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Consolidated Financial Results for the Three Months Ended June 30, 2020 [Japanese GAAP]

August 07, 2020

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo

Code number: 8088

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

Representative: Hiroshi Majima

President

Contact: Tetsuo Matsuo

General Manager Accounting Dept.

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Scheduled date of filing quarterly securities report: August 12, 2020

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, 2020 (April 01, 2020 to June 30, 2020)

(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, 2020	138,953	(15.7)	2,940	(46.0)	4,101	(35.5)	2,899	(26.7)
June 30, 2019	164,749	1.1	5,447	26.0	6,364	21.3	3,954	14.2

(Note) Comprehensive income: Three months ended June 30, 2020: ¥ 3,690 million [(19.4)%]
Three months ended June 30, 2019: ¥ 4,578 million [29.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2020	58.91	50.33
June 30, 2019	80.37	68.83

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2020	472,220	189,991	38.4
March 31, 2020	469,715	191,152	38.8

(Reference) Equity: As of June 30, 2020: ¥ 181,167 million
As of March 31, 2020: ¥ 182,266 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, 2020	-	-	-	95.00	95.00
Fiscal year ending March 31, 2021	-				
Fiscal year ending March 31, 2021 (Forecast)		-	-	75.00	75.00

(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, 2021 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021(April 01, 2020 to March 31, 2021)

(% 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	677,500	(1.4)	24,700	(14.0)	27,600	(14.5)	17,300	(17.6)	351.54

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2020

(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, 2020: 50,273,005 shares

March 31, 2020: 50,273,005 shares

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

June 30, 2020: 1,060,861 shares

March 31, 2020: 1,060,379 shares

3) Average number of shares during the period:

Three months ended June 30, 2020: 49,212,381 shares

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

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of June 30,2020
Assets		
Current assets		
Cash and deposits	25,525	47,765
Notes and accounts receivable - trade	107,041	84,124
Electronically recorded monetary claims - operating	13,467	13,930
Merchandise and finished goods	33,695	31,404
Work in process	3,737	4,423
Raw materials and supplies	4,800	4,941
Other	15,705	14,994
Allowance for doubtful accounts	(200)	(184)
Total current assets	203,772	201,399
Non-current assets		
Property, plant and equipment		
Land	65,331	65,700
Other, net	106,462	106,578
Total property, plant and equipment	171,793	172,279
Intangible assets		
Goodwill	12,904	13,850
Other	3,863	3,431
Total intangible assets	16,767	17,281
Investments and other assets		
Investment securities	63,769	67,847
Other	14,187	13,980
Allowance for doubtful accounts	(575)	(568)
Total investments and other assets	77,381	81,259
Total non-current assets	265,942	270,820
Total assets	469,715	472,220

(Million yen)

	As of March 31,2020	As of June 30,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	67,844	52,011
Electronically recorded obligations - operating	25,068	24,497
Short-term borrowings	19,434	44,306
Current portion of bonds payable	35,016	35,009
Income taxes payable	6,650	1,440
Provision for bonuses	5,152	3,395
Other	31,965	32,270
Total current liabilities	191,131	192,930
Non-current liabilities		
Long-term borrowings	64,743	65,479
Provision for retirement benefits for directors (and other officers)	1,493	1,287
Provision for loss on litigation	163	163
Retirement benefit liability	5,615	5,518
Other	15,417	16,849
Total non-current liabilities	87,432	89,298
Total liabilities	278,563	282,228
Net assets		
Shareholders' equity		
Share capital	20,096	20,096
Capital surplus	16,728	16,728
Retained earnings	130,762	128,981
Treasury shares	(1,515)	(1,517)
Total shareholders' equity	166,071	164,288
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,119	17,932
Deferred gains or losses on hedges	1,608	1,248
Foreign currency translation adjustment	558	(2,230)
Remeasurements of defined benefit plans	(91)	(71)
Total accumulated other comprehensive income	16,194	16,879
Non-controlling interests	8,885	8,823
Total net assets	191,152	189,991
Total liabilities and net assets	469,715	472,220

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 30,2019	For the three months ended June 30,2020
Net sales	164,749	138,953
Cost of sales	123,214	100,390
Gross profit	41,535	38,562
Selling, general and administrative expenses		
Transportation costs	6,052	5,973
Provision of allowance for doubtful accounts	(0)	(22)
Salaries, allowances and bonuses	8,696	8,656
Provision for bonuses	2,442	2,533
Retirement benefit expenses	427	502
Provision for retirement benefits for directors (and other officers)	56	63
Other	18,412	17,914
Total selling, general and administrative expenses	36,088	35,622
Operating profit	5,447	2,940
Non-operating income		
Interest income	82	85
Dividend income	616	528
Foreign exchange gains	39	15
Share of profit of entities accounted for using equity method	79	144
Other	567	820
Total non-operating income	1,385	1,594
Non-operating expenses		
Interest expenses	215	230
Sales discounts	97	92
Other	155	110
Total non-operating expenses	468	433
Ordinary profit	6,364	4,101
Extraordinary income		
Gain on sales of non-current assets	48	41
Gain on sales of investment securities	7	137
Subsidy income	-	60
Total extraordinary income	56	239
Extraordinary losses		
Loss on sales of non-current assets	5	0
Loss on retirement of non-current assets	52	43
Loss on valuation of investment securities	60	-
Loss on tax purpose reduction entry of non-current assets	-	60
Total extraordinary losses	119	105
Profit before income taxes	6,301	4,236
Income taxes	2,095	1,192
Profit	4,206	3,043
Profit attributable to non-controlling interests	251	144
Profit attributable to owners of parent	3,954	2,899

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

(Million yen)

	For the three months ended June 30,2019	For the three months ended June 30,2020
Profit	4,206	3,043
Other comprehensive income		
Valuation difference on available-for-sale securities	(172)	3,792
Deferred gains or losses on hedges	(149)	(360)
Foreign currency translation adjustment	606	(2,810)
Remeasurements of defined benefit plans, net of tax	23	19
Share of other comprehensive income of entities accounted for using equity method	64	6
Total other comprehensive income	372	647
Comprehensive income	4,578	3,690
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,291	3,583
Comprehensive income attributable to non-controlling interests	287	107

(1) Consolidated Statements of Income

(Unit: 100 million yen)

	1Q FY2019 Apr-Jun 2019	1Q FY2020 Apr-Jun 2020	Change	Rate	FY2020 (Forecast)
Net sales	1,647	1,389	(257)	(15.7%)	6,775
Gross profit	415	385	(29)	(7.2%)	—
Operating profit	54	29	(25)	(46.0%)	247
Ordinary profit	63	41	(22)	(35.5%)	276
Profit attributable to owners of parent	39	28	(10)	(26.7%)	173

* Figures for fiscal year ending March 31, 2021 (forecast) were announced on May 14, 2020.

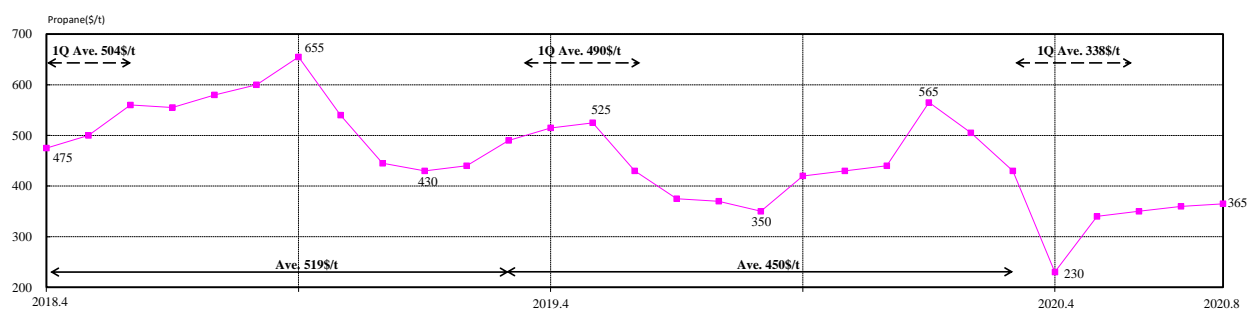
(2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)

	1Q FY2019 Apr-Jun 2019	1Q FY2020 Apr-Jun 2020	Change	Rate	FY2020 (Forecast)
Ordinary profit	63	41	(22)	(35.5%)	276
Impact of LPG import price fluctuation	1	(23)	(25)	—	—
Ordinary profit except for impact of LPG import price fluctuation	61	64	3	5.0%	276

* 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 FY2019 Apr-Jun 2019	1Q FY2020 Apr-Jun 2020	Change	Rate
Energy	Net sales (Sales to outside customers)	745	611	(133)	(18.0%)
	Operating profit	26	6	(20)	(74.7%)
Industrial Gases & Machinery	Net sales (Sales to outside customers)	454	387	(66)	(14.6%)
	Operating profit	22	16	(5)	(27.0%)
Materials	Net sales (Sales to outside customers)	371	325	(45)	(12.4%)
	Operating profit	10	11	0	9.9%
Agri-Bio & Foods	Net sales (Sales to outside customers)	66	55	(11)	(17.4%)
	Operating profit	2	0	(2)	(86.4%)
Others, Adjustments	Net sales (Sales to outside customers)	9	9	(0)	(2.5%)
	Operating profit	(7)	(4)	2	—

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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	1Q FY2019 Apr-Jun 2019	1Q FY2020 Apr-Jun 2020	Change	Rate	1Q FY2019 Apr-Jun 2019	1Q FY2020 Apr-Jun 2020	Change	Rate
Domestic residential use	345	326	(18)	(5.3%)	360	303	(57)	(15.9%)
Domestic industrial use	76	67	(9)	(12.3%)	58	39	(19)	(33.4%)
LPG sub total (except for overseas)	421	393	(27)	(6.6%)	419	342	(76)	(18.3%)
LPG total	595	515	(79)	(13.4%)	510	379	(130)	(25.5%)
Various Industrial gases	—	—	—	—	249	234	(15)	(6.0%)

(6) Financial Position

(Unit: 100 million yen)

	FY2019 end	1Q FY2020 end	Change
Total assets	4,697	4,722	25
Equity capital	1,822	1,811	(10)
Interest-bearing debt, gross	1,265	1,521	255
Interest-bearing debt, net	1,010	1,043	32
Equity capital ratio	38.8%	38.4%	(0.4pt)
Ratio of interest-bearing debt to total assets	26.9%	32.2%	5.3pt
Debt-to-equity ratio, gross	0.69	0.83	0.14pt
Debt-to-equity ratio, net	0.55	0.57	0.02pt

* Interest-bearing debt include lease liabilities in the amount of ¥3.4 billion.

(7) Capital Expenditure

(Unit: 100 million yen)

	1Q FY2020 Apr-Jun 2020	FY2020 (Forecast)
Energy	24	116
Industrial Gases & Machinery	23	232
Materials	12	46
Agri-Bio & Foods	0	4
Others, Adjustments	10	42
Capital expenditure	72	440
Depreciation expense	45	195

* 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 FY2019 Apr-Jun 2019	1Q FY2020 Apr-Jun 2020	Change	Rate
Net sales	1,131	939	(191)	(16.9%)
Operating profit	8	(13)	(21)	—
Ordinary profit	51	34	(17)	(33.1%)
Profit	46	36	(9)	(20.2%)

Financial Position

(Unit: 100 million yen)

	FY2019 end	1Q FY2020 end	Change
Total assets	3,312	3,410	97
Equity capital	1,182	1,210	27
Equity capital ratio	35.7%	35.5%	(0.2pt)