

Investors' Guide 2020



GS Yuasa Corporation
(TSE : 6674)



1. About GS Yuasa

■ Corporate Profile	4
■ History after corporate merger	5
■ The latest sales breakdown and main products	6
■ The latest sales ratio by regions and global network	7
■ Our strength	8
■ Fifth Mid-Term Management Plan	9

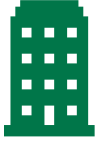
2. About our business

■ Automotive Batteries (Japan)	11
■ Automotive Batteries (Overseas)	12
■ Industrial Batteries and Power Supplies	13
■ Automotive Lithium-ion Batteries	14
■ Others	15

3. ESG initiatives

■ ESG initiatives <Environment>	17
■ ESG initiatives <Social>	18
■ ESG initiatives <Governance>	19

1. About GS Yuasa



Corporate name	GS Yuasa Corporation
Establishment	April 1, 2004 ※Japan Storage Battery(from 1917) and Yuasa Corporation(from 1918) had a corporate merger
Head office	1, Inobanba-cho, Nishinosho, Kisshoin, Minami-ku, Kyoto
Capital stock	33.0 billion yen
Net sales(FY2019)	395.6 billion yen
Number of employee	Group Consolidated 13,542 (as of March 31,2020)
Listed-Financial Instruments Exchange	Tokyo Stock Exchange (TSE : 6674)



President **Osamu Murao**

He joined Japan Storage Battery (currently GS Yuasa) in April 1982. He was in charge of Quality Control, Technology, Industrial Batteries and Power Supplies business unit as a director in addition to his business experience in Manufacturing and Production Technology Departments. After being appointed as President of the Company in June 2015, he has been supervising the Group as CEO and guiding the business management, by directing the formulation of Mid-Term Management Plans and demonstrating leadership for accomplishing them.

Philosophy

Innovation and Growth

We are committed to people, society and the global environment through innovation and growth of our employees and business entities.



Creating the Future of Energy

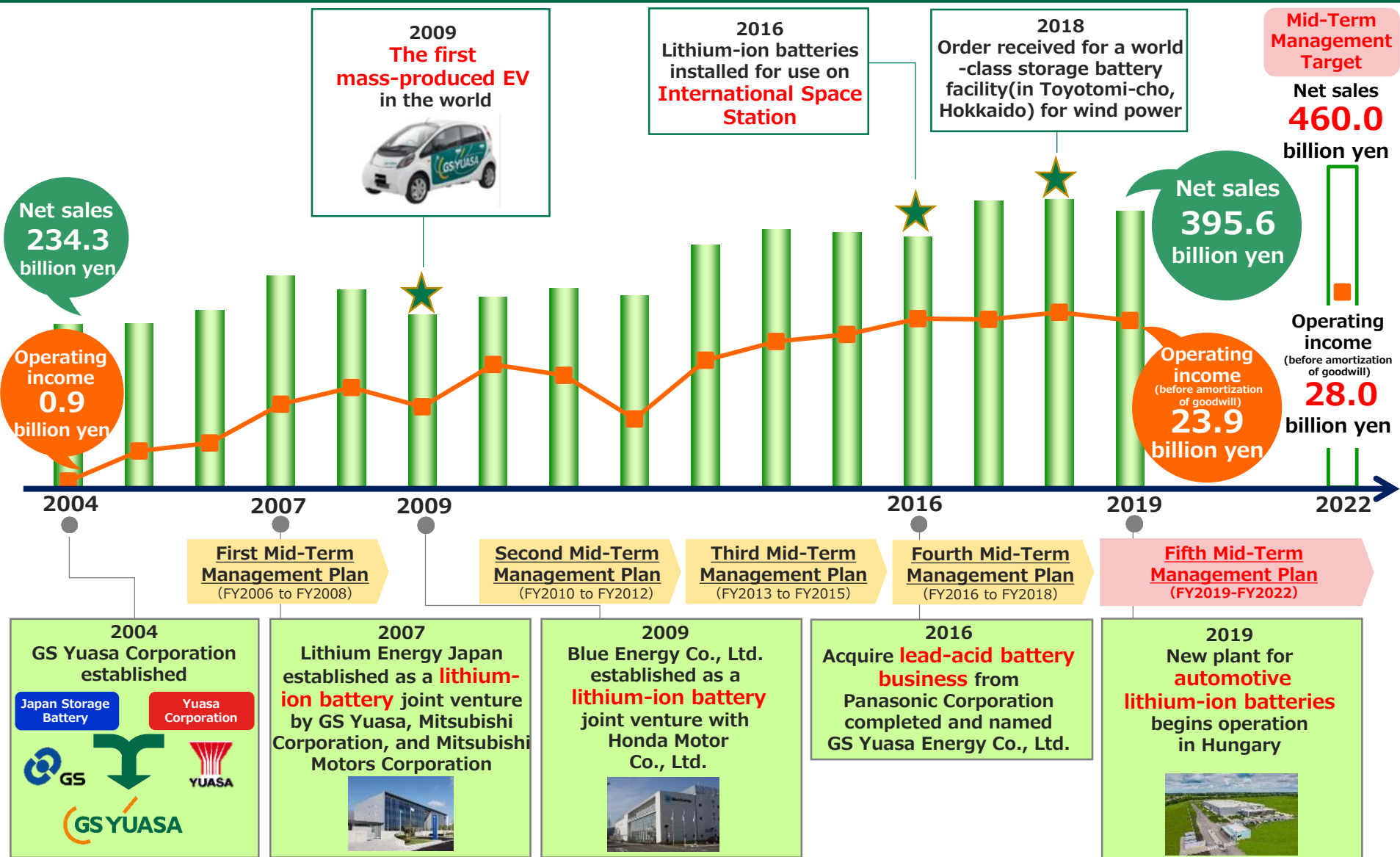


Management Vision

We are committed to delivering security and comfort to our customers around the globe through advanced technologies developed in the field of stored energy solutions.

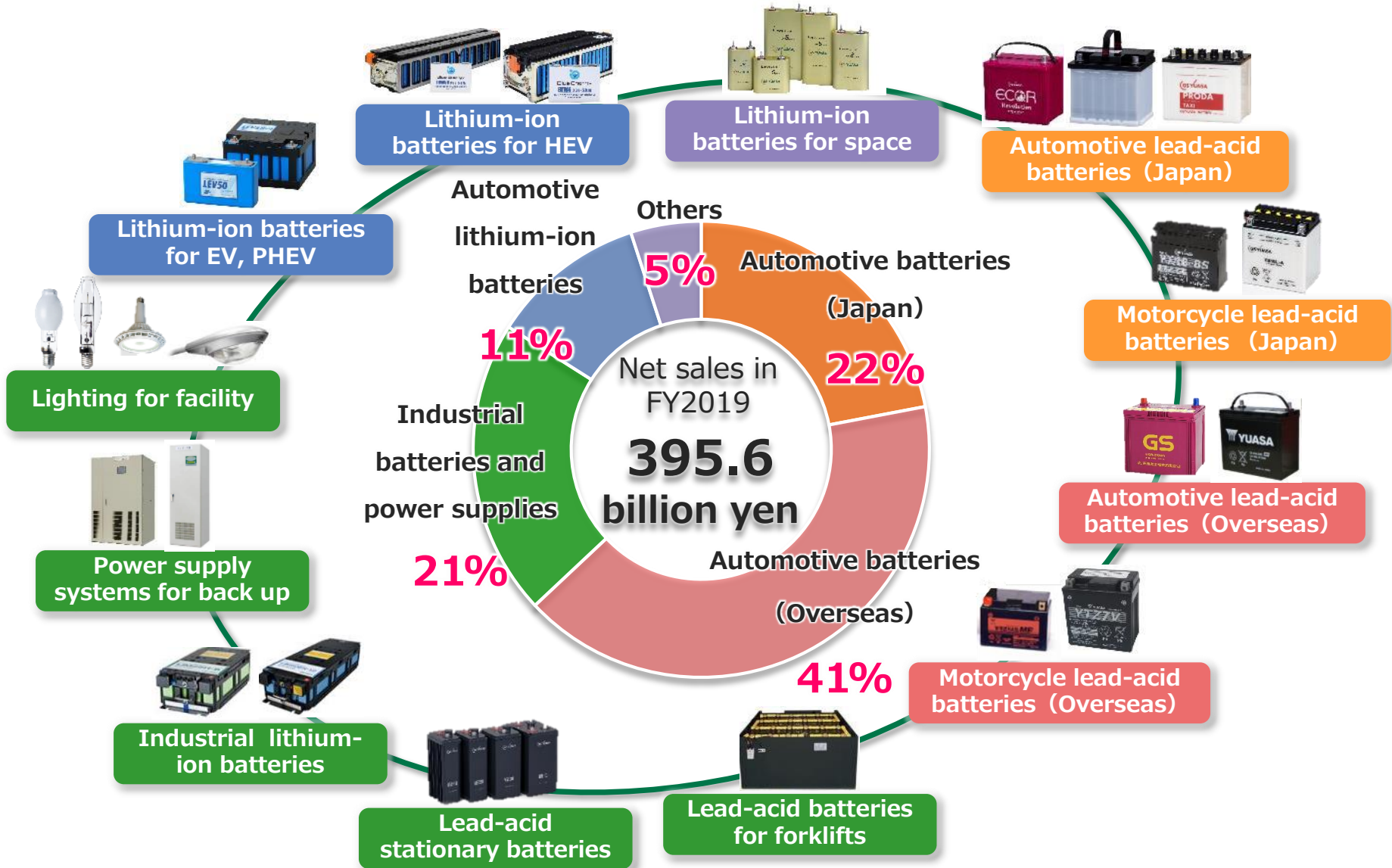


History after corporate merger



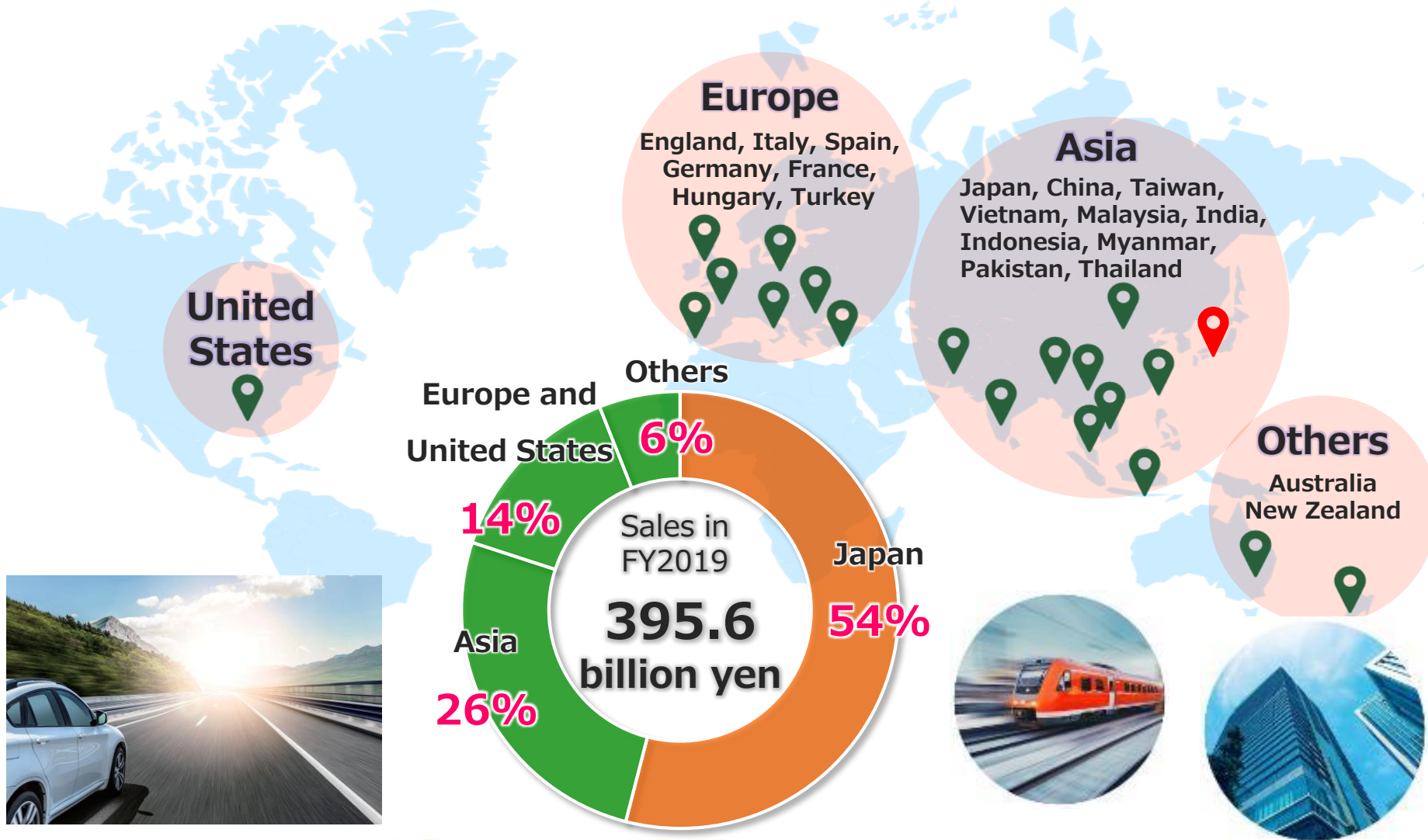


The latest sales breakdown and main products





The latest sales ratio by regions and global network



We have business in 19 countries 37 sites mainly in South East Asia or China.



1

Contribute to social environment

- ✓ Play important role in shift to eco-friendly vehicles (HEVs or EVs)
- ✓ Support the stable use of renewable energy with power supply systems and power storage technologies
- ✓ Assist the stabilization of power supplies with backup batteries and power supply devices



2

Technology and development

- ✓ Develop various products used for deep sea research and space development
- ✓ Provide products with high performance such as batteries for ISS vehicles
- ✓ The first mass-produced lithium-ion batteries for EV

3

GS Yuasa brand

- ✓ GS Yuasa brand has top class market share both in Japan and the world
- ✓ Customer base from history built for over 100 years





Fifth Mid-Term Management Plan



Mid-Term Management Policy(FY2019~FY2022)

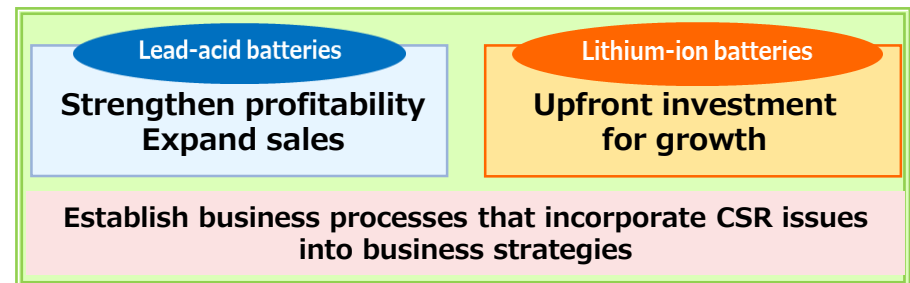
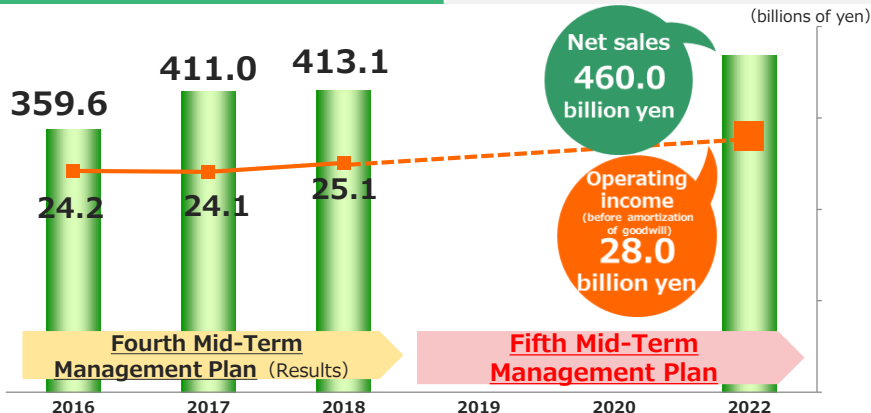
To engage in strategic corporate activities that lead to sustainable growth in both the lead-acid batteries business and lithium-ion batteries business through the creation of new value based on the concept of "Mono-Koto Zukuri (product and service creation)."

Mid-Term Management Target(FY2022^{*1})

Net sales	460.0 billion yen or more
Operating income	28.0 billion yen or more
ROE (Return On Equity) ^{*2}	8 % or more
Total payout ratio ^{*2}	30 % or more

Points of Mid-Term Management Plan

1. On automotive batteries business, **utilize the technology in Japan adopted to environmental friendly vehicles and expand global market share**
2. On industrial batteries and power supplies business, **utilize IoT and focus on renewable energy segments**
3. On automotive lithium-ion batteries business, **promote to focus on LiB for HEV and 12V**



We aim to achieve sustainable business growth and contribute to the sustainable development of society

*1 : The Fifth Mid-Term Management Plan originally covered the period from fiscal 2019 to fiscal 2021. Due to the impact of the novel coronavirus pandemic, however, we have excluded fiscal 2020 as a single-fiscal-year plan and changed the fifth plan to a four-year plan ending in fiscal 2022 (the term ending in March 2023). Capital investment is currently being examined.

*2 : The above indices are based on profit attributable to owners of parent before amortization of goodwill.

2. About our business



Overview of Automotive Batteries (Japan)

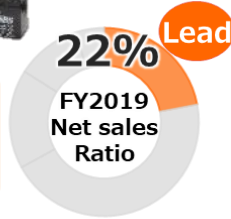


Outline of business

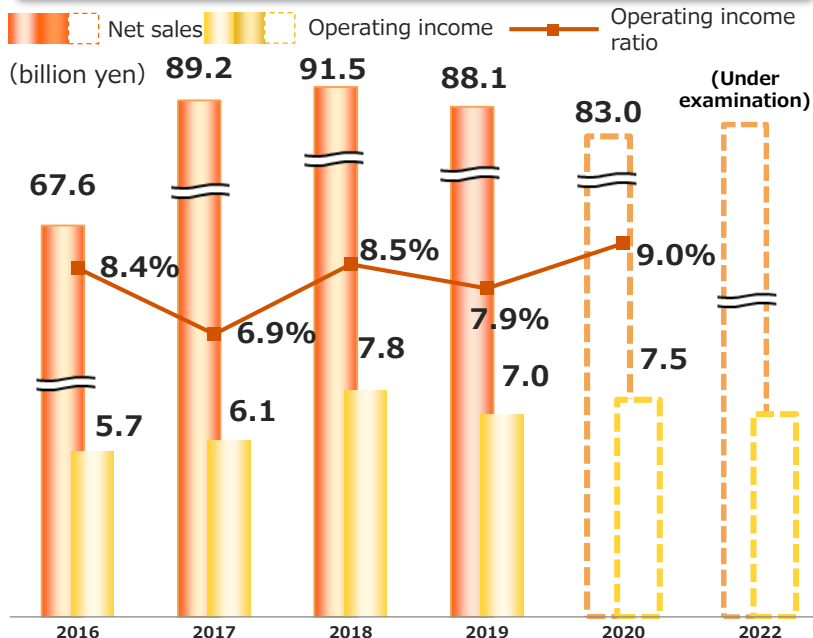
Manufacture and sell automotive or motorcycle lead-acid batteries in Japan



No.1 share in Japan
(New automobile and replacement batteries)



Net sales, Operating income and ratio



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

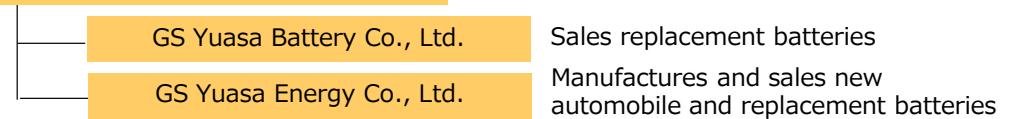
Feature of business

- Acquired lead-acid battery business from Panasonic Corporation (Current GS Yuasa Energy Co., Ltd.)
- New automobile batteries and replacement batteries we have. Replacement batteries can get higher income than new one
- Replacement batteries have high demand from October to December when it becomes extremely hot in summer or cold in winter
- Market share of new automobile batteries becomes higher since demand for EN (European Norm) batteries is increasing
- Demand of replacement of lead-acid batteries for ISS (Idling Stop Systems) vehicles is increasing
- Fluctuation of price of lead often influences profit (Reflects to sales price constantly in new automobile batteries)

Systems or suppliers of business

Automotive Batteries (Japan)

<Group companies>



Purpose	Suppliers
New automobile	Japanese car manufacturers
Replacement	Agencies (Electrical stores), car retail stores, car dealers and oil distributors

Strategy

- Increasing market share of new automobile batteries enable to enhance profit by replacement batteries
- Expand ratio of high-value added batteries for ISS vehicles



Overview of Automotive Batteries (Overseas)



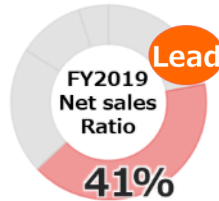
Outline of business

Manufacture and sell automotive or motorcycle lead-acid batteries overseas

*Including industrial batteries



No.2 world share
(Automotive batteries)
No.1 world share
(Motorcycle batteries)



Feature of business

- Net sales in Asia occupies about 60% of the world and especially South East Asia has high market share. The rest of global net sales (about 40%) occupies Europe, United States and Australia etc.
- Replacement batteries are popular for both automotive and motorcycle (In China, new automobile batteries are popular)
- Basically, produce and consume locally so impact of exchange is less
- Sales of industrial lead-acid batteries is included (Backup power supplies in Europe occupies most of them)

Main products by region and suppliers

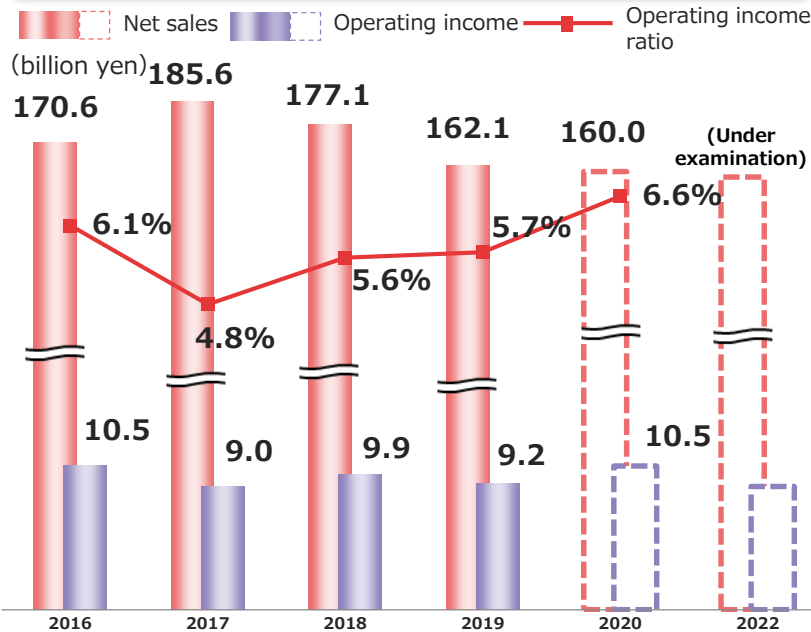
Region	Type	Automotive	Motorcycle	Industrial	Suppliers
ASEAN	New	■	■	■	New automotive : Japanese car manufacturers (mainly) Replacement : Agency etc. *Depends on countries or region
	Replace	■	■		
China	New	■	■	■	
	Replace	■	■		
United States	New	●	■	—	
	Replace	●	■		
Europe	New	●	●	■ (For backup)	
	Replace	■	●		
Australia	New	■	—	●	
	Replace	■	●		

※ ■ : Region doing both manufacture and sales, ● : Region doing only sales
 ※ Red : Main business, Blue : Semi-main business, Black : Not main business

Strategy

- High share : Raise income ratio by new products or production systems
- Low share : Increase sales by various line-up or building sales systems
- Strategic expansion to undeveloped area by utilizing current networks

Net sales, Operating income and ratio





Overview of Industrial Batteries and Power Supplies

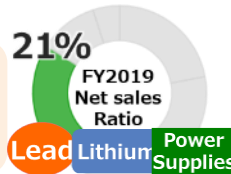


Outline of business

Manufacture and sell electric backup batteries or power supplies of infrastructure, lead-acid batteries for forklifts, lighting equipment



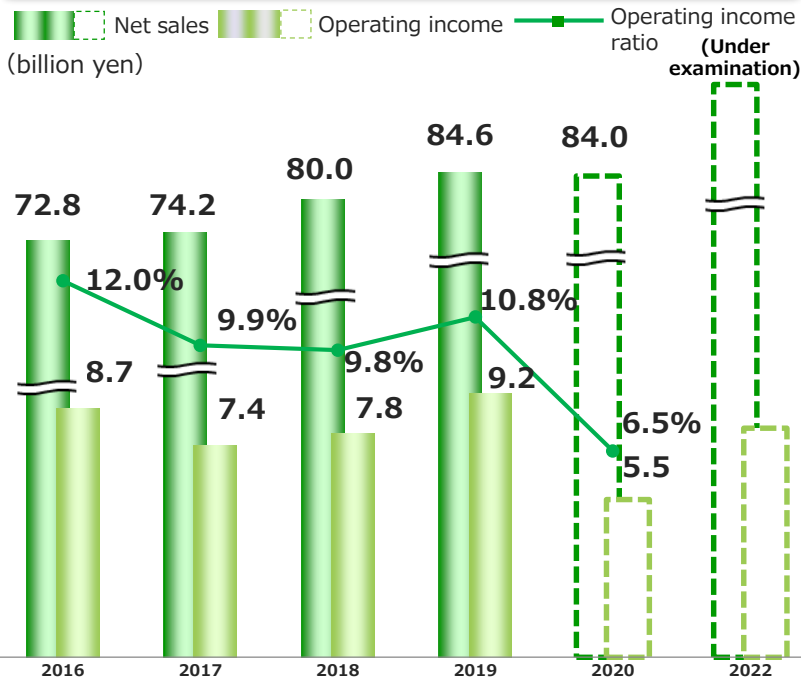
No.1 share in Japan
(For backup power supplies and forklifts)



Feature of business

- High market share in lead-acid backup batteries for infrastructure
- Backup batteries have high operating income ratio because we have build-to-order manufacturing systems through design and manufacture to construction and maintenance
- Net sales and operating income concentrate on 4Q(January to March) because batteries for governments occupy a lot of this segment
- Batteries for forklifts increase due to transition from engine types
- In April, 2021 acquire infrastructure Business from Sanken Electric Co., Ltd.

Net sales, Operating income and ratio



Main products and suppliers

Purpose	Type	Suppliers
For backup	Lead	Railway companies, electric companies, governments, telecommunication centers, etc. *There are some cases we supply through retail stores, electric or communication equipment manufacturers, etc.
	Lithium	
	Power supplies	
For renewable energy	Lithium	Solar/Wind power system
For forklifts	Lead	Forklift using batteries, electric wheelchairs, etc.
		Forklift manufacturers, retail stores, etc.
Countries/Region	For backup	For forklifts
Thailand	—	●
China	—	●
United States	●	—

Strategy

- Add high-value added products or services using IoT in current business
- Expand sales of lithium-ion batteries for environment or energy business
- Develop and cultivate regional optimization business in overseas

Overview of Automotive Lithium-ion Batteries

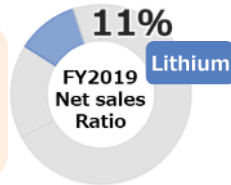


Outline of business

Manufacture and sell lithium-ion batteries for eco-friendly cars in Japan or overseas, manufacture industrial lithium-ion batteries



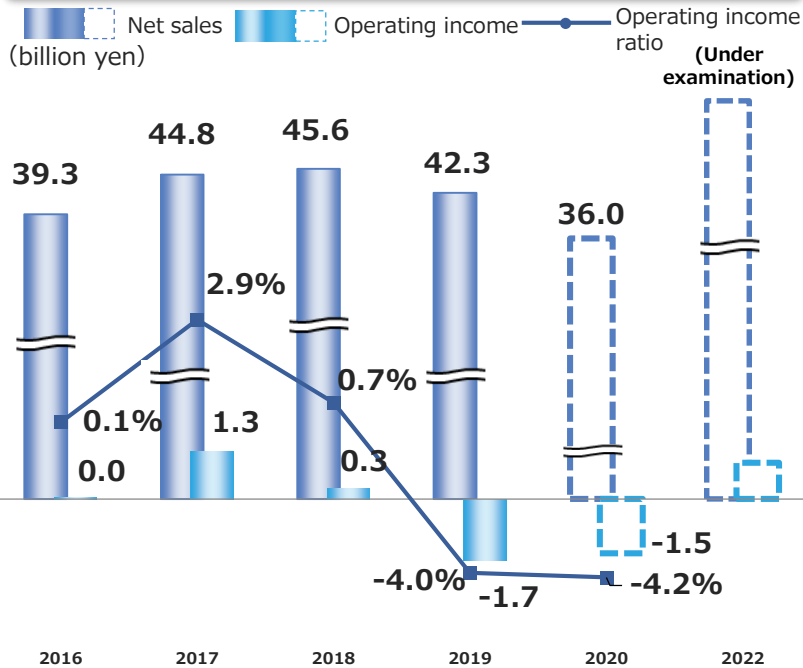
Adopted eco-friendly cars made in **Japanese popular car manufacturers**



Feature of business

- Needs of performance of batteries are different from each purpose : for hybrid electric vehicles(HEVs), electric vehicles (EVs), plug-in hybrid electric vehicles(PHEVs)
(for HEVs : high input/output, for EVs · PHEVs : high density energy)
- In Europe, region with environmental high awareness and lead regulation, supply of 12V LiB(for starting) has started
- Lithium-ion batteries are only for new vehicles, not for replacement because of their long lives
- Batteries for EVs and PHEVs have intense competition with large capitals
- Construct Blue Energy 2nd Plant for expansion of demand of HEVs

Net sales, Operating income and ratio



Systems or suppliers of business

Automotive Lithium-ion Batteries

<Group companies>

Blue Energy Co., Ltd.(BEC)	Joint venture company(GS Yuasa 51%, Honda Motor Co., Ltd.49% capital ratio)
Lithium Energy Japan(LEJ)	Joint venture company(GS Yuasa 51%, Mitsubishi Corporation 46%, Mitsubishi Motors Corporation 3% capital ratio)
GS Yuasa Hungary(GYHU)	GS Yuasa 100% capital ratio

Company	Purpose	Suppliers
BEC	For HEVs	Honda Motor Co., Ltd. · Toyota Motor Co., Ltd.
	For EVs · PHEVs	Mitsubishi Motors Corporation
LEJ	For industrial	Internal Sales(GS Yuasa Industrial Batteries and Power Supplies Division/GYHU)
GYHU	For starting(12V)	Car manufacturers in Europe

Strategy

- Focus on for HEVs, starting(12V) and industrial with our technology
- For EVs and PHEVs, strengthen relationships with current suppliers



Overview of Others

Outline of business

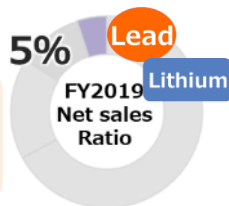
Manufacture and sell batteries for special applications such as batteries for ISS, aircrafts, submarines or satellites/
Corporate expenses



Adopted to extreme environments



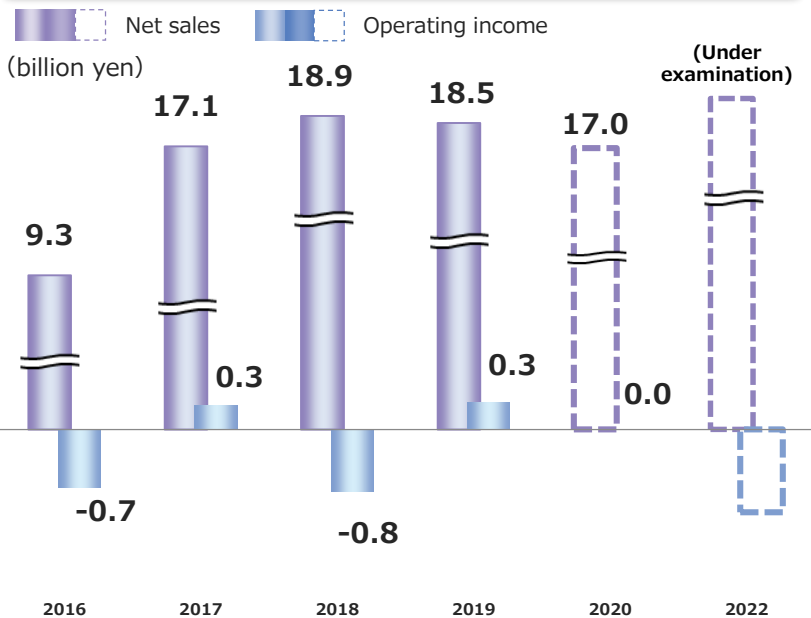
**from deep sea
to outer space**



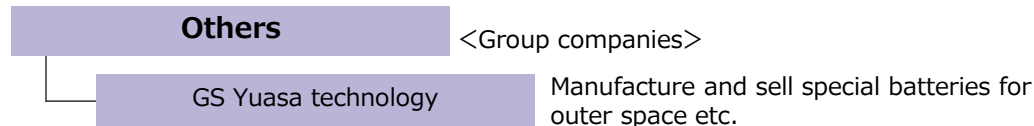
Feature of business

- Batteries are used in special environmental fields such as space, aircraft or deep sea so high performance and high quality products are needed
- We have various types of batteries : high density lead-acid or lithium-ion batteries, thermal batteries, high density primary lithium-ion batteries or sea batteries and so on
- Performance includes corporate expenses(labor costs, research and development costs and capital investment costs) so often have loss of this segment

Net sales, Operating income and ratio



Systems or suppliers of business



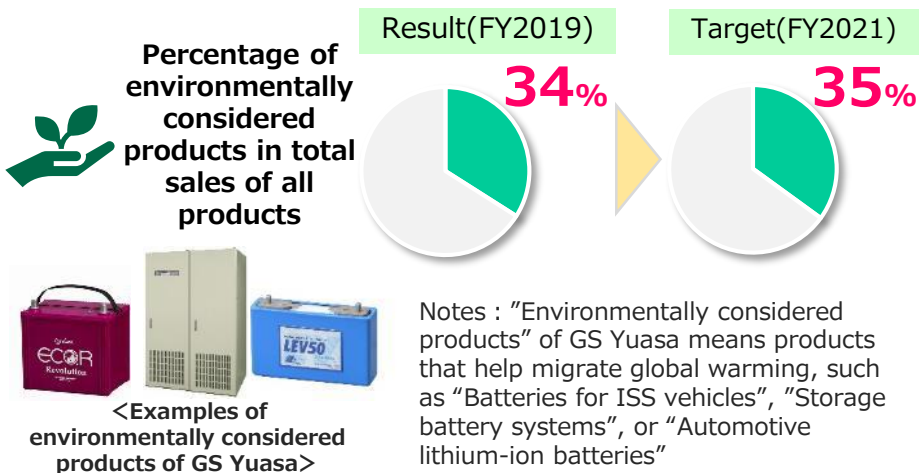
Strategy

- Stable supply and improvement of performance of lithium-ion batteries for submarines
- Increase trust and durability of lithium-ion batteries for aircrafts and satellites

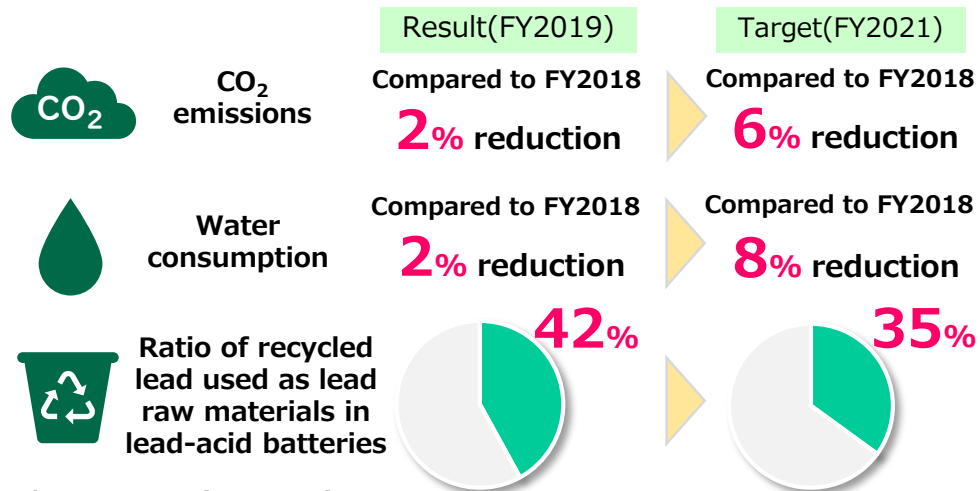
3. ESG initiatives



Environmentally considered products



Promoting environmental protection



Task Force on Climate-related Financial Disclosures (TCFD)



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We are promoting analysis of risks and opportunities in respective scenarios taking as basis the 2°C scenario, which assumes that a low-carbon society has been realized through the achievement of the goal related to the increasing global average temperature, and the 4°C scenario, which assumes that this goal has not been achieved and global warming has progressed.

Classification		Contents	
Opportunities	Products and Services	Sales	<ul style="list-style-type: none"> Increased demand for large storage batteries to stabilize power supply due to the spread of renewable energy Expand sales by developing power storage systems and product development that meet market needs
	Products and Services	Sales	(The below 2°C and the 2°C scenario) <ul style="list-style-type: none"> Gasoline cars will expand in the medium term HEVs and EVs will become popular in the long term By launching products that meet the market needs at the right time, we expect to see an increase in market share
Transition Risks	Regulations	Procurement	(The 2°C scenario) <ul style="list-style-type: none"> Carbon tax increased to achieve CO₂ reduction targets in each country Increased cost of procuring energy from fossil fuels
	Markets	Sales	(The below 2°C and the 2°C scenario) <ul style="list-style-type: none"> Gasoline cars regulations in Europe Gasoline vehicle market shrinks significantly in the long run
Physical Risks	Short-term Risks	Direct Operations, Procurement	<ul style="list-style-type: none"> Concerns about shutdowns and supply chain disruptions due to floods caused by abnormal weather
	Long-term Risks	Direct Operations	(The 4°C scenario) <ul style="list-style-type: none"> Drought risk is a concern at some overseas group companies



ESG initiatives : Social

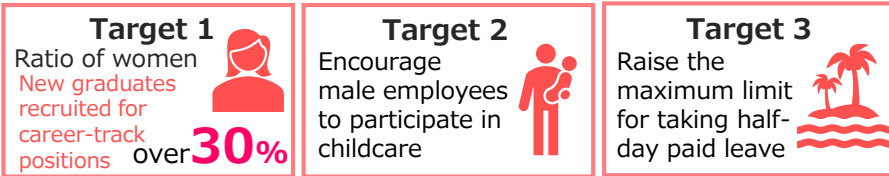


Initiatives of diversity

(Only in Japan)

Promoting women's roles

Action plan promoting women's roles (April 1, 2019 to March 31, 2022)



GS Yuasa has received certification of "Platinum Kurumin*" in June, 2020 through certification of "Kurumin" for three years



【About Platinum Kurumin】

A system that allows you to receive special certification from the Minister of Health, Labor and Welfare in Japan as a company that carries out high-level efforts for child-rearing support.

Employment rate of people with disabilities

To promote the employment of people with disabilities, GS Yuasa International Ltd. offers a wide range of opportunities to people with disabilities, including in a company certified as a special subsidiary* in December 2007.

*Special subsidiary: A system based on the Disabled Persons Employment Promotion Law, under which, when a subsidiary is certified by Japan's Ministry of Health, Labor and Welfare as giving special consideration to the employment of people with disabilities, it can be regarded as one of the parent company's business establishments when calculating the employment rate of people with disabilities.

Employment rate of people with disabilities(As of 1st April, 2020)

2.53% *The legally mandated employment rate is 2.2%

Employment of foreigners

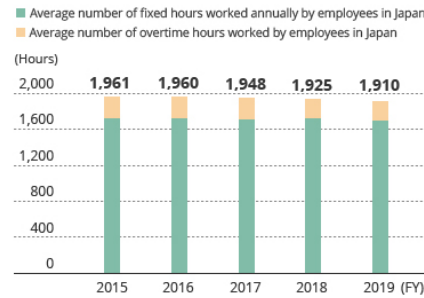
We are promoting activities to hire foreigners with technical and specialized knowledge regardless of nationality.

Enhancement of work environments (Only in Japan)

Examples of initiatives to provide variation in work style

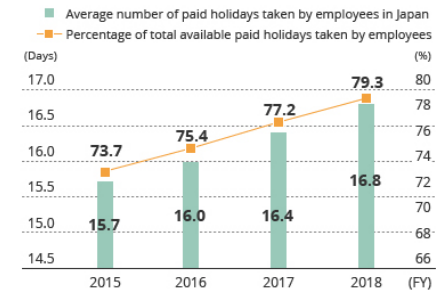
- Setting one "no overtime" day a week
- Making it compulsory to take at least 10 days of annual paid leave
- Prohibiting two consecutive days of work on prescribed holidays
- Prohibiting overtime late at night (10 p.m. to 5 a.m.)
- Introducing a system to monitor employees working in excess of the standard hours, and providing advice to supervisors on how to deal with overtime issues

Annual Working Hours



*Notes: Employees do not include personnel on leave or those transferred to workplaces overseas.
 *Number of annual prescribed workdays = prescribed work hours minus hours taken for leave and hours absent due to tardiness, leaving work early, etc.
 *Period: January to December

Percentage of Annual Paid Leave Taken

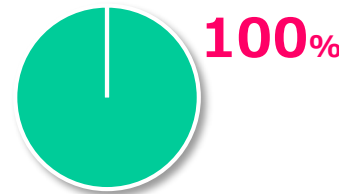


*Notes: Employees do not include personnel on leave or those transferred to workplaces overseas.
 *Period: September to August

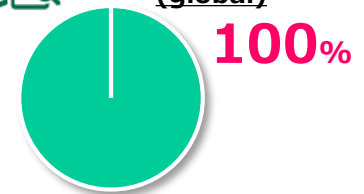
CSR procurement



Achievement ratio of supplier CSR issues improvement plan (global)



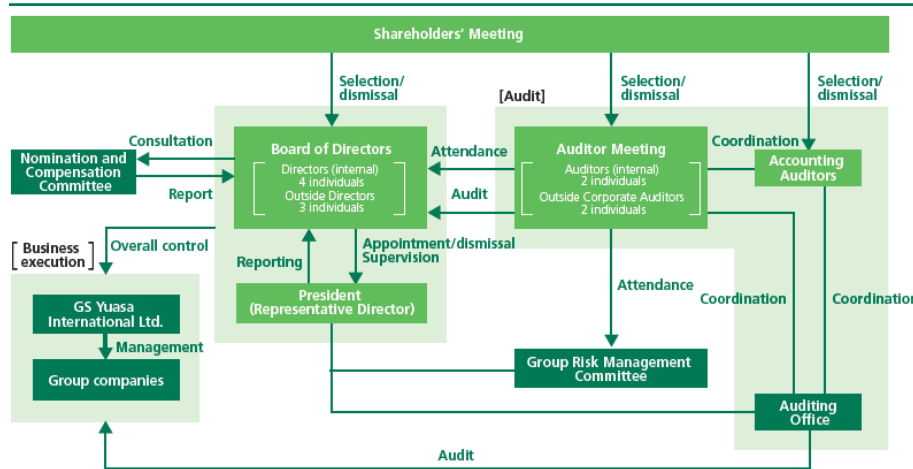
Conflict mineral* survey implementation ratio (global)



*Minerals that are extracted in conflict regions and provide financial resources to armed groups.



Governance structure(FY2020)



To drive sustainable growth and enhance corporate value over the medium and long terms, the GS Yuasa Group is committed to establishing an organization and systems that enable fast, efficient responses to a changing business environment. At the same time, our basic policy on corporate governance is to make every effort to thoroughly implement and strengthen compliance and improve the soundness and transparency of management.

Initiatives in FY2020

- **Change of independent auditor** since previous auditors had audited our accounts continuously for many years
- Strengthen monitoring system due to increase number of **outside directors** to three
- Hold **executive training** to foster next-generation managers
- Appoint **female outside director** and enhance diversity

Efforts to strengthen corporate governance

		2015	2016	2017	2018	2019	2020 (FY)
Strengthening internal control		<ul style="list-style-type: none"> ● 2004 : Establishment of the Auditing Office ● 2005: Establishment of the GS Yuasa Group Corporate Ethics Hotline ● 2009: Start of employee compliance questionnaire by the president (once a year) 					<ul style="list-style-type: none"> ● Change of independent auditor
Enhancing the objectivity of managerial decisions		<ul style="list-style-type: none"> ● Appointment of one outside director ● Number of outside directors increased to two ● Start of evaluating the effectiveness of the Board of Directors (once a year) 					<ul style="list-style-type: none"> ● Number of outside directors increased to three ● Implementation of executive training
Enhancing the diversity of the Board of Directors							<ul style="list-style-type: none"> ● Appointment of female director
Clarification of management responsibility (nomination and remuneration of directors)		<ul style="list-style-type: none"> ● 2013: Term of directors shortened to one year ● Introduction of performance-linked stock remuneration scheme ● Establishment of Nomination and Compensation Committee 					
Board of Directors	Internal	(2014) 11person	11	11	5	5	5
	Outside	0person	1	1	2	2	2
	Outside ratio	0%	8%	8%	29%	29%	29%
							43%

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.



GS Yuasa Corporation
IR Team
Tel : 075-312-1211 (Representative)
E-mail : web_contact@jp.gs-yuasa.com