

DENSO

Crafting the Core

**FY2021 3rd Quarter
Financial Results
(2020/4-2020/12)**

Feb. 2, 2021

DENSO CORPORATION



Overview of FY2021 3rd Quarter Financial Results

1. Despite a steady recovery in revenue, the 3rd quarter(3Q) revenue decreased year-on-year due to a significant decline in the 1Q. Operating profit turned to the black in the 3Q due to an increase in revenue and the effects of emergency measures and corporate reform. (In the 3Q 3 months, revenue was 1,433.9 billion yen and operating profit was 136.3 billion yen, and both of which were record highs on a quarterly basis.)
2. Reflecting the strong performance in the 3Q 3 months, the annual forecast is revised upward to 4,740.0 billion yen in revenue and 150.0 billion yen in operating profit.

FY2021 3rd Quarter Financial Results(2020/4-2020/12)

(Ratio to Revenue)

[Unit : Billions of Yen]

	2019/4-2019/12	2020/4-2020/12	Change	
Revenue	3,895.0	3,508.6	-386.4	-9.9%
Operating Profit	(4.2%) 162.7	(1.9%) 66.6	-96.1	-59.0%
Profit before Income Taxes	(5.1%) 197.6	(2.8%) 99.1	-98.5	-49.9%
Profit (*)	(3.5%) 136.1	(1.2%) 43.1	-93.0	-68.4%

* Profit attributable to owners of the parent company

[Unit: Millions of Units]

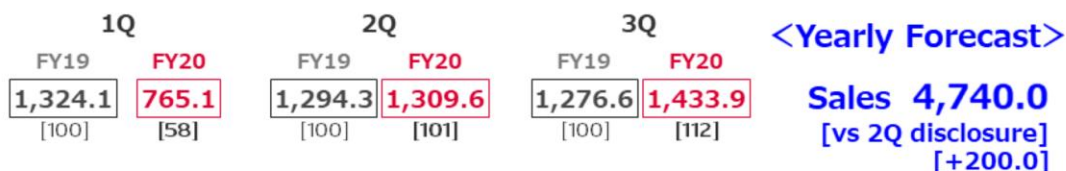
Precondition	Foreign Exchange Rate	JPY 109/USD	JPY 106/USD	-3 JPY	-
		JPY 121/EUR	JPY 122/EUR	+1 JPY	-
	Domestic Vehicle Production	6.94	5.66	-1.28	-18.5%
	Overseas Vehicle Production of Japanese Manufacturers (North America)	14.41 (4.15)	11.22 (3.27)	-3.19 (-0.88)	-22.2% (-21.1%)

[Overview of the Consolidated Financial Results]

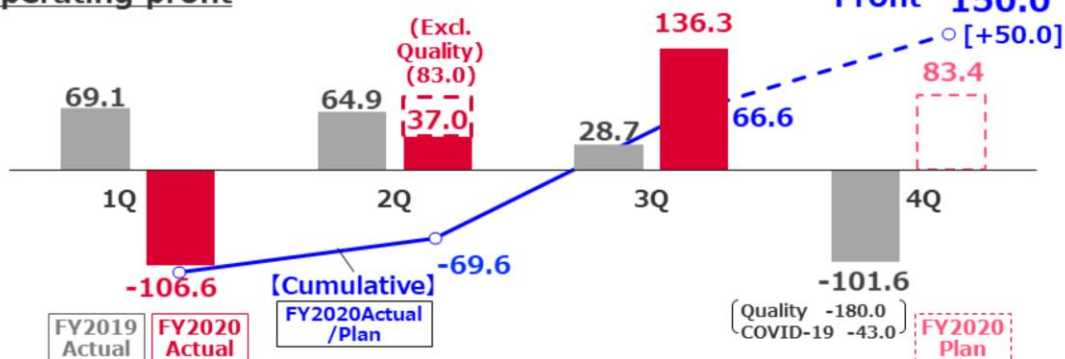
1. Consolidated revenue totaled 3,508.6 billion yen, decreased by 386.4 billion yen (-9.9%) from the previous year.
2. Consolidated operating profit totaled 66.6 billion yen, Decreased by 96.1 billion yen (-59.0%) from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 43.1 billion yen, decreased by 93.0 billion yen (68.4%) from the previous year.

Trend of Quarterly Revenue and Operating Income [vs. previous year]

Sales



Operating profit



<1st quarter>

Revenues decreased affected by a significant decrease in vehicle sales due to the impact of COVID-19. In addition, both sales and profits declined significantly due largely to the impact of the production volume decreased.

<2nd quarter>

Revenue recovered to the level which exceeded the previous year. Operating income also secured profitability through emergency measures and corporate reform.

<3rd quarter>

Revenue of 1,433.9 billion yen ,
Operating income was 136.3 billion yen.
Through the recovery of sales and the achievement of emergency measures and corporate reform ,
On a quarterly basis, sales revenue and operating income both reached record highs. We returned to profitability in the cumulative third quarter.

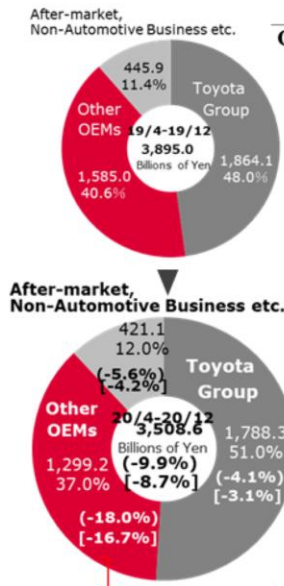
*Assumptions for the full year forecast:

The outlook for the fourth quarter remained unchanged from the previous forecast due to uncertainty.

FY2021 3rd Quarter Consolidated Revenue (By Customer)

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

(): Change from previous year
 INCR/DECR excludes Forex diff.
 *3Q(3month)



Customer Group	2019/4-2019/12	2020/4-2020/12	Change (%)	3Q(3month) Change (%)
Revenue	3,895.0	3,508.6	(-9.9%)	[-8.7%] *13.3%
Toyota group	1,864.1	1,788.3	(-4.1%)	[-3.1%] *21.9%
Other OEMs	1,585.0	1,299.2	(-18.0%)	[-16.7%] *6.2%
Others	445.0	362.4	(-18.6%)	[-15.0%]
VW/AUDI	49.1	41.2	(-16.1%)	[-16.7%]
Nissan	72.2	56.9	(-21.3%)	[-20.6%]
Hyundai/kia	89.7	68.4	(-23.7%)	[-22.7%]
Mazda	90.3	69.5	(-23.0%)	[-22.6%]
Suzuki	82.0	69.5	(-15.7%)	[-9.9%]
Ford	95.4	72.3	(-23.2%)	[-16.8%]
SUBARU	87.6	79.2	(-9.6%)	[-8.7%]
GM	120.5	93.0	(-22.8%)	[-21.0%]
FCA	147.0	108.6	(-26.1%)	[-22.3%]
Honda	306.2	270.1	(-11.8%)	[-9.9%]



Financial Announcements/ © DENSO CORPORATION All Rights Reserved.

[Revenue by Customer (Quantity Base)]

In the cumulative third quarter, due to the impact of COVID-19, despite a year-on-year decrease in sales, compared with the first half, the decline in revenue to all customers was smaller.

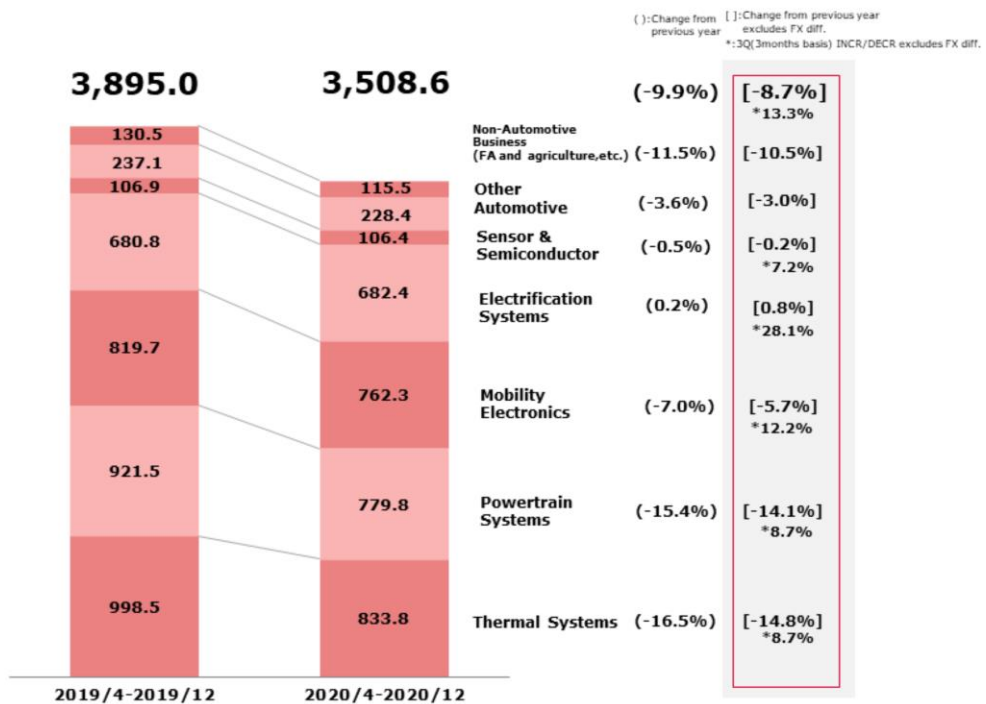
Revenue to the Toyota Group were strong. The three-month volume base for the third quarter increased from the previous year.

Revenue to

- 1) Toyota :Commenced operations Hirose Plant, and EV-related products strong sales in China.
- 2) Honda : Strong sales in Japan and China.
- 3) Ford / SUBARU :By expanding sales.
- 4)Suzuki: Strong sales in Japan and India.

For these reasons the decline was modest.

FY2021 3rd Quarter Consolidated Revenue (By Product)



[Revenue by Product (Quantity Base)]

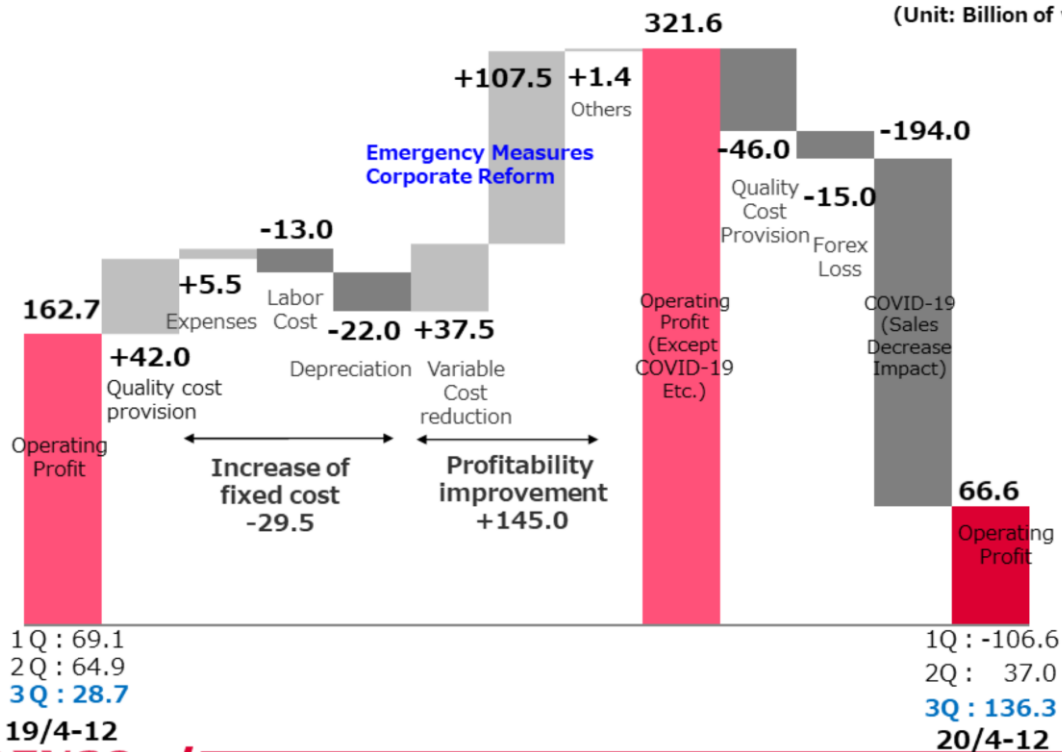
In the three months of 3rd Quarter increased over the previous year in all business groups.

About Electrification Systems Products, revenue increased due to commenced operations Hirose plant, And increase 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 3rd Quarter Operating Profit

(Unit: Billion of yen)



DENSO
Crafting the Core

Financial Announcements / © DENSO CORPORATION All Rights Reserved.

6/11

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

Negative factors

- Increase of fixed cost -29.5 billion yen.
- Revenue decrease impact due to the COVID-19 -194.0 billion yen.

Positive factors

- Variable cost reduction 37.5 billion yen.
- Emergency Measures, Corporate Reform 107.5 billion yen.

We have continued to control expenses since last year. Labor costs and depreciation expenses, which increased year on year, were covered by the effects of rationalization.

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.) revenue increased significantly from the previous year.

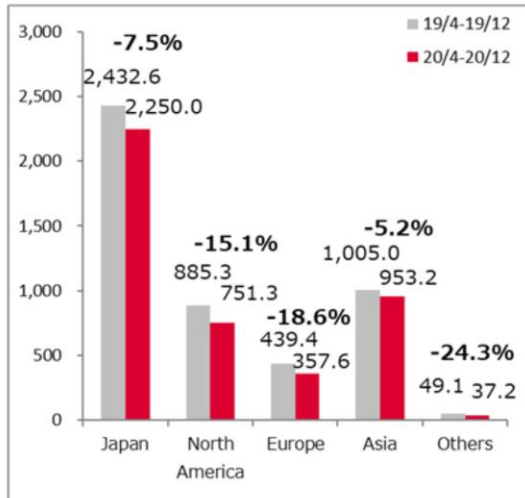
Operating income including COVID-19 impact :

Despite a year-on-year decline in operating income, we returned to profitability in the third quarter from a loss in the second quarter due to internal efforts and a reduction in operating loss due to market recovery. Operating income record high in the third quarter.

Geographical Segments by Company Location

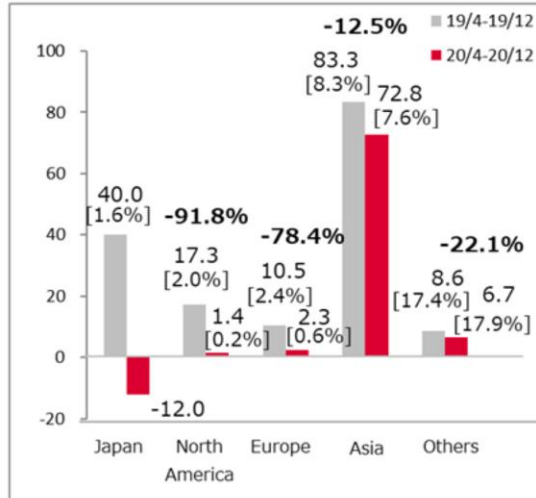
Excluding FX difference (109JPY/1USD, 121JPY/1EUR)

Revenue



Operating Profit

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



3rd quarter 3 months

19/10-12	806.6	281.8	144.5	345.1	14.6
20/10-12	925.3	306.4	157.5	387.0	17.0

16.4	6.1	4.2	32.8	2.3
81.0	10.6	6.8	42.8	2.9

DENSO
Crafting the Core

Financial Announcements / © DENSO CORPORATION All Rights Reserved.

7/11

[Revenue and Operating Profit by Each Region*]

*Excluding the effect of foreign exchange

All regions

Revenue increased due to a recovery in vehicle sales.

Consolidated revenue recovered to 90% of the previous year's level.

North America and Europe

Due to the impact of COVID-19 operating losses

in the second quarter cumulative period,

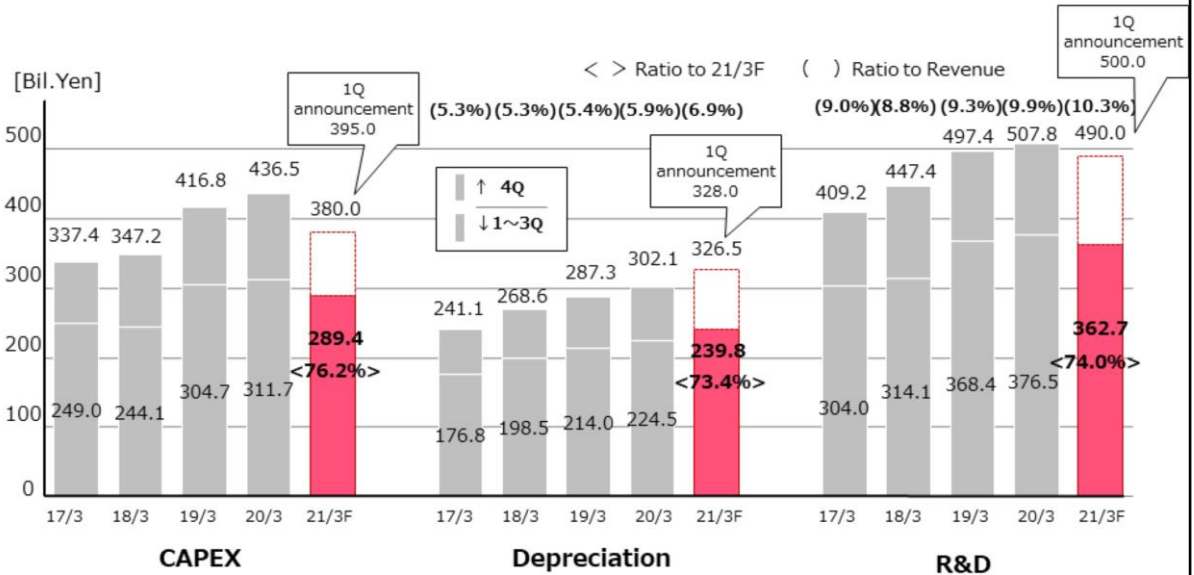
but profitability achieved through sales recovery and corporate reform.

Japan

Due to the provision for quality costs in the second quarter,

we are in the red. We're in the black except for the cost.

Trend of Capital Expenditures, Depreciation and R&D Expenditures



DENSO
Crafting the Core

Financial Announcements / © DENSO CORPORATION All Rights Reserved.

8/11

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

Capital Expenditure

Actual results: 289.4 billion yen.

Annual 380.0 billion yen.(remain the previous announcement)

We will continue to focus on the environment and security & safety fields, and make disciplined investments.

R&D expenditure

Actual results: 362.7 billion yen.

Annual 490.0 billion yen(remain the previous announcement).

We will use remote work etc. to focus on research and development for future growth and further promote efficiency.

FY2021 Financial Forecast

	(Ratio to Revenue)				[Unit : Billions of Yen]		
	Previous Forecast	2021/3 Revised	Change from previous forecast		2020/3 Actual	Change from Mar. 2020	
Revenue	4,540.0	4,740.0	+200.0	+4.4%	5,153.5	-413.5	-8.0%
Operating Profit	(2.2%) 100.0	(3.2%) 150.0	+50.0	+50.0%	(1.2%) 61.1	+88.9	+145.6%
Profit before Income Taxes	(2.9%) 131.0	(3.9%) 184.0	+53.0	+40.5%	(1.7%) 89.6	+94.4	+105.3%
Profit (*)	(1.7%) 75.0	(2.4%) 112.0	+37.0	+49.3%	(1.3%) 68.1	+43.9	+64.5%

* Profit attributable to owners of the parent company

	[Unit:Millions of Units]							
	Precondition		Precondition		Precondition			
Foreign Exchange Rate	JPY	106/USD	JPY	106/USD	+0 JPY	-	JPY	109/USD
	JPY	120/EUR	JPY	121/EUR	+2 JPY	-	JPY	121/EUR
Domestic Vehicle Production		7.64		7.81	+0.17	+2.2%		9.27
Overseas Vehicle Production of Japanese Manufacturers (North America)		15.65		15.92	+0.27	+1.7%		18.89
		(4.59)		(4.61)	+0.02	(+0.4%)		(5.46)

DENSO
Crafting the Core

Financial Announcements/ © DENSO CORPORATION All Rights Reserved.

9/11

[Full year Financial Forecast]

1. We expect revenue of 4,740.0 billion yen.
(Revised upward by 200 billion yen)
2. We expect operating profit to be 150.0 billion yen.
(Revised upward by 50 billion yen)
3. We used 106 yen to the U.S. dollar and 121 yen to the euro.

<Assumptions>

The three months of 4th Quarter concerns about the re-expansion of the COVID-19 impact and the shortage of semiconductors. Because the future is uncertain, both revenue and operating income are taken into account as previously announced.

<Appendix> Variance from previous estimation

	Previous Estimation	3Q Estimation	Change													
2020/3 Operating profit	61.1	61.1	-	<Major difference factors > <Temporal factors in previous year> Quality cost : +222.0 COVID-19 : +43.0 (Production volume) <hr/> Production volume : +47.0 } -303.0 COVID-19 : -350.0 Production volume in 3Q[3months] : +55.0 <hr/> ・Transient accounting factor : -8.0 (unrealized profit on closing inventory) ・Others : -3.0 (Raw materials, Logistics cost etc.) <hr/> Change FX Rate Condition based on actual situation <table border="1"> <thead> <tr> <th></th> <th>Impact</th> <th>Rate against JPY 3Q[3months]</th> </tr> </thead> <tbody> <tr> <td>USD</td> <td>:+0.1</td> <td>(104 → 104)</td> </tr> <tr> <td>EUR</td> <td>:+1.8</td> <td>(118 → 124)</td> </tr> <tr> <td>RMB</td> <td>:+4.1</td> <td>(14.6 → 15.8)</td> </tr> </tbody> </table>		Impact	Rate against JPY 3Q[3months]	USD	:+0.1	(104 → 104)	EUR	:+1.8	(118 → 124)	RMB	:+4.1	(14.6 → 15.8)
	Impact	Rate against JPY 3Q[3months]														
USD	:+0.1	(104 → 104)														
EUR	:+1.8	(118 → 124)														
RMB	:+4.1	(14.6 → 15.8)														
Temporal factors In previous year	+265.0	+265.0	±0.0													
Production volume	-303.0	-248.0	+55.0													
Others	+7.9	-3.1	-11.0													
Currency exchange	-31.0	-25.0	+6.0													
Quality cost provision	-46.0	-46.0	±0.0													
Emergency measures/ Corporate reform	+146.0	+146.0	±0.0													
2021/3F Operating profit	100.0	150.0	+50.0													

<Factors behind the increase in operating income Difference from interim figures>

3rd Quarter

Production volume Increase : +55 billion.

Other : -11 billion yen, depending on accounting treatment and materials.

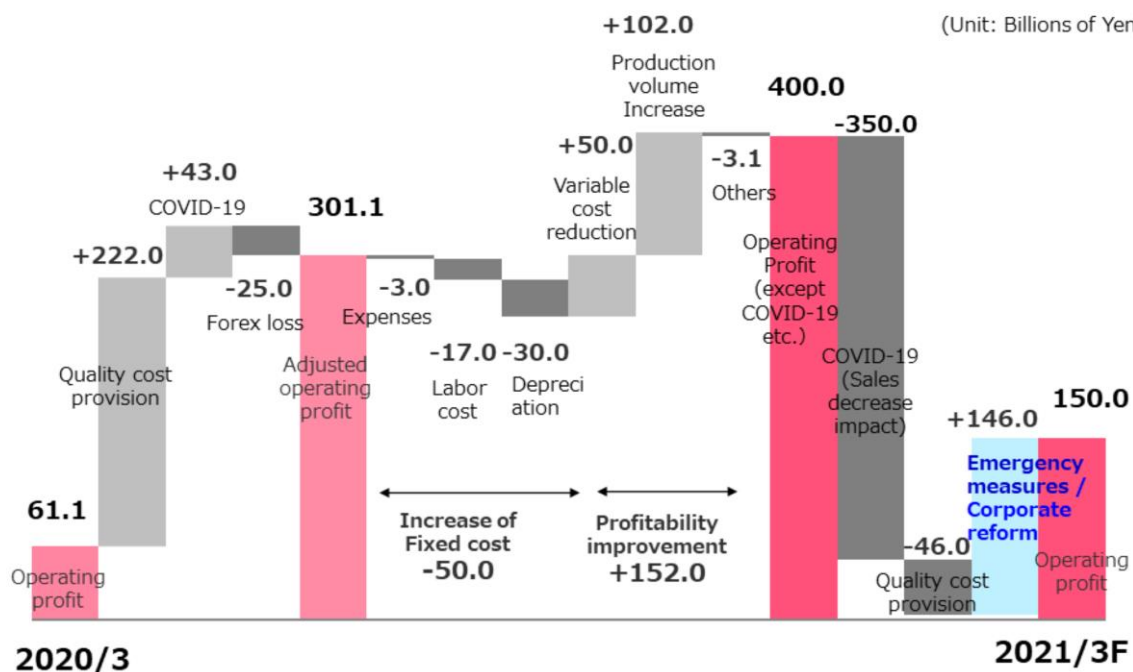
Currency Exchange : + 6 billion yen.

The annual forecast is:

Reflecting the results of the 3rd quarter, the company revised upward its forecast of 50 billion yen.

Change in FY2021 Operating Profit

(Unit: Billions of Yen)



DENSO
Crafting the Core

Financial Announcements / © DENSO CORPORATION All Rights Reserved.

11/11

<full-year operating income>

Despite the decrease in production volume (due to the impact of the Covid-19 pandemic) and quality cost provision incurred in the first half of the year, we will achieve the annual target, which has been revised upward, by implementing emergency measures and corporate reform.

To become "A company that continuously generates value to enrich mobility that achieves sustainability, happiness and peace of mind for everyone, " we will pursue ever higher goals in the fields of "green" and "peace of mind," to which we are committed, to meet the changing times and social changes.

We will reduce, recover, and reuse CO₂ in three fields ("manufacturing," "mobility products," and "energy use") by 2035 to achieve carbon neutrality.

DENSO
Crafting the Core

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)

		FY2021 First-Half												FY2021 Second-Half				FY2021 Full Year			
		FY2021 First-Half			3Q			4Q			FY2021 Second-Half				FY2021 Full Year						
		Prior Year	Actual	Change	Prior Year	Actual	Change	Prior Year	Revised Estimate	Change	Prior Year	Actual	Forecast (Revised)	Change	Prior Year	Actual	Forecast (Revised)	Change			
Foreign Exchange Rate (Yen)	USD	109	107	- 2	109	104	- 4	109	104	- 5	109	104	104	- 4	109	106	106	- 3			
	EUR	121	121	- 0	120	124	+4	120	118	- 2	120	118	121	1	121	120	121	+ 0			
Forex Impact on Operating Income per Yen (Billions of Yen)	USD													2.7	2.1	2.0	-0.7				
	EUR													1.2	0.9	0.8	-0.4				
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.68	3.34	- 29%	2.26	2.32	+ 3%	2.33	2.39	+ 3%	4.59	4.30	4.47	- 3%	9.27	7.64	7.81	- 16%			
	North America	2.80	1.91	- 32%	1.35	1.36	+ 1%	1.31	1.49	+ 14%	2.66	2.69	2.71	+ 2%	5.46	4.59	4.61	- 15%			
	Overseas	9.61	6.25	- 35%	4.81	4.97	+ 3%	4.48	4.87	+ 9%	9.29	9.40	9.67	+ 4%	18.89	15.65	15.92	- 16%			

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	19/4-19/12		20/4-20/12		Change		Change excludes FX difference, etc.
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	1,718.8	44.1	1,672.0	47.7	-46.9	-2.7	-1.7
Daihatsu	100.0	2.6	83.5	2.4	-16.4	-16.4	-15.4
Hino	45.3	1.2	32.8	0.9	-12.5	-27.5	-27.3
Toyota Group	1,864.1	48.0	1,788.3	51.0	-75.8	-4.1	-3.1
Honda	306.2	8.0	270.1	7.6	-36.1	-11.8	-9.9
FCA	147.0	3.8	108.6	3.1	-38.4	-26.1	-22.3
GM	120.5	3.1	93.0	2.7	-27.4	-22.8	-21.0
SUBARU	87.6	2.2	79.2	2.3	-8.4	-9.6	-8.7
Ford	95.4	2.4	77.6	2.2	-17.8	-18.7	-16.8
Suzuki	82.0	2.1	72.3	2.1	-9.7	-11.9	-9.9
Mazda	90.3	2.3	69.5	2.0	-20.8	-23.0	-22.6
Hyundai/Kia	89.7	2.3	68.4	2.0	-21.2	-23.7	-22.7
Nissan	72.2	1.9	56.9	1.6	-15.4	-21.3	-20.6
VW·AUDI	49.1	1.3	41.2	1.2	-7.9	-16.1	-16.7
Isuzu	44.8	1.1	39.3	1.1	-5.4	-12.2	-10.4
BMW	38.4	1.0	33.1	0.9	-5.3	-13.8	-15.1
PSA	36.0	0.9	27.9	0.8	-8.0	-22.3	-24.0
Volvo	31.9	0.8	22.3	0.6	-9.6	-30.1	-30.7
Mitsubishi	44.8	1.1	18.6	0.5	-26.1	-58.4	-57.3
Daimler	18.5	0.5	14.3	0.4	-4.3	-23.0	-24.6
OE Sales for others	230.7	5.9	206.9	5.9	-23.9	-10.4	-9.7
OEM Total	3,449.1	88.6	3,087.5	88.0	-361.7	-10.5	-9.4
After-market, Non-Automotive Business(*)	445.9	11.4	421.1	12.0	-24.8	-5.6	-4.2
Total	3,895.0	100.0	3,508.6	100.0	-386.4	-9.9	-8.7

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

Consolidated Revenue (By Product)

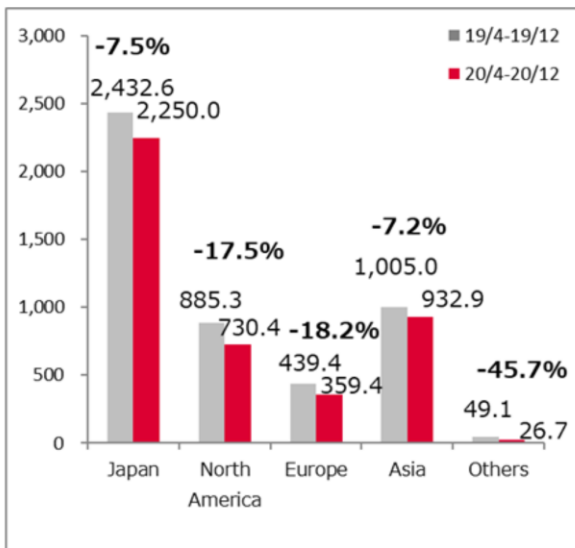
(Unit: Billions of Yen,%)

	19/4-19/12		20/4-20/12		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	998.5	25.7	833.8	23.8	-164.7	-16.5	-14.8
Powertrain Systems	921.5	23.7	779.8	22.2	-141.7	-15.4	-14.1
Mobility Electronics	819.7	20.9	762.3	21.7	-57.4	-7.0	-5.7
Electrification Systems	680.8	17.5	682.4	19.4	1.6	0.2	0.8
Sensor & Semiconductor	106.9	2.7	106.4	3.0	-0.5	-0.5	-0.2
Others(*)	237.1	6.2	228.4	6.6	-8.7	-3.6	-3.0
Automotive Total	3,764.4	96.7	3,393.1	96.7	-371.3	-9.9	-8.7
Non-Automotive Business(FA and agriculture, etc.) Total	130.5	3.3	115.5	3.3	-15.0	-11.5	-10.5
Total	3,895.0	100.0	3,508.6	100.0	-386.4	-9.9	-8.7

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

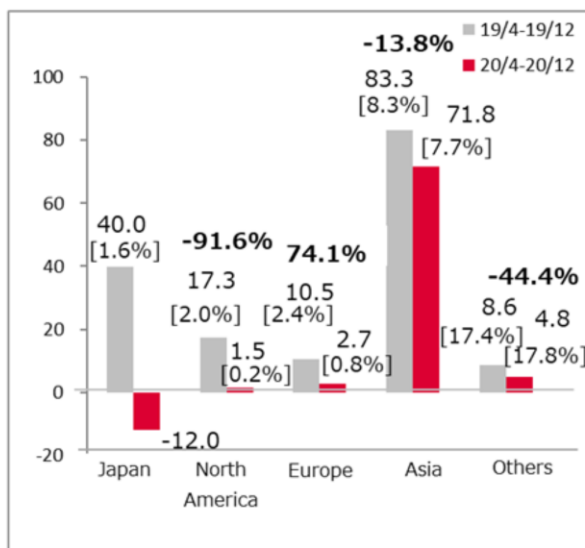
Geographical Segments by Company Location

Revenue



Operating Profit

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



Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen,%)

	20/3		21/3F		Change (%)	Progress to 21/3 Forecast
	19/12		20/12			
Japan	193.0	277.5	203.3	248.0	5.3%	82.0%
North America	32.5	46.1	25.4	45.0	-21.8%	56.4%
Europe	19.7	26.1	12.3	20.0	-37.6%	61.5%
Asia	64.6	84.3	47.1	80.0	-27.1%	58.9%
Others	1.9	2.5	1.3	2.0	-31.6%	65.0%
Suppression ※	-	-	-	-15.0	-	-
Capital Expenditure	311.7	436.5	289.4	380.0	-7.2%	76.2%
Japan	136.3	184.3	153.3	209.0	12.5%	73.3%
North America	29.9	40.1	29.4	40.0	-1.7%	73.5%
Europe	17.5	23.5	17.8	23.0	1.7%	77.4%
Asia	39.4	52.3	38.3	54.0	-2.8%	70.9%
Others	1.4	1.9	1.0	2.0	-28.6%	50.0%
Suppression ※	-	-	-	-1.5	-	-
Depreciation	224.5	302.1	239.8	326.5	6.8%	73.4%
R&D Expenditure	376.6	507.8	362.7	490.0	-3.7%	74.0%
(Ratio to Revenue)	(9.7%)	(9.9%)	(10.3%)	(10.3%)		

※ Suppress investment by examining each project strictly.