

The DENSO logo is written in a bold, italicized, red sans-serif font.

Crafting the Core

FY2021

Financial Results
(2020/4-2020/9)

October 29, 2020
DENSO CORPORATION



Overview of FY2021 2nd Quarter Financial Results

1. A decline in vehicle sales due to COVID-19 in the 1st quarter impacted significant decrease in revenue.
Although revenue have been on a recovery trend since the 2nd quarter, overall revenue in the 1st half decreased year-on-year.
Operating income was positive in the 2nd quarter, but was negative in the 1st half.
2. The forecast for '20/Apr - '21/Mar, with sales of 4.54 trillion yen and operating income of 100 billion yen, remains unchanged due to uncertain outlook.
Year-end dividend forecast is 70 yen based on long-term stable dividend policy.

FY2021 2nd Quarter Financial Results(2020/4-2020/9)

(Ratio to Revenue)

[Unit : Billions of Yen]

		2019/4-2019/9	2020/4-2020/9	Change	
Revenue		2,618.4	2,074.7	-543.7	-20.8%
Operating Profit	(5.1%)	134.0 (-)	-69.6	-203.6	-
Profit before Income Taxes	(5.8%)	151.2 (-)	-55.4	-206.6	-
Profit (*)	(4.0%)	104.2 (-)	-71.1	-175.3	-

* Profit attributable to owners of the parent company

[Unit: Millions of Units]

Precondition	Foreign Exchange Rate	JPY 109/USD	JPY 107/USD	-2 JPY	-
		JPY 121/USD	JPY 121/USD	-0 JPY	-
	Vehicle Production in Japan	4.68	3.34	-1.34	-28.6%
	Overseas Vehicle Production of Japanese Manufacturers (North America)	9.61	6.25	-3.36	-35.0%
		(2.80)	(1.91)	(-0.89)	(-31.8%)

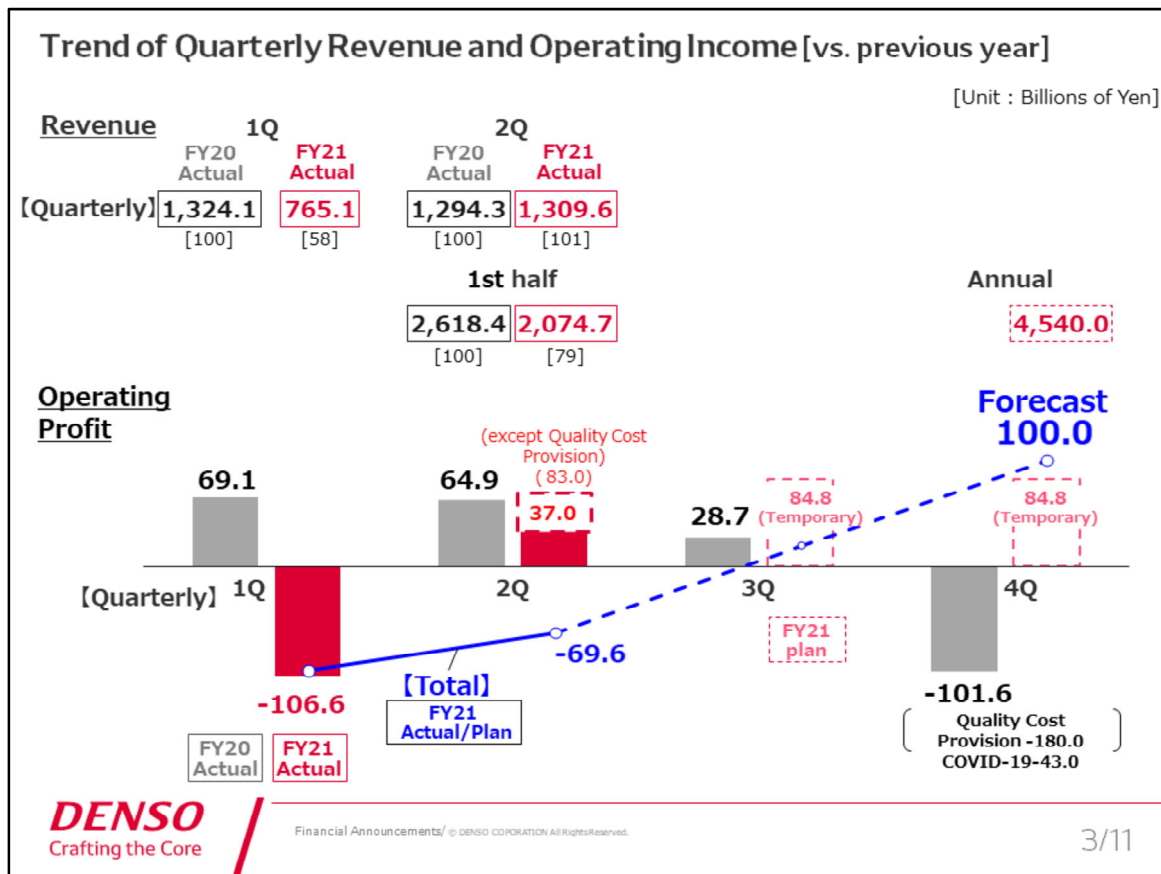
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[Overview of the Consolidated Financial Results]

1. Consolidated revenue totaled 2,074.7 billion yen, decreased by 543.7 billion yen (-20.8%) from the previous year.
2. Consolidated operating profit totaled -69.6 billion yen, decreased by 203.6 billion yen from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled -71.1 billion yen, decreased by 175.3 billion yen from the previous year.



<1st quarter>

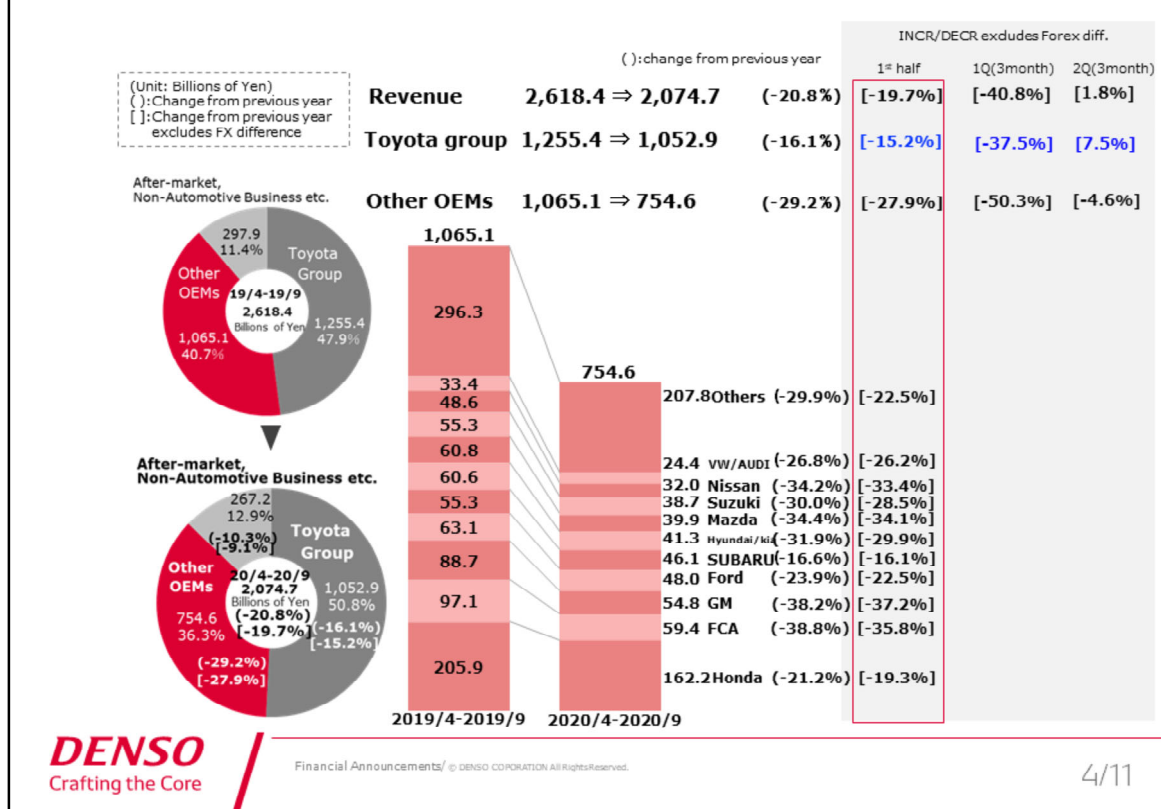
Revenue decreased by about 40% affected by a significant decrease in vehicle sales due to the impact of Covid-19. Operating income was 106.6 billion yen, due largely to the impact of the production volume decreased.

<2nd quarter>

Revenue recovered to the level which exceeded the previous year. Though quality costs were incurred, as a result of sales recovery, emergency measures and corporate reform, the surplus for operating profit amounted to 37.0 billion yen. Excluding quality costs, operating income has surpassed last year's, and profitability also has strengthened.

* The figures for every three months in the second half are reference values.

FY2021 2nd Quarter Consolidated Revenue (By Customer)



[Sales by Customer (Quantity Base)]

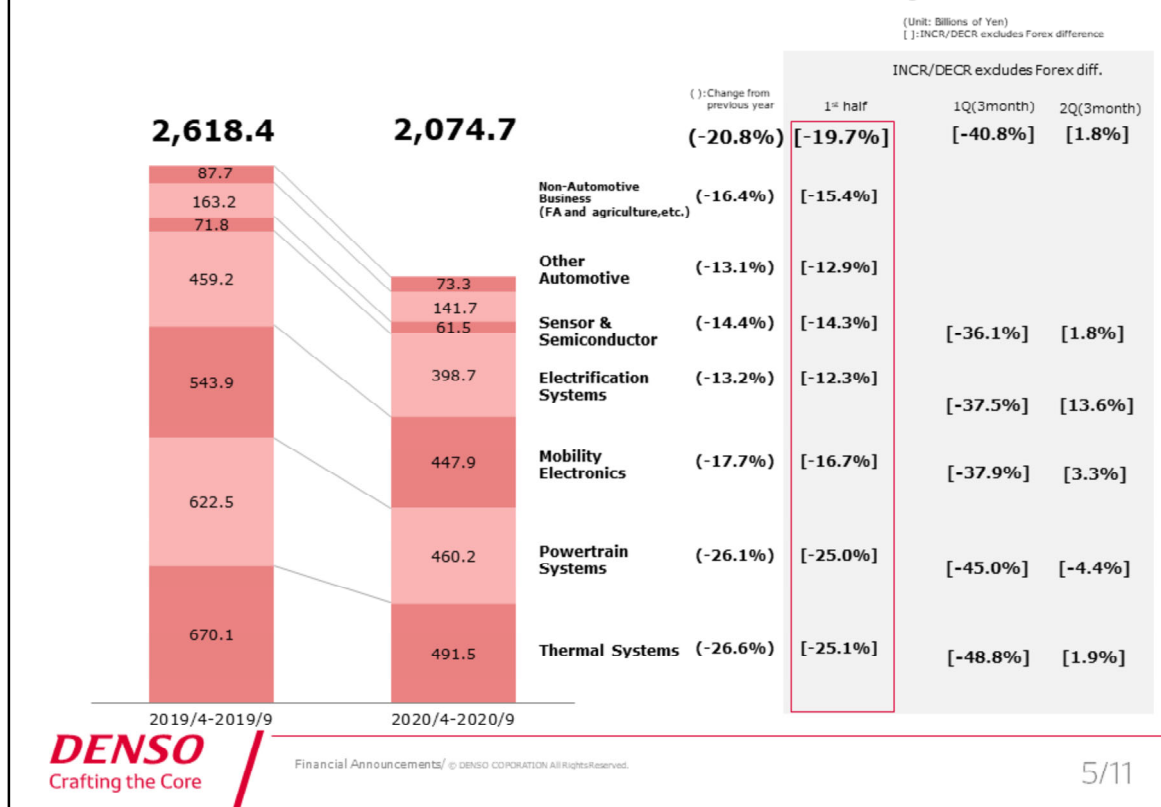
Although decreased revenue for all customers, the rate of decline eased compared to the first quarter.

Sales to

- 1) Toyota :Revenue increased due to commenced operations Hirose Plant, and strong sales in China.
- 2) Honda : Strong sales in China.
- 3) Ford / SUBARU :Strong sales in North America.

For these reasons the decline was modest.

FY2021 2nd Quarter Consolidated Revenue (By Product)



[Sales by Product (Quantity Base)]

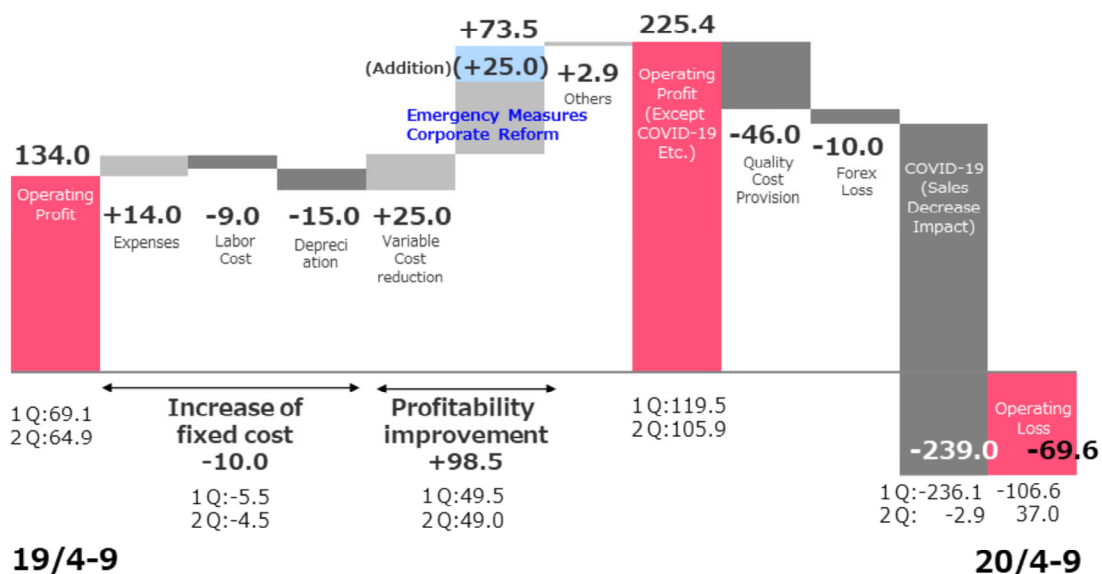
In the first half of the year, sales declined in all businesses due to the impact of Covid-19, But in 2nd quarter (the three-month period from July 1 to Sept 30), all businesses, except power train systems, exceeded the previous year's level.

Sales of Electrification Systems Products

Sales increased due to commenced operations Hirose plant, and increase sales of EPS in China and inverters in North America.

Change in FY2021 2nd Quarter Operating Profit

(Unit: Billion of yen)



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

Negative factors

- Increase of fixed cost -10.0 billion yen.
- Quality cost provision -46.0 billion yen.
- Sales decrease impact due to the COVID-19 -239.0 billion yen.

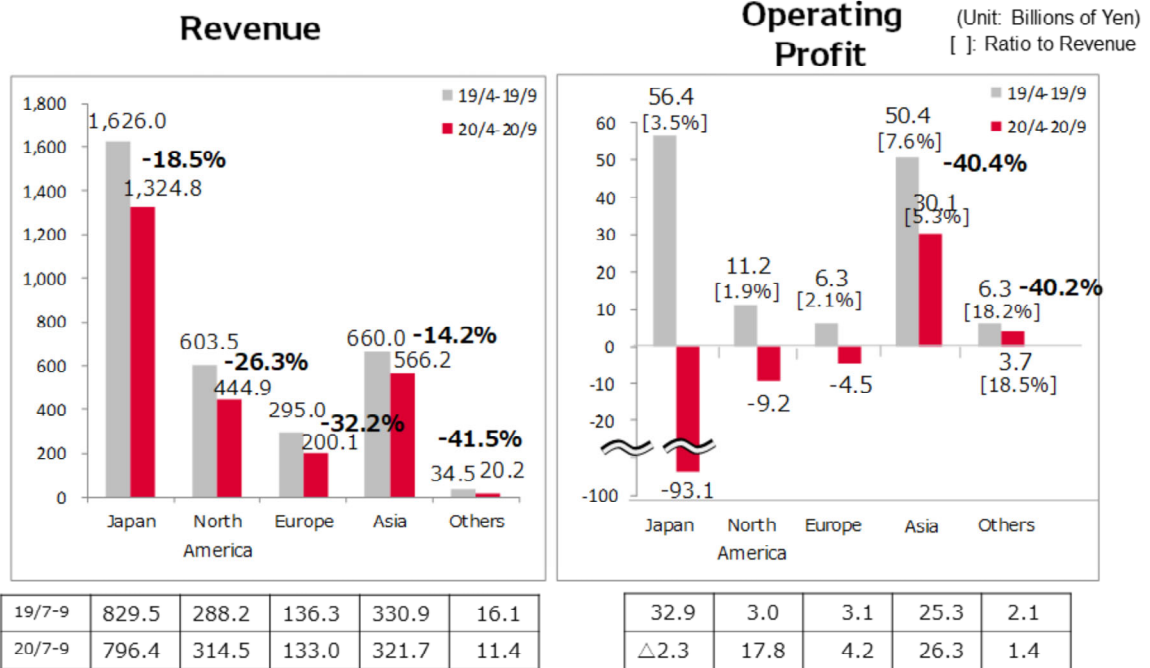
Positive factors

- Variable cost reduction 25.0 billion yen.
- Emergency Measures Corporate Reform 73.5 billion yen.

Though operating income in the first half was -69.6 billion yen, In the 2nd quarter (the three-month), it secured a surplus of 37.0 billion yen .

Geographical Segments by Company Location

Excluding FX difference (109JPY/1USD, 121JPY/1EUR)



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[Revenue and Operating Profit by Each Region*]

*Excluding the effect of foreign exchange

In Japan , North America , Europe

Due to reduced vehicle sales became an operating loss.

Asia

Sales in China, throughout the first half, was strong with an increase of more than 10% from the previous year , operating income became positive.

In three months of 2nd quarter, as the overall recovery of sales has gradually been progressing, and the measures to emergency measures corporate reform were effective, profitable in each region become surplus except Japan where quality costs were incurred.

FY2021 Financial Forecast

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

	2020/3 Actual		2021/3 Forecast		Change	
Revenue		5,153.5		4,540.0	-613.5	-11.9%
Operating Profit	(1.2%)	61.1	(2.2%)	100.0	+38.9	+63.7%
Profit before Income Taxes	(1.7%)	89.6	(2.9%)	131.0	+41.4	+46.2%
Profit (*)	(1.3%)	68.1	(1.7%)	75.0	+6.9	+10.1%

* Profit attributable to owners of the parent company

[Unit: Millions of Units]

Precondition	Foreign Exchange Rate	JPY	109/USD	JPY	106/USD	-3 JPY	-
		JPY	121/USD	JPY	120/USD	-1 JPY	-
	Domestic Vehicle Production		9.27		7.64	-1.63	-17.6%
	Overseas Vehicle Production of Japanese Manufacturers (North America)		18.89		15.65	-3.24	-17.2%
			(5.46)		(4.59)	(-0.86)	(-15.8%)

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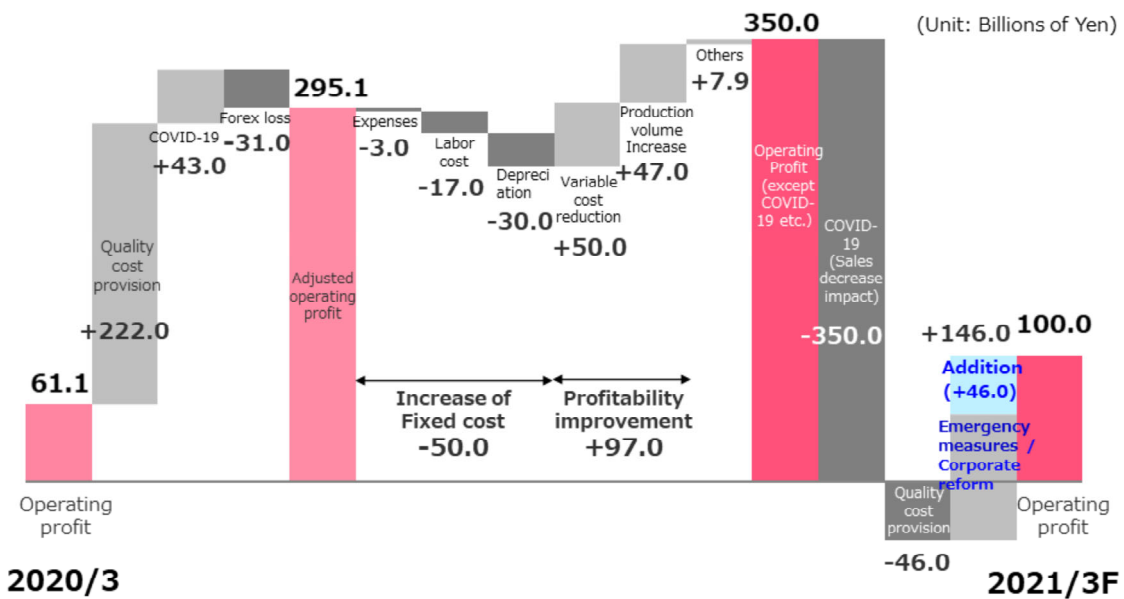
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[Full year Financial Forecast]

1. We expect revenue of 4,540.0 billion yen. (not revised)
2. We expect operating profit to be 100.0 billion yen.(not revised)
3. We used 106 yen to the U.S. dollar and 120 yen to the euro.

Change in FY2021 Operating Profit



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Negative factors

- Forex loss -31.0 billion yen.
- Increase of fixed cost -50.0 billion yen.
- Current year quality cost provision -46.0 billion yen.

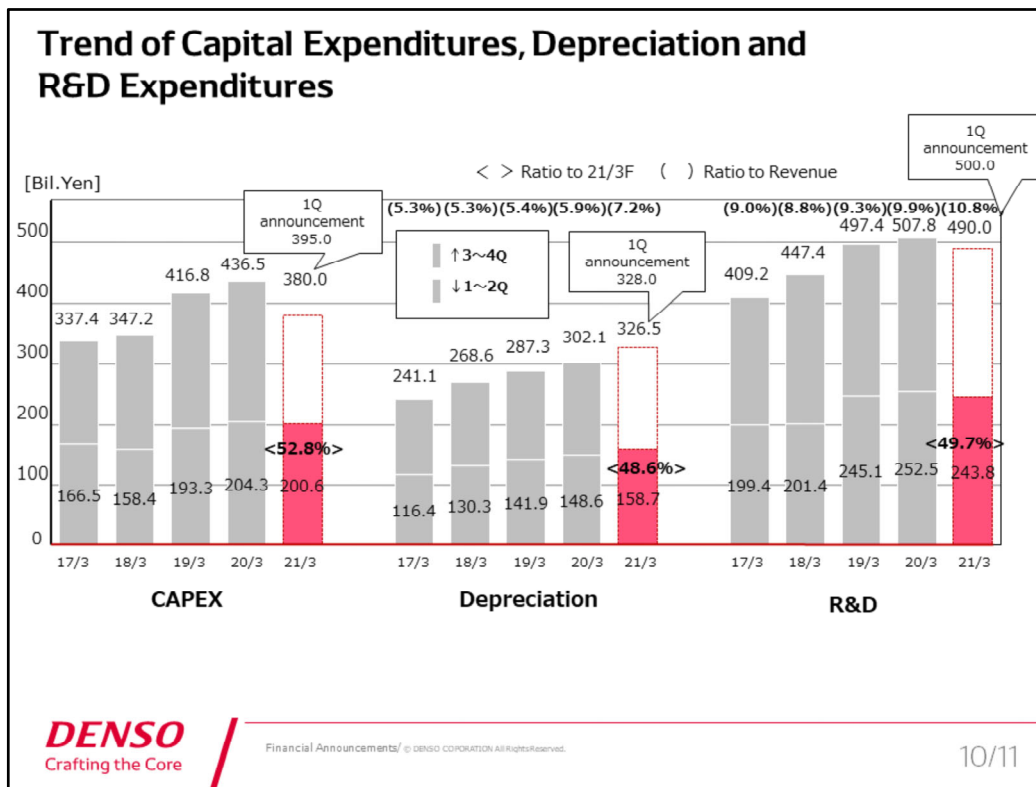
Positive factors

- previous year quality cost provision 222.0 billion yen.
- previous year's COVID-19 impact 43.0 billion yen.
- Profitability improvement 97.0 billion yen.
- Emergency Measures , Corporate Reform 146.0 billion yen.

Labor costs and depreciation costs, which increased from the previous year, will be covered by the variable cost reduction. And production volume increase by expanding sales contribute to increased profits.

Quality cost provision in the 2nd quarter were recovered by Emergency measures and Corporate reform.

We will secure an annual surplus of 100 billion yen.



[Capital Expenditures, Depreciation and R&D Expenditures]

Capital Expenditure

Actual results: 200.6 billion yen.

Annual 380 billion yen (- 15 billion yen from the announcement).

We scrutinize the content and make disciplined investments.

R&D expenditure

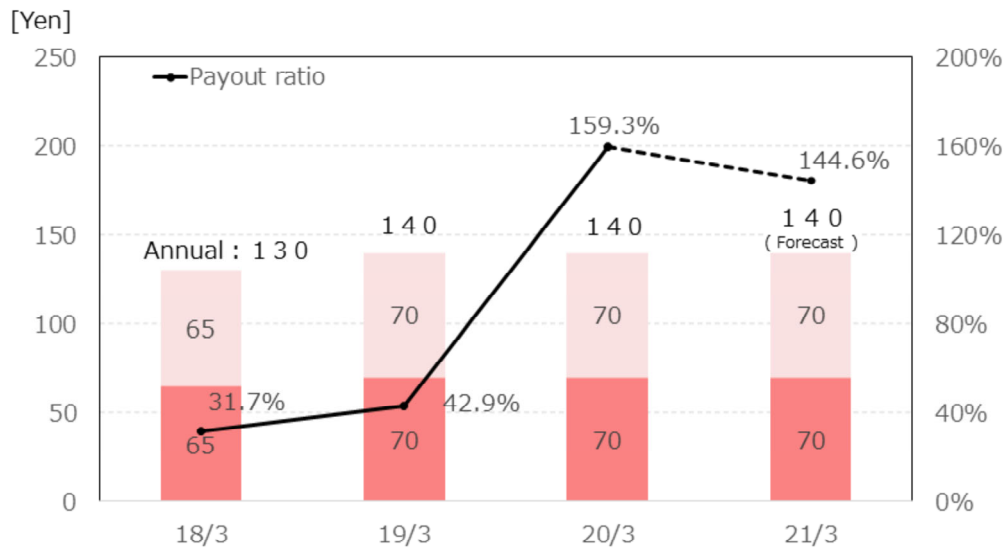
Actual results: 243.8 billion yen.

Annual 490 billion yen (-10 billion yen from the announcement).

Further we improve efficiency without reducing the number of projects.

Return to Shareholders

FY21 2nd Q-end dividend per share: 70 yen
Year-end dividend per share: 70 yen



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[Return to Shareholders]

The dividend forecasts for the full-year 140 yen per share.

Despite the circumstances ,
we will maintain a long-term stable dividend policy.

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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)

		FY2021 Full Year									
		FY2021 First-Half			FY2021 Second-Half						
		Prior Year	Actual	Change	Prior Year	Forecast (Revised)	Change	Prior Year	Forecast as of June 2019	Forecast (Revised)	Change
Foreign Exchange Rate (Yen)	USD	109	107	- 2	109	104	- 4	109	106	106	- 3
	EUR	121	121	- 0	120	118	-2	121	120	120	- 1
Forex Impact on Operating Income per Yen (Billions of Yen)	USD							2.7	2.1	2.1	-0.6
	EUR							1.2	0.9	0.9	-0.3
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.68	3.34	- 29%	4.59	4.30	- 6%	9.27	7.64	7.64	- 18%
	North America	2.80	1.91	- 32%	2.66	2.69	+ 1%	5.46	4.59	4.59	- 16%
	Overseas	9.61	6.25	- 35%	9.29	9.40	+ 1%	18.89	15.65	15.65	- 17%

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	19/4-19/9		20/4-20/9		Change		Change excludes FX difference,etc.
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	1,159.7	44.3	983.1	47.4	-176.6	-15.2	-14.3
Daihatsu	65.3	2.5	48.8	2.4	-16.6	-25.4	-24.6
Hino	30.4	1.2	21.0	1.0	-9.3	-30.7	-30.7
Toyota Group	1,255.4	48.0	1,052.9	50.8	-202.5	-16.1	-15.2
Honda	205.9	7.9	162.2	7.8	-43.7	-21.2	-19.3
FCA	97.1	3.7	59.4	2.9	-37.7	-38.8	-35.8
GM	88.7	3.4	54.8	2.6	-33.9	-38.2	-37.2
Ford	63.1	2.4	48.0	2.3	-15.1	-23.9	-22.5
SUBARU	55.3	2.1	46.1	2.2	-9.2	-16.6	-16.1
Hyundai/Kia	60.6	2.3	41.3	2.0	-19.3	-31.9	-29.9
Mazda	60.8	2.3	39.9	1.9	-20.9	-34.4	-34.1
Suzuki	55.3	2.1	38.7	1.9	-16.6	-30.0	-28.5
Nissan	48.6	1.9	32.0	1.5	-16.6	-34.2	-33.4
VW·AUDI	33.4	1.3	24.4	1.2	-9.0	-26.8	-26.2
Isuzu	28.7	1.1	21.4	1.0	-7.3	-25.4	-24.4
BMW	25.3	1.0	19.6	0.9	-5.7	-22.5	-22.9
PSA	23.5	0.9	14.4	0.7	-9.1	-38.6	-39.5
Volvo	20.7	0.8	13.5	0.7	-7.1	-34.5	-34.1
Mitsubishi	29.8	1.1	9.2	0.4	-20.6	-69.1	-68.4
Daimler	13.1	0.5	8.6	0.4	-4.5	-34.3	-35.0
OE Sales for others	155.1	5.9	120.9	5.9	-34.2	-22.1	-21.5
OEM Total	2,320.5	88.7	1,807.5	84.8	-513.0	-22.1	-21.1
After-market, Non-Automotive Business(*)	297.9	11.4	267.2	12.9	-30.7	-10.3	-9.1
Total	2,618.4	100.1	2,074.7	100.0	-543.7	-20.8	-19.7

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

Consolidated Revenue (By Product)

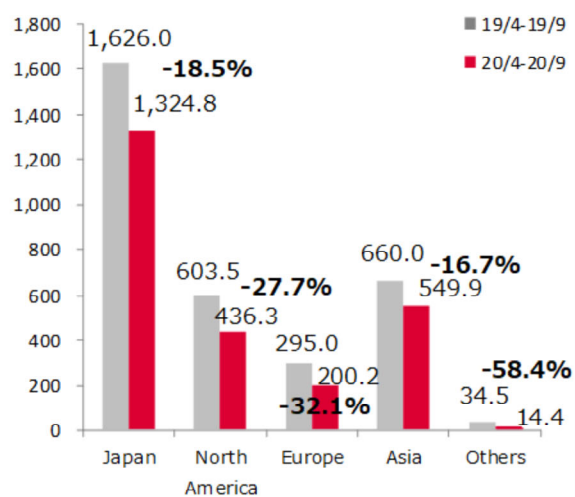
(Unit: Billions of Yen, %)

	19/4-19/9		20/4-20/9		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	670.1	25.6	491.5	23.7	-178.5	-26.6	-25.1
Powertrain Systems	622.5	23.8	460.2	22.2	-162.4	-26.1	-25.0
Mobility Electronics	543.9	20.9	447.9	21.6	-96.0	-17.7	-16.7
Electrification Systems	459.2	17.5	398.7	19.2	-60.5	-13.2	-12.3
Sensor & Semiconductor	71.8	2.7	61.5	3.0	-10.3	-14.4	-14.3
Others(*)	163.2	6.2	141.7	6.8	-21.5	-13.1	-12.9
Automotive Total	2,530.7	96.7	2,001.5	96.5	-529.3	-20.9	-19.8
Non-Automotive Business(FA and agriculture, etc.) Total	87.7	3.3	73.3	3.5	-14.4	-16.4	-15.4
Total	2,618.4	100.0	2,074.7	100.0	-543.7	-20.8	-19.7

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

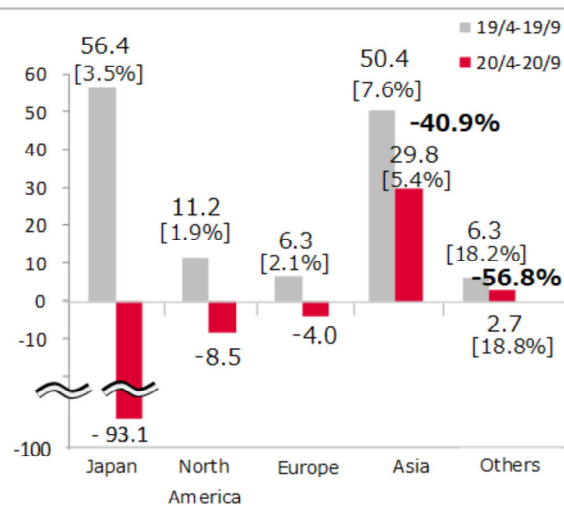
Geographical Segments by Company Location

Revenue



Operating Profit

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



Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen,%)

	19/9	20/3	20/9	21/3F	Change (%)	Progress to 21/3 Forecast
Japan	126.8	277.5	143.7	248.0	13.3%	57.9%
North America	22.2	46.1	17.5	45.0	-21.2%	38.9%
Europe	13.2	26.1	7.4	20.0	-43.9%	37.0%
Asia	40.7	84.3	31.2	80.0	-23.3%	39.0%
Others	1.4	2.5	0.8	2.0	-42.9%	40.0%
Suppression	-	-	-	-15.0	-	-
Capital Expenditure	204.3	436.5	200.6	380.0	-1.8%	52.8%
Japan	89.6	184.3	101.3	209.0	13.1%	48.5%
North America	20.1	40.1	19.8	40.0	-1.5%	49.5%
Europe	11.6	23.5	11.7	23.0	0.9%	50.9%
Asia	26.3	52.3	25.2	54.0	-4.2%	46.7%
Others	1.0	1.9	0.7	2.0	-30.0%	35.0%
Suppression	-	-	-	-1.5	-	-
Depreciation	148.6	302.1	158.7	326.5	6.8%	48.6%
R&D Expenditure (Ratio to Revenue)	252.5 (9.6%)	507.8 (9.9%)	243.8 (11.7%)	490.0 (10.8%)	-3.5%	49.7%

※ Suppress investment by examining each project strictly.