



**TAIYO NIPPON SANSO**  
The Gas Professionals

# Supplementary Materials for Consolidated Business Performance for the First Quarter of FYE2020

**July 29, 2019**  
**TAIYO NIPPON SANSO Corporation**

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# 1-1. Overview of business performance

(Billions of yen)	FYE2019 Q1 results Margin	FYE2020 Q1 results Margin	YoY Change	FYE2020 Forecast (Announced May 13) Margin
<b>Revenue</b>	<b>158.6</b>	<b>210.3</b>	<b>+51.7</b> +32.6%	<b>890.0</b>
<b>Core operating income</b>	<b>13.9</b> 8.8%	<b>21.7</b> 10.3%	<b>+7.8</b> +55.9%	<b>95.0</b> 10.7%
Non-recurring profit and loss	0.8	-0.6	-1.4	7.0
<b>Operating income</b>	<b>14.7</b> 9.3%	<b>21.0</b> 10.0%	<b>+6.3</b> +42.7%	<b>102.0</b> 11.5%
Finance costs	-0.5	-2.8	-2.3	-15.5
<b>Income before income taxes</b>	<b>14.2</b>	<b>18.2</b>	<b>+4.0</b>	<b>86.5</b>
Income tax expenses	-4.0	-5.4	+1.4	-27.0
Net income	10.1	12.7	+2.6	59.5
(Attribution of net income)				
<b>Net income attributable to owners of the parent</b>	<b>9.6</b> 6.1%	<b>12.2</b> 5.8%	<b>+2.6</b> +26.2%	<b>57.0</b> 6.4%
Net income attributable to non-controlling interests	0.4	0.5	+0.1	2.5

- Impact of foreign currency translations (US\$→¥): FYE2019 Q1 rate: \$1=¥109.53 FYE2020 Q1 rate: \$1=¥109.67  
(€→¥): FYE2020 Q1 rate: €1=¥122.87

- In FYE2020, the Company plans to record non-recurring profit of ¥7.0 billion on the sale of its assets as part of efforts to improve asset efficiency.



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# 1-1. Overview of business performance

## 【Revenue】

(Billions of yen)	FYE2019 Q1 results	FYE2020 Q1 results	% Change	FYE2020 Forecast (Announced May 13)
Gas Business in Japan	82.6	<b>83.8</b>	+1.4%	375.0
Gas Business in the U.S.	44.5	<b>49.6</b>	+11.6%	201.0
Gas Business in Europe	—	<b>44.0</b>	—	173.0
Gas Business in Asia and Oceania	25.1	<b>26.1</b>	+4.1%	111.0
Thermos Business	6.3	<b>6.5</b>	+4.1%	30.0
Revenue Total	158.6	<b>210.3</b>	+32.6%	890.0

## 【Operating income】

(Billions of yen)	FYE2019 Q1 results	FYE2020 Q1 results	% Change	FYE2020 Forecast (Announced May 13)
Gas Business in Japan	6.1	<b>5.6</b>	-7.6%	30.6
Gas Business in the U.S.	3.1	<b>5.2</b>	+69.7%	19.0
Gas Business in Europe	—	<b>6.9</b>	—	26.5
Gas Business in Asia and Oceania	3.3	<b>2.6</b>	-21.5%	11.5
Thermos Business	1.7	<b>1.9</b>	+12.6%	9.4
Eliminations or Corporate	-0.3	<b>-0.6</b>	—	-2.0
Core operating income Total	13.9	<b>21.7</b>	+55.9%	95.0
Non-recurring profit and loss	0.8	<b>-0.6</b>	—	7.0
Operating income Total	14.7	<b>21.0</b>	+42.7%	102.0

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

(Billions of yen)				FYE2019 Q1 results	FYE2020 Q1 results	% Change
Revenue	Gases	Packaged	Air separation gases, other	3.6	<b>3.6</b>	+0.3%
			Packaged subtotal	3.6	<b>3.6</b>	+0.3%
		Bulk	Air separation gases	12.4	<b>12.2</b>	-2.0%
			Carbon dioxide	5.6	<b>5.5</b>	-2.4%
			Helium	1.0	<b>1.1</b>	+6.8%
			Other gases	2.5	<b>2.4</b>	-1.2%
		Bulk subtotal	21.7	<b>21.4</b>	-1.6%	
		On-site	Air separation gases	18.2	<b>18.1</b>	-0.5%
			Other gases	1.8	<b>1.7</b>	-3.9%
			On-site subtotal	20.0	<b>19.9</b>	-0.8%
	LP gas			7.8	<b>7.7</b>	-0.7%
	Specialty gases			6.3	<b>6.3</b>	-0.9%
	Subtotal			59.6	<b>59.0</b>	-1.0%
	Equipment and installation, other	Gas-related and plant, other		14.0	<b>15.9</b>	+13.9%
		Electronics-related		3.2	<b>2.9</b>	-8.2%
Welding and cutting-related		5.7	<b>5.8</b>	+0.7%		
Subtotal		22.9	<b>24.7</b>	+7.5%		
<b>Revenue Total</b>				<b>82.6</b>	<b>83.8</b>	<b>+1.4%</b>
<b>Segment income</b>				<b>6.1</b>	<b>5.6</b>	<b>-7.6%</b>

### Reasons for changes in revenue

- Bulk & On-site (Air separation gases): Decline centered on key industries for steel, transport equipment
- Equipment and installation, other (Medical) : Contribution from acquisition of IMI Co., Ltd.

### Reason for change in segment income

- Higher costs due to rising fuel prices
- Contribution from acquisition of IMI Co., Ltd.
- Expenses: Higher costs due to personnel expenses etc.



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

(Billions of yen)				FYE2019 Q1 results	FYE2020 Q1 results	% Change
Revenue	Gases	Packaged	Air separation gases, other	11.0	<b>12.1</b>	+9.9%
			Packaged subtotal	11.0	<b>12.1</b>	+9.9%
		Bulk	Air separation gases	8.6	<b>9.1</b>	+5.1%
			Carbon dioxide	5.8	<b>6.0</b>	+3.7%
			Helium	1.5	<b>1.7</b>	+14.6%
			Other gases	2.7	<b>2.4</b>	-8.8%
			Bulk subtotal	18.7	<b>19.4</b>	+3.4%
		On-site	Air separation gases	2.0	<b>2.3</b>	+14.2%
			Other gases	0.3	<b>3.3</b>	-
			On-site subtotal	2.3	<b>5.6</b>	+143.1%
	LP gas			0.4	<b>0.3</b>	-25.2%
	Specialty gases			1.6	<b>1.7</b>	+3.4%
	Subtotal			34.2	<b>39.3</b>	+14.7%
	Equipment and installation, other	Electronics-related		1.5	<b>1.1</b>	-24.1%
		Welding and cutting-related		8.7	<b>9.2</b>	+5.9%
Subtotal		10.2	<b>10.3</b>	+1.5%		
<b>Revenue Total</b>				44.5	<b>49.6</b>	<b>+11.6%</b>
<b>Segment income</b>				<b>3.1</b>	<b>5.2</b>	<b>+69.7%</b>

\*Impact of foreign currency translation: Positive impacts of ¥0.06 billion on revenue and ¥0.0 billion on segment income

### Reasons for changes in revenue

- Bulk: Favorable shipments centered around air separation gases
- On-site: Start of operation at a new project, contribution from acquisition of HyCO business
- Welding and cutting-related: Favorable sales to the construction and energy industries

### Reason for change in segment income

- Industrial gas-related business is generally favorable, centered on air separation gases.
- Contribution from acquisition of HyCO business



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

(Billions of yen)				FYE2020 Q1 results
Revenue	Gases	Packaged	Air separation gases, other	8.6
			Packaged subtotal	8.6
		Bulk	Air separation gases	10.1
			Carbon dioxide	7.0
			Helium	2.0
			Other gases	3.1
		Bulk subtotal	22.3	
		On-site	Air separation gases	5.9
			Other gases	0.9
	On-site subtotal		6.8	
	Specialty gases			2.1
	Subtotal			40.0
	Equipment and installation, other	Gas-related and plant, other		3.0
Welding and cutting-related		0.9		
Subtotal		3.9		
<b>Revenue Total</b>				<b>44.0</b>
<b>Segment income</b>				<b>6.9</b>

- The European business acquired from Praxair, Inc. of the United States in December 2018 has been disclosed in this segment.
- The revenue increased 3.5% year on year from ¥42.5 billion as compared to the business performance of the Gas Business in Europe from April 1, 2018 to June 30, 2018, assuming the acquisition date of the European business acquired from U.S. company Praxair, Inc. was April 1, 2018.



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

(Billions of yen)				FYE2019 Q1 results	FYE2020 Q1 results	% Change
Revenue	Gases	Packaged	Air separation gases, other	0.9	<b>0.9</b>	-6.9%
			Packaged subtotal	0.9	<b>0.9</b>	-6.9%
		Bulk	Air separation gases	4.7	<b>4.2</b>	-9.5%
			Carbon dioxide	0.4	<b>0.4</b>	+6.6%
			Helium	1.0	<b>1.4</b>	+41.9%
			Other gases	0.8	<b>0.7</b>	-16.9%
			Bulk subtotal	6.9	<b>6.8</b>	-2.0%
		On-site	Air separation gases	0.8	<b>0.8</b>	+10.6%
			On-site subtotal	0.8	<b>0.8</b>	+10.6%
		LP gas			3.5	<b>3.8</b>
	Specialty gases			6.8	<b>6.5</b>	-4.3%
	Subtotal			19.2	<b>19.0</b>	-0.6%
	Equipment and installation, other	Gas-related and plant, other		3.8	<b>4.0</b>	+4.8%
		Electronics-related		0.9	<b>1.8</b>	+101.8%
		Welding and cutting-related		1.1	<b>1.1</b>	+1.7%
		Subtotal		5.9	<b>7.0</b>	+19.3%
	<b>Revenue Total</b>				<b>25.1</b>	<b>26.1</b>
<b>Segment income</b>				<b>3.3</b>	<b>2.6</b>	<b>-21.5%</b>

\*Impact of foreign currency translation: Revenue decreased by ¥0.77billion and segment income by ¥0.13 billion

### Reasons for changes in revenue

- Bulk : Sales in Southeast Asia were firm.
- LP gas : Favorable sales in Australia.
- Specialty gases (Mainly electronic materials gases) : Decline in shipments of Taiwan
- Electronics-related equipment and installation : Revenue in Taiwan increased moderately

### Reason for change in segment income

- Increased cost in transport of air separation gases in Australia
- Earnings declined due to lower electronic materials gas revenue in Taiwan



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

(Billions of yen)		FYE2019 Q1 results	FYE2020 Q1 results	% Change
Revenue	Japan	5.3	<b>5.6</b>	+5.4%
	Overseas	0.9	<b>0.9</b>	-3.3%
	<b>Revenue Total</b>	<b>6.3</b>	<b>6.5</b>	<b>+4.1%</b>
<b>Segment income</b>		<b>1.7</b>	<b>1.9</b>	<b>+12.6%</b>

\*Impact of yen appreciation on currency translations Revenue decreased by ¥0.05 billion and segment income by ¥0.02 billion

### Reasons for changes in revenue

- Japan: Sales centered on vacuum insulated portable mugs were firm

### Reason for change in segment income

- Overseas: Increased earnings due to higher revenue in South Korea, earnings growth at group companies accounted for by the equity-method



## 2-1. Full-Year Forecasts for FYE2020

(Billions of yen)	FYE2019 Results Margin	FYE2020 Forecast Margin	YoY Change % Change
<b>Revenue</b>	<b>740.3</b>	<b>890.0</b>	<b>+149.7</b> +20.2%
<b>Core operating income</b>	<b>65.8</b> 8.9%	<b>95.0</b> 10.7%	<b>+29.2</b> +44.3%
Non-recurring profit and loss	1.0	7.0	+6.0
<b>Operating income</b>	<b>66.8</b> 9.0%	<b>102.0</b> 11.5%	<b>+35.2</b> +52.6%
Finance costs	-4.7	-15.5	-10.8
<b>Income before income taxes</b>	<b>62.0</b>	<b>86.5</b>	<b>+24.5</b>
Income tax expenses	-18.3	-27.0	+8.7
Net income	43.7	59.5	+15.8
(Attribution of net income)			
<b>Net income attributable to owners of the parent</b>	<b>41.2</b> 5.6%	<b>57.0</b> 6.4%	<b>+15.8</b> +38.0%
Net income for the year attributable to non-controlling interests	2.4	2.5	+0.1

Assumed exchange rate for FYE2020: (US\$→¥): \$1=¥110, (EUR→¥):€1=¥125

In FYE2020, the Company plans to record non-recurring profit of ¥7.0 billion on the sale of its assets as part of efforts to improve asset efficiency.



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## 2-2. Full-Year Forecasts for FYE2020 by Segment

### 【Revenue】

(Billions of yen)	FYE2019 Results	FYE2020 Forecast	% Change
Gas Business in Japan	363.9	<b>375.0</b>	+3.0%
Gas Business in U.S.	187.3	<b>201.0</b>	+7.3%
Gas Business in Europe <sup>*1</sup>	55.1	<b>173.0</b>	+214.0%
Gas Business in Asia and Oceania	106.1	<b>111.0</b>	+4.6%
Thermos Business	27.8	<b>30.0</b>	+7.9%
Revenue Total	740.3	<b>890.0</b>	+20.2%

### 【Operating income】

(Billions of yen)	FYE2019 Results	FYE2020 Forecast	% Change
Gas Business in Japan	29.8	<b>30.6</b>	+2.7%
Gas Business in U.S.	15.6	<b>19.0</b>	+21.5%
Gas Business in Europe <sup>*1</sup>	6.5	<b>26.5</b>	+303.5%
Gas Business in Asia and Oceania	9.1	<b>11.5</b>	+25.7%
Thermos Business	9.1	<b>9.4</b>	+2.3%
Eliminations or Corporate <sup>*2</sup>	-4.5	<b>-2.0</b>	-
Core operating income Total	65.8	<b>95.0</b>	+44.3%
Non-recurring profit and loss	1.0	<b>7.0</b>	-
Operating income Total	66.8	<b>102.0</b>	+52.6%

\*1 The FYE2019 results represent business performance for the four-month period from December 2018 to March 2019 of the European business acquired from U.S. company Praxair, Inc.

\*2 In the FYE2019 results, European business acquisition-related expenses (advisory fees, etc.) of ¥2.7 billion have been recorded in core operating income.

(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	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)	FYE2019 Q1 results	FYE2020 Q1 results	YoY change
Core operating income	13.9	21.7	+7.8
<b>Non-recurring profit and loss</b>	<b>0.8</b>	<b>-0.6</b>	<b>-1.4</b>
Operating income	14.7	21.0	+6.3

## 【Non-recurring Income and Expense Items】

FYE2019 Q1 results		FYE2020 Q1 results	
Item	Amount (Billions of yen)	Item	Amount (Billions of yen)
Gain on sales of domestic land	0.9	Gain on sales of domestic land, etc.	0.2
Other	-0.1	Restructuring-related expenses for the alfi business (Thermos)	-0.5
		Impairment loss associated with the sale of an affiliated company	-0.3
<b>Total</b>	<b>0.8</b>	<b>Total</b>	<b>-0.6</b>

# Condensed Consolidated Statements of Cash Flows

(Billions of yen)		FYE2019 Q1 results	FYE2020 Q1 results	YoY change
	Income before income taxes	14.2	18.2	+4.0
	Depreciation and amortization	11.2	20.5	+9.3
	Changes in working capital	-2.3	-1.9	+0.4
	Others	-7.0	-2.6	+4.4
<b>(1) Cash flows from operating activities</b>		16.0	34.1	+18.1
	Capital expenditures	-17.8	-19.6	-1.8
	Investments and loans	-0.5	-0.2	+0.3
	Others (asset sales, etc.)	3.2	0.5	-2.7
<b>(2) Cash flows from investing activities</b>		-15.2	-19.4	-4.2
<b>Free cash flow (1+2)</b>		0.8	14.7	+13.9
<b>Net interest-bearing liabilities</b>		286.1	960.0	+673.9
<b>Adjusted net D/E ratio</b>		-	1.60	-

- Net interest-bearing liabilities: interest-bearing liabilities - cash and cash equivalents\*  
\*Under IFRS, time deposits with maturities longer than three months are not included in cash and cash equivalents. However, these time deposits are reflected in the calculation of net interest-bearing liabilities disclosed by the Company.
- Adjusted net D/E ratio:  $(\text{Net interest-bearing debt} - \text{equity-type debt}^{*1}) / (\text{equity attributable to owners of parent} + \text{equity-type debt}^{*1})$   
\*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)	FYE2019 Results	FYE2020 Q1 results	YoY Change		FYE2019 Results	FYE2020 Q1 results	YoY Change
Cash and cash equivalents	59.6	59.4	-0.2	Interest-bearing liabilities	1,005.4	1,023.8	+18.4
Trade receivables	197.9	186.2	-11.7	Trade payables	105.9	99.2	-6.7
Inventories	66.2	70.1	+3.9	Others	223.7	223.0	-0.7
Others	23.2	27.5	+4.3	<b>Total liabilities</b>	1,335.1	1,346.0	+10.9
<b>Total current assets</b>	347.1	343.4	-3.7	Share capital and capital surplus, etc	429.5	440.5	+11.0
Property, plant and equipment*	639.3	663.5	+24.2	Other components of equity	-22.9	-42.2	-19.3
Goodwill	437.7	431.3	-6.4	<b>Equity attributable to owners of parent</b>	406.6	398.3	-8.3
Intangible assets	253.8	247.8	-6.0	<b>Non-controlling interests</b>	29.2	29.9	+0.7
Others	92.9	88.1	-4.8	<b>Total equity</b>	435.8	428.3	-7.5
<b>Total non-current assets</b>	1,423.8	1,430.9	+7.1	<b>Total liabilities and equity</b>	1,771.0	1,774.3	+3.3
<b>Total assets</b>	1,771.0	1,774.3	+3.3				

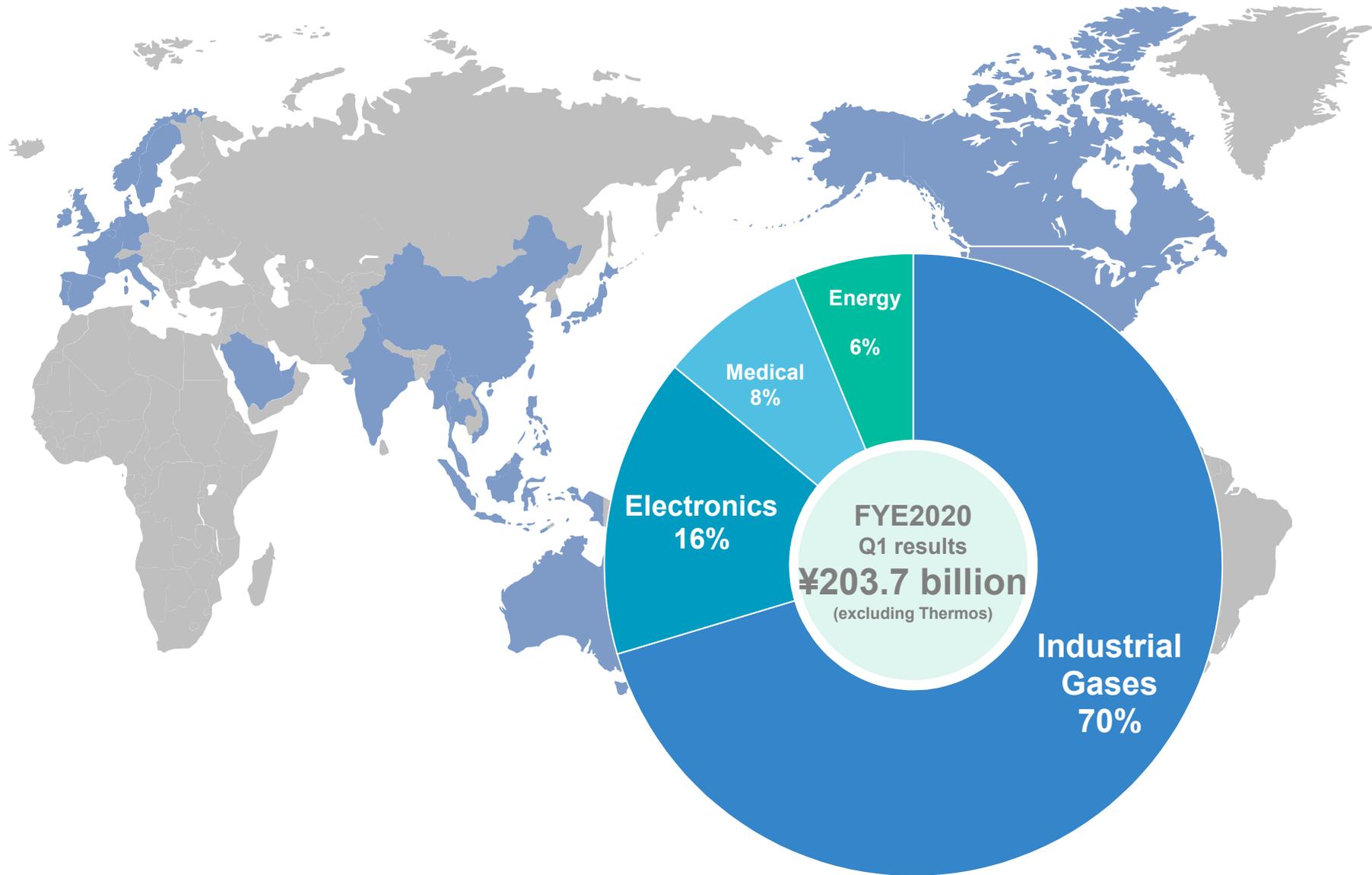
\* As a result of the application of IFRS 16, the carrying amount of the TNSC Group's lease-related assets increased by ¥34.1 billion and lease liabilities simultaneously increased by ¥34.6 billion on the day starting the application of IFRS 16.

## Key Performance Indicators (Consolidated)

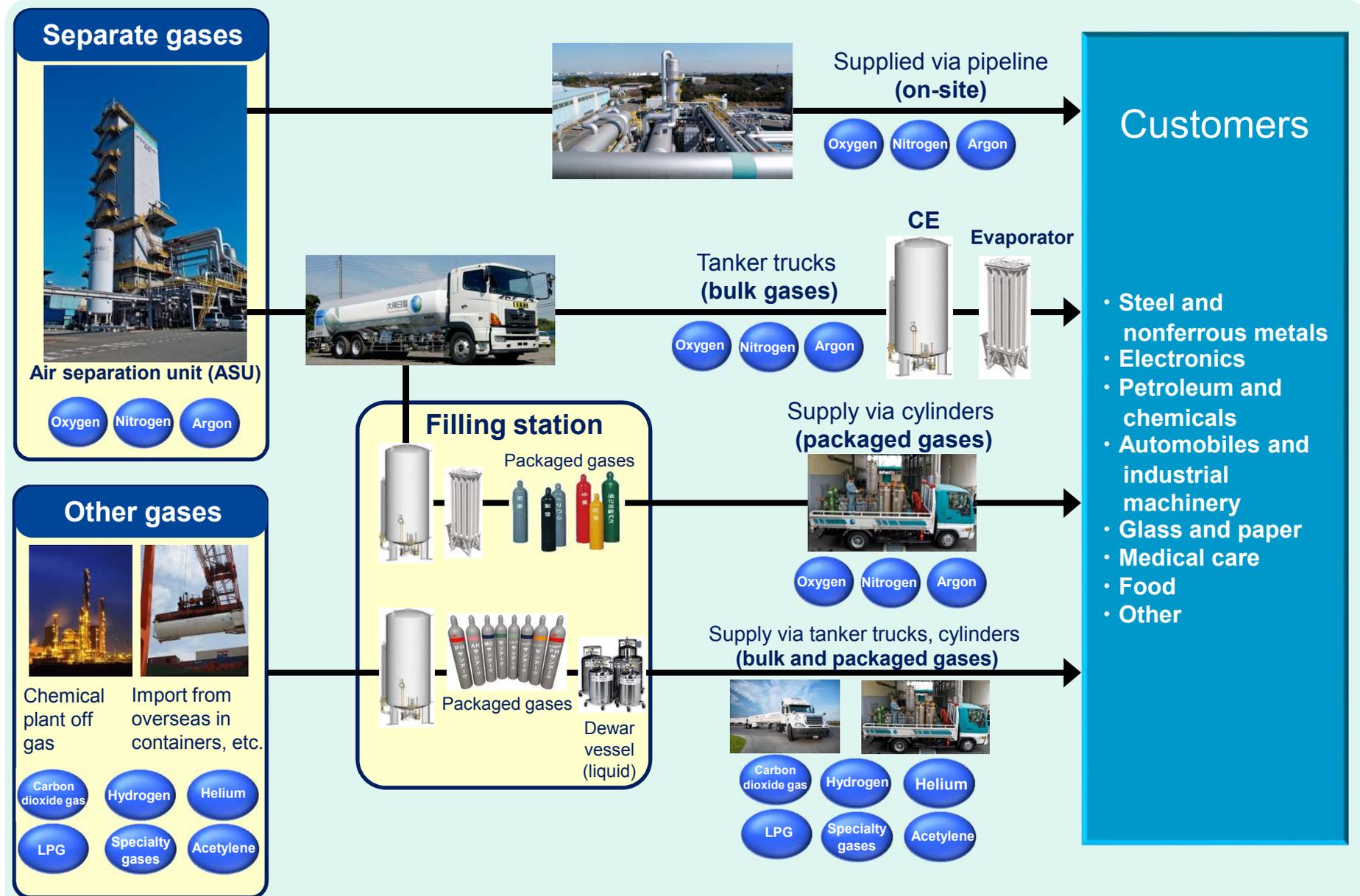
	FYE2019 Q1 results	FYE2020 Q1 results	FYE2019 Results	FYE2020 Forecast
Basic earnings per share (Yen)	22.38	28.24	95.42	131.71
Overseas sales ratio	44.5%	57.5%	47.9%	55.0%
ROE	—	—	10.4%	13.4%
ROCE	—	—	6.2%	6.6%
Annual dividends per share (Yen)	—	—	25	26
Dividend payout ratio	—	—	26.2%	19.7%
Capital expenditures (fund basis)(Millions of yen)	17,885	19,667	74,152	103,400
Investments and loans* (Millions of yen)	560	268	691,126	—
Depreciation and amortization (Millions of yen)	11,241	20,515	56,111	83,000
Balance of interest-bearing liabilities (Millions of yen)	337,562	1,023,805	1,005,402	983,700
Net interest-bearing liabilities (Millions of yen)	286,120	960,054	941,117	918,100

\* 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



# TNSC's Gas Supply Structure



# Disclaimer

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- 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.