

## Business Performance for FY2010 (Year Ended March 2010)

May 18, 2010

Taiyo Nippon Sanso Corporation



### Business Performance for FY2010 (consolidated)

(Billions of yen)

	FY2009 Ratio to sales	FY2010 (forecast)	FY2010 (actual)	YoY change % change	Change from forecast % change
Sales	495.7	450.0	433.3	-62.4 -12.6%	-16.7 -3.7%
Operating income	29.1 5.9%	27.4 6.1%	27.5 6.4%	-1.6 -5.5%	0.1 +0.6%
Recurring income	27.9 5.6%	24.6 5.6%	27.0 6.2%	-0.9 -3.2%	2.4 +10.0%
Net income	16.5 3.3%	13.3 3.0%	15.7 3.6%	-0.8 -4.7%	2.4 +18.4%

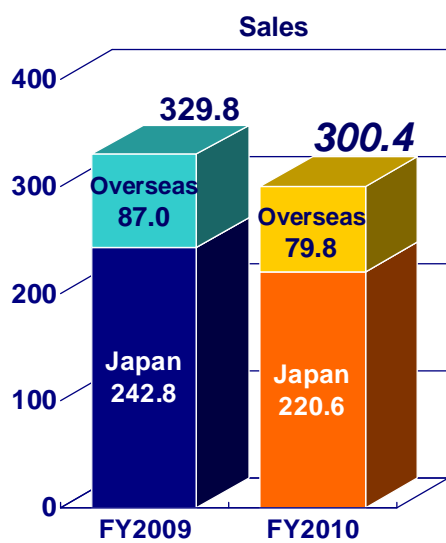


## Breakdown by Segment

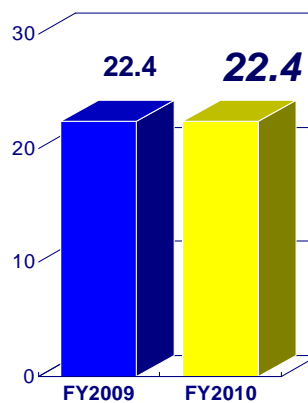


### FY2010: Breakdown by segment (consolidated)

#### Gas business



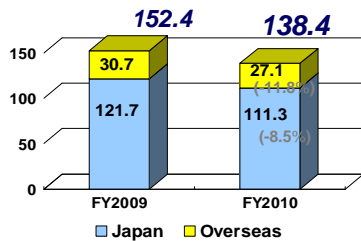
#### Operating income



## FY2010: Sales in gas business

(Billions of yen)

### Oxygen, Nitrogen, Argon

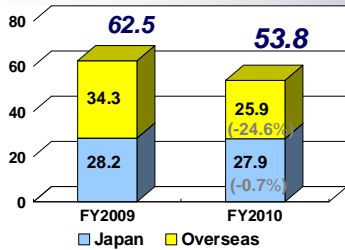


**¥138.4 billion (down 9.2% YoY)**

**Overseas** ▶ Despite recovery momentum from in the middle of the term, overall demand pickup in North America was limited.

**Japan** ▶ Demand for on-site supply of gas to the steel, chemical, and electronics sectors rebounded, but bulk gas demand recovered only slightly.

### Electronic Material Gases



**¥53.8 billion (down 13.8% YoY)**

**Overseas** ▶ Despite demand recovery momentum led by North America and Taiwan, sales were severely impacted by the slump at the beginning of the term.

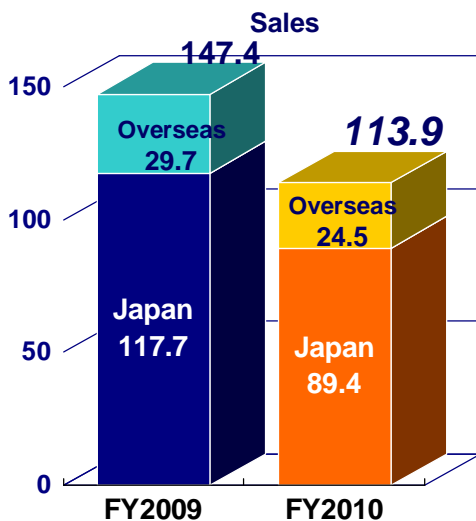
**Japan** ▶ Demand from manufacturers of LCD devices and semiconductors recovered. Supplies launched to plants of a large LCD panel manufacturer.



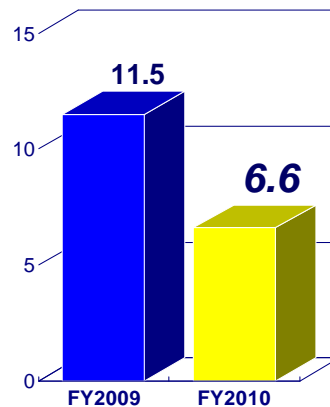
## FY2010: Breakdown by segment (consolidated)

### Machinery & equipment business

(Billions of yen)



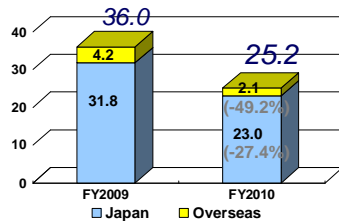
### Operating income



## FY2010: Sales in machinery & equipment business

(Billions of yen)

### Electronics-related equipment and installation

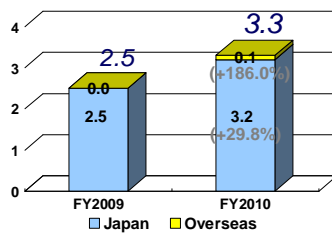


**¥25.2 billion (down 30.0% YoY)**

**Overseas** Sales were hit by delays and postponements in capital investment plans at Taiwan customers.

**Japan** Despite steady progress in large-scale projects, there was a fall in new investments.

### MOCVD equipment



**¥3.3 billion (up 32.0% YoY)**

**Overseas** More inquiries seen from South Korean, Taiwanese and other customers.

**Japan** Inquiries and robust orders for large mass-production systems for LED manufacturers

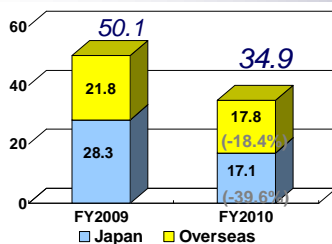


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## FY2010: Sales in machinery & equipment business

(Billions of yen)

### Cutting and welding-related equipment

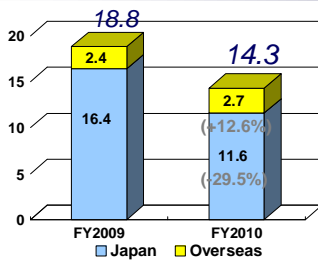


**¥34.9 billion (down 30.4% YoY)**

**Overseas** Recovery in North America was only moderate, and competition in China intensified.

**Japan** Weak demand from public and construction projects, with steep drop in capital investment at our customers.

### Air separation plants



**¥14.3 billion (down 24.1% YoY)**

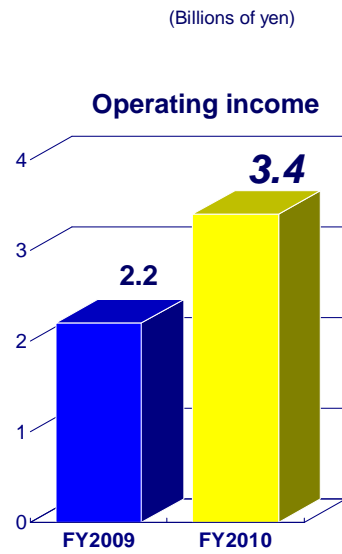
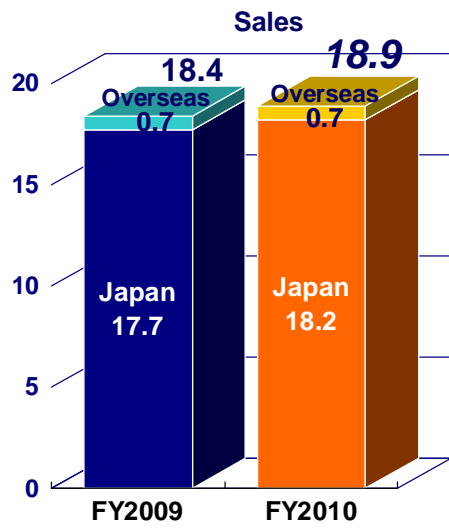
**Overseas** Steady sales to South Korean customers

**Japan** Slowdown in new investment projects



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**FY2010: Breakdown by segment (consolidated)**  
**Housewares business and others**



**Highlights**



## FY2010 Highlights (Overseas)

- Acquisition of America's largest independent industrial gas distributor, Valley National Gases LLC
- Launch of the Group's first medical oxygen business, in Shanghai, China
- Acquisition of Indian industrial gas distributor K-Air Gases India Private Limited
- Aggressive investment in the Philippines and Vietnam, with plans to significantly increase production capacity



## FY2010 Highlights (Japan)

- Launch of gas supplies to “Green Front Sakai” (Osaka)
- Start of construction in joint monosilane gas production project with Evonik Degussa Japan
- Launch of drive to expand sales of MOCVD equipment
- Successful development of separation and transfer membranes for high orientation carbon nanotubes (CNTs)
- More inquiries regarding Cryolibrary



Joint manufacturing project with Evonik Degussa



Overview of Sharp "Green Front" Sakai Plant



# In Focus



## Business Focus (1)

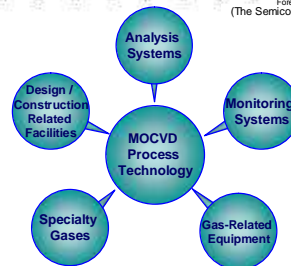
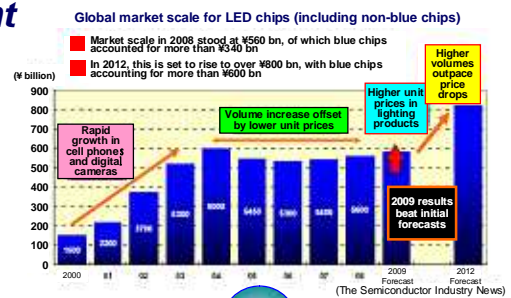
### Sales drive for MOCVD equipment

To respond to growing demand-side needs in Japan and overseas, we have completed construction of further demonstration models of large-scale UR-25K mass-production systems.

- > Installation of demonstration models for new mass-production systems during the year
- > Expand sales in Japan and overseas markets



**Aim to become global MOCVD equipment manufacturer by FY2013**  
 (40% of sales overseas, worldwide share of 20%)



Taiyo Nippon Sanso proposes total solutions for compound semiconductors.

## Business Focus (2)

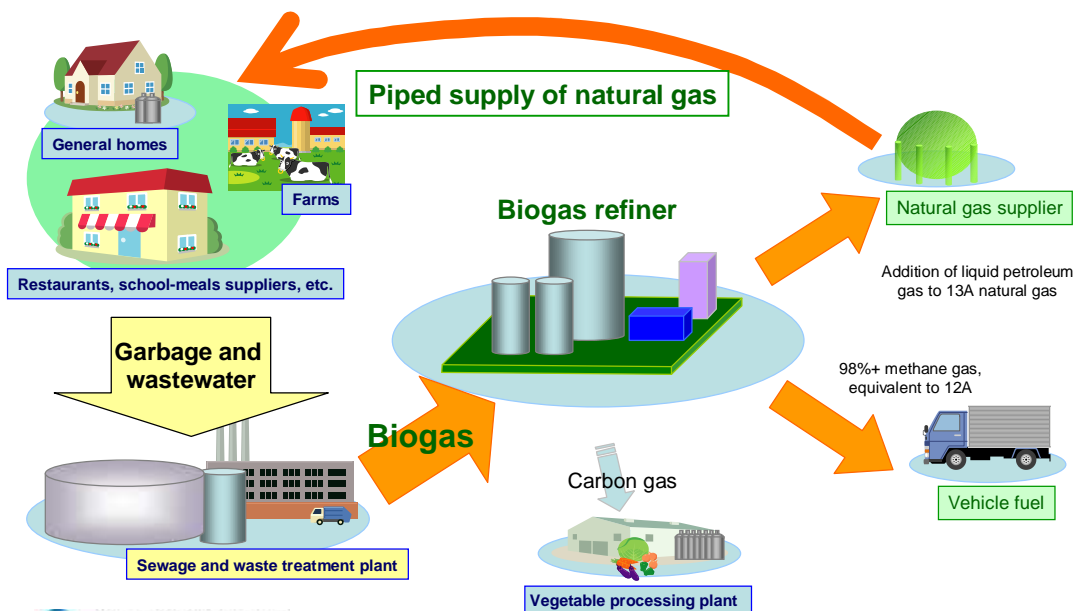
### Biogas refining unit

We began shipments of a biogas refining unit in preparation for trials starting in April 2009 to model a new business: supplying purified methane for household use by combining biogas refining, transportation and storage technologies.

➔ **First confirmed successful trial in Japan for a commercialized biogas supply system for general household energy use**



## Biogas: A closed-loop system for the future



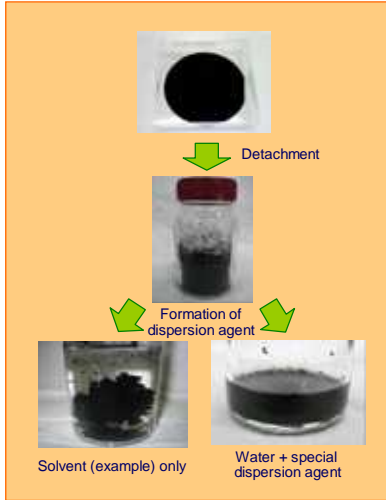


### Business Focus (3)



### Successful development of dispersion agent and transfer membrane for high orientation carbon nanotubes (CNTs)

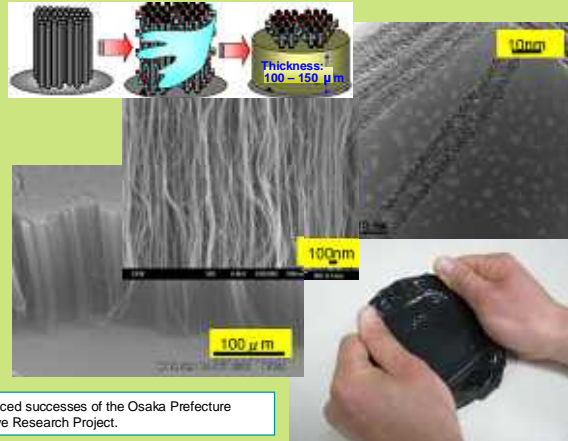
High-orientation CNT dispersion agent



High-orientation CNT transfer membrane

Electrode materials for solar cells, fuel cells, and lithium-ion batteries, etc.  
Applications expected in displays (field emission materials, etc.)

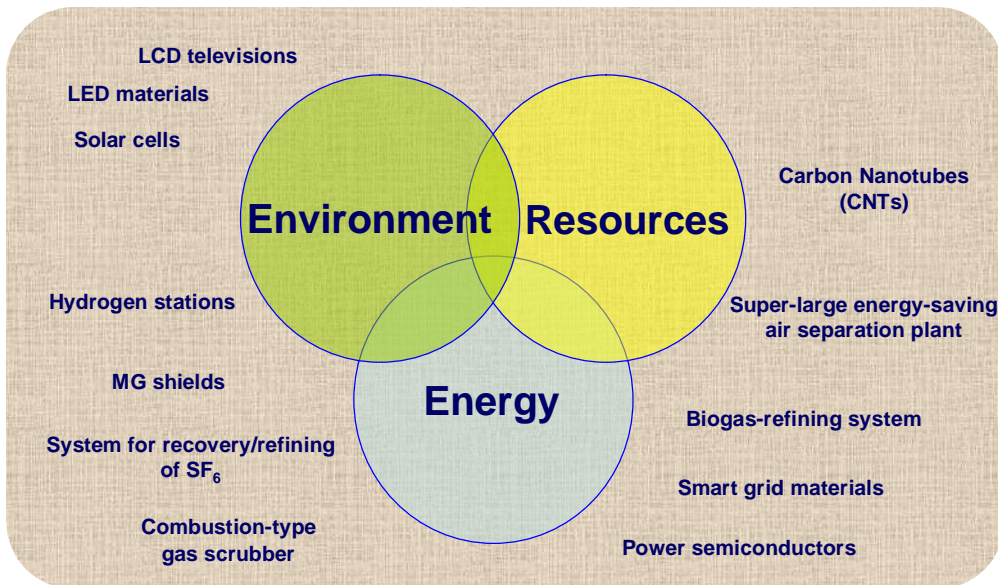
> **Aiming for commercialization within three years**



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This business is one of the announced successes of the Osaka Prefecture Regional Cluster Type Collaborative Research Project.

### Environment, Resources and Energy-Related Measures



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## Topics



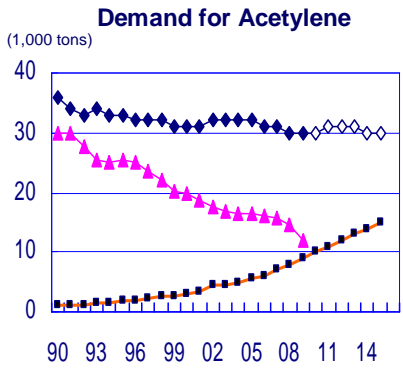
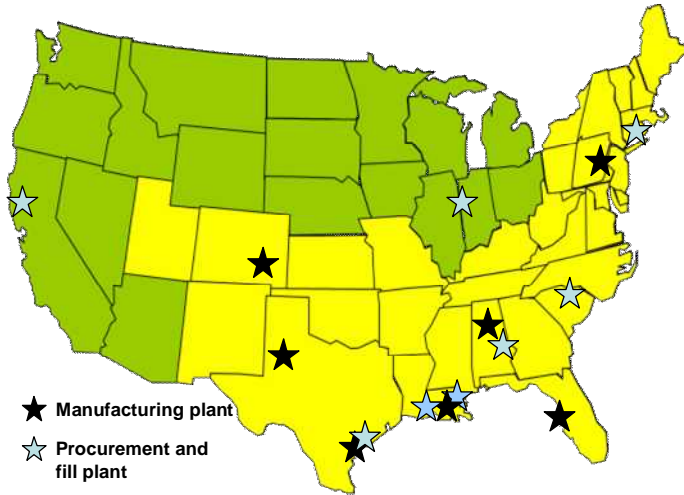
## Topics

### ***Acquisition of Western International Gas & Cylinders Inc., North America's largest independent acetylene manufacturer and wholesaler***

Trade name: Western International Gas & Cylinders Inc.  
Representative: Dan Hord III (CEO)  
Location: Bellville, Texas  
Date of establishment: 1985  
Nature of business: Procurement, manufacture and marketing of acetylene  
Fiscal year-end: December  
Number of employees: Approx. 290  
Number of business locations: 15 in 10 US states



## Western International Gas & Cylinders Inc.: Manufacturing plants and fill plants

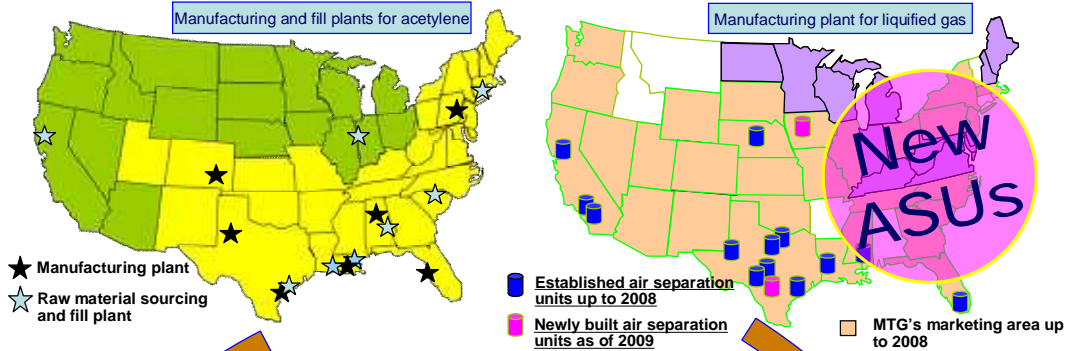


◆ Demand in US  
■ Raw material for US chemical industry  
▲ Demand in Japan

\* Estimates based on published materials of various companies



## Continued expansion and sales growth at US businesses



1. Strengthen cost competitiveness
2. Create new demand

Further raise profile in US market



## FY2011 Consolidated Full-Term Forecasts



### FY2011 consolidated full-term forecasts

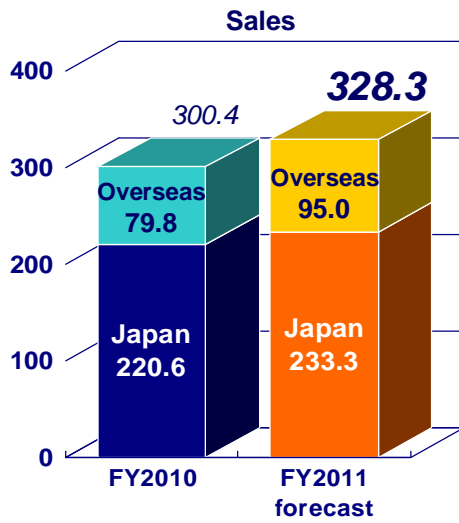
(Billions of yen)

	FY2010 (actual)	FY2011 (forecast)	YoY change	% change
Sales	433.3	480.0	46.6	+10.8%
Operating income	27.5 6.4%	32.5 6.8%	5.0	+17.9%
Recurring income	27.0 6.2%	30.5 6.4%	3.5	+12.7%
Net income	15.7 3.6%	17.0 3.5%	1.3	+7.9%

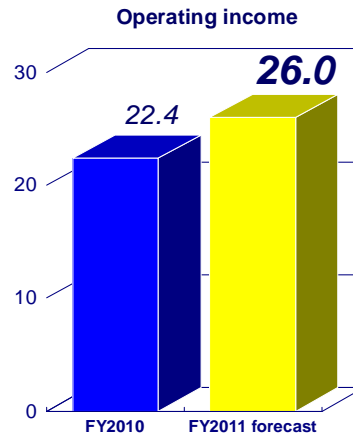


## FY2011 consolidated full-term forecasts

### Gas business



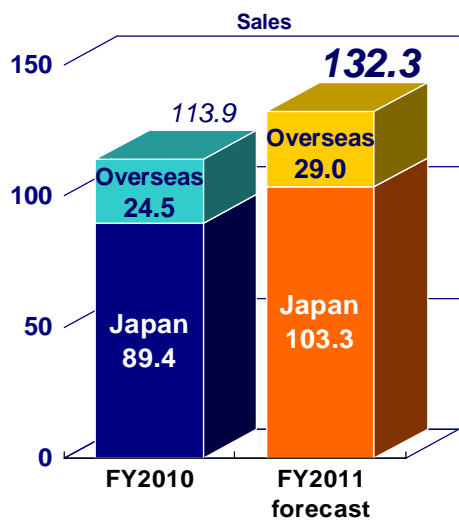
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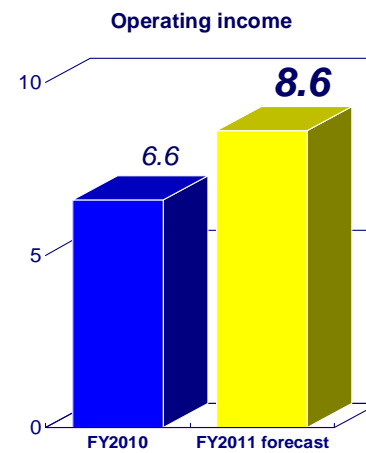
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## FY2011 consolidated full-term forecasts

### Machinery & equipment business



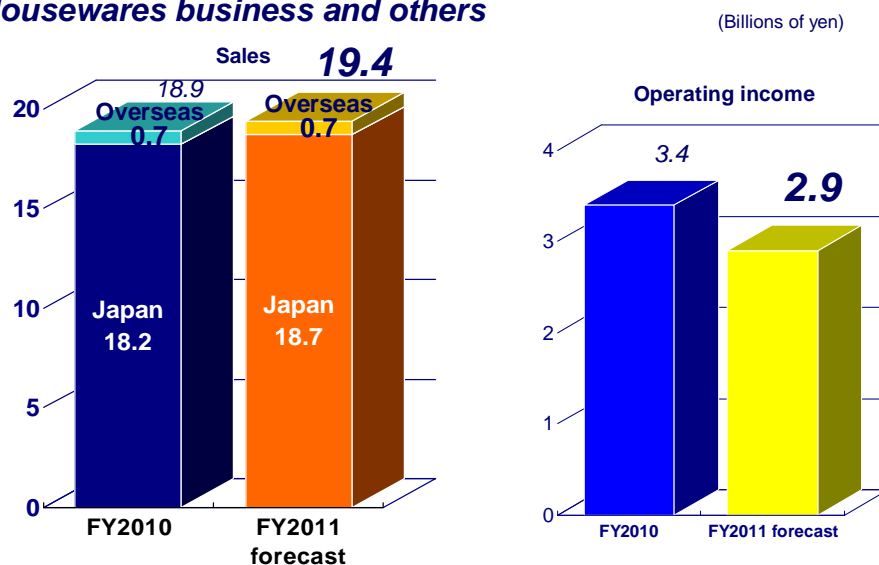
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## FY2011 consolidated full-term forecasts

### Housewares business and others



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