

August 17, 2021

AIR WATER INC.

## **System to Promote Industrial Gas Business in India**

### **—Transition to a Business Promotion System Run by a Wholly-owned Subsidiary for Future Business Growth—**

AIR WATER INC. (AWI) is transitioning to a business promotion system in India that will be operated by Air Water India Private Limited (AWIPL), a wholly-owned subsidiary. This move aims to pave the way for rapid business growth in the industrial gas business market in India going forward. AWI plans to implement business growth strategies that focus on the large-scale on-site gas supply business through flexible decision-making and capital injections.

In 2013, AWI entered the industrial gas market in India through a 51% investment in Ellenbarrie Industrial Gases Limited (hereinafter “Ellenbarrie”). For a period spanning nearly 8 years since acquiring a stake in Ellenbarrie, AWI operated an industrial gas and medical oxygen supply business in the eastern and southern regions of India, transporting gases using tank trucks or cylinders, as a part of downstream operations in the industrial gas business domain.

Amid this backdrop, in 2019, AWI respectively acquired the industrial gas businesses from the Indian subsidiaries of Linde PLC, a major player in the industrial gas industry, and former Praxair, Inc. (which was integrated into Linde in 2018). These industrial gas businesses focus on on-site gas supply operations for the No.1 and No. 2 ranking steel manufacturers in India. Through these acquisitions, AWI obtained manufacturing functions for industrial gases (oxygen, nitrogen, and argon) using large-scale cryogenic air separator units (ASUs), which are upstream operations in the industrial business domain, and a business infrastructure for external sales functions to supply industrial and medical gases produced at these large-scale cryogenic ASUs by tank trucks or cylinders. Reflecting this, AWI has secured a firm position in India as an industrial gas manufacturer. Note that these business operations are carried out by AWI’s wholly-owned subsidiary, Air Water India Private Limited.

In India, the government is promoting various policies, including the expansion its annual domestic crude steel production to 300 million tons by 2030, which will be around three times its current level. Going forward, steel demand is expected to be brisk going forward accompanying further economic growth. At present, there are plans to successively construct new blast furnaces.

On July 28, 2021, AWI transferred its entire shareholdings in Ellenbarrie to its joint venture partner in India to dissolve the joint venture in order that our better business promotion system may be formed. Given this business environment in India, AWI is making this move to promote its business strategy involving large-scale investment by implementing flexible decision-making more than before.

Moving forward, the Air Water Group, under the business promotion system of Air Water India, plans to expand its on-site gas supply business, including in the steel industry, by utilizing its gas manufacturing plant technologies, which are underpinned by a full line-up of large, medium and small-scale plants, targeting the industrial gas market in India, which is expected to increasingly grow further out. In addition, the Group also aims to expand its industrial gas business in India with a view to expanding into the northern and western regions by pushing forward with the building of an industrial gas manufacturing and transport infrastructure to address brisk gas demand.

(Reference)

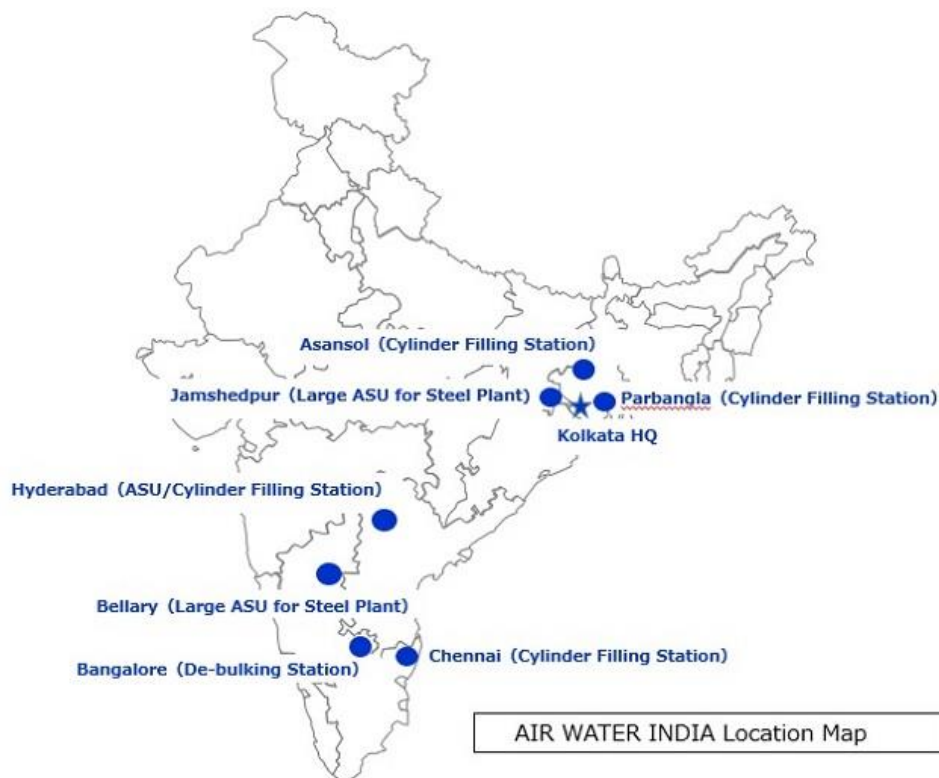
Overview of Air Water India

Company name: Air Water India Private Limited

Headquarters: Kolkata, West Bengal, Republic of India

Businesses: Manufacturing and sales of industrial and medical gases, and related machinery and equipment

Sales: ¥12.5 billion (for the fiscal year ended March 2021)



Overview of Ellenbarrie

Company name: Ellenbarrie Industrial Gases Limited

Headquarters: Kolkata, West Bengal, Republic of India

Businesses: Manufacturing and sales of industrial and medical gases

Sales: ¥2.5 billion (for the fiscal year ended March 2021)

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