

August 9, 2019

**Consolidated Financial Results (Under IFRS)**  
**For the First Quarter of the March 31, 2020 Fiscal Year**

AIR WATER INC.  
Head Office: 12-8, Minami semba 2-chome,  
Chuo-ku, Osaka, Japan

(Note: All amounts are rounded down to the nearest million yen.)

**1. Results for the Three Months Ended June 30, 2019**

(1) Consolidated operating results

(% of change from previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2019	183,313	7.2	10,971	13.2	11,120	12.4	7,630	10.1	7,143	5.5	7,835	△14.0
Three months ended June 30, 2018	170,950	—	9,688	—	9,897	—	6,928	—	6,770	—	9,106	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2019	36.48	36.41
Three months ended June 30, 2018	34.64	34.58

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of June 30, 2019	781,739	297,228	280,288	35.9
As of March 31, 2019	785,944	295,009	278,053	35.4

**2. Dividends**

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
The fiscal year ended March 31, 2019	—	19.00	—	21.00	40.00
The fiscal year ending March 31, 2020	—				
The fiscal year ending March 31, 2020 (Forecasts)		20.00	—	20.00	40.00

(Note) Changes in forecast of dividends for the fiscal year ending March 31, 2020 from the latest disclosure: No

### 3. Forecast of consolidated operating results for the fiscal year ending March 31, 2020

(% of change from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
The second quarter (cumulative)	390,000	—	21,000	—	20,600	—	14,100	—	72.03
The fiscal year	830,000	11.8	48,000	12.2	47,000	11.6	30,000	4.1	153.25

(Note) Changes in forecast of consolidated operating results for the fiscal year ending March 31, 2020 from the latest disclosure: No

#### Notes

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries with changes in the scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
  - a. Changes in accounting policies required by IFRS: None
  - b. Changes in accounting policies other than (a): None
  - c. Changes in accounting estimates: None
- (3) Number of shares outstanding (ordinary shares)
  - a. Total number of shares outstanding (including treasury shares)
 

As of June 30, 2019:	198,705,057 shares
As of March 31, 2019:	198,705,057 shares
  - b. Number of shares of treasury shares
 

As of June 30, 2019:	2,805,575 shares
As of March 31, 2019:	2,943,138 shares
  - c. Average number of shares during the term
 

First Three months of the fiscal year ending March 31, 2020:	195,821,137 shares
First Three months of the fiscal year ending March 31, 2019:	195,434,439 shares

\* This report is exempt from quarterly review procedure based on the Financial Instruments and Exchange Act.

\* Explanations and other special notes concerning the appropriate use of business performance forecasts

- AIR WATER INC. (hereinafter “the Company”) has adopted International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 31, 2020. In addition, the consolidated financial statements for the same period of the previous fiscal year and the previous fiscal year are presented based on IFRS.
- The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors. For matters relating to the forecasts, please, refer to “4-(3) Explanation of future prediction information such as forecast of consolidated operating results”

#### **4. Qualitative Information relating to First Quarter Settlement of Accounts**

##### (1) Explanation of Operating Results

###### 1) Operating results for the current period

The Japanese economy in the cumulative first quarter of the current consolidated fiscal year was on a moderate recovery trend thanks mainly to improvement in the employment environment and recovery in consumer spending; however, the sense of uncertainty about the future continued to grow, with export remaining stagnant due to the protracted U.S. China trade dispute and slowdown in the Chinese economy, which also affected the production and investment activities of the domestic manufacturing industry.

Under these circumstances, the results of our corporate group showed a strong start toward achieving our fiscal year business results forecast, thanks to the steady progress made in the improvement of the overall business profitability, and also due to the effect of new consolidation through M&As implemented in the previous fiscal year, although there were impacts of changes in the external business environment on some of our businesses.

As a result, for the current first quarter consolidated cumulative period, the group's revenue was ¥183,313 million (107.2% that of the corresponding period of the previous year), operating profit was ¥10,971 million (113.2%), and net profit attributable to owners of parent was ¥7,143 million (105.5%).

Effective the current consolidated fiscal year, the classification of reporting segments has been changed. The segment information for the first quarter cumulative period of the previous consolidated fiscal year has been revised in accordance with the new reporting segment classification.

###### 2) Consolidated results by segment for this period

(Million yen)

	Revenue		Operating profit	
	FY 2019.1Q	YoY Growth	FY 2019.1Q	YoY Growth
Industrial Gas Business	42,914	107.5%	4,755	130.5%
Chemical Business	4,744	87.3%	△29	—
Medical Business	41,816	110.1%	1,086	107.6%
Energy Business	11,352	104.4%	638	121.3%
Agriculture and Food Products Business	34,495	99.4%	864	79.7%
Logistics Business	12,271	106.4%	588	116.5%
Seawater Business	8,744	104.6%	508	144.2%
Other Businesses	26,972	121.8%	1,366	120.5%
(Adjustment)	—	—	1,193	103.2%
Total	183,313	107.2%	10,971	113.2%

(Note) The adjustments to operating profit are due to the elimination of intersegment transactions, and costs incurred at the company's headquarters division, which were not allocated to any reporting segment.

##### <Industrial gas business>

Our on-site gas supply services to blast furnaces performed satisfactorily, due to an increase in sales volume backed by stable production of crude steel. Sales volume of our on-site gas supply service for electronics applications remained at the same level as in the same period of the previous year. Although our liquefied gas supply services via tanker lorries and cylinders were affected by stagnation of production activities in some regions and industries, sales as a whole remained steady. Sales of our carbon dioxide gas and dry ice grew well due to price revisions and increases in sales volume.

Our equipment and construction-related business grew steadily, due primarily to the effect of the new consolidation of Nichinetu Holdings Co., Ltd.

As a result of the above, revenue of this segment was ¥42,914 million (107.5% that of the corresponding period of the previous year) and operating profit was ¥4,755 million (130.5%), which also reflected the operating revenue associated with the sale of land at a subsidiary.

#### <Chemical business>

In our functional chemicals business, improvement in earnings was achieved mainly as a result of the streamlining of production bases, in spite of continued shutdown of plants in China due to the country's environmental regulation. However, the business as a whole saw a decline in income, due to a decrease in sales of our highly-functional circuit products used for industrial robots caused by the impact of the US-China trade conflict.

Although sales of organic acid products including phthalic anhydride produced by Kawasaki Kasei Chemical Ltd. were on a par with previous year's level, conditions remained difficult due to a significant decline in sales of naphthoquinone, the company's mainstay product, caused by the shutdown of a customer's plant resulting from the effects of the explosion accident at a chemical plant in Jiangsu, China.

As a result of the above, revenue of this segment was ¥ 4,744 million (87.3% that of the corresponding period of the previous year) and operating loss was ¥ 29 million.

Due to the transfer of the coke oven gas purification business and sales of its byproducts effective April 1, 2019, which constituted part of our chemical business, these businesses have been classified into discontinued operations. Accordingly, profits and losses in respect of these businesses for the same period of the previous year have been classified into discontinued operations.

#### <Medical business>

In our advanced medical treatment sector, although our facility business was affected by a decline in new hospital facility construction projects, our medical treatment services performed steadily, due to new contracts won for SPD (supply, processing and distribution management for hospitals) and a streamlined material procurement. Our medical equipment business also remained strong as a result of sales expansion of our high-pressure oxygen treatment devices and respirators. Our medical gas business performed strongly, thanks to an increase in sales volume of sterilization gases.

In the field of the medical treatment in everyday life, our home medical care service and hygiene product business remained on a par with previous year's level. Our dental business, which saw an expansion in sales of dentistry-related materials, and our hypodermic-needle business performed satisfactorily. Effects of the new consolidation through M&A's implemented in the previous fiscal year also contributed to the results.

As a result of the above, revenue of this segment was ¥ 41,816 million (110.1% that of the corresponding period of the previous year) and operating profit was ¥1,086 million (107.6%).

#### <Energy business>

Sales of our mainstay LP gas saw an increase in sales volume of LP gas for consumer use, as a result of our aggressive efforts to increase customers and progress made in the acquisition of commercial rights of distributors. Sales of LP gas for industrial use also performed satisfactorily, as a result of our efforts to expand sales by increasing the number of our company-operated tank lorries deployed in the western Japan region. Sales of kerosene remained steady, as a result of our efforts to increase customers through a combined sale of kerosene and LP gas. The manufacturing of LNG tank lorries also performed steadily.

As a result of the above, revenue of this segment was ¥ 11,352 million (104.4% that of the corresponding period of the previous year) and operating profit was ¥ 638 million (121.3%).

#### <Agriculture and food product business>

In our farm products and food processing business, our ham-delicatessen and sweets sectors struggled due to intensified market competition, and our farm products business, which takes up the cultivation, processing and retail of vegetables was affected by low market prices.

Our beverage business saw sales fall below that of the same period of the previous fiscal year, due to the sluggish growth in contract manufacturing as a result of continued lower-than-normal temperature and due to the impact of the rise in energy and labor costs.

In other businesses, our fruit and vegetable retail sector was affected by low market prices of vegetables and sales of our agricultural equipment was affected by a reactionary decline from the sales of the same period of the previous year, when there was special demand.

As a result of the above, revenue of this segment was ¥ 34,495 million (99.4% that of the corresponding period of the previous year) and operating profit was ¥ 864 million (79.7%).

#### <Logistics business>

Our transport business performed steadily, thanks to an increase in volume of shipments for construction materials and agricultural feed, mainly in the Hokkaido area. Our 3PL (Third Party Logistics) business centering on food logistics performed satisfactorily, due to the acquisition of new contract delivery service in the Northern Tohoku region and progress made in price optimization which has been undertaken since the previous fiscal year. Our vehicle custom installation business performed steadily, as a result of investments made in the previous fiscal year to improve production capacity.

As a result of the above, revenue of this segment was ¥ 12,271 million (106.4% that of the corresponding period of the previous year) and operating profit was ¥ 588 million (116.5%).

#### <Seawater business>

Our salt manufacturing business exhibited strong performance due to the progress made in product price revisions for which the business has been making efforts since the previous fiscal year. Although our environmental business remained sluggish due to a decrease in sales of our magnesium hydroxide, the negative impact was offset by steady growth in the food products business centering on the cultivation and sales of seaweed and wood biomass-based power generation business.

Our magnesia business grew satisfactorily, due to recovery in sales volume of magnesia for electromagnetic steel plates and as a result of the progress made in price revisions of magnesia for heaters, whose raw material prices surged.

As a result of the above, revenue of this segment was ¥ 8,744 million (104.6% that of the corresponding period of the previous year) and operating profit was ¥ 508 million (144.2%).

#### <Other businesses>

Our aerosol business was affected by a decrease in orders for the contract manufacturing of personal products for use on human body such as cosmetics, due to a decline in demand from China. Our information and electronic materials business remained on a par with that of the same period of the previous year, with sales of products for overseas declining due to the impact of the US-China trade conflict, and sales of products for use in domestic automobiles remaining robust. In our overseas engineering business, the effect of the consolidation of the two companies that manufacture and sell industrial gas-related equipment in North America and one company that operates business involving high power UPS (uninterrupted power-supply system) units contributed to the results.

As a result of the above, revenue of this segment was ¥ 26,972 million (121.8% that of the corresponding period of the previous year) and operating profit was ¥ 1,366 million (120.5%).

(2) Explanation of financial position for the current period

Total assets at the end of the current first quarter consolidated fiscal year under review stood at ¥781,739 million, a decrease of ¥4,204 million compared to the end of the previous consolidated fiscal year due primarily to decreases in trade and other receivables. Liabilities stood at ¥484,510 million, a decrease of ¥6,423 million compared to the end of the previous consolidated fiscal year due mainly to decreases in trade and other payables. Equity stood at ¥297,228 million, an increase of ¥2,218 million compared to the end of the previous consolidated fiscal year, mainly due to an increase in accumulation of quarterly profit attributable to owners of parent.

Equity attributable to owners of parent per share grew from ¥1,420.37 at the end of the previous consolidated fiscal year to ¥1,430.78, and ratio of equity attributable to owners of parent to total assets was 35.9%, compared with 35.4% at the end of the previous consolidated fiscal year.

(3) Explanation of future prediction information such as forecast of consolidated operating results

The business forecasts for the second quarter consolidated cumulative period and for the full fiscal year are unchanged from the business forecasts announced on May 14, 2019.