

Pre-Q3 2021 Sales Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group Q3 2021 sales. This document is not intended to provide additional information beyond existing disclosures.

- **Significant perimeter impact**

The **acquisition of Sasol's 16 ASUs** was finalized on June 24th for **around €480m**, impacting the Group **Balance Sheet** and **Cash Flow**, but **no sales** have been recognized in **H1 2021**. Starting in Q3 2021, it generates a scope impact qualified as "significant perimeter" for approximately €70m of sales in **H2 2021**.

- **Currency impact**

Main currency variations (from the largest to the smallest impact on Group sales in Q3 2021):

€ versus	Q3 2020	Q3 2021	Change
Chinese Renminbi	8.09	7.63	-5.7%
US Dollar	1.169	1.179	+0.8%
Argentina Peso	87.6	114.8	+31.0%
Japanese Yen	0.1241	0.1298	+4.6%

In Q2 2021, the currency impacts on Group and Gas & Services revenue were respectively -4.6% and -4.7%. It is estimated to be **close to +0.5%** in **Q3 2021** on Group and Gas & Services revenue. For **FY 2021**, it is expected to be **approximately -2.2%**, based on an estimated annual average EUR/USD exchange rate at 1.19.

- **Energy pass-through impact**

In Q2 2021, the Energy pass-through effect was +4.8% on Group revenue and +5.1% on Gas & Services revenue. It is expected to be **close to +9.0%** on Group and Gas & Services revenue in **Q3 2021**.

As a reminder, Energy costs are being passed through to customers. As a consequence, increase in energy price does inflate the "as published" sales but has no impact on the operating income in value, resulting in the dilution of the "as published" OIR/sales ratio.

Indeed, in H1 2021, the operating margin ratio improved by +100bps excluding the energy passthrough impact while the as published margin ratio improvement was diluted to +40bps.

The steep increase in energy prices will mathematically impact again the as published sales in Q3 2021 as well as the as published operating margin in H2 2021. However, margin improvement needs to be measured excluding this energy passthrough impact as it reflects the true underlying performance of the company.

- **Business items**

Q2 2021 benefited from a favorable YoY comparison vs. **Q2 2020** which was strongly impacted by Covid-19 (sales **-6.9%** in **Q2 2020** vs. **Q2 2019**). As a reminder, in **Q3 2020** the broader economy and Air Liquide industrial activities were beginning to recover (sales **-0.9%** in **Q3 2020** vs. **Q3 2019**) which will lead to a different comparison effect for **Q3 2021**.

Activity highlights are detailed below by business line, **based on public information**.

Large Industries revenue was up **+12.3%** on a comparable basis in Q2 2021 thanks mainly to the contribution from new facilities and the strong demand from the Steel and Chemicals sectors. **As a reminder, contractually, energy costs are fully passed through to customers.**

Industrial Merchant sales were up **+17.9%** in Q2 2021 driven by strong recovery in volumes, a dynamic activity in China and a solid +2.4% pricing impact over the quarter. **Air Liquide is confident to pass the energy cost increase either through contract indexation or direct negotiation with customers.**

Healthcare revenue was up **+8.7%** in Q2 2021, driven by the medical oxygen demand to fight Covid-19 and the pick-up in Home Healthcare business and in elective procedures at hospitals.

All **Electronics** sub-segments contributed to the **+7.7%** growth in Q2 2021, and mainly carrier gases activity (at +10%) supported by start-ups and ramp-ups.

Engineering & Construction consolidated revenue totaled **€93m** in Q2 2021, +83.6% vs. Q2 2020, explained by a pursued momentum of order intake.

Sales in **Global Markets & Technologies** were up **+44.4%** in Q2 2021, driven mainly by high biogas activity and recovery in order intake.

- **Margin**

In H1 2021 the Group operating margin (Operating Income Recurring to sales) improved significantly by +100bps excluding energy passthrough impact and the Group reiterated its full year guidance: "In a context of recovery in 2nd half, Air Liquide is confident in its ability to further increase its operating margin and to deliver recurring net profit⁽¹⁾ growth, at constant exchange rates."

⁽¹⁾ Excluding exceptional and significant items that have no impact on the operating income recurring. Excluding the impact of any US tax reform in 2021.

Q3 2021 sales will be announced on **October 22, 2021**.

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Although Air Liquide believes that the expectation reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside our control.

Please refer to the most recent Universal Registration Document filed by Air Liquide with the French Autorité des marchés financiers for additional information in relation to such risks and uncertainties.

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 78 countries with approximately 64,500 employees and serves more than 3.8 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 - with a strong commitment to climate change and energy transition at the heart of its strategy. 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 more than 20 billion euros in 2020. Air Liquide is listed on the Euronext Paris stock exchange (compartment A) and belongs to the CAC 40, CAC40 ESG, EURO STOXX 50 and FTSE4Good indexes.