

October 24, 2022

Air Water Inc.

Air Water Constructs New Liquefied Gas Plant in Chennai, India

-We will expand market share in southern India by constructing our own plant -

Air Water is pleased to announce that Air Water India Private Limited (President and Representative Director: Kazuo Michitani; hereinafter "Air Water India"), its wholly owned subsidiary, has decided to construct a new plant to produce liquefied gasses, namely, liquefied oxygen, liquefied nitrogen and liquefied argon, in Chennai, Tamil Nadu, a state situated in southern India. Construction will start in October, 2023 and operation is scheduled to take place in October 2024. The Company anticipates that the construction of a new production base in the southern area of India will accelerate the growth of its businesses in India.

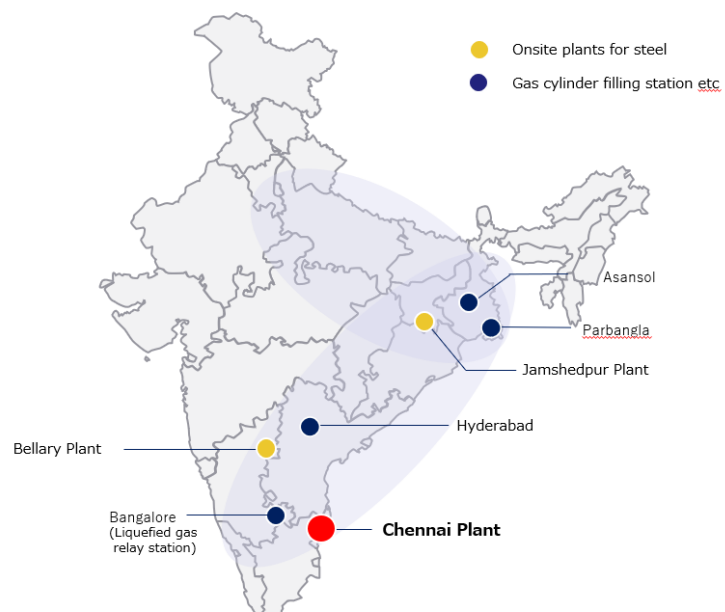
1. Business strategies in India

The Company positions its overseas industrial gas supply business as a driver of the Company's overall growth, for which it believes that India will play a particularly important role from a strategic point of view. The Indian government established the goal of increasing its crude steel production capacity to 300 million tons, more than double its current level, by 2030. In addition, given the further growth of its economy and a rise in population, demand for industrial gasses in India is expected to remain strong.

In 2019, the Company acquired part of the industrial gas business from the subsidiaries of two industrial gas majors that had been operating the industrial gas business in India. Taking advantage of the acquisition, the Company has been operating an on-site supply business for India's largest and second largest steel plants while simultaneously engaging in a lorry and cylinder business in the eastern and southern areas of India.

Air Water India's businesses are currently being developed under the basic strategies of winning new projects for "on-site supply for steel plants" and "building production and logistics infrastructure through the innovative expansion of bases into broad areas".

The company is working to expand the network of an industrial gas supply infrastructure, essentially production, filling and transportation. It is also expanding its business from eastern India, where many steel-related industries are based, into southern India, home to the country's auto industry, and northern India, centering on the Delhi metropolitan region, with a view toward further expansion.



2. Positioning of the Chennai plant

Southern India, where the Company has decided to construct a liquefied gas production plant, serves as a large-scale automobile-related industrial center that attracts many companies from overseas, including Japan. With the Tamil Nadu government announcing a goal of a 15% annual growth for the manufacturing industry in the state, many electric vehicle- and electronic component-related plants have been built there in recent years, making it an area of India likely to achieve one of the fastest rates of economic growth.

Air Water India has been selling gasses produced at the Bellary plant to customers operating in and around Chennai. Now, to respond to demand for gasses, which has been growing every year, it has decided to construct a new liquefied gas plant, which will be annexed to the existing cylinder filling plant operating in Chennai.

By supplying oxygen, nitrogen and argon produced at the plant to manufacturing companies operating in and around Chennai, as well as to medical institutions in the form of gasses for medical purposes, Air Water India will seek to increase its market share in southern India.

The plant will be the first of the Company-owned plants, for which design, construction, equipment installation and operation will be undertaken by the Group. In addition, with an eye toward further expansion of its business in India, efforts will be made to enhance local engineering systems in step with the construction of the plant.

3. Features of the plant (introduction of environmentally conscious renewable energy sources)

The Indian government announced that it will aim to raise renewable energy as a share of power sources, so as to reduce CO₂ emissions by 2030. India is the third largest emitter of CO₂ from energy, after China and the United States.

Air Water India plans to introduce renewable energy such as solar power according to the Tamil Nadu state's open access system to generate the power of 40% that the plant is expected to use annually. Through this initiative, CO₂ emissions are expected to decline by 35%. Supporting the government's goal, Air Water India will continue to work on stabilizing electricity procurement, decreasing electricity costs, and reducing CO₂ emissions going forward.

4. Overview of the new plant

Name: Air Water India Chennai Plant

Location: Chennai, the state of Tamil Nadu

Line of products: Liquefied oxygen, liquefied nitrogen and liquefied argon

Production capacity: 6,900N m³/h (Liquefied oxygen: 5,100N m³/h, liquefied nitrogen: 1,600N m³/h,
liquefied argon: 200N m³/h)

Commencement of construction: October 2023 (plan)

Launch of operation: October 2024 (plan)

[Contact for inquiries]

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