



TAIYO NIPPON SANSO
The Gas Professionals

Consolidated Business Performance for the First Half of the Fiscal Year Ending March 2016 (Fiscal 2016)

**November 6, 2015
TAIYO NIPPON SANSO Corporation**

Contents

1. Consolidated Business Performance for the First Half of FY2016
2. Segment Report
3. Topics
4. Consolidated Full-Year Forecasts for FY2016



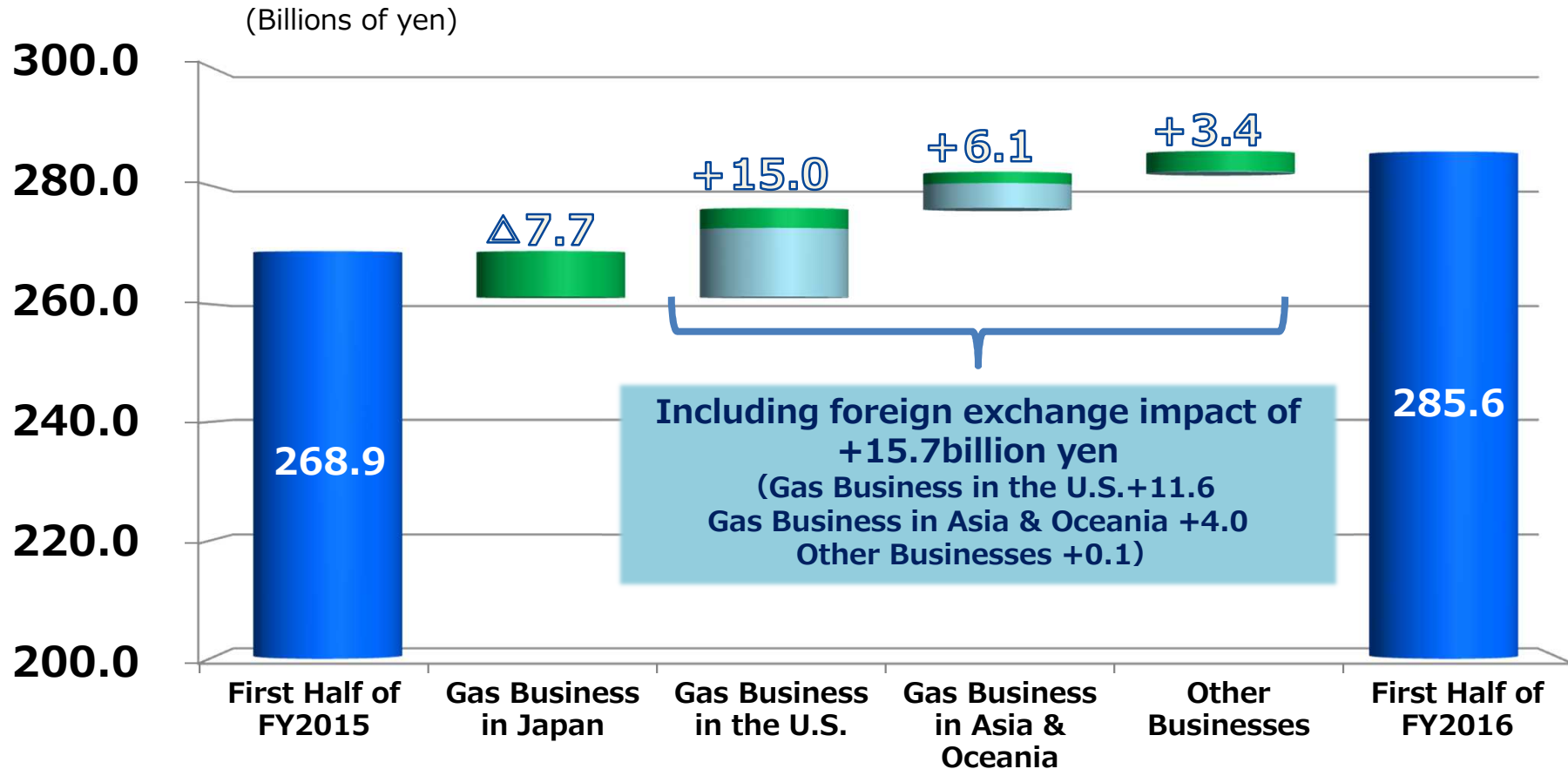
Consolidated Business Performance for the First Half of FY2016

(Billions of yen)	First half of FY2015 Margin	First half of FY2016 (Announced targets) Margin	First half of FY2016 (Results) Margin	YoY Change % change
Sales	268.9	293.0	285.6	+16.8 +6.2%
Operating Income	16.4 6.1%	17.6 6.0%	18.9 6.6%	+2.5 +15.3%
Ordinary Income	16.5 6.2%	17.7 6.0%	19.4 6.8%	+2.8 +17.2%
Net income attributable to owners of the parent	9.9 3.7%	12.8 4.4%	13.3 4.7%	+3.4 +34.2%

- Achieved the revised operating income forecast announced on August 4 with sales and profits increasing year on year.
- Net income attributable to owners of the parent increase as a result of a gain on step acquisition recorded on an M&A in Thailand

Analysis of Year-on-Year Change (1)

Sales

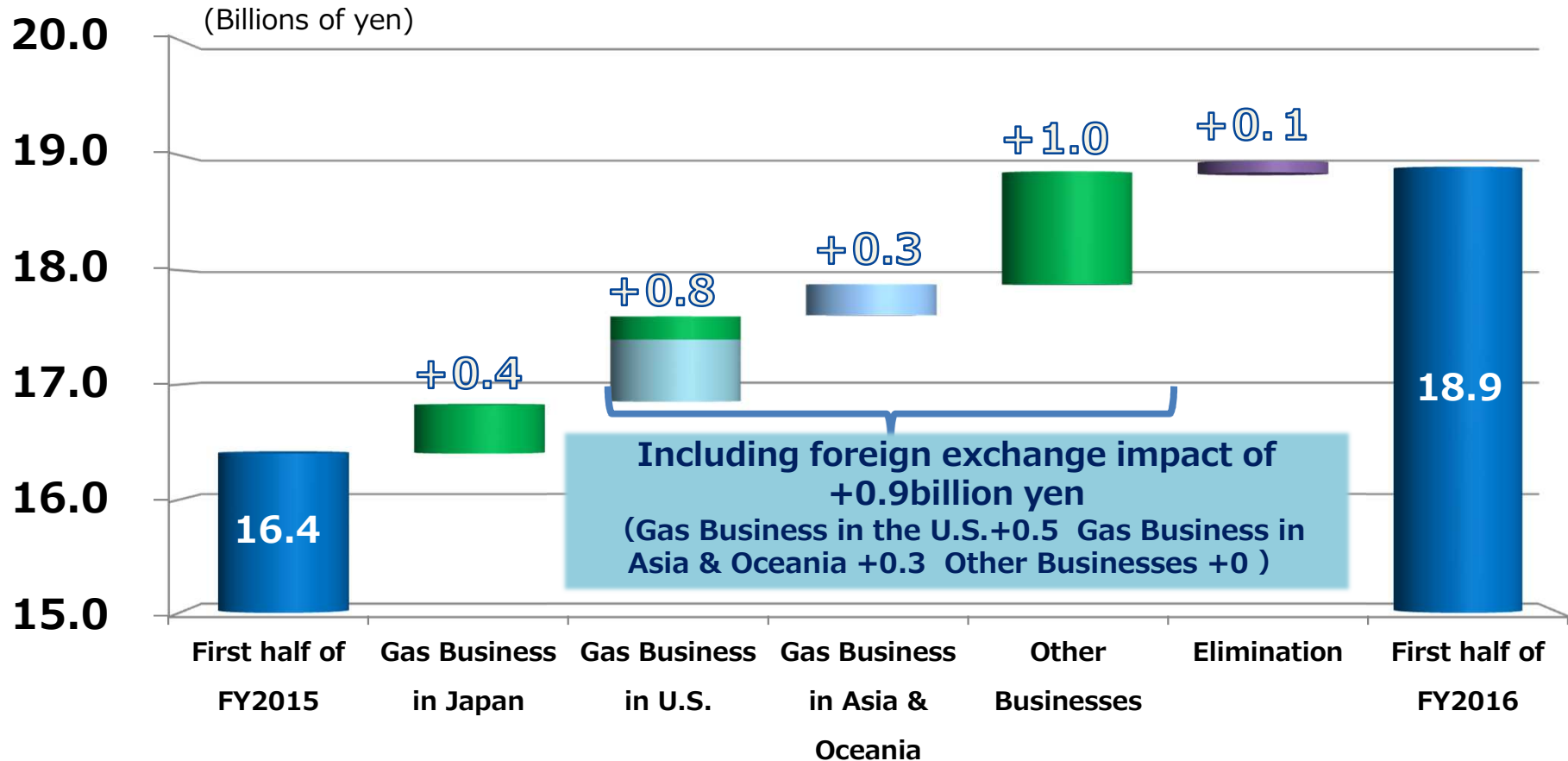


- Sales fell with falling oil prices pushing unit prices down in the Gas Business in Japan
- Sales grew steadily in the U.S. and Asia
- Revenues in Other Businesses were driven by sales increasing in the Thermos Business



Analysis of Year-on-Year Change (2)

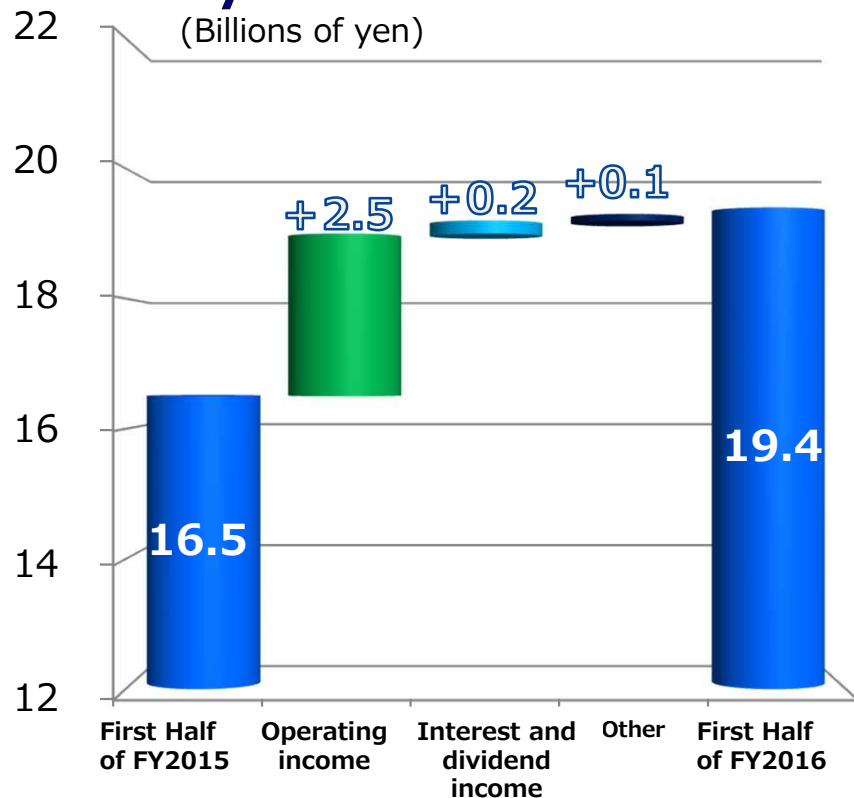
Operating Income



- The Gas Business in Japan saw profits increase as falling oil price drove costs down
- Profits grew in the U.S. but were flat in Asia on a local currency basis
- Profits in Other Businesses grew in line with increasing sales in the Thermos Business

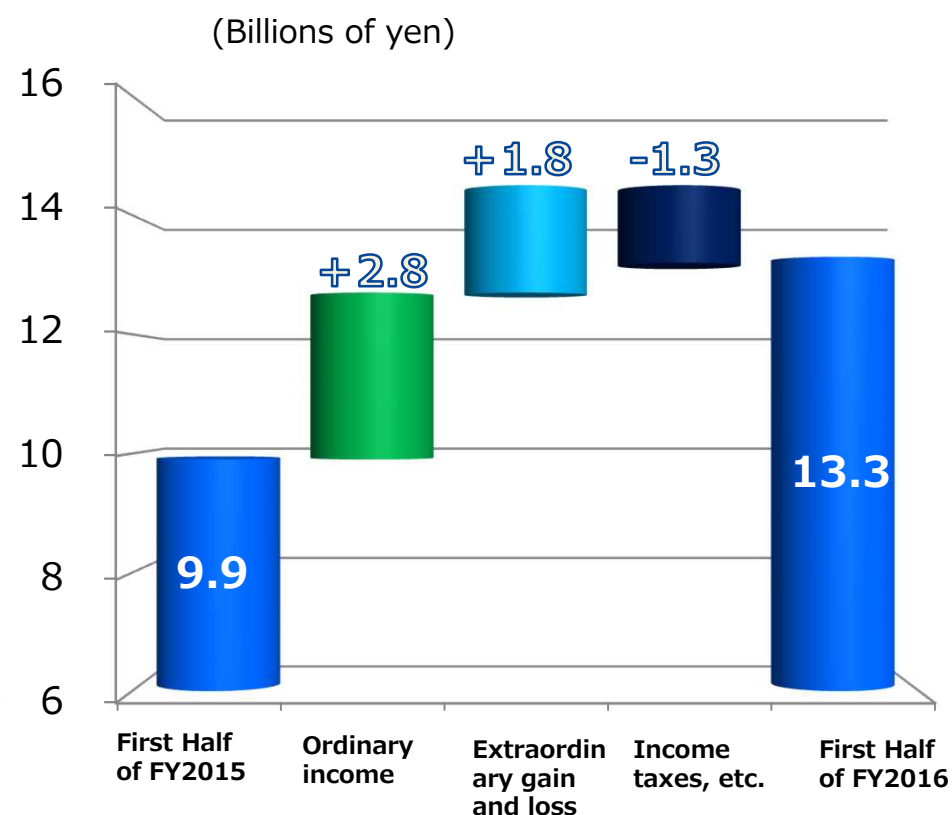
Analysis of Year-on-Year Change (3)

Ordinary Income



- Dividend income increased in line with improved corporate earning

Net Income



- Acquisition of a Thai equity-method affiliate for consolidation resulted in a ¥1.8 billion gain on step acquisition

Other Financial Results for the First Half of FY2016

(Billions of yen)	Mar.2015	Sept.2015	Change
Total assets	782.3	809.5	+27.2
Shareholders' equity	317.2	322.6	+5.4
Net interest-bearing debt	212.8	233.7	+20.9
Net D/E ratio	0.67	0.72	+0.05

Loans to promote M&A and the recording of loans of newly consolidated subsidiaries drove the balance of interest-bearing debt higher

Capital expenditures at Matheson Tri-Gas, Inc. and others increased

	Sept.2014	Sept.2015	Change
Capital expenditure	14.8	22.6	+7.8
Investment and loan	1.8	19.6	+17.8
Depreciation and amortization	20.2	22.4	+2.2
(Amortization of goodwill)	2.4	2.9	+0.5
R&D expenses	1.4	1.3	- 0.1
FCF (investing activities)	10.6	-5.6	- 16.2

Rose substantially as a result of M&As in the U.S., Thailand, and Australia

Despite a major increase in cash flows from operating activities, FCF was negative due to an increase in capital expenditures, and investments and loans

Contents

1. Consolidated Business Performance for the First Half of FY2016

2. Segment Report

3. Topics

4. Consolidated Full-Year Forecasts for FY2016



TAIYO NIPPON SAN SO
The Gas Professionals

Segment Information: Breakdown of Sales and Operating Income

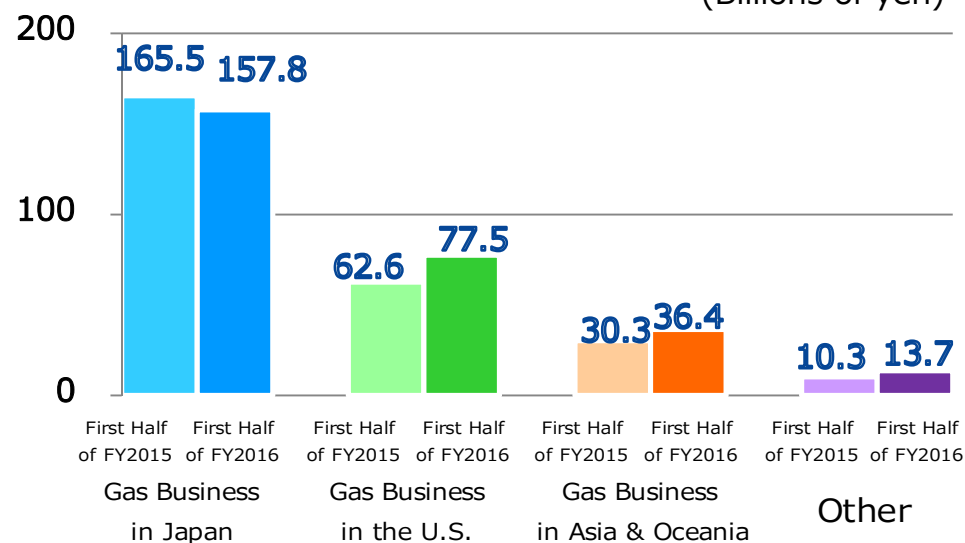
Sales

(Billions of yen)

	First Half of FY2015	First Half of FY2016	% change
Gas Business in Japan	165.5	157.8	-4.6%
Gas Business in the U.S.	62.6	77.5	23.9%
Gas Business in Asia & Oceania	30.3	36.4	20.1%
Other	10.3	13.7	33.0%
Segment Total	268.9	285.6	6.2%

Sales

(Billions of yen)



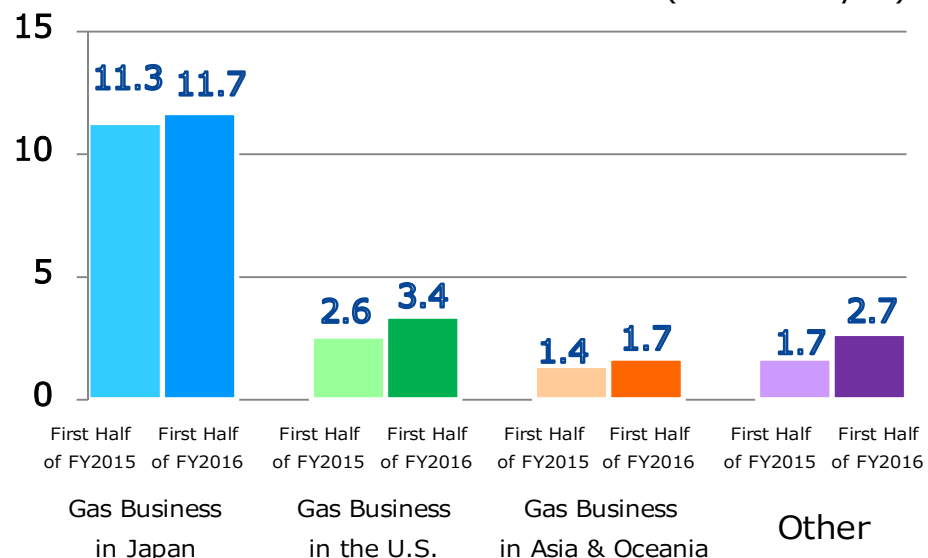
Operating Income

(Billions of yen)

	First Half of FY2015	First Half of FY2016	% change
Gas Business in Japan	11.3	11.7	+3.7%
Gas Business in the U.S.	2.6	3.4	+28.2%
Gas Business in Asia & Oceania	1.4	1.7	+17.8%
Other	1.7	2.7	+55.1%
Elimination or corporate	-0.8	-0.7	+12.2%
Segment Total	16.4	18.9	+15.3%

Operating Income

(Billions of yen)



Gas Business in Japan

Sales

(Billions of yen)

		First Half of FY2015	First Half of FY2016	% change	Factors
Industrial Gas	Bulk/On-site	67.6	65.0	- 3.9%	➤Sales of oxygen on-site declined as steel manufacturers
	Package/Hard goods	15.9	16.6	+4.5%	➤Welding-related sales were brisk
	Plants and Equipment	16.7	16.1	- 3.2%	➤Sales from air separation unit (ASU) declined
	Medical	10.8	11.3	+4.2%	➤Sales for medical equipment were strong
	Total	111.1	109.1	- 1.8%	
Electronics	Gases	25.7	24.2	- 6.1%	➤Sales of nitrogen gases and electronic materials gases
	Equipment and Installation	9.2	10.0	+8.5%	➤Recorded sales from a large-scale project
	Total	35.0	34.3	- 2.2%	
Energy	Gases	17.8	13.0	- 27.2%	➤LPG gas prices fell in line with oil prices declining
	Related Equipment	1.4	1.4	- 4.1%	
	Total	19.3	14.4	- 25.4%	
Segment Total		165.5	157.8	- 4.6%	

Operating Income

(Billions of yen)

		First Half of FY2015	First Half of FY2016	% change	Factors
Segment Total		11.3	11.7	+3.7%	➤Profits increased due mainly to LPG procurement costs declining and cost reductions resulting from structural reforms and falling oil prices

Gas Business in the U.S.

Sales

(Billions of yen)

		First Half of FY2015	First Half of FY2016	% change	Factors
Industrial Gas	Bulk/On-site	19.7	24.1	+22.3%	➤ In addition to the M&A effect, carbon dioxide sales were brisk ➤ Recorded construction sales
	Package/Hard goods	40.2	47.3	+17.6%	
	Plants and Equipment	0	1.0	—	
	Total	60.0	72.5	+20.9%	
Electronics	Gases	1.9	4.2	+116.1%	➤ Sales of electronics materials gases were brisk
	Equipment and Installation	0.6	0.8	+22.4%	
	Total	2.6	5.0	+92.2%	
Segment Total		62.6	77.5	+23.9%	➤ Positive ¥11.6 billion impact of foreign currency translation

Operating Income

(Billions of yen)

		First Half of FY2015	First Half of FY2016	% change	Factors
Segment Total		2.6	3.4	+28.2%	➤ Profits increased due mainly to a fall in LPG procurement costs, in addition to a positive ¥0.5 billion impact of foreign currency translation

Gas Business in Asia & Oceania

Sales

(Billions of yen)

		First Half of FY2015	First Half of FY2016	% change	Factors
Industrial Gas	Bulk/On-site	7.8	10.4	+33.7%	◆ Apart from the addition of Thailand's Air Products Industry Co., Ltd. to the scope of consolidation, Growth in the industrial gas business in Vietnam and the Philippines drove sales
	Package/Hard goods	6.2	6.0	- 3.5%	
	Plants and Equipment	4.1	4.3	+4.3%	
	Total	18.2	20.8	+14.2%	
Electronics	Gases	11.2	13.7	+21.8%	➢ Sales of semiconductor material gases were strong ➢ Equipment and construction sales were strong
	Equipment and Installation	0.7	1.8	+133.7%	
	Total	12.0	15.5	+28.9%	
Segment Total		30.3	36.4	+20.1%	➢ Positive ¥4.0 billion impact of foreign currency

Operating Income

(Billions of yen)

		First Half of FY2015	First Half of FY2016	% change	Factors
Segment Total		1.4	1.7	+17.8%	➢ In addition to a positive ¥0.3 billion impact of foreign currency translation, strong conditions in the industrial gas business in Vietnam and the electronics business in China, South Korea, and Taiwan drove profits



Other Businesses

Sales

(Billions of yen)

		First Half of FY2015	First Half of FY2016	% change	Factors
Thermos	Japan	7.7	11.1	+44.7%	◆ Thermos Business • In Japan, in addition to brisk sales of new products, there was inbound demand
	Asia	1.3	1.2	- 7.2%	
	Total	9.0	12.4	+37.0%	
Other		1.2	1.3	+5.2%	
Other Business Total		10.3	13.7	+33.0%	

Operating Income

(Billions of yen)

		First Half of FY2015	First Half of FY2016	% change	Factors
Other Business Total		1.7	2.7	+55.1%	◆ Thermos Business Earnings increase resulting from sales increase

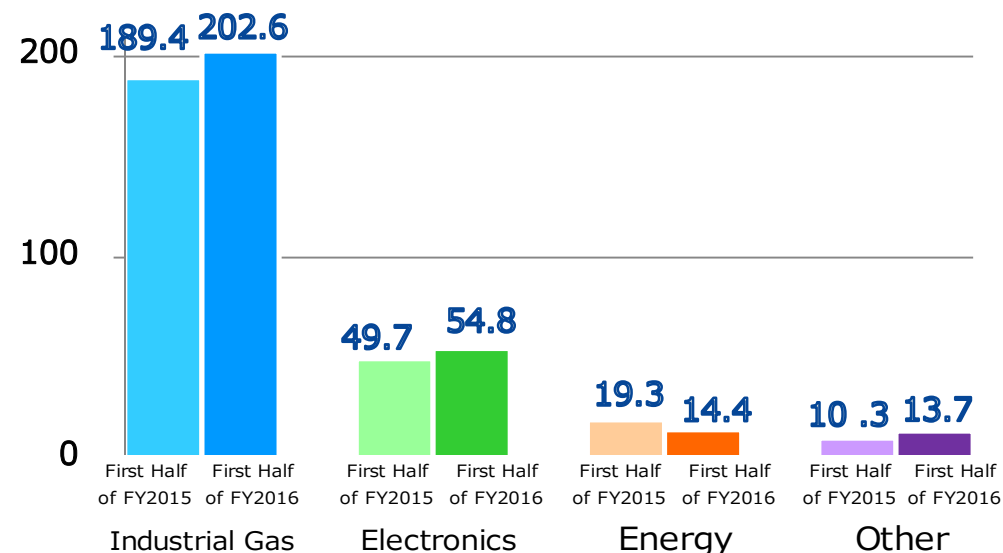
Breakdown of Segment Sales and Operating Income

Sales

(Billions of yen)

	First Half of FY2015	First Half of FY2016	% change
Industrial Gas	189.4	202.6	+6.9%
Electronics	49.7	54.8	+10.3%
Energy	19.3	14.4	- 25.4%
Other	10.3	13.7	+33.0%
Sales Total	268.9	285.6	+6.2%

Sales

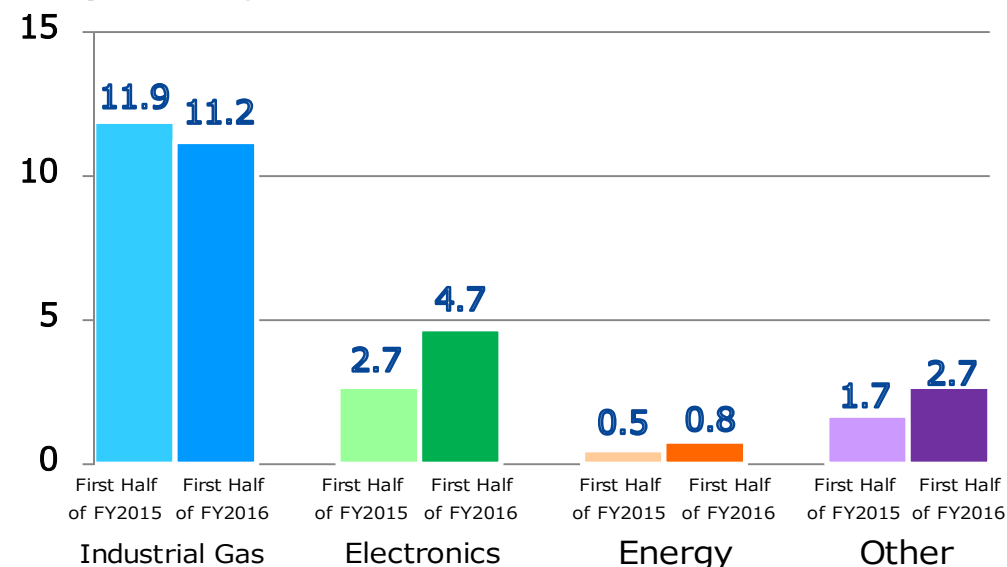


Operating Income

(Billions of yen)

	First Half of FY2015	First Half of FY2016	% change
Industrial Gas	11.9	11.2	- 5.4%
Electronics	2.7	4.7	+74.4%
Energy	0.5	0.8	+40.6%
Other	1.7	2.7	+55.1%
Eliminations or corporate	-0.5	-0.6	- 13.3%
Operating Income Total	16.4	18.9	+15.3%

Operating Income



Contents

1. Consolidated Business Performance for the First Half of FY2016
2. Segment Report
3. Topics
4. Consolidated Full-Year Forecasts for FY2016



[Structural Reform]

- ◆ Progress with structural reform

[Innovation]

- ◆ Participation in a project to industrialize regenerative medicine
- ◆ Progress with the hydrogen station business

[Globalization and M&A]

- ◆ Construction of a new U.S. plant in California
- ◆ Acquisition of an industrial gas manufacturer in Thailand
- ◆ Penetration of the market in Oceania



Progress with Structural Reform (1)

- Implemented early retirement at Taiyo Nippon Sanso in FY2015
- Continue to reduce personnel expenses and strengthen the supply chain in FY2016

(Billions of yen)

Measures	Profit improvement	
	15/3 results	16/3 planned
Reduce personnel expenses in Japan	1.2	1.3
Strengthen supply chains	0.3	0.4
Rationalize other domestic businesses	0.1	1
Rationalize overseas businesses	0.1	0.2
Total	1.7	2.0

*All figures are changes from FY2014

Progress with Structural Reform (2)

- Organized a structural reform project to speed up effectiveness of Ortus Stage 1 structural reforms

Engineering

Promote consolidation of overlapping local engineering functions between Taiyo Nippon Sanso and engineering subsidiaries

Optimize the personnel headcount of domestic Group companies

Organize overlapping functions at each company through a system of collaboration between domestic Group companies, and optimize the headcount of all domestic Group personnel

Consolidate or abolish domestic affiliates

Strengthen business development capabilities, reduce administrative cost and rationalize Group management through the consolidation or abolishment of domestic affiliates

Supply chains

Optimize the number of production bases by taking into the account supply and demand balance and market conditions of each region

Rationalize back-office divisions

Consolidate the routine work of back-office divisions with shared-service subsidiaries and standardize the clerical process



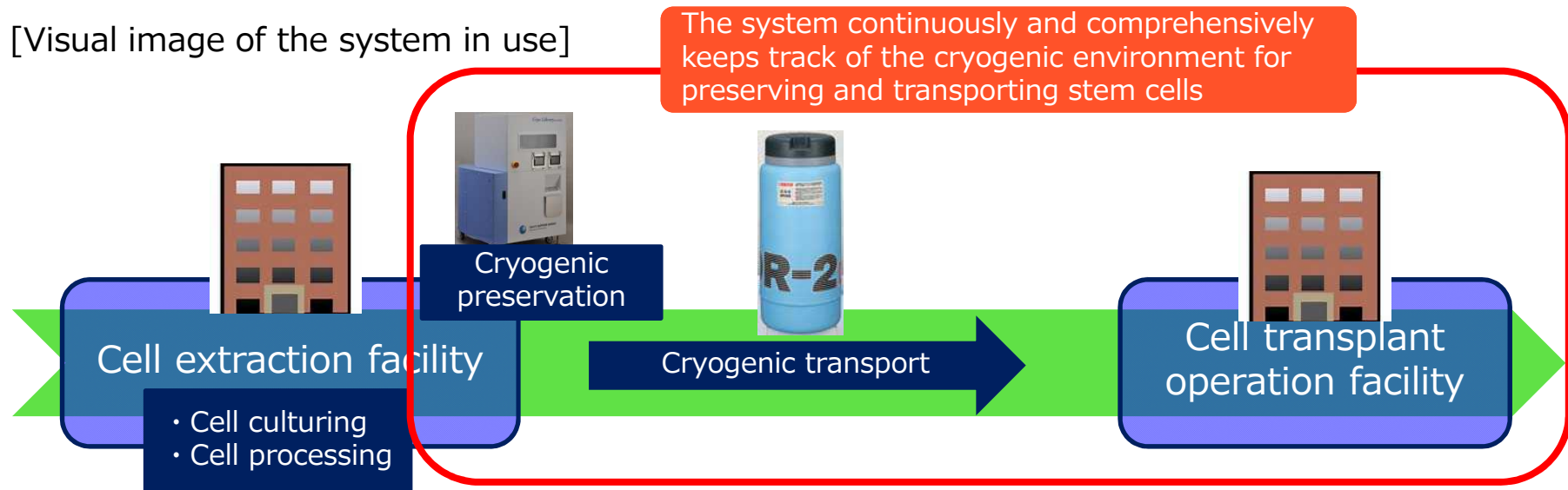
Participation in a Project to Industrialize Regenerative Medicine

- Taiyo Nippon Sanso is participating in a R&D team for industrializing regenerative medicine, which the Stem Cell Evaluation Technology Research Association has been delegated by the Japan Agency for Medical Research and Development (AMED) to conduct.

[Project overview] The project plans to systematically integrate the separation and refinement, culture, preservation and administration, stem cell evaluation and pre-clinical testing stages for developing mesenchymal stem cells (which can differentiate into a variety of cells types including bone cells, fat cells, heart muscle cells, and nerve cells). These mesenchymal stem cells are strongly expected to find application in regenerative medicine.

Taiyo Nippon Sanso has developed the *CryoLibrary iMaster* integrated temperature history information management system for preserving and administering (transporting) the stem cells.

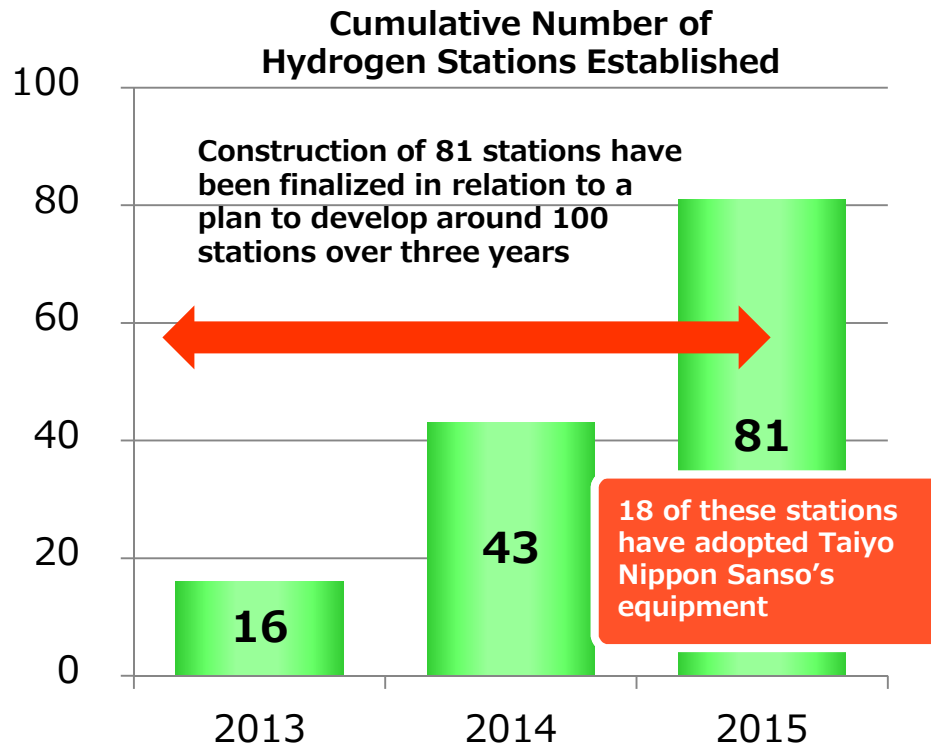
[Visual image of the system in use]



Contribute to the establishment of a safe and secure supply chain of products used in regenerative medicine

Product commercialization planned for April 2016

Progress with the Hydrogen Station Business



A mobile hydrogen station Taiyo Nippon Sanso delivered began operation in Minamirokugo, Ota-ku, Tokyo in September 2015

- To promote the spread of fuel cell vehicles (FCVs), the Company is promoting the sale of the Hydro Shuttle packaged hydrogen station it developed in August 2013, and strengthening R&D for further reducing the cost of hydrogen stations.

Sales target in FY2020: ¥4.5 billion

Expansion of U.S. Operations: New Plant in California

- Build the Company's 19th ASU in the U.S. in California (4th in California)

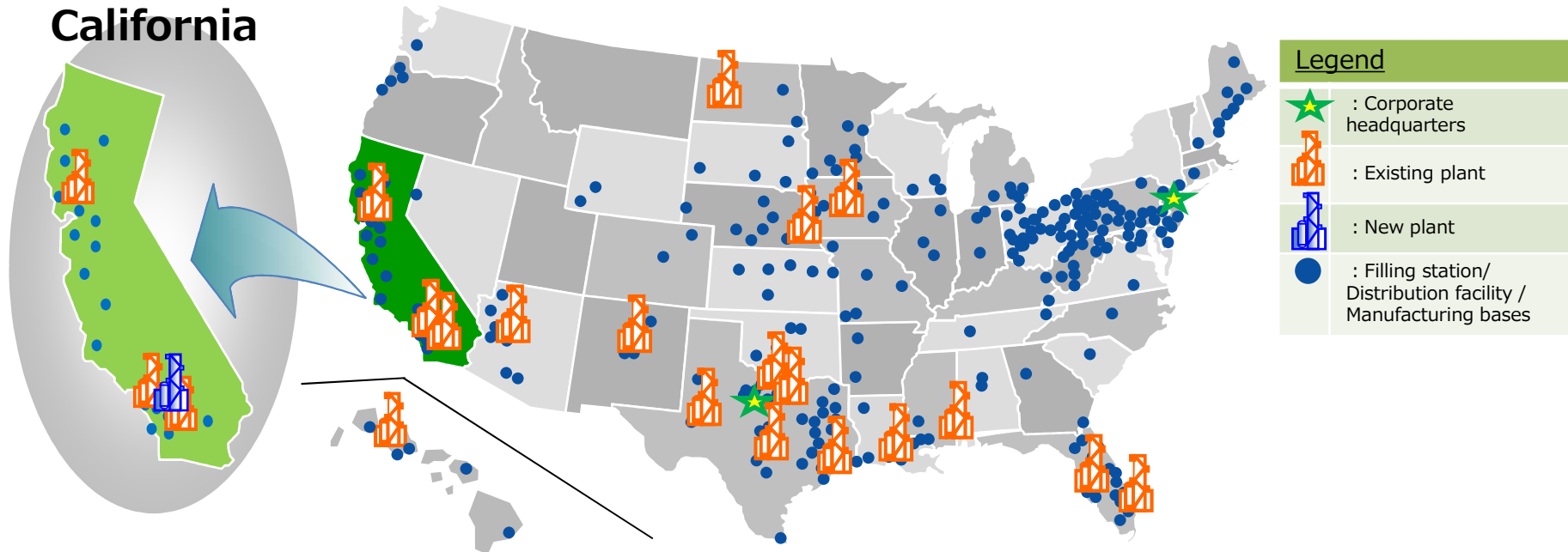
[Plant overview]

Location: Veron, California
Output capacity: 600 tons/day
(Approx. 17,500 Nm³/h)
Launch: 2017

[Market trend]

- ✓ California accounts for 13%, the largest proportion, of U.S. GDP
- ✓ It is a promising market expected to continue outpacing the average growth rate of GDP in the U.S.

California



Steady progress is being made in the Company's key U.S. strategy of leveraging the construction of new ASUs and M&A to expand business

Consolidation of the Operating Company in Thailand

- Promote growth strategies by consolidating an affiliate company in Thailand, the second largest industrial gas market in Southeast Asia

[Company overview]

Name: Air Products Industry Co., Ltd.
 Establishment : 1977
 Major shareholder: Taiyo Nippon Sanso Group 97%
 (32% before acquisition)
 Major operating bases: Headquarters (Bangkok suburbs),
 Chonburi Province, Ayutthaya Province, Chang Mai suburbs

Current status

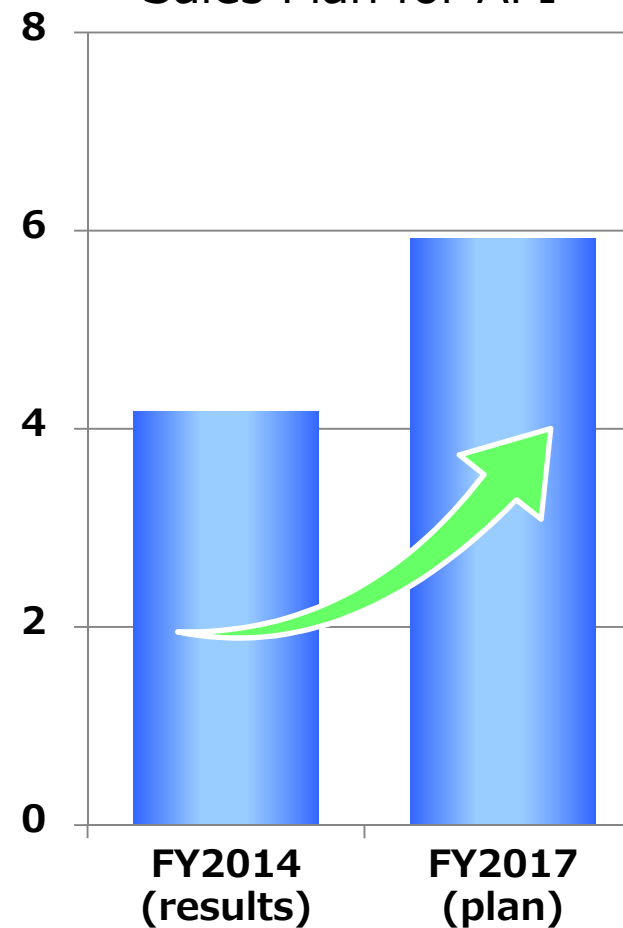
- ✓ For the past 10 years, emphasized stable earnings and investment recoupment over business expansion under a policy of sound management
- ✓ Concentrated on the core bulk gas business

After consolidation

- ✓ Capture growth opportunities in cylinder gas, other gas, and welding-related gas, in addition to bulk gas, and integrate the upstream business with downstream businesses
- ✓ Become a general gas manufacturer encompassing equipment and construction
- ✓ Strengthen the framework for safety and quality control

(Billions of yen)

Sales Plan for API



Penetration of the Australian Industrial Gas Market

- Acquisition of Renegade Gas Pty Ltd, a distributor, in Australia

[Company overview]

Name: Renegade Gas Pty Ltd

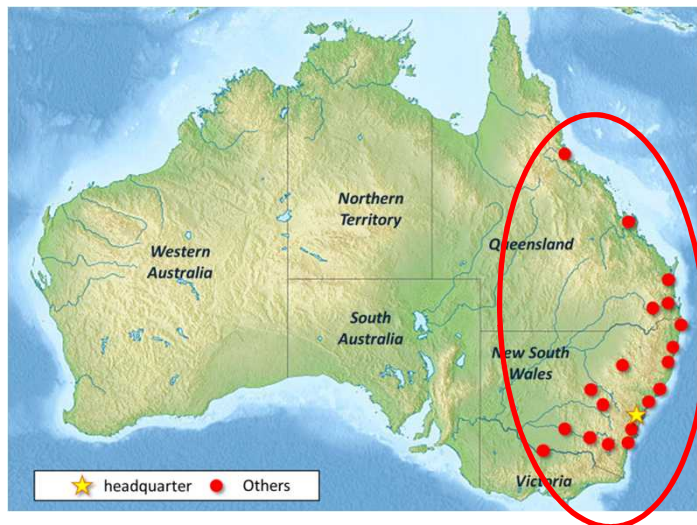
Employment: 277 employees

Business territory: 20 business bases in New South Wales, Australian Capital Territory, and Queensland

Business content: Sales of LPG and industrial gasses, and rental of the equipment

Net sales: 81 million Australian dollars (Year ended June 2015)

Sales composition: LPG 58%, industrial gases 30%, helium 6%, other 6%



Basic Policy: Aim to expand scale of industrial gas business by leveraging RGP's network

- ✓ Develop the package gas business on the LPG bases
- ✓ Expand business territory by opening new bases
- ✓ Launch business initiatives in gas hardware and medical oxygen
- ✓ Switch from outside procurement to procurement within the Taiyo Nippon Sanso Group

RGP acquisition is a bridgehead for entering the Oceania market

Contents

1. Consolidated Business Performance for the First Half of FY2016
2. Segment Report
3. Topics
4. Consolidated Full-Year Forecasts for FY2016



Consolidated Full-Year Forecasts for FY2016

(Billions of yen)	FY2015 (Results) Margin	FY2016 forecast (May 8, 2015) Margin	FY2016 forecast (August 4, 2015) Margin	YoY Change % change
Sales	559.3	650.0	655.0	+95.6 +17.1%
Operating Income	35.2 6.3%	41.0 6.3%	42.5 6.5%	+7.2 +20.4%
Ordinary Income	34.2 6.1%	39.3 6.0%	41.3 6.3%	+7.0 +20.5%
Net income attributable to owners of the parent	20.7 3.7%	24.0 3.7%	27.0 4.1%	+6.2 +30.0%

- Change in the fiscal year-end of Matheson Tri-Gas, Inc. (U.S.) and Leeden National Oxygen Ltd. (Asia) will have an upward impact of ¥50.0 billion on net sales and ¥3.0 billion on operating income



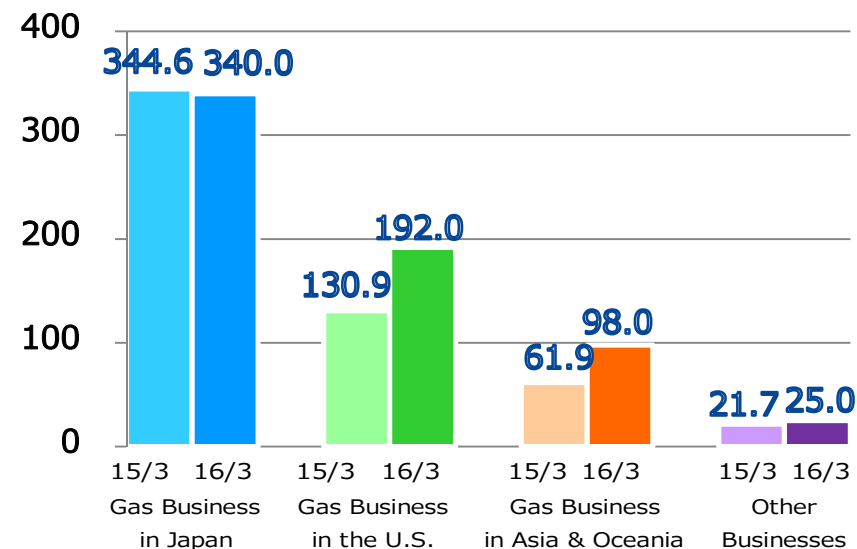
Full-Year Forecasts for FY2015 by Business Segment

Sales

(Billions of yen)

	FY2014 Full-Year	FY2015 Full-Year	% change
Gas Business in Japan	344.6	340.0	- 1.3%
Gas Business in the U.S.*	130.9	192.0	+46.6%
Gas Business in Asia & Oceania*	61.9	98.0	+58.1%
Other Businesses	21.7	25.0	+14.9%
Segment total	559.3	655.0	+17.1%

Sales

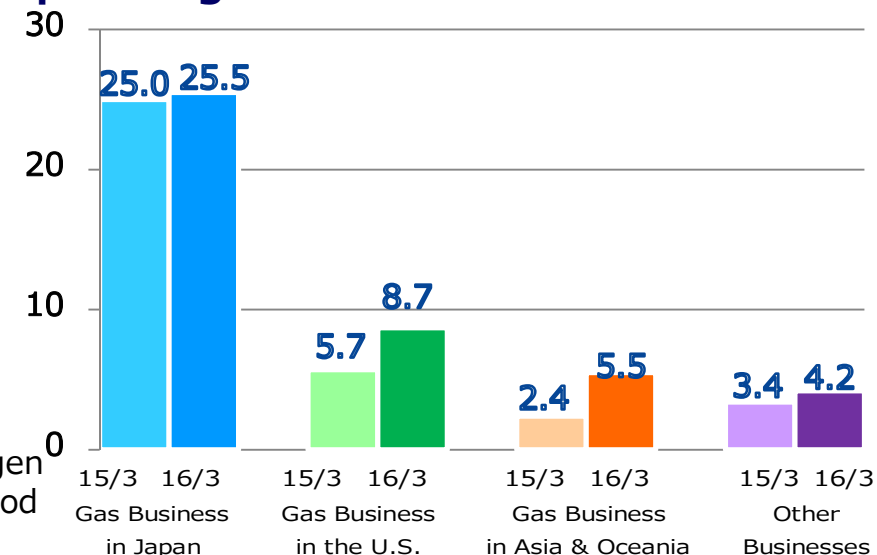


Operating Income

(Billions of yen)

	FY2014 Full-Year	FY2015 Full-Year	% change
Gas Business in Japan	25.0	25.5	+1.8%
Gas Business in the U.S.*	5.7	8.7	+50.1%
Gas Business in Asia & Oceania*	2.4	5.5	+122.8%
Other Businesses	3.4	4.2	+22.2%
Eliminations or corporate	-1.4	-1.4	+3.4%
Operating Income Total	35.2	42.5	+20.4%

Operating Income



*Figures for Matheson Tri-Gas, Inc. and Leeden National Oxygen Ltd. are for 15 months due to a change in the accounting period

FY2016 Business Assumptions and Objectives.

Gas Business in Japan

- Production cutbacks amount steel manufacturers are expected to begin recovering from the fourth quarter in the industrial gas market
- Aim to expand sales of new commercial products including hydrogen stations
- Launch projects to raise the effectiveness of structural reforms the Company is promoting



SI Innovation Center
(Tama City, Tokyo)

Gas Business in the U.S.

- Promote business scale expansion through the continued use of M&A strategies
- Make progress establishing separate gas manufacturing platforms while targeting the acquisition of on-site projects



Manufacturing facility of
Renegade Gas (Australia)

Gas Business in Asia & Oceania

- Profitability is expected to improve as a result of structural reforms implemented in China, the Philippines, and Vietnam.
- Strengthen the earnings base by expanding business domains through newly consolidated subsidiaries

Other Businesses

- Expand and enhance manufacturing facilities in the Thermos Business in response to robust demand
- Aim to expand sales of Thermos products through proactive advertising in the second half



Thermos products

Disclaimer

- This material is not intended for purposes of disclosure for securities transactions, and it is impossible to guarantee that the information contained in this presentation is accurate and complete.
- 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. Actual results reflect a variety of risk and uncertainties. These 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.
- Accordingly, actual results may differ from forecasts issued at this time. With this in mind, please refrain from relying solely on these materials when making investment decisions.

