

DENSO

Crafting the Core

**FY2018 3rd Quarter
Financial Results ended
Dec 31, 2017**

Feb. 2, 2018

DENSO CORPORATION



Overview of FY2018 3rd Quarter Financial Results

- 1 . Revenue increased due to an increase in vehicle production, as well as sales expansion. Operating profit also saw an increase due to the production volume increase and company cost reduction efforts.
- 2 . Full-year financial result forecasts has been revised up after considering the latest movement in the foreign exchange markets.

FY2018 3rd Quarter Financial Results

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		(Ratio to Revenue)		(Unit: Billions of Yen, %)	
		FY18 3Q	FY17 3Q	Change	
Revenue		3,699.1	3,311.5	+387.5	+11.7%
Operating Profit (Excludes other income/ expenses)		303.3	242.4	+60.9	+25.1%
Other income/ expenses		11.3	5.1	+6.2	
Operating Profit		314.6	247.5	+67.1	+27.1%
Finance income/ costs & others(*1)		39.0	29.5	+9.5	
Profit before Income Taxes		353.6	277.0	+76.6	+27.7%
Profit (*2)		251.3	190.9	+60.4	+31.6%
				(Unit: Millions of Units)	
Precondition	Foreign Exchange Rate	JPY 112/\$	JPY 107/\$	+5 JPY	
		JPY 129/Euro	JPY 118/Euro	+11 JPY	
	Domestic Car Production	6.91	6.63	+0.28	+4.3%
	Overseas Car Production of Japanese (North America)	15.10	14.74	+0.36	+2.5%
		(4.45)	(4.72)	(-0.27)	(-5.7%)

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

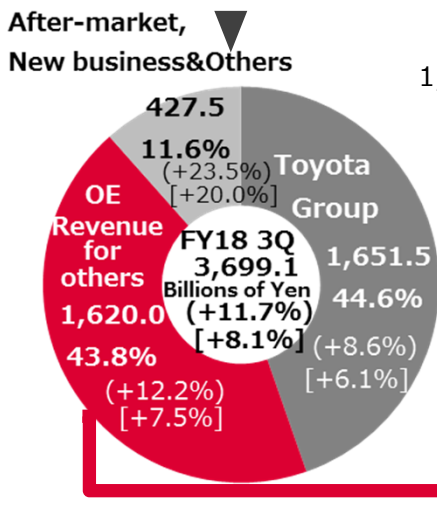
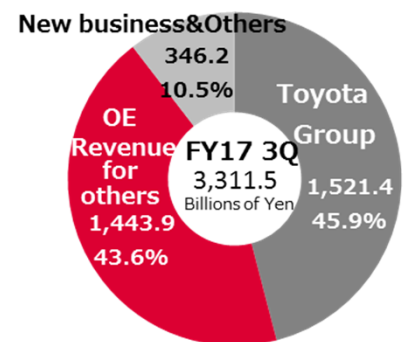
※2 Profit attributable to owners of the parent company

FY2018 3rd Quarter Consolidated Revenue (By Customer)

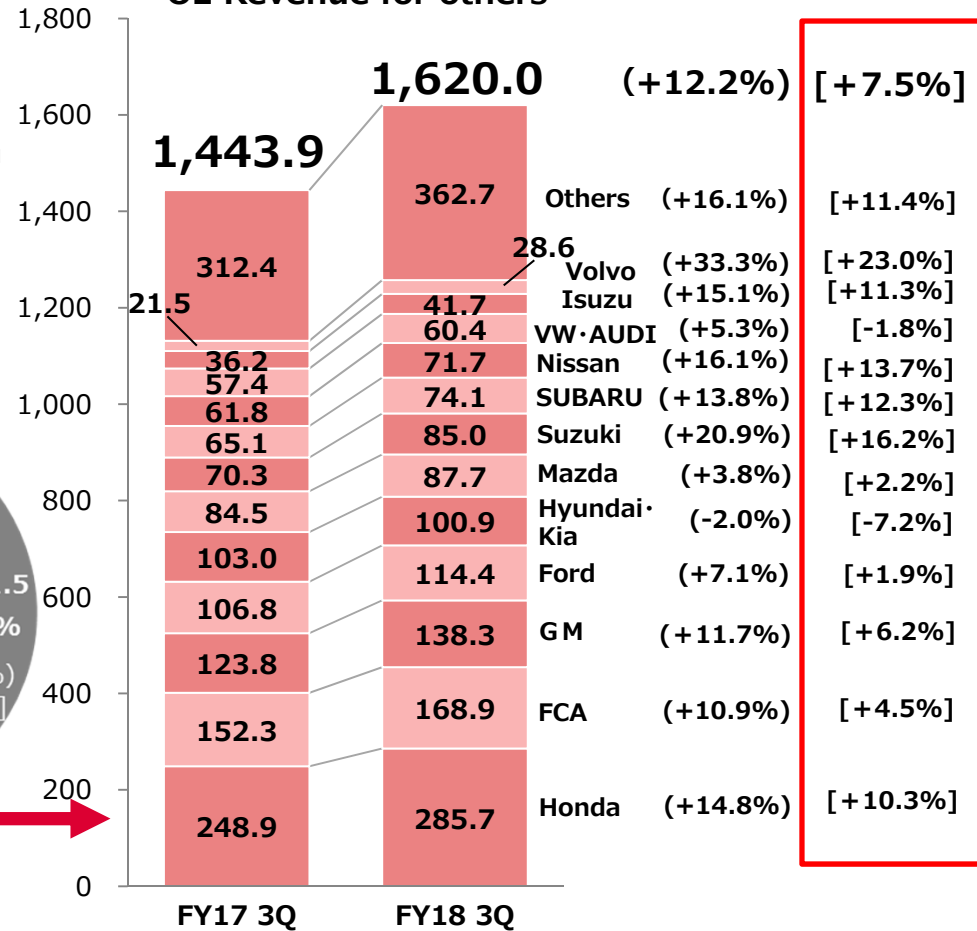
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(): Change from FY17 3Q
 []: Change from FY17 3Q
 excludes FX difference

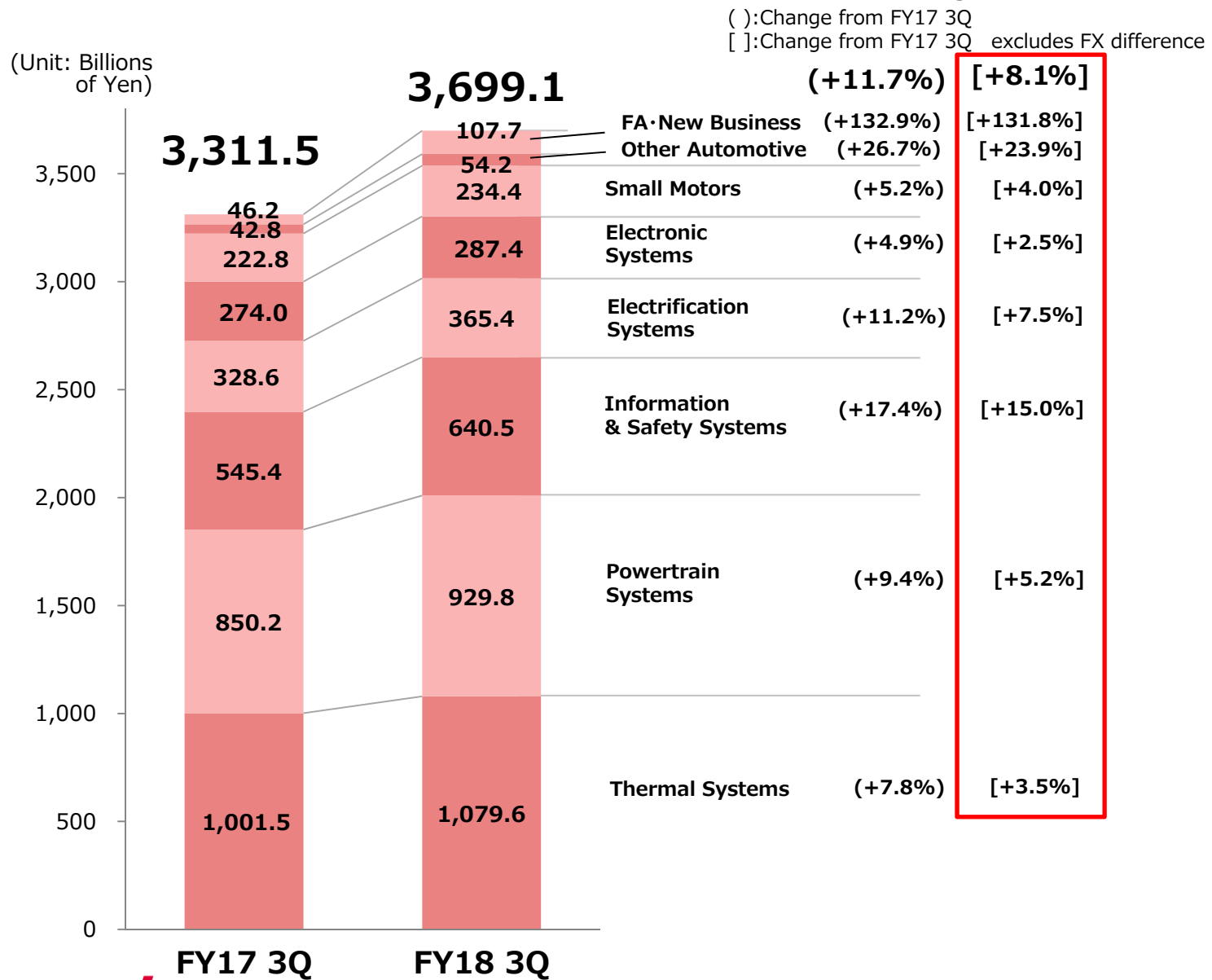
(Unit: Billions of Yen)



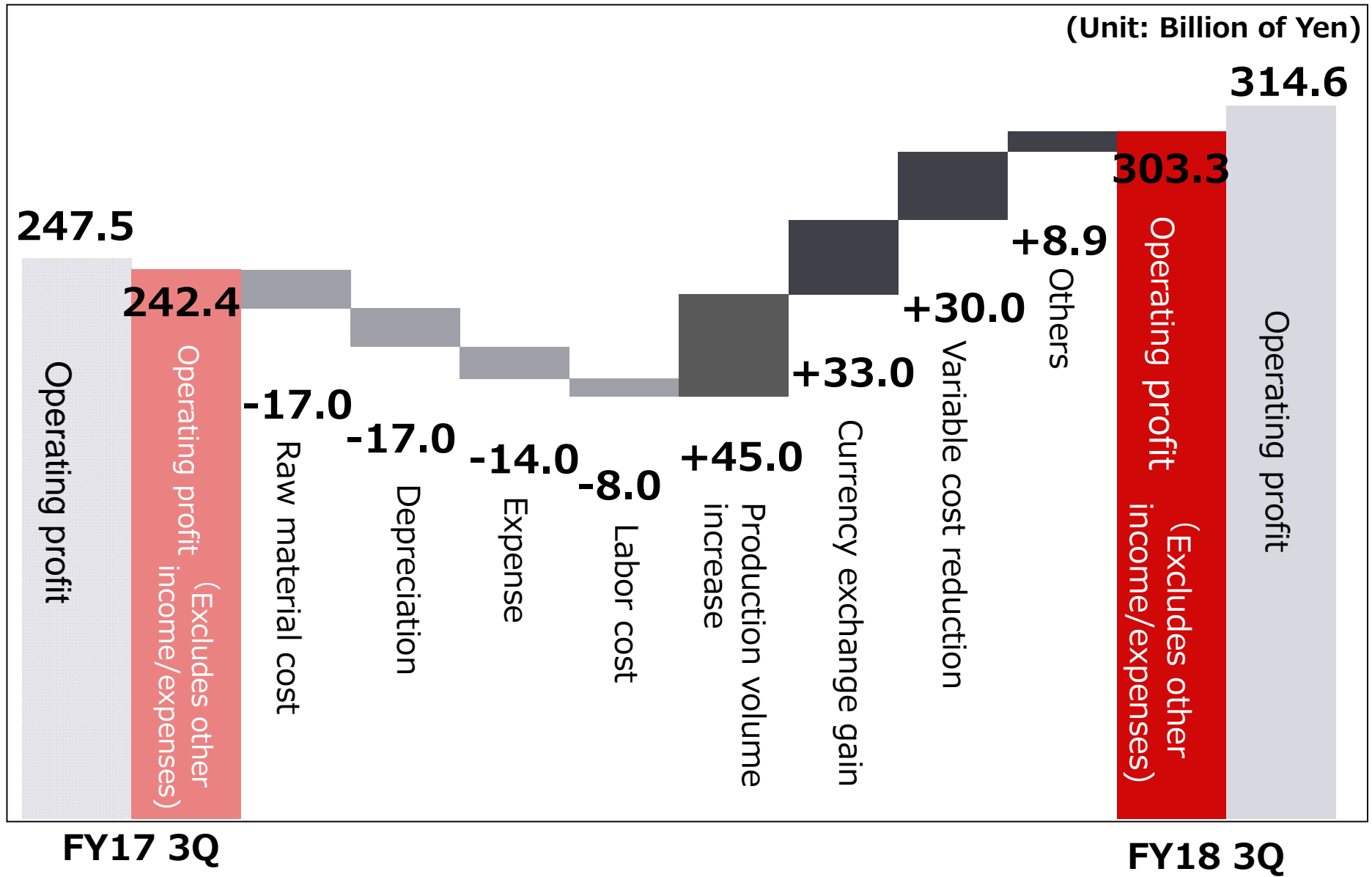
OE Revenue for others



FY2018 3rd Quarter Consolidated Revenue (By Product)

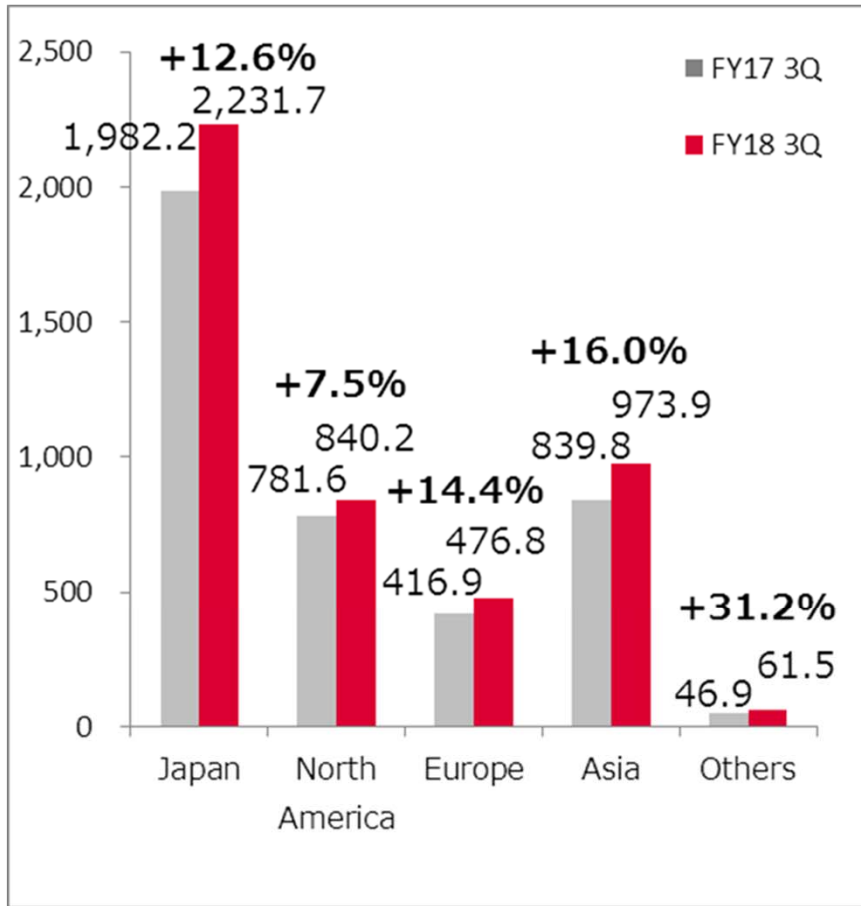


Change in FY2018 3rd Quarter Operating Profit



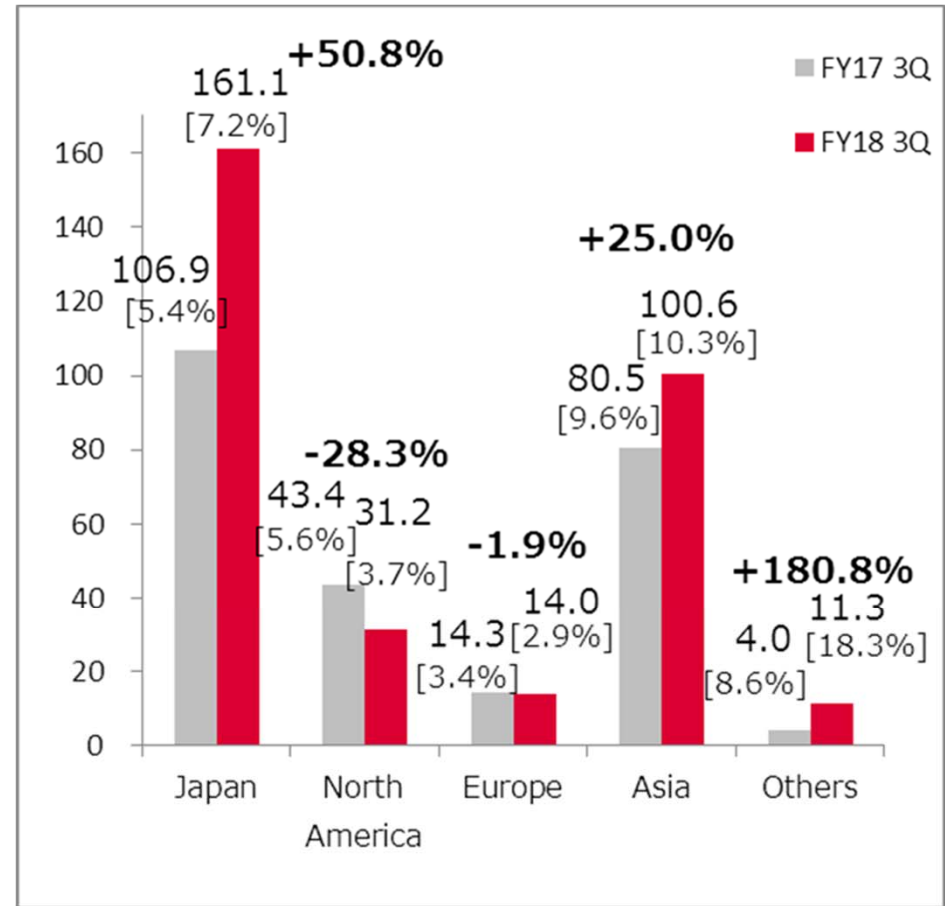
3rd Quarter Geographical Segments by Company Location

Revenue



Operating Profit

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



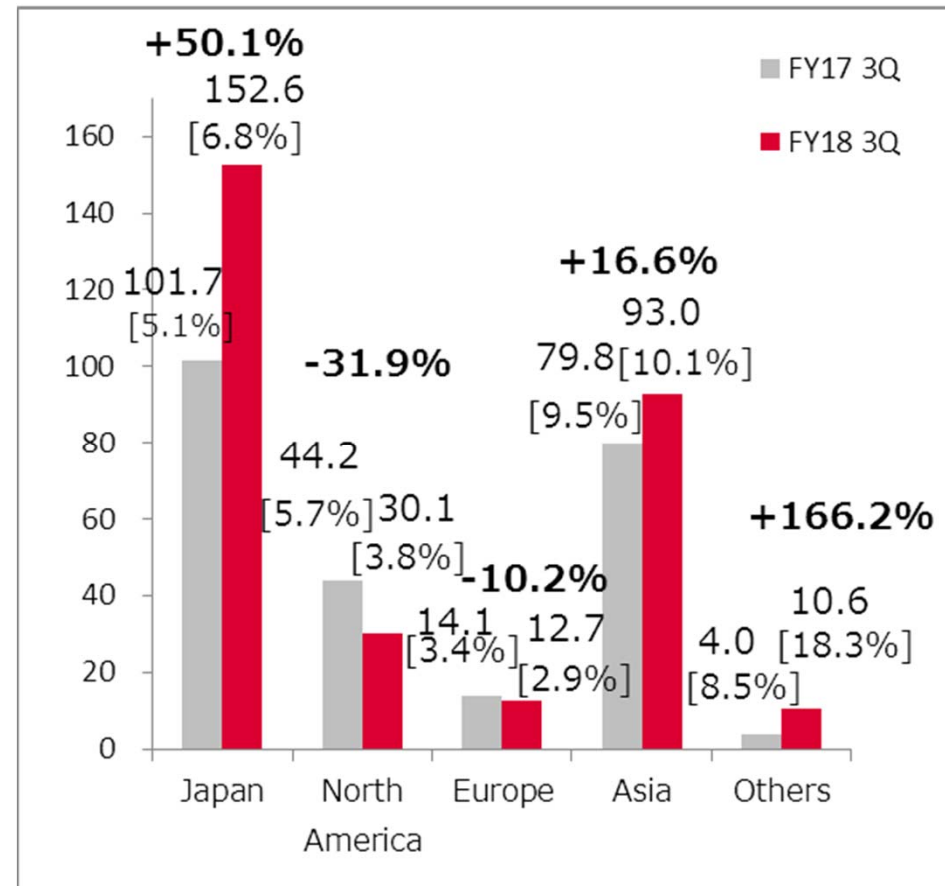
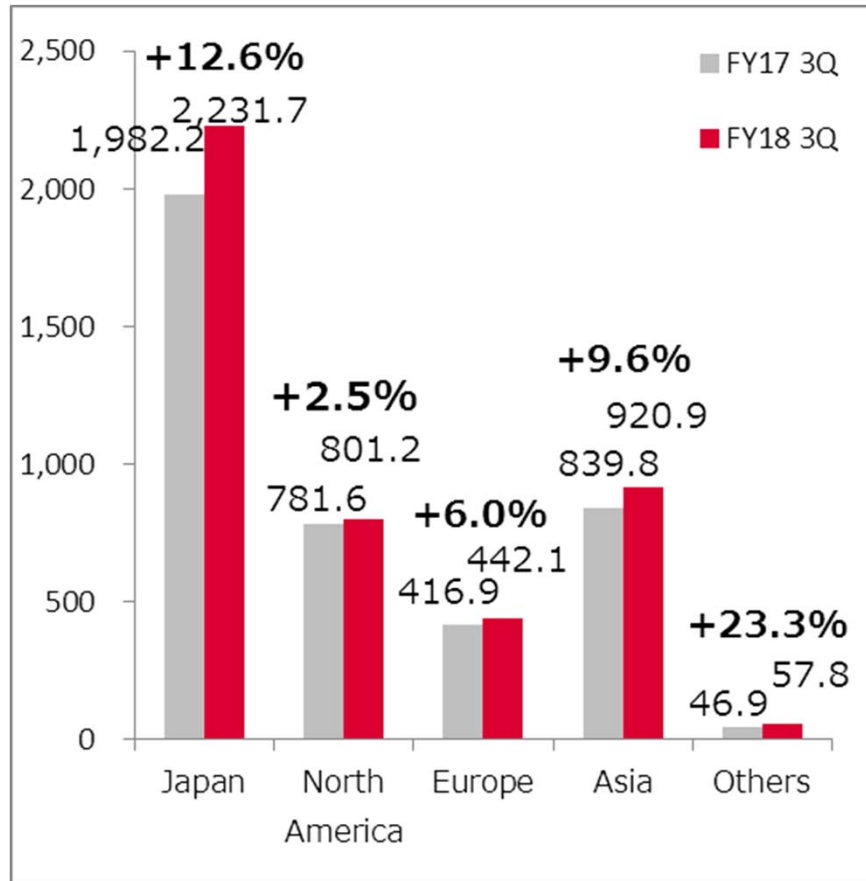
3rd Quarter Geographical Segments by Company Location (Local Currency Base ,excludes other income/expenses)

Revenue

Operating Profit

(Unit: Billions of Yen)

[]: Ratio to Revenue



FY2018 Financial Forecast

(Ratio to Revenue)

(Unit: Billions of Yen, %)

	As of		FY18 Revised		Change from September 2017		FY17 Actual	
	September 2017				Amount	Ratio		
Revenue		5,000.0		5,030.0	+30.0	+0.6%		4,527.1
Operating Profit (Excludes other income/ expenses)	(7.5%)	373.0	(7.6%)	384.0	+11.0	+2.9%	(7.2%)	326.4
Other income/ expenses		17.0		11.0	-6.0			4.1
Operating Profit	(7.8%)	390.0	(7.9%)	395.0	+5.0	+1.3%	(7.3%)	330.6
Finance income/ costs & others(※1)		40.0		40.0	-			30.3
Profit before Income Taxes	(8.6%)	430.0	(8.6%)	435.0	+5.0	+1.2%	(8.0%)	360.9
Profit (※2)	(6.0%)	300.0	(6.1%)	306.0	+6.0	+2.0%	(5.7%)	257.6

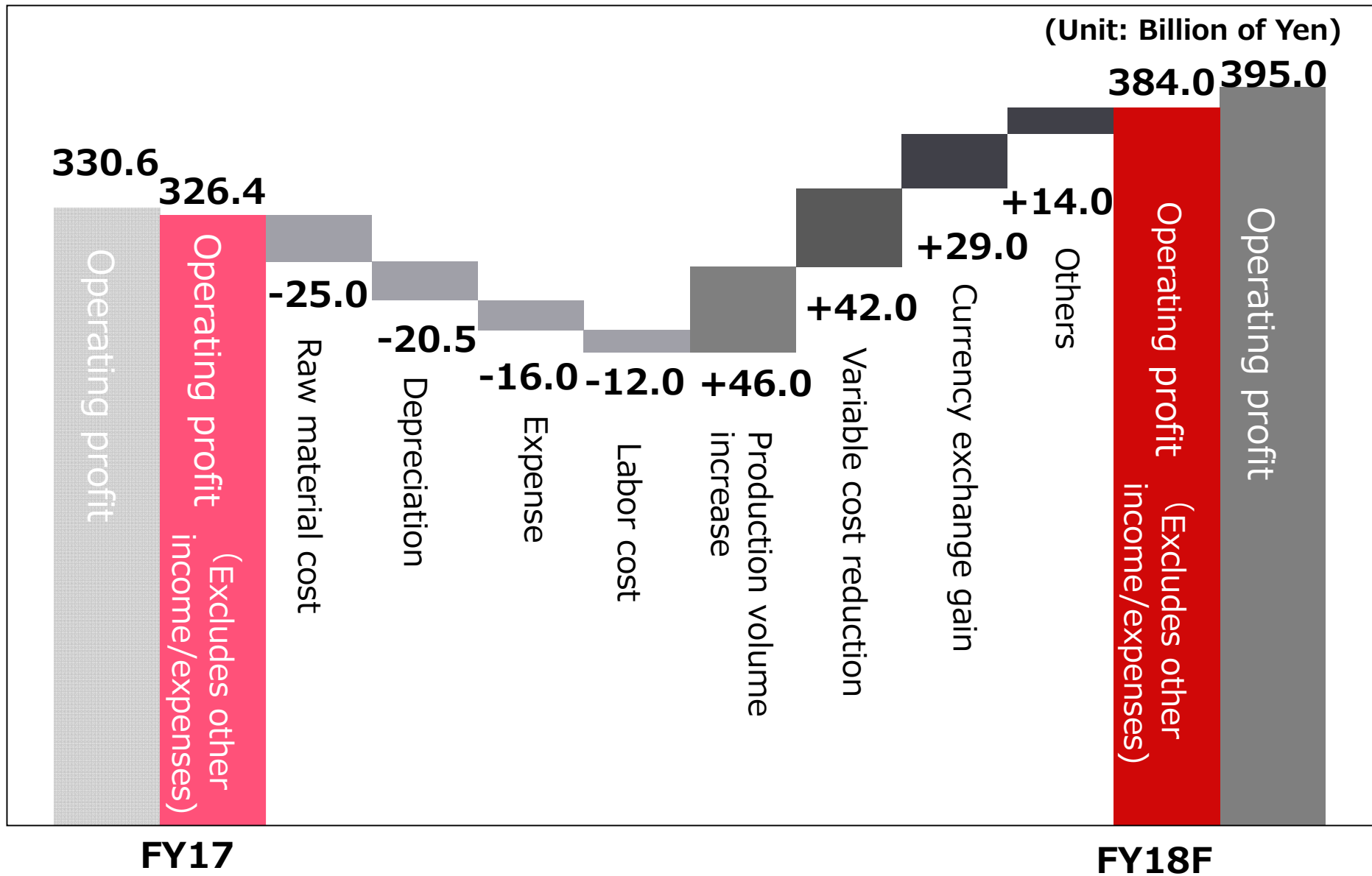
(Unit: Millions of Units)

Precondition	Foreign Exchange Rate	JPY	111/\$	JPY	111/\$	-		JPY	108/\$
		JPY	126/Euro	JPY	128/Euro	+2 JPY		JPY	119/Euro
	Domestic Car Production		9.39		9.39	-	-		9.10
	Overseas Car Production of Japanese Manufacturers (North America)		19.99		20.08	+0.09	+0.4%		19.67
			(6.10)		(6.04)	(-0.06)	(-1.0%)		(6.38)

※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

Change in FY2018 Operating Profit



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Appendix

- 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

FY18 3rd Quarter Non-Consolidated Financial Results

Income Statements(Japanese accounting standards)

Account	(Ratio to Sales)				(Unit: Billions of Yen,%)	
	FY18 3Q		FY17 3Q		Change	
	Amount	%	Amount	%	Amount	%
Net Sales	(100.0)	1,963.4	(100.0)	1,825.7	137.7	7.5
Operating Income	(4.1)	79.7	(2.4)	44.2	35.6	80.6
Income Before Income Taxes	(8.0)	156.5	(7.0)	127.9	28.6	22.3
Net Income	(7.1)	138.8	(5.9)	107.6	31.2	29.0

Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2018 Full Year																
		FY2018 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	105	111	+6	109	113	+4	114	110	-4	111	110	111	-	108	111	111	+3
	EUR	118	126	+8	118	133	+15	121	125	+4	119	125	129	+10	119	126	128	+9
Forex Impact on Operating Income per Yen (Billions of Yen)	USD											2.5	2.5	2.5	0.0			
	EUR											1.0	1.0	1.0	0.0			
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.30	4.52	+5%	2.33	2.39	+3%	2.47	2.48	+0%	4.80	4.87	4.87	+1%	9.10	9.39	9.39	+3%
	North America	3.18	3.01	-5%	1.54	1.45	-6%	1.66	1.59	-4%	3.20	3.09	3.04	-5%	6.38	6.10	6.04	-5%
	Overseas	9.68	9.84	+2%	5.06	5.26	+4%	4.93	4.98	+1%	9.98	10.15	10.24	+3%	19.67	19.99	20.08	+2%

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	FY2018 3Q		FY2017 3Q		Change		Change excludes
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	1,525.5	41.2	1,415.0	42.7	110.5	7.8	5.2
Daihatsu	82.2	2.2	67.9	2.0	14.2	20.9	19.8
Hino	43.9	1.2	38.5	1.2	5.4	14.0	13.7
Toyota Group	1,651.5	44.6	1,521.4	45.9	130.1	8.6	6.1
Honda	285.7	7.8	248.9	7.5	36.8	14.8	10.3
FCA	168.9	4.6	152.3	4.6	16.6	10.9	4.5
GM	138.3	3.8	123.8	3.7	14.4	11.7	6.2
Ford	114.4	3.1	106.8	3.2	7.6	7.1	1.9
Hyundai/Kia	100.9	2.7	103.0	3.1	-2.1	-2.0	-7.2
Mazda	87.7	2.5	84.5	2.6	3.2	3.8	2.2
Suzuki	85.0	2.3	70.3	2.1	14.7	20.9	16.2
SUBARU	74.1	2.0	65.1	2.0	9.0	13.8	12.3
Nissan	71.7	1.9	61.8	1.9	10.0	16.1	13.7
VW/AUDI	60.4	1.6	57.4	1.7	3.0	5.3	-1.8
Isuzu	41.7	1.1	36.2	1.1	5.5	15.1	11.3
Mitsubishi	38.1	1.0	32.3	1.0	5.8	17.9	11.7
BMW	31.2	0.8	32.2	1.0	-1.1	-3.3	-11.1
Volvo	28.6	0.9	21.5	0.6	7.1	33.3	23.0
Benz	25.8	0.7	24.9	0.8	1.0	3.9	-4.5
PSA	24.4	0.7	17.6	0.5	6.8	39.0	28.2
OE Sales for others	243.2	6.6	205.4	6.2	37.8	18.4	15.4
OEM Total	3,271.6	88.4	2,965.3	89.5	306.3	10.3	6.8
FA, After-market, New business & Others(*)	427.5	11.6	346.2	10.5	81.3	23.5	20.0
Total	3,699.1	100.0	3,311.5	100.0	387.5	11.7	8.1

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

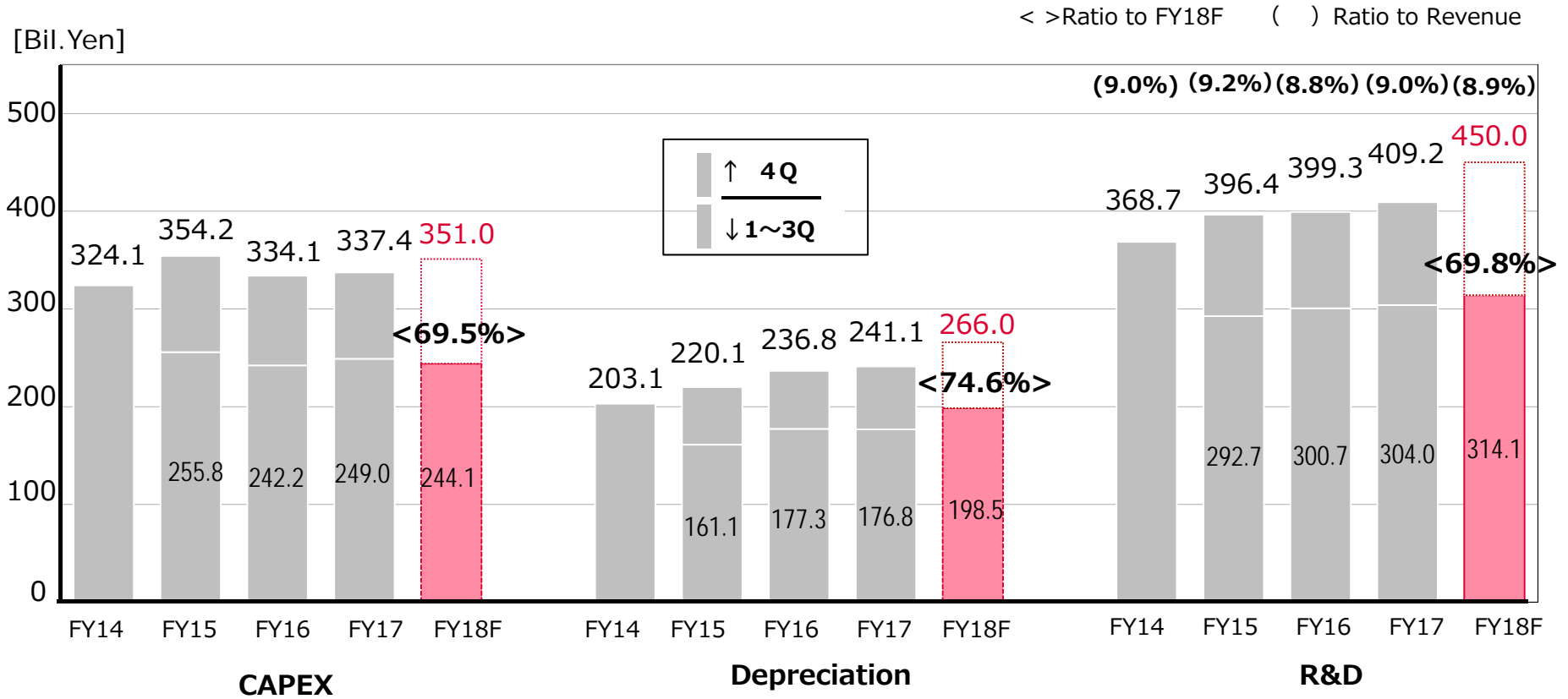
Consolidated Revenue (By Product)

(Unit: Billions of Yen,%)

	FY2018 3Q		FY2017 3Q		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	1,079.6	29.2	1,001.5	30.2	78.1	7.8	3.5
Powertrain Systems	929.8	25.1	850.2	25.7	79.6	9.4	5.2
Information & Safety Systems	640.5	17.3	545.4	16.5	95.1	17.4	15.0
Electrification Systems	365.4	9.9	328.6	9.9	36.9	11.2	7.5
Electronic Systems	287.4	7.8	274.0	8.3	13.3	4.9	2.5
Small Motors	234.4	6.3	222.8	6.7	11.7	5.2	4.0
Others(*)	54.2	1.5	42.8	1.3	11.4	26.7	23.9
Automotive Total	3,591.4	97.1	3,265.3	98.6	326.1	10.0	6.5
FA,New Business Total	107.7	2.9	46.2	1.4	61.4	132.9	131.8
Total	3,699.1	100.0	3,311.5	100.0	387.5	11.7	8.1

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

Trend of Capital Expenditures, Depreciation and R&D Expenditures



※ Full-year financial result forecasts includes the influence of FUJITSU TEN LIMITED which will become Denso's affiliate on November 2017



Capital Expenditures, Depreciation and R&D Expenditures

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(Unit: Billions of Yen)

	FY17		FY18 Forecast		3Q YTD Change from PY	Progress to FY18 Forecast
	3Q		3Q			
Japan	159.4	215.7	156.8	213.5	-1.6%	73.4%
North America	38.8	51.8	26.8	48.0	-30.9%	55.8%
Europe	16.8	23.6	21.0	30.5	25.0%	68.9%
Asia	32.4	44.1	38.3	57.0	18.2%	67.2%
Others	1.5	2.2	1.4	2.0	-6.7%	70.0%
Capital Exp.	249.0	337.4	244.1	351.0	-2.0%	69.5%
Japan	103.6	140.1	114.3	156.0	10.3%	73.3%
North America	19.4	27.0	24.0	30.5	23.7%	78.7%
Europe	13.7	19.0	16.2	21.5	18.2%	75.3%
Asia	38.0	52.1	41.8	55.5	10.0%	75.3%
Others	2.1	2.9	2.2	2.5	4.8%	88.0%
Depreciation	176.8	241.1	198.5	266.0	12.3%	74.6%
R&D Expenditure (Ratio to Revenue)	304.0 (9.2%)	409.2 (9.0%)	314.1 (8.5%)	450.0 (8.9%)	3.3%	69.8%