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Consolidated Financial Results for the Three Months Ended June 30, 2019 [Japanese GAAP]

August 08, 2019

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo, Nagoya

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: August 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 Three Months Ended June 30, 2019 (April 01, 2019 to June 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	%
Three months ended June 30, 2019	164,749	1.1	5,447	26.0	6,364	21.3	3,954	14.2
June 30, 2018	162,886	12.8	4,323	26.5	5,247	20.2	3,462	40.4

(Note) Comprehensive income: Three months ended June 30, 2019: ¥ 4,578 million [29.4%]
Three months ended June 30, 2018: ¥ 3,538 million [(12.6)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2019	80.37	68.83
June 30, 2018	70.37	60.30

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2019	451,932	175,016	36.8
March 31, 2019	457,603	173,986	36.1

(Reference) Equity: As of June 30, 2019: ¥ 166,497 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 1st 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
Six months ended September 30, 2019	340,500	1.9	10,200	(1.4)	11,500	(2.1)	7,100	(4.6)	144.31
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 three months ended June 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):

June 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:

June 30, 2019: 1,073,223 shares

March 31, 2019: 1,071,902 shares

3) Average number of shares during the period:

Three months ended June 30, 2019: 49,200,585 shares

Three months ended June 30, 2018: 49,206,307 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2019	As of June 30,2019
Assets		
Current assets		
Cash and deposits	19,947	22,091
Notes and accounts receivable - trade	122,179	111,692
Merchandise and finished goods	33,222	32,944
Work in process	3,376	4,799
Raw materials and supplies	4,421	4,679
Other	14,957	14,167
Allowance for doubtful accounts	(269)	(258)
Total current assets	197,835	190,115
Non-current assets		
Property, plant and equipment		
Land	62,251	62,404
Other, net	102,190	103,312
Total property, plant and equipment	164,441	165,717
Intangible assets		
Goodwill	14,135	14,257
Other	3,596	3,469
Total intangible assets	17,732	17,727
Investments and other assets		
Investment securities	63,544	64,597
Other	14,637	14,372
Allowance for doubtful accounts	(588)	(597)
Total investments and other assets	77,593	78,372
Total non-current assets	259,768	261,816
Total assets	457,603	451,932

(Million yen)

	As of March 31,2019	As of June 30,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	72,512	62,508
Electronically recorded obligations - operating	25,873	23,895
Short-term borrowings	23,064	33,445
Income taxes payable	5,436	1,667
Provision for bonuses	5,039	3,308
Other	40,795	39,449
Total current liabilities	172,722	164,274
Non-current liabilities		
Bonds payable	35,046	35,039
Long-term borrowings	52,632	54,543
Provision for retirement benefits for directors (and other officers)	1,639	1,405
Provision for loss on litigation	157	157
Retirement benefit liability	5,770	5,526
Other	15,648	15,969
Total non-current liabilities	110,894	112,641
Total liabilities	283,617	276,916
Net assets		
Shareholders' equity		
Share capital	20,096	20,096
Capital surplus	16,680	16,680
Retained earnings	112,968	113,721
Treasury shares	(1,521)	(1,524)
Total shareholders' equity	148,223	148,974
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,283	16,139
Deferred gains or losses on hedges	661	510
Foreign currency translation adjustment	(22)	580
Remeasurements of defined benefit plans	263	293
Total accumulated other comprehensive income	17,186	17,523
Non-controlling interests	8,577	8,518
Total net assets	173,986	175,016
Total liabilities and net assets	457,603	451,932

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

(Million yen)

	For the three months ended June 30,2018	For the three months ended June 30,2019
Net sales	162,886	164,749
Cost of sales	123,255	123,214
Gross profit	39,630	41,535
Selling, general and administrative expenses		
Transportation costs	5,981	6,052
Provision of allowance for doubtful accounts	(24)	(0)
Salaries, allowances and bonuses	8,388	8,696
Provision for bonuses	2,374	2,442
Retirement benefit expenses	426	427
Provision for retirement benefits for directors (and other officers)	74	56
Other	18,086	18,412
Total selling, general and administrative expenses	35,307	36,088
Operating profit	4,323	5,447
Non-operating income		
Interest income	68	82
Dividend income	585	616
Foreign exchange gains	82	39
Share of profit of entities accounted for using equity method	115	79
Other	604	567
Total non-operating income	1,455	1,385
Non-operating expenses		
Interest expenses	239	215
Sales discounts	116	97
Other	175	155
Total non-operating expenses	531	468
Ordinary profit	5,247	6,364
Extraordinary income		
Gain on sales of non-current assets	22	48
Gain on sales of investment securities	-	7
Subsidy income	8	-
Total extraordinary income	31	56
Extraordinary losses		
Loss on sales of non-current assets	8	5
Loss on retirement of non-current assets	47	52
Loss on valuation of investment securities	-	60
Loss on valuation of investments in capital	0	-
Retirement benefits for directors (and other officers)	1	-
Loss on tax purpose reduction entry of non-current assets	3	-
Total extraordinary losses	60	119
Profit before income taxes	5,218	6,301
Income taxes	1,519	2,095
Profit	3,698	4,206
Profit attributable to non-controlling interests	236	251
Profit attributable to owners of parent	3,462	3,954

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

(Million yen)

	For the three months ended June 30,2018	For the three months ended June 30,2019
Profit	3,698	4,206
Other comprehensive income		
Valuation difference on available-for-sale securities	321	(172)
Deferred gains or losses on hedges	326	(149)
Foreign currency translation adjustment	(841)	606
Remeasurements of defined benefit plans, net of tax	64	23
Share of other comprehensive income of entities accounted for using equity method	(31)	64
Total other comprehensive income	(160)	372
Comprehensive income	3,538	4,578
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,327	4,291
Comprehensive income attributable to non-controlling interests	210	287

(1) Consolidated Statements of Income

(Unit: 100 million yen)

	1Q FY2018 Apr-Jun 2018	1Q FY2019 Apr-Jun 2019	Change	Rate	FY2019 (Forecast)
Net sales	1,628	1,647	18	1.1%	7,473
Gross profit	396	415	19	4.8%	—
Operating profit	43	54	11	26.0%	305
Ordinary profit	52	63	11	21.3%	330
Profit attributable to owners of parent	34	39	4	14.2%	205

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

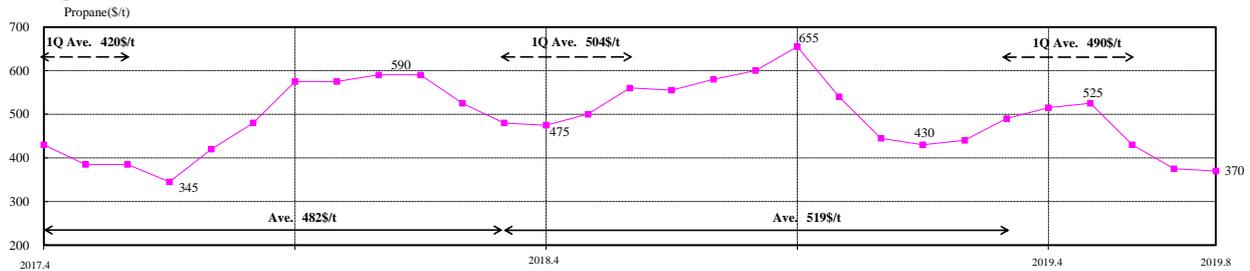
(2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)

	1Q FY2018 Apr-Jun 2018	1Q FY2019 Apr-Jun 2019	Change	Rate	FY2019 (Forecast)
Ordinary profit	52	63	11	21.3%	330
Impact of LPG import price fluctuation	(5)	1	7	—	—
Ordinary profit except for impact of LPG import price fluctuation	58	61	3	5.5%	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)



(4) Segment Information

(Unit: 100 million yen)

		1Q FY2018 Apr-Jun 2018	1Q FY2019 Apr-Jun 2019	Change	Rate
Energy	Net sales (Sales to outside customers)	750	745	(5)	(0.7%)
	Operating profit	13	26	13	97.3%
Industrial Gases & Machinery	Net sales (Sales to outside customers)	432	454	21	5.0%
	Operating profit	20	22	1	6.5%
Materials	Net sales (Sales to outside customers)	370	371	0	0.1%
	Operating profit	10	10	(0)	(2.8%)
Agri-Bio & Foods	Net sales (Sales to outside customers)	63	66	3	5.5%
	Operating profit	1	2	1	65.4%
Others, Adjustments	Net sales (Sales to outside customers)	11	9	(1)	(16.1%)
	Operating profit	(2)	(7)	(4)	—

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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	1Q FY2018 Apr-Jun 2018	1Q FY2019 Apr-Jun 2019	Change	Rate	1Q FY2018 Apr-Jun 2018	1Q FY2019 Apr-Jun 2019	Change	Rate
Domestic residential use	350	345	(4)	(1.4%)	357	360	2	0.8%
Domestic industrial use	75	76	0	0.9%	58	58	(0)	(0.0%)
LPG sub total (except for overseas)	425	421	(4)	(1.0%)	416	419	2	0.7%
LPG total	622	595	(26)	(4.3%)	526	510	(16)	(3.1%)
Various Industrial gases	—	—	—	—	250	249	(0)	(0.2%)

(6) Financial Position

(Unit: 100 million yen)

	FY2018 end	1Q FY2019 end	Change
Total assets	4,576	4,519	(56)
Equity capital	1,654	1,664	10
Interest-bearing debt, gross	1,263	1,378	114
Interest-bearing debt, net	1,064	1,157	93
Equity capital ratio	36.1%	36.8%	0.7pt
Ratio of interest-bearing debt to total assets	27.6%	30.5%	2.88pt
Debt-to-equity ratio, gross	0.76	0.82	0.06pt
Debt-to-equity ratio, net	0.64	0.69	0.05pt

* Interest-bearing debt include lease liabilities in the amount of ¥3.9 billion.

(7) Capital Expenditure

(Unit: 100 million yen)

	1Q FY2019 end	FY2019 (Forecast)
Energy	39	120
Industrial Gases & Machinery	39	200
Materials	3	82
Agri-Bio & Foods	0	2
Others, Adjustments	3	26
Capital expenditure	85	430
Depreciation expense	42	190

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

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

(Unit: 100 million yen)

	1Q FY2018 Apr-Jun 2018	1Q FY2019 Apr-Jun 2019	Change	Rate
Net sales	1,152	1,131	(21)	(1.8%)
Operating income	5	8	2	49.3%
Ordinary income	39	51	12	31.6%
Net income	35	46	10	30.4%

Financial Position

(Unit: 100 million yen)

	FY2018 end	1Q FY2019 end	Change
Total assets	3,230	3,178	(52)
Equity capital	1,100	1,110	10
Equity capital ratio	34.1%	34.9%	0.89pt