

## Pre-Half Year 2023 Results Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group H1 2023 results. This document is not intended to provide additional information beyond existing disclosures.

- **Significant perimeter impact**

In September 2022, the Group announced a MOU with the local management team in Russia with the objective to transfer its activities in the framework of an MBO. In parallel, as a consequence of the evolution of the geopolitical context, the activities of the Group in **Russia** are **no longer consolidated starting September 1, 2022**. It generates a scope impact qualified as “significant perimeter” for approximately **€-50m** of sales in **Q2 2023** and **€-90m** in **H1 2023**.

The **acquisition of Sasol's 16 ASUs** was finalized on June 24<sup>th</sup> 2021 for around €480m. After a first phase operating in tolling mode, energy cost is now passed through to sales as of October 1, 2022, generating a new and separate scope impact qualified as “significant perimeter” for approximately **€+70m** of sales in **Q2 2023** and **€+120m** in **H1 2023**.

- **Currency impact**

Main currency variations (from the largest to the smallest impact on Group sales in Q2 2023):

€ versus	Q2 2022	Q2 2023	Change	H1 2022	H1 2023	Change
US Dollar	1.065	1.089	+2.2%	1.093	1.081	-1.1%
Argentinian Peso	127.3	259.5	+103.8%	123.7	233.7	+88.9%
Chinese Renminbi	7.039	7.638	+8.5%	7.082	7.486	+5.7%
South African Rand	16.59	20.30	+22.3%	16.84	19.65	+16.7%

In Q1 2023, the currency impact on Group and Gas & Services revenue was -0.1%. It is estimated to be around **-4%** in **Q2 2023**, thus an impact of **approximately -2%** in **H1 2023** for both Group and Gas & Services revenue.

- **Energy pass-through impact**

In Q1 2023, the energy pass-through effect was -2.0% on Group revenue and -2.1% on Gas & Services revenue. Reflecting the decrease of energy price since the beginning of 2023, the energy pass-through effect on both Group and Gas & Services revenue is expected to be **around -7%** in **Q2 2023** and **between -5% and -6%** in **H1 2023**.

- **Business items**

Activity highlights are detailed below **based on public information**. Unless otherwise stated, all variations in revenue outlined below are on a **comparable basis**.

**Q1 2023** Group sales rose by **+6.2%**. The **Americas** benefited from high pricing in Industrial Merchant and Healthcare. In **Europe**, strongly impacted by very high energy prices in the 2<sup>nd</sup> half of 2022, activity in Large Industries (-4.1%) saw a rebound in Q1 2023, benefiting from lower energy prices, while growth in Industrial Merchant was still driven by sustained strong pricing and resilient volumes, and Healthcare sales posted strong growth. Electronics and Industrial Merchant were driving growth in **Asia**, while Large Industries activity (-5.1%) was low, impacted in particular by weak demand, customer turnarounds and an extended customer stoppage in China. In **Middle East and Africa**, sales growth was driven by Large Industries and Healthcare.

**Large Industries** sales were down **-3.6%** in Q1 2023, in a context of weak demand. In the Americas, sales were impacted by customer turnarounds especially in air gases in Mexico and in hydrogen in the United States. In Europe, activity saw a rebound in Q1, thanks to lower energy prices while demand improved especially in Chemicals. In Asia, sales were impacted in particular by weak demand and customer turnarounds.

**Industrial Merchant** revenue continued to grow strongly at **+14.8%** in Q1 2023, supported by a high price effect of +13% and growing volumes. In the Americas, sales were up sharply by +13.2%, supported by price increases that remained high and volumes which were back to positive. In Asia, revenue was up sharply, driven by high price increases across the region and positive volumes. In Europe, the strong increase in sales of +22.1% benefited from price increases, still very high at +21.8%, while volumes remained resilient. As a reminder, pricing impact in **Q2 2022** was high at +14.4%, with respectively +22.3% in Europe, +13.4% in the Americas and +6.9% in Asia.

**Healthcare** revenue growth accelerated (**+7.7%**) in Q1 2023, due especially to the increase in medical gas prices in an inflationary context and the positive momentum of Home Healthcare, particularly in Europe and Canada.

**Electronics** revenue posted dynamic growth (**+10.4%**) in Q1 2023, driven in particular by the ramp-up of carrier gas units and dynamic growth in sales of specialty materials, especially in Asia supported by pricing. Equipment & Installations sales were strong in all regions with Book to bill at 0.74 at the end of Q1 2023. As a reminder, sales growth in Q2 2022 was exceptionally strong at +17%. More broadly in Q2 2023, the production of integrated circuits is projected to decline by 11% vs. last year, mainly linked to memories<sup>(1)</sup>.

Consolidated revenue of **Engineering & Construction** was down **-18.6%** to **€87m** in Q1 2023 compared to the high sales in Q1 2022.

**Global Markets & Technologies** posted sales of **€194m** in Q1 2023, an increase of **+2.8%**. **Organic growth** reached **+16.0%**, excluding the divestiture of the biogas distribution for mobility and the manufacture of small-scale cryogenic vessels businesses.

- **Operating Margin**

Group Operating margin (Operating Income Recurring to sales) improved by **+50bps in H1 2022** excluding energy passthrough impact<sup>(2)</sup> (-190bps As Published) to **16.1%**.

- **Net profit**

In **H1 2022**, net profit (Group share) amounted to **€1,305m**.

Reminder of **FY 2023 Guidance**: "Air Liquide is confident in its ability to **further increase its operating margin**<sup>(3)</sup> and to deliver **recurring net profit**<sup>(4)</sup> **growth, at constant exchange rates.**"

- **EPS**

The average number of outstanding shares used to calculate the as published H1 2023 EPS is **~522,010 k** shares.

H1 2023 results will be announced on **July 27, 2023**.

## **CONTACTS**

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(1) Source: [TechInsights](#)

(2) As a reminder, in Large Industries, energy costs are 100% contractually passed through to customers. As a consequence, increase in energy price does inflate the "as published" sales but has no impact on the operating income in value, resulting in the dilution of the "as published" OIR/sales ratio. This impact is restated only for Large Industries meaning the OIR/sales excluding energy impact ratio is still diluted by the energy impact in other business lines.

(3) Operating margin excluding energy passthrough impact.

(4) Recurring net profit excluding exceptional and significant transactions that have no impact on the operating income recurring.

## **Disclaimer**

*This document may contain forward-looking statements (including objectives and trends) about Air Liquide's financial situation, operating results, business activities and strategy.*

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A world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 73 countries with approximately 67,100 employees and serves more than 3.9 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.

Taking action today while preparing the future is at the heart of Air Liquide's strategy. With ADVANCE, its strategic plan for 2025, Air Liquide is targeting a global performance, combining financial and extra-financial dimensions. Positioned on new markets, the Group benefits from major assets such as its business model combining resilience and strength, its ability to innovate and its technological expertise. The Group develops solutions contributing to climate and the energy transition—particularly with hydrogen—and takes action to progress in areas of healthcare, digital and high technologies.

Air Liquide's revenue amounted to more than 29.9 billion euros in 2022. Air Liquide is listed on the Euronext Paris stock exchange (compartment A) and belongs to the CAC 40, CAC 40 ESG, EURO STOXX 50, FTSE4Good and DJSI Europe indexes.