



# FY2016 3<sup>rd</sup> Quarter Financial Results ended December 31, 2015

Feb 3, 2016

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**1. Revenue increased due to overseas production volume increase and the growth in sales as well as the depreciation of yen.**

**Operating profit increased due to the depreciation of yen and cost reduction efforts.**

**2. Downward revision to the full-year forecast mainly due to the change in foreign exchange rate.**

## FY2016 3<sup>rd</sup> Quarter Financial Results

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	(Ratio to Revenue)		(Unit: Billions of Yen)		Change	
	FY16	3Q	FY15	3Q		
<b>Revenue</b>		<b>3,370.9</b>		3,161.7	+209.2	+6.6%
<b>Operating Profit</b> (Excludes other income/ expenses)	(8.0%)	<b>271.1</b>	(8.2%)	258.0	+13.1	+5.1%
Other income/ expenses		Δ <b>28.0</b>		Δ 20.3	-7.7	
<b>Operating Profit</b>	(7.2%)	<b>243.1</b>	(7.5%)	237.7	+5.4	+2.3%
Finance income/ costs & others (※1)		<b>31.5</b>		36.2	-4.7	
<b>Profit before Income Taxes</b>	(8.1%)	<b>274.7</b>	(8.7%)	274.0	+0.7	+0.3%
<b>Profit (※2)</b>	(5.7%)	<b>191.3</b>	(5.9%)	187.8	+3.5	+1.9%

(Unit: Millions of Units)						
Foreign Exchange Rate	JPY	122/\$	JPY	107/\$	+15 JPY	
	JPY	134/Euro	JPY	140/Euro	-6 JPY	
Domestic Car Production		6.60		6.83	-0.23	-3.4%
Overseas Car Production of Japanese Manufacturers (North America)		14.02		13.83	+0.19	+1.4%
		(4.63)		(4.51)	(+0.12)	(+2.7%)

※1 Finance income, Finance costs, Foreign exchange gains/loss, Share of the profit of associates accounted for using the equity method

※2 Profit attributable to owners of the parent company

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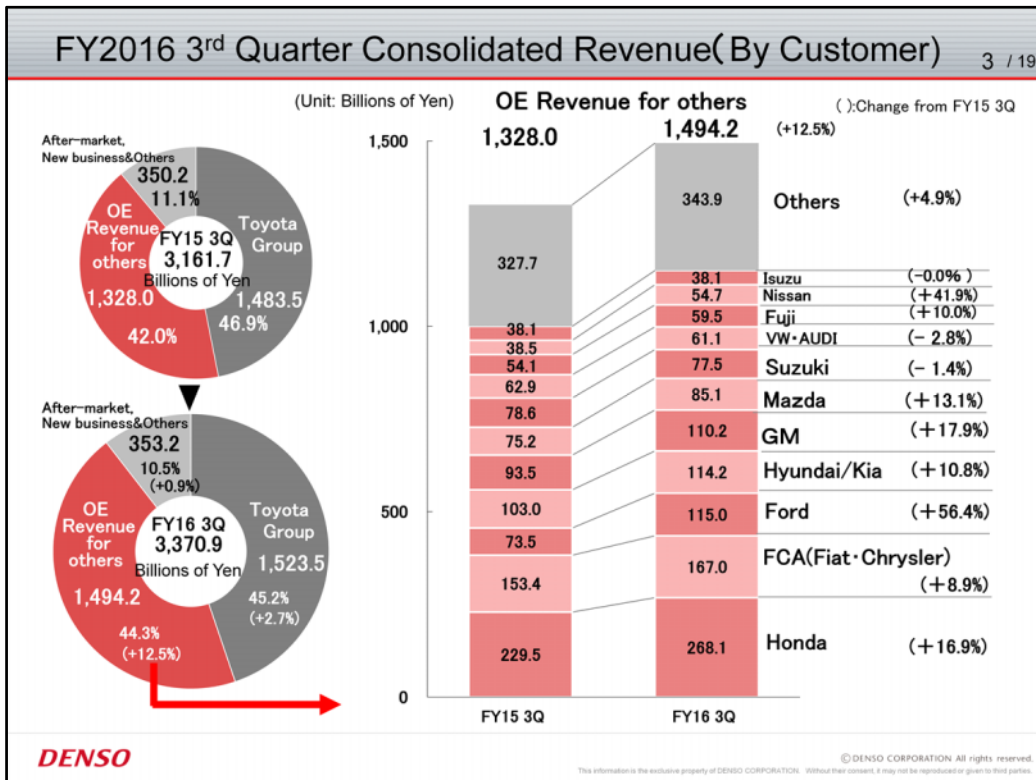
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### [Overview of the consolidated financial results]

We posted revenue of 3,370.9 billion yen, up 209.2 billion yen from the previous year, equivalent to annual revenue growth of 6.6%.

Operating profit (excludes other income/ expenses) reached 271.1 billion yen, 13.1 billion yen higher than a year, up 5.1% from the previous year.

We earned profit attributable to owners of the parent company of 191.3 billion, up 3.5 billion yen, which is 1.9%, from a year earlier.



[Sales by customer]

### Sales to the Toyota Group

Domestic car production level decreased mainly due to compact cars. However, total sales increased boosted by the steady production in North America and China.

### Sales to non-Toyota Group companies

- 1) Honda: Sales increased due to the increase in car production mainly in North America and China as well as the growth in sales of gasoline direct injection system.
- 2) Mazda: Sales increased due to the increase in car production in addition to the sales increase in diesel common rail system for SKYACTIV.

### Sales to overseas automakers

Sales went up due to,

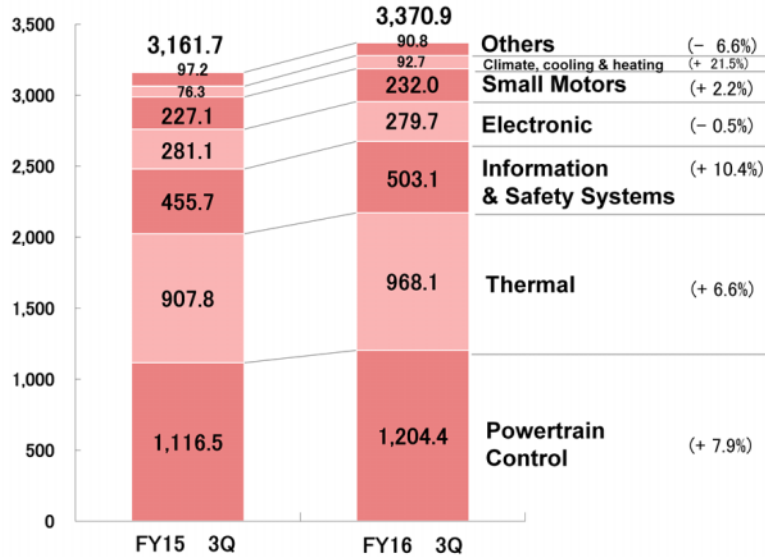
- 1) FCA(Fiat Chrysler Automobiles): increased in production volume in Europe.
- 2) Ford: increased in sales in North America, China and Europe.

## FY2016 3<sup>rd</sup> Quarter Consolidated Revenue ( By Product)

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(Unit: Billions of Yen)

( ):Change from FY15 3Q



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[Sales by business segment]

### **Sales of Powertrain Control products**

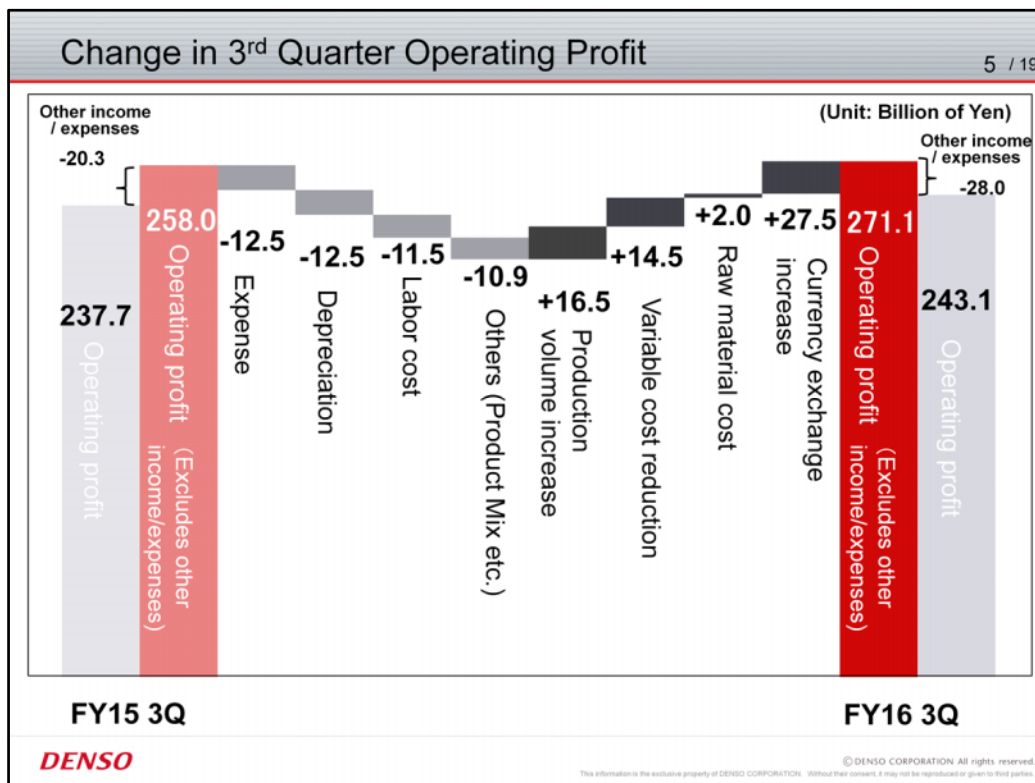
Sales increased due to production volume increase in North America and Europe on the top of sales expansion in gasoline direct injection products.

### **Sales of Thermal products**

Sales increased mainly in Europe due to the production volume increase.

### **Sales of Information & Safety Systems**

Sales increased due to the sales expansion of meter in North America and active safety products in Japan.



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

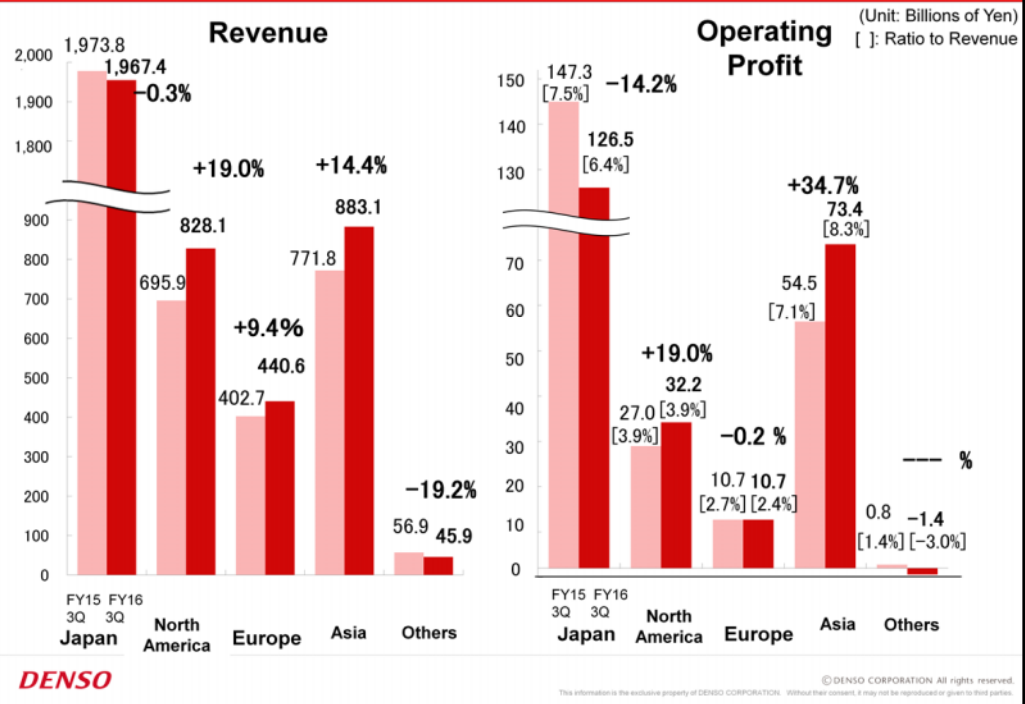
### **Negative factors**

- 1) Higher expense: An increase of 12.5 billion yen was mainly due to an increase in R&D expenses for future growth.
- 2) Higher depreciation cost: An increase of 12.5 billion yen was due to an increase in investment costs overseas for new products mainly in North America and Asia.
- 3) Higher labor cost: An increase of 11.5 billion yen was due to an increase of salaries in emerging countries.

### **Positive factors**

- 1) Production volume increase: An increase of 16.5 billion yen was due to production volume increase and sales expansion in North America, Europe and China.
- 2) Variable cost reduction: An increase of 14.5 billion yen was due to increased productivity and other efficiencies.
- 3) Depreciation of the yen: An increase of 27.5 billion yen was due to the impact of the weak yen, which is 15 yen lower against the US dollar.

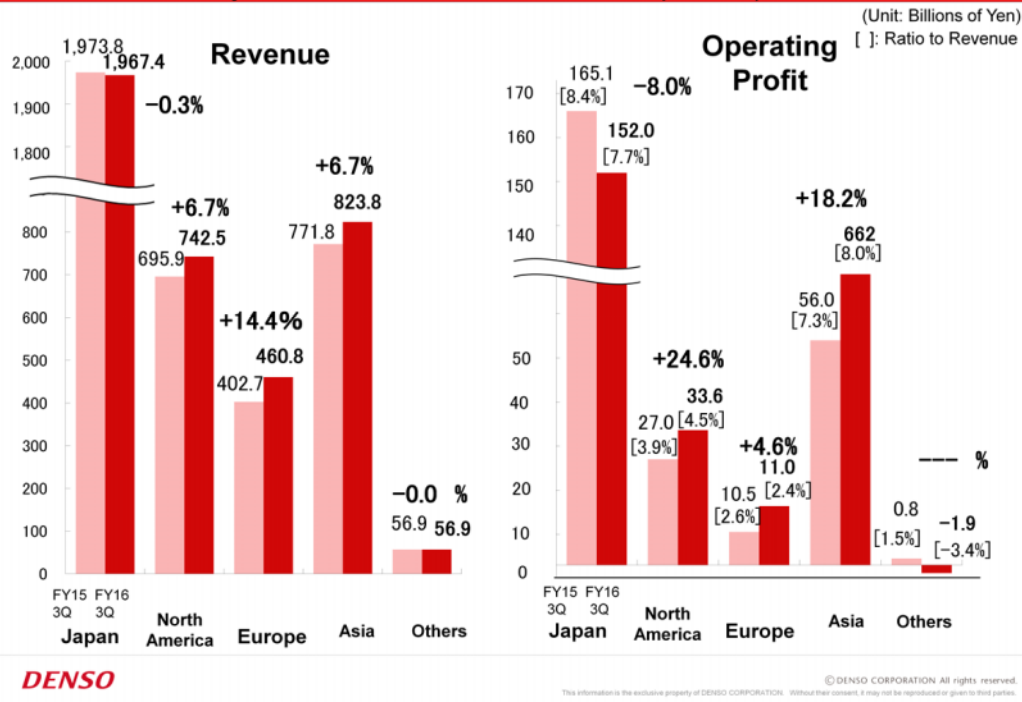
### 3rd Quarter Geographical Segments by Company Location



[Revenue and operating profit by operating region]

\* Based on Japanese yen

3rd Quarter Geographical Segments by Company Location  
(Local Currency Base ,excludes other income/expenses)



[Revenue and operating profit by operating region]

\* Excluding the effect of foreign exchange rates and other income / expenses.

**Japan**

- Revenue decreased by 0.3% from the previous year due to reduction of production mainly in compact cars.
- Operating profit diminished by 8.0% from the previous year due to the decrease in production volume and the increase in R&D expenses for future growth.

**Overseas**

- Revenue and profit increased in North America, Europe and Asia thanks to the increase in car production and sales expansion.



## FY2016 Financial Forecast

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	(Ratio to Revenue)				(Unit:Billions of Yen)	
	FY2016 2Q Original	FY2016 3Q Revised	FY2015	Change		
<b>Revenue</b>	4,520.0	4,480.0	4,309.8	+170.2	+3.9%	
<b>Operating Profit</b> (Excludes other income/ expenses)	(8.2%) 370.0	(8.0%) 360.0	(8.3%) 358.1	+1.9	+0.5%	
<b>Operating Profit</b>	(7.7%) 350.0	(7.4%) 332.0	(7.7%) 331.4	+0.6	+0.2%	
<b>Profit before Income Taxes</b>	(8.5%) 383.0	(8.3%) 370.0	(8.6%) 371.9	-1.9	-0.5%	
<b>Profit (※)</b>	(5.8%) 260.0	(5.5%) 248.0	(6.0%) 258.4	-10.4	-4.0%	

	(Unit:Millions of Units)						
	JPY	121/\$	JPY	120/\$	JPY	110/\$	
Foreign Exchange Rate	JPY	133/Euro	JPY	132/Euro	JPY	139/Euro	+10 JPY -7 JPY
Domestic Car Production		9.01		9.08		9.21	-0.13 -1.5%
Overseas Car Production of Japanese Manufacturers (North America)		18.37		18.56		18.34	+0.22 +1.2%
		(6.27)		(6.21)		(6.00)	(+0.21) (+3.4%)

※ Profit attributable to owners of the parent company

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### [Forecasts for consolidated full-year financial forecasts]

Considering the change in foreign exchange rate, we have decided to revise the original forecasts for the full-year financial results.

This forecast is based on the currency rate of 120 yen to the dollar and 132 yen to the euro.

We expect revenue to be 4,480.0 billion yen, decrease by 40.0 billion yen from the original forecast. The revenue increases by 170.2 billion yen, up 3.9% from the previous year.

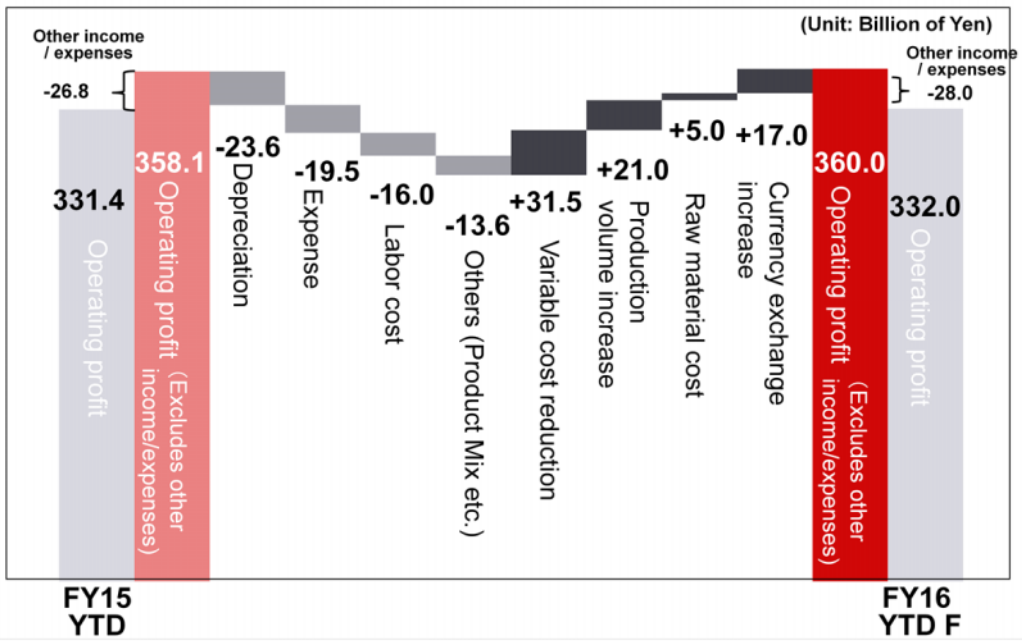
We expect operating profit (excludes other income/ expenses) to be 360.0 billion, decrease by 10.0 billion yen from the original forecast. The profit increases by 1.9 billion yen, up 0.5% from the previous year.

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## Appendix

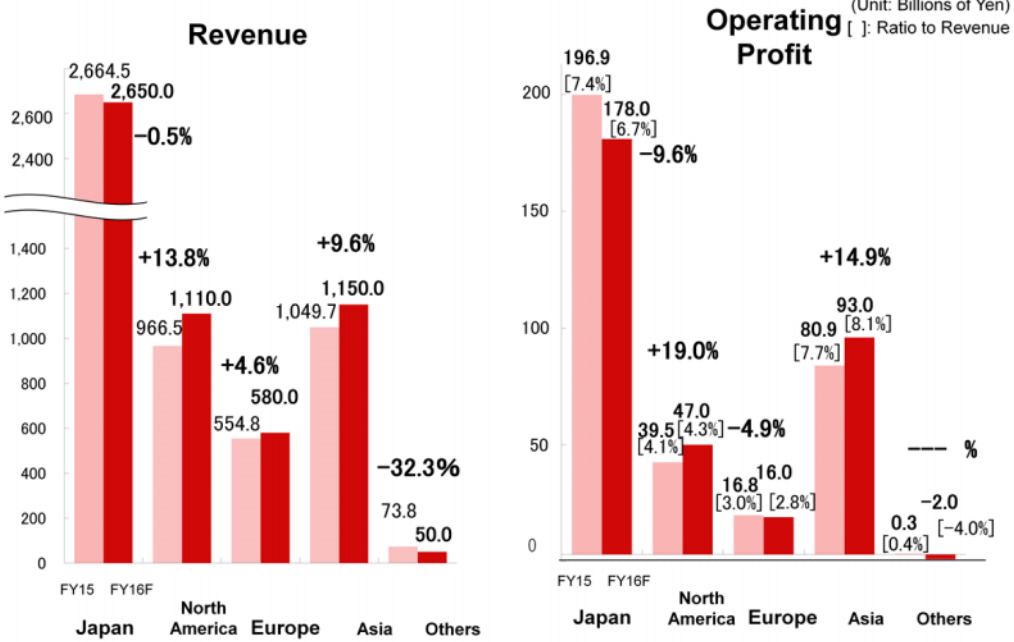
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- Capital Expenditures, Depreciation, and R&D Expenditures

# Change in FY2016 Operating Profit

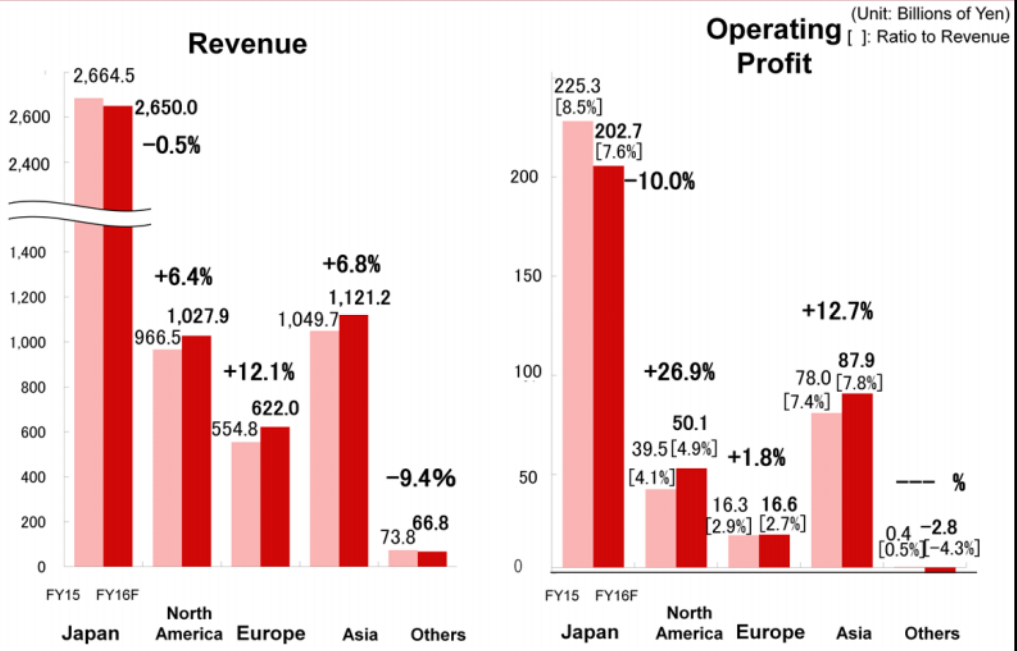


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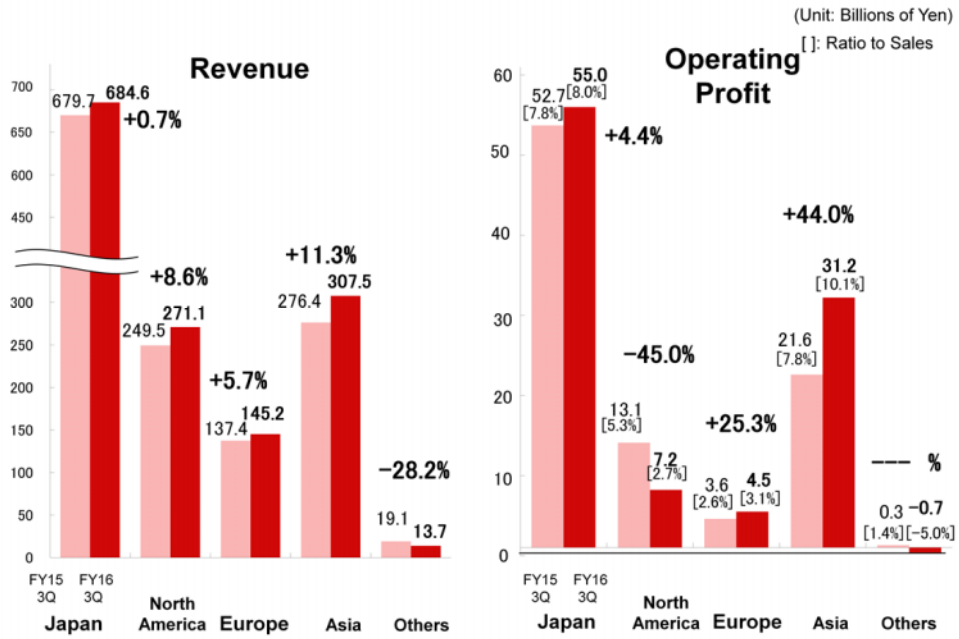
# Change in FY2016 Geographical Segments by Company Location Forecast



Change in FY2016 Geographical Segments by Company Location  
Forecast (Local Currency Base,excludes other income/expenses)

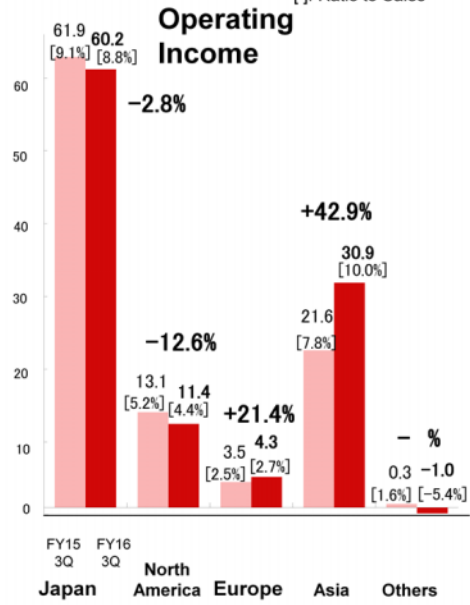
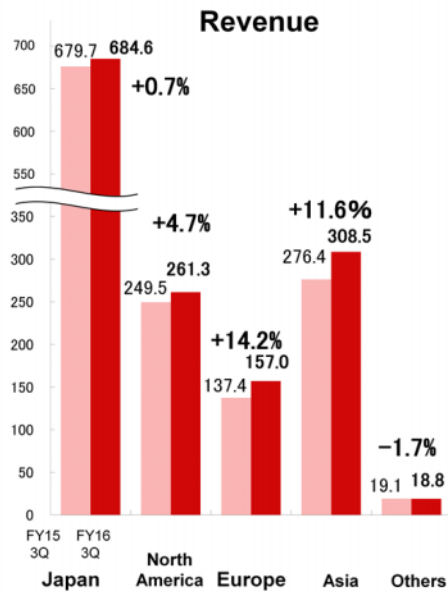


3<sup>rd</sup> Quarter(3months) Geographical Segments by Company Location



3<sup>rd</sup> Quarter (3months) Geographical Segments by Company  
 Location( Local Currency Base,excludes other income/expenses)

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





**Income Statements(Japanese accounting standards)**

(Ratio to Sales)

(Unit: Billions of Yen,%)

Account	FY2016 3Q		FY2015 3Q		Change	
					Amount	Percent
Net Sales	( 100.0 )	1,802.0	( 100.0 )	1,804.2	-2.2	-0.1
Operating Income	( 6.0 )	108.8	( 6.8 )	123.5	-14.7	-11.9
Income Before Income Taxes	( 9.0 )	161.3	( 9.9 )	179.0	-17.7	-9.9
Net Income	( 7.4 )	132.6	( 8.1 )	146.5	-13.9	-9.5

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

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		FY2016 First-Half			FY2016 Second-Half									FY2016 Full Year				
		Prior Year	Actual	Change	3Q			4Q			Prior Year	Forecast as of Oct.30	Forecast (Revised)	Change	Prior Year	Forecast as of Oct.30	Forecast (Revised)	Change
					Prior Year	Actual	Change	Prior Year	Revised Estimate	Change								
Foreign Exchange Rate (Yen)	USD	103	122	+ 18.8	115	122	+ 7.0	119	115	- 4.0	117	120	118	+ 1.4	110	121	120	+ 10.1
	EUR	139	135	- 3.8	143	133	- 10.1	134	125	- 9.0	139	130	129	- 9.7	139	133	132	- 6.8
Forex Impact on Operating Income per Yen (Billions of Yen)	USD													-	2.5	2.0	2.0	-0.5
	EUR														-	0.7	0.7	0.7
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.59	4.32	- 6%	2.25	2.29	+ 2%	2.41	2.47	+ 3%	4.63	4.69	4.76	+ 3%	9.21	9.01	9.08	- 1%
	North America	2.99	3.13	+ 5%	1.52	1.50	- 1%	1.60	1.58	- 1%	3.02	3.14	3.08	+ 2%	6.00	6.27	6.21	+ 3%
	Overseas	9.13	9.27	+ 1%	4.69	4.75	+ 1%	4.63	4.54	- 2%	9.21	9.10	9.29	+ 1%	18.34	18.37	18.56	+ 1%

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## Consolidated Revenue (By Customer)

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(Unit: Billions of Yen)

	FY2016 3Q		FY2015 3Q		Change	
	Amount	% to Total	Amount	% to Total	Amount	%
Toyota	1,420.0	42.1	1,365.6	43.2	54.4	4.0
Daihatsu	64.5	1.9	77.1	2.4	-12.6	-16.3
Hino	39.0	1.2	40.8	1.3	-1.8	-4.4
<b>Toyota Group</b>	<b>1,523.5</b>	<b>45.2</b>	<b>1,483.5</b>	<b>46.9</b>	<b>40.0</b>	<b>2.7</b>
Honda	268.1	8.0	229.5	7.3	38.7	16.9
FCA	167.0	5.0	153.4	4.8	13.6	8.9
Ford	115.0	3.4	73.5	2.3	41.5	56.4
Hyundai/Kia	114.2	3.4	103.0	3.3	11.1	10.8
GM	110.2	3.3	93.5	3.0	16.7	17.9
Mazda	85.1	2.5	75.2	2.4	9.9	13.1
Suzuki	77.5	2.3	78.6	2.5	-1.1	-1.4
VW/AUDI	61.1	1.8	62.9	2.0	-1.8	-2.8
Fuji	59.5	1.8	54.1	1.7	5.4	10.0
Nissan	54.7	1.6	38.5	1.2	16.1	41.9
Isuzu	38.1	1.1	38.1	1.2	0.0	-
Mitsubishi	35.3	1.0	36.4	1.1	-1.1	-3.0
BMW	34.4	1.0	30.3	1.0	4.2	13.7
Benz	27.5	0.8	25.6	0.8	1.9	7.4
PSA	19.6	0.6	14.2	0.4	5.3	37.4
Volvo	19.5	0.6	11.6	0.4	7.9	68.3
Jaguar/Land Rover	14.6	0.4	15.3	0.5	-0.7	-4.3
OE Sales for others	193.0	5.7	194.3	6.1	-1.4	-0.7
<b>OEM Total</b>	<b>3,017.7</b>	<b>89.5</b>	<b>2,811.5</b>	<b>88.9</b>	<b>206.2</b>	<b>7.3</b>
After-market, New business & Others(*)	353.2	10.5	350.2	11.1	3.0	0.9
<b>Total</b>	<b>3,370.9</b>	<b>100.0</b>	<b>3,161.7</b>	<b>100.0</b>	<b>209.2</b>	<b>6.6</b>

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

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## Consolidated Revenue (By Product)

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(Unit: Billions of Yen)

	FY2016 3Q		FY2015 3Q		Change	
	Amount	% to Total	Amount	% to Total	Amount	%
Powertrain Control	1,204.4	35.7	1,116.5	35.3	87.9	7.9
Thermal	968.1	28.7	907.8	28.7	60.3	6.6
Information & Safety Systems	503.1	14.9	455.7	14.4	47.4	10.4
Electronic	279.7	8.3	281.1	8.9	-1.4	-0.5
Small Motors	232.0	6.9	227.1	7.2	4.9	2.2
Climate, Cooling and Heating	92.7	2.8	76.3	2.4	16.4	21.5
Others(*2)	45.2	1.3	49.8	1.6	-4.5	-9.1
<b>Automotive Total</b>	<b>3,325.3</b>	<b>98.6</b>	<b>3,114.3</b>	<b>98.5</b>	<b>210.9</b>	<b>6.8</b>
Industrial & Consumer Product	43.8	1.3	44.6	1.4	-0.8	-1.8
Others	1.8	0.1	2.7	0.1	-0.9	-33.2
<b>New Business Total</b>	<b>45.6</b>	<b>1.4</b>	<b>47.4</b>	<b>1.5</b>	<b>-1.7</b>	<b>-3.6</b>
<b>Total</b>	<b>3,370.9</b>	<b>100.0</b>	<b>3,161.7</b>	<b>100.0</b>	<b>209.2</b>	<b>6.6</b>

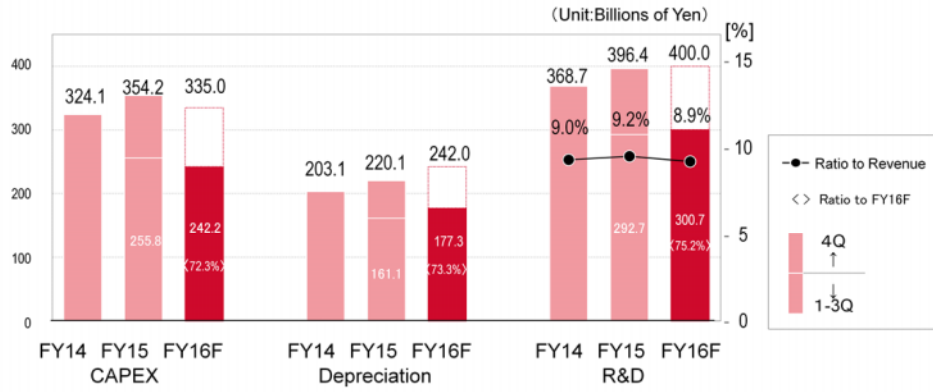
\* Revenue of equipment, Repair parts, original brand products of subsidiaries

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## Trend of Capital Expenditures, Depreciation and R&D Expenditures

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## Capital Expenditures, Depreciation and R&D Expenditures

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(Unit: Billions of Yen)

	FY15		FY16 Forecast		3Q YTD Change from PY	Progress to FY16 Forecast
	3Q		3Q			
Japan	131.4	189.0	135.3	183.0	3.0%	73.9%
North America	35.9	48.5	32.6	45.0	-9.2%	72.4%
Europe	21.5	29.2	20.9	28.0	-2.8%	74.6%
Asia	64.3	83.1	52.2	76.0	-18.8%	68.7%
Others	2.6	4.4	1.3	3.0	-50.0%	43.3%
Capital Exp.	255.8	354.2	242.2	335.0	-5.3%	72.3%
Japan	98.8	133.3	100.4	137.8	1.7%	72.9%
North America	16.5	23.4	21.1	29.0	27.8%	72.7%
Europe	12.7	17.0	14.2	18.5	11.6%	76.8%
Asia	30.3	42.8	39.1	53.0	29.1%	73.9%
Others	2.8	3.6	2.4	3.7	-12.6%	65.7%
Depreciation	161.1	220.1	177.3	242.0	10.1%	73.3%
R&D Expenditure (Ratio to Revenue)	292.7 (9.7%)	396.4 (9.2%)	300.7 (8.9%)	400.0 (8.9%)	2.7%	75.2%

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