

Nine Months Ended December 31, 2021(FY2021) Result Briefing

February 4, 2022

GS Yuasa Corporation



FY2021 3rd Quarter Financial Results

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FY2021 3rd Quarter Financial Results

- Looking at the global economy, the economic activity has gradually resumed because of economic plans by each country, however, COVID-19 has spread again due to identification of new variant. In addition, the economic activity has continued uncertain situation such as soaring raw material price or the supply-chain disruption due to shortage of components or containers.
- Group sales increased mainly thanks to sales increase of automotive lithium-ion batteries and lead-acid batteries in overseas automotive batteries business, and the impact of weaker yen of the exchange.
- Operating income and ordinary income decreased mainly due to the impact of higher raw material price.
- Profit attributable to owners of parent decreased due to impairment loss of consolidated subsidiary of China in addition to abovementioned impact.

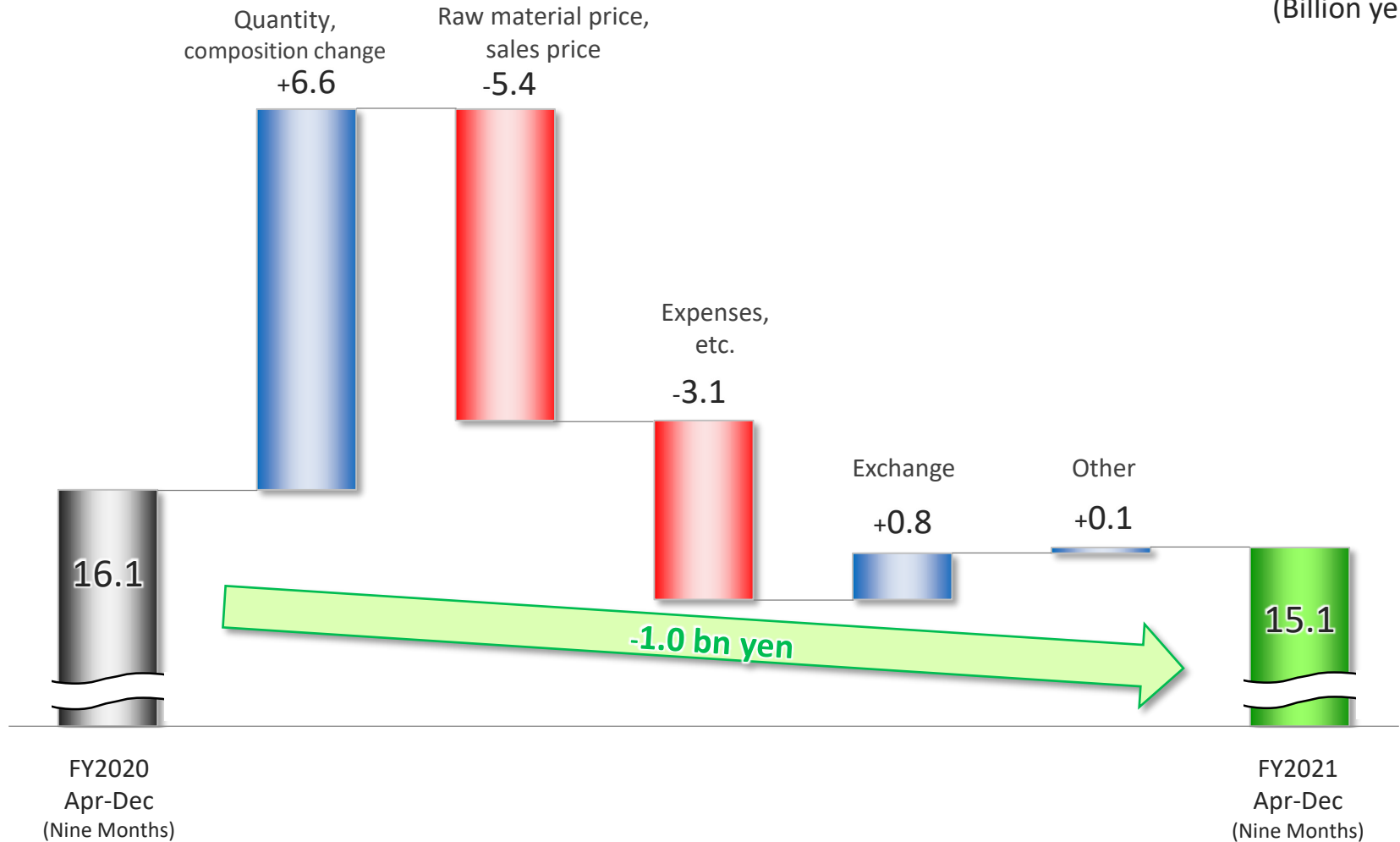
2. Net Sales, Profits

	FY2020 Apr-Dec (Nine Months)	FY2021 Apr-Dec (Nine Months)	Change	(Billion yen) (YoY%)
Net Sales	278.0	313.1	+35.1	(+12.6%)
Operating income (Operating income ratio)	14.4 5.2%	13.9 4.4%	-0.5 -0.8P	(-3.3%)
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	16.1 5.8%	15.1 4.8%	-1.0 -1.0P	
Ordinary income	16.6	16.1	-0.5	(-3.3%)
Extraordinary income	0.5	2.3	+1.8	
Extraordinary loss	3.6	7.4	+3.8	
Profit before income taxes	13.5	11.0	-2.5	
Income taxes	6.3	4.9	-1.4	
Profit attributable to non-controlling interests	1.6	2.7	+1.1	
Profit attributable to owners of parent (Net profit ratio)	5.7 2.0%	3.3 1.1%	-2.4 -0.9P	(-40.9%)
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	7.3 2.6%	4.3 1.4%	-3.0 -1.2P	
Domestic lead price quote	¥256,100/t	¥312,000/t	+¥55,900/t	
LME	1,816US\$/t	2,266US\$/t	+450US\$/t	
Exchange rate	¥105.54/US\$	¥111.45/US\$	+¥5.91/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)

		FY2020 Apr-Dec (Nine Months)		FY2021 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	61.0	6.4 (10.5)	58.8	4.3 (7.3)	-2.2	-2.1 (-3.2)
	Overseas	121.3	8.7 (7.2)	138.0	7.1 (5.2)	+16.7	-1.6 (-2.0)
Industrial Batteries and Power Supplies		58.2	2.1 (3.7)	71.0	2.0 (2.9)	+12.8	-0.1 (-0.8)
Automotive Lithium-ion Batteries		24.4	-1.4 (-5.8)	33.2	1.3 (3.9)	+8.8	+2.7 (+9.7)
Specialized Batteries and Others		13.1	0.3 (2.1)	12.1	0.3 (2.7)	-1.0	+0.0 (+0.6)
Total		278.0	16.1 (5.8)	313.1	15.1 (4.8)	+35.1	-1.0 (-1.0)

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

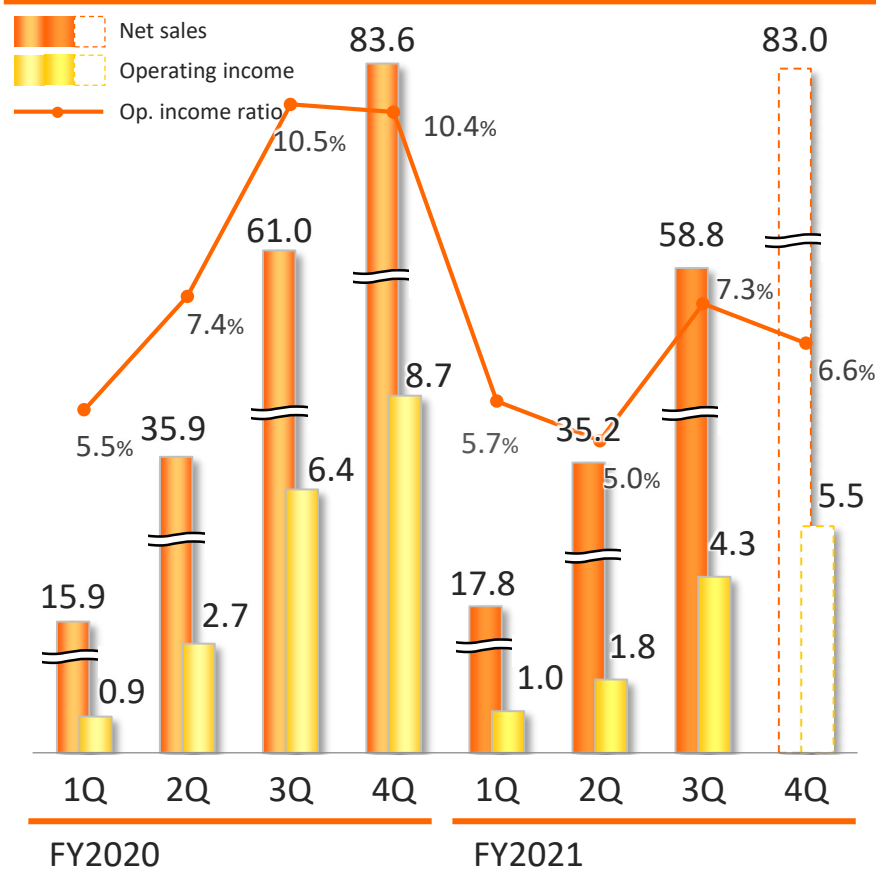
2. Segment Results (Automotive Batteries (Japan))

Sales and profit declined

(Billion yen)

Automotive Batteries (Japan)

Net Sales, Operating income, Op. income ratio



FY2021 3Q Sales Overview

- Sales volume of batteries for new automobiles decreased because production decrease of automakers due to semiconductor shortage, etc. has become apparent since 2nd quarter and also continued in 3rd quarter
- Sales volume of replacement batteries progressed as well as the previous fiscal year because continued use of owned cars increased due to the supply shortage of new automobiles and the used car market was active

Main Profit Change Factors

Quantity, composition change	+0.3
Lead prices, sales prices	-1.9
Streamlining, expenses, etc.	-0.5

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

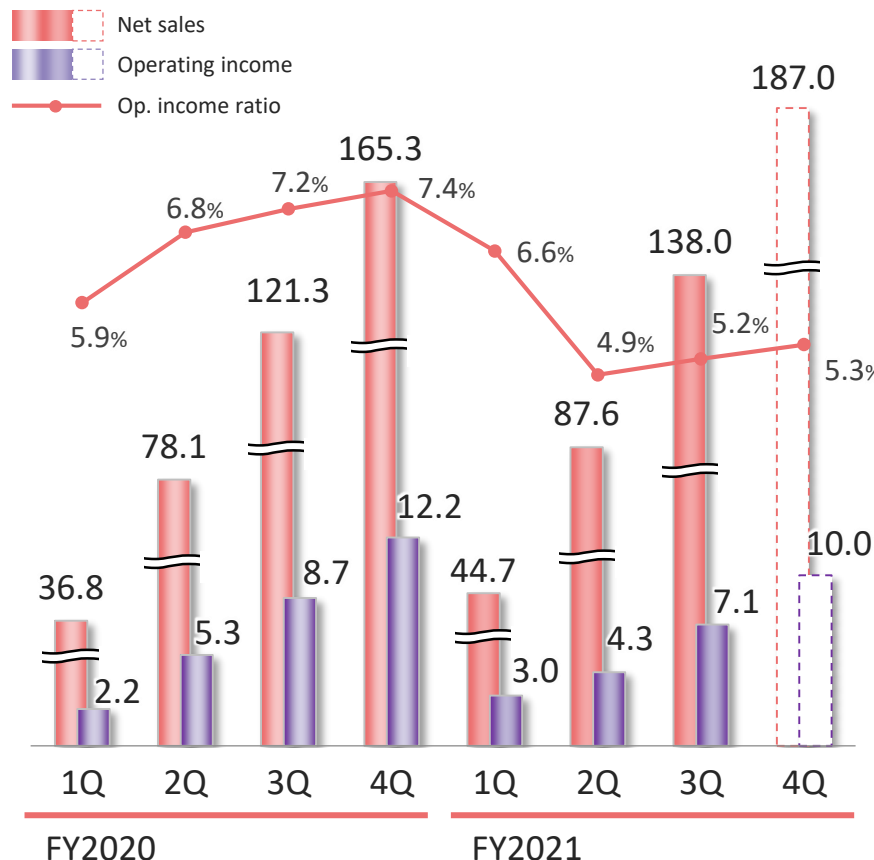
3. Segment Results (Automotive Batteries (Overseas))

Automotive Batteries (Overseas)

Sales increased,
profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2021 3Q Sales Overview

- In Indonesia and Thailand, sales volume of batteries for automobiles and motorcycles increased. Sales in Vietnam decreased due to the impact of 2nd quarter despite sales recovered in 3rd quarter from the impact of COVID-19
- In Europe, sales volume of replacement batteries and industrial batteries increased
- In China, sales of batteries for new automobiles and replacement decreased because the competition became intense
- Sales increased thanks to the impact of weaker yen and the impact of higher selling prices because of higher prices of lead

Main Profit Change Factors

Quantity, composition change	+1.9
Lead prices, sales prices	-2.0
Streamlining, expenses, etc.	-2.3
Exchange	+0.8

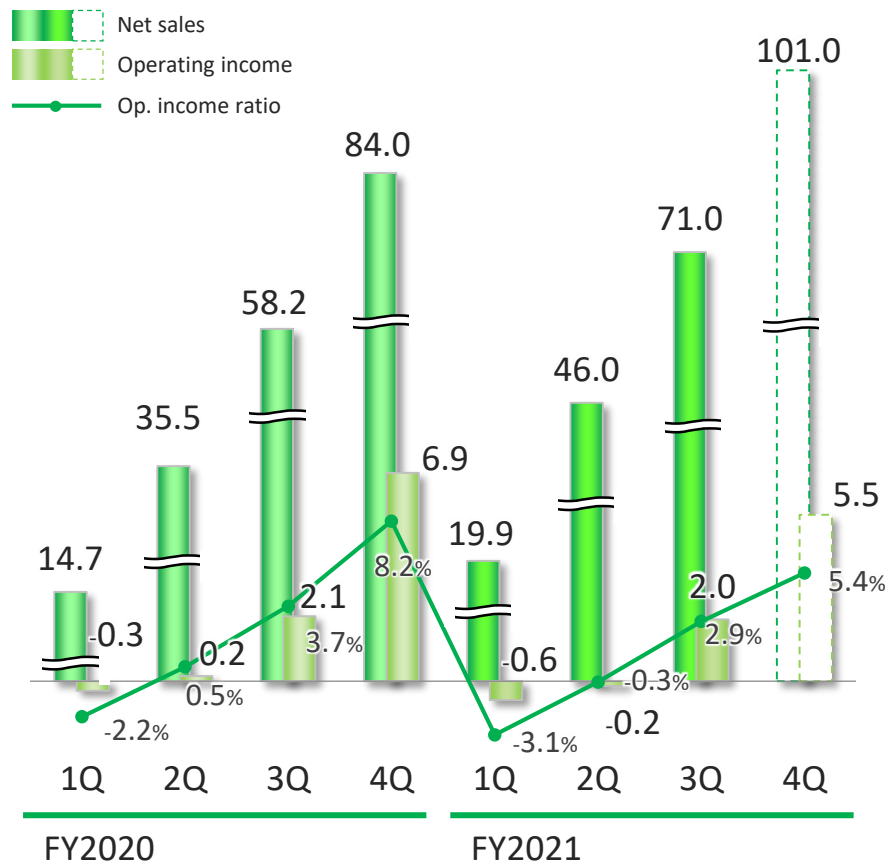
3. Segment Results (Industrial Batteries and Power Supplies)

Industrial Batteries and Power Supplies

Sales increased,
Profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2021 3Q Sales Overview

- Supply of lithium-ion batteries for large wind power generation completed in 3rd quarter as scheduled
- Sales volume of batteries and power supplies for backup recovered from severe decrease due to the impact of COVID-19
- Sales volume of batteries for forklifts increased due to the recovery from the impact of COVID-19
- Infrastructure business of Sanken Electric Co., Ltd. was added as consolidation target by acquisition

Main Profit Change Factors

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

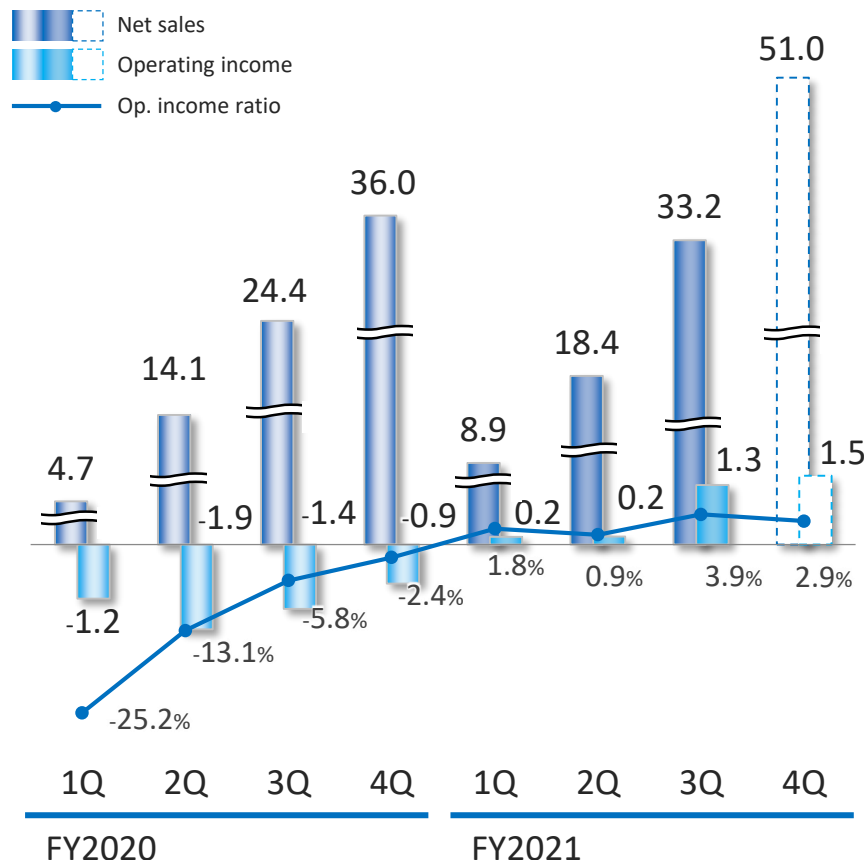
3. Segment Results (Automotive Lithium-ion Batteries)

Sales and profit increased

(Billion yen)

Automotive Lithium-ion Batteries

Net Sales, Operating income, Op. income ratio



FY2021 3Q Sales Overview

- [Lithium Energy Japan (LEJ)] Sales of vehicle model installing our lithium-ion batteries for plug-in hybrid electric vehicles (PHEVs) continued strong
- [Blue Energy (BEC)] Sales volume of lithium-ion batteries for hybrid vehicles (HEVs) increased due to starting trade with Toyota Motor Co., Ltd. from the previous fiscal year and increase of number of vehicle models installing our batteries

Main Profit Change Factors

- Profit of BEC increased due to the impact of increase of sales volume
- Profit of LEJ increased due to increase of sales volume or decrease of weight of depreciation

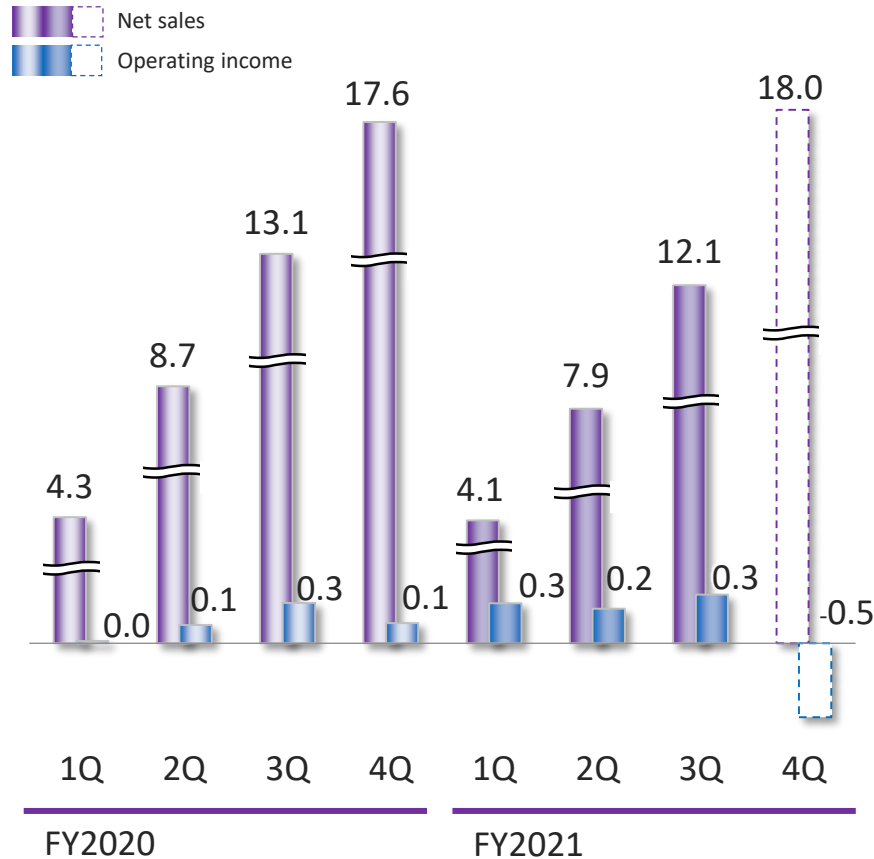
3. Segment Results (Specialized Batteries and Others)

Specialized Batteries and Others

Sales declined,
profit increased

(Billion yen)

Net Sales, Operating income



FY2021 3Q Sales Overview

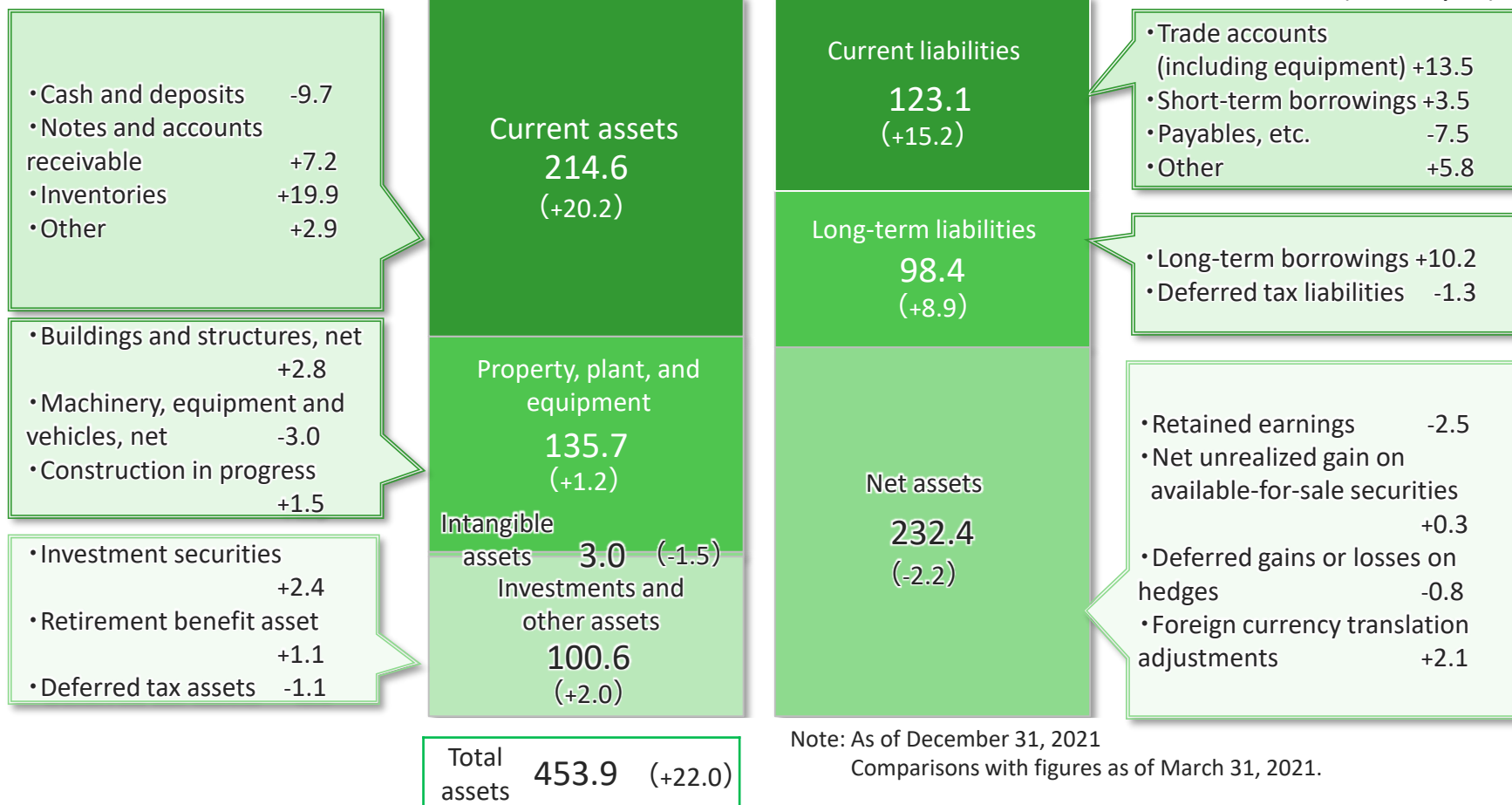
- Sales of lithium-ion batteries for submarines decreased due to the relation of standard for progress of construction works
- Regarding sales of lithium-ion batteries for aircrafts, sales for airlines (for replacement) progressed steadily

Main Profit Change Factors

Profit increased due to decrease of expenses

4. Balance Sheet

(Billion yen)



	3/31/2021	12/31/2021
Equity ratio	46.8%	44.2%
Total borrowings	¥65.4bn	¥79.1bn

5. Revision to Consolidated Results Forecast

(Billion yen)

	FY2020 Actual	FY2021 Forecast in November (A)	FY2021 Revised forecast (B)	Change ((B) – (A))
Net sales	386.5	440.0	440.0	-
Operating income (Operating income ratio)	24.8 6.4%	21.0 4.8%	21.0 4.8%	- -
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	27.1 7.0%	22.0 5.0%	22.0 5.0%	- -
Ordinary income	27.3	24.0	24.0	-
Profit attributable to owners of parent (Net profit ratio)	11.5 3.0%	11.0 2.5%	8.0 1.8%	-3.0 -0.7P
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	13.5 3.5%	12.0 2.7%	9.0 2.0%	-3.0 -0.7P
Dividend	50 yen/share	50 yen/share(forecast)	50 yen/share(forecast)*	-
Conditions	Domestic lead price quote	¥260,900/t	¥310,000/t	+¥20,000/t
	LME	1,867US\$/t	2,200US\$/t	+100US\$/t
	Exchange rate	¥105.94/US\$	¥110.0/US\$	-

Reason for revision

- Revised profit attributable to owners of parent to 3 billion yen down due to the impairment loss of Tianjin GS Battery Co., Ltd.

*There is no change to year-end dividend of ¥50 per share (forecast) because there is no cash out due to impairment loss

5. Revision to Consolidated Results Forecast

(Billion yen)

		FY2020 Actual		FY2021 Forecast in November (A)		FY2021 Revised Forecast (B)		Change ((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	83.6	8.7 (10.4)	82.0	5.0 (6.1)	83.0	5.5 (6.6)	+1.0	+0.5 (+0.5)
	Overseas	165.3	12.2 (7.4)	184.0	9.0 (4.9)	187.0	10.0 (5.3)	+3.0	+1.0 (+0.4)
Industrial Batteries and Power Supplies		84.0	6.9 (8.2)	103.0	6.5 (6.3)	101.0	5.5 (5.4)	-2.0	-1.0 (-0.9)
Automotive Lithium- ion Batteries		36.0	-0.9 (-2.4)	53.0	2.0 (3.8)	51.0	1.5 (2.9)	-2.0	-0.5 (-0.9)
Specialized Batteries and Others		17.6	0.1 (0.8)	18.0	-0.5 (-2.8)	18.0	-0.5 (-2.8)	-	- (-)
Total		386.5	27.1 (7.0)	440.0	22.0 (5.0)	440.0	22.0 (5.0)	-	- (-)

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

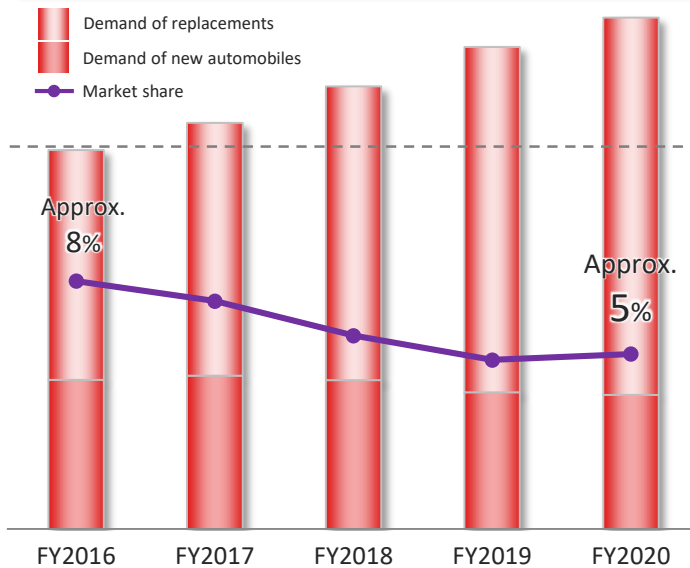
5. Revision to Consolidated Results Forecast

Segment	Change		Factor
	Net sales	Operating income before amortization of goodwill	
Automotive Batteries (Japan)	+1.0 billion yen	+0.5 billion yen	➤ Forecast sales increase due to strong sales of replacement batteries
Automotive Batteries (Overseas)	+3.0 billion yen	+1.0 billion yen	<ul style="list-style-type: none"> ➤ Forecast sales increase due to the impact of weaker yen ➤ Forecast increase due to strong sales in ASEAN region
Industrial Batteries and Power Supplies	-2.0 billion yen	-1.0 billion yen	➤ Forecast sales decrease due to shortage of components
Automotive Lithium-ion Batteries	-2.0 billion yen	-0.5 billion yen	➤ Forecast the impact of production decrease of new automobiles due to semiconductor shortage

6. About Impairment of Tianjin plant

Demand and market share of lead-acid batteries / Comparison with competitors / Profile in China

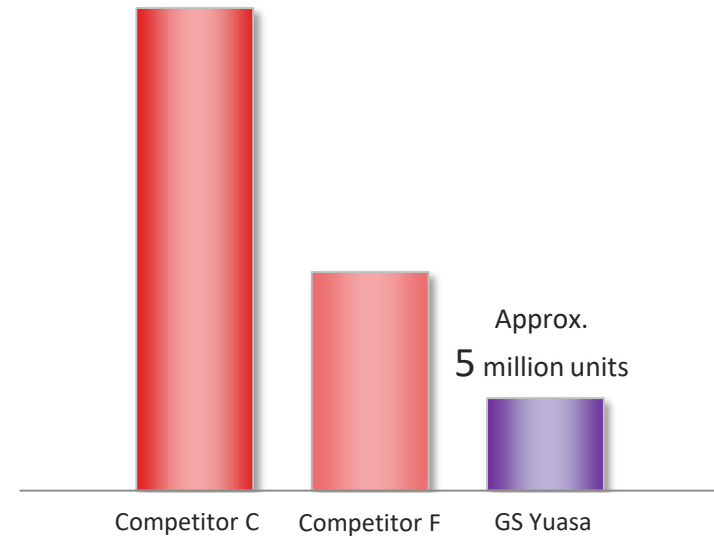
Demand / Market share of automotive batteries



(Note1) Shows changes of demand taking the level of FY2016 as a base of 100

(Note2) Based on company research from statistical materials

Comparison of sales volume with competitors (FY2020)



(Note) Based on company research from statistical materials

Profile of Tianjin GS Battery Co., Ltd.

Established	Capital	Investors	Transfer to the new plant	Production capacity (FY2021)
November 11, 1991	71.6 million dollar	GS Yuasa International Ltd. 80%	March 2019 : Started mass production	4 million units / year
		Tianjin BENEFO Machinery Equipment Group Co., Ltd. 20%		

6. About Impairment of Tianjin Plant

Change of environment surrounding China and measure of impairment



Change of environment surrounding China

《External factors》

Intensification of competition

Competition became intensified due to excessive supply capacity of lead-acid batteries in China

Improvement of technology of Chinese manufacturers

Superiority of Japanese products declined in performance and quality

《Internal factors》

Delay of establishing mass production system

Market share declined because of decrease in yield, shortage of product lineup and delay of full-scale operation due to the impact of COVID-19, etc., in addition to delay of constructing new plant

Cost rise

Price competitiveness declines due to increase of depreciation weight and cost rise such as labor cost

Delay of expanding sales channels

Delay of expanding sales channels from using agencies to direct sales and EC



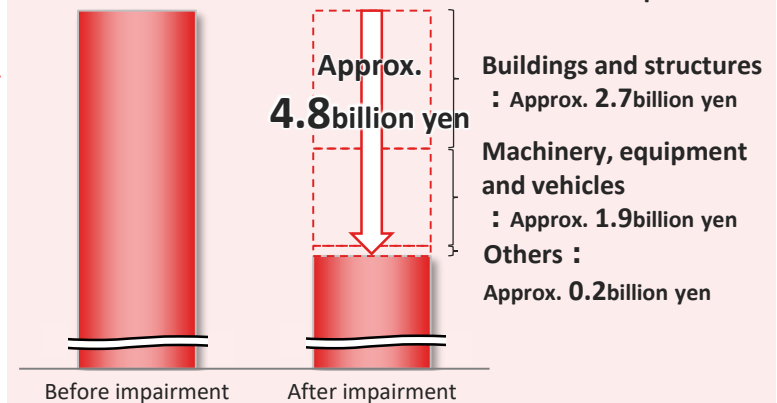
Proposed measures

Refrain capital investment

Reduce assets by impairment of Tianjin new plant

Reduce fixed assets to recoverable amount because of profitability decline of business

《Breakdown of impairment》



Reconsider sales systems

Strengthen sales channels such as direct sales or EC

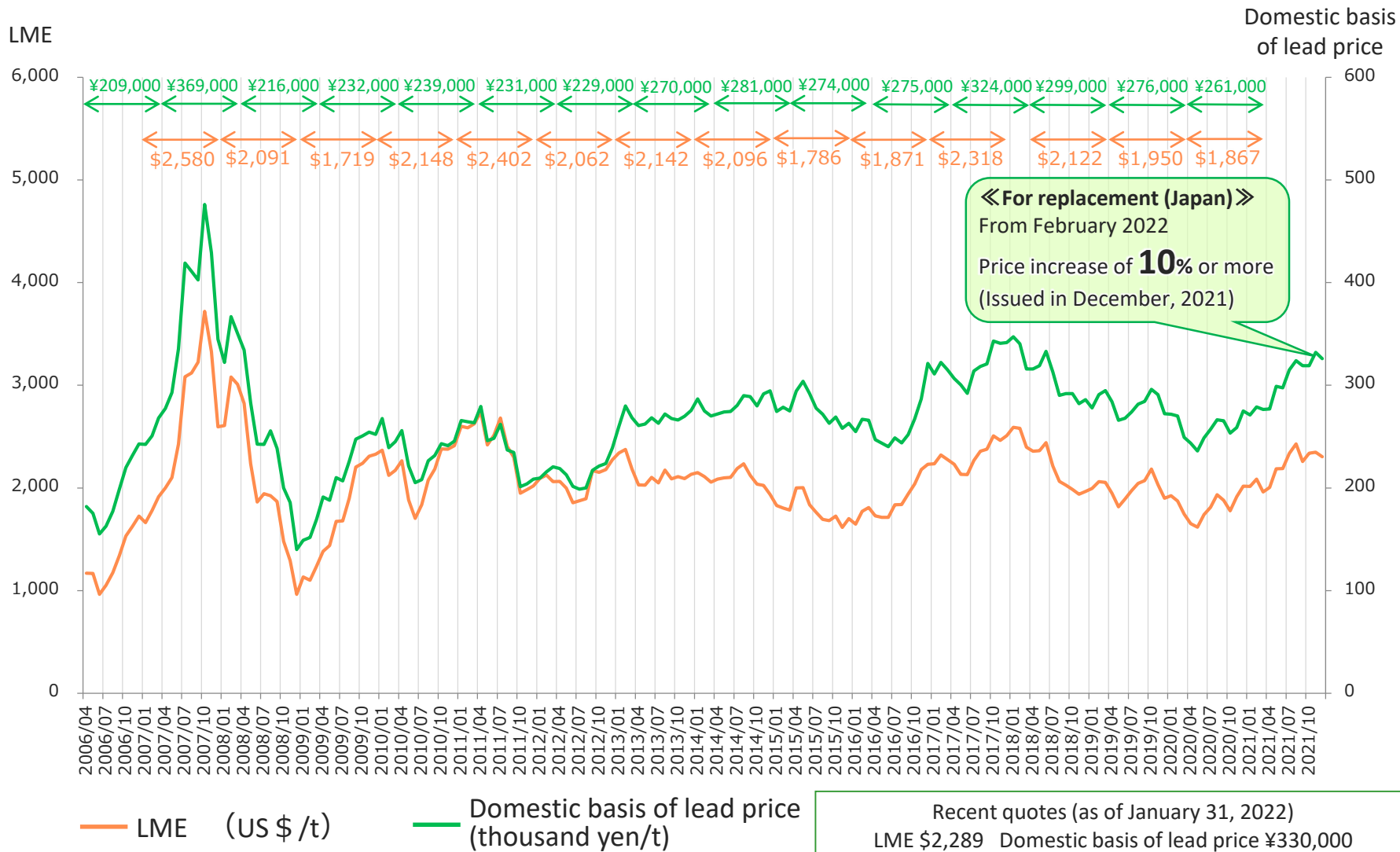
Cost reduction by improving productivity

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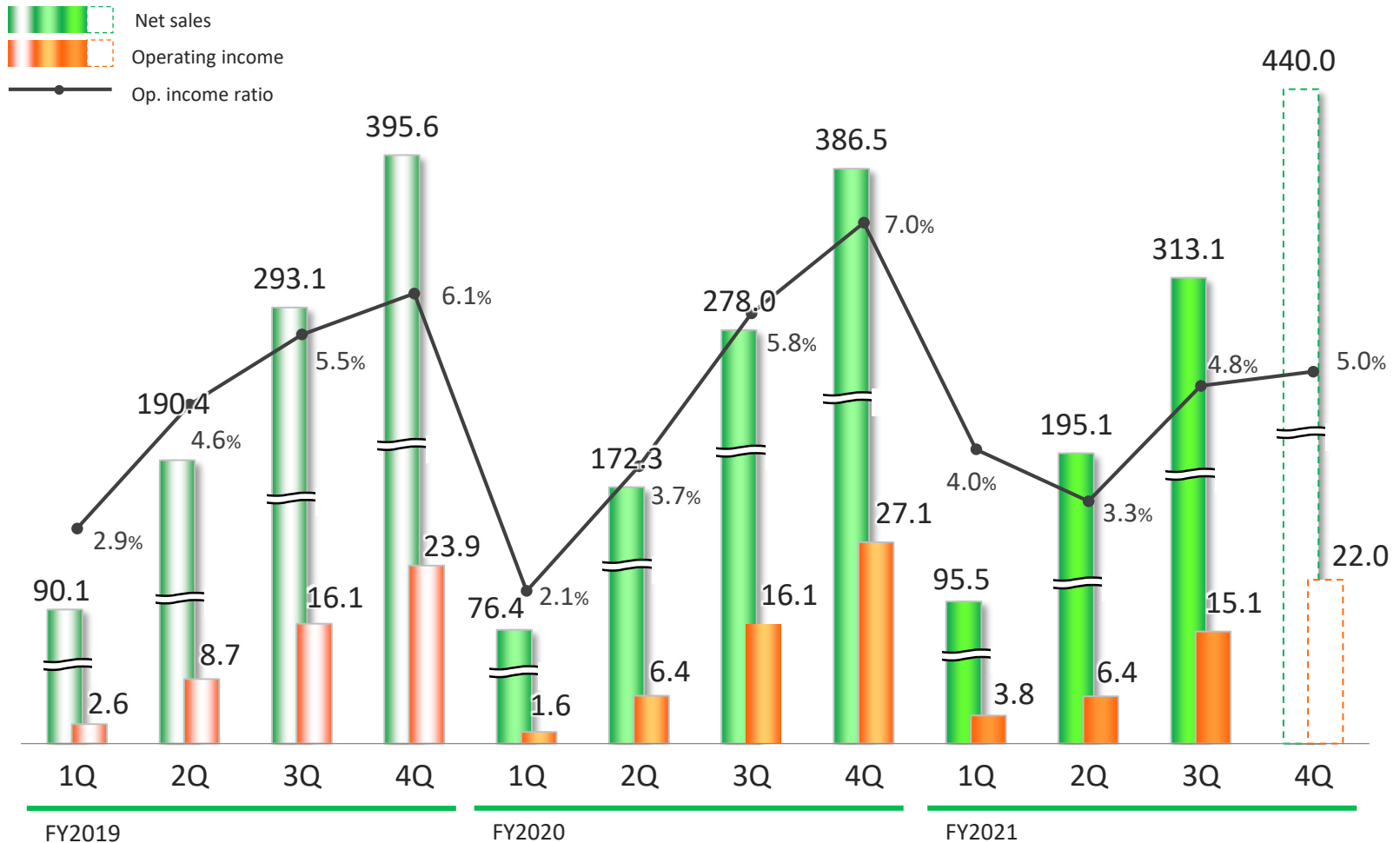
Reference

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.