

# **FY 2015 Financial Results**

## **(Fiscal Year Ended March 31, 2016)**

**May 24, 2016**

**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 Overview**
- **Medium-Term Management Plan (PLAN18) and FY 2016 Forecasts**

# **FY 2015 Overview**

# Performance for FY2015

(April 1, 2015 to March 31, 2016)

(Unit: Million Yen)

	FY15 Initial Forecast	FY15 Results (A)	FY14 Results (B)	Year-on-Year (A)-(B)
Net Sales	700,000	616,201	691,902	(75,700)
Gross Profit	-	154,055	141,034	+13,021
Operating Income	20,700	20,496	11,174	+9,321
Ordinary Income	21,000	21,584	12,761	+8,823
Profit attributable to owners of parent	11,000	12,365	6,199	+6,165

## Changes in Scope of Consolidation

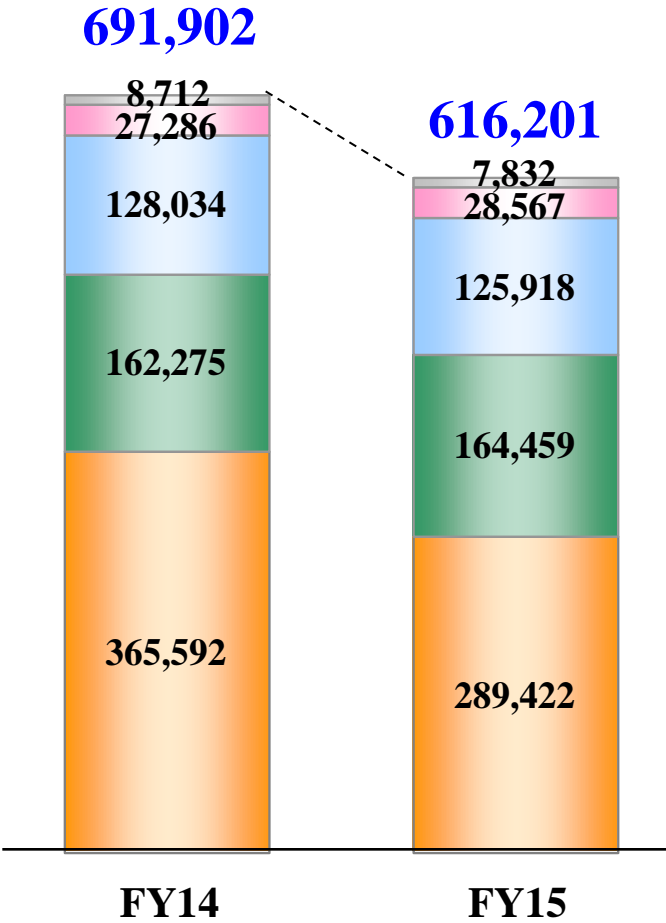
	FY15 Results (A)	FY14 Results (B)	Year-on-Year (A)-(B)
Consolidated subsidiaries	111	108	+3
Equity method subsidiaries and affiliates	103	111	(8)

\*Impact of changes in scope of consolidation: Little

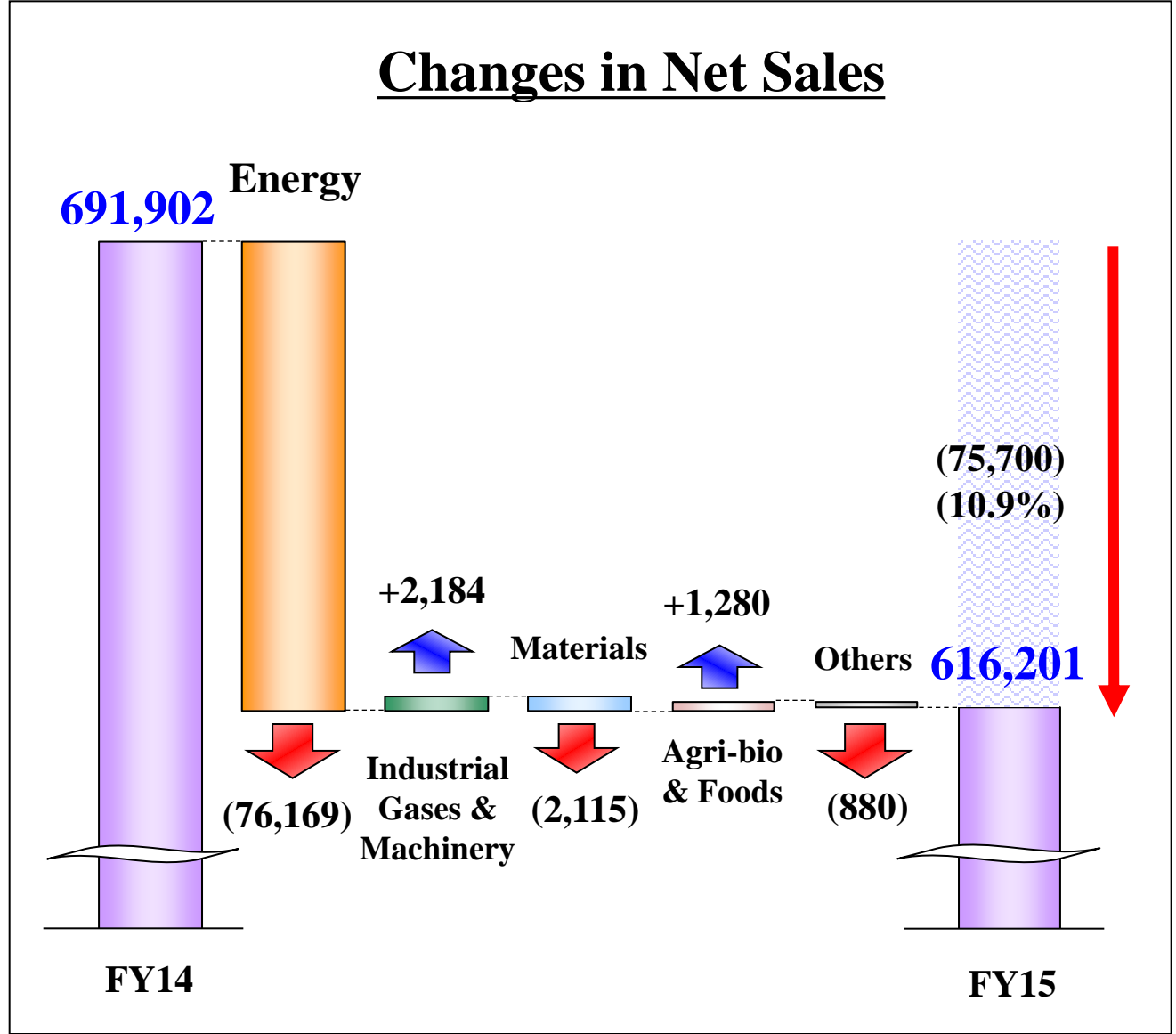
(Unit: Million Yen)

# Net Sales

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



# Changes in Net Sales

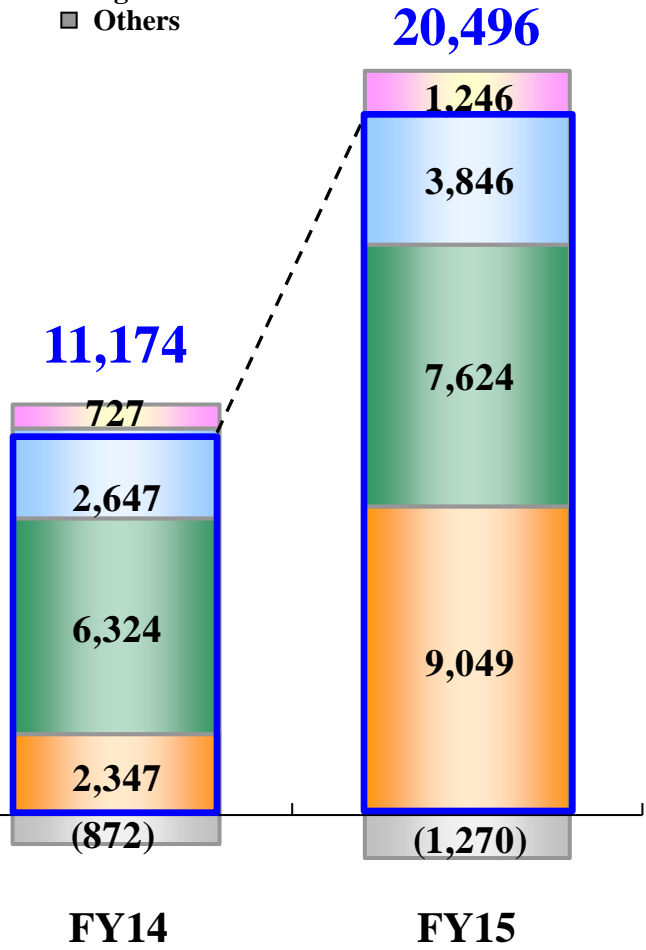


# Analysis of Operating Income

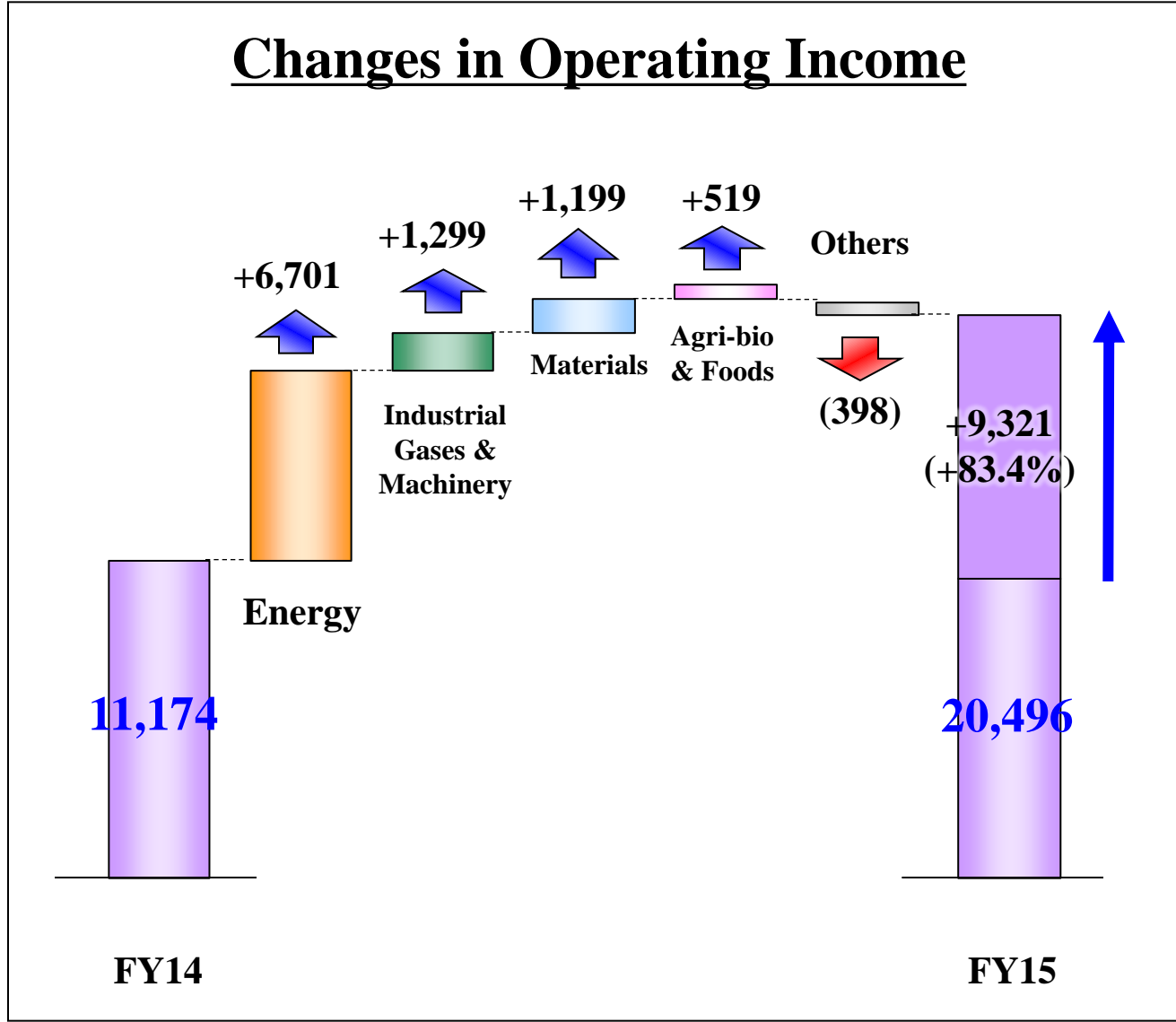
(Unit: Million Yen)

## Operating Income

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



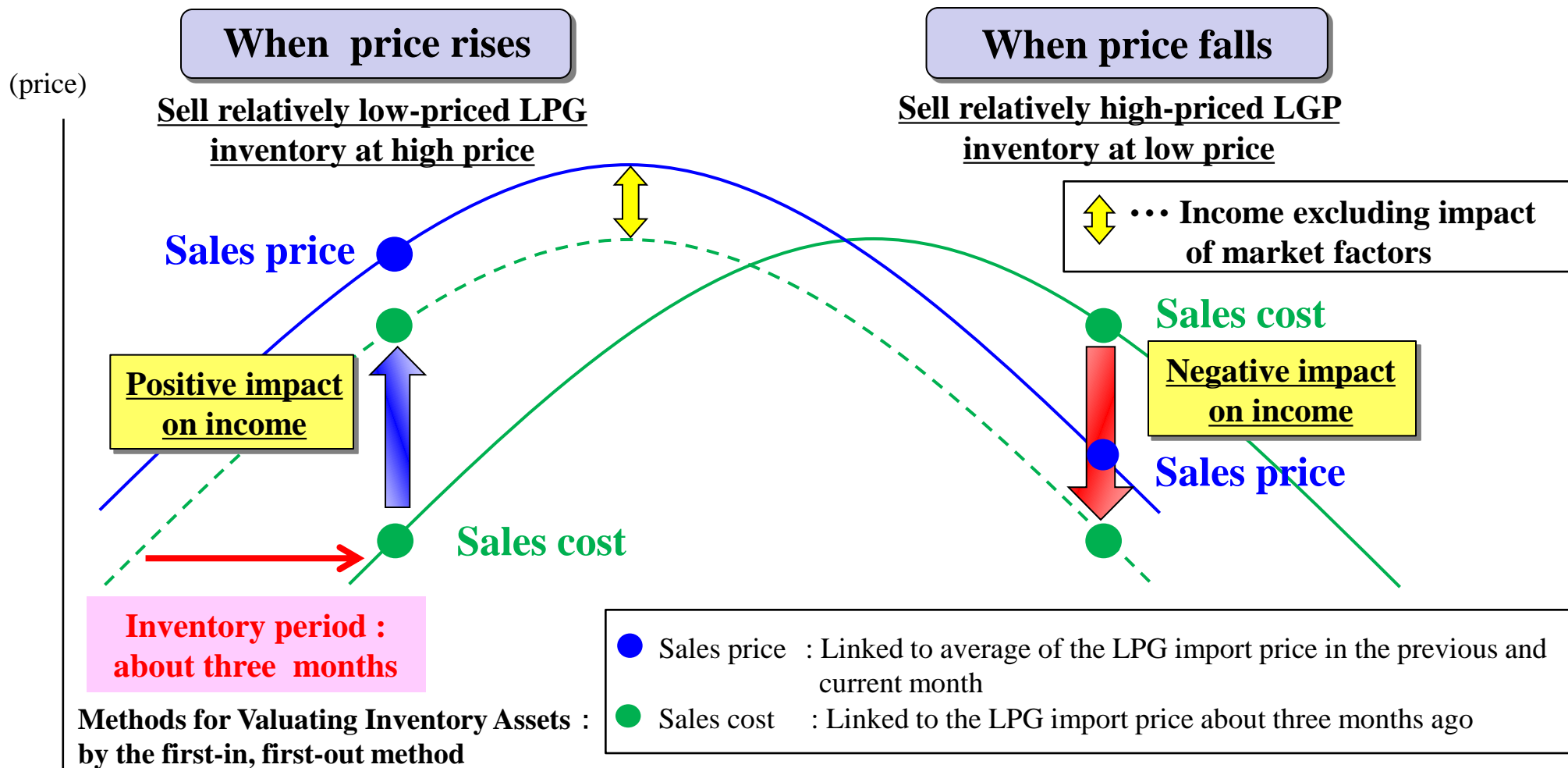
## Changes in Operating Income



# Time-lag profits / losses

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

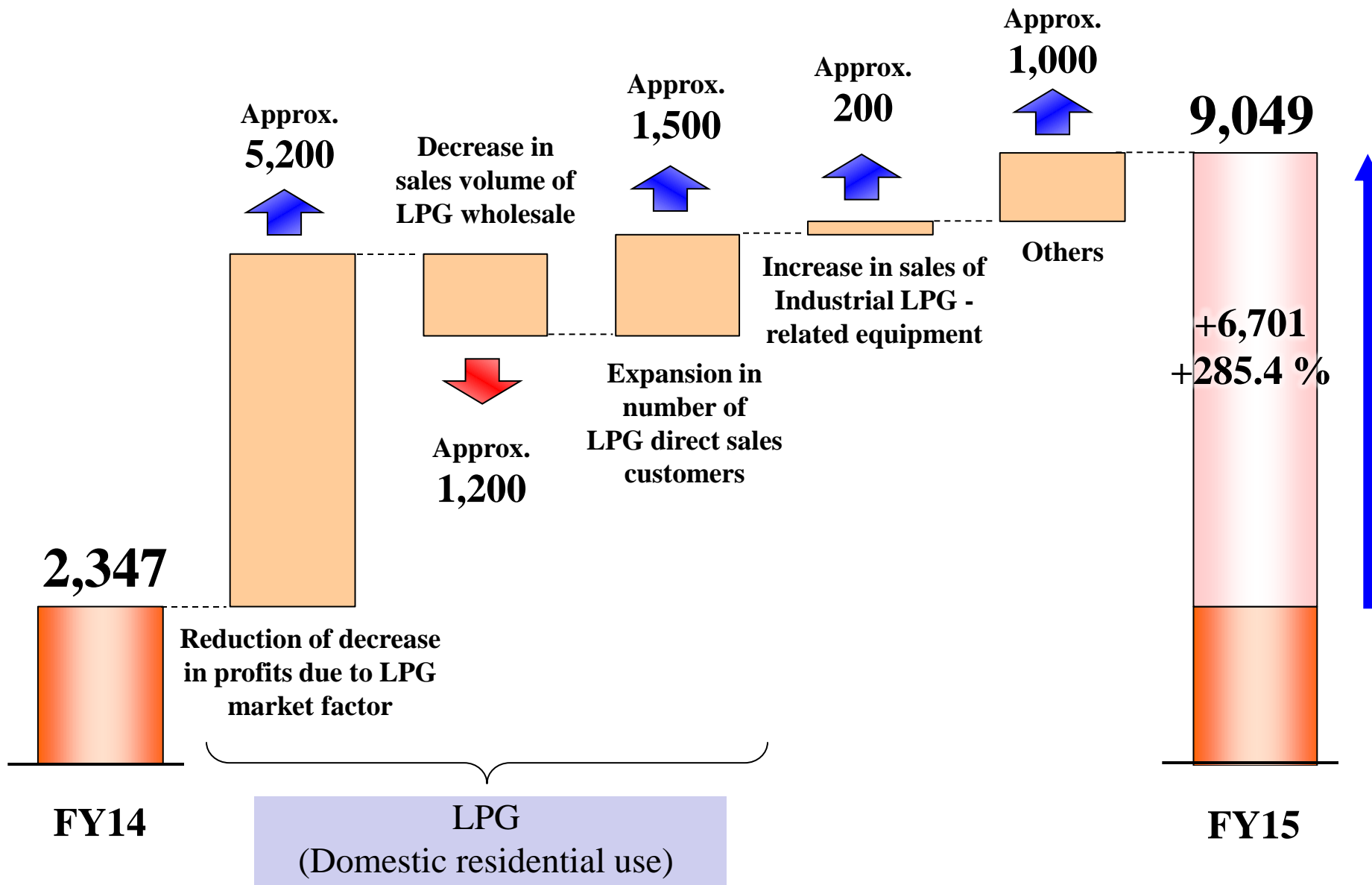
In a short term, Fluctuations in the LPG import price impact our performance .  
In a long term, if the LPG price returns to its former level, the net impact is zero\*.



\*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- Energy

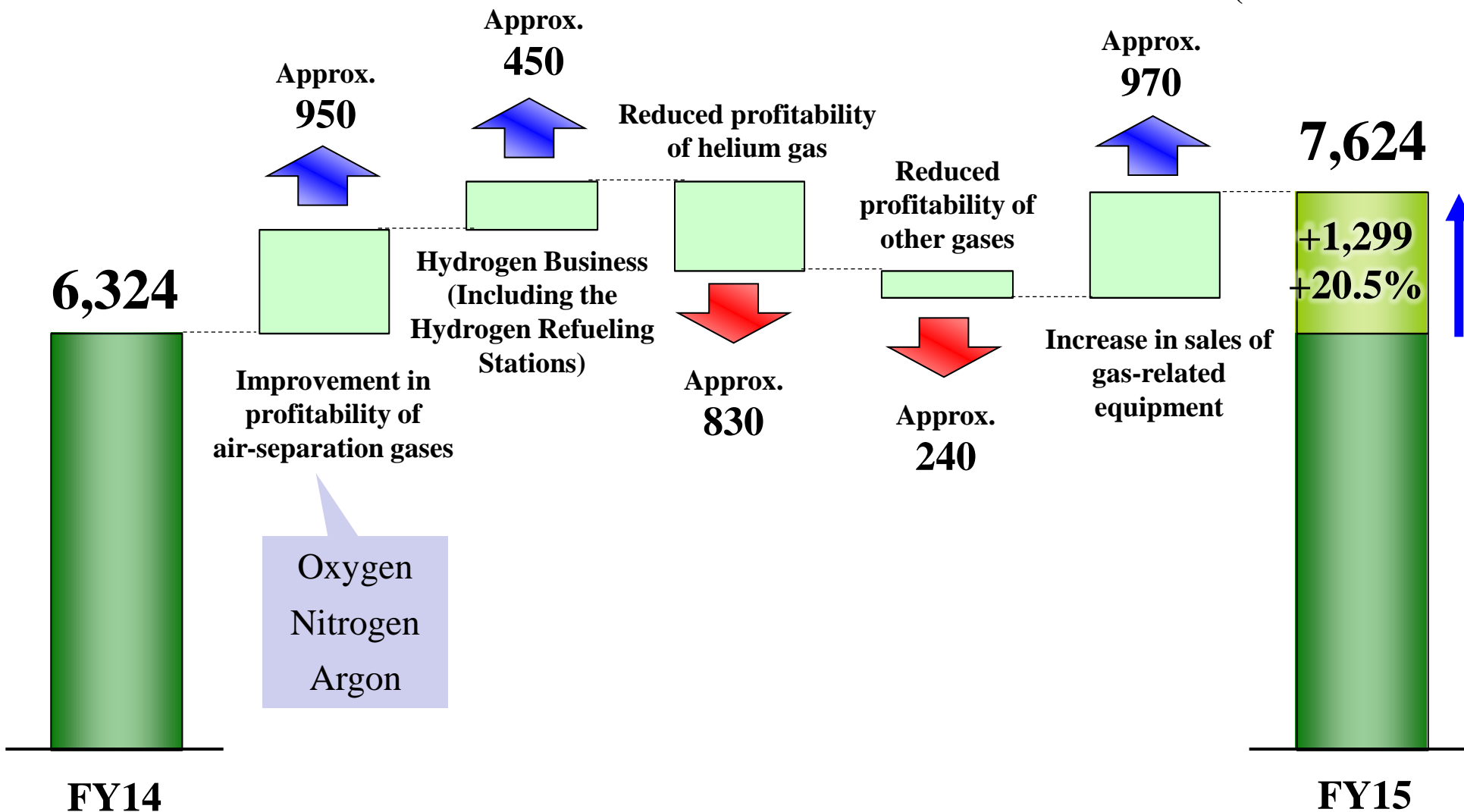




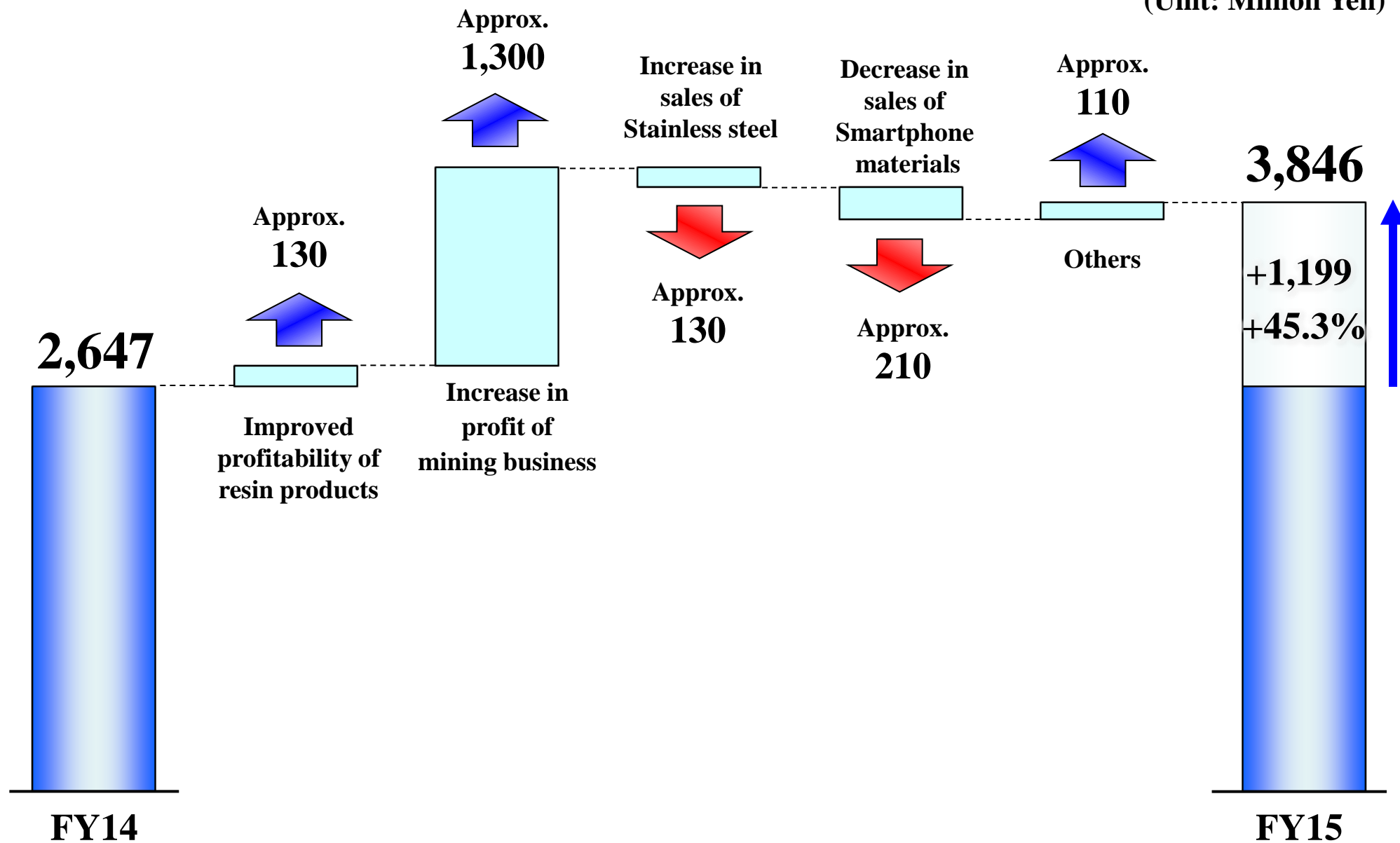
# Changes in Operating Income

## – Industrial Gases & Machinery

(Unit: Million Yen)

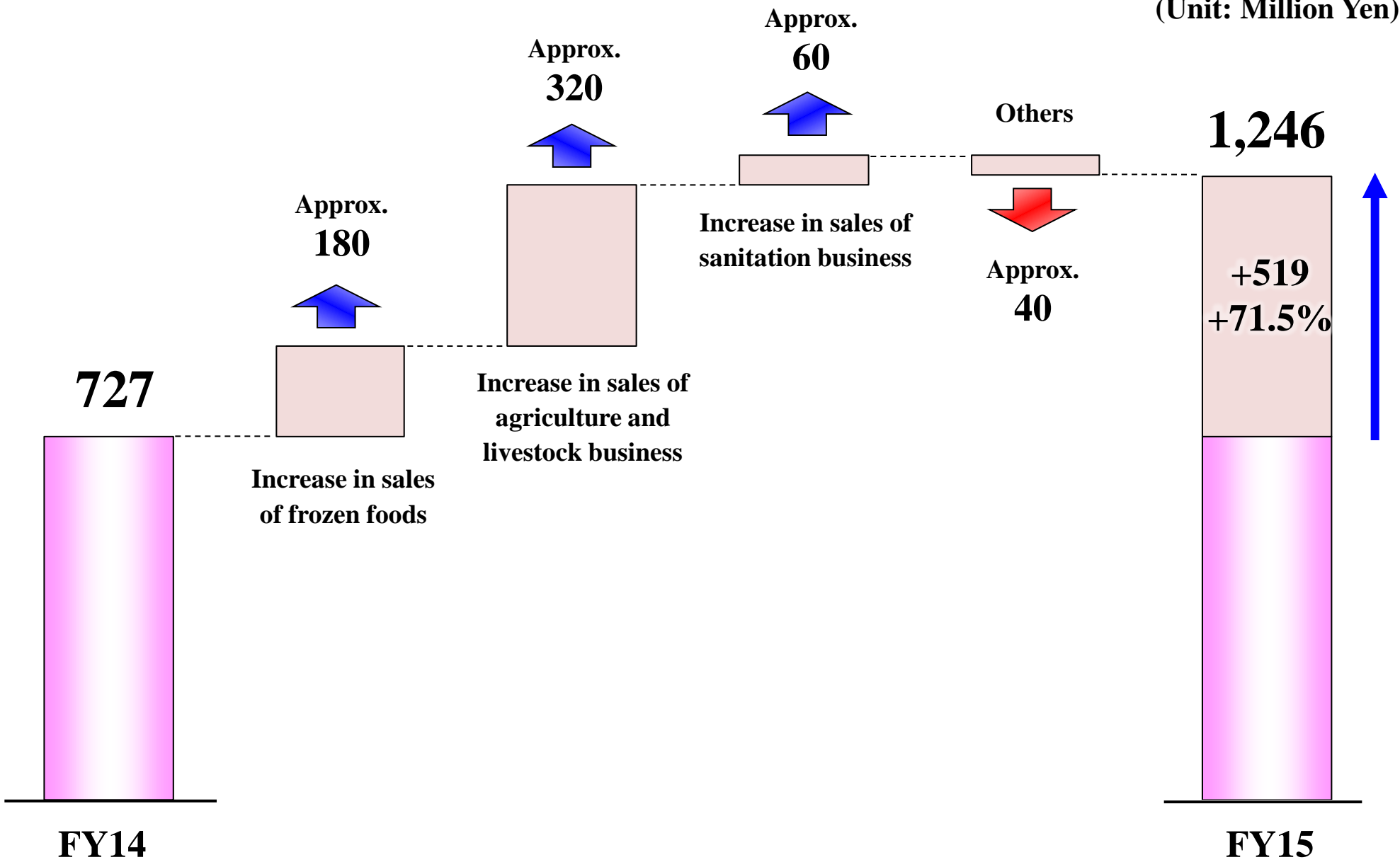


(Unit: Million Yen)



# Changes in Operating Income – Agri-bio & Foods

(Unit: Million Yen)



# Balance Sheets (Consolidated Basis)

**Iwatani**

(Unit: Million Yen)

	FY15(A)	FT14(B)	(A)-(B)	Major factors for changes
<b>Current assets</b>	175,878	181,809	(5,931)	Decrease in accounts receivable and inventories caused by plunging LPG price
<b>Property, plant and equipment</b>	145,003	136,979	+8,024	Increased hydrogen refueling station-related investment, etc.
<b>Intangible assets</b>	16,876	17,012	(135)	
<b>Investments and other assets</b>	66,721	73,023	(6,302)	Loss on valuation of investment securities
<b>Fixed assets</b>	228,601	227,015	+1,585	
<b>Total assets</b>	404,479	408,824	(4,345)	
<b>Current liabilities</b>	172,489	192,678	(20,188)	Decrease in short-term borrowings
<b>Long - term liabilities</b>	107,406	98,203	+9,202	
<b>Total liabilities</b>	279,895	290,882	(10,986)	Reduction of interest-bearing liabilities due to repayment of loans
<b>Equity capital</b>	114,781	109,007	+5,774	(Equity capital ratio 28.4%)
<b>Non-controlling interests</b>	9,802	8,935	+866	
<b>Net assets</b>	124,583	117,942	+6,640	
<b>Total liabilities and net assets</b>	404,479	408,824	(4,345)	

# Statements of Cash Flows

(Unit: Million Yen)

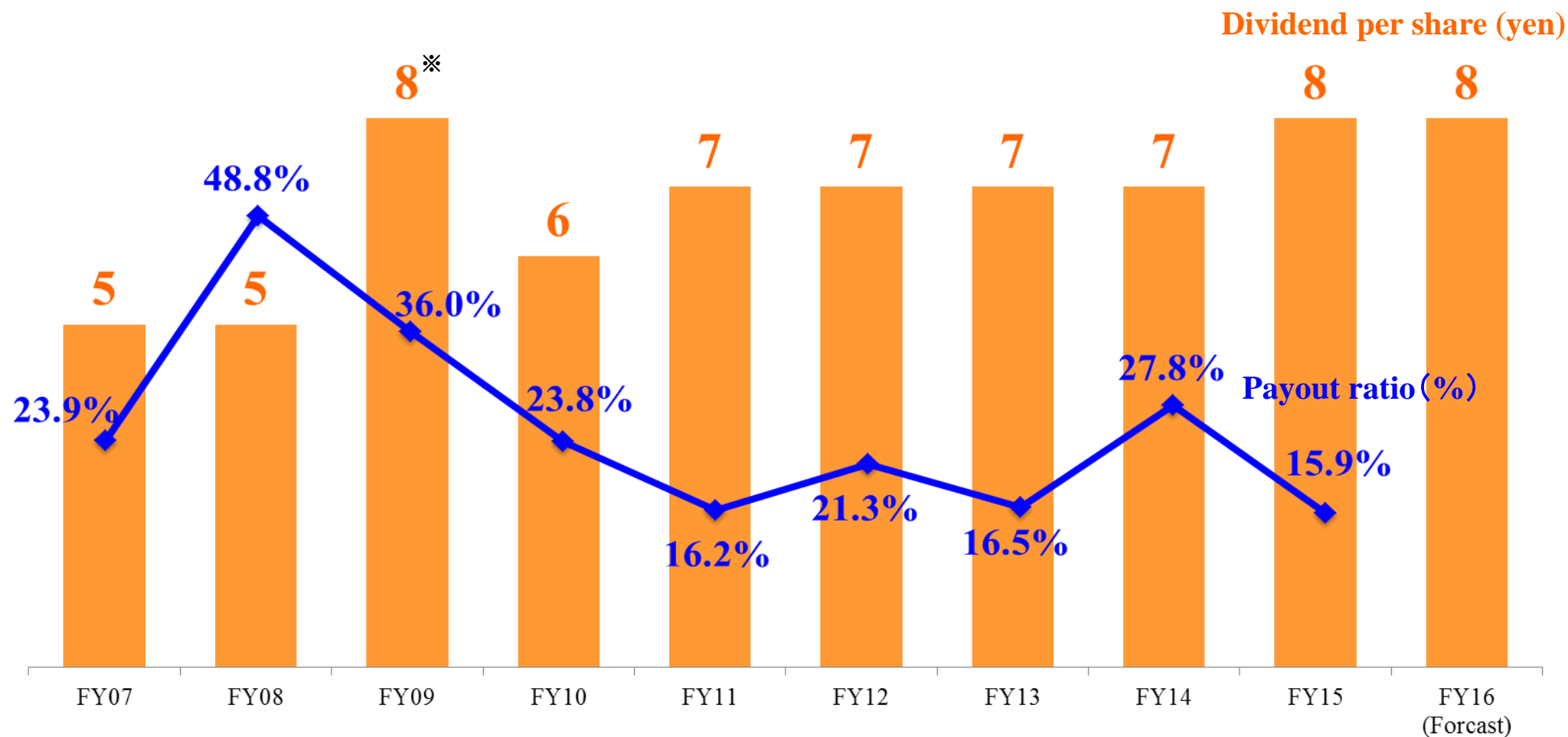
	FY15 (A)	FY14 (B)	(A) - (B)
Cash flows from operating activities	36,101	43,008	(6,907)
Cash flows from investing activities	(25,088)	(20,476)	(4,611)
Free cash flows	11,013	22,532	(11,518)
Cash flows from financing activities	(9,969)	(22,335)	+12,365
Effect of exchange rate changes, etc.	(14)	1,167	(1,181)
Net increase (decrease) in cash and cash equivalents	1,028	1,363	(334)
Cash and cash equivalents at beginning of period	21,804	20,440	+1,363
Cash and cash equivalents at end of period	22,833	21,804	+1,028

\* “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”.

# Returns to Shareholders (Consolidated Basis)

## Dividend policy

- Paying continuous and stable dividends
- Returning our profits appropriately in consideration for our performance and business situation

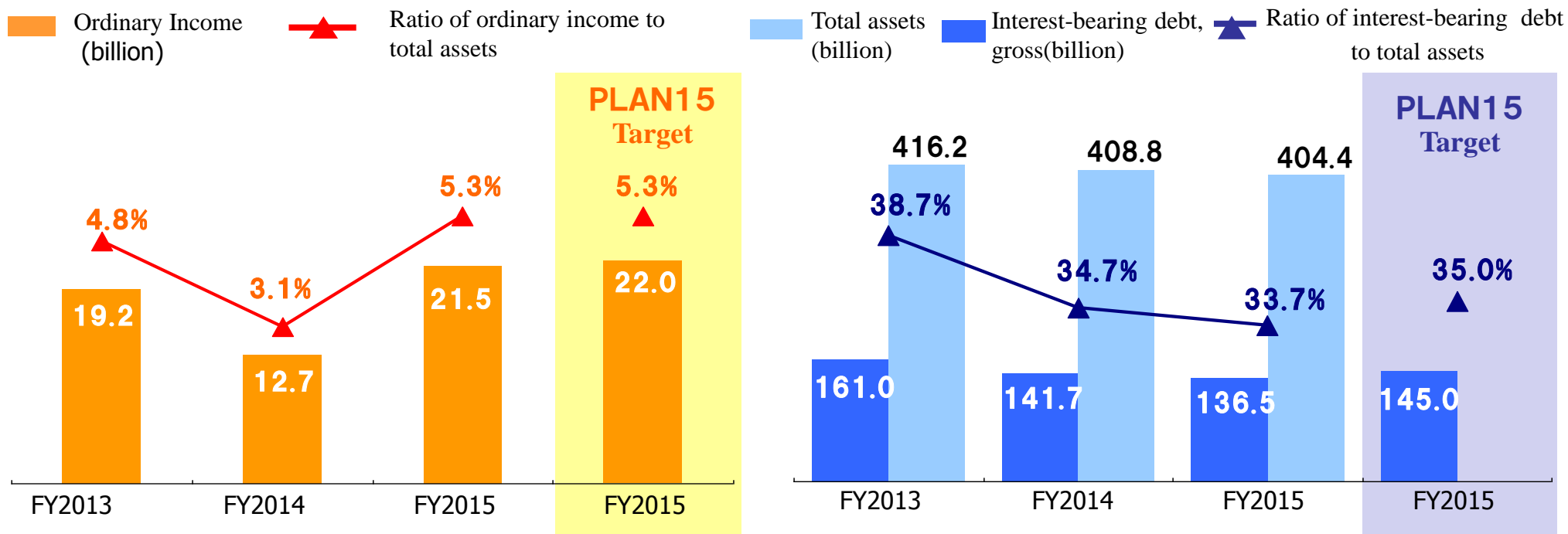


\*Including commemorative dividend: 3 yen

# Review of “PLAN15”

<FY2015>

	FY2018 Target	Results
Ordinary Income	¥22.0billion	¥21.5billion
Ratio of ordinary income to total assets	5.3% or higher	5.3%
Interest-bearing debt, gross	¥145.0billion	¥136.5billion
Ratio of interest-bearing debt to total assets	35.0% or higher	33.7%



# **Medium-Term Management Plan**

**(PLAN18)**

**FY2016 Forecasts**



## Basic Policies

**“Implement strategies for Growth”  
and  
“Expand our business foundation”**

## Management Targets

**<FY2018>**

<b>Ordinary income</b>	<b>¥24.0 billion</b>
<b>Ratio of ordinary income to total assets</b>	<b>5.5% or higher</b>
<b>Ratio of net income to equity capital</b>	<b>10.0% or higher</b>

**① Energy distribution reform**

**② Promotion of a hydrogen society**

**③ Strengthening of overseas businesses**

**④ Start-up of new businesses**

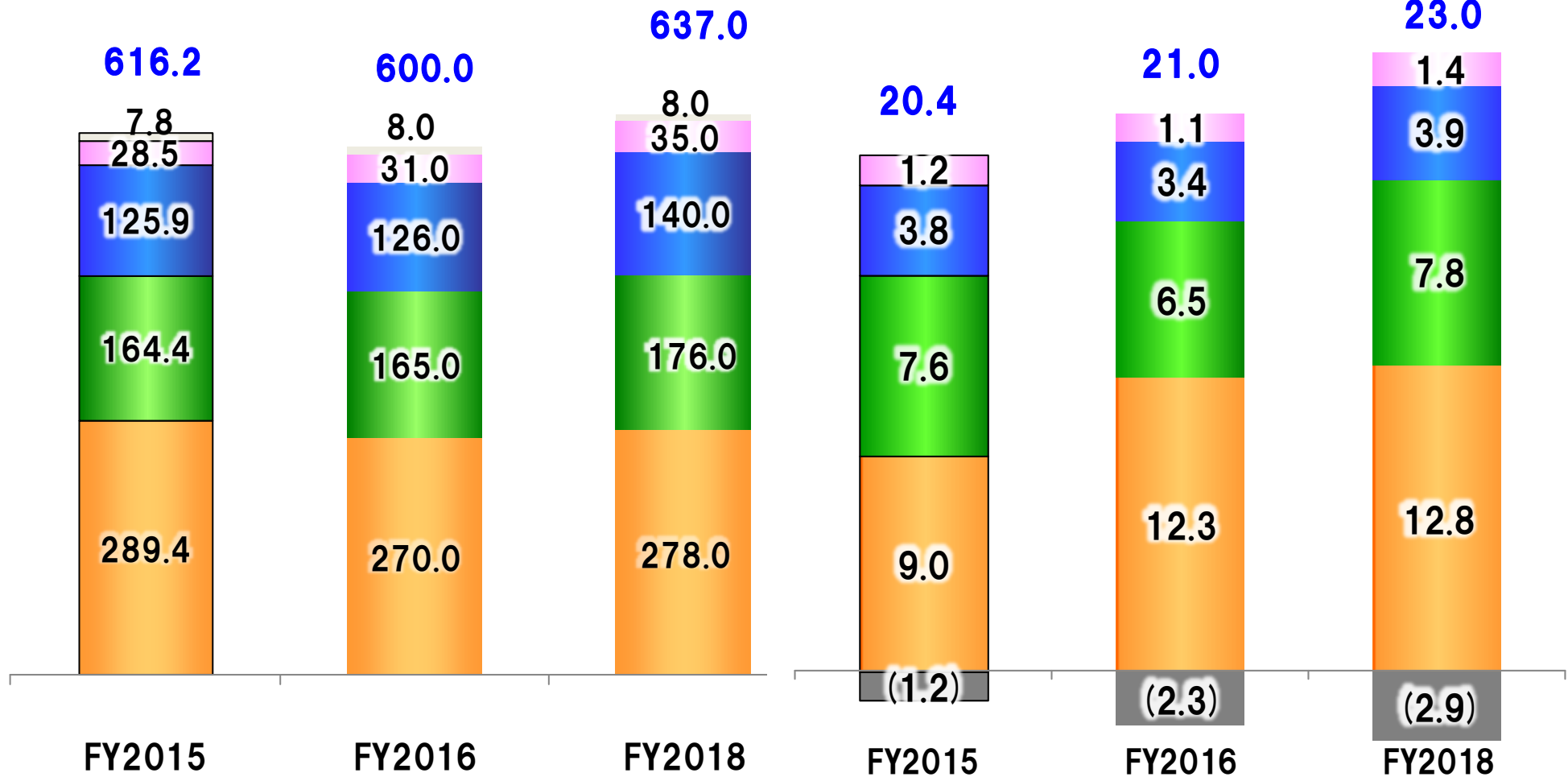
**⑤ Compliance**

# Net Sales and Operating Income Targets in PLAN18

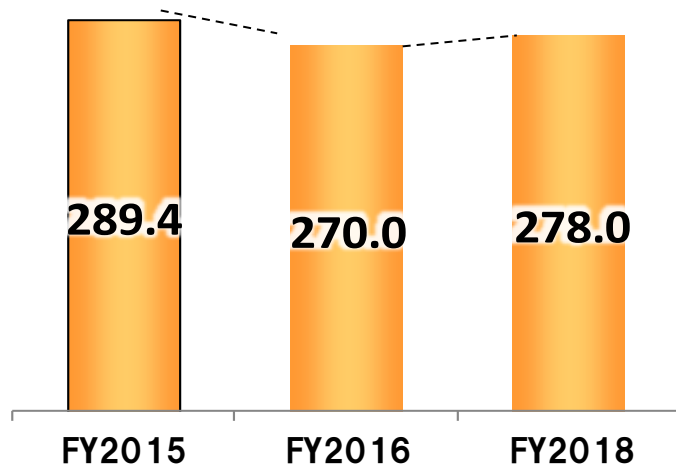
■ Energy   
 ■ Industrial Gases & Machinery   
 ■ Materials   
 ■ Agri-bio & Foods   
 ■ Others

Net Sales(billion)

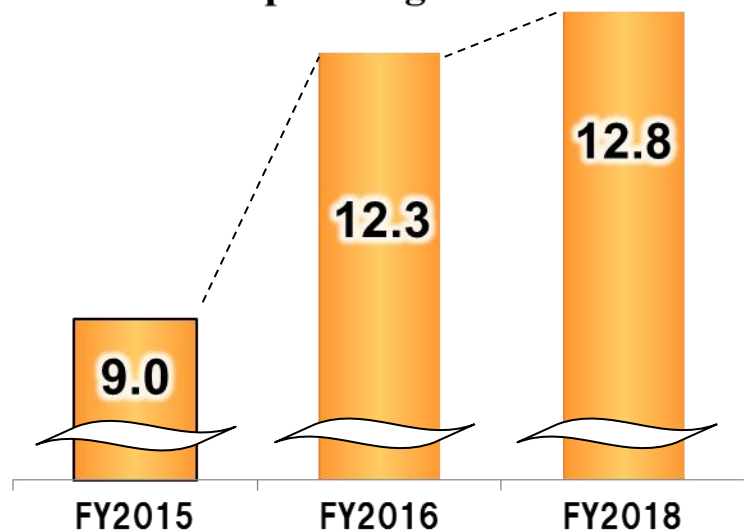
Operating Income(billion)



(¥billion) Net Sales



(¥billion) Operating Income



## FY2016 Major factors accounting for decrease / increase in operating income (FY2015-FY2016)

- [+]** Resolving losses from time-lag losses
- [+]** Expanding LPG consumers
- [+]** Expansion of industrial LPG
- [+]** Expansion of consumer products and energy-related equipment
- [-]** fiercer competition caused by electricity liberalization
- [-]** Increase in depreciation associated with large-scale investment

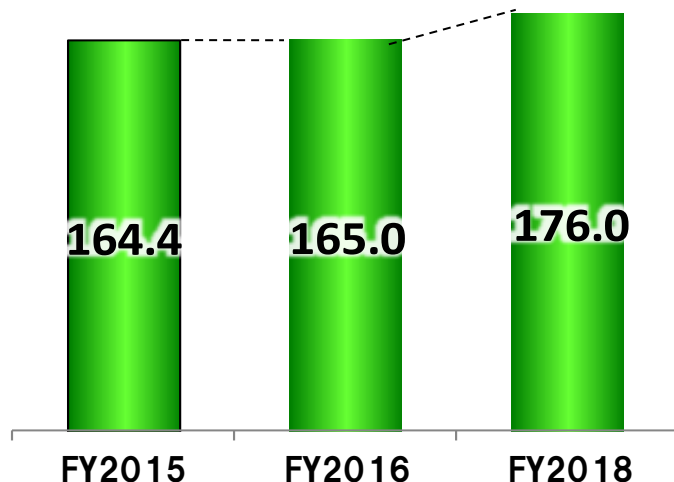
## PLAN18 Major factors accounting for decrease / increase in operating income (FY2016-FY2018)

- [+]** Expanding LPG consumers
- [+]** Expansion of industrial LPG
- [+]** Expansion of consumer products and energy-related equipment
- [-]** Increase in depreciation associated with large-scale investment

<Assumption of financial performance>

Ave. CP USD 370/ton, Ave. exchange rate 110 Yen/USD

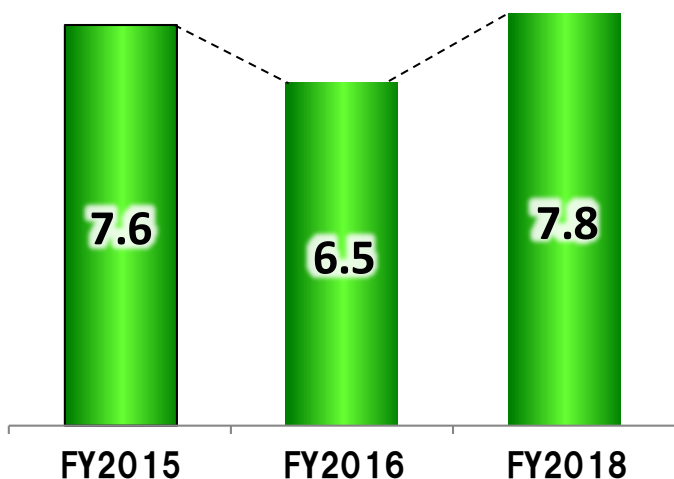
(¥billion) Net Sales



**FY2016 Major factors accounting for decrease / increase in operating income (FY2015-FY2016)**

- 【+】** Expansion of sales various industrial gas, machinery and equipment
- 【-】** Increase in cost of our own H2 station
- 【-】** Impact on appreciating Japanese yen in our overseas consolidated subsidiaries

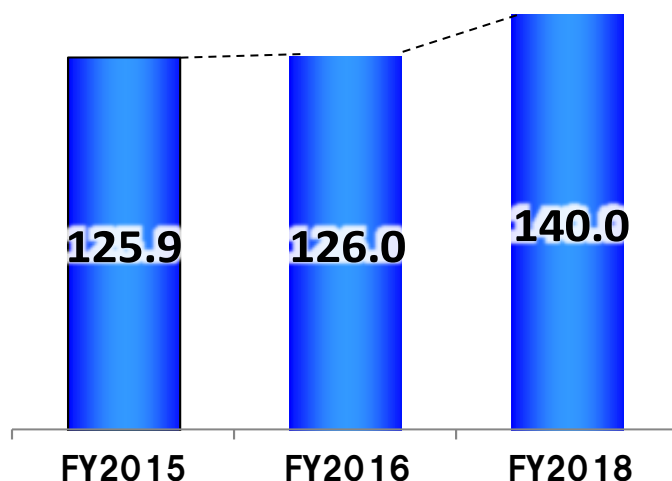
(¥billion) Operating Income



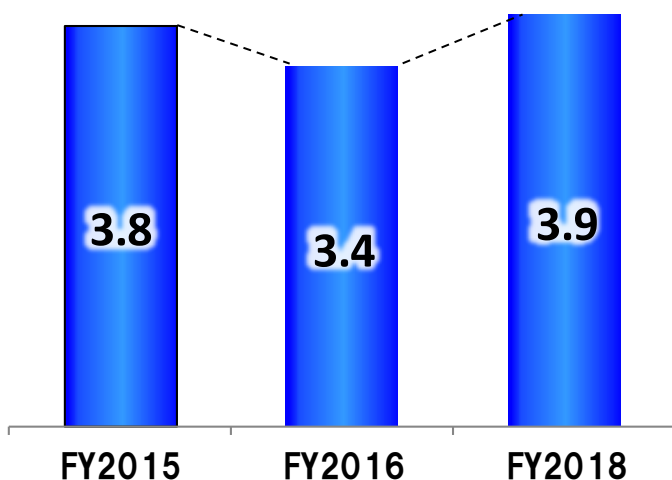
**PLAN18 Major factors accounting for decrease / increase in operating income (FY2016-FY2018)**

- 【+】** Expansion of sales various industrial gas, machinery and equipment
- 【+】** Expansion of H2 station instrument and service
- 【-】** Increase in cost of our own H2 station and H2 manufacturing plant

(¥billion) Net Sales



(¥billion) Operating Income



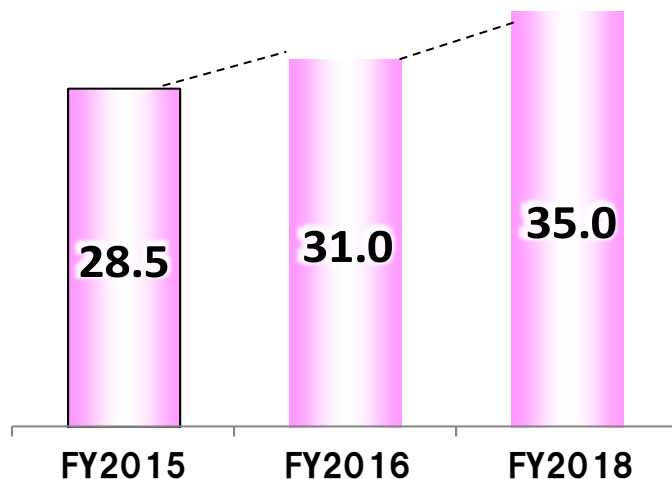
## FY2016 Major factors accounting for decrease / increase in operating income (FY2015-FY2016)

- 【+】** Expansion of sales of stainless, PET resin and Zircon sand
- 【-】** Suspended mining in the mineral business in Western Australia
- 【-】** Impact on appreciating Japanese yen in our overseas consolidated subsidiaries

## PLAN18 Major factors accounting for decrease / increase in operating income (FY2016-FY2018)

- 【+】** Business expansion of biomass fuel business such as PKS
- 【+】** Restart of mining in the mineral business in Western Australia

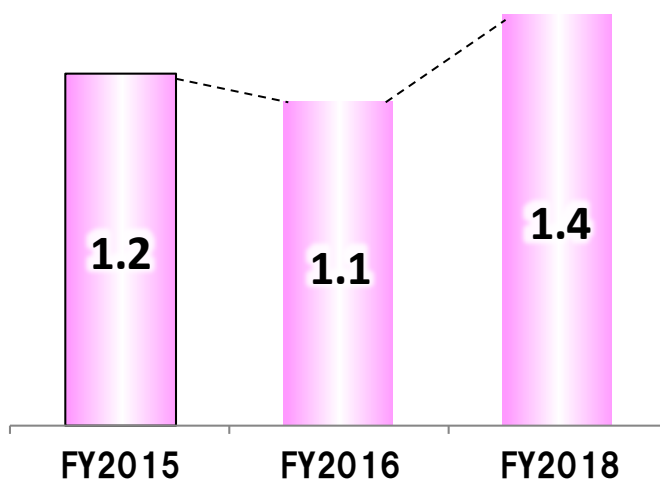
(¥billion) Net Sales



**FY2016 Major factors accounting for decrease / increase in operating income (FY2015-FY2016)**

- 【 - 】 Decrease in the large demand of agricultural equipment

(¥billion) Operating Income

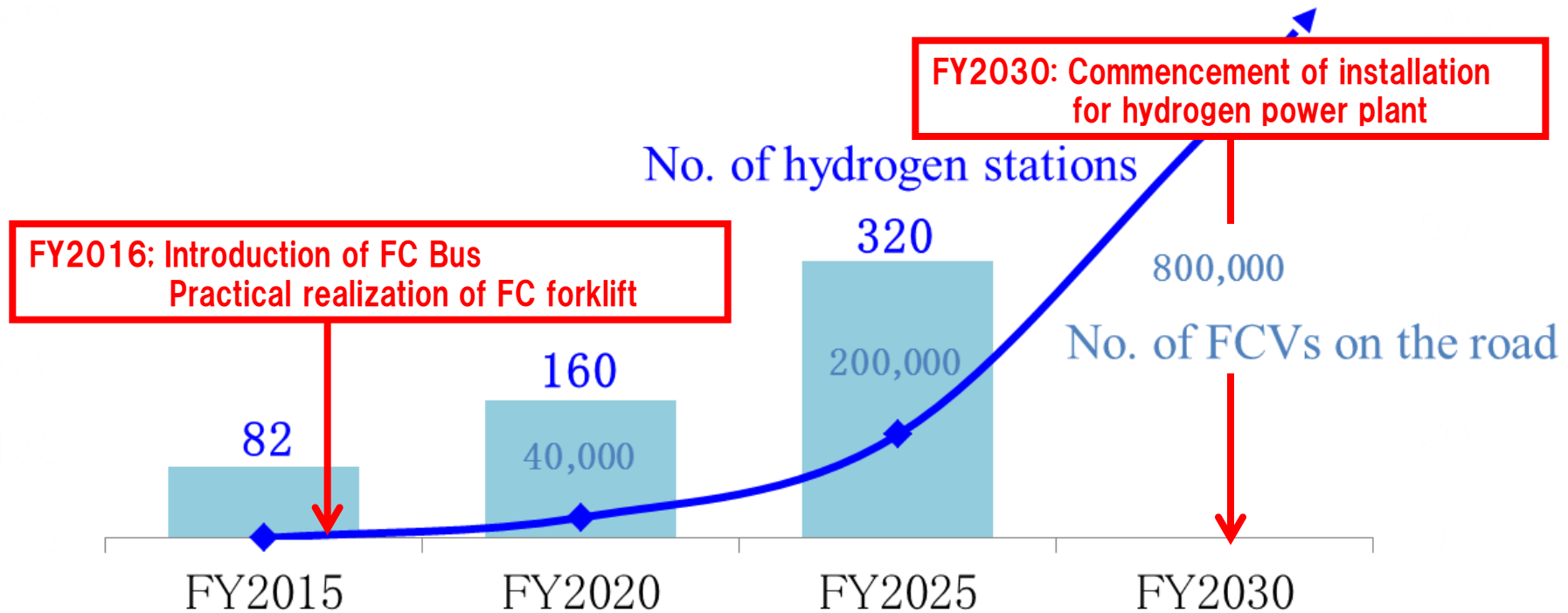


**PLAN18 Major factors accounting for decrease / increase in operating income (FY2016-FY2018)**

- 【 + 】 Development new business in Foods Division
- 【 + 】 Expansion of plant factory sales
- 【 + 】 Expansion of seed pig sales

# The Revised Version of the Strategic Roadmap for Hydrogen and Fuel Cells

## Outlook for the Spread of Fuel Cell Vehicles (FCVs) and Hydrogen Stations



Source: Strategic Roadmap for Hydrogen and Fuel Cells, revised version



# Our effort to realize hydrogen society

Achievement of constructing 20 stations by FY2015



## Hydrogen Refueling Stations



# Our effort to realizing hydrogen society

## Strengthening of supply capabilities of liquid hydrogen



Yamaguchi Liquid Hydrogen Corporation



Brown coal mine in state of Victoria, Australia

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