



Nine Months Ended December 31, 2019(FY2019) Result Briefing

February 6, 2020
GS Yuasa Corporation

FY2019 Third Quarter Financial Results

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FY2019 Third Quarter Financial Results

1. Point

- Looking at the global economy, the US was solid but China's economy slowed due to trade friction with the US. Europe remains clouded by uncertainties related to Brexit.
- In Japan, domestic demand was solid but weakened somewhat after the consumption tax hike in October.
- Net sales declined mainly due to impact on Automotive Battery Business of yen appreciation and lower selling prices due to the fall in lead prices.
- Operating and ordinary income both rose, thanks to strong sales of industrial batteries and power supply systems and the lower price of lead.
- Profit attributable to owners of parent fell owing to lower gains on sales of fixed assets and posting of a loss on liquidation of subsidiaries and affiliates.

2. Net Sales, Profits

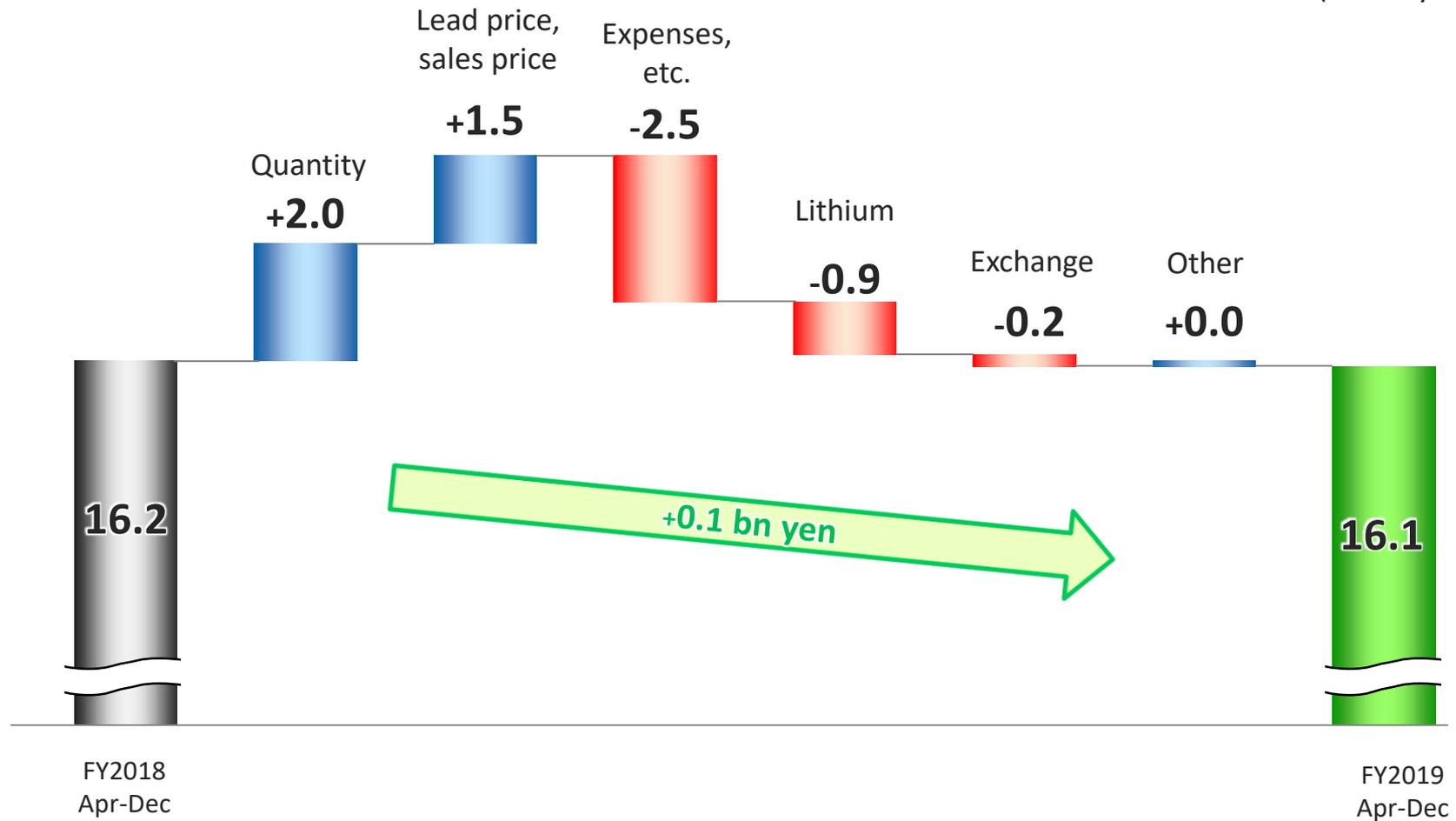
(Billion yen)

	FY2018 Apr-Dec	FY2019 Apr-Dec	Change	(YoY%)
Net Sales	305.6	293.1	-12.5	(-4.1%)
Operating income (Operating income ratio)	14.3 4.7%	14.4 4.9%	+0.1 +0.2P	(+0.7%)
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	16.2 5.3%	16.1 5.5%	-0.1 +0.2P	
Ordinary income	15.8	15.9	+0.1	(+0.8%)
Extraordinary income	3.1	2.3	-0.8	
Extraordinary loss	0.9	2.0	+1.1	
Profit before income taxes	18.1	16.2	-1.9	
Income taxes	5.6	5.0	-0.6	
Profit attributable to non-controlling interests	2.4	2.0	-0.4	
Profit attributable to owners of parent (Net profit ratio)	10.1 3.3%	9.2 3.1%	-0.9 -0.2P	(-8.8%)
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	12.0 3.9%	10.9 3.7%	-1.1 -0.2P	
Domestic lead price quote	¥302,600/t	¥279,600/t	-23,000/t	
LME	2,150US\$/t	1,985US\$/t	-165US\$/t	
Exchange rate	¥111.33/US\$	¥108.90/US\$	-¥2.43/US\$	

2. Net Sales, Profits

Factors for Operating Income Change (year-on-year comparison)

(Billion yen)



Note: Operating income is operating income before amortization of goodwill.

3. Segment Results

(Billion yen)

		FY2018 Apr-Dec		FY2019 Apr-Dec		Change	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: pp)
Automotive Battery	Japan	67.7	5.6 (8.3)	65.3	4.8 (7.4)	-2.4	-0.8 (-0.9)
	Overseas	134.2	7.6 (5.6)	124.9	7.3 (5.8)	-9.3	-0.3 (+0.2)
Industrial Battery and Power Supply		54.9	3.1 (5.6)	58.4	4.9 (8.4)	+3.5	+1.8 (+2.8)
Automotive Lithium-ion Battery		33.7	-0.4 (-1.1)	30.8	-1.3 (-4.1)	-2.9	-0.9 (-3.0)
Others		15.2	0.3 (1.9)	13.7	0.3 (2.4)	-1.5	+0.0 (+0.5)
Total		305.6	16.2 (5.3)	293.1	16.1 (5.5)	-12.5	-0.1 (+0.2)

Note1: Operating income is operating income before amortization of goodwill and operating income ratio is operating income ratio before amortization of goodwill.

Note2: From FY2019, some consolidated subsidiaries that were included in “Automotive Batteries-Overseas” have been reclassified to “Industrial Batteries and Power Supplies.”

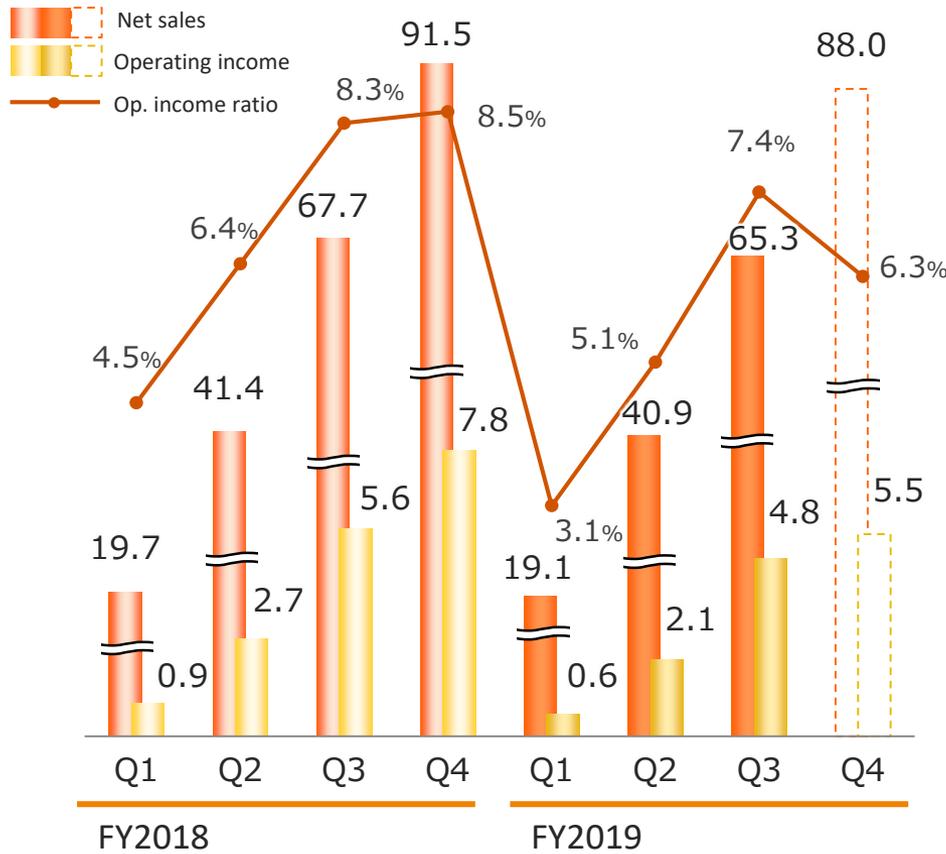
Segment information for FY2018 has been recast to conform to this revision.

3. Segment Results (Automotive Battery (Japan))

Automotive Battery (Japan)

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2019 Q3 Sales Overview

- Sales volume for batteries for new cars increased
- Sales volume for replacement batteries fell owing to the mild winter
- Impact from selling price decline due to fall in lead prices

Main Profit Change Factors

Quantity	-0.6
Lead prices, sales prices	+0.8
Streamlining, expenses, etc.	-1.0

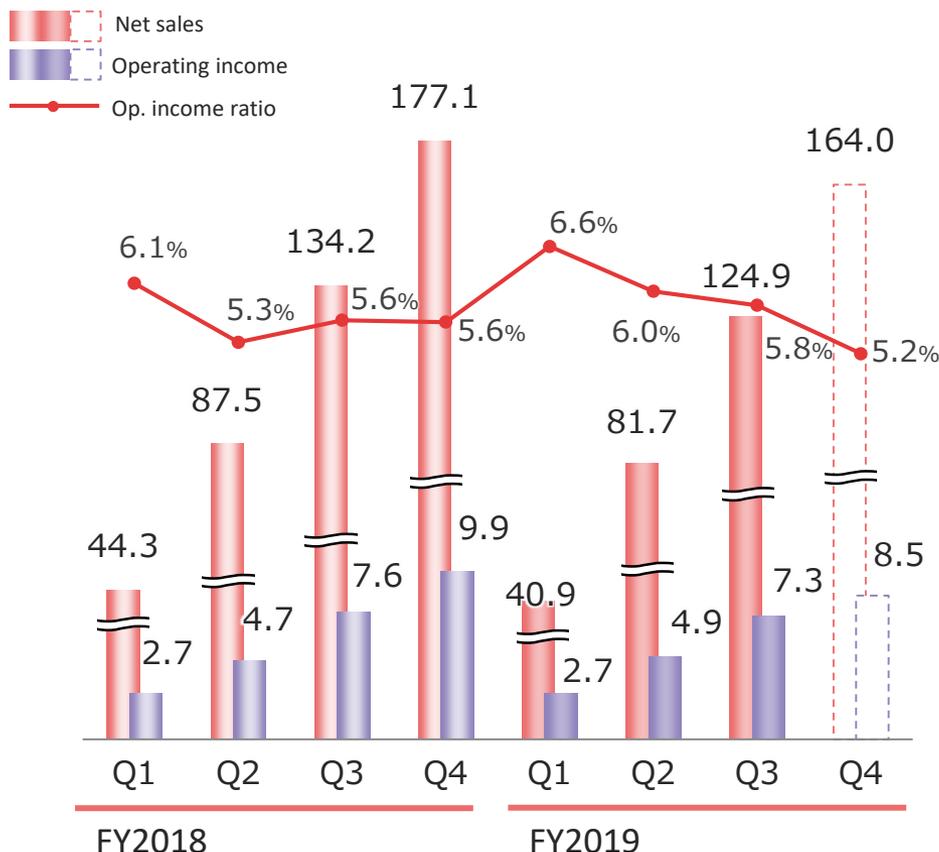
Note: Operating income is operating income before amortization of goodwill and Op. income ratio is Op. income ratio before amortization of goodwill.

3. Segment Results (Automotive Battery (Overseas))

Automotive Battery (Overseas)

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2019 Q3 Sales Overview

- Sales volumes for our automotive lead-acid batteries were down in China but up in Southeast Asia, particularly in Thailand and Vietnam
- Sales volumes for motorcycle batteries in Southeast Asia also increased, especially in Vietnam
- Product sales prices were lower owing to fall in price of lead
- Impact from foreign currency translation due to stronger yen

Main Profit Change Factors

Quantity	+1.2
Lead prices, sales prices	+0.1
Streamlining, expenses, etc.	-1.3
Exchange	-0.2

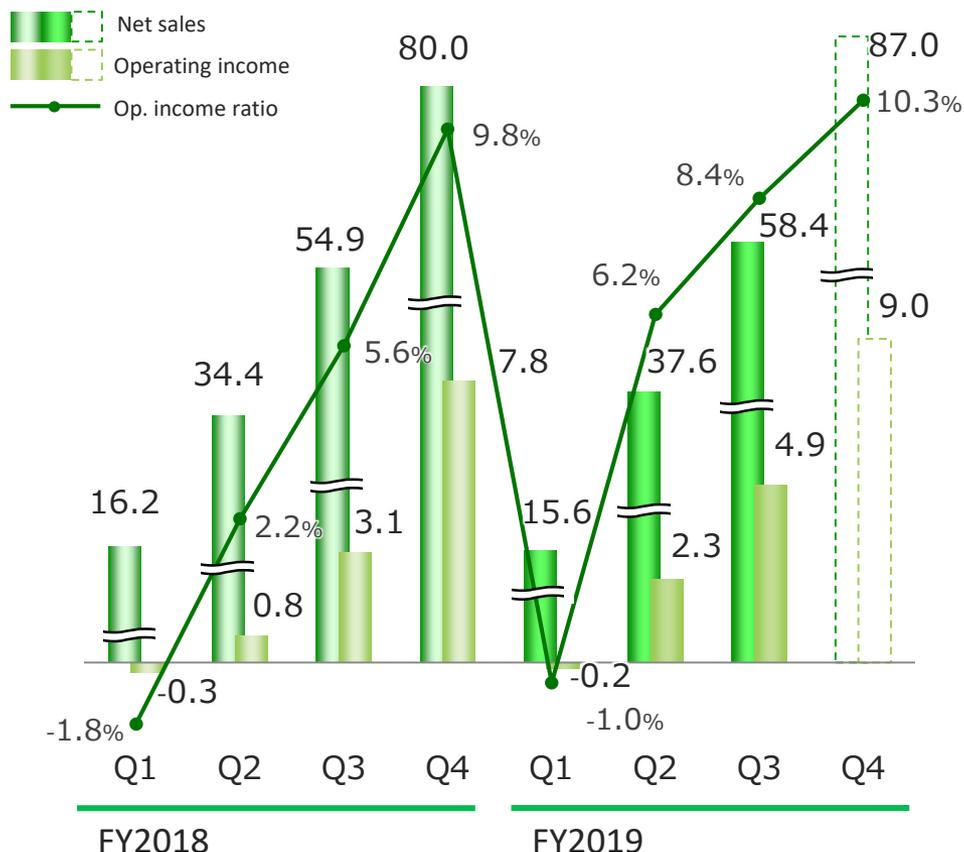
Note: From FY2019, some consolidated subsidiaries that were included in "Automotive Batteries-Overseas" have been reclassified to "Industrial Batteries and Power Supplies." Segment information for FY2018 has been recast to conform to this revision.

3. Segment Results (Industrial Battery and Power Supply)

Industrial Battery and Power Supply

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2019 Q3 Sales Overview

- Increased sales of batteries and power supply systems for backup to data centers and societal infrastructure operators (electric power, railways)
- Temporary fall in sales of lead-acid batteries for forklifts

Main Profit Change Factors

Quantity	+1.4
Lead prices, sales prices	+0.6
Streamlining, expenses, etc.	-0.2

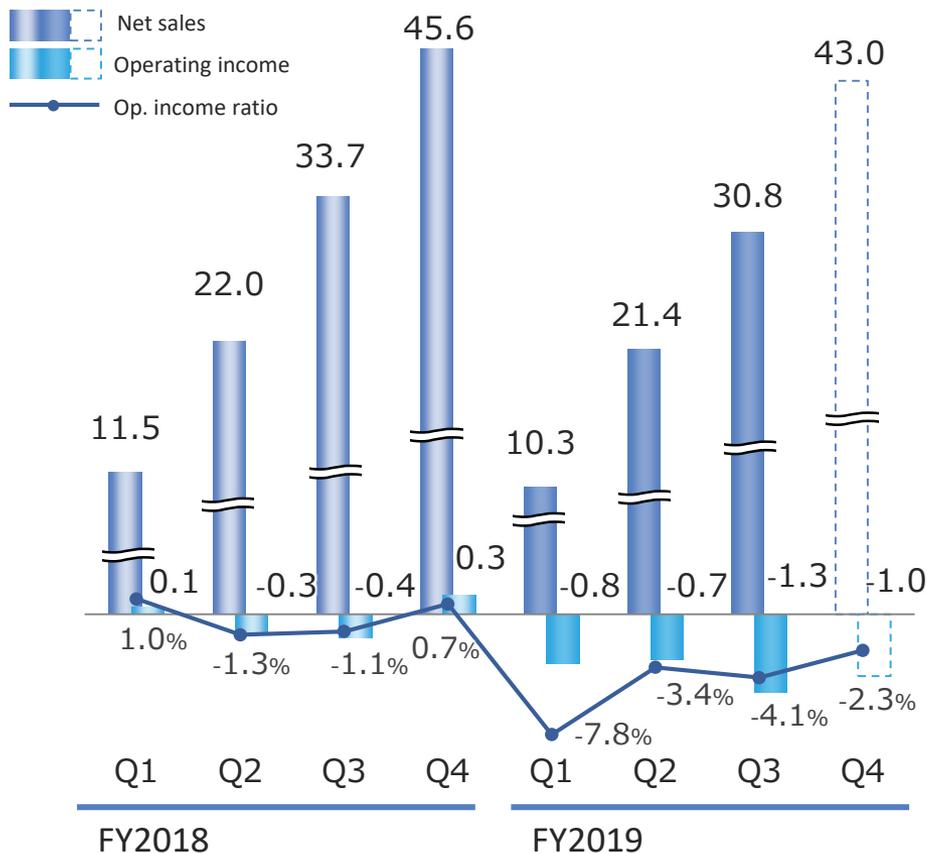
Note: From FY2019, some consolidated subsidiaries that were included in "Automotive Batteries-Overseas" have been reclassified to "Industrial Batteries and Power Supplies." Segment information for FY2018 has been recast to conform to this revision.

3. Segment Results (Automotive Lithium-ion Battery)

Automotive Lithium-ion Battery

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2019 Q3 Sales Overview

- [Lithium Energy Japan]
Sales to overseas automakers declined
- [Blue Energy]
Sales fell on shift in timing of sales for new car models

Main Profit Change Factors

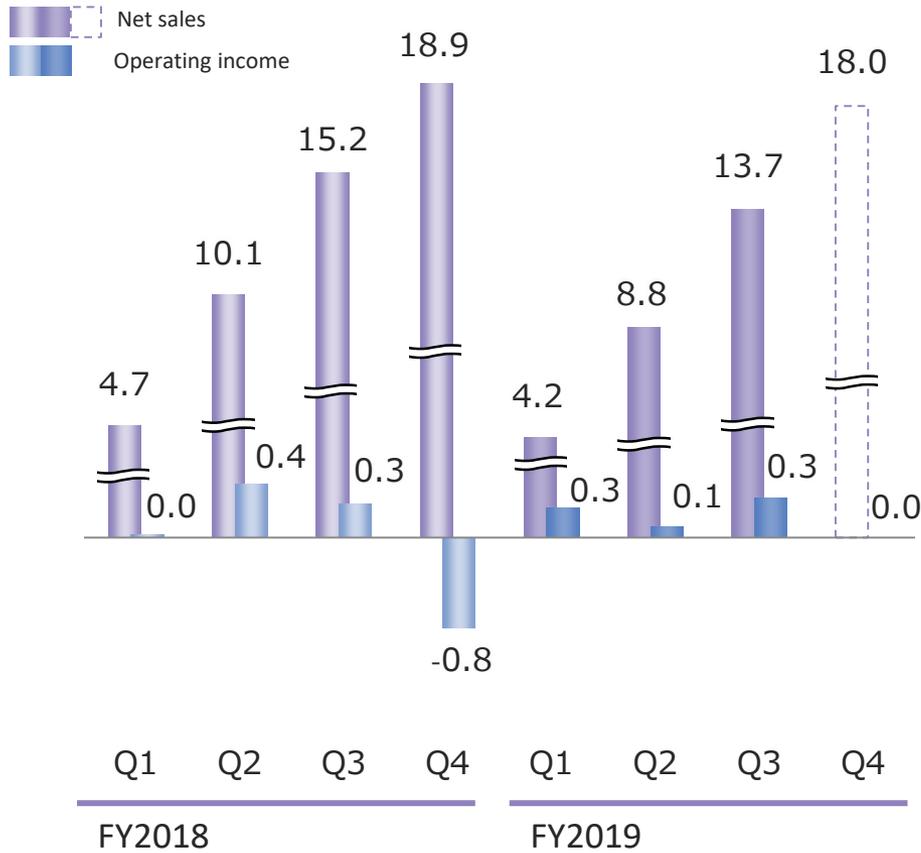
- Impact of lower sales
- Increase in startup expenses at Hungary plant

3. Segment Results (Others)

Others

(Billion yen)

Net Sales, Operating income



FY2019 Q3 Sales Overview

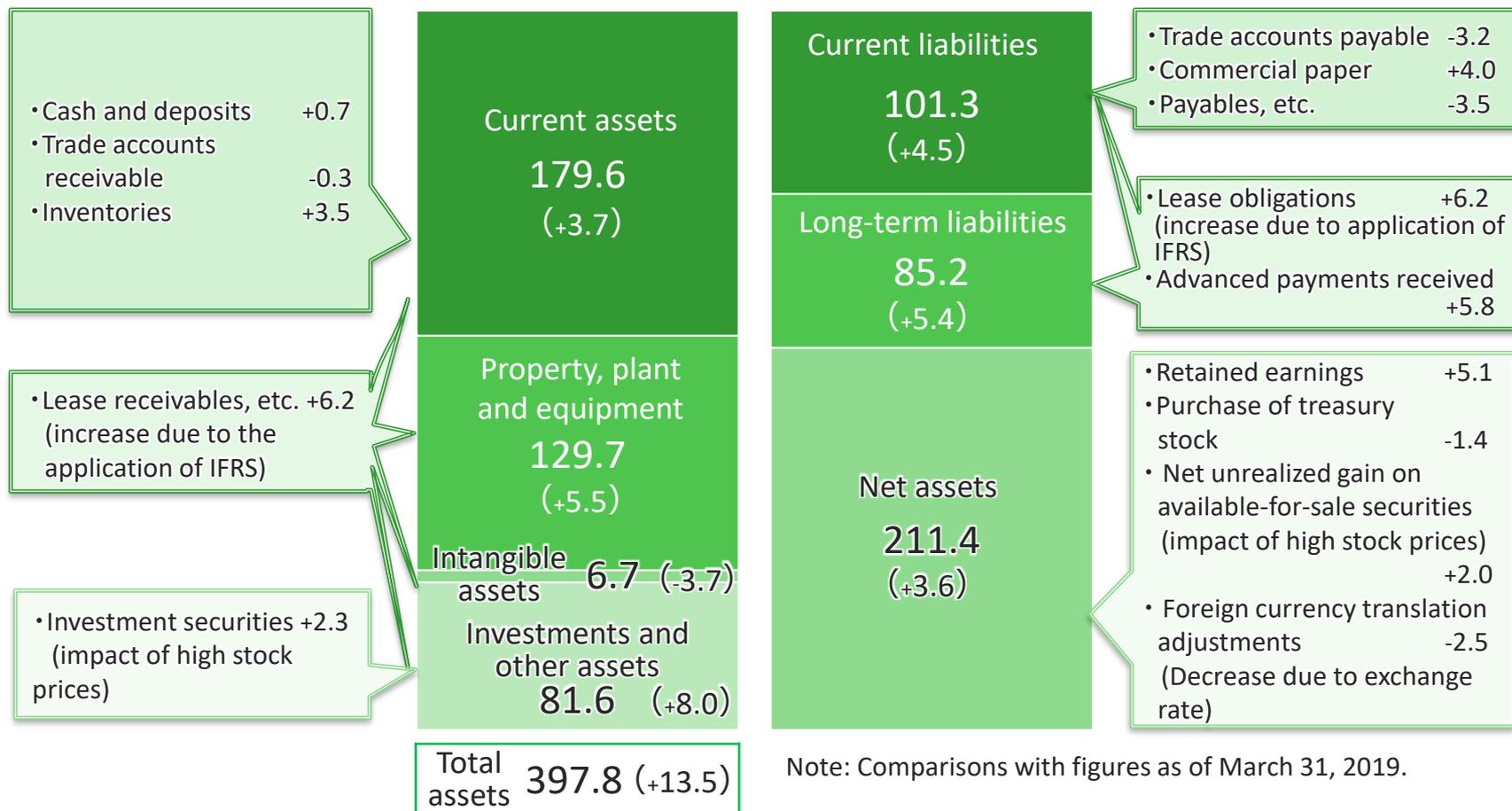
- 1H production dip for lithium-ion batteries for submarines
- Temporary decline in sales volume of replacement lithium-ion batteries for aircrafts

Main Profit Change Factors

Increased on back of cost cuts, etc

4. Balance Sheet

(Billion yen)



Note: Comparisons with figures as of March 31, 2019.

	3/31/2019	12/31/2019
Equity ratio	46.4%	45.7%
Interest-bearing debt	¥66.9bn	¥71.4bn

5. Revision to Consolidated Results Forecast

	FY2018 Actual	FY2019 October Revised	FY2019 Revised	Change (October- Revised)	(Billion yen) FY2019 Initial forecast	
Net sales	413.1	415.0	400.0	-15.0	430.0	
Operating income (Operating income ratio)	22.7 5.5%	20.0 4.8%	20.0 5.0%	±0.0 +0.2P	20.0 4.7%	
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	25.1 6.1%	22.0 5.3%	22.0 5.5%	±0.0 +0.2P	22.0 5.1%	
Ordinary income	24.7	22.0	22.0	±0.0	22.0	
Profit attributable to owners of parent (Net profit ratio)	13.5 3.3%	12.0 2.9%	12.0 3.0%	±0.0 +0.1P	12.0 2.8%	
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	16.0 3.9%	14.5 3.5%	14.5 3.6%	±0.0 +0.1P	14.5 3.4%	
Conditions	Domestic lead price quote	¥298,900/t	¥300,000/t	¥300,000/t	-	¥300,000/t
	LME	2,122US\$/t	2,100US\$/t	2,100US\$/t	-	2,100US\$/t
	Exchange rate	¥111.07/US\$	¥110.0/US\$	¥110.0/US\$	-	¥110.0/US\$

Reasons for revision

- Net sales forecast lowered mainly to reflect expected decrease in sales volume for automotive batteries and product price cuts due to fall in price of lead.
- Operating income forecast unchanged owing to positive impact of lower price of lead on procurement costs, and other factors.

5. Revision to Consolidated Results Forecast

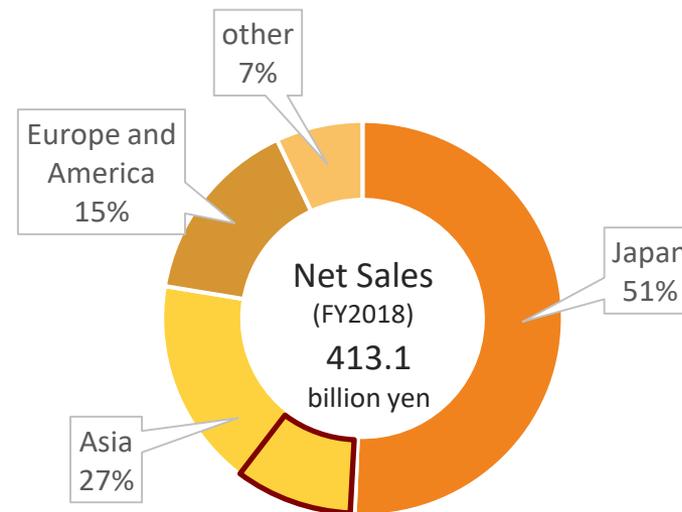
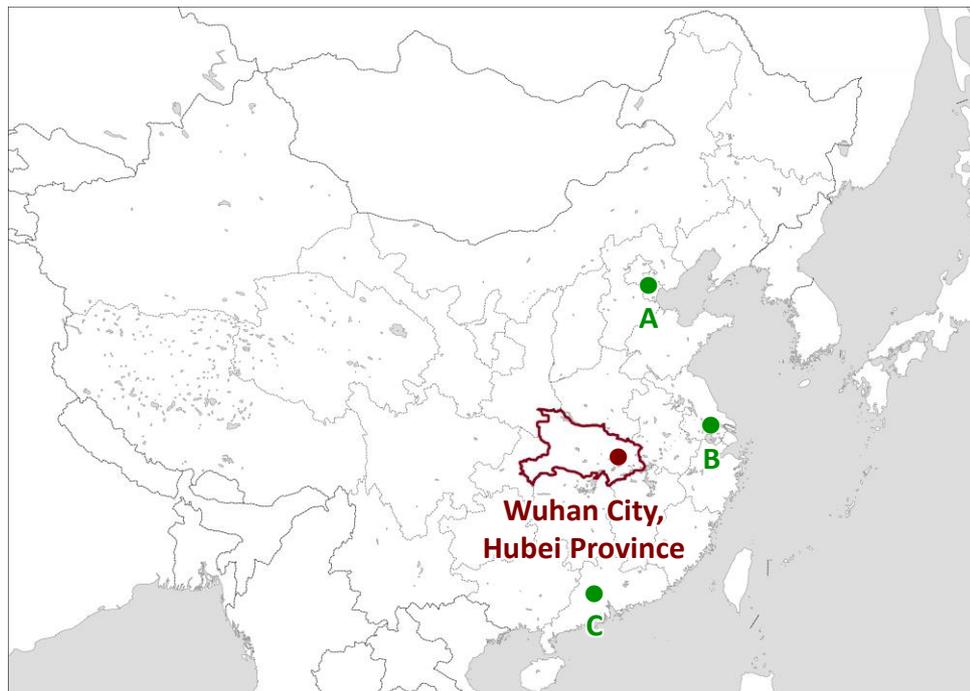
(Billion yen)

		FY2018 Actual		FY2019 October Revised		FY2019 Revised		Change (October-Revised)		FY2019 Initial forecast	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)
Auto motive Battery	Japan	91.5	7.8 (8.5)	90.0	5.5 (6.1)	88.0	5.5 (6.3)	-2.0	±0.0 (+0.2)	90.0	6.0 (6.7)
	Overseas	177.1	9.9 (5.6)	173.0	9.0 (5.2)	164.0	8.5 (5.2)	-9.0	-0.5 (±0.0)	188.0	9.5 (5.1)
Industrial Battery and Power Supply		80.0	7.8 (9.8)	87.0	8.5 (9.8)	87.0	9.0 (10.3)	±0.0	+0.5 (+0.5)	87.0	7.5 (8.6)
Automotive Lithium-ion Battery		45.6	0.3 (0.7)	47.0	-1.0 (-2.1)	43.0	-1.0 (-2.3)	-4.0	±0.0 (-0.2)	47.0	-1.0 (-2.1)
Others		18.9	-0.8 (-4.0)	18.0	-	18.0	-	±0.0	-	18.0	-
Total		413.1	25.1 (6.1)	415.0	22.0 (5.3)	400.0	22.0 (5.5)	-15.0	±0.0 (+0.2)	430.0	22.0 (5.1)

Note: Operating income is operating income before amortization of goodwill and operating income ratio is operating income ratio before amortization of goodwill.

6. Impact of Covid-19 coronavirus

Data for main bases in China



China accounts for about 10% of consolidated net sales

	Company name	Location	Affiliation	Business overview
A	Tianjin GS Battery Co., Ltd.	Tianjin City	Consolidated subsidiary	Manufacture & sale of lead-acid batteries for automobiles
B	GS Battery (China) Co., Ltd.	Wuxi City, Jiangsu Province	Consolidated subsidiary	Manufacture & sale of lead-acid batteries for forklifts
C	Yuasa Battery (Guangdong) Co., Ltd.	Foshan City, Guangdong Province	Consolidated subsidiary	Manufacture & sale of lead-acid batteries for automobiles

6. Impact of Covid-19 coronavirus

Current circumstances and impacts

		Current circumstances and impacts
Global		<ul style="list-style-type: none"> ➤ Since our lead-acid battery business is based on the principle of local production for local consumption, exports from bases in China to other countries are few and the impact is therefore minimal.
China	Bases	<ul style="list-style-type: none"> ➤ All plants and offices in China were closed until February 9 by extending the Chinese New Year holiday. ➤ Considering making up for days lost due to the extended holiday by operating plants and offices on other holidays.
	Customers	<ul style="list-style-type: none"> ➤ Japanese automakers have many production bases in Hubei Province, and sales of automotive batteries will be affected by whether these plants remain operational or not. ➤ Sales of replacement batteries affected by Chinese New Year holiday sales.
	Supply chain	<ul style="list-style-type: none"> ➤ No immediate impact because all plants have a certain amount of raw materials in stock. ➤ Currently investigating circumstances at secondary and tertiary suppliers.
	Earnings	<ul style="list-style-type: none"> ➤ FY2019 results will be affected by decline in sales volume. ➤ Impact on FY2020 results currently unclear.
Japan	Supply chain	<ul style="list-style-type: none"> ➤ Some parts are procured from China, but no impact on production is expected in FY2019 because inventories are sufficient.
	Earnings	<ul style="list-style-type: none"> ➤ Limited impact on FY2019 results ➤ Impact on FY2020 results currently unclear.

7. Topics

Expanding production capacity for lithium-ion batteries for hybrid vehicles
– Plan to build second Blue Energy plant –



Blue Energy No.2 plant (computer rendering)



Lithium-ion batteries for hybrid vehicles
Production capacity (annual)

FY2022
Start of operations
(planned)

Current **20 million** cells **More than double** **FY2023 50 million** cells

Production of hybrid vehicles offering excellent balance between environmental performance and price is expected to increase in Europe, North America, and China, especially among Japanese automakers.



GS Yuasa's response

- Enhance production lines at existing plant.
- Construct second plant on same site.



Will more than double current capacity by FY2023 to meet expanding demand for hybrid vehicles.

Support for TCFD* recommendations and participation in TCFD Consortium



Climate change due to global warming is an important issue for society



- **Reduce greenhouse gas emissions from our business activities.**
- **Promote efforts to reduce greenhouse gases emitted by society by promoting use of renewable energy systems using our storage battery technology.**



Disclose information on impact of climate change-related risks and opportunities for our business based on TCFD recommendations.

*About TCFD (Task Force on Climate-related Financial Disclosures)

Established by the Financial Stability Board (FSB) at the request of the G20, the TCFD recommends that companies and other organizations make disclosures concerning four areas (governance, strategy, risk management, and metrics/targets) in relation to the climate-related risks and opportunities and the potential financial impacts for their business. The TCFD Consortium, which was established in May 2019, engages in discussions to determine initiatives that will promote more effective corporate disclosures and the use of disclosed information to make appropriate investment decisions.

Received two joint renewable energy awards and an award for energy conservation



New Energy Award

Agency for Natural Resources and Energy Commissioner's Prize



Oki Hybrid Project
Japan's first community-based renewable energy installation/expansion project harnessing cutting-edge technology



Lithium-ion battery system at Nishinoshima Transformer Station in Oki-gun, Shimane Prefecture

New Energy Award

New Energy Foundation Chairman's Prize



Installation of large storage battery system to mitigate short-period output fluctuations



Lithium-ion battery system at a solar power plant in Toritoushigenya, Kushiro-cho, Hokkaido Prefecture



2019年度
省エネ大賞
(製品・ビジネスモデル部門)
主催：一般財団法人省エネルギーセンター



LED street light lamp
"LEGA:LAMP-R"

GS Yuasa will continue its efforts to help reduce greenhouse gases emitted by society by promoting the use of renewable energy systems and energy-saving products that use the company's technologies.

Although this document has been prepared with information believed to be correct, GS Yuasa Corporation does not guarantee the accuracy or the completeness of such information. Also, the information herein contains forward-looking statements regarding the Company's plans, outlooks, strategies and results for the future. All the forward-looking statements are based on judgments derived from information available to the Company at the time of release. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented herein.

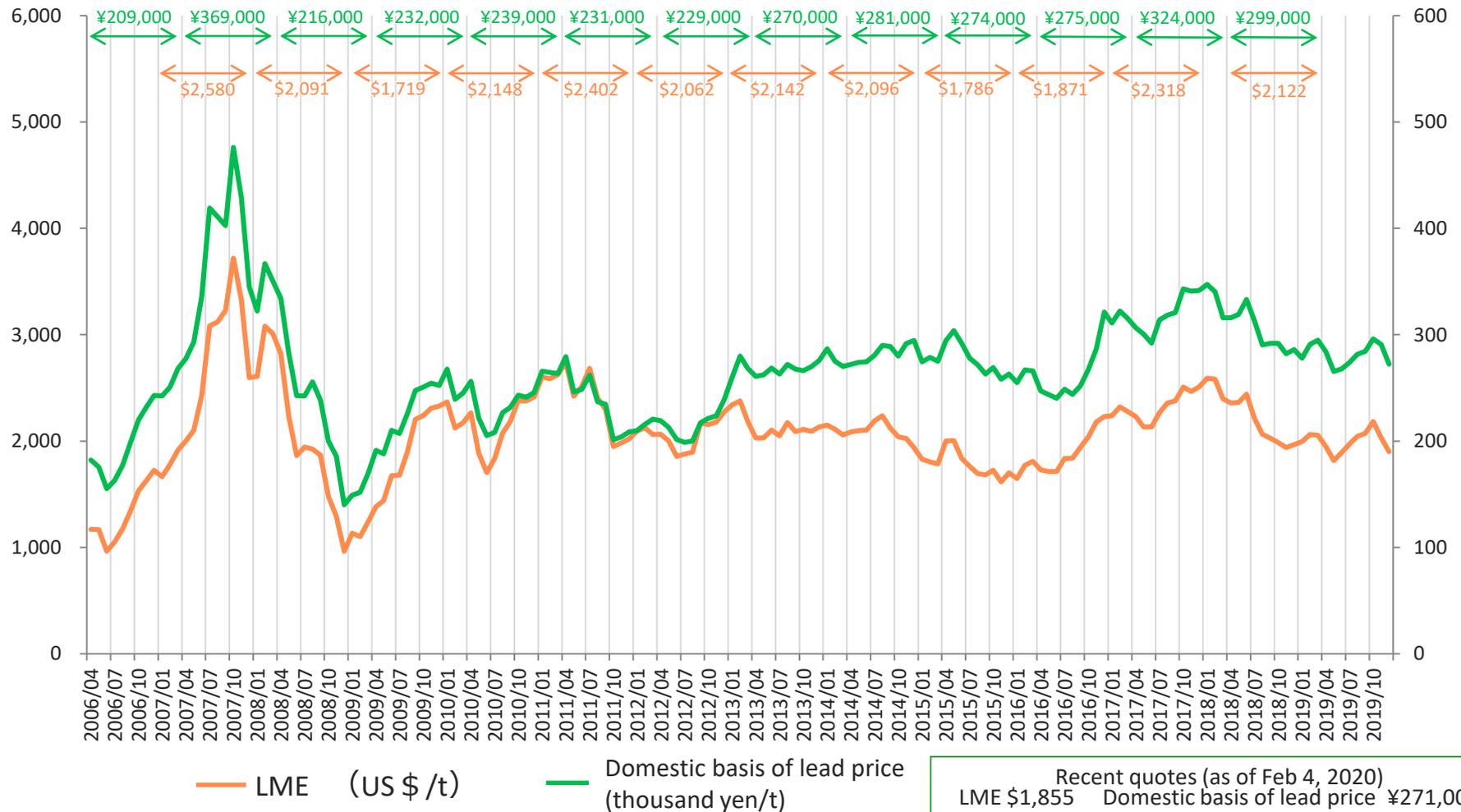


Reference

Raw Materials Prices

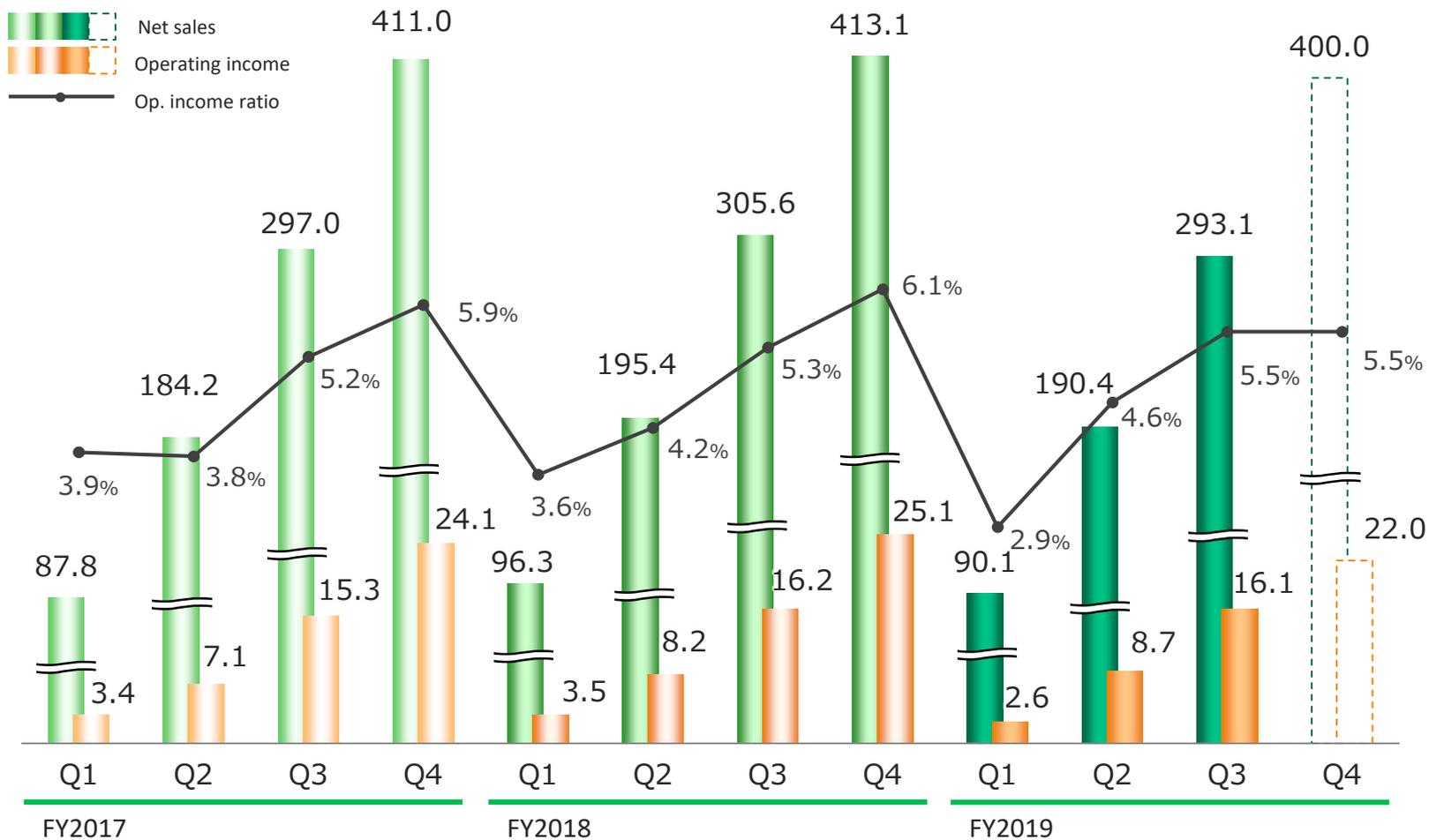
LME

Domestic basis
of lead price



Net sales, Operating income, Op. income ratio

(Billion yen)



Note: Operating income is operating income before amortization of goodwill and Op. income ratio is Op. income ratio before amortization of goodwill.