Air Liquide
creative oxygen

PRESS RELEASE
AND ACTIVITY REPORT

Paris, April 24, 2020

First quarter 2020:

Sales growth of +1% confirming our solid business model and the mobilization of the Group in response to the Covid-19 pandemic

Key Figures (in millions of euros)	Q1 2020	2020/2019 as published	2020/2019 comparable [(a)]
Group Revenue	**5,370**	**-1.3%**	**+0.6%**
of which Gas & Services	*5,191*	*-0.9%*	*+1.1%*
of which Engineering & Construction	*52*	*-43.2%*	*-44.0%*
of which Global Markets & Technologies	*127*	*+14.4%*	*+13.6%*

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

Commenting on 1st quarter sales, **Benoît Potier, Chairman and CEO of Air Liquide,** stated:

*« The first quarter of 2020 showed **modest growth** despite the gradual spread of Covid-19 around the world beginning in January and the implementation of business continuity plans by nearly all Group entities.*

***Sales reached 5.4 billion euros**, of which 5.2 for **Gas & Services**, an increase of **+1.1%** on a comparable basis. The resilience of sales reflects the **solid business model** of the Group, characterized by the **diversity** of its markets and its geographies, as well as by the significant proportion of **long-term contracts** in its business portfolio. Gas & Services and Global Markets & Technologies progressed, while Engineering & Construction sales fell sharply, mainly reflecting the postponement of construction projects for third party clients to a later date.*

***In Gas & Services, which accounts for 96% of Group sales, growth was particularly strong in Healthcare (+10%) and Electronics.** From a geographic perspective, Europe and the Americas continued to post sales growth, while the Asia-Pacific region was more penalized by the public health situation, particularly in China.*

*In the context of a global health emergency, the Group is mobilized. It is **taking an active part in the international support effort**, whether this entails supplying healthcare facilities with **medical oxygen** or **ventilators,** having committed to producing **10,000 ventilators in 50 days** in France. In addition, a **stepped-up cost containment program** has been initiated to surpass the annual target of 400 million euros of efficiencies. In the 1st quarter of 2020, **91 million euros of efficiencies** were generated.*

*The **cash flow is high**, at more than **22% of sales.** The Group has also strengthened its position in terms of liquidities with a **1 billion euro bond issue** in March that was widely oversubscribed.*

*The quarter's **investment decisions** remain high at more than **700 million euros.** The total amount forecast for the year is maintained, as part of a **highly targeted approach**. These investments will contribute to future **growth** and to reinforcing the Group's **efficiency**.*

*In terms of the **health and economic environment**, the most widely held hypothesis today is that the second quarter will be highly impacted by the crisis, followed by gradual relaxation of lockdown measures between the end of the second quarter and the beginning of the third quarter, depending on the continent. **Assuming this hypothesis, and given our solid business model and the additional measures rolled out in 2020, Air Liquide is nonetheless confident in its ability to further increase its operating margin and to deliver net profit close to the 2019 level, at constant exchange rates. »***

Highlights of the 1st quarter

- **Healthcare**: Mobilization of Air Liquide Healthcare teams around the world against Covid-19, notably to supply medical oxygen. The production of ventilators in France has tripled. Creation of an alliance spearheaded by Air Liquide with Peugeot SA, Valeo and Schneider Electric to produce 10,000 ventilators by Air Liquide Medical Systems in 50 days, as part of the fight against the Covid-19 pandemic. In Home Healthcare, launch of support for diabetic patients in Germany and in Benelux.

- **Large Industries**: Reinforcement of the partnership with BASF in Antwerp with three new long-term contracts. These new contracts are part of a broad approach to lower the carbon footprint, in line with Group's Climate Objectives.

- **Innovation**: New contracts signed for cryogenics solutions that use Turbo-Brayton technology, with around 50 contracts in two years. This technology helps reduce methane greenhouse gas emissions. Renewal of the partnership with Solidia Technologies, which is developing CO_2-based solutions that reduce the carbon footprint of prefab cement.

- **Environment**: The CDP, a non-profit, awarded a double "A" rating to Air Liquide for its reporting on sustainable development and clean water initiatives as well as for its action on the fight against climate change. Publication of a comparative survey on the performance of hydrogen solutions by the Hydrogen Council, which now counts 80 members.

- **Corporate:** Successful launch of a double long-term bond issue for a total of 1 billion euros. Exclusive negotiations began with Hivest Capital Partners focused on the sale of CRYOPDP. Exclusive negotiations started with Messer for the disposal of Air Liquide entities in Czech Republic and Slovakia. In April, Air Liquide announced that it was beginning exclusive negotiations with EQT on the sale of schülke.

Group revenue for the 1st quarter of 2020 totaled **5,370 million euros**. Despite the public health crisis which considerably affected China, then Europe in mid-March, followed by the Americas and Middle East and Africa at the end of March, comparable sales were up **+0.6%** thanks to a strong business model. Gas & Services thus posted robust growth of +1.1%. Engineering & Construction (**-44.0%**) was impacted by the COVID-19 pandemic which notably led to the closure of the Chinese engineering and fabrication center and the postponement by a few months of several projects. Global Markets & Technologies maintained its excellent momentum and enjoyed dynamic growth of **+13.6%**. As the positive currency impact of +0.8% did not offset the major negative energy impact of -2.5% and the significant scope impact of -0.2%, Group revenue as published was down **-1.3%**.

Gas & Services revenue for the 1st quarter of 2020 reached **5,191 million euros**, representing comparable growth of **+1.1%**. Sales as published were down slightly by **-0.9%**, with the positive currency impact (+0.8%) failing to offset the negative energy and significant scope impacts, of -2.6% and -0.2% respectively.

- Gas & Services revenue in the **Americas** stood at **2,122 million euros** and was up **+1.3%**, driven notably by Healthcare (+10.0%) and Large Industries (+2.7%), in particular hydrogen sales and cogeneration. Despite the public health crisis which impacted the region as of the end of March, Electronics sales were up +0.6% and Industrial Merchant sales were stable at -0.2%, with price impacts that remained high.

- Revenue in **Europe** totaled **1,791 million euros** over the quarter, up **+2.7%**. Large Industries sales were down slightly by -0.6%. Industrial Merchant, which was down -2.7%, was the most affected by the public health crisis that hit the region in mid-March. Healthcare, which represented 39% of Gas & Services sales in Europe, has been playing a major role in the fight against COVID-19. Revenue for this business line increased by +10.8%, driven by strong sales of medical gases in March as well as medical hydroalcoholic gel produced by its subsidiary Schülke in Germany.

- Revenue in **Asia Pacific** reached **1,139 million euros**, down **-0.9%**. This region suffered the greatest impact of the COVID-19 pandemic during the 1st quarter, in particular in China where sales were down -2.5%. Large Industries (-2.1%) benefited from the resilience of its business model, whereas Industrial Merchant (-5.3%) was hit the hardest. Electronics momentum remained strong (+4.9%), with several unit start-ups and ramp-ups and despite an unfavorable comparison effect compared with high Equipment & Installation sales in 2019.

- Revenue in **Middle East and Africa** stood at **139 million euros**, a decrease of **-5.8%**, particularly marked by a customer maintenance turnaround at a large hydrogen production unit in Saudi Arabia. To a lesser extent, Industrial Merchant also slowed due to lockdown measures taken in Persian Gulf countries and in South Africa, even though sales remained stable overall in Africa and strong in Egypt and India. The Healthcare activity continued to grow markedly, in particular in Saudi Arabia.

Healthcare, which has played a major role in the fight against COVID-19, posted the strongest growth for the Group in the quarter (**+9.9%**). **Electronics** also enjoyed very solid growth of **+3.6%** (+9.8% excluding Equipment & Installations), driven by very dynamic sales in Carrier Gases and Advanced Materials. **Industrial Merchant** (**-1.5%**) was the most impacted by the public health crisis, in particular cylinder gas volumes, but price impacts (+3.0%) were supportive. **Large Industries** (**-0.8%**) saw increased hydrogen volumes for Refining but air gases volumes were down, with lower demand in the Steel sector and, to a lesser extent, in the Chemicals sector.

Engineering & Construction consolidated revenue stood at **52 million euros**, impacted by the COVID-19 pandemic that led in particular to the one-month closure of the Chinese engineering center and the postponement by a few months of several projects.

Global Markets & Technologies revenue reached **127 million euros**, marking a strong increase of **+13.6%**, even though several manufacturing sites are provisionally operating with reduced manpower. Momentum in Biogas remained strong, in particular with the start-up of biomethane production units in the United States and the United Kingdom. Order intake for Group projects and third-party customers totaled **209 million euros**, up an impressive +64.2%, driven by major contracts for helium cryogenic refrigerators, and Turbo-Brayton LNG reliquefaction units.

The Group's **efficiency gains** reached **91 million euros** and represented an +18% increase compared with the 1st quarter of 2019. This was mainly driven by the increased contribution from the Americas region. The annual objective which is now fixed at more than 400 million euros has been maintained for 2020. In response to the public health crisis, an additional program aiming at readjusting fixed costs has been set up within the geographies, with a specific attention given to receivables collection.

Cash flow from operating activities before changes in working capital requirements reached **1,196 million euros** in the 1st quarter, i.e. **22.3% of revenue**. It allowed, in particular, the financing of **net industrial capital expenditure**, which totaled 714 million euros, in line with the mid-term strategic plan.

Industrial investment decisions reached **673 million euros**, representing a significant increase of more than +40% compared with the 1st quarter of 2019. **Electronics** reached a record level of investment and represented more than one third of decisions thanks to the signing of major projects in Asia. The **12-month portfolio of investment opportunities** stood at **2.7 billion euros**.

Due to the spread of COVID-19 and based on information available at the end of the 1st quarter, around 25% of start-ups initially scheduled for 2020 are very likely to be delayed by two to six months. As a result, the **additional contribution to sales** expected for 2020 should range **between 150 and 180 million euros**, an amount which is lower than the 230 million euros contribution initially forecast.

At the end of the 1st quarter 2020, the activity is recovering in China whereas Europe, Americas and Africa & Middle East are going through the critical phase of the public health crisis, for which the impact is expected to peak in the 2nd quarter.

Indeed, for the 2nd quarter, demand for air gases in Large Industries should weaken in the Steel sector, and to a lesser extent, in the Chemicals sector. Industrial Merchant should be the most impacted, in particular cylinder gas volumes, whereas Electronics should keep a steady pace. Healthcare teams will remain highly mobilized, notably to ensure supply of medical gases, ventilators, and hydroalcoholic gel to hospitals and patients. Once the containment period is over, a progressive recovery is expected, particularly driven by consumption markets, Electronics and Healthcare.

In terms of the **health and economic environment**, the most widely held hypothesis today is that the second quarter will be highly impacted by the crisis, followed by gradual relaxation of lockdown measures between the end of the second quarter and the beginning of the third quarter, depending on the continent. **Assuming this hypothesis, and given our solid business model and the additional measures rolled out in 2020, Air Liquide is nonetheless confident in its ability to further increase its operating margin and to deliver net profit close to the 2019 level, at constant exchange rates.**

To be noted, 2020 net profit as published should increase provided that the Schülke divestiture project is completed within the year. 2020 recurring net profit, meaning excluding the gain from Schülke divestiture and exceptional and significant items, should be close to 2019 recurring net profit at constant exchange rates.

Analysis of 1st 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)*	**Q1 2019**	**Q1 2020**	**2020/2019 published change**	**2020/2019 comparable change**
Gas & Services	5,237	5,191	-0.9%	+1.1%
Engineering & Construction	93	52	-43.2%	-44.0%
Global Markets & Technologies	111	127	+14.4%	+13.6%
TOTAL REVENUE	**5,441**	**5,370**	**-1.3%**	**+0.6%**

Group

Group revenue for the 1st quarter of 2020 totaled **5,370 million euros**. Despite the public health crisis which considerably affected China, then Europe in mid-March, followed by the Americas and Middle East and Africa at the end of March, sales were up **+0.6%** thanks to a strong business model. Gas & Services thus posted robust growth of +1.1%. Engineering & Construction (**-44.0%**) was impacted by the COVID-19 pandemic which notably led to the closure of the Chinese engineering and fabrication center and the postponement by a few months of several projects. Global Markets & Technologies maintained its excellent momentum and enjoyed dynamic growth of **+13.6%**. As the positive currency impact of +0.8% did not offset the major negative energy impact of -2.5% and the significant scope impact of -0.2%, Group revenue as published was down **-1.3%**.

Gas & Services

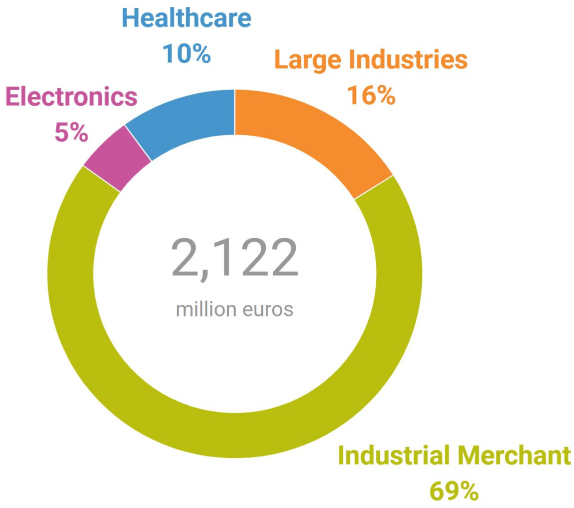
Gas & Services revenue for the 1st quarter of 2020 reached **5,191 million euros**, representing comparable growth of **+1.1%**. Healthcare, which has played a major role in the fight against COVID-19, posted the strongest growth for the Group in the quarter (**+9.9%**). Electronics also enjoyed very solid growth of **+3.6%** (+9.8% excluding Equipment & Installations), driven by very dynamic sales in Carrier Gases and Advanced Materials. Industrial Merchant (**-1.5%**) was the most impacted by the public health crisis, in particular cylinder gas volumes, but price impacts (+3.0%) were supportive. Large Industries (**-0.8%**) saw increased hydrogen volumes for Refining but air gases volumes were down, with lower demand in the Steel sector and, to a lesser extent, in the Chemicals sector. Sales as published were down slightly by **-0.9%**, with the positive currency impact (+0.8%) failing to offset the negative energy and significant scope impacts, of -2.6% and -0.2% respectively.

Revenue by geography and business line *(in millions of euros)*	**Q1 2019**	**Q1 2020**	**2020/2019 published change**	**2020/2019 comparable change**
Americas	2,069	2,122	+2.5%	+1.3%
Europe	1,829	1,791	-2.1%	+2.7%
Asia-Pacific	1,194	1,139	-4.5%	-0.9%
Middle East & Africa	145	139	-4.5%	-5.8%
GAS & SERVICES REVENUE	**5,237**	**5,191**	**-0.9%**	**+1.1%**
Large Industries	1,490	1,294	-13.1%	-0.8%
Industrial Merchant	2,365	2,402	+1.5%	-1.5%
Healthcare	897	982	+9.5%	+9.9%
Electronics	485	513	+5.7%	+3.6%

Americas

Gas & Services revenue in the Americas stood at **2,122 million euros** and was up **+1.3%**, driven notably by Healthcare (+10.0%) and Large Industries (+2.7%), in particular hydrogen sales and cogeneration. Despite the public health crisis which impacted the region as of the end of March, Electronics sales were up +0.6% and Industrial Merchant sales were stable at -0.2%, with price impacts that remained high.

Americas Gas & Services Q1 2020 Revenue

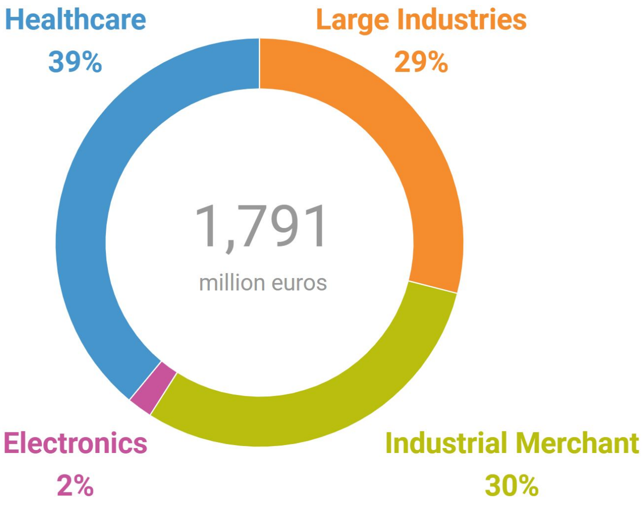


- **Large Industries** revenue was up **+2.7%**. In North America, demand for hydrogen for Refining was high and cogeneration increased markedly. Momentum remained good in Latin America, driven by strong demand and contribution from new contracts.
- **Industrial Merchant** sales were stable (**-0.2%**). In the United States, momentum was driven by gas sales growth that offset the decline in hardgoods, which were hit harder by the slowdown in industrial sectors such as Construction and Metal Fabrication. Consumption-related markets such as Food and Pharmaceuticals and the Research sector continued to improve. In Canada, liquid nitrogen volumes were affected by the slowdown in oil exploration activities due to the plunging oil price. South America maintained strong double-digit growth, driven in particular by a significant increase in liquid gas sales. Price impacts remained high (+3.9%). The impact of the public health crisis on business in the region was modest, with an impact only felt as of the last week of March.
- **Healthcare** revenue climbed **+10.0%**, with the sales of Medical Gases up markedly across the region and in particular in the United States. Momentum remained strong in Latin America, with a high increase in volumes notably in Argentina and Brazil, and Home Healthcare posted double-digit growth.
- **Electronics** revenue increased **+0.6%**. Carrier Gases and Services sales growth offset the decline in Equipment & Installation sales which were very high in the 1st quarter of 2019.

Europe

Revenue in Europe totaled **1,791 million euros** over the quarter, up **+2.7%**. Large Industries sales were down slightly by -0.6%. Industrial Merchant, which was down -2.7%, was the most affected by the public health crisis that hit the region in mid-March. Healthcare, which represented 39% of Gas & Services sales in Europe, has been playing a major role in the fight against COVID-19. Revenue for this business line increased by +10.8%, driven by strong sales of medical gases in March as well as medical hydroalcoholic gel produced by its subsidiary Schülke in Germany.

Europe Gas & Services Q1 2020 Revenue



- **Large Industries** revenue declined slightly by **-0.6%**, mainly impacted by an incident at a production site in Germany. The hydrogen business enjoyed strong demand from refiners in the Benelux and partly offset lower demand for oxygen from the steel sector and, to a lesser extent, the chemicals sector. Eastern Europe saw an increase in air gases sales, in particular in Poland and Russia.
- **Industrial Merchant** sales were down **-2.7%**. This business line was hit hard by the public health crisis, in particular in terms of cylinder gas and liquid gas sales. Sales declined markedly in France and Italy, and to a lesser extent in Spain. Growth was robust in Benelux and Scandinavia, as well as in Eastern Europe which maintained double-digit sales growth. Price impacts remained strong at +1.8%.
- **Healthcare** has played a major role in the fight against COVID-19 and posted an increase of **+10.8%**, driven mainly by sales of medical hydroalcoholic gel produced by its subsidiary Schülke, which were up more than 30%. Medical oxygen sales were up markedly, in particular since March. Respirators production by the French subsidiary Air Liquide Medical Systems has also increased substantially. Home Healthcare momentum remained very strong with, in particular, a marked increase in the number of patients with diabetes treated in Scandinavia, France and the United Kingdom.

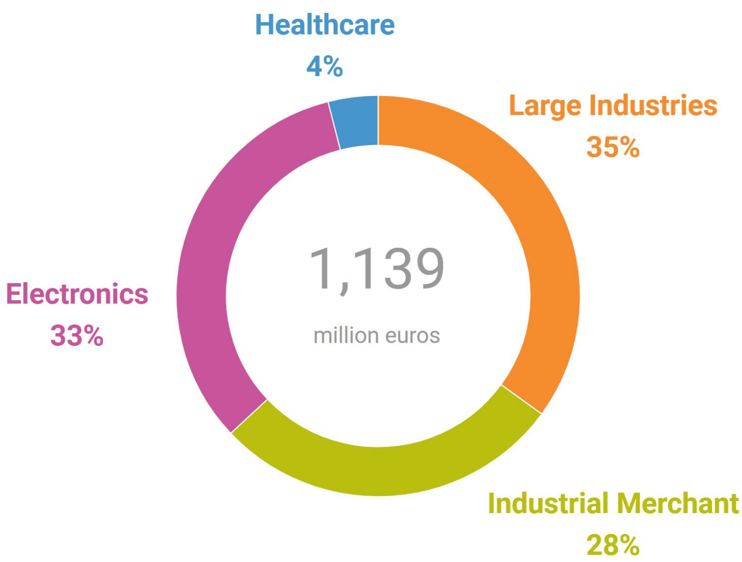
Europe

- **Air Liquide and BASF**, a world-leading chemical company, **have signed in early February three new long-term contracts in the Antwerp basin (Belgium)**. Air Liquide has been supplying BASF with gas for over 50 years in this major industrial basin, and is currently operating five production plants on site. **These new contracts are coherent with a low carbon footprint approach**, in line with the Group's Climate objectives.
- Faced with the compelling need for more respirators on its national territory, the French government has asked, on March 22, a group of French industrial companies led by Air Liquide to study the possibility of increasing the production of respirators so as to provide **10,000 respirators in 50 days**, between the beginning of April and mid-May. In response, **Air Liquide, Groupe PSA, Schneider Electric and Valeo have set up a Task Force composed of about 30 purchasing and industrialization experts** in order to define an action plan to increase the production of Air Liquide Medical Systems respirators, which are already referenced by a great number of hospitals in France and abroad. **To meet this industrial challenge, the exceptional contribution of 100 partner companies will also be sought so as to provide the 300 essential components that are necessary for the fabrication of these medical systems.**

Asia-Pacific

Revenue in Asia Pacific reached **1,139 million euros**, down **-0.9%**. This region suffered the greatest impact of the COVID-19 pandemic during the 1st quarter, in particular in China where sales were down -2.5%. Large Industries (-2.1%) benefited from the resilience of its business model, whereas Industrial Merchant (-5.3%) was hit the hardest. Electronics momentum remained strong (+4.9%), with several unit start-ups and ramp-ups and despite an unfavorable comparison effect compared with high Equipment & Installation sales in 2019.

Asia-Pacific Gas & Services Q1 2020 Revenue



- **Large Industries** sales were down **-2.1%** in the region and down -0.9% in China. The lockdown related to the public health crisis triggered a slowdown in business, which notably impacted air gases sales in China and hydrogen sales in South Korea. Sales to Steel customers remained weak in Japan.
- **Industrial Merchant** revenue was down **-5.3%** and was the most impacted business line, in particular in China (-11.3%). Cylinder gas and liquid gas volumes were particularly affected during the peak of the COVID-19 outbreak in China, but business has recovered since the end of March, returning to 85% of its nominal level. Moreover, momentum was weak in Japan and helium sales have slowed in the region. Finally, price impacts remained strong at +1.0%.
- Against this backdrop, **Electronics** sales were up a significant **+4.9%** and +13.0% excluding Equipment & Installation sales which were exceptionally high in the 1st half of 2019. Momentum remained strong with a load rate close to normal levels, even in China (+4.6% and +17.1% excluding E&I) at the height of the pandemic. The region posted double-digit sales growth in Carrier Gases and Advanced Materials, driven mainly by the ramp-up of a major contract in Advanced Materials in South Korea, and Carrier Gases production plants in China, Japan, Taiwan and Singapore.

Middle East and Africa

Revenue in Middle East and Africa stood at **139 million euros**, a decrease of **-5.8%**, particularly marked by a customer maintenance turnaround at a large hydrogen production unit in Saudi Arabia. To a lesser extent, Industrial Merchant also slowed due to lockdown measures taken in Persian Gulf countries and in South Africa, even though sales remained stable overall in Africa and strong in Egypt and India. The Healthcare activity continued to grow markedly, in particular in Saudi Arabia.

Engineering & Construction

Engineering & Construction consolidated revenue stood at **52 million euros**, impacted by the COVID-19 pandemic that led in particular to the one-month closure of the Chinese engineering center and the postponement by a few months of several projects. This represented a -44% decline of third-party sales compared with the 1st quarter of 2019, but total sales declined by a more modest -16%, with resources mainly allocated to internal projects for Large Industries and Electronics.

Order intake reached **83 million euros** with almost 60% coming from Asia. This mainly related to Air Separation Units and ultra-pure nitrogen production units for the semi-conductor industry, the Group, or third-party customers.

Global Markets & Technologies

Global Markets & Technologies revenue reached **127 million euros**, marking a strong increase of **+13.6%**, even though several manufacturing sites are provisionally operating with reduced manpower since mid-March due to the public health crisis. Sales of equipment with high technological added-value enjoyed double-digit growth, notably those related to the Turbo-Brayton technology, which reduces greenhouse gas emissions through the reliquefaction of natural gas when transported by sea in LNG form (Liquefied Natural Gas). Momentum in Biogas remained strong, in particular with the start-up of biomethane production units in the United States and the United Kingdom.

Order intake for Group projects and third-party customers totaled **209 million euros**, up an impressive +64.2%, driven by major contracts for helium cryogenic refrigerators, and Turbo-Brayton LNG reliquefaction units.

Global Markets & Technologies

- Air Liquide is continuing to develop sales of its **Turbo-Brayton** cryogenic equipment, with around **50 units sold over the last two years** for a total value of almost **180 million euros**. The technology, developed by Air Liquide and based on the Turbo-Brayton principle, reliquefies LNG (Liquefied Natural Gas) boil-off on vessels transporting that product, thereby **significantly reducing greenhouse gas emissions** during transportation. This innovative solution is acclaimed by customers and sales are growing strongly.

Investment cycle

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

Industrial and financial investment decisions totaled **719 million euros** in the 1st quarter of 2020. This compares with an exceptionally high 862 million euros in the 1st quarter of 2019, which included the acquisition of Tech Air in the United States for more than 350 million euros.

Industrial investment decisions reached **673 million euros**, representing a significant increase of more than +40% compared with the 1st quarter of 2019. **Electronics** reached a record level of investment and represented more than one third of decisions thanks to the signing of major projects in Asia. **Close to 30%** of industrial decisions contribute to the **Climate objectives** and **15%** support margin improvement (**efficiencies**). The Group continued to invest in **digital transformation**, in particular in Home Healthcare and Large Industries. Nevertheless, investment momentum slowed at the end of the quarter due to the spread of the public health crisis to Europe and then the Americas.

Financial investment decisions totaled **46 million euros** and mainly included bolt-on acquisitions in Home Healthcare in Europe and in Industrial Merchant in the United States and China.

The **investment backlog** was stable at **2.8 billion euros**, with new investment decisions offsetting the start-up of new units. The Oil & Gas market represented less than 15% of the investment backlog and the share from the Electronics business was up. These investments should lead to a future contribution to annual sales of approximately **0.9 billion euros per year** after full ramp-up of the units, which is stable compared with the 4th quarter of 2019.

Partnership renewed

- After a successful pilot phase, **Air Liquide renewed in late-January its partnership with Solidia Technologies**, a developer of solutions to reduce the environmental footprint of precast concrete manufacturing. **The carbon footprint of Solidia Concrete is up to 70% lower than traditional concrete.**

START-UPS

Eight new units started up during the 1st quarter of 2020. These included a new hydrogen production unit for **Large Industries** supplying a pipeline network in a major industrial basin in South Korea, ultra-pure nitrogen production units in Asia for **Electronics**, and biomethane production units in the United States and the United Kingdom for **Global Markets & Technologies**. Moreover, a krypton and xenon production unit was started up in South Africa to meet the strong demand for rare gases, in particular in the electronics and aerospace sectors. This unit is part of the world's largest oxygen production plant, which is managed and operated by Air Liquide.

The **additional contribution to sales** of unit start-ups and ramp-ups totaled **32 million euros** over the 1st quarter of 2020.

Due to the spread of COVID-19 and based on information available at the end of the 1st quarter, around 25% of start-ups initially scheduled for 2020 are very likely to be delayed by two to six months. As a result, the additional contribution to sales expected for 2020 should range **between 150 and 180 million euros**, an amount which is lower than the 230 million euros contribution initially forecast.

INVESTMENT OPPORTUNITIES

The 12-month portfolio of investment opportunities stood at 2.7 billion euros.

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

Opportunities mainly came from Large Industries, which represented almost two thirds of the portfolio, and new growth projects in the cylinder gas business for Industrial Merchant in Eastern Europe.

The investment was lower than 50 million euros for more than half the projects and, for five of them, it exceeded 100 million euros. More than 25% of the portfolio's amount corresponded to projects supporting the Climate objectives.

The spread of COVID-19 has led to a decrease in the number of new projects entering the portfolio, as well as to several projects being delayed beyond the next 12 months, which has resulted in their removal from the portfolio. The combination of these two factors explains the decrease of around 200 million euros in the 12-month portfolio of investment opportunities compared with the end of 2019, from 2.9 billion to 2.7 billion euros.

Operating Performance

The Group's **efficiency gains** reached **91 million euros** and represented an +18% increase compared with the 1st quarter of 2019. This was mainly driven by the increased contribution from the Americas region. The annual objective which is now fixed at more than 400 million euros has been maintained for 2020 despite the public health crisis.

Around 50% of these efficiencies related to **industrial projects** that aim to reduce logistics costs, in particular in the United States and Japan, and to optimize the operation of production units, notably their maintenance. The contribution of all initiatives relating to the roll-out of digital tools continued to increase with, in particular, the start-up in Brazil of a new remote operation center (Smart Innovative Operations, SIO) for Large Industries production units in Latin America. More than 25% of efficiencies related to **purchasing gains**, principally of transportation in Industrial Merchant in the United States, of equipment for Healthcare in Europe, and of molecules in Electronics. The remaining efficiencies mainly related to administrative efficiencies and restructuring, in particular the roll-out of shared service centers.

In response to the public health crisis, an additional program aiming at readjusting fixed costs has been set up within the geographies, with a specific attention given to receivables collection.

Cash flow from operating activities before changes in working capital requirements reached **1,196 million euros** in the 1st quarter, i.e. **22.3% of revenue**. It allowed, in particular, the financing of **net industrial capital expenditure**, which totaled 714 million euros, in line with the mid-term strategic plan.

Operating Performance

- Air Liquide announced at the end of January **it has entered into exclusive negotiations with Messer** regarding the divestment of its entities in Czech Republic and Slovakia that total 53 employees. This decision illustrates Air Liquide's strategy to review its asset portfolio regularly and focus its geographic expansion on key regions in order to increase density and therefore enhance performance.

- Air Liquide announced in early March it has entered into exclusive negotiations with French private equity firm Hivest Capital Partners for the **divestment of its subsidiary CRYOPDP** that has more than 250 employees in 12 countries. CRYOPDP provides global innovative temperature-controlled logistics solutions to the Clinical Research and Cell & Gene Therapy Communities. 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 announced early April that it has entered into **exclusive negotiations with EQT, a global investment organization, for the potential sale of its subsidiary Schülke & Mayr GmbH,** a global leader in infection prevention and hygiene. **This potential sale illustrates Air Liquide's strategy to review its business portfolio regularly** and to focus on its core gases and healthcare businesses, thereby enhancing Air Liquide's performance.

- Late-March, **Air Liquide successfully launches a €1 billion long term bond issuance**. Proceeds from this issuance will allow the Group to refinance its June 2020 bond maturities in advance and will **secure financing to support long term profitable growth**. This issue has been rated « A- » by Standard & Poor's and « A3 » by Moody's.

Outlook

The first quarter of 2020 showed **modest growth** despite the gradual spread of Covid-19 around the world beginning in January and the implementation of business continuity plans by nearly all Group entities.

Sales reached 5.4 billion euros, of which 5.2 for **Gas & Services**, an increase of **+1.1%** on a comparable basis. The resilience of sales reflects the **solid business model** of the Group, characterized by the **diversity** of its markets and its geographies, as well as by the significant proportion of **long-term contracts** in its business portfolio. Gas & Services and Global Markets & Technologies progressed, while Engineering & Construction sales fell sharply, mainly reflecting the postponement of construction projects for third party clients to a later date.

In Gas & Services, which accounts for 96% of Group sales, growth was particularly strong in Healthcare (+10%) and Electronics. From a geographic perspective, Europe and the Americas continued to post sales growth, while the Asia-Pacific region was more penalized by the public health situation, particularly in China.

In the context of a global health emergency, the Group is mobilized. It is **taking an active part in the international support effort**, whether this entails supplying healthcare facilities with **medical oxygen** or **ventilators,** having committed to producing **10,000 ventilators in 50 days** in France. In addition, a **stepped-up cost containment program** has been initiated to surpass the annual target of 400 million euros of efficiencies. In the 1st quarter of 2020, **91 million euros of efficiencies** were generated.

The **cash flow is high**, at more than **22% of sales.** The Group has also strengthened its position in terms of liquidities with a **1 billion euro bond issue** in March that was widely oversubscribed.

The quarter's **investment decisions** remain high at more than **700 million euros.** The total amount forecast for the year is maintained, as part of a **highly targeted approach**. These investments will contribute to future **growth** and to reinforcing the Group's **efficiency**.

At the end of the 1st quarter 2020, the activity is recovering in China whereas Europe, Americas and Africa & Middle East are going through the critical phase of the public health crisis, for which the impact is expected to peak in the 2nd quarter.

Indeed, for the 2nd quarter, demand for air gases in Large Industries should weaken in the Steel sector, and to a lesser extent, in the Chemicals sector. Industrial Merchant should be the most impacted, in particular cylinder gas volumes, whereas Electronics should keep a steady pace. Healthcare teams will remain highly mobilized, notably to ensure supply of medical gases, ventilators, and hydroalcoholic gel to hospitals and patients.

Once the containment period is over, a progressive recovery is expected, particularly driven by consumption markets, Electronics and Healthcare.

In terms of the **health and economic environment**, the most widely held hypothesis today is that the second quarter will be highly impacted by the crisis, followed by gradual relaxation of lockdown measures between the end of the second quarter and the beginning of the third quarter, depending on the continent. **Assuming this hypothesis, and given our solid business model and the additional measures rolled out in 2020, Air Liquide is nonetheless confident in its ability to further increase its operating margin and to deliver net profit close to the 2019 level, at constant exchange rates.**

To be noted, 2020 net profit as published should increase provided that the Schülke divestiture project is completed within the year. 2020 recurring net profit, meaning excluding the gain from Schülke divestiture and exceptional and significant items, should be close to 2019 recurring net profit at constant exchange rates.

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

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

Comparable changes for sales **exclude the currency, energy and significant scope impacts described above**. For the 1st quarter 2020, the calculations are the following:

(in millions of euros)	Q1 2020	Q1 2020/2019 Published Growth	Currency impact	Natural gas impact	Electricity impact	Significant scope impact	Q1 2020/2019 Comparable Growth
Revenue							
Group	5,370	-1.3%	42	-103	-31	-13	+0.6%
Impacts in %			*+0.8%*	*-1.9%*	*-0.6%*	*-0.2%*	
Gas & Services	5,191	-0.9%	40	-103	-31	-13	+1.1%
Impacts in %			*+0.8%*	*-2.0%*	*-0.6%*	*-0.2%*	

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.

CONTACTS

Media Relations
media@airliquide.com

Investor Relations
IRTeam@airliquide.com

UPCOMING EVENTS

Annual General Meeting of Shareholders:
May 5, 2020

Dividend Ex-coupon Date:
May 11, 2020

Dividend Payout Date:
May 13, 2020

2020 First Half Revenue and Results:
July 30, 2020

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.