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**FY2019 1st Quarter
Financial Results
ended June 30, 2018**

July 31, 2018

DENSO CORPORATION



Overview of FY2019 1st Quarter Financial Results

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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 1st Quarter Financial Results

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		(Ratio to Revenue)		(Unit: Billions of Yen, %)	
		FY19 1Q	FY18 1Q	Change	
Revenue		1,331.2	1,164.9	+166.2	+14.3%
Operating Profit (6.8%)		90.9 (8.0%)	93.2	-2.3	-2.4%
Finance income/ costs & others(*1)		18.2	20.6	-2.4	
Profit before Income Taxes (8.2%)		109.1 (9.8%)	113.7	-4.7	-4.1%
Profit (*2) (5.8%)		77.3 (6.6%)	76.7	+0.6	+0.8%

		(Unit: Millions of Units)			
Precondition	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	4.88	+0.25	+5.1%
		(1.53)	(1.56)	(-0.04)	(-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

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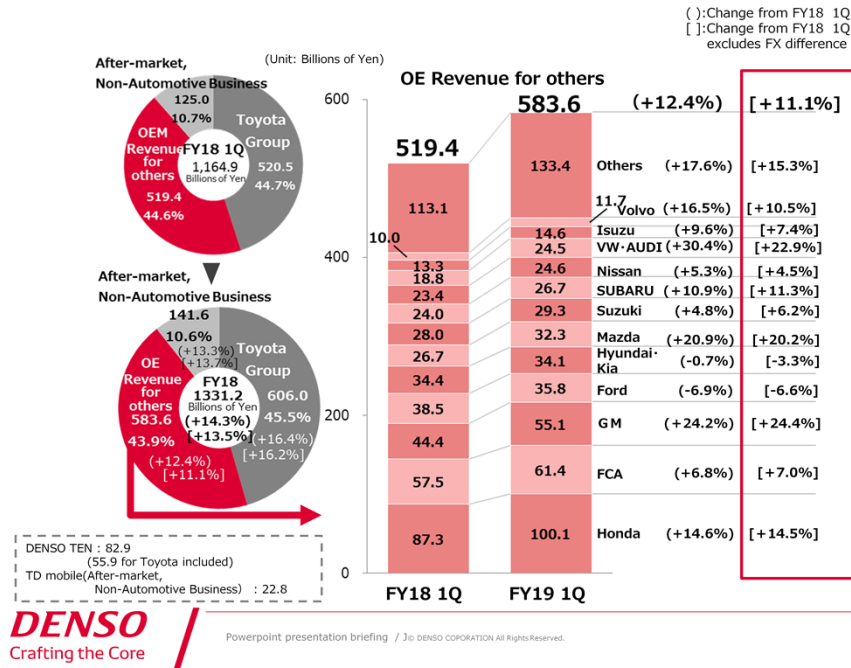
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[Overview of the Consolidated Financial Results]

1. Consolidated revenue totaled 1,331.2 billion yen, increased by 166.2 billion yen (+14.3%) from the previous year.
2. Consolidated operating profit totaled 90.9 billion yen, decreased by 2.3 billion yen (-2.4%) from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 77.3 billion yen, increased by 0.6 billion yen (+0.8%) from the previous year.

FY2019 1st Quarter Consolidated Revenue (By Customer)

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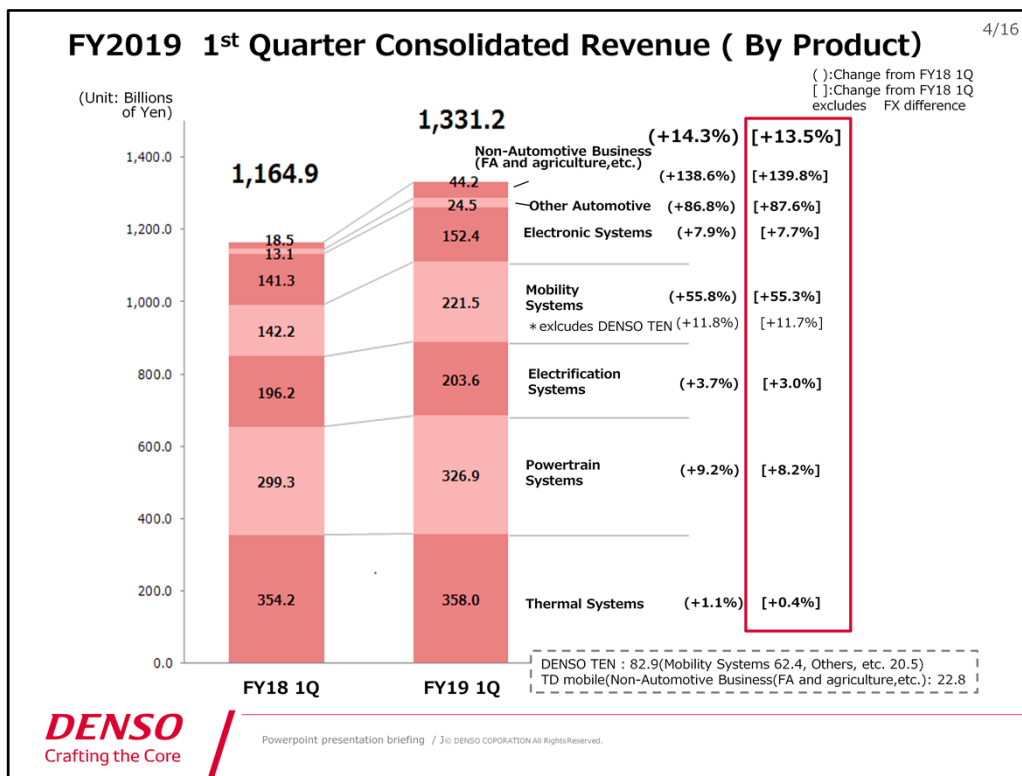
[Sales by Customer (Quantity Base)]

Sales to Toyota Group

Sales to the Toyota Group increased by 16.2% from the previous year. The reasons are as follows; 1) Impact of DENSO TEN. 2) The car production increased in China. 2) Vehicle equipped with safety-related products has been increased in Japan.

Sales to non-Toyota Group companies

Sales to non-Toyota Group companies increased by 11.1% from last year. The reasons of each manufacture are as follows; 1) Honda : Sales expansion of display and transmission related products in North America. Increase of car production in China. 2) Mazda : Increase of car production in Japan. 3) FCA : Increase of car production in North America. 4) General Motors : Improved products mix in North America.



[Sales by Product (Quantity Base)]

Sales of Thermal Systems Products

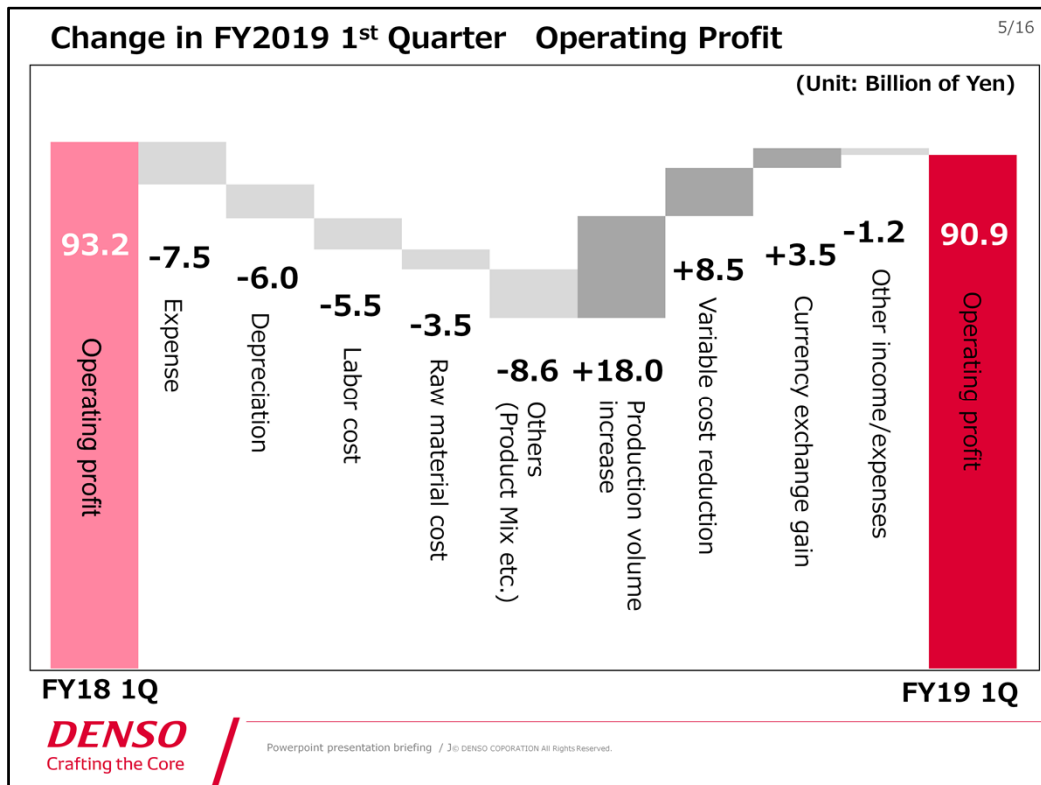
Sales increased in Europe and North America due to the production volume increase.

Sales of Powertrain Systems Products

Sales increased in Asia and Japan due to the production volume increase.

Sales of Mobility Systems Products

Sales increased in Japan due to the impact of DENSO TEN which has become a subsidiary as well as the increase in vehicle equipped with safety-related products and sales expansion of display related products in North America.



[Factors that Contributed to Increases or Decreases in Operating Profit]

Negative factors

1. Expense : -7.5 billion yen / Depreciation: -6.0 billion yen was due to the increase of investment for future competition area.
2. Labor cost : -5.5 billion yen was due to wage increase mainly in Japan.
3. Others : -8.6 billion yen was due to variance of periods in collecting application fees and this factor will decrease by the end of this fiscal year.

Positive factors

1. Production volume increase: +18.0 billion yen was due to production volume increase and sales expansion.
2. Variable cost reduction: +8.5 billion yen was due to cost reduction efforts and improved productivity.

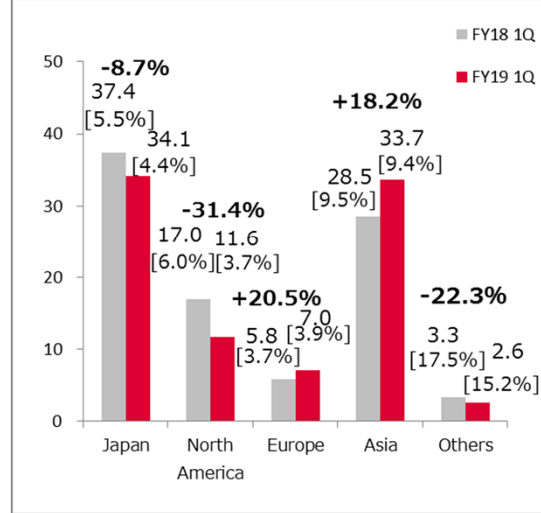
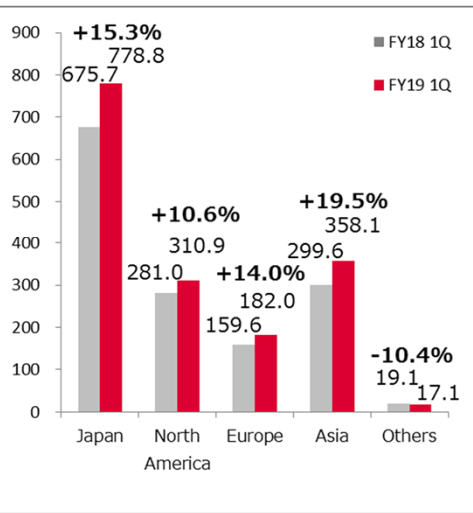
1st Quarter Geographical Segments by Company Location

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Revenue

Operating Profit

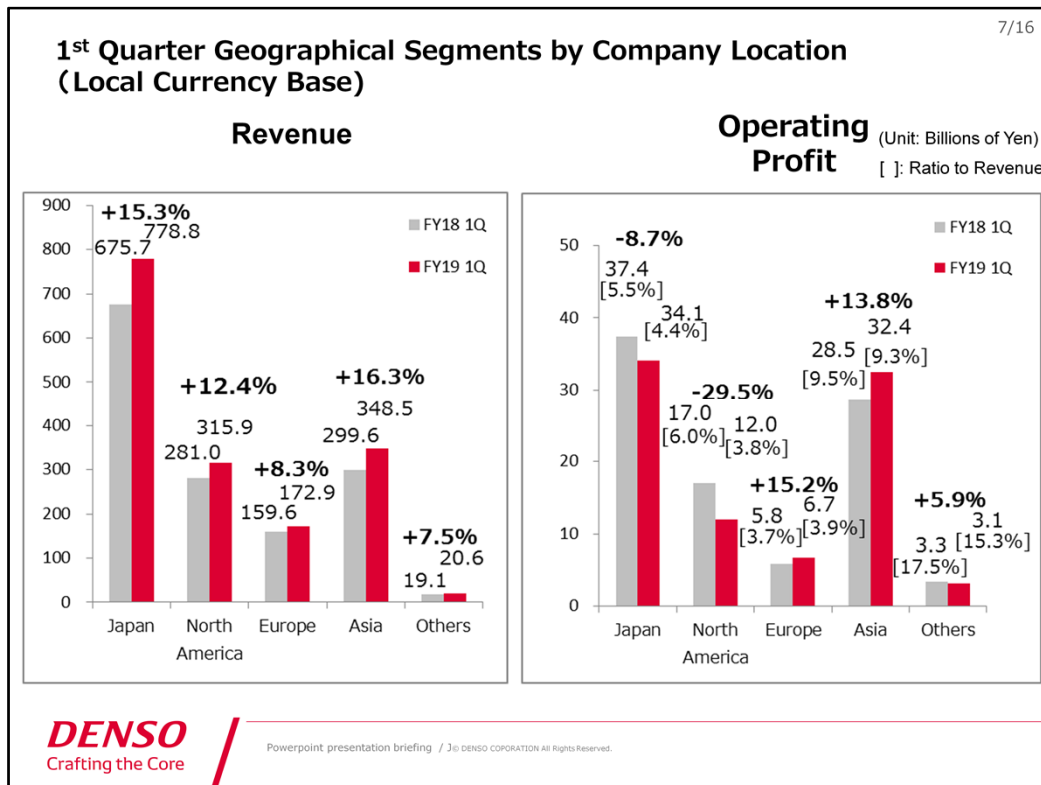
(Unit: Billions of Yen)
[] : Ratio to Revenue



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[Revenue and Operating Profit by Each Region*]

*Based on Japanese yen



[Revenue and Operating Profit by Each Region*]

*Excluding the effect of foreign exchange

In Japan

1. The revenue increased by 15.3% from the previous year due to a rise in vehicle production and an increase in vehicles equipped with safety-related products, as well as the impact from the newly consolidated subsidiaries, DENSO TEN and TD Mobile.
2. Despite a rise in production volume and cost-reduction efforts, an increase in investment for future growth led to a drop in operating profit by an 8.7 percent from the previous year.

Overseas

1. The revenue increased all region due to car production increase and sales expansion.
2. Operating profit increased in Europe and Asia due to the increase in production and cost reduction effort. In North America, despite the cost reduction effort, operating profit decreased from the previous year due to the increase in expenses for R&D, variance of periods in collecting application fees and the investments for expanding production capabilities.

FY2019 1st Half Financial Forecast

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

		(Unit: Millions of Units)							
Precondition	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		10.43		9.89	+0.54	+5.5%
			(3.01)		(2.91)		(3.01)	(-0.10)	(-3.3%)

※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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[1st Half Financial Forecast]

Upward revision to the first-half forecast considering the first-quarter financial results.

1. We expect revenue of 2,660.0 billion yen.
2. We expect operating profit to be 161.0 billion yen.
3. We have not revised the foreign exchange rate of the 2nd quarter and after which is 105 yen to the U.S. dollar and 130 yen to the euro. We used 107 yen to the U.S. dollar and 130 yen to the euro for the 1st half financial forecast.
4. We have updated our preconditions of car production based on the current market.

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	
Revenue	5,320.0	5,400.0	+80.0	+1.5%	5,108.3	+291.7	+5.7%	
Operating Profit	(7.1%) 376.0	(7.2%) 390.0	+14.0	+3.7%	(8.1%) 412.7	-22.7	-5.5%	
Finance income/ costs & others(※1)	39.0	37.0	-2.0		37.2	-0.2		
Profit before Income Taxes	(7.8%) 415.0	(7.9%) 427.0	+12.0	+2.9%	(8.8%) 449.9	-22.9	-5.1%	
Profit (※2)	(5.5%) 290.0	(5.6%) 303.0	+13.0	+4.5%	(6.3%) 320.6	-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	20.95	+0.08	+0.4%	20.15	+0.80	+4.0%
		(6.04)	(5.94)	(-0.10)	(-1.7%)	(6.03)	(-0.09)	(-1.5%)

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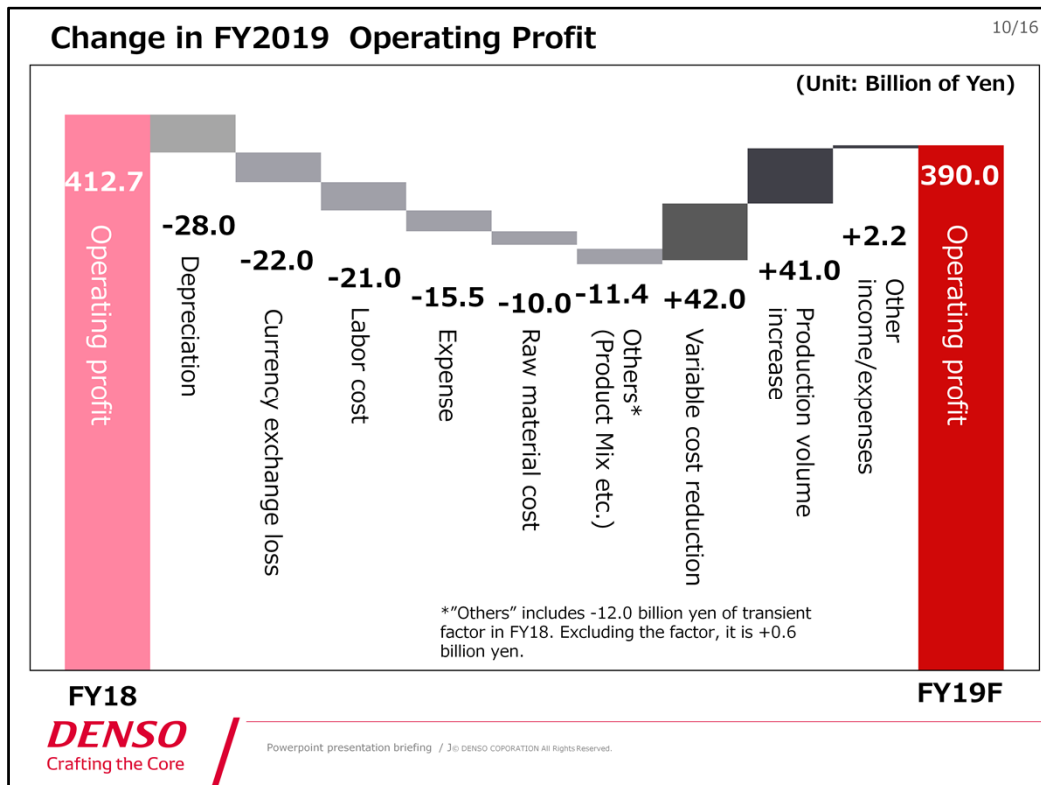
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[Full year Financial Forecast]

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

1. We expect revenue of 5,400.0 billion yen.
2. We expect operating profit to be 390.0 billion yen.
3. We used 106 yen to the U.S. dollar and 130 yen to the euro for the full year financial forecast.
4. We have updated our preconditions of car production for the 1st half financial forecast based on the current market. However we have not revised it for the 2nd half forecast.



[Factors that Contributed to Increases or Decreases in Full-Year Forecasts for Operating Profit]

Negative factors

-107.9 billion yen is due to the increase in Depreciation, Labor cost and Expense for investment in future competition area as well as the impact of Currency exchange loss.

Positive factors

+85.2 billion yen is due to Variable cost reduction and Production volume increase.

As a result, we expect operating profit of the full year to be 390.0 billion yen, 36.7 billion yen decrease from the previous year.

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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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)

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		FY2019 First-Half											FY2019 Second-Half				FY2019 Full Year			
		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
Toyota Group	606.0	45.5	520.5	44.7	85.5	16.4	16.2
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
OEM Total	1,189.6	89.4	1,039.9	89.3	149.7	14.4	13.6
After-market, Non-Automotive Business(*)	141.6	10.6	125.0	10.7	16.6	13.3	13.7
Total	1,331.2	100.0	1,164.9	100.0	166.2	14.3	13.5

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

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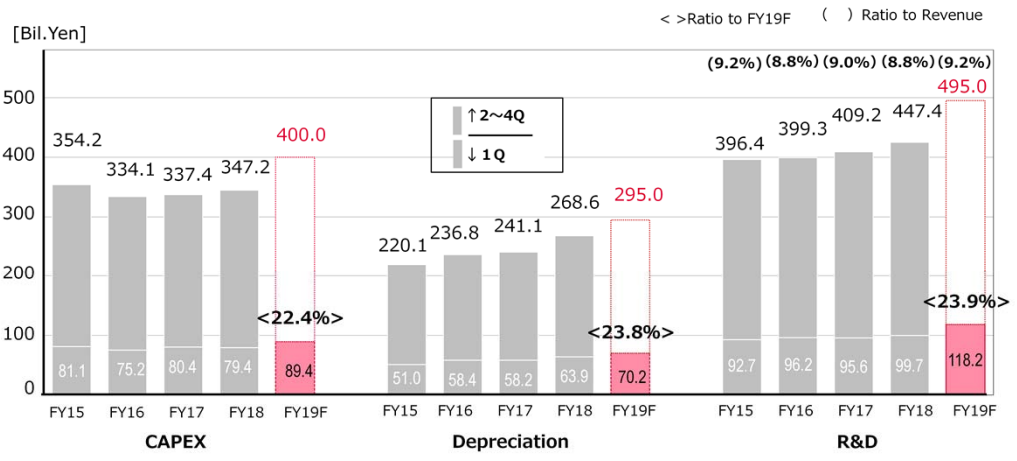
Consolidated Revenue (By Product)

(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
Automotive Total	1,287.0	96.7	1,146.4	98.4	140.6	12.3	11.6
Non-Automotive Business (FA and agriculture, etc.)	44.2	3.3	18.5	1.6	25.7	138.6	139.8
Total	1,331.2	100.0	1,164.9	100.0	166.2	14.3	13.5

* 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

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(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%

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