

Consolidated Business Performance for FY2011 (Year Ended March 2011)

Taiyo Nippon Sanso Corporation



2011/5/13

1. Consolidated Business Performance for FY2011
2. Results of Previous Medium-term Business Plan (FY2009 to FY2011)
3. Overview of the New Medium-term Business Plan (FY2012 to FT2014)
4. Impact of the Great East Japan Earthquake
5. Consolidated Full-Term Forecasts for FY2012



2011/5/13

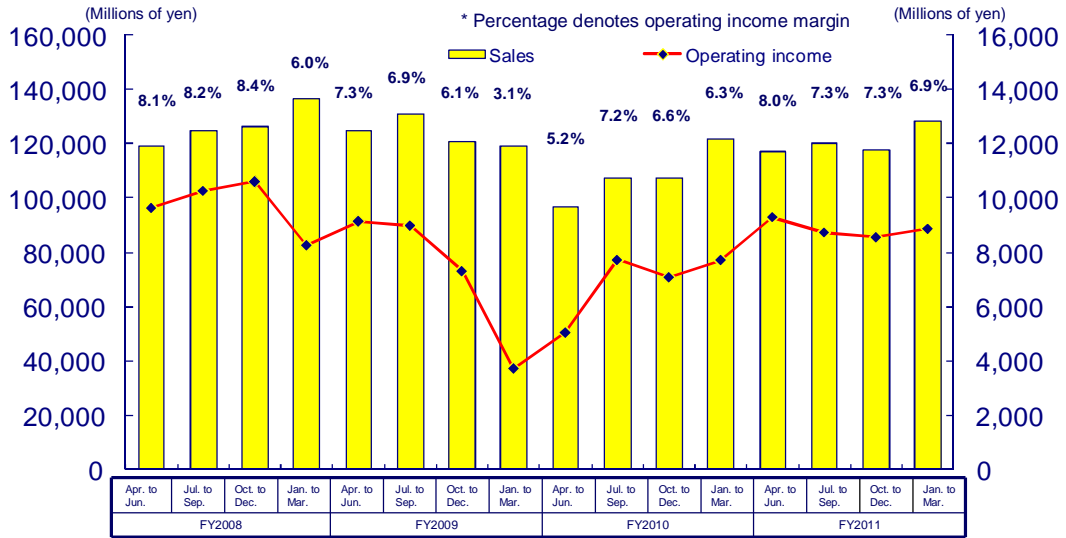
Consolidated Business Performance for FY2011

Consolidated Business Performance for FY2011

(Billions of yen)

	FY2010 Ratio to sales	FY2011 Forecast (5/14)	FY2011 Forecasts (4/25)	FY2011 (Actual)	YoY % change
Sales	433.3	480.0	483.5	483.6	50.2 +11.6%
Operating Income	27.5 6.4%	32.5 6.8%	35.4 7.3%	35.4 7.3%	7.9 +28.7%
Ordinary Income	27.0 6.2%	30.5 6.4%	34.0 7.0%	34.1 7.1%	7.1 +26.3%
Net Income	15.7 3.6%	17.0 3.5%	12.5 2.6%	12.7 2.6%	-3.0 -19.1%

Quarterly Business Performance



2011/5/13

Performance by Segment



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Performance by Segment in FY2011

(Billions of yen)

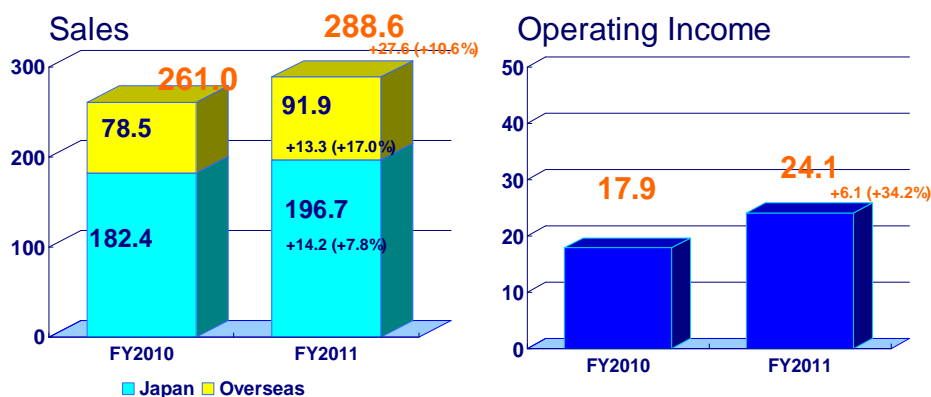
	FY2010		Margin	FY2011		Margin
	Sales	Operating Income		Sales	Operating Income	
Industrial gases	261.0	17.9	6.9%	288.6	24.1	8.4%
Electronics	110.6	6.5	5.9%	126.4	8.4	6.7%
Energy	32.3	1.2	3.9%	37.6	1.4	3.7%
Other	29.4	3.3	11.2%	30.8	3.0	9.9%
Adjustments		(1.5)			(1.5)	
Total	433.3	27.5	6.4%	483.6	35.4	7.3%



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Industrial Gases Business

(Billions of yen)



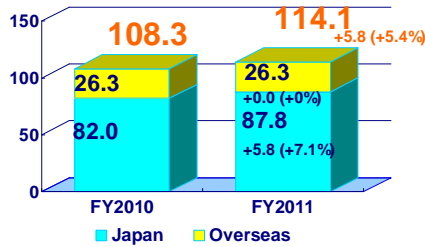
* The graph contains figures for both Japan and overseas sales.



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Major Industrial Gases Business (Sales)

Separated Gases



Overseas

Volume and value of sales declined in North America due to sale of some businesses

Sales of liquefied gas were strong in Asia

Japan

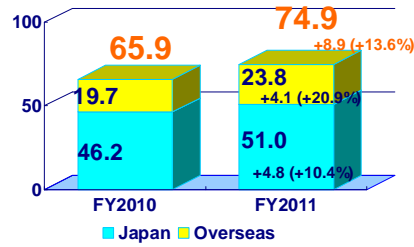
On-site supply of gas to the steel and chemical industries was strong

Sales of liquefied gas to small and medium-sized enterprises also followed a recovery path



Other Gases

(Billions of yen)



Overseas

The newly consolidated subsidiaries in North America contributed to sales

Japan

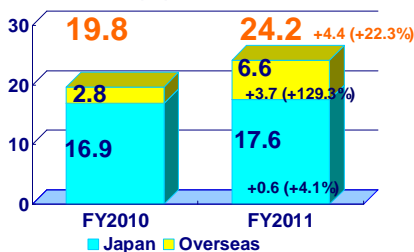
Sales of carbon dioxide to metal processing factories, auto industries for welding use, and food manufacturers were strong

Sales of hydrogen to electronic components-related industries held firm

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Major Industrial Gases Business (Sales)

Gas-related Equipment, etc.



Overseas

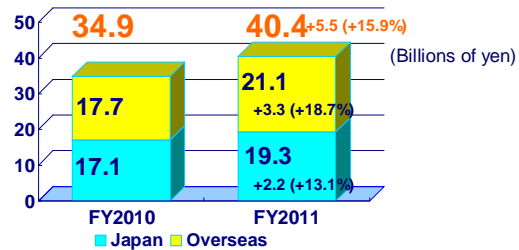
Sales of equipment in North America were strong, newly consolidated subsidiaries also contributed to sales

Japan

Sales of gas supply facilities held firm
Newly consolidated subsidiaries also contributed to sales



Cutting and Welding Equipment and Materials



Overseas

Sales in North America increased partly due to newly consolidated subsidiaries there

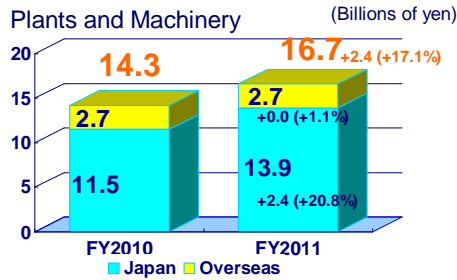
Exports to Asia were strong

Japan

In the area of cutting and welding equipment, sales of laser cutting machine were strong

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Major Industrial Gases Business (Sales)



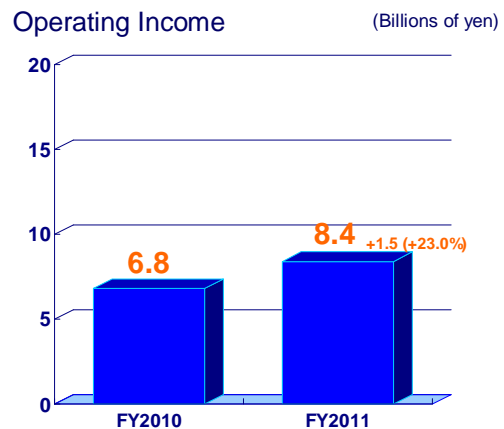
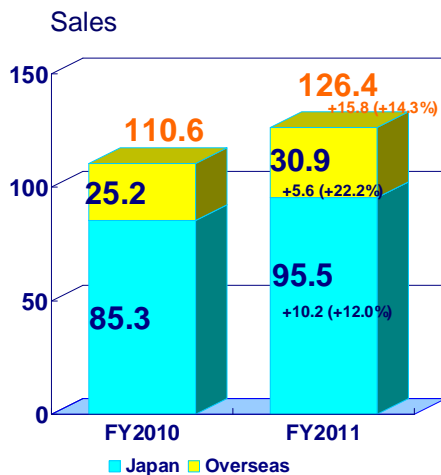
Overseas

TNSC's principal customer industries, particularly steel and chemicals, followed a recovery path
New inquiries about capital expenditure increased

Japan

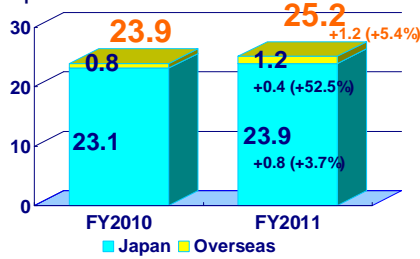
Large-scale installation projects subject to the percentage-of-completion method performed steadily
Received order for air separation plant from leading electric arc furnace manufacturer

Electronics Business



Major Electronics Businesses (Sales)

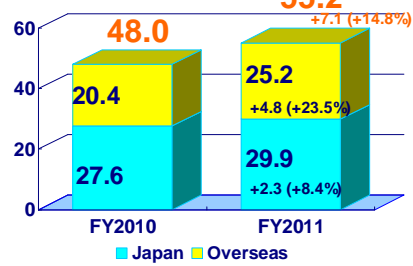
Separated Gases



Overseas
Sales of nitrogen held firm in Asia and North America

Japan
Sales of nitrogen to semiconductor and LCD manufacturers held firm
Sales of argon to semiconductor silicon manufacturers were strong

Electronic Material Gases (Billions of yen)



Overseas
Sales to LCD and semiconductor manufacturers in Taiwan, China, and South Korea, etc. were strong
Increased storage facility capacity in Singapore

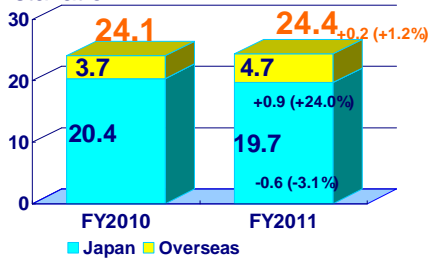
Japan
Demand for gases for semiconductor and LCD production held firm



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Major Electronic Business (Sales)

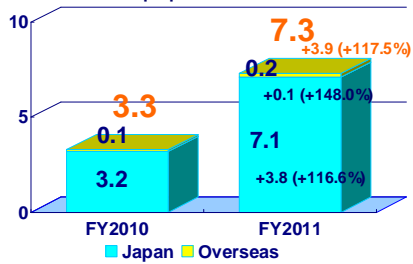
Electronics Related Equipment and Installation



Overseas
Sales in Asia were on a recovery trend, partly due to new investment in solar cells

Japan
Sales declined due to delays in plans for some installation projects, and other factors

MOCVD Equipment (Billions of yen)



Overseas
Shipments to Taiwan made in the first half
Received order for large-scale, mass-production equipment for Asia

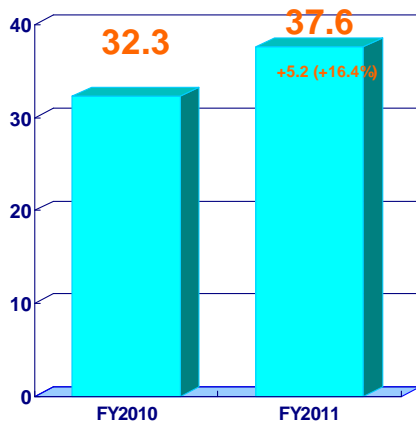
Japan
Steady shipments of large-scale, mass-production systems
Developed state-of-the-art large-diameter mass production equipment



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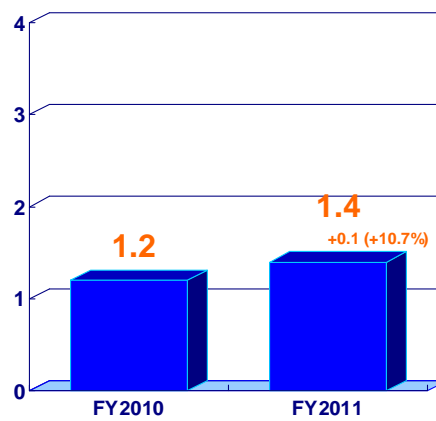
Energy Business

Sales



Operating Income

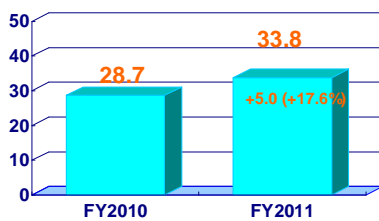
(Billions of yen)



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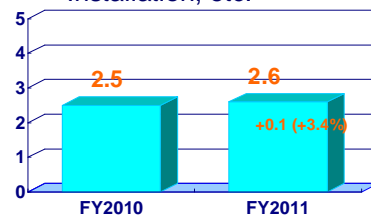
Major Energy Business (Sales)

LP Gas



Equipment and Installation, etc.

(Billions of yen)



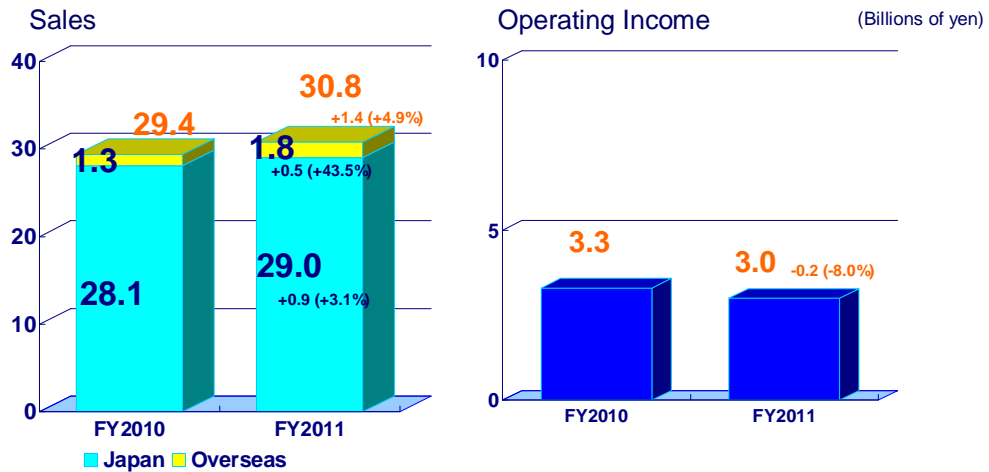
Japan
 Raised sales prices due to rise in import prices
 Due to the impact of the severe winter consumer demand recovered in the second half, and industrial demand largely held firm
 Strengthened management by making distributors more community-based

Japan
 Industrial demand for capital expenditure was at almost the same level as last year

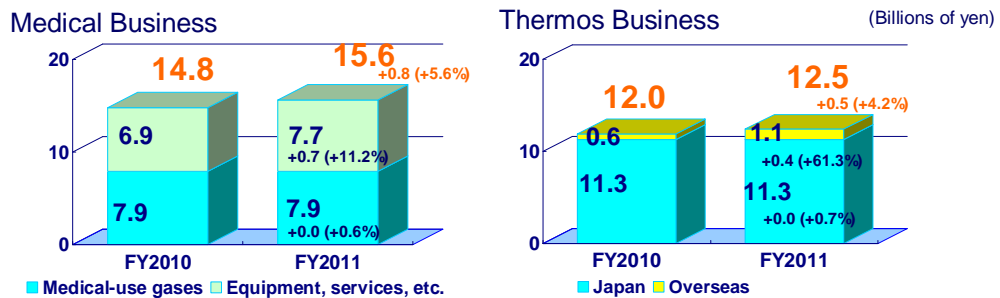


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Other Businesses



Major Other Businesses (Sales)



Japan
 Sales of oxygen for medical use held firm both as liquefied gas and in cylinders
 Sales of home oxygen therapy equipment and bio-equipment were strong

Overseas
 A new plant, our second in China, commenced production

Japan
 Sales of portable mugs, etc. held firm
 New products launched this spring were also well-received

Results of Previous Medium-term Business Plan (FY2009 to FY2011)

"Stage 10" - Challenges in Becoming a Global Company [II]

〈Business indicators: Triple 10〉

- 10% share of the world market
- Operating margin of 10% or higher
- Maintaining an ROCE of 10% or higher

Basic Key Strategies in Previous Medium-term Business Plan

1. Concentrate management resources
in growth markets and regions
2. Strengthen upstream strategies
3. Promote M&A strategy
4. Implement cost reductions
5. Strengthen Group management



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Results of Previous Medium-term Business Plan (FY2009 to FY2011)

FY2011 performance targets

- Sales: ¥600.0 billion + **¥483.6 billion**
- Operating Income: ¥54.0 billion **¥35.4 billion**



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Results of Previous Medium-term Business Plan (FY2009 to FY2011)

[Medium- to long-term vision (Business indicators: Triple 10) FY2011 progress]

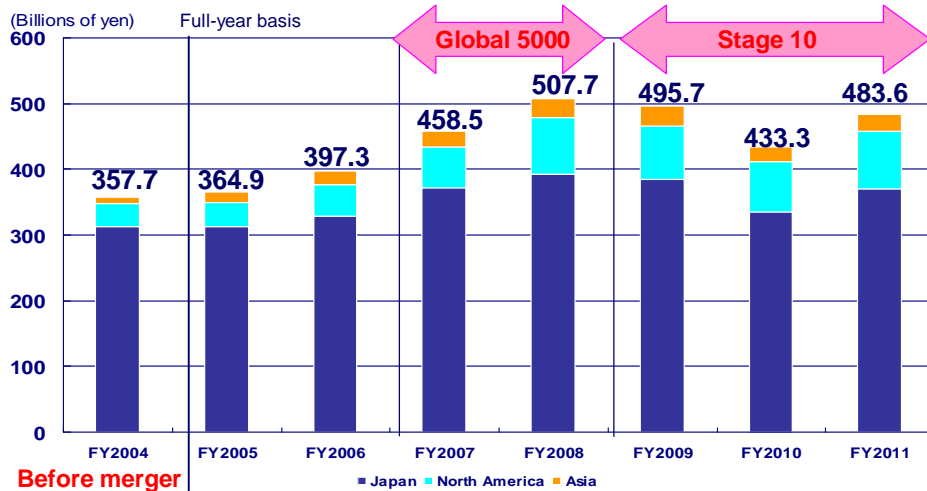
- 10% share of world market 7.5% (* 1)
- Operating margin of 10% 7.3%
- ROCE of 10% 7.8%

* 1: TNSC estimates based on FY2011 reports and/or publications by CryoGas International and annual reports of various companies.



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Sales Performance

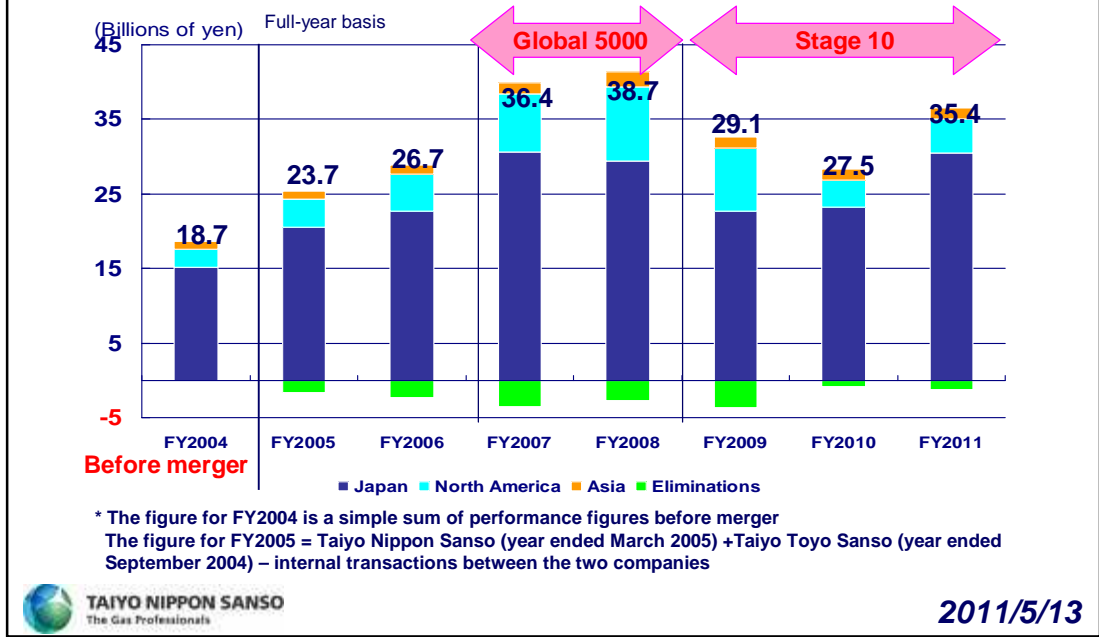


* The figure for FY2004 is a simple sum of performance figures before merger
The figure for FY2005 = Taiyo Nippon Sanso (year ended March 2005) + Taiyo Toyo Sanso (year ended September 2004) – internal transactions between the two companies

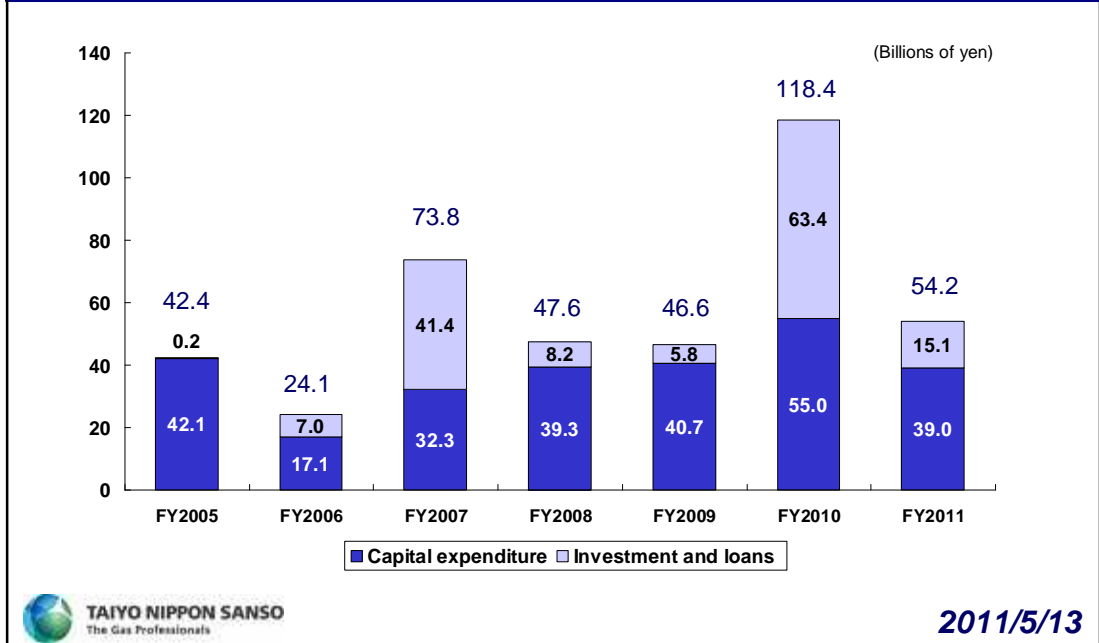


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Operating Income Performance



Capital Expenditure and Investment and Loans



Results of Capital Expenditure and Investment and Loans

Total since the first fiscal year of the merger
(from FY2005 to FY2011)

(Billions of yen)

	Amount	Percentage
Japan	182.1	45%
U.S.A	195.4	48%
China	8.3	2%
Asia	21.4	5%
Total	407.2	100%



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Results of Capital Expenditure and Investment and Loans (compared to the plan)

Total during the period of the Previous Medium-term
Business Plan (from FY2009 to FY2011)

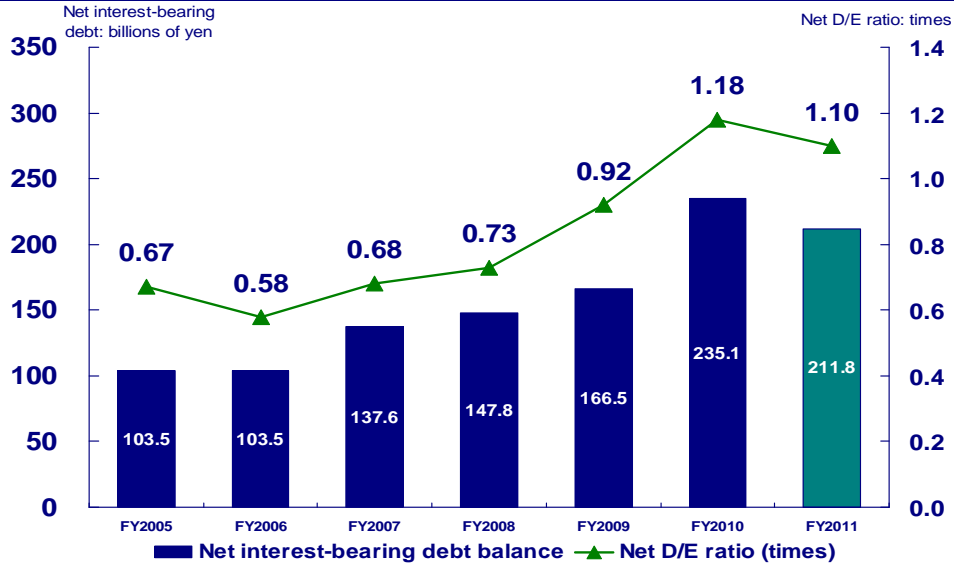
(Billions of yen)

	Plan	Implemented
Capital expenditure	174.6	134.8
Investment and loans	25.4	84.4
Total	200.0	219.2

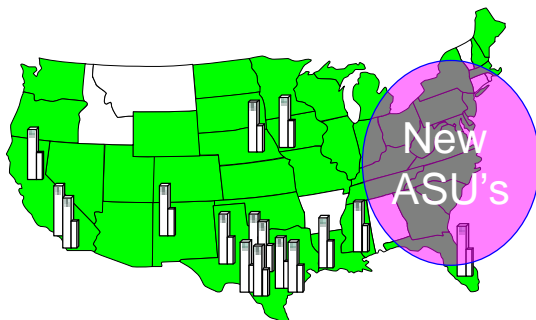


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Net Interest-bearing Debt and Net D/E Ratio



Initiatives in Growth Regions (U.S.A)



Major Investment Projects in North America

- 2004 * Acquired six air separation units (ASUs) of former Messer from Air Liquide
- 2006 * Acquired renowned Midwest-based industrial gas producer Linweld
- 2007 * Acquired helium business from the BOC Group
- 2007 * Began operation of new large-scale ASU in Southern California
- 2007 * Established helium production company with Air Products & Chemicals, Inc. (APCI)
- 2008 * Acquired Southern California-based Five Star Gas & Gear, Inc.
- 2008 * Acquired Northern California-based Aeris, Inc.
- 2009 * Acquired Valley National Gases, LLC
- 2009 * Constructed new ASUs in Iowa and Texas
- 2010 * Acquired acetylene manufacturer and wholesaler Western International Gas & Cylinders, Inc.

Initiatives in Growth Regions (U.S.A)

Commencing joint production of helium with Air Products & Chemicals Inc. in spring 2012.

First helium production project by a Japanese company

Approx. 40% of the 3,000,000m³/year production volume will be shipped to Japan.

TNSC's market share of the 16,000,000m³ imported to Japan annually is approx.33% will raise to approx. 38% (Market share estimated by TNSC)



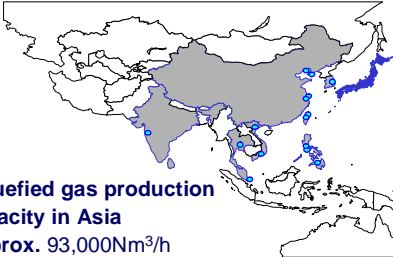
Picture: New plant under construction



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Initiatives in Growth Regions (Asia)

China: Completion of new plant on Changxing Island, Dalian



Liquefied gas production capacity in Asia

Approx. 93,000Nm³/h

(Estimated, as of the end of 2011)



Major Investment Projects in Asia

- 2004 * Thailand / Constructed ASU (#12)
- * China / Shanghai Taiyo Nippon Sanso Gas constructed new ASU
- 2005 * Vietnam / Constructed additional ASU (#2)
- 2006 * Philippines / Commenced on-site supply of nitrogen
- 2007 * Philippines / Commenced on-site supply of nitrogen
- * Singapore / Constructed additional ASU (#3)
- * Philippines / Commenced on-site supply of nitrogen
- 2008 * Philippines / Constructed additional ASU (#2)
- * Vietnam / Commenced on-site supply of nitrogen
- * Singapore / Commenced on-site supply of nitrogen
- 2009 * Malaysia / Commenced on-site supply of oxygen
- 2010 * China / Constructed new ASU on Changxing Island, Dalian
- 2011 * Vietnam / Commenced production at new ASU in the north
- * Vietnam / New ASU under construction in the south
- * Philippines / New ASU under construction

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Initiatives in Growth Regions (Asia) -- Vietnam



Air separation plant in the northern region (Hanoi) which commenced production in April



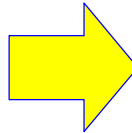
Air separation plant construction site in the southern region (Bà Rịa-Vũng Tàu Province)

Greatly expand gas production capacity
(Amid rapid economic growth, demand for industrial gases is increasing substantially)

With the commencement of operations at new plants in the north and south, the combined gas production capacity for all plants in 2012 will be No. 1 in Vietnam

Market share

20%



40%

In the south, received order from a leading local electric arc furnace manufacturer, and an order for a piping supply contract from CSVC*

* CSVC: China Steel Sumikin Joint Stock Company



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Initiatives in Growth Regions (Asia) -- India

Matheson K-Air India will construct an air separation plant, the first for our Group

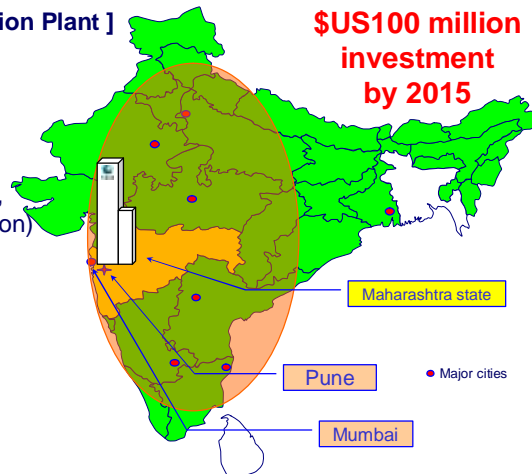
[General Overview of New Air Separation Plant]

Location: Outskirts of Pune City,
Maharashtra state

Commencement of operations:
December 2012 (planned)

Manufacturing capacity:
200 tons/day (liquefied oxygen,
liquefied nitrogen, liquefied argon)

\$US100 million investment by 2015



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Initiatives in Growth Markets (Electronics)

- LCD Panels, Solar Cells
- ✓ Establishment of industrial gas joint production company for Green Front Sakai
- ✓ Completion of special material gas supply facilities, etc.

LCD panel plant



Thin-film solar cell plant

Research and Development

IBM / Development of next-generation semiconductor material gases

Selete / New materials for barrier insulating films that protect copper wiring of next-generation LSI circuits

IMEC / Technologies for MOCVD equipment used for mass production of high-brightness green LED devices

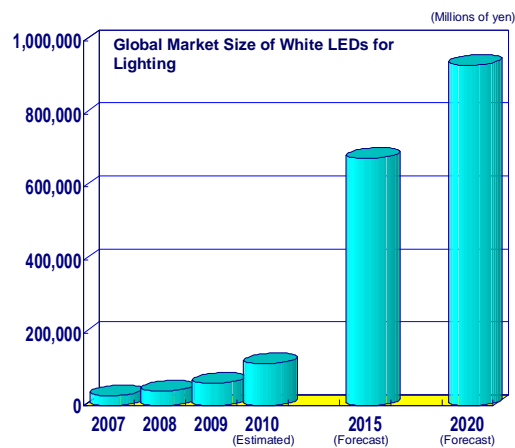


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Initiatives in Growth Markets (Electronics)

Development of new large-diameter MOCVD equipment for mass-production

UR26K



* From Yano Research Institute Ltd. "Global Market Size of White LEDs for Lighting"



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Upstream Strategies (Electronics)

Promotion of monosilane gas and hydrogen selenide manufacturing projects



July 2011: Commence joint production of monosilane gas with Evonik Degussa Japan Co., Ltd.
<Production capacity: 1000 tons/ year>



June 2011: Commence production of hydrogen selenide at Mie Plant of Japan Fine Products Co., Ltd.
<Production capacity: 20 tons/ year>
The Group plans to further enhance production capacity



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Overview of the New Medium-term Business Plan (FY2012 to FY2014)

(An official plan containing numerical targets will be announced at an appropriate time after a thorough assessment of the impact of the Great East Japan Earthquake.)



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Future Vision of New Medium-term Business Plan

New Medium-term Business Plan (FY2012 to FY2014)

Strengthen global strategies
Build stronger financial position



**Strengthen business foundation
for further development**



Medium-to long-term target:

Aim for sales of ¥1 trillion



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Positioning of the New Medium-term Business Plan

A new start for TNSC's 101st year

Back to its origins

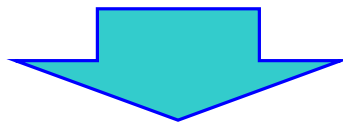
***Solidify foundation for
further development and to
prepare the Company for the
next 50 to 100 years***



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Basic Approach of the New Medium-term Business Plan

- 1) Strengthen compliance and ensure safety and quality control
- 2) Efficient management rigorously pursuing cost and labor benefits
- 3) Strengthen regional sales base
- 4) Focus on cylinder business
- 5) Strengthen R&D
- 6) Continue proactive investment



Create and improve corporate value

Basic Key Strategies

Continue the Basic Key Strategies of the Previous Medium-term Business Plan

1. Concentrate management resources in growth markets and regions
2. Strengthen upstream strategies
3. Promote M&A strategy
4. Implement cost reductions
5. Strengthen Group management

Company-Wide Priority Issues

Strengthen global strategies

Expand business in overseas markets

United States

Quickly realize synergistic effects of M&A projects, promote new M&As

China

Strengthen handling of large projects, promote M&As of local gas manufacturers and distributors

Asia

Increase presence in countries we have already entered, consider entering new markets

Emerging nations

Meet the needs of Japanese companies entering overseas markets



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Company-Wide Priority Issues

Build stronger financial position

Reinforce foundations of existing business

Optimization and streamlining

Build stronger relationships with special distributors

Continue proactive investment

Existing businesses

M&As

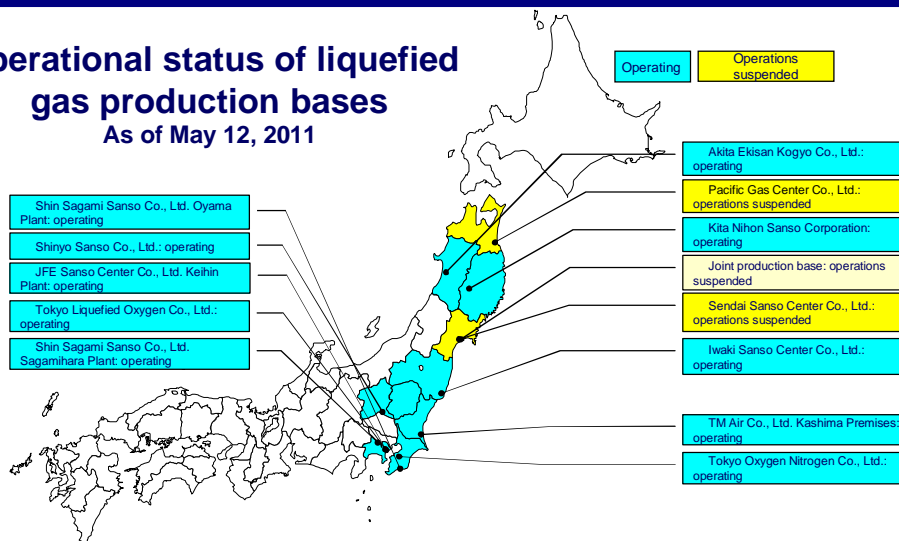


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Impact of the Great East Japan Earthquake

Status of Liquefied Gas Production Facilities

Operational status of liquefied gas production bases As of May 12, 2011

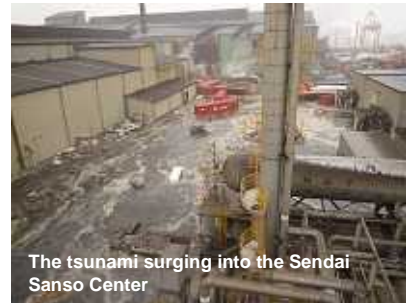


Disaster Damage and Outlook for Recovery

Sendai Sanso Center
Air separation plant, etc.

Pacific Gas Center

Tagajo premises
Filling facility, etc.



The tsunami surging into the Sendai Sanso Center



The first floor office of the Tagajo premises (Nissan TANAKA) on March 14

Future Concerns

Reducing electricity usage

Rising electricity costs

Possibility of nuclear power plant accident becoming more serious and prolonged

Customer trends (review global production systems)

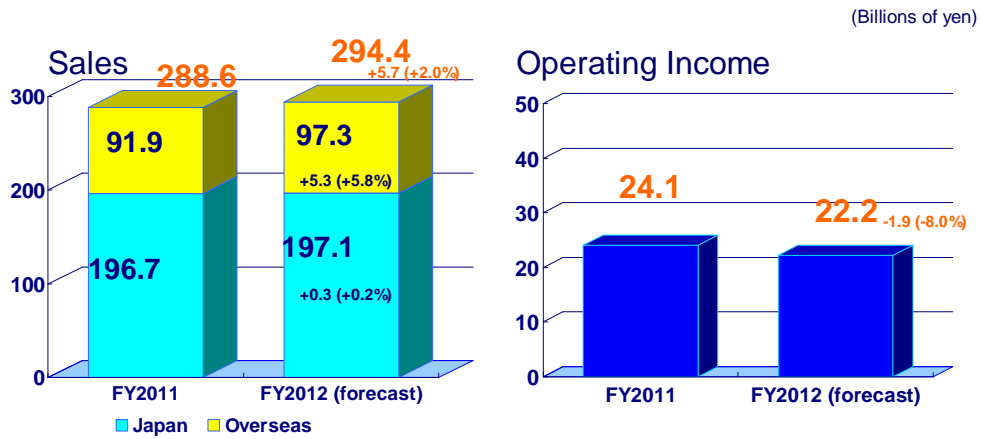
Consolidated Full-Term Forecasts for FY2012

Consolidated Full-Term Forecasts for FY2012

(Billions of yen)

	FY2011 (Results)	FY2012 (Forecast)	Change	% change
Sales	483.6	493.0	9.3	1.9%
Operating Income	35.4 7.3%	35.0 7.1%	-0.4	-1.3%
Ordinary Income	34.1 7.1%	32.0 6.5%	-2.1	-6.3%
Net Income	12.7 2.6%	17.7 3.6%	4.9	39.0%

Industrial Gases Business Segment Forecasts for FY2012

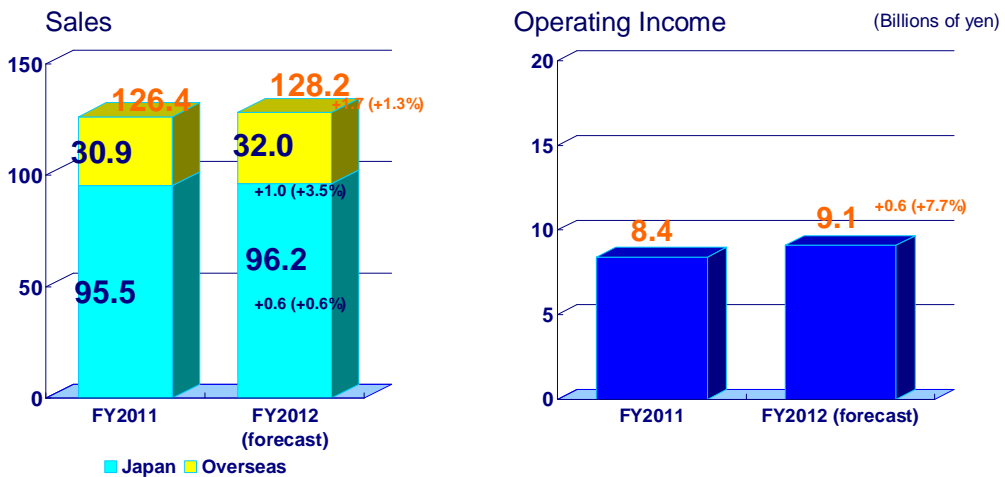


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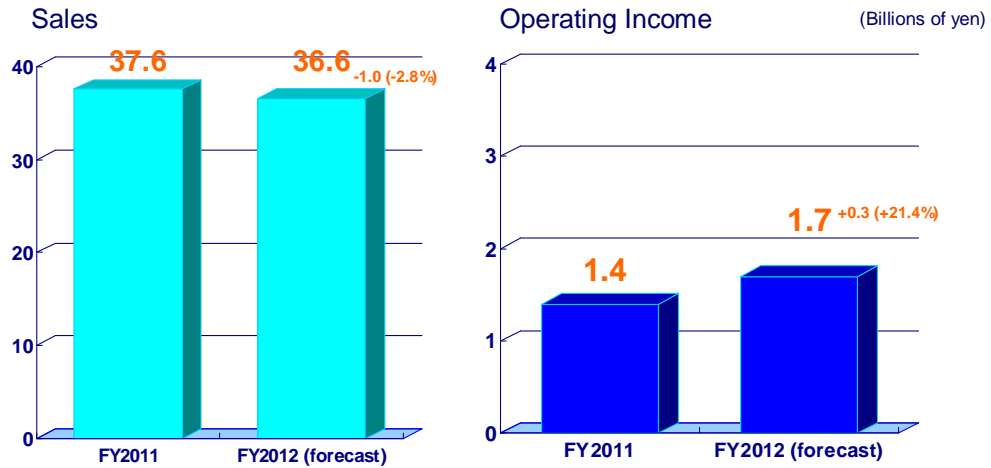
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Electronics Business Segment Forecasts for FY2012

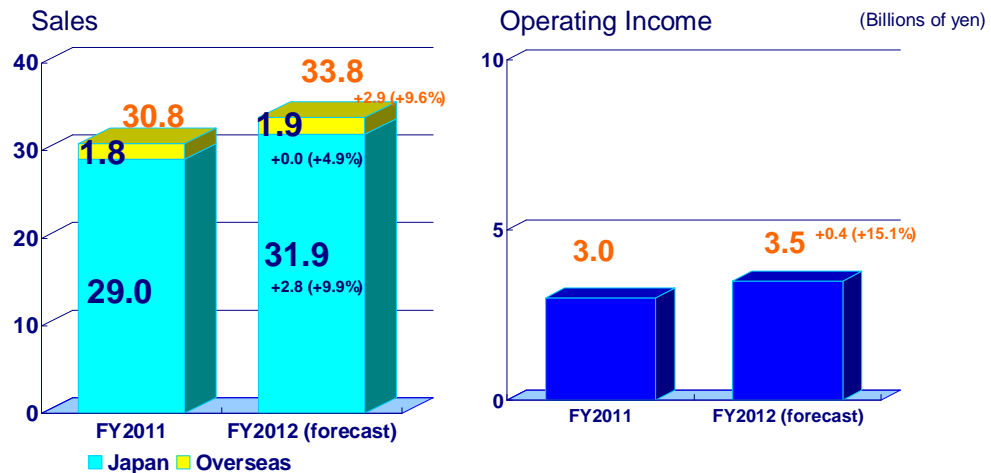


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Energy Business Segment Forecasts for FY2012



Other Businesses Segment Forecasts for FY2012



Disclaimer

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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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The Gas Professionals



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