

Powertrain Systems

We aim to minimize impact on the global environment while supporting fuel diversification and compliance with increasingly stringent regulations. By supplying high-quality systems and components, we offer solutions that balance the pleasure of driving a car with environmental performance.

Katsuhiko Sugito Head of Business Group



Business Strengths	Opportunities	Risks
• R&D and mass production capabilities for world-first products that have driven the evolution of powertrains • Highly reliable <i>Monozukuri</i> capabilities that support safe and secure driving of cars • Organizational capabilities for organic collaboration among experts in powertrains	• Diversification of powertrain options and different approaches to carbon neutrality by region and country (reassessment of HEVs/PHEVs) • Strengthening momentum behind the transformation of industry during this once-in-a-century transition	• Rapid paradigm shift toward BEVs driven by technological innovation • Importance of maintaining the supply chain and business continuity planning during a period of declining volumes

Business Strategy

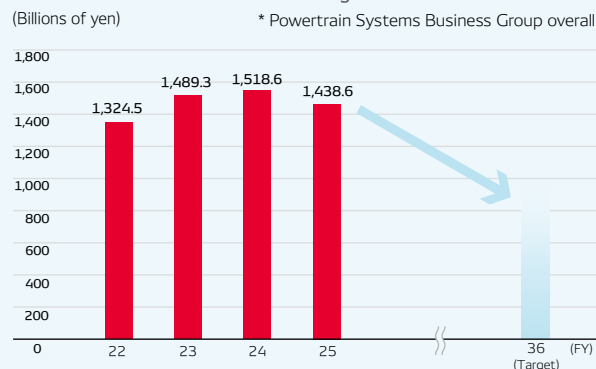
The Powertrain Systems Business has helped the spread of mobility by pursuing the simultaneous realization of lower environmental impact and convenience. Through these efforts, we have acquired additional technologies and skills. Moreover, meeting the needs of markets and customers has honed the capabilities of our personnel and organization. We have a responsibility to utilize these technologies and skills and thereby continue contributing to the realization of a sustainable mobility society. Starting in fiscal 2026, with a view to helping achieve a sustainable future while ensuring that all our personnel can continue working with enthusiasm, pride, and vitality, we will continue efforts toward internal combustion engine products throughout supply chains and commercialize new energy businesses (hydrogen) in order to effectively address ongoing needs for internal combustion engines while taking note of the recent diversification of approaches to realizing a carbon-neutral society and the resulting variety of powertrain market needs.

Progress on Mid-term Policy for 2025 and Outlook

Continuous Efforts for Internal Combustion Engines

Amid advances in mobility electrification, we have made progress on activities to ensure a continued stable supply of components for internal combustion engines. Recognizing the importance of taking action one step ahead of change, since fiscal 2022, we have held individual discussions and briefing sessions with 19 major OEMs and over 300 suppliers to share future expectations and DENSO's perspective. By working in step with stakeholders and taking early action to prepare for change, we have enhanced our responsiveness and are beginning to see progress and results, especially in activities with OEMs, such as specification integration and the phasing out of legacy products and molds. We will continue to build an environment that ensures the sustainable and reliable supply of competitive products for internal combustion engines.

Revenue of Internal Combustion Engine Products*



Meeting the Diversifying Needs of Customers

Achieving a carbon-neutral society increasingly requires addressing the diverse energy situations, infrastructure, and end-user needs of each country and region. We will continue honing our competitiveness while maintaining a reliable supply of safe and secure products, in response to the growing diversity of powertrain needs. In particular, to address diversification in powertrain mixes, we will focus on selected priority areas, such as products, in order to fully meet the expectations of ICE* customers while also shifting resources toward growth areas in parallel. Moreover, since supply chain resilience from a business continuity plan (BCP) perspective is a critical issue, we are expanding our initiatives beyond Tier 2 suppliers to also include Tier 3 suppliers, aiming to secure a reliable supply.

We will continue to respond flexibly and swiftly to changing conditions through the selective concentration of resources, optimizing our business portfolio to ensure the sustainability of business.

* ICE: Internal combustion engine

Creating New Value

Hydrogen is expected to play a vital role not only as a key energy source during the transition to an environmentally sustainable society but also in the creation of new industries. Leveraging our existing technologies, including systems development and ceramics, the Powertrain Systems Business Group is working with Toyota Motor to help build a hydrogen society while pursuing business growth in areas such as systems development, hydrogen combustion, and fuel cells.