

Tear Sheet:

L'Air Liquide S.A.

July 21, 2025

This report does not constitute a rating action.

L'Air Liquide S.A.'s (Air Liquide's) operating performance will remain resilient in 2025 amid uncertain macroeconomic conditions, while we continue to view rating leeway as very comfortable. We forecast moderate revenue growth of about 5.0% in 2025, thanks to resilient demand in end markets--particularly for health care and electronics--and revenue visibility provided by a healthy backlog. A record backlog of €4.5 billion at the end of first-quarter 2025 will benefit this growth. We also believe Air Liquide's sustained price increases, portfolio optimization, and continuous cost control measures will lead to improved revenue and margin in 2025. As a result, we expect S&P Global Ratings-adjusted EBITDA will gradually improve toward €8.0 billion-€8.5 billion in 2025 from €7.8 billion in 2024, translating to an adjusted margin of 29.5%-30.0%.

In 2024, Air Liquide reported revenue of €27 billion, reflecting a slight decline of 2% over 2023. However, when adjusted for currency and energy price fluctuations, revenue increased by 2.6%. This resulted from strong performance in the health care and electronics verticals. While health care sales increased by 8.6%, led by home health care and medical gases, the electronics business expanded 3.3% due to demand for carrier gases and advanced materials.

This trend continued in first-quarter 2025. Air Liquide reported revenue growth of 5.7% (1.7% on a comparable basis), supported by health care (5.3%) and electronics (3.6%), which benefited from price increases and project launches. We note the group's focus on efficiency and cost control has led to recurring increases in margin. Air Liquide raised its margin target in early 2025 and now expects it to improve by 460 basis points (bps) by 2026 versus 2022, of which it hopes to achieve 320 bps by the end of 2025, and we believe its performance is well on track.

We forecast Air Liquide will maintain strong free operating cash flow (FOCF), despite higher capital expenditure (capex) over 2025-2027. Air Liquide's growth investments of €3.8 billion in 2024 comprised €3.5 billion of industrial capex and €284 million of financial investments, reflecting about 4% increase over 2023. Financial investments included 20 bolt-on acquisitions, mainly in the industrial merchant and health care businesses. The company continues to make significant investments in its large industries division, notably in the U.S.--such as the major \$850 million project in partnership with ExxonMobil in Baytown, Texas--and in carrier gases as part of its electronics business in the U.S. and Asia. We note that Air Liquide is also expanding its low-carbon hydrogen projects, especially in Europe, with seven projects--of which four are under construction or in operation. That also includes developing electrolyzers for green hydrogen

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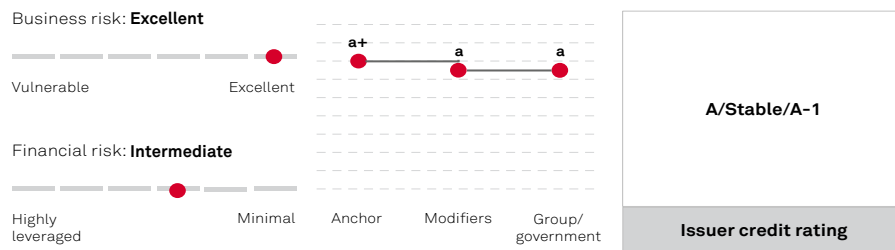
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production, through projects such as Elygator in Rotterdam and another one in Zeeland, Netherlands, in collaboration with TotalEnergies. These investments reflect Air Liquide's strategic focus on decarbonization, notably of hydrogen, while expanding its footprint in high-growth sectors like electronics and health care.

We therefore expect capex will peak at €3.8 billion-€4.1 billion over 2025-2027, underpinned by major projects and substantial investment backlog. This is, however, lower than our previous assumption that it could approach €5.0 billion in 2025. That said, despite sizable capex in the next few years, we estimate Air Liquide will continue to generate strong FOCF of €2.5 billion-€3.0 billion a year as profits increase, thanks to its resilient business model and focus on margin improvement.

Air Liquide's financial policy continues to support growth investments and shareholder remuneration, while allowing for substantial rating leeway. We expect stable, strong, and recurring cash flow generation and disciplined debt management will support the company's key ratios such as adjusted funds from operations (FFO) to debt, FOCF to debt, and discretionary cash flow to debt. Given Air Liquide's financial policies, we expect the company will use excess financial headroom for further investments, including acquisitions and shareholder returns. Therefore under our current base case, we forecast FFO to debt will comfortably remain at 50.0%-55.0% in 2025, versus 47.9% in 2024, leaving ample headroom for the current rating.

Ratings Score Snapshot



Recent Research

- [European Chemicals Sector Pulse: Financial Resilience Amid Demand Weakness](#), June 12, 2025
- [U.S. Tariffs Aren't the Main Problem for European Chemical Companies](#), March 6, 2025
- [Global Chemical Companies--Strongest to Weakest](#), Jan. 15, 2025
- [Industry Credit Outlook 2025: Chemicals](#), Jan. 14, 2025

Company Description

Air Liquide is one of the largest industrial gas suppliers worldwide with a presence in 60 countries and about 66,500 employees. About 95% of its 2024 sales came from its gas and services segment (split into four business lines--large industries, industrial merchant, health

L'Air Liquide S.A.

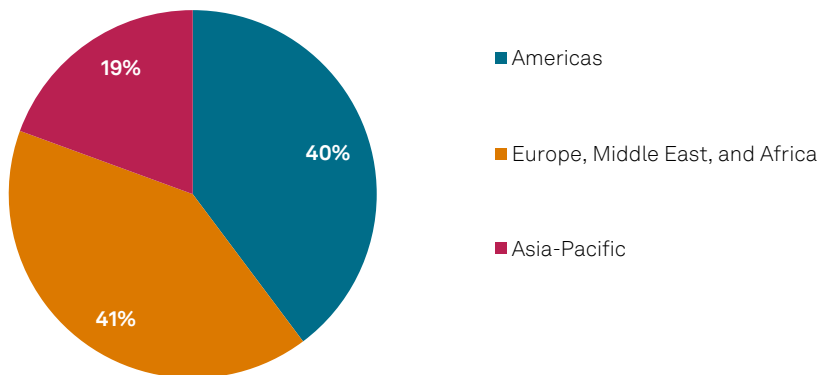
care, and electronics), and the remainder from engineering and construction, and global markets and technologies. Its industrial gas products include oxygen and nitrogen produced in air separation units, and hydrogen produced mainly in steam methane reformers. These are sold to metals, chemicals, oil refining, and electronics companies, as well as in the health care, food processing, and aerospace markets, while the group is also present in carbon capture solutions for its most carbon-intensive end markets.

In first-quarter 2025, the group generated revenue of about €7.0 billion, with about 97% coming from its gas and services segment. About 40% of its gas and services revenue came from the Americas, 40% from Europe, Middle East, and Africa (EMEA), and 20% from Asia-Pacific.

Air Liquide is publicly listed and has a diverse shareholding structure. As of July 10, 2025, it had a market capitalization of about €102 billion.

Air Liquide's gas and services revenue by region

Year to date (as of March 31, 2025)

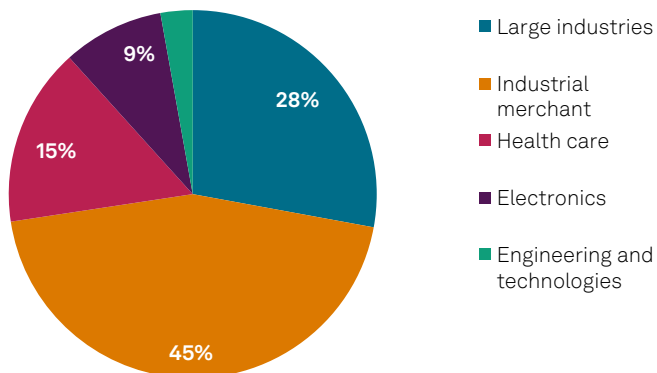


Source: S&P Global Ratings.

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Air Liquide's revenue by business line

Year to date (as of March 31, 2025)



Source: S&P Global Ratings.

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Outlook

The stable outlook reflects our view of Air Liquide's resilient business and prudently balanced capital spending, acquisitions, divestitures, and shareholder distributions, which should see its credit metrics remain very comfortable for 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 above 35%, and management committed to maintaining it at this level.

Key Metrics

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

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. EUR)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Revenue	23,335	29,934	27,608	27,058	28,665	29,809	30,999
EBITDA (reported)	6,183	7,153	7,446	7,666	8,446	9,157	9,675
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--
Plus/(less): Other	63	(473)	(68)	110	38	38	38
EBITDA	6,246	6,681	7,378	7,776	8,485	9,195	9,713
Less: Cash interest paid	(274)	(319)	(311)	(331)	(478)	(416)	(400)
Less: Cash taxes paid	(809)	(910)	(1,032)	(1,129)	(1,326)	(1,539)	(1,714)
Plus/(less): Other	--	--	--	--	--	--	--
Funds from operations (FFO)	5,163	5,452	6,036	6,317	6,681	7,240	7,599
EBIT	4,048	4,231	4,932	5,081	5,740	6,303	6,663
Interest expense	376	422	464	489	540	458	443
Cash flow from operations (CFO)	4,969	5,333	6,141	6,062	6,406	6,967	7,174
Capital expenditure (capex)	2,880	3,224	3,345	3,458	3,829	4,043	4,140
Free operating cash flow (FOCF)	2,089	2,109	2,797	2,604	2,577	2,924	3,034
Dividends	1,418	1,487	1,667	1,808	1,993	2,150	2,263
Share repurchases (reported)	40	192	82	231	--	195	65

L'Air Liquide S.A.

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

Discretionary cash flow (DCF)	631	431	1,048	565	584	579	706
Debt (reported)	12,620	12,096	10,772	11,020	9,670	9,624	9,322
Plus: Lease liabilities debt	1,261	1,280	1,266	1,374	1,387	1,401	1,415
Plus: Pension and other postretirement debt	1,030	737	795	785	785	785	785
Less: Accessible cash and liquid investments	(2,147)	(1,811)	(1,525)	(1,588)	(900)	(1,174)	(1,115)
Plus/(less): Other	1,675	1,839	1,672	1,609	1,555	1,555	1,555
Debt	14,439	14,141	12,979	13,199	12,497	12,191	11,961
Equity	21,999	24,572	25,043	27,621	29,734	31,903	34,302
FOCF (adjusted for lease capex)	1,916	1,961	2,616	2,437	2,352	2,688	2,785
Interest expense (reported)	328	357	373	379	431	349	333
Capex (reported)	2,917	3,273	3,393	3,525	3,896	4,110	4,207
Cash and short-term investments (reported)	2,247	1,911	1,625	1,915	1,000	1,274	1,215
Adjusted ratios							
Debt/EBITDA (x)	2.3	2.1	1.8	1.7	1.5	1.3	1.2
FFO/debt (%)	35.8	38.6	46.5	47.9	53.5	59.4	63.5
FFO cash interest coverage (x)	19.8	18.1	20.4	20.1	15.0	18.4	20.0
EBITDA interest coverage (x)	16.6	15.8	15.9	15.9	15.7	20.1	21.9
CFO/debt (%)	34.4	37.7	47.3	45.9	51.3	57.2	60.0
FOCF/debt (%)	14.5	14.9	21.5	19.7	20.6	24.0	25.4
DCF/debt (%)	4.4	3.0	8.1	4.3	4.7	4.8	5.9
Lease capex-adjusted FOCF/debt (%)	13.3	13.9	20.2	18.5	18.8	22.0	23.3
Annual revenue growth (%)	13.9	28.3	(7.8)	(2.0)	5.9	4.0	4.0
Gross margin (%)	100.0	100.0	100.0	100.0	101.8	103.1	103.6
EBITDA margin (%)	26.8	22.3	26.7	28.7	29.6	30.8	31.3
Return on capital (%)	11.6	11.3	12.9	12.9	13.8	14.6	14.7
Return on total assets (%)	8.9	8.5	9.8	9.9	10.7	11.4	11.7
EBITDA/cash interest (x)	22.8	20.9	23.7	23.5	17.8	22.1	24.3
EBIT interest coverage (x)	10.8	10.0	10.6	10.4	10.6	13.8	15.0
Debt/debt and equity (%)	39.6	36.5	34.1	32.3	29.6	27.6	25.9

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

Debt fixed-charge coverage (x)	16.6	15.8	15.9	15.9	4.0	12.9	13.0
Debt/debt and undepreciated equity (%)	39.6	36.5	34.1	32.3	29.6	27.6	25.9

Financial Summary

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

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	21,920	20,485	23,335	29,934	27,608	27,058
EBITDA	5,806	5,773	6,246	6,681	7,378	7,776
Funds from operations (FFO)	4,763	4,700	5,163	5,452	6,036	6,317
Interest expense	494	461	376	422	464	489
Cash interest paid	310	327	274	319	311	331
Operating cash flow (OCF)	4,326	4,955	4,969	5,333	6,141	6,062
Capital expenditure	2,591	2,595	2,880	3,224	3,345	3,458
Free operating cash flow (FOCF)	1,735	2,359	2,089	2,109	2,797	2,604
Discretionary cash flow (DCF)	319	923	631	431	1,048	565
Cash and short-term investments	1,026	1,791	2,247	1,911	1,625	1,588
Gross available cash	1,026	1,791	2,247	1,911	1,625	1,588
Debt	16,377	14,307	14,439	14,141	12,979	13,199
Common equity	19,324	19,005	21,999	24,572	25,043	27,621
Adjusted ratios						
EBITDA margin (%)	26.5	28.2	26.8	22.3	26.7	28.7
Return on capital (%)	10.4	10.5	11.6	11.3	12.9	12.9
EBITDA interest coverage (x)	11.8	12.5	16.6	15.8	15.9	15.9
FFO cash interest coverage (x)	16.4	15.4	19.8	18.1	20.4	20.1
Debt/EBITDA (x)	2.8	2.5	2.3	2.1	1.8	1.7
FFO/debt (%)	29.1	32.8	35.8	38.6	46.5	47.9
OCF/debt (%)	26.4	34.6	34.4	37.7	47.3	45.9
FOCF/debt (%)	10.6	16.5	14.5	14.9	21.5	19.7
DCF/debt (%)	1.9	6.5	4.4	3.0	8.1	4.3

Peer Comparison

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/Negative/A-1
Local currency issuer credit rating	A/Stable/A-1	A/Stable/A-1	A/Negative/A-1

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

Period	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-09-30
Mil.	EUR	EUR	EUR
Revenue	27,058	31,879	10,849
EBITDA	7,776	12,339	4,465
Funds from operations (FFO)	6,317	9,674	3,457
Interest	489	567	510
Cash interest paid	331	524	456
Operating cash flow (OCF)	6,062	9,298	3,101
Capital expenditure	3,458	4,278	3,999
Free operating cash flow (FOCF)	2,604	5,020	(898)
Discretionary cash flow (DCF)	565	(1,874)	(2,324)
Cash and short-term investments	1,588	4,685	2,676
Gross available cash	1,588	4,685	2,676
Debt	13,199	17,579	9,374
Equity	27,621	38,141	16,743
EBITDA margin (%)	28.7	38.7	41.2
Return on capital (%)	12.9	15.6	13.2
EBITDA interest coverage (x)	15.9	21.8	8.7
FFO cash interest coverage (x)	20.1	19.4	8.6
Debt/EBITDA (x)	1.7	1.4	2.1
FFO/debt (%)	47.9	55.0	36.9
OCF/debt (%)	45.9	52.9	33.1
FOCF/debt (%)	19.7	28.6	(9.6)
DCF/debt (%)	4.3	(10.7)	(24.8)

Environmental, Social, And Governance

Environmental and social factors are an overall neutral consideration in our credit rating analysis of Air Liquide. Despite industrial gas companies being highly energy-intensive, the group aims to begin reducing absolute emissions starting around 2025 and scope 1 and 2 emissions by 33% by 2035 (compared with 2020 emissions). Like its closest peers, Air Liquide is well placed to benefit from energy transition as it shifts to blue and green hydrogen production, as well as in carbon capture solutions. 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.

Rating Component Scores

Foreign currency issuer credit rating	A/Stable/A-1
Local currency issuer credit rating	A/Stable/A-1
Business risk	Excellent
Country risk	Low
Industry risk	Low
Competitive position	Excellent
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	a+
Modifiers	
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)
Stand-alone credit profile	a

Related Criteria

- [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
- [Criteria | Corporates | General: Corporate Methodology](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Nov. 13, 2012
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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