



December 13, 2018

Notice Regarding Acquisition of a HyCO Business and Related Assets in the United States

Taiyo Nippon Sanso Corporation (TNSC) announces it has concluded an agreement with the Linde Gas North America LLC (hereafter “Linde America”) its subsidiary of the German company Linde Aktiengesellschaft (hereafter “Linde AG”) to acquire a portion of its HyCO business (*1) and related assets in the United States through its wholly-owned subsidiary, Matheson Tri-Gas, Inc. (hereafter “Matheson”, headquartered in Irving, Texas, United States).

(*1) “HyCO” stands for hydrogen (H₂) and carbon monoxide (CO), which are separated from natural gas and other gases through a technology called Steam Methane Reforming (hereafter “SMR”) and other equipment. The HyCO business provides large-scale supply of H₂ and CO to customers in oil refining and petrochemical industries by way of a pipeline.

1. Acquisition Background

Linde AG agreed to a merger with Praxair, Inc. (hereafter “Praxair”) on June 1, 2017. The United States Federal Trade Commission approved the merger between Linde AG and Praxair on October 22, 2018 with the condition that some of Linde AG’s businesses including a portion of HyCO businesses in the United States be transferred to a third party. Thus Matheson recently concluded a contract with Linde America to acquire its HyCO business and its related assets at five locations in the United States.

2. Purpose and Efficacy of the Acquisition

TNSC is aiming to expand in the gas technology field by utilizing M&A as a strategy for its medium-term management plan entitled “Ortus Stage 2.” The Company decided on full-scale entry into the HyCO business from the perspective of strengthening its proposal capabilities with enhancements to its product lineup. The acquisition further realizes this endeavor, and the following can be expected as a result of the agreement:

- (1) Steady generation of earnings from on-site supply of H₂ and CO
- (2) Acquisition of resources (people / technology) further facilitating operation of HyCO business
- (3) Strengthening of the ability to offer proposals that will capture demand for new on-site projects in the U.S. (petroleum refining and petrochemicals, etc.)

3. Summary of Acquisition

- (1) Assets to be acquired: HyCO SMR plants (5 locations), pipelines, remote supervision systems
- (2) Acquisition value: 413,070,000 USD (equivalent of approximately 46.8B JPY*2)

*2 Assuming an exchange rate of 1 USD = ¥113.54 (as of December 12)

- (3) Payment method: Payment of the acquisition amount in cash on the acquisition completion date.

- (4) Method of funding: Acquisition funds will be procured through short-term bridge loans that will be promptly refinanced with long-term debt after the completion of the acquisition.
- (5) Acquisition to be completed upon the satisfaction of Federal Trade Commission requirements

4. Overview of subsidiary, Matheson

Name	Matheson Tri-Gas, Inc.
Address	909 Lake Carolyn Parkway Suite 1300, Irving, TX 75039, U.S.A.
Name and position of representative	Scott Kallman Chairman, President & CEO
Type of business	Manufacture and sale of industrial gas and related machinery and equipment
Capital amount	49USD

5. Future Prospects

We will make another announcement regarding March 2019 consolidated management performance of our Company resulting from this transaction after a detailed review following completion of the purchase procedures.