

Pre-Full Year 2019 Results Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group FY 2019 results.

- **Significant perimeter impact**

- The consolidation of the acquisition of Tech Air (Industrial Merchant) in the US started from the beginning of Q2 2019. Annual revenue was approximately 190 million US dollars in 2018. In Q2 and Q3 2019, it generated the following significant perimeter impact, which should last until Q2 2020:

At Group level	Q2 2019	Q3 2019
€m	40	35
%	+0.8%	+0.6%

- Fujian units in China started up in December 2018 and divestiture was closed early September 2019. It will be accounted as significant perimeter impact from Q4 2019.

- **Currency impact**

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

€ versus	Q4 2018	Q4 2019	change	FY 2018	FY 2019	change
US Dollar	1.141	1.107	-3.0%	1.180	1.119	-5.2%
Argentina Peso	42.50	66.56	+56.6%	32.35	53.53	+65.5%
Japanese Yen	128.8	120.4	-6.5%	130.4	122.0	-6.4%

In Q3 2019, the currency impact on Group and Gas & Services revenue was **+2.1%** and it is estimated to be around **+1.5%** for **Q4 2019**.

- **Energy Pass-through impact**

In Q3 2019, the Energy pass-through effect was **-2.7%** on Group revenue and **-2.9%** on Gas & Services revenue. It is expected to be around **-2.5%** on Group and Gas & Services revenue in **Q4 2019**.

- **Business items**

- Comparable sales growth in **Large Industries** reached **+3.3%** in Q3 2019: in Americas, volumes were impacted by customers turnarounds; in Europe, growth was driven by high volumes from refiners in Benelux and by additional sales from start-ups in Q3/Q4 2018, while demand from Chemical and Steel customers was weak; Asia benefitted from several ramp-ups from Q4 2018, including last weeks of Fujian contribution to sales.
- **Industrial Merchant** posted **+2.4%** sales growth in Q3 2019, including one favorable working day impact, and driven by successful pricing management. In a softening environment, end-markets were contrasted with growth in Research and in consumer-related markets like Pharmaceuticals and Food, and a clear slowdown in Automotive, Construction and Metal Fabrication.
- **Healthcare sales** were up **+5.9%** in Q3 2019, enjoying solid sales growth of Medical Gases in the US since Q4 2018 and strong Home Healthcare activity in Europe and Latin America, with very limited contribution from bolt-on acquisitions.
- **Electronics** revenue increased by **+5.8%** in Q3 2019, with strong sales growth in Carrier Gases and despite a high comparison basis in Equipment & Installations (E&I) vs. Q3 2018. Revenue in Q4 2019 will compare to a very high level in Q4 2018 (+18% growth), driven by record sales in E&I.

- **Engineering & Construction** consolidated revenue totaled **€81m** in Q3 2019, -24.6% vs. Q3 2018, due to a larger proportion of Group projects vs. Third Parties sales, notably in Large Industries and Electronics, following the rise in investment decisions. Q4 2018 stood at a high €145m of sales.
- Sales in **Global Markets & Technologies** were up **+29.7%** in Q3 2019, mainly driven by biomethane activity with start-ups in Q4 2018 and one-off equipment sales based on Turbo-Brayton technology.

- **Margin**

Operating margin (Operating Income Recurring to revenue) stood at **16.4%** for FY 2018. It improved significantly in H1 2019, increasing by +70bps vs. H1 2018 (+60bps excluding IFRS16) to **16.6%**. This performance is driven by 3 levers: pricing and improvement in product mix, enhanced efficiencies and active portfolio management.

- **Exceptionals**

In H1 2019, other operating income and expenses showed a net balance of **€-86m**, mainly due to costs for realignment plans in various countries and businesses, and the loss on the disposal of the Fujian units.

- **Net financial results**

H1 2019 net financial results stood at **€-239m**, which is higher than H1 2018, due to the implementation of IFRS 16 and a positive €55m one-off item in H1 2018.

- **IFRS 16 impact**

IFRS 16 started to apply on Group's financial statements in January 1st 2019. Please, refer to the appendix of the H1 2019 Activity Report for more details.

- **EPS**

The average number of outstanding shares used to calculate the as published FY 2019 EPS is **~471,228 k** shares.

FY 2019 revenue will be announced on **11 February 2020**.

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A world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with approximately 66,000 employees and serves more than 3.6 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 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 21 billion euros in 2018 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.