



Emerging onto a Still Wider Stage

Consolidated Business Performance for the Full-Year of the FYE2017

May 24, 2017



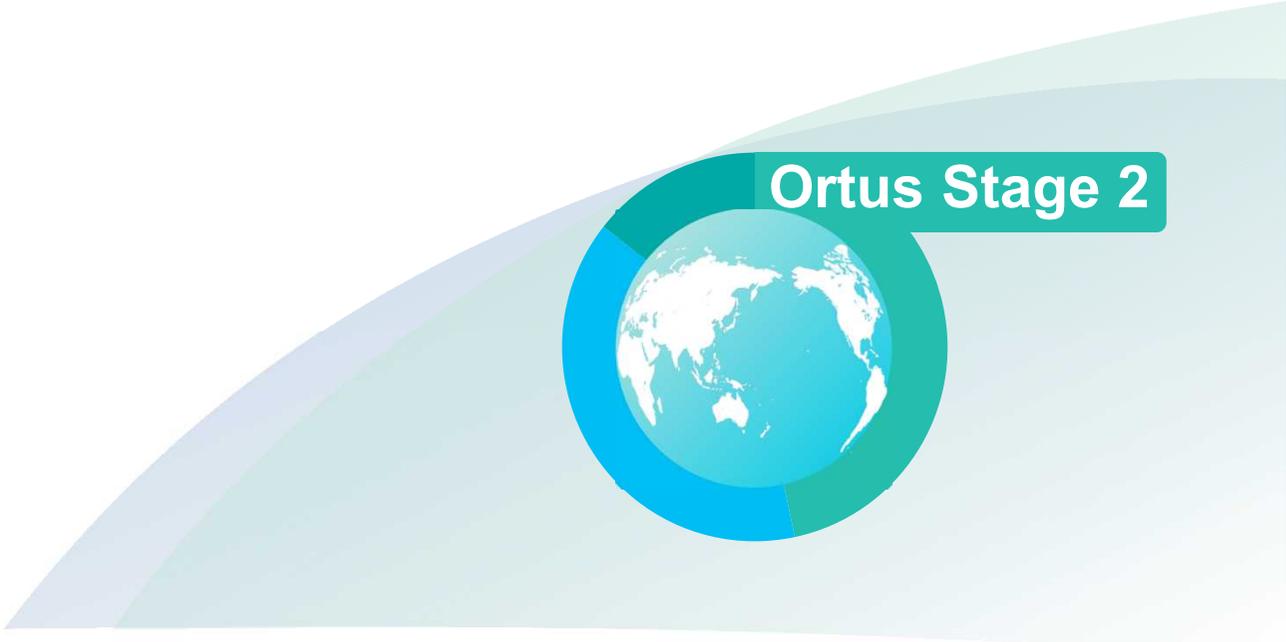
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Business Performance for the Full-Year of the FYE2017



Ortus Stage 2

Overview of business performance

(Billions of yen)

	FYE2016 Results (IFRS) Margin	FYE2017 Results (IFRS) Margin	YoY Change	FYE2017 Forecast (IFRS) (Announced Feb. 7) Margin
Revenue	594.4	581.5	-12.9 -2.2%	580.0
Core operating income	47.4 8.0%	54.7 9.4%	+7.3 +15.3%	54.0 9.3%
Non-recurring profit and loss	1.4	-1.0	-2.4	1.0
Operating income	48.9 8.2%	53.6 9.2%	+4.7 +9.7%	55.0 9.5%
Net income attributable to owners of the parent	29.0 4.9%	34.7 6.0%	+5.7 +19.7%	33.0 5.7%

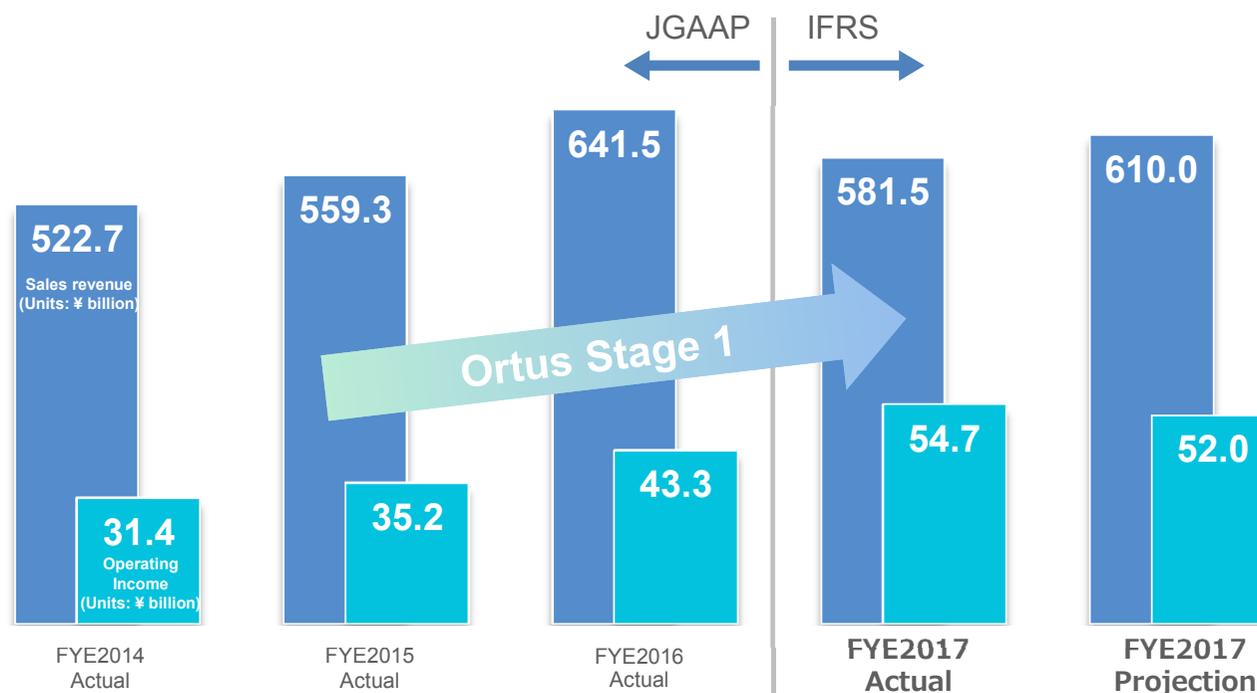
Business performance by segment

(Billions of yen)

		FYE2016 Results (IFRS)	FYE2017 Results (IFRS)	% change	Factor
Gas Business in Japan	Revenue	327.9	321.4	-2.0%	<ul style="list-style-type: none"> > Sales of LP gas decreased due to the impact of the falling oil price > Strong shipments of electronics gas for LCDs and semiconductors
	Segment income	27.8	29.4	+5.7%	<ul style="list-style-type: none"> > Segment income increased in line with higher revenue from electronics gas > Reduced costs due to the falling oil price
Gas Business in the U.S.	Revenue	149.5	147.2	-1.5%	<ul style="list-style-type: none"> > Sales of bulk gases were firm (particularly CO₂), but hard goods fell > Recognition of business acquired from Air Liquide contributed ¥14.7 billion from Sep > Impact of foreign currency translation: -¥14.2 billion
	Segment income	9.2	12.0	+30.7%	<ul style="list-style-type: none"> > Higher segment income from brisk sales of CO₂ to food and beverage manufacturers > Recognition of business acquired from Air Liquide contributed ¥1.9 billion > Impact of foreign currency translation: -¥0.9 billion
Gas Business in Asia and Oceania	Revenue	89.3	85.8	-3.9%	<ul style="list-style-type: none"> > Philippines business was strong > Contribution from M&A (Thailand and Australia) : ¥7.0 billion > Impact of change in business-year ends (Thailand, Australia & Singapore) : -¥5.5 billion > Impact of foreign currency translation: -¥9.1 billion
	Segment income	3.0	5.1	+71.6%	<ul style="list-style-type: none"> > Contribution from M&A (Thailand and Australia) : ¥1.1 billion > Impact of change in business-year ends (Thailand, Australia & Singapore) : -¥0.3 billion > Impairment loss on gas manufacturing facility & businesses: FYE2016 ¥1.8 billion FYE2017 ¥0.2 billion > Impact of foreign currency translation: -¥0.5 billion
Thermos and Other businesses	Revenue	27.5	27.0	-1.9%	<ul style="list-style-type: none"> > Growth in inbound demand settled down > Impact of foreign currency translation: -¥0.3 billion
	Segment income	9.0	10.0	+11.3%	<ul style="list-style-type: none"> > Cost reduction effect on imports due to appreciation of the yen > Equity in earnings of affiliates increased due to strong performances by overseas affiliates > Impact of foreign currency translation: -¥0.3 billion

※ Segment income: Numerical value calculated by subtracting losses (nonrecurring items*) produced by nonrecurring factors from operating income.

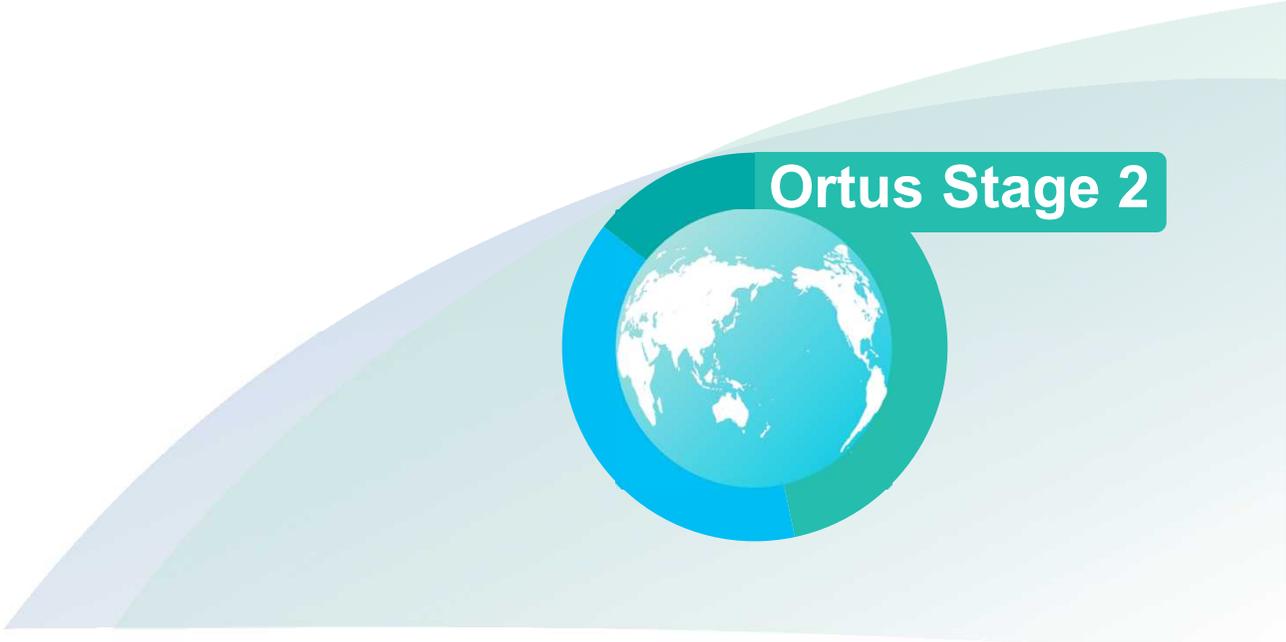
Achievement status of the Medium-Term Management Plan Ortus Stage 1



* ROCE (Return on capital employed) = Core operating income / (Outstanding Interest-bearing Debt + Equity attributable to owners of parent)



Full-Year Forecasts for FYE2018



Ortus Stage 2

Full-Year Forecasts for FY2018

(Billions of yen)

	FYE2018 Result (IFRS) Margin	FYE2018 Forecast (IFRS) Margin	YoY Change
Revenue	581.5	620.0	+38.5 +6.6%
Core operating income	54.7 9.4%	56.5 9.1%	+1.8 +3.2%
Non-recurring profit and loss	-1.0	0.5	1.5
Operating income	53.6 9.2%	57.0 9.2%	+3.4 +6.2%
Net income attributable to owners of the parent	34.7 6.0%	34.5 5.6%	-0.2 -0.7%



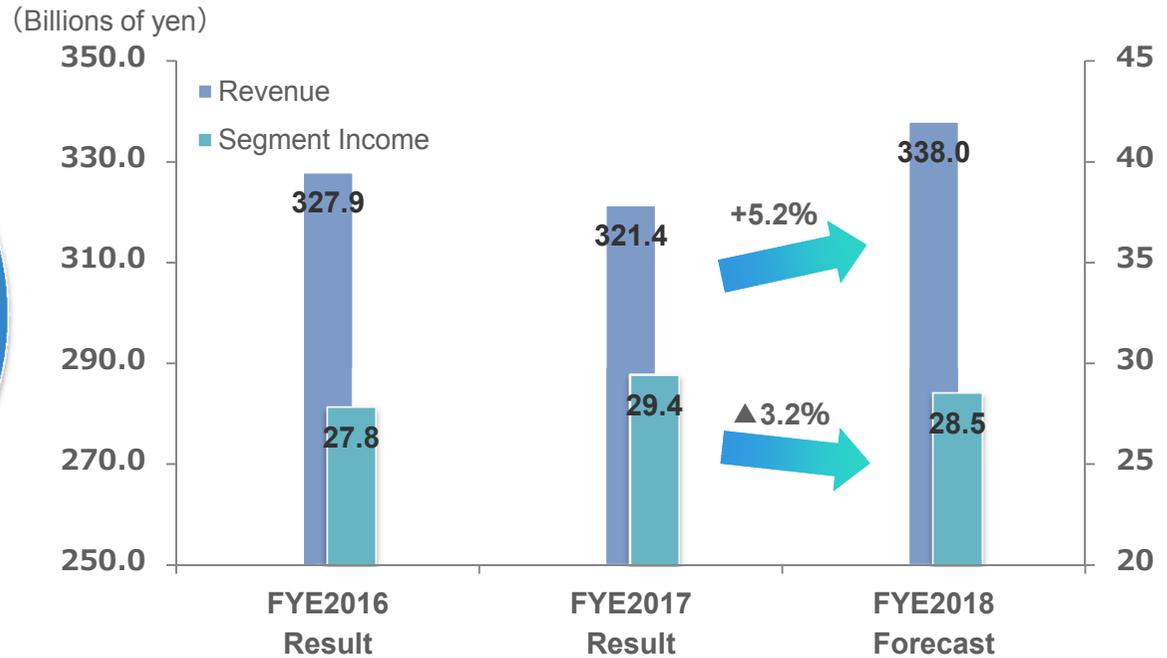
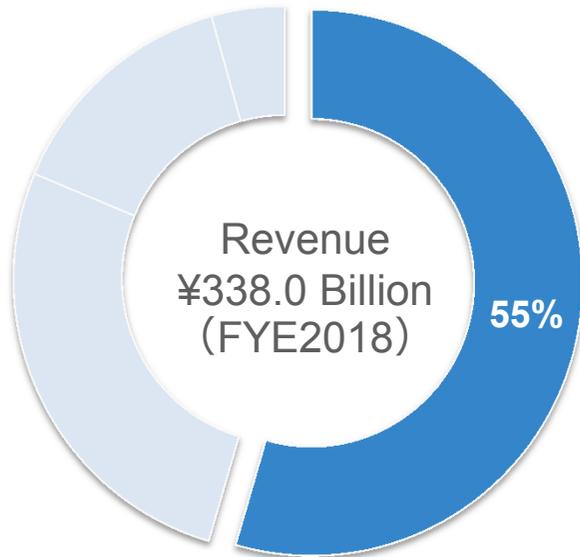
Full-Year Forecasts for FYE2018

Gas Business in Japan



Ortus Stage 2

Gas Business in Japan



Future Outlook

- Although demand for domestic industrial gas can be expected in some industries such as electronics, overall there are no prospects for a significant increase in demand
- Costs are expected to rise due to rising energy prices
- Operations scheduled to start at two onsite plants—for Nippon Steel & Sumitomo Metal Corporation's Yawata Works, and for JFE Steel Corporation's West Japan Works
- The Company will strengthen its information system foundation and increase expenditure to promote R&D

Gas Business in Japan

By business	Key Operational Strategies
Industrial Gas	<ul style="list-style-type: none">● Expand business areas (equipment business, etc.)● Expand sales of electronics gas● Improve earnings of bulk gases through unification of production and logistics● Begin full-scale operation of the JFE Sanso Center Kurashiki Plant● Strengthen production capacity of carbon dioxide gas 
Medical	<ul style="list-style-type: none">● Expand sales and provide a stable supply of Water-¹⁸O● Expand sales of home care and respiratory care products
Energy	<ul style="list-style-type: none">● Increase customers in the direct-sales business centered on consumer use● Consider to propose fuel conversion (switching from heavy oil to LPG/LNG)

Gas Business in Japan: Large On-site Project

Overview of on-site project

Company name:

JFE Sanso Center Kurashiki Plant
(TNSC 60%, JFE Steel Corporation 40%)

Supplied to:

West Japan Works, JFE Steel Corporation

Business commencement:

October 2017

New plant capacity:

Gaseous oxygen: 60,000 Nm³/h x two plants
Nitrogen gas: 83,000 Nm³/h x two plants

- Largest oxygen production capacity in Japan

【Mizushima Complex】

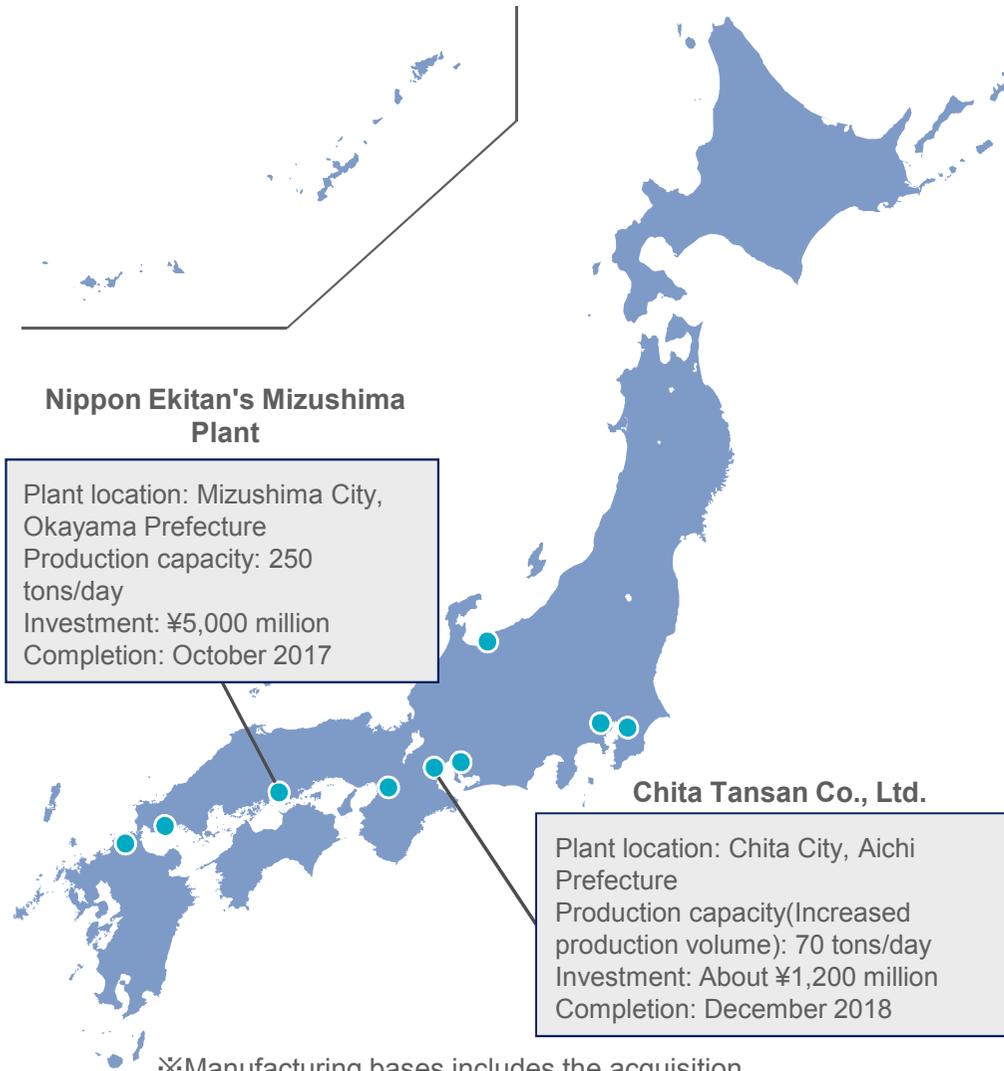


In Japan, where a large demand for industrial gas cannot be expected to grow, the Company will strengthen its main business by incorporating business consignment needs

Gas Business in Japan: Carbon Dioxide Gas



【Manufacturing bases of Nippon Ekitan Corporation】



※Manufacturing bases includes the acquisition framework and the investment plant

Initiatives for a Stable Supply of Carbon Dioxide

Background

- There was a lack of raw materials sources due to a decrease in fuel oil demand and the halting of domestic ammonia manufacturing
- Long-distance transportation and purchasing from overseas have become the norm

Initiatives

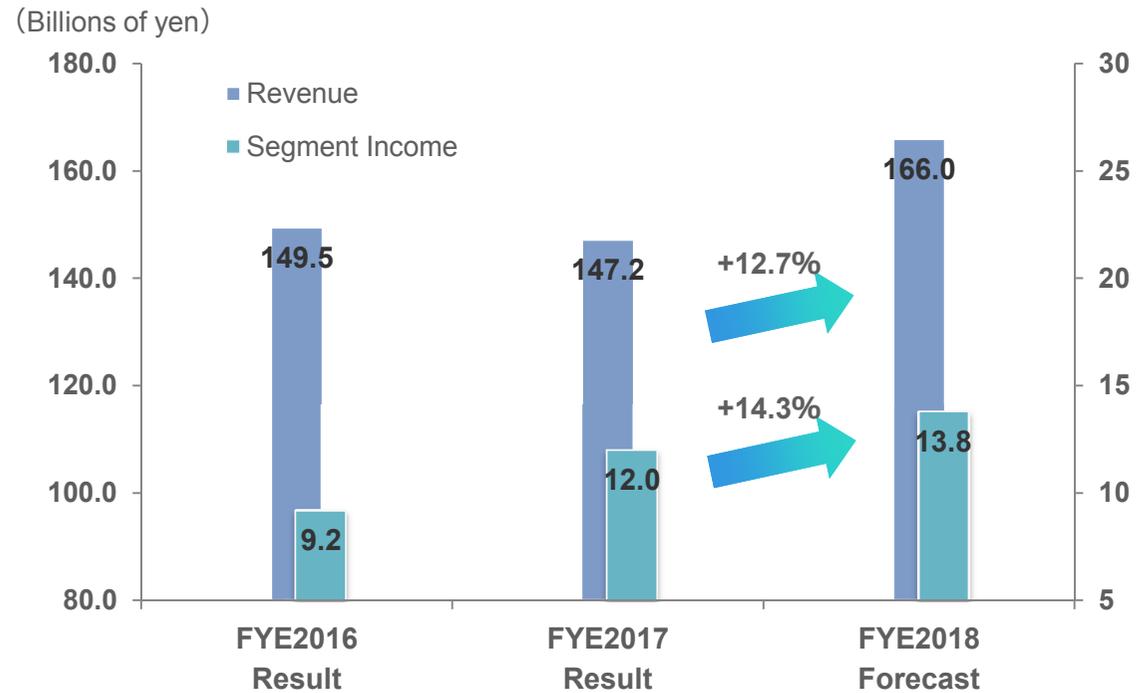
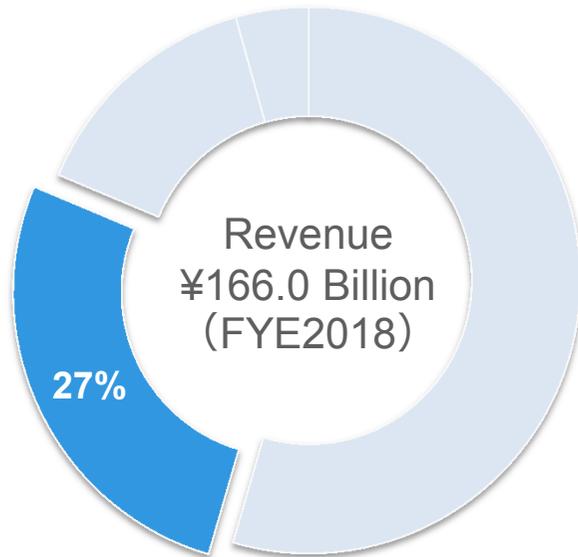
- Chugoku, Shikoku & Kansai region
 Construct collection and refining facility for low-concentration carbon dioxide gas sources in Mizushima, thereby achieving a stable supply in the region
- Central Japan & East Japan
 Increase the production capacity by strengthening Chita Tansan Co., Ltd., thereby achieving a stable supply in the region

Full-Year Forecasts for FYE2018

Gas Business in the U.S.



Gas Business in the U.S.



Future Outlook

- In the United States, the economy will recover moderately against the backdrop of an improving consumer spending and investment activities of companies. At the same time, industrial gas demand will also on the rise.
- Business acquired from Air Liquide in September 2016 contributes full year.



Gas Business in the U.S.

By business	Key Operational Strategies
Industrial Gas	<ul style="list-style-type: none">● Bulk gas business expansion through new plant installation (CA, TX, LA)● Stable operation of the Sasol on-site plant● Synergy creation from the acquired business from Air Liquide
Electronics	<ul style="list-style-type: none">● Enhanced sales activities focused on the strategic customers 
Carbon Dioxide	<ul style="list-style-type: none">● Stable launch of a new manufacturing facility in Pennsylvania● Continued efforts to expand the sales channel along with price and plant capacity improvements

Gas Business in the U.S.

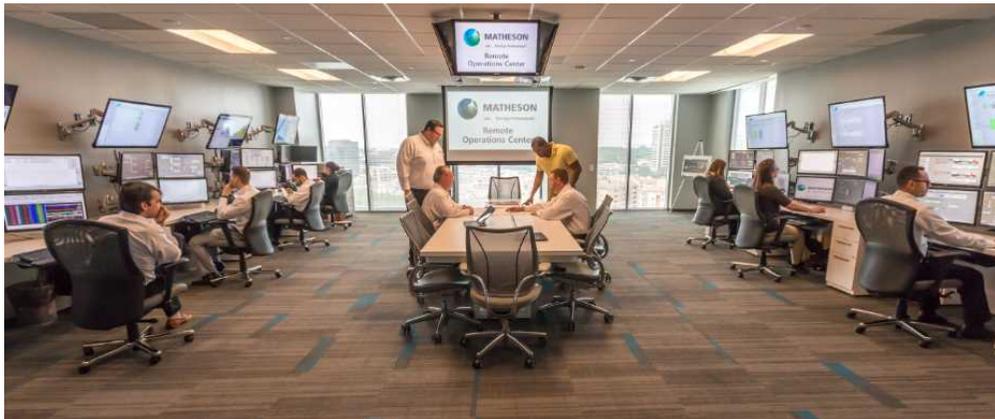
: Synergies from acquired Air Liquide's gas business

Optimize production and logistics costs through centralized plant operations

Streamline the existing and acquired business base in the East and Midwest

Reduce costs by changing from external to internal supply of bulk gas in the East and Midwest

Expand business in the East and Midwest with a vertically integrated product offering



Remote Operation Center
(Irving, Texas)



Acquired ASU
(Toledo, Ohio)

Gas Business in the U.S. : CO₂



Company name : Continental Carbonic Products, Inc.

- Matheson Acquired Continental Carbonic Products, Inc. in February 2014
- 2nd largest U.S. dry ice supplier
- 12 liquid CO₂ plants in the U.S. (8 CCPI plants, 4 plants acquired from Air Liquide, 1 plant under construction)

Product Portfolio



Full Block



High Density Blasting Ice



Cut Block



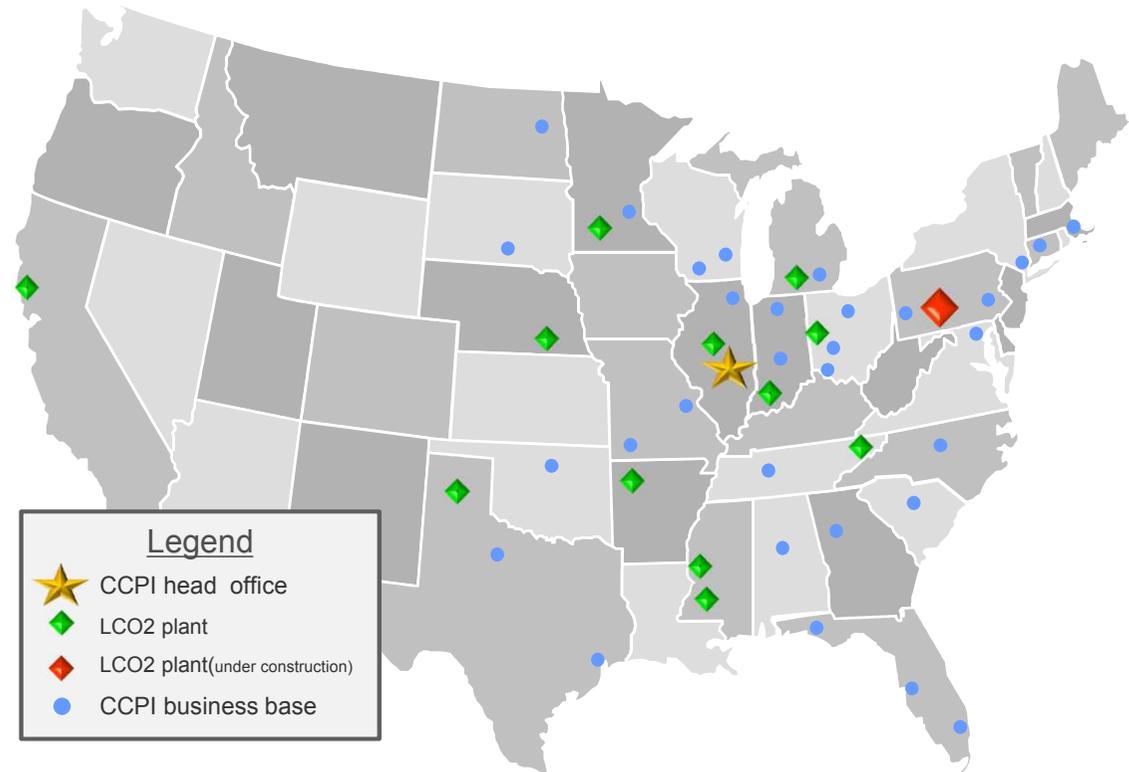
Blasting Equipment



Dry Ice Pellets



Liquid CO₂

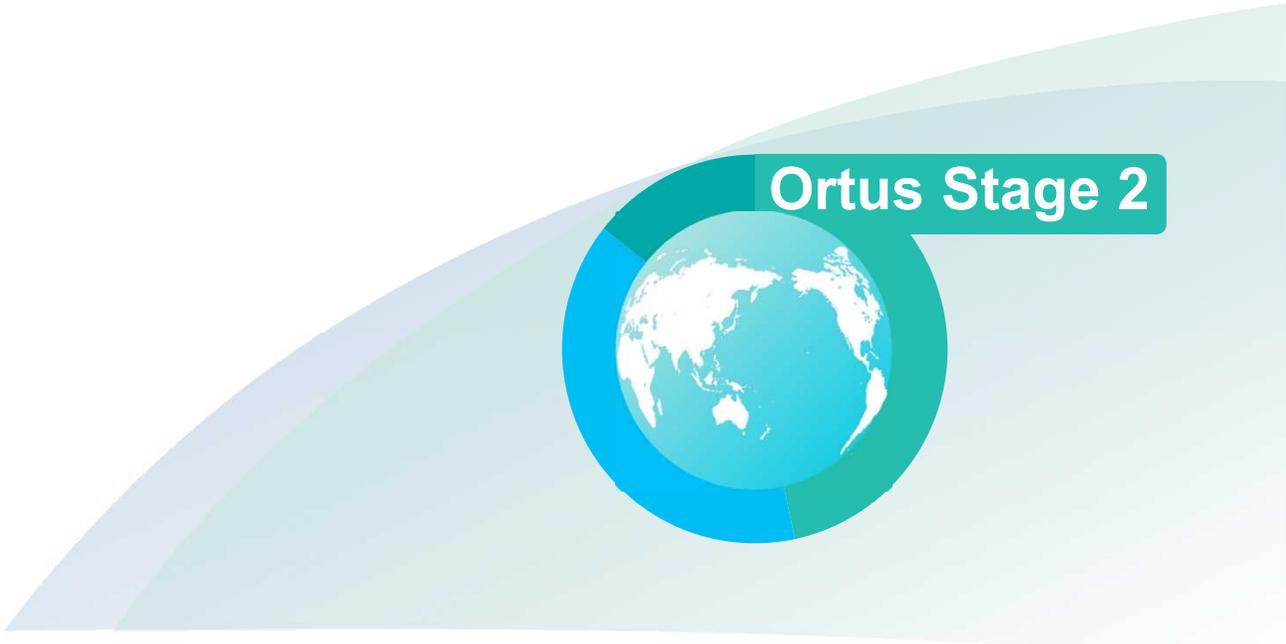


Expand carbon dioxide business with strong demand for food and beverages



Full-Year Forecasts for FYE2018

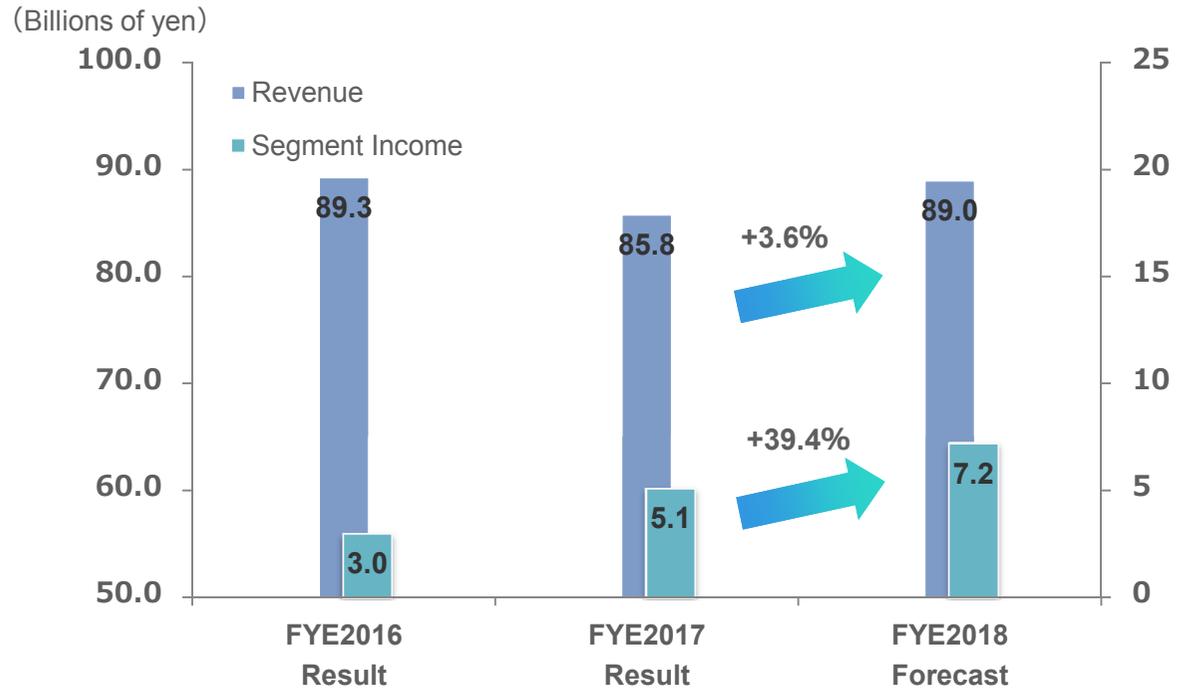
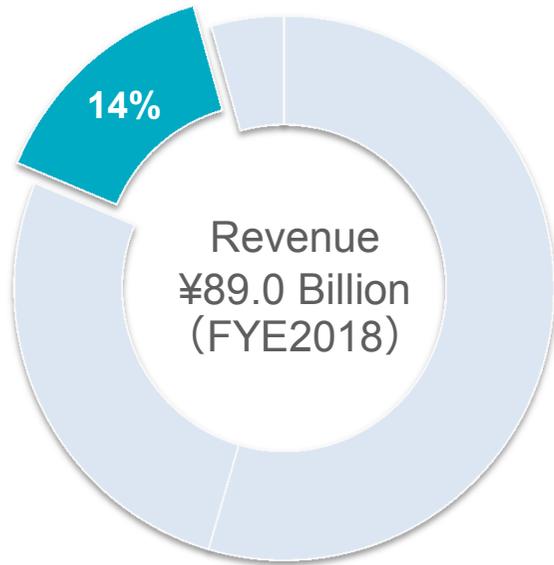
Gas Business in Asia & Oceania



Ortus Stage 2



Gas Business in Asia & Oceania



Future Outlook

- Industrial gas demand will expand in Southeast Asia including the Philippines and Vietnam
- Supagas Holdings Pty Ltd, which was purchased in December 2016, will make a full-year contribution
- The absence of benefits from the 15-month settlement by Thailand's Air Products Industry Co., Ltd. and Australia's Renegade Gas Pty Ltd.

Gas Business in Asia & Oceania

By region	Key Operational Strategies
Southeast Asia	<ul style="list-style-type: none"> ● Expand sales of Company brand hard goods, and safety goods (Singapore) ● Expand sales of carbon dioxide gas at the Company's plant (Singapore) ● Expand sales of bulk gases and piping businesses (Philippines, Vietnam)
East Asia	<ul style="list-style-type: none"> ● Industrial gas: Plan piping business in special economic zone of Jiangsu Province, China ● Electronics: Strengthen marketing capabilities for major users 
Oceania	<ul style="list-style-type: none"> ● Expand sales of food, mining and manufacturing industries ● Integrate management of two purchased companies (RGP and Supagas), including by centralizing purchasing and improving delivery efficiency
India	<ul style="list-style-type: none"> ● Expand sales of bulk gases or which expansion of demand can be expected ● Secure helium market share ● Expand product lineup (carbon dioxide gas, standard gas)

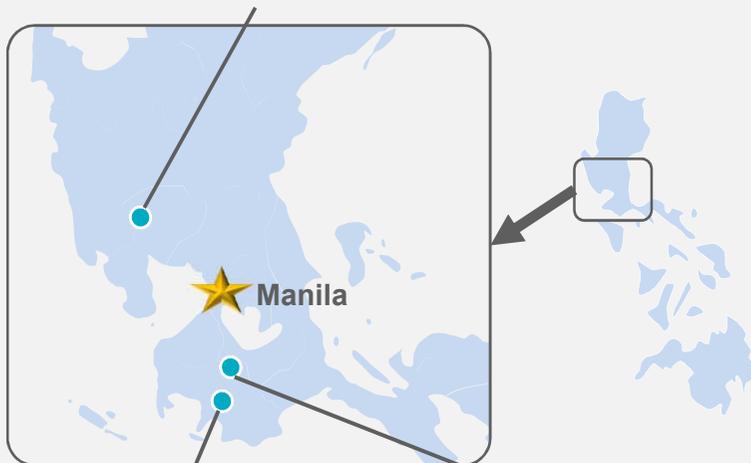
Gas Business in Asia & Oceania: Philippines

[Industrial gas supply system of Luzon Island]

- Maintain production bases north and south across Manila
- No. 1 share in liquid production capacity



Clark, Pampanga



San Jose, Batangas



Tanauan, Batangas

Expand on-site business against a backdrop of overwhelming backup capacity

FYE2017 (up to March 2017)

- Piped nitrogen gas for solar panel manufacturers (supplied from new plant)
- Piped nitrogen gas for Japanese electronics parts manufacturers (supplied from existing plant)

FYE2018 (April 2017 onwards)

- Piping nitrogen gas for electronics parts manufacturers (supplied from new plant)
- Piping nitrogen gas for electronics parts manufacturers (supplied from piping from Clark Plant)

Gas Business in Asia & Oceania: Australia

Renegade Gas Pty Ltd

Business territory: New South Wales, Australian Capital Territory, and Queensland

Sales composition: LPG gas 58%, industrial gases 30%, helium 6%, other

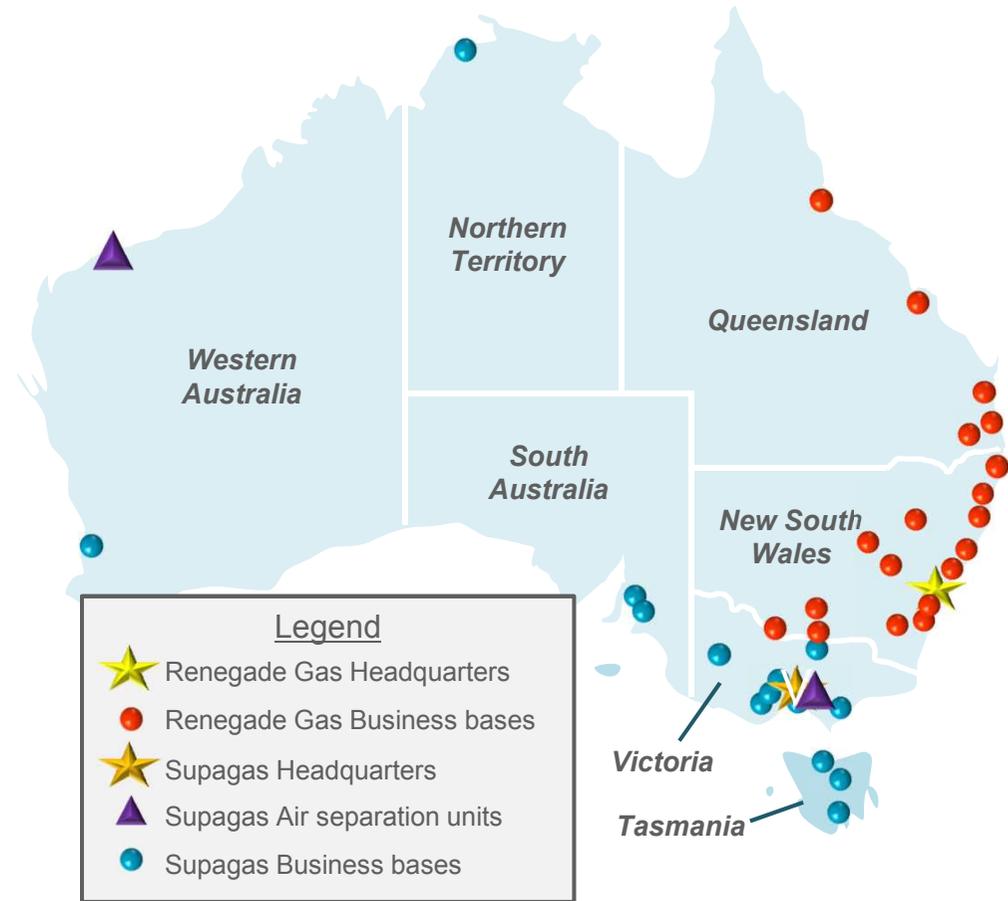
Strengths: Outdoor heaters, helium

Supagas Holdings Pty Ltd (Australia)

Business territory: Victoria, South Australia, Western Australia, Tasmania, Northern Territory

Sales composition: LPG gas 54%, industrial gases 33%, carbon dioxide 6%, other

Strengths: Industrial gases, dry ice, hard goods

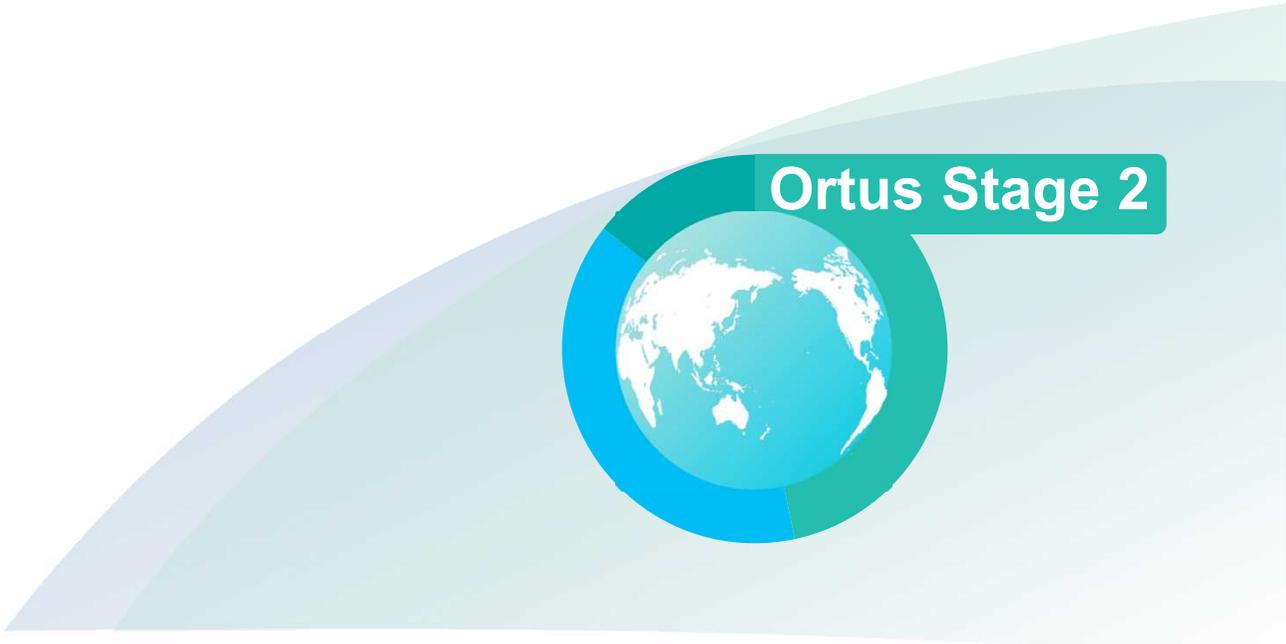


The Company aims to expand business by expanding sales by leveraging its nationwide sales network, and by pursuing synergies by supplementing the two companies' merchandise



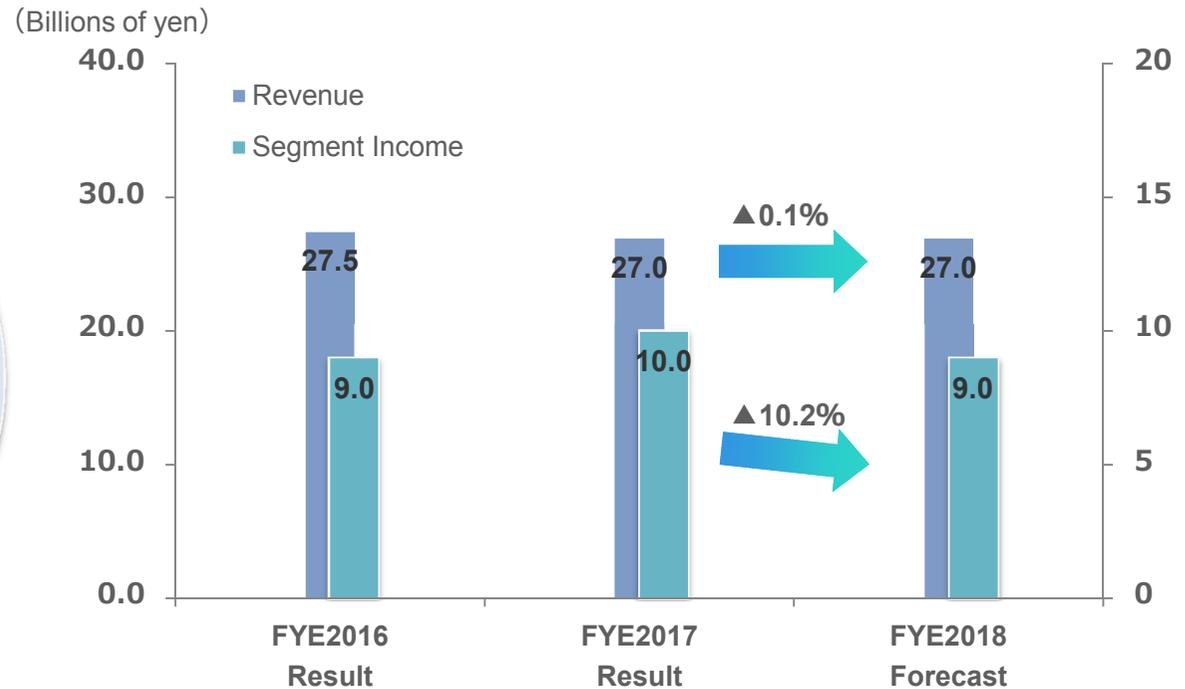
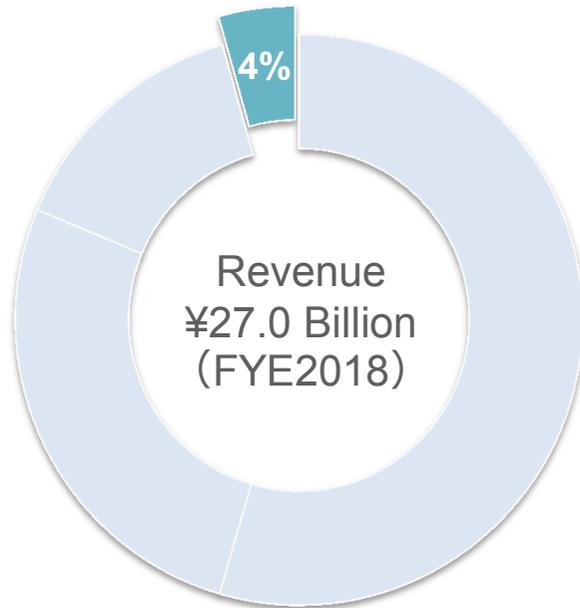
Full-Year Forecasts for FYE2018

Thermos & Other Businesses



Ortus Stage 2

Thermos & Other Businesses



Future Outlook

- Inbound demand for portable mugs will stop, causing the market to soften
- Desktop pots will continue to grow amid a shift to more economizing
- Vacuum insulated tumblers and mugs are now well-established items in Japanese households, but competition is fierce due to low barriers to entry



Thermos & Other Businesses

By business	Key Operational Strategies
Japan	<ul style="list-style-type: none">● Develop highly specialized products and launch them on the market● Expand lineup of alfi products● Utilize directly managed stores and direct-sales shopping websites● Implement themed events
South Korea	<ul style="list-style-type: none">● Increase sales by supermarket and TV mail order● Strengthen sales structure for new sales channels● Advertise in magazines, the Internet, etc.
Southeast Asia production plants	<ul style="list-style-type: none">● Introduce production management system (Malaysia plant)● Strengthen production system by reinforcing facilities and securing key personnel (new plant in the Philippines)

Thermos & Other Businesses



New plant in the Philippines



Launch of alfi's new product (February 22, 2017)

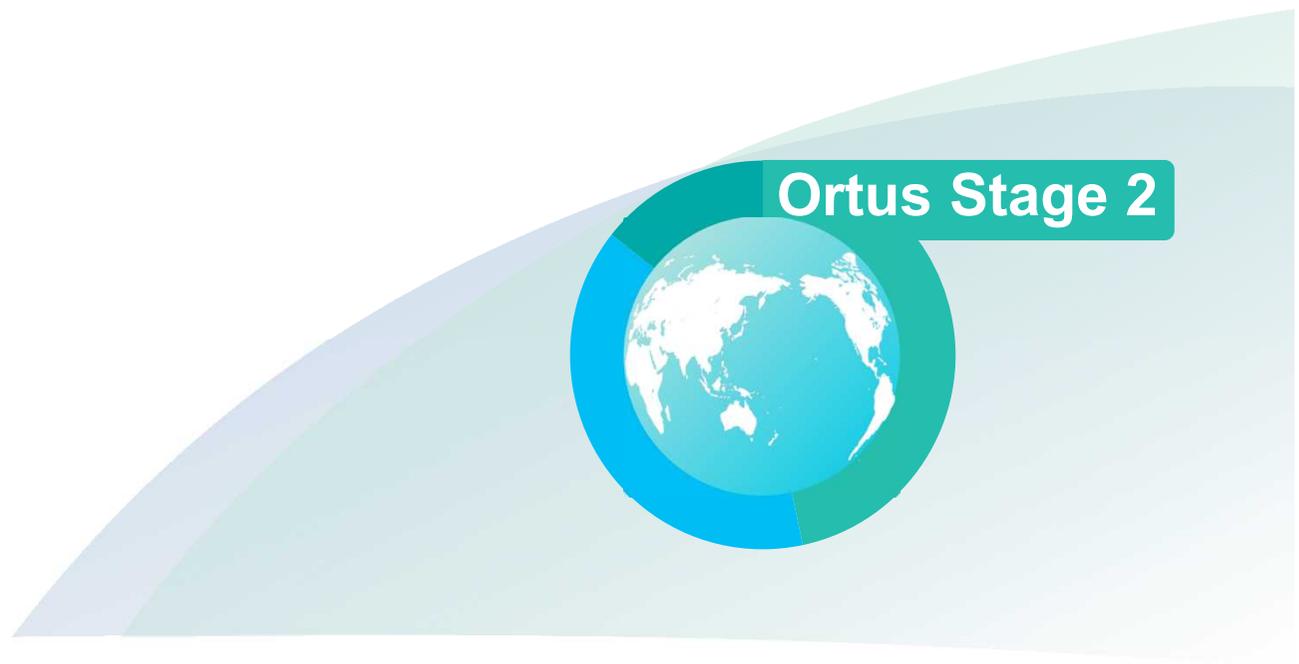


Launch of bicycle-exclusive bottles
(February 22, 2017)



Open directly managed store in Futako
Tamagawa (March 24, 2017)

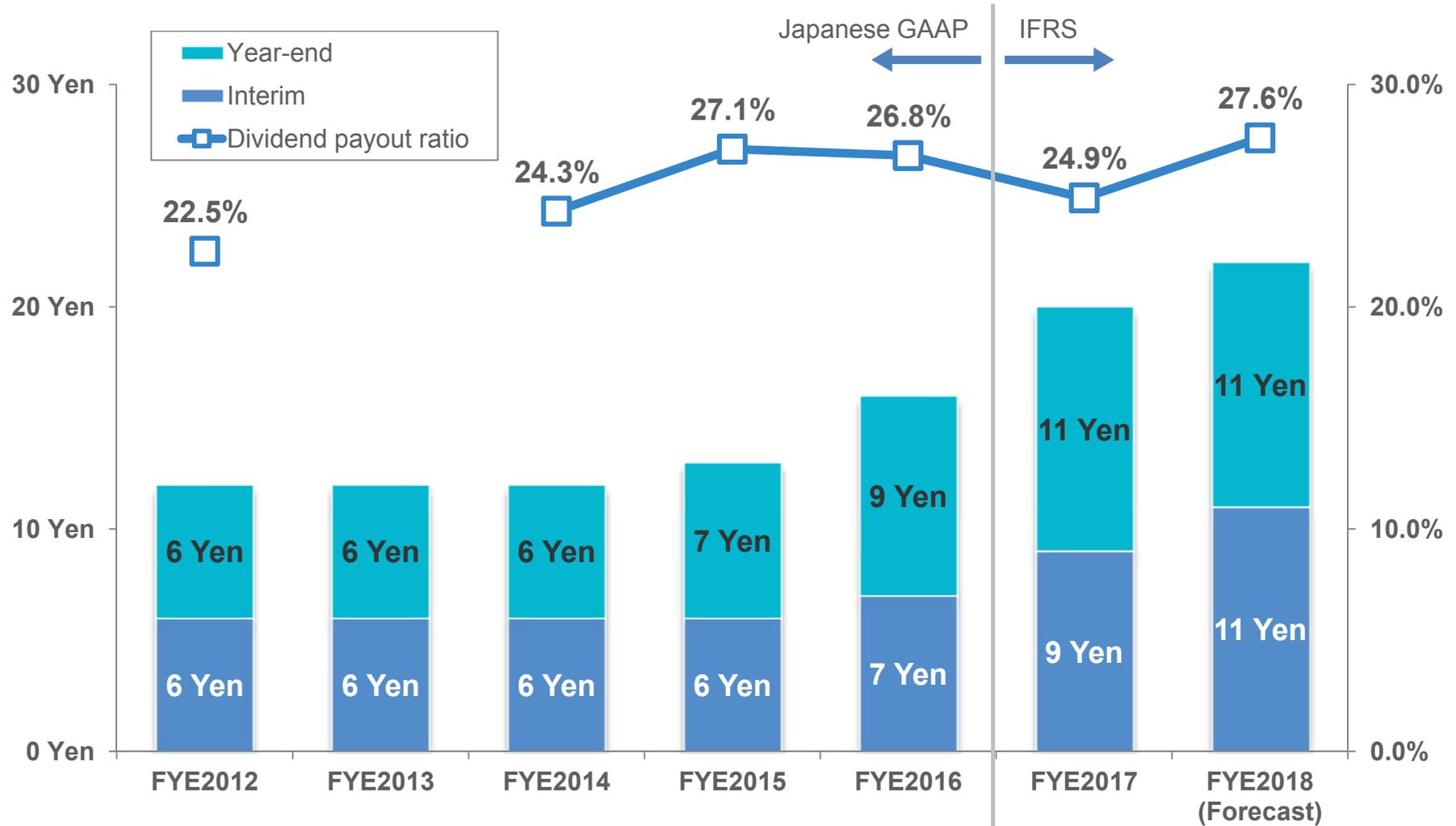
Shareholder returns





Shareholder returns

The Company maintains a stable dividend and is improving a dividend policy tied to performance



Thank you



Reminders

- The information contained here is not disclosure information for securities trading. The accuracy and completeness of this information are not guaranteed.
- The briefing session and this material describe future plans and strategies, as well as forecasts and outlooks of business performance. These plans and strategies, as well as forecasts and outlooks, are made by Taiyo Nippon Sanso based on its judgments and estimations made in accordance with the information available at present. Actual performance will be subject to changes caused by a variety of risks and uncertainties (such as economic trends, market demand, exchange rates, taxation systems and various other systems and institutions, but not limited to them).
- We wish to remind you, therefore, that the actual business performance may differ from the forecasts and outlooks made at this time. Please refrain from making investment judgments based solely on this information.