

# Report on Business Performance for the Fiscal Year Ended March 2009

May 19, 2009

Taiyo Nippon Sanso Corporation

*19, May, 2009*



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# Fiscal 2009 consolidated results

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## Fiscal 2009 consolidated full-term results

(Billions of yen)

	FY2007	FY2008 (latest estimate)	FY2008 (actual)	YoY change	Change from estimate
Sales	507.7	495.0	495.7	-11.9 -2.4%	+0.7 +0.2%
Operating income	38.7 7.6%	29.0 5.9%	29.1 * 5.9%	-9.6 -24.8%	+0.1 +0.6%
Recurring income	38.5 7.6%	27.4 5.3%	27.9 5.6%	-10.5 -27.4%	+0.5 +2.0%
Net income	21.9 4.3%	15.0 3.0%	16.5 3.3%	-5.3 -24.6%	+1.5 +10.2%

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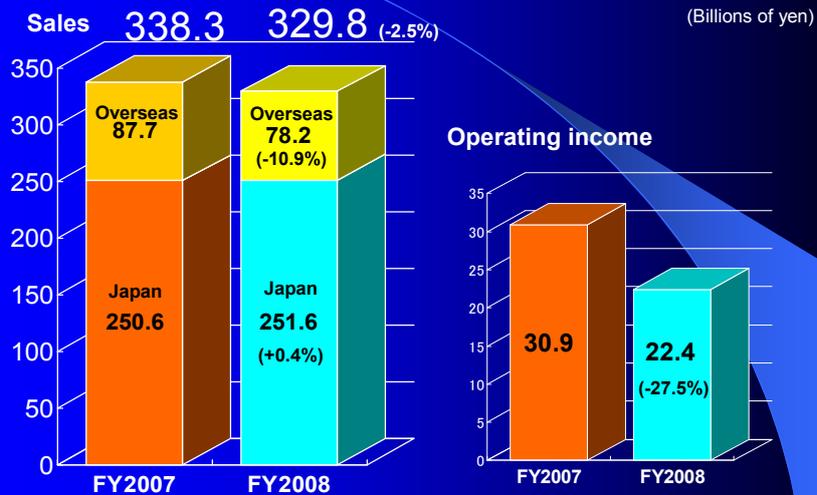
Note: For the reporting period, the following negative factors impacted earnings.  
a) ¥1.90 billion increase in depreciation expenses due to changes in the useful lives of long-lived assets as a result of an amendment to the taxation system, and b) the posting of ¥1.42 billion in expenses for the amortization of goodwill recognized by an overseas subsidiary as a result of the mandatory application of new accounting standards

# Breakdown by segment (consolidated)

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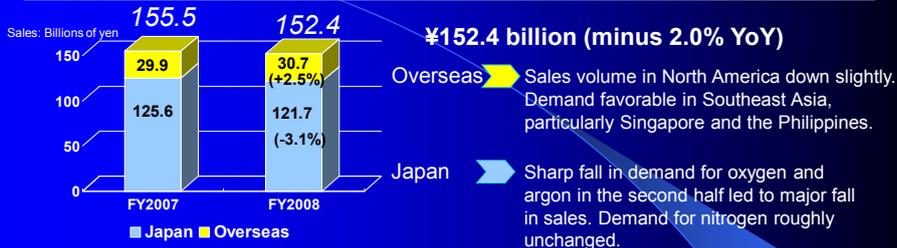
## Gas business



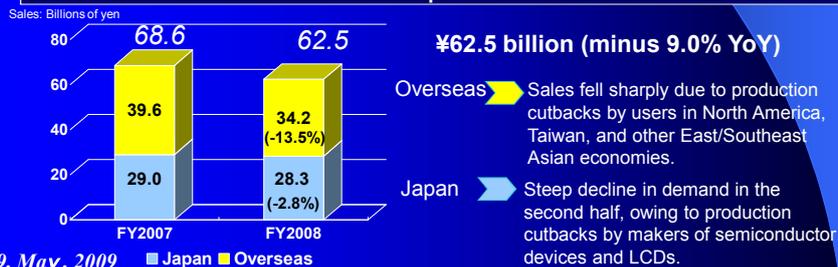
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## Oxygen, nitrogen, argon



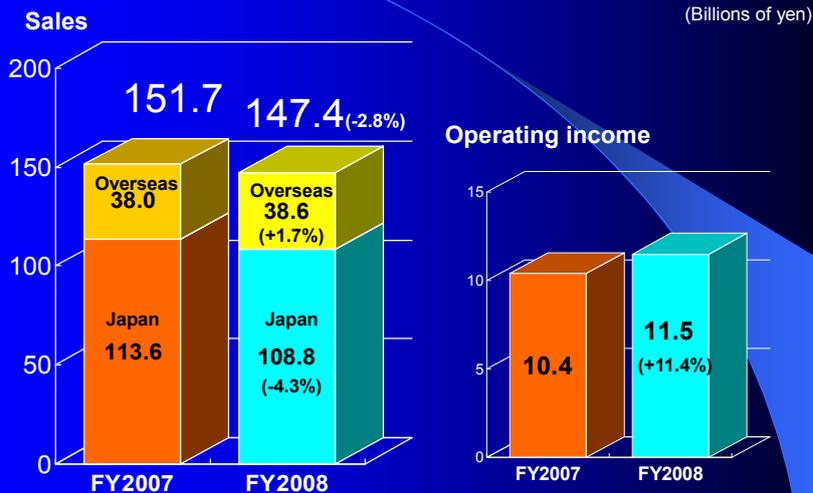
## Gases for electronic device production



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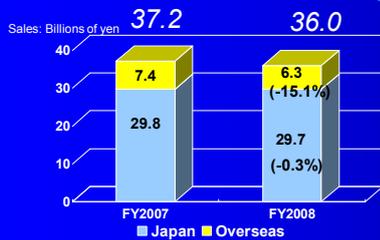
## Machinery & equipment business



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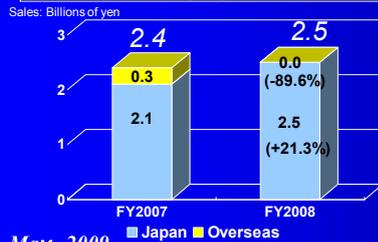
## Electronics-related equipment and installation



¥36.0 billion (minus 3.3% YoY)

- Overseas ▶ Demand declined in North American market.
- Japan ▶ Revenues at previous year's level thanks to smooth progress in large-scale projects.

## MOCVD equipment



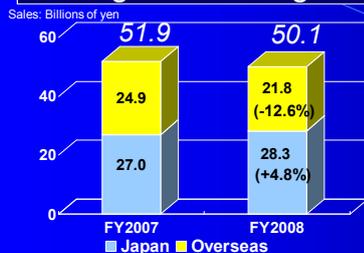
¥2.5 billion (plus 5.5% YoY)

Demand growth slowed down temporarily due to the sudden business downturn, but inquiries for large-size models have once again become brisk.

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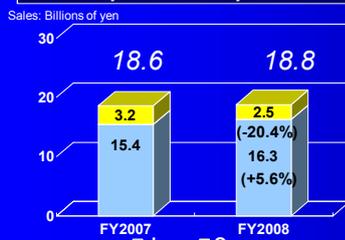
## Cutting and welding-related equipment



¥50.1 billion (minus 3.6% YoY)

- Overseas ▶ Demand declined in North American and Asian markets.
- Japan ▶ Sales fell sharply in second half, but full-term sales revenues were up, thanks to firm sales to shipbuilders.

## Air separation plants



¥18.8 billion (plus 1.1% YoY)

- Overseas ▶ Orders received for air separation units from Korea and Vietnam.
- Japan ▶ Capital investment plans expected to be slashed as economic downturn becomes more severe, but overall sales holding steady thanks to contribution of large-scale orders.

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# Major topics

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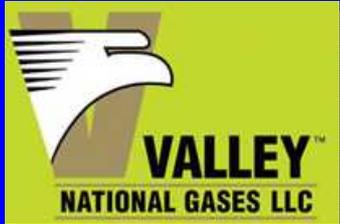
## Topics - Overseas

**TNSC acquires largest independent industrial gas distributor in United States  
- Purchase of Valley National Gases via Matheson Tri-Gas –**

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## Outline of Valley National Gases LLC



- Established 1958
- Listed on NASDAQ in 1997
- Largest independent distributor of industrial gases in the U.S.
- Headquartered in Cleveland, Ohio
- Operates 95 business facilities in 18 U.S. states
- 941 employees

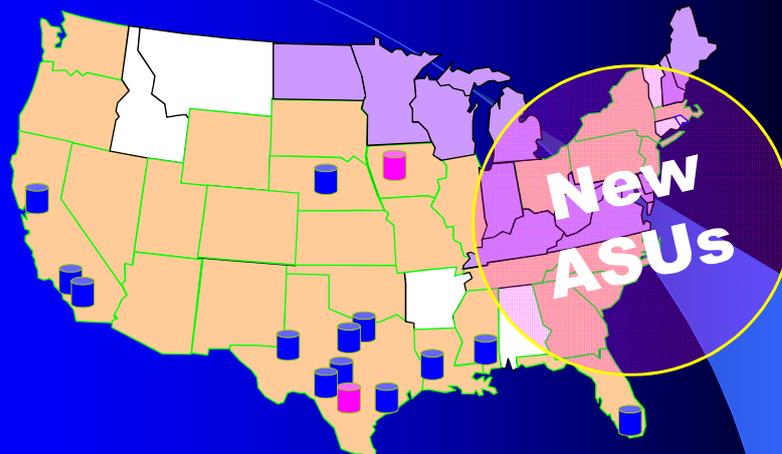


Through this acquisition, TNSC has acquired a comprehensive (production-through-delivery) network covering the northeast United States. Combined with our existing network in Florida, this gives us a base from which to expand operations over the whole East Coast.

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## Planned expansion across U.S. East Coast, made possible by acquisition of Valley National Gases (VNG)



- ASUs built up to 2008
- ASUs built/planned in 2009
- MTG's marketing area up to 2008
- New marketing areas thanks to acquisition of VNG

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## History of TNSC's business development in the United States

- 1983: TNSC acquires 50% equity in Matheson Gas Products, Inc. (MGP), with Amerigas acquiring remaining 50%
- 1989: MGP becomes wholly-owned subsidiary
- 1991: Acquired Semi-Gas Systems, Inc.
- 1992: Acquired Tri-Gas, Inc.
- 1999: Matheson Gas Products, Inc. merged with Tri-Gas, Inc. to create Matheson Tri-Gas, Inc.
- 2004: Six ASUs (formerly of Messer) purchased from Air Liquide
- 2006: Acquired major Midwest industrial gas producer Linweld in Aug.
- 2006: Purchased helium business from BOC in Sept.
- 2007: New large-scale ASUs go into operation in Southern California
- 2008: Acquired Five Star Gas & Gear of Southern California, and Aeris of Northern California
- 2009: Acquired Valley National Gases

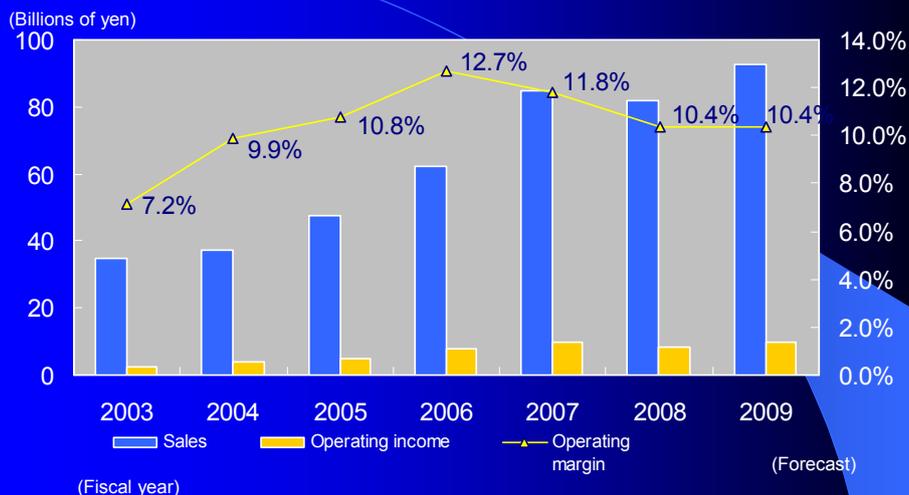
Further scheduled developments in 2009

- Two large-scale ASUs to be constructed in Iowa and Texas

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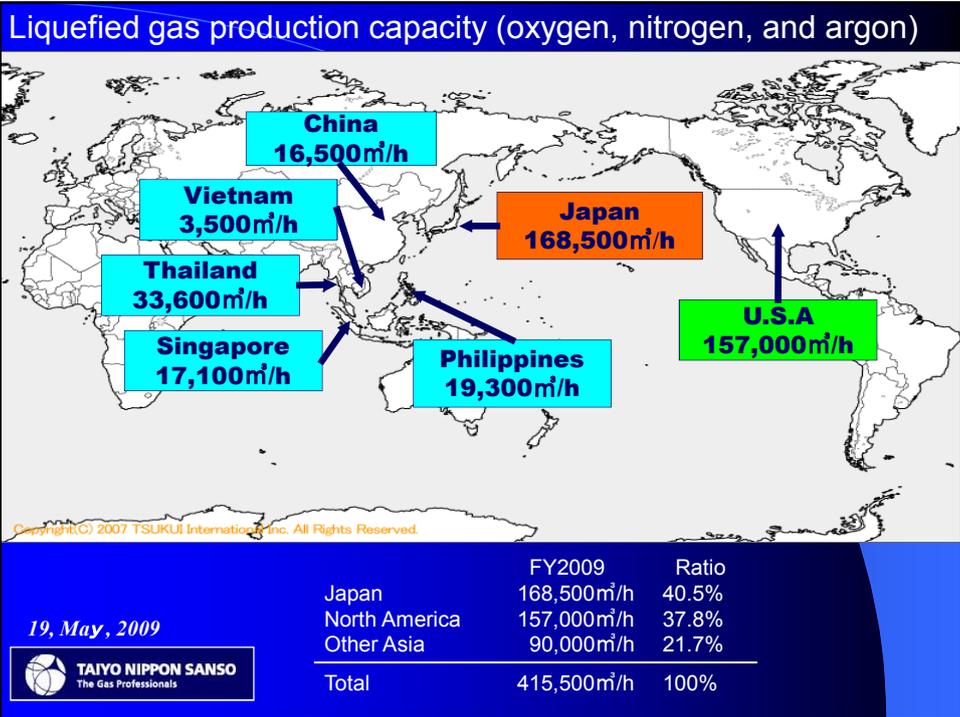
## Business developments in North America



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Note: Compiled from figures for geographical segmentation in the Company's annual reports.



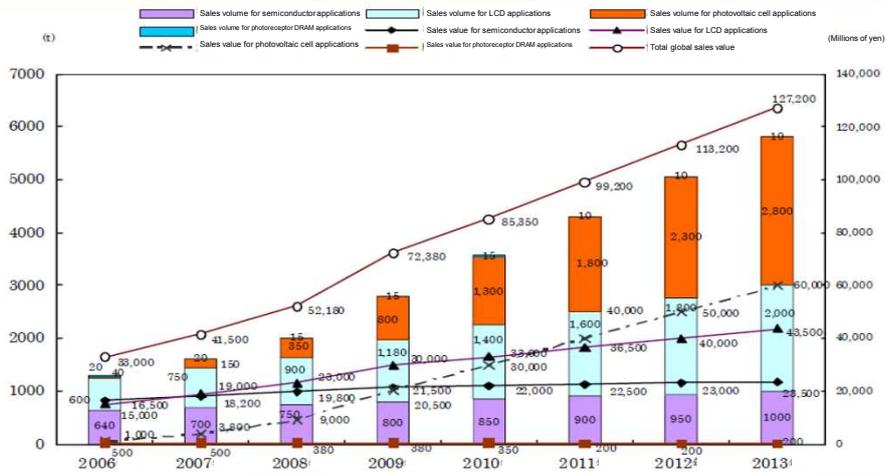
## Topics - Japan

**Joint monosilane gas production project launched with Evonik Degussa Japan Co.,Ltd.**

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## Forecasts of world demand for monosilane



Source: Outlook for Electronics Process Materials and Products Markets in 2008 (Fuji Keizai)

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## Outline of Evonik Industries



### Evonik Degussa/Chemicals Division

- No. 3 chemicals maker in Germany
- Sales of ¥11,512 million euros per annum
- 31,728 employees

### Evonik Steag/Energy Division

### Evonik Immobilien/Real Estate Division

### Evonik Services/Other Businesses

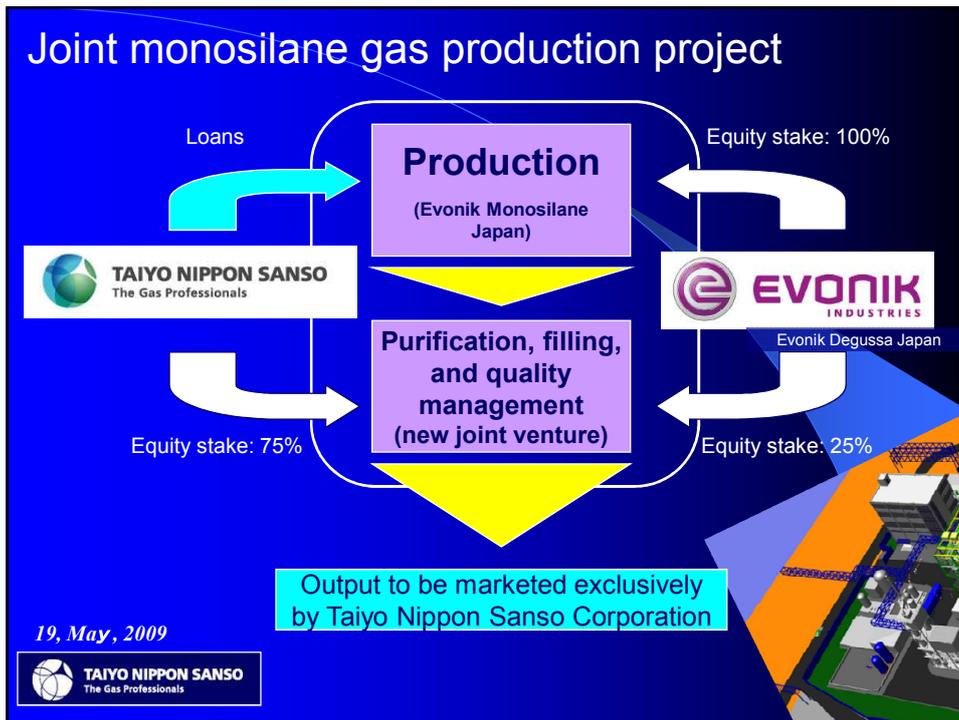
Total sales for FY2008 amounted to ¥15,873 million euros  
Number of employees = 40,767

### Evonik Degussa Japan, Co., Ltd.

**Establishment:** November 1969  
**Ownership:** Wholly owned by Evonik Degussa GmbH  
**Paid-in capital:** ¥498 million  
**Sales:** ¥27,700 million for 2008 (term to Dec.)  
**Employees:** 120

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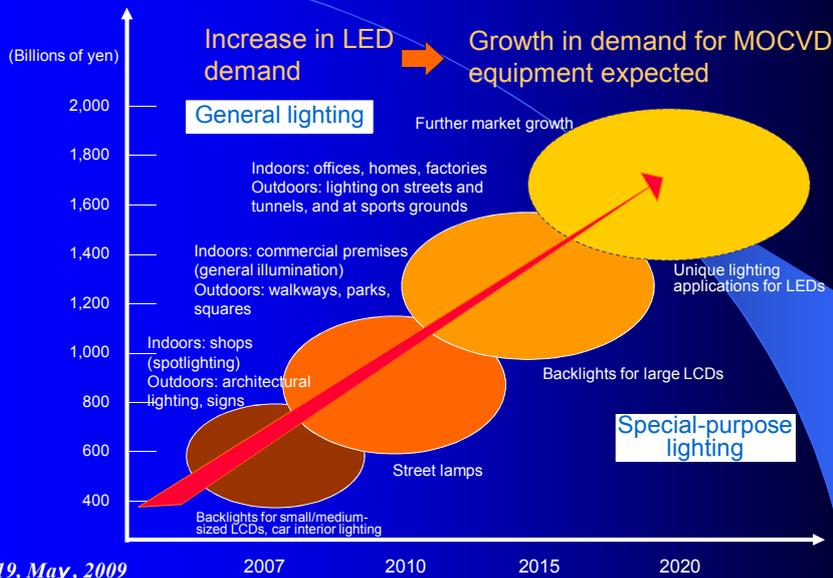
## Topics - Japan

# Reinforcement of MOCVD equipment business

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## The expanding LED market

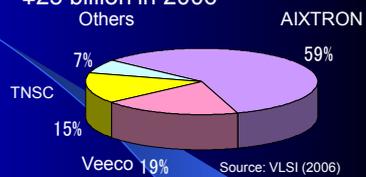


Source: Overview of LED Market Scale (total lighting market)/Roadmap for Development of White-Light LED Technology (Revised edition, April 2008, Association for Promotion of LED Lighting)

## Reinforcement of TNSC's MOCVD equipment business

Acquired MOCVD operations of Nippon EMC (now under name of Taiyo Nissan EMC) in 2007

World Market scale = approx. ¥25 billion in 2006



Expanding product lineup

TNSC has 80-90% share of Japanese market

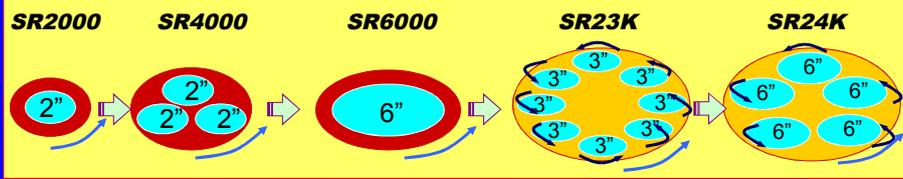


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## Lineup of MOCVD equipment models (GaN devices)

Model:	<b>SR2000</b>	<b>SR4000</b>	<b>SR6000</b>	<b>SR23K</b>	<b>SR24K</b>
Substrate size:	<b>2" × 1</b>	<b>2" × 3</b>	<b>6" × 1</b> <b>2" × 6</b>	<b>2" × 10</b> <b>3" × 8</b>	<b>6" × 5</b> <b>3" × 12</b>
Applications:	R&D	For R&D/production of optical devices such as laser devices, ultraviolet devices, and high-output devices	For production of electronic/optical devices such as LEDs, FETs and on-silicon devices	For production of optical devices such as LDs and LEDs	For production of electronic devices such as FETs and on-silicon devices



We plan to launch a new large-scale model (the UR25K) with 4" x 11 and 3" x 15 wafer production capacity

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## The UR25K – state-of-the-art large-scale MOCVD equipment



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## Topics - Japan

# TNSC starts talks with Koike Sanso Kogyo on establishment of joint development and production company

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New company to be jointly set up in field of welding and cutting equipment

Nissan Tanaka



Koike Sanso Kogyo



Establishment of joint venture for the development and production of welding/cutting equipment (scheduled for Oct. 1, 2009)

New company to leverage proprietary technology of both parent companies

Pursuit of further improvements in development capability and competitiveness

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# Fiscal 2009 consolidated full-term forecasts

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## Fiscal 2009 consolidated full-term forecasts

(Billions of yen)

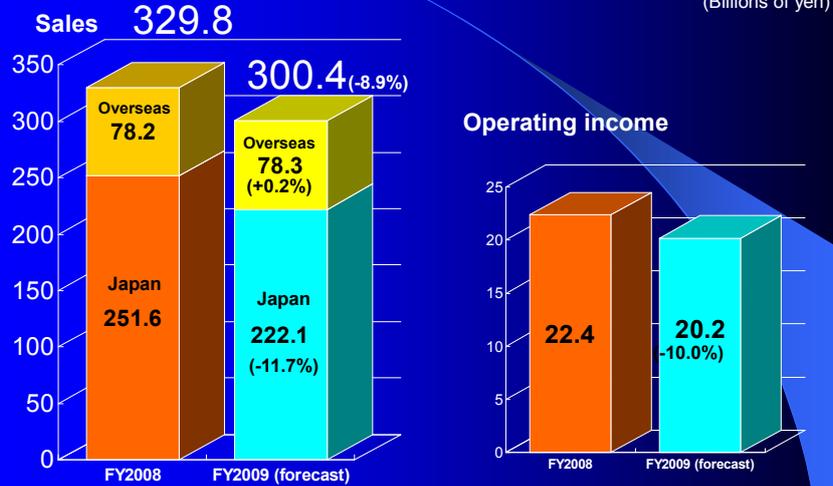
	FY2008	FY2009 (forecast)	Change	Percentage change
Sales	495.7	450.0	-45.7	-9.2%
Operating income	29.1 5.9%	27.4 6.1%	-1.7	-6.0%
Recurring income	27.9 5.6%	24.6 5.5%	-3.3	-12.0%
Net income	16.5 3.3%	13.3 3.0%	-3.2	-19.6%

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## Fiscal 2009 consolidated full-term forecasts

### Gas business

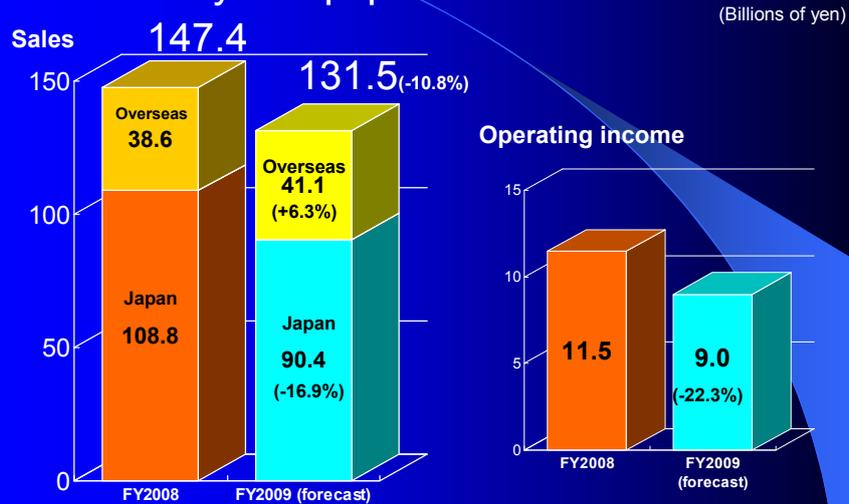


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## Fiscal 2009 consolidated full-term forecasts

### Machinery & equipment business



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