



TAIYO NIPPON SANSO
The Gas Professionals

Supplementary Materials for Consolidated Business Performance for the First Half of FYE2018

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TAIYO NIPPON SANSO Corporation

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1-1. Overview of business performance

(Billions of yen)	FYE2017 Q2 Results Margin	FYE2018 Q2 Results Margin	YoY Change	FYE2018 Forecast (Announced May 10) Margin
Revenue	268.7	305.7	+37.0 +13.7%	300.0
Core operating income	25.7 9.6%	29.3 9.6%	+3.6 +13.8%	26.8 8.9%
Non-recurring profit and loss	0.1	0.2	+0.1	0.5
Operating income	25.9 9.7%	29.6 9.7%	+3.7 +14.1%	27.3 9.1%
Finance costs	-1.4	-1.9	-0.5	
Income before income taxes	24.5	27.6	+3.1	
Income tax expenses	7.2	9.3	2.1	
Net income	17.3	18.3	+1.0	16.7
(Attribution of net income)				
Net income attributable to owners of the parent	16.4 6.1%	17.6 5.8%	+1.2 +7.3%	15.9 5.3%
Net income attributable to non-controlling interests	0.8	0.6	-0.2	

● Impact of foreign currency translations (US\$→¥): FYE2017 Q2 rate: \$1=¥105.39 FYE2018 Q2 rate: \$1=¥111.29

→Impact of currency gains led to increases of ¥5.7 billion in revenue and ¥0.4 billion in core operating income



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1-1. Overview of business performance

【Revenue】

(Billions of yen)	FYE2017 Q2 Results	FYE2018 Q2 Results	% Change
Gas Business in Japan	152.4	157.4	+3.3%
Gas Business in the U.S.	65.1	84.3	+29.5%
Gas Business in Asia and Oceania	37.7	49.5	+31.2%
Thermos and Other businesses	13.4	14.3	+6.4%
Revenue Total	268.7	305.7	+13.7%

【Operating income】

(Billions of yen)	FYE2017 Q2 Results	FYE2018 Q2 Results	% Change
Gas Business in Japan	14.1	14.3	+1.0%
Gas Business in the U.S.	4.7	6.4	+35.4%
Gas Business in Asia and Oceania	2.5	4.8	+87.8%
Thermos and Other businesses	5.0	4.6	-8.1%
Eliminations or Corporate	-0.8	-0.9	—
Core operating income Total	25.7	29.3	+13.8%
Non-recurring profit and loss	0.1	0.2	+53.4%
Operating income Total	25.9	29.6	+14.1%

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

(Billions of yen)			FYE2017	FYE2018	% Change
			Q2	Q2	
Revenue	Industrial Gas	Bulk gases	38.1	39.9	+4.6%
		On-site gases	23.4	24.5	+4.8%
		Packaged gases	5.6	5.4	-3.5%
		Hard goods	10.5	10.9	+3.9%
		Plants and Equipments	18.5	17.8	-4.0%
		Medical	10.9	10.5	-4.2%
		Total	107.3	109.2	+1.8%
	Electronics	Gases	22.8	24.1	+5.6%
		Equipment and Installation	10.7	10.8	+0.7%
		Total	33.6	35.0	+4.1%
	Energy	LP gas	10.0	11.7	+16.8%
		Related Equipment	1.3	1.3	+6.5%
		Total	11.3	13.1	+15.6%
Revenue Total			152.4	157.4	+3.3%
Segment income			14.1	14.3	+1.0%

Reasons for changes in revenue

- 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 Q2	FYE2018 Q2	% Change	
Revenue	Industrial Gas	Bulk gases	21.0	35.5	+68.8%	
		On-site gases	2.0	4.4	+113.4%	
		Packaged gases	23.1	22.4	-3.1%	
		Hard goods	13.5	16.1	+19.7%	
		Total	59.8	78.6	+31.4%	
	Electronics	Gases	4.6	3.9	-15.4%	
		Equipment and Installation	0.6	1.8	+180.3%	
		Total	5.3	5.7	+8.5%	
	Revenue Total			65.1	84.3	+29.5%
	Segment income			4.7	6.4	+35.4%

※Impact of yen appreciation on currency translations
Revenue increased by ¥3.7 billion and segment income by ¥0.3 billion

Reasons for changes in revenue

- Recognition of business acquired from Air Liquide contributed ¥13.2 billion
- Bulk gases: Carbon dioxide gas performed strongly

Reason for change in segment income

- Recognition of business acquired from Air Liquide contributed ¥1.6 billion
- Bulk gases: Higher revenue from carbon dioxide gas contributed to increased segment income



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

(Billions of yen)			FYE2017 Q2	FYE2018 Q2	% Change
Revenue	Industrial Gas	Bulk gases	11.1	17.4	+56.4%
		On-site gases	1.1	1.4	+19.8%
		Packaged gases	2.1	2.6	+24.1%
		Hard goods	3.1	2.3	-24.8%
		Plants and Equipment	5.3	6.3	+18.5%
		Total	22.9	30.2	+31.6%
	Electronics	Gases	12.5	15.6	+24.3%
		Equipment and Installation	2.2	3.6	+67.2%
		Total	14.7	19.3	+30.7%
Revenue Total			37.7	49.5	+31.2%
Segment income			2.5	4.8	+87.8%

※Impact of yen appreciation on currency translations
Revenue increased by ¥2.0 billion and segment income by ¥0.2 billion

Reasons for changes in revenue

- ◆ Industrial gas-related business
 - Contribution from the acquisition of Supagas Holdings Pty Ltd (Australia): ¥5.4 billion
 - Singapore and Malaysia: Soft sales of hard goods to the oil & gas sector
- ◆ Electronics-related business
 - Taiwan: Solid sales of gas and from equipment and installation

Reason for change in segment income

- ◆ Industrial gas-related business
 - Contribution from the acquisition of Supagas Holdings Pty Ltd (Australia): ¥1.0 billion
 - Singapore and Malaysia: Segment income decreased in line with lower revenue
- ◆ Electronics-related business
 - Taiwan: Solid sales of gas and from equipment and installation

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

(Billions of yen)			FYE2017 Q2	FYE2018 Q2	% Change
Revenue	Thermos	Japan	10.6	11.3	+6.6%
		Asia	1.6	1.6	+4.2%
		Total	12.2	13.0	+6.2%
	Other		1.1	1.2	+7.4%
	Revenue Total		13.4	14.3	+6.4%
Segment income			5.0	4.6	-8.1%

※Impact of yen appreciation on currency translations
 Revenue decreased by ¥0.0 billion and segment decreased 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: Firm segment income in line with higher sales
 - 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 Nov. 1) Margin	YoY Change % Change	FYE2018 Forecast (Announced May 10) Margin
Revenue	581.5	620.0	+38.5 +6.6%	620.0
Core operating income	54.7 9.4%	56.5 9.1%	+1.8 +3.2%	56.5 9.1%
Non-recurring profit and loss	-1.0	0.5	+1.5	0.5
Operating income	53.6 9.2%	57.0 9.2%	+3.4 +6.2%	57.0 9.2%
Finance costs	-3.4	-4.5	-1.1	-4.5
Income before income taxes	50.1	52.5	+2.4	52.5
Income tax expenses	13.9	16.0	2.1	16.0
Net income	36.2	36.5	+0.3	36.5
(Attribution of net income)				
Net income attributable to owners of the parent	34.7 6.0%	34.5 5.6%	-0.2 -0.7%	34.5 5.6%
Net income for the year attributable to non-controlling interests	1.4	2.0	+0.6	2.0



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

【Revenue】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast (Announced Nov. 1)	% Change	FYE2018 Forecast (Announced May 10)
Gas Business in Japan	321.4	338.0	+5.2%	338.0
Gas Business in U.S.	147.2	164.0	+11.4%	166.0
Gas Business in Asia and Oceania	85.8	91.0	+6.0%	89.0
Thermos and Other businesses	27.0	27.0	-0.1%	27.0
Revenue Total	581.5	620.0	+6.6%	620.0

【Operating income】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast (Announced Nov. 1)	% Change	FYE2018 Forecast (Announced May 10)
Gas Business in Japan	29.4	28.7	-2.5%	28.5
Gas Business in U.S.	12.0	13.5	+11.8%	13.8
Gas Business in Asia and Oceania	5.1	7.8	+51.0%	7.2
Thermos and Other businesses	10.0	9.0	-10.2%	9.0
Eliminations or Corporate	-1.9	-2.5	—	-2.0
Core operating income Total	54.7	56.5	+3.2%	56.5
Non-recurring profit and loss	-1.0	0.5	—	0.5
Operating income Total	53.6	57.0	+6.2%	57.0

(Reference Materials)



Non-recurring Income and Expense Items

(Billions of yen)	FYE2017 Q2 results	FYE2018 Q2 results	YoY change
Core operating income	25.7	29.3	+3.6
Non-recurring profit and loss	1.0	2.0	+1.0
Operating income	25.9	29.6	+3.7

【Non-recurring Income and Expense Items】

FY2017 Q2 results		FYE2018 Q2 Results	
Item	Amount	Item	Amount
Gain on sales of Asian land	¥0.1 billion	Gain on sales of domestic land	¥0.2 billion
Total	¥0.1 billion	Total	¥0.2 billion



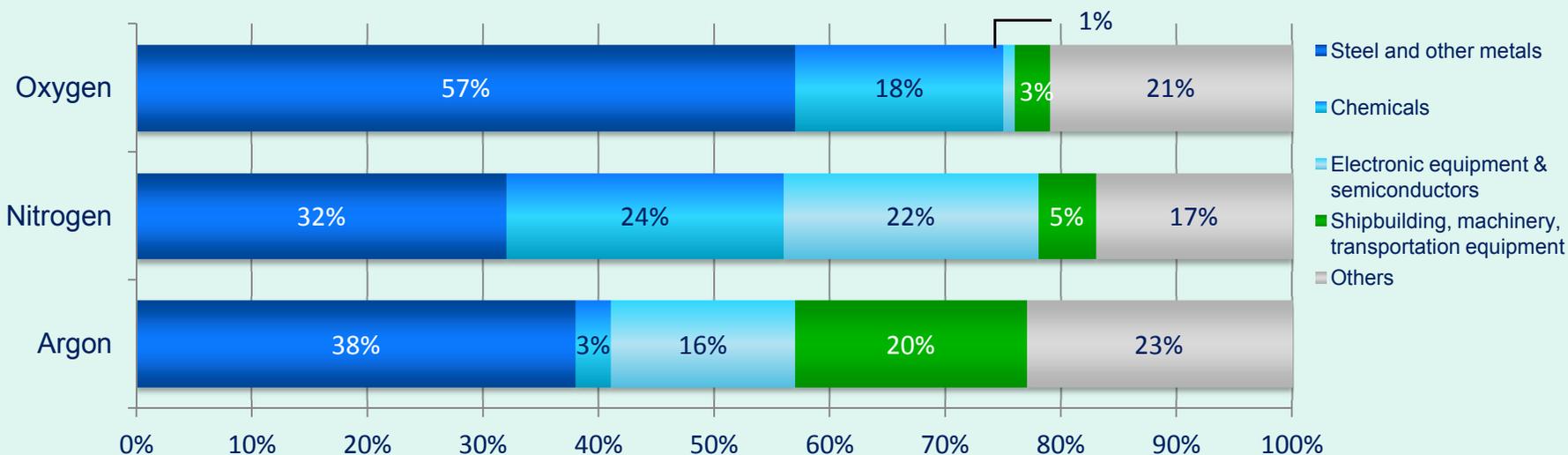
Key Performance Indicators (Consolidated)

	FYE2017 Q2 Results	FYE2018 Q2 Results	FYE2017 Results	FYE2018 Forecast
Basic earnings per share (Yen)	38.06	40.83	80.28	79.72
ROE	—	—	10.3%	9.4%
ROCE	—	—	8.4%	7.9%
Annual dividends per share (Yen)	—	—	20	22
Dividend payout ratio	—	—	24.9%	27.6%
Capital expenditures (construction base)(Millions of yen)	18,887	27,282	43,796	66,000
Investments and loans (Millions of yen)	78,671	2,890	102,034	—
Depreciation and amortization (Millions of yen)	18,289	21,443	40,048	44,000
Balance of interest-bearing liabilities (Millions of yen)	320,080	348,608	359,528	341,000
Net interest-bearing liabilities (Millions of yen)	280,259	300,620	304,308	297,000

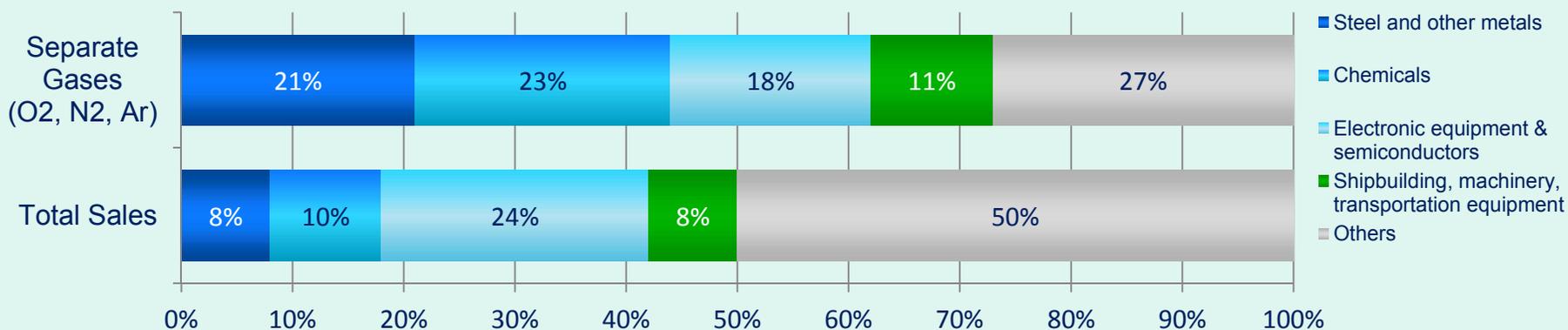


Sales Mix by Industry

【Sales Volume Mix by Industry】

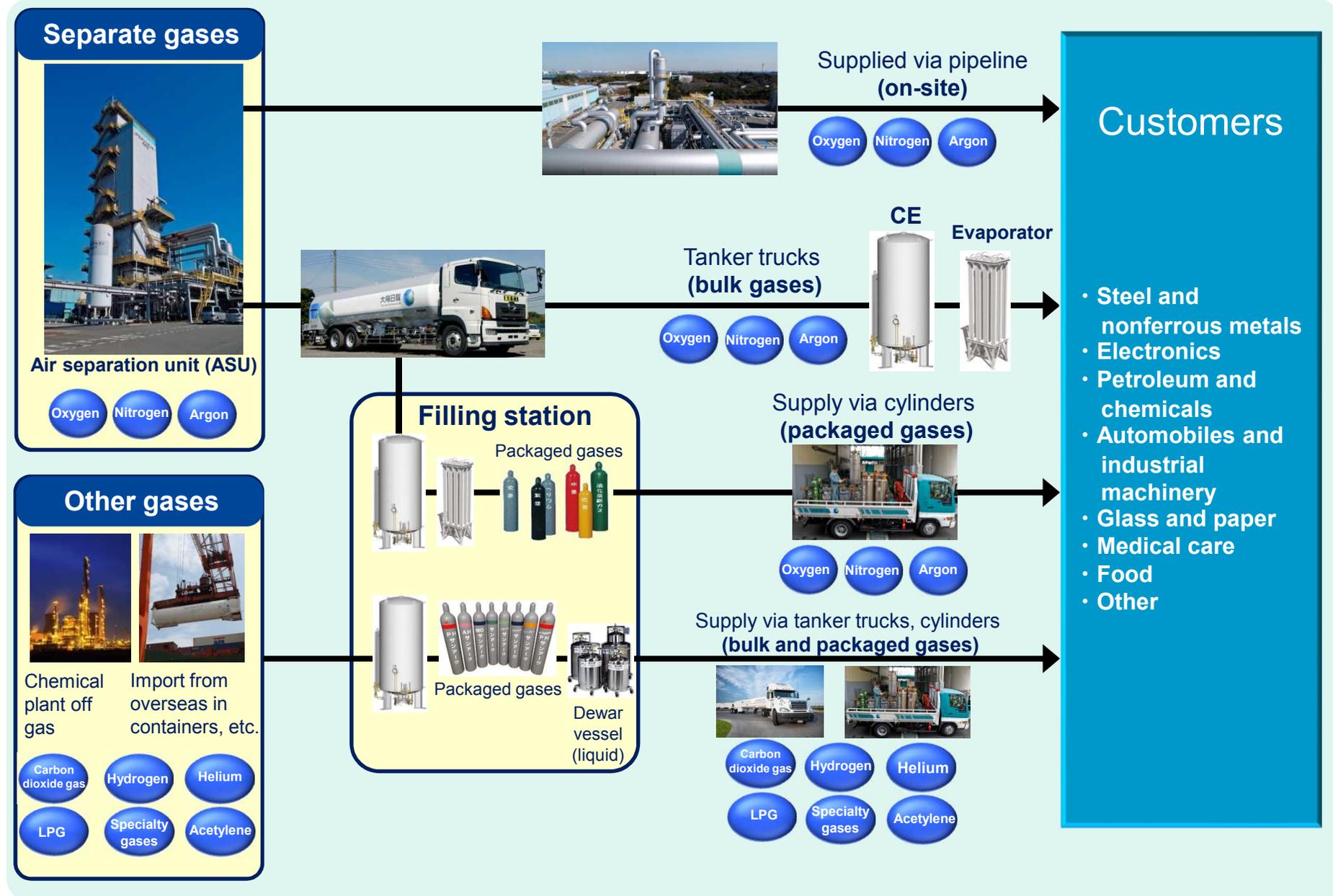


【Net Sales Mix by Industry】



TAIYO NIPPON SANSO
The Gas Professionals

TNSC's Gas Supply Structure



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