

FY 2016 Financial Results

(Fiscal Year Ended March 31, 2017)

May 23, 2017

Iwatani Corporation

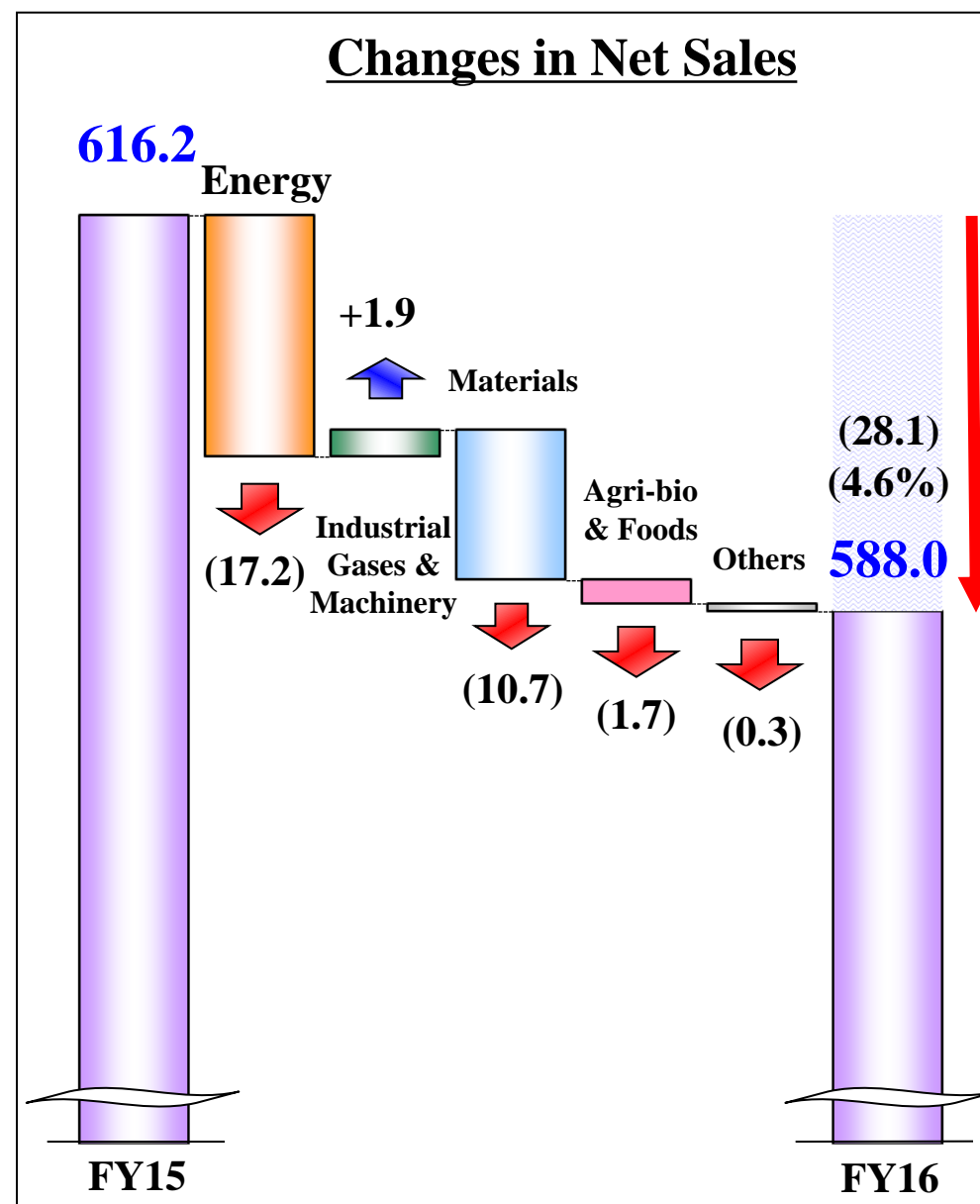
Forward-looking statements in this document are based on management expectations and are not commitments or guarantees. Consequently, users of this document are requested to fully understand that results may vary from expectations.

- **FY 2016 Overview**
- **FY 2017 Forecasts**
- **The liberalization of the city gas market
and The realization hydrogen society**

FY 2016 Overview

Performance for FY2016 (April 1, 2016 to March 31, 2017)

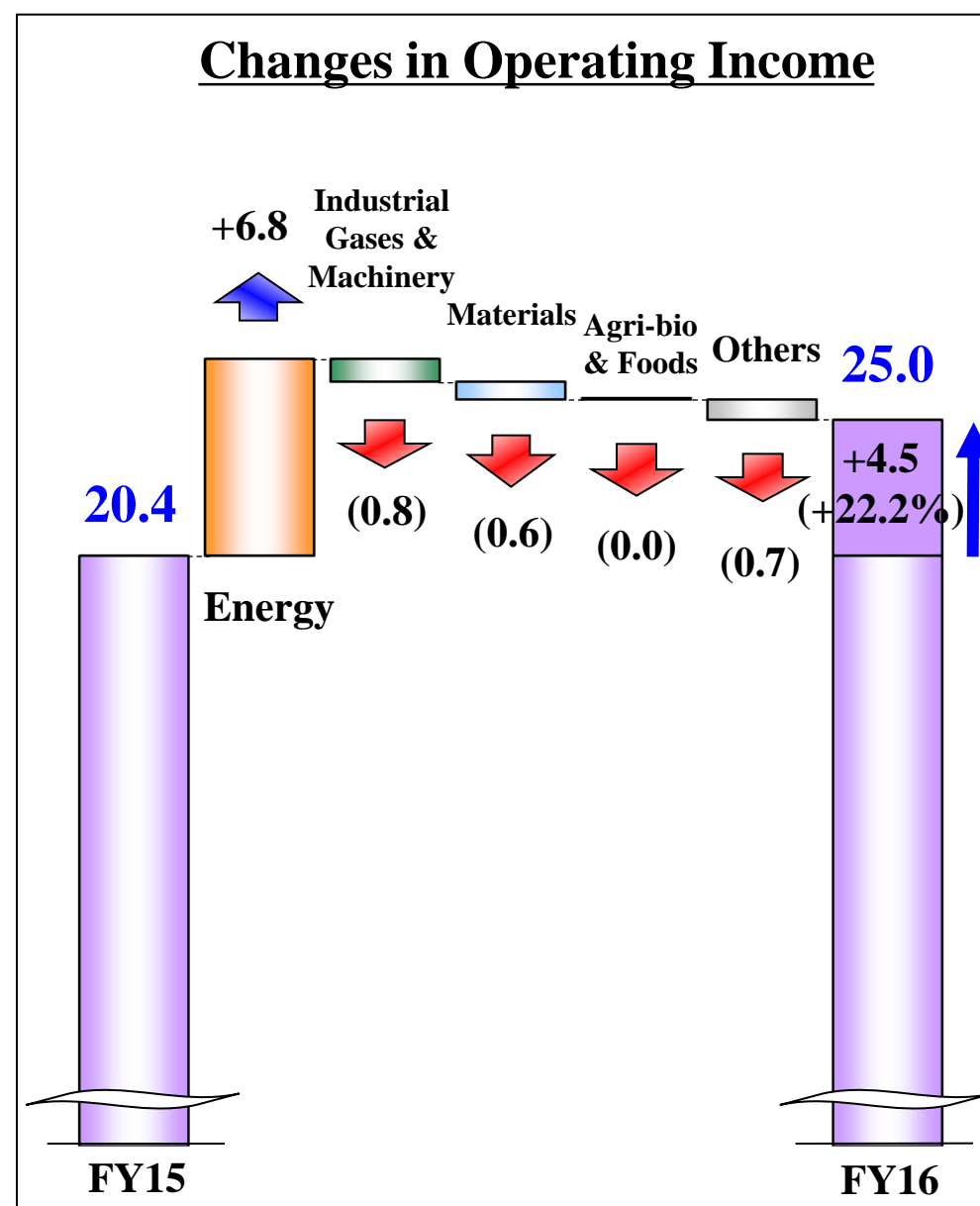
	FY16 Results (A)	FY15 Results (B)	Year -on- Year (A)-(B)	FY16 Initial Forecast
Net Sales	588.0	616.2	(28.1)	600.0
Gross Profit	161.5	154.0	+7.5	-
Operating Income	25.0	20.4	+4.5	21.0
Ordinary Income	26.8	21.5	+5.2	22.0
Profit attributable to owners of parent	16.5	12.3	+4.1	13.0



Performance for FY2016 (April 1, 2016 to March 31, 2017)

(Unit: Billion Yen)

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Time-lag profits / losses

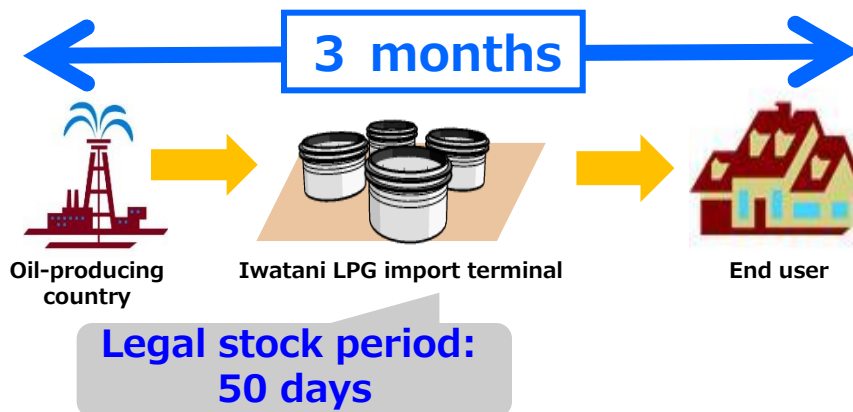
Impact of LPG Import Price (CP) Fluctuations (General Overview)

Premise

① Wholesale price is based on Contract Price

② From LPG import to sale takes 3 months

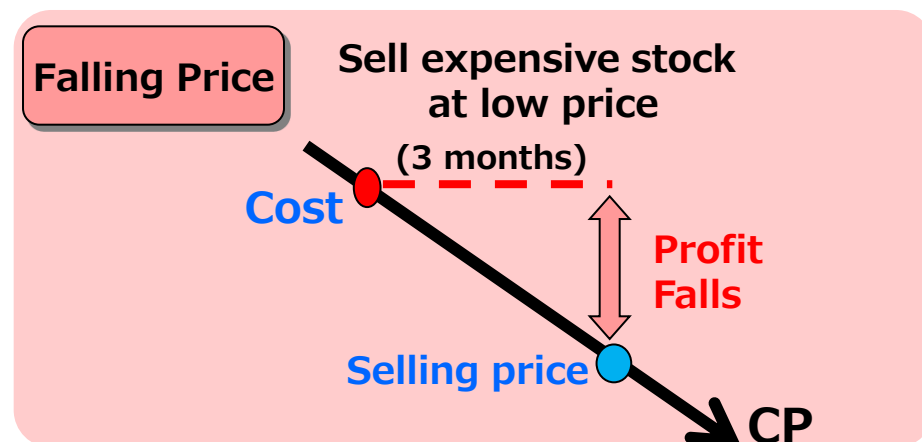
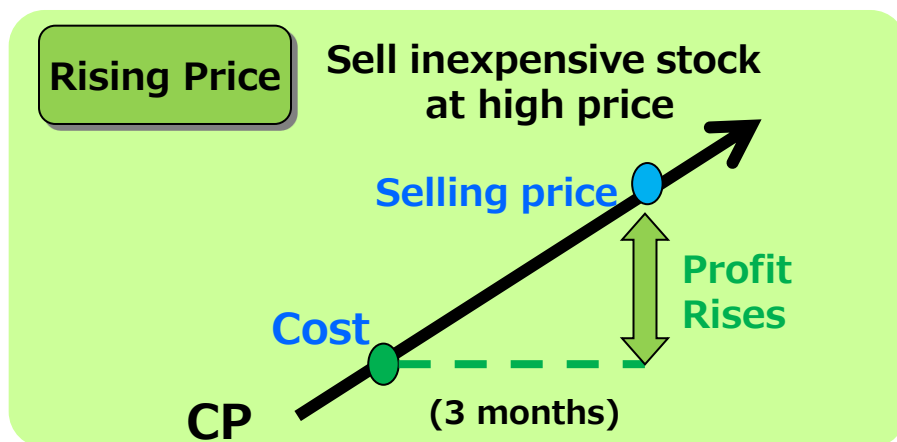
$$\text{Wholesale Price} \propto \frac{\text{current month's CP} + \text{previous month's CP}}{2}$$



CP fluctuations

Short-term impact on profit/loss (time lag)

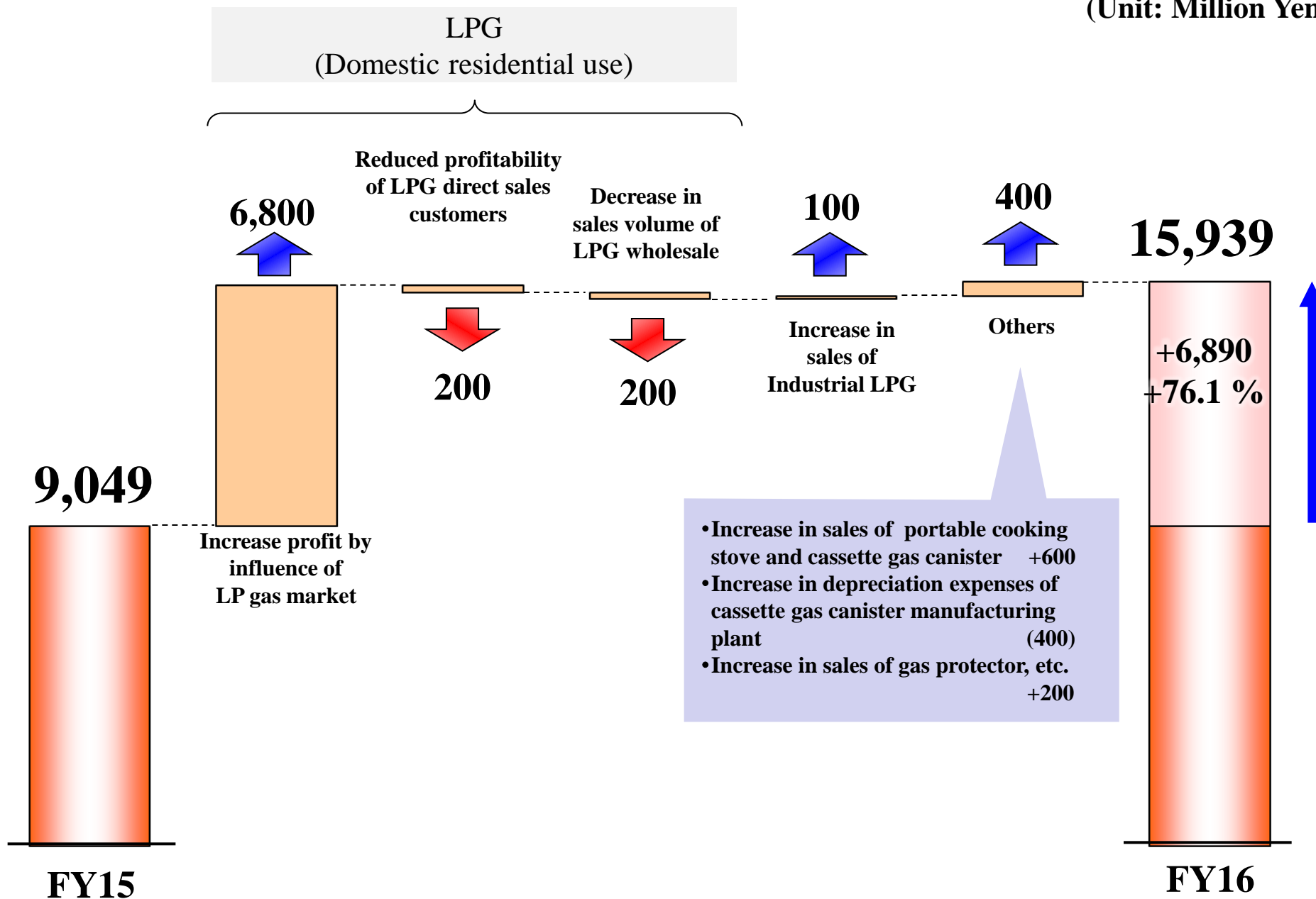
(If CP fluctuations return to the original level, the impact is ±0.)*



*The actual impact on performance varies depending on inventory volume, sales timing (season), sales volume and other factors.

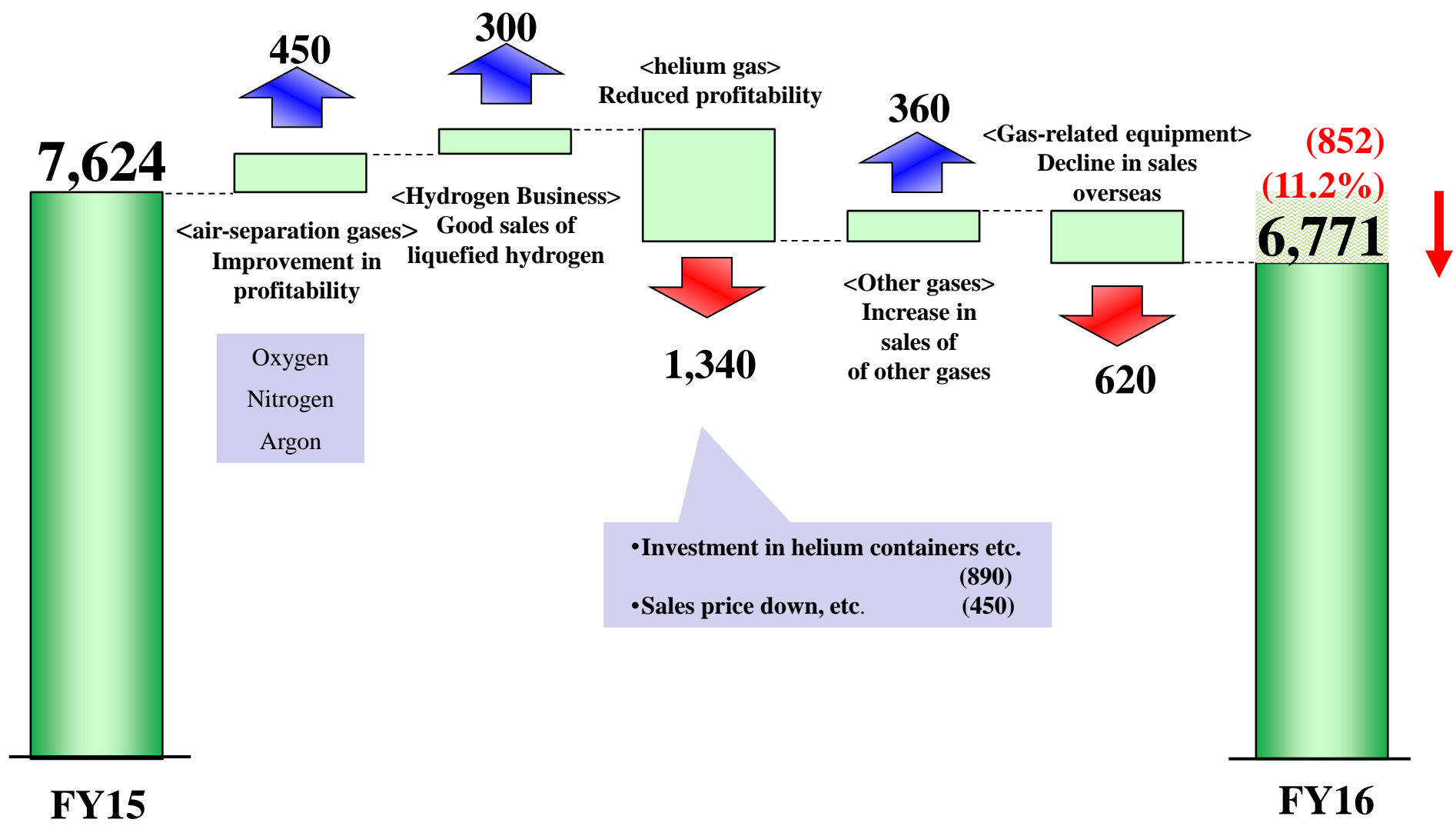
(Unit: Million Yen)

Changes in Operating Income – Energy



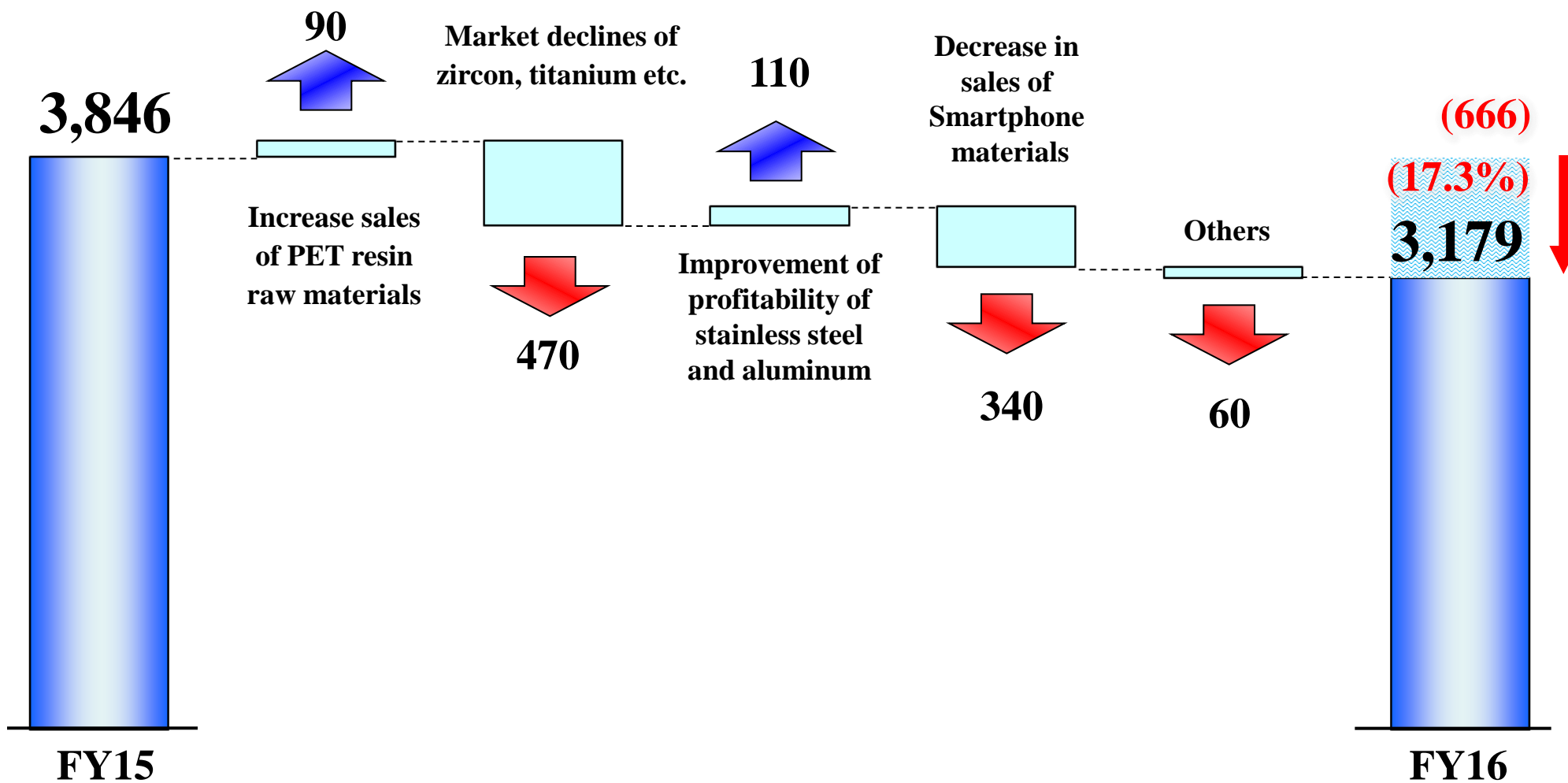
Changes in Operating Income

- Industrial Gases & Machinery



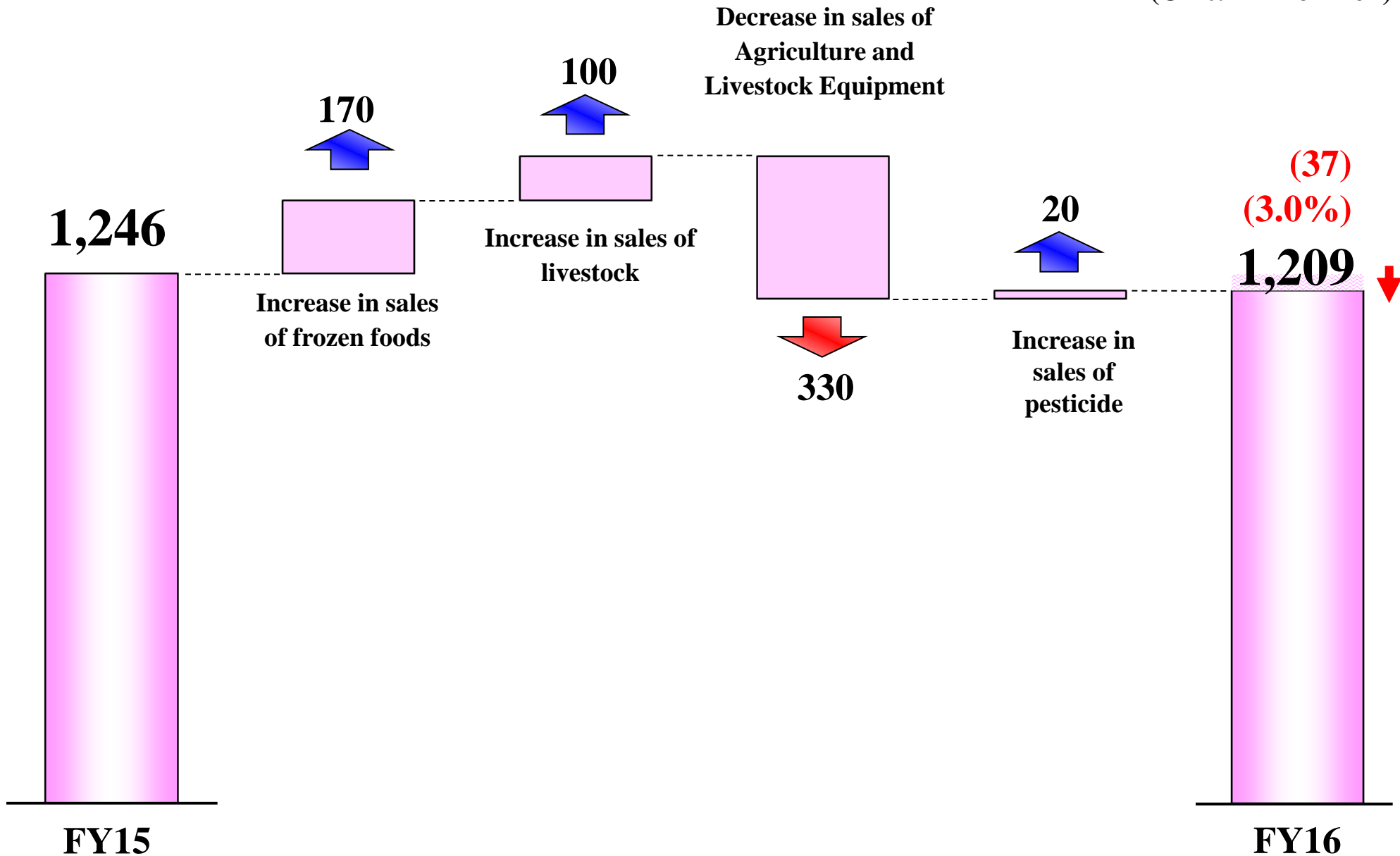
(Unit: Million Yen)

Changes in Operating Income – Materials



Changes in Operating Income – Agri-bio & Foods

(Unit: Million Yen)



Balance Sheets (Consolidated Basis)

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(Unit: Billion Yen)

	FY16 Results (A)	FY15 Results (B)	Year-on-Year (A)-(B)	Major factors for changes
Current assets	184.4	175.8	+8.5	Increase in trade receivables and inventories due to higher winter CP compared to the previous period
Property, plant and equipment	156.6	145.0	+11.6	Investment in cartridge gas cylinder factory, hydrogen station etc.
Intangible assets	15.6	16.8	(1.1)	
Investments and other assets	77.9	66.7	+11.1	Increase in investment securities due to stock market rise
Fixed assets	250.2	228.6	+21.6	
Total assets	434.6	404.4	+30.2	
Current liabilities	182.2	172.4	+9.7	Increase in accounts payable due to higher winter CP compared to the previous period
Long - term liabilities	107.5	107.4	+0.1	
Total liabilities	289.8	279.8	+9.9	
Equity capital	134.4	114.7	+19.6	(Capital ratio 30.9%)
Non-controlling interests	10.4	9.8	+0.6	
Net assets	144.8	124.5	+20.2	
Total liabilities and net assets	434.6	404.4	+30.2	

Statements of Cash Flows

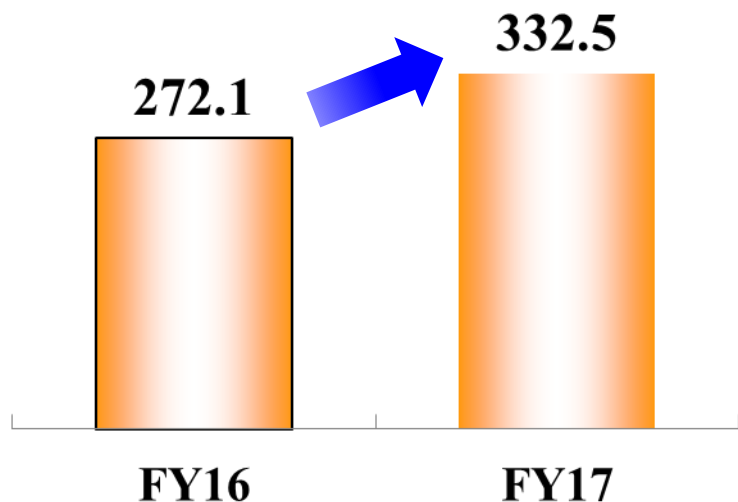
(Unit: Billion Yen)

	FY16 Results (A)	FY15 Results (B)	Year-on-Year (A)-(B)
Cash flows from operating activities	37.2	36.1	+1.1
Cash flows from investing activities	(30.3)	(25.0)	(5.3)
Free cash flows	6.8	11.0	(4.1)
Cash flows from financing activities	(8.1)	(9.9)	+1.8
Effect of exchange rate changes, etc.	(0.3)	0.0	(0.3)
Net increase (decrease) in cash and cash equivalents	(1.6)	1.0	(2.6)
Cash and cash equivalents at beginning of period	22.8	21.8	+1.0
Cash and cash equivalents at end of period	21.2	22.8	(1.6)

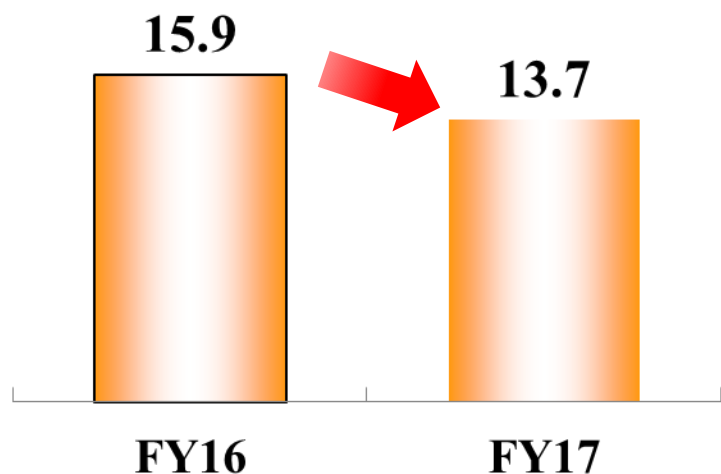
* “Effect of exchange rate changes, etc.” are the sum of “Effect of exchange rate changes”, “Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation” and “Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries”.

FY2017 Forecasts

Net Sales (¥billion)



Operating Income (¥billion)



Marketing measures toward achievement of FY17 focus

- Decrease in profit increase effect due to LP gas market factor 【-】
- Increase in LPG sales volumes 【+】
- Expansion in sales of Cartridge gas product 【+】
- Expansion in sales of energy related equipment 【+】

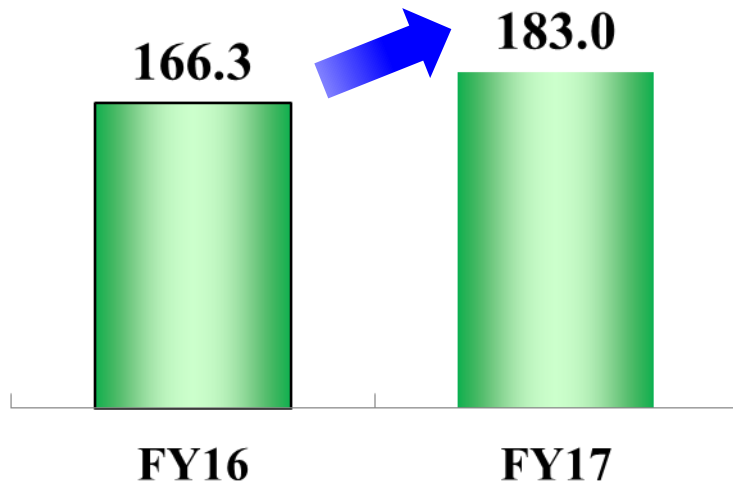
Major risk factors

- ◇ Trends in LPG import price, exchange rate fluctuations
- ◇ Decrease in sales volume due to warmer winter

Forecasts: Industrial Gases & Machinery

Net Sales

(¥billion)

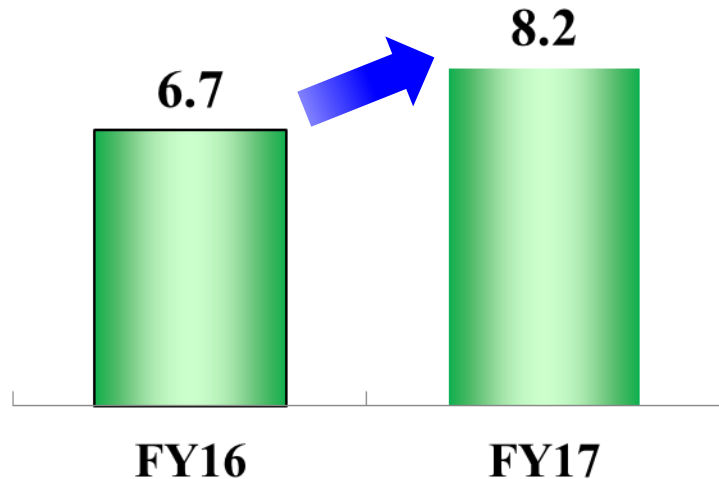


Marketing measures toward achievement of FY17 focus

- Sales expansion and profit improvement of helium gas 【+】
- Expansion in sales of various industrial gases and machinery, equipment 【+】
- Increase in cost associated with construction of hydrogen station 【-】

Operating Income

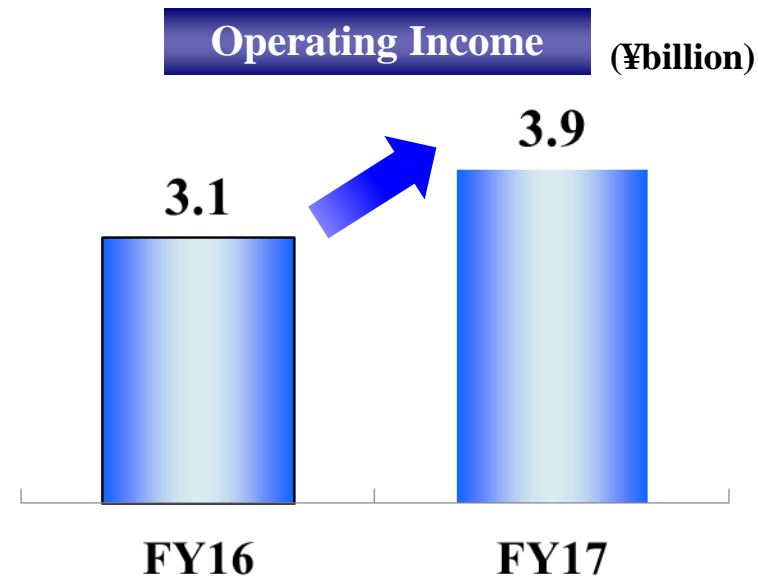
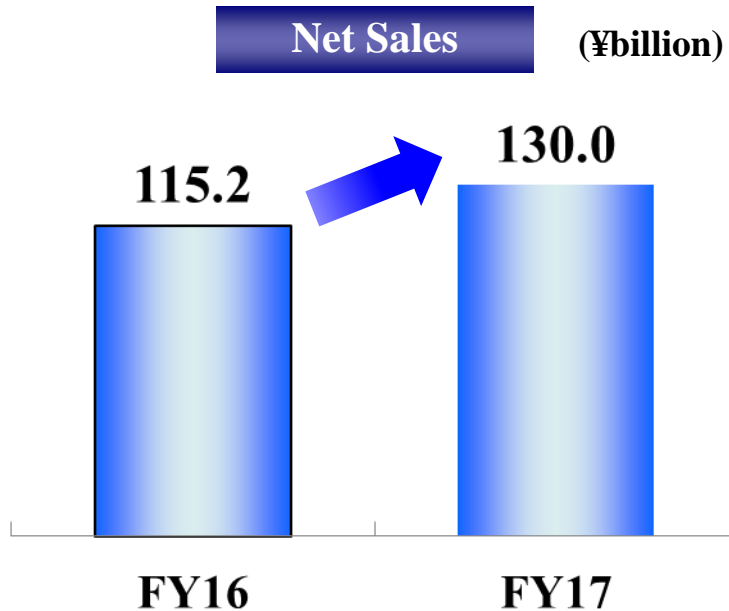
(¥billion)



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 FY17 focus

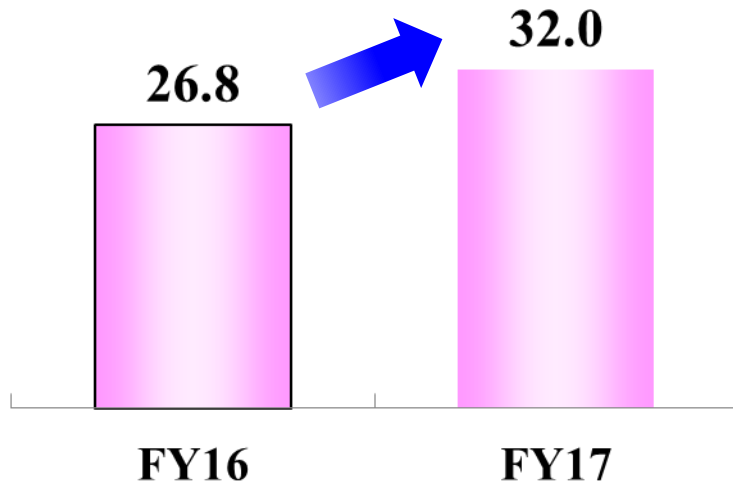
- Increase sales of PET resin raw materials 【+】
- Start mining of Australian mineral raw material business and recovery of resource market 【+】
- Expansion in sales of stainless steel, aluminum etc 【+】
- Expansion in sales of Smartphone materials 【+】

Major risk factors

- ◇ Reduction in utilization rates of customer factories
- ◇ Changes in resource market conditions
- ◇ Exchange rate fluctuations

Forecasts: Agri-bio & Foods

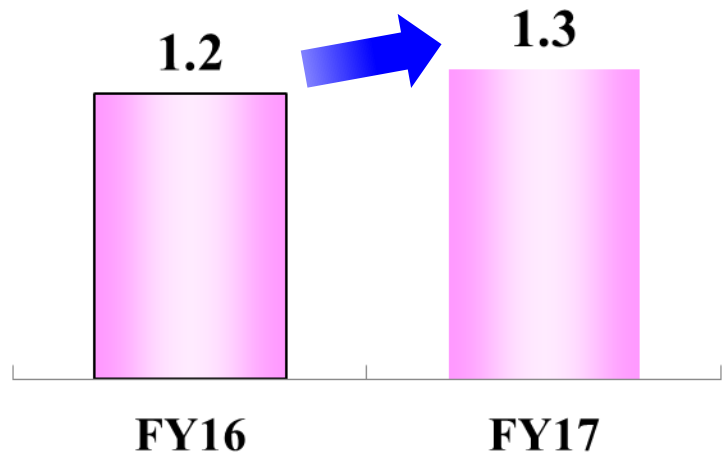
Net Sales (¥billion)



Marketing measures toward achievement of FY17 focus

- Expansion in sales of frozen meals business 【+】
- Strengthening of seed pigs business 【+】
- Expansion in sales of agricultural and livestock equipment 【+】

Operating Income (¥billion)



Major risk factors

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

FY2017 Forecasts

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(Unit: Billion Yen)

	FY17 Forecasts (A)	FY16 Results (B)	Year-on-Year(C) (A) - (B)	Year-on-Year (C) / (B)
Net Sales	685.0	588.0	+96.9	+16.5%
Energy	332.5	272.1	+60.3	+22.2%
Industrial Gases & Machinery	183.0	166.3	+16.6	+10.0%
Materials	130.0	115.2	+14.7	+12.8%
Agri-bio & Foods	32.0	26.8	+5.1	+19.1%
Others	7.5	7.4	+0.0	+0.8%
Operating Income	25.1	25.0	+0.0	+0.2%
Energy	13.7	15.9	(2.2)	(14.0%)
Industrial Gases & Machinery	8.2	6.7	+1.4	+21.1%
Materials	3.9	3.1	+0.7	+22.6%
Agri-bio & Foods	1.3	1.2	+0.0	+7.5%
Others, Adjustments	(2.0)	(2.0)	+0.0	—
Ordinary Income	26.1	26.8	(0.7)	(2.7%)
Profit(loss)attributable to owners of parent	15.9	16.5	(0.6)	(3.9%)

Assumption of financial performance

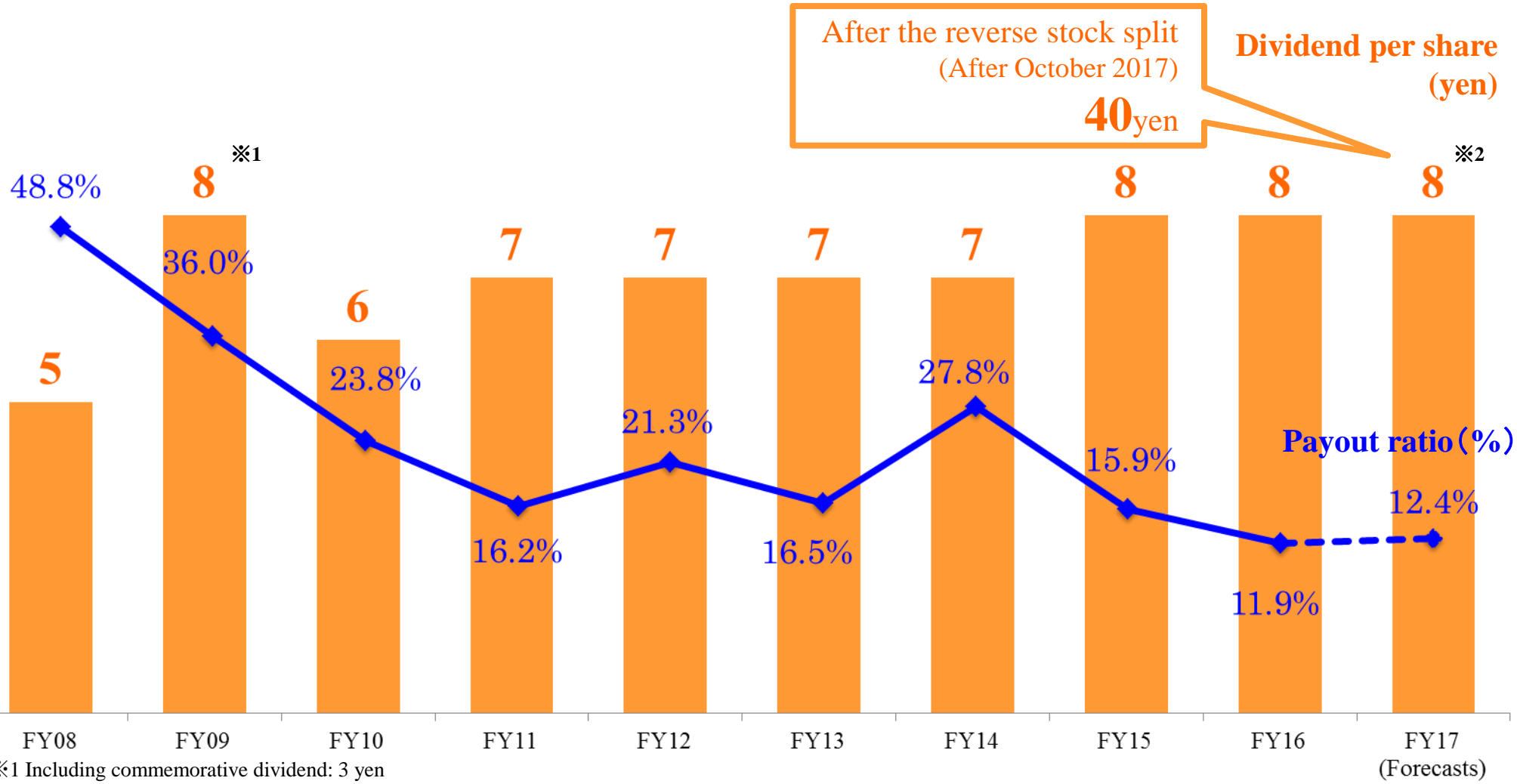
Ave. exchange rate 110 Yen/USD,

Ave. CP USD 450/ton

Returns to Shareholders (Consolidated Basis)

Dividend policy

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



※1 Including commemorative dividend: 3 yen

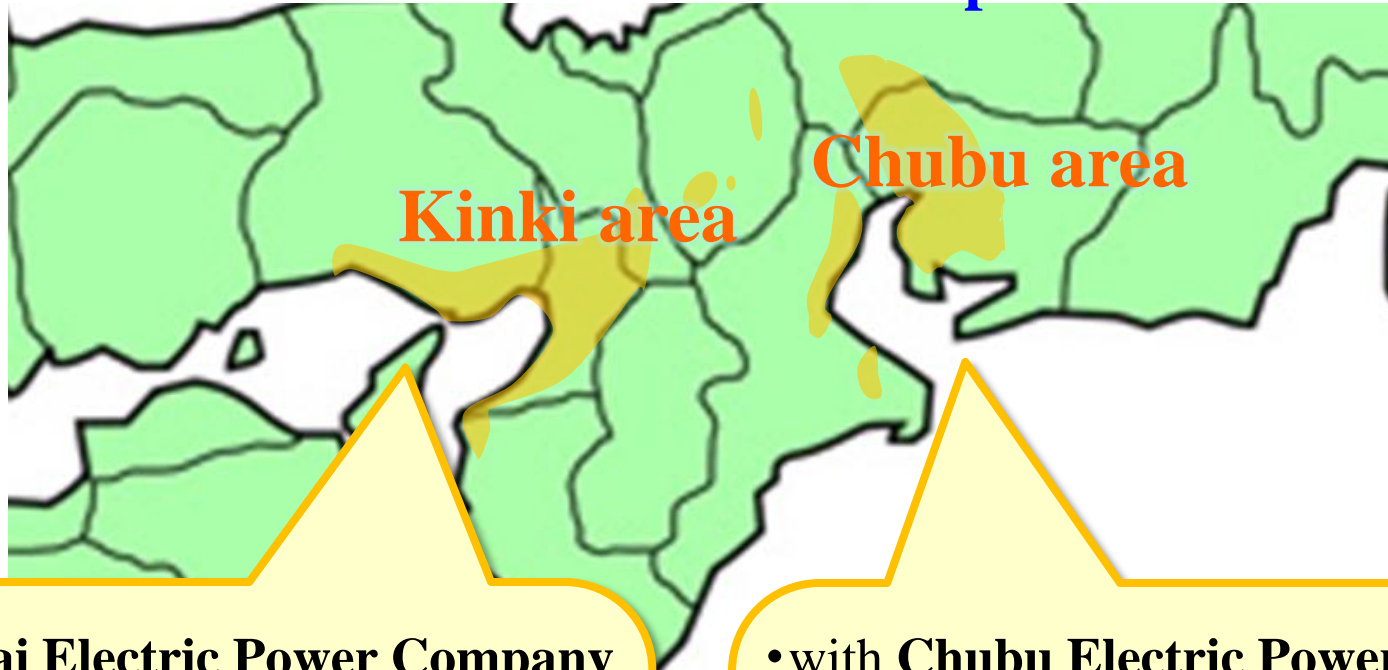
※2 Do not consider the reverse stock split

**The liberalization of the city gas market
and
The realization hydrogen society**

Our effort to the liberalization of the city gas market

Stepping into a new market through collaborations

With Electric Power Companies



- with **Kansai Electric Power Company**

- Clients: **7.3** million households

- Maintenance Channels

(Locations) **Over 80** sites

(Safety Engineers) **300** engineers

- with **Chubu Electric Power Company**

- Clients: **2.4** million households

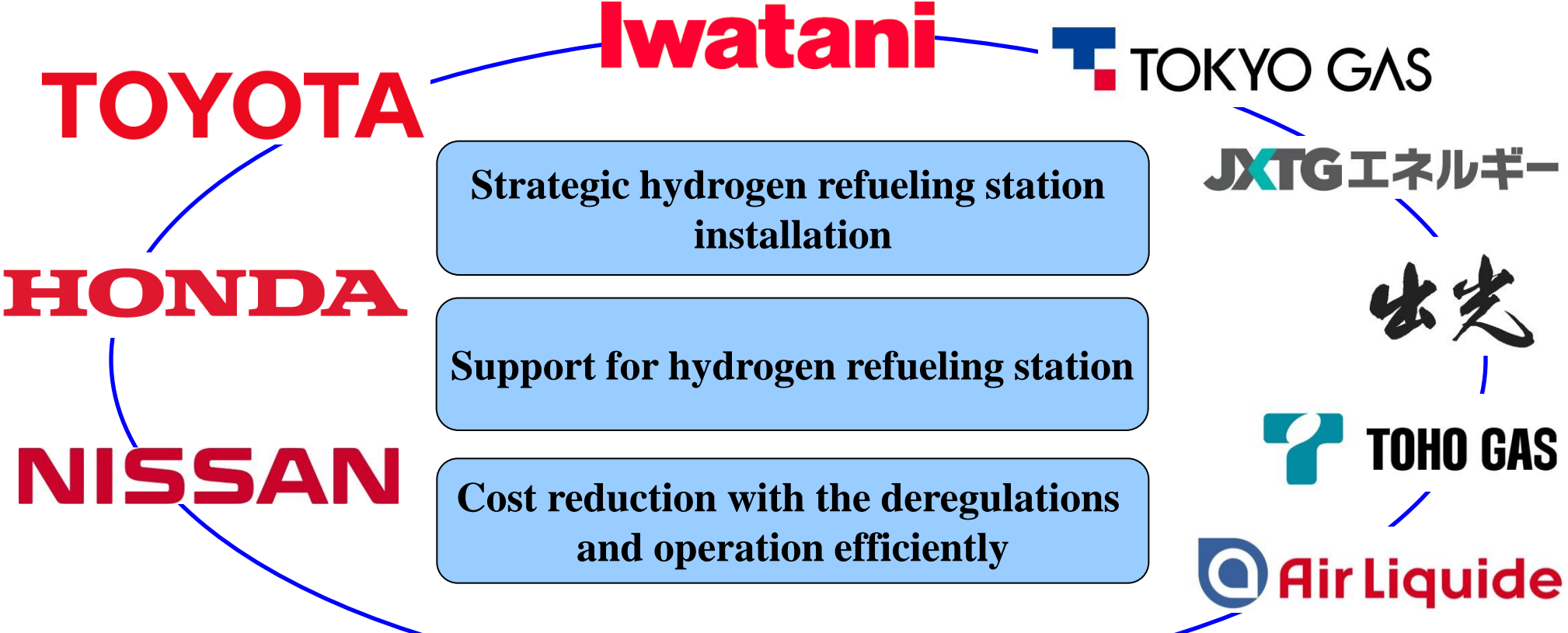
- Maintenance Channels

(Locations) **15** sites

(Safety Engineers) **80** engineers

Our effort to realize hydrogen society

Making an effort as a team of All Japan



 **DBJ** 日本政策投資銀行

 豊田通商株式会社

 **経済産業省**
Ministry of Economy, Trade and Industry

Our effort to realize hydrogen society

Strengthen LH2 manufacturing capacity

Yamaguchi Liquid Hydrogen Corporation (Yamaguchi)



Production capacity doubled in November 2017

Hydro Edge Corporation (Osaka)



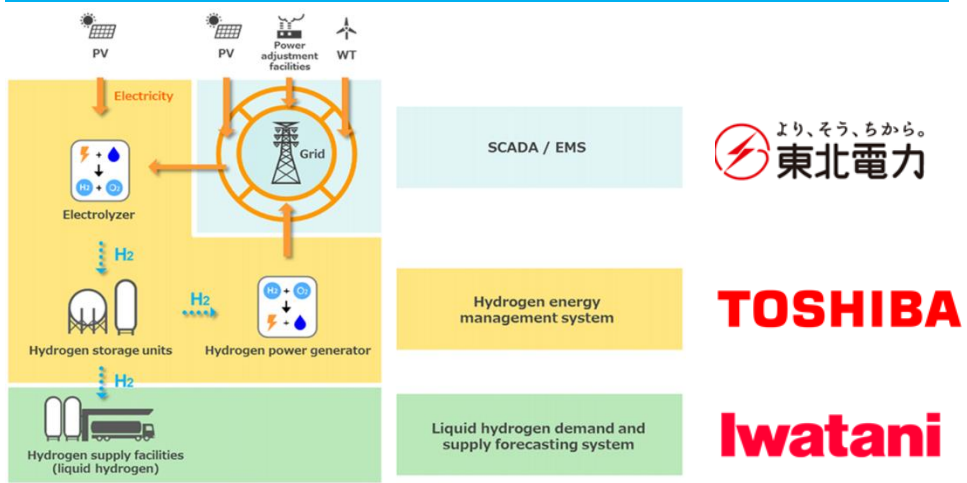
Production capacity augmented one and a half times in July 2019

Develop CO2-free Hydrogen Supply Chain Activities

Brown coal mine in state of Victoria, Australia



The Fukushima Plan for a New Energy Society



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