

Paris, October 23, 2020

Third quarter 2020:

- **Marked recovery in sales across all regions and all business lines**
- **2020 Guidance confirmed**

| Key Figures (in millions of euros) | Q3 2020 | 2020/2019 as published | 2020/2019 comparable ^(a) |
|--|--------------|---------------------------|--|
| Group Revenue | 4,980 | -8.7% | -0.9% |
| of which Gas & Services | 4,777 | -8.9% | -0.9% |
| of which Engineering & Construction | 60 | -26.3% | -24.4% |
| of which Global Markets & Technologies | 143 | +9.6% | +11.4% |

(a) Change excluding the currency, energy (natural gas and electricity) and significant scope impacts, see reconciliation in appendix.

Commenting on the 3rd quarter of 2020, Benoît Potier, Chairman and CEO of the Air Liquide Group, said:

*“This 3rd quarter saw a **marked recovery in sales**. Compared with the 2nd quarter of 2020, which was impacted by the pandemic, **all business lines and all regions improved**. Group revenue reached **5 billion euros, -0.9% on a comparable basis** (-8.7% as published, reflecting the negative currency, energy price and significant scope impacts).*

***Gas & Services**, which represent 96% of Group sales, were almost flat, with contrasted situations. **Momentum in Healthcare and Electronics** remained particularly **good**; **Large Industries sales recovered**, whereas **Industrial Merchant**, which showed a marked **sequential improvement**, still remained at a level below 2019. By region, **sales in Europe and Asia were stronger** than in the 3rd quarter of 2019 on a comparable basis, and the **Americas improved** compared with the 2nd quarter of 2020.*

***Global Markets & Technologies** also saw a return to growth, whereas **Engineering & Construction** sales demonstrated progressive improvement, compared to previous quarters.*

***The Group continued its drive to improve its operating margin**, delivering **311 million euros** of efficiencies over the first nine months, in line with its annual target of more than 400 million euros, and the additional cost containment plan continued to deliver.*

*The continued improvement in performance translated into **cash flow from operating activities** which reached nearly **24% of sales**. **The investment cycle** remains **well oriented** and the 12-month portfolio of investment opportunities, which is refocused on growth markets, stands at a high level. **Investment decisions**, which ensure future growth, were significant at **2.1 billion euros** at the end of September, almost one third relating to the energy transition.*

***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 and 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.

Highlights of the 3rd quarter 2020

- **Healthcare:**
 - Mobilization of Air Liquide Healthcare teams across the world against Covid-19, in particular to supply medical oxygen.
 - Support by the Air Liquide Foundation of 10 scientific projects and 23 emergency social aid projects as part of its Covid-19 initiative.
 - Completion of the disposal of schülke to capital investment company EQT.

- **Industry:**
 - Finalization of an agreement with Sasol to acquire the world's largest oxygen production site, in Secunda, South Africa, for an amount of around 440 million euros, and to target at least a 30% reduction in CO₂ emissions. This transaction remains subject to regulatory approvals, notably authorization by the South African Competition authority, which are expected as of December 2020.
 - Long-term contract in the U.S. with Eastman Chemical Company with an investment of more than 160 million US dollars to modernize existing assets and build a new air separation unit and a partial oxidation unit.
 - Investment of 125 million euros to build the first world-scale oxygen production unit adapted to a renewable energy-powered electric grid in the Port of Moerdijk in the Netherlands.
 - Investment of 60 million euros to build an eighth air separation unit in the Tianjin Port Free Trade Zone, in China.

- **Environment:** Signature of a long-term renewable electricity purchase agreement, representing 15% of the current consumption of the Group's activities in Spain.

- **Portfolio:** Completion of the disposal of CRYOPDP to the French capital investment company Hivest Capital Partners. Acquisition of 80% of the capital of the French company Cryoconcept, which specializes in dilution refrigeration.

Group revenue for the 3rd quarter of 2020 totaled **4,980 million euros**. The business model has proven its resilience in recent months in a challenging public health context. Business has been picking up across all regions with sales at **-0.9%** on a comparable basis in the 3rd quarter of 2020, near 2019 levels. China saw the most dynamic level of recovery, with 3rd quarter 2020 sales up markedly, whereas the situation was more contrasted in the rest of the Asia-Pacific region. Activity is picking up in Europe, and posted slight growth compared with 2019. Signs of a more gradual recovery can be seen in North America and business remains strong in South America, in particular for Large Industries and Healthcare. Consolidated **Engineering & Construction** sales (**-24.4%**) reflected the priority allocation of resources to internal projects. **Global Markets & Technologies** returned to double-digit growth, with sales up markedly by **+11.4%** during the 3rd quarter. Due to the materially negative impacts of currency (-3.7%), significant scope (-2.6%) and energy (-1.5%), Group revenue as published was down **-8.7%**.

Gas & Services revenue for the 3rd quarter of 2020 reached **4,777 million euros**, slightly down **-0.9%** on a comparable basis. The markedly negative impacts of currency (-3.8%), significant scope (-2.7%) and energy (-1.5%) affected Gas & Services revenue as published, which was down **-8.9%**. Significant scope impact includes the disposal of schülke in Healthcare and the reduction of the Group's participation in a reseller in Japan during the 3rd quarter 2020, and the disposal of Fujian Shenyuan in September 2019.

- Gas & Services revenue in the **Americas** totaled **1,916 million euros** in the 3rd quarter, marking a decline of **-3.3%** on a comparable basis. North America saw a marked improvement in sales compared with the 2nd quarter, but these remained down compared with 2019. Latin America posted sales growth. Large Industries revenue was up over the quarter (+2.1%). Industrial Merchant saw a strong sequential rebound, but remained affected by the public health crisis and lockdown measures with revenue down -6.8%. Electronics posted strong growth of +6.6%. Healthcare remains fully committed to the fight against the pandemic and posted sales growth of +8.0%.
- Revenue in **Europe** totaled **1,615 million euros** over the 3rd quarter, posting a comparable growth of **+0.5%**. Industrial activities saw a significant recovery across the region, although volumes remained below pre-public health crisis levels. Large Industries sales (-3.4%) grew sequentially compared with the 2nd quarter of 2020. In Industrial Merchant (-4.8%, of which -1.9% from minor divestments), cylinder gas sales returned to a level near that of the 3rd quarter of 2019. Healthcare revenue was up +9.5% during the 3rd quarter, driven by sales of ventilators at cost price that remained exceptionally high due to the pandemic.
- Revenue in **Asia-Pacific** reached **1,101 million euros**, up **+1.6%** on a comparable basis. In China, momentum was strong across all industrial business lines, growing at +7.6%. The recovery was slower in the rest of the region, impacted by the public health crisis. Large Industries (+3.0%) was driven by demand in China and the ramp-up of a unit in South Korea. Industrial Merchant (-4.0%) was still sluggish, but recovered compared with the 2nd quarter. Electronics (+6.3%) remained very strong with growth exceeding +10% excluding Equipment & Installation sales.
- **Middle East and Africa** revenue stood at **145 million euros**, stable (**+0.0%**) on a comparable basis. In Industrial Merchant, the Middle East and India improved clearly compared with the 2nd quarter, with the recovery more contrasted in Africa. Large Industries sales were up slightly compared with the 3rd quarter of 2019, notably in South Africa and Saudi Arabia. Healthcare, which continues to be committed to the fight against COVID-19, posted strong growth across the region.

Healthcare remains highly invested in the fight against Covid-19 and posted a comparable sales growth of **+8.4%**. Sales growth in **Electronics** was also very solid at **+5.9%** and **+7.3%** excluding Equipment & Installation, with a sharp increase in Advanced Materials and Carrier Gases sales. **Large Industries** sales were stable, **+0.2%** compared with 3rd quarter 2019, driven notably by developing economies and in particular, by the recovery in China. **Industrial Merchant** posted a decline of **-5.8%**, sustained pricing impacts of +2.6%, growth in China, the eastern part of Europe and South America were unable to offset the slowdown from the public health crisis which continues to be strongly felt, notably in the sales of hardgoods in the United States.

Consolidated **Engineering & Construction** revenue reached **60 million euros** in the 3rd quarter, with sales to third-party customers remaining sluggish due to the public health crisis. Resources were mainly allocated to internal projects in Large Industries and Electronics.

Global Markets & Technologies revenue was **143 million euros** and saw a return to very dynamic growth momentum of **+11.4%**, as production capacity was no longer constrained by the public health crisis. Equipment sales were up markedly, in particular membrane purification systems. The biogas business remained strong, notably in Europe where biomethane sales for transport were up, and in the United States.

Efficiencies amounted to **311 million euros** over the first nine months of the year, in line with the annual objective fixed at more than 400 million euros. Since the start of the performance improvement program in 2017, **1.4 billion euros** of cumulated efficiencies have been generated. Moreover, **exceptional cost reductions** under the public health crisis response plan continued but **are not, due to their nature, sustainable over the long term**.

Cash flow from operating activities amounted to **3,648 million euros** at the end of September 2020, which corresponds to **23.9% of sales**, a marked improvement of **+240 basis points** compared with the 3rd quarter of 2019⁽¹⁾. The **net debt-to-equity ratio**, adjusted for the seasonal effect of the dividend payment, reached **58,3%** representing a significant decrease compared with December 31, 2019 (64.0%).

Industrial investment decisions reached **685 million euros** during the 3rd quarter and **close to 2 billion euros** since the beginning of 2020 despite the public health crisis. Development was very active in **Large Industries**, notably with the signature of a takeover in Kazakhstan and a new Air Separation Unit in Poland.

The **12-month portfolio of investment opportunities** continued to improve and reached **3.0 billion euros**. This excludes the on-going takeover of the 16 Air Separation Units in South Africa. The change in the portfolio confirms the Group's future growth outlook.

The **additional contribution to sales** of unit start-ups and ramp-ups totaled **53 million euros** over the 3rd quarter of 2020, and 133 million euros over the first nine months of the year. This should reach **180 million euros for 2020** as a whole, at the high end of the estimate range communicated previously. **For 2021**, the estimated additional contribution to sales is reforecast upwards in the range of **320 to 350 million euros** despite the postponement of some start-ups and after taking into account the sales contribution from the 16 Air Separation Units that are currently being taken over in South Africa.

¹ Compared with restated 3rd quarter 2019 following changes in 2019 annual financial statements: financial costs before taxes linked to IFRS 16 are reclassified in other financial expenses whereas they were included in net finance costs on 30 september 2019. A distinction is now made between other non-cash items under which the adjustment of this cost is recognized as well as income and expenses under IAS 19 and IFRS 2 and other cash items

Analysis of 3rd quarter 2020 revenue

Unless otherwise stated, all variations in revenue outlined below are on a comparable basis, excluding currency, energy (natural gas and electricity) and significant scope impacts.

REVENUE

| Revenue (in millions of euros) | Q3 2019 | Q3 2020 | 2020/2019 published change | 2020/2019 comparable change |
|-----------------------------------|--------------|--------------|----------------------------------|-----------------------------------|
| Gas & Services | 5,242 | 4,777 | -8.9% | -0.9% |
| Engineering & Construction | 81 | 60 | -26.3% | -24.4% |
| Global Markets & Technologies | 131 | 143 | +9.6% | +11.4% |
| TOTAL REVENUE | 5,454 | 4,980 | -8.7% | -0.9% |

| Revenue by Quarter (in millions of euros) | Q1 2020 | Q2 2020 | Q3 2020 |
|---|--------------|---------------|--------------|
| Gas & Services | 5,191 | 4,729 | 4,777 |
| Engineering & Construction | 52 | 52 | 60 |
| Global Markets & Technologies | 127 | 122 | 143 |
| TOTAL REVENUE | 5,370 | 4,903 | 4,980 |
| 2020/2019 Group published change | -1.3% | -11.0% | -8.7% |
| 2020/2019 Group comparable change | +0.6% | -6.9% | -0.9% |
| 2020/2019 Gas & Services comparable change | +1.1% | -6.5% | -0.9% |

Group

Group revenue for the 3rd quarter of 2020 totaled **4,980 million euros**. The business model has proven its resilience in recent months in a challenging public health context. Business has been picking up across all regions with sales down **-0.9%** during the 3rd quarter of 2020, near 2019 levels, for both the Group and Gas & Services. China saw the most dynamic level of recovery, with 3rd quarter 2020 sales up markedly, whereas the situation was more contrasted in the rest of the Asia Pacific region. Activity is picking up in Europe, and posted slight growth compared with 2019. Signs of a more gradual recovery can be seen in North America and business remains strong in South America, in particular for Large Industries and Healthcare. Consolidated Engineering & Construction sales (**-24.4%**) reflected the priority allocation of resources to internal projects. Global Markets & Technologies returned to double-digit growth, with sales up markedly by **+11.4%** during the 3rd quarter. Due to the materially negative impacts of currency (-3.7%), significant scope (-2.6%) and energy (-1.5%), Group revenue as published was down **-8.7%**.



Foundation

- In response to the Health crisis, the **Air Liquide Foundation** launched as early as **March 2020 the Covid-19 Initiative**. More than **2 millions euros** have been mobilized over two years, with a double objective: to support scientific research projects and to reinforce the help given to associations working with the most vulnerable people to the Covid-19. **The Foundation has already approved 10 scientific projects and 21 social emergency aid projects on all continents since March 2020.**

Gas & Services

Gas & Services revenue for the 3rd quarter of 2020 reached **4,777 million euros**, slightly down **-0.9%**. Healthcare remains highly invested in the fight against Covid-19 and posted sales growth of **+8.4%**. Sales growth in Electronics was also very solid at **+5.9%** and **+7.3%** excluding Equipment & Installation, with a sharp increase in Advanced Materials and Carrier Gases sales. Large Industries sales were stable, **+0.2%** compared with 3rd quarter 2019, driven notably by developing economies and in particular, by the recovery in China. Industrial Merchant posted a decline of **-5.8%**, sustained pricing impacts of **+2.6%**, growth in China, the eastern part of Europe and South America were unable to offset the slowdown from the public health crisis which continues to be strongly felt, notably in the sales of hardgoods in the United States. The major negative currency (-3.8%), significant scope (-2.7%) and energy (-1.5%) impacts affected Gas & Services revenue as published, which was down **-8.9%**. Significant scope impact includes the disposal of schülke in Healthcare and the reduction of the Group's participation in a reseller in Japan during the 3rd quarter 2020, and the disposal of Fujian Shenyan in September 2019.

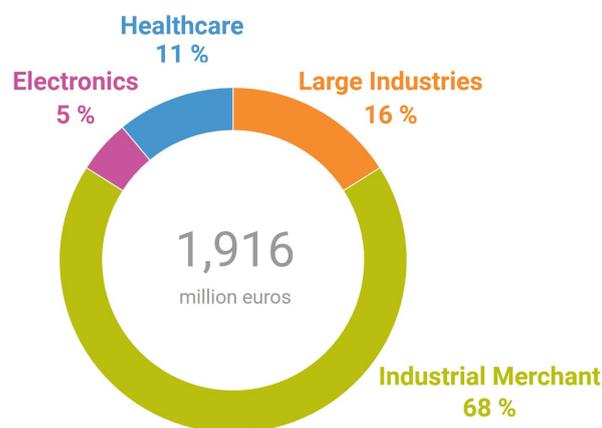
| Revenue by geography and business line (in millions of euros) | Q3 2019 | Q3 2020 | 2020/2019 published change | 2020/2019 comparable change |
|--|--------------|--------------|----------------------------------|-----------------------------------|
| Americas | 2,137 | 1,916 | -10.3% | -3.3% |
| Europe | 1,742 | 1,615 | -7.3% | +0.5% |
| Asia-Pacific | 1,207 | 1,101 | -8.7% | +1.6% |
| Middle East & Africa | 156 | 145 | -7.2% | +0.0% |
| GAS & SERVICES REVENUE | 5,242 | 4,777 | -8.9% | -0.9% |
| Large Industries | 1,374 | 1,212 | -11.8% | +0.2% |
| Industrial Merchant | 2,471 | 2,217 | -10.3% | -5.8% |
| Healthcare | 915 | 866 | -5.3% | +8.4% |
| Electronics | 482 | 482 | -0.1% | +5.9% |

Americas

Gas & Services revenue in the Americas totaled **1,916 million euros** in the 3rd quarter, marking a decline of **-3.3%**. North America saw a marked improvement in sales compared with the 2nd quarter, but these remained down compared with 2019. Latin America posted sales growth. Large Industries revenue was up over the quarter (+2.1%). Industrial Merchant saw a strong sequential rebound, but remained affected by the public health crisis and lockdown measures with revenue down -6.8%. Electronics posted strong growth of +6.6%. Healthcare remains fully committed to the fight against the pandemic and posted sales growth of +8.0%.

Americas Gas & Services Q3 2020 Revenue

- **Large Industries** revenue saw a return to growth after a decline during the 2nd quarter, and enjoyed +2.1% growth during the 3rd quarter. Air gases and hydrogen volumes recovered in North America compared with the 2nd quarter, but remained below 2019 levels. The storms which hit the Gulf Coast at the end of the summer had a limited impact on business. Sales growth was strong in Latin America, driven mainly by the ramp-up of new hydrogen units.
- **Industrial Merchant** sales during the 3rd quarter (-6.8%) continued to be affected by the decline in activity due to the public health crisis, but improved markedly compared with the 2nd quarter which saw a fall in revenue of -15.9%. In the United States, the Food, Pharmaceutical, Research, and Retail and Craftsmen markets enjoyed sales that were close to or higher than during the 3rd quarter of 2019, whereas sales to industrial sectors such as Metal Fabrication and Energy continued to decline despite a marked sequential improvement. Sales in Latin America saw a return to growth and improvement was felt in the various countries. Pricing impacts remained high in the region at +3.6%.
- **Healthcare** revenue was up +8.0% during the 3rd quarter, marking a strong improvement compared with the 2nd quarter (+1.0%). The United States saw an increase in demand for medical liquid oxygen to fight Covid-19 and benefited from a recovery in proximity care. In Latin America, the Healthcare teams remain highly committed to the fight against Covid-19 with sales to hospitals up markedly, in particular in Argentina and Brazil. The number of patients treated at home was also up.
- **Electronics** revenue was up +6.6%, with very high Equipment & Installation sales during the quarter.



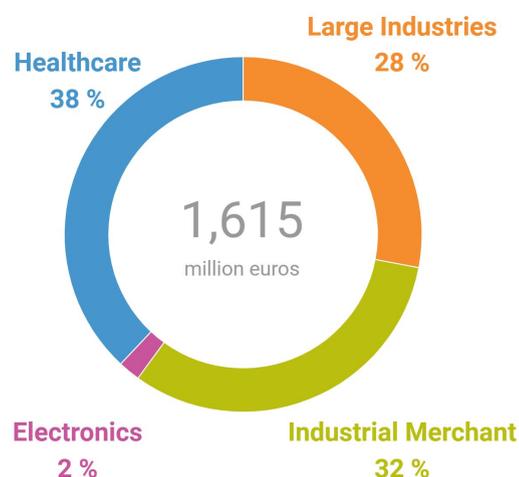
Americas

- Air Liquide announced a **long-term supply agreement with Eastman Chemical Company** to provide additional gaseous oxygen, nitrogen and syngas supporting Eastman's growth in Longview, Texas. **Air Liquide will invest more than 160 million U.S. dollars** to modernise existing assets and build a new Air Separation Unit (ASU) and Partial Oxidation Unit (POX).

Europe

Revenue in Europe totaled **1,615 million euros** over the 3rd quarter, posting growth of **+0.5%**. Industrial activities saw a significant recovery across the region, although volumes remained below pre-public health crisis levels. Large Industries sales (-3.4%) grew sequentially compared with the 2nd quarter of 2020. In Industrial Merchant (-4.8%, of which -1.9% from minor divestments), cylinder gas sales returned to a level similar to the 3rd quarter of 2019. Healthcare revenue was up +9.5% during the 3rd quarter, driven by sales of ventilators at cost price, that remained exceptionally high due to the pandemic.

Europe Gas & Services Q3 2020 Revenue



- During the 3rd quarter, **Large Industries** sales were down -3.4% but grew sequentially compared with the 2nd quarter, which marked the peak of the public health crisis. Demand for air gases remained weak in the Steel sector. Volumes improved slightly quicker for Chemicals customers than for Refineries which have adjusted their production in response to weaker demand for transportation fuel. Air gases sales were up over the quarter in Russia and Turkey.
- **Industrial Merchant** revenue was down -4.8%, of which a -1.9% minor scope impact, due to the balance of small disposals and bolt-on acquisitions carried out as part of the portfolio management program. Cylinder gas sales improved and returned to a level similar to the 3rd quarter of 2019 notably thanks to the restart of construction activities. The recovery was slower for liquid gas sales, particularly in Germany. Revenue growth was strong in the eastern part of Europe, in particular in Turkey, Russia and Poland. Pricing impacts remained solid at +1.7%, marking an increase compared with the 2nd quarter (+1.4%).
- **Healthcare** revenue was up +9.5% during the 3rd quarter. Ventilators sales, at cost price, were once again particularly high, due to the pandemic. Medical gases sales remained high. Home Healthcare saw a return to more dynamic growth following the slowdown in new homecare installations during the 2nd quarter, at the peak of the pandemic. This was notably driven by an increase in the number of patients treated at home for diabetes in Germany, France, Spain and Portugal, as well as the contribution from new bolt-on acquisitions.



Europe

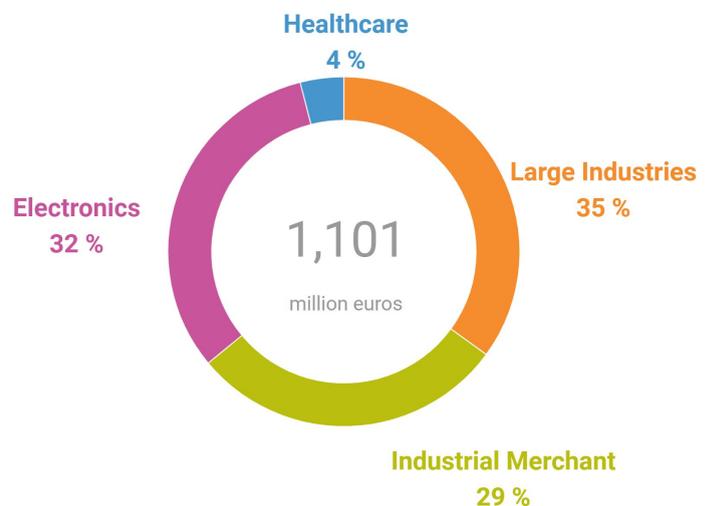
- Air Liquide announced an investment of **125 million euros** in July to build the first world-scale **Air Separation Unit (ASU)** for oxygen production with an energy storage system that helps facilitate more renewable energy on the electricity grid due to its grid stabilizing capability. This **highly efficient plant, with circa 10% less electricity consumption**, will have a production capacity of **2,200 tons of oxygen per day**, and will be built in Port of **Moerdijk** in the **Netherlands**. This project illustrates Air Liquide's strategy to grow in strategic industrial basins, and the Group's ability to design and implement innovative solutions contributing to the **energy transition**, in line with its **Climate Objectives**.
- Air Liquide and KGHM Polska Miedź, one of the largest producers of copper and silver in the world, have signed a **new long-term contract** for the supply of **oxygen and nitrogen** at the **Głogów site** in **Poland**. Air Liquide will invest around **40 million euros** in the construction of a state-of-the-art Air Separation Unit (ASU) which offers high levels of energy efficiency and reliability. In addition, the extended **liquid argon** production will support **growth of the Industrial Merchant** business in Poland.

Asia-Pacific

Revenue in Asia-Pacific reached **1,101 million euros**, up **+1.6%**. In China, momentum was strong across all industrial business lines growing at **+7.6%**. The recovery was slower in the rest of the region, impacted by the public health crisis. Large Industries (**+3.0%**) was driven by demand in China and the ramp-up of a unit in South Korea. Industrial Merchant (**-4.0%**) was still sluggish, but recovered compared with the 2nd quarter. Electronics (**+6.3%**) remained very strong with growth exceeding **+10%** excluding Equipment & Installation sales.

Asia-Pacific Gas & Services Q3 2020 Revenue

- **Large Industries** sales were up **+3.0%** over the quarter. These were driven by the takeover of an Air Separation Unit and a strong increase in oxygen volumes for Steel and Chemicals in China, coupled with the ramp-up of a hydrogen unit in South Korea. The recovery was slower in the rest of the region, notably in South East Asia and Japan, where volumes remained weak.
- **Industrial Merchant** revenue was down **-4.0%**, but grew sequentially compared with the 2nd quarter. Activity in China improved markedly at **+8.3%**, driven notably by the Manufacturing, Construction, Glass, Retail and Craftsmen, and Research markets. Business remained sluggish across the rest of the zone, held back by the public health crisis, in particular in Japan and Singapore, but nonetheless improved compared with the 2nd quarter. Pricing impacts in the region were marginally negative at **-0.5%**, with helium prices stabilizing during the 3rd quarter.
- **Electronics** sales were up markedly (**+6.3%**) during the 3rd quarter and improved by **+10.3%** excluding Equipment & Installations. This growth was driven by Advanced Materials and Carrier Gases, notably with the supply ramp-up of Advanced Materials in South Korea and of Carrier Gases in China, Taiwan and Japan.



Asia-Pacific

- Air Liquide China will invest around **60 million euros** to build an **Air Separation Unit (ASU)** in the Lingang Economic District, **Tianjin** Port Free Trade Zone. Air Liquide has been supplying industrial gases to this major Chinese industrial basin for more than 25 years. The investment is secured by a **new long term supply agreement** with a major customer. This facility will also incorporate a dedicated capacity to supply liquid and packaged gases to **Industrial Merchant's** customers as well as **hospitals** requiring high-purity **medical gases**. It is planned to be operational in 2022. Air Liquide China operates seven ASUs in Tianjin, as well as a **multi-sourced pipeline network** that delivers oxygen, nitrogen and hydrogen to adjacent customers.

Middle East and Africa

Middle East and Africa revenue stood at **145 million euros**, stable (+0.0%) compared with the 3rd quarter of 2019. In Industrial Merchant, Middle East and India improved clearly compared with the 2nd quarter, with the recovery more contrasted in Africa. Large Industries sales were up slightly compared with the 3rd quarter of 2019, notably in South Africa and Saudi Arabia. Healthcare, which continues to be committed to the fight against COVID-19, posted strong growth across the region.

Engineering & Construction

Consolidated Engineering & Construction revenue reached **60 million euros** in the 3rd quarter, with sales to third-party customers remaining sluggish due to the public health crisis. These sales were down -24% compared with the 3rd quarter of 2019, with resources mainly allocated to internal Large Industries and Electronics projects. The decline in total sales was more modest at -19%.

Order intake has improved since the end of the summer and reached **428 million euros**, of which more than half was in Asia. This mainly related to Air Separation Units and ultra-pure nitrogen production units, with orders for the Group slightly exceeding those for third-party customers.

Global Markets & Technologies

Global Markets & Technologies revenue was **143 million euros** and saw a return to very dynamic growth momentum of **+11.4%**, as production capacity was no longer restricted by the public health crisis. Equipment sales were up markedly, in particular membrane purification systems. The biogas business remained strong, in particular in Europe where biomethane sales for transport were up, and in the United States.

Order intake for Group projects and third-party customers reached a record level of **485 million euros**, a significant increase of +34% over 2019 following the signature of several major contracts during the 1st half of the year. These notably included major contracts for helium cryogenic refrigerators and Turbo-Brayton LNG reliquefaction units.



Global Markets & Technologies

- Air Liquide has acquired 80% of the capital of the French company Cryoconcept, which specialises in dilution refrigeration – a technology allowing to reach very low temperatures. This transaction enables Air Liquide to strengthen its expertise in the field of extreme cryogenics, or close to absolute zero, to propose a broader offer and accelerate the development of Cryoconcept's activities.

INVESTMENT CYCLE

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

Industrial and financial investment decisions totaled **719 million euros** in the 3rd quarter of 2020, marking an increase compared with the 2nd quarter and taking the total since the beginning of the year to **2.1 billion euros**. This does not include the takeover of 16 Air Separation Units in South Africa, which is currently being finalized, and compares with 2.7 billion euros at the end of September 2019 which included the acquisition of Tech Air in the United States for more than 350 million euros.

Industrial investment decisions reached **685 million euros** during the 3rd quarter and **close to 2 billion euros** since the beginning of 2020 despite the public health crisis. Development was very active in **Large Industries**, notably with the signature of a takeover in Kazakhstan and a new Air Separation Unit in Poland. Investment decisions in **Industrial Merchant** included a new Air Separation Unit in a rapidly expanding basin in China to drive growth, a new nitrogen on-site generation unit associated with a long-term supply contract in Vietnam, and investments relating to the roll out of the Qlixbi offer in Europe for welding. Over the first nine months of 2020, almost **30% of industrial decisions** were related to the **energy transition** and more than 13% contributed to improving margins (**efficiencies**).

Financial investment decisions totaled **34 million euros** during the 3rd quarter, with several bolt-on acquisitions in Home Healthcare in Europe and South America, as well as in Industrial Merchant in the United States, Europe and China. These compared with a level of decisions of 36 million euros in the 3rd quarter of 2019.

The **investment backlog** was up by almost 200 million euros compared with the end of 2019 and reached **3.0 billion euros**. The Oil & Gas market represented less than 15% of the investment backlog. These investments should lead to a future contribution to annual sales of approximately **0.9 billion euros** per year after the full ramp-up.



Investment

- Air Liquide has now entered into a business purchase agreement with **Sasol** for **Air Liquide to acquire the biggest oxygen production site in the world** located in Secunda, South Africa. In addition to the benefits this would bring in terms of safety, reliability and efficiency, the solution provided by Air Liquide would allow, in coordination with Sasol, a **targeted reduction of 30% to 40% in CO₂ emissions arising from the oxygen production by 2030**. The amount of the initial investment would be approximately 8.5 billion South African Rand (circa **440 million euros**).

START-UPS

Four units started up during the 3rd quarter of 2020. These included new units for **Electronics** in Asia, the takeover of an Air Separation Unit in China for **Large Industries**, and a nitrous oxide production plant to meet the needs of **Industrial Merchant** and **Healthcare** in the United States.

In the 4th quarter, the Group will start up 2 new units that align with the core of its strategy regarding **energy transition**. The first one is a 20 megawatt electrolyzer using Proton Exchange Membrane (PEM) technology to produce **renewable hydrogen** from hydroelectricity in Bécancour, Québec, to supply demand in mobility and the industry. The second one is a hydrogen production unit using Air Liquide's SMR-X™ technology allowing to **decrease CO₂ emissions by -5%** thanks to heat recovery. In the port of Antwerp, Belgium, this unit will supply a customer in the Chemicals sector who will use part of the CO₂ emissions as feedstock, in a **circular economy** model. In this same basin, the Group is a stakeholder in the Antwerp@c consortium, aiming to develop infrastructure for **CO₂ capture and sequestration at large scale**.

The **additional contribution to sales** of unit start-ups and ramp-ups totaled **53 million euros** over the 3rd quarter of 2020, and 133 million euros over the nine first months of the year. This should reach **180 million euros for 2020** as a whole, at the high end of the estimate range communicated previously.

For 2021, the estimated additional contribution to sales is reforecast upwards in the range of **320 to 350 million euros** despite the postponement of some start-ups and after taking into account the sales contribution from the 16 Air Separation Units that are currently being taken over in South Africa. The latter is estimated at approximately 100 million euros in 2021 as Air Liquide will not initially be responsible for managing the energy. Sales should exceed 400 million euros per year during a second phase, when energy management will be fully integrated, without significant impact on operating income.

INVESTMENT OPPORTUNITIES

In a context where our customers are refocusing on growing markets, the **12-month portfolio of investment opportunities** continued to improve and reached **3.0 billion euros**. This amount excludes the on-going takeover of the 16 Air Separation Units in South Africa. The change in the portfolio confirms the Group's future growth outlook, including new opportunities which exceed investment decisions and the removal from the portfolio of several projects that were either postponed beyond 12 months or awarded to the competition.

Asia became the leading region within the portfolio with more than one third of opportunities, closely followed by Europe, then the Americas and the Middle East & Africa with similar levels of opportunities.

Investment opportunities mainly came from Large Industries and included several **takeover** projects that may have a faster contribution to growth. Electronics was also very active, with an increasing number of new opportunities, particularly in Asia. Developments relating to the **energy transition**, such as hydrogen projects for industry and biomethane for clean mobility, remained dynamic.

Seven projects have an investment amount of more than 100 million euros and **almost a quarter** of the opportunities correspond to projects supporting the **Climate objectives**.

Operating Performance

Efficiencies amounted to **311 million euros** over the nine first months of the year, a slight increase of +0.6% compared with 2019 despite a decline in volumes, and in line with the annual objective fixed at more than 400 million euros. These efficiencies represent cost savings of 2.6%. **Industrial efficiencies** accounted for close to 50% of total efficiencies and were notably the result of **supply chain optimisation** projects in Industrial Merchant and Healthcare, as well as **energy efficiency** and **maintenance optimisation** in Large Industries. The implementation of **digital tools** continued, notably with the acceleration of the roll-out of remote operation centers for Large Industries production units (Smart Innovative Operations, SIO) and digital platforms for Healthcare. Since the start of the performance improvement program in 2017, **1.4 billion euros** of cumulated efficiencies have been generated.

Moreover, **exceptional cost reductions** under the public health crisis response plan continued but **are not, due to their nature, sustainable over the long term.**

Cash flow from operating activities amounted to **3,648 million euros** at the end of september 2020, a sharp increase of **+4.8%** excluding currency impact, which demonstrates the resilience of the business model as well as the efficiency of structural performance improvement program and the cost reduction plan in response to the public health crisis. This corresponds to a high level of **23.9% of sales**, a marked improvement of **+240 basis points** compared with the 3rd quarter of 2019⁽²⁾.

At the end of September 2020 and despite the public health crisis, **gross industrial capital expenditure** amounted to **1,933 million euros**, an increase of **+3.6%** compared with 2019. They represented **12.7% of sales.**

Portfolio management was quite active during the 3rd quarter. It included 4 divestitures: schülke and a small dry ice business in Germany, CRYOPDP in France, as well as the reduction of the Group's participation in a reseller in Japan. In addition, 7 acquisitions were completed, including 3 in Industrial Merchant in Europe, the United States and China, 3 in Healthcare including 2 in Europe and one in South America, and one acquisition in extreme cryogenics for Global Markets & Technologies.

Net debt totaled **11,745 million euros**, a strong decrease compared with 13,176 million euros at June 30, 2020, benefiting from high cash flow from operating activities and proceeds from the disposal of activities. The **net debt-to-equity ratio**, adjusted for the seasonal effect of the dividend payment, reached **58.3%** representing a significant decrease compared with December 31, 2019 (64.0%).



Operating Performance

- **Air Liquide signed a long-term power purchase agreement (PPA) to source renewable electricity** equivalent to 15% of the Group's current consumption for its activities in **Spain**. This contract is the first PPA for renewable energy in Europe and **illustrates Air Liquide's commitment to lower its carbon footprint**, in line with the Group's **Climate Objectives** to increase purchase of renewable electricity by nearly 70% by 2025 (in comparison with 2015).
- In accordance with the agreement initially announced on March 2, 2020, **Air Liquide has closed the sale of its subsidiary CRYOPDP** to French private equity firm Hivest Capital Partners. This decision illustrates Air Liquide's strategy to regularly review its asset portfolio in order to focus on key businesses and geographies so as to maximize its performances.
- **Air Liquide has closed the sale of its subsidiary schülke** to EQT, a global investment organization. The total value of the transaction, which is subject to an earn-out provision, is between 925 million euros and 1.0 billion euros excluding debt.

² Compared with restated 3rd quarter 2019 following changes in 2019 annual financial statements: financial costs before taxes linked to IFRS 16 are reclassified in other financial expenses whereas they were included in net finance costs on 30 september 2019. A distinction is now made between other non-cash items under which the adjustment of this cost is recognized as well as income and expenses under IAS 19 and IFRS 2 and other cash items

Outlook

This 3rd quarter saw a **marked recovery in sales**. Compared with the 2nd quarter of 2020, which was impacted by the pandemic, **all business lines and all regions improved**. Group revenue reached **5 billion euros, -0.9% on a comparable basis** (-8.7% as published, reflecting the negative currency, energy price and significant scope impacts).

Gas & Services, which represent 96% of Group sales, were almost flat, with contrasted situations. **Momentum in Healthcare and Electronics** remained particularly **good**; **Large Industries sales recovered**, whereas **Industrial Merchant**, which showed a marked **sequential improvement**, still remained at a level below 2019. By region, **sales in Europe and Asia were stronger** than in the 3rd quarter of 2019 on a comparable basis, and the **Americas improved** compared with the 2nd quarter of 2020.

Global Markets & Technologies also saw a return to growth, whereas **Engineering & Construction** sales demonstrated progressive improvement, compared to previous quarters.

The Group continued its drive to improve its operating margin, delivering **311 million euros** of efficiencies over the first nine months, in line with its annual target of more than 400 million euros, and the additional cost containment plan continued to deliver.

The continued improvement in performance translated into **cash flow from operating activities** which reached nearly **24% of sales**. **The investment cycle** remains **well oriented** and the 12-month portfolio of investment opportunities, which is refocused on growth markets, stands at a high level. **Investment decisions**, which ensure future growth, were significant at **2.1 billion euros** at the end of September, almost one third relating to the energy transition.

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 and to deliver net profit⁽³⁾ close to preceding year level, at constant exchange rates.

³ 2020 recurring net profit: excluding exceptional and significant items that have no impact on the operating income recurring.

Appendices - Performance indicators

Performance indicators used by the Group that are not directly defined in the financial statements have been prepared in accordance with the AMF position 2015-12 about alternative performance measures.

The performance indicators are the following:

- Currency, energy and significant scope impacts
- Comparable sales change

DEFINITION OF CURRENCY, ENERGY AND SIGNIFICANT SCOPE IMPACTS

Since industrial and medical gases are rarely exported, the impact of currency fluctuations on activity levels and results is limited to euro translation impacts with respect to the financial statements of subsidiaries located outside the euro zone. **The currency effect** is calculated based on the aggregates for the period converted at the exchange rate for the previous period.

In addition, the Group passes on variations in the cost of energy (electricity and natural gas) to its customers via indexed invoicing integrated into their medium and long-term contracts. This indexing can lead to significant variations in sales (mainly in the Large Industries Business Line) from one period to another depending on fluctuations in prices on the energy market.

An energy impact is calculated based on the sales of each of the main subsidiaries in Large Industries. Their consolidation allows the determination of the energy impact for the Group as a whole. The foreign exchange rate used is the average annual exchange rate for the year N-1. Thus, at the subsidiary level, the following formula provides the energy impact, calculated for natural gas and electricity respectively:

Energy impact =

Share of sales indexed to energy year (N-1) x (Average energy price in year (N) - Average energy price in year (N-1))

This indexation effect of electricity and natural gas does not impact the operating income recurring.

The significant scope effect corresponds to the impact on sales of all acquisitions or disposals of a significant size for the Group. These changes in scope of consolidation are determined:

- for acquisitions during the period, by deducting from the aggregates for the period the contribution of the acquisition,
- for acquisitions during the previous period, by deducting from the aggregates for the period the contribution of the acquisition between January 1 of the current period and the anniversary date of the acquisition,
- for disposals during the period, by deducting from the aggregates for the previous period the contribution of the disposed entity as of the anniversary date of the disposal,
- for disposals during the previous period, by deducting from the aggregates for the previous period the contribution of the disposed entity.

Comparable sales change

| <i>(in millions of euros)</i> | Q3 2020 | Q3 2020/2019 Published change | Currency impact | Natural gas impact | Electricity impact | Significant scope impact | Q3 2020/2019 Comparable change |
|-------------------------------|---------|-------------------------------------|--------------------|-----------------------|-----------------------|--------------------------------|--------------------------------------|
| Revenue | | | | | | | |
| Group | 4,980 | -8.7% | (202) | (61) | (19) | (143) | -0.9% |
| <i>Impacts in %</i> | | | -3.7% | -1.1% | -0.4% | -2.6% | |
| Gas & Services | 4,777 | -8.9% | (198) | (61) | (19) | (143) | -0.9% |
| <i>Impacts in %</i> | | | -3.8% | -1.2% | -0.3% | -2.7% | |

| <i>(in millions of euros)</i> | YTD 2020 | YTD 2020/2019 Published change | Currency impact | Natural gas impact | Electricity impact | Significant scope impact | YTD 2020/2019 Comparable change |
|-------------------------------|-------------|-----------------------------------|--------------------|-----------------------|-----------------------|--------------------------------|---------------------------------------|
| Revenue | | | | | | | |
| Group | 15,253 | -7.0% | (191) | (300) | (80) | (188) | -2.4% |
| <i>Impacts in %</i> | | | -1.1% | -1.9% | -0.5% | -1.1% | |
| Gas & Services | 14,697 | -6.8% | (188) | (300) | (80) | (188) | -2.1% |
| <i>Impacts in %</i> | | | -1.1% | -1.9% | -0.6% | -1.1% | |

Year to date revenue

BY GEOGRAPHY

| Revenue (in millions of euros) | YTD 2019 | YTD 2020 | YTD Published change | YTD Comparable change |
|-----------------------------------|---------------|---------------|----------------------------|-----------------------------|
| Americas | 6,354 | 5,891 | -7.3% | -4.5% |
| Europe | 5,353 | 5,055 | -5.6% | 0.3% |
| Asia-Pacific | 3,612 | 3,337 | -7.6% | -0.9% |
| Middle East & Africa | 459 | 414 | -9.9% | -4.8% |
| GAS & SERVICES REVENUE | 15,778 | 14,697 | -6.8% | -2.1% |
| Engineering & Construction | 257 | 164 | -36.4% | -36.0% |
| Global Markets & Technologies | 371 | 392 | 5.7% | 6.1% |
| GROUP REVENUE | 16,406 | 15,253 | -7.0% | -2.4% |

BY BUSINESS LINE

| Revenue (in millions of euros) | YTD 2019 | YTD 2020 | YTD Published change | YTD Comparable change |
|-----------------------------------|---------------|---------------|----------------------------|-----------------------------|
| Large Industries | 4,278 | 3,642 | -14.9% | -1.6% |
| Industrial Merchant | 7,298 | 6,726 | -7.8% | -7.3% |
| Healthcare | 2,736 | 2,825 | +3.3% | +8.6% |
| Electronics | 1,466 | 1,504 | +2.6% | +3.3% |
| GAS & SERVICES REVENUE | 15,778 | 14,697 | -6.8% | -2.1% |

**The slideshow that accompanies this release is available as of 9:00 am (Paris time) at www.airliquide.com.
Throughout the year, follow Air Liquide on Twitter: [@AirLiquideGroup](https://twitter.com/AirLiquideGroup).**

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UPCOMING EVENTS

2020 Full Year results:

February 10, 2021

Sustainability Day:

March 23, 2021

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.