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## GS Yuasa Announces Fourth Mid-Term Management Plan (FY2016~FY2018)

GS Yuasa Corporation (hereinafter “GS Yuasa”) announced today that it has formulated its Fourth Mid-Term Management Plan.

In the 12 years since GS Yuasa was formed through a business integration, we have taken initiatives to strengthen the earnings foundation of our two core businesses, automotive batteries and industrial batteries and power supplies, while expanding the scope and earnings of our growth business, overseas operations. Our new business, lithium-ion batteries, has faced severe conditions amid the slower-than-expected spread of electric vehicles.

In the Fourth Mid-Term Management Plan, we are leveraging our accumulated battery and power supply technologies to contribute to a comfortable and secure future society for everyone. Under this plan, we will take initiatives to become energy device company “New GS Yuasa” as articulated in our management policy, and ensure the long-term, sustained growth of our company.

### I. Overview of Third Mid-Term Management Plan (FY2013~FY2015)

In the Third Mid-Term Management Plan, GS Yuasa achieved the goals set for FY2013, the initial year of the plan, but failed to achieve the goals for the second and third years of the plans.

	Fiscal 2015 Targets	Fiscal 2015 Results
Net sales	450.0 billion yen	365.6 billion yen
Operating income ratio	8% (36.0 billion yen)	6.0% (21.9 billion yen)
Net income ratio	5% (23.0 billion yen)	2.9% (10.4 billion yen)
ROE (return on equity)	15% or more	5.7%
Ratio of interest-bearing debt to cash flow	2.0 years or less	2.5 years

The following are the results of the major strategic initiatives under the plan.

- (1) Stabilize the business foundation of the new business by building competitive advantages  
The electric vehicle market has developed at a slower pace than expected, causing severe challenges for the new business.  
The joint venture with BOSCH is currently progressing as planned.
- (2) Global expansion based on the overseas growth markets  
We acquired a Turkish company (Inci GS Yuasa Aku Sanayi ve Ticaret A.S. established) to create a new foothold for expansion into Europe, Africa, and other undeveloped regions. An equity-method affiliate (Siam GS Battery) was made a consolidated subsidiary to expand the business scale.
- (3) Improve earnings power by leveraging the technological and cost reduction capabilities of the existing businesses

The automotive batteries business increased its profitability through expanded sales of high-added-value product start & stop vehicle batteries amid the rapid rise in the popularity of start & stop vehicles.

The industrial batteries and power supply business posted a decline in profits due to an overall decline in demand, although disaster recovery-related demand increased.

(4) Financial measures

The balance of interest-bearing debt as of March 31, 2016 totaled ¥73.6 billion, and the planned shareholder dividend for fiscal 2015 is ¥10 per share.

(5) Enhancement of corporate governance

Please refer to the Corporate Governance Code adopted in Japan in December 2015.

(The code is published on the website of the Tokyo Stock Exchange and GS Yuasa.)

## II. Overview of the Fourth Mid-Term Management Plan

### 1. Mid-Term Management Policy

With the aim of becoming energy device company “new GS Yuasa,” we will ensure long-term, continuous growth.

- Ensure profit at new business (lithium-ion batteries) and firmly put the business on a stable growth track
- Further expand business domain of growth business (overseas operations) and raise its profitability
- Expand and stabilize the cash flows from existing businesses (automobile batteries business and industrial batteries and power supplies business) and make investment for future growth

(1) Management plan period      Three years from April 2016 through March 2019

(2) Management goals

	Fiscal 2018 targets
Net sales	480.0 billion yen
Operating income ratio	8% or more
ROE (return on equity)	10% or more
Total return ratio	30% or more

Notes:

- 1: The above benchmark is equivalent to the profit before goodwill amortization (operating income, net income).
- 2: The above figures take into account the impact of transfer of Panasonic's business on the premise of approval from competition law authorities of concerned countries.

### 2. Key Mid-Term Strategic Tasks

Basic strategy: Stabilize and expand the new business by enhancing management foundation and earnings power of existing and growth businesses and grow it into the second pillar of the corporate foundation following the lead business.

- Ensure the achievement of the fourth quality improvement plan over the next three years, based on the GS YUASA Quality Policy
- Reorganize the business structure in response to markets and customers

### 3. Issues to address for achieving mid-term goals

(1) New business (lithium-ion batteries)

- Establish position in automotive battery market (electric vehicles, plug-in hybrid vehicles, hybrid vehicles, etc.)
- Develop products to cultivate new markets, including 12V engine start batteries and stationary batteries
- Expand business through collaboration with overseas companies (Europe, China, etc.)

(2) Growth business (overseas operations)

- Utilize the bases acquired in the Panasonic business transfer (China, Thailand)
- Business expansion to unexplored regions (Asia, Africa, Middle East, Central and Latin America, etc.)
- Improve profitability and strengthen structure of existing bases
- Expand business scale through M&As

(3) Existing business

- 1) Domestic automotive batteries business
  - Achieve high-performance, high-quality, low-cost structure (build optimal production structure, including for acquired Panasonic business)
  - Capture orders for next-generation batteries and expand share of high-added-value battery market
- 2) Domestic industrial batteries and power supplies
  - Solidify earnings by promoting measures to strengthen competitiveness in production, sales and technology in the existing business
  - Expand into new businesses in the industrial-use lithium-acid battery market in Japan and abroad (electric power and communication, railways and construction machinery, housing, etc.)
- (4) Financial measures
  - Focus on ROE (target: 10% or more) as a management index, promote efficient use of invested capital and reduce interest-bearing debts
  - Achieve total return ratio before goodwill amortization of 30% or more (achieve stable dividend payment to shareholders and improve capital efficiency)
- (5) Corporate governance
  - Implement thorough compliance measures
  - Strengthen monitoring and implement rapid decision-making

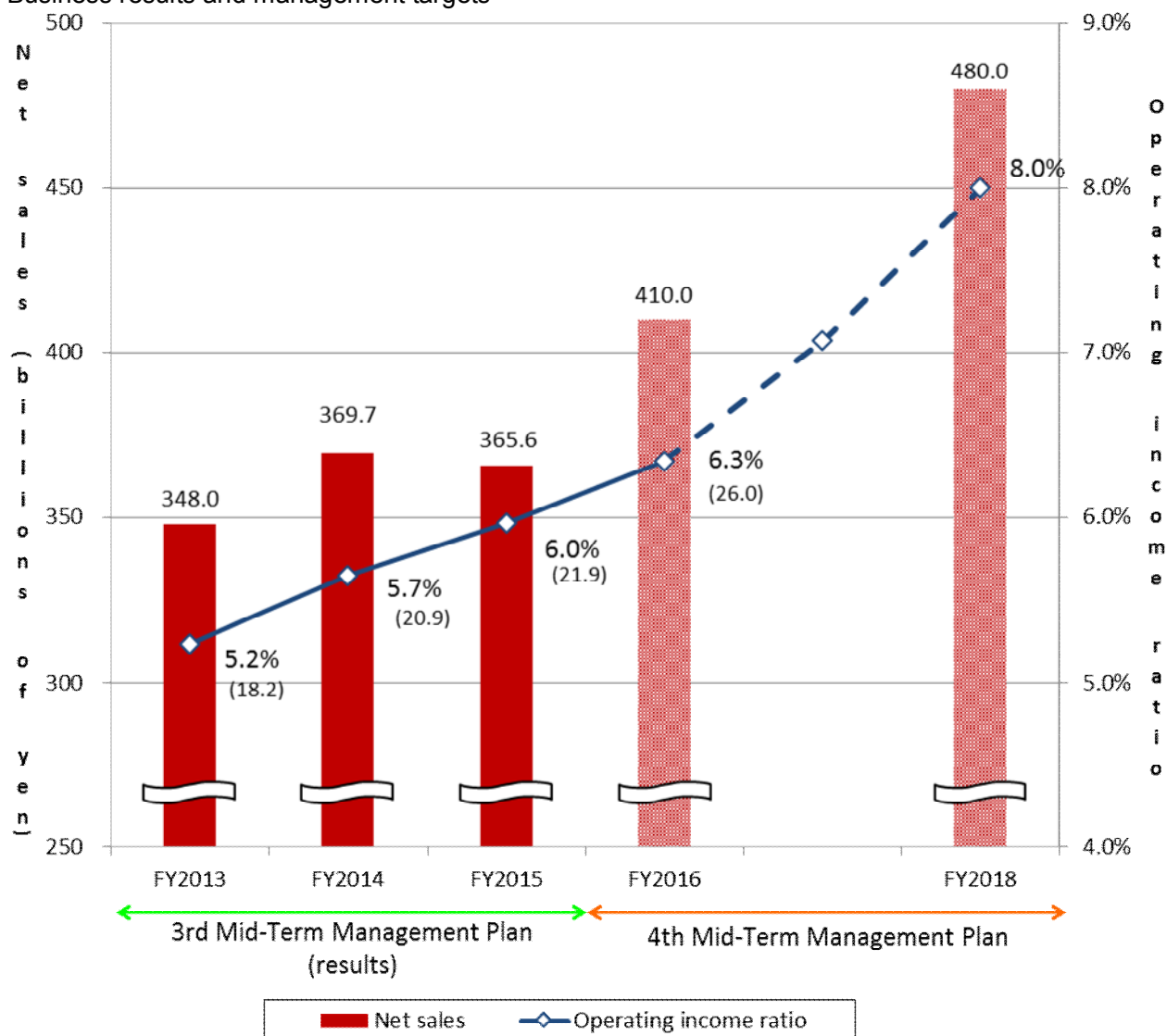
#### 4. Capital investment plan (FY2016~FY2018)

Make future-oriented investments within the scope of operating cash flow generated through expanded business and improved profitability.

	Total investment
Domestic automotive batteries	8.0 billion yen
Domestic industrial batteries and power supplies	6.0 billion yen
Overseas operations	36.0 billion yen
Lithium-ion automotive batteries	11.0 billion yen
Other	29.0 billion yen
Total	90.0 billion yen

<Reference>

1. Business results and management targets



2. Management targets (by segment)

(Billions of yen)

		Domestic automotive batteries	Domestic industrial batteries and power supplies	Overseas operations	Lithium-ion automotive batteries	Other	Consolidated
FY2016	Net sales	75.0	79.0	204.0	43.0	9.0	410.0
	Operating income	5.8	9.0	11.2	0.5	(0.5)	26.0
	Operating income ratio	7.7%	11.4%	5.5%	1.2%	-5.6%	6.3%
FY2018	Net sales	86.0	90.0	230.0	56.0	18.0	480.0
	Operating income ratio	10%	13%	7%	5%	-	8% or more

Notes: 1: The operating income target for FY2016 and the operating income ratio target for FY2018 are estimated based on operating income before goodwill amortization.

2: The above figures take into account the impact of transfer of Panasonic's business on the premise of approval from competition law authorities of concerned countries.