



TAIYO NIPPON SANSO
The Gas Professionals

Supplementary Materials for Consolidated Business Performance for the First Quarter of FYE2018

July 31, 2017
TAIYO NIPPON SANSO Corporation

Contents

- 1 . Business Performance for First Quarter of FYE2018
 - 1) Overview of business performance
 - 2) Business performance by segment

- 2 . Full-Year Forecasts for FYE2018
 - 1) Overview of forecasts for the full-year
 - 2) Forecasts by segment

- 3 . Reference Materials
 - 1) Statement of non-recurring profit and loss
 - 2) Key performance indicators
 - 3) Sales mix by industry
 - 4) TNSC's Gas Supply Structure



1-1. Overview of business performance

(Billions of yen)	FYE2017 Q1 Results Margin	FYE2018 Q1 Results Margin	YoY Change	FYE2018 Forecast (Announced May 10) Margin
Revenue	133.4	150.8	+17.4 +13.1%	620.0
Core operating income	12.1 9.1%	14 9.3%	+1.9 +15.8%	56.5 9.1%
Non-recurring profit and loss	0.2	0.2	+0.0	0.5
Operating income	12.3 9.2%	14.3 9.5%	+2.0 +16.3%	57.0 9.2%
Finance costs	-0.6	-0.7	-0.1	-4.5
Income before income taxes	11.7	13.6	+1.9	52.5
Income tax expenses	-4.8	-5.7	-0.9	-16
Net income	6.8	7.8	+1.0	36.5
(Attribution of net income)				
Net income attributable to owners of the parent	6.4 4.9%	7.6 5.0%	+1.2 +17.4%	34.5 5.6%
Net income attributable to non-controlling interests	0.4	0.2	-0.2	2.0

● Impact of foreign currency translations (US\$→¥): FYE2017 Q1 rate: \$1=¥107.87 FYE2018 Q1 rate: \$1=¥111.42

→Impact of currency gains led to increases of ¥1.5 billion in revenue and ¥0.1 billion in core operating income



TAIYO NIPPON SAN SO
The Gas Professionals

1-1. Overview of business performance

【Revenue】

(Billions of yen)	FYE2017 Q1 Results	FYE2018 Q1 Results	% Change	FYE2018 Forecast (Announced May 10)
Gas Business in Japan	74.1	78.0	+5.2%	338.0
Gas Business in the U.S.	32.5	41.7	+28.5%	166.0
Gas Business in Asia and Oceania	19.3	23.8	+23.2%	89.0
Thermos and Other businesses	7.4	7.2	-2.5%	27.0
Revenue Total	133.4	150.8	+13.1%	620.0

【Operating income】

(Billions of yen)	FYE2017 1Q Results	FYE2018 1Q Results	% Change	FYE2018 Forecast (Announced May 10)
Gas Business in Japan	6.0	7.2	+19.9%	28.5
Gas Business in the U.S.	2.0	3.1	+53.7%	13.8
Gas Business in Asia and Oceania	1.2	2.0	+61.6%	7.2
Thermos and Other businesses	2.9	2.2	-24.6%	9.0
Eliminations or Corporate	-0.1	-0.5	+279.4%	-2.0
Core operating income Total	12.1	14.0	+15.8%	56.5
Non-recurring profit and loss	0.2	0.2	+48.6%	0.5
Operating income Total	12.3	14.3	+16.3%	57.0

1-2. Business Performance by Segment: Gas Business in Japan

(Billions of yen)			FYE2017 1Q	FYE2018 1Q	% Change
Revenue	Industrial Gas	Bulk gases	18.5	19.3	+4.4%
		On-site gases	11.5	12.0	+4.4%
		Packaged gases	2.8	2.7	-2.6%
		Hard goods	4.9	5.8	+18.2%
		Plants and Equipments	8.8	8.3	-6.2%
		Medical	5.2	5.3	+1.5%
		Total	52.0	53.7	+3.2%
	Electronics	Gases	11.3	11.8	+5.2%
		Equipment and Installation	4.5	5.2	+15.3%
		Total	15.8	17.1	+8.1%
	Energy	LP gas	5.5	6.4	+15.2%
		Related Equipment	0.6	0.6	+4.3%
		Total	6.2	7.0	+14.1%
Revenue Total			74.1	78.0	+5.2%
Segment income			6.0	7.2	+19.9%

Reasons for changes in revenue

- Bulk gases: Strong shipments of carbon dioxide gas and dry ice
- Hard goods: Firm sales of cutting and welding equipment, and welding materials
- Electronics: Recorded large-scale projects in equipment and installation
- LP gas: Higher sales price following an increase in the import price

Reason for change in segment income

- Bulk gases: Strong shipments of carbon dioxide gas and dry ice
- Plant: Improvement in the cost of sales ratio, despite the absence of large-scale projects recorded in the previous fiscal year
- Electronics: Strong shipments of gas, in addition to the recording of large-scale projects in equipment and installation

1-2. Business Performance by Segment: Gas Business in the U.S.

(Billions of yen)			FYE2017 1Q	FYE2018 1Q	% Change	
Revenue	Industrial Gas	Bulk gases	10.4	17.1	+64.7%	
		On-site gases	1.0	2.7	+153.3%	
		Packaged gases	11.5	11.4	-1.0%	
		Hard goods	6.9	7.6	+10.1%	
		Total	29.9	38.9	+29.9%	
	Electronics	Gases	2.0	1.9	-1.3%	
		Equipment and Installation	0.5	0.8	+64.9%	
		Total	2.5	2.8	+12.3%	
	Revenue Total			32.5	41.7	+28.5%
	Segment income			2.0	3.1	+53.7%

※Impact of yen appreciation on currency translations
Revenue increased by ¥1.1 billion and segment income by ¥0.1 billion

Reasons for changes in revenue

- Recognition of business acquired from Air Liquide contributed ¥7.4 billion (recognized primarily in bulk gases and on-site gases)
- Bulk gases: Higher revenue, particularly from carbon dioxide gas and dry ice

Reason for change in segment income

- Recognition of business acquired from Air Liquide contributed ¥1.0 billion
- Bulk gases: Strong shipments of carbon dioxide gas and dry ice



TAIYO NIPPON SANSO
The Gas Professionals

1-2. Business Performance by Segment: Gas Business in Asia and Oceania

(Billions of yen)			FYE2017 1Q	FYE2018 1Q	% Change
Revenue	Industrial Gas	Bulk gases	5.5	8.0	+44.4%
		On-site gases	0.6	0.6	+13.1%
		Packaged gases	1.0	1.3	+22.2%
		Hard goods	1.7	1.2	-28.1%
		Plants and Equipment	2.9	2.9	-1.0%
		Total	11.9	14.2	+19.1%
	Electronics	Gases	6.5	7.5	+14.9%
		Equipment and Installation	0.8	2.0	+143.9%
		Total	7.3	9.5	+29.8%
Revenue Total			19.3	23.8	+23.2%
Segment income			1.2	2.0	+61.6%

※Impact of yen appreciation on currency translations
Revenue increased by ¥0.4 billion and segment income by ¥0.1 billion

Reasons for changes in revenue

◆Industrial gas-related business

- Contribution from the acquisition of Supagas Holdings Pty Ltd (Australia): ¥2.4 billion
- Singapore and Malaysia: Soft sales to the oil & gas sector
- Australia: Strong shipments centered on LP gas

◆Electronics-related business

- Taiwan: Solid sales of gas and from equipment and installation

Reason for change in segment income

◆Industrial gas-related business

- Contribution from Supagas Holdings Pty Ltd (Australia): ¥0.4 billion
- Singapore, Malaysia: Segment income decreased in line with lower revenue
- Australia: Strong shipments centered on LP gas

◆Electronics-related business

- Taiwan: Solid sales of gas and from equipment and installation

1-2. Business Performance by Segment: Thermos and Other businesses

(Billions of yen)			FYE2017 1Q	FYE2018 1Q	% Change
Revenue	Thermos	Japan	6.0	5.8	-4.3%
		Asia	0.7	0.7	-2.5%
		Total	6.8	6.5	-4.1%
	Other		0.5	0.6	+16.5%
	Revenue Total		7.4	7.2	-2.5%
Segment income			2.9	2.2	-24.6%

※Impact of yen appreciation on currency translations
Revenue decreased by ¥0.0 billion and segment income by ¥0.0 billion

Reasons for changes in revenue

◆Thermos Business

- Japan: Revenue decreased as inbound demand was not as strong as in the same period last year, despite stepping up sales expansion measures

Reason for change in segment income

◆Thermos Business

- Japan: Segment income decreased as inbound demand was not as strong as in the same period last year
- Overseas: Equity in earnings of affiliates decreased, due to slowing sales growth in the U.S. and Europe



2-1. Full-Year Forecasts for FYE2018

(Billions of yen)	FYE2017 Results Margin	FYE2018 Forecast Margin	YoY Change % 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%
Finance costs	-3.4	-4.5	-1.1
Income before income taxes	50.1	52.5	+2.4
Income tax expenses	13.9	-16.0	-2.1
Net income	36.2	36.5	+0.3
(Attribution of net income)			
Net income attributable to owners of the parent	34.7 6.0%	34.5 5.6%	-0.2 -0.7%
Net income for the year attributable to non-controlling interests	1.4	2.0	+0.6

● Assumed exchange rate (US\$→¥): \$1=¥110

● Reversal of deferred tax liability occurred in the US (Income tax for FYE2017 of -¥1.1 billion)



TAIYO NIPPON SAN SO
The Gas Professionals

2-2. Full-Year Forecasts for FYE2018 by Segment

【Revenue】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast	% Change
Gas Business in Japan	321.4	338.0	+5.2%
Gas Business in U.S.	147.2	166.0	+12.7%
Gas Business in Asia and Oceania	85.8	89.0	+3.6%
Thermos and Other businesses	27.0	27.0	-0.1%
Revenue Total	581.5	620.0	+6.6%

【Operating income】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast	% Change
Gas Business in Japan	29.4	28.5	-3.2%
Gas Business in U.S.	12.0	13.8	+14.3%
Gas Business in Asia and Oceania	5.1	7.2	+39.4%
Thermos and Other businesses	10.0	9.0	-10.2%
Eliminations or Corporate	-1.9	-2.0	-1.5%
Core operating income Total	54.7	56.5	+3.2%
Non-recurring profit and loss	-1.0	0.5	-146.6%
Operating income Total	53.6	57.0	+6.2%

(Reference Materials)



Non-recurring Income and Expense Items

(Billions of yen)	FY2017 1Q results	FYE2018 1Q results	YoY change
Core operating income	12.1	14.0	+1.9
Non-recurring profit and loss	0.2	0.2	+0
Operating income	12.3	14.3	+2.0

【Non-recurring Income and Expense Items】

FY2017 1Q results		FYE2018 1Q Results	
Item	Amount	Item	Amount
Gain on sales of Asian land	¥0.2 billion	Gain on sales of domestic land	¥0.2 billion
Total	¥0.2 billion	Total	¥0.2 billion

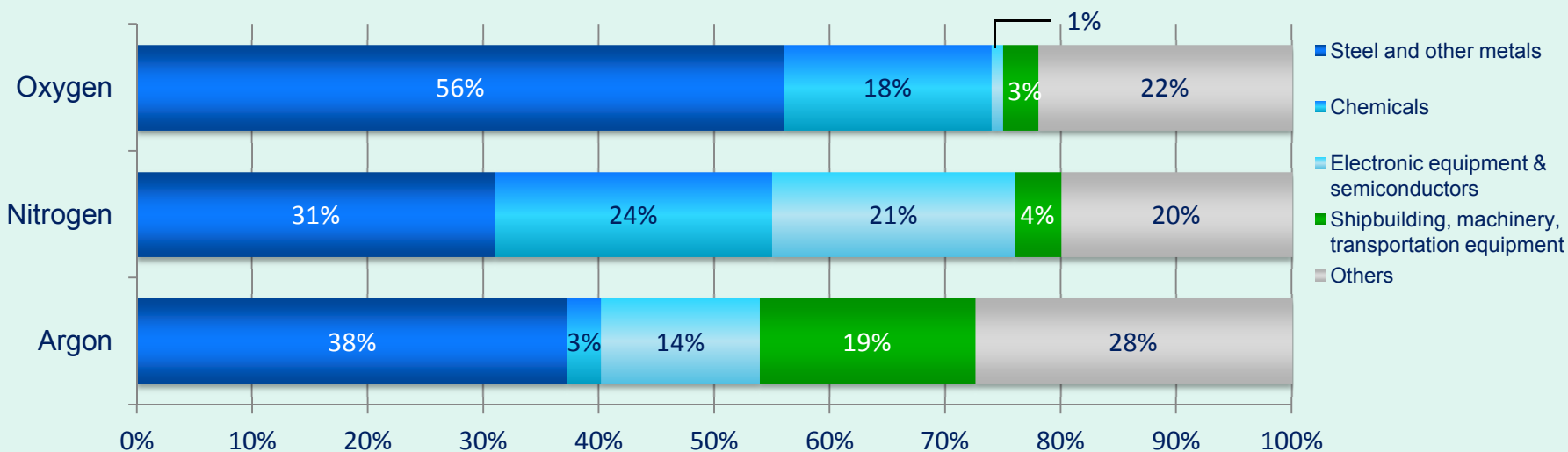
Key Performance Indicators (Consolidated)

	FYE2017 1Q Results	FYE2018 1Q Results	FYE2017 Results	FYE2018 Forecast
Basic earnings per share (Yen)	14.98	17.59	80.28	79.72
ROE	—	—	10.3%	9.5%
ROCE	—	—	8.4%	7.9%
Annual dividends per share (Yen)	—	—	20	22
Dividend payout ratio	—	—	24.9%	27.6%
Capital expenditures (construction base)(Millions of yen)	10,353	13,296	43,796	66,000
Investments and loans (Millions of yen)	1,273	2,632	102,034	—
Depreciation and amortization (Millions of yen)	9,030	10,810	40,048	44,000
Balance of interest-bearing liabilities (Millions of yen)	261,601	353,190	359,528	343,000
Net interest-bearing liabilities (Millions of yen)	211,796	306,587	304,308	297,000

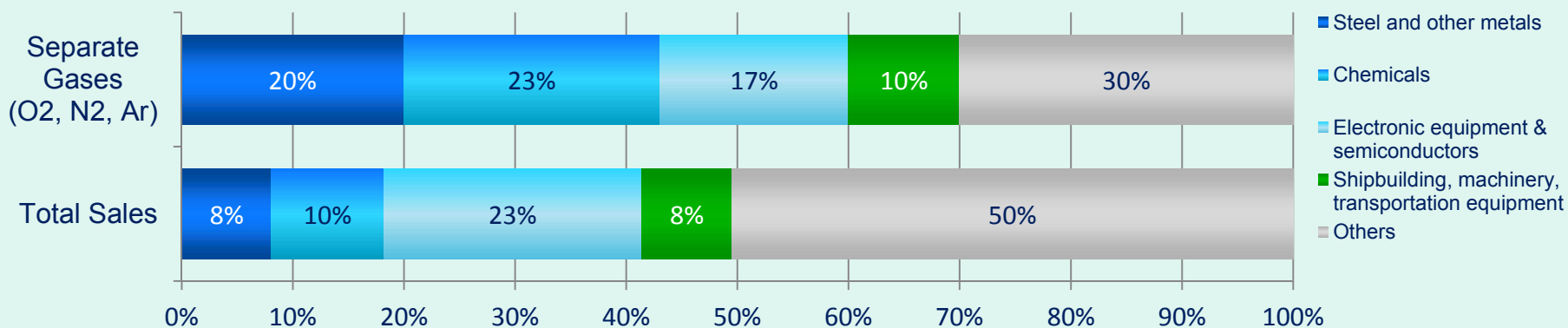


Sales Mix by Industry

【Sales Volume Mix by Industry】

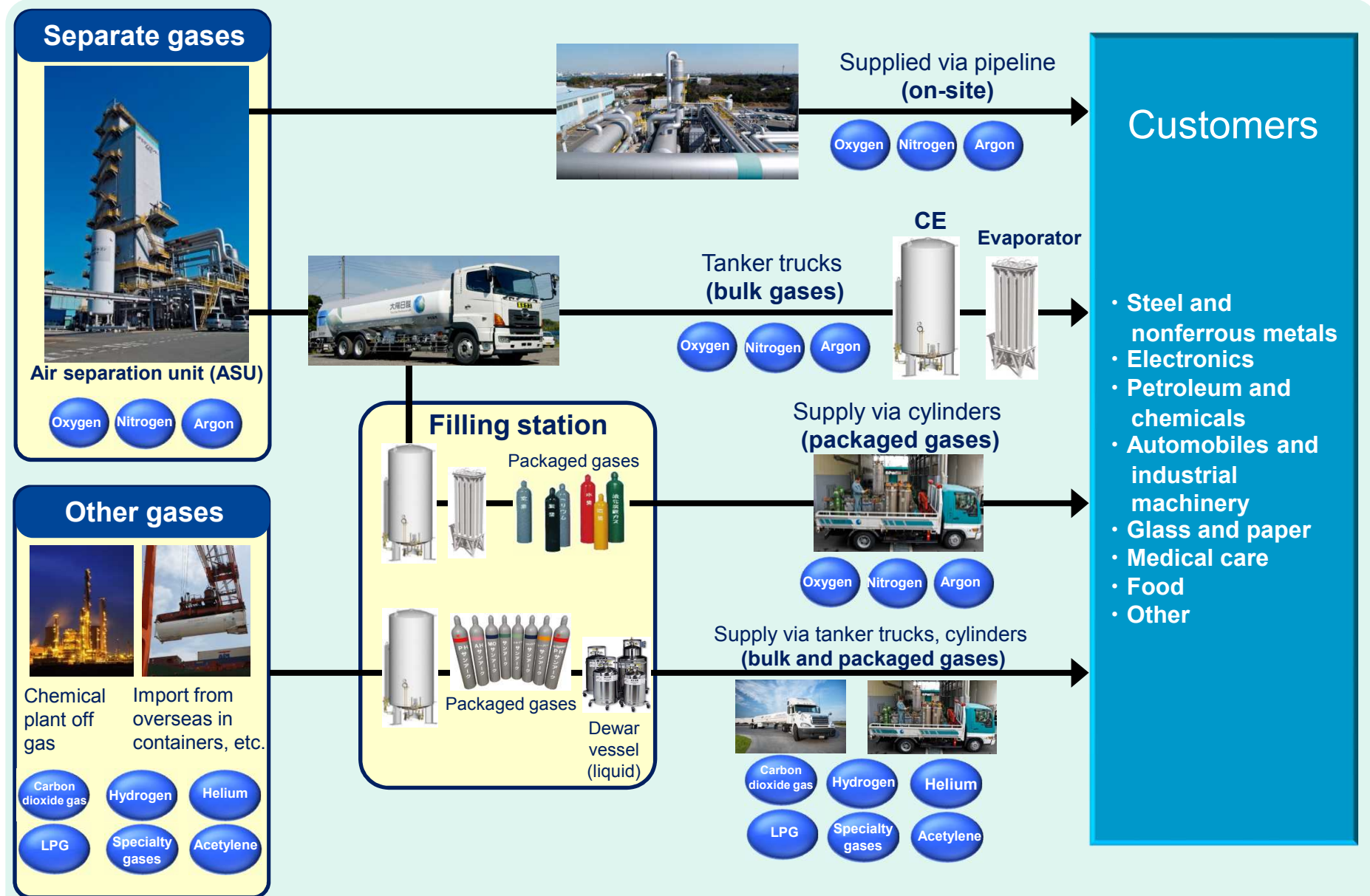


【Net Sales Mix by Industry】



TAIYO NIPPON SANSO
The Gas Professionals

TNSC's Gas Supply Structure



Disclaimer

- These materials are not intended for purposes of disclosure for securities transactions, and it is impossible to guarantee that the information contained in this presentation is accurate and complete.
- This presentation and report contain forward-looking statements (estimates and forecasts) regarding the future plans, strategies, activities and performance of Taiyo Nippon Sanso Corporation. Forward-looking statements reflect management's assumptions and beliefs based on information available as of the time of writing. Actual results reflect a variety of risk and uncertainties. These risks and uncertainties include, but are not limited to, changes in general economic and specific market conditions, currency exchange rate fluctuations, tax systems, and regulations.
- Accordingly, actual results may differ from forecasts issued at this time. With this in mind, please refrain from relying solely on these materials when making investment decisions.

