

For An Advanced Automotive Society

Good afternoon. I am Koichi Fukaya, President and CEO of DENSO Corporation. I would like to thank you for coming to our booth, and express our sincere gratitude for your outstanding support.

How do you envision the world in 10 years? And what do you expect from vehicles or a motorized society in the future?

From a technical perspective, it is generally thought that the direction of next-generation eco-friendly vehicles will be determined within the next decade. And in Japan, in terms of safety, an automated guideway system will be available on expressways by 2017.

What about the size of the automobile market? The market is expected to increase from the current 57 million units to more than 70 million units in 10 years; with growth in Asian countries such as China and India, as well as in Central and South America and Russia.

The entire automotive industry is expected to be more successful in the future in terms of technological development and the world market.

In April, I established a new corporate vision for the year 2015, and have since shared this idea with our employees. Today, I would like to share those thoughts with you. I hope to show you the direction that DENSO is heading.

This vision focuses on two main elements; the first is our “contribution to the creation of an advanced automotive society,” and the second is our development into a “truly global company.” To realize the first concept, we must build on a solid foundation of global business.

Today, I would like to quickly talk about that first concept or pillar— “contribution to the creation of an advanced automotive society.”

What type of society do you visualize or expect when you hear the words, “advanced automotive society?” The word, “advanced,” does not necessarily mean a well-developed high-tech society. DENSO views it as a society where people and automobiles coexist without impacting the environment; a place where people feel comfortable.

For the global environment, perfect zero emissions is our ultimate goal. The elimination of exhaust gases or environmentally harmful materials is not enough. Zero emissions must be achieved in all production processes.

In the field of safety, we want to see a society without traffic accidents. It must be pedestrian-friendly. Also it must be friendly to people with diverse needs such as the elderly.

DENSO also believes that it is essential for future vehicles to provide comfortable and pleasant driving conditions, in addition to easy electronic access to homes and offices.

What DENSO can do and should do for an advanced automotive society is to create “new value.” But for whom do we create this new value? For car users, pedestrians, and for society.

We have developed automotive components and systems by looking at the automobile holistically. However, we recognize that it is also important for us to regard vehicles as a part of our society. So we will turn our attention to the society in which people and vehicles co-exist.

For new value creation, we will anticipate and respond to change. That means that our efforts won't end with merely meeting existing needs of users and society, but they will go beyond. We will anticipate even invisible concerns, concerns you are not even aware of.

We call this approach “concept creation” in our new vision. We will create new concepts and new markets. But to realize this, we need to work with other industries as well as with universities and

research institutions. We also need to maximize use of DENSO's collective global wisdom.

The needs for vehicles vary greatly from region to region. But it is these region-specific cultures and customs that have generated some wonderful new ideas. For example, the anti-lock braking system was created in Europe to help ensure the safety of drivers on its expressways. And the navigation system was a new value created in Japan because of its complex road system. What's most important, is that those technologies and products, developed for regional needs, now satisfy global needs. We will use the knowledge from people in different regions, and we will create new value—innovative technologies and products that are "world's first" technologies and products.

Since our foundation more than 50 years ago, DENSO's strengths have been in developing advanced technologies and turning those technologies into high-quality products. We have accumulated technical expertise in various automotive fields such as engines, climate control, electric, electronics, and communications. This knowledge and expertise allows us to provide new value for our customers and society. In addition, we will continue to grow our R&D expertise as we incorporate the viewpoints of consumers and society.

Now, let me briefly introduce to you some of the new value we are already providing and will provide in the future.

On display is our ejector cycle system. This system was developed from the idea of effectively using energy that before was wasted. DENSO was the first in the world to develop such a system. This system remarkably increases energy efficiency and refrigerating capability, and reduces the weight of the refrigerating unit. Since we released this technology last June, our system has earned high marks for eco friendliness and innovation, winning six awards.

Also at our booth is our common rail system, which reduces diesel engine emissions. This system achieves the world's highest injection pressure—1,800 bar. But in our endeavor to reduce emissions even further, we are currently working on developing a 2000-bar common rail system. We expect this new system to be available in two to three years.

And last, we present two ideas for preventing traffic accidents caused by driver carelessness. One idea is a driver monitoring system that detects if a driver is aware of hazards. Another concept is a windshield display that warns the driver by visually displaying approaching obstacles.

The coexistence of automobiles and society. Our constant attention to this perspective allows us to continue to contribute to the creation of an advanced automotive society that benefits us all.

Thank you very much for your kind attention.

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