

Consolidated Business Performance for FY2013 (Year Ended March 2013)

TAIYO NIPPON SANSO Corporation

1. Consolidated Business Performance for FY2013
2. Topics
3. Challenges and Efforts
4. Consolidated Full-Term Forecasts for FY2014

Consolidated Business Performance for FY2013

Consolidated Business Performance for FY2013

(Billions of yen)

	FY2012 Ratio to sales	FY2013 Announced forecasts(3/22)	FY2013 (Actual)	YoY % change
Sales	477.4	469.0	468.3	-9.0 -1.9%
Operating Income	31.0 6.5%	24.7 5.3%	24.8 5.3%	-6.1 -19.9%
Ordinary Income	29.7 6.2%	22.2 4.7%	23.0 4.9%	-6.6 -22.4%
Net Income	21.2 4.4%	-2.2 -0.5%	-2.0 -0.4%	-23.2 -109.8%

Performance by Segment

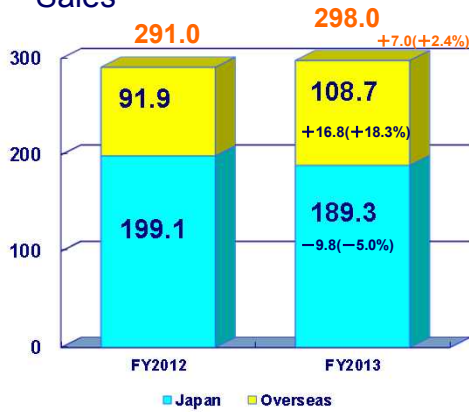
Performance by Segment in FY2013

(Billions of yen)

	FY2012		Margin	FY2013		Margin
	Sales	Operating Income		Sales	Operating Income	
Industrial gases	291.0	21.7	7.5%	298.0	21.3	7.2%
Electronics	115.2	5.9	5.1%	96.5	-0.5	-0.6%
Energy	38.8	1.6	4.3%	40.0	1.8	4.5%
Other	32.2	2.7	8.5%	33.7	3.2	9.8%
Adjustments		-0.9			-1.0	
Total	477.5	31.0	6.5%	468.3	24.8	5.3%

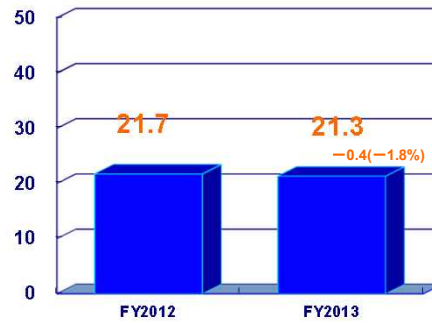
Industrial Gases Business

Sales



Operating Income

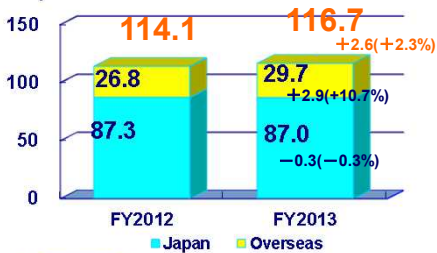
(Billions of yen)



* The graph contains figures for both Japan and overseas sales.

Major Industrial Gases Business (Sales)

Separated Gases



«Overseas»

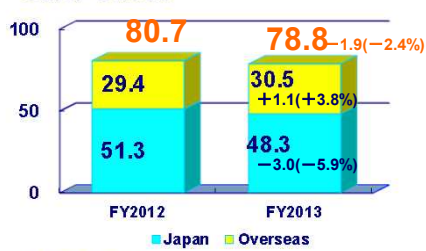
- ◆ Sales increased in Asia due to the effects of new consolidations, changes to the accounting periods of some of our consolidated subsidiaries in this reporting period, and other factors

«Japan»

- ◆ Increase in oxygen sales due to strong on-site supply to steel industries
- ◆ Decline in nitrogen sales due to a fall in sales to chemical industries

Other Gases

(Billions of yen)



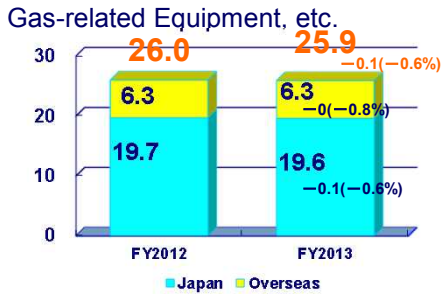
«Overseas»

- ◆ Increase in sales due to the effects of new consolidations

«Japan»

- ◆ Previous year's sales increased due to effects from changes to the accounting periods of some of our consolidated subsidiaries
- ◆ Decline in demand for carbon dioxide

Major Industrial Gases Business (Sales)

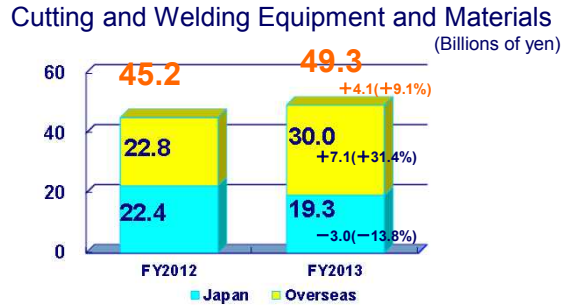


«Overseas»

- ◆ Sales remained at the same level in North America

«Japan»

- ◆ Strong sales of gas supply equipment
- ◆ Decline in PSA-type nitrogen gas generator equipment sales



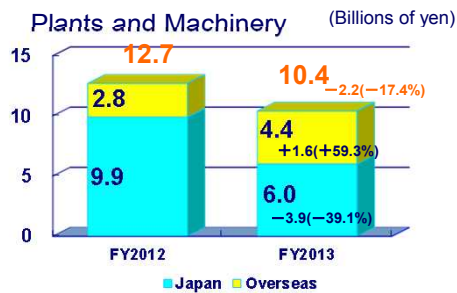
«Overseas»

- ◆ Effects of newly consolidated subsidiaries
- ◆ Firm sales of non-gas products in North America

«Japan»

- ◆ Previous year's sales increased due to effects from changes to the accounting periods of some of our consolidated subsidiaries
- ◆ Decline in large-scale orders for cutting and welding equipment

Major Industrial Gases Business (Sales)



«Overseas»

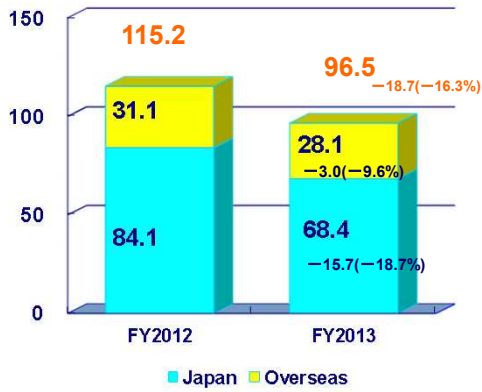
- ◆ Sales increased primarily in Asia

«Japan»

- ◆ Sales fell due to a decline in large-scale orders
- ◆ Orders for space simulation chambers steadily increased

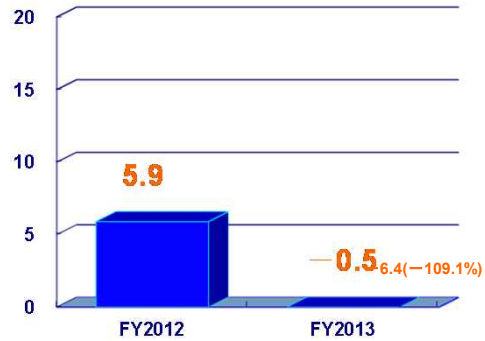
Electronics Business

Sales



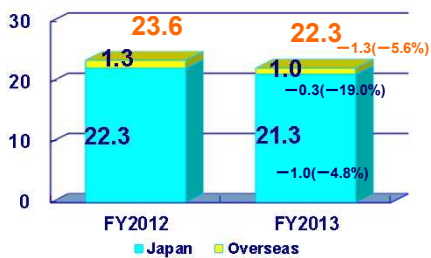
Operating Income

(Billions of yen)



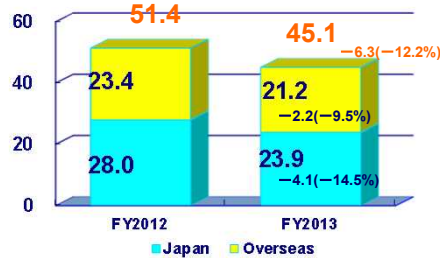
Major Electronics Busines (Sales)

Separated Gases



Electronic Material Gases

(Billions of yen)



« Overseas »

- ◆ Decline in nitrogen sales in North America

« Japan »

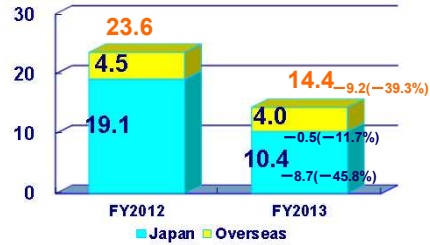
- ◆ Decline in argon sales due to reduced production of silicon wafers

« Overseas / Japan »

- ◆ Decline in sales due to reduced production of semiconductors, LCD panels and solar cells and the sale of the SDS business

Major Electronics Businesses (Sales)

Electronics Related Equipment and Installation



« Overseas »

- ◆ Decline in equipment and installation projects in Taiwan

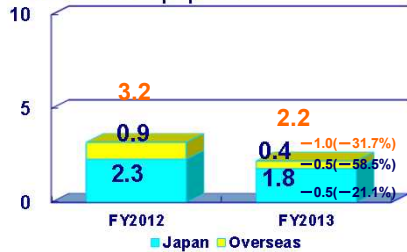
« Japan »

- ◆ Substantial decline in large-scale equipment and installation orders



TAIYO NIPPON SANSO
The Gas Professionals

MOCVD Equipment (Billions of yen)



« Overseas »

- ◆ Orders declined in Taiwan, South Korea, and other places in Asia

« Japan »

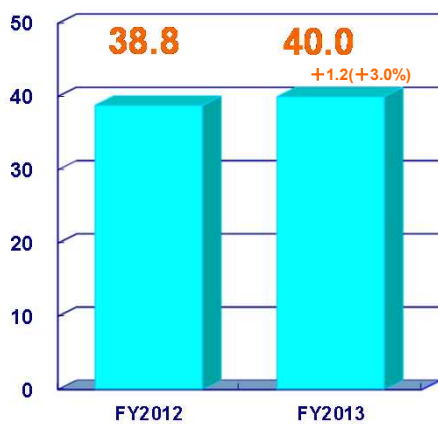
- ◆ Multiple unit orders to power semiconductors for research projects will contribute to sales in the next period

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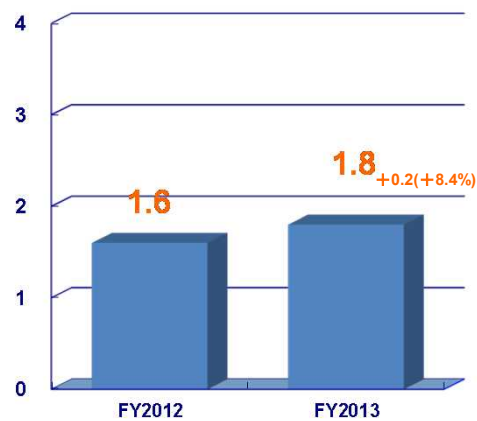
2013/5/13

Energy Business

Sales



Operating Income (Billions of yen)



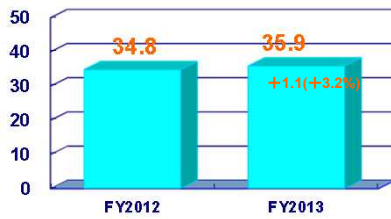
TAIYO NIPPON SANSO
The Gas Professionals

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2013/5/13

Major Energy Business (Sales)

LP Gas



«Japan»

- ◆ Volume declined due to down time in industrial operations and a fall in consumer demand
- ◆ Slight rise in import prices

Equipment and Installation, etc. (Billions of yen)

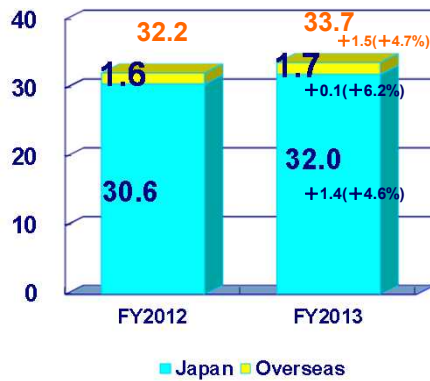


«Japan»

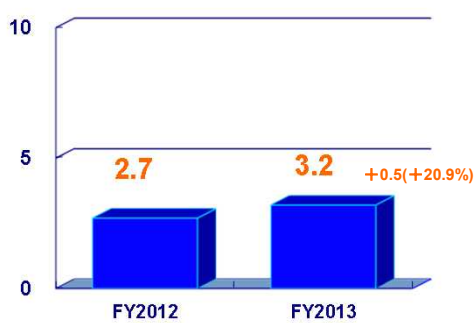
- ◆ GHP and Ene-Farm inquiries increased due to the rise in electricity charges and other factors

Other Businesses

Sales

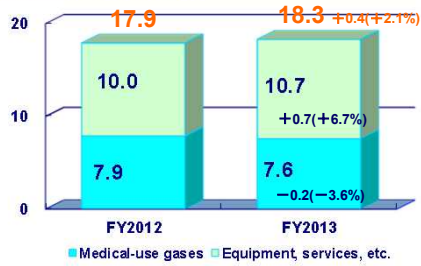


Operating Income (Billions of yen)



Major Other Businesses (Sales)

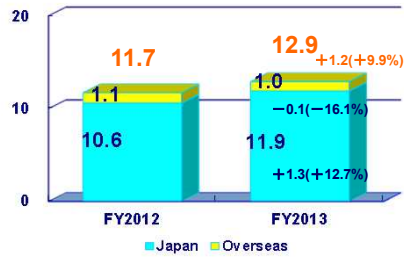
Medical Business



«Japan»

- ◆ Decrease in sales of medical-use oxygen due to shorter hospital stays and other factors
- ◆ Sales of home-use medical equipment held firm
- ◆ Strong sales of hospital equipment

Thermos Business



«Overseas»

- ◆ Sales subsidiary established in South Korea in the previous period excluded from the scope of the consolidation

«Japan»

- ◆ Strong sales of portable mugs and other new products

Topics

Topics

◆Japan

- TAIYO NIPPON SANSO GAS & WELDING launched

◆North America

- Initiatives by Matheson Tri-Gas

◆Asia

- Initiatives by Leeden Limited
- Progress in building new plants

◆Hydrogen stations

◆High-temperature superconducting



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2013/5/13

TAIYO NIPPON SANSO GAS & WELDING Launched

➢Corporate Profile

- Merger format: Merger by absorption of companies Futaba Bussan and Toei Kagaku by Saan-Tech, with Saan-Tech being the surviving company
- Effective: April 1, 2013
- Shareholder composition: Taiyo Nippon Sanso 100%
- Performance in first fiscal year (forecast): Net sales of ¥22.0 billion
- Number of employees: Approximately 400
- Sales composition: Gas business 60%, welding business 39%, other 1%



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2013/5/13

TAIYO NIPPON SANSO GAS & WELDING Launched

➤ Purpose of establishment

- Strengthen the downstream business centered on cylinders
- Reduce costs accompanying the consolidation of purchasing
- Strengthen M&A functions for dealers
- Consolidate the management divisions and simplify the organization

➤ Business plan

- Target net sales of ¥40.0 billion by restructuring inside and outside the Group and absorbing welding materials trading companies
- Develop more in-house products and establish a new revenue base

In-house products

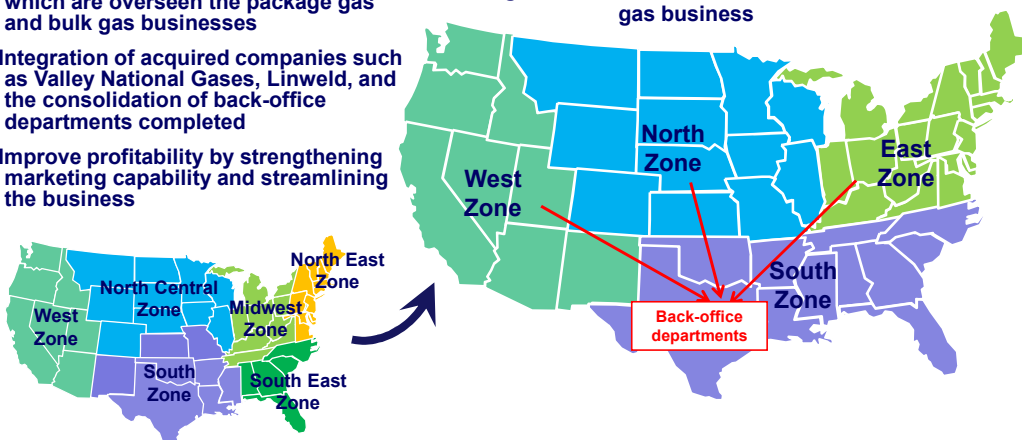


Initiatives in the U.S.

Business restructuring completed

- Restructured the U.S. industrial gas business from six areas to four areas which are overseen the package gas and bulk gas businesses
- Integration of acquired companies such as Valley National Gases, Linweld, and the consolidation of back-office departments completed
- Improve profitability by strengthening marketing capability and streamlining the business

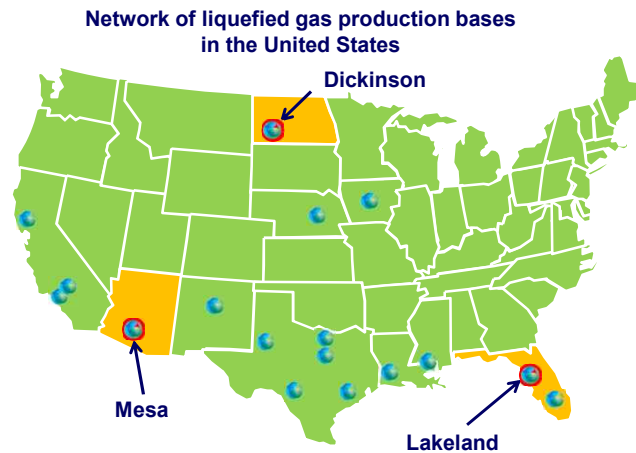
Organizational structure of the industrial gas business



Initiatives in the U.S.

Expansion of the liquefied gas business

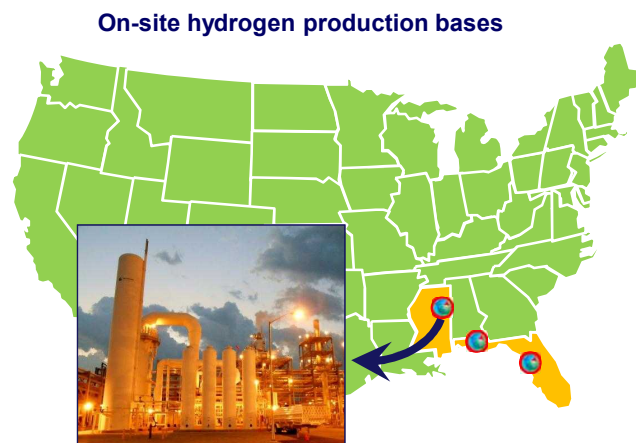
- New ASUs
 - Lakeland, Florida
Commenced operation March 2013
 - Dickinson, North Dakota
Commenced operation May 2013
 - Mesa, Arizona
To be completed June 2014
- In relation to shale gas and oil, demand for industrial gas, in particular nitrogen, is expected to grow.
We will capture this demand and expand the network of liquefied gas production bases.



Initiatives in the U.S.

Aggressive investment in the on-site hydrogen business

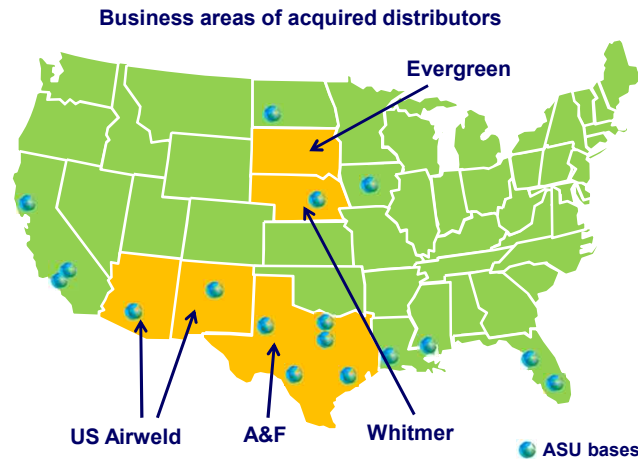
- Concluded a total of three on-site contracts in Florida and Mississippi (for bio-fuel and chemical industries)
- Seek to capture small and medium-sized on-site businesses targeting 1,000-15,000Nm³/h users



Initiatives in the U.S.

Acquisition of distributors

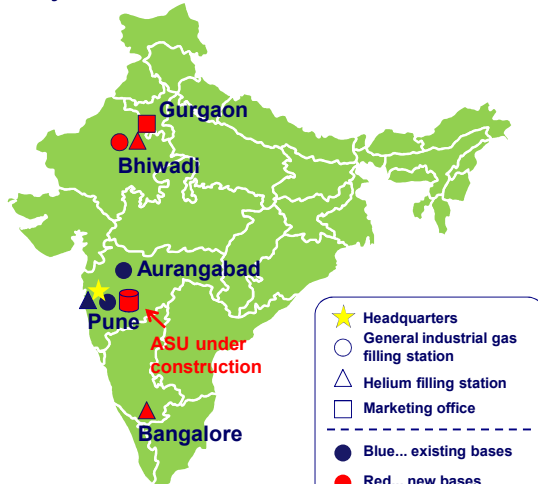
- Four acquisitions in 2012
 - US Airweld, Inc.
 - A&F Welding Supply, Inc.
 - Whitmer Welding Supplies, Inc.
 - Evergreen Supply, Inc.
- Aim to expand business and improve earnings by continually acquiring distributors and cultivating the synergies of ASU and other core businesses



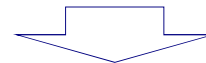
Initiatives in India

Strengthening of the supply and sales network

Major business bases of Matheson K-Air



- Construction of ASU in Pune
Scheduled for completion at around end of 2013
- New manufacturing and sales bases
 - Helium and general industrial gas filling stations opened in Bhiwadi, Rajasthan and also a marketing office in Gurgaon, Haryana in 2012
 - Helium filling station in Bangalore opened January 2013



Currently expanding business areas to north and south India, in addition to the mid-west areas such as Pune where the headquarters is located

Initiatives in Singapore

Acquisition of the HART Group by Leeden

> Overview

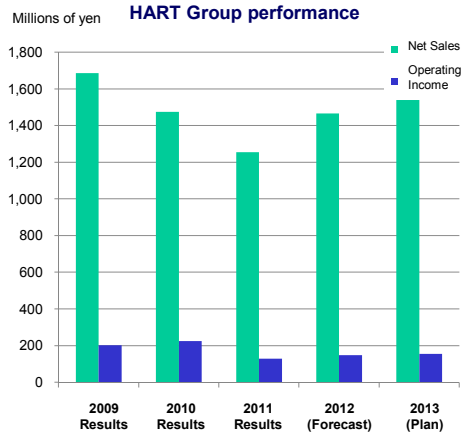
- Acquired via Leeden the HART Group, whose main businesses are supplying fire control equipment engineering, building and fire control products
- Acquired a 70% equity interest in the company from its existing shareholders
- Closing planned for end of June 2013

> HART Group performance

Net sales: ¥1, 466 million
Operating Income: ¥149 million

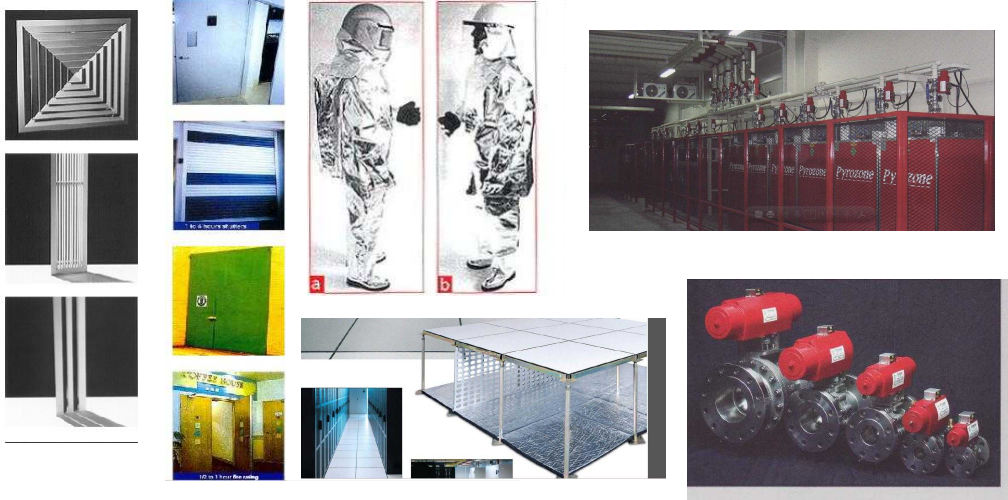
> Purpose of the acquisition

Maximize synergy effects by partnering with the HART Group in the safety equipment business, one of the major business areas of Leeden



Initiatives in Singapore

HART Group: Major Products Handled



Construction of New Plants in Southeast Asia

◆ The Philippines

- Operations commenced at the new plant in Mindanao in January 2013
- Operations scheduled to commence at the new plant in Luzon in July 2014

Location	Operation Commencement Date	Capacity (Nm ³ /h)
Luzon Island	Online in October 1997	LON 4,000
	Online in April 2008	LON 10,000
	Scheduled for July 2014	LON 10,000 + nitrogen gas
Mindanao Island	Online in January 2013	LON 2,000



New plant in Mindanao

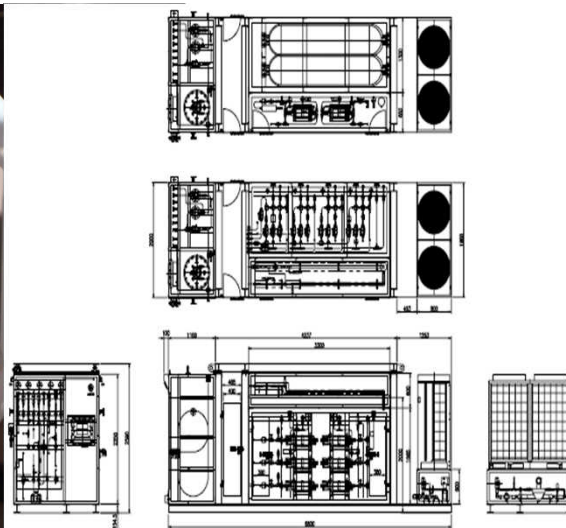
◆ Vietnam

- The new plant in Hưng Yên Province in the north of Vietnam is scheduled to be completed in January 2015

Region		Operation Commencement Date	Capacity (Nm ³ /h)
Northern Region	Hưng Yên Province (on the outskirts of Hanoi)	Online in April 2011	LON 2,500 + nitrogen gas
		Scheduled for January 2015	LON 2,900 + nitrogen gas
Southern Region	Dong Nai Province, Bien-hoa	Online in December 1998	LON 1,000
		Online in July 2005	LON 2,500
	Bà Rịa-Vũng Tàu Province (on the outskirts of Ho Chi Minh)	Online in February 2012	LON 5,000 + oxygen and nitrogen gas

Environment and Energy (Hydrogen Stations)

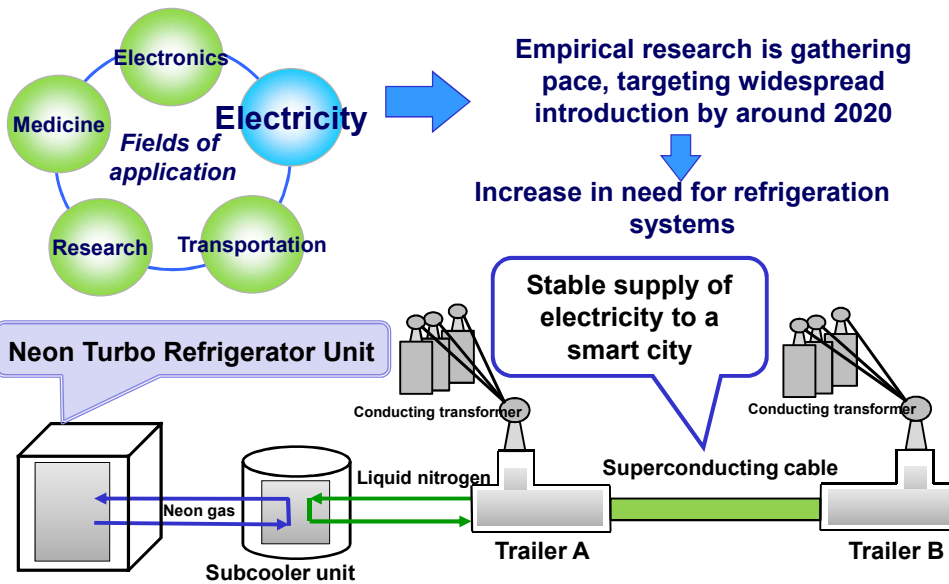
Packaging made possible for D7,000mm × W2,000mm × H2,590mm



Environment and Energy (Hydrogen Stations)



Marketability of high-temperature superconducting technology



Neon-refrigerant Turbo Refrigerator Unit

[Device features]

Utilizes neon gas refrigerant for improved refrigeration efficiency and reliability

Employs magnetic bearings in the rotating components to make the unit maintenance-free

Wide-ranging adjustment of the refrigeration capacity is possible

[Device specifications]

Refrigeration capacity: 2kW

Cooling temperature: 65K (−208°C)

Power consumption: 48kW



External view of the new turbo refrigerator unit (prototype)

Challenges and Efforts

Important Challenges

- ◆ Organizational restructuring centered on industrial gases and electronics-related businesses
- ◆ Expansion of overseas businesses including boosting the earning capability of North American business
- ◆ Strengthen response capabilities of plant engineering
- ◆ New business creation to become new earnings pillars

Raise earnings by ¥5.0 billion
over the short term

Measures to Improve Profitability

- 1) Revise industrial gas prices
- 2) Strengthen partnerships with distributors
- 3) Improve profitability from the electronics businesses
- 4) Improve profitability from business in North America
- 5) Expand our business in Asia

Consolidated Full-Term Forecasts for FY2014

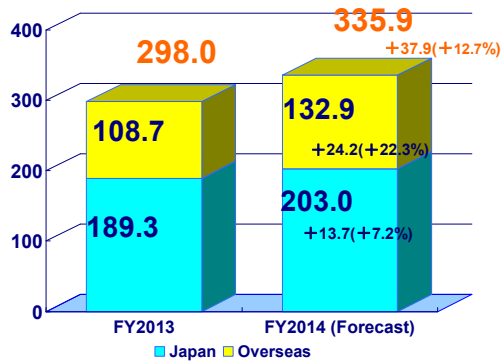
Consolidated Full-Term Forecasts for FY2014

(Billions of yen)

	FY2013 (Results)	FY2014 (Forecast)	Change	% change
Sales	468.3	514.0	45.6	9.7%
Operating Income	24.8 5.3%	31.5 6.1%	6.6	26.6%
Ordinary Income	23.0 4.9%	29.3 5.7%	6.2	27.1%
Net Income	-2.0 -0.4%	17.1 3.3%	19.1	—

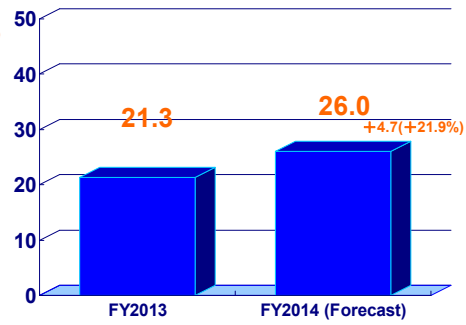
Industrial Gases Business Segment Forecasts for FY2014

Sales



Operating Income

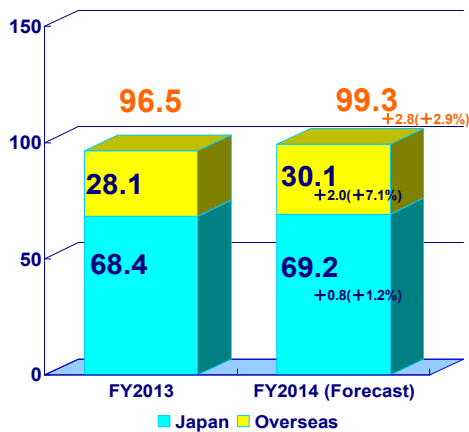
(Billions of yen)



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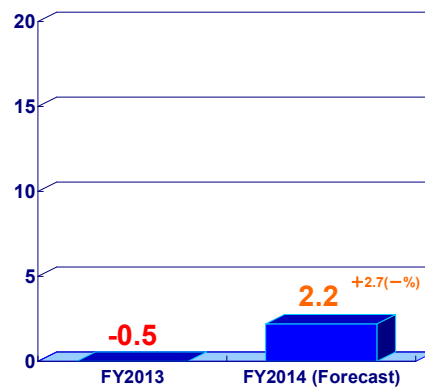
Electronics Business Segment Forecasts for FY2014

Sales



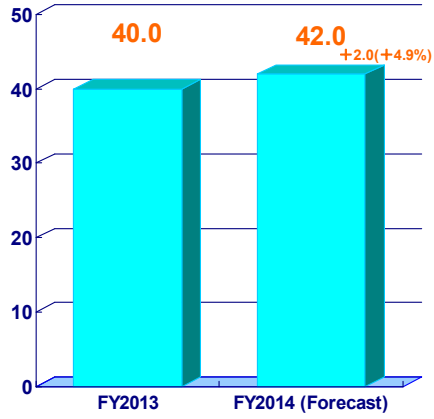
Operating Income

(Billions of yen)



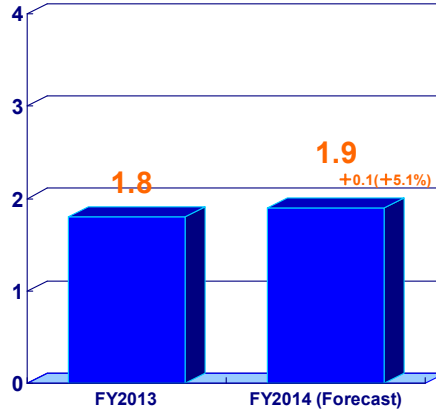
Energy Business Segment Forecasts for FY2014

Sales



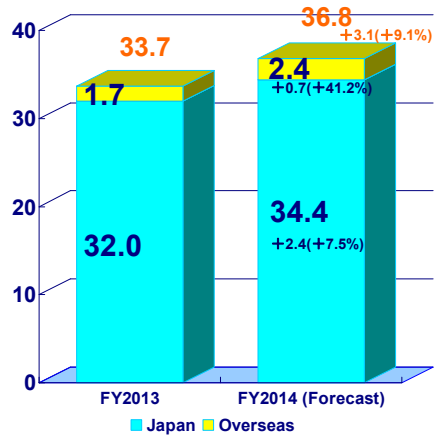
Operating Income

(Billions of yen)



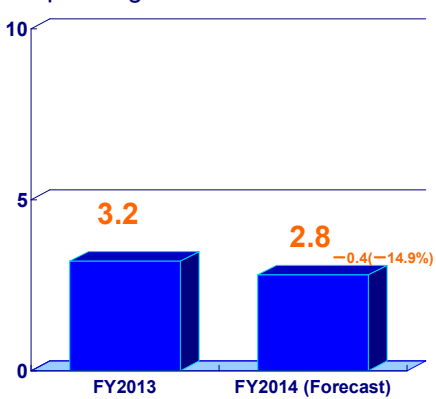
Other Businesses Segment Forecasts for FY2014

Sales



Operating Income

(Billions of yen)



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- Actual results may thus differ substantially from the said forward-looking statements, and investment decisions should not be made solely on the basis of the information provided herein.



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