



TAIYO NIPPON SANSO
The Gas Professionals

Supplementary Materials for Consolidated Business Performance for the First Quarter of FYE2021

July 30, 2020
TAIYO NIPPON SANSO Corporation

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1-1. Overview of business performance

(Billions of yen)	FYE2020 Q1 results Margin	FYE2021 Q1 results Margin	YoY Change % Change	FYE2021 Forecast (Announced May 12) Margin
Revenue	210.3	184.5	-25.8 -12.3%	830.0
Core operating income	21.7 10.3%	14.0 7.6%	-7.7 -35.2%	82.0 9.9%
Non-recurring profit and loss	-0.6	—	+0.6	—
Operating income	21.0 10.0%	14.0 7.6%	-7.0 -33.3%	82.0 9.9%
Finance costs	-2.8	-2.5	+0.3	-14.5
Income before income taxes	18.2	11.4	-6.8	67.5
Income tax expenses	-5.4	-3.8	-1.6	-21.5
Net income	12.7	7.6	-5.1	46.0
(Attribution of net income)				
Net income attributable to owners of the parent	12.2 5.8%	7.4 4.0%	-4.8 -39.1%	44.0 5.3%
Net income attributable to non-controlling interests	0.5	0.1	-0.4	2.0

● Impact of foreign currency translations (average rate during the period)

Unit : JPY	USD	EUR	AUD
FYE2020 Q1	109.67	122.87	76.47
FYE2021 Q1	107.38	118.74	71.69



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1-1. Overview of business performance

【Revenue】

(Billions of yen)	FYE2020 Q1 results	FYE2021 Q1 results	Difference	% Change
Gas Business in Japan	83.8	76.0	-7.8	-9.2%
Gas Business in the U.S.	49.6	44.8	-4.8	-9.7%
Gas Business in Europe	44.0	35.1	-8.9	-20.3%
Gas Business in Asia and Oceania	26.1	23.4	-2.7	-10.4%
Thermos Business	6.5	4.9	-1.6	-24.7%
Revenue Total	210.3	184.5	-25.8	-12.3%

【Operating income】

(Billions of yen)	FYE2020 Q1 results	FYE2021 Q1 results	Difference	% Change
Gas Business in Japan	5.6	4.5	-1.1	-19.4%
Gas Business in the U.S.	5.2	3.6	-1.6	-31.9%
Gas Business in Europe	6.9	3.4	-3.5	-50.9%
Gas Business in Asia and Oceania	2.6	2.3	-0.3	-10.3%
Thermos Business	1.9	0.6	-1.3	-67.2%
Eliminations or Corporate	-0.6	-0.4	+0.2	-
Core operating income Total	21.7	14.0	-7.7	-35.2%
Non-recurring profit and loss	-0.6	—	+0.6	-
Operating income Total	21.0	14.0	-7.0	-33.3%

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

(Billions of yen)				FYE2020 Q1 results	FYE2021 Q1 results	Difference	% Change
Revenue	Gases	Packaged	Air separation gases, other	3.6	3.2	-0.4	-12.5%
			Packaged subtotal	3.6	3.2	-0.4	-12.5%
		Bulk	Air separation gases	12.2	10.9	-1.3	-10.9%
			Carbon dioxide	5.5	4.9	-0.6	-11.7%
			Helium	1.1	1.3	+0.2	+19.7%
			Other gases	2.4	2.0	-0.4	-15.9%
			Bulk subtotal	21.4	19.2	-2.2	-10.1%
		On-site	Air separation gases	18.1	15.7	-2.4	-13.2%
			Other gases	1.7	1.5	-0.2	-8.9%
			On-site subtotal	19.9	17.3	-2.6	-12.8%
	LP gas			7.7	5.5	-2.2	-28.4%
	Specialty gases			6.3	6.3	-0.0	-0.1%
	Subtotal			59.0	51.7	-7.3	-12.5%
	Equipment and installation, other	Gas-related and plant, other		15.9	16.0	+0.1	+0.6%
		Electronics-related		2.9	3.0	+0.1	+2.4%
		Welding and cutting-related		5.8	5.2	-0.6	-9.1%
		Subtotal		24.7	24.3	-0.4	-1.5%
Revenue Total				83.8	76.0	-7.8	-9.2%
Segment income				5.6	4.5	-1.1	-19.4%

Reasons for changes in revenue

- Bulk & On-site (Air separation gases): Demand decreased sharply across the manufacturing sector as a whole.
- LPG: Sales prices decreased due to falling import prices. Shipment volume for industrial use decreased in line with a decline in customers' operation rates.

Reason for change in segment income

- In bulk gases, earnings decreased mainly due to a large decrease in revenue from air separation gases.
- Lower costs due to falling fuel prices

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

(Billions of yen)				FYE2020 Q1 results	FYE2021 Q1 results	Difference	% Change
Revenue	Gases	Packaged	Air separation gases, other	12.1	10.8	-1.3	-10.7%
			Packaged subtotal	12.1	10.8	-1.3	-10.7%
		Bulk	Air separation gases	9.1	7.7	-1.4	-14.8%
			Carbon dioxide	6.0	5.8	-0.2	-2.6%
			Helium	1.7	2.1	+0.4	+19.3%
			Other gases	2.4	2.6	+0.2	+7.5%
			Bulk subtotal	19.4	18.4	-1.0	-5.0%
		On-site	Air separation gases	2.3	2.2	-0.1	-2.4%
			Other gases	3.3	3.2	-0.1	-5.2%
			On-site subtotal	5.6	5.4	-0.2	-4.1%
	LP gas			0.3	0.3	+0.0	+2.5%
	Specialty gases			1.7	1.8	+0.1	+5.5%
	Subtotal			39.3	36.9	-2.4	-6.1%
	Equipment and installation, other	Electronics-related		1.1	1.4	+0.3	+23.6%
		Welding and cutting-related		9.2	6.5	-2.7	-28.8%
		Subtotal		10.3	7.9	-2.4	-23.0%
	Revenue Total				49.6	44.8	-4.8
Segment income				5.2	3.6	-1.6	-31.9%

*Impact of foreign currency translation: Negative impacts of ¥1.03 billion on revenue and ¥0.11 billion on segment income

Reasons for changes in revenue

- Packaged & Bulk: Demand decreased sharply across the manufacturing sector as a whole.
- On-site: Revenue decreased due to low levels of operation, including in the HyCO business.
- Welding and cutting-related: Substantial decline in revenue due partly to a period of suspended sales at retail stores in response to the impacts of restrictions on movement and voluntary suspension of business activities.

Reason for change in segment income

- In bulk gases, earnings decreased mainly due to a large decline in revenue from air separation gases.
- Earnings decreased due to a decline in revenue from packaged gases and welding and cutting-related business.

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

(Billions of yen)				FYE2020 Q1 results	FYE2021 Q1 results	Difference	% Change
Revenue	Gases	Packaged	Air separation gases, other	11.1	8.4	-2.7	-24.2%
			Packaged subtotal	11.1	8.4	-2.7	-24.2%
		Bulk	Air separation gases	10.0	8.0	-2.0	-19.7%
			Carbon dioxide	6.4	5.1	-1.3	-19.6%
			Helium	2.0	1.5	-0.5	-23.2%
			Other gases	1.7	1.6	-0.1	-5.4%
			Bulk subtotal	20.2	16.4	-3.8	-18.8%
		On-site	Air separation gases	5.9	4.5	-1.4	-23.7%
			Other gases	0.9	0.8	-0.1	-7.7%
			On-site subtotal	6.8	5.4	-1.4	-21.5%
	Specialty gases			1.7	1.5	-0.2	-14.3%
	Subtotal			40.0	31.8	-8.2	-20.6%
	Equipment and installation, other	Gas-related and plant, other		3.0	2.5	-0.5	-16.3%
		Welding and cutting-related		0.9	0.6	-0.3	-23.6%
		Subtotal		3.9	3.2	-0.7	-18.0%
Revenue Total				44.0	35.1	-8.9	-20.3%
Segment income				6.9	3.4	-3.5	-50.9%

*Impact of foreign currency translation: Negative impacts of ¥1.48 billion on revenue and ¥0.23 billion on segment income

*The financial information presented under FYE2020 Q1 results differs from the information previously disclosed in FYE2020 Q1 because product aggregation categories were revised in the term under review.

Reasons for changes in revenue

- Packaged: Lower revenue centered on air separation gases, in addition to soft sales mainly in the refrigerant gas business (next-generation refrigerant gas) in Italy.
- Bulk & On-site: Demand decreased sharply across the manufacturing sector as a whole. (large impact on business results due to the spread of COVID-19)

Reason for change in segment income

- Earnings decreased due to a large decline in revenue across Bulk, Packaged and all other areas generally.

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

(Billions of yen)				FYE2020 Q1 results	FYE2021 Q1 results	Difference	% Change
Revenue	Gases	Packaged	Air separation gases, other	0.9	0.7	-0.2	-20.7%
			Packaged subtotal	0.9	0.7	-0.2	-20.7%
		Bulk	Air separation gases	4.2	3.2	-1.0	-24.5%
			Carbon dioxide	0.4	0.3	-0.1	-20.2%
			Helium	1.4	1.2	-0.2	-10.6%
			Other gases	0.7	0.5	-0.2	-18.5%
			Bulk subtotal	6.8	5.4	-1.4	-20.7%
		On-site	Air separation gases	0.8	0.8	-0.0	-7.2%
			On-site subtotal	0.8	0.8	-0.0	-7.2%
		LP gas			3.8	3.5	-0.3
	Specialty gases			6.5	7.3	+0.8	+13.2%
	Subtotal			19.0	17.9	-1.1	-6.2%
	Equipment and installation, other	Gas-related and plant, other		4.0	3.2	-0.8	-18.7%
		Electronics-related		1.8	1.3	-0.5	-27.6%
		Welding and cutting-related		1.1	0.9	-0.2	-21.0%
		Subtotal		7.0	5.5	-1.5	-21.4%
	Revenue Total				26.1	23.4	-2.7
Segment income				2.6	2.3	-0.3	-10.3%

*Impact of foreign currency translation: Negative impacts of ¥0.91 billion on revenue and ¥0.10 billion on segment income

Reasons for changes in revenue

- Bulk: In the Philippines, shipment volume decreased, as demand fell sharply in response to the impact of city lockdowns. Revenue similarly decreased in other regions as well.
- Specialty gases: Shipments were favorable in East Asia (primarily China)
- Gas-related equipment: Sales in Singapore were sluggish.

Reason for change in segment income

- Earnings decreased due to declines in revenue from air separation gases in the Philippines and gas-related equipment etc., in Singapore and Malaysia.
- Shipments of electronics materials gas were favorable in East Asia.

1-2. Business Performance by Segment: Thermos Business

(Billions of yen)		FYE2020 Q1 results	FYE2021 Q1 results	Difference	% Change
Revenue	Japan	5.6	4.3	-1.3	-24.1%
	Overseas	0.9	0.6	-0.3	-28.5%
	Revenue Total	6.5	4.9	-1.6	-24.7%
Segment income		1.9	0.6	-1.3	-67.2%

*Impact of foreign currency translation: Negative impacts of ¥0.05 billion on revenue and ¥0.01 billion on segment income

Reasons for changes in revenue

- Japan: Sales opportunities were lost due to restrictions on movement and voluntary suspension of business activities at retail stores under a state-of-emergency declaration, resulting in a large decrease in shipment volume. Meanwhile, stay-at-home demand supported firm sales of frying pans and tumblers.
- Overseas: Revenue decreased due to a decline in shipment volume in various regions.

Reason for change in segment income

- Japan: Earnings decreased due to a substantial decline in revenue, as the Group was unable to capitalize on sales opportunities associated with periods of high demand such as the start of a new academic year and the leisure season.
- Overseas: Earnings decreased due to lower revenue in South Korea. In addition to adjustments to operation levels at production plants, sales slowed at group companies accounted for by the equity.



2-1. Full-Year Forecasts for FYE2021

(Billions of yen)	FYE2020 Results Margin	FYE2021 Forecasts Margin	YoY Change % Change
Revenue	850.2	830.0	-20.2 -2.4%
Core operating income	90.3 10.6%	82.0 9.9%	-8.3 -9.2%
Non-recurring profit and loss	3.5	—	-3.5
Operating income	93.9 11.0%	82.0 9.9%	-11.9 -12.7%
Finance costs	-14.7	-14.5	+0.2
Income before income taxes	79.1	67.5	-11.6
Income tax expenses	-24.0	-21.5	-2.5
Net income	55.0	46.0	-9.0
(Attribution of net income)			
Net income attributable to owners of the parent	53.3 6.3%	44.0 5.3%	-9.3 -17.5%
Net income for the year attributable to non-controlling interests	1.6	2.0	+0.4

The Company has not revised its forecasts for business operations announced on May 12, 2020. This earnings forecast was made on an assumption made at the end of the FYE2021 Q1 that remains unchanged whereby the downturn in the global economy brought about by the COVID-19 pandemic will gradually recover in the FYE2021 Q2 and be essentially normalized by the FYE2021 Q3 onward. However, actual results may differ significantly due to factors such as the spread of COVID-19 going forward.

● Foreign currency translations (average rate during the period)

Unit : JPY	USD	EUR
FYE2021 est.	108	120
FYE2020 actual	108.95	120.85



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2-2. Full-Year Forecasts for FYE2021 by Segment

【Revenue】

(Billions of yen)	FYE2020 Results	FYE2021 Forecasts	Difference	% Change
Gas Business in Japan	356.1	356.0	-0.1	-0.0%
Gas Business in U.S.	198.8	192.0	-6.8	-3.5%
Gas Business in Europe	165.5	153.0	-12.5	-7.6%
Gas Business in Asia and Oceania	104.5	103.0	-1.5	-1.5%
Thermos Business	25.1	26.0	+0.9	+3.5%
Revenue Total	850.2	830.0	-20.2	-2.4%

【Operating income】

(Billions of yen)	FYE2020 Results	FYE2021 Forecasts	Difference	% Change
Gas Business in Japan	28.7	31.2	+2.5	+8.6%
Gas Business in U.S.	22.2	16.3	-5.9	-26.8%
Gas Business in Europe	24.8	19.8	-5.0	-20.3%
Gas Business in Asia and Oceania	9.9	10.3	+0.4	+3.5%
Thermos Business	7.2	6.3	-0.9	-12.8%
Eliminations or Corporate	-2.6	-1.9	+0.7	-
Core operating income Total	90.3	82.0	-8.3	-9.2%
Non-recurring profit and loss	3.5	—	-3.5	-
Operating income Total	93.9	82.0	-11.9	-12.7%

(Reference Materials)

Breakdown for revenue disclosure categories for each segment

The breakdown for revenue disclosure categories for each segment is listed in the below chart.

Revenue disclosure category	Breakdown
Gases	Industrial gases such as oxygen, nitrogen, and argon, LP gases, specialty gases
Packaged	Gas filling containers (cylinders) are delivered to the customer, and the gas is supplied according to method of use
Air separation gases, other	All gases including air separation gases (oxygen, nitrogen, argon that are created by separation from the atmosphere)
Bulk	A storage tank for liquified gas is installed within the customer's facility, and the gas is supplied according to method of use
Air separation gases	Oxygen, nitrogen, argon
Carbon dioxide	Carbon dioxide gas, dry ice
Helium	Helium gas
Other gases	Other gases such as hydrogen
On-site	A gas production facility is established in an area adjacent to the customer, and the gas is constantly supplied using a directly connected pipe
Air separation gases	Oxygen, nitrogen, argon
Other gases	Other gases such as hydrogen and carbon monoxide
LP gas	Propane gas, butane gas
Specialty gases	Mainly, gases for electronic materials that are used in the manufacture of semiconductors or LCD panels, standard gas, high-purity gas
Equipment and installation, other	Ancillary equipment for gas usage, refining equipment to raise gas purity level, construction for equipment installation, and other equipment
Gas-related and plant, other	Gas-related supply facilities and gas abatement equipment, air separation units, and other equipment
Electronics-related	Construction for equipment and pipe installation toward electronics, refining equipment for removing impurities, and other equipment
Welding and cutting-related	Equipment, apparatuses, welding rods and other items (hard goods) used in metal processing including gas welding and cutting

Non-recurring Income and Expense Items

(Billions of yen)	FYE2020 Q1 results	FYE2021 Q1 results	YoY change
Core operating income	21.7	14.0	-7.7
Non-recurring profit and loss	-0.6	-	+0.6
Operating income	21.0	14.0	-7.0

【Non-recurring Income and Expense Items】

FYE2020 Q1 results		FYE2021 Q1 results	
Item	Amount (Billions of yen)	Item	Amount (Billions of yen)
Gain on sales of domestic land, etc.	0.2	(Information for FYE2021 Q1 results is not available)	
Restructuring-related expenses for the alfi business (Thermos)	-0.5		
Impairment loss associated with the sale of an affiliated company	-0.3		
Total	-0.6	Total	-

Condensed Consolidated Statements of Cash Flows

(Billions of yen)		FYE2020 Q1 results	FYE2021 Q1 results	YoY change
	Income before income taxes	18.2	11.4	-6.8
	Depreciation and amortization	20.5	21.4	+0.9
	Changes in working capital	-1.9	-4.5	-2.6
	Others	-2.6	-7.5	-4.9
(1) Cash flows from operating activities		34.1	20.8	-13.3
	Capital expenditures	-19.6	-15.2	+4.4
	Investments and loans	-0.2	-0.1	+0.1
	Others (asset sales, etc.)	0.5	0.1	-0.4
(2) Cash flows from investing activities		-19.4	-15.3	+4.1
Free cash flow (1+2)		14.7	5.5	-9.2
Net interest-bearing liabilities		964.3	905.3	-59.0
Adjusted net D/E ratio		1.60	1.43	-0.17

● Net interest-bearing liabilities: interest-bearing liabilities - cash and cash equivalents

● Adjusted net D/E ratio: (Net interest-bearing debt – equity-type debt^{*1}) / (equity attributable to owners of parent + equity-type debt^{*1})

^{*1} Equity-type debt: the amount of debt procured by Hybrid finance^{*2} that has been recognized as equity credit by rating agencies (50% of the procured amount).

^{*2} Hybrid finance: A form of debt financing that has features resembling equity, such as voluntary deferral of interest, extremely long-term redemption periods and subordination during liquidation or bankruptcy procedures.

Condensed Consolidated Statements of Financial Position

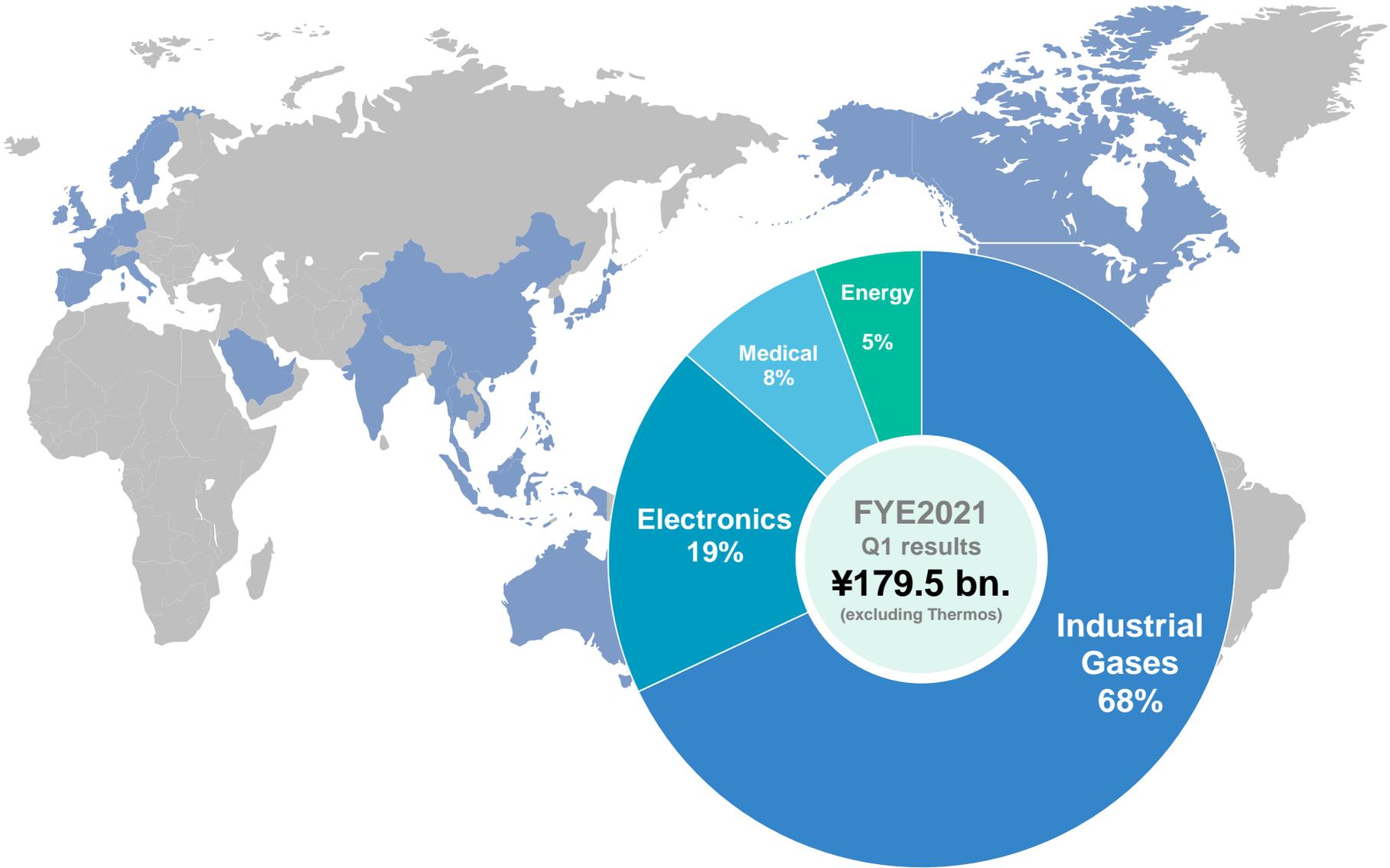
(Billions of yen)	FYE2020 Results	FYE2021 Q1 results	YoY Change		FYE2020 Results	FYE2021 Q1 results	YoY Change
Cash and cash equivalents	100.0	128.8	+28.8	Interest-bearing liabilities	998.3	1,034.1	+35.8
Trade receivables	179.2	170.0	-9.2	Trade payables	93.8	82.6	-11.2
Inventories	65.8	69.1	+3.3	Others	218.7	222.2	+3.5
Others	22.1	25.4	+3.3	Total liabilities	1,311.0	1,339.1	+28.1
Total current assets	367.3	393.4	+26.1	Share capital and capital surplus, etc	472.7	473.6	+0.9
Property, plant and equipment*	655.1	658.1	+3.0	Other components of equity	-63.4	-53.3	+10.1
Goodwill	419.2	425.1	+5.9	Equity attributable to owners of parent	409.3	420.3	+11.0
Intangible assets	232.0	231.7	-0.3	Non-controlling interests	31.3	29.0	-2.3
Others	77.8	79.9	+2.1	Total equity	440.6	449.4	+8.8
Total non-current assets	1,384.4	1,395.0	+10.6	Total liabilities and equity	1,751.7	1,788.5	+36.8
Total assets	1,751.7	1,788.5	+36.8				

Key Performance Indicators (Consolidated)

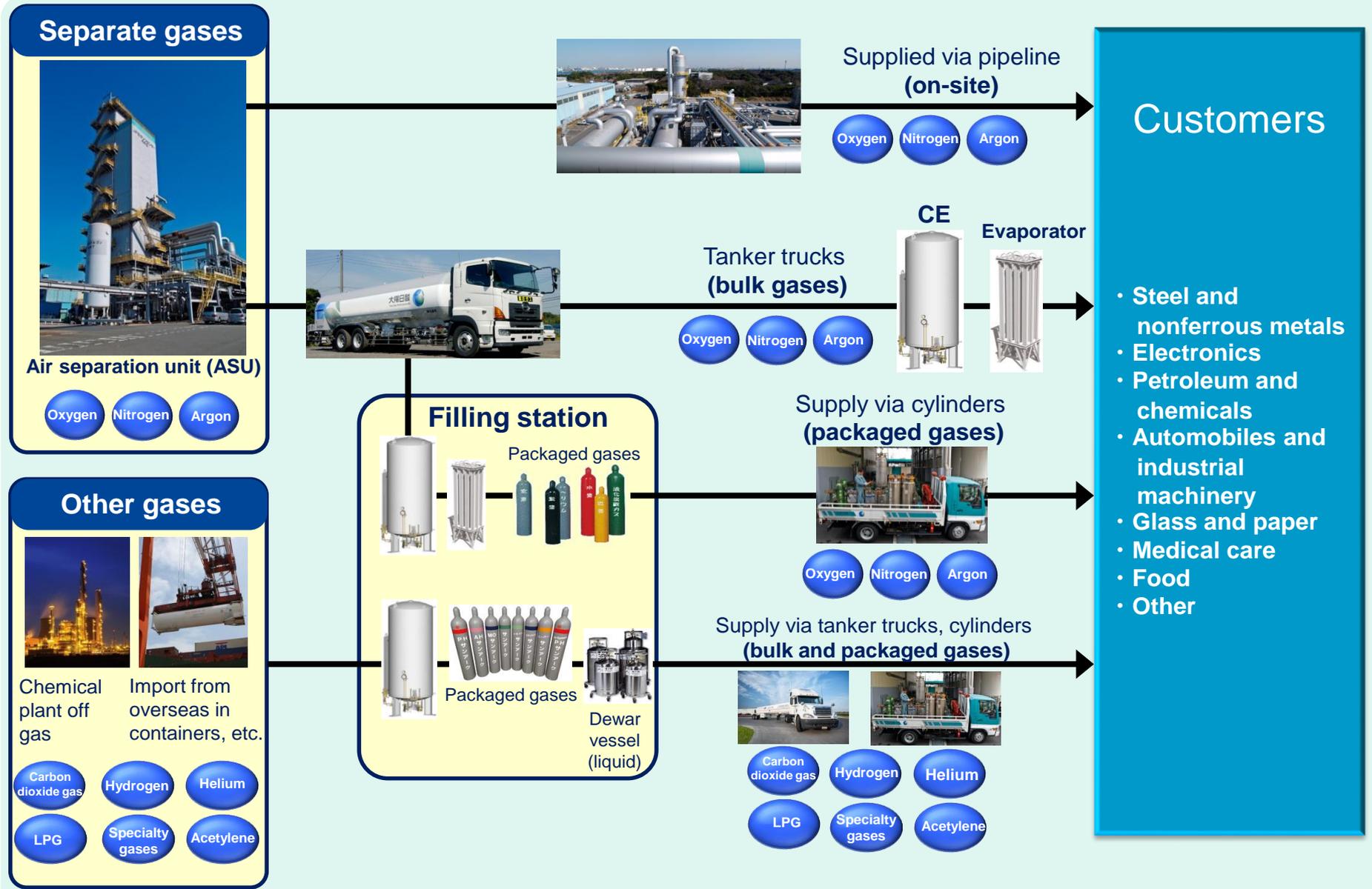
	FYE2020 Q1 results	FYE2021 Q1 results	FYE2020 Results	FYE2021 Forecasts
Basic earnings per share (Yen)	28.24	17.19	123.26	101.67
Overseas sales ratio	57.5%	56.4%	55.5%	-
ROE	-	-	13.1%	10.4%
ROCE	-	-	6.4%	5.8%
Annual dividends per share (Yen)	-	-	28	28
Dividend payout ratio	-	-	22.7%	27.5%
Capital expenditures (fund basis)(Millions of yen)	19,667	15,242	72,810	94,100
Investments and loans* (Millions of yen)	268	187	733	-
Depreciation and amortization (Millions of yen)	20,515	21,456	83,798	86,000
Free cash flow (Millions of yen)	14,702	5,575	87,455	39,400
Balance of interest-bearing liabilities (Millions of yen)	1,023,805	1,034,191	998,389	970,400
Net interest-bearing liabilities (Millions of yen)	964,360	905,372	898,384	881,800

* Investment and loans shown above represent investment and loans under cash flows from investing activities (purchase of investment securities, purchase of shares of subsidiaries, and payments for acquisition of businesses).

Sales mix by business (exc. Thermos business)



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.