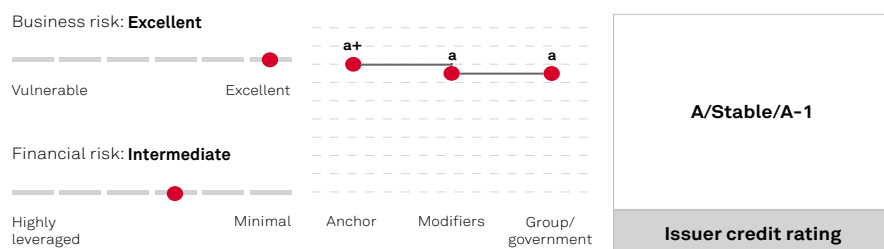


# L'Air Liquide S.A.

September 5, 2024

## Ratings Score Snapshot



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## Credit Highlights

### Overview

Key strengths	Key risks
Leading global player in the industrial gases sector, with supportive market fundamentals.	Marginal variability in revenue growth linked to regional economic changes, cyclicity of some markets, and currency exposure.
Highly resilient activity and profitability, benefiting from long-term contracts with take-or-pay clauses and exposure to stable sectors, including health care.	Fairly high capital expenditure (capex), including for significant growth projects, especially to accelerate the energy transition.
Strong diversification by geography and end-markets.	A shareholder-friendly, but predictable, dividend policy.
High profitability, with expected EBITDA margins above 27%, and a track record of achieving efficiency targets and realizing synergies.	Acquisitive track record, including continued bolt-ons; although limited potential for larger acquisitions.
Supportive financial leverage management since the Airgas acquisition in 2016.	

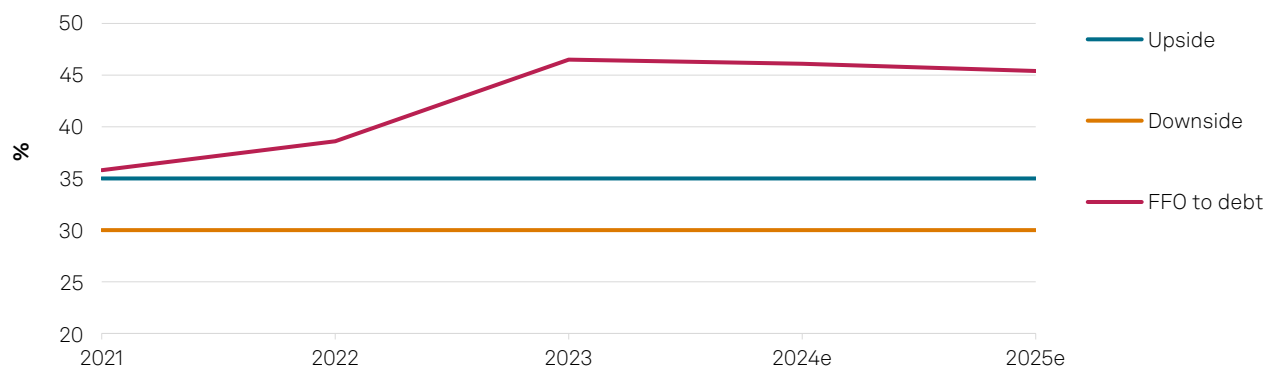
**L'Air Liquide reported resilient performance in the first half of 2024 and we expect margins to grow.** The group's revenue declined by 4.3% (up 2.6% on a comparable basis) in the first half of 2024, primarily due to lower energy prices and unfavorable exchange rates. Consequently, we expect slight decline in revenue in 2024. We think that L'Air Liquide's market position remains strong and its core business robust, which will drive growth in coming quarters. In the first half of 2024, the group achieved efficiencies of €233 million and we forecast it to reach its annual target of €400 million by end 2024. Structural efficiency gains, business mix, and dynamic pricing

will increase EBITDA to €7.5 billion-€9.0 billion and move the EBITDA margin above 27% between 2024 and 2026.

**We expect capex to peak in 2025-2026, driven by the group’s commitment to the green energy transition.** L'Air Liquide is continuing its large investments in hydrogen technologies and electronics and has a plan to invest about €8 billion in the low-carbon hydrogen value chain by 2035. We forecast capex of about €3.5 billion-€4.0 billion in 2024, increasing to €5.0 billion-€6.0 billion per year in 2025-2026. This will accelerate its renewable energy transition. The group estimates that more than 40% of its €4.0 billion in investment opportunities (as of the first half of 2024) is energy transition related and are located mainly in the U.S. (a low carbon hydrogen project with ExxonMobile) and in Europe.

**L'Air Liquide maintains ample headroom under its ‘A’ long-term issuer rating despite large capital investments, bolt-on acquisitions, and shareholder returns.** L'Air Liquide’s financial management has been supportive, driven by balancing sizable and fairly predictable operational cash flow, capex, bolt-on acquisitions, and net debt reduction. S&P Global Ratings-adjusted funds from operations (FFO) to debt improved to 46.5% in 2023, compared to 38.6% in 2022 and well above the minimum ratings threshold. In 2024-2025, we forecast a moderate decline in FFO to debt to 41%-46%, largely reflecting a peak in capex related to the energy transition. We anticipate that credit metrics will remain commensurate with the ‘A’ rating over this period, given the comfortable rating headroom and despite increased shareholder returns, large capital investments, and bolt-on acquisitions.

**L'Air Liquide's ample rating headroom allows financial flexibility**



e--Estimate. FFO--Funds from operations. Source: S&P Global Ratings.

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## Outlook

The stable outlook reflects our view of L'Air Liquide’s resilient business and prudently balanced capital spending, acquisitions, divestitures, and shareholder distributions, which should see its credit metrics remain commensurate with our ‘A’ rating, including FFO to debt of at least 30% on average.

## Downside scenario

We could lower the rating if the group adopts a more aggressive or shareholder-friendly financial policy, leading to increased leverage. Specifically, we could consider a downgrade if adjusted FFO to debt falls below 30% without the prospect of a rebound.

## Upside scenario

We could consider an upgrade if adjusted FFO to debt remained sustainably above 35%, and management committed to maintaining it at this level.

## Our Base-Case Scenario

### Assumptions

- Modest decline of revenue in 2024 due to energy-cost pass through and improving in 2025 to increase by 2%-3%.
- S&P Global Ratings-adjusted EBITDA margin improving to 27%-29% in 2024-2025.
- Capex of €3.5 billion-€4.0 billion in 2024 and increasing to €4.8 billion-€5.2 billion in 2025, driven by growth projects like increasing hydrogen capacity.
- Moderate working capital requirement.
- Modestly growing dividend distributions, with a 55% payout ratio.

## Key metrics

### L'Air Liquide S.A.--Forecast summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
(Mil. EUR)	2020a	2021a	2022a	2023a	2024e	2025f	2026f
Revenue	20,485	23,335	29,934	27,608	27,521	28,297	29,500
EBITDA (reported)	6,107	6,183	7,153	7,446	7,589	8,073	8,845
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--
Plus/(less): Other	(334)	63	(473)	(68)	33	33	33
EBITDA	5,773	6,246	6,681	7,378	7,622	8,106	8,878
Less: Cash interest paid	(327)	(274)	(319)	(311)	(441)	(446)	(472)
Less: Cash taxes paid	(747)	(809)	(910)	(1,032)	(1,189)	(1,289)	(1,420)
Plus/(less): Other	--	--	--	--	--	--	--
Funds from operations (FFO)	4,700	5,163	5,452	6,036	5,992	6,371	6,985
EBIT	3,611	4,048	4,231	4,932	5,043	5,399	5,945
Interest expense	461	376	422	464	513	482	515
Cash flow from operations (CFO)	4,955	4,969	5,333	6,141	6,157	6,421	6,917
Capital expenditure (capex)	2,595	2,880	3,224	3,345	3,686	4,917	5,780
Free operating cash flow (FOCF)	2,359	2,089	2,109	2,797	2,471	1,504	1,137

## L'Air Liquide S.A.

### L'Air Liquide S.A.--Forecast summary

Dividends	1,387	1,418	1,487	1,667	1,781	2,015	2,222
Share repurchases (reported)	50	40	192	82	174	88	185
Discretionary cash flow (DCF)	923	631	431	1,048	515	(599)	(1,270)
Debt (reported)	12,304	12,620	12,096	10,772	10,230	11,249	13,207
Plus: Lease liabilities debt	1,188	1,261	1,280	1,266	1,279	1,291	1,304
Plus: Pension and other postretirement debt	1,173	1,030	737	795	795	795	795
Less: Accessible cash and liquid Investments	(1,691)	(2,147)	(1,811)	(1,525)	(900)	(900)	(900)
Plus/(less): Other	1,335	1,675	1,839	1,672	1,598	1,598	1,598
Debt	14,307	14,439	14,141	12,979	13,001	14,033	16,003
Equity	19,005	21,999	24,572	25,043	26,598	28,392	30,164
FOCF (adjusted for lease capex)	2,208	1,916	1,961	2,616	2,237	1,258	878
Interest expense (reported)	409	328	357	373	421	390	423
Capex (reported)	2,630	2,917	3,273	3,393	3,735	4,966	5,829
Cash and short-term investments (reported)	1,791	2,247	1,911	1,625	1,000	1,000	1,000
<b>Adjusted ratios</b>							
Debt/EBITDA (x)	2.5	2.3	2.1	1.8	1.7	1.7	1.8
FFO/debt (%)	32.8	35.8	38.6	46.5	46.1	45.4	43.6
FFO cash interest coverage (x)	15.4	19.8	18.1	20.4	14.6	15.3	15.8
EBITDA interest coverage (x)	12.5	16.6	15.8	15.9	14.9	16.8	17.2
CFO/debt (%)	34.6	34.4	37.7	47.3	47.4	45.8	43.2
FOCF/debt (%)	16.5	14.5	14.9	21.5	19.0	10.7	7.1
DCF/debt (%)	6.5	4.4	3.0	8.1	4.0	(4.3)	(7.9)
Lease capex-adjusted FOCF/debt (%)	15.4	13.3	13.9	20.2	17.2	9.0	5.5
Annual revenue growth (%)	(6.5)	13.9	28.3	(7.8)	(0.3)	2.8	4.2
Gross margin (%)	100.0	100.0	100.0	100.0	102.2	103.1	104.6
EBITDA margin (%)	28.2	26.8	22.3	26.7	27.7	28.6	30.1
Return on capital (%)	10.5	11.6	11.3	12.9	13.0	13.2	13.4
Return on total assets (%)	8.2	8.9	8.5	9.8	10.0	10.4	10.7
EBITDA/cash interest (x)	17.7	22.8	20.9	23.7	17.3	18.2	18.8
EBIT interest coverage (x)	7.8	10.8	10.0	10.6	9.8	11.2	11.5
Debt/debt and equity (%)	42.9	39.6	36.5	34.1	32.8	33.1	34.7
Debt fixed-charge coverage (x)	12.5	16.6	15.8	15.9	4.7	11.5	11.4
Debt/debt and undepreciated equity (%)	42.9	39.6	36.5	34.1	32.8	33.1	34.7

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

**Sizable capex in 2025-2026 will result in lower free operating cash flow (FOCF).** The group is deploying its energy transition strategy, particularly with investment decisions concerning new

low-carbon green projects and renewable industrial gas production units specifically, to triple its hydrogen sales as part of becoming carbon neutral by 2050. It will increase its expenditure-to-sales ratio to about 15%-20% in the next couple of years. Consequently, we expect FOCF to decline but to remain above €1 billion.

**We anticipate comfortable rating headroom, driven by strong operating performance and prudent financial policy, despite higher capex.** We see a limited risk of larger acquisitions due to the concentration of players in the sector. Therefore, with steady volumes and pricing in its industrial merchant segments, along with positive momentum in its electronics segments, we forecast the S&P Global Ratings-adjusted FFO to debt leverage will remain comfortably above 35% for 2024 and 2025.

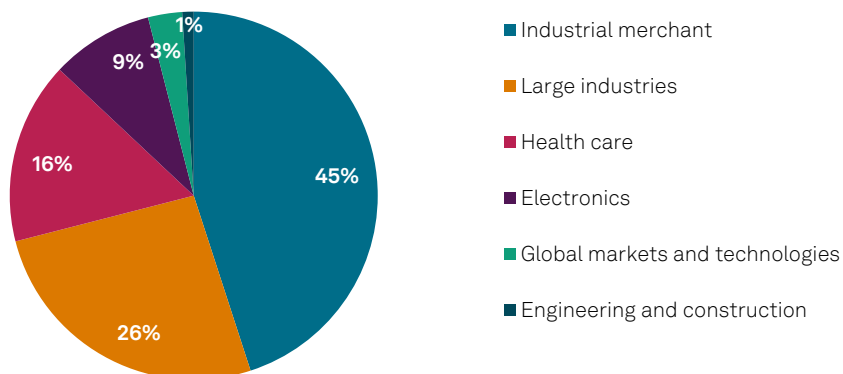
## Company Description

L'Air Liquide is one of the largest industrial gas suppliers worldwide with a presence in 60 countries and about 66,300 employees. About 95% of its 2023 sales came from its gas and services segment (split into four business lines--large industries, industrial merchant, health care, and electronics), and the remainder from engineering and construction, and global market and technologies. Its industrial gas products include oxygen and nitrogen produced in air-separation units, and hydrogen and carbon monoxide produced in steam methane reformers. These are sold to metals, chemicals, oil refining, and electronics companies, as well as in the health care, food processing, and aerospace markets.

In the first half of 2024, the group generated revenue of about €13.4 billion, with about 96% coming from its gas and services segment. L'Air Liquide generated about 40% of gas and services revenue from the Americas, 35% from Europe, 20% from Asia Pacific, and the rest from Africa and the Middle East. L'Air Liquide is publicly listed and has a diverse shareholding structure. On Aug. 21, 2024, it had a market capitalization of about €95.4 billion.

### L'Air Liquide group revenue by business line

Year to date June 2024

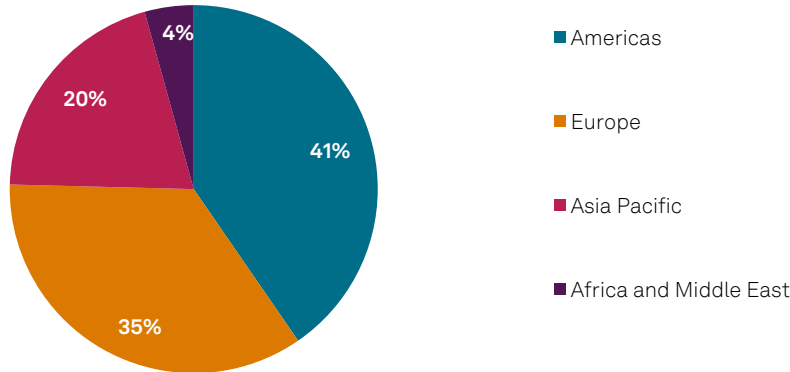


Source: S&P Global Ratings.

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### L'Air Liquide's gas and services revenue by region

Year to date June 2024



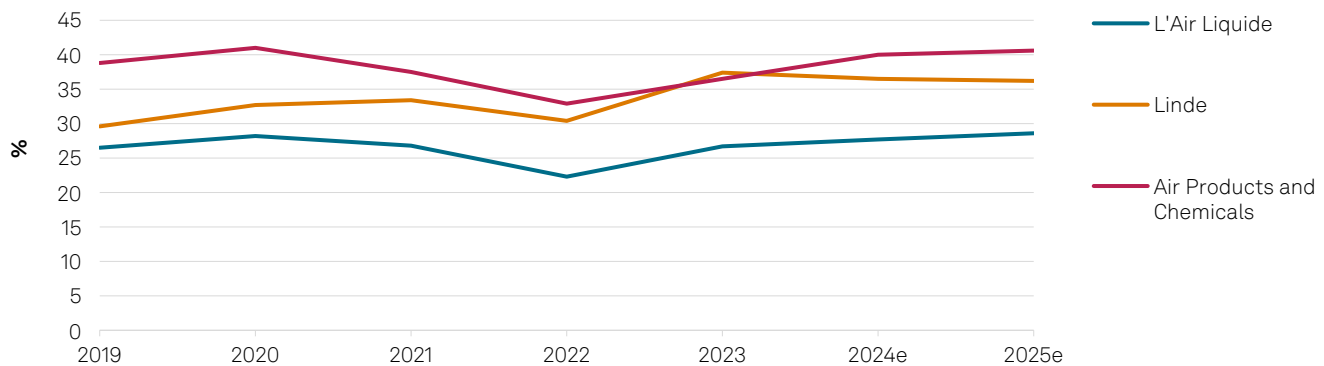
Source: S&P Global Ratings.

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## Peer Comparison

We compare L'Air Liquide with Linde PLC and Air Products and Chemicals Inc. All three have an 'A' long-term issuer credit rating. L'Air Liquide's scale is larger than Air Products and comparable with Linde. Though L'Air Liquide has lower profitability than Linde and Air Products, we expect L'Air Liquide's margin to improve supported by structural efficiency gains, which will help the group to narrow the gap with Linde. We view L'Air Liquide's margin as resilient and less volatile, as well as above-average compared with the wider chemicals sector.

### S&P Global Ratings-adjusted EBITDA margin peer comparison



e--Estimate. Source: S&P Global Ratings.

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#### L'Air Liquide S.A.--Peer Comparisons

	L'Air Liquide S.A.	Linde PLC	Air Products and Chemicals Inc.
Foreign currency issuer credit rating	A/Stable/A-1	A/Stable/A-1	A/Stable/A-1

## L'Air Liquide S.A.--Peer Comparisons

Local currency issuer credit rating	A/Stable/A-1	A/Stable/A-1	A/Stable/A-1
Period	Annual	Annual	Annual
Period ending	2023-12-31	2023-12-31	2023-09-30
Mil.	EUR	EUR	EUR
Revenue	27,608	29,723	11,905
EBITDA	7,378	11,127	4,340
Funds from operations (FFO)	6,036	8,862	3,480
Interest	464	462	318
Cash interest paid	311	496	251
Operating cash flow (OCF)	6,141	8,587	3,006
Capital expenditure	3,345	3,365	4,262
Free operating cash flow (FOCF)	2,797	5,221	(1,256)
Discretionary cash flow (DCF)	1,048	(605)	(2,779)
Cash and short-term investments	1,625	4,219	1,842
Gross available cash	1,625	4,219	1,842
Debt	12,979	14,867	9,201
Equity	25,043	37,178	14,797
EBITDA margin (%)	26.7	37.4	36.5
Return on capital (%)	12.9	15.0	15.0
EBITDA interest coverage (x)	15.9	24.1	13.7
FFO cash interest coverage (x)	20.4	18.8	14.9
Debt/EBITDA (x)	1.8	1.3	2.1
FFO/debt (%)	46.5	59.6	37.8
OCF/debt (%)	47.3	57.8	32.7
FOCF/debt (%)	21.5	35.1	(13.6)
DCF/debt (%)	8.1	(4.1)	(30.2)

## Business Risk

We generally view the industrial gases business as more resilient than specialty chemicals. Therefore, we consider L'Air Liquide's earnings and cash flows to be more resilient and stable than average. We place a strong emphasis on this aspect of the business when analyzing the group's profitability and financial metrics and we view its EBITDA and profit margins as less volatile than those of most rated peers in the chemicals sector. This is a key consideration in our assessment of the group's competitive position as excellent.

L'Air Liquide is a leading player in its market worldwide, a market we view as fairly consolidated and benefiting from significant barriers to entry in terms of capital intensity of the asset base, economies of scales, and technological know-how. The group benefits from superior end-market and geographic diversity, with a balanced footprint across all regions. The various business segments also provide diversity from partly uncorrelated end-markets. In addition, the business' most capital-intensive portion--the large industries segment, which generates a

significant portion of group revenue, notably in Asia and Europe--benefits from long-term contracts, energy cost pass-through clauses, and minimum offtake volumes. Similarly, we view the health care business as bringing stability and growth prospects to the group's revenue and earnings, supported by aging populations in developed markets and rising incomes in developing economies.

Growth factors remain a key consideration in this highly consolidated market, in our view, where base business activity might show modest sensitivity to economic conditions, justifying the relatively high investment needs to develop the business. The investment opportunities portfolio remains large, as does the investment backlog, showing high market activity and dynamic bidding on small and midsize projects in a relatively competitive market.

L'Air Liquide also expects capex to increase, with capex to sales reaching about 15%-20% over the medium term. Most of the capital spending will be on eligible green projects (mainly to increase hydrogen sales by 3.0x by 2035 and help the group become carbon neutral by 2050). We view its generally high growth and the size of its capex as potential credit risks; this is partially offset by long-term off-take contracts for these growth projects, reflecting that the group builds these plants in collaboration with customers.

We view L'Air Liquide's profitability as above average for the wider chemicals sector, which is another key strength for our assessment of the business. This is linked to typical market conventions regarding contracts and pricing mechanisms, combined with the group's strong emphasis on cost management.

At the beginning of 2024, L'Air Liquide increased its operating margin improvement target (excluding energy effects) to 320 basis points (bps; from 160 bps) over four years (2022-2025), driven by the strong efficiencies generated in past years. The group achieved efficiencies of €233 million in the first half of 2024 (2023: €466 million) against its annual target of €400 million. We expect the group will continue to achieve its target of €400 million in savings per year, driven by the accelerating rollout of remote operation centers for the large industries production units, new optimization tools for delivery routes in the industrial merchant segment, continuing efficiencies related to purchases (in particular at Airgas), and strong pricing policy and business portfolio management.

## Financial Risk

We view L'Air Liquide's financial risk as intermediate, reflecting the stability of its earnings and cash flows. Following the Airgas acquisition in 2016, the group's credit metrics recovered, based on solid operating performance and prudent financial policy.

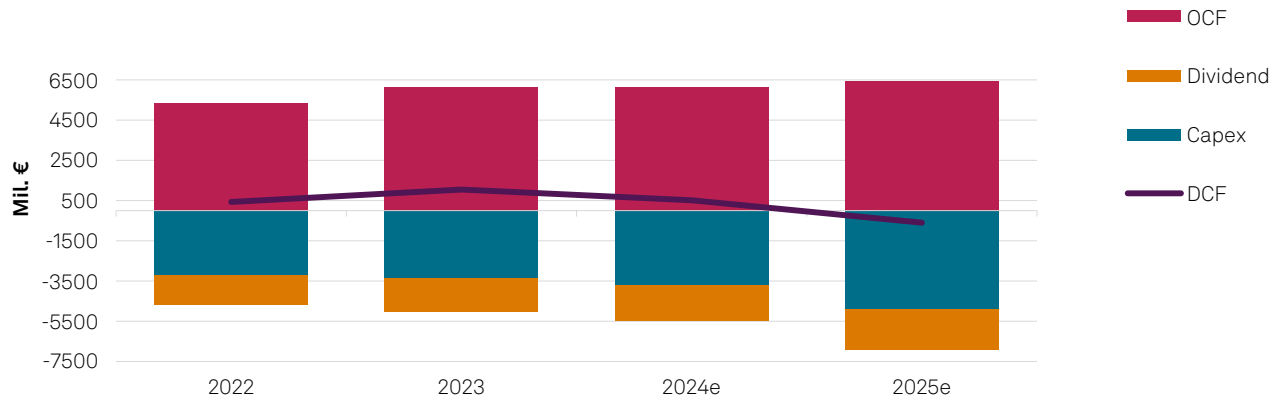
We expect slight decline in revenue in 2024 due to difficult market conditions but will return to growth in 2025. L'Air Liquide's market position remains strong and its core business robust. This is supported by its global breadth of coverage; defensive revenue streams protected by long-term offtake contracts or generated in resilient end-markets; focus on increasing pricing, cost reductions, and efficiency benefits; and its high-quality backlog and take-or-pay arrangements with various customers.

We anticipate the capex requirement to peak in 2025-2026 to about €5.0 billion-€6.0 billion per year driven by the group's acceleration of its renewable energy transition. This along with sizable dividends of about €2.0 billion-€2.5 billion per year in 2025-2026, will lead to negative discretionary cash flow during the period. That said, we see a limited risk of larger mergers and acquisitions (due to the concentration in the sector), and management's prudent financial



policy regarding dividends and share buybacks will support adjusted FFO to debt of substantially above 30%.

**Capex peak will lead to negative discretionary cash flow**



Capex--Capital expenditure. OCF--Operating cash Flow. DCF--Discretionary cash flow. E--Estimate.

Source: S&P Global Ratings.

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**Debt maturities**

**L'Air Liquide--Debt Maturity Profile**

	Bonds and private placements	Commercial paper programs	Bank debt, overdraft and other financial debt	Put options granted to minority shareholders	Total
<b>As of Dec. 31, 2023 (Mil. €)</b>					
2024	1,151.2	398.8	695.1	40.2	2,285.3
2025	970.9		219.9	12.4	1,203.2
2026	993.9		266.7		1,260.6
2027	687.9		165.8		853.7
2028	996.2		72.9		1,069.1
2029	548.3		59.0		607.3
2030	1,092.0		20.3		1,112.3
2031	623.5		2.2		625.7
<b>After 2031</b>	<b>1,800.4</b>		<b>6.6</b>		<b>1,807.0</b>

**L'Air Liquide S.A.--Financial Summary**

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2018a	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	21,011	21,920	20,485	23,335	29,934	27,608
EBITDA	5,427	5,806	5,773	6,246	6,681	7,378
Funds from operations (FFO)	4,464	4,763	4,700	5,163	5,452	6,036
Interest expense	463	494	461	376	422	464

**L'Air Liquide S.A.**

**L'Air Liquide S.A.--Financial Summary**

Cash interest paid	288	310	327	274	319	311
Operating cash flow (OCF)	4,119	4,326	4,955	4,969	5,333	6,141
Capital expenditure	2,193	2,591	2,595	2,880	3,224	3,345
Free operating cash flow (FOCF)	1,926	1,735	2,359	2,089	2,109	2,797
Discretionary cash flow (DCF)	628	319	923	631	431	1,048
Cash and short-term investments	1,726	1,026	1,791	2,247	1,911	1,625
Gross available cash	1,726	1,026	1,791	2,247	1,911	1,625
Debt	15,968	16,377	14,307	14,439	14,141	12,979
Common equity	18,207	19,324	19,005	21,999	24,572	25,043
<b>Adjusted ratios</b>						
EBITDA margin (%)	25.8	26.5	28.2	26.8	22.3	26.7
Return on capital (%)	10.2	10.4	10.5	11.6	11.3	12.9
EBITDA interest coverage (x)	11.7	11.8	12.5	16.6	15.8	15.9
FFO cash interest coverage (x)	16.5	16.4	15.4	19.8	18.1	20.4
Debt/EBITDA (x)	2.9	2.8	2.5	2.3	2.1	1.8
FFO/debt (%)	28.0	29.1	32.8	35.8	38.6	46.5
OCF/debt (%)	25.8	26.4	34.6	34.4	37.7	47.3
FOCF/debt (%)	12.1	10.6	16.5	14.5	14.9	21.5
DCF/debt (%)	3.9	1.9	6.5	4.4	3.0	8.1

**Reconciliation Of L'Air Liquide S.A. Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)**

Financial year	Dec-31-2023	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Company reported amounts		10,772	24,322	27,608	7,446	4,572	373	7,378	6,263	1,667	3,393
Cash taxes paid		-	-	-	-	-	-	(1,032)	-	-	-
Cash interest paid		-	-	-	-	-	-	(262)	-	-	-
Trade receivables securitizations		1,393	-	-	-	-	-	-	175	-	-
Lease liabilities		1,266	-	-	-	-	-	-	-	-	-
Postretirement benefit obligations/ deferred compensation		795	-	-	(5)	(5)	35	-	-	-	-
Accessible cash and liquid investments		(1,525)	-	-	-	-	-	-	-	-	-
Capitalized interest		-	-	-	-	-	49	(49)	(49)	-	(49)
Share-based compensation expense		-	-	-	40	-	-	-	-	-	-

## Reconciliation Of L'Air Liquide S.A. Reported Amounts With S&amp;P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Dividends from equity investments	-	-	-	15	-	-	-	-	-	-
Asset-retirement obligations	205	-	-	-	-	8	-	-	-	-
Nonoperating income (expense)	-	-	-	-	90	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(248)	-	-
Noncontrolling/minority interest	-	722	-	-	-	-	-	-	-	-
Debt: Put options on minority stakes	74	-	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(117)	(117)	-	-	-	-	-
D&A: Impairment charges/ (reversals)	-	-	-	-	393	-	-	-	-	-
Total adjustments	2,208	722	-	(68)	360	92	(1,343)	(122)	-	(49)
<b>S&amp;P Global Ratings adjusted</b>	<b>Debt</b>	<b>Equity</b>	<b>Revenue</b>	<b>EBITDA</b>	<b>EBIT</b>	<b>Interest expense</b>	<b>Funds from Operations</b>	<b>Operating cash flow</b>	<b>Dividends</b>	<b>Capital expenditure</b>
	12,979	25,043	27,608	7,378	4,932	464	6,036	6,141	1,667	3,345

## Liquidity

We view L'Air Liquide's liquidity as adequate because we expect liquidity sources to exceed liquidity needs by 1.27x over the 12 months from July 1, 2024. In addition, L'Air Liquide exhibits strong credit characteristics such as well-established and solid relationships with its banks, a high standing in the credit markets, and very prudent financial risk management.

### Principal liquidity sources

- Unrestricted cash and cash equivalents of about €1.6 billion as of June 30, 2024;
- €3.75 billion in undrawn bank lines;
- About €5.8 billion-€6.2 billion of cash FFO; and
- Working capital inflows of €50 million-€100 million.

### Principal liquidity uses

- Debt maturities of €2.4 billion in the next six months;
- Capex of about €4.3 billion-€4.5 billion;
- Shareholder remuneration of €1.9 billion-€2.1 billion; and
- Bolt-on acquisitions of €200 million-€300 million.

## Environmental, Social, And Governance

Environmental and social factors are an overall neutral consideration in our credit rating analysis of L'Air Liquide. Despite industrial gas companies being highly energy-intensive, the group aims to begin reducing absolute emissions around 2025 and scope 1 and 2 emissions by 33% by 2035 (compared with 2020 emissions). Like close peers, L'Air Liquide is well placed to benefit from the energy transition as it shifts to green hydrogen production. It has announced it will invest €8 billion in low-carbon hydrogen to triple its hydrogen-related revenue to more than €6 billion by 2035. Governance factors are a moderately positive consideration in our credit rating analysis given the group's risk management systems and execution of strategy, which are in line with best corporate practices.

## Issue Ratings--Subordination Risk Analysis

### Capital structure

As of year-end 2023, Air Liquide's capital structure primarily constituted total reported gross debt of €10.8 billion, with bonds and private placements of €8.9 billion, bank debt and other financial debt of €1.5 billion, commercial paper programs of €398.8 million, and put options of €74.2 million.

### Analytical conclusions

Most of the debt is issued by the group's finance subsidiary--Air Liquide Finance--and guaranteed by holding company L'Air Liquide S.A., in line with its strategy of central financing. We think that the level of structural subordination is marginal. We consider Air Liquide's funding sources as well diversified and improving. The risk management policy involves maintaining local debt as the primary financing source in countries considered higher risk.

**Rating Component Scores**

<b>Foreign currency issuer credit rating</b>	<b>A/Stable/A-1</b>
<b>Local currency issuer credit rating</b>	<b>A/Stable/A-1</b>
<b>Business risk</b>	<b>Excellent</b>
Country risk	Low
Industry risk	Low
Competitive position	Excellent
<b>Financial risk</b>	<b>Intermediate</b>
Cash flow/leverage	Intermediate
<b>Anchor</b>	<b>a+</b>
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Positive (no impact)
Comparable rating analysis	Negative (-1 notch)
<b>Stand-alone credit profile</b>	<b>a</b>

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024](#)
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024](#)
- [Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024](#)
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021](#)
- [General Criteria: Group Rating Methodology, July 1, 2019](#)
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019](#)
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018](#)
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017](#)
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014](#)
- [General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013](#)
- [General Criteria: Methodology: Industry Risk, Nov. 19, 2013](#)
- [General Criteria: Principles Of Credit Ratings, Feb. 16, 2011](#)

## Related Research

- [Industry Credit Outlook Update Europe: Chemicals, July 18, 2024](#)

## L'Air Liquide S.A.

- Credit FAQ: Europe's Chemical Sector: Spotting Signs Of Recovery, April 11, 2024
- Global Chemical Companies: Strongest To Weakest, Feb. 13, 2024
- Tear sheet: L'Air Liquide S.A., Nov. 30, 2023
- The Hydrogen Economy: Industrial Gas Companies Are In Pole Position, April 22, 2021

### Ratings Detail (as of September 05, 2024)\*

#### L'Air Liquide S.A.

Issuer Credit Rating	A/Stable/A-1
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#### Issuer Credit Ratings History

28-Jul-2021	A/Stable/A-1
22-Jul-2019	A-/Positive/A-2
24-May-2016	A-/Stable/A-2

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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