

FY2024 3rd Quarter (2023/4-2023/12) Financial Results Summary of Q&A

Vehicle production outlook

Q: What is DENSO's view of the outlook for vehicle production in the current fiscal year, and what are the areas of concern such as China and Thailand?

A: Overall, we feel like the number of vehicle production has returned to a slightly inferior level from the pre-Corona level. As for downside risks, China is extremely large, and although sales decreased by about 10% in December, we think that inventory adjustments would begin in the future, and we think that sales would be 2~3% lower than the sales plan in the fourth quarter. In ASEAN region, vehicle production seems to have generally stopped declining, but we think that sales would continue to be about 10% lower than the sales forecast due to the decline in sales of pickup trucks in Thailand and the continued tightening of loan lending standards.

Impact of rigged data by Daihatsu and Toyota Industries

Q: What is DENSO's impact of the suspension of shipments by Daihatsu and Toyota Industries?

A: Sales to Daihatsu are usually just under 10 billion yen per month, and our plan has reflected the total of about 19 billion yen by negative impact. The amount is estimated by the impact of a decrease of 2 billion yen in December and a decrease of about 17 billion yen in the fourth quarter. On the other hand, we think that the impact of Toyota Industries would be minor.

Toyota Group Vision

Q: What is DENSO's view of the Toyota Group Vision and how do you respond within the company?

A: We take the Toyota Group Vision very seriously because we have caused the quality issues. We have been stating our "DENSO of Quality," but we are strongly aware that this has been wavered. With the first priority on returning to our roots and regaining trust and credibility, we would promote the systematization of quality control and initiatives for "awareness", "knowledge", and "culture".

The dissolution of cross-shareholdings of Toyota G

Q: What is the change that led to the dissolution of cross-shareholdings of Toyota G?

A: Due in part to the impact of the TSE's request and the revision of the Corporate Governance Code, awareness about cross-shareholdings has spread within Toyota G. In addition, there is also the perspective of generating cash for investment in the CASE domain, but we believe that this is the result of our strong will and continued discussions with each company to dissolve our shareholdings. We would continue to take the lead in dissolving cross-shareholdings which we have been holding.

Treasury stock

Q: Why didn't DENSO buy back all of the shares in the stock offering?

A: We see this offering as an opportunity to change the shareholder structure, and by increasing the number of individual shareholders who have investment tendencies that are opposite to those of institutional investors, we aim to suppress fluctuations in our stock price and reduce the cost of capital. As a result, we didn't buy back all of the shares in the stock offering, but we statistically estimated the amount necessary to stop the rapid fluctuation of stock prices due to the deterioration in supply and demand due to the flow of a large amount of shares into the market through the offering, and decided to buy back 200 billion yen of our own shares. We would continue to move forward with share buybacks flexibly, taking into account M&A and stock price conditions.