



February 5, 2019

To Whom It May Concern:

Company Name: Taiyo Nippon Sanso Corporation
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**Notice Regarding Revisions to the Numerical Targets
of the Current Medium-Term Management Plan Ortus Stage 2**

Taiyo Nippon Sanso Corporation (TNSC) hereby announces that it has revised the numerical targets of the medium-term management plan Ortus Stage 2 for the fiscal year ending March 31, 2021, the plan's final year. Ortus Stage 2 was unveiled on March 8, 2017.

1. Background to the Revisions to Numerical Targets

TNSC has acquired the shares of the corporations running a part of the European business of US company Praxair, Inc. (industrial gas business in Germany, Spain, Portugal, Italy, Norway, Denmark, Sweden, the Netherlands, and Belgium; carbon dioxide business in the United Kingdom, Ireland, the Netherlands, and France; and helium-related business), as announced in the press release "Notice Regarding Completed Acquisition (100% Ownership) Procedures of US Company Praxair, Inc.'s European Businesses" dated December 3, 2018.

In addition, TNSC has been advancing acquisition procedures following the conclusion of an agreement with Linde Gas North America LLC, a subsidiary of the German company Linde Aktiengesellschaft, to acquire a portion of its HyCO business and related assets in the United States through TNSC's wholly-owned subsidiary, Matheson Tri-Gas, Inc. (headquartered in Texas, United States), as announced in the press release "Notice Regarding Acquisition of a HyCO Business and Related Assets in the United States" dated December 13, 2018.

These acquisitions are expected to result in a large increase in the size of TNSC's business, thereby contributing significantly to consolidated business performance. Accordingly, TNSC has revised its numerical targets for the fiscal year ending March 31, 2021, the final year of the current medium-term management plan Ortus Stage 2. There will be no changes to the basic policies and key strategies laid out in Ortus Stage 2.

2. Summary of the Revisions to Numerical Targets

TNSC will adopt the adjusted net D/E ratio*1 as a new key performance indicator to evaluate financial soundness.

	FYE 2021 Initial numerical targets	FYE 2021 Revised numerical targets
Revenue	¥800.0 billion	¥910.0 billion
Core operating income	¥76.0 billion	¥100.0 billion
Core operating income ratio	9.5 %	11.0 %
Overseas revenue ratio	45.0 %	55.0 %
ROCE	9.0 %	7.1 %
Adjusted net D/E ratio *1	—	1.27x *2

Assumed exchange rates (US dollar → Japanese yen): ¥110 (Euro→Japanese yen): ¥125

*1 The adjusted net D/E ratio is calculated as adjusted consolidated interest-bearing debt (the total amount of bonds and borrowings less cash and cash equivalents and amounts recognized as equity credit by rating agencies in outstanding hybrid finance) divided by adjusted consolidated shareholders' equity (total equity attributable to owners of parent and amounts recognized as equity credit by rating agencies in outstanding hybrid finance).

*2 TNSC plans to reduce the adjusted net D/E ratio to 1.0x or lower in the fiscal year ending March 31, 2023.

(Numerical Targets by Segment)

Segment	Revenue	Core operating income	Core operating income ratio
Gas Business in Japan	¥380.0 billion	¥31.0 billion	8.2 %
Gas Business in the United States	¥205.0 billion	¥20.0 billion	9.8 %
Gas Business in Europe	¥180.0 billion	¥28.0 billion	15.6 %
Gas Business in Asia and Oceania	¥115.0 billion	¥13.5 billion	11.7 %
Thermos Business	¥30.0 billion	¥9.5 billion	31.7 %
Elimination or corporate	—	(¥2.0 billion)	—
Total	¥910.0 billion	¥100.0 billion	11.0 %

(Reference – Investment Plan)

TNSC has added the amount of investment in the European businesses and HyCO business to the four-year investment plan set forth in the current medium-term management plan. Based on this, TNSC has revised the investment amount after carefully reviewing the initial investment plan from the perspectives of profitability and efficiency.

(Total for the four-year period from the fiscal year ended March 31, 2018)

Initial investment plan	Revised investment plan
¥340.0 billion	¥1,029.5 billion *

* Includes a total of ¥681.0 billion for the acquisition of the European businesses and HyCO business