

***DENSO***

Crafting the Core

**FY2020 3<sup>rd</sup> Quarter**

**Financial Results**  
**( 2019/4-12 )**

Jan 31, 2020

DENSO CORPORATION



# Overview of FY2020 3<sup>rd</sup> Quarter Financial Results

1. Revenue excluding foreign exchange fluctuations increased due to the sales expansion, despite overall automotive market slowdown. However, foreign exchange fluctuations led to decrease in revenue. Operating profit decreased due to foreign currency loss and provision for quality costs, despite variable costs reduction outweighed fixed costs increase.
2. Downward revision to full-year forecast considering 3Q results and environmental factors such as market slow down trend.
3. Annual dividend payment will be 140 yen, which is same as the original forecast.

# FY2020 9months Financial Results(2019/4-12)

		(Ratio to Revenue)		[Unit:Billions of Yen]	
		18/4-18/12	19/4-19/12	Change	
<b>Revenue</b>		3,979.7	<b>3,895.0</b>	-84.6	-2.1%
<b>Operating Profit</b>		(6.1%) 243.5	<b>(4.2%) 162.7</b>	-80.9	-33.2%
Finance income/ costs&others(*1)		32.7	35.0	+2.3	
<b>Profit before Income Taxes</b>		(6.9%) 276.2	<b>(5.1%) 197.6</b>	-78.6	-28.4%
<b>Profit (*2)</b>		(4.8%) 192.0	<b>(3.5%) 136.1</b>	-55.9	-29.1%
				[Unit:Millions of Units]	
Precondition	Foreign Exchange Rate	JPY 111/USD	JPY 109/USD	-2 JPY	-
		JPY 129/EUR	JPY 121/EUR	-8 JPY	-
	Domestic Vehicle Production	6.95	6.94	-0.01	-0.2%
	Overseas Vehicle Production of Japanese Manufacturers	15.41	14.41	-1.00	-6.5%
	(North America)	(4.40)	(4.15)	(-0.25)	(-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

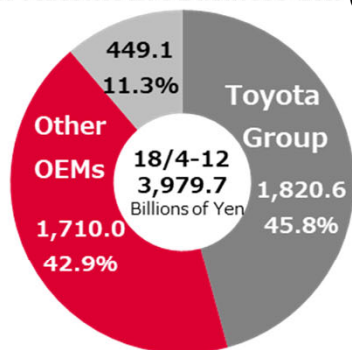
# FY2020 9months Consolidated Revenue (By Customer)

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

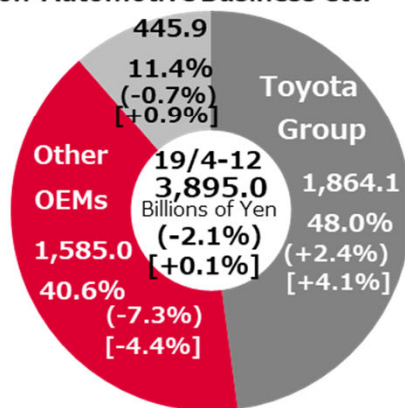
( ): change from previous year  
 [ ]: INCR/DECR excludes FX difference

Revenue	3,979.7 ⇒ 3,895.0 (-2.1%)	[+0.1%]
Toyota group	1,820.6 ⇒ 1,864.1 (+2.4%)	[+4.1%]
Other OEMs	1,710.0 ⇒ 1,585.0 (-7.3%)	[-4.4%]

After-market, Non-Automotive Business etc.



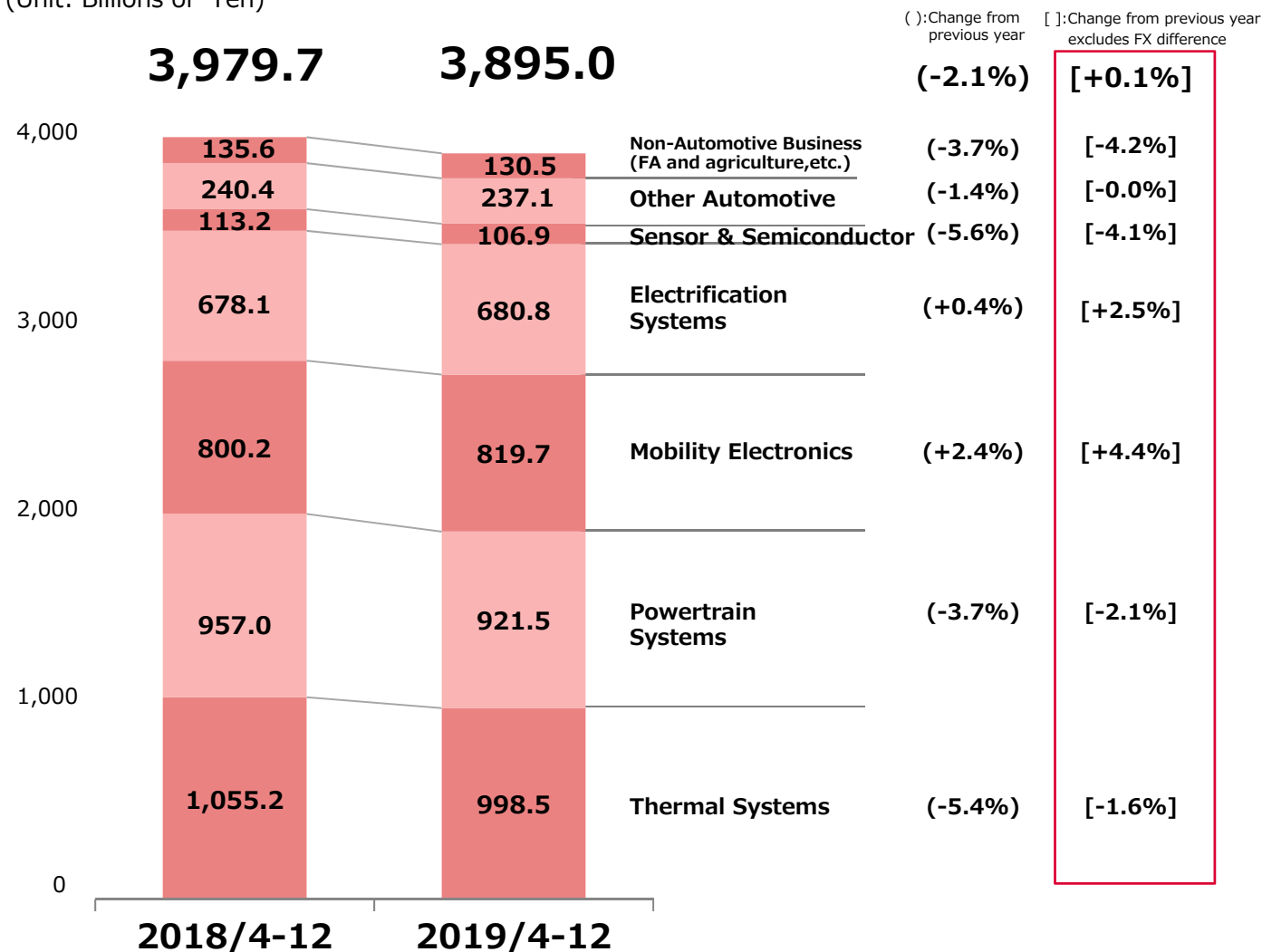
After-market, Non-Automotive Business etc.



Customer	2018/4-2018/12	2019/4-2019/12	Change from previous year	Change from previous year (excludes FX difference)
Others	486.4	445.0	(-8.5%)	[-5.6%]
VW/AUDI	59.8	49.1	(-17.8%)	[-12.4%]
Nissan	77.1	72.2	(-6.3%)	[-4.0%]
Suzuki	87.3	82.0	(-6.0%)	[-4.7%]
SUBARU	79.3	87.6	(+10.5%)	[+11.6%]
Hyundai/Kia	102.7	89.7	(-12.6%)	[-6.9%]
Mazda	93.1	90.3	(-3.0%)	[-3.0%]
Ford	102.5	95.4	(-7.0%)	[-4.0%]
GM	149.4	120.5	(-19.4%)	[-17.3%]
FCA	166.1	147.0	(-11.5%)	[-6.9%]
Honda	306.3	306.2	(-0.0%)	[+2.8%]

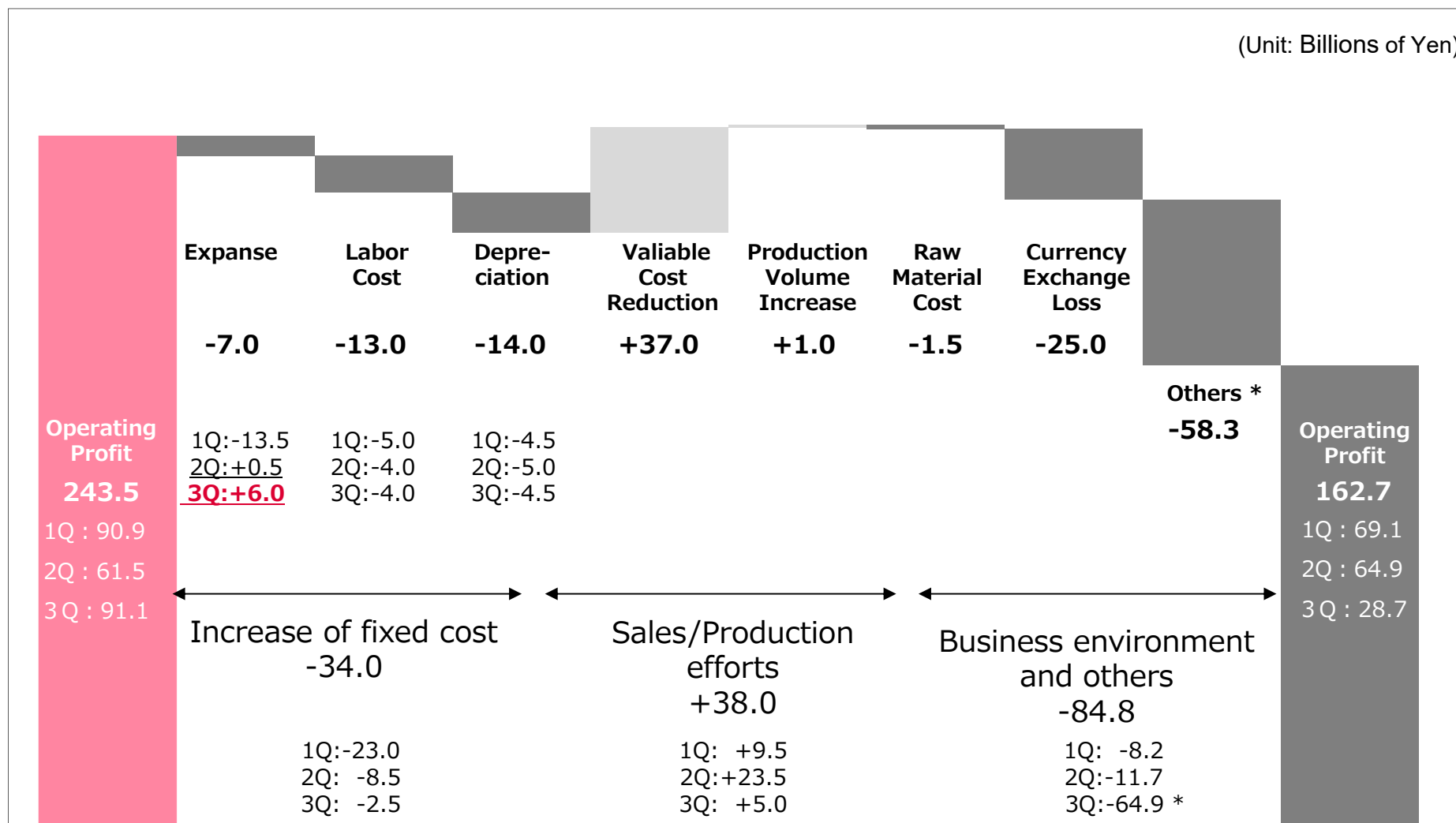
# FY2020 9months Consolidated Revenue ( By Product )

(Unit: Billions of Yen)



# Change in FY2020 9months Operating Profit

(Unit: Billions of Yen)



2018/4-12

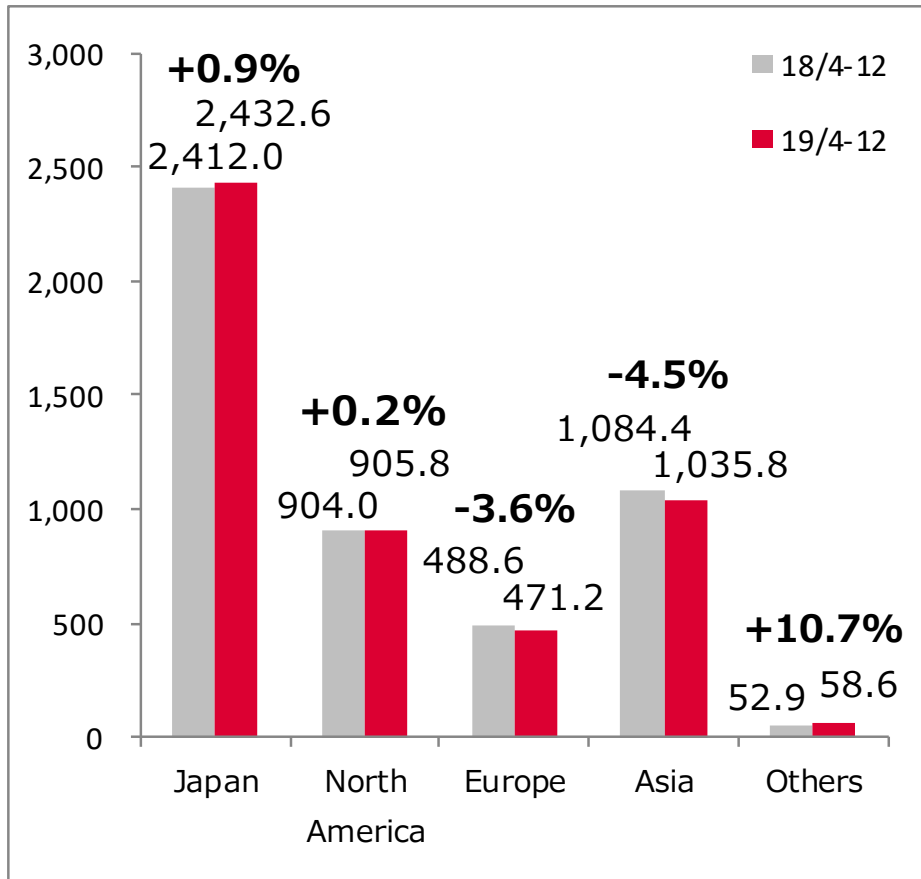
\* Includes Provision for quality costs of 42.0 bil. yen

2019/4-12

# Geographical Segments by Company Location

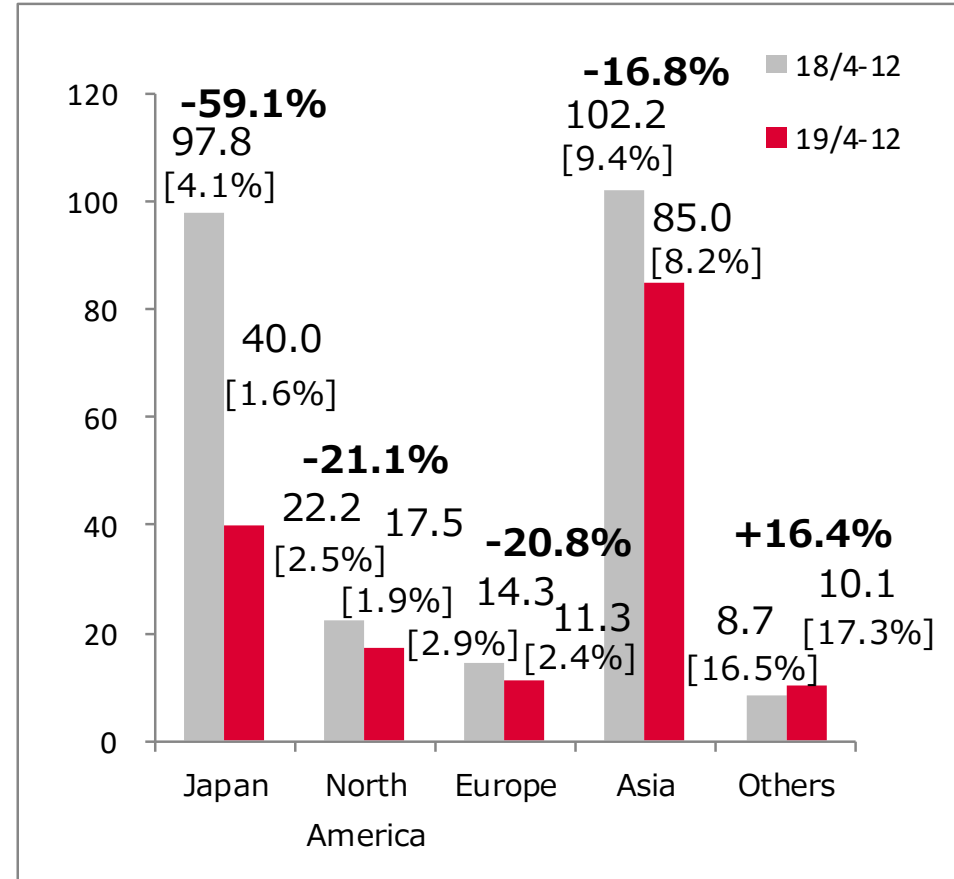
Local currency basis excludes FX difference (111JPY/1USD, 129JPY/1EUR)

## Revenue

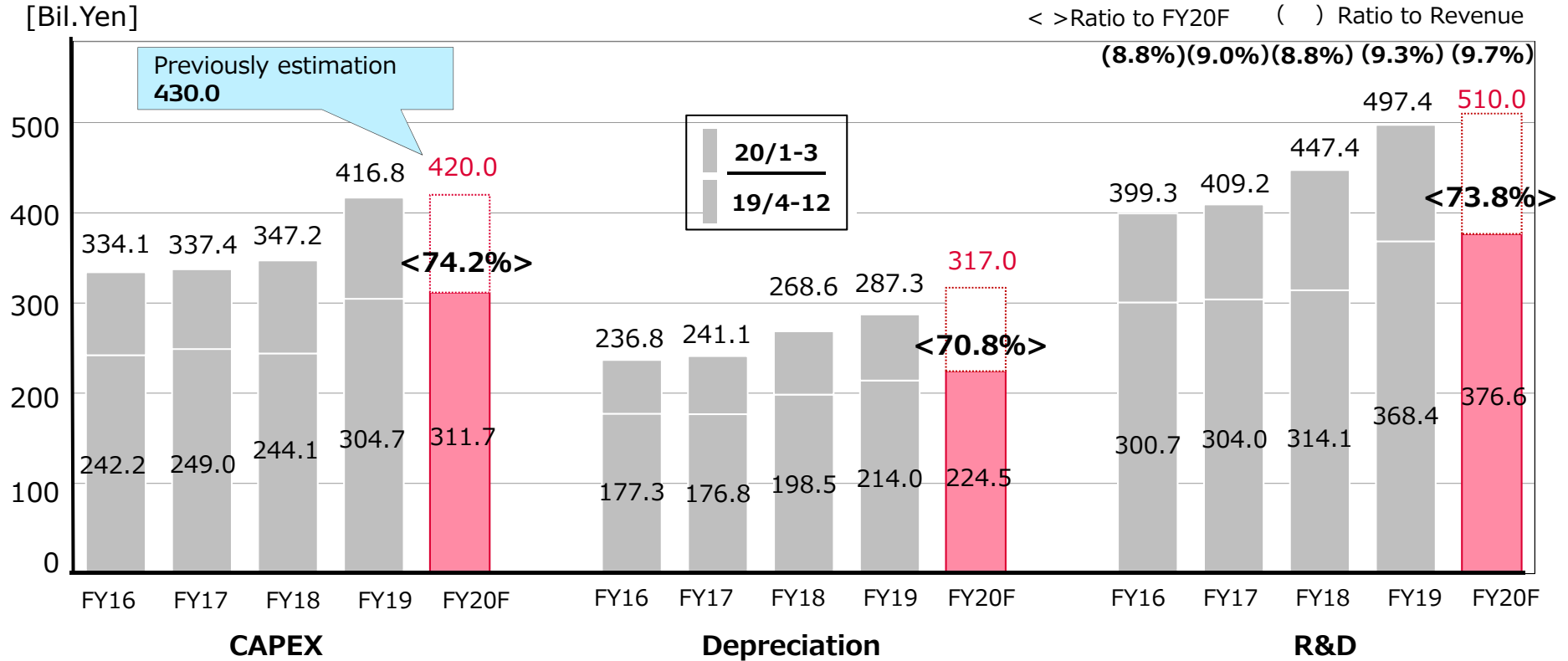


## Operating Profit

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



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





# FY2020 Financial Forecast

(Ratio to Revenue)

[Unit:Billions of Yen]

	Forecast as of		20/3 Forecast	Change from previous forecast		19/3 Actual	Change from March 2019	
	Sep. 2019			Amount	Ratio		Amount	Ratio
<b>Revenue</b>	5,260.0	<b>5,260.0</b>	0	-	5,362.8	-102.8	-1.9%	
<b>Operating Profit</b>	(6.1%) 320.0	(5.3%) <b>280.0</b>	-40.0	-12.5%	(5.9%) 316.2	-36.2	-11.4%	
Finance income/ costs&others(*1)	41.0	<b>38.0</b>	-3.0		39.8	-1.8		
<b>Profit before Income Taxes</b>	(6.9%) 361.0	(6.0%) <b>318.0</b>	-43.0	-11.9%	(6.6%) 356.0	-38.0	-10.7%	
<b>Profit (*2)</b>	(4.9%) 257.0	(4.3%) <b>225.0</b>	-32.0	-12.5%	(4.7%) 254.5	-29.5	-11.6%	

[Unit:Millions of Units]

Precondition	Foreign Exchange Rate	JPY 107/USD	JPY 108/USD	+1 JPY	-	JPY 111/USD
		JPY 118/EUR	JPY 121/EUR	+3 JPY	-	JPY 128/EUR
	Domestic Vehicle Production	9.51	9.35	-0.16	-1.7%	9.43
	Overseas Vehicle Production of Japanese Manufacturers	19.44	19.22	-0.22	-1.1%	20.11
	(North America)	(5.65)	(5.60)	(-0.05)	(-0.8%)	(5.91)

※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

# Variance from previous estimation at 2nd quarter

(Unit: Billions of yen)

	2Q Estimation	3Q Estimation	Change
2019/3 Operating profit	316.2	316.2	-
Expense	0	7.0	+7.0
Labor cost	-16.0	-16.0	-
Depreciation	-28.0	-28.0	-
Variable cost reduction	54.0	54.0	-
Production volume increase	15.0	0	-15.0
Currency exchange loss	-49.0	-39.0	+10.0
Raw material cost	-4.0	-4.0	-
Others	31.8	-10.2	-42.0
<b>2020/F Operating profit</b>	<b>320.0</b>	<b>280.0</b>	<b>-40.0</b>

## <Major factors >

Reserve 3Q plan achievement

Reflect auto-market slowdown

Change FX Rate Condition based on actual situation

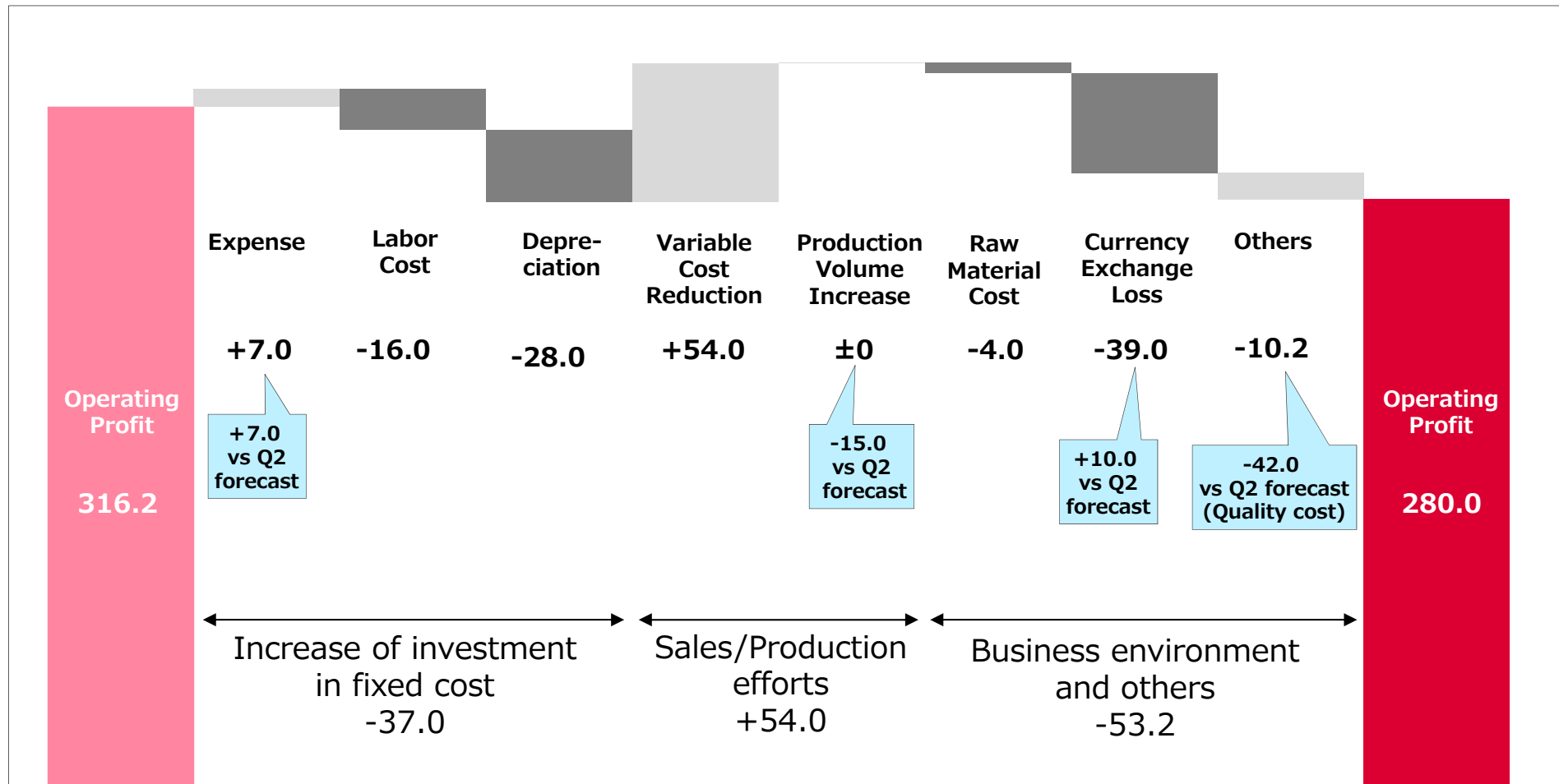
	Impact	Rate against JPY	(4Q)
USD	+2.7	( 105 → 107)	105
EUR	+3.0	( 115 → 120)	120
CNY	+3.0	( 15.0 → 15.5)	15.6
Others	+1.3		

\*Forex impact on operating profit (Full-year)  
 USD:2.7B yen per yen EUR:1.2B yen per yen  
 CNY:1.2B yen per 0.1 yen

Provision for quality cost in 3Q  
 -42.0

# Change in FY2020 Operating Profit

(Unit: Billion of yen)



2018/4-2019/3

2019/4-2020/3F

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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																	
		FY2020 First-Half			FY2020 Second-Half														
					3Q			4Q											
		Prior Year	Actual	Change	Prior Year	Actual	Change	Prior Year	Revised Estimate	Change	Prior Year	Forecast as of Sep.2019	Forecast (Revised)	Change	Prior Year	Forecast as of Sep.2019	Forecast (Revised)	Change	
Foreign Exchange Rate (Yen)	USD	110	109	-2	113	109	-4	110	105	-5	112	105	107	-5	111	107	108	-3	
	EUR	130	121	-8	129	120	-8	125	120	-5	127	115	120	-7	128	118	121	-8	
Forex Impact on Operating Income per Yen (Billions of Yen)	USD										-				-	2.5	2.7	2.7	0.2
	EUR										-				-	1.0	1.2	1.2	0.2
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.47	4.69	+ 5%	2.48	2.26	- 9%	2.47	2.41	- 3%	4.95	4.83	4.67	- 6%	9.43	9.51	9.35	- 1%	
	North America	2.90	2.83	- 2%	1.50	1.35	- 10%	1.51	1.46	- 3%	3.01	2.82	2.81	- 7%	5.91	5.65	5.60	- 5%	
	Overseas	10.20	9.61	- 6%	5.21	4.81	- 8%	4.71	4.81	+ 2%	9.91	9.83	9.61	- 3%	20.11	19.44	19.22	- 4%	

# Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	2018/4-2018/12		2019/4-2019/12		Change		Change excludes FX difference, etc.
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	1,677.8	42.2	1,718.8	44.2	41.1	2.4	4.3
Daihatsu	93.8	2.4	100.0	2.6	6.1	6.5	7.0
Hino	49.0	1.2	45.3	1.2	-3.7	-7.5	-7.5
<b>Toyota Group</b>	<b>1,820.6</b>	<b>45.8</b>	<b>1,864.1</b>	<b>48.0</b>	<b>43.5</b>	<b>2.4</b>	<b>4.1</b>
Honda	306.3	7.7	306.2	7.9	-0.1	- 0.0	2.8
FCA	166.1	4.2	147.0	3.8	-19.1	-11.5	-6.9
GM	149.4	3.8	120.5	3.1	-29.0	-19.4	-17.3
Ford	102.5	2.6	95.4	2.4	-7.1	-7.0	-4.0
Mazuda	93.1	2.3	90.3	2.3	-2.8	-3.0	-3.0
Hyundai/Kia	102.7	2.6	89.7	2.3	-13.0	-12.6	-6.9
SUBARU	79.3	2.0	87.6	2.2	8.3	10.5	11.6
Suzuki	87.3	2.2	82.0	2.1	-5.2	-6.0	-4.7
Nissan	77.1	1.9	72.2	1.9	-4.9	-6.3	-4.0
VW·AUDI	59.8	1.5	49.1	1.3	-10.6	-17.8	-12.4
Mitsubishi	48.6	1.2	44.8	1.1	-3.8	-7.8	-8.8
Isuzu	45.7	1.1	44.8	1.1	-0.9	-2.0	-3.1
BMW	32.0	0.8	38.4	1.0	6.4	20.2	28.0
PSA	37.8	0.9	36.0	0.9	-1.8	-4.8	1.8
Volvo	32.3	0.8	31.9	0.8	-0.3	-1.1	5.5
Daimler	22.2	0.6	18.5	0.5	-3.6	-16.4	-10.6
OE Sales for others	268.0	6.7	230.7	5.9	-37.3	-13.9	-11.3
<b>OEM Total</b>	<b>3,530.5</b>	<b>88.7</b>	<b>3,449.1</b>	<b>88.6</b>	<b>-81.4</b>	<b>-2.3</b>	<b>-</b>
<b>After-market, Non-Automotive Business(*)</b>	<b>449.1</b>	<b>11.3</b>	<b>445.9</b>	<b>11.4</b>	<b>-3.2</b>	<b>-0.7</b>	<b>0.9</b>
<b>Total</b>	<b>3,979.7</b>	<b>100.0</b>	<b>3,895.0</b>	<b>100.0</b>	<b>-84.6</b>	<b>-2.1</b>	<b>0.1</b>

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

# Consolidated Revenue (By Product)

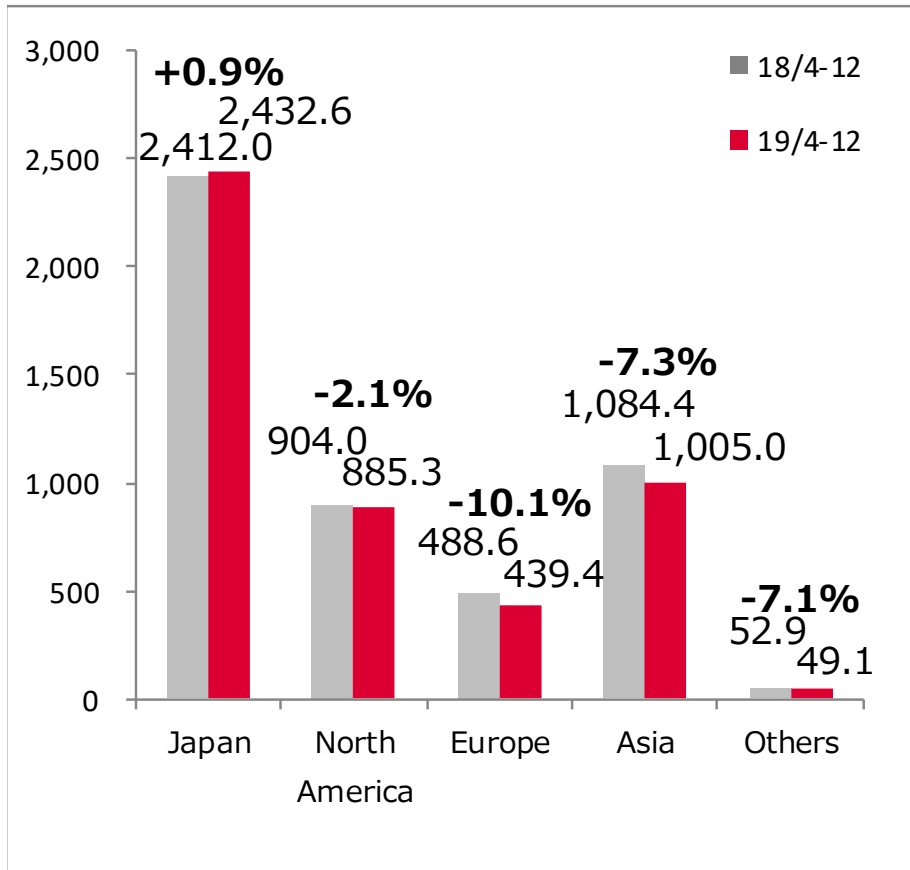
(Unit: Billions of Yen,%)

	18/4-18/12		19/4-19/12		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	1,055.2	26.5	998.5	25.7	-56.7	-5.4	-1.6
Powertrain Systems	957.0	24.2	921.5	23.7	-35.5	-3.7	-2.1
Mobility Electronics	800.2	20.1	819.7	20.9	19.5	2.4	4.4
Electrification Systems	678.1	17.1	680.8	17.5	2.7	0.4	2.5
Sensor & Semiconductor	113.2	2.8	106.9	2.7	-6.3	-5.6	-4.1
Others(*)	240.4	5.9	237.1	6.2	-3.3	-1.4	-0.0
<b>Automotive Total</b>	<b>3,844.1</b>	<b>96.6</b>	<b>3,764.4</b>	<b>96.7</b>	<b>-79.7</b>	<b>-2.1</b>	<b>0.3</b>
<b>Non-Automotive Business(FA and agriculture, etc.) Total</b>	<b>135.6</b>	<b>3.4</b>	<b>130.5</b>	<b>3.3</b>	<b>-5.1</b>	<b>-3.7</b>	<b>-4.2</b>
<b>Total</b>	<b>3,979.7</b>	<b>100.0</b>	<b>3,895.0</b>	<b>100.0</b>	<b>- 84.8</b>	<b>- 2.1</b>	<b>0.1</b>



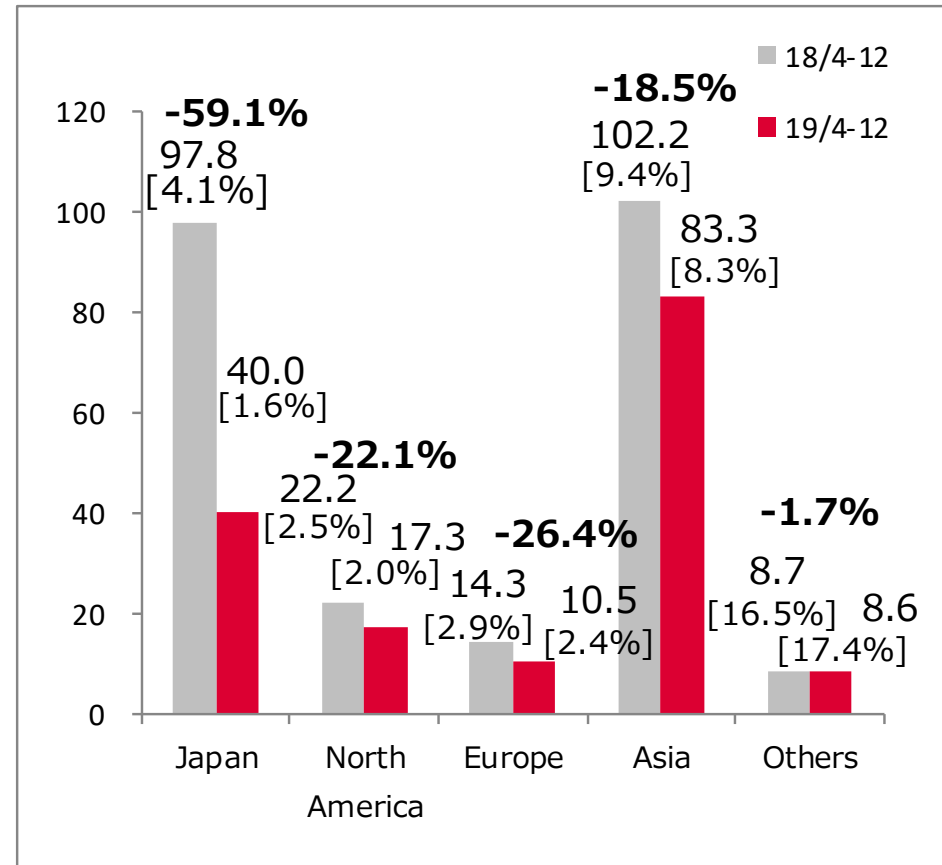
# Geographical Segments by Company Location

## Revenue



## Operating Profit

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



# Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

	19/3		20/3F		Change (%)	Progress to 20/3 Forecast
	18/12		19/12			
Japan	186.1	258.2	193.0	261.5	3.7%	73.8%
North America	46.1	60.3	32.5	60.0	-29.5%	54.2%
Europe	18.5	25.5	19.7	25.0	6.5%	78.8%
Asia	51.7	69.5	64.6	100.0	25.0%	64.6%
Others	2.3	3.4	1.9	3.5	-17.4%	54.3%
Adjustment *	-	-	-	-30.0	-	-
Capital Exp.	304.7	416.8	311.7	420.0	2.3%	74.2%
Japan	125.0	168.6	136.3	189.0	9.0%	72.1%
North America	27.2	36.8	29.9	44.5	9.9%	67.2%
Europe	18.1	24.0	17.5	26.0	-3.3%	67.3%
Asia	42.2	55.7	39.4	58.0	-6.6%	67.9%
Others	1.6	2.1	1.4	2.5	-12.5%	56.0%
Adjustment *	-	-	-	-3.0	-	-
Depreciation	214.0	287.3	224.5	317.0	4.9%	70.8%
R&D Expenditure (Ratio to Revenue)	368.4 (9.3%)	497.4 (9.3%)	376.6 (9.7%)	510.0 (9.7%)	2.2%	73.8%

\* Reduction from the original estimation mainly in Asia.