

Iwatani

FY 2019 1st Half Financial Results

(Fiscal Year Ended September 30, 2019)

November 18, 2019

Iwatani Corporation

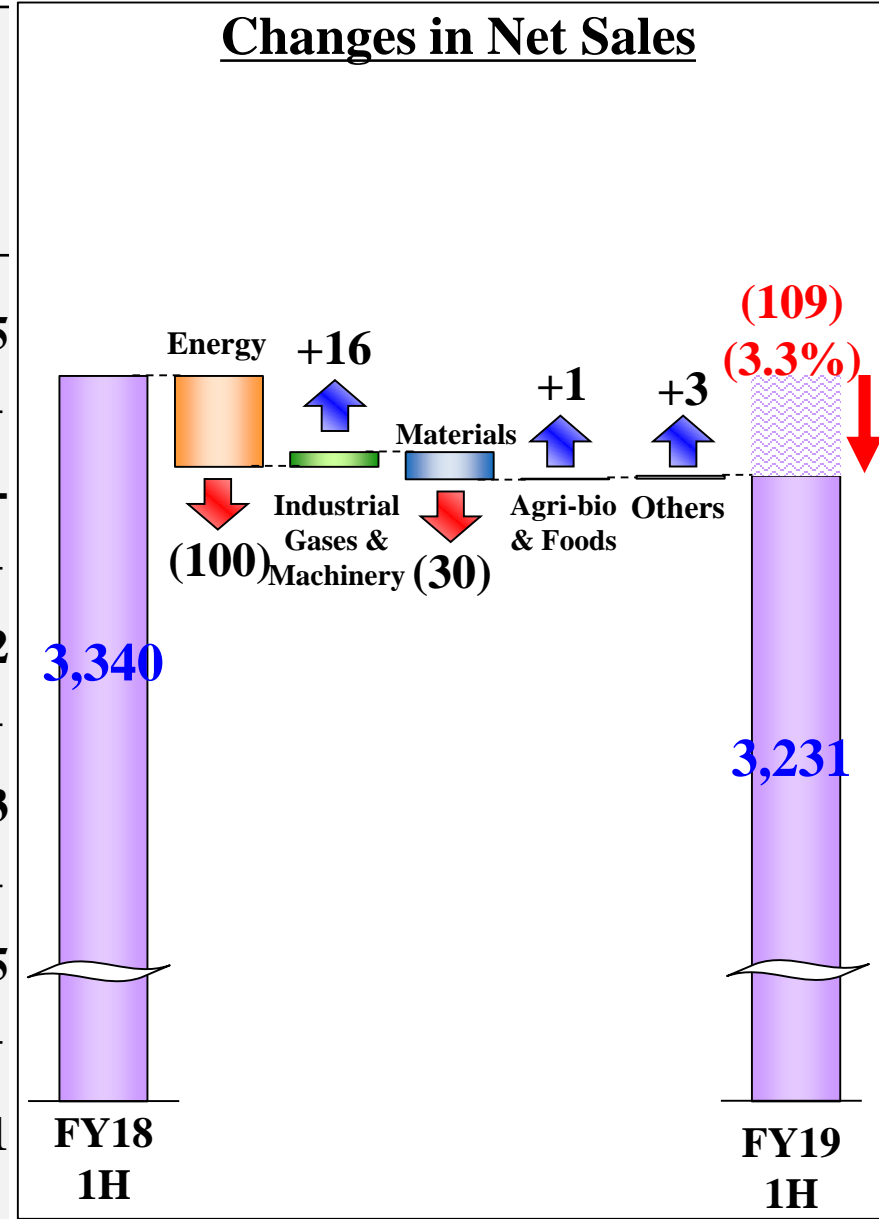
- **FY 2019 1st Half Overview**
- **FY 2019 Forecasts**
- **Business Topics**

FY 2019 1st Half Overview

Analysis of Net Sales

(Unit: 100 million Yen)

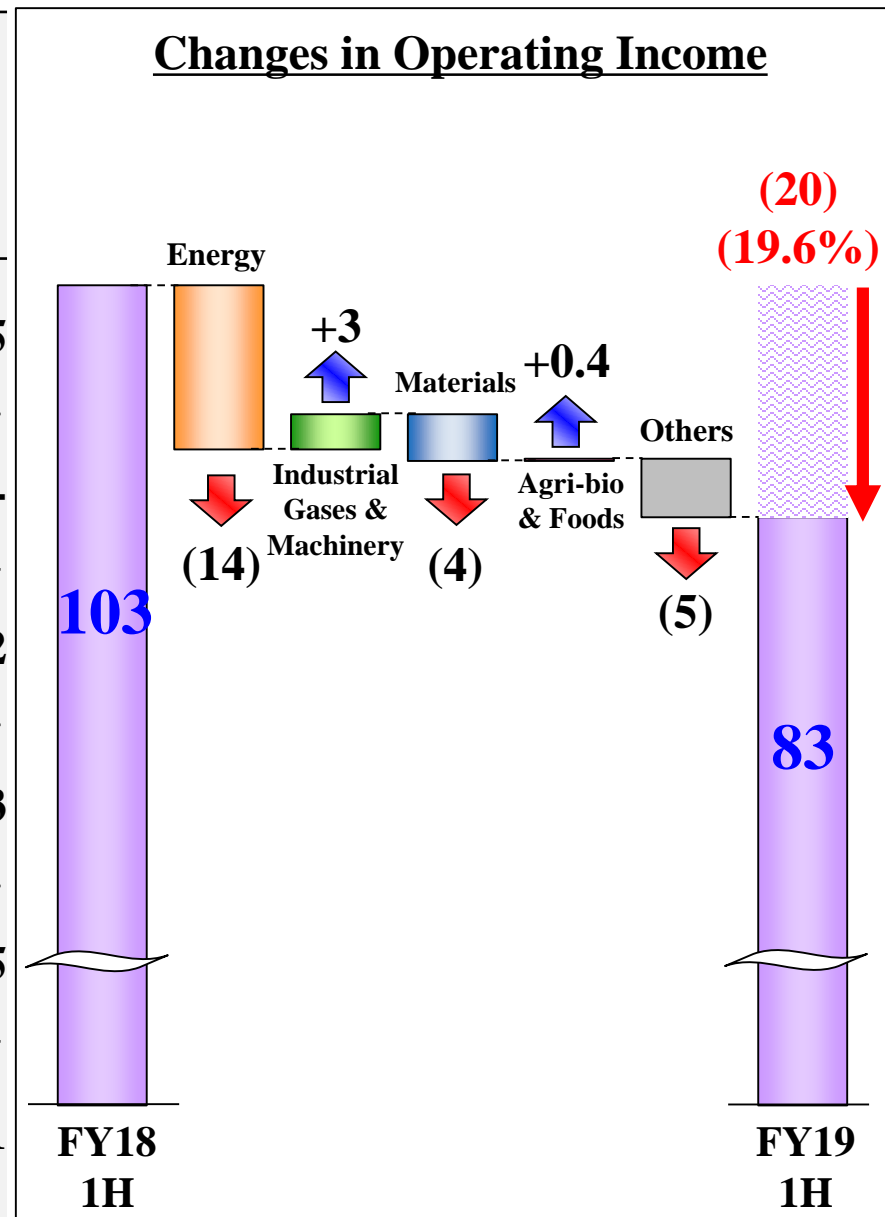
	FY19 1H Results (A)	FY18 1H Results (B)	Year-on- Year (A)-(B)	FY19 1H Forecast
Net Sales	3,231	3,340	(109)	3,405
Gross Profit	801	805	(4)	-
Operating Income	83	103	(20)	102
Non-operating income	15	14	+1	13
Ordinary Income	98	117	(18)	115
Profit attributable to owners of parent	62	74	(12)	71



Analysis of Operating Income

(Unit: 100 million Yen)

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Impact of LPG Import Price Fluctuations

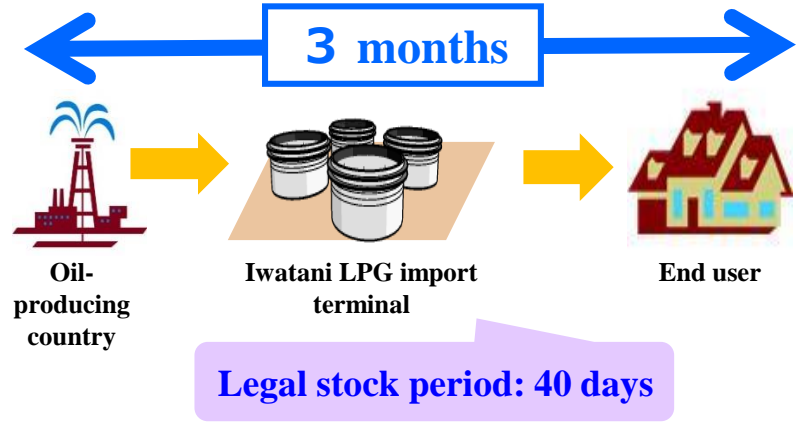
Premise

① Wholesale price is based on LPG Import Price

② From LPG import to sale takes 3 months

Wholesale Price \propto LPG Import Price*

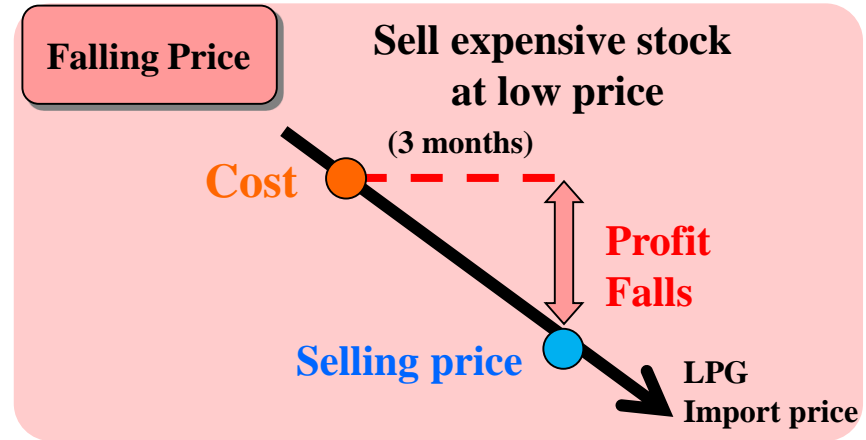
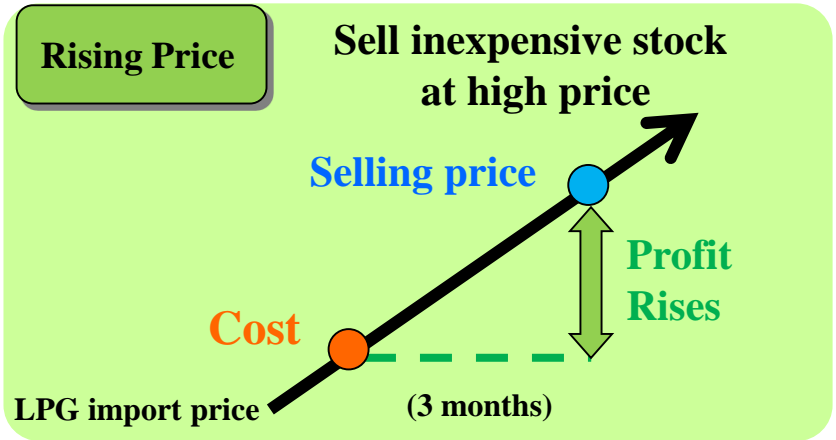
* The price consists of “CP” (from the middle east) and “MB” (from the U.S).



LPG Import Price Fluctuations

Short-term impact of market fluctuations

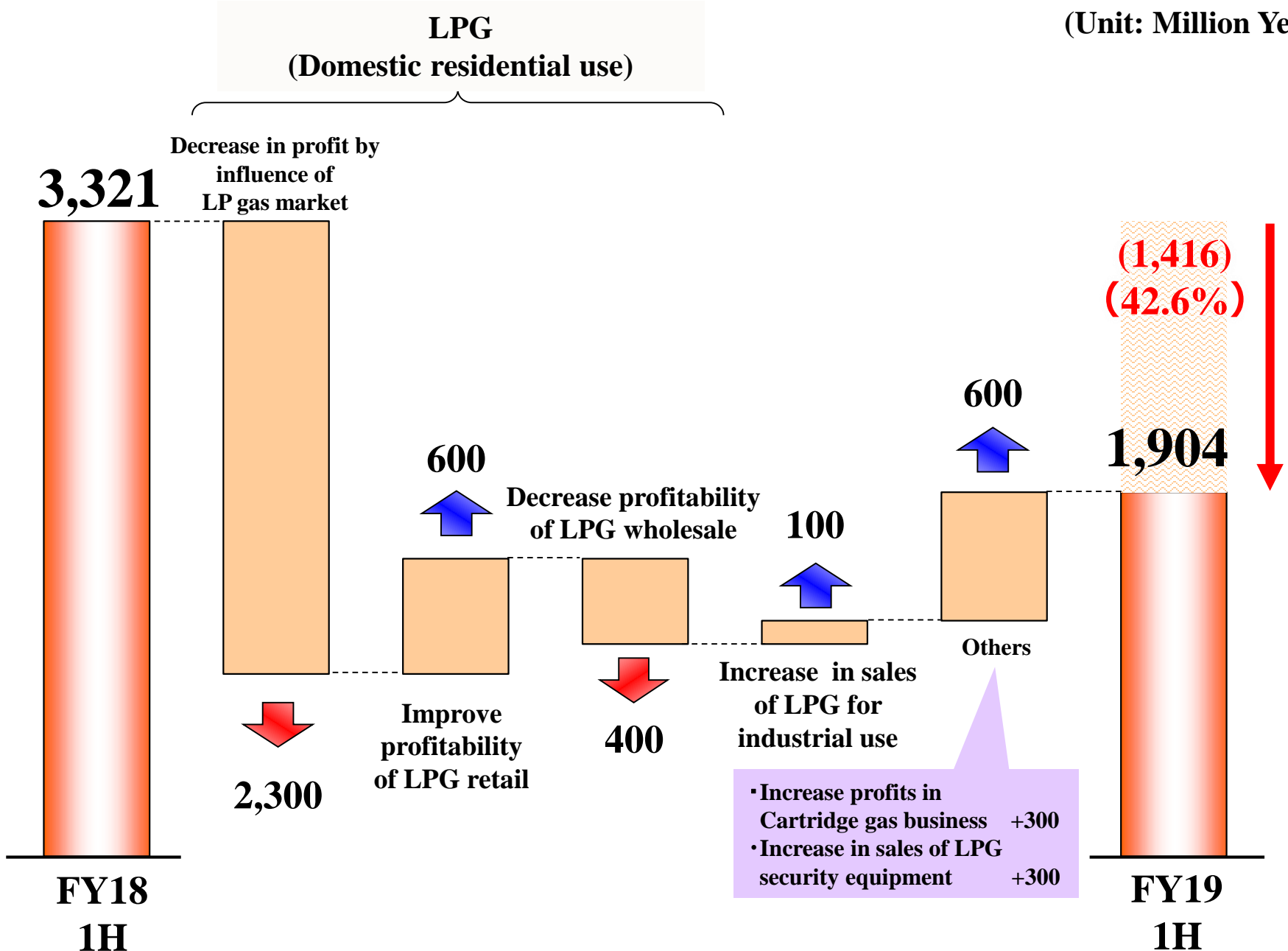
(If LPG import price fluctuations return to the original level, the impact is ±0.)*



*The actual impact on performance varies depending on inventory volume, sales timing (season), sales volume and other factors.

Changes in Operating Income – Energy

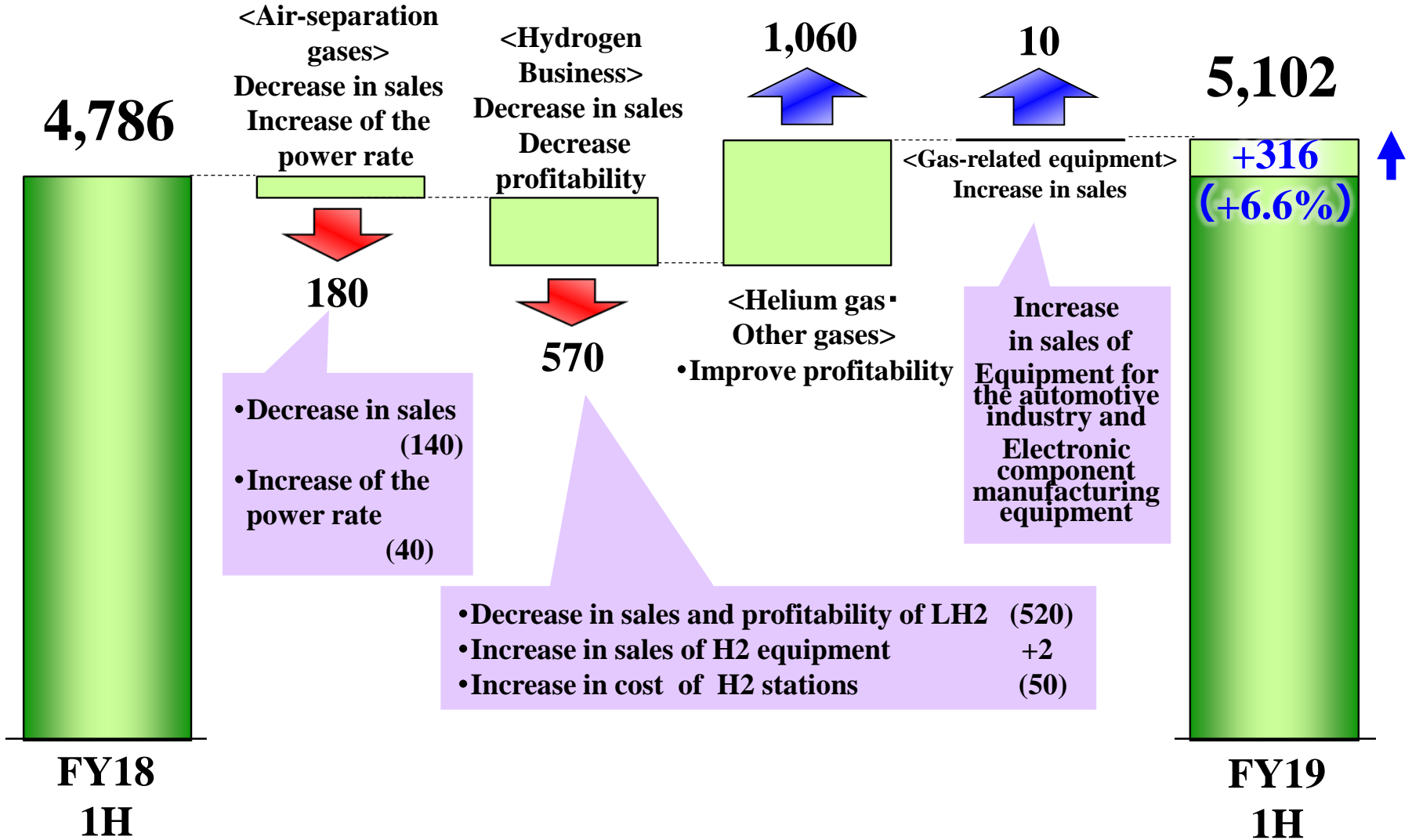
(Unit: Million Yen)



Changes in Operating Income

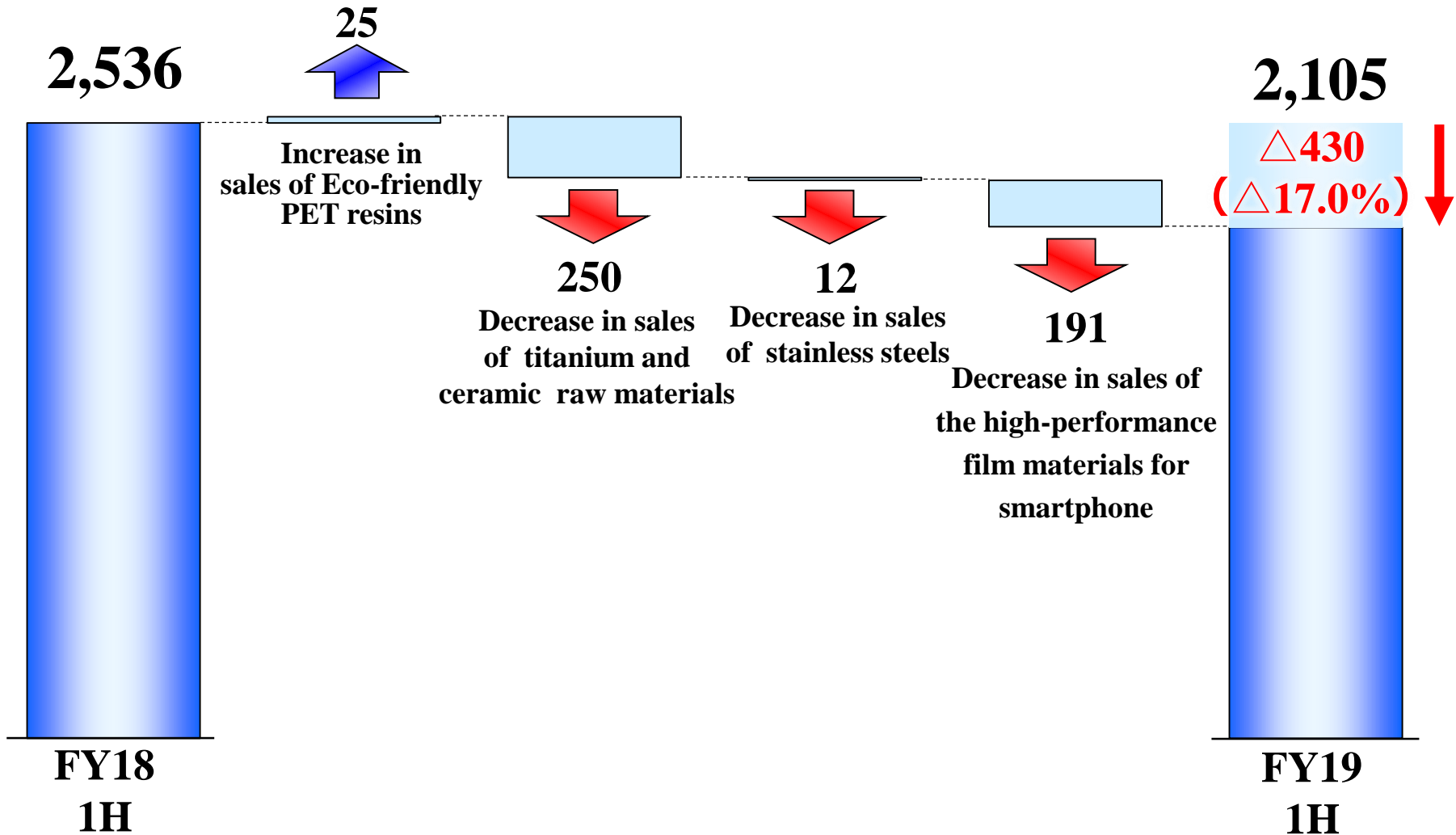
- Industrial Gases & Machinery

(Unit: Million Yen)



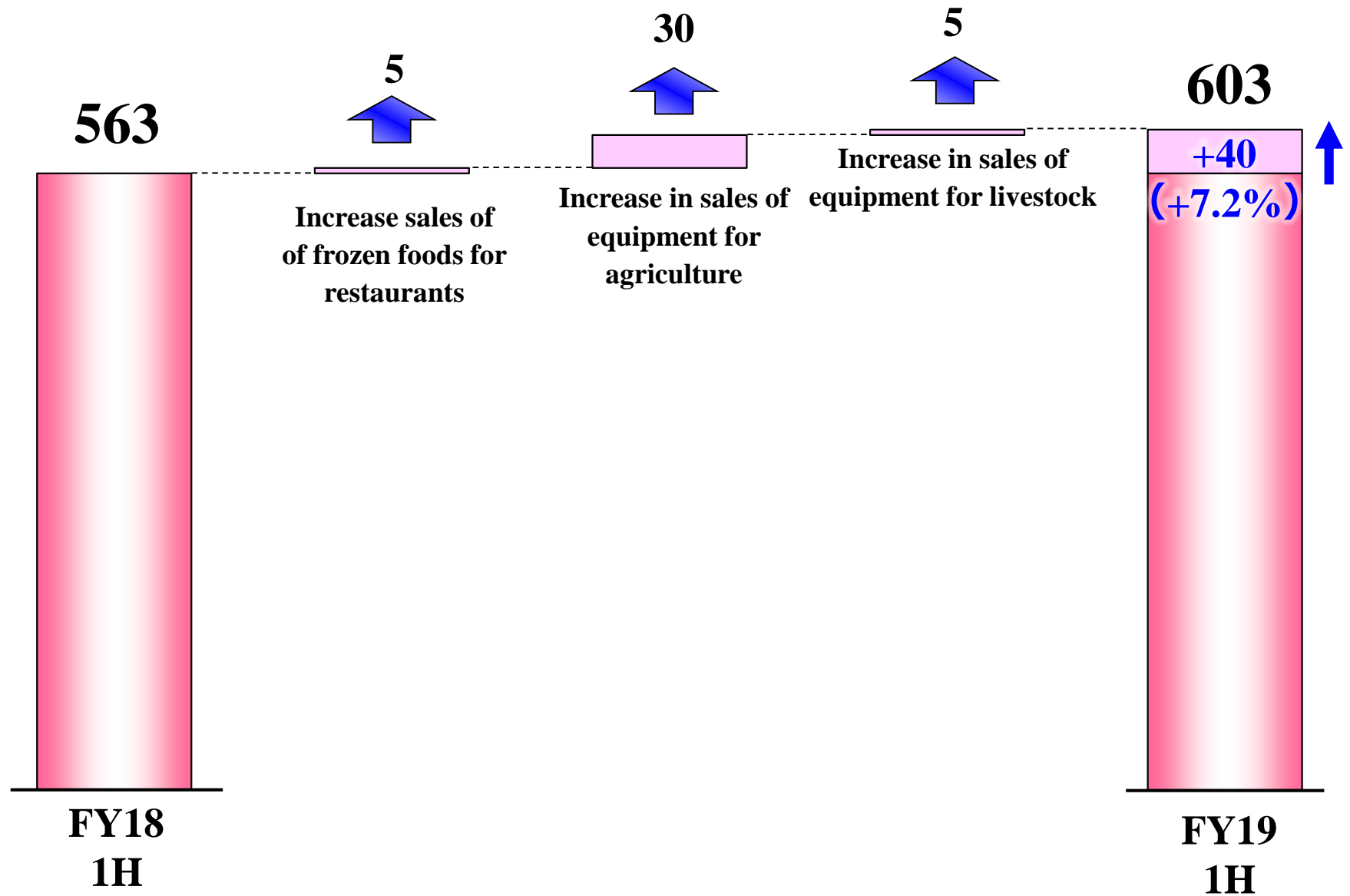
Changes in Operating Income – Materials

(Unit: Million Yen)



Changes in Operating Income – Agri-bio & Foods

(Unit: Million Yen)



Balance Sheets (Consolidated Basis)

(Unit: 100 million Yen)

	FY19 1H (A)	FY18 1H (B)	(A) - (B)	Major factors for changes
Current assets	1,972	1,897	+75	
Property, plant and equipment	1,693	1,621	+71	Investment in hydrogen-refueling stations and helium containers etc.
Intangible assets	172	172	+0	
Investments and other assets	789	849	(60)	Decrease in investment securities due to stock market decline
Fixed assets	2,655	2,643	+11	
Total assets	4,628	4,540	+87	
Current liabilities	1,669	1,702	(32)	Decrease in accounts payable due to lower CP than the previous period
Long - term liabilities	1,191	1,117	+74	Increase in long-term borrowings
Total liabilities	2,861	2,819	+41	Interest-bearing debt, gross 1,480, Ratio of Interest-bearing debt to total assets 32.0%
Equity capital	1,682	1,605	+77	(Capital ratio 36.3%)
Non-controlling interests	84	116	(31)	
Net assets	1,766	1,721	+45	
Total liabilities and net assets	4,628	4,540	+87	

Statements of Cash Flows

(Unit: 100 million Yen)

	FY19 1H(A)	FY18 1H(B)	(A) - (B)
Cash flows from operating activities	42	77	(35)
Cash flows from investing activities	(168)	(102)	(65)
Free cash flows	(125)	(24)	(101)
Cash flows from financing activities	180	22	+158
Effect of exchange rate changes, etc.*	(3)	0	(4)
Net increase (decrease) in cash and cash equivalents	51	(1)	+53
Cash and cash equivalents at beginning of period	195	177	+17
Cash and cash equivalents at end of period	246	175	+70

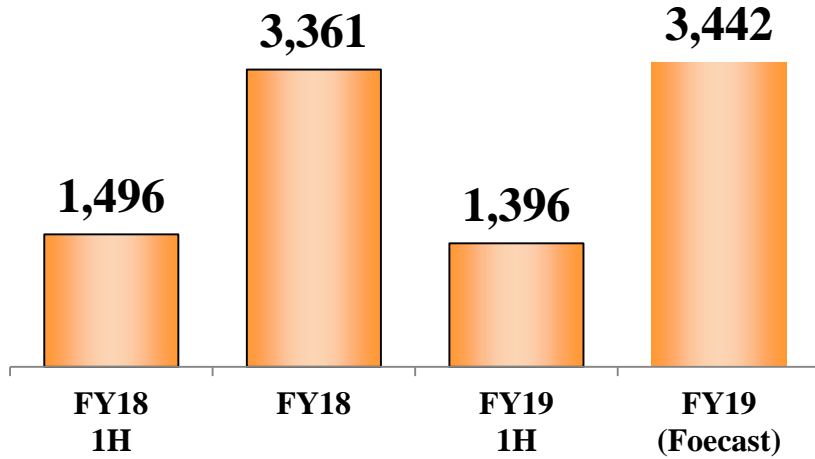
* “Effect of exchange rate changes, etc.” are the sum of “Effect of exchange rate changes”, “Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation” and “Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries”.

FY2019 Forecasts

Forecasts: Energy

Net Sales

(100 million Yen)

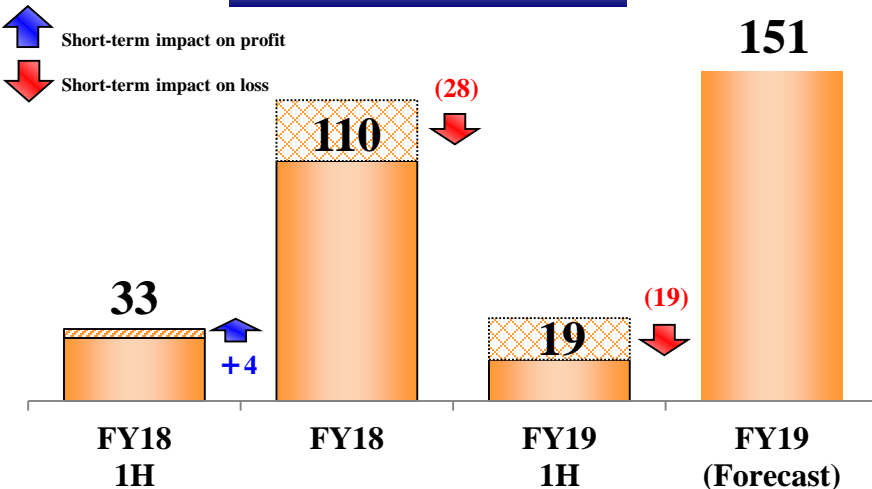


Marketing measures toward achievement of FY19 forecasts

- Increase in LPG sales volumes
- Expansion in sales of cooking stoves and cassette gas canisters
- Expansion in sales of energy related equipment

Operating Income

(100 million Yen)



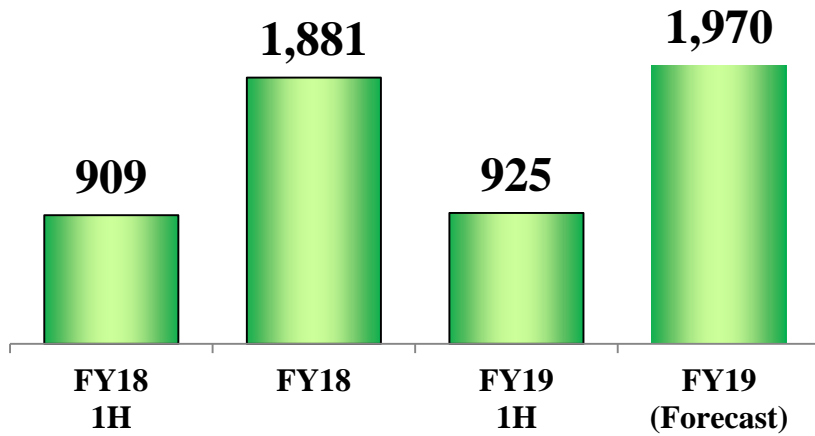
Major risk factors

- ◇ Trends in LPG import price, exchange rate fluctuations
- ◇ Fluctuation of sales volume due to temperature changes

Forecasts: Industrial Gases & Machinery

Net Sales

(100 million Yen)

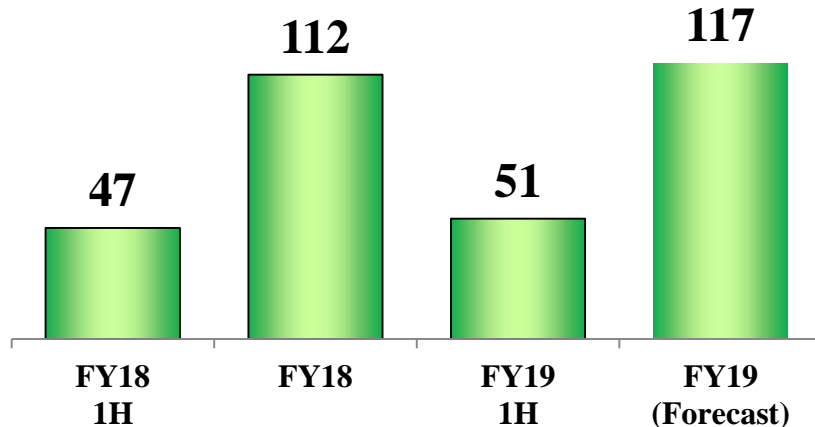


Marketing measures toward achievement of FY19 forecasts

- Stable supply and improvement of profitability of helium gas
- Expansion in sales of industrial gas
- Expansion in sales of gas-related equipment

Operating Income

(100 million Yen)



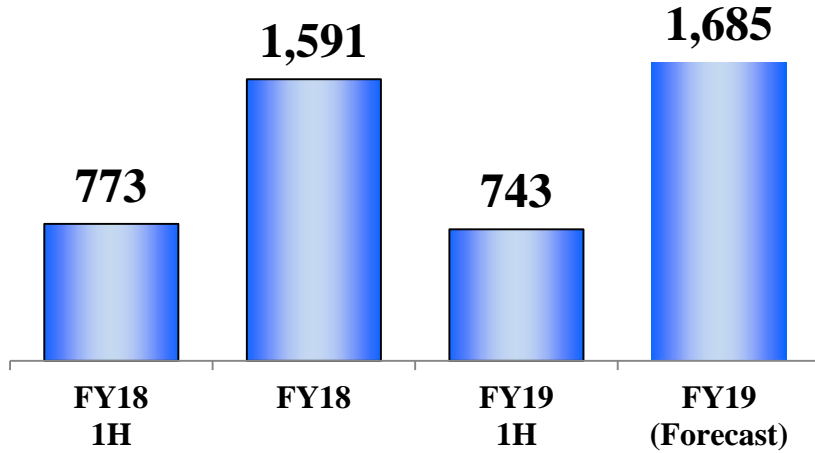
Major risk factors

- ◇ Impact on manufacturing costs from increase in electric power costs
- ◇ Economic downturns in Japan and overseas
- ◇ Exchange rate fluctuations

Forecasts: Materials

Net Sales

(100 million Yen)

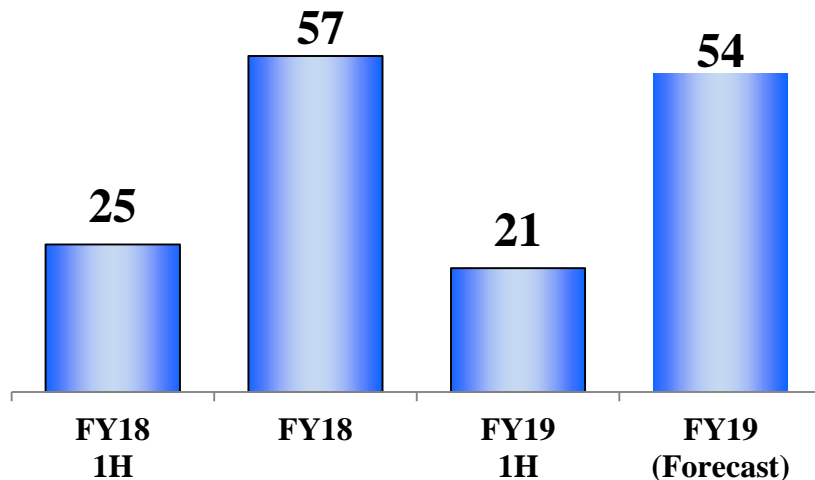


Marketing measures toward achievement of FY19 forecasts

- Expansion in sales of Eco-friendly PET resins
- Expansion of biomass fuel business
- Expansion in sales of EV battery materials

Operating Income

(100 million Yen)



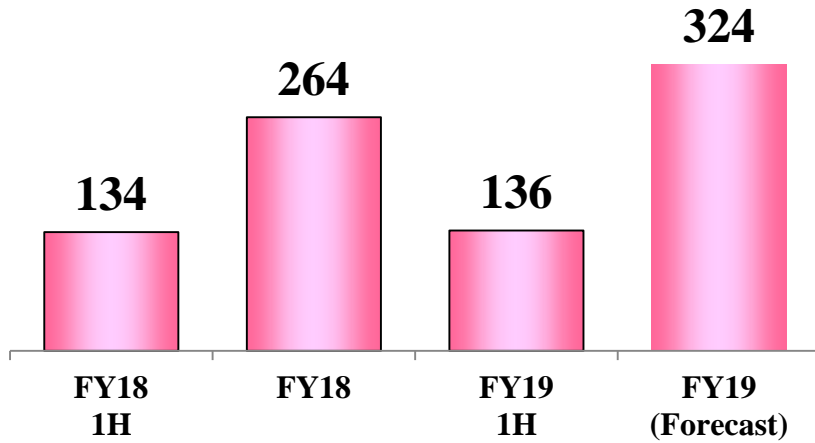
Major risk factors

- ◇ Reduction in utilization rates of customer factories
- ◇ Downturn, price fluctuations in resource markets
- ◇ Exchange rate fluctuations

Forecasts: Agri-bio & Foods

Net Sales

(100 million Yen)

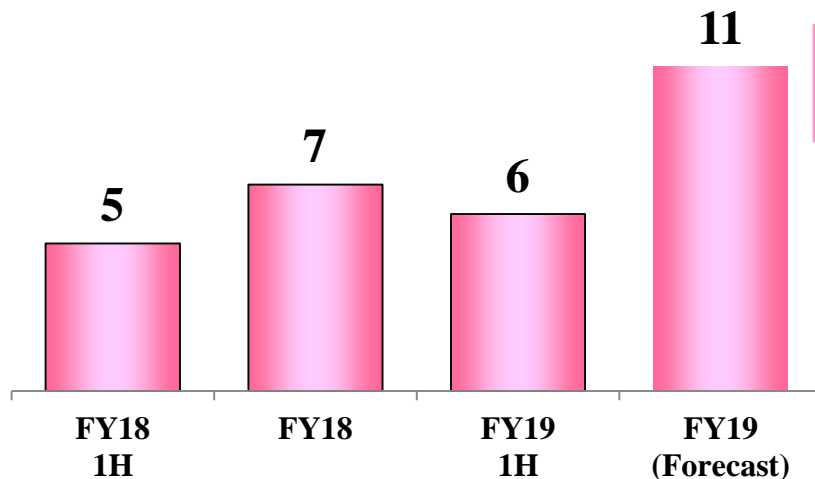


Marketing measures toward achievement of FY19 forecasts

- Expansion in sales of frozen foods
- Expansion in sales of equipment for agriculture
- Expansion of the pig breeding market share

Operating Income

(100 million Yen)



Major risk factors

- ◇ Exchange rate fluctuations
- ◇ Fluctuations in raw material costs
- ◇ Climate change

FY2019 Forecasts

(Unit: 100 Million Yen)

	FY19 Forecasts (A)	FY18 Results (B)	(C) (A) - (B)	(C) / (B)
Net Sales	7,473	7,150	+322	+4.5%
Energy	3,442	3,361	+80	+2.4%
Industrial Gases & Machinery	1,970	1,881	+88	+4.7%
Materials	1,685	1,591	+93	+5.9%
Agri-bio & Foods	324	264	+59	+22.5%
Others	52	52	+0	(1.0)%
Operating Income	305	264	+40	+15.3%
Energy	151	110	+40	+36.5%
Industrial Gases & Machinery	117	112	+4	+3.8%
Materials	54	57	(3)	(5.9)%
Agri-bio & Foods	11	7	+3	+38.5%
Others, Adjustments	(28)	(24)	(3)	—
Ordinary Income	330	299	+30	+10.2%
Profit attributable to owners of parent	205	192	+12	+6.7%

Assumption of financial performance

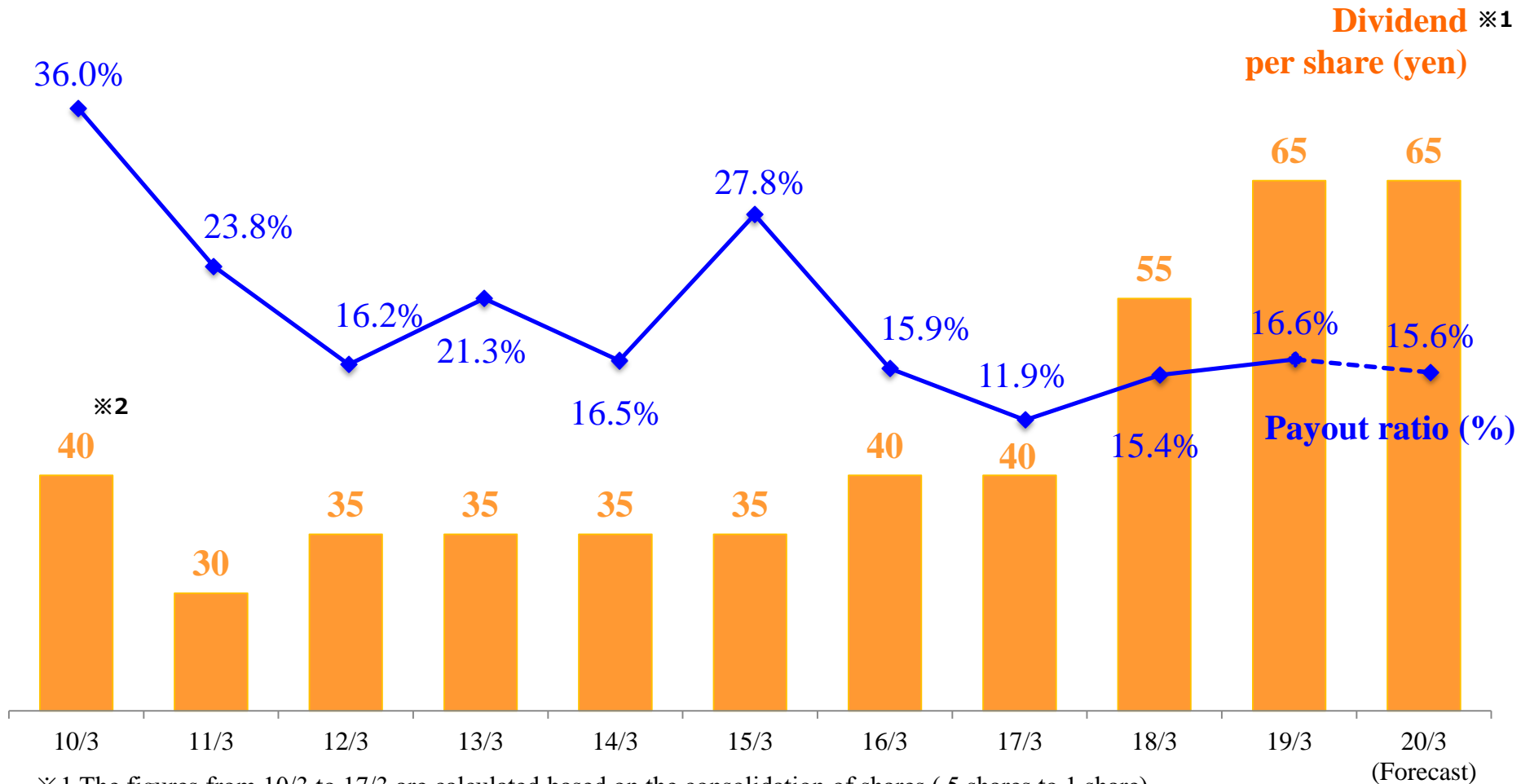
Ave. exchange rate 110 Yen/USD,

Ave. CP USD 490/ton

Returns to Shareholders (Consolidated Basis)

Dividend policy

- Paying continuous and stable dividends
- Returning our profits appropriately in consideration for our performance and business situation



※1 The figures from 10/3 to 17/3 are calculated based on the consolidation of shares (5 shares to 1 share).

※2 Including commemorative dividend: 15 yen (Taking into account the consolidation of shares)

Business topics

Initiatives for stable supply of LPG

Disaster recovery activities and promotion of installation of BCP equipment



Registered Rescue party : 3,600 staffs

Marui Gas Disaster Rescue party



Emergency LPG generator and bulk storage



GHP (gas heat pumps)

Initiatives for stable supply of Helium gas

Construction of the largest Helium center in Japan

Reduction of helium losses by high-efficiency recovery equipment



Tokyo-helium center (new construction)



Filling container of helium gas



Osaka-helium center (existing construction)



Initiatives to realize hydrogen energy society

Promotion of hydrogen-refueling station construction



Hydrogen Energy Ministerial Meeting 2019

Hydrogen Energy Ministerial Meeting
Aspirational goals in 10 years (Global)

10 million hydrogen powered systems

10 thousand Hydrogen Refueling Stations

Strategic Road Map for Hydrogen and Fuel Cells
Goals (Domestic)

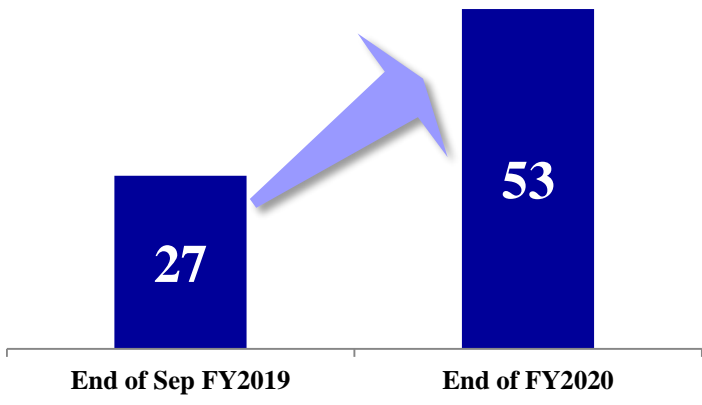
900 Hydrogen Refueling Stations (by 2030)

100 FC buses (by 2020)



Iwatani Hydrogen-Refueling Station in Tokyo Ariake

Iwatani Hydrogen-refueling station



Initiatives to realize hydrogen energy society

Expansion of hydrogen business in the United States



Iwatani West Sacramento H2 Fueling



Iwatani San Ramon H2 Fueling



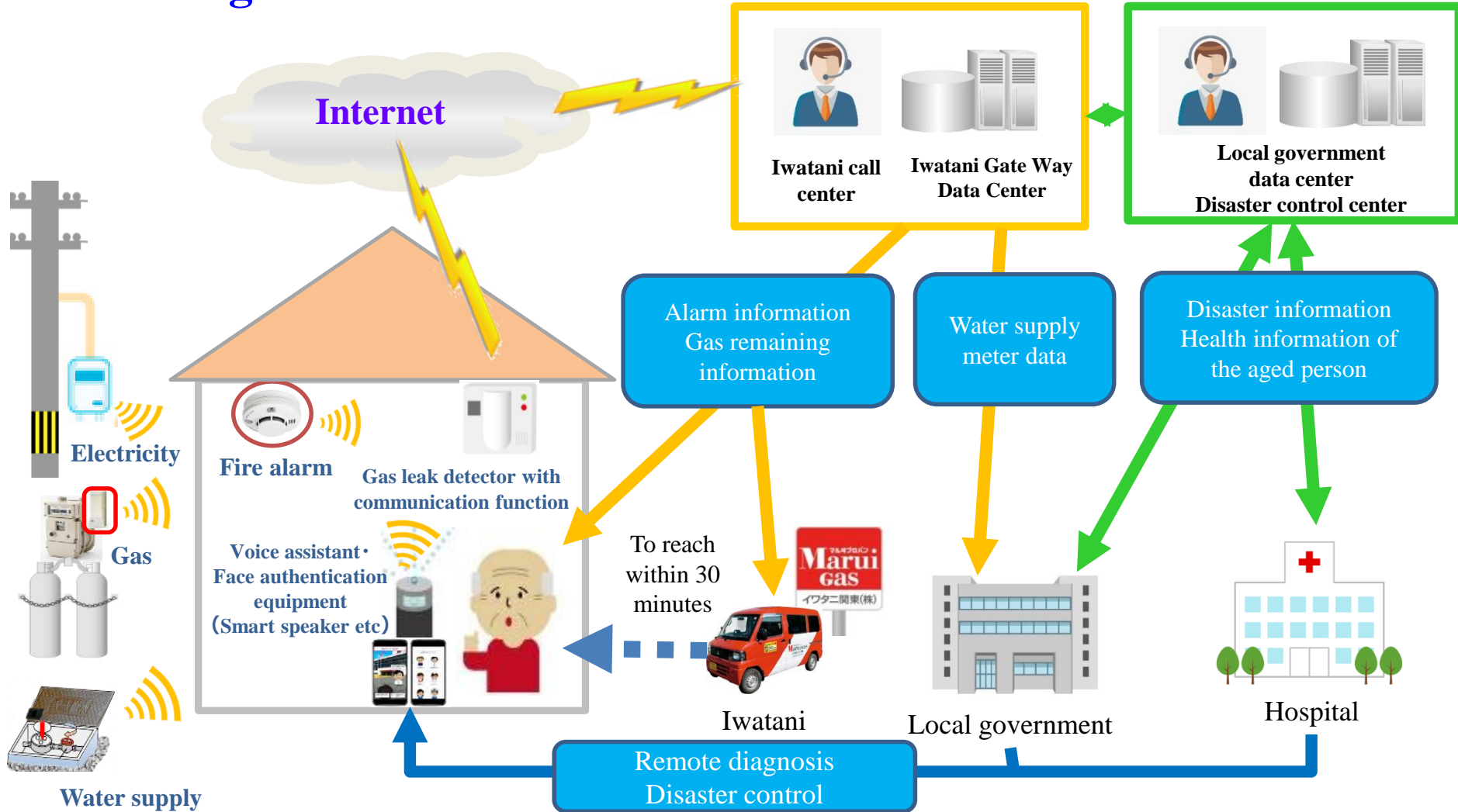
Iwatani Mountain View H2 Fueling



Iwatani San Juan Capistrano H2 Fueling

Iwatani Gate Way

Demonstration of communication function and collaboration with local government



Iwatani Gate Way concept (Example)

Iwatani

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