

***DENSO***

Crafting the Core

**FY2019 1<sup>st</sup> Quarter  
Financial Results  
ended June 30, 2018**

July 31, 2018

DENSO CORPORATION



# Overview of FY2019 1<sup>st</sup> Quarter Financial Results

1. Revenue increased due to the increase in car production, sales expansion and the subsidiaries, DENSO TEN and TD mobile, which were consolidated last fiscal year.  
Despite a rise in production volume and cost reduction efforts, operating profit decreased due to an increase in investment for future growth.

2. Upward revision to the first-half and full-year forecast considering the first-quarter financial results.

# FY2019 1<sup>st</sup> Quarter Financial Results

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		(Ratio to Revenue)		(Unit: Billions of Yen, %)	
		FY19 1Q	FY18 1Q	Change	
<b>Revenue</b>		<b>1,331.2</b>	1,164.9	+166.2	+14.3%
<b>Operating Profit</b>		<b>90.9</b>	93.2	-2.3	-2.4%
Finance income/ costs & others(*1)		<b>18.2</b>	20.6	-2.4	
<b>Profit before Income Taxes</b>		<b>109.1</b>	113.7	-4.7	-4.1%
<b>Profit</b> (*2)		<b>77.3</b>	76.7	+0.6	+0.8%
				(Unit: Millions of Units)	
<b>Precondition</b>	Foreign Exchange Rate	JPY 109/\$	JPY 111/\$	-2 JPY	
		JPY 130/Euro	JPY 122/Euro	+8 JPY	
	Domestic Car Production	2.25	2.24	+0.01	+0.3%
	Overseas Car Production of Japanese (North America)	5.13 (1.53)	4.88 (1.56)	+0.25 (-0.04)	+5.1% (-2.4%)

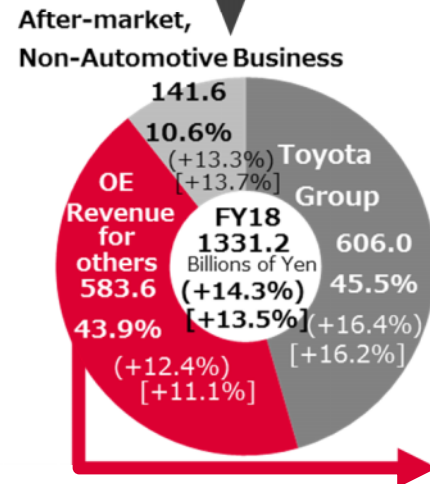
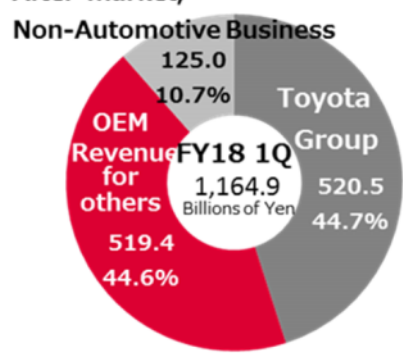
1 Finance income, Finance costs, Foreign exchange gains/loss, Share of the profit of associates accounted for using the equity method

2 Profit attributable to owners of the parent company

# FY2019 1st Quarter Consolidated Revenue ( By Customer)

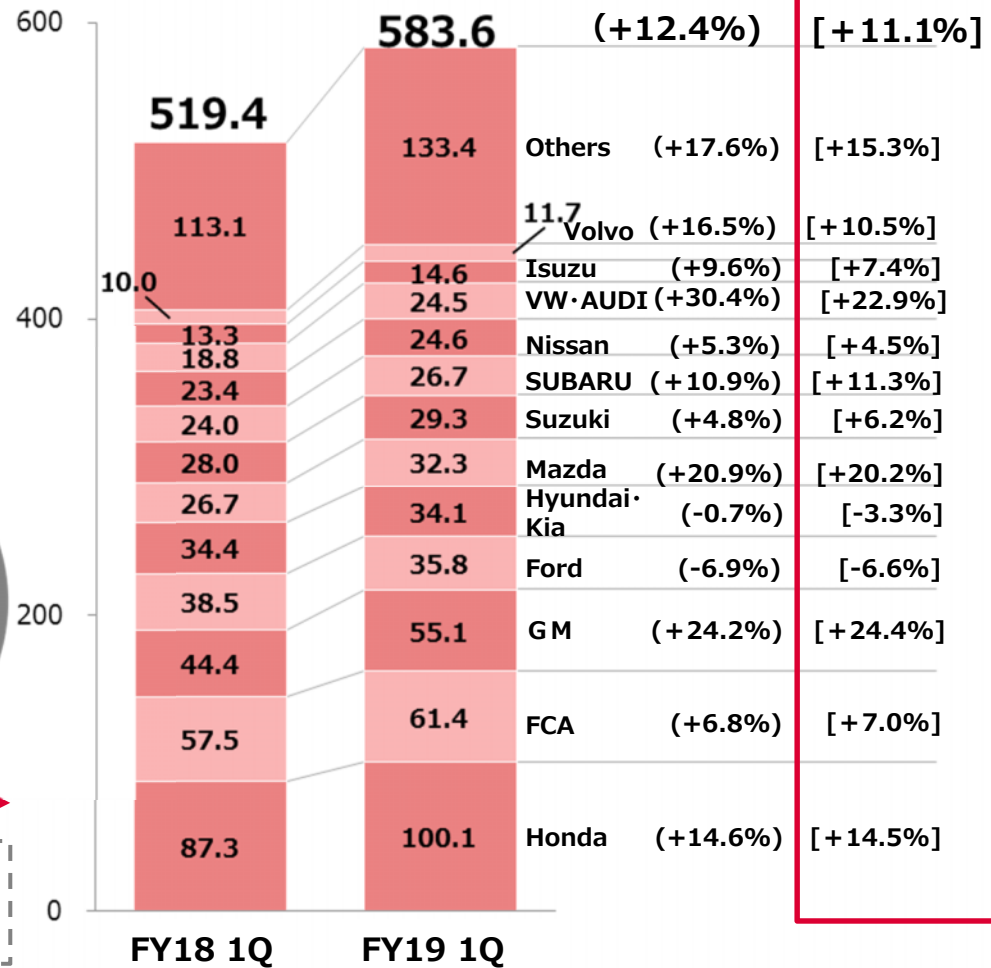
( ):Change from FY18 1Q  
 [ ]:Change from FY18 1Q  
 excludes FX difference

(Unit: Billions of Yen)



DENSO TEN : 82.9  
 (55.9 for Toyota included)  
 TD mobile(After-market,  
 Non-Automotive Business) : 22.8

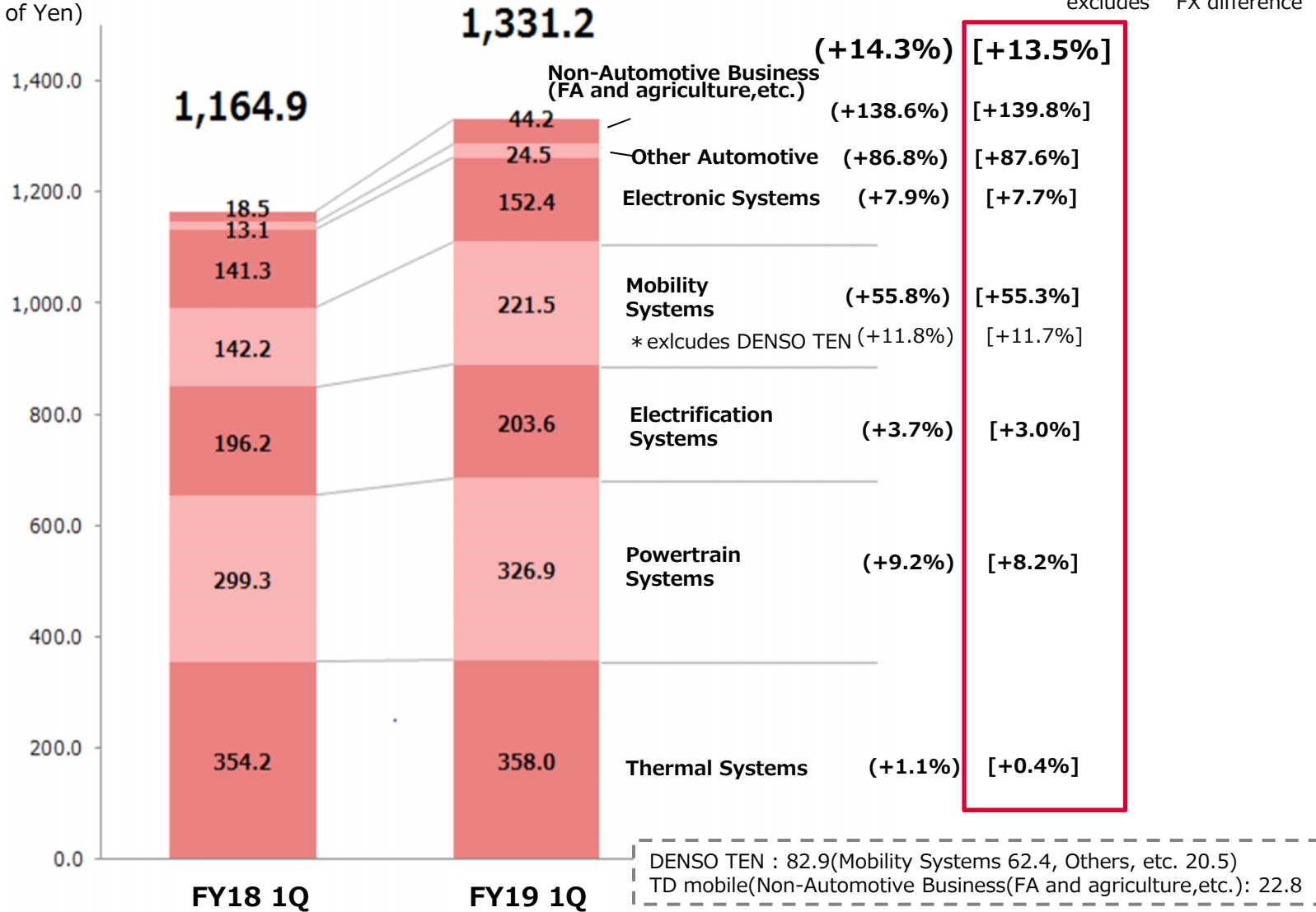
## OE Revenue for others



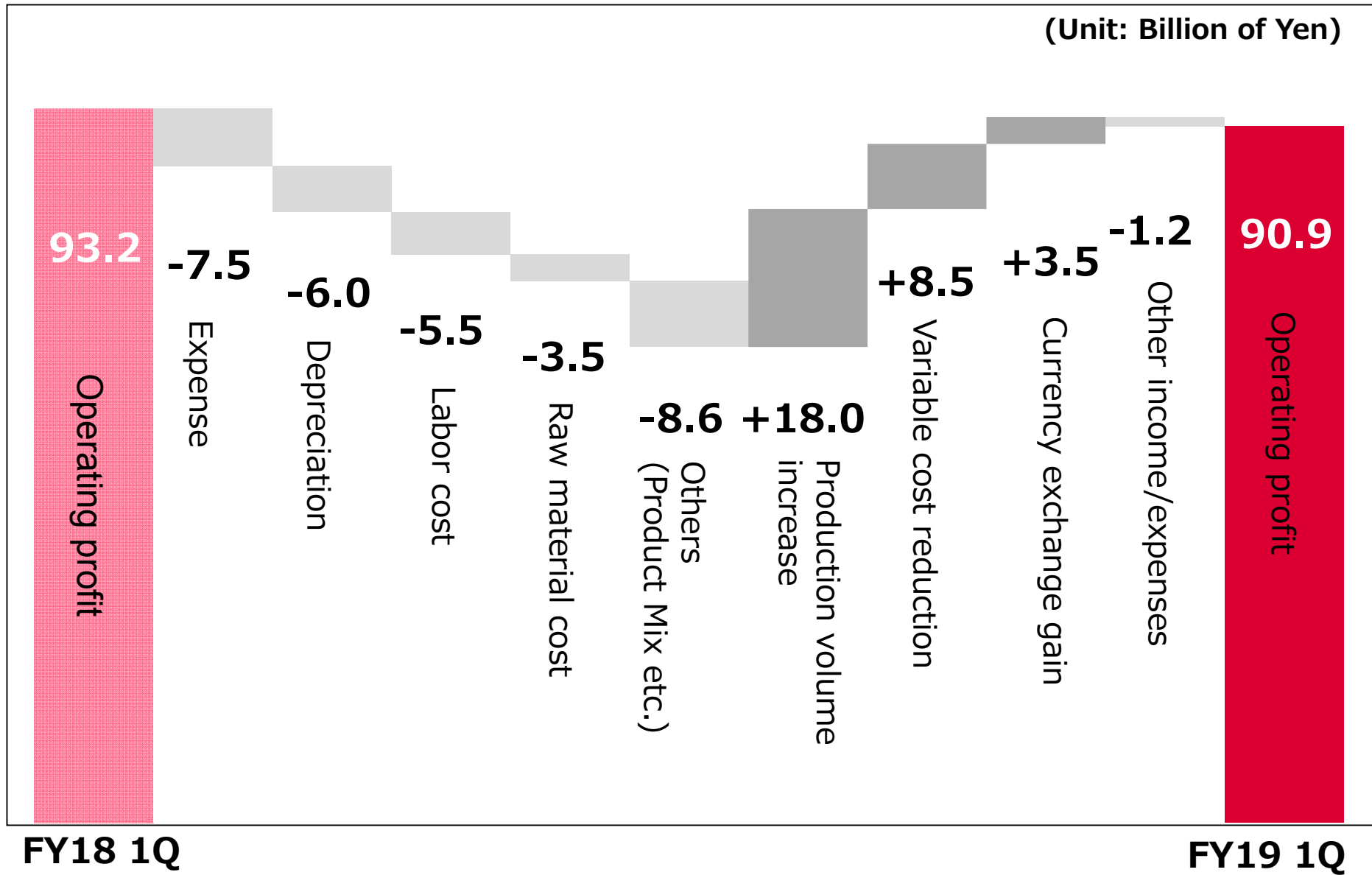
# FY2019 1<sup>st</sup> Quarter Consolidated Revenue ( By Product)

(Unit: Billions of Yen)

( ):Change from FY18 1Q  
 [ ]:Change from FY18 1Q  
 excludes FX difference



# Change in FY2019 1<sup>st</sup> Quarter Operating Profit

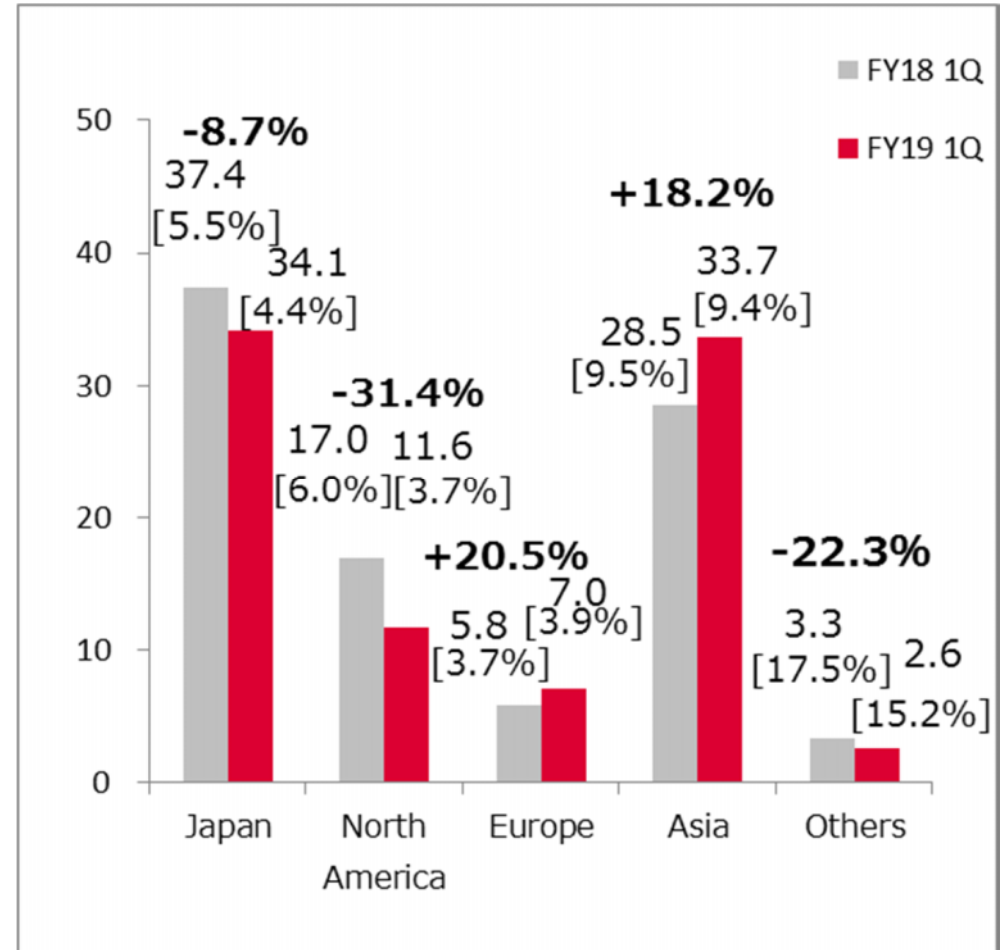
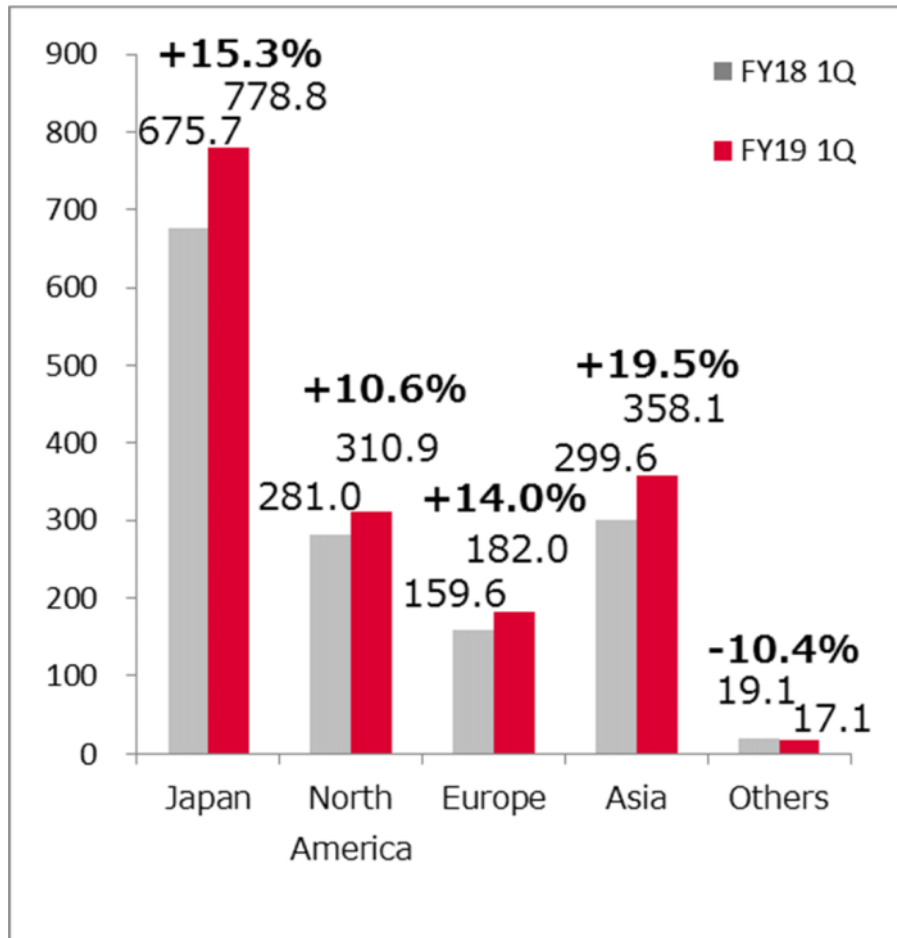


# 1<sup>st</sup> Quarter Geographical Segments by Company Location

## Revenue

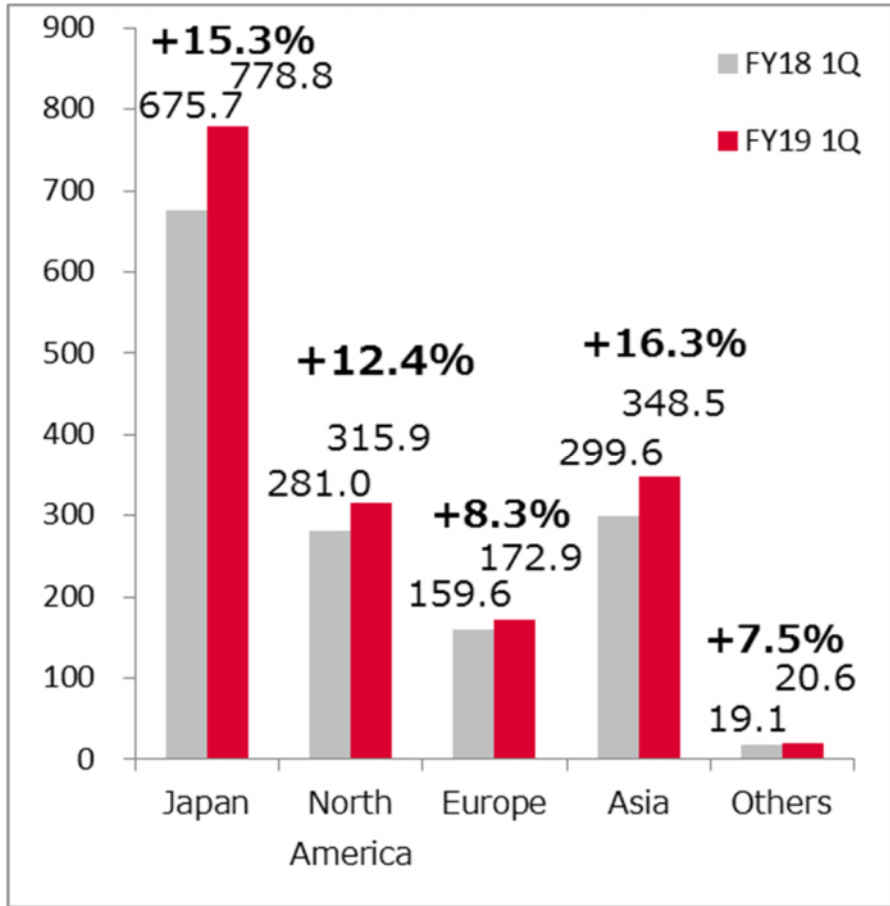
## Operating Profit

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



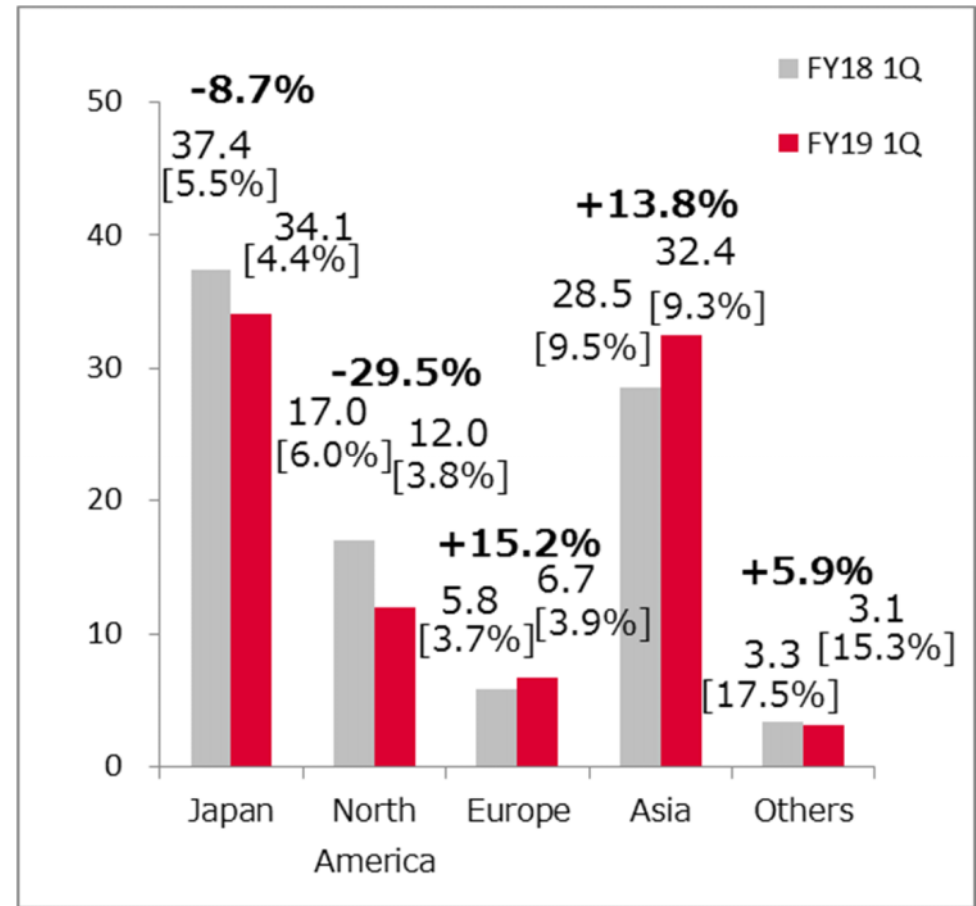
# 1<sup>st</sup> Quarter Geographical Segments by Company Location (Local Currency Base)

## Revenue



## Operating Profit

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





# FY2019 1<sup>st</sup> Half Financial Forecast

		(Ratio to Revenue)				(Unit: Billions of Yen, %)	
		As of March 2018	FY19 2Q YTD Revised		FY18 2Q YTD		Change
<b>Revenue</b>		2,580.0	<b>2,660.0</b>		2,363.5		296.5 +12.5%
<b>Operating Profit</b>		(5.7%) 147.0	<b>(6.1%) 161.0</b>		(8.7%) 204.4		-43.4 -21.3%
Finance income/ costs & others(※1)		23.0	<b>18.0</b>		22.3		-4.3
<b>Profit before Income Taxes</b>		(6.6%) 170.0	<b>(6.7%) 179.0</b>		(9.6%) 226.8		-47.8 -21.1%
<b>Profit (※2)</b>		(4.3%) 110.0	<b>(4.5%) 120.0</b>		(6.5%) 154.2		-34.2 -22.2%

		(Unit: Millions of Units)					
<b>Precondition</b>	Foreign Exchange Rate	JPY 105/\$	JPY 107/\$	JPY 111/\$	-4 JPY		
		JPY 130/Euro	JPY 130/Euro	JPY 126/Euro	+4 JPY		
	Domestic Car Production	4.50	4.57	4.54	+0.03	+0.7%	
	Overseas Car Production of Japanese Manufacturers (North America)	10.34 (3.01)	10.43 (2.91)	9.89 (3.01)	+0.54 (-0.10)	+5.5% (-3.3%)	

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# FY2019 Financial Forecast

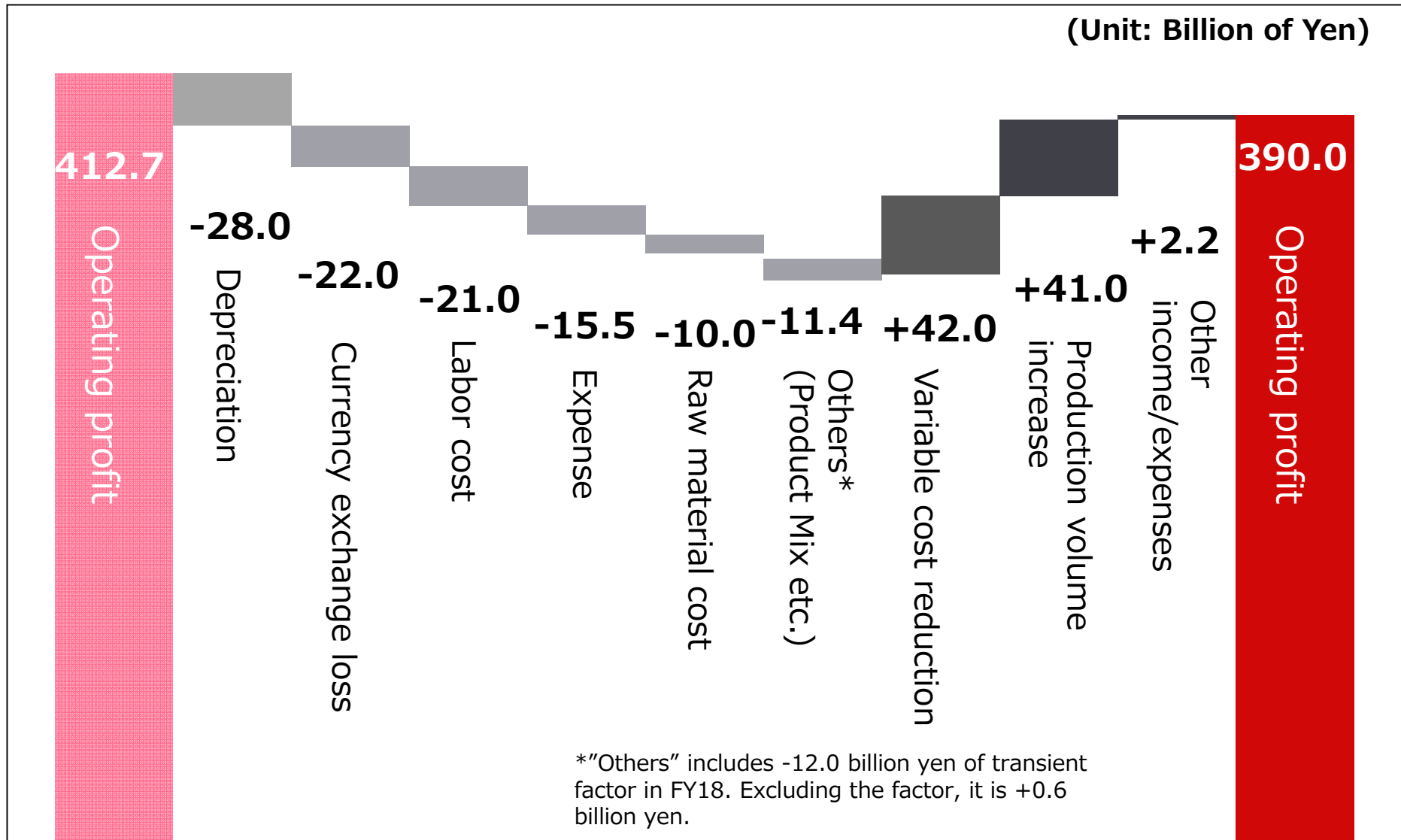
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		(Ratio to Revenue)				(Unit: Billions of Yen, %)			
		As of March 2018	FY19 Forecast	Change from March 2018		FY18 Actual	Change from March 2018		
				Amount	Ratio		Amount	Ratio	
<b>Revenue</b>		5,320.0	<b>5,400.0</b>	+80.0	+1.5%	5,108.3	+291.7	+5.7%	
<b>Operating Profit</b>		(7.1%) 376.0	<b>(7.2%) 390.0</b>	+14.0	+3.7%	<b>(8.1%) 412.7</b>	-22.7	-5.5%	
Finance income/ costs & others(※1)		39.0	<b>37.0</b>	-2.0		37.2	-0.2		
<b>Profit before Income Taxes</b>		(7.8%) 415.0	<b>(7.9%) 427.0</b>	+12.0	+2.9%	<b>(8.8%) 449.9</b>	-22.9	-5.1%	
<b>Profit (※2)</b>		(5.5%) 290.0	<b>(5.6%) 303.0</b>	+13.0	+4.5%	<b>(6.3%) 320.6</b>	-17.6	-5.5%	
						(Unit: Millions of Units)			
Precondition	Foreign Exchange Rate	JPY 105/\$	JPY 106/\$	+1 JPY		JPY 111/\$	-5 JPY		
		JPY 130/Euro	JPY 130/Euro	-		JPY 130/Euro	+0 JPY		
	Domestic Car Production	9.51	9.58	+0.07	+0.7%	9.37	+0.21	+2.2%	
	Overseas Car Production of Japanese Manufacturers (North America)	20.87 (6.04)	20.95 (5.94)	+0.08 (-0.10)	+0.4% (-1.7%)	20.15 (6.03)	+0.80 (-0.09)	+4.0% (-1.5%)	

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# Change in FY2019 Operating Profit



FY18

FY19F

## Determination of Materiality

### Environment

- Prevention of global warming
- Prevention of air pollution/  
Reduction of environmental burden
- Effective utilization of resources
- Conservation of water resources

### Peace of Mind

- Development of safety related products  
→ movement gaps cancellation
- Reduction of traffic accident
- Decreasing birthrate and aging population

### Governance

- Promotion of diversity
- Work style reforms  
6 other items



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Crafting the Core

# Appendix

- 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

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

		FY2019 Full Year														
		FY2019 First-Half							FY2019 Second-Half							
		1Q														
		Prior Year	Actual	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change
Foreign Exchange Rate (Yen)	USD	111	109	- 2	111	105	107	- 4	111	105	105	-6	111	105	106	- 5
	EUR	122	130	+ 8	126	130	130	+4	133	130	130	-3	130	130	130	+ 0
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	2.24	2.25	+ 0%	4.54	4.50	4.57	+ 1%	4.84	5.00	5.00	+ 3%	9.37	9.51	9.58	+ 2%
	North America	1.56	1.53	- 2%	3.01	3.01	2.91	- 3%	3.02	3.03	3.03	+ 0%	6.03	6.04	5.94	- 2%
	Overseas	4.88	5.13	+ 5%	9.89	10.34	10.43	+ 5%	10.26	10.52	10.52	+ 3%	20.15	20.87	20.95	+ 4%

# Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	FY19 1Q		FY18 1Q		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	559.2	42.0	480.6	41.3	78.6	16.4	16.0
Daihatsu	29.6	2.2	26.6	2.3	3.0	11.2	12.3
Hino	17.3	1.3	13.4	1.1	3.9	29.2	29.2
<b>Toyota Group</b>	<b>606.0</b>	<b>45.5</b>	<b>520.5</b>	<b>44.7</b>	<b>85.5</b>	<b>16.4</b>	<b>16.2</b>
Honda	100.1	7.5	87.3	7.5	12.8	14.6	14.5
FCA	61.4	4.6	57.5	4.9	3.9	6.8	7.0
GM	55.1	4.1	44.4	3.8	10.7	24.2	24.4
Ford	35.8	2.7	38.5	3.3	-2.6	-6.9	-6.6
Hyundai/Kia	34.1	2.6	34.4	3.0	-0.2	-0.7	-3.3
Mazda	32.3	2.4	26.7	2.3	5.6	20.9	20.2
Suzuki	29.3	2.2	28.0	2.4	1.3	4.8	6.2
SUBARU	26.7	2.0	24.0	2.1	2.6	10.9	11.3
Nissan	24.6	1.8	23.4	2.0	1.2	5.3	4.5
VW/AUDI	24.5	1.8	18.8	1.6	5.7	30.4	22.9
Mitsubishi	15.2	1.1	10.8	0.9	4.4	40.6	37.8
Isuzu	14.6	1.1	13.3	1.1	1.3	9.6	7.4
Volvo	11.7	0.9	10.0	0.8	1.6	16.5	10.5
BMW	11.3	0.9	10.0	0.9	1.3	12.8	6.8
PSA	9.2	0.7	7.6	0.7	1.6	21.7	15.1
Benz	7.7	0.6	8.3	0.7	-0.6	-7.4	-13.4
OE Sales for others	89.9	6.9	76.5	6.6	13.5	17.6	15.3
<b>OEM Total</b>	<b>1,189.6</b>	<b>89.4</b>	<b>1,039.9</b>	<b>89.3</b>	<b>149.7</b>	<b>14.4</b>	<b>13.6</b>
<b>After-market, Non-Automotive Business(*)</b>	141.6	10.6	125.0	10.7	16.6	13.3	13.7
<b>Total</b>	<b>1,331.2</b>	<b>100.0</b>	<b>1,164.9</b>	<b>100.0</b>	<b>166.2</b>	<b>14.3</b>	<b>13.5</b>

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



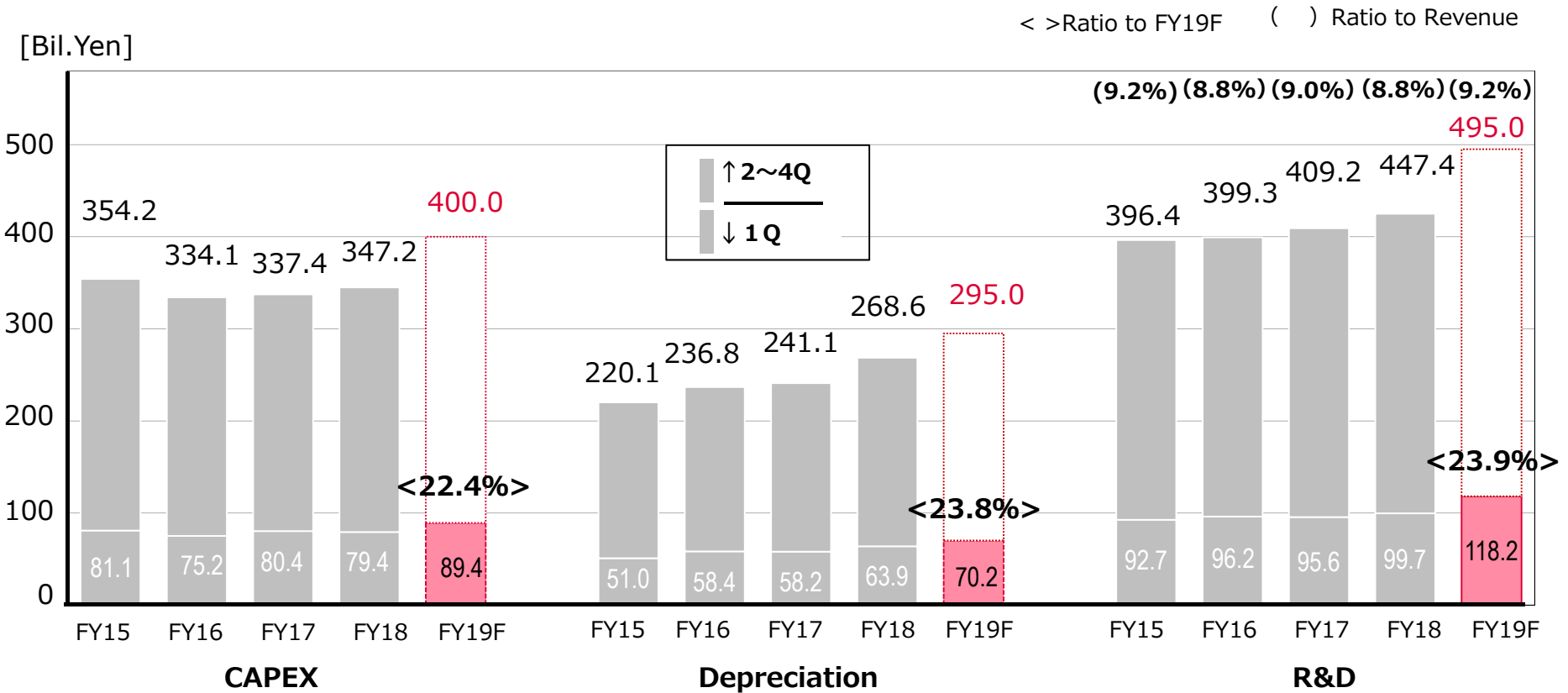
# Consolidated Revenue (By Product)

(Unit: Billions of Yen,%)

	FY19 1Q		FY18 1Q		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	358.0	26.9	354.2	30.4	3.8	1.1	0.4
Powertrain Systems	326.9	24.6	299.3	25.7	27.6	9.2	8.2
Mobility Systems	221.5	16.6	142.2	12.2	79.3	55.8	55.3
Electrification Systems	203.6	15.3	196.2	16.9	7.3	3.7	3.0
Electronic Systems	152.4	11.5	141.3	12.1	11.1	7.9	7.7
Others(*)	24.5	1.8	13.1	1.1	11.4	86.8	87.6
<b>Automotive Total</b>	<b>1,287.0</b>	<b>96.7</b>	<b>1,146.4</b>	<b>98.4</b>	<b>140.6</b>	<b>12.3</b>	<b>11.6</b>
<b>Non-Automotive Business(FA and agriculture, etc.) Total</b>	<b>44.2</b>	<b>3.3</b>	<b>18.5</b>	<b>1.6</b>	<b>25.7</b>	<b>138.6</b>	<b>139.8</b>
<b>Total</b>	<b>1,331.2</b>	<b>100.0</b>	<b>1,164.9</b>	<b>100.0</b>	<b>166.2</b>	<b>14.3</b>	<b>13.5</b>

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

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



# Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

	FY18		FY19 Forecast		1Q YTD Change from PY	Progress to FY19 Forecast
	1Q		1Q			
Japan	54.7	217.7	52.6	240.0	-3.8%	21.9%
North America	8.3	43.8	15.0	62.5	80.7%	24.0%
Europe	5.2	30.8	5.3	32.0	1.9%	16.6%
Asia	10.7	52.7	15.7	63.0	46.7%	24.9%
Others	0.4	2.2	0.7	2.5	75.0%	28.0%
Capital Exp.	79.4	347.2	89.4	400.0	12.6%	22.4%
Japan	37.1	154.7	40.7	172.5	9.7%	23.6%
North America	7.5	32.4	8.6	35.5	14.7%	24.2%
Europe	5.1	22.2	6.0	26.0	17.6%	23.1%
Asia	13.4	56.4	14.3	58.5	6.7%	24.4%
Others	0.8	2.8	0.6	2.5	-25.0%	24.0%
Depreciation	63.9	268.6	70.2	295.0	9.9%	23.8%
R&D Expenditure (Ratio to Revenue)	99.7 (8.6%)	447.4 (8.8%)	118.2 (8.9%)	495.0 (9.2%)	18.6%	23.9%