

# AAPEX 2015 Press Conference

November 4, 2015  
10:00 a.m.







**Richard Shiozaki**

Senior Vice President

DENSO Products and Services Americas

But first, I'd like to introduce our senior vice president, Richard Shiozaki.

# Introducing “Hal” Kato



**Haruhiko ‘Hal’ Kato**

President – DENSO Products and Services Americas

[RICHARD SHIOZAKI]

Thank you, Larry. We’re pleased to have with us this morning our new President of DENSO Products and Services Americas, Mr. Haruhiko ‘Hal’ Kato. Hal comes from a strong engineering background.

# Introducing “Hal” Kato



- Joined DENSO in 1986
- Worked in air conditioning systems R&D
- Held global positions of increasing responsibility

After earning his college degree, he joined DENSO in 1986, and began working in air-conditioning systems research and development. He’s held a number of high-level positions within our global network, including assignments in Asia and Europe.

# Introducing “Hal” Kato

- In 2012: General Manager – Aftermarket Business and Product Development Group, DENSO Climate, Heating and Cooling Product Division
- 2015: Relocated to Southern California and joined DENSO Products and Services Americas, Inc.



Three years ago, Hal became general manager of the Aftermarket Business and Product Development Group for DENSO’s Climate, Heating and Cooling Product Division in Japan.

Earlier this year, he relocated to Southern California to join DENSO Products and Services Americas – or DPAM as we call it – as our Senior Executive Coordinator.

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# Introducing “Hal” Kato

Oversees 470 DPAM employees in California



As our president, Hal oversees 470 employees in Long Beach and Murrieta, California, and is responsible for all the groups in our company, including DENSO Light Vehicle Parts, Commercial and Heavy-Duty, as well as Automated Data Capture Devices, and MovinCool, the Number One spot-cooling solution by DENSO. I guess HVAC systems are in his blood! Now, I'll let him tell you about DENSO's vision for the future. Please welcome Hal Kato.



**Haruhiko 'Hal' Kato**

President

DENSO Products and Services Americas

[‘HAL’ KATO:]

Good morning, and thank you, Richard, for the very nice introduction!



# DENSO Technology Solutions

- *Kaizen* – continuous improvement
- True innovations – “game changers”



As you can tell by my background, I’m an engineer by training, so I am very interested in technology solutions. You have probably heard the Japanese term ‘kaizen,’ which means continuous improvement. While DENSO is a strong proponent of kaizen, we also believe that a company should reach for true innovations – ‘game changers,’ if you will – to stay on top of the changing automotive world. That’s why we apply both methods to our R&D – continuous improvements as well as product innovations.

# Delivering “First Time Fit<sup>®</sup>” Products

- Careful planning
- Continuous quality checks
- First Time Fit products with very low return rates



At DENSO, we are strong believers in accountability and ownership of ideas. Our family of employees is encouraged to work proactively, but always to follow a process of careful planning and continuous quality checks. That’s how we can deliver our ‘First Time Fit’ products, which have very low return rates.

# Considering Voice of the Customer

Four simple steps (PDCA):

- Plan
- Do
- Check
- Act

Then “circle back” and check customer expectations



We must also consider the ‘voice of the customer’ when making product decisions. At DENSO, we have a culture of following 4 simple steps; Plan, Do, Check and Act, PDCA. We must always remember to ‘circle back’ and check with the customer to make sure we are exceeding their expectations.

- Speed to market
- Quality
- Safety
- Compliance



But there is one more element we must consider, and that's speed to market. Speed, however, cannot come at the expense of quality, safety and compliance. Balancing all of these elements while supporting the growth of our employees has made DENSO a leader in the automotive industry.

# All For One and One For All

- High expectations on senior management
- Supporting ourselves and helping DENSO prosper



All of this places high expectations on senior management at DENSO. We are all working to support ourselves and our families, but also to help DENSO continue to prosper. It's like the Three Musketeers saying: All for one and one for all! All of our associates share in this vision.

## Expansion in Thermal Products

- DENSO: A world leader in automotive thermal products
- Dramatic expansion in replacement products in North America



Richard mentioned my background in HVAC products. DENSO is a world leader in automotive thermal products, and as you will soon see, we are dramatically expanding our coverage of replacement thermal products here in North America. Now, to give you the details, here's Richard Shiozaki again.

# DENSO Thermal Replacement Parts

- Radiators
- Condensers
- Evaporators
- Expansion Valves
- Receiver/Dryers
- Compressors



[RICHARD SHIOZAKI]

Thank you, Hal.

Take a look at some of our First Time Fit thermal products, like radiators, condensers, compressors and evaporators – they're not very sexy.....but when one of them fails, it certainly gets the attention of the vehicle's owner! What that consumer wants – as soon as possible -- is a quality replacement at a fair price. And that's what DENSO delivers.

# DENSO Thermal Replacement Parts

- Either copper or aluminum replacements perform flawlessly
- Fit Time Fit® without adjustments
- DENSO: Largest OE thermal supplier in the world
- We bring that expertise to the North American aftermarket



Whether copper or aluminum, DENSO radiators drop in easily without adjustments and perform flawlessly. First Time Fit is not just a slogan for DENSO, it's a reality. Today we would like to focus on radiators and compressors. As the largest original equipment thermal supplier in the world, DENSO has unrivaled expertise in radiators, compressors and similar products. We bring that expertise to the aftermarket.



# Thermal: Expanded Parts Coverage

- 400 new DENSO radiator part numbers
- Coverage for Acura, Buick, Cadillac, Chevrolet, Dodge, Ford...and more



We're also expanding parts coverage. By the end of this year, we'll have added 400 new radiator part numbers, so whether it's an Acura, Buick, Cadillac, Chevrolet, Dodge or Ford...I can keep going through the alphabet, but let me just say, we've probably got it covered.

# Thermal: Expanded Parts Coverage

- 100 new compressor part numbers
- More than 10 million new UIO
- Covers 80 million UIO



We're adding 100 new compressor part numbers by this winter, covering more than 10 million new units in operation. In fact, this brings our coverage to nearly 80 percent of units in operation.

# Filters: Expanded Parts Coverage

- 354 new engine air filter part numbers
- 47 new oil filter part numbers
- 197 new cabin air filter part numbers
- Highly competitive pricing
- Covers most domestic, European and Asian applications

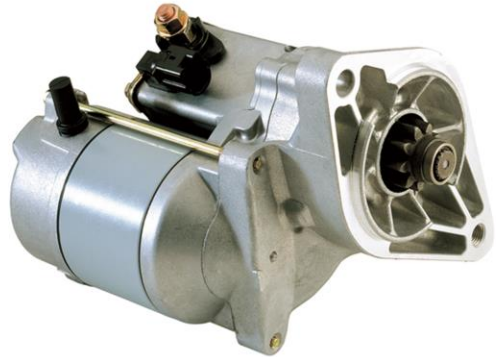


We've also completely revamped our programs for air, oil and cabin-air filters to improve coverage with competitive pricing. DENSO is also expanding coverage of our entire filter line. We'll have more than 350 new engine air filter part numbers, 47 oil filter part numbers and almost 200 cabin air filter part numbers by next spring. And here's the topper – these new parts will be available at a very competitive price. DENSO quality and even higher value – that's a great combination!

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## DENSO Starters

- DENSO gear-reduction starter – an industry benchmark
- Every DENSO starter is bench-tested
- Lowest return rates in the replacement aftermarket



Now let's switch to electrical components. The original DENSO gear-reduction starter is an industry benchmark. And we bring our reputation for durability to all of our aftermarket products. Every one of our starters is bench-tested to ensure factory-original performance. It's no wonder we've got the lowest return rates in the aftermarket.

# DENSO Alternators

DENSO Segment Conductor (SC) alternators:

- 20% lighter
- 50% higher output
- Original equipment in 35M vehicles
- OE quality, fit, appearance, durability and compatibility



DENSO First Time Fit alternators also have the same great reputation. Our patented Segment Conductor alternator, commonly known as the SC alternator, is 20 percent lighter and has 50 percent higher output compared to conventional alternators. This alternator is original equipment on over 35 million late-model vehicles, so you can be sure that our alternators deliver OE quality, fit, appearance and durability, as well as being fully compatible with the vehicle's sensitive electronics systems.

# New High-Amp HD Alternator

- DENSO PowerEdge™ high-amp alternator for medium and HD trucks
- Smaller, lighter, more efficient
- Uses patented SC technology
- High-efficiency design translates into long-term fuel savings



DENSO is also introducing a new high-amperage alternator for medium and heavy-duty trucks. Compared to the industry competition, it's smaller, lighter and more efficient, and uses proven DENSO technology, such as the segment conductor, or SC, technology, which incorporates an innovative spare wire copper stator. All of this helps increase long-term fuel efficiency in these workhorse trucks.

# DENSO Iridium TT Spark Plugs

- 100,000 mile durability
- Maximum ignitability
- Exceptional fuel economy
- Extraordinary endurance
- Optimized for power and torque

0.4 mm Iridium-Rhodium center electrode  
0.7 mm Platinum ground electrode

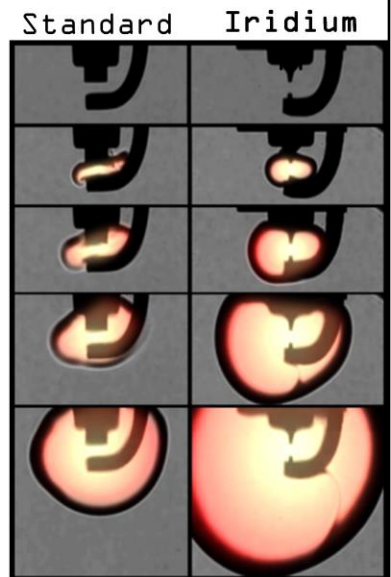


At last year's AAPEX we introduced the innovative Iridium TT spark plug, one of the most advanced spark plugs on the market. It features the world's smallest 0.4 mm Iridium center electrode combined with a 0.7 mm needle tip ground electrode to deliver:

- 100,000 mile durability
- Maximum ignitability
- Exceptional fuel economy
- Extraordinary endurance
- Optimized horsepower and torque

# DENSO Iridium TT Spark Plugs

- Fewer misfires
- Improved combustion
- Optimized power, MPG
- Helps maintain low exhaust emissions

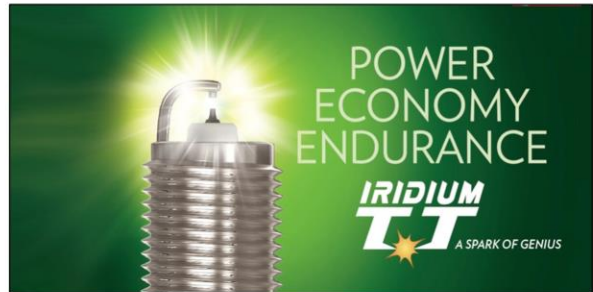


It all adds up to fewer misfires and significantly improved combustion, optimizing power output and fuel economy, while helping even high-mileage vehicles maintain the same low exhaust emissions, year after year.



# DENSO Iridium TT Spark Plugs

- Available for domestic, Asian and European vehicles
- 92% parts coverage



Iridium TT plugs are available for a wide range of domestic, Asian and European vehicles, from Chevrolet to Toyota to BMW. In fact, we cover 92 percent of the vehicles on the road today.

Now, our Vice President of Sales, Fran Labun, will tell you about our expanding North American business.



**Fran Labun**

Vice President, Sales Group

DENSO Products and Services Americas

Now, our Vice President of Sales, Fran Labun, will tell you about our expanding North American business.

# Expanding North American Presence



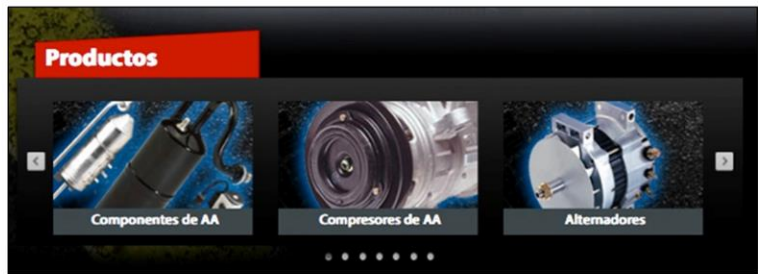
[FRAN LABUN]

Good morning!

While the U.S. is our prime focus at DENSO Products and Services Americas, we also have an expanding presence in Canada and Mexico.

# North American Expansions

- First distribution center in Mexico
- Faster delivery and enhanced service
- Entire selection of 26 product lines
- Spanish-language sales literature



We've just opened our first distribution center in Mexico, a major commitment by DENSO to bring a full selection of our replacement products to the Mexico market with faster delivery and enhanced service. To put things into perspective, we started selling just two DENSO product lines in Mexico 10 years ago. Today we have a Mexico City sales office, a larger dedicated sales force, and offer our entire selection of 26 products lines south of the border. And of course that means our packaging, catalogs and sales literature is in all Spanish. In fact, we just released our Spanish language spark plug and ignition wire catalog in Mexico, covering more than 250 million vehicles in operation there.

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## North American Expansions

- Established new distribution in Central and Western Canada
- Two major W/Ds
- Successful launch of Iridium TT spark plug line



Of course, up north in Canada, we have bilingual literature – in French and English. We're also expanding our product availability north of the border with new distribution agreements in Central and Western Canada, two major warehouse distributors in Canada, plus the successful launch of the Iridium TT spark plug line.

# North American Expansions

- Recent acquisition of EASE Simulation
- Diagnostic equipment and emission gas analyzers
- Expanding DENSO diagnostic services



Here in the U.S., we're continuing to look for new business opportunities. DENSO acquired a majority interest in Pennsylvania-based EASE Simulation, a company that specializes in the development of diagnostic equipment and emission gas analyzers. Their previous sales target was automotive retailers, fleet operators and state emissions agencies. With DENSO's expanded reach, we hope to bring EASE Simulation's innovative products to a wider audience, expanding our vehicle diagnostic services in North America.

# A Commitment To Our Customers



All of this illustrates our commitment to our customers in the automotive aftermarket, bringing the latest OE technology to the replacement parts market with our First Time Fit products. In fact, Interamerican Motor Corporation, an AutoZone company, recently honored DENSO Products and Services Americas with its inaugural Vendor of the Year Award...and...the National Pronto Association honored us with its highest award, Supplier of the Year.

## In Summary

- Greater breadth and depth of aftermarket products
- Dramatic growth in thermal products as well as electrical
- Innovative Iridium TT spark plug line
- Expanding business in the U.S., Mexico and Canada
- A global company with world-class quality, durability and service



So let's wrap things up. The breadth and depth of DENSO aftermarket products is greater than ever, with dramatic growth in thermal products as well as our traditional electrical, starter and ignition products, highlighted of course by the Iridium TT spark plug. We're expanding our business throughout North America – Mexico, Canada and the U.S. And we're backed by a global company that is truly world-renowned for quality, durability and service.



Thank You!



At this point, we'll take any questions from the group.

[Pause and direct the questions to the appropriate person – Larry Fidance, Hal Kato, Fran Labun or Richard Shiozaki.]

[To close Q&A]

Please feel free to stop by our AAPEX booth to talk with any of our DENSO team members.

Thank you!