

**Iwatani**

**FY 2018 Financial Results**  
**(Fiscal Year Ended March 31, 2019)**

**May 23, 2019**

**Iwatani Corporation**

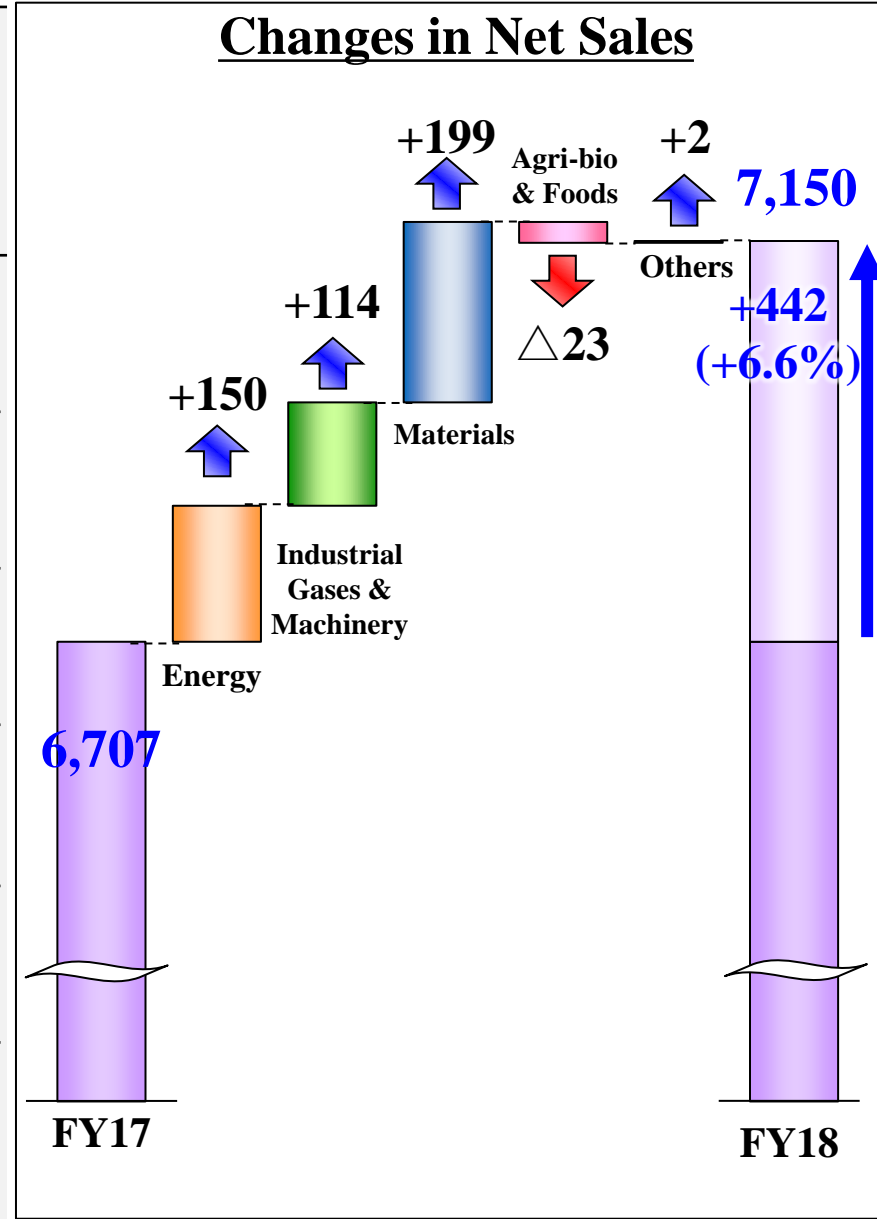
- **FY 2018 Overview**
- **FY 2019 Forecasts**
- **Progress of Medium-Term Management Plan (PLAN20)**
- **Business Topics**

# FY 2018 Overview

# Analysis of Net Sales

(Unit: 100 million Yen)

	<b>FY18 Results (A)</b>	<b>FY17 Results (B)</b>	<b>Year-on- Year (A)-(B)</b>	<b>FY19 Forecast</b>
<b>Net Sales</b>	<b>7,150</b>	<b>6,707</b>	<b>+442</b>	<b>7,350</b>
<b>Gross Profit</b>	<b>1,706</b>	<b>1,680</b>	<b>+25</b>	<b>-</b>
<b>Operating Income</b>	<b>264</b>	<b>271</b>	<b>△7</b>	<b>284</b>
<b>Non- operating income</b>	<b>34</b>	<b>22</b>	<b>+12</b>	<b>16</b>
<b>Ordinary Income</b>	<b>299</b>	<b>294</b>	<b>+5</b>	<b>300</b>
<b>Profit attributable to owners of parent</b>	<b>192</b>	<b>175</b>	<b>+16</b>	<b>180</b>



# Impact of LPG Import Price Fluctuations

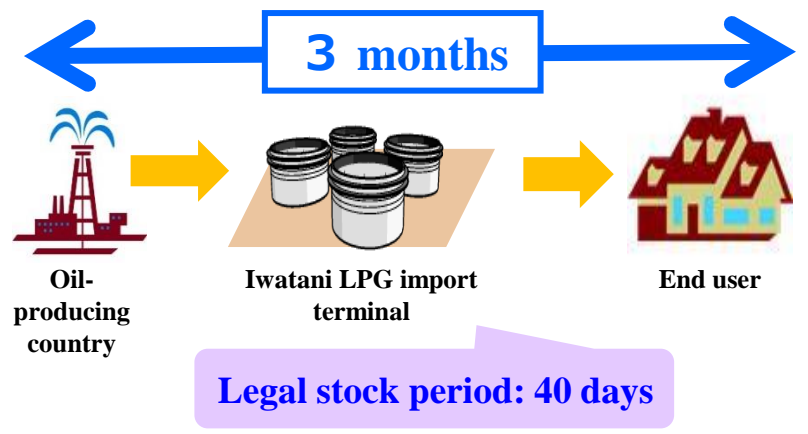
Premise

① Wholesale price is based on LPG Import Price

② From LPG import to sale takes 3 months

Wholesale Price  $\propto$  LPG Import Price\*

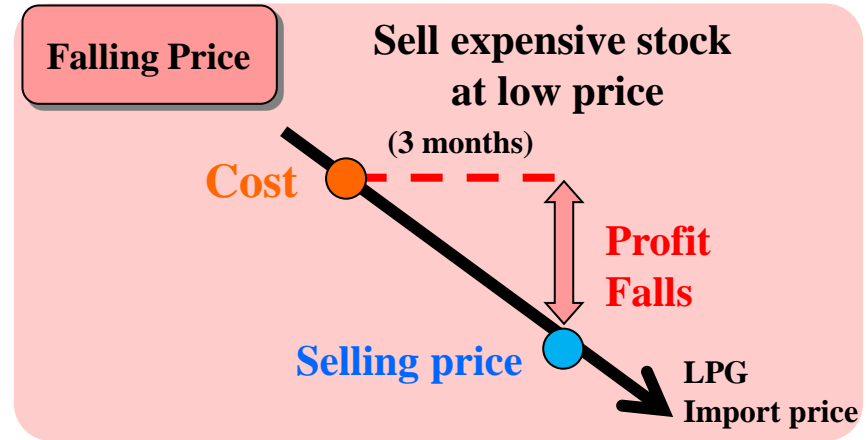
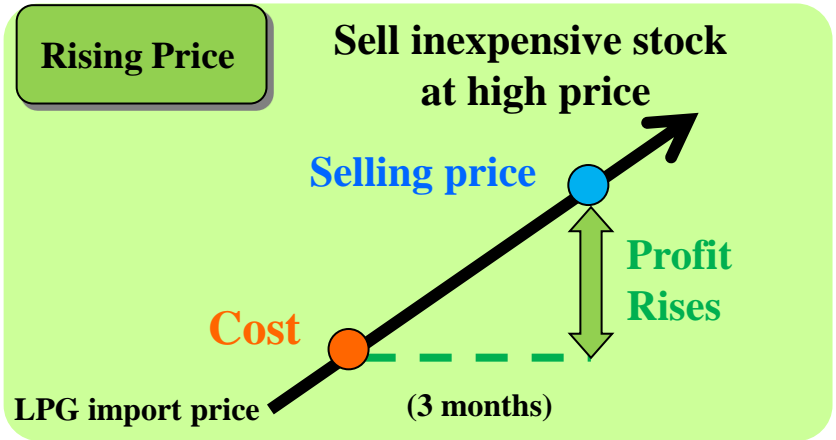
\* The price consists of “CP” (from the middle east) and “MB” (from the U.S).



LPG Import Price Fluctuations

## Short-term impact of market fluctuations

(If LPG import price fluctuations return to the original level, the impact is  $\pm 0$ .)\*

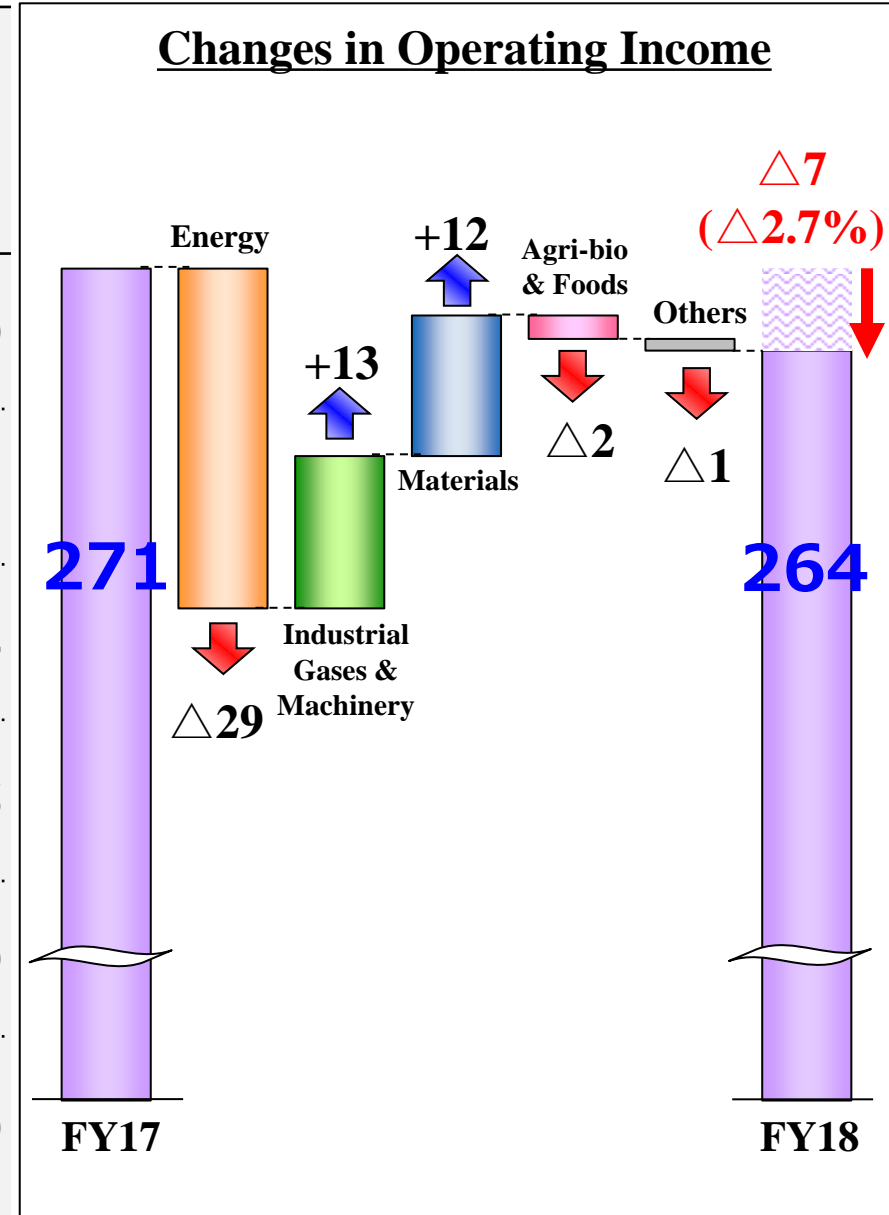


\*The actual impact on performance varies depending on inventory volume, sales timing (season), sales volume and other factors.

# Analysis of Operating Income

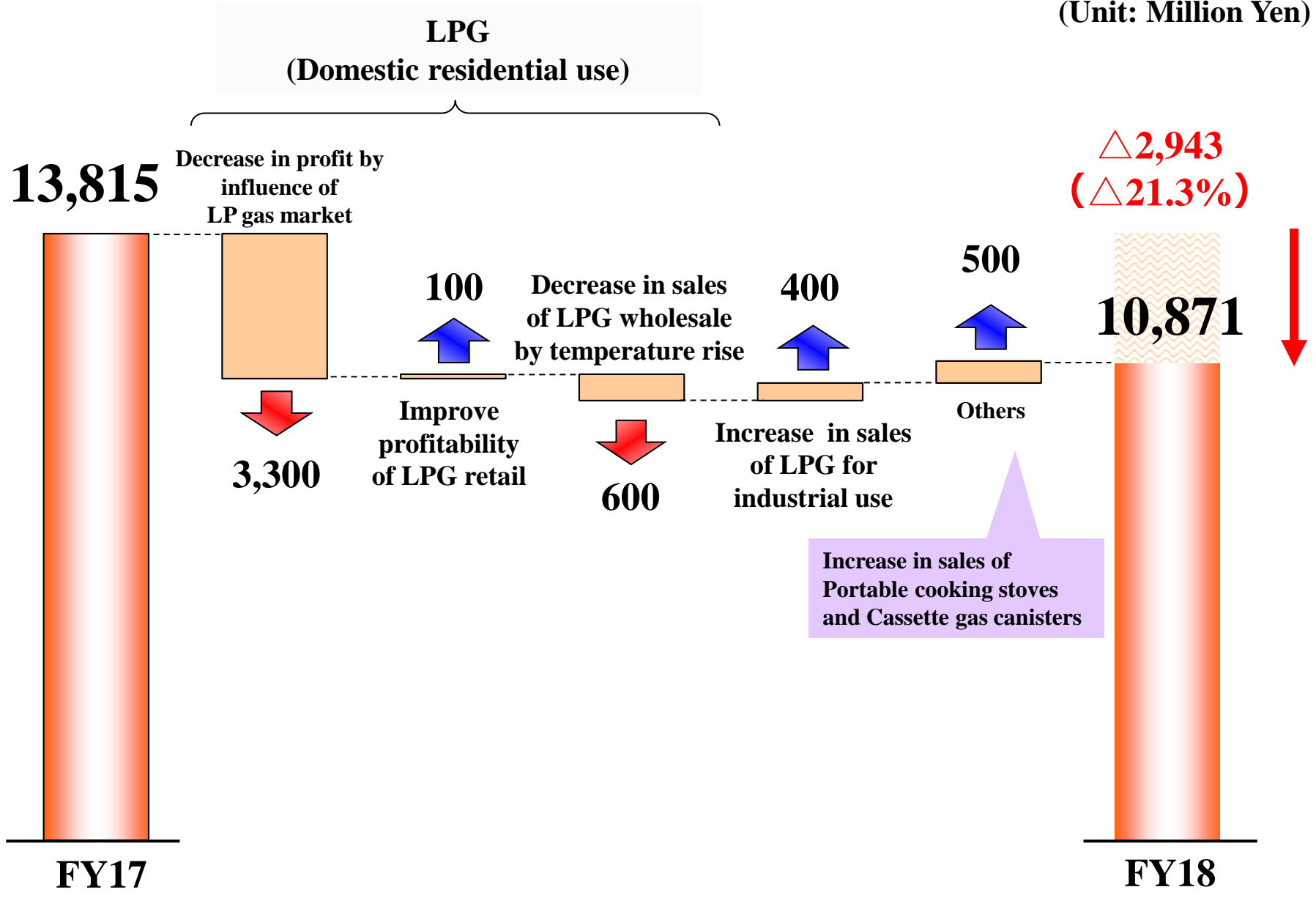
(Unit: 100 million Yen)

	FY18 Results (A)	FY17 Results (B)	Year-on- Year (A)-(B)	FY19 Forecast
Net Sales	7,150	6,707	+442	7,350
Gross Profit	1,706	1,680	+25	-
Operating Income	264	271	△7	284
Non- operating income	34	22	+12	16
Ordinary Income	299	294	+5	300
Profit attributable to owners of parent	192	175	+16	180



# Changes in Operating Income – Energy

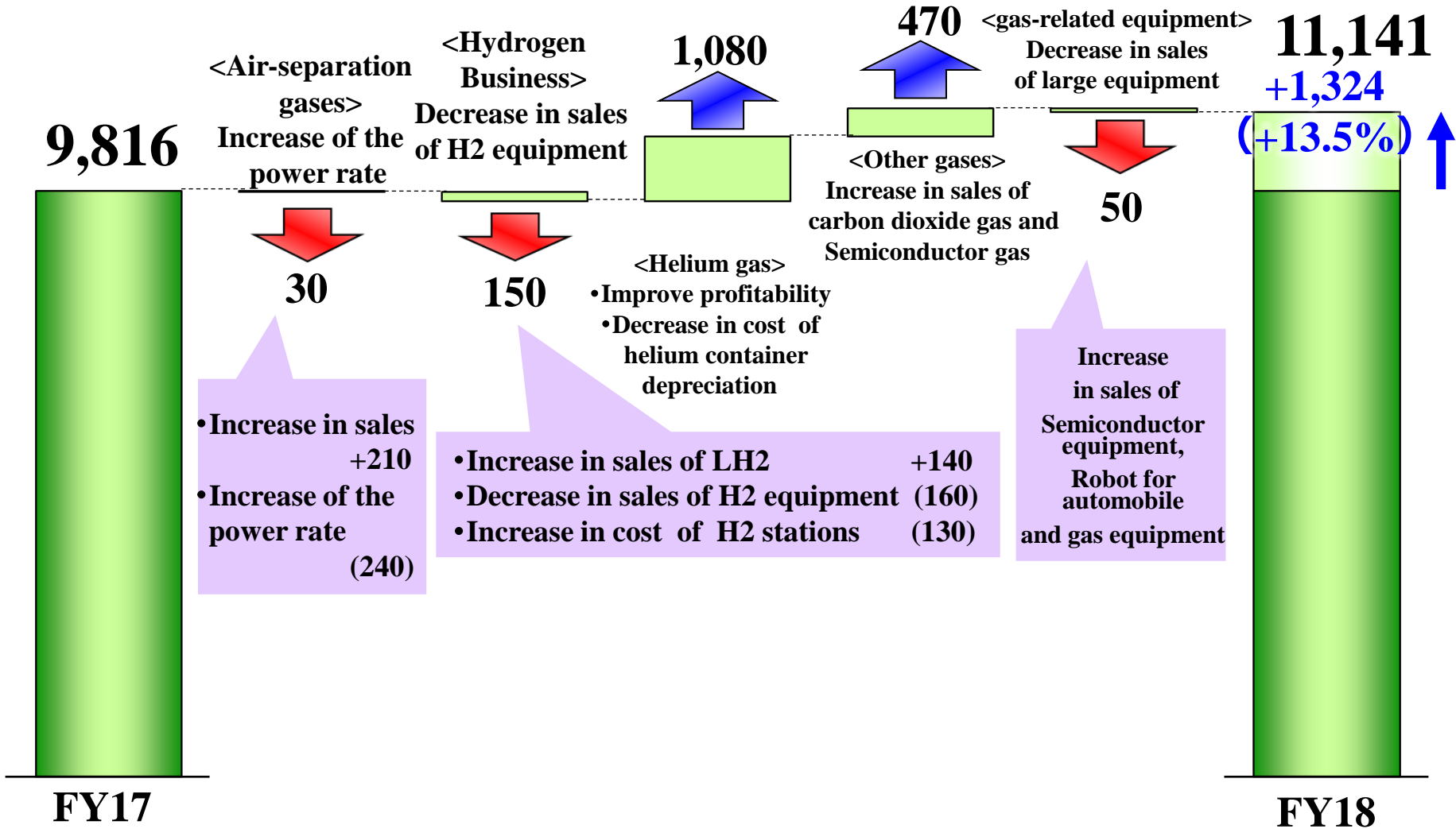
(Unit: Million Yen)



# Changes in Operating Income

## - Industrial Gases & Machinery

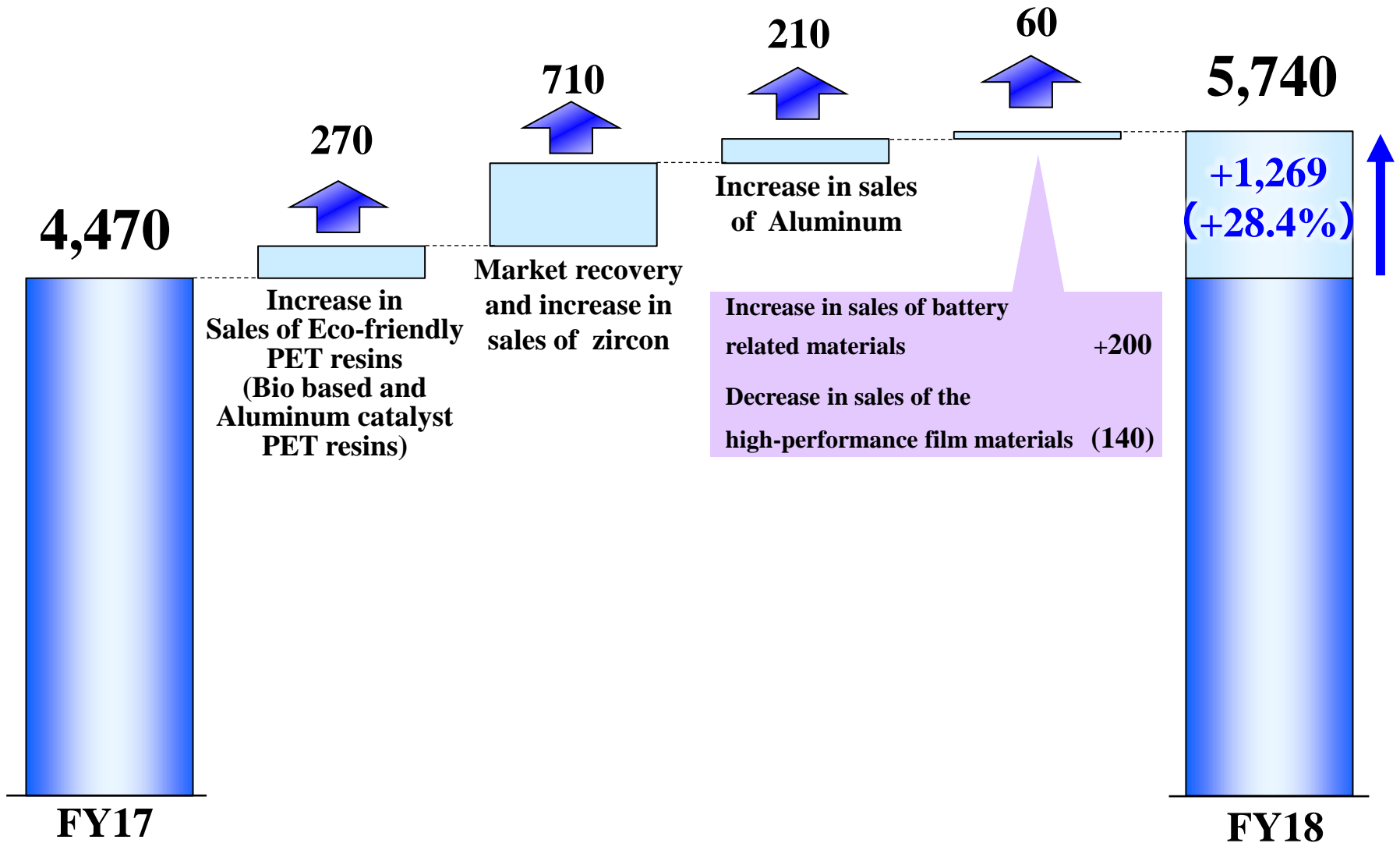
(Unit: Million Yen)





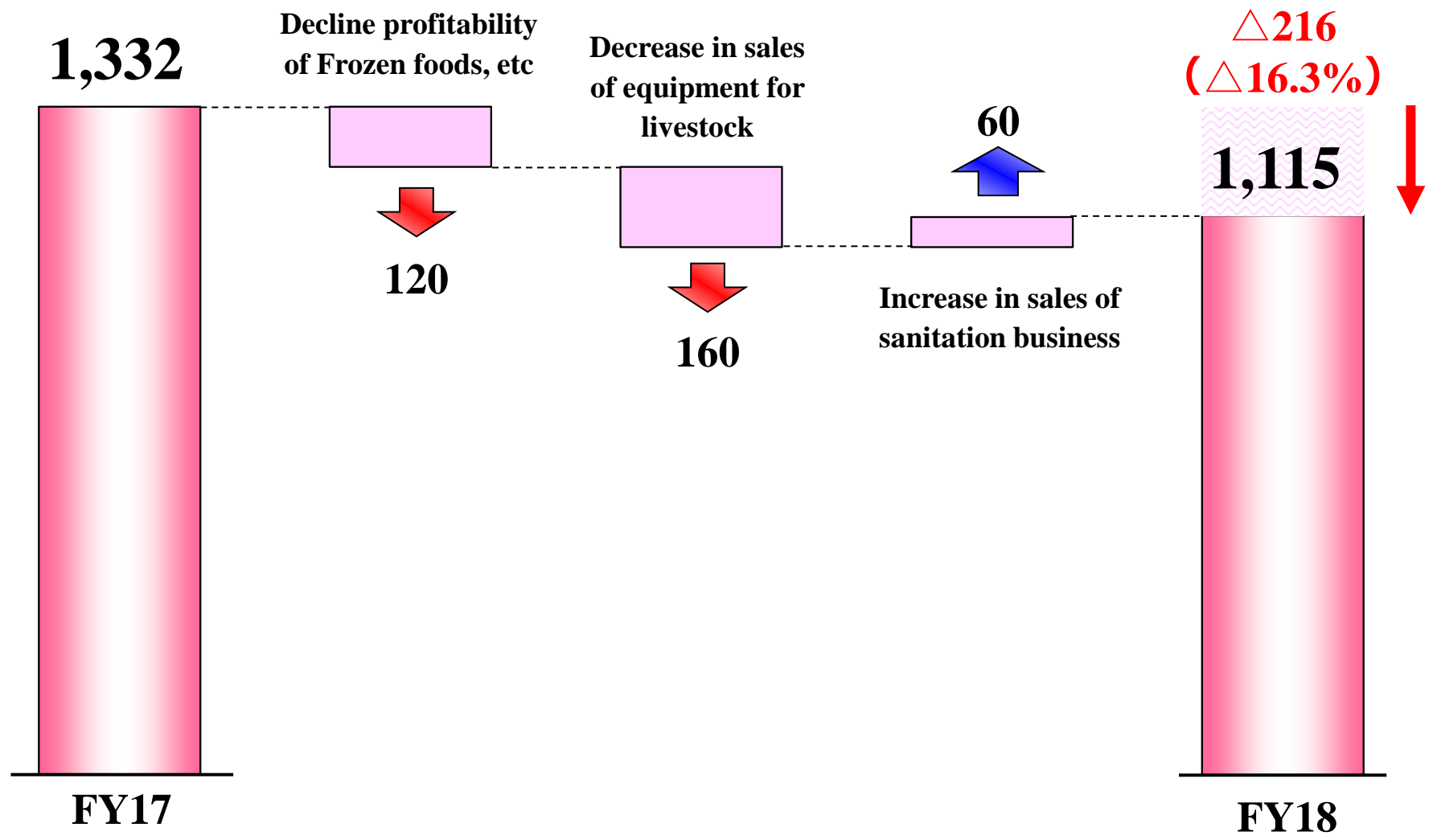
# Changes in Operating Income – Materials

(Unit: Million Yen)



# Changes in Operating Income – Agri-bio & Foods

(Unit: Million Yen)



# Balance Sheets (Consolidated Basis)

(Unit: 100 million Yen)

	FY18 Results (A)	FY17 Results (B)	(A) - (B)	Major factors for changes
<b>Current assets</b>	<b>1,978</b>	<b>1,912</b>	<b>+66</b>	Increase in cash and deposits and inventory due to higher CP than the previous period
Property, plant and equipment	1,644	1,602	+41	Investment in helium center etc.
Intangible assets	177	176	+0	
Investments and other assets	775	844	△68	Decrease in investment securities due to stock market decline
<b>Fixed assets</b>	<b>2,597</b>	<b>2,623</b>	<b>△25</b>	
<b>Total assets</b>	<b>4,576</b>	<b>4,535</b>	<b>+40</b>	
<b>Current liabilities</b>	<b>1,727</b>	<b>1,785</b>	<b>△57</b>	Increase in accounts payable due to higher CP than the previous period Decrease in short-term borrowings
Long - term liabilities	1,108	1,090	+17	Increase in long-term borrowings
<b>Total liabilities</b>	<b>2,836</b>	<b>2,876</b>	<b>△40</b>	
<b>Equity capital</b>	<b>1,654</b>	<b>1,544</b>	<b>+110</b>	(Capital ratio 36.1%)
Non-controlling interests	85	114	△29	
<b>Net assets</b>	<b>1,739</b>	<b>1,659</b>	<b>+80</b>	
<b>Total liabilities and net assets</b>	<b>4,576</b>	<b>4,535</b>	<b>+40</b>	

# Statements of Cash Flows

(Unit: 100 million Yen)

	<b>FY18 Results (A)</b>	<b>FY17 Results (B)</b>	<b>(A) - (B)</b>
<b>Cash flows from operating activities</b>	<b>391</b>	<b>285</b>	<b>+106</b>
<b>Cash flows from investing activities</b>	<b>(236)</b>	<b>(264)</b>	<b>+27</b>
<b>Free cash flows</b>	<b>154</b>	<b>20</b>	<b>+133</b>
<b>Cash flows from financing activities</b>	<b>(136)</b>	<b>(63)</b>	<b>(72)</b>
<b>Effect of exchange rate changes, etc.*</b>	<b>(0)</b>	<b>8</b>	<b>(8)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>17</b>	<b>(34)</b>	<b>+51</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>177</b>	<b>212</b>	<b>(34)</b>
<b>Cash and cash equivalents at end of period</b>	<b>195</b>	<b>177</b>	<b>+17</b>

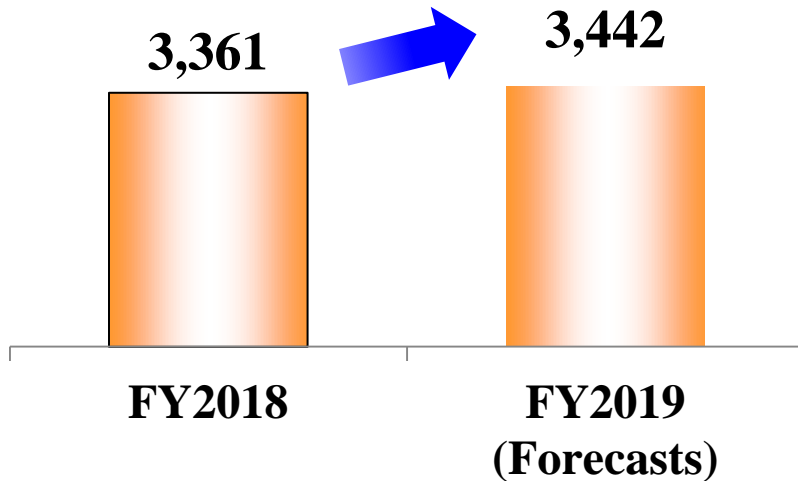
\* “Effect of exchange rate changes, etc.” are the sum of “Effect of exchange rate changes”, “Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation” and “Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries”.

# FY2019 Forecasts

# Forecasts: Energy

## Net Sales

(100 million Yen)

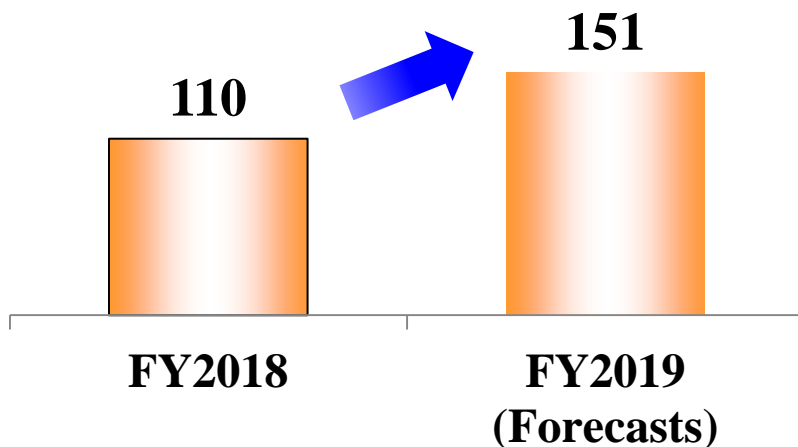


## Marketing measures toward achievement of FY19 forecast

- Disappearance of impact of LPG import price Fluctuations
- Increase in LPG sales volume
- Expansion in sales of energy related equipment
- Expansion in sales of cooking stoves and cassette gas canisters

## Operating Income

(100 million Yen)



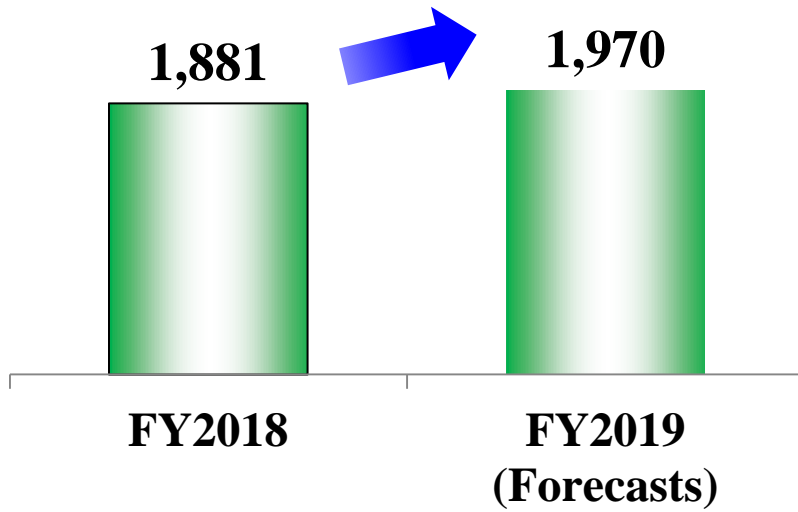
## Major risk factors

- ◇ Trends in LPG import price, exchange rate fluctuations
- ◇ Fluctuation of sales volume due to temperature changes

# Forecasts: Industrial Gases & Machinery

## Net Sales

(100 million Yen)

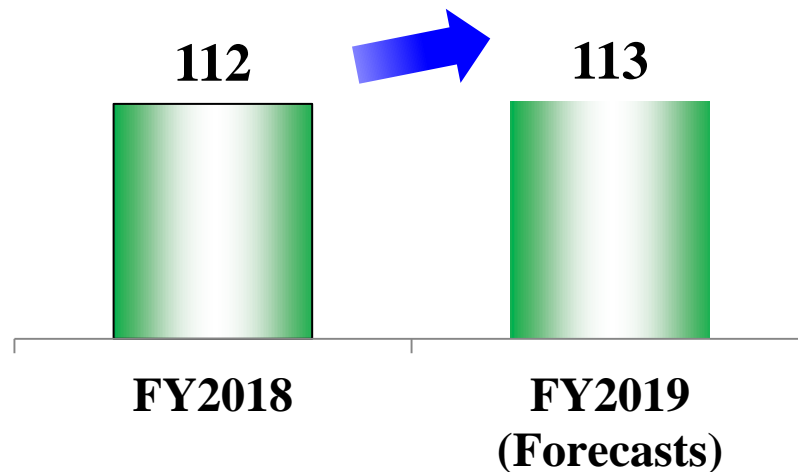


## Marketing measures toward achievement of FY19 forecast

- Expansion in sales and improve profitability of helium gas
- Expansion in sales of industrial gas and gas-related equipment
- Increase in cost of hydrogen-refueling station installation

## Operating Income

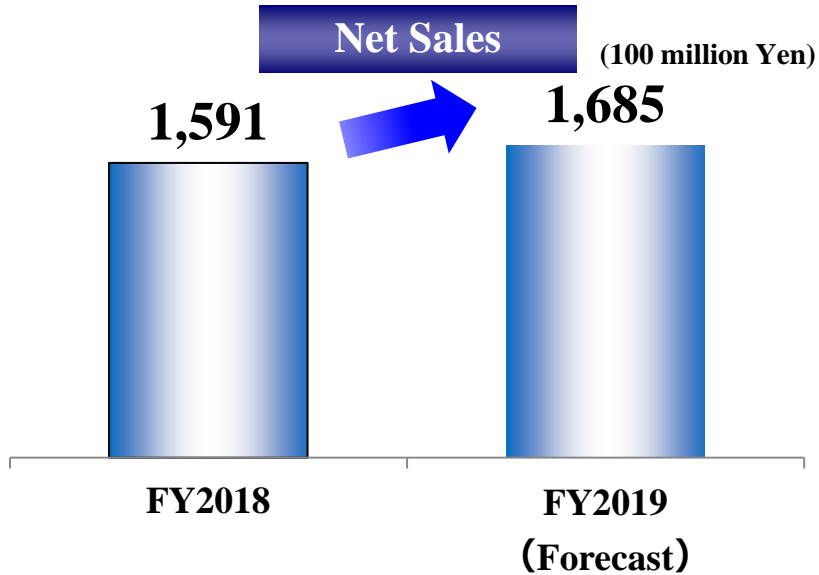
(100 million Yen)



## Major risk factors

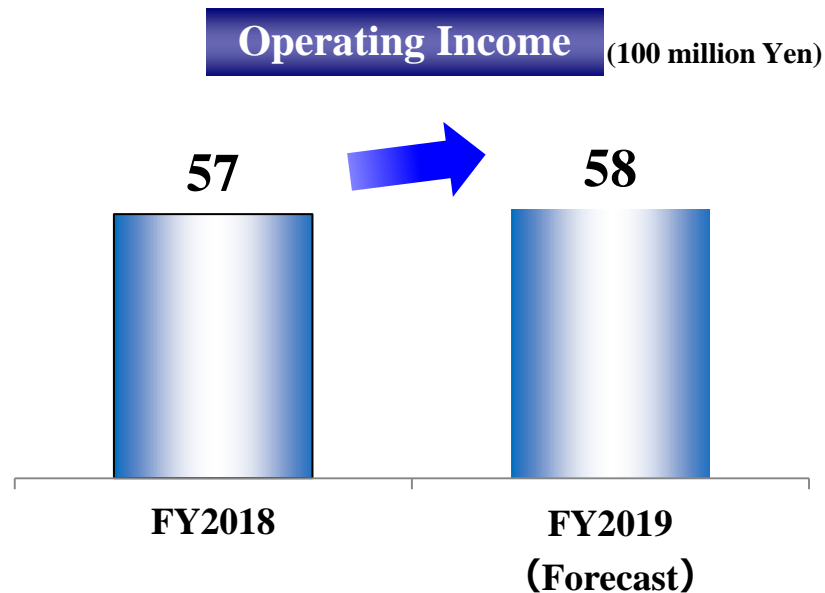
- ◇ Impact on manufacturing costs from increase in power rate
- ◇ Economic downturns in Japan and overseas
- ◇ Exchange rate fluctuations

# Forecasts: Materials



## Marketing measures toward achievement of FY19 forecast

- Expansion in sales of PET resin raw material
- Expansion of biomass business
- Expansion in sales of EV battery materials
- Expansion in sales of stainless and aluminum
- Market price stagnation of titanium and zircon



## Major risk factors

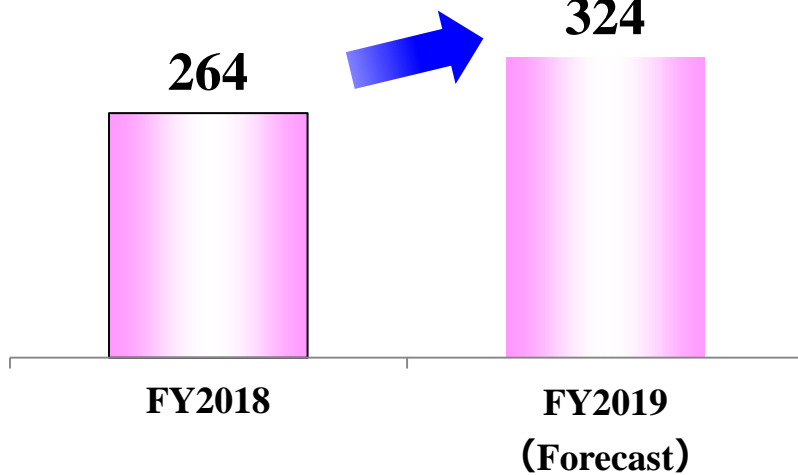
- ◇ Reduction in utilization rates of customer factories
- ◇ Downturn, price fluctuations in resource markets
- ◇ Exchange rate fluctuations



# Forecasts: Agri-bio & Foods

## Net Sales

(100 million Yen)

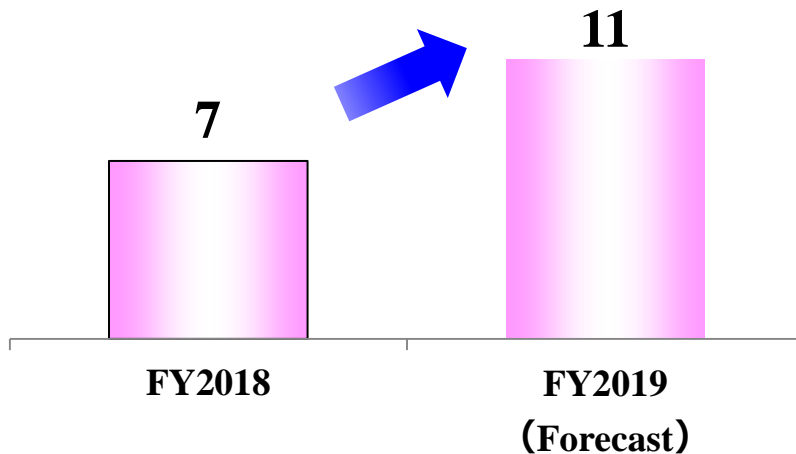


## Marketing measures toward achievement of FY19 forecast

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

## Operating Income

(100 million Yen)



## Major risk factors

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

# FY2019 Forecasts

(Unit: 100 Million Yen)

	FY19 Forecasts (A)	FY18 Results (B)	(C) (A) - (B)	(C) / (B)
<b>Net Sales</b>	<b>7,473</b>	<b>7,150</b>	<b>+322</b>	<b>+4.5%</b>
Energy	3,442	3,361	+80	+2.4%
Industrial Gases & Machinery	1,970	1,881	+88	+4.7%
Materials	1,685	1,591	+93	+5.9%
Agri-bio & Foods	324	264	+59	+22.5%
Others	52	52	+0	(1.0)%
<b>Operating Income</b>	<b>305</b>	<b>264</b>	<b>+40</b>	<b>+15.3%</b>
Energy	151	110	+40	+36.5%
Industrial Gases & Machinery	113	112	+0	+0.3%
Materials	58	57	+0	+1.0%
Agri-bio & Foods	11	7	+3	+38.5%
Others, Adjustments	(28)	(24)	(3)	—
<b>Ordinary Income</b>	<b>330</b>	<b>299</b>	<b>+30</b>	<b>+10.2%</b>
<b>Profit attributable to owners of parent</b>	<b>205</b>	<b>192</b>	<b>+12</b>	<b>+6.7%</b>

Assumption of financial performance

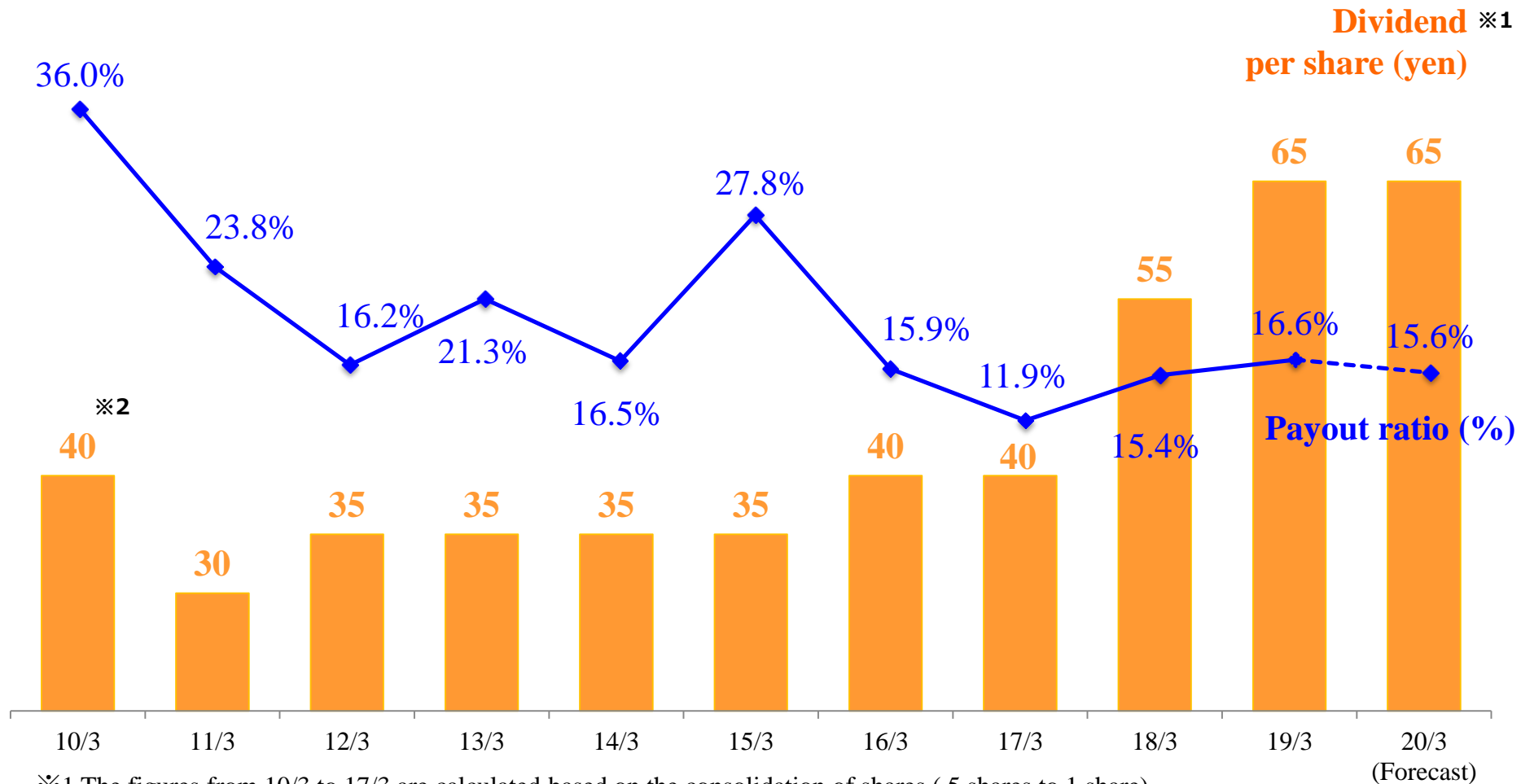
Ave. exchange rate 110 Yen/USD,

Ave. CP USD 490/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 The figures from 10/3 to 17/3 are calculated based on the consolidation of shares ( 5 shares to 1 share).

※2 Including commemorative dividend: 15 yen ( Taking into account the consolidation of shares)

# Progress of PLAN20

Progress of PLAN20

**Aiming to achieve ordinary income of 33.0 billion yen one year ahead**

[Management Indicators]

	FY2017 results	FY2018 results	PLAN20 target
<b>Ordinary Income</b>	<b>¥29.4B</b>	<b>¥29.9B</b>	<b>¥33.0B</b>
<b>ROE</b>	<b>12.2%</b>	<b>12.0%</b>	<b>10.0% or higher</b>
<b>Net D/E Ratio</b>	<b>0.73</b> times	<b>0.64</b> times	<b>0.7</b> times

Progress of PLAN20**Key Business Indicators are on track**

[Key Business Indicators]

	<b>FY2017 results</b>	<b>FY2018 results</b>	<b>PLAN20 target</b>
<b>LPG direct sales customers</b>	<b>900K households</b>	<b>990K households</b>	<b>1,000K households</b>
<b>Portable gas cooking stove / cassette gas canister sales volume (global)</b>	Gas cooking stoves: <b>3,333K units</b> Gas canisters: <b>103M units</b>	Gas cooking stoves: <b>3,869K units</b> Gas canisters: <b>121M units</b>	Gas cooking stoves: <b>4,400K units</b> Gas canisters: <b>137M units</b>
<b>Air separation gas sales volume</b>	<b>1.5B m<sup>3</sup></b>	<b>1.6B m<sup>3</sup></b>	<b>1.7B m<sup>3</sup></b>
<b>LH<sub>2</sub> sales volume</b>	<b>59M m<sup>3</sup></b>	<b>70M m<sup>3</sup></b>	<b>90M m<sup>3</sup></b>

# Business topic

# Making Central Gas group a wholly owned subsidiary

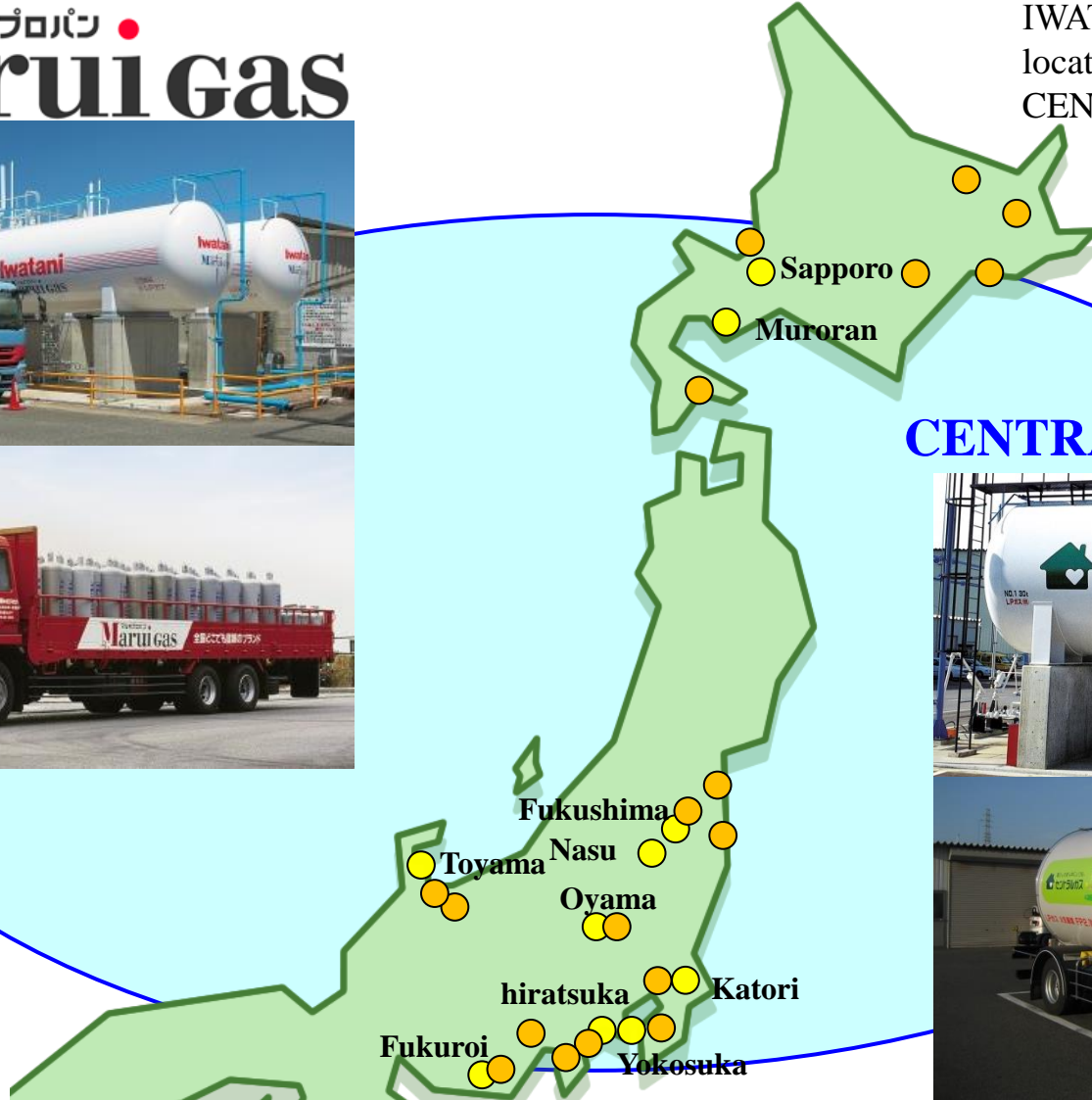
## Business efficiency improvement of sales and logistics function

# マルキプロパン ● Maruigas



IWATANI's LPG center which located in the same area as CENTRAL Gas group

- Iwatani corporation
- CENTRAL GAS GROUP



## CENTRAL GAS GROUP





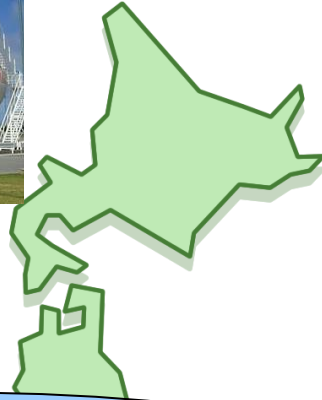
# Initiatives for stable supply of LPG

## Maintenance of supply bases resistant to disasters and disaster relief teams



### Okinawa LPG terminal

Continue to supply LPG by utilizing emergency power generator even when power outage by typhoon



Marui Gas Disaster Rescue Party training

## Maintain core LPG centers at 50 locations nationwide

### Core centers maintenance items

- Augmented LP gas tank earthquake resistance
- Installation of auto-gas filling facilities
- Installation of emergency generators
- Updating of filling machines to an automated filling system
- Reinforced earthquake resistance for office buildings



Registered Rescue party : 3600 staff

Marui Gas Disaster Rescue party

# Expansion of the city gas business

**Expand city gas business through collaborations with  
Electric Power Companies**

# **Iwatani**

**Safety Business  
Gas Equipment  
B to C products**



**City gas  
customers**

Our city gas safety customers

**Kansai area 800k households**

**Chubu area 140k households**

# Promotion to realize a hydrogen society(U.S.Market)

## Started operation of hydrogen-refueling stations in California



**Iwatani West Sacramento H2 Fueling**



# Promotion to realize a hydrogen society(Domestic Market)

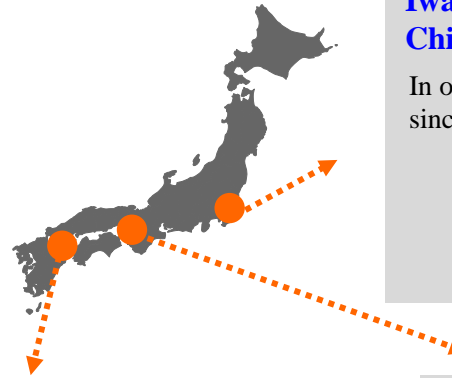
## Promote hydrogen-refueling station construction Strengthen LH2 production capacity



Niigata



Wakayama



**Iwatani Industrial Gases Chiba Plant** 1Line

In operation since 2009

(Ichihara City, Chiba Prefecture)

**Yamaguchi Liquid Hydrogen** 2Line

2013: 1 line went into operation  
2017: 1 line added



**Hydro Edge** 2Line

2006: 2 lines went into operation

**FY2019: 1 line to be added (total of 3 lines)**



# Promotion to realize a hydrogen society(Long-term)

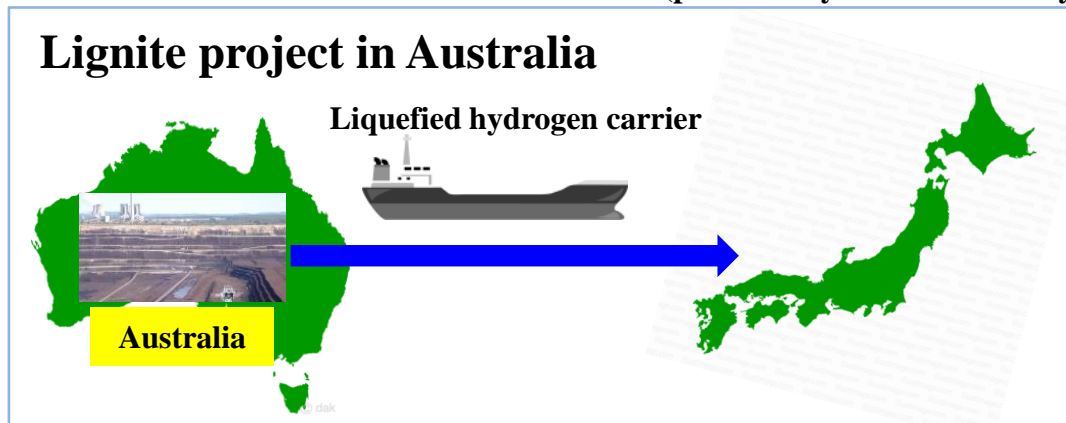
**Kobe's liquefied hydrogen terminal will be completed, Plan to start transportation by liquefied hydrogen carrier (FY2020)**



**Conceptional Drawing of Liquid Hydrogen Loading Terminal  
(provided by HySTRA)**



**Liquefied hydrogen carrier  
(provided by Kawasaki Heavy Industries, Ltd.)**



## **Lignite project in Australia**

Liquefied hydrogen carrier

Australia



# Promotion to realize a hydrogen society(Long-term)

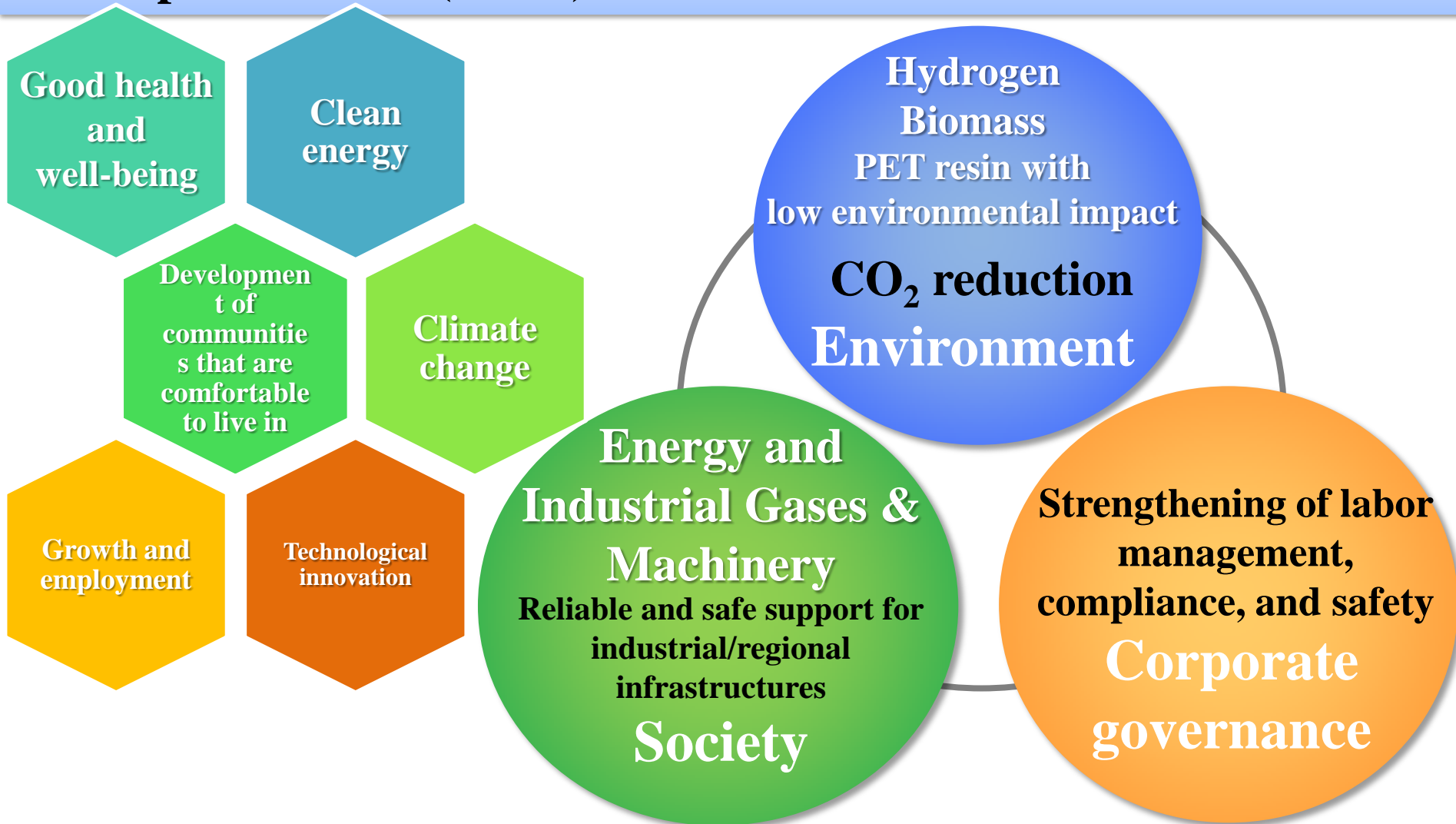
## Develop the project of Fukushima Hydrogen Energy Research Field



Hydrogen energy system (provided by Toshiba ESS)

# Promotion of ESG Initiatives

## Business management contributing to achievement of Sustainable Development Goals (SDGs)



# Iwatani

## Contact

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**Website : <http://www.iwatani.co.jp/eng/investor/investor01.html>**

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