

Overview of Business Results
for the 3rd Quarter of Fiscal Year Ending March 31, 2018 (3Q FY2017)
[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 filing financial report: February 13, 2018
 Quarterly earnings supplementary explanatory documents : Yes
 Quarterly earnings presentation : Yes

Note: Figures less than 1 million are rounded down

1. Consolidated Financial Results for the 3rd Quarter of Fiscal Year Ending March 31, 2018
(For the period from April 1, 2017 to December 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 (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
3Q FY2017	480,162	16.6	16,046	37.5	17,875	37.1	10,760	35.9
3Q FY2016	411,876	(9.7)	11,668	0.7	13,036	7.7	7,916	22.0

(Notes) Comprehensive income: 3Q FY2017 18,404 million yen (78.0%) 3Q FY2016 10,342million yen (55.1%)

	Net income per share	Net income per share
	yen	yen
3Q FY2017	218.67	187.46
3Q FY2016	160.86	137.83

(Notes) On October 1, 2017, the company carried out a share consolidation at a ratio of one share for five shares of the Company's common stock. Accordingly, "Net income per share" and "Net income per share after dilution" have been recalculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
3Q FY2017	459,969	161,246	32.6
FY2016	434,690	144,879	30.9

(Reference) Equity capital: 3Q FY2017 150,091 million yen FY2016 134,415 million yen

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-end	Annual
FY2016	yen -	yen -	yen -	yen 8.00	yen 8.00
FY2017	-	-	-	-	-
FY2017(forecast)				55.00	55.00

(Notes) Revisions to the dividend forecast announced most recently: **Yes**

On October 1, 2017, the company carried out a share consolidation at a ratio of one share for five shares of the Company's common stock. 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 (loss) attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY2017	665,000	13.1	265,000	5.8	28,500	6.2	17,000	2.7	345.46

(Notes) Revisions to the consolidated results forecasts announced most recently: **Yes**

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 scope of consolidation): None

New : —(Company name: —)

Excluded : —(Company name: —)

- (2) Application of accounting treatment peculiarly adopted to prepare quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatements

① Changes in accounting policies caused by revision of accounting standards: None

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatements: None

- (4) 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 stock at end of period

③ Average number of shares outstanding

①	3Q FY2017	50,273,005	FY2016	50,273,005
②	3Q FY2017	1,066,966	FY2016	1,061,235
③	3Q FY2017	49,210,427	3Q FY2016	49,215,036

(Notes) On October 1, 2017, the company carried out a share consolidation at a ratio of one share for five shares of the Company's common stock. Accordingly, "①Number of outstanding shares (common stock) at end of period (Treasury stocks are included)", "②Number of treasury stock at end of period" and "③Average number of shares outstanding" have been recalculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

*This Overview of Business Results is exempt from quarterly review based upon the Financial Instruments and Exchange Act.

*Explanations and other matters of special note in regard to appropriate use of business results forecasts

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 a variety of factors, actual results may differ from estimated values.

The Company carried out a share consolidation at a ratio of one share for five shares of the Company's common stock 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 11 yen

- Forecast for operating results in the year ending March 31, 2018 (Basic earnings per share): Year-end 69.09yen

4. Quarterly Consolidated Balance Sheets

(Unit: million yen)

	FY2016 (As of Mar 31, 2017)	3Q FY2017 (As of Dec 31, 2017)
Assets		
Current assets		
Cash and deposits	21,677	18,843
Notes and accounts receivable-trade	112,079	121,339
Merchandise and finished goods	30,056	32,071
Work - in - process	3,121	4,512
Raw materials and supplies	3,967	4,036
Other	13,902	14,874
Allowance for doubtful accounts	(340)	(344)
Total current assets	184,464	195,333
Fixed assets		
Property, plant and equipment		
Land	59,057	61,228
Other, net	97,582	98,637
Total property, plant and equipment	156,639	159,865
Intangible assets		
Goodwill	12,672	14,132
Other	3,012	3,135
Total intangible assets	15,684	17,267
Investments and other assets		
Investments in securities	64,856	73,882
Other	13,785	14,288
Allowance for doubtful accounts	(740)	(667)
Total investments and other assets	77,901	87,503
Total fixed assets	250,226	264,636
Total assets	434,690	459,969

(Unit: million yen)

	FY2016 (As of Mar 31, 2017)	3Q FY2017 (As of Dec 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	70,680	75,831
Electronically recorded obligations - operating	22,494	23,916
Short-term borrowings	23,748	30,516
Income taxes payable	6,719	2,774
Accrued bonuses	4,728	2,395
Other	53,897	48,794
Total current liabilities	182,269	184,229
Long-term liabilities		
Bonds	38,106	35,084
Long-term borrowings	44,734	52,040
Allowance for retirement benefits for directors and statutory auditors	1,388	1,467
Net defined benefit liability	5,632	5,710
Other	17,679	20,191
Total long-term liabilities	107,541	114,494
Total liabilities	289,810	298,723
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,107	18,077
Retained earnings	80,849	89,639
Treasury stock, at cost	(1,478)	(1,502)
Total shareholders' equity	117,574	126,310
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	16,364	22,735
Deferred gains (losses) on hedges	(31)	39
Foreign currency translation adjustments	355	866
Remeasurements of defined benefit plans	153	140
Total accumulated other comprehensive income	16,841	23,781
Non-controlling interests	10,464	11,154
Total net assets	144,879	161,246
Total liabilities and net assets	434,690	459,969

5. Quarterly Consolidated Statements of Income

(Unit: million yen)

	3Q FY2016 (Apr 1, 2016 - Dec 31, 2016)	3Q FY2017 (Apr 1, 2017 - Dec 31, 2017)
Net sales	411,876	480,162
Cost of sales	298,879	359,639
Gross profit	112,997	120,523
Selling, general and administrative expenses		
Transportation cost	16,340	17,315
Provision for allowance for doubtful accounts	18	46
Salaries, wages and bonuses	28,249	29,085
Provision for allowance for employees' bonuses	2,105	2,180
Retirement benefits expenses	1,186	1,264
Provision for allowance for retirement benefits to directors and statutory auditors	190	165
Other	53,237	54,417
Total selling, general and administrative expenses	101,329	104,476
Operating income	11,668	16,046
Non-operating income		
Interest income	179	157
Dividends income	645	914
Foreign exchange gains	124	270
Equity in earnings of nonconsolidated subsidiaries and affiliates	511	205
Other	1,643	1,995
Total non-operating income	3,104	3,543
Non-operating expenses		
Interest expenses	914	823
Other	821	890
Total non-operating expenses	1,735	1,714
Ordinary income	13,036	17,875
Extraordinary income		
Gain on sales of fixed assets	108	124
Gain on sales of investments in securities	58	1
Gain on step acquisition	123	—
Subsidy income	847	672
Total extraordinary income	1,138	798
Extraordinary losses		
Loss on sales of fixed assets	32	6
Loss on disposal of fixed assets	82	113
impairment loss of fixed assers	6	8
Loss on sales of investments in securities	37	1
Loss on valuation of investments in securities	—	0
Loss on liquidation of subsidiaries and associates	—	36
Retirement benefits for directors and statutory auditors	5	15
Loss on reduction of non-current assets	835	627
Total extraordinary losses	1,000	808
Income before income taxes and minority interests	13,174	17,866
Income taxes	4,591	6,485
Net income	8,582	11,380
Profit attributable to non-controlling interests	666	619
Profit attributable to owners of parent	7,916	10,760

6. Quarterly Consolidated Statements of Comprehensive Income

(Unit: million yen)

	3Q FY2016 (Apr 1, 2016 - Dec 31, 2016)	3Q FY2017 (Apr 1, 2017 - Dec 31, 2017)
Net income	8,582	11,380
Other comprehensive income		
Unrealized gains (losses) on securities	5,342	6,367
Deferred gains (losses) on hedges	256	67
Foreign currency translation adjustments	(3,716)	486
Remeasurements of defined benefit plans, net of tax	12	(11)
Share of other comprehensive income of associates accounted for using equity method	(135)	113
Total other comprehensive income	1,759	7,023
Comprehensive income	10,342	18,404
Comprehensive income attributable to:		
Owners of the parent	9,881	17,700
Non-controlling interests	461	704

Additional Information

Results for 3Q FY2017

Consolidated

(1) Consolidated Statements of Income

(Unit: billion yen)

	3Q FY2017 Apr-Dec 2017	3Q FY2016 Apr-Dec 2016	Change		FY2017 (Forecast)
				Rate	
Net sales	480.1	411.8	68.2	16.6 %	665.0
Gross profit	120.5	112.9	7.5	6.7 %	—
Operating income	16.0	11.6	4.3	37.5 %	26.5
Ordinary income	17.8	13.0	4.8	37.1 %	28.5
Profit attributable to owners of parent	10.7	7.9	2.8	35.9 %	17.0

* Figures for fiscal year ending March 31, 2018 (forecast) were announced on February 7, 2018.

(2) Segment Information

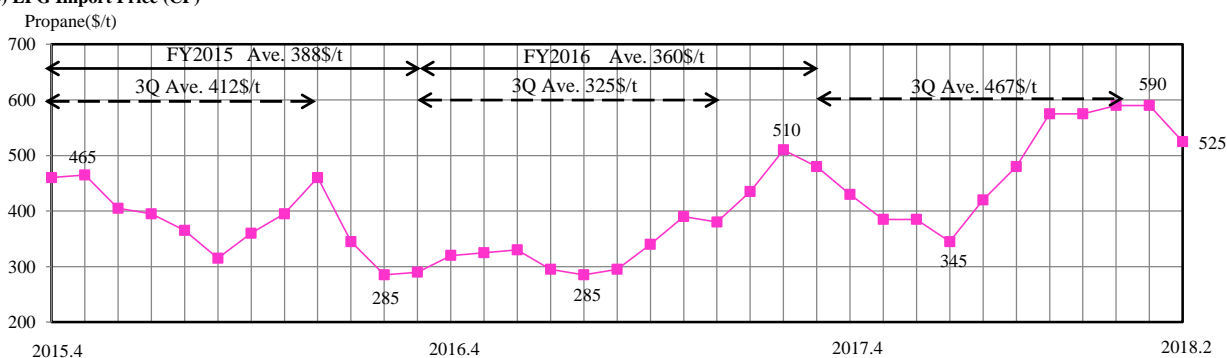
(Unit: billion yen)

	3Q FY2017 Apr-Dec 2017	3Q FY2016 Apr-Dec 2016	Change		
				Rate	
Energy	Net sales (Sales to outside customers)	221.6	183.3	38.2	20.8 %
	Operating income	6.4	5.9	0.5	9.1 %
Industrial Gases & Machinery	Net sales (Sales to outside customers)	133.2	118.6	14.6	12.3 %
	Operating income	7.1	4.5	2.6	58.1 %
Materials	Net sales (Sales to outside customers)	96.1	84.7	11.4	13.5 %
	Operating income	3.1	2.0	1.0	49.6 %
Agri-Bio & Foods	Net sales (Sales to outside customers)	23.0	19.5	3.4	17.9 %
	Operating income	1.0	0.9	0.1	18.9 %
Others, Adjustments	Net sales (Sales to outside customers)	6.0	5.5	0.4	8.9 %
	Operating income	(1.7)	(1.7)	0.0	—

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

	Sales volume (thousand tons)				Net sales (billion yen)			
	3Q FY2017 Apr-Dec 2017	3Q FY2016 Apr-Dec 2016	Change	Rate	3Q FY2017 Apr-Dec 2017	3Q FY2016 Apr-Dec 2016	Change	Rate
Domestic residential use	1,026	969	57	5.9 %	100.6	85.7	14.9	17.4 %
Domestic industrial use	225	199	26	13.0 %	16.7	11.4	5.2	46.1 %
Overseas	606	501	105	21.1 %	32.1	18.2	13.8	75.7 %
LPG total	1,859	1,670	188	11.3 %	149.5	115.5	34.0	29.5 %
Various Industrial gases	—	—	—	—	70.3	67.6	2.6	4.0 %

(4) LPG Import Price (CP)



(5) Financial Position (Unit: billion yen)

	3Q FY2017 end	FY2016 end	Change
Total assets	459.9	434.6	25.2
Equity capital	150.0	134.4	15.6
Interest-bearing debt, gross*	144.1	135.2	8.8
Interest-bearing debt, net*	125.3	113.6	11.7
Equity capital ratio	32.6%	30.9%	1.7pt
Ratio of interest-bearing debt to total assets	31.3%	31.1%	0.2pt
Debt-to-equity ratio, gross	0.96	1.00	(0.04pt)
Debt-to-equity ratio, net	0.83	0.84	(0.01pt)

* Interest-bearing debt include lease liabilities in the amount of ¥5.1 billion.

(6) Capital Expenditure (Unit: billion yen)

	3Q FY2017	FY2017 (Plan)
Energy	5.2	6.8
Industrial Gases & Machinery	7.6	16.0
Materials	2.0	3.0
Agri-bio & Foods	0.3	0.2
Others, Adjustments	3.8	5.0
Capital expenditure	19.1	31.0
Depreciation expense	11.5	16.9

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

(7) Non-consolidated**Non-consolidated Statements of Income (Unit: billion yen)**

	3Q FY2017 Apr-Dec 2017	FY2016 Apr-Dec 2016	Change	Rate
Net sales	345.3	282.6	62.7	22.2 %
Operating income	7.2	3.2	4.0	124.8 %
Ordinary income	11.0	6.1	4.8	79.0 %
Net income	8.0	4.4	3.5	78.1 %

Financial Position (Unit: billion yen)

	3Q FY2017 end	FY2016 end	Change
Total assets	328.5	315.1	13.3
Equity capital	103.2	91.1	12.0
Equity capital ratio	31.4%	28.9%	2.5pt