



February 3, 2015

Taiyo Nippon Sanso Corporation

Consolidated Financial Performance
for the First Three Quarters of Fiscal Year 2015
(Based on Japan GAAP)

1. Financial results for the first three quarters of FY2015 (April 1, 2014 – December 31, 2014)

(1) Operating results

(Amounts less than ¥1 million are omitted)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change
First three quarters of FY2015	406,687	6.9%	26,062	17.1%	26,747	21.2%	15,642	(5.9)%
First three quarters of FY2014	380,418	10.8%	22,262	16.7%	22,076	22.1%	16,628	—

Note: Comprehensive income

First three quarters of FY2015: ¥30,402 million [(18.0)%]

First three quarters of FY2014: ¥37,081 million [- %]

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First three quarters of FY2015	36.14	-
First three quarters of FY2014	41.43	-

(2) Financial position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
First three quarters of FY2015 (December 31, 2014)	741,690	319,670	39.8
FY2014 (March 31, 2014)	731,677	298,475	37.5

Note: Equity

As of December 31, 2014: ¥295,545 million

As of March 31, 2014: ¥274,307 million

2. Dividends

	Annual Dividend				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY2014	-	6.00	-	6.00	12.00
FY2015	-	6.00	-		
FY2015(est.)				6.00	12.00

Note: No revisions have been made to recently announced forecasts.

3. Forecasts for business operations for FY2015 (full year; April 1, 2014 – March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(Yen)
FY2015 (full term)	550,000	5.2%	35,000	11.1%	33,200	8.7%	20,000	(1.0)%	46.21

Note: No revisions have been made to recently announced forecasts.

4. General information relating to the first three quarter results

Overall business performance (consolidated basis)

Looking at the global economy during the first three quarters of the fiscal year under review (April 1, 2014 – December 31, 2014), the U.S. economy showed a steady recovery, although economic growth slowed in Europe and the Asian region. The Japanese economy continued on a gradual recovery path, despite an uncertain outlook due to factors such as rising prices for raw materials associated with the weaker yen.

Against this backdrop, net sales for the first three quarters on a consolidated basis increased 6.9% year on year to ¥406,687 million, operating income rose 17.1% to ¥26,062 million, and ordinary income increased 21.2% to ¥26,747 million. Net income for the first three quarters decreased 5.9% to ¥15,642 million.

A breakdown of business performance by reportable segment is shown below.

From the first quarter of the fiscal year under review, the Company changed its reportable segments. Therefore, to facilitate the year-on-year comparisons shown below, the figures for the first three quarters of the preceding fiscal year are reclassified to reflect the changes to the reportable segments.

(1) Gas Business in Japan

Sales of air separation gases (oxygen, nitrogen and argon), a core product, rose year on year, with sales remaining firm primarily to the steel industry, a key industry for this business. However, there was lower demand for these gases from the chemicals industry. In addition, sales of gas equipment and welding and cutting equipment increased steadily due to an upturn in capital investment demand.

Sales of electronic materials gases increased year on year due to healthy shipments in the fields of liquid crystal panels, solar batteries, and semiconductors.

In the medical field, despite a slight decrease in shipping volume and sales of medical-use oxygen, higher sales of stable isotopes and sales at Pacific Medico Co., Ltd., which was acquired in fiscal year 2014, contributed to a substantial sales increase in this segment.

As a result of a downturn in the import price of liquid petroleum gas (LPG), sales of LPG decreased slightly year on year.

As a result, in the Gas Business in Japan, net sales increased 1.8% year on year to ¥250,698 million and operating income rose 9.5% to ¥17,981 million.

(2) Gas Business in the United States

Against a backdrop of economic recovery, the positive effects of the acquisition of Continental Carbonic Products, Inc. in February 2014, an increase in the yen translation amount of sales due to foreign exchange effects, and an increase in the price of industrial gases contributed to a large year-on-year increase in sales.

As a result, in the Gas Business in the United States, net sales increased 19.8% year on year to ¥95,310 million, and operating income rose by 29.4% to ¥3,598 million.

(3) Gas Business in Asia

In China, despite sluggish sales in the northeast region, sales were strong overall, centered on nitrogen in the east region. In Taiwan, China, and South Korea, sales of electronic materials gases and equipment were favorable.

As a result of the above, in the Gas Business in Asia, net sales increased 10.6% year on year to ¥44,417 million, and operating income rose by 32.6% to ¥2,445 million.

(4) Other Businesses

In the Thermos Business, sales remained strong, particularly of new products. Our subsidiary in South Korea, which came within the scope of consolidation in fiscal year 2014, also performed well, and sales increased substantially year on year.

As a result, in Other Businesses, net sales increased 13.5% year on year to ¥16,261 million, and operating income climbed by 37.8% to ¥3,137 million.

5. Segment information

(1) Figures of sales, earnings or losses, by reportable segment

First Three Quarters, FY2014 (April 1, 2013 to December 31, 2013)

(¥ million)

	Reportable segment					Adjustments (Note)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Asia	Other Businesses	Total		
Sales							
(1) Sales to external customers	246,386	79,554	40,152	14,325	380,418	-	380,418
(2) Sales from inter-segment transactions and transfers	3,535	2,781	563	530	7,410	(7,410)	-
Total	249,922	82,335	40,716	14,855	387,829	(7,410)	380,418
Segment earnings [Operating income]	16,427	2,781	1,843	2,277	23,330	(1,067)	22,262

Note:

The ¥1,067 million negative adjustment for segment earnings is comprised of ¥140 million of intersegment eliminations and companywide expenses of ¥1,207 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.

First Three Quarters, FY2015 (April 1, 2014 to December 31, 2014)

(¥ million)

	Reportable segment					Adjustments (Note)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Asia	Other Businesses	Total		
Sales							
(1) Sales to external customers	250,698	95,310	44,417	16,261	406,687	-	406,687
(2) Sales from inter-segment transactions and transfers	3,567	4,923	809	480	9,780	(9,780)	-
Total	254,265	100,234	45,226	16,741	416,468	(9,780)	406,687
Segment earnings [Operating income]	17,981	3,598	2,445	3,137	27,162	(1,099)	26,062

Note:

The ¥1,099 million negative adjustment for segment earnings is comprised of ¥50 million of intersegment eliminations and companywide expenses of ¥1,150 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) Changes to reportable segments

In order to implement management's strategic policies as described in the Company's medium-term business plan "Ortus Stage 1" formulated on May 13, 2014, the Company has decided to make organizational changes for the purpose of "improving revenues and profits from domestic businesses facing low growth rates" and "focusing its management resources on growth opportunities overseas." In line with this decision, from the first quarter of the fiscal year under review, the Company has changed its reportable segments.

Therefore, to facilitate the year-on-year comparisons, the figures for the first three quarters of the preceding fiscal year are reclassified based on the changes to the reportable segments.