

## CONSOLIDATED FINANCIAL RESULTS (NEWS FLASH)

AIR WATER INC.

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Chuo-ku, Osaka, Japan

### 1. Qualitative Information relating to Third Quarter Earnings

#### (1) Explanation of Operating Results

##### 1) Operating results for the current period

The Japanese economy in the cumulative third quarter of the current fiscal year was on a gradual recovery trend, with further improvements in the employment and income environment and steady performance in corporate capital investment.

With regard to overseas economies, although concern due to geopolitical risks still exist in some countries and regions, the U.S. and European economies performed strongly, and economies in China and other emerging countries in Asia also showed continued moderate recovery.

With regard to the results of our corporate group under these circumstances, our industrial gas business saw strong performance in regional gas businesses which center on gas supply service using tanker lorries and cylinders, backed by continued steady gas demand from a broad range of domestic manufacturing sectors, although there were impacts of fluctuations in operations on our on-site gas supply service to blast furnaces caused by facility problems at our customers' plants.

In addition to satisfactory performance in our medical business which was positioned as a future growth area and have been expanded through aggressive M&A's and in our agriculture and food product business, each of the businesses that constitute our other business segment also grew steadily, thus demonstrating the strength of our group's management strategies of "All Weather Management System" and "Order Rodentia Style of Business."

Our chemical business, which had been suffering from sluggish performance, particularly in the tar distillation business until the previous fiscal year, achieved further improvement in results due to a recovery in market conditions of our products and progress made in the structural reform of the functional chemicals sector.

As a result, for this period, sales were ¥553,737 million (113.2% that of the corresponding period of the previous year), operating income was ¥29,693 million (103.8%), ordinary income was 31,407million (109.4%) and a quarterly net income attributable to owners of parent was 18,763 million (102.3%).

##### (2) Consolidated results by segment for this period

Due to changes in the structure of our group's organization, our "Logistics Business," which was previously included in our "Other Business," is now separately presented as a reporting segment, effective the first quarter consolidated cumulative accounting period.

Also, the business results management segments were changed, so that Air Water Materials Inc. and other eight companies, which were previously classified under "Industrial Gas Business," have been re-classified into "Other Business."

Financial profit and loss including funding costs, which were previously presented in each segment, have collectively been recorded as "Adjustments."

The segment information for the previous year's third quarter consolidated cumulative period has been revised in accordance with the above new reporting segment classification and calculation method.

(Millions of yen)

	Sales		Ordinary profit or loss (▲)	
	Nine months ended December 31, 2017	% compared with the same period of the previous year	Nine months ended December 31, 2017	% compared with the same period of the previous year
Industrial Gas	117,847	97.5%	11,551	98.2%
Chemical	50,744	111.7%	1,109	-
Medical	120,319	135.7%	5,321	115.8%
Energy	33,951	114.3%	2,157	104.1%
Agriculture and Food	103,959	115.2%	4,676	115.2%
Logistics	34,001	106.4%	1,647	90.5%
Other	92,913	112.6%	6,084	112.9%
(adjustment)	-	-	▲1,140	-
Total	553,737	113.2%	31,407	109.4%

Note: The adjustments to ordinary income are costs incurred at the company's headquarters division and research and development division which were not allocated to each reporting segment, financial profit and loss and others.