

# **Consolidated Business Performance for FY2012 (Year Ended March 2012)**

TAIYO NIPPON SANSO Corporation



*May 11, 2012*

- 1. Consolidated Business Performance for FY2012**
- 2. Topics**
- 3. Consolidated Full-Term Forecasts for FY2013**



*May 11, 2012*

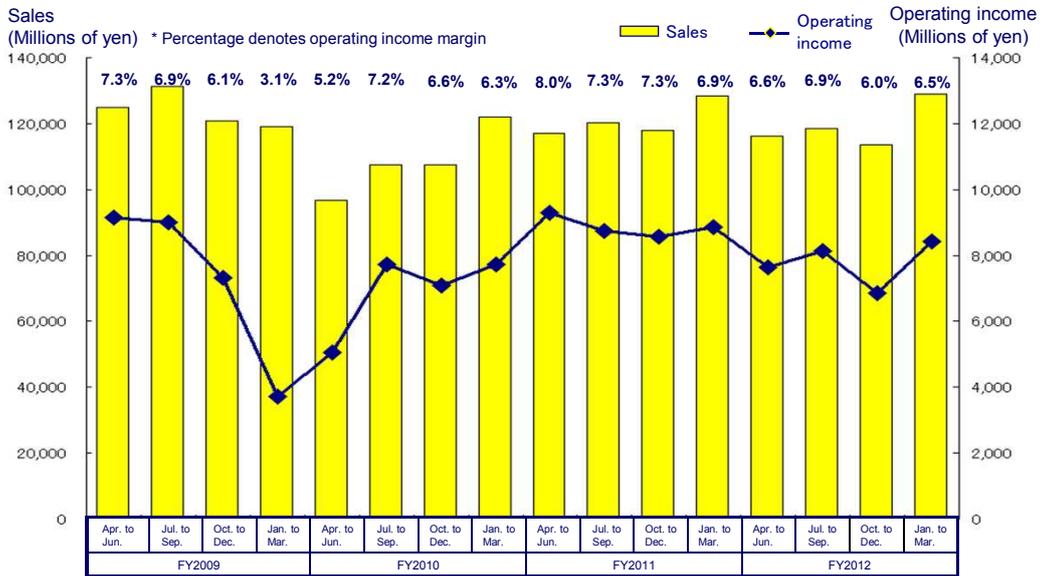
# Consolidated Business Performance for FY2012

## Consolidated Business Performance for FY2012

(Billions of yen)

	FY2011 Ratio to sales	FY2012 Data announced at the beginning of the period	FY2012 Revised data subsequently announced	FY2012 (Actual)	YoY % change
Sales	483.6	493.0	476.0	477.4	-6.1 -1.3%
Operating Income	35.4 7.3%	35.0 7.1%	30.0 6.3%	31.0 6.5%	-4.4 -12.4%
Ordinary Income	34.1 7.1%	32.0 6.5%	29.0 6.1%	29.7 6.2%	-4.4 -13.0%
Net Income	12.7 2.6%	17.7 3.6%	19.5 4.1%	21.2 4.4%	8.4 66.5%

## Quarterly Business Performance



## Performance by Segment

## Performance by Segment in FY2012

(Billions of yen)

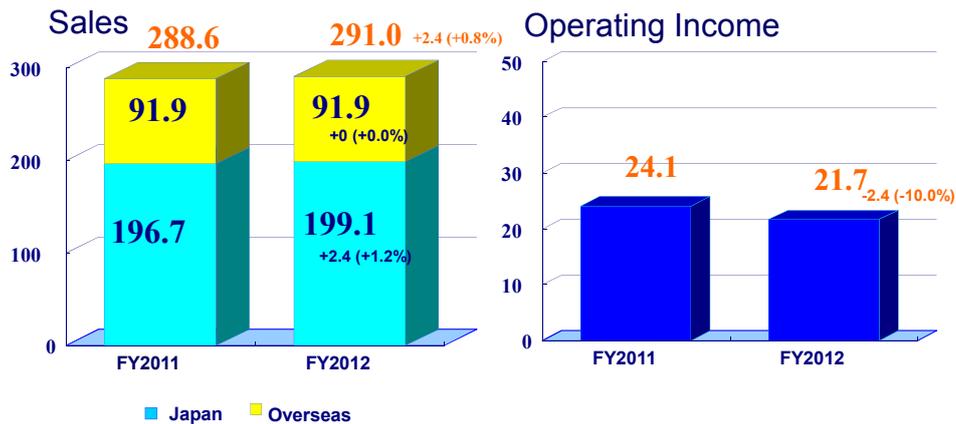
	FY2011		Margin	FY2012		Margin
	Sales	Operating Income		Sales	Operating Income	
Industrial gases	288.6	24.1	8.4%	291.0	21.7	7.5%
Electronics	126.4	8.4	6.7%	115.2	5.9	5.2%
Energy	37.6	1.4	3.7%	38.8	1.6	4.3%
Other	30.8	3.0	9.9%	32.2	2.7	8.5%
Adjustments		▲1.5			▲9	
<b>Total</b>	<b>483.6</b>	<b>35.4</b>	<b>7.3%</b>	<b>477.5</b>	<b>31.0</b>	<b>6.5%</b>



May 11, 2012

## Industrial Gases Business

(Billions of yen)



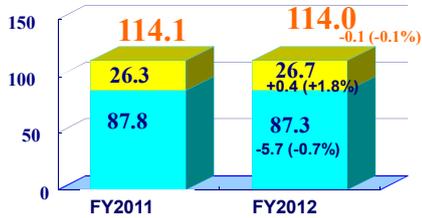
\* The graph contains figures for both Japan and overseas sales.



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## Major Industrial Gases Business (Sales)

### Separated Gases



■ Japan ■ Overseas

#### «Overseas»

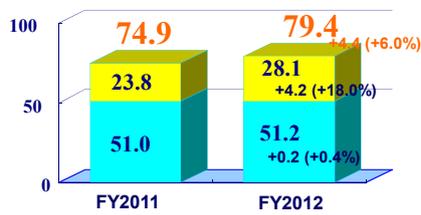
- ◆ Volumes up year on year; slight increase in sales despite the impact of the strong yen

#### «Japan»

- ◆ Sales volumes and values down due mainly to the impact of the earthquake disaster in the first half as well as financial instability in Europe and the strong yen in the second half

### Other Gases

(Billions of yen)



■ Japan ■ Overseas

#### «Overseas»

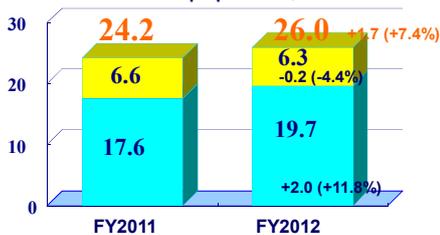
- ◆ Acetylene sales remain robust in North America
- ◆ Helium sales healthy on the back of spot orders at high prices

#### «Japan»

- ◆ Carbon dioxide sales for welding, beverage and other use firm

## Major Industrial Gases Business (Sales)

### Gas-related Equipment, etc.



■ Japan ■ Overseas

#### «Overseas»

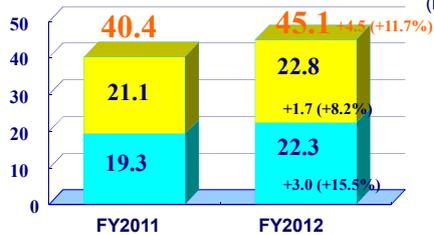
- ◆ Demand firm mainly for gas supply equipment; sales down year on year due to the strong yen

#### «Japan»

- ◆ Strong sales of PSA-type nitrogen gas generator equipment
- ◆ Gas supply equipment sales firm

### Cutting and Welding Equipment and Materials

(Billions of yen)



■ Japan ■ Overseas

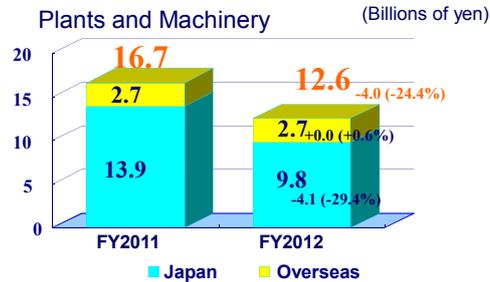
#### «Overseas»

- ◆ Continued inventory adjustment in North America; non-gas product sales increased in the second half

#### «Japan»

- ◆ Large-scale equipment sales including plasma cutting machinery strong

## Major Industrial Gases Business (Sales)



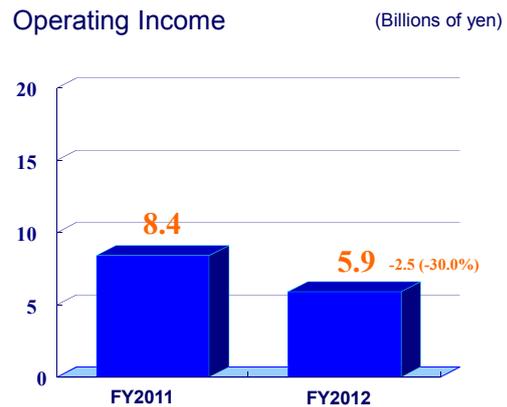
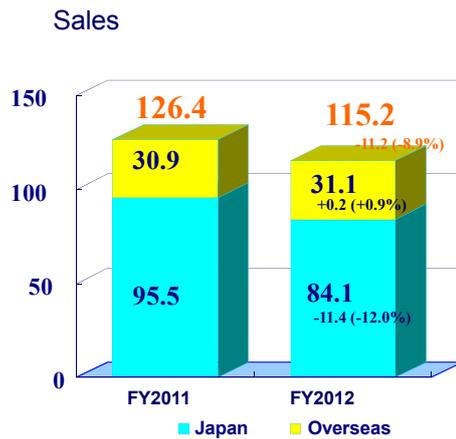
### «Overseas»

- ◆ Sales firm mainly in Asia
- ◆ Received air separation plant orders from steel majors

### «Japan»

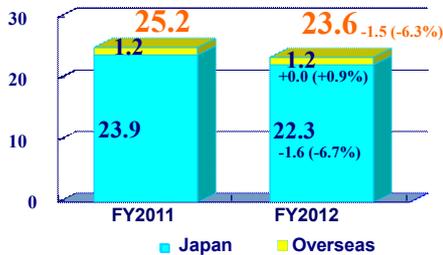
- ◆ Substantial decline in installation project sales
- ◆ Major installation projects completed smoothly

## Electronics Business



## Major Electronics Business (Sales)

Separated Gases



«Overseas»

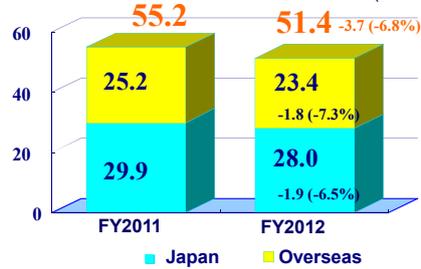
- ◆ Nitrogen sales firm in North America and Asia

«Japan»

- ◆ Argon and nitrogen demand down due to the impact of the earthquake disaster and a drop in production by mainstay users

Electronic Material Gases

(Billions of yen)



«Overseas»

- ◆ Results impacted by the drop in LCD panel and solar cell production in such countries as Taiwan and China

«Japan»

- ◆ Solid recovery from the earthquake disaster by summer
- ◆ Drop in demand due to the decrease in LCD panel and semiconductor production

## Major Electronic Business (Sales)

Electronics Related Equipment and Installation



«Overseas»

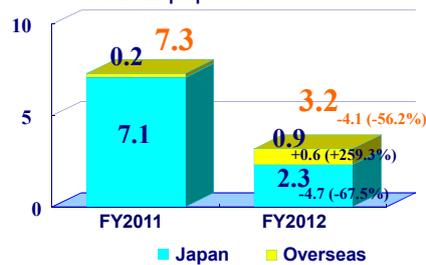
- ◆ Slump in demand for equipment in North America during the first half; recovery trend from the second half

«Japan»

- ◆ Decline in large-scale equipment and installation orders
- ◆ Downturn offset by the recovery in small- to medium-scale orders; held to a slight decline

MOCVD Equipment

(Billions of yen)



«Overseas»

- ◆ Orders robust in Taiwan and Korea
- ◆ Commenced equipment manufacturing in Korea

«Japan»

- ◆ Trend toward the review of internal LED manufacturing plans by companies in Japan
- ◆ Substantial drop in capital expenditure orders

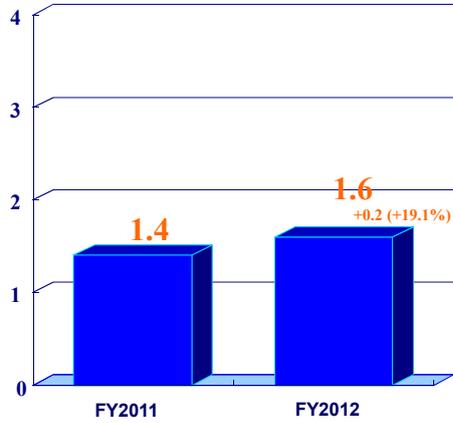
## Energy Business

Sales



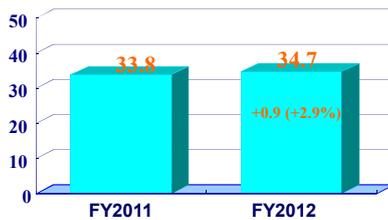
Operating Income

(Billions of yen)



## Major Energy Business (Sales)

LP Gas

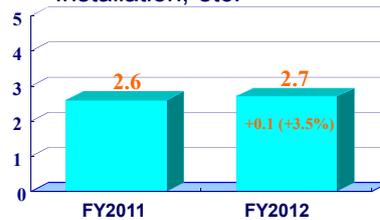


«Japan»

- ◆ Despite the impact of the earthquake disaster in the first half, volumes essentially unchanged compared with the previous fiscal year
- ◆ Increase in selling prices due to higher import prices

Equipment and Installation, etc.

(Billions of yen)

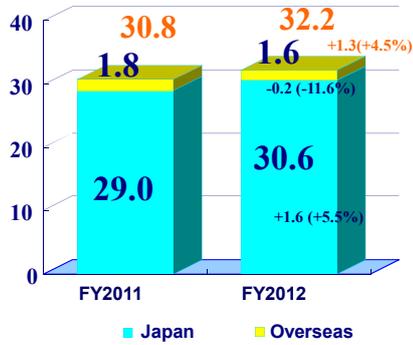


«Japan»

- ◆ Equipment-related inquiries increase as a part of power saving and energy efficiency countermeasures

## Other Businesses

Sales



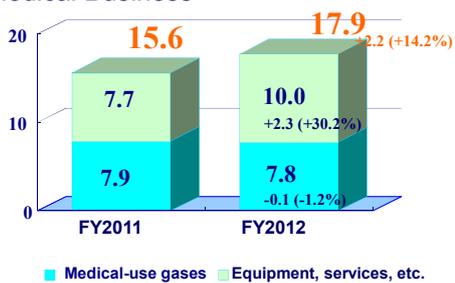
Operating Income

(Billions of yen)



## Major Other Businesses (Sales)

Medical Business

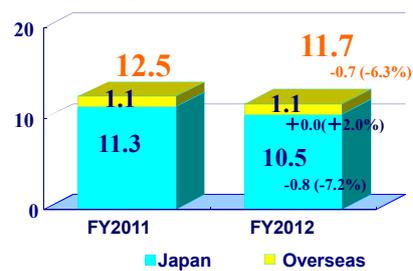


«Japan»

- ◆ Slight decrease in medical-use oxygen sales due in part to the earthquake disaster
- ◆ Equipment sales benefit from company consolidation
- ◆ Commenced sales of OXYMED brand hospital equipment

Thermos Business

(Billions of yen)



«Overseas»

- ◆ Firm sales in Asia

«Japan»

- ◆ Drop in sales of portable mugs

# Topics

## Topics

- **Highlights in Asia**
  - 1. Singapore**
  - 2. Vietnam**
  - 3. The Philippines**
  - 4. Korea**
- **Overview of the Helium Business**
- **Activities in the U.S.**

# 1. Singapore

## Inclusion of Leeden in the Scope of Consolidation

### ➤ Summary

- Completed tender offer in March 2012
- Performance reflected in consolidated results from April 2012

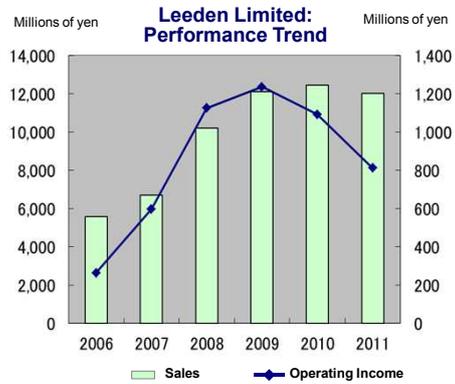
### ➤ Performance (Fiscal Year Ended December 31, 2011)

Sales: ¥12,022 million

Operating income: ¥812 million

### ➤ Synergy Effects

- Promote gas business expansion into regions that are as yet untapped by the Company (Indonesia, Myanmar, Cambodia, etc.)
- Make the most of Leeden's connections and product lineup in regions where the Company already operates



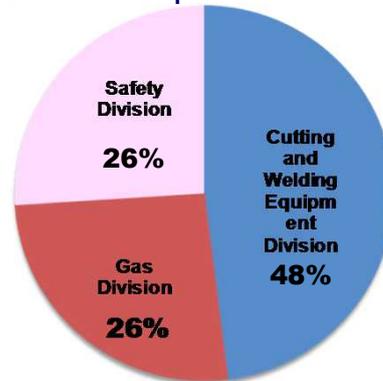
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# 1. Singapore

## Leeden Limited: Major Products Handled



Leeden Limited: Sales Composition in 2011



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# 1. Singapore

## National Oxygen Pte.Ltd. Specialty Gas Business Expansion

Established a mixed gas manufacturing company in Taiwan in 2011; in order to further expand the business, currently constructing a mixed gas manufacturing facility in Saudi Arabia, which is expected to come online in 2012

### ➤Summary

	Taiwan	Saudi Arabia
Location	Kaohsiung City, Taiwan	Al Jubail City (Persian Gulf)
NOX investment ratio	51%	49%
Products manufactured	Various mixed gases (high-grade products), standard reference gases	
Major customers	Petrochemical and semiconductor companies	Petrochemical complexes
Operations commenced	End of 2011	End of 2012



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# 2. Vietnam

## Vietnam Japan Gas Co., Ltd.

### ➤Market Overview

#### [Northern Region]

- Active expansion into new electronic equipment-, automobile- and other-related fields
- Considering onsite supply with respect to blast furnace construction plans by Taiwanese companies

#### [Central Region]

- Continued medium- and long-term iron and steel, shipbuilding and other heavy industry investment

#### [Southern Region]

- Numerous large-scale onsite orders targeting the iron and steel and petrochemical sectors
- Dynamic new liquid product demand mainly from the electronic equipment sector

### ➤VJG Capital Expenditure Plan

- ※Leads the market in liquefied gas production capacity in Vietnam with a current share of approximately 40%



The new plant in the southern province of Bà Rịa-Vũng Tàu

Region		Operation Commencement Date	Capacity (Nm <sup>3</sup> /h)
Northern Region	Hung Yên Province (on the outskirts of Hanoi)	Online in April 2011	LON 2,500 + nitrogen gas
		Completion scheduled for 2014	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)	Completed in February 2012	LON 5,000 + oxygen and nitrogen gas



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## 3. The Philippines

### Ingasco, Inc.

#### ➤Market Overview

- Surge in foreign investment (including Japan)
- Steady recovery in mainstay industries including semiconductors and electronic components
- Firm demand for liquid products for electric furnace, shipbuilding and medical use
- Firm demand mainly for cutting and welding and other cylinder gases

#### ➤Ingasco Capital Expenditure Plan

※Leads the market in liquefied gas production capacity in the Philippines with a current share of approximately 60%

Location	Operation Commencement Date	Capacity (Nm <sup>3</sup> /h)
Luzon Island	Online in October 1997	LON 4,000
	Online in April 2008	LON 10,000
	Completion scheduled for January 2014	LON 10,000 + nitrogen gas
Mindanao Island	Completion scheduled for October 2012	LON 2,000



Existing No. 2 plant in Luzon Island, Batangas



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## 4. Korea

### SKC Airgas, Inc.

#### ➤Summary

Joint-venture company established with SKC, a member of the SK Group in Korea

<u>Established</u>	June 2007
<u>Location</u>	Ulsan
<u>Equity Interest</u>	SKC 80%, Taiyo Nippon Sanso 20%
<u>Item Manufactured</u>	Oxygen and nitrogen gas ⇒ Mainly liquefied gas (oxygen, nitrogen, argon) for SKC and the SK Group ⇒ Sale to local agents
<u>Existing Plant</u>	MGP44000 × 2 units [Maximum Production Capacity] Oxygen and nitrogen gas 51,000Nm <sup>3</sup> /h Liquefied oxygen and nitrogen 8,000Nm <sup>3</sup> /h Liquefied argon 720Nm <sup>3</sup> /h



Ulsan



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## 4. Korea

### SKC Airgas, Inc.

➤ Plant Expansion

To address the increase in oxygen used by principal users

<u>Expanded Plant</u>	MGP150000 × 1unit
	[Maximum Production Capacity]
	Oxygen and nitrogen gas 60,000Nm <sup>3</sup> /h
	Liquefied oxygen 500Nm <sup>3</sup> /h
	Liquefied argon 1,060Nm <sup>3</sup> /h

Scheduled Commencement of Operations June 2013



➤ Future Developments

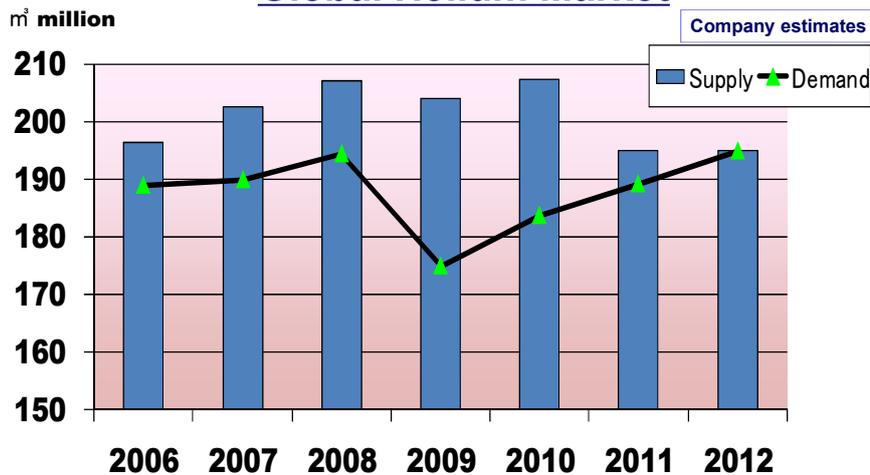
Target expansion in the gas business through collaboration with the SK Group (SK Hynix Inc. etc.)



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## Overview of the Helium Business

### Global Helium Market



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# Overview of the Helium Business

## New U.S. Helium Plant

### Summary

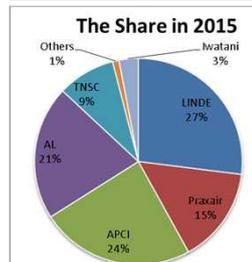
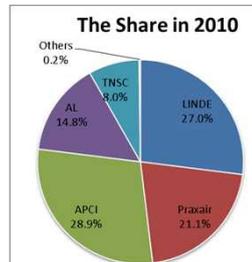
- Location: Wyoming State
- Joint-venture with APCI
- Annual Production Capacity : 6,000,000 m3
- Company Annual Take Up Limit: 3,000,000 m3
- Operations Commence : End of 2012



Production volumes to double in 2014



Global share 9%



Company estimates May 11, 2012



# Overview of the Helium Business

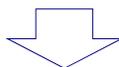
## New Construction of Helium Filling facilities

### China

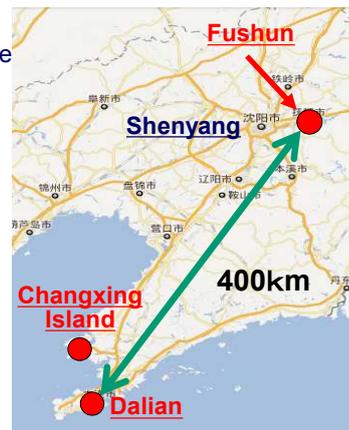
- Location : Fushun, Liaoning Province
- Operations commence : End of 2012
- ✳️ Second unit following Shanghai

### India

- Location : Outskirts of Delhi (northern region of India)
- Operations Commenced: March 2012
- ✳️ Second unit following Pune (mid-western region)



Toward filling facilities in 18 locations in five countries worldwide



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# Overview of the Helium Business

## Helium Container Expansion

### ➤What is a helium container?

- Indispensable in the transport and storage of ultra-low-temperature liquid helium
- Taiyo Nippon Sanso has manufactured *high-performance helium containers* since 1991

Employ Ultra-Low-Temperature Vacuum Technology

### ➤Summary of the Company's Expansion Plans

- Current: 90 units held
- Increase by 40 units to 130 units by 2013

### ➤Objectives of Expansion

- Put in place a stable supply system for Japan and overseas
- Address the doubling of production volumes at the U.S. plant in 2014

Helium container manufactured by Taiyo Nippon Sanso



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# Activities in the U.S.

## Industrial Gas for Shale Gas & Oil

### ➤Business Trends

Dramatic increase in demand for industrial gas in the U.S. owing mainly to the rapid development and mining of shale gas and oil

### ➤Industrial Gas Demand

- Fracturing, mining ⇒ nitrogen, oxygen
- Pumping ⇒ nitrogen
- Refining ⇒ nitrogen, hydrogen

- ★Over 100 pipeline projects
- ★Over 10 large-scale refining plants

### ➤MTG Business Summary

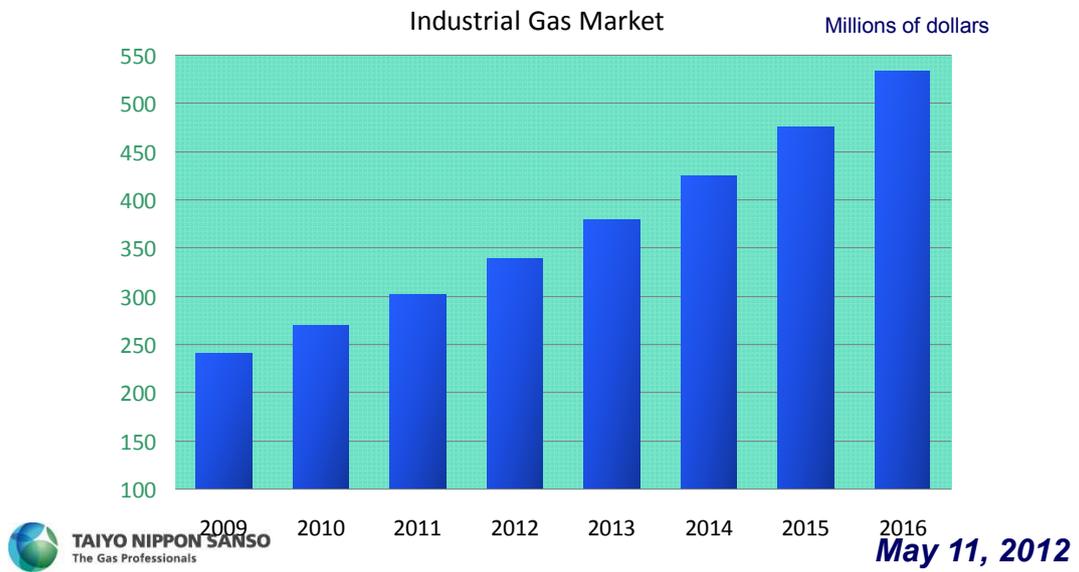
- Sales team established
- Over 30 existing user orders
- Air separation plant under construction in North Dakota



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## Activities in the U.S.

### ➤ Forecast Industrial Gas Sales for Shale Gas & Oil



## Consolidated Full-Term Forecasts for FY2013

## Consolidated Full-Term Forecasts for FY2013

(Billions of yen)

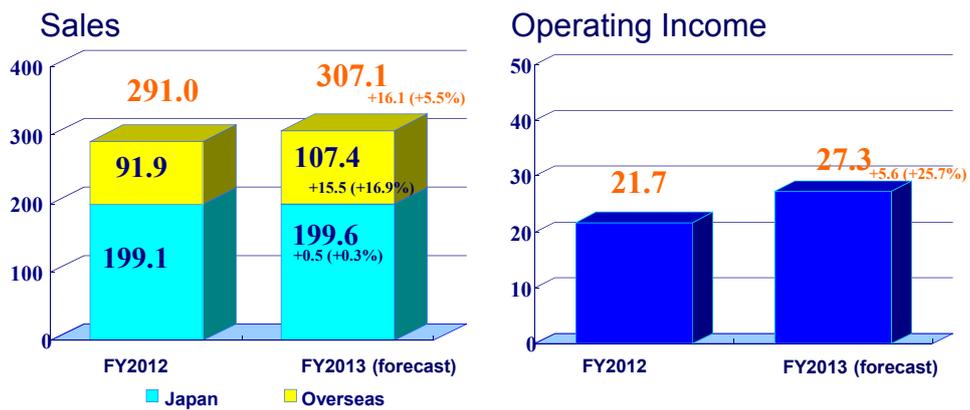
	FY2012 (Results)	FY2013 (Forecast)	Change	% change
Sales	477.4	486.0	8.5	1.8%
Operating Income	31.0 6.5%	32.8 6.7%	1.7	5.6%
Ordinary Income	29.7 6.2%	30.2 6.2%	0.5	1.6%
Net Income	21.2 4.4%	17.4 3.6%	-3.8	-17.9%



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## Industrial Gases Business Segment Forecasts for FY2013

(Billions of yen)

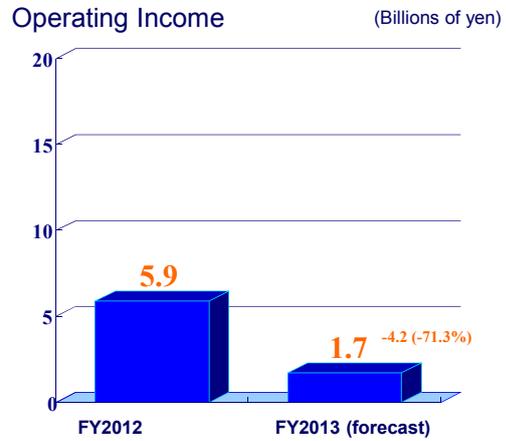
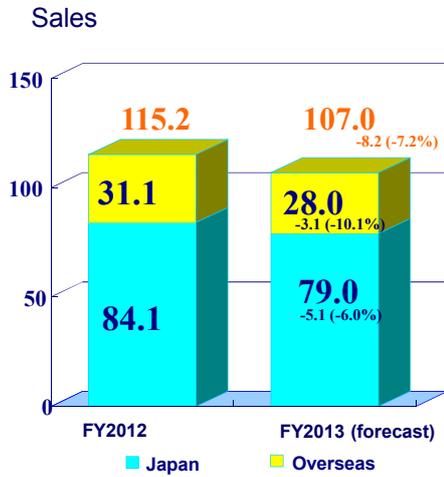


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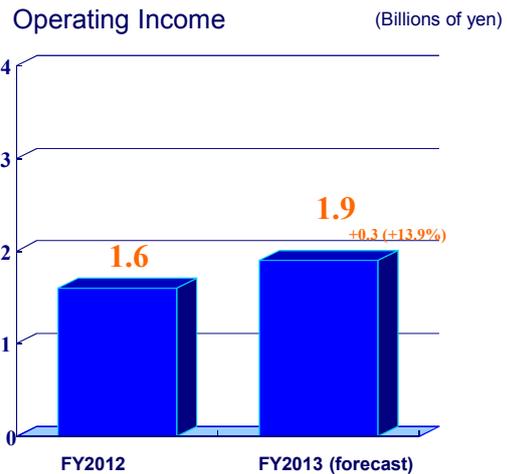
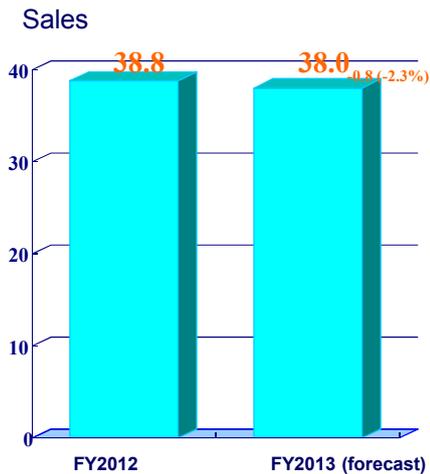


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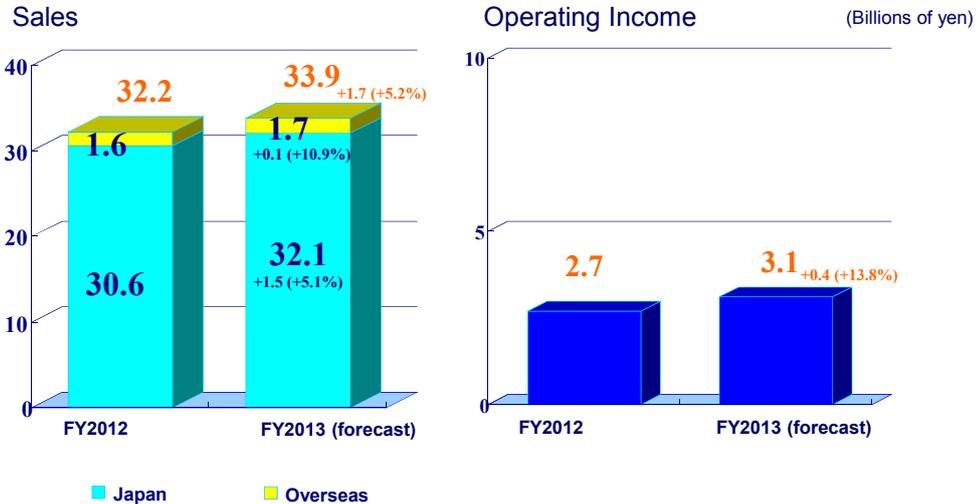
## Electronics Business Segment Forecasts for FY2013



## Energy Business Segment Forecasts for FY2013



## Other Businesses Segment Forecasts for FY2013



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