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Consolidated Financial Results for the Six Months Ended September 30, 2018 [Japanese GAAP]

November 09, 2018

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 8088

URL: <http://www.iwatani.co.jp/>

Representative: Mitsuhiro Tanimoto

President

Contact: Itaru Ookawa

Director, General Manager Accounting Dept.

Phone: 06-7637-3325

Scheduled date of filing quarterly securities report: November 13, 2018

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2018 (April 01, 2018 to September 30, 2018)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2018	334,024	12.0	10,342	47.1	11,747	44.3	7,438	62.1
September 30, 2017	298,154	13.0	7,029	17.5	8,141	23.7	4,588	19.8

(Note) Comprehensive income: Six months ended September 30, 2018: ¥ 9,186 million [8.6%]
Six months ended September 30, 2017: ¥ 8,461 million [587.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2018	151.17	129.55
September 30, 2017	93.24	79.87

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2018	454,091	172,148	35.3
March 31, 2018	453,518	165,901	34.0

(Reference) Equity: As of September 30, 2018: ¥ 160,508 million
As of March 31, 2018: ¥ 154,409 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	-	-	-	55.00	55.00
Fiscal year ending March 31, 2019	-	-			
Fiscal year ending March 31, 2019 (Forecast)			-	55.00	55.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2019 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019(April 01, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	735,000	9.6	28,400	4.4	30,000	2.0	18,000	2.4	365.82

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2018

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2018: 50,273,005 shares

March 31, 2018: 50,273,005 shares

2) Total number of treasury shares at the end of the period:

September 30, 2018: 1,058,087 shares

March 31, 2018: 1,068,451 shares

3) Average number of shares during the period:

Six months ended September 30, 2018: 49,208,771 shares

Six months ended September 30, 2017: 49,211,479 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2018	As of September 30,2018
Assets		
Current assets		
Cash and deposits	18,233	18,098
Notes and accounts receivable - trade	121,698	114,766
Merchandise and finished goods	32,167	36,038
Work in process	3,176	4,021
Raw materials and supplies	4,023	4,292
Other	12,230	12,823
Allowance for doubtful accounts	(328)	(297)
Total current assets	191,202	189,743
Non-current assets		
Property, plant and equipment		
Land	61,104	61,940
Other, net	99,145	100,189
Total property, plant and equipment	160,249	162,129
Intangible assets		
Goodwill	14,313	13,998
Other	3,339	3,265
Total intangible assets	17,653	17,263
Investments and other assets		
Investment securities	69,741	70,359
Other	15,257	15,199
Allowance for doubtful accounts	(585)	(604)
Total investments and other assets	84,413	84,954
Total non-current assets	262,315	264,347
Total assets	453,518	454,091

(Million yen)

	As of March 31,2018	As of September 30,2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	71,782	67,149
Electronically recorded obligations - operating	23,076	22,169
Short-term loans payable	26,667	33,843
Income taxes payable	6,369	3,169
Provision for bonuses	4,909	5,203
Other	45,714	38,678
Total current liabilities	178,519	170,213
Non-current liabilities		
Bonds payable	35,076	35,061
Long-term loans payable	48,761	50,777
Provision for directors' retirement benefits	1,538	1,515
Net defined benefit liability	5,843	5,682
Other	17,876	18,692
Total non-current liabilities	109,097	111,729
Total liabilities	287,617	281,942
Net assets		
Shareholders' equity		
Capital stock	20,096	20,096
Capital surplus	18,077	18,090
Retained earnings	96,455	101,185
Treasury shares	(1,508)	(1,514)
Total shareholders' equity	133,121	137,857
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,593	21,384
Deferred gains or losses on hedges	(58)	636
Foreign currency translation adjustment	1,548	357
Remeasurements of defined benefit plans	203	272
Total accumulated other comprehensive income	21,287	22,651
Non-controlling interests	11,491	11,639
Total net assets	165,901	172,148
Total liabilities and net assets	453,518	454,091

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2017	For the six months ended September 30,2018
Net sales	298,154	334,024
Cost of sales	222,489	253,437
Gross profit	75,664	80,586
Selling, general and administrative expenses		
Haulage expenses	11,124	11,855
Provision of allowance for doubtful accounts	(1)	(6)
Salaries, allowances and bonuses	16,382	16,840
Provision for bonuses	4,399	4,567
Retirement benefit expenses	903	807
Provision for directors' retirement benefits	118	138
Other	35,707	36,040
Total selling, general and administrative expenses	68,634	70,243
Operating profit	7,029	10,342
Non-operating income		
Interest income	95	139
Dividend income	547	635
Foreign exchange gains	183	246
Share of profit of entities accounted for using equity method	83	208
Other	1,308	1,275
Total non-operating income	2,217	2,505
Non-operating expenses		
Interest expenses	546	488
Sales discounts	204	223
Other	354	388
Total non-operating expenses	1,105	1,100
Ordinary profit	8,141	11,747
Extraordinary income		
Gain on sales of non-current assets	89	68
Gain on sales of investment securities	0	-
Subsidy income	672	9
Total extraordinary income	762	77
Extraordinary losses		
Loss on sales of non-current assets	2	21
Loss on retirement of non-current assets	69	121
Impairment loss	-	28
Loss on sales of investment securities	1	-
Loss on valuation of investment securities	0	-
Loss on valuation of investments in capital	-	0
Directors' retirement benefits	15	-
Loss on reduction of non-current assets	627	4
Total extraordinary losses	715	175
Profit before income taxes	8,188	11,649
Income taxes	3,238	3,789
Profit	4,950	7,859
Profit attributable to non-controlling interests	361	421
Profit attributable to owners of parent	4,588	7,438

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2017	For the six months ended September 30,2018
Profit	4,950	7,859
Other comprehensive income		
Valuation difference on available-for-sale securities	3,552	1,792
Deferred gains or losses on hedges	122	692
Foreign currency translation adjustment	(185)	(1,201)
Remeasurements of defined benefit plans, net of tax	(17)	70
Share of other comprehensive income of entities accounted for using equity method	39	(28)
Total other comprehensive income	3,511	1,326
Comprehensive income	8,461	9,186
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,080	8,802
Comprehensive income attributable to non-controlling interests	381	383

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2017	For the six months ended September 30,2018
Cash flows from operating activities		
Profit before income taxes	8,188	11,649
Depreciation	8,182	8,598
Impairment loss	-	28
Amortization of goodwill	1,404	1,461
Subsidy income	(672)	(9)
Loss on reduction of non-current assets	627	4
Increase (decrease) in allowance for doubtful accounts	(112)	(21)
Increase (decrease) in provision for bonuses	280	281
Increase (decrease) in net defined benefit liability	74	(161)
Decrease (increase) in net defined benefit asset	264	(99)
Increase (decrease) in provision for directors' retirement benefits	26	(76)
Interest and dividend income	(642)	(775)
Interest expenses	546	488
Foreign exchange losses (gains)	21	20
Share of loss (profit) of entities accounted for using equity method	(83)	(208)
Loss (gain) on sales and retirement of non-current assets	(18)	74
Loss (gain) on sales of investment securities	0	-
Loss (gain) on valuation of investment securities	0	-
Loss (gain) on valuation of investments in capital	-	0
Decrease (increase) in notes and accounts receivable - trade	7,330	6,560
Decrease (increase) in inventories	(1,876)	(5,221)
Increase (decrease) in notes and accounts payable - trade	(6,317)	(5,346)
Increase (decrease) in advances received	(4,949)	754
Other, net	(12)	(3,837)
Subtotal	12,264	14,164
Interest and dividend income received	599	636
Proceeds from dividend income from entities accounted for using equity method	142	143
Interest expenses paid	(514)	(439)
Income taxes (paid) refund	(6,817)	(6,733)
Net cash provided by (used in) operating activities	5,673	7,771

(Million yen)

	For the six months ended September 30,2017	For the six months ended September 30,2018
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,626)	(9,684)
Proceeds from sales of property, plant and equipment	151	946
Purchase of intangible assets	(2,051)	(1,419)
Proceeds from sales of intangible assets	-	1
Purchase of investment securities	(2,159)	(109)
Proceeds from sales and redemption of investment securities	132	-
Proceeds from sales of investments in capital	6	1
Payments of loans receivable	(1,233)	(907)
Collection of loans receivable	955	1,010
Other, net	(15)	(91)
Net cash provided by (used in) investing activities	(15,841)	(10,254)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,414	7,232
Proceeds from long-term loans payable	6,537	6,752
Repayments of long-term loans payable	(5,588)	(5,220)
Redemption of bonds	-	(3,000)
Net decrease (increase) in treasury shares	(10)	(5)
Repayments of lease obligations	(628)	(648)
Cash dividends paid	(1,969)	(2,700)
Dividends paid to non-controlling interests	(351)	(149)
Other, net	(42)	(51)
Net cash provided by (used in) financing activities	5,361	2,210
Effect of exchange rate change on cash and cash equivalents	(26)	(274)
Net increase (decrease) in cash and cash equivalents	(4,832)	(546)
Cash and cash equivalents at beginning of period	21,200	17,769
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	271	297
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	59	70
Cash and cash equivalents at end of period	16,698	17,589

(1) Consolidated Statements of Income

(Unit: 100 million yen)

	2Q FY2018 Apr-Sep 2018	2Q FY2017 Apr-Sep 2017	Change	Rate	FY2018 (Forecast)
Net sales	3,340	2,981	358	12.0%	7,350
Gross profit	805	756	49	6.5%	-
Operating income	103	70	33	47.1%	284
Ordinary income	117	81	36	44.3%	300
Profit attributable to owners of parent	74	45	28	62.1%	180

(2) Segment Information

(Unit: 100 million yen)

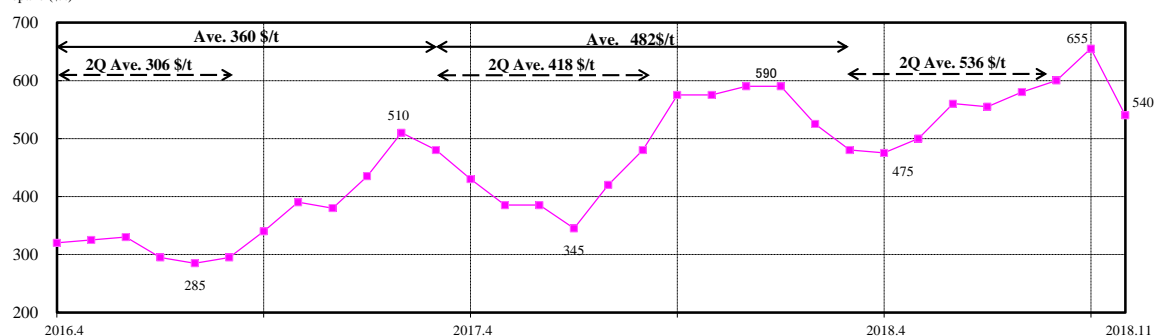
		2Q FY2018 Apr-Sep 2018	2Q FY2017 Apr-Sep 2017	Change	Rate	FY2018 (Forecast)
Energy	Net sales	1,493	1,308	184	14.1%	3,380
	Operating income	30	7	23	334.4%	144
Industrial Gases & Machinery	Net sales	898	867	30	3.6%	1,950
	Operating income	47	43	3	8.7%	100
Materials	Net sales	773	614	159	25.9%	1,600
	Operating income	25	19	6	33.2%	46
Agri-Bio & Foods	Net sales	148	166	(17)	(10.6%)	350
	Operating income	8	9	(1)	(10.5%)	14
Others, Adjustments	Net sales	26	24	1	6.1%	70
	Operating income	(8)	(9)	0	-	(20)

(3) LPG and Industrial Gases Net Sales - Sales Volume

	Sales volume (thousand tons)				Net sales (100 million yen)			
	2Q FY2018 Apr-Sep 2018	2Q FY2017 Apr-Sep 2017	Change	Rate	2Q FY2018 Apr-Sep 2018	2Q FY2017 Apr-Sep 2017	Change	Rate
Domestic residential use	637	643	(5)	(0.8%)	665	609	56	9.3%
Domestic industrial use	146	136	9	6.9%	119	93	26	28.6%
Overseas	392	384	8	2.2%	239	179	59	33.2%
LPG total	1,176	1,164	12	1.1%	1,025	882	142	16.2%
Various Industrial gases	-	-	-	-	496	467	28	6.2%

(4) LPG Import Price (CP)

Propane (\$/t)



(5) Financial Position

(Unit: 100 million yen)

	2Q FY2018 end	FY2017 end	Change
Total assets	4,540	4,535	5
Equity capital	1,605	1,544	60
Interest-bearing debt, gross	1,372	1,320	51
Interest-bearing debt, net	1,191	1,138	53
Equity capital ratio	35.3%	34.0%	1.3pt
Ratio of interest-bearing debt to total assets	30.2%	29.1%	1.1pt
Debt-to-equity ratio, gross	0.85	0.85	0.00pt
Debt-to-equity ratio, net	0.74	0.73	0.01pt

* Interest-bearing debt include lease liabilities in the amount of ¥4.4 billion.

(6) Capital Expenditure

(Unit: 100 million yen)

	2Q FY2018 end	FY2018 (Forecast)
Energy	54	98
Industrial Gases & Machinery	46	165
Materials	8	22
Agri-Bio & Foods	0	3
Others, Adjustments	13	22
Capital expenditure	122	310
Depreciation expense	81	175

* Figures for capital expenditure totalize fixed assets, intangible assets (goodwill excluded), and investments in securities.

(7) Cash Flows

(Unit: 100 million yen)

	2Q FY2018 end	FY2017 end	Change
Cash and cash equivalents at beginning of year	177	212	(34)
Cash flows from operating activities	77	56	20
Cash flows from investing activities	(102)	(158)	55
Free cash flow	(24)	(101)	76
Cash flows from financing activities	22	53	(31)
Effect of exchange rate changes	(2)	(0)	(2)
Net increase (decrease) in cash and cash equivalents	(5)	(48)	42
Increase (decrease) in cash and cash equivalents resulting from changes of scope of consolidation	2	2	0
Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries	0	0	0
Cash and cash equivalents at end of period	175	166	8

(8) Non-consolidated**Non-consolidated Statements of Income**

(Unit: 100 million yen)

	2Q FY2018 Apr-Sep 2018	2Q FY2017 Apr-Sep 2017	Change	Rate
Net sales	2,378	2,099	278	13.3%
Operating income	35	14	20	141.5%
Ordinary income	71	46	25	55.4%
Net income	56	37	19	52.0%

Financial Position

(Unit: 100 million yen)

	2Q FY2018 end	FY2017 end	Change
Total assets	3,225	3,193	32
Equity capital	1,098	1,044	53
Equity capital ratio	34.0%	32.7%	1.3pt