Inventing
the future

First Half 2020 Financial Report

Air Liquide

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First Half 2020
Financial Report

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 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 revenues 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 et FTSE4Good indexes.

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1

ACTIVITY REPORT

H1 2020 PERFORMANCE

Group revenue for the 1st half of 2020 totaled **10,273 million euros**. The limited decline in sales over the half year of **-3.2%** for the Group and **-2.7%** for Gas & Services underlined the resilience of the business model despite the COVID-19 pandemic which affected all activities and regions. Consolidated sales of Engineering & Construction (**-41.3%**) reflected the priority allocation of resources to internal projects as well as the impact of the pandemic which led to closure of the workshop in China for four weeks and to several projects being postponed by a few months. Global Markets & Technologies reduced the pace of its activity during the pandemic while pursuing its development with sales growth of **+3.2%** in the 1st half. The Group's published revenue was down **-6.2%** as the slightly positive currency impact +0.1% was not sufficient to offset the strong negative energy impact of -2.7% and the significant scope impact of -0.4%.

Gas & Services revenue for the 1st half of 2020 reached **9,920 million euros**. Sales as published were down **-5.8%**, negatively affected by unfavorable energy (-2.8%) and significant scope (-0.4%) impacts, despite the slightly positive currency impact (+0.1%).

- Gas & Services revenue in the **Americas** totaled **3,975 million euros** in the 1st half, marking a decline of **-5.1%** on a comparable basis. North America was affected by the pandemic as of the end of March and after showing initial signs of a recovery in certain markets at the end of May, the activity stabilized in June. Latin America, which was affected by the virus later in the 2nd quarter, continues to fight against COVID-19. Large Industries sales were down slightly over the half year (-1.3%). With revenue down -8.3%, Industrial Merchant was the most affected by the public health crisis and lockdown measures despite high price impacts at +4.0%. Electronics posted strong growth of +5.1%. Healthcare remains fully committed to the fight against the pandemic, notably through the supply of medical oxygen and equipment, and posted sales growth of +5.4%, with strong momentum in Latin America.
- Revenue in **Europe** was stable over the half year (**+0.2%**), reaching **3,440 million euros**. The region was particularly impacted by the public health crisis as of mid-March, notably in Southern Europe, and activities have begun to gradually recover since the beginning of May. Large Industries sales were down by -3.5%. Industrial Merchant, which was down -8.2%, was the most impacted by the public health crisis. Healthcare activities, which account for more than 40% of Gas & Services sales in Europe, remain fully mobilized to fight against COVID-19 and saw revenue growth of +10.8% in the 1st half.
- Revenue in **Asia-Pacific** reached **2,236 million euros** in the 1st half, down **-2.1%** on a comparable basis. China was the first country to suffer the effects of the COVID-19 pandemic, with a -2.5% decline in sales in the 1st quarter. The recovery in this country was also very fast, with revenue in China posting growth of +2.1% in the 2nd quarter, with positive growth in all industrial activities. Part of the region remains affected by the pandemic and lockdown measures. In the 1st half 2020, Large Industries (-2.0%) was supported by the resilience of its business model. Industrial Merchant (-5.8%) was the most impacted. Electronics (+1.5%) represents a third of the region's sales and posted a very dynamic growth of +12% excluding Equipment & Installation sales.
- Revenue in the **Middle East and Africa** amounted to **269 million euros**, down **-7.3%** over the 1st half of the year on a comparable basis. Industrial Merchant sales were very weak during the 2nd quarter following the introduction of lockdown measures across the region. Large Industries demonstrated its strong resilience despite a major customer maintenance turnaround during the 1st quarter, with the region's two major units – in Saudi Arabia and South Africa – continuing to operate at a good level during the 2nd quarter. Healthcare, posted strong growth, notably in Saudi Arabia.

Healthcare is highly mobilized in the fight against COVID-19 and posted significant growth of **+8.7%. Electronics** also enjoyed very solid growth of **+2.0%** (**+8.9%** excluding Equipment & Installations sales), driven by very dynamic sales in Carrier Gases and Advanced Materials. **Industrial Merchant** (**-8.1%**) was the hardest hit by the public health crisis, but price impacts remained strong at +2.9%. Sales in **Large Industries** were down slightly, by **-2.5%** over the half year, due to a weaker demand in the 2nd quarter in particular in Europe and the United States — two regions which were strongly affected by the pandemic.

Contribution to consolidated revenues from **Engineering & Construction** stood at **104 million euros** in the 1st half, and reflected the priority allocation of resources to internal projects as well as the impact of the pandemic which led to closure of the workshop in China for four weeks and to several projects being postponed by a few months.

Global Markets & Technologies revenue reached **249 million euros**, up **+3.2%**. The biogas activity remained very dynamic in the United States and Europe. Order intake for Group projects and third-party customers enjoyed a strong increase and included helium cryogenic refrigerators, Turbo-Brayton LNG reliquefaction units and hydrogen stations.

Efficiencies amounted to **200 million euros** over the first six months of the year, in line with the annual objective now fixed at more than 400 million euros. Moreover, **exceptional cost reductions** under the public health crisis response plan were to offset the low activity level and **are not, due to their nature, sustainable over the long term.**

Group **operating income recurring (OIR)** amounted to **1,813 million euros** in the 1st half of 2020, stable as published and up slightly +0.2% on a comparable basis versus 2019. The **operating margin (OIR to revenue)** stood at **17.6%**, an improvement of **+100 basis points** compared with the 1st half of 2019, and of **+50 basis points excluding the energy impact. Gas & Services operating margin** as published stood at **19.6%**, an improvement of **+120 basis points** compared with the 1st half of 2019, and of **+60 basis points excluding the energy impact**.

Net profit — Group share amounted to **1,078 million euros** in the 1st half of 2020, **an increase of +1.8% as published**. Despite the pandemic and the resulting significant decline in activity, **net earnings per share** were up **+1.8%** compared with the 1st half of 2019 and reached **2.29 euros per share**.

Cash flow from operating activities before changes in working capital amounted to 2,371 million euros in the 1st half of 2020, which corresponds to a high level of 23.1% of sales, a marked improvement of +170 basis points compared with the 1st half of 2019[1]. Net cash flow from operating activities after changes in working capital requirement amounted to 2,153 million euros, up markedly by +9.9%. The net debt-to-equity ratio, adjusted for the seasonal effect of the dividend payment, stood at 64.5%, down sharply compared with end-June 2019 (70.7%).

Industrial investment decisions totaled 1.3 billion euros, stable compared with the 1st half of 2019, despite the challenging global health situation. Electronics reached a record level of investment during the 1st half, notably thanks to the signing of several new units in Asia. The 12-month portfolio of investment opportunities stood at 2.9 billion euros, stable compared to the end of 2019 and up compared to the 1st quarter of 2020.

The Group confirmed the start-up dates of the main projects for 2020 and maintained its forecast for the additional contribution to 2020 sales of unit start-ups and ramp-ups of between 150 million and 180 million euros. Based on the health situation as of the beginning of the 3rd quarter, the Group's best estimate regarding the additional contribution to sales for 2021 is in the range of 300 million euros, reflecting notably the postponement of certain start-ups and ramp-ups to 2021 due to the COVID-19 crisis.

Recurring return on capital employed after tax (Recurring ROCE)[2] stood at 8.4%, an increase of +10 basis points compared with the 1st half of 2019.

In the 1st half of 2020, the Group maintained its dividend payment and increased industrial capital expenditure while refinancing in advance the debt maturing in 2020. These initiatives underline the robustness of the balance sheet and net cash flow from the Group's operating activities in a crisis context and its ability to ensure its future growth.

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

[2] Based on the recurring net profit, see reconciliation in appendix.

Key Figures

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.

(in millions of euros)	H1 2019	H1 2020	2020/2019 published change	2020/2019 comparable change [(a)]
Total Revenue	**10,952**	**10,273**	**-6.2%**	**-3.2%**
Of which Gas & Services	*10,536*	*9,920*	*-5.8%*	*-2.7%*
Operating Income Recurring	1,814	1,813	0.0%	+0.2%
Operating Income Recurring (as % of Revenue)	16.6%	17.6%	+100 bps	
Variation excluding energy			*+50 bps*	
Other Non-Recurring Operating Income and Expenses	(86)	(92)		
Net Profit (Group Share)	1,059	1,078	+1.8%	
Net Profit Recurring (Group Share) [(b)]	1,126	1,113	-1.1%	
Earnings per Share (in euros)	**2.25**	**2.29**	**+1.8%**	
Cash Flow before changes in working capital requirements	2,348[(c)]	2,371	+1.0%[(c)]	
Net Capital Expenditure [(d)]	1,537	1,309		
Net Debt	€13.7 bn	€13.2 bn		
Net Debt to Equity ratio [(e)]	70.7%	64.5%		
Return on Capital Employed after tax - ROCE	8.1%	8.3%	+20 bps	
Recurring ROCE [(f)]	**8.3%**	**8.4%**	**+10 bps**	

(a) Change excluding the currency, energy (natural gas and electricity) and significant scope impacts, see reconciliation in appendix.
(b) Excluding exceptional and significant transactions that have no impact on the operating income recurring, see reconciliation in appendix.
(c) Compared with restated 1st half 2019 following changes in 2019 annual financial statements: financial costs before taxes linked to IFRS 16 are reclassified in other financial expenses whereas they were included in net finance costs on 30 june 2019. A distinction is now made between other non-cash items under which the adjustment of this cost is recognized as well as income and expenses under IAS 19 and IFRS 2 and other cash items.
(d) Including transactions with minority shareholders.
(e) Adjusted to spread the dividend payment in 1st half out over the full year.
(f) Based on the recurring net profit, see reconciliation in appendix.

Income Statement

REVENUE

Revenue *(in millions of euros)*	**H1 2019**	**H1 2020**	**2020/2019 published change**	**2020/2019 comparable change**
Gas & Services	10,536	9,920	-5.8%	-2.7%
Engineering & Construction	176	104	-41.0%	-41.3%
Global Markets & Technologies	240	249	+3.5%	+3.2%
TOTAL REVENUE	**10,952**	**10,273**	**-6.2%**	**-3.2%**

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

Group

Group revenue for the 1st half of 2020 totaled 10,273 million euros. The limited decline in sales over the half year of -3.2% for the Group and -2.7% for Gas & Services underlined the resilience of the business model despite the COVID-19 pandemic which affected all activities and regions. In China, the first country to be impacted by the virus, sales were up during the 2nd quarter. Business in Europe has been gradually recovering since May whereas it stabilized in the United States in June after showing the first signs of a recovery on specific markets in May. Consolidated sales of Engineering & Construction (-41.3%) reflected the priority allocation of resources to internal projects as well as the impact of the pandemic which led to closure of the manufacturing workshop in China for four weeks and to several projects being postponed by a few months. Global Markets & Technologies reduced the pace of its activity during the pandemic while pursuing its development with sales growth of +3.2% in the 1st half. The Group's published revenue was down -6.2% as the slightly positive currency impact +0.1% was not sufficient to offset the strong negative energy impact of -2.7% and the significant scope impact of -0.4%.

Gas & Services

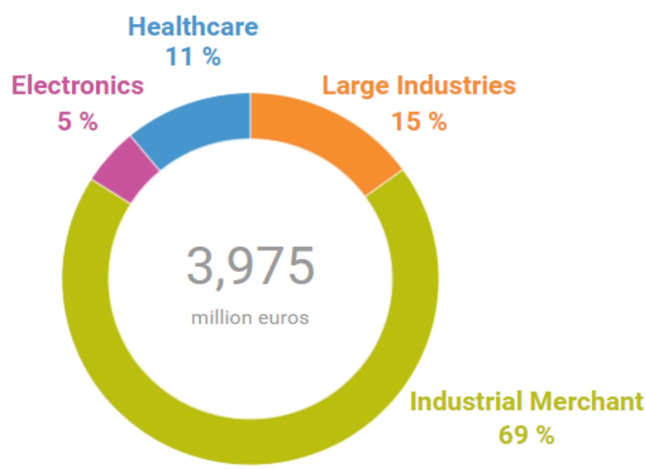
Gas & Services revenue for the 1st half of 2020 reached **9,920 million euros**. Healthcare is highly mobilized in the fight against COVID-19 and posted significant growth of **+8.7%.** Electronics also enjoyed very solid growth of **+2.0%** and **+8.9%** excluding Equipment & Installations sales, driven by very dynamic sales in Carrier Gases and Advanced Materials. Industrial Merchant (-8.1%) was the hardest hit by the public health crisis, but price impacts remained strong at +2.9%. Sales in Large Industries were down slightly, by -2.5% over the half year, due to a weaker demand in the 2nd quarter in particular in Europe and the United States — two regions which were strongly affected by the pandemic. Sales as published were down -5.8%, negatively affected by unfavorable energy (-2.8%) and significant scope (-0.4%) impacts, despite the slightly positive currency impact (+0.1%).

Revenue by geography and business line *(in millions of euros)*	**H1 2019**	**H1 2020**	**2020/2019 published change**	**2020/2019 comparable change**
Americas	4,217	3,975	-5.7%	-5.1%
Europe	3,611	3,440	-4.7%	+0.2%
Asia-Pacific	2,405	2,236	-7.0%	-2.1%
Middle East & Africa	303	269	-11.3%	-7.3%
GAS & SERVICES REVENUE	**10,536**	**9,920**	**-5.8%**	**-2.7%**
Large Industries	2,904	2,430	-16.3%	-2.5%
Industrial Merchant	4,827	4,509	-6.6%	-8.1%
Healthcare	1,821	1,959	+7.6%	+8.7%
Electronics	984	1,022	+3.9%	+2.0%

Americas

Gas & Services revenue in the Americas totaled 3,975 million euros in the 1st half, marking a decline of -5.1%. North America was affected by the pandemic as of the end of March and after showing initial signs of a recovery in certain markets at the end of May, the activity stabilized in June. Latin America, which was affected by the virus later in the 2nd quarter, continues to fight against COVID-19. Large Industries sales were down slightly over the half year (-1.3%). With revenue down -8.3%, Industrial Merchant was the most affected by the public health crisis and lockdown measures. Electronics posted strong growth of +5.1%. Healthcare remains fully committed to the fight against the pandemic, notably through the supply of medical oxygen, and posted sales growth of +5.4%.

Americas Gas & Services H1 2020 Revenue



- Large Industries revenue was down slightly, by -1.3%, in the 1st half, mainly due to weak air gases volumes in the United States, in particular for Chemicals in the 2nd quarter as a result of lockdown measures. Following a dynamic 1st quarter and a moderate decline in the 2nd quarter, hydrogen volumes for Refining stabilized pending a recovery in fuel demand. Growth in Latin America was driven mainly by the start-up and ramp-up of new units.
- Industrial Merchant sales, which were down -8.3% over the 1st half, were strongly impacted by the public health crisis. The slowdown in industrial sectors such as Construction and Metal Fabrication therefore triggered a major decline in sales in the United States, notably for hardgoods and, to a lesser extent, cylinders and liquid gas. The marked fall in volumes was partially offset by fixed revenues from the provision of gas cylinders and liquid storage tanks, and high price impacts (+4.0%) which benefited from the price increases campaigns at the beginning of the year. Consumption-related markets such as Food and Pharmaceuticals and the Research sector were more resilient. In Canada, liquid nitrogen volumes were also affected by the slowdown in oil exploration activities. In Latin America, volumes were weaker during the 2nd quarter, as the region was hit later by the public health crisis.
- Healthcare revenue was up +5.4% in the 1st half, driven by medical gases sales growth across the region. In the 2nd quarter, sales of medical oxygen to fight COVID-19 in the United States did not fully offset the decline in proximity care activity due to the interruption of non-emergency services, but the situation improved towards the end of the quarter. In Latin America, the Healthcare teams were highly mobilized in the fight against COVID-19. Medical oxygen sales as well as ventilators and installations in hospitals were up markedly, in particular in Argentina and Brazil, as well as Home Healthcare sales.
- Electronics revenue was up +5.1%, with Advanced Materials and Equipment & Installation sales up sharply across the half year.

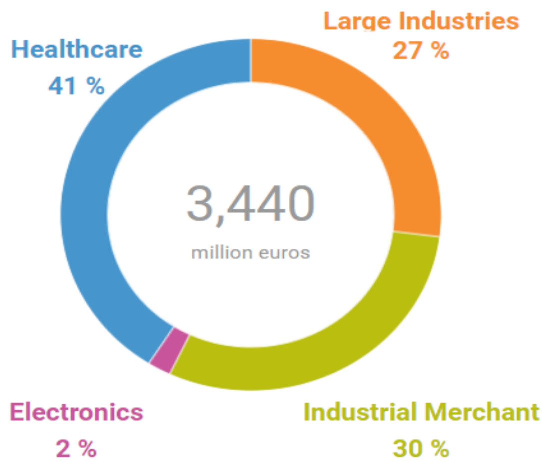
Americas

- Air Liquide has signed a long-term agreement with Steel Dynamics, Inc. (SDI), one of the largest steel producers and metals recyclers in the United States, to supply gaseous oxygen, nitrogen, and argon to SDI's new Electric Arc Furnace (EAF) steel mill in Sinton, Texas. To support the new agreement, Air Liquide plans to invest over 100 million U.S. dollars to install an Air Separation Unit (ASU) on its Gulf Coast pipeline network in Ingleside, Texas, and extend its pipeline network to SDI's site.

Europe

Revenue in Europe was stable over the half year (+0.2%), reaching 3,440 million euros. The region was particularly impacted by the public health crisis as of mid-March, notably in Southern Europe, and activities have begun to gradually recover since the beginning of May. Large Industries sales were down by -3.5%. Industrial Merchant, which was down -8.2%, was the most impacted by the public health crisis. Healthcare activities, which account for more than 40% of Gas & Services sales in Europe, remain fully mobilized to fight against COVID-19 and saw revenue growth of +10.8% in the 1st half.

Europe Gas & Services H1 2020 Revenue



- Large Industries sales were down -3.5% during the 1st half, due to a slowdown in activity during the 2nd quarter related to the public health crisis. Air gases volumes were weak in Steel and, to a lesser extent, in Chemicals, due mainly to a significant fall in Construction and Automotive activities. Following a dynamic 1st quarter, demand for hydrogen from Refiners in the Benelux was weaker during the 2nd quarter. The eastern part of Europe was more resilient, with air gases sales up during the 1st half in Russia and Turkey. Overall activity in the region has been gradually recovering since May.
- Industrial Merchant sales were down -8.2% during the 1st half. The entire region was affected by the public health crisis, with weak cylinder and liquid gas sales, in particular in Western and Southern Europe. The Food and Pharmaceuticals sectors were more resilient than those linked to industrial production. The first signs of a gradual recovery were visible as of May, in particular with a rebound in cylinder gas sales in Benelux and Southern Europe. Price impacts remained high at +1.6%.
- Healthcare has been deeply involved in the fight against COVID-19 and was up +10.8% over the half year. The business line notably benefited from the marked increase in sales of medical hydroalcoholic gel produced by its subsidiary schülke as well as the sale of, at cost price, ventilators by Air Liquide Medical Systems as part of the emergency measures implemented to manage the pandemic. Following a major increase in medical oxygen volumes in March and April, activity levels are gradually returning to normal. Home Healthcare remains strong, with a marked increase in the number of patients treated in Scandinavia and France in the 1st quarter, and the development of the activity in Germany. At the peak of the pandemic in Europe, Home Healthcare participated in the care of COVID-19 patients, but lockdown measures limited the number of new homecare installations, notably for the treatment of diabetes and sleep apnea.

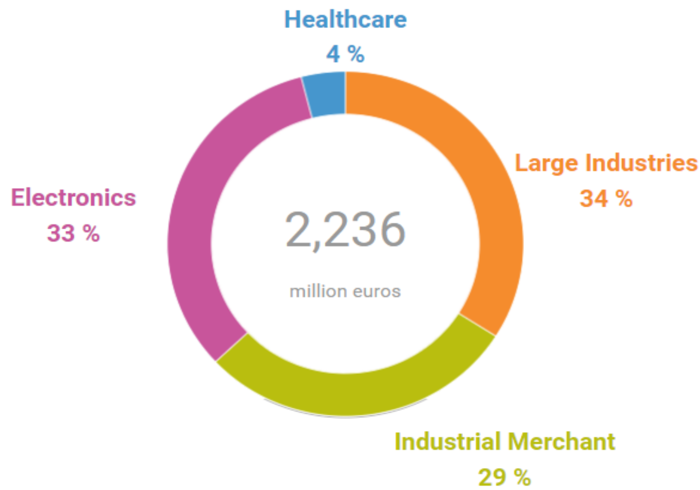
Europe

- 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.

Asia-Pacific

Revenue in Asia-Pacific reached 2,236 million euros in the 1st half, down -2.1%. China was the first country to suffer the effects of the COVID-19 pandemic, with a -2.5% decline in sales in the 1st quarter. The recovery in this country was also very fast, with revenue in China posting growth of +2.1% in the 2nd quarter, with positive growth in all industrial activities. Part of the region remains affected by the pandemic and lockdown measures. Large Industries (-2.0%) benefited from the resilience of its business model. Industrial Merchant (-5.8%) was the most impacted. Electronics (+1.5%) represents a third of the region's sales and posted a very dynamic growth in excess of +10% excluding Equipment & Installation sales.

Asia-Pacific Gas & Services H1 2020 Revenue



- Large Industries sales were down -2.0% over the half year. Volumes were weak in Japan, in particular in Steel, and in South-Eastern Asia, in particular in Singapore in Refining. In China, recovery is underway across all sectors, driven by domestic demand.
- Industrial Merchant revenue was down -5.8% during the 1st half. The public health crisis triggered a decline in activity in China during the 1st quarter. The country's rapid recovery during the 2nd quarter was not enough to offset weaker 2nd quarter sales in the rest of the region, which was impacted in turn by the pandemic. Liquid and cylinder gas volumes therefore declined markedly in the 2nd quarter in Japan, Australia and Singapore; helium sales slowed across the region. At the same time, whereas almost all sectors saw a decline during the 2nd quarter, Technology & Research, and fiber optics in particular, enjoyed very solid growth. Finally, price impacts remained positive at +0.6%.
- Electronics sales, which were up +1.5%, posted marked growth of +12.0% excluding Equipment & Installation sales, which had been particularly high during the 1st half of 2019. This growth was driven by Advanced Materials and Carrier Gases with, in particular, the ramp-up of an Advanced Materials supply contract in South Korea and of Carrier Gases production units in China, Japan, Taiwan and Singapore.

Middle East and Africa

Revenue in the Middle East and Africa amounted to 269 million euros, down -7.3% over the 1st half of the year. Industrial Merchant sales were very weak during the 2nd quarter following the introduction of lockdown measures across the region. Large Industries demonstrated its strong resilience despite a major customer maintenance turnaround during the 1st quarter, with the two major units in the region – in Saudi Arabia and South Africa – continuing to operate at a good level during the 2nd quarter. Healthcare, which played a major role in the fight against COVID-19, posted strong growth, notably in Saudi Arabia.

Engineering & Construction

Engineering & Construction consolidated revenue stood at 104 million euros in the 1st half, impacted by the COVID-19 pandemic that led in particular to the four-weeks closure of the Chinese manufacturing workshop and to several projects being postponed by a few months. Sales to third-party customers were down -41% compared with the 1st half of 2019, but total sales declined by a more modest -20%, with resources mainly allocated to internal projects for Large Industries and Electronics.

Order intake, which was much higher in the 2nd quarter than the 1st quarter, reached 311 million euros over the half year, with almost 60% coming from Asia. This mainly related to Air Separation Units and ultra-pure nitrogen production units for the Group and third-party customers.

Global Markets & Technologies

Global Markets & Technologies revenue reached 249 million euros in the 1st half, up +3.2%. Equipment sales were up markedly during the 1st quarter and offset the weaker activity seen during the 2nd quarter, which was impacted by reduced production capacities due to the public health crisis. The biogas activity remained strong, with the start-up and ramp-up of production units in the United States and higher biomethane sales to transportation in Europe.

Order intake for Group projects and third-party customers totaled 382 million euros, enjoying a strong increase of +46.3% over the 1st half 2020. This included major contracts for helium cryogenic refrigerators, Turbo-Brayton LNG reliquefaction units and hydrogen stations for Japan and South Korea.

Global Markets & Technologies

- Early-July, Air Liquide announced the **installation of the first high-pressure hydrogen refueling station in Europe**, in the south of France, with capacity to serve the first fleet of long-haul hydrogen trucks. This investment reflects the Group's strategy to **accelerate the deployment of hydrogen energy** through large-scale projects, particularly in the heavy vehicle segment. The project will contribute to **reduce CO_2 emissions by more than 1,500 metric tons of CO_2 per year**. The station will be commissioned **early 2022.**
- **Air Liquide and the Port of Rotterdam Authority announced in early-July the launch of a jointly created initiative**, which aims at enabling **1,000 hydrogen-powered zero-emission trucks** on the roads connecting the Netherlands, Belgium, and West Germany by 2025. Several partners representing the whole supply chain, from truck manufacturers such as VDL Groep, Iveco/Nikola to transport companies Vos Logistics, Jongeneel Transport and HN Post, as well as leading fuel cell suppliers have already agreed to join. This is one of the largest projects in Europe for the development of hydrogen trucks and related infrastructure and will contribute to improve air quality by **reducing by an estimated amount of more than 100,000 tonnes CO_2 emissions per year**, which is equivalent to 110 million kilometers driven.

OPERATING INCOME RECURRING

Operating income recurring before depreciation and amortization totaled **2,897 million euros**, up **+0.7%** as published compared with the 1st half of 2019. **Personnel costs** were stable, and down -1.1% excluding currency and scope impacts. **Purchases** were down -14.2%, notably with the reduction in energy purchases representing almost 50% of this decrease. **Other operating expenses** were down -7.2% and included a steep reduction in subcontracting costs and travel expenses. Operating costs relating to the COVID-19 pandemic and in particular idle-capacity costs, are included in operating expenses. **Depreciation and amortization** reached **1,084 million euros**, marking a slight increase of +1.9%, with the 2019 sale of the Fujian Shenyuan units mostly offsetting the start-up of new units during the 1st half of 2020.

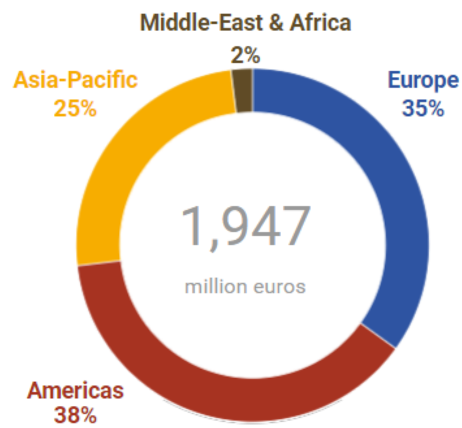
Ongoing efficiency programs and the exceptional cost containment plan launched by the Group in response to the COVID-19 crisis contributed significantly to improving performance despite a decline in activity. Group **operating income recurring (OIR)** amounted to **1,813 million euros** in the 1st half of 2020, stable as published and up slightly +0.2% on a comparable basis versus 2019. The **operating margin (OIR to revenue)** stood at **17.6%**, an improvement of **+100 basis points** compared with the 1st half of 2019, or **+50 basis points excluding the energy impact.**

Efficiencies amounted to **200 million euros** over the first six months of the year, a slight increase of +1% compared with the 1st half of 2019 despite a decline in volumes, and in line with the annual objective now fixed at more than 400 million euros. These efficiencies represent cost savings of 2.5%. **Industrial efficiencies** accounted for close to 50% of total efficiencies and were the result of increased investment in efficiency projects, notably **the optimization of the supply chain** in Industrial Merchant, and energy efficiency in Large Industries. 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), new optimization tools for delivery routes in Industrial Merchant and the introduction of a remote patient monitoring platform in Healthcare.

Moreover, exceptional cost reductions under the public health crisis response plan were to offset the low activity level and **are not, due to their nature, sustainable over the long term.**

Gas & Services

Gas & Services H1 2020 Operating Income Recurring



Gas & Services operating income recurring totaled 1,947 million euros, up +0.4% as published compared with the 1st half of 2019, and up +0.7% on a comparable basis, despite the decline in activity due to the public health crisis. The operating margin as published stood at 19.6%, an improvement of +120 basis points compared with the 1st half of 2019, or +60 basis points excluding the energy impact.

Prices were up +1.5% over the first six months of the year, driven mainly by Industrial Merchant where prices were up markedly +2.9%, notably thanks to pricing campaigns launched at the beginning of the year, in particular in the United States, coupled with the increase in helium prices. Prices were almost flat in Electronics and Healthcare.

Gas & Services Operating margin [(a)]	H1 2019	H1 2020	H1 2020, excluding energy impact
Americas	17.3%	18.7%	18.4%
Europe	19.0%	19.8%	18.8%
Asia-Pacific	19.7%	21.7%	21.2%
Middle East & Africa	15.7%	14.3%	13.9%
TOTAL	**18.4%**	**19.6%**	**19.0%**

(a) Operating income recurring / revenue as published

Operating income recurring in the Americas reached 744 million euros over the 1st half of 2020, an increase of +1.9%. Excluding the energy impact, the operating margin stood at 18.4%, representing a strong +110 basis point increase compared with the 1st half of 2019. The exceptional cost containment plan launched in response to the public health crisis was implemented rapidly and efficiently across the region, in particular at Airgas which generated the Group's strongest contribution. In addition to this, the efficiency plan was continued, and dynamic pricing management as well as favorable mix effects relating mainly to the significant decrease in hardgoods sales were observed. The combination of these effects were reflected in the marked increase in Industrial Merchant margins. While the efficiencies generate a recurrent decrease in costs, the exceptional measures introduced in response to the public health crisis are not sustainable over the long term.

Operating income recurring in Europe reached 680 million euros, a slight decrease of -1.1% compared with the 1st half of 2019. Excluding the energy impact, the operating margin was 18.8%, down just -20 basis points. The growth in Healthcare did not fully offset the slow-down in other activities, in particular in Large Industries which generates the highest margins. Moreover, the load rates of Large Industries production units, which were high in 2019, were impacted by erratic and slower customer demand which generated additional operational costs, without Take-or-Pay levels necessarily being reached. Moreover, European regulations limit the possibilities of introducing temporary measures aimed at adapting fixed costs to the weak activity level.

Operating income recurring in Asia-Pacific stood at 484 million euros, an increase of +2.3%. The operating margin excluding the energy impact reached 21.2%, a marked increase of +150 basis points. Exceptional cost containment measures were rapidly implemented in the region, in particular in China and Singapore. Moreover, the strong growth momentum of Carrier Gases and of Advanced Materials in Electronics combined with sales of Equipment & Installations lower than the high level of 2019, had a strong positive effect on margins. Finally, the 2019 sale of the Fujian Shenyuan units also contributed, to a lesser extent, to this improvement.

Operating income recurring for the Middle East and Africa region amounted to 39 million euros, representing a decrease of -18.9% compared with the 1st half of 2019. Excluding the energy impact, the operating margin was 13.9%, down -180 basis points due in particular to a customer maintenance turnaround in the 1st quarter at a major Large Industries hydrogen production unit in Saudi Arabia. During the 2nd quarter, the major decline in activity, mainly in Industrial Merchant across the entire region, also had an unfavorable impact on operating income.

Operating performance - divestitures

- 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.
- **Air Liquide closed the divestiture of Czech Republic and Slovakia entities to Messer** early-May. This transaction illustrates Air Liquide's strategy to review regularly its asset portfolio and focus its expansion in key regions in order to increase its geographic density and therefore enhance performance.

Engineering & Construction

Engineering & Construction operating income recurring stood at **-21 million euros** for the 1st half of 2020, and reflected in particular the four-weeks closure of the Chinese manufacturing workshop and the postponement of several projects by a few months due to the COVID-19 pandemic.

Global Markets & Technologies

Operating income recurring for Global Markets & Technologies stood at **24 million euros** with an operating margin at 9.8% for the 1st half of 2020, stable compared with 2019.

Research & Development and Corporate costs

Research & Development expenses and Corporate Costs totaled **137 million euros**, down -8.1% compared with the 1st half of 2019 due to the rapid implementation of the exceptional cost containment plan launched in response to the COVID-19 pandemic.

NET PROFIT

Other operating income and expenses showed a net balance of -92 million euros. Nearly half of this related to exceptional expenses associated with the management of the COVID-19 public health crisis, and around a third to costs relating to realignment plans in various countries and activities.

The financial result was -216 million euros compared with -239 million euros in the 1st half of 2019, mainly due to a cost of net debt of -170 million euros, which was down -7.9% compared with the 1st half of 2019[3]. The average cost of net indebtedness was 2.9%, slightly lower than in 2019, due mainly to the decrease in emerging market-denominated debt which carries a higher cost.

Income tax expense stood at 381 million euros, a decrease of some -5 million euros compared with the 1st half of 2019. The effective tax rate reached 25.3%, almost flat compared with the 1st half of 2019 excluding the impact of the non-deductibility of the provision relating to the disposal of the Fujian Shenyuan units.

The share of profit of associates amounted to 0.5 million euros. The share of minority interests in net profit reached 46 million euros, a slight decline of -3.8% due to the slowdown of business at subsidiaries with minority shareholders, in particular in the Middle East.

Net profit — Group share amounted to 1,078 million euros in the 1st half of 2020, an increase of +1.8% as published. Recurring net profit — Group share[4] reached 1,113 million euros, a slight decrease of -1.1%. This excluded the impact of the provision relating to the 2019 disposal of the Fujian Shenyuan units and of exceptional expenses relating to the management of the COVID-19 public health crisis during the 1st half of 2020.

Despite the pandemic and the resulting significant decline in activity, net earnings per share were up +1.8% compared with the 1st half of 2019. These stood at 2.29 euros per share, in line with the improvement in net profit — Group share. The average number of outstanding shares used for the calculation of net earnings per share as of June 30, 2020 was 471,411,633.

Change in the number of shares

	H1 2019 [a]	H1 2020
Average number of outstanding shares	471,254,166	471,411,633

(a) Adjusted following the free shares attribution in October 2019

[3] Compared with restated 1st half 2019 following changes in 2019 annual financial statements: financial costs before taxes linked to IFRS 16 are reclassified in other financial expenses whereas they were included in net finance costs on 30 june 2019.
[4] See reconciliation in appendix.

Change in Net debt

Cash flow from operating activities before changes in working capital amounted to **2,371 million euros** in the 1st half of 2020, an increase of +1.0% despite a slowdown in activity, which demonstrates the resilience of the Group's business model. This corresponds to a high level of **23.1% of sales**, a marked improvement of **+170 basis points** compared with the 1st half of 2019[5].

Working capital requirement (WCR) was up **157 million euros** compared with December 31, 2019, in particular due to the increase in inventories for the management of the public health crisis in Healthcare in Europe. The Group is keeping a close eye on the collection of trade receivables and the DSO (Days of Sales Outstanding) was relatively stable at the end of the 2nd quarter. The WCR excluding taxes to sales ratio improved to **5.0%** from 5.8% at June 30, 2019. **Net cash flow from operating activities after changes in working capital requirement** amounted to **2,153 million euros,** up markedly by **+9.9%** compared with the 1st half of 2019.

Gross capital expenditure totaled **1,384 million euros**. Gross industrial capital expenditure amounted to 1,320 million, an increase of +9.9% compared with the 1st half of 2019. This represented 12.8% of sales, reflecting strong project development despite the public health crisis. Financial investments totaled 64 million euros compared with an exceptionally high 1st half of 2019 at 446 million euros due to the acquisition of Tech Air in the United States. **Proceeds from the sale of fixed assets** stood at **82 million euros** and included in particular the disposal of activities in Slovakia and the Czech Republic, highlighting the Group's commitment to maintain its active business portfolio management. **Net capital expenditure**[6] totaled **1,309 million euros**.

Net debt at June 30, 2020 reached **13,176 million euros**, a decrease of 523 million euros compared with June 30, 2019 and an increase of just 803 million euros compared with December 31, 2019 following the payment of more than 1.3 billion euros in dividends in May. The **net debt-to-equity ratio**, adjusted for the seasonal effect of the dividend payment, stood at **64.5%**, down sharply compared with end-June 2019 (70.7%).

In the 1st half of 2020, the Group maintained its dividend payment and increased industrial capital expenditure while refinancing in advance the debt maturing in 2020. These initiatives underline the robustness of the balance sheet and net cash flow from the Group's operating activities in a crisis context and its ability to ensure its future growth.

The **return on capital employed after tax (ROCE)** was **8.3%** for the 1st half of 2020. **Recurring ROCE**[7] stood at **8.4%**, an increase of **+10 basis points** compared with the 1st half of 2019.

Financing

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

[5] Compared with restated 1st half 2019 following changes in 2019 annual financial statements: financial costs before taxes linked to IFRS 16 are reclassified in other financial expenses whereas they were included in net finance costs on 30 june 2019. A distinction is now made between other non-cash items under which the adjustment of this cost is recognized as well as income and expenses under IAS 19 and IFRS 2 and other cash items.
[6] Including transactions with minority shareholders.
[7] See definition and reconciliation in the Appendix.

INVESTMENT CYCLE

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

Industrial and financial investment decisions totaled 1,331 million euros in the 1st half of 2020. This was lower than the 1.8 billion euros in the 1st half of 2019, which included the acquisition of Tech Air in the United States for more than 300 million euros.

Industrial investment decisions totaled 1.3 billion euros, stable compared with the 1st half of 2019, despite the challenging global health situation. Electronics reached a record level of investment during the 1st half, notably thanks to the signing of new units for Carrier Gases in Taiwan and for Advanced Materials in Singapore. Large Industries development was also dynamic, with the signing of a major project in China and a new air separation unit in addition to a site takeover in Russia. More than 30% of industrial decisions contribute to the Climate objectives and close to 13% support margin improvement (efficiencies).

Financial investment decisions totaled 49 million euros during the 1st half of 2020 with several bolt-on acquisitions in Home Healthcare in Europe and in Industrial Merchant in North America and China. These investments were very high during the 1st half of 2019, at 0.5 billion euros, including the acquisition of Tech Air in the United States.

The investment backlog increased by almost 100 million euros compared with both the end of 2019 and the 1st quarter of 2020, and reached 2.9 billion euros. The Oil & Gas market represented less than 15% of the investment backlog and the share from Electronics grew over the 1st half. These investments should lead to a future contribution to annual sales of approximately 1 billion euros per year after the full ramp-up of the units, an increase compared to 0.9 billion euros at the end of 2019.

Investment

- Air Liquide announced mid-April a **major investment in Taiwan to enter two of the world's most advanced semiconductor basins**. Air Liquide will invest close to 200 million euros to build production capacities in the Science Parks of Tainan and Hsinchu, respectively located in the South and the North of Taiwan. **Under a long-term commitment with a semiconductor market leader**, this investment in new production capacity will allow the Group to supply three high volume semiconductor fabrication plants under construction in Tainan Science Park, as well as some of the world's most advanced R&D fabs for logic IC chips in Hsinchu Science Park.
- Air Liquide and **NLMK**, a leading steel producer in **Russia**, have entered into a **new long-term partnership**. Under the agreement, Air Liquide will invest around **100 million euros** in the flagship site of NLMK in Lipetsk, a combination of **three projects** which include **the construction of a state-of-the-art Air Separation Unit (ASU), the acquisition of existing hydrogen unit for the steel plant and of the unit for Rare Gases production**. This project also provides the base for growth of **Air Liquide's Industrial Merchant activity** in one of the largest industrial Merchant markets in the Moscow region.

START-UPS

Ten new units started up during the 1st half of 2020. These notably included two new hydrogen production units for Large Industries; one to supply the pipeline network of a major industrial basin in South Korea and the other to meet growing refining needs in Argentina. Ultra-pure nitrogen production units were also started-up in Asia in Electronics, as well as biomethane production units in the United States and the United Kingdom in 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 for Electronics and Aerospace. 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 80 million euros over the 1st half of 2020.

The Group confirmed the start-up dates of the main projects for 2020 and maintained its forecast for the additional contribution to 2020 sales of unit start-ups and ramp-ups of between 150 million and 180 million euros. Based on the health situation as of the beginning of the 3rd quarter, the Group's best estimate regarding the additional contribution to sales for 2021 is in the range of 300 million euros, reflecting notably the postponement of certain start-ups and ramp-ups to 2021 due to the COVID-19 crisis.

INVESTMENT OPPORTUNITIES

The 12-month portfolio of investment opportunities stood at 2.9 billion euros, stable compared to the end of 2019 and up compared to the 1st quarter of 2020. Driven by a highly active 2nd quarter 2020 despite the public health situation, new opportunities offset investment decisions and the removal from the portfolio of several projects that were either postponed beyond 12 months or awarded to the competition.

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 and included a growing number of site takeover projects that may have a faster contribution to growth.

The shares of Electronics and hydrogen and biomethane for clean mobility projects were up markedly. Six projects have an investment amount of more than 100 million euros and more than 25% of the portfolio's amount corresponds to projects supporting the Climate objectives.

RISK FACTORS

The current public health crisis relating to the global spread of the COVID-19 virus, which is not specific to the Group, increases certain risks or categories of risk specific to the Group described on pages 86 to 97 of the 2019 Universal Registration Document, for which the Group has applied management measures adapted to each country and each business line, including in particular:

- Human Resources management related risks: an immediate effect of lockdown measures introduced in various countries in which the Group operates was the large-scale introduction of homeworking, the reorganization of production facilities and the increased use of digital tools to ensure business continuity. This adjustment and the associated risk management were facilitated by the existence of a digital and collaborative environment that had already been rolled out within the Group prior to the pandemic, as well as the stepping up of virtual training courses covering distance working and management. In the workplace, employees and external service providers regularly receive specific protocols aimed at the application of health measures required by the governments in order to prevent the risk of contagion. External telephone support helplines have also been introduced to help protect the mental health of employees.
- Industrial risks: due to an organizational structure which was modified by public health measures and at times a reduced number of employees physically present at production facilities, the Group adapted its processes to ensure the safety of employees and facilities, in addition to specific awareness-raising actions.
- Digital risks: the COVID-19 pandemic is a prime time for cyber-attacks due to the climate of general uncertainty and worry and the increased use of digital solutions, in particular for working from home. Against this backdrop, the Group stepped up its awareness-raising actions for its teams regarding issues such as fraud and the theft of personal and confidential data. It was also necessary to adjust its connection capacities and safety parameters to accommodate greater levels of homeworking, while maintaining the efficiency of its major incident detection and processing mechanism.
- Customer risks: the pandemic increased the risk of the temporary or permanent interruption to the business of certain customers which could lead to late payments and /or payment defaults in the short term and to a permanent decline in revenue in the longer term. The diversity of the Group's sites, as well as the industries and sectors in which it works, notably those where demand has increased significantly (healthcare, pharmaceuticals) or which have demonstrated their resilience (food and electronics), helps reduce its exposure to this risk.
- Counterparty and liquidity risks: various prudential measures were taken to strengthen the Group's short- and medium-term liquidity and thus contribute to its resilience, with in particular a 1 billion euro bond issue in March and the introduction of an additional cost reduction and control plan.
- Regulatory and legal risks: in response to the pandemic, states have modified several regulatory and legal provisions governing the manner in which professional activities should be conducted using special purpose mechanisms (laws or ordinances). The Group monitored these changes and, where necessary, integrated them to its processes. Moreover, the pandemic, with the urgent demand for medical supplies, the simplification of rules governing procurement, and the closure of borders, exposes the Group in certain regions to an increased risk of corruption. Since the beginning of the crisis, the Group has strengthened awareness-raising measures for its anti-corruption framework.

At the same time, the Group moved quickly to implement a crisis management mechanism that was both global (travel ban, digital protection, etc.) and local (contact with authorities to ensure that the Group's business was classed as essential to enable its operating continuity) while also facilitating the transfer of expertise between regions according to the trajectory of the pandemic.

As part of the Group's crisis management mechanism, the operational business continuity plans were activated, and remote working for teams implemented.

Nevertheless, the Group believes that the uncertainty surrounding the duration, scale and future trajectory of the pandemic (including the prospect of additional waves of infection and potential mutations in the virus), coupled with the pace at which lockdown measures are eased, make it difficult to predict the global impact on the economies of the Group's main markets and, as a result, on its financial situation.

Although this crisis increases the probability and the impact of the above-mentioned risk factors, it is not of a nature to call into question the scope and classification of these Group-specific risks as presented in the 2019 Universal Registration Document.

Nonetheless, other risks, which were unknown at the date of this document, could occur and have a negative effect on the Group's business.

2020 OUTLOOK

This **exceptional first half of the year** once again demonstrates the Group's resilience in the face of this unprecedented health crisis. Sales for the half year totaled more than 10 billion euros, marking a limited decline of -3.2% on a comparable basis. This reflects the **solid performance of Gas & Services**, which represent 96% of revenue, and of **Global Markets & Technologies.**

Within Gas & Services, Electronics sales increased; Healthcare, at the frontline of the pandemic, posted strong growth. Large Industries showed resilience, whereas Industrial Merchant was more impacted. Geographically speaking, activity levels reflect the evolution of the pandemic. China has returned to levels of solid growth, signs of a recovery are appearing in Europe, whereas the situation in the Americas remains contrasted.

The Group's operating margin has climbed a further +50 basis points, excluding the energy impact. This was driven by the ongoing efficiency programs in the amount of 200 million euros, in line with the annual objective of more than 400 million euros, and by an additional cost containment plan launched in response to the crisis. The margin was also supported by the strength of the price policy and of the portfolio management.

Net profit improved by 1.8%. The cash flow to sales ratio was particularly high at 23.1%. The debt-to-equity ratio was down compared with its level at June 30, 2019.

As 12-month investment opportunities remained dynamic, industrial investment decisions for the first half were high, at 1.3 billion euros. These decisions, a third of which are climate-related projects, include innovation investments and customer asset takeover opportunities, leading to greater industrial and environmental efficiency.

Air Liquide is a key player of the climate and the energy transition with oxygen and hydrogen. Thanks to its presence across all business sectors, the Group has a major role to play in the current economic and societal transformation.

In a context of limited local lockdowns and progressive recovery during the second half of 2020, Air Liquide is confident in its ability to further increase its operating margin and to deliver net profit close to preceding year 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 that have no impact on the operating income recurring, 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 and comparable operating income recurring change
- Operating margin and operating margin excluding energy
- Recurring net profit Group share
- Net Profit Excluding IFRS16
- Net Profit Recurring Excluding IFRS16
- Return on Capital Employed (ROCE)
- Recurring ROCE

DEFINITION OF CURRENCY, ENERGY AND SIGNIFICANT SCOPE IMPACTS

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

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

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

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

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

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

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

Calculation of performance indicators (Semester)

COMPARABLE SALES CHANGE AND COMPARABLE OPERATING INCOME RECURRING CHANGE

Comparable changes for sales and operating income recurring exclude the currency, energy and significant scope impacts described above.

For the 1st half 2020, the calculations are the following:

(in millions of euros)	H1 2020	H1 2020/2019 Published Growth	Currency impact	Natural gas impact	Electricity impact	Significant scope impact	H1 2020/2019 Comparable Growth
Revenue							
Group	10,273	-6.2%	11	(239)	(62)	(45)	-3.2%
Impacts in %			*+0.1%*	*-2.2%*	*-0.5%*	*-0.4%*	
Gas & Services	9,920	-5.8%	10	(239)	(62)	(45)	-2.7%
Impacts in %			*+0.1%*	*-2.2%*	*-0.6%*	*-0.4%*	
Operating Income Recurring							
Group	1,813	0.0%	0	-	-	(4)	+0.2%
Impacts in %			*+0.0%*	-	-	*-0.2%*	
Gas & Services	1,947	+0.4%	0	-	-	(4)	+0.7%
Impacts in %			*+0.0%*	-	-	*-0.3%*	

OPERATING MARGIN AND OPERATING MARGIN EXCLUDING ENERGY

The operating margin is the ratio of the operating income recurring divided by revenue. The operating margin excluding energy corresponds to the operating income recurring, not affected by the indexation effect of electricity and natural gas, divided by revenue excluding the energy impact. Natural Gas and Electricity impacts used for this calculation include currency impact on their respective amounts.

		H1 2020	Natural gas impact	Electricity impact	H1 2020, excluding energy impact
Revenue	Group	10,273	(240)	(63)	10,576
	Gas & Services	9,920	(240)	(63)	10,223
Operating Income Recurring	Group	1,813	-	-	1,813
	Gas & Services	1,947	-	-	1,947
Operating Margin	**Group**	**17.6%**			**17.1%**
	Gas & Services	**19.6%**			**19.0%**

RECURRING NET PROFIT GROUP SHARE

The recurring net profit Group share corresponds to the net profit Group share excluding exceptional and significant transactions that have no impact on the operating income recurring.

The recurring net profit Group share in 1st half 2020 excluded the exceptional expenses (after-tax) linked to the management of the COVID-19 pandemic during the period. It reached 1,113.1 million euros.

The recurring net profit Group share in 1st half 2019 excluded the provision for the after-tax loss on the Fujian Shenyuan divestment. It reached 1,126.0 million euros.

	H1 2019	H1 2020	H1 2020/2019 Growth
(A) Net Profit (Group Share) - As Published	**1,059.0**	**1,078.4**	**+ 1.8 %**
(B) Exceptional and significant transactions after-tax with no impact on OIR			
- Provision on after-tax loss on the Fujian Shenyuan divestment	(66.8)		
- Exceptional expenses linked to the management of the COVID-19 pandemic		(34.7)	
(A) - (B) = Net Profit Recurring (Group Share)	**1,125.8**	**1,113.1**	**- 1.1 %**

NET PROFIT EXCLUDING IFRS16 AND NET PROFIT RECURRING EXCLUDING IFRS16

	H1 2019	2019	H1 2020
(A) Net Profit as Published	**1,107.2**	**2,337.6**	**1,124.6**
(B) = IFRS16 Impact[(a)]	(7.6)	(14.4)	(6.8)
(A) - (B) = Net Profit excluding IFRS16	**1,114.8**	**2,352.0**	**1,131.4**

(a) The IFRS16 impact includes the reintegration of leasing expenses less depreciation and other financial expenses booked in relation to IFRS16.

	H1 2019	2019	H1 2020
(A) Net Profit as Published	**1,107.2**	**2,337.6**	**1,124.6**
(B) Exceptional and significant transactions after-tax with no impact on OIR	(66.8)	(65.9)[(b)]	(34.7)
(A) - (B) = Net Profit Recurring	**1,174.0**	**2,403.5**	**1,159.3**
(C) IFRS16 Impact[(a)]	(7.6)	(14.4)	(6.8)
(A) - (B) - (C) = Net Profit Recurring excluding IFRS16	**1,181.6**	**2,417.9**	**1,166.1**

(a) The IFRS16 impact includes the reintegration of leasing expenses less depreciation and other financial expenses booked in relation to IFRS16.
(b) Actual after-tax loss on the Fujian Shenyuan divestiture.

RETURN ON CAPITAL EMPLOYED - ROCE

Return on capital employed after tax is calculated based on the Group's consolidated financial statements, by applying the following ratio for the period in question.

For the numerator: net profit excluding IFRS16 - net finance costs after taxes for the period considered.

For the denominator: the average of (total shareholders' equity excluding IFRS16 + net debt) at the end of the past three half-years.

(in millions of euros)		H1 2019 (a)	2019 (b)	H1 2020 (c)	ROCE Calculation
Numerator (b) - (a) + (c)	Net Profit Excluding IFRS16	1,114.8	2,352.0	1,131.4	2,368.6
	Net Finance costs	(185.1)	(361.6)	(170.5)	(347.0)
	Effective Tax Rate [1]	25.4%	25.0%	25.2%	
	Net Finance costs after tax	(138.1)	(271.2)	(127.5)	(260.6)
	Net Profit - Net financial costs after tax	1,252.9	2,623.2	1,258.9	**2,629.2**
Denominator ((a)+(b)+(c))/3	Total Equity Excluding IFRS16	17,966.0	19,338.8	18,777.5	18,694.1
	Net Debt	13,698.8	12,373.3	13,175.7	13,082.6
	Average of (total equity + net debt)	31,664.8	31,712.1	31,953.2	**31,776.7**
ROCE					**8.3%**

[1] *excluding non-recurring tax impact*

RECURRING ROCE

The recurring ROCE is calculated in the same manner as the ROCE using the recurring net profit excluding IFRS16 for the numerator.

(in millions of euros)		H1 2019 (a)	2019 (b)	H1 2020 (c)	ROCE Calculation
Numerator (b) - (a) + (c)	Net Profit Recurring Excluding IFRS16	1,181.6	2,417.9	1,166.1	2,402.4
	Net Finance costs	(185.1)	(361.6)	(170.5)	(347.0)
	Effective Tax Rate [1]	25.4%	25.0%	25.2%	
	Net Finance costs after tax	(138.1)	(271.2)	(127.5)	(260.6)
	Recurring Net Profit - Net financial costs after tax	1,319.7	2,689.1	1,293.6	**2,663.0**
Denominator ((a)+(b)+(c))/3	Total Equity Excluding IFRS16	17,966.0	19,338.8	18,777.5	18,694.1
	Net Debt	13,698.8	12,373.3	13,175.7	13,082.6
	Average of (total equity + net debt)	31,664.8	31,712.1	31,953.2	**31,776.7**
Recurring ROCE					**8.4%**

[1] *excluding non-recurring tax impact*

Calculation of performance indicators (Quarter)

	Q2 2020	Q2 2020/2019 Published Growth	Currency impact	Natural gas impact	Electricity impact	Significant scope impact	Q2 2020/2019 Comparable Growth
Revenue							
Group	4,903	-11.0%	(31)	(135)	(31)	(32)	-6.9%
Impacts in %			*-0.5%*	*-2.5%*	*-0.5%*	*-0.6%*	
Gas & Services	4,729	-10.7%	(30)	(135)	(31)	(32)	-6.5%
Impacts in %			*-0.5%*	*-2.6%*	*-0.6%*	*-0.5%*	

2nd quarter 2020 revenue

BY GEOGRAPHY

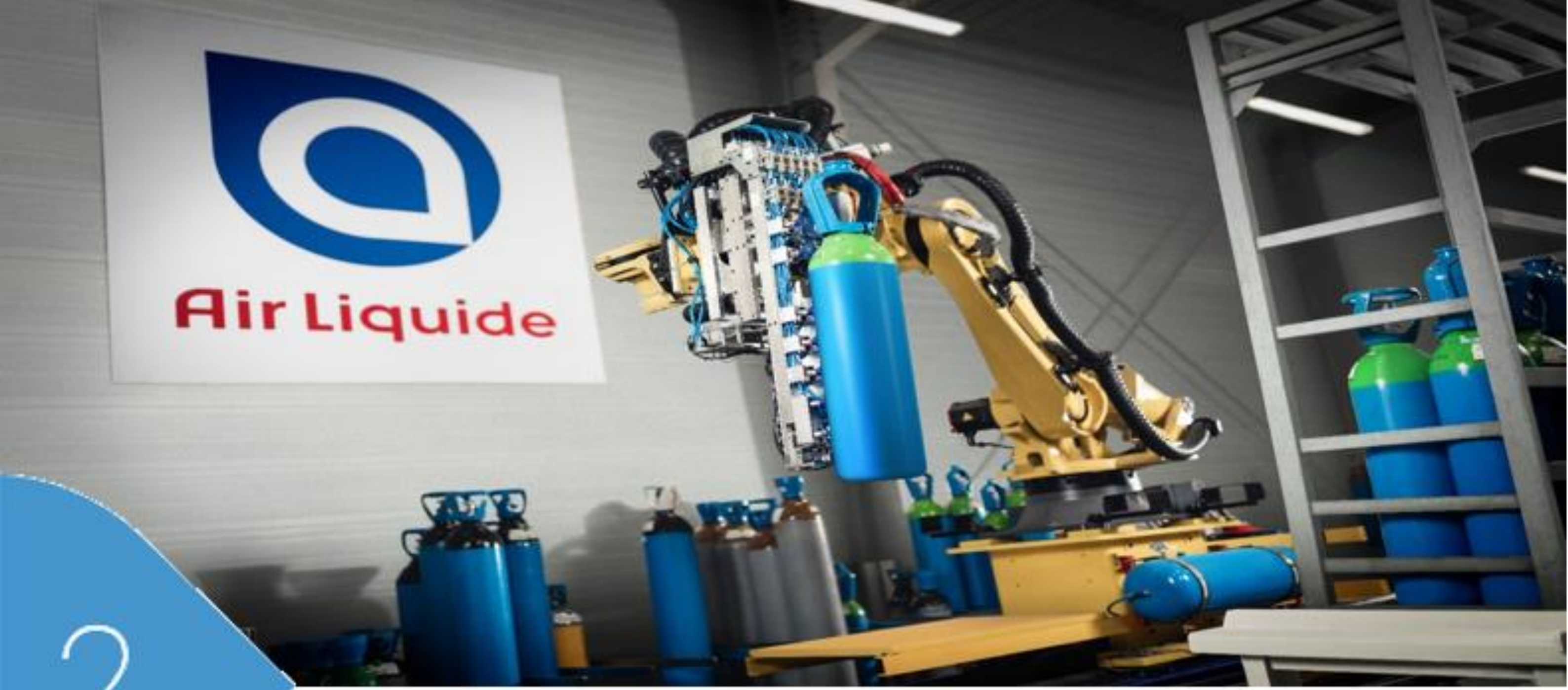
Revenue *(in millions of euros)*	Q2 2019	Q2 2020	Published change	Comparable change
Americas	2,148	1,853	-13.7%	-11.4%
Europe	1,782	1,649	-7.4%	-2.5%
Asia-Pacific	1,211	1,097	-9.4%	-3.3%
Middle East & Africa	158	130	-17.6%	-8.6%
Gas & Services Revenue	**5,299**	**4,729**	**-10.7%**	**-6.5%**
Engineering & Construction	83	52	-38.5%	-38.4%
Global Markets & Technologies	129	122	-5.8%	-5.7%
GROUP REVENUE	**5,511**	**4,903**	**-11.0%**	**-6.9%**

BY WORLD BUSINESS LINE

Revenue *(in millions of euros)*	Q2 2019	Q2 2020	Published change	Comparable change
Large industries	1,414	1,136	-19.7%	-4.2%
Industrial Merchant	2,462	2,107	-14.4%	-14.4%
Healthcare	924	977	+5.8%	+7.6%
Electronics	499	509	+2.1%	+0.5%
GAS & SERVICES REVENUE	**5,299**	**4,729**	-10.7%	-6.5%

Geographic and segment information

(in millions of euros and %)	H1 2019			H1 2020		
	Revenue	Operating income recurring	OIR margin	Revenue	Operating income recurring	OIR margin
Americas	4,217	730	17.3%	3,975	744	18.7%
Europe	3,611	688	19.0%	3,440	680	19.8%
Asia-Pacific	2,405	473	19.7%	2,236	484	21.7%
Middle East and Africa	303	47	15.7%	269	39	14.3%
Gas & Services	**10,536**	**1,938**	**18.4%**	**9,920**	**1,947**	**19.6%**
Engineering and Construction	176	0	0.1%	104	(21)	-20.5%
Global Markets & Technologies	240	24	9.9%	249	24	9.8%
Reconciliation	-	(149)	-	-	(137)	-
TOTAL GROUP	**10,952**	**1,814**	**16.6%**	**10,273**	**1,813**	**17.6%**



2

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

(in millions of euros)	Notes	1st half 2019	1st half 2020
Revenue	(4)	10,952.1	10,272.8
Other income		78.1	53.3
Purchases		(4,230.3)	(3,631.3)
Personnel expenses		(2,183.5)	(2,183.1)
Other expenses		(1,738.8)	(1,614.3)
Operating income recurring before depreciation and amortization		**2,877.6**	**2,897.4**
Depreciation and amortization expense	(5)	(1,063.7)	(1,084.3)
Operating income recurring		**1,813.9**	**1,813.1**
Other non-recurring operating income	(6)	0.1	9.3
Other non-recurring operating expenses	(6)	(85.7)	(101.5)
Operating income		**1,728.3**	**1,720.9**
Net finance costs [a]	(7)	(205.7)	(170.5)
Other financial income		3.8	9.6
Other financial expenses [a]		(36.6)	(55.1)
Income taxes	(8)	(385.4)	(380.8)
Share of profit of associates		2.8	0.5
PROFIT FOR THE PERIOD		**1,107.2**	**1,124.6**
- Minority interests		48.0	46.2
- Net profit (Group share)		1,059.2	1,078.4

Basic earnings per share *(in euros)*	**(10)**	**2.25**	**2.29**
Diluted earnings per share *(in euros)*	**(10)**	**2.24**	**2.28**

[a] *From the end of 2019 onwards, the financial cost related to IFRS16 is reported in Other financial expenses line while it was reported in net finance costs as of June 30, 2019. These two lines would have respectively been -57.2 million euros and -185.1 million euros if this adjustment had been applied from the first half 2019.*

Statement of net income and gains and losses recognized directly in equity

(in millions of euros)	**1st half 2019**	**1st half 2020**
Profit for the period	**1,107.2**	**1,124.6**
Items recognized in equity		
Change in fair value of financial instruments	(7.4)	(13.3)
Change in foreign currency translation reserve	127.3	(288.0)
Items that may be subsequently reclassified to profit	**119.9**	**(301.3)**
Actuarial gains/ (losses)	(101.2)	(34.3)
Items that may not be subsequently reclassified to profit	**(101.2)**	**(34.3)**
Items recognized in equity, net of taxes	**18.7**	**(335.6)**
Net income and gains and losses recognized directly in equity	**1,125.9**	**789.0**
- Attributable to minority interests	53.1	41.5
- Attributable to equity holders of the parent	1,072.8	747.5

Consolidated balance sheet

ASSETS *(in millions of euros)*	Notes	December 31, 2019	June 30, 2020
Goodwill	(11)	13,943.0	13,914.6
Other intangible assets		1,555.0	1,511.5
Property, plant and equipment		21,117.8	20,921.7
Non-current assets		**36,615.8**	**36,347.8**
Non-current financial assets		646.0	618.6
Investments in associates		154.4	163.9
Deferred tax assets		256.6	252.5
Fair value of non-current derivatives (assets)		26.3	76.7
Other non-current assets		**1,083.3**	**1,111.7**
TOTAL NON-CURRENT ASSETS		**37,699.1**	**37,459.5**
Inventories and work-in-progress		1,531.5	1,579.1
Trade receivables		2,477.9	2,247.3
Other current assets		803.0	804.8
Current tax assets		98.0	8.0
Fair value of current derivatives (assets)		31.3	35.3
Cash and cash equivalents	(14)	1,025.7	1,474.2
TOTAL CURRENT ASSETS		**5,967.4**	**6,148.7**
ASSETS HELD FOR SALE	**(2)**	**-**	**305.2**
TOTAL ASSETS		**43,666.5**	**43,913.4**

EQUITY AND LIABILITIES *(in millions of euros)*	Notes	December 31, 2019	June 30, 2020
Share capital		2,602.1	2,604.0
Additional paid-in capital		2,572.9	2,594.4
Retained earnings		11,582.7	12,202.5
Treasury shares		(128.8)	(177.4)
Net profit (Group share)		2,241.5	1,078.4
Shareholders' equity		**18,870.4**	**18,301.9**
Minority interests		**454.0**	**454.4**
TOTAL EQUITY [(a)]		**19,324.4**	**18,756.3**
Provisions, pensions and other employee benefits	(13)	2,521.2	2,381.9
Deferred tax liabilities		2,051.9	2,048.4
Non-current borrowings	(14)	11,567.2	12,487.9
Non-current lease liabilities		1,087.8	1,069.9
Other non-current liabilities		261.6	185.8
Fair value of non-current derivatives (liabilities)		45.8	38.9
TOTAL NON-CURRENT LIABILITIES		**17,535.5**	**18,212.8**
Provisions, pensions and other employee benefits	(13)	268.4	259.6
Trade payables		2,566.6	2,199.3
Other current liabilities		1,629.0	1,688.3
Current tax payables		200.1	201.2
Current borrowings	(14)	1,831.8	2,162.0
Current lease liabilities		243.6	232.5
Fair value of current derivatives (liabilities)		67.1	24.6
TOTAL CURRENT LIABILITIES		**6,806.6**	**6,767.5**
LIABILITIES HELD FOR SALE	**(2)**	**-**	**176.8**
TOTAL EQUITY AND LIABILITIES		**43,666.5**	**43,913.4**

[(a)] *A breakdown of changes in shareholders' equity and minority interests is presented on pages 33 and 34.*

Consolidated cash flow statement

(in millions of euros)	Notes	1st half 2019	1st half 2020
Operating activities			
Net profit (Group share)		**1,059.2**	**1,078.4**
Minority interests		**48.0**	**46.2**
Adjustments:			
• Depreciation and amortization	(5)	1,063.7	1,084.3
• Changes in deferred taxes[(a)]		(0.8)	1.8
• Changes in provisions		36.6	(12.9)
• Share of profit of associates		(2.8)	(0.4)
• Profit/loss on disposal of assets		(54.9)	(7.2)
• Net finance costs [(b)]		147.9	119.7
• Other non cash items [(b)]		-	60.8
Cash flows from operating activities before changes in working capital		**2,296.9**	**2,370.7**
Changes in working capital	(12)	(330.7)	(157.0)
Other cash items [(b)]		(8.1)	(60.9)
Net cash flows from operating activities		**1,958.1**	**2,152.8**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(1,201.3)	(1,319.9)
Acquisition of consolidated companies and financial assets		(446.4)	(63.9)
Proceeds from sale of property, plant and equipment and intangible assets		110.8	68.7
Proceeds from sale of financial assets		0.1	13.8
Dividends received from equity affiliates		1.3	2.0
Net cash flows used in investing activities		**(1,535.5)**	**(1,299.3)**
Financing activities			
Dividends paid[(c)]			
• L'Air Liquide S.A.	(16)	(1,161.9)	(1,306.7)
• Minority interests		(36.2)	(42.8)
Proceeds from issues of share capital [(c)]		23.4	26.7
Purchase of treasury shares [(c)]		(148.8)	(50.4)
Net financial interests paid		(187.5)	(166.9)
Increase (decrease) in borrowings		399.5	1,319.6
Lease liabilities repayments [(d)]		-	(121.4)
Net interests paid on lease liabilities [(d)]		-	(20.3)
Transactions with minority shareholders		(1.5)	(9.7)
Net cash flows from (used in) financing activities		**(1,113.0)**	**(371.9)**
Effect of exchange rate changes and change in scope of consolidation		24.7	11.7
Net increase (decrease) in net cash and cash equivalents		**(665.7)**	**493.3**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**1,548.6**	**896.5**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**882.9**	**1,389.8**

[(a)] Changes in deferred taxes reported in the consolidated cash flow statement do not include changes in deferred taxes relating to disposals of assets and capitalized finance costs.
[(b)] From the end of 2019 onwards, the financial cost before taxes related to IFRS16 is reported in Other financial expenses while it was reported in the net finance costs as of June 30, 2019. The other items are now split into other non cash items in which these costs are neutralized (as well as income and expenses related to IAS19 and IFRS2) and other cash items. Net finance costs would have amounted to 127.3 million euros and the other non cash items and the other cash items would have respectively amounted to 71.1 million euros and -58.6 million euros if this adjustment had been applied from the first half 2019.
[(c)] A breakdown of dividends paid, share capital increases and treasury share purchases is provided on pages 33 and 34.
[(d)] In the first half of 2019, lease liabilities were included in financial debt. From the end of 2019 onwards, lease liabilities repayments and the corresponding net interests paid are reported separately. These two lines would have respectively amounted to -112.2 million euros and -18.9 million euros if this adjustment had been applied from the first half 2019.

The analysis of net cash and cash equivalents at the end of the period is as follows:

(in millions of euros)	Notes	December 31, 2019	June 30, 2019	June 30, 2020
Cash and cash equivalents	(14)	1,025.7	1,033.5	1,474.2
Bank overdrafts *(included in current borrowings)*		(129.2)	(150.6)	(84.4)
NET CASH AND CASH EQUIVALENTS		**896.5**	**882.9**	**1,389.8**

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2020 TO JUNE 30, 2020

(in millions of euros)	Notes	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Fair value of financial instruments	Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2020		**2,602.1**	**2,572.9**	**14,534.9**	**(269.1)**	**(441.6)**	**(128.8)**	**18,870.4**	**454.0**	**19,324.4**
Profit for the period				**1,078.4**				**1,078.4**	**46.2**	**1,124.6**
Items recognized directly in equity				(34.0)	(13.3)	(283.6)		(330.9)	(4.7)	(335.6)
Net income and gains and losses recognized directly in equity [(a)]				**1,044.4**	**(13.3)**	**(283.6)**		**747.5**	**41.5**	**789.0**
Increase (decrease) in share capital		1.9	21.5					23.4	3.3	26.7
Distribution	(16)			(1,309.7)				(1,309.7)	(42.8)	(1,352.5)
Purchases/Disposals of treasury shares [(c)]							(50.3)	(50.3)		(50.3)
Share-based payments				17.3			1.7	19.0		19.0
Transactions with minority shareholders recognized directly in equity				2.8				2.8	(1.6)	1.2
Others [(e)]				11.0		(12.2)		(1.2)		(1.2)
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2020		**2,604.0** [(b)]	**2,594.4** [(d)]	**14,300.7**	**(282.4)**	**(737.4)**	**(177.4)** [(c)]	**18,301.9**	**454.4**	**18,756.3**

(a) *The statement of net income and gains and losses recognized directly in equity is presented on page 30.*

(b) *Share capital as of June 30, 2020 was made up of 473,452,688 shares at a par value of 5.50 euros. During the fiscal year, share capital was increased by the creation of 347,174 shares in cash with a par value of 5.50 euros resulting from the exercise of options.*

(c) *The number of treasury shares as of June 30, 2020 totaled 1,970,593 (including 1,735,028 held by L'Air Liquide S.A.). During the 1st half 2020, movements affecting treasury shares were mainly as follows:*

- *acquisitions, net of disposals, of 374,884 shares;*
- *allocation of 20 698 shares as part of performance shares.*

(d) *During the fiscal year, additional paid-in capital was increased by the amount of share premiums relating to the capital increases in the amount of 21.5 million euros.*

(e) *Including the effects of hyperinflation in Argentina.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2019 TO JUNE 30, 2019

(in millions of euros)	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Fair value of financial instruments	Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2019	**2,361.8**	**2,884.5**	**13,664.1**	**(258.5)**	**(747.8)**	**(121.0)**	**17,783.1**	**424.3**	**18,207.4**
Profit for the period			**1,059.2**				**1,059.2**	**48.0**	**1,107.2**
Items recognized directly in equity			(101.2)	(7.4)	122.2		13.6	5.1	18.7
Net income and gains and losses recognized directly in equity [(a)]			**958.0**	**(7.4)**	**122.2**		**1,072.8**	**53.1**	**1,125.9**
Increase (decrease) in share capital	1.7	21.7					23.4		23.4
Distribution			(1,163.9)				(1,163.9)	(36.2)	(1,200.1)
Cancelation of treasury share	(5.2)	(103.5)				108.7	-		-
Purchases/Disposals of treasury shares						(148.5)	(148.5)		(148.5)
Share-based payments			19.4				19.4		19.4
Transactions with minority shareholders recognized directly in equity			(4.1)				(4.1)	(2.6)	(6.7)
Others			(54.6)				(54.6)	(0.2)	(54.8)
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2019	**2,358.3**	**2,802.7**	**13,418.9**	**(265.9)**	**(625.6)**	**(160.8)**	**17,527.6**	**438.4**	**17,966.0**

[(a)] *The statement of net income and gains and losses recognized directly in equity is presented on page 30.*

Accounting principles

The condensed interim consolidated financial statements for the half-year ended June 30, 2020 include the Company and its subsidiaries (together referred to as the "Group") as well as the Group share of associates or joint ventures. The Group consolidated financial statements for the fiscal year ended December 31, 2019 are available upon request at the Company registered office at 75, quai d'Orsay, 75007 Paris, France or on the website www.airliquide.com.

BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", a standard within the IFRS (International Financial Reporting Standards), as endorsed by the European Union. They do not include all the information required for complete annual financial statements and should be read in conjunction with the Group financial statements for the fiscal year ended December 31, 2019.

Except for the application of standards, interpretations and amendments being mandatory as of January 1, 2020, the accounting principles used for the preparation of the condensed interim consolidated financial statements are identical to those used for the preparation of the consolidated financial statements for the fiscal year ended December 31, 2019. They have been prepared in accordance with IFRS, as endorsed by the European Union as of June 30, 2020, and with IFRS without use of the carve-out option as published by the IASB (International Accounting Standards Board).

The IFRS standards and interpretations as endorsed by the European Union are available at the following website:
https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps

The Group has not anticipated any standards, amendments or interpretations published by the IASB but not yet approved or not yet mandatory in the European Union as of June 30, 2020.

The financial statements are presented in million of euros. They were reviewed by the Board of Directors on July 29, 2020.

NEW IFRS AND INTERPRETATIONS

1. Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2020

The following texts have no material impact on the Group financial statements:

- amendments to IAS1 and IAS8 "Disclosure Initiative – Definition of Material", issued on October 31, 2018;
- amendments to references to the Conceptual Framework in IFRS Standards, issued on March 29, 2018;
- amendments to IFRS3 "Definition of a business", issued on October 22, 2018.

2. Standards, interpretations and amendments not yet endorsed by the European Union

The impacts on the financial statements of texts published by the IASB as of June 30, 2020 and not yet endorsed by the European Union are currently being analyzed. These texts are as follows:

- amendments to IAS 1 "Presentation of Financial Statements : Classification of Liabilities as Current or Non-current", issued on January 23, 2020;
- amendments to IFRS 3 "Business Combinations"; IAS 16 "Property, Plant and Equipment"; IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as well as annual improvements to IFRS (Cycle 2018-2020), issued on May 14, 2020;
- amendment to IFRS 16 "Leases – Covid-19 Related Rent Concessions", issued on May 28 2020.

Additionally, the following texts are not applicable to the Group:

- IFRS17 "Insurance Contracts", issued on May 18, 2017.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Group or subsidiary Management to make estimates and use certain assumptions which have a significant impact on the carrying amounts of assets and liabilities recorded in the consolidated balance sheet, the notes related to these assets and liabilities, the profit and expense items in the income statement and the commitments relating to the period-end. Subsequent results may differ.

The current international context has not modified the significant judgments exercised by the Group or subsidiary Management in applying the Group accounting policies used in preparing the half-year condensed consolidated financial statements, nor the main sources of uncertainty in making the estimates. Those are described in the consolidated financial statements for the fiscal year ended December 31, 2019.

BASIS FOR PRESENTATION AND MEASUREMENT OF FIRST HALF-YEAR INFORMATION

The segment information corresponds to the information required by IAS 34 "Interim Financial Reporting".

The Group's activities may be affected by significant changes in the economic situation. Therefore, its interim results are not necessarily indicative of those to be expected for the fiscal year as a whole.

The income tax expense for the period is calculated by applying the estimated effective income tax rate for the fiscal year, based on the information available as of the interim reporting date, to the different categories of profit.

Notes to the consolidated financial statements for the half- year ended June 30, 2020

Note 1 Impacts of health crisis on the financial statements

On January 30, 2020, the World Health Organization declared a worldwide health emergency due to the propagation of the Covid-19 virus and designated it as a pandemic on March 11, 2020. Consequently, governments from all over the world have been forced to adopt social and economic restrictive measures in order to limit the spread of the virus.

These measures have significantly affected the worldwide economy. In this context, Air Liquide Group has assessed the consequences of the pandemic in its financial statements and has reported the impact on the evolution of its activities (upwards or downwards) as well as inefficiencies caused by the health crisis in each line within operating income recurring.

Nevertheless, in order to ensure the continuity of its accounting methods and the presentation of its Consolidated Income Statement, Air Liquide has decided to report some expenses related to the Covid-19 outbreak in "Other non-recurring operating expenses". The criterias to be met are the following:

- Direct or incremental expenses linked to the pandemic and pertaining to specific and limited natures of cost;
- Expenses related to recurring activity and operations of the Group should remained within “Operating income recurring” even if they have been adversely impacted by the crisis.

The impact of these costs on the half-year Group Financial Statements amounts to -46.4 million euros and is reported in "Other non-recurring operating expenses".

Furthermore and given the current environment:

- Air Liquide has been led to review the valuation of its assets and has not identified any signs of impairment. The principles applied to determine if assets are subject to impairment are detailed in Note 11 "Goodwill";
- Air Liquide has reviewed indicators of impairment of trade receivables and has not identified any item that could justify a significant increase in credit losses. The expected credit risk assessment has been adjusted to reflect the increased risk of bankruptcies;
- Air Liquide has reviewed the impact of the pandemic on its cash position and has not identified any negative impact on the Group liquidity position.

Note 2 Assets and liabilities held for sale

On April 7, 2020, Air Liquide announced that it has entered into exclusive negotiations with EQT, a global investment organization, for the sale of its subsidiary Schülke & Mayr GmbH, a global leader in infection prevention and hygiene. Air Liquide intends to continue to continue developing its healthcare activities, while providing Schülke & Mayr GmbH with the best opportunity for its long-term development. If completed, the acquisition by EQT fund will further support Schülke & Mayr GmbH's next phase of growth and its innovation development.

This divestment is highly probable but was not finalized as end of June 2020. It is subject to the final and definitive agreement between the parties, and will be carried out in the framework of the relevant social processes including ongoing dialogue with the employee representatives' bodies. It will also be subject to antitrust and foreign investment clearances.

The assets and liabilities held for sale, namely all the assets and all the liabilities held and owned by Schülke & Mayr GmbH, have been presented in Assets held for sale and Liabilities held for sale.

No impairment loss has been recorded on the assets held for sale of Schülke & Mayr GmbH as end of June 2020.

As of June 30, 2020, the impacts in the financial statements are the following:

(in millions of euros)	TOTAL
Goodwill	70.1
Other intangible assets	22.7
Property, plant and equipment	65.3
Non-current assets	**158.1**
Other non-current assets	**2.5**
Total non-current assets	**160.6**
Current assets	**144.6**
ASSETS HELD FOR SALE	**305.2**

(in millions of euros)	TOTAL
Non-current liabilities (excl. borrowings)	**110.9**
Current liabilities (excl. borrowings)	**64.7**
Borrowings	**1.2**
LIABILITIES HELD FOR SALE	**176.8**

Note 3 Segment information

3.1. INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2020

	Gas & Services								
(in millions of euros)	Europe	Americas	Asia Pacific	Middle East and Africa	Sub-total	Engineering & Construction	Global Markets & Technologies	Reconciliation	Total
Revenue	3,440.0	3,975.7	2,236.3	268.3	9,920.3	104.1	248.4		10,272.8
Inter-segment revenue						*174.8*	*211.4*	*(386.2)*	
Operating income recurring	**680.4**	**743.5**	**484.3**	**38.5**	**1,946.7**	**(21.4)**	**24.3**	**(136.5)**	**1,813.1**
incl. depreciation and amortization	*(329.5)*	*(446.6)*	*(210.9)*	*(37.7)*	*(1,024.7)*	*(13.2)*	*(27.0)*	*(19.4)*	*(1,084.3)*
Other non-recurring operating income									9.3
Other non-recurring operating expenses									(101.5)
Net finance costs									(170.5)
Other financial income									9.6
Other financial expenses									(55.1)
Income taxes									(380.8)
Share of profit of associates									0.5
Profit for the period									1,124.6

3.2. INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2019

	Gas & Services								
(in millions of euros)	Europe	Americas	Asia Pacific	Middle East and Africa	Sub-total	Engineering & Construction	Global Markets & Technologies	Reconciliation	Total
Revenue	3,611.2	4,217.2	2,404.9	302.5	10,535.8	176.3	240.0		10,952.1
Inter-segment revenue						*167.6*	*188.9*	*(356.5)*	
Operating income recurring	**687.9**	**729.8**	**473.3**	**47.4**	**1,938.4**	**0.2**	**23.8**	**(148.5)**	**1,813.9**
incl. depreciation and amortization	*(320.7)*	*(435.2)*	*(219.9)*	*(34.7)*	*(1,010.5)*	*(13.8)*	*(22.8)*	*(16.6)*	*(1,063.7)*
Other non-recurring operating income									0.1
Other non-recurring operating expenses									(85.7)
Net finance costs									(205.7)
Other financial income									3.8
Other financial expenses									(36.6)
Income taxes									(385.4)
Share of profit of associates									2.8
Profit for the period									1,107.2

Note 4 Revenue

Consolidated revenue for the 1st half of 2020 amounts to 10,272.8 million euros, down -6.2% compared to the 1st half of 2019 (10,952.1 million euros). Excluding the impact of foreign exchange fluctuations, revenue is down -6.3%. The foreign exchange fluctuations are mainly driven by the appreciation of the US dollar and, to a lesser extent, of the Japanese yen and the Taiwanese dollar against the euro. These effects are partially offset by the depreciation of the Argentinian peso and the Brazilian real against the euro.

Note 5 Depreciation and amortization expense

(in millions of euros)	**1st half 2019**	**1st half 2020**
Intangible assets	(83.7)	(87.6)
Property, plant and equipment (PP&E) [a]	(980.0)	(996.7)
TOTAL	**(1,063.7)**	**(1,084.3)**

[a] *Including the depreciation expense after deduction of investment grants released to profit.*

Note 6 Other non-recurring operating income and expenses

(in millions of euros)	**1st half 2019**	**1st half 2020**
Expenses		
Reorganization, restructuring and realignment programs costs	(29.3)	(43.4)
Integration costs related to the acquisition of Airgas	(14.0)	(8.0)
Acquisition costs	(9.1)	(12.2)
Political risks and legal procedures	(3.2)	7.5
Net loss on the disposals of activities or group of assets and impairments of assets	(29.3)	(5.0)
Purchases of protection equipments and sanitizing costs	-	(13.4)
Others	(0.8)	(27.0)
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	**(85.7)**	**(101.5)**
Income		
Net gain on the disposals of activities or group of assets	-	9.3
Others	0.1	-
TOTAL OTHER NON-RECURRING OPERATING INCOME	**0.1**	**9.3**
TOTAL	**(85.6)**	**(92.2)**

In the 1st half of 2020, the Group recognized:

- Restructuring costs corresponding to realignment programs primarily in Gas & Services and severance costs consecutive to the health crisis;
- Purchases of protection equipments for employees and sanitizing costs directly attributable to the consequences of the outbreak;
- Impairment of assets for -5.0 million euros, mainly related to operations in Europe in the continuity of the strategic review of its activities and its assets portfolio initiated in 2017 in connection with NEOS company program;
- Airgas integration costs corresponding to long term incentives specifically implemented as part of this operation;
- Other direct and incremental costs related to the pandemic such as shutdown and start-up expenses linked to clients stopping production for safety reasons and special allowance paid to employees.

In the 1st half of 2019, the Group recognized:

- Impairment of assets and results from disposals for -29.3 million euros, mainly related to operations in China (including Air Liquide Fuzhou Co. Ltd estimated sale) and in the United States, in the continuity of the strategic review of its activities and its assets portfolio initiated in 2017 in connection with NEOS company program;
- Restructuring costs corresponding to realignment programs primarily in Gas & Services;
- Airgas integration costs corresponding to long term incentives specifically implemented as part of this operation.

Note 7 Net finance costs

The average net finance costs stands at 2.9% in the 1st half of 2020. As a reminder the average net finance costs stood at 3.0% for the 1st half 2019.

Note 8 Income taxes

(in %)	**1st half 2019**	**1st half 2020**
Average effective tax rate	25.9	25.3

The decrease in average effective tax rate compared to the 1st half of 2019 is mainly due to the reduction of the income tax rate in France from 34.43% as of June 2019 to 32.02% as of June 2020 and to the tax impacts of operations in China in 2019.

Note 9 Employee benefits

The expense recognized for pension and other employee benefits amount to 64.9 million euros in the 1st half of 2020 and can be broken down as follows:

(in millions of euros)	**1st half 2019**	**1st half 2020**
Service cost	20.8	16.7
Interest cost on the net defined benefit liability	10.3	4.1
Defined benefit plans	**31.1**	**20.8**
Defined contribution plans	**42.5**	**44.1**
TOTAL	**73.6**	**64.9**

Note 10 Net earnings per share

10.1. BASIC EARNINGS PER SHARE

	1st half 2019	**1st half 2020**
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	1,059.2	1,078.4
Weighted average number of ordinary shares outstanding	471,254,166	471,411,633
Basic earnings per share *(in euros)*	**2.25**	**2.29**

The average number of outstanding ordinary shares and net earnings per share for the 1st half of 2019 has been restated to include the impact of the free share attribution performed by L'Air Liquide S.A on October 9, 2019.

10.2. DILUTED EARNINGS PER SHARE

	1st half 2019	1st half 2020
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**1,059.2**	**1,078.4**
Weighted average number of ordinary shares outstanding	471,254,166	471,411,633
Adjustment for dilutive impact of share subscription options	887,953	983,478
Adjustment for dilutive impact of performance shares	1,587,321	1,380,704
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**473,729,440**	**473,775,815**
Diluted earnings per share *(in euros)*	**2.24**	**2.28**

Diluted earnings per share for the 1st half of 2019 and the average number of shares outstanding include the impact of the free share attribution performed by l'Air Liquide S.A on October 9, 2019.

All instruments that could dilute net profit – Group share, are included in the calculation of diluted earnings per share.

The Group has not issued any other financial instruments that may result in further dilution of net earnings per share.

Note 11 Goodwill

(in millions of euros)	As of January 1, 2020	Goodwill recognized during the period	Goodwill removed during the period	Foreign exchange differences	Other movements [(a)]	As of June 30, 2020
Goodwill	**13,943.0**	**55.0**	**(3.6)**	**(9.8)**	**(70.0)**	**13,914.6**

[(a)] *Other movements include the impact of the ongoing divestiture of Schülke & Mayr.*

In the last two fiscal years, the Group has not recorded any goodwill impairment losses.

Considering the global outbreak that has emerged during the first semester of 2020, followed by the global financial crisis and economic recession, Air Liquide has been led to review its business plans and the valuation of its assets.

Impairment tests were carried out using the methods detailed in note 5.f of the Accounting Policies in the Group financial statements for the year ended December 31, 2019. The key model assumptions used, such as market multiples and the discount rate, took into account the stock market and world economic context. The market multiples used were determined using the Air Liquide Group market value as of June 30, 2020. Multiples obtained do not significantly differ from those of companies whose activity is similar to that of the Group.

The growth rates used for estimating the cash flows of cash-generating units or groups of cash-generating units were significantly lower than the Group's historical average growth rates. Growth rates are comprised between 1% and 3% in mature markets, and up to 5.5% in emerging markets.

The weighted average cost of capital used was 4.9% as of June 30, 2020 (6.4% as of December 31, 2019). The weighted average cost of capital is adjusted for the activity and the geographical location of the cash-generating units being tested.

As of June 30, 2020 and December 31, 2019, the recoverable amounts of each cash-generating unit or groups of cash-generating units significantly exceeded their net carrying amounts.

Considering the activity of the Air Liquide Group, no reasonably possible change in key assumptions would result in an impairment loss. The Gas & Services activity favors synergies between the different business lines by pooling assets for a given geographical area. The geographical development of the activity is generally based on local industrial investments and external growth operations throughout the Large Industries business line. The supply of gas to clients of the Large Industries business is contracted for a minimum duration of 15 years. These customer contracts provide a good visibility and guarantee of future income.

Note 12 Working capital requirement

The increase by +157.0 million euros, presented in the consolidated cash flow statement, mainly comes from the increase in operating working capital requirement by +260.4 million euros, partially offset by a change in current tax payables and receivables by -103.4 million euros.

Note 13 Provisions, pensions and other employee benefits

(in millions of euros)	As of January 1, 2020	Increase	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combination	Other movements [(a)]	As of June 30, 2020
Pensions and other employee benefits	1,748.6	20.9	(48.4)		48.7	(3.0)	0.5	(139.9)	1,627.4
Restructuring plans	16.0		(5.1)					(5.7)	5.2
Guarantees and other provisions related to engineering contracts	83.0	13.7	(9.4)	(5.5)		(0.2)		0.1	81.7
Dismantling	229.5		(2.1)	(0.4)	3.7	(2.0)		4.3	233.0
Provisions and contingent liabilities as part of a business combination	217.6		(8.9)	(7.8)	1.0	1.0		(2.6)	200.3
Other provisions	494.9	53.4	(43.8)	(18.2)	1.3	(5.1)	1.2	10.2	493.9
TOTAL PROVISIONS	**2,789.6**	**88.0**	**(117.7)**	**(31.9)**	**54.7**	**(9.3)**	**1.7**	**(133.6)**	**2,641.5**

(a) Other movements correspond to account reclassifications, disposals and provisions for dismantling with no impact on the consolidated cash flow statement. As of June 30, 2020, they also include the impact of the ongoing divestiture of Schülke & Mayr.

In the 1st half of 2020, no new litigation is likely to have a material impact on the Group's financial position or profitability.

Furthermore, the assets covering defined benefit plan obligations were measured at fair value. The discount rates used to determine the present value of the Group's obligations were also reviewed.

Note 14 Borrowings

Net debt calculation

(in millions of euros)	December 31, 2019	June 30, 2019	June 30, 2020
Non-current borrowings [(a)]	(11,567.2)	(11,123.7)	(12,487.9)
Current borrowings [(a)]	(1,831.8)	(3,608.6)	(2,162.0)
TOTAL GROSS DEBT	**(13,399.0)**	**(14,732.3)**	**(14,649.9)**
Cash and cash equivalents	**1,025.7**	**1,033.5**	**1,474.2**
TOTAL NET DEBT AT THE END OF THE PERIOD	**(12,373.3)**	**(13,698.8)**	**(13,175.7)**

(a) The lease liabilities are not included in the financial debt since December 31, 2019. The 1st half of 2019 has been restated from the impacts of these liabilities in order to have the same comparison basis with December 31, 2019 and the 1st half of 2020.

Statement of changes in net debt

(in millions of euros)	Year 2019	1st half 2019	1st half 2020
Net debt at the beginning of the period	**(12,534.9)**	**(12,534.9)**	**(12,373.3)**
Net cash flows from operating activities	4,712.2	1,958.1	2,152.8
Net cash flows used in investing activities	(2,584.8)	(1,535.5)	(1,299.3)
Net cash flows from (used in) financing activities excluding changes in borrowings [(a)]	(1,663.8)	(1,456.2)	(1,524.6)
Total net cash flows	**463.6**	**(1,033.6)**	**(671.1)**
Effect of exchange rate changes, opening net debt of newly acquired companies and others [(a)]	(62.4)	(6.8)	(14.5)
Adjustment of net finance costs [(a)]	(239.6)	(123.5)	(116.8)
Change in net debt	**161.6**	**(1,163.9)**	**(802.4)**
TOTAL NET DEBT AT THE END OF THE PERIOD	**(12,373.3)**	**(13,698.8)**	**(13,175.7)**

(a) The lease liabilities are not included in the financial debt since December 31, 2019. The 1st half of 2019 has been restated from the impacts of these liabilities in order to have the same comparison basis with December 31, 2019 and the 1st half of 2020.

The Air Liquide Group net debt breaks down as follows:

	December 31, 2019			June 30, 2020		
	Carrying amount			Carrying amount		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Bonds and private placements	10,978.1	1,123.6	12,101.7	11,914.1	248.3	12,162.4
Commercial paper programs		191.1	191.1		1,469.8	1,469.8
Bank debt and other financial debt	530.4	476.0	1,006.4	520.3	403.0	923.3
Put options granted to minority shareholders	58.7	41.1	99.8	53.5	40.9	94.4
TOTAL BORROWINGS (A)	**11,567.2**	**1,831.8**	**13,399.0**	**12,487.9**	**2,162.0**	**14,649.9**
TOTAL CASH AND CASH EQUIVALENTS (B)		**1,025.7**	**1,025.7**		**1,474.2**	**1,474.2**
NET DEBT (A) - (B)	**11,567.2**	**806.1**	**12,373.3**	**12,487.9**	**687.8**	**13,175.7**

Gross debt (A) increased by 1,251 million euros between December 31, 2019 and June 30, 2020.

This increase mainly comes from:

- a private placement, for 100 million euros, in March 2020, with a 5-year maturity, at a yield of 1.081% (coupon at 1.081% p.a.);
- a bond issue for one billion euros, in April 2020, including €500 million with a 5-year maturity at a yield of 1.022% (coupon at 1.00% p.a.) and €500 million with a 10-year maturity at a yield of 1.47% (coupon at 1.375% p.a.); this bond issue was realized under the Group's Euro Medium Term Note (EMTN) program by Air Liquide Finance, and is guaranteed by Air Liquide SA;
- the use of commercial paper program, mainly in euro, to contribute to the Group dividend's payment in May, and to the repayment of bond issuances in June;
- a slight unfavorable foreign exchange impact, mainly related to the depreciation of the euro against the US dollar.

Offset by:

- the repayment of a bond issuance of 2010 for 500 million euros, maturing in June 2020;
- the repayment of a bond issuance of 2016 for 500 million euros, maturing in June 2020.

Gross current debt (maturing in less than 12 months) (A) increased by 330 million euros compared to December 31, 2019. This increase of current gross debt comes from:

- the repayment of the bonds matured in June 2020 for 1 billion euros;
- the increase of commercial paper portfolio;

- the reclassification to current borrowings of a long-term bond issue maturing in March 2021 and amounting to 1 400 million Chinese renminbis (equivalent to 177 million euros).

Cash increased by 398 million euros compared to December 31, 2019. The net debt amounts to 13,176 million euros, increasing by 802 million euros compared to December 31, 2019, and decreasing by 523 million euros compared to June 30, 2019.

The interest rate risk related to US dollar bond to be issued, was also partially hedged for a total amount of 100 million US dollar, by setting up firm hedges and for 150 million US dollar by setting up optional hedges.

Note 15 Commitments

Commitments related to purchase orders of fixed assets have decreased in comparison to December 31, 2019 mainly due to progress made on projects in the United States.

The other commitments did not change significantly in comparison to December 31, 2019.

Note 16 Dividend per share

The 2019 dividend authorized by the General Meeting and paid on May 13, 20 to the Group shareholders was 1,309.7 million euros (including fidelity premium), corresponding to an ordinary dividend of 2.70 euros and a fidelity premium of 0.27 per share.

Note 17 Related party disclosures

Due to the activities and legal organization of the Group, only executives, associates and joint ventures are considered to be related parties to the Group. Transactions performed between these individuals or these companies and Group subsidiaries are not material.

Note 18 Contingent liabilities

To the best of the Group's knowledge, there is no exceptional event or litigation which has affected in the recent past or which is likely to materially affect its financial situation or profitability.

Note 19 Post-balance sheet events

There are no significant post-balance sheet events.

Statutory auditors' review report on the interim financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of L'Air Liquide S.A., for the period from January 1 to June 30, 2020;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on July 29,2020 based on information available at that date in the evolving context of the Covid-19 crisis and difficulties in understanding its impacts and future prospects. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with standard IAS 34 of the IFRSs as adopted by the European union applicable to interim financial information.

2. Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements prepared on July 29, 2020 subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 30, 2020

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Françoise Garnier Séverine Scheer	Jeanne Boillet François-Guillaume Postel

3

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE FIRST HALF FINANCIAL REPORT

PERSON RESPONSIBLE FOR THE FIRST HALF FINANCIAL REPORT

Benoît POTIER, Président-Directeur Général de L'Air Liquide S.A.

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE FIRST HALF FINANCIAL REPORT

This is a free translation into English of the certification by the person responsible for the First half financial report and is provided solely for the convenience of English speaking readers.

I hereby declare that, to the best of my knowledge, the condensed financial statements for the half-year ended June 30, 2020 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, the financial position and results of the Company and the entities included in the consolidation, and that the first half activity report, available in chapter 1, provides a faithful representation of the major events which occurred during the first six months of the fiscal year, their impact on the financial statements, the main related-party transactions, and describes the major risks and uncertainties for the remaining six months of the fiscal year.

Paris, July 30, 2020

Benoît Potier

Chairman and CEO

Cautionary note regarding forward-looking statements

This First half financial report contains information on the Group's prospects, objectives and trends for growth. These forward-looking statements can be identified by the use of the future tense, conditional or of forward-looking terms such as "consider", "intend", "anticipate", "believe", "estimate", "plan", "expect", "think", "aim", or, as the case may be, the negative of these words, or any other terms with a similar meaning. This information is not based on historical data and should not be considered as a guarantee that the prospects and objectives described will be achieved. These statements are based on data, assumptions and estimates considered reasonable by the Group as of the date of this First half financial report. They may be affected by known or unknown risks, uncertainties and other factors which might impact future results, performances and achievements of the Group in a way that is substantially different from the objectives described. This information might therefore change due to uncertainties relating notably to the economic, financial, competitive and regulatory environment or due to the occurrence of certain risks described in Chapter 1 of this First half financial report. This information is given solely as of the date of this First half financial report. All forward-looking statements contained in this First half financial report are qualified in their entirety by this cautionary note.

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Air Liquide - Company established for the study and application of
processes developed by Georges Claude with issued capital of €2,602,235,812.00