

February 2, 2017

GS Yuasa Corporation
Consolidated Earnings Report for the
Nine Months ended December 31, 2016
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange Securities code: 6674
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Scheduled dates

Filing of statutory quarterly financial report (*Shihanki hokokusho*): February 3, 2017

Dividend payout: -

Supplementary materials to quarterly earnings report available: No

Quarterly earnings presentation held: No

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months ended December 31, 2016 (April 1 to December 31, 2016)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine Months ended December 31, 2016	254,328	(4.1)	14,674	3.7	14,657	2.7	8,572	29.4
Nine Months ended December 31, 2015	265,308	(0.4)	14,153	5.9	14,269	(6.3)	6,627	(22.3)

Note: Comprehensive income: Nine Months ended December 31, 2016: ¥(2,014) million, -%
 Nine Months ended December 31, 2015: ¥705 million, -95.4%

	Profit per share	Diluted profit per share
	yen	yen
Nine Months ended December 31, 2016	20.77	19.36
Nine Months ended December 31, 2015	16.06	14.96

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
December 31, 2016	353,037	173,106	42.2
March 31, 2016	346,523	177,790	44.4

Reference: Total equity: As of December 31, 2016: ¥148,824 million
 As of March 31, 2016: ¥153,723 million

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2016	-	3.00	-	7.00	10.00
Year ending March 31, 2017	-	3.00	-		
Year ending March 31, 2017 (forecast)				7.00	10.00

Note: No revision has been made to the latest dividends forecast.

3. Earnings Forecast for the Year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2017	360,000	(1.5)	23,000	5.0	22,000	2.7	12,000	32.9	29.07

Note: No revision has been made to the latest earnings forecast.

Note: The above figures are adjusted to reflect the effects of transfer of lead-acid battery business from Panasonic to GS Yuasa with the assumption that the transfer will be approved by competition authorities in relevant countries.

*Notes

(1) Changes affecting the status of material subsidiaries (scope of consolidation): Yes

Included in the scope of consolidation: One company

Company name: Panasonic Storage Battery Co., Ltd. (current: GS Yuasa Energy Co., Ltd.)

Note. For details, see "(1) Changes Affecting the Status of Material Subsidiaries" in section "5. Other Information" on page 4.

(2) Use of accounting procedures specific to preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with revisions to accounting and other standards: None

2) Changes other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of shares issued (common stock)

	December 31, 2016	March 31, 2016
1) Number of shares issued (including treasury stock)	413,574,714	413,574,714
2) Number of shares held in treasury	827,482	817,203
	Nine Months ended December 31, 2016	Nine Months ended December 31, 2015
3) Average number of shares outstanding during the period	412,754,815	412,769,309

*Quarterly Review Status

This report is not subject to the quarterly review requirements of Japan's Financial Instruments and Exchange Act. As of the release date of this report, a review of the quarterly consolidated financial statements in accordance with the Act had been completed.

*Appropriate Use of Earnings Forecast and Other Important Information

The above forecasts are based on the assumptions of management in the light of information available as of the release date of this report. Actual results may differ from forecasts due to various factors such as changes in the business environment. For information related to the earnings forecast, see section "(3) Note on Consolidated Earnings Forecast and Other Forward-looking Statements" on page 4.

4. Qualitative Information on Quarterly Financial Results

(1) Results of Operations

1) Overview

In the first nine months of the fiscal year ending March 31, 2017, although the Japanese economy experienced weak consumer spending amid poor summer weather and other factors, employment continued to grow owing to the government's economic stimulus measures and the Bank of Japan's continued monetary easing policy. While yen depreciation from November buoyed corporate earnings which in turn buttressed economic sentiment, the outlook for the Japanese economy remained cautious due to uncertainties in the global economic forecast.

Reviewing the global economy, China's economic growth continued to slow due to lower capital investment by the private sector, which is beset by debt overhang and excess capacity, along with growing labor market adjustments which dampened consumer spending. The U.S. economy maintained its moderate growth trend, driven mostly by consumer spending, amid expectations of fresh economic stimulus measures from the new government. In Europe, while consumer spending was firm, Britain's decision to exit the European Union cast uncertainty over the economy and clouded Europe's future economic outlook.

In this environment, the GS Yuasa Group's consolidated net sales for the first nine months of the fiscal year totaled ¥254,328 million, a decrease of ¥10,980 million, or 4.1%, compared with the same period of the previous fiscal year. Although sales in the Domestic Automotive Batteries segment increased with the inclusion of Panasonic's domestic lead-acid battery business in the consolidated results from the end of the second quarter, sales in the Overseas Operations segment declined primarily to the impact of yen appreciation which continued until the middle of the fiscal year.

In terms of profitability, operating income totaled ¥14,674 million for the first nine months, an increase of ¥521 million, or 3.7%, compared with the same period of the previous year. Although yen appreciation impacted results, costs declined due to lower market prices for raw material lead which continued through the middle of the fiscal year. Ordinary income increased by ¥388 million year on year, or 2.7%, to ¥14,657 million. While equity in earnings of equity method affiliates declined due to the amortization of goodwill for overseas equity method affiliates, foreign exchange loss declined due to yen depreciation at the end of the third quarter. Profit attributable to owners of parent totaled ¥8,572 million, a year-on-year increase of ¥1,945 million, or 29.4%, due to a decline in loss on liquidation of consolidated subsidiaries.

2) Business Segment Results

(Domestic Automotive Batteries)

Net sales in the domestic automotive batteries segment totaled ¥45,324 million for the first nine months of the fiscal year, a year-on-year increase of ¥7,844 million, or 20.9%. While sales were sluggish amid a reduction in car sales of automobile new car manufacturers, the acquisition of Panasonic's domestic lead-acid battery business boosted results. Segment income increased ¥1,059 million year on year, or 47.0%, to ¥3,316 million, reflecting the benefit of the business acquisition and price declines for main raw material lead.

(Domestic Industrial Batteries and Power Supplies)

Net sales in the domestic industrial batteries and power supplies segment for the first nine months of the fiscal year totaled ¥49,543 million, a year-on-year decline of ¥21 million, or 0.0% change. While sales of compact UPS increased, sales of lighting equipment and power supplies for photovoltaic power generation declined. Segment income totaled ¥4,035 million, a year-on-year increase of ¥949 million, or 30.8%, due mainly to lower prices for main raw material lead.

(Overseas Operations)

Net sales in the overseas operations segment for the first nine months of the fiscal year totaled ¥122,719 million, a year-on-year decrease of ¥19,326 million, or 13.6%. Although demand in Europe and some markets in Southeast Asia steadily rebounded, conversion of local currency-based sales into yen had a significant impact on results. Segment income totaled ¥7,932 million, a year-on-year decrease of ¥924 million, or 10.4%, mainly as a result of the sales decline.

(Automotive Lithium-ion Batteries)

Net sales in the automotive lithium-ion batteries segment for the first nine months of the fiscal year totaled ¥30,091 million, a year-on-year increase of ¥1,298 million, or 4.5%. Although sales of lithium-ion

batteries for plug-in hybrid vehicles slumped, sales of lithium-ion batteries for hybrid vehicles increased. Segment loss totaled ¥280 million, a year-on-year improvement of ¥179 million.

(Other)

Net sales in the other segment for the first nine months of the fiscal year totaled ¥6,650 million, a year-on-year decline of ¥776 million, or 10.5%, due to a temporary decline in sales of batteries, mainly specialty batteries, due mainly to delay of recording the sales. Segment loss after adjustments of corporate expenses, etc. totaled ¥329 million, a year-on-year decrease of ¥742 million.

(2) Financial Condition

Total assets increased by ¥6,513 million from the end of the previous fiscal year to ¥353,037 million. Despite a decline in cash and deposits following the acquisition of a newly consolidated subsidiary at the end of September, there were increases in goodwill and other intangible assets, market valuation of held securities, and new capital investments.

Liabilities increased by ¥11,198 million from the end of the previous fiscal year to ¥179,931 million. Despite declines in trade accounts payable and payables, liabilities increased as a result of higher interest-bearing liabilities in conjunction with the acquisition of shares of a newly consolidated subsidiary.

Net assets totaled ¥173,106 million, a decrease of ¥4,684 million from the end of the previous fiscal year. Despite an increase in profit attributable to owners of parent, net assets declined due to dividends paid and a decrease in foreign currency translation adjustments due to yen appreciation compared with the end of the previous fiscal year.

(3) Note on Consolidated Earnings Forecast and Other Forward-looking Statements

There is no change to the consolidated full-year earnings forecast announced on October 31, 2016 in the announcement, "Notice Regarding Revision to Earnings Forecast."

5. Other Information

(1) Changes Affecting the Status of Material Subsidiaries

Since the end of the second quarter, Panasonic Storage Battery Co., Ltd. (current: GS Yuasa Energy Co., Ltd.) has been included in the scope of consolidation as a result of the acquisition of the company's shares.

(2) Use of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements

Regarding taxes, a reasonable estimate of the effective tax rate for the projected full-year pretax income for the current fiscal year, including the actual income figure for the third quarter, has been arrived at using the tax-effect accounting method. This estimated effective tax rate has been used to calculate taxes against profit before income taxes for the nine months ended December 31, 2016.

(3) Additional Information

(Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter of the fiscal year under review, the Company adopted *Revised Implementation Guidance on Recoverability of Deferred Tax Assets* (ASBJ Guidance No. 26, revised on March 28, 2016).

6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2016	As of December 31, 2016
	Amount	Amount
Assets		
Current assets		
Cash and deposits	28,604	21,210
Notes and accounts receivable	72,858	72,040
Merchandise and finished goods	36,172	33,990
Work in process	13,125	14,871
Raw materials and supplies	11,833	12,014
Deferred tax assets	2,725	2,884
Other	10,825	8,741
Allowance for doubtful receivables	(350)	(260)
Total current assets	175,795	165,492
Fixed assets		
Property, plant, and equipment		
Buildings and structures, net	48,194	49,382
Machinery and equipment, net	35,453	31,391
Land	22,487	23,548
Lease assets, net	1,346	1,133
Construction in progress	5,148	9,020
Other, net	4,454	4,254
Total property, plant, and equipment	117,085	118,732
Intangible assets		
Goodwill	157	5,912
Lease assets	501	523
Other	3,415	7,806
Total intangible assets	4,073	14,242
Investments and other assets		
Investment securities	44,711	47,568
Net defined benefit asset	332	2,894
Other	5,250	4,744
Allowance for doubtful receivables	(778)	(679)
Total investments and other assets	49,514	54,528
Total fixed assets	170,673	187,503
Deferred assets	54	40
Total assets	346,523	353,037

	As of March 31, 2016 Amount	(Millions of yen) As of December 31, 2016 Amount
Liabilities		
Current liabilities		
Notes and accounts payable	38,460	35,043
Short-term borrowings	24,106	36,095
Commercial paper	-	2,000
Payables	17,880	18,087
Income taxes payable	2,297	2,423
Notes payable-facilities	1,787	3,567
Other	14,741	17,601
Total current liabilities	99,272	114,818
Long-term liabilities		
Convertible Bonds	25,000	25,000
Long-term debt	24,502	16,914
Lease obligations	967	1,056
Net defined benefit liability	3,819	5,688
Other	15,171	16,453
Total long-term liabilities	69,460	65,113
Total liabilities	168,733	179,931
Net assets		
Shareholders' equity		
Common stock	33,021	33,021
Capital surplus	55,292	55,292
Retained earnings	51,399	55,844
Less treasury stock, at cost	(350)	(352)
Total shareholders' equity	139,363	143,806
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	8,491	11,606
Deferred gain (loss) on derivatives under hedge accounting	(9)	(3)
Land revaluation surplus	2,397	2,397
Foreign currency translation adjustments	6,942	(5,623)
Remeasurements of defined benefit plans	(3,461)	(3,357)
Total accumulated other comprehensive income	14,360	5,018
Non-controlling interests	24,066	24,281
Total net assets	177,790	173,106
Total liabilities and net assets	346,523	353,037

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	(Millions of yen)	
	Nine Months ended December 31, 2015	Nine Months ended December 31, 2016
	Amount	Amount
Net sales	265,308	254,328
Cost of sales	204,471	192,081
Gross profit	60,837	62,247
Selling, general and administrative expenses	46,684	47,572
Operating income	14,153	14,674
Non-operating income		
Interest and dividend income	592	533
Equity in earnings of equity method affiliates	1,604	562
Other	653	386
Total non-operating income	2,850	1,481
Non-operating expenses		
Interest expenses	795	675
Foreign exchange loss	1,338	362
Other	600	461
Total non-operating expenses	2,734	1,499
Ordinary income	14,269	14,657
Extraordinary income		
Gain on sales of fixed assets	22	38
Gain on sales of investment securities	84	-
Insurance income	-	121
Gain on step acquisitions	171	-
Other	10	73
Total extraordinary income	288	233
Extraordinary loss		
Loss on disposal of fixed assets	876	187
Loss on sales of fixed assets	2	6
Impairment loss	-	339
Loss on liquidation of subsidiaries and affiliates	1,600	-
Other	409	152
Total extraordinary loss	2,889	686
Profit before income taxes	11,668	14,204
Income taxes	3,896	3,755
Profit	7,772	10,449
Profit attributable to non-controlling interests	1,144	1,876
Profit attributable to owners of parent	6,627	8,572

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Nine Months ended December 31, 2015	
	Nine Months ended December 31, 2016	
	Amount	
	Amount	
Profit	7,772	10,449
Other comprehensive income		
Net unrealized gain on available-for-sale securities	164	3,104
Deferred gain (loss) on derivatives under hedge accounting	11	5
Foreign currency translation adjustments	(5,284)	(11,282)
Remeasurements of defined benefit plans	122	(800)
Share of other comprehensive income of equity method affiliates	(2,081)	(3,489)
Total other comprehensive income	(7,066)	(12,463)
Comprehensive income	705	(2,014)
Components:		
Comprehensive income attributable to owners of parent	1,331	(1,677)
Comprehensive income attributable to non-controlling interests	(625)	(336)

(3) Notes on the Consolidated Financial Statements

(Note on the going-concern assumption)

Not applicable

(Note on significant change in shareholders' equity)

Not applicable

(Segment and other information)

Segment Information

I. Nine months ended December 31, 2015 (April 1 to December 31, 2015)

1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment							
	Domestic						Other (note)	Total
	Domestic	Industrial	Overseas	Automotive		Total		
	Automotive	Batteries and		Lithium-ion	Total			
Batteries	Power Supplies	Operations	Batteries	Total				
Net sales								
Sales to outside customers	37,479	49,564	142,045	28,792	257,882	7,426	265,308	
Inter-segment sales and transfers	971	2,187	1,058	378	4,596	(4,596)	-	
Total	38,451	51,752	143,104	29,170	262,479	2,829	265,308	
Segment income (loss)	2,257	3,085	8,857	(460)	13,739	413	14,153	

Note: "Other" comprises a) businesses that are not included in any of the reportable segments such as special batteries business and b) segment income adjustment. Segment income adjustment was minus 1,792 million yen, which includes minus 1,077 million yen elimination of inter-segment transactions and minus 715 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.

2. Impairment loss on fixed assets or goodwill by reportable segment

(Material impairment loss on fixed assets)

With the start of liquidation process of a subsidiary in the overseas operations segment, the book value of fixed assets held by the subsidiary was reduced to their recoverable amounts, and the impairment loss was recorded in the extraordinary loss as "loss on liquidation of subsidiaries and affiliates."

The amount of impairment loss resulting from the said reduction was 793 million yen for the first nine months of the fiscal year ended March 31, 2016.

II. Nine months ended December 31, 2016 (April 1 to December 31, 2016)

1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment							
	Domestic						Other (note)	Total
	Domestic	Industrial	Overseas	Automotive		Total		
	Automotive	Batteries and		Lithium-ion	Total			
Batteries	Power Supplies	Operations	Batteries	Total				
Net sales								
Sales to outside customers	45,324	49,543	122,719	30,091	247,678	6,650	254,328	
Inter-segment sales and transfers	1,149	2,338	821	829	5,139	(5,139)	-	
Total	46,474	51,881	123,541	30,920	252,817	1,510	254,328	
Segment income (loss)	3,316	4,035	7,932	(280)	15,004	(329)	14,674	

Note: "Other" comprises a) businesses that are not included in any of the reportable segments such as special batteries business and b) segment income adjustment. Segment income adjustment was minus 1,879 million yen, which includes minus 1,120 million yen elimination of inter-segment transactions and minus 759 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.

2. Impairment loss on fixed assets or goodwill by reportable segment

(Material impairment loss on fixed assets)

In the automotive lithium-ion batteries segment, some of the assets held by consolidated subsidiaries for business purposes ceased to be used. The book values of these fixed assets were reduced to their recoverable amounts, and the losses were recorded as "impairment loss" under extraordinary loss.

The impairment loss recorded for this reason in the first nine months for the fiscal year ending March 31, 2017 was 339 million yen.

(Material change in the amount of goodwill)

In the domestic automotive batteries segment, Panasonic Storage Battery Co., Ltd. (current: GS Yuasa Energy Co., Ltd.) has been included in the scope of consolidation since the end of the second quarter as GS Yuasa Corporation acquired the shares in the company.

With the acquisition, goodwill was estimated and provisionally increased by 9,665 million yen. In the third quarter, however, the allocation of the acquisition cost was completed, and the amount of goodwill was changed to 6,084 million yen.

7. Supplementary Information

(1) Quarterly profit/loss

Fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	75,364	83,535	95,428	-	158,899	254,328	-
Operating income	2,988	4,184	7,501	-	7,173	14,674	-
Ordinary income	2,875	3,774	8,007	-	6,650	14,657	-
Profit (loss) attributable to owners of parent	1,840	2,271	4,460	-	4,111	8,572	-

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	81,642	89,507	94,159	100,301	171,149	265,308	365,610
Operating income	3,109	3,705	7,338	7,756	6,814	14,153	21,909
Ordinary income	3,044	4,004	7,220	7,146	7,049	14,269	21,416
Profit (loss) attributable to owners of parent	951	2,665	3,010	2,402	3,616	6,627	9,030

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	82,321	89,199	94,940	103,298	171,521	266,462	369,760
Operating income	3,109	4,492	5,762	7,548	7,602	13,365	20,914
Ordinary income	3,763	5,039	6,430	7,124	8,802	15,233	22,357
Profit (loss) attributable to owners of parent	2,342	2,856	3,331	1,513	5,198	8,530	10,043

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	65,632	82,278	92,557	107,526	147,911	240,468	347,995
Operating income	1,609	2,130	6,022	8,435	3,739	9,762	18,197
Ordinary income	2,658	2,421	6,290	8,963	5,079	11,369	20,333
Profit (loss) attributable to owners of parent	127	2,917	1,866	5,070	3,045	4,912	9,982

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	62,900	64,581	68,396	78,631	127,481	195,878	274,509
Operating income	1,426	2,630	2,405	3,311	4,057	6,463	9,775
Ordinary income	1,927	3,025	3,207	4,099	4,952	8,159	12,258
Profit (loss) attributable to owners of parent	1,062	2,085	2,371	248	3,147	5,519	5,767