

## Pre-FY 2022 Results Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group Full Year 2022 results. This document is not intended to provide additional information beyond existing disclosures.

- **Significant perimeter impact**

In September 2022, the Group announced a MOU with the local management team in Russia with the objective to transfer its activities in the framework of an MBO. In parallel, as a consequence of the evolution of the geopolitical context, the activities of the Group in Russia are **no longer consolidated starting September 1, 2022**. It generates a scope impact qualified as “significant perimeter” for approximately **€-52m** of sales in **Q4 2022** and **€-67m** for **FY 2022**.

The acquisition of Sasol’s 16 ASUs was finalized on June 24<sup>th</sup> 2021 for around €480m. It generated a scope impact qualified as “significant perimeter” until H1 2022 for €+72m. After a first phase operating in tolling mode, energy cost is now passed through to sales as of October 1, 2022, generating a new and separate scope impact qualified as “significant perimeter” for approximately **€+50m** of sales in **Q4 2022**.

- **Currency impact**

Main currency variations (from the largest to the smallest impact on Group sales in Q4 2022):

€ versus	Q4 2021	Q4 2022	Change	FY 2021	FY 2022	Change
US Dollar	1.144	1.020	-10.9%	1.183	1.052	-11.1%
Japanese Yen	0.130	0.144	+10.9%	0.130	0.138	+6.1%
Argentinian Peso	115.4	171.3	+48.4%	112.8	137.0	+21.5%
Singapore Dollar	1.552	1.415	-8.8%	1.589	1.451	-8.7%

In Q3 2022, the currency impact was +8.8% on Group revenue and +8.9% on Gas & Services revenue. It is estimated to be around **+3%** in **Q4 2022** and close to **+6%** in **FY 2022** for both Group and Gas & Services revenue.

- **Energy pass-through impact**

In Q3 2022, the energy pass-through effect was +24.4% on Group revenue and +25.6% on Gas & Services revenue. It is expected to be **around +5%** on Group and Gas & Services revenue in **Q4 2022**. For **FY 2022**, it is expected to be **between +15% and +16%** or **above €3.5bn**, for both Group and Gas & Services revenue, reflecting the high energy prices.

- **Business items**

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

**Q3 2022** sales rose by **+8.3%**. The **Americas** benefited from high growth across all activities. Revenue in **Europe** was stable, thanks to a record high pricing in Industrial Merchant and a strong Healthcare activity, mitigating low demand in Large Industries. **Asia** benefited from particularly dynamic activity in Electronics and strong sales growth in Large Industries, driven by a favorable comparison effect with sales impacted by DEC<sup>(a)</sup> in China last year. In **Middle East and Africa**, activity was steady in Large Industries and low in Industrial Merchant and Healthcare.

**Large Industries** sales were down by **-10.4%** in Q3 2022 with volumes decreasing by -2%, the gap being explained by an effect related to the calculation of the energy impact in a context of an exceptionally strong increase of energy prices in Europe. Volumes were down -6% in Europe, impacted by a slowing demand in Steel and Chemical industries, and to a lesser extent in Refining, in a context of exceptionally high energy prices and the war in Ukraine. Activity in the Americas was strong, benefiting from the ramp-up of new units and solid demand. In Asia, sales growth was driven by China mainly due to a favorable comparison effect with sales impacted by DEC<sup>(a)</sup> last year, while demand was low in rest of Asia.

**Industrial Merchant** posted a strong **+18.0%** sales growth in Q3 2022 driven by record pricing which was up +18% and resilient volumes. In the Americas, growth was supported by the high pricing and positive volumes excluding Helium. Sales in Asia were driven by China with increased pricing and small acquisitions. In Europe, the high level of growth was driven by record high pricing at +29.9% while volumes remained resilient. As a reminder, pricing in Q4 2021 was high at +7.0%, respectively +10.4% in Europe, +7.0% in the Americas and +2.6% in Asia.

**Healthcare** recorded robust growth (**+4.5%**) in Q3 2022 driven in particular by a strong Home Healthcare activity led by diabetes and despite normalizing medical oxygen volumes for the treatment of covid-19.

Very strong momentum continued in **Electronics** in Q3 2022, with **+20.9%** sales growth, benefiting from the contribution of start-ups and ramp-ups in Carrier Gases, high pricing in ESM driven by rare gases and strong E&I.

Consolidated revenue of **Engineering & Construction** was up +37.3% to **€115m** in Q3 2022.

**Global Markets & Technologies** posted sales of **€235m** in Q3 2022, an increase of **+32.7%** mainly driven by strong momentum in biogas.

- **Margin**

Group operating margin (Operating Income Recurring to revenue) stood at 17.8% for FY 2021. In **H1 2022**, it improved significantly by **+50bps** vs. H1 2021 excluding Energy passthrough impact (-190bps as published).

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

In a context of high inflation, limiting the cost increase remained a priority and increased focus was put on operational efficiencies.

- **Net profit**

In **FY 2021**, net profit (Group share) amounted to **2,572 million euros**. The recurring net profit (Group share) was equal to the net profit Group share as no exceptional items were recorded in 2021.

Reminder of **FY 2022 Guidance**: “Assuming no significant economic disruption, Air Liquide is confident in its ability to **further increase its operating margin** and to deliver **recurring net profit growth, at constant exchange rates**<sup>(1)</sup>.”

*(1) Operating margin excluding energy passthrough impact. Recurring net profit excluding exceptional and significant transactions that have no impact on the operating income recurring, and excluding the impact of any US tax reform in 2022.*

- **EPS**

The average number of outstanding shares used to calculate the as published FY 2022 EPS is **~522,125 k** shares.

FY 2022 results will be announced on **February 16, 2023**.

## **CONTACTS**

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### **Disclaimer**

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A world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 75 countries with approximately 66,400 employees and serves more than 3.8 million customers and patients. Oxygen, nitrogen and hydrogen are essential small molecules for life, matter and energy. They embody Air Liquide's scientific territory and have been at the core of the company's activities since its creation in 1902.

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

Air Liquide's revenue amounted to more than 23 billion euros in 2021. Air Liquide is listed on the Euronext Paris stock exchange (compartment A) and belongs to the CAC 40, CAC 40 ESG, EURO STOXX 50 and FTSE4Good indexes.