Taiyo Nippon Sanso Corporation

One of the five global gas majors

- 5th largest industrial gas supplier in the world
- Largest in Japan

Global sales > $5 billion

- 5.5% 10-year CAGR

Founded in 1910

- Nippon Sanso (1910) and Taiyo Toyo Sanso (1946) merged in 2004

Over 11,000 employees

- Global network in 17 countries

Technology Development

- Portfolio includes space simulation, superconductivity, hydrogen fueling, healthcare, semiconductor manufacturing, and, of course, air separation
**TNSC Business Overview**

- **Industrial Gases: 63%**
  - On-site gas supply
  - Liquefied gases
  - Packaged gases
  - Cutting & welding equipment

- **Electronics: 19%**
  - Semiconductor material gases
  - High purity gases
  - MOCVD equipment
  - Cylinder cabinets

- **Plants & Engineering: 2%**
  - Large-scale air separation units
  - Ultra-high-purity nitrogen gas generators
  - Space-simulation chambers
  - Helium containers

- **Medical Care: 4%**
  - Synthesized-air (pure air) supply systems
  - Liquid oxygen systems for home-based oxygen treatments
  - Water-$^{18}$O stable isotope

- **LP Gas: 8%**
  - LPG: Eco-friendly clean energy
  - Automated gas stations for motor vehicles
  - Micro-cogenerators
  - GHP (gas heat pumps)

- **Others: 4% (Housewares Business)**

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**TNSC Global Network**

- Sales by regional segment:
  - US: 22%
  - Asia: 9%
  - Japan: 69%
### Q1 2014 Results

<table>
<thead>
<tr>
<th>(Millions of JPY)</th>
<th>Q1 FY14 (June 2013*)</th>
<th>Q1 FY13 (June 2012)</th>
<th>YoY</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>123,130</td>
<td>112,378</td>
<td>+10,751</td>
<td>+9.6%</td>
</tr>
<tr>
<td>Operating income</td>
<td>7,373</td>
<td>6,194</td>
<td>+1,179</td>
<td>+19.0%</td>
</tr>
<tr>
<td>OI margin</td>
<td>6.0%</td>
<td>5.5%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income</td>
<td>4,492</td>
<td>3,059</td>
<td>+1,433</td>
<td>+46.8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>16,237</td>
<td>13,995</td>
<td>+2,242</td>
<td>+16.0%</td>
</tr>
</tbody>
</table>

- Sales Growth: + 9.6%
- Excluding FX Impact: - 5.0%
- Growth on Local Currency Basis: + 4.6%
  - Japan: + 0.1%
  - US: + 9.1%
  - Asia: +45.0%

*1 Q1 FY2014 is three months ended June 2013. However U.S., China and some Asian subsidiaries’ Q1 FY2014 is three months ended March 2013.

### Q1 2014 – by Business Segment

<table>
<thead>
<tr>
<th>Sales to third parties</th>
<th>Industrial Gas</th>
<th>Electronics</th>
<th>Energy</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY13</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY14</td>
<td>+10.7%</td>
<td>+16.6%</td>
<td>-5.6%</td>
<td>+11.6%</td>
</tr>
</tbody>
</table>

- Industrial Gas: Strong sales in US & Asia
- Decline in Japan due to low plant orders
- Electronics: Sales increased in equipment in Japan and in semiconductor gases in US
- Energy: Propane sales price declined based on Saudi Aramco Contract Price decrease

**EBITDA Q1 YOY Growth**

<table>
<thead>
<tr>
<th>FY14 vs. FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Gas</td>
</tr>
<tr>
<td>Electronics</td>
</tr>
<tr>
<td>Energy</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

*1 Medical and Thermos Business
*2 Japanese LP Gas Business
**Q1 2014 – by Regional Segment**

**Sales to third parties**

- **Japan**
  - Strong sales in Electronics equipment offset by decline in plant sales
- **US**
  - Sales increased due to strong orders in Package Gas / Propane and favorable foreign exchange rate
- **Asia**
  - Sales increased due to the new consolidation and favorable foreign exchange rate

**EBITDA Q1 YOY Growth**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY14 vs. FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>+7.4%</td>
</tr>
<tr>
<td>US</td>
<td>+40.3%</td>
</tr>
<tr>
<td>Asia</td>
<td>+48.7%</td>
</tr>
</tbody>
</table>

**Regional Growth Initiatives**

- **Japan**
  - Create ¥20 billion sales through newly developing products

- **US (MATHESON)**
  - Vertical Integration of Bulk and Distribution – M&A
  - Electronics Strategic Customers and High-valued Products
  - Specialty Gases Network Expansion

- **Asia**
  - Proactive investments in existing business regions and further strengthen our market position
  - Entry into new countries through Leeden Limited
Hydrogen Filling Station

- Japanese government plans to build 100 hydrogen filling stations by 2015 for FCV
- TNSC has achieved 50% cost reduction, the highest filling pressure of 70 MPa and a filling speed of 5 kg of hydrogen per 3 minutes

Water-¹⁸O Stable Isotope

- The FDG-PET examination method to grow worldwide for early diagnosis of cancer, and Alzheimer’s evaluation
- TNSC production capacity expansion
  - 100kg/year ➔ June 2013
  - 300kg/year ➔ October 2015
  - 600kg/year ➔ October 2015

Asian Business Expansion Strategy

- Vietnam Japan Gas Co., Ltd.
  - 4 ASUs + New ASU to be completed in January 2015
- Ingasco, Inc.
  - 3 ASUs + New ASU to be completed in July 2014
- Matheson K-Air India Pvt. Ltd.
  - New ASU to be completed in December 2013
- Leeden Limited
  - Expansion to other countries through Leeden
Strategies and Major Initiatives

- Vertical Integration of Bulk and Distribution – M&A
- Electronics Strategic Customers and High-valued Products
- Specialty Gases Network Expansion

Sales System Drives New Business Growth
Quality System Drives Continuous Improvement
Safety System Drives Process & Procedure

Vertical Integration of Bulk and Distribution – M&A

Legend
MATHESON ASUs
- Legacy Matheson Tri-Gas ASUs
- Acquired Air Liquide ASUs in 2004
2 ASUs in 2006
2 ASUs in 2010
2 ASUs in 2013
1 ASU in 2014
Vertical Integration of Bulk and Distribution – M&A

Other Acquired Companies
- Polar - 2007
- Western Intl - 2010
- Quimby - 2011
- A&F Welding - 2012
- Evergreen Supply - 2012
- US Airweld - 2012

Linweld – 2006
Valley National Gases – 2009

Aeris – 2008

Five Star – 2008

Specialty Gases Network Expansion

Legend
- World-class Specialty Gas facility
- Hub Plants
Full Year FY2014 Outlook

<table>
<thead>
<tr>
<th></th>
<th>FY14 Projection (March 2014)</th>
<th>FY13 Actual (March 2013)</th>
<th>YoY</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>514,000</td>
<td>468,387</td>
<td>+45,613</td>
<td>+9.7%</td>
</tr>
<tr>
<td>Operating income</td>
<td>31,500</td>
<td>24,884</td>
<td>+6,616</td>
<td>+26.6%</td>
</tr>
<tr>
<td>OI margin</td>
<td>6.1%</td>
<td>5.3%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>17,100</td>
<td>(2,071)</td>
<td>+19,171</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA</td>
<td>68,600</td>
<td>57,277</td>
<td>+11,323</td>
<td>+19.8%</td>
</tr>
</tbody>
</table>

Sales Growth
- with FX impact + 9.7%
- w/o FX impact + 6.6%

Sales by Region (excluding currency effect *)

* Exchange Rate: USD 1 = JPY 100
Thank you!

TAIYO NIPPON Sanso
The Gas Professionals