



TAIYO NIPPON SANSO
The Gas Professionals

Supplementary Materials for Consolidated Business Performance for FYE2017

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TAIYO NIPPON SANSO Corporation

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1-1. Overview of business performance

(Billions of yen)	FYE2016 Margin	FYE2017 Margin	YoY Change	FYE2017 Forecast (Announced Feb. 7) Margin
Revenue	594.4	581.5	-12.9 -2.2%	580.0
Core operating income	47.4 8.0%	54.7 9.4%	+7.3 +15.3%	54.0 9.3%
Non-recurring profit and loss	1.4	-1.0	-2.4	1.0
Operating income	48.9 8.2%	53.6 9.2%	+4.7 +9.7%	55.0 9.5%
Finance costs	-2.3	-3.4	-1.1	-3.3
Income before income taxes	46.5	50.1	+3.6	51.7
Income tax expenses	16.0	13.9	-2.1	17.1
Net income	30.5	36.2	+5.7	34.6
(Attribution of net income)				
Net income attributable to owners of the parent	29.0 4.9%	34.7 6.0%	+5.7 +19.7%	33.0 5.7%
Net income attributable to non-controlling interests	1.4	1.4	+0.0	1.6

- Impact of foreign currency translations (US\$→¥): FYE2016 rate: \$1=¥120.16 FYE2017 rate: \$1=¥108.72
→Impact of currency gains led to decreases of ¥23.7 billion in revenue and ¥1.7 billion in core operating income
- Reversal of deferred tax liability occurred in the US (Income tax for FYE2017 of -¥1.1 billion)

1-1. Overview of business performance

【Revenue】

(Billions of yen)	FYE2016 Results	FYE2017 Results	% Change	FYE2017 Forecast (Announced Feb. 7)
Gas Business in Japan	327.9	321.4	-2.0%	321.0
Gas Business in the U.S.	149.5	147.2	-1.5%	150.0
Gas Business in Asia and Oceania	89.3	85.8	-3.9%	81.0
Thermos and Other businesses	27.5	27.0	-1.9%	28.0
Revenue Total	594.4	581.5	-2.2%	580.0

【Operating income】

(Billions of yen)	FYE2016 Results	FYE2017 Results	% Change	FYE2017 Forecast (Announced Feb. 7)
Gas Business in Japan	27.8	29.4	+5.7%	29.0
Gas Business in the U.S.	9.2	12.0	+30.7%	11.3
Gas Business in Asia and Oceania	3.0	5.1	+71.6%	5.5
Thermos and Other businesses	9.0	10.0	+11.3%	10.0
Eliminations or Corporate	-1.6	-1.9	-19.7%	-1.8
Core operating income Total	47.4	54.7	+15.3%	54.0
Non-recurring profit and loss	1.4	-1.0	-173.0%	1.0
Operating income Total	48.9	53.6	+9.7%	55.0

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

(Billions of yen)			FYE2016	FYE2017	% Change
Revenue	Industrial Gas	Bulk gases	78.2	76.3	-2.4%
		On-site gases	48.6	46.4	-4.7%
		Packaged gases	11.7	11.7	-0.2%
		Hard goods	24.5	23.2	-5.1%
		Plants and Equipments	43.5	41.7	-4.2%
		Medical	23.8	23.4	-1.7%
		Total	230.6	223.0	-3.3%
	Electronics	Gases	43.6	46.5	+6.8%
		Equipment and Installation	24.2	24.6	+1.4%
		Total	67.8	71.1	+4.9%
	Energy	LP gas	26.5	24.2	-8.4%
		Related Equipment	2.8	2.9	+0.7%
		Total	29.4	27.2	-7.5%
Revenue Total			327.9	321.4	-2.0%
Segment income			27.8	29.4	+5.7%

Reasons for changes in revenue

- Sales of hydrogen stations decreased in plants and equipment
- Strong shipments of electronics gas for LCDs and semiconductors
- Sales of LP gas decreased due to the impact of the falling oil price

Reason for change in segment income

- Reduced costs due to the falling oil price
- Segment income increased in line with higher revenue from electronics gas



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

(Billions of yen)			FYE2016	FYE2017	% Change
Revenue	Industrial Gas	Bulk gases	45.5	54.9	+20.6%
		On-site gases	5.2	6.1	+16.0%
		Packaged gases	51.7	47.2	-8.8%
		Hard goods	33.4	28.4	-15.1%
		Plants and Equipment	1.0	0.0	-100.0%
		Total	137.1	136.6	-0.3%
	Electronics	Gases	10.6	8.4	-20.6%
		Equipment and Installation	1.7	2.1	+19.7%
		Total	12.4	10.5	-14.8%
	Revenue Total			149.5	147.2
Segment income			9.2	12.0	+30.7%

※Impact of yen appreciation on currency translations
Revenue decreased by ¥14.2 billion and segment income by ¥0.9 billion

Reasons for changes in revenue

- Sales of bulk gases were firm (particularly carbon dioxide gas), but hard goods fell
- Recognition of business acquired from Air Liquide contributed ¥14.7 billion from September

Reason for change in segment income

- Higher segment income from brisk sales of carbon dioxide gas to food and beverage manufacturers
- Recognition of business acquired from Air Liquide contributed ¥1.9 billion



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

(Billions of yen)			FYE2016	FYE2017	% Change
Revenue	Industrial Gas	Bulk gases	245	270	+10.0%
		On-site gases	30	26	-11.0%
		Packaged gases	56	47	-15.4%
		Hard goods	96	58	-40.0%
		Plants and Equipment	104	115	+11.1%
		Total	533	519	-2.7%
	Electronics	Gases	314	267	-14.9%
		Equipment and Installation	45	72	+57.5%
		Total	360	339	-5.7%
	Revenue Total			893	858
Segment income			30	51	+71.6%

※Impact of yen appreciation on currency translations
 Revenue decreased by ¥9.1 billion and segment income by ¥0.5 billion

Reasons for changes in revenue

◆ Industrial gas-related business

- Philippines business was strong
- Contribution from M&A ¥7.0 billion (Thailand and Australia)
- Impact of change in subsidiaries' business-year ends (FYE2016: Singapore 15-month settlement; FYE2017: Thailand & Australia 15-month settlement) -¥5.5 billion

◆ Electronics-related business

- Higher revenue from large orders recorded in equipment and installation, despite sales decreased in gas

Reason for change in segment income

◆ Industrial gas-related business

- Segment income increased in line with higher revenue in the Philippines
- Contribution from M&A ¥1.1 billion (Thailand and Australia)
- Impact of change in subsidiaries' business-year ends ¥0.3 billion
- Impairment loss on gas manufacturing facility in Singapore ¥1.8 billion (business-year end FYE2016)
- Impairment loss on businesses in Singapore and China ¥0.2 billion (business-year ends FYE2017)

1-2. Business Performance by Segment: Thermos and Other businesses

(Billions of yen)			FYE2016	FYE2017	% Change
Revenue	Thermos	Japan	21.9	20.7	-5.8%
		Asia	2.8	3.9	+38.2%
		Total	24.8	24.6	-0.7%
	Other		2.6	2.3	-13.3%
	Revenue Total		27.5	27.0	-1.9%
Segment income			9.0	10.0	+11.3%

※Impact of yen appreciation on currency translations
 Revenue decreased by ¥0.3 billion and segment income by ¥0.3 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 FYE2018

(Billions of yen)	FYE2017 Results Margin	FYE2017 Forecast Margin	YoY Change % Change
Revenue	581.5	620.0	+38.5 +6.6%
Core operating income	54.7 9.4%	56.5 9.1%	+1.8 +3.2%
Non-recurring profit and loss	-1.0	0.5	+1.5
Operating income	53.6 9.2%	57.0 9.2%	+3.4 +6.2%
Finance costs	-3.4	-4.5	-1.1
Income before income taxes	50.1	52.5	+2.4
Income tax expenses	13.9	16.0	+2.1
Net income	36.2	36.5	+0.3
(Attribution of net income)			
Net income attributable to owners of the parent	34.7 6.0%	34.5 5.6%	-0.2 -0.7%
Net income for the year attributable to non-controlling interests	1.4	2.0	+0.6

● Assumed exchange rate (US\$→¥): \$1=¥110

● Reversal of deferred tax liability occurred in the US (Income tax for FYE2017 of -¥1.1 billion)



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2-2. Full-Year Forecasts for FYE2018 by Segment

【Revenue】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast	% Change
Gas Business in Japan	321.4	338.0	+5.2%
Gas Business in U.S.	147.2	166.0	+12.7%
Gas Business in Asia and Oceania	85.8	89.0	+3.6%
Thermos and Other businesses	27.0	27.0	-0.1%
Revenue Total	581.5	620.0	+6.6%

【Operating income】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast	% Change
Gas Business in Japan	29.4	28.5	-3.2%
Gas Business in U.S.	12.0	13.8	+14.3%
Gas Business in Asia and Oceania	5.1	7.2	+39.4%
Thermos and Other businesses	10.0	9.0	-10.2%
Eliminations or Corporate	-1.9	-2.0	-1.5%
Core operating income Total	54.7	56.5	+3.2%
Non-recurring profit and loss	-1.0	0.5	-146.6%
Operating income Total	53.6	57.0	+6.2%

(Reference Materials)



Non-recurring Income and Expense Items

(Billions of yen)	FY2016 results	FYE2017 results	YoY change
Core operating income	47.4	54.7	+7.3
Non-recurring profit and loss	1.4	-1.0	-2.4
Operating income	48.9	53.6	+4.7

【Non-recurring Income and Expense Items】

FY2016 results		FYE2017 Results for the fiscal year ended 2017/3	
Item	Amount	Item	Amount
Gain on step acquisition recorded on API company in Thailand	¥1.8 billion	Gain on sales of domestic land	¥0.8 billion
Impairment loss on idle domestic land	-¥0.3 billion	Gain on sales of Asian land	¥0.2 billion
Other	-¥0.1 billion	Impairment loss on equity method investment book value (U.S.)	-¥1.9 billion
		Impairment loss on domestic idling land	-¥0.1 billion
		Other	-¥0.0 billion
Total	¥1.4 billion	Total	-¥1.0 billion



Business Combinations

【Details of business combinations】

	Certain U.S. assets divested by Air Liquide	Supagas Holdings Pty Ltd
Acquisition date	September 8, 2016	December 16, 2016
Purchase amount	¥77.4 billion	¥21.6 billion *1
Amount of goodwill	¥27.0 billion	¥13.7 billion
Amount of revenue included in results	¥14.7 billion	¥2.1 billion
Amount of operating income included in results	¥1.9 billion	¥0.2 billion

*Note 1: The purchase amount of Supagas is shown by the amount of acquisition equivalent (cash paid, shares issued).
In addition to this, the Group has made cash loans of ¥7.7 billion to Supagas.

*Note 2: The above figures are approximate calculations and may be changed depending on the result of an accounting audit.

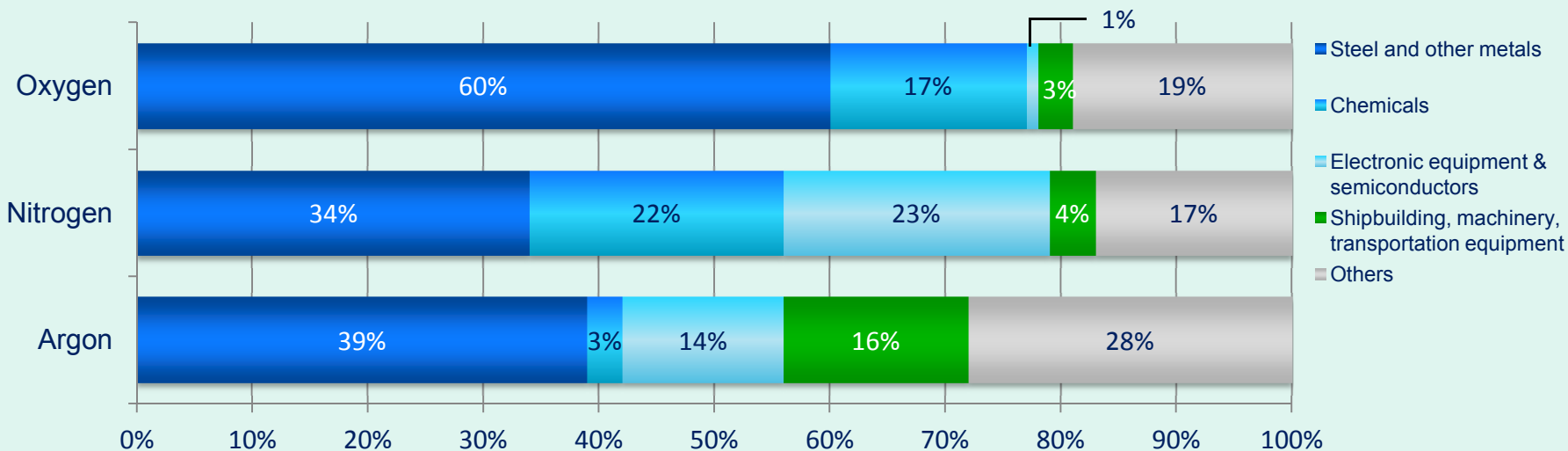
Key Performance Indicators (Consolidated)

	FYE2016 Results	FYE2017 Results	FYE2018 Forecast
Basic earnings per share (Yen)	67.08	80.28	79.72
ROE	9.1%	10.3%	9.5%
ROCE	8.1%	8.4%	7.9%
Annual dividends per share (Yen)	16	20	22.00
Dividend payout ratio	23.9%	24.9%	27.6%
Capital expenditures (construction base)(Millions of yen)	52,657	43,796	66,000
Investments and loans (Millions of yen)	25,507	102,034	-
Depreciation and amortization (Millions of yen)	39,696	40,048	44,000
Balance of interest-bearing liabilities (Millions of yen)	266,215	359,528	343,000
Net interest-bearing liabilities (Millions of yen)	215,492	304,308	297,000

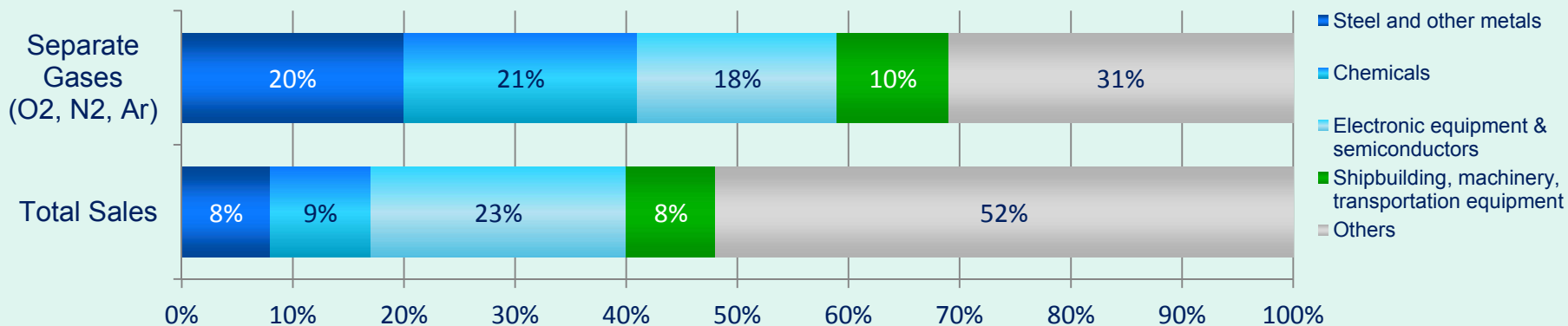


Sales Mix by Industry

【Sales Volume Mix by Industry】

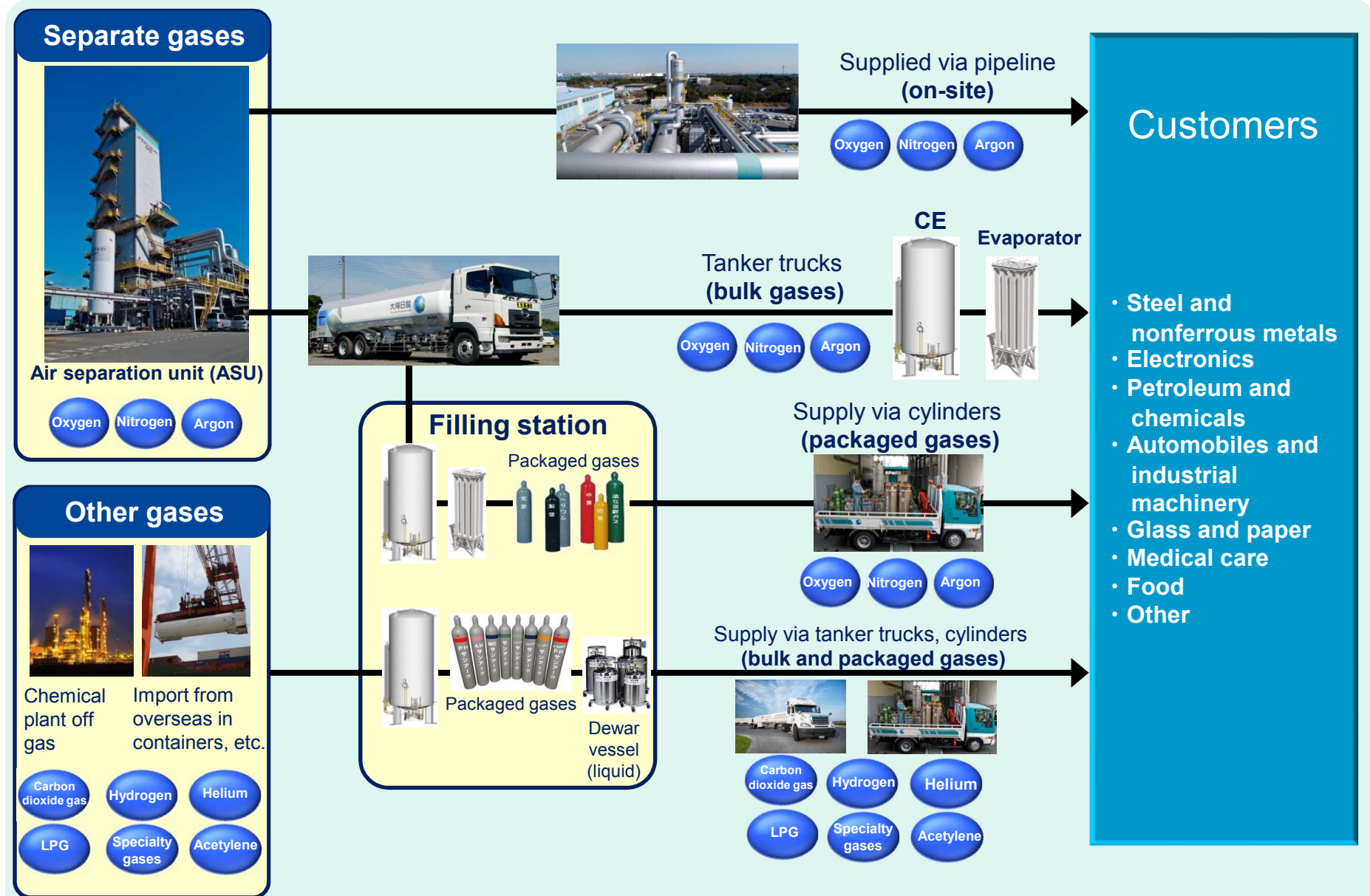


【Net Sales Mix by Industry】



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TNSC's Gas Supply Structure



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