

For Immediate Release

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DENSO Announces Third-quarter Financial Results

KARIYA (Japan) —[DENSO](#), the world's second largest mobility supplier, today announced its third quarter (October-December 2019) financial results for its fiscal year 2019, ending March 31, 2020:

- Consolidated revenue totaled 3,895.0 billion yen (US\$35.5 billion), a 2.1 percent decrease from the previous year.
- Consolidated operating profit totaled 162.7 billion yen (US\$1.5 billion), a 33.2 percent decrease from the previous year.
- Consolidated profit attributable to owners of the parent company totaled 136.1 billion yen (US\$1.2 billion), a 29.1 percent decrease from the previous year.

"Excluding foreign exchange fluctuations, revenue increased due to sales expansion, despite overall automotive market slowdown. However, foreign exchange fluctuations led to decrease in revenue. Operating profit decreased due to foreign currency loss and provision for quality costs, despite variable costs reduction, which were outweighed by fixed costs increase," said Yasushi Matsui, Chief Financial Officer and Senior Executive Officer of DENSO Corporation.

In Japan, an increase in sales volume to Toyota led to an increase in revenue to 2,432.6 billion yen (US\$22.2 billion), a 0.9 percent growth from the previous year. Operating profit decreased to 40.0 billion yen (US\$364.9 million), a 59.1 percent down from the previous year due to a foreign currency loss and provision for quality costs.

In North America, despite a production volume increase and sales expansion, currency exchange loss led to a decrease in revenue to 885.3 billion yen (US\$8.1 billion), a 2.1 percent decrease from the previous year. Operating profit totaled 17.3 billion yen (US\$157.9 million), a 22.1 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 439.4 billion yen (US\$4.0 billion), a 10.1 percent decrease from the previous year. Production volume decrease and labor costs increase led a drop in operating profit

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to 10.5 billion yen (US\$96.0 million), a 26.4 percent decrease from the previous year.

In Asia, market slowdown led to a drop in revenue to 1,005.0 billion yen (US\$9.2 billion), a 7.3 percent down from the previous year. Operating profit totaled 83.3 billion yen (US\$759.8 million), an 18.5 percent decrease from the previous year. This is attributed to production volume decrease and labor costs increase.

In other areas, mainly the South American region, specifically Brazil and Argentina, revenue totaled 49.1 billion yen (US\$448.3 million), a 7.1 percent decrease from the previous year. Operating profit totaled 8.6 billion yen (US\$78.1 million), a 7.1 percent decrease from the previous year.

“Considering the 3Q results and environmental factors such as market slowdown, we have revised down our financial result forecast for the full-year,” said Matsui.

(Foreign exchange rates used for the full-year are US\$= 108 yen, Euro= 121 yen)

Forecast for Fiscal Year Ending March 31, 2020

	Full-Year Forecast (Original)	Full-Year Forecast (Revised)	Changes
Revenue	5,260.0 billion yen [US\$48.0 billion]	5,260.0 billion yen [US\$48.0 billion]	0.0 billion yen (0.0 percent)
Operating profit	320.0 billion yen [US\$2.9 billion]	280.0 billion yen [US\$2.6 billion]	-40.0 billion yen (-12.5 percent)
Profit before income taxes	361.0 billion yen [US\$3.3 billion]	318.0 billion yen [US\$2.9 billion]	-43.0 billion yen (-11.9 percent)
Profit attributable to owners of the parent company	257.0 billion yen [US\$2.3 billion]	225.0 billion yen [US\$2.1 billion]	-32.0 billion yen (12.5 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 109.58 yen = US\$1, the approximate exchange rate prevailing in the Tokyo Foreign Exchange Market December 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 221 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>.

In North America, DENSO employs 27,000+ engineers, researchers and skilled workers across 31 sites in the U.S, Canada and Mexico. In the United States alone, DENSO employs 17,000+ employees across 13 states and 25 sites. Headquartered in Southfield, Michigan, in fiscal year ending March 31, 2019, DENSO in North America generated \$10.9 billion in consolidated sales. Join us, and craft not only how the world moves, but also your career. For more information, go to <https://www.denso.com/us-ca/en/>.

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