



TAIYO NIPPON SANSO
The Gas Professionals

Supplementary Materials for Consolidated Business Performance for the First Three Quarters of FYE2018

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TAIYO NIPPON SANSO Corporation

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1-1. Overview of business performance

(Billions of yen)	FYE2017 Q3 Results Margin	FYE2018 Q3 Results Margin	YoY Change
Revenue	415.8	471.4	+55.6 +13.4%
Core operating income	40.8 9.8%	45.7 9.7%	+4.9 +11.8%
Non-recurring profit and loss	0.1	0.5	+0.4
Operating income	41.0 9.9%	46.2 9.8%	+5.2 +12.6%
Finance costs	-2.0	-2.6	-0.6
Income before income taxes	39.0	43.6	+4.6
Income tax expenses	11.7	2.4	-9.3
Net income	27.2	41.2	+14.0
(Attribution of net income)			
Net income attributable to owners of the parent	26.0 6.3%	39.9 8.5%	+13.9 +53.6%
Net income attributable to non-controlling interests	1.2	1.2	+0

- Impact of foreign currency translations (US\$→¥): FYE2017 Q3 rate: \$1=¥107.34 FYE2018 Q3 rate: \$1=¥111.77
→Impact of currency gains led to increases of ¥7.9 billion in revenue and ¥0.7 billion in core operating income
- The reversal of deferred tax liabilities at a subsidiary based in the U.S., accompanying a reduction of the federal corporate income tax rate in U.S. tax reform legislation, resulted in a significant decrease in income taxes shown in the consolidated statements of profit or loss. (Income taxes decreased ¥11.7 billion in FYE2018 Q3)

1-1. Overview of business performance

【Revenue】

(Billions of yen)	FYE2017 Q3 Results	FYE2018 Q3 Results	% Change
Gas Business in Japan	230.9	246.3	+6.7%
Gas Business in the U.S.	105.7	128.5	+21.6%
Gas Business in Asia and Oceania	58.7	74.8	+27.5%
Thermos and Other businesses	20.4	21.6	+5.9%
Revenue Total	415.8	471.4	+13.4%

【Operating income】

(Billions of yen)	FYE2017 Q3 Results	FYE2018 Q3 Results	% Change
Gas Business in Japan	22.1	23.0	+4.1%
Gas Business in the U.S.	8.1	10.0	+23.2%
Gas Business in Asia and Oceania	4.2	7.2	+72.9%
Thermos and Other businesses	7.9	6.9	-12.2%
Eliminations or Corporate	-1.4	-1.5	—
Core operating income Total	40.8	45.7	+11.8%
Non-recurring profit and loss	0.1	0.5	+193.7%
Operating income Total	41.0	46.2	+12.6%

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

(Billions of yen)			FYE2017	FYE2018	% Change
			Q3	Q3	
Revenue	Industrial Gas	Bulk gases	57.7	61.1	+5.8%
		On-site gases	34.8	40.4	+16.1%
		Packaged gases	8.7	8.5	-2.2%
		Hard goods	17.0	17.3	+1.7%
		Plants and Equipments	27.8	27.1	-2.5%
		Medical	16.4	16.1	-1.3%
		Total	162.6	170.8	+5.0%
	Electronics	Gases	34.8	36.7	+5.3%
		Equipment and Installation	15.3	16.8	+10.0%
		Total	50.1	53.5	+6.7%
	Energy	LP gas	15.9	19.8	+24.0%
		Related Equipment	2.1	2.1	+1.9%
		Total	18.1	21.9	+21.4%
Revenue Total			230.9	246.3	+6.7%
Segment income			22.1	23.0	+4.1%

Reasons for changes in revenue

- JFE SANSO CENTER Kurashiki Factory started operation
- Revisions to carbon dioxide gas prices (recognized mainly in bulk gases)
- Electronics-related: Electronic materials gases trended favorably
- LP gas: Higher sales price following an increase in the import price

Reason for change in segment income

- Higher costs in line with rising crude oil prices
- Electronics-related: Electronic materials gases trended favorably

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

(Billions of yen)			FYE2017 Q3	FYE2018 Q3	% Change
Revenue	Industrial Gas	Bulk gases	38.6	52.1	+34.9%
		On-site gases	3.2	6.6	+102.7%
		Packaged gases	34.8	37.1	+6.5%
		Hard goods	21.2	24.1	+13.5%
		Total	98.0	120.0	+22.4%
	Electronics	Gases	6.6	5.6	-15.2%
		Equipment and Installation	1.0	2.8	+184.1%
		Total	7.6	8.5	+11.2%
	Revenue Total			105.7	128.5
Segment income			8.1	10.0	+23.2%

※Impact of yen appreciation on currency translations
Revenue increased by ¥4.4 billion and segment income by ¥0.4 billion

Reasons for changes in revenue

- Recognition of business acquired from Air Liquide contributed ¥13.6 billion
- Bulk gases: Revenue rose due to increased shipments of carbon dioxide gas
- Packaged gases: Higher revenue due to recovery trend in sales

Reason for change in segment income

- Bulk gases: Higher revenue from carbon dioxide gas contributed to increased segment income
- Higher revenue from packaged gases contributed to increased segment income



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

(Billions of yen)			FYE2017 Q3	FYE2018 Q3	% Change
Revenue	Industrial Gas	Bulk gases	17.3	26.6	+53.5%
		On-site gases	1.8	2.1	+19.4%
		Packaged gases	3.2	4.1	+26.7%
		Hard goods	4.4	4.0	-9.5%
		Plants and Equipment	8.3	9.1	+9.7%
		Total	35.2	46.1	+30.9%
	Electronics	Gases	19.6	23.7	+20.8%
		Equipment and Installation	3.7	4.9	+31.3%
		Total	23.4	28.6	+22.5%
	Revenue Total		58.7	74.8	+27.5%
Segment income		4.2	7.2	+72.9%	

※Impact of yen appreciation on currency translations
Revenue increased by ¥3.4 billion and segment income by ¥0.3 billion

Reasons for changes in revenue

- ◆ Industrial gas-related business
 - Contribution from the acquisition of Supagas Holdings Pty Ltd (Australia): ¥8.0 billion
 - Singapore and Malaysia: Soft sales of hard goods to the oil & gas sector
- ◆ Electronics-related business
 - China, South Korea, Taiwan: Favorable sales of electronic materials gases

Reason for change in segment income

- ◆ Industrial gas-related business
 - Contribution from the acquisition of Supagas Holdings Pty Ltd (Australia): ¥1.5 billion
 - Singapore and Malaysia: Segment income decreased in line with lower revenue
- ◆ Electronics-related business
 - China, South Korea, Taiwan: Favorable sales of electronic materials gases

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

(Billions of yen)			FYE2017 Q3	FYE2018 Q3	% Change
Revenue	Thermos	Japan	16.0	16.7	+4.1%
		Asia	2.6	2.9	+10.5%
		Total	18.7	19.6	+5.0%
	Other		1.7	2.0	+15.6%
	Revenue Total		20.4	21.6	+5.9%
Segment income			7.9	6.9	-12.2%

※Impact of yen appreciation on currency translations
 Revenue increased by ¥0.1 billion and segment income by ¥0.0 billion

Reasons for changes in revenue

- ◆ Thermos Business
 - Japan: Solid sales centered on vacuum insulated portable mugs and tumblers

Reason for change in segment income

- ◆ Thermos Business
 - Japan: Decrease due to increased expenses
 - Overseas: Soft business performance by Group companies accounted for by the equity method

2-1. Full-Year Forecasts for FYE2018

(Billions of yen)	FYE2017 Results Margin	FYE2018 Forecast (Announced Jan. 30) Margin	YoY Change % Change	FYE2018 Forecast (Announced Nov. 1) Margin
Revenue	581.5	635.0	+53.5 +9.2%	620.0
Core operating income	54.7 9.4%	60.0 9.4%	+5.3 +9.6%	56.5 9.1%
Non-recurring profit and loss	-1.0	0	+1.0	0.5
Operating income	53.6 9.2%	60.0 9.4%	+6.4 +11.8%	57.0 9.2%
Finance costs	-3.4	-4.0	-0.6	-4.5
Income before income taxes	50.1	56.0	+5.9	52.5
Income tax expenses	13.9	6.0	-7.9	16.0
Net income	36.2	50.0	+13.8	36.5
(Attribution of net income)				
Net income attributable to owners of the parent	34.7 6.0%	48.0 7.6%	+13.3	34.5 5.6%
Net income for the year attributable to non-controlling interests	1.4	2.0	+0.6	2.0

- The reversal of deferred tax liabilities at a subsidiary based in the U.S., accompanying a reduction of the federal corporate income tax rate in U.S. tax reform legislation, resulted in a significant decrease in income taxes shown in the consolidated statements of profit or loss. (Income taxes decreased ¥11.7 billion in FYE2018 Q3)



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

【Revenue】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast (Announced Feb.5)	% Change	FYE2018 Forecast (Announced Nov. 1)
Gas Business in Japan	321.4	341.0	+6.1%	338.0
Gas Business in U.S.	147.2	169.0	+14.8%	164.0
Gas Business in Asia and Oceania	85.8	98.0	+14.1%	91.0
Thermos and Other businesses	27.0	27.0	-0.1%	27.0
Revenue Total	581.5	635.0	+9.2%	620.0

【Operating income】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast (Announced Feb. 5)	% Change	FYE2018 Forecast (Announced Nov. 1)
Gas Business in Japan	29.4	30.0	+1.9%	28.7
Gas Business in U.S.	12.0	13.5	+11.8%	13.5
Gas Business in Asia and Oceania	5.1	9.5	+83.9%	7.8
Thermos and Other businesses	10.0	9.0	-10.2%	9.0
Eliminations or Corporate	-1.9	-2.0	—	-2.5
Core operating income Total	54.7	60.0	+9.6%	56.5
Non-recurring profit and loss	-1.0	0	—	0.5
Operating income Total	53.6	60.0	+11.8%	57.0

(Reference Materials)

Non-recurring Income and Expense Items

(Billions of yen)	FYE2017 Q3 results	FYE2018 Q3 results	YoY change
Core operating income	40.8	45.7	+4.9
Non-recurring profit and loss	0.1	0.5	+0.4
Operating income	41.0	46.2	+5.2

【Non-recurring Income and Expense Items】

FY2017 Q3 results		FYE2018 Q3 Results	
Item	Amount	Item	Amount
Gain on sales of Asian land	¥0.1 billion	Gain on sales of domestic land	¥1.0 billion
		Share of loss of associates and joint ventures accounted for using the equity method of THERMOS K. K.	-¥0.5 billion
Total	¥0.1 billion	Total	¥0.5 billion

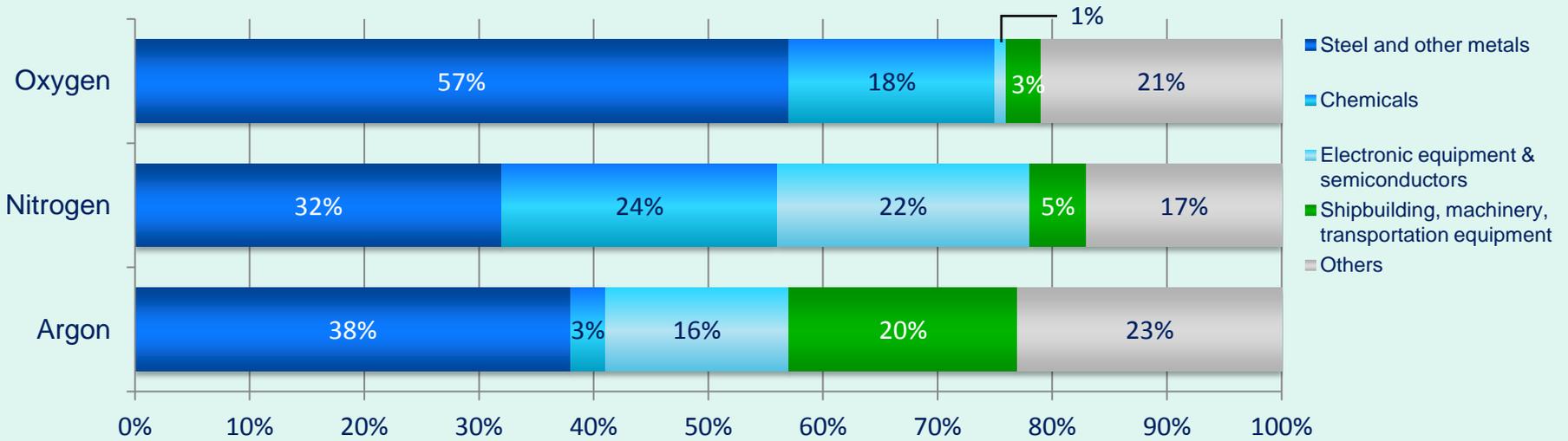
Key Performance Indicators (Consolidated)

	FYE2017 Q3 Results	FYE2018 Q3 Results	FYE2017 Results	FYE2018 Forecast (Announced Feb.5)
Basic earnings per share (Yen)	60.16	92.38	80.28	110.92
ROE	—	—	10.3%	12.8%
ROCE	—	—	8.4%	8.3%
Annual dividends per share (Yen)	—	—	20	22
Dividend payout ratio	—	—	24.9%	19.8%
Capital expenditures (construction base)(Millions of yen)	29,132	43,065	43,796	66,000
Investments and loans (Millions of yen)	101,285	2,930	102,034	—
Depreciation and amortization (Millions of yen)	29,205	32,252	40,048	44,000
Balance of interest-bearing liabilities (Millions of yen)	380,820	348,516	359,528	341,000

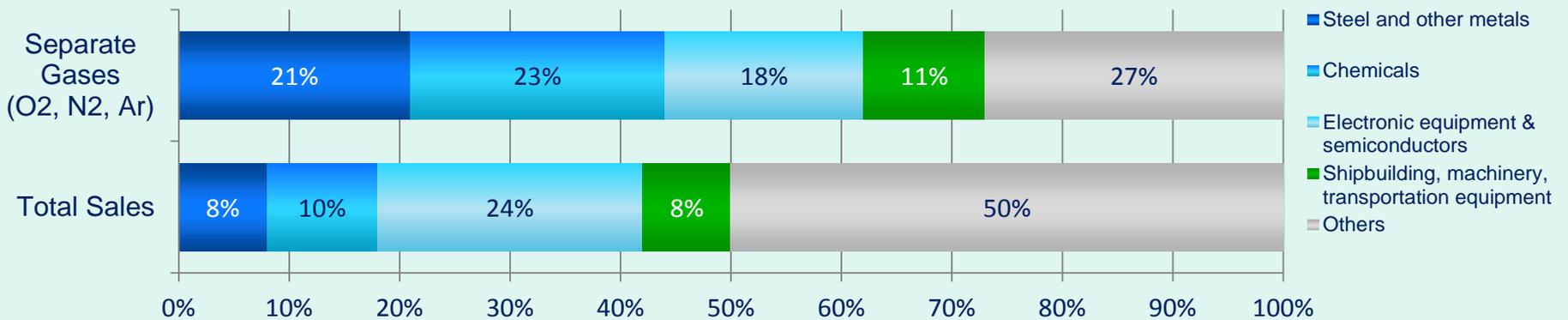
- Excluding the effects of the significant decrease in income taxes resulting from the reduction of the federal corporate income tax rate accompanying U.S. tax reform legislation, we expect basic earnings per share of ¥83.19, ROE of 9.7%, ROCE of 8.3%, and dividend payout ratio of 26.4%.

Sales Mix by Industry

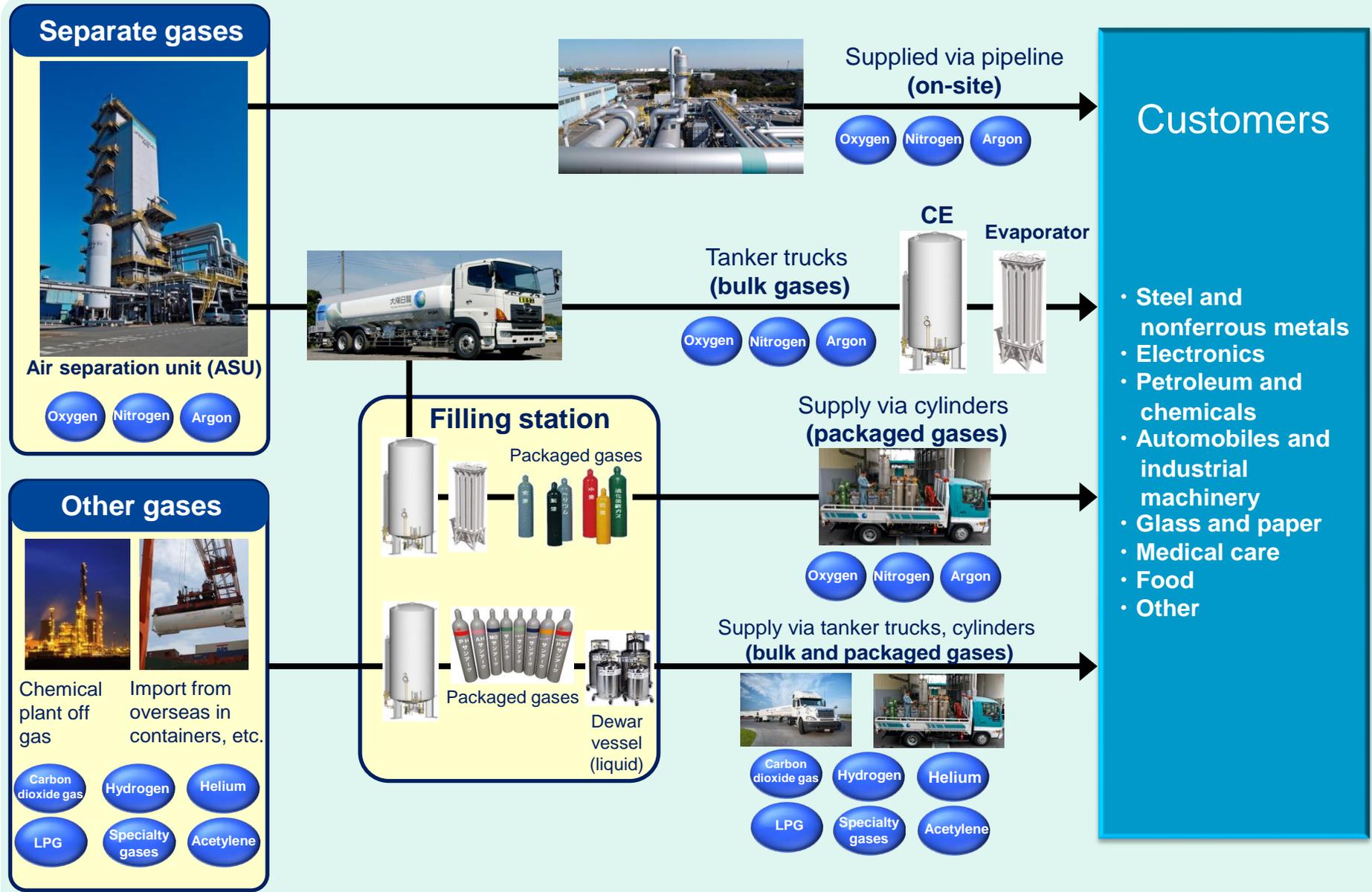
【Sales Volume Mix by Industry】



【Net Sales Mix by Industry】



TNSC's Gas Supply Structure



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