



**TAIYO NIPPON SANSO**  
The Gas Professionals

# Supplementary Materials for Consolidated Business Performance for the First Quarter of FYE2019

**July 30, 2018**  
**TAIYO NIPPON SANSO Corporation**

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# 1-1. Overview of business performance

(Billions of yen)	FYE2018 Q1 Results Margin	FYE2019 Q1 Results Margin	YoY Change	FYE2019 Forecast (Announced May 9) Margin
<b>Revenue</b>	<b>150.8</b>	<b>158.6</b>	<b>+7.8</b> +5.2%	<b>670.0</b>
<b>Core operating income</b>	<b>14.0</b> 9.3%	<b>13.9</b> 8.8%	<b>-0.1</b> -0.7%	<b>64.0</b> 9.6%
Non-recurring profit and loss	0.2	0.8	+0.6	0.5
<b>Operating income</b>	<b>14.3</b> 9.5%	<b>14.7</b> 9.3%	<b>+0.4</b> +3.1%	<b>64.5</b> 9.6%
Finance costs	-0.7	-0.5	+0.2	-4.5
<b>Income before income taxes</b>	<b>13.6</b>	<b>14.2</b>	<b>+0.6</b>	<b>60.0</b>
Income tax expenses	-5.7	-4.0	-1.7	18.0
Net income	7.8	10.1	+2.3	42.0
(Attribution of net income)				
<b>Net income attributable to owners of the parent</b>	<b>7.6</b> 5.0%	<b>9.6</b> 6.1%	<b>+2.0</b> +27.2%	<b>40.0</b> 6.0%
Net income attributable to non-controlling interests	0.2	0.4	+0.2	2.0

- Impact of foreign currency translations (US\$→¥): FYE2018 Q1 rate: \$1=¥111.42 FYE2019 Q1 rate: \$1=¥109.53  
→Impact of currency gains led to decreases of ¥0.7 billion in revenue and ¥0.0 billion in core operating income



# 1-1. Overview of business performance

## 【Revenue】

(Billions of yen)	FYE2018 Q1 Results Results	FYE2019 Q1 Results Results	% Change	FYE2019 Forecast (Announced May 9)
Gas Business in Japan*	78.6	<b>82.6</b>	+5.1%	360.0
Gas Business in the U.S.	41.7	<b>44.5</b>	+6.5%	175.0
Gas Business in Asia and Oceania	23.8	<b>25.1</b>	+5.3%	107.0
Thermos Business*	6.5	<b>6.3</b>	-3.2%	28.0
Revenue Total	150.8	<b>158.6</b>	+5.2%	670.0

## 【Operating income】

(Billions of yen)	FYE2018 Q1 Results Results	FYE2019 Q1 Results Results	% Change	FYE2019 Forecast (Announced May 9)
Gas Business in Japan*	7.4	<b>6.1</b>	-17.7%	31.8
Gas Business in the U.S.	3.1	<b>3.1</b>	-0.2%	14.0
Gas Business in Asia and Oceania	2.0	<b>3.3</b>	+64.1%	10.7
Thermos Business*	2.0	<b>1.7</b>	-15.9%	9.3
Eliminations or Corporate	-0.6	<b>-0.3</b>	—	-1.8
Core operating income Total	14.0	<b>13.9</b>	-0.7%	64.0
Non-recurring profit and loss	0.2	<b>0.8</b>	—	0.5
Operating income Total	14.3	<b>14.7</b>	+3.1%	64.5

\* From FYE2019, businesses other than the Thermos business that had previously been classified under the “Thermos and Other Businesses” segment have been transferred to the “Gas Business in Japan.”  
The columns in the above table have been adjusted to reflect the transfer in order to use the same basis of comparison.

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

(Billions of yen)			FYE2018	FYE2019	% Change
			Q1	Q1	
Revenue	Industrial Gas	Bulk gases	19.3	<b>19.7</b>	+1.8%
		On-site gases	12.0	<b>16.8</b>	+40.3%
		Packaged gases	2.7	<b>2.7</b>	-1.1%
		Hard goods	5.8	<b>5.7</b>	-1.9%
		Plants and Equipments	8.9	<b>8.1</b>	-9.5%
		Medical	5.3	<b>5.3</b>	+0.8%
		Total	54.4	<b>58.6</b>	+7.8%
	Electronics	Gases	11.8	<b>11.5</b>	-3.2%
		Equipment and Installation	5.2	<b>5.2</b>	-1.2%
		Total	17.1	<b>16.7</b>	-2.6%
	Energy	LP gas	6.4	<b>6.6</b>	+3.9%
		Related Equipment	0.6	<b>0.6</b>	-6.3%
		Total	7.0	<b>7.2</b>	+2.9%
<b>Revenue Total</b>			<b>78.6</b>	<b>82.6</b>	<b>+5.1%</b>
<b>Segment income</b>			<b>7.4</b>	<b>6.1</b>	<b>-17.7%</b>

### Reasons for changes in revenue

- On-site: JFE SANSO CENTER Kurashiki Factory contributed to revenue
- Electronics Gases: Weaker shipments for some product areas
- LP gas: Higher sales price due to the impact of an increase in the import price

### Reason for change in segment income

- Higher costs due to rising crude oil prices
- Higher costs mainly due to a lack of a raw material gas for carbon dioxide gas
- Electronics-related installation: Absence of a highly profitable project recorded in the previous fiscal year

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

(Billions of yen)			FYE2018 Q1	FYE2019 Q1	% Change
Revenue	Industrial Gas	Bulk gases	17.1	<b>18.7</b>	+9.4%
		On-site gases	2.7	<b>2.3</b>	-13.5%
		Packaged gases	11.4	<b>11.5</b>	+0.6%
		Hard goods	7.6	<b>8.7</b>	+14.5%
		Total	38.9	<b>41.3</b>	+6.2%
	Electronics	Gases	1.9	<b>1.6</b>	-16.7%
		Equipment and Installation	0.8	<b>1.5</b>	+73.9%
		Total	2.8	<b>3.1</b>	+10.7%
	<b>Revenue Total</b>			<b>41.7</b>	<b>44.5</b>
<b>Segment income</b>			<b>3.1</b>	<b>3.1</b>	<b>-0.2%</b>

※Impact of yen appreciation on currency translations  
Revenue decreased by ¥0.7 billion and segment income by ¥0.0 billion

### Reasons for changes in revenue

- Bulk gas: Increased shipments of air separation gases and carbon dioxide gas
- Hard goods: Favorable sales for energy industry
- Electronics equipment: Increased sales for semiconductor related equipment

### Reason for change in segment income

- Higher segment income due to increased revenue from bulk gas and hard goods
- Electronics-related business: Profits were flat from the previous year (gas decreased while equipment and installation increased)



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

(Billions of yen)			FYE2018 Q1	FYE2019 Q1	% Change
Revenue	Industrial Gas	Bulk gases	8.0	<b>10.2</b>	+26.8%
		On-site gases	0.6	<b>0.7</b>	+4.3%
		Packaged gases	1.3	<b>1.3</b>	+2.1%
		Hard goods	1.2	<b>1.1</b>	-7.9%
		Plants and Equipment	2.9	<b>3.6</b>	+25.8%
		Total	14.2	<b>17.1</b>	+20.2%
	Electronics	Gases	7.5	<b>6.8</b>	-8.3%
		Equipment and Installation	2.0	<b>1.0</b>	-47.5%
		Total	9.5	<b>7.9</b>	-16.9%
<b>Revenue Total</b>			<b>23.8</b>	<b>25.1</b>	<b>+5.3%</b>
<b>Segment income</b>			<b>2.0</b>	<b>3.3</b>	<b>+64.1%</b>

※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

- ◆ Industrial gas-related business
  - Higher revenue for industrial gases in China, and revenue recovered in Leeden NOX
  - Australia: Sales of LPG and related equipment were favorable
- ◆ Electronics-related business
  - Taiwan: Revenue from electronics-related equipment and installation decreased

### Reason for change in segment income

- ◆ Industrial gas-related business
  - Increased segment income from China industrial gases and from Leeden NOX
  - Increased segment income due to higher revenue in Australia
- ◆ Electronics-related business
  - Profits from gases, equipment and installation were flat

## 1-2. Business Performance by Segment: Thermos Business

(Billions of yen)			FYE2018 Q1	FYE2019 Q1	% Change
Revenue	Thermos	Japan	5.8	5.3	-7.4%
		Asia	0.7	0.9	+30.0%
	<b>Revenue Total</b>		<b>6.5</b>	<b>6.3</b>	<b>-3.2%</b>
<b>Segment income</b>			<b>2.0</b>	<b>1.7</b>	<b>-15.9%</b>

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

### Reasons for changes in revenue

- Japan: Sales of mainstay products of vacuum insulated portable mugs were weak
- Overseas: Sales in South Korea were firm

### Reason for change in segment income

- Japan: Segment income decreased due to decline in sales volume
- Overseas: Soft business performance by Group companies accounted for by the equity method





## 2-1. Full-Year Forecasts for FYE2019

(Billions of yen)	FYE2018 Results Margin	FYE2019 Forecast Margin	YoY Change % Change
<b>Revenue</b>	<b>646.2</b>	<b>670.0</b>	<b>+23.8</b> +3.7%
<b>Core operating income</b>	<b>60</b> 9.3%	<b>64.0</b> 9.6%	<b>+4.0</b> +6.6%
Non-recurring profit and loss	-0.1	0.5	+0.6
<b>Operating income</b>	<b>59.8</b> 9.3%	<b>64.5</b> 9.6%	<b>+4.7</b> +7.7%
Finance costs	-3.9	-4.5	-0.6
<b>Income before income taxes</b>	<b>55.8</b>	<b>60.0</b>	<b>+4.2</b>
Income tax expenses	5.1	18.0	+12.9
Net income	50.7	42.0	-8.7
(Attribution of net income)			
<b>Net income attributable to owners of the parent</b>	<b>48.9</b> 7.6%	<b>40.0</b> 6.0%	<b>-8.9</b> -18.2%
Net income for the year attributable to non-controlling interests	1.8	2.0	0.2

- Assumed exchange rate (US\$→¥): \$1=¥105 \*FYE2018 rate: \$1=¥110.70
- In FYE2018, income tax expenses decreased by ¥12.2 billion due to the reversal of deferred tax liabilities at a subsidiary based in the U.S.



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## 2-2. Full-Year Forecasts for FYE2019 by Segment

### 【Revenue】

(Billions of yen)	FYE2018 Results	FYE2019 Forecast	% Change
Gas Business in Japan*	345.0	<b>360.0</b>	+4.3%
Gas Business in U.S.	172.6	<b>175.0</b>	+1.4%
Gas Business in Asia and Oceania	103.1	<b>107.0</b>	+3.7%
Thermos Business*	25.3	<b>28.0</b>	+10.4%
Revenue Total	646.2	<b>670.0</b>	+3.7%

### 【Operating income】

(Billions of yen)	FYE2018 Results	FYE2019 Forecast	% Change
Gas Business in Japan*	31.3	<b>31.8</b>	+1.3%
Gas Business in U.S.	13.5	<b>14.0</b>	+3.3%
Gas Business in Asia and Oceania	9.2	<b>10.7</b>	+15.9%
Thermos Business*	7.7	<b>9.3</b>	+20.0%
Eliminations or Corporate	-1.8	<b>-1.8</b>	—
Core operating income Total	60.0	<b>64.0</b>	+6.6%
Non-recurring profit and loss	-0.1	<b>0.5</b>	—
Operating income Total	59.8	<b>64.5</b>	+7.7%

\* From FYE2019, businesses other than the Thermos business that had previously been classified under the “Thermos and Other Businesses” segment have been transferred to the “Gas Business in Japan” segment.  
The columns in the above table have been adjusted to reflect the transfer in order to use the same basis of comparison.

(Reference Materials)



# Non-recurring Income and Expense Items

(Billions of yen)	FYE2018 Q1 results	FYE2019 Q1 results	YoY change
Core operating income	14.0	13.9	-0.1
<b>Non-recurring profit and loss</b>	<b>0.2</b>	<b>0.8</b>	<b>+0.6</b>
Operating income	14.3	14.7	+0.4

## 【Non-recurring Income and Expense Items】

FYE2018 Q1 results		FYE2019 Q1 Results	
Item	Amount (Billions of yen)	Item	Amount (Billions of yen)
Gain on sales of domestic land	0.2	Gain on sales of domestic land	+0.9
		Other	-0.1
<b>Total</b>	<b>0.2</b>	<b>Total</b>	<b>0.8</b>



# Key Performance Indicators (Consolidated)

	FYE2018 Q1 Results	FYE2019 Q1 Results	FYE2018 Results	FYE2019 Forecast
Basic earnings per share (Yen)	17.59	22.38	113.04	92.43
Overseas sales ratio	44.0%	44.5%	43.3%	–
ROE	–	–	13.3%	9.6%
ROCE	–	–	8.4%	8.5%
Annual dividends per share (Yen)	–	–	23	24
Dividend payout ratio	–	–	20.3%	26.0%
Capital expenditures (construction base)(Millions of yen)	13,296	17,781	62,569	79,000
Investments and loans (Millions of yen)	2,632	603	4,556	–
Depreciation and amortization (Millions of yen)	10,810	11,241	43,266	47,000
Balance of interest-bearing liabilities (Millions of yen)	353,190	337,562	326,959	339,000
Net interest-bearing liabilities (Millions of yen)	306,587	286,120	274,968	289,000

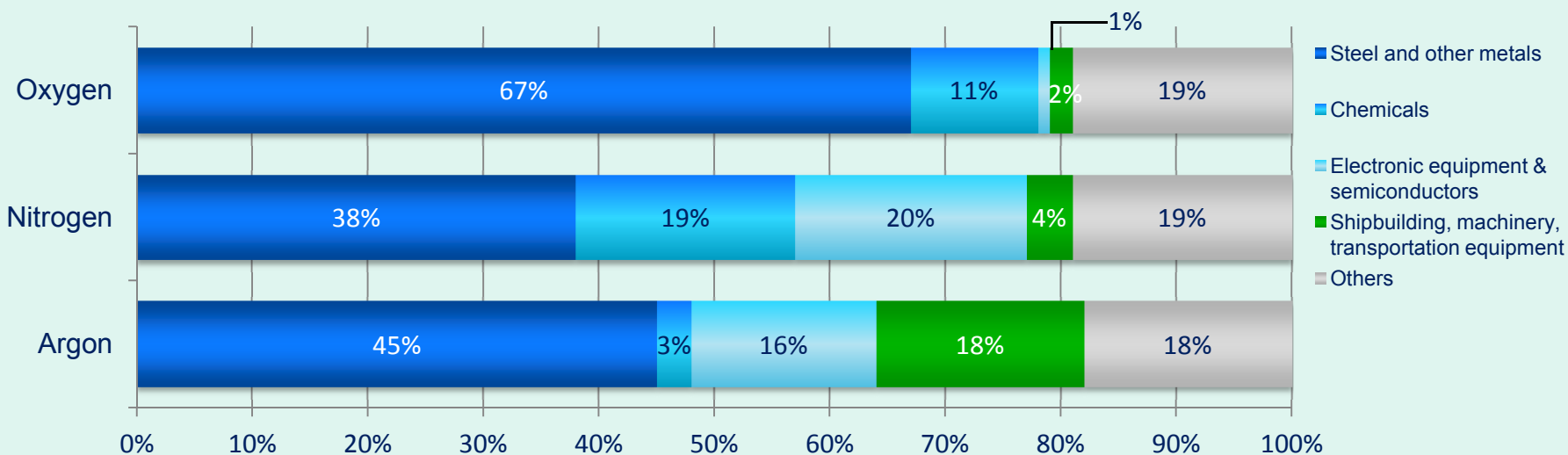
- With regard to FYE2018 full-year results, excluding the effects of the significant decrease in income taxes resulting from the reduction of the federal corporate income tax rate under the Tax Cuts and Jobs Act in the U.S., basic earnings per share would be ¥84.87, ROE 10.1%, ROCE 8.5% and the dividend payout ratio 27.1%.



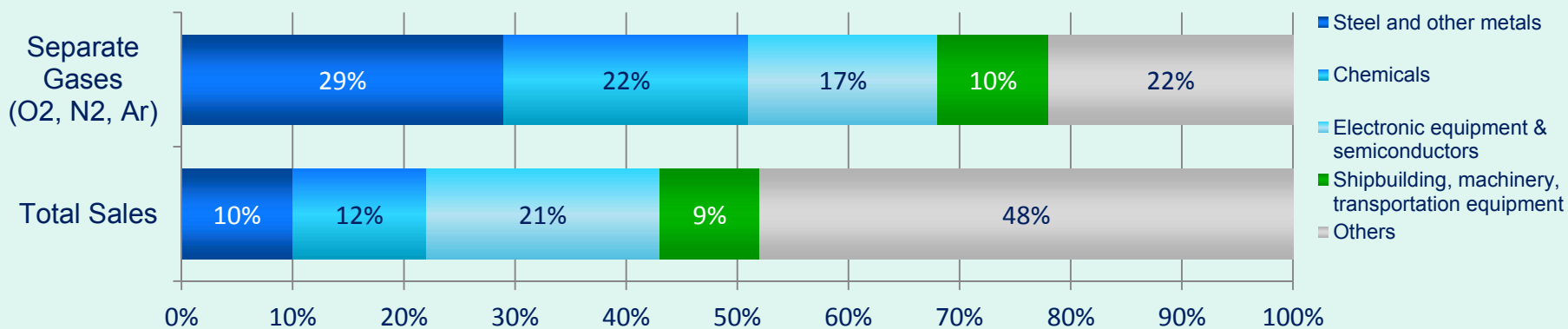
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# Sales Mix by Industry

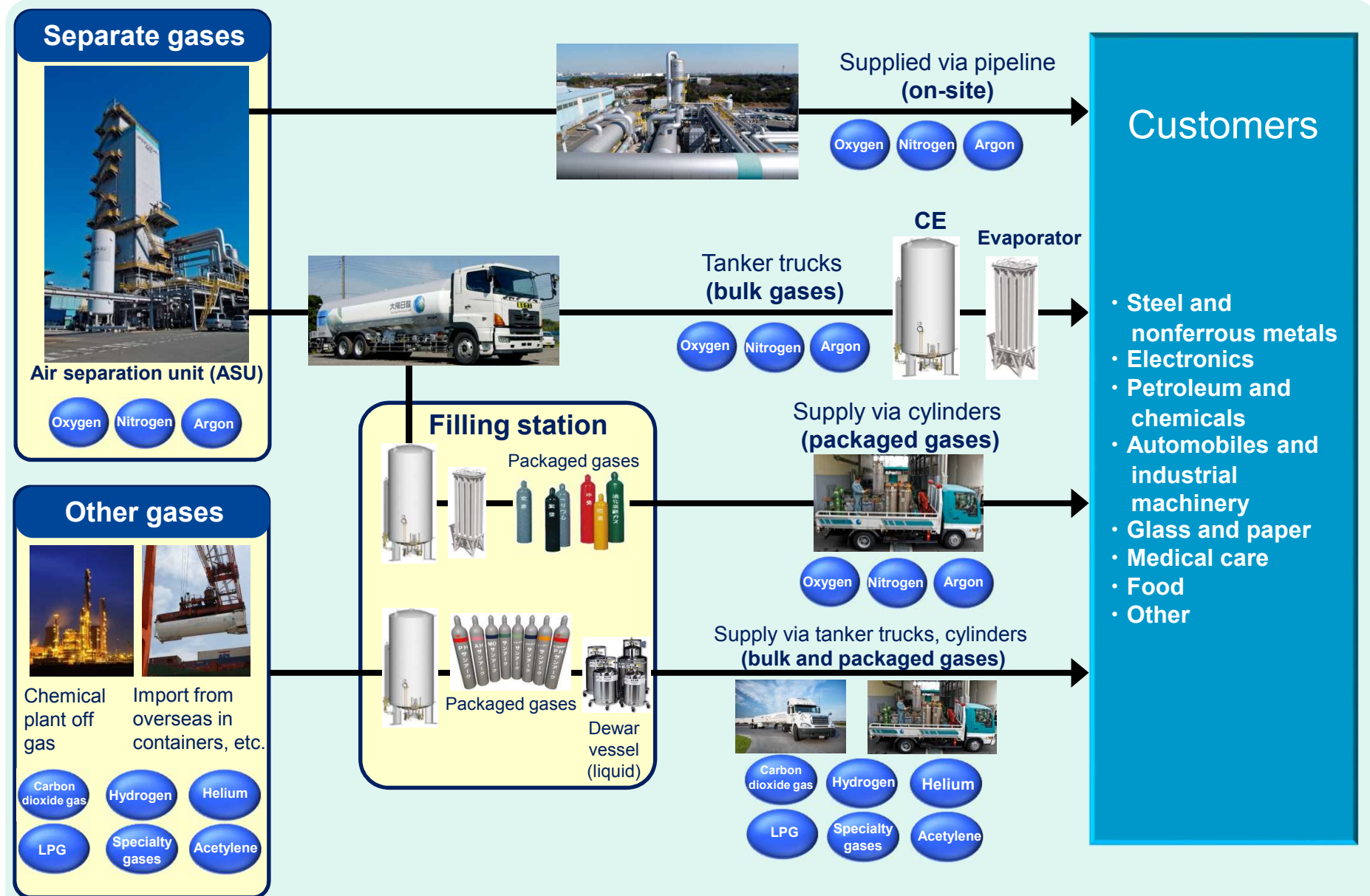
## 【Sales Volume Mix by Industry】



## 【Net Sales Mix by Industry】



# TNSC's Gas Supply Structure



# Disclaimer

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