



# **FY 2014 Financial Results**

## **(Fiscal Year Ended March 31, 2015)**

**May 21, 2015**

**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 Overview**
- **FY 2015 Forecasts**
- **Hydrogen Business**

# **FY 2014 Overview**

# Performance for the Full Fiscal Year (April 1, 2014 to March 31, 2015)

(Unit: Million Yen)

	<b>FY14 Initial Forecast</b>	<b>FY14 Results (A)</b>	<b>FY13 Results (B)</b>	<b>Year-on-Year (A)-(B)</b>
<b>Net Sales</b>	<b>724,800</b>	<b>691,902</b>	<b>703,923</b>	<b>(12,021)</b>
<b>Gross Profit</b>	<b>-</b>	<b>141,034</b>	<b>146,792</b>	<b>(5,758)</b>
<b>Operating Income</b>	<b>19,500</b>	<b>11,174</b>	<b>18,518</b>	<b>(7,343)</b>
<b>Ordinary Income</b>	<b>19,500</b>	<b>12,761</b>	<b>19,258</b>	<b>(6,497)</b>
<b>Net Income</b>	<b>10,500</b>	<b>6,199</b>	<b>10,466</b>	<b>(4,266)</b>

## Changes in Scope of Consolidation

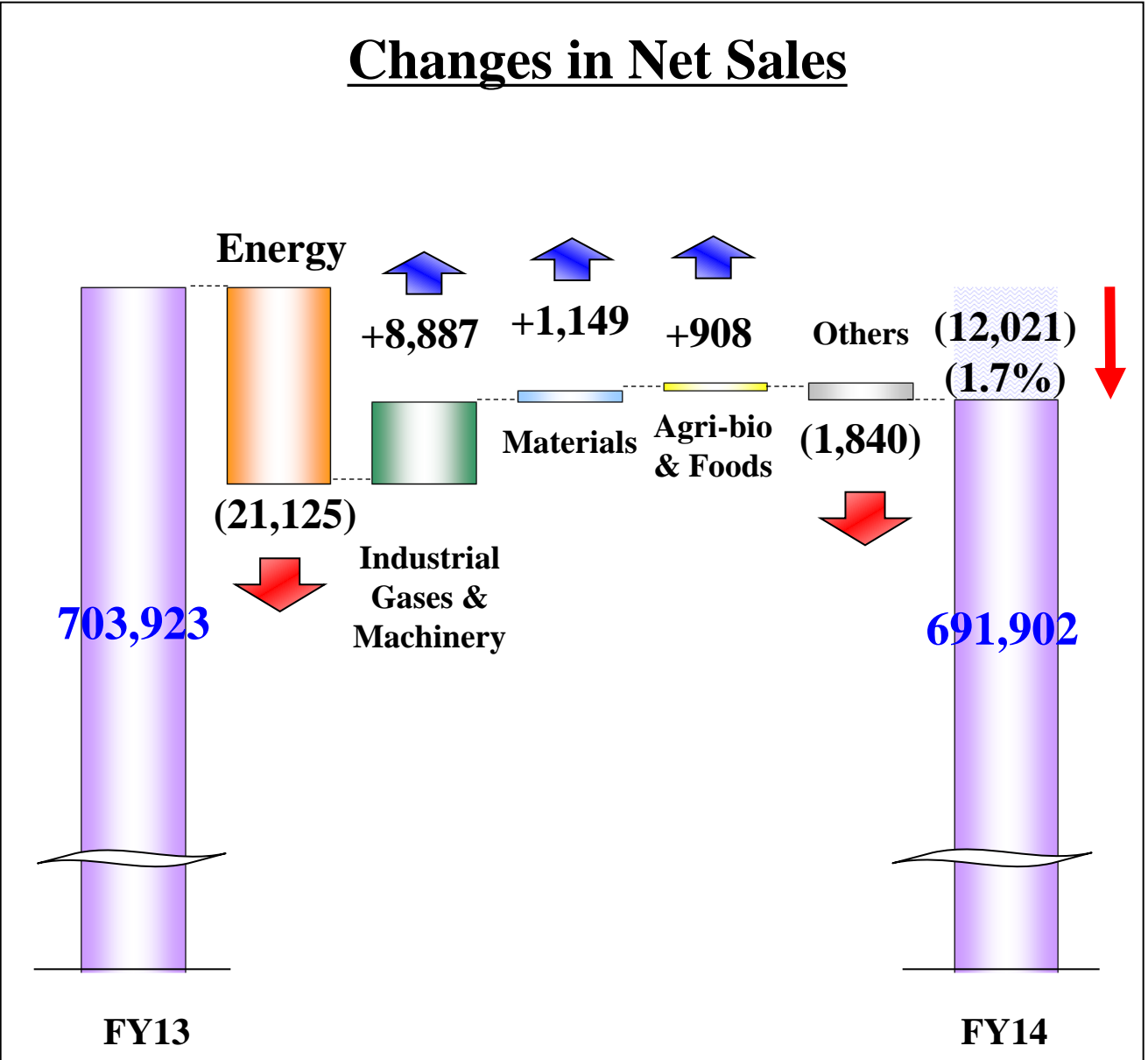
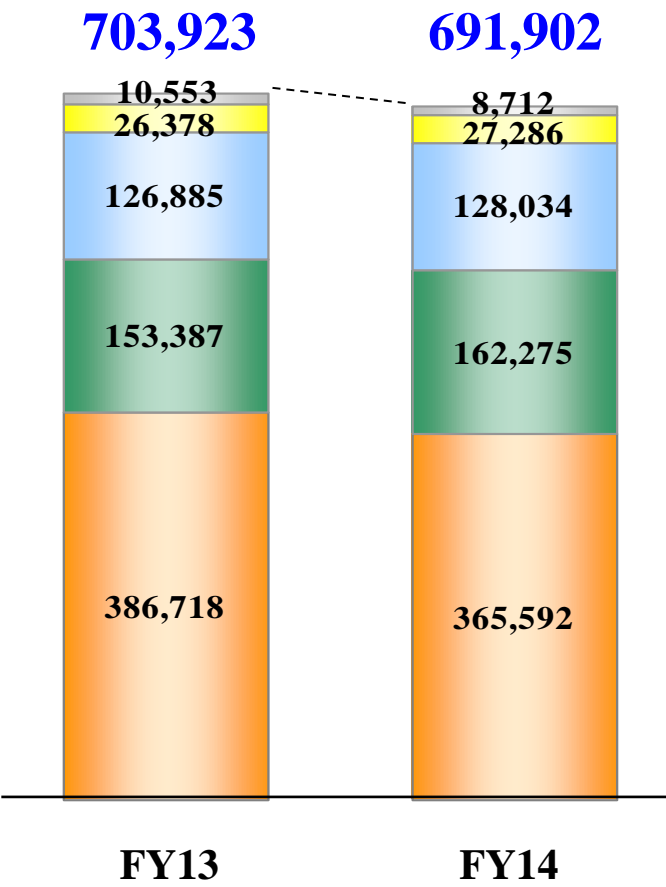
	<b>FY14 Results (A)</b>	<b>FY13 Results (B)</b>	<b>Year-on-Year (A)-(B)</b>
<b>Consolidated subsidiaries</b>	<b>108</b>	<b>108</b>	<b>+0</b>
<b>Equity method subsidiaries and affiliates</b>	<b>111</b>	<b>112</b>	<b>(1)</b>

\*Impact of changes in scope of consolidation: Little

Net Sales

Changes in Net Sales

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

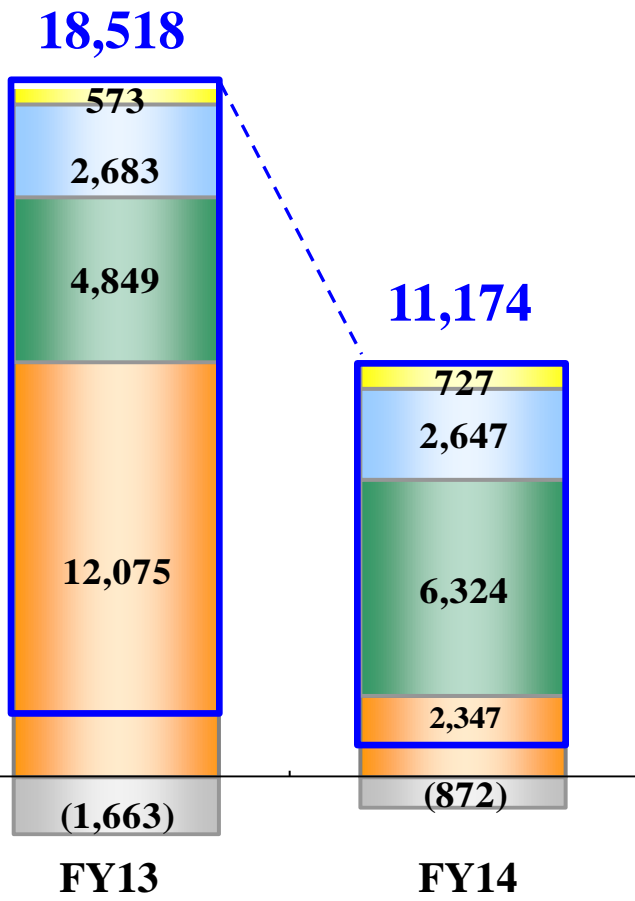


# Analysis of Operating Income

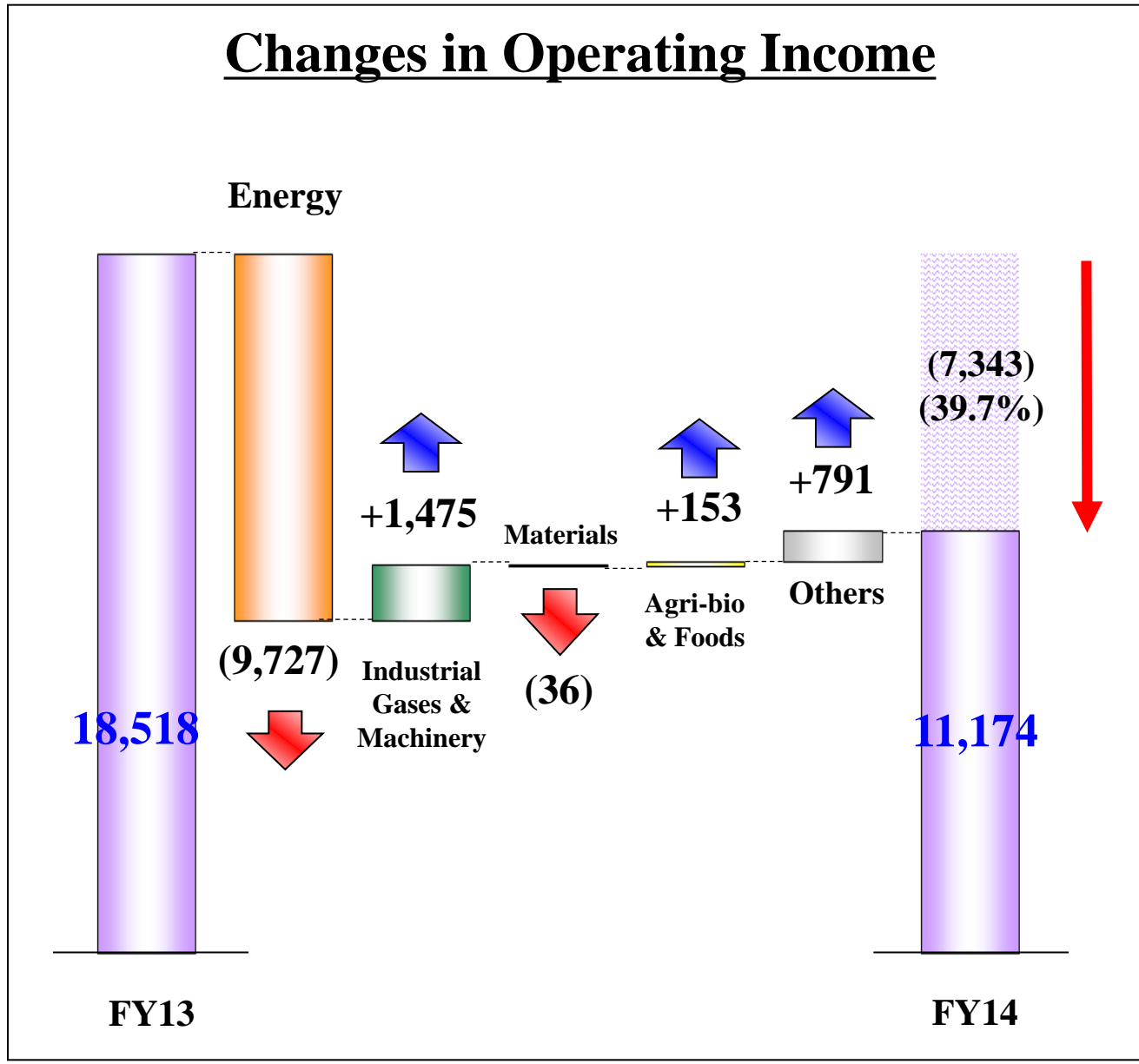
(Unit: Million Yen)

## Operating Income

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



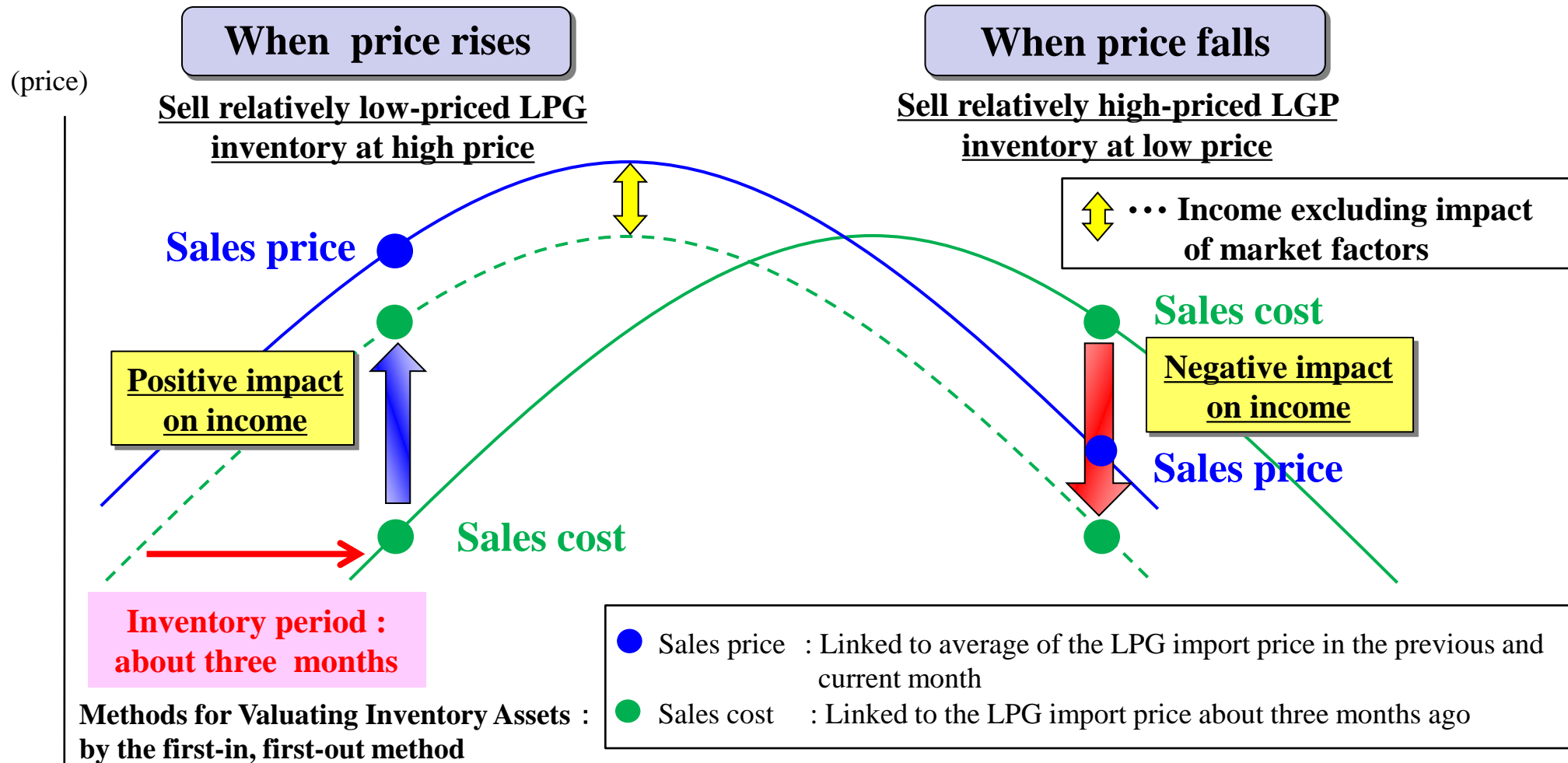
## Changes in Operating Income



# Impact of LPG Import Price (CP) Fluctuations

## (General Overview)

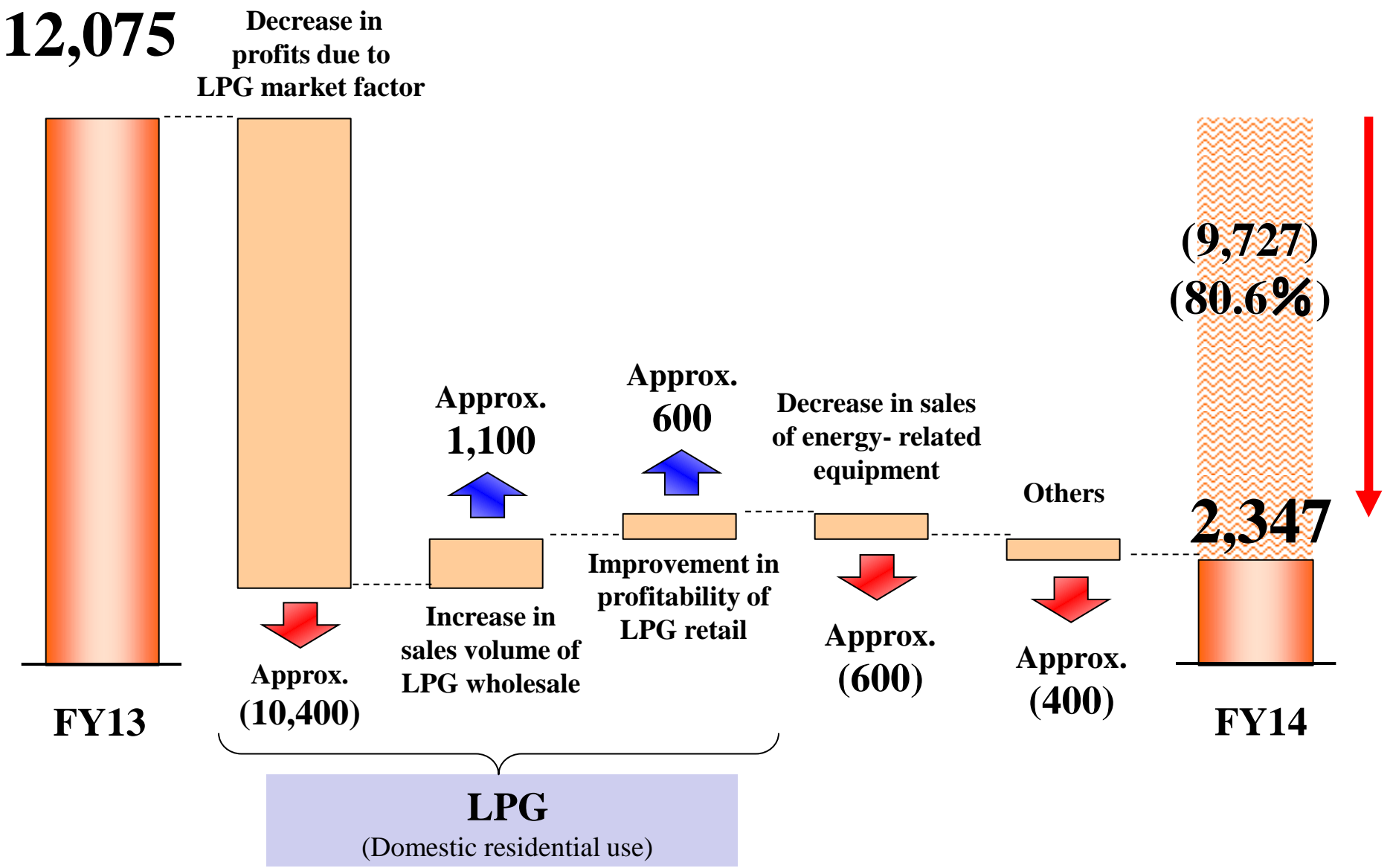
In a short term, Fluctuations in the LPG import price impact our performance .  
In a long term, if the LPG price returns to its former level, the net impact is zero\*.



\*Actual performance may be influenced by inventory volume, timing (season) of sales, sales volume, and other factors. (month)

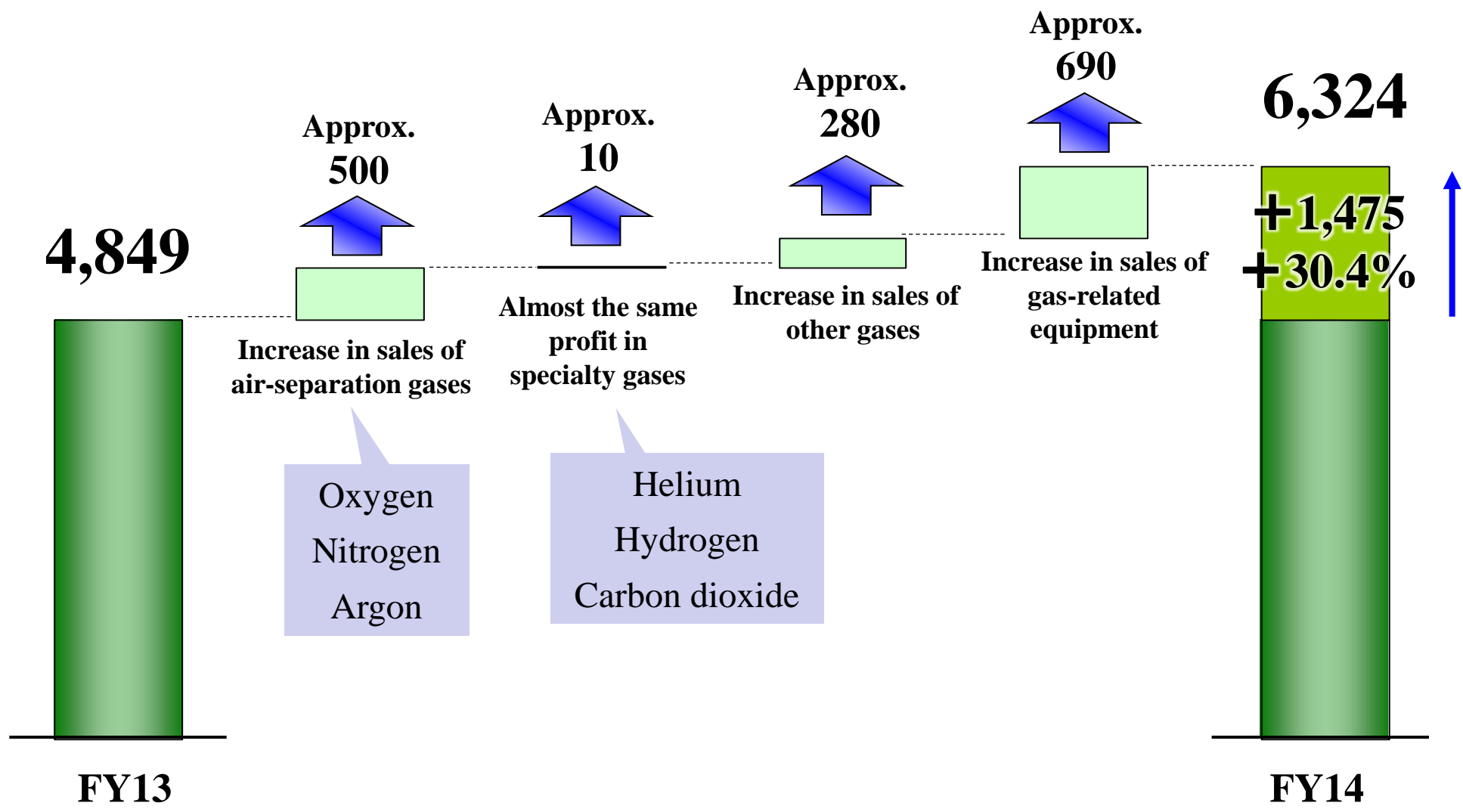
Changes in Operating Income- Energy

(Unit: Million Yen)



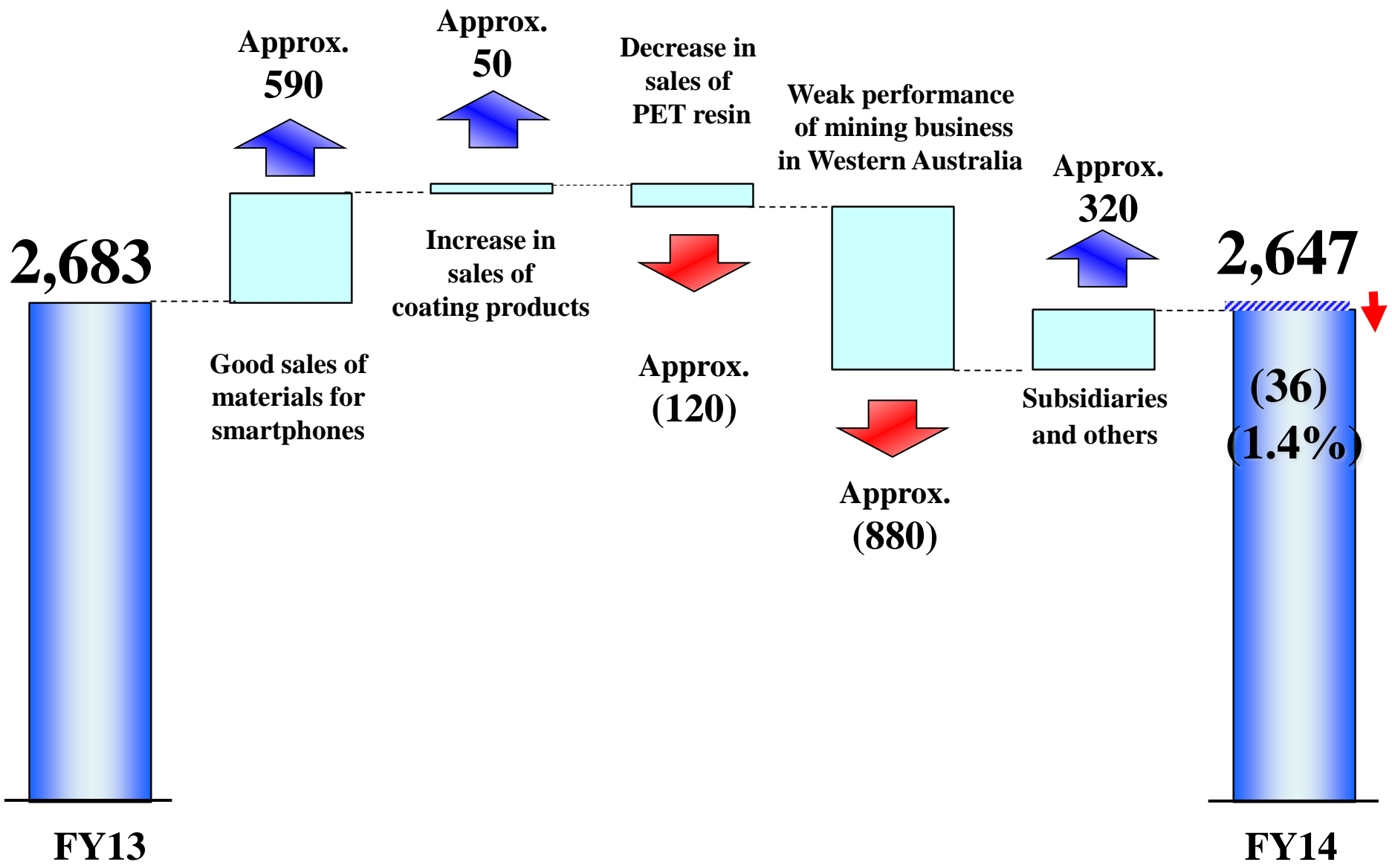
(Unit: Million Yen)

Changes in Operating Income  
– Industrial Gases & Machinery



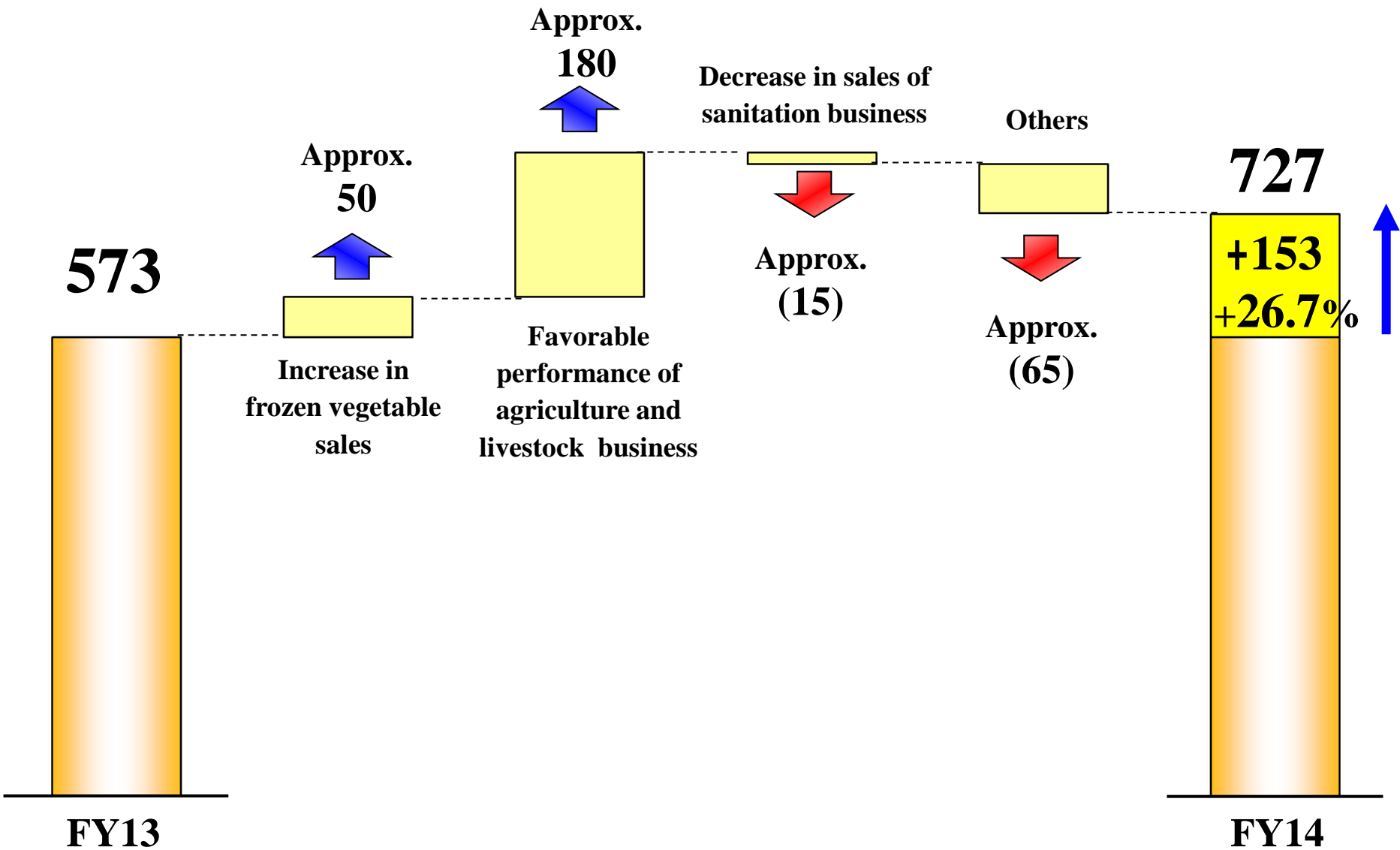
Changes in Operating Income – Materials

(Unit: Million Yen)



# Changes in Operating Income – Agri-bio & Foods

(Unit: Million Yen)



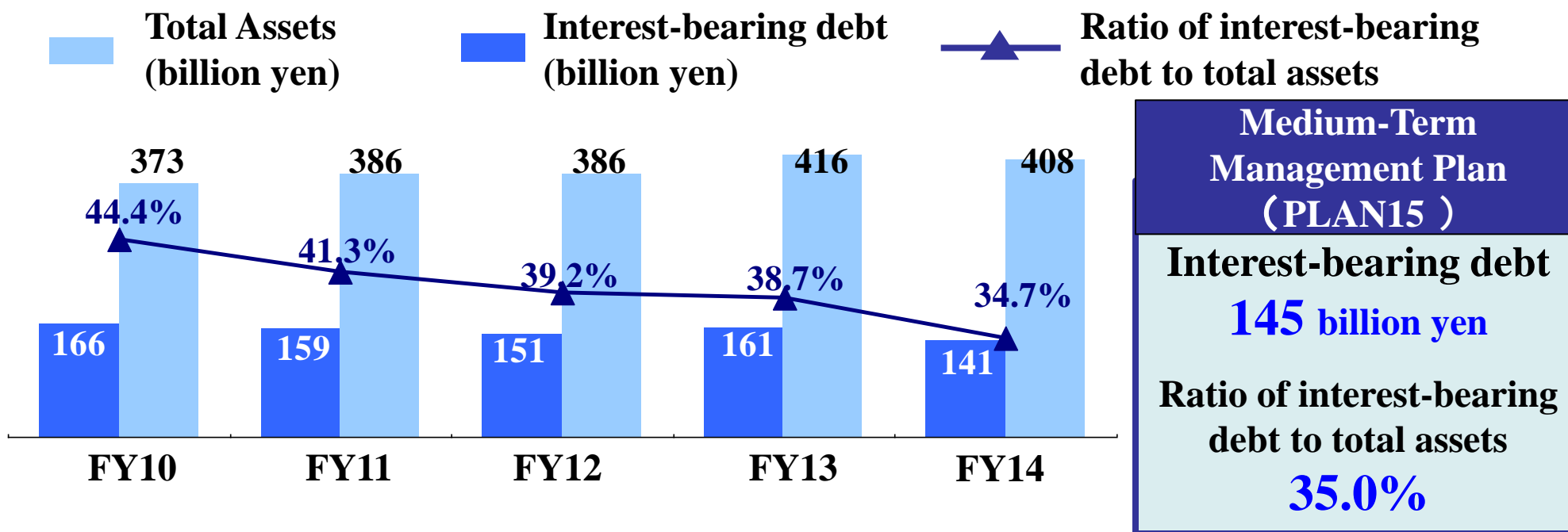
# Balance Sheets Comparison

**Iwatani**

(Unit: Million Yen)

	FY14 (A)	FY13 (B)	(A) - (B)	Major factors for changes
<b>Current assets</b>	<b>181,809</b>	<b>201,495</b>	<b>(19,686)</b>	
Cash and deposits	22,237	20,995	+1,241	
Notes and accounts receivable-trade	106,792	121,074	(14,282)	Decrease in net sales
Inventories	37,592	45,339	(7,747)	Decrease in LPG inventory level due to drop in CP
Other	15,187	14,085	+1,101	
<b>Fixed assets</b>	<b>227,015</b>	<b>214,724</b>	<b>+12,291</b>	
Property, plant and equipment	136,979	132,436	+4,542	Increase in capital expenditure on hydrogen stations, etc.
Intangible assets	17,012	16,917	+94	
Investments and other assets	73,023	65,369	+7,653	Price rise of investments in securities
<b>Current liabilities</b>	<b>192,678</b>	<b>205,206</b>	<b>(12,528)</b>	
Notes and accounts payable-trade	97,987	103,401	(5,414)	
Other	94,690	101,805	(7,114)	Decrease in short-term borrowings
<b>Long - term liabilities</b>	<b>98,203</b>	<b>105,954</b>	<b>(7,750)</b>	Decrease in long-term borrowings
<b>Net assets</b>	<b>117,942</b>	<b>105,058</b>	<b>+12,884</b>	
<b>Total assets</b>	<b>408,824</b>	<b>416,219</b>	<b>(7,395)</b>	

# Interest-bearing Debt



## Capital Expenditure

(Unit: Million Yen)

	FY14 Initial Forecast	FY14 Results (A)	FY13 Results (B)	Year-on-Year (A)-(B)	Year-on-Year (%)
Capital expenditure*	21,000	18,843	15,515	+3,328	+21.5%
Depreciation expense*	15,350	13,339	13,228	+111	+0.8%
R&D expenses	-	1,250	1,368	(118)	(8.6%)

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

# Statements of Cash Flows

(Unit: Million Yen)

	<b>FY14 (A)</b>	<b>FY13 (B)</b>	<b>(A) - (B)</b>
Cash flows from operating activities	<b>43,008</b>	<b>22,653</b>	<b>+20,354</b>
Cash flows from investing activities	<b>(20,476)</b>	<b>(20,978)</b>	<b>+502</b>
Free cash flows	<b>22,532</b>	<b>1,675</b>	<b>+20,857</b>
Cash flows from financing activities	<b>(22,335)</b>	<b>3,039</b>	<b>(25,374)</b>
Effect of exchange rate changes, etc.*	<b>1,166</b>	<b>1,699</b>	<b>(533)</b>
Net increase (decrease) in cash and cash equivalents	<b>1,364</b>	<b>6,414</b>	<b>(5,050)</b>

Cash and cash equivalents at beginning of year	<b>20,440</b>	<b>14,026</b>	<b>+6,414</b>
Cash and cash equivalents at end of period	<b>21,804</b>	<b>20,440</b>	<b>+1,363</b>

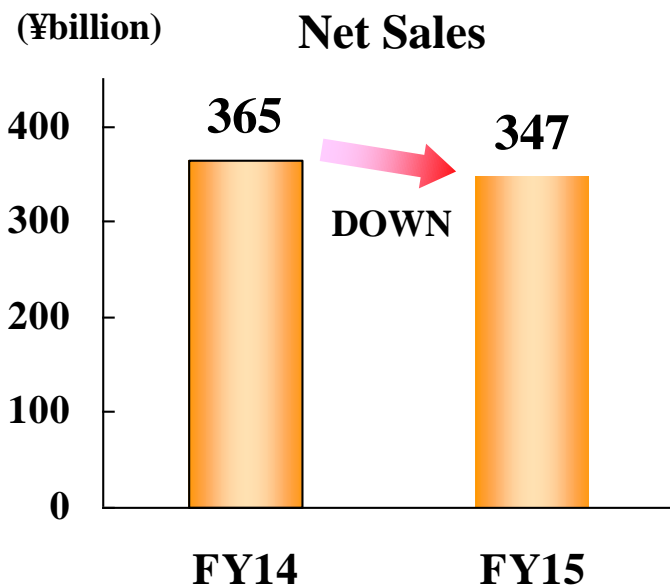
\* “Effect of exchange rate changes, etc.” are the sum of “Effect of exchange rate changes”, “Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation” and “Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries”.

# **FY 2015 Forecasts**

(Unit: Million Yen)

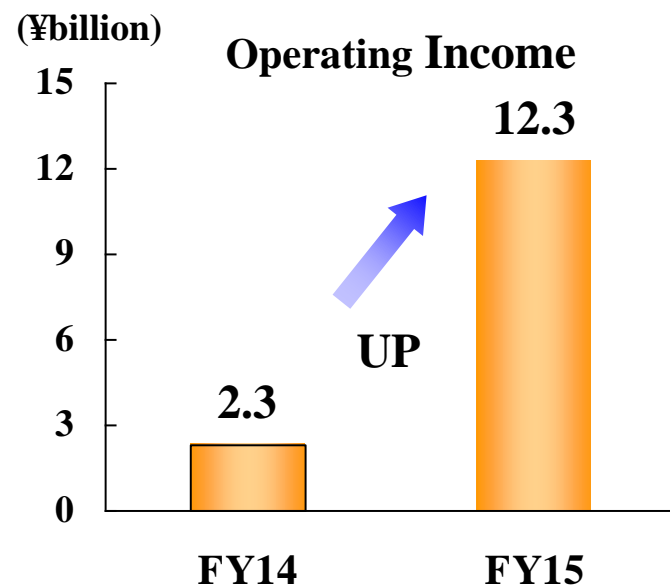
# FY2015 Forecasts

	FY15 Forecasts (A)	FY14 Results (B)	Year-on-Year (C) (A) - (B)	Year-on-Year (C) / (B)	Medium-Term Management Plan (PLAN15)
<b>Net Sales</b>	<b>700,000</b>	<b>+691,902</b>	<b>+8,097</b>	<b>+1.2%</b>	<b>+724,000</b>
Energy	347,000	+365,592	(18,592)	(5.1%)	+382,400
Industrial Gases & Machinery	175,000	+162,275	+12,724	+7.8%	+162,000
Materials	140,300	+128,034	+12,265	+9.6%	+135,000
Agri-bio & Foods	29,700	+27,286	+2,413	+8.8%	+29,800
Others, Adjustments	8,000	+8,712	(712)	(8.2%)	+14,800
<b>Operating Income</b>	<b>20,700</b>	<b>+11,174</b>	<b>+9,525</b>	<b>+85.2%</b>	<b>+23,300</b>
Energy	12,300	+2,347	+9,952	+423.9%	+12,900
Industrial Gases & Machinery	6,500	+6,324	+175	+2.8%	+7,000
Materials	3,000	+2,647	+352	+13.3%	+4,000
Agri-bio & Foods	900	+727	+172	+23.8%	+1,100
Others, Adjustments	(2,000)	(872)	(1,127)	—	(1,700)
<b>Ordinary Income</b>	<b>21,000</b>	<b>+12,761</b>	<b>+8,238</b>	<b>+64.6%</b>	<b>+22,000</b>
<b>Net Income</b>	<b>11,000</b>	<b>+6,199</b>	<b>+4,800</b>	<b>+77.4%</b>	<b>+11,000</b>



## Major factors accounting for decrease in net sales and increase in operating income

- **Decrease in LPG import price** Factors accounting for the decrease in net sales **【－】**
- **Expanding the number of LPG consumer households** **【＋】**
- **Increase in sales of lifestyle-related products** **【＋】**
- **Elimination of decrease in profit due to market factor in FY14** Factors accounting for the decrease in operating income **【＋】**



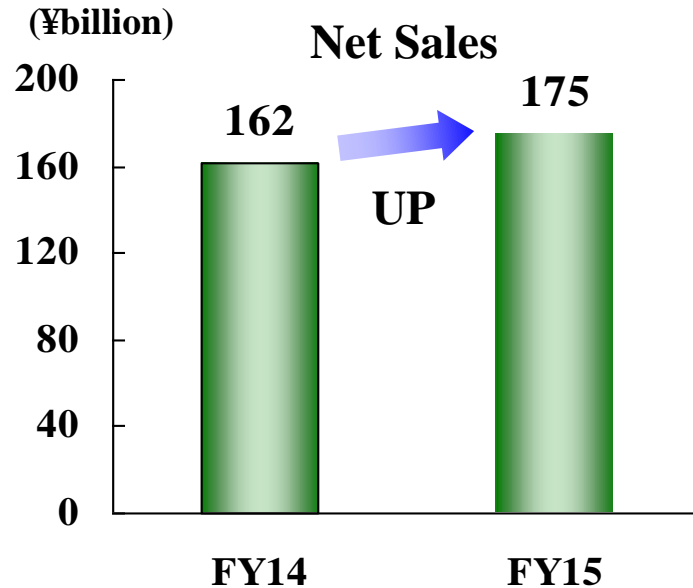
## Major risk factors influencing FY15 results

- ◇ **High volatility of LPG import Price**
- ◇ **Decrease in demand for LPG due to warmer winter**

## < Assumptions of FY15 forecast >

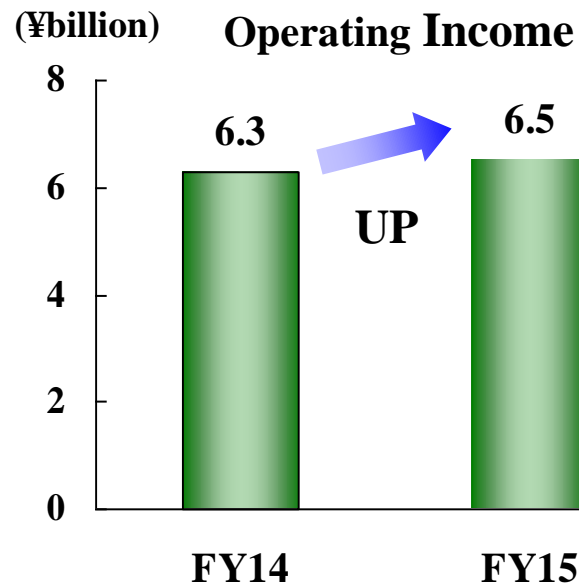
**Average CP (forecast) 500 US\$ / t**

**Average currency exchange rate (forecast) ¥117 / US\$**



## Major factors accounting for increase in net sales and operating income

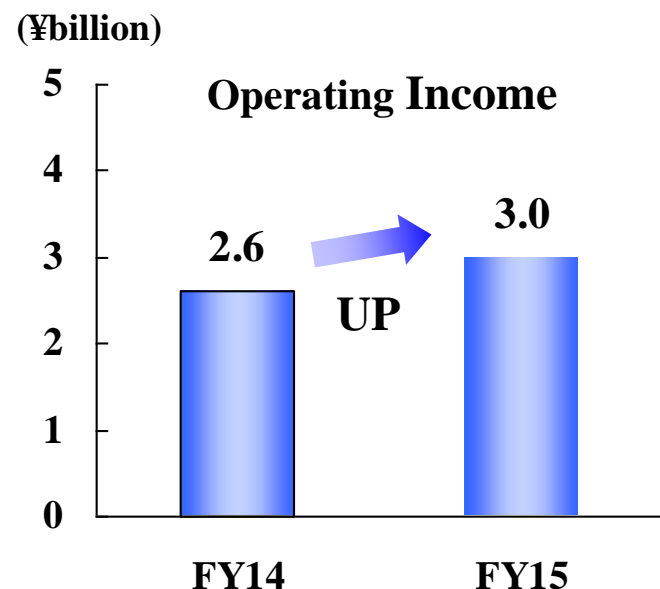
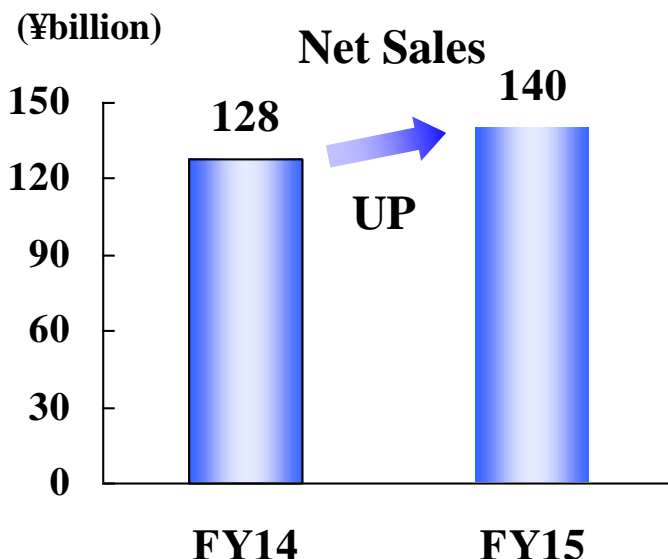
- Increase in sales of various industrial gases by domestic economic recovery 【+】
- Increase in procurement of helium and expansion in sales of helium 【+】
- Increase in sales of gas-related equipment and other machinery 【+】



## Major risk factors influencing FY15 results

- ◇ Increase in manufacturing costs of gases due to increases in electric power rates and fuel adjustment expenditures
- ◇ Fluctuations in the helium price due to changes in global supply/demand balance

# Forecasts: Materials



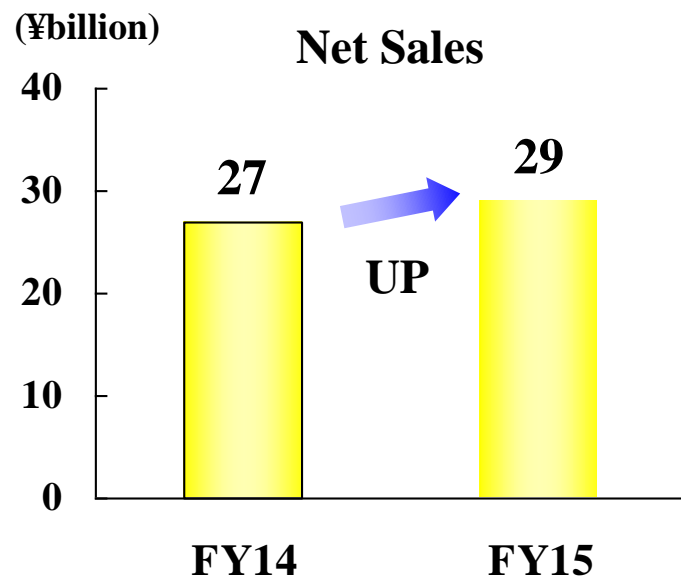
## Major factors accounting for increase in net sales and operating income

- Increase in sales of high-function materials, including materials for use in smartphones, etc. 【 + 】
- Recovery in mining business in Western Australia 【 + 】

## Major risk factors influencing FY15 results

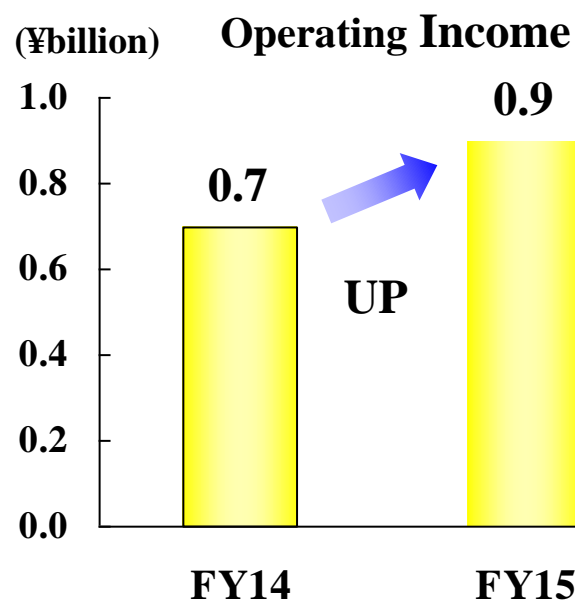
- ◇ Trends in mining business in Western Australia
- ◇ Fluctuations in resource prices, including zirconium
- ◇ Slowdown in operation of our major customers , trends in capital expenditure of manufacture

# Forecasts: Agri-bio & Foods



## Major factors accounting for increase in net sales and operating income

- **Launching of new products and development of new sales channels in the food business** 【 + 】
- **Expanding sales in livestock business** 【 + 】
- **Start-up of the plant factory business** 【 + 】



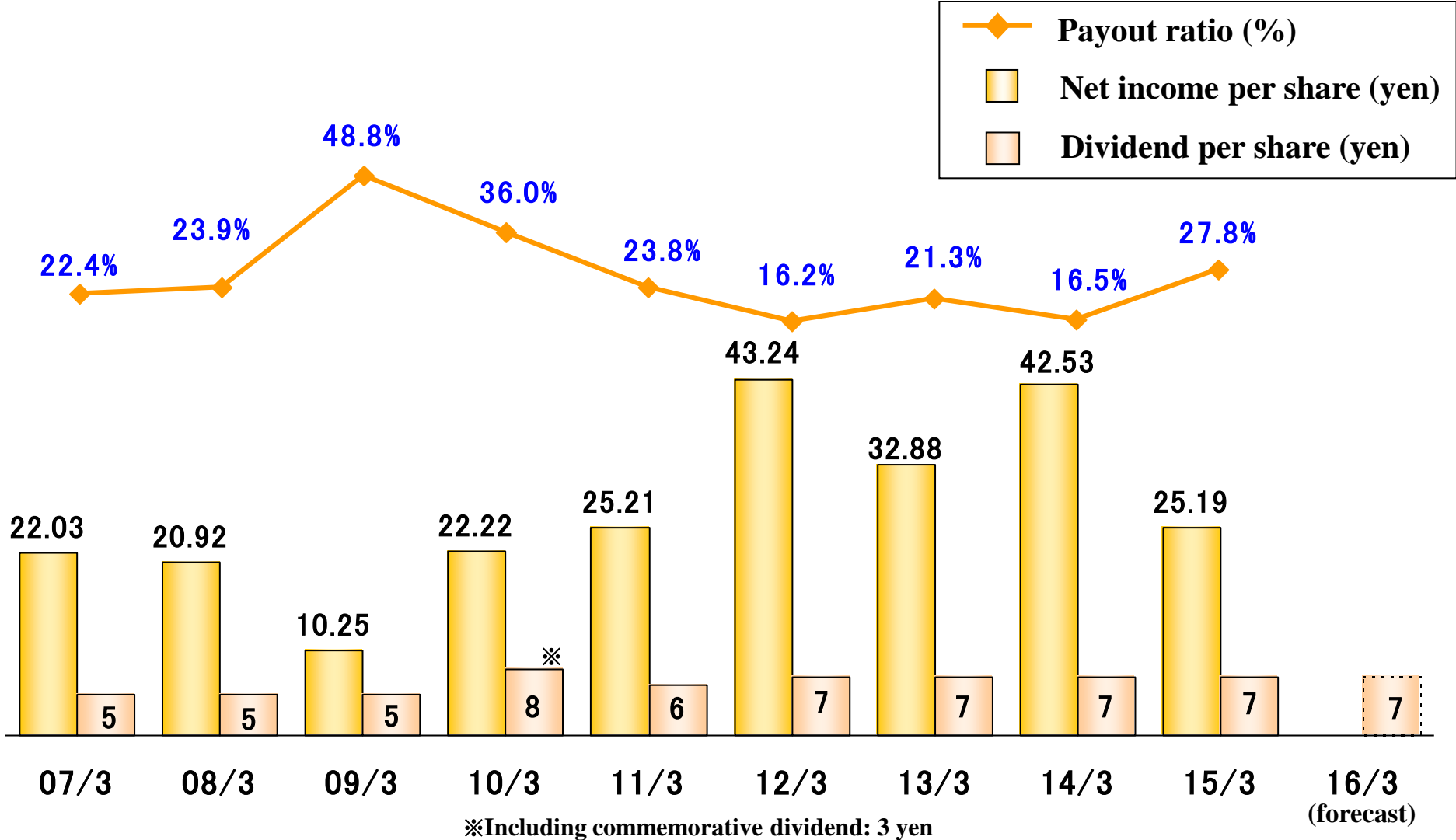
## Major risk factors influencing FY15 results

- ◇ **Fluctuation in exchange, raw material cost and weather**
- ◇ **Price war of food products in the domestic market**
- ◇ **Emergence of epidemic diseases in the livestock business**

# Returns to Shareholders (Consolidated Basis)

**Dividend  
policy**

- Basic policy is to pay continuing, stable dividends
- Deliberate consideration of our business performance and business environment



# Hydrogen Business

## We plan to build **20** hydrogen refueling stations by FY15

### Kinki area 6 places

- Amagasaki (Hyogo)
- Otsu (Shiga)
- Kansai International Airport (Osaka)
- Suminoe (Osaka)
- Morinomiya (Osaka)
- Honsan parking area (Osaka)

### Kanto area 7 places

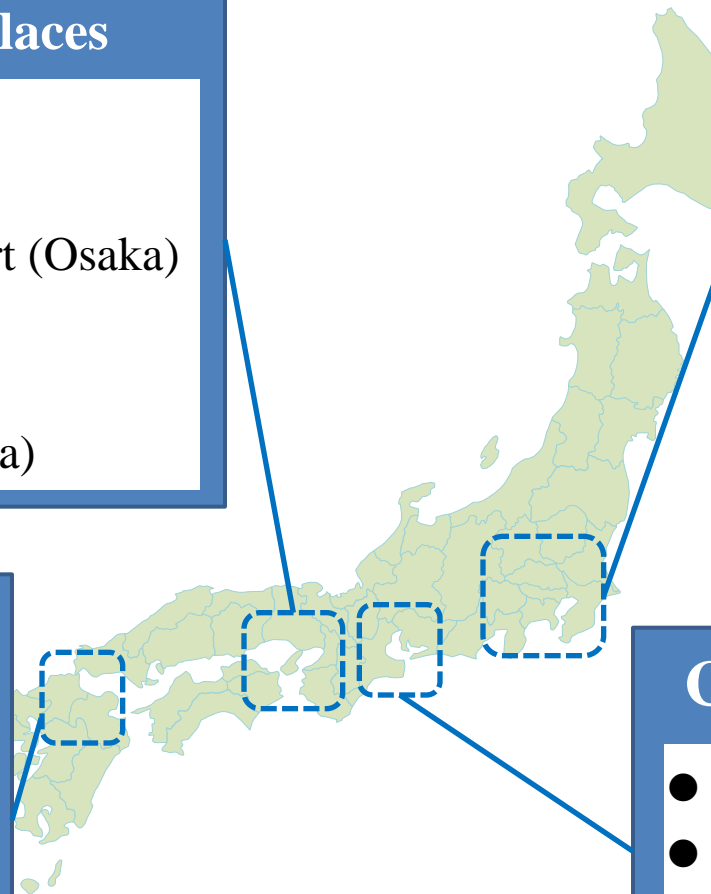
- Shiba-Park (Tokyo)
- Toda (Saitama)
- Ikegami (Tokyo)
- Kofu (Yamanashi)
- Ariake (Tokyo)
- Shinyokohama (Kanagawa)
- Chiyoda-ku (Tokyo)

### Chugoku & Kyushu area 4 places

- Kokura (Fukuoka)
- Shunan (Yamaguchi)
- Tenjin (Fukuoka)
- Hakata-ku (Fukuoka)

### Chubu area 4 places

- Kariya (Aichi)
- Toyota Ecoful Town (Aichi)
- Nagoya (Aichi)
- Inazawa (Aichi)



in Shiba-Park ,Tokyo

- **First** commercial hydrogen refueling station in central Tokyo
- Public information activities for a future hydrogen society



## Iwatani Hydrogen Refueling Station in Shiba-Park ,Tokyo



April 13 ,2015

## • Our important base for Tokyo Olympic

Test Phase → Commercial Use



Iwatani Hydrogen Refueling Station  
in Shiba-park



Iwatani Hydrogen Refueling Station  
in Ariake

## in Kansai International Airport

- **Pioneering initiatives aimed  
at environmentally advanced airports**



**Fuel cell forklifts**

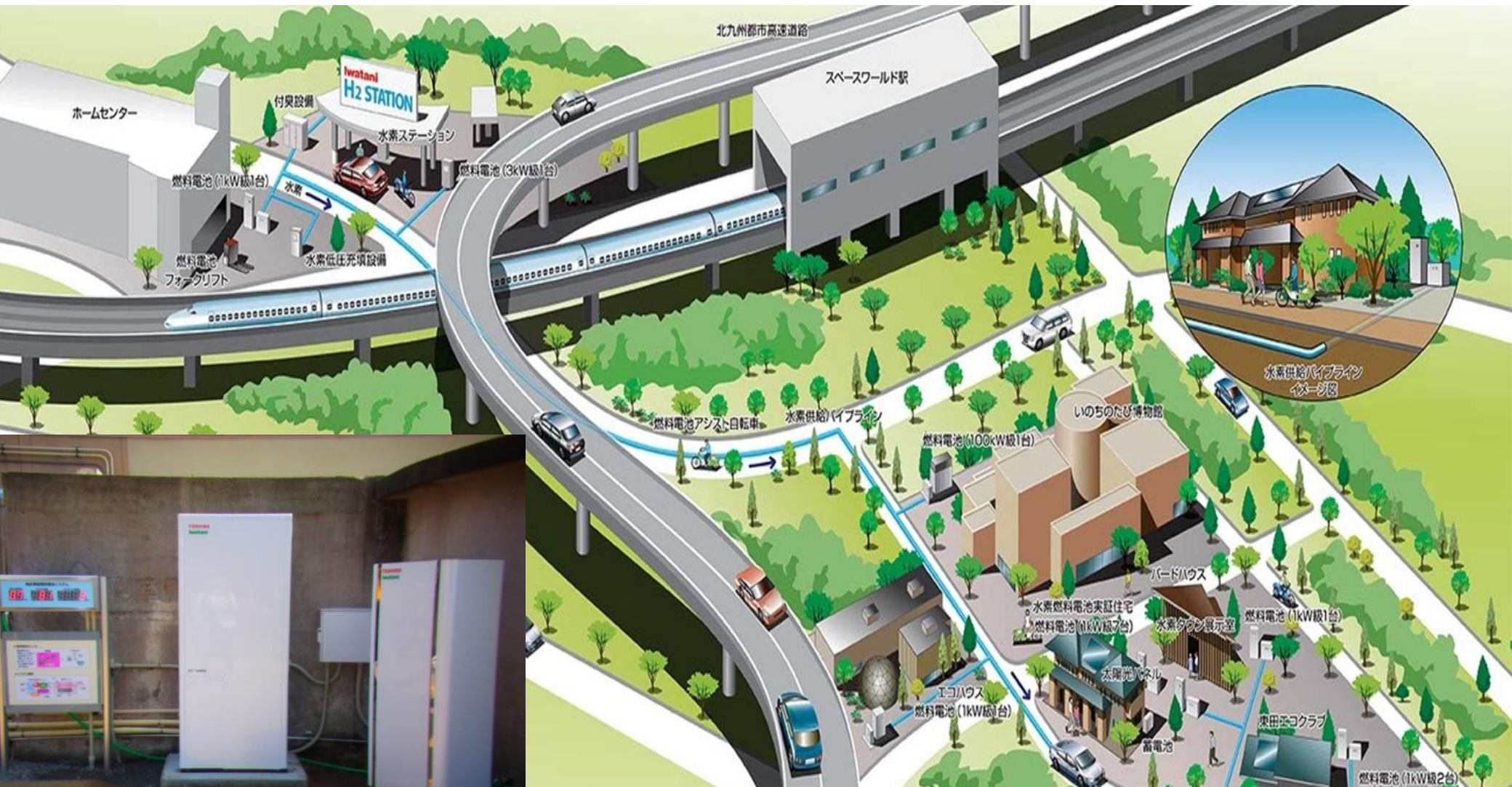
(Image) Iwatani Hydrogen Refueling Station in Kansai International Airport

- Hydrogen refueling stations adjacent to convenience stores

- To make stations attractive to customers



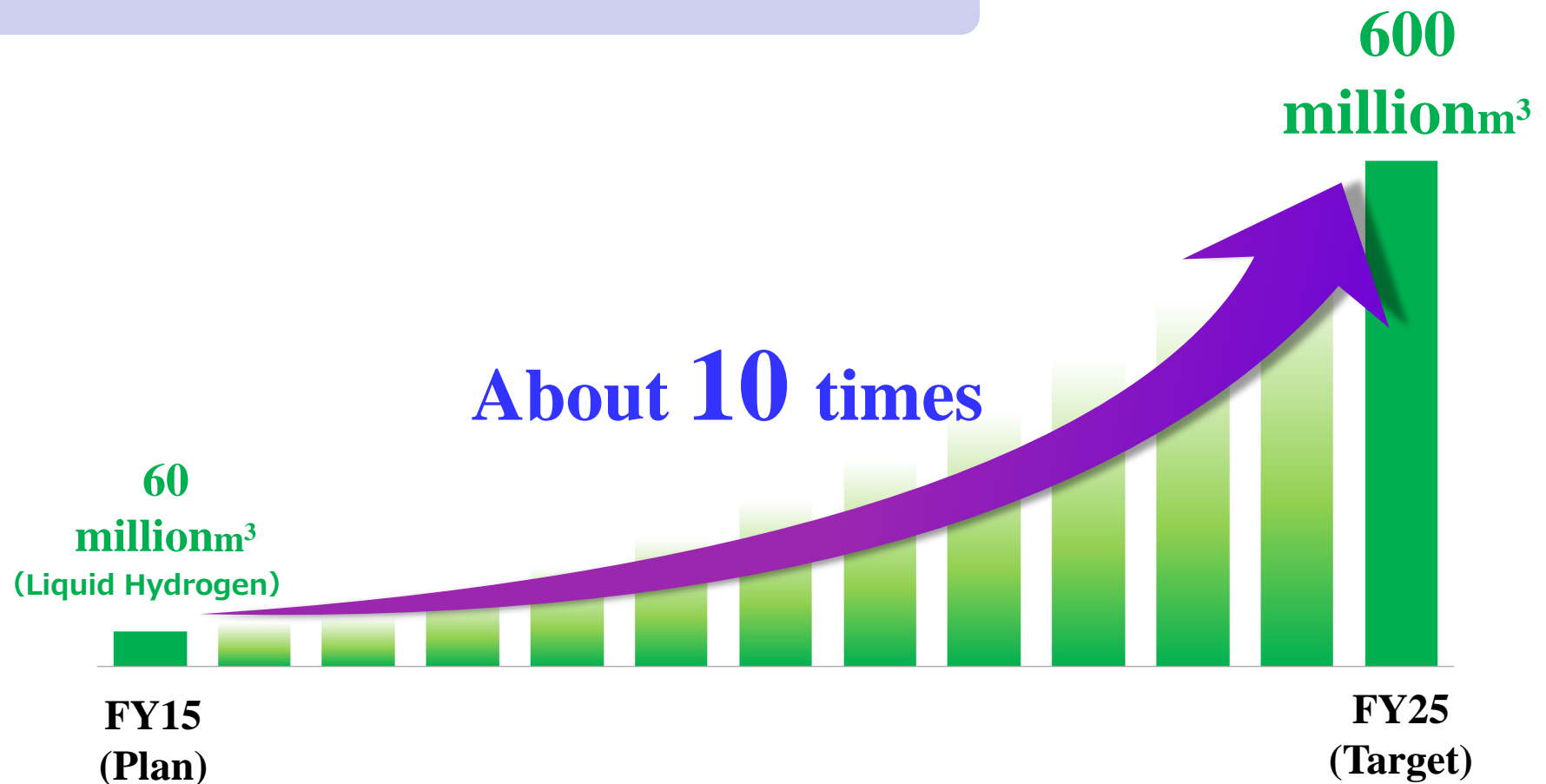
Iwatani Hydrogen station in (Tokyo) Ikegami



Pure Hydrogen Type  
Fuel Cell

## < Annual Hydrogen Sales Volume >

**Target by 2025 : 600 million m<sup>3</sup>**



# Iwatani