



**Consolidated Financial Performance**  
**for the First Three Quarters of Fiscal Year Ending March 31, 2020**  
**(Based on IFRS)**

(Amounts less than ¥1 million are omitted)

**1. Financial results for the first three quarters of FYE2020 (April 1, 2019 to December 31, 2019)**

**(1) Operating results**

(Percentages indicate year-on-year change)

	Revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First three quarters of FYE2020	633,435	22.3	68,251	55.6	71,896	60.9	42,547	46.6	41,358	51.9	28,511	47.5
First three quarters of FYE2019	518,030	9.9	43,871	(4.0)	44,693	(3.4)	29,018	(29.6)	27,234	(31.9)	19,330	(63.4)

(Reference) Income before income taxes

First three quarters of FYE2020: ¥60,915 million [44.3% ]

First three quarters of FYE2019: ¥42,200 million [(3.3)% ]

Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors (non-recurring items).

	Basic earnings per share	Diluted earnings per share
	(yen)	(yen)
First three quarters of FYE2020	95.57	—
First three quarters of FYE2019	62.93	—

**(2) Financial position**

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	(¥ million)	(¥ million)	(¥ million)	(%)
First three quarters of FYE2020 (December 31, 2019)	1,785,701	457,977	426,738	23.9
FYE2019 (March 31, 2019)	1,771,015	435,854	406,602	23.0

## 2. Dividends

	Annual Dividend				
	End of 1 <sup>st</sup> quarter	End of 2 <sup>nd</sup> quarter	End of 3 <sup>rd</sup> quarter	Term end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FYE2019	—	12.00	—	13.00	25.00
FYE2020	—	14.00			
FYE2020 (est.)			—	14.00	28.00

Note: Revisions of the latest forecasts of dividends: No

## 3. Forecasts for business operations for FYE2020 full term (April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year change)

	Revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(Yen)
Full term	855,000	15.5	91,500	39.0	95,000	42.1	56,000	28.1	54,000	30.8	124.78

Note: Revisions of the latest forecasts of consolidated operating performance: Yes

(Reference) Income before income taxes

FYE2020 full term: ¥80,500 million [29.7%]

## 4. Explanation concerning the appropriate use of forecasts for business operations and other notable matters

This report contains business forecasts and other forward-looking statements that are based on information currently available to the Company and certain assumptions judged to be reasonable by management. The Company gives no assurances that business forecasts will be attained. Moreover, actual results may differ materially from business forecasts due to various factors. For details on the assumptions of the forecasts and related matters, please see page 3, “6. Explanation concerning predictive information such as forecasts for business operations.”

## 5. General information relating to the three quarters results

The business environment surrounding the Taiyo Nippon Sanso Group (TNSC Group) in the first three quarters of the fiscal year under review (from April 1, 2019 to December 31, 2019) saw a softening of production activities in key industries in Japan, while Europe also experienced a slump in production activities in key industries. On the other hand, production activities in manufacturing industries in the U.S. were solid, and shipments of air separation gases (oxygen, nitrogen, and argon) were on par with the previous fiscal year. In the electronics-related field, shipments of electronic materials gases were on par with the previous fiscal year in Japan, but decreased overseas.

Against this backdrop, the TNSC Group achieved the following results for the first three quarters of the fiscal year under review. Revenue on a consolidated basis increased 22.3% year on year to ¥633,435 million, core operating income rose 55.6% to ¥68,251 million, operating income increased 60.9% to ¥71,896 million, and net income attributable to owners of the parent rose 51.9% to ¥41,358 million.

Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors (non-recurring items).

A breakdown of business performance by reportable segment is as follows.

Segment income represents core operating income.

### Gas Business in Japan

In the industrial gas-related business, revenue from air separation gases, a core product, decreased year on year for use primarily in the key industries of steel, non-ferrous metals, metal processing, and chemicals. In the electronics-related field, revenue from electronic materials gases was mostly on par with the previous fiscal year. In equipment and installation, there was a contribution to earnings from the medical equipment sales company, IMI Co., Ltd., acquired in October 2018.

As a result, in the Gas Business in Japan, revenue decreased 2.2% year on year to ¥260.257 million, while segment income decreased 6.4% to ¥19,972 million.

### Gas Business in the United States

In the industrial gas-related business, revenue increased primarily from bulk gas following steady production in the manufacturing sector. In the on-site business, the start of operation of new projects for a chemicals manufacturer and other customers contributed to revenue. In addition, revenue rose partly due to a contribution from the HyCO business\*, which was acquired in February 2019. In equipment and installation, revenue from the electronics-related field decreased.

As a result, in the Gas Business in the United States, revenue increased 7.2% year on year to ¥148,840 million, and segment income rose 59.4% to ¥16,779 million.

\* HyCO stands for hydrogen (H<sub>2</sub>) and carbon monoxide (CO), which are separated from natural and other gases through a technology called Steam Methane Reforming (SMR). The HyCO business provides large-scale supply of H<sub>2</sub> and CO to oil refining and petrochemical industries through a pipeline.

### Gas Business in Europe

Revenue from the European business amounted to ¥125,307 million and segment income from this business was ¥19,212 million. The European business acquired from Praxair, Inc. of the United States in December 2018 has been disclosed in this segment since the first three quarters of the previous fiscal year.

### Gas Business in Asia & Oceania

In the industrial gas-related business, revenue from bulk gas declined sharply, primarily in China, and was soft across the Asian region overall. Liquid petroleum gas (LPG) saw firm shipments in Australia. In the electronics-related business, revenue increased due to a large increase in revenue from equipment and installation. However, shipments of electronic materials gases declined year on year.

As a result of the above, in the Gas Business in Asia & Oceania, revenue increased 0.3% year on year to ¥79,161 million, while segment income decreased 4.8% to ¥8,148 million.

### Thermos Business

In the Thermos Business, sales of vacuum insulated portable mugs in Japan were solid, while sales of sports-use vacuum bottles and heat-retaining lunch boxes declined year on year, affected by unseasonable weather with a cool summer and a warm winter. Also, the shipment volume of overseas distributors decreased.

As a result, in the Thermos Business, revenue decreased 8.1% year on year to ¥19,869 million and segment income declined 15.9% to ¥6,060 million.

## 6. Explanation concerning predictive information such as forecasts for business operations

The company has revised its full-year consolidated earnings forecast. Please see the press release titled “Notice Regarding Earnings Forecast Revisions” issued on February 5, 2020.

## 7. Notes to the condensed consolidated financial statements

(Note regarding going concern assumption)

Not applicable.

(Change in accounting policy)

The main accounting standards and interpretations applied by the TNSC Group from the first quarter of the fiscal year under review are as follows:

Standards and interpretations		Outline of new standards or revisions
IFRS 16	Leases	IFRS 16 sets forth revisions to accounting procedures and disclosure methods for the treatment of leases. Under a single lessee accounting model and for all leases with a term of more than 12 months undertaken as lessee, IFRS 16 primarily requires lessees, in principle, to reflect in the financial statements their assets representing their right to use leased assets and liabilities representing their obligations to make lease payments.

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 date of initial application of this standard.

Upon applying IFRS 16, the TNSC Group has adopted the method where the cumulative effect of applying this standard is recognized at the date of initial application, which is allowed as a transitional measure. There was no cumulative effect at the date of initial application of this standard.

## 8. Segment information

The TNSC Group's reportable segments are components of the TNSC Group about which separate financial information is available and which are evaluated regularly by the Board of Directors in deciding how to allocate management resources and in assessing performance. Business segments are not aggregated for financial reporting purposes.

The TNSC Group conducts gas businesses in Japan and overseas, mainly for customers in the steel, chemical, and electronics industries, and has built production and sales structures for its main products in Japan, the United States, Europe, and Asia & Oceania. In addition, the TNSC Group conducts the manufacture and sales business of housewares such as stainless steel vacuum bottles. Therefore, the Company has established the following five reportable segments: Gas Business in Japan, Gas Business in the United States, Gas Business in Europe, Gas Business in Asia & Oceania, and Thermos Business.

The principal products and services included in the five reportable segments are shown in the table below.

Reportable segment	Main products and services
Gas Business in Japan	Oxygen, nitrogen, argon, carbon dioxide, helium, hydrogen, acetylene, gas-related equipment, specialty gases (electronic materials gases, pure gases, etc.), electronics-related equipment and installation, semiconductor manufacturing equipment, cutting and welding equipment, welding materials, plants and machinery, liquid petroleum gas (LPG) and related equipment, medical-use gases (oxygen, nitrous oxide, etc.), medical equipment, stable isotopes
Gas Business in the United States	
Gas Business in Europe	
Gas Business in Asia & Oceania	
Thermos Business	Housewares

The accounting methods adopted for the reported operating segments are the same as the methods adopted to prepare the consolidated financial statements. Revenue from inter-segment transactions and transfers is based primarily on prevailing market prices.

### (1) Figures of revenue and income (loss) by reportable segment

First three quarters of FYE2019 (April 1, 2018 to December 31, 2018)

(¥ million)

	Reportable segment						Adjustments (Note 1)	Amounts on the consolidated statements of income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Europe	Gas Business in Asia & Oceania	Thermos Business	Total		
Revenue								
Revenue to external customers	265,989	138,856	12,687	78,887	21,609	518,030	—	518,030
Revenue from inter-segment transactions and transfers	6,498	10,090	—	3,004	31	19,625	(19,625)	—
Total	272,488	148,946	12,687	81,892	21,641	537,655	(19,625)	518,030
Segment income (Note 2)	21,331	10,526	560	8,559	7,205	48,183	(4,312)	43,871

Notes:

- The ¥4,312 million negative adjustment for segment income is comprised of intersegment eliminations of ¥345 million, companywide expenses of ¥1,203 million that were not allocated to any particular reportable segment, as well as the expenses of ¥2,762 million to acquire the European business. These companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.
- Segment income represents core operating income, which is calculated as operating income excluding certain gains or losses attributable to non-recurring factors (non-recurring items).

First three quarters of FYE2020 (April 1, 2019 to December 31, 2019)

(¥ million)

	Reportable segment						Adjustments (Note 1)	Amounts on the consolidated statements of income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Europe	GasBusiness in Asia & Oceania	Thermos Business	Total		
Revenue								
Revenue to external customers	260,257	148,840	125,307	79,161	19,869	633,435	—	633,435
Revenue from inter-segment transactions and transfers	7,447	11,970	82	2,319	20	21,840	(21,840)	—
Total	267,704	160,811	125,390	81,480	19,889	655,276	(21,840)	633,435
Segment income (Note 2)	19,972	16,779	19,212	8,148	6,060	70,173	(1,922)	68,251

Notes:

1. The ¥1,922 million negative adjustment for segment income is comprised of intersegment eliminations of ¥465 million and companywide expenses of ¥1,457 million that were not allocated to any particular reportable segment. These companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.
2. Segment income represents core operating income, which is calculated as operating income excluding certain gains or losses attributable to non-recurring factors (non-recurring items).

**(2) Reconciliation of segment income with income before income taxes**

(¥ million)

	First three quarters of FYE2019 (April 1, 2018 to December 31, 2018)	First three quarters of FYE2020 (April 1, 2019 to December 31, 2019)
Segment income	43,871	68,251
Gain on sales of noncurrent assets	948	6,490
Impairment loss	—	(1,927)
Other	(125)	(917)
Operating income	44,693	71,896
Financial revenue	1,823	1,021
Financial expenses	(4,317)	(12,002)
Income before income taxes	42,200	60,915

# Supplementary Materials for Consolidated Business Performance for the First Three Quarters of FYE2020

**February 5, 2020**  
**TAIYO NIPPON SANSO Corporation**

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## 1-1. Overview of business performance

(Billions of yen)	FYE2019 Q3 results Margin	FYE2020 Q3 results Margin	YoY Change
<b>Revenue</b>	<b>518.0</b>	<b>633.4</b>	<b>+115.4</b> +22.3%
<b>Core operating income</b>	<b>43.8</b> 8.5%	<b>68.2</b> 10.8%	<b>+24.4</b> +55.6%
Non-recurring profit and loss	0.8	3.6	+2.8
<b>Operating income</b>	<b>44.6</b> 8.6%	<b>71.8</b> 11.4%	<b>+27.2</b> +60.9%
Finance costs	-2.4	-10.9	-8.5
<b>Income before income taxes</b>	<b>42.2</b>	<b>60.9</b>	<b>+18.7</b>
Income tax expenses	-13.1	-18.3	+5.2
Net income	29.0	42.5	+13.5
(Attribution of net income)			
<b>Net income attributable to owners of the parent</b>	<b>27.2</b> 5.3%	<b>41.3</b> 6.5%	<b>+14.1</b> +51.9%
Net income attributable to non-controlling interests	1.7	1.1	-0.6

Foreign currency translations (US\$→¥): FYE2019 Q3 rate: \$1=¥111.33 FYE2020 Q3 rate: \$1=¥108.89  
(€→¥): FYE2020 Q3 rate: €1=¥127.00 FYE2020 Q3 rate: €1=¥121.12

In FYE2019 Q3, European business acquisition-related expenses (advisory fees, etc.) of ¥2.7 billion had been recorded.



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## 1-1. Overview of business performance

### [Revenue]

(Billions of yen)	FYE2019 Q3 results	FYE2020 Q3 results	% Change
Gas Business in Japan	265.9	<b>260.2</b>	-2.2%
Gas Business in the U.S.	138.8	<b>148.8</b>	+7.2%
Gas Business in Europe	12.6	<b>125.3</b>	-
Gas Business in Asia and Oceania	78.8	<b>79.1</b>	+0.3%
Thermos Business	21.6	<b>19.8</b>	-8.1%
Revenue Total	518.0	<b>633.4</b>	+22.3%

### [Operating income]

(Billions of yen)	FYE2019 Q3 results	FYE2020 Q3 results	% Change
Gas Business in Japan	21.3	<b>19.9</b>	-6.4%
Gas Business in the U.S.	10.5	<b>16.7</b>	+59.4%
Gas Business in Europe	0.5	<b>19.2</b>	-
Gas Business in Asia and Oceania	8.5	<b>8.1</b>	-4.8%
Thermos Business	7.2	<b>6.0</b>	-15.9%
Eliminations or Corporate*	-4.3	<b>-1.9</b>	-
Core operating income Total	43.8	<b>68.2</b>	+55.6%
Non-recurring profit and loss	0.8	<b>3.6</b>	-
Operating income Total	44.6	<b>71.8</b>	+60.9%

\* Eliminations or Corporate : European business acquisition-related expenses (advisory fees, etc.) of ¥2.7 billion had been recorded for the first three quarters of FYE2019.

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

(Billions of yen)				FYE2019 Q3 results	FYE2020 Q3 results	% Change
Revenue	Gases	Packaged	Air separation gases, other	11.4	11.4	+0.1%
			Packaged subtotal	11.4	11.4	+0.1%
		Bulk	Air separation gases	38.1	36.4	-4.4%
			Carbon dioxide	18.3	17.8	-2.6%
			Helium	3.3	3.4	+2.0%
			Other gases	7.6	7.5	-0.9%
			Bulk subtotal	67.4	65.2	-3.2%
		On-site	Air separation gases	56.8	53.7	-5.5%
			Other gases	5.3	4.8	-8.1%
			On-site subtotal	62.1	58.5	-5.8%
	LP gas	24.3	20.3	-16.5%		
	Specialty gases	19.7	19.7	-0.2%		
	Subtotal	185.1	175.3	-5.3%		
	Equipment and installation, other	Gas-related and plant, other	48.5	55.3	+14.1%	
		Electronics-related	12.6	11.1	-11.7%	
		Welding and cutting-related	19.6	18.3	-6.5%	
		Subtotal	80.7	84.8	+5.0%	
<b>Revenue Total</b>				<b>265.9</b>	<b>260.2</b>	<b>-2.2%</b>
<b>Segment income</b>				<b>21.3</b>	<b>19.9</b>	<b>-6.4%</b>

### Reasons for changes in revenue

- Bulk & On-site (Air separation gases): Revenue decreased primarily in the key industries of steel, non-ferrous metals, metal processing, and chemicals
- Gas-related and plant, other (Medical): Contribution from acquisition of IMI Co., Ltd, a medical equipment sales company

### Reason for change in segment income

- Higher costs due to rising fuel prices
- Bulk & On-site (Air separation gases): Lower earnings from decreased revenue
- Contribution from acquisition of IMI Co., Ltd, a medical equipment sales company
- 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 Q3 results	FYE2020 Q3 results	% Change
Revenue	Gases	Packaged	Air separation gases, other	34.4	36.1	+4.9%
			Packaged subtotal	34.4	36.1	+4.9%
		Bulk	Air separation gases	27.4	27.7	+1.0%
			Carbon dioxide	18.5	19.3	+4.5%
			Helium	4.5	4.3	-4.3%
			Other gases	7.3	6.6	-8.5%
			Bulk subtotal	57.9	58.2	+0.5%
		On-site	Air separation gases	5.9	7.1	+19.2%
			Other gases	1.1	9.9	-
			On-site subtotal	7.1	17.0	+139.6%
	LP gas	3.3	2.8	-14.2%		
	Specialty gases	5.2	4.9	-6.9%		
	Subtotal	108.1	119.3	+10.3%		
	Equipment and installation, other	Electronics-related	3.8	3.5	-7.5%	
		Welding and cutting-related	26.8	25.9	-3.2%	
		Subtotal	30.6	29.5	-3.7%	
	<b>Revenue Total</b>				<b>138.8</b>	<b>148.8</b>
<b>Segment income</b>				<b>10.5</b>	<b>16.7</b>	<b>+59.4%</b>

\*Impact of foreign currency translation: Negative impacts of ¥3.01 billion on revenue and ¥0.23 billion on segment income

### Reasons for changes in revenue

- Bulk: Firm shipments centered around air separation gases. Carbon dioxide gas shipments increased with the start of operations at new plants
- On-site: Start of operation at new projects. Contribution from acquisition of HyCO business

### Reason for change in segment income

- Industrial gas-related business was generally firm, centered on air separation gases
- Cost increase due to manufacturing costs, etc., in the carbon dioxide gas business
- Contribution from acquisition of HyCO business



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

(Billions of yen)				FYE2019 Q3 results	FYE2020 Q3 results
Revenue	Gases	Packaged	Air separation gases, other	2.0	23.5
			Packaged subtotal	2.0	23.5
		Bulk	Air separation gases	3.0	29.4
			Carbon dioxide	1.9	20.5
			Helium	0.3	6.3
			Other gases	1.0	8.8
		Bulk subtotal	6.4	65.2	
		On-site	Air separation gases	1.9	16.4
			Other gases	0.3	2.8
			On-site subtotal	2.3	19.3
	Specialty gases	0.6	6.1		
	Subtotal	11.4	114.2		
	Equipment and installation, other	Gas-related and plant, other	0.9	8.6	
		Welding and cutting-related	0.2	2.3	
Subtotal		1.2	11.0		
<b>Revenue Total</b>				<b>12.6</b>	<b>125.3</b>
<b>Segment income</b>				<b>0.5</b>	<b>19.2</b>

\*Impact of foreign currency translation: Negative impacts of ¥0.58 billion on revenue and ¥0.02 billion on segment income

- The European business acquired from Praxair, Inc. of the United States in December 2018 has been disclosed in this segment. ( The FYE2019 3Q results are the business performance of the European business in December 2018. )
- The revenue increased 2.1% year on year from ¥122.7 billion as compared to the business performance of the Gas Business in Europe from April 1, 2018 to December 31, 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 Q3 results	FYE2020 Q3 results	% Change
Revenue	Gases	Packaged	Air separation gases, other	2.9	2.7	-7.0%
			Packaged subtotal	2.9	2.7	-7.0%
		Bulk	Air separation gases	13.9	12.3	-11.0%
			Carbon dioxide	1.3	1.3	+4.5%
			Helium	3.0	4.1	+32.9%
			Other gases	2.3	2.0	-11.1%
		Bulk subtotal	20.6	19.9	-3.5%	
		On-site	Air separation gases	2.7	2.7	+1.9%
			On-site subtotal	2.7	2.7	+1.9%
		LP gas	11.2	11.2	-0.4%	
	Specialty gases	22.0	20.5	-6.6%		
	Subtotal	59.6	57.2	-4.0%		
	Equipment and installation, other	Gas-related and plant, other	12.8	12.8	-0.5%	
		Electronics-related	2.6	5.2	+99.3%	
Welding and cutting-related		3.7	3.7	+2.2%		
Subtotal		19.2	21.8	+13.7%		
<b>Revenue Total</b>				<b>78.8</b>	<b>79.1</b>	<b>+0.3%</b>
<b>Segment income</b>				<b>8.5</b>	<b>8.1</b>	<b>-4.8%</b>

\*Impact of foreign currency translation: Negative impacts of ¥2.90 billion on revenue and ¥0.37 billion on segment income

### Reasons for changes in revenue

- Bulk (Air separation gases): Revenue decreased significantly, mainly in China
- LP gas: Firm sales in Australia
- Specialty gases: Lower shipments of electronic materials gases
- Electronics-related equipment and installation: Revenue in Taiwan rose substantially

### Reason for change in segment income

- Profitability improved in the LP gas business in Australia
- Earnings declined due to lower electronic materials gas revenue



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

(Billions of yen)		FYE2019 Q3 results	FYE2020 Q3 results	% Change
Revenue	Japan	16.9	17.2	+1.5%
	Overseas	4.6	2.6	-43.2%
	<b>Revenue Total</b>	<b>21.6</b>	<b>19.8</b>	<b>-8.1%</b>
<b>Segment income</b>		<b>7.2</b>	<b>6.0</b>	<b>-15.9%</b>

\*Impact of foreign currency translation: Negative impacts of ¥0.23 billion on revenue and ¥0.08 billion on segment income

### Reasons for changes in revenue

- Japan: Sales of vacuum insulated mobile mugs were on par with the previous fiscal year. Sales of sports bottles and heat-retaining lunch boxes were sluggish
- Overseas: Change in sales environment in South Korea. Decline in capacity utilization of production plants in Malaysia and the Philippines

### Reason for change in segment income

- Japan: Earnings decreased due to lower revenues caused by unseasonable weather with a cool summer and warm winter
- Overseas: Earnings decreased due to a decline in capacity utilization of production plants. Lackluster sales at equity-method affiliates

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

(Billions of yen)	FYE2019 Results Margin	FYE2020 Forecast (Announced Feb. 5) Margin	YoY Change % Change	FYE2020 Forecast (Announced May 13) Margin
<b>Revenue</b>	<b>740.3</b>	<b>855.0</b>	<b>+114.7</b> +15.5%	<b>890.0</b>
<b>Core operating income</b>	<b>65.8</b> 8.9%	<b>91.5</b> 10.7%	<b>+25.7</b> +39.0%	<b>95.0</b> 10.7%
Non-recurring profit and loss	1.0	3.5	+2.5	7.0
<b>Operating income</b>	<b>66.8</b> 9.0%	<b>95.0</b> 11.1%	<b>+28.2</b> +42.1%	<b>102.0</b> 11.5%
Finance costs	-4.7	-14.5	-9.8	-15.5
<b>Income before income taxes</b>	<b>62.0</b>	<b>80.5</b>	<b>+18.5</b>	<b>86.5</b>
Income tax expenses	-18.3	-24.5	+6.2	-27.0
Net income	43.7	56.0	+12.3	59.5
(Attribution of net income)				
<b>Net income attributable to owners of the parent</b>	<b>41.2</b> 5.6%	<b>54.0</b> 6.3%	<b>+12.8</b> +30.8%	<b>57.0</b> 6.4%
Net income for the year attributable to non-controlling interests	2.4	2.0	-0.4	2.5

- Assumed exchange rate for FYE2020: (US\$→¥): \$1=¥108.50, (EUR→¥): €1=¥120.00
- \*Actual exchange rates for FYE2019 : (US\$→¥): \$1=¥111.07, (EUR→¥): €1=¥125.70

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

### 【Revenue】

(Billions of yen)	FYE2019 Results	FYE2020 Forecast (Announced Feb. 5)	% Change	FYE2020 Forecast (Announced Oct. 31)
Gas Business in Japan	363.9	<b>360.0</b>	-1.1%	375.0
Gas Business in U.S.	187.3	<b>199.0</b>	+6.2%	207.0
Gas Business in Europe <sup>*1</sup>	55.1	<b>164.0</b>	+197.6%	168.0
Gas Business in Asia and Oceania	106.1	<b>105.0</b>	-1.1%	110.0
Thermos Business	27.8	<b>27.0</b>	-2.9%	30.0
Revenue Total	740.3	<b>855.0</b>	+15.5%	890.0

### 【Operating income】

(Billions of yen)	FYE2019 Results	FYE2020 Forecast (Announced Feb. 5)	% Change	FYE2020 Forecast (Announced Oct. 31)
Gas Business in Japan	29.8	<b>27.8</b>	-6.7%	29.1
Gas Business in U.S.	15.6	<b>22.0</b>	+40.7%	22.0
Gas Business in Europe <sup>*1</sup>	6.5	<b>25.0</b>	+280.7%	25.5
Gas Business in Asia and Oceania	9.1	<b>10.7</b>	+16.9%	11.0
Thermos Business	9.1	<b>8.2</b>	-10.8%	9.4
Eliminations or Corporate <sup>*2</sup>	-4.5	<b>-2.2</b>	-	-2.0
Core operating income Total	65.8	<b>91.5</b>	+39.0%	95.0
Non-recurring profit and loss	1.0	<b>3.5</b>	-	7.0
Operating income Total	66.8	<b>95.0</b>	+42.1%	102.0

\*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 FYE2019 results, European business acquisition-related expenses (advisory fees, etc.) of ¥2.7 billion had 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

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## Non-recurring Income and Expense Items

(Billions of yen)	FYE2019 Q3 results	FYE2020 Q3 results	YoY change
Core operating income	43.8	68.2	+24.4
<b>Non-recurring profit and loss</b>	<b>0.8</b>	<b>3.6</b>	<b>+2.8</b>
Operating income	44.6	71.8	+27.2

### 【Non-recurring Income and Expense Items】

FYE2019 Q3 results		FYE2020 Q3 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.	6.5
Other	-0.1	Restructuring-related expenses for the alfi business (Thermos)	-0.5
		Impairment loss associated with the disposal of affiliated companies, etc.	-2.3
<b>Total</b>	<b>0.8</b>	<b>Total</b>	<b>3.6</b>

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## Condensed Consolidated Statements of Cash Flows

(Billions of yen)	FYE2019 Q3 results	FYE2020 Q3 results	YoY change
Income before income taxes	42.2	60.9	+18.7
Depreciation and amortization	36.8	63.0	+26.2
Changes in working capital	2.3	-8.2	-10.5
Others	-22.2	-18.4	+3.8
<b>(1) Cash flows from operating activities</b>	<b>59.1</b>	<b>97.2</b>	<b>+38.1</b>
Capital expenditures	-53.5	-54.3	-0.8
Investments and loans	-645.8	-0.5	+645.3
Others (asset sales, etc.)	3.6	9.8	+6.2
<b>(2) Cash flows from investing activities</b>	<b>-695.7</b>	<b>-45.1</b>	<b>+650.6</b>
<b>Free cash flow (1+2)</b>	<b>-636.5</b>	<b>52.1</b>	<b>+688.6</b>
<b>Net interest-bearing liabilities</b>	<b>932.1</b>	<b>942.6</b>	<b>+10.5</b>
<b>Adjusted net D/E ratio</b>	<b>–</b>	<b>1.48</b>	<b>–</b>

- Net interest-bearing liabilities: interest-bearing liabilities - cash and cash equivalents
- Adjusted net D/E ratio: (Net interest-bearing debt - equity-type debt<sup>\*1</sup>) / (equity attributable to owners of parent + equity-type debt<sup>\*1</sup>)  
<sup>\*1</sup> Equity-type debt: the amount of debt procured by Hybrid finance<sup>\*2</sup> that has been recognized as equity credit by rating agencies (50% of the procured amount).  
<sup>\*2</sup> 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.

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## Condensed Consolidated Statements of Financial Position

(Billions of yen)	FYE2019 Results	FYE2020 Q3 results	YoY Change		FYE2019 Results	FYE2020 Q3 results	YoY Change
Cash and cash equivalents	59.6	73.7	+14.1	Interest-bearing liabilities	1,005.4	1,016.4	+11.0
Trade receivables	197.9	184.5	-13.4	Trade payables	105.9	93.1	-12.8
Inventories	66.2	73.5	+7.3	Others	223.7	218.1	-5.6
Others	23.2	26.6	+3.4	<b>Total liabilities</b>	<b>1,335.1</b>	<b>1,327.7</b>	<b>-7.4</b>
<b>Total current assets</b>	<b>347.1</b>	<b>358.5</b>	<b>+11.4</b>	Share capital and capital surplus, etc	429.5	464.1	+34.6
Property, plant and equipment*	639.3	664.7	+25.4	Other components of equity	-22.9	-37.3	-14.4
Goodwill	437.7	434.4	-3.3	<b>Equity attributable to owners of parent</b>	<b>406.6</b>	<b>426.7</b>	<b>+20.1</b>
Intangible assets	253.8	242.2	-11.6	<b>Non-controlling interests</b>	<b>29.2</b>	<b>31.2</b>	<b>+2.0</b>
Others	92.9	85.6	-7.3	<b>Total equity</b>	<b>435.8</b>	<b>457.9</b>	<b>+22.1</b>
<b>Total non-current assets</b>	<b>1,423.8</b>	<b>1,427.1</b>	<b>+3.3</b>	<b>Total liabilities and equity</b>	<b>1,771.0</b>	<b>1,785.7</b>	<b>+14.7</b>
<b>Total assets</b>	<b>1,771.0</b>	<b>1,785.7</b>	<b>+14.7</b>				

\* 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.

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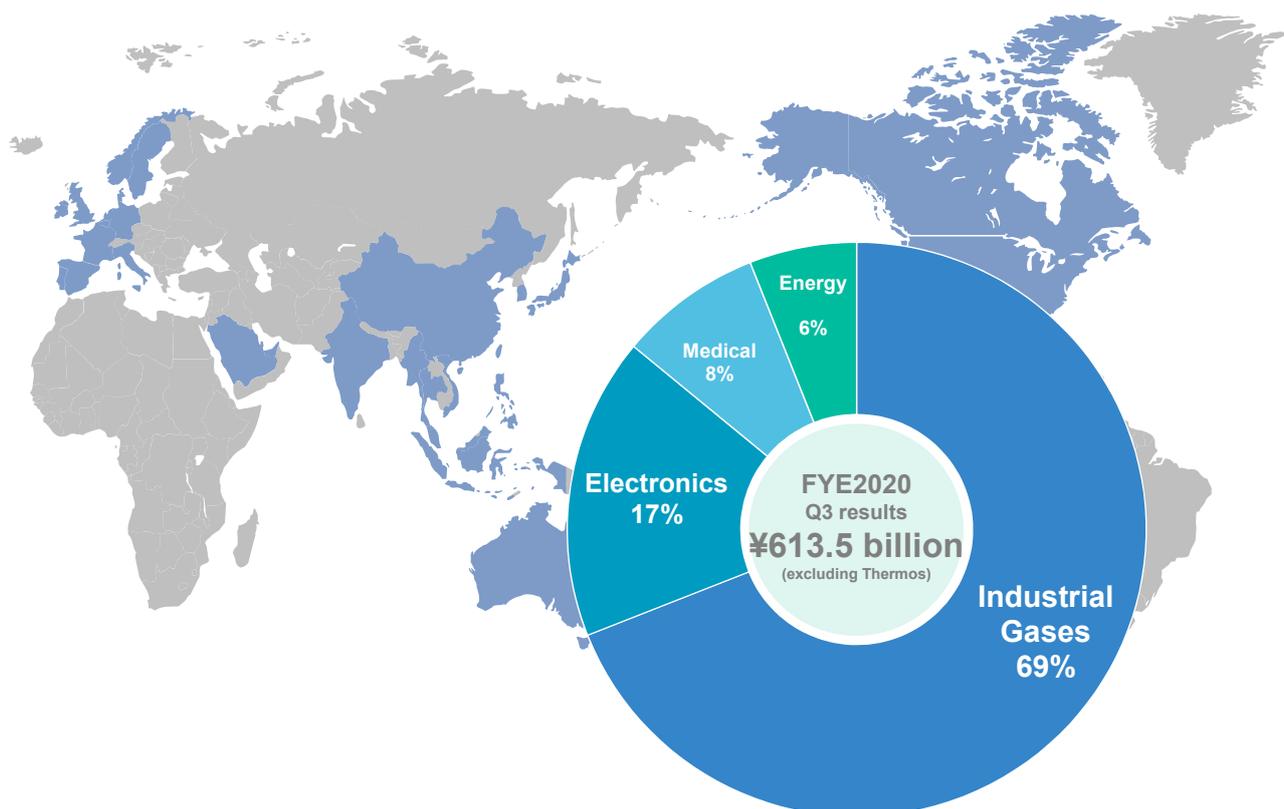
## Key Performance Indicators (Consolidated)

	FYE2019 Q3 results	FYE2020 Q3 results	FYE2019 Results	FYE2020 Forecast
Basic earnings per share (Yen)	62.93	95.57	95.42	124.78
Overseas sales ratio	45.4%	56.2%	47.9%	55.0%
ROE	–	–	10.4%	12.9%
ROCE	–	–	6.2%	6.5%
Annual dividends per share (Yen)	–	–	25	28
Dividend payout ratio	–	–	26.2%	22.4%
Capital expenditures (fund basis)(Millions of yen)	53,527	54,389	74,152	77,600
Investments and loans* (Millions of yen)	645,865	548	691,126	–
Depreciation and amortization (Millions of yen)	36,881	63,073	56,111	85,000
Balance of interest-bearing liabilities (Millions of yen)	1,011,415	1,016,408	1,005,402	991,900
Net interest-bearing liabilities (Millions of yen)	932,167	942,616	945,782	914,400

\* 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).

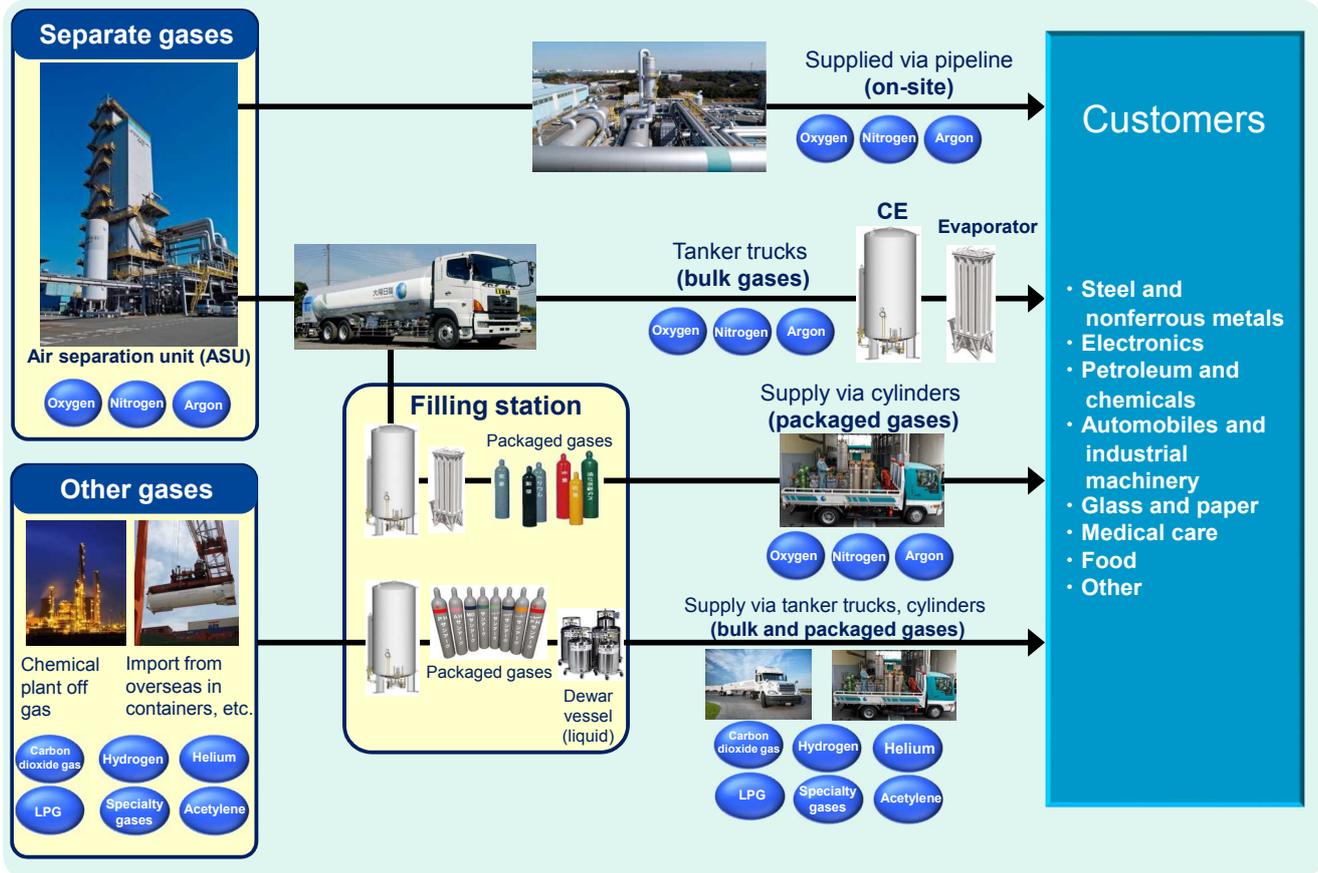
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## Sales mix by business



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# TNSC's Gas Supply Structure



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## Disclaimer

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