

Accounts Settlement for Fiscal Year Ended 2016

TAIYO NIPPON SANSO Corporation

1. Financial Performance (Consolidated)

Japan GAAP	Previous term		Reporting term *1	
	(April 1, 2014 to March 31, 2015)	YoY change	(April 1, 2015 to March 31, 2016)	YoY change
Sales	559,373	7.0 %	641,516	14.7 %
Operating income (Ratio of profit to sales)	35,297 (6.3)	12.1	43,362 (6.8)	22.8
Non-operating income	1,014		192	
Ordinary profit (Ratio of profit to sales)	34,282 (6.1)	12.2	43,169 (6.7)	25.9
Extraordinary loss	224		446	
Income before income taxes	34,507		43,616	
Income taxes	12,373		16,219	
Net income	22,133		27,396	
Non-controlling interests	1,369		1,551	
Net income attributable to owners of the parent (Ratio of net income to sales)	20,764 (3.7)	2.8	25,845 (4.0)	24.5

(Reference)

EPS (Yen)	47.98	59.72
ROE	7.0 %	8.2 %
ROCE	6.2 %	7.4 %
Annual Dividend (yen)	13.0 (6.0/7.0)	16.0 (7.0/9.0)
Payout ratio	27.1 %	26.8 %
Capital investment (on completion; millions of yen)	35,201	53,611
Investments & loans (millions of yen)	5,710	32,941
Depreciation (millions of yen)	35,568	44,864
Depreciation of goodwill (millions of yen)	4,959	7,352
Interest-bearing liabilities (millions of yen)	266,276	274,424
Net interest-bearing liabilities (millions of yen)	212,855	223,638

*1. For the fiscal year ending March 31, 2016, a 15-month consolidated period from January 2015 to March 2016 was applied for U.S. subsidiary Matheson Tri-Gas, Inc., Singaporean subsidiary Leeden National Oxygen Ltd., Chinese subsidiary Taiyo Nippon Sanso Gas (China) Investment Co., Ltd., and the subsidiaries of these companies.
The extended period was applied through changes in the accounting period and provisional account settlement with the aim of aligning the ends of their fiscal years with the Company's fiscal year.
The impact of this change in the end of the fiscal years on the Company forecast is ¥51,300 million for net sales, ¥2,900 million for operating income, ¥2,500 million for ordinary income, and ¥1,300 million for net income.

*2. Excluding the effects of the above change in the accounting period, the dividend payout ratio was 28.3%.

*3. The actual figures according to the International Financial Reporting Standards (IFRS) for the fiscal year ended March 31, 2016 are approximate calculations and may be changed depending on the result of an accounting audit.

*4. For the fiscal year ended March 31, 2016, under the Japanese accounting standard a 15-month consolidated period from January 2015 to March 2016 was applied for U.S. subsidiary Matheson Tri-Gas, Inc., while under IFRS a provisional account settlement was conducted at the end of March 2015 to form a 12-month consolidated period from April 2015 to March 2016.
As a result, in comparison with Japan's reporting standards, net sales under IFRS were lower by ¥42,700 million and operating income was lower by ¥2,700 million.

(Millions of yen, with figures rounded down to the nearest million)

IFRS	Reporting term *3 *4		Current term (forecasts)	
	(April 1, 2015 to March 31, 2016)	YoY change	(April 1, 2016 to March 31, 2017)	YoY change
Net sales	594,400	— %	610,000	2.6 %
Operating income (Ratio of profit to sales)	49,000 (8.2)	—	52,000 (8.5)	6.1
Finance costs	2,400		3,300	
Profit before tax	46,600		48,700	
Income tax expenses	16,100		17,000	
Profit for the year	30,500		31,700	
Profit for the year attributable to non-controlling interests	1,500		1,700	
Profit for the year attributable to owners of the parent (Ratio of profit to sales)	29,000 (4.9)	—	30,000 (4.9)	3.4

(Reference)

EPS (Yen)	69.32
ROE	9.1 %
ROCE	8.6 %
Annual Dividend (yen)	18.0 (9.0/9.0)
Payout ratio	26.0 %
Capital investment (on completion; millions of yen)	59,000
Investments & loans (millions of yen)	—
Depreciation (millions of yen)	42,500
Interest-bearing liabilities (millions of yen)	274,000
Net interest-bearing liabilities (millions of yen)	213,000

2. Results by reportable segment

*External customers basis

(Millions of yen; figures rounded down to the nearest million)

		Previous term			Reporting term			Reporting term IFRS *1			Current term (forecasts) IFRS		
		Amount	YoY change	% of total	Amount	YoY change	% of total	Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Gas Business in Japan	344,635	0.8	61.6	332,247	3.6	51.8	328,000	—	55.2	334,000	1.8	54.8
	Gas Business in the US	130,983	21.8	23.4	188,566	44.0	29.4	149,800	—	25.2	160,000	6.8	26.2
	Gas Business in Asia and Oceania	61,995	14.1	11.1	93,174	50.3	14.5	89,100	—	15.0	88,000	1.2	14.4
	Thermos and Other	21,758	14.5	3.9	27,528	26.5	4.3	27,500	—	4.6	28,000	1.8	4.6
	Consolidated	559,373	7.0	100.0	641,516	14.7	100.0	594,400	—	100.0	610,000	2.6	100.0
Operating income	Gas Business in Japan	25,045	7.2	71.0	27,539	10.0	63.5	27,200	—	55.5	27,600	1.5	53.1
	Gas Business in the US	5,795	22.9	16.4	6,812	17.6	15.7	9,200	—	18.8	11,300	22.8	21.7
	Gas Business in Asia and Oceania	2,468	29.1	7.0	4,461	80.7	10.3	5,000	—	10.2	7,700	54.0	14.8
	Thermos and Other	3,437	12.2	9.7	5,993	74.3	13.8	9,000	—	18.4	7,000	22.2	13.5
	Eliminations or Corporate	1,449	7.6	4.1	1,445	0.3	3.3	1,400	—	2.9	1,600	14.3	3.1
	Consolidated	35,297	12.1	100.0	43,362	22.8	100.0	49,000	—	100.0	52,000	6.1	100.0

*1. The actual figures according to the International Financial Reporting Standards (IFRS) for the fiscal year ended March 31, 2016 are approximate calculations and may be changed depending on the result of an accounting audit.

3. Results by business segment *2

*External customers basis

(Millions of yen; figures rounded down to the nearest million)

		Previous term			Reporting term		
		Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Industrial Gas	394,662	9.4	70.6	457,813	16.0	71.3
	Electronics-related	103,617	5.3	18.5	126,196	21.8	19.7
	Energy	39,334	11.6	7.0	29,978	23.8	4.7
	Other	21,758	14.5	3.9	27,528	26.5	4.3
	Consolidated	559,373	7.0	100.0	641,516	14.7	100.0
Operating income	Industrial Gas	23,906	5.6	67.8	24,199	1.2	55.8
	Electronics-related	7,215	36.6	20.4	12,608	74.7	29.1
	Energy	1,777	6.1	5.0	2,020	13.7	4.7
	Other	3,437	12.2	9.7	5,993	74.3	13.8
	Eliminations or Corporate	1,039	10.6	2.9	1,459	40.4	3.4
	Consolidated	35,297	12.1	100.0	43,362	22.8	100.0

*2. From the fiscal year ended March 2015, the Company changed its segment information, and continued to disclose the former reportable segments based on business sectors as reference information. However, only the current segment information is disclosed from the business forecasts for the fiscal year ending March 2017.

4. Breakdown of sales by business segment

*External customers basis

(Millions of yen; figures rounded down to the nearest million)

		Previous term				Reporting term			
		Japan	United States	Asia & Oceania	Total	Japan	United States	Asia & Oceania	Total
Industrial Gas	Bulk/On-site	134,092	41,372	15,603	191,068	126,972	62,809	28,156	217,937
	Package/Hard goods	34,027	83,829	13,408	131,265	35,293	110,629	15,374	161,298
	Plants and equipment	39,299		8,592	47,892	42,711	1,034	10,365	54,111
	Medical	24,436			24,436	24,465			24,465
	Total	231,856	125,201	37,604	394,662	229,444	174,473	53,895	457,813
Electronics	Gases	51,504	4,368	22,351	78,225	48,101	11,915	34,679	94,696
	Equipment and installation	21,939	1,413	2,039	25,392	24,722	2,177	4,599	31,499
	Total	73,444	5,782	24,390	103,617	72,824	14,092	39,278	126,196
Energy	Gases	36,059			36,059	27,078			27,078
	Equipment	3,275			3,275	2,899			2,899
	Total	39,334			39,334	29,978			29,978
Other	Thermos	16,128		3,021	19,149	21,977		2,876	24,854
	Other	2,608			2,608	2,674			2,674
	Total	18,736		3,021	21,758	24,651		2,876	27,528
Consolidated		363,372	130,983	65,017	559,373	356,898	188,566	96,051	641,516
% of total		65.0	23.4	11.6	100.0	55.6	29.4	15.0	100.0

FYE 2016 Accounts Settlement (on a consolidated basis) **Sales Breakdown by Product**

Note: All figures are rounded to the nearest first decimal place.

1. Breakdown by Supply Method (oxygen, nitrogen)

① Oxygen

Supply Method	Volume (% of total)	Volume (YoY % change)	Value (% of total)	Value (YoY % change)
Bulk	20.8%	16.9%	55.3%	27.2%
Onsite	79.2%	1.3%	44.7%	-9.8%

② Nitrogen

Supply Method	Volume (% of total)	Volume (YoY % change)	Value (% of total)	Value (YoY % change)
Bulk	25.9%	20.5%	57.3%	18.2%
Onsite	74.1%	4.2%	42.7%	-0.8%

2. Principal Users (oxygen, nitrogen, argon) in the "Industrial Gas" and "Electronics" segments

① Oxygen

Main user industries	Volume (% of total)	Volume (YoY % change)
1) Steel and other metals	56.6%	-2.7%
2) Chemicals	18.7%	1.6%
3) Shipbuilding, machinery, transportation equipment	3.4%	16.0%

② Nitrogen

Main user industries	Volume (% of total)	Volume (YoY % change)
1) Steel and other metals	34.4%	6.5%
2) Electronic equipment & semiconductors	22.6%	5.2%
3) Chemicals	20.9%	2.3%

③ Argon

Main user industries	Volume (% of total)	Volume (YoY % change)
1) Steel and other metals	40.5%	14.2%
2) Electronic equipment & semiconductors	14.2%	-4.5%
3) Shipbuilding, machinery, transportation equipment	13.9%	6.5%

3. Breakdown by Principal User Industry Sectors

Main sectors	% of sales value	YoY % change in % of total sales	YoY % change in sales
*Semiconductor manufacturing related industries	22.4%	1.5pt	22.7%
**Steel smelting and related industries	19.8%	-2.9pt	-4.9%
**Chemicals and related industries	20.9%	-2.1pt	-1.1%

*Percentage of sales value for semiconductor manufacturing sector is percentage of total sales value.

**Percentage of sales value for steel smelting and chemicals sector is percentage of total sales of oxygen, nitrogen, and argon in the "Industrial Gas" and "Electronics" segments only.