

# Nine Months Ended December 31, 2020(FY2020) Result Briefing

February 4, 2021

GS Yuasa Corporation



Japanese garden and tea room in the main office

## Nine Months Ended December 31, 2020(FY2020) Results

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## **Nine Months Ended December 31, 2020(FY2020) Results**

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- Looking at the global economy, the business condition was further aggravated because of COVID-19. Economic activity has restarted gradually and seems to be recovered, however, during the winter, more and more people have been infected and the global condition has continued uncertain situation.
- Group sales decreased mainly due to lower sales of new automobile lead-acid batteries both in Japan and overseas, and lithium-ion batteries for plug-in hybrid vehicles.
- Despite factors of profit decline by decrease of group sales, operating income remained unchanged from the previous year due to the steady sales of replacement batteries for automobiles in Japan and overseas.
- Ordinary income increased due to improvement of non-operating balance such as foreign exchange profit or decrease of interest expense. In contrast, profit attributable to owners of parent before amortization of goodwill decreased due to loss on impairment of consolidated subsidiary.

## 2. Net Sales, Profits (Apr-Dec **Nine Months**)



	FY2019 Apr-Dec (Nine Months)	FY2020 Apr-Dec (Nine Months)	Change	(Billion yen) (YoY%)
Net Sales	293.1	278.0	-15.1	(-5.1%)
Operating income (Operating income ratio)	14.4 4.9%	14.4 5.2%	-0.0 +0.3P	(-0.3%)
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	16.1 5.5%	16.1 5.8%	-0.0 +0.3P	
Ordinary income	15.9	16.6	+0.7	(+4.4%)
Extraordinary income	2.3	0.5	-1.8	
Extraordinary loss	2.0	3.6	+1.6	
Profit before income taxes	16.2	13.5	-2.7	
Income taxes	5.0	6.3	+1.3	
Profit attributable to non-controlling interests	2.0	1.6	-0.4	
Profit attributable to owners of parent (Net profit ratio)	9.2 3.1%	5.7 2.0%	-3.5 -1.1P	(-38.4%)
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	10.9 3.7%	7.3 2.6%	-3.6 -1.1P	
Domestic lead price quote	¥279,600/t	¥256,100/t	-23,500/t	
LME	1,985US\$/t	1,816US\$/t	-169US\$/t	
Exchange rate	¥108.90/US\$	¥105.54/US\$	-¥3.36/US\$	

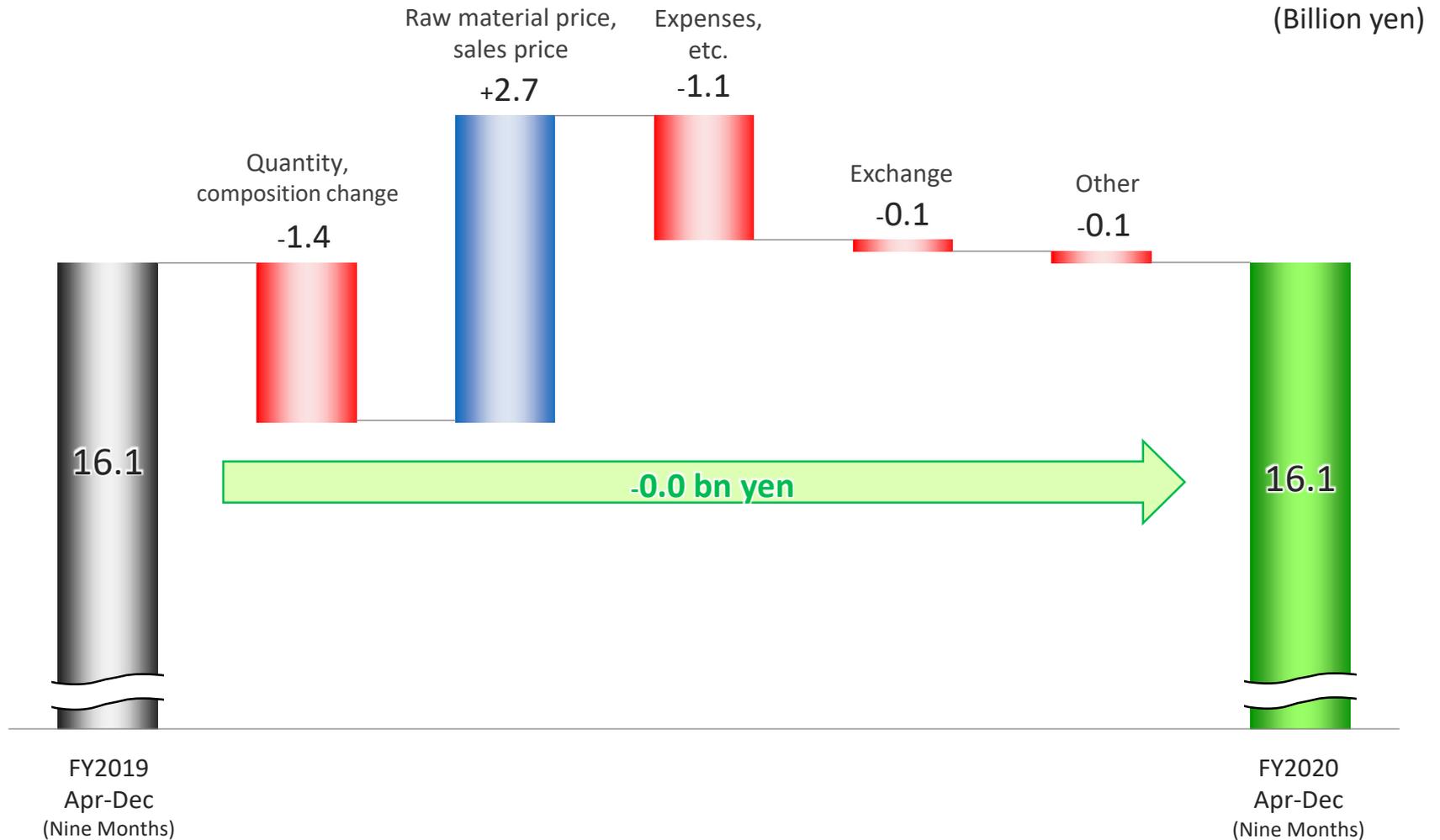
## 2. Net Sales, Profits (Oct-Dec **Three Months** )



	FY2019 Oct-Dec (Three Months)	FY2020 Oct-Dec (Three Months)	Change	(Billion yen) (YoY%)
Net Sales	102.7	105.7	+3.0	(+2.9%)
Operating income (Operating income ratio)	6.9 6.7%	9.1 8.6%	+2.2 +1.9P	(+32.3%)
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	7.4 7.2%	9.7 9.1%	+2.3 +1.9P	
Ordinary income	7.5	10.1	+2.6	(+35.0%)
Extraordinary income	0.0	0.4	+0.4	
Extraordinary loss	0.2	0.5	+0.3	
Profit before income taxes	7.3	10.1	+2.8	
Income taxes	2.2	3.0	+0.8	
Profit attributable to non-controlling interests	0.7	1.5	+0.8	
Profit attributable to owners of parent (Net profit ratio)	4.4 4.3%	5.5 5.2%	+1.1 +0.9P	(+25.2%)
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	5.0 4.9%	6.0 5.7%	+1.0 +0.8P	
Domestic lead price quote	¥286,400/t	¥262,400/t	-24,000/t	
LME	2,038US\$/t	1,903US\$/t	-135US\$/t	
Exchange rate	¥109.37/US\$	¥104.00/US\$	-¥5.37/US\$	

## 2. Net Sales, Profits (Apr-Dec **Nine Months**)

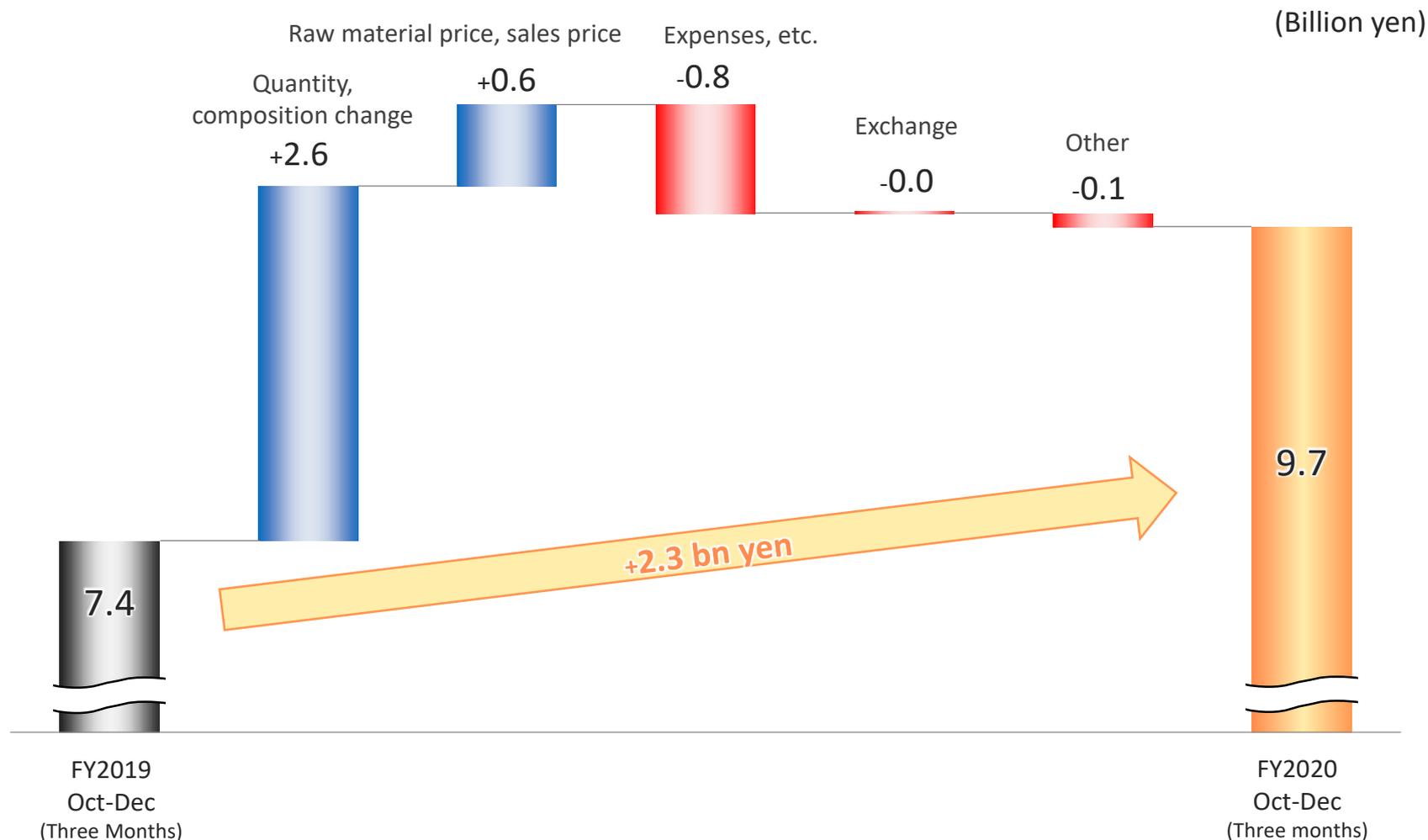
### Factors for Operating Income Change ( **year-on-year** comparison)



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

## 2. Net Sales, Profits (Oct-Dec Three Months )

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



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

### 3. Segment Results (Apr-Dec **Nine Months** )

(Billion yen)

		FY2019 Apr-Dec (Nine Months)		FY2020 Apr-Dec (Nine Months)		Change	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: pp)
Automotive Batteries	Japan	65.3	4.8 (7.4)	61.0	6.4 (10.5)	-4.3	+1.6 (+3.1)
	Overseas	124.9	7.3 (5.8)	121.3	8.7 (7.2)	-3.6	+1.4 (+1.4)
Industrial Batteries and Power Supplies		58.4	4.9 (8.4)	58.2	2.1 (3.7)	-0.2	-2.8 (-4.7)
Automotive Lithium-ion Batteries		30.8	-1.3 (-4.1)	24.4	-1.4 (-5.8)	-6.4	-0.1 (-1.7)
Others		13.7	0.3 (2.4)	13.1	0.3 (2.1)	-0.6	-0.0 (-0.3)
Total		293.1	16.1 (5.5)	278.0	16.1 (5.8)	-15.1	-0.0 (+0.3)

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 (Oct-Dec **Three Months** )



(Billion yen)

		FY2019 Oct-Dec (Three Months)		FY2020 Oct-Dec (Three Months)		Change	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: pp)
Automotive Batteries	Japan	24.4	2.8 (11.3)	25.1	3.7 (14.9)	+0.7	+0.9 (+3.6)
	Overseas	43.1	2.4 (5.5)	43.2	3.3 (7.7)	+0.1	+0.9 (+2.2)
Industrial Batteries and Power Supplies		20.8	2.6 (12.5)	22.7	2.0 (8.7)	+1.9	-0.6 (-3.8)
Automotive Lithium-ion Batteries		9.4	-0.5 (-5.6)	10.3	0.4 (4.4)	+0.9	+0.9 (+10.0)
Others		4.9	0.2 (5.0)	4.5	0.1 (3.3)	-0.4	-0.1 (-1.7)
Total		102.7	7.4 (7.2)	105.7	9.7 (9.1)	+3.0	+2.3 (+1.9)

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

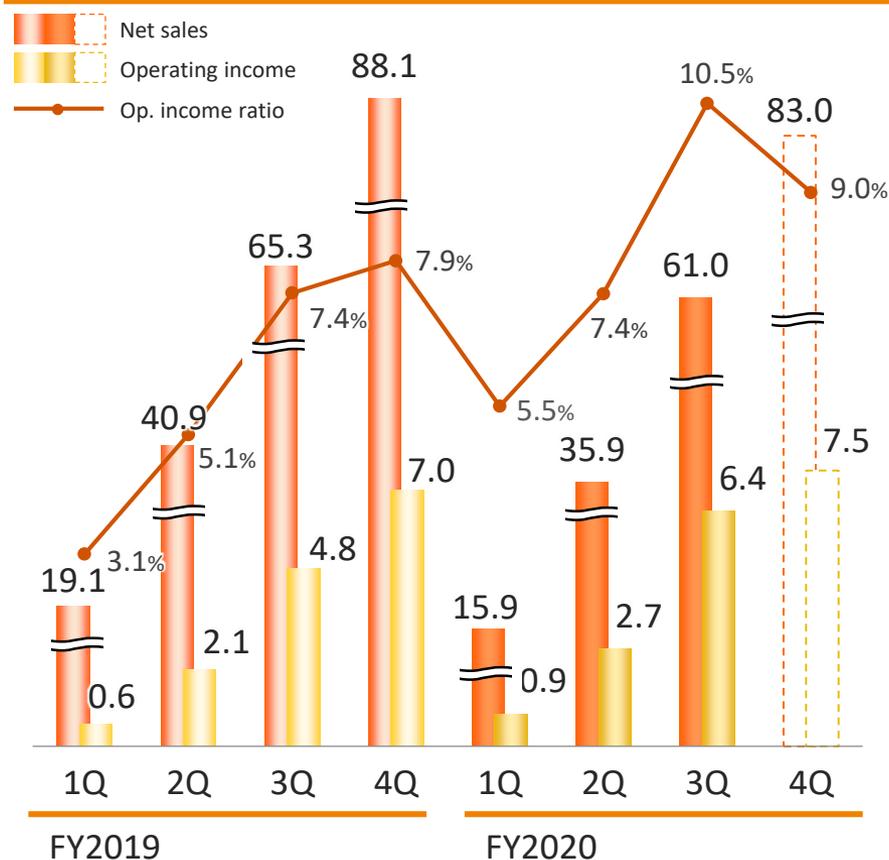
# 3. Segment Results (Automotive Batteries (Japan))

## Automotive Batteries (Japan)

Sales declined,  
profit increased

(Billion yen)

### Net Sales, Operating income, Op. income ratio



### FY2020 3Q Sales Overview

- Sales of batteries for new automobiles decreased especially because amount of car production has decreased drastically in 1<sup>st</sup> quarter due to the impact of COVID-19
- Sales of replacement batteries increased due to the impact of cold weather in addition to the factor of steady sales from the 1<sup>st</sup> half
- Both sales of batteries for new automobiles and replacements increased in 3<sup>rd</sup> quarter (Oct-Dec), reflecting the decrease of sales due to the consumption tax hike in the year-before period

### Main Profit Change Factors

Quantity, composition change	+0.4
Lead prices, sales prices	+1.0
Streamlining, expenses, etc.	+0.2

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

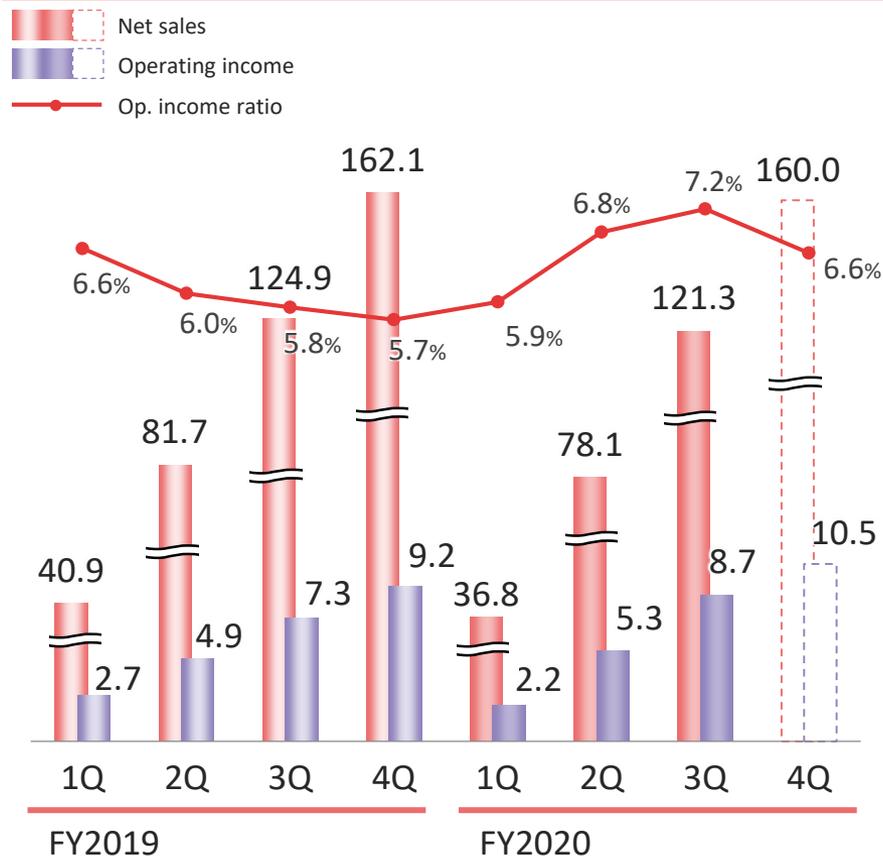
# 3. Segment Results (Automotive Batteries (Overseas))

## Automotive Batteries (Overseas)

Sales declined,  
profit increased

(Billion yen)

### Net Sales, Operating income, Op. income ratio



### FY2020 3Q Sales Overview

- In ASEAN, the biggest market for GS Yuasa, sales of batteries for automobiles and motorcycles especially decreased in Indonesia and Thailand. In Vietnam, sales of batteries for automobiles and motorcycles increased exceptionally
- Sales of new automobiles and replacement batteries increased in China due to quick recovery from COVID-19
- Sales of replacement batteries for automobiles mainly increased in Europe and Australia because of less impact by COVID-19 to our business

### Main Profit Change Factors

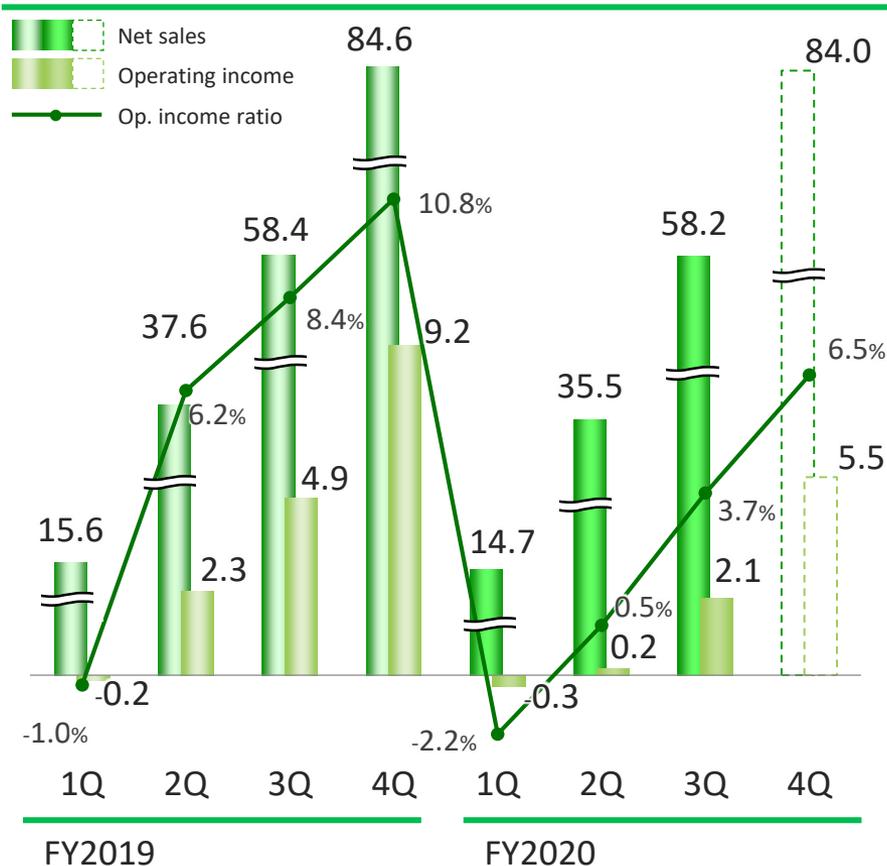
Quantity, composition change	+0.6
Lead prices, sales prices	+1.1
Streamlining, expenses, etc.	-0.2
Exchange	-0.1

## Industrial Batteries and Power Supplies

**Sales and profit declined**

(Billion yen)

### Net Sales, Operating income, Op. income ratio



### FY2020 3Q Sales Overview

- Although sales increased in Japan by the factor that supply for large wind power generation project has started, sales of batteries and power supply systems for backup for communication business, railway companies and private demands decreased
- Sales of lead-acid batteries for forklifts in Japan increased reflecting the impact of typhoon in the year-before period
- In China and Thailand, sales of lead-acid batteries for forklifts decreased. In addition, sales of lead-acid batteries for backup decreased in North America

### Main Profit Change Factors

Quantity, composition change	-3.2
Lead prices, sales prices	+0.3
Streamlining, expenses, etc.	+0.1

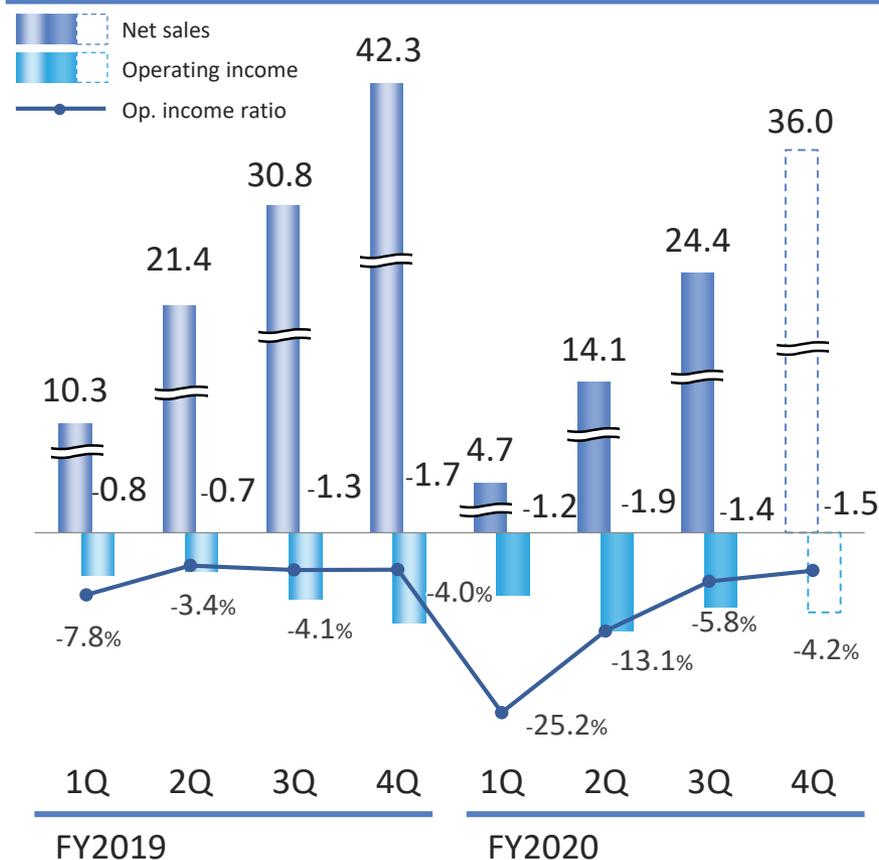
# 3. Segment Results (Automotive Lithium-ion Batteries)

**Sales and profit declined**

(Billion yen)

## Automotive Lithium-ion Batteries

### Net Sales, Operating income, Op. income ratio



### FY2020 3Q Sales Overview

- **[Lithium Energy Japan]**  
Even though supply of the battery for new model of plug-in hybrid electric vehicle(PHEV) has started, due to the impact of COVID-19, production volume of main customers drastically decreased therefore sales of lithium-ion batteries for PHEVs decreased
- **[Blue Energy]**  
Sales of batteries for Honda Motor Co., Ltd. increased due to supply for new vehicle model from the end of 1<sup>st</sup> quarter. In addition, supply for Toyota Motor Co., Ltd. has started from 2<sup>nd</sup> quarter and sales remained strong
- **[GS Yuasa Hungary]**  
From November 2020, mass production has already started and supply will increase gradually

### Main Profit Change Factors

- Profit of BEC increased due to increase of sales
- Profit of LEJ declined from difference in operating rate due to decrease of sales volume

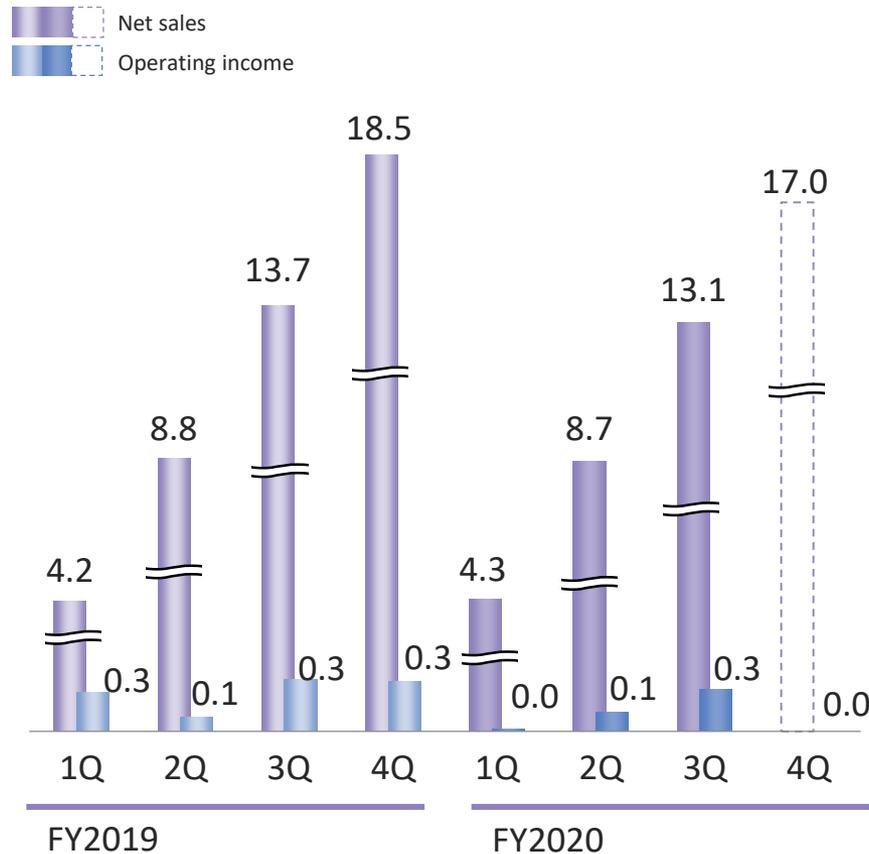
# 3. Segment Results (Others)

## Others

Sales and profit declined

(Billion yen)

### Net Sales, Operating income



### FY2020 3Q Sales Overview

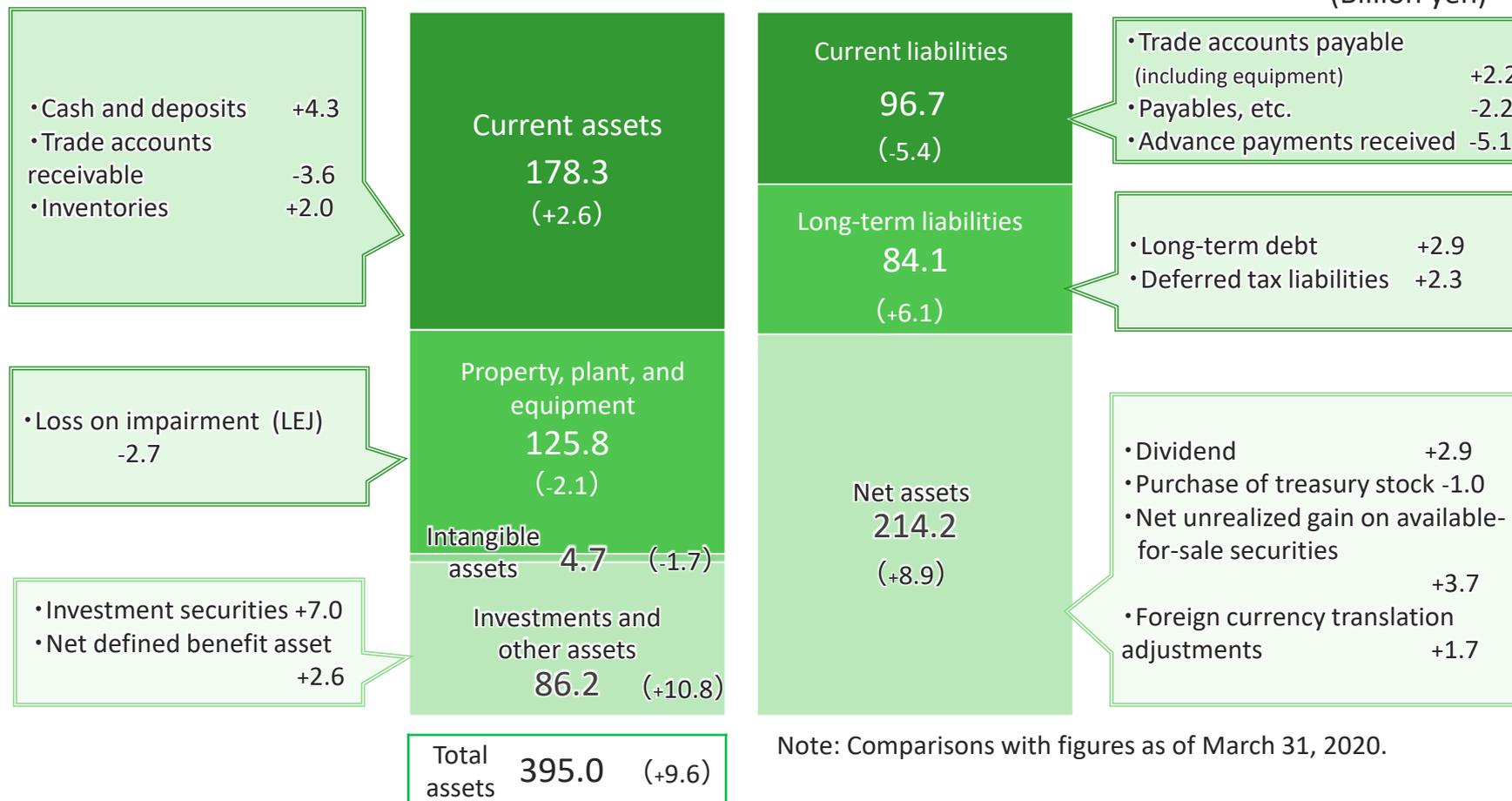
- Production of lithium-ion batteries for submarines progressed smoothly
- Sales of lithium-ion batteries for aircrafts decreased due to the impact of COVID-19

### Main Profit Change Factors

Change of corporate expenses

# 4. Balance Sheet

(Billion yen)



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

	3/31/2020	12/31/2020
Equity ratio	45.8%	46.7%
Total borrowings	¥64.5bn	¥68.6bn

# 5. Revision to Consolidated Results Forecast



	FY2019 Actual	FY2020 Forecast in November (A)	FY2020 Revised forecast (B)	(Billion yen) Change ( (B) – (A) )
Net sales	395.6	380.0	380.0	±0.0
Operating income (Operating income ratio)	21.7 5.5%	16.0 4.2%	20.0 5.3%	+4.0 +1.1P
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	23.9 6.1%	18.0 4.7%	22.0 5.8%	+4.0 +1.1P
Ordinary income	23.1	17.0	22.0	+5.0
Profit attributable to owners of parent (Net profit ratio)	13.7 3.5%	7.0 1.8%	9.0 2.4%	+2.0 +0.6P
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	15.9 4.0%	9.0 2.4%	11.0 2.9%	+2.0 +0.5P
Dividend per share	¥50	¥35	¥40	+5
Dividend payout ratio (Profit before amortization of goodwill)	29.7%	31.4%	29.3%	-2.1P
Purchase of treasury stock (amount planned the next fiscal year)	15	-	-	-

## Reason for revision

- Deferred net sales considering that although sales of automotive replacement batteries in Japan and overseas remained strong, sales of batteries and power supply systems for backup or specialized batteries decreased due to the impact of COVID-19
- Revised operating income to 4.0 billion yen over because in addition to recovery of sales of automotive replacement batteries and impact of fall in lead prices by 3<sup>rd</sup> quarter, productivity of HEVs improved and corporate expenses decreased

# 5. Revision to Consolidated Results Forecast

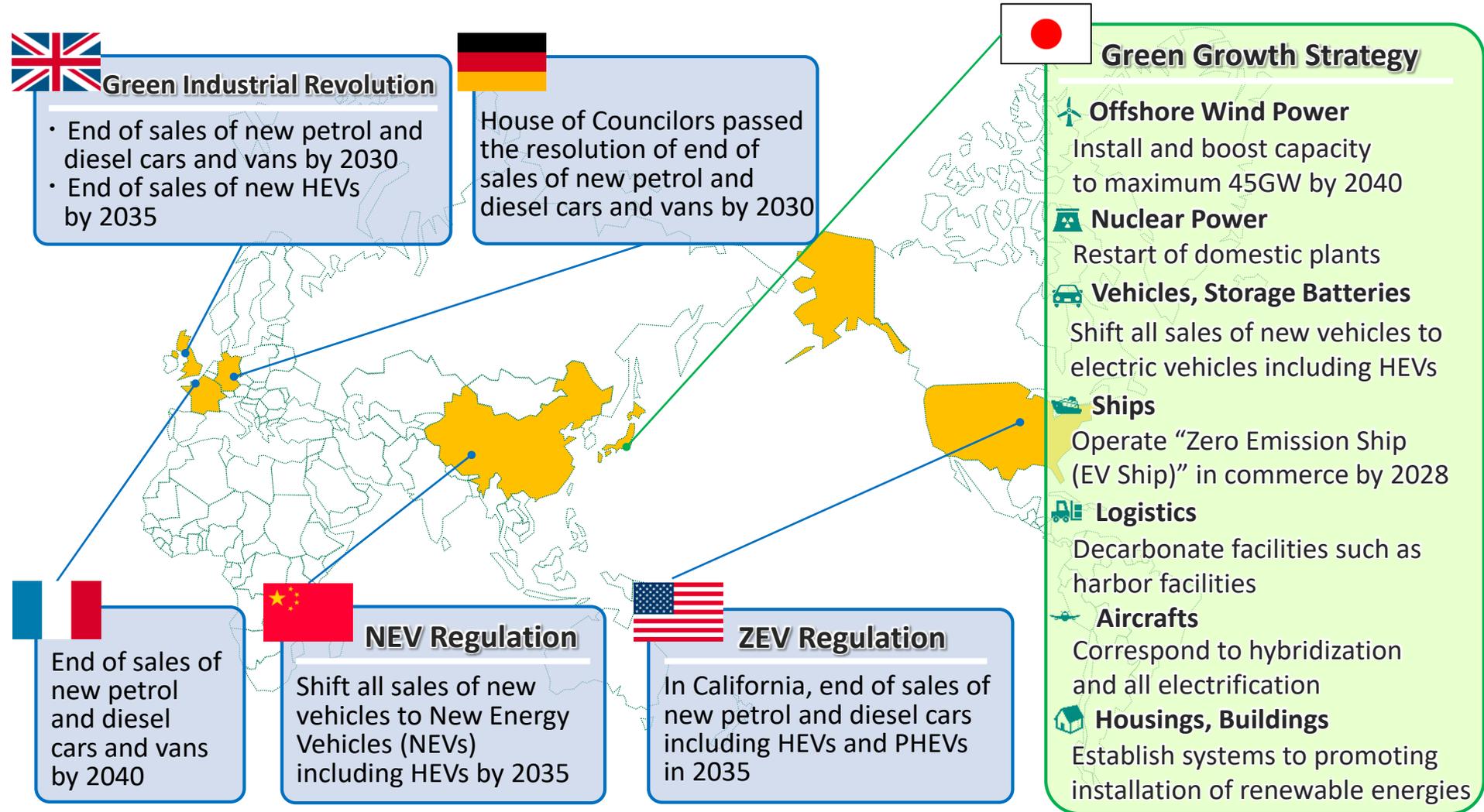


(Billion yen)

		FY2019 Actual		FY2020 Forecast in November (A)		FY2020 Revised Forecast (B)		Charge ( (B) – (A) )	
		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: pp)
Automotive Batteries	Japan	88.1	7.0 (7.9)	82.0	6.5 (7.9)	83.0	7.5 (9.0)	+1.0	+1.0 (+1.1)
	Overseas	162.1	9.2 (5.7)	158.0	8.5 (5.4)	160.0	10.5 (6.6)	+2.0	+2.0 (+1.2)
Industrial Batteries and Power Supplies		84.6	9.2 (10.8)	86.0	6.0 (7.0)	84.0	5.5 (6.5)	-2.0	-0.5 (-0.5)
Automotive Lithium- ion Batteries		42.3	-1.7 (-4.0)	36.0	-2.0 (-5.6)	36.0	-1.5 (-4.2)	-	+0.5 (+1.4)
Others		18.5	0.3 (1.7)	18.0	-1.0 (-5.6)	17.0	0.0 (-)	-1.0	+1.0 (+5.6)
Total		395.6	23.9 (6.1)	380.0	18.0 (4.7)	380.0	22.0 (5.8)	±0.0	+4.0 (+1.1)

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

## Actions toward decarbonized society by countries



# 6. Topics

## GS Yuasa's contribution and strategy in Green Growth Strategy , Percentage of environmentally considered products

### Contribution

- 
**Offshore Wind Power**  
 (Lithium)
 

Lithium-ion batteries contribute to output variation relaxation systems of renewable energies
- 
**Nuclear Power**  
 (Lead, Power Supplies)
 

Lead-acid batteries and power supply systems contribute to backup power supplies of nuclear power plants
- 
**Vehicles, Storage Batteries**  
 (Lithium, Lead)
 

Automotive batteries such as lithium-ion batteries for HEVs contribute to spread of eco-friendly cars
- 
**Ships**  
 (Lithium)
 

Installed in Japan's first fully battery-powered vessel
- 
**Logistics**  
 (Lithium)
 

Lithium-ion batteries contribute to electrification of port AGVs or gantry cranes carrying containers
- 
**Aircrafts**  
 (Next-generation batteries)
 

Participate in project of next-generation aircraft for practical application by NEDO and start developing light weight storage batteries
- 
**Housings, Buildings**  
 (Lithium, Power Supplies)
 

Lithium-ion batteries and power supply systems contribute to self-consumption of solar power electricity

### Strategy

- 
**Automotive Batteries**
  - Build Blue Energy's No.2 plant and boost production capacity to correspond to high demand of HEVs
- 
**Industrial Batteries**
  - GS Yuasa own Lithium Energy Japan's No.2 plant and utilize to production of lithium-ion batteries except for automobiles
- 
**Next-Generation Batteries**
  - Promote research and develop next-generation lithium-ion batteries



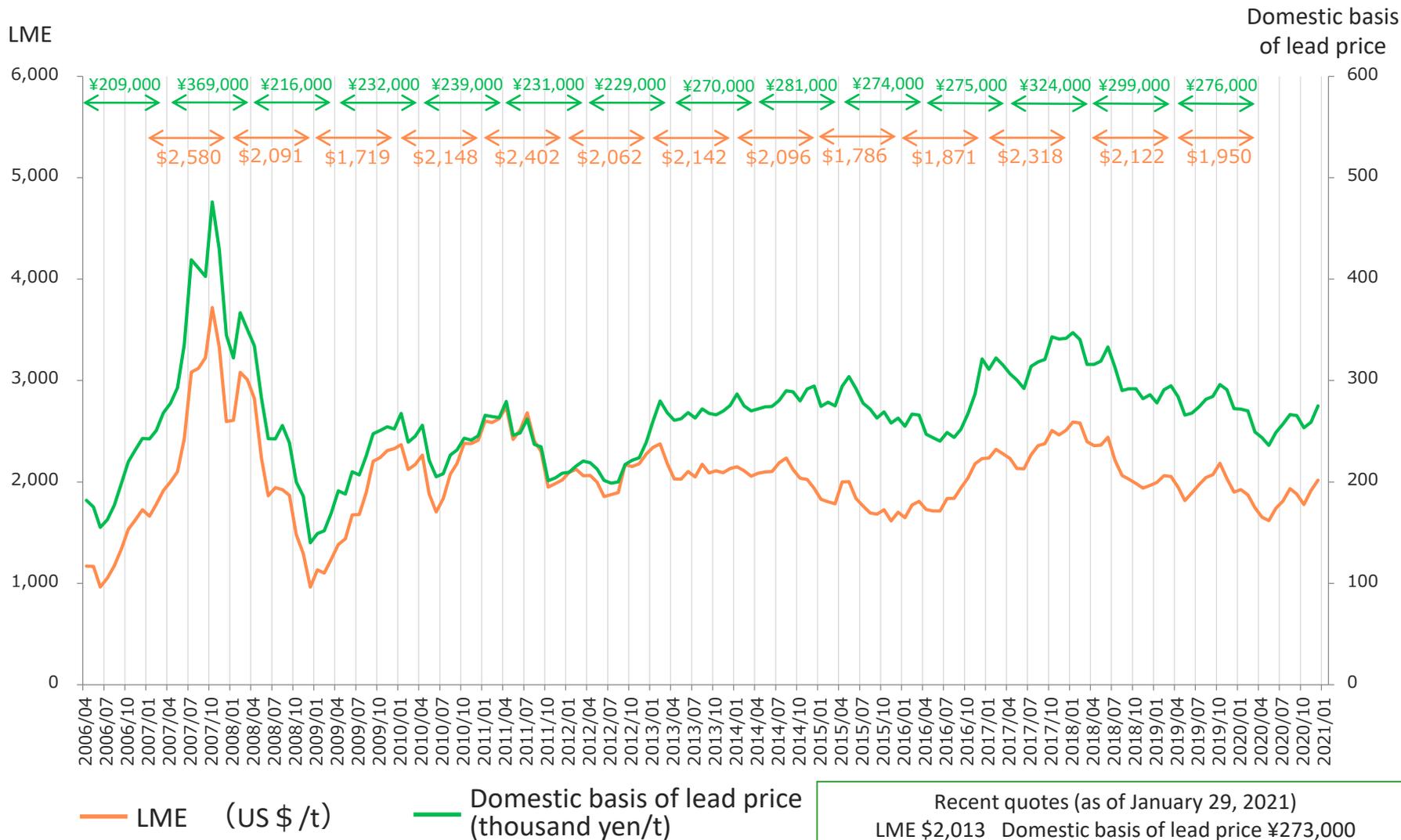
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## Reference

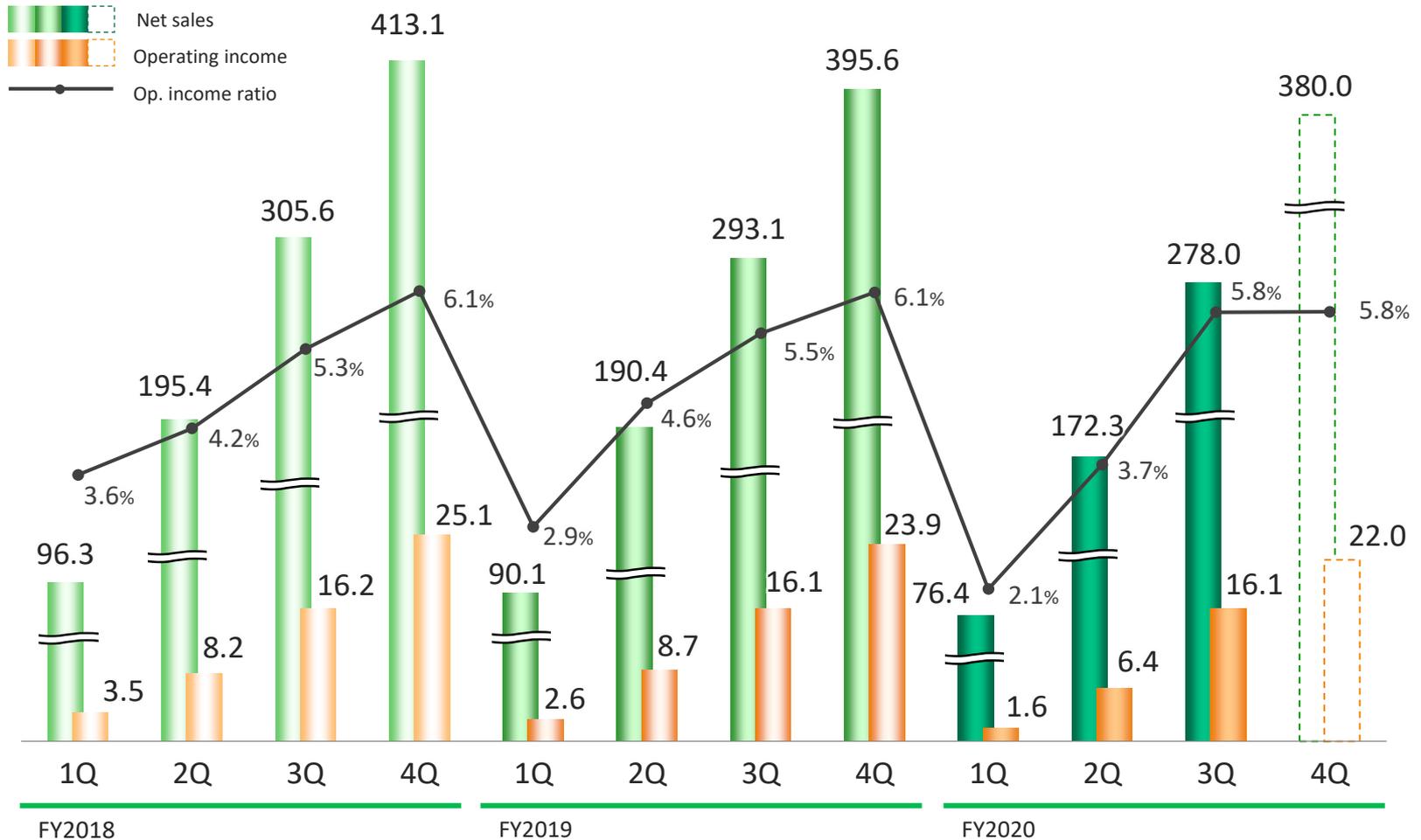
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## Raw Materials Prices



## 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.