

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

DENSO

Crafting the Core

FY2021 3rd Quarter Financial Results (2020/4-2020/12)

Feb. 2, 2021

DENSO CORPORATION

Overview of FY2021 3rd Quarter Financial Results

1. Despite a steady recovery in revenue, the 3rd quarter(3Q) revenue decreased year-on-year due to a significant decline in the 1Q. Operating profit turned to the black in the 3Q due to an increase in revenue and the effects of emergency measures and corporate reform. (In the 3Q 3 months, revenue was 1,433.9 billion yen and operating profit was 136.3 billion yen, and both of which were record highs on a quarterly basis.)
2. Reflecting the strong performance in the 3Q 3 months, the annual forecast is revised upward to 4,740.0 billion yen in revenue and 150.0 billion yen in operating profit.

FY2021 3rd Quarter Financial Results(2020/4-2020/12)

(Ratio to Revenue)

[Unit : Billions of Yen]

	2019/4-2019/12		2020/4-2020/12		Change	
Revenue		3,895.0		3,508.6	-386.4	-9.9%
Operating Profit	(4.2%)	162.7	(1.9%)	66.6	-96.1	-59.0%
Profit before Income Taxes	(5.1%)	197.6	(2.8%)	99.1	-98.5	-49.9%
Profit (*)	(3.5%)	136.1	(1.2%)	43.1	-93.0	-68.4%

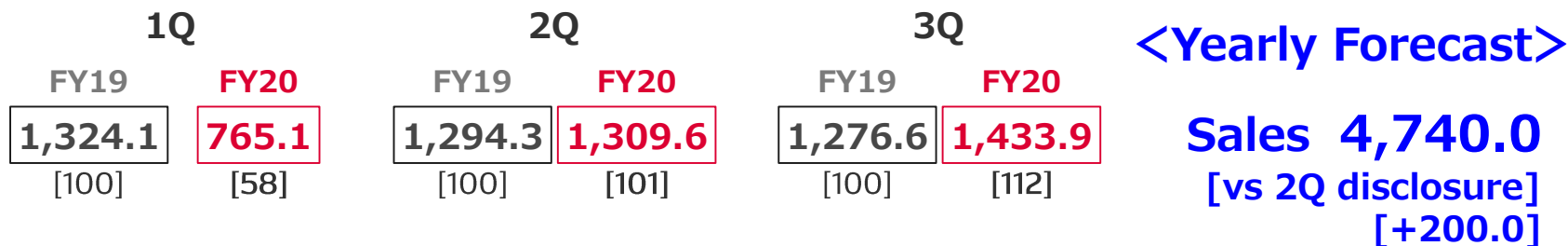
* Profit attributable to owners of the parent company □

[Unit:Millions of Units]

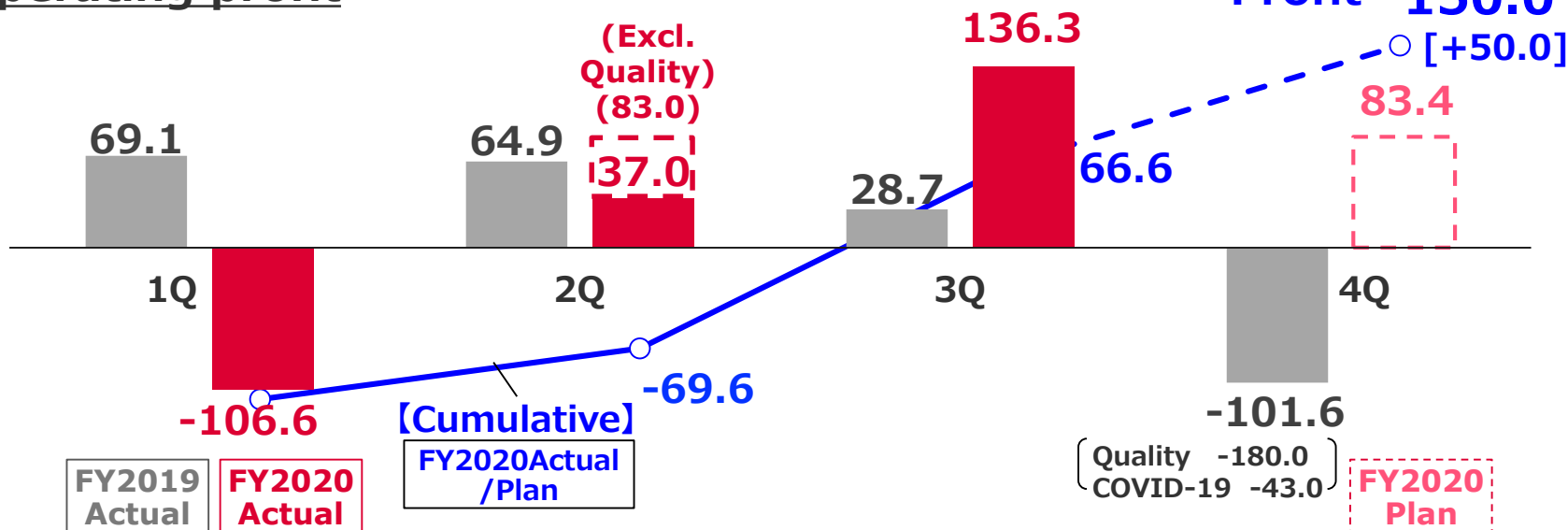
Precondition	Foreign Exchange Rate	JPY	109/USD	JPY	106/USD	-3 JPY	—
		JPY	121/EUR	JPY	122/EUR	+1 JPY	—
	Domestic Vehicle Production		6.94		5.66	-1.28	-18.5%
	Overseas Vehicle Production of Japanese Manufacturers		14.41		11.22	-3.19	-22.2%
	(North America)		(4.15)		(3.27)	(-0.88)	(-21.1%)

Trend of Quarterly Revenue and Operating Income [vs. previous year]

Sales



Operating profit



FY2021 3rd Quarter Consolidated Revenue (By Customer)

(): Change from previous year

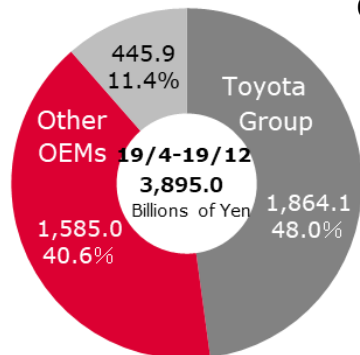
INCR/DECR excludes Forex diff.

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

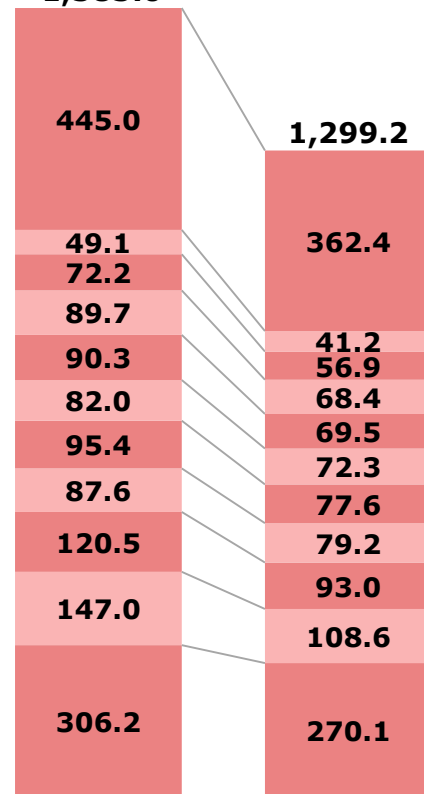
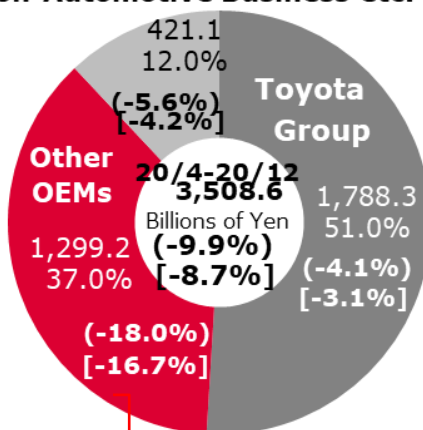
*3Q(3month)

Revenue	3,895.0 ⇒ 3,508.6	(-9.9%)	[-8.7%] *13.3%
Toyota group	1,864.1 ⇒ 1,788.3	(-4.1%)	[-3.1%] *21.9%
Other OEMs	1,585.0 ⇒ 1,299.2	(-18.0%)	[-16.7%] *6.2%

After-market, Non-Automotive Business etc.



After-market, Non-Automotive Business etc.

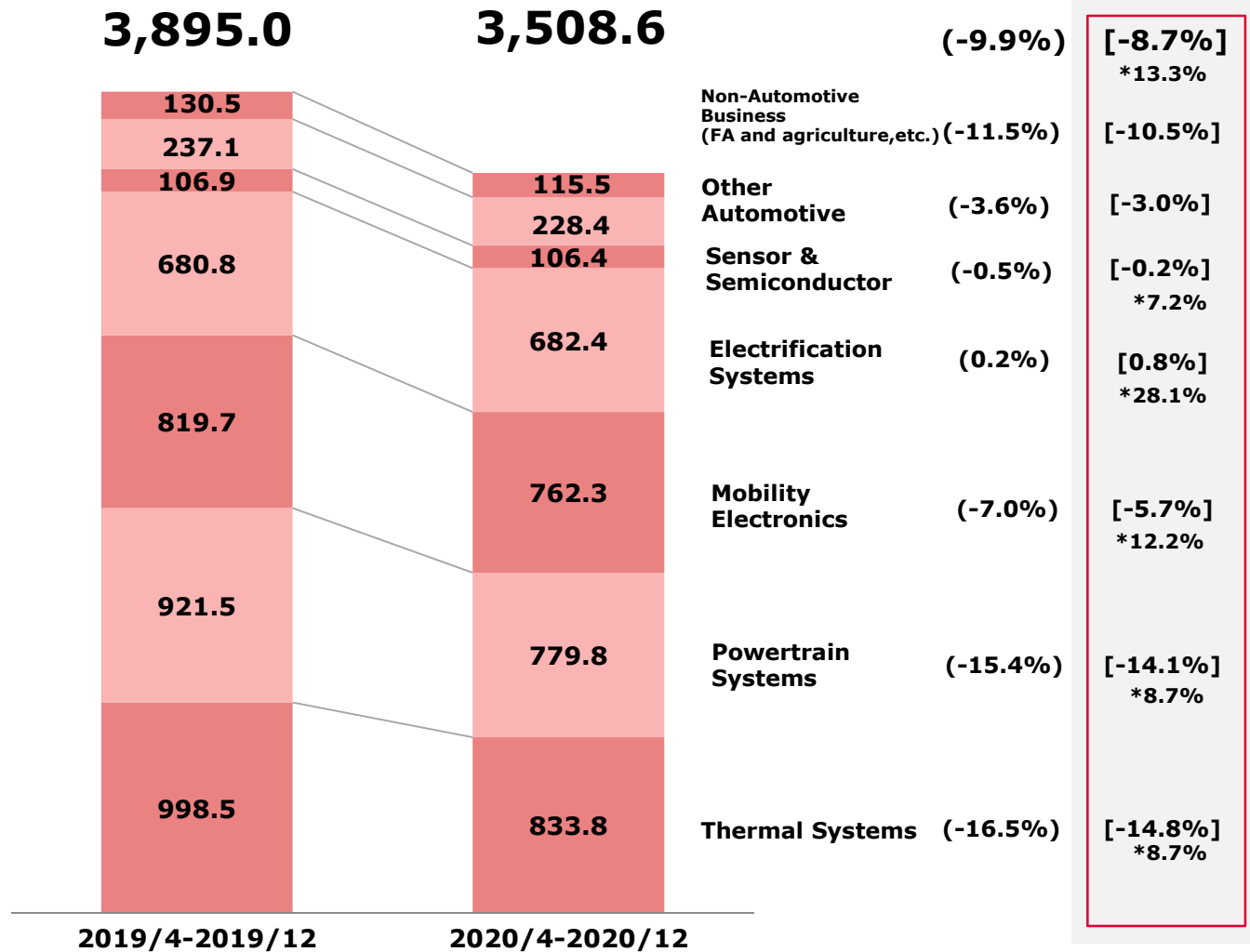


Others	(-18.6%)	[-15.0%]
VW/AUDI	(-16.1%)	[-16.7%]
Nissan	(-21.3%)	[-20.6%]
Hyundai/kia	(-23.7%)	[-22.7%]
Mazda	(-23.0%)	[-22.6%]
Suzuki	(-11.9%)	[-9.9%]
Ford	(-18.7%)	[-16.8%]
SUBARU	(-9.6%)	[-8.7%]
GM	(-22.8%)	[-21.0%]
FCA	(-26.1%)	[-22.3%]
Honda	(-11.8%)	[-9.9%]

2019/4-2019/12 2020/4-2020/12

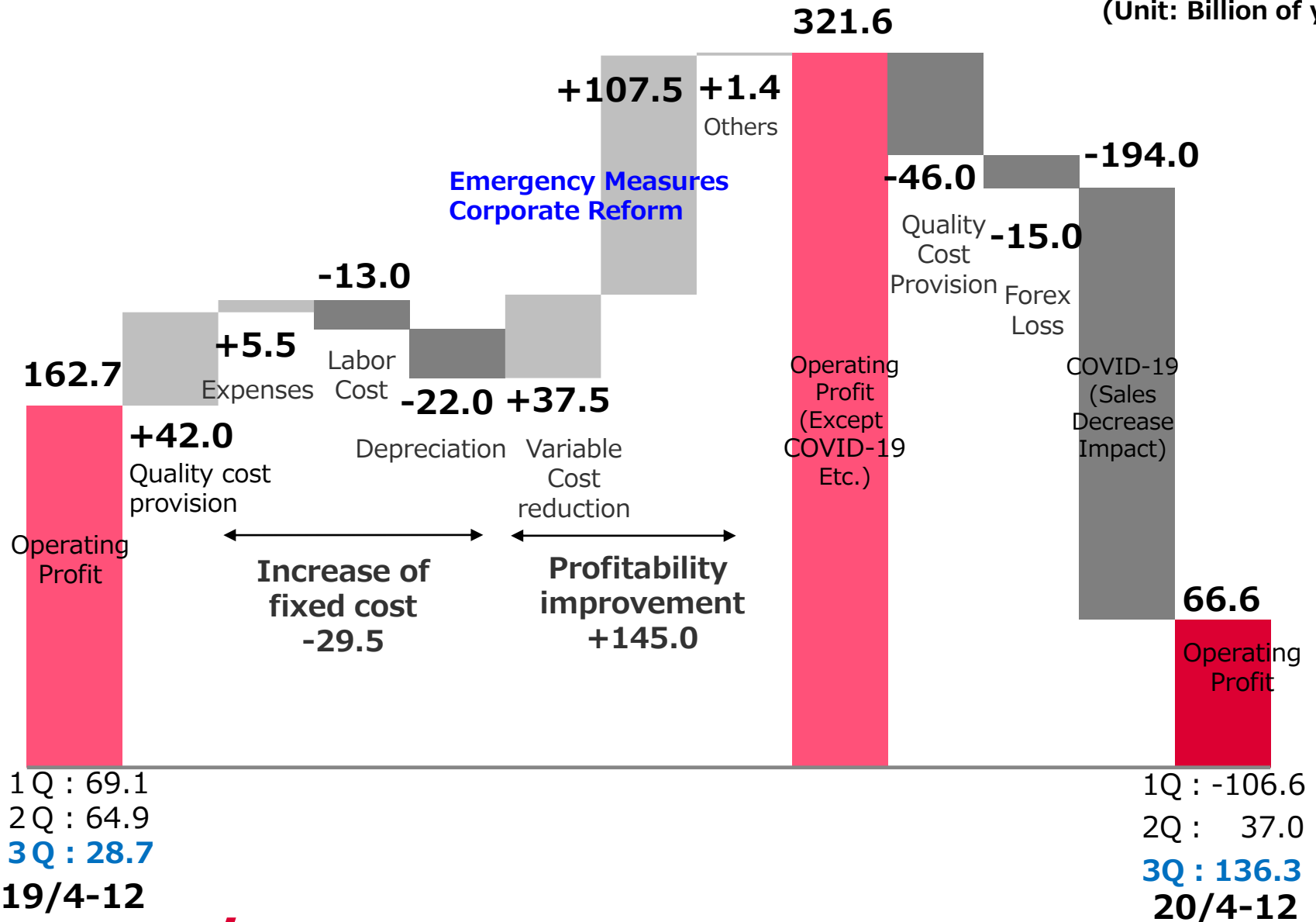
FY2021 3rd Quarter Consolidated Revenue (By Product)

(): Change from previous year []: Change from previous year excludes FX diff.
 *: 3Q(3months basis) INCR/DECR excludes FX diff.



Change in FY2021 3rd Quarter Operating Profit

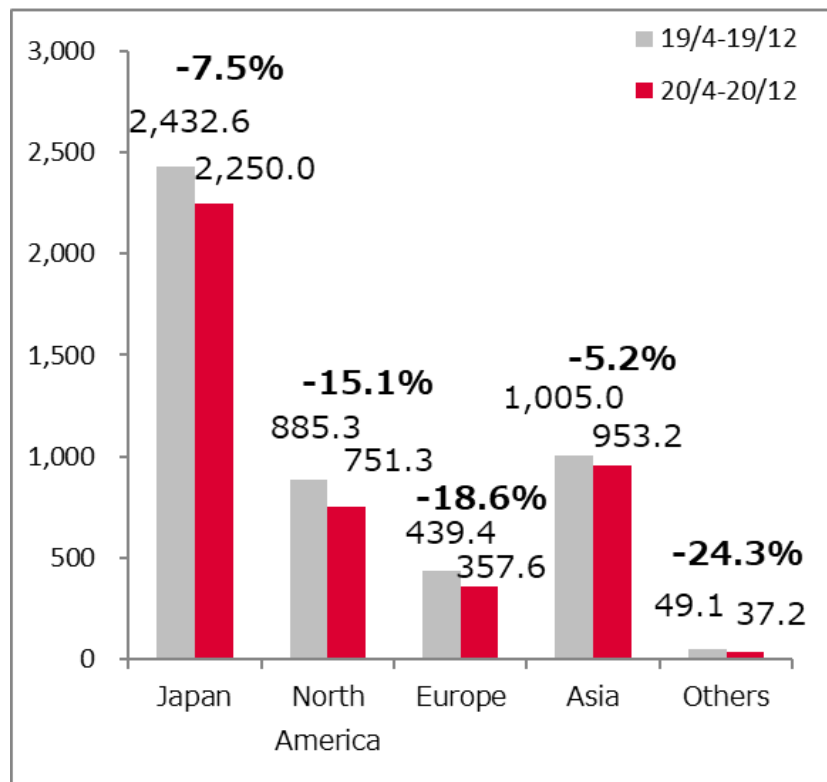
(Unit: Billion of yen)



Geographical Segments by Company Location

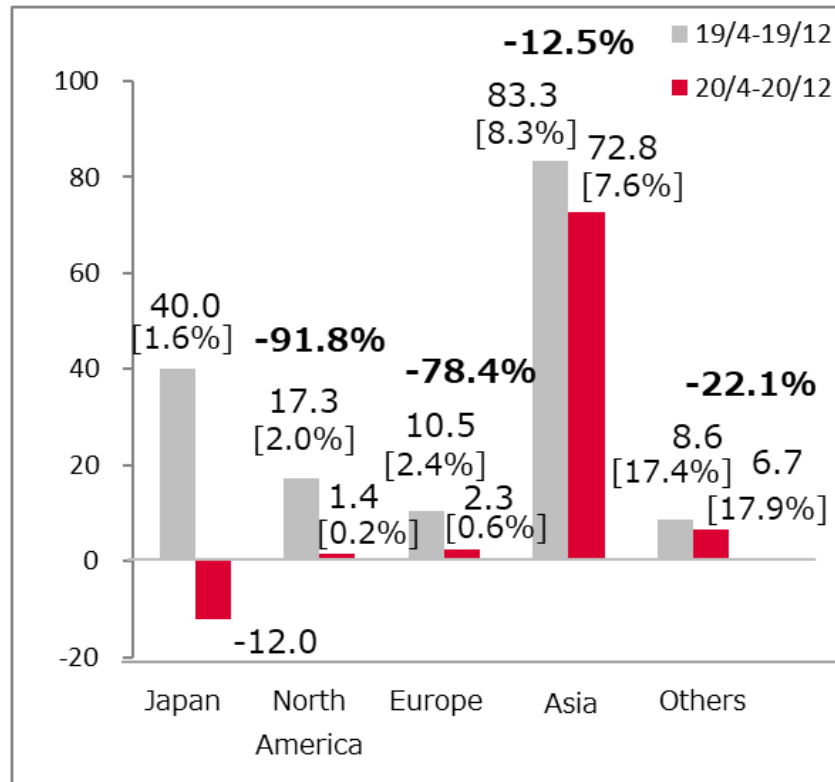
Excluding FX difference (109JPY/1USD, 121JPY/1EUR)

Revenue



Operating Profit

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

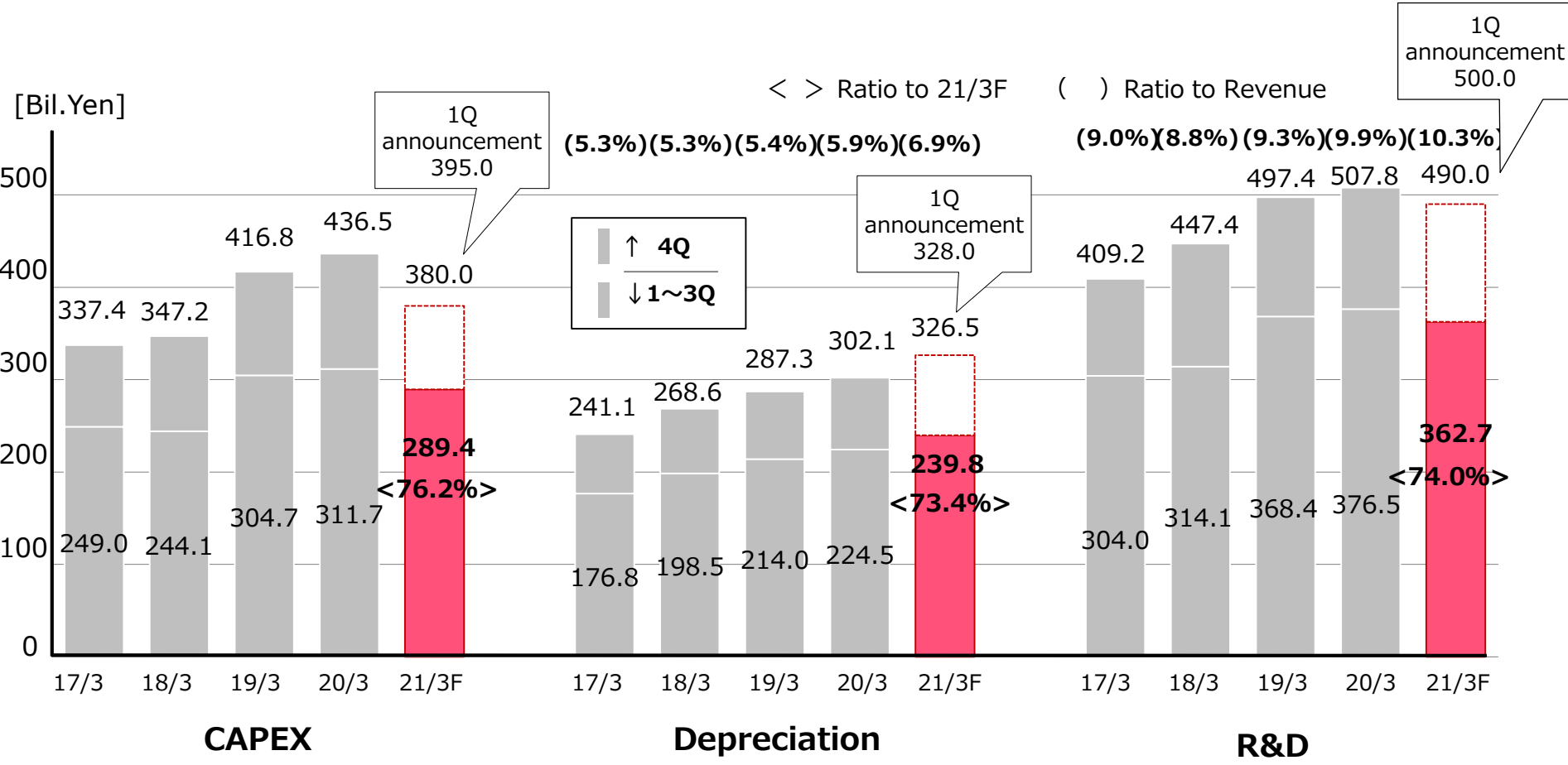


3rd quarter 3 months

19/10-12	806.6	281.8	144.5	345.1	14.6
20/10-12	925.3	306.4	157.5	387.0	17.0

16.4	6.1	4.2	32.8	2.3
81.0	10.6	6.8	42.8	2.9

Trend of Capital Expenditures, Depreciation and R&D Expenditures



FY2021 Financial Forecast

(Ratio to Revenue)

[Unit : Billions of Yen]

	(Ratio to Revenue)		Change from previous forecast		[Unit : Billions of Yen]		Change from Mar. 2020	
	Previous Forecast	2021/3 Revised			2020/3 Actual			
Revenue	4,540.0	4,740.0	+200.0	+4.4%	5,153.5	-413.5	-8.0%	
Operating Profit	(2.2%) 100.0	(3.2%) 150.0	+50.0	+50.0%	(1.2%) 61.1	+88.9	+145.6%	
Profit before Income Taxes	(2.9%) 131.0	(3.9%) 184.0	+53.0	+40.5%	(1.7%) 89.6	+94.4	+105.3%	
Profit (*)	(1.7%) 75.0	(2.4%) 112.0	+37.0	+49.3%	(1.3%) 68.1	+43.9	+64.5%	

* Profit attributable to owners of the parent company

[Unit:Millions of Units]

Precondition	JPY 106/USD		JPY 106/USD		+0 JPY -		JPY 109/USD	
Foreign Exchange Rate	JPY	106/USD	JPY	106/USD	+0 JPY	-	JPY	109/USD
	JPY	120/EUR	JPY	121/EUR	+2 JPY	-	JPY	121/EUR
Domestic Vehicle Production		7.64		7.81	+0.17	+2.2%		9.27
Overseas Vehicle Production of Japanese Manufacturers (North America)		15.65		15.92	+0.27	+1.7%		18.89
		(4.59)		(4.61)	+0.02	(+0.4%)		(5.46)

<Appendix> Variance from previous estimation

	Previous Estimation	3Q Estimation	Change
2020/3 Operating profit	61.1	61.1	-
Temporal factors In previous year	+265.0	+265.0	±0.0
Production volume	-303.0	-248.0	+55.0
Others	+7.9	-3.1	-11.0
Currency exchange	-31.0	-25.0	+6.0
Quality cost provision	-46.0	-46.0	±0.0
Emergency measures/ Corporate reform	+146.0	+146.0	±0.0
2021/3F Operating profit	100.0	150.0	+50.0

<Major difference factors >

<Temporal factors in previous year>
Quality cost : +222.0
COVID-19 : +43.0 (Production volume)

Production volume : +47.0 } **-303.0**
COVID-19 : -350.0
Production volume in 3Q[3months] : +55.0

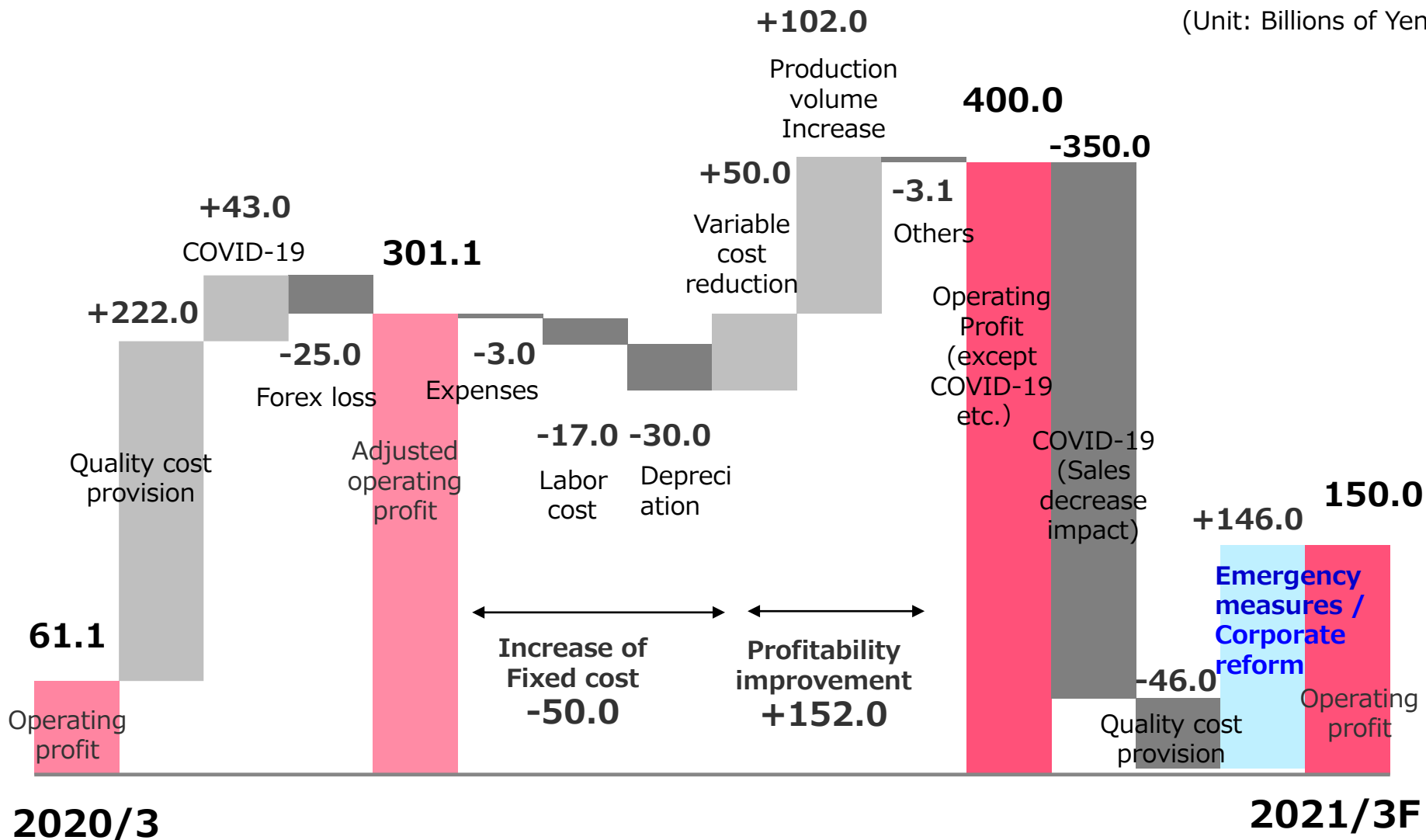
• **Transient accounting factor : -8.0**
(unrealized profit on closing inventory)
• **Others : -3.0**
(Raw materials, Logistics cost etc.)

Change FX Rate Condition based on actual situation

	Impact	Rate against JPY 3Q[3months]
USD	:+0.1	(104 → 104)
EUR	:+1.8	(118 → 124)
RMB	:+4.1	(14.6 → 15.8)

Change in FY2021 Operating Profit

(Unit: Billions of Yen)



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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													
					3Q			4Q										
		Prior Year	Actual	Change	Prior Year	Actual	Change	Prior Year	Revised Estimate	Change	Prior Year	Actual	Forecast (Revised)	Change	Prior Year	Actual	Forecast (Revised)	Change
Foreign Exchange Rate (Yen)	USD	109	107	- 2	109	104	- 4	109	104	- 5	109	104	104	- 4	109	106	106	- 3
	EUR	121	121	- 0	120	124	+4	120	118	- 2	120	118	121	1	121	120	121	+ 0
Forex Impact on Operating Income per Yen (Billions of Yen)	USD											2.7	2.1	2.0	-0.7			
	EUR											1.2	0.9	0.8	-0.4			
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	4.68	3.34	- 29%	2.26	2.32	+ 3%	2.33	2.39	+ 3%	4.59	4.30	4.47	- 3%	9.27	7.64	7.81	- 16%
	North America	2.80	1.91	- 32%	1.35	1.36	+ 1%	1.31	1.49	+ 14%	2.66	2.69	2.71	+ 2%	5.46	4.59	4.61	- 15%
	Overseas	9.61	6.25	- 35%	4.81	4.97	+ 3%	4.48	4.87	+ 9%	9.29	9.40	9.67	+ 4%	18.89	15.65	15.92	- 16%

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	19/4-19/12		20/4-20/12		Change		Change excludes FX difference,etc.
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	1,718.8	44.1	1,672.0	47.7	-46.9	-2.7	-1.7
Daihatsu	100.0	2.6	83.5	2.4	-16.4	-16.4	-15.4
Hino	45.3	1.2	32.8	0.9	-12.5	-27.5	-27.3
Toyota Group	1,864.1	48.0	1,788.3	51.0	-75.8	-4.1	-3.1
Honda	306.2	8.0	270.1	7.6	-36.1	-11.8	-9.9
FCA	147.0	3.8	108.6	3.1	-38.4	-26.1	-22.3
GM	120.5	3.1	93.0	2.7	-27.4	-22.8	-21.0
SUBARU	87.6	2.2	79.2	2.3	-8.4	-9.6	-8.7
Ford	95.4	2.4	77.6	2.2	-17.8	-18.7	-16.8
Suzuki	82.0	2.1	72.3	2.1	-9.7	-11.9	-9.9
Mazuda	90.3	2.3	69.5	2.0	-20.8	-23.0	-22.6
Hyundai/Kia	89.7	2.3	68.4	2.0	-21.2	-23.7	-22.7
Nissan	72.2	1.9	56.9	1.6	-15.4	-21.3	-20.6
VW·AUDI	49.1	1.3	41.2	1.2	-7.9	-16.1	-16.7
Isuzu	44.8	1.1	39.3	1.1	-5.4	-12.2	-10.4
BMW	38.4	1.0	33.1	0.9	-5.3	-13.8	-15.1
PSA	36.0	0.9	27.9	0.8	-8.0	-22.3	-24.0
Volvo	31.9	0.8	22.3	0.6	-9.6	-30.1	-30.7
Mitsubishi	44.8	1.1	18.6	0.5	-26.1	-58.4	-57.3
Daimler	18.5	0.5	14.3	0.4	-4.3	-23.0	-24.6
OE Sales for others	230.7	5.9	206.9	5.9	-23.9	-10.4	-9.7
OEM Total	3,449.1	88.6	3,087.5	88.0	-361.7	-10.5	-9.4
After-market, Non-Automotive Business(*)	445.9	11.4	421.1	12.0	-24.8	-5.6	-4.2
Total	3,895.0	100.0	3,508.6	100.0	-386.4	-9.9	-8.7

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

Consolidated Revenue (By Product)

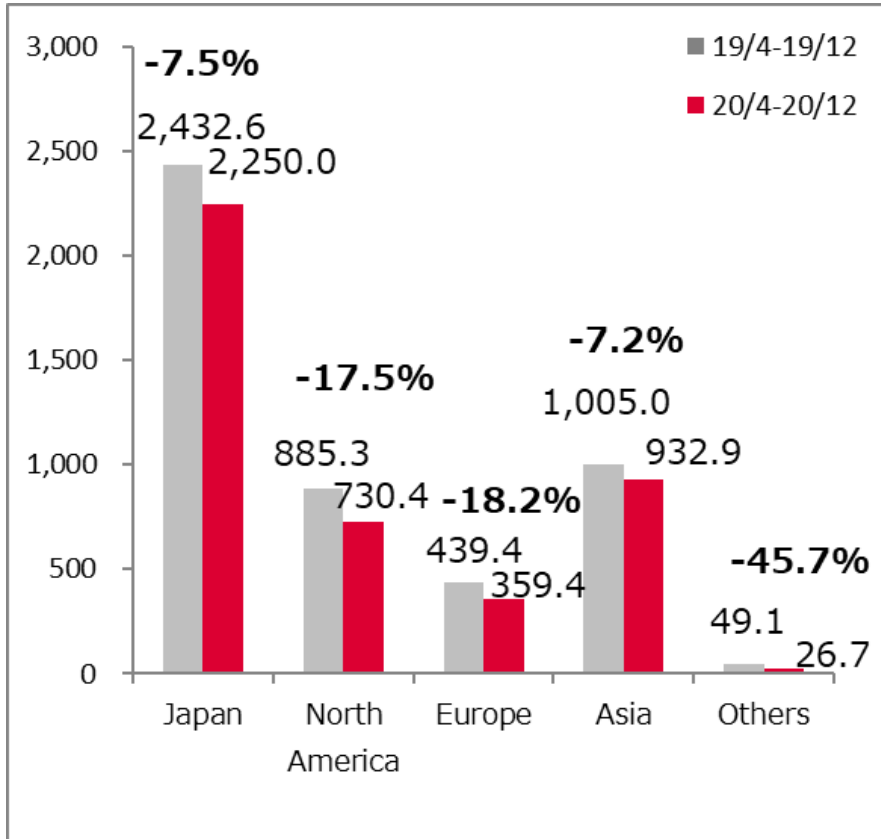
(Unit: Billions of Yen,%)

	19/4-19/12		20/4-20/12		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	998.5	25.7	833.8	23.8	-164.7	-16.5	-14.8
Powertrain Systems	921.5	23.7	779.8	22.2	-141.7	-15.4	-14.1
Mobility Electronics	819.7	20.9	762.3	21.7	-57.4	-7.0	-5.7
Electrification Systems	680.8	17.5	682.4	19.4	1.6	0.2	0.8
Sensor & Semiconductor	106.9	2.7	106.4	3.0	-0.5	-0.5	-0.2
Others(*)	237.1	6.2	228.4	6.6	-8.7	-3.6	-3.0
Automotive Total	3,764.4	96.7	3,393.1	96.7	-371.3	-9.9	-8.7
Non-Automotive Business(FA and agriculture, etc.) Total	130.5	3.3	115.5	3.3	-15.0	-11.5	-10.5
Total	3,895.0	100.0	3,508.6	100.0	-386.4	-9.9	-8.7

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

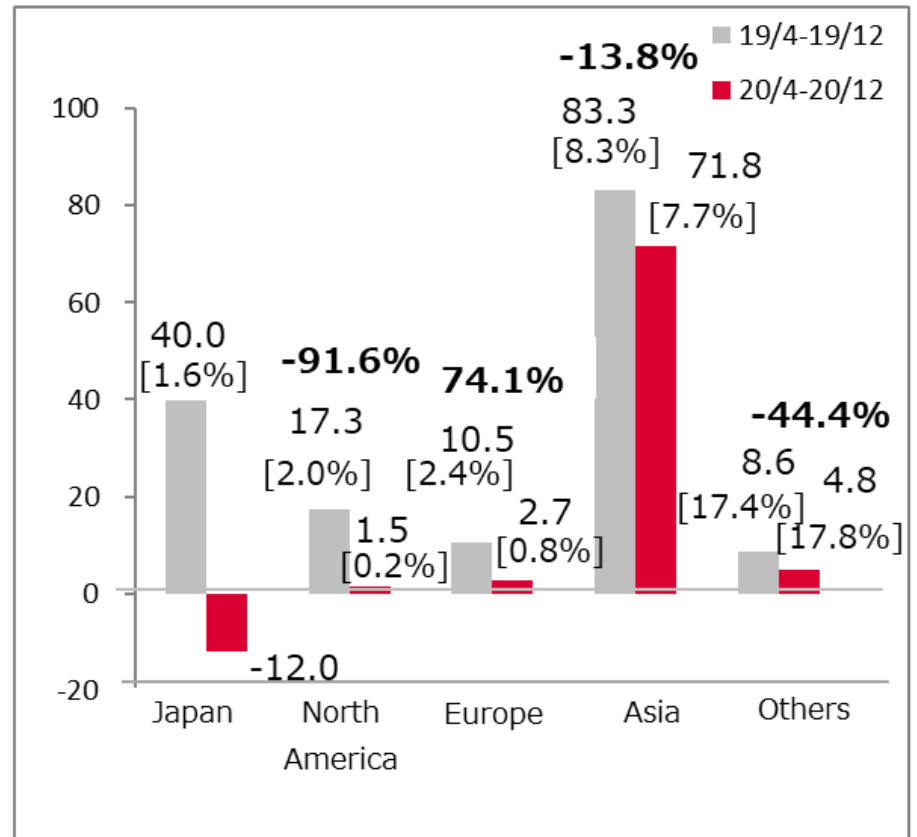
Geographical Segments by Company Location

Revenue



Operating Profit

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



Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen,%)

		20/3		21/3F		Change (%)	Progress to 21/3 Forecast
		19/12		20/12			
Capital Expenditure	Japan	193.0	277.5	203.3	248.0	5.3%	82.0%
	North America	32.5	46.1	25.4	45.0	-21.8%	56.4%
	Europe	19.7	26.1	12.3	20.0	-37.6%	61.5%
	Asia	64.6	84.3	47.1	80.0	-27.1%	58.9%
	Others	1.9	2.5	1.3	2.0	-31.6%	65.0%
	Suppression ※	-	-	-	-15.0	-	-
	Capital Expenditure	311.7	436.5	289.4	380.0	-7.2%	76.2%
Depreciation	Japan	136.3	184.3	153.3	209.0	12.5%	73.3%
	North America	29.9	40.1	29.4	40.0	-1.7%	73.5%
	Europe	17.5	23.5	17.8	23.0	1.7%	77.4%
	Asia	39.4	52.3	38.3	54.0	-2.8%	70.9%
	Others	1.4	1.9	1.0	2.0	-28.6%	50.0%
	Suppression ※	-	-	-	-1.5	-	-
Depreciation	224.5	302.1	239.8	326.5	6.8%	73.4%	
R&D Expenditure (Ratio to Revenue)	376.6 (9.7%)	507.8 (9.9%)	362.7 (10.3%)	490.0 (10.3%)	-3.7%	74.0%	

※ Suppress investment by examining each project strictly.