

**Report on Business Performance for the First Two Quarters  
of the Fiscal Year Ending March 2011  
(FY2011)**

**November 15, 2010  
Taiyo Nippon Sanso Corporation**



***Performance for the First Two  
Quarters of FY2011***

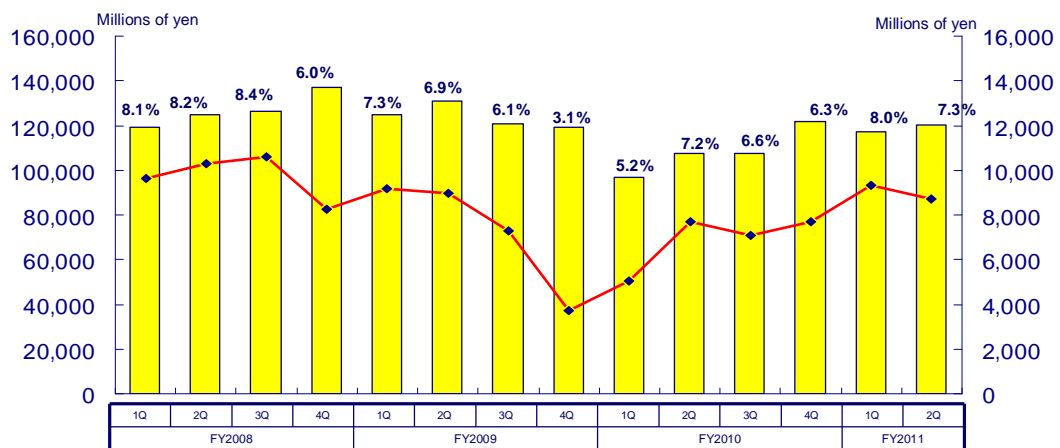


## Performance for the First Two Quarters of FY2011

	Previous 1 <sup>st</sup> two quarters Ratio to sales	Reporting 1 <sup>st</sup> two quarters (targets)	Reporting 1 <sup>st</sup> two quarters (Results)	YoY change % change	Change from targets % change
Sales	204.1	230.0	237.3	+33.1 +16.2%	+7.3 +3.2%
Operating Income	12.7 6.3%	15.0 6.5%	18.0 7.6%	+5.2 +41.3%	+3.0 +20.0%
Ordinary Income	12.3 6.1%	14.2 6.2%	17.8 7.5%	+5.4 +44.3%	+3.6 +25.4%
Net Income	6.8 3.3%	8.0 3.5%	10.2 4.3%	+3.3 +49.7%	+2.2 +27.5%



## Quarterly Business Performance



\* Percentage denotes operating income margin. ■ Sales ◆ Operating income



## Performance by Segment



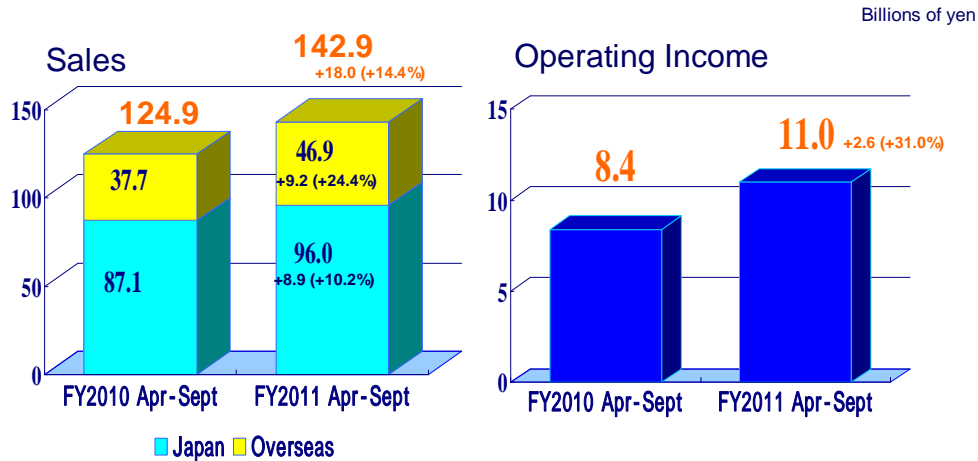
## Performance by Segment in FY2011

Billions of yen

	First two quarters of FY2010		Margin	First two quarters of FY2011		Margin
	Sales	Operating Income		Sales	Operating Income	
Industrial gases	124.9	8.4	6.8%	142.9	11.0	7.7%
Electronics	51.0	2.6	5.1%	61.7	5.2	8.4%
Energy	13.3	0.5	4.3%	16.6	0.4	2.8%
Other	14.7	1.9	13.4%	15.8	2.0	13.1%
Adjustments		(0.8)			(0.7)	
<b>Total</b>	<b>204.1</b>	<b>12.7</b>	<b>6.3%</b>	<b>237.3</b>	<b>18.0</b>	<b>7.6%</b>



## Industrial Gas-Related Businesses



\* The graph contains figures for both Japan and overseas sales.

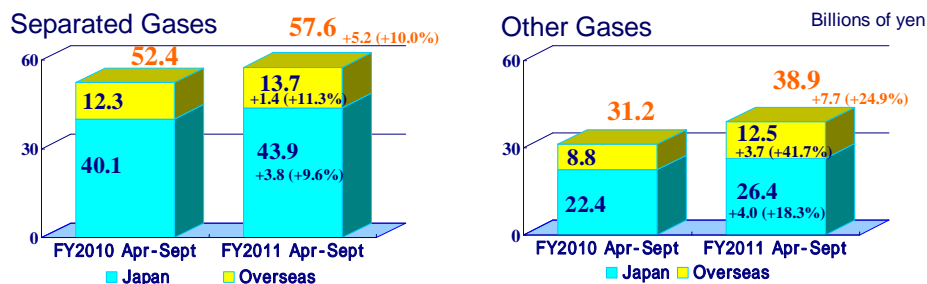


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## Major Industrial Gas-Related Businesses (Sales)



### Overseas

Sales in North America increased partly due to newly consolidated subsidiaries there  
Sales of bulk gases were strong in Asia

### Japan

Sales to steel and chemical industries continued to be strong  
Sales of bulk gases to small and medium-sized enterprises also followed recovery path

### Overseas

North American and Asian markets followed recovery paths

### Japan

Sales of carbon dioxide to steelmaking and auto industries for welding use were strong  
Sales of hydrogen, helium, etc. to electronics-related industries also held firm



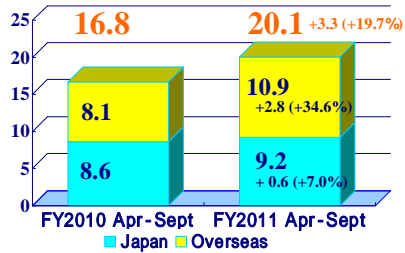
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## Major Industrial Gas-Related Businesses (Sales)

Cutting and Welding Equipment and Materials



**Overseas**

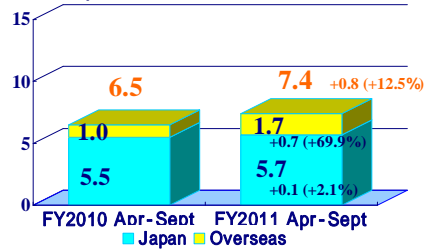
Sales in North America increased partly due to newly consolidated subsidiaries there

**Japan**

Installation and repair demand increased  
Sales of welding machinery and robots as well as materials followed a moderate recovery path

Air Separation Plants

Billions of yen



**Overseas**

TNSC's principal customer industries, particularly steel and chemicals, followed a recovery path  
New inquiries about capital investment increased

**Japan**

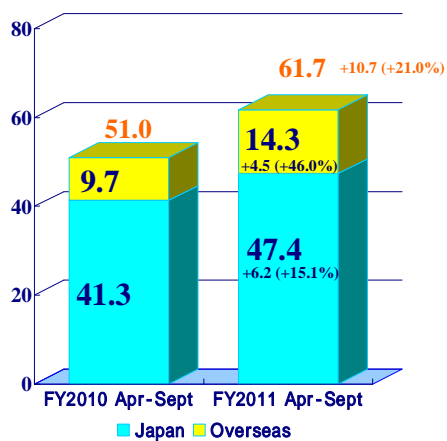
Installation projects subject to the percentage-of-completion method performed steadily  
Received order for air separation plant from leading electric arc furnace steel manufacturer



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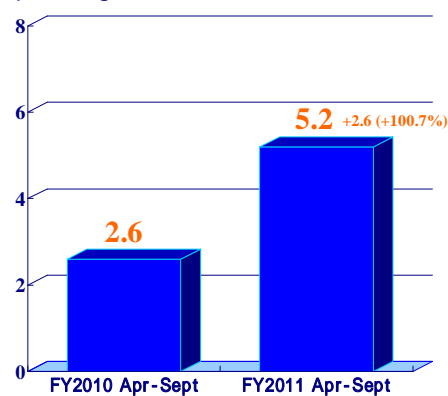
## Electronics-Related Businesses

Sales



Operating Income

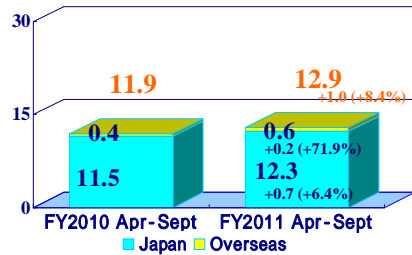
Billions of yen



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## Major Electronics-Related Businesses (Sales)

### Separated Gases



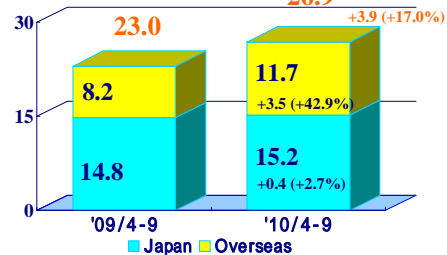
#### Overseas

In Asia sales of both nitrogen and argon followed a recovery path

#### Japan

Sales of nitrogen to semiconductor and LCD manufacturers held firm  
Sales of argon to semiconductor silicon manufacturers were strong

### Gases for Electronic Device Production



#### Overseas

Sales to LCD and semiconductor manufacturers in Taiwan, South Korea, and China were strong  
Increased storage facility capacity in Singapore

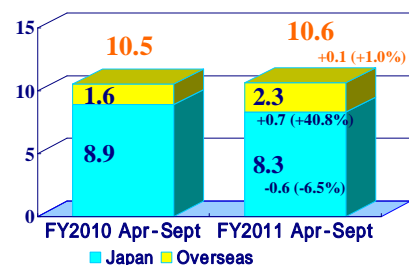
#### Japan

Demand for gases for semiconductor and LCD production was strong



## Major Electronics-Related Businesses (Sales)

### Electronics-Related Equipment and Installation



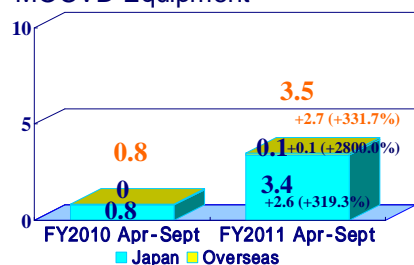
#### Overseas

Sales in Asia are on a recovery trend, partly due to new investment in solar cells.

#### Japan

Sales declined due to delays in plans for some installations, and other factors.

### MOCVD Equipment



#### Overseas

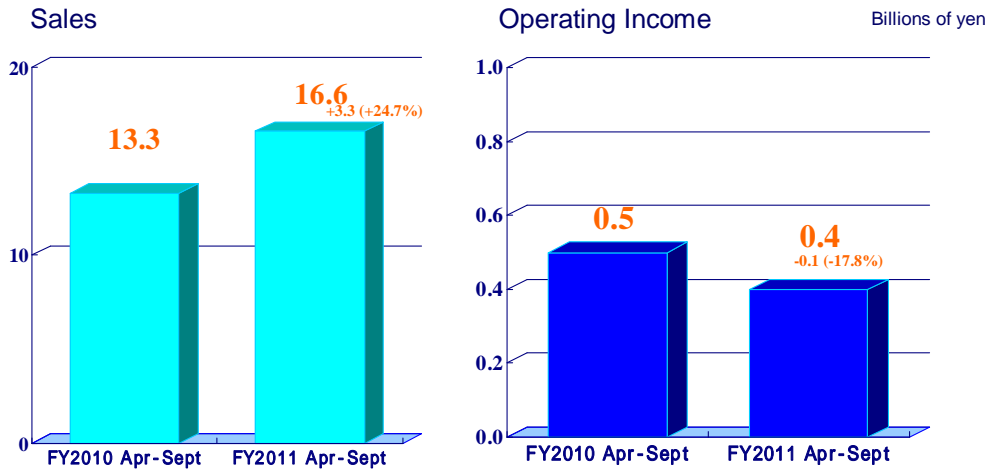
Shipments to Taiwan

#### Japan

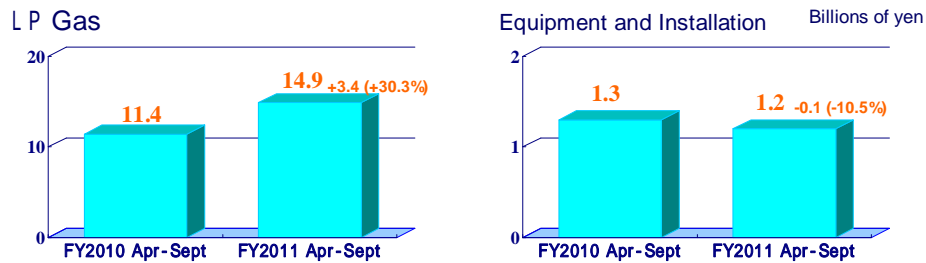
Steady shipments of large-scale, mass-production equipment  
Brisk inquiries continued



## Energy-Related Businesses



## Major Energy-Related Businesses (Sales)



### Japan

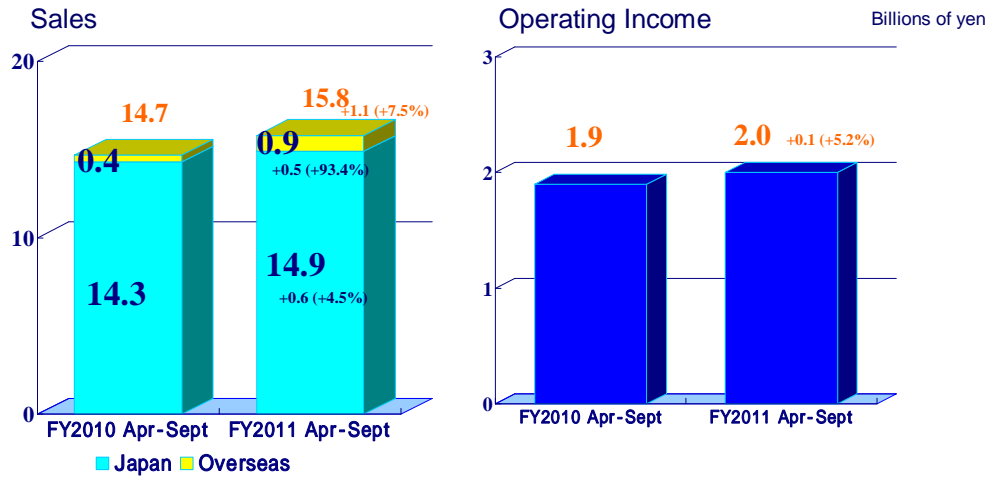
Raised sales prices due to rise in import prices  
 Due to record-breaking heat wave consumers demand stagnated, but industrial demand held firm  
 Consolidation of regional distributors is underway  
 (Fiscal 2001: 28 companies    fiscal 2010: 8 companies)

### Japan

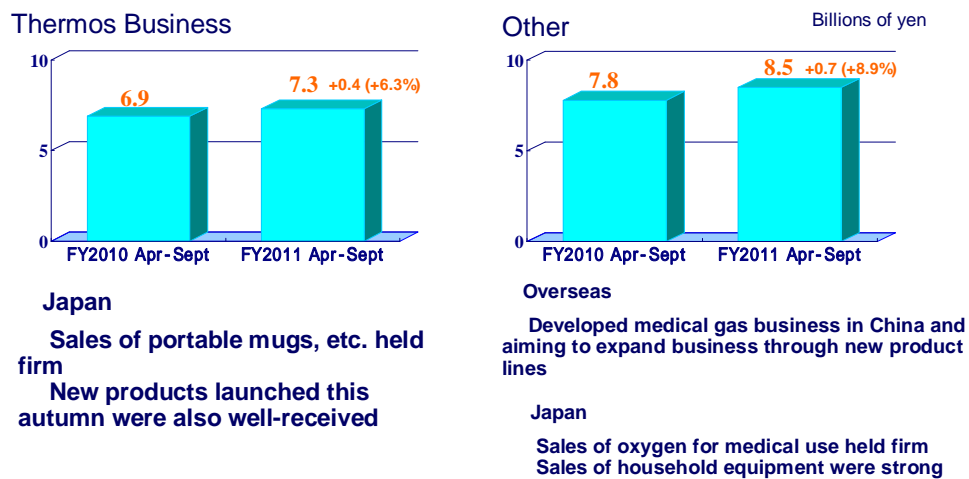
Capital demand declined in the industrial sector



## Other Businesses



## Major Other Businesses (Sales)

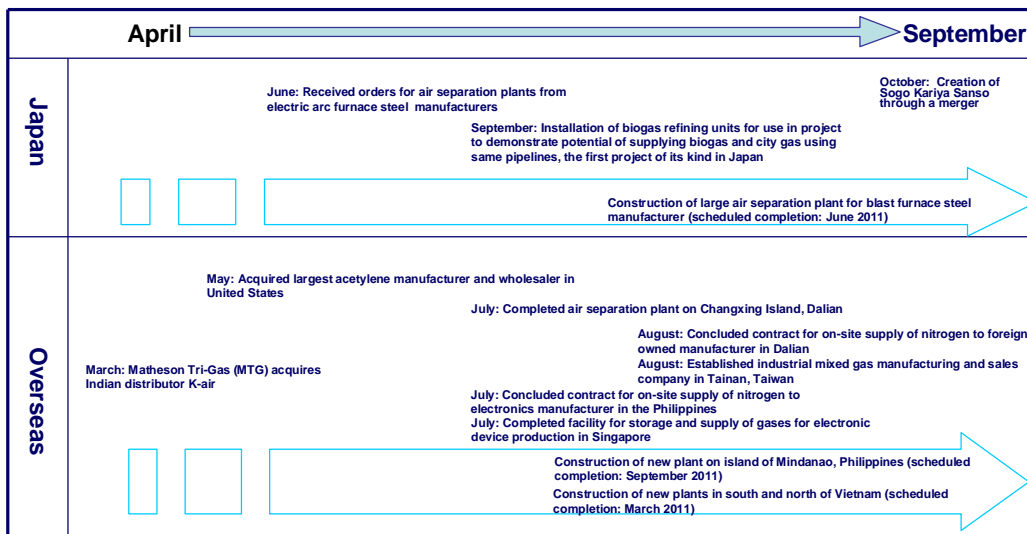




# First Half Highlights



## First Half Highlights (Japan and Overseas)



# TOPICS



## TOPICS

### Plan to Install Testing Equipment for Mass Production (UR-26K)

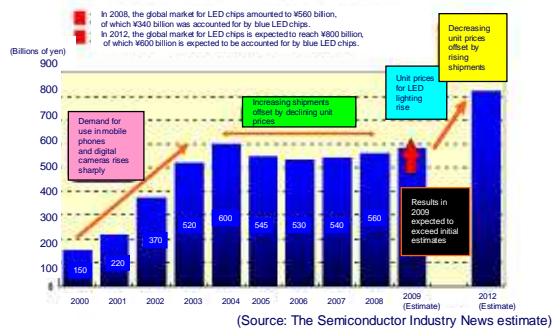
For LEDs 6 inch x 10 wafers

For Power Devices 8 inch x 6 wafers



\* Picture: large-scale, mass-production equipment "UR-25K"

Global Market for LED Chips (including non-blue LED chips)

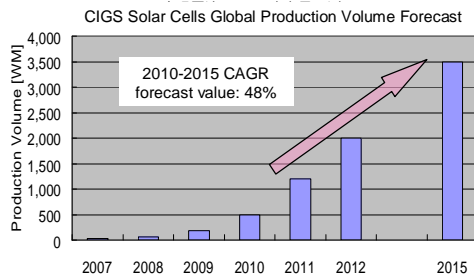


## TOPICS

Planning to enhance gas production capacity for CIGS solar cells (H<sub>2</sub>Se)

### Outlook for the CIGS thin-film solar cell market

- Japanese manufacturers lead in CIGS market
- Global production volume: 500MW in 2010 → 3,500MW in 2015
- Estimated demand for H<sub>2</sub>Se in 2015 :150 tons/year or more
- High conversion efficiency and low unit price per watt compared to thin silicon film → becoming a rival to crystalline solar cells
- Taiwan semiconductor foundry giant, TSMC has declared its entry into CIGS business
- Many electronic device, equipment and material manufacturers in and outside Japan are currently considering this business



Source: Present Status and Future Outlook of Solar Cell Technologies and Market 2010 (Fuji-Keizai: July 23, 2010)

Roadmap for Solar Power Generation "PV2030+" (Current and future target value for conversion efficiency (%))

Cell type	Current		2017 (Target value)	
	Module	Cell	Module	Cell
Crystalline silicon	Up to 16	25	20	25
Thin silicon film	Up to 11	15	14	18
CIGS	Up to 11	20	18	25
Compound	Up to 25	41	35	45
Dye-sensitized	-	11	10	15
Organic	-	5	10	12

Source: EE Times Japan, October 2010



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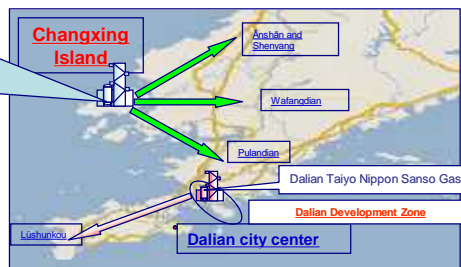
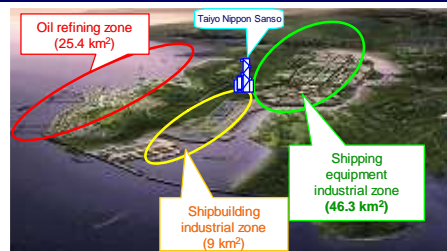
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## TOPICS

### Completion of Latest Plant on Dalian Changxing Island

Completion of largest liquefied gas manufacturing plant in northeast China

Changxing Island is most important area in the national project to develop northeast China (Five Points, One Line development strategy)



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# TOPICS

## Contribution to the JAXA Hayabusa Project



Capsule after landing in Woomera Desert

Pictures provided by:  宇宙航空研究開発機構  
Japan Aerospace Exploration Agency

Taiyo Nippon Sanso's space environmental testing equipment (space chamber) contributed to the development of Hayabusa

Highly-purified liquid nitrogen made by TNSC contributed to analysis of the inside of recovered capsule

### Space chambers



Largest space chamber in Japan installed at JAXA Tsukuba Space Center



Inner-Planet Thermal Vacuum Environment Simulator, a compact space chamber

## Highly-purified liquid nitrogen produced in Sagamihara used in the Hayabusa clean chamber



小惑星探査機  
はやぶさの大冒険  
山根一寛  
星のかけを辿って、  
地球に戻るまで、  
4の星のかけ、  
7年かけて集めた  
小惑星探査機の花巻。  
感動の地球帰還、そして、  
7年間の旅路のドキュメント。  
宇宙探査の歴史を塗り替えた数々の記録、  
太陽系探査の謎を解く大発見の可能性も！  
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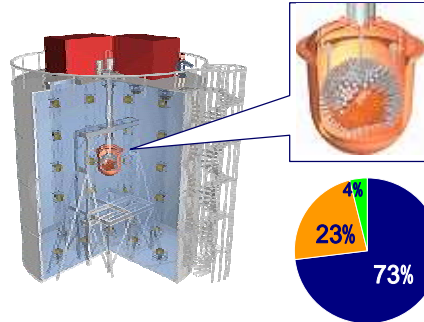
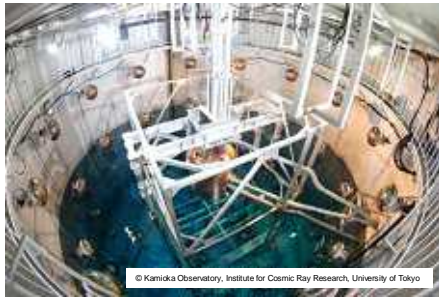
「Of all the 99.99995 percent pure nitrogen being sold for industrial use in Japan, the liquid nitrogen made at Taiyo Nippon Sanso's new Sagamihara Plant was the cleanest.」

Excerpt from page 232

## TOPICS

### Contribution to the **XMASS Project** (Institute for Cosmic Ray Research, University of Tokyo)

TNSC manufactured and delivered vacuum heat-insulating containers containing equipment central to the detection of dark matter in the universe, as well as xenon rectification equipment, and other peripheral equipment



Pictures provided by:



## *The New Medium-term Business Plan (Fiscal 2011 to Fiscal 2013)*

## Basic Approach of New Medium-term Business Plan (i)

A new start for the 101st year of  
TNSC

Back to its origins

Solidify the foundation for further  
development going forward and to  
prepare the company for the next  
50 to 100 years



## Basic Approach of the New Medium-term Business Plan (ii)

- 1) Strengthen compliance and ensure safety and quality control
- 2) Efficient management rigorously focusing on cost- and labor-benefit performance
- 3) Strengthen regional sales base
- 4) Focus on cylinder business
- 5) Strengthen R&D
- 6) Continue proactive investment



Create and improve corporate value



## Basic Priority Strategies

Continue basic priority strategies of current medium-term business plan

1. Concentrate management resources in growth markets and regions
2. Strengthen upstream strategies
3. Strengthen M&A strategy
4. Implement cost reductions
5. Strengthen group management



Picture: Air separation plant under construction in Vietnam (Hanoi)



## *Fiscal 2011 Consolidated Full-Term Forecasts*

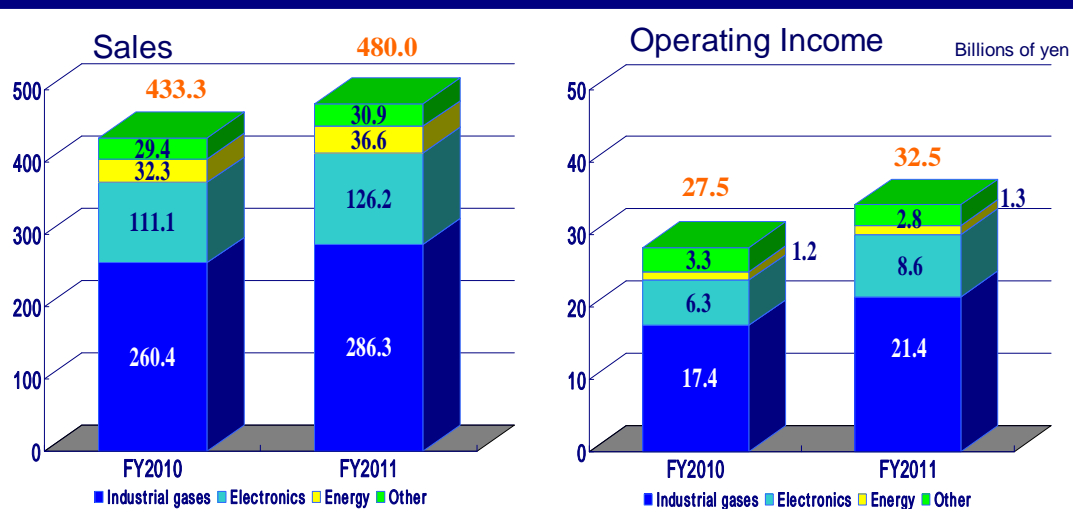


## Fiscal 2011 Consolidated Full-Term Forecasts

	FY2010 Ratio to sales	FY2011 (targets)	FY2011 (Forecast)	YoY % change	Billions of yen Change from targets % change
Sales	433.3	480.0	480.0	+46.6 +10.8%	± 0 ± 0.0%
Operating Income	27.5 6.4%	32.5 6.8%	32.5 6.8%	+4.9 +17.9%	± 0 ± 0.0%
Ordinary Income	27.0 6.2%	30.5 6.4%	30.5 6.4%	+3.4 +12.7%	± 0 ± 0.0%
Net Income	15.7 3.6%	17.0 3.5%	17.0 3.5%	+1.2 +7.9%	± 0 ± 0.0%



## Fiscal 2011 Consolidated Full-Term Forecasts by Segment



\* Total operating income is the amount after consolidated eliminations.





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- This presentation and report contain forward-looking statements (estimates and forecasts) regarding the future plans, strategies, activities and performance of Taiyo Nippon Sanso Corporation.

Forward-looking statements reflect management's assumptions and beliefs based on information available as of the time of writing. Risks and uncertainties include, but are not limited to, changes in general economic and specific market conditions, currency exchange rate fluctuations, tax systems, and regulations.

Actual results may thus differ substantially from the said forward-looking statements, and investment decisions should not be made solely on the basis of the information provided herein.

