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DENSO Announces First-half Financial Results

KARIYA (Japan) —DENSO, the world's second largest mobility supplier, today announced its global financial results for the first half ending September 30, 2019 for fiscal year ending March 31, 2020:

- Consolidated revenue totaled 2,618.4 billion yen (US\$24.3 billion), a 0.2 percent decrease from the previous year.
- Consolidated operating profit totaled 134.0 billion yen (US\$1.2 billion), a 12.0 percent decrease from the previous year.
- Consolidated profit attributable to owners of the parent company totaled 104.2 billion yen (US\$965.7 million), an 8.6 percent decrease from the previous year.

DENSO revenue, not including foreign exchange fluctuations, increased due to car production growth in Japan and North America despite market slowdown in Asia, mainly in China and India. However, with foreign exchange fluctuations included, it led to a drop in overall revenue. In spite of production volume increase and variable cost reduction, operating profit decreased due to DENSO's increased investment for future growth, as well as currency exchange loss," said Yasushi Yamanaka, executive vice president of DENSO Corporation.

In Japan, an increase in vehicle production by Toyota led to an increase in revenue to 1,626.0 billion yen (US\$15.1 billion), a 3.4 percent growth from the previous year. Operating profit increased to 56.4 billion yen (US\$522.6 million), a 5.9 percent up from the previous year due to a rise in production volume and cost-reduction efforts.

In North America, despite a production volume increase and sales expansion, currency exchange loss led to a decrease in revenue to 603.5 billion yen (US\$5.6 billion), a 0.1 percent decrease from the previous year. Operating profit totaled 11.2 billion yen (US\$103.9 million), a 27.6 percent decrease from the previous year due to the increase in expenses for R&D and investments to expand electrification production capabilities.

In Europe, revenue totaled 295.0 billion yen (US\$2.7 billion), an 11.3 percent decrease from the

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previous year due to market slowdown. Production volume decrease and currency exchange loss led a drop in operating profit to 6.3 billion yen (US\$58.7 million), a 33.9 percent decrease from the previous year.

In Asia, market slowdown led to a drop in revenue to 660.0 billion yen (US\$6.1 billion), an 8.1 percent down from the previous year. Operating profit totaled 50.4 billion yen (US\$467.3 million), a 25.7 percent decrease from the previous year. This is attributed to production volume decrease and currency exchange loss.

In other areas, mainly the South American region, specifically Brazil and Argentina, revenue totaled 34.5 billion yen (US\$319.9 million), a 0.1 percent decrease from the previous year. Operating profit totaled 6.3 billion yen (US\$58.1 million), a 13.4 percent increase from the previous year.

“Considering the market slowdown and impact of currency exchange fluctuations, we have revised our financial result forecast in anticipation of these effects,” said Yamanaka.

(Foreign exchange rates used for the full-year are US\$= 107 yen, Euro= 118 yen)

Forecast for Fiscal Year Ending March 31, 2020

	Full-Year Forecast (Original)	Full-Year Forecast (Revised)	Changes
Revenue	5,500.0 billion yen [US\$51.0 billion]	5,260.0 billion yen [US\$48.7 billion]	-240.0 billion yen (-4.4 percent)
Operating profit	380.0 billion yen [US\$3.5 billion]	320.0 billion yen [US\$3.0 billion]	-60.0 billion yen (-15.8 percent)
Profit before income taxes	429.0 billion yen [US\$4.0 billion]	361.0 billion yen [US\$3.3 billion]	-68.0 billion yen (-15.9 percent)
Profit attributable to owners of the parent company	305.0 billion yen [US\$2.8 billion]	257.0 billion yen [US\$2.4 billion]	-48.0 billion yen (15.7 percent)

(Notes)

The above forecasts are created based on the information obtained by the date of this announcement and the actual results may differ due to various causes in the future. U.S. dollar amounts have been translated, for convenience only, at the rate of 107.92 yen = US\$1, the approximate exchange rate prevailing in the Tokyo Foreign Exchange Market September. 30, 2019. Billion is used in the American sense of one thousand million.

About DENSO Corporation

DENSO is a \$48.3 billion global mobility supplier that develops advanced technology and components for nearly every vehicle make and model on the road today. With manufacturing at its core, DENSO invests in its 211 facilities in 35 countries to produce thermal, powertrain, mobility, electrification, & electronic systems, to create jobs that directly change how the world moves. The company's 170,000+ employees are paving the way to a mobility future that improves lives, eliminates traffic accidents, and preserves the environment. Globally headquartered in Kariya, Japan, DENSO spent 9.3 percent of its global consolidated sales on research and development in the fiscal year ending March 31, 2019. For more information about global DENSO, visit <https://www.denso.com/global>

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