



Denso will likely review their earnings outlook around late October for a possible upgrade after a strong first quarter eased worries about the impact of the yen's strength, says President Nobuaki Katoh.

Katoh also says Denso may expand their output capacity in Thailand to meet growing demand in Asia, while remaining committed to production in China despite a likely rise in labor costs following a wave of strikes and a shift in Beijing's policy in favour of a stronger yuan. "Even if wages and the yuan become more expensive, there will also be enormous demand. Production in China is a must in order to supply to Chinese clients. There is no change in our policy to strengthen operations in China," he said.

Denso compete with German giant Robert Bosch, are based near the headquarters of top shareholder Toyota, and depend on the Toyota group for half of their revenue. Now the parts supplier also aim to boost sales to other carmakers such as South Korea's Hyundai Motor. Demand in North America, China and southeast Asia in particular topped Denso's targets, raising the chances of the company raising its outlook despite the euro's dive below the 130 yen mark, which Denso have assumed as the average rate of exchange for the financial year to March.