

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

Crafting the Core

**FY2021**

**Financial Results**

**( 2020/4-2020/6 )**

July 31, 2020

DENSO CORPORATION

A decorative graphic on the right side of the page consists of several overlapping, diagonal stripes in shades of red, pink, and light blue, creating a dynamic, abstract pattern.

## Overview of FY2021 1st Quarter Financial Results

1. Revenues decreased due to a decline in vehicle sales caused by the impact of COVID-19.

Operating income was negative mainly due to production volume decrease.

2. 20/4-21/3 Forecast : Revenue of 4.54 trillion yen and operating profit of 100 billion yen.

## FY2021 1st Quarter Financial Results(2020/4-2020/6)

	(Ratio to Revenue)		[Unit : Billions of Yen]		
	2019/4-2019/6	2020/4-2020/6	Change		
<b>Revenue</b>	1,324.1	<b>765.1</b>	-559.0	-42.2%	
<b>Operating Profit</b>	(5.2%) 69.1	( - ) <b>-106.6</b>	-175.8	-	
Finance income/ cost&others(+1)	16.7	14.4	-2.3		
<b>Profit before Income Taxes</b>	(6.5%) 85.8	( - ) <b>-92.2</b>	-178.1	-	
<b>Profit</b> (*2)	(4.3%) 57.2	( - ) <b>-90.1</b>	-147.2	-	

		[Unit:Millions of Units]					
Precondition	Foreign Exchange Rate	JPY	110/USD	JPY	108/USD	-2 JPY	
		JPY	123/EUR	JPY	119/USD	-5 JPY	
	Domestic Vehicle Production		2.33		1.30	-1.04	-44.5%
	Overseas Vehicle Production of Japanese Manufacturers		4.78		2.89	-1.89	-39.6%
	(North America)		(1.46)		(0.49)	(-0.97)	(-66.7%)

※ 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

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### [Overview of the Consolidated Financial Results]

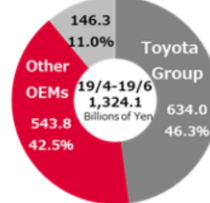
1. Consolidated revenue totaled 765.1 billion yen, decreased by 559.0 billion yen (-42.2%) from the previous year.
2. Consolidated operating profit totaled -106.6 billion yen, decreased by 175.8 billion yen from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled -90.1 billion yen, decreased by 147.2 billion yen from the previous year.

# FY2021 1st Quarter Consolidated Revenue (By Customer)

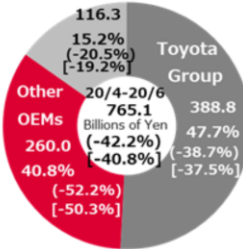
( ): change from previous year  
 [ ]: INCR/DECR excludes FX difference

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

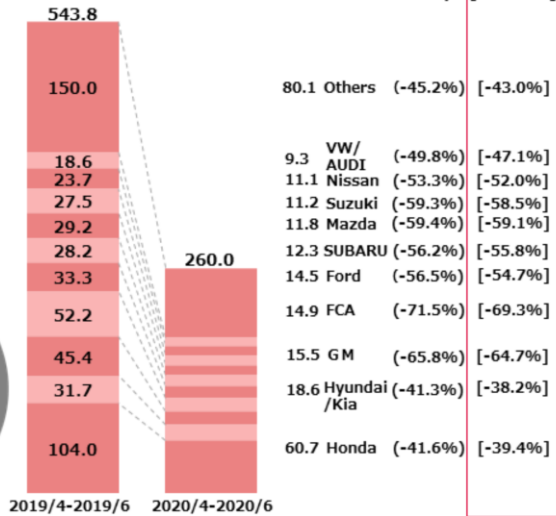
After-market,  
 Non-Automotive Business etc.



After-market,  
 Non-Automotive Business etc.



Customer	2019/4-2019/6	2020/4-2020/6	Change (%)	Change (%) excluding FX
<b>Revenue</b>	<b>1,324.1</b>	<b>765.1</b>	<b>(-42.2%)</b>	<b>[-40.8%]</b>
<b>Toyota group</b>	<b>634.0</b>	<b>388.8</b>	<b>(-38.7%)</b>	<b>[-37.5%]</b>
<b>Other OEMs</b>	<b>543.8</b>	<b>260.0</b>	<b>(-52.2%)</b>	<b>[-50.3%]</b>



## [Sales by Customer (Quantity Base)]

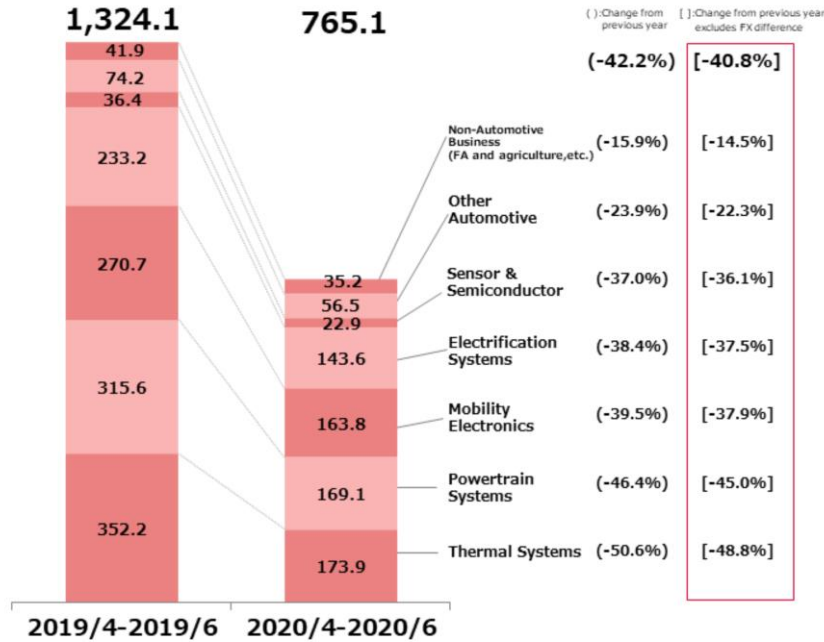
Due to the impact of the COVID-19 decreased revenue for all customers.

For Toyota and Honda,

Sales in China were strong and the decline was modest.

# FY2021 1st Quarter Consolidated Revenue ( By Product)

(Unit: Billions of Yen)  
 [ ]: INCR/DECR excludes FX difference



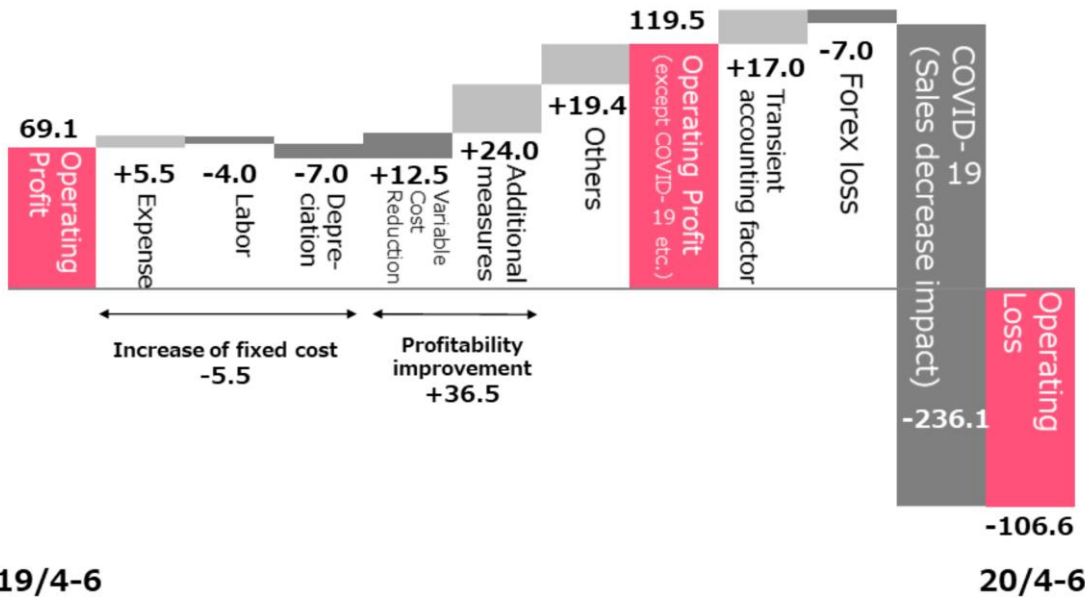
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## [Sales by Product (Quantity Base)]

Sales declined in all businesses due to the impact of the COVID-19.

## Change in FY2021 1st Quarter Operating Profit

(Unit: Billion of yen)



19/4-6

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

#### Negative factors

Increase in fixed cost : -5.5 billion yen

Sales decrease impact due to the COVID-19: -236.1 billion yen.

#### Positive factors

Efforts to improve productivity: 36.5 billion yen

Others 19.4 billion yen : Improvement of product mix, integration of Hirose plant, VAT refund in Brazil, etc.

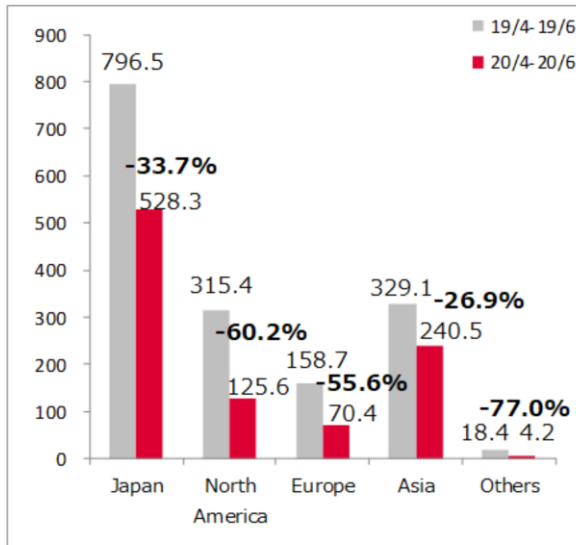
Transient profit from accounting method 17 billion yen: will be offset within year.

As a result of the above, operating income for the 1st quarter was -106.6 billion yen.

# Geographical Segments by Company Location

Excluding FX difference (110JPY/1USD, 123JPY/1EUR)

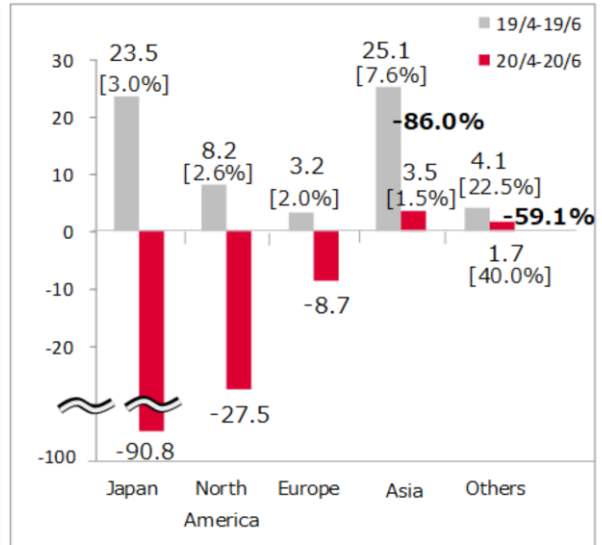
## Revenue



## Operating Profit

(Unit: Billions of Yen)

[ ] : Ratio to Revenue



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

\*Excluding the effect of foreign exchange

Due to reflects of the impact of the COVID-19 in all regions a big drop in sales.

### Japan, North America and Europe

Although we took additional measures to stop bleeding and change the corporate structure, became an operating loss.

### Asia

Despite a decrease in sales and profits across the region, China's operations recovered quickly, with sales in China up about 10% year-over-year, we secured operating income.

### Others

There will be a significant decrease in sales and a decrease in profits. We secured operating income through temporary factors (VAT refund in Brazil).

# FY2021 Financial Forecast

(Ratio to Revenue)

[Unit : Billions of Yen]

	2020/3 Actual		2021/3 Forecast		Change	
<b>Revenue</b>		5,153.5		<b>4,540.0</b>	-613.5	-11.9%
<b>Operating Profit</b>	(1.2%)	61.1	(2.2%)	<b>100.0</b>	+38.9	+63.7%
Finance income/ cost&others(*1)		28.6		31.0	+2.4	
<b>Profit before Income Taxes</b>	(1.7%)	89.6	(2.9%)	<b>131.0</b>	+41.4	+46.2%
<b>Profit</b> (*2)	(1.3%)	68.1	(1.7%)	<b>75.0</b>	+6.9	+10.1%

[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 (5.46)		15.65 (4.59)	-3.24 (-0.86)	-17.2% (-15.8%)

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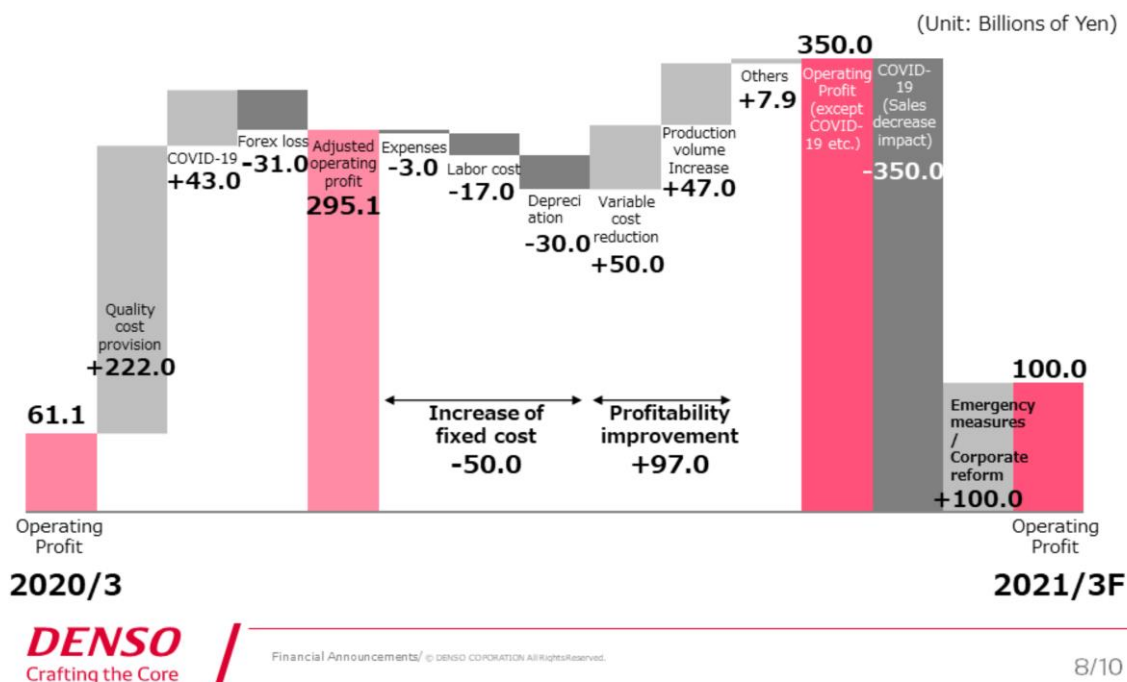
## [Full year Financial Forecast]

1. We expect revenue of 4,540.0 billion yen .
2. We expect operating profit to be 100.0 billion yen.
3. We used 106 yen to the U.S. dollar and 120 yen to the euro.

- Our vehicle production forecast is decrease by about 30% in the first half and by 5 - 10% in the second half compared to the previous year.



## Change in FY2021 Operating Profit



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

#### Negative factors

- Increase in fixed cost -50.0 billion yen
- Due to the impact of the COVID-19 -350.0 billion yen

#### Positive factors

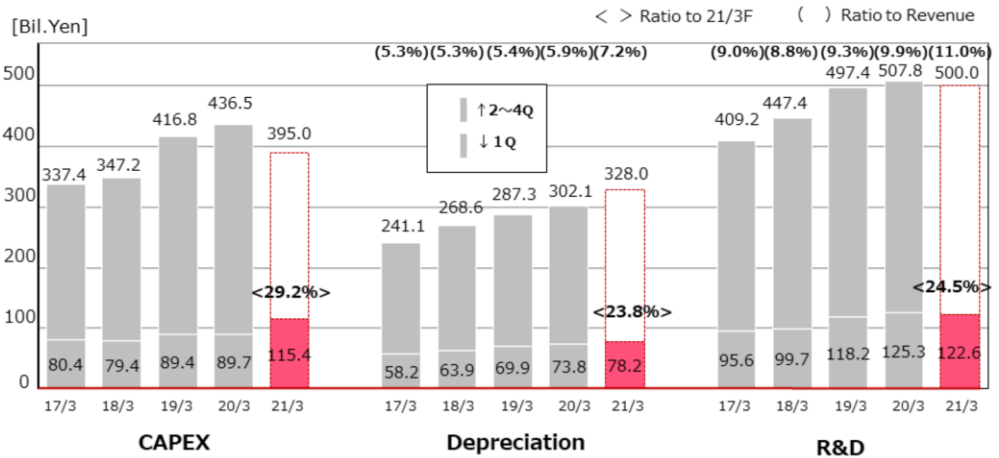
- Profitability Improvement 97.0 billion yen
- Emergency measures /Corporate reform 100.0 billion yen

We manage fixed costs increase, and the increase of fixed costs are covered by variable cost savings. As a result, operating profit from sales expansion was able to contribute to profit increase rather than offsetting fixed cost increase.

Although the impact of the COVID-19 is significant, we stacking up emergency measures and improvement of corporate reform.

We will achieve an annual surplus of 100 billion yen.

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



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

#### Capital Expenditure

Actual capital investment is 115.4 billion yen.

In fiscal year, we expect of 395 billion yen.

We will make investments with discipline based on the business environment.

#### R&D expenditure

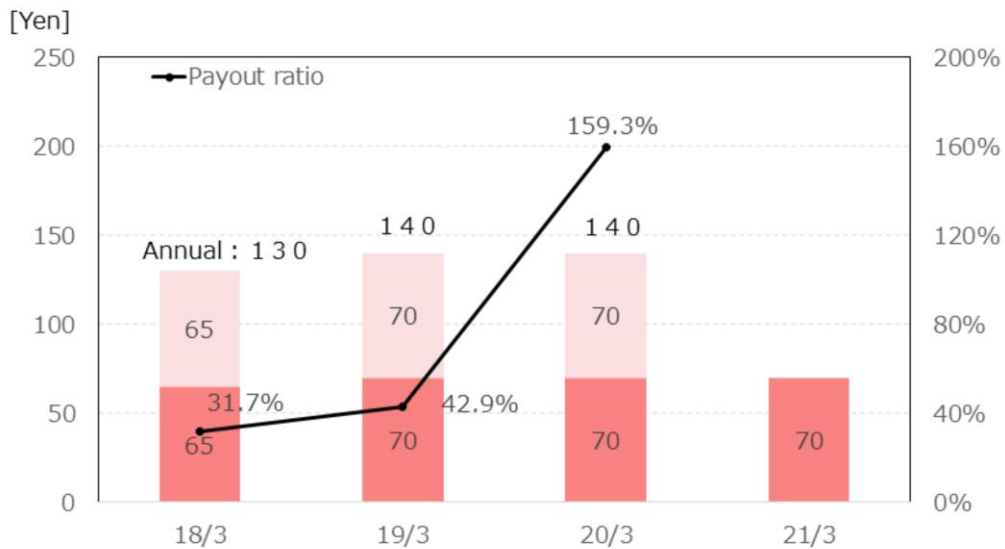
Actual R & D expenses were 122.6 billion yen

We keep R&D expenditure of 500.0 billion yen in fiscal year.

Because development costs are a source of competitiveness, Increase efficiency and output.

## Return to Shareholders

**FY21 2nd Q-end dividend per share: 70 yen**  
**Year-end dividend per share: Not determined**



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### <Return to shareholders>

- Interim dividend : 70 yen
- Annual dividend : undecided

Despite a tough business environment, maintain a long-term stable policy in the Interim dividend.

Due to uncertainty about future ,the annual dividend per share is yet to be determined.

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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					
		1Q					
		Prior Year	Actual	Change	Prior Year	Forecast	Change
Foreign Exchange Rate (Yen)	USD	110	108	- 2	109	106	- 3
	EUR	123	118	- 5	121	120	- 1
Forex Impact on Operating Income per Yen (Billions of Yen)	USD	-			2.7	2.1	-0.6
	EUR	-			1.2	0.9	-0.3
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	2.33	1.30	- 45%	9.27	7.64	- 18%
	North America	1.46	0.49	- 67%	5.46	4.59	- 16%
	Overseas	4.78	2.89	- 40%	18.89	15.65	- 17%

# Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	19/4-19/6		20/4-20/6		Change		Change excludes FX difference,etc.
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	588.1	44.5	361.0	47.2	-227.1	-38.6	-37.4
Daihatsu	30.8	2.3	17.2	2.2	-13.6	-44.1	-43.4
Hino	15.1	1.1	10.5	1.4	-4.6	-30.3	-30.3
<b>Toyota Group</b>	<b>634.0</b>	<b>47.9</b>	<b>388.8</b>	<b>50.8</b>	<b>-245.2</b>	<b>-38.7</b>	<b>-37.5</b>
Honda	104.0	7.9	60.7	8.0	-43.3	-41.6	-39.4
Hyundai/Kia	31.7	2.4	18.6	2.4	-13.1	-41.3	-38.2
GM	45.4	3.4	15.5	2.0	-29.9	-65.8	-64.7
FCA	52.2	3.9	14.9	1.9	-37.4	-71.5	-69.3
Ford	33.3	2.5	14.5	1.9	-18.8	-56.5	-54.7
SUBARU	28.2	2.1	12.3	1.6	-15.8	-56.2	-55.8
Mazuda	29.2	2.2	11.8	1.5	-17.3	-59.4	-59.1
Suzuki	27.5	2.1	11.2	1.5	-16.3	-59.3	-58.5
Nissan	23.7	1.8	11.1	1.4	-12.6	-53.3	-52.0
VW·AUDI	18.6	1.4	9.3	1.2	-9.3	-49.8	-47.1
Isuzu	14.8	1.1	7.4	1.0	-7.4	-50.2	-49.6
BMW	12.1	0.9	7.1	0.9	-5.0	-41.2	-38.8
Volvo	11.4	0.9	5.9	0.8	-5.4	-47.7	-45.1
PSA	12.0	0.9	3.8	0.5	-8.3	-68.6	-67.0
Mitsubishi	12.8	1.0	2.9	0.4	-10.0	-77.7	-76.9
Daimler	6.5	0.5	2.9	0.4	-3.6	-56.0	-54.5
OE Sales for others	80.5	6.1	50.1	6.7	-30.4	-37.7	-35.1
<b>OEM Total</b>	<b>1,177.8</b>	<b>89.0</b>	<b>648.8</b>	<b>84.8</b>	<b>-529.0</b>	<b>-44.9</b>	<b>-43.4</b>
<b>After-market, Non-Automotive Business(*)</b>	<b>146.3</b>	<b>11.0</b>	<b>116.3</b>	<b>15.2</b>	<b>-30.0</b>	<b>-20.5</b>	<b>-19.2</b>
<b>Total</b>	<b>1,324.1</b>	<b>100.0</b>	<b>765.1</b>	<b>100.0</b>	<b>-559.0</b>	<b>-42.2</b>	<b>-40.8</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,%)

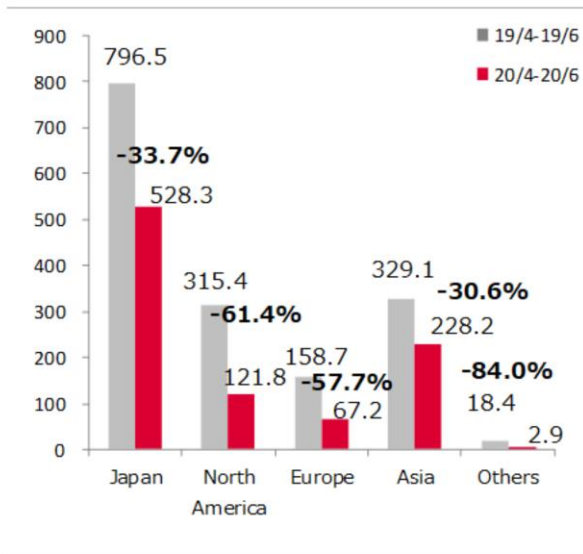
	19/4-19/6		20/4-20/6		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	352.2	26.6	173.9	22.7	-178.3	-50.6	-48.8
Powertrain Systems	315.6	23.9	169.1	22.1	-146.5	-46.4	-45.0
Mobility Electronics	270.7	20.5	163.8	21.4	-106.9	-39.5	-37.9
Electrification Systems	233.2	17.6	143.6	18.8	-89.6	-38.4	-37.5
Sensor & Semiconductor	36.4	2.7	22.9	3.0	-13.5	-37.0	-36.1
Others(*)	74.2	5.5	56.5	7.4	-17.7	-23.9	-22.3
<b>Automotive Total</b>	<b>1,282.2</b>	<b>96.8</b>	<b>729.8</b>	<b>95.4</b>	<b>-552.5</b>	<b>-43.1</b>	<b>-41.6</b>
<b>Non-Automotive Business(FA and agriculture, etc.)</b>	<b>41.9</b>	<b>3.2</b>	<b>35.2</b>	<b>4.6</b>	<b>-6.7</b>	<b>-15.9</b>	<b>-14.5</b>
<b>Total</b>	<b>1,324.1</b>	<b>100.0</b>	<b>765.1</b>	<b>100.0</b>	<b>-558.9</b>	<b>-42.2</b>	<b>-40.8</b>

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



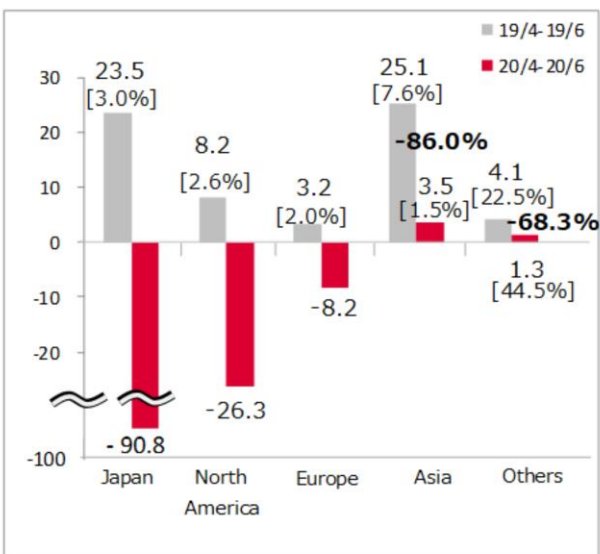
# Geographical Segments by Company Location

## Revenue



## Operating Profit

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



## Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen,%)

	20/3		21/3F		Change (%)	Progress to 21/3 Forecast
	19/6		20/6			
Japan	57.0	277.5	86.9	248.0	52.4%	35.0%
North America	9.6	46.1	9.3	45.0	-3.2%	20.7%
Europe	5.8	26.1	3.7	20.0	-36.4%	18.5%
Asia	16.7	84.3	15.1	80.0	-9.4%	18.9%
Others	0.5	2.5	0.4	2.0	-20.0%	20.0%
Capital Expenditure	89.7	436.5	115.4	395.0	28.7%	29.2%
Japan	43.6	184.3	49.5	209.0	13.5%	23.7%
North America	10.2	40.1	9.9	40.0	-2.9%	24.8%
Europe	6.0	23.5	5.9	23.0	-1.7%	25.7%
Asia	13.5	52.3	12.5	54.0	-7.4%	23.1%
Others	0.5	1.9	0.4	2.0	-20.0%	20.0%
Depreciation	73.8	302.1	78.2	328.0	6.0%	23.8%
R&D Expenditure (Ratio to Revenue)	125.3 (9.5%)	507.8 (9.9%)	122.6 (16.0%)	500.0 (11.0%)	-2.2%	24.5%