



TAIYO NIPPON SANSO
The Gas Professionals

Supplementary Materials for Consolidated Business Performance for the First Quarter of FYE2017

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TAIYO NIPPON SANSO Corporation

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1-1. Overview of business performance

(Billions of yen)	FYE2016 Q1 Results Margin	FYE2017 Q1 Results Margin	YoY Change % change	FYE2017 Announced targets Margin
Revenue	140.7	133.4	-7.3 -5.2%	610.0
Core operating income	11.2 8.0%	12.1 9.1%	+0.9 -8.0%	52.0 8.5%
Non-recurring profit and loss	1.8	0.2	-1.6	0
Operating income	13.0 9.3%	12.3 9.2%	-0.7 -5.5%	52.0 8.5%
Finance costs	-0.2	-0.6	-0.4	-3.3
Income before income taxes	12.8	11.7	-1.1	48.7
Income tax expenses	-4.8	-4.8	0	17.0
Net income	7.9	6.8	-1.1	31.7
(Attribution of net income)				
Net income attributable to owners of the parent	7.6 5.4%	6.4 4.9%	-1.2 -15.2%	30.0 4.9%
Net income attributable to non-controlling interests	0.3	0.4	0.1	1.7

- Impact of foreign currency translations (US\$→¥): FYE2016 Q1 rate: \$1=¥121.73 FYE2017 Q1 rate: \$1=¥107.87
→Impact of currency gains led to decreases of ¥6.7 billion in revenue and ¥0.5 billion in Core operating income



1-1. Overview of business performance

【Revenue】

(Billions of yen)	FYE2016 Q1 Results	FYE2017 Q 1 Results	% Change	FYE2017 Forecast <small>(Announced on May 11)</small>
Gas Business in Japan	76.7	74.1	-3.3%	334.0
Gas Business in the U.S.	38.1	32.5	-14.9%	160.0
Gas Business in Asia and Oceania	18.3	19.3	+5.5%	88.0
THERMOS & Other businesses	7.4	7.4	-1.1%	28.0
Total	140.7	133.4	-5.2%	610.0

【Operating income】

(Billions of yen)	FYE2016 Q1 Results	FYE2017 Q 1 Results	% Change	FYE2017 Forecast <small>(Announced on May 11)</small>
Gas Business in Japan	5.9	6.0	+2.2%	27.6
Gas Business in the U.S.	2.4	2.0	-17.1%	11.3
Gas Business in Asia and Oceania	0.9	1.2	+31.8%	7.7
THERMOS & Other businesses	2.3	2.9	+24.0%	7.0
Eliminations or Corporate	-0.4	-0.1	+66.8%	-1.6
Core operating income Total	11.2	12.1	+8.0%	52.0
Non-recurring profit and loss	1.8	0.2	-88.9%	0.0
Total	13.0	12.3	-5.5%	52.0



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

(Billions of yen)		FYE2016 Q1	FYE2017 Q1	% Change	
Revenue	Industrial Gas	Bulk gases	19.2	18.5	-3.6%
		On-site gases	12.4	11.5	-7.0%
		Packaged gases	2.5	2.8	+11.2%
		Hard goods	5.6	4.9	-11.6%
		Plants and Equipments	7.6	8.8	+15.1%
		Medical	5.6	5.2	-6.6%
		Total	53.1	52.0	-2.1%
	Electronics	Gases	11.4	11.3	-1.2%
		Equipment and Installation	4.2	4.5	+8.0%
		Total	15.6	15.8	+1.3%
	Energy	LP gas	7.2	5.5	-23.3%
		Related Equipment	0.5	0.6	+13.1%
		Total	7.8	6.2	-20.7%
	Revenue Total		76.7	74.1	-3.3%
Segment income		5.9	6.0	+2.2%	

Reasons for Changes in revenue

- Revenue of LP gas decreased due to the impact of the falling oil price
- Helium (recorded in bulk gases) sales volume and sales amount decreased

Reason for change in segment income

- Reduced costs due to the falling oil price
- Increased cost in supply and transport of carbon dioxide gas (recorded in bulk gases)



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

(Billions of yen)		FYE2016 Q1	FYE2017 Q1	% Change	
Revenue	Industrial Gas	Bulk gases	10.8	10.4	-4.3%
		On-site gases	1.3	1.0	-20.2%
		Packaged gases	13.1	11.2	-14.4%
		Hard goods	8.7	7.1	-19.2%
		Plants and Equipment	1.0	0.0	-100.0%
		Total	35.2	29.8	-15.2%
	Electronics	Gases	2.5	2.3	-8.5%
		Equipment and Installation	0.4	0.3	-23.8%
		Total	2.9	2.6	-10.7%
	Revenue Total		38.1	32.5	-14.9%
Segment income		2.4	2.0	-17.1%	

- Impact of yen appreciation on currency translations
Revenue decreased by ¥4.3 billion and segment income by ¥0.3 billion

Reasons for Changes in revenue

- Sales of bulk gases were firm (particularly carbon dioxide gas), but hard goods fell
- Slight increase in sales of electronics gas

Reason for change in segment income

- Decreased income due to decreased sales of hard goods



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

(Billions of yen)			FYE2016 Q1	FYE2017 Q1	% Change
Revenue	Industrial Gas	Bulk gases	3.7	5.5	+49.8%
		On-site gases	0.5	0.6	+9.2%
		Packaged gases	0.9	1.0	+19.5%
		Hard goods	2.2	1.7	- 23.2%
		Plants and Equipment	2.5	2.9	+18.3%
		Total	9.9	11.9	+20.3%
	Electronics	Gases	7.3	6.5	- 10.9%
		Equipment and Installation	1.0	0.8	- 19.4%
		Total	8.3	7.3	- 12.0%
	Revenue Total			18.3	19.3
Segment income			0.9	1.2	+31.8%

- Impact of yen appreciation on currency translations
Revenue decreased by ¥2.2 billion and segment income by ¥0.2 billion

Reasons for Changes in revenue

- Industrial gas-related business: Revenue grew in the Philippines, but Singapore was soft
Contribution from M&A ¥2.8 billion (Thailand and Australia)
- Electronics gas-related business: China, South Korea and Taiwan were about the same as the previous fiscal year

Reason for change in segment income

- Industrial gas-related business: Income increased in the Philippines in conjunction with increased earnings, but income decreased in Singapore. M&A (Thailand and Australia) contributed ¥0.6 billion
- Electronics gas-related business: Income increased in China and South Korea



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1-2. Business Performance by Segment: THERMOS & Other businesses

(Billions of yen)			FYE2016 Q1	FYE2017 Q1	% Change
Revenue	THERMOS	Japan	6.0	6.0	+0.1%
		Asia	0.6	0.7	+8.3%
		Total	6.7	6.8	+0.9%
	Other		0.7	0.5	-20.2%
	Revenue Total		7.4	7.4	-1.1%
Segment income			2.3	2.9	+24.0%

- Impact of yen appreciation on currency translations
Revenue decreased by ¥0.1 billion and segment income by ¥0.1 billion

Reasons for Changes in revenue

- ◆ THERMOS Business
 - Slower growth in inbound demand
 - Revenue were strong mainly due to new products launched in the spring

Reason for change in segment income

- ◆ THERMOS Business
 - Increased income due to strong revenue of new products
 - Cost reduction effect on imports due to appreciation of the yen



2 - 1. Full-Year Forecasts for FY2017

(Billions of yen)	FYE2016 Results Margin	FYE2017 Forecast Margin	YoY Change % Change	FYE2017 Forecast (Announced May 11) Margin
Revenue	594.4	610.0	15.6 +2.6%	610.0
Core operating income	47.4 8.0%	52.0 8.5%	+4.6 +9.6%	52.0 8.5%
Non-recurring profit and loss	1.4	0	-1.4	0
Operating income	48.9 8.2%	52.0 8.5%	+3.1 +6.3%	52.0 8.5%
Finance costs	-2.3	-3.3	-1.0	-3.3
Income before income taxes	46.5	48.7	+2.2	48.7
Income tax expenses	16.0	17.0	+1.0	17.0
Net income	30.5	31.7	+1.2	31.7
(Attribution of net income)				
Net income attributable to owners of the parent	29.0 4.9%	30.0 4.9%	+1.0 +3.3%	30.0 4.9%
Net income attributable to non-controlling interests	1.4	1.7	+0.3	+1.7

● No change in disclosed figures from the time of initial announcement of financial results on May 11



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2-2. Full-Year Forecasts for FY2017 by Segment

【Revenue】

(Billions of yen)	FYE2016 Results	FYE2017 Forecast	% Change	FYE2017 Forecast (Announced May 11)
Gas Business in Japan	327.9	334.0	+1.8%	334.0
Gas Business in U.S.	149.5	160.0	+7.0%	160.0
Gas Business in Asia and Oceania	89.3	88.0	-1.5%	88.0
THERMOS & Other Businesses	27.5	28.0	+1.7%	28.0
Total	594.4	610.0	+2.6%	610.0

【Operating income】

(Billions of yen)	FYE2016 Results	FYE2017 Forecast	% Change	FYE2017 Forecast (Announced May 11)
Gas Business in Japan	27.8	27.6	-0.9%	27.6
Gas Business in U.S.	9.2	11.3	+22.3%	11.3
Gas Business in Asia and Oceania	3.0	7.7	+155.9%	7.7
THERMOS & Other Business	9.0	7.0	-22.2%	7.0
Eliminations or Corporate	-1.6	-1.6	+2.8%	-1.6
Core operating income Total	47.4	52.0	+9.6%	52.0
Non-recurring profit and loss	1.4	0.0	-14.0%	0.0
Operating Income Total	48.9	52.0	+6.3%	52.0



(Reference Materials)



Core operating income

- Core operating income is an indicator of the main business or regular earnings, excluding non-recurring profit and loss

(Billions of yen)	Gas Business in Japan	Gas Business in the U.S.	Gas Business in Asia and Oceania	Thermos & Other businesses
Revenue	74.1	32.5	19.3	7.4
Segment income	6.0	2.0	1.2	2.9
Eliminations or Corporate			-0.6	
Core operating income			12.1	
Non-recurring profit and loss			0.2	
Operating income			12.3	
Finance costs			-0.6	
Income before income tax			11.7	
Income tax expenses			-4.8	
Net income			6.8	
(Attribution of net income)				
Net income attributable to owners of the parent			6.4	
Income for the year attributable to non-controlling interests			0.4	

【Segment income】

Segment income is displayed on a core operating income basis excluding non-recurring items

【Non-recurring profit and loss】

- Transformation costs (business contraction, withdrawal, extraordinary severance payments)
- Loss caused by natural disaster or major accident
- Other (includes disposal of idle assets)

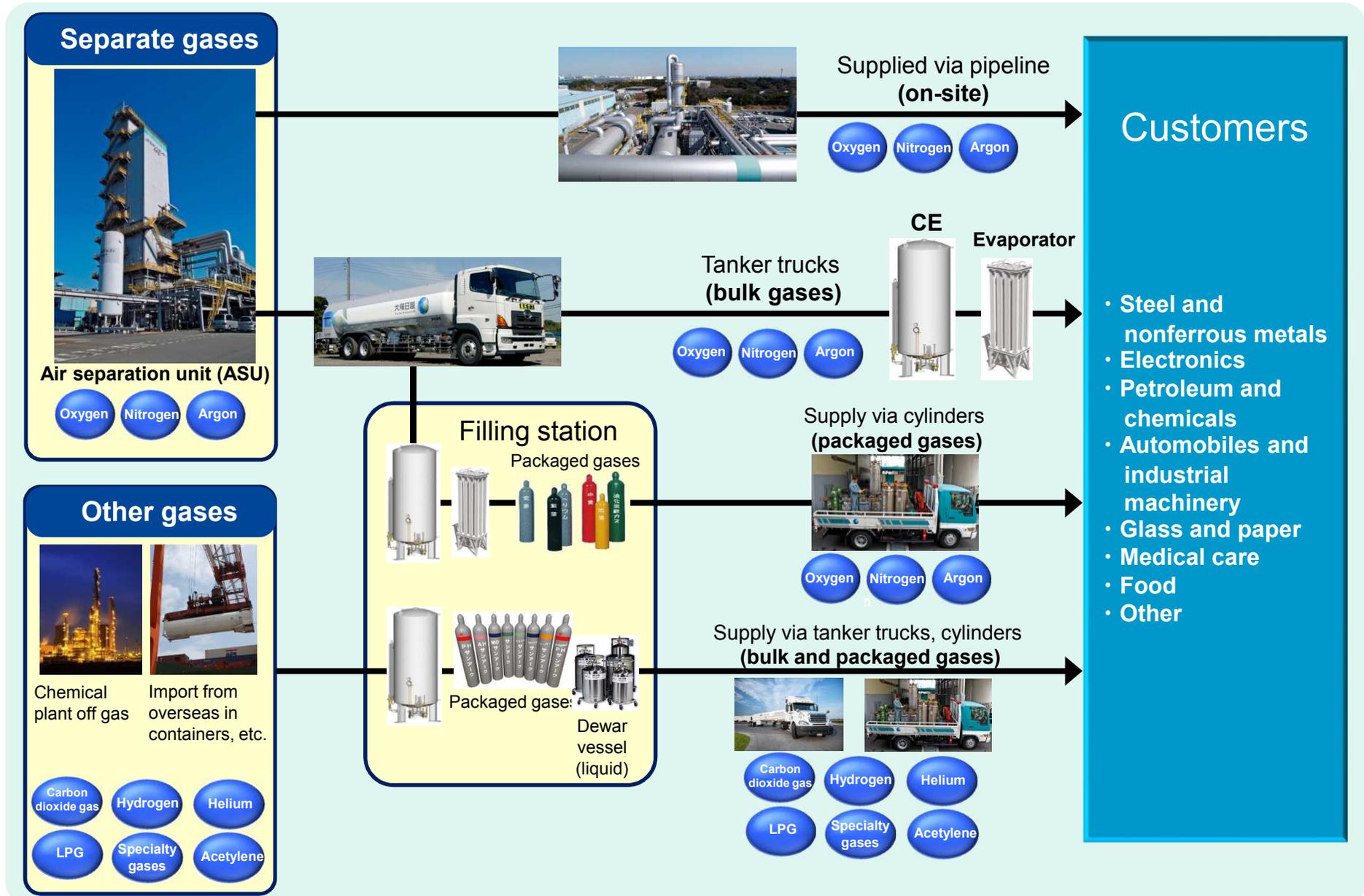


Key Performance Indicators (Consolidated)

	FYE2016 Q1 Results	FYE2017 Q1 Results	FYE2016 Results	FYE2017 Forecast
Basic earnings per share (Yen)	17.67	14.98	67.08	69.32
ROE	—	—	9.1%	9.3%
ROCE	—	—	8.4%	8.8%
Annual dividends per share (Yen)	—	—	16	18
Dividend payout ratio	—	—	23.9%	26.0%
Capital expenditures (construction base) (Millions of yen)	12,824	10,353	52,657	59,000
Investments and loans (Millions of yen)	5,073	1,273	25,507	—
Depreciation and amortization (Millions of yen)	9,560	9,030	39,696	42,500
Balance of interest-bearing liabilities (Millions of yen)	270,100	261,601	266,215	274,000
Net interest-bearing liabilities (Millions of yen)	218,586	211,796	215,492	213,000



TNSC's Gas Supply Structure



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