

Six Months ended September 30, 2014

Results Briefing

365日の当たり前を支えるバッテリー、GSユアサがつくっています。

いつだって、どこにだって電気が使えるのは当然。ついそう思ってしまうがちです。でも、そこにはきっと、バッテリーがあります。クルマ・バイクから、電車、太陽光発電、そしてビルの緊急時の電源まで。効率よくためつつ、求められるパワーを届ける。そんな蓄電を100年以上 追求してきた私たちの技術は、今では世の中のあらゆる場所へ広がっています。暮らしや社会の当たり前をしっかりと支え、もっと便利にする。電気の居場所をつくる仕事。私たちは、GSユアサです。バッテリーが強くなれば、人も地球も強くなる。

電気の居場所をつくる仕事

GS YUASA

株式会社GSユアサ 〒480-8630 愛知県豊田市長瀬町ノ広瀬之尾第1番地

November 6, 2014
GS Yuasa Corporation

1.	Financial Results Overview	P.03
2.	Net Sales/Profits	P.04
3.	Segment Results	P.06
4.	Consolidated Results Forecast	P.20
5.	Balance Sheet	P.22
6.	Capital Investment, Depreciation, R&D Costs	P.23
7.	Cash Flow Statements	P.24

1. Financial Results Overview

Economic Environment

Despite the slow pace of the upturn following the recoil decline in demand in the wake of the surge in demand ahead of the consumption tax rate hike, as well as economic malaise in certain segments, the Japanese economy enjoyed a modest recovery underpinned by the solid employment environment and other factors.

On the global economic front, the U.S. economy performed well, while a modest recovery trend continued in Europe. In Asia, there were concerns about a prolonged economic slump in Thailand due to political instability, but the brakes were put on the economic downturn in China, as the Asian economy was on solid footing with the exception of Thailand.

Financial Results Overview

Net sales were a record high due to the increase in sales of lithium-ion batteries for automobiles, as well as the posting of first quarter net sales in conjunction with the consolidation of group companies in Thailand from the second quarter of the previous year.

Operating income, ordinary income and net income were all record highs, due to the improvement in profits in conjunction with the increase in lithium-ion batteries for automobiles, in addition to other factors including growth in sales, particularly in Southeast Asia, and the impact of foreign exchange rates.

2. Net Sales/Profits

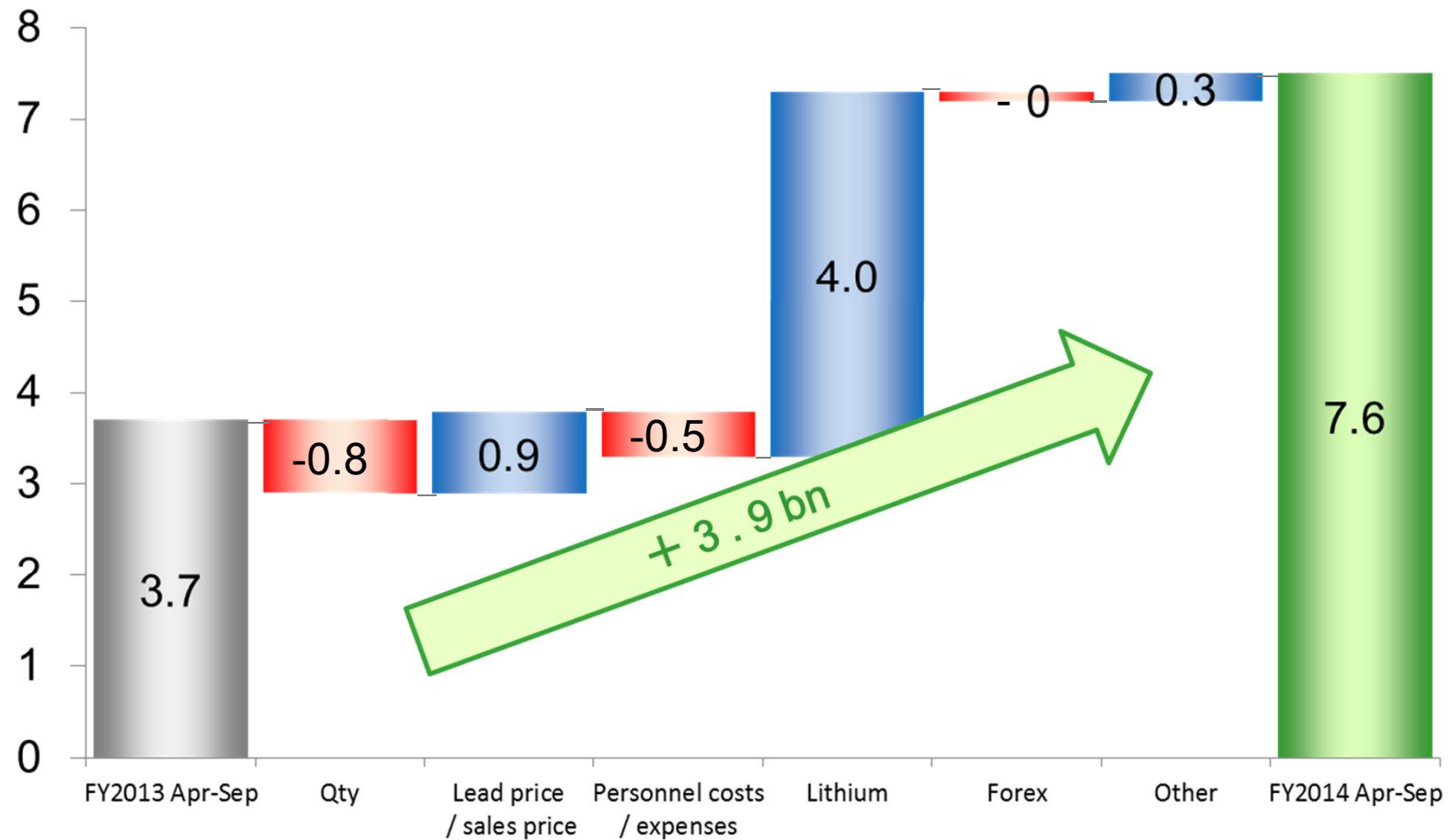
(Billions of yen)

	FY2013 April - September	FY2014 April - September	Change (YoY %)
Net sales	147.9	171.5 Record High	+23.6 (+16.0%)
Operating income (operating income ratio)	3.7 2.5%	7.6 Record High 4.4%	+3.9 (+103.3%) +1.9P
Ordinary income	5.1	8.8 Record High	+3.7 (+73.3%)
Extraordinary income	3.3	0.1	-3.2
Extraordinary loss	3.5	0.4	-3.1
Income before income taxes and minority interests	4.9	8.5 Record High	+3.6
Income taxes	5.0	2.9	-2.1
Minority interests in net earnings	-3.2	0.4	+3.6
Net income (Net income ratio)	3.0 2.1%	5.2 Record High 3.0%	+2.2 (+70.7%) +0.9P
Interim dividend	0 yen/share	3 yen/share	+3 yen/share

2. Net Sales/Profits

Factors for Operating Income Change

(Billions of yen)



3. Segment Results

Consolidated Results (April – September 2014)

(Billions of yen)

	FY2013 Apr-Sep		FY2014 Apr-Sep		YoY Change	
	Net sales	Op. income (Op. income ratio:%)	Net sales	Op. income (Op. income ratio:%)	Net sales	Op. income (Op. income ratio:%)
Automotive battery (Japan)	25.4	0.6 (2.5)	23.9	0.5 (2.2)	-1.5	-0.1 (-0.3P)
Industrial battery and power supply (Japan)	32.3	3.0 (9.3)	34.0	1.8 (5.2)	+1.7	-1.2 (-4.1P)
Overseas	76.3	4.2 (5.5)	85.3	5.2 (6.1)	+9.0	+1.0 (+0.6P)
Lithium-ion battery	6.8	-5.1 (-74.1)	24.4	-1.1 (-4.6)	+17.6	+4.0 (+69.5P)
Others	7.1	1.0 (13.5)	3.9	1.2 (31.4)	-3.2	+0.2 (+17.9P)
Total	147.9	3.7 (2.5)	171.5	7.6 (4.4)	+23.6	+3.9 (+1.9P)

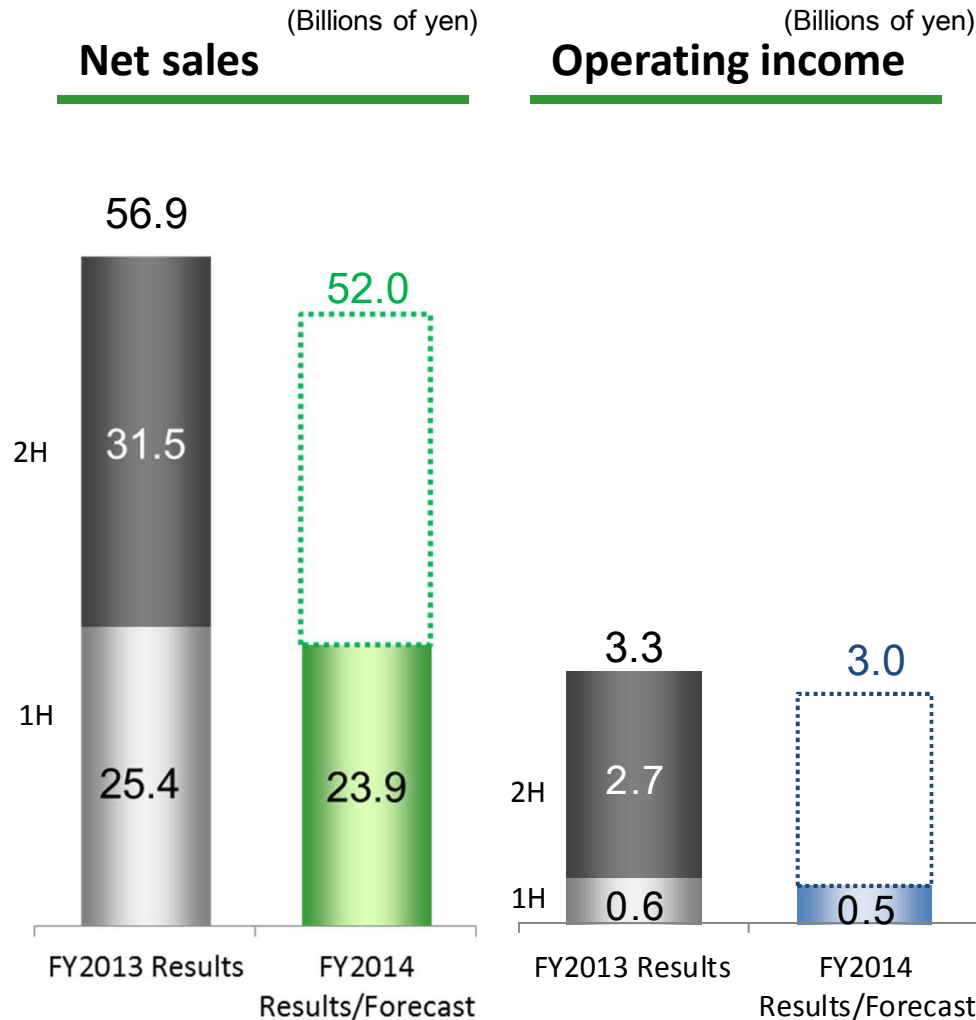
3. Segment Results

Consolidated Results (July – September 2014) (Billions of yen)

	FY2013 July-Sept		FY2014 July-Sept		YoY Change	
	Net sales	Op. income (Op income ratio:%)	Net sales	Op. income (Op. income ratio:%)	Net sales	Op. income (Op. income ratio:%)
Automotive battery (Japan)	13.6	0.5 (4.0)	12.5	0.3 (2.2)	-1.1	-0.2 (-1.8P)
Industrial battery and power supply (Japan)	18.6	2.4 (13.1)	18.9	1.5 (8.2)	+0.3	-0.9 (-4.9P)
Overseas	41.3	2.2 (5.3)	43.1	2.6 (5.9)	+1.8	+0.4 (+0.6P)
Lithium-ion battery	5.3	-3.4 (-64.3)	13.1	-0.5 (-3.9)	+7.8	+2.9 (+60.4P)
Others	3.5	0.4 (12.2)	1.6	0.6 (38.5)	-1.9	+0.2 (+26.3P)
Total	82.3	2.1 (2.6)	89.2	4.5 (5.0)	+6.9	+2.4 (+2.4P)

3. Segment Results

Automotive Battery (Japan)



FY2014 1H Sales Overview

- Robust sales of new vehicle lead-acid storage batteries for start & stop vehicles
- Revised prices for replacements in conjunction with the rise in lead prices
- Automotive component sales (car navigation systems, etc.) declined

Main Profit Change Factors (Bn yen)

Quantity	-0.3
Lead prices/sales prices	+0.2

3. Segment Results

Automotive Battery (Japan)

➤ **Higher market share due to expanded sales of batteries for eco-cars**

<<FY2015 Targets>>

Units sold **9 million**

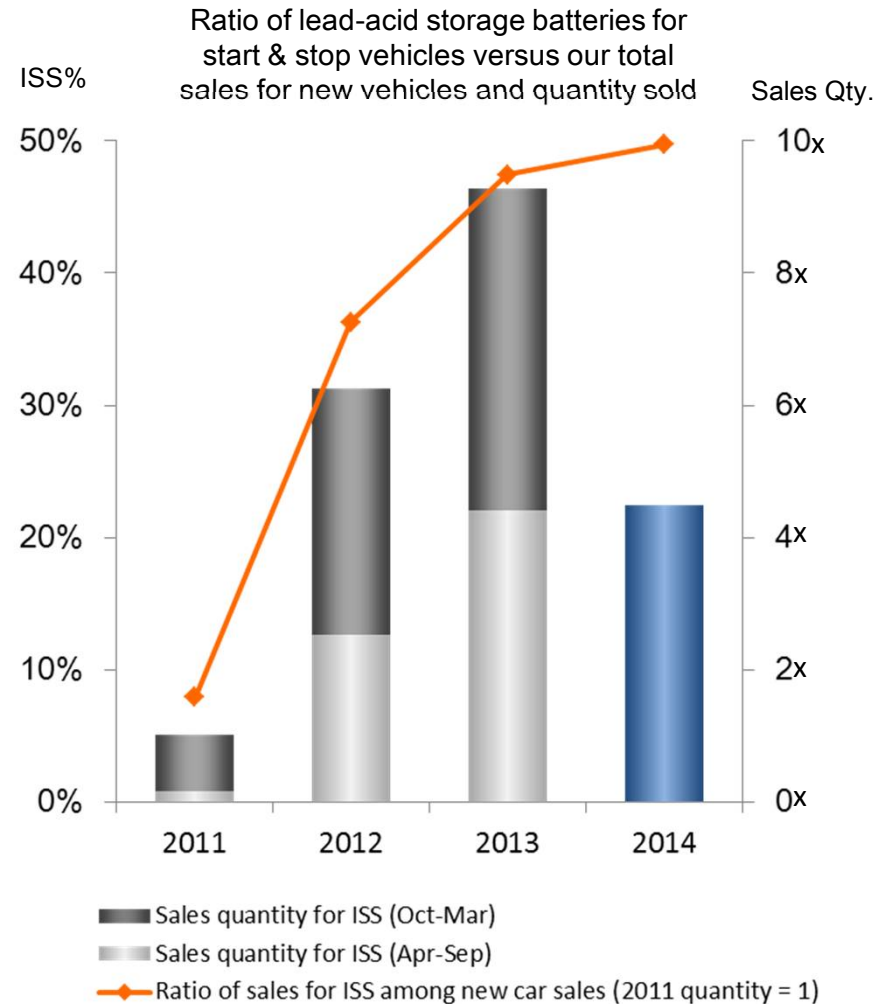
Share **40%**



Lead-acid storage battery for start & stop vehicles

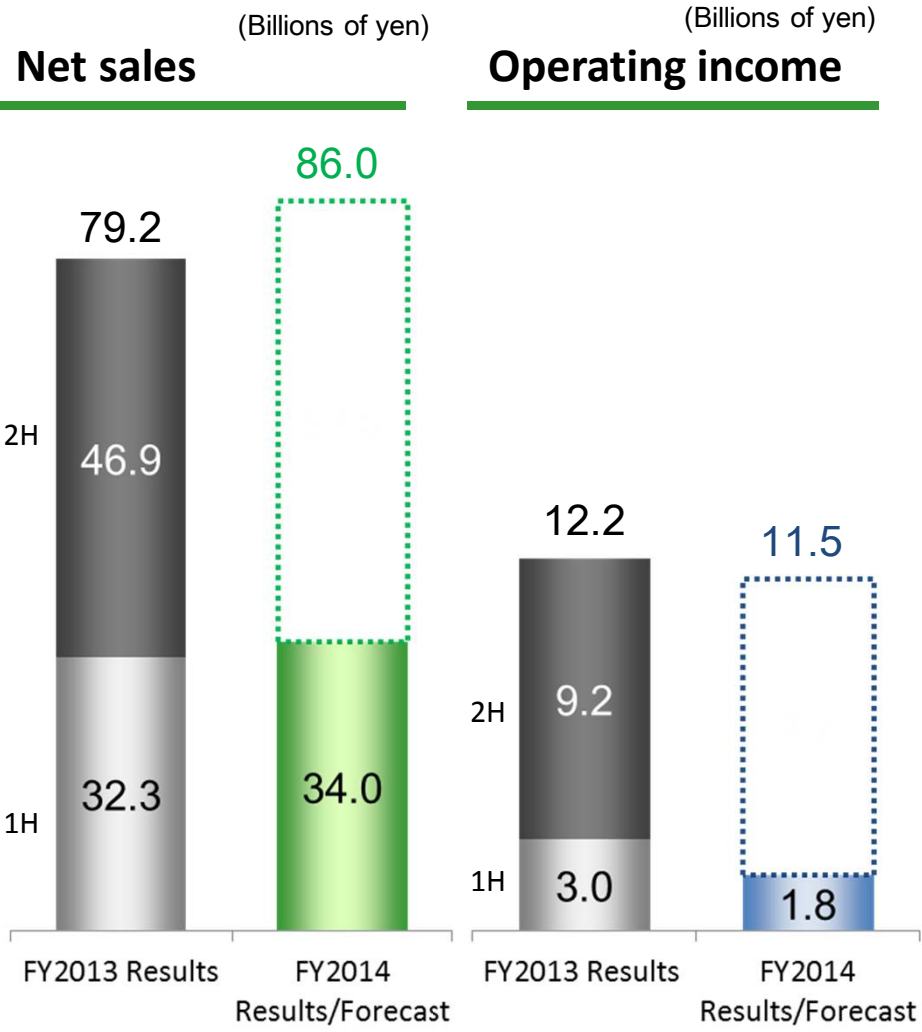


Lead-acid storage battery for Toyota hybrid car



3. Segment Results

Industrial Battery and Power Supply (Japan)



FY2014 1H Sales Overview

- Strong sales of power supplies for mobile phone base stations
- Decline in sales of power conditioners for solar power generation facilities
- Sales of lead-acid batteries for forklifts remained strong

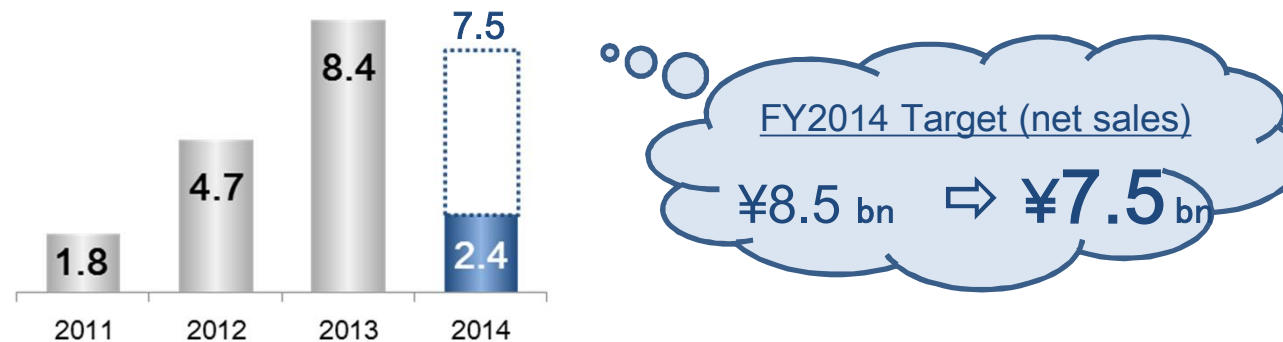
Main Profit Change Factors (Bn yen)

Quantity	-0.5
Lead prices/sales prices	-0.5
Personnel costs/expenses, etc.	-0.3

3. Segment Results

Industrial Battery and Power Supply (Japan)

➤ Power conditioner sales



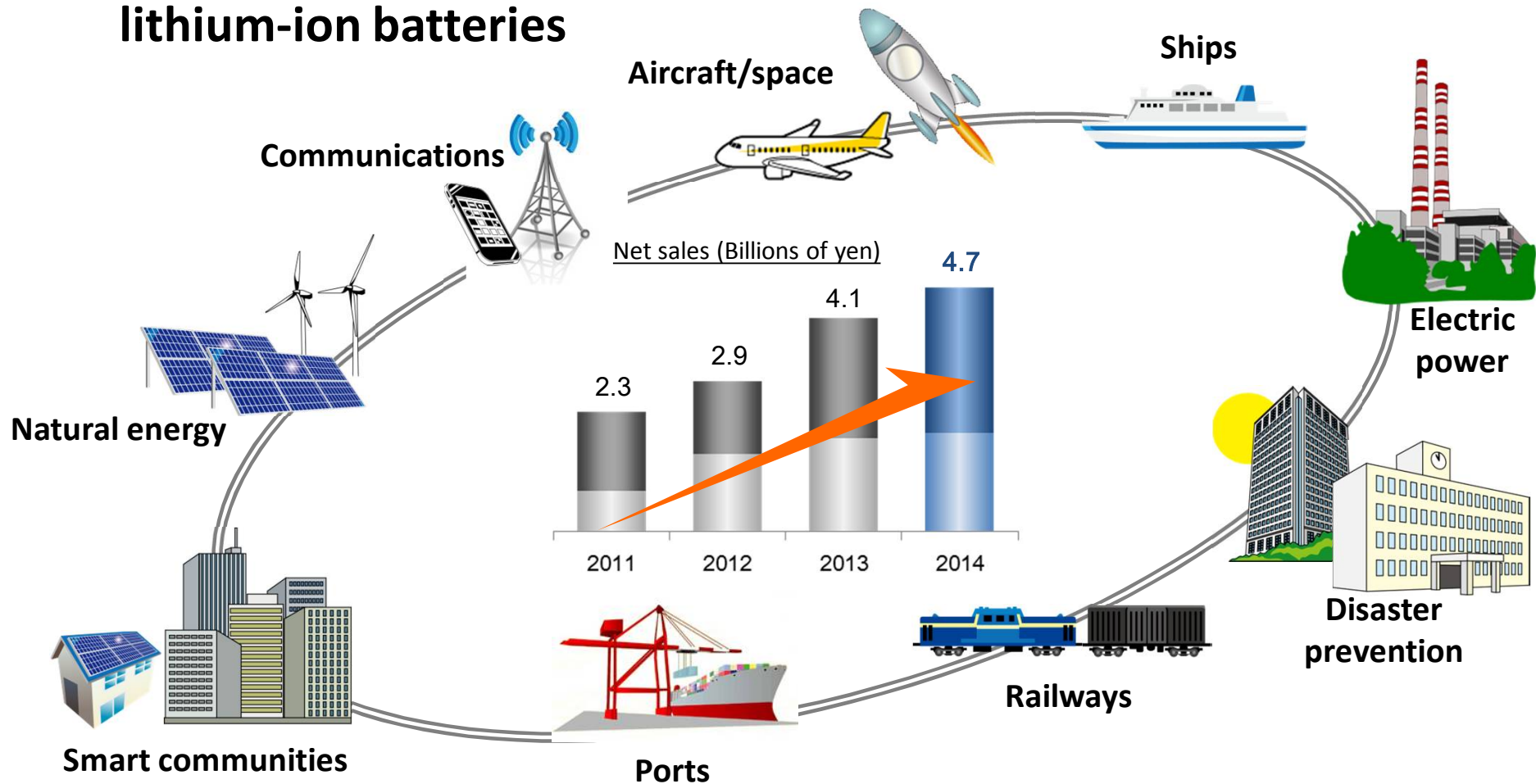
➤ Increase in inquiries and orders received for products made based on orders in advance of high-demand period

- ✓ Strong sales of power supplies in conjunction with the digitization of disaster prevention wireless systems
- ✓ Responded to new regulatory standards for nuclear power plants
- ✓ Maintained strong sales of power supplies for mobile phone base stations

3. Segment Results

Industrial Battery and Power Supply (Japan)

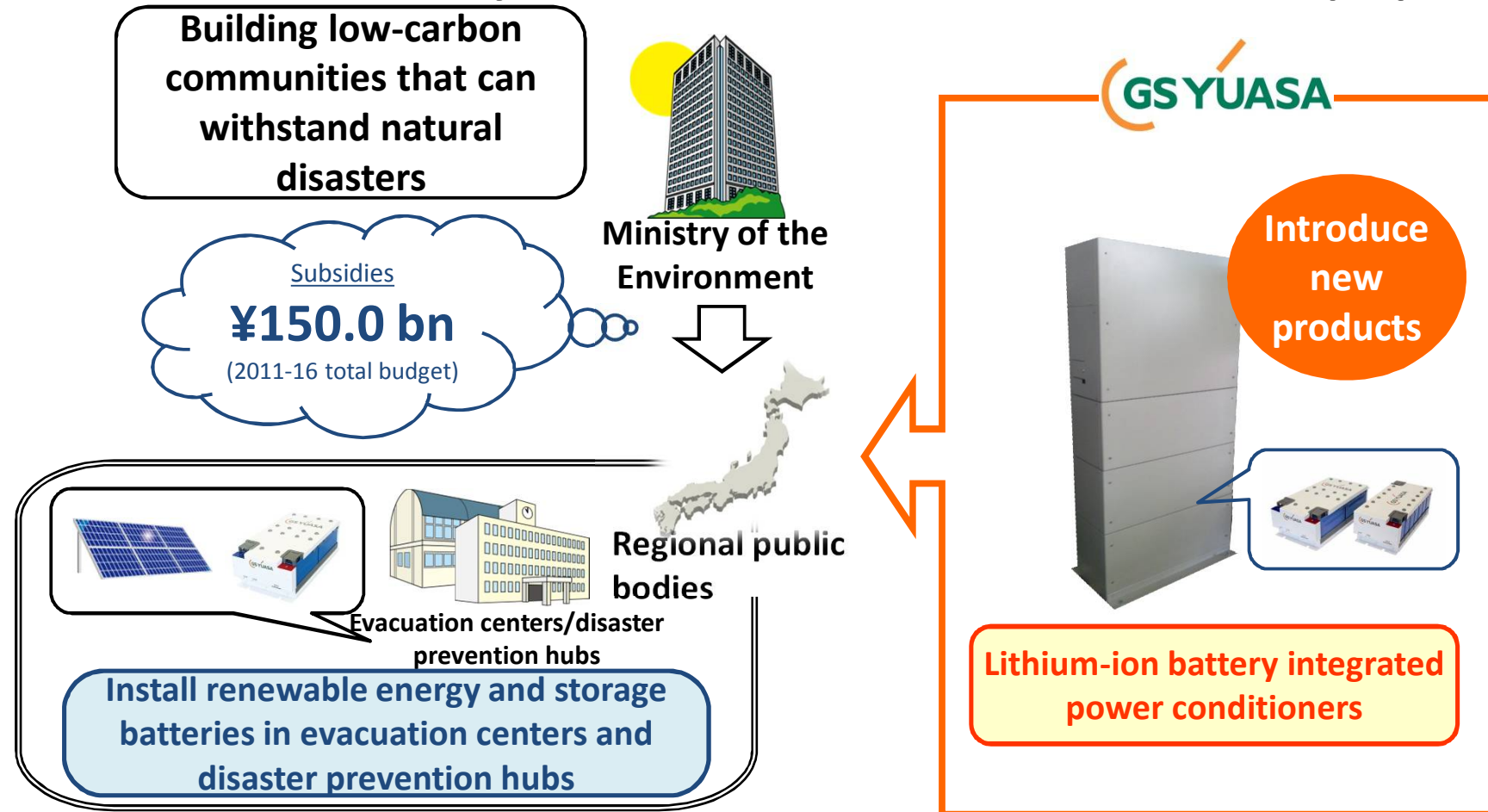
➤ Create new value added with industrial-use and specialty lithium-ion batteries



3. Segment Results

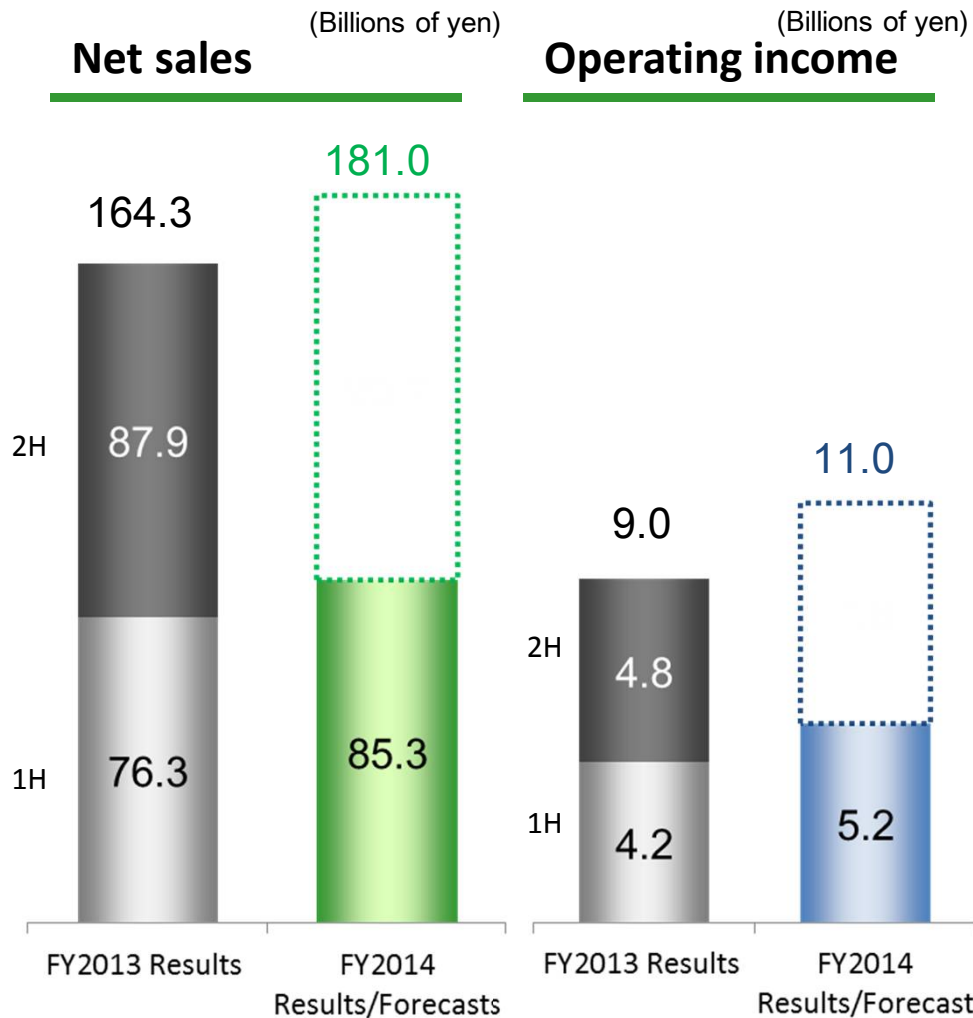
Industrial Battery and Power Supply (Japan)

➤ Initiatives for Ministry of the Environment's Green New Deal projects



3. Segment Results

Overseas



FY2014 1H Sales Overview

- Posted of 1Q sales for Thai group companies that were turned into consolidated subsidiaries in FY2013 2Q
- Increase in sales, centered on Southeast Asia
- Higher revenues due to impact of exchange rates

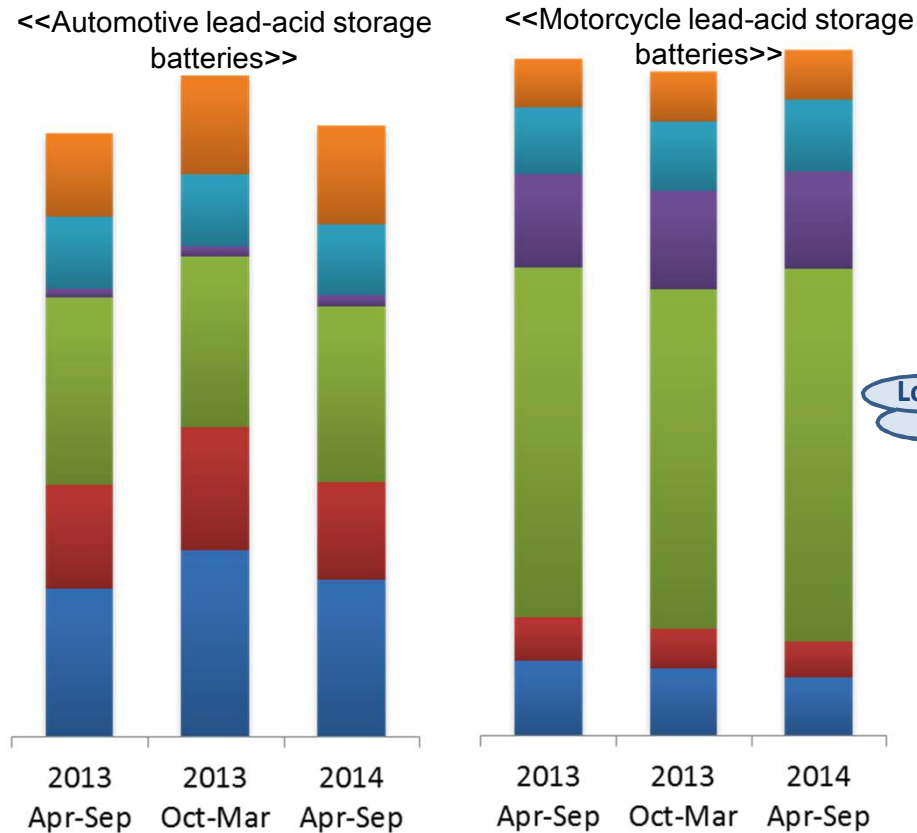
Main Profit Change Factors (Bn yen)

Lead prices/sales prices	+1.2
Personnel costs/expenses	-0.4
Consolidation of Siam GS Group companies	+0.2

3. Segment Results

Overseas

➤ Shipments in key Asia/ASEAN countries

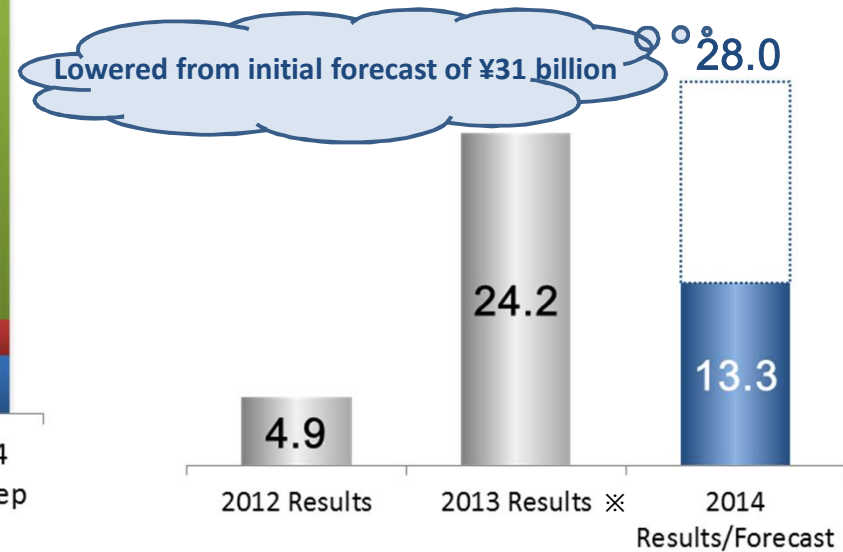


■ China ■ Thailand ■ Indonesia ■ Vietnam ■ Taiwan ■ Others

➤ Status in Thailand

- ✓ Decline in sales of both automotive and motorcycle lead-acid storage batteries
- ✓ Strong sales of forklift lead-acid storage batteries

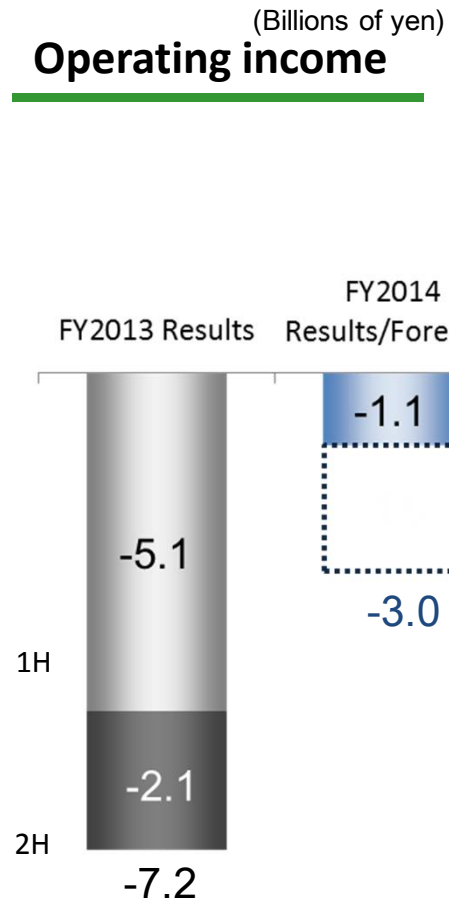
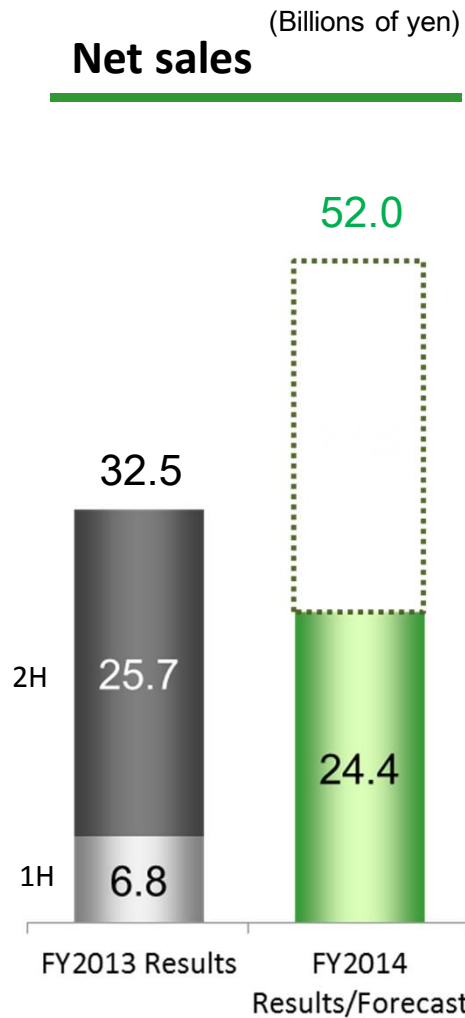
<<Consolidated net sales from 4 bases in Thailand (Billions of yen)>>



※ Siam GS Group consolidated net sales are for a 9-month period

3. Segment Results

Lithium-ion Battery



FY2014 1H Sales Overview

- (Blue Energy)
Increased sales of lithium-ion batteries for hybrid vehicles
- (Lithium Energy Japan)
Maintained strong sales of lithium-ion batteries for plug-in hybrid vehicles

Main Profit Change Factors

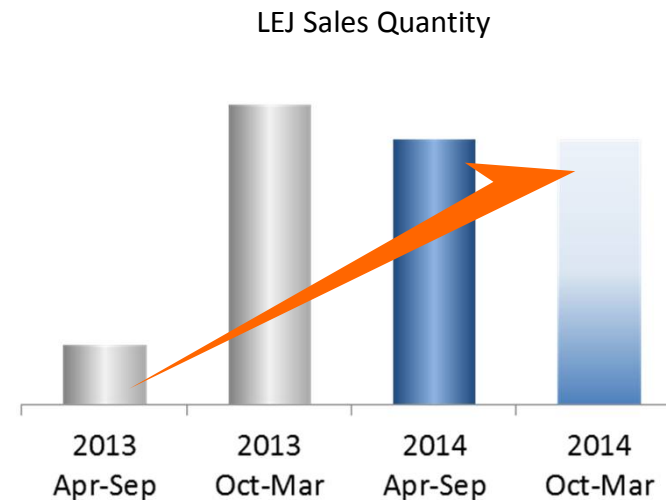
Profits improved due to the increase in sales

3. Segment Results

Lithium-ion Battery

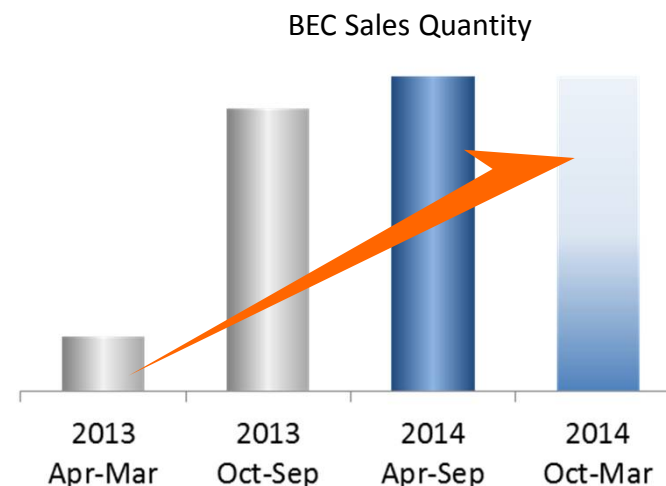
➤ Lithium Energy Japan (LEJ)

- ✓ Multiple project teams were established to enhance efforts to raise product quality and productivity
- ✓ Promoted VE activities aimed at reducing costs over both the short and long term



➤ Blue Energy (BEC)

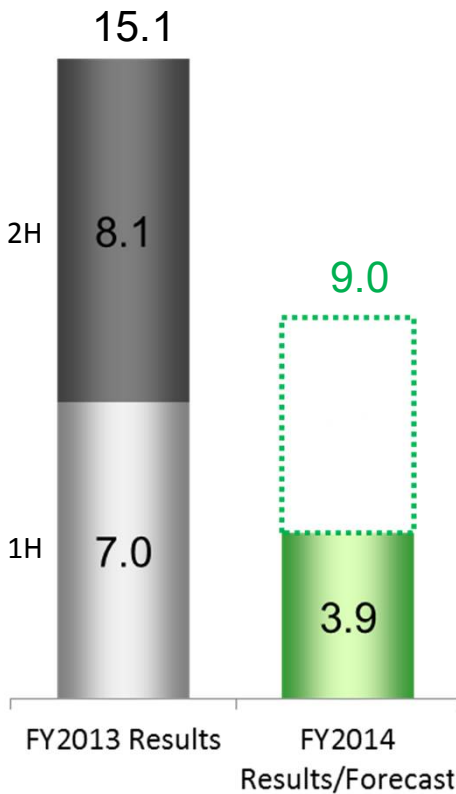
- ✓ Steady progress has been made on productivity improvement, and we will aim for further improvement
- ✓ Profitable operations have been firmly established, and steady progress is being made towards becoming profitable for full-year FY2014



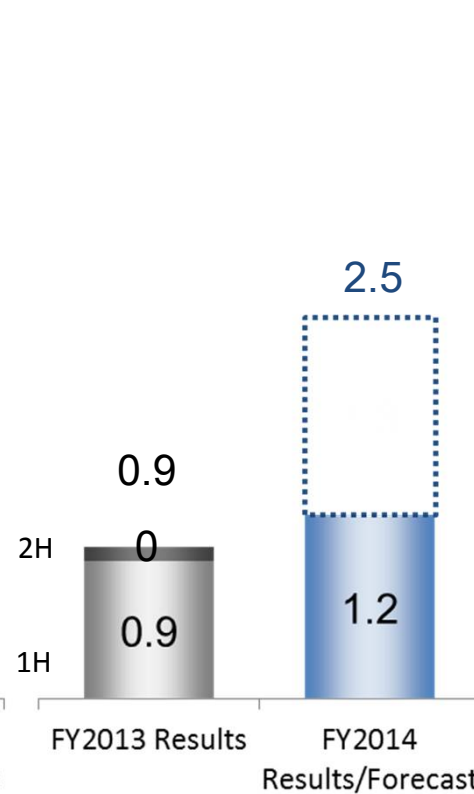
3. Segment Results

Others

(Billions of yen)
Net sales



(Billions of yen)
Operating income



Main Profit Change Factors

- Transfer of the lighting and membrane businesses in conjunction with organizational changes
- Overall cost reduction

3. Segment Results

Topics

➤ Examples of deliveries of industrial-use and specialty lithium-ion batteries

Railways/Heavy Machinery

New

- **Nippon Sharyo**
Next-generation electric carriers



- **JR East**
Storage-battery powered trains
- **Kinki Sharyo**
Self-charging battery powered trains
- **Tobu Railway**
Kami-Fukuoka sectioning post
- **JR Freight**
Hybrid shunting locomotive

Substations/Power Plants

- **Chile**
Cochrane coal-fired power plant
6,300kWh
- **Kyushu Electric Power**
Ashibe Substation 1,600 kWh



- **Power Company A** 1,000kWh
- **Power Company B** 1,000kWh

Coming Soon

Aerospace/Satellites

- **JAXA**
H-2A rocket



New

- **Japan Meteorological Agency**
Geostationary Meteorological Satellite "Himawari-8"
- **JAXA**
H-2B rocket
Space station transfer vehicle
- **Boeing**
787 Dreamliner

New

4. Consolidated Results Forecast

(Billions of yen)

		FY2013	FY2014	Change
Net sales		348.0	380.0	+32.0
Operating income		18.2	25.0	+6.8
(Operating income ratio)		5.2%	6.6%	+1.4P
Ordinary income		20.3	26.0	+5.7
Net income		10.0	13.0	+3.0
(Net income ratio)		2.9%	3.4%	+0.5P
Net income per share		¥24.18	¥31.49	+¥7.31
Dividend		¥8/share	¥10/share	+¥2/share
Assumptions	Domestic lead price quote	¥269,800/t	¥280,000/t	-
	LME	2,142US\$/t	2,200US\$/t	-
	Forex	¥97.99/US\$	¥105/US\$	-

No change from most recently announced forecast

4. Consolidated Results Forecast

Segment Results

(Billions of yen)

	FY2013 Results		FY2014 Initial Forecast		FY2014 Revised Forecast		FY2014 Apr-Sept.	
	Net sales	Op. income (Op. income ratio:%)	Net sales	Op. income (Op. income ratio:%)	Net sales	Op. income (Op. income ratio:%)	Net sales	Op. income (Op. income ratio:%)
Automotive battery (Japan)	56.9	3.3 (5.8)	52.0	3.0 (5.8)	52.0	3.0 (5.8)	23.9	0.5 (2.2)
Industrial battery and power supply (Japan)	79.2	12.2 (15.4)	86.0	12.5 (14.5)	86.0	11.5 (13.4)	34.0	1.8 (5.2)
Overseas	164.3	9.0 (5.5)	181.0	11.0 (6.1)	181.0	11.0 (6.1)	85.3	5.2 (6.1)
Lithium-ion battery	32.5	-7.2 (-22.3)	52.0	-3.0 (-5.8)	52.0	-3.0 (-5.8)	24.4	-1.1 (-4.6)
Others	15.1	0.9 (6.2)	9.0	1.5 (16.7)	9.0	2.5 (27.8)	3.9	1.2 (31.4)
Total	348.0	18.2 (5.2)	380.0	25.0 (6.6)	380.0	25.0 (6.6)	171.5	7.6 (4.4)

5. Balance Sheet

(Billions of yen)

	3/31/2014	9/30/2014	Change		3/31/2014	9/30/2014	Change
Current assets	168.2	156.8	-11.4	Liabilities	185.8	165.2	-20.6
▪ Notes and accounts receivable			-9.7	▪ Notes and accounts payable			-7.4
Collection of receivables accumulated at year end				▪ Notes payable-facilities			-3.5
▪ Marketable securities			-2.6	▪ Borrowings			-1.9
▪ Inventories			+2.9	▪ Payables			-3.9
				▪ Income taxes payable			-4.4
Fixed assets	172.2	170.2	-2.0	Net assets	154.7	161.9	+7.2
▪ Property, plant and equipment			-4.3	▪ Retained earnings			+1.2
Depreciation exceeded capital investment				▪ Net unrealized gain on available-for-sale securities			+1.2
▪ Investment securities			+2.4	▪ Foreign currency translation adjustments			-1.7
Inc. in stock prices			+1.7	▪ Minority interests			+5.9
Equity method gains			+1.1				
Total assets	340.5	327.1	-13.4	Total liabilities and net assets	340.5	327.1	-13.4

	3/31/2014	9/30/2014
Equity ratio	41.0%	43.1%
ROE (Return on equity)	7.5%	-

6. Capital Investment, Depreciation, R&D Costs

(Billions of yen)

	FY2013 Apr-Sep	FY2014 Apr-Sep	FY2013 Full-year results	FY2014 Full-year forecast
Capital investment	7.8	4.6	18.6	17.0
Lithium-ion battery	2.7	0.8	6.9	3.0
Overseas	2.4	1.9	5.7	6.0
Domestic existing businesses, other	2.7	1.9	6.0	8.0
Depreciation and amortization	5.8	7.5	12.9	14.0
Lithium-ion battery	2.2	3.0	5.0	5.0
R&D costs	3.2	3.0	6.5	7.0
(% of net sales)	(2.1%)	(1.7%)	(1.9%)	(1.8%)

7. Cash Flow Statements

April – September Results

(Billions of yen)

Operating C/F	5.5	Investing C/F	-8.6	Financing C/F	0.3
▪ Income before income taxes and minority interests	8.5	▪ Purchase of property, plant and equipment	-8.8	▪ Decrease in borrowings	-1.5
▪ Depreciation and amortization	7.8			▪ Dividends paid	-4.1
▪ Decrease in receivables	9.4			▪ Proceeds from minority shareholders due to capital increase in consolidated subsidiaries	+6.4
▪ Increase in inventories	-3.6				
▪ Decrease in purchase liabilities	-8.2				
▪ Income taxes paid, etc.	-7.3				
Balance of Cash and Cash Equivalents					
	April 1, 2014	23.4		Sept. 30, 2014	20.1
Free C/F ※1 -3.1					
Interest-bearing debt to cash flow ratio (year)※2 14.6					

Highlights

- Operating cash flow increased from ¥3.3 billion in FY2013 2Q to ¥5.5 billion in FY2014 2Q.
- Free cash flow fell to -¥3.1 billion due to the purchase of property, plant and equipment, but this was covered by cash on hand.

As a result, cash and cash equivalents at September 30, 2014, totaled ¥20.1 billion.

※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

7. Cash Flow Statements

Full-Year Forecast

Operating cash flow	21.0
Investing cash flow	-22.0
Financing cash flow	-3.0
Balance of cash and cash equivalents (4/1/2014)	23.4
Balance of cash and cash equivalents (9/30/2014)	19.4
Free cash flow ※1	-1.0
Interest-bearing debt to cash flow ratio (year) ※2	3.7

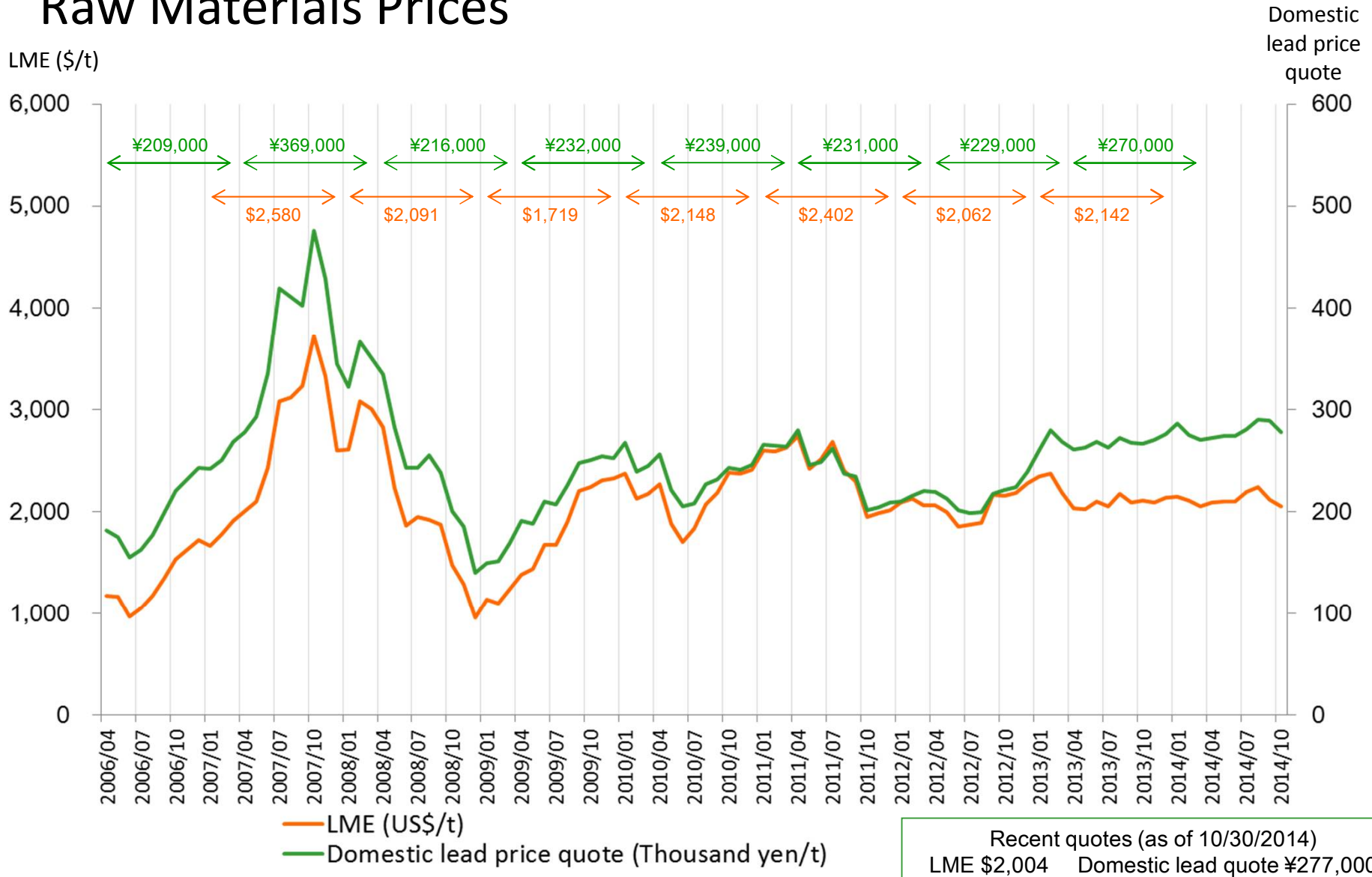
※1: Total of cash flow from operating activities and cash flow from investing activities

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

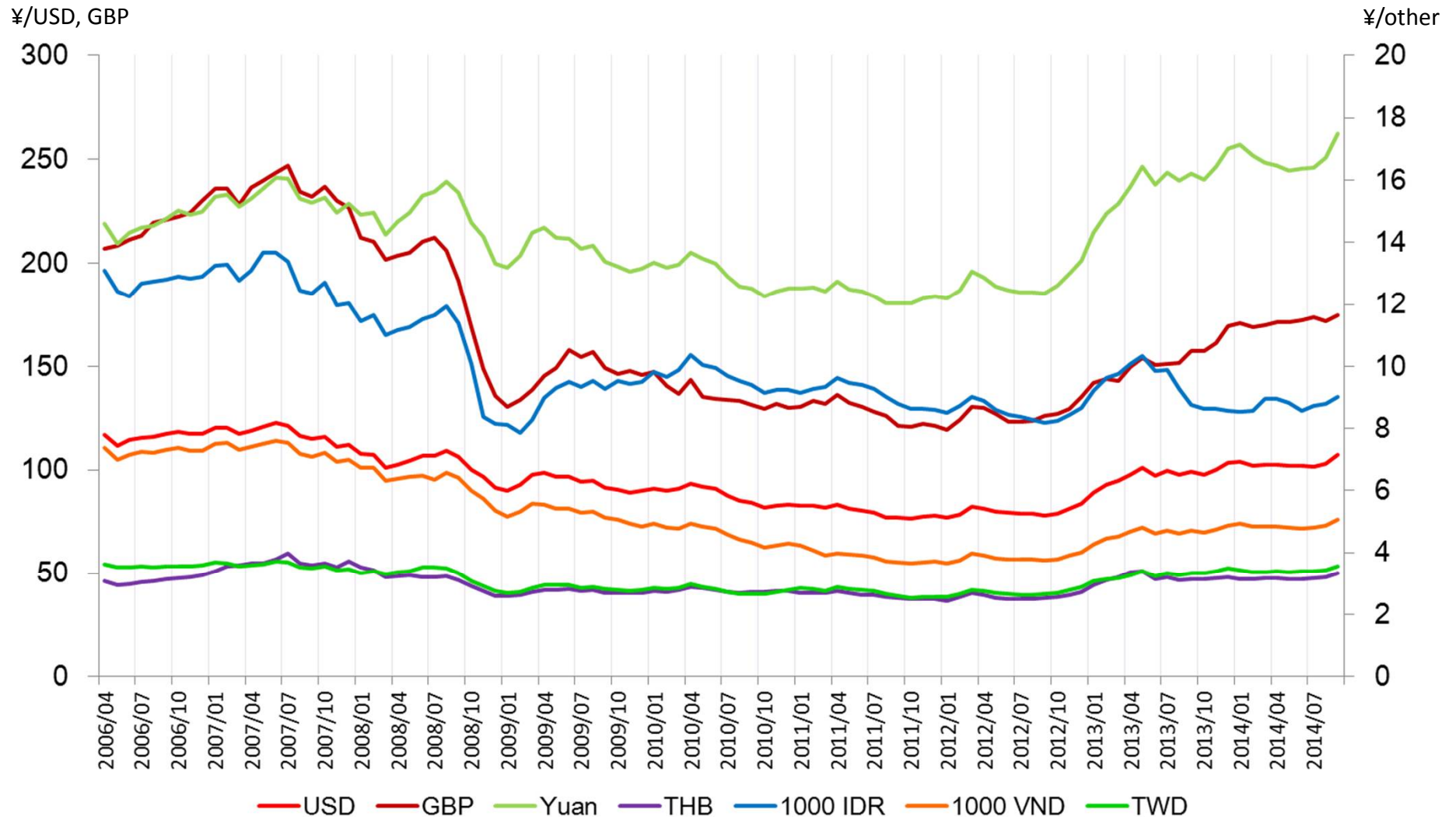
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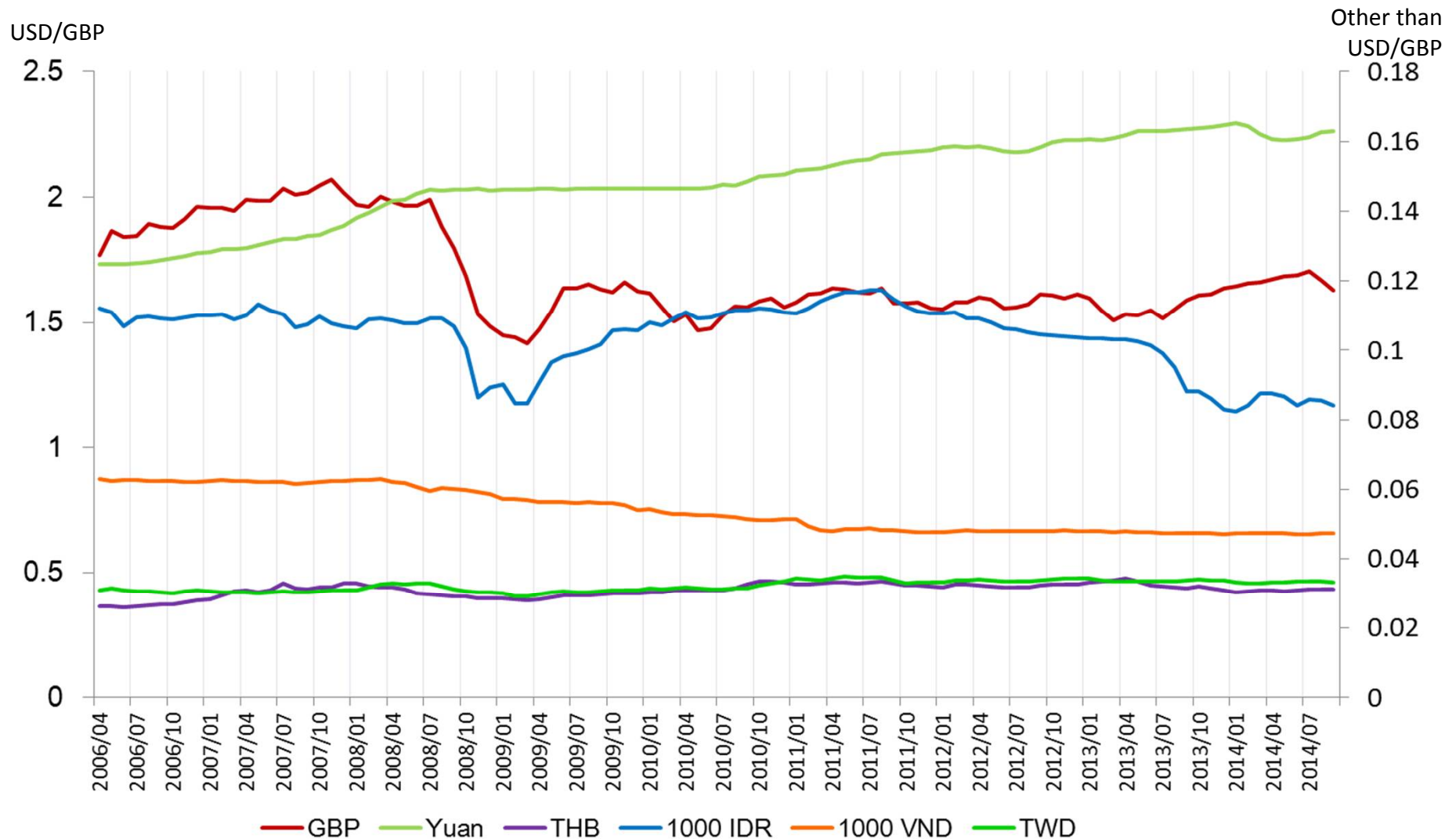
Raw Materials Prices



Foreign Exchange Rates (JPY vs. Key Currencies)



Foreign Exchange Rates (USD vs. Key Currencies)



Interest-Bearing Debt, D/E Ratio

