

Fiscal year Ended June 30, 2023 (FY2023) Result Briefing



August 3, 2023
GS Yuasa Corporation

FY2023 First Quarter Financial Results	
Point of FY2023 First Quarter Financial Results	4
1. Net Sales, Profits	5
2. Segment Results	7
- Automotive Batteries (Japan)	8
- Automotive Batteries (Overseas)	9
- Industrial Batteries and Power Supplies	10
- Automotive Lithium-ion Batteries	11
- Specialized Batteries and Others	12
3. Balance Sheet	13
4. Topics	14

FY2023 First Quarter Financial Results

Point of FY2023 First Quarter Financial Results



FY2023 First Quarter Financial Results (Apr. - Jun.)

	FY2022 Apr. - Jun.	FY2023 Apr. - Jun.	Difference	Change
Net sales	111.4 billion yen	120.5 billion yen	+9.1 billion yen	+8.2 %
Operating income	3.6 billion yen	4.8 billion yen	+1.2 billion yen	+35.5 %
Operating income before amortization of goodwill	3.8 billion yen	4.9 billion yen	+1.1 billion yen	+29.0 %
Ordinary income	2.2 billion yen	4.9 billion yen	+2.7 billion yen	+119.7 %
Profit	0.6 billion yen	1.6 billion yen	+1.0 billion yen	+169.3 %
Profit before amortization of goodwill	0.9 billion yen	1.7 billion yen	+0.8 billion yen	+99.2 %

Revision to Consolidated Results Forecast

	FY2023 2H Forecast (May. 2023 Initial)	FY2023 2H Forecast (Aug. 2023 Revised)	Difference
Net sales	260.0 billion yen	260.0 billion yen	±0.0 billion yen
Operating income	8.0 billion yen	9.0 billion yen	+1.0 billion yen
Operating income before amortization of goodwill	-	-	-
Ordinary income	6.0 billion yen	7.0 billion yen	+1.0 billion yen
Profit	1.5 billion yen	2.5 billion yen	+1.0 billion yen
Profit before amortization of goodwill	-	-	-

Performance Trends

- Net sales and operating income mainly reflects an increase in sales volume of lithium-ion batteries for hybrid vehicles and the effect of promoting measures to revise sales prices
- Ordinary profit and profit attributable to owners of parent increased due to improvement in equity in earnings of affiliates and foreign exchange gains and losses, etc.

Point of Revision to Consolidated Results Forecast

- Decrease in energy costs and other expenses, in addition to progress in reviewing selling prices in Automotive Battery (Japan) business and Industrial Battery and Power Supply business
- Strong performance of lithium-ion batteries for aircrafts in Specialized Battery and Others business and cost reductions in administrative divisions (Full year forecast remains unchanged due to uncertainties)

4

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Key points for the first quarter of FY2023.

Net sales were 120.5 billion yen, an increase of 9.1 billion yen over the previous year. Operating income increased 1.2 billion yen to 4.8 billion yen, ordinary income increased 2.7 billion yen to 4.9 billion yen, and quarterly net income increased 1.6 billion yen to 1.0 billion yen, with all items either increasing in revenue or in income.

Net sales and operating income increased mainly due to higher sales volume of lithium-ion batteries for hybrid vehicles and efforts to correct selling prices across all segments. Ordinary income and net income increased due to improvements in equity in earnings of affiliates and foreign exchange gains (losses).

Regarding the revision of the forecast for the first half of FY2023, net sales remain unchanged, but operating income has been revised upward from the initial forecast of 8 billion yen to 9 billion yen, ordinary income from 6 billion yen to 7 billion yen, and net income for the quarter from 1.5 billion yen to 2.5 billion yen.

In addition to the revision of selling prices for automotive batteries (in Japan) and industrial batteries and power supplies, energy prices have improved compared to the initial plan. Specialized batteries and others is expected to see strong sales of lithium-ion batteries for aircraft applications, as well as reductions in administrative expenses. For the above reasons, we made an upward revision for the first half of the fiscal year.

On the other hand, the full-year forecast remains unchanged at this time due to the uncertain outlook for the second half of the fiscal year.

1. Net Sales, Profits



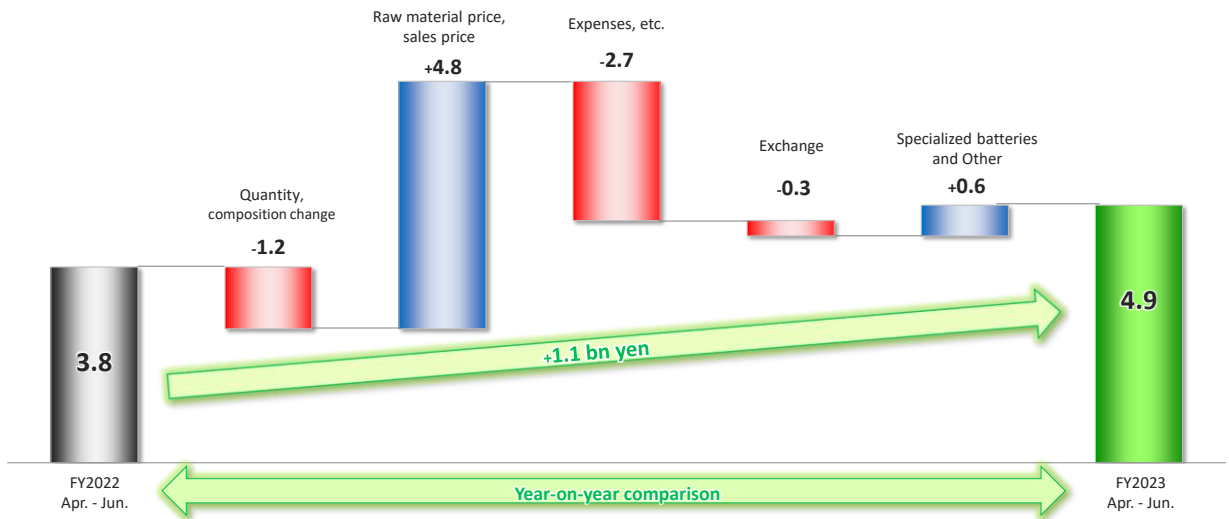
	FY2022 Apr. - Jun.	FY2023 Apr. - Jun.	Change	(YoY%)	(Billion yen) [Reference] Forecast for FY2023 (Estimated for May 2023)
Net sales	111.4	Record 120.5	+9.1	(+8.2%)	580.0
Gross profit	24.1	25.8	+1.7		-
Operating income	3.6	Record 4.8	+1.2	(+35.5%)	33.0
(Operating income ratio)	3.2%	4.0%	+0.8P		5.7%
Operating income before amortization of goodwill	3.8	Record 4.9	+1.1		34.0
(Operating income ratio before amortization of goodwill)	3.4%	4.1%	+0.7P		5.9%
Ordinary income	2.2	Record 4.9	+2.7	(+119.7%)	27.0
Extraordinary income	1.0	0.4	-0.6		-
Extraordinary loss	0.1	0.7	+0.6		-
Profit before income taxes	3.1	4.7	+1.6		-
Income taxes	1.3	1.5	+0.2		-
Profit attributable to non-controlling interests	1.2	1.5	+0.3		-
Profit	0.6	1.6	+1.0	(+169.3%)	14.0
(Profit ratio)	0.5%	1.4%	+0.9P		2.4%
Profit before amortization of goodwill	0.9	1.7	+0.8		15.0
(Profit ratio before amortization of goodwill)	0.8%	1.4%	+0.6P		2.6%
Domestic lead price quote (¥10,000/t)	34.82	35.60	+0.78		34.6
LME (US\$/t)	2,203	2,118	-85		2,100
Exchange rate (¥/US\$)	131.25	139.63	+8.38		135.00

In the first quarter of FY2023, net sales, operating income, and ordinary income reached record highs.

1. Net Sales, Profits

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

(Billion yen)



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

This is the factor of change in operating income before amortization of goodwill.

The effect of continued efforts in FY2021 and FY2022 to correct selling prices due to soaring raw material prices and other factors contributed to an increase of 4.8 billion yen. The increase in expenses associated with higher sales, mainly of hybrid vehicles, was also a factor in the ¥2.7 billion decrease in income.

Operating income before amortization of goodwill and other items was 4.9 billion yen, an increase of 1.1 billion yen, mainly due to the correction of selling prices.

2. Segment Results



		FY2022 Apr. - Jun.		FY2023 Apr. - Jun.		Change		(Billion yen) [Reference] Forecast for FY2023 (Estimated for May 2023)	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: pp)	Net sales	Operating income (Op. income ratio: %)
Automotive Batteries	Japan	17.7	1.0 (5.4)	19.6	1.0 (5.2)	+1.9	+0.0 (-0.2)	94.0	5.5 (5.9)
	Overseas	60.0	3.0 (5.0)	58.4	2.8 (4.7)	-1.6	-0.2 (-0.3)	252.0	15.0 (6.0)
Industrial Batteries and Power Supplies		17.0	-0.5 (-3.1)	17.9	0.2 (0.8)	+0.9	+0.7 (+3.9)	111.0	9.0 (8.1)
Automotive Lithium-ion Batteries		12.4	0.4 (3.1)	19.5	0.4 (2.2)	+7.1	+0.0 (-0.9)	103.0	4.0 (3.9)
Specialized Batteries and Others		4.4	0.0 (0.2)	5.2	0.6 (10.9)	+0.8	+0.6 (+10.7)	20.0	0.5 (2.5)
Total		111.4	3.8 (3.4)	120.5	4.9 (4.1)	+9.1	+1.1 (+0.7)	580.0	34.0 (5.9)

FY2023 Apr. - Jun. Result

- Production of automobiles increased due to mitigation of semiconductor shortage and mitigation of the impact of COVID-19
- Regarding trends in lead price, LME is progressing stable but domestic lead prices remained high due to the impact of yen depreciation (LME:2,203US\$/t in FY2022⇒2,118US\$/t, domestic basis of lead price:¥348,000/t in FY2022⇒¥356,000/t)
- The yen continues to weaken against the U.S. dollar (¥131.25 /US\$ in FY2022⇒¥139.63 /US\$)

Note 1 : Operating income is operating income before amortization of goodwill and operating income ratio is operating income ratio before amortization of goodwill.

Note 2 : Some consolidated subsidiaries in the "Industrial Batteries and Power Supplies" segment were transferred to the "Specialized Batteries and Others" segment in fiscal 2023. In conjunction with this change, figures for 1st quarter of fiscal 2022 were restated according to the modified segments.

7

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Automotive Batteries (Japan) posted net sales of 19.6 billion yen, up 1.9 billion yen, and operating income of 1.0 billion yen, up slightly (0.0 billion yen).

Net sales of automotive batteries (overseas) were 58.4 billion yen, down slightly (1.6 billion yen), and operating income was 2.8 billion yen, down slightly (0.2 billion yen).

Industrial batteries and power supplies posted net sales of 17.9 billion yen, an increase of 0.9 billion yen, and operating income of 0.2 billion yen, an increase of 0.7 billion yen.

Net sales of automotive lithium-ion batteries, whose sales grew significantly year-on-year, increased by 7.1 billion yen to 19.5 billion yen, while operating income increased slightly (0.0 billion yen) to 0.4 billion yen.

Specialized batteries and others reported net sales of 5.2 billion yen, an increase of 0.8 billion yen, and operating income of 0.6 billion yen, an increase of 0.6 billion yen.

Automobile production is increasing as the impact of the COVID-19 and semiconductor shortage is easing.

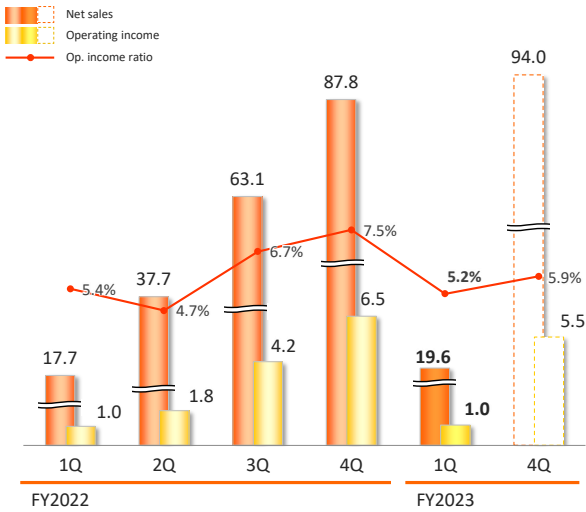
As for lead prices, the LME has remained stable, but the domestic lead quotation has remained high due in part to the weak yen.

The yen continues to weaken.

2. Segment Results (Automotive Batteries (Japan))

Automotive Batteries (Japan)

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.

Sales and profit increased

FY2023 1Q Sales Overview (Apr. - Jun.)

- [For new automobiles] Sales volume increased because production of new automakers recovered due to mitigation of semiconductor shortage
- [For replacement] Sales remained at the same level as the previous year, mainly due to the revision of selling prices although sales volume declined due to recovery in demand for new automobiles

Profit Change Factors (Apr. - Jun.)

Quantity, composition change	-0.1	Decrease due to change of sales composition of products
Raw material prices, sales price	+0.3	Increase due to revision of selling prices
Expenses, etc.	-0.1	

Net sales of automotive batteries (Japan) were 19.6 billion yen, an increase of 1.9 billion yen, and operating income was 1.0 billion yen, almost unchanged from the previous year.

Sales volume for new automobiles is growing due to a recovery in production by car manufacturers as a result of the easing semiconductor shortage.

Net sales remained at the same level as the previous year as a result of the review of selling prices and other efforts, despite a slight decrease in sales volume for replacement.

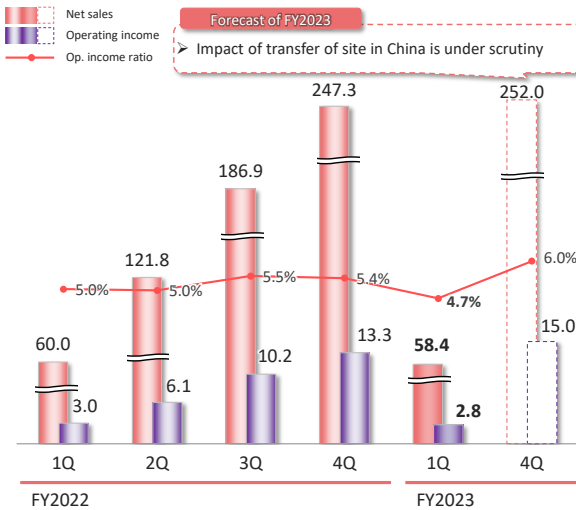
Operating income increased due to the effect of the revision of selling prices, which offset the increase in expenses.

Changes in the product mix have a slight disadvantage in terms of volume and composition changes, but this is compensated for by correcting selling prices.

2. Segment Results (Automotive Batteries (Overseas))

Automotive Batteries (Overseas)

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.

Sales and profit declined

FY2023 1Q Sales Overview (Apr. - Jun.)

- [Southeast Asia] Sales volume of batteries for automobiles and motorcycles decreased
- [Europe] Sales volume of automotive batteries remained at the same level as the previous year, but sales increased due to the revision of selling prices
- [China] Sales volume for new automobiles mainly decreased

Profit Change Factors (Apr. - Jun.)

Quantity, composition change	-2.7	Decrease in sales volume primarily in Indonesia
Raw material prices, sales price	+3.5	Increase due to reflection of selling price of rising cost
Expenses, etc.	-0.8	Increase in expenses due to the impact of inflation
Exchange	-0.3	Impact of the depreciation of the Turkish lira

Automotive batteries (overseas) was the only segment with lower sales and income, with net sales of 58.4 billion yen, down 1.6 billion yen, and operating income of 2.8 billion yen, down 0.2 billion yen.

The decline in the volume of goods in Southeast Asia, especially in Indonesia, has been a major factor.

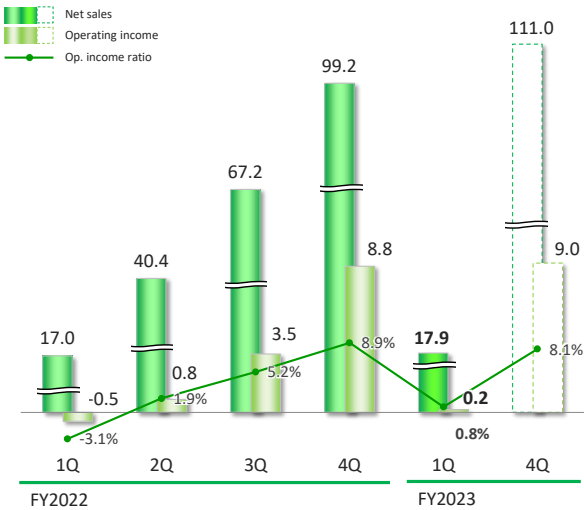
In addition, we decided to transfer our equity in the China business, but net sales were down in Q1 due to the impact of lower sales volume for new vehicles, and the business was also in a difficult profit situation.

Despite these efforts, the extent of profit decline was limited due to a certain level of price revisions in Europe and other regions.

2. Segment Results (Industrial Batteries and Power Supplies)

Industrial Batteries and Power Supplies

Net Sales, Operating income, Op. income ratio (Billion yen)



FY2022

FY2023

Note: Some consolidated subsidiaries in the "Industrial Batteries and Power Supplies" segment were transferred to the "Specialized Batteries and Others" segment in fiscal 2023. In conjunction with this change, figures for 1st quarter of fiscal 2022 were restated according to the modified segments.

Sales and profit increased

FY2023 1Q Sales Overview (Apr. - Jun.)

- [Regular field (Japan)] Sales of energy storage systems launched in the second half of FY2022 increased
- [Emergency field (Japan)] Sales of backup battery power supplies remained at the same level as the previous year due to the impact of the selling price revision, and mainly due to strong sales in private-sector demand
- [For forklifts (Global)] Sales volume in Japan decreased, but net sales increased due to the revision of selling prices, etc.

Profit Change Factors (Apr. - Jun.)

Quantity, composition change	+0.0	
Raw material prices	+0.7	Increase due to revision of selling price
SG&A expenses and others	-0.0	

Industrial batteries and power supplies reported net sales of 17.9 billion yen, an increase of 0.9 billion yen, and operating income of 0.2 billion yen, an increase of 0.7 billion yen.

Sales of backup battery power supplies were almost unchanged from the previous year. Sales in the regular use sector, which will grow in the future, are increasing.

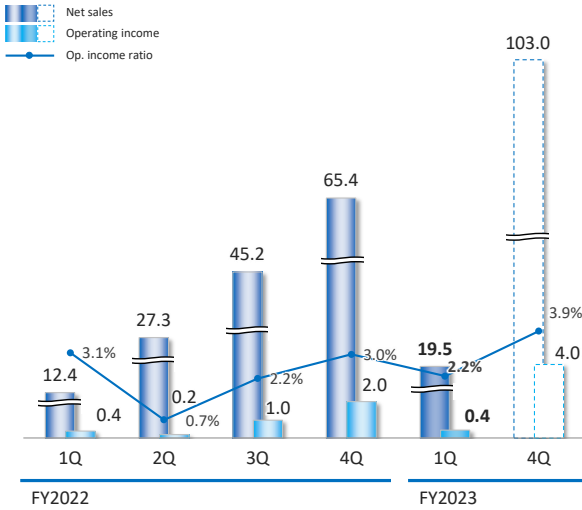
Net sales for forklift trucks also decreased slightly in Japan, but increased due to a review of selling prices and other factors.

Profits are increasing due to the effects of the selling price correction announced for FY2022 in response to soaring raw material prices.

2. Segment Results (Automotive Lithium-ion Batteries)

Automotive Lithium-ion Batteries

Net Sales, Operating income, Op. income ratio (Billion yen)



Sales and profit increased

FY2023 1Q Sales Overview (Apr. - Jun.)

- [For HEVs] Sales volume increased due to recovery in production by new car manufacturers as a result of mitigation of semiconductor shortage and strengthening of BEC's production system
- [For PHEVs] Sales volume increased due to recovery in production by new car manufacturers as a result of mitigation of semiconductor shortage

Profit Change Factors (Apr. - Jun.)

Quantity, composition change	+1.6	Increase in sales of LiB for HEVs and PHEVs
Raw material prices, sales price	+0.3	Increase due to revision of selling price
Expenses, etc.	-1.8	Increase in cost accompanied with operation of BEC No.2 plant and increase in production volume, and R&D cost of BEVs

Net sales of automotive lithium-ion batteries were 19.5 billion yen, up 7.1 billion yen, and operating income was 0.4 billion yen, unchanged from the previous year. Sales of both lithium-ion batteries for hybrid and plug-in hybrid vehicles are increasing due to the recovery of production by new car manufacturers.

Sales of lithium-ion batteries for hybrid vehicles are expected to increase, especially to new automobile manufacturers, and we are also strengthening our production system with the start of operations at Blue Energy's second plant.

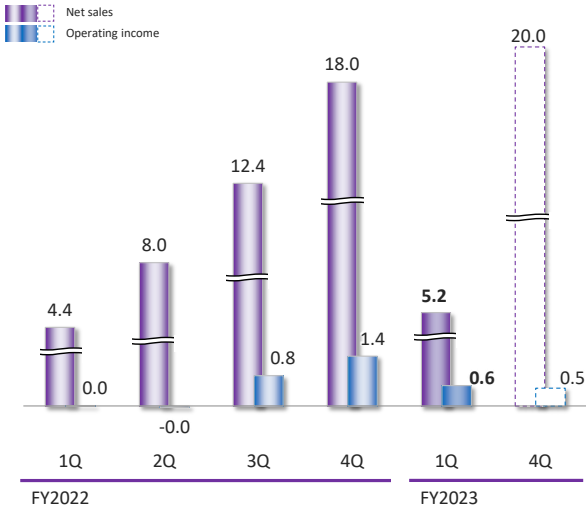
Although sales volume increased and selling price adjustments were made, profits remained at about the same level as in the previous year due to increased expenses associated with the startup of Blue Energy's second plant, the impact of increased sales volume, as well as soaring raw material prices.

2. Segment Results (Specialized Batteries and Others)

Specialized Batteries and Others

Net Sales, Operating income

(Billion yen)



Sales and profit increased

FY2023 1Q Sales Overview (Apr. - Jun.)

- [Lithium-ion batteries for aircrafts] Sales volume of batteries for airlines (for replacement) primarily increased
- [Lithium-ion batteries for submarines] Sales due to the relation of standard for progress of construction works progressed steadily
- [Membrane Business] The business was transferred from Industrial Batteries and Power Supplies segment from fiscal 2023

Profit Change Factors (Apr-Jun)

Profit increased due to sales increase in batteries for airlines (for replacement) and decrease in expenses

FY2022

FY2023

Note: Some consolidated subsidiaries in the "Industrial Batteries and Power Supplies" segment were transferred to the "Specialized Batteries and Others" segment in fiscal 2023. In conjunction with this change, figures for 1st quarter of fiscal 2022 were restated according to the modified segments.

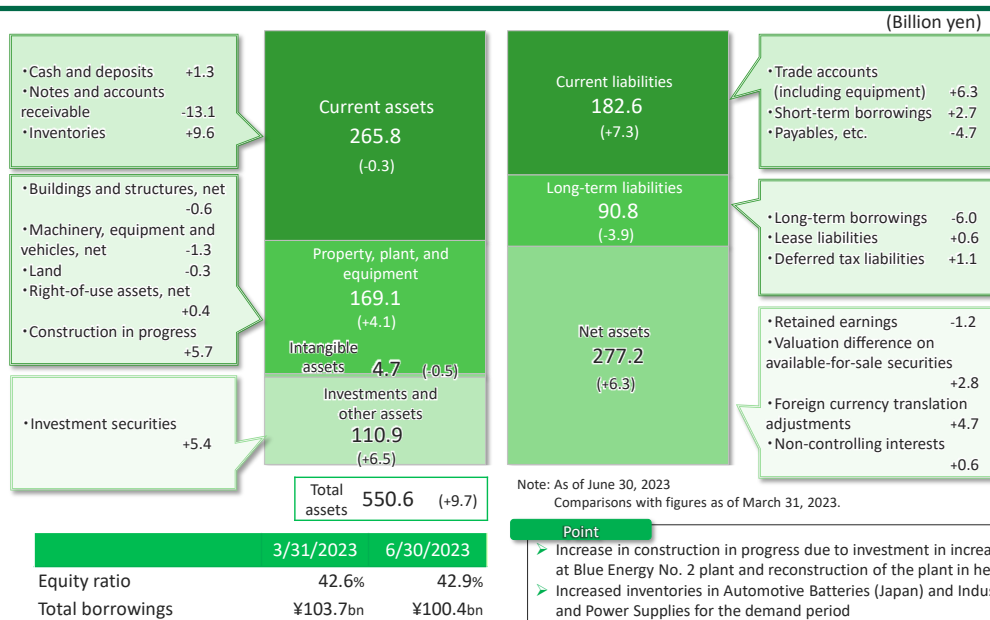
Specialized batteries and others reported net sales of 5.2 billion yen, up 0.8 billion yen, and operating income of 0.6 billion yen, up 0.6 billion yen.

Sales of lithium-ion batteries for aircraft are increasing for airlines (replacement).

Sales of lithium-ion batteries for submarines have remained strong, contributing to the increase in sales and profits.

The increase was due in part to a decrease in administrative expenses.

3. Balance Sheet



Balance sheet as of June 30, 2023.

Total assets amounted to 550.6 billion yen, a 9.7 billion yen increase in assets over the end of March.

Tangible fixed assets increased by 4.1 billion yen and investments and other assets increased by 6.5 billion yen.

As for fixed assets, construction in progress increased by 5.7 billion yen due to investments in increased production at Blue Energy's second plant and the construction of a building for forklift trucks in the Kyoto area.

Investments and other assets were mainly due to increases in the market value of equity holdings.

Current liabilities increased 7.3 billion yen and long-term liabilities decreased 3.9 billion yen.

Long-term liabilities decreased due to the reclassification of long-term loans payable to current portion of short-term loans payable.

As a result, current liabilities increased due to an increase in short-term borrowings and an increase in trade payables.

Total equity increased ¥6.3 billion due to an increase in net unrealized gains on available-for-sale securities resulting from an increase in the market value of marketable securities and an increase in currency translation adjustments due to a weaker yen.

As a result, the shareholders' equity ratio improved slightly from the end of FY2022 to 42.9%.

Total borrowings remain high, at 100.4 billion yen.

4. Topic

Liquidation of companies in China

Reason for Share Transfer

➤ The environment surrounding the business in China is changing

the Company has been facing major changes such as

1. The tightening of environmental regulations
2. The Zero-COVID policy and its lifting

Name	Tianjin GS Battery Co., Ltd.(TJGS)	Yuasa Battery (Shunde) Co., Ltd. (YBSD)
Establishment	November 1991	February 2002
Address	Bin Hai New Area, Tianjin, P. R. China	Shunde, Foshan, Guangdong, P. R. China
Main Business	Manufacture and sale of lead-acid batteries for automobiles	Manufacture and sale of lead-acid batteries for automobiles and sale of lead-acid batteries for motorcycles
Shareholders and shareholding ratio	GS Yuasa	Before 92.5% After 22.5%
	Yuasa Battery (Guangdong) Co., Ltd. (wholly-owned by GS Yuasa)	7.5% 7.5%
Transfer price (Approx)	Approx. 0.95 billion yen (RMB 49 Mil)	Approx. 3.08 billion yen (RMB 158 Mil)

Transfer **70%** of the shares of TJGS and YBSD to **Leoch Battery**



TJGS and YBSD will be changed to **the equity method affiliates** of GS Yuasa

Name	Leoch Battery Company Limited (wholly-owned by Leoch International Technology Limited)
Establishment	April 2007
Address	Hong Kong
Main Business	Investment management and sales of batteries

Transferring the management right to Leoch Battery while continuing technical support from GS Yuasa will be the most beneficial option for TJGS and YBSD

The following is a summary of the liquidation of the China site that was timely disclosed on July 25.

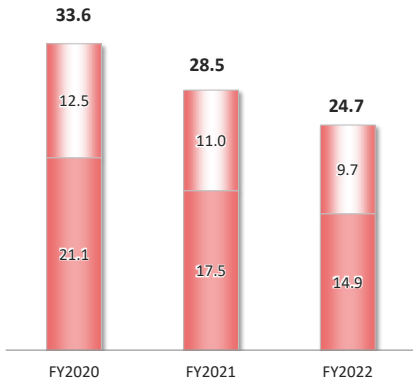
TJGS and YBSD will become equity method affiliates.

GS Yuasa will continue to provide technical support to Leoch Battery, as it will retain a 30% stake in the company. We have decided that the best solution is to entrust Leoch Battery with the management of our Chinese business, which is difficult to manage.

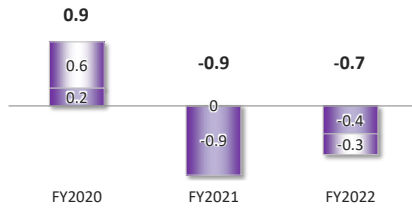
4. Topic

Net Sales, Operating Income, Net Income of TJGS · YBSD (billion yen)

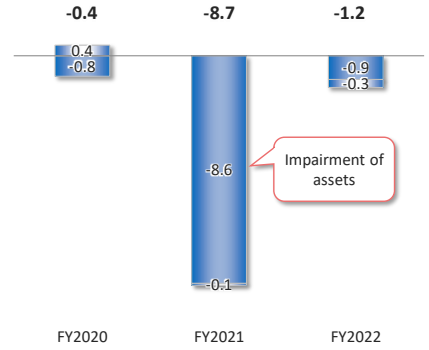
«Net Sales»



«Operating Income»



«Net Income»



	Net Sales	Operating Income	Net Income
YBSD	Light Red	Dark Purple	Dark Blue
TJGS	Dark Red	Purple	Light Blue

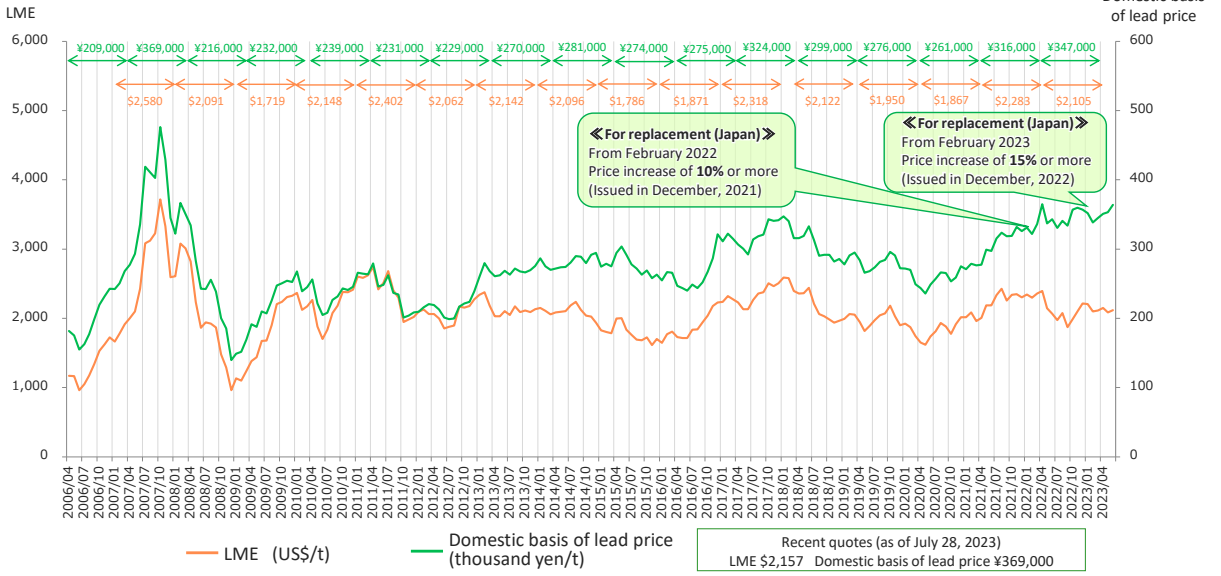
Here are TJGS and YBSD's net sales, operating income, and net income over the past three years.

Two companies will become equity method affiliates from the second half of the fiscal year, which we expect will have an impact on each of their earnings.

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.



Raw Materials Prices



Quarterly Results by Segment

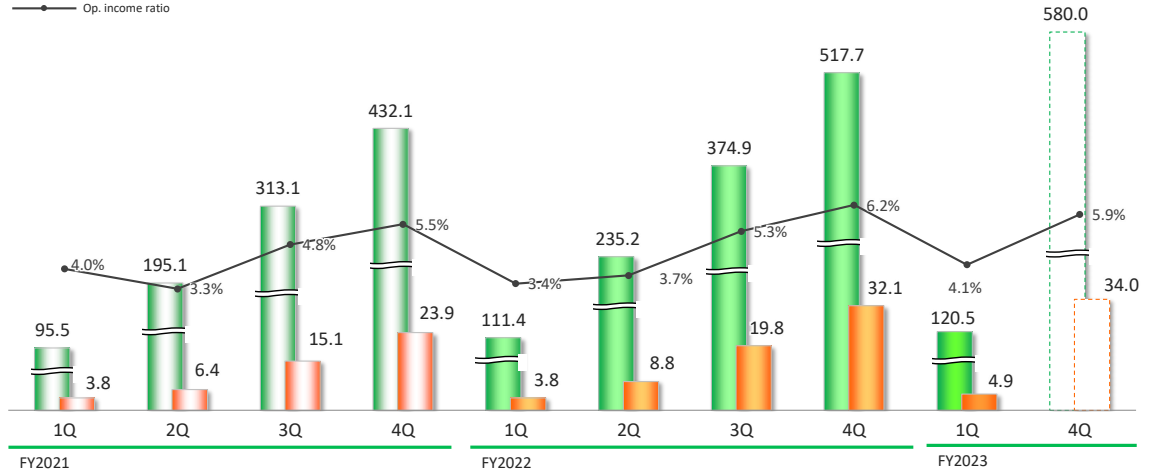
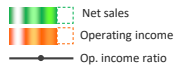
(Billion yen)

		FY2022									FY2023												
		1Q (Apr-Jun)		2Q (Jul-Sep)		3Q (Oct-Dec)		4Q (Jan-Mar)		Full (Apr-Mar)			1Q (Apr-Jun)		2Q (Jul-Sep)		3Q (Oct-Dec)		4Q (Jan-Mar)		Full (Apr-Mar)		
		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: %)	EBITDA (EBITDA Margin: %)	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: %)	EBITDA (EBITDA Margin: %)
Auto motive Batter ies	Japan	17.7	1.0 (5.4)	20.0	0.8 (4.0)	25.5	2.5 (9.7)	24.7	2.3 (9.4)	87.8	6.5 (7.5)	9.2 (10.5)	19.6	1.0 (5.2)	-	-	-	-	-	-	94.0	5.5 (5.9)	-
	Over seas	60.0	3.0 (5.0)	61.9	3.1 (5.0)	65.1	4.1 (6.3)	60.4	3.1 (5.2)	247.3	13.3 (5.4)	20.1 (8.1)	58.4	2.8 (4.7)	-	-	-	-	-	-	252.0	15.0 (6.0)	-
Industrial Batteries and Power Supplies		17.0	-0.5 (-3.1)	22.9	1.2 (5.4)	26.8	2.7 (10.2)	32.1	5.3 (16.5)	99.2	8.8 (8.9)	10.6 (10.6)	17.9	0.2 (0.8)	-	-	-	-	-	-	111.0	9.0 (8.1)	-
Automotive Lithium-ion Batteries		12.4	0.4 (3.1)	15.0	-0.2 (-1.3)	17.9	0.8 (4.4)	20.1	1.0 (5.0)	65.4	2.0 (3.0)	6.1 (9.3)	19.5	0.4 (2.2)	-	-	-	-	-	-	103.0	4.0 (3.9)	-
Specialized Batteries and Others		4.4	0.0 (0.2)	4.0	0.0 (0.8)	4.4	0.9 (19.9)	5.6	0.5 (9.6)	18.0	1.4 (7.7)	7.1 (39.4)	5.2	0.6 (10.9)	-	-	-	-	-	-	20.0	0.5 (2.5)	-
Total		111.4	3.8 (3.4)	123.8	4.9 (4.0)	139.7	11.0 (7.9)	142.9	12.3 (8.6)	517.7	32.1 (6.2)	53.0 (10.2)	120.5	4.9 (4.1)	-	-	-	-	-	-	580.0	34.0 (5.9)	55.0 (9.5)

Note 1 : Operating income is operating income before amortization of goodwill and Op. income ratio is Op. income ratio before amortization of goodwill. EBITDA is operating income before amortization of goodwill + depreciation.
 2 : Some consolidated subsidiaries in the "Industrial Batteries and Power Supplies" segment were transferred to the "Specialized Batteries and Others" segment in fiscal 2023. In conjunction with this change, figures for 1st quarter of fiscal 2022 were restated according to the modified segments.

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.