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

- **Significant perimeter impact**

  - **Schülke** divestiture was closed in August 2020. The deconsolidation of Schülke activities is accounted for starting **July 1st 2020** and generates a significant perimeter impact on Healthcare sales.

  - As part of its portfolio management strategy, Air Liquide reduced its participation under the controlling threshold in **reseller affiliates in Japan**. As of **July 1st 2020**, the impact of this transaction is also recorded as a significant perimeter for Industrial Merchant, Electronics and Healthcare sales.

  - As a reminder:
    - **Fujian** units in China started up in December 2018 and its subsequent divestiture was closed early September 2019. It is no longer accounted for as a significant perimeter impact on Large Industries sales since end of Q3 2020.
    - 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. It is no longer accounted for as a significant perimeter since end of Q1 2020.

  - The total significant perimeter impact expected in Q4 2020 and FY 2020 is summarized in the table below:

    | Sales                      | Q4 2020 | FY 2020 |
    |----------------------------|---------|---------|
    | Schülke (m€)               | -89     | -178    |
    | Reseller affiliates in Japan (m€) | -26     | -49     |
    | Fujian (m€)                | 0       | -113    |
    | Tech Air (m€)              | 0       | +37     |
    | **Total (€m)**             | **-115**| **-303**|
    | **% at Group Level**       | -2.1%   | -1.4%   |

  - We are still waiting for regulatory approvals regarding the Sasol project, thus, no significant perimeter impact related to this project is expected in Q4 2020.

- **Currency impact**

  Main currency variations (from the largest to the smallest impact on Group sales in Q4 2020):

<table>
<thead>
<tr>
<th>€ versus</th>
<th>Q4 2019</th>
<th>Q4 2020</th>
<th>Change</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollar</td>
<td>1.107</td>
<td>1.193</td>
<td>+7.7%</td>
<td>1.119</td>
<td>1.140</td>
<td>+1.8%</td>
</tr>
<tr>
<td>Brazilian Real</td>
<td>4.56</td>
<td>6.44</td>
<td>+41%</td>
<td>4.41</td>
<td>5.81</td>
<td>+32%</td>
</tr>
<tr>
<td>Argentina Peso</td>
<td>66.6</td>
<td>96.7</td>
<td>+45%</td>
<td>53.5</td>
<td>80.9</td>
<td>+51%</td>
</tr>
<tr>
<td>Canadian Dollar</td>
<td>1.46</td>
<td>1.55</td>
<td>+6.3%</td>
<td>1.49</td>
<td>1.53</td>
<td>+2.9%</td>
</tr>
</tbody>
</table>

  In Q3 2020, the currency impact was -3.7% on Group revenue and -3.8% on Gas & Services revenue. It is estimated to be around **-4.5%** in **Q4 2020** and around **-2.0%** in **FY 2020** on both Group and Gas & Services sales.

- **Energy pass-through impact**

  In Q3 2020, the Energy pass-through effect was -1.5% on Group and Gas & Services revenue. It is expected to be around **-0.7%** on Group and Gas & Services revenue in **Q4 2020**.
Q3 2020 sales enjoyed a marked recovery across all regions and all business lines in a context of local lockdowns. The activity in North America was still affected by lockdown measures, notably in Industrial Merchant, while Latin America posted sales growth. Activities picked up in Europe, notably driven by robust Healthcare and Eastern Europe. In China, momentum was strong across all industrial business lines, however, the recovery was slower in the rest of Asia. In Middle East and Africa, sales were back to 2019 levels.

In Q4 2020, lockdown measures have been strengthened mostly in Europe and Americas with the second wave of Covid-19.

Activity highlights are detailed below by business line, based on information provided during the Q3 2020 announcement.

- **Large Industries** sales were at +0.2% in Q3 2020. In Europe, demand remained weak in Steel, recovered slightly in Chemicals, while Refineries faced lower demand. In North America, volumes improved but remained below 2019 levels. In Asia, growth was driven by China and a ramp-up in South Korea, while the recovery was slower in the rest of the region. In Q4 2019, sales were affected by customer turnarounds in Americas.

- **Industrial Merchant** posted -5.8% in sales in Q3 2020 after -14.4% in Q2, with progressive sequential volumes improvement in all segments and regions, and sustained pricing at +2.6%. In Europe, bulk recovery was slower than cylinders. Sales in the U.S. saw a strong sequential rebound but remained affected by lockdown measures, notably in hardgoods. Activities improved markedly in China but remained sluggish in the rest of Asia.

- **Healthcare** remains highly invested in the fight against Covid-19 and posted sales growth of +8.4% in Q3 2020. Growth was driven by continued high demand in Equipment and Medical oxygen, combined with improving Home Healthcare activity in Europe and Latin America.

- **Electronics** revenue reached +5.9% in Q3 2020, with strong growth in Carrier Gases and Advanced Materials, offset by lower Equipment & Installations sales compared to a high level in Q3 2019.

- **Engineering & Construction** consolidated revenue totaled €60m in Q3 2020, -24.4% vs. Q3 2019, with sluggish sales to third-party customers due to the Covid-19 crisis and resources being allocated mostly to internal projects.

- **Sales in Global Markets & Technologies** amounted to €143m in Q3 2020, +11.4% vs. Q3 2019, thanks to strong biogas business and with production capacity no longer constrained by the public health crisis.

**Margin**

Group operating margin (Operating Income Recurring to revenue) stood at 17.3% for FY 2019. In H1 2020, it improved significantly by +100bps vs. H1 2019 to 17.6% (+50bps excluding Energy impact). This performance has been driven by our structural efficiency program as well as a temporary cost containment plan put in place to adapt to the lower activity level in the context of the Covid-19 crisis.

Reminder of FY 2020 Guidance: “in a context of limited local lockdowns and progressive recovery until the end of 2020, Air Liquide is confident in its ability to further increase its operating margin [...]”.

**Exceptionals**

In H1 2020, other operating income and expenses showed a net balance of €-92m. Nearly half of them was related to exceptional expenses due to Covid-19, and around a third to realignment plans. In FY 2020, the capital gain linked to the Schülke divestiture should be mainly offset by non-cash provisions, resulting from the review of the asset portfolio before starting the next strategic plan.

**Net profit**

In FY 2019, net profit (Group share) amounted to 2,242 million euros. In H1 2020, net profit (Group share) was preserved in spite of the public health crisis and reached 1,078 million euros, +1.8% vs. H1 2019.

Reminder of FY 2020 Guidance: “in a context of limited local lockdowns and progressive recovery until the end of 2020, Air Liquide is confident in its ability to [...] deliver net profit(1) close to preceding year level, at constant exchange rates.”

(1) 2020 recurring net profit: excluding exceptional and significant items that have no impact on the operating income recurring.

**EPS**

The average number of outstanding shares used to calculate the as published FY 2020 EPS is ~471,556 k shares.

FY 2020 results will be announced on 10 February 2021.

**CONTACTS**

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Disclaimer

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