



# **FY2005 Financial Results ended March 31, 2006**

**April 26<sup>th</sup>, 2006**

**DENSO CORPORATION**

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# Overview of FY2005 Financial Results

## 1. Big Sales Increase

- Increase in domestic and overseas car production for Japanese auto manufacturers
- Depreciated yen against US\$

## 2. Increase in Operating Income

Production volume increase, cost reduction, currency exchange gain and other factors covered increases in labor costs, depreciation expenses, and raw material cost.

## 3. Dividend per share increased by 6 yen to 38 yen per year

# FY2005 Financial Results

(Unit:Billions of Yen)

	06/3	05/3	Increase	Increase(%)
Sales	3,188.3	2,799.9	+388.4	+13.9%
Operating Income	266.6	213.9	+52.7	+24.6%
Income before Income Taxes	271.9	223.4	+48.4	+21.7%
Net Income	169.6	132.6	+37.0	+27.9%

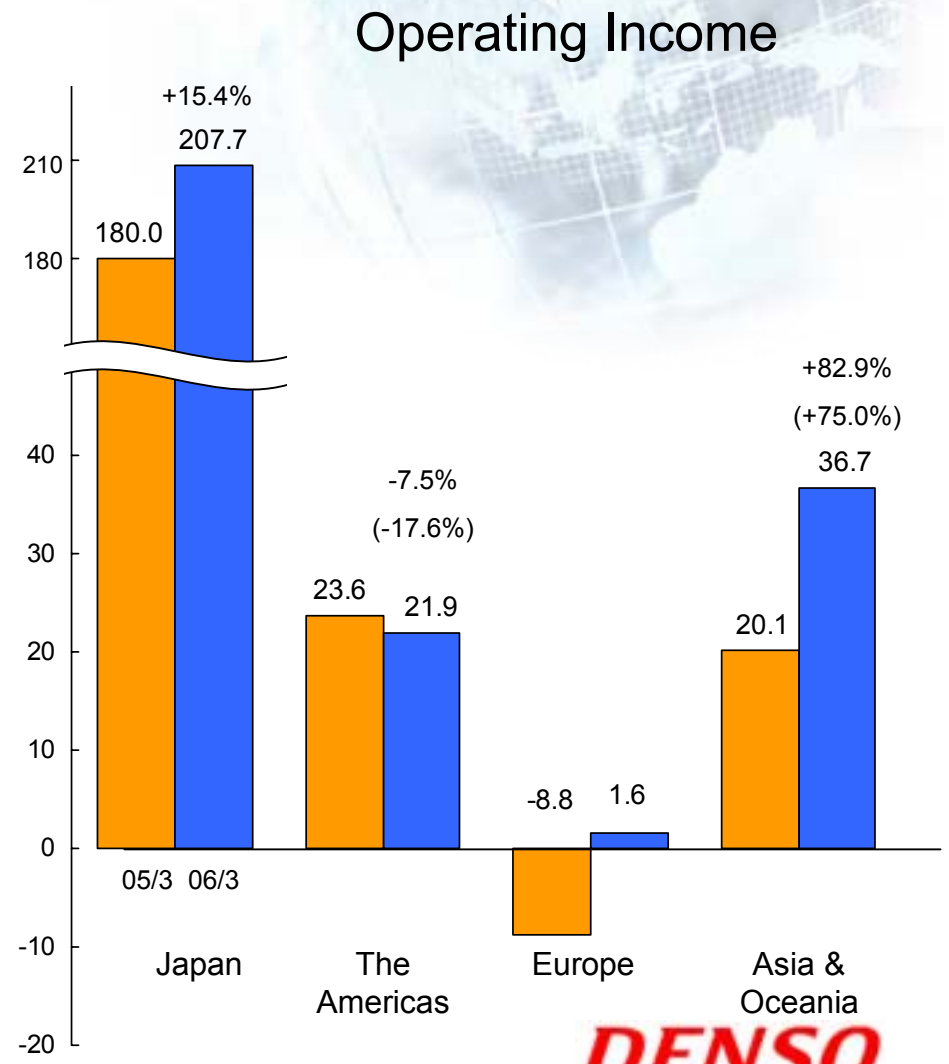
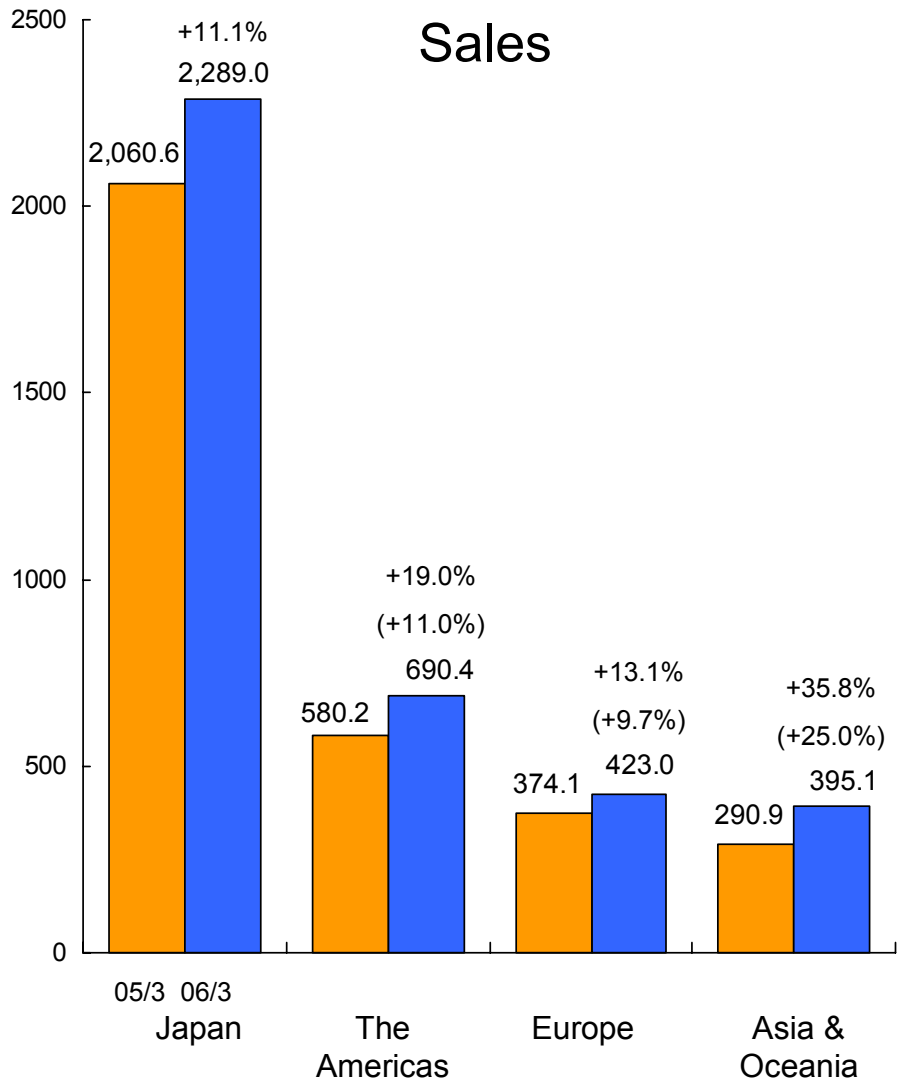
(Unit:Millions of Units)

Foreign Exchange Rate	JPY113/\$ JPY137/Euro	JPY107/\$ JPY134/Euro	+ JPY6 + JPY3	
Domestic Car Production (Toyota)	10.87 (3.86)	10.62 (3.75)	+0.25 (+0.11)	+ 2.4% (+2.9%)
Overseas Car Production of Japanese Manufacturers (Toyota)	10.92 (3.88)	9.64 (3.19)	+1.28 (+0.69)	+ 13.3% (+ 21.6%)

# Geographical Segments by Company Location

(Unit:Billions of Yen)

( ):Local Currency Base

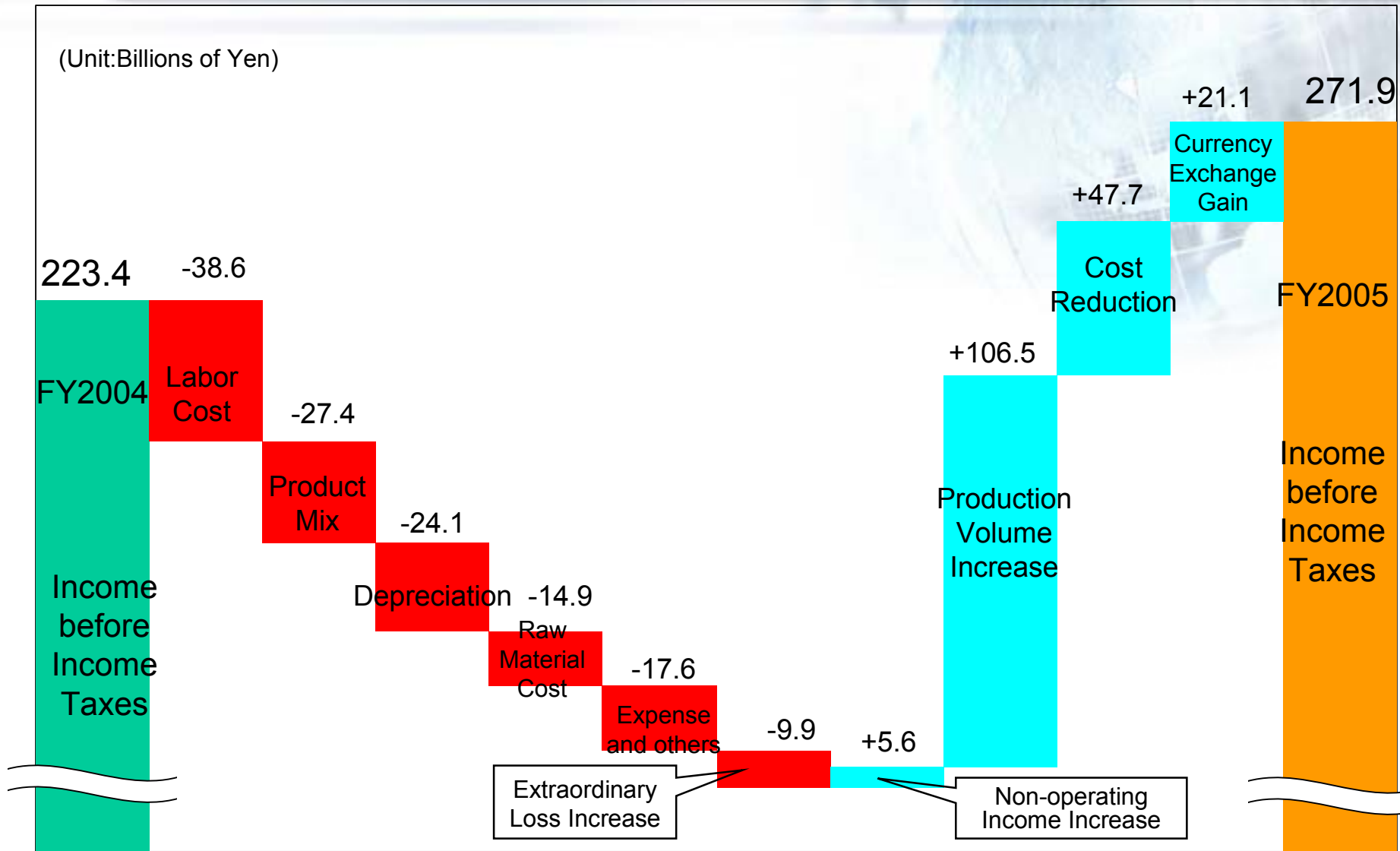


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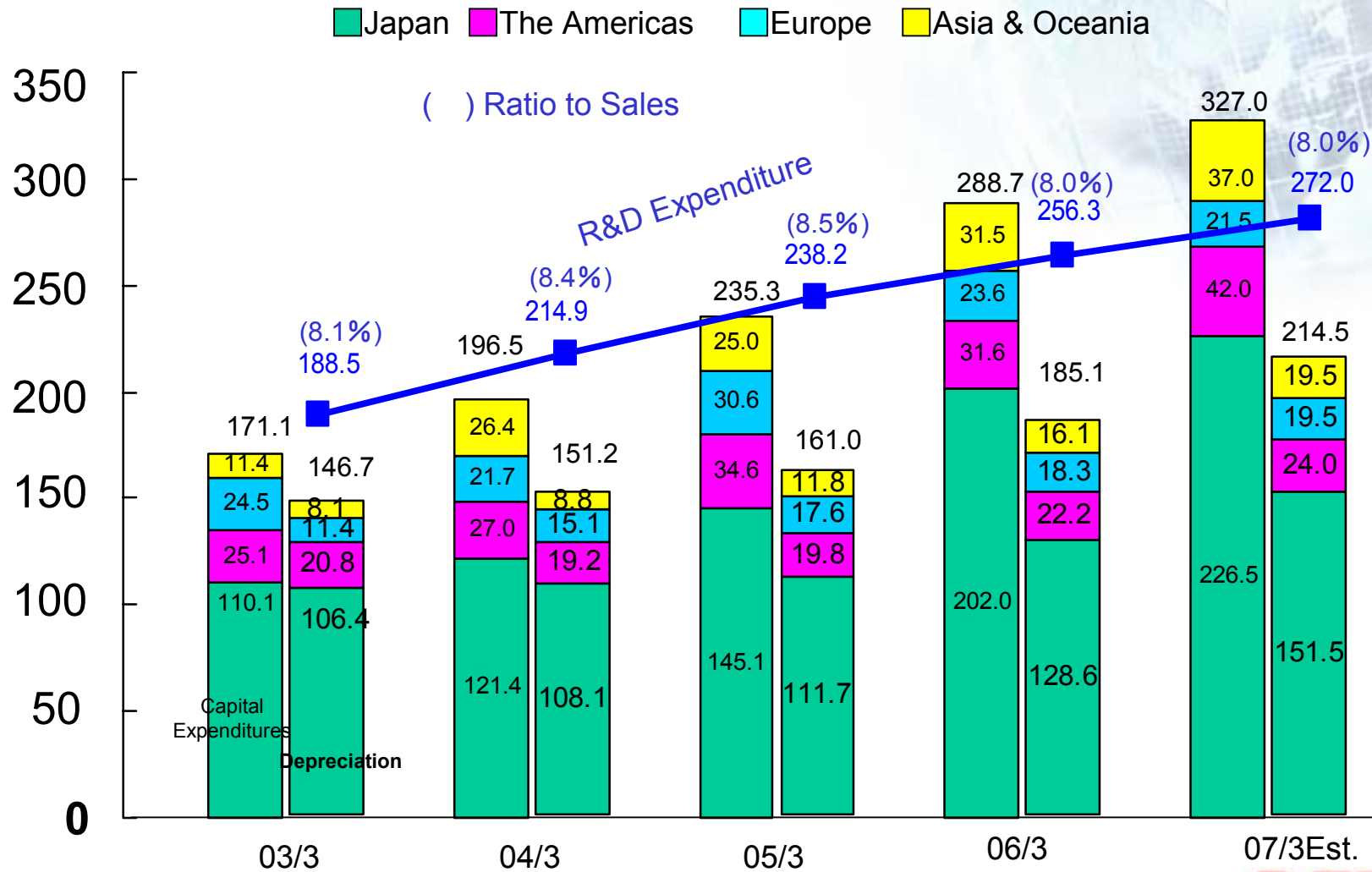
# Change in Income before Income Taxes (05/3-06/3)

(Unit: Billions of Yen)



# Capital Expenditures, Depreciation and R&D

(Unit:Billions of Yen)



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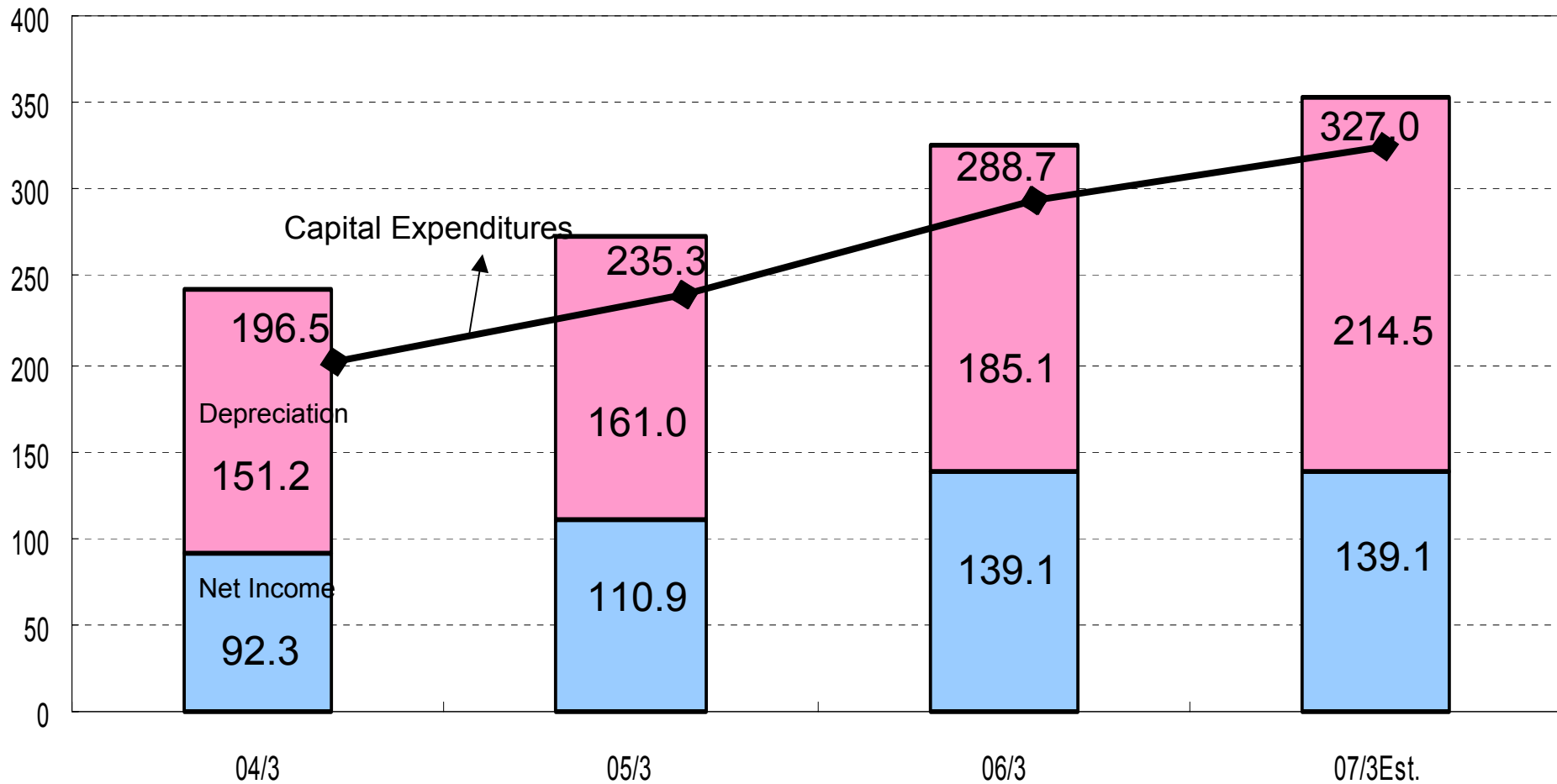


# Capital Expenditures and Cash Flow

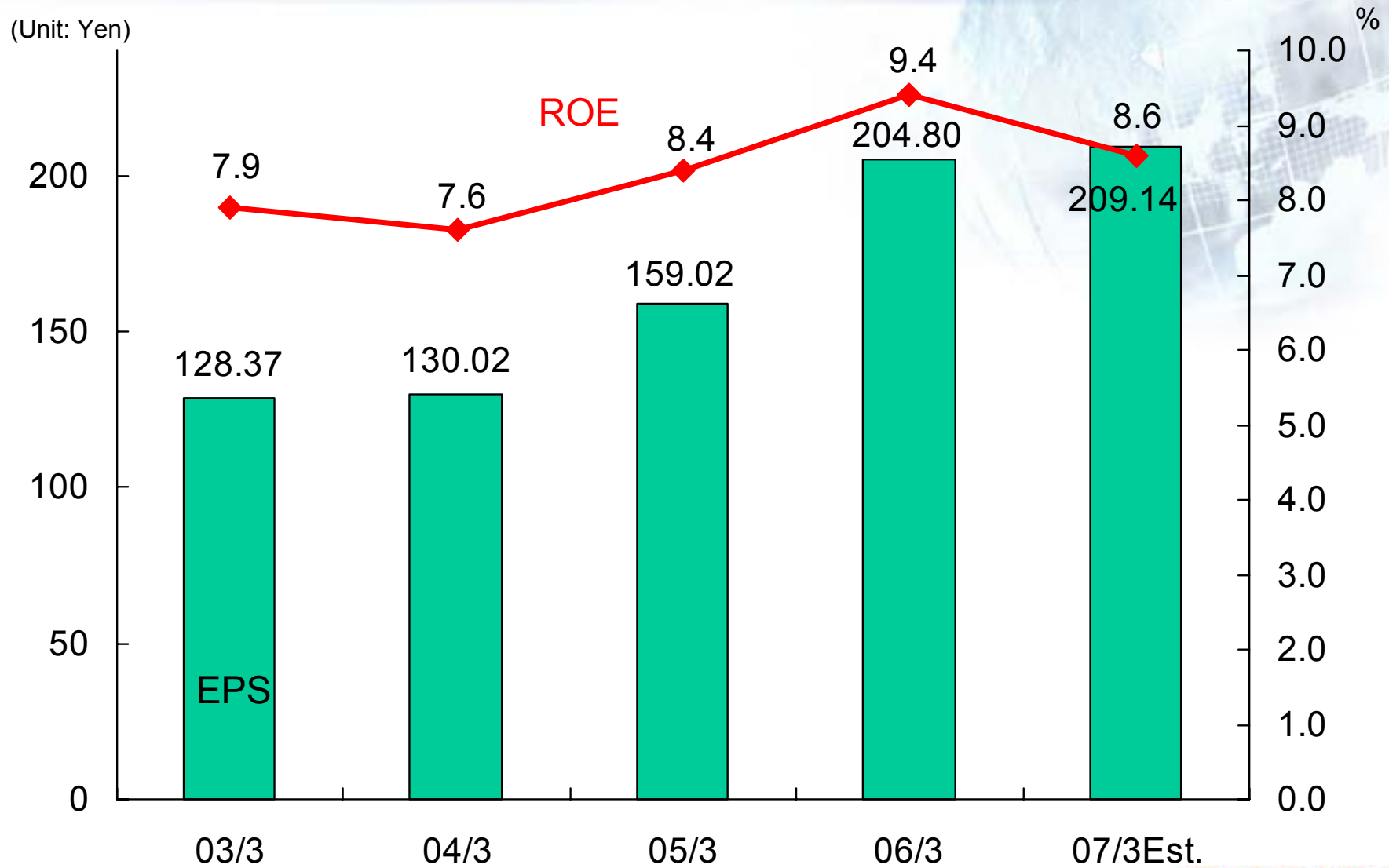
(Simplified Cash Flow)

Net Income (exclude dividends)+Depreciation > Capital Expenditures

(Unit:Billions of Yen)



# Other Financial Indices



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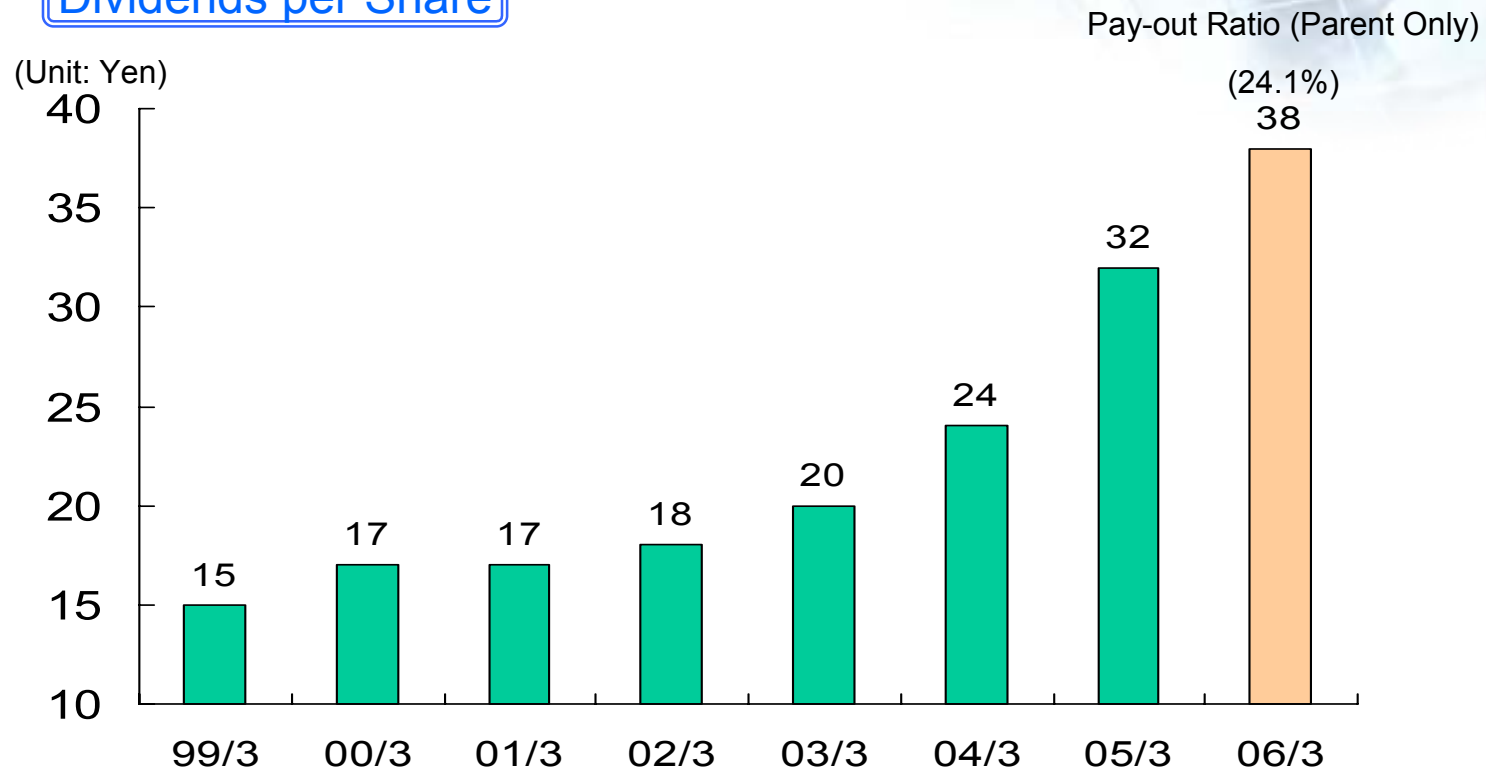


# Maximize Shareholder's Value

06/3 Dividend per Share: Increased by 6 yen to 38 yen per year

07/3 Share Buy-back Plan: 7.5 Million Shares

## Dividends per Share



# FY2006 Estimate

(Unit:Billions of Yen)

	07/3 Estimate	06/3	Increase	Increase(%)
Sales	3,380.0	3,188.3	+191.7	+ 6.0%
Operating Income	282.0	266.6	+15.4	+ 5.8%
Income before Income Taxes	293.0	271.9	+21.1	+ 7.8%
Net Income	173.0	169.6	+3.4	+ 2.0%

(Unit:Millions of Units)

Foreign Exchange Rate	JPY110/\$ JPY135/Euro	JPY113/\$ JPY137/Euro	- JPY3 - JPY2	
Domestic Car Production (Toyota)	11.33 (4.12)	10.87 (3.86)	+0.46 (+0.26)	+ 4.2% (+6.7%)
Overseas Car Production of Japanese Manufacturers (Toyota)	11.83 (4.32)	10.92 (3.88)	+0.91 (+0.44)	+ 8.3% (+ 11.3%)
Dividend per Share	JPY42	JPY38	+ JPY4	

# Direction toward the Realization of DENSO VISION 2015

## Expectation built in DENSO VISION 2015

Contribute to the creation of an advanced automotive society	Evolve into a truly global corporation
Contribute to create a society where automobiles could exist together with people without harming the earth and its inhabitants.	<ul style="list-style-type: none"> <li>- Give pleasure / satisfaction to worldwide users and gain confidence.</li> <li>- Establish firm business base in each region.</li> <li>- Continue gathering intelligence from all over the world.</li> </ul>

## Long-term Plan for 2010

Major action plans toward the realization of DENSO VISION 2015

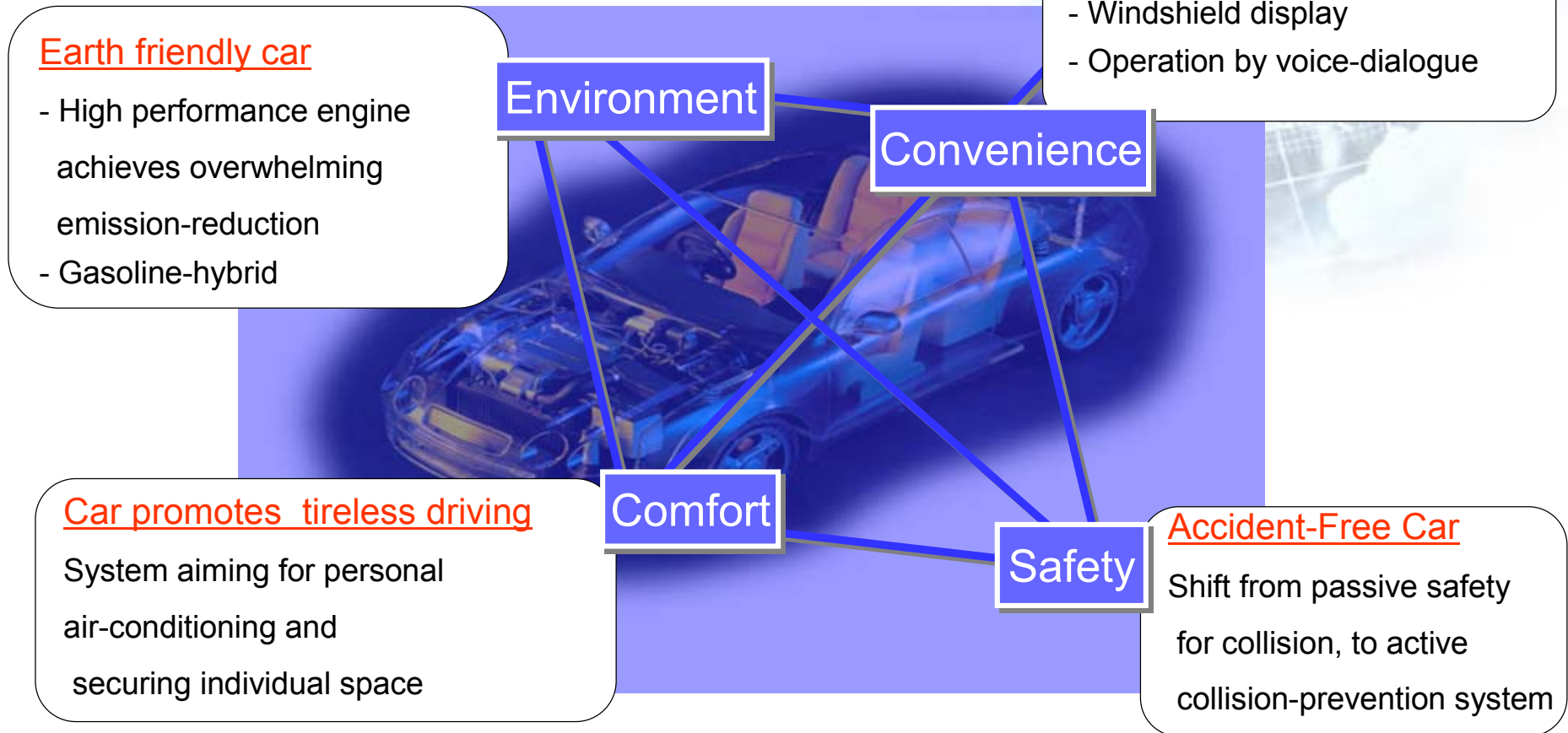
I. Realization of future growth

II. Preparation and fixing of Global Management System

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•  
•

# Realization of Future Growth (1)

## Picture of Car in 2015



Develop innovative components and systems in four important categories.  
(Environment / Safety / Comfort / Convenience)

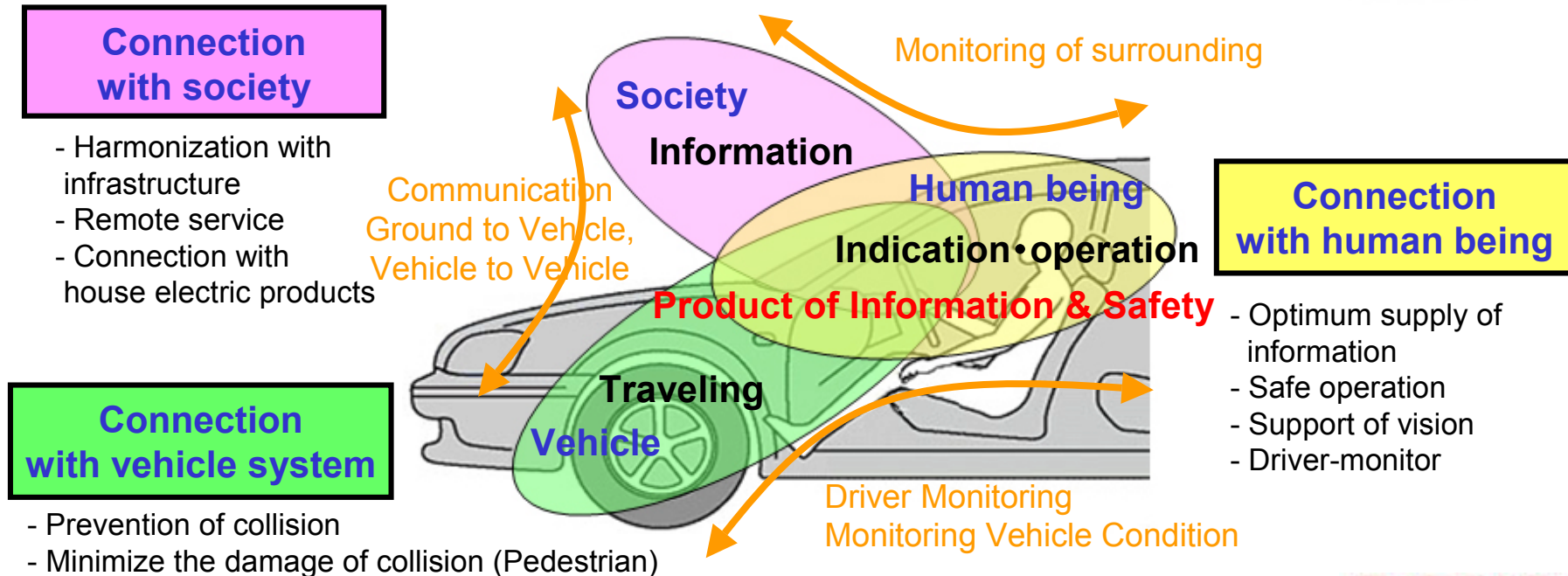
# Realization of Future Growth (2)

## Strengthen organization of development I.

### New organization

Integrate three product divisions of ITS, body electronics, and driving assist & safety, and strengthen the ability of system development.

### Strengthen driving assist system



# Realization of Future Growth (3)

## Strengthen organization of development II.

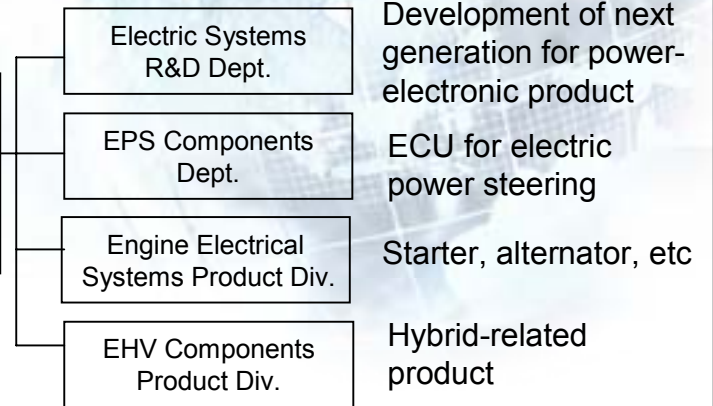
### Reorganization into new Electric Systems Business Group

EHV Components Product Dept. has been transferred from Powertrain Control Systems Business Group in order to strengthen current electric systems business group, and create / expand power-supply business.

**Aim**

Integrate all automotive electric related products, and gain synergy effect.

**Electric Systems Business Group**



Importance for electric-related system increased due to the progress of electrification of automobiles.

**Environment**

Hybrid, Electrical fan, EPS, Electronic throttle etc.

**Convenience**

Powered slide-door, Powered tail gate, Shift-by-wire etc.

**Comfort**

Air-conditioning system, Seat air-conditioning, Power seat

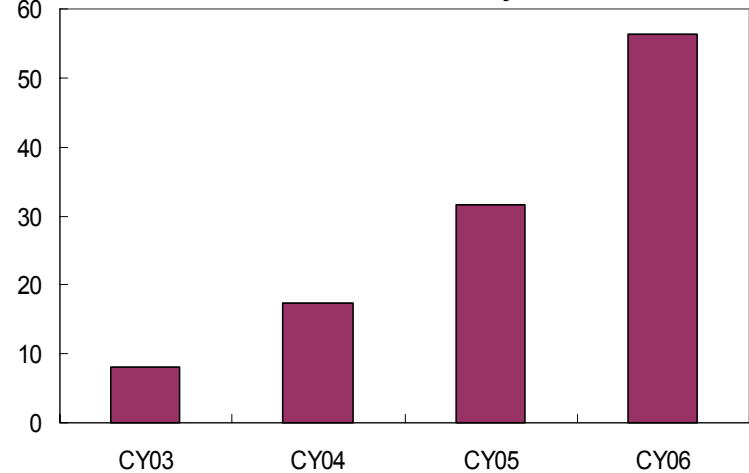
**Safety**

ABS, AFS, Pre-crash seat belt etc.



(Ten thousands of Units)

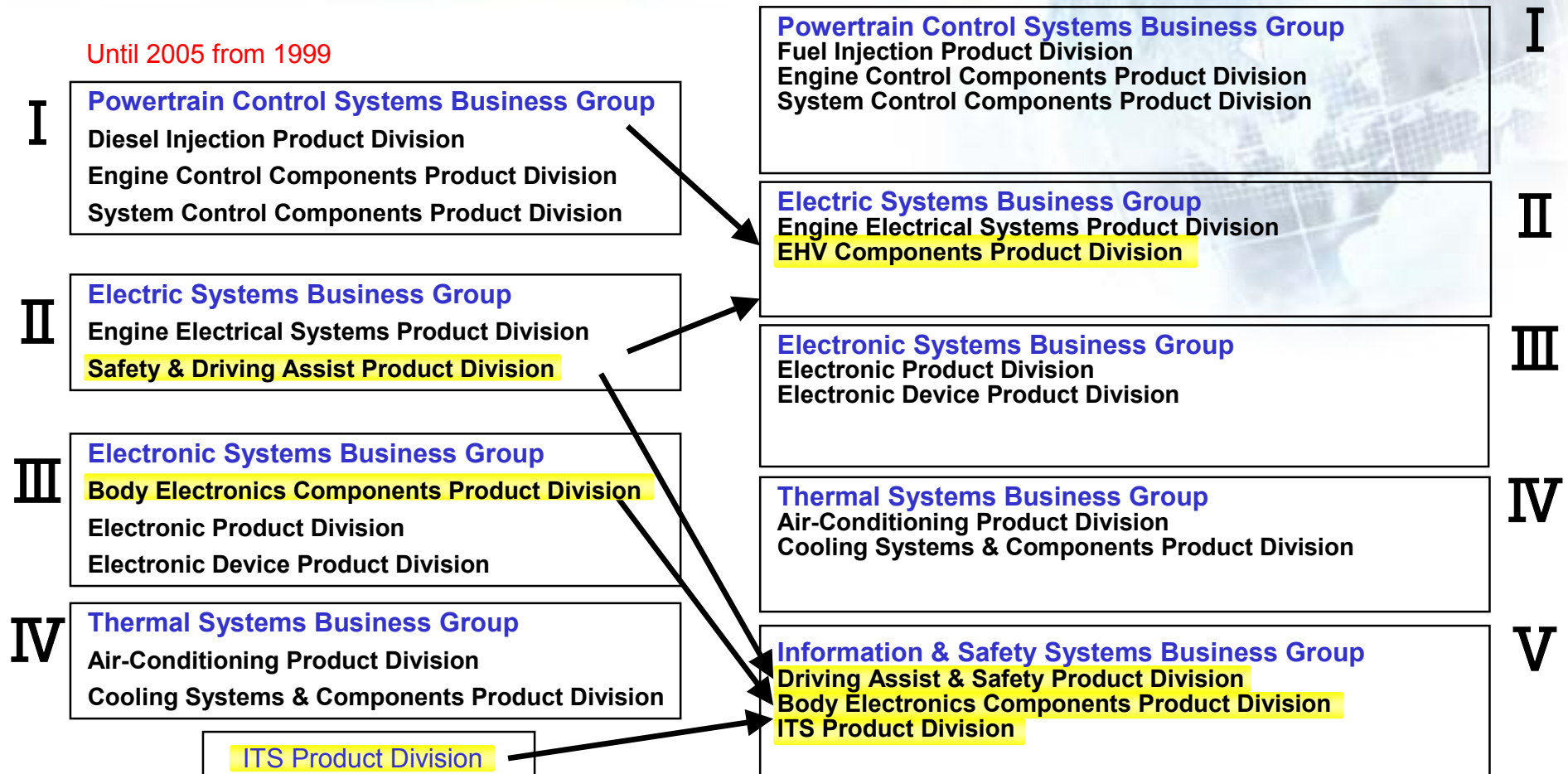
Market Trend for Hybrid Vehicle



# Realization of Future Growth (4)

Starting from 2006

Until 2005 from 1999



Reorganization from four Business Groups and one Product Division into five Business Groups

# Preparation and Fixing of Global Management System (1)

## Introduction of organization by Business Group (1999- )

### Evaluation

- Speed-up decision making
  - Sense of responsibility for commitment
  - Sense of identification of divisions and group companies in the same business group
- } Contribute to drastic business growth

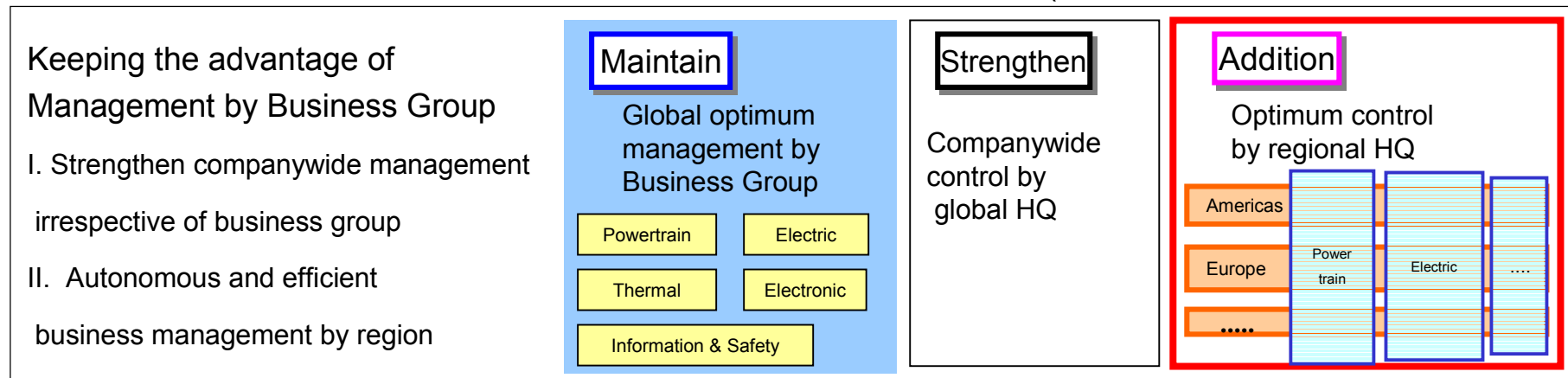
### Environmental Change

- Rapid business growth outside Japan.
- Increase of matters of inter-business group.



## <Strengthen Horizontal Management by Function / Addition of Regional Management>

(Trial:2006, official Introduction:2007)



**Aim at stronger DENSO by strengthening global control function and by adding regional control function, as well as maintaining management by Business Group**



## Preparation and Fixing of Global Management System (2)

### Strengthen functional role of Regional HQ

**Regional HQ=Practice optimum regional management as a branch office of Global HQ**

Mission:

- I. Control and coordinate the business activities within the region
- II. Offer professional service within the region (regional “specialist”)
- III. Management and support of group companies in the region

- **Partial power transfer from global HQ to regional HQ**
- **Consolidate duplicate functions**



**Promote regional self reliance**



**Practice business operation rooted in the region**



# **FY2005 Financial Results ended March 31, 2006 (Supplement)**

**April 26<sup>th</sup>, 2006**

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# Geographical Segments by Company Location (06/3 V.S. 05/3)

19

(Unit: Billions of Yen, %)

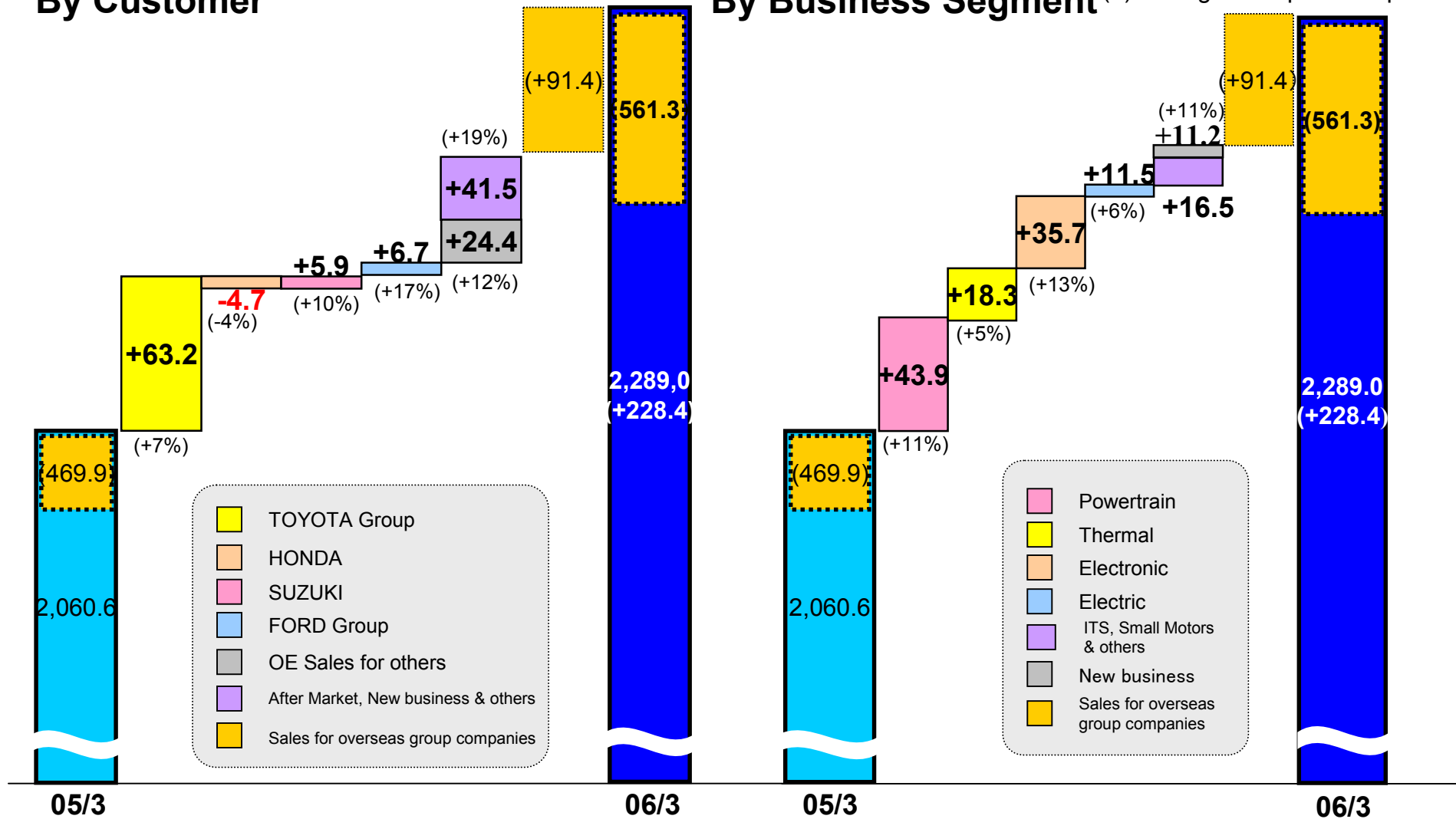
		06/3		05/3		Change	Change
			Ratio		Ratio		(%)
Sales	Japan	2,289.0	-	2,060.6	-	228.4	11.1%
	The Americas	690.4		580.2		110.2	19.0%
	Europe	423.0		374.1		49.0	13.1%
	Asia & Oceania	395.1		290.9		104.2	35.8%
	Eliminations	-609.2		-505.8		-103.4	-
		3,188.3		2,799.9		388.4	13.9%
Operating Income	Japan	207.7	9.1%	180.0	8.7%	27.7	15.4%
	The Americas	21.9	3.2%	23.6	4.1%	-1.8	-7.5%
	Europe	1.6	0.4%	-8.8	-2.3%	10.3	-
	Asia & Oceania	36.7	9.3%	20.1	6.9%	16.6	82.9%
	Eliminations	-1.2	-	-1.0	-	-0.2	-
		266.6	8.4%	213.9	7.6%	52.7	24.6%

# Changes in Sales of Japan (by Customer /Business Segment)

Unit: Billions of Yen

## By Customer

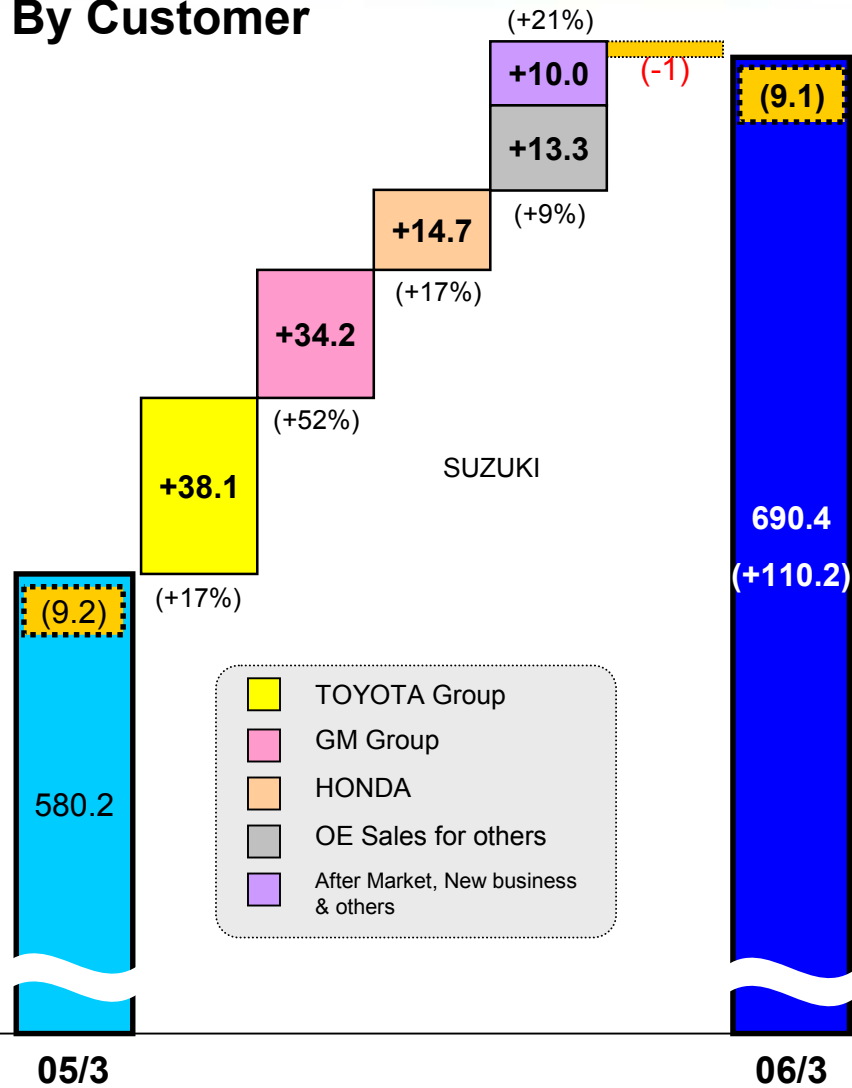
## By Business Segment ( ): Change from previous period



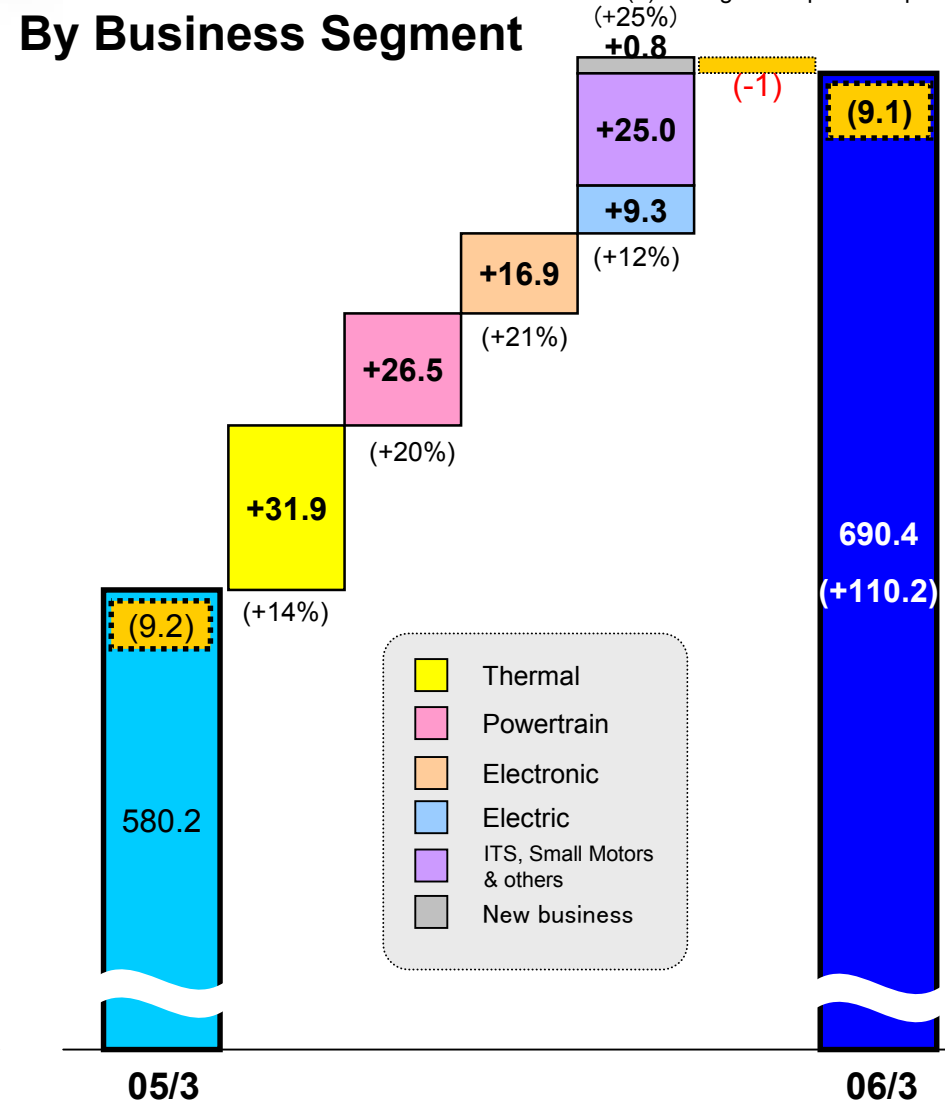
# Changes in Sales of the Americas (by Customer /Business Segment )

Unit: Billions of Yen  
( ):Change from previous period

## By Customer



## By Business Segment

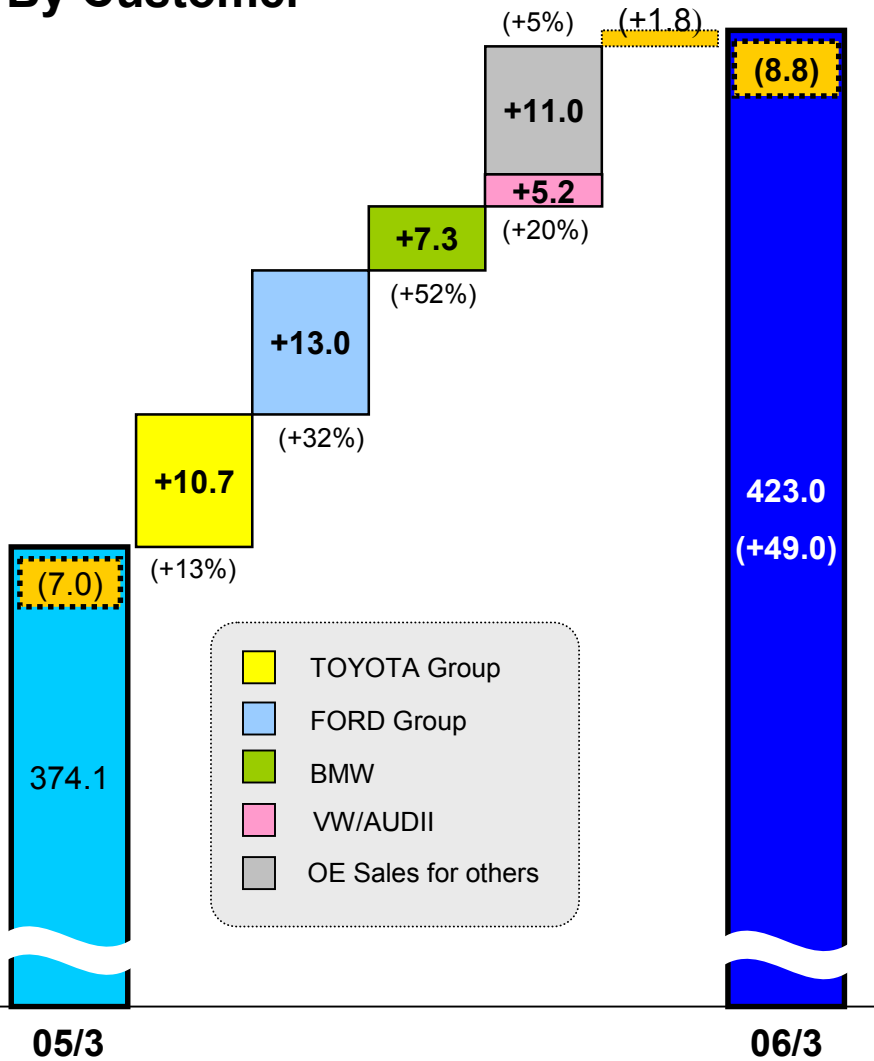


# Changes in Sales of Europe (by Customer /Business Segment)

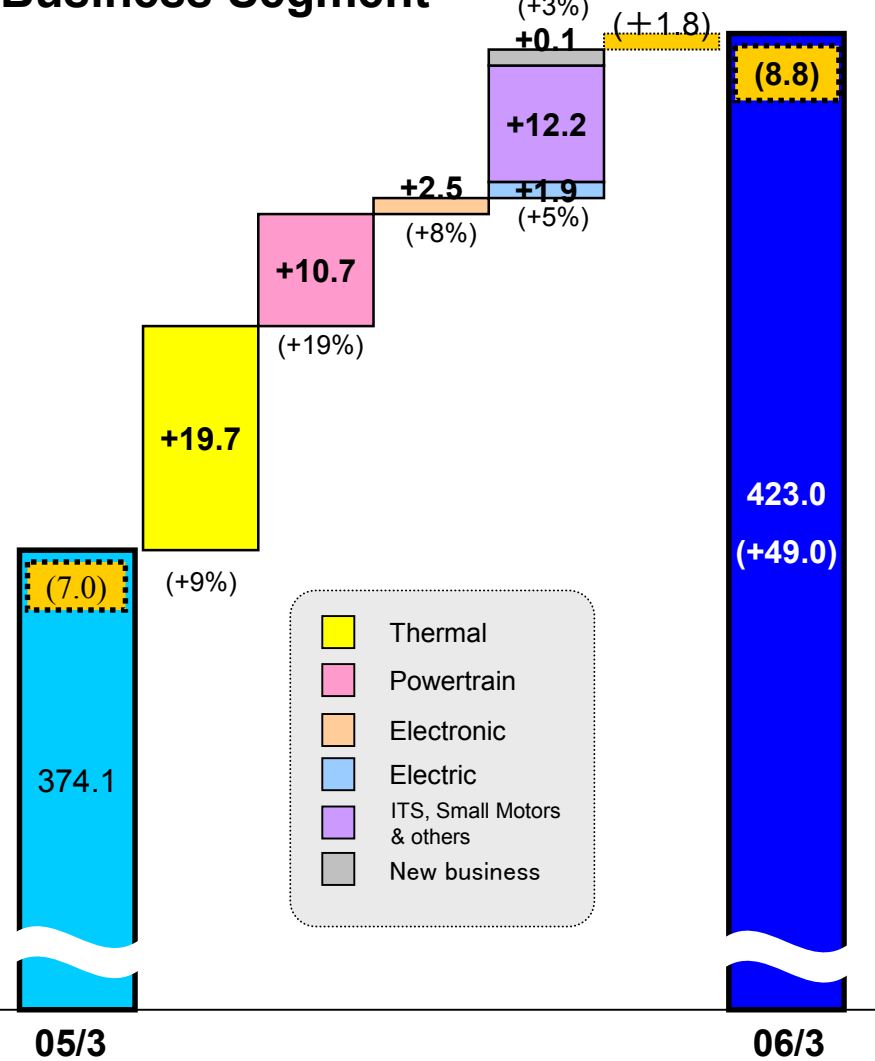
Unit: Billions of Yen

( ): Change from previous period

## By Customer



## By Business Segment

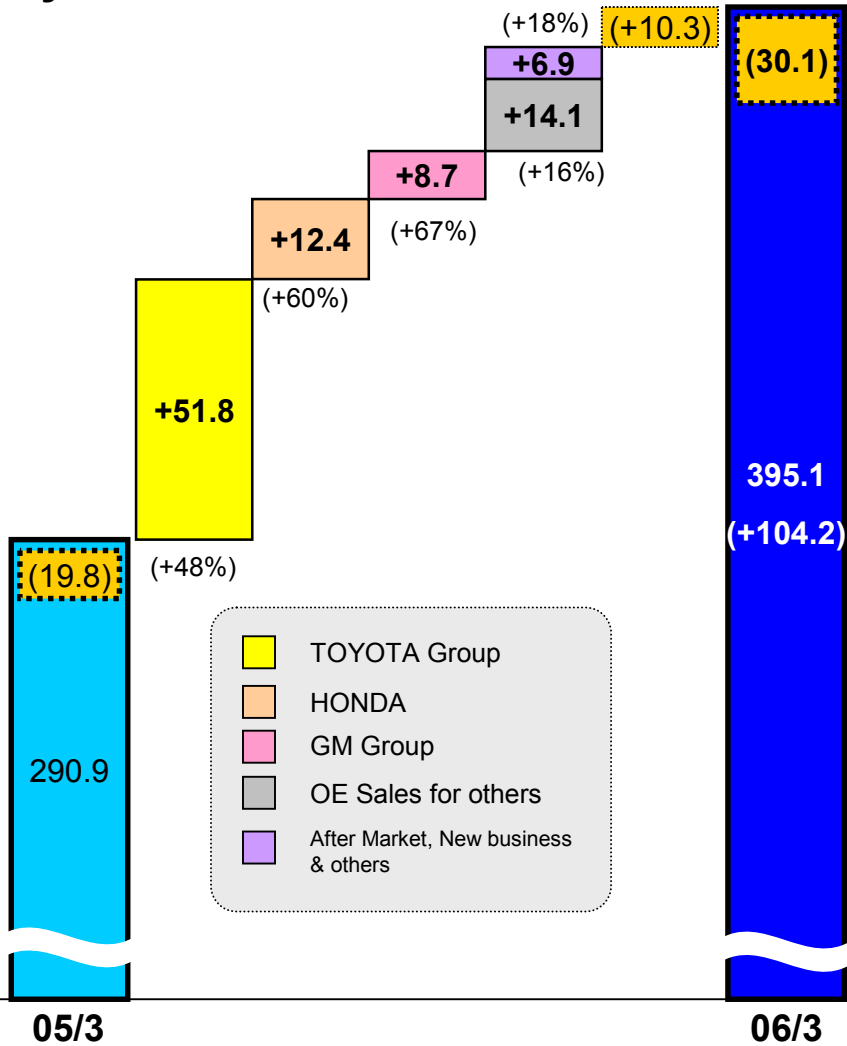


# Changes in Sales of Asia & Oceania (by Customer /Business Segment)

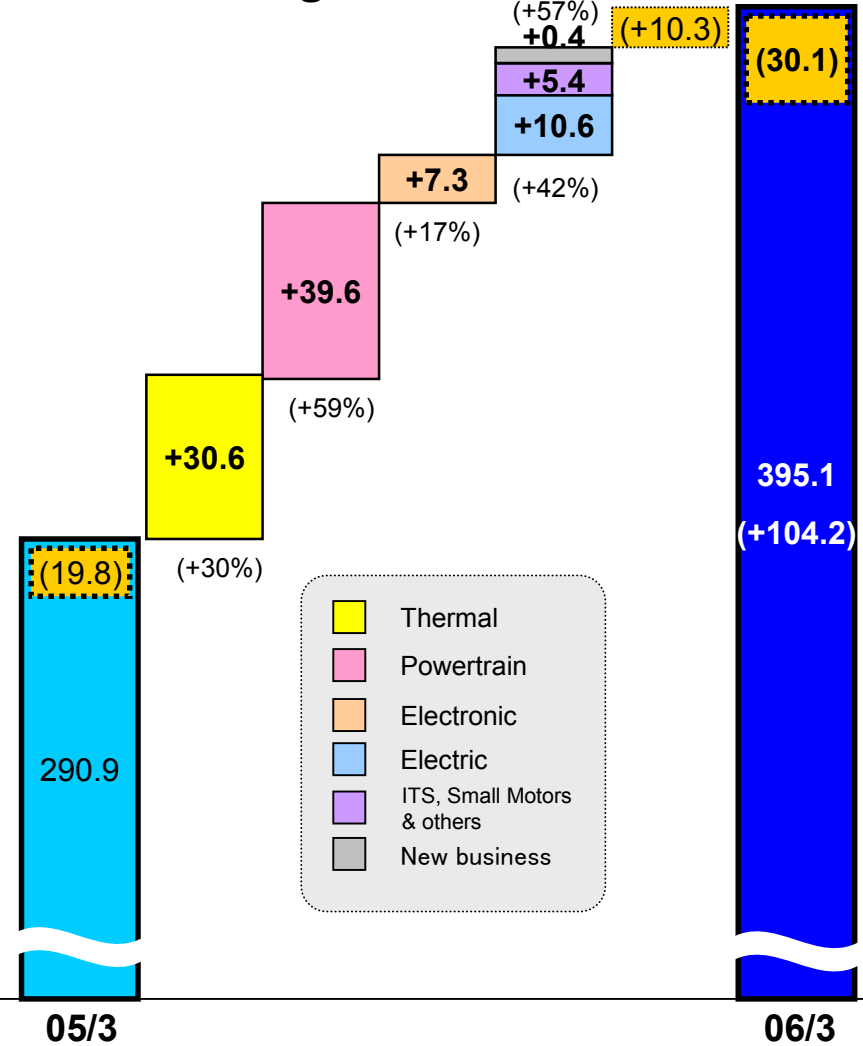
Unit: Billions of Yen

( ):Change from previous period

## By Customer



## By Business Segment

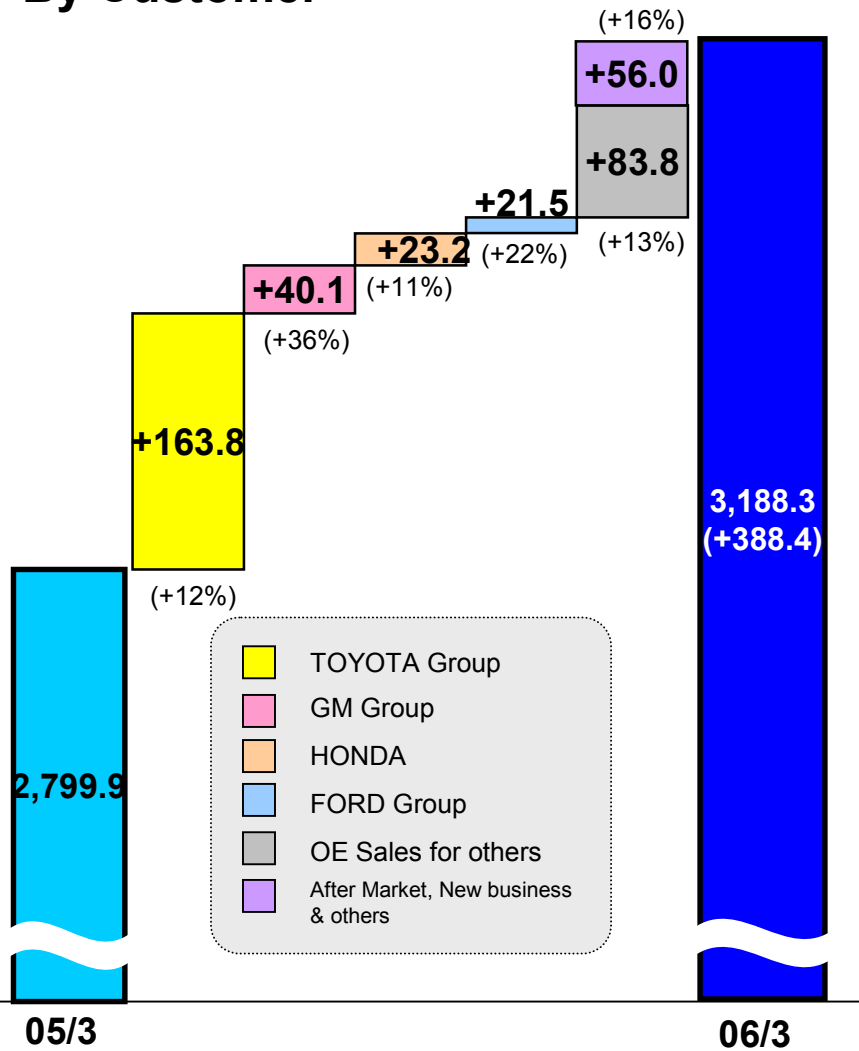


# Changes in Consolidated Sales (by Customer /Business Segment)

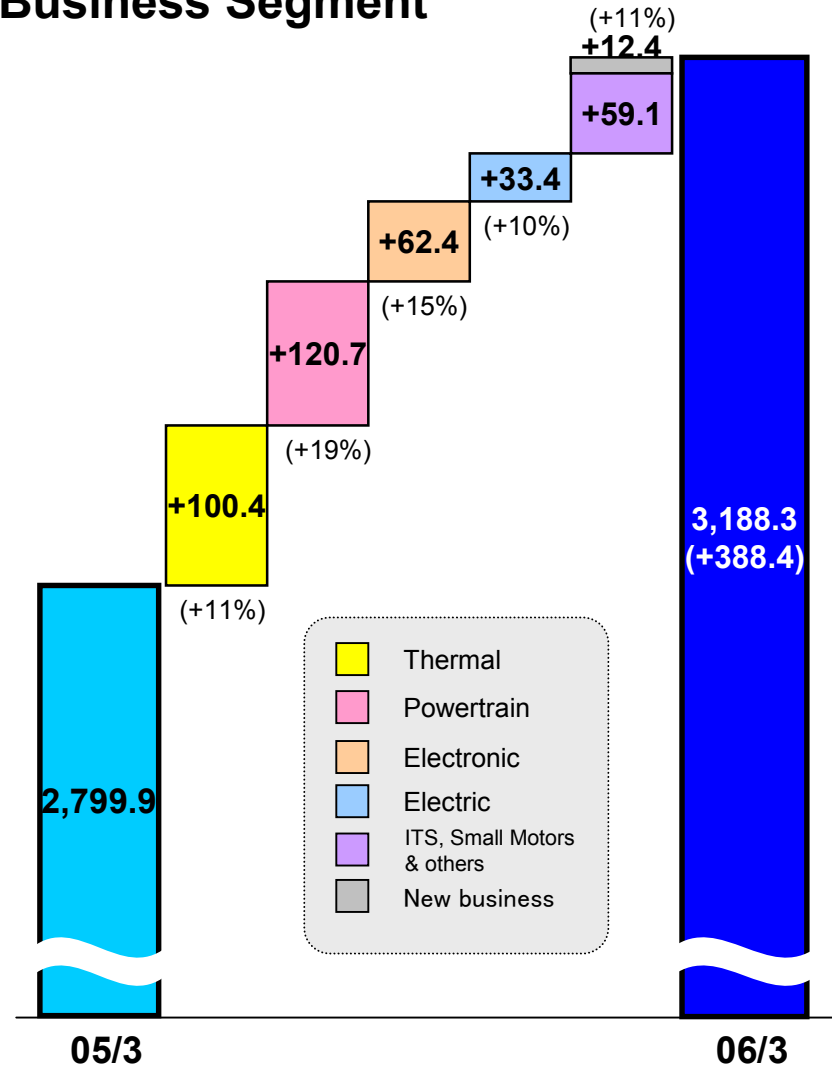
Unit: Billions of Yen

( ) : Change from previous period

## By Customer



## By Business Segment





# Geographical Segments by Company Location (07/3 V.S. 06/3)

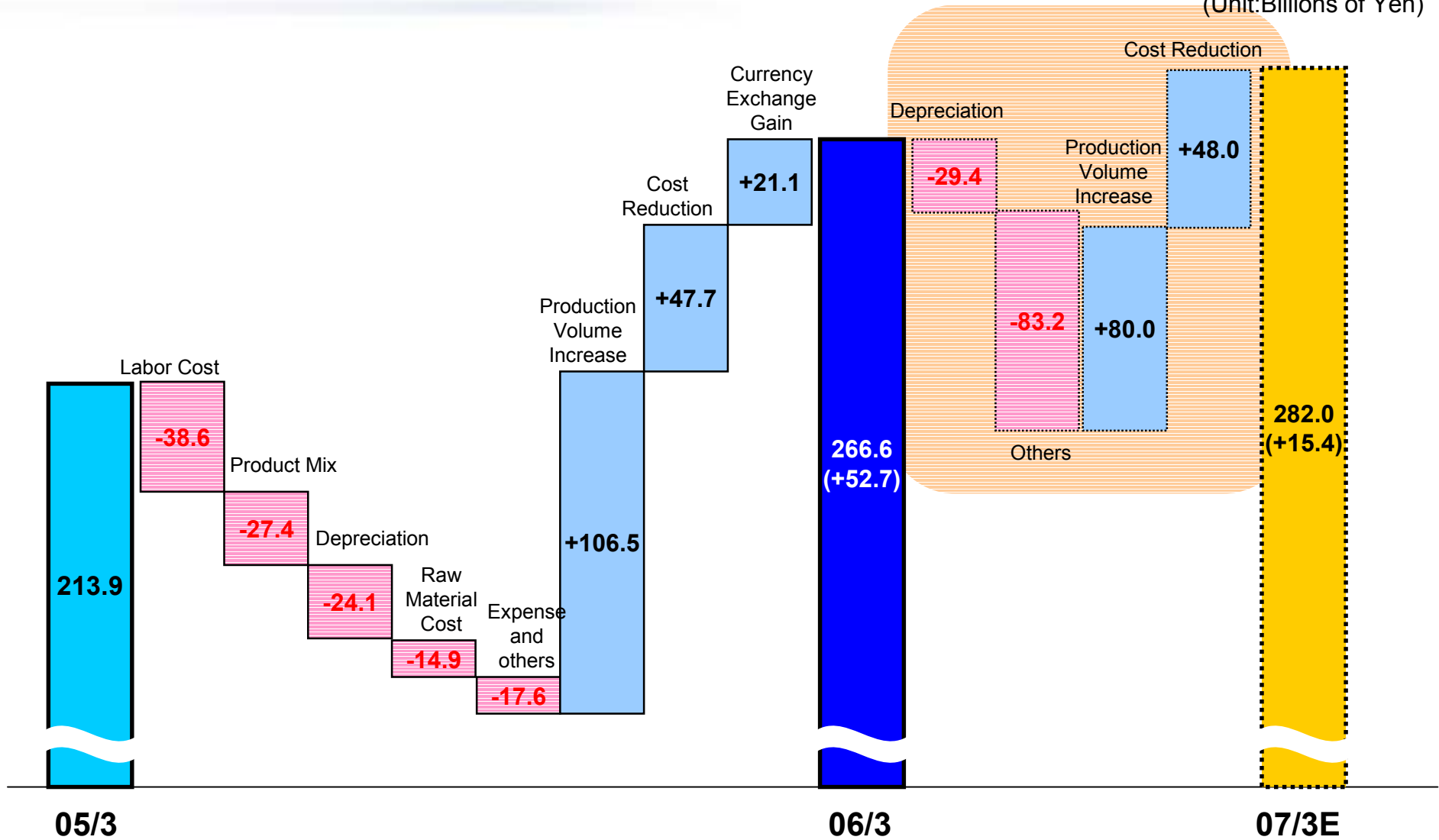
25

(Unit: Billions of Yen, %)

		07/3E		06/3		Change	Change
			Ratio		Ratio		(%)
	Japan	2,431.0		2,289.0		142.0	6.2%
	The Americas	696.0		690.4		5.6	0.8%
	Europe	447.0		423.0		24.0	5.7%
	Asia & Oceania	451.0	-	395.1	-	55.9	14.1%
	Eliminations	-645.0		-609.2		-35.8	-
<b>Sales</b>		<b>3,380.0</b>		<b>3,188.3</b>		<b>191.7</b>	<b>6.0%</b>
	Japan	214.0	8.8%	207.7	9.1%	6.4	3.1%
	The Americas	25.5	3.7%	21.9	3.2%	3.6	16.6%
	Europe	9.0	2.0%	1.6	0.4%	7.4	479.2%
	Asia & Oceania	34.5	7.6%	36.7	9.3%	-2.2	-6.0%
	Eliminations	-1.0	-	-1.2	-	0.2	-
<b>Operating Income</b>		<b>282.0</b>	<b>8.3%</b>	<b>266.6</b>	<b>8.4%</b>	<b>15.4</b>	<b>5.8%</b>

# Change in Operating Income (05/3-06/3-07/3)

(Unit: Billions of Yen)



# Preconditions (Foreign Exchange Rate/Car Production)

Unit Foreign Exchange Rate:Yen Car Production:Millions of Units

	06/3 First Half			06/3 Second Half				06/3 Full Year				07/3 Full Year	
	Prior Year	Actual	Change	Prior Year	Revised Estimate	Actual	Change from PY	Prior Year	Revised Estimate	Actual	Change from PY	Estimate	Change
Foreign Exchange Rate(US\$)	109	109	± 0	104	113	117	+ ¥13	107	111	113	+ ¥6	110	- ¥3
Foreign Exchange Rate(Euro)	132	134	+ ¥2	136	137	140	+ ¥4	134	136	137	+ ¥3	135	- ¥2
Domestic Car Production	5.13	5.19	+ 1%	5.49	5.77	5.68	+ 4%	10.62	10.96	10.87	+ 2%	11.33	+ 4%
<i>Toyota</i>	1.80	1.80	± 0%	1.95	2.07	2.06	+ 6%	3.75	3.87	3.86	+ 3%	4.12	+ 7%
North America Car Production of Japanese Manufacturers	2.05	2.21	+ 8%	2.17	2.20	2.24	+ 3%	4.22	4.41	4.45	+ 5%	4.46	+ 0%
<i>Toyota</i>	0.77	0.84	+ 9%	0.77	0.80	0.80	+ 4%	1.54	1.64	1.64	+ 6%	1.63	- 1%
Overseas Car Production of Japanese Manufacturers	4.75	5.36	+13%	4.89	5.37	5.56	+14%	9.64	10.73	10.92	+13%	11.83	+ 8%
<i>Toyota</i>	1.57	1.88	+20%	1.63	2.03	2.00	+23%	3.19	3.91	3.88	+22%	4.32	+11%

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