

## Pre-Half Year 2020 Results Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group H1 2020 results. This document is not intended to provide additional information beyond existing disclosures.

- **Significant perimeter impact**

- The consolidation of the acquisition of **Tech Air** (US Industrial Merchant, ~190 million US dollars of revenue in 2018) started from the beginning of Q2 2019. Therefore, it is no longer accounted as a significant perimeter since Q2 2020.
- **Fujian** units in China started up in December 2018 and divestiture was closed early September 2019. It is accounted as a negative significant perimeter impact from Q4 2019.
- Reminder of total significant perimeter impact per quarter in 2019 and in Q1 2020:

At Group level	Q2 2019	Q3 2019	Q4 2019	Q1 2020
€m	40	35	19	-13
%	+0.8%	+0.6%	+0.3%	-0.2%

- **Currency impact**

Main currency variations (from the largest to the smallest impact on Group sales in Q2):

€ versus	H1 2019	H1 2020	change	Q2 2019	Q2 2020	change
US Dollar	1.130	1.101	-2.5%	1.124	1.100	-2.1%
Brazilian Real	4.34	5.35	+23.4%	4.40	5.92	+34.4%
Argentina Peso	47.1	72.2	+53.1%	49.3	76.0	+54.1%
Japanese Yen	124.3	119.2	-4.1%	123.5	118.3	-4.2%

In Q1 2020, the currency impact on Group and Gas & Services revenue was +0.8%. It is estimated to be close to -0.5% in Q2 2020, thus around +0.2% in H1 2020. For FY 2020, it is expected to be approximately -1.0% on Group revenue based on an estimated annual average EUR/USD exchange rate at 1.11.

- **Energy pass-through impact**

In Q1 2020, the Energy pass-through effect was -2.5% on Group revenue and -2.6% on Gas & Services revenue. It is expected to be approximately -3% on Group and Gas & Services revenue in Q2 2020, and around -2.7% in H1 2020.

- **Business items**

In Q1 2020, activities in **China** had been the most affected by Covid-19. **Europe** started to be impacted from mid-March and **the U.S.** since the last week of March.

Q2 is expected to be the **weakest quarter** in 2020: although recovery started at the end of Q1 in China, Europe and Americas have been severely affected by COVID-19 in Q2 2020.

Activity highlights are detailed below by business line, **based on information provided during the Q1 2020 announcement.**

- **Large Industries** sales were at -0.8% in Q1 2020. Air gases volumes were impacted by weak demand from Steel and Chemical customers. Hydrogen volumes for refineries resisted better, notably in Europe and the U.S., but inventories in Oil & Gas were high at the end of Q1 2020. From the beginning of the pandemic, plants have been running at lower levels in geographies going through COVID-19 outbreak. In Europe, lockdowns have started to ease progressively since the beginning of May.

- **Industrial Merchant** is the activity the most impacted by Covid-19. Sales were down **-1.5%** in Q1 2020. In China, after a significant volume drop at the peak of the pandemic, activity in April was back to 85% vs. pre-crisis level. In Europe and the U.S., volumes started to decrease at the end of Q1 2020 with contrasted impacts in each region: in most affected areas, packaged gases has been the most impacted segment with volume drops up to -50%, while bulk volumes reduced by -30% to -40% at worst. Hardgoods in the U.S. were also severely hit. Pricing remained solid, at +3.0% in Q1 2020. Contrasts between end-markets have been widening, with weak Automotive, Construction and Metal Fabrication and growth in consumer-related markets like Pharmaceuticals and Food. In Europe, lockdowns have started to ease progressively since the beginning of May.
- **Healthcare** posted a strong growth of **+9.9%** in Q1 2020. It was driven in Europe by a peak of Medical oxygen consumption and a strong Hygiene growth in March, and in the U.S. by a continuous high level of activity over the quarter. However, lockdowns also affected the activity with the stoppage of regular surgeries and other procedures, with a particularly high impact in the proximity care segment in the U.S.. Healthcare activity also experienced a sharp reduction of new Home Healthcare prescriptions during lockdowns, notably in sleep apnea and diabetes segments.
- **Electronics** revenue reached **+3.6%** in Q1 2020, with high growth in Carrier Gases and Advanced Materials. Some Equipment & Installations (E&I) projects have been postponed during lockdowns and E&I sales in Q1 were significantly lower than the very high level of Q1 2019. Revenue in Q2 2020 will also be compared against very strong E&I sales in Q2 2019.
- **Engineering & Construction** consolidated revenue totaled **€52m** in Q1 2020, -43.2% vs. Q1 2019, due to resources allocated to internal projects and to a one-month closure of the Chinese engineering center. Several projects have been postponed by a few months due to lockdowns.
- Sales in **Global Markets & Technologies** were up **+13.6%** in Q1 2020, mainly driven by biomethane activity and one-off equipment sales based on Turbo-Brayton technology. However, during lockdowns, several manufacturing sites have been temporarily operating with reduced manpower.

- **Margin**

Group Operating margin (Operating Income Recurring to sales) improved significantly by **+70bps** (neutral Energy impact) to **16.6%** in **H1 2019** and by +90bps (**+70bps** excluding Energy impact) to **17.3%** for **FY 2019**. This performance has been driven by 3 levers: improved pricing and product mix, enhanced efficiencies and active portfolio management.

Reminder of **FY 2020 Guidance**: assuming a high impact of the crisis in Q2 2020, followed by a gradual relaxing of lockdown measures between the end of Q2 and the beginning of Q3 2020, Air Liquide is confident in its ability to **further increase its operating margin in FY 2020**.

- **Exceptionals**

In **Q2 2019**, the divestiture of **Fujian** units had an **unfavorable one-off impact** on net profit, representing most of the -86 million euros recorded in other non-recurring operating income and expenses in H1 2019. In FY 2019, exceptional items reached -188 million euros. In 2020, **exceptional costs linked to COVID-19** will be recorded in non-recurring operating income and expenses.

- **Net profit**

In **H1 2019**, net profit (Group share) amounted to **1,059 million euros**.

Reminder of **FY 2020 Guidance**: assuming a high impact of the crisis in Q2 2020, followed by a gradual relaxing of lockdown measures between the end of Q2 and the beginning of Q3 2020, Air Liquide is confident in its ability to [...] **deliver net profit close to the 2019 level, at constant exchange rates**.

H1 2020 results will be announced on **30 July 2020**.

## **CONTACTS**

Investor Relations

[irteam@airliquide.com](mailto:irteam@airliquide.com)

Aude Rodriguez

Muriel Légeron

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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, regular and responsible 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 22 billion euros in 2019 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.