



FY 2017 1st Half Financial Results

(Six Months Ended September 30, 2017)

November 21, 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 2017 1st Half Overview**
- **FY 2017 Forecasts**
- **The liberalization of the city gas market**
- **Hydrogen Business**

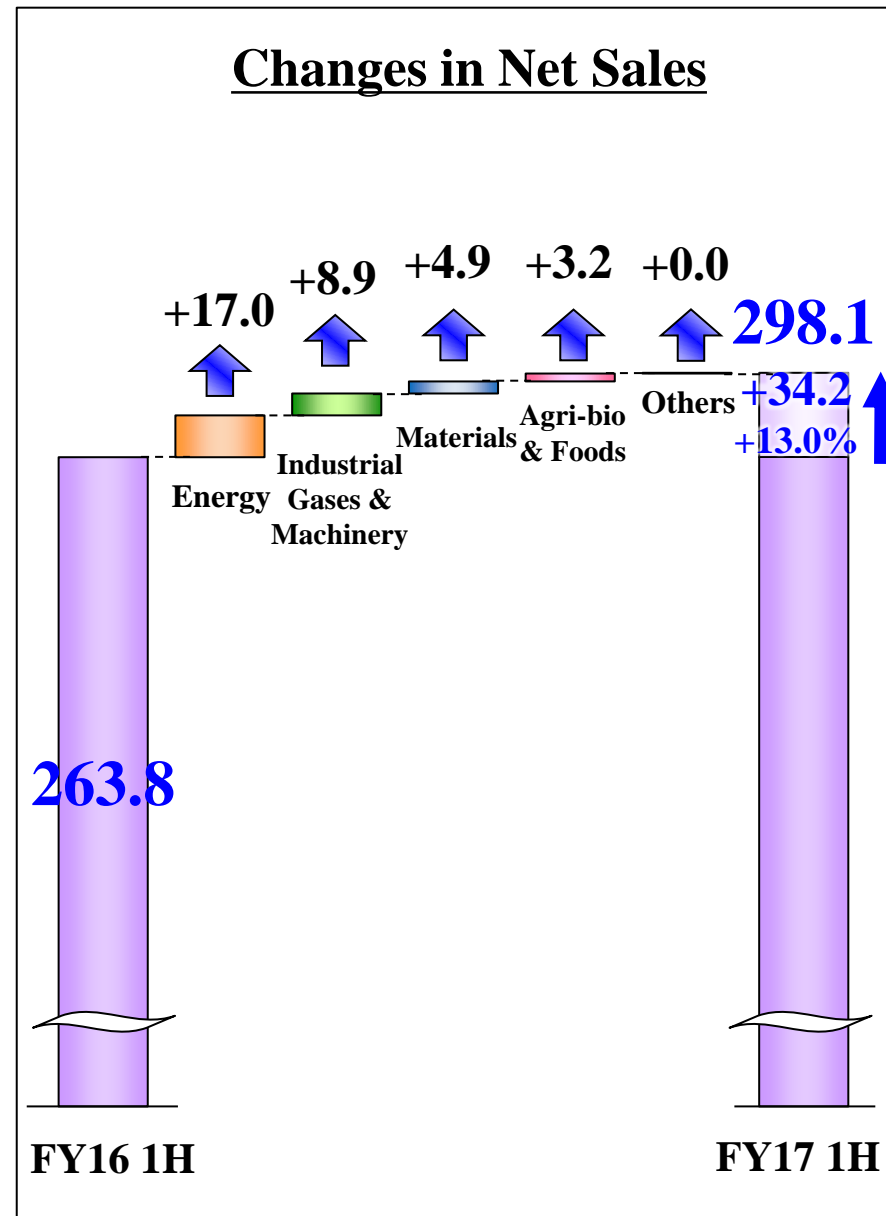
FY 2017 1st Half

Overview

Analysis of Net Sales

(Unit: Billion Yen)

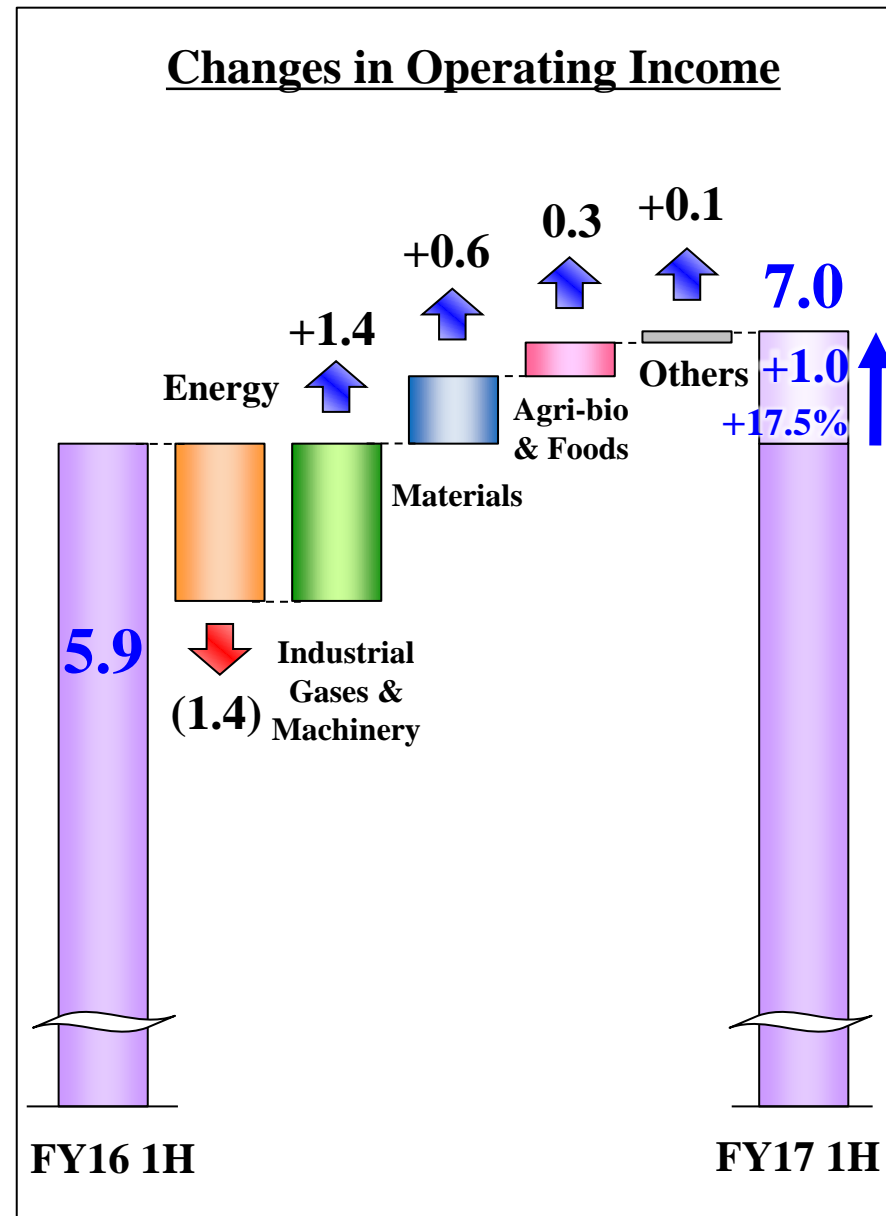
	(A) FY17 1H Results	(B) FY16 1H Results	(C) Year-on- Year (A)-(B)	(D) FY17 1H Forecast
Net Sales	298.1	263.8	+34.2	310.0
Gross Profit	75.6	72.6	+3.0	-
Operating Income	7.0	5.9	+1.0	7.6
Ordinary Income	8.1	6.5	+1.5	8.2
Profit(loss) attributable to owners of parent	4.5	3.8	+0.7	4.8



Analysis of Operating Income

(Unit: Billion Yen)

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Impact of LPG Import Price Fluctuations

Premise

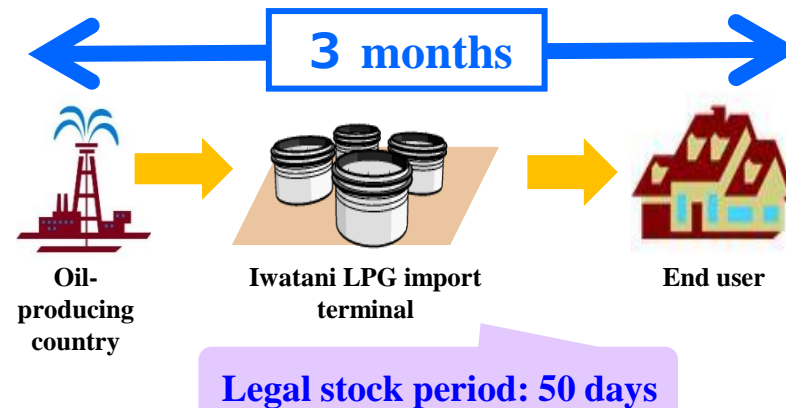
① Wholesale price is based on LPG Import Price

② From LPG import to sale takes 3 months

New

Wholesale Price \propto LPG Import Price※

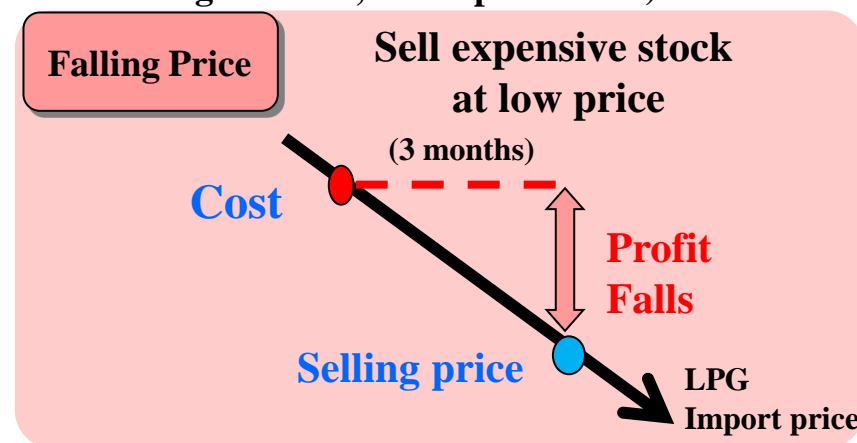
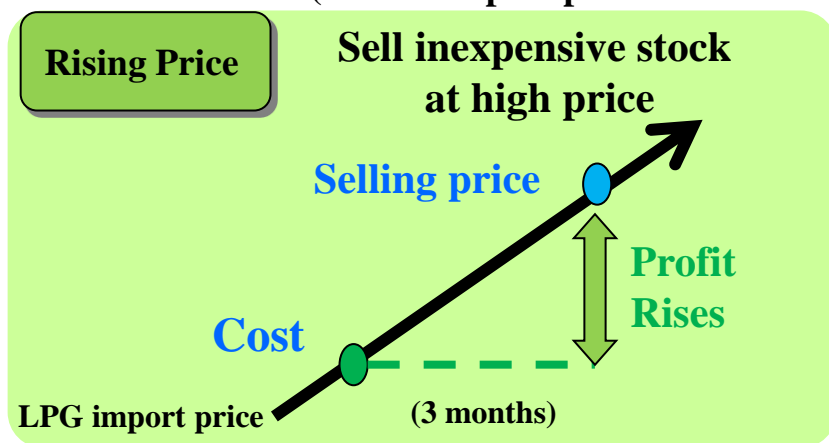
※ The price consists of “CP” (from the middle east) and “MB” (from the U.S).



LPG Import Price Fluctuations

Short-term impact of market fluctuations

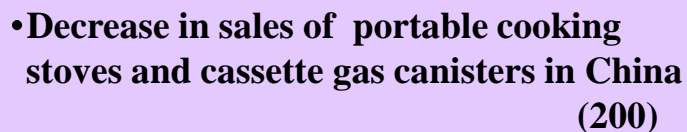
(If LPG import price fluctuations return to the original level, the impact is ± 0 .)※



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

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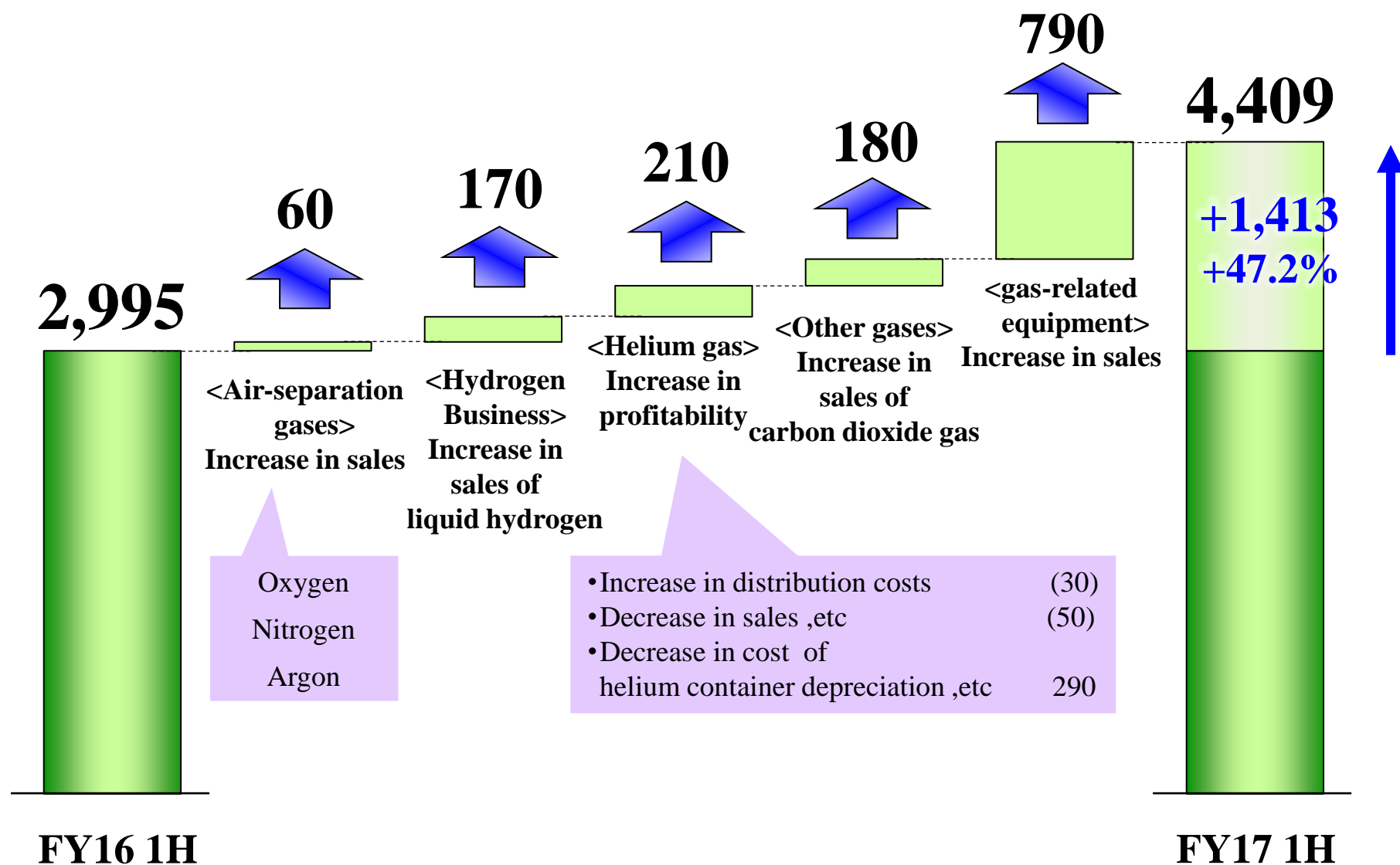
LPG
(Domestic residential use)



Changes in Operating Income

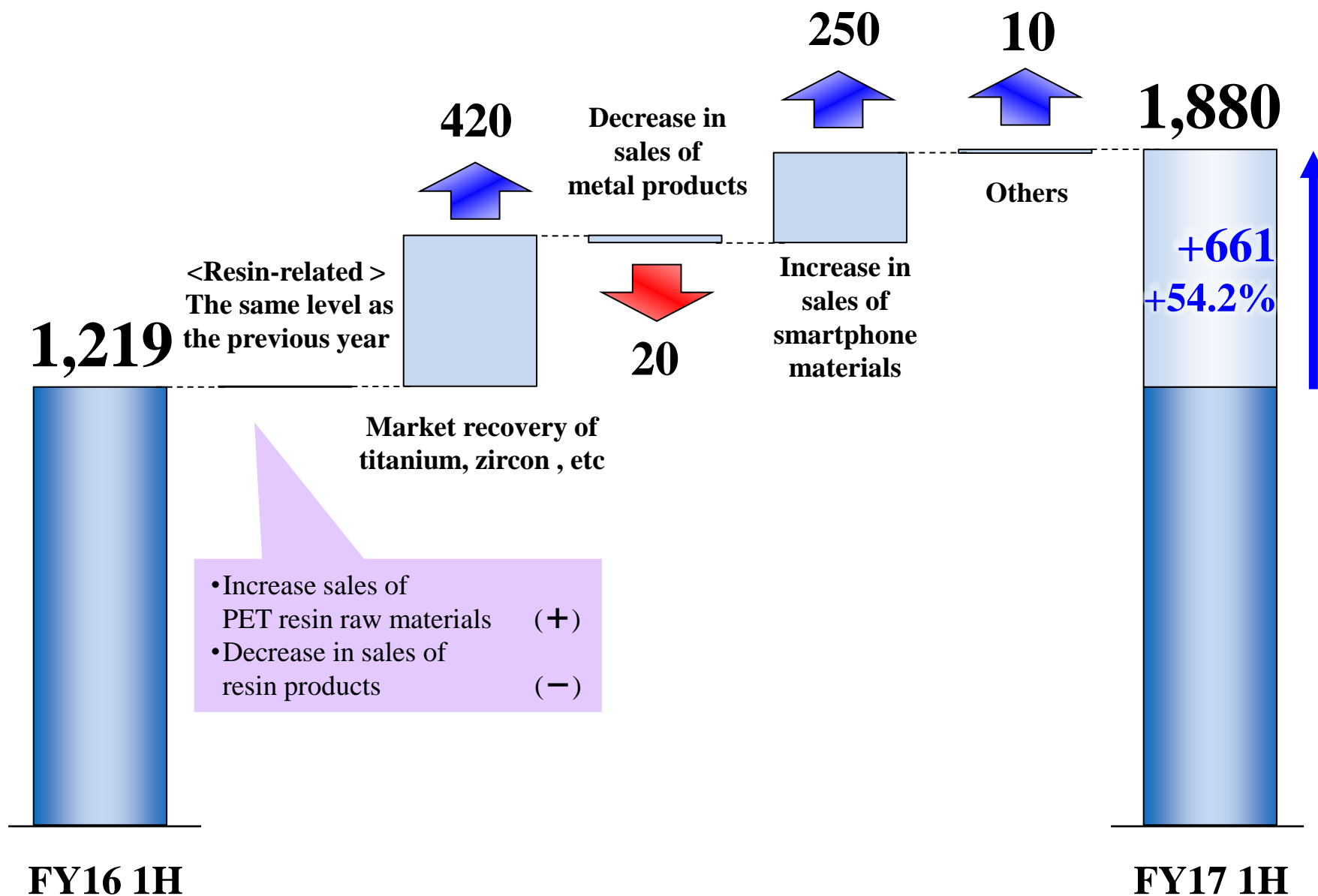
– Industrial Gases & Machinery

(Unit: Million Yen)



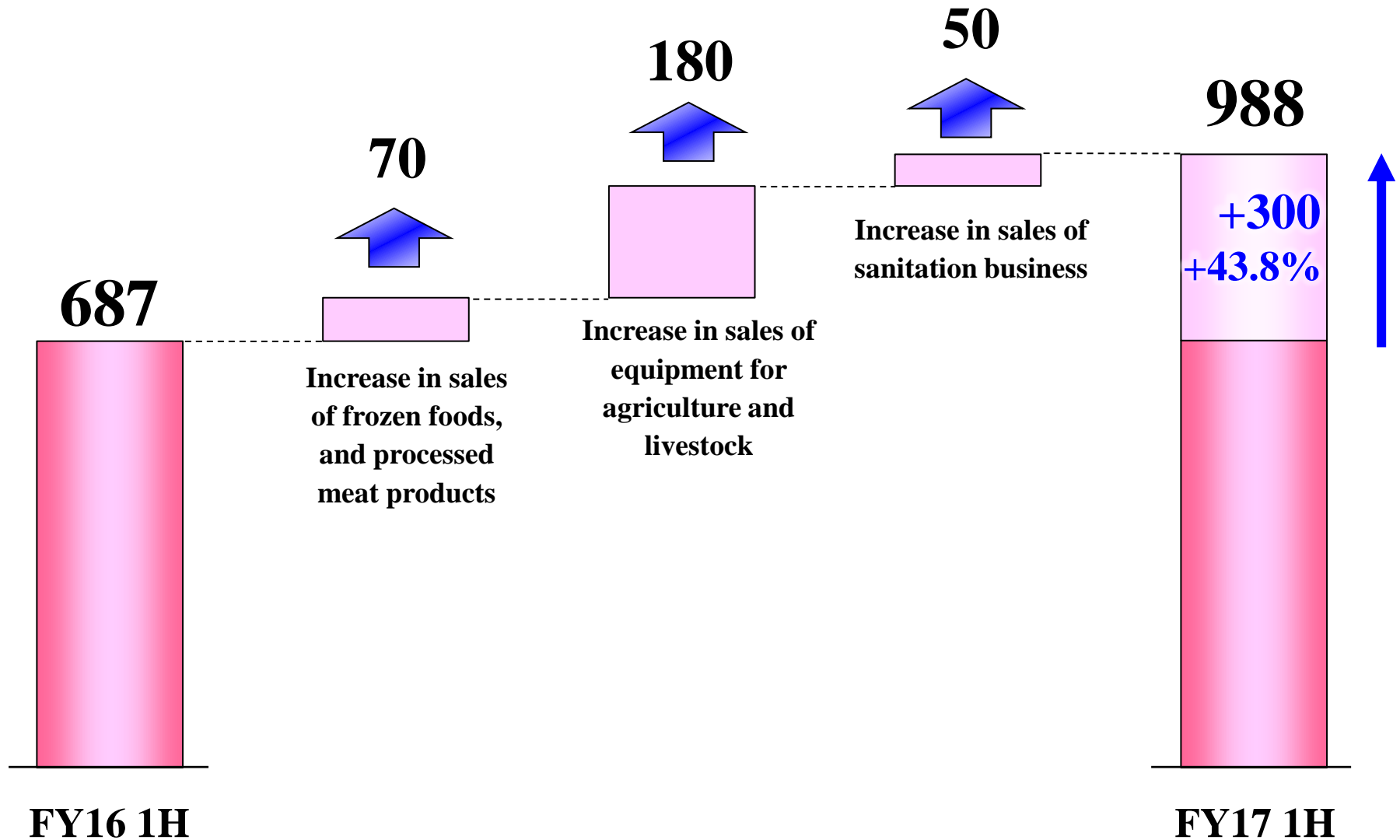
Changes in Operating Income – Materials

(Unit: Million Yen)



Changes in Operating Income – Agri-bio & Foods **Iwatani**

(Unit: Million Yen)

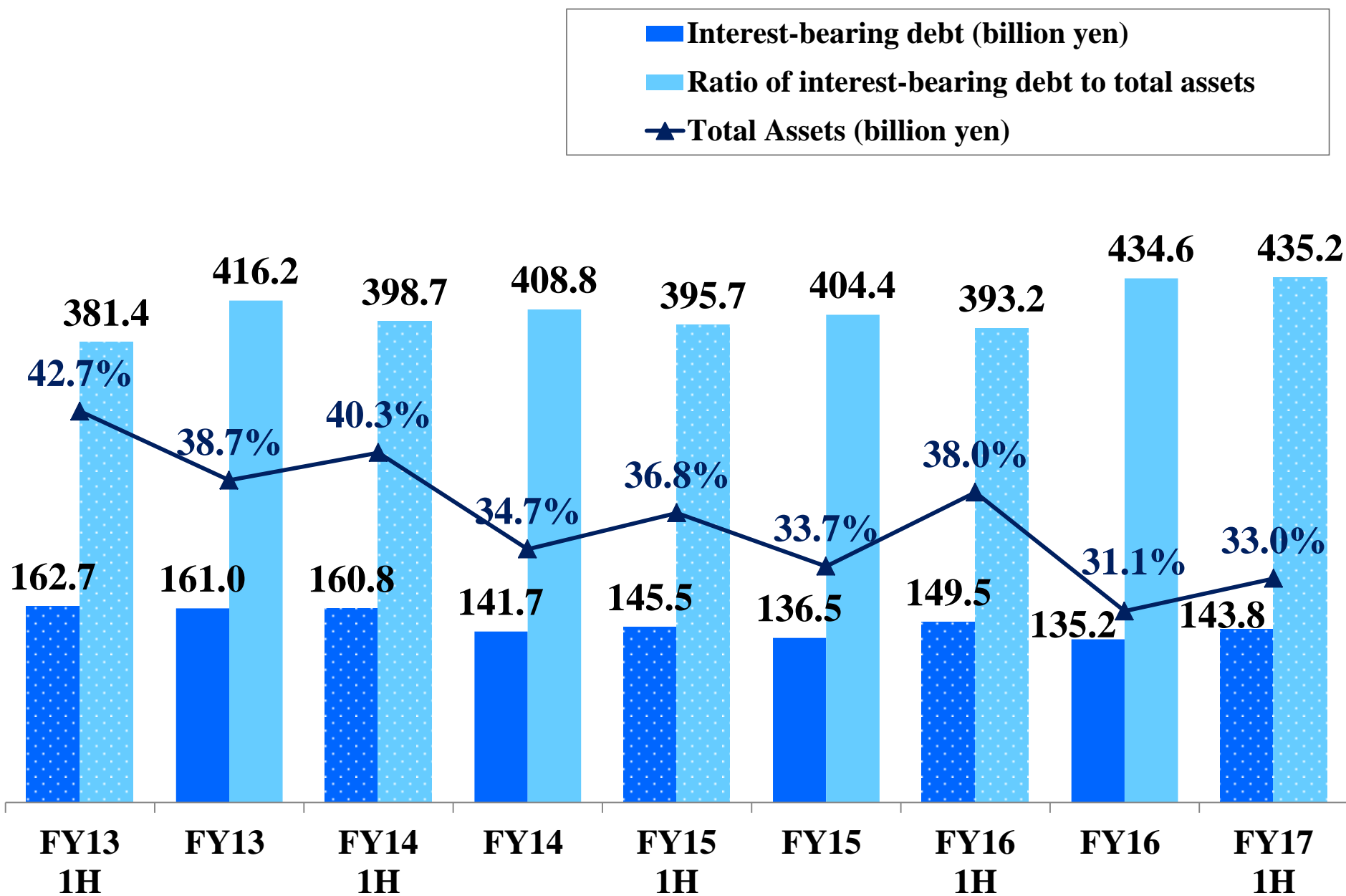


Balance Sheets (Consolidated Basis)

(Unit: Billion Yen)

	FY17 1H (A)	FY16 1H (B)	(A) - (B)	Major factors for changes
Current assets	176.2	156.6	+19.5	Increase in accounts receivables due to higher LPG import prices than the previous period
Property, plant and equipment	158.4	151.9	+6.4	Investment in hydrogen business etc.
Intangible assets	17.2	16.2	+0.9	
Investments and other assets	83.3	68.3	+14.9	Increase in investment securities due to stock market rise
Fixed assets	258.9	236.5	+22.3	
Total assets	435.2	393.2	+41.9	
Current liabilities	174.2	159.8	+14.4	Increase in trade payables due to higher LPG import prices than the previous period
Long - term liabilities	109.6	109.6	+0.0	
Total liabilities	283.8	269.4	+14.4	
Equity capital	140.5	113.9	+26.5	(Capital ratio 32.3%)
Non-controlling interests	10.7	9.8	+0.9	
Net assets	151.3	123.7	+27.5	
Total liabilities and net assets	435.2	393.2	+41.9	

Interest-bearing Debt



Statements of Cash Flows

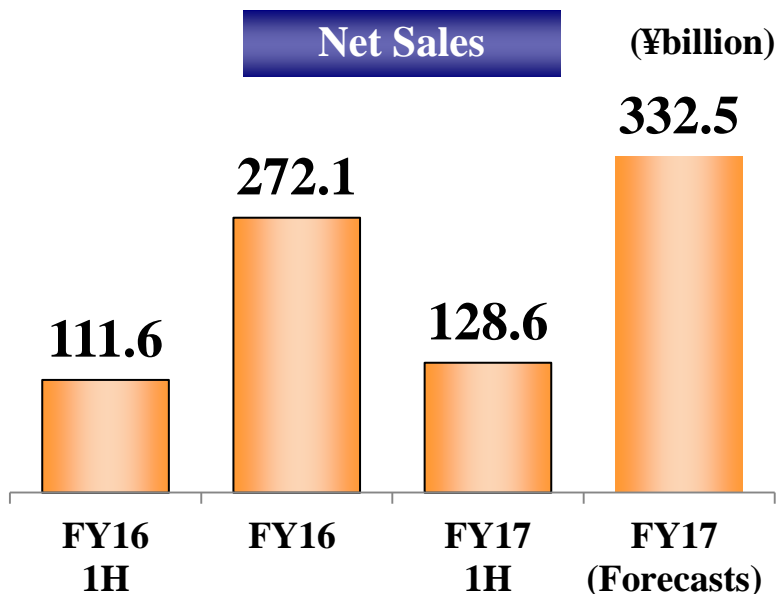
(Unit: Billion Yen)

	FY17 1H (A)	FY16 1H(B)	(A) - (B)
Cash flows from operating activities	5.6	7.9	(2.2)
Cash flows from investing activities	(15.8)	(18.1)	+2.2
Free cash flows	(10.1)	(10.2)	+0.0
Cash flows from financing activities	5.3	7.4	(2.0)
Effect of exchange rate changes, etc. ※	0.3	(1.0)	+1.3
Net increase (decrease) in cash and cash equivalents	(4.5)	(3.7)	(0.7)
Cash and cash equivalents at beginning of period	21.2	22.8	(1.6)
Cash and cash equivalents at end of period	16.6	19.0	(2.3)

※ “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”.

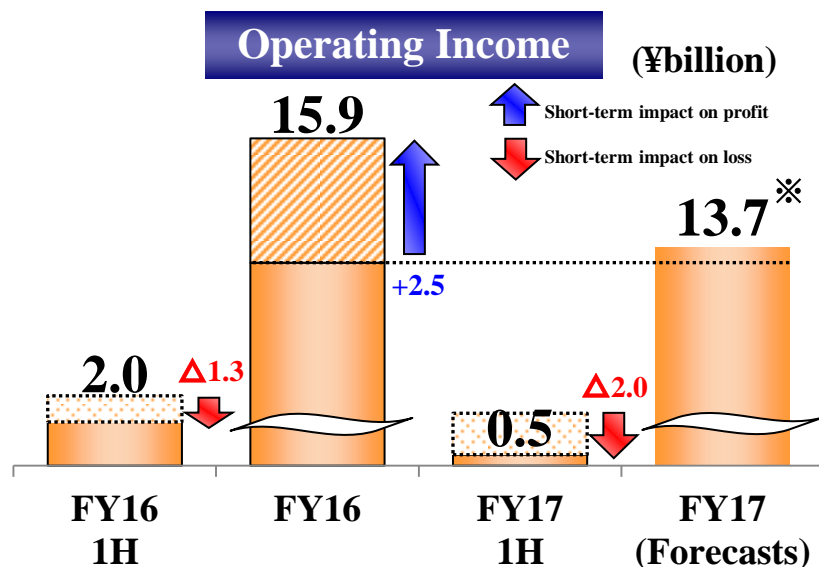
FY2017 Forecasts

Forecasts: Energy



Marketing measures toward achievement of FY17 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 cooking stoves and cassette gas canisters
- Expansion in sales of energy related equipment



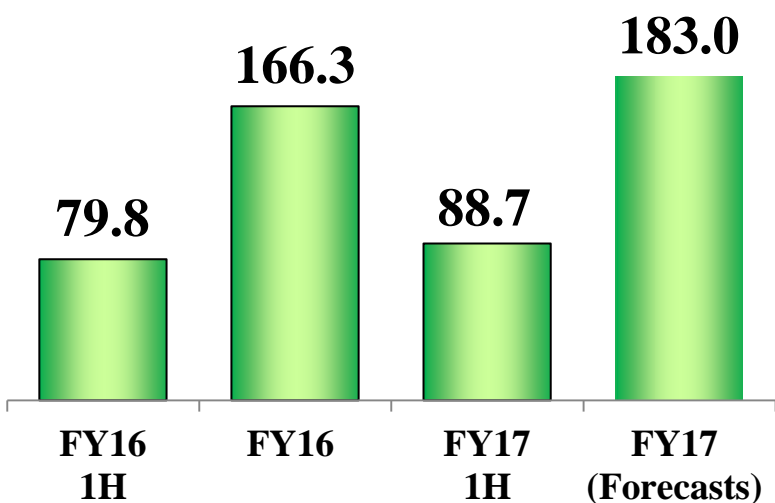
Major risk factors

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

Forecasts: Industrial Gases & Machinery

Net Sales

(¥billion)

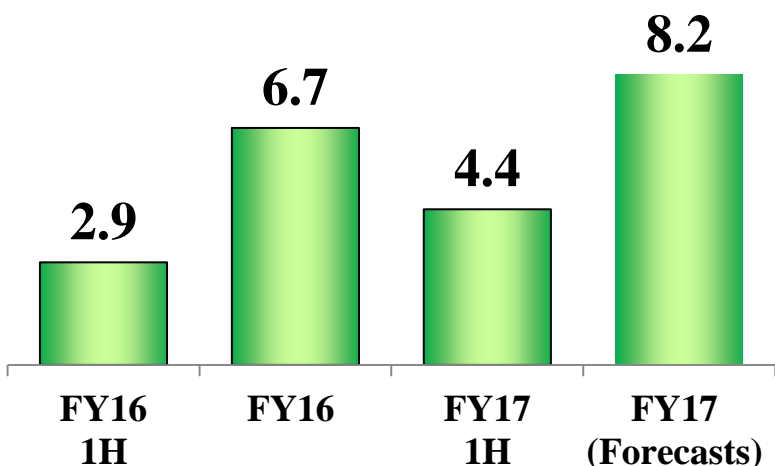


Marketing measures toward achievement of FY17 focus

- Expansion in sales of air-separation gases
- Expansion in sales of liquid hydrogen
- Establishment of stable supply system of helium gas
- Expansion of in sales of gas-related equipment

Operating Income

(¥billion)



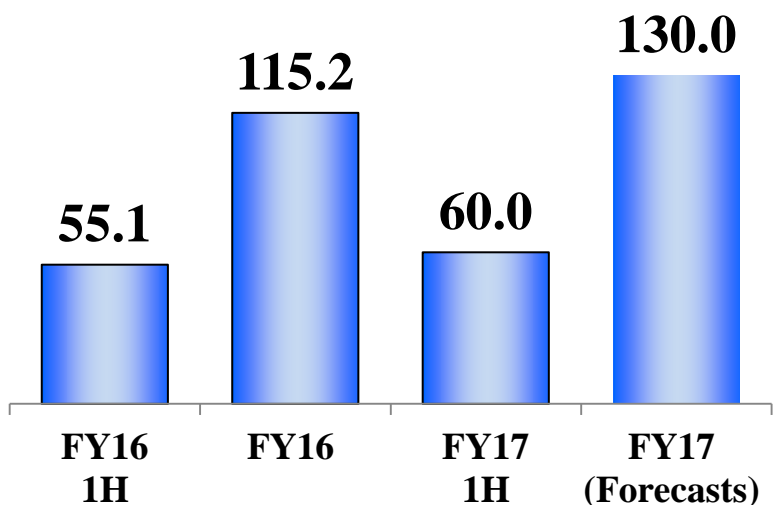
Major risk factors

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

Forecasts: Materials

Net Sales

(¥billion)

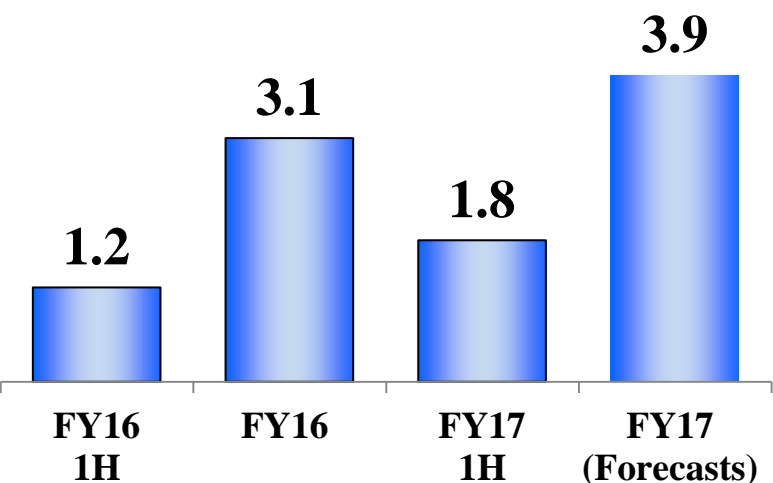


Marketing measures toward achievement of FY17 focus

- Expansion in sales of PET resin raw material
- Expansion in sales of titanium, zircon , etc
- Expansion in sales of smartphone materials
- Expansion of biomass fuel business

Operating Income

(¥billion)



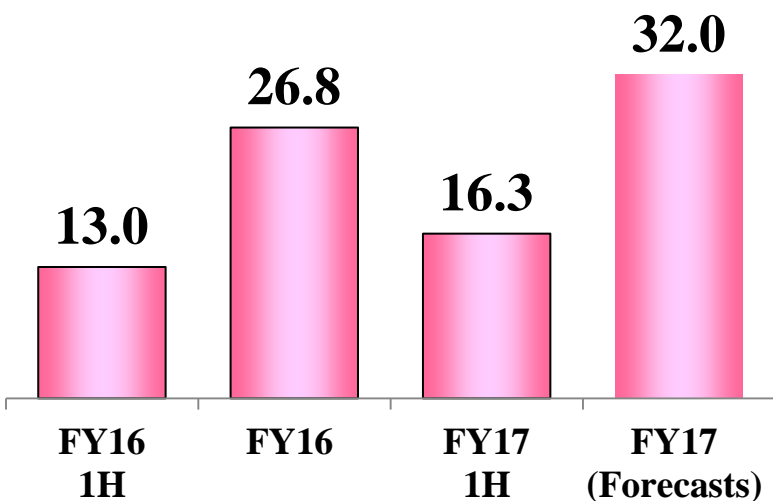
Major risk factors

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

Forecasts: Agri-bio & Foods

Net Sales

(¥billion)

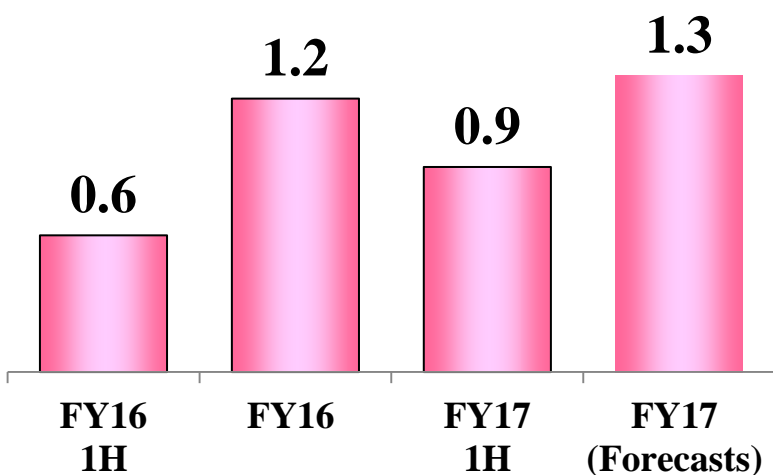


Marketing measures toward achievement of FY17 focus

- Expansion of foods business
- Expansion in sales of equipment for agriculture and livestock, and seed pigs

Operating Income

(¥billion)



Major risk factors

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

FY2017 Forecasts

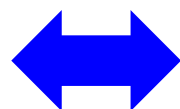
(Unit: Billion Yen)

	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, Adjustments	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%)

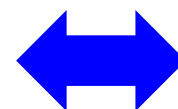
The liberalization of the city gas market

Our effort to the liberalization of the city gas market

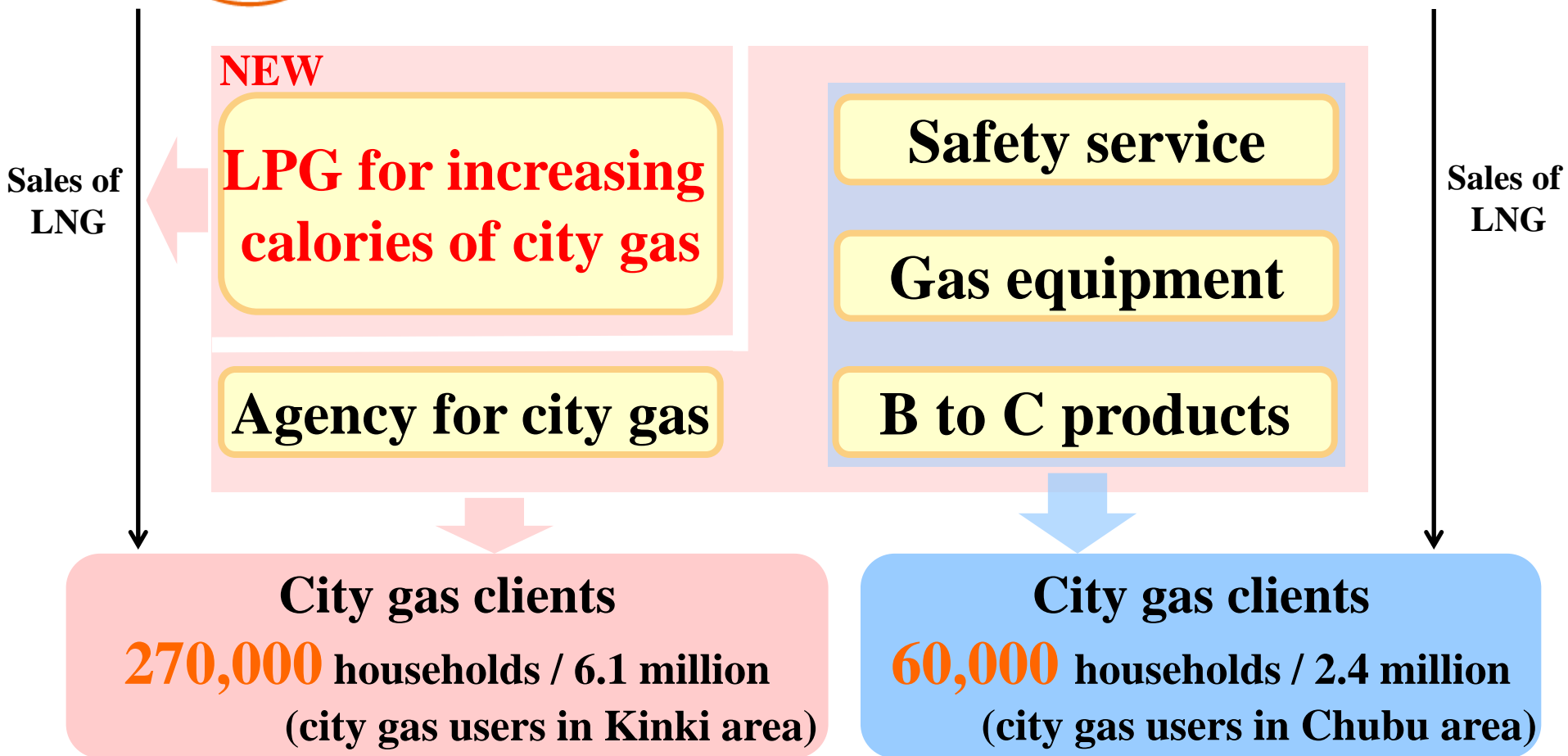
Stepping into a new market through collaborations
with Electric Power Companies



Iwatani



中部電力



(As of October 31, 2017)

Hydrogen Business

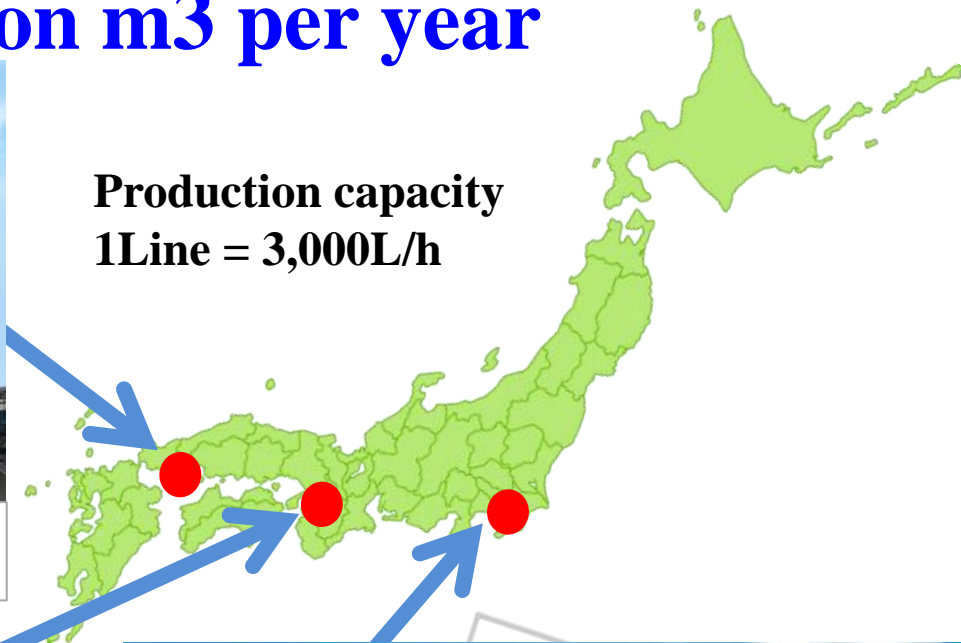
Our effort to realize a hydrogen energy society

Strengthen LH2 production capacity to 120 million m3 per year

Yamaguchi Liquid Hydrogen Corporation
(Yamaguchi)



Production capacity
1Line = 3,000L/h



Hydro Edge Corporation (Osaka)



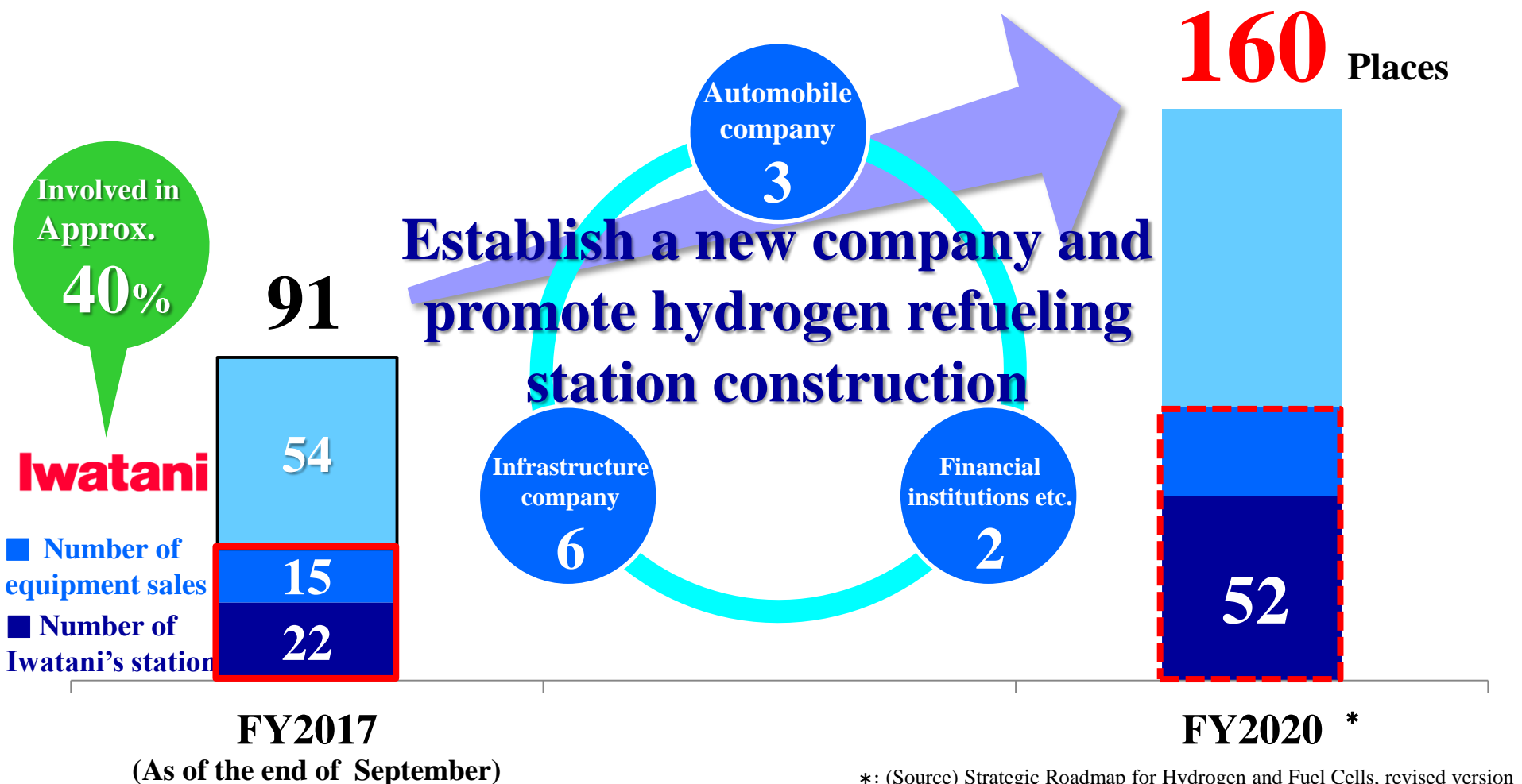
Iwatani Industrial Gases
Chiba Plant (Chiba)



Our effort to realize a hydrogen energy society

Making an effort as a team of All Japan

<Hydrogen refueling station construction plan>



Our effort to realize a hydrogen energy society

Popularize FCV as well as EV to realize CO2-free society

< Comparison of FCV and EV >

	FCV	EV
Power source	Fuel cell	Battery
Cruising distance	○	×
Filling / charging time	○	×
Product lifespan	○	×
Number of infrastructure	×	○
Infrastructure installation cost	×	○

Our effort to realize a hydrogen energy society

Realize a hydrogen energy society on a global scale

Hydrogen Council

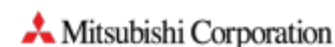
Steering Members

18



Supporting Members

10



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