

Pre-Q3 2020 Sales Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group Q3 2020 sales. This document is not intended to provide additional information beyond existing disclosures.

- **Significant perimeter impact**

- **Fujian** units in China started up in December 2018 and its subsequent divestiture was closed early September 2019. It is accounted for as a negative significant perimeter impact on Large Industries sales **until Q3 2020**.
- **Schülke** divestiture was closed in August 2020. The deconsolidation of Schülke activities is accounted for starting **July 1st 2020** and generates a negative significant perimeter impact on Healthcare sales.
- As part of its portfolio management strategy, Air Liquide reduced its participation under the controlling threshold in **a reseller affiliate in Japan**. As of **July 1st 2020**, this operation generates a negative significant perimeter impact on Industrial Merchant, Electronics and Healthcare sales.
- The total significant perimeter impact expected in Q3 2020 is summarized in the table below:

Sales	Q3 2020
Fujian (m€)	-32
Schülke (m€)	-93
Reseller affiliate in Japan (m€)	-24
Total (€m)	-149
% at Group Level	-2.7%

- We are still waiting for official approvals regarding the Sasol project. Therefore, no impact is expected in Q3 2020.

- **Currency impact**

Main currency variations (from the largest to the smallest impact on Group sales in Q3 2020):

€ versus	Q3 2019	Q3 2020	change
US Dollar	1.112	1.169	+5.2%
Brazilian Real	4.41	6.28	+43%
Argentina Peso	57.9	87.6	+51%
Chinese Renminbi	7.80	8.09	+3.7%

In Q2 2020, the currency impact on Group and Gas & Services revenue was -0.5%. It is estimated to be **around -3.5%** in **Q3 2020**. For **FY 2020**, it is expected to be **approximately -2.0%** on Group and Gas & Services revenue based on an estimated annual average EUR/USD exchange rate at 1.14.

- **Energy pass-through impact**

In Q2 2020, the Energy pass-through effect was -3.0% on Group revenue and -3.2% on Gas & Services revenue. It is expected to be **close to -2.0%** on Group and Gas & Services revenue in **Q3 2020**.

- **Business items**

Q2 2020 has proven the **resilience** of Air Liquide's activities **across its businesses**, while being severely affected by the COVID-19 crisis. Activities in **Europe** began to **gradually recover** since May, while several countries have strengthened local lockdown measures during September. In **North America**, after showing initial signs of recovery in certain markets at the end of May, the **activity stabilized in June**; several U.S. states have not lifted lockdown measures yet. In **Latin America**, Healthcare teams are mobilized against the COVID-19, while Large Industries growth in Q2 was mainly driven by Start-ups and Ramp-ups. In **Asia, the situation remained contrasted**: China has recovered very fast with revenue back to growth in Q2 2020, whereas the rest of Asia is still impacted by local lockdowns. In Middle East and Africa, the situation is also contrasted, depending on the gradual ease of lockdowns.

Activity highlights are detailed below by business line, **based on information provided during the H1 2020 announcement**.

- **Large Industries** resisted well with sales at **-4.2%** in Q2 2020. Air gases volumes were impacted by weak demand from Steel and Chemical customers. Hydrogen consumptions from Refineries and Chemicals were soft in Europe and the U.S. At the end of August, the hurricane Laura hit the Gulf Coast area in the U.S. In Asia, China was back to growth in Q2 while the situation remained contrasted in other countries.
- **Industrial Merchant** was the activity the most impacted by Covid-19. Sales were down **-14.4%** in Q2 2020. In Europe, a gradual recovery started in May, notably in Northern and Southern Europe. The activities in the U.S. improved slightly in May and stabilized in June. China was rapidly back to growth in Q2 2020, while the rest of Asia is still impacted by local lockdowns. Pricing remained strong, at **+2.9%** in Q2 2020.
- **Healthcare** posted a strong growth of **+7.6%** in Q2 2020. It was driven by continued high demand linked to COVID-19 in Hygiene, Equipment and Medical oxygen. Medical gases sales to hospitals linked to COVID-19 are softening progressively and the restart of elective surgeries will take time. Home Healthcare activity experienced a sharp reduction of new prescriptions during lockdowns, notably in sleep apnea and diabetes segments, and the onboarding of new patients is progressively picking up.
- **Electronics** revenue reached **+0.5%** in Q2 2020, with strong growth in Carrier Gases and Advanced Materials, offset by lower Equipment & Installations (E&I) sales compared to high Q2 2019 revenue.
- **Engineering & Construction** consolidated revenue totaled **€52m** in Q2 2020, **-38.4%** vs. Q2 2019, explained by resources allocated to internal projects and by the delay of several projects by a few months due to lockdowns.
- Sales in **Global Markets & Technologies** were down **-5.7%** in Q2 2020, impacted by reduced production capacities due to the pandemic.

Q3 2020 sales will be announced on **23 October 2020**.

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The information is valid only at the time of writing and Air Liquide does not assume any obligation to update or revise the objectives on the basis of new information or future or other events, subject to applicable regulations.

A world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with approximately 67,000 employees and serves more than 3.7 million customers and patients. Oxygen, nitrogen and hydrogen are essential small molecules for life, matter and energy. They embody Air Liquide's scientific territory and have been at the core of the company's activities since its creation in 1902.

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.