



Consolidated Financial Performance
for the First Half of Fiscal Year Ending March 31, 2018
(Based on IFRS)

(Amounts less than ¥1 million are omitted)

1. Financial results for the First Half of FYE2018 (April 1, 2017 – September 30, 2017)

(1) Operating results

(Percentages indicate year-on-year change)

	Revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
First half of FYE2018	305,714	13.7	29,305	13.8	29,604	14.1	18,359	6.0	17,671	7.3	25,461	—
First half of FYE2017	268,782	(5.5)	25,750	14.2	25,945	6.5	17,327	9.8	16,469	9.6	(5,426)	—

(Reference) Income before income taxes

First half of FYE2018: ¥27,681 million [12.8%]

First half of FYE2017: ¥24,534 million [4.2%]

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 half of FYE2018	40.83	—
First half of FYE2017	38.06	—

(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 half of FYE2018 (September 30, 2017)	938,315	395,768	371,300	39.6
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	—	11.00			
FYE2018 (est.)			—	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		Core operating income		Operating income		Net income attributable to owners of the parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(Yen)
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

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 half results

In the first half of the fiscal year under review (from April 1, 2017, to September 30, 2017), the global economy saw economic expansion in China, underpinned by infrastructure investment led by the Chinese government and other factors, despite concerns about the need to curtail speculative real estate investment and overcapacity in the country. In the United States, damage caused by a major hurricane in August had a negative impact on production activity in the chemicals, oil, coal and certain other sectors. However, economic conditions generally held firm, supported by improving employment and income levels. In Japan, with an increase in exports primarily in the automobile and semiconductor-related sectors, there has been an upswing in production activity, and moderate improvement in corporate earnings. Overall, 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 half of the fiscal year under review. Revenue on a consolidated basis increased 13.7% year on year to ¥305,714 million, core operating income rose 13.8% to ¥29,305 million, operating income increased 14.1% to ¥29,604 million, and net income attributable to owners of the parent increased by 7.3% to ¥17,671 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, performed solidly for use primarily in the key industries of steel and chemicals. In addition, revenue from equipment and plants decreased, reflecting the absence of a large air separation unit project recorded in the previous fiscal year.

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.

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 3.3% year on year to ¥157,479 million, while segment income rose 1.0% to ¥14,334 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.

As a result, in the Gas Business in the United States, revenue increased 29.5% year on year to ¥84,378 million, and segment income rose 35.4% to ¥6,421 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 31.2% year on year to ¥49,546 million, and segment income rose 87.8% to ¥4,842 million.

Thermos & Other Businesses

In the Thermos & Other Businesses, revenue increased steadily due to solid sales of vacuum insulated portable mugs and tumblers in Japan.

As a result, in Thermos & Other Businesses, revenue increased 6.4% year on year to ¥14,310 million, while segment income decreased 8.1% to ¥4,649 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 Half, FYE2017 (April 1, 2016 – September 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	152,435	65,134	37,757	13,455	268,782	—	268,782
(2) Revenue from inter-segment transactions and transfers	3,292	3,700	454	630	8,078	(8,078)	—
Total	155,727	68,835	38,211	14,086	276,860	(8,078)	268,782
Segment income (Note 2)	14,190	4,743	2,578	5,060	26,573	(823)	25,750

Notes:

1. The ¥823 million negative adjustment for segment income is comprised of ¥47 million of intersegment eliminations and companywide expenses of ¥776 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 Half, FYE2018 (April 1, 2017 – September 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	157,479	84,378	49,546	14,310	305,714	—	305,714
(2) Revenue from inter-segment transactions and transfers	6,319	5,012	963	666	12,962	(12,962)	—
Total	163,798	89,390	50,510	14,977	318,676	(12,962)	305,714
Segment income (Note 2)	14,334	6,421	4,842	4,649	30,248	(942)	29,305

Notes:

1. The ¥942 million negative adjustment for segment income is comprised of ¥261 million of intersegment eliminations and companywide expenses of ¥681 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 Half of FYE2017 (April 1, 2016 to September 30, 2016)	First Half of FYE2018 (April 1, 2017 to September 30, 2017)
Segment income	25,750	29,305
Gain on sales of noncurrent assets	195	299
Operating income	25,945	29,604
Financial revenue	808	754
Financial expenses	(2,220)	(2,677)
Income before income taxes	24,534	27,681