



Creating the Future of Energy

Three Months Ended June 30, 2020(FY2020) Result Briefing

August 7, 2020

GS Yuasa Corporation



FY2020 First Quarter Financial Results

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FY2020 First Quarter Financial Results

1. Point

- Looking at the global economy, the business condition was further aggravated because of COVID-19. Economic activity has restarted gradually but continued uncertain situation.
- Group sales decreased mainly due to lower sales of lithium-ion batteries for plug in hybrid vehicles or sales of new automobile batteries.
- Operating income and profit attributable to owners of parent decreased due to the abovementioned decrease in group sales.

2. Net Sales, Profits

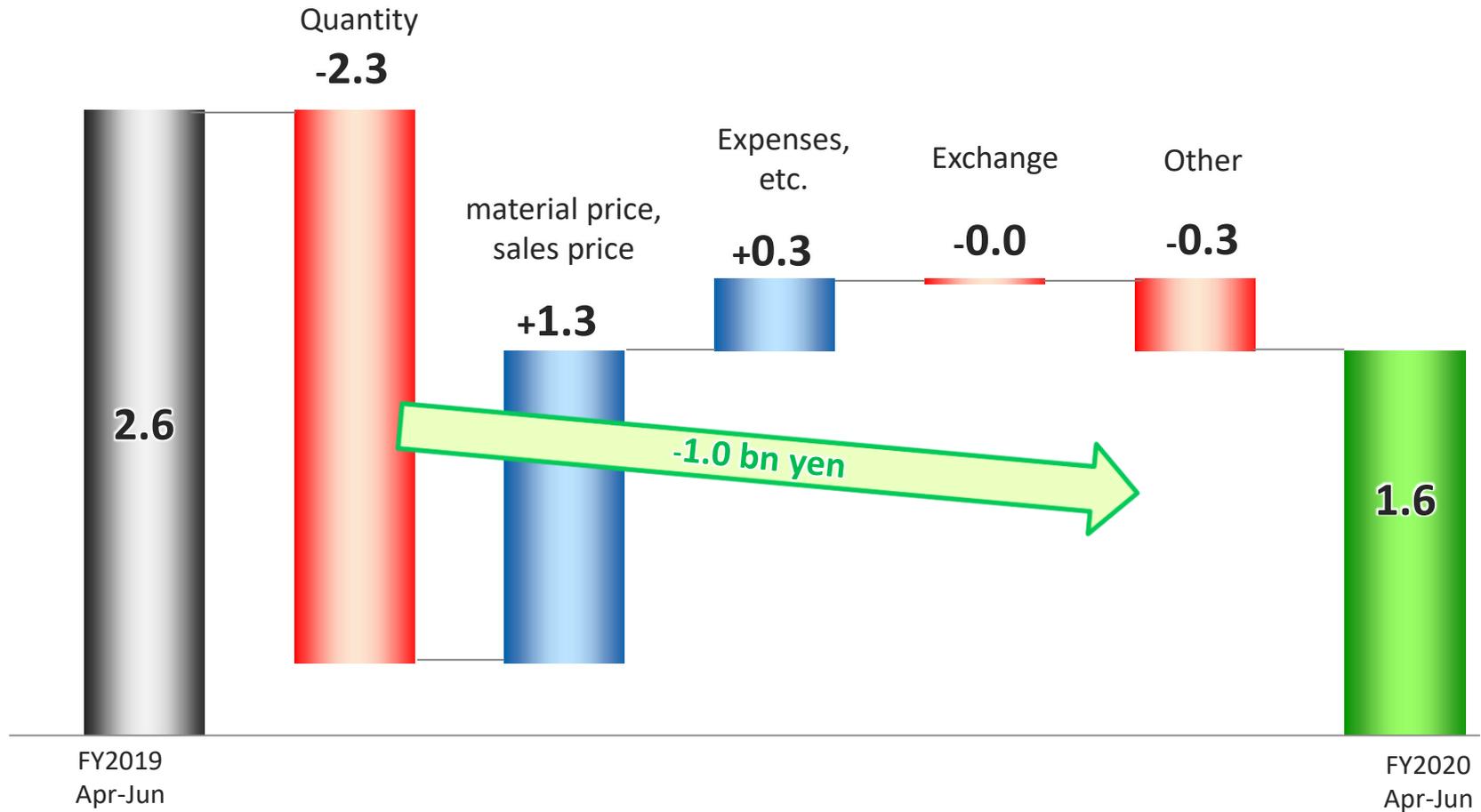
(Billion yen)

	FY2019 Apr-Jun	FY2020 Apr-Jun	Change	(YoY%)
Net Sales	90.1	76.4	-13.7	(-15.2%)
Operating income (Operating income ratio)	2.0 2.3%	1.0 1.3%	-1.0 -1.0P	(-50.9%)
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	2.6 2.9%	1.6 2.1%	-1.0 -0.8P	
Ordinary income	2.9	1.7	-1.2	(-40.9%)
Extraordinary income	0.0	0.0	-0.0	
Extraordinary loss	0.1	0.1	+0.0	
Profit before income taxes	2.8	1.6	-1.2	
Income taxes	0.8	1.2	+0.4	
Profit attributable to non-controlling interests	0.6	0.4	-0.2	
Profit attributable to owners of parent (Net profit ratio)	1.5 1.6%	-0.0 -0.0%	-1.5 -1.6P	
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	2.0 2.3%	0.5 0.7%	-1.5 -1.6P	
Domestic lead price quote	¥272,500/t	¥242,800/t	-29,700/t	
LME	1,886US\$/t	1,670US\$/t	-216US\$/t	
Exchange rate	¥109.67/US\$	¥107.38/US\$	-¥2.29/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)

		FY2019 Apr-Jun		FY2020 Apr-Jun		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	19.1	0.6 (3.1)	15.9	0.9 (5.5)	-3.2	+0.3 (+2.4)
	Overseas	40.9	2.7 (6.6)	36.8	2.2 (5.9)	-4.1	-0.5 (-0.7)
Industrial Battery and Power Supply		15.6	-0.2 (-1.0)	14.7	-0.3 (-2.2)	-0.9	-0.1 (-1.2)
Automotive Lithium-ion Battery		10.3	-0.8 (-7.8)	4.7	-1.2 (-25.2)	-5.6	-0.4 (-17.4)
Others		4.2	0.3 (6.0)	4.3	0.0 (0.4)	+0.1	-0.3 (-5.6)
Total		90.1	2.6 (2.9)	76.4	1.6 (2.1)	-13.7	-1.0 (-0.8)

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

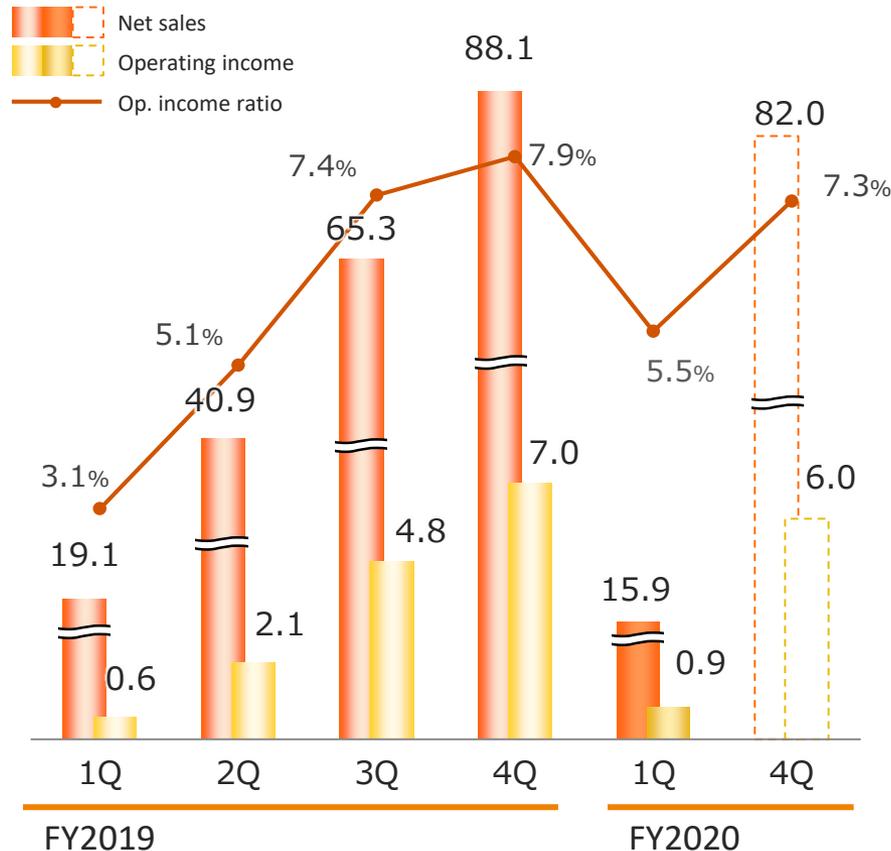
3. Segment Results (Automotive Battery (Japan))

Automotive Battery (Japan)

Sales declined,
profit increased

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 1Q Sales Overview

- Sales of new automobile batteries decreased because production of vehicles decreased drastically due to COVID-19. In addition, the impact of selling price decline due to decline in lead price.
- Sales of replacement batteries increased due to increase of use of private car avoided using public transportation and increase of delivery.

Main Profit Change Factors

Quantity	-0.2
Lead prices, sales prices	+0.4
Streamlining, expenses, etc.	+0.1

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

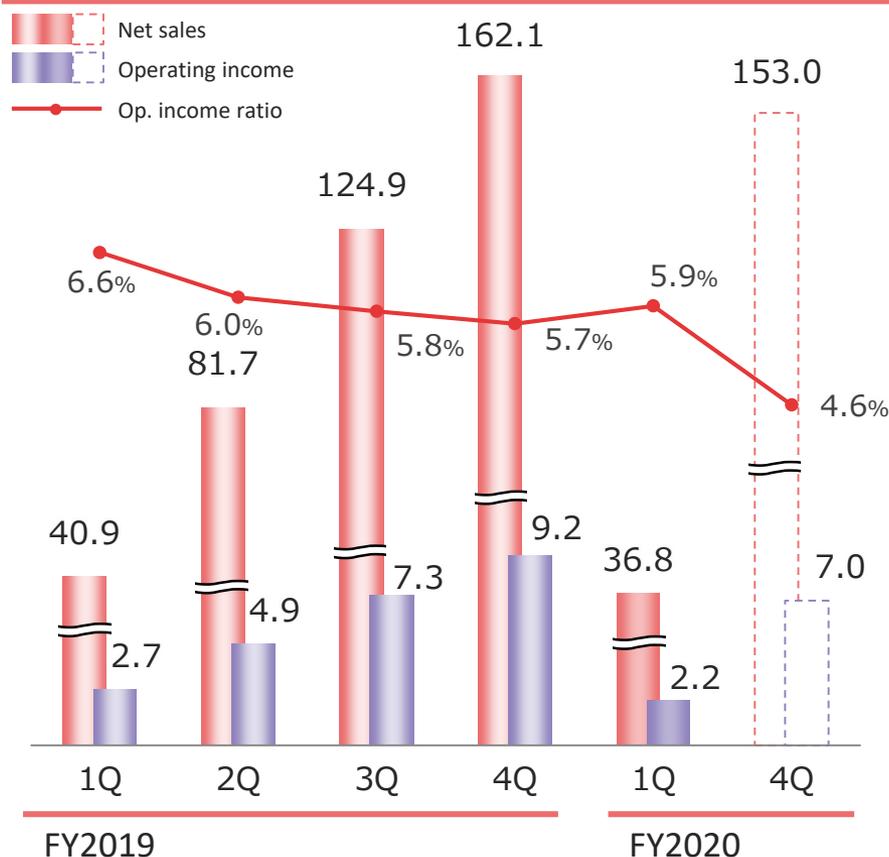
3. Segment Results (Automotive Battery (Overseas))

Automotive Battery (Overseas)

Sales and profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 1Q Sales Overview

- Sales of new automobile batteries and new motorcycle batteries decreased due to the impact of COVID-19 in Southeast Asia especially in Indonesia and Thailand.
- Sales of new automobile batteries in China has recovered gradually. In Australia, sales of automobile replacement batteries mainly increased due to expectation to relaxation of the restriction related COVID-19.
- The impact of selling price decline due to decline lead price.
- The impact of foreign currency Translation due to the stronger yen.

Main Profit Change Factors

Quantity	-0.8
Lead prices, sales prices	+0.4
Streamlining, expenses, etc.	-0.1
Exchange	-0.0

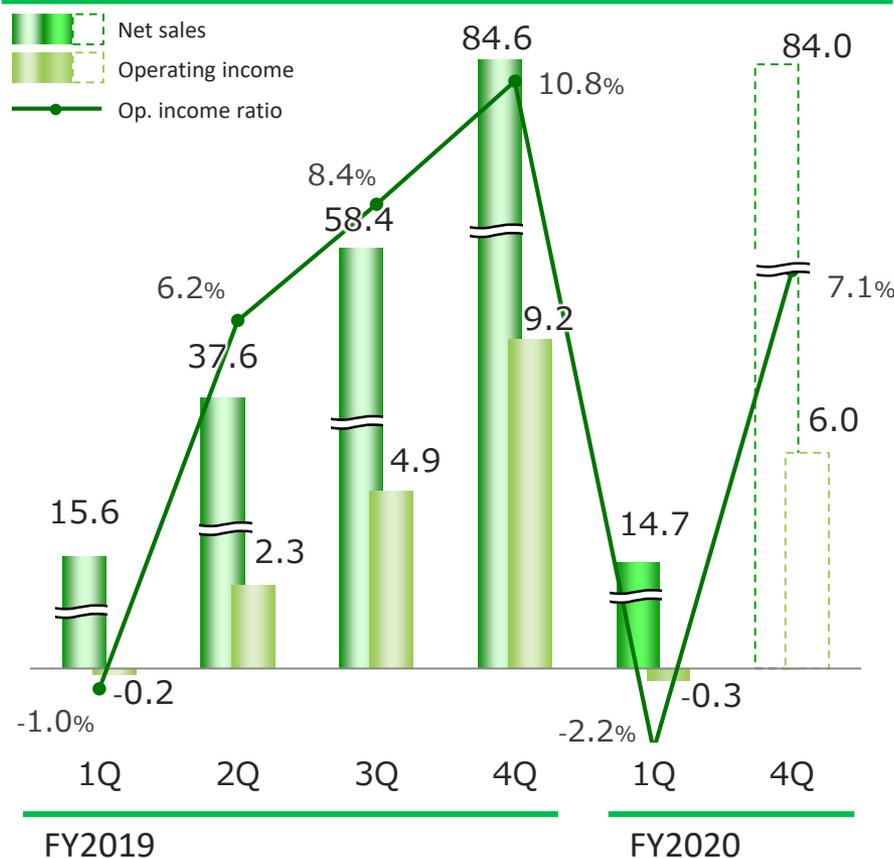
3. Segment Results (Industrial Battery and Power Supply)

Industrial Battery and Power Supply

Sales and profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 1Q Sales Overview

- Sales of lead acid storage batteries for forklifts declined due to the impact of COVID-19 and completion matters of power supplies for communication business in Japan.
- Sales of lead acid storage batteries for forklifts declined in China and Thailand. In North America, sales of industrial batteries including back up batteries decreased.

Main Profit Change Factors

Quantity	-0.7
Lead prices, sales prices	+0.4
Streamlining, expenses, etc.	+0.2

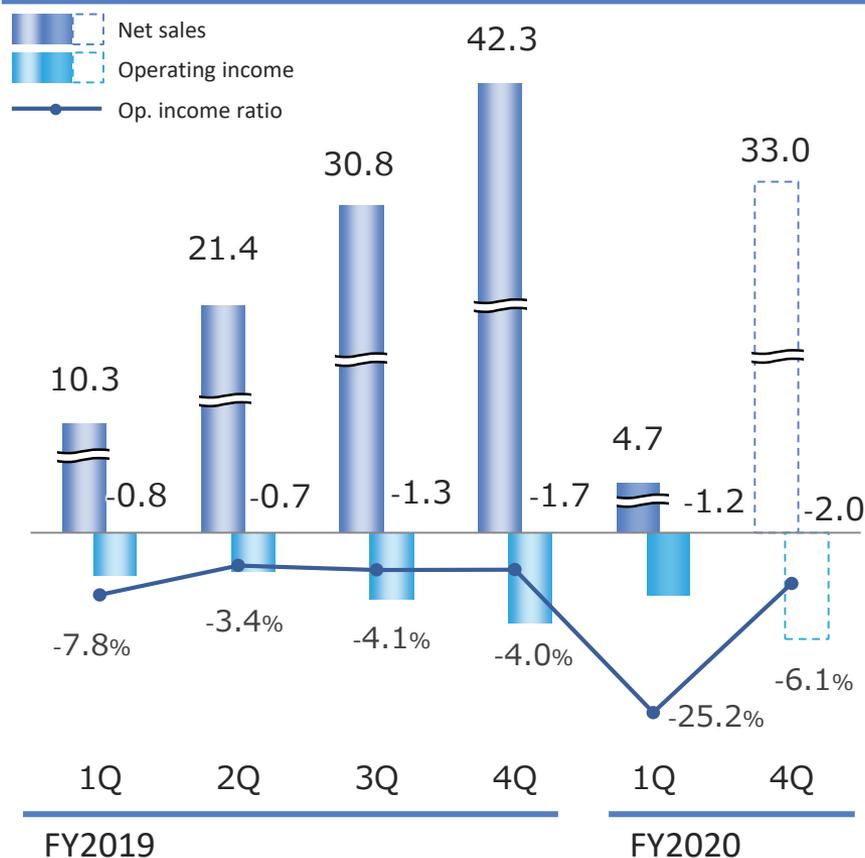
3. Segment Results (Automotive Lithium-ion Battery)

Automotive Lithium-ion Battery

Sales and profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 1Q Sales Overview

- [Lithium Energy Japan]
Sales of lithium-ion batteries for plug in hybrid vehicles declined due to decrease of automobile production from major customers by COVID-19.
- [Blue Energy]
Sales of lithium-ion batteries for HONDA increased due to the supply to new vehicles released in February, 2020. In addition, the supply of lithium-ion batteries for TOYOTA started from this term.

Main Profit Change Factors

Sales of Lithium Energy Japan declined

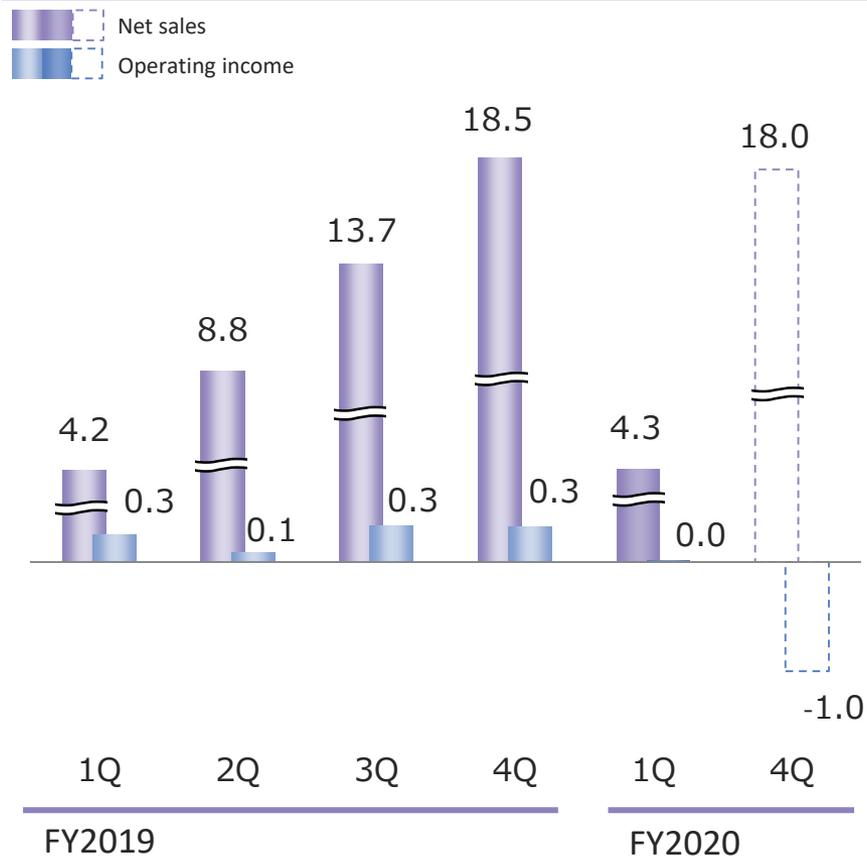
3. Segment Results (Others)

Others

Sales increased,
profit declined

(Billion yen)

Net Sales, Operating income



FY2020 1Q Sales Overview

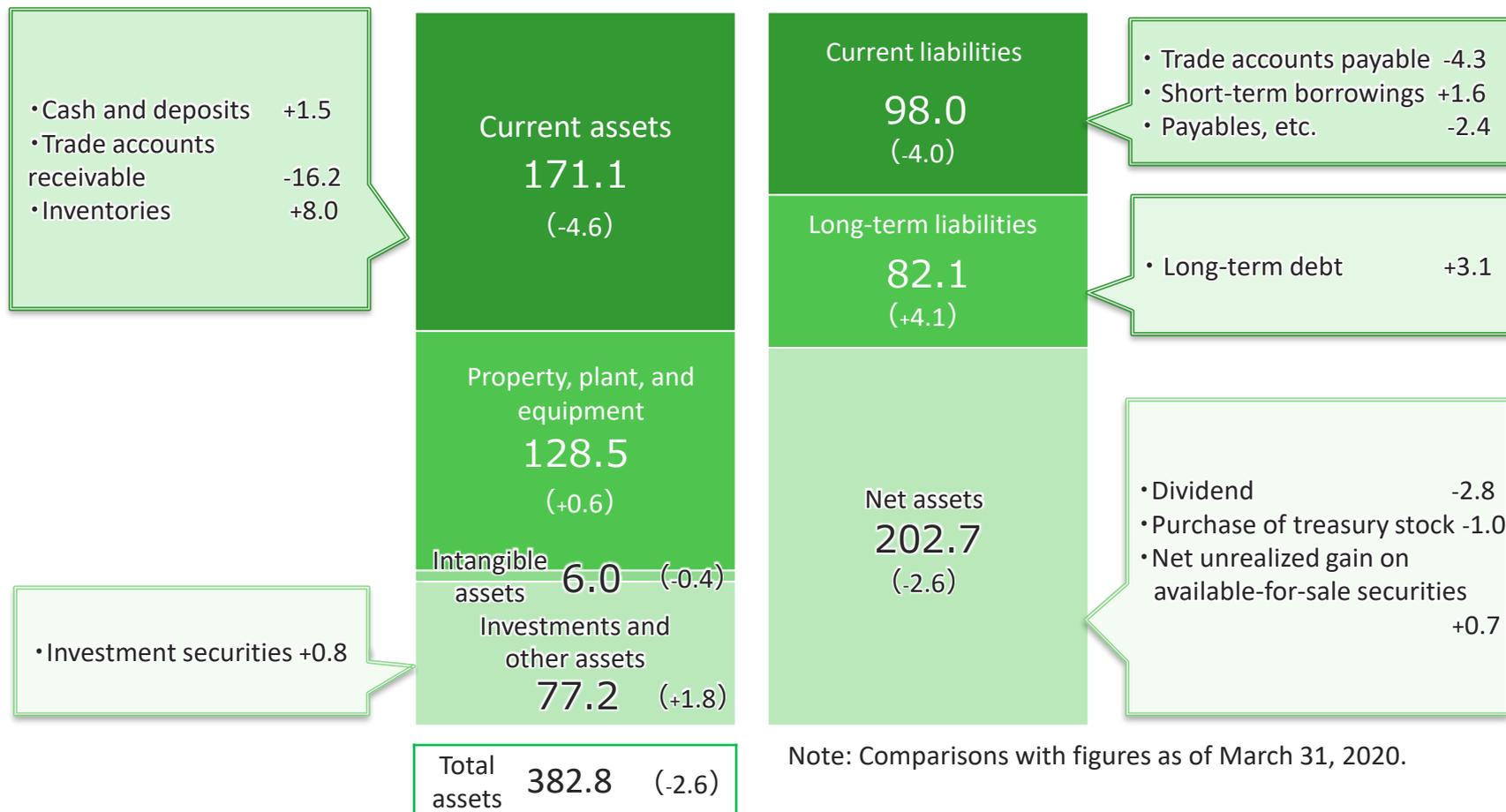
- Production of lithium-ion batteries for submarines increased steadily.
- Sales of lithium-ion batteries for aircrafts decreased due to the impact of COVID-19.

Main Profit Change Factors

The impact from decrease of sales of
Some special application batteries

4. Balance Sheet

(Billion yen)



Note: Comparisons with figures as of March 31, 2020.

	3/31/2020	6/30/2020
Equity ratio	45.8%	45.4%
Total borrowings	¥64.5bn	¥69.2bn

Financial statements under COVID-19

	FY2018 actual	FY2019 actual
Rating	A-	A-
Ratio of interest-bearing liabilities to cash flow	2.2 years	2.2 year
Cash and cash equivalents (end of term)	23.4 billion	24.7 billion

Note: Rating is Long-term issuer rating. FY2018 is August 2018. FY2019 is August 2019.

Financial support under COVID-19

Short-term funds : About 100.0 billions yen borrowing facility including 30.0 billion commitment line.

Credit management : Low the risk of dead loan due to collect information thoroughly about our customers or suppliers.

We can support for credit needs in case of emergency while maintaining commitment line under COVID-19

Financial challenges

Challenges : insure long-term funds for growth of segments



Tasks : insure long-term loan for 4years / 5.0 billion yen from 2 main banks

Adopted in Toyota Motor's hybrid synergy drive system for first time



The new Harrier hybrid model

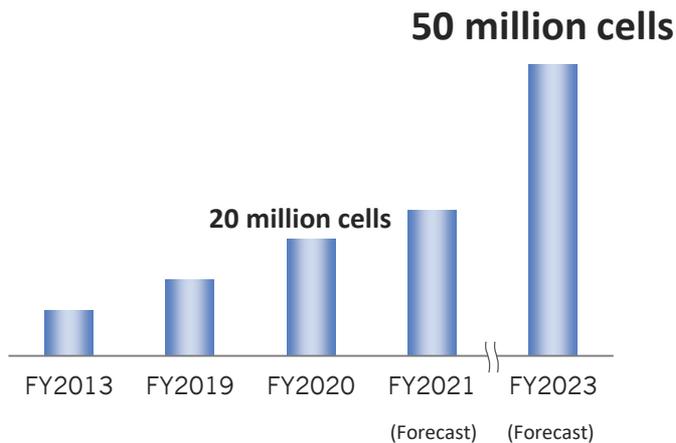


EHW4S cell and module

GS Yuasa's automotive lithium-ion batteries adopted in Toyota Motor's hybrid synergy drive system for first time

- Provided a steady supply of batteries installed in more than 1.2 million hybrids for Honda Motor.
- Advanced technological capabilities to meet customer's requests.

Reinforcement production capacity in Blue Energy



GS Yuasa's strategy

We enhance production capacity to meet with strong demand of hybrids for Japanese automobile manufactures despite of strict fuel regulation.

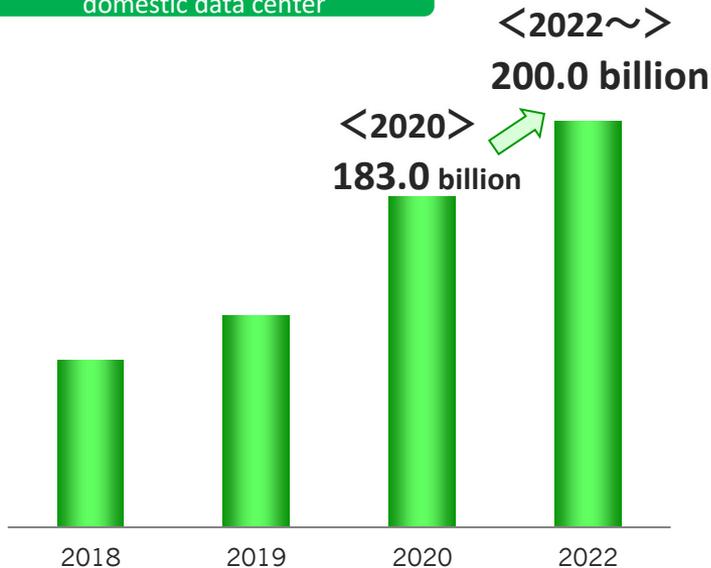
- Minimize risks due to reinforce production capacity for customer's needs.
- Advanced technological capabilities to meet customer's requests.

Demands and strategies of data center



Promote to disperse data centers concentrated in Kanto district and district after large disasters

Expectation of investment for domestic data center



Demand of data center has increased because of various effects

- Take measures of BCP (Business Continuity Plan) or DR (Disaster Recovery) due to frequent disasters
- Expand IT service due to AI • IoT • DX (Digital Transformation)
- Increase load of servers due to more opportunities of telework for work style reformation or more people using online shopping

GS Yuasa's strategy

- Supply industrial batteries and power supply systems steadily for underpin social infrastructure
- Various series of products can meet customer's needs
- Straight systems through product development to maintenance

*Source: "June 18, 2019 Announced domestic data center construction investment forecast" "July 7, 2020 Announced domestic data center construction investment forecast" by IDC Japan (includes some estimates)

FY2020 Financial Results Forecast

1. Premise of earnings forecast

Situations in each area

	Situations in each area
Japan	<ul style="list-style-type: none"> ➤ Production of new automobile manufactures has gradually recovered as same as we planned ➤ Production recovery of lithium-ion batteries for plug in hybrid vehicles delivered lithium-ion batteries has favorable sold
China	<ul style="list-style-type: none"> ➤ Sales of new automobile and motorcycle batteries have gradually recovered but sales of replacement automobile batteries and storage batteries for forklifts have recovered yet ➤ Sales of automobile batteries have recovered nearly to planned level ➤ Sales of storage batteries for forklifts have remained 90% from present plan
Southeast Asia	<ul style="list-style-type: none"> ➤ Despite sales of new automobile batteries and new motorcycle batteries have decreased in Indonesia or Thailand, the export to Europe has recovered in Indonesia ➤ Sales of storage batteries for forklifts in Thailand have remained 60% from present plan ➤ In Taiwan, sales of batteries have maintained good condition because of the minor impact of COVID-19
Europe	<ul style="list-style-type: none"> ➤ Sales of new automobile batteries maintained good condition and orders of industrial batteries from customers restarted ➤ Sales in each branch in Europe is favorable and exceed the plan value
North America	<ul style="list-style-type: none"> ➤ Sales of industrial batteries declined continuously ➤ Sales of automobile and motorcycle batteries have recovered as planned, sales of industrial batteries remained 80% from present plan
Australia	<ul style="list-style-type: none"> ➤ Customers concerned automobile batteries have inventories universally in case regulation about social activities will be relaxed gradually. So sales of replacement automobile batteries are favorable continuously

1. Premise of earnings forecast

GS Yuasa's assumption

- To the end of fiscal year, production and sales activities in each point will turn normal due to economic recovery

		Assumption of segments
Automotive Battery	Japan	<ul style="list-style-type: none"> ➤ Sales of new automobile batteries will decrease in the first semester, but recover same amounts as previous year ➤ Sales of replacement automobile batteries will increase mainly in high-value-added batteries for start-stop type vehicles
	Overseas	<ul style="list-style-type: none"> ➤ Sales will decrease drastically from previous year mainly in Indonesia and in Thailand ➤ Sales of new automobile and motorcycle batteries will decrease from previous year ➤ Sales of replacement automobile batteries will increase except in Indonesia
Industrial Battery and Power Supply		<ul style="list-style-type: none"> ➤ Sales of storage batteries for forklifts and industrial power supplies will decrease from previous year ➤ New business region will expand although the model of large wind power generation project in Hokkaido bring profit decline
Automotive Lithium-ion Battery		<ul style="list-style-type: none"> ➤ Sales of lithium-ion batteries for plug in hybrid vehicles to main customers will decrease ➤ Sales of lithium-ion batteries for HONDA will increase all year round due to the supply to new vehicles. In addition, the supply of lithium-ion batteries for TOYOTA will increase
Others		<ul style="list-style-type: none"> ➤ Sales of lithium-ion batteries for aircrafts will decrease ➤ Production of lithium-ion batteries for submarines will increase steadily and contribute to sales

2. Net Sales, Profits

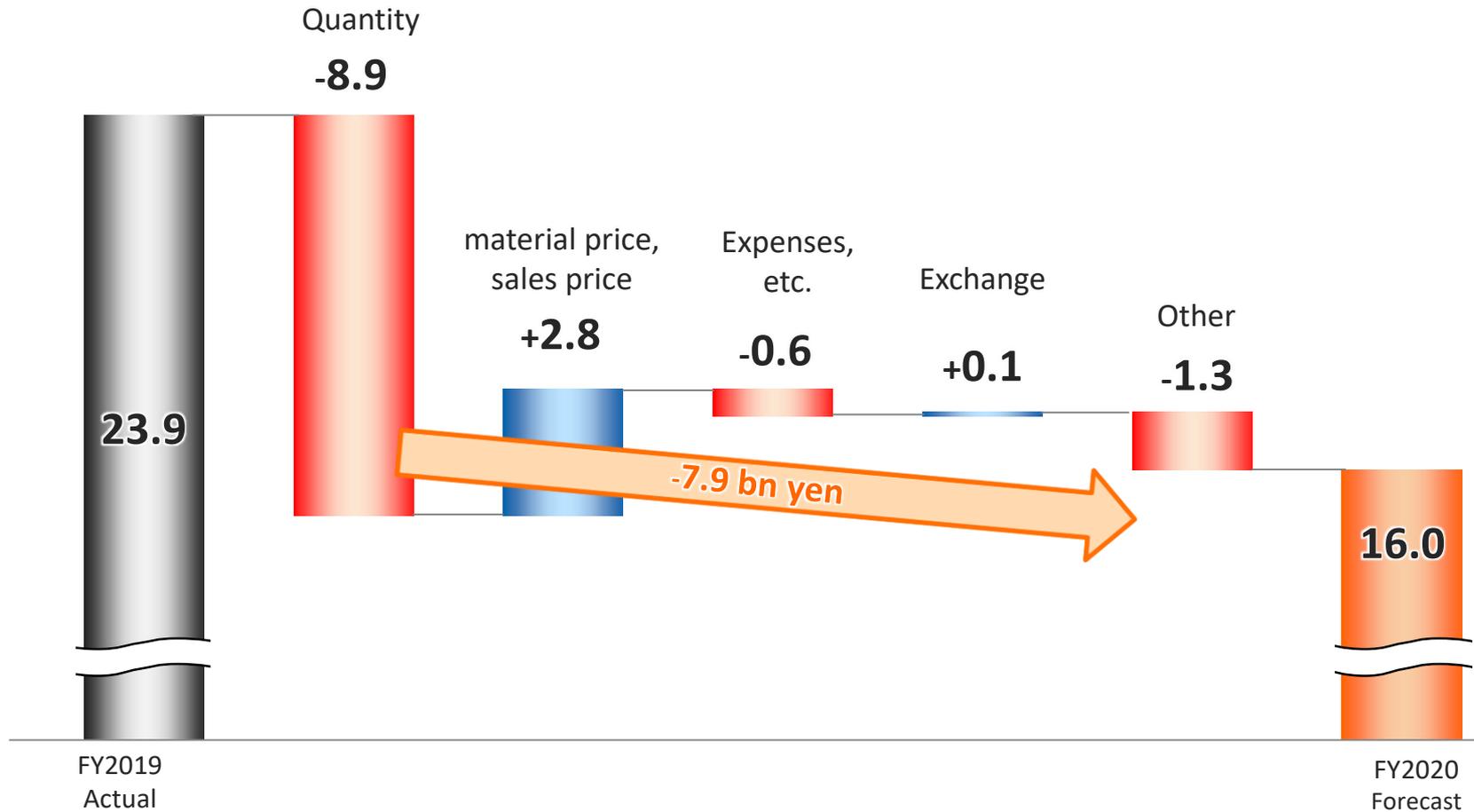
(Billion yen)

	FY2019 Actual		FY2020 Forecast		Change	
	1H	Full year	1H	Full year	1H	Full year
Net Sales	190.4	395.6	170.0	370.0	-20.4	-25.6
Operating income	7.5	21.7	2.0	14.0	-5.5	-7.7
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	8.7 4.6%	23.9 6.1%	3.0 1.8%	16.0 4.3%	-5.7 -2.8PP	-7.9 -1.8PP
Profit attributable to owners of parent	4.8	13.7	0.0	6.0	-4.8	-7.7
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	5.9 3.1%	15.9 4.0%	1.0 0.6%	8.0 2.2%	-4.9 -2.5PP	-7.9 -1.8PP
ROE (return on equity)	-	9.0%	-	-		
Dividend	15 yen/share	50 yen/share	0 yen/share (forecast)	35 yen/share (forecast)		
Purchase of treasury stock (amount planned for the next fiscal year)	-	1.5	-	-		
Total return ratio	-	34.9%	-	-		
Domestic lead price quote	¥276,200/t	¥275,600/t	1H ¥250,000/t / 2H ¥270,000/t			
LME	1,958US\$/t	1,950US\$/t	1H 1,750US\$/t / 2H 1,800US\$/t			
Exchange rate	¥108.67/US\$	¥108.96/US\$	¥105.0/US\$			

2. Net Sales, Profits

Factors for Operating Income Change (actual vs. plan)

(Billion yen)



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

3. Segment Results

(Billion yen)

		FY2019 Actual		FY2020 Forecast		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	88.1	7.0 (7.9)	82.0	6.0 (7.3)	-6.1	-1.0 (-0.6)
	Overseas	162.1	9.2 (5.7)	153.0	7.0 (4.6)	-9.1	-2.2 (-1.1)
Industrial Battery and Power Supply		84.6	9.2 (10.8)	84.0	6.0 (7.1)	-0.6	-3.2 (-3.7)
Automotive Lithium-ion Battery		42.3	-1.7 (-4.0)	33.0	-2.0 (-6.1)	-9.3	-0.3 (-2.1)
Others		18.5	0.3 (1.7)	18.0	-1.0 (-5.6)	-0.5	-1.3 (-7.3)
Total		395.6	23.9 (6.1)	370.0	16.0 (4.3)	-25.6	-7.9 (-1.8)

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

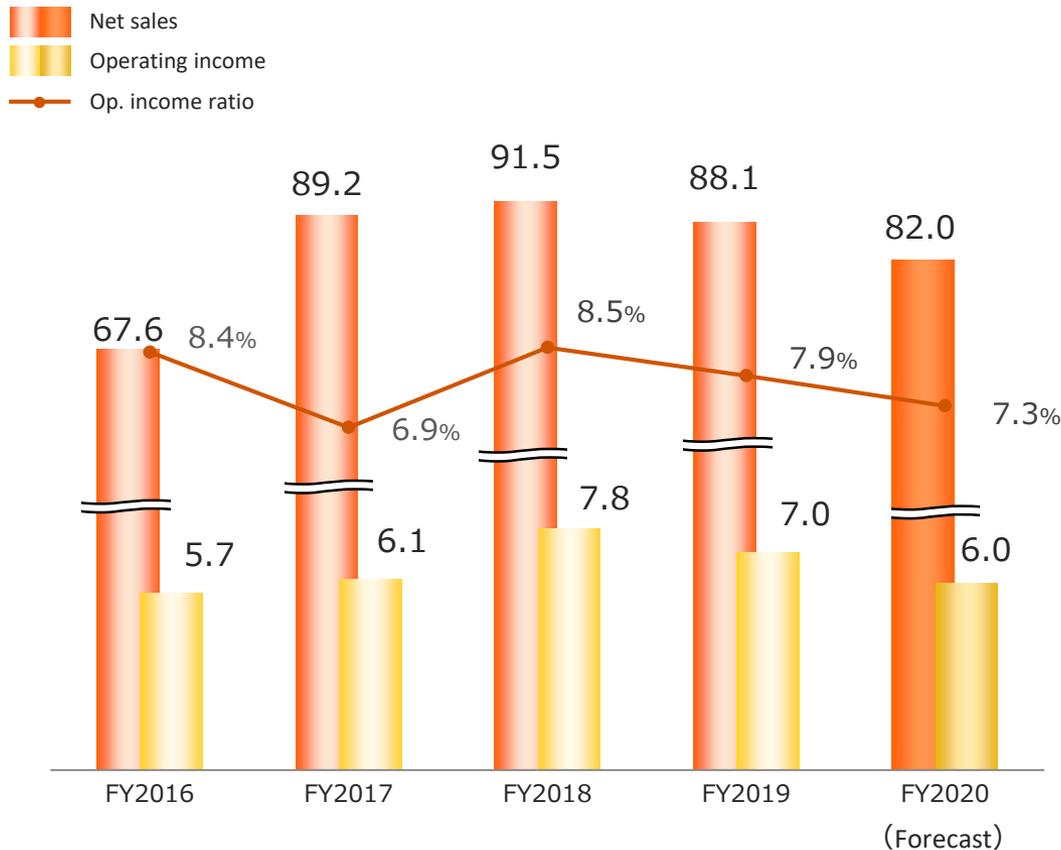
3. Segment Results (Automotive Battery (Japan))

Automotive Battery (Japan)

Sales and profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 Initiatives

- Expand domain of high value added products
- Formulate measures to build optimal production system, enhance productivity through leveraging AI and IoT

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

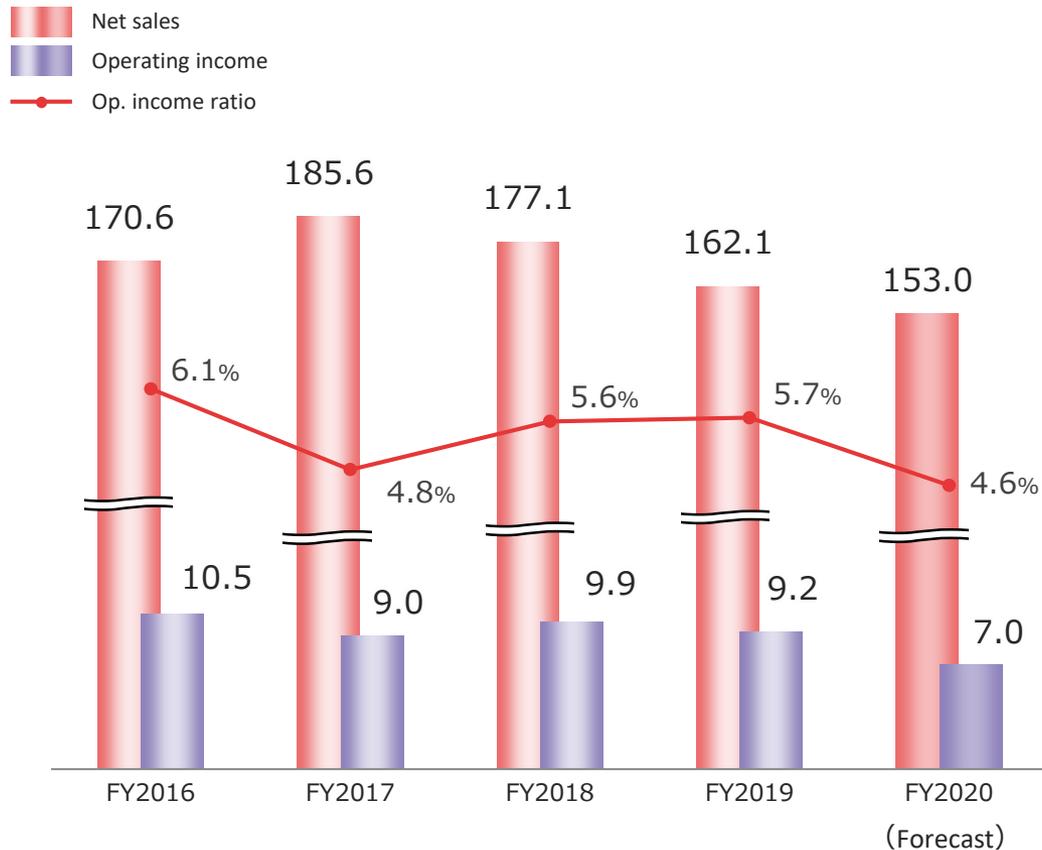
3. Segment Results (Automotive Battery (Overseas))

Automotive Battery (Overseas)

Sales and profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 Initiatives

- Build production systems and develop new products that meet customer needs in each market
- Promote business expansion in strategically important bases of Turkey, India, etc.
(Equity method affiliates in Turkey and India)

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.

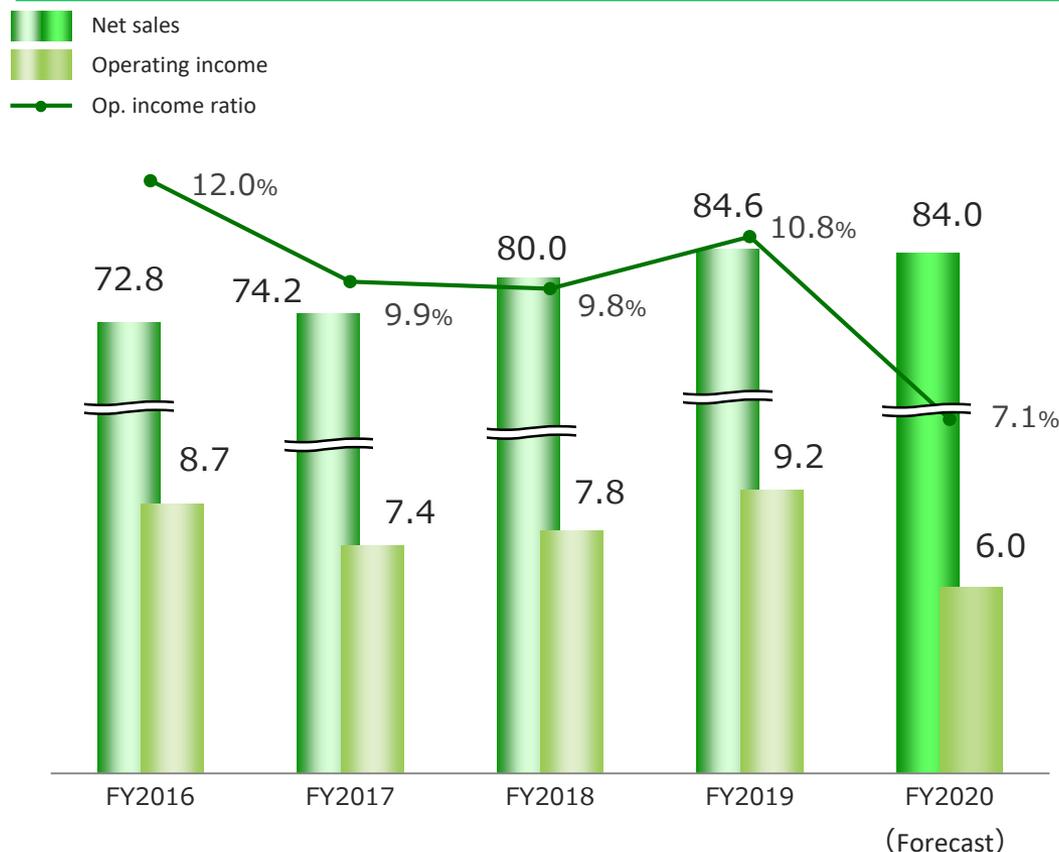
3. Segment Results (Industrial Battery and Power Supply)

Industrial Battery and Power Supply

Sales and profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 Initiatives

- Capture new demand outside of emergency-use, especially for industrial lithium-ion batteries, and enhance profitability
- Promote AI/IoT-based *Koto Zukuri* (service creation)
- Promote expansion strategy for overseas markets with low share or presence, and preparation of foundations in untapped regions

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.

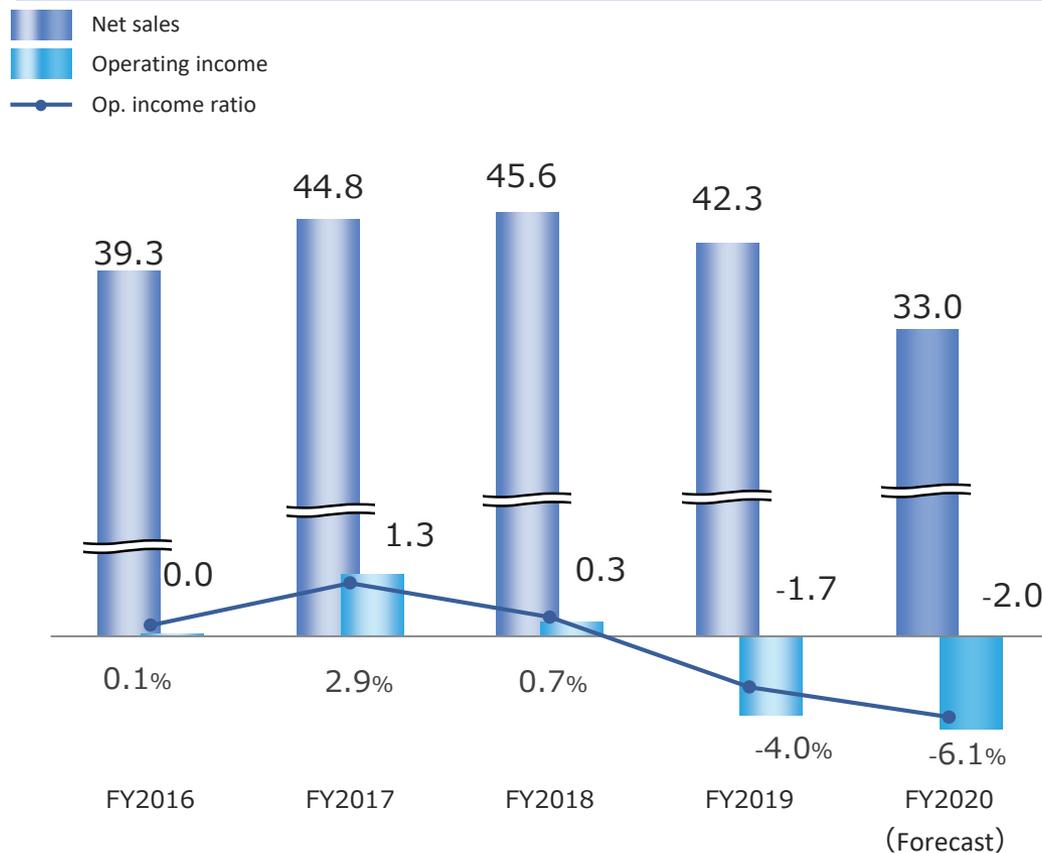
3. Segment Results (Automotive Lithium-ion Battery)

Automotive Lithium-ion Battery

Sales and profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 Initiatives

- Expand sales of lithium-ion batteries for hybrid electric vehicles (existing and new customers) and expand production capacity
- Commence mass production at the Hungary Plant, which launched operations in October 2019
- Stable supply of lithium-ion batteries to ESS market (large wind power project in Hokkaido, household-use post-feed-in tariff system (FIT) projects, etc.)

*ESS: Abbreviation of Energy Storage System

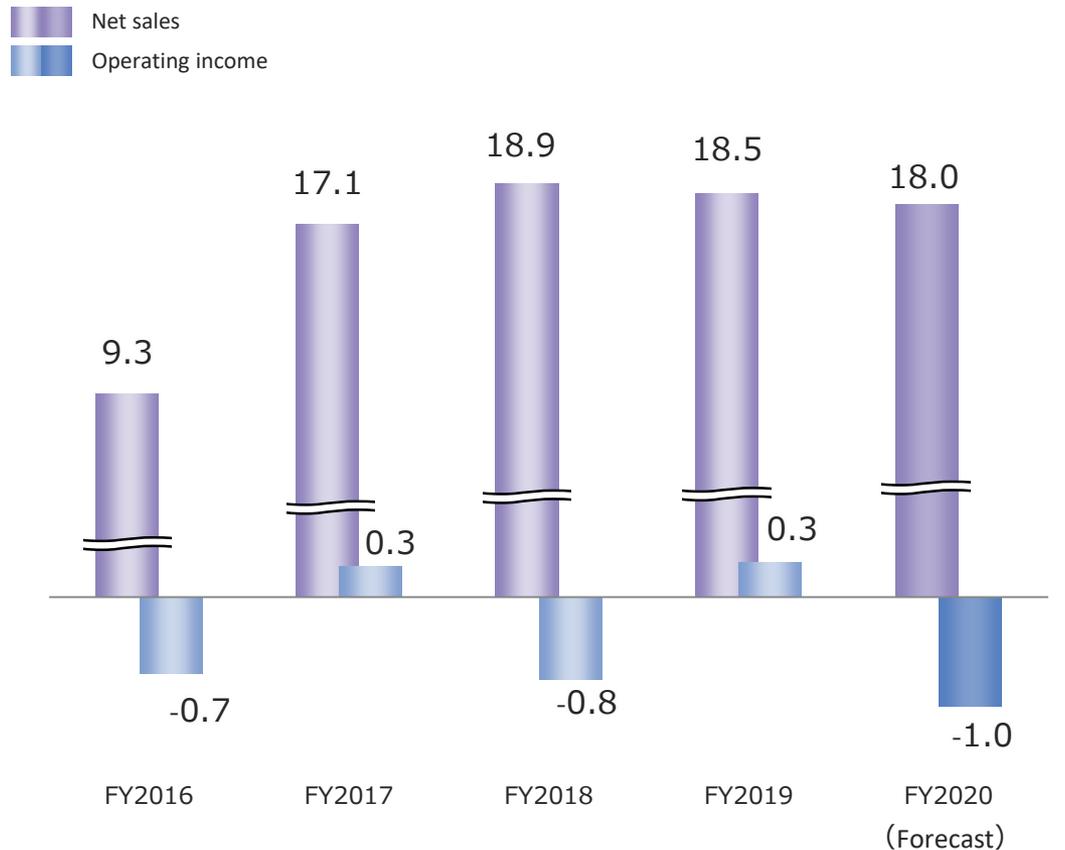
3. Segment Results (Others)

Others

Sales and profit declined

(Billion yen)

Net Sales, Operating income



FY2020 Initiatives

- Stable supply of lithium-ion batteries for submarines
- Expand sales of lithium-ion batteries for satellites and aircraft

4. Capital Investment, Depreciation, R&D Costs

(Billion yen)

		FY2019 Actual	FY2020 Forecast	Change
Capital Investment		18.2	22.0	+3.8
Automotive Battery	Japan	2.2	2.5	+0.3
	Overseas	5.5	6.0	+0.5
Industrial Battery and Power Supply		1.7	2.0	+0.3
Automotive Lithium-ion Battery		5.0	6.0	+1.0
Others		3.8	5.5	+1.7
Depreciation		16.0	17.0	+1.0
Automotive Lithium-ion Battery		3.2	4.0	+0.8
R&D Costs		9.5	11.0	+1.5
(Ratio of R&D expenses to net sales)		2.4%	3.0%	+0.6pp

5. Corporate Governance

Reinforce corporate governance

Basic way of thinking

To drive sustainable growth and enhance corporate value over the medium and long terms, we make every effort to strengthen and enrich corporate governance

Basic policy

1. Respect the rights for shareholders and keep equality
2. Consider profits of stakeholders and collaborate properly
3. Keep our management clearly due to disclose information of GS yuasa timely and properly
4. Accomplish role and responsibility for holding board of directors and auditor meetings properly
5. Do constructive communication with shareholders or investors to drive sustainable growth and enhance corporate value over the medium and long terms

Nomination and Compensation Committee

Established as an advisory body to the board of directors from February 2019

■ Nominating Committee

- Appointment plan for director candidates
- Appointment of representative director
- Successor plan (including training plan)

■ Compensation Committee

- Director compensation decision policy
- Individual compensation for directors

Discuss about contents and report to board of directors

Composition of Nomination and Compensation Committee (5 members in total)

- Chairman...Outside Director
- Members...2 outside directors, 2 representative directors

The majority of the directors are outside directors, and the chairperson is also an outside director, ensuring independence and objectivity and strengthening accountability

New election for female outside director

Appointed female outside director in June 2020

- Reinforce corporate governance due to elect outside directors more than one-third of all directors
- Keep diversity

Reconsideration of accounting auditors

Evaluate and reconsider of accounting auditors because of long-term audit by same corporation

- To audit from other point of view and various skills

Acquisition of Social Systems Business from Sanken Electric Co., Ltd.

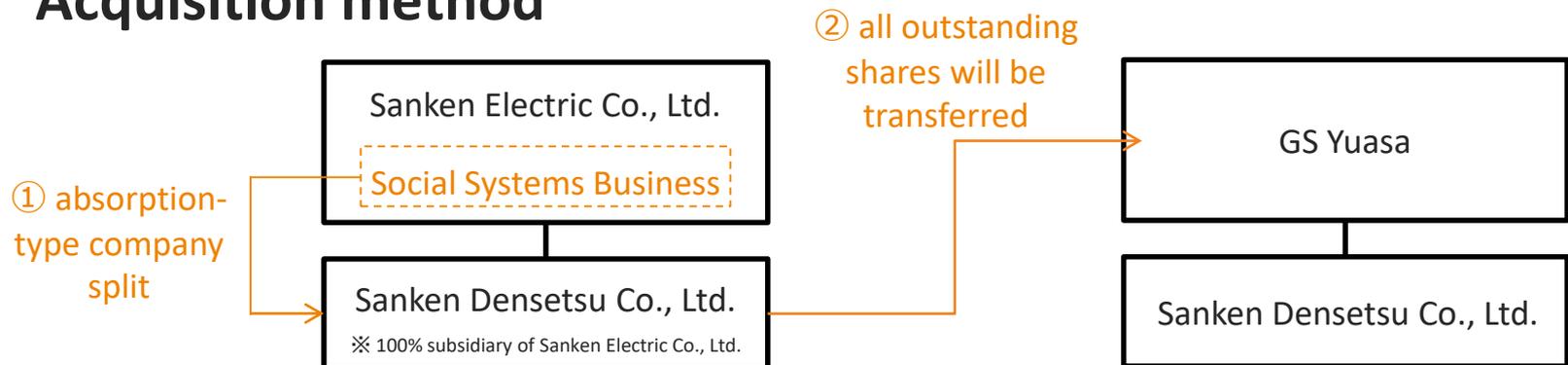
1. Overview of the Acquisition

➤ Target of the Acquisition

Social Systems Business of Sanken Electric Co., Ltd.

Summary of the Business	Development, manufacture, sale, maintenance, inspection, battery replacement, etc. of power supply equipment products and repair, delivery, installation and installation work planning, wiring work, on-site adjustments and testing, etc.
Net Sales (FY2019)	Approx. JPY 12.5 billion

➤ Acquisition method



➤ **Acquisition price** Approx. JPY4.8 billion

➤ **Schedule** August 4, 2020 Signed a share transfer agreement
 April 1, 2021 Effective Date of the Acquisition (Schedule)

2. Main products (Industrial batteries and power supply product)



Industrial Battery
and Power Supply



Industrial lead acid battery



Industrial lithium-ion battery・
ESS※1



Lightning
equipment



Battery monitoring
device



Lead acid battery for electric
vehicle



DC power supply



UPS



General-
purpose
UPS



CVCF※2 Inverter



(注)複合電源用
オプションとして



Power conditioner



Social Systems
Business



Flywheel



VVVF※3 Inverter



Aviation
obstruction light

※1 Energy Storage System

※2 Constant Voltage Constant Frequency

※3 Variable Voltage Variable Frequency

3. GS Yuasa's long-term policy and market environments

➤ Long-term policy and task of industrial batteries and power supplies business

Bring high valued products and service

- ✓ Development of new competitive products by cost reduction
- ✓ Offer high valued service using IoT from customer value prospective



Maintenance of profit base in present segments and enlargement in new markets are essential for sustainable growth

➤ Market conditions around industrial batteries and power supplies business

- ✓ New construction and expansion of datacenters due to spread IoT
- ✓ Expansion of demand of emergency power supplies by national resilience policy
- ✓ Intense competition due to aggressive participation of conflict companies and soon

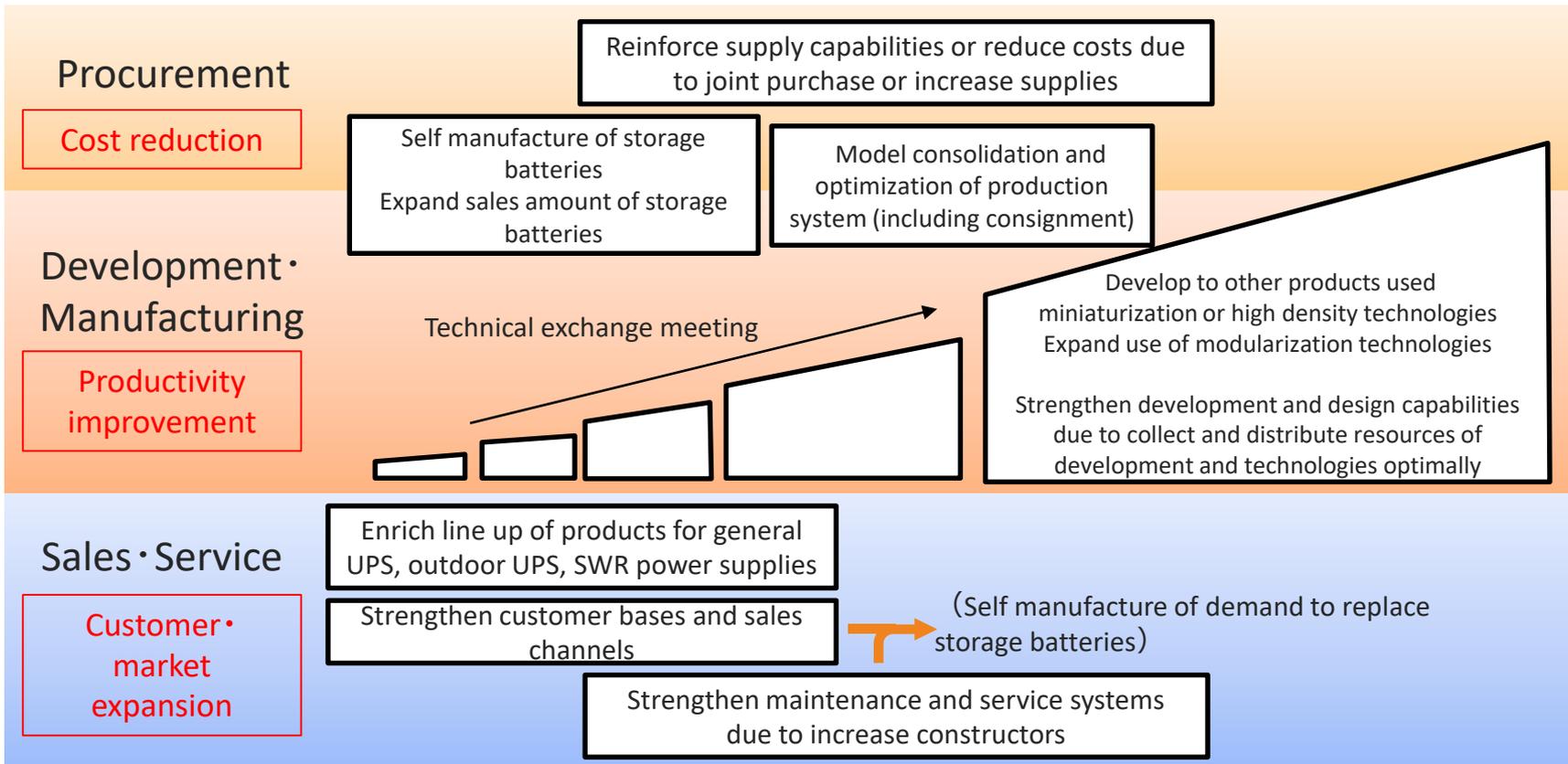
4. Purpose of the Acquisition



- ✓ To reinforce competitiveness through integration of the technological and developmental capabilities cultivated by both companies
- ✓ To augment the weaker areas of each company in existing business fields
- ✓ To strengthen operational frameworks in preparation for the emergence of new markets other than the backup power supply market

5. Expectation of synergy effect

Create various short-term and long-term synergies in the way of supply, development and production, sales and services



6. Profile of companies

Company name	GS Yuasa Corporation	Sanken Electric Co., Ltd.
Location	1, Inobanba-cho, Nishinosho, Kisshoin, Minami-ku, Kyoto Prefecture, Japan	3-6-3, Kitano, Niiza-shi, Saitama Prefecture, Japan
Name & title of representative	Osamu Muraio, President	Takashi Wada, Representative Director & President
Business description	GS Yuasa Corporation devises and coordinates management strategy for all companies in its Group to maximize their corporate value.	Development, manufacture, and sales of power supply equipment products, and electronic components for semiconductor devices etc.
Capital	JPY 33,021 million	JPY 20,896 million
Data of establishment	April 1, 2004	September 5, 1946
Issued common stock	82,714,942 shares	25,098,060 shares

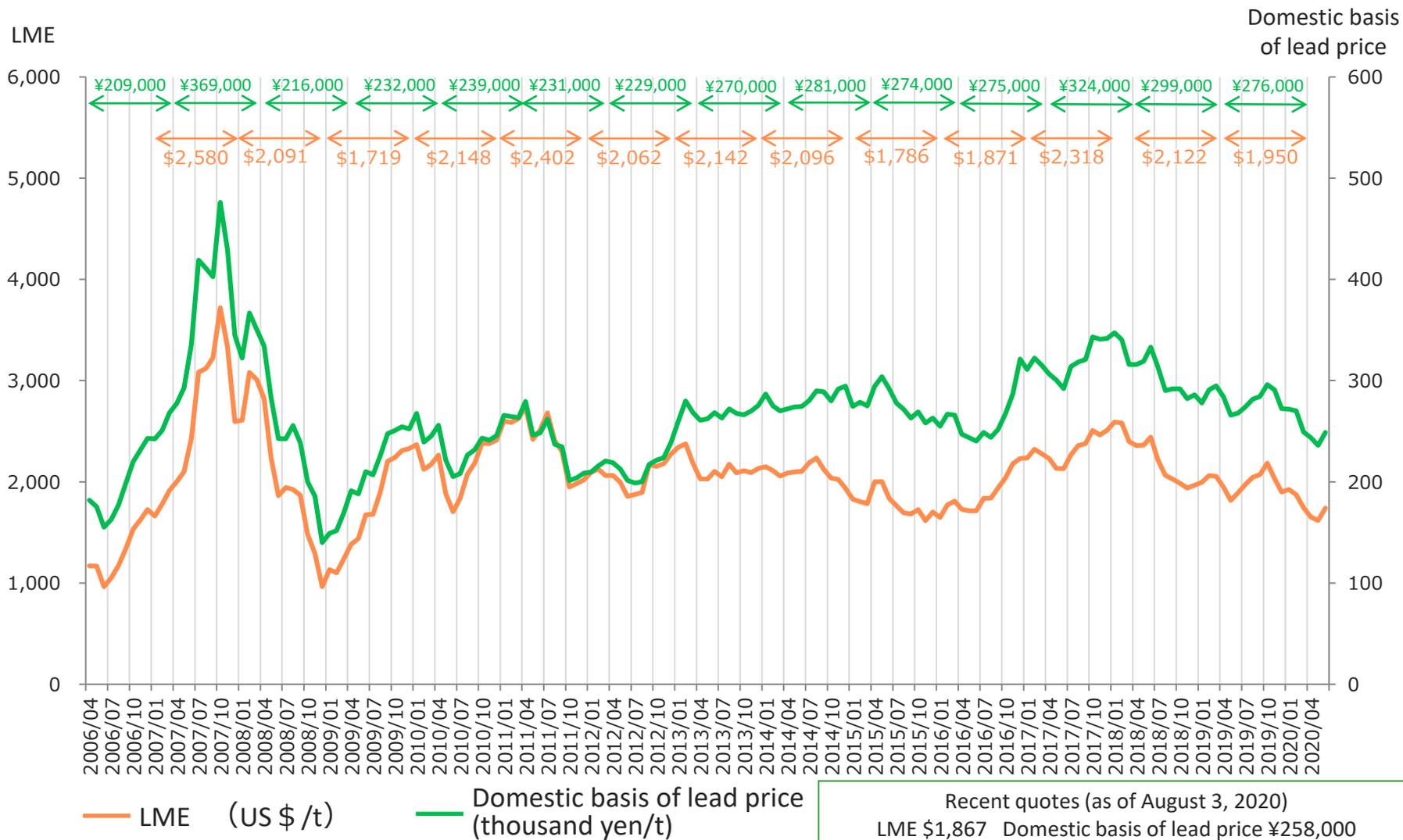
※ As of March 31, 2020

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.



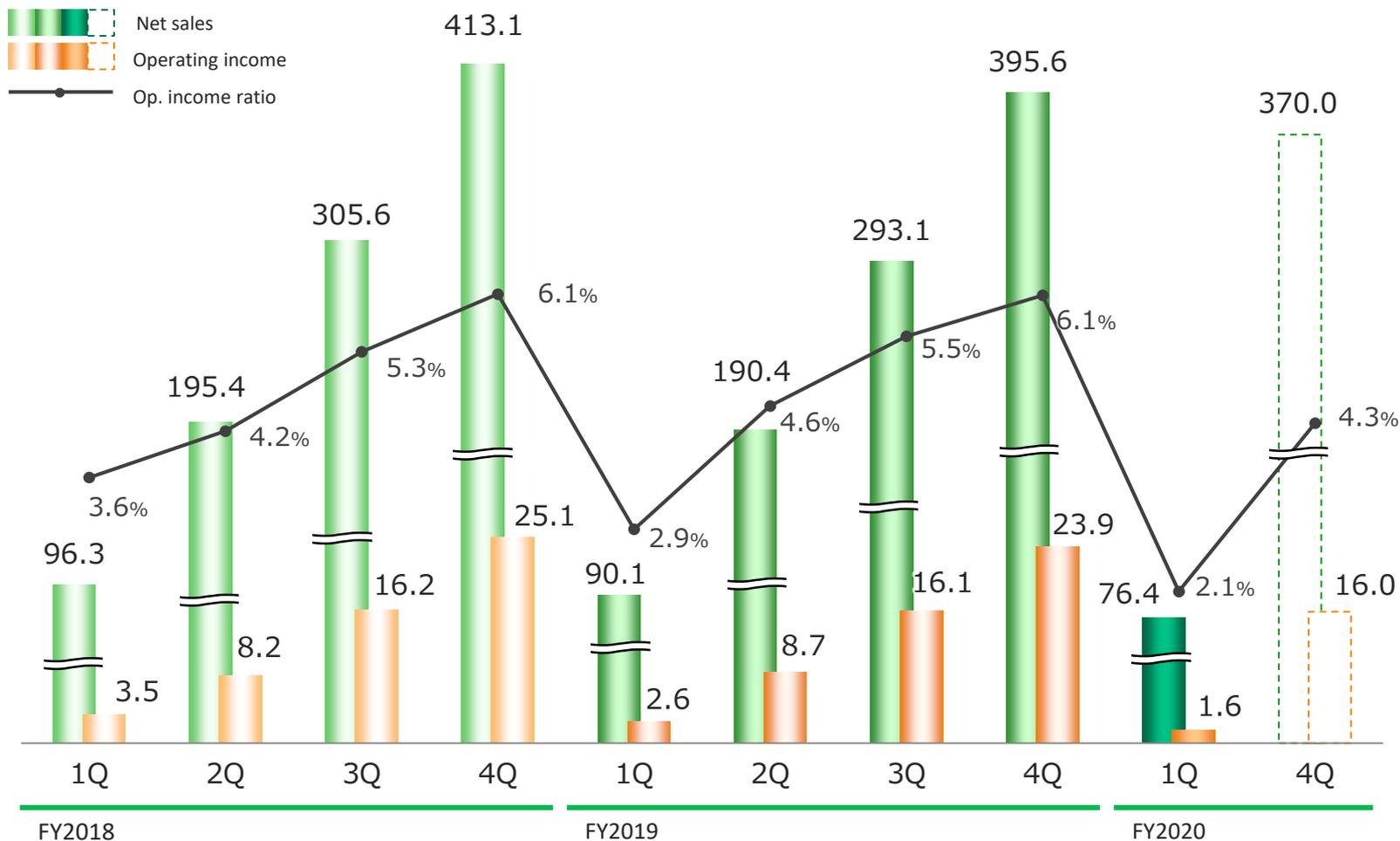
Reference

Raw Materials Prices



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.