

Accounts Settlement for the First Three Quarters of Fiscal Year

February 3, 2016
TAIYO NIPPON SAN SO Corporation

1-1. Financial Performance (Consolidated)

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

	Previous term		Reporting term	
	(April 1, 2014 to December 31, 2014)	YoY change	(April 1, 2015 to December 31, 2015)	YoY change
Sales	406,687	6.9%	437,018	7.5%
Operating income (Ratio of profit to sales)	26,062 (6.4)	17.1	31,051 (7.1)	19.1
Non-operating income	684		536	
Ordinary profit (Ratio of profit to sales)	26,747 (6.6)	21.2	31,587 (7.2)	18.1
Extraordinary loss	159		1,813	
Income before income taxes	26,906		33,401	
Income taxes	10,196		11,496	
Net income	16,709		21,904	
Non-controlling interests	1,066		1,229	
Net income attributable to owners of the parent (Ratio of net income to)	15,642 (3.8)	5.9	20,675 (4.7)	32.2

(Reference)

EPS (Yen)	36.14	47.77
Capital investment (on completion; millions of yen)	21,769	37,350
Investments & loans (millions of yen)	4,441	29,465
Depreciation (millions of yen)	26,796	29,802
Depreciation of goodwill (millions of yen)	3,639	4,530
Interest-bearing liabilities (millions of yen)	253,488	277,863
Net interest-bearing liabilities (millions of yen)	215,724	236,965

1-2. Financial Performance (Consolidated)

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

	Previous term		Current term (forecasts)	
	(April 1, 2014 to March 31, 2015)	YoY change	(April 1, 2015 to March 31, 2016)	YoY change
Sales	559,373	7.0%	655,000	17.1%
Operating income (Ratio of profit to sales)	35,297 (6.3)	12.1	42,500 (6.5)	20.4
Non-operating income	1,014		1,200	
Ordinary profit (Ratio of profit to sales)	34,282 (6.1)	12.2	41,300 (6.3)	20.5
Extraordinary loss	224		1,800	
Income before income taxes	34,507		43,100	
Income taxes	12,373		14,600	
Net income	22,133		28,500	
Non-controlling interests	1,369		1,500	
Net income attributable to owners of the parent (Ratio of net income to)	20,764 (3.7)	2.8	27,000 (4.1)	30.0

(Reference)

EPS (Yen)	47.98	62.39
ROE	7.0 %	8.4 %
ROCE	6.2 %	7.1 %
Payout ratio	27.1 %	22.4 %
Capital investment (on completion; millions of yen)	35,201	54,000
Investments & loans (millions of yen)	5,710	32,800
Depreciation of goodwill (millions of yen)	35,568	45,000
Depreciation of goodwill (millions of yen)	4,959	7,500
Interest-bearing liabilities (millions of yen)	266,276	284,000
Net interest-bearing liabilities (millions of yen)	212,855	240,000

※ The business forecast for the fiscal year ending March 31, 2016 applies to a 15-month consolidated period for U.S. subsidiary Matheson Tri-Gas, Inc. and Singapore subsidiary Leeden National Oxygen Ltd., which will align 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 ¥ 50,000 million for net sales, ¥ 3,000 million for operating income, ¥ 2,500 million for ordinary income, and ¥ 1,500 million for net income.

2-1. Results by reportable segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term			Reporting term (ended December 2015)		
		Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Gas Business in Japan	250,698	1.8	61.7	240,719	4.0	55.1
	Gas Business in the US	95,310	19.8	23.4	116,169	21.9	26.6
	Gas Business in Asia and Oceania	44,417	10.6	10.9	59,291	33.5	13.5
	Other	16,261	13.5	4.0	20,838	28.1	4.8
	Consolidated	406,687	6.9	100.0	437,018	7.5	100.0
Operating income	Gas Business in Japan	18,152	10.5	69.7	19,878	9.5	64.0
	Gas Business in the US	3,554	27.8	13.6	4,516	27.1	14.6
	Gas Business in Asia and Oceania	2,318	25.7	8.9	3,067	32.3	9.9
	Other	3,137	37.8	12.0	4,704	49.9	15.1
	Eliminations or Corporate	1,099	3.0	4.2	1,115	1.4	3.6
	Consolidated	26,062	17.1	100.0	31,051	19.1	100.0

2-2. Results by reportable segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term			Current term (forecasts) (ended March 2016)		
		Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Gas Business in Japan	344,635	0.8	61.6	340,000	1.3	51.9
	Gas Business in the US	130,983	21.8	23.4	192,000	46.6	29.3
	Gas Business in Asia and Oceania	61,995	14.1	11.1	96,000	54.8	14.7
	Other	21,758	14.5	3.9	27,000	24.1	4.1
	Consolidated	559,373	7.0	100.0	655,000	17.1	100.0
Operating income	Gas Business in Japan	25,045	7.2	71.0	25,500	1.8	60.0
	Gas Business in the US	5,795	22.9	16.4	8,200	41.5	19.3
	Gas Business in Asia and Oceania	2,468	29.1	7.0	4,700	90.4	11.1
	Other	3,437	12.2	9.7	5,500	60.0	12.9
	Eliminations or Corporate	1,449	7.6	4.1	1,400	3.4	3.3
	Consolidated	35,297	12.1	100.0	42,500	20.4	100.0

3-1. Results by business segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term			Reporting term (ended December 2015)		
		Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Industrial Gas	286,307	8.9	70.4	309,413	8.1	70.8
	Electronics-related	74,780	2.2	18.4	84,847	13.5	19.4
	Energy	29,339	2.0	7.2	21,919	25.3	5.0
	Other	16,261	13.5	4.0	20,838	28.1	4.8
	Consolidated	406,687	6.9	100.0	437,018	7.5	100.0
Operating income	Industrial Gas	18,459	11.4	70.8	17,741	3.9	57.1
	Electronics-related	4,449	30.5	17.1	8,499	91.0	27.4
	Energy	871	3.7	3.4	1,199	37.6	3.9
	Other	3,137	37.8	12.0	4,704	49.9	15.1
	Eliminations or Corporate	855	4.9	3.3	1,092	27.7	3.5
	Consolidated	26,062	17.1	100.0	31,051	19.1	100.0

※ Segments for the previous term (April 1, 2014 to September 30, 2015) have been modified and presented as new segments.

3-2. Results by business segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term			Reporting term (ended March 2016)		
		Amount	YoY change	% of total	Amount	YoY change	% of total
Sales*	Industrial Gas	394,662	9.4	70.6	469,000	18.8	71.6
	Electronics-related	103,617	5.3	18.5	127,000	22.6	19.4
	Energy	39,334	11.6	7.0	32,000	18.6	4.9
	Other	21,758	14.5	3.9	27,000	24.1	4.1
	Consolidated	559,373	7.0	100.0	655,000	17.1	100.0
Operating income	Industrial Gas	23,906	5.6	67.8	24,200	1.2	57.0
	Electronics-related	7,215	36.6	20.4	12,000	66.3	28.2
	Energy	1,777	6.1	5.0	2,000	12.5	4.7
	Other	3,437	12.2	9.7	5,500	60.0	12.9
	Eliminations or Corporate	1,039	10.6	2.9	1,200	15.4	2.8
	Consolidated	35,297	12.1	100.0	42,500	20.4	100.0

4-1. Breakdown of sales by business segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term				Reporting term (ended December 2015)			
		Japan	United States	Asia & Oceania	Total	Japan	United States	Asia & Oceania	Total
Industrial Gas	Bulk/On-site	101,563	31,360	10,921	143,845	96,570	37,968	18,410	152,949
	Package	24,781	59,772	9,592	94,146	26,033	69,062	10,004	105,100
	Plants and equipment	25,473		6,146	31,620	26,118	1,042	6,442	33,603
	Medical	16,694			16,694	17,758			17,758
	Total	168,512	91,132	26,661	286,307	166,481	108,073	34,857	309,413
Electronics	Gases	38,811	3,215	16,522	58,548	36,333	6,715	21,888	64,938
	Equipment and installation	14,035	962	1,233	16,231	15,984	1,379	2,544	19,909
	Total	52,846	4,178	17,755	74,780	52,318	8,095	24,433	84,847
Energy	Gases	26,987			26,987	19,730			19,730
	Equipment	2,351			2,351	2,189			2,189
	Total	29,339			29,339	21,919			21,919
Other	Thermos	12,073		2,237	14,311	16,775		2,090	18,866
	Other	1,949			1,949	1,972			1,972
	Total	14,023		2,237	16,261	18,748		2,090	20,838
Consolidated		264,722	95,310	46,654	406,687	259,467	116,169	61,381	437,018
% of total		65.1	23.4	11.5	100.0	59.4	26.6	14.0	100.0

4-2. Breakdown of sales by business segment

*External customers basis (Millions of yen; figures rounded down to the nearest million)

		Previous term				Reporting term (ended March 2016)			
		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	132,000	62,400	28,300	222,700
	Package	34,027	83,829	13,408	131,265	35,800	115,600	16,100	167,500
	Plants and equipment	39,299		8,592	47,892	40,600	1,000	12,100	53,700
	Medical	24,436			24,436	25,100			25,100
	Total	231,856	125,201	37,604	394,662	233,500	179,000	56,500	469,000
Electronics	Gases	51,504	4,368	22,351	78,225	48,800	11,100	35,800	95,700
	Equipment and installation	21,939	1,413	2,039	25,392	25,700	1,900	3,700	31,300
	Total	73,444	5,782	24,390	103,617	74,500	13,000	39,500	127,000
Energy	Gases	36,059			36,059	29,000			29,000
	Equipment	3,275			3,275	3,000			3,000
	Total	39,334			39,334	32,000			32,000
Other	Thermos	16,128		3,021	19,149	21,400		3,000	24,400
	Other	2,608		0	2,608	2,600			2,600
	Total	18,736		3,021	21,758	24,000		3,000	27,000
Consolidated		363,372	130,983	65,017	559,373	364,000	192,000	99,000	655,000
% of total		65.0	23.4	11.6	100.0	55.6	29.3	15.1	100.0

The First Three Quarters of FY 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)

①Oxygen

Supply Method	Volume (% of total)	Volume (YoY % change)	Value (% of total)	Value (YoY % change)
Bulk	19.7%	5.1%	52.9%	17.3%
Onsite	80.3%	-2.8%	47.1%	-10.6%

②Nitrogen

Supply Method	Volume (% of total)	Volume (YoY % change)	Value (% of total)	Value (YoY % change)
Bulk	24.6%	9.6%	56.0%	11.6%
Onsite	75.4%	1.0%	44.0%	-2.4%

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

①Oxygen

Main user industries	Volume (% of total)	Volume (YoY % change)
1)Steel and other metals	58.3%	-6.1%
2)Chemicals	18.7%	-2.6%
3)Shipbuilding, machinery, transportation equipment	3.3%	7.3%

②Nitrogen

Main user industries	Volume (% of total)	Volume (YoY % change)
1)Steel and other metals	35.8%	5.7%
2)Electronic equipment & semiconductors	23.1%	1.1%
3)Chemicals	20.6%	-4.1%

③Argon

Main user industries	Volume (% of total)	Volume (YoY % change)
1)Steel and other metals	41.4%	9.2%
2)Electronic equipment & semiconductors	15.1%	-6.4%
3)Shipbuilding, machinery, transportation equipment	13.6%	-3.8%

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	21.9%	1.0pt	12.6%
**Steel smelting and related industries	20.5%	-2.5pt	-7.1%
**Chemicals and related industries	21.5%	-1.7pt	-3.5%

*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.