

Iwatani

FY 2020 1st Half Financial Results

(Fiscal Year Ended September 30, 2020)

November 18, 2020

Iwatani Corporation

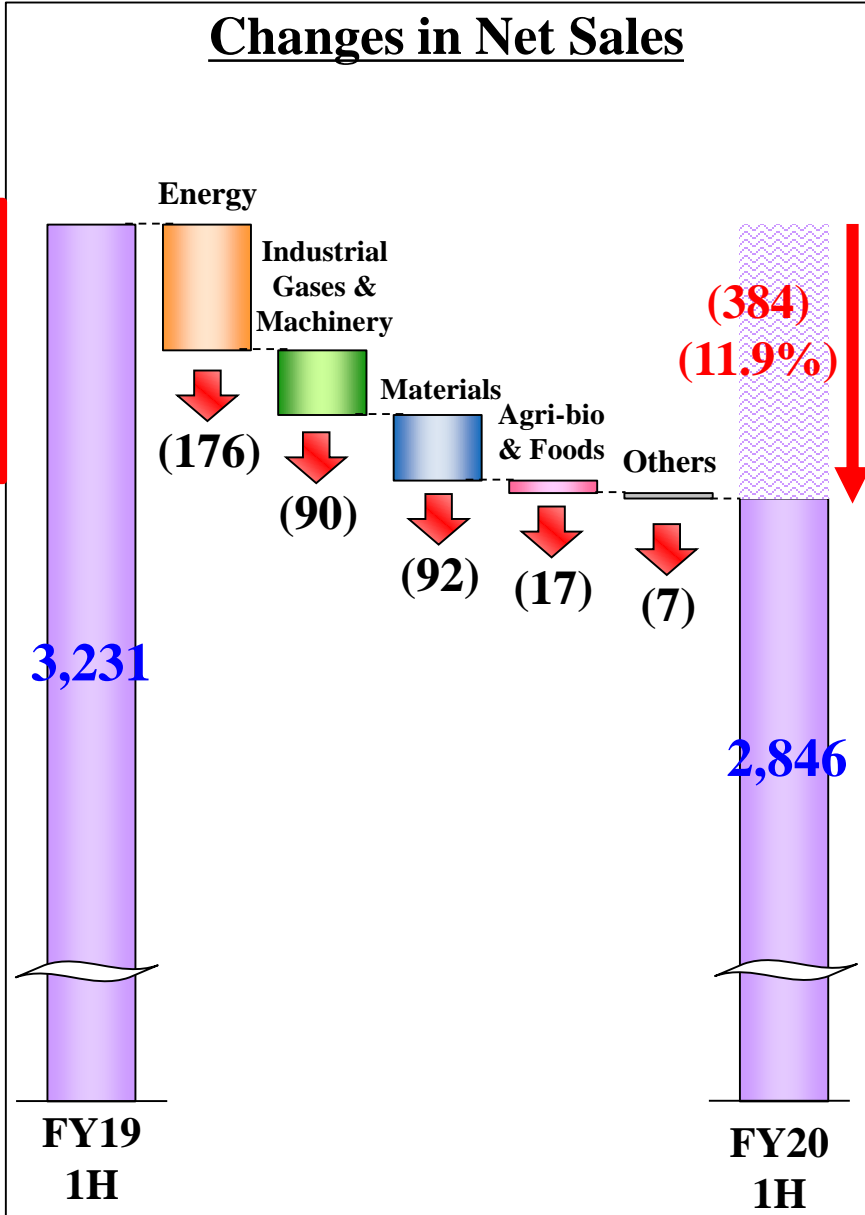
- **FY 2020 1st Half Overview**
- **FY 2020 Forecasts**
- **Business Topics**

FY 2020 1st Half Overview

Analysis of Net Sales

(Unit: 100 million Yen)

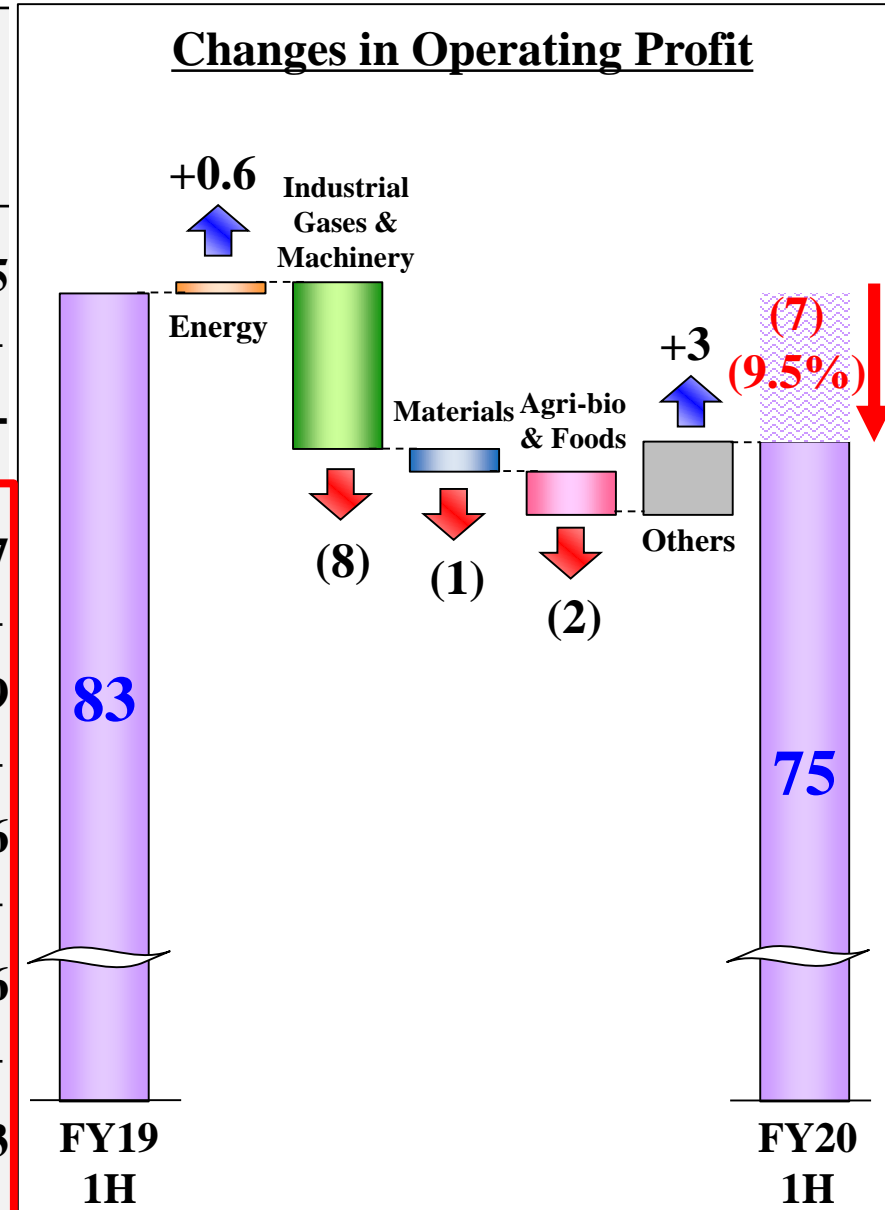
	FY20 1H Results (A)	FY19 1H Results (B)	Year-on- Year (A)-(B)	FY20 Forecast
Net sales	2,846	3,231	(384)	6,775
Gross profit	782	801	(18)	-
Operating profit	75	83	(7)	247
Non-operating profit	22	15	+6	29
Ordinary profit	97	98	(1)	276
Ordinary profit except for impact of LPG import price fluctuation	121	118	+3	276
Profit attributable to owners of parent	62	62	+0	173



Analysis of Operating Profit

(Unit: 100 million Yen)

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Impact of LPG Import Price Fluctuations

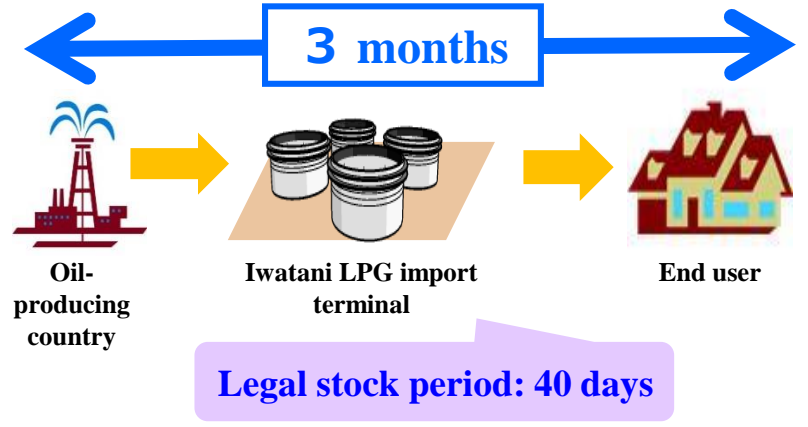
Premise

① Wholesale price is based on LPG Import Price

② From LPG import to sale takes 3 months

Wholesale Price \propto LPG Import Price*

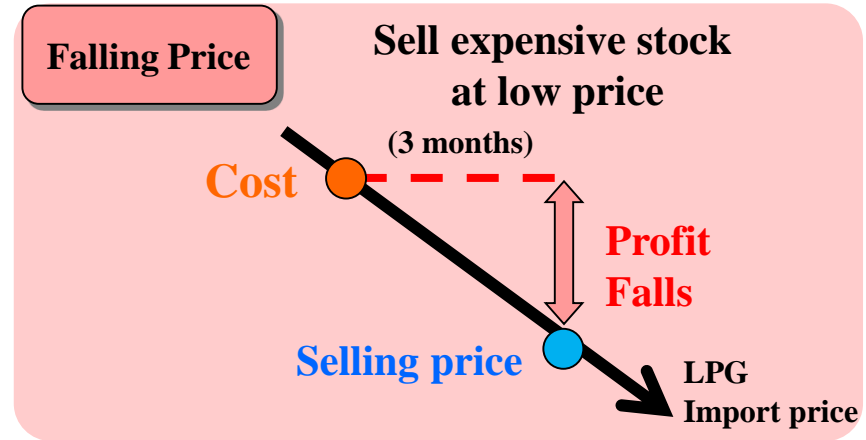
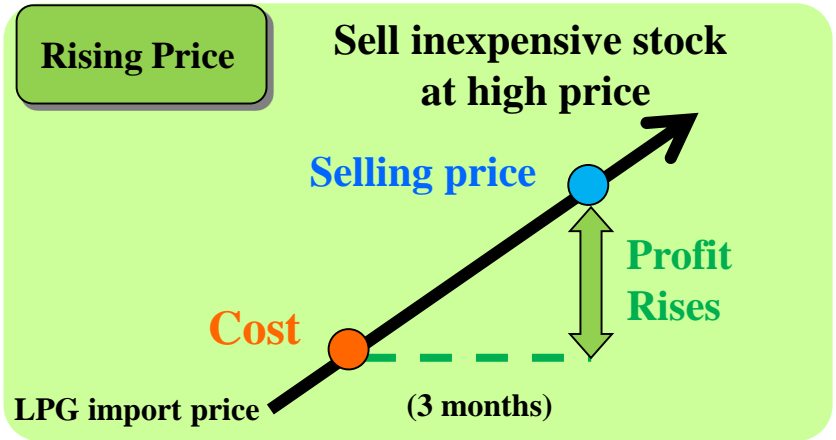
* The price consists of “CP” (from the middle east) and “MB” (from the U.S).



LPG Import Price Fluctuations

Short-term impact of market fluctuations

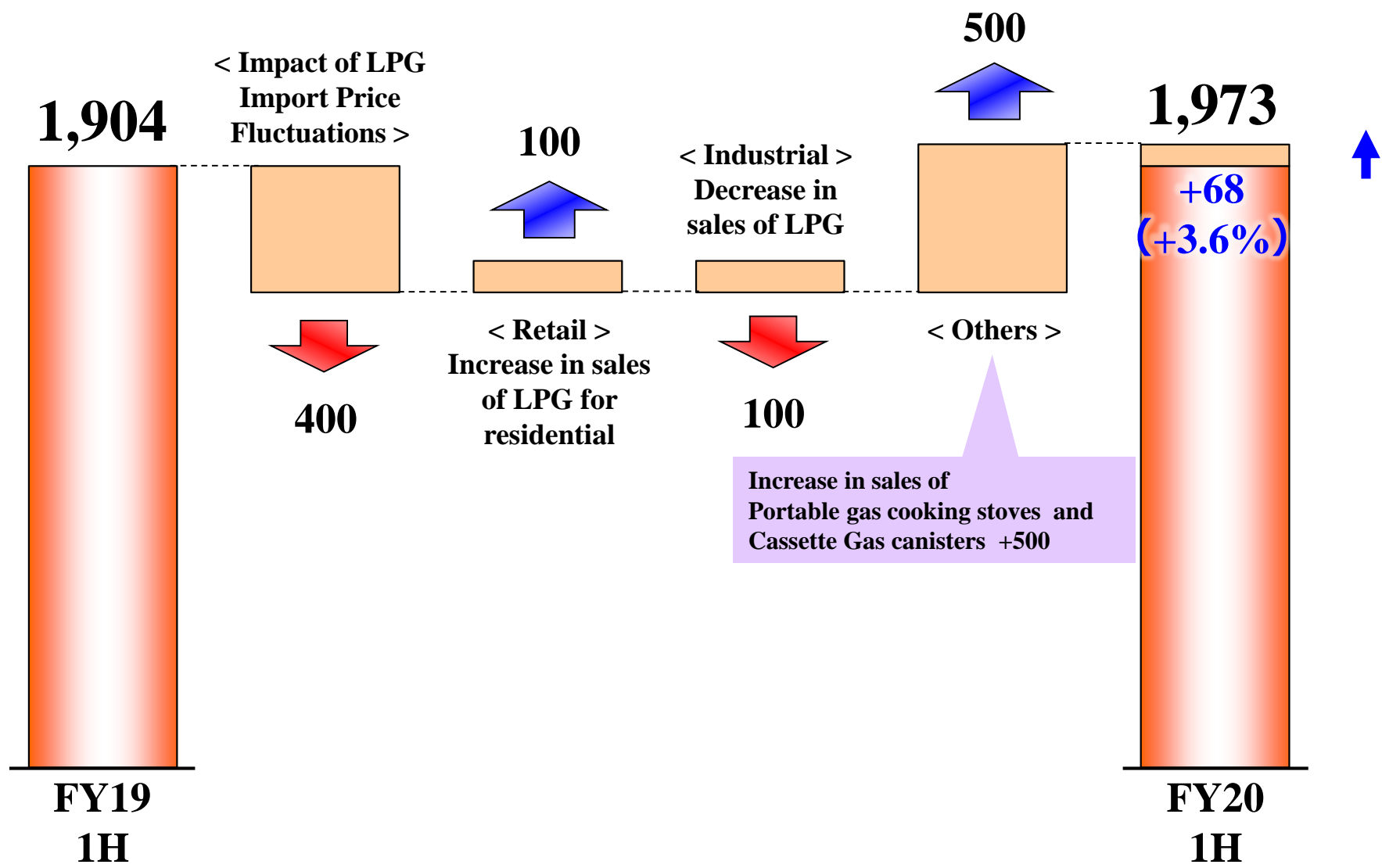
(If LPG import price fluctuations return to the original level, the impact is ± 0 .)*



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

Changes in Operating Profit – Energy

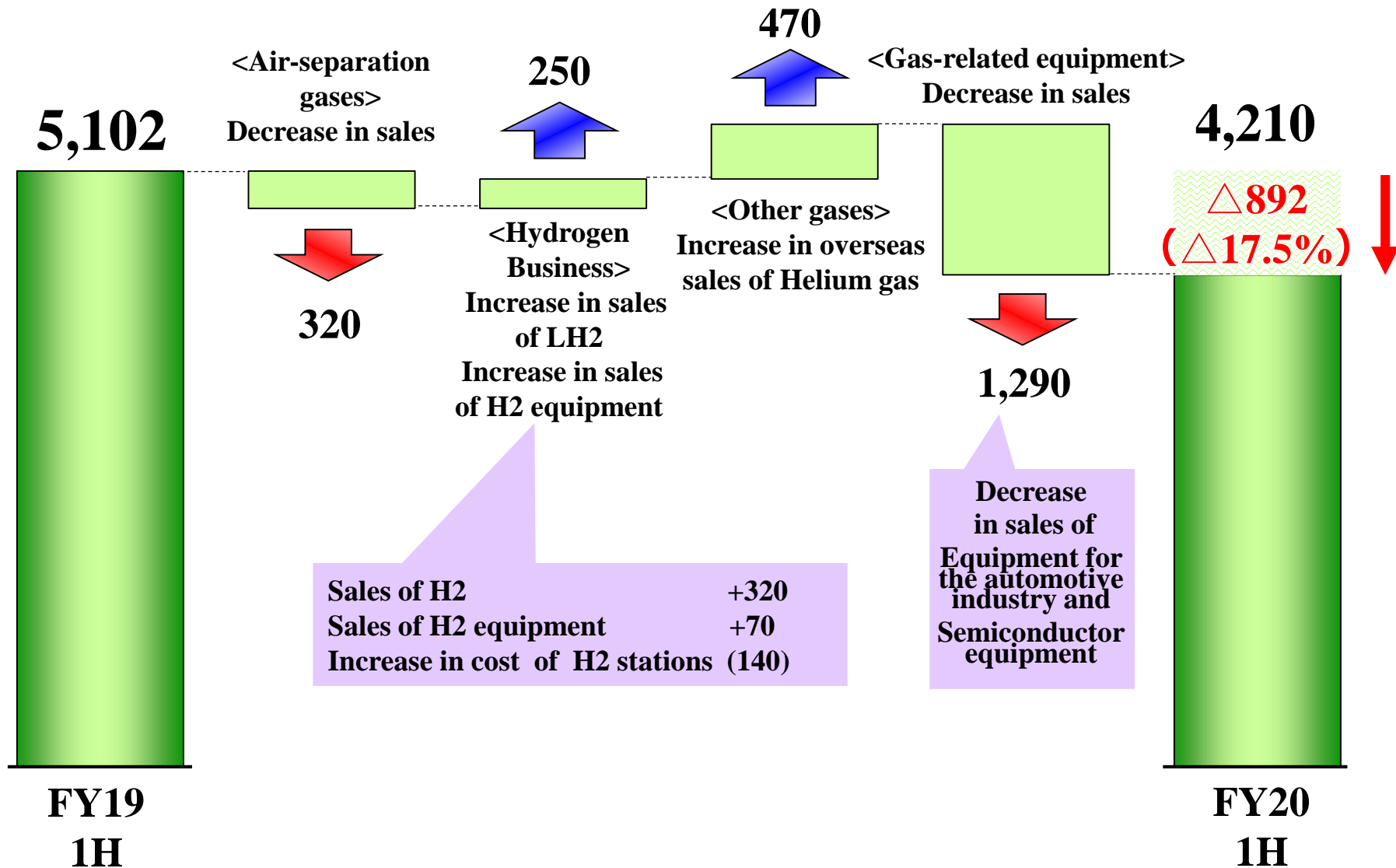
(Unit: Million Yen)



Changes in Operating Profit

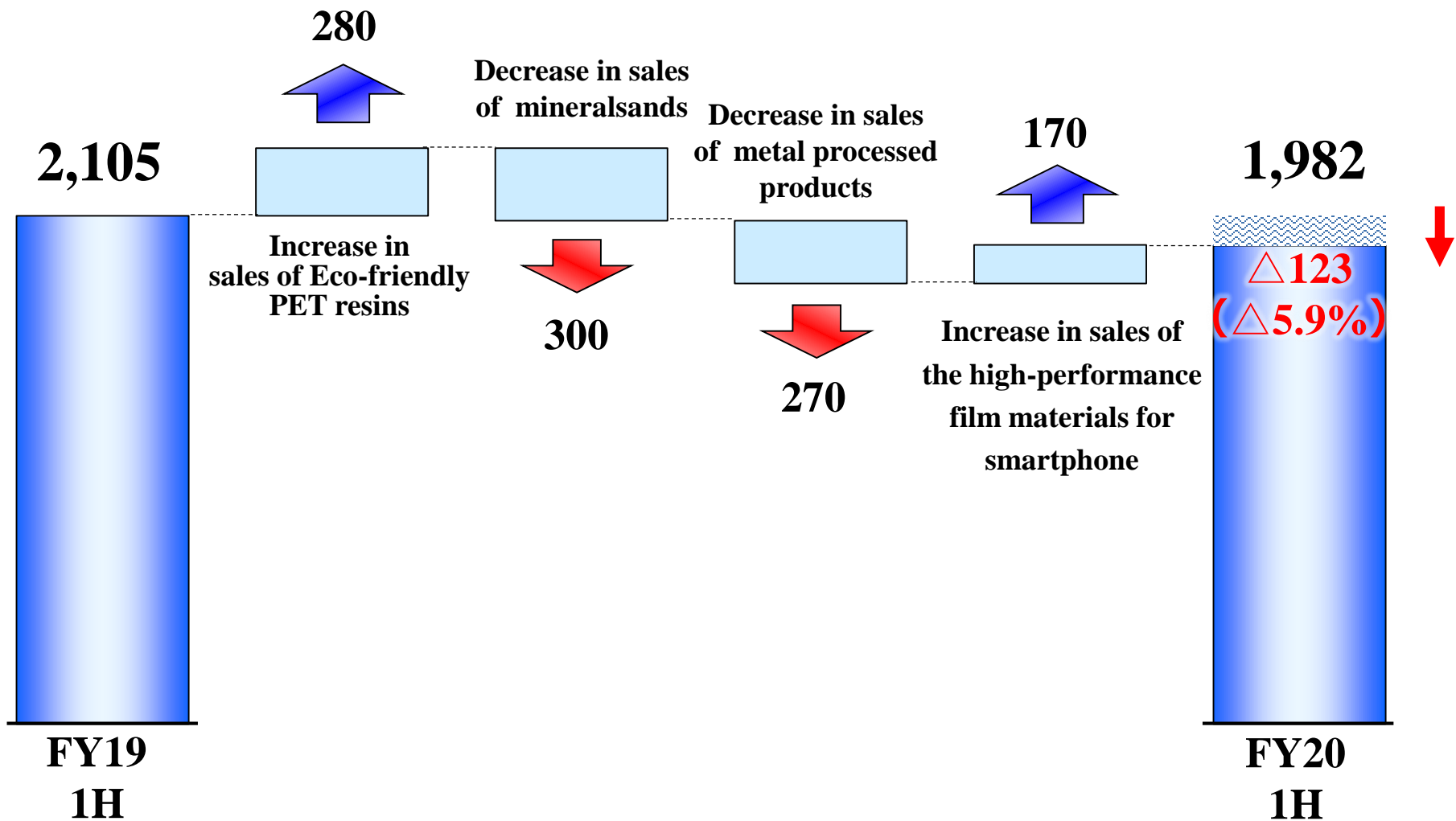
– Industrial Gases & Machinery

(Unit: Million Yen)



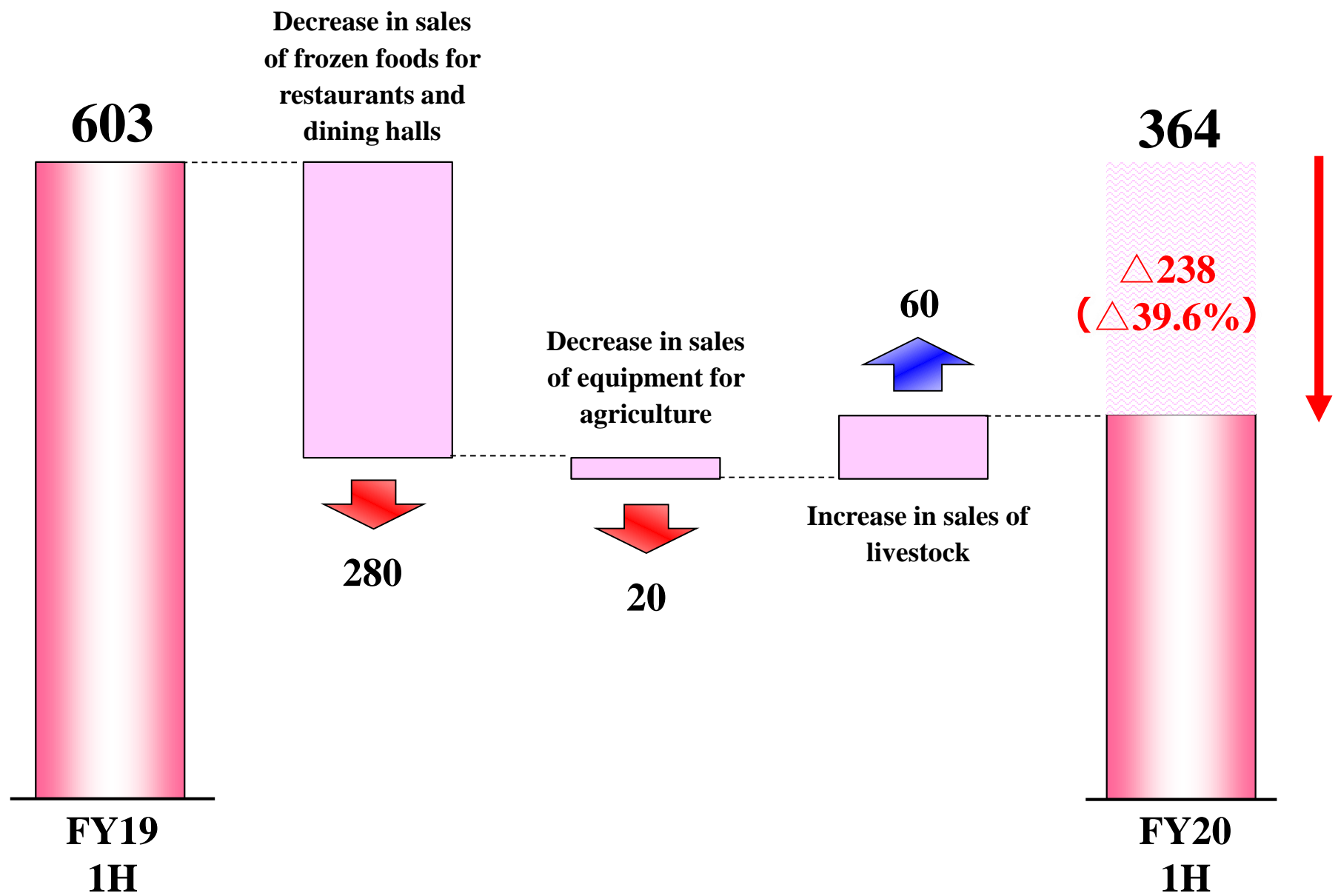
Changes in Operating Profit – Materials

(Unit: Million Yen)



Changes in Operating Profit – Agri-bio & Foods

(Unit: Million Yen)



Balance Sheets (Consolidated Basis)

(Unit: 100 million Yen)

	FY20 1H (A)	FY19 1H (B)	(A) - (B)	Major factors for changes
Current assets	1,958	1,972	(14)	Cash and deposits (+128)
Property, plant and equipment	1,740	1,693	+47	Investment in hydrogen business (H2 Stations, etc.) and LPG centers.
Intangible assets	167	172	(5)	
Investments and other assets	854	789	+65	Increase in investment securities due to stock market incline
Fixed assets	2,762	2,655	+107	
Total assets	4,720	4,628	+92	
Current liabilities	1,774	1,669	+104	Increase in borrowings due to reserve in cash and deposits
Long - term liabilities	874	1,191	(317)	Decrease in bonds
Total liabilities	2,648	2,861	(212)	Interest-bearing debt, gross 1,370, Ratio of Interest-bearing debt to total assets 29.0%
Equity capital	1,983	1,682	+300	(Capital ratio 42.0%) (Net D/E ratio 0.50pt)
Non-controlling interests	89	84	+4	
Net assets	2,072	1,766	+305	
Total liabilities and net assets	4,720	4,628	+92	

Statements of Cash Flows

(Unit: 100 million Yen)

	FY20 1H(A)	FY19 1H(B)	(A) - (B)
Cash flows from operating activities	106	42	+64
Cash flows from investing activities	(133)	(168)	+34
Free cash flows	(27)	(125)	+98
Cash flows from financing activities	152	180	(28)
Effect of exchange rate changes, etc.*	(2)	(3)	+0
Net increase (decrease) in cash and cash equivalents	122	51	+71
Cash and cash equivalents at beginning of period	251	195	+56
Cash and cash equivalents at end of period	374	246	+127

* “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”.

FY2020 Forecasts

FY2020 Forecasts

(Unit: 100 Million Yen)

	FY20 Forecasts (A)	FY19 Results (B)	(C) (A) - (B)	(C) / (B)
Net Sales	6,775	6,867	(92)	(1.4%)
Energy	3,013	3,135	(122)	(3.9%)
Industrial Gases & Machinery	1,897	1,905	(8)	(0.4%)
Materials	1,492	1,495	(3)	(0.2%)
Agri-bio & Foods	318	273	+44	+16.4%
Others	55	58	(3)	(6.2%)
Operating Profit	247	287	(40)	(14.0%)
Energy	140	139	+0	+0.1%
Industrial Gases & Machinery	84	119	(35)	(29.9%)
Materials	42	45	(3)	(6.8%)
Agri-bio & Foods	12	11	+0	+1.4%
Others, Adjustments	(31)	(29)	(1)	—
Ordinary Profit	276	322	(46)	(14.5%)
Profit attributable to owners of parent	173	209	(36)	(17.6%)

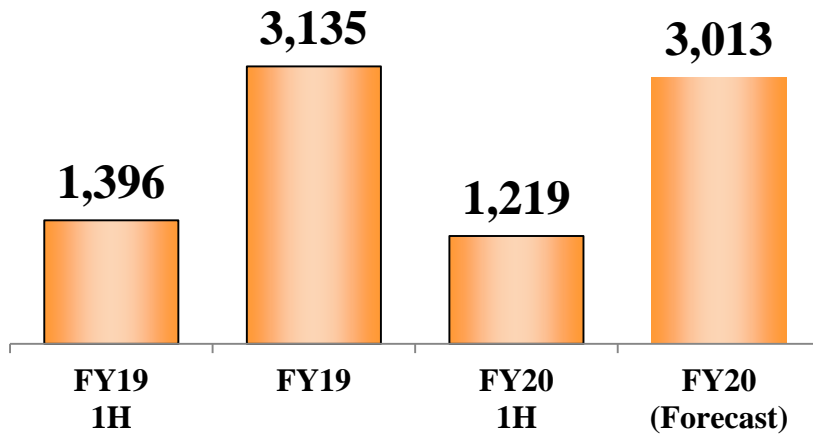
Assumption of financial performance

1st Half Ave. exchange rate 110 Yen/USD, Ave. CP USD 300/ton
 2nd Half Ave. exchange rate 110 Yen/USD, Ave. CP USD 450/ton

Forecasts: Energy

Net Sales

(100 million Yen)



Marketing measures toward achievement of FY20 forecasts

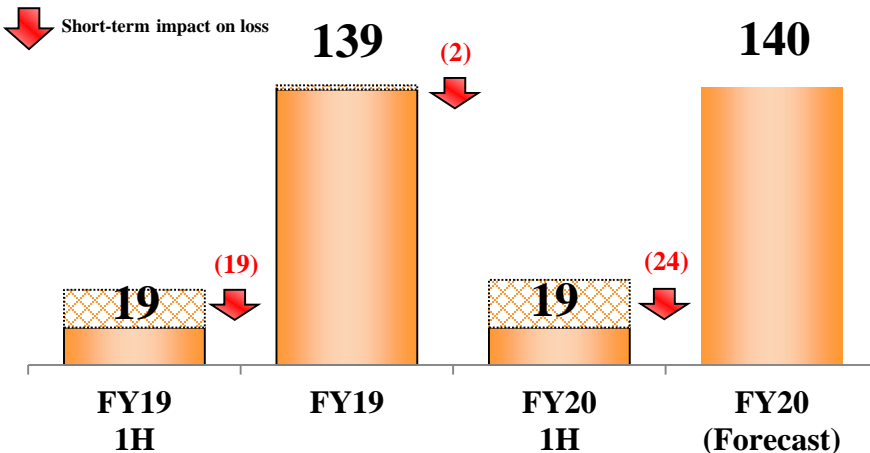
- Expansion of LPG direct sales customer base through M&A
- Expansion in sales of energy related equipment and B to C products
- Expansion of the global cartridge gas business

Major risk factors

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

Operating Profit

(100 million Yen)



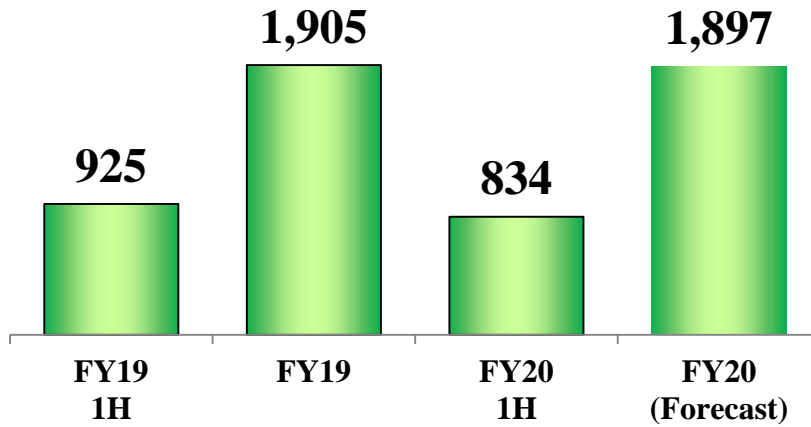
Impact of COVID-19

- Decrease in sales due to lower LPG import price
- Decrease in LPG sales volume for commercial and industrial use

Forecasts: Industrial Gases & Machinery

Net Sales

(100 million Yen)



Marketing measures toward achievement of FY20 forecasts

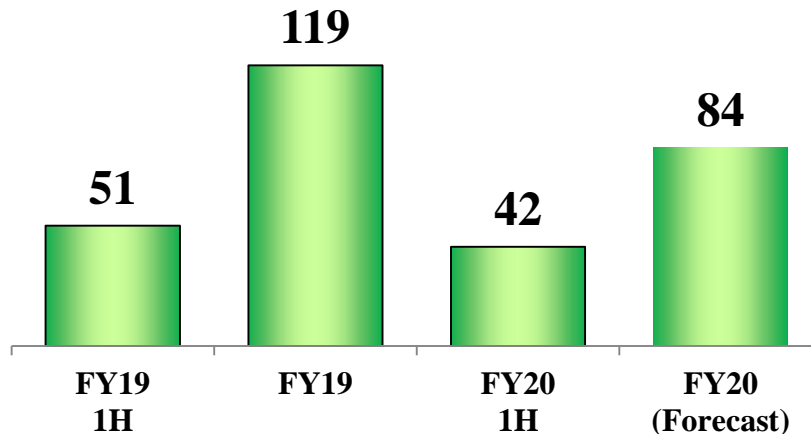
- Increase in sales of air separation gases for growth markets
- Acquisition of new customers of LH2
- Stable supply of helium
- Increase in sales of automation equipment

Major risk factors

- Impact on manufacturing costs from increase in power rate
- Exchange rate fluctuations

Operating Profit

(100 million Yen)



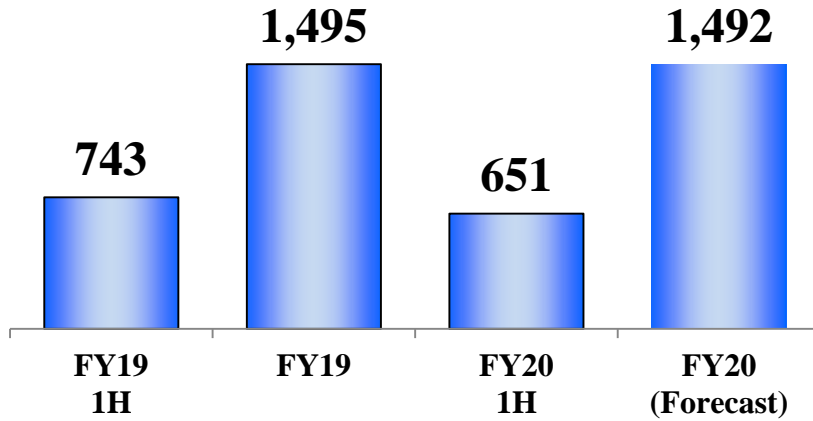
Impact of COVID-19

- Decrease in sales of industrial gases and machinery due to economic downturns in Japan and overseas

Forecasts: Materials

Net Sales

(100 million Yen)



Marketing measures toward achievement of FY20 forecasts

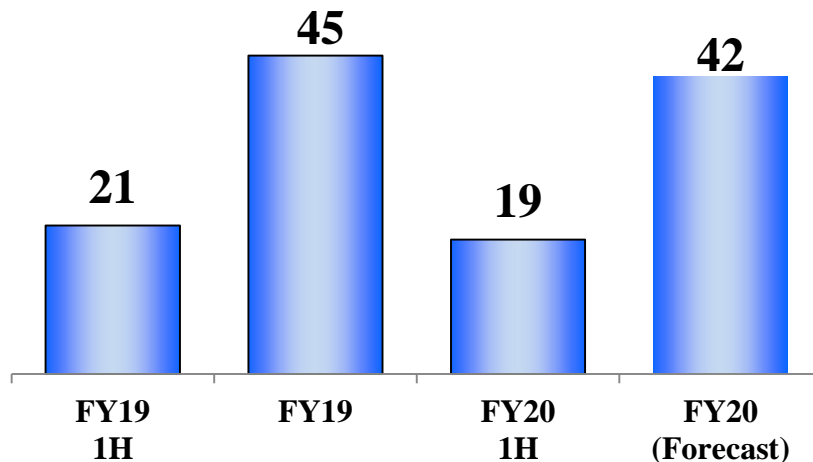
- Increase in sales of Eco-friendly PET resins
- Expansion of biomass fuel business
- Increase in sales of battery-related materials

Major risk factors

- Downturn, price fluctuations in resource markets
- Exchange rate fluctuations

Operating Profit

(100 million Yen)



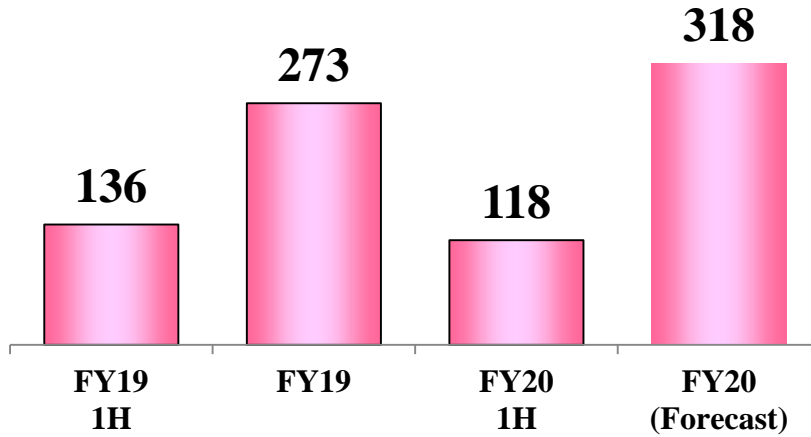
Impact of COVID-19

- Decrease in sales of each product due to economic downturns in Japan and overseas

Forecasts: Agri-bio & Foods

Net Sales

(100 million Yen)



Marketing measures toward achievement of FY20 forecasts

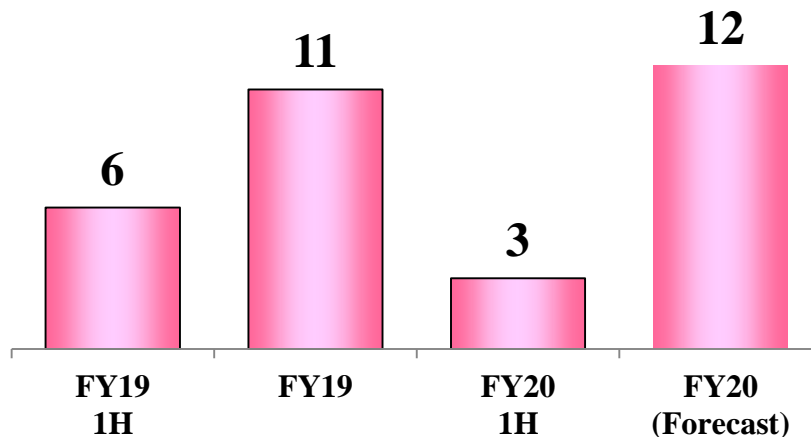
- Development of frozen foods for end-users and expansion of sales channels
- Expansion in sales of seed pigs
- Expansion in sales of equipment for agriculture and livestock

Major risk factors

- Fluctuations in raw material costs
- Unseasonable weather
- Exchange rate fluctuations

Operating Profit

(100 million Yen)



Impact of COVID-19

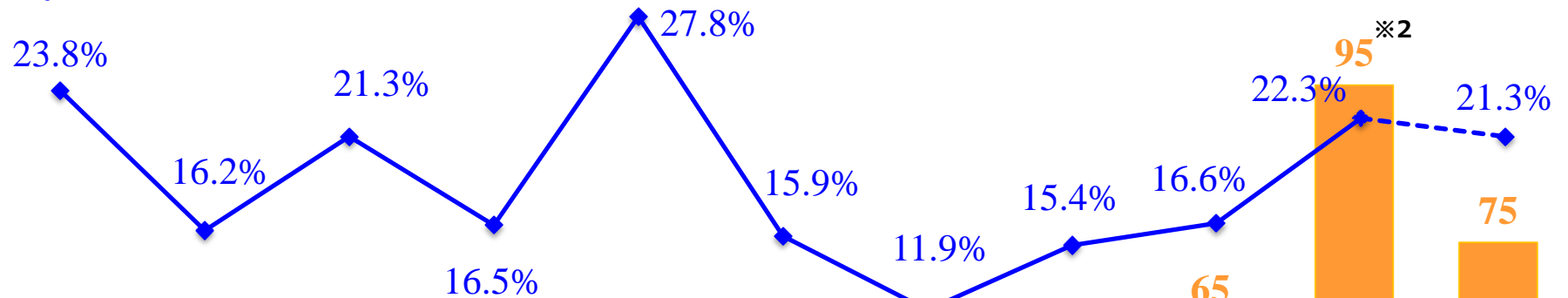
- Decrease in sales of frozen foods for restaurants and dining halls at office

Returns to Shareholders (Consolidated Basis)

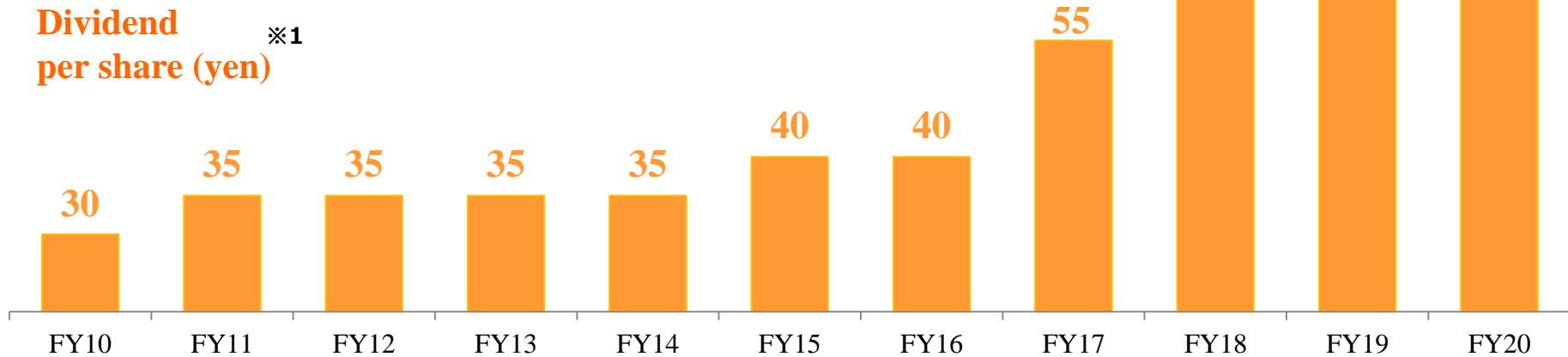
Dividend policy

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

Payout ratio (%)



Dividend per share (yen)



※1 The figures from 11/3 to 17/3 are calculated based on the consolidation of shares (5 shares to 1 share).

※2 Including commemorative dividend: 20 yen

Business topics

Initiatives to realize hydrogen energy society

Promotion of hydrogen-refueling station construction



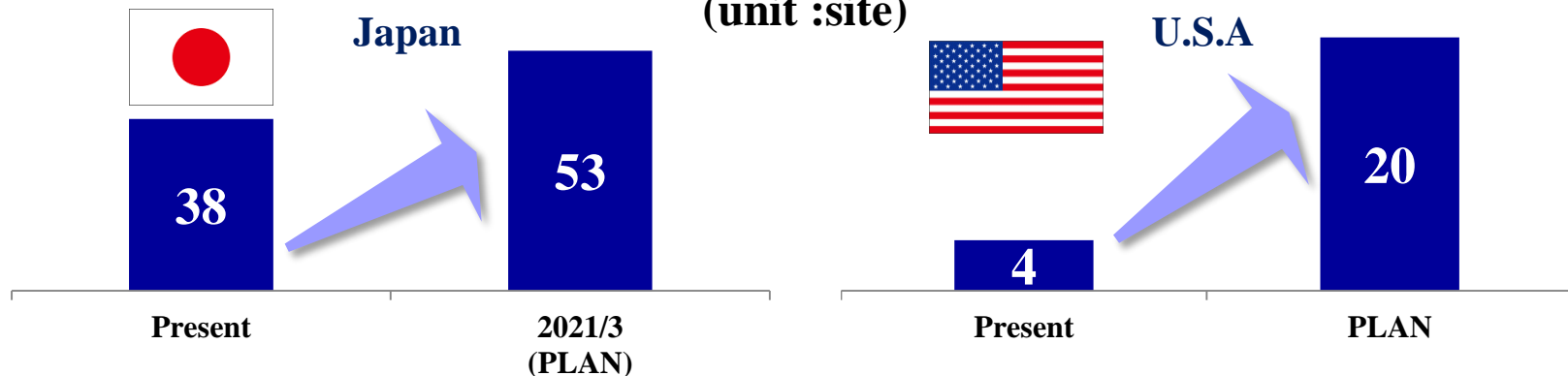
Iwatani hydrogen-refueling station in Haneda Airport



Iwatani West Sacramento H2 Fueling

The number of Iwatani hydrogen-refueling station

(unit :site)



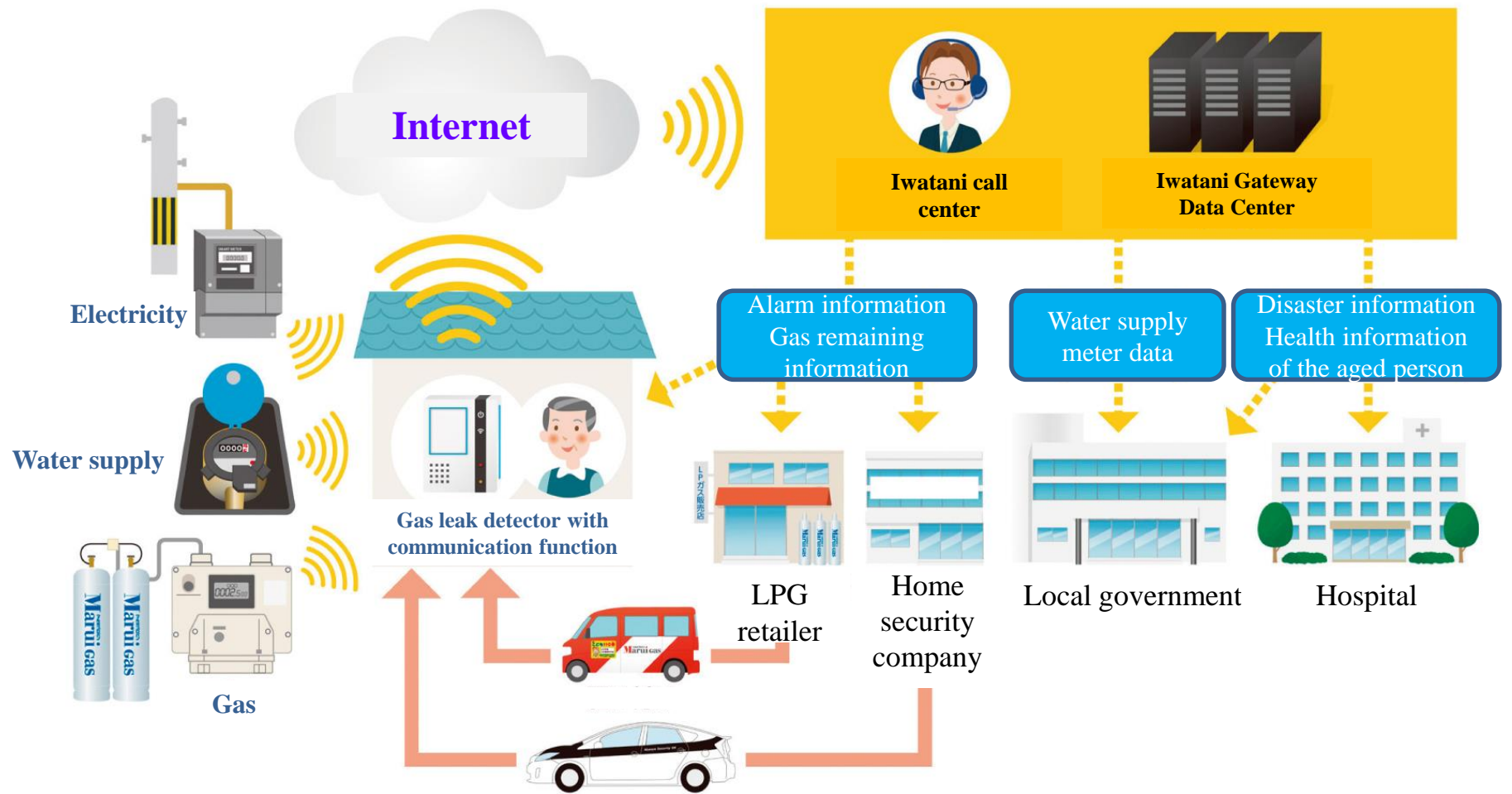
Initiatives to realize hydrogen energy society

Promotion of hydrogen utilization through each association and study group



Initiatives for Iwatani GateWay

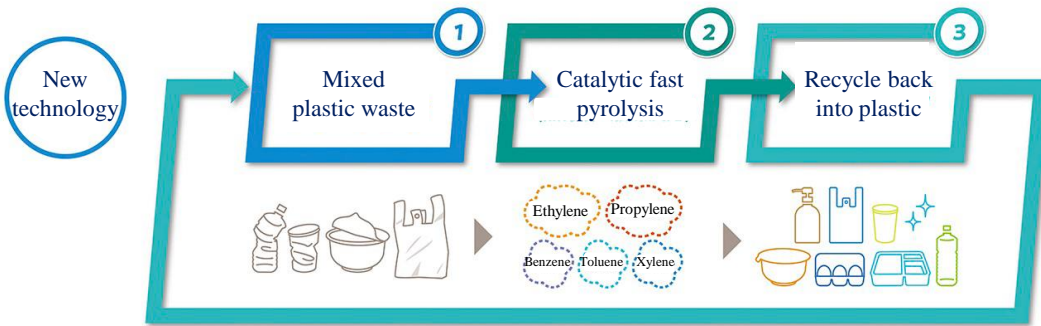
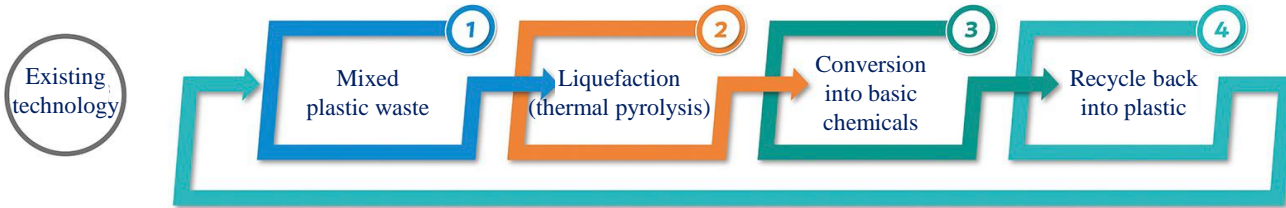
Demonstration for mass-production with local governments
Establishment of new company for promotion of commercialization



Iwatani Gateway concept (Example)

Initiatives of ESG and SDGs

Commercialization of recycling technology for used plastics



SUSTAINABLE DEVELOPMENT GOALS



Iwatani

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