



***DENSO***

Crafting the Core

**FY2020**

**Financial Results**  
**( 2019/4-2020/3 )**

Apr 30, 2020  
DENSO CORPORATION

## Overview of FY2020 Financial Results

1. Revenue decreased due to a decline in vehicle production and the impact of the COVID-19 outbreak.  
Operating profit decreased due to factors such as the Quality cost provision and the impact of the COVID-19 outbreak.
2. The full-year forecast for the next fiscal year is undecided due to the impact of the COVID-19, which makes it difficult to calculate current figures in Japan and overseas
3. Annual dividend payment is 140 yen which is same as the original forecast

## FY2020 Financial Results(2019/4-2020/3)

		(Ratio to Revenue)		[Unit:Billions of Yen]	
		18/4 - 19/3	19/4 - 20/3	Change	
<b>Revenue</b>		5,362.8	<b>5,153.5</b>	-209.3	-3.9%
<b>Operating Profit</b>		(5.9%) 316.2	<b>(1.2%) 61.1</b>	-255.1	-80.7%
<b>Finance income/ cost&amp;others(*1)</b>		39.8	28.6	-11.3	
<b>Profit before Income Taxes</b>		(6.6%) 356.0	<b>(1.7%) 89.6</b>	-266.4	-74.8%
<b>Profit (*2)</b>		(4.7%) 254.5	<b>(1.3%) 68.1</b>	-186.4	-73.2%
				[Unit:Millions of Units]	
Precondition	Foreign Exchange Rate	JPY 111/USD	JPY 109/USD	-2 JPY	-
		JPY 128/EUR	JPY 121/EUR	-7 JPY	-
	Domestic Vehicle Production	9.43	9.27	-0.16	-1.7%
	Overseas Vehicle Production of Japanese Manufacturers	20.11	18.89	-1.22	-6.1%
	(North America)	(5.91)	(5.46)	(-0.45)	(-7.6%)

※ 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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2/9

### [Overview of the Consolidated Financial Results]

1. Consolidated revenue totaled 5,153.5 billion yen, decreased by 209.3 billion yen (-3.9%) from the previous year.
2. Consolidated operating profit totaled 61.1 billion yen, decreased by 255.1 billion yen (-80.7%) from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 68.1 billion yen, decreased by 186.4 billion yen (-73.2%) from the previous year.

# FY2020 Consolidated Revenue (By Customer)

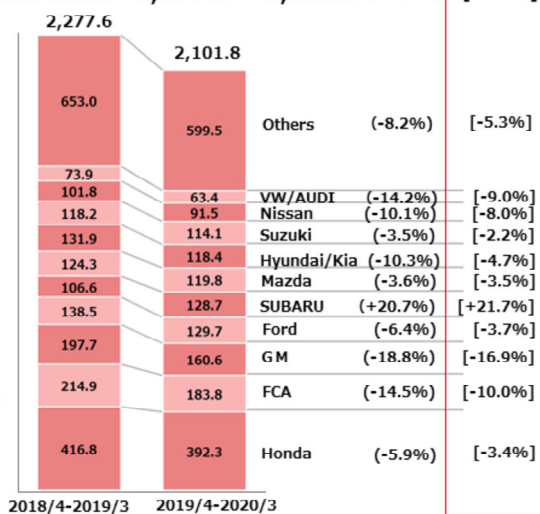
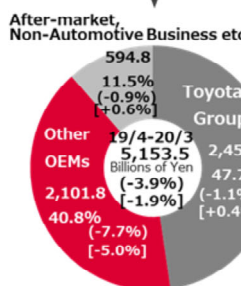
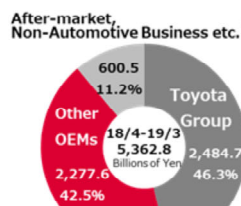
(Unit: Billions of Yen)  
 ( ): Change from previous year  
 [ ]: Change from previous year excludes FX difference

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 [ ]: Change from previous year excludes FX difference

Revenue 5,362.8 ⇒ 5,153.5 (-3.9%) [-1.9%]

Toyota group 2,484.7 ⇒ 2,456.9 (-1.1%) [+0.4%]

Other OEMs 2,277.6 ⇒ 2,101.8 (-7.7%) [-5.0%]



## [Sales by Customer (Quantity Base)]

### Sales to Toyota Group

Sales to Toyota Group increased by 0.4% from the previous year.

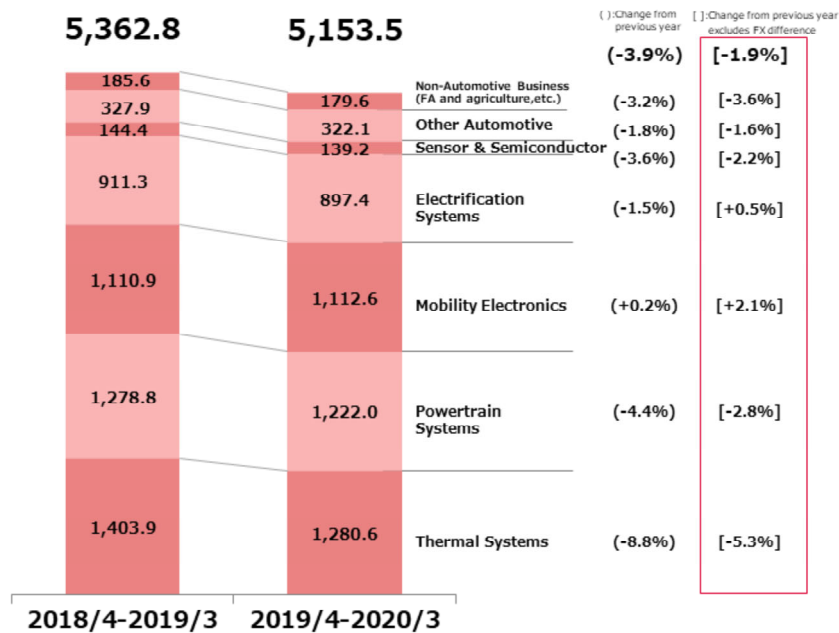
Secured higher sales on a physical basis, mainly due to increased sales in Japan.

### Sales to non-Toyota Group companies

Sales to non-Toyota Group companies decreased by 5.0% from last year.

Sales decreased due to the market slowdown and the impact of the COVID-19.

## FY2020 Consolidated Revenue ( By Product )



### [Sales by Product (Quantity Base)]

#### Sales of Thermal Systems and Powertrain Systems Products

Revenue decreased due to the market slowdown.

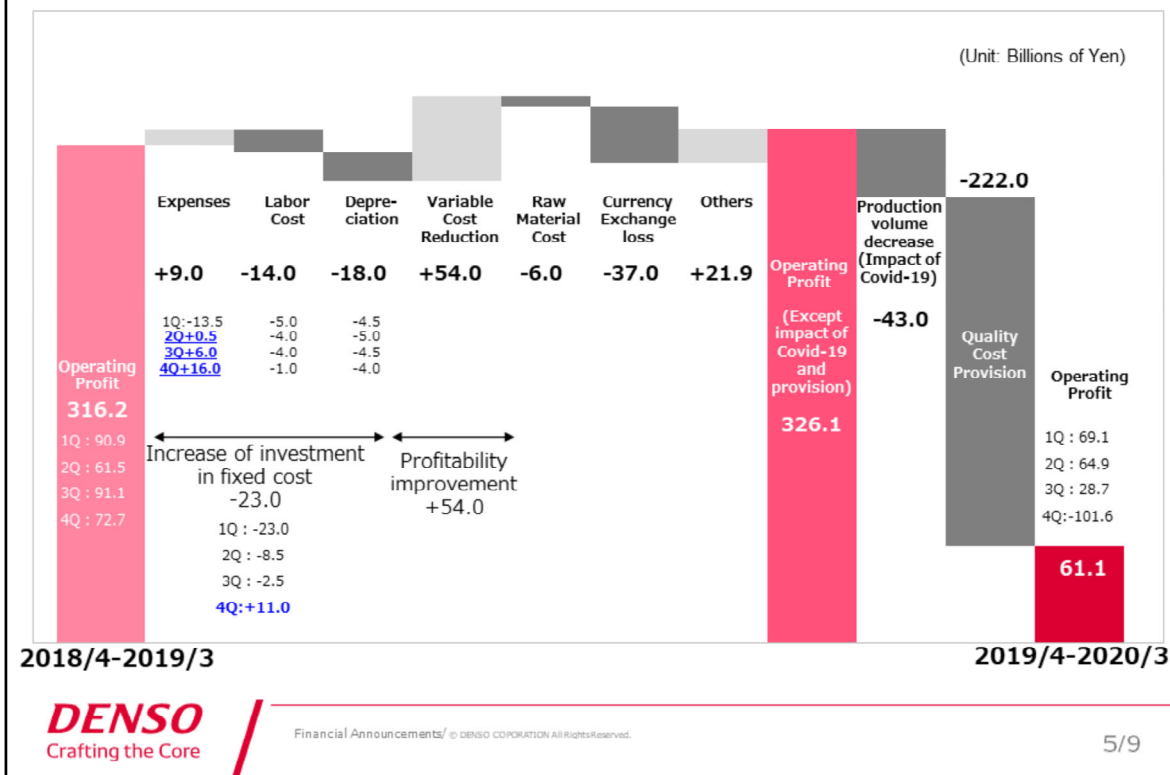
#### Sales of Mobility Electronics Products

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

#### Sales of Electrification Systems Products

Although the slowdown in the Asian market , sales increased due to production increase of power control units for Toyota in Japan.

## Change in FY2020 Operating Profit



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

#### Positive factors

Expense : 9.0 billion yen / Variable cost reduction : 54.0 billion yen .

#### Negative factors

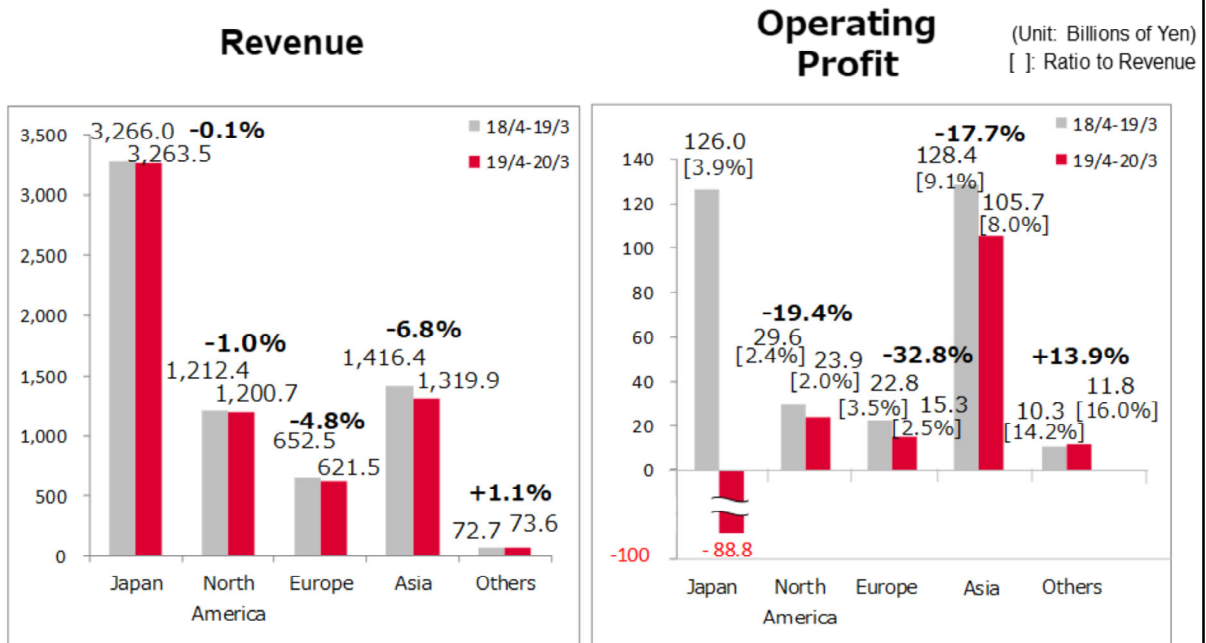
Production volume decrease : -43.0 billion yen due to the impact of the COVID-19.

Quality cost provision : -222.0 billion yen.

Despite achieved significantly higher than the initial high target to reduce expenses and increase variable cost reduction , operating income for the period was 61.1 billion yen due to the impact of the COVID-19 and provision of quality costs .

# Geographical Segments by Company Location

Local currency basis excludes FX difference (111JPY/1USD, 128JPY/1EUR)



## [Revenue and Operating Profit by Each Region\*]

\*Excluding the effect of foreign exchange

### In Japan

Although sales were flat year on year, all quality costs were incurred in Japan, resulting in a significant decrease in profits.

### Overseas

In all regions, despite increasing efforts to streamline decrease in sales and profit due to the impact of market slowdown in the fourth quarter.

## Variance from previous estimation at 3rd quarter

(Unit: Billion of yen)

	3Q Estimation	Actual result	Diff.
Operating profit	316.2	316.2	
Expense	7.0	9.0	+2.0
Labor cost	-16.0	-14.0	+2.0
Depreciation	-28.0	-18.0	+10.0
Variable cost reduction	54.0	54.0	±0.0
Production volume decrease	0.0	-43.0	-43.0
Currency exchange loss	-39.0	-37.0	+2.0
Raw material cost	-4.0	-6.0	-2.0
Others	-10.2	-200.1	-189.9
<b>Operating profit</b>	<b>280.0</b>	<b>61.1</b>	<b>-218.9</b>

### <Major difference factors >

Reserve 3Q plan achievement

Sales decrease due to COVID-19 impact

Previous estimation→Actual

Impact	Rate against JPY
USD :+2.8	( 105 → 109)
EUR :±0.0	( 120 → 120)
CNY :±0.0	( 15.6 → 15.6)
Others :-0.8	

Price increase(Rhodium etc.)

Quality cost provision in 4Q  
-180.0

## [Variance from previous estimation at 3<sup>rd</sup> quarter]

### Expense , Labor cost , Depreciation

Controlled due to market slowdown.

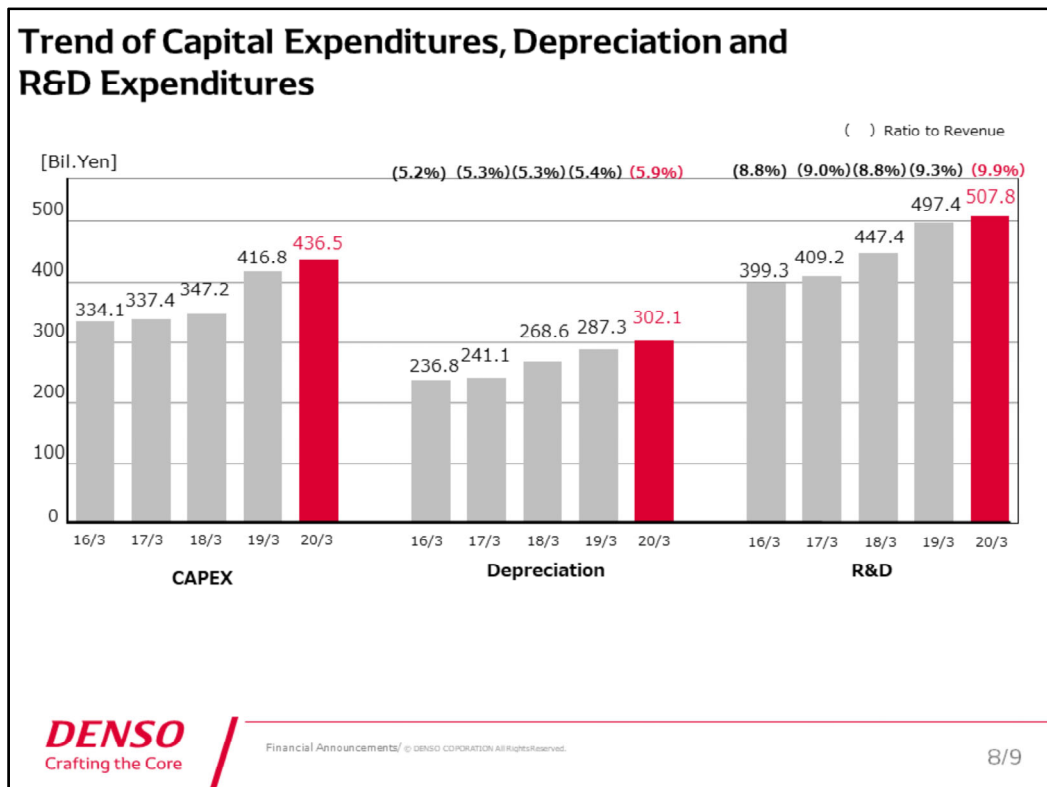
### Production volume

Reflects of the impact of the COVID-19.

### Others

Provision for quality cost in 4Q 180.0 billion yen .





## [Capital Expenditures, Depreciation and R&D Expenditures]

### Capital Expenditure

Actual capital investment is 436.5 billion yen.

In addition to investment for business growth such as next-generation model and sales expansion, Accelerate electrification investment globally.

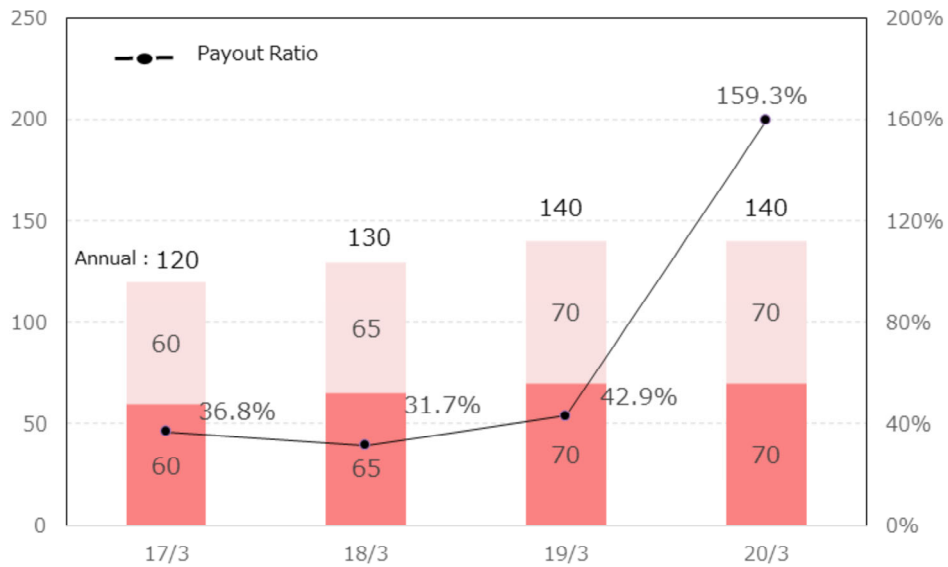
### R&D expenditure

Actual R & D expenses were 507.8 billion yen.

Focusing on advanced safety, electrification, and basic technologies that support it, promote efficiency through automation and standardization.

## Return to Shareholders

**FY20 Annual Dividend per Share: 140 yen** same as previous financial forecast



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9/9

### [Return to Shareholders]

Annual dividend per share for FY2019 is 140 yen and for FY2020 expect to be 140 yen.

We will continue to enhance corporate value and further profit return to our shareholders.

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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									FY2021 Full Year
		FY2020 First-Half			FY2020 Second-Half						
		Prior Year	Actual	Change	Prior Year	Actual	Change	Prior Year	Actual	Change	
Foreign Exchange Rate (Yen)	USD	110	109	-2	112	109	-3	111	109	-2	TBD
	EUR	130	121	-8	127	120	-7	128	121	-7	
Forex Impact on Operating Income per Yen (Billions of Yen)	USD							2.5	2.7	0.2	
	EUR							1.0	1.2	0.2	
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.47	4.68	+ 5%	4.95	4.59	- 7%	9.43	9.27	- 2%	
	North America	2.90	2.80	- 3%	3.01	2.66	- 12%	5.91	5.46	- 8%	
	Overseas	10.20	9.61	- 6%	9.91	9.29	- 6%	20.11	18.89	- 6%	

## Consolidated Revenue (By Customer) (Unit: Billions of Yen)

	2018/4-2019/3		2019/4-2020/3		Change		Change excludes FX difference,etc.
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	2,289.2	42.7	2,259.5	43.9	-29.7	-1.3	0.4
Daihatsu	128.1	2.4	135.7	2.6	7.6	5.9	6.4
Hino	67.4	1.3	61.7	1.2	-5.7	-8.5	-8.3
<b>Toyota Group</b>	<b>2,484.7</b>	<b>46.3</b>	<b>2,456.9</b>	<b>47.7</b>	<b>-27.8</b>	<b>-1.1</b>	<b>0.4</b>
Honda	416.8	7.8	392.3	7.6	-24.6	-5.9	-3.4
FCA	214.9	4.0	183.8	3.6	-31.1	-14.5	-10.0
GM	197.7	3.7	160.6	3.1	-37.1	-18.8	-16.9
Ford	138.5	2.6	129.7	2.5	-8.8	-6.4	-3.7
SUBARU	106.6	2.0	128.7	2.5	22.1	20.7	21.7
Mazda	124.3	2.3	119.8	2.3	-4.5	-3.6	-3.5
Hyundai/Kia	131.9	2.5	118.4	2.3	-13.6	-10.3	-4.7
Suzuki	118.2	2.2	114.1	2.2	-4.1	-3.5	-2.2
Nissan	101.8	1.9	91.5	1.8	-10.3	-10.1	-8.0
VW·AUDI	73.9	1.4	63.4	1.2	-10.5	-14.2	-9.0
Isuzu	61.7	1.2	61.2	1.2	-0.5	-0.7	-1.6
Mitsubishi	65.4	1.2	59.3	1.2	-6.1	-9.3	-10.1
BMW	43.8	0.8	50.9	1.0	7.0	16.0	22.9
PSA	49.2	0.9	46.6	0.9	-2.6	-5.3	0.8
Volvo	43.1	0.8	41.9	0.8	-1.2	-2.8	3.3
Daimler	29.4	0.5	24.3	0.5	-5.2	-17.6	-12.5
OE Sales for others	360.2	6.7	315.3	6.1	-44.9	-12.5	-9.8
<b>OEM Total</b>	<b>4,762.3</b>	<b>88.8</b>	<b>4,558.7</b>	<b>88.5</b>	<b>-203.6</b>	<b>-4.3</b>	<b>-2.2</b>
<b>After-market, Non-Automotive Business(*)</b>	<b>600.5</b>	<b>11.2</b>	<b>594.8</b>	<b>11.5</b>	<b>-5.7</b>	<b>-0.9</b>	<b>0.6</b>
<b>Total</b>	<b>5,362.8</b>	<b>100.0</b>	<b>5,153.5</b>	<b>100.0</b>	<b>-209.3</b>	<b>-3.9</b>	<b>-1.9</b>

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

## Consolidated Revenue (By Product)

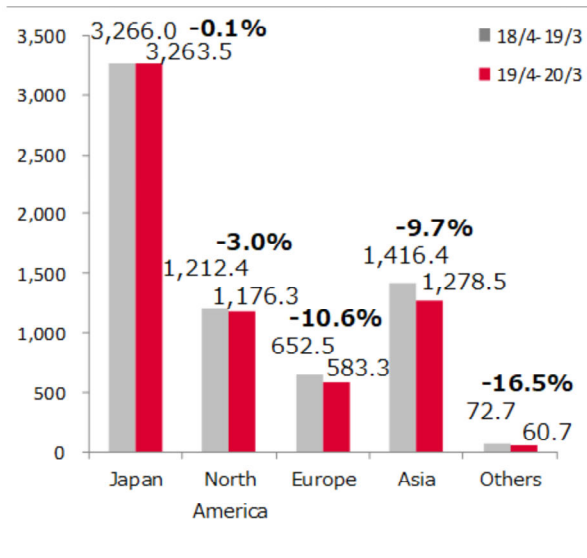
(Unit: Billions of Yen,%)

	18/4-19/3		19/4-20/3		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	1,403.9	26.2	1,280.6	24.8	-123.3	-8.8	-5.3
Powertrain Systems	1,278.8	23.8	1,222.0	23.8	-56.8	-4.4	-2.8
Mobility Electronics	1,110.9	20.7	1,112.6	21.6	1.7	0.2	2.1
Electrification Systems	911.3	17.1	897.4	17.4	-13.9	-1.5	0.5
Sensor & Semiconductor	144.4	2.7	139.2	2.7	-5.2	-3.6	-2.2
Others(*)	327.9	6.0	322.1	6.2	-5.8	-1.8	-1.6
<b>Automotive Total</b>	<b>5,177.2</b>	<b>96.5</b>	<b>4,973.9</b>	<b>96.5</b>	<b>-203.3</b>	<b>-3.9</b>	<b>-1.8</b>
<b>Non-Automotive Business(FA and agriculture, etc.)</b>	<b>185.6</b>	<b>3.5</b>	<b>179.6</b>	<b>3.5</b>	<b>-6.0</b>	<b>-3.2</b>	<b>-3.6</b>
<b>Total</b>	<b>5,362.8</b>	<b>100.0</b>	<b>5,153.5</b>	<b>100.0</b>	<b>- 209.3</b>	<b>- 3.9</b>	<b>-1.9</b>

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

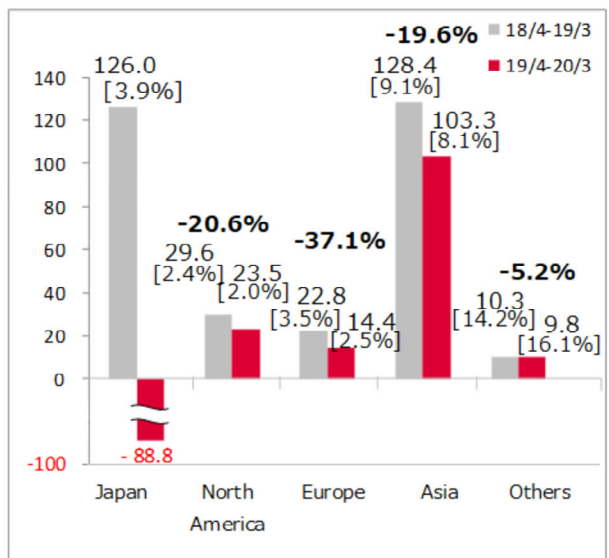
# Geographical Segments by Company Location

## Revenue



## Operating Profit

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





## Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

	18/4-19/3	19/4-20/3	Change	2021/3F	Change
			Percent		Percent
Japan	258.2	277.5	7.5%	TBD	
North America	60.3	46.1	-23.5%		
Europe	25.5	26.1	2.4%		
Asia	69.5	84.3	21.3%		
Others	3.4	2.5	-26.5%		
Capital Expenditures	416.8	436.5	4.7%		
Japan	168.6	184.3	9.3%		
North America	36.8	40.1	9.0%		
Europe	24.0	23.5	-2.1%		
Asia	55.7	52.3	-6.1%		
Others	2.1	1.9	-9.5%		
Depreciation	287.3	302.1	5.2%		
R&D Expenditure	497.4	507.8	2.1%		
(Ratio to Sales)	(9.3%)	(9.9%)			