



# FY2017 3<sup>rd</sup> Quarter Financial Results ended Dec 31, 2016

Feb 2, 2017  
DENSO CORPORATION



# Overview of FY2017 3<sup>rd</sup> Quarter Financial Results /

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1. Despite production volume increase and sales expansion, revenue decreased due to appreciation of the Yen.

Despite the appreciation of the Yen, operating profit increased due to the production volume, cost reduction efforts and improved other income /expenses.

2. Upward revision to the full-year forecast revenue and operating profit mainly due to the change in foreign exchange difference occurred in the Third-quarter of the fiscal year 2017.

# FY2017 3<sup>rd</sup> Quarter Financial Results

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|                                       | FY17 3Q |                | FY16 3Q |         | Change |        |
|---------------------------------------|---------|----------------|---------|---------|--------|--------|
| <b>Revenue</b>                        |         | <b>3,311.5</b> |         | 3,370.9 | -59.4  | -1.8%  |
| <b>Operating Profit</b>               | (7.3%)  | <b>242.4</b>   | (8.0%)  | 271.1   | -28.7  | -10.6% |
| Other income/<br>expenses             |         | <b>5.1</b>     |         | -28.0   | +33.1  |        |
| <b>Operating Profit</b>               | (7.5%)  | <b>247.5</b>   | (7.2%)  | 243.1   | +4.4   | +1.8%  |
| Finance income/<br>costs & others(*1) |         | <b>29.5</b>    |         | 31.5    | -2.0   |        |
| <b>Profit before<br/>Income Taxes</b> | (8.4%)  | <b>277.0</b>   | (8.1%)  | 274.7   | +2.4   | +0.9%  |
| <b>Profit (*2)</b>                    | (5.8%)  | <b>190.9</b>   | (5.7%)  | 191.3   | -0.4   | -0.2%  |

(Unit:Millions of Units)

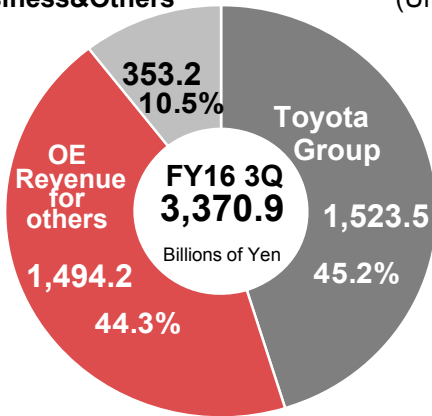
|              |   |     |          |     |          |         |         |
|--------------|---|-----|----------|-----|----------|---------|---------|
| Precondition | Foreign Exchange  | JPY | 107/\$   | JPY | 122/\$   | -15 JPY |         |
|              | Rate  | JPY | 118/Euro | JPY | 134/Euro | -16 JPY |         |
|              | Domestic Car<br>Production  |     | 6.63     |     | 6.60     | +0.02   | +0.4%   |
|              | Overseas Car Production of<br>Japanese Manufacturers<br>(North America) |     | 14.75    |     | 14.02    | +0.73   | +5.2%   |
|              |   |     | (4.73)   |     | (4.63)   | (+0.10) | (+2.1%) |

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

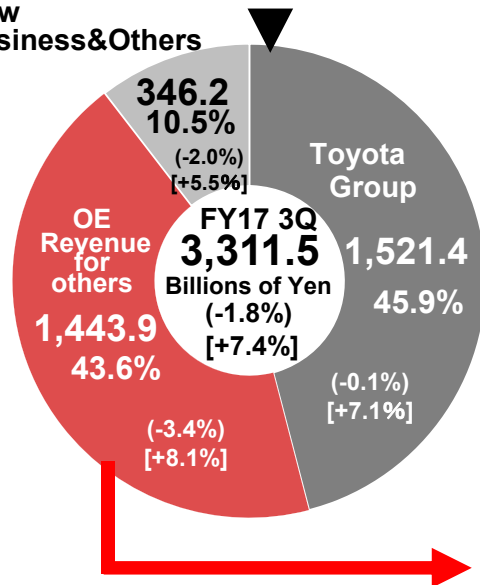
2 Profit attributable to owners of the parent company

# FY2017 3<sup>rd</sup> Quarter Consolidated Revenue ( By Customer )

After-market,  
New  
business&Others

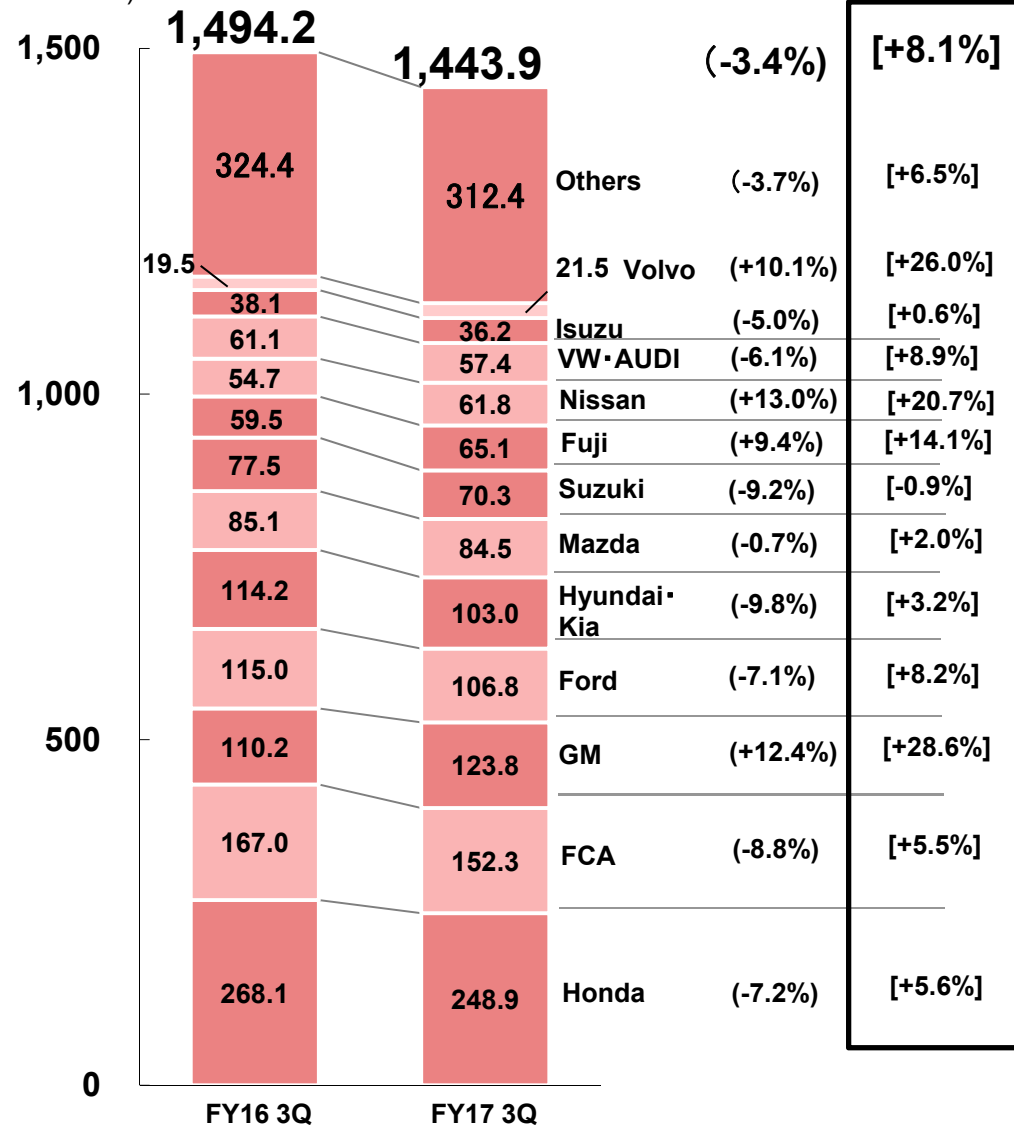


After-market,  
New  
business&Others



## OE Revenue for others

( ): Change from FY16 3Q  
[ ]: Change from FY16 3Q excludes FX difference

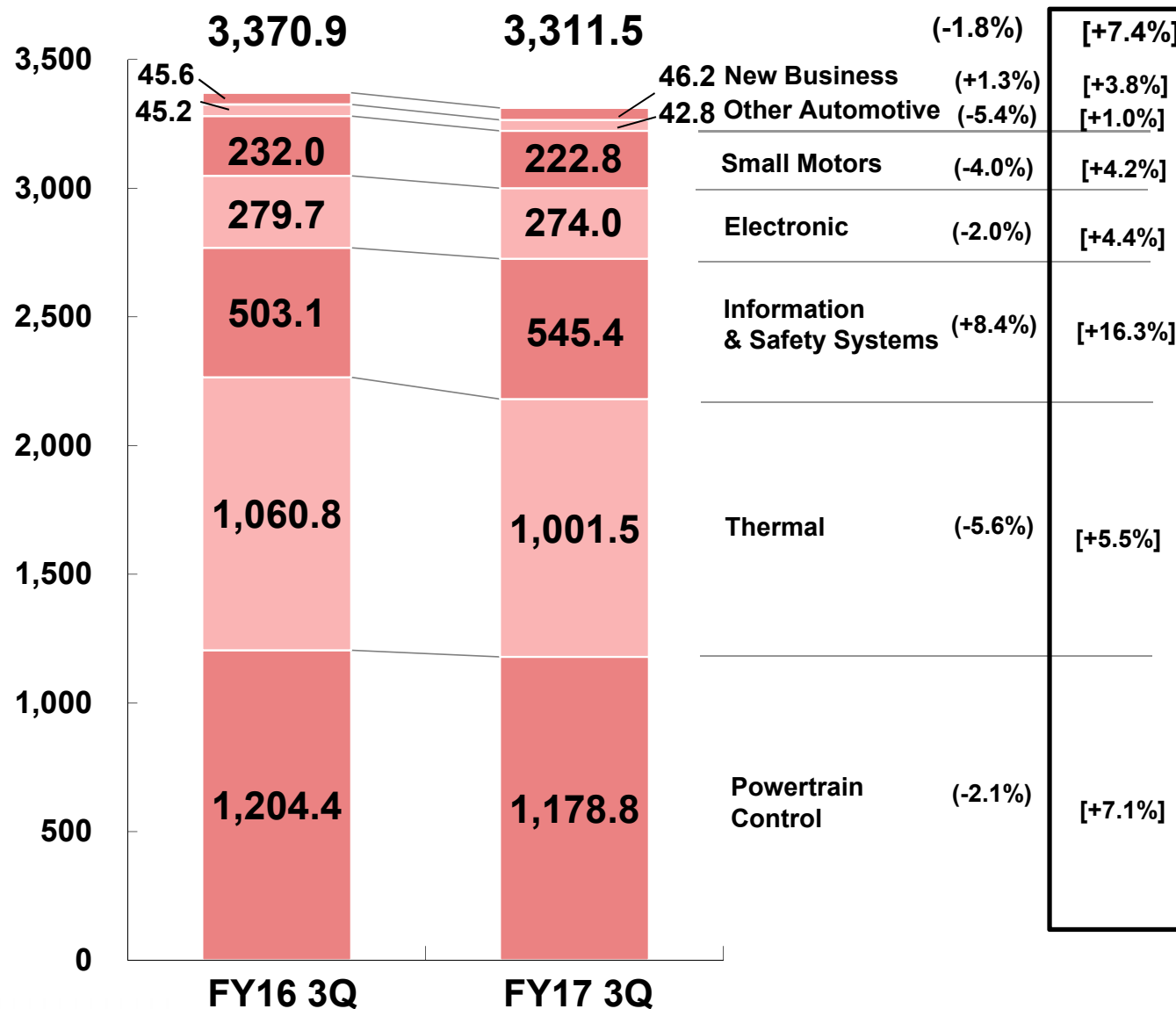


# FY2017 3<sup>rd</sup> Quarter Consolidated Revenue ( By Product)

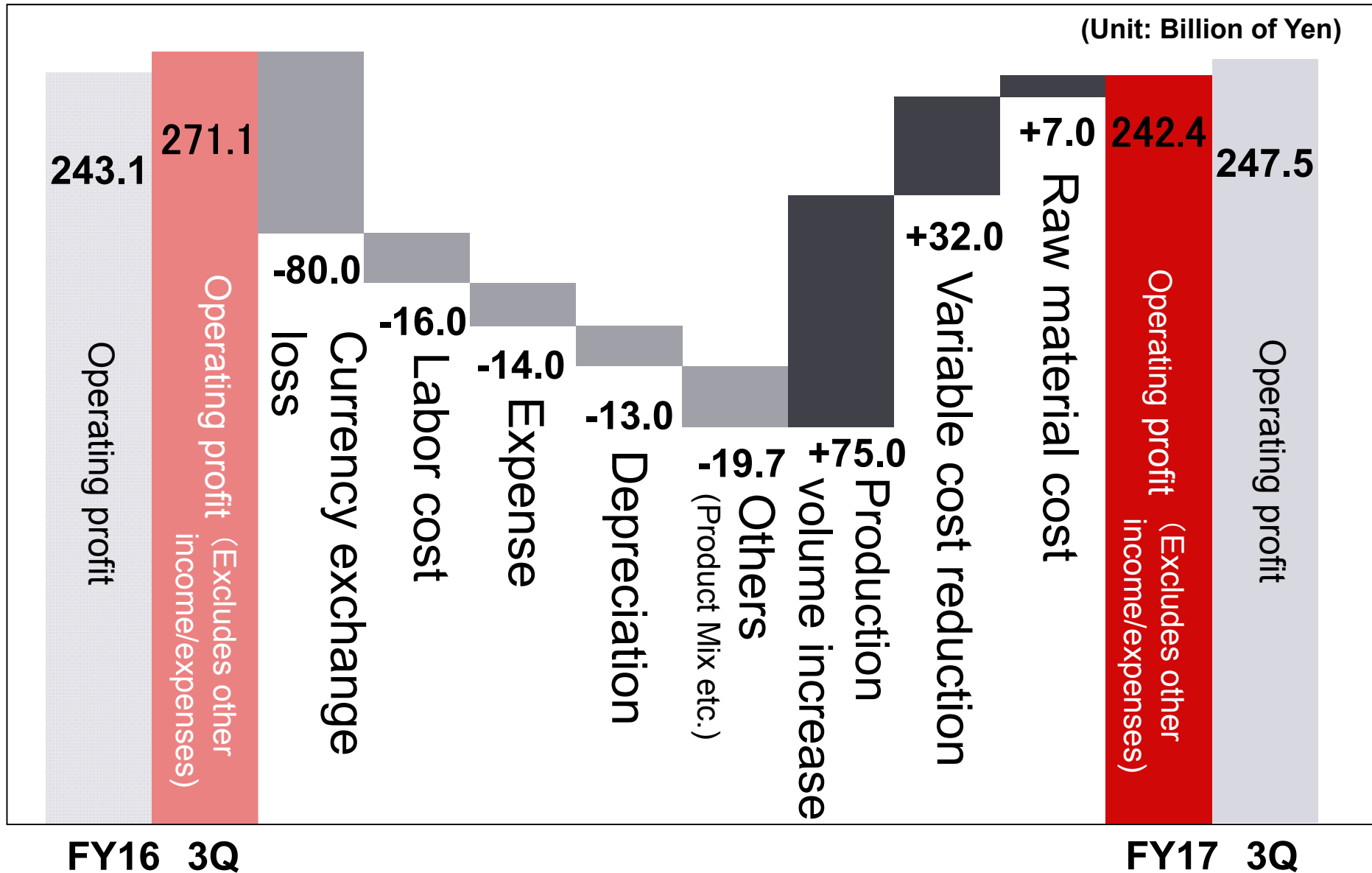
(Unit: Billions of Yen)

( ):Change from FY16 3Q

[ ]:Change from FY16 3Q excludes FX difference

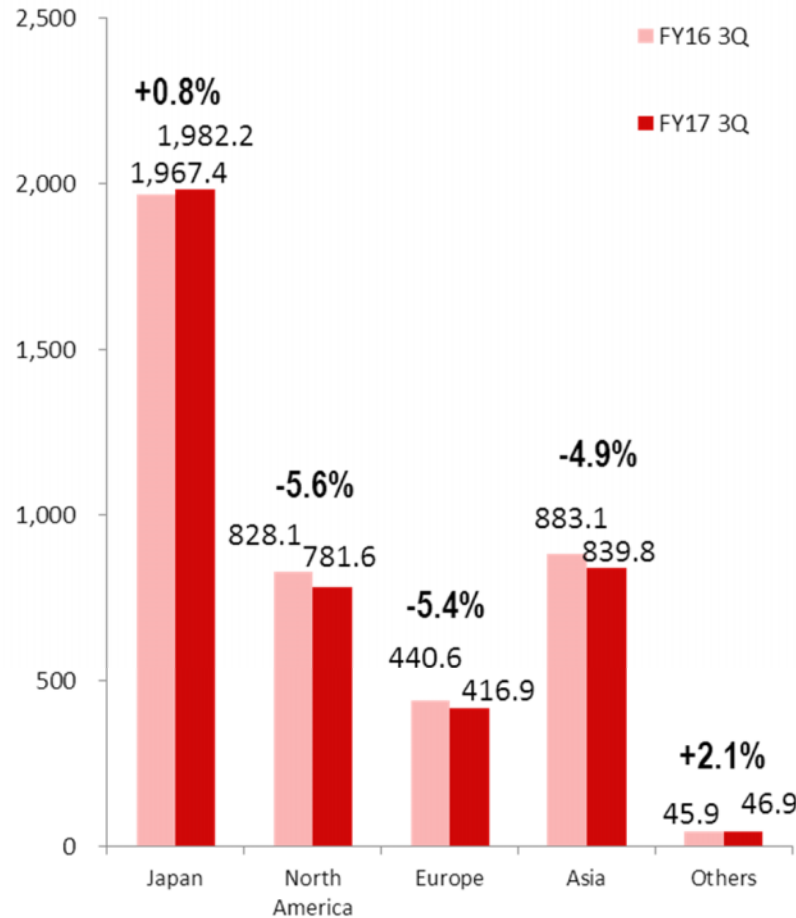


# Change in 3<sup>rd</sup> Quarter Operating Profit



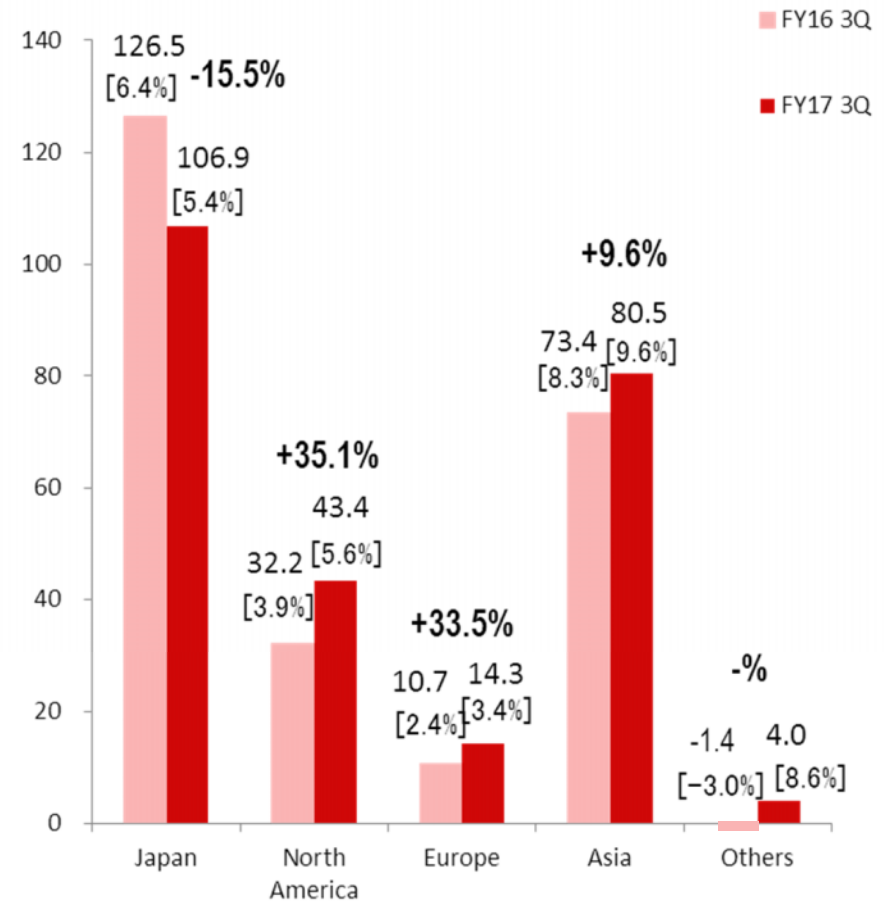
# 3<sup>rd</sup> Quarter Geographical Segments by Company Location

## Revenue



## Operating Profit

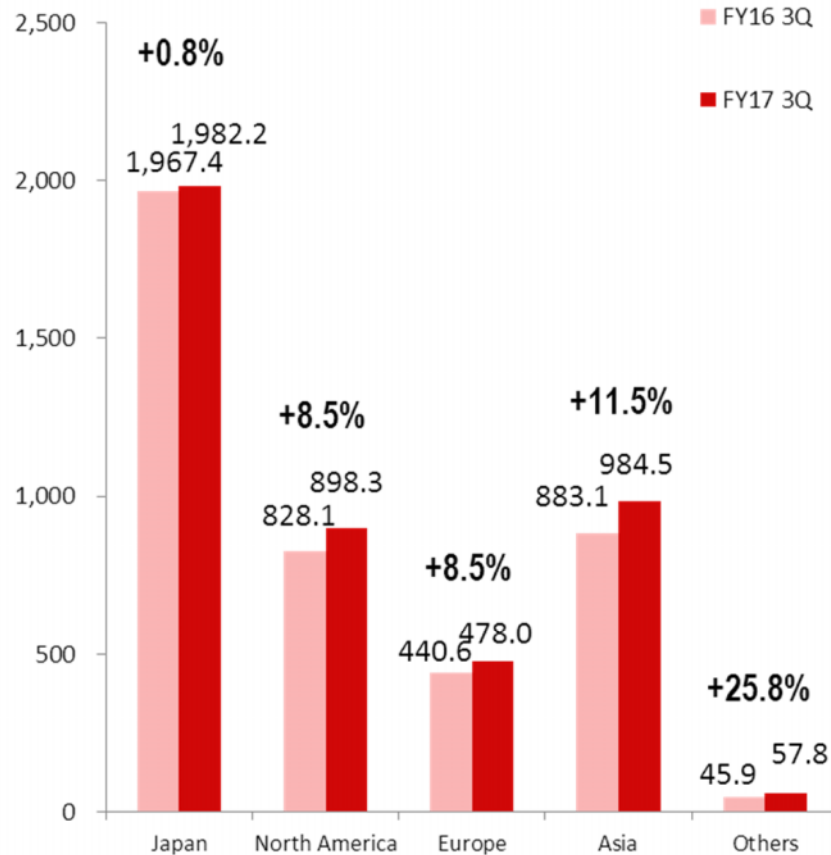
(Unit: Billions of Yen)  
[ ]: Ratio to Revenue



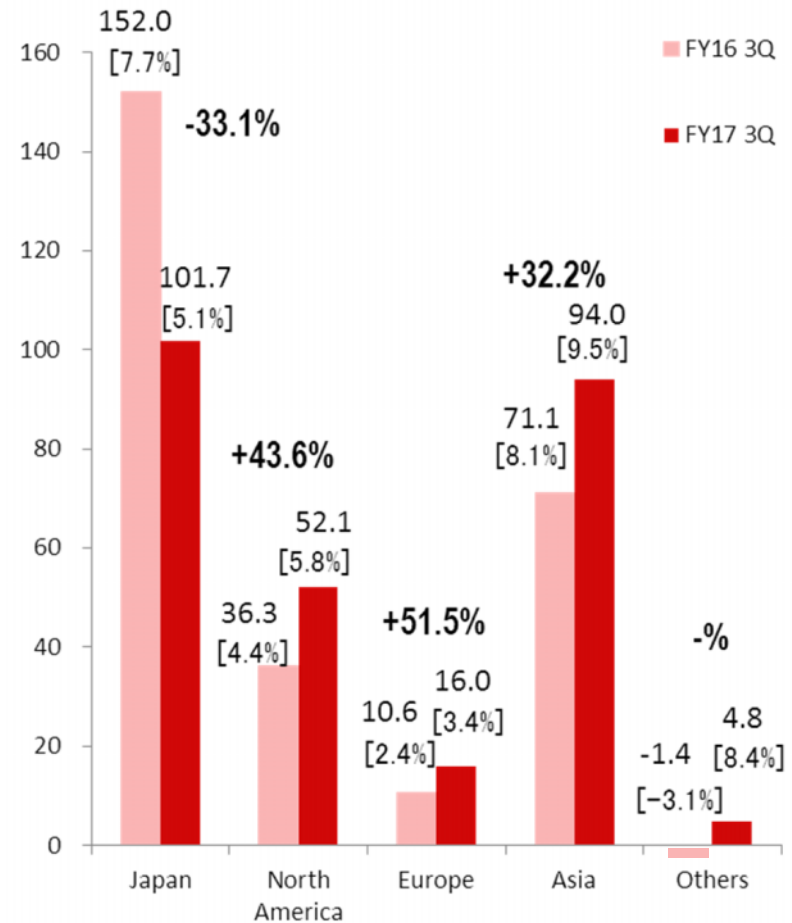
# 3<sup>rd</sup> Quarter Geographical Segments by Company Location (Local Currency Base ,excludes other income/expenses)

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

## Revenue



## Operating Profit





# FY2017 Financial Forecast

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(Ratio to Revenue)

(Unit: Billions of Yen)

|  | As of<br>September 2016                    | FY17<br>Revised     |                 | Change from september |                  | FY16                |
|--|--|---------------------|-----------------|-----------------------|------------------|---------------------|
|  |  |                     |                 | Amount                | Ratio            |                     |
| <b>Revenue</b>   | 4,380.0                                    | <b>4,440.0</b>      |                 | 60.0                  | +1.4%            | 4,524.5             |
| <b>Operating Profit</b><br>( Excludes other income/<br>Other income/ expenses) | (6.5%) 286.0                               | <b>(6.6%) 294.0</b> |                 | 8.0                   | +2.8%            | <b>(8.1%) 365.2</b> |
| <b>Operating Profit</b><br>Finance income/<br>costs & others(※1)               | (6.6%) 290.0                               | <b>(6.7%) 298.0</b> |                 | 8.0                   | +2.8%            | <b>(7.0%) 315.7</b> |
| <b>Profit before</b>   | (7.1%) 310.0                               | <b>(7.3%) 323.0</b> |                 | 13.0                  | +4.2%            | <b>(7.7%) 347.3</b> |
| <b>Profit</b> ( 2)   | (4.7%) 204.0                               | <b>(4.8%) 214.0</b> |                 | 10.0                  | +4.9%            | <b>(5.4%) 244.3</b> |
| (Unit: Millions of Units)  |  |                     |                 |                       |                  |                     |
| Precondition   | Foreign Exchange Rate                      | JPY 105/\$          | JPY 106/\$      | +1 JPY                |                  | JPY 120/\$          |
|  |  | JPY 117/Euro        | JPY 117/Euro    | -                     |                  | JPY 133/Euro        |
|  | Domestic Car Production                    | 8.94                | 9.12            | +0.18                 | +2.0%            | 8.93                |
|  | Overseas Car Production of (North America) | 19.52<br>(6.45)     | 19.67<br>(6.42) | +0.15<br>(-0.03)      | +0.8%<br>(-0.5%) | 18.75<br>(6.26)     |

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

***DENSO***

Crafting the Core

- Non-Consolidated Financial Results
- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Revenue by Customer
- Consolidated Revenue by Product
- Trend of Capital Expenditures, Depreciation and R&D Expenditures
- Capital Expenditures, Depreciation, and R&D Expenditures

## Income Statements(Japanese accounting standards)

(Ratio to Sales)

(Unit: Billions of Yen,%)

| Account                       | FY17 3Q   |         | FY16 3Q   |         | Change |       |
|-------------------------------|-----------|---------|-----------|---------|--------|-------|
|                               | Ratio     | Amount  | Ratio     | Amount  | Amount | %     |
| Net Sales                     | ( 100.0 ) | 1,825.7 | ( 100.0 ) | 1,802.0 | 23.7   | 1.3   |
| Operating Income              | ( 2.4 )   | 44.2    | ( 6.0 )   | 108.8   | -64.7  | -59.4 |
| Income Before<br>Income Taxes | ( 7.0 )   | 127.9   | ( 9.0 )   | 161.3   | -33.4  | -20.7 |
| Net Income                    | ( 5.9 )   | 107.6   | ( 7.4 )   | 132.6   | -25.0  | -18.9 |

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

|  |               | FY2017 Full Year  |        |        |                    |        |        |            |                  |        |            |                       |                    |        |            |                       |                    |        |
|--|---------------|-------------------|--------|--------|--------------------|--------|--------|------------|------------------|--------|------------|-----------------------|--------------------|--------|------------|-----------------------|--------------------|--------|
|  |               | FY2017 First-Half |        |        | FY2017 Second-Half |        |        |            |                  |        |            |                       |                    |        |            |                       |                    |        |
|  |               |                   |        |        | 3Q                 |        |        | 4Q         |                  |        |            |                       |                    |        |            |                       |                    |        |
|  |               | Prior Year        | Actual | Change | Prior Year         | Actual | Change | Prior Year | Revised Estimate | Change | Prior Year | Forecast as of Oct.28 | Forecast (Revised) | Change | Prior Year | Forecast as of Oct.28 | Forecast (Revised) | Change |
| Foreign Exchange Rate (Yen)                                  | USD           | 122               | 105    | -17    | 122                | 109    | - 13   | 115        | 105              | - 10   | 118        | 105                   | 107                | -11    | 120        | 105                   | 106                | -14    |
|  | EUR           | 135               | 118    | -17    | 133                | 118    | - 15   | 127        | 115              | - 12   | 130        | 115                   | 116                | -14    | 133        | 117                   | 117                | -16    |
| Forex Impact on Operating Income per Yen (Billions of Yen)   | USD           |                   |        |        |                    |        |        |            |                  |        |            | -                     | -                  | 2.0    | 2.5        | 2.5                   | 0.5                |        |
|  | EUR           |                   |        |        |                    |        |        |            |                  |        |            | -                     | -                  | 0.7    | 1.0        | 1.0                   | 0.3                |        |
| Car Production of Japanese Manufacturers (Millions of Units) | Domestic      | 4.32              | 4.30   | - 0%   | 2.29               | 2.33   | + 2%   | 2.33       | 2.50             | + 7%   | 4.61       | 4.65                  | 4.82               | + 5%   | 8.93       | 8.94                  | 9.12               | + 2%   |
|  | North America | 3.13              | 3.18   | + 2%   | 1.50               | 1.55   | + 3%   | 1.62       | 1.69             | + 4%   | 3.13       | 3.27                  | 3.24               | + 4%   | 6.26       | 6.45                  | 6.42               | + 3%   |
|  | Overseas      | 9.27              | 9.68   | + 4%   | 4.75               | 5.07   | + 7%   | 4.73       | 4.92             | + 4%   | 9.48       | 9.83                  | 9.99               | + 5%   | 18.75      | 19.52                 | 19.67              | + 5%   |

# Consolidated Revenue (By Customer)

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(Unit: Billions of Yen, %)

|   | FY2017<br>Ended Dec. 31, 2016 |              | FY2016<br>Ended Dec. 31, 2016 |              | Change       |             | Change excludes<br>FX difference |
|---|-------------------------------|--------------|-------------------------------|--------------|--------------|-------------|----------------------------------|
|   | Amount                        | % to Total   | Amount                        | % to Total   | Amount       | %           | %                                |
| Toyota  | 1,415.0                       | 42.7         | 1,420.0                       | 42.1         | -5.0         | -0.4        | 7.1                              |
| Daihatsu  | 67.9                          | 2.0          | 64.5                          | 1.9          | 3.4          | 5.3         | 10.7                             |
| Hino  | 38.5                          | 1.2          | 39.0                          | 1.2          | -0.5         | -1.2        | -0.7                             |
| <b>Toyota Group</b>                                   | <b>1,521.4</b>                | <b>45.9</b>  | <b>1,523.5</b>                | <b>45.2</b>  | <b>-2.1</b>  | <b>-0.1</b> | <b>7.1</b>                       |
| Honda   | 248.9                         | 7.5          | 268.1                         | 8.0          | -19.2        | -7.2        | 5.6                              |
| FCA   | 152.3                         | 4.6          | 167.0                         | 5.0          | -14.7        | -8.8        | 5.5                              |
| GM  | 123.8                         | 3.7          | 110.2                         | 3.3          | 13.7         | 12.4        | 28.6                             |
| Ford  | 106.8                         | 3.2          | 115.0                         | 3.4          | -8.2         | -7.1        | 8.2                              |
| Hyundai/Kia   | 103.0                         | 3.1          | 114.2                         | 3.4          | -11.2        | -9.8        | 3.2                              |
| Mazda   | 84.5                          | 2.6          | 85.1                          | 2.5          | -0.6         | -0.7        | 2.0                              |
| Suzuki  | 70.3                          | 2.1          | 77.5                          | 2.3          | -7.1         | -9.2        | -0.9                             |
| Fuji  | 65.1                          | 2.0          | 59.5                          | 1.8          | 5.6          | 9.4         | 14.1                             |
| Nissan  | 61.8                          | 1.9          | 54.7                          | 1.6          | 7.1          | 13.0        | 20.7                             |
| VW/AUDI   | 57.4                          | 1.7          | 61.1                          | 1.8          | -3.8         | -6.1        | 8.9                              |
| Isuzu   | 36.2                          | 1.1          | 38.1                          | 1.1          | -1.9         | -5.0        | 0.6                              |
| Mitsubishi  | 32.3                          | 1.0          | 35.3                          | 1.0          | -3.0         | -8.5        | -0.3                             |
| BMW   | 32.2                          | 1.0          | 34.4                          | 1.0          | -2.2         | -6.4        | 6.6                              |
| Benz  | 24.9                          | 0.8          | 27.5                          | 0.8          | -2.6         | -9.5        | 3.2                              |
| Volvo   | 21.5                          | 0.6          | 19.5                          | 0.6          | 2.0          | 10.1        | 26.0                             |
| PSA   | 17.6                          | 0.5          | 19.6                          | 0.6          | -2.0         | -10.2       | 2.6                              |
| Jaguar/Land Rover                                     | 10.3                          | 0.3          | 14.6                          | 0.4          | -4.3         | -29.5       | -22.6                            |
| OE Sales for others                                   | 195.1                         | 5.9          | 193.0                         | 5.7          | 2.1          | 1.1         | 10.8                             |
| <b>OEM Total</b>                                      | <b>2,965.3</b>                | <b>89.5</b>  | <b>3,017.7</b>                | <b>89.5</b>  | <b>-52.4</b> | <b>-1.7</b> | <b>7.6</b>                       |
| <b>After-market,<br/>New business &amp; Others(*)</b> | <b>346.2</b>                  | <b>10.5</b>  | <b>353.2</b>                  | <b>10.5</b>  | <b>-7.0</b>  | <b>-2.0</b> | <b>5.5</b>                       |
| <b>Total</b>  | <b>3,311.5</b>                | <b>100.0</b> | <b>3,370.9</b>                | <b>100.0</b> | <b>-59.4</b> | <b>-1.8</b> | <b>7.4</b>                       |

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

# Consolidated Revenue (By Product)

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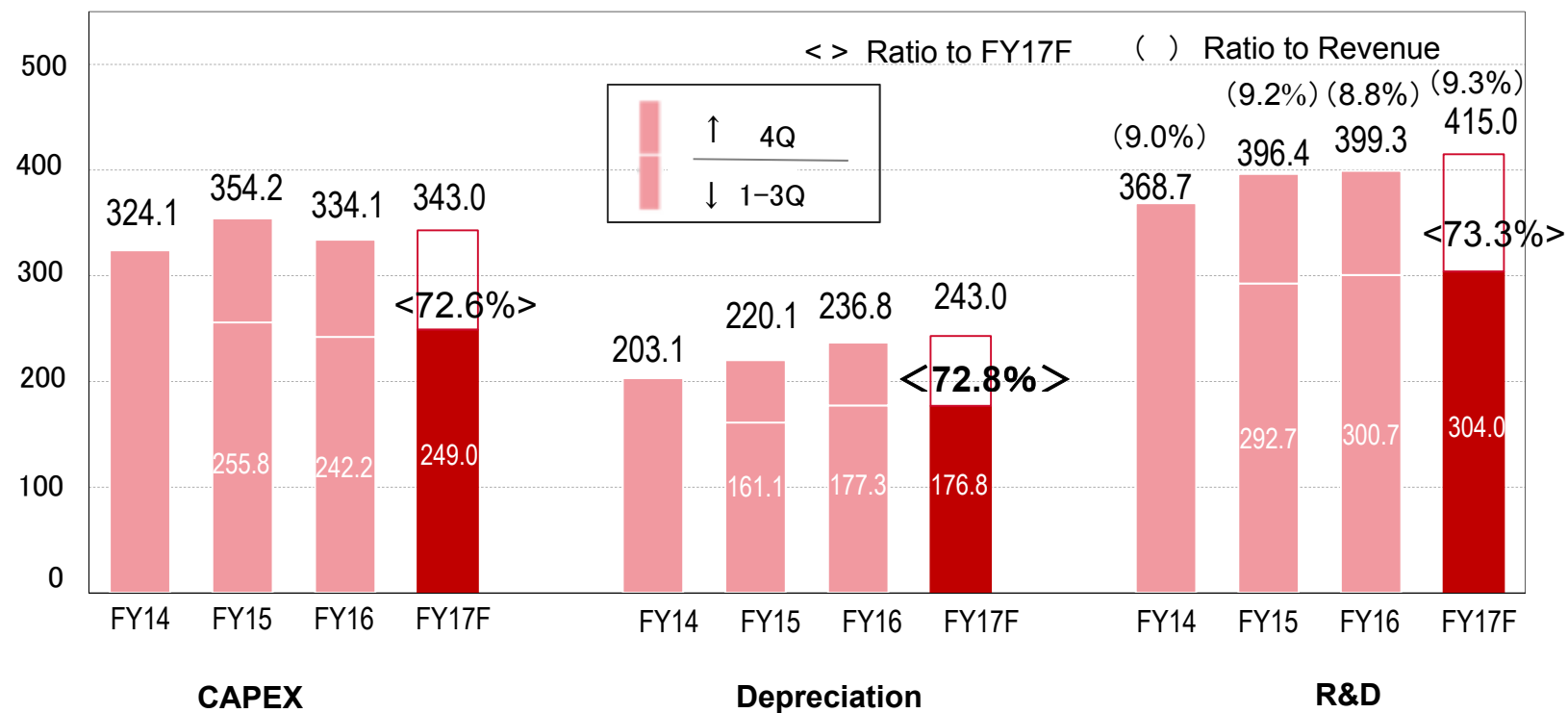
(Unit: Billions of Yen,%)

|                              | FY2017<br>Ended Dec. 31, 2016 |              | FY2016<br>Ended Dec. 31, 2015 |              | Change       |             | Change excludes<br>FX difference |
|------------------------------|-------------------------------|--------------|-------------------------------|--------------|--------------|-------------|----------------------------------|
|                              | Amount                        | % to Total   | Amount                        | % to Total   | Amount       | %           | %                                |
| Powertrain Control           | 1,178.8                       | 35.6         | 1,204.4                       | 35.7         | -25.6        | -2.1        | 7.1                              |
| Thermal                      | 1,001.5                       | 30.2         | 1,060.8                       | 31.5         | -59.3        | -5.6        | 5.5                              |
| Information & Safety Systems | 545.4                         | 16.5         | 503.1                         | 14.9         | 42.3         | 8.4         | 16.3                             |
| Electronic                   | 274.0                         | 8.3          | 279.7                         | 8.3          | -5.7         | -2.0        | 4.4                              |
| Small Motors                 | 222.8                         | 6.7          | 232.0                         | 6.9          | -9.2         | -4.0        | 4.2                              |
| Others(*)                    | 42.8                          | 1.3          | 45.2                          | 1.3          | -2.4         | -5.4        | 1.0                              |
| <b>Automotive Total</b>      | <b>3,265.3</b>                | <b>98.6</b>  | <b>3,325.3</b>                | <b>98.6</b>  | <b>-60.0</b> | <b>-1.8</b> | <b>7.5</b>                       |
| <b>New Business Total</b>    | <b>46.2</b>                   | <b>1.4</b>   | <b>45.6</b>                   | <b>1.4</b>   | <b>0.6</b>   | <b>1.3</b>  | <b>3.8</b>                       |
| <b>Total</b>                 | <b>3,311.5</b>                | <b>100.0</b> | <b>3,370.9</b>                | <b>100.0</b> | <b>-59.4</b> | <b>-1.8</b> | <b>7.4</b>                       |

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

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

[Bil. Yen]





# Capital Expenditures, Depreciation and R&D Expenditures

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(Unit: Billions of Yen)

|                                       | FY16            |                 | FY17 Forecast   |                 | 3Q YTD Change from PY | Progress to FY17 Forecast |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|---------------------------|
|                                       | 3Q              |                 | 3Q              |                 |                       |                           |
| Japan                                 | 135.3           | 191.0           | 159.4           | 210.5           | 17.8%                 | 75.7%                     |
| North America                         | 32.6            | 45.6            | 38.8            | 62.5            | 19.0%                 | 62.1%                     |
| Europe                                | 20.9            | 30.9            | 16.8            | 24.0            | -19.6%                | 70.0%                     |
| Asia                                  | 52.2            | 64.9            | 32.4            | 44.0            | -37.9%                | 73.6%                     |
| Others                                | 1.3             | 1.7             | 1.5             | 2.0             | 15.4%                 | 75.0%                     |
| Capital Exp.                          | 242.2           | 334.1           | 249.0           | 343.0           | 2.8%                  | 72.6%                     |
| Japan                                 | 100.4           | 134.6           | 103.6           | 142.6           | 3.2%                  | 72.7%                     |
| North America                         | 21.1            | 28.0            | 19.4            | 29.9            | -8.1%                 | 64.9%                     |
| Europe                                | 14.2            | 19.1            | 13.7            | 18.1            | -3.5%                 | 75.7%                     |
| Asia                                  | 39.1            | 52.0            | 38.0            | 49.6            | -2.8%                 | 76.6%                     |
| Others                                | 2.4             | 3.1             | 2.1             | 2.8             | -12.5%                | 75.0%                     |
| Depreciation                          | 177.3           | 236.8           | 176.8           | 243.0           | -0.3%                 | 72.8%                     |
| R&D Expenditure<br>(Ratio to Revenue) | 300.7<br>(8.9%) | 399.3<br>(8.8%) | 304.0<br>(9.2%) | 415.0<br>(9.3%) | 1.1%                  | 73.3%                     |