

DENSO
Crafting the Core

**FY2024 1st Quarter
Financial Results
(2023/4-2023/6)**

July 28th, 2023
DENSO CORPORATION



Overview of FY2024 1st Quarter Financial Results

1

Revenue in the first quarter increased compared to the previous year due to the easing of the semiconductor shortage, vehicle production increase, foreign exchange gains and expansion of products for electrification, safety and peace of mind areas. Operating profit in the first 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.

2

In this fiscal year, we forecast 6,700.0 billion yen in revenue and 600.0 billion yen in operating profit. Revenue and operating profit will be based on strong sales actuals in the first quarter and forecast of foreign exchange gains and sales expansions in the second quarter.

3

The shares of common stock owned by shareholders will be split into 4 shares per share(*). The annual dividend for the concluded fiscal year will be 200 yen as pre-stock split conversion. We will increase the dividend by a 5 yen in the second quarter and at the end of the fiscal year from the previous forecast.

* Record date : September 30th, 2023

FY2024 1st Quarter Financial Results (2023/4-2023/6)

P/L (IFRS)

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

	2022/4-2022/6	2023/4-2023/6	Change	
Revenue	1,415.0	1,712.9	+297.9	+21.0%
Operating Profit	(4.5%) 63.6	(5.5%) 94.4	+30.7	+48.3%
Profit before Income Taxes	(5.8%) 82.6	(7.5%) 129.3	+46.7	+56.6%
Profit (*)	(3.7%) 51.9	(5.0%) 85.5	+33.6	+64.7%

* Profit attributable to owners of the parent company

【 Unit: Millions of Units】

Precondition	Foreign Exchange Rate	JPY 129.6/USD	JPY 137.4/USD	+7.8 JPY	-
		JPY 138.1/EUR	JPY 149.5/EUR	+11.4 JPY	-
		JPY 19.6/CNY	JPY 19.6/CNY	-	-
	Domestic Vehicle Production	1.63	2.06	+0.42	+25.9%
	Overseas Vehicle Production of Japanese Manufacturers	4.01	4.35	+0.33	+8.2%

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[Overview of the Consolidated Financial Results]

Revenue

Consolidated revenue totaled 1,712.9 billion yen, increased by 297.9 billion yen (+21.0%) from the previous year.

Operating Profit

Consolidated operating profit totaled 94.4 billion yen, increased by 30.7 billion yen (+48.3%) from the previous year.

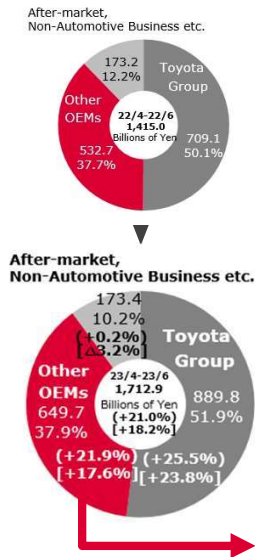
Profit

Consolidated profit attributable to owners of the parent company totaled 85.5 billion yen, increased by 33.6 billion yen (+64.7%) from the previous year.

FY2024 1st Quarter Consolidated Revenue (By Customer)

(Unit: Billions of Yen)
 ():vs 22/4-6 (3 months basis)
 INCR/DECR
 []:vs 22/4-6 (3 months basis)
 INCR/DECR
 excluding FX diff.

Revenue	1,415.0	⇒	1,712.9	(+21.0%)	[+18.2%]
▪ Toyota group	709.1	⇒	889.8	(+25.5%)	[+23.8%]
▪ Other OEMs	532.7	⇒	649.7	(+21.9%)	[+17.6%]



Others (VWG, Mitsubishi, BMW, John Deere, TDSG etc.)	(+15.6%)	[+11.0%]
Isuzu	(+6.1%)	[+3.1%]
Nissan	(+35.3%)	[+34.8%]
Mazda	(+24.8%)	[+23.4%]
Hyundai/Kia	(+13.4%)	[+11.7%]
Suzuki	(+13.3%)	[+13.0%]
GM	(+12.3%)	[+6.4%]
Ford	(+29.5%)	[+21.8%]
SUBARU	(+67.3%)	[+63.2%]
Stellantis	(+12.1%)	[+6.0%]
Honda	(+31.2%)	[+26.9%]

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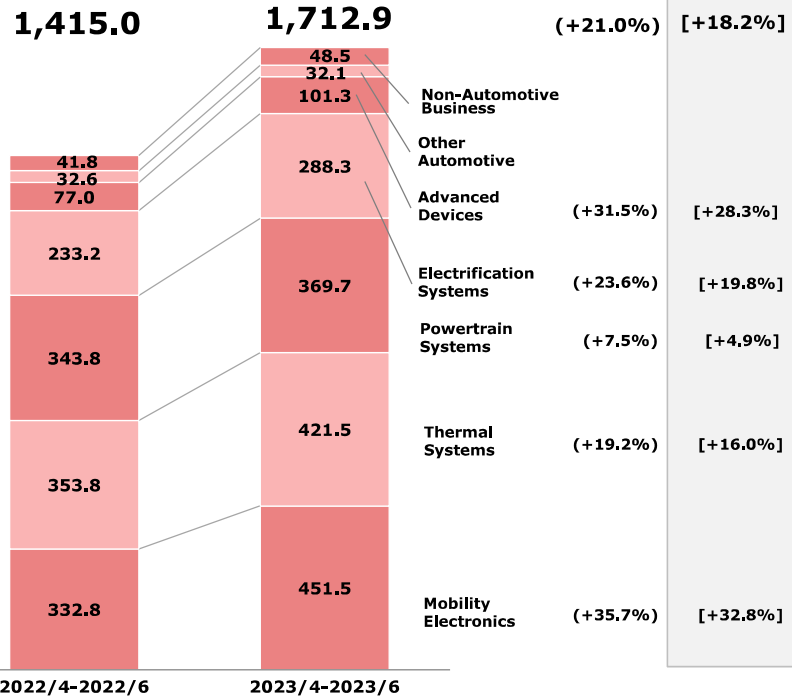
[Revenue by Customer(Quantity Base)]

Revenue by customer increased 18.2% 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 has been strong, and Japanese customers such as Toyota Group lead the recovery.

FY2024 1st Quarter Consolidated Revenue (By Product)

(Unit: Billions of Yen)
 ():vs 22/4-6 (3 months basis)
 INCR/DECR
 []:vs 22/4-6 (3 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.

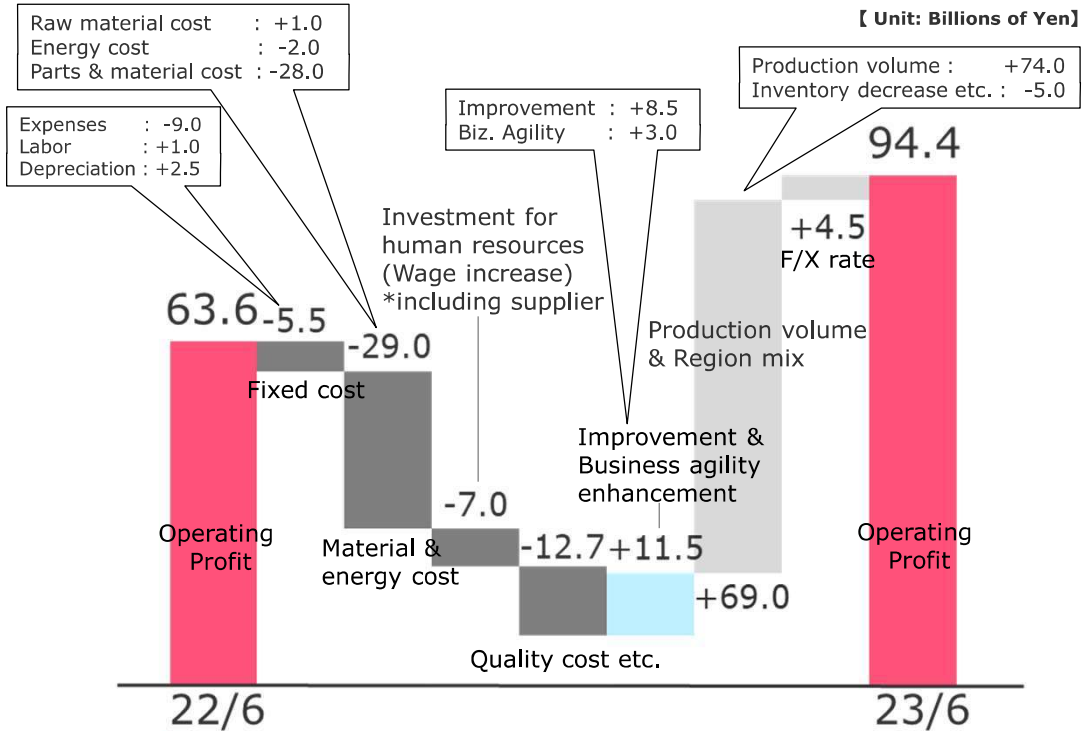
Electrification Systems

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

Mobility Electronics

Revenue of GSP3 and multimedia systems in Japan increased.

Change in FY2024 1st Quarter Operating Profit



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

Positive Factors

- Improvement & Business agility enhancement
+11.5 billion yen
- Production volume & Region mix +69.0 billion yen
- F/X rate +4.5 billion yen

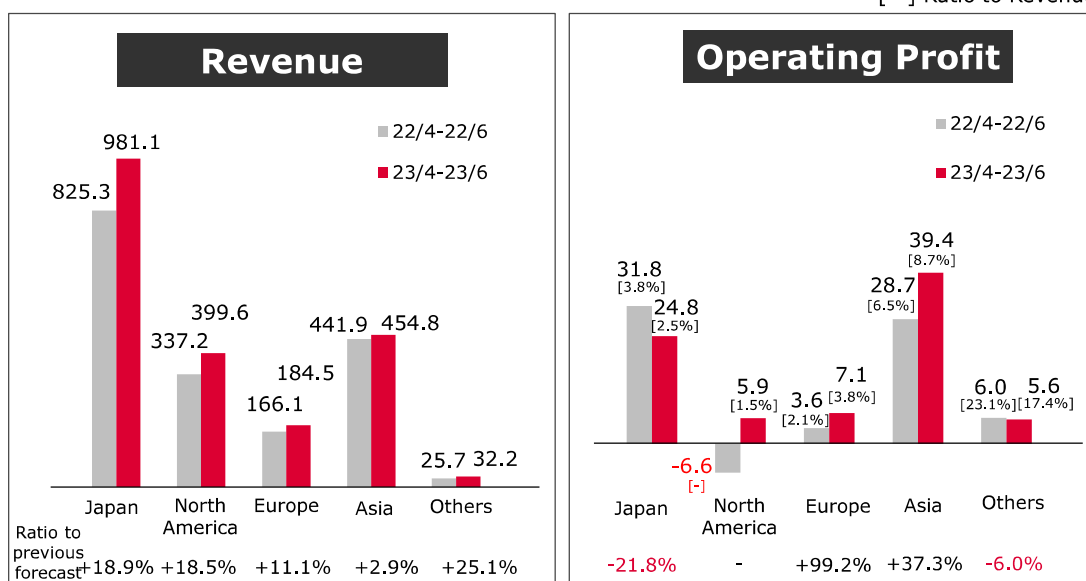
Negative Factors

- Fixed cost -5.5 billion yen
- Material & energy cost -29.0 billion yen
- Investment for human resources -7.0 billion yen
- Quality cost etc. -12.7 billion yen

Geographical Segments by Company Location

[Unit : Billions of Yen]

[] Ratio to Revenue



*Local currency basis excludes FX difference (129.6JPY/1USD, 138.1JPY/1EUR, 19.6JPY/1CNY)

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[Revenue and Operating Profit by Each Region*]

*Excluding the effect of foreign exchange

Revenue

Revenue increased in all regions as a result of the recovery of vehicle production following the easing of semiconductor shortages and the realization of sales expansion.

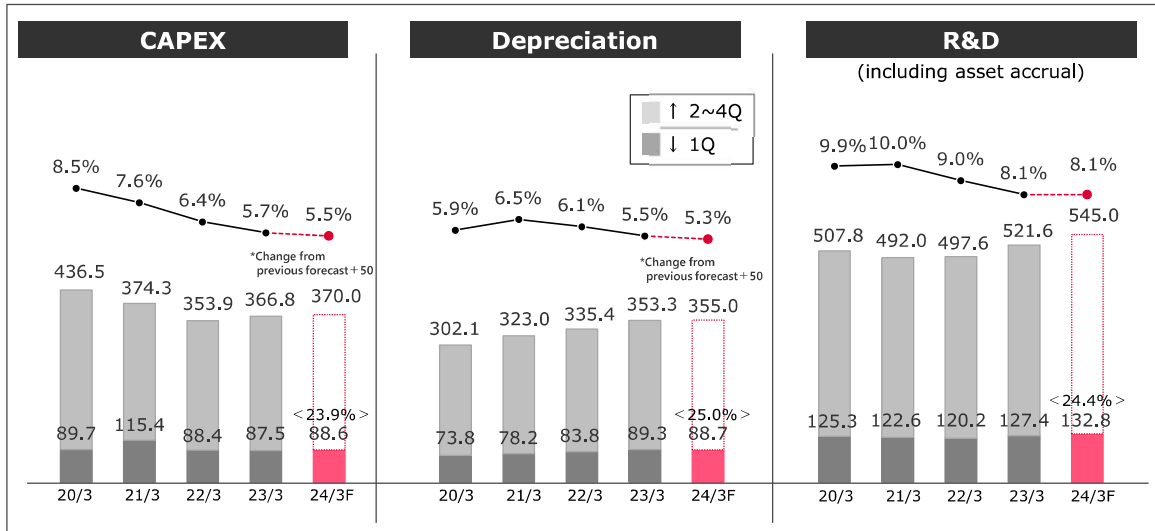
Operating Profit

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

North America became profitable in the first quarter of the fiscal year by efforts to business restructuring including reorganization of companies. And profitability in Europe and Asia, also has been improving.

Trend of Capital Expenditures, Depreciation and R&D Expenditures

● Ratio to Revenue [Unit: Billions of Yen]
 < > Ratio to 24/3F



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[Capital Expenditures, Depreciation and R&D Expenditures]

Capital Expenditures

Actual results: 88.6 billion yen
 Annual forecast: 370.0 billion yen

While ensuring disciplined investment, capital expenditures accelerate necessary investment in focus areas such as electrification and advanced safety. The annual forecast reflects only foreign exchange gains to strengthen fixed cost management although we expect to increase revenue.

R&D Expenditures

Actual results: 132.8 billion yen
 Annual forecast: 545.0 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 is maintaining the 545 billion yen announced at the beginning of the year. But we are accelerating development for future growth potential and we attain efficient development.

FY2024 Financial Forecast

P/L (IFRS)

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

	Forecast as of Mar. 2023	2024/3 Forecast	Change from previous forecast	
Revenue	6,300.0	6,700.0	+400.0	+6.3%
Operating Profit	(8.1%) 510.0	(9.0%) 600.0	+90.0	+17.6%
Profit before Income Taxes	(8.8%) 555.0	(9.8%) 654.0	+99.0	+17.8%
Profit (*1)	(6.1%) 383.0	(6.6%) 444.0	+61.0	+15.9%
Return on Equity	8.5%	9.3%	—	+0.8%

*1 Profit attributable to owners of the parent company

【 Unit: Millions of Units】

Precondition	Foreign Exchange Rate		JPY (*3)		Change	
	JPY	USD/EUR/CNY	JPY	USD/EUR/CNY	JPY	
	125.0	USD	131.8	USD	+6.8	—
	135.0	EUR	142.4	EUR	+7.4	—
	18.4	CNY	18.8	CNY	+0.4	—
Domestic Vehicle Production	(*2) 9.15		9.15		—	—
Overseas Vehicle Production of Japanese Manufacturers	(*2) 19.40		19.40		—	—

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

*3 Foreign exchange rate of forecast for the 2nd quarter and after : JPY 130.0/USD, 140.0/EUR, 18.5/CNY

[Full year Financial Forecast]

Revenue

We expect revenue of 6,700.0 billion yen.
(Change from previous forecast +400.0 billion yen)

Operating Profit

We expect operating profit of 600.0 billion yen.
(Change from previous forecast +90.0 billion yen)

Profit

We expect profit of 444.0 billion yen.
(Change from previous forecast +61.0 billion yen)

Foreign Exchange Rate

131.8 JPY/1USD, 142.4 JPY/1EUR, 18.8 JPY/1CNY

Change in FY2024 Forecast Operating Profit

[Diff. from last financial forecast]

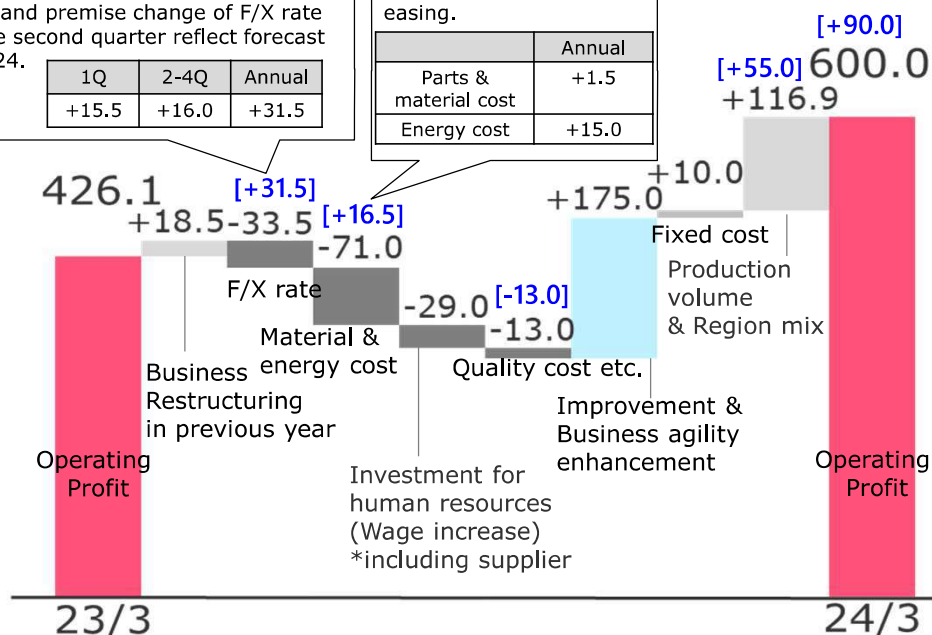
Foreign exchange gains in the first quarter and premise change of F/X rate from the second quarter reflect forecast in FY2024.

1Q	2-4Q	Annual
+15.5	+16.0	+31.5

The trends of bad effect of material and energy is easing.

	Annual
Parts & material cost	+1.5
Energy cost	+15.0

[Unit: Billions of Yen]



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

*Difference from last financial forecast

Positive factors

- F/X rate +31.5 billion yen
- Material & energy cost +16.5 billion yen
- Production volume increase & Region mix +55.0 billion yen

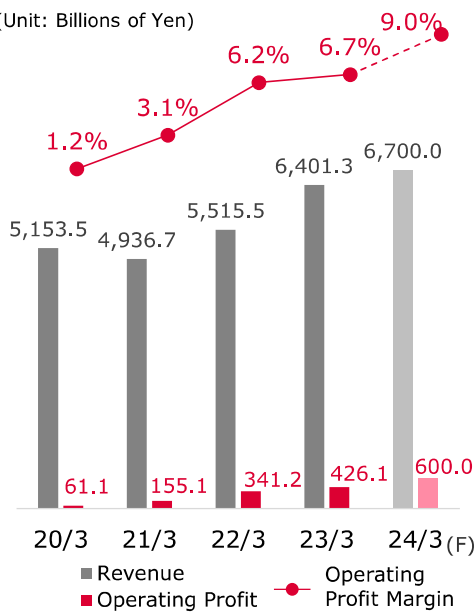
Negative factor

- Quality cost etc. -13.0 billion yen

Major Financial Indicator

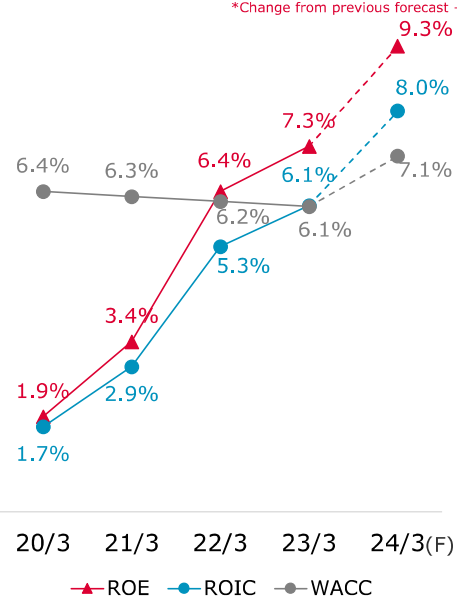
Revenue · Operating Profit · Operating Profit Margin

(Unit: Billions of Yen)



ROE · ROIC · WACC

*Change from previous forecast +0.8%



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[Major Financial Indicator]

ROE 9.3%

ROIC 8.0%

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.

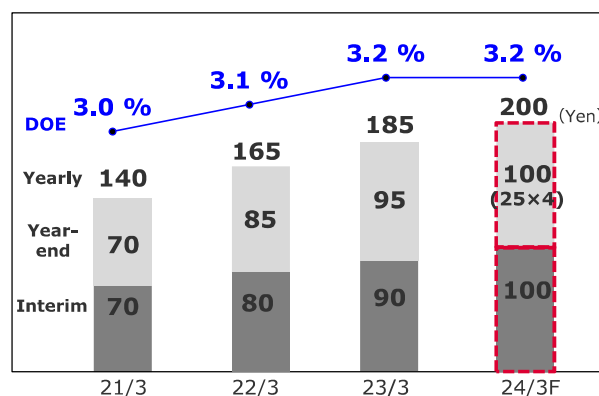
Stock split / Annual dividend

< Stock split >

On September 30th, 2023, as of record date, the shares of common stock owned by shareholders will be split into 4 shares per share.

< Annual dividend >

24/3F : 200 yen (interim 100 yen and year-end 100 yen)
25×4



* pre-stock split conversion

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[Stock split / Annual dividend]

Stock split

The shares of common stock owned by shareholders will be split into 4 shares per share.

Annual dividend

The annual dividend for the concluded fiscal year will be 200 yen as pre-stock split conversion.

We will increase the dividend by a 5 yen in the second quarter and at the end of the fiscal year from the previous forecast.

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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Regarding the data that has been posted after the main part so far, from this time, we have decided to convert it to Excel and post it separately on the website. Please confirm scanning the QR code.

