



TAIYO NIPPON SANSO
The Gas Professionals

Supplementary Materials for Consolidated Business Performance for the First Half of FYE2017

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TAIYO NIPPON SANSO Corporation

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1-1. Overview of business performance

(Billions of yen)	FYE2016 Q2 Results Margin	FYE2017 Q2 Results Margin	YoY Change % change	First Half of FYE2017 Announced targets Margin
Revenue	284.3	268.7	-15.6 -5.5%	293.0
Core operating income	22.5 7.9%	25.7 9.6%	+3.2 +14.2%	24.2 8.3%
Non-recurring profit and loss	1.8	0.1	-1.7	0
Operating income	24.3 8.6%	25.9 9.7%	+1.6 +6.5%	24.2 8.3%
Finance costs	-0.8	-1.4	-0.6	
Income before income taxes	23.5	24.5	+1.0	22.6
Income tax expenses	7.7	7.2	-0.5	
Net income	15.7	17.3	+1.6	
(Attribution of net income)				
Net income attributable to owners of the parent	15.0 5.3%	16.4 6.1%	+1.4 +9.6%	14.7 5.0%
Net income attributable to non-controlling interests	0.7	0.8	+0.1	

● Impact of foreign currency translations (US\$→¥): FYE2016 Q2 rate: \$1=¥121.73 FYE2017 Q2 rate: \$1=¥105.39

→Impact of currency gains led to increases of ¥15.8 billion in net sales and ¥1.2 billion in core operating income



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1-1. Overview of business performance

【Revenue】

(Billions of yen)	FYE2016 Q2 Results	FYE2017 Q2 Results	% Change
Gas Business in Japan	155.6	152.4	-2.0%
Gas Business in the U.S.	77.1	65.1	-15.6%
Gas Business in Asia and Oceania	37.7	37.7	-0.1%
Thermos and Other businesses	13.7	13.4	-2.3%
Revenue Total	284.3	268.7	-5.5%

【Operating income】

(Billions of yen)	FYE2016 Q2 Results	FYE2017 Q2 Results	% Change
Gas Business in Japan	12.4	14.1	+13.5%
Gas Business in the U.S.	4.6	4.7	+1.9%
Gas Business in Asia and Oceania	2.2	2.5	+16.8%
Thermos and Other businesses	4.0	5.0	+24.0%
Eliminations or Corporate	-0.8	-0.8	+7.6%
Core operating income Total	22.5	25.7	+14.2%
Non-recurring profit and loss	1.8	0.1	-89.2%
Operating income Total	24.3	25.9	+6.5%

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

(Billions of yen)			FYE2016 Q2	FYE2017 Q2	% Change
Revenue	Industrial Gas	Bulk gases	39.6	38.1	-3.7%
		On-site gases	25.2	23.4	-7.3%
		Packaged gases	5.7	5.6	-0.1%
		Hard goods	11.3	10.5	-7.2%
		Plants and Equipments	16.5	18.5	+11.9%
		Medical	11.0	10.9	-1.2%
		Total	109.6	107.3	-2.1%
	Electronics	Gases	21.9	22.8	+4.1%
		Equipment and Installation	9.8	10.7	+9.6%
		Total	31.8	33.6	+5.8%
	Energy	LP gas	12.7	10.0	-20.7%
		Related Equipment	1.4	1.3	-8.1%
		Total	14.1	11.3	-19.4%
	Revenue Total			155.6	152.4
Segment income			12.4	14.1	+13.5%

Reasons for changes in revenue

- Sales of LP gas decreased due to the impact of the falling oil price
- Higher revenue from equipment and installation work in electronics

Reason for change in segment income

- Reduced costs due to the falling oil price
- Segment income increased in line with higher revenue from equipment and installation work in electronics



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

(Billions of yen)			FYE2016 Q2	FYE2017 Q2	% Change
Revenue	Industrial Gas	Bulk gases	23.4	21.0	-10.3%
		On-site gases	2.9	2.0	-28.1%
		Packaged gases	26.2	23.1	-11.8%
		Hard goods	17.3	13.5	-22.3%
		Plants and Equipment	1.0	0.0	-100.0%
		Total	71.0	59.8	-15.8%
	Electronics	Gases	5.1	4.6	-8.6%
		Equipment and Installation	0.9	0.6	-34.9%
		Total	6.0	5.3	-12.9%
	Revenue Total			77.1	65.1
Segment income			4.6	4.7	+1.9%

※Impact of yen appreciation on currency translations

Revenue decreased by ¥10.4 billion and segment income by ¥0.7 billion

Reasons for changes in revenue

- Sales of bulk gases were firm (particularly carbon dioxide gas), but hard goods fell
- Recognized sales of business acquired from Air Liquide from September

Reason for change in segment income

- Higher segment income from brisk sales of carbon dioxide gas to food and beverage manufacturers
- Contribution from recognition of business acquired from Air Liquide



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

(Billions of yen)			FYE2016 Q2	FYE2017 Q2	% Change
Revenue	Industrial Gas	Bulk gases	8.6	11.1	+29.0%
		On-site gases	1.3	1.1	-9.0%
		Packaged gases	1.8	2.1	+19.2%
		Hard goods	4.2	3.1	-25.7%
		Plants and Equipment	4.3	5.3	+22.4%
		Total	20.3	22.9	+12.9%
	Electronics	Gases	15.6	12.5	-19.5%
		Equipment and Installation	1.8	2.2	+22.2%
		Total	17.4	14.7	-15.2%
	Revenue Total			37.7	37.7
Segment income			2.2	2.5	+16.8%

※ Impact of yen appreciation on currency translations

Revenue decreased by ¥5.3 billion and segment income by ¥0.4 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 Q2	FYE2017 Q2	% Change
Revenue	Thermos	Japan	11.1	10.6	-4.5%
		Asia	1.2	1.6	+29.0%
		Total	12.4	12.2	-1.1%
	Other		1.3	1.1	-12.8%
	Revenue Total		13.7	13.4	-2.3%
Segment income			4.0	5.0	+24.0%

※Impact of yen appreciation on currency translations

Revenue decreased by ¥0.2 billion and segment income by ¥0.1 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 Nov 2) Margin	YoY Change % Change	FYE2017 Forecast (Announced May 11) Margin
Revenue	594.4	570.0	-24.4 -4.1%	610.0
Core operating income	47.4 8.0%	52.0 9.1%	+4.6 +9.6%	52.0 8.5%
Non-recurring profit and loss	1.4	0.0	-1.4	0.0
Operating income	48.9 8.2%	52.0 9.1%	+3.1 +6.3%	52.0 8.5%
Finance costs	-2.3	-3.3	-1.0	-3.3
Income before income taxes	46.5	48.7	+2.2	48.7
Income tax expenses	16.0	17.0	1.0	17.0
Net income	30.5	31.7	+1.2	31.7
(Attribution of net income)				
Net income attributable to owners of the parent	29.0 4.9%	30.0 5.3%	1.0 +3.3%	30.0 4.9%
Net income for the year attributable to non-controlling interests	1.4	1.7	+0.3	1.7

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

【Revenue】

(Billions of yen)	FYE2016 Results	FYE2017 Forecast (Announced Nov 2)	% Change	FYE2017 Forecast (Announced May 11)
Gas Business in Japan	327.9	320.0	-2.4%	334.0
Gas Business in U.S.	149.5	145.0	-3.0%	160.0
Gas Business in Asia and Oceania	89.3	77.0	-13.8%	88.0
Thermos and Other Businesses	27.5	28.0	+1.7%	28.0
Revenue Total	594.4	570.0	-4.1%	610.0

【Operating income】

(Billions of yen)	FYE2016 Results	FYE2017 Forecast (Announced Nov 2)	% Change	FYE2017 Forecast (Announced May 11)
Gas Business in Japan	27.8	28.2	+1.3%	27.6
Gas Business in U.S.	9.2	10.8	+16.9%	11.3
Gas Business in Asia and Oceania	3.0	5.8	+92.7%	7.7
Thermos and Other Business	9.0	9.0	-0.0%	7.0
Eliminations or Corporate	-1.6	-1.8	-9.3%	-1.6
Core operating income Total	47.4	52.0	+9.6%	52.0
Non-recurring profit and loss	1.4	0.0	-	0.0
Operating income Total	48.9	52.0	+6.3%	52.0

(Reference Materials)



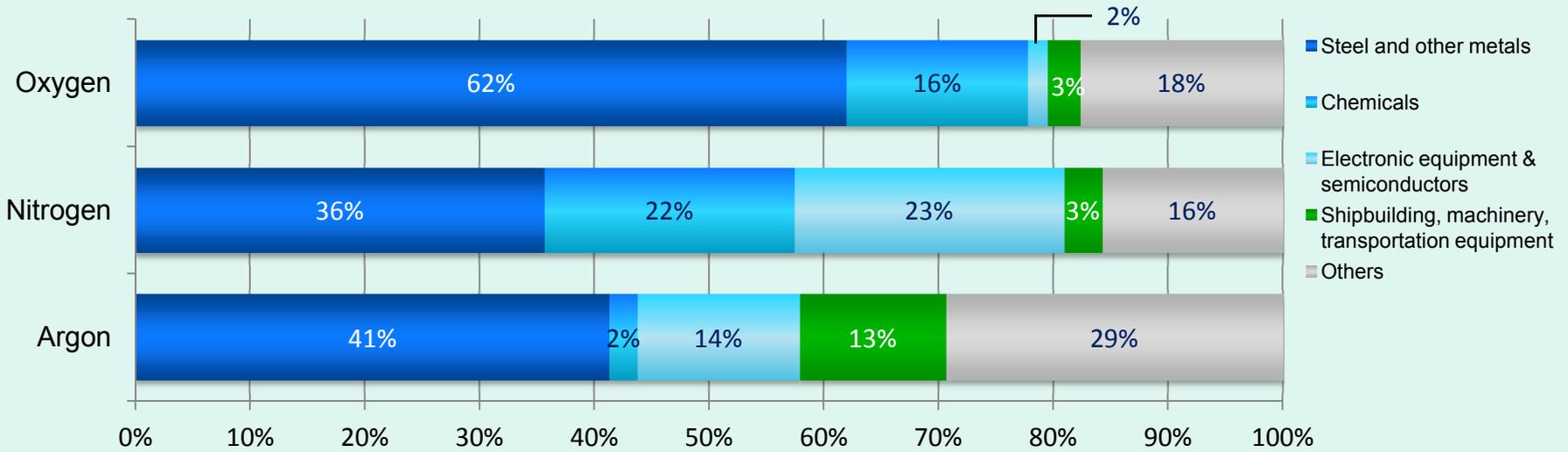
Key Performance Indicators (Consolidated)

	FYE2016 Q2 Results	FYE2017 Q2 Results	FYE2016 Results	FYE2017 Forecast
Basic earnings per share (Yen)	34.73	38.06	67.08	69.32
ROE	—	—	9.1%	9.4%
ROCE	—	—	8.4%	8.5%
Annual dividends per share (Yen)	—	—	16	18
Dividend payout ratio	—	—	23.9%	26.0%
Capital expenditures (construction base)(Millions of yen)	25,359	18,887	52,657	53,000
Investments and loans (Millions of yen)	13,848	78,671	25,507	79,000
Depreciation and amortization (Millions of yen)	19,279	18,289	39,696	42,500
Balance of interest-bearing liabilities (Millions of yen)	271,467	320,080	266,215	320,000
Net interest-bearing liabilities (Millions of yen)	223,369	280,259	215,492	280,000

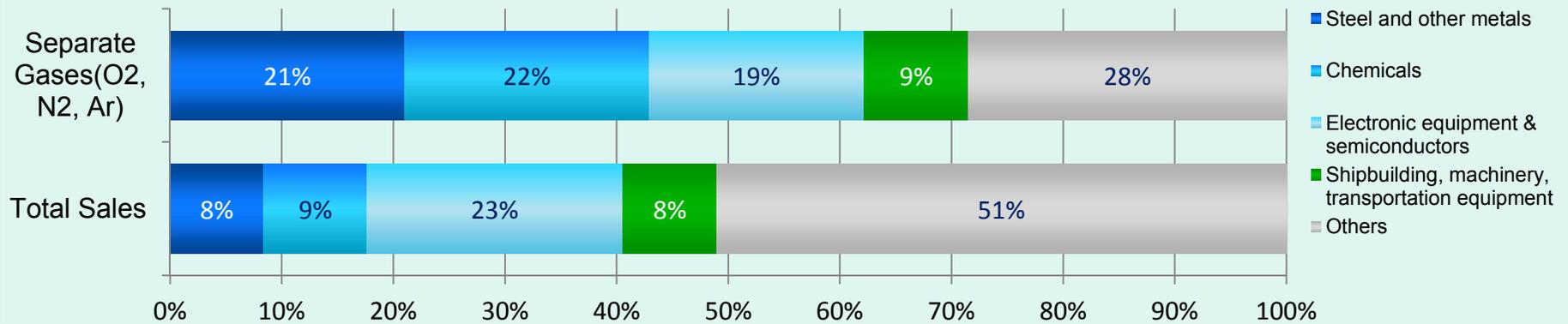


Sales Mix by Industry

【Sales Volume Mix by Industry】

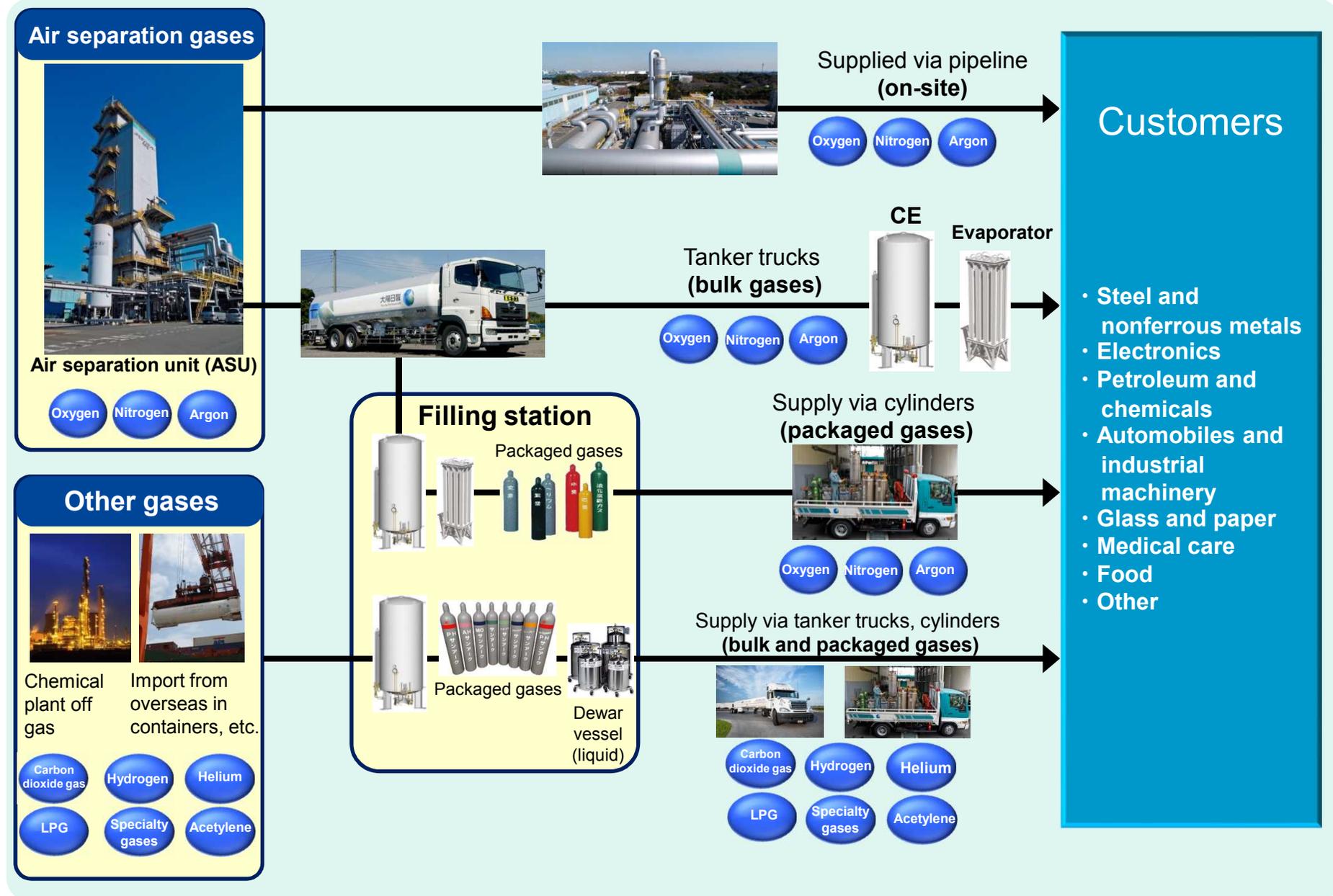


【Net Sales Mix by Industry】



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TNSC's Gas Supply Structure



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