

Paris, July 2, 2019

Pre-Half Year 2019 Results Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group H1 2019 results.

- **Significant perimeter impact**

The consolidation of the acquisition of **Tech Air** (Industrial Merchant) in the US started from Q2 2019. Annual revenue reached approximately 190 million US dollars in 2018.

- **Currency impact**

Main currency variations:

€ versus	H1 2018	H1 2019	change	Q2 2018	Q2 2019	change
US Dollar	1.210	1.130	-6.6%	1.192	1.124	-5.7%
Argentina Peso	26.51	47.14	+77.8%	28.78	49.32	+71.3%
Japanese Yen	131.6	124.3	-5.5%	130.1	123.5	-5.1%

In Q1 2019, the currency impact on Group and Gas & Services revenue was **+2.9%** and it is estimated at around **+2%** for Q2 2019 and **+2.5%** for H1 2019. For FY 2019, it is expected to be between **+1.5%** and **+2%** on Group revenue based on an estimated annual average EUR/USD exchange rate at 1.13.

- **Energy Pass-through impact**

In Q1 2019, the Energy pass-through effect on Group revenue was **+0.7%**. It is expected to be around **-0.5%** on Group and Gas & Services revenue in **Q2 2019**, and **neutral** in H1 2019.

- **Business items**

- o Comparable sales growth in **Large Industries** reached **+5.1%** in Q1 2019, benefitting from high hydrogen volumes in Americas and Europe and several start-ups in Asia in Q4 2018; however, comparison basis remains high in Americas due to weather-related sales surcharges recorded until May 2018. Fujian units will be contributing to sales until the closing of the divestiture expected in Q3 2019.
- o **Industrial Merchant** posted a sales increase of **+2.8%** in Q1 2019, with a -1 working day impact, continued good pricing effect and most end markets well oriented in all geographies. Working day impact is expected to remain slightly negative in Q2 2019.
- o In **Healthcare**, Q1 2019 showed a **+5.4%** sustained comparable sales growth driven by strong Medical Gases in the US and high Home Healthcare activity, with low contribution from bolt-on acquisitions.
- o **Electronics** sales were up **+13.7%** in Q1 2019 supported by strong growth of Carrier Gases and Advanced Materials sales, and booming Equipment & Installations revenue (E&I). The book-to-bill ratio for E&I activity reached 0.76 at the end of Q1 2019.
- o **Engineering & Construction** revenue totaled **€93m** in Q1 2019 relatively stable compared to Q1 2018.
- o Sales in **Global Markets & Technologies** were up **+15.9%** in Q1 2019, mainly driven by biomethane activity and equipment sales based on Turbo-Brayton technology.

- **Margin**

Group Operating margin (Operating Income Recurring to sales) stood at **15.9%** in **H1 2018** and **16.4%** for **FY 2018**. A strengthened efficiency program from €300m/year to €400m/year has been launched early 2019 and will contribute progressively through 2019.

Reminder: increasing energy prices has a dilutive impact on operating margin. The relevant indicator is therefore operating margin excluding energy.

- **Exceptionals**

In **Q2 2019**, the divestiture of **Fujian** units will have a limited **unfavorable one-off impact** on net profit, recorded in other non-recurring operating income and expenses.

- **Net financial costs**

In **H1 2018**, net financial costs benefitted from a **positive €55m one-off gain** generated by the unwinding of hedging instruments relating to a debt reorganization in the United States. Therefore, total net financial costs were exceptionally low in H1 2018.

- **IFRS 16 impact**

IFRS 16 starts to apply on Group's financial statements from January 1st 2019. Please, refer to the appendix of the Q1 2019 Activity Report for more details.

H1 2019 results will be announced on **July 30, 2019**.

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A world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with approximately 66,000 employees and serves more than 3.6 million customers and patients. Oxygen, nitrogen and hydrogen are essential small molecules for life, matter and energy. They embody Air Liquide's scientific territory and have been at the core of the company's activities since its creation in 1902.

Air Liquide's ambition is to be a leader in its industry, deliver long term performance and contribute to sustainability. The company's customer-centric transformation strategy aims at profitable growth over the long term. It relies on operational excellence, selective investments, open innovation and a network organization implemented by the Group worldwide. Through the commitment and inventiveness of its people, Air Liquide leverages energy and environment transition, changes in healthcare and digitization, and delivers greater value to all its stakeholders.

Air Liquide's revenue amounted to 21 billion euros in 2018 and its solutions that protect life and the environment represented more than 40% of sales. Air Liquide is listed on the Euronext Paris stock exchange (compartment A) and belongs to the CAC 40, EURO STOXX 50 and FTSE4Good indexes.