



**Consolidated Financial Performance
for the First Quarter of Fiscal Year 2018
(Based on IFRS)**

(Amounts less than ¥1 million are omitted)

1. Financial results for the first quarter of FYE2018 (April 1, 2017 – June 30, 2017)

(1) Operating results

(Percentages indicate year-on-year change)

	Revenue		Operating profit		Income before income taxes		Net profit		Net profit attributable to owners of the parent		Total comprehensive income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
First quarter of FYE2018	150,861	13.1	14,037	15.8	14,337	16.3	7,898	14.6	7,611	17.4	8,725	—
First quarter of FYE2017	133,436	(5.2)	12,126	8.0	12,328	(5.5)	6,894	(13.5)	6,481	(15.2)	(10,922)	—

(Reference) Income before income taxes

First quarter of FYE2018: ¥13,624 million [16.4%]

First quarter of FYE2017: ¥11,703 million [(8.8)%]

Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors (non-recurring items).

	Basic earnings per share (yen)	Diluted net income per share (yen)
First quarter of FYE2018	17.59	—
First quarter of FYE2017	14.98	—

(2) Financial position

	Total assets (¥ million)	Total equity (¥ million)	Equity attributable to owners of the parent (¥ million)	Equity attributable to owners of the parent ratio (%)
First quarter of FYE2018 (June 30, 2017)	918,868	379,997	355,179	38.7
FYE2017 (March 31, 2017)	924,281	376,862	351,576	38.0

2. Dividends

	Annual Dividend				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FYE2017	—	9.00	—	11.00	20.00
FYE2018	—	—	—	—	—
FYE2018 (est.)	—	11.00	—	11.00	22.00

Note: No revisions have been made to recently announced forecasts.

3. Forecasts for business operations for FYE2018 full term (April 1, 2017 – March 31, 2018)

(Percentages indicate year-on-year change)

	Revenue		Operating income		Income before income taxes		Net profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(Yen)
First-half	300,000	11.6	26,800	4.1	27,300	5.2	15,900	(3.5)	36.74
Full term	620,000	6.6	56,500	3.2	57,000	6.2	34,500	(0.7)	79.72

Note: No revisions have been made to recently announced forecasts.

(Reference) Income before income taxes

First half of FYE2018: ¥25,100 million [2.3%]

FYE2018 full term: ¥52,500 million [4.6%]

4. Explanation concerning the appropriate use of forecasts for business operations and other notable matters

This report contains business forecasts and other forward-looking statements that are based on information currently available to the Company and certain assumptions judged to be reasonable by management. The Company gives no assurances that business forecasts will be attained. Moreover, actual results may differ materially from business forecasts due to various factors.

5. General information relating to the first quarter results

In the first quarter of the fiscal year under review (from April 1, 2017 to June 30, 2017), the global economy saw signs of improvement in the Chinese economy, underpinned by infrastructure investment led by the Chinese government. In the United States, the economy expanded at a gradual pace, supported by an improving employment picture, despite uncertain policy trends surrounding the current administration. The Japanese economy saw a return to stability in the stock markets, along with showing signs of improving corporate earnings. With employment and income levels continuing to improve, economic conditions have been following a gradual recovery path.

Against this backdrop, the Taiyo Nippon Sanso Group (TNSC Group) achieved the following results for the first quarter of the fiscal year under review. Revenue on a consolidated basis increased 13.1% year on year to ¥150,861 million, core operating income rose 15.8% to ¥14,037 million, operating income increased 16.3% to ¥14,337 million, and net income attributable to owners of the parent increased by 17.4% to ¥7,611 million.

Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors (non-recurring items).

A breakdown of business performance by reportable segment is as follows.

Segment income represents core operating income.

Gas Business in Japan

In the industrial gas-related business, revenue from air separation gases (oxygen, nitrogen and argon), a core product, increased slightly year on year. In addition, revenue from hard goods rose significantly due to growth in demand for cutting and welding equipment, as well as welding materials.

In the electronics-related field, revenue from electronic materials gases trended favorably due to increased demand from the liquid crystal display (LCD) and semiconductor-related industries. Revenue from electronics-related equipment and installation grew significantly, reflecting the completion of large-scale projects.

In the energy-related field, revenue from liquid petroleum gas (LPG) jumped substantially year on year due to a higher sales price following an increase in the import price.

As a result, in the Gas Business in Japan, revenue increased 5.2% year on year to ¥78,003 million, while segment income rose 19.9% to ¥7,283 million.

Gas Business in the United States

In the industrial gas-related business, there was a large contribution to revenue from the consolidation of a business acquired from Air Liquide Group as a subsidiary since September 2016. In the existing business, revenue from packaged gases declined, while revenue from bulk gas rose, due partly to increased shipments of carbon dioxide gas.

In the electronics-related field, revenue from electronics-related equipment and installation increased.

As a result, in the Gas Business in the United States, revenue increased 28.5% year on year to ¥41,776 million, and segment income rose 53.7% to ¥3,124 million.

Gas Business in Asia & Oceania

In the industrial gas-related field, revenue declined in Singapore and Malaysia. However, the consolidation of Supagas Holdings Pty Ltd in Australia as a subsidiary of the Company in December 2016 contributed to business results.

In the electronics-related field, revenue from electronic materials gases and electronics-related equipment and installation increased significantly year on year, due to growth in demand mainly in Taiwan.

As a result of the above, in the Gas Business in Asia & Oceania, revenue increased 23.2% year on year to ¥23,857 million, and segment income rose 61.6% to ¥2,020 million.

Thermos & Other Businesses

In the Thermos & Other Businesses, although sales of vacuum insulated portable mugs and tumblers were firm, inbound demand was not as strong as in the same period a year earlier. Consequently, revenue declined year on year.

As a result, in Thermos & Other Businesses, revenue decreased 2.5% year on year to ¥7,224 million, while segment income decreased 24.6% to ¥2,208 million.

6. Segment information

The TNSC Group conducts gas businesses in Japan and overseas, mainly for customers in the steel, chemical, and electronics industries, and has built production and sales structures for its main products in Japan, the United States, and Asia & Oceania. In addition, the TNSC Group manufactures and sells housewares such as stainless steel vacuum bottles, and conducts real-estate rental and other businesses. Therefore, the Company has established the following four reportable segments: Gas Business in Japan, Gas Business in the United States, Gas Business in Asia & Oceania, and Thermos & Other Businesses.

The principal products and services included in the four segments are shown in the table below.

Business segment	Main products and services
Gas Business in Japan	Oxygen, nitrogen, argon, carbon dioxide, helium, hydrogen, acetylene, gas-related equipment, specialty gases (electronic materials gases, pure gases, etc.), electronics-related equipment and installation, semiconductor manufacturing equipment, cutting and welding equipment, welding materials, plants and machinery, liquid petroleum gas (LPG) and related equipment, medical-use gases (oxygen, nitrous oxide, etc.), medical equipment, stable isotopes
Gas Business in the United States	
Gas Business in Asia & Oceania	
Thermos & Other Businesses	Housewares, real-estate rental

Revenue from inter-segment transactions and transfers is based primarily on prevailing market prices.

(1) Figures of revenue and income (loss) by reportable segment

First Quarter, FYE2017 (April 1, 2016 – June 30, 2016)

(¥ million)

	Gas Business in Japan	Gas Business in the United States	Gas Business in Asia & Oceania	Thermos & Other Businesses	Total	Adjustments (Note 1)	Amounts on the Consolidated Statements of Income
Revenue							
(1) Revenue to external customers	74,153	32,505	19,369	7,408	133,436	—	133,436
(2) Revenue from inter-segment transactions and transfers	1,513	1,889	104	331	3,838	(3,838)	—
Total	75,667	34,394	19,473	7,739	137,274	(3,838)	133,436
Segment profit (Note 2)	6,072	2,032	1,250	2,928	12,284	(158)	12,126

Notes:

1. The ¥158 million negative adjustment for segment income is comprised of ¥243 million of intersegment eliminations and companywide expenses of ¥401 million that were not allocated to any particular reportable segment. These companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.
2. Segment income represents core operating income, which is calculated as operating income excluding certain gains or losses attributable to non-recurring factors (non-recurring items).

First Quarter, FYE2018 (April 1, 2017 – June 30, 2017)

(¥ million)

	Gas Business in Japan	Gas Business in the United States	Gas Business in Asia & Oceania	Thermos & Other Businesses	Total	Adjustments (Note 1)	Amounts on the Consolidated Statements of Income
Revenue							
(1) Revenue to external customers	78,003	41,776	23,857	7,224	150,861	—	150,861
(2) Revenue from inter-segment transactions and transfers	2,646	2,207	416	309	5,579	(5,579)	—
Total	80,650	43,983	24,273	7,533	156,441	(5,579)	150,861
Segment profit (Note 2)	7,283	3,124	2,020	2,208	14,637	(599)	14,037

Notes:

1. The ¥599 million negative adjustment for segment income is comprised of ¥268 million of intersegment eliminations and companywide expenses of ¥331 million that were not allocated to any particular reportable segment. These companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.
2. Segment income represents core operating income, which is calculated as operating income excluding certain gains or losses attributable to non-recurring factors (non-recurring items).

(2) Reconciliation of segment income with income before income taxes

	(¥ million)	
	First Quarter of FYE2017 (April 1, 2016 to June 30, 2016)	First Quarter of FYE2018 (April 1, 2017 to June 30, 2017)
Segment income	12,126	14,037
Gain on sales of noncurrent assets	201	299
Operating profit	12,328	14,337
Financial revenue	641	642
Financial expenses	(1,266)	(1,355)
Profit before income taxes	11,703	13,624