

Iwatani

FY 2019 Financial Results
(Fiscal Year Ended March 31, 2020)

May 22, 2020

Iwatani Corporation

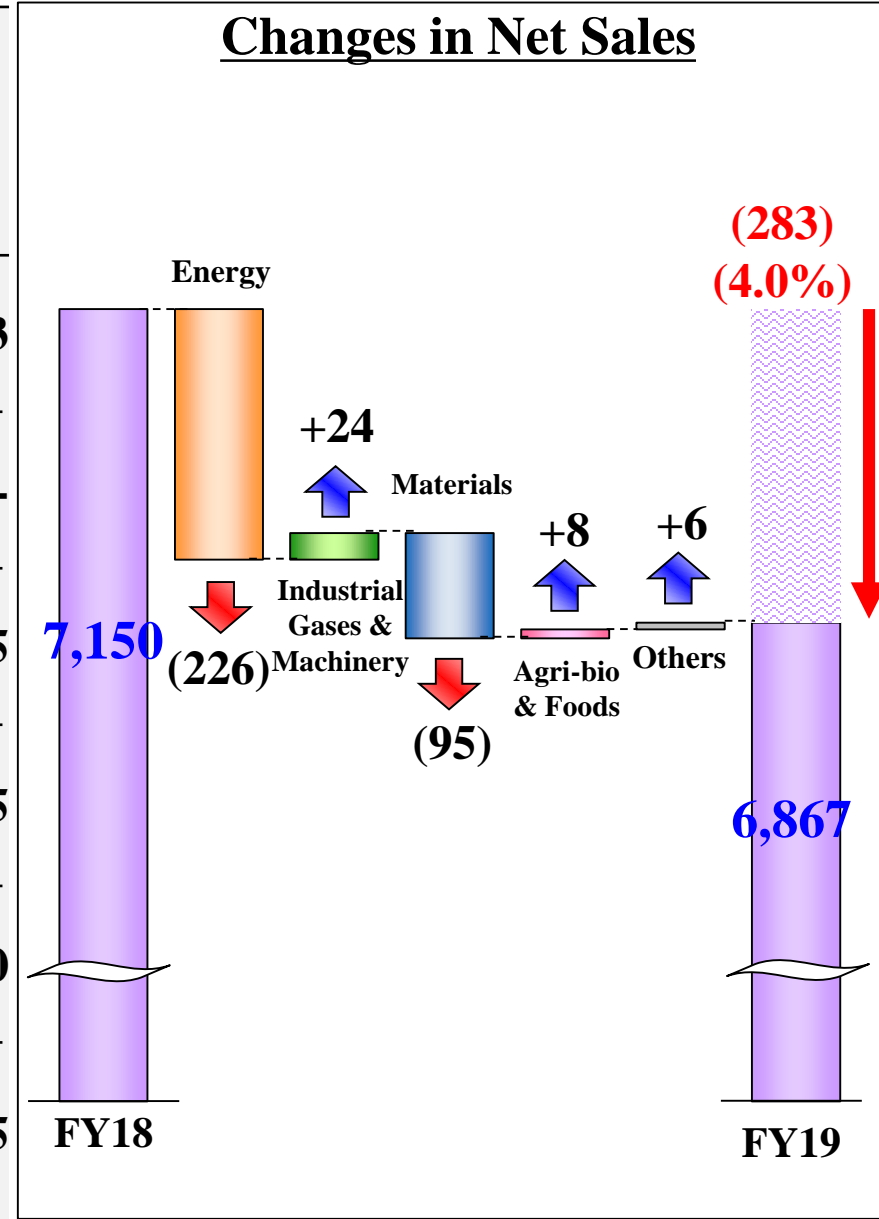
- **FY 2019 Overview**
- **FY 2020 Forecasts**
- **Progress of Medium-Term Management Plan (PLAN20)**
- **Business Topics**

FY 2019 Overview

Analysis of Net Sales

(Unit: 100 million Yen)

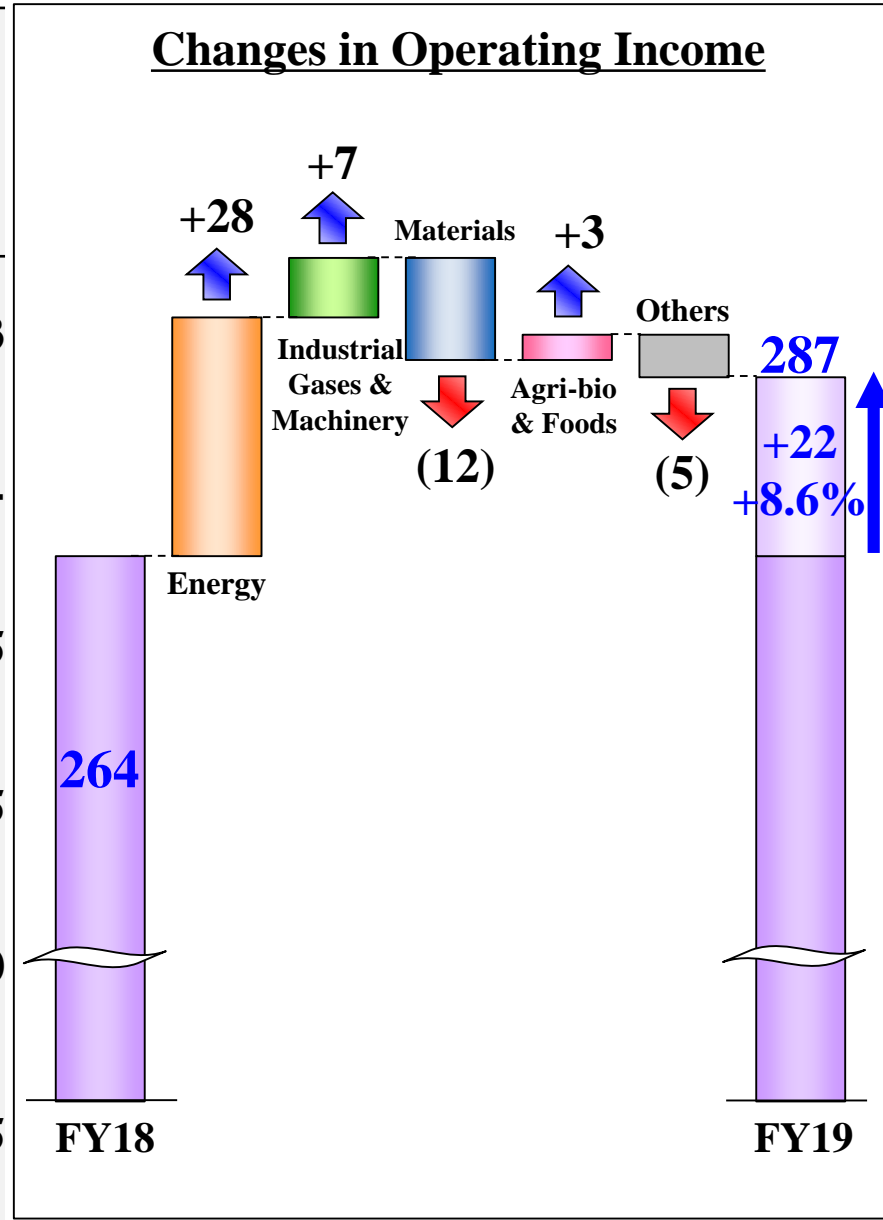
	FY19 Results (A)	FY18 Results (B)	Year-on- Year (A)-(B)	FY19 Forecast
Net Sales	6,867	7,150	(283)	7,473
Gross Profit	1,762	1,706	+56	-
Operating Income	287	264	+22	305
Non-operating income	35	34	+0	25
Ordinary Income	322	299	+23	330
Profit attributable to owners of parent	209	192	+17	205



Analysis of Operating Income

(Unit: 100 million Yen)

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Impact of LPG Import Price Fluctuations

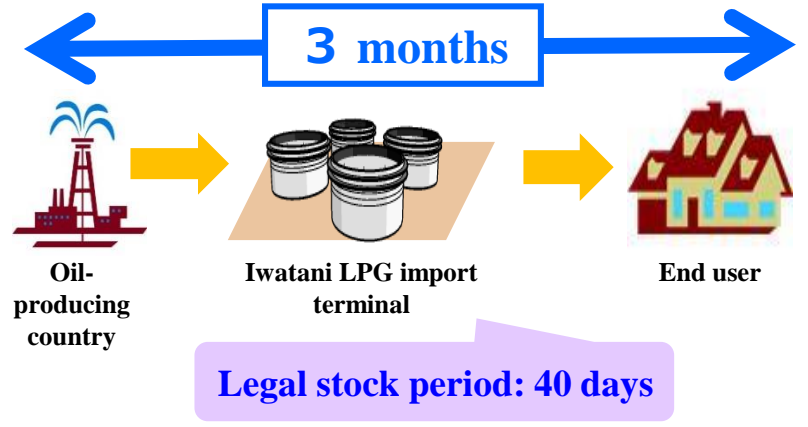
Premise

① Wholesale price is based on LPG Import Price

② From LPG import to sale takes 3 months

Wholesale Price \propto LPG Import Price*

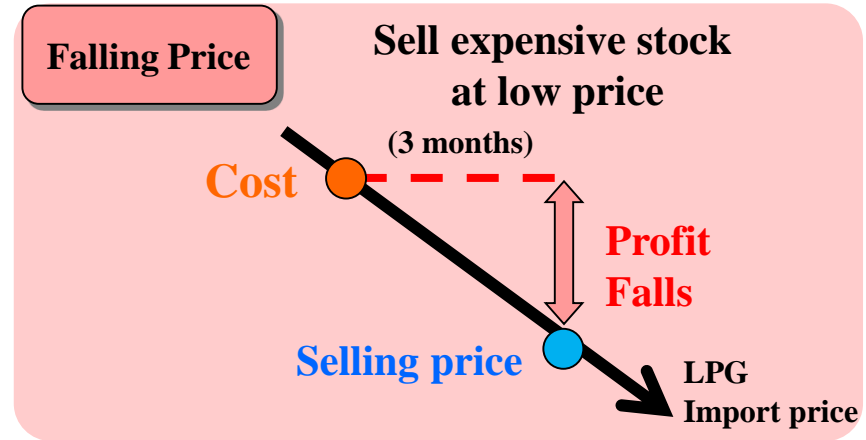
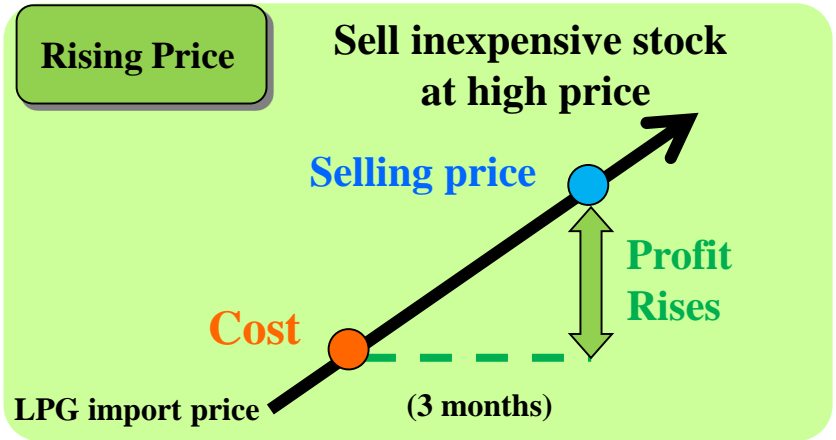
* The price consists of “CP” (from the middle east) and “MB” (from the U.S).



LPG Import Price Fluctuations

Short-term impact of market fluctuations

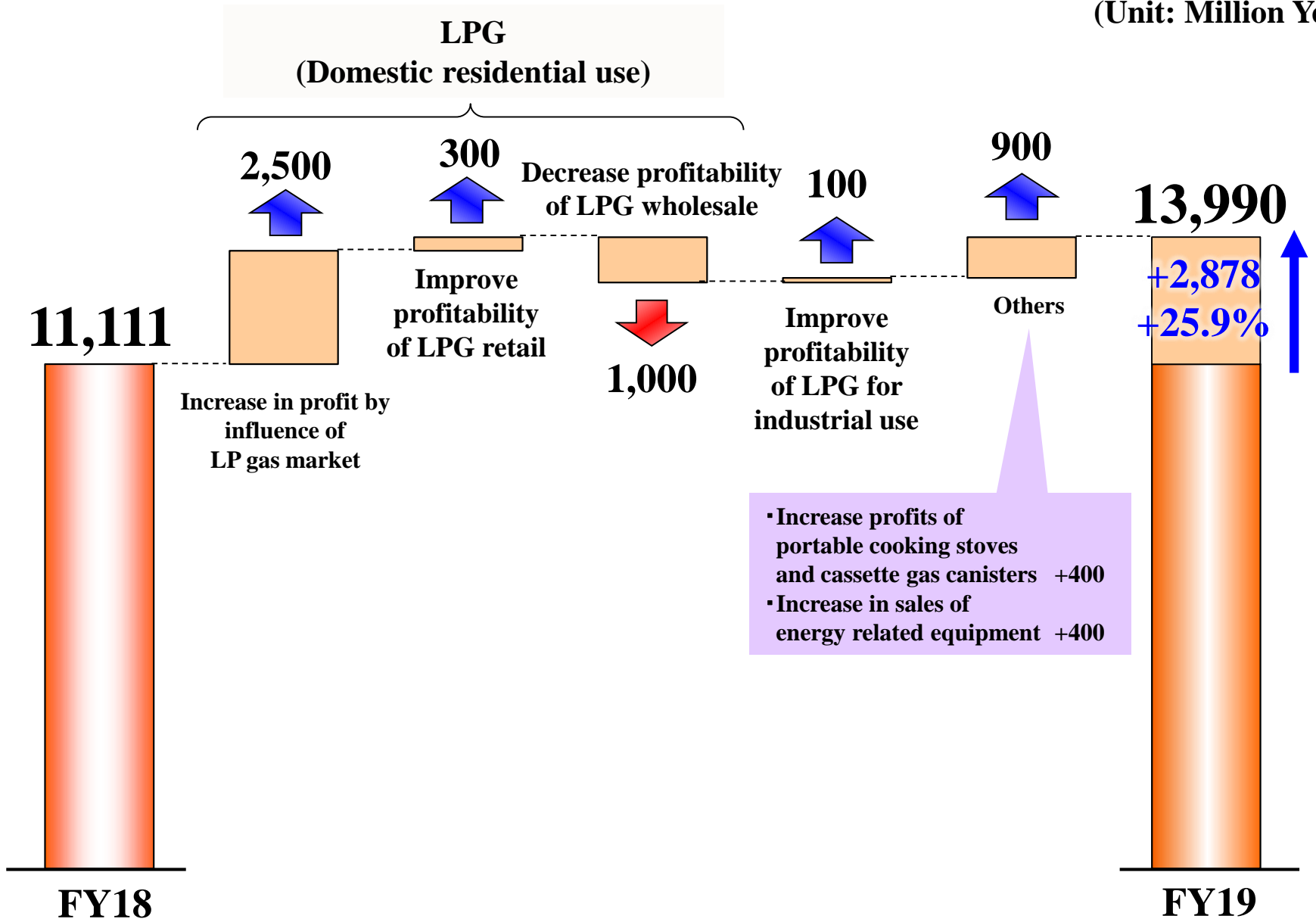
(If LPG import price fluctuations return to the original level, the impact is ±0.)*



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

Changes in Operating Income – Energy

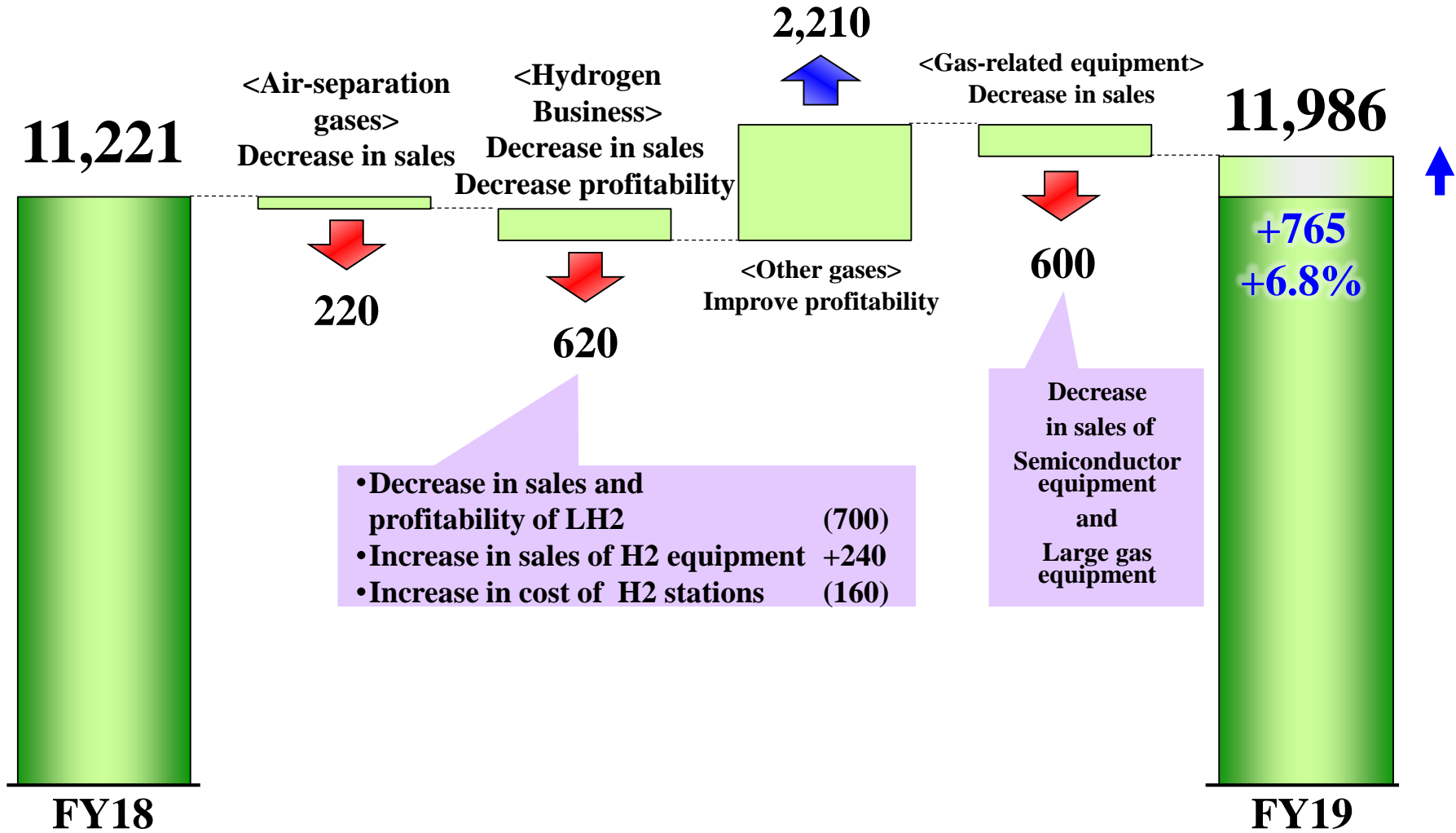
(Unit: Million Yen)



Changes in Operating Income

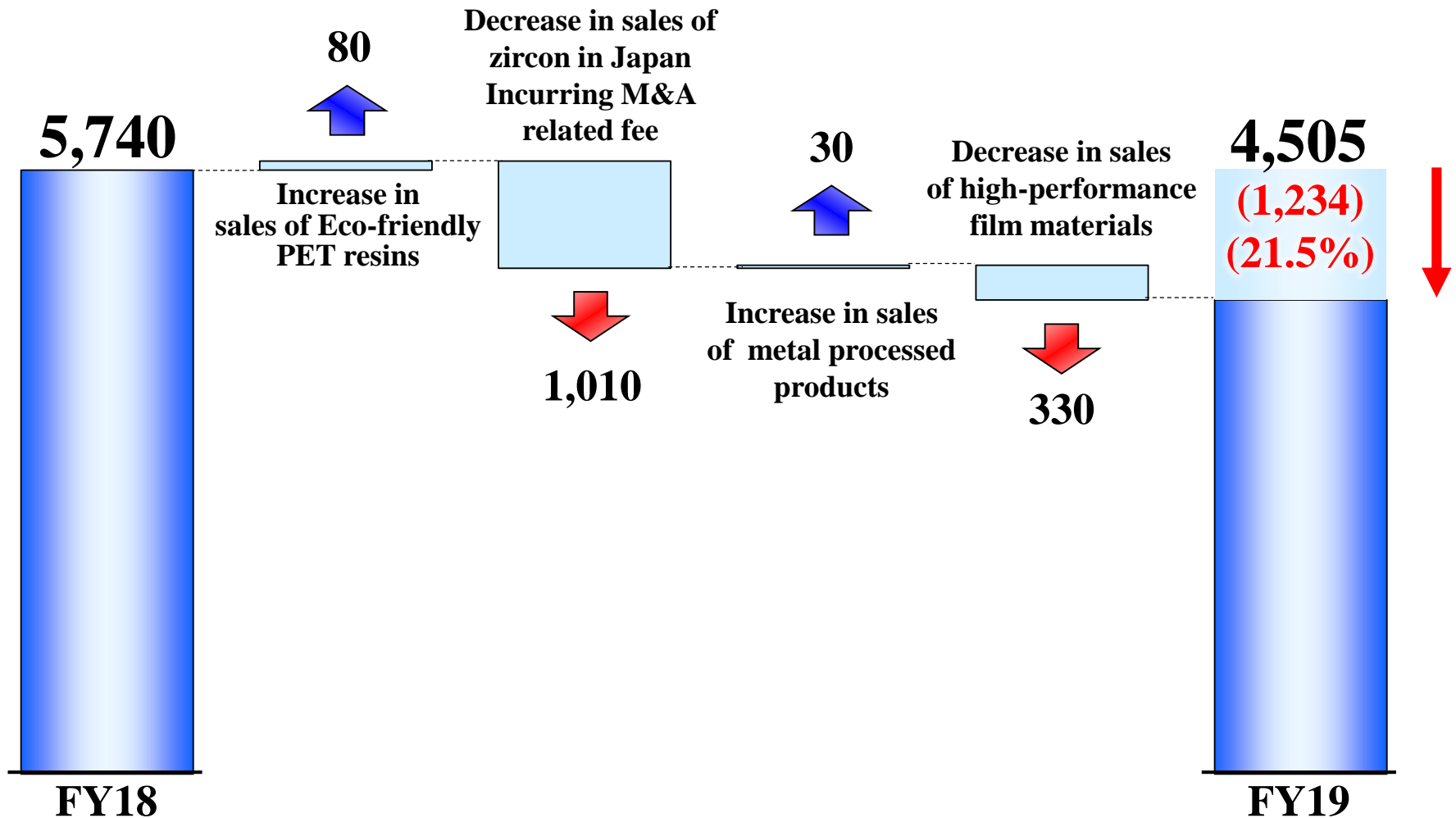
- Industrial Gases & Machinery

(Unit: Million Yen)



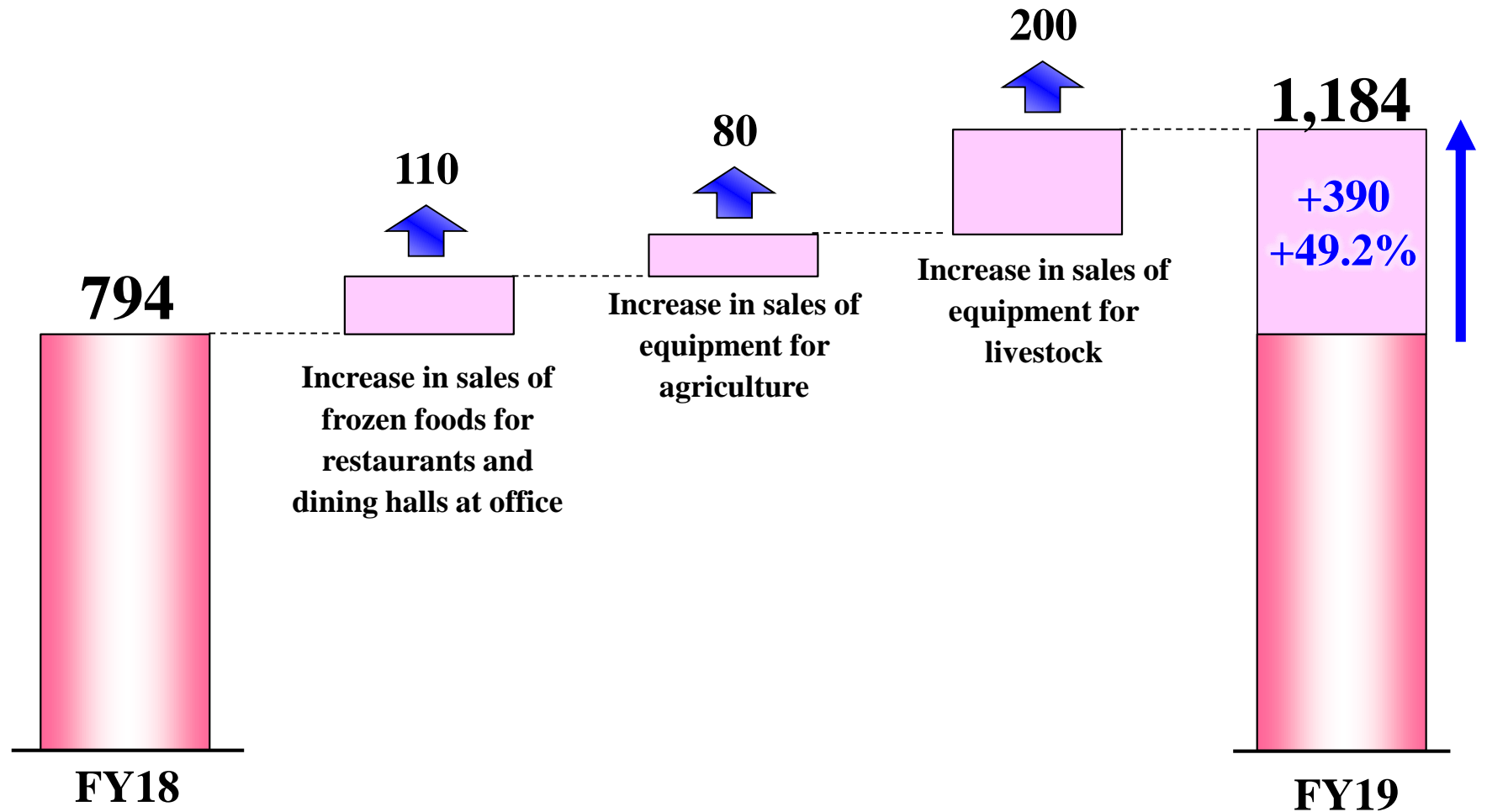
Changes in Operating Income – Materials

(Unit: Million Yen)



Changes in Operating Income – Agri-bio & Foods

(Unit: Million Yen)



Balance Sheets (Consolidated Basis)

(Unit: 100 million Yen)

	FY19 Results (A)	FY18 Results (B)	(A) - (B)	Major factors for changes etc.
Current assets	2,037	1,978	+59	Increase in cash and deposits and inventory
Property, plant and equipment	1,717	1,644	+73	Investment in hydrogen-refueling stations and on-site facilities
Intangible assets	167	177	(9)	
Investments and other assets	773	775	(2)	
Fixed assets	2,659	2,597	+61	
Total assets	4,697	4,576	+121	
Current liabilities	1,911	1,727	+184	Decrease in accounts payable but increase current portion of bonds payable
Long - term liabilities	874	1,108	(234)	Decrease bonds payable
Total liabilities	2,785	2,836	(50)	Interest-bearing debt, gross 1,265, Ratio of Interest-bearing debt to total assets 26.9%
Equity capital	1,822	1,654	+168	(Capital ratio 38.8%)
Non-controlling interests	88	85	+3	
Net assets	1,911	1,739	+171	
Total liabilities and net assets	4,697	4,576	+121	

Statements of Cash Flows

(Unit: 100 million Yen)

	FY19 Results (A)	FY18 Results (B)	(A) - (B)
Cash flows from operating activities	402	391	+11
Cash flows from investing activities	(308)	(236)	(71)
Free cash flows	93	154	(60)
Cash flows from financing activities	(35)	(136)	+100
Effect of exchange rate changes, etc.*	(1)	(0)	(1)
Net increase (decrease) in cash and cash equivalents	56	17	+38
Cash and cash equivalents at beginning of period	195	177	+17
Cash and cash equivalents at end of period	251	195	+56

* “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”.

FY2020 Forecasts

FY2020 Forecasts

(Unit: 100 Million Yen)

	FY20 Forecasts (A)	FY19 Results (B)	(C) (A) - (B)	(C) / (B)
Net Sales	6,775	6,867	(92)	(1.4%)
Energy	3,013	3,135	(122)	(3.9%)
Industrial Gases & Machinery	1,897	1,905	(8)	(0.4%)
Materials	1,492	1,495	(3)	(0.2%)
Agri-bio & Foods	318	273	+44	+16.4%
Others	55	58	(3)	(6.2%)
Operating Income	247	287	(40)	(14.0%)
Energy	140	139	+0	+0.1%
Industrial Gases & Machinery	84	119	(35)	(29.9%)
Materials	42	45	(3)	(6.8%)
Agri-bio & Foods	12	11	+0	+1.4%
Others, Adjustments	(31)	(29)	(1)	—
Ordinary Income	276	322	(46)	(14.5%)
Profit attributable to owners of parent	173	209	(36)	(17.6%)

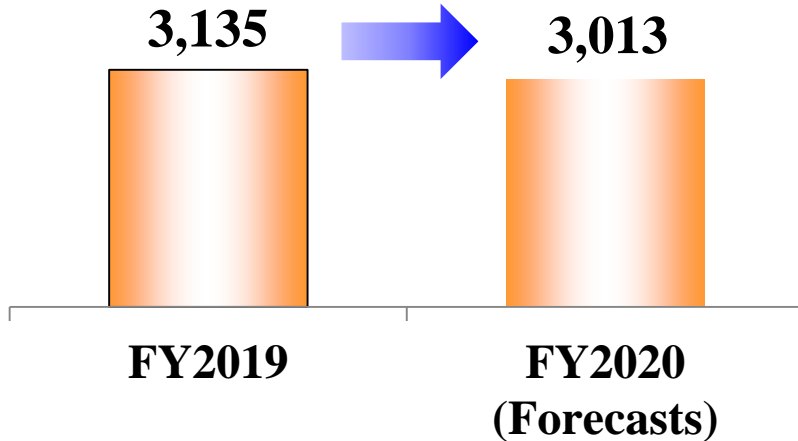
Assumption of financial performance

1st Half Ave. exchange rate 110 Yen/USD, Ave. CP USD 300/ton
 2nd Half Ave. exchange rate 110 Yen/USD, Ave. CP USD 450/ton

Forecasts: Energy

Net Sales

(100 million Yen)



Impact of COVID-19

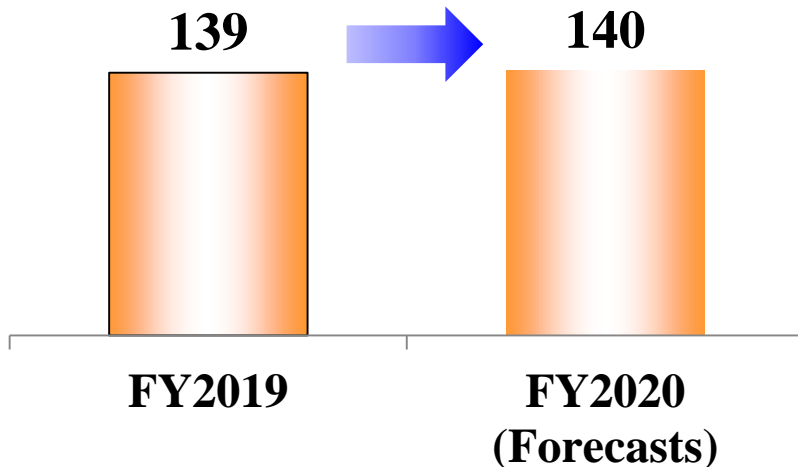
- Decrease in sales due to lower LPG import price
- Decrease in LPG sales volume for commercial and industrial use

Marketing measures toward achievement of FY2020 forecast

- Expansion of direct sales customers through M&A
- Expansion in sales of energy related equipment
- Expansion of the global cartridge gas business

Operating Income

(100 million Yen)



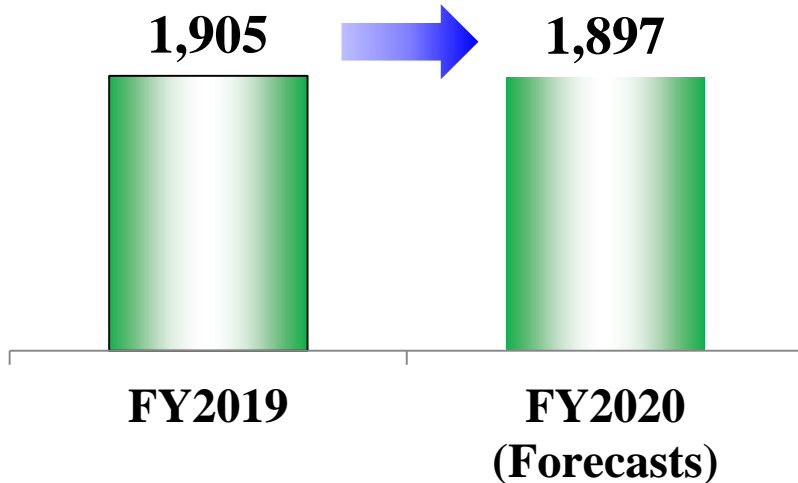
Major risk factors

- ◇ 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)



Impact of COVID-19

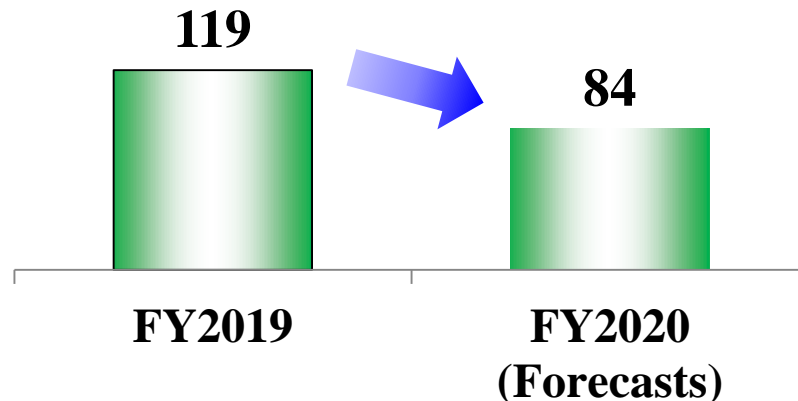
- Decrease in sales of industrial gases and machinery due to economic downturns in Japan and overseas

Marketing measures toward achievement of FY2020 forecast

- Increase in sales of air separation gases for growth markets
- Expansion of new customers of LH2
- Stable supply of helium
- Increase in sales of automation equipment

Operating Income

(100 million Yen)



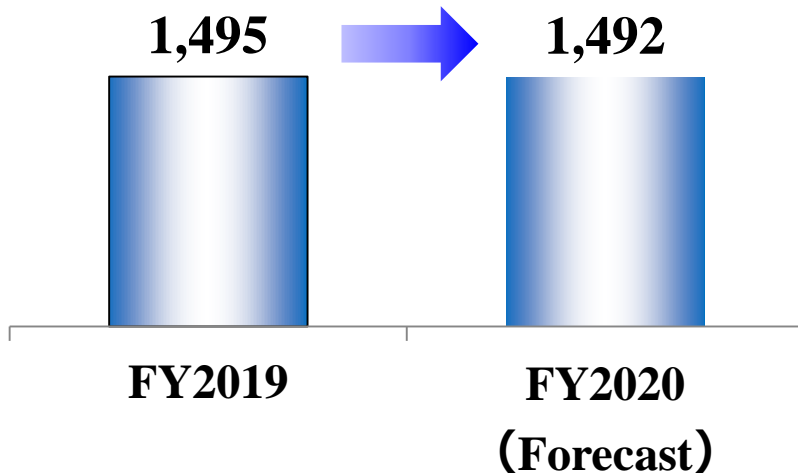
Major risk factors

- ◇ Impact on manufacturing costs from increase in power rate
- ◇ Exchange rate fluctuations

Forecasts: Materials

Net Sales

(100 million Yen)



Impact of COVID-19

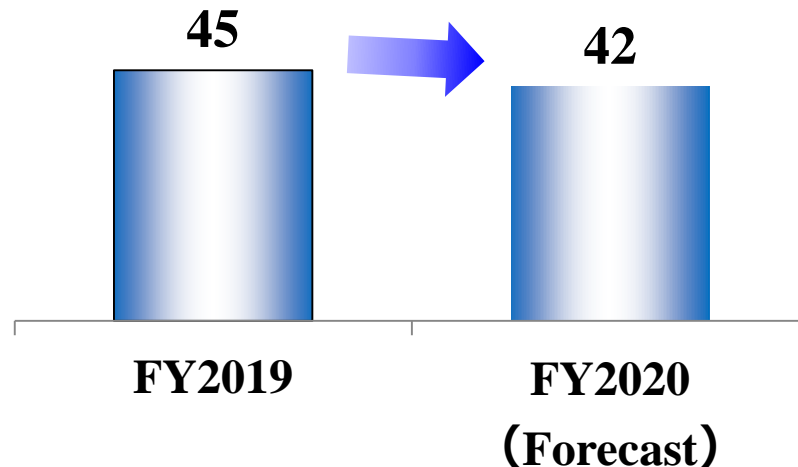
- Decrease in sales of each product due to economic downturns in Japan and overseas

Marketing measures toward achievement of FY2020 forecast

- Increase in sales of Eco-friendly PET resins
- Expansion of biomass business
- Increase in sales of battery-related materials

Operating Income

(100 million Yen)



Major risk factors

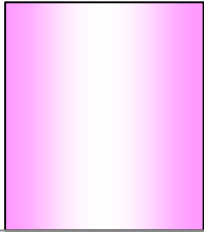
- ◇ Downturn, price fluctuations in resource markets
- ◇ Exchange rate fluctuations

Forecasts: Agri-bio & Foods

Net Sales

(100 million Yen)

273



FY2019



318



FY2020
(Forecast)

Impact of COVID-19

- Decrease in sales of frozen foods for restaurants and dining halls at office

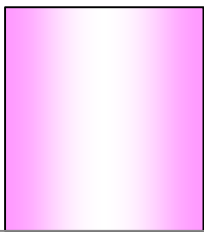
Marketing measures toward achievement of FY2020 forecast

- Expansion of frozen foods for restaurants and ready-to-eat food markets
- Expansion in sales of seed pigs
- Expansion in sales of equipment for agriculture and livestock

Operating Income

(100 million Yen)

11



FY2019



12



FY2020
(Forecast)

Major risk factors

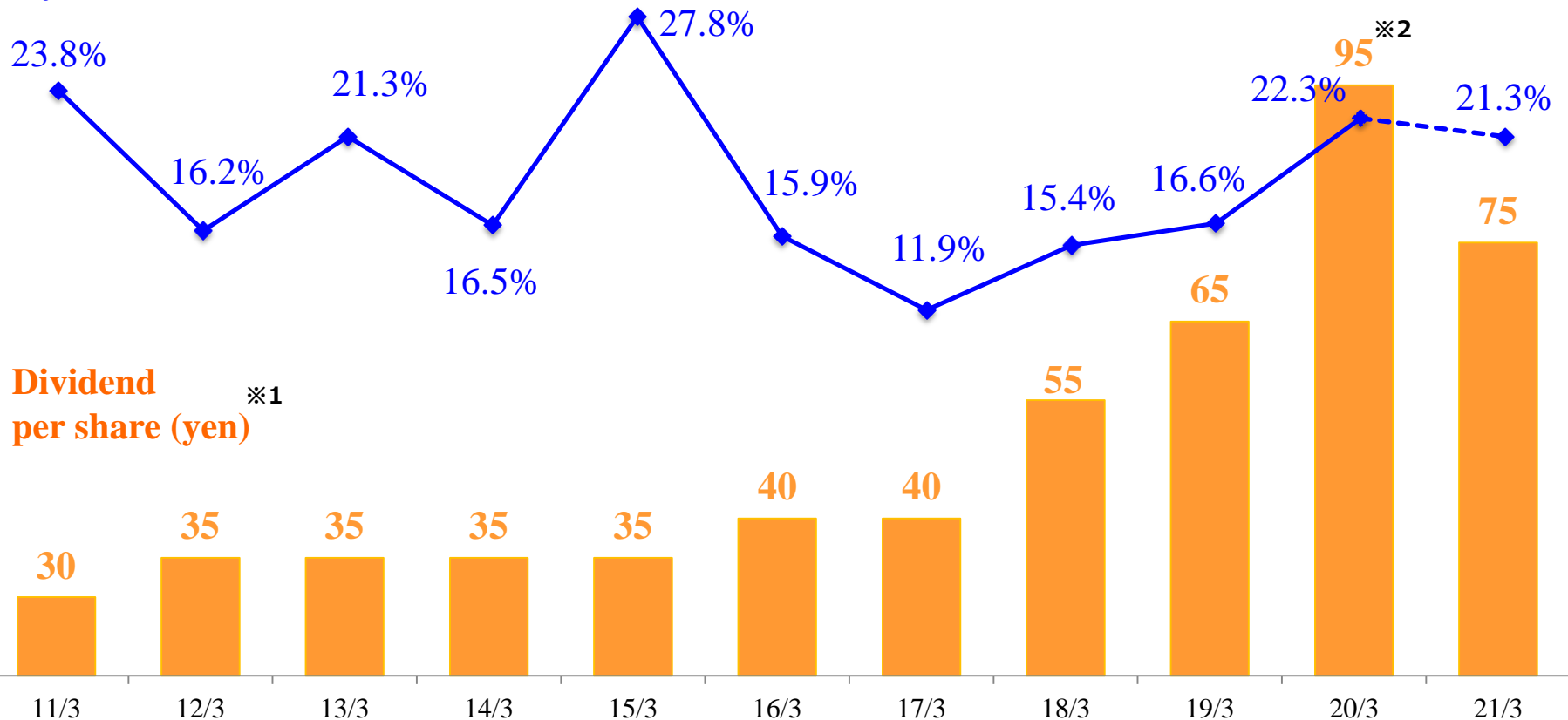
- ◇ Exchange rate fluctuations
- ◇ Fluctuations in raw material costs
- ◇ Climate change

Returns to Shareholders (Consolidated Basis)

Dividend policy

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

Payout ratio (%)



Dividend per share (yen)^{※1}

※1 The figures from 11/3 to 17/3 are calculated based on the consolidation of shares (5 shares to 1 share).

※2 Including commemorative dividend: 20 yen

Progress of PLAN20

Progress of PLAN20

**Healthy progress of each indicator,
but unpredictable future business environment**

[Management Indicators]

	FY2017 results	FY2018 results	FY2019 results	PLAN20 target
Ordinary Income	¥29.4B	¥29.9B	¥32.2B	¥33.0B
ROE	12.2%	12.0%	12.1%	10.0% or higher
Net D/E Ratio	0.73 _{times}	0.64 _{times}	0.55 _{times}	0.7 times

Progress of PLAN20**Achieved the target of LPG direct sales customers**

[Key Business Indicators]

	FY2017 results	FY2018 results	FY2019 results	PLAN20 target
LPG direct sales customers	900K households	990K households	1,000K households	1,000K households
Portable gas cooking stove / cassette gas canister sales volume (global)	Gas cooking stoves: 3,333K units Gas canisters: 103M units	Gas cooking stoves: 3,869K units Gas canisters: 121M units	Gas cooking stoves: 3,796K units Gas canisters: 132M units	Gas cooking stoves: 4,400K units Gas canisters: 137M units
Air separation gas sales volume	1.5B m³	1.6B m³	1.5B m³	1.7B m³
LH₂ sales volume	59M m³	70M m³	59M m³	90M m³

Business topics

Promotion to realize a hydrogen society

Promotion of hydrogen-refueling station construction

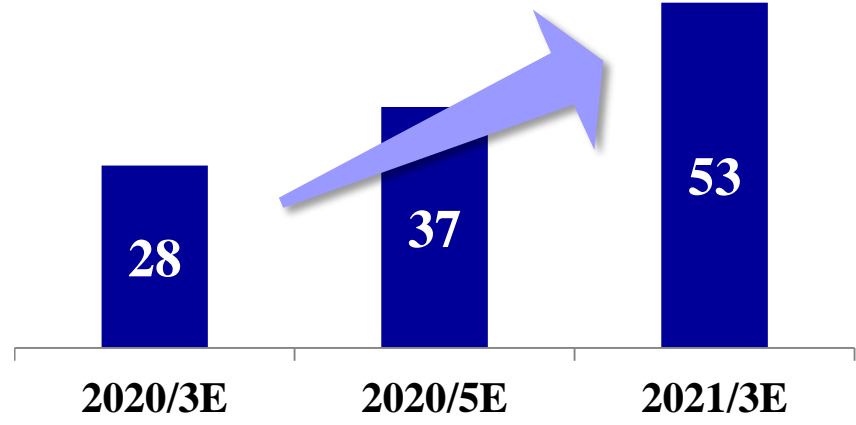


Iwatani hydrogen-refueling station in Haneda Airport (concept)



Iwatani hydrogen-refueling station in Tokyo Kasai

Iwatani hydrogen-refueling station (Place)



Promotion to realize a hydrogen society

Initiatives for CO2-free hydrogen project

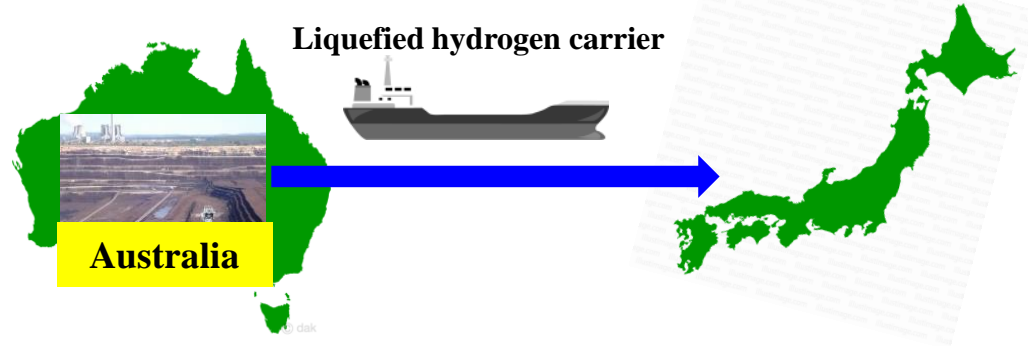


Launching ceremony of Liquefied hydrogen carrier "SUISO FRONTIER"



Liquid Hydrogen Loading Terminal (concept) (provided by HySTRA)

Lignite project in Australia



Promotion to realize a hydrogen society

Initiatives for CO2-free hydrogen project



Fukushima Hydrogen Energy Research Field completed construction

Expansion of overseas Industrial Gases business

USA : Expansion of hydrogen business

Acquisition of industrial gas dealers

**China : Strengthen production capacity for industrial gases
(Jiaxing)**

Strengthen the air separation gas production capacity to 2.5 times

Installation of hydrogen gas production facility



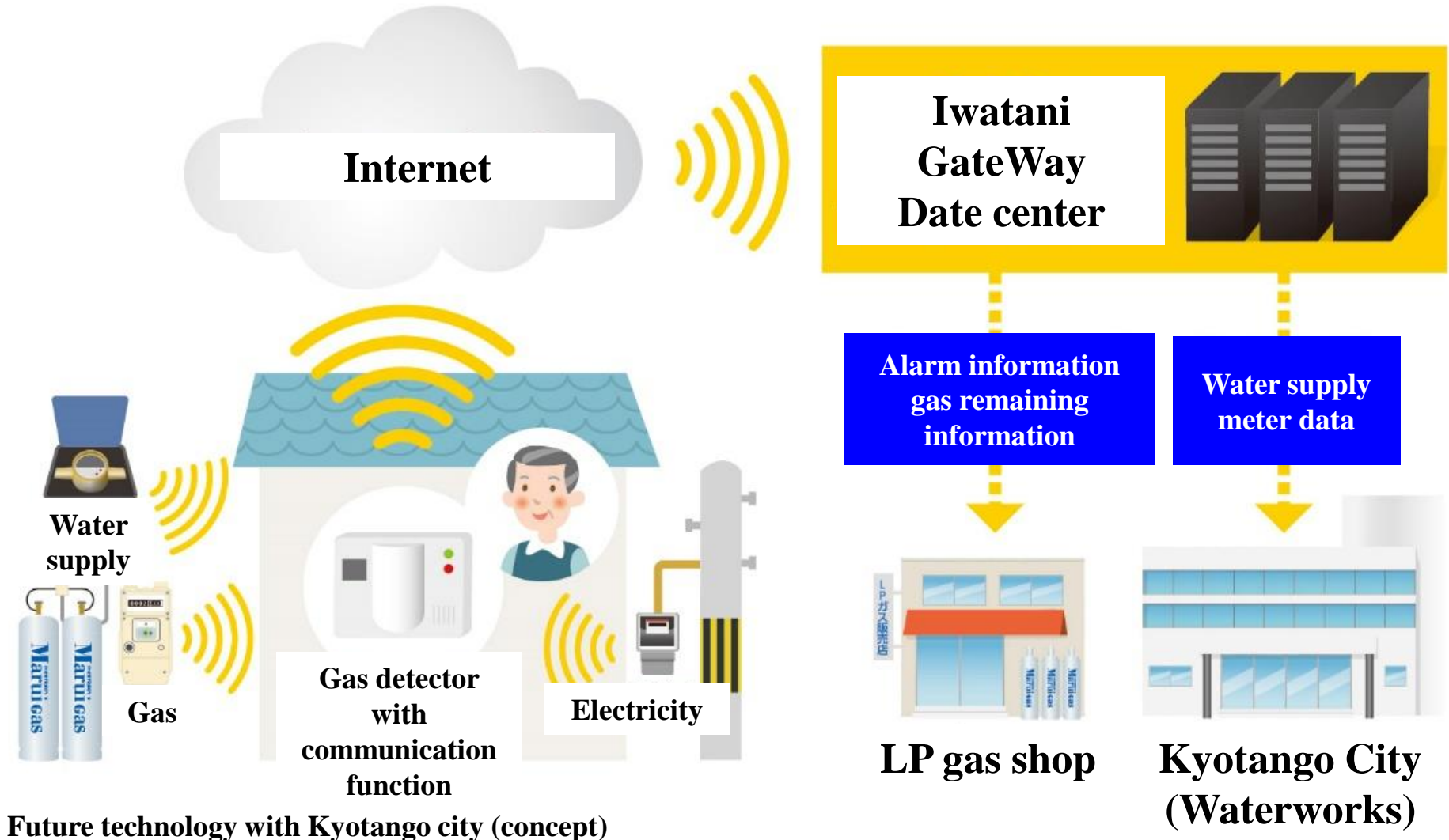
Iwatani West Sacramento H2 Fueling



Jiaxing Iwatani Industrial Gases Co.,Ltd

Iwatani GateWay

Signed an agreement with Kyotango City to promote the introduction of future technology



Future technology with Kyotango city (concept)

Iwatani GateWay

Promotion of building a new platform

Utilize AI and IoT to build Iwatani's business platforms

Iwatani's energy business network covers all direct sales customers within 30-minutes' reach

276 sales offices,
3,000 salespeople,
3,000 vehicles



145 distribution centers,
2,000 people,
2,000 vehicles



Regional Support



Iwatani Cloud



Sensors with communication functions

Iwatani GateWay



Efficient delivery

Smart meter Electricity,
gas, and water supply

Connection

Charging

Wise spending

IoT home electronics

Mobile devices

Air purifiers

Health

Keeping watch

Fire alarm

Safety and security

Home delivery, maintenance, and renovation

Convenience

Nurses

Care managers

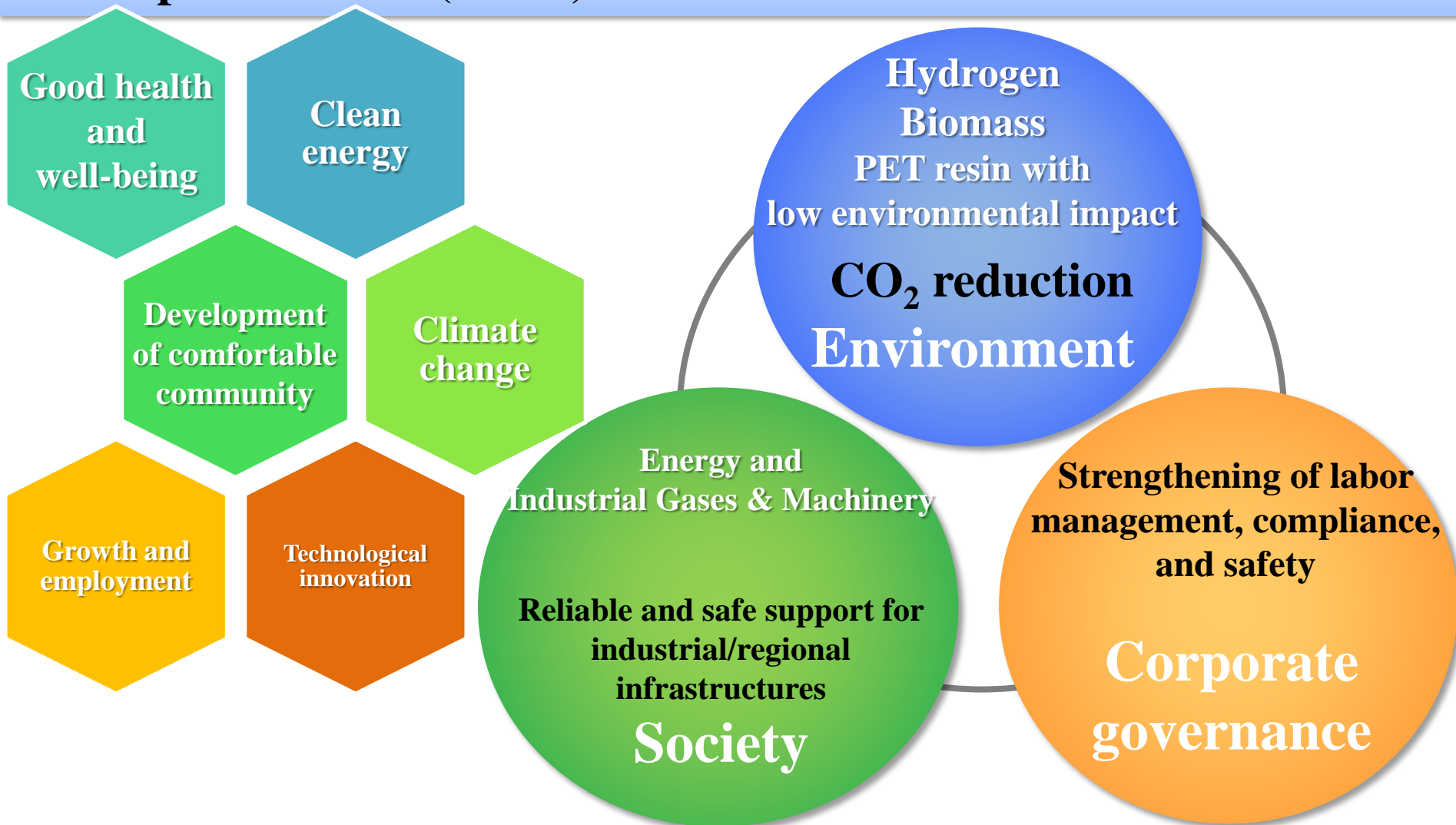
Horizontal cooperation

Community comprehensive care cooperation

Seismic disaster

Promotion of ESG initiatives

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



Iwatani

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