July 31, 2018

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the First Quarter of the Fiscal Year Ending March 31, 2019

1. Business Results for the First Quarter of the Fiscal Year Ending March 31, 2019 ("FY2018") (Business period: April 1, 2018 to June 30, 2018)

	Millions of Yen	
	The First Quarter of the Current Fiscal Year ("FY2018")	The First Quarter of the Previous Fiscal Year ("FY2017")
	April 1, 2018 - June 30, 2018	April 1, 2017 - June 30, 2017

(1) Results of Operations:

Sales revenue	**941,939**	898,018
Core operating income*	**92,849**	95,453
Operating income	**93,589**	90,997
Earnings before taxes	**94,534**	89,588
Net Income	**72,162**	63,332
Net income attributable to owners of the parent	**58,105**	47,708
Comprehensive income	**84,881**	79,845

* Core operating income: Operating income excluding special items

(Yen)

Earnings per share - Basic	**40.68**	33.15
- Diluted	**37.56**	30.66

(2) Segment Information:

[Sales Revenue by Business Segment]

Performance Products	**289,669**	277,163
Chemicals	**313,357**	287,917
Industrial Gases	**156,814**	149,151
Health Care	**135,572**	138,059
Others	**46,527**	45,728
Total	**941,939**	898,018

[Core Operating Income (Loss) by Business Segment]

Performance Products	**23,864**	26,449
Chemicals	**36,925**	34,107
Industrial Gases	**13,339**	13,433
Health Care	**20,095**	21,961
Others	**855**	953
Elimination & corporate	**(2,229)**	(1,450)
Total	**92,849**	95,453

	Millions of Yen	
	As of June 30, 2018	As of March 31, 2018
(3) Financial Position:		
Total assets	**4,696,563**	4,700,592
Total equity	**1,945,814**	1,919,490
Equity attributable to owners of the parent	**1,307,390**	1,285,750
Ratio of equity attributable to owners of the parent to total assets (%)	**27.8**	27.4

	Millions of Yen	
	The First Quarter of the Current Fiscal Year ("FY2018")	The First Quarter of the Previous Fiscal Year ("FY2017")
	April 1, 2018 - June 30, 2018	April 1, 2017 - June 30, 2017
(4) Cash Flows:		
Net cash provided by (used in) operating activities	**89,563**	88,227
Net cash provided by (used in) investing activities	**(58,983)**	(126,324)
Net cash provided by (used in) financing activities	**(54,757)**	(19,483)
Cash and cash equivalents at the end of the period	**253,681**	307,156

2. Forecast for the Current Fiscal Year

	Millions of Yen	
	The First Half of FY2018	FY2018
	April 1, 2018 - September 30, 2018	April 1, 2018 - March 31, 2019
Sales revenue	1,935,000	3,930,000
Core operating income	172,000	355,000
Operating income	168,000	337,000
Net income attributable to owners of the parent	91,000	184,000

(Yen)

Earnings per share - Basic	63.22	127.83

3. Business Performance and Financial Position

(1) Business Performance

Consolidated Performance for the First Quarter of the Fiscal Year Ending March 31, 2019 (Fiscal 2018): Three Months Ended June 30, 2018

Overview of General Performance

The business environment surrounding the Mitsubishi Chemical Holdings Group during the first quarter of fiscal 2018 remained favorable, due to continued strong market prices for MMA, carbon products, and other products in the Industrial Materials domain, despite the impact of NHI price revision in April 2018 in the Health Care domain and slowing demand for some products and higher raw material costs in the Performance Products domain.

Against this background, sales revenue for the first quarter of fiscal 2018 increased by ¥43.9 billion, or 4.9% year on year, to ¥941.9 billion. Core operating income decreased by ¥2.7 billion, or 2.7% year on year, to ¥92.8 billion, and operating income was up ¥2.6 billion, or 2.8% year on year, at ¥93.6 billion, reflecting gains on sale of fixed assets in special items. Earnings before taxes rose by ¥4.9 billion, or 5.5% year on year, to ¥94.5 billion. Net income attributable to owners of the parent grew ¥10.4 billion, or 21.8% year on year, to ¥58.1 billion.

Overview of Business Segments

The overview of financial results by business segment for the first quarter of fiscal 2018 is shown below. Gains or losses by segment are stated with core operating income which excludes gains or losses from special items including losses incurred by business withdrawals, streamlining, and others.

In the following sections, all comparisons are with the same period of the previous fiscal year unless stated otherwise.

<u>Performance Products Segment, Performance Products Domain</u>

Sales revenue increased by ¥12.5 billion, to ¥289.7 billion. Core operating income decreased by ¥2.6 billion, to ¥23.9 billion.

In functional products, sales revenue increased, due to higher sales volumes in advanced moldings and composites including high-performance engineering plastics, alumina fibers, and other products, despite slowing demand for some information and electronics related products.
In performance chemicals, sales revenue rose, reflecting rising sales volumes in performance polymers in advanced polymers and battery materials for automobiles in the new energy business.
Core operating income decreased, due primarily to an impact from scheduled maintenance and repairs and a rise in raw material costs as a whole, despite higher sales volumes and continued firmness in market prices for phenol-polycarbonate chain in advanced polymers.

Major initiatives in the Performance Products segment during the first quarter of fiscal 2018 included:

- Mitsubishi Chemical Corporation's consolidated subsidiary, The Nippon Synthetic Chemical Industry Co., Ltd., decided to expand a production facility for optical PVOH film, *OPL film*, in its Kumamoto Plant, in response to rising demand in polarizing film due primarily to spread of FPDs to emerging countries and an increase in screen size. The facility is slated to complete in March 2020.
  (Capacity increase: 106 million m^2/y to 127 million m^2/y)
- Mitsubishi Chemical Corporation decided to start discussions about a merger of its consolidated subsidiary, The Nippon Synthetic Chemical Industry Co., Ltd., with an assumed target date of April 2019, to further group-wide growth of associated businesses, by increasing revenue of existing businesses and developing new applications and products.

Chemicals Segment, Industrial Materials Domain

Sales revenue was rose by ¥25.4 billion, to ¥313.3 billion. Core operating income grew ¥2.8 billion, to ¥36.9 billion.

In MMA, sales revenue increased due to rising MMA monomer market prices in line with continuing firm demand.
In petrochemicals, sales revenue was up due to rising sales prices brought on by higher raw material prices, despite decreased sales volumes reflecting a larger impact from scheduled maintenance and repairs at an ethylene production facility.
In carbon, sales revenue grew due primarily to higher market prices of needle coke in the continued firm demand for coke and other products.
Core operating income increased due primarily to a broadening in the price differential between raw materials and products in MMA and carbon products, despite the larger impact of the scheduled maintenance and repairs at petrochemical production facilities.

A major initiative in the Chemicals segment during the first quarter of fiscal 2018 included:

- The Saudi Methacrylates Company, a joint venture between Mitsubishi Chemical Corporation and Saudi Basic Industries Corporation commenced full-scale operation at its facilities for MMA monomer (250kt/y) and PMMA (40kt/y) in April 2018.

Industrial Gases Segment, Industrial Materials Domain

Sales revenue increased by ¥7.7 billion, to ¥156.8 billion. Core operating income was down ¥0.1 billion, at ¥13.3 billion.

In industrial gases, sales revenue increased, reflecting establishment of a new domestic onsite gas plant in October 2017 and continued firmness in the overseas gas business.
Core operating income remained unchanged due mainly to increased costs brought on by rising fuel prices.

Health Care Segment, Health Care Domain

Sales revenue totaled ¥135.6 billion, a decrease of ¥2.5 billion. Core operating income was down ¥1.9 billion, at ¥20.1 billion.

Pharmaceuticals recorded lower sales revenue, due to NHI price revision in domestic ethical pharmaceuticals in April 2018 and a generic drug business transfer in October 2017, despite sales growth of *Radicava*, a treatment for amyotrophic lateral sclerosis (ALS) in the U.S.
Core operating income decreased due to R&D expenses in pharmaceuticals, in addition to the above-mentioned factors.

Others

Sales revenue was up ¥0.8 billion, to ¥46.5 billion and core operating income decreased by ¥0.1 billion, to ¥0.9 billion.

(2) Consolidated Financial Position at the End of First Quarter of Fiscal 2018

Total assets at the end of the first quarter of fiscal 2018 were ¥4,696.6 billion, a decrease of ¥4.0 billion. The decrease was due primarily to an increase in fixed assets reflecting capital expenditures, in addition to an increase in trade receivables and inventories.
The decrease was due primarily to a decrease in trade receivables, despite an increase in the yen-equivalent value of overseas subsidiary assets caused by the yen weakening against the U.S. dollar in the foreign exchange market.

Forward-looking Statements

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ materially due to numerous factors, including without limitation market conditions, and the effect of industry competition. The company expectations for the forward-looking statements are described in page [2] hereof.

Reference

(1) Condensed Consolidated Statement of Profit or Loss

Three months ended June 30, 2017 and 2018

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Sales revenue	898,018	941,939
Cost of sales	(625,981)	(669,981)
Gross profit	272,037	271,958
Selling, general and administrative expenses	(181,762)	(187,084)
Other income	2,382	4,949
Other expenses	(7,238)	(5,602)
Equity income	5,578	9,368
Operating income	90,997	93,589
Financial income	3,456	5,386
Financial expenses	(4,865)	(4,441)
Earnings before taxes	89,588	94,534
Income taxes	(26,256)	(22,372)
Net income	63,332	72,162
Net income attributable to		
Owners of the parent	47,708	58,105
Non-controlling interests	15,624	14,057
Earnings per share(Yen)		
Basic earnings per share attributable to owners of the parent	33.15	40.68
Diluted earnings per share attributable to owners of the parent	30.66	37.56

(2) Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2017 and 2018

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net income	63,332	72,162
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value	4,353	2,405
Remeasurements of defined benefit pensions plans	6,519	3,167
Share of other comprehensive income (loss) of investments accounted for using the equity method	(24)	140
Total items that will not be reclassified to profit or loss	10,848	5,712
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	6,778	9,650
Net gain (loss) on derivatives designated as cash flow hedges	575	55
Share of other comprehensive income(loss) of investments accounted for using the equity method	(1,688)	(2,698)
Total items that may be subsequently reclassified to profit or loss	5,665	7,007
Total other comprehensive income (net of tax)	16,513	12,719
Total comprehensive income	79,845	84,881
Total comprehensive income attributable to		
Owners of the parent	61,277	65,981
Non-controlling interests	18,568	18,900

(3) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2018	June 30, 2018
Assets		
Current assets		
Cash and cash equivalents	277,624	253,681
Trade receivables	854,804	833,760
Inventories	607,671	603,749
Other financial assets	247,365	248,814
Other current assets	62,050	82,440
Subtotal	2,049,514	2,022,444
Assets held for sales	2,139	434
Total current assets	2,051,653	2,022,878
Non-current assets		
Property, plant and equipment	1,433,509	1,452,490
Goodwill	323,378	325,319
Intangible assets	355,151	359,823
Investments accounted for using the equity method	175,905	176,997
Other financial assets	244,489	239,645
Other non-current assets	36,145	38,456
Deferred tax assets	80,362	80,955
Total non-current assets	2,648,939	2,673,685
Total assets	4,700,592	4,696,563

(Millions of yen)

	March 31, 2018	June 30, 2018
Liabilities		
Current liabilities		
Trade payables	488,592	464,577
Bonds and borrowings	580,854	611,394
Income tax payable	41,293	23,653
Other financial liabilities	201,208	183,558
Provisions	7,463	8,649
Other current liabilities	126,285	132,648
Subtotal	1,445,695	1,424,479
Liabilities directly associated with assets held for sales	364	208
Total current liabilities	1,446,059	1,424,687
Non-current liabilities		
Bonds and borrowings	1,025,268	1,013,233
Other financial liabilities	29,174	29,153
Retirement benefit liabilities	110,639	108,104
Provisions	30,712	30,814
Other non-current liabilities	38,014	38,911
Deferred tax liabilities	101,236	105,847
Total non-current liabilities	1,335,043	1,326,062
Total liabilities	2,781,102	2,750,749
Equity		
Common stock	50,000	50,000
Additional paid-in capital	321,111	321,314
Treasury stock	(43,569)	(63,558)
Retained earnings	956,946	995,156
Other components of equity	1,262	4,478
Equity attributable to owners of the parent	1,285,750	1,307,390
Non-controlling interests	633,740	638,424
Total equity	1,919,490	1,945,814
Total liabilities and equity	4,700,592	4,696,563

(4) Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2017

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2017	50,000	321,703	(43,587)	761,364
Net income	―	―	―	47,708
Other comprehensive income	―	―	―	―
Total comprehensive income	―	―	―	47,708
Purchase of treasury stock	―	―	(9)	―
Disposal of treasury stock	―	(22)	23	―
Cash dividends	―	―	―	(17,271)
Changes in interests in subsidiaries	―	67	―	―
Changes in scope of consolidation	―	―	―	(53)
Transfer from other components of equity to retained earnings	―	―	―	5,650
Total transactions with owners	―	45	14	(11,674)
Balance at June 30, 2017	50,000	321,748	(43,573)	797,398

	Other components of equity							
	Net gain (loss) on revaluation of financial assets measured at fair value	Remeasurements of defined benefit pensions plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2017	46,831	―	(43,886)	(1,027)	1,918	1,091,398	606,799	1,698,197
Net income	―	―	―	―	―	47,708	15,624	63,332
Other comprehensive income	2,751	5,445	4,818	555	13,569	13,569	2,944	16,513
Total comprehensive income	2,751	5,445	4,818	555	13,569	61,277	18,568	79,845
Purchase of treasury stock	―	―	―	―	―	(9)	―	(9)
Disposal of treasury stock	―	―	―	―	―	1	―	1
Cash dividends	―	―	―	―	―	(17,271)	(17,831)	(35,102)
Changes in interests in subsidiaries	―	―	―	―	―	67	917	984
Changes in scope of consolidation	―	―	―	―	―	(53)	(78)	(131)
Transfer from other components of equity to retained earnings	(205)	(5,445)	―	―	(5,650)	―	―	―
Total transactions with owners	(205)	(5,445)	―	―	(5,650)	(17,265)	(16,992)	(34,257)
Balance at June 30, 2017	49,377	―	(39,068)	(472)	9,837	1,135,410	608,375	1,743,785

Three months ended June 30, 2018

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2018	50,000	321,111	(43,569)	956,946
Cumulative effects of changes in accounting policies	—	—	—	(85)
Restated balance at April 1, 2018	50,000	321,111	(43,569)	956,861
Net income	—	—	—	58,105
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	58,105
Purchase of treasury stock	—	—	(20,007)	—
Disposal of treasury stock	—	(18)	18	—
Cash dividends	—	—	—	(24,470)
Share-based payment transactions	—	188	—	—
Share-based payment transactions of subsidiaries	—	—	—	—
Changes in interests in subsidiaries	—	33	—	—
Transfer from other components of equity to retained earnings	—	—	—	4,660
Total transactions with owners	—	203	(19,989)	(19,810)
Balance at June 30, 2018	50,000	321,314	(63,558)	995,156

	Other components of equity							
	Net gain (loss) on revaluation of financial assets measured at fair value	Remeasurements of defined benefit pensions plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2018	51,544	—	(50,455)	173	1,262	1,285,750	633,740	1,919,490
Cumulative effects of changes in accounting policies	—	—	—	—	—	(85)	(61)	(146)
Restated balance at April 1, 2018	51,544	—	(50,455)	173	1,262	1,285,665	633,679	1,919,344
Net income	—	—	—	—	—	58,105	14,057	72,162
Other comprehensive income	1,617	2,871	3,338	50	7,876	7,876	4,843	12,719
Total comprehensive income	1,617	2,871	3,338	50	7,876	65,981	18,900	84,881
Purchase of treasury stock	—	—	—	—	—	(20,007)	—	(20,007)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	(24,470)	(15,343)	(39,813)
Share-based payment transactions	—	—	—	—	—	188	—	188
Share-based payment transactions of subsidiaries	—	—	—	—	—	—	12	12
Changes in interests in subsidiaries	—	—	—	—	—	33	1,176	1,209
Transfer from other components of equity to retained earnings	(1,789)	(2,871)	—	—	(4,660)	—	—	—
Total transactions with owners	(1,789)	(2,871)	—	—	(4,660)	(44,256)	(14,155)	(58,411)
Balance at June 30, 2018	51,372	—	(47,117)	223	4,478	1,307,390	638,424	1,945,814

(5) Condensed Consolidated Statement of Cash Flow

Three months ended June 30, 2017 and 2018

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Cash flows from operating activities		
Earnings before taxes	89,588	94,534
Depreciation and amortization	43,765	45,824
Equity income	(5,578)	(9,368)
Interest and dividend income	(3,093)	(4,483)
Interest expenses	3,867	4,185
(Increase) decrease in trade receivables	(15,575)	21,842
(Increase) decrease in inventories	(14,370)	5,163
Increase (decrease) in trade payables	(658)	(28,601)
Increase (decrease) in retirement benefit assets and liabilities, net	1,162	(455)
Other	13,037	5,192
Subtotal	112,145	133,833
Interest received	513	1,280
Dividends received	10,222	14,797
Interest paid	(4,063)	(3,450)
Income tax (paid) received, net	(30,590)	(56,897)
Net cash provided by (used in) operating activities	88,227	89,563
Cash flows from investing activities		
Purchase of property, plant and equipment	(48,139)	(54,789)
Proceeds from sales of property, plant and equipment	867	3,529
Purchase of intangible assets	(8,587)	(730)
Purchase of other financial assets	(159,677)	(107,663)
Proceeds from sales/redemption of other financial assets	150,958	103,950
Net cash outflow on acquisition of subsidiaries	(1,788)	—
Net (Increase) decrease of time deposits	(60,233)	(3,458)
Other	275	178
Net cash provided by (used in) investing activities	(126,324)	(58,983)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	64,279	13,054
Net increase (decrease) in commercial papers	(36,000)	18,000
Proceeds from long-term borrowings	8,717	12,035
Repayment of long-term borrowings	(9,216)	(17,709)
Repayment from redemption of bonds	(10,000)	(20,000)
Net (increase) decrease in treasury stock	(9)	(20,007)
Dividends paid to owners of the parent	(17,271)	(24,470)
Dividends paid to non-controlling interests	(17,831)	(15,343)
Proceeds from stock issuance to non-controlling interests	1,085	1,248
Other	(3,237)	(1,565)
Net cash provided by (used in) financing activities	(19,483)	(54,757)
Effect of exchange rate changes on cash and cash equivalents	840	61
Net increase (decrease) in cash and cash equivalents	(56,740)	(24,116)
Cash and cash equivalents at the beginning of the period	363,510	277,624
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sales	(103)	208
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	364	(35)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	125	—
Cash and cash equivalents at the end of the period	307,156	253,681

(6) Change in accounting policy

The Mitsubishi Chemical Holdings Group (MCHC Group) adopted IFRS 15 "Revenue from Contracts with Customers" (issued in May 2014) and "Clarifications to IFRS 15" (issued in April 2016) (together, hereinafter "IFRS 15") from the first quarter of fiscal year 2018.

In accordance with the adoption of IFRS 15, the MCHC Group recognizes revenue, based on the following 5-step model, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services transferred to customers.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The MCHC Group offers a variety of products and services (see the following table, "Business Segment Information") to domestic and foreign customers through its business activities in four business segments ("Performance Products," "Chemicals," "Industrial Gases" and "Health Care") primarily by the four operating companies, Mitsubishi Chemical, Mitsubishi Tanabe Pharma, Life Science Institute and Taiyo Nippon Sanso.
For the sales of such products, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products. Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates, returned products and other items.
Consideration for products under sales contracts is mainly collected within 12 months of the transfer of control over said products and therefore the consideration includes no significant financial elements.

The adoption of IFRS 15 has no material impact on the quarterly consolidated financial statements of the MCHC Group.
In the adoption of IFRS 15, the Group has employed the method in which the cumulative effect of applying this standard is recognized at the date of initial application, which is allowed as the transition method. The amount of cumulative effect at the date of initial application of this standard is not material.

Business Segment Information

Business Domain	Business Segment	Business Sub-Segment		
			Businesses	
Performance Products	Performance Products	Functional Products	Electronics and Displays	Optical films, Electronics and displays, Acetyl
			High Performance Films	Packaging films, Industrial films
			Environment and Living Solutions	Aqua and separator solutions, Infrastructure solutions and agricultural materials
			Advanced Moldings and Composites	High performance engineering plastics, Fibers and textile, Carbon fiber and composite materials, Functional moldings and composites, Almina fiber and light metal products
		Performance Chemicals	Advanced Polymers	Performance polymers, Engineering polymers, Sustainable resources
			High Performance Chemicals	Performance chemicals, Performance materials, Food ingredients
			New Energy	Lithium ion battery materials, Energy transduction device materials
Industrial Materials	Chemicals	MMA	MMA	MMA
		Petrochemicals	Petrochemicals	Basic petrochemicals, Polyolefins, Basic chemical derivatives
		Carbon Products	Carbon Products	Carbon Products
	Industrial Gases	Industrial Gases	Industrial Gases	Industrial gases
Health Care	Health Care	Health Care	Pharmaceuticals	Pharmaceuticals
			Life science	Life science

(7) Significant Subsequent Events

Acquisition (100% Ownership) of the Corporations Running the European Businesses of the U.S. Company, Praxair, Inc.

A consolidated subsidiary of MCHC, Taiyo Nippon Sanso Corporation ("TNSC") executed a share purchase agreement with Praxair, Inc. ("Praxair") pursuant to which TNSC will acquire the shares of the corporations running the European businesses of Praxair on July 5, 2018 (Japan time).

On June 1, 2017, Praxair reached an agreement with German company Linde Aktiengesellshaft ("Linde AG") to merge by establishing a newly formed Irish holding company, Linde Public Limited Company. The competition law authorities in the relevant countries are reviewing that merger, and the European Commission is requesting that Praxair sell a part of its European businesses to a third party. TNSC has now executed the share purchase agreement in order to acquire the shares of the corporations running such businesses via a European subsidiary to be newly established. The execution of the above-mentioned transaction is conditioned on the ultimate Linde-Praxair being consummated which requires Praxair and Linde AG obtaining approval from the competition authorities for the merger in the relevant countries and our company obtaining approval from the European Commission and the other relevant competition authorities for executing the acquisition.

(1) Purpose of acquisition

TNSC is aiming at "one trillion Japanese yen in sales, a 10% operating margin ratio, 10% or more ROCE, 50% or more overseas sales" as its long-term management vision in order to make itself more globally competitive and to firmly establish its place in the industry reorganization environment. TNSC regards this acquisition as a means to make a large advancement toward realizing such vision and an attractive opportunity with strategic significance at the same time.

The industrial gas market in Europe is the second largest behind the North American market, and its competition environment is stable. This acquisition will accelerate TNSC's global expansion by obtaining businesses with a certain share in the market in which it has not had previous participation. Further, TNSC will be able to acquire profitable businesses with a certain scale and network (e.g., manufacturing base) as well as talented personnel including the current top management and business platform. Based on such business foundation, TNSC is planning to provide its products, such as environmental responsive products, and to reinforce its group-wide functions, such as enhancement of its marketing to global firms.

(2) Summary of target businesses

The industrial gas business of Praxair's European territories in Germany, Spain, Portugal, Italy, Norway, Denmark, Sweden, the Netherlands and Belgium, the carbon dioxide gas business in the United Kingdom, Ireland, the Netherlands and France and the helium-related businesses.

(3) Date of share acquisition

November 2018 (planned)

(4) Equity interest ratio with voting rights to be acquired

100%

(5) Consideration

TNSC plans to pay 5,000 million euros (approx. 643.8 billion Japanese yen) as the acquisition price.

Note 1: Acquisition price will be adjusted by cash and debt balance and working capital variance etc. at the closing of the transaction.

Note 2: The conversion to Japanese yen uses a rate of 1 euro = 128.76 Japanese yen (as of July 4).