



TAIYO NIPPON SANSO
The Gas Professionals

Consolidated Business Performance for the Full-Year of the Fiscal Year Ending March 2015 (Fiscal 2015)

May 12, 2014
TAIYO NIPPON SANSO Corporation

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1. Consolidated Business Performance
for the Full-Year of FY2015
2. Segment Report
3. Topics
4. Consolidated Full-Year Forecasts for
FY2016
5. Medium-Term Management Plan: State of
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Progress



Consolidated Business Performance for the Full-Year of FY2015

(Billions of yen)	FY2014 Margin	FY2015 (Announced targets) Margin	FY2015 (Results) Margin	YoY Change % change
Sales	522.7	550.0	559.3	+36.6 +7.0%
Operating Income	31.4 6.0%	35.0 6.4%	35.2 6.3%	+3.8 +12.1%
Ordinary Income	30.5 5.8%	33.2 6.0%	34.2 6.1%	+3.7 +12.2%
Net Income	20.1 3.9%	20.0 3.6%	20.7 3.7%	+0.5 +2.8%

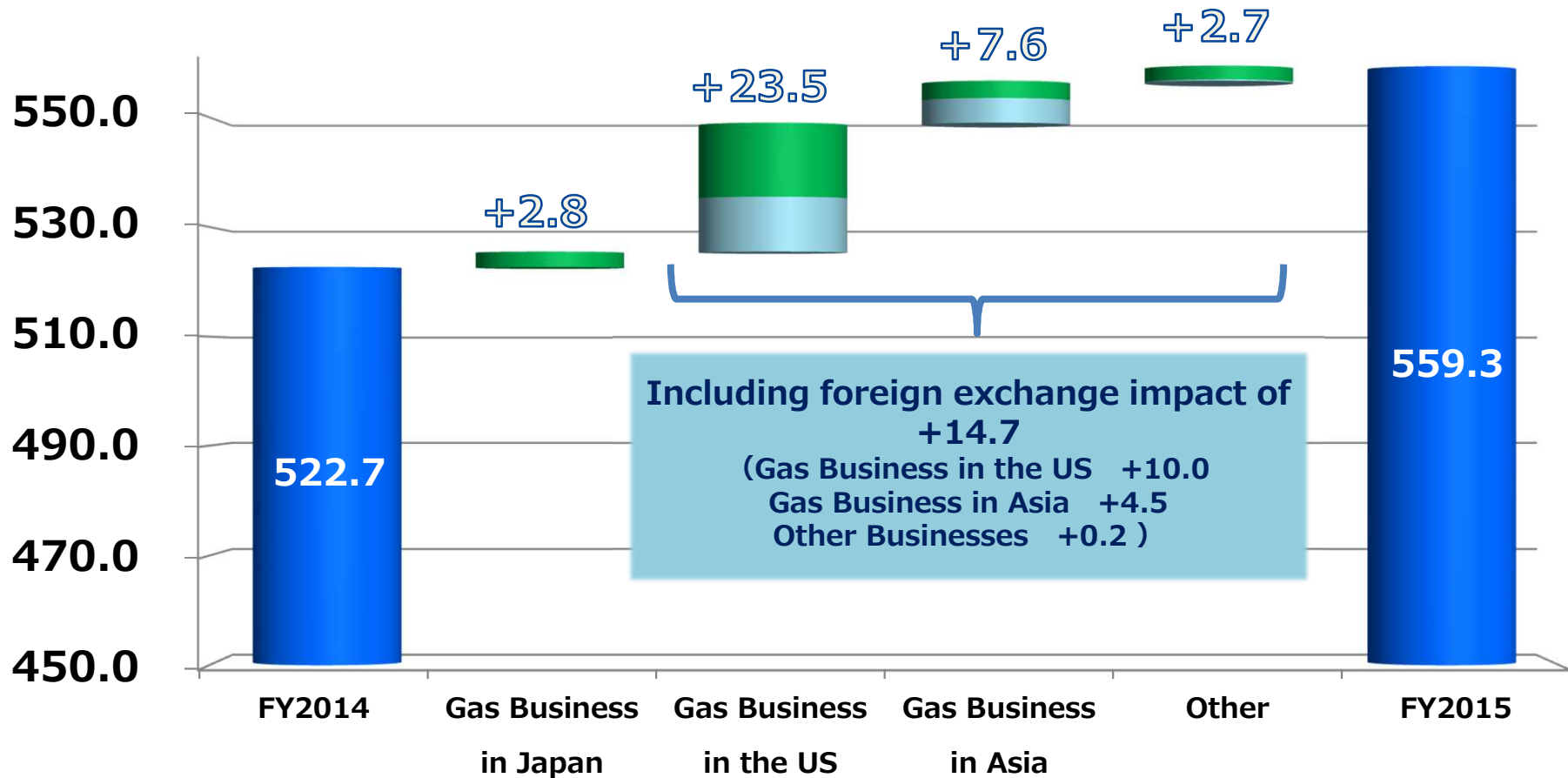
- Achieved initial forecast, and sales and earnings increased year on year
- Non-operating profit and loss was greater than expected and net income increased



Analysis of Year-on-Year Change (1)

【Sales】

(Billions of yen)



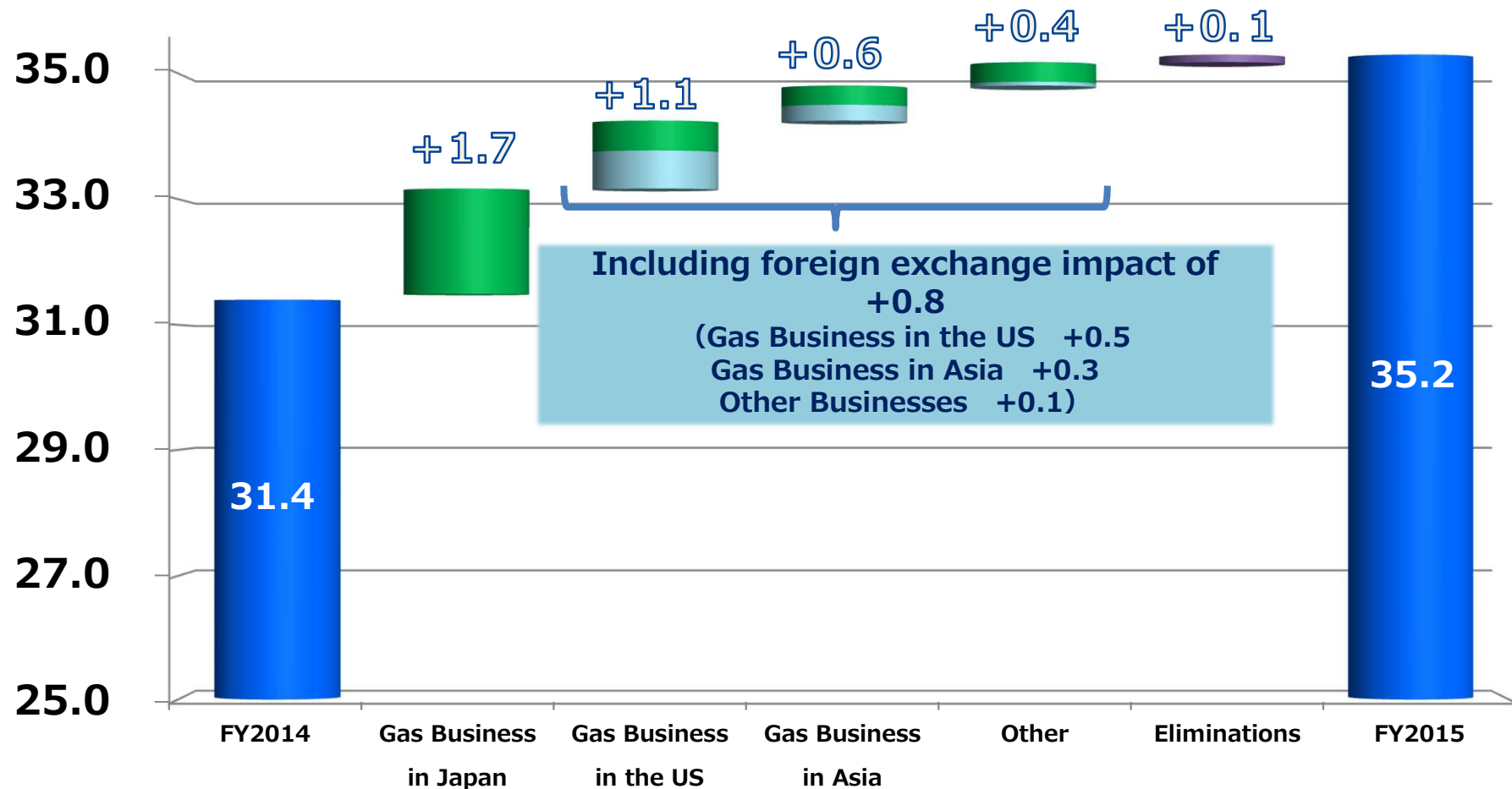
- Slight increase in Japan due to late demand recovery
- Steady growth in USA and Asia



Analysis of Year-on-Year Change (2)

【Operating Income】

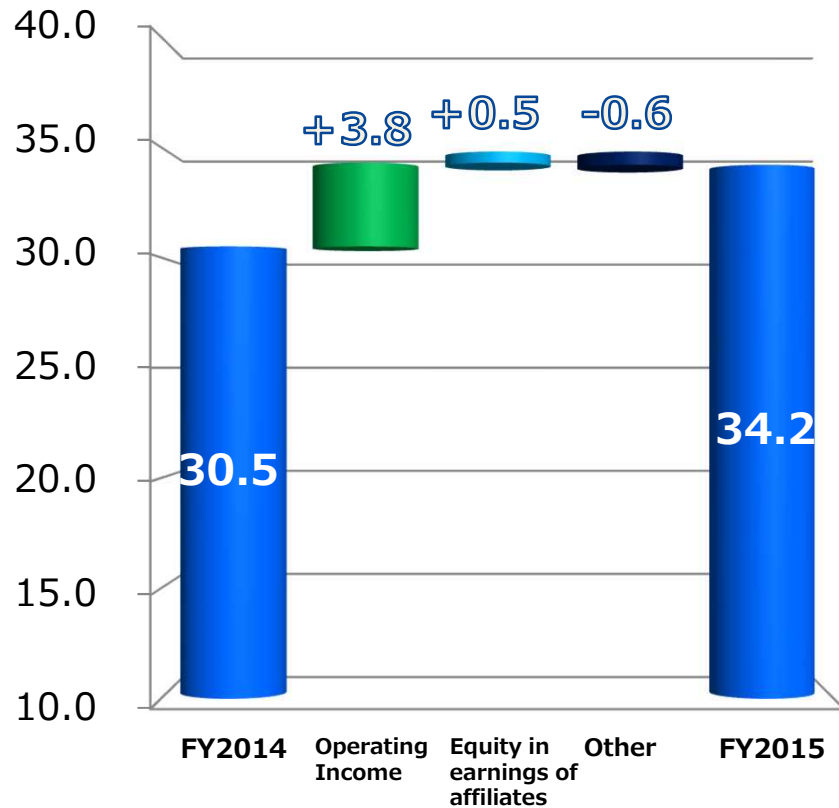
(Billions of yen)



- Domestic business profit increased due to effects of structural reforms
- Steady growth in USA, Asia, and other businesses

Analysis of Year-on-Year Change (3)

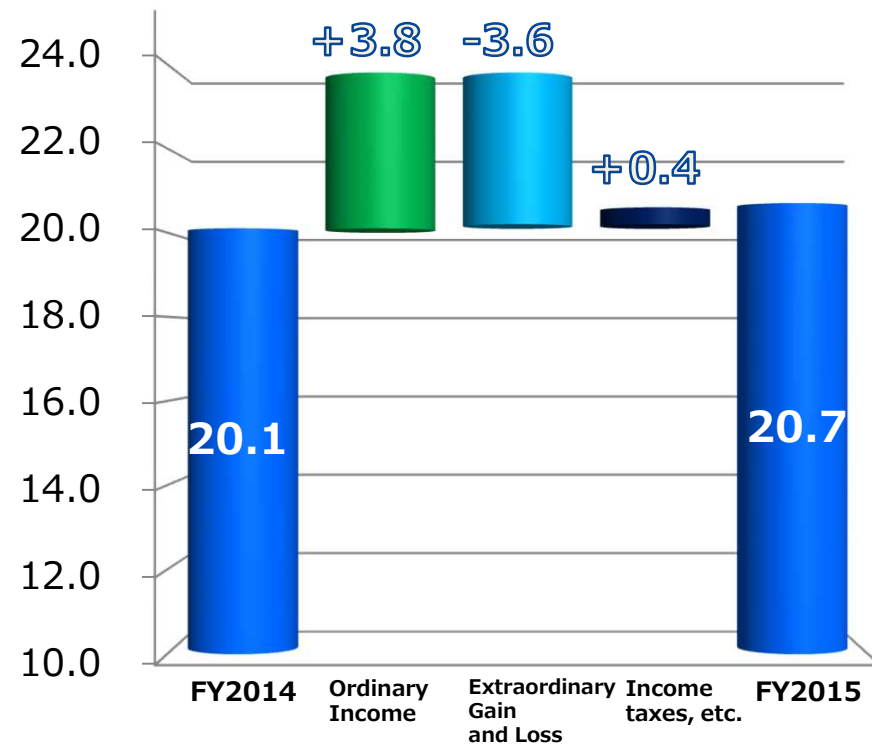
【Ordinary Income】



- Higher investment return from equity method of thermos-related companies

【Net Income】

(Billions of yen)



- Extraordinary gain (billions of yen)
(FY2014: 7.5 → FY2015: 2.5)
- Extraordinary loss (billions of yen)
(FY2014: 3.7 → FY2015: 2.3)



Other Financial Results for the Full Year of FY2015

(Billions of yen)

	Mar.2014	Mar.2015	Change
Total assets	731.6	782.3	+50.7
Shareholders' equity	274.3	317.2	+42.9
Net interest-bearing debt	219.7	212.8	(6.9)
Net D/E ratio	0.80	0.67	(0.13)

Substantial increase due to foreign currency translation effects

Net D/E ratio improved due to shareholders' equity increase, reduction of interest-bearing debt and other factors

(Billions of yen)

	Mar.2014	Mar.2015	Change
Capital expenditure	32.5	35.2	+2.7
Investment and loan	35.7	5.7	(30.0)
Depreciation and amortization	37.1	40.5	+3.4
(Amortization of goodwill)	3.6	4.9	+1.3
R&D expenses	3.1	3.4	+0.3
FCF (investing activities)	1.4	28.0	+26.6

Carried out major mergers and acquisitions (M&As) in previous fiscal year including Continental Carbonic Products, Inc.

FCF increased year on year due to a decrease in large investments and loans



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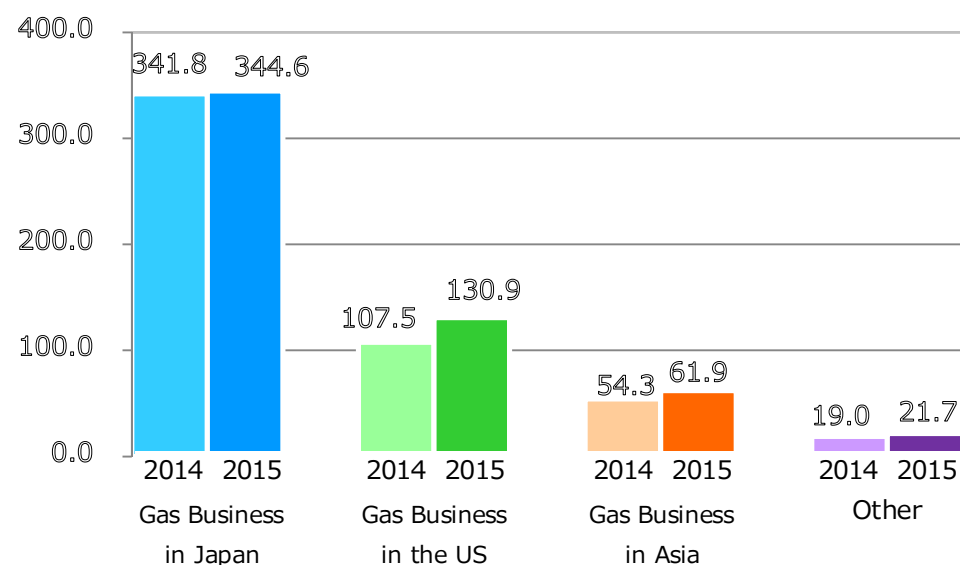
Segment Information: Breakdown of Sales and Operating Income

【Sales】

(Billions of yen)

	FY2014	FY2015	% change
Gas Business in Japan	341.8	344.6	+0.8%
Gas Business in the US	107.5	130.9	+21.8%
Gas Business in Asia	54.3	61.9	+14.1%
Other	19.0	21.7	+14.5%
Sales Total	522.7	559.3	+7.0%

【Sales】

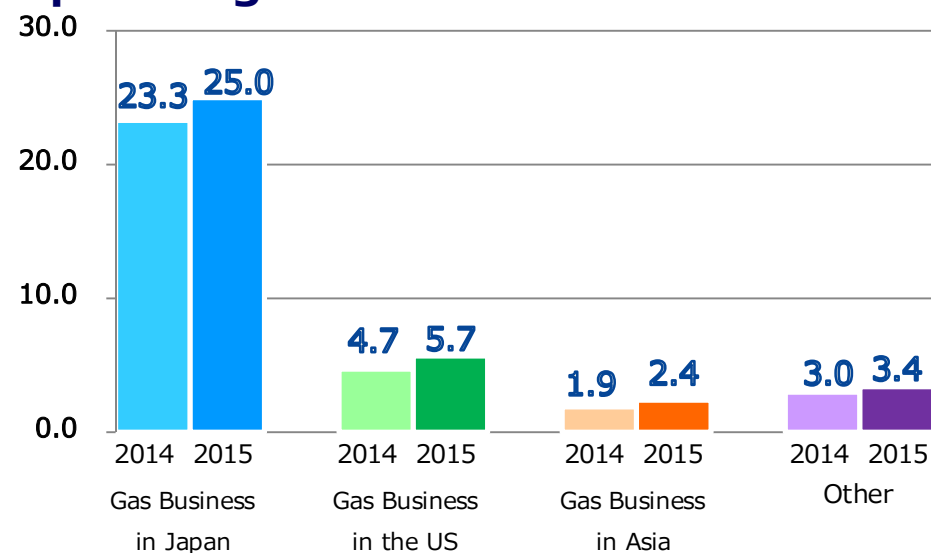


【Operating Income】

(Billions of yen)

	FY2014	FY2015	% change
Gas Business in Japan	23.3	25.0	+7.2%
Gas Business in the US	4.7	5.7	+22.9%
Gas Business in Asia	1.9	2.4	+29.1%
Other	3.0	3.4	+12.2%
Eliminations or corporate	-1.5	-1.4	+7.6%
Operating Income Total	31.4	35.2	+12.1%

【Operating Income】



Gas Business in Japan

【Sales】

(Billions of yen)

		FY2014	FY2015	% change	Factors
Industrial Gas	Bulk/On-site	131.5	134.0	+2.0%	➤ On-site demand from steel industry was strong
	Package/Hard goods	32.4	34.0	+5.0%	➤ Welding-related equipment was brisk
	Plants and Equipment	38.0	39.2	+3.2%	➤ Plant sales increased in Q4
	Medical	21.9	24.4	+11.2%	➤ New consolidation effects and stable isotope business was strong
	Total	223.9	231.8	+3.5%	
Electronics	Gases	50.5	51.5	+1.8%	➤ Electronics materials gases were brisk
	Equipment and Installation	22.7	21.9	-3.7%	➤ Absence of large orders for equipment installation and MOCVD systems in the previous fiscal year
	Total	73.3	73.4	0.1%	
Energy	Gases	40.8	36.0	-11.8%	➤ Linked to oil prices, LPG prices declined
	Equipment	3.6	3.2	-9.8%	
	Total	44.5	39.3	-11.6%	
Gas business in Japan Total		341.8	344.6	+0.8%	

【Operating Income】

(Billions of yen)

		FY2014	FY2015	% change	Factors
Gas business in Japan Total		23.3	25.0	+7.2%	➤ Earnings increased due to rationalization and higher sales of electronics materials gases

Gas Business in the US

【Sales】

(Billions of yen)

		FY2014	FY2015	% change	Factors
Industrial Gas	Bulk/On-site	26.4	41.3	+56.4%	➤ Newly consolidated carbon dioxide sales company Contribution of Continental Carbonics Products, Inc.
	Package/Hard goods	74.9	83.8	+11.8%	
	Total	101.4	125.2	+23.4%	➤ General gas, acetylene, and LP gas were brisk
Electronics	Gases	4.4	4.3	-0.9%	
	Equipment and Installation	1.6	1.4	-14.5%	
	Total	6.0	5.7	-4.6%	
Gas Business in the US Total		107.5	130.9	+21.8%	➤ Positive impact of ¥10.0 billion due to foreign currency translation

【Operating Income】

(Billions of yen)

		FY2014	FY2015	% change	Factors
Gas Business in the US Total		4.7	5.7	+22.9%	➤ In addition to foreign currency translation effects (+¥0.5 billion), new consolidations recorded operating income exceeding amortization of goodwill



Gas Business in Asia

【Sales】

(Billions of yen)

		FY2014	FY2015	% change	Factors
Industrial Gas	Bulk/On-site	15.3	15.6	+1.6%	◆ In addition to acquisition effects, existing business of Leeden National Oxygen Ltd. (LeedenNOX) of Singapore was solid
	Package/Hard goods	11.3	13.4	+18.3%	
	Plants and Equipment	8.6	8.5	-1.1%	
	Total	35.3	37.6	+6.3%	
Electronics	Gases	17.1	22.3	+30.1%	◆ Strong in Taiwan, China, and South Korea
	Equipment and Installation	1.7	2.0	+14.6%	
	Total	18.9	24.3	+28.6%	
Gas Business in Asia Total		54.3	61.9	+14.1%	➤ Positive effects of +¥4.5 billion due to foreign currency translations

【Operating Income】

(Billions of yen)

		FY2014	FY2015	% change	Factors
Gas Business in Asia Total		1.9	2.4	+29.1%	➤ In addition to foreign currency translation effects (+¥0.3 billion), large profit effect due to electronics business

Other Businesses

【Sales】

(Billions of yen)

		FY2014	FY2015	% change	Factors
Thermos	Japan	14.2	16.1	+12.8%	◆Thermos Business ・ In Japan, in addition to brisk sales of new products, there was inbound demand ・ Overseas, sales were strong, mainly in South Korea
	Asia	2.2	3.0	+37.3%	
	Total	16.4	19.1	+16.1%	
Other		2.5	2.6	+3.7%	
Other Business Total		19.0	21.7	+14.5%	

【Operating Income】

(Billions of yen)

		FY2014	FY2015	% change	Factors
Other business Total		3.0	3.4	+12.2%	◆Thermos Business Earnings increase resulting from sales increase



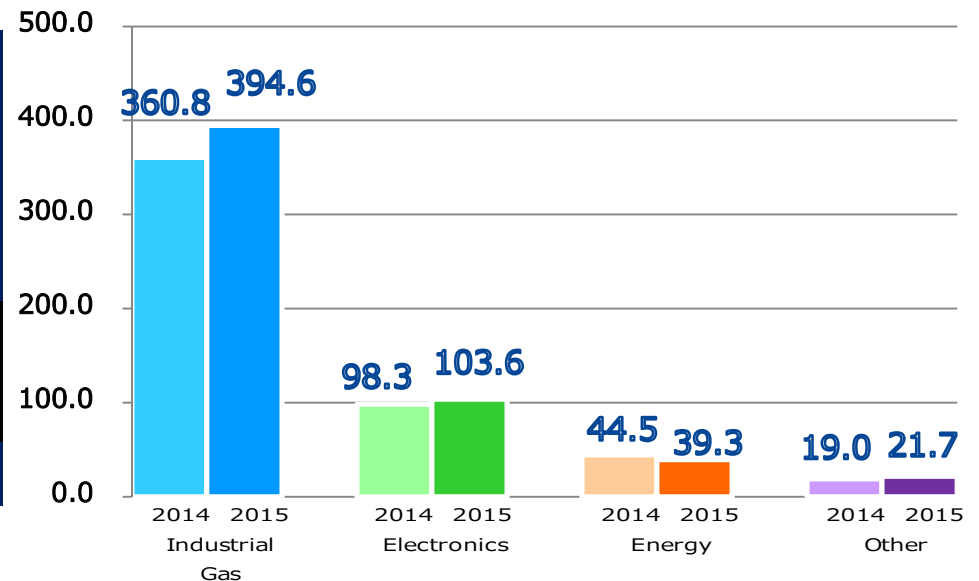
Breakdown of Segment Sales and Operating Income

【Sales】

(Billions of yen)

	FY2014	FY2015	% change
Industrial Gas	360.8	394.6	+9.4%
Electronics	98.3	103.6	+5.3%
Energy	44.5	39.3	-11.6%
Other	19.0	21.7	+14.5%
Sales Total	522.7	559.3	+7.0%

【Sales】

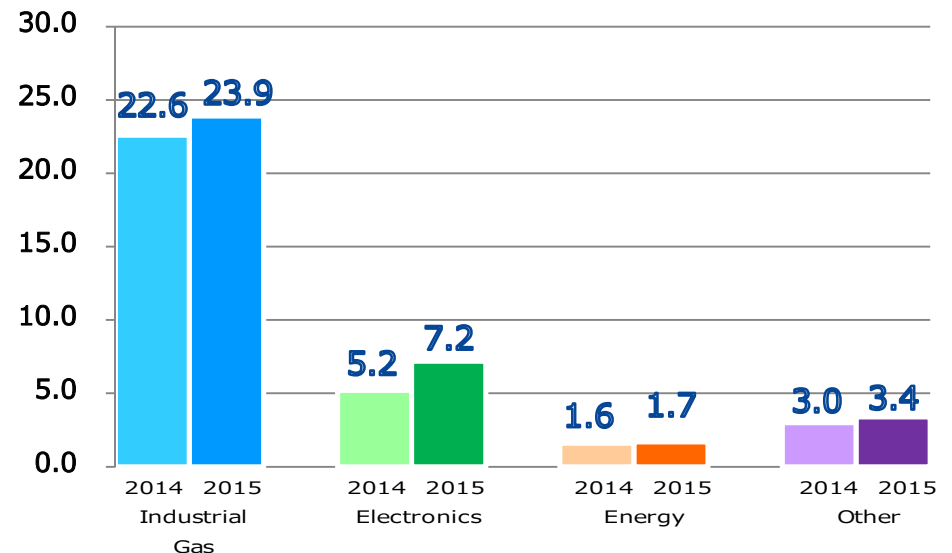


【Operating Income】

(Billions of yen)

	FY2014	FY2015	% change
Industrial Gas	22.6	23.9	+5.6%
Electronics	5.2	7.2	+36.6%
Energy	1.6	1.7	+6.1%
Other	3.0	3.4	+12.2%
Eliminations or corporate	-1.1	-1.0	+10.6%
Operating Income Total	31.4	35.2	+12.1%

【Operating Income】



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【Japan】

- ◆ Strengthen SI commercial product development capabilities
- ◆ Commenced sales of Cryo Library Advance

【Overseas】

- ◆ Expansion of USA Business
- ◆ Expansion of Philippines Business

Strengthen SI commercial product development capabilities

- Build new SI Innovation Center and strengthen new product and new application R&D system for SI (stable isotope) including water - ^{18}O

Overview

Name: SI Innovation Center

Location: Tama City, Tokyo

Completion: April 2015

Function:

- New production and new application development (application of isotopes, etc.)
- Manufacture of developed products (biochemical composition, etc.)
- Quality control, refinement and improvement, and technical support of developed products

Strengthen position of SI as a major company

SI business sales targets: ¥3.0 billion (FY2017)



Cryo Library Advance

- Commence sales of Cryo Library Advance, a new cryopreservation system for cells

Comparison of Cryo Library Advance and Existing Model

	Developed machines (Advance)	Existing Model (CAPS-3000)
External dimensions (mm)	W1200*D1235*H1970	W1150*D1320*H2190
Preservation method/temperature	-150°C and less (vapor phase liquid nitrogen storage)	
Number of specimens that can be stored	CAPS-A16000X 16,128 vials (1cc vials) CAPS-A10000X 10,368 vials (2cc vials)	3,128 vials (2cc vials)
Amount of liquid nitrogen evaporation (vessel unit)	5L/day	10L/day
Temperature maintenance during power outage	More than 20 days	Approximately 5 days



Cryo Library Advance

Sales target for entire cryopreservation system: ¥1.5 billion (FY2017)

Expand The US Business

1

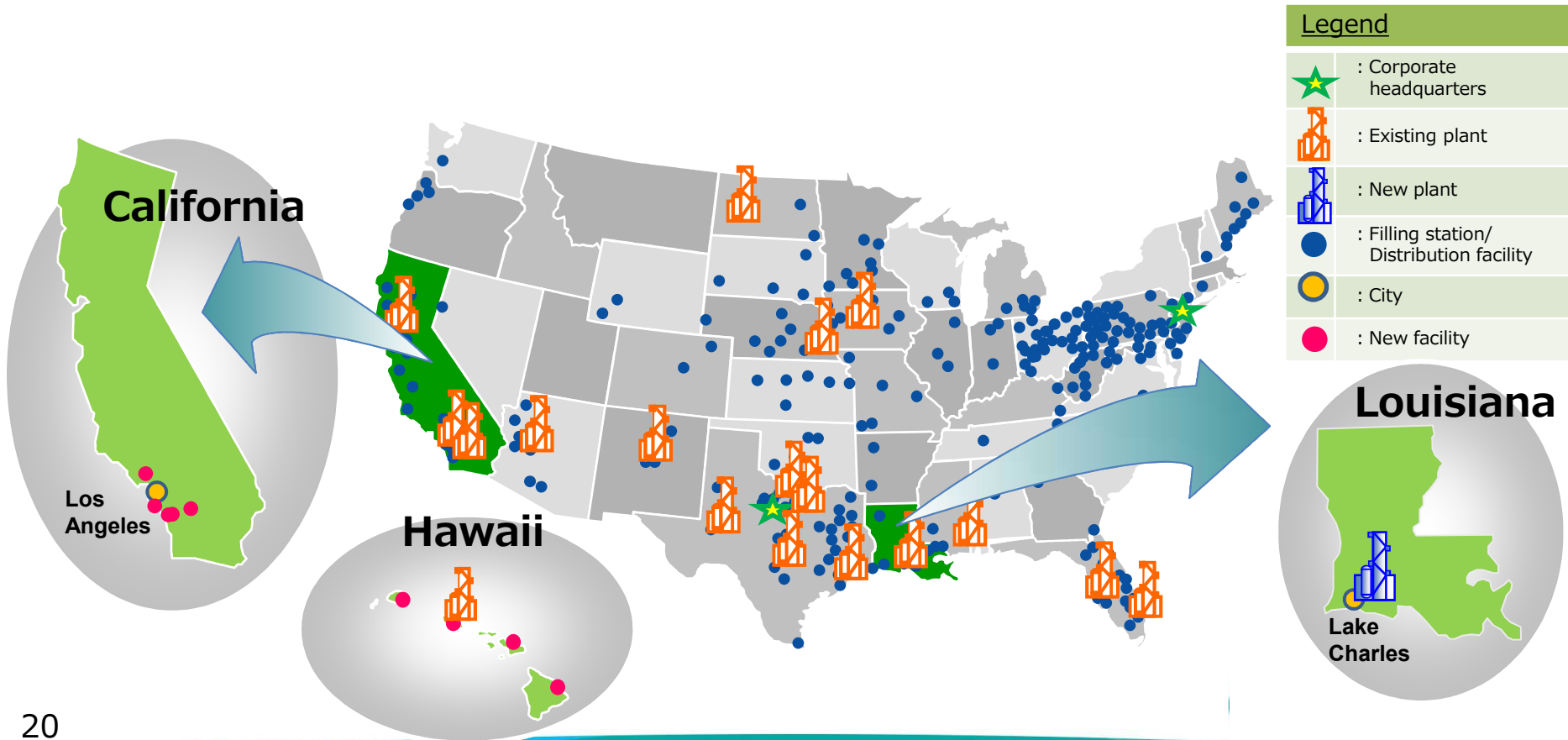
M&A in California and Hawaii

- Acquired California distributor in growth market as a part of our supply network expansion strategy
- Acquired 18th ASU in United States and expanded business bases into 43 states with acquisition of the Hawaii business of Air Liquide

2

Large pipeline to Sasol

- Supply of piped gas to large-scale ethane cracker project and supply of liquefied gas to surrounding area
Supply starts: 2018
Production capacity: 3,600 tons/day (approximately 100,000Nm³/h)



Expansion of Philippines business (1)

- Completion of new plant that is our 3rd on Luzon Island (and our 4th in the Philippines)

【Plant Overview】

Plant location: Clark Special Economic Zone

Production capacity:

Liquefied oxygen 3,000Nm³/h

Liquefied nitrogen 7,000Nm³/h

Liquefied argon 120Nm³/h

Startup: April 2015

The plant is positioned as a strategic base in the northern part of Luzon Island, a market of future growth potential



Expansion of Philippines business (2)

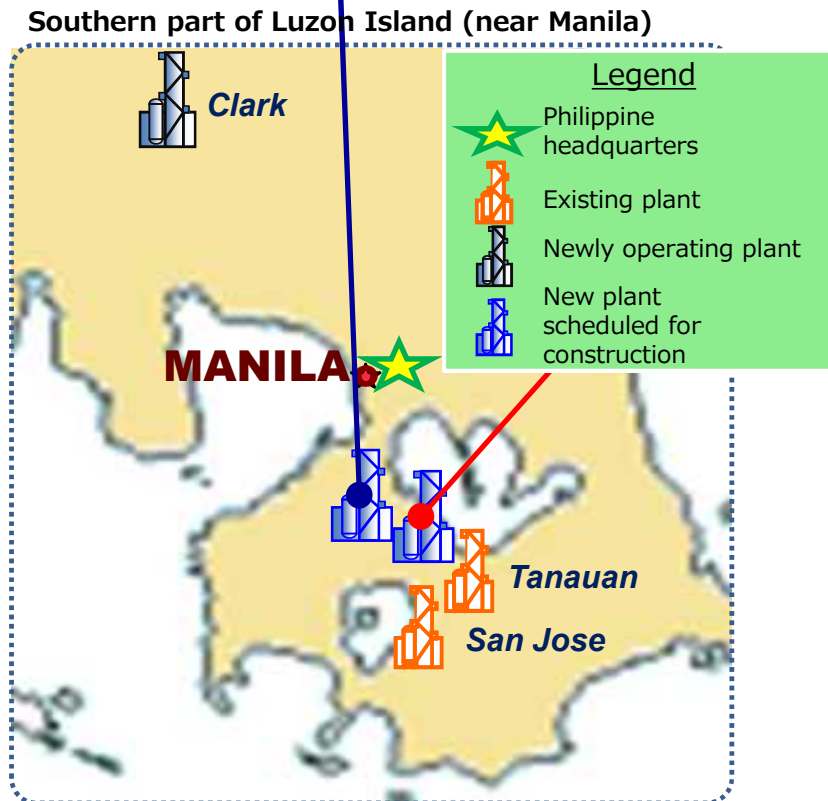
- Successive orders for new projects against a backdrop of overwhelming backup capacity

1 For solar panel manufacturers

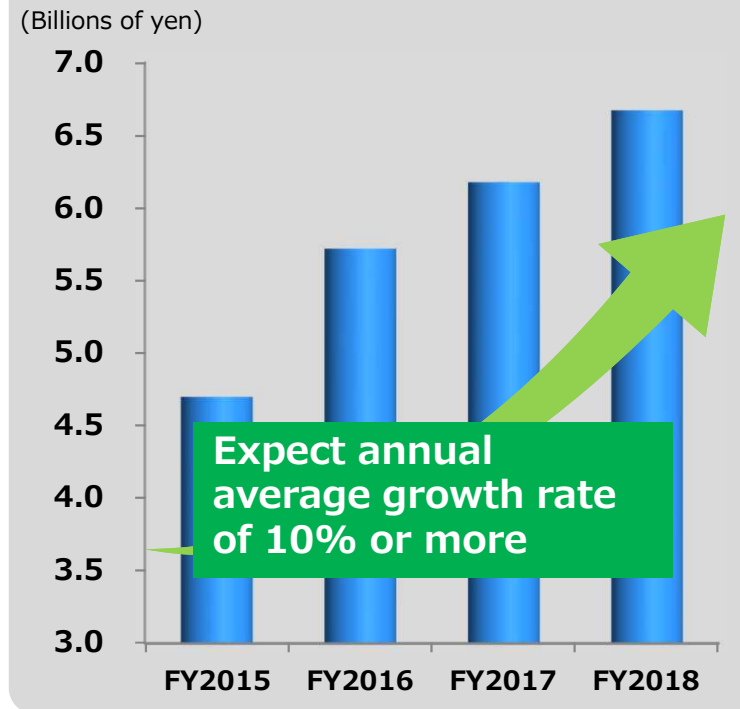
Supplied to: Foreign-affiliated solar panel manufacturers
 Supply method: Nitrogen gas piped in from new plant
 Supply start date: July 2016 (planned)

2 For electronic part manufacturers

Supplied to: Foreign-affiliated electronic part manufacturers
 Supply method: Nitrogen gas supplied by pipeline from new plant
 Supply start date: August 2016 (planned)



Philippines business sales



Expansion of Philippines business (3)

- Establish a subsidiary to produce stainless steel vacuum insulated bottles in the Philippines

- Company name: Vacuumtech Philippines Inc.
- Established: July 2014
- Planned start of production: December 2015
- Production capacity: 10 million bottles/year
- Investment amount: Approx. 3.9 billion yen

【Artist's rendering of new plant】



Plant name	Location	Production items
Thermos (China) Housewares	Kunshan, Jiangsu, China	A wide range of products
Thermos (Jiangsu) Housewares	Huai'an, Jiangsu, China	Products for China, Europe and North America
Top Thermo Mfg.(Malaysia)	Selangor, Malaysia	Ultralight, compact products
New company in the Philippines	Batangas, Philippines	Ultralight, compact products

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Consolidated Forecasts for FY2016

Gas Business in Japan

- Industrial gases market is expected to recover slowly
- Aim to expand sales of new commercial products including hydrogen stations
- Continuously improve earnings through structural reforms



Gas Business in the US

- Study building of new plants in areas where vigorous growth is expected
- Expand sales network for carbon dioxide and acetylene business into western region



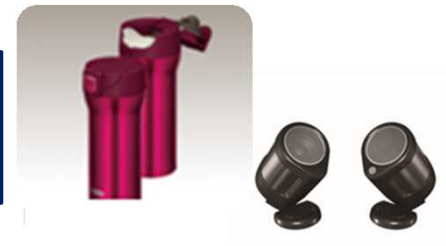
Gas Business in Asia

- Anticipate improved earnings due to emerging benefits of structural reforms implemented in China and the Philippines
- Obtain new demand in growth markets



Other

- In thermos business, despite rising unit purchase prices due to weak yen, seek to expand new product sales



Consolidated Full-Year Forecasts for FY2016

(Billions of yen)	FY2015 (Results)	FY2016 forecast	YoY Change
	Margin	Margin	% change
Sales	559.3	650.0	+90.6 +16.2%
Operating Income	35.2 6.3%	41.0 6.3%	+5.7 +16.2%
Ordinary Income	34.2 6.1%	39.3 6.0%	+5.0 +14.6%
Net Income	20.7 3.7%	24.0 3.7%	+3.2 +15.6%

- Effects of +¥50.0 billion net sales and +¥3.0 billion in operating income as a result of change in the ends of their fiscal years of Matheson Tri-Gas, Inc. (United States) and Leeden National Oxygen Ltd. (Asia)



Full-Year Forecasts for FY2016

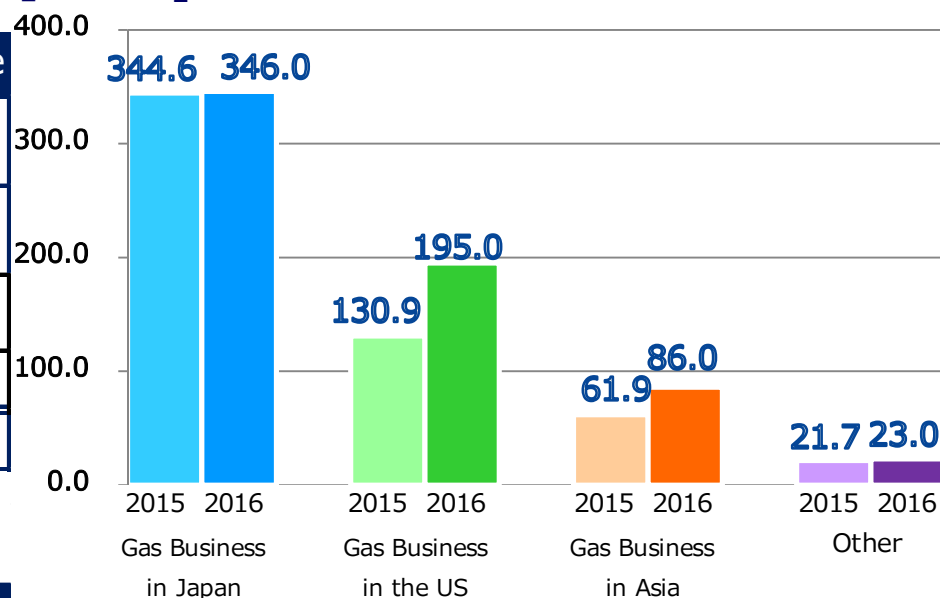
【Sales】

(Billions of yen)

	FY2015	FY2016	% change
Gas Business in Japan	344.6	346.0	+0.4%
Gas Business in the US*	130.9	195.0	+48.9%
Gas business in Asia*	61.9	86.0	+38.7%
Other	21.7	23.0	+5.7%
Sales Total	559.3	650.0	+16.2%

【Sales】

(Billions of yen)



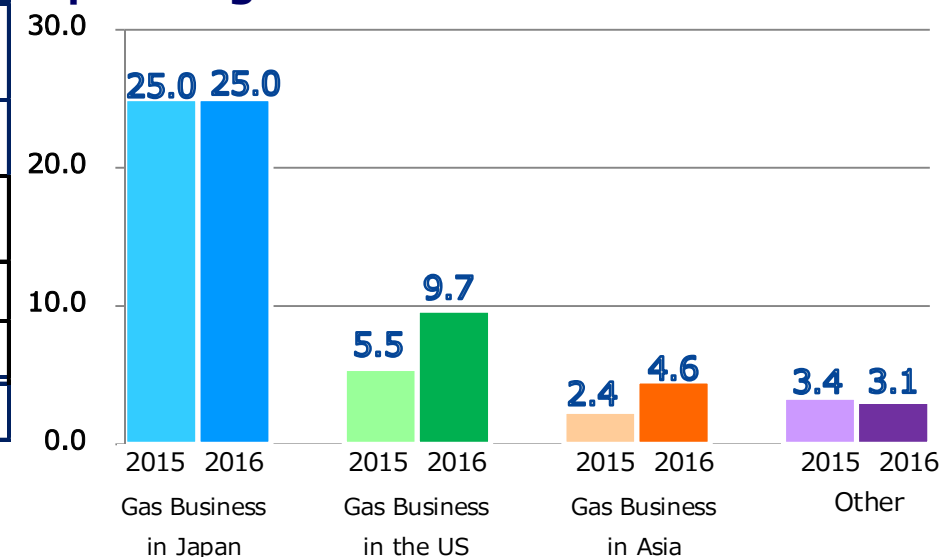
【Operating Income】

(Billions of yen)

	FY2015	FY2016	% change
Gas Business in Japan	25.0	25.0	+0.0%
Gas Business in the US*	5.7	9.7	+67.4%
Gas business in Asia*	2.4	4.6	+86.3%
Other	3.4	3.1	-9.8%
Eliminations or corporate	-1.4	-1.4	+3.4%
Operating Income Total	35.2	41.0	+16.2%

【Operating Income】

(Billions of yen)



* Matheson Tri-Gas, Inc. (United States) and Leeden National Oxygen Ltd. (Asia) will be recorded results for a 15-month period due to changes in fiscal-year ends

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Medium-Term Management Plan: State of Progress (1)

- Initial fiscal year of Medium-Term Management Plan progressing largely as planned

(Billions of yen)

Ortus Stage 1

	FY2014 (Results)	FY2015 (Results)	FY2016 (forecast)	FY2017 (plan)
Sales	522.7	559.3	650.0	600.0
(Difference versus initial plan)		(+9.3)	(+80.0)	(+0)
Operating Income	31.4	35.2	41.0	45.0
(Difference versus initial plan)		(+0.2)	(+3.0)	(+0)
Operating Margin	6.0%	6.3%	6.3%	7.5%
Overseas Sales Ratio	31.4%	35.0%	43.8%	40.0%
ROCE	6.2%	6.2%	6.8%	8.0%

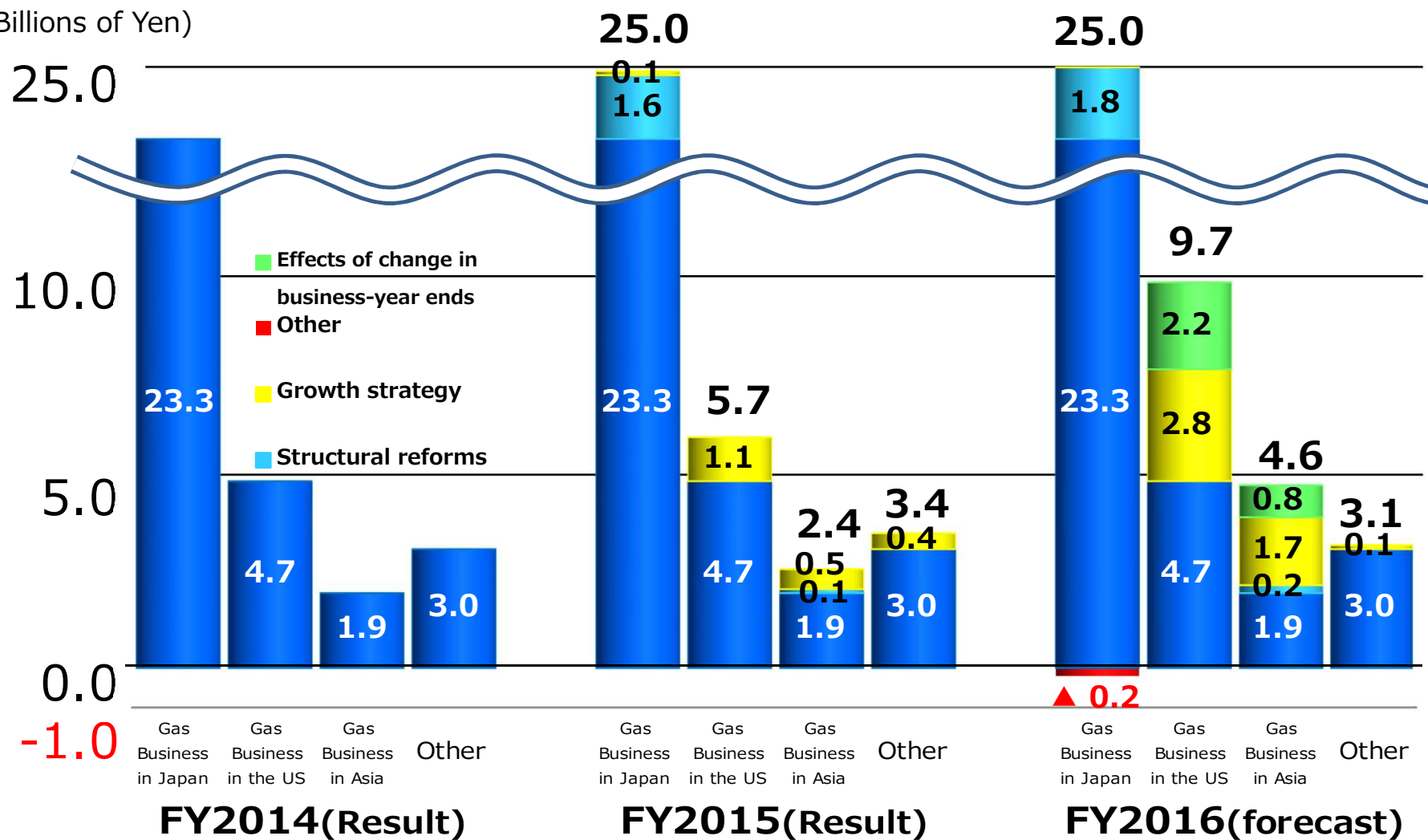
- Achieved fiscal 2015 net sales and operating income estimate
- Excluding the effects (+¥50.0 billion in fiscal 2016 sales and +¥3.0 billion in operating income) of changes in fiscal-year ends of the two subsidiaries, net sales will exceed initial target and operating income will achieve initial target.
- Anticipate achieving fiscal 2017 targets due to aggressive investment in growth markets and pursuit of structural reforms



Medium-Term Management Plan: State of Progress (2)

【Breakdown of change in operating income by segment】

(Billions of Yen)



Eliminations

-1.5

-1.4

-1.4

30 Total

31.4

35.2

41.0

Structural reforms

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

(Billions of yen)

Measures and policies	Amount of earnings improvement	
	2015 (Results)	2016 (Forecast)
Reduce domestic personnel expenses	1.2	1.3
Strengthen supply chains	0.3	0.4
Rationalize other domestic businesses	0.1	0.1
Rationalize overseas businesses	0.1	0.2
Total	1.7	2.0

* All figures are changes from FY2014



Innovation

【Promotion of New Business】

Commercial product	Progress
Hydrogen Station Business	FY2014: 3 orders; FY2015: 9 orders received ⇒Aim for a market share of 30% centered on mobile hydrogen stations
Water- ¹⁸ O	Completed Shunan No. 3 Plant in April 2015; product shipments scheduled for around autumn (increase annual production from 300kg to 600kg) ⇒Expand business through dominant supply system and cost competitiveness
MOCVD Equipment	Deliver to Sandia National Laboratories (USA) and Epistar Corporation (Taiwan) ⇒Further reinforce global expansion
Other new commercial products	Cryo Library Advance, high-purity steamer (RASIRC), etc.

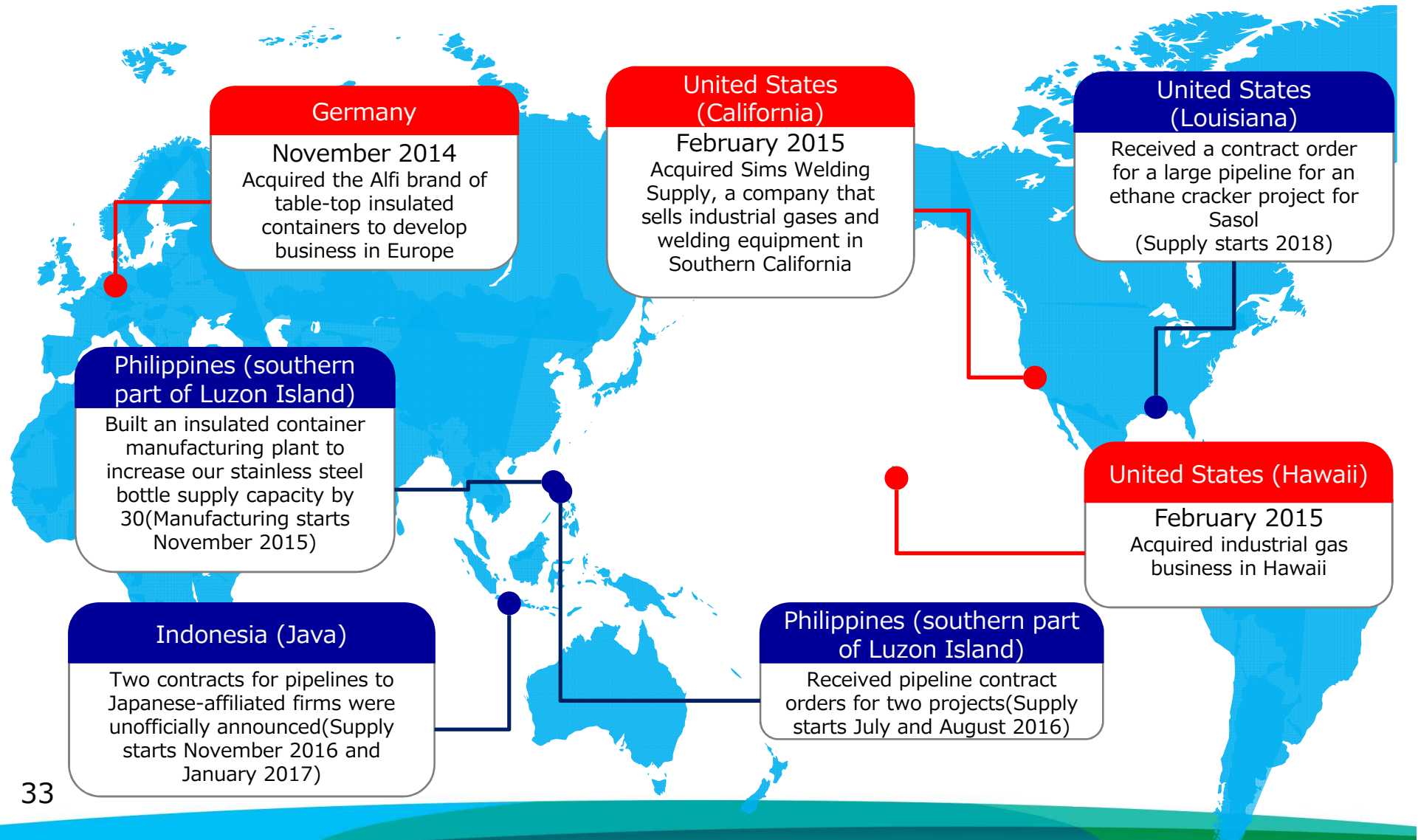
【 Collaboration with Mitsubishi Chemical Holdings 】

Theme	Initiatives
Gas solutions business	Collaborate with each business company in electronics, R&D, and gas applications
Health care solution business	Collaborate in the area of regenerative medicine with Life Science Institute, Inc., Mitsubishi Tanabe Pharma Corporation, Mitsubishi Chemical Corporation, and other organizations.



Globalization/M&A (1)

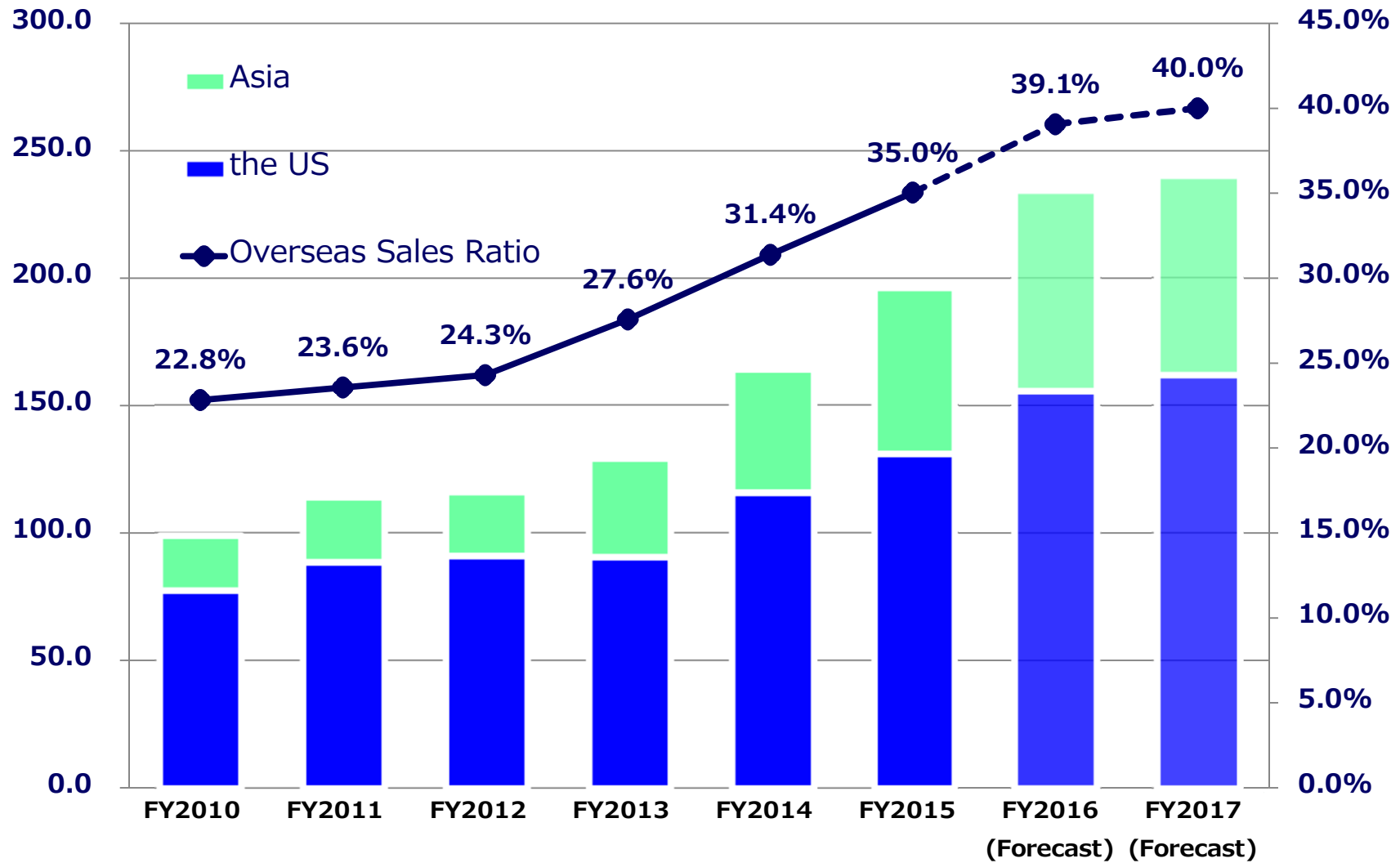
- Search for opportunities for M&A including areas we have not yet entered, and aggressively invest in ASU



Globalization/M&A (2)

(Billions of yen)

【Overseas sales】



* Calculated by excluding the effects of changes in fiscal-year end in FY2016 at U.S. and Asian subsidiaries

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.

