



# FY 2014 1<sup>st</sup> Half Financial Results

## (Six Months Ended September 30, 2014)

November 20, 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 2014 1st Half Overview**
- **FY 2014 Forecasts**
- **Hydrogen Business**

# FY 2014 1st Half Overview

# Six-Month Overview (Apr.1, 2014 ~ Sep.30, 2014)

(Unit: Million Yen)

	(A) FY14 1H Results	(B) FY13 1H Results	(C) Comparison (A)-(B)	Comparison (C)/(B) (%)	(D) FY14 1H Assumptions	(E) Comparison (A)-(D)	Comparison (E)/(D) (%)
Net Sales	331,815	308,496	+23,319	+7.6	317,200	+14,615	+4.6
Gross Profit	65,735	64,729	+1,005	+1.6	—	—	—
Operating Income	2,635	3,032	(396)	(13.1)	3,500	(864)	(24.7)
Ordinary Income	3,298	3,483	(184)	(5.3)	3,500	(201)	(5.7)
Net Income	1,962	1,774	+188	+10.6	1,700	+262	+15.4

	(A) FY14 1H Results	(B) FY13 1H Results	Comparison (A)-(B)
Capital Expenditure*	7,214	7,698	(483)
Depreciation Expense*	6,380	6,386	(5)

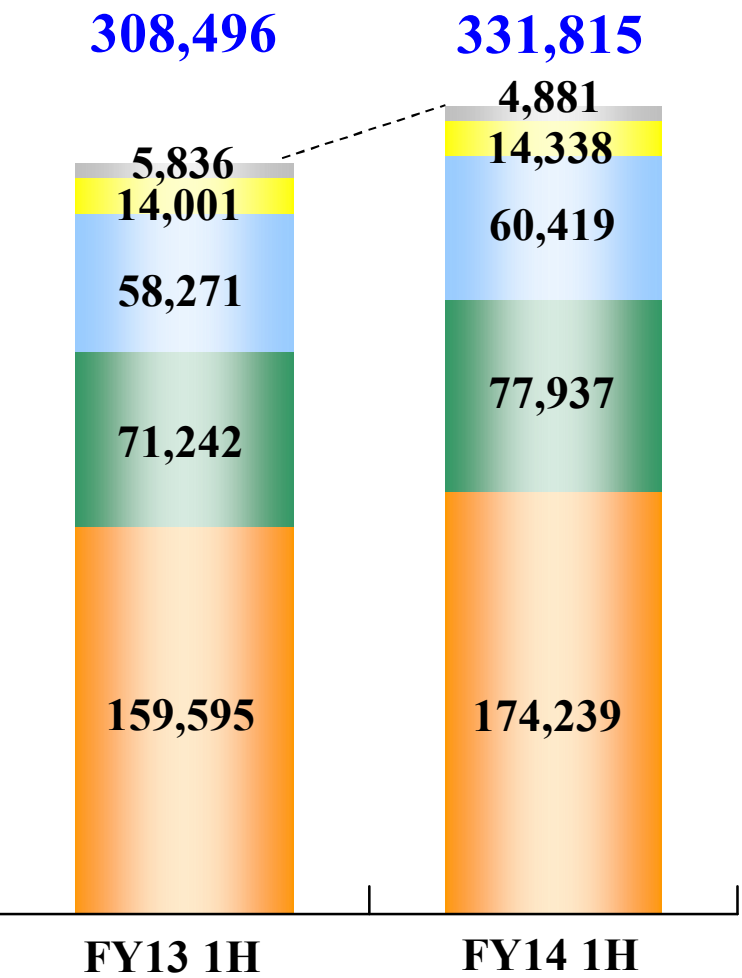
\*Figures for capital expenditure and depreciation expense cover only property, plant and equipment .

## FY13 1H ~ FY14 1H Comparison

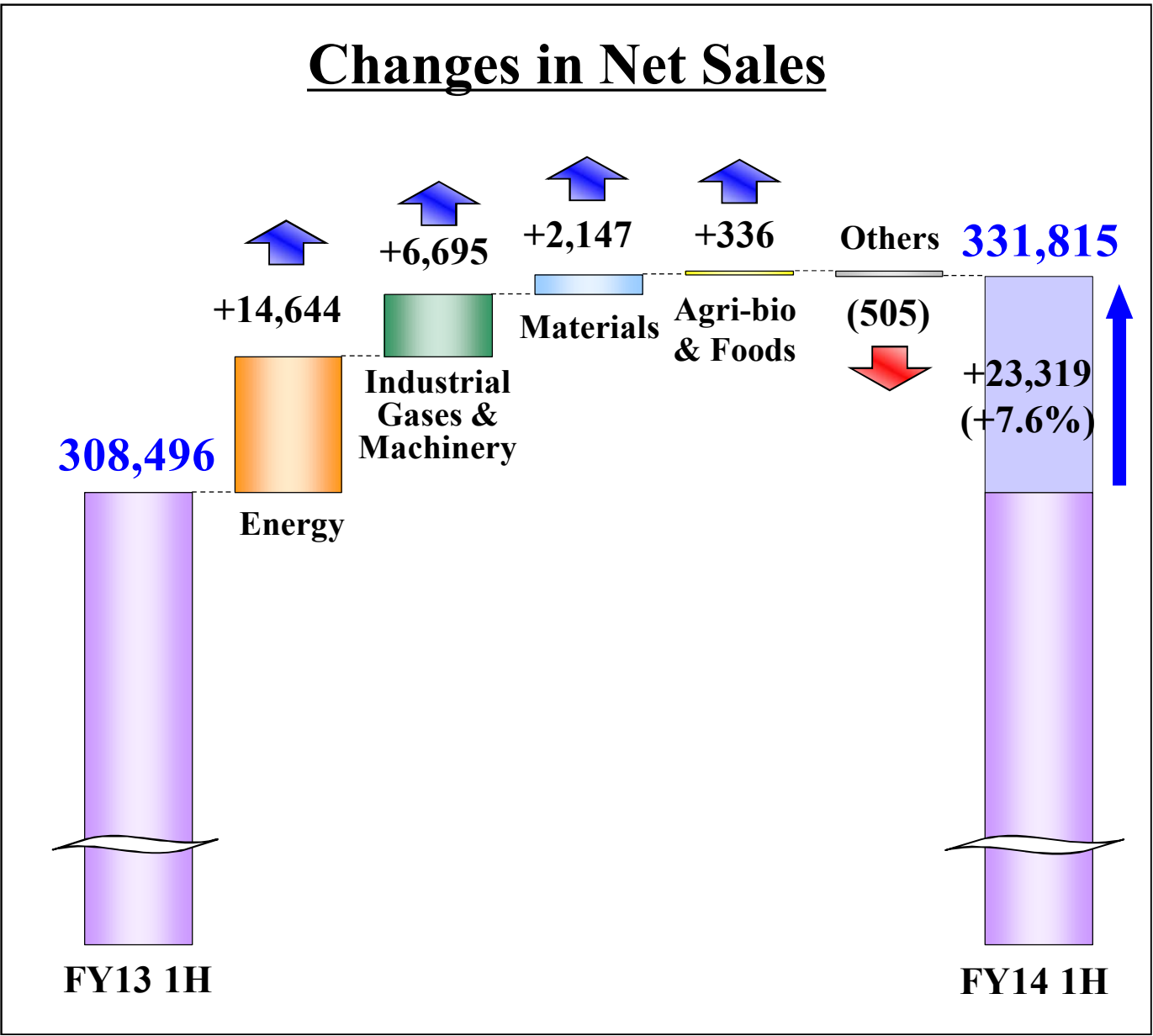
(Unit: Million Yen)

### Net Sales

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



### Changes in Net Sales



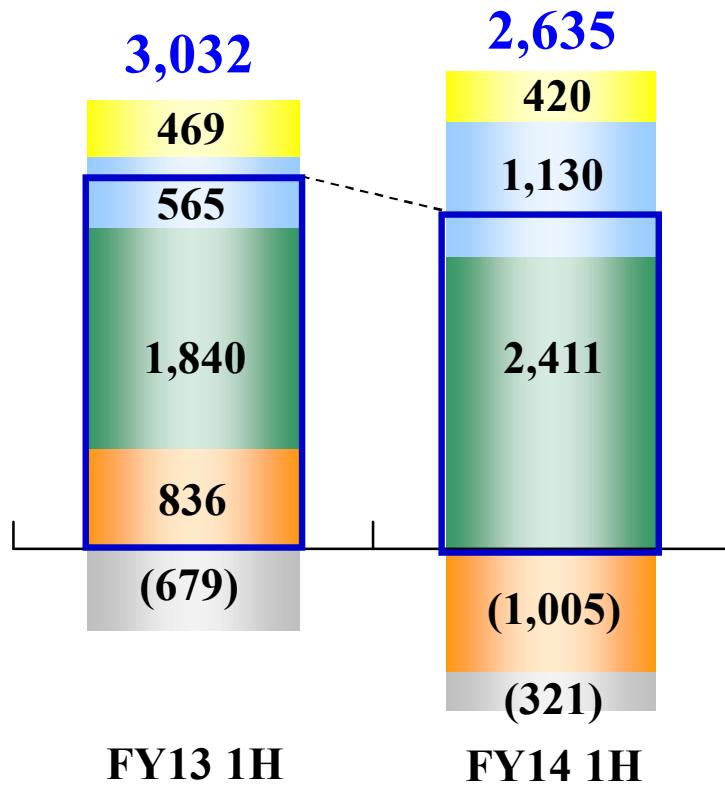
# Analysis of Operating Income

## FY13 1H ~ FY14 1H Comparison

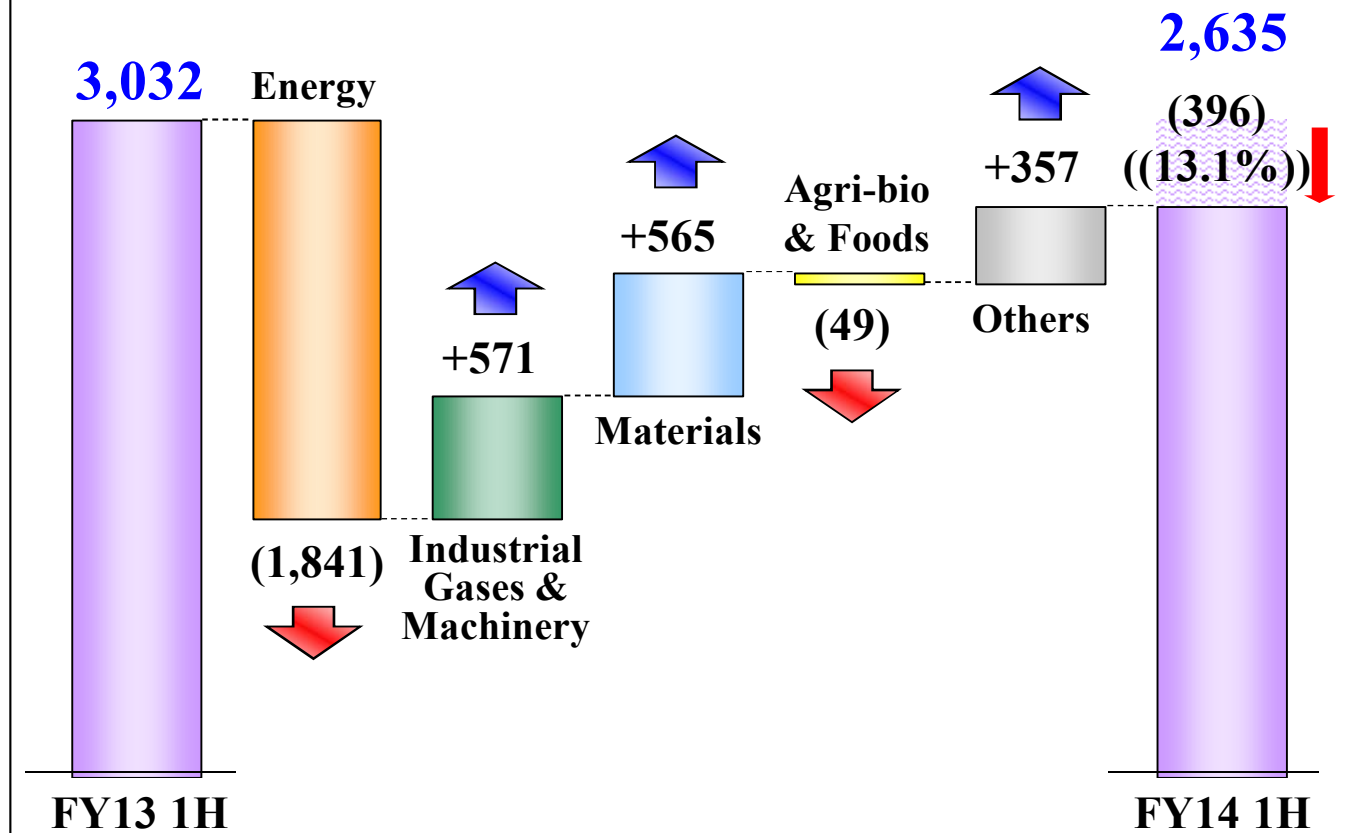
(Unit: Million Yen)

### Operating Income

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



### Changes in Operating Income



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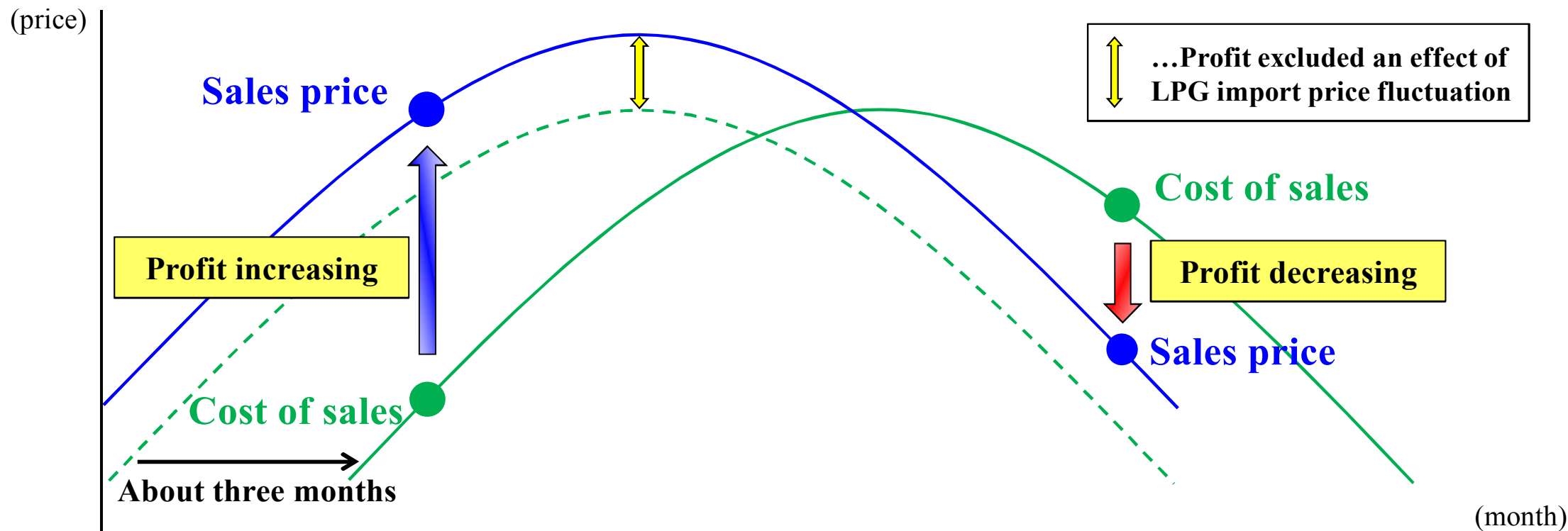
- Sales price : linked to the average of LPG import price of previous and current month
- Cost of sales : linked to LPG import price of 2-3 months before

## In price rising

sell relatively low-priced LPG at high price

## In price falling

sell relatively high-priced LPG at low price

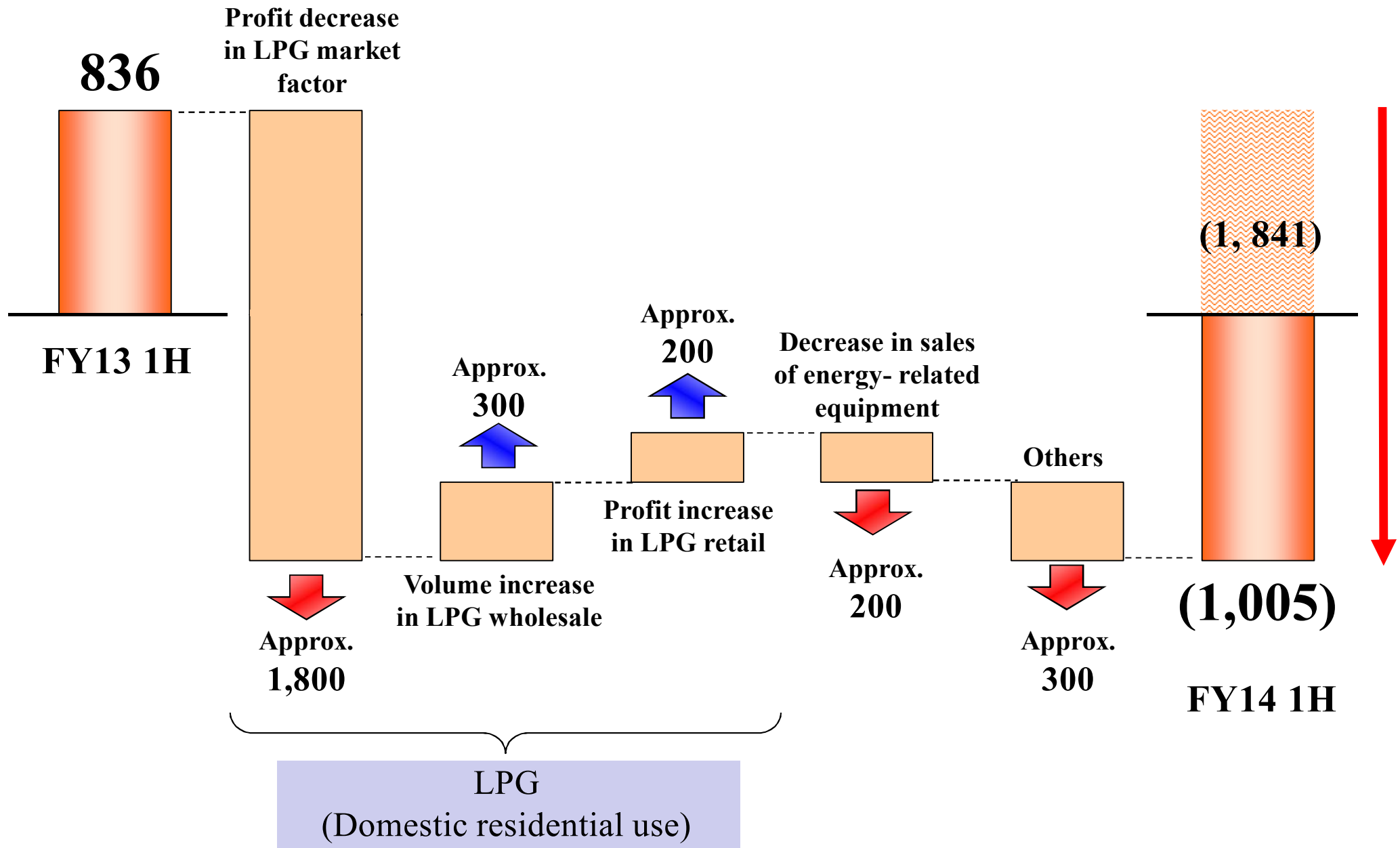


※According to stock volume, season of sales, sales volume and so on, the impact for our achievement can be changed.

# Operating Income - Energy

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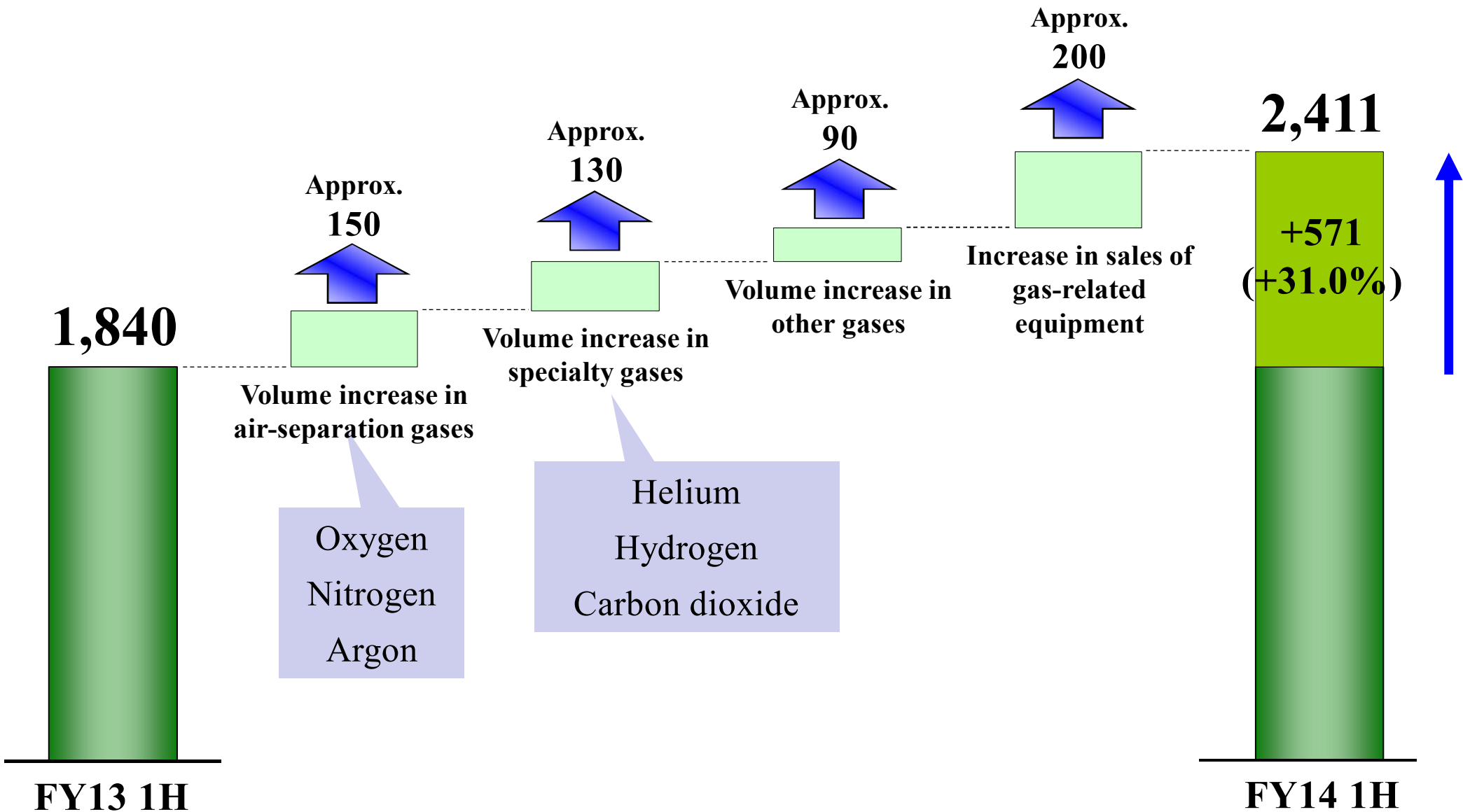
(Unit: Million Yen)



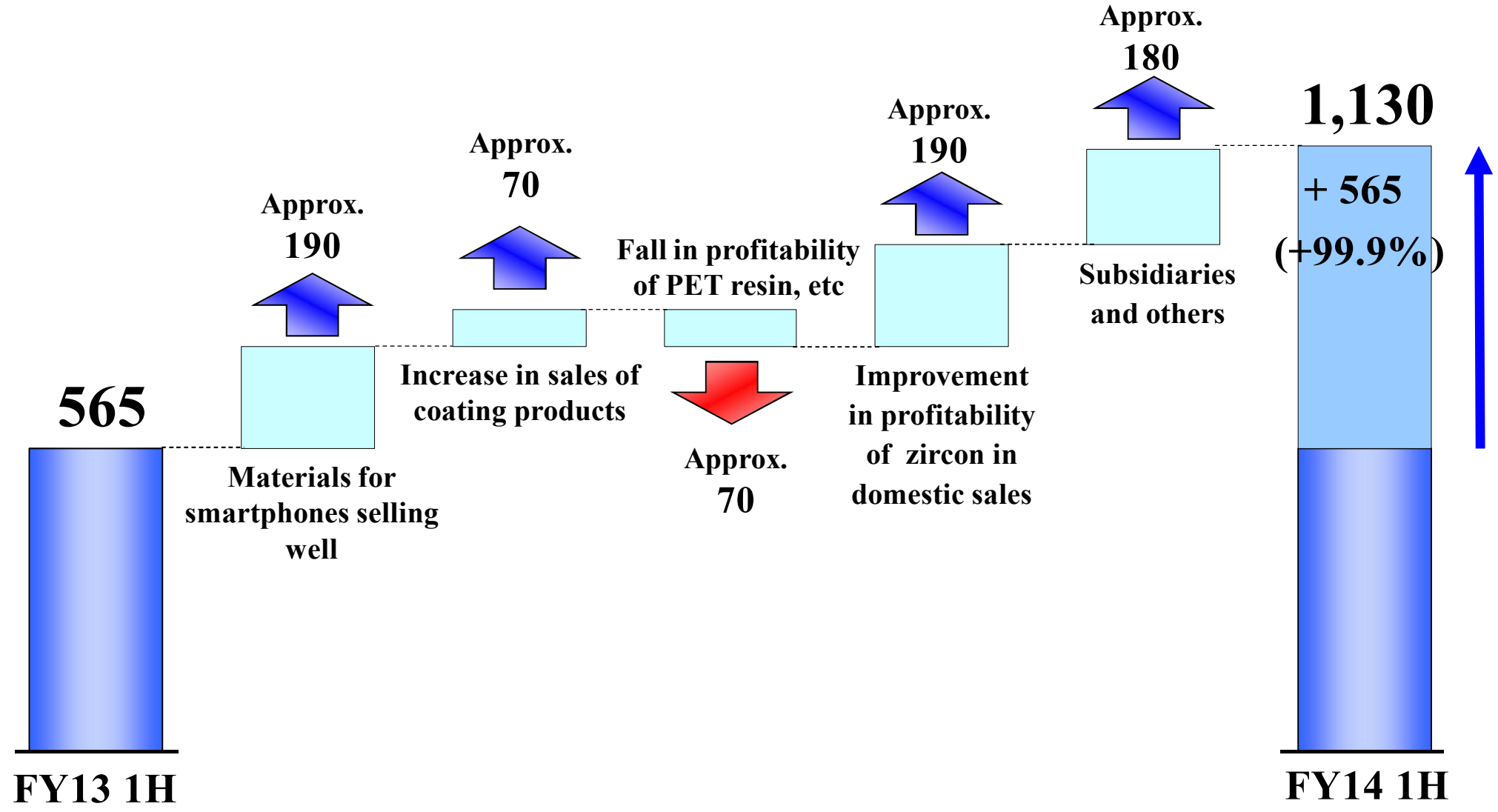


# Operating Income – Industrial Gases & Machinery

(Unit: Million Yen)

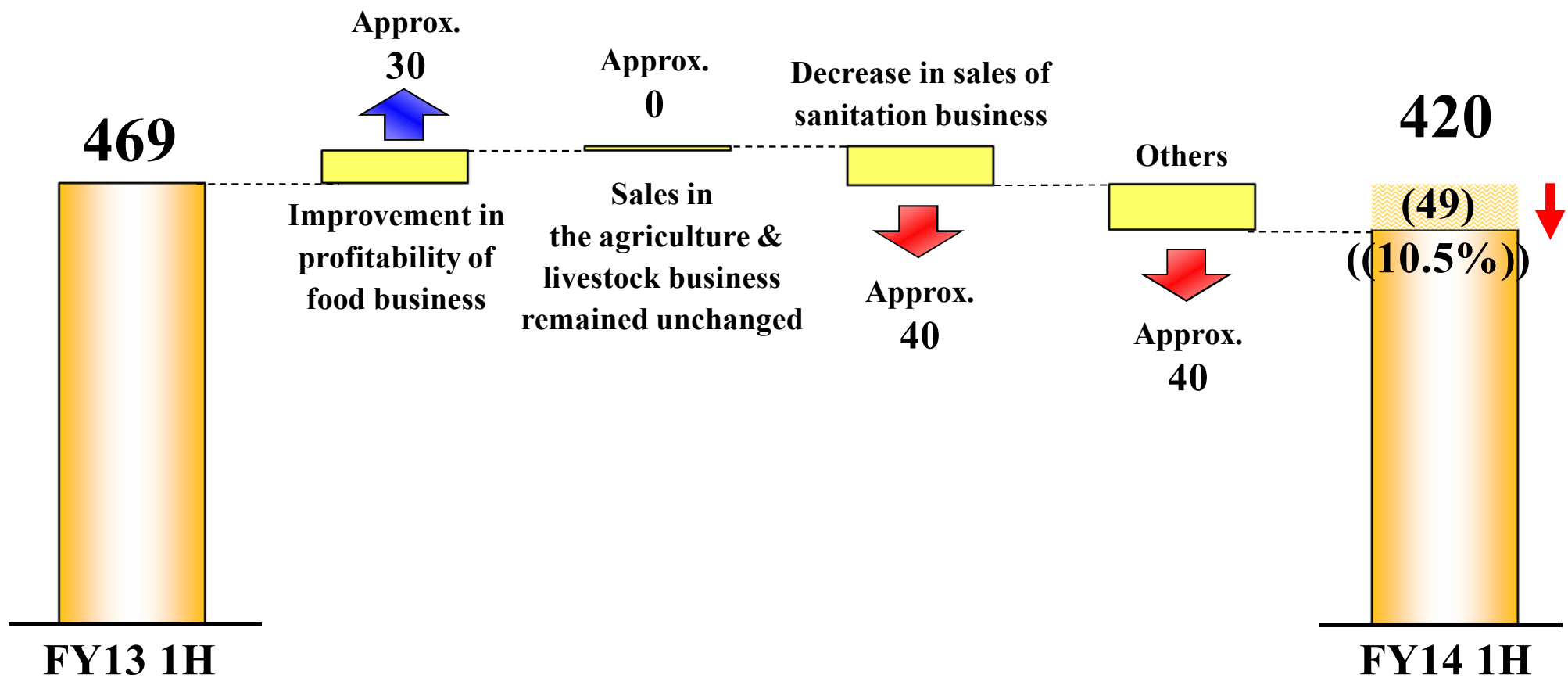


(Unit: Million Yen)



# Operating Income – Agri-bio & Foods

(Unit: Million Yen)



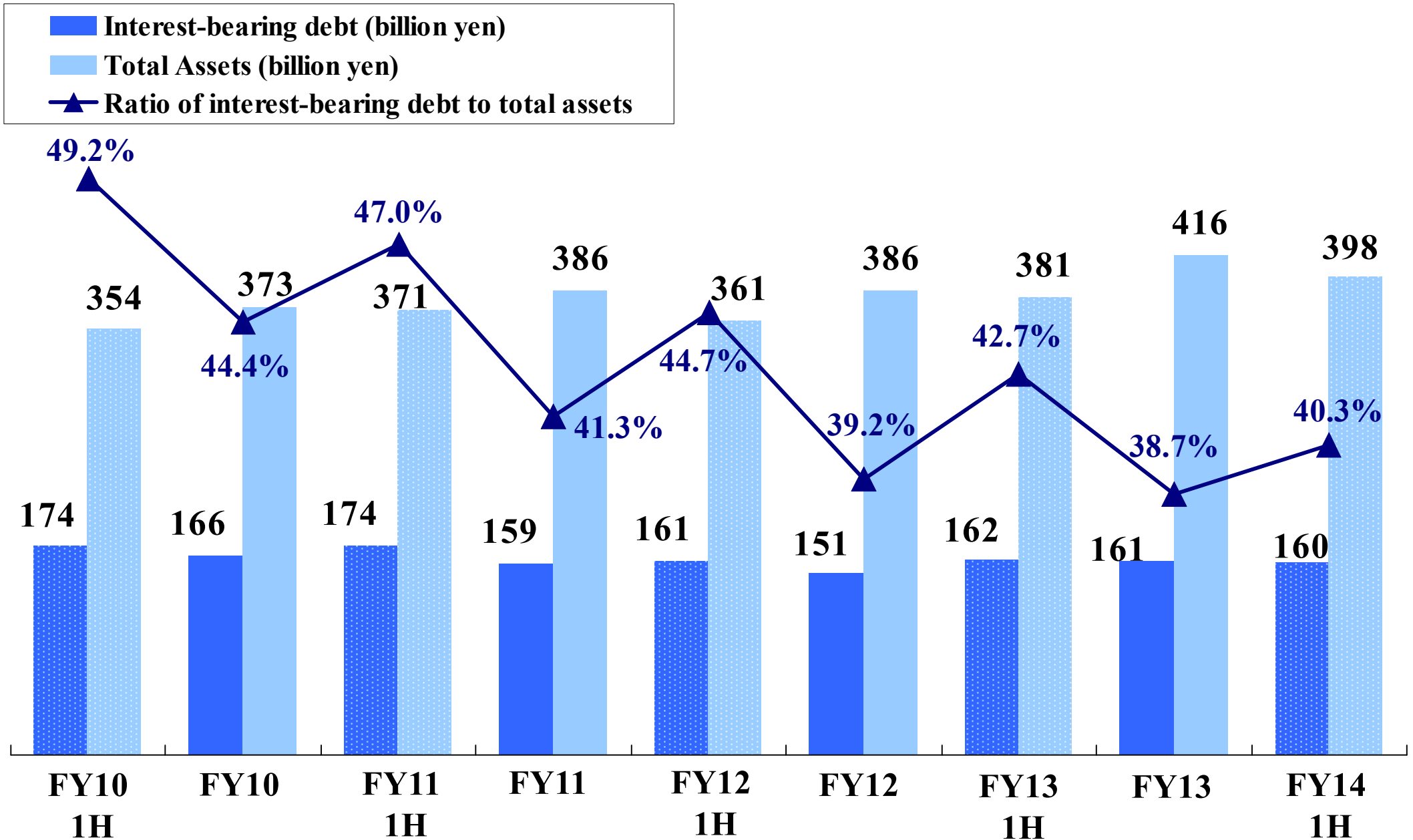
# Balance Sheets Comparison

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(Unit: Million Yen)

	FY14 1H(A)	FY13 (B)	(A) - (B)	Major factors for changes
<b>Current assets</b>	<b>182,273</b>	<b>201,495</b>	<b>(19,221)</b>	
Cash and deposits	20,307	20,995	(688)	Decrease in net sales according to the seasonal factor
Notes and accounts receivable-trade	102,533	121,074	(18,541)	
Inventories	45,544	45,339	+204	
Other	13,888	14,085	(196)	
<b>Fixed assets</b>	<b>216,524</b>	<b>214,724</b>	<b>+1,800</b>	
Property, plant and equipment	132,336	132,436	(100)	Increase in goodwill
Intangible assets	17,650	16,917	+732	
Investments and other assets	66,538	65,369	+1,168	Price rise of investments in securities
<b>Current liabilities</b>	<b>192,489</b>	<b>205,206</b>	<b>(12,717)</b>	
Notes and accounts payable-trade	88,914	103,401	(14,487)	Decrease in procurement according to the seasonal factor
Other	103,573	101,804	+1,770	
<b>Long - term liabilities</b>	<b>100,537</b>	<b>105,954</b>	<b>(5,417)</b>	
<b>Net assets</b>	<b>105,771</b>	<b>105,058</b>	<b>+712</b>	
<b>Total assets</b>	<b>398,798</b>	<b>416,219</b>	<b>(17,421)</b>	

# Interest-bearing debt



# Statements of Cash Flows

(Unit: Million Yen)

	FY14 1H (A)	FY13 1H (B)	(A) - (B)
Cash flows from operating activities	10,312	9,054	+1,258
Cash flows from investing activities	(8,195)	(10,200)	+2,004
Free cash flows	2,116	(1,146)	+3,262
Cash flows from financing activities	(2,552)	5,596	(8,149)
Effect of exchange rate changes, etc.*	(118)	1,236	(1,355)
Net increase (decrease) in cash and cash equivalents	(554)	5,687	(6,241)

Cash and cash equivalents at beginning of year	20,440	14,026	+6,414
Cash and cash equivalents at end of period	19,886	19,713	+172

\* “Effect of exchange rate changes, etc.” includes “Effect of exchange rate changes”, “Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation” and “Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries”.

# FY2014 Forecasts

# FY2014 Forecasts

**Iwatani**

(Unit: Million Yen)

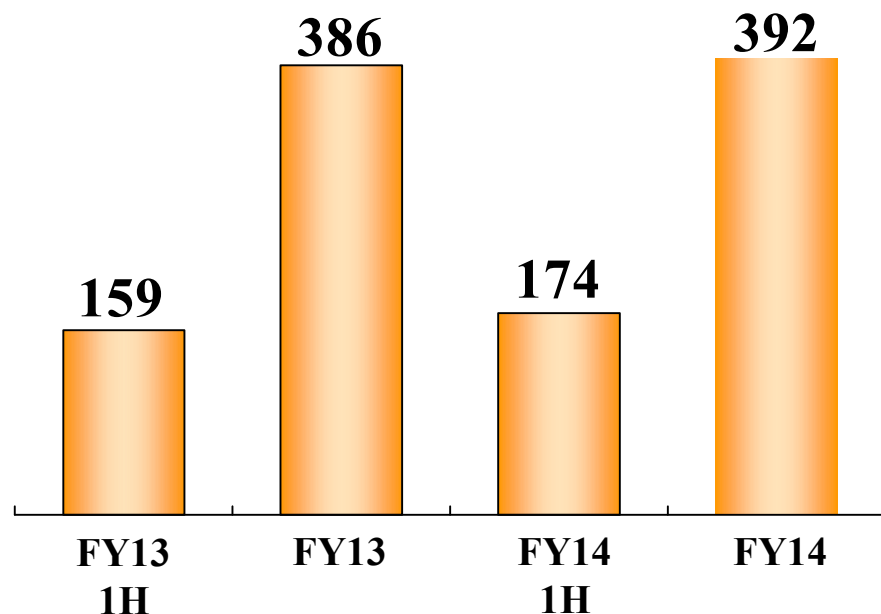
	FY14 Forecasts (A)	FY13 Results (B)	Comparison (C) (A) - (B)	Comparison (C) / (B)
<b>Net Sales</b>	<b>724,800</b>	<b>703,923</b>	<b>+20,876</b>	<b>+3.0%</b>
Energy	392,000	386,718	+5,281	+1.4%
Industrial Gases & Machinery	160,000	153,387	+6,612	+4.3%
Materials	133,000	126,885	+6,114	+4.8%
Agri-bio & Foods	28,400	26,378	+2,021	+7.7%
Others	11,400	10,553	+846	+8.0%
<b>Operating Income</b>	<b>19,500</b>	<b>18,518</b>	<b>+981</b>	<b>+5.3%</b>
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)	-
<b>Ordinary Income</b>	<b>19,500</b>	<b>19,258</b>	<b>+241</b>	<b>+1.3%</b>
<b>Net Income</b>	<b>10,500</b>	<b>10,466</b>	<b>+33</b>	<b>+0.3%</b>

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



## Net Sales

(¥ billion)

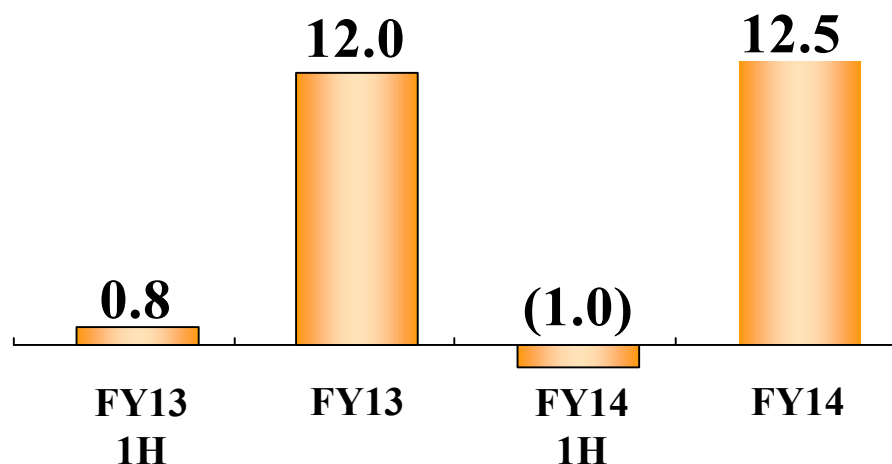


**Major factors of increase in net sales and operating income**

- Increasing in LPG sales
- Expanding the number of LPG consumer households
- Expanding the profit of lifestyle-related products

## Operating Income

(¥ billion)



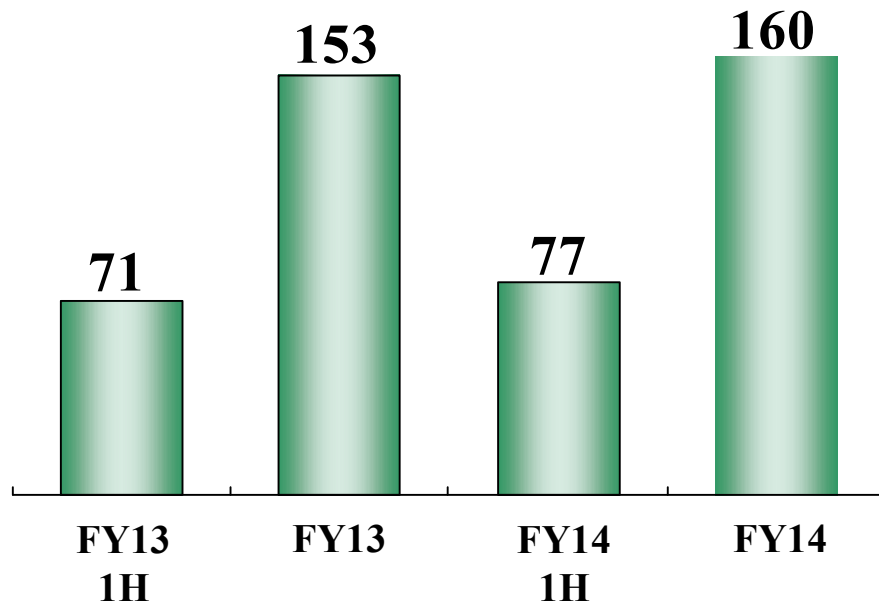
**Major risk factors affecting FY14 results**

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

# Forecasts- Industrial Gases & Machinery

## Net Sales

(¥ billion)

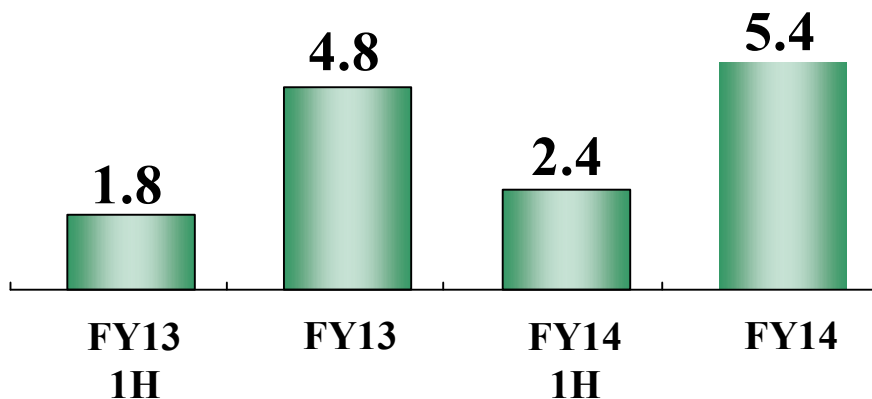


### Major factors of increase in net sales and operating income

- Rationalizing production and distribution
- Selling gases at an appropriate price
- Expanding sales of liquid hydrogen utilizing its characteristics
- Expanding sales of helium

## Operating Income

(¥ billion)



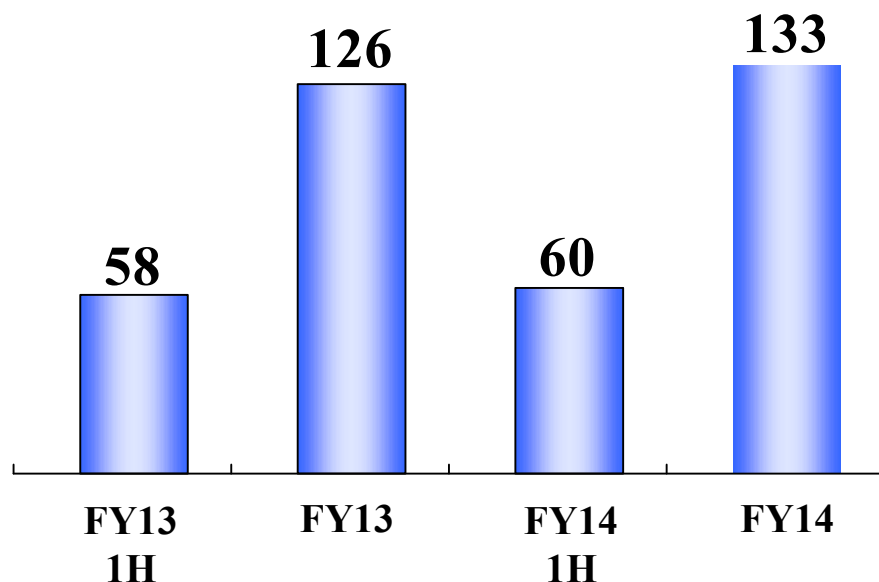
### Major risk factors affecting FY14 results

- ◇ Rise in electricity costs in domestic
- ◇ Decrease in sales of various industrial gases due to the economic depression in and out of Japan

# Forecasts- Materials

## Net Sales

(¥ billion)

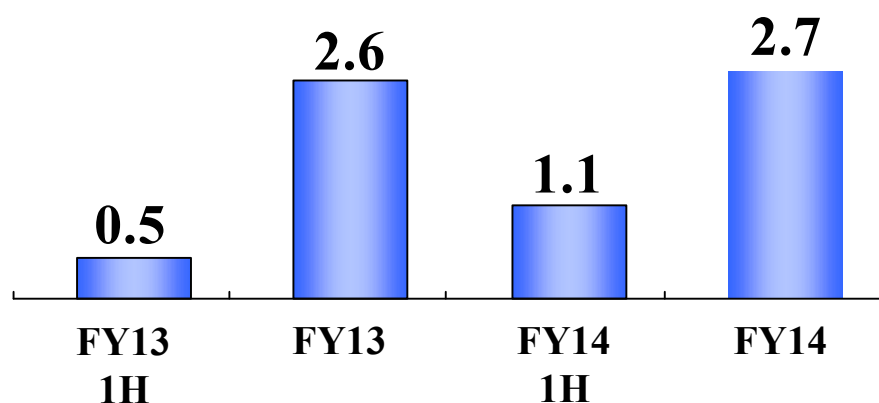


### Major factors of increase in net sales and operating income

- Developing markets of functional materials for smartphones
- Expanding profit of high-value-added products such as PET resin and so on

## Operating Income

(¥ billion)



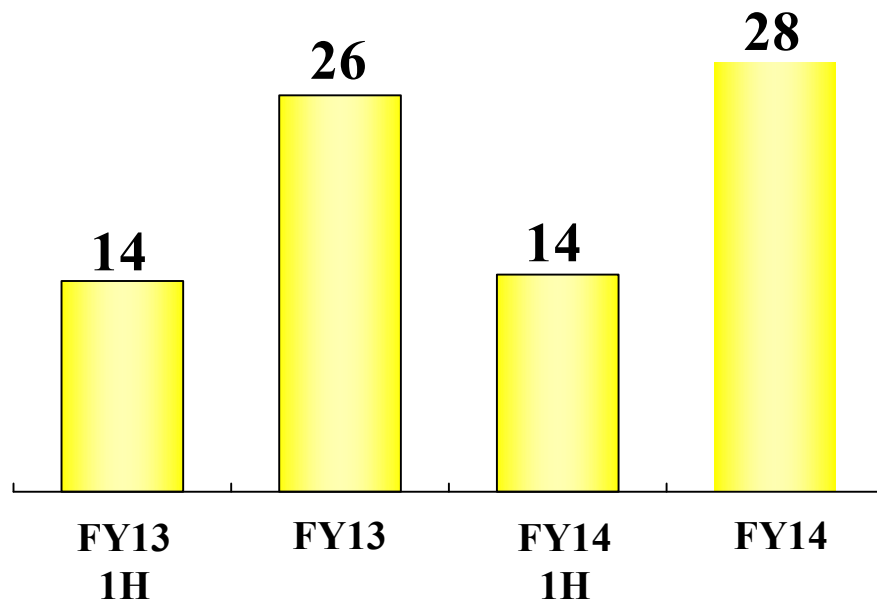
### Major risk factors affecting FY14 results

◇ Slowdown in operation of customers

# Forecasts- Agri-bio & Foods

## Net Sales

(¥ billion)

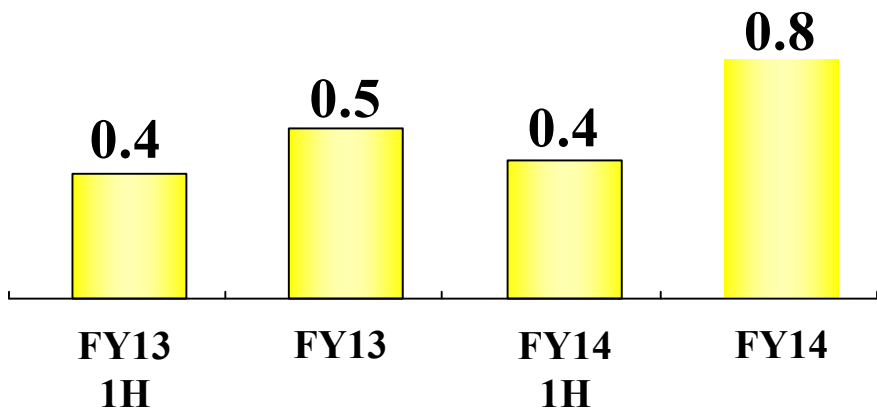


**Major factors of increase in net sales and operating income**

- Expanding sales in livestock business
- Introduction of new products and sales channel development

## Operating Income

(¥ billion)



**Major risk factors affecting FY14 results**

- ◇ Fluctuation in exchange, raw material cost and weather
- ◇ Increasing cost of food quality control

# Hydrogen business

## Constructing **20 stations** by **FY2015**

Japan's **first** commercial hydrogen station

Completion date : July, 2014



Hydrogen station in Amagasaki-city, Hyogo

Completion date : October, 2014



Hydrogen station in Kokura-city, Fukuoka

# Constructing Hydrogen Stations

## Stations in central Tokyo



Hydrogen station in Shiba Park ,Tokyo

**We plan to build hydrogen stations  
in these area**



# Selling Price of Hydrogen at Our Station

Hydrogen price

**1,100 yen/kg**

A fuel cell vehicle

**110 km/kg**

Gasoline price

**165 yen/L**

A hybrid car

(same vehicle class)

**16.5 km/L**

**10 yen/km**

**This hydrogen price is equivalent to fuel price of a hybrid car.**



## Smart Hydrogen Station



Developing with  
Honda Motor Co., Ltd.

## Pure Hydrogen Type Fuel Cell



Developing with  
TOSHIBA FUEL CELL POWER SYSTEM

# To Supply Hydrogen

We need

*large scale, low-price and stable supply*

of hydrogen



**Strengthening of supply capabilities of liquid hydrogen**



Yamaguchi Liquid Hydrogen Corporation

We have a history of over **70** years for hydrogen

Abundant know-how and rich human resources

Comprehensive system from produce to safety

To realize hydrogen society

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