



FY 2015 1st Half Financial Results

(Six Months Ended September 30, 2015)

November 19, 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 2015 1st Half Overview**
- **FY 2015 Forecasts**
- **Convertible Bonds due 2020**
- **Hydrogen Business**

FY 2015 1st Half

Overview

Performance for the 1st Half Fiscal Year (April 1, 2015 to September 30, 2015)

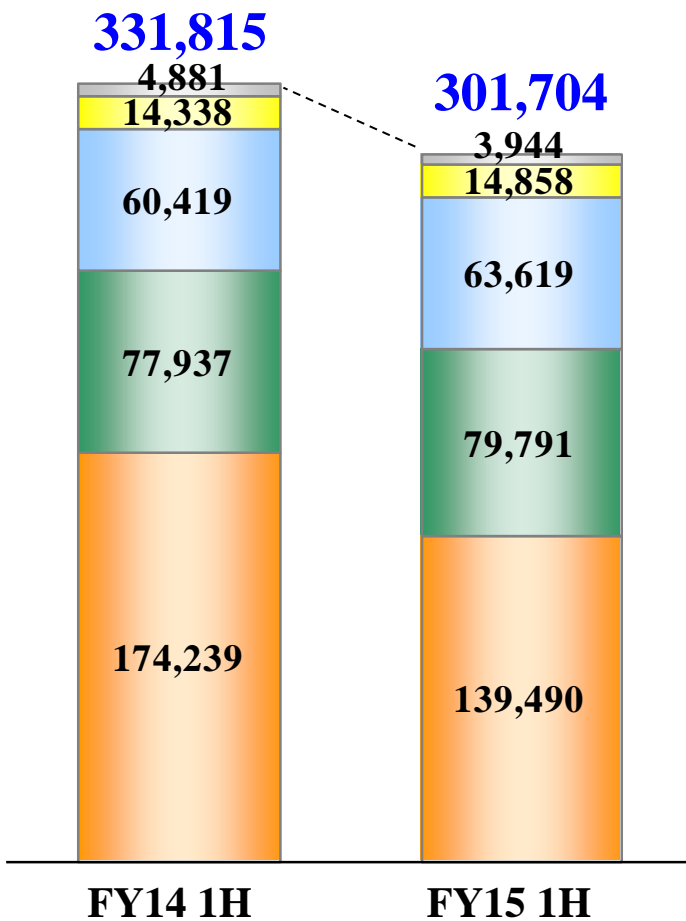
(Unit: Million Yen)

	(A) FY15 1H Results	(B) FY14 1H Results	(C) Year-on-Year (A)-(B)	Year-on-Year (C)/(B) (%)	(D) FY15 1H Initial Forecast	(E) Comparison (A)-(D)	Comparison (E)/(D) (%)
Net Sales	301,704	331,815	(30,111)	(9.1%)	325,000	(23,295)	(7.2%)
Gross Profit	71,597	65,735	5,862	+8.9%	—	—	—
Operating Income	6,351	2,635	3,715	+141.0%	5,700	651	+11.4%
Ordinary Income	6,834	3,298	3,535	+107.2%	5,700	1,134	+19.9%
Profit(loss)attributable to owners of parent	3,580	1,962	1,618	+82.5%	2,500	1,080	+43.2%

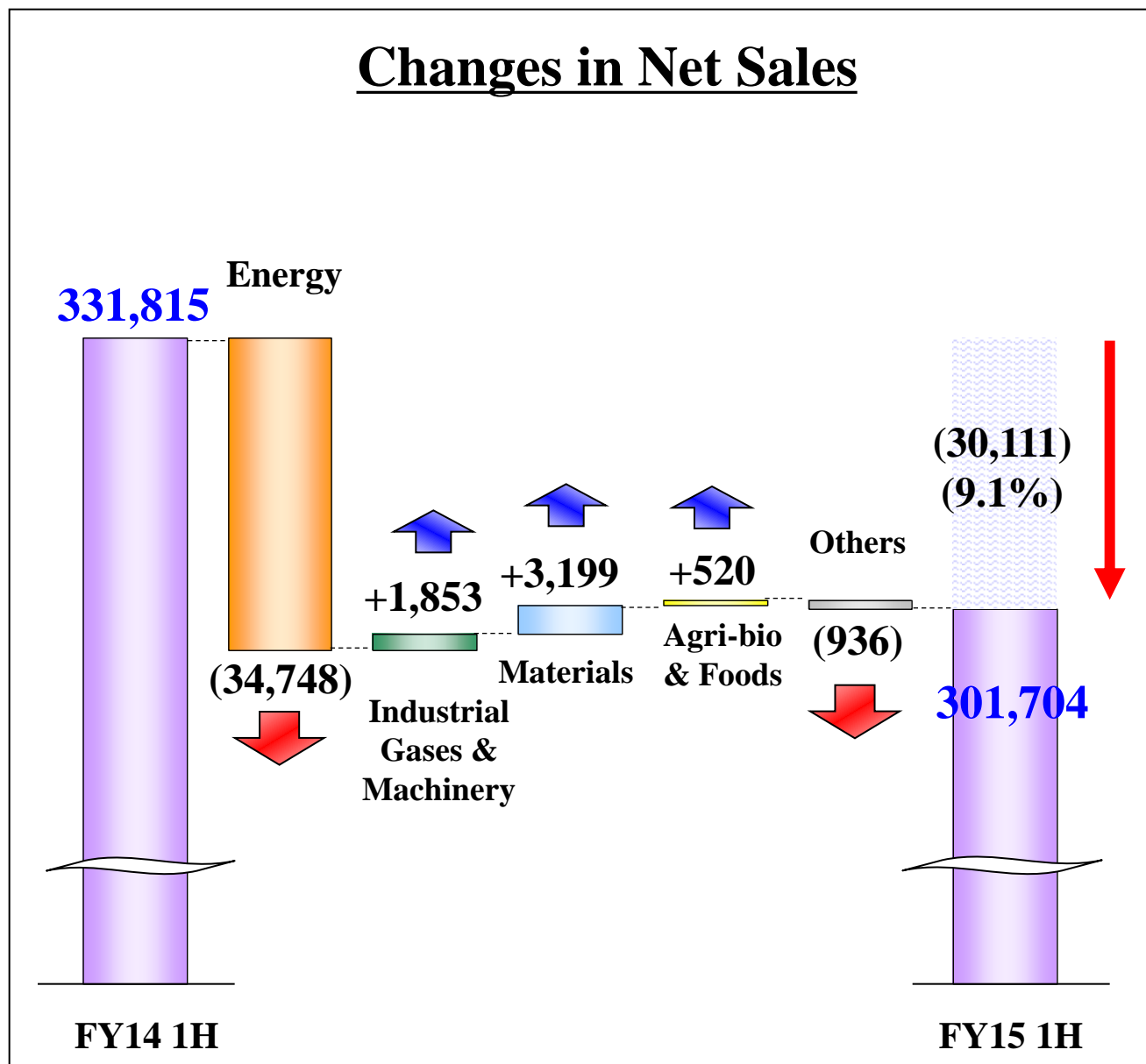
Analysis of Net Sales

Net Sales

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



Changes in Net Sales

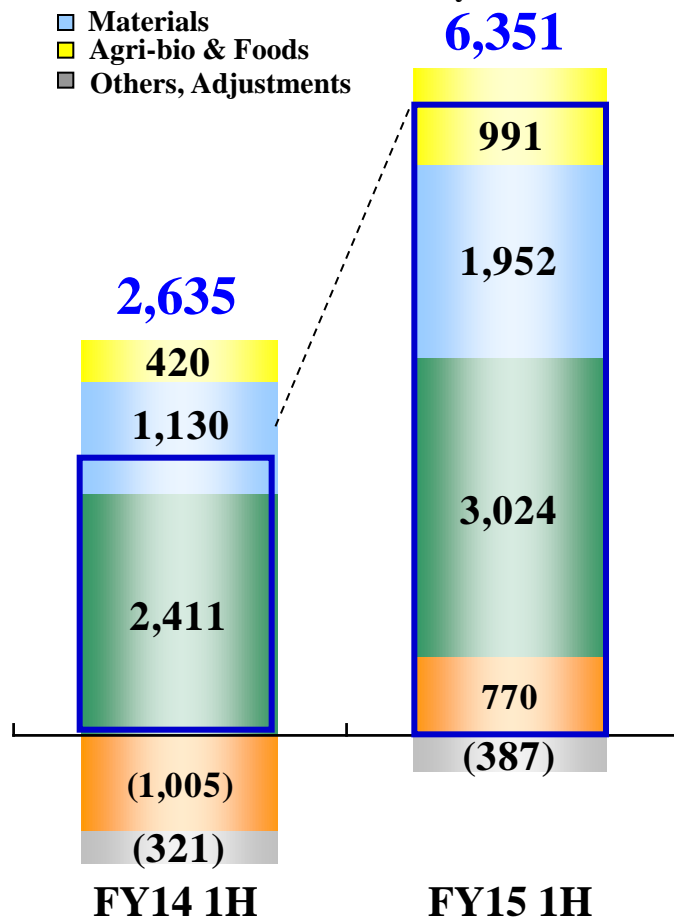


Analysis of Operating Income

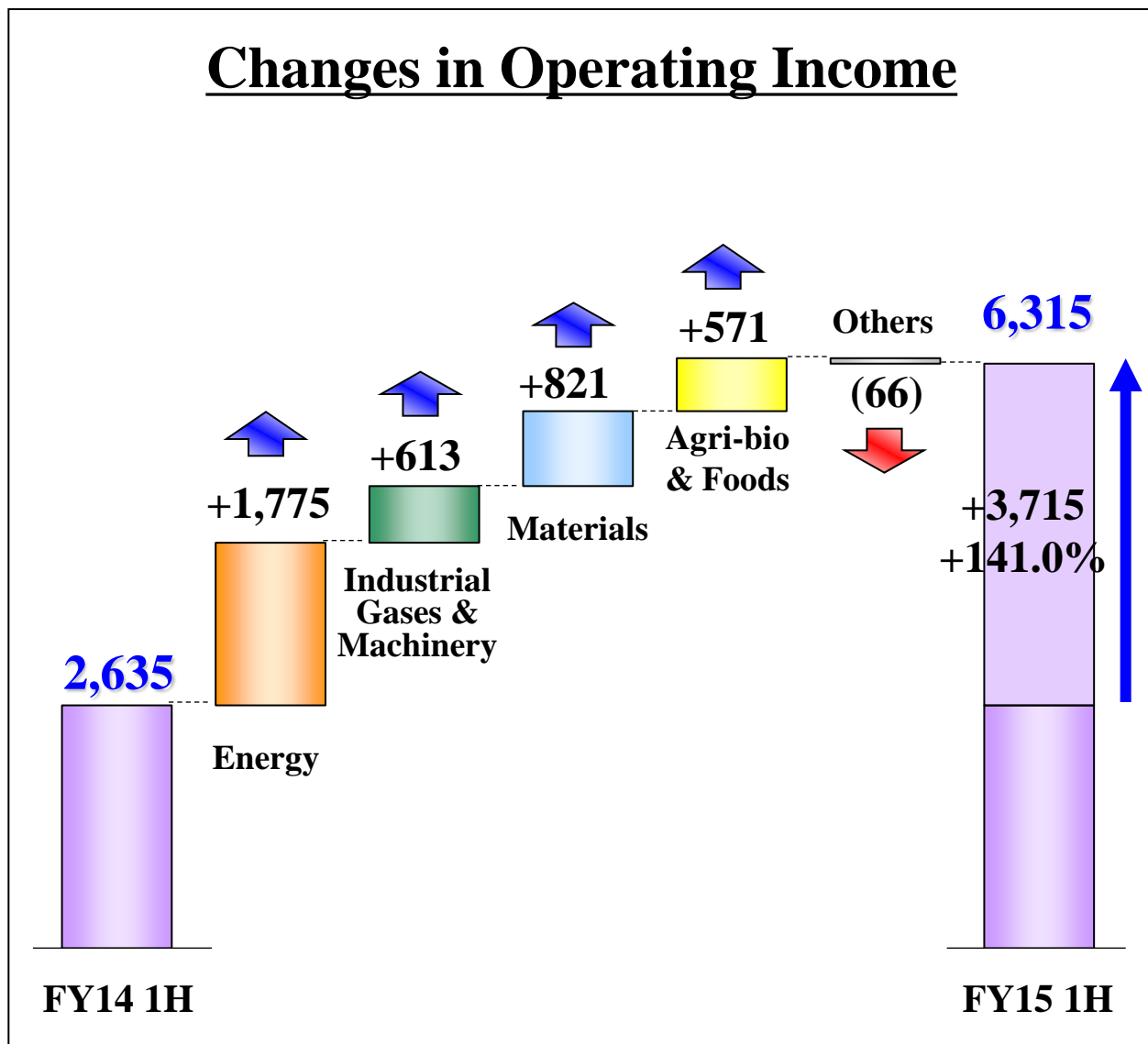
(Unit: Million Yen)

Operating Income

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

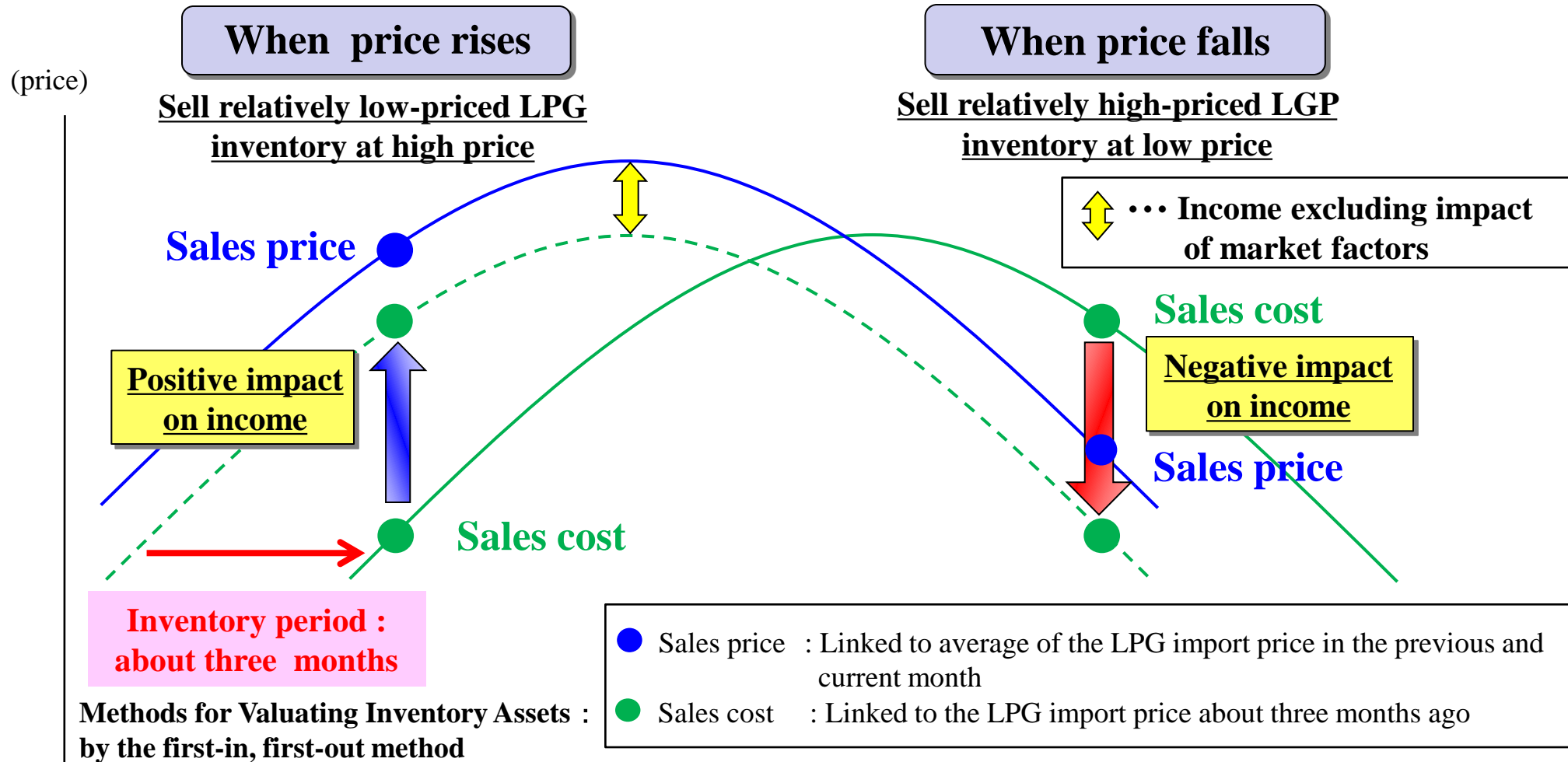


Changes in Operating Income



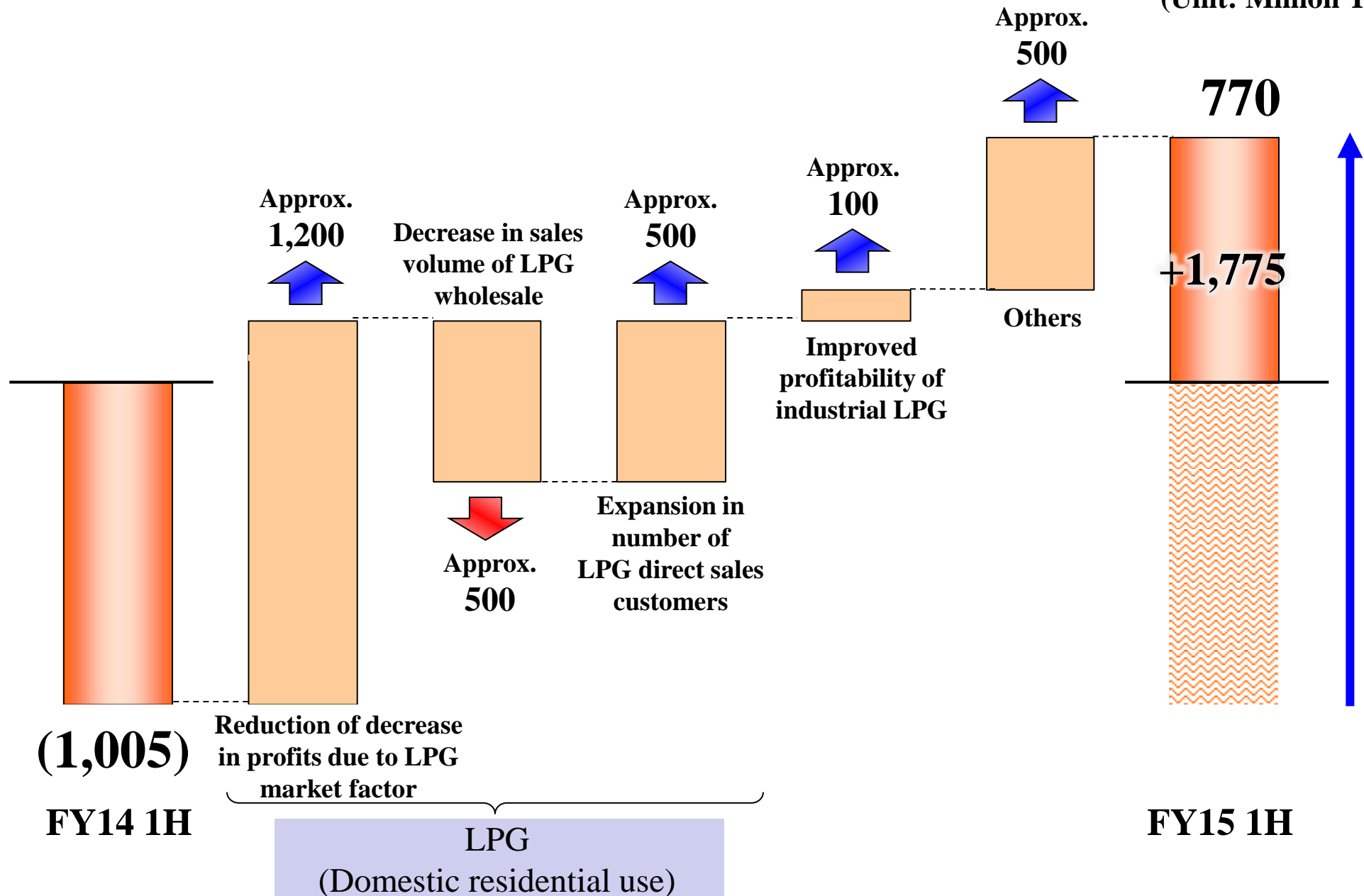
Impact of LPG Import Price (CP) Fluctuations (General Overview)

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*.

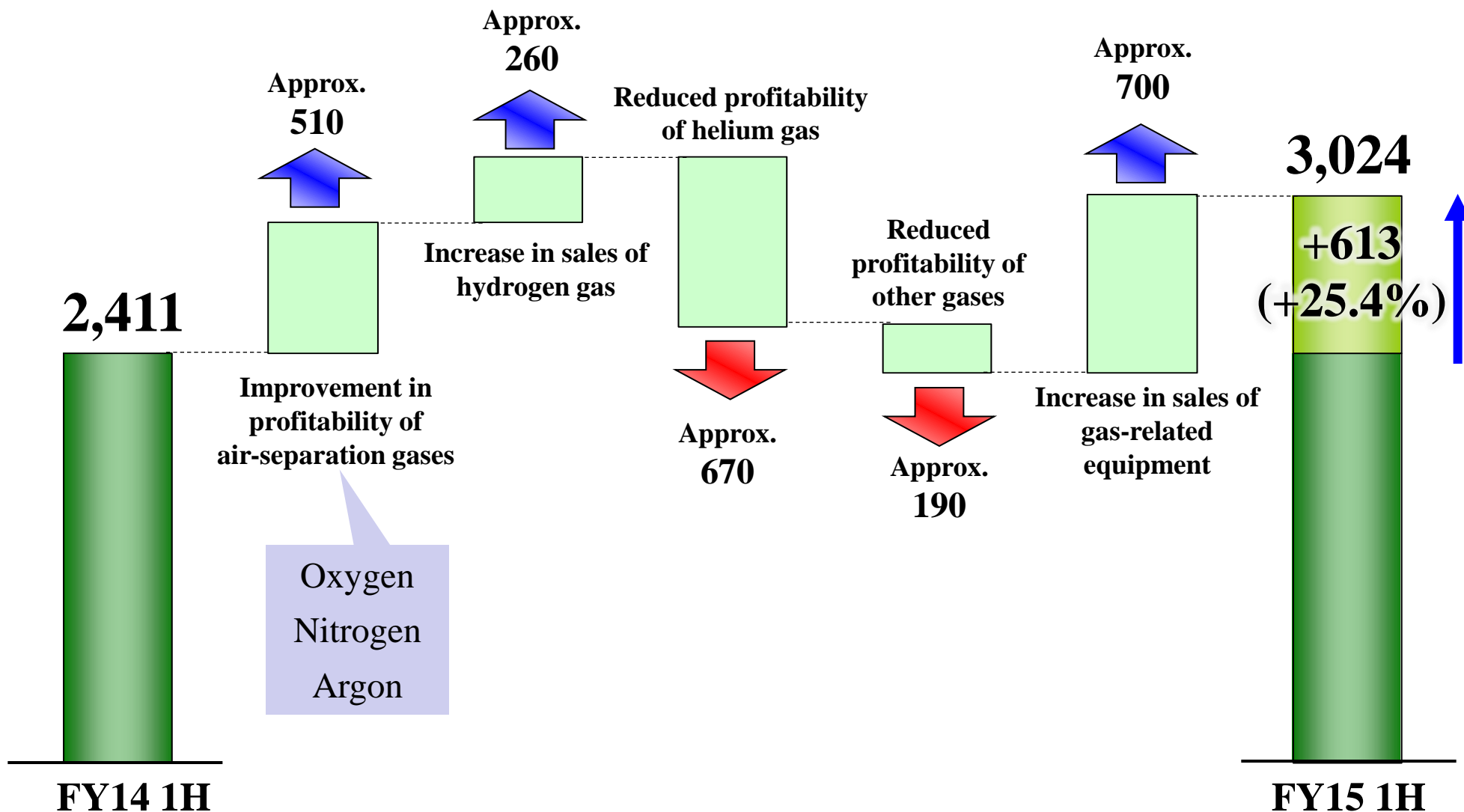


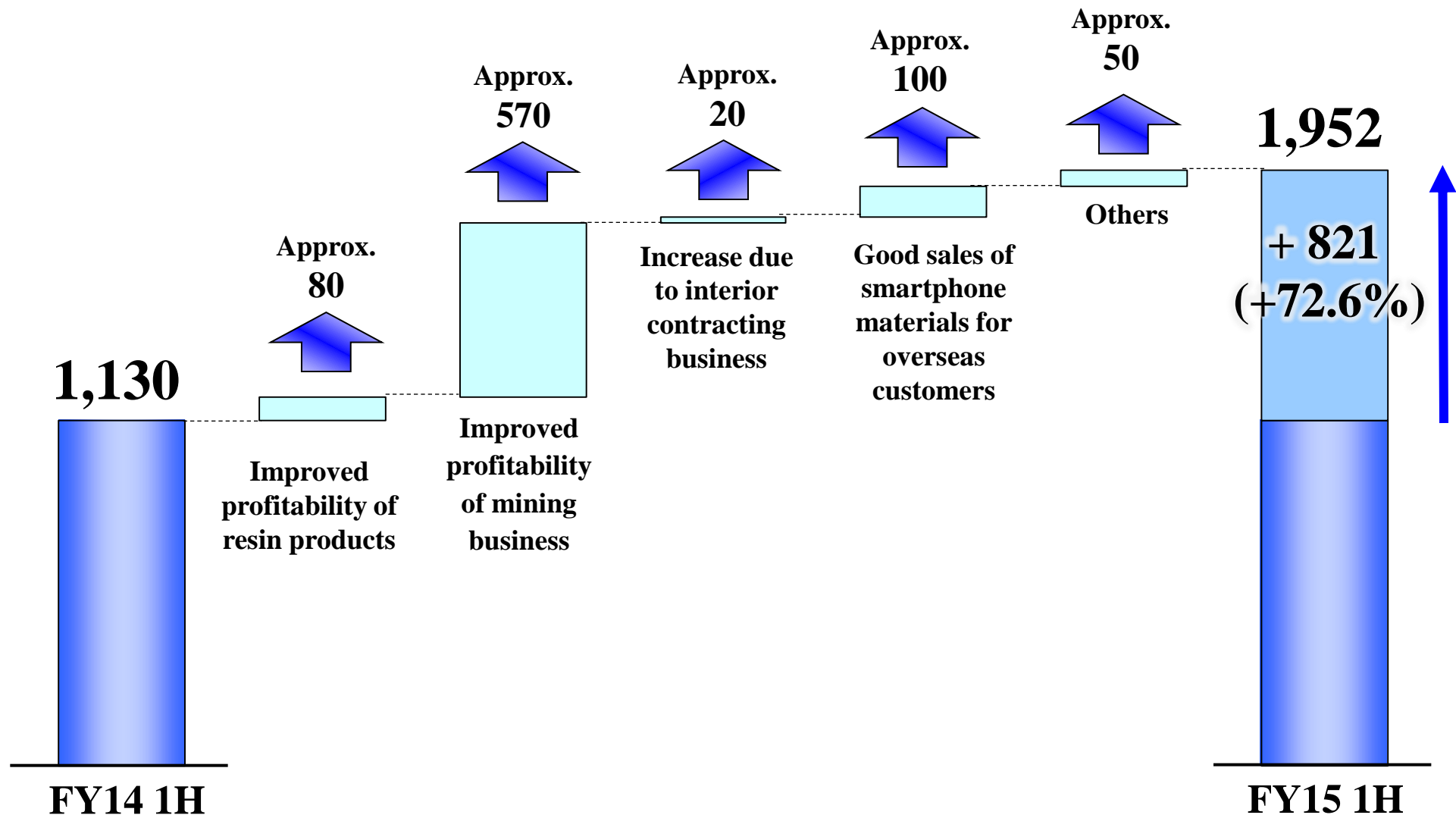
*Actual performance may be influenced by inventory volume, timing (season) of sales, sales volume, and other factors. (month)

(Unit: Million Yen)

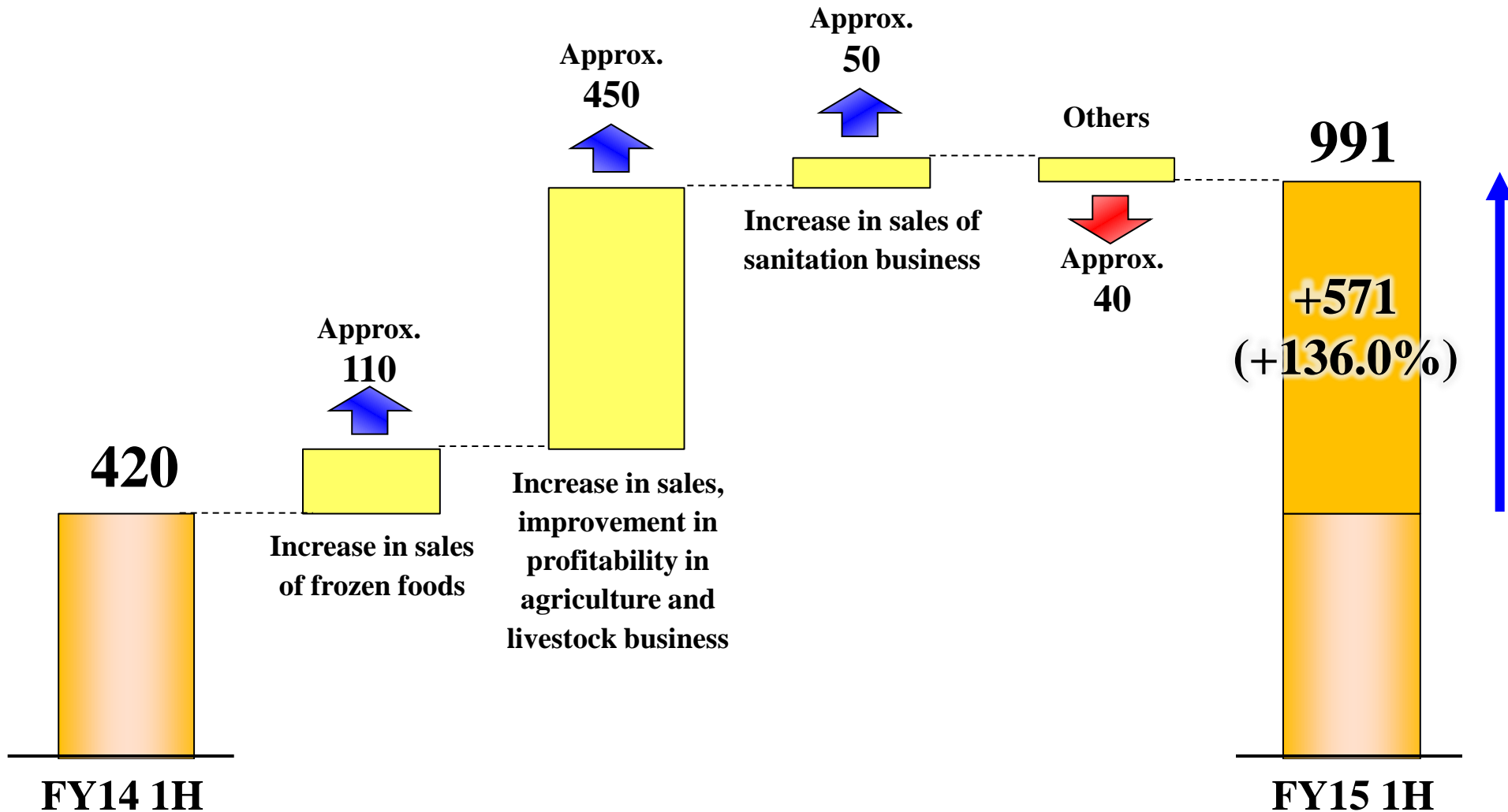


Changes in Operating Income – Industrial Gases & Machinery





Changes in Operating Income – Agri-bio & Foods



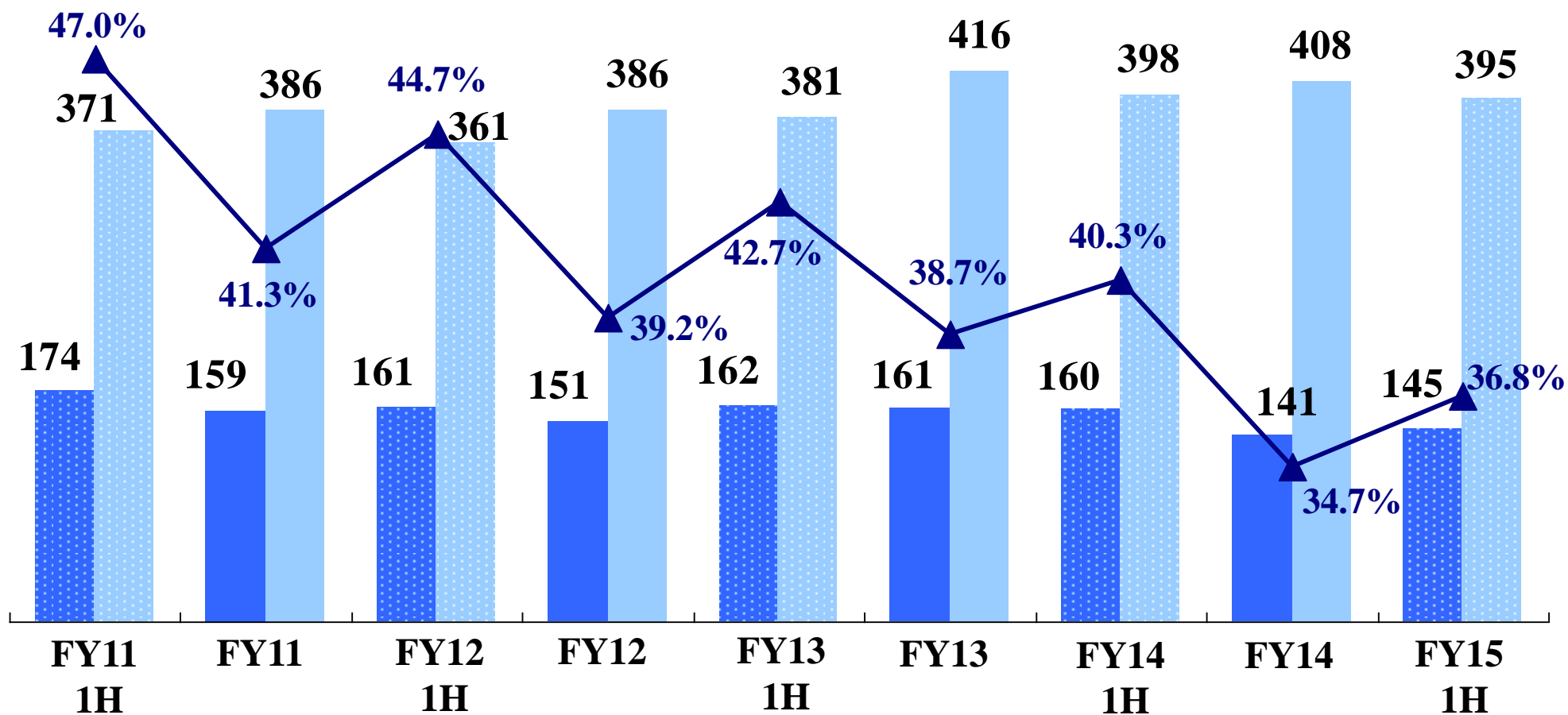
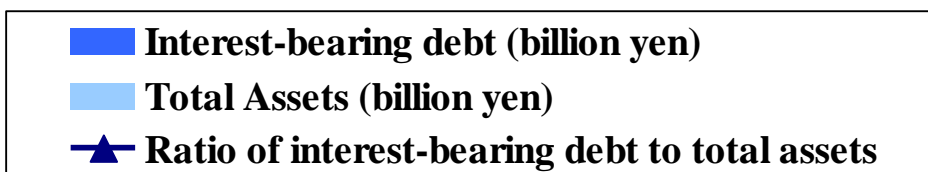
Balance Sheets Comparison

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(Unit: Million Yen)

	FY15 1H (A)	FY14 (B)	(A) - (B)	Major factors for changes
Current assets	166,226	181,809	(15,582)	Decrease in notes and accounts receivable-trade
Property, plant and equipment	142,832	136,979	+5,853	
Intangible assets	17,590	17,012	+577	
Investments and other assets	69,078	73,023	(3,945)	
Fixed assets	229,501	227,015	+2,485	Increased hydrogen refueling station-related investment, etc.
Total assets	395,727	408,824	(13,097)	
Current liabilities	187,507	192,678	(5,170)	Decrease in notes and accounts payable-trade Increase in short-term borrowings
Long - term liabilities	89,198	98,203	(9,005)	Decrease in long-term borrowings
Total liabilities	276,706	290,882	(14,175)	
Equity capital	109,505	109,007	+498	
Non-controlling interests	9,515	8,935	+580	
Net assets	119,021	117,942	+1,078	
Total liabilities and net assets	395,727	408,824	(13,097)	

Interest-bearing Debt



Statements of Cash Flows

(Unit: Million Yen)

	FY15 1H (A)	FY14 1H(B)	(A) - (B)
Cash flows from operating activities	11,755	10,312	+1,443
Cash flows from investing activities	(12,144)	(8,195)	(3,948)
Free cash flows	(388)	2,116	(2,505)
Cash flows from financing activities	(411)	(2,552)	+2,141
Effect of exchange rate changes, etc.*	942	(118)	+1,061
Net increase (decrease) in cash and cash equivalents	142	(554)	+697
Cash and cash equivalents at beginning of year	21,804	20,440	+1,363
Cash and cash equivalents at end of period	21,947	19,886	+2,060

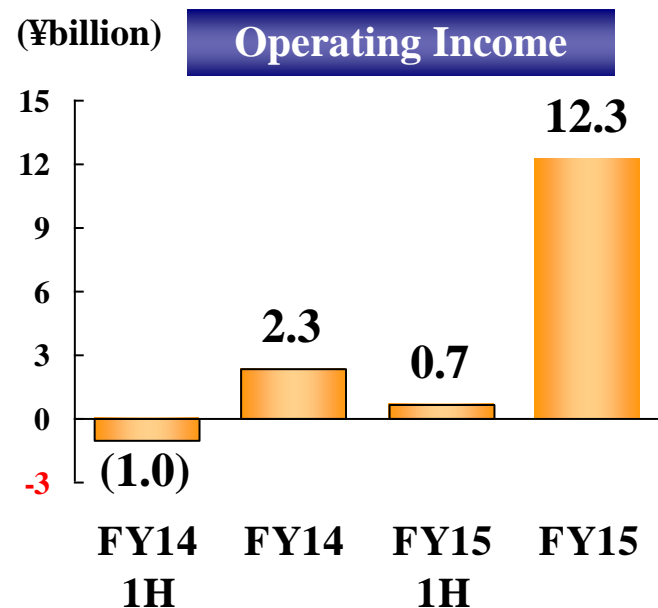
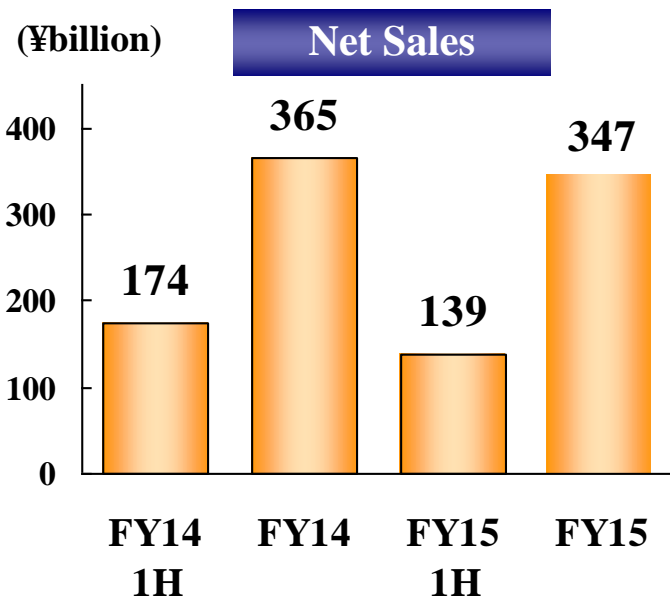
* “Effect of exchange rate changes, etc.” are the sum of “Effect of exchange rate changes”, “Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation” and “Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries”.

FY 2015 Forecasts

FY2015 Forecasts

(Unit: Million Yen)

	FY15 Forecasts (A)	FY14 Results (B)	Year-on-Year(C) (A) - (B)	Year-on-Year (C) / (B)	Medium-Term Management Plan (PLAN15)
Net Sales	700,000	691,902	+8,097	+1.2%	+724,000
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
Operating Income	20,700	11,174	+9,525	+85.2%	+23,300
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)
Ordinary Income	21,000	12,761	+8,238	+64.6%	+22,000
Net Income	11,000	6,199	+4,800	+77.4%	+11,000



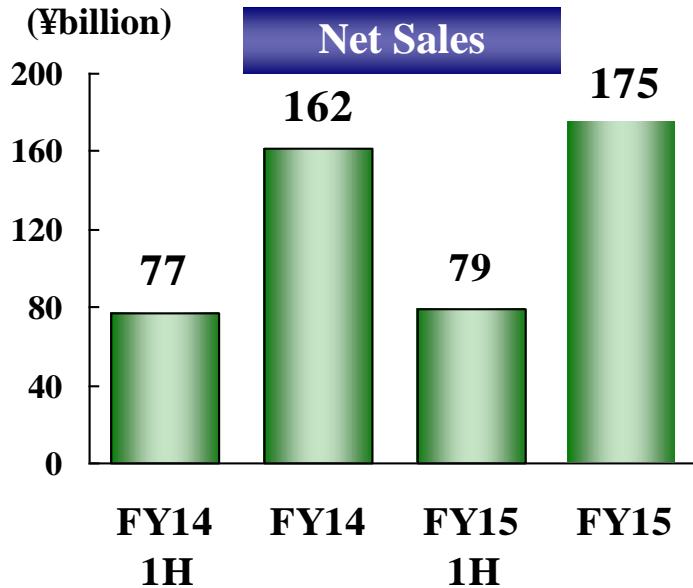
Marketing measures toward achievement of FY15 focus

- Increase in LPG sales volumes
 - Expansion in number of LPG direct sales customers
 - Expansion in sales of LPG whole seller
- Expansion in sales of lifestyle-related products

Major risk factors

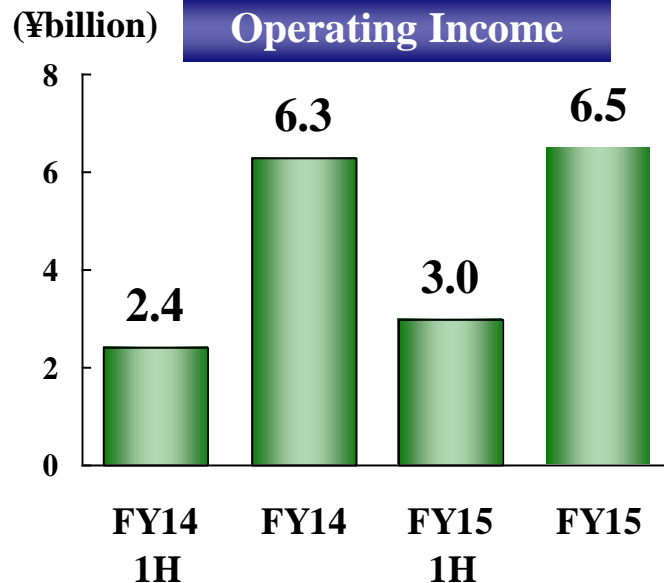
- ◇ Trends in LPG import price
- ◇ Decrease in sales volume due to warmer winter

Forecasts: Industrial Gases & Machinery



Marketing measures toward achievement of FY15 focus

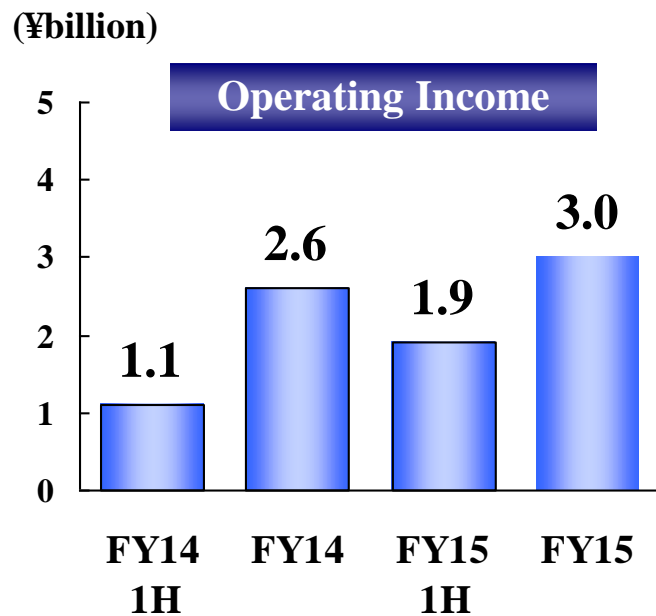
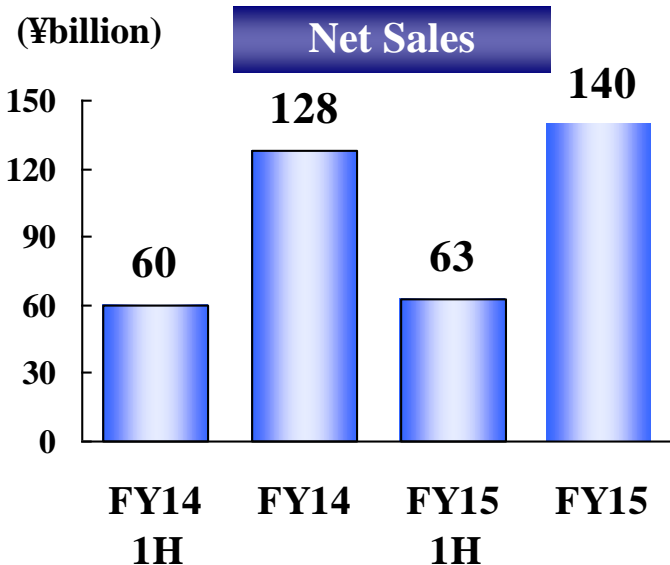
- Expansion in sales of liquid hydrogen
- Profit Improvement and share-up in helium business
- Expansion of overseas business



Major risk factors

- ◇ Impact on manufacturing costs from increase in electric power costs
- ◇ Economic downturns in Japan and overseas
- ◇ Exchange rate fluctuations

Forecasts: Materials



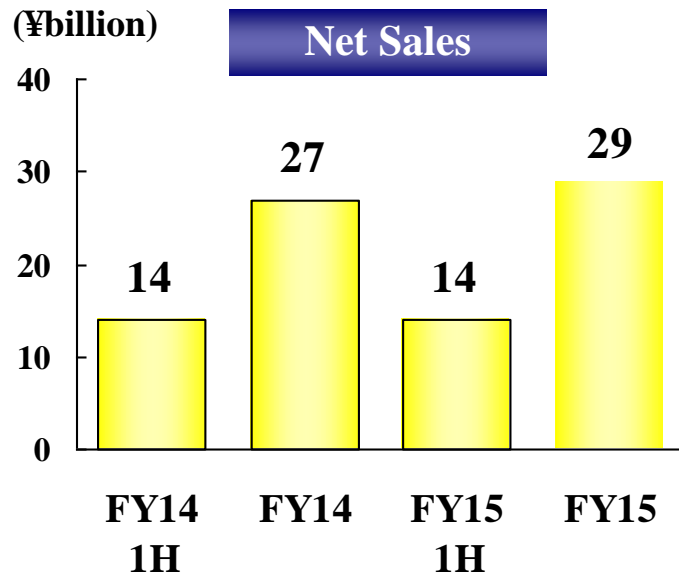
Marketing measures toward achievement of FY15 focus

- Strengthening of sales of highly functional materials to electronic industry
- Increase in sales of molded plastic products
- Expansion in sales of biomass fuel

Major risk factors

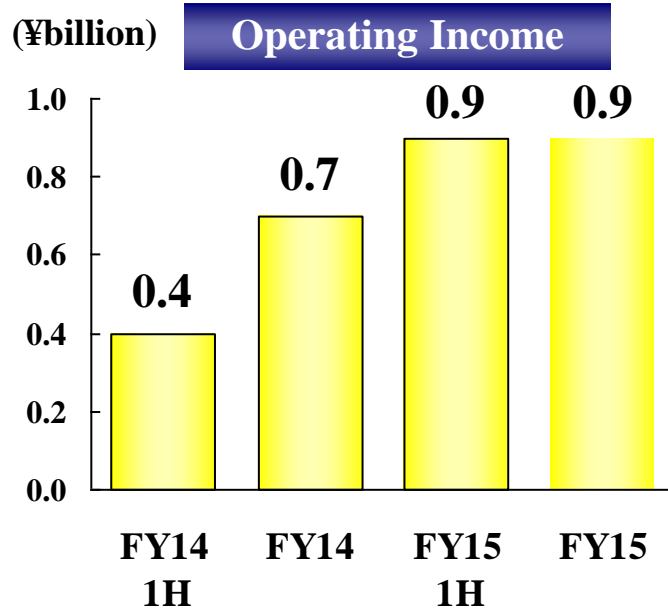
- ◇ Reduction in utilization rates of customer company factories
- ◇ Downturn, price fluctuations in resource markets
- ◇ Exchange rate fluctuations

Forecasts: Agri-bio & Foods



Marketing measures toward achievement of FY15 focus

- Expansion of agri-bio & foods business
- Expansion in sales of agricultural equipment, breeds of pig, etc. in agriculture and livestock business



Major risk factors

- ◇ Exchange rate fluctuations
- ◇ Fluctuations in raw material costs
- ◇ Climate change

Convertible Bonds due 2020

Outline

- ◆ **CB amount : ¥ 30 bn. (zero-coupon bonds)**
- ◆ **Conversion price : ¥ 740 per share**
- ◆ **Redemption date : October 22, 2020**

Objective

- ◆ **To build financial strength for aggressive investment
by enhancing its equity capital**
- ◆ **Common stock (¥ 20 bn. → ¥ 35 bn.)**

Use of Proceeds

1 Hydrogen Business 13

- **Building an infrastructure for hydrogen energy (including the construction of hydrogen stations) 8**
- **Upgrade of liquid hydrogen manufacturing facilities 5**

2 Energy Business 11

- **Upgrade and maintenance of LPG storage and sales facilities 3**
- **Construction of a factory for cassette gas canisters 3**
- **Expansion in number of LPG direct sales customers 5**

3 Industrial Gases & Machinery Business 6

- **Expanding the Group's helium business (including the purchase of helium transportation containers) 6**

Hydrogen Business

Constructing plan of Hydrogen Refueling Stations

We plan to build 20 hydrogen refueling stations by FY15

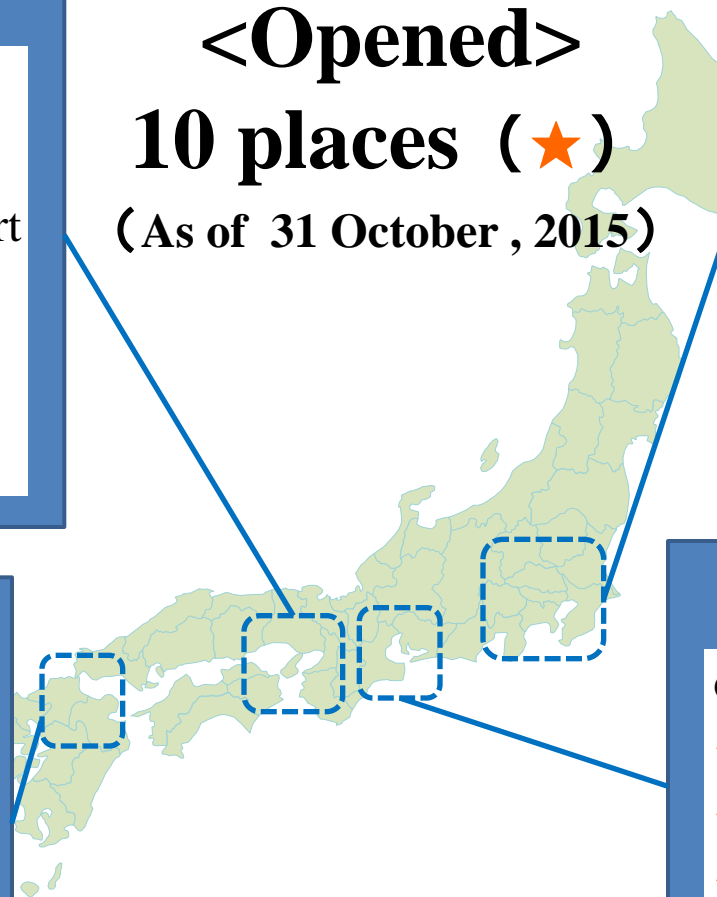
Kinki area 6 places

- ★ Amagasaki
- Otsu
- Kansai International Airport
- Osaka Suminoe
- Osaka Morinomiya
- Osaka Honmachi

<Opened>
10 places (★)
 (As of 31 October, 2015)

Kanto area 7 places

- ★ Shiba Park
- ★ Saitama Toda
- Tokyo Ikegami
- Kofu
- Tokyo Ariake
- Shin-Yokohama
- ★ Kudan (*)



Chugoku & Kyushu area 3 places

- ★ Kokura
- ★ Yamaguchi Shunan
- Fukuoka Prefectural Government

Chubu area 5 places

- Aichi Kariya
- ★ Toyota Ecoful Town
- ★ Aichi Prefectural Government
- ★ Aoi (*)
- ★ Inazawa (*)

(*) Nimohyss: Nippon Mobile Hydrogen Station Services, LLC

- **Manufacturing liquid hydrogen from Australian Brown coal**
- **Constructing supply chain to Japan**



Brown coal mine in state of Victoria, Australia

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