

Fiscal Year Ended March 31, 2015 (FY2014)

Results Briefing



May 12, 2015

GS Yuasa Corporation

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1 . Financial Results Overview

Economic Environment

Despite the impact of a reactionary decline to a demand spike prior to the consumption tax hike began to ease during the period, Japan's economic recovery was sluggish, hindered by a slump in consumer spending and other factors.

In the global economy, while China's economic growth slowed amid slumping investment, the U.S. economy continued to recover, and in Europe the modest economic recovery continues.

Financial Results Overview

Through the second quarter, both net sales and profits were solid, underpinned by higher sales of lithium-ion automotive batteries, as well as lead-acid storage batteries primarily in Southeast Asia. From the third quarter onward, overall demand for automotive lead-acid storage batteries was sluggish, while sales of lithium-ion automotive batteries declined.

For the full fiscal year, net sales were a record high, primarily the result of higher sales of lithium-ion automotive batteries, a stronger business foundation in Asia resulting from an expanded scope of consolidation, and the impact of exchange rates. In terms of profitability, both operating income and ordinary income were record highs, primarily the result of higher sales of lithium-ion automotive batteries and an accompanying improvement in profitability, along with measures to raise sales prices overseas. Net income slightly increased, which reflected an extraordinary loss of ¥4.4 billion related to a consolidated subsidiary.

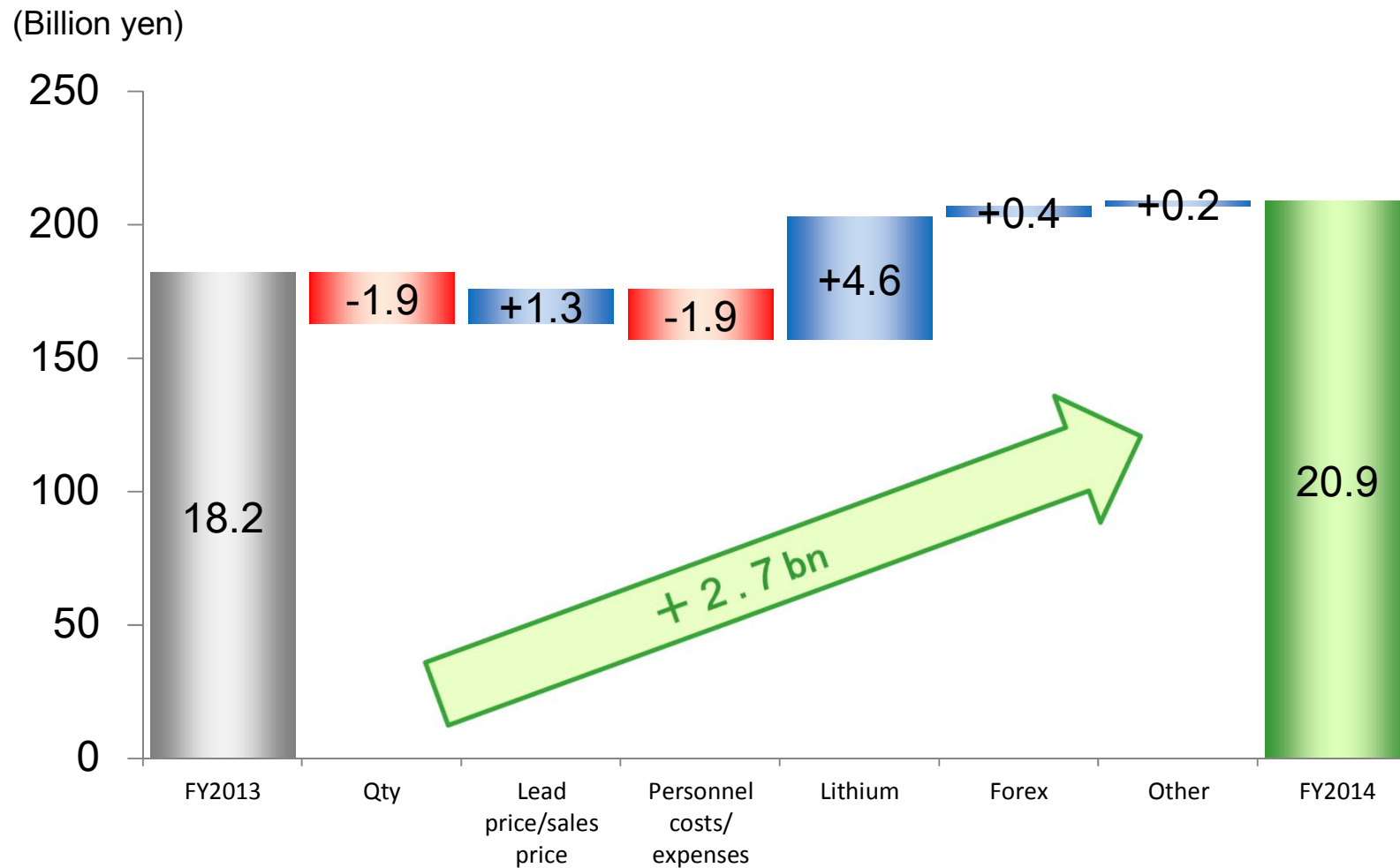
2. Net Sales/Profits

	FY2013	FY2014	Difference (YonY%)
			(Billion yen)
Net sales	348.0	369.8 Record High	+21.8 (+6.3%)
Operating income	18.2	20.9 Record High	+2.7 (+14.9%)
(operating income ratio)	5.2%	5.7%	+0.5P
Ordinary income	20.3	22.4 Record High	+2.0 (+10.0%)
Extraordinary income	3.3	0.9	-2.4
Extraordinary loss	7.8	5.7 ※	-2.1
Income before income taxes and minority interests	15.9	17.6 Record High	+1.7
Income taxes	11.1	9.2	-1.9
Minority interests in net earnings	-5.3	-1.7	+3.6
Net income	10.0	10.0	+0.1 (+0.6%)
(Net income ratio)	2.9%	2.7%	-0.2P
Interim dividend	8 yen/share	10 yen/share (Plan)	+2 yen/share

※ 4.4 billion yen impairment loss for Lithium Energy Japan

2. Net Sales/Profits

Factors for Operating Income Change



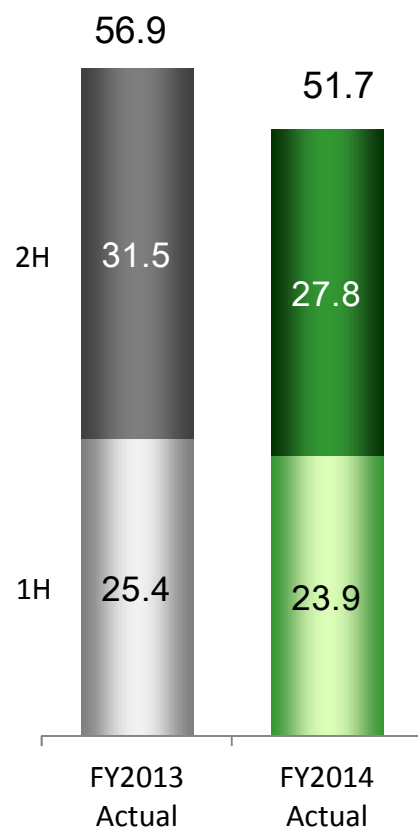
3. Segment Results

(Billion yen)

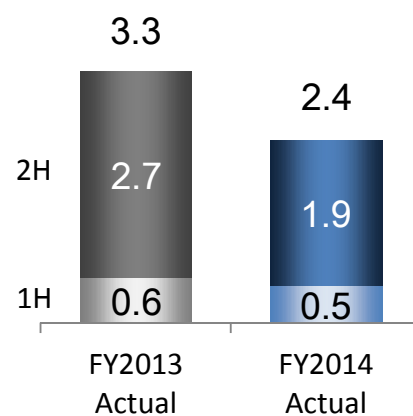
	FY2013		FY2014		Difference (YonY)	
	Net sales	Operating income (%)	Net sales	Operating income (%)	Net sales	Operating income (Point)
Automotive battery (Japan)	56.9	3.3 (5.8)	51.7	2.4 (4.6)	-5.2	-0.9 (-1.2P)
Industrial battery and power supply (Japan)	79.2	12.2 (15.4)	79.8	8.7 (10.8)	+0.6	-3.5 (-4.6P)
Overseas	164.3	9.0 (5.5)	183.8	10.8 (5.9)	+19.5	+1.8 (+0.4P)
Lithium-ion battery	32.5	-7.2 (-22.3)	45.2	-2.6 (-5.8)	+12.7	+4.6 (+16.5P)
Others	15.1	0.9 (6.2)	9.2	1.7 (18.4)	-5.8	+0.8 (+12.2P)
Total	348.0	18.2 (5.2)	369.8	20.9 (5.7)	+21.8	+2.7 (+0.5P)

Automotive Battery (Japan)

(Billion yen)
Net Sales



(Billion yen)
Operating income



FY2014 Sales Overview

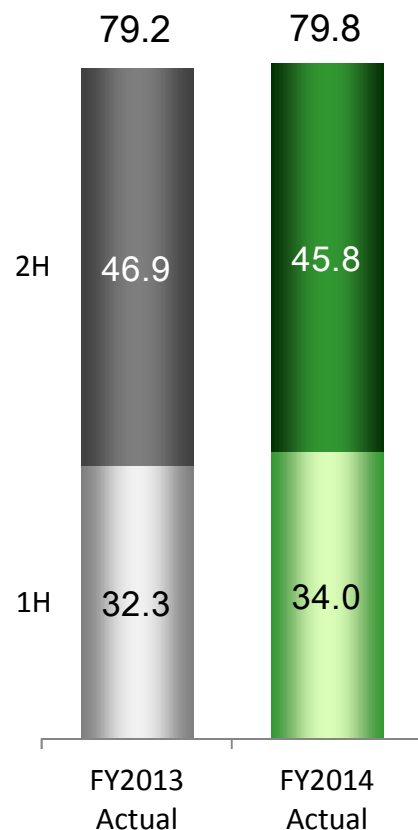
- Sales declined due to a drop in total demand for new vehicles and replacements
- Revised prices for replacements in conjunction with the rise in lead prices, a key raw material
- Automotive component sales (car navigation systems, etc.) declined

Main Profit Change Factors (Billion yen)

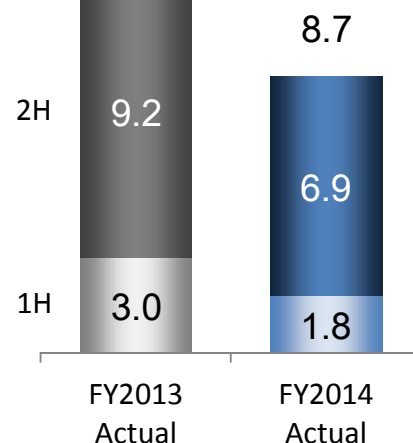
Quantity	-1.4
Lead prices/sales prices	+0.8
Personnel costs/expenses, etc	-0.3

Industrial Battery and Power Supply (Japan)

Net sales (Billion yen)



Operating income (Billion yen)



FY2014 Sales Overview

- Strong sales of power supplies for mobile phone base stations
- Large decline in sales of power conditioners for solar power generation facilities
- Sales of lead-acid batteries for forklifts remained strong
- Lighting and membrane system businesses were transferred from Others

Main Profit Change Factors (Billion yen)

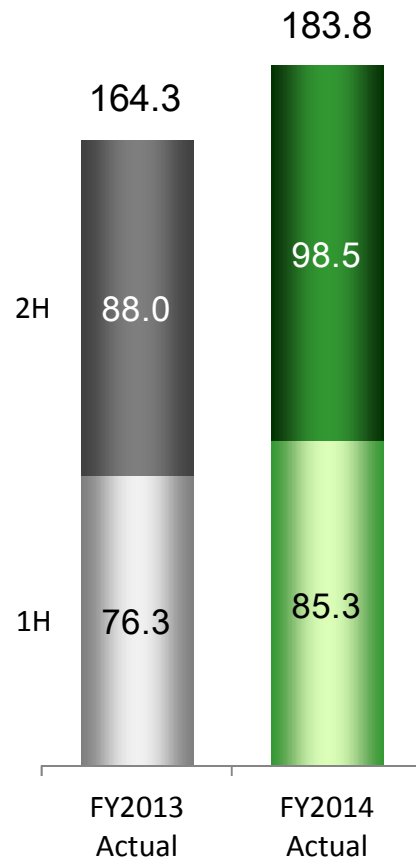
Quantity	-1.9
Lead prices/sales prices	-0.8
Personnel costs/expenses, etc.	-0.8

I . FY2014 Financial Results Overview

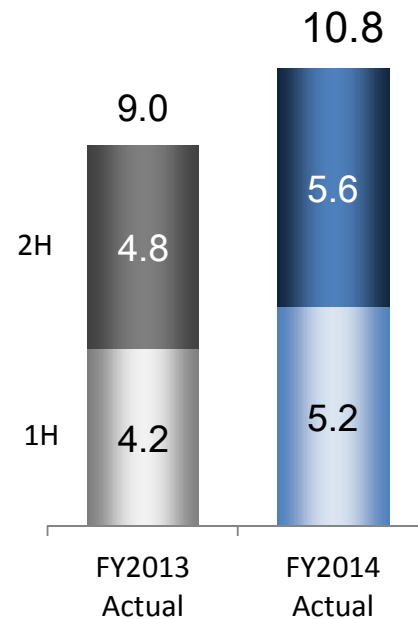
3. Segment Results

Overseas

Net sales (Billion yen)



Operating income (Billion yen)



FY2014 Sales Overview

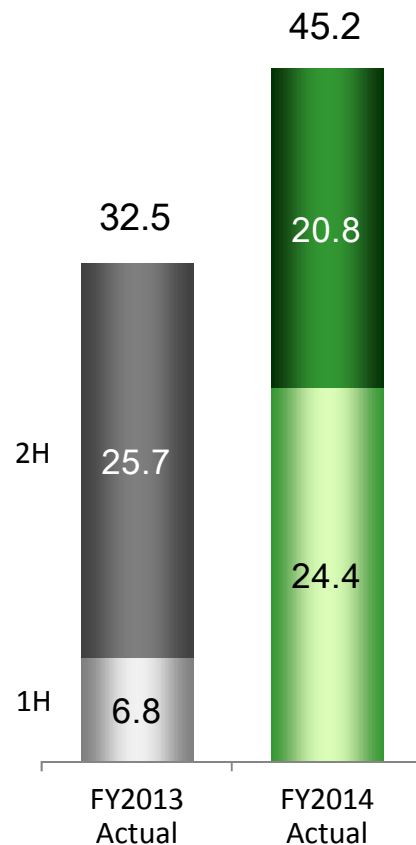
- Group company in Indonesia became a consolidated subsidiary from 3Q
- Turned Thai group companies into consolidated subsidiaries (FY2013: 2Q-4Q results, FY2014: 1Q-4Q results)
- Higher revenues due to impact of the weak yen

Main Profit Change Factors (Billion yen)

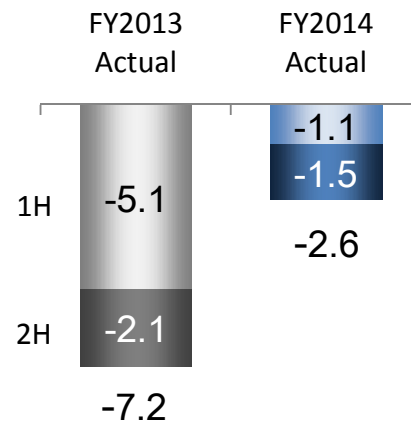
Quantity	+0.9
Lead prices/sales prices	+1.5
Personnel costs/expenses	-1.0
Forex	+0.4

Lithium-ion Battery

(Billion yen)
Net sales



(Billion yen)
Operating income



FY2014 Sales Overview

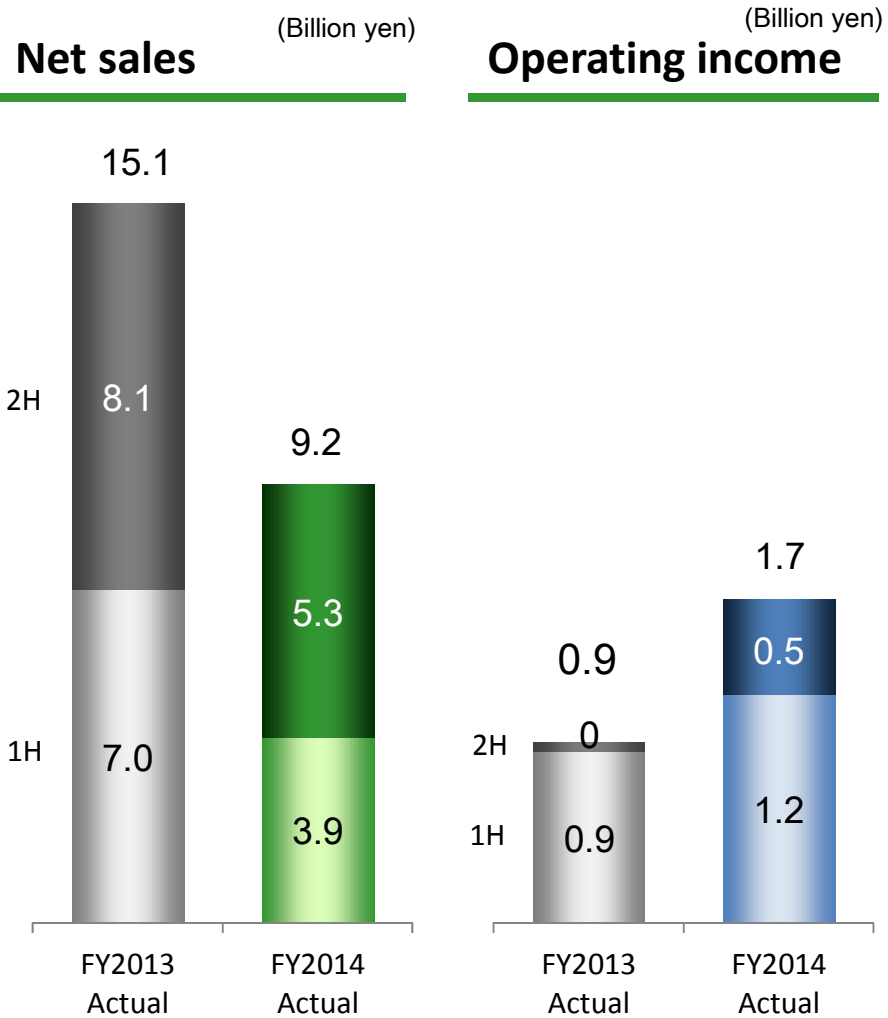
- Increased sales of lithium-ion batteries for plug-in hybrid vehicles and hybrid vehicles

Main Profit Change Factors

Profits improved due to the increase in sales

3. Segment Results

Others



Main Profit Change Factors

- Overall cost reduction

5. Capital Investment, Depreciation, R&D Costs

(Billion yen)

	FY2013	FY2014
Capex total	18.6	11.0
Lithium-ion battery	6.9	1.9
Overseas	5.7	4.0
Existing business (Japan), Others	6.0	5.1
Depreciation	12.9	15.7
Lithium-ion battery	5.0	6.0
R&D Expenses	6.5	6.7
(Ratio of R&D Expenses to Net Sales)	(1.9%)	(1.8%)

6. Cash Flow Statements

(Billion yen)

Operating C/F		Investing C/F		Financing C/F	
19.7		-14.5		-5.8	
▪ Income before income taxes and minority interests	17.6	▪ Purchase of property, plant and equipment	-14.8	▪ Decrease in borrowings	-5.6
▪ Depreciation and amortization	16.3			▪ Dividends paid	-4.5
▪ Impairment loss	4.4			▪ Proceeds from minority shareholders due to capital increase in consolidated subsidiaries	6.4
▪ Decrease in purchase liabilities	-9.3	Balance of Cash and Cash Equivalents			
▪ Income taxes paid, etc.	-10.7	April 1, 2014	23.4	March 31, 2015	25.7
Free C/F ※1		5.2		Interest-bearing debt to cash flow ratio (year)※2	
				4.3	

Highlights

- Operating cash flow was at the ¥20 billion level for the third straight year.
- Free cash flow was ¥5.2 billion as investment in lithium-ion batteries peaked out. As a result, financing cash flow declined.

※1: Total of cash flow from operating activities and cash flow from investing activities

※2: Interest-bearing debt (including lease debt)/Cash flow from operating activities

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1 . Basic Management Strategy and Key Challenges

Basic Management Strategy

- Provide customers peace of mind and reliability, positioning an emphasis on quality as the core of our business activities
- Increase profits and expand the scope of operations in automotive battery, industrial battery and power supply, and overseas business
- Make the lithium-ion battery business independent and stable, and turn a profit

Key Challenges

Automotive Battery (Japan)

Secure profits through expanded sales of value-added products and streamlining

Industrial Battery and Power Supply (Japan)

Bolster initiatives aimed at new markets, new technologies, and new products in order to expand the business domain

Overseas

Expand business and profits in ASEAN market, develop business in growth markets and markets we have not yet entered

Lithium-ion Battery

Emphasize quality, and make the business independent and stable

2. Net Sales/Profits

(Billion yen)

	FY2014 Actual	FY2015 Budget	Difference
Net sales	369.8	400.0	+30.2
Operating income	20.9	24.0	+3.1
(Operating income ratio)	5.7%	6.0%	+0.3P
Ordinary income	22.4	25.0	+2.6
Net income	10.0	13.0	+3.0
(Net income ratio)	2.7%	3.3%	+0.6P
Dividend	¥10/share (Plan)	¥10/share (Forecast)	±¥0/share
Domestic basis of lead price (thousand yen / t)	281.2	290	-
LME (US\$ / t)	2,096	2,000	-
Exchange rate (¥ / US\$)	106.46	115	-

3. Management Targets

	FY2013 Actual	FY2014 Actual	FY2015 Budget	Third Mid-Term Management Plan (FY2015)
Net sales	348.0	369.8	400.0	450.0
Operating income ratio	5.2%	5.7%	6.0%	8.0%
Net income ratio	2.9%	2.7%	3.3%	5.0%
ROE (Return on Equity)	7.5%	6.7%	8%	15% or more
Debt to cash flow ratio (year) ※	4.2	4.3	2.5	2.0 or less

※ Interest-bearing debt (incl. lease obligations) / cash flow from operating activities

4. Segment Results

(Billion yen)

	FY2013		FY2014		FY2015		Third Mid-Term Management Plan (FY2015)	
	Net sales	Operating income (%)	Net sales	Operating income (%)	Net sales	Operating income (%)	Net sales	Operating income (%)
Automotive battery (Japan)	56.9	3.3 (5.8)	51.7	2.4 (4.6)	52.0	3.0 (5.8)	62.0	6.5 (10.5)
Industrial battery and power supply (Japan)	79.2	12.2 (15.4)	79.8	8.7 (10.8)	81.0	9.0 (11.1)	87.0	12.5 (14.4)
Overseas	164.3	9.0 (5.5)	183.8	10.8 (5.9)	218.0	12.0 (5.5)	228.0	15.5 (6.8)
Lithium-ion battery	32.5	-7.2 (-22.3)	45.2	-2.6 (-5.8)	40.0	0 (0.0)	60.0	1.0 (1.7)
Others	15.1	0.9 (6.2)	9.2	1.7 (18.4)	9.0	0 (0.0)	13.0	0.5 (3.8)
Total	348.0	18.2 (5.2)	369.8	20.9 (5.7)	400.0	24.0 (6.0)	450.0	36.0 (8.0)

5. Capital Investment, Depreciation, R&D Costs

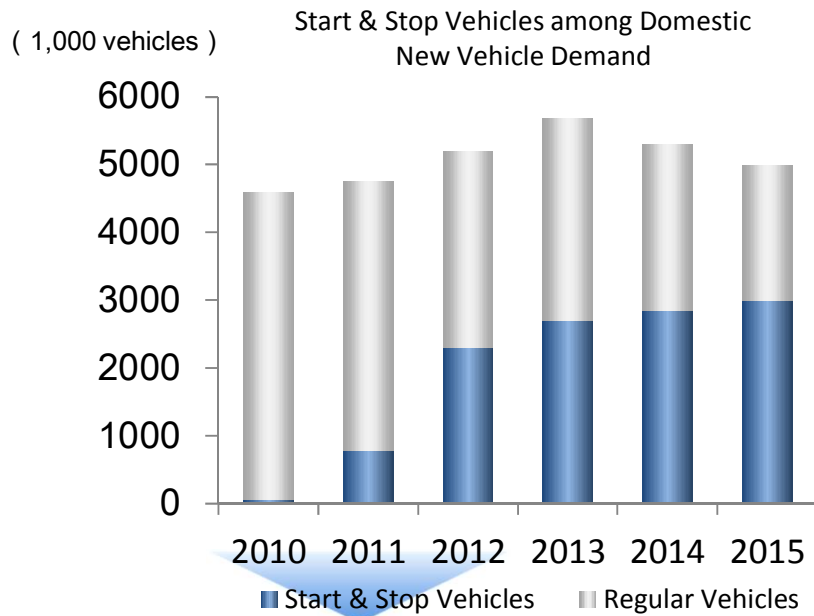
(Billion yen)

	FY2013	FY2014	FY2015	3 years Total	Third Mid-Term Management Plan (3-Year Total)
Capex total	18.6	11.0	17.0	46.6	60.0
Lithium-ion battery	6.9	1.9	3.4	12.2	12.0
Overseas	5.7	4.0	5.5	15.2	26.0
Existing business (Japan), Others	6.0	5.1	8.1	19.2	22.0
Depreciation	12.9	15.7	17.0	45.6	41.0
Lithium-ion battery	5.0	6.0	6.2	17.2	16.0
R&D Expenses	6.5	6.7	7.0	20.2	—
(Ratio of R&D Expenses to Net Sales)	1.9%	1.8%	1.8%	1.8%	—

6. Challenges by Business Segment

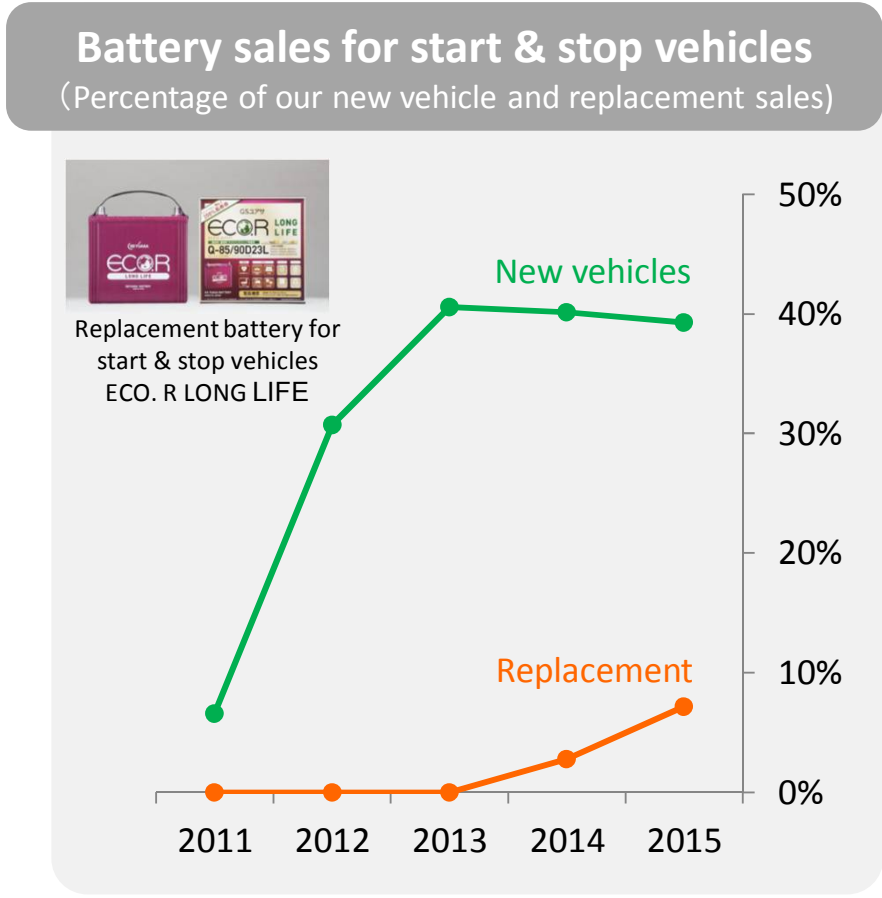
Automotive Battery (Japan)

➤ Expand sales of high value-added products



Vehicle age: Year **3 ~ 5**

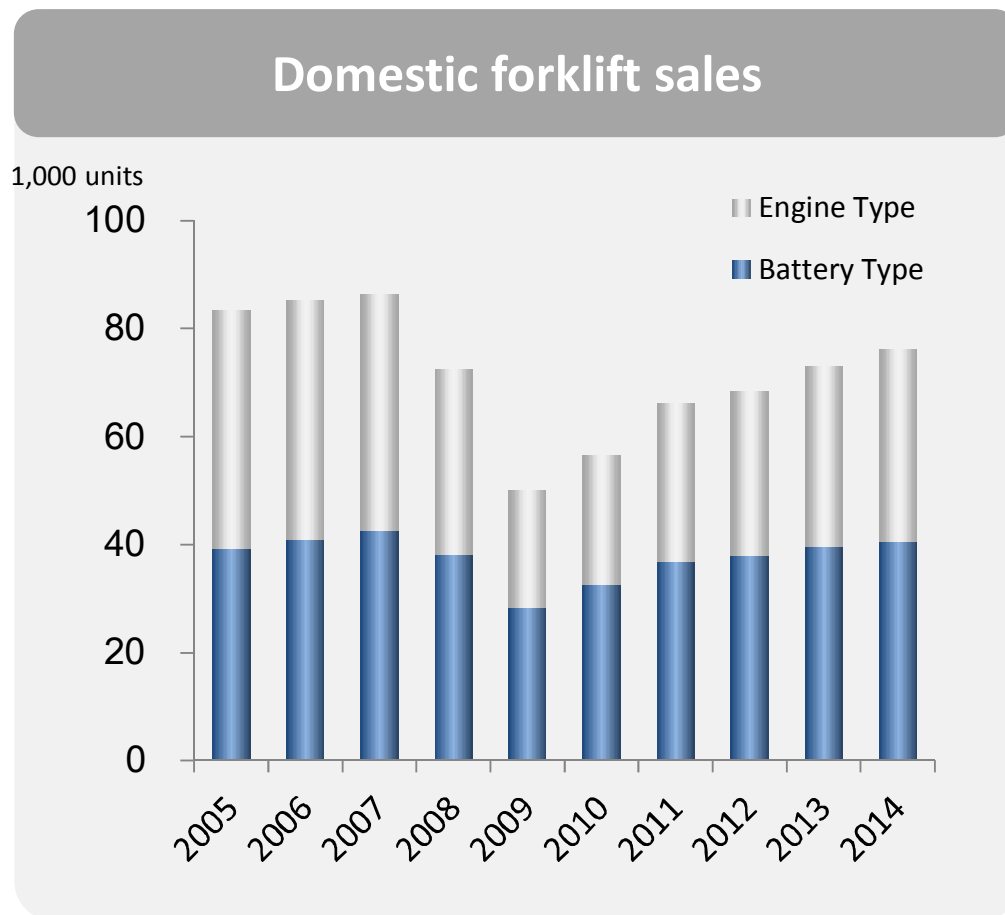
Storage battery replacement



6. Challenges by Business Segment

Industrial Battery and Power Supply (Japan)

➤ Bolster sales of lead-acid storage batteries for forklifts



2006

Start of exhaust emission regulations for off-road vehicles
(Off-Road Act)

2011, 2014

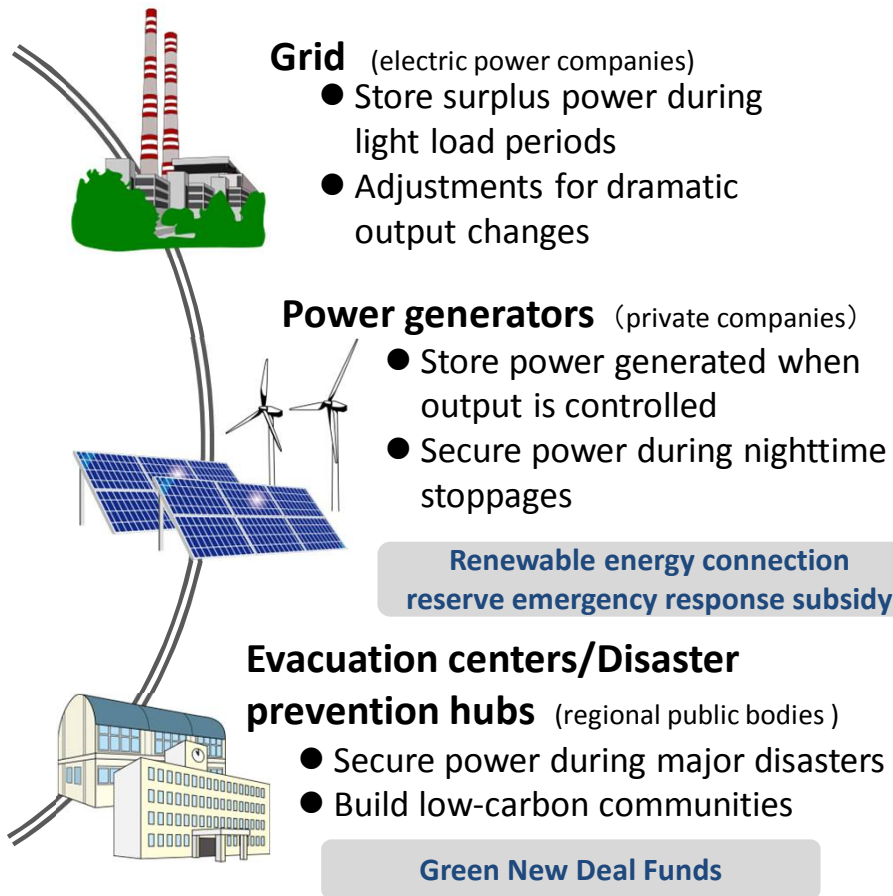
Tougher emissions regulations

2015 and beyond

Acceleration in the switch to battery-type forklifts

Industrial Battery and Power Supply (Japan)

➤ Bolster sales of storage battery systems, enhance lineup



Power conditioners for power storage systems (with battery)

Small capacity type 4.5kW
Power Solar III

Medium capacity type 10 ~ 50kW
Line BackΣ III

Large capacity type 100, 250kW
In development

Industrial use lithium-ion batteries
LIM50E Series

Lead-acid batteries (for cycle)
SLR Series
On sale soon

6. Challenges by Business Segment

Overseas

➤ Expand overseas business domains

- ✓ Increase sales quantities in developing regions
- ✓ Made an Indonesian equity method non-consolidated subsidiary a consolidated subsidiary from FY2014 3Q
- ✓ Consider how to address areas that do not have sites

35 overseas affiliates in 16 countries (As of May 2015)



FY2014 market share

※ source: GS Yuasa

Region	Segment	Market Share	Sales Volume	Ranking
Global	Automotive	7%	33mn	No.3 Share
	Motorcycle	24%	53mn	No.1 Share
Asia	Automotive	17%	20mn	No.1 Share
	Motorcycle	28%	46mn	No.1 Share

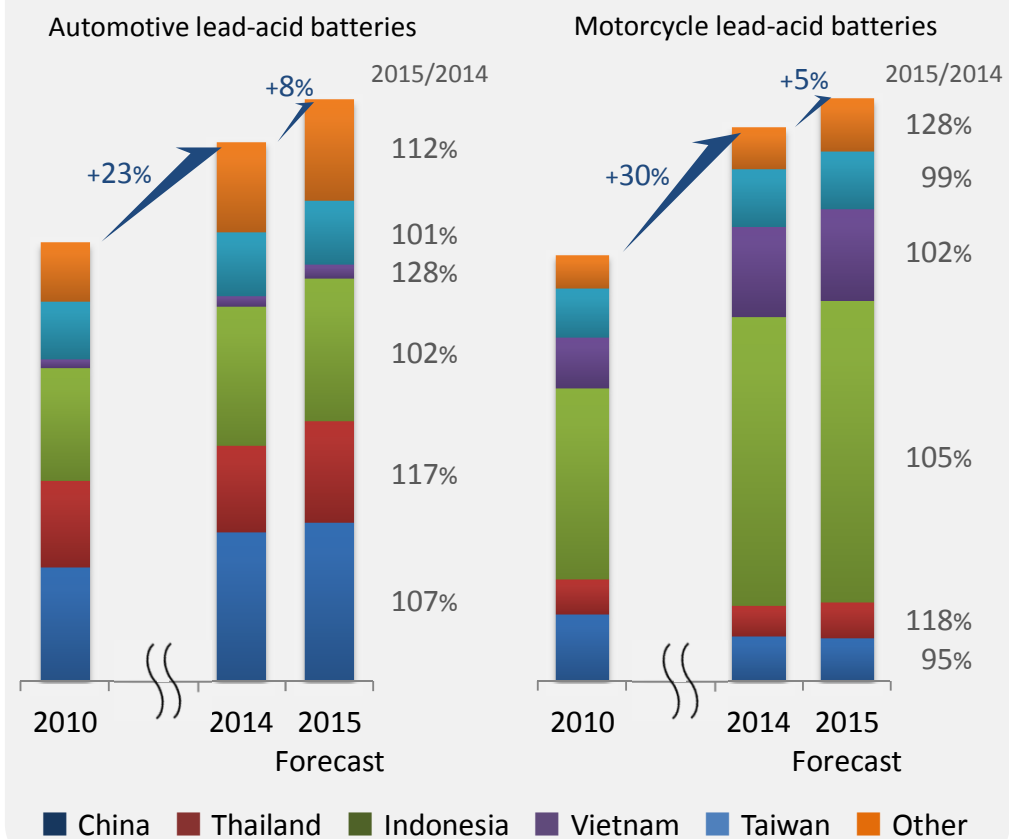
6. Challenges by Business Segment

Overseas

Sales Mix by Region

	2010	2014
Japan	56.0%	47.6%
Asia	21.6%	30.5%
Europe	10.1%	10.5%
North America	5.0%	4.4%
Other	7.3%	7.0%

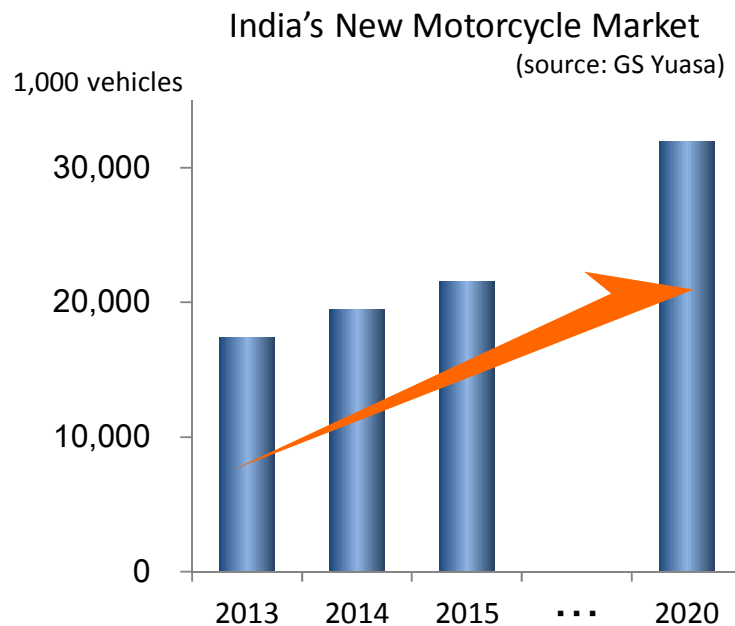
Shipment Volume in Key Asian Countries



6. Challenges by Business Segment

Overseas

➤ Expand the motorcycle lead-acid battery business in India



Tata AutoComp GY Batteries Ltd. (India affiliate)

2015

Began producing lead-acid batteries for motorcycles

Production capacity (units)

1.2 million /year

2016

Expand production line

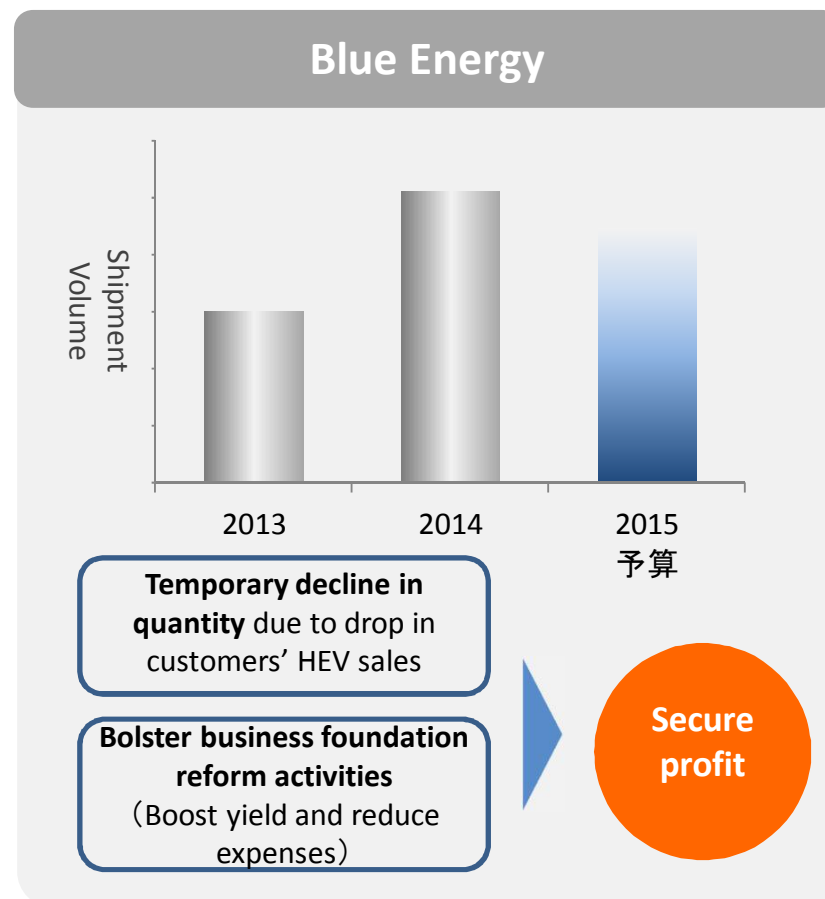
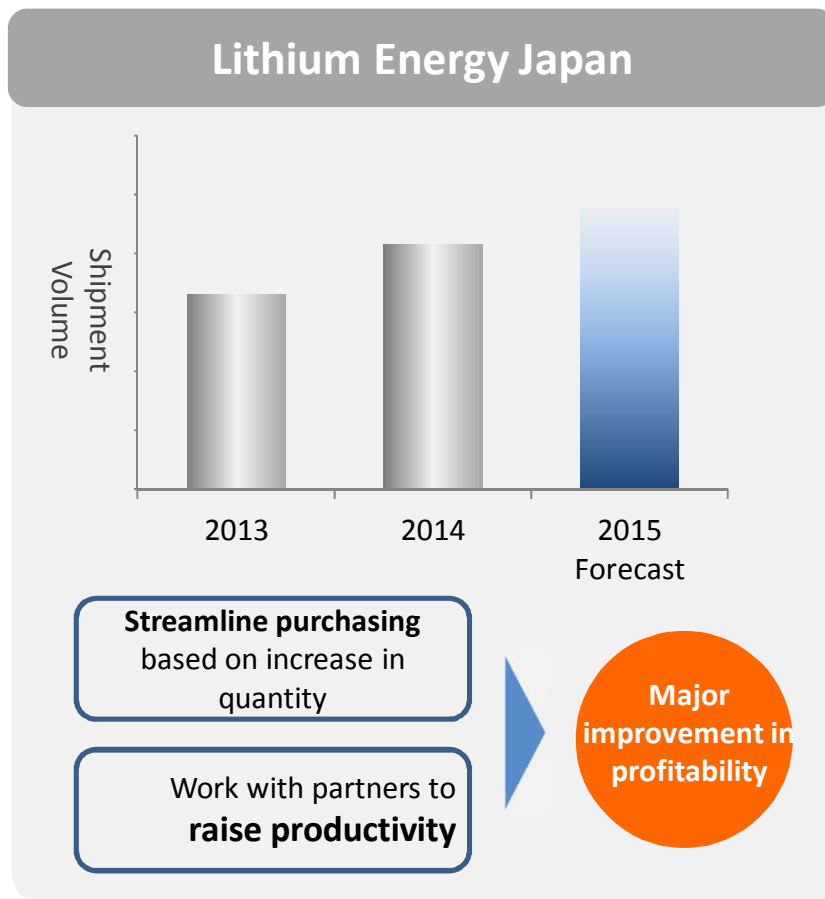
Production capacity (units)

2.4 million /year

6. Challenges by Business Segment

Lithium-ion Battery

- Respond the changes in the external environment and aim to turn a profit for the segment



Lithium-ion Battery

➤ Lithium Energy and Power (LEAP)



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1. Outside Directors / Takeover Defense Measures

Outside Director Candidate Selection

In order to increase management transparency, and to further strengthen the corporate governance platform

Consider adding an outside director

In order to enhance the substantial governance system

Promote internal foundation improvements

Selection of outside director candidate

Hirofumi Onishi (DOB: 1/1/1946)

— Career —

Mar 1975	Registered as Certified Public Accountant
May 1993	Representative employee of Tomatsu accounting firm
June 2001	Chair, The Japanese Institute of Certified Public Accountants Kinki Chapter
July 2001	Deputy President, The Japanese Institute of Certified Public Accountants
April 2006	Professor, Ritsumeikan University Graduate School Business School
June 2011	Outside corporate auditor, Sekisui Chemical Co., Ltd. (current appointment)

Continued Implementation of Takeover Defense Measures

Purpose of Continued Implementation

In response to an inappropriate large-scale acquisition of the company's stock with a risk of tarnishing corporate value and shareholders' shared interests

- Establish rules for providing information to shareholders
- Agreement in advance on countermeasures

Takeover Defense Measures

- Stock acquisition rights without contribution allotted to shareholders
- Establish an independent Corporate Value Evaluation Committee
Compare the buyer's information with the company's Board of Directors' information
- Effective for a period of 2 years

Points of Improvement

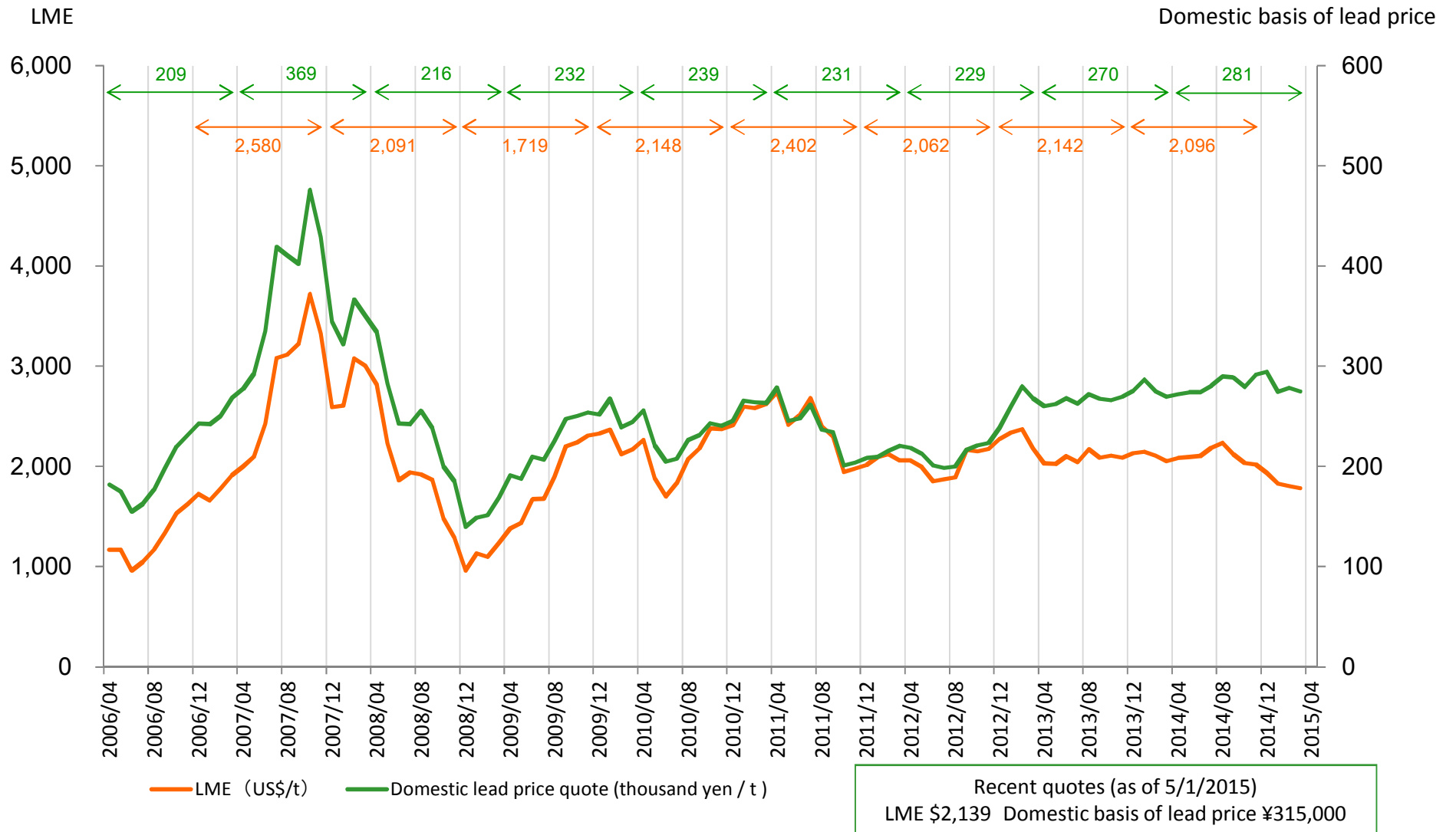
Based on institutional investor standards for exercising voting rights

- More reasonable, fair and transparent

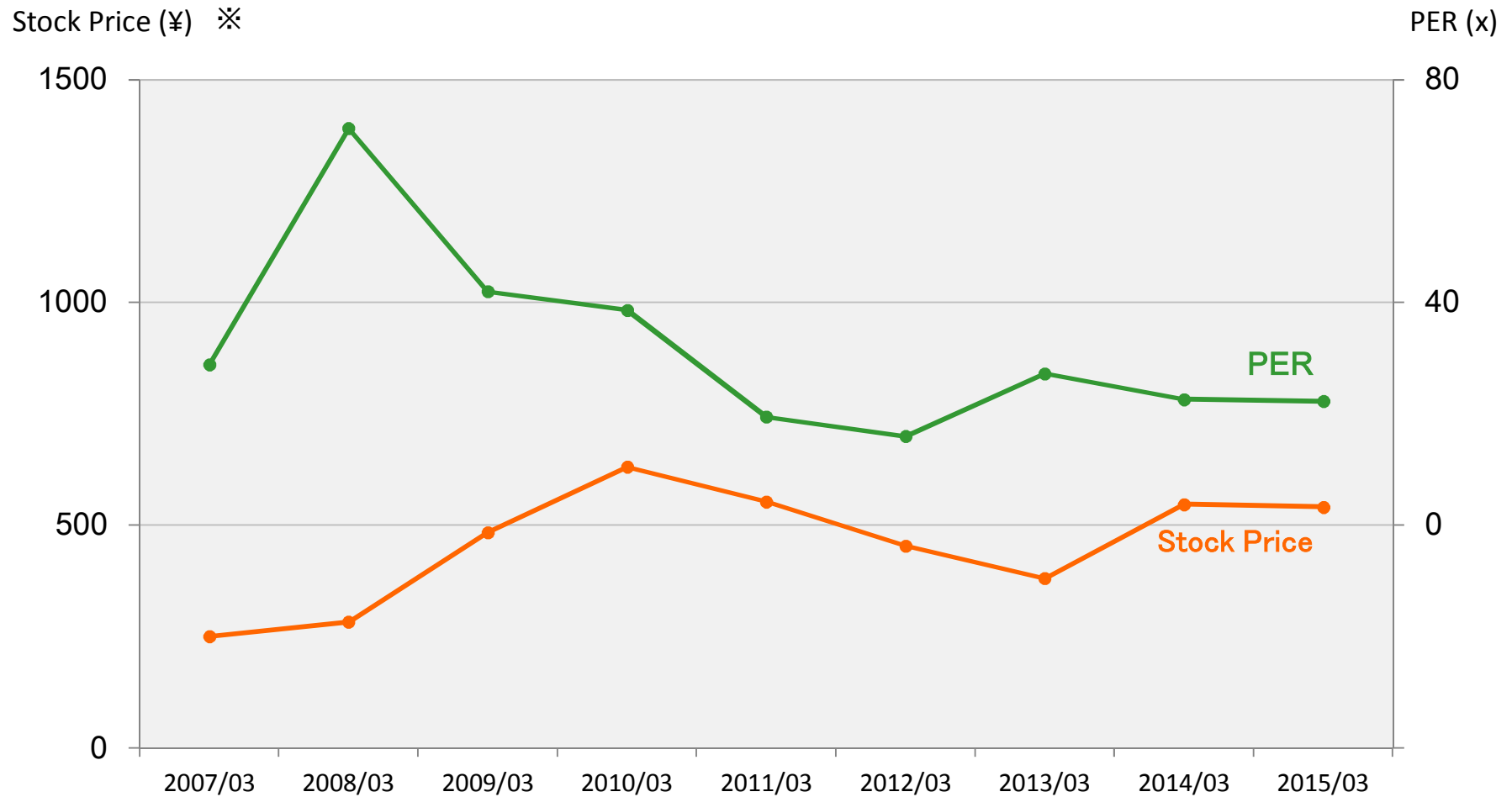
Although this document has been prepared with information believed to be correct, GS Yuasa Corporation does not guarantee the accuracy or the completeness of such information. Also, the information herein contains forward-looking statements regarding the Company's plans, outlooks, strategies and results 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



Stock Price, Price to Earnings Ratio (PER)



※ Closing price on final trading day of March

Return on Equity (ROE), Earnings per Share (EPS), Dividends

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
ROE (%)	11.2	10.5	4.8	7.5	6.7	8
EPS (¥)	28.39	28.42	13.97	24.18	24.33	31.5
Dividend per Share (¥)	8	8	6	8	10 (Plan)	10(Forecast)
Payout Ratio (%)	28.2	28.1	42.9	33.1	41.1	31.8

Interest-bearing Debt, D/E Ratio, Equity Ratio, Interest-bearing Debt to Cash Flow Ratio

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Interest-bearing Debt (¥bn)	48.3	56.1	71.7	80.1	82.2	75.0
D/E Ratio (x)	0.43	0.55	0.62	0.64	0.63	0.55
Equity Ratio (%)	43.8	41.3	43.2	41.0	44.9	45.0
Debt to cash flow ratio (year)	1.9	8.0	4.0	4.2	4.3	2.5