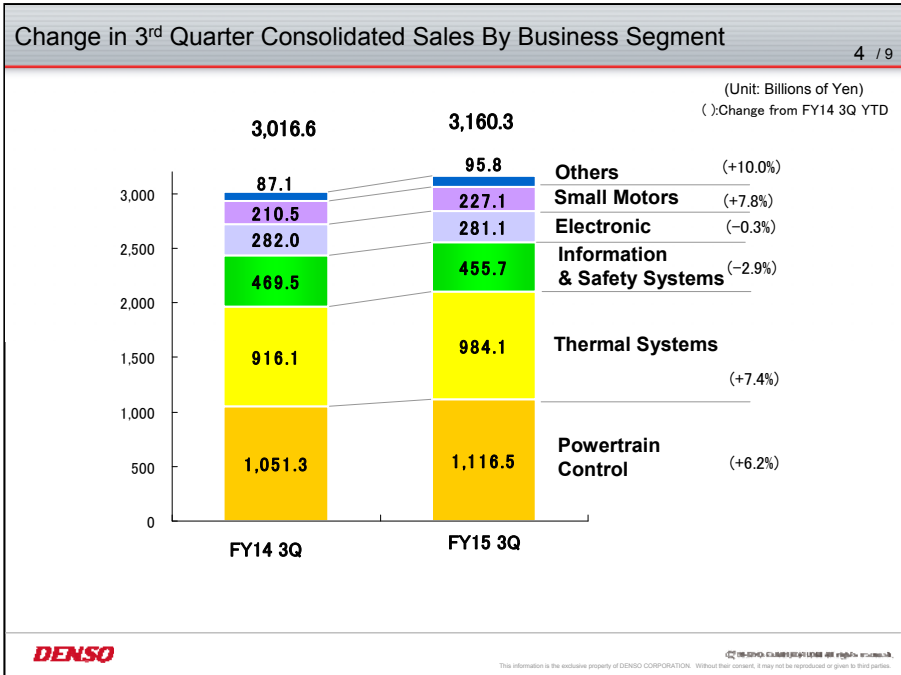
### Sales to non-Toyota Group companies

- 1)Honda: Sales increased due to the increase in car production mainly in North America and Asia and Oceania.
- 2)Suzuki: Sales increased due to the increase in lithium battery packs as well as car production volume increase in Japan.
- 3)Mazda: Sales increased due to gasoline direct injection products and diesel common rail system for SKYACTIV.

### Sales to overseas automakers

Sales went up due to,

- 1)HYUNDAI/KIA: increase in production volume in North America and increase in sales of car air conditioners products
- 2)Chrysler: increase in production volume in North America.



[Sales by business segment]

Sales of Powertrain Control products

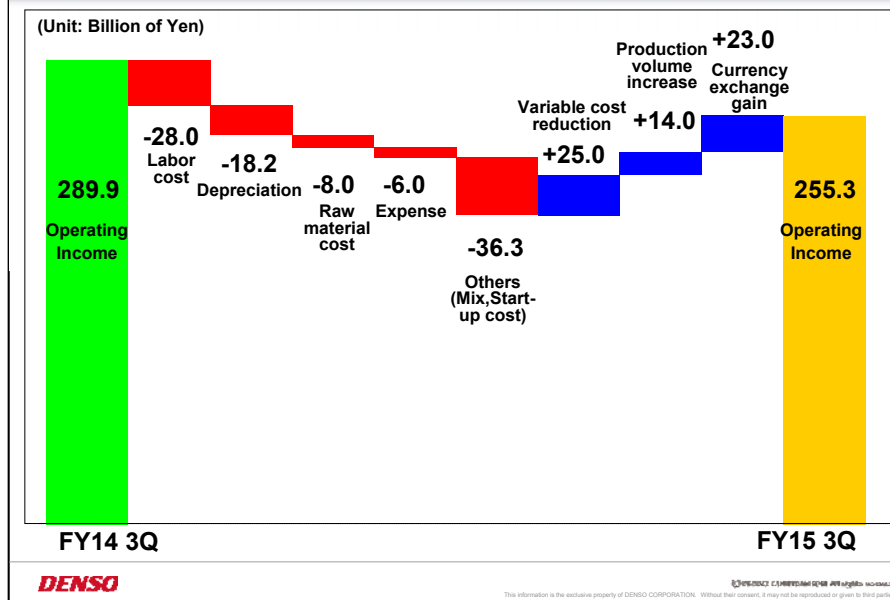
Sales increased due to an increase of sales in gasoline direct injection products.

Sales of Thermal products

Sales increased mainly in North America and Europe due to the sales expansion of car air conditioner products and production volume increase.

Sales of Information & Safety Systems

Although sales decreased in car navigation system, we are trying to regain it by expanding IVI products.



[Factors that contributed to increases or decreases in operating income]

Negative factors:

- 1) Higher labor cost: An increase of 28.0 billion yen was mainly due to an increase in salaries in emerging countries and also due to strengthen R&D networks.
  - 2) Higher depreciation cost: An increase of 18.2 billion yen was mainly due to an increase in investment costs.
  - 3) Higher other costs: Half of an increase of 36.3 billion yen was due to product mix which shifted towards compact cars and quality control cost. 30 percent was due to an increase in start-up cost for new products and plants overseas.
- The rest was due to decrease in domestic production.

Positive factors:

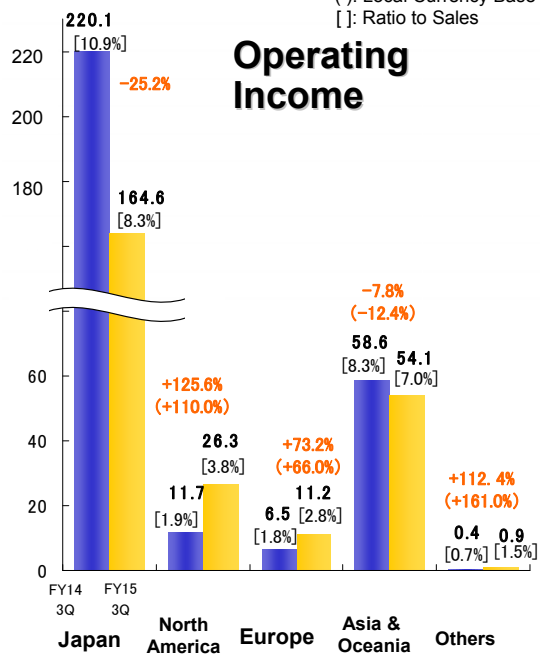
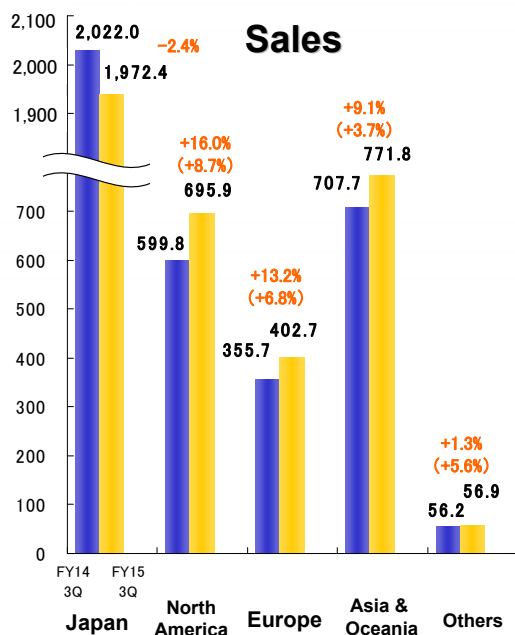
- 1) Variable cost reduction: An increase of 25.0 billion yen was due to increased productivity and other efficiencies.
- 2) Production volume increase: An increase of 14.0 billion yen was due to an increase in sales.
- 3) Depreciation of the yen: An increase of 23.0 billion yen was due to the impact of the weak yen, which is 8 yen lower against the US dollar and 8 yen against the euro.

### 3<sup>rd</sup> Quarter Geographical Segments by Company Location

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(Unit: Billions of Yen)

( ): Local Currency Base  
[ ]: Ratio to Sales



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#### [Sales and operating income by operating region]

\* Based on local currency, excluding the effect of foreign exchange rates

#### Japan

- Sales decreased by 2.4% from the previous year due to the shift towards compact cars, as well as the decrease of export sales.
- Operating income diminished by 25.2% from the previous year due to the decrease in production volume and the increase in labor costs.

#### Overseas

- Sales and profit increased in North America and Europe thanks to the increase in car production.
- Operating income decreased in Asia & Oceania due to the increase in expenditure on the establishment of plants and technical centers and the increase in labor costs for strengthening future growth.

# FY2015 Financial Forecast

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	(Ratio to Sales)		(Unit: Billions of Yen)			Forex Impact on Operating Income per Yen
	FY2015 Forecast as of Oct. 31	FY2015 Revised	FY2014	Change		
Sales	4,230.0	4,270.0	4,095.9	+174.1	+4.2%	
Operating Income	(8.3%) 350.0	(8.3%) 355.0	(9.2%) 377.7	-22.7	-6.0%	
Income before Income Taxes	(8.9%) 377.8	(9.0%) 385.0	(10.2%) 4,18.6	-33.6	-8.0%	
Net Income	(5.9%) 248.0	(6.2%) 264.0	(7.0%) 287.4	-23.4	-8.1%	
Foreign Exchange Rate	JPY 104/\$ JPY 137/Euro	JPY 109/\$ JPY 139/Euro	JPY 100/\$ JPY 134/Euro	+JPY 9 +JPY 5		2.5 for \$ 0.7 for Euro
Domestic Car Production	9.30	9.25	9.49	-0.24	-2.5%	
Overseas Car Production of Japanese Manufacturers (North America)	18.83 (6.12)	18.45 (6.11)	17.70 (5.43)	+0.75 (+0.68)	+4.2% (+12.5%)	

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[Forecasts for consolidated full-year financial forecasts]

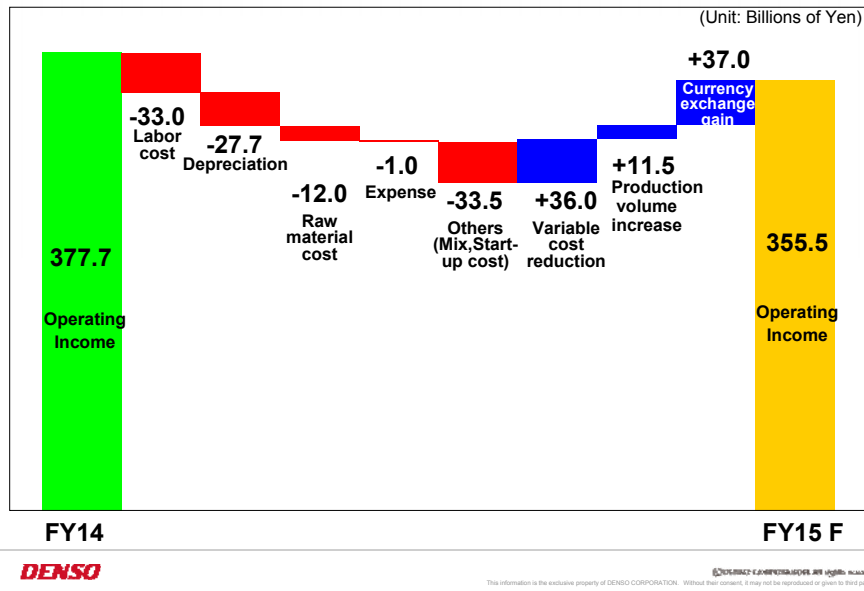
Considering business conditions, such as a decrease in car production mainly in Japan and Asia and Oceania and the depreciation of the yen, we have decided to upwardly revise the original forecasts for the full-year financial results.

We expect sales of 4,270.0 billion yen and operating income of 355.0 billion yen.

This forecast is based on the currency rate of 115 yen to the dollar and 135 yen to the euro for the forecast of the fourth quarter, and for the full-year 109 yen to the dollar and 139 yen to the euro.

Car production volume of Japanese manufacturers will be 9.25 million in domestic and 18.45 million in Overseas.

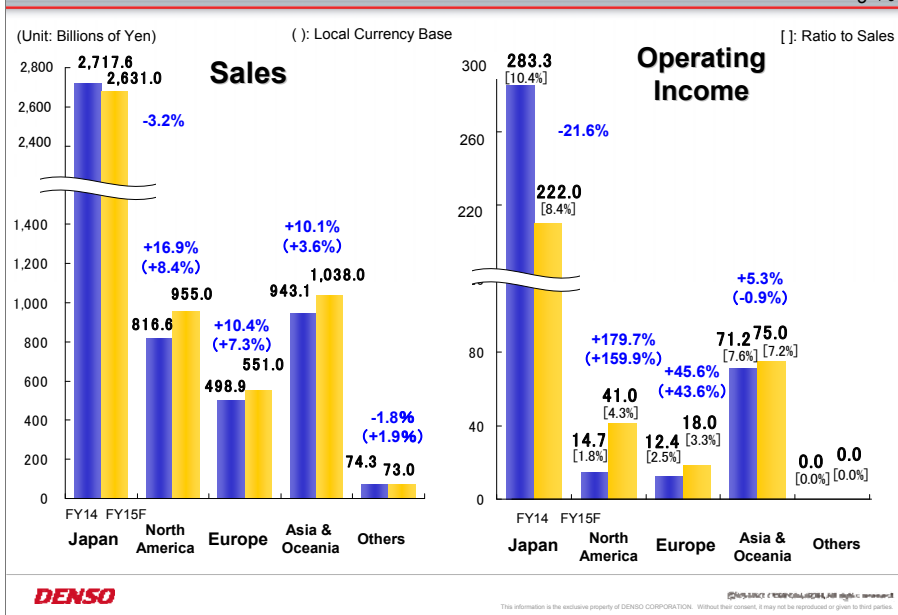




[Factors that contributed to increases or decreases in full-year forecasts for Operating Income]

While positive factors, such as the variable cost reduction, production volume increase and depreciation of the yen, operating income decrease by 22.7 billion yen to 355.0 billion yen.

Change in FY2015 Geographical Segments by Company Location Forecast 9 / 9



[Sales and operating income by operating region]

\* Based on local currency, excluding the effect of foreign exchange rates

We expect sales and profit decrease in Japan.

In North America and Europe, our sales and profit will likely to increase.

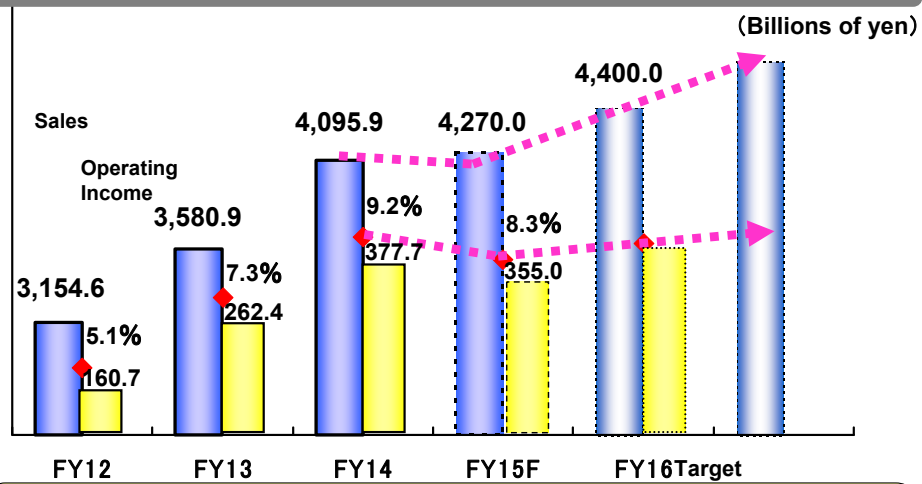
In Asia & Oceania, sales will increase and profit will decrease.

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- Sales and Income Target
- 3rd Quarter (3 months) Geographical Segments  
by Company Location
- Non-Consolidated Financial Results
- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Sales by Customer
- Consolidated Sales by Business Segment
- Capital Expenditures, Depreciation and R&D



Trend of Sales, Operating Income, Operating Income Ratio



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



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In FY 2015, operating margin will temporary decrease because of the investment cost for future competitiveness. However, we are expecting sales and operating income to increase in FY 2016.

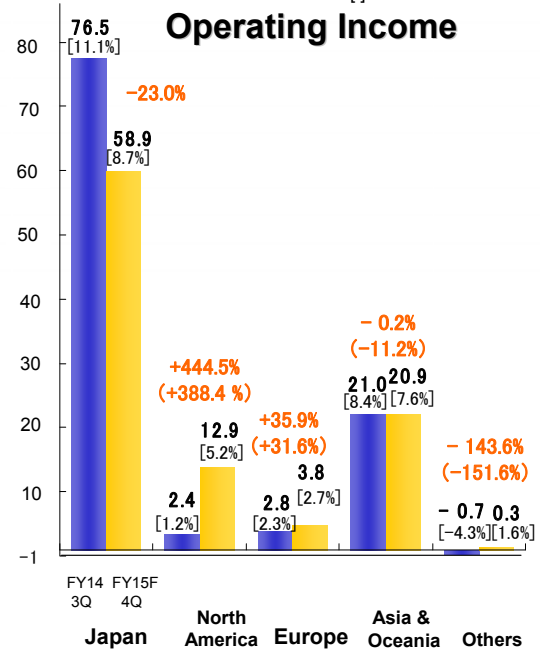
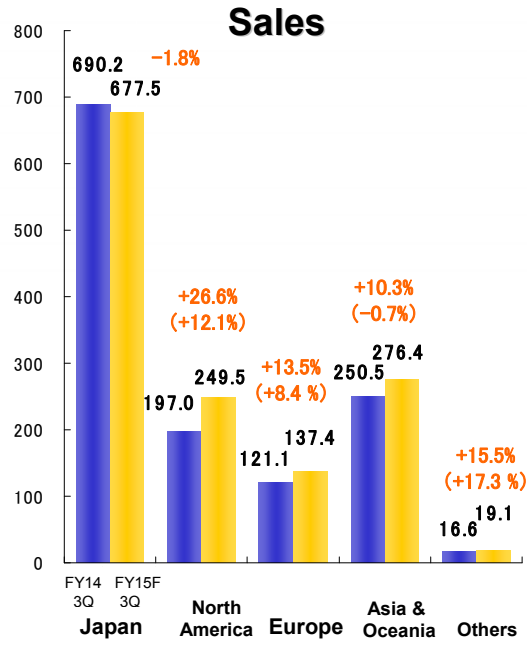
We expect sales to be 4400.0 billion yen and will work toward the goal of operating margin 8.5% to 9%.

# 3rd Quarter (3 months) Geographical Segments by Company Location

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(Unit: Billions of Yen)

( ): Local Currency Base  
[ ]: Ratio to Sales



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# Non-Consolidated Financial Results

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## Income Statements

(Ratio to Sales)

(Unit:Billions of Yen,%)

Account	FY2015 3Q YTD		FY2014 3Q YTD		Change		FY2015 Forecast		Change from FY14	
	Amount	Percent	Amount	Percent	Amount	Percent	Forecast as of Oct.31	Forecast as of Feb.3	Amount	Percent
<b>Net Sales</b>	( 100.0 ) 1,804.2	( 100.0 ) 1,853.8	( 100.0 ) 1,853.8	( 100.0 ) 1,853.8	-49.6	-2.7	( 100.0 ) 2,395.0	( 100.0 ) 2,410.0	-80.8	-3.2
Cost of Sales	( 86.3 ) 1,557.2	( 84.4 ) 1,564.4	( 84.4 ) 1,564.4	( 84.4 ) 1,564.4	-7.2					
SGA Expenses	( 6.8 ) 123.5	( 6.2 ) 115.2	( 6.2 ) 115.2	( 6.2 ) 115.2	8.3					
<b>Operating Income</b>	( 6.8 ) 123.5	( 9.4 ) 174.2	( 9.4 ) 174.2	( 9.4 ) 174.2	-50.7	-29.1	( 6.9 ) 165.0	( 7.1 ) 170.0	-53.3	-23.9
Non-Operating Income		73.6		65.0	8.6			73.0	83.0	7.0
Extraordinary Income (Loss)		-18.1		-0.0	-18.1			-9.4	-18.1	-14.9
<b>Income Before Income Taxes</b>	( 9.9 ) 179.0	( 12.9 ) 239.1	( 12.9 ) 239.1	( 12.9 ) 239.1	-60.1	-25.1	( 9.5 ) 228.6	( 9.7 ) 234.9	-61.2	-20.7
<b>Net Income</b>	( 8.1 ) 146.5	( 9.8 ) 180.8	( 9.8 ) 180.8	( 9.8 ) 180.8	-34.3	-19.0	( 7.1 ) 169.0	( 7.2 ) 173.0	-46.7	-21.3

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

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		FY2015 First-Half												FY2015 Second-Half												FY2015 Full Year			
		FY2015 First-Half			3Q			3Q			FY2015 Second-Half			FY2015 Second-Half			FY2015 Full Year			FY2015 Full Year									
		Prior Year	Actual	Change	Prior Year	Actual	Change	Prior Year	Revised Estimate	Change	Prior Year	Forecast as of Oct.31	Revised Forecast	Change	Prior Year	Forecast as of Oct.31	Revised Forecast	Change											
Foreign Exchange Rate (Yen)	USD	99	103	+ 4	100	115	+ 15	103	115	+ 12	102	105	115	+ 13	100	104	109	+ 9											
	EUR	130	139	+ 9	137	143	+ 6	141	135	- 6	139	135	139	+ 0	134	137	139	+ 5											
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	4.53	4.59	+ 1%	2.40	2.25	- 6%	2.56	2.41	- 6%	4.96	4.72	4.66	- 6%	9.49	9.30	9.25	- 3%											
	North America	2.66	2.99	+ 13%	1.33	1.52	+ 15%	1.44	1.60	+ 11%	2.77	3.13	3.12	+ 13%	5.43	6.12	6.11	+ 13%											
	Overseas	8.69	9.13	+ 5%	4.58	4.68	+ 2%	4.42	4.63	+ 5%	9.00	9.70	9.32	+ 3%	17.70	18.83	18.45	+ 4%											

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# Consolidated Sales by Customer

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(Unit: Billion of Yen)

	FY2015		FY2014		Change	
	3 Q	YTD	3 Q	YTD	Amount	Percent
	Amount	% to Total	Amount	% to Total	Amount	Percent
Toyota	1,365.6	43.2	1,358.7	45.0	6.9	0.5
Daihatsu	77.1	2.4	83.8	2.8	-6.6	-7.9
Hino	40.8	1.3	39.4	1.3	1.4	3.5
<b>Toyota Group</b>	<b>1,483.5</b>	<b>46.9</b>	<b>1,481.9</b>	<b>49.1</b>	<b>1.6</b>	<b>0.1</b>
Honda	229.5	7.3	212.3	7.0	17.1	8.1
Hyundai/Kia	103.0	3.3	85.6	2.8	17.5	20.4
GM	93.5	3.0	87.6	2.9	5.9	6.8
Chrysler	83.7	2.6	64.5	2.1	19.2	29.7
Suzuki	78.6	2.5	72.4	2.4	6.2	8.5
Mazda	75.2	2.4	62.5	2.1	12.8	20.4
Ford	73.5	2.3	69.9	2.3	3.6	5.2
Fiat	69.7	2.2	61.5	2.0	8.2	13.4
VW/AUDI	62.9	2.0	56.2	1.9	6.7	11.9
Fuji	54.1	1.7	52.8	1.8	1.3	2.5
Nissan	38.5	1.2	37.4	1.2	1.2	3.1
Isuzu	38.1	1.2	41.2	1.4	-3.1	-7.6
Mitsubishi	36.4	1.1	35.6	1.2	0.8	2.2
BMW	30.3	1.0	24.2	0.8	6.1	25.3
Benz	25.6	0.8	24.3	0.8	1.3	5.5
Jaguar/Land Rover	15.3	0.5	11.1	0.4	4.2	37.7
PSA	14.2	0.4	15.5	0.5	-1.3	-8.4
OE Sales for others	204.4	6.5	192.7	6.4	11.7	6.1
<b>OEM Total</b>	<b>2,810.0</b>	<b>88.9</b>	<b>2,689.1</b>	<b>89.1</b>	<b>120.9</b>	<b>4.5</b>
<b>After-market, New business &amp; Others(*)</b>	<b>350.3</b>	<b>11.1</b>	<b>327.4</b>	<b>10.9</b>	<b>22.9</b>	<b>7.0</b>
<b>Total</b>	<b>3,160.3</b>	<b>100.0</b>	<b>3,016.6</b>	<b>100.0</b>	<b>143.7</b>	<b>4.8</b>

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

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# Consolidated Sales by Business Segment

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(Unit: Billion of Yen)

	FY2015 3Q YTD		FY2014 3Q YTD		Change	
	Amount	% to Total	Amount	% to Total	Amount	Percent
Powertrain Control	1,116.5	35.3	1,051.3	34.9	65.1	6.2
Thermal	984.1	31.1	916.1	30.4	68.0	7.4
Information & Safety Systems	455.7	14.4	469.5	15.6	-13.7	-2.9
Electronic	281.1	8.9	282.0	9.3	-0.8	-0.3
Small Motors	227.1	7.2	210.5	7.0	16.5	7.8
Others(*)	46.1	1.5	43.5	1.4	2.6	6.0
<b>Automotive Total</b>	<b>3,110.6</b>	<b>98.4</b>	<b>2,972.9</b>	<b>98.6</b>	<b>137.7</b>	<b>4.6</b>
Industrial & Consumer Product	40.7	1.3	34.4	1.1	6.3	18.3
Others	9.0	0.3	9.2	0.3	-0.3	-3.3
<b>New Business Total</b>	<b>49.7</b>	<b>1.6</b>	<b>43.6</b>	<b>1.4</b>	<b>6.0</b>	<b>13.8</b>
<b>Total</b>	<b>3,160.3</b>	<b>100.0</b>	<b>3,016.6</b>	<b>100.0</b>	<b>143.7</b>	<b>4.8</b>

\* Repair parts, original brand products of subsidiaries

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# Capital Expenditures, Depreciation and R&D

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(Unit: Billion of Yen)

	FY14		FY15 Forecast		3Q YTD Change from PY	Progress to FY15 Estimate
	3Q YTD		3Q YTD			
Japan	103.8	156.0	131.5	164.0	26.7%	80.2%
North America	33.2	43.3	35.9	44.0	8.1%	81.6%
Europe	19.2	27.9	21.5	27.0	12.0%	79.6%
Asia & Oceania	65.8	88.6	64.3	81.5	-2.3%	78.9%
Others	6.6	8.3	2.6	4.5	-60.6%	57.8%
Capital Exp.	228.6	324.1	255.8	321.0	11.9%	79.7%
Japan	93.3	130.9	101.4	144.0	8.7%	70.4%
North America	13.8	18.8	16.5	23.0	19.6%	71.7%
Europe	10.4	14.3	11.8	17.0	13.5%	69.4%
Asia & Oceania	21.6	30.2	30.4	37.0	40.7%	82.2%
Others	2.2	3.0	2.8	4.0	27.3%	70.0%
Depreciation	141.3	197.2	162.9	225.0	15.3%	72.4%
R&D Expenditure (Ratio to Sales)	270.8 (9.0%)	368.7 (9.0%)	292.7 (9.3%)	390.0 (9.1%)	8.1%	75.1%

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