New developments in China with Dongbei Special Steel Group in Dalian

Air Liquide has entered a new long-term agreement with Dongbei Special Steel Group in Dalian, Liaoning Province, China. Under the terms of this agreement, Air Liquide will install a new Air Separation Unit (ASU) with a production capacity of 550 tonnes per day of oxygen in Dalian to supply gaseous oxygen, nitrogen and argon by pipeline to the new Dongbei Special Steel Group steelworks. This unit, which includes a capacity of 200 tonnes per day of liquid products, will also enable Air Liquide to develop the local industrial market.

With an annual production of about 2 million tonnes per year, Dongbei Special Steel Group is a leading manufacturer of high added value special steel products, resistant to high temperature or stress and used for bearings, tools, springs and structures in such industries as space, aircraft and automobiles, as well as stainless steel. Founded in 1905 as Dalian Steel, the group has recently started an ambitious relocation and upgrade of its production facilities, and has also decided to outsource its industrial gas requirements. To meet the needs of this customer, Air Liquide will invest more than 20 million euros in a new ASU to be commissioned in mid 2008. The unit will be designed and manufactured by Air Liquide Hangzhou, the Air Liquide engineering centre in China, and will use the latest technologies of the Group providing both high reliability and high energy efficiency, in line with Chinese government objectives.

With a population of 5.7 million people, Dalian is an important harbour, trade, industry and tourism city. Its main industries are petrochemical, manufacturing, shipbuilding and electronics, with a growth of 16.5% in 2006. Air Liquide has been present in Shenyang, Liaoning Province since 1995.

Jean-Pierre Duprieu, Senior Vice-President Asia-Pacific and member of Air Liquide’s Executive Committee, said: “We are very pleased to have signed this agreement with Dongbei Special Steel Group, a very well-known Chinese State Owned Enterprise, which has decided to outsource its industrial gas needs. With this new investment we will enter the fast growing Dalian market, which will provide new opportunities to develop our business. It is also further proof of the willingness of the Group to accelerate its investments in emerging markets. With 20% of the Group’s total sales, Asia is at the center of our growth ambitions”.

Mr. Zhao Mingyuan, Chairman of Dongbei Special Steel Group, added: “Our Company has a bright future with ever increasing needs for our special steel products. After fruitful discussion, we have taken the decision to outsource our industrial gas needs and have selected Air Liquide. We are happy to benefit from Air Liquide’s worldwide expertise in the industrial gas field, in technology as well as in operations, and to build a long-term relationship with it”.

Established in China in 1916 and with an increased presence in the last 15 years, Air Liquide employs about 1,500 people with annual sales of more than 200 million euros. The Group has operations in the areas of Beijing/Tianjin/Shandong/Liaoning in the north and Shanghai/Jiangsu/Zhejiang in the east. Air Liquide plans to invest approximately 500 million euros in China over the period 2004-2008 to meet strong market demand and to seize growth opportunities.

Present in 72 countries, Air Liquide is a world leader in industrial and medical gases and related services. The Group offers innovative solutions based on constantly enhanced technologies. These solutions, which are consistent with Air Liquide’s commitment to sustainable development, help to protect life and enable our customers to manufacture many indispensable everyday products. Founded in 1902, Air Liquide has nearly 37,000 employees. The Group has successfully developed a long-term relationship with its shareholders built on trust and transparency and guided by the principles of corporate governance. Since the publication of its first consolidated financial statements in 1971, Air Liquide has posted strong and steady earnings growth. Sales in 2006 totaled 10,949 million euros, with sales outside France accounting for almost 80%. Air Liquide is listed on the Paris stock exchange and is a component of the CAC 40 and Eurostoxx 50 indices (ISIN code FR 0000120073).

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