

Accounts Settlement for the First Half of Fiscal Year 2016

November 4, 2015
TAIYO NIPPON SAN SO Corporation

1-1. Financial Performance (Consolidated)

(Millions of yen, with figures rounded down to the nearest million)

	Previous term		Reporting term	
	(April 1, 2014 to September 30, 2014)	YoY change	(April 1, 2015 to September 30, 2015)	YoY change
Sales	268,911	7.7%	285,697	6.2%
Operating income (Ratio of profit to sales)	16,438 (6.1)	14.2	18,958 (6.6)	15.3
Non-operating income	125		450	
Ordinary profit (Ratio of profit to sales)	16,564 (6.2)	16.7	19,408 (6.8)	17.2
Extraordinary loss	0		1,813	
Income before income taxes	16,564		21,222	
Income taxes	5,962		7,181	
Net income	10,601		14,040	
Non-controlling interests	691		736	
Net income attributable to owners of the parent (Ratio of net income to	9,910 (3.7)	19.0	13,303 (4.7)	34.2

(Reference)

EPS (Yen)	22.90	30.74
Capital investment (on completion; millions of yen)	14,869	22,602
Investments & loans (millions of yen)	1,890	19,607
Depreciation (millions of yen)	17,845	19,486
Depreciation of goodwill (millions of yen)	2,421	2,943
Interest-bearing liabilities (millions of yen)	251,358	282,478
Net interest-bearing liabilities (millions of yen)	213,172	233,724

1-2. Financial Performance (Consolidated)

(Millions of yen, with figures rounded down to the nearest million)

	Previous term		Current term (forecasts)	
	(April 1, 2014 to March 31, 2015)	YoY change	(April 1, 2015 to March 31, 2016)	YoY change
Sales	559,373	7.0%	655,000	17.1%
Operating income (Ratio of profit to sales)	35,297 (6.3)	12.1	42,500 (6.5)	20.4
Non-operating income	1,014		1,200	
Ordinary profit (Ratio of profit to sales)	34,282 (6.1)	12.2	41,300 (6.3)	20.5
Extraordinary loss	224		1,800	
Income before income taxes	34,507		43,100	
Income taxes	12,373		14,600	
Net income	22,133		28,500	
Non-controlling interests	1,369		1,500	
Net income attributable to owners of the parent (Ratio of net income to	20,764 (3.7)	2.8	27,000 (4.1)	30.0

(Reference)

EPS (Yen)	47.98	62.39
ROE	7.0 %	8.3 %
ROCE	6.2 %	7.1 %
Payout ratio	27.1 %	22.4 %
Capital investment (on completion; millions of yen)	35,201	54,000
Investments & loans (millions of yen)	5,710	32,800
Depreciation of goodwill (millions of yen)	35,568	45,000
Depreciation of goodwill (millions of yen)	4,959	7,500
Interest-bearing liabilities (millions of yen)	266,276	284,000
Net interest-bearing liabilities (millions of yen)	212,855	240,000

※ The business forecast for the fiscal year ending March 31, 2016 applies to a 15-month consolidated period for U.S. subsidiary Matheson Tri-Gas, Inc. and Singapore subsidiary Leeden National Oxygen Ltd., which will align the ends of their fiscal years with the Company's fiscal year. The impact of this change in the end of the fiscal years on the Company forecast is ¥ 50,000 million for net sales, ¥ 3,000 million for operating income, ¥ 2,500 million for ordinary income, and ¥ 1,500 million for net income.

2-1. Results by reportable segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term			Reporting term (ended September 2015)		
		Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Gas Business in Japan	165,569	2.9	61.6	157,893	4.6	55.3
	Gas Business in the US	62,641	17.6	23.3	77,597	23.9	27.2
	Gas Business in Asia and Oceania	30,351	17.0	11.3	36,440	20.1	12.7
	Other	10,348	8.5	3.8	13,765	33.0	4.8
	Consolidated	268,911	7.7	100.0	285,697	6.2	100.0
Operating income	Gas Business in Japan	11,332	10.3	68.9	11,747	3.7	62.0
	Gas Business in the US	2,687	25.4	16.4	3,445	28.2	18.1
	Gas Business in Asia and Oceania	1,496	28.3	9.1	1,762	17.8	9.3
	Other	1,773	25.0	10.8	2,751	55.1	14.5
	Eliminations or Corporate	851	41.2	5.2	747	12.2	3.9
	Consolidated	16,438	14.2	100.0	18,958	15.3	100.0

2-2. Results by reportable segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term			Current term (forecasts) (ended March 2016)		
		Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Gas Business in Japan	344,635	0.8	61.6	340,000	1.3	51.9
	Gas Business in the US	130,983	21.8	23.4	192,000	46.6	29.3
	Gas Business in Asia and Oceania	61,995	14.1	11.1	98,000	58.1	15.0
	Other	21,758	14.5	3.9	25,000	14.9	3.8
	Consolidated	559,373	7.0	100.0	655,000	17.1	100.0
Operating income	Gas Business in Japan	25,045	7.2	71.0	25,500	1.8	60.0
	Gas Business in the US	5,795	22.9	16.4	8,700	50.1	20.5
	Gas Business in Asia and Oceania	2,468	29.1	7.0	5,500	122.8	12.9
	Other	3,437	12.2	9.7	4,200	22.2	9.9
	Eliminations or Corporate	1,449	7.6	4.1	1,400	3.4	3.3
	Consolidated	35,297	12.1	100.0	42,500	20.4	100.0

3-1. Results by business segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term			Reporting term (ended September 2015)		
		Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Industrial Gas	189,463	9.5	70.5	202,612	6.9	70.9
	Electronics-related	49,767	2.5	18.5	54,895	10.3	19.2
	Energy	19,331	4.3	7.2	14,423	25.4	5.1
	Other	10,348	8.5	3.8	13,765	33.0	4.8
	Consolidated	268,911	7.7	100.0	285,697	6.2	100.0
Operating income	Industrial Gas	11,938	11.3	72.6	11,292	5.4	59.6
	Electronics-related	2,722	23.0	16.6	4,747	74.4	25.0
	Energy	597	5.3	3.6	839	40.6	4.4
	Other	1,773	25.0	10.8	2,751	55.1	14.5
	Eliminations or Corporate	593	0.4	3.6	672	13.3	3.5
	Consolidated	16,438	14.2	100.0	18,958	15.3	100.0

※ Segments for the previous term (April 1, 2014 to September 30, 2015) have been modified and presented as new segments.

3-2. Results by business segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term			Reporting term (ended March 2016)		
		Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Industrial Gas	394,662	9.4	70.6	475,000	20.4	72.5
	Electronics-related	103,617	5.3	18.5	123,000	18.7	18.8
	Energy	39,334	11.6	7.0	32,000	18.6	4.9
	Other	21,758	14.5	3.9	25,000	14.9	3.8
	Consolidated	559,373	7.0	100.0	655,000	17.1	100.0
Operating income	Industrial Gas	23,906	5.6	67.8	27,600	15.4	64.9
	Electronics-related	7,215	36.6	20.4	9,800	35.8	23.1
	Energy	1,777	6.1	5.0	1,900	6.9	4.5
	Other	3,437	12.2	9.7	4,200	22.2	9.9
	Eliminations or Corporate	1,039	10.6	2.9	1,000	3.8	2.4
	Consolidated	35,297	12.1	100.0	42,500	20.4	100.0

4-1. Breakdown of sales by business segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term				Reporting term (ended September 2015)			
		Japan	United States	Asia & Oceania	Total	Japan	United States	Asia & Oceania	Total
Industrial Gas	Bulk/On-site	67,653	19,761	7,827	95,242	65,023	24,177	10,462	99,663
	Package	15,914	40,261	6,280	62,456	16,625	47,347	6,063	70,036
	Plants and equipment	16,708		4,175	20,884	16,179	1,038	4,356	21,574
	Medical	10,880			10,880	11,338			11,338
	Total	111,156	60,022	18,284	189,463	109,166	72,564	20,882	202,612
Electronics	Gases	25,791	1,952	11,295	39,040	24,223	4,218	13,755	42,197
	Equipment and installation	9,290	665	771	10,727	10,080	814	1,802	12,697
	Total	35,081	2,618	12,067	49,767	34,304	5,033	15,557	54,895
Energy	Gases	17,852			17,852	13,004			13,004
	Equipment	1,479			1,479	1,418			1,418
	Total	19,331			19,331	14,423			14,423
Other	Thermos	7,713		1,339	9,052	11,160		1,242	12,403
	Other	1,295			1,295	1,362			1,362
	Total	9,009		1,339	10,348	12,523		1,242	13,765
Consolidated		174,578	62,641	31,690	268,911	170,417	77,597	37,682	285,697
% of total		64.9	23.3	11.8	100.0	59.6	27.2	13.2	100.0

4-2. Breakdown of sales by business segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term				Reporting term (ended March 2016)			
		Japan	United States	Asia & Oceania	Total	Japan	United States	Asia & Oceania	Total
Industrial Gas	Bulk/On-site	134,092	41,372	15,603	191,068	134,800	62,400	32,400	229,600
	Package	34,027	83,829	13,408	131,265	35,300	117,400	16,100	168,800
	Plants and equipment	39,299		8,592	47,892	37,300	1,000	13,200	51,500
	Medical	24,436			24,436	25,100			25,100
	Total	231,856	125,201	37,604	394,662	232,500	180,800	61,700	475,000
Electronics	Gases	51,504	4,368	22,351	78,225	50,800	9,300	32,600	92,700
	Equipment and installation	21,939	1,413	2,039	25,392	24,700	1,900	3,700	30,300
	Total	73,444	5,782	24,390	103,617	75,500	11,200	36,300	123,000
Energy	Gases	36,059			36,059	29,000			29,000
	Equipment	3,275			3,275	3,000			3,000
	Total	39,334			39,334	32,000			32,000
Other	Thermos	16,128		3,021	19,149	19,400		3,000	22,400
	Other	2,608			2,608	2,600			2,600
	Total	18,736		3,021	21,758	22,000		3,000	25,000
Consolidated		363,372	130,983	65,017	559,373	362,000	192,000	101,000	655,000
% of total		65.0	23.4	11.6	100.0	55.3	29.3	15.4	100.0

The First Half of FY 2015 Accounts Settlement (on a consolidated basis) Sales Breakdown by Product

Note: All figures are rounded to the nearest first decimal place.

1. Breakdown by Supply Method (oxygen, nitrogen)

①Oxygen

Supply Method	Volume (% of total)	Volume (YoY % change)	Value (% of total)	Value (YoY % change)
Bulk	19.6%	3.6%	54.3%	12.3%
Onsite	80.4%	-4.0%	45.7%	-9.7%

②Nitrogen

Supply Method	Volume (% of total)	Volume (YoY % change)	Value (% of total)	Value (YoY % change)
Bulk	24.3%	9.3%	55.7%	10.6%
Onsite	75.7%	0.5%	44.3%	-1.5%

2. Principal Users (oxygen, nitrogen, argon) in the "Industrial Gas" and "Electronics" segments

①Oxygen

Main user industries	Volume (% of total)	Volume (YoY % change)
1)Steel and other metals	58.3%	-7.1%
2)Chemicals	19.0%	0.0%
3)Shipbuilding, machinery, transportation equipment	3.6%	6.7%

②Nitrogen

Main user industries	Volume (% of total)	Volume (YoY % change)
1)Steel and other metals	35.9%	6.1%
2)Electronic equipment & semiconductors	23.3%	1.5%
3)Chemicals	20.8%	-4.0%

③Argon

Main user industries	Volume (% of total)	Volume (YoY % change)
1)Steel and other metals	40.2%	3.9%
2)Electronic equipment & semiconductors	15.4%	-7.2%
3)Shipbuilding, machinery, transportation equipment	13.9%	-0.9%

3. Breakdown by Principal User Industry Sectors

Main sectors	% of sales value	YoY % change in % of total sales	YoY % change in sales
*Semiconductor manufacturing related industries	21.7%	0.8pt	10.1%
**Steel smelting and related industries	20.8%	-2.0pt	-5.4%
**Chemicals and related industries	21.9%	-1.3pt	-2.1%

*Percentage of sales value for semiconductor manufacturing sector is percentage of total sales value.

**Percentage of sales value for steel smelting and chemicals sector is percentage of total sales of oxygen, nitrogen, and argon in the "Industrial Gas" and "Electronics" segments only.