



FY 2013 1st Half Financial Results

(Six Months Ended September 30, 2013)

November 20, 2013

Iwatani Corporation

Forward-looking statements in this document are based on management expectations and are not commitments or guarantees. Consequently, users of this document are requested to fully understand that results may vary from expectations.

- **FY 2013 1st Half Overview**
- **FY 2013 Forecasts**
- **Medium-Term Management Vision (PLAN15)**

FY 2013 1st Half Overview

Six-Month Overview (Apr.1, 2013 ~ Sep.30, 2013)

Iwatani

(Unit: Million Yen)

	(A) FY12 1H Results	(B) FY13 1H Results	(C) Comparison (B)-(A)	Comparison (C)/(A) (%)	(D) FY13 1H Assumptions	(E) Comparison (B)-(D)	Comparison (E)/(D) (%)
Net Sales	304,036	308,496	+4,459	+1.5	308,200	+296	+0.1
Gross Profit	64,045	64,729	+684	+1.1	—	—	—
Operating Income	3,126	3,032	(94)	(3.0)	3,400	(367)	(10.8)
Ordinary Income	3,081	3,483	+402	+13.1	3,200	+283	+8.8
Net Income	305	1,774	+1,468	+480.6	500	+1,274	+254.8

	(A) FY12 1H Results	(B) FY13 1H Results	Comparison (B)-(A)
Capital Expenditure*	8,750	7,698	(1,052)
Depreciation Expense*	6,039	6,430	+391

*Figures for capital expenditure and depreciation expense cover only property, plant and equipment .

Analysis of Net Sales (Segmental Analysis)

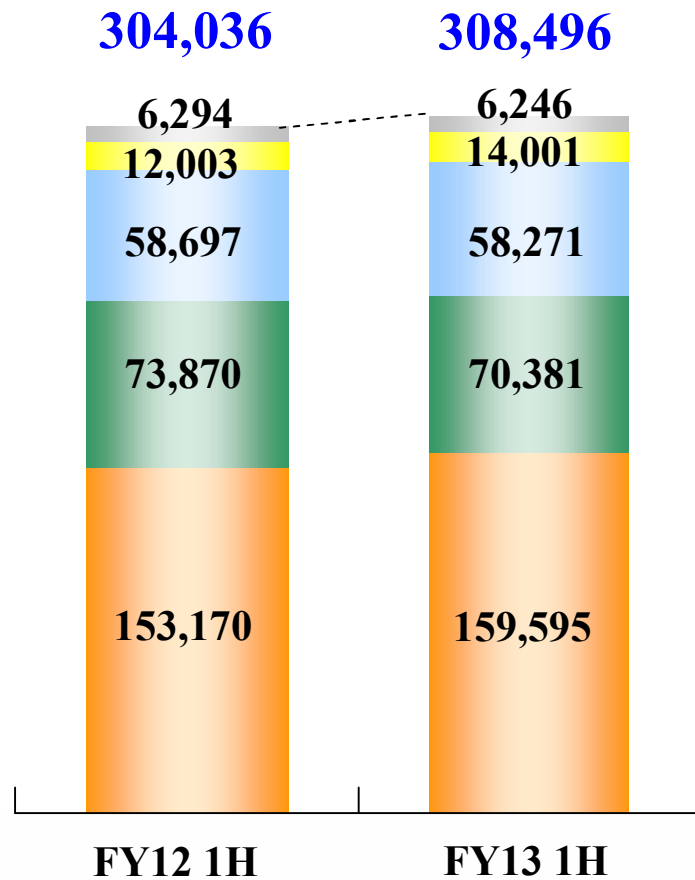
Iwatani

FY12 1H ~ FY13 1H Comparison

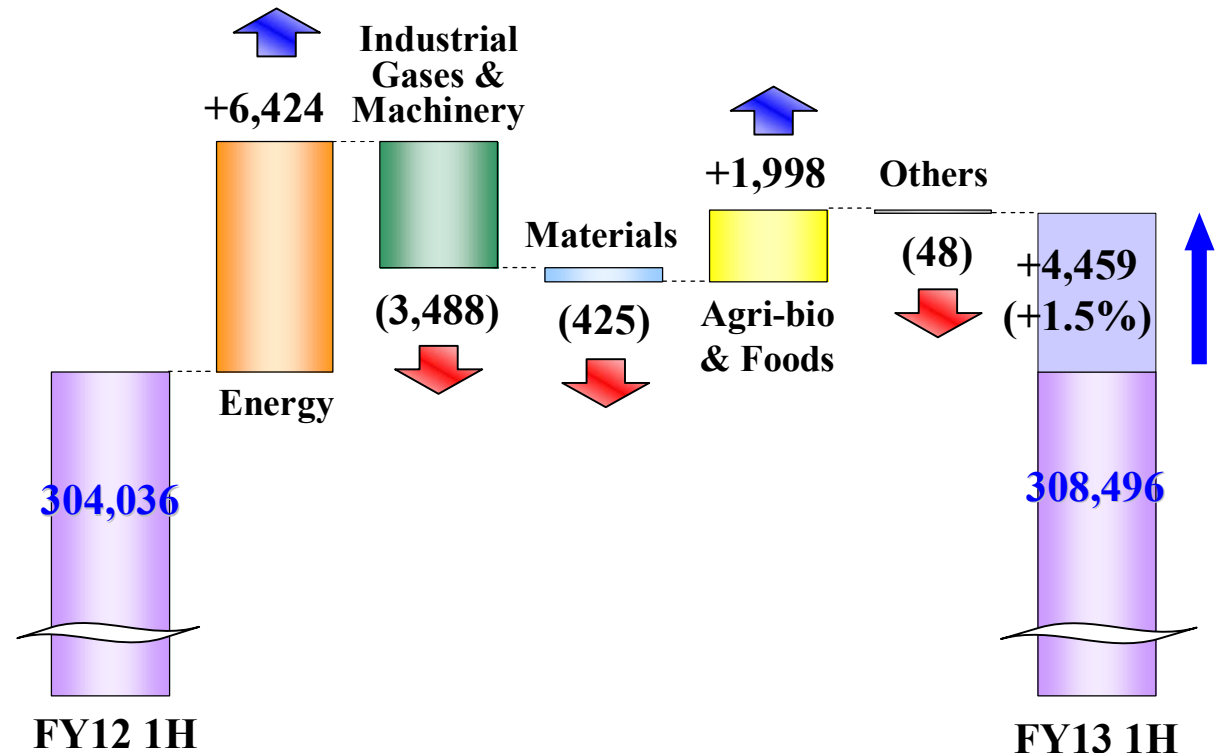
(Unit: Million Yen)

Net Sales

- Energy
- Industrial Gases & Machinery
- Materials
- Agri-bio & Foods
- Others



Changes in Net Sales



Analysis of Operating Income (Segmental Analysis)

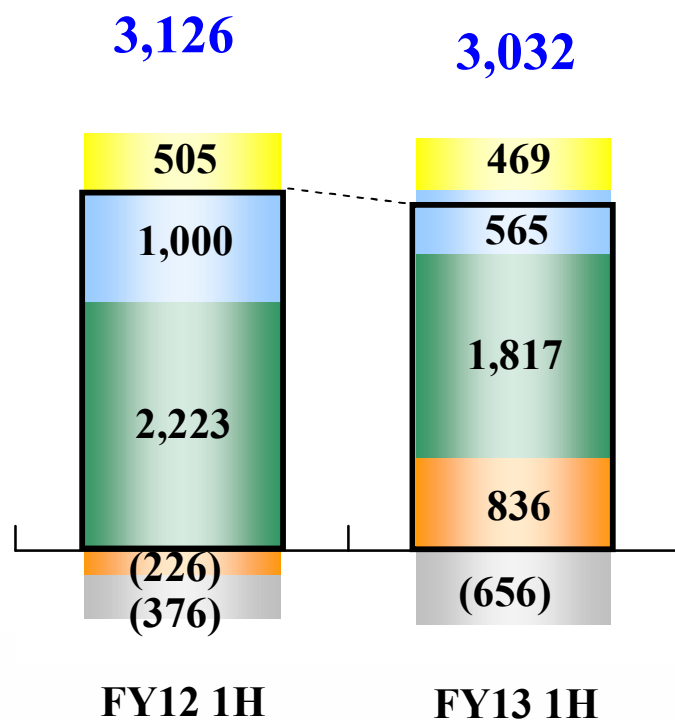
Iwatani

FY12 1H ~ FY13 1H Comparison

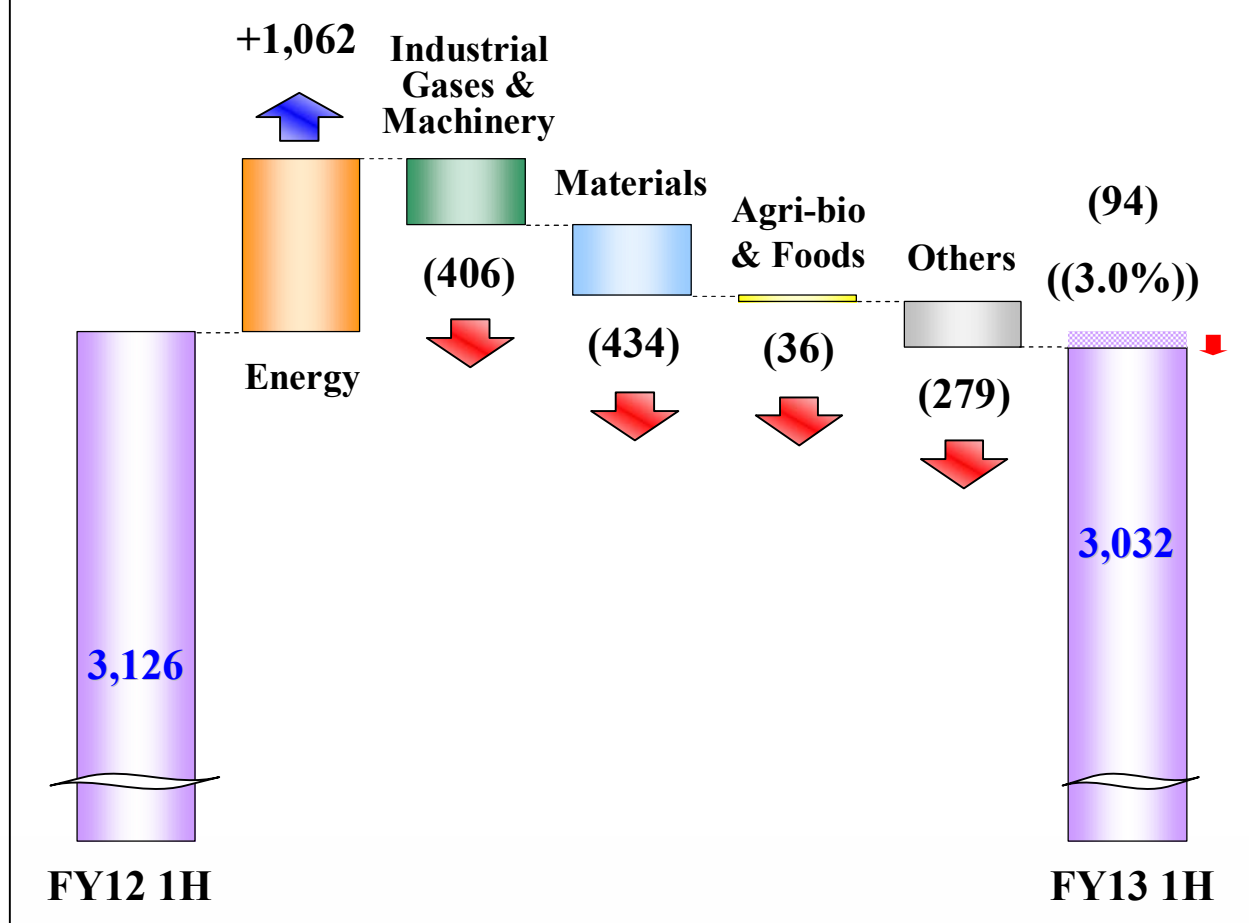
(Unit: Million Yen)

Operating Income

- Energy
- Industrial Gases & Machinery
- Materials
- Agri-bio & Foods
- Others, Adjustments



Changes in Operating Income

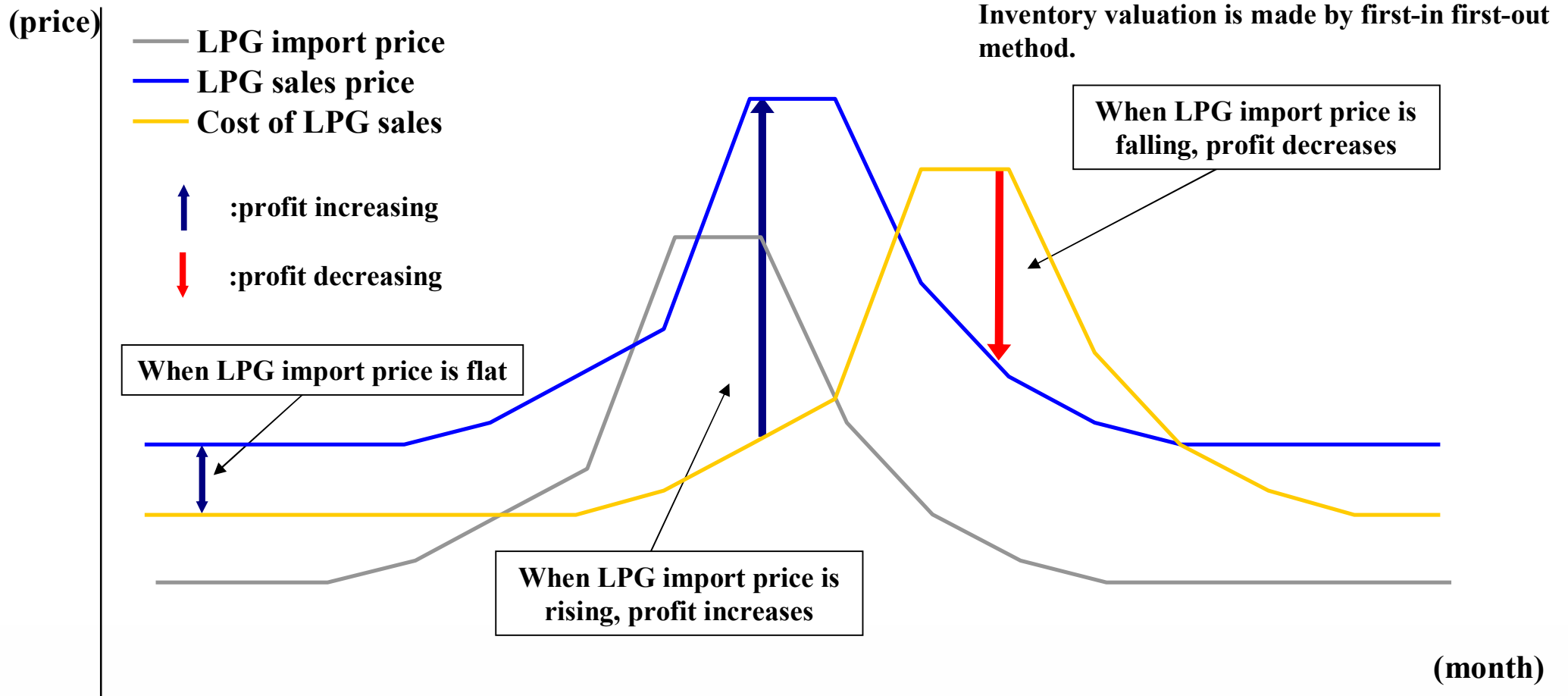


The Impact of LPG Import Price Fluctuation (for image)

LPG wholesale pricing system

Sales price : linked to the average of LPG import price of previous and current month

Cost of sales : linked to LPG import price of 2~3 months before

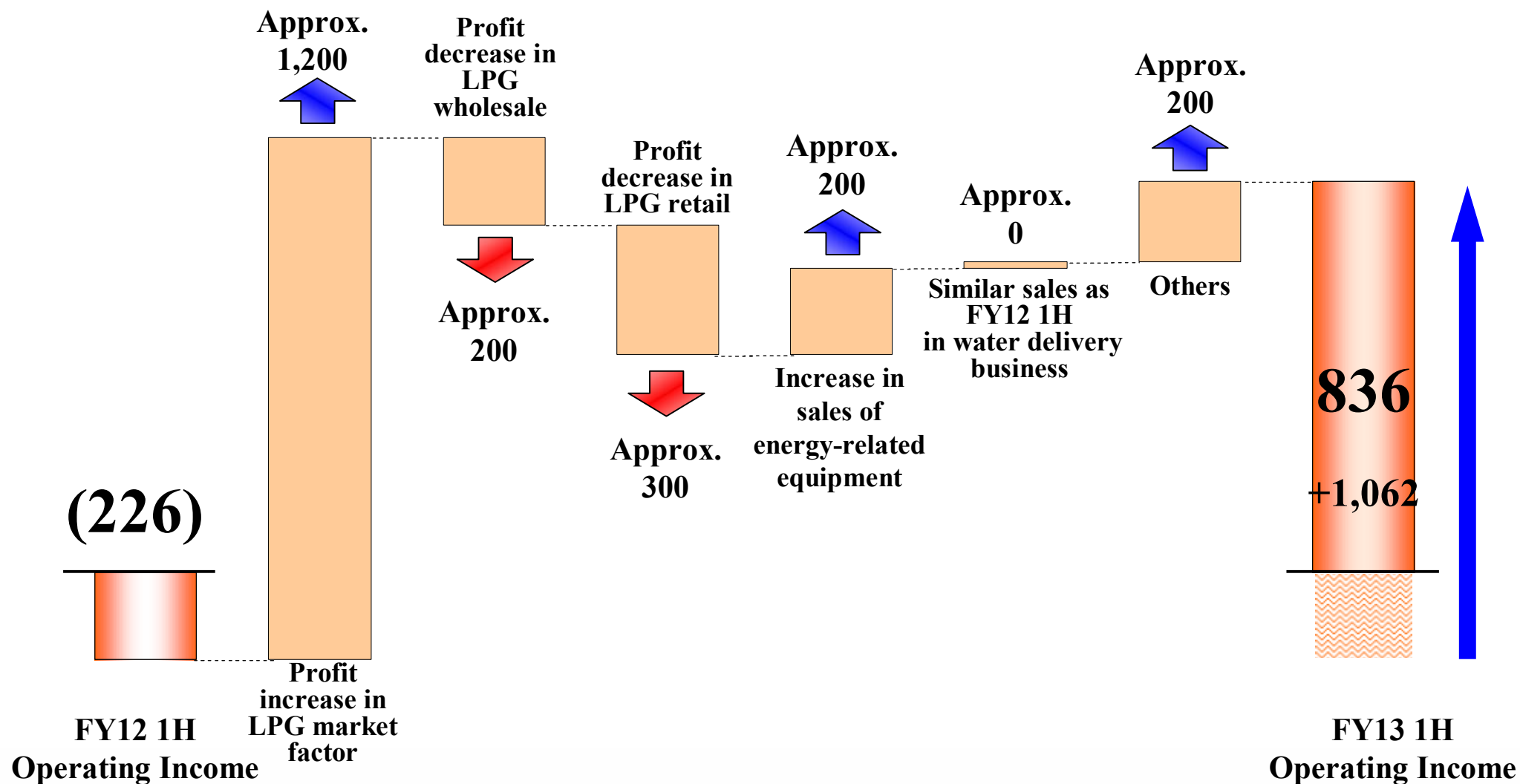


Operating Income - Energy

Iwatani

FY12 1H ~ FY13 1H Comparison

(Unit: Million Yen)

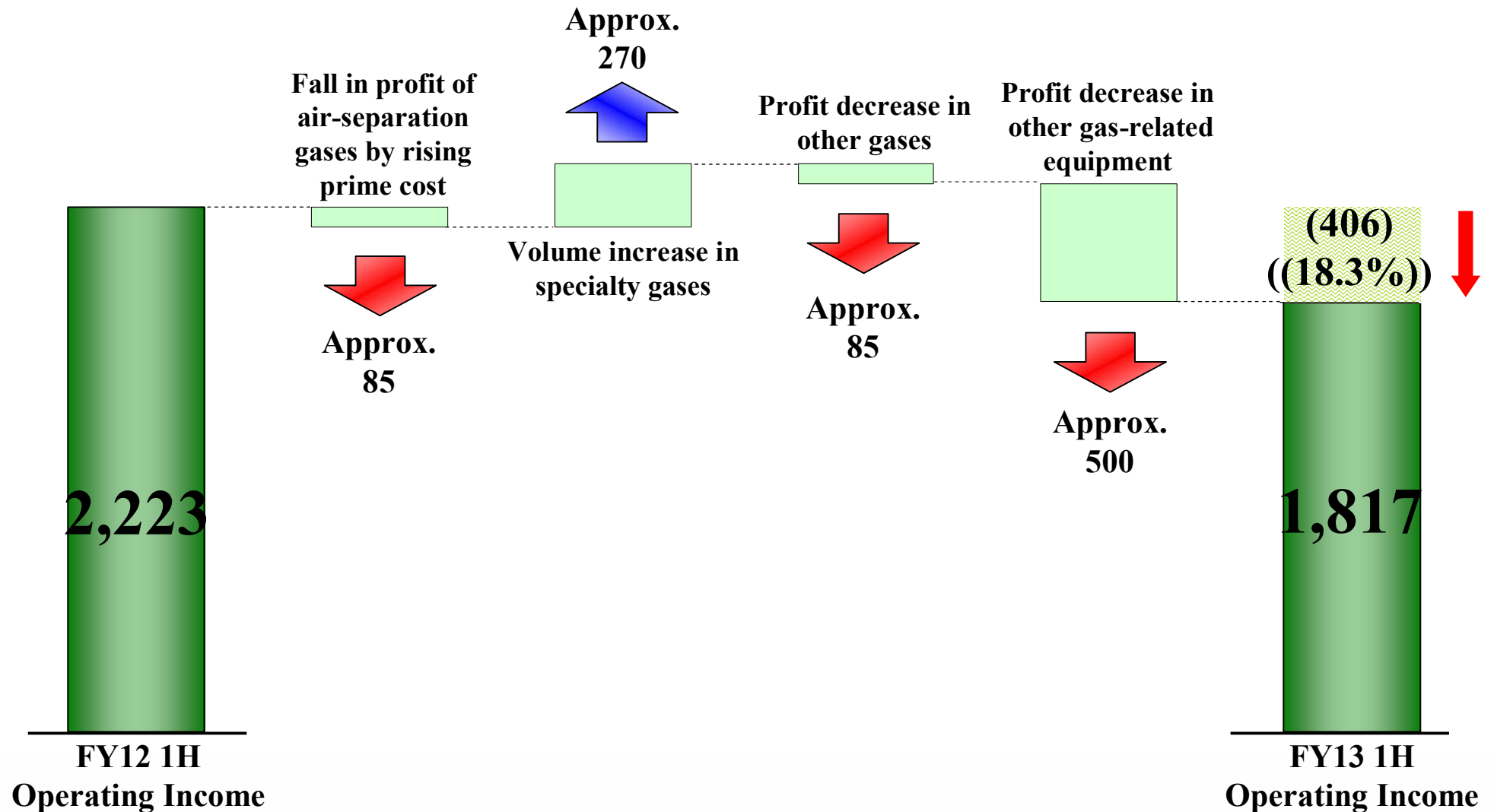


Operating Income - Industrial Gases & Machinery

Iwatani

FY12 1H ~ FY13 1H Comparison

(Unit: Million Yen)

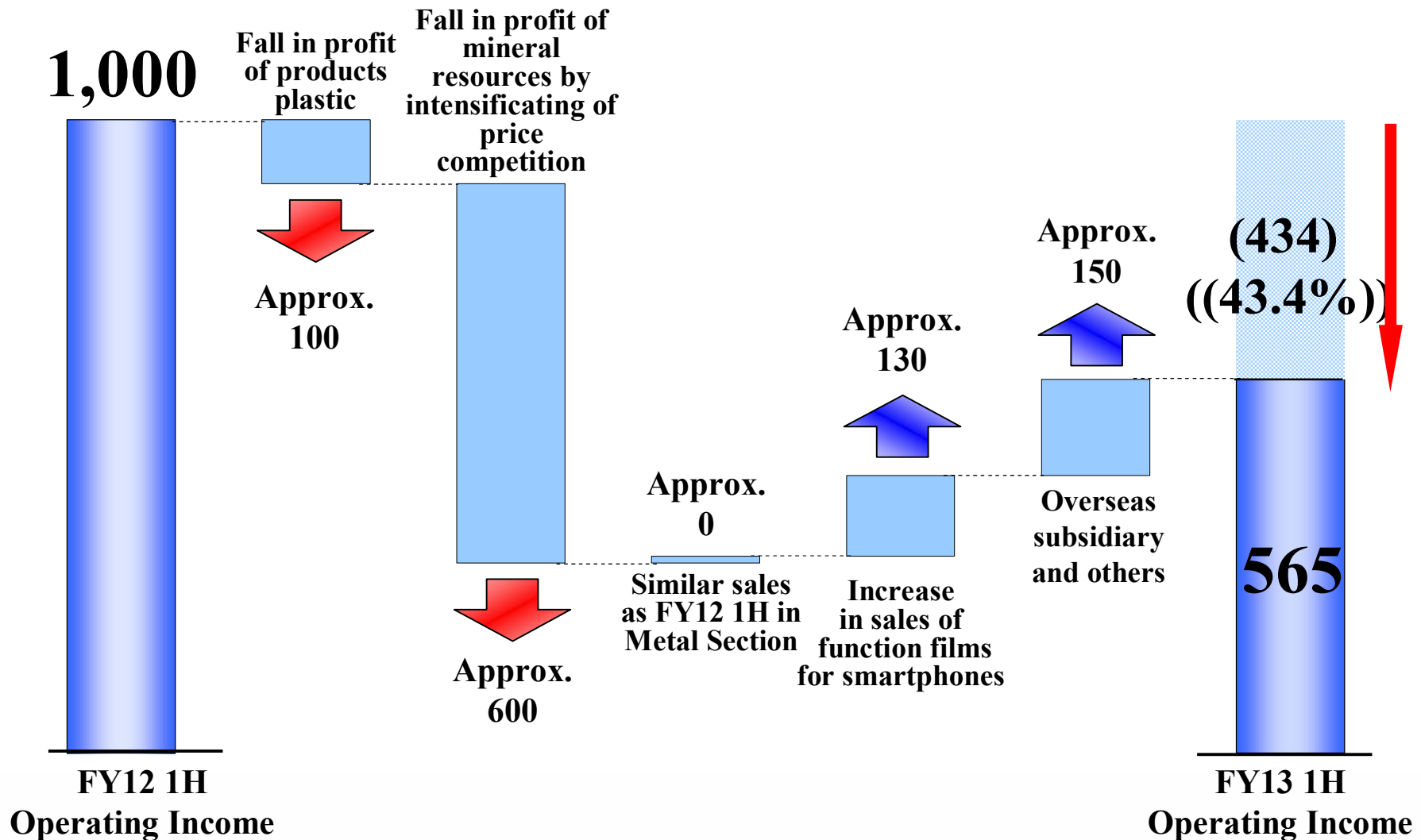


Operating Income - Materials

Iwatani

FY12 1H ~ FY13 1H Comparison

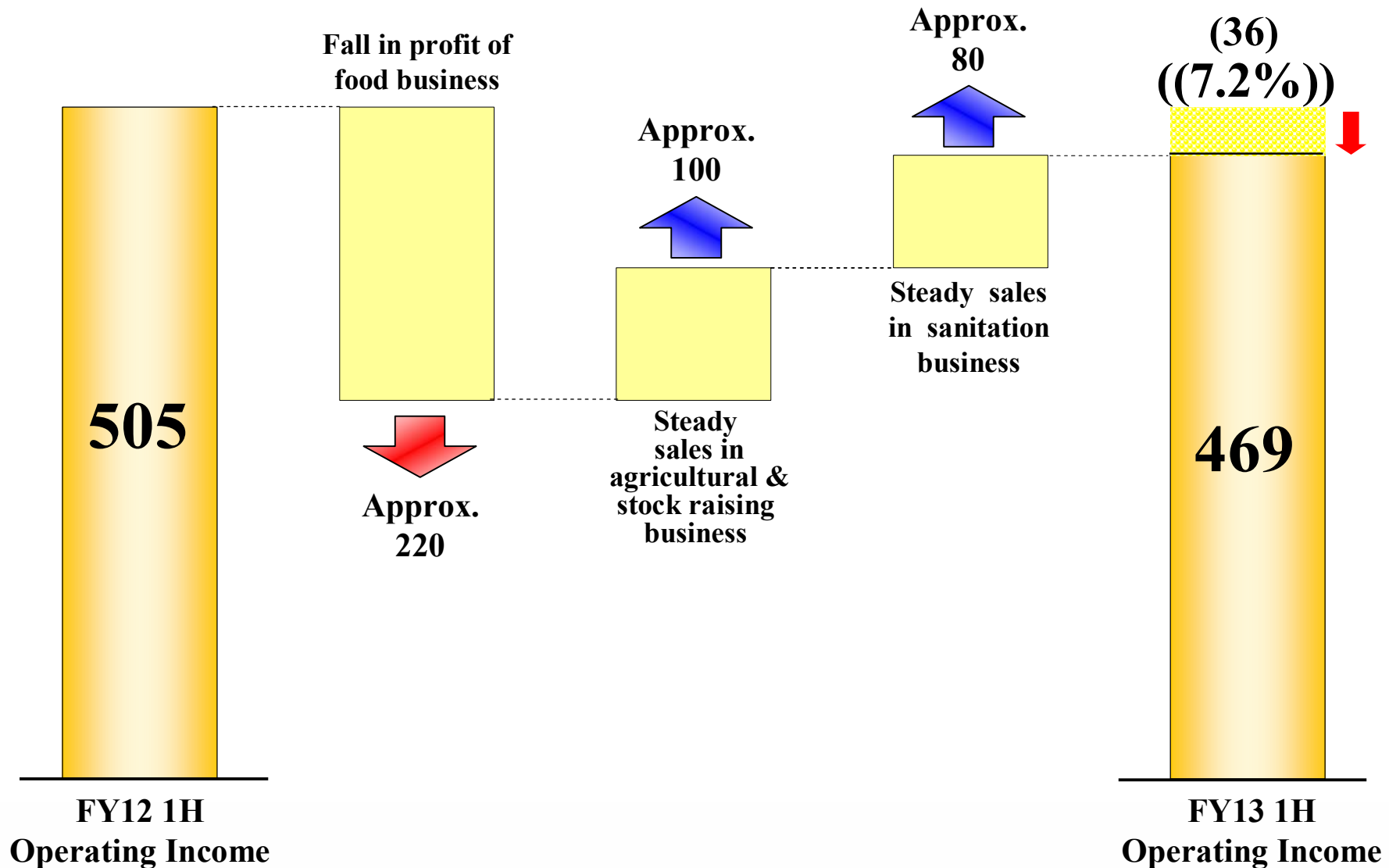
(Unit: Million Yen)



Operating Income - Agri-bio & Foods

FY12 1H ~ FY13 1H Comparison

(Unit: Million Yen)

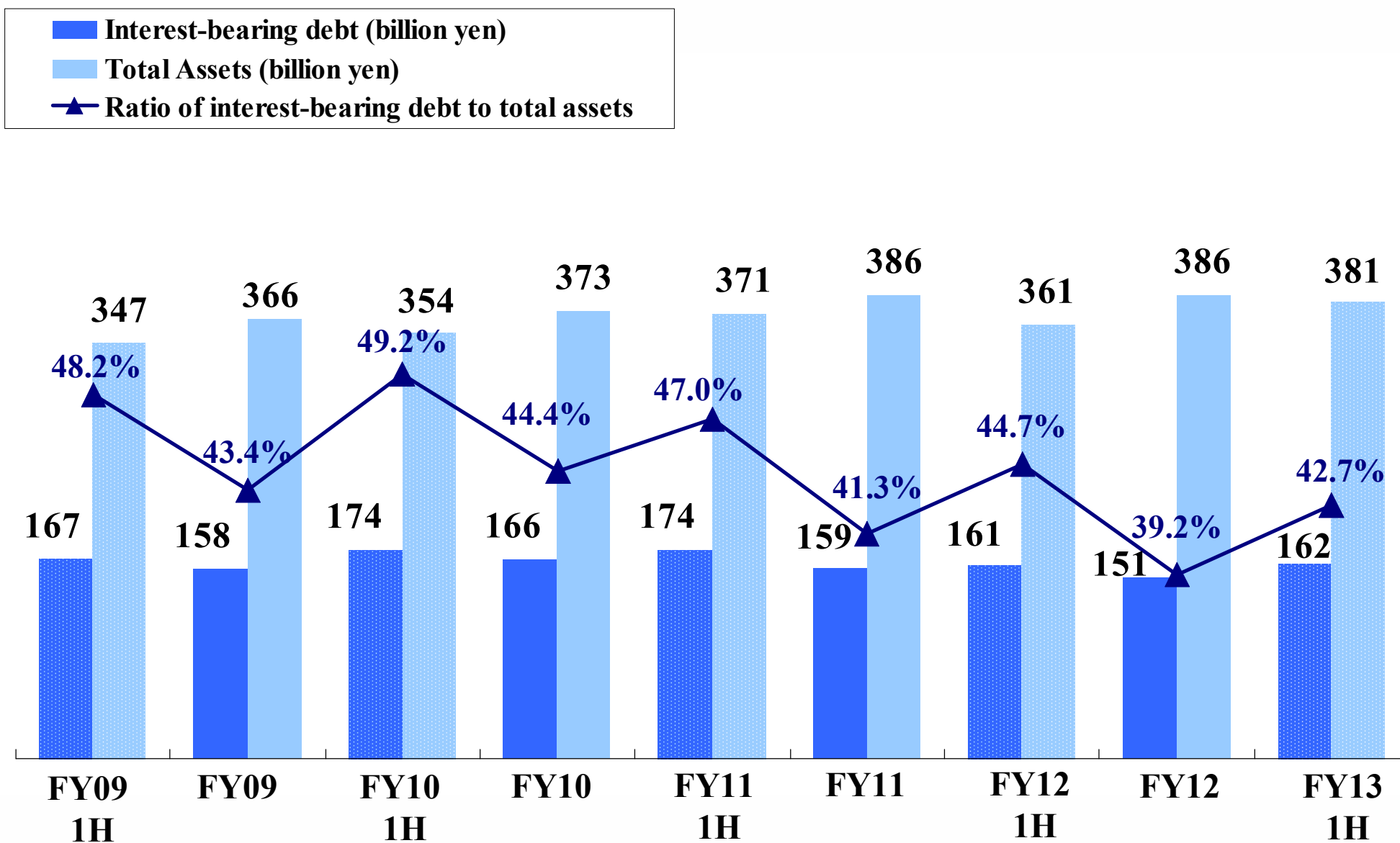


Balance Sheets Comparison

Iwatani
(Unit: Million Yen)

	FY12(A)	FY13 1H (B)	Comparison (B) - (A)	Major factors for changes
Current assets	178,779	169,560	(9,218)	
Cash and deposits	14,382	20,171	+5,789	
Notes and accounts receivable-trade	108,087	94,714	(13,372)	Decrease in net sales according to the seasonal factor
Inventories	40,997	41,368	+371	
Other	15,312	13,305	(2,006)	
Fixed assets	207,523	211,857	+4,333	
Property, plant and equipment	127,188	132,722	+5,534	Effect of new consolidated subsidiaries, etc.
Intangible assets	17,705	17,028	(676)	Decrease in goodwill
Investments and other assets	62,629	62,105	(523)	
Current liabilities	198,938	190,079	(8,858)	
Notes and accounts payable-trade	98,500	83,685	(14,815)	Decrease in net sales according to the seasonal factor
Other	100,437	106,394	+5,957	
Long - term liabilities	96,461	96,017	(444)	
Total liabilities	295,399	286,097	(9,302)	
Net assets	90,903	95,320	+4,417	Increase in Foreign currency translation adjustments, etc.
Total assets	386,302	381,417	(4,884)	

Interest-bearing debt



Statements of Cash Flows

(Unit: Million Yen)		FY 12 1H (A)	FY 13 1H (B)	Comparison (B) - (A)
Cash flows from operating activities		11,172	9,054	(2,118)
Details	Income before income taxes and minority interests	1,989	3,593	
	Depreciation and amortization	7,065	7,337	
	Decrease (increase) in notes and accounts receivable-trade	24,159	16,037	
	Decrease (increase) in inventories	2,527	212	
	Increase(Decrease) in notes and accounts payable-trade	(21,906)	(16,972)	
	Decrease (increase) in prepaid pension costs	(121)	3,348	
Cash flows from investing activities		(11,267)	(10,200)	+1,066
Details	Payments for purchase of property, plant and equipment	(7,107)	(10,291)	
	Payments for purchase of intangible assets	(927)	(953)	
	Payments for purchase of investments in securities	(1,545)	(588)	
Free cash flows		(94)	(1,146)	(1,051)
Cash flows from financing activities		(119)	5,596	+5,715
Cash and cash equivalents at beginning of year		18,966	14,026	(4,939)
Net increase (decrease) in cash and cash equivalents		(129)	5,012	+5,142
Increase in cash and cash equivalents due to changes in scope of consolidation		-	674	+674
Cash and cash equivalents at end of period		18,836	19,713	+877

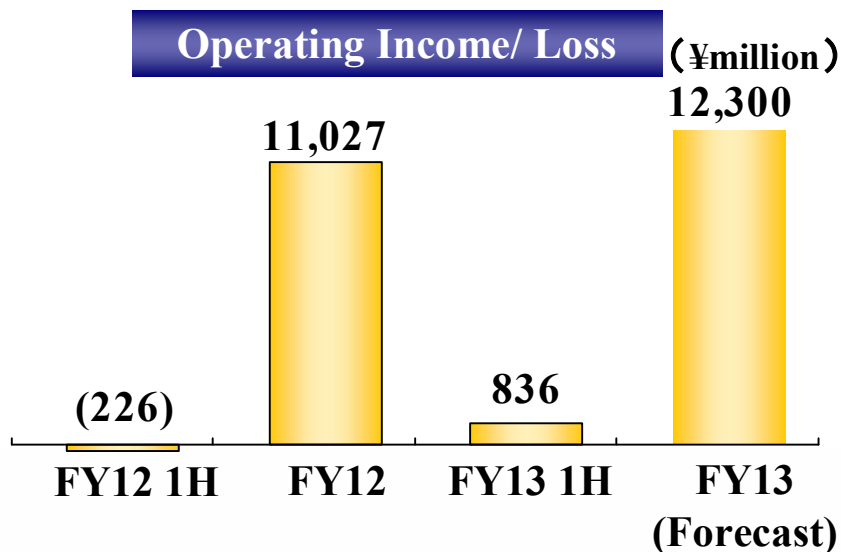
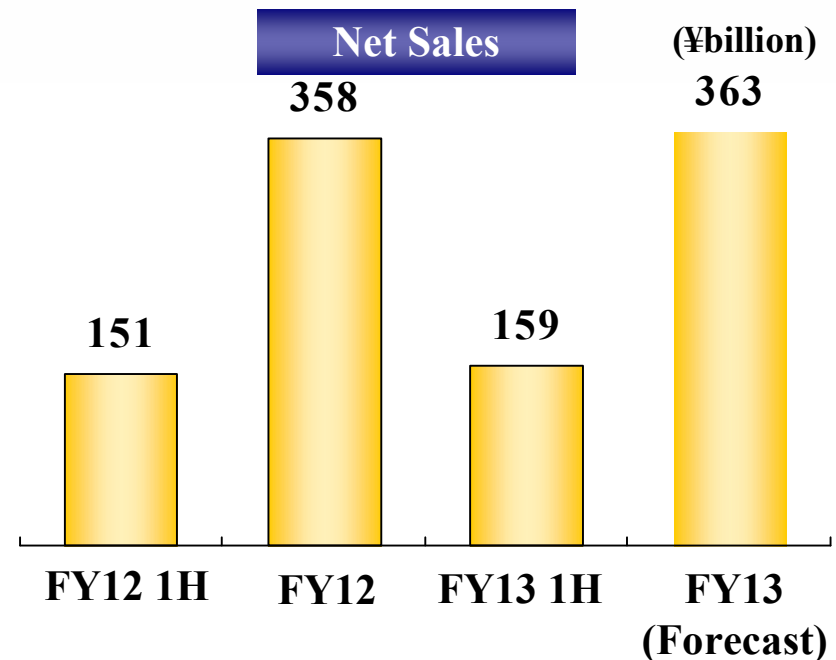
FY2013 Forecasts

FY2013 Forecasts

(Unit: Million Yen)		FY12(A)	FY13 1H	FY13(Forecast) (B)	Comparison (C) (B) – (A)	Comparison (C)/(A) (%)
Net Sales		657,006	308,496	675,000	+17,993	+2.7
	Energy	358,078	159,595	363,700	+5,621	+1.6
	Industrial Gases & Machinery	145,092	70,381	153,600	+8,507	+5.9
	Materials	118,041	58,271	119,400	+1,358	+1.2
	Agri-bio & Foods	23,672	14,001	25,700	+2,027	+8.6
	Others	12,121	6,246	12,600	+478	+4.0
Operating Income		16,709	3,032	18,500	+1,790	+10.7
	Energy	11,027	836	12,300	+1,272	+11.5
	Industrial Gases & Machinery	3,936	1,817	5,400	+1,463	+37.2
	Materials	1,816	565	2,300	+483	+26.6
	Agri-bio & Foods	505	469	630	+124	+24.6
	Others, Adjustments	(576)	(656)	(2,130)	(1,553)	-
Ordinary Income		17,406	3,483	18,000	+593	+3.4
Net Income		8,026	1,774	8,600	+573	+7.1
Capital Expenditure*		18,154	7,698	16,800	(1,354)	(7.5)
Depreciation Expense*		12,329	6,430	14,034	+1,704	+13.8

*Figures for capital expenditure and depreciation expense cover only property, plant and equipment .

Forecasts - Energy



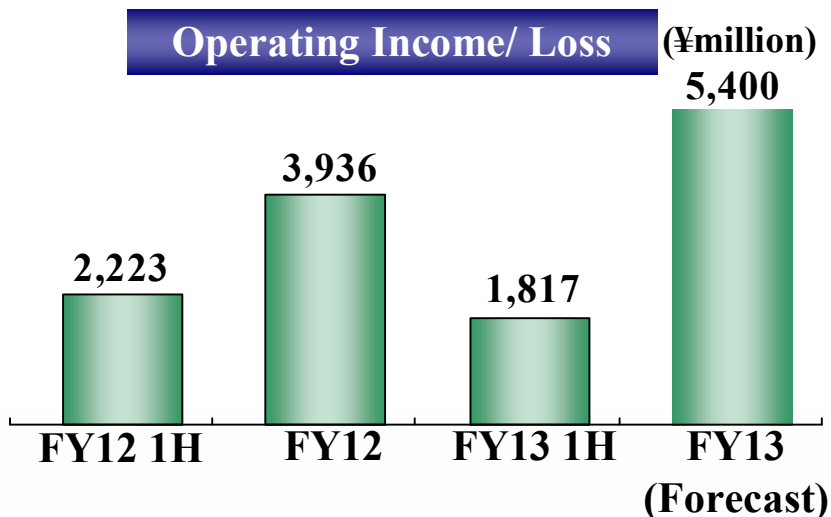
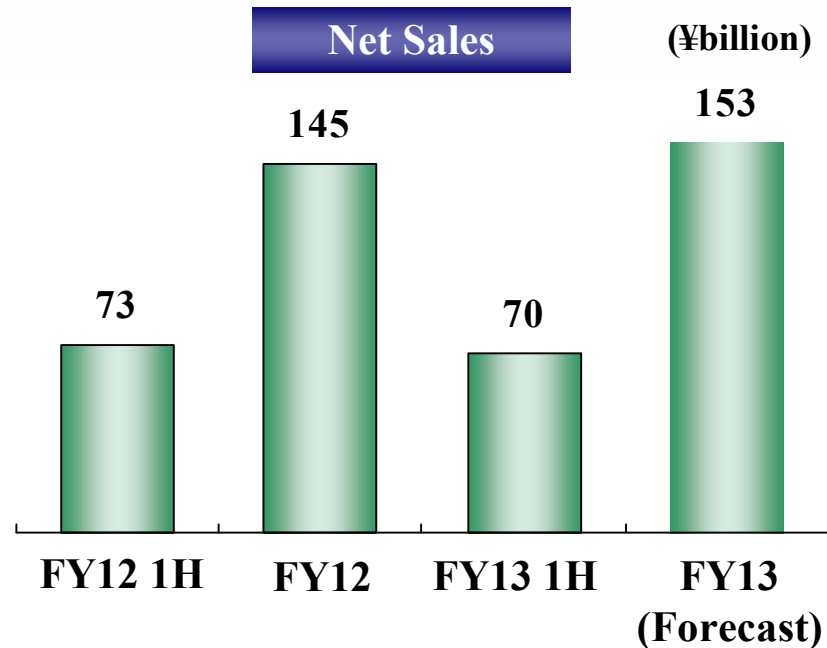
Key schemes for achieving forecast

- Expanding LPG sales by increasing LPG consumers
- Increasing in sales of products related to energy
- Developing new customers of the water delivery business

Major risk factors affecting FY13 results

- ◇ Wide fluctuation in LPG import prices
- ◇ Declination in LPG sales due to warm winter

Forecasts - Industrial Gases & Machinery



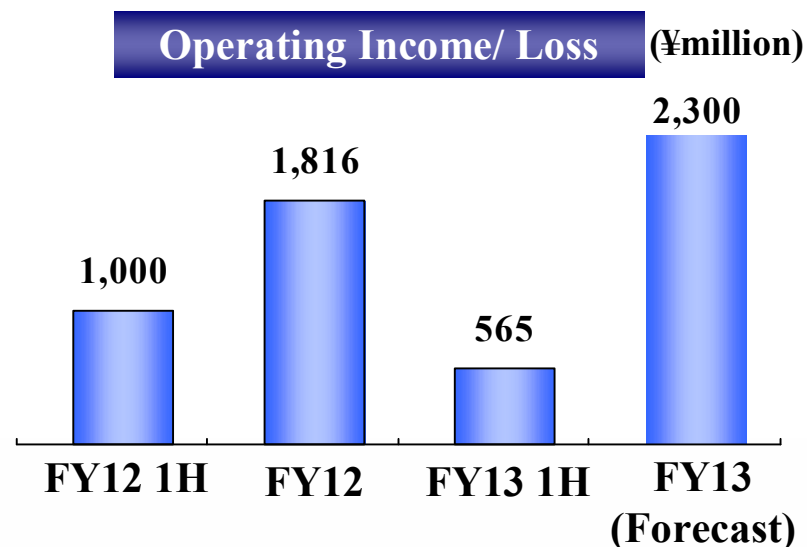
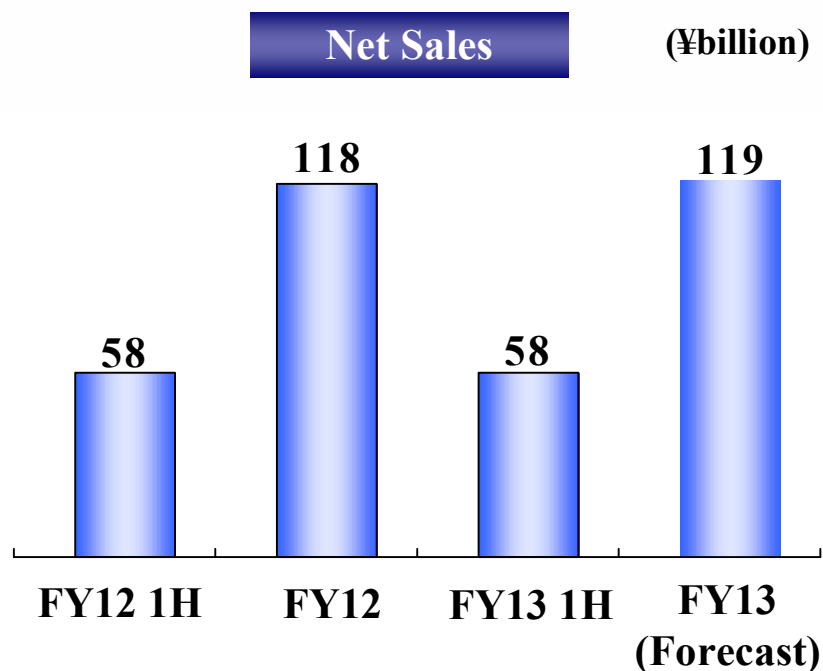
Key schemes for achieving forecast

- Expanding gas sales that focuses of hydrogen and helium
- Cost reduction by improving the logistical efficiency
- Increasing in sales of machinery equipment

Major risk factors affecting FY13 results

- ◇ Delay of improvement in the domestic manufacture and capital expenditure
- ◇ Delay in dealing with rising costs of electricity

Forecasts - Materials



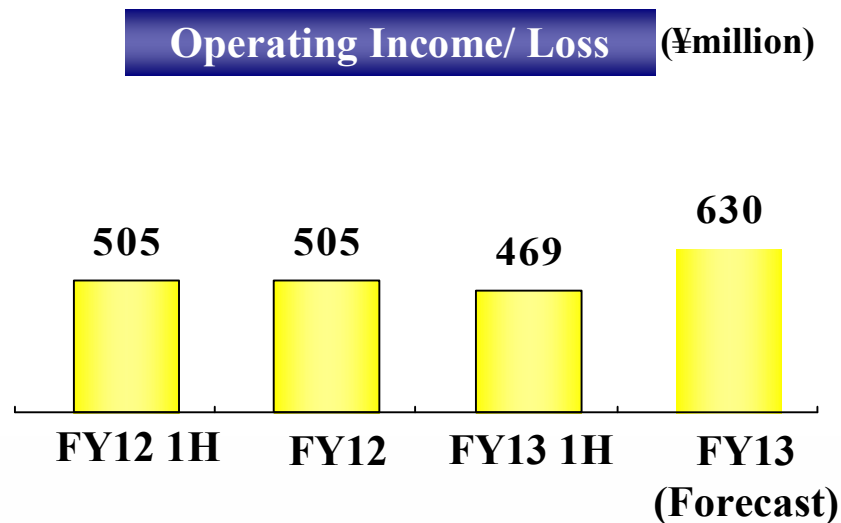
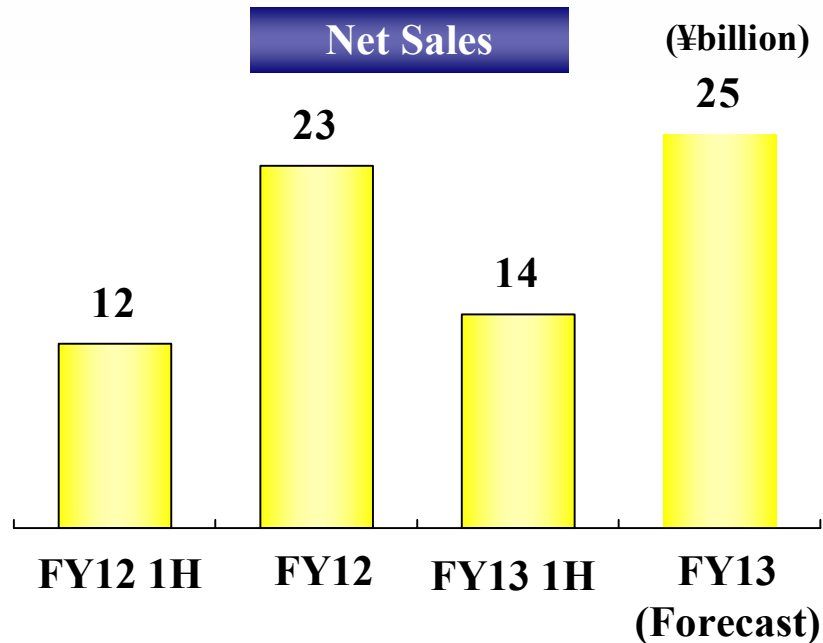
Key schemes for achieving forecast

- Profit improvement in the mineral resource business
- Expanding sales of advanced functional materials

Major risk factors affecting FY13 results

- ◇ Delay of improvement in resource price
- ◇ Slowdown in operation of manufacturing industry

Forecasts - Agri-bio & Foods



Key schemes for achieving forecast

- Developing new products and expanding sales channels in the food business
- Expanding sales in the agri-bio and stock raising business

Major risk factors affecting FY13 results

- ◇ Large fluctuation in exchange, raw material cost and weather
- ◇ Cost increase for sanitation, security and quality control

Medium-Term Management Vision (PLAN15)

Strengthening the business foundation constructed here to fore

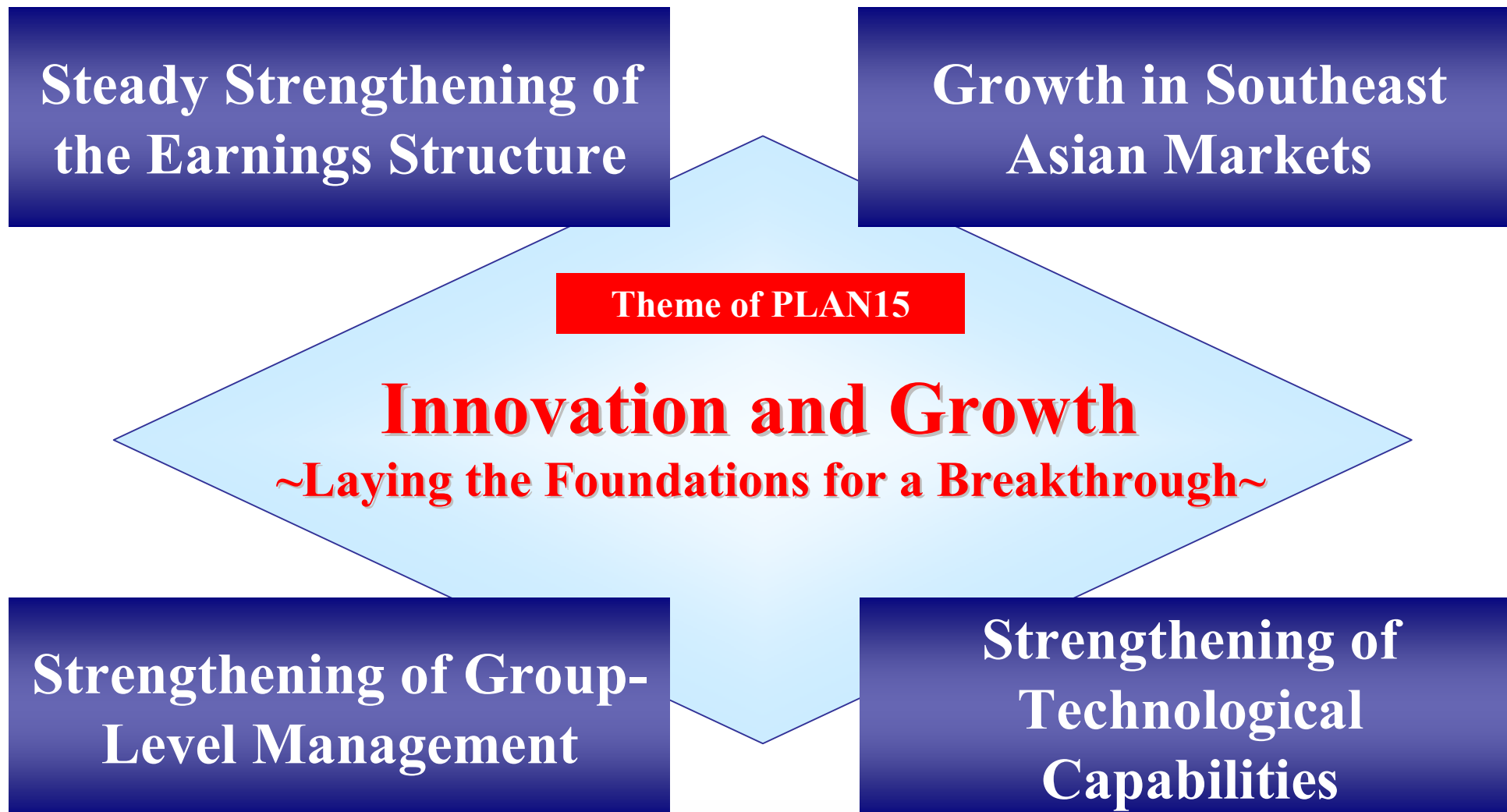
Innovation enabling us to address the next stage of growth



Theme of PLAN15

Innovation and Growth

~Laying the Foundations for a Breakthrough~



Management Themes and Targets

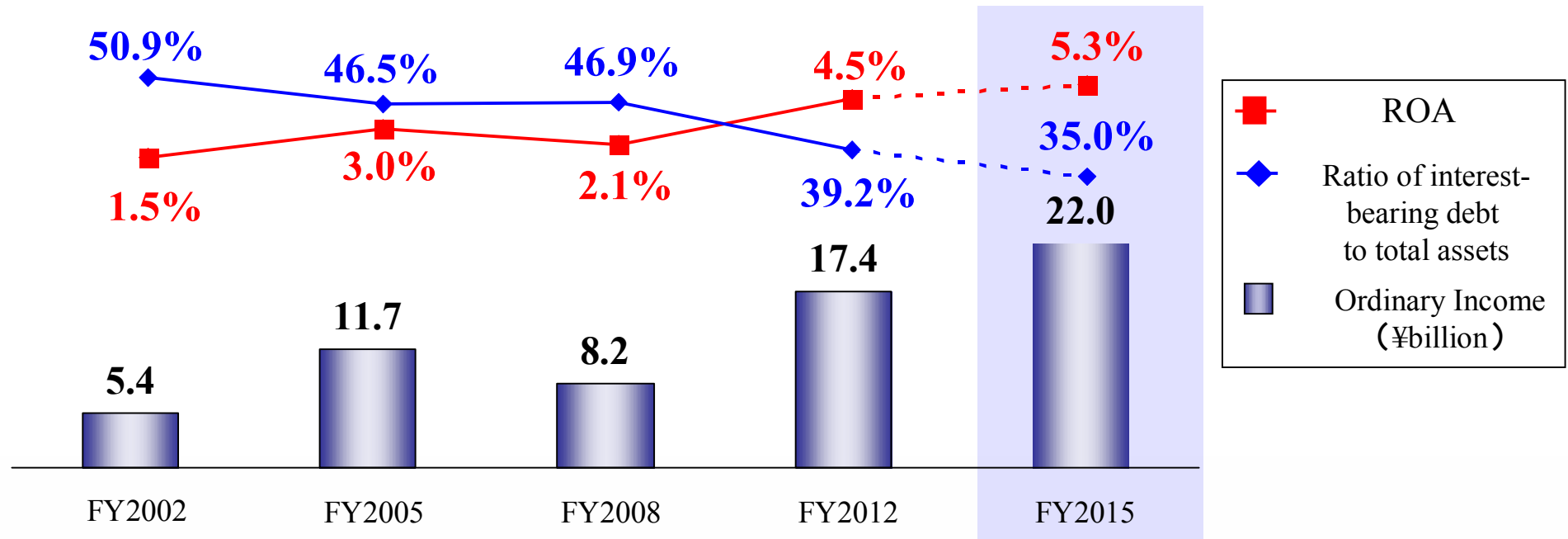
Management Themes

- ① Enhancement of capacity for sustained growth
- ② Strengthening of the financial standing

Management Targets

<FY2015>

Ordinary Income	¥22.0 billion
ROA	5.3%
Interest-bearing debt	¥145.0 billion
Ratio of interest-bearing debt to total assets	35.0%



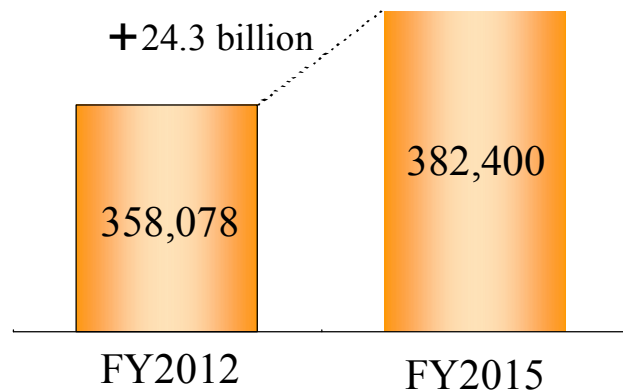
Segment Information (Net Sales & Operating Income)

Iwatani

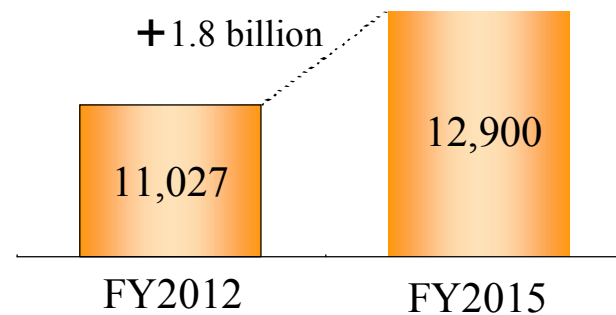
(¥million)

Energy

Net Sales

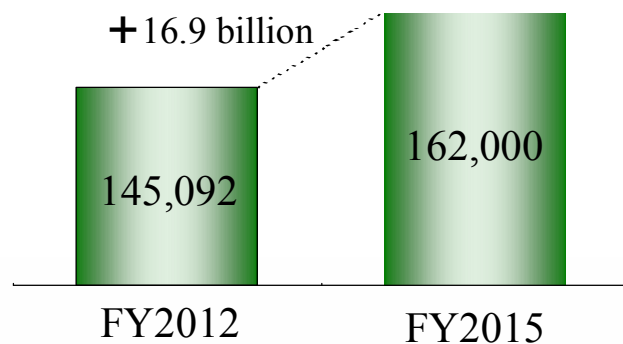


Operating Income

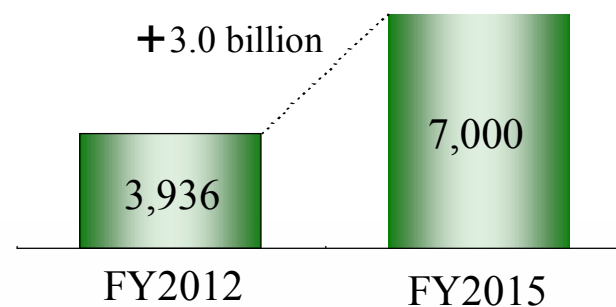


Industrial Gases & Machinery

Net Sales



Operating Income



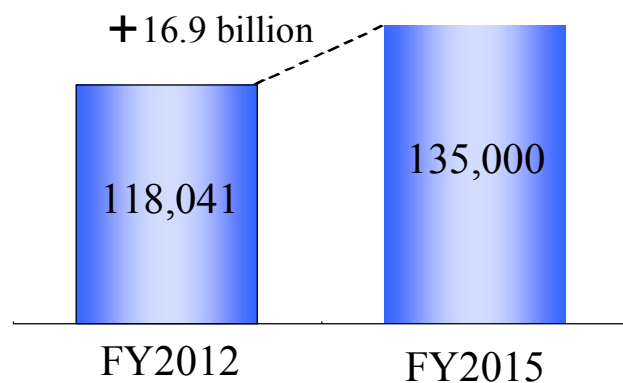
Segment Information (Net Sales & Operating Income)

Iwatani

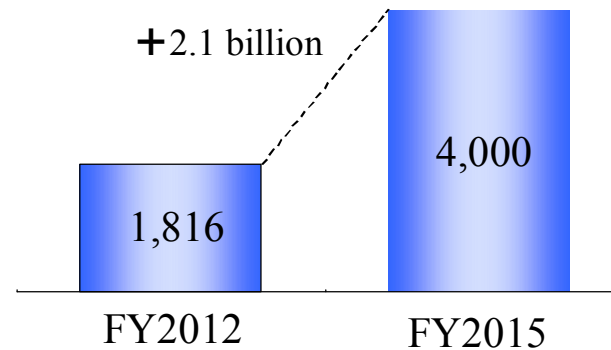
(¥million)

Materials

Net Sales

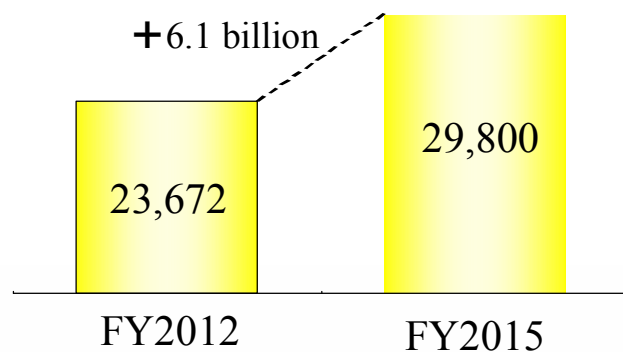


Operating Income

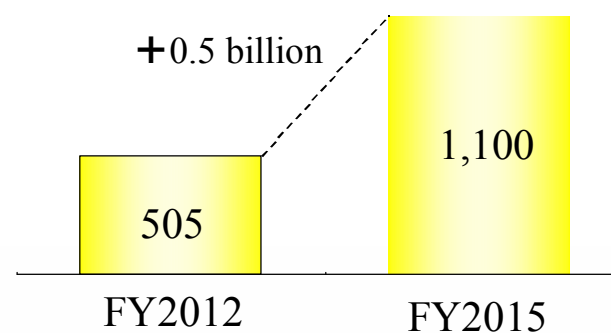


Agri-bio & Foods

Net Sales



Operating Income



Long-Term Outlook for the Hydrogen Business

Target

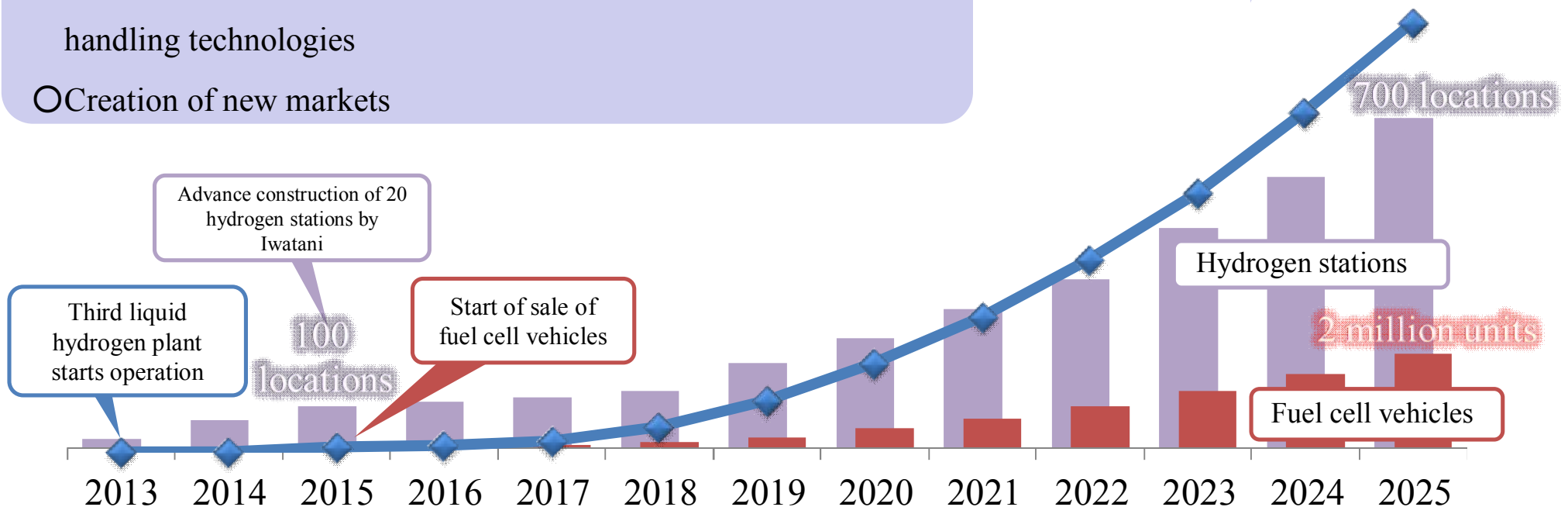
Aim for annual sales volume of hydrogen of 600 million m³ by 2025.

Basic Policies

- Further strengthening of supply capacity and handling technologies
- Creation of new markets

2012
Hydrogen demand
for industrial
applications
140 million m³

2025
Hydrogen demand
for fuel cell
vehicles
2.4 billion m³



Hydrogen Demand for Fuel Cell Vehicles (Iwatani Scenario)

※Calculated assuming a base of 2 million fuel cell vehicles in 2025

※Basis for the assumption of 2 million vehicles: Fuel Cell Commercialization Conference of Japan (FCCJ) materials

※Estimated assuming annual travel distance of 12,000 km per fuel cell vehicle and fuel consumption of 100 km/kg

※Figure for hydrogen demand for industrial applications: 2013 Gas Georama in Japan

Iwatani