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**FY2019 First Quarter**

**Results Presentation**

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August 9, 2019

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## Notes

- The numerical targets and forecasts presented in this document reflect the judgment of our company based on information currently available and involve potential risks and uncertainties. Therefore, the reader should note that actual business performance may differ significantly from the projections made herein due to changes in various factors.
- The company has adopted IFRS (International Financial Reporting Standards) beginning in the first quarter of the current fiscal year. Figures for previous fiscal years based on the Japanese Accounting Standards for comparison purposes have also been retrospectively restated in accordance with the IFRS.

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# **Financial results for the first quarter of FY2019**

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# Consolidated statement of profit or loss for the first quarter of FY2019

(Unit: Hundred million yen)

	2018.1Q	2019.1Q	YoY	
			Difference	Growth Rate
<b>Revenue</b>	1,710	<b>1,833</b>	+124	107.2%
Cost of sales	-1,329	<b>-1,426</b>	-97	
<b>Gross profit</b>	381	<b>407</b>	+26	107.0%
Selling, general and administrative expenses	-290	<b>-316</b>	-27	
Other operating income and expenses	0	<b>14</b>	+14	
Share of (profit) loss of investments accounted for using the equity method	6	<b>5</b>	-1	
<b>Operating profit</b>	97	<b>110</b>	+13	113.2%
Financial profit or loss	2	<b>1</b>	-1	
<b>Profit for the term before tax</b>	99	<b>111</b>	+12	112.4%
Income tax expense	-34	<b>-34</b>	-0	
Profit or loss for the term from discontinued operations	5	<b>-1</b>	-5	
<b>Profit for the term</b>	69	<b>76</b>	+7	110.1%
<b>Owners of parent</b>	68	<b>71</b>	+4	105.5%
Minority interests	2	<b>5</b>	+3	
Operating profit margin	5.7%	<b>6.0%</b>		
ROE *	2.5%	<b>2.6%</b>		
EPS	¥34.64	<b>¥36.48</b>		

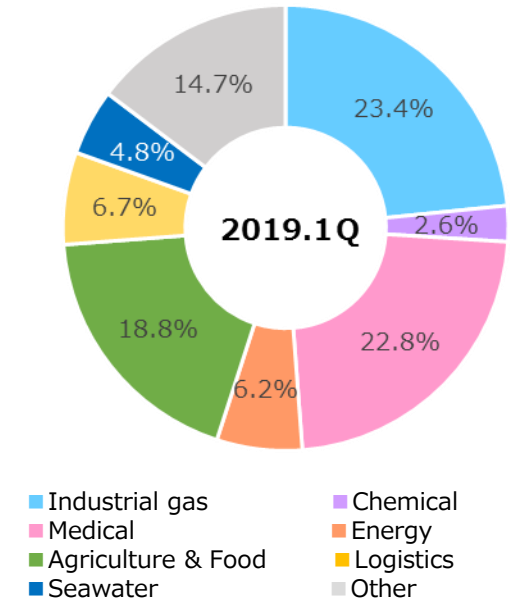
\* "Equity attributable to owners of the parent" ÷ "Equity attributable to owners of the parent"

# Revenue by segment for the first quarter of FY2019

(Unit: Hundred million yen)

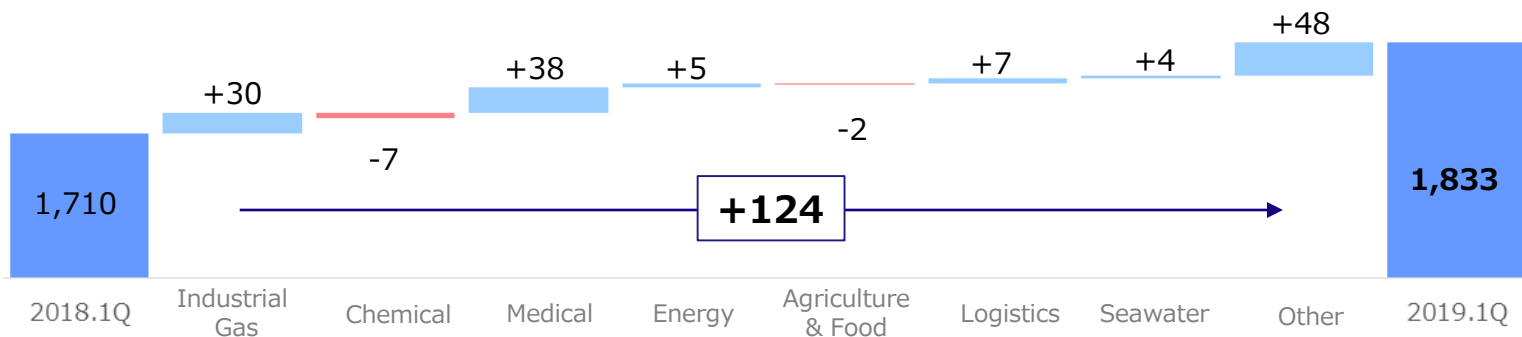
	2018.1Q	2019.1Q	YoY	
			Difference	Growth Rate
Industrial Gas	399	<b>429</b>	+30	107.5%
Chemical	54	<b>47</b>	-7	87.3%
Medical	380	<b>418</b>	+38	110.1%
Energy	109	<b>114</b>	+5	104.4%
Agriculture & Food	347	<b>345</b>	-2	99.4%
Logistics	115	<b>123</b>	+7	106.4%
Seawater	84	<b>87</b>	+4	104.6%
Other	222	<b>270</b>	+48	121.8%
<b>Total</b>	<b>1,710</b>	<b>1,833</b>	<b>+124</b>	<b>107.2%</b>

## Breakdown by segment



## Changes by segment

(Unit: Hundred million yen)

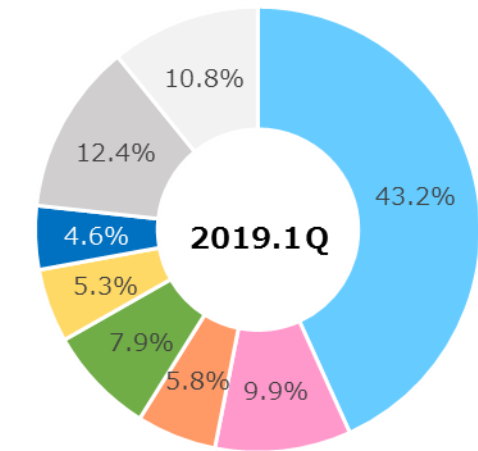


# Operating profit by segment for the first quarter of FY2019

(Unit: Hundred million yen)

	2018.1Q	2019.1Q	YoY	
			Difference	Growth Rate
Industrial gas	36	<b>48</b>	+11	130.5%
Chemical	3	<b>-0</b>	-3	-
Medical	10	<b>11</b>	+1	107.6%
Energy	5	<b>6</b>	+1	121.3%
Agriculture & Food	11	<b>9</b>	-2	79.7%
Logistics	5	<b>6</b>	+1	116.5%
Seawater	4	<b>5</b>	+2	144.2%
Other	11	<b>14</b>	+2	120.5%
Adjustment	12	<b>12</b>	+0	103.2%
<b>Total</b>	<b>97</b>	<b>110</b>	<b>+13</b>	<b>113.2%</b>

## Breakdown by segment

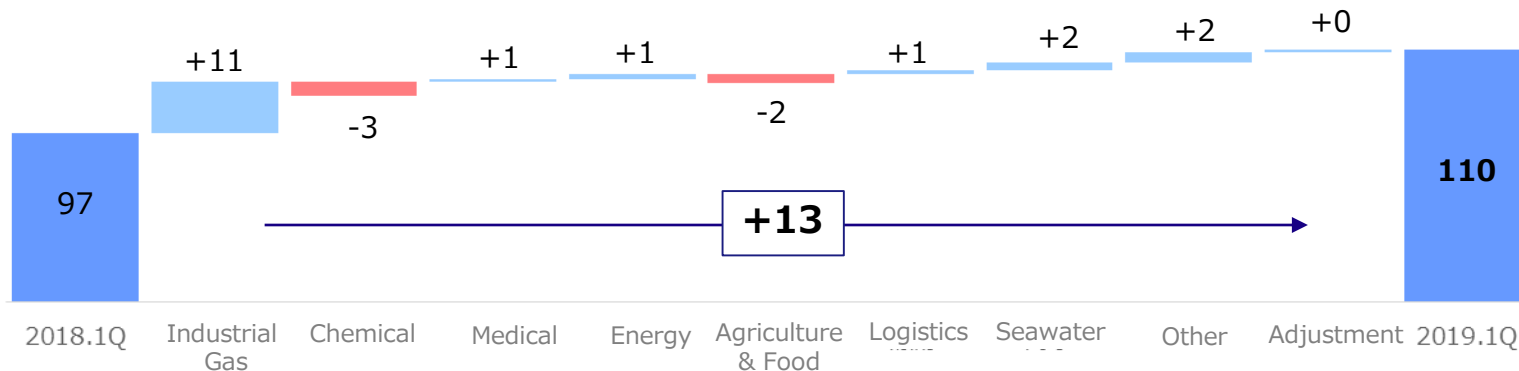


- Industrial gas
- Medical
- Agriculture & Food
- Energy
- Logistics
- Seawater
- Other
- Adjustment

※ Adjustment: Elimination of intersegment transactions and profit or loss of the company's Head Office divisions that are not allocated to each reporting segment.

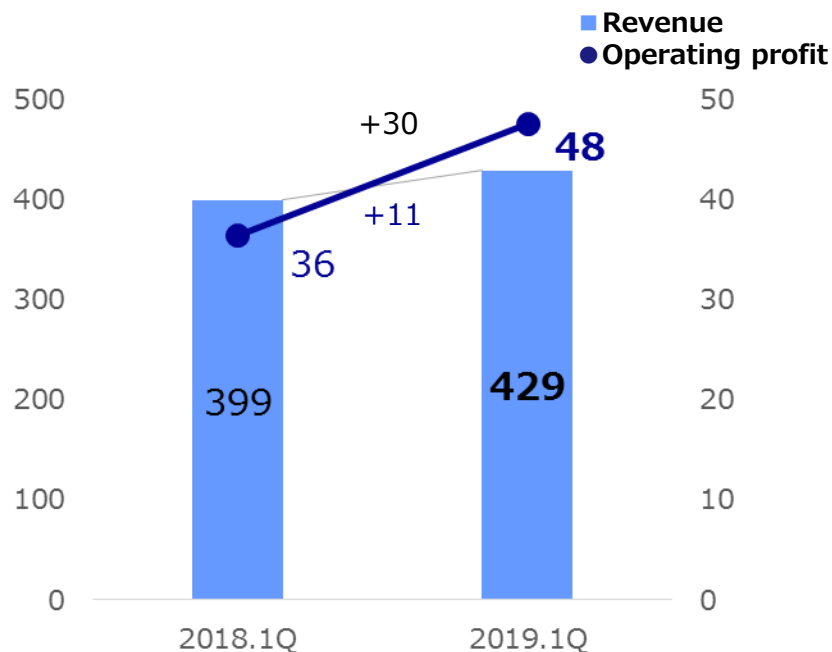
## Changes by segment

(Unit: Hundred million yen)



## Industrial Gas

(Unit: Hundred million yen)



### ■ Revenue 429 (107.5%)

- Effect of the new consolidation of Nihon Dennetsu Co., Ltd. and Ellenbarrie Industrial Gases Limited
- Increase in volume of on-site gas supply to blast furnaces
- Progress made in sales expansion and price revisions for carbon dioxide gas and dry ice

### ■ Operating profit 48 (130.5%)

- Increase in volume of on-site gas supply to blast furnaces
- Progress made in sales expansion and price revisions for carbon dioxide gas and dry ice
- Effect of the new consolidation of Nihon Dennetsu Co., Ltd. and Ellenbarrie Industrial Gases Limited
- The recording of operating profit associated with the sale of land by a subsidiary

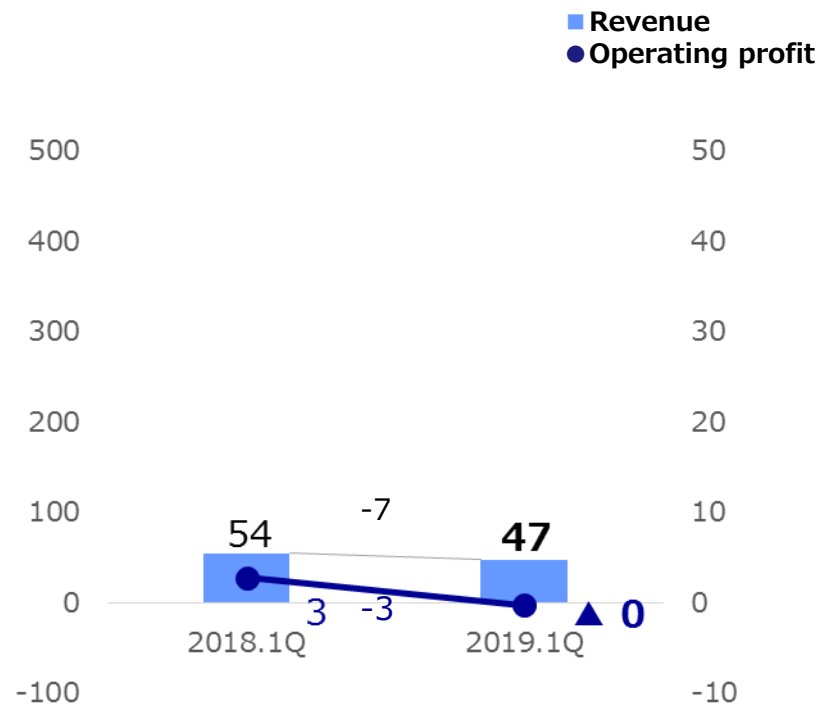
### ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2018.1Q	2019.1Q	Difference	Growth Rate
Gas	297	<b>305</b>	+8	102.8%
Equipment and construction	102	<b>124</b>	+22	121.2%
Total	399	<b>429</b>	+30	107.5%

(Unit: Hundred million yen)

## Chemical



### ■ Revenue 47 (87.3%)

- Decrease in sales of highly-functional circuit products used for industrial robots
- Decrease in sales of naphthoquinone manufactured by Kawasaki Kasei Chemicals Ltd.
- Continued shutdown of production plants in China

### ■ Operating profit -0

- Decrease in sales of naphthoquinone manufactured by Kawasaki Kasei Chemicals Ltd.
- Decrease in sales of highly-functional circuit products used for industrial robots

## ■ Revenue by sub-segment

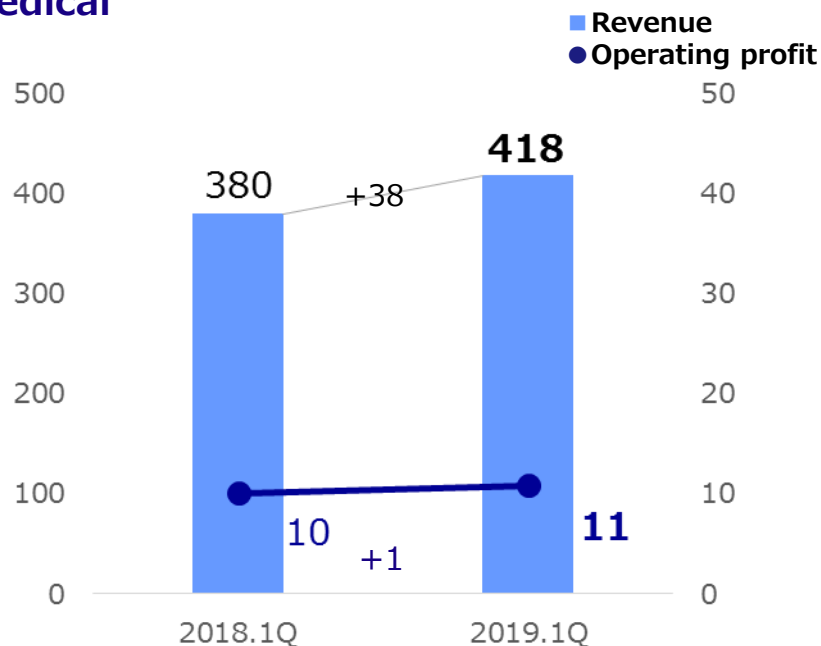
(Unit: Hundred million yen)

	2018.1Q	2019.1Q	Difference	Growth Rate
Functional chemicals	23	19	-4	81.8%
Kawasaki Kasei Chemicals	31	29	-3	91.3%
Total	54	47	-7	87.3%



## Medical

(Unit: Hundred million yen)



### ■ Revenue 418 (110.1%)

- Expansion in medical treatment (SPD) service
- Effects of new consolidation through M&As implemented in the previous fiscal year
- Increase in sales of medical treatment devices

### ■ Operating profit 11 (107.6%)

- Partial recovery in sales of injection needles and dental products
- Effects of new consolidation through M&As implemented in the previous fiscal year
- Decline in the number of projects in the hospital facility construction business

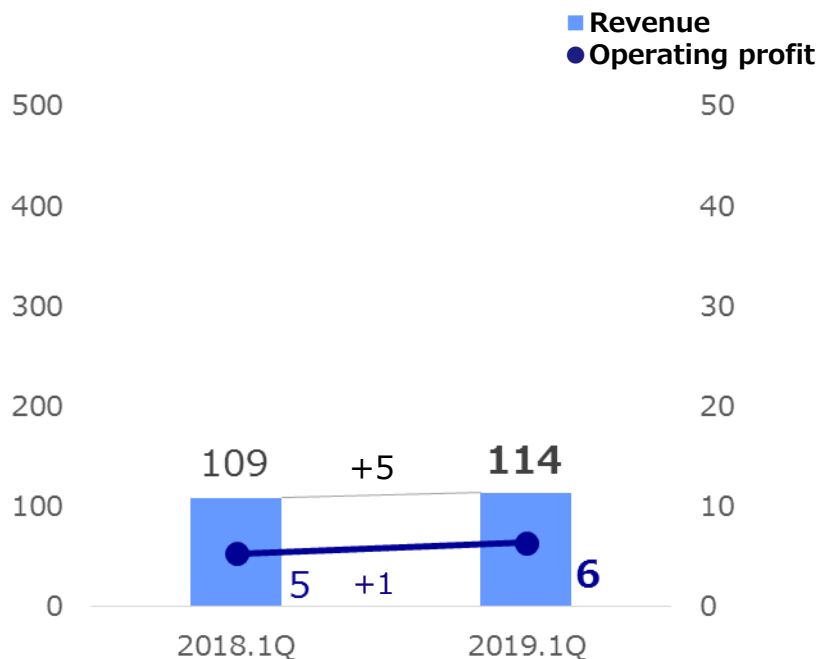
## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2018.1Q	2019.1Q	Difference	Growth Rate
Medical Gas	21	22	+0	101.2%
Facility	47	44	-3	93.6%
Medical Service	183	203	+19	110.6%
Medical Equipment	13	17	+4	133.4%
Home Medical Care	23	23	-0	99.5%
Sanitary Materials	58	59	+0	100.6%
Other	33	51	+17	151.2%
<b>Total</b>	<b>380</b>	<b>418</b>	<b>+38</b>	<b>110.1%</b>

## Energy

(Unit: Hundred million yen)



### ■ Revenue 114 (104.4%)

- Increase in sales volume of LP gas for consumer use
- Expansion in sales of energy-related equipment

### ■ Operating profit 6 (121.3%)

- Increase in sales volume of LP gas for consumer use

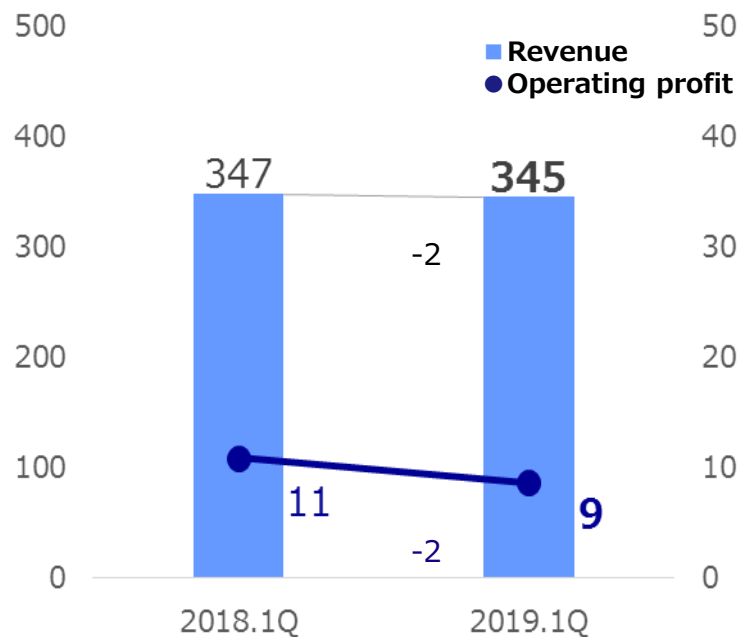
## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2018.1Q	2019.1Q	Difference	Growth Rate
LP gas	106	<b>111</b>	+4	104.1%
Natural gas-related and others	3	<b>3</b>	+0	116.7%
Total	109	<b>114</b>	+5	104.4%

## Agriculture & Food

(Unit: Hundred million yen)



### ■ Revenue 345 (99.4%)

- Decrease in sales of the fruit and vegetable retail segment
- Decrease in orders for beverage contract manufacturing due to the impact of cold weather during rainy season
- Decrease in sales of sweets
- Effects of new consolidation through M&As implemented in the previous fiscal year

### ■ Operating profit 9 (79.7%)

- Beverage segment saw an increase in energy and labor costs
- Farm products sector was affected by low vegetable prices
- Decrease in sales of sweets

## ■ Revenue by sub-segment

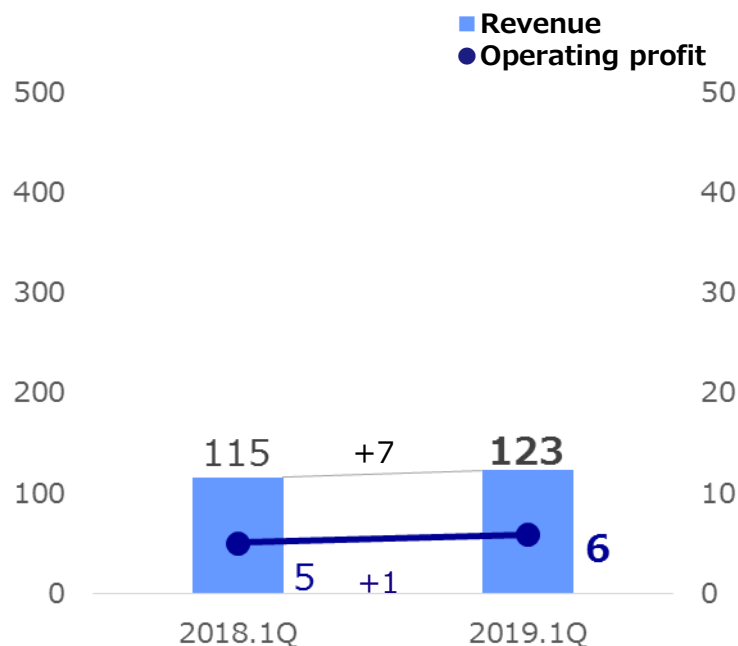
(Unit: Hundred million yen)

	2018.1Q	2019.1Q	Difference	Growth Rate
Farm products and food processing ※1	129	<b>134</b>	+5	104.1%
Beverage	137	<b>135</b>	-2	98.3%
Other ※2	82	<b>77</b>	-5	93.8%
<b>Total</b>	<b>347</b>	<b>345</b>	<b>-2</b>	<b>99.4%</b>

※1 Ham, delicatessen and sweets which had previously been classified into "Food solutions" have been included in "Farm products and food processing."

※2 "Other" consists of the fruit and vegetable retail and the manufacture and sale of agricultural machinery which had previously been classified into "Farm products."

## Logistics



(Unit: Hundred million yen)

### ■ Revenue 123 (106.4%)

- Transport business saw an increase in volume of shipments.
- 3PL business saw an increase in volume of contract shipping service.
- Increase in the manufacturing of vehicle bodies

### ■ Operating profit 6 (116.5%)

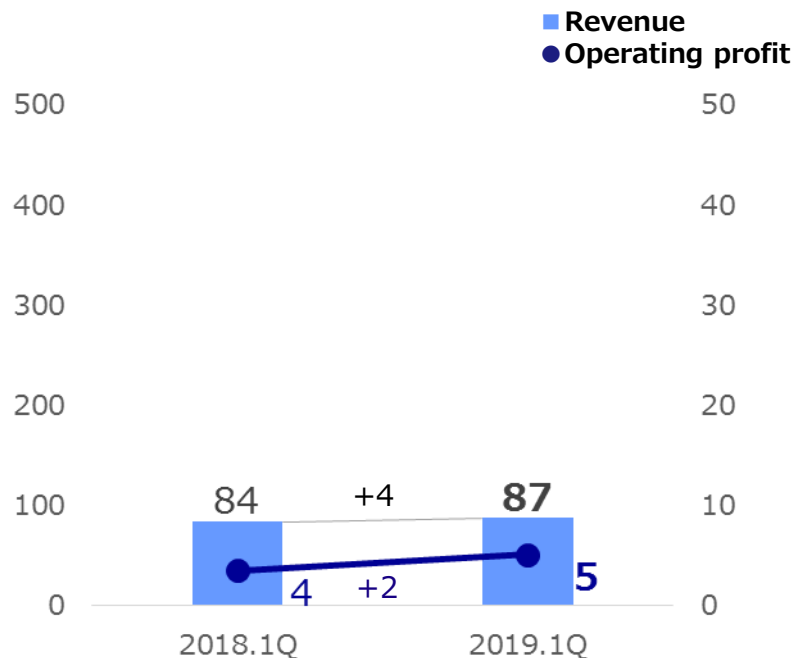
- Transport business saw an increase in volume of shipments.
- 3PL business saw progress made in price revisions.
- Rise in labor costs

## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2018.1Q	2019.1Q	Difference	Growth Rate
Transport	50	53	+3	107.0%
3PL	53	56	+3	106.0%
Vehicle custom installation	13	14	+1	106.0%
Total	115	123	+7	106.4%

## Seawater



(Unit: Hundred million yen)

### ■ Revenue 87 (104.6%)

- Nihonkaisui saw an increase in water treatment system construction projects.
- Tateho Chemical saw a recovery in sales of magnesia for electromagnetic steel plates.

### ■ Operating profit 5 (144.2%)

- Tateho Chemical saw a recovery in sales of magnesia for electromagnetic steel plates.
- Tateho Chemical saw improvements in income of magnesia for heaters

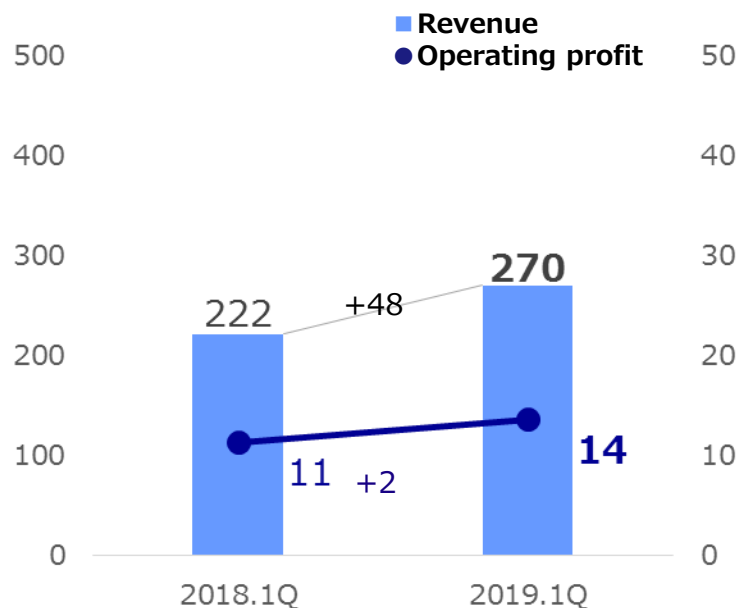
## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2018.1Q	2019.1Q	Difference	Growth Rate
Nihonkaisui	60	<b>63</b>	+3	105.8%
Tateho Chemical	24	<b>24</b>	+0	101.8%
<b>Total</b>	<b>84</b>	<b>87</b>	<b>+4</b>	<b>104.6%</b>

## Other

(Unit: Hundred million yen)



### ■ Revenue 270 (121.8%)

- Effects of the new consolidation through M&As implemented in the previous difference in the overseas engineering sector

### ■ Operating profit 14 (120.5%)

- Effects of the new consolidation through M&As implemented in the previous difference in the overseas engineering sector

## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2018.1Q	2019.1Q	Difference	Growth Rate
Aerosol	55	55	-0	99.7%
Information and electronic materials	98	98	-0	99.6%
Overseas engineering	7	34	+27	387.6%
Other	62	83	+21	134.7%
Total	222	270	+48	121.8%

# Statement of financial position for the first quarter of FY2019



(Unit: Hundred million yen)

	End of March 2019	End of June 2019	YoY	
			Difference	Growth Rate
Current assets	3,140	<b>2,978</b>	-161	94.9%
Non-current assets	4,720	<b>4,839</b>	+119	102.5%
Total assets	7,859	<b>7,817</b>	-42	99.5%
Current liabilities	2,684	<b>2,588</b>	-95	96.5%
Non-current liabilities	2,226	<b>2,257</b>	+31	101.4%
Liabilities	4,909	<b>4,845</b>	-64	98.7%
Equity	2,950	<b>2,972</b>	+22	100.8%
Total liabilities and equity	7,859	<b>7,817</b>	-42	99.5%
Equity capital	2,781	<b>2,803</b>		
Interest-bearing liabilities	2,769	<b>2,813</b>		
Net D/E ratio	0.88	<b>0.88</b>		

(Unit: Hundred million yen)

		2018.1Q	2019.1Q	Difference
Operating cash flows	[(1)]	83	<b>80</b>	-3
Investment cash flows	[(2)]	-158	<b>-49</b>	+109
Financial cash flows	[(3)]	80	<b>-30</b>	-110
Total cash flows	[(1)+(2)+(3)]	6	<b>2</b>	-3
Cash and cash equivalents at end of year		238	<b>326</b>	+87
Free cash flows		-75	<b>+32</b>	+106



# Full-year consolidated financial results forecast for FY2019

(Unit: Hundred million yen)

	FY2018 (IFRS) ※1	FY2019 forecast (IFRS)	YoY	
			Difference	Growth Rate
Revenue	7,423	<b>8,300</b>	+877	111.8%
Operating profit	428	<b>480</b>	+52	112.2%
Profit before income taxes	421	<b>470</b>	+49	111.6%
Equity attributable to owners of parent	288	<b>300</b>	+12	104.1%
Interest-bearing liabilities	2,769	<b>2,930</b>	+161	105.8%
Equity attributable to owners of parent	2,781	<b>3,071</b>	+290	110.4%
Total assets	7,859	<b>8,344</b>	+485	106.2%
Operating profit margin	5.8%	<b>5.8%</b>		
ROE ※1	10.6%	<b>10.3%</b>		
Basic net earnings per share for the period	147.33円	<b>153.25円</b>		
Equity ratio attributable to owners of the parent	35.4%	<b>36.8%</b>		
Net D/E ratio ※2	0.88	<b>0.88</b>		

※1 “Profit for the period attributable to owners of the parent” ÷ “Equity attributable to owners of the parent”

※2 “Net interest-bearing debt” ÷ “Equity attributable to owners of the parent”

# Revenue and operating profit forecasts by segment for FY2019

(Unit: Hundred million yen)

		FY2018 (IFRS)	Forecasts for FY2019 (IFRS)			YoY	
			Full year	First half	Second half	Difference	Growth Rate
Industrial gas	Revenue	1,741	<b>2,020</b>	980	1,040	+279	116.0%
	Operating profit	167	<b>180</b>	78	102	+13	107.6%
Chemical	Revenue	229	<b>320</b>	158	162	+91	139.6%
	Operating profit	5	<b>7</b>	4	3	+2	128.2%
Medical	Revenue	1,742	<b>1,810</b>	820	990	+68	103.9%
	Operating profit	104	<b>110</b>	36	74	+6	106.2%
Energy	Revenue	527	<b>570</b>	210	360	+43	108.1%
	Operating profit	39	<b>40</b>	7	33	+1	103.2%
Agriculture & Food	Revenue	1,364	<b>1,450</b>	735	715	+86	106.3%
	Operating profit	42	<b>45</b>	27	18	+3	106.8%
Logistics	Revenue	479	<b>520</b>	250	270	+41	108.5%
	Operating profit	22	<b>22</b>	11	11	-0	99.2%
Seawater	Revenue	402	<b>410</b>	180	230	+8	101.9%
	Operating profit	24	<b>26</b>	8	18	+2	110.2%
Other (Aerosol, information and electronics materials, other)	Revenue	937	<b>1,200</b>	567	633	+263	128.1%
	Operating profit	34	<b>60</b>	27	33	+26	176.7%
(Adjustment)	Revenue	-9	<b>-10</b>	12	-22	-1	-
Total	Operating profit	7,423	<b>8,300</b>	3,900	4,400	+877	111.8%
	Revenue	428	<b>480</b>	210	270	+52	112.2%

※Effective FY2019, the seawater segment has newly been added due to the establishment of a seawater company.

※In addition to the effect of the transition to IFRS, the impact of the revision of the internal management accounting (part of adjustment was distributed to each segment) is also included in the calculation of the figures for the FY2018.

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# Supplementary Materials

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**Financial results under IFRS (results for FY2018)**

※ For the financial results for FY2018 released on May 14, 2019 after the rearrangement based on IFRS, some figures were revised as a result of the financial audit.

(Unit: Hundred million yen)

Reference values	FY2018
Revenue	7,416
Operating profit	427
Net income before taxes and other adjustments	422
Net income attributable to shareholders of the parent	283
Total assets	7,910
Total liabilities	4,882
Total net assets	3,029

Definitive Value	FY2018
Revenue	<b>7,423</b>
Operating profit	<b>428</b>
Profit before income taxes	<b>421</b>
Profit attributable to owners of the parent	<b>288</b>
Total assets	<b>7,859</b>
Total liabilities	<b>4,909</b>
Total net assets	<b>2,950</b>

# Supplementary Material

## Impacts of the adoption of IFRS (on 1Q 2018 by segment)

(Unit: Hundred million yen)

		Japanese standards	IFRS	Difference	YoY breakdown				
					IFRS-related				Other ※
					Goodwill	Extraordinary income and losses	Discontinued operations	Other	
Industrial gas	Revenue	400	399	-1				-1	
	Operating profit	34	36	+3	+1	-1		+3	
Chemical	Revenue	186	54	-132			-57	-75	
	Operating profit	7	3	-4	+0	-0	-4	-0	
Medical	Revenue	386	380	-6				-6	
	Operating profit	9	10	+1	+2	-1		-1	
Energy	Revenue	109	109	-0				-0	
	Operating profit	5	5	+0	+0	+0		-0	
Agriculture & Food	Revenue	348	347	-1				-1	
	Operating profit	11	11	-1	+2	-0		-0	-2
Logistics	Revenue	115	115	-0				-0	
	Operating profit	6	5	-1	+0	-0		-0	-1
Seawater	Revenue	84	84	-0				-0	
	Operating profit	6	4	-3	+0	-0		-1	-2
Other <small>(Aerosol, information and electronics materials, other)</small>	Revenue	230	222	-9			-9	+0	
	Operating profit	15	11	-4	+1	-0	+1	-1	-4
(Adjustment)	Operating profit	0	12	+12		+0		+2	+9
Total	Revenue	1,858	1,710	-148			-66	-82	
	Operating profit	94	97	+3	+6	-2	-3	+2	

※ Other: This is due to the impact of the distribution of expenses to each reporting segment, which had previously been classified into the adjustment, as a result of the revision of the internal management accounting system.

(Unit: Hundred million yen)

	2018.1Q	2019.1Q	YoY	
	Sales	Sales	Difference	Growth Rate
Oxygen	72	<b>79</b>	+7	109.4%
Nitrogen	74	<b>77</b>	+3	104.5%
Argon	35	<b>33</b>	-2	94.3%
Carbon dioxide	47	<b>50</b>	+3	105.6%
Hydrogen	13	<b>13</b>	-0	96.4%
Helium	6	<b>7</b>	+1	113.2%
Other gases	50	<b>47</b>	-3	94.3%
Industrial gas total	297	<b>305</b>	+8	102.8%
LP gas	62	<b>65</b>	+3	105.3%
Kerosene	18	<b>18</b>	+1	103.0%

## Supplementary material

### Revenue of major group companies

(Unit: Hundred million yen)

		2018.1Q	2019.1Q	Growth Rate
<b>Hokkaido Air Water, Inc.</b>	Regional business company	131	<b>135</b>	103.6%
<b>Air Water Carbonic Inc.</b>	Industrial gas	33	<b>35</b>	105.6%
<b>Air Water Safety Service Inc. (consolidated)</b>	Medical treatment (hospital facility construction and others)	44	<b>42</b>	95.2%
<b>Air Water Medi H Co., Ltd.</b>	Medical treatment (SPD and sterilization)	98	<b>103</b>	105.0%
<b>Saveur SS Inc. (Consolidated)</b>	Agriculture and food (frozen food, ham and delicatessen)	75	<b>71</b>	94.5%
<b>Gold Pak Co., Ltd.</b>	Agriculture and food (beverages)	134	<b>131</b>	97.8%
<b>Kyusyuya Co., Ltd.</b>	Agriculture and food (fruit and vegetable retail)	68	<b>64</b>	93.4%