



TAIYO NIPPON SANSO
The Gas Professionals

Supplementary Materials for Consolidated Business Performance for the First Three Quarters of FYE2017

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TAIYO NIPPON SANSO Corporation

Contents

- 1 . Business Performance for the First Three Quarters of FYE2017
 - 1) Overview of business performance
 - 2) Business performance by segment

- 2 . Full-Year Forecasts for FYE2017
 - 1) Overview of forecasts for the full-year
 - 2) Forecasts by segment

- 3 . Reference Materials
 - 1) Key performance indicators
 - 2) Sales mix by industry
 - 3) TNSC's Gas Supply Structure



1-1. Overview of business performance

(Billions of yen)	FYE2016 Q3 Results Margin	FYE2017 Q3 Results Margin	YoY Change % change
Revenue	432.1	415.8	-16.3 -3.8%
Core operating income	36.7 8.5%	40.8 9.8%	+4.1 +11.3%
Non-recurring profit and loss	1.8	0.1	-1.7
Operating income	38.5 8.9%	41.0 9.9%	+2.5 +6.6%
Finance costs	-1.3	-2.0	-0.7
Income before income taxes	37.2	39.0	+1.8
Income tax expenses	11.9	11.7	-0.2
Net income	25.2	27.2	+2.0
(Attribution of net income)			
Net income attributable to owners of the parent	24.0 5.6%	26.0 6.3%	+2.0 +8.2%
Net income attributable to non-controlling interests	1.2	1.2	+0.0

- Impact of foreign currency translations (US\$→¥): FYE2016 Q3 rate: \$1=¥121.63 FYE2017 Q3 rate: \$1=¥107.34
→Impact of currency gains led to decreases of ¥21.2 billion in net sales and ¥1.7 billion in core operating income



1-1. Overview of business performance

【Revenue】

(Billions of yen)	FYE2016 Q3 Results	FYE2017 Q3 Results	% Change
Gas Business in Japan	237.4	230.9	-2.7%
Gas Business in the U.S.	113.6	105.7	-7.0%
Gas Business in Asia and Oceania	60.1	58.7	-2.5%
Thermos and Other businesses	20.8	20.4	-1.9%
Revenue Total	432.1	415.8	-3.8%

【Operating income】

(Billions of yen)	FYE2016 Q3 Results	FYE2017 Q3 Results	% Change
Gas Business in Japan	20.4	22.1	+7.9%
Gas Business in the U.S.	7.1	8.1	+13.2%
Gas Business in Asia and Oceania	3.9	4.2	+6.2%
Thermos and Other businesses	6.4	7.9	+23.0%
Eliminations or Corporate	-1.3	-1.4	-11.5%
Core operating income Total	36.7	40.8	+11.3%
Non-recurring profit and loss	1.8	0.1	-89.5%
Operating income Total	38.5	41.0	+6.6%

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

(Billions of yen)			FYE2016 Q3	FYE2017 Q3	% Change
Revenue	Industrial Gas	Bulk gases	59.5	57.7	-3.1%
		On-site gases	36.9	34.8	-5.6%
		Packaged gases	8.7	8.7	-0.1%
		Hard goods	18.1	17.0	-5.9%
		Plants and Equipments	26.7	27.8	+4.3%
		Medical	17.3	16.4	-5.4%
		Total	167.4	162.6	-2.8%
	Electronics	Gases	32.8	34.8	+6.2%
		Equipment and Installation	15.6	15.3	-2.1%
		Total	48.4	50.1	+3.5%
	Energy	LP gas	19.3	15.9	-17.2%
		Related Equipment	2.1	2.1	-2.8%
		Total	21.4	18.1	-15.7%
Revenue Total			237.4	230.9	-2.7%
Segment income			20.4	22.1	+7.9%

Reasons for changes in revenue

- Sales of LP gas decreased due to the impact of the falling oil price
- Increase in revenue from air separation units

Reason for change in segment income

- Reduced costs due to the falling oil price
- Segment income increased in line with higher revenue from air separation units



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

(Billions of yen)			FYE2016 Q3	FYE2017 Q3	% Change
Revenue	Industrial Gas	Bulk gases	34.8	38.6	+10.8%
		On-site gases	4.1	3.2	-22.0%
		Packaged gases	38.5	34.8	-9.5%
		Hard goods	25.8	21.2	-17.9%
		Plants and Equipment	1.0	0.0	-100.0%
		Total	104.5	98.0	-6.2%
	Electronics	Gases	7.7	6.6	-14.6%
		Equipment and Installation	1.3	1.0	-24.9%
		Total	9.1	7.6	-16.1%
	Revenue Total			113.6	105.7
Segment income			7.1	8.1	+13.2%

※Impact of yen appreciation on currency translations

Revenue decreased by ¥13.4 billion and segment income by ¥0.9 billion

Reasons for changes in revenue

- Sales of bulk gases were firm (particularly carbon dioxide gas), but hard goods fell
- Recognition of business acquired from Air Liquide contributed ¥8 billion from September

Reason for change in segment income

- Higher segment income from brisk sales of carbon dioxide gas to food and beverage manufacturers
- Recognition of business acquired from Air Liquide contributed ¥1.25 billion



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

(Billions of yen)			FYE2016 Q3	FYE2017 Q3	% Change
Revenue	Industrial Gas	Bulk gases	15.8	17.3	+9.4%
		On-site gases	2.0	1.8	-9.3%
		Packaged gases	3.4	3.2	-6.9%
		Hard goods	6.4	4.4	-31.0%
		Plants and Equipment	6.4	8.3	+29.6%
		Total	34.3	35.2	+2.8%
	Electronics	Gases	23.3	19.6	-15.7%
		Equipment and Installation	2.5	3.7	+48.2%
		Total	25.8	23.4	-9.5%
	Revenue Total			60.1	58.7
Segment income			3.9	4.2	+6.2%

※Impact of yen appreciation on currency translations

Revenue decreased by ¥7.6 billion and segment income by ¥0.6 billion

Reasons for changes in revenue

- Industrial gas-related business: Revenue grew in the Philippines, but Singapore was soft
Contribution from M&A ¥4.9 billion (Thailand and Australia)
- Electronics gas-related business: Taiwan, China, and South Korea were mostly unchanged year on year

Reason for change in segment income

- Industrial gas-related business: Segment income increased in the Philippines in conjunction with revenue growth, but segment income decreased in Singapore.
M&A (Thailand and Australia) contributed ¥0.9 billion



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

(Billions of yen)			FYE2016 Q3	FYE2017 Q3	% Change
Revenue	Thermos	Japan	16.7	16.0	-4.3%
		Asia	2.0	2.6	+27.5%
		Total	18.8	18.7	-0.8%
	Other		1.9	1.7	-12.0%
	Revenue Total		20.8	20.4	-1.9%
Segment income			6.4	7.9	+23.0%

※Impact of yen appreciation on currency translations

Revenue decreased by ¥0.3 billion and segment income by ¥0.2 billion

Reasons for changes in revenue

- ◆ Thermos Business
 - Growth in inbound demand settled down

Reason for change in segment income

- ◆ Thermos Business
 - Cost reduction effect on imports due to appreciation of the yen
 - Equity in earnings of affiliates increased due to strong performances by overseas affiliates



2-1. Full-Year Forecasts for FYE2017

(Billions of yen)	FYE2016 Results Margin	FYE2017 Forecast (Announced Feb. 7) Margin	YoY Change % Change	FYE2017 Forecast (Announced Nov. 2) Margin
Revenue	594.4	580.0	-14.4 -2.4%	570.0
Core operating income	47.4 8.0%	54.0 9.3%	+6.6 +13.8%	52.0 9.1%
Non-recurring profit and loss	1.4	1.0	-4.0	0
Operating income	48.9 8.2%	55.0 9.5%	+6.1 +12.4%	52.0 9.1%
Finance costs	-2.3	-3.3	-1.0	-3.3
Income before income taxes	46.5	51.7	+5.2	48.7
Income tax expenses	16.0	17.1	+1.1	17.0
Net income	30.5	34.6	+4.1	31.7
(Attribution of net income)				
Net income attributable to owners of the parent	29.0 4.9%	33.0 5.7%	+4.0 +13.7%	30.0 5.3%
Net income for the year attributable to non-controlling interests	1.4	1.6	+0.2	1.7

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

2-2. Full-Year Forecasts for FYE2017 by Segment

【Revenue】

(Billions of yen)	FYE2016 Results	FYE2017 Forecast (Announced Feb. 7)	% Change	FYE2017 Forecast (Announced Nov. 2)
Gas Business in Japan	327.9	321.0	-2.1%	320.0
Gas Business in U.S.	149.5	150.0	+0.3%	145.0
Gas Business in Asia and Oceania	89.3	81.0	-9.4%	77.0
Thermos and Other businesses	27.5	28.0	+1.7%	28.0
Revenue Total	594.4	580.0	-2.4%	570.0

【Operating income】

(Billions of yen)	FYE2016 Results	FYE2017 Forecast (Announced Feb. 7)	% Change	FYE2017 Forecast (Announced Nov. 2)
Gas Business in Japan	27.8	29.0	+4.1%	28.2
Gas Business in U.S.	9.2	11.3	+22.3%	10.8
Gas Business in Asia and Oceania	3.0	5.5	+82.8%	5.8
Thermos and Other businesses	9.0	10.0	+11.1%	9.0
Eliminations or Corporate	-1.6	-1.8	-9.3%	-1.8
Core operating income Total	47.4	54.0	+13.8%	52.0
Non-recurring profit and loss	1.4	1.0	-31.9%	0.0
Operating income Total	48.9	55.0	+12.4%	52.0

(Reference Materials)



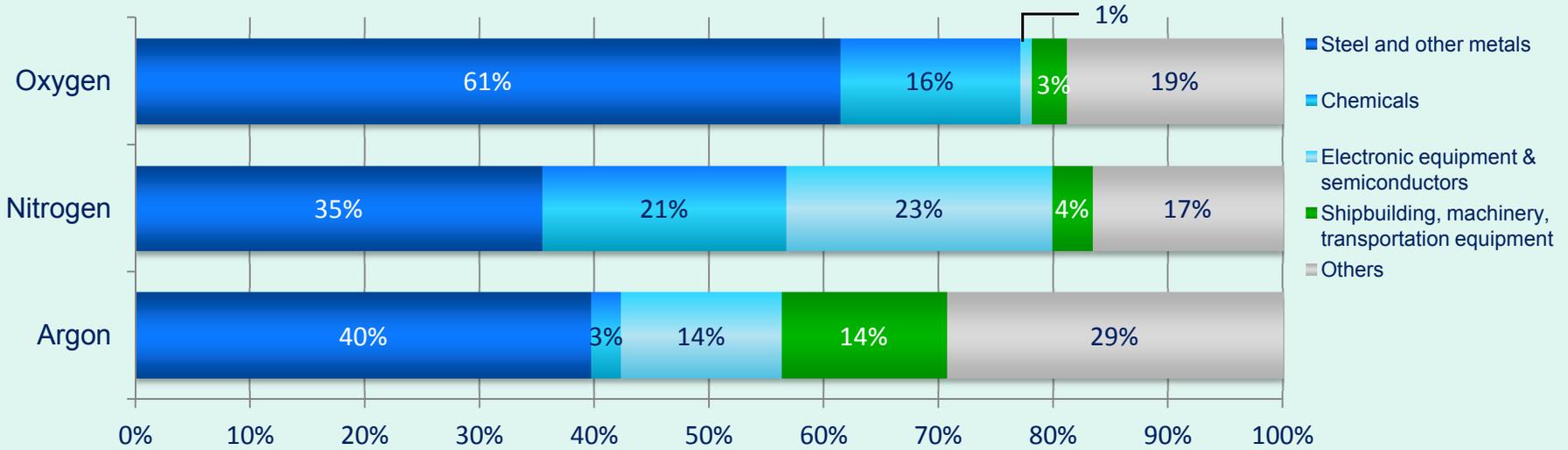
Key Performance Indicators (Consolidated)

	FYE2016 Q3 Results	FYE2017 Q3 Results	FYE2016 Results	FYE2017 Forecast
Basic earnings per share (Yen)	55.61	60.16	67.08	76.25
ROE	—	—	9.1%	10.0%
ROCE	—	—	8.4%	8.6%
Annual dividends per share (Yen)	—	—	16	18
Dividend payout ratio	—	—	23.9%	23.6%
Capital expenditures (construction base)(Millions of yen)	38,370	29,132	52,657	53,000
Investments and loans (Millions of yen)	24,563	101,285	25,507	110,000
Depreciation and amortization (Millions of yen)	29,351	29,205	39,696	42,500
Balance of interest-bearing liabilities (Millions of yen)	273,337	380,820	266,215	350,000
Net interest-bearing liabilities (Millions of yen)	231,636	326,880	215,492	310,000

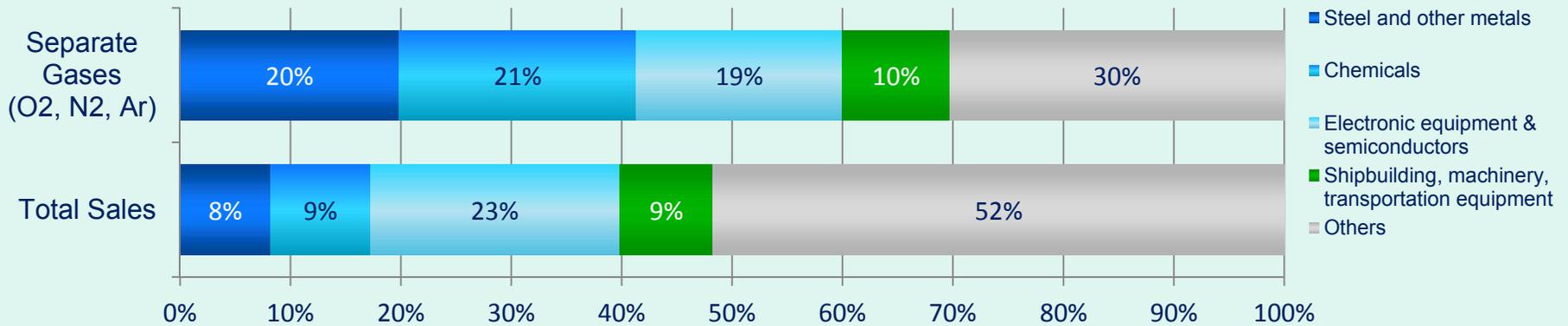


Sales Mix by Industry

【Sales Volume Mix by Industry】

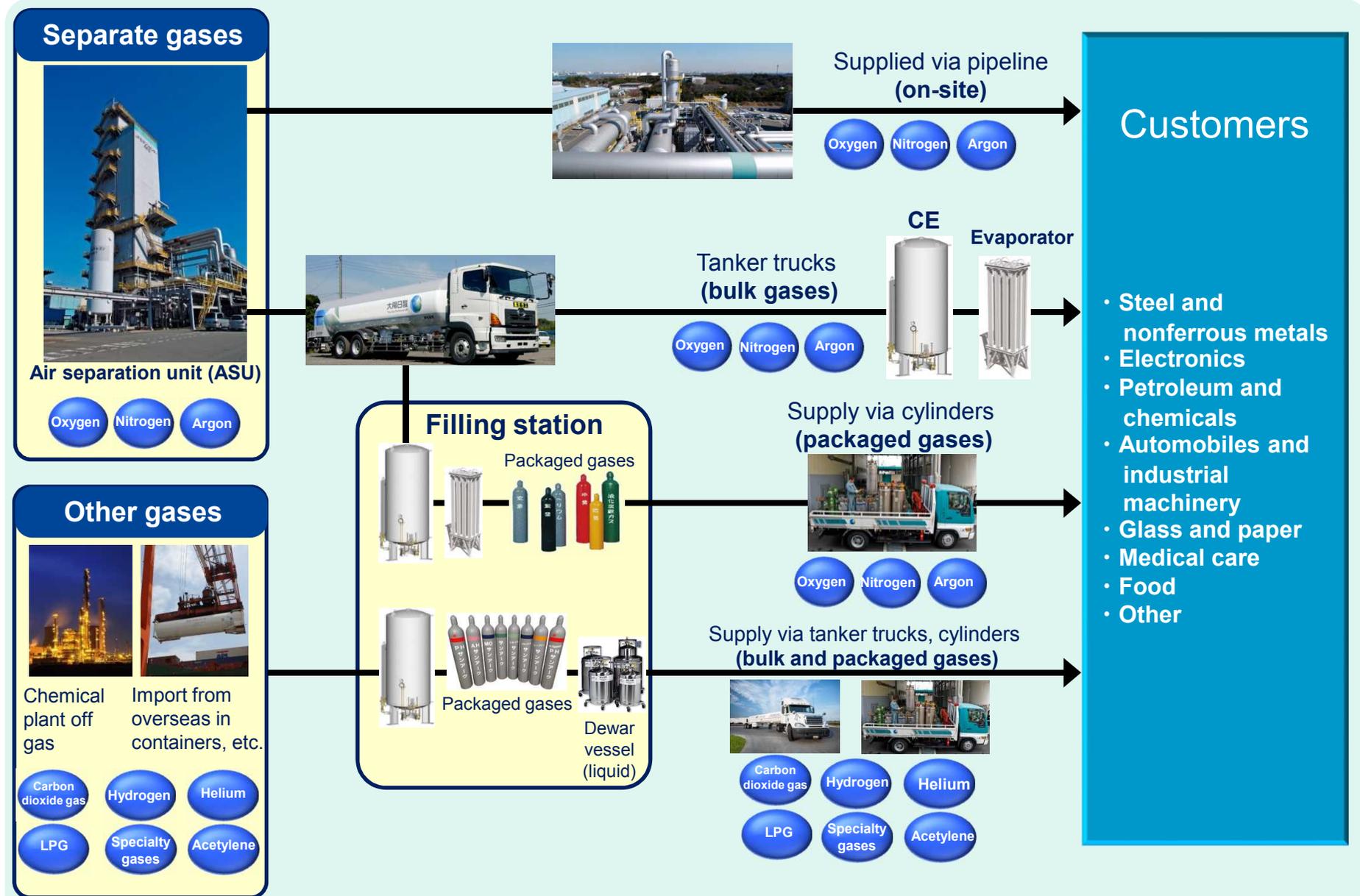


【Net Sales Mix by Industry】



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TNSC's Gas Supply Structure



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