

Overview of Business Results
for the Fiscal Year Ended March 31, 2017 (FY2016)
[Japanese Standard Form](Consolidated)

Name of the company: Iwatani Corporation Share traded: TSE and NSE first sections
Code: 8088 URL <http://www.iwatani.co.jp/eng/>
Name of Representative: Mitsuhiro Tanimoto, President
Date of ordinary general meeting of shareholders: June 28, 2017 Date of distribution of dividends: June 29, 2017
Date of filing financial report: June 29, 2017
Earnings supplementary explanatory documents: **Yes**
Earnings presentation: **Yes**

Note: Figures less than 1 million are rounded down

1. Consolidated Financial Results for Fiscal Year Ended March 2017
(For the period from April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results (Figures in % refer to changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2016	588,045	(4.6)	25,038	22.2	26,834	24.3	16,546	33.8
FY2015	616,201	(10.9)	20,496	83.4	21,584	69.1	12,365	99.4

(Notes) Comprehensive income: FY2016 22,498 million yen(171.7%) FY2015 8,281million yen(48.6%)

	Net income per share	Net income per share after dilution	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
FY2016	yen 67.24	yen 57.65	% 13.3	% 6.4	% 4.3
FY2015	yen 50.24	yen 46.79	% 11.1	% 5.3	% 3.3

(Reference) Equity in earnings of nonconsolidated subsidiaries and affiliates: FY2016 824 million yen FY2015 602 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
FY2016	million yen 434,690	million yen 144,879	% 30.9	yen 546.27
FY2015	million yen 404,479	million yen 124,583	% 28.4	yen 466.43

(Reference)Equity capital: FY2016 134,415 million yen FY2015 114,781million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY2016	million yen 37,240	million yen (30,395)	million yen (8,128)	million yen 21,200
FY2015	million yen 36,101	million yen (25,088)	million yen (9,969)	million yen 22,833

2. Dividends

	Dividend per share					Total dividend paid (annual)	Payout ratio (consolidated)	Dividend rate to net assets (consolidated)
	1Q End	2Q End	3Q End	Year-end	Annual			
FY2015	yen —	yen —	yen —	yen 8.00	yen 8.00	million yen 1,970	% 15.9	% 1.8
FY2016	yen —	yen —	yen —	yen 8.00	yen 8.00	million yen 1,970	% 11.9	% 1.6
FY2017 (Forecast)	yen —	yen —	yen —	yen 40.00	yen 40.00		% 12.4	

(Notes) The company plans to consolidate its common shares at a ratio of five shares to one share on the effective date of October 1, 2017. Accordingly, figures for year-end dividends per share for fiscal year ending March 31, 2018(forecast) are amounts that taken into account the consolidation of shares.

3. Consolidated Results Forecast for FY2017 (April 1, 2017 – March 31, 2018)

(Figures in % represent forecasted changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
1H FY2017	310,000	17.5	7,600	27.0	8,200	24.6	4,800	25.3	19.50
FY2017	685,000	16.5	25,100	0.2	26,100	(2.7)	15,900	(3.9)	323.09

(Notes) Figures for year-end net income per share for fiscal year ending March 31, 2018(forecast) are amounts that take into account the consolidation of shares.

This document is an English translation of a statement written initially in Japanese. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

***Notes**

(1) Changes in important subsidiaries during the period

(Changes in specific subsidiaries resulting in changes in the scope of consolidation): **None**

New : — (Company name: —)

Excluded : — (Company name: —)

(2) Changes in accounting policies, changes in accounting estimates, and restatements

① Changes in accounting policies caused by revision of accounting standards: **Yes**② Changes in accounting policies other than ①: **None**③ Changes in accounting estimates: **None**④ Restatements: **None**

(3) Number of outstanding shares (common stock)

① Number of outstanding shares (common stock) at end of period (Treasury stocks are included)

② Number of treasury stocks at end of period

③ Average number of shares outstanding

①	FY2016	251,365,028	FY2015	251,365,028
②	FY2016	5,306,172	FY2015	5,282,495
③	FY2016	246,070,023	FY2015	246,081,571

(Reference) Summary of nonconsolidated financial results

Nonconsolidated Financial Results for Fiscal Year Ended March 2017

(For the period from April 1, 2016 to March 31, 2017)

(1) Operating results

(Figures in % refer to changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2016	407,791	(2.9)	10,495	154.7	15,334	85.1	11,337	91.3
FY2015	420,078	(15.0)	4,120	—	8,285	369.4	5,927	348.6

	Net income per share	Net income per share after dilution
	yen	yen
FY2016	46.02	39.45
FY2015	24.06	22.39

(2) Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
FY2016	315,162	91,152	28.9	370.07
FY2015	279,800	75,402	26.9	306.11

(Reference) Equity capital: FY2016 91,152 million yen FY2015 75,402 million yen

This Overview of Business Results is exempt from the audit procedure based upon the Financial Instruments and Exchange Act.**Explanations and other matters of special note in regard to appropriate use of business results forecasts**

1. The aforementioned forecasts were prepared based on information obtainable as of the date of release of this document, and which do not intend for the Company to guarantee its materialization. Going forward, due to variety of factors, actual results may differ from estimated values.

2. Dividend outlook and forecast for operating results after the consolidation of shares

The Company plans to consolidate its common shares at the ratio of five shares to one share on the effective date of October 1, 2017, following approval of a proposal for the consolidation of shares at the 74th Ordinary General Meeting of Shareholders held on June 28, 2017. Accordingly, the dividend outlook and forecast for operating results in the year ending March 31, 2018 excluding the impact of the consolidation of shares are as follows.

- Dividend outlook for the year ending March, 2018 (Dividends per share): Year-end 8 yen

- Forecast for operating results in the year ending March 31, 2018 (Basic earnings per share): Interim 19.50 yen: Year-end 64.61 yen

4. Consolidated Balance Sheets

(Unit: million yen)

	FY2015 (As of Mar 31, 2016)	FY2016 (As of Mar 31, 2017)
Assets		
Current assets		
Cash and deposits	23,309	21,677
Notes and accounts receivable-trade	103,624	112,079
Merchandise and finished goods	26,886	30,056
Work - in - process	2,715	3,121
Raw materials and supplies	4,059	3,967
Deferred tax assets	3,008	3,320
Other	12,976	10,581
Allowance for doubtful accounts	(701)	(340)
Total current assets	175,878	184,464
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	33,041	38,398
Storage facilities, net	4,782	8,444
Machinery and vehicles, net	28,087	29,899
Tools and equipment, net	12,560	9,130
Land	57,161	59,057
Lease assets, net	4,654	5,391
Construction in progress	4,715	6,318
Total property, plant and equipment	145,003	156,639
Intangible assets		
Goodwill	14,087	12,672
Other	2,788	3,012
Total intangible assets	16,876	15,684
Investments and other assets		
Investments in securities	53,524	64,856
Long-term loans receivable	370	249
Net defined benefit assets	2,267	1,609
Deferred tax assets	2,689	2,422
Other	8,683	9,504
Allowance for doubtful accounts	(813)	(740)
Total investments and other assets	66,721	77,901
Total fixed assets	228,601	250,226
Total assets	404,479	434,690

(Unit: million yen)

	FY2015 (As of Mar 31, 2016)	FY2016 (As of Mar 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	76,464	70,680
Electronically recorded obligations - operating	14,487	22,494
Short-term borrowings	23,430	23,748
Current portion of long-term borrowings	22,467	22,968
Lease liabilities	892	955
Income taxes payable	3,567	6,719
Accrued bonuses	4,491	4,728
Other	26,687	29,972
Total current liabilities	172,489	182,269
Long-term liabilities		
Bonds	38,136	38,106
Long-term borrowings	47,598	44,734
Lease liabilities	3,988	4,773
Deferred tax liabilities	4,146	6,943
Allowance for retirement benefits for directors and statutory auditors	1,291	1,388
Net defined benefit liability	5,811	5,632
Other	6,433	5,962
Total long-term liabilities	107,406	107,541
Total liabilities	279,895	289,810
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,137	18,107
Retained earnings	66,174	80,849
Treasury stock, at cost	(1,463)	(1,478)
Total shareholders' equity	102,945	117,574
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	9,939	16,364
Deferred gains (losses) on hedges	(221)	(31)
Foreign currency translation adjustments	1,966	355
Remeasurements of defined benefit plans	152	153
Total accumulated other comprehensive income	11,836	16,841
Non-controlling interests	9,802	10,464
Total net assets	124,583	144,879
Total liabilities and net assets	404,479	434,690

5. Consolidated Statements of Income

(Unit: million yen)

	FY2015 (Apr 1, 2015 - Mar 31, 2016)	FY2016 (Apr 1, 2016 - Mar 31, 2017)
Net sales	616,201	588,045
Cost of sales	462,145	426,452
Gross profit	154,055	161,592
Selling, general and administrative expenses		
Transportation cost	22,299	22,606
Provision for allowance for doubtful accounts	82	(7)
Salaries, wages and bonuses	35,275	36,062
Provision for allowance for employees' bonuses	4,284	4,277
Retirement benefits expenses	1,604	1,589
Provision for allowance for retirement benefits to directors and statutory auditors	184	256
Depreciation and amortization	10,488	11,641
Rent expenses	9,849	9,694
Commissions	8,452	9,218
Amortization of goodwill	3,106	2,868
Other	37,932	38,346
Total selling, general and administrative expenses	133,559	136,554
Operating income	20,496	25,038
Non-operating income		
Interest income	293	221
Dividends income	762	701
Foreign exchange gains	333	116
Equity in earnings of nonconsolidated subsidiaries and affiliates	602	824
Other	2,221	2,318
Total non-operating income	4,213	4,181
Non-operating expenses		
Interest expenses	1,598	1,215
Sales discounts	475	442
Other	1,051	727
Total non-operating expenses	3,125	2,385
Ordinary income	21,584	26,834

(Unit: million yen)

	FY2015 (Apr 1, 2015 - Mar 31, 2016)	FY2016 (Apr 1, 2016 - Mar 31, 2017)
Extraordinary income		
Gain on sales of fixed assets	319	181
Gain on sales of investments in securities	48	58
Gain on liquidation of subsidiaries and associates	14	—
Gain on step acquisitions	—	123
Subsidy income	2,390	1,461
Compensation for transfer	216	—
Total extraordinary income	2,990	1,824
Extraordinary losses		
Loss on sales of fixed assets	131	60
Loss on disposal of fixed assets	530	263
Impairment loss of fixed assets	340	19
Loss on sales of investments in securities	4	—
Loss on valuation of investments in securities	309	16
Loss on sales of shares of subsidiaries and associates	—	4
Loss on sales of investments in capital	—	0
Loss on valuation of investments in capital	47	—
Loss on sales of investments in capital of subsidiaries and associates	—	37
Loss on liquidation of subsidiaries and associates	—	25
Retirement benefits for directors and statutory auditors	51	0
Loss on reduction of non-current assets	2,378	1,448
Total extraordinary losses	3,793	1,877
Income before income taxes and minority interests	20,781	26,781
Current income taxes	6,261	9,444
Deferred income taxes	1,185	(227)
Total income taxes	7,447	9,217
Net income	13,334	17,564
Profit attributable to non-controlling interests	969	1,018
Profit attributable to owners of parent	12,365	16,546

6. Consolidated Statements of Comprehensive Income

(Unit: million yen)

	FY2015 (Apr 1, 2015 - Mar 31, 2016)	FY2016 (Apr 1, 2016 - Mar 31, 2017)
Net income	13,334	17,564
Other comprehensive income		
Unrealized gains (losses) on securities	(2,942)	6,458
Deferred gains (losses) on hedges	(339)	186
Foreign currency translation adjustments	(1,704)	(1,655)
Remeasurements of defined benefit plans, net of tax	241	3
Share of other comprehensive income of associates accounted for using equity method	(307)	(58)
Total other comprehensive income	(5,053)	4,934
Comprehensive income	8,281	22,498
Comprehensive income attributable to:		
Owners of the parent	7,488	21,551
Comprehensive income attributable to non-controlling interests	792	946

7. Consolidated Statements of Cash Flows

(Unit: million yen)

	FY2015 (Apr 1, 2015 - Mar 31, 2016)	FY2016 (Apr 1, 2016 - Mar 31, 2017)
Cash flows from operating activities		
Income before income taxes and minority interests	20,781	26,781
Depreciation and amortization	15,203	16,822
Impairment loss of fixed assets	340	19
Amortization of goodwill	3,113	2,884
Subsidy income	(2,390)	(1,461)
Loss on reduction of non-current assets	2,378	1,448
Increase (decrease) in allowance for doubtful accounts	(26)	(388)
Increase (decrease) in allowance for employees' bonuses	93	221
Increase (decrease) in net defined benefit liabilities	78	(179)
Decrease (increase) in net defined benefit assets	79	657
Increase (decrease) in allowance for retirement benefits to directors and statutory auditors	28	0
Interest and dividends income	(1,055)	(923)
Interest expenses	1,598	1,215
Foreign exchange (gains) losses	140	(4)
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(602)	(824)
Loss (gain) on sales and disposal of fixed assets	342	142
Loss (gain) on sales of investments in securities	(44)	(58)
Loss on valuation of investments in securities	309	16
Loss (gain) on sales of shares of subsidiaries and associates	—	4
Loss (gain) on sales of investments in capital	—	0
Loss on valuation of investments in capital	47	—
Loss (gain) on sales of investments in capital of subsidiaries and associates	—	37
Loss (gain) on liquidation of subsidiaries and associates	(14)	25
Loss (gain) on step acquisitions	—	(123)
Decrease(increase) in notes and accounts receivable-trade	2,848	(7,475)
Decrease(increase) in inventories	3,459	(3,887)
Increase (decrease) in notes and accounts payable-trade	(6,962)	3,605
Other, net	2,221	4,931
Subtotal	41,968	43,491
Interest and dividends received	1,282	979
Dividends received from equity method subsidiaries and affiliates	233	515
Interest paid	(1,539)	(1,134)
Income taxes paid	(5,844)	(6,613)
Cash flows from operating activities	36,101	37,240

(Unit: million yen)

	FY2015 (Apr 1, 2015 - Mar 31, 2016)	FY2016 (Apr 1, 2016 - Mar 31, 2017)
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(22,013)	(25,260)
Proceeds from sales of property, plant and equipment	1,098	676
Payments for purchase of intangible assets	(3,226)	(3,153)
Proceeds from sales of intangible assets	34	207
Payments for purchase of investments in securities	(1,154)	(2,577)
Proceeds from sales and redemption of investments in securities	162	116
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(78)
Proceeds from sales of investments in capital	3	9
Investments in loans receivable	(589)	(1,589)
Collection of loans receivable	1,094	1,777
Payments for asset retirement obligations	—	(19)
Other, net	(498)	(503)
Cash flows from investing activities	(25,088)	(30,395)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(13,836)	(2,525)
Proceeds from long-term debt	3,010	19,946
Repayments of long-term debt	(26,209)	(22,040)
Proceeds from issuance of bonds	30,150	—
Net (increase) decrease in treasury stock	(15)	(10)
Repayments of lease liabilities	(1,117)	(1,142)
Cash dividends paid	(1,720)	(1,966)
Dividends paid to non-controlling interests	(213)	(331)
Other, net	(16)	(56)
Cash flows from financing activities	(9,969)	(8,128)
Effect of exchange rate changes on cash and cash equivalents	(941)	(567)
Net increase (decrease) in cash and cash equivalents	101	(1,850)
Cash and cash equivalents at beginning of year	21,804	22,833
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	915	165
Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries	11	51
Cash and cash equivalents at end of period	22,833	21,200

Additional Information
Results for FY2016 and forecasts for FY2017
Consolidated
(1) Consolidated Statements of Income

(Unit: billion yen)

	FY2016	FY2015	Change		FY2016 (Forecast)	Change	
				Rate			Rate
Net sales	588.0	616.2	(28.1)	(4.6) %	600.0	(11.9)	(2.0) %
Gross profit	161.5	154.0	7.5	4.9 %	-	-	- %
Operating income	25.0	20.4	4.5	22.2 %	21.0	4.0	19.2 %
Ordinary income	26.8	21.5	5.2	24.3 %	22.0	4.8	22.0 %
Profit attributable to owners of parent	16.5	12.3	4.1	33.8 %	13.0	3.5	27.3 %

*Forecasts were released on May 13, 2016.

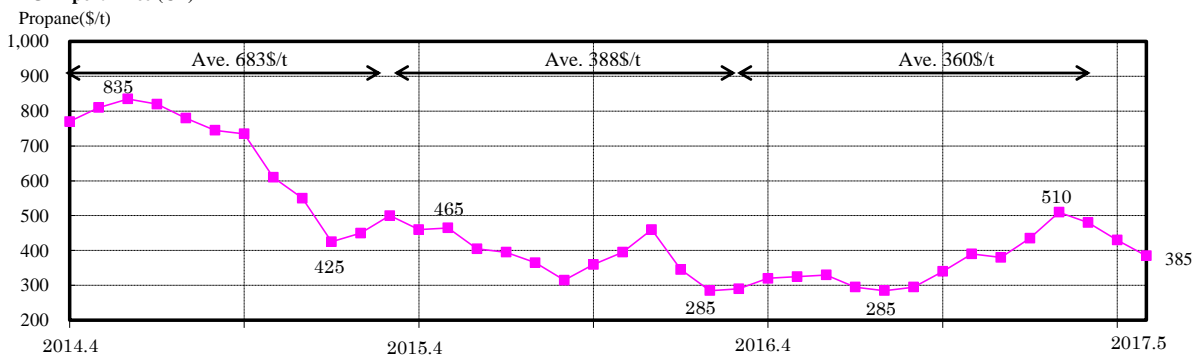
(2) Segment Information

(Unit: billion yen)

	FY2016	FY2015	Change		FY2016 (Forecast)	Change		
				Rate			Rate	
Energy	Net sales (Sales to outside customers)	272.1	289.4	(17.2)	(6.0) %	270.0	2.1	0.8 %
	Operating income	15.9	9.0	6.8	76.1 %	12.3	3.6	29.6 %
Industrial Gases & Machinery	Net sales (Sales to outside customers)	166.3	164.4	1.9	1.2 %	165.0	1.3	0.8 %
	Operating income	6.7	7.6	(0.8)	(11.2) %	6.5	0.2	4.2 %
Materials	Net sales (Sales to outside customers)	115.2	125.9	(10.7)	(8.5) %	126.0	(10.7)	(8.6) %
	Operating income	3.1	3.8	(0.6)	(17.3) %	3.4	(0.2)	(6.5) %
Agri-Bio & Foods	Net sales (Sales to outside customers)	26.8	28.5	(1.7)	(6.0) %	31.0	(4.1)	(13.4) %
	Operating income	1.2	1.2	(0.0)	(3.0) %	1.1	0.1	10.0 %
Others, Adjustments	Net sales (Sales to outside customers)	7.4	7.8	(0.3)	(5.0) %	8.0	(0.5)	(7.0) %
	Operating income	(2.0)	(1.2)	(0.7)	- %	(2.3)	0.2	- %

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

	Sales volume (thousand tons)				Net sales (billion yen)			
	FY2016	FY2015	Change	Rate	FY2016	FY2015	Change	Rate
Domestic residential use	1,414	1,443	(29)	(2.0) %	129.2	141.7	(12.4)	(8.8) %
Domestic industrial use	282	281	0	0.1 %	17.7	19.5	(1.8)	(9.4) %
Overseas	669	651	17	2.7 %	27.5	28.7	(1.1)	(4.1) %
LPG total	2,366	2,377	(11)	(0.5) %	174.5	189.9	(15.4)	(8.2) %
Various Industrial gases	-	-	-	-	89.5	90.1	(0.5)	(0.6) %

(4) LPG Import Price (CP)


(5) Financial Position (Unit: billion yen)

	FY2016 end	FY2015 end	Change
Total assets	434.6	404.4	30.2
Equity capital	134.4	114.7	19.6
Interest-bearing debt, gross	135.2	136.5	(1.2)
Interest-bearing debt, net	113.6	113.2	0.4
Equity capital ratio	30.9%	28.4%	2.5pt
Ratio of ordinary income to total assets	6.4%	5.3%	1.1pt
Rate of return on equity	13.3%	11.1%	2.2pt
Ratio of interest-bearing debt to total assets	31.1%	33.7%	(2.6)pt
Debt-to-equity ratio, gross	1.00	1.18	(0.18)pt
Debt-to-equity ratio, net	0.84	0.98	(0.14)pt

* Interest-bearing debt include lease liabilities in the amount of ¥5.7 billion.

(6) Capital Expenditure (Unit: billion yen)

	FY2015	FY2016	FY2017 (Forecast)
Energy	6.2	11.1	6.8
Industrial Gases & Machinery	12.9	9.3	16.0
Materials	0.7	0.9	3.0
Agri-Bio & Foods	0.4	0.6	0.2
Others, Adjustments	4.3	11.1	5.0
Capital expenditure	24.8	33.3	31.0
Depreciation expense	14.5	16.2	16.9

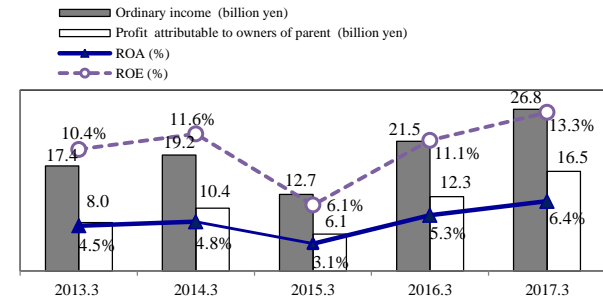
* Figures for capital expenditure totalize fixed assets, intangible assets (goodwill excluded), and investments in securities.

(7) Cash Flows (Unit: billion yen)

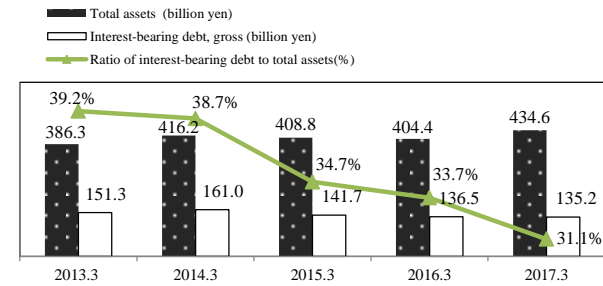
	FY2016	FY2015	Change
Cash flows from operating activities	37.2	36.1	1.1
Cash flows from investing activities	(30.3)	(25.0)	(5.3)
Free cash flow	6.8	11.0	(4.1)
Cash flows from financing activities	(8.1)	(9.9)	1.8
Effect of exchange rate changes	(0.5)	(0.9)	0.3
Net increase (decrease) in cash and cash equivalents	(1.8)	0.1	(1.9)
Net increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	0.1	0.9	(0.7)

(8) Changes in the main management indicators (five-year)

【Profitability】



【Financial condition】



(9) Results Forecast for FY2017 (Unit: billion yen)

	FY2017 (Forecast)	FY2016	Change	Rate
Net sales	685.0	588.0	96.9	16.5 %
Operating income	25.1	25.0	0.0	0.2 %
Ordinary income	26.1	26.8	(0.7)	(2.7) %
Profit attributable to owners of parent	15.9	16.5	(0.6)	(3.9) %

(10) Results Forecast for FY2017 (Segment Information) (Unit: billion yen)

		FY2017 (Forecast)	FY2016	Change	Rate
Energy	Net sales (Sales to outside customers)	332.5	272.1	60.3	22.2 %
	Operating income	13.7	15.9	(2.2)	(14.0) %
Industrial Gases & Machinery	Net sales (Sales to outside customers)	183.0	166.3	16.6	10.0 %
	Operating income	8.2	6.7	1.4	21.1 %
Materials	Net sales (Sales to outside customers)	130.0	115.2	14.7	12.8 %
	Operating income	3.9	3.1	0.7	22.6 %
Agri-Bio & Foods	Net sales (Sales to outside customers)	32.0	26.8	5.1	19.1 %
	Operating income	1.3	1.2	0.0	7.5 %
Others, Adjustments	Net sales (Sales to outside customers)	7.5	7.4	0.0	0.8 %
	Operating income	(2.0)	(2.0)	0.0	-