



FY 2013 Financial Results

(Fiscal Year Ended March 31, 2014)

May 22, 2014

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 Overview**
- **FY 2014 Forecasts**
- **Mid- and Long-term Growth Strategy**

FY 2013 Overview

Fiscal Year Overview (April 2013 ~ March 2014)

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(Unit: Million Yen)

	FY13 Forecasts	FY13 Results (A)	FY12 Results (B)	Comparison (C) (A)-(B)	Comparison (C)/(B)
Net Sales	675,000	703,923	657,006	+46,917	+7.1%
Gross Profit	-	146,792	139,763	+7,029	+5.0%
Operating Income	18,500	18,518	16,709	+1,808	+10.8%
Ordinary Income	18,000	19,258	17,406	+1,851	+10.6%
Net Income	8,600	10,466	8,026	+2,439	+30.4%

Changes in Scope of Consolidation

	FY13 Results (A)	FY12 Results (B)	Comparison (A)-(B)
Consolidated subsidiaries	108	105	+3
Equity method subsidiaries and affiliates	112	110	+2

*Impact of changes in scope of consolidation: Little

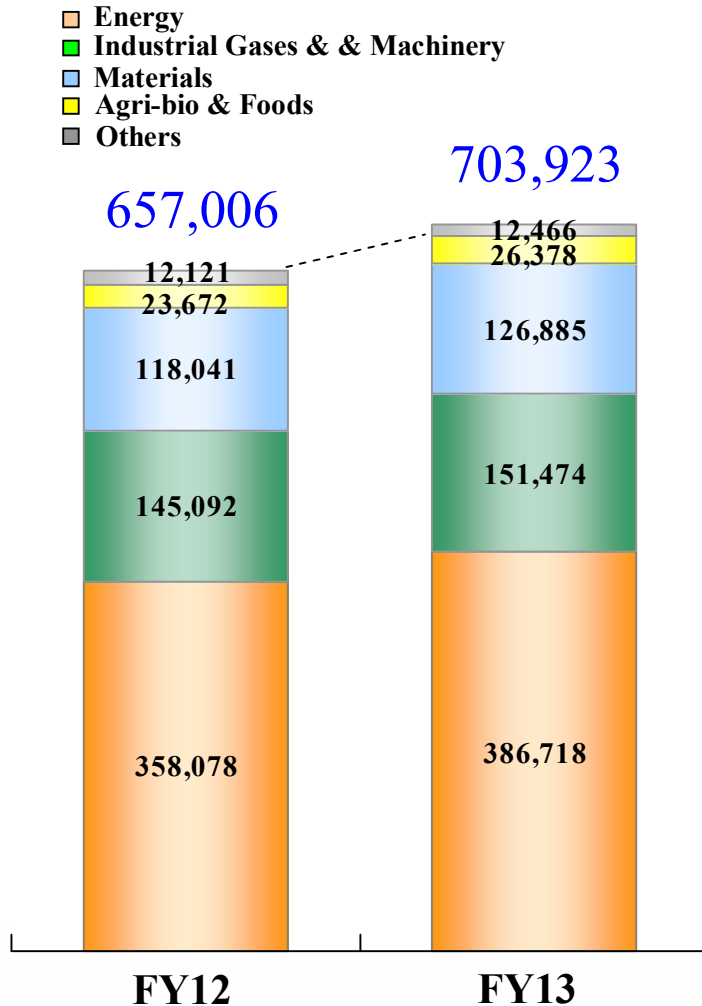
Analysis of Net Sales (Segmental Analysis)

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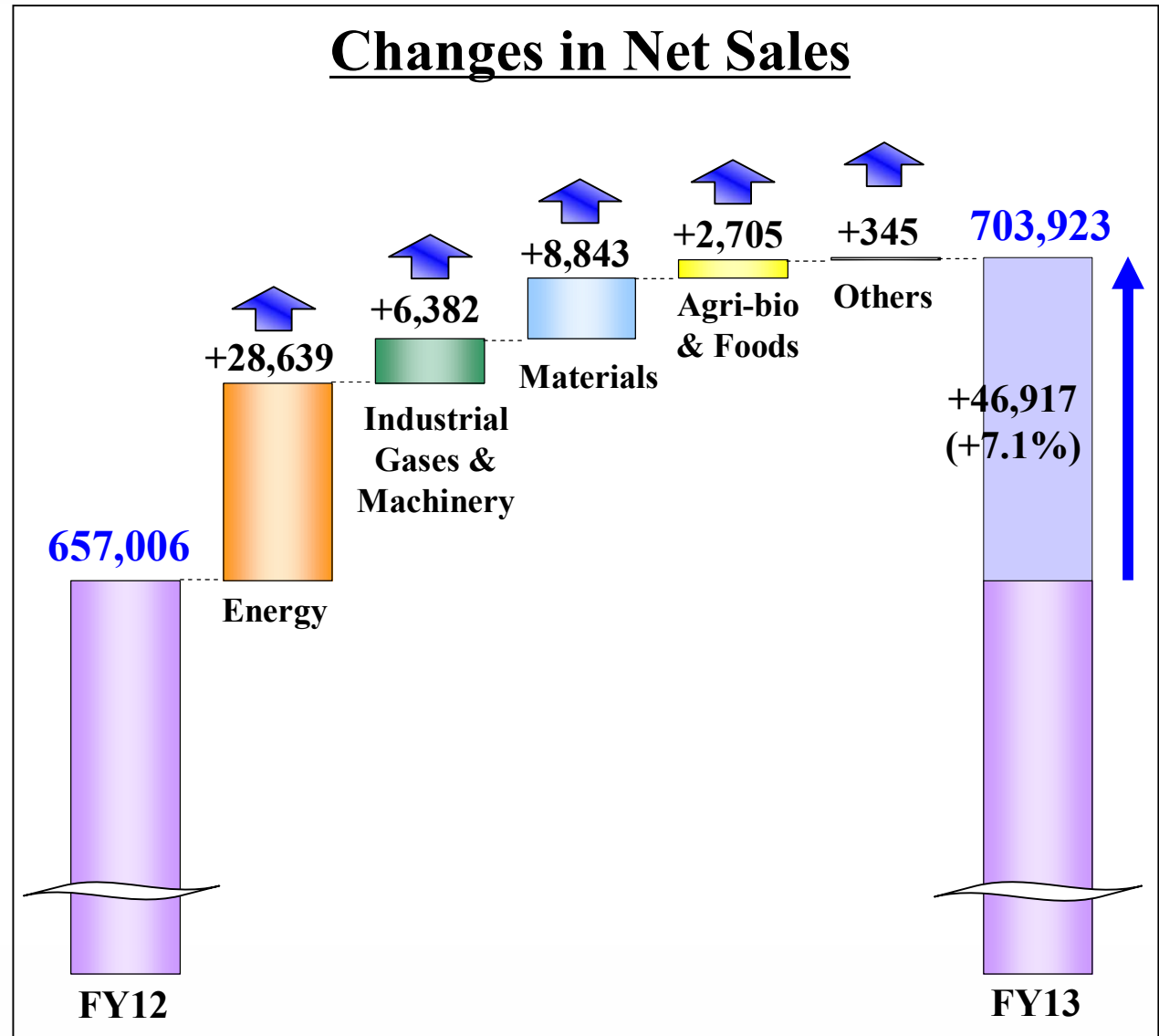
FY12 ~ FY13 Comparison

(Unit: Million Yen)

Net Sales



Changes in Net Sales



Analysis of Operating Income (Segmental Analysis)

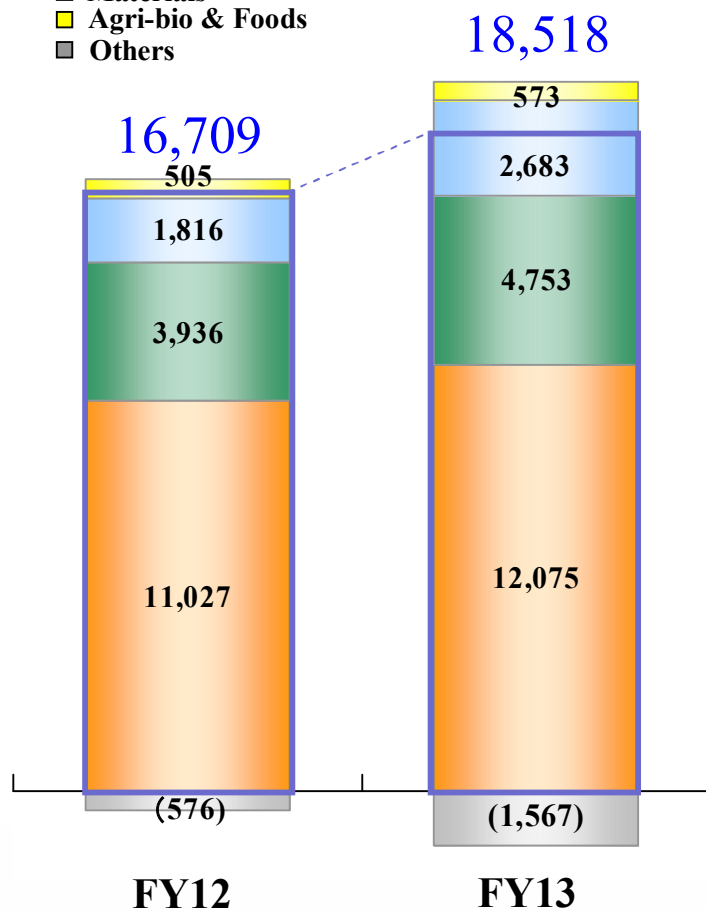
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FY12 ~ FY13 Comparison

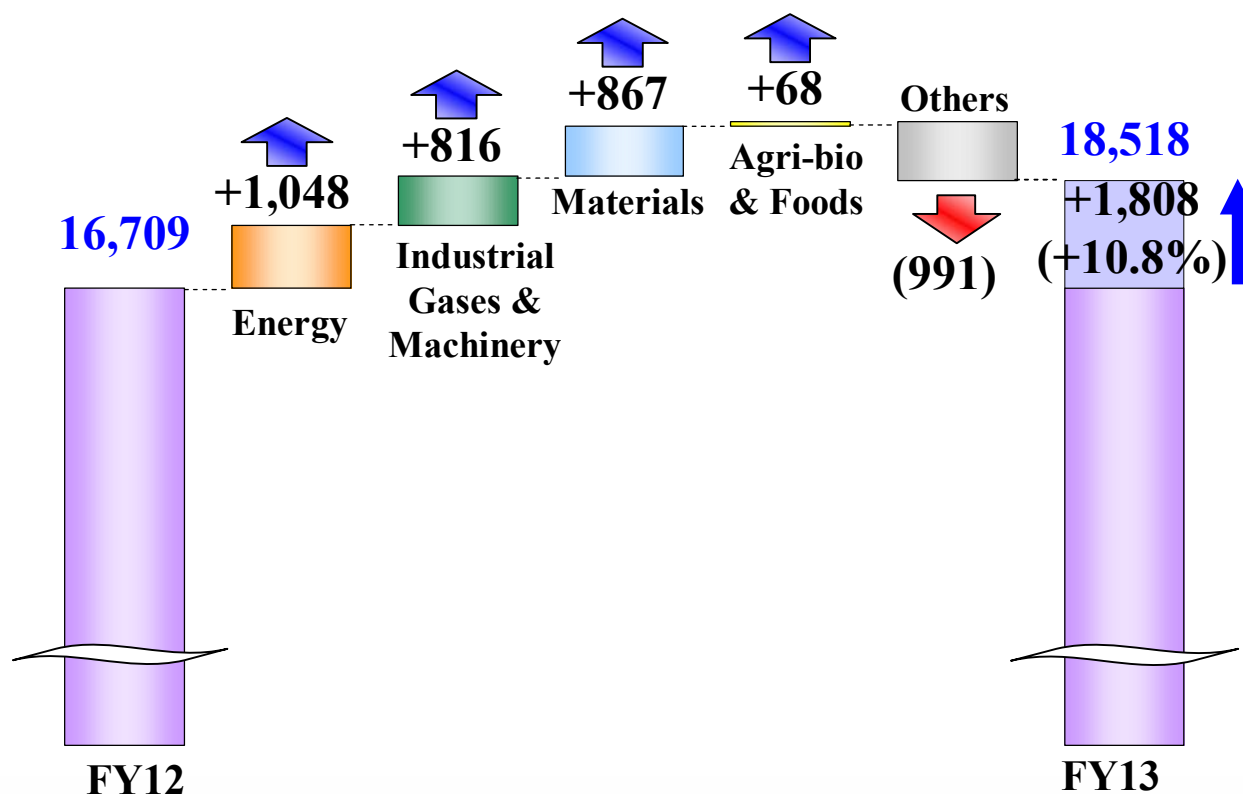
(Unit: Million Yen)

Operating Income

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



Changes in Operating Income

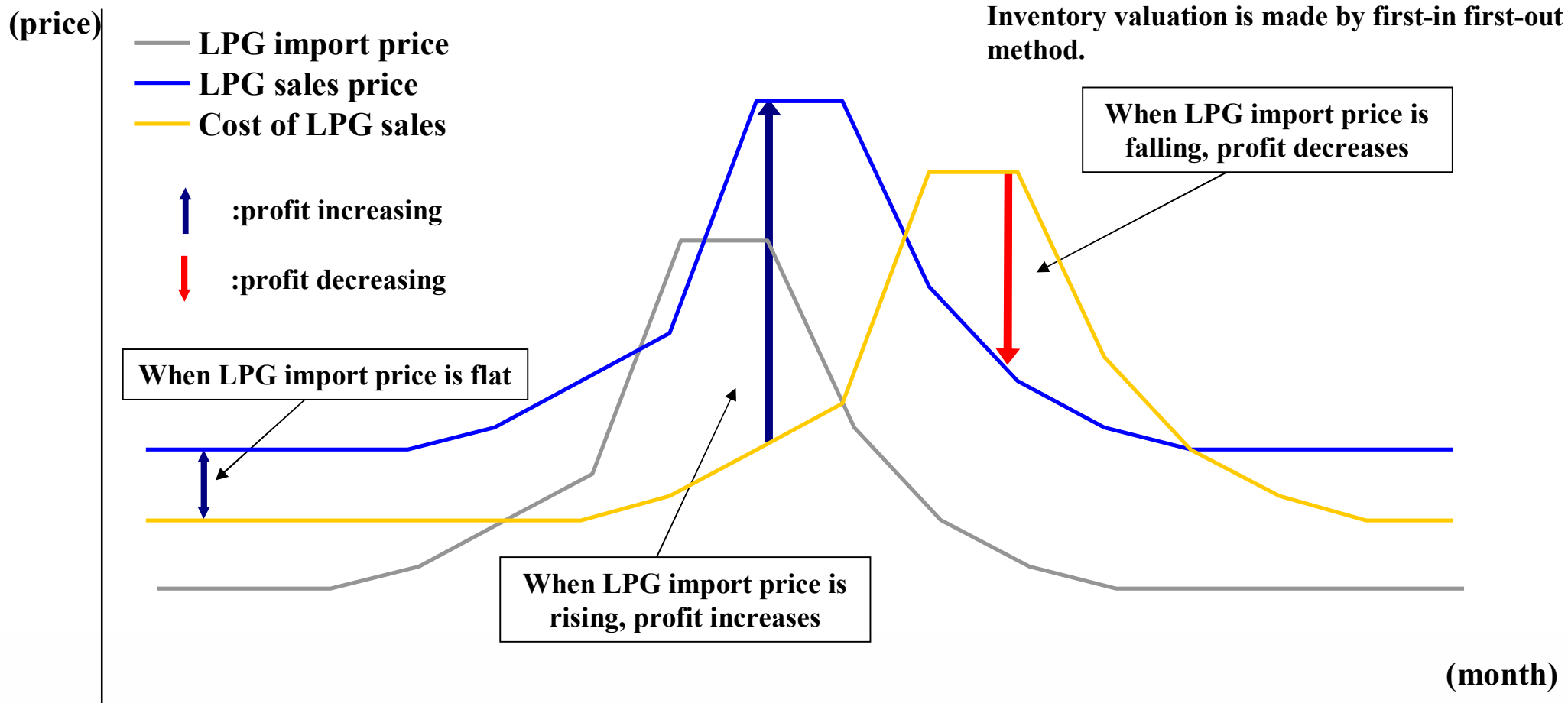


The Impact of LPG Import Price Fluctuation (for image)

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

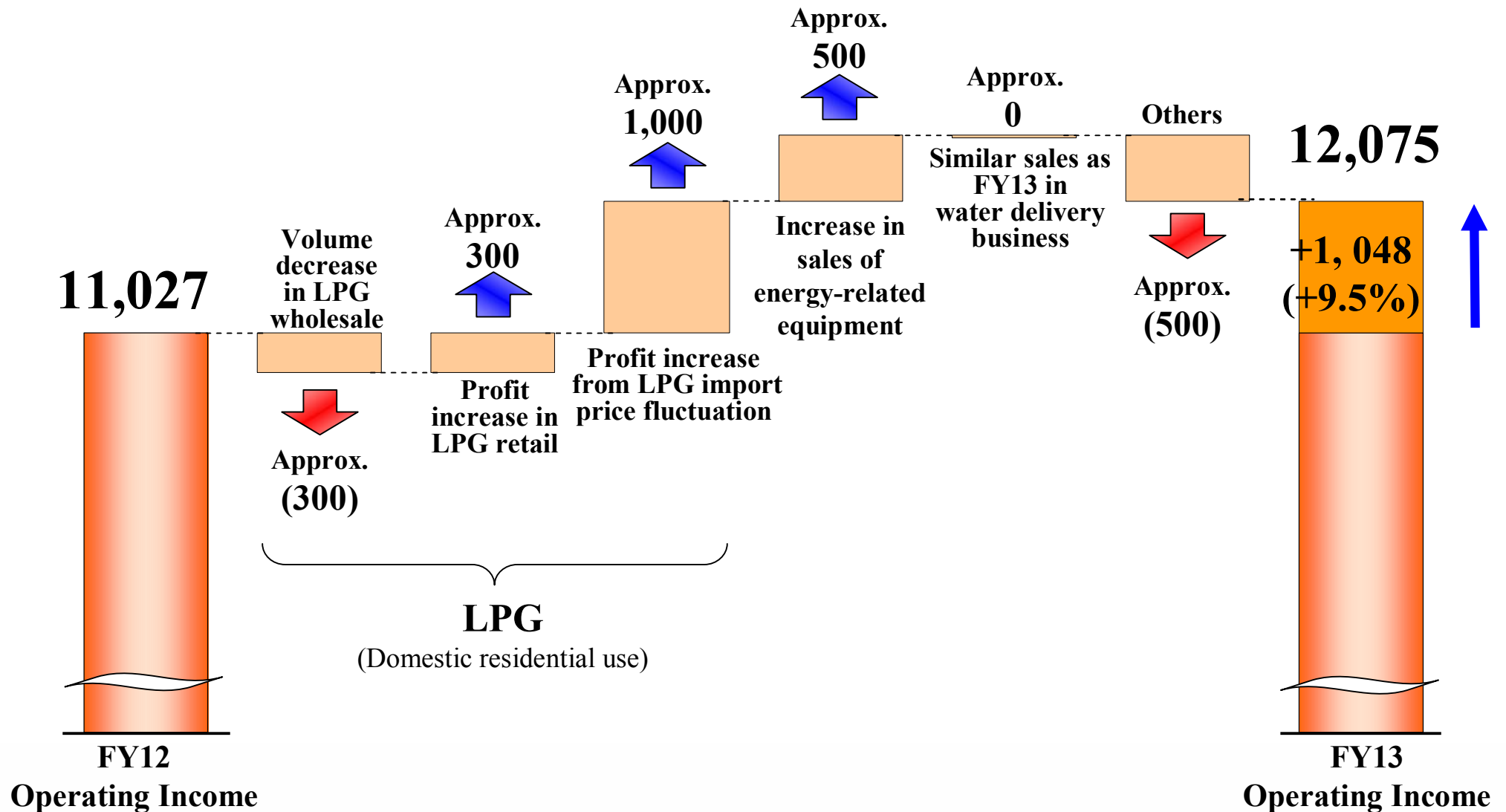


Operating Income – Energy

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(Unit: Million Yen)

—FY12 ~ FY13—

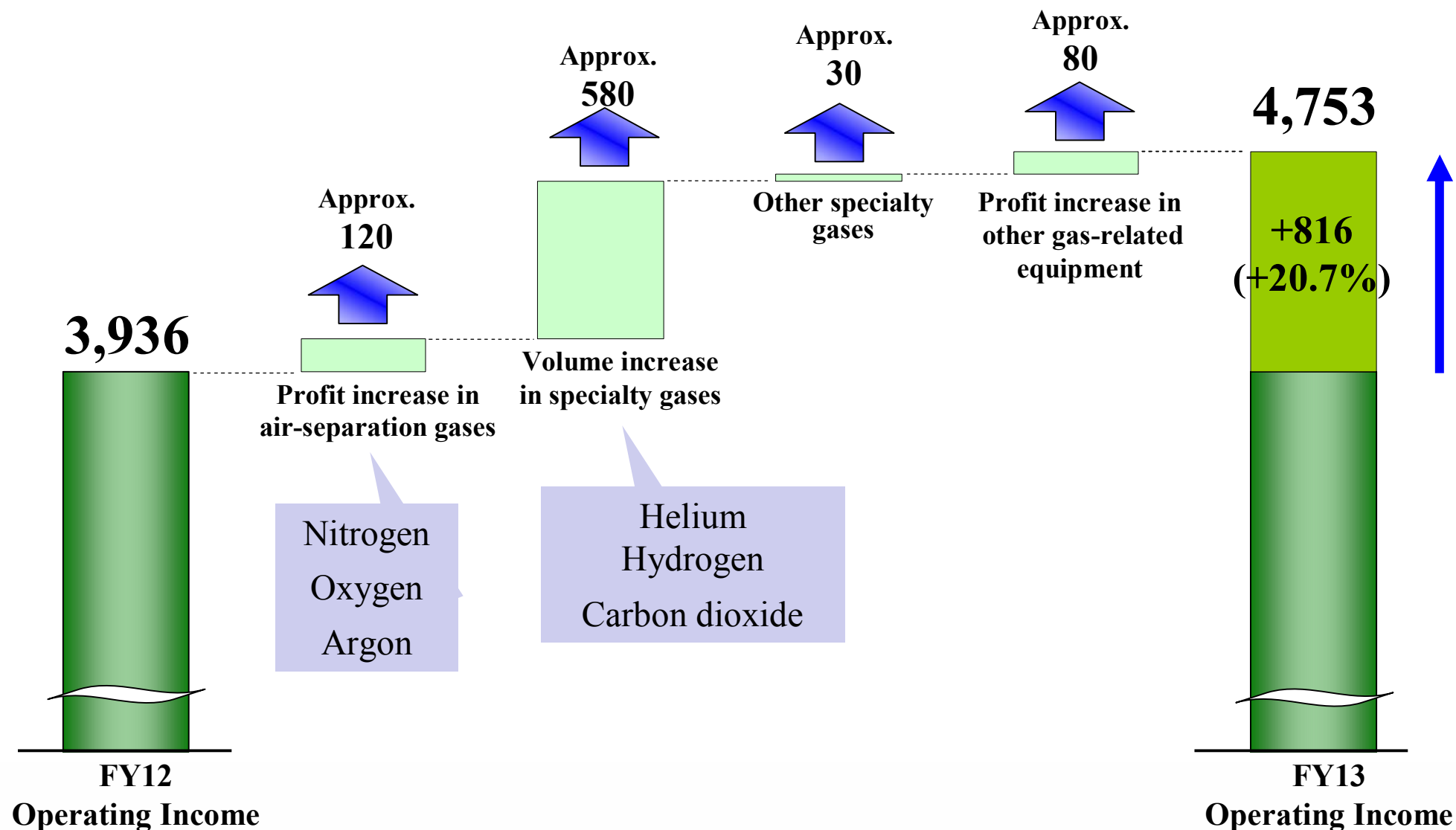


Operating Income – Industrial Gases & Machinery

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—FY12 ~ FY13—

(Unit: Million Yen)

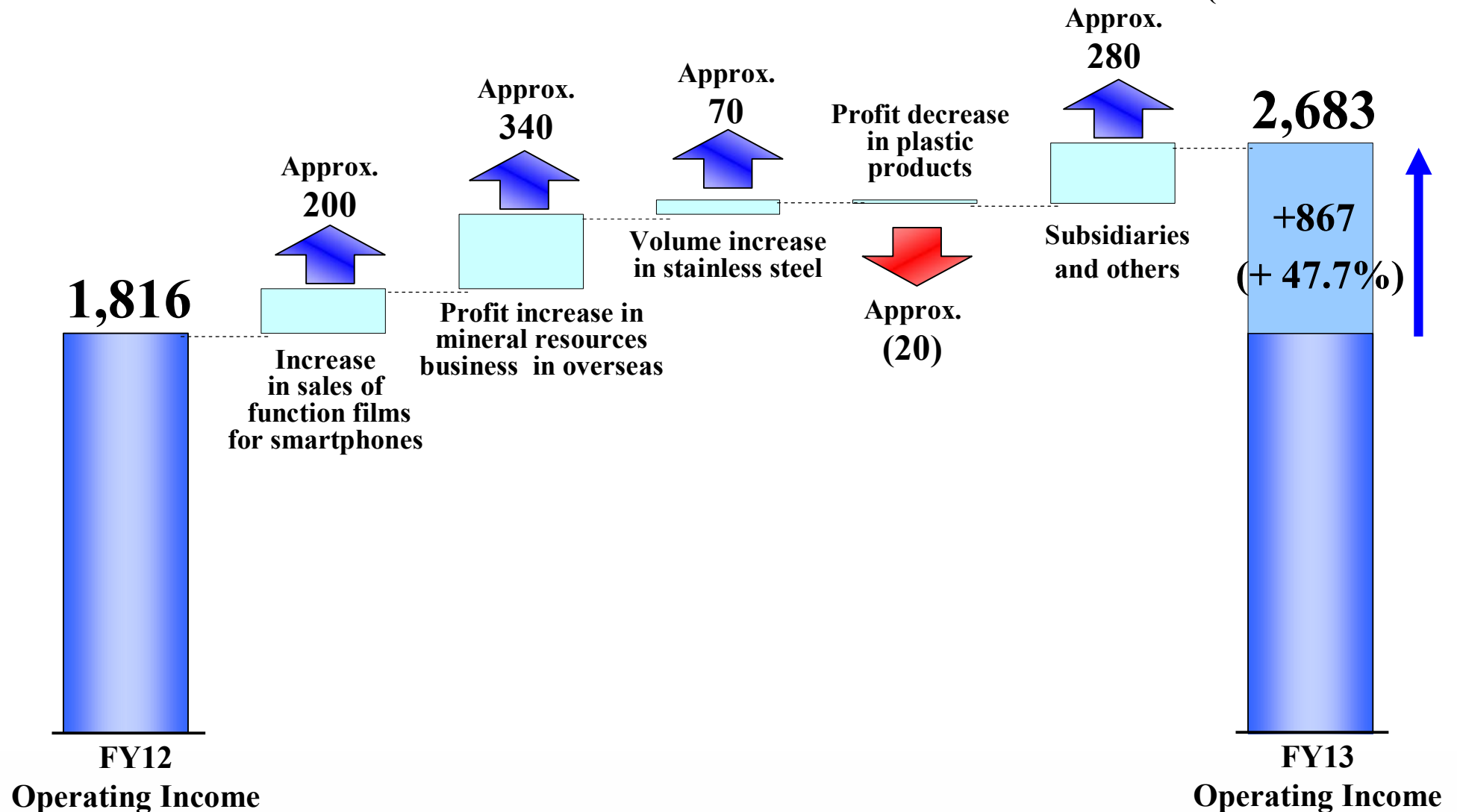


Operating Income – Materials

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—FY12 ~ FY13—

(Unit: Million Yen)

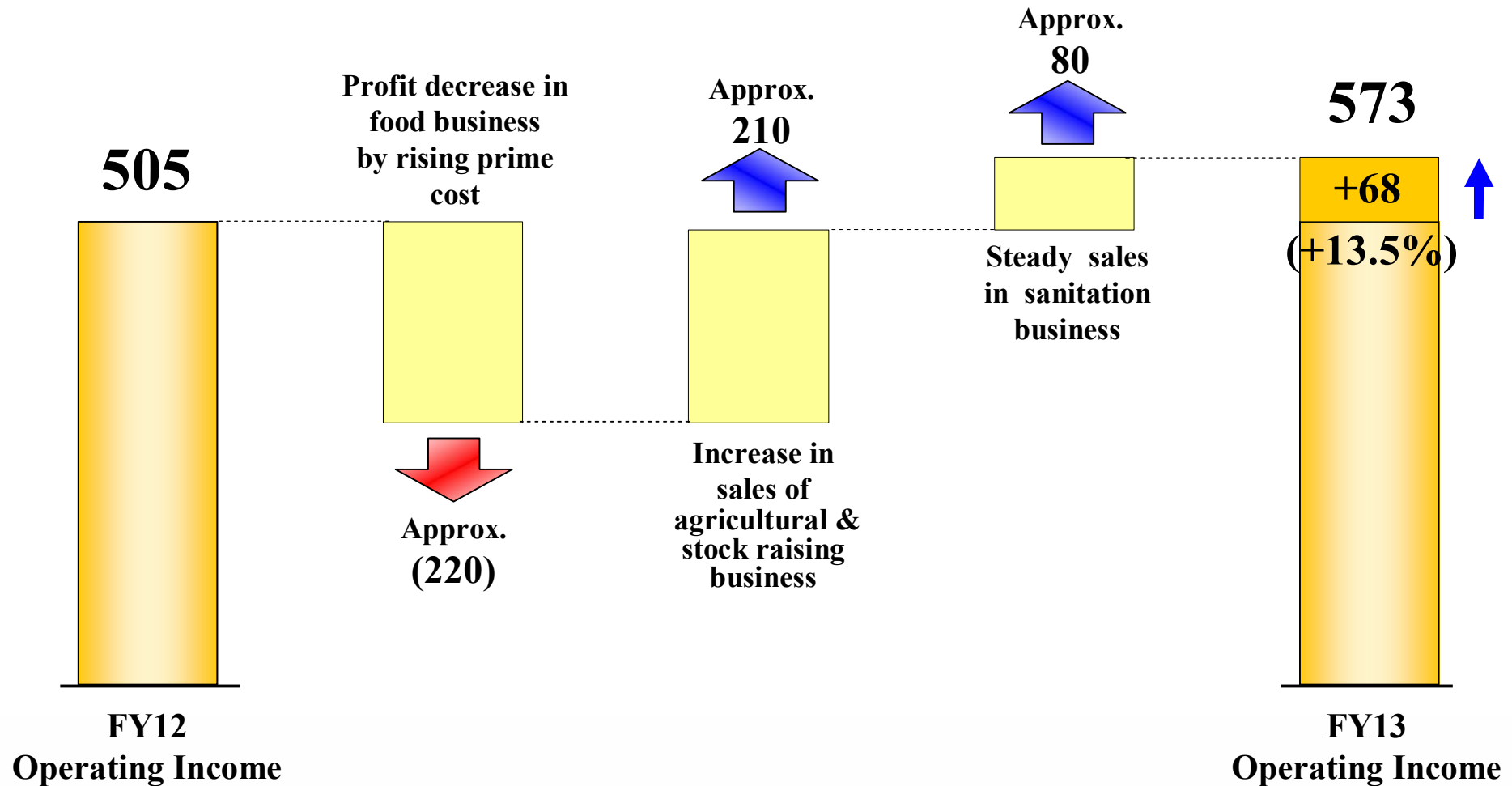


Operating Income – Agri-bio & Foods

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—FY12 ~ FY13—

(Unit: Million Yen)



Balance Sheets Comparison

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(Unit: Million Yen)

	FY13(A)	FY12 (B)	(A) - (B)	Major factors for changes
Current assets	201,495	178,779	+22,716	
Cash and deposits	20,995	14,382	+6,613	
Notes and accounts receivable-trade	121,074	108,087	+12,987	Increase in net sales
Inventories	45,339	40,997	+4,342	
Other	14,085	15,312	(1,227)	
Fixed assets	214,724	207,523	+7,200	
Property, plant and equipment	132,436	127,188	+5,248	Effect of new consolidated subsidiaries, etc.
Intangible assets	16,917	17,705	(788)	
Investments and other assets	65,369	62,629	+2,740	Price rise of investments in securities
Current liabilities	205,206	198,938	+6,268	
Notes and accounts payable-trade	103,401	98,500	+4,900	Increase in net sales
Other	101,805	100,437	+1,367	
Long - term liabilities	105,954	96,461	+9,492	Increase in bonds, etc.
Net assets	105,058	90,903	+14,155	Increase in retained earnings, etc
Total assets	416,219	386,302	+29,916	

Financial Position

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(Unit: Million Yen)

	FY13(A)	FY12 (B)	(A) - (B)
Equity capital	96,725	83,121	+13,603
Equity capital ratio	23.2%	21.5 %	+1.7pt
Ratio of ordinary income to total assets	4.8 %	4.5 %	+0.3pt
Interest-bearing debt, gross*	161,099	151,378	+9,721
Interest-bearing debt, net*	140,103	136,995	+3,108
Ratio of interest-bearing debt to total assets	38.7%	39.2%	(0.5pt)

Capital Expenditure

(Unit: Million Yen)

	FY13 Forecasts	FY13 Results (A)	FY12 Results (B)	Comparison (C) (A)-(B)	Comparison (C)/(B)
Capital expenditure*	16,800	15,515	18,154	(2,638)	(14.5%)
Depreciation expense*	14,034	13,228	12,269	+959	+7.8%
R&D expenses	-	1,368	683	+685	+100.3%

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

Statements of Cash Flows

(Unit: Million Yen)

	FY13(A)	FY12 (B)	(A) - (B)
Cash flows from operating activities	22,653	24,422	(1,769)
Cash flows from investing activities	(20,978)	(18,800)	(2,178)
Free cash flows	1,675	5,622	(3,947)
Cash flows from financing activities	3,039	(11,244)	+14,283
Net increase (decrease) in cash and cash equivalents	6,413	(4,939)	+10,747
Cash and cash equivalents at beginning of year	14,026	18,966	(4,939)
Cash and cash equivalents at end of period	20,440	14,026	+6,414

FY2014 Forecasts

FY2014 Forecasts

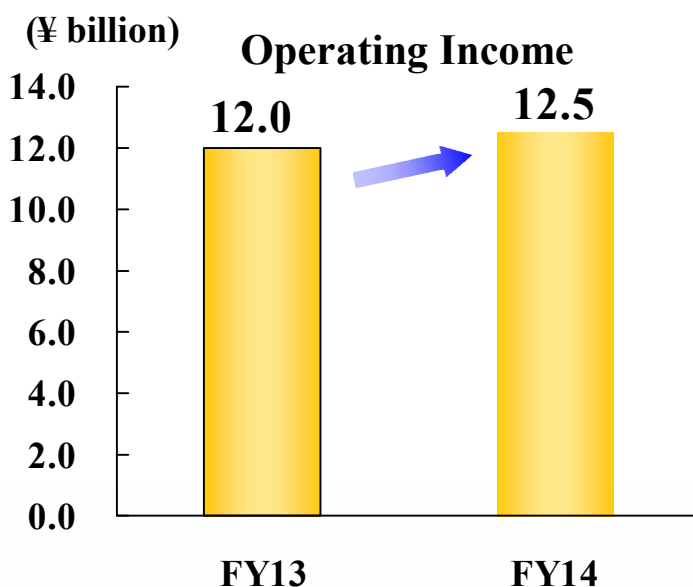
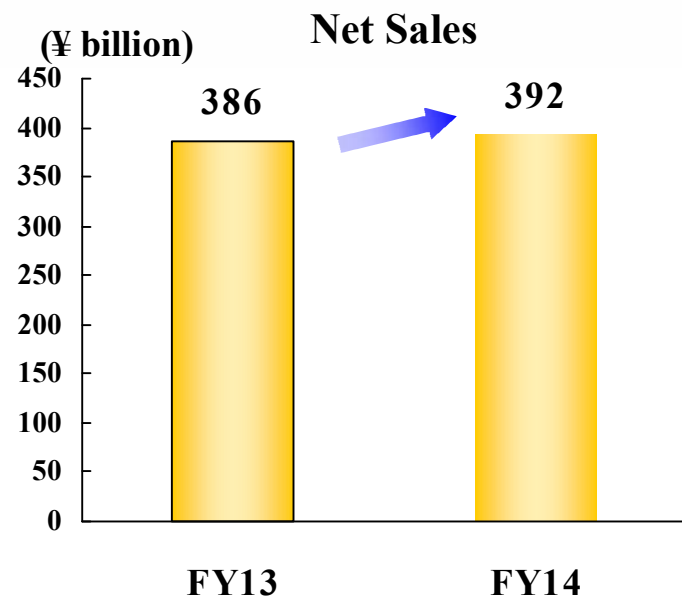
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(Unit: Million Yen)

	FY14 Forecasts (A)	FY13 Results (B)	Comparison (C) (A) - (B)	Comparison (C) / (B)
Net Sales	724,800	703,923	+20,876	+3.0%
Energy	392,000	386,718	+5,281	+1.4%
Industrial Gases & Machinery	160,000	153,387	+6,612	+4.3%
Materials	133,000	126,885	+6,114	+4.8%
Agri-bio & Foods	28,400	26,378	+2,021	+7.7%
Others, Adjustments	11,400	10,553	+846	+8.0%
Operating Income	19,500	18,518	+981	+5.3%
Energy	12,500	12,075	+424	+3.5%
Industrial Gases & Machinery	5,400	4,849	+550	+11.4%
Materials	2,700	2,683	+16	+0.6%
Agri-bio & Foods	800	573	+226	+39.4%
Others, Adjustments	(1,900)	(1, 663)	(236)	-
Ordinary Income	19,500	19,258	+241	+1.3%
Net Income	10,500	10,466	+33	+0.3%

*As the reportable segments have been changed, the segment information of FY13 is disclosed in line with the reportable segments after change.

Forecasts- Energy



Major factors of increase in net sales and operating income

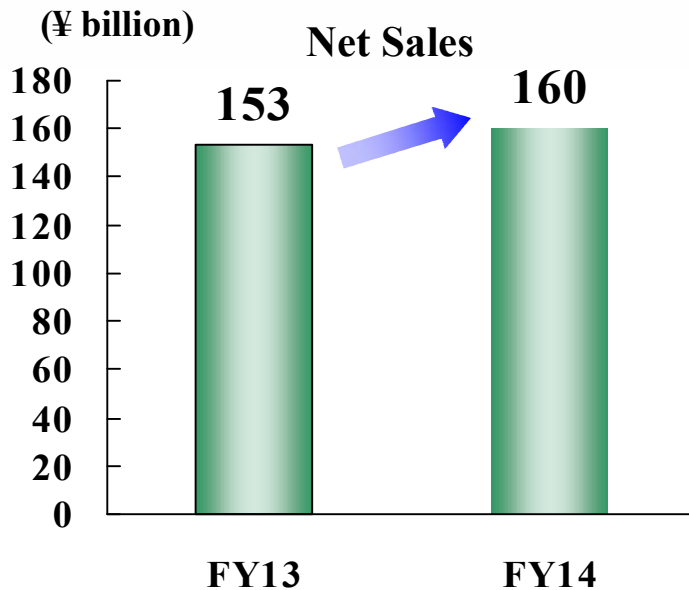
- Expansion of the number of LPG consumer households 【+】
- Increase in sales of lifestyle-related products (portable cooking stoves, gas canisters and mineral water, etc.) 【+】
- Negation of effect of LPG import price fluctuation in FY13 【—】

Major risk factors affecting FY14 results

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

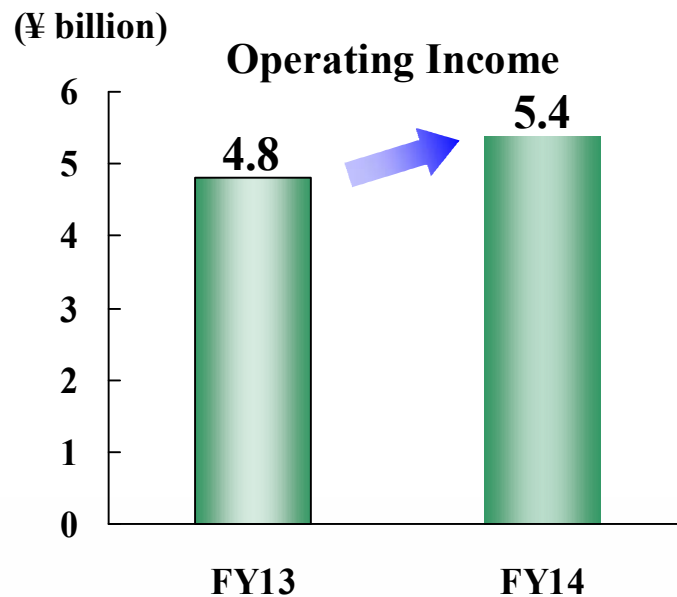
※FY14 Assumption LPG import price: \$850/t
Exchange rate : ¥103/\$

Forecasts- Industrial Gases & Machinery



Major factors of increase in net sales and operating income

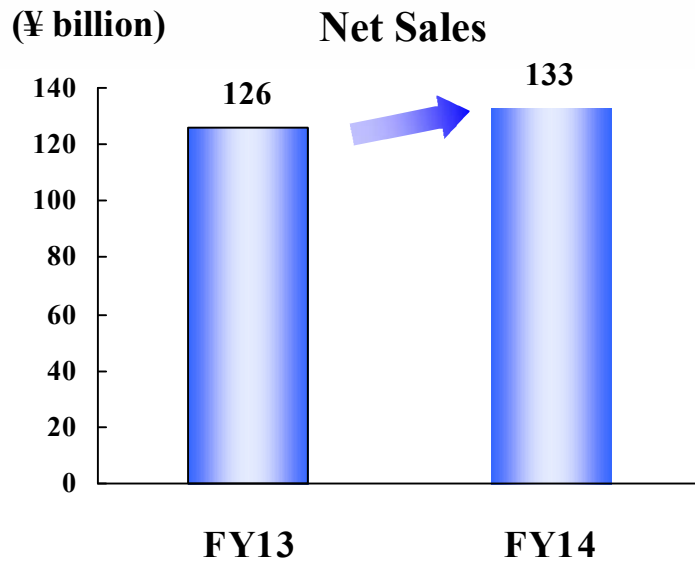
- Increase in sales demand of industrial gases by economic recovery 【+】
- Expansion of the helium businesses 【+】
- Increase in sales of gas-related equipment and machinery equipment 【+】



Major risk factors affecting FY14 results

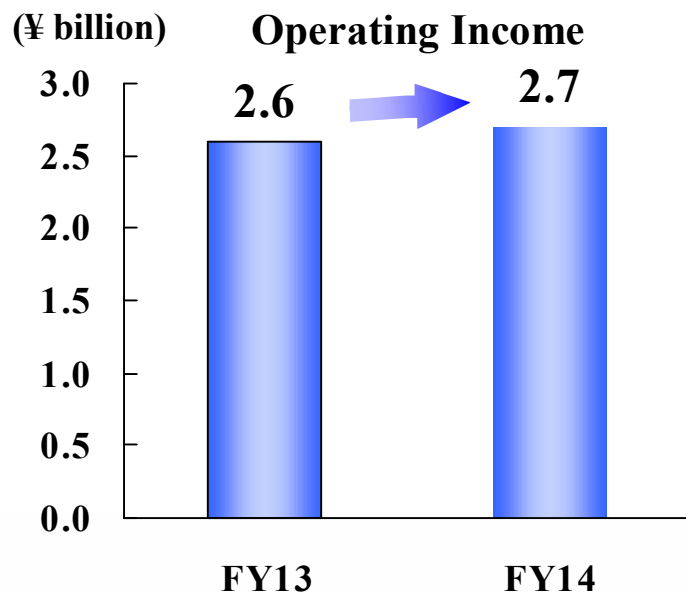
- ◇ Rise in electricity costs in domestic
- ◇ Fluctuation in a helium price due to worldwide balance of supply and demand

Forecasts- Materials



Major factors of increase in net sales and operating income

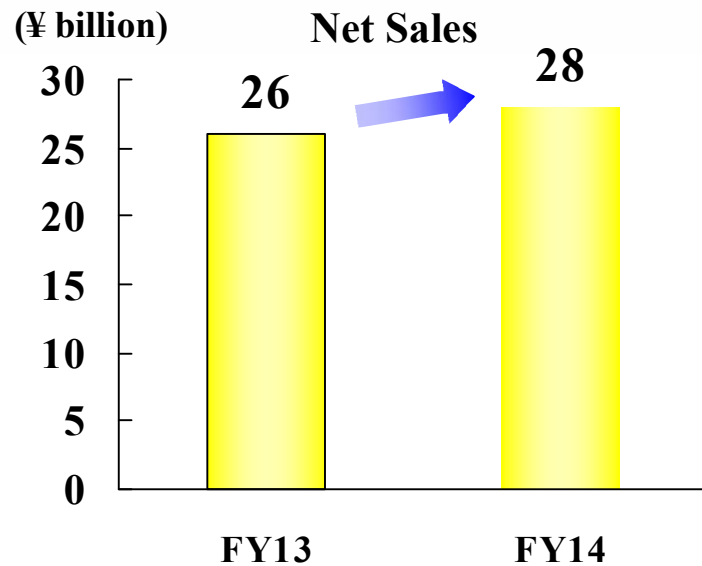
- Increase in sales of functional materials such as PET resin and functional films for smartphones **【+】**
- Increase in sales of stainless steel **【+】**
- Fall in profitability in our mineral resources business in overseas **【-】**



Major risk factors affecting FY14 results

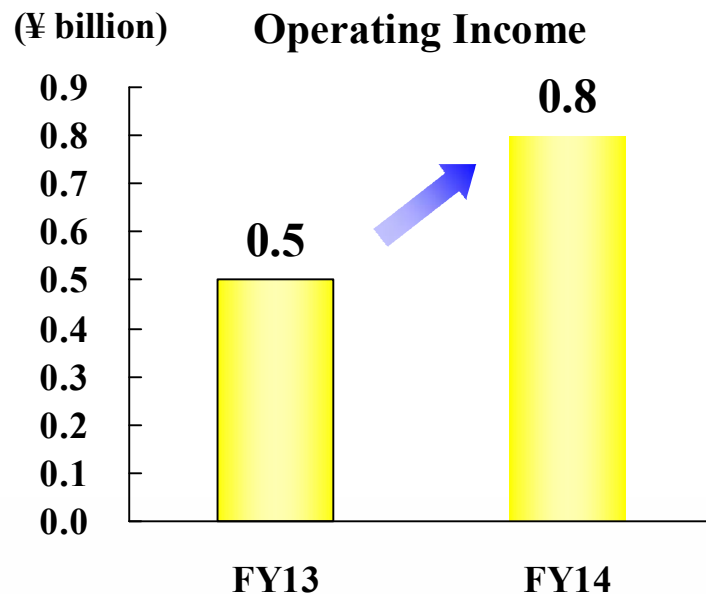
- ◇ Trends in our mineral resources business in overseas
- ◇ Trend of resource price and demand (Zircon, Nickel ,etc.)
- ◇ Slowdown in operation of our major customers and trends of capital expenditure of manufacture

Forecasts- Agri-bio & Foods



Major factors of increase in net sales and operating income

- Developing new products in the food business such as food for the elderly 【+】
- Expanding sales in the stockbreeding business 【+】
- establishment of the plant factory business 【+】



Major risk factors affecting FY14 results

- ◇ Fluctuation in exchange, raw material cost, weather
- ◇ Intensification of price competition in domestic food markets
- ◇ Impact of disease in stockbreeding business

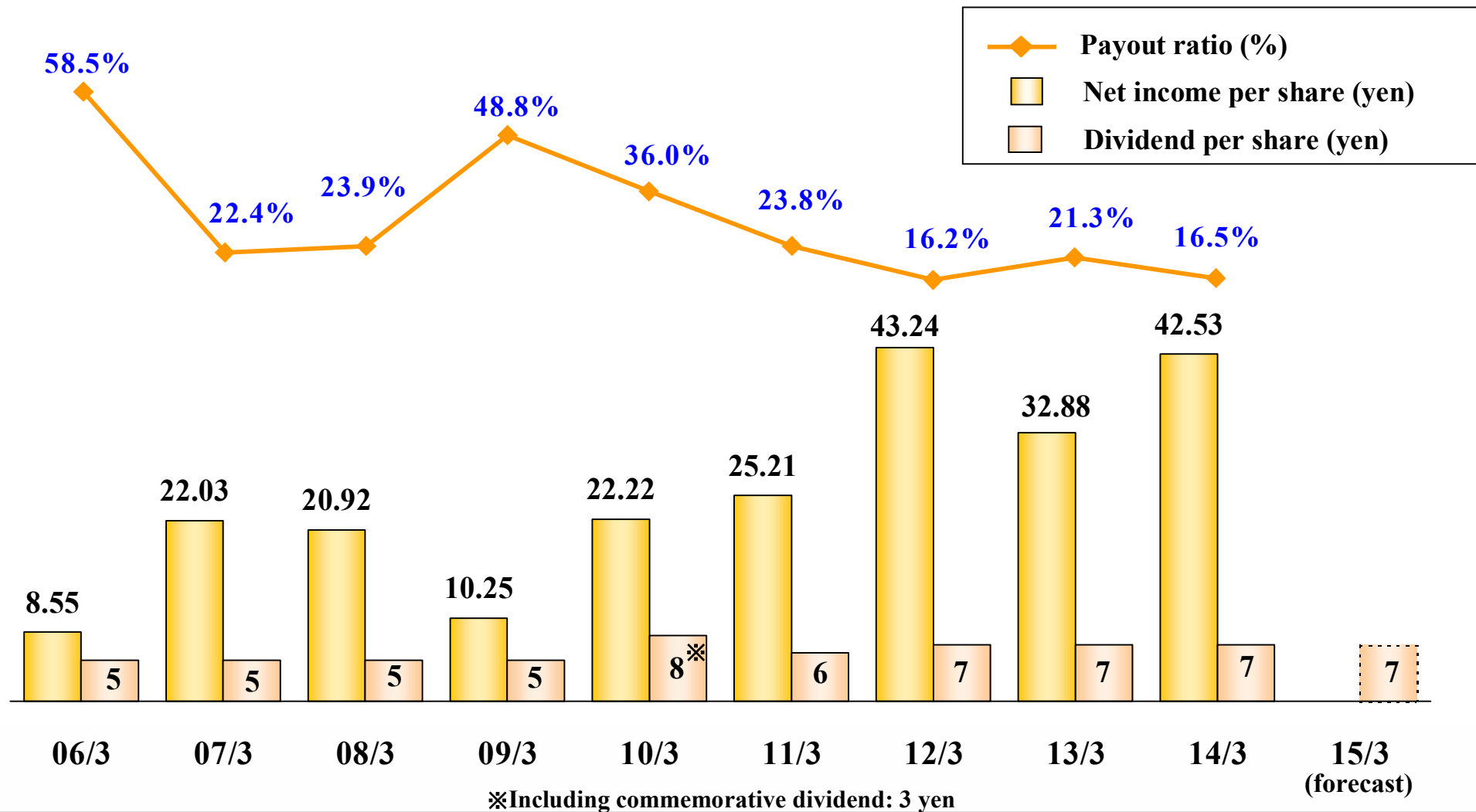
Returns to Shareholders

Consolidated

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Dividends Policy

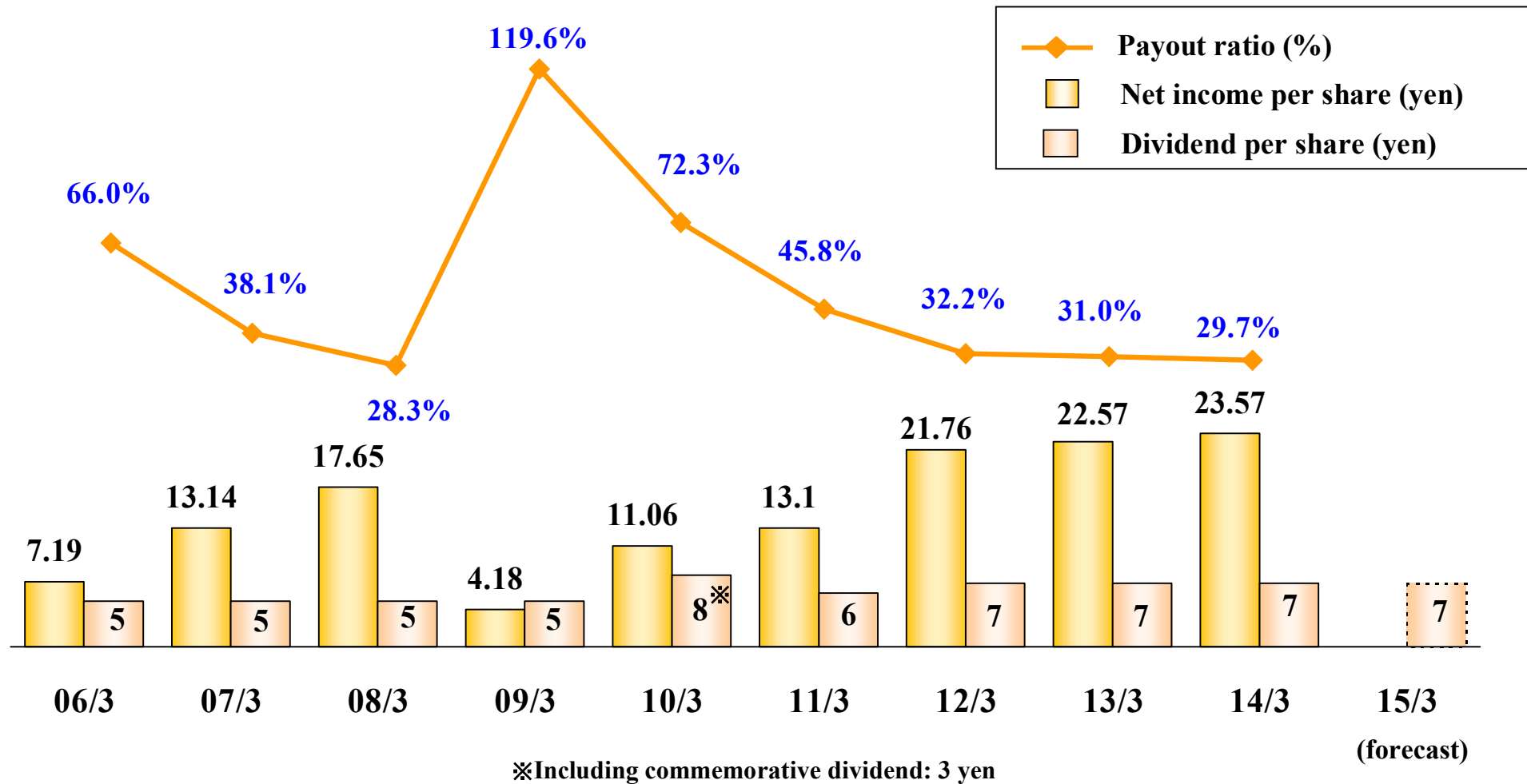
- Maintaining stable dividends
- Deliberate consideration of our business performance and business environment



Returns to Shareholders

Non-consolidated

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Mid- and Long-term Growth Strategy

Increasing our market share in Japan

Strengthening distribution systems



A helium container

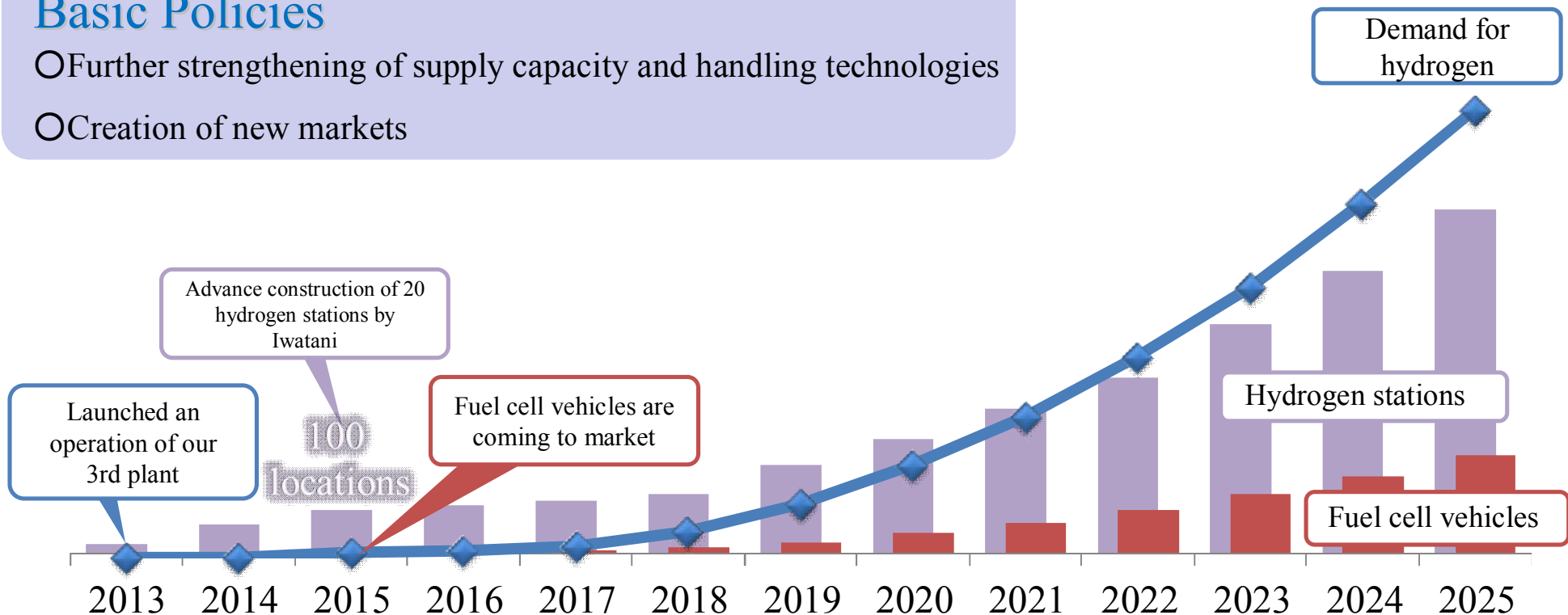
Long-Term Outlook for the Hydrogen Business

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

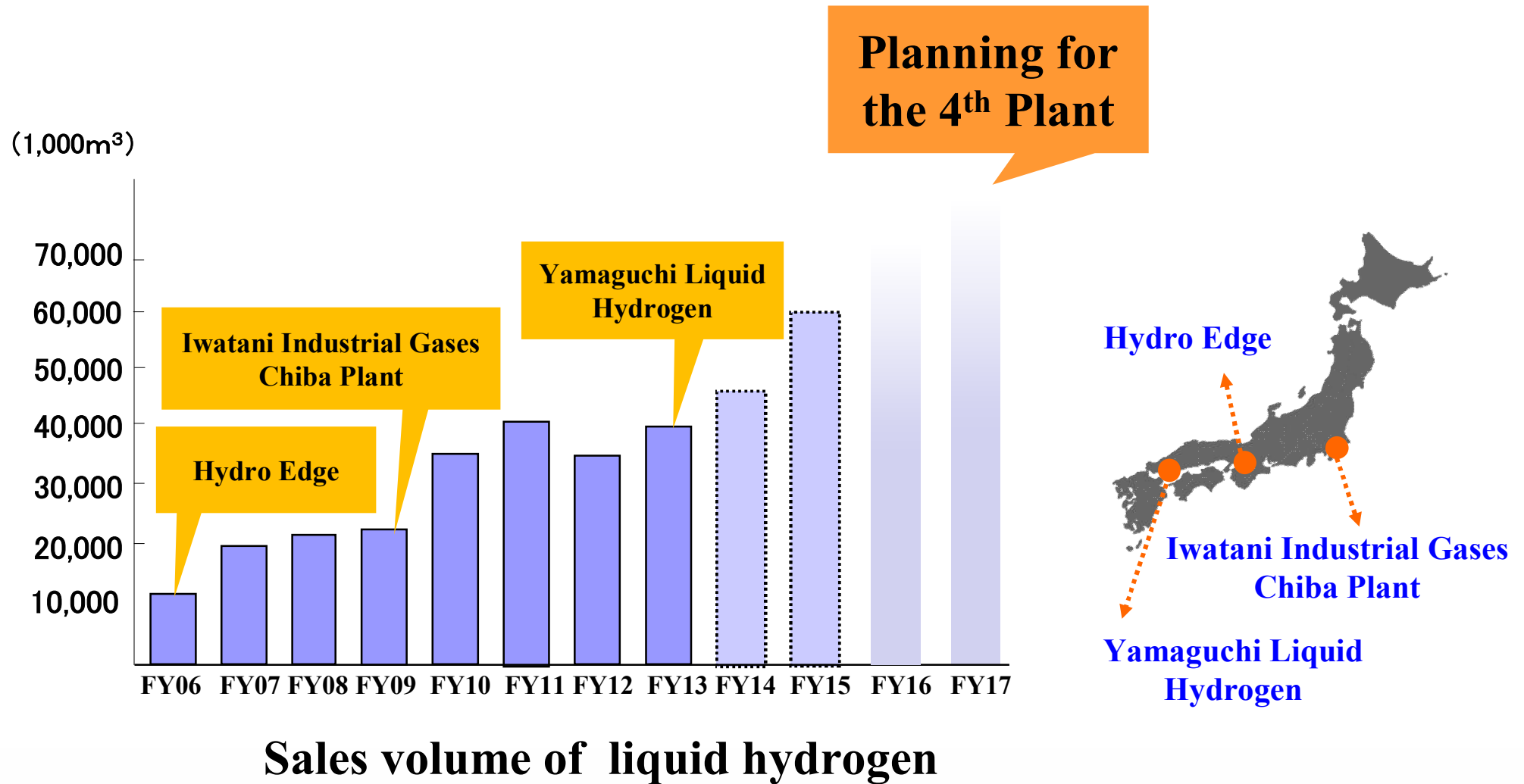


Hydrogen Demand for Fuel Cell Vehicles (Iwatani Scenario)

※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

Strengthening the Production Capacity



Advance Construction of Hydrogen Stations

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Constructing **20** Hydrogen Stations by 2015



The hydrogen station in Amagasaki city is opening in this July.

It will be Japan's first commercial hydrogen station.

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%

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