Q1 2020 Activity

Sales up +1% thanks to a Strong Business Model

Fabienne Lecorvaisier, Executive VP
Francois Jackow, Executive VP
Mike Graff, Executive VP

Paris, April 24, 2020
Q1 2020 Key Highlights

- **Resilient** business model
- **Sales growth** in Q1
- **Healthcare fully mobilized** to serve communities
- **Performance improvement plan** continued
- **Immediate** implementation of **crisis management** measures
- **Adjusted guidance**
Q1 Sales Performance and crisis management
A Resilient Business Model

**Long-term** contracts >15 years
- **Take-or-Pay clauses** & Monthly Fees

**HC**
- Serving 1.7m patients & 15,000 hospitals
- Growth driven by **aging population** and the rise of **chronic diseases**
- A balanced mix of **accreditations** and **mid-term contracts**

**IM**
- Serving 2 million customers
- ~55% of sales **resilient**
  - Fixed revenues mainly from rentals
  - Defensive end-markets (Food & Pharma...)

**EL**
- Growth driven by a **more connected world**
- 40% of sales with **Take-or-Pay clauses**
- High value **Advanced Materials**

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Resilience Enhanced by a Global Geographical Footprint

Global Footprint:
- Americas: 41%
- Europe: 34%
- Asia-Pacific: 22%
- Africa: 3%
- Middle-East: 3%

Resilient Q1-2020 Gas & Services Growth in a difficult environment:
- Americas: +1.3%
- Europe: +2.7%
- Asia-Pacific: -0.9%

Gas & Services Q1 2020 Revenue:
- €5,191m
## Sales Growth Despite Crisis Outbreak

<table>
<thead>
<tr>
<th>Sales in €m</th>
<th>Q1 19</th>
<th>Q1 20</th>
<th>Q1 19/20 As published</th>
<th>Q1 19/20 Comparable</th>
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<tbody>
<tr>
<td>Gas &amp; Services</td>
<td>5,237</td>
<td>5,191</td>
<td>-0.9%</td>
<td>+1.1%</td>
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<tr>
<td>Engineering &amp; Construction</td>
<td>93</td>
<td>52</td>
<td>-43.2%</td>
<td>-44.0%</td>
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<tr>
<td>Global Markets &amp; Technologies</td>
<td>111</td>
<td>127</td>
<td>+14.4%</td>
<td>+13.6%</td>
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<tr>
<td>Group Total</td>
<td>5,441</td>
<td>5,370</td>
<td>-1.3%</td>
<td>+0.6%</td>
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**Impacts on Group Sales:**
- +0.8% FX
- -2.5% Energy
- -0.2% Significant Scope
Q1 – Robust Americas, HC Fully Loaded in Europe

G&S comparable sales growth

Americas – Solid Performance in all WBLs

<table>
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<tr>
<th>Quarter</th>
<th>Sales Q1 2020</th>
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<td>Q1</td>
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<td>Q2</td>
<td>+2%</td>
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<tr>
<td>Q3</td>
<td>+2%</td>
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<tr>
<td>Q4</td>
<td>-1%</td>
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<tr>
<td>Q1</td>
<td>+1%</td>
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€2,122m

- Robust demand in H₂
- Strong Food & Pharma, low Construction & Manufacturing
- Positive gases, hardgoods down
- Very solid pricing

Europe – Addressing Current Medical Needs

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<th>Quarter</th>
<th>Sales Q1 2020</th>
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<tbody>
<tr>
<td>Q1</td>
<td>+3%</td>
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<tr>
<td>Q2</td>
<td>+6%</td>
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<tr>
<td>Q3</td>
<td>+3%</td>
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<tr>
<td>Q4</td>
<td>+2%</td>
</tr>
<tr>
<td>Q1</td>
<td>+3%</td>
</tr>
</tbody>
</table>

€1,791m

- Refining in Benelux driving H₂ growth
- Weak Steel, soft Chemicals
- Growing Food & Pharma
- Solid pricing
- PG & Bulk volumes highly impacted in March in Italy, Spain & France
- Increased medical O₂ demand
- Hygiene activity running 24/7

- LI
- IM
- HC
- EL

Air Liquide
Q1 – Asia Resisting Well, Major Turnaround in AME

**G&S comparable sales growth**

### Asia – Robust EL, Resilient LI

- **Q1 2020 Sales:** €1,139m
- **Q1 2020 Sales:** €139m

#### Sales

**Q1** | **Q2** | **Q3** | **Q4** | **Q1**
---|---|---|---|---
+13% | +9% | +7% | +2% | -1%

### AME – Planned Maintenance Stoppage in LI

- **LI** – Yasref major turnaround
- **IM** – positive Egypt and India, stable sales in Africa, decrease in Saudi Arabia

**C-19**
Q1 – Solid Industrial Model

G&S comparable sales growth

Industrial Merchant

Sales - Q1 2020
€2,402m

- solid pricing at +3.0%
- strong Food, Pharma, vs. weak Construction and Metal Fab
- significant volumes drop in China at the peak of C-19 and in Europe in March
- Helium demand decreasing

Large Industries

Sales - Q1 2020
€1,294m

- hydrogen volumes up in Europe & US driven by solid Refining
- low air gases due to weak Metals and soft Chemicals
- in China, lower air gases to Chemicals & Metals due to same in Europe in March

Electronics

Sales - Q1 2020
€513m

- +9.8% growth excl. E&I
- strong Carrier Gases & Advanced Materials
- lower E&I vs. high Q1 19

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Air Liquide
Q1 – Healthcare Serving the Community to Fight the Virus

G&S comparable sales growth

Sales - Q1 2020
€982m

- significant increase of medical $O_2$ volumes at the end of Q1 in Europe
- very high demand for Hygiene products and Ventilators manufacturing
- HHC: fewer new installations expected, partially offset by new needs linked to Covid-19
Continued Focus on Performance

**IM Price/Mix**

- **Solid pricing** across all regions
- **Continued helium contribution**

**Efficiencies**

- +18% vs. Q1 2019
- Initiatives enabled by digital delivering
- Cumulated efficiencies €1.2bn (2017 - Q1 2020)

**Portfolio management**

Exclusive negotiations for the sale of:

- **Schülke**
- **CRYOPDP**

Bolt-on acquisitions:

- 3 in the US and in China
- 3 in Europe
Investments Still Strong in Q1

- **Slight reduction** vs. Q4 19
- **Maintained at a high level** despite: fewer entries and some project delays

**Investment Opportunities**
- 12-month portfolio
- €2.7bn
- €2.9bn
- €2.7bn

**Investment Decisions**
- +41% of industrial decisions:
  - Record levels in **Electronics**
  - 28% related to **Energy transition**
  - 15% **Efficiency** investment

**Investment Backlog**
- €2.8bn
- Stable Backlog
- €0.9bn of yearly sales backlog after full ramp-up
- Oil & Gas <15% of Backlog

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(1) See definitions in appendix
Delays Expected from COVID-19 on Start-Ups

Start-up/Ramp-up Sales Growth Contribution

Q1 2020
- €32m

FY 2020
- €150m
- €180m

8 Start-ups in total

2020
- Q1
- Q2
- Q3
- Q4

2021

- EL Asia
- LI US
- LI Europe
- LI Canada

Delays on major start-ups
Crisis Management Measures: #WeFightTogether

To all professionals working in the field

THANK YOU!

and also to all of you who are working from home

Keep our employees safe
Stay close to our patients & customers
No compromise on safety
Crisis Management: Focus on Costs, Cash, Liquidity

**Costs Containment**

- Additional program launched worldwide to adjust fixed costs
  - hiring freeze
  - decrease of non-company staff
  - consulting, services, travel expenses...

**Cash / Capex**

- Increased focus on cash collection
- Capex reallocation and reinforced selectivity

**Liquidity**

- €4.6bn of available liquidity at 2019-end:
  - cash
  - confirmed credit lines, no maturities in 2020, no covenant
- €1bn bond issuance on March 26
### Where we stand at the beginning of Q2

**Sequential from Q1 20**

<table>
<thead>
<tr>
<th>LI</th>
<th>IM</th>
<th>EL</th>
<th>HC</th>
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</thead>
<tbody>
<tr>
<td>-</td>
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</tbody>
</table>

- **Progressive recovery** in China
  - Operating at **lower level** in geographies going through (C-19) outbreak
  - **Steel** industry **severely impacted**; Chemicals and Refining **resisting better**
  - Several project **start-ups delayed** by 2 to 3 months

- **Packaged gas** the **most impacted**, bulk to a lesser extent
  - **Positive price** from Q1 should carry on
  - China now back at **85% nominal load**

- **Activity running at normal level, limited delays** expected for start-ups
  - **Tight supply chain**

- **Operations fully mobilized**, March sales strongly up
  - High **medical O2** volumes and **Hygiene** products in Europe
  - **Limited impact** on **HHC**
What we Expect in 2020 for Post Confinement Phase

- Resilient Chemical, Naphtha-based regions gaining momentum
- High refining inventories
- Steel industry facing structural challenges

- Very contrasted end-markets:
  - Uncertain timing for recovery of auto, construction and manufacturing activities
  - Solid consumer markets

- Limited exposure to upstream Oil & Gas

- Potential softening in Q3 depending on speed of recovery

- Strong fundamentals, stable medical O₂ consumption
  - Potential negative impact on sleep apnea in HHC

Chemicals
Oil & gas
Steel
Metal Fab.
Construction
Energy
Food & Pharma
Techno & Research
Integrated Circuit
Medical gases
Home Healthcare
2020 Guidance Adjusted

Main assumptions today:

- **Strong peak impact** expected in Q2
- **Lockdowns** end by the beginning of Q3
- **Progressive recovery in 2nd half**

“The general assumption is that lockdowns should end by the beginning of Q3. In such case, Air Liquide is confident in its ability to further increase its operating margin and to deliver net profit close to preceding year level, at constant exchange rate.”
Regular Distributions to Shareholders

- AGM on May 5
- **2020 dividend payment maintained** on May 13
- €2.70 per share\(^{(1)}\)

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(1) Subject to the approval of shareholders during the General Meeting on May 5, 2020
(2) Historical data adjusted for past free share attributions and the 2016 capital increase
G&S Quarterly Growth Analysis

Start-ups, Ramp-ups, Site takeovers, Small M&A
Base business
Significant M&A
Includes Tech Air and Fujian in Q1 2020

Base business: +0.7%
### Americas

**G&S comparable sales growth**

<table>
<thead>
<tr>
<th>INDUSTRIAL MERCHANT</th>
<th>LARGE INDUSTRIES</th>
<th>HEALTHCARE</th>
<th>ELECTRONICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• widening contrasts between:</td>
<td>• solid Hydrogen volumes for Refining</td>
<td>• strong Medical Gases in U.S.</td>
<td>• resilient Carrier Gases</td>
</tr>
<tr>
<td>- solid Food &amp; Pharma</td>
<td>• high Cogen in North America</td>
<td>• high HHC and Medical gases in Latin America</td>
<td>• high YoY E&amp;I comparison basis</td>
</tr>
<tr>
<td>- lower Construction and Metal Fab.</td>
<td>• contribution from new contracts in Latin America</td>
<td>• limited impact of bolt-on acquisitions</td>
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<tr>
<td>• solid pricing +3.9%</td>
<td>• lower Helium volumes</td>
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**Q1 20/19 Comparable Growth:** +1.3%

<table>
<thead>
<tr>
<th>Sales Q1 2020</th>
<th>Industrial Merchant</th>
<th>Large Industries</th>
<th>Healthcare</th>
<th>Electronics</th>
</tr>
</thead>
<tbody>
<tr>
<td>€2,122m</td>
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</table>

| | Industrial Merchant | Large Industries | Healthcare | Electronics |
| | -0.2%               | +2.7%            | +0.6%       | +10.0%       |
Europe

G&S comparable sales growth

INDUSTRIAL MERCHANT
- (C-19) impact from Mid-March:
  - drop of cylinder & bulk sales
  - mainly in France, Italy and Spain
- robust activity in Nordics, Benelux and Eastern Europe
- solid pricing at +1.8%

LARGE INDUSTRIES
- solid H₂ demand for Refining in Benelux
- weak steel, undermined by (C-19)
- soft Chemicals

HEALTHCARE (C-19)
- high medical O₂ demand
- very strong Hygiene
- ventilators manufacturing more than doubling
- still high growth in HHC

Sales
Q1 2020
€1,791m

Q1 2020 Activity
A world leader in gases, technologies and services for Industry and Health

Q1 20/19 Comparable Growth: +2.7%
Asia-Pacific

G&S comparable sales growth

**INDUSTRIAL MERCHANT**
- China -11.3%
  - bulk and cylinder volumes down significantly
  - back at 85% nominal load at end of March
- low Japan
- solid pricing: +1.0%

**LARGE INDUSTRIES**
- lower air gases in China and H₂ in Korea
- weak steel in Japan
- contractual fixed fees protecting for low volumes

**ELECTRONICS**
- +13% excl. E&I sales:
  - Carrier Gases ramp-ups in China, Japan, Taiwan, Singapore
  - Advanced Materials in Korea and Taiwan
- China +4.6% despite (C-19)
- low E&I compared to high Q1 19

Sales Q1 2020:
- Industrial Merchant 28%
- Large Industries 35%
- Electronics 33%
- Healthcare 4%

Industrial Merchant -5.3%
Large Industries -2.1%
Electronics +4.9%

Q1 20/19 Comparable Growth: -0.9%
Industrial Merchant Pricing

- **Americas**: +3.9% increase
- **Europe**: +2.5% increase
- **Asia-Pacific**: +1.4% increase
- **Middle-East & Africa**: +5.7% increase
- **Total Industrial Merchant**: +3.2% increase
Q1 2020 E&C and GM&T Activities

**Engineering & Construction**
- Sales to third parties\(^{(1)}\):
  - €52m, -44%\(^{(1)}\)
  - **Total Sales**\(^{(2)}\), -16%\(^{(2)}\)
  - C-19: One month closure of E&C center in China; Start-up delays
- Order Intake:
  - €83m, -43%\(^{(1)}\)

**Global Markets & Technologies**
- Sales\(^{(1)}\):
  - €127m, +14%\(^{(1)}\)
- Order Intake:
  - €209m, +64%\(^{(1)}\)

\(^{(1)}\) Comparable growth
\(^{(2)}\) Including internal sales
Stable Backlog at €2.8bn

Yearly Sales Backlog after full Ramp-ups

€2.1bn (Dec 2017) → €2.2bn (Dec 2018) → €2.85bn (Dec 2019) → €2.79bn (Mar 2020) → €0.9bn

See definitions in appendix
Investment Cycle – Definitions

- **Investment opportunities at end of the period**
  - Investment opportunities under consideration by the Group for decision within 12 months.
  - Industrial projects with investment value > €5m for Large Industries and > €3m for other business lines.
  - Includes asset replacements or efficiency projects. Excludes maintenance and safety.

- **Investment backlog at end of the period**
  - Cumulated industrial investment value of projects decided but not yet started.
  - Industrial projects with value > €10m, including asset replacements or efficiency projects, excluding maintenance and safety.

- **Sales backlog**
  - Cumulated expected sales per year generated by the current investment backlog after full ramp-up.

- **Decisions of the period**
  - Cumulated value of industrial and financial investment decisions.
  - Industrial, growth and non-growth projects including asset replacements, efficiency, maintenance and safety.
  - Financial decisions (acquisitions).
**Regular and Sustained Performance**

CAGR over 30 years\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (in €m)</th>
<th>EPS (^{(2)}) (in €)</th>
<th>Cashflow (in €m)</th>
<th>Dividend (^{(2,3)}) (in € per share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
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<td>2019</td>
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\(\text{Revenue (in €m)} \text{ +5.6\%}\)

\(\text{EPS}^{(2)} \text{ (in €) +6.7\%}\)

\(\text{Cashflow (in €m) +6.5\%}\)

\(\text{Dividend}^{(2,3)} \text{ (in € per share) +8.7\%}\)

(1) Calculated according to prevailing accounting rules over 30 years. (2) Adjusted for the 2-for-1 share split in 2007, for attributions of free shares and for a factor of 0.974 reflecting the value of the rights of the capital increase completed in October 2016. (3) Dividend 2019 subject to the approval of shareholders during the General Meeting on May 5, 2020.
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