Overview of FY2018 Financial Results

1. Revenue increased due to an increase in vehicle production, as well as sales expansion. Operating profit also saw an increase due to the production volume increase and company cost reduction efforts.

2. For the new fiscal year, revenue will increase due to the newly consolidated subsidiaries, the increase in car production and the sales expansion. Despite a rise in production volume and cost reduction efforts, operating profit will decrease due to an increase in investment for future growth, in addition to the impact of the yen’s appreciation and increase of material costs.
### FY2018 Financial Results

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>5,108.3</td>
<td>4,527.1</td>
<td>+581.1</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>(7.9%)</td>
<td>(7.2%)</td>
<td>+79.5</td>
</tr>
<tr>
<td><strong>Other income/ expenses</strong></td>
<td>6.7</td>
<td>4.1</td>
<td>+2.6</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>(8.1%)</td>
<td>(7.3%)</td>
<td>+82.1</td>
</tr>
<tr>
<td><strong>Finance income/ costs &amp; others</strong></td>
<td>(8.8%)</td>
<td>(8.0%)</td>
<td>+89.0</td>
</tr>
<tr>
<td><strong>Profit before Income</strong></td>
<td>(6.3%)</td>
<td>(5.7%)</td>
<td>+62.9</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>(Ratio to Revenue)</td>
<td>(Unit: Billions of Yen, %)</td>
<td>Change</td>
</tr>
<tr>
<td>FY18</td>
<td>FY17</td>
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<td>+62.9</td>
</tr>
</tbody>
</table>

- **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

<table>
<thead>
<tr>
<th>Precondition</th>
<th>Foreign Exchange Rate</th>
<th>Precondition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>JPY 111/$JPY</td>
<td>JPY 130/Euro</td>
</tr>
<tr>
<td>Domestic Car Production</td>
<td>9.37</td>
<td>9.10</td>
</tr>
<tr>
<td>Overseas Car Production</td>
<td>20.14</td>
<td>19.67</td>
</tr>
<tr>
<td>of Japanese Manufacturers</td>
<td>(6.03)</td>
<td>(6.38)</td>
</tr>
</tbody>
</table>

- **1** Foreign exchange rate: JPY 111/$JPY, JPY 130/Euro
- **2** Precondition: Domestic Car Production, Overseas Car Production of Japanese Manufacturers (North America)
FY2018 Consolidated Revenue (By Customer)

OE Revenue for others

(Unit: Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>( +11.8% )</th>
<th>[ +8.3% ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Group</td>
<td>1,986.8</td>
<td>2,220.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OE Revenue for others</td>
<td>4527.1</td>
<td>5108.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>437.2</td>
<td>498.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volvo</td>
<td>40.5</td>
<td>57.2</td>
<td></td>
<td>[ +23.4% ]</td>
</tr>
<tr>
<td>Isuzu</td>
<td>50.4</td>
<td>82.9</td>
<td>[ +33.6% ]</td>
<td></td>
</tr>
<tr>
<td>VW·AUDI</td>
<td>77.2</td>
<td>97.8</td>
<td></td>
<td>[ +9.8% ]</td>
</tr>
<tr>
<td>Nissan</td>
<td>86.4</td>
<td>105.2</td>
<td>[ +13.2% ]</td>
<td></td>
</tr>
<tr>
<td>SUBARU</td>
<td>90.9</td>
<td>116.2</td>
<td>[ +15.7% ]</td>
<td>[ +14.9% ]</td>
</tr>
<tr>
<td>Suzuki</td>
<td>101.2</td>
<td>121.4</td>
<td>[ +14.7% ]</td>
<td>[ +11.4% ]</td>
</tr>
<tr>
<td>Mazda</td>
<td>111.8</td>
<td>133.2</td>
<td></td>
<td>[ +7.4% ]</td>
</tr>
<tr>
<td>Hyundai·Kia</td>
<td>139.1</td>
<td>156.2</td>
<td>[ +8.6% ]</td>
<td>[ -8.6% ]</td>
</tr>
<tr>
<td>Ford</td>
<td>147.6</td>
<td>194.4</td>
<td>[ +5.9% ]</td>
<td>[ +2.3% ]</td>
</tr>
<tr>
<td>GM</td>
<td>171.9</td>
<td>224.1</td>
<td></td>
<td>[ +13.1% ]</td>
</tr>
<tr>
<td>FCA</td>
<td>208.1</td>
<td>392.9</td>
<td></td>
<td>[ +7.7% ]</td>
</tr>
<tr>
<td>Honda</td>
<td>334.7</td>
<td>392.9</td>
<td></td>
<td>[ +17.4% ]</td>
</tr>
</tbody>
</table>

FY18 includes below as newly consolidated subsidiaries.
DENSO TEN : 157.5
(108.5 for Toyota Group)
TD mobile(After-market, New Business) : 82.7

( ):Change from FY17
[ ]:Change from FY17
excludes FX difference
**FY2018 Consolidated Revenue (By Product)**

(Unit: Billions of Yen)

<table>
<thead>
<tr>
<th>Product</th>
<th>FY17</th>
<th>FY18</th>
<th>(Change from FY17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Automotive</td>
<td>64.5</td>
<td>77.4</td>
<td>+10.5%</td>
</tr>
<tr>
<td>Electronic Systems</td>
<td>573.2</td>
<td>735.7</td>
<td>+31.7%</td>
</tr>
<tr>
<td>Mobility Systems (excl. DENSOTEN)</td>
<td>557.0</td>
<td>815.9</td>
<td>+10.8%</td>
</tr>
<tr>
<td>Powertrain Systems</td>
<td>755.6</td>
<td>1,260.6</td>
<td>+5.2%</td>
</tr>
<tr>
<td>Thermal Systems</td>
<td>1,356.6</td>
<td>1,452.2</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Electrification Systems</td>
<td>1,160.6</td>
<td>1,260.6</td>
<td>+6.9%</td>
</tr>
</tbody>
</table>

**Notes:**
- FY18 includes below as newly consolidated subsidiaries.
- DENSOTEN: 157.5 (Mobility Systems 116.2, Others, etc. 41.3)
- TD mobile (FA & New Business): 82.7

( ): Change from FY17
[ ]: Change from FY17 excludes FX difference
Change in FY2018 Operating Profit

(Unit: Billion of Yen)

Operating profit in FY18:
- Operating profit: 412.7
- Depreciation expense: +34.0
- Labor cost: +19.5
- Raw material cost: +44.0
- Others: +326.4
- Production volume increase: -23.0
- Variable cost reduction: -22.0
- Currency exchange gain: +11.0
- Other income/expenses: +65.0

Operating profit in FY17:
- Operating profit: 330.6

Operating profit (Excludes other income/expenses):
- Operating profit: 406.0
- Depreciation expense: -27.0
- Labor cost: -23.0
- Raw material cost: -22.0
- Others: +19.5
- Production volume increase: +44.0
- Variable cost reduction: +65.0
- Currency exchange gain: +11.0
- Other income/expenses: +326.4

Operating profit (Excludes other income/expenses) in FY17:
- Operating profit: 326.4
Geographical Segments by Company Location

Revenue

Operating Profit

(Unit: Billions of Yen)

[ ]: Ratio to Revenue

<table>
<thead>
<tr>
<th>Geographical Segment</th>
<th>Revenue (FY17)</th>
<th>Revenue (FY18)</th>
<th>Revenue Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>3,083.8</td>
<td>2,686.0</td>
<td>+14.8%</td>
</tr>
<tr>
<td>North America</td>
<td>1,156.3</td>
<td>1,077.2</td>
<td>+7.3%</td>
</tr>
<tr>
<td>Europe</td>
<td>662.3</td>
<td>577.3</td>
<td>+14.7%</td>
</tr>
<tr>
<td>Asia</td>
<td>1,322.8</td>
<td>1,139.3</td>
<td>+16.1%</td>
</tr>
<tr>
<td>Others</td>
<td>79.0</td>
<td>65.8</td>
<td>+20.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geographical Segment</th>
<th>Operating Profit (FY17)</th>
<th>Operating Profit (FY18)</th>
<th>Operating Profit Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>130.2</td>
<td>200.7</td>
<td>+54.2%</td>
</tr>
<tr>
<td>North America</td>
<td>60.0</td>
<td>42.5</td>
<td>-29.1%</td>
</tr>
<tr>
<td>Europe</td>
<td>20.1</td>
<td>20.1</td>
<td>0.0%</td>
</tr>
<tr>
<td>Asia</td>
<td>136.7</td>
<td>112.7</td>
<td>-10.2%</td>
</tr>
<tr>
<td>Others</td>
<td>6.9</td>
<td>13.4</td>
<td>+94.7%</td>
</tr>
</tbody>
</table>
Geographical Segments by Company Location (Local Currency Base, excludes other income/expenses)

Revenue

<table>
<thead>
<tr>
<th>Region</th>
<th>FY17</th>
<th>FY18</th>
<th>Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>3,083.8</td>
<td>2,686.0</td>
<td>+14.8%</td>
<td>+5.0%</td>
</tr>
<tr>
<td>North America</td>
<td>2,686.0</td>
<td>2,521.5</td>
<td>+19.4%</td>
<td>+4.7%</td>
</tr>
<tr>
<td>Europe</td>
<td>611.5</td>
<td>577.3</td>
<td>+5.9%</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Asia</td>
<td>65.8</td>
<td>77.4</td>
<td>+17.6%</td>
<td>+13.4%</td>
</tr>
<tr>
<td>Others</td>
<td>1,077.2</td>
<td>1,130.7</td>
<td>+5.0%</td>
<td>+5.0%</td>
</tr>
</tbody>
</table>

Operating Profit

<table>
<thead>
<tr>
<th>Region</th>
<th>FY17</th>
<th>FY18</th>
<th>Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>198.0</td>
<td>125.2</td>
<td>-30.8%</td>
<td>-9.9%</td>
</tr>
<tr>
<td>North America</td>
<td>61.4</td>
<td>42.5</td>
<td>+13.4%</td>
<td>+8.1%</td>
</tr>
<tr>
<td>Europe</td>
<td>126.1</td>
<td>111.2</td>
<td>-13.9%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Asia</td>
<td>20.5</td>
<td>18.5</td>
<td>-10.0%</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Others</td>
<td>6.9</td>
<td>12.7</td>
<td>+84.8%</td>
<td>+84.8%</td>
</tr>
</tbody>
</table>
### Trend of Capital Expenditures, Depreciation and R&D Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>CAPEX</th>
<th>Depreciation</th>
<th>R&amp;D</th>
<th>( ) Ratio to Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>354.2</td>
<td>220.1</td>
<td>396.4</td>
<td>(9.2%)</td>
</tr>
<tr>
<td>FY16</td>
<td>334.1</td>
<td>236.8</td>
<td>399.3</td>
<td>(8.8%)</td>
</tr>
<tr>
<td>FY17</td>
<td>337.4</td>
<td>241.1</td>
<td>409.2</td>
<td>(9.0%)</td>
</tr>
<tr>
<td>FY18</td>
<td>347.2</td>
<td>268.6</td>
<td>447.4</td>
<td>(8.8%)</td>
</tr>
<tr>
<td>FY19F</td>
<td>400.0</td>
<td>295.0</td>
<td>495.0</td>
<td>(9.3%)</td>
</tr>
</tbody>
</table>

[Graph showing the trend of Capital Expenditures, Depreciation and R&D Expenditures from FY15 to FY19F.]

- CAPEX: 354.2, 334.1, 337.4, 347.2, 400.0 Bil. Yen
- Depreciation: 220.1, 236.8, 241.1, 268.6, 295.0 Bil. Yen
- R&D: 396.4, 399.3, 409.2, 447.4, 495.0 Bil. Yen

( ) Ratio to Revenue:
- FY15: (9.2%)
- FY16: (8.8%)
- FY17: (9.0%)
- FY18: (8.8%)
- FY19F: (9.3%)
## FY2019 Financial Forecast

<table>
<thead>
<tr>
<th>FY19 Forecast</th>
<th>FY18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>5,320.0</td>
<td>5,108.3</td>
</tr>
<tr>
<td><strong>Operating Profit</strong> (Excludes other income/expenses)</td>
<td>368.0</td>
<td>406.0</td>
</tr>
<tr>
<td><strong>Other income/expenses</strong></td>
<td>8.0</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>376.0</td>
<td>412.7</td>
</tr>
<tr>
<td><strong>Operating Profit</strong> (Finance income/costs &amp; others(*1))</td>
<td>39.0</td>
<td>37.2</td>
</tr>
<tr>
<td><strong>Profit before Income Taxes</strong></td>
<td>415.0</td>
<td>449.9</td>
</tr>
<tr>
<td>**Profit (<strong>2</strong>))</td>
<td>290.0</td>
<td>320.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Precondition</th>
<th>FY18</th>
<th>FY19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic Car Production</strong></td>
<td>9.51</td>
<td>9.37</td>
<td>+0.14</td>
</tr>
<tr>
<td><strong>Overseas Car Production of Japanese Manufacturers (North America)</strong></td>
<td>20.87</td>
<td>20.14</td>
<td>+0.72</td>
</tr>
<tr>
<td><strong>Foreign Exchange Rate</strong></td>
<td>105/JPY</td>
<td>111/JPY</td>
<td>-6 JPY</td>
</tr>
<tr>
<td><strong>JPY</strong></td>
<td>130/Euro</td>
<td>130/Euro</td>
<td>+0 JPY</td>
</tr>
</tbody>
</table>

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

---

**Note:**
- Values are in billions of yen, unless specified otherwise.
- Revenue and profit figures are expressed as percentages of revenue for FY19, FY18, and Change.

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**Source:** DENSO CORPORATION

**Date:** FY2019 Financial Forecast
Change in FY2019 Operating Profit

- Operating profit: 412.7 (FY18), 376.0 (FY19F)
- Currency exchange loss: -27.5
- Raw material cost: -8.0
- Transient factor in FY18: -12.0
- Investment for fixed costs: +42.5
- Variable cost reduction: -39.7
- Production volume increase: +28.0
- Investment for future growth: -20.0

(Unit: Billion of Yen)
Return to Shareholders

FY18 Annual Dividend per Share: 130 yen same as the previous financial forecast

FY19 Annual Dividend per Share: 130 yen same as FY18
II. Strategies
(1) DENSO Group Long Term Policy 2030

Bringing hope for the future for our planet, society and all people

Our Goal for 2030
A company that continuously generates value to enrich mobility that achieves sustainability, happiness and peace of mind for everyone

Green
Lasting vitality for the environment

Peace of mind
Providing a sense of well-being

Inspiring
Making a difference
(2) Target of Revenue and Profit by FY2026

By FY26  Revenue of 7 trillion yen
Operating profit ratio of 10%

By FY22  Revenue of 5.6 trillion yen
Operating profit ratio of 8% and above

Based on the currency rates of $100 and €110
(3) Strategy for Future Growth

### Non-Automotive Business

- **Connected Service**
  - Integrated platform

### Growth and Development

- Promote the value of vehicles and drive growth in the new mobility field.

### Earning Capacity

- Increase the profitability of existing business as a solid foundation for profits.

### Differentiation

- Strengthen R&D of key device and differentiate components and systems.

### Organizational Ability

- Accelerate the execution of our business and increase the vitality of the workplace in order to prevail in the rapidly changing business environment.

<table>
<thead>
<tr>
<th>New customers and value creation</th>
<th>Growth and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Automotive Business Connected Service</td>
<td>Promote the value of vehicles and drive growth in the new mobility field.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pursuit of value with subsystems and strong components</th>
<th>Earning Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heat management sub-systems and components</td>
<td>Increase the profitability of existing business as a solid foundation for profits.</td>
</tr>
<tr>
<td>Energy management sub-systems and components</td>
<td></td>
</tr>
<tr>
<td>Information management sub-systems and components</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Refine competitiveness with integrated R&amp;D</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECU</td>
<td>Strengthen R&amp;D of key device and differentiate components and systems.</td>
</tr>
<tr>
<td>Semiconductor</td>
<td></td>
</tr>
<tr>
<td>Sensor</td>
<td></td>
</tr>
<tr>
<td>Motor</td>
<td></td>
</tr>
</tbody>
</table>

### Motor

- Sensor
- ECU
- Semiconductor
- Motor

### Denso

- Crafting the Core
(4) Organization Changes for the Strategy

1. Strengthening overall system perspective
   - Optimal proposal to customers with the integrated system
   - Integrating the functions of In-Car and Out-Car platform
(4) Organization Changes for the Strategy

1. Strengthening overall system perspective
   - Optimal proposal to customers with the integrated system
   - Integrating the functions of InCar and OutCar platform

New Organization
(4) Organization Changes for the Strategy

2. Strengthening competitiveness by integrating key devices

- Developing one and only system by competitive key devices *

* ECU, sensor, semiconductor and motor

- Integrating ECU
  - Electronics Business Unit

- Integrating Sensor & Semiconductor
  - Sensor & Semiconductor Business Unit

- Integrating ASMO with DENSO
  - Motor Business Unit

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(5) DENSO Group Mid-term Policy 2021

1. Creating new kinds of value

(1) Assert leadership in electrification and in automated driving by establishing de facto standards that straddle product sectors in integrated vehicle platforms.
(2) Create and propagate business models for spawning new value in mobility services and leaps in convenience.
(3) Position factory automation and agriculture as pillars of new-business development and work through strategic alliances and other bold measures to assert a strong presence in those sectors.
(4) Connect with brilliant minds at centers of innovation worldwide to increase our agility in nurturing a continuing stream of new products.

2. Strengthening profitability in support of future growth

(1) Increase our management agility globally by reworking our organization on the lines of a downsized headquarters and performance-oriented business units and subsidiaries worldwide.
(2) Advance the performance of key products, such as motors, ECU, semiconductor devices, and sensors, with leading-edge technology, and reinforce the basis of our competitiveness through a commitment to asserting key product standards.
(3) In our core product sectors, generate unprecedented workplace performance by pressing ahead with measures for achieving further advances in dantotsu (“best by far”) plants and for animating our plants through the Factory Internet of Things.
(4) Accelerate product development and achieve high profitability by working with partners and independently to revolutionize processes.
(5) DENSO Group Mid-term Policy 2021

3. Transforming Our Business Foundation

(1) Honor the spirit of the DENSO Creed in laying a foundation of uncompromising safety and quality that will support peace of mind for customers in traditional sectors and in new sectors, such as intelligent and information-based functions.

(2) Tap the full potential of each team member and maximize our workplace vitality and our responsiveness to challenges and opportunities by nurturing a motivational workplace and by making the most of advanced information technology.

(3) Shape a lean production system throughout our supply chain and maximize our monozukuri competitiveness.

(4) Contribute to social sustainability by devoting rigorous attention to sustainable development goals and to the threefold sustainability priorities of environment, society, and governance, as detailed in DENSO EcoVision 2025 and in our guidelines for health management.
(6) Initiatives in Focus Fields of Mobility

i  Electrification

ii  Advanced Safety / Automated Driving

iii  Connected Cars
Electrification - Initiative in Focus Fields -

1. Lead of electrification by technology acquired over the years and supply achievement
   - Technological evolution (High-power, SiC etc.)
   - Standardization (MG, Inverter)
   - Global supply capability (Supply in Japan, US and China)

2. Development of internal combustion engine technology corresponding to the electrification
   - Heating efficiency improvement (Lean burn, low cooling loss, optimization with electric system)
   - Exhaust gas purification system (catalyst base material, system simplification)

3. Development of total energy management technology for vehicles
   - Thermal management (air conditioning, waste heat utilization)
   - Power management (charging, regeneration)
1. Electrification – Example -

**Market trend & Needs**

(1) Rapid expansion of the electrification market
15 million cars by 2025

(2) Acceleration of system with large electric power
EV market will be expanding

**Projection of electrification vehicle market by 2025**

*CO2 regulation Europe 95->70g/km (Target)

**DENSO Target** 30% share

**Number of electrification vehicles**

Output [kW]

**Cooling**

**Device**

**SiC power card**

**Material**

**Motor**

**Bonding**

**Cell monitoring IC**

**Device**

**Control**

**Sensing**

**Invertor**

**Production engineering**

**High-density packaging**

**SC coils**

**Cooling**

**Material**

**Control**

**Production engineering**

**High-density packaging**

**SC coils**

**Cooling**

**Material**

**Control**

**Sensing**

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**Production engineering**

**High-density packaging**

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**Cooling**

**Material**

**Control**

**Sensing**

**Invertor**

**Production engineering**

**High-density packaging**

**SC coils**

**Cooling**

**Material**

**Control**

**Sensing**

**Invertor**

**Production engineering**

**High-density packaging**

**SC coils**

**Cooling**

**Material**

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**Sensing**

**Invertor**

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**SC coils**

**Cooling**

**Material**

**Control**

**Sensing**

**Invertor**

**Production engineering**

**High-density packaging**

**SC coils**

**Cooling**

**Material**

**Control**

**Sensing**

**Invertor**

**Production engineering**

**High-density packaging**

**SC coils**

**Cooling**

**Material**

**Control**

**Sensing**

**Invertor**

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**SC coils**

**Cooling**

**Material**

**Control**

**Sensing**

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**Production engineering**

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**SC coils**

**Cooling**

**Material**

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**Invertor**

**Production engineering**

**High-density packaging**

**SC coils**

**Cooling**

**Material**

**Control**

**Sensing**

**Invertor**

**Production engineering**

**High-density packaging**

**SC coils**

**Cooling**

**Material**

**Control**

**Sensing**

**Invertor**

**Production engineering**

**High-density packaging**

**SC coils**

**Cooling**

**Material**

**Control**

**Sensing**
Expanding global manufacturing capacity (in Tennessee)

By 2020

- Investing $1 billion
- Creating about 1,000 new production and support jobs
**ii Advanced Safety and Automated Driving**

- **Initiative in Focus Fields** -

1. **Initiative at the system, strengthening of proposal capability**
   - Advanced Driver Assistance Systems and Automated Driving
   - Cockpit system

2. **Development by open innovation**
   - Strengthen alliances of industry, government and academia
   - Sensors and Algorithm development for recognition and judgment
   - High performance semiconductor development

3. **Enhancement of AI research**
   - Algorithm development for onboard
   - Quality assurance

Realize a move in a safe and secure manner without traffic accidents
2. Advanced Safety and automated driving – Example -

Denso develops new vision sensor and a millimeter-wave radar sensor that will detect obstacles on the road more precisely.

- **Improved efficiency of cameras that enable drivers to detect pedestrians even at night.**
- **Improved sensitivity by increase the number of radio waves emission.**

Comparison of Nighttime pedestrian imaging capabilities:

- **Recognition of human eyes**
- **Recognition of vision sensor**
Global R&D Tokyo

1. Profile of Global R&D Tokyo

   Opening: April 2018
   Location: 16th and 17th floors, W Building, 1-8-15 Konan, Minato-ku, Tokyo
   Employees: Approx. 200 (in April 2018)
   Functions: R&D on advanced driver assistance, automated driving and connected vehicles

2. Target of Global R&D Tokyo

   Collaborating with customers and other partners, we will accelerate R&D of advanced mobility system so as to formulate and carry out business ideas to develop competitive products that better meet the needs of customers.

   1. Strengthening open innovation in the field of automated driving where the necessary technology area is dramatically expanding.
   2. Recruiting in the field of AI, advanced IT and software engineers.
   3. Demonstration of automated driving in the cities.
R&D of automated driving system by open innovation

**Function**
- Agile development and demonstration of competitive logics by collaboration
- Collaboration: OEM, semiconductor manufacturers, universities, research institutes, IT and map companies.

**Sensors**
- Collecting sensor data under various conditions by providing standardized vehicle and automated driving systems to global partners
- Collecting data: Road structure, traffic rules, traffic harmony, climate, traffic jam.

**Automated Driving System**
- Applying system considering the regional needs (law, driving manner, and traffic jam)

**Electronics Platform**
- Standardizing logical architecture
- Standardizing recognition, decision and operation of passenger car, commercial vehicles, and new nobilities

**Development Environment**
- Sharing environment of each process
- Standardizing development processes with global partners
- Simulators, SW development platform, HILS environment, and evaluation

Considering “Global R&D Tokyo” as a leading center of R&D in the field of automated driving and accelerating R&D speed
Connected Cars - An Example of Efforts -

Value Contribute mobility society connected automobiles, human and things.

1. Development of integrated system with cloud
   - Development of integrated electronic platform
   - Development of automotive big data use technology

2. Value to connected car to provide
   - Development of secured OTA system
   - Provide next generation automotive communication system
   - Provide fleet operational management system

3. Value creation by strengthen alliance
   - Investment to third parties
   - Development of efficient mobility use
3. Connected Cars – Example -

Developing advanced vehicle operation system that will realize safety and efficiency for commercial vehicles.

- Recognizing driving condition by speed and acceleration and utilize the data for feedback to the drivers
- Sending location regularly and utilize the data for route management

Developing application by agile software development method
(8) Sustainability

Sustainability management in DENSO

To inspire various stakeholders by creating value in the areas of the environment and safety, and thereby achieve sustainable growth of the company and society.

Environment
• Fuel economy and electrification products
• ECO Vision 2025
  Energy JIT
  CO2 Emission  Etc.

Social
• ADAS/AD-related products
• FA, agriculture support system
• Health management
• Diversity  Etc.

Governance
• Corporate governance
• Compliance
• CSR management of the supply chain
• Risk management meeting  Etc.

DENSO Group Declaration of Corporate Behavior
Code of Conduct for DENSO Group Associates
Example (Environment)

ECO Vision 2025

- **ENERGY1/2**
  - Products
  - 01 Ultimate fuel efficiency
  - 02 Minimum CO₂: Monozukuri
  - 03 Low carbon lifestyle & transport

- **CLEAN × 2**
  - Production
  - 04 Eco materials & low emissions
  - 05 Minimum impact production
  - 06 Earth consciousness, knowledge & skills

- **GREEN × 2**
  - Associates
  - 07 New green technologies
  - 08 Nature rich workplace
  - 09 Environmental volunteer action

- **10 Environmental value efficient management**
Awarded for two years in a row

The Company with Health and Productivity -White 500-

Example (Social)
For mobility society full of smiles, DENSO will keep providing solutions that will provides people everywhere with something to smile about.
DENSO
Crafting the Core
Appendix

- Non-Consolidated Financial Results
- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Revenue by Customer
- Consolidated Revenue by Product
- Capital Expenditures, Depreciation and R&D Expenditures
### FY18 Non-Consolidated Financial Results

**Income Statements (Japanese accounting standards)**

<table>
<thead>
<tr>
<th>Account</th>
<th>FY18 (Ratio to Sales)</th>
<th>FY17 (Ratio to Sales)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(100.0) 2,671.9</td>
<td>(100.0) 2,472.8</td>
<td>199.1  8.1</td>
</tr>
<tr>
<td>Net Sales</td>
<td>(4.0) 108.2</td>
<td>(2.0) 49.6</td>
<td>58.6   118.2</td>
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<tr>
<td>Operating Income</td>
<td>(6.8) 180.9</td>
<td>(5.5) 134.9</td>
<td>46.0   34.1</td>
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<tr>
<td>Income Before Income Taxes</td>
<td>(6.1) 162.5</td>
<td>(4.8) 117.6</td>
<td>44.9   38.2</td>
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<tr>
<td>Net Income</td>
<td></td>
<td></td>
<td></td>
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</table>
## Pre-Conditions (Foreign Exchange Rate/Car Production)

<table>
<thead>
<tr>
<th></th>
<th>FY2018 First-Half</th>
<th>FY2018 Second-Half</th>
<th>FY2018 Full Year</th>
<th>FY2019 Full Year</th>
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<tbody>
<tr>
<td></td>
<td>Prior Year</td>
<td>Actual</td>
<td>Change</td>
<td>Prior Year</td>
</tr>
<tr>
<td>Foreign Exchange Rate (Yen)</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>USD</td>
<td>105</td>
<td>111</td>
<td>+6</td>
<td>111</td>
</tr>
<tr>
<td>EUR</td>
<td>118</td>
<td>126</td>
<td>+8</td>
<td>119</td>
</tr>
<tr>
<td>Forex Impact on Operating Income per Yen (Billions of Yen)</td>
<td>USD</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car Production of Japanese Manufacturers (Millions of Units)</td>
<td>Domestic</td>
<td>4.30</td>
<td>4.54</td>
<td>+6%</td>
</tr>
<tr>
<td></td>
<td>North America</td>
<td>3.18</td>
<td>3.01</td>
<td>-5%</td>
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<td></td>
<td>Overseas</td>
<td>9.68</td>
<td>9.89</td>
<td>+2%</td>
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</table>
# Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Amount</th>
<th>% to Total</th>
<th>FY2017 Amount</th>
<th>% to Total</th>
<th>Change Amount</th>
<th>% change</th>
</tr>
</thead>
<tbody>
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<td>Toyota</td>
<td>2,124.2</td>
<td>41.5</td>
<td>1,926.3</td>
<td>42.5</td>
<td>197.9</td>
<td>10.3</td>
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<tr>
<td>Daihatsu</td>
<td>116.0</td>
<td>2.3</td>
<td>95.9</td>
<td>2.1</td>
<td>20.1</td>
<td>21.0</td>
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<td>Hino</td>
<td>60.3</td>
<td>1.2</td>
<td>52.8</td>
<td>1.2</td>
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<td>14.3</td>
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<td>Toyota Group</td>
<td>2,300.6</td>
<td>45.0</td>
<td>2,075.0</td>
<td>45.8</td>
<td>225.5</td>
<td>10.9</td>
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<td>Honda</td>
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<td>334.7</td>
<td>7.4</td>
<td>58.3</td>
<td>17.4</td>
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<td>FCA</td>
<td>224.1</td>
<td>4.4</td>
<td>208.1</td>
<td>4.6</td>
<td>16.0</td>
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<td>GM</td>
<td>194.4</td>
<td>3.8</td>
<td>171.9</td>
<td>3.8</td>
<td>22.5</td>
<td>13.1</td>
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<td>Ford</td>
<td>156.2</td>
<td>3.1</td>
<td>147.6</td>
<td>3.3</td>
<td>8.6</td>
<td>5.9</td>
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<td>Hyundai/Kia</td>
<td>133.2</td>
<td>2.6</td>
<td>139.1</td>
<td>3.1</td>
<td>-5.9</td>
<td>-4.3</td>
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<td>Mazda</td>
<td>121.4</td>
<td>2.4</td>
<td>111.8</td>
<td>2.5</td>
<td>9.6</td>
<td>8.6</td>
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<td>Suzuki</td>
<td>116.2</td>
<td>2.3</td>
<td>101.2</td>
<td>2.2</td>
<td>14.9</td>
<td>14.7</td>
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<td>SUBARU</td>
<td>105.2</td>
<td>2.1</td>
<td>90.9</td>
<td>2.0</td>
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<td>15.7</td>
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<td>Nissan</td>
<td>97.8</td>
<td>1.9</td>
<td>86.4</td>
<td>1.9</td>
<td>11.4</td>
<td>13.2</td>
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<td>VW/AUDI</td>
<td>82.9</td>
<td>1.6</td>
<td>77.2</td>
<td>1.7</td>
<td>5.6</td>
<td>7.3</td>
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<td>Isuzu</td>
<td>57.2</td>
<td>1.1</td>
<td>50.4</td>
<td>1.1</td>
<td>6.7</td>
<td>13.4</td>
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<td>Mitsubishi</td>
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<td>1.1</td>
<td>45.0</td>
<td>1.0</td>
<td>10.1</td>
<td>22.5</td>
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<td>BMW</td>
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<td>-2.5</td>
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<td>Benz</td>
<td>34.5</td>
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<td>33.5</td>
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<td>PSA</td>
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<td>0.7</td>
<td>24.6</td>
<td>0.5</td>
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<td>OE Sales for others</td>
<td>332.6</td>
<td>6.5</td>
<td>290.6</td>
<td>6.4</td>
<td>42.0</td>
<td>14.4</td>
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<tr>
<td><strong>OEM Total</strong></td>
<td><strong>4,521.4</strong></td>
<td><strong>88.5</strong></td>
<td><strong>4,061.8</strong></td>
<td><strong>89.7</strong></td>
<td><strong>459.6</strong></td>
<td><strong>11.3</strong></td>
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<tr>
<td><strong>Change</strong></td>
<td><strong>586.9</strong></td>
<td><strong>11.5</strong></td>
<td><strong>465.3</strong></td>
<td><strong>10.3</strong></td>
<td><strong>121.6</strong></td>
<td><strong>26.1</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>5,108.3</strong></td>
<td><strong>100.0</strong></td>
<td><strong>4,527.1</strong></td>
<td><strong>100.0</strong></td>
<td><strong>581.1</strong></td>
<td><strong>12.8</strong></td>
</tr>
</tbody>
</table>

* 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, %)

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2017</th>
<th>Change</th>
<th>Change excludes FX difference</th>
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<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% to Total</td>
<td>Amount</td>
<td>% to Total</td>
</tr>
<tr>
<td>Thermal Systems</td>
<td>1,452.2</td>
<td>28.4</td>
<td>1,356.6</td>
<td>30.0</td>
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<tr>
<td>Powertrain Systems</td>
<td>1,260.6</td>
<td>24.7</td>
<td>1,160.6</td>
<td>25.7</td>
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<tr>
<td>Electrification</td>
<td>815.9</td>
<td>15.9</td>
<td>755.6</td>
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<td>Systems</td>
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<td>14.4</td>
<td>557.0</td>
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<tr>
<td>Mobility Systems</td>
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<td>59.6</td>
<td>1.3</td>
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<tr>
<td>Others(*)</td>
<td></td>
<td></td>
<td>4952.4</td>
<td>96.9</td>
</tr>
<tr>
<td>Automotive Total</td>
<td>4952.4</td>
<td>96.9</td>
<td>4462.6</td>
<td>98.6</td>
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<tr>
<td>FA, New Business Total</td>
<td>155.9</td>
<td>3.1</td>
<td>64.5</td>
<td>1.4</td>
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<tr>
<td>Total</td>
<td>5108.3</td>
<td>100.0</td>
<td>4527.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

* Revenue of equipment, Repair parts, original brand products of subsidiaries
## Consolidated Revenue (By Product)

- Previous product category -

(Unit: Billions of Yen, %)

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2017</th>
<th>Change</th>
<th>Change excludes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% to Total</td>
<td>Amount</td>
<td>% to Total</td>
</tr>
<tr>
<td>Thermal Systems</td>
<td>1,452.2</td>
<td>28.4</td>
<td>1,356.6</td>
<td>30.0</td>
</tr>
<tr>
<td>Powertrain Systems</td>
<td>1,260.6</td>
<td>24.7</td>
<td>1,160.6</td>
<td>25.7</td>
</tr>
<tr>
<td>Information &amp; Safety Systems</td>
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<tr>
<td>Electronic Systems</td>
<td>397.8</td>
<td>7.8</td>
<td>377.2</td>
<td>8.3</td>
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<tr>
<td>Small Motors</td>
<td>318.1</td>
<td>6.2</td>
<td>303.7</td>
<td>6.7</td>
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<tr>
<td>Others(*)</td>
<td>82.7</td>
<td>1.6</td>
<td>59.6</td>
<td>1.3</td>
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<td>Automotive Total</td>
<td>4,952.4</td>
<td>96.9</td>
<td>4,462.6</td>
<td>98.6</td>
</tr>
<tr>
<td>FA,New Business Total</td>
<td>155.9</td>
<td>3.1</td>
<td>64.5</td>
<td>1.4</td>
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<tr>
<td>Total</td>
<td>5,108.3</td>
<td>100.0</td>
<td>4,527.1</td>
<td>100.0</td>
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</table>

* Revenue of equipment, Repair parts, original brand products of subsidiaries
### Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>Change Percent</th>
<th>FY19F</th>
<th>Change Percent</th>
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</thead>
<tbody>
<tr>
<td><strong>Capital Expenditures</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>215.7</td>
<td>217.7</td>
<td>0.9%</td>
<td>240.0</td>
<td>10.2%</td>
</tr>
<tr>
<td>North America</td>
<td>51.8</td>
<td>43.8</td>
<td>-15.4%</td>
<td>62.5</td>
<td>42.7%</td>
</tr>
<tr>
<td>Europe</td>
<td>23.6</td>
<td>30.8</td>
<td>30.5%</td>
<td>32.0</td>
<td>3.9%</td>
</tr>
<tr>
<td>Asia</td>
<td>44.1</td>
<td>52.7</td>
<td>19.5%</td>
<td>63.0</td>
<td>19.5%</td>
</tr>
<tr>
<td>Others</td>
<td>2.2</td>
<td>2.2</td>
<td>0.0%</td>
<td>2.5</td>
<td>13.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>337.4</td>
<td>347.2</td>
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<td>400.0</td>
<td>15.2%</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Japan</td>
<td>140.1</td>
<td>154.7</td>
<td>10.4%</td>
<td>172.5</td>
<td>11.5%</td>
</tr>
<tr>
<td>North America</td>
<td>27.0</td>
<td>32.4</td>
<td>20.0%</td>
<td>35.5</td>
<td>9.6%</td>
</tr>
<tr>
<td>Europe</td>
<td>19.0</td>
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<td>16.8%</td>
<td>26.0</td>
<td>17.1%</td>
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<tr>
<td>Asia</td>
<td>52.1</td>
<td>56.4</td>
<td>8.3%</td>
<td>58.5</td>
<td>3.7%</td>
</tr>
<tr>
<td>Others</td>
<td>2.9</td>
<td>2.8</td>
<td>-3.4%</td>
<td>2.5</td>
<td>-10.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>241.1</td>
<td>268.6</td>
<td>11.4%</td>
<td>295.0</td>
<td>9.8%</td>
</tr>
<tr>
<td><strong>R&amp;D Expenditure (Ratio to Sales)</strong></td>
<td>409.2</td>
<td>447.4</td>
<td>9.3%</td>
<td>495.0</td>
<td>10.6%</td>
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</tbody>
</table>