



**TAIYO NIPPON SANSO**  
The Gas Professionals

# Supplementary Materials for Consolidated Business Performance for the First Quarter of FYE2018

**July 31, 2017**  
**TAIYO NIPPON SANSO Corporation**

# Contents

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- 1 . Business Performance for First Quarter of FYE2018
  - 1) Overview of business performance
  - 2) Business performance by segment
  
- 2 . Full-Year Forecasts for FYE2018
  - 1) Overview of forecasts for the full-year
  - 2) Forecasts by segment
  
- 3 . Reference Materials
  - 1) Statement of non-recurring profit and loss
  - 2) Key performance indicators
  - 3) Sales mix by industry
  - 4) TNSC's Gas Supply Structure



# 1-1. Overview of business performance

(Billions of yen)	FYE2017 Q1 Results Margin	FYE2018 Q1 Results Margin	YoY Change	FYE2018 Forecast (Announced May 10) Margin
<b>Revenue</b>	<b>133.4</b>	<b>150.8</b>	<b>17.4</b> +13.1%	<b>620.0</b>
<b>Core operating income</b>	<b>12.1</b> 9.1%	<b>14</b> 9.3%	<b>+1.9</b> +15.8%	<b>56.5</b> 9.1%
Non-recurring profit and loss	0.2	0.2	+0.0	0.5
<b>Operating income</b>	<b>12.3</b> 9.2%	<b>14.3</b> 9.5%	<b>+2.0</b> +16.3%	<b>57.0</b> 9.2%
Finance costs	-0.6	-0.7	-0.1	-4.5
<b>Income before income taxes</b>	<b>11.7</b>	<b>13.6</b>	<b>+1.9</b>	<b>52.5</b>
Income tax expenses	-4.8	-5.7	-0.9	-16
Net income	6.8	7.8	+1.0	36.5
(Attribution of net income)				
<b>Net income attributable to owners of the parent</b>	<b>6.4</b> 4.9%	<b>7.6</b> 5.0%	<b>+1.2</b> +17.4%	<b>34.5</b> 5.6%
Net income attributable to non-controlling interests	0.1	0.2	-0.2	2

- Impact of foreign currency translations (US\$→¥): FYE2017 rate: \$1=¥107.87 FYE2018 rate: \$1=¥111.42  
→Impact of currency gains led to increases of ¥1.5 billion in revenue and ¥0.1 billion in core operating income

# 1-1. Overview of business performance

## 【Revenue】

(Billions of yen)	FYE2017 Q1 Results	FYE2018 Q1 Results	% Change	FYE2018 Forecast (Announced May 10)
Gas Business in Japan	74.1	<b>78.0</b>	+5.2%	338.0
Gas Business in the U.S.	32.5	<b>41.7</b>	+28.5%	166.0
Gas Business in Asia and Oceania	19.3	<b>23.8</b>	+23.2%	89.0
Thermos and Other businesses	7.4	<b>7.2</b>	-2.5%	27.0
Revenue Total	133.4	<b>15.0</b>	+13.1%	620.0

## 【Operating income】

(Billions of yen)	FYE2017 1Q Results	FYE2018 1Q Results	% Change	FYE2018 Forecast (Announced May 10)
Gas Business in Japan	6.0	<b>7.2</b>	+19.9%	28.5
Gas Business in the U.S.	2.0	<b>3.1</b>	+53.7%	13.8
Gas Business in Asia and Oceania	1.2	<b>2.0</b>	+61.6%	7.2
Thermos and Other businesses	2.9	<b>2.2</b>	-24.6%	9.0
Eliminations or Corporate	-0.1	<b>-0.5</b>	+279.4%	-2.0
Core operating income Total	12.1	<b>14.0</b>	+15.8%	56.5
Non-recurring profit and loss	0.2	<b>0.2</b>	+48.6%	0.5
Operating income Total	12.3	<b>14.3</b>	+16.3%	57.0

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

(Billions of yen)			FYE2017	FYE2018	% Change
			1Q	1Q	
Revenue	Industrial Gas	Bulk gases	18.5	<b>19.3</b>	+4.4%
		On-site gases	11.5	<b>12.0</b>	+4.4%
		Packaged gases	2.8	<b>2.7</b>	-2.6%
		Hard goods	4.9	<b>5.8</b>	+18.2%
		Plants and Equipments	8.8	<b>8.3</b>	-6.2%
		Medical	5.2	<b>5.3</b>	+1.5%
		Total	52.0	<b>53.7</b>	+3.2%
	Electronics	Gases	11.3	<b>11.8</b>	+5.2%
		Equipment and Installation	4.5	<b>5.2</b>	+15.3%
		Total	15.8	<b>17.1</b>	+8.1%
	Energy	LP gas	5.5	<b>6.4</b>	+15.2%
		Related Equipment	0.6	<b>0.6</b>	+4.3%
		Total	6.2	<b>7.0</b>	+14.1%
	<b>Revenue Total</b>			<b>74.1</b>	<b>78.0</b>
<b>Segment income</b>			<b>6.0</b>	<b>7.2</b>	<b>+19.9%</b>

## Reasons for changes in revenue

- Bulk gases: Strong shipments of carbon dioxide gas and dry ice
- Hard goods: Firm sales of cutting and welding equipment, and welding materials
- Electronics: Recorded large-scale projects in equipment and installation
- LP gas: Higher sales price following an increase in the import price

## Reason for change in segment income

- Bulk gases: Strong shipments of carbon dioxide gas and dry ice
- Plant: Improvement in the cost of sales ratio, despite the absence of large-scale projects recorded in the previous fiscal year
- Electronics: Strong shipments of gas, in addition to the recording of large-scale projects in equipment and installation

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

(Billions of yen)			FYE2017 1Q	FYE2018 1Q	% Change
Revenue	Industrial Gas	Bulk gases	10.4	<b>17.1</b>	+64.7%
		On-site gases	1.0	<b>2.7</b>	+153.3%
		Packaged gases	11.5	<b>11.4</b>	-1.0%
		Hard goods	6.9	<b>7.6</b>	+10.1%
		Total	29.9	<b>38.9</b>	+29.9%
	Electronics	Gases	2.0	<b>1.9</b>	-1.3%
		Equipment and Installation	0.5	<b>0.8</b>	+64.9%
		Total	2.5	<b>2.8</b>	+12.3%
	<b>Revenue Total</b>			<b>32.5</b>	<b>41.7</b>
<b>Segment income</b>			<b>2.0</b>	<b>3.1</b>	<b>+53.7%</b>

※Impact of yen appreciation on currency translations  
Revenue increased by ¥1.1 billion and segment income by ¥0.1 billion

## Reasons for changes in revenue

- Recognition of business acquired from Air Liquide contributed ¥7.4 billion (recognized primarily in bulk gases and on-site gases)
- Bulk gases: Higher revenue, particularly from carbon dioxide gas and dry ice

## Reason for change in segment income

- Recognition of business acquired from Air Liquide contributed ¥1.0 billion
- Bulk gases: Strong shipments of carbon dioxide gas and dry ice

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

(Billions of yen)		FYE2017 1Q	FYE2018 1Q	% Change	
Revenue	Industrial Gas	Bulk gases	5.5	8.0	+44.4%
		On-site gases	0.6	0.6	+13.1%
		Packaged gases	1.0	1.3	+22.2%
		Hard goods	1.7	1.2	-28.1%
		Plants and Equipment	2.9	2.9	-1.0%
		Total	11.9	14.2	+19.1%
	Electronics	Gases	6.5	7.5	+14.9%
		Equipment and Installation	0.8	2.0	+143.9%
		Total	7.3	9.5	+29.8%
<b>Revenue Total</b>		<b>19.3</b>	<b>23.8</b>	<b>+23.2%</b>	
<b>Segment income</b>		<b>1.2</b>	<b>2.0</b>	<b>+61.6%</b>	

※Impact of yen appreciation on currency translations  
Revenue increased by ¥0.4 billion and segment income by ¥0.1 billion

## Reasons for changes in revenue

### ◆Industrial gas-related business

- Contribution from the acquisition of Supagas Holdings Pty Ltd (Australia): ¥2.4 billion
- Singapore and Malaysia: Soft sales to the oil & gas sector
- Australia: Strong shipments centered on LP gas

### ◆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 Supagas Holdings Pty Ltd (Australia): ¥0.4 billion
- Singapore, Malaysia: Segment income decreased in line with lower revenue
- Australia: Strong shipments centered on LP gas

### ◆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 1Q	FYE2018 1Q	% Change
Revenue	Thermos	Japan	6.0	5.8	-4.3%
		Asia	0.7	0.7	-2.5%
		Total	6.8	6.5	-4.1%
	Other		0.5	0.6	+16.5%
	<b>Revenue Total</b>		<b>7.4</b>	<b>7.2</b>	<b>-2.5%</b>
<b>Segment income</b>			<b>2.9</b>	<b>2.2</b>	<b>+11.3%</b>

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

## Reasons for changes in revenue

### ◆Thermos Business

- Japan: Revenue decreased as inbound demand was not as strong as in the same period last year, despite stepping up sales expansion measures

## Reason for change in segment income

### ◆Thermos Business

- Japan: Segment income decreased as inbound demand was not as strong as in the same period last year
- Overseas: Equity in earnings of affiliates decreased, due to slowing sales growth in the U.S. and Europe



## 2-1. Full-Year Forecasts for FYE2018

(Billions of yen)	FYE2017 Results Margin	FYE2018 Forecast Margin	YoY Change % Change
<b>Revenue</b>	<b>581.5</b>	<b>620.0</b>	<b>+38.5</b> +6.6%
<b>Core operating income</b>	<b>54.7</b> 9.4%	<b>56.5</b> 9.1%	<b>+1.8</b> +3.2%
Non-recurring profit and loss	-1.0	0.5	+1.5
<b>Operating income</b>	<b>53.6</b> 9.2%	<b>57.0</b> 9.2%	<b>+3.4</b> +6.2%
Finance costs	-3.4	-4.5	-1.1
<b>Income before income taxes</b>	<b>50.1</b>	<b>52.5</b>	<b>+2.4</b>
Income tax expenses	13.9	-16.0	-2.1
Net income	36.2	36.5	+0.3
(Attribution of net income)			
<b>Net income attributable to owners of the parent</b>	<b>34.7</b> 6.0%	<b>34.5</b> 5.6%	<b>-0.2</b> -0.7%
Net income for the year attributable to non-controlling interests	1.4	2.0	+0.6

● Assumed exchange rate (US\$→¥): \$1=¥110

● Reversal of deferred tax liability occurred in the US (Income tax for FYE2017 of -¥1.1 billion)



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

### 【Revenue】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast	% Change
Gas Business in Japan	321.4	<b>338.0</b>	+5.2%
Gas Business in U.S.	147.2	<b>166.0</b>	+12.7%
Gas Business in Asia and Oceania	85.8	<b>89.0</b>	+3.6%
Thermos and Other businesses	27.0	<b>27.0</b>	-0.1%
Revenue Total	581.5	<b>620.0</b>	+6.6%

### 【Operating income】

(Billions of yen)	FYE2017 Results	FYE2018 Forecast	% Change
Gas Business in Japan	29.4	<b>28.5</b>	-3.2%
Gas Business in U.S.	12.0	<b>13.8</b>	+14.3%
Gas Business in Asia and Oceania	5.1	<b>7.2</b>	+39.4%
Thermos and Other businesses	10.0	<b>9.0</b>	-10.2%
Eliminations or Corporate	-1.9	<b>-2.0</b>	-1.5%
Core operating income Total	54.7	<b>56.5</b>	+3.2%
Non-recurring profit and loss	-1.0	<b>0.5</b>	-146.6%
Operating income Total	53.6	<b>57.0</b>	+6.2%

(Reference Materials)

# Non-recurring Income and Expense Items

(Billions of yen)	FY2017 1Q results	FYE2018 1Q results	YoY change
Core operating income	12.1	14	+1.9
<b>Non-recurring profit and loss</b>	<b>0.2</b>	<b>0.2</b>	<b>+0</b>
Operating income	12.3	14.3	+2.0

## 【Non-recurring Income and Expense Items】

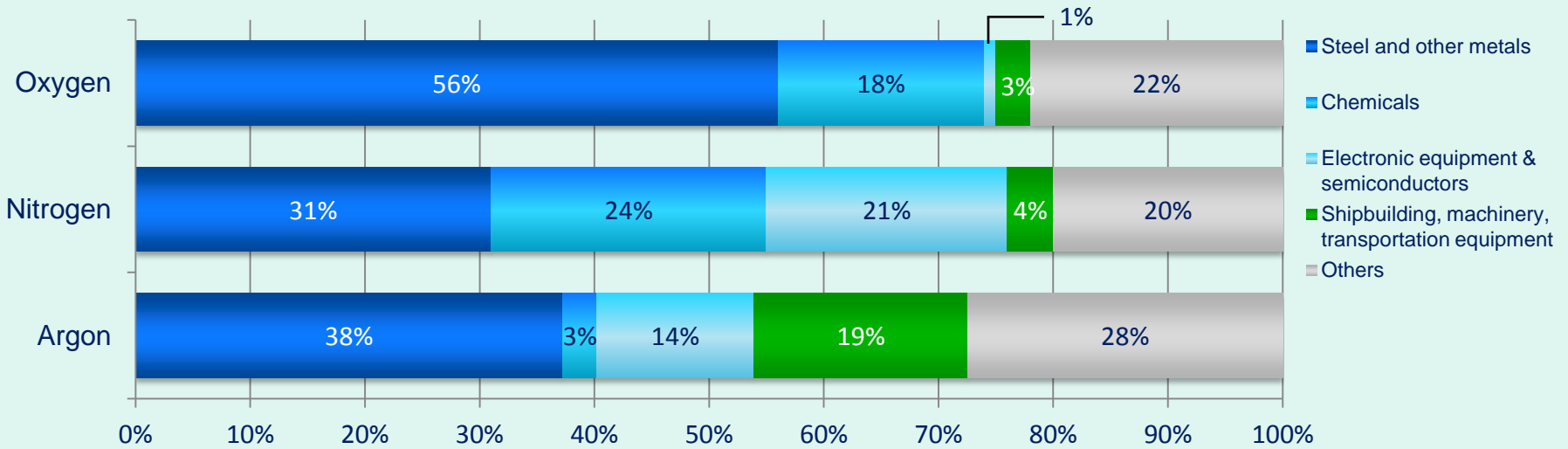
FY2017 1Q results		FYE2018 1Q Results	
Item	Amount	Item	Amount
Gain on sales of Asian land	¥0.2 billion	Gain on sales of domestic land	¥0.2 billion
<b>Total</b>	<b>¥0.2 billion</b>	<b>Total</b>	<b>¥0.2 billion</b>

# Key Performance Indicators (Consolidated)

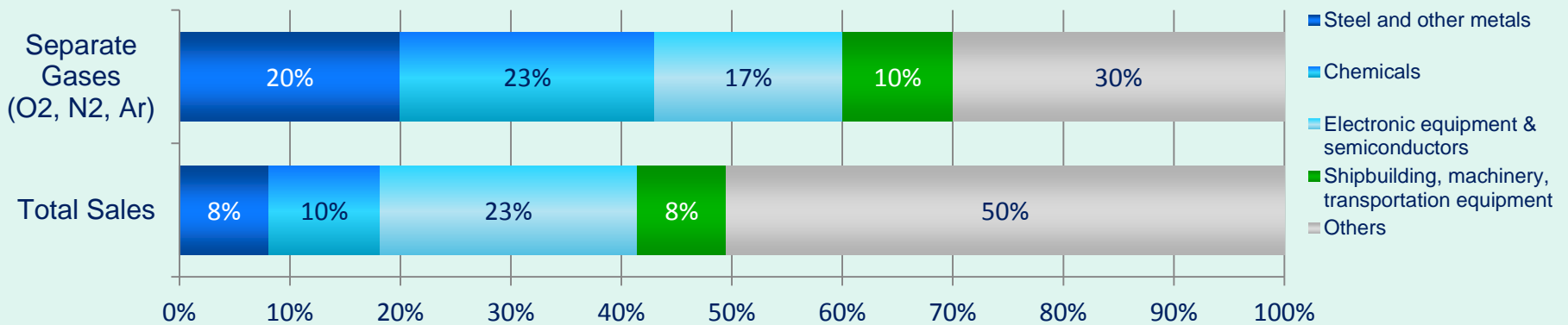
	FYE2017 1Q Results	FYE2018 1Q Results	FYE2017 Results	FYE2018 Forecast
Basic earnings per share (Yen)	14.98	17.59	80.28	79.72
ROE	—	—	10.3%	9.5%
ROCE	—	—	8.4%	7.9%
Annual dividends per share (Yen)	—	—	20	22
Dividend payout ratio	—	—	24.9%	27.6%
Capital expenditures (construction base)(Millions of yen)	10,353	13,296	43,796	66,000
Investments and loans (Millions of yen)	1,273	2,632	102,034	—
Depreciation and amortization (Millions of yen)	9,030	10,810	40,048	44,000
Balance of interest-bearing liabilities (Millions of yen)	261,601	353,190	359,528	343,000
Net interest-bearing liabilities (Millions of yen)	211,796	306,587	304,308	297,000

# Sales Mix by Industry

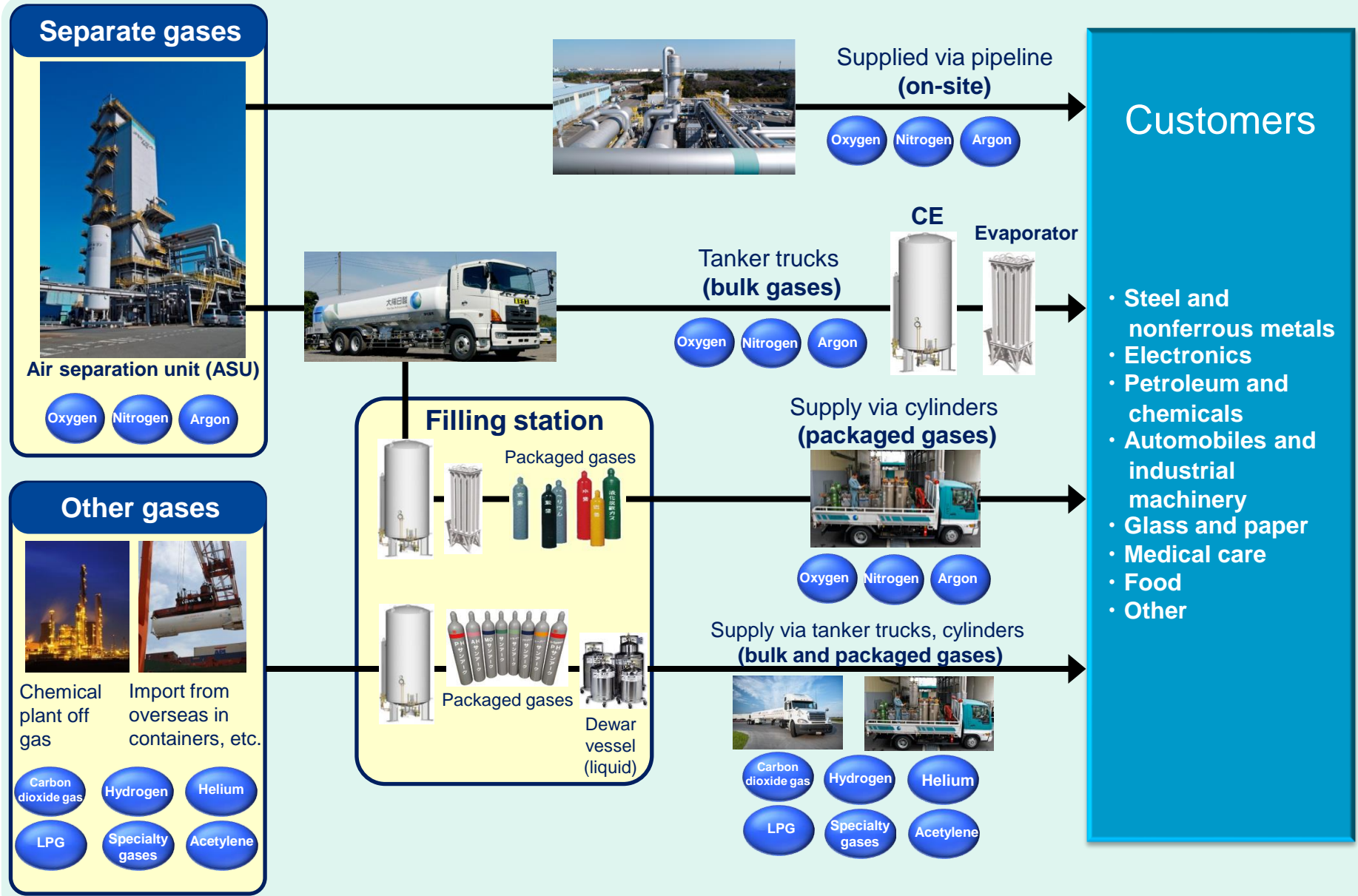
## 【Sales Volume Mix by Industry】



## 【Net Sales Mix by Industry】



# TNSC's Gas Supply Structure



# Disclaimer

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