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**FY2020 1st Quarter
Financial Results
(2019/4-6)**

July 31, 2019
DENSO CORPORATION



Overview of FY2020 1st Quarter Financial Results

1. Despite market slowdown in Europe and China, revenue not including foreign exchange fluctuations increased due to an increase in car production. However foreign exchange fluctuations led to slight decrease in revenue. Operating profit decreased due to an increase in investment for future growth and currency exchange loss of Chinese yuan and Euro.
2. Expense in 1st Quarter increased from the previous year but this result was as planned.
3. We have not revised full-year forecast due to the uncertainty of market and currency.

FY2020 1st Quarter Financial Results(2019/4-6)

		(Ratio to Revenue)		(Unit:Billions of Yen)	
		19/4-19/6	18/4-18/6	Change	
Revenue		1,324.1	1,331.2	-7.0	-0.5%
Operating Profit		(5.2%) 69.1	(6.8%) 90.9	-21.7	-23.9%
Finance income/ costs & others (※ 1)		16.7	18.2	-1.5	
Profit before Income Taxes		(6.5%) 85.8	(8.2%) 109.1	-23.2	-21.3%
Profit (※ 2)		(4.3%) 57.2	(5.8%) 77.3	-20.1	-26.1%

		(Unit:Millions of Units)					
Precondition	Foreign Exchange Rate	JPY	110/\$	JPY	109/\$	+1 JPY	
		JPY	123/Euro	JPY	130/Euro	-7 JPY	
	Domestic Car Production		2.34		2.25	+0.10	+4.3%
	Overseas Car Production of Japanese Manufacturers (North America)		4.80 (1.46)		5.12 (1.53)	-0.33 (-0.06)	-6.3% (-4.2%)

※ 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

[Overview of the Consolidated Financial Results]

1. Consolidated revenue totaled 1,324.1 billion yen, decreased by 7.0 billion yen (-0.5%) from the previous year.
2. Consolidated operating profit totaled 69.1 billion yen, decreased by 21.7 billion yen (-23.9%) from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 57.2 billion yen, decreased by 20.1 billion yen (-26.1%) from the previous year.

FY2020 1st Quarter Consolidated Revenue (By Customer)

(): change from previous year
[]: INCR/DECR, excludes FX difference

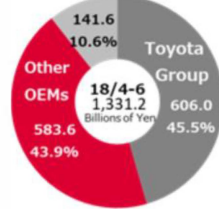
Unit: Billions of Yen
(): Change from previous year
[]: Change from previous year
excludes FX difference

Revenue 1,331.2 ⇒ 1,324.1 (-0.5%) [+1.1%]

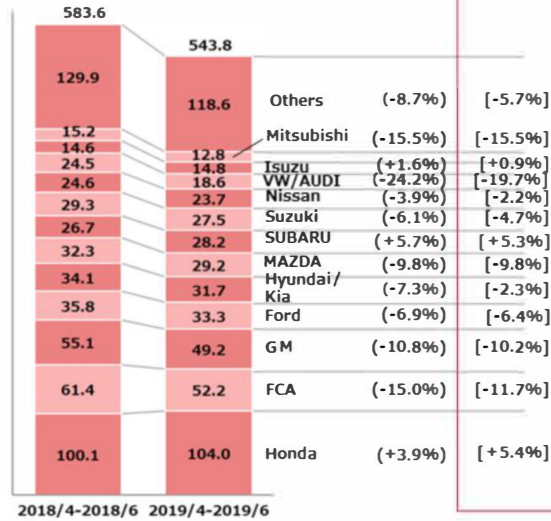
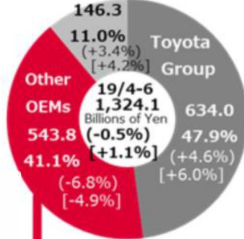
• Toyota group 606.0 ⇒ 634.0 (+4.6%) [+6.0%]

• Other OEMs 583.6 ⇒ 543.8 (-6.8%) [-4.9%]

After-market,
Non-Automotive Business



After-market,
Non-Automotive Business



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[Sales by Customer (Quantity Base)]

Sales to Toyota Group

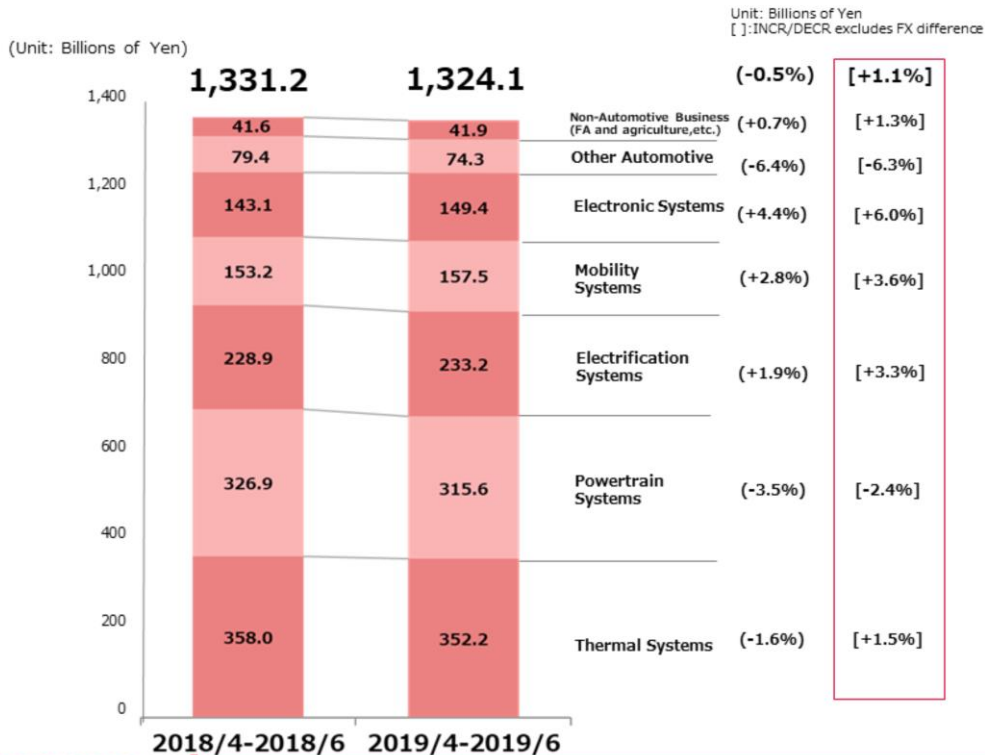
Sales to the Toyota Group increased by 6.0% from the previous year. The reasons are as follows; 1) The car production increased in Japan. 2) Vehicle equipped with safety-related products has been increased.

Sales to non-Toyota Group companies

Sales to non-Toyota Group companies decreased by 4.9% from last year. The reasons of each manufacture are as follows;

- 1) Honda : Sales expansion of display related products in North America.
- 2) VW • AUDI : Downturn related to rush demand before WLTP regulations in the previous year.
- 3) GM and FCA : Decrease of car production in North America, Europe and China.

FY2020 1st Quarter Consolidated Revenue (By Product)



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[Sales by Product (Quantity Base)]

Sales of Powertrain Systems Products

Despite there was sales expansion of Gasoline related product to Nissan, market slowdown of diesel products led to decrease in the revenue.

Sales of Electrification Systems Products

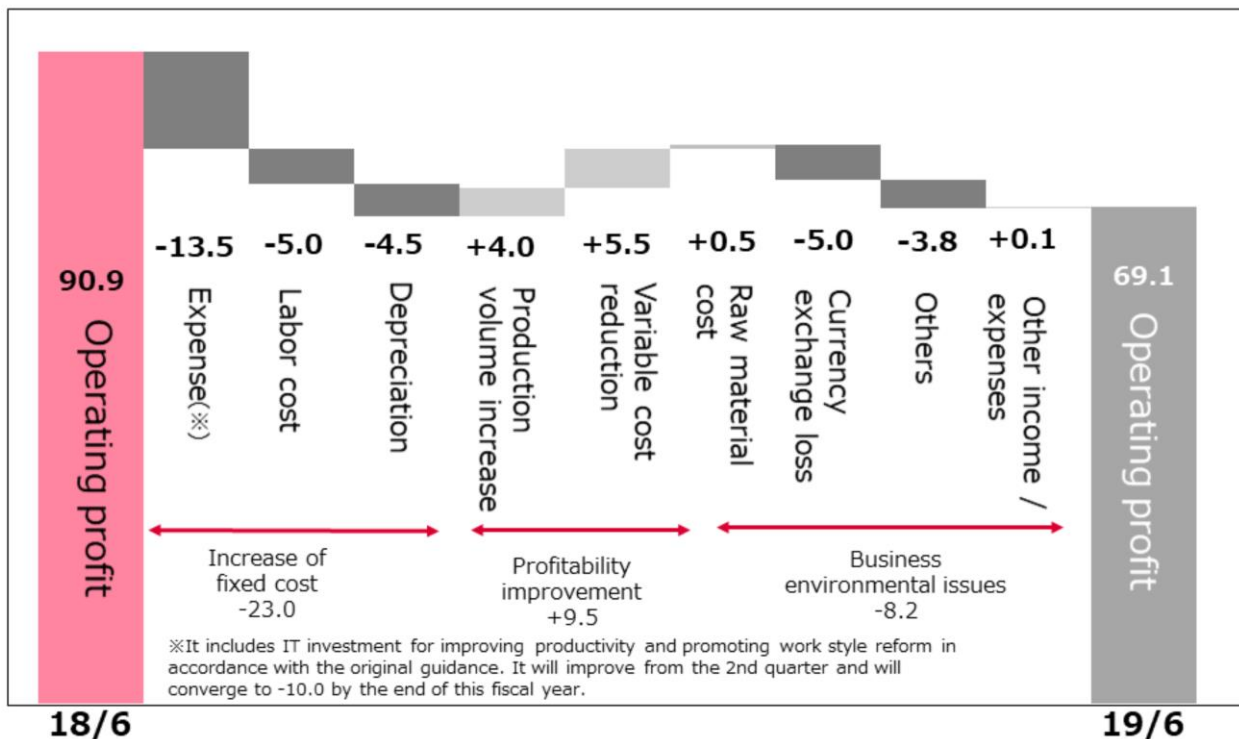
Sales increased due to the production volume increase in power control units for Toyota.

Sales of Mobility Systems Products

Sales increased in Japan due to the increase in vehicle equipped with safety-related products and sales expansion of display related products in North America.

Change in FY2020 1st Quarter Operating Profit

(Unit: Billion of Yen)



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

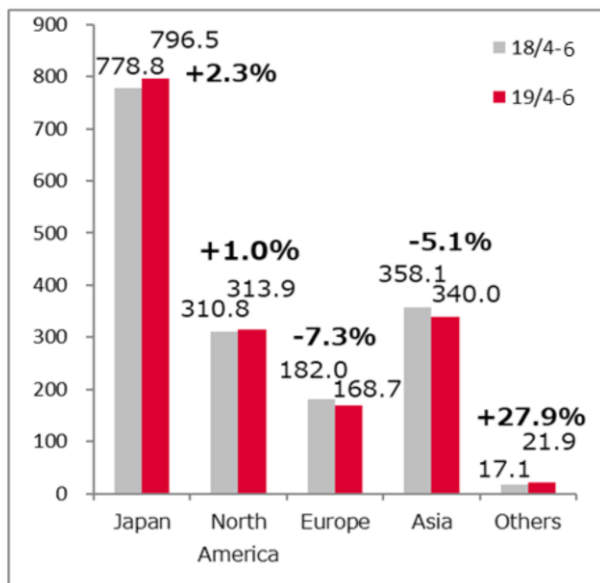
Negative factors

Expense : -13.5 billion yen / Labor cost: -5.0 billion yen / Depreciation: -4.5 billion yen were due to the increase of investment for future growth area and IT investment for improving productivity and promoting work style reform.

In addition, including currency exchange loss, operating profit dropped to 69.1 billion yen.

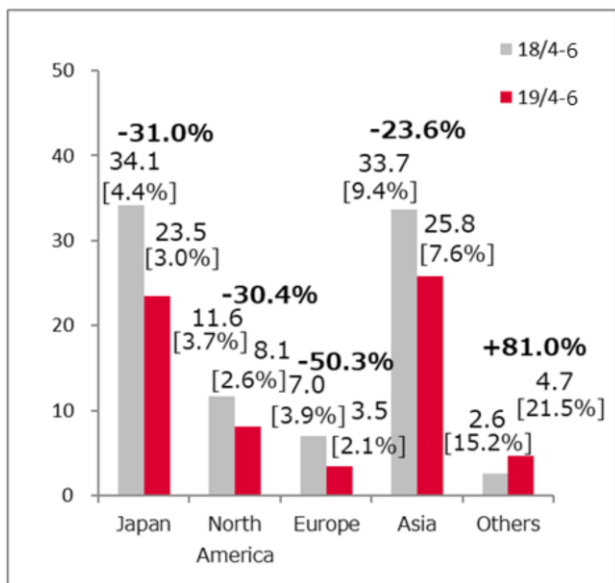
Geographical Segments by Company Location (Local Currency Base)

Revenue



Operating Profit

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



[Revenue and Operating Profit by Each Region*]

*Excluding the effect of foreign exchange

In Japan

Despite a rise in production volume by Toyota, operating profit decreased by 31.0% due to an increase in investment for future growth and IT investment for improving productivity and promoting work style reform.

Overseas

In North America, operating profit decreased due to the increase in expenses for R&D and the investments for expanding electrification production capabilities. In Europe and Asia, despite the cost reduction effort, market slowdown and currency exchange loss led to decrease in operating profit.

FY2020 Financial Forecast

		(Ratio to Revenue)				(Unit: Billions of Yen)		
		As of	20/3	Change from March 2019		19/3	Change from March 2019	
		March 2019	Forecast	Amount	Ratio	Actual	Amount	Ratio
Revenue		5,500.0	5,500.0	-	-	5,362.8	+137.2	+2.6%
Operating Profit		(6.9%) 380.0	(6.9%) 380.0	-	-	(5.9%) 316.2	+63.8	+20.2%
Finance income/ costs & others (※ 1)		49.0	49.0	-	-	39.8	+9.2	
Profit before Income Taxes		(7.8%) 429.0	(7.8%) 429.0	-	-	(6.6%) 356.0	+73.0	+20.5%
Profit		(5.5%) 305.0	(5.5%) 305.0	-	-	(4.7%) 254.5	+50.5	+19.8%
		(Unit: Millions of Units)						
Precondition	Foreign Exchange Rate	JPY 110/\$	JPY 110/\$	-	-	JPY 111/\$	-1 JPY	
		JPY 125/Euro	JPY 125/Euro	-	-	JPY 128/Euro	-3 JPY	
	Domestic Car Production	9.61	9.61	-	-	9.43	+0.18	+1.9%
	Overseas Car Production of Japanese Manufacturers (North America)	20.46	20.46	-	-	20.11	+0.35	+1.7%
		(5.83)	(5.83)	-	-	(5.91)	(-0.08)	(-1.3%)

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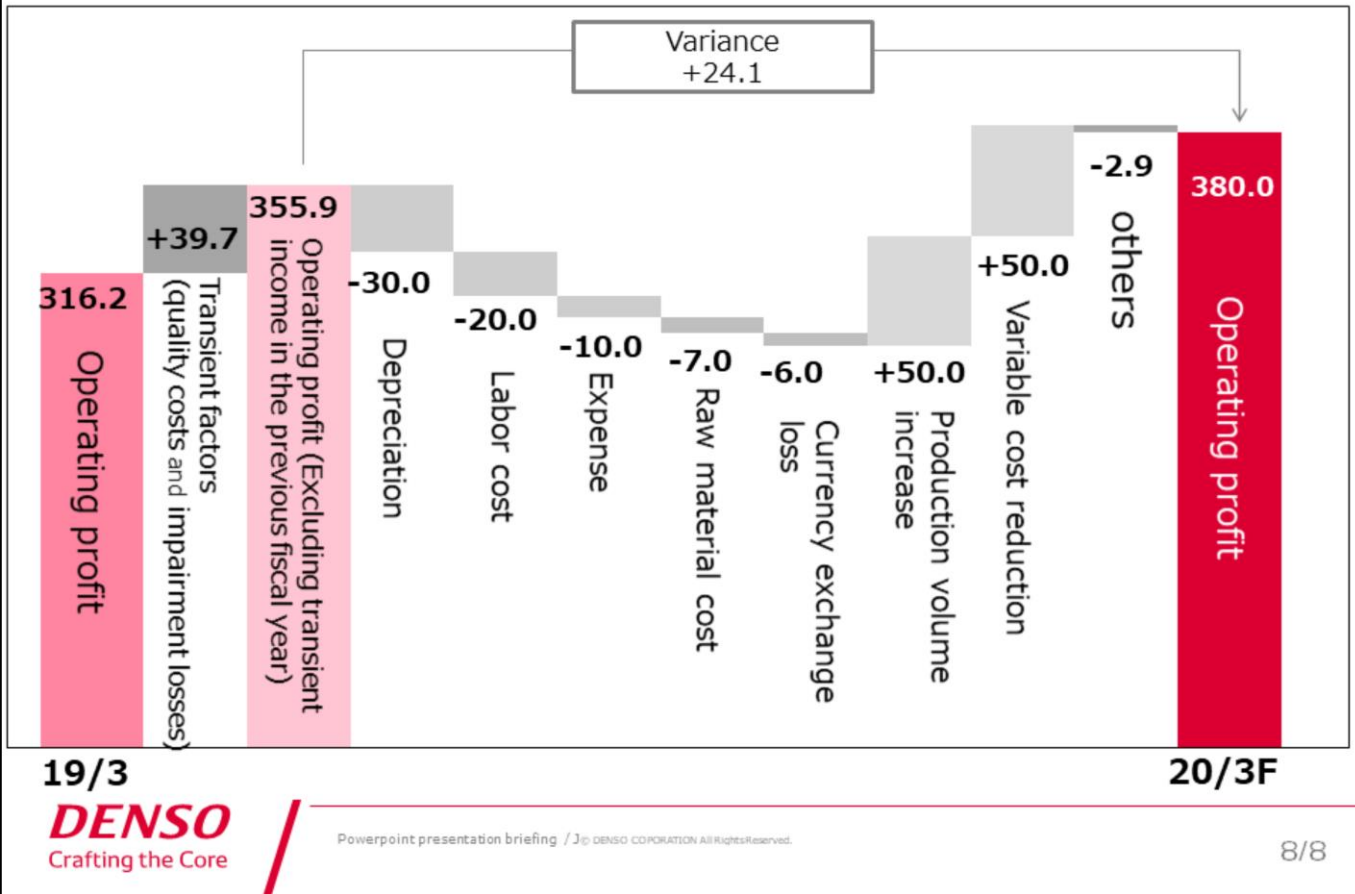
[Full year Financial Forecast]

Due to uncertainty of market and currency exchange fluctuations, we have not revised our original forecast.

1. We expect revenue of 5,500.0 billion yen.
2. We expect operating profit to be 380.0 billion yen.

Change in FY2020 Operating Profit

(Unit: Billion of Yen)



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

We have not revised operating profit breakdown from the original forecast.

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Appendix

- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Revenue by Customer
- Consolidated Revenue by Product
- Geographical Segments by Company Location
- Capital Expenditures, Depreciation and R&D Expenditures

Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2020 Full Year						
		1Q			Prior Year	Forecast (Original)	Forecast (Revised)	Change
		Prior Year	Actual	Change				
Foreign Exchange Rate (Yen)	USD	109	110	+ 1	111	110	110	- 1
	EUR	130	123	- 7	128	125	125	- 3
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	2.25	2.34	+ 4%	9.43	9.61	9.61	+ 2%
	North America	1.53	1.46	- 4%	5.91	5.83	5.83	- 1%
	Overseas	5.12	4.80	- 6%	20.11	20.46	20.46	+ 2%

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	2019/4-2019/6		2018/4-2018/6		Change		Change excludes FX difference, etc.
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	588.1	44.5	559.2	42.0	28.9	5.2	6.6
Daihatsu	30.8	2.3	29.6	2.2	1.2	4.0	4.7
Hino	15.1	1.1	17.3	1.3	-2.2	-12.6	-12.6
Toyota Group	634.0	47.9	606.0	45.5	27.9	4.6	6.0
Honda	104.0	7.9	100.1	7.5	3.9	3.9	5.4
FCA	52.2	3.9	61.4	4.6	-9.2	-15.0	-11.7
GM	49.2	3.7	55.1	4.1	-5.9	-10.8	-10.2
Ford	33.3	2.5	35.8	2.7	-2.5	-6.9	-6.4
Hyundai/Kia	31.7	2.4	34.1	2.6	-2.5	-7.3	-2.3
Mazuda	29.2	2.2	32.3	2.4	-3.2	-9.8	-9.8
SUBARU	28.2	2.1	26.7	2.0	1.5	5.7	5.3
Suzuki	27.5	2.1	29.3	2.2	-1.8	-6.1	-4.7
Nissan	23.7	1.8	24.6	1.8	-0.9	-3.9	-2.2
VW·AUDI	18.6	1.4	24.5	1.8	-5.9	-24.2	-19.7
Isuzu	14.8	1.1	14.6	1.1	0.2	1.6	0.9
Mitsubishi	12.8	1.0	15.2	1.1	-2.4	-15.5	-15.5
BMW	12.1	0.9	11.3	0.9	0.8	6.9	12.2
Volvo	11.4	0.9	11.7	0.9	-0.3	-2.5	2.6
PSA	8.3	0.6	9.2	0.7	-0.9	-10.3	-4.8
Daimler	6.5	0.5	7.7	0.6	-1.2	-15.2	-11.3
OE Sales for others	80.5	6.1	89.9	6.9	-9.4	-10.5	-8.7
OEM Total	1,177.8	89.0	1,189.6	89.4	-11.8	-1.0	0.6
After-market, Non-Automotive Business(*)	146.3	11.0	141.6	10.6	4.8	3.4	4.2
Total	1,324.1	100.0	1,331.2	100.0	-7.0	-0.5	1.1

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

Consolidated Revenue (By Product)

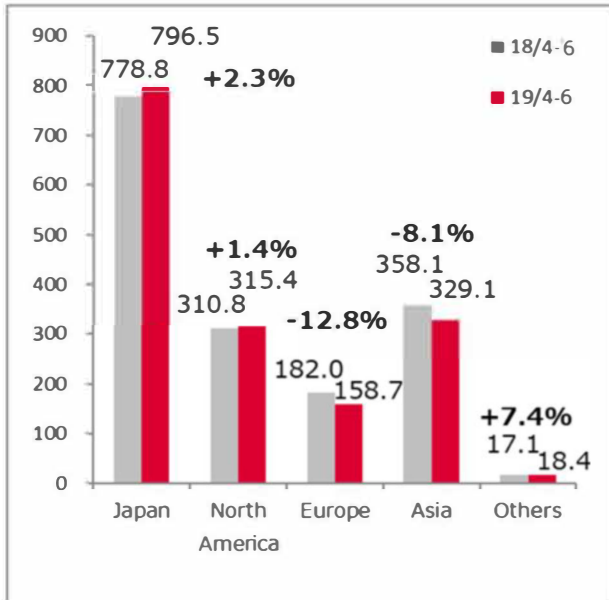
(Unit: Billions of Yen,%)

	19/4-19/6		18/4-18/6		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	352.2	26.6	358.0	27.0	-5.8	-1.6	1.5
Powertrain Systems	315.6	23.9	326.9	24.9	-11.4	-3.5	-2.4
Electrification Systems	233.2	17.6	228.9	17.2	4.3	1.9	3.3
Mobility Systems	157.5	11.9	153.2	11.5	4.3	2.8	3.6
Electronic Systems	149.4	11.3	143.1	10.8	6.3	4.4	6.0
Others(*)	74.3	5.5	79.4	6.0	-5.1	-6.4	-6.3
Automotive Total	1,282.2	96.8	1,289.6	97.0	-7.3	-0.6	1.1
Non-Automotive Business(FA and agriculture, etc.) Total	41.9	3.2	41.6	3.0	0.3	0.7	1.3
Total	1,324.1	100.0	1,331.2	100.0	△ 7.0	△ 0.5	1.1

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

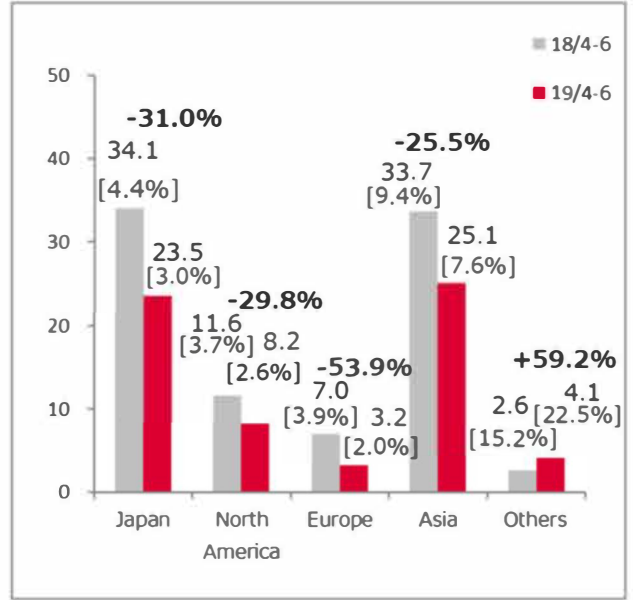
Geographical Segments by Company Location

Revenue

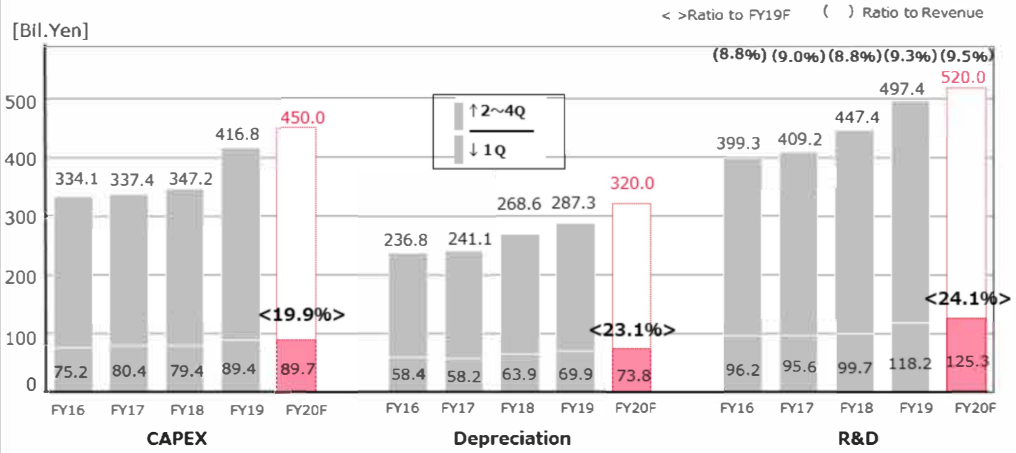


Operating Profit

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



Trend of Capital Expenditures, Depreciation and R&D Expenditures



Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

	19/3		20/3F		Change(%)	Progress to 20/3 Forecast
	18/6	19/3	19/6	20/3F		
Japan	52.6	258.2	57.0	261.5	8.4%	21.8%
North America	15.0	60.3	9.6	60.0	-35.9%	16.0%
Europe	5.3	25.5	5.8	25.0	9.7%	23.3%
Asia	15.7	69.5	16.7	100.0	6.1%	16.7%
Others	0.7	3.4	0.5	3.5	-28.6%	14.3%
Capital Exp.	89.4	416.8	89.7	450.0	0.3%	19.9%
Japan	40.5	168.6	43.6	189.0	7.7%	23.1%
North America	8.6	36.8	10.2	44.5	18.6%	22.9%
Europe	6.0	24.0	6.0	26.0	0.0%	23.1%
Asia	14.2	55.7	13.5	58.0	-4.9%	23.3%
Others	0.6	2.1	0.5	2.5	-16.7%	20.0%
Depreciation	69.9	287.3	73.8	320.0	5.6%	23.1%
R&D Expenditure (Ratio to Revenue)	118.2 (8.9%)	497.4 (9.3%)	125.3 (9.5%)	520.0 (9.5%)	6.0%	24.1%