

February 2, 2024

Notice of consolidate financial results for Q3 FYE2024

Nippon Sanso Holdings Corporation (“NSHD”, President CEO: Toshihiko Hamada) hereby announces its consolidated financial results for Q3 FYE2024. For details, please refer to the financial results and earnings announcement materials available on [NSHD website](#).

1. Business performance for 9M (9 months) FYE2024 (Apr.-Dec.)

Nippon Sanso Holdings Group (NSHD Group) delivered positive profit growth for the first three quarters of the fiscal year under review (from April 1, 2023 to December 31, 2023) despite challenging geopolitical issues, rising trade tensions, global inflation, JPY depreciation, and a soft semiconductor market. Air separation gases (oxygen, nitrogen, and argon) transported via either truck or on-site pipeline to steel, chemical, and petroleum refining sectors, have decreased compared to the previous fiscal year. In addition, compared to prior year, there has been a moderation in energy related production and distribution costs, where costs previously had been high.

Furthermore, price management has been successful in passing costs through to our customers and our robust productivity projects continue to yield positive financial results. These factors enabled the NSHD Group to achieve the following results for the first nine months of the fiscal year currently under review.

Revenue on a consolidated basis increased by 6.4% year-on-year to ¥928,656 million, core operating income increased by 42.5% to ¥124,702 million, operating income increased by 47.2% to ¥124,201 million, and net income attributable to owners of the parent increased by 40.1% to ¥73,394 million.

	FYE2023	FYE2024	YoY		% Change exc. FX
	9M	9M	Difference	% Change	
(Unit: ¥ bn.)	(Apr.- Dec.)	(Apr.- Dec.)			
Revenue	873.0	928.6	+55.6	+6.4%	+1.9%
Core operating income	87.5	124.7	+37.2	+42.5%	+35.1%
Core OI margin	10.0%	13.4%			
Non-recurring profit and loss	-3.1	-0.5	+2.6		
Operating income (IFRS)	84.3	124.2	+39.9	+47.2%	
OI margin	9.7%	13.4%			
EBITDA margin	19.1%	22.4%			
Finance costs	-9.6	-15.9	-6.3		
Income before income taxes	74.7	108.2	+33.5	+44.8%	
Income tax expenses	20.3	32.1	+11.8		
Net income	54.4	76.0	+21.6	+39.8%	
(Attribution of net income)					
Net income attributable to owners of the parent	52.4	73.3	+20.9	+40.1%	
NI margin	6.0%	7.9%			
Net income attributable to non-controlling interests	2.0	2.6	+0.6		
Forex (Unit: JPY)					
(average rate during the period)					
USD	136.85	143.78			
EUR	140.83	156.24			
AUD	93.16	94.47			

2. FYE2024 Full-term forecast

No revisions have been made to the consolidated business forecasts released on October 31, 2023.

	FYE2023	FYE2024	YoY		% Change exc. FX
	Full-term	Full-term forecast	Difference	% Change	
(Unit: ¥ bn.)		(Announced on October 31, 2023)			
Revenue	1,186.6	1,230.0	+43.4	+3.7%	-0.1%
Core operating income	123.1	155.0	+31.9	+25.9%	+20.4%
Core OI margin	10.4%	12.6%			
Non-recurring profit and loss	-3.5	8.0	+11.5		
Operating income (IFRS)	119.5	163.0	+43.5	+36.4%	
OI margin	10.1%	13.3%			
EBITDA margin	19.3%	21.6%			
Finance costs	-14.0	-24.0	-10.0		
Income before income taxes	105.5	139.0	+33.5	+31.7%	
Income tax expenses	29.5	38.5	+9.0		
Net income	75.9	100.5	+24.6	+32.3%	
(Attribution of net income)					
Net income attributable to owners of the parent	73.0	97.0	+24.0	+32.7%	
NI margin	6.2%	7.9%			
Net income attributable to non-controlling interests	2.8	3.5	+0.7		
Forex (Unit: JPY)					
(average rate during the period)					
USD	136.00	142.61			
EUR	141.62	154.81			
AUD	92.67	93.44			

Total Forex impact for FYE2024 Full-term forecast : Positive impacts of ¥ 44.9 bn. on revenue and ¥ 5.6 bn. on core operating income.

(Reference)

Business performance for 9M FYE2024 (Apr.-Dec.) by segment

(Unit: ¥ bn.)		FYE2023	FYE2024		YoY		Forex impact	% Change exc. FX
		9M (Apr.- Dec.)	9M (Apr.- Dec.)	Composition ratio	Difference	% Change		
Japan	Revenue	300.5	305.5	32.9%	+5.0	+1.7%	+0.1	+1.6%
	Segment OI	20.1	33.2	26.7%	+13.1	+65.2%	+0.0	+64.8%
	Segment OI margin	6.7%	10.9%					
United States	Revenue	223.6	257.1	27.7%	+33.5	+15.0%	+11.3	+9.5%
	Segment OI	26.0	35.8	28.8%	+9.8	+37.5%	+1.3	+30.6%
	Segment OI margin	11.7%	13.9%					
Europe	Revenue	203.3	223.1	24.0%	+19.8	+9.8%	+22.2	-1.1%
	Segment OI	25.3	39.6	31.8%	+14.3	+56.1%	+2.8	+40.4%
	Segment OI margin	12.5%	17.8%					
Asia & Oceania	Revenue	122.8	119.5	12.9%	-3.3	-2.7%	+4.3	-6.1%
	Segment OI	12.3	12.6	10.2%	+0.3	+2.8%	+0.3	-0.0%
	Segment OI margin	10.0%	10.6%					
Thermos	Revenue	22.6	23.1	2.5%	+0.5	+2.3%	+0.1	+1.5%
	Segment OI	4.4	4.3	3.5%	-0.1	-3.1%	+0.1	-6.0%
	Segment OI margin	19.8%	18.7%					
Adjustment	Revenue	0.0	0.0	0.0%	-0.0	—		—
	Segment OI	-0.8	-1.0	-1.0%	-0.2	—		—
Consolidated total	Revenue	873.0	928.6	100.0%	+55.6	+6.4%	+38.2	+1.9%
	Core OI	87.5	124.7	100.0%	+37.2	+42.5%	+4.7	+35.1%
	Core OI margin	10.0%	13.4%					

【Japan】

In the industrial gas-related business, revenue increased year-on-year mainly due to sales price revisions against rising costs, despite lower shipment volumes of core products such as air separation gases and LP gas. In addition, the shipment volume of specialty gases for the electronics industry declined. In equipment and installation, both industrial gas-related and electronics-related businesses posted higher revenues, mainly due to medium and large sized projects which are accounted for on a percentage-of-completion basis. Meanwhile, there was a decrease in revenue due to the conversion from a consolidated on-site subsidiary to a joint operation entity.

【United States】

In the industrial gas-related business, revenue increased year-on-year mainly due to impact of the weak JPY and sales price revisions. Air separation gases experienced lower shipment volumes due to soft industrial trends. In equipment and installation, industrial gas-related sales were strong, especially for gas-related equipment, and electronics-related sales were also favorable, thereby increasing sales.

【Europe】

Revenue increased in the industrial gas-related business year-on-year mainly due to the impact of the weak JPY despite slightly lower core product volumes such as air separation gases. Equipment and installation, continues to see positive performance in both industrial gas-related sales and medical-related equipment. In addition, segment income increased due to continued emphasis and successful delivery of productivity initiatives and the impact of the weak JPY.

【Asia & Oceania】

In the industrial gas-related business, revenue increased year-on-year mainly due to sales price revisions against rising costs and other factors, despite lower shipment volumes of core products such as air separation gases. In LP gas, of which a large portion of sales are in the Australia region, sales volumes decreased. In the electronics-related business, revenue declined significantly in East Asia due to softness in both gas and equipment demand due to customer inventory adjustments and postponements of capital investment.

【Thermos】

In Japan, sales from Portable vacuum-insulated mugs and sports bottles were firm, and revenue increased. Overseas, revenues were flat to the previous fiscal year. Segment income decreased due to rising raw material prices from inflation and production costs increased due to the weak JPY.

The Nippon Sanso Holdings Group is the world's fourth-largest supplier of industrial, electronic, and medical gases, operating in four geographic hubs - Japan, the U.S., Europe and Asia & Oceania - covering over 30 countries and regions. In addition, the Thermos business supplies THERMOS branded products to more than 120 countries around the world. Since its foundation as Nippon Sanso Ltd. in 1910, the group stands for creating social value through innovative gas solutions that increase industrial productivity, enhance human well-being and contribute to a more sustainable future. With more than 19,000 employees, together, we are "The Gas Professionals" and we all have the same goal: "Making life better through gas technology"

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