

Long-Term Vision and the Mid-Term Management Plan

Long-Term Vision

Become an energy device company that continually creates new value

At present the automotive industry is entering a phase of major innovation called CASE (connected, autonomous, shared, electric). In addition, because of growing awareness of the need to protect the global environment, the role of energy devices is becoming more important.

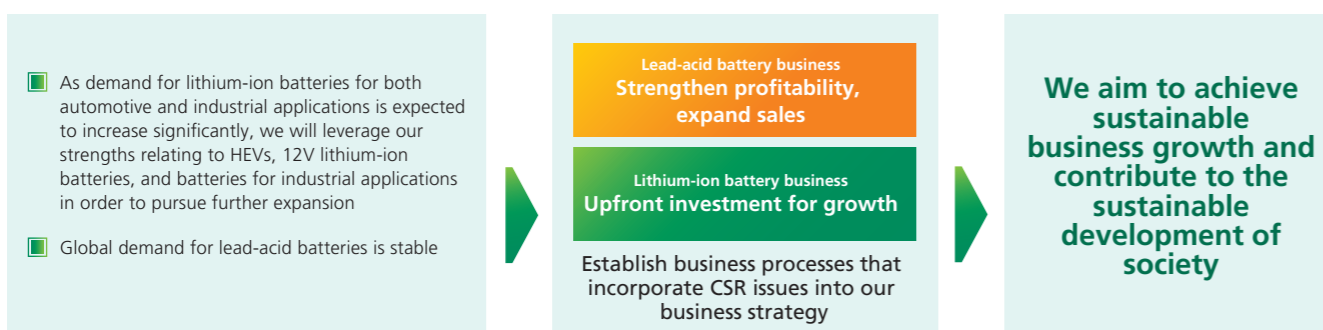
In these circumstances, the demand for lithium-ion batteries for automotive and industrial applications is expected to grow considerably, especially in major developed countries. The global demand for lead-acid batteries is forecast to remain stable too, so we believe that the chances for GS Yuasa to play a positive role are going to increase more and more. Eyeing these changes in the business environment as opportunities, we have compiled a long-term vision and the Fifth Mid-Term Management Plan.

Current issues and future vision			
	Current issues in 2018	Vision for 2022 / Mid-term goal	Vision for 2030 / Long-term goal
Automotive battery business	There are growing overseas markets in which the market share is low	Expanded global share through applying technologies developed for eco-friendly vehicles in Japan	Build optimal global production framework
Industrial battery and power supply business	For existing businesses in Japan within the social infrastructure field, the core of demand is for replacement	Focus is on the utilization of IoT and renewable energy fields	Overseas expansion of business with local production for local consumption-type business
Automotive lithium-ion battery business	Excessive capital investment competition	Promoting lithium-ion batteries for HEVs and 12V lithium-ion batteries	Expand industrial applications and utilize post lithium-ion batteries research findings

Mid-Term Management Policy

Based on the *Mono-Koto Zukuri* (product and service creation) concept, GS Yuasa will engage in strategic activities that lead to sustainable growth of both the lead-acid battery and lithium-ion battery businesses through creation of new value.

Key points



Important mid-term strategic tasks

- Step-up our initiatives pertaining to priority CSR tasks identified in our business processes
- Strengthen the management platform through enhanced profitability of the lead-acid battery business and overseas business expansion
- Lay the foundations for expanding the scale and profits of the lithium-ion battery business from the period covered by the Sixth Mid-Term Management Plan onward

Business tasks by segment

Automotive Batteries

In Japan/Asia, the business's core region, we will further increase profitability through offering high quality, high value-added products and enhancing productivity. We will also deploy sales expansion measures in regions where we have low market share or no presence. To meet demand for environment-friendly technologies and in response to the shift toward electric cars, we will pursue development and expansion of the market for 12V lithium-ion batteries.

Industrial Batteries and Power Supplies

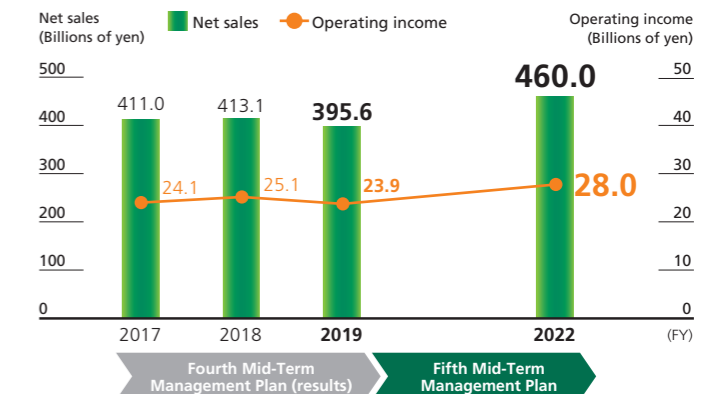
In existing markets, we will work to expand business by further enhancing profitability and expanding overseas through *Mono-Koto Zukuri* (product and service creation) utilizing AI and IoT. Against the backdrop of demand for replacement of lead-acid batteries and the new and expanding renewable energies fields, we will further promote development and sales of industrial-use lithium-ion batteries.

Automotive Lithium-ion Batteries

We will gain a unique market position by leveraging our strengths and deploy measures for stable growth and enhancement of profitability. In particular, we position increased business expansion for HEV applications and development and mass production of 12V lithium-ion batteries as business growth drivers and will therefore pursue these. We will apply the knowhow gained in batteries for EV/PEV applications and will seek to expand sales of batteries for industrial applications.

Mid-term management targets (targets for FY2022)

Net sales	460.0 billion yen or more
Operating income	28.0 billion yen or more
ROE (return on equity)	8% or more
Total payout ratio	30% or more
Domestic lead price quote	300,000 yen/t
LME	2,100 U.S. dollars/t
Exchange rate	110 yen/U.S. dollars



Note: The above indices are based on income before amortization of goodwill (operating income and net income).

Progress by segment (Fiscal 2019)

Domestically, the automotive battery business saw an increase in replacement batteries shipped for vehicles with start-stop systems (ISS: idling stop systems). Overseas, we offered high value-added products, primarily in the ASEAN region, and the operating income ratio at Siam GS Battery Co., Ltd. improved by 3.6 points.

In industrial battery and power supply business, we are expanding our *Koto Zukuri* services, and have launched DATAWINDOW-S, which utilizes IoT to offer replacements for products which have reached their lifespan.

In automotive lithium-ion battery business, in addition to starting operation of a 12-volt battery plant in Hungary, we decided to build a second plant for Blue Energy Co., Ltd. For industrial use, we also began production of batteries for the energy storage system (ESS) market.

In other businesses, production of and orders for lithium-ion batteries for submarines proceeded as planned.

See PP. 41-56, "Conditions by Business Sector," for fiscal 2020 initiatives.