



**Consolidated Financial Performance  
for Fiscal Year 2018  
(Based on IFRS)**

(Amounts less than ¥1 million are omitted)

**1. Financial results for the FYE2018 (April 1, 2017 – March 31, 2018)**

**(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)	%
FYE2018	646,218	11.1	60,033	9.7	59,862	11.5	50,754	40.2	48,919	40.8	43,596	4.3
FYE2017	581,586	(2.2)	54,736	15.3	53,664	9.7	36,212	18.7	34,740	19.7	41,807	587.2

(Reference) Income before income taxes FYE2018: ¥55,897 million (11.4%) FYE2017: ¥50,176 million (7.7%)

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 (yen)	Diluted earnings per share (yen)	Return on equity attributable to owners of the parent (%)	Income before income taxes to total assets ratio (%)	Core operating income to revenue ratio (%)
FYE2018	113.04	—	13.3	6.0	9.3
FYE2017	80.28	—	10.3	5.9	9.4

(Reference) Share of profit (loss) of associates and joint ventures accounted for using the equity method

FYE2018: ¥2,836 million FYE2017: ¥2,397 million

**(2) Financial position**

	Total assets (¥ million)	Total equity (¥ million)	Equity attributable to owners of the parent (¥ million)	Equity attributable to owners of the parent ratio (%)	Equity attributable to owners of the parent per share (yen)
FYE2018 (March 31, 2018)	931,047	412,072	386,457	41.5	893.01
FYE2017 (March 31, 2017)	924,281	376,862	351,576	38.0	812.40

**(3) Consolidated cash flows**

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Balance of cash and cash equivalents at term-end (¥ million)
FYE2018	83,199	(52,088)	(39,859)	47,809
FYE2017	74,596	(147,082)	80,777	52,857

## 2. Dividends

	Annual Dividend					Total amount of dividends	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	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	¥ million	%	%
FYE2017	—	9.00	—	11.00	20.00	8,658	24.9	2.6
FYE2018	—	11.00	—	12.00	23.00	9,957	20.3	2.7
FYE2019 (est.)	—	12.00	—	12.00	24.00		26.0	

## 3. Forecasts for business operations for FYE2019 full term (April 1, 2018 – March 31, 2019)

(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 (yen)
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(Yen)
First half of FYE2019	328,000	7.3	30,500	4.1	31,200	5.4	19,000	3.5	18,000	1.9	41.59
Full term	670,000	3.7	64,000	6.6	64,500	7.7	42,000	(17.2)	40,000	(18.2)	92.43

(Reference) Income before income taxes First half of FYE2019: ¥29,000 million (4.8%) FYE2019 full term: ¥60,000 million (7.3%)

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

- The Taiyo Nippon Sanso Group has adopted International Financial Reporting Standards (IFRS) from the fiscal year under review. In addition, the consolidated financial statements for the previous fiscal year are presented based on IFRS.
- 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.

## 5. Overview of Business Results for the Fiscal Year Under Review

### (1) Overview

In the fiscal year under review (from April 1, 2017 to March 31, 2018), the global economy saw the Chinese economy being underpinned by infrastructure investment led by the Chinese government, despite concerns about the need to curtail speculative real estate investment in the country together with the strengthening of environmental regulations, resulting in a steady performance. In the United States, the economy continued its moderate expansion, supported by improving employment and income levels. Moreover, corporate earnings are expected to be boosted by the significant tax reduction that was enacted in December 2017. Meanwhile, uncertainties have arisen in the global economy due to the impact of U.S. trade policies. In Japan, with an increase in exports primarily in the electronics and semiconductor-related sectors, there has been an upswing in production activity and moderate improvement in corporate earnings. Overall, economic conditions have been following a gradual recovery path.

Against this backdrop, the Taiyo Nippon Sanso Group (TNSC Group) achieved the following results for the fiscal year under review. Revenue on a consolidated basis increased 11.1% year on year to ¥646,218 million, core operating income rose 9.7% to ¥60,033 million, operating income increased 11.5% to ¥59,862 million, and net income attributable to owners of the parent increased by 40.8% to ¥48,919million.

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

## **(2) Overview of Business Performance by Reportable Segment**

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 (oxygen, nitrogen, and argon), a core product, performed solidly for use primarily in the key industries of steel and chemicals. In addition, revenue from on-site business increased since a new on-site plant started operations in October 2017. Meanwhile, revenue from equipment and plants decreased, reflecting the absence of a large air separation unit project recorded in the previous fiscal year.

In the electronics-related field, revenue from electronic materials gases trended favorably due to increased demand from the liquid crystal display (LCD) and semiconductor-related industries.

In the energy-related field, revenue from liquid petroleum gas (LPG) jumped substantially year on year due to a higher sales price following an increase in the import price.

As a result, in the Gas Business in Japan, revenue increased 6.5% year on year to ¥342,449 million, while segment income rose 4.4% to ¥30,760 million.

### **Gas Business in the United States**

In the industrial gas-related business, there was a large contribution to revenue from the consolidation of a business acquired from Air Liquide Group since September 2016. In the existing business, revenue from bulk gas rose, due partly to increased shipments of carbon dioxide gas. Shipments of packaged gases and hard goods were firm in line with the economic recovery.

As a result, in the Gas Business in the United States, revenue increased 17.2% year on year to ¥172,646 million, and segment income rose 12.3% to ¥13,559 million.

### **Gas Business in Asia & Oceania**

In the industrial gas-related field, revenue increased in China and in Thailand, in addition to the consolidation of Supagas Holdings Pty Ltd in Australia as a subsidiary of the Company in December 2016 contributing to business results. In the electronics-related field, revenue from electronic materials gases increased significantly year on year, due to growth in demand in China, South Korea and Taiwan.

As a result of the above, in the Gas Business in Asia & Oceania, revenue increased 20.1% year on year to ¥103,166 million, and segment income rose 78.8% to ¥9,236 million.

### **Thermos & Other Businesses**

In the Thermos & Other Businesses, revenue increased steadily due to solid sales of vacuum insulated portable mugs and tumblers in Japan.

As a result, in Thermos & Other Businesses, revenue increased 3.5% year on year to ¥27,956 million, while segment income decreased 16.5% to ¥8,366 million.

## **6. Segment information**

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, and Asia & Oceania.

In addition, the TNSC Group manufactures and sells housewares such as stainless steel vacuum bottles, and conducts real-estate rental and other businesses.

Therefore, the Company has established the following four reportable segments: Gas Business in Japan, Gas Business in the United States, Gas Business in Asia & Oceania, and Thermos & Other Businesses.

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

Business 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 Asia & Oceania	
Thermos & Other Businesses	Housewares, real-estate rental

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**  
FYE2017 (April 1, 2016 – March 31, 2017)

	Gas Business in Japan	Gas Business in the United States	Gas Business in Asia & Oceania	Thermos & Other Businesses	Total	Adjustments (Note 1)	Amounts on the Consolidated Statements of Income
(¥ million)							
Revenue							
Revenue to external customers	321,416	147,274	85,875	27,018	581,586	—	581,586
Revenue from inter-segment transactions and transfers	8,160	8,473	1,081	1,349	19,065	(19,065)	—
Total	329,576	155,748	86,957	28,368	600,651	(19,065)	581,586
Segment income (Note 2)	29,450	12,074	5,165	10,017	56,707	(1,970)	54,736
Other items							
Depreciation and amortization	15,627	17,557	5,964	942	40,091	(43)	40,048
Impairment loss	4	—	85	—	89	—	89
Share of profit (loss) of associates and joint ventures accounted for using the equity method	104	(178)	4	4,412	4,341	(0)	4,341

Notes:

1. The ¥1,970 million negative adjustment for segment income is comprised of ¥357 million of intersegment eliminations and companywide expenses of ¥1,613 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).

FYE2018 (April 1, 2017 – March 31, 2018)

(¥ million)

	Gas Business in Japan	Gas Business in the United States	Gas Business in Asia & Oceania	Thermos & Other Businesses	Total	Adjustments (Note 1)	Amounts on the Consolidated Statements of Income
Revenue							
Revenue to external customers	342,449	172,646	103,166	27,956	646,218	—	646,218
Revenue from inter-segment transactions and transfers	10,788	11,430	2,132	1,424	25,775	(25,775)	—
Total	353,237	184,076	105,299	29,380	671,993	(25,775)	646,218
Segment income (Note 2)	30,760	13,559	9,236	8,366	61,922	(1,888)	60,033
Other items							
Depreciation and amortization	16,118	19,319	6,603	1,219	43,261	5	43,266
Impairment loss	0	—	—	—	0	—	0
Share of profit (loss) of associates and joint ventures accounted for using the equity method	279	(121)	(28)	3,357	3,487	0	3,488

Notes:

1. The ¥1,888 million negative adjustment for segment income is comprised of ¥309 million of intersegment eliminations and companywide expenses of ¥1,578 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)

	FYE2017 (April 1, 2016 to March 31, 2017)	FYE2018 (April 1, 2017 to March 31, 2018)
Segment income	54,736	60,033
Gain on step acquisition	1,012	1,209
Gain on sales of noncurrent assets	(1,943)	(651)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(141)	(162)
Impairment loss	—	(565)
Operating income	53,664	59,862
Financial revenue	1,429	1,299
Financial expenses	(4,918)	(5,264)
Income before income taxes	50,176	55,897

## **7. Additional information**

In the United States, the Tax Cuts and Jobs Act was enacted on December 22, 2017, and the federal corporate income tax rate after January 1, 2018 has been reduced. Accordingly, deferred tax assets and deferred tax liabilities as of the end of the third quarter of the consolidated fiscal year under review are calculated using an effective tax rate based on a revised tax rate that corresponds to the consolidated fiscal year in which the temporary differences are expected to be eliminated.

As a result, during the first three quarters of the fiscal year under review, income taxes decreased by ¥12,193 million.