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Consolidated Financial Results for the Six Months Ended September 30, 2019 [Japanese GAAP]

November 08, 2019

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo

Code number: 8088

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

Representative: Mitsuhiro Tanimoto

President

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General Manager Accounting Dept.

Phone: 06-7637-3325

Scheduled date of filing quarterly securities report: November 13, 2019

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, 2019 (April 01, 2019 to September 30, 2019)

(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, 2019	323,100	(3.3)	8,317	(19.6)	9,873	(15.9)	6,232	(16.2)
September 30, 2018	334,024	12.0	10,342	47.1	11,747	44.3	7,438	62.1

(Note) Comprehensive income: Six months ended September 30, 2019: ¥ 6,304 million [(31.4)%]
Six months ended September 30, 2018: ¥ 9,186 million [8.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2019	126.66	108.44
September 30, 2018	151.17	129.55

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2019	462,804	176,691	36.3
March 31, 2019	457,603	173,986	36.1

(Reference) Equity: As of September 30, 2019: ¥ 168,223 million
As of March 31, 2019: ¥ 165,409 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, 2019	-	-	-	65.00	65.00
Fiscal year ending March 31, 2020	-	-			
Fiscal year ending March 31, 2020 (Forecast)			-	65.00	65.00

(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, 2020 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020(April 01, 2019 to March 31, 2020)

(% 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	747,300	4.5	30,500	15.3	33,000	10.2	20,500	6.7	416.66

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2019

(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, 2019: 50,273,005 shares

March 31, 2019: 50,273,005 shares

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

September 30, 2019: 1,057,744 shares

March 31, 2019: 1,071,902 shares

3) Average number of shares during the period:

Six months ended September 30, 2019: 49,207,999 shares

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

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2019	As of September 30,2019
Assets		
Current assets		
Cash and deposits	19,947	24,926
Notes and accounts receivable - trade	122,179	114,174
Merchandise and finished goods	33,222	35,741
Work in process	3,376	4,563
Raw materials and supplies	4,421	4,558
Other	14,957	13,547
Allowance for doubtful accounts	(269)	(212)
Total current assets	197,835	197,299
Non-current assets		
Property, plant and equipment		
Land	62,251	62,940
Other, net	102,190	106,371
Total property, plant and equipment	164,441	169,311
Intangible assets		
Goodwill	14,135	13,878
Other	3,596	3,384
Total intangible assets	17,732	17,263
Investments and other assets		
Investment securities	63,544	64,995
Other	14,637	14,527
Allowance for doubtful accounts	(588)	(593)
Total investments and other assets	77,593	78,929
Total non-current assets	259,768	265,504
Total assets	457,603	462,804

(Million yen)

	As of March 31,2019	As of September 30,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	72,512	61,569
Electronically recorded obligations - operating	25,873	22,822
Short-term borrowings	23,064	38,553
Income taxes payable	5,436	2,764
Provision for bonuses	5,039	5,280
Other	40,795	35,972
Total current liabilities	172,722	166,961
Non-current liabilities		
Bonds payable	35,046	35,031
Long-term borrowings	52,632	60,555
Provision for retirement benefits for directors (and other officers)	1,639	1,414
Provision for loss on litigation	157	157
Retirement benefit liability	5,770	5,491
Other	15,648	16,499
Total non-current liabilities	110,894	119,151
Total liabilities	283,617	286,112
Net assets		
Shareholders' equity		
Share capital	20,096	20,096
Capital surplus	16,680	16,728
Retained earnings	112,968	116,000
Treasury shares	(1,521)	(1,504)
Total shareholders' equity	148,223	151,320
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,283	16,244
Deferred gains or losses on hedges	661	780
Foreign currency translation adjustment	(22)	(416)
Remeasurements of defined benefit plans	263	294
Total accumulated other comprehensive income	17,186	16,903
Non-controlling interests	8,577	8,467
Total net assets	173,986	176,691
Total liabilities and net assets	457,603	462,804

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 30,2018	For the six months ended September 30,2019
Net sales	334,024	323,100
Cost of sales	253,437	242,975
Gross profit	80,586	80,125
Selling, general and administrative expenses		
Transportation costs	11,855	11,966
Provision of allowance for doubtful accounts	(6)	1
Salaries, allowances and bonuses	16,840	17,445
Provision for bonuses	4,567	4,606
Retirement benefit expenses	807	810
Provision for retirement benefits for directors (and other officers)	138	107
Other	36,040	36,870
Total selling, general and administrative expenses	70,243	71,808
Operating profit	10,342	8,317
Non-operating income		
Interest income	139	160
Dividend income	635	668
Foreign exchange gains	246	93
Share of profit of entities accounted for using equity method	208	172
Other	1,275	1,319
Total non-operating income	2,505	2,414
Non-operating expenses		
Interest expenses	488	422
Sales discounts	223	178
Other	388	257
Total non-operating expenses	1,100	858
Ordinary profit	11,747	9,873
Extraordinary income		
Gain on sales of non-current assets	68	429
Gain on sales of investment securities	-	7
Gain on bargain purchase	-	303
Subsidy income	9	3
Total extraordinary income	77	744
Extraordinary losses		
Loss on sales of non-current assets	21	219
Loss on retirement of non-current assets	121	154
Impairment loss	28	9
Loss on valuation of investment securities	-	67
Loss on liquidation of subsidiaries and associates	-	76
Loss on valuation of investments in capital	0	-
Loss on tax purpose reduction entry of non-current assets	4	3
Total extraordinary losses	175	531
Profit before income taxes	11,649	10,086
Income taxes	3,789	3,463
Profit	7,859	6,622
Profit attributable to non-controlling interests	421	389
Profit attributable to owners of parent	7,438	6,232

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

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Profit	7,859	6,622
Other comprehensive income		
Valuation difference on available-for-sale securities	1,792	(74)
Deferred gains or losses on hedges	692	121
Foreign currency translation adjustment	(1,201)	(394)
Remeasurements of defined benefit plans, net of tax	70	32
Share of other comprehensive income of entities accounted for using equity method	(28)	(2)
Total other comprehensive income	1,326	(317)
Comprehensive income	9,186	6,304
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,802	5,949
Comprehensive income attributable to non-controlling interests	383	355

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Cash flows from operating activities		
Profit before income taxes	11,649	10,086
Depreciation	8,598	9,162
Impairment loss	28	9
Subsidy income	(9)	(3)
Loss on tax purpose reduction entry of non-current assets	4	3
Amortization of goodwill	1,461	1,458
Gain on bargain purchase	-	(303)
Increase (decrease) in allowance for doubtful accounts	(21)	(49)
Increase (decrease) in provision for bonuses	281	251
Increase (decrease) in retirement benefit liability	(161)	(278)
Decrease (increase) in retirement benefit asset	(99)	(101)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(76)	(69)
Interest and dividend income	(775)	(828)
Interest expenses	488	422
Foreign exchange losses (gains)	20	213
Share of loss (profit) of entities accounted for using equity method	(208)	(172)
Loss (gain) on sales and retirement of non-current assets	74	(55)
Loss (gain) on sales of investment securities	-	(7)
Loss (gain) on valuation of investment securities	-	67
Loss (gain) on liquidation of subsidiaries and associates	-	76
Loss (gain) on valuation of investments in capital	0	-
Decrease (increase) in trade receivables	6,560	7,706
Decrease (increase) in inventories	(5,221)	(3,332)
Increase (decrease) in trade payables	(5,346)	(13,990)
Increase (decrease) in advances received	754	1,086
Other, net	(3,837)	(2,336)
Subtotal	14,164	9,015
Interest and dividends received	636	755
Dividends received from entities accounted for using equity method	143	151
Interest paid	(439)	(361)
Income taxes (paid) refund	(6,733)	(5,327)
Net cash provided by (used in) operating activities	7,771	4,234

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,684)	(11,611)
Proceeds from sales of property, plant and equipment	946	994
Purchase of intangible assets	(1,419)	(2,003)
Proceeds from sales of intangible assets	1	3
Purchase of investment securities	(109)	(1,664)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(120)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,159)
Proceeds from sales of investments in capital	1	7
Loan advances	(907)	(3,717)
Collection of loans receivable	1,010	3,767
Other, net	(91)	(319)
Net cash provided by (used in) investing activities	(10,254)	(16,824)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,232	15,491
Proceeds from long-term borrowings	6,752	9,143
Repayments of long-term borrowings	(5,220)	(2,540)
Redemption of bonds	(3,000)	-
Net decrease (increase) in treasury shares	(5)	33
Repayments of lease obligations	(648)	(637)
Dividends paid	(2,700)	(3,192)
Dividends paid to non-controlling interests	(149)	(155)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(51)	(108)
Net cash provided by (used in) financing activities	2,210	18,033
Effect of exchange rate change on cash and cash equivalents	(274)	(338)
Net increase (decrease) in cash and cash equivalents	(546)	5,104
Cash and cash equivalents at beginning of period	17,769	19,510
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	297	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	70	27
Cash and cash equivalents at end of period	17,589	24,643

(1) Consolidated Statements of Income

(Unit: 100 million yen)

	2Q FY2018 Apr-Sep 2018	2Q FY2019 Apr-Sep 2019	Change	Rate	FY2019 (Forecast)
Net sales	3,340	3,231	(109)	(3.3%)	7,473
Gross profit	805	801	(4)	(0.6%)	—
Operating profit	103	83	(20)	(19.6%)	305
Ordinary profit	117	98	(18)	(15.9%)	330
Profit attributable to owners of parent	74	62	(12)	(16.2%)	205

* Figures for fiscal year ending March 31, 2020 (forecast) were announced on May 14, 2019.

(2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

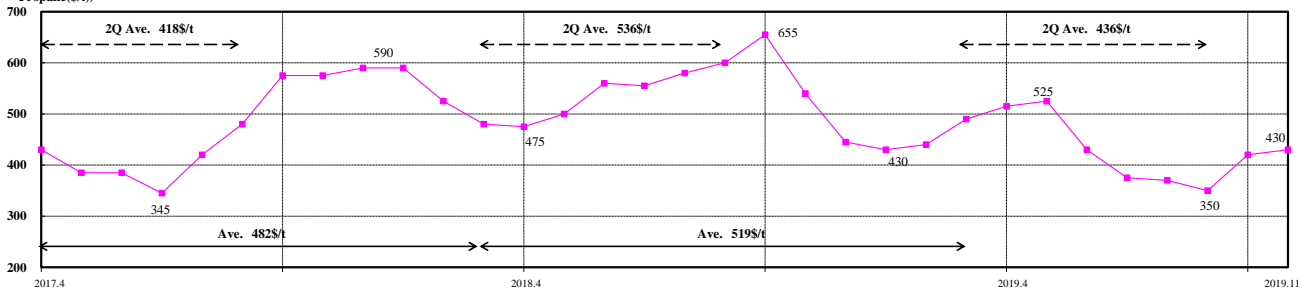
(Unit: 100 million yen)

	2Q FY2018 Apr-Sep 2018	2Q FY2019 Apr-Sep 2019	Change	Rate	FY2019 (Forecast)
Ordinary profit	117	98	(18)	(15.9%)	330
Impact of LPG import price fluctuation	4	(19)	(23)	—	—
Ordinary profit except for impact of LPG import price fluctuation	113	118	4	4.3%	330

* Please see a slide of "Impact of LPG Import Price Fluctuations" in Financial Results Briefing Materials. (<http://www.iwatani.co.jp/eng/investor/data/presentation.html>)

(3) LPG Import Price (CP)

Propane(\$/t)



(4) Segment Information

(Unit: 100 million yen)

		2Q FY2018 Apr-Sep 2018	2Q FY2019 Apr-Sep 2019	Change	Rate
Energy	Net sales (Sales to outside customers)	1,496	1,396	(100)	(6.7%)
	Operating profit	33	19	(14)	(42.6%)
Industrial Gases & Machinery	Net sales (Sales to outside customers)	909	925	16	1.8%
	Operating profit	47	51	3	6.6%
Materials	Net sales (Sales to outside customers)	773	743	(30)	(3.9%)
	Operating profit	25	21	(4)	(17.0%)
Agri-Bio & Foods	Net sales (Sales to outside customers)	134	136	1	1.4%
	Operating profit	5	6	0	7.2%
Others, Adjustments	Net sales (Sales to outside customers)	26	29	3	12.8%
	Operating profit	(8)	(13)	(5)	—

(5) LPG and Industrial Gases Net Sales · Sales Volume

	Sales volume (thousand tons)				Net sales (100 million yen)			
	2Q FY2018 Apr-Sep 2018	2Q FY2019 Apr-Sep 2019	Change	Rate	2Q FY2018 Apr-Sep 2018	2Q FY2019 Apr-Sep 2019	Change	Rate
Domestic residential use	637	637	0	0.0%	665	627	(38)	(5.8%)
Domestic industrial use	146	148	2	1.5%	119	104	(15)	(13.1%)
LPG sub total (except for overseas)	784	786	2	0.3%	785	731	(54)	(6.9%)
LPG total	1,176	1,125	(50)	(4.3%)	1,025	885	(139)	(13.7%)
Various Industrial gases	—	—	—	—	508	505	(2)	(0.5%)

(6) Financial Position

(Unit: 100 million yen)

	FY2018 end	2Q FY2019 end	Change
Total assets	4,576	4,628	52
Equity capital	1,654	1,682	28
Interest-bearing debt, gross	1,263	1,480	216
Interest-bearing debt, net	1,064	1,230	166
Equity capital ratio	36.1%	36.3%	0.2pt
Ratio of interest-bearing debt to total assets	27.6%	32.0%	4.4pt
Debt-to-equity ratio, gross	0.76	0.87	0.11pt
Debt-to-equity ratio, net	0.64	0.73	0.09pt

* Interest-bearing debt include lease liabilities in the amount of ¥3.7 billion.

(7) Capital Expenditure

(Unit: 100 million yen)

	2Q FY2019 end	FY2019 (Forecast)
Energy	59	120
Industrial Gases & Machinery	72	200
Materials	28	82
Agri-Bio & Foods	1	2
Others, Adjustments	10	26
Capital expenditure	170	430
Depreciation expense	87	190

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

(8) Cash Flows

(Unit: 100 million yen)

	2Q FY2018	2Q FY2019	Change
Cash and cash equivalents at beginning of year	177	195	17
Cash flows from operating activities	77	42	(35)
Cash flows from investing activities	(102)	(168)	(65)
Free cash flow	(24)	(125)	(101)
Cash flows from financing activities	22	180	158
Effect of exchange rate changes	(2)	(3)	(0)
Net increase (decrease) in cash and cash equivalents	(5)	51	56
Increase (decrease) in cash and cash equivalents resulting from changes of scope of consolidation	2	—	(2)
Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries	0	0	(0)
Cash and cash equivalents at end of period	175	246	70

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

(Unit: 100 million yen)

	2Q FY2018 Apr-Sep 2018	2Q FY2019 Apr-Sep 2019	Change	Rate
Net sales	2,378	2,215	(162)	(6.9%)
Operating income	35	5	(29)	(84.0%)
Ordinary income	71	52	(19)	(26.9%)
Net income	56	45	(10)	(18.5%)

Financial Position

(Unit: 100 million yen)

	FY2018 end	2Q FY2019 end	Change
Total assets	3,230	3,265	34
Equity capital	1,100	1,115	15
Equity capital ratio	34.1%	34.2%	0.1pt