

August 14, 2019

AIR WATER INC.

(Securities Code 4088)

Listed on the First Section of TSE and SSE

Notice of Conclusion of Term Sheet on the Acquisition of South Region Divestment Business from Linde India Limited

Air Water Inc. (“AWI”), through its subsidiary in India, entered into a binding term sheet (hereinafter referred to as the “Term Sheet”) on August 13, 2019 to acquire business of manufacture, sale and distribution of oxygen, nitrogen and argon operated in South India (hereinafter referred to as “South Region Divestment Business”) of Linde India Limited (hereafter “Linde India”) (hereinafter referred to as the “Acquisition”).

1. Background of the Acquisition

Linde AG (Head office: Munich, Germany) and Praxair, Inc. (Head office: Danbury, CT, U.S.) entered into a Business Combination Agreement on June 1, 2017 to merge the two companies. Pursuant to a notice filed by Praxair, Inc. and Linde AG with the Competition Commission of India (hereafter “CCI”), the Indian government’s competition authority, the parties were directed by the CCI to sell part of their Indian business to a third party on September 6, 2018.

After deliberations on the Acquisition, our Board decided on June 26, 2019 to submit a binding offer to acquire the South Region Divestment Business. After negotiations on the terms and conditions of the Acquisition, we concluded the Term Sheet on the Acquisition with Linde India on August 13, 2019. We will conclude the Business Transfer Agreement after receiving the approval of CCI and the shareholders of Linde India.

Through Air Water India Private Limited (hereafter “AW India”), we acquired the industrial gas business in East India, from Praxair India Private Limited on July 12, 2019. For further information on this acquisition, please refer to our prior notice, “Notice of Changes in Subsidiary through Proposed Acquisition in India of East Region Divestment Business from Praxair India Private Limited,” published on June 14, 2019.

2. Objective of the Acquisition

As a pillar of our growth strategy in the future, AWI plans to further expand the overseas businesses. Particularly in India, we have been focusing on expanding businesses as an area where we place emphasis in our overseas expansions. We successfully made inroads into the Indian market through the acquisition of Ellenbarrie Industrial Gases Ltd. (hereafter “Ellenbarrie”), a local industrial gas manufacturer, in 2013 and have established AW India in 2014 for the purpose of market investigation to further expand multiple businesses of our various products and services, etc.

In case of the South Region Divestment Business, the demand for industrial gases is expected to grow along with the economic growth in India. The onsite gas supply business for the blast furnace steel manufacturing, in which we have extensive operating knowledge in Japan, will comprise great majority of this growth. We will establish a strong trust relationship with customers by consistently supplying industrial gases. In doing so, we will capture business opportunities presented before us as crude steel production increases in the future.

The Acquisition will allow us to acquire liquefied gas production, supply bases and customers in South India. Through these together with Ellenbarrie’s business platform on which it operates

merchant business mainly in East and South India, we will expand our business in South India, where the consolidation among industries (such as automobile and IT related sectors) has accelerated and the demand for industrial gases has significantly increased recently.

3. Overview of the Business

(1) Business to be acquired:

Part of the industrial gas business of Linde India (in the south region) related to production, storage, delivery, and sale of oxygen, nitrogen, argon (including business related to storage, transport, sales of trading products).

(2) Assets:

1,800 tonnes per day onsite ASU (Cryogenic Air Separation Unit), filling facility, storage tank, cylinder, vehicle, etc.

(3) Locations: 3 Locations

Onsite gas plant:	Bellary in Karnataka
Cylinder filling station:	Hyderabad in Telangana and Chennai in Tamil Nadu
Net sales:	3.87 billion Indian Rupees (c. 5.7 billion yen*) (Fiscal 2018)

4. Acquisition Price and Settlement Method

(1) Acquisition price: 13.80 billion Indian Rupees (approximately 20.4 billion yen*)

(2) Settlement method: Cash settlement

(*) 1 Indian Rupee = 1.48 yen (as of August 13, 2019)

5. Schedules of the Acquisition

(1) Date of resolution of board of directors: August 9, 2019

*Resolution of the approval regarding the conclusion of the Term Sheet

(2) Date of execution of the Term Sheet: August 13, 2019

(3) Date of the Acquisition: During the third quarter of fiscal 2019 (tentative)

6. Overview of the Transferor Company

(1)	Corporate name	Linde India Limited	
(2)	Location	Oxygen House, P-43 Taratala Road, Kolkata – 700088, India	
(3)	Name and position of the representative	Mr. Abhijit Banerjee, Managing Director	
(4)	Description of business	Manufacture and supply of industrial gases	
(5)	Capital	852.84 million Indian Rupees (as of December 31, 2018)	
(6)	Date established	January 24, 1935	
(7)	Net assets	14.27 billion Indian Rupees (as of December 31, 2018)	
(8)	Total assets	33.75 billion Indian Rupees (as of December 31, 2018)	
(9)	Major shareholders and stockholding ratio	The BOC Group Ltd, U.K. (75.00%)	
(10)	Relationships between the listed company and the relevant company	Capital relationship	N/A
		Personal relationship	N/A
		Transactional relationship	N/A
		Applicability of related party	N/A

7. Future Prospects

The Acquisition is expected to have a minor impact on our consolidated business performance for the period ending on March 2020. We will immediately inform you if we learn something we should disclose to the public.

————[For inquiries on this subject, contact:]————

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