

CONSOLIDATED FINANCIAL RESULTS (NEWS FLASH)

AIR WATER INC.

Head Office: 12-8, Minami semba 2-chome,
Chuo-ku, Osaka, Japan**Results for the year Ended March 31, 2017**

1. Analysis of operating results and financial standing

(1) Analysis of operating results

1) Operating results for the current period

The business environment surrounding our corporate group overall showed gradual signs of recovery, as export-oriented domestic manufacturing industries including electronic component and automobile began to pick up in tandem with the steady recovery in the U.S. and global economies and also because the yen depreciated in the latter half of the period. On the other hand, despite improvement in corporate earnings, the overall business lacked strong momentum, with manufacturers remaining cautious about investment in new production facilities and consumer spending also having failed to improve.

Under these circumstances, our corporate group serially executed the implementation measures set out in the Mid-term Management Plan “NEXT-2020. Ver3,” the basic concept of which is “Challenges for structural reform and sustainable growth.” Our industrial gas business, which saw continued generally strong demand for gases in a broad sector of manufacturing industries, and our agriculture and food product business, which achieved growth and expansion through aggressive M&A’s, both performed satisfactorily. Our medical business and energy business saw results exceeding previous year’s levels due to the progress made in structural reform to strengthen profitability. On the other hand, despite some signs of improvement, our chemical business fell short of a full-scale recovery, and business conditions continued to be difficult, particularly in our tar distillation business.

We will strive to strengthen and expand our business base, with the aim of improving our corporate value.

As a result, for consolidated operating results for the current period, sales were ¥670,536 million (101.5% that of the corresponding period of the previous year), operating income was ¥41,341 million (104.6%), ordinary income was ¥41,251 million (117.6%) and current net income was ¥22,337 million (110.9%).

2) Operating segment information

(Millions of yen)

	Net Sales		Ordinary income	
	FY 2016	Y/Y Growth	FY 2016	Y/Y Growth
Industrial Gas Business	199,452	102.4%	16,591	116.7%
Chemical Business	61,343	70.5%	△985	-
Medical Business	129,961	104.4%	9,230	106.5%
Energy Business	45,031	97.1%	3,851	107.1%
Agriculture and Food Business	118,404	129.3%	4,028	133.5%
Other Business	116,343	100.0%	8,468	93.2%
(adjustment)	-	-	64	4.4%
Total	670,536	101.5%	41,251	117.6%

(Note) Adjustments to ordinary income are due to costs, profit/loss from financial operations, etc. which were incurred at the company headquarters and research and development division and which were not allocated to any reporting segment.