

Paris, April 23, 2021

First quarter 2021: Return to growth for all activities in an improving environment

Key Figures (in millions of euros)	Q1 2021	2021/2020 as published	2021/2020 comparable ^(a)
Group Revenue	5,334	-0.7%	+3.8%
of which Gas & Services	5,103	-1.7%	+2.8%
of which Engineering & Construction	76	+44.5%	+48.5%
of which Global Markets & Technologies	155	+22.0%	+25.7%

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

Commenting on sales in the 1st quarter of 2021, **Benoît Potier, Chairman and CEO of the Air Liquide Group**, said:

*"This first quarter saw solid growth of **+3.8%** on a comparable basis, confirming the trend recorded in the fourth quarter of 2020.*

*Sales reached **5.3 billion euros**, including 5.1 billion euros for **Gas & Services**, which grew **+2.8%** on a comparable basis. This growth confirms the recovery seen in all of our Gas & Services activities. Strong momentum was also seen in the Engineering & Construction and Global Markets & Technologies business lines.*

*In **Gas & Services**, which account for 96% of Group sales, growth was particularly strong in **Healthcare** at **+10%**. In the industrial sector, the **Industrial Merchant** activity showed **positive growth** for the first time since the start of the health crisis, while **Large Industries** grew, driven by the **start-up** of new units and the marked recovery in the Steel and Chemicals markets. In terms of geographies, **Asia** showed very strong growth, led by China, while **Europe** grew solidly. The **Americas** region posted contrasted performance, impacted by an exceptional cold wave in the United States.*

*Regarding **efficiencies**, the Group continued to take action to improve performance. In the 1st quarter of 2021, **95 million euros** in efficiencies were generated, in line with its target to achieve 400 million euros over the year. In addition, the cost reduction measures linked to the crisis have been largely maintained in the context of the gradual recovery in activity. **Cash flow** is high and stands at more than **23%** of sales, an improvement of **+100 basis points**.*

*The **investment decisions** for the quarter amounted to **600 million euros**. The 12-month **portfolio** of opportunities continued to grow and stands at **3.2 billion euros**. The proportion of projects linked to the energy transition has continued to increase and is now at 46%. These investments will contribute to future growth.*

*Financial performance and sustainable development are at the heart of Air Liquide's growth model. In a global health context that still differs from region to region, the Group remains committed to supplying healthcare facilities with medical oxygen. In addition, the Group set out particularly ambitious **sustainable development objectives** last March. A structured plan will allow it to achieve **carbon neutrality** by **2050** and to accelerate in the field of **hydrogen** and the deployment of decarbonization solutions for the industry.*

In 2021, in a context of limited local lockdowns in the first half of the year and recovery in the second 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) Recurring net profit: Excluding significant and exceptional items with no impact on recurring operating income. Excluding the impact of a possible US tax reform in 2021.

Highlights of the 1st quarter

■ Sustainable development:

- Presentation of ambitious sustainable development objectives, based on three pillars:
 - **ACT for a low-carbon society:** Air Liquide has set itself the goal of achieving **carbon neutrality by 2050, with a 33% reduction in its CO₂ emissions by 2035**, and of developing a **wide range of low-carbon solutions** for its industrial customers so that they can reduce their own emissions.
 - **Work toward better Healthcare** by improving the **quality of life of chronic patients in mature economies** and by **facilitating access to medical oxygen** for rural communities in low and middle income countries.
 - **Trust as the base to engage with employees and adhering to best governance practices.**
- Memorandum of understanding signed with ArcelorMittal, aimed at implementing solutions to **produce low-carbon steel** in Dunkirk. The two companies are joining forces to transform the steel production process by developing innovative solutions involving low-carbon hydrogen and CO₂ capture technologies.
- First **long-term Power Purchase Agreement for renewable electricity** in the Netherlands, for a total capacity of 25 megawatts from Vattenfall, a major European energy supplier.

■ Hydrogen:

- **Memorandum of understanding signed with Siemens Energy to develop high-capacity electrolyzers** and sustainably produce low-carbon hydrogen. This European ecosystem of electrolysis and hydrogen technologies, in the framework of a Franco-German joint-venture, is supported by the French and German governments.
- Inauguration of the world's largest **carbon-free hydrogen production unit based on membrane electrolysis** in Canada, with a capacity of 20 MW.
- Acquisition of a 40% stake in the share capital of H2V Normandy, with a view to building a **low-carbon hydrogen electrolyzer** complex in France with a capacity of up to 200 MW.
- Completion of the first phase of the construction of ultra-high purity low-carbon hydrogen electrolyzers in Taiwan.

■ Industry

- Long-term supply contract signed with BASF for its new battery materials site in **Germany**. Agreement with BASF to increase hydrogen and carbon monoxide volumes by 20% at the Yeosu industrial complex in **South Korea**.
- In **Kazakhstan**, acquisition and integration by Air Liquide Munay Tech Gases, a 75% subsidiary of Air Liquide, of the industrial gas production plants of the Atyrau refinery, owned by the Kazakh oil company KazMunayGas. ALMTG will operate these production plants for KazMunayGas under a long-term contract.
- Investment in **China** to create new production capacities and supply industrial gases to BOE, world leader in flat panels and an Internet of Things specialist, as part of a long-term agreement, in Sichuan province and in the megacity Chongqing.

■ Corporate:

- Changes to Air Liquide's Executive Committee: Jérôme Pelletan will join the Executive Committee as Chief Financial Officer as of June 1, 2021. Fabienne Lecorvaisier, Executive Vice-President, will retain responsibility for the General Secretariat and, as of July 1, 2021, will take responsibility for Sustainable Development, Public and International Affairs and Social Programs. François Jackow, Executive Vice-President, will supervise Innovations and Technologies as of July 1, in addition to his current responsibilities. Matthieu Giard, Vice President, has been coordinating and supervising Hydrogen activities since January 1, 2021. He also retains responsibility for the Global Industrial Merchant business line, Purchases and the Group's efficiency programs.

Group revenue for Q1 2021 totaled **5,334 million euros**, in a still challenging but improving global health and economic environment. **Sales** increased by **+3.8%** on a comparable basis with Q1 2020, which had been affected by the health crisis in Asia, and more specifically in China, and then in Europe from mid-March 2020. The consolidated revenue of **Engineering & Construction** recorded strong growth of **+48.5%** compared to lower activity due to the pandemic in Q1 2020. **Global Markets & Technologies** activity was up by **+25.7%**, driven by the ramp-up of biogas units and sales of equipment with high technological added-value. The Group's published revenue was down slightly by **-0.7%** due to negative currency (-5.1%) and significant scope (-2.7%) impacts, partially offset by the energy impact (+3.3%).

Gas & Services revenue totaled **5,103 million euros**, up by **+2.8%** on a comparable basis. Sales as published for Q1 2021 were down **-1.7%**, penalized by negative currency (-5.1%) and significant scope (-2.8%) impacts, partially offset by the energy impact (+3.4%). The significant scope impact mostly reflects the disposal of Schülke in Healthcare.

- Gas & Services revenue in the **Americas** region was down by **-1.5%** on a comparable basis, at **2,003 million euros** in Q1 2021. In North America, after a strong month of January, sales were impacted as of mid-February by the historic winter storm on the Gulf Coast, notably in the Large Industries business. In Latin America, sales grew strongly in all businesses. Large Industries revenue was down by -4.2% overall in the region. Industrial Merchant recorded a sequential recovery, with a limited drop in sales of -3.2% compared to -5.2% in Q4 2020. Healthcare remains fully committed to the fight against the pandemic, notably to meet the exceptionally high demand for medical oxygen, and posted +13.3% growth in sales. Electronics revenue was close to stable (-0.6%).
- Revenue for the **Europe** region reached **1,797 million euros**, up by **+4.5%** on a comparable basis. Industrial activities have returned to growth, with higher comparable sales compared to **Q1 2019**. Large Industries sales were stable compared to Q1 2020. Industrial Merchant activity showed a strong improvement, with sales growth of +3.6% in Q1 2021 compared to a -1.3% decline in Q4 2020. Representing more than a third of Gas & Services sales in Europe, Healthcare activities remained highly mobilized to fight against the pandemic, with sales up by +8.8%.
- Sales in the **Asia-Pacific** region grew strongly by **+6.7%** on a comparable basis, to **1,150 million euros**, with all business lines recording growth in Q1. China (+12.8%) contributed significantly, and benefited from a favorable comparison basis with Q1 2020 greatly impacted by the health crisis. In the rest of the region, sales increased by +2.4%. Volumes recorded strong momentum in Large Industries, which posted a +8.7% rise in revenue. The strong sales growth in the Industrial Merchant business (+10.6%) was mainly supported by the momentum in China, with sales in the rest of the region just returning to growth. The Electronics business (+1.3%) benefited from the ramp-up of new carrier gases units but with weaker sales of Advanced Materials and Equipment & Installation.
- Revenue in the **Middle East and Africa** totaled **153 million euros**, up by a strong **+17.5%** on a comparable basis in Q1. Large Industries sales benefited from a rise in demand from customers connected to the pipeline network in Saudi Arabia and a favorable comparison effect due to a customer turnaround in Q1 2020. Industrial Merchant revenue continued to rise supported by a strong activity in India and Egypt. Healthcare is mobilized in the fight against Covid-19, with strong sales growth across the entire region.

All business lines posted growth compared to Q1 2020. Healthcare sales recorded a strong increase of **+10.1%** on a comparable basis, with teams still mobilized in the fight against Covid-19. Large Industries revenue grew by **+3.0%** despite the impact of the winter storm on the Gulf Coast in mid-February, notably supported by the contribution of new production units. Industrial Merchant revenue returned to growth (**+0.3%**), supported by the pick-up in volumes, solid pricing of +1.6%, and strong activity in China. Sales in Electronics were up by **+1.8%** and by +2.8% excluding Equipment & Installation sales.

The consolidated revenue of Engineering & Construction stood at **76 million euros**, up a strong **+48.5%**, notably with growth in sales to third-party customers. Total sales, which include internal sales, rose by +19% in Q1 2021. Order intake stood at **285 million euros**, with more than 85% of orders corresponding to projects in Asia, notably in Chemicals.

The sales of Global Markets & Technologies totaled **155 million euros**, up a strong **+25.7%** on a comparable basis, driven notably by a strong momentum in the Biogas business. Order intake for Group projects and third-party customers totaled **163 million euros**.

Efficiencies⁽¹⁾ reached **95 million euros**, increased by close to +5% compared with the 1st quarter 2020, in line with the annual objective set at more than 400 million euros. Moreover, the exceptional cost reduction plan in response to the public health crisis has continued and was adapted to the progressive recovery in overall activity, as many local lockdown measures are still in place. These cost reductions are not, due to their nature, sustainable in the long-term.

Cash flow from operating activities before changes in working capital totaled **1,243 million euros**, representing an increase of **+3.9%** and **+9.7% excluding currency impact**, once again underlining the resilience of the business model. This corresponds to **23.3% of sales**, a marked improvement of **+100 basis points** compared with the 1st quarter of 2020. It allowed, in particular, the financing of industrial capital expenditure, which totaled 688 million euros, representing **12.9%** of sales.

Following an extremely high level of investment decisions totaling more than 1 billion euros in the 4th quarter of 2020, **industrial investment decisions** in the 1st quarter of 2021 amounted to **569 million euros**. The **12-month portfolio of investment opportunities** continues to grow and stood at **3.2 billion euros** at the end of March, approximately 100 million euros more than at the end of 2020. The nature of opportunities is changing, with **energy transition** on the rise, now representing **46%** of the portfolio.

The **additional contribution to sales** of unit start-ups and ramp-ups is high, totaling **65 million euros** over the 1st quarter of 2021. In 2021, the **additional contribution to sales** of unit start-ups and ramp-ups is expected to reach around **250 million euros**, plus the contribution from the 16 units in the process of being acquired in South Africa, pending approval from antitrust authorities, expected by the end of June. The latter is estimated at **around 60 million euros** for 2021, with Air Liquide not managing energy in a first phase. Revenue should reach over 400 million euros per year in a second phase, when energy management is fully integrated, without any significant impact on operating income.

¹ See definition in Appendix.

Analysis of 1st quarter 2021 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)	Q1 2020	Q1 2021	2021/2020 published change	2021/2020 comparable change
Gas & Services	5,191	5,103	-1.7%	+2.8%
Engineering & Construction	52	76	+44.5%	+48.5%
Global Markets & Technologies	127	155	+22.0%	+25.7%
TOTAL REVENUE	5,370	5,334	-0.7%	+3.8%

Group

Group revenue for Q1 2021 totaled **5,334 million euros**, in a still challenging but improving global health and economic environment. **Sales** increased by **+3.8%** on a comparable basis with Q1 2020, which had been affected by the health crisis in Asia, and more specifically in China, and then in Europe from mid-March 2020. The consolidated revenue of **Engineering & Construction** recorded strong growth of **+48.5%** compared to lower activity due to the pandemic in Q1 2020. **Global Markets & Technologies** activity was up by **+25.7%**, driven by the ramp-up of biogas units and sales of equipment with high technological added-value. The Group's published revenue was down slightly by **-0.7%** due to negative currency (-5.1%) and significant scope (-2.7%) impacts, partially offset by the energy impact (+3.3%).

Gas & Services

Gas & Services revenue totaled **5,103 million euros**, up by **+2.8%** on a comparable basis. **All business lines posted growth compared to Q1 2020**. Healthcare sales recorded a strong increase of **+10.1%**, with teams still mobilized in the fight against Covid-19. Large Industries revenue grew by **+3.0%** despite the impact of the winter storm on the Gulf Coast in mid-February, notably supported by the contribution of new production units. Industrial Merchant revenue returned to growth (**+0.3%**), supported by the pick-up in volumes, solid pricing of +1.6%, and strong activity in China. Sales in Electronics were up by **+1.8%** and by +2.8% excluding Equipment & Installation sales. Sales as published for Q1 2021 were down **-1.7%**, penalized by negative currency (-5.1%) and significant scope (-2.8%) impacts, partially offset by the energy impact (+3.4%). The significant scope impact reflects the disposal of Schülke in Healthcare and the reduction or sale of the Group's stake in several non-strategic distributors in Japan in the second half of 2020.

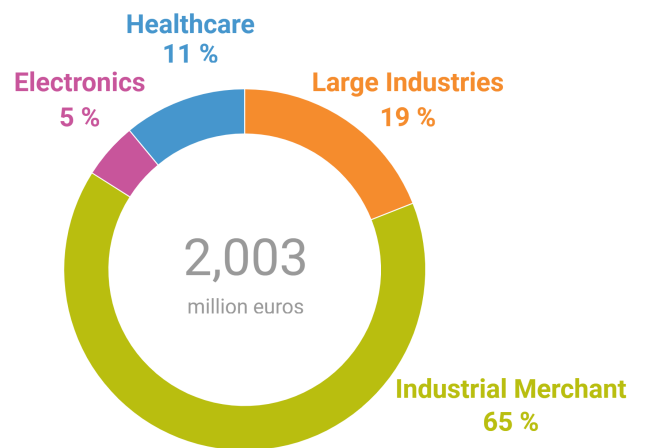
Revenue by geography and business line (in millions of euros)	Q1 2020	Q1 2021	2021/2020 published change	2021/2020 comparable change
Americas	2,122	2,003	-5.6%	-1.5%
Europe	1,791	1,797	+0.4%	+4.5%
Asia-Pacific	1,139	1,150	+1.0%	+6.7%
Middle East & Africa	139	153	+10.4%	+17.5%
GAS & SERVICES REVENUE	5,191	5,103	-1.7%	+2.8%
Large Industries	1,294	1,445	+11.6%	+3.0%
Industrial Merchant	2,402	2,253	-6.2%	+0.3%
Healthcare	982	914	-6.9%	+10.1%
Electronics	513	491	-4.3%	+1.8%

Americas

Gas & Services revenue in the Americas region was down by **-1.5%** at **2,003 million euros** in Q1 2021. In North America, after a strong month of January, sales were impacted as of mid-February by the historic winter storm on the Gulf Coast, notably in the Large Industries business. In Latin America, sales grew strongly in all businesses. Large Industries revenue was down by -4.2% overall in the region. Industrial Merchant recorded a sequential recovery, with a limited drop in sales of -3.2% compared to -5.2% in Q4 2020. Healthcare remains fully committed to the fight against the pandemic, notably to meet the exceptionally high demand for medical oxygen, and posted +13.3% growth in sales. Electronics revenue was close to stable (-0.6%).

Americas Gas & Services Q1 2021 Revenue

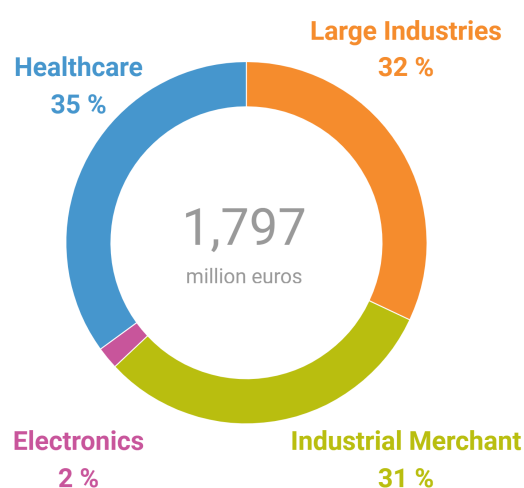
- **Large Industries** revenue was down by **-4.2%**. In the United States, air gases volumes showed strong momentum in January, but the business was affected by the exceptional winter storm in the Gulf Coast in February, which also led to a peak in energy prices. As a result, the Cogeneration business recorded a strong rise in sales, but this did not offset lower industrial gases sales. In Latin America, oxygen and hydrogen volumes increased, notably with the ramp-up of new hydrogen units in Argentina and Mexico.
- **Industrial Merchant** sales (**-3.2%**) continued their sequential recovery that began in Q3 2020 despite the negative impact of the winter storm in the United States. Sales to the Food, Pharmaceuticals, Research and Retail & Craftsmen sectors were up, and sales to Metal Fabrication were improving, while the Construction sector remained sluggish. In North America, liquid gas sales returned to their 2019 level and cylinder gas volumes improved over the quarter. Volumes increased in Latin America, notably for cylinder gas in Brazil and liquid gas in Argentina. Pricing remained solid at +2.3%, with a neutral contribution from helium.
- **Healthcare** revenue rose by **+13.3%**, with exceptionally high medical oxygen sales in the region overall. In the United States, proximity care is gradually coming back to normal levels, with a progressive return of non-emergency surgery. Home Healthcare is growing strongly in Latin America across all therapies, and is picking up very gradually in Canada, where the reopening of clinics has allowed home care to be prescribed to new patients.
- **Electronics** sales were virtually stable at **-0.6%**: the strong growth of Carrier Gases is masked by weaker sales of Advanced Materials, as the recent price declines have not yet been offset by volume growth.



Europe

Revenue for the Europe region rose by **+4.5%** to **1,797 million euros**. Industrial activities have returned to growth, with higher comparable sales compared to **Q1 2019**. Large Industries sales were stable compared to Q1 2020. Industrial Merchant activity showed a strong improvement, with sales growth of +3.6% in Q1 2021 compared to a -1.3% decline in Q4 2020. Representing more than a third of Gas & Services sales in Europe, Healthcare activities remained highly mobilized to fight against the pandemic, with sales up by +8.8%.

Europe Gas & Services Q1 2021 Revenue



- **Large Industries** sales were stable despite oxygen volumes affected by customer shutdowns in Italy. Volumes to Steel and Chemicals customers rose, notably supported by the recovery of the automotive sector, in Germany in particular. Hydrogen volumes to the Chemicals sector increased and benefited from a favorable comparison basis in Germany. Refining demand remained weak despite a marked sequential improvement in the Benelux and Spain. Sales were up in Eastern Europe, benefiting from strong oxygen demand in Poland, the takeover of a hydrogen unit in Kazakhstan, and an exceptional sale in Russia.
- **Industrial Merchant** revenue grew by a strong **+3.6%** compared to a -1.3% decline in Q4 2020. Sales recovered to a higher level than in Q1 2019 for liquid gas and cylinder gas, with a strong sequential pick-up in volumes, especially in Italy, the Iberian Peninsula and Germany. Sales to the Metal Fabrication, Construction, Materials & Energy, Retail & Craftsmen, and Research sectors were up. Activity was still dynamic in Eastern Europe, with strong sales growth in Poland, Russia and Turkey. Pricing remained solid at +1.0%.
- Still very involved in the fight against Covid-19, the **Healthcare** business grew **+8.8%**. Growth in medical gas sales remained very strong, despite the already high basis of comparison in Q1 2020. Medical equipment sales were still high, but are gradually normalizing and will be compared to exceptionally high 2020 revenue in the coming quarters. The recovery is accelerating in Home Healthcare, supported in particular by the launch of therapies for diabetes in new regions and the development of sleep apnea treatments in Germany and the Iberian Peninsula. Sales from the Seppic subsidiary also grew strongly, thanks to high demand in Specialty Ingredients for the cosmetics sector and adjuvants for avian and swine vaccines.



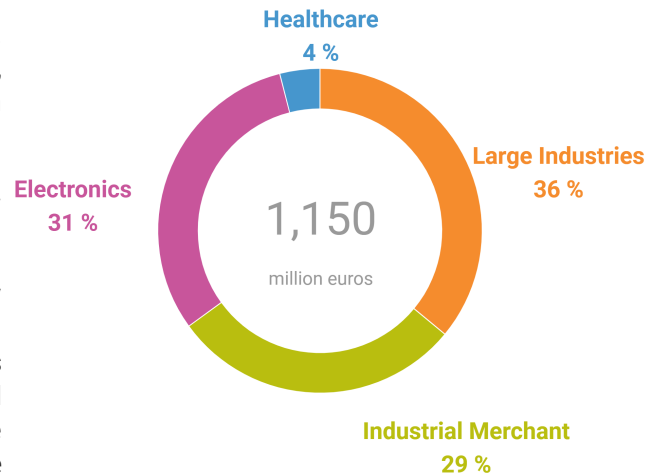
Europe

- **Air Liquide and BASF have signed a new long-term contract** for the supply of oxygen and nitrogen to one of BASF's largest European sites in Germany. Air Liquide will invest around **40 million euros** in the construction of a state-of-the-art Air Separation Unit (ASU) at this flagship site for the production of battery materials for mobility. The ASU is planned to be operational in **2023**.
- **Air Liquide and Siemens Energy have signed a Memorandum of Understanding** to initiate a **European ecosystem for electrolysis and hydrogen technology**. This Franco-German cooperation is **supported by French and German Governments**. Large hydrogen projects have already been identified to lay the groundwork for industrial scale electrolyzer systems. A joint **application for funding of a large project under the European Union's Green Deal** was submitted and both partners jointly participate in the **German IPCEI-scheme** for hydrogen.
- **Air Liquide and ArcelorMittal have signed a Memorandum of Understanding** with the objective of implementing solutions to produce **low-carbon steel** in Dunkirk. The two companies are joining forces to transform the steel production process through the development of **innovative** solutions involving **low-carbon hydrogen and CO₂ capture technologies**. This partnership is the first step towards the creation of a new low-carbon hydrogen and CO₂ capture technologies ecosystem in this major industrial basin.

Asia-Pacific

Sales in the Asia-Pacific region grew strongly by **+6.7%** to **1,150 million euros**, with all business lines recording growth in Q1. China (+12.8%) contributed significantly, and benefited from a favorable comparison basis with Q1 2020 greatly impacted by the health crisis. In the rest of the region, sales increased by +2.4%. Volumes recorded strong momentum in Large Industries, which posted a +8.7% rise in revenue. The strong sales growth in the Industrial Merchant business (+10.6%) was mainly supported by the momentum in China, with sales in the rest of the region just returning to growth. The Electronics business (+1.3%) benefited from the ramp-up of new units but with weaker sales of Advanced Materials and Equipment & Installation.

Asia-Pacific Gas & Services Q1 2021 Revenue



- **Large Industries** sales recorded strong growth of **+8.7%**, notably supported by strong demand in China (+7.3%), which also benefited from the favorable comparison basis with Q1 2020. Hydrogen volumes showed good momentum, notably for refining in Singapore, as well as for Chemicals in South Korea with the ramp-up of a new production unit and in China.
- **Industrial Merchant** revenue rose by **+10.6%**, driven by the positive improvement in all activities in China (+33%) compared to Q1 2020 at the peak of the pandemic. Sales rose sharply in virtually all markets in China, and demand for the Automotive market is picking up across the entire region. Outside China, volumes continued to rise sequentially and sales were back to slight growth, notably driven by emerging economies in Southeast Asia. Pricing impacts at -0.6% were stable excluding the impact from helium prices decline.
- **Electronics** sales were up by **+1.3%**, and by **+3.7%** excluding Equipment & Installation sales. Carrier Gases posted strong growth despite a high basis of comparison, benefiting notably from the ramp-up of several production units in China, Japan and Taiwan. Advanced Materials sales were affected by the high levels of inventories accumulated in 2020 and contract renegotiations including lower prices in anticipation of a rise in volumes.



Asia-Pacific

- Air Liquide Japan and Itochu Corporation have signed a **memorandum of understanding** to collaborate on the **development of hydrogen mobility markets in Japan.**
- Air Liquide has completed the first phase of the construction of its planned **25 MW electrolysis hydrogen plants** in the Tainan Technology Industrial Park. These plants will provide ultra-high purity hydrogen to the semiconductor industry as well as serve emerging hydrogen energy applications in Taiwan. This project is **in line with the Group's Climate Objectives.**

Middle East and Africa

Revenue in the Middle East and Africa totaled **153 million euros**, up a strong **+17.5%** in Q1. Large Industries sales benefited from a rise in demand from customers connected to the pipeline network in Saudi Arabia and a favorable comparison basis due to a customer turnaround in Q1 2020. Industrial Merchant revenue continued to rise supported by a strong activity in India and Egypt. Healthcare is mobilized in the fight against Covid-19, with strong sales growth across the entire region.

Engineering & Construction

The consolidated revenue of Engineering & Construction stood at **76 million euros**, up a strong **+48.5%**, with growth in sales to third-party customers and a favorable basis of comparison due to the closure of the Chinese engineering center during one month in Q1 2020. Total sales, which include internal sales, rose by +19% in Q1 2021.

Order intake stood at **285 million euros**, close to 200 million euros more than in 2020, reflecting the efforts of the sales teams and the postponement of some projects due to the health crisis. More than 85% of orders correspond to projects in Asia, including a major contract in Chemicals.

Global Markets & Technologies

The sales of Global Markets & Technologies totaled **155 million euros**, up a strong **+25.7%**. The Biogas business recorded strong momentum, driven by the ramp-up of production plants in the United States and Europe and biomethane sales for transport in France and the United Kingdom. Technology equipment sales rose, notably for membrane-based gas purification in the United States.

Order intake for Group projects and third-party customers totaled **163 million euros**, and included major contracts for helium cryogenic refrigerators, and membrane-based gas purification systems, notably for biogas.



Global Markets & Technologies

- In the context of its renovation and expansion plan, the new Campus Technologies Grenoble, which gathers **1,200 employees**, has completed the construction of the first two buildings. Together with the five Innovation Campuses in the Air Liquide group, this site is responsible **for designing and manufacturing innovative high-tech solutions for the rising deep tech and energy transition markets**. This transformation project is planned to be completed in **2022**.

Investment cycle

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

Industrial and financial investment decisions totaled **603 million euros** in the 1st quarter of 2021. This is excluding the acquisition of 16 air separation units from Sasol in South Africa, pending approval from the antitrust authorities, expected by the end of June.

Following an extremely high level of investment decisions totaling more than 1 billion euros in the 4th quarter of 2020, **industrial investment decisions** in the 1st quarter of 2021 amounted to **569 million euros**. Decisions for **Industrial Merchant** are high, with, among other decisions, new installations aimed at accelerating the development of cylinder gas in Europe, including the automation of France's first major filling center following a successful pilot project. Industrial decisions include notably the deployment of logistics equipment for Hydrogen Energy in the United States and a manufacturing site for tanks and trailers for hydrogen mobility markets in Asia. The share of industrial decisions contributing to margin improvement (**efficiencies**) is increasing; it reached 17% in the 1st quarter of 2021.

Financial investment decisions reached **34 million euros** in the 1st quarter of 2021, including several small acquisitions for Industrial Merchant in the United States, Europe and Asia, for Healthcare in Europe, and for Global Market & Technologies.

The **investment backlog** remains largely stable at **3.0 billion euros**. Large Industries projects for Chemicals customers represent the highest share, Electronics projects remain significant and the Oil & Gas market represents only about 5% of the total. These investments should lead to a stable future contribution to annual sales relative to the amount at the end of 2020, i.e. approximately **1.0 billion euros per year** after full ramp-up of the units.

START-UPS

Four major units started up during the 1st quarter of 2021. These start-ups relate to carrier gas production units for **Electronics** in Asia and production plants for **Large Industries** in Canada and Europe including the takeover of a hydrogen production unit in Kazakhstan.

The **additional contribution to sales** of unit start-ups and ramp-ups is high, totaling **65 million euros** over the 1st quarter of 2021.

In 2021, the **additional contribution to sales** of unit start-ups and ramp-ups is expected to reach around **250 million euros**, plus the contribution from the 16 units in the process of being acquired in South Africa, pending approval from antitrust authorities, expected by the end of June. The latter is estimated at **around 60 million euros** for 2021, with Air Liquide not managing energy in a first phase. Revenue should reach over 400 million euros per year in a second phase, when energy management is fully integrated, without any significant impact on operating income.



Investment

- **Air Liquide increased its presence in Kazakhstan** through its 75% owned joint venture Air Liquide Munay Tech Gases (ALMTG). This represents approximately **86 million euros** of investment for the joint venture to acquire and modernize hydrogen and nitrogen production units from Atyrau refinery.

INVESTMENT OPPORTUNITIES

The **12-month portfolio of investment opportunities** continues to grow and stood at **3.2 billion euros** at the end of March, approximately 100 million euros more than at the end of 2020, due to a number of new entries exceeding project signings and portfolio exits of projects deferred for more than 12 months or won by competition.

The nature of opportunities is changing, with **energy transition** on the rise, now representing **46%** of the portfolio. These include low-carbon hydrogen production by electrolysis and CCS (Carbon Capture and Storage) projects in **Large Industries**, and biogas production projects in **Global Markets & Technologies**. The share of **Electronics** projects remains significant, increasing compared to the already high level in 2020.

Europe and Asia account for around 80% of the opportunities. Europe remains the portfolio's leading region thanks to the numerous **energy transition** projects, followed very closely by **Asia**, driven by **Electronics** projects. Then come the Americas and the Middle-East & Africa with similar levels of opportunities.

Operating Performance

Efficiencies⁽²⁾ reached **95 million euros**, a +4.7% increase compared with the 1st quarter 2020, in line with the annual objective set at more than 400 million euros. These efficiencies represent cost savings of 2.4%. **Industrial efficiencies** accounted for more than 40% of total efficiencies and were notably the result of initiatives to improve **energy efficiency** in Large Industries and **supply chain management** in Industrial Merchant and Electronics. The implementation of **digital tools** aimed at the Group's **transformation** continued, with the acceleration of the roll-out of remote operation centers for Large Industries production units (Smart Innovative Operations, SIO) and new optimization tools for delivery routes in Industrial Merchant (Integrated Bulk Operations, IBO). Efficiencies linked to **procurement** also increased, notably in Healthcare. Airgas continued to be a major contributor to overall efficiencies generated.

Moreover, the exceptional cost reduction plan in response to the public health crisis has continued and was adapted to the progressive recovery in overall activity, as many local lockdown measures are still in place. These cost reductions **are not, due to their nature, sustainable in the long-term**.

Cash flow from operating activities before changes in working capital totaled **1,243 million euros**, representing an increase of **+3.9%** and **+9.7% excluding currency impact**, once again underlining the resilience of the business model. This corresponds to **23.3% of sales**, a marked improvement of **+100 basis points** compared with the 1st quarter of 2020. It allowed, in particular, the financing of industrial capital expenditure, which totaled 688 million euros, representing **12.9%** of sales.



Efficiencies

- **Air Liquide announced in mid-February the sale of its entities in Greece to SOL Group.** This transaction includes Air Liquide Hellas (ALH) and Vitalaire Hellas entities, which have 104 employees. The divestment illustrates Air Liquide's strategy to review its asset portfolio regularly and focus its expansion in key industrial regions in order to increase its geographic density and therefore enhance performance.
- Air Liquide has signed a **long-term Power Purchase Agreement** to purchase a total of **25 megawatts of offshore wind capacity** in the Netherlands. Following PPA agreements in the United States and Spain, this is the first PPA signed by the Group in the Netherlands. It restates Air Liquide's commitment to lead the way in the energy transition and to lower its carbon footprint, **in line with its Climate Objectives**.

² See definition in Appendix.

Outlook

This first quarter saw solid growth of **+3.8%** on a comparable basis, confirming the trend recorded in the fourth quarter of 2020.

Sales reached **5.3 billion euros**, including 5.1 billion euros for **Gas & Services**, which grew **+2.8%** on a comparable basis. This growth confirms the recovery seen in all of our Gas & Services activities. Strong momentum was also seen in the Engineering & Construction and Global Markets & Technologies business lines.

In **Gas & Services**, which account for 96% of Group sales, growth was particularly strong in **Healthcare** at **+10%**. In the industrial sector, the **Industrial Merchant** activity showed **positive growth** for the first time since the start of the health crisis, while **Large Industries grew**, driven by the **start-up** of new units and the marked recovery in the Steel and Chemicals markets. In terms of geographies, **Asia** showed very strong growth, led by China, while **Europe** grew solidly. The **Americas** region posted contrasted performance, impacted by an exceptional cold wave in the United States.

Regarding **efficiencies**, the Group continued to take action to improve performance. In the 1st quarter of 2021, **95 million euros** in efficiencies were generated, in line with its target to achieve 400 million euros over the year. In addition, the cost reduction measures linked to the crisis have been largely maintained in the context of the gradual recovery in activity. **Cash flow** is high and stands at more than **23%** of sales, an improvement of **+100 basis points**.

The **investment decisions** for the quarter amounted to **600 million euros**. The 12-month **portfolio** of opportunities continued to grow and stands at **3.2 billion euros**. The proportion of projects linked to the energy transition has continued to increase and is now at 46%. These investments will contribute to future growth.

Financial performance and sustainable development are at the heart of Air Liquide's growth model. In a global health context that still differs from region to region, the Group remains committed to supplying healthcare facilities with medical oxygen. In addition, the Group set out particularly ambitious **sustainable development objectives** last March. A structured plan will allow it to achieve **carbon neutrality** by **2050** and to accelerate in the field of **hydrogen** and the deployment of decarbonization solutions for the industry.

In 2021, in a context of limited local lockdowns in the first half of the year and recovery in the second 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) Recurring net profit: Excluding significant and exceptional items with no impact on recurring operating income. Excluding the impact of a possible US tax reform in 2021.

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:

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

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 eurozone. **The currency impact** 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 impact 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

Comparable changes for sales **exclude the currency, energy and significant scope impacts described above**. For the 1st quarter 2021, the calculations are the following:

<i>(in millions of euros)</i>	Q1 2021	Q1 2021/2020 Published Growth	Currency impact	Natural gas impact	Electricity impact	Significant scope impact	Q1 2021/2020 Comparable Growth
Revenue							
Group	5,334	-0.7%	(272)	133	46	(142)	+3.8%
<i>Impacts in %</i>			-5.1%	+2.5%	+0.8%	-2.7%	
Gas & Services	5,103	-1.7%	(266)	133	46	(142)	+2.8%
<i>Impacts in %</i>			-5.1%	+2.5%	+0.9%	-2.8%	

EFFICIENCIES

Efficiencies represent a sustainable cost reduction resulting from an action plan on a specific project. Efficiencies are identified and managed on a per project basis. Each project is followed by a team composed in alignment with the nature of the project (purchasing, operations, human resources...).

**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).**

CONTACTS

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UPCOMING EVENTS

Annual General Meeting of Shareholders:

May 4, 2021

Dividend Ex-coupon Date:

May 17, 2021

Dividend Payout Date:

May 19, 2021

2021 First Half Revenue and Results:

July 29, 2021

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, EURO STOXX 50 and FTSE4Good indexes.