First Half 2021
Financial Report

Air Liquide

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First Half 2021

Financial Report

A world leader in gases, technologies and services for Industry and Health, Air Liquide is present in **78 countries** with approximately **64,500 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.

Air Liquide's ambition is to be **a leader in its industry**, **deliver long-term performance** and **contribute to sustainability** - **with a strong commitment to climate change and energy transition at the heart of its strategy**. The Company's customer-centric transformation strategy aims at profitable, regular and responsible growth over the long term. It relies on **operational excellence**, **selective investments**, open innovation and a **network organization** implemented by the Group worldwide. Through the commitment and inventiveness of its people, Air Liquide leverages energy and environment transition, changes in healthcare and digitization, and delivers greater value to all its stakeholders.

Air Liquide's revenues amounted to more than **20 billion euros in 2020**. 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 2021 PERFORMANCE

Group revenue for the 1st half of 2021 totaled **10,846 million euros**, up **+9.2%** on a comparable basis with the 1st half of 2020 which was affected by the public health crisis. Sales posted strong comparable growth of +15.2% during the 2nd quarter of 2021 and were up +6% versus the 2nd quarter of 2019. **Engineering & Construction** consolidated revenue was up **+65.9%** in the 1st half on a comparable basis and **Global Markets & Technologies** was up **+34.9%**. The Group revenue was up **+5.6%** as published in the 1st half despite the strong negative currency impact (-4.8%) and significant scope impact (-2.8%), which were partly offset by the energy impact (+4.0%).

Gas & Services revenue amounted to **10,350 million euros** during the 1st half, representing an increase of **+8.0%** on a comparable basis. All business lines enjoyed strong growth, and **sales in the 2nd quarter of 2021 were higher than those in the 2nd quarter of 2019 across all business lines and all regions**. **Sales as published** for the 1st half of 2021 were up by **+4.3%** despite the unfavorable currency impact (-4.9%) and significant scope impact (-3.0%), which were partially offset by the energy impact (+4.2%). The significant scope impact reflects the sale of Schülke in Healthcare and the reduction or sale of the Group's stakes in several non-strategic distributors in Japan. These sales will no longer have an impact during the 2nd half of 2021.

- Gas & Services revenue in the **Americas** totaled **4,059 million euros**, up **+7.3%** on a comparable basis with the 1st half of 2020 which had been down -5.1%. In North America, all the business lines returned to a close or higher level in the 2nd quarter than the same period in 2019. In Latin America, sales enjoyed strong growth in all business lines in the 1st half. Across the Americas region, Large Industries revenue was up +7.7% on a comparable basis and Industrial Merchant revenue was up +6.1%. Healthcare sales increased by +16.9% driven by the medical oxygen demand and the pick-up in activity in proximity care and Home Healthcare. Electronics revenue was up +2.7%, thanks to the strong momentum of Carrier gases sales.
- Revenue in **Europe** amounted to **3,657 million euros** and was up **+7.4%** on a comparable basis**.** Sales in industrial activities were higher than those in the 1st half of 2019. Large Industries sales (+4.1%) enjoyed strong activity in the Steel and Chemicals sectors. Industrial Merchant sales were up +11.3% and reached a higher level than in the 1st half of 2019. Healthcare (+6.4%) remains committed to fighting the pandemic and has seen a pick-up in the Home Healthcare business and surgical activities in hospitals.
- Sales in **Asia Pacific** increased by **+8.7%** on a comparable basis and totaled **2,326 million euros**. All business lines and regions posted growth in the 1st half of 2021, thanks to a favorable basis of comparison with the 1st half of 2020 which was down -2.1% due to the public health crisis. Volumes were strong in Large Industries, which enjoyed an increase in revenue of +9.8%. The strong growth in Industrial Merchant sales (+12.3%) was mainly driven by high activity in China which posted double-digit volume growth compared with the 1st half of 2019. In Electronics (+4.5%), Carrier gases contributed significantly to growth and benefited from the ramp-up of several units.
- Revenue in the Middle East and Africa region stood at **308 million euros**, up by **+18.9%** on a comparable basis over the 1st half.

In the 1st half, **Healthcare** sales posted significant growth of **+9.4%** on a comparable basis, with the teams still fully committed to the fight against Covid-19. **Large Industries** revenue was up **+7.3%** thanks mainly to the contribution from new facilities and the strong demand from the Steel and Chemicals sectors. **Industrial Merchant** sales were up **+8.5%** driven by a pick-up in sales volumes, strong activity in China and a solid +1.9% pricing impact over the half year. **Electronics** sales increased by **+4.7%**, with Carrier gases sales driven by the ramp-up of new production units.

Engineering & Construction consolidated revenue were up **+65.9%** and stood at **169 million euros** in the 1st half of 2021. Order intake totaled **542 million euros**, thanks to positive momentum in Asia and the energy transition.

Global Markets & Technologies sales totaled **327 million euros**, with strong comparable growth of **+34.9%** supported notably by the biogas activity and high value added technological equipment sales.

Efficiencies[1] totaled **206 million euros** in the 1st half, up +3.5% and in line with the annual target of more than 400 million euros. Moreover, the exceptional cost containment plan launched in response to the health crisis was extended and adapted to the gradual recovery in activity. The impact of these exceptional measures is expected to fall sharply during the 2nd half, in line with the expected recovery in activity.

Group **Operating Income Recurring (OIR)** reached **1,948 million euros** in the 1st half of 2021, an increase of +7.4% and of **+17.1%** on a comparable basis, which is significantly higher than the comparable sales growth of +9.2% over the half-year.

The operating margin (OIR to revenue) stood at **18.0%**, representing a marked improvement of **+100 basis points excluding the energy impact** compared with the 1st half of 2020. Gas & services **operating margin** stood at **20.0%**, a significant improvement of **+120 basis points excluding the energy impact**. On a reported basis, operating margin improvement was limited due to a significant increase in energy prices during the 1st half of 2021, which was contractually passed through to customers and therefore had a dilutive impact on the published margin.

The **net profit (Group share)** amounted to **1,239 million euros** in the 1st half of 2021, an increase of **+14.9%** as published and **+23.1% excluding the currency impact**. The **recurring net profit (Group share)**[(2)] increased by +11.3% and **+19.3% excluding the currency impact**. **Net earnings per share** stood at **2.63 euros per share** and rose sharply by **+14.8%** compared with 2.29 euros in the 1st half of 2020.

Cash flow from operating activities before changes in net working capital amounted to **2,483 million euros** during the 1st half of 2021, representing an increase of +4.8% as published and **+10.0% excluding the currency impact**. This corresponds to a high level of **22.9% of sales** compared with 23.1% in the 1st half of 2020, improving by **+70 basis points excluding the energy impact**.

Gross industrial capital expenditure amounted to **1,439 million**, an increase of +9.0% as published compared with the 1st half of 2020 and of +14.1% excluding the currency impact. This represented **13.3% of sales**, reflecting strong project development. **Financial investments** were at **569 million euros**, including approximately 480 million euros for the acquisition of the 16 Sasol air separation units in South Africa.

The **net debt-to-equity ratio**, adjusted for the seasonal effect of the dividend payment, stood at **56.1%**, down sharply compared with 64.5% at the end of June 2020.

In the 1st half of 2021, **industrial and financial investment decisions** totaled **1,908 million euros**, up sharply compared to 1 331 million euros in the 1st half 2020.

The **investment backlog** remained high at **3.1 billion euros,** evenly distributed across various business sectors and geographies.

The **additional contribution to revenue** of unit start-ups and ramp-ups increased, totaling **130 million euros** over the 1st half of 2021. For the year 2021, this **contribution** is estimated at **320 million euros**, including **70 million** from the acquisition of the 16 Sasol units in South Africa.

The **12-month portfolio of investment opportunities** stood at **3.0 billion euros** at the end of June 2021. The **energy transition** represents **45%** of this portfolio and includes several projects for low-carbon hydrogen production by electrolysis, hydrogen liquefaction and carbon capture and storage ("CCS") in Large Industries.

The **return on capital employed after tax (ROCE)** was **9.5%** for the 1st half of 2021. **Recurring ROCE**[3] stood at **9.0%**, an increase of **+60 basis points** compared with the 1st half of 2020.

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1 *See definition in the Appendix.*

2 *See definition and reconciliation in the Appendix*

3 *See definition and reconciliation in the 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.

Due to the exceptional impact of the pandemic in the 1st half of 2020, a comparison with 2019 1st half sales has been introduced for context in reviewing 1st half 2021 performance. **The comparisons between 2021 and 2019 (over the half year or over the quarter) are calculated by adding 2020 and 2021 comparable effects. They are given as a reference point and do not constitute an alternative performance measure. The comparable growths mentioned below are calculated compared to the same period of 2020 except when 2019 is mentioned.**

(in millions of euros)	H1 2020	H1 2021	2021/2020 published change	2021/2020 comparable change (a)
Total Revenue	**10,273**	**10,846**	**+5.6%**	**+9.2%**
Of which Gas & Services	*9,920*	*10,350*	*+4.3%*	*+8.0%*
Operating Income Recurring (OIR)	1,813	1,948	+7.4%	+17.1%
Group OIR Margin	17.6%	18.0%	+40 bps	
Variation excluding energy			*+100 bps*	
Other Non-Recurring Operating Income and Expenses	(92)	(40)		
Net Profit (Group Share)	1,078	1,239	+14.9%	
Net Profit Recurring (Group Share) (b)	1,113	1,239	+11.3%	
Earnings per Share (in euros)	**2.29**	**2.63**	**+14.8%**	
Cash flow from operating activities before changes in net working capital	2,371	2,483	+4.8%	
Net Capital Expenditure (c)	1,309	1,913		
Net Debt	€13.2 bn	€12.0 bn		
Net Debt to Equity ratio (d)	64.5%	56.1%		
Return on Capital Employed after tax - ROCE	8.3%	9.5%	+120 bps	
Recurring ROCE (e)	**8.4%**	**9.0%**	**+60 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) Including transactions with minority shareholders.

(d) Adjusted to spread the dividend payment in 1st half out over the full year.

(e) Based on the recurring net profit, see reconciliation in appendix.

Income Statement

REVENUE

Revenue *(in millions of euros)*	**H1 2020**	**H1 2021**	**2021/2020 published change**	**2021/2020 comparable change**
Gas & Services	9,920	10,350	+4.3%	+8.0%
Engineering & Construction	104	169	+61.9%	+65.9%
Global Markets & Technologies	249	327	+31.6%	+34.9%
TOTAL REVENUE	**10,273**	**10,846**	**+5.6%**	**+9.2%**

Revenue by quarter (in millions of euros)	**Q1 2021**	**Q2 2021**
Gas & Services	5,103	5,247
Engineering & Construction	76	93
Global Markets & Technologies	155	172
TOTAL REVENUE	**5,334**	**5,512**
2021/2020 Group published change	**-0.7%**	**+12.4%**
2021/2020 Group comparable change	**+3.8%**	**+15.2%**
2021/2020 Gas & Services comparable change	**+2.8%**	**+13.7%**

Group

Group revenue for the 1st half of 2021 totaled **10,846 million euros**. This represented an increase of **+9.2%** on a comparable basis with the 1st half of 2020 which was affected by the public health crisis. Sales posted strong growth of +15.2% during the 2nd quarter of 2021 and were up +6% versus the 2nd quarter of 2019. **Engineering & Construction** consolidated revenue was up **+65.9%** compared with an activity level which was slower due to the pandemic during the 1st half of 2020. **Global Markets & Technologies** was up **+34.9%**, mainly driven by strong momentum in the biogas business. The Group revenue was up **+5.6%** as published despite the strong negative currency impact (-4.8%) and significant scope impact (-2.8%), which were partly offset by the energy impact (+4.0%).

Gas & Services

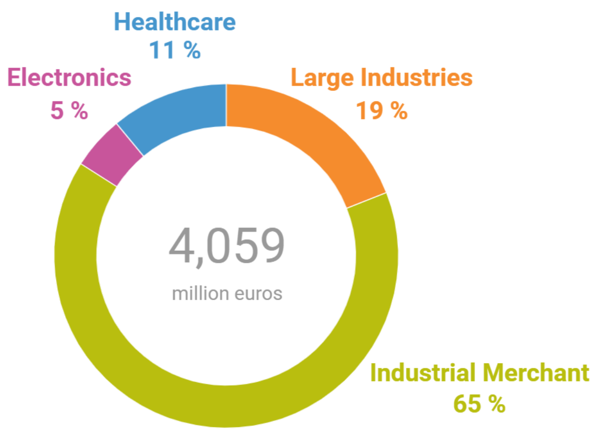
Gas & Services revenue amounted to **10,350 million euros** during the 1st half, representing an increase of **+8.0%** on a comparable basis. All business lines enjoyed strong growth, and **sales in the 2nd quarter of 2021 were higher than those in the 2nd quarter of 2019 across all business lines** (Large industries +6%, Industrial Merchant +1%, Healthcare +16% and Electronics +8%) **and all regions** (Americas +4%, Europe +7%, Asia-Pacific +6%, Middle-East and Africa +8%). **Healthcare** sales posted significant growth of **+9.4%**, with the teams still fully committed to the fight against Covid-19. **Large Industries** revenue was up **+7.3%** thanks mainly to the contribution from new facilities and the strong demand from the Steel and Chemicals sectors. **Industrial Merchant** sales were up **+8.5%** driven by a pick-up in volumes, strong activity in China and a solid +1.9% pricing impact over the half year. **Electronics** sales increased by **+4.7%** and by +5.2% excluding Equipment & Installations sales, with Carrier gases sales driven by the ramp-up of new units. Sales as published for the 1st half of 2021 were up by **+4.3%** despite the unfavorable currency impact (-4.9%) and significant scope impact (-3.0%), which were partially offset by the energy impact (+4.2%). The significant scope impact reflects the sale of Schülke in Healthcare and the reduction or sale of the Group's stakes in several non-strategic distributors in Japan. These sales will no longer have an impact during the 2nd half of 2021.

Revenue by geography and business line *(in millions of euros)*	H1 2020	H1 2021	2021/2020 published change	2021/2020 comparable change
Americas	3,975	4,059	+2.1%	+7.3%
Europe	3,440	3,657	+6.3%	+7.4%
Asia-Pacific	2,236	2,326	+4.0%	+8.7%
Middle East & Africa	269	308	+15.0%	+18.9%
GAS & SERVICES REVENUE	**9,920**	**10,350**	**+4.3%**	**+8.0%**
Large Industries	2,430	2,916	+20.0%	+7.3%
Industrial Merchant	4,509	4,595	+1.9%	+8.5%
Healthcare	1,959	1,835	-6.3%	+9.4%
Electronics	1,022	1,004	-1.7%	+4.7%

Americas

Gas & Services revenue in the Americas totaled **4,059 million euros** in the 1st half of 2021, up **+7.3%** compared with the 1st half of 2020 which had been down -5.1%. In North America, all the business lines returned to a close or higher level in the 2nd quarter than the same period in 2019. In Latin America, sales enjoyed strong growth in all business lines. Across the Americas region, Large Industries revenue was up +7.7%, while Industrial Merchant revenue was up +6.1%. Healthcare sales increased by +16.9% driven by exceptionally high medical oxygen demand due to the pandemic and the pick-up in activity in proximity care in the United States and Home Healthcare in Canada and Latin America. Electronics revenue was up +2.7%, thanks to the strong momentum of Carrier gases sales.

Americas Gas & Services H1 2021 Revenue



- **Large Industries** revenue increased by **+7.7%** during the 1st half. In the United States at the end of June, air separation units were operating at full capacity, driven by the strong oxygen demand for Steel and Chemicals following the slowdown caused by the winter storm on the Gulf Coast in February. Hydrogen demand for Refining increased during the 2nd quarter and volumes returned to levels close to those seen in the 2nd quarter of 2019. In Latin America, oxygen and hydrogen volumes were up markedly, due mainly to the ramp-up of new hydrogen units in Argentina and Mexico.

- **Industrial Merchant** sales were up **+6.1%** in the 1st half. In the United States, after having been affected by a winter storm in February, gas sales continued to recover, returning to levels higher than in the 1st half of 2019, whereas hardgoods sales remained below. Sales to consumer markets such as Food, Pharmaceuticals and Research were higher than in 2019, sales to the Metal Fabrication, Energy and Materials markets were also up, while sales to the Non-residential construction sector remained sluggish. In Latin America, business momentum was strong and sales were higher than pre-pandemic levels, in particular with respect to liquid gases in Argentina and Mexico and cylinder gases in Brazil. Pricing impacts sequentially rose during the 2nd quarter following pricing campaigns launched at the beginning of the year, up +2.7% over the half year.

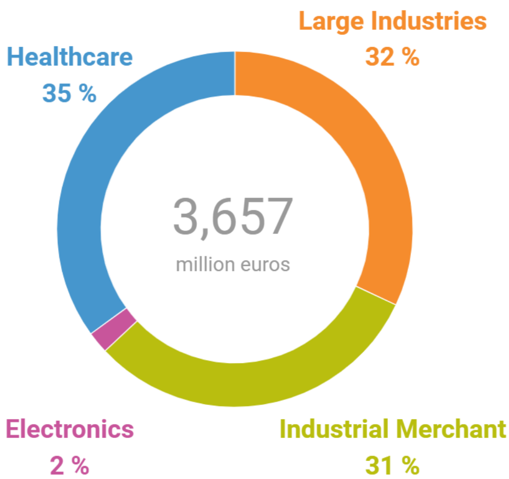
- **Healthcare** revenue was up **+16.9%** in the 1st half with exceptionally high medical oxygen sales across the region, particularly in Latin America during the 2nd quarter as part of the fight against the pandemic. In the United States, the proximity care business returned to normal, with elective surgery gradually restarting. Home Healthcare posted strong growth in Latin America, particularly oxygen therapy in Brazil and Argentina in the 2nd quarter; activity picked up in Canada where the reopening of clinics meant new patients were prescribed home-based therapies, in particular for sleep apnea.

- **Electronics** sales were up **+2.7%** in the 1st half and by +5.0% excluding Equipment & Installations. Sales of carrier gases and Specialty Materials enjoyed double-digit growth, which was partly offset by a decline in Equipment & Installation sales**.**

Europe

Revenue in Europe was up **+7.4%** and amounted to **3,657 million euros.** Industrial sales were higher than those in the 1st half of 2019. Large Industries sales (+4.1%) enjoyed strong activity in the Steel and Chemicals sectors. Industrial Merchant sales were up +11.3% and reached a higher level than in the 1st half of 2019. Accounting for more than a third of Gas and Services sales in Europe, Healthcare (+6.4%) remains committed to fighting the pandemic and has seen a pick-up in the Home Healthcare business and surgical activities in hospitals.

Europe Gas & Services H1 2021 Revenue



- **Large Industries** sales were up **+4.1%**, driven by strong demand in Steel and Chemicals, particularly in Germany where volumes have returned to the levels of the 1st half of 2019, thanks notably to the recovery of the Automobile sector. Hydrogen demand for Refining saw a significant sequential improvement in Benelux and France but remained weak in Southern Europe. Sales were up in Eastern Europe thanks to strong demand for oxygen in Poland and the acquisition of a hydrogen production unit in Kazakhstan in the 1st quarter.

- **Industrial Merchant** revenue posted strong growth of **+11.3%**. All markets were well oriented and volumes exceeded those of the 1st half of 2019. Liquid gas sales were strong in the 2nd quarter, with volumes up sharply compared with the 2nd quarter of 2019 in France and Italy. The business line enjoyed strong growth in the East of Europe, notably in Poland, Russia and Turkey. Pricing impacts were up sequentially in the 2nd quarter, taking the average over the half year to +1.3%.

- In **Healthcare**—a business line that remains committed to fighting Covid-19—sales were up **+6.4%** in the 1st half. Medical gases revenue increased across Europe, supported by the combined impact of the pandemic and the pick-up in surgical activities in hospitals. Equipment sales gradually returned to normal and are to compare with 2020 revenue which was exceptionally high. This basis of comparison is expected to ramp up during the second part of 2021, with volumes of medical oxygen and equipment supplied to hospitals having reached record-high levels during the 2nd half of 2020. The recovery accelerated in the Home Healthcare business, driven by a wider offering for diabetes treatment in France and its launch in new countries such as Germany and the United Kingdom. A pick-up in prescriptions for sleep apnea also contributed to this momentum, notably in France, the Iberian Peninsula and Germany. Finally, Seppic sales were up sharply due to strong demand for specialty ingredients for cosmetics and adjuvants for poultry and swine vaccines.

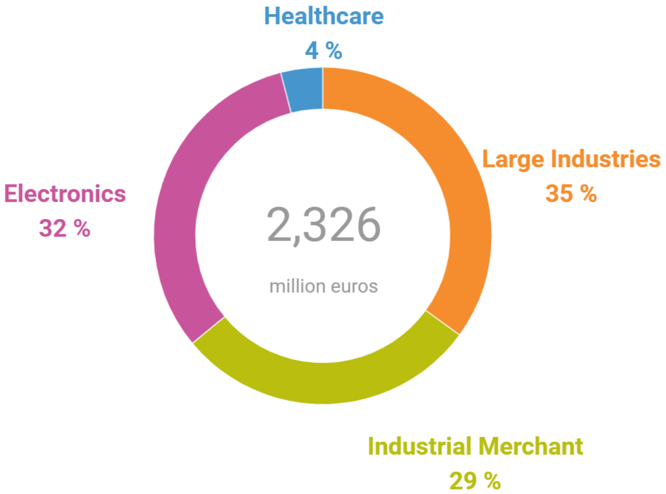
Europe

- Air Liquide, Borealis, Esso, TotalEnergies and Yara have signed a **Memorandum of Understanding (MoU)** to explore the development of a **CO_2 infrastructure including capture and storage**, to help **decarbonize** the industrial basin located in the Normandy region, France. With the objective to **reduce CO_2 emissions by up to 3 million tons per year by 2030**, which is equivalent to the emissions of more than 1 million passenger cars, the first phase will consist in studying the technical and economical feasibility of this project. This partnership, which will seek funding from European, French and Regional schemes, is open to other industrial parties.
- Air Liquide and PAO Severstal, one of the leading steel producers, have signed **a new long-term contract** for the supply of oxygen to the Severstal CherMK site in Russia. Air Liquide will invest around **60 million euros** in the construction of a state-of-the-art Air Separation Unit (ASU) on the site, one of the largest oxygen sites in continental Europe, where it already owns three other ASUs. Thanks to enhanced energy efficiency, this new unit will improve the overall environmental footprint of the site.

Asia-Pacific

Sales in Asia Pacific increased by a very strong **+8.7%** and totaled **2,326 million euros**. All business lines and regions posted growth in the 1st half of 2021, thanks to a favorable basis of comparison with the 1st half of 2020 which was down -2.1% due to the public health crisis. China accounted for a large portion of this growth, with significant volumes across all business lines. Volumes, particularly in China, South Korea and Singapore, were strong in Large Industries, which enjoyed an increase in revenue of +9.8%. The strong growth in Industrial Merchant sales (+12.3%) was mainly driven by high activity in China which posted double-digit volume growth compared with the 1st half of 2019. In Electronics (+4.5%), Carrier gases contributed significantly to growth and benefited from the ramp-up of several units.

Asia-Pacific Gas & Services H1 2021 Revenue



- **Large Industries** sales were up **+9.8%**, compared with sales that were down -2.0% during the 1st half of 2020. Growth was mainly driven by strong air gases demand for Steel and Chemicals in China. The oxygen sales for Steel in Japan were high, in particular during the 2nd quarter. Hydrogen volumes also increased, particularly for Refining in Singapore and for Chemicals in South Korea with the ramp-up of a new unit.

- **Industrial Merchant** revenue increased by **+12.3%** with sales up across all regions. It had decreased by -5.8% during the 1st half of 2020. Volumes were up compared with the 1st half of 2019, driven by China where all products enjoyed strong demand, particularly with regard to domestic needs in the Metal Fabrication, Electronic Components and Automobile sectors. Excluding China, volumes continued to improve in all countries, in particular for liquid gas in developing economies which exceeded the level seen in the 2nd quarter of 2019. Pricing impacts were stable (-0.3%).

- **Electronics** sales were up **+4.5%** and +5.0% excluding Equipment & Installation sales. Carrier gases enjoyed strong growth of +8%, thanks notably to the ramp-up of several production plants for customers in China and Japan. Advanced materials sales were up over the half year and benefited from exceptional volumes in June which offset the price discounts granted to customers signing medium-term contracts, in anticipation of an increase in volumes.

Asia-Pacific

- **Air Liquide will invest around 70 million euros** to build a state-of-the-art gases plant in Wuhan to supply a major memory chipmaker. Air Liquide has been producing ultra-pure industrial gases for this leading Chinese high-tech company for more than 12 years. The unit is planned to be operational in **2022**.

- Air Liquide and Jiangsu Shagang Group, the largest private steel enterprise in China and one of top 5 globally, have signed **a new long-term agreement for the supply of industrial gases** in Zhangjiagang City, Jiangsu Province, China. Air Liquide will invest **around 100 million euros** towards the construction of a world-scale **Air Separation Unit (ASU)** on the site, where it already operates two other ASUs. Designed to use low carbon energy, this state of the art plant will allow to significantly **reduce CO_2 emissions** over time. This new ASU will also be a new source of **krypton** and **xenon** to address the growing demand of the Electronics industry, as well as other air gases for our industrial merchant activity in China.

Middle East and Africa

Revenue in the Middle East and Africa region stood at **308 million euros**, up sharply by **+18.9%** over the 1st half. Large Industries sales enjoyed an increase in demand from customers linked to the pipeline network in Saudi Arabia and a favorable basis of comparison due to a customer maintenance turnaround in the 1st quarter of 2020. Industrial Merchant revenue continued to grow. The Healthcare business is committed to the fight against Covid-19, and sales growth was strong across the region.

Engineering & Construction

Engineering & Construction consolidated revenue was up **+65.9%** and stood at **169 million euros** in the 1st half of 2021. Order intake totaled **542 million euros**, up sharply thanks to positive momentum in Asia and the energy transition. This notably included a major liquid hydrogen production project as well as the sale of a license and engineering services for a carbon capture unit using CryoCap™ technology in Europe.

Global Markets & Technologies

Global Markets & Technologies sales totaled **327 million euros**, with strong growth of **+34.9%** compared with the weak level of activity during the 1st half of 2020. The biogas activity was strong, driven in Europe by the ramp-up of production plants and by sales of biomethane for transport, and in the United States by the increase in sales prices. Equipment sales were also up, in particular for aerospace in Europe, for biogas production in the United States and for hydrogen mobility.

Order intake for Group projects and third-party customers totaled **346 million euros** and notably included major contracts for helium cryogenic refrigerators, LNG reliquefaction units on tankers and gas purification membranes.

Global Markets & Technologies

- **Air Liquide**, **Airbus** and **Groupe ADP** have signed a **Memorandum of Understanding (MoU)** to prepare for the arrival of **hydrogen in airports by 2035** as part of the development of hydrogen-powered commercial aircraft. The partners will leverage their respective expertise to support the decarbonization of the aviation industry and to define the concrete needs and opportunities that hydrogen can bring to the aeronautics sector. This partnership reflects the three partners' shared ambition to contribute to the emergence of an innovative and strategic French sector dedicated to achieving climate-neutral aviation worldwide.

OPERATING INCOME RECURRING

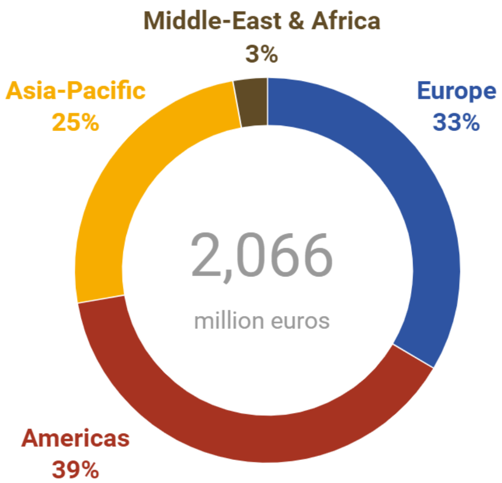
Operating income recurring before depreciation and amortization totaled **2,997 million euros**, an increase of +3.4% and **+8.8% excluding the currency impact** compared with the 1st half of 2020. **Excluding the currency impact**, **personnel costs** were up **+2.0%** and **purchases** increased by **+17.5%**. The strong growth in purchases mainly reflected the recovery in activity, with energy purchases combining an increase in volumes with a marked price increase, which is contractually passed through to customers. With activity picking up again, **other expenses** increased by **+9.7%** excluding the currency impact, and notably included higher transportation and maintenance expenses, in particular relating to the management of an unusual winter storm along the Gulf Coast in February 2021. Costs relating to the Covid-19 pandemic are included in operating expenses. **Depreciation and amortization** reached **1,049 million euros**, representing a moderate increase of **+0.9% excluding the currency impact**, with the impact of the start-up of new units partially offset by the sale of Schülke in 2020.

Ongoing efficiency and margin improvement programs and the exceptional cost containment plan launched by the Group in response to the Covid-19 crisis, contributed significantly to improving performance. Group **Operating Income Recurring (OIR)** reached **1,948 million euros** in the 1st half of 2021, an increase of +7.4% and of **+17.1%** on a comparable basis, which is much higher than the comparable sales growth of +9.2% over the half-year. **The operating margin** (OIR to revenue) stood at **18.0%**, representing a marked improvement of **+100 basis points excluding the energy impact** compared with the 1st half of 2020. On a reported basis, the improvement of operating margin was limited due to a significant increase in energy prices during the 1st half of 2021, which was contractually passed through to customers and therefore had a dilutive impact on the published margin.

Efficiencies[4] totaled **206 million euros**, up +3.5% and in line with the annual target of more than 400 million euros. These efficiencies represent cost savings of 2.8%, an increase compared with 2.5% in the 1st half of 2020. **Industrial efficiencies** accounted for more than 40% of total efficiencies and included improvement of **energy efficiency** in Large Industries and of the **supply chain** in Industrial Merchant and Electronics. 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) and new optimization tools for delivery routes in Industrial Merchant (Integrated Bulk Operations, IBO). **Shared services centers** are developing and efficiencies related to **purchases** continued, in particular at Airgas, which represents a major contribution to overall efficiencies generated.

Moreover, the exceptional cost containment plan launched in response to the health crisis was extended and adapted to the gradual recovery in activity, due to the continuation of local lockdown measures during the 1st half of the year. The impact of these exceptional measures is expected to fall sharply during the 2nd half, in line with the expected recovery in activity.

Gas & Services



Gas & Services H1 2021 Operating Income Recurring

Gas & Services operating income recurring totaled **2,066 million euros**, up **+6.1%** as published compared with the 1st half of 2020, and up **+14.9%** on a comparable basis. The **operating margin** as published stood at **20.0%**, a significant improvement of **+120 basis points excluding the energy impact** compared with the 1st half of 2020. On a reported basis, operating margin improvement was limited due to a significant increase in energy prices during the 1st half of 2021, which was contractually passed through to customers and therefore had a dilutive impact on the published margin.

Industrial Merchant activity prices were up +1.9% in the 1st half, notably thanks to pricing campaigns launched at the beginning of the year, in particular in the United States and Europe. Prices were almost flat in Healthcare and down slightly in Electronics due to Advanced Materials price discounts granted to customers signing medium-term contracts, in anticipation of a strong increase in volumes.

Gas & Services Operating margin (a)	H1 2020	H1 2021	H1 2021, excluding energy impact
Americas	18.7%	19.7%	20.6%
Europe	19.8%	18.9%	20.1%
Asia-Pacific	21.7%	22.1%	22.2%
Middle East & Africa	14.3%	19.3%	19.6%
TOTAL	**19.6%**	**20.0%**	**20.8%**

(a) Operating income recurring / revenue as published

4 *See definition in the Appendix.*

Operating income recurring in the **Americas** reached **802 million euros** over the 1st half of 2021, an increase of **+7.8%**. Excluding the energy impact, the operating margin stood at **20.6%**, representing a very strong **+190 basis points** increase compared with the 1st half of 2020. The efficiency plan made a significant impact, coupled with the continuation during the 1st quarter of the exceptional cost containment plan launched in response to the health crisis, in particular in Large Industries and the Industrial Merchant business. Airgas' contribution was significant, driven by a pick-up in volumes, favorable mix effects and dynamic pricing management.

Operating income recurring in **Europe** reached **692 million euros**, an increase of **+1.7%** compared with the 1st half of 2020. Excluding the energy impact, the operating margin was **20.1%**, an increase of **+30 basis points**. This performance was driven by the efficiency program and a recovery in volumes, mainly in Large Industries and the Industrial Merchant business.

Operating income recurring in **Asia Pacific** stood at **513 million euros**, an increase of **+6.0%**. The operating margin excluding the energy impact reached **22.2%**, an increase of **+50 basis points**. Electronics generated major efficiencies and benefited from the results of the Group's active business portfolio management in Japan. Industrial Merchant growth in China also contributed to the improvement in performance, notably via efficiency measures and the acceleration in sales of cylinder gas and small on-site gas production units.

Operating income recurring for the **Middle East and Africa** region amounted to **60 million euros**, representing a marked increase of **+55.1%** compared with the 1st half of 2020. Excluding the energy impact, the operating margin was **19.6%**, up **+530 basis points** due to the strong increase in volumes across all activities, in particular in Large Industries in Saudi Arabia, where there was a customer maintenance turnaround at a major hydrogen production unit during the 1st quarter of 2020.

Engineering & Construction

Engineering & Construction operating income recurring stood at **8 million euros** for the 1st half of 2021, representing 4.5% of sales.

Global Markets & Technologies

Operating income recurring for **Global Markets & Technology** stood at **40 million euros** in the 1st half of 2021, with an operating margin at **12.2%**, an increase of **+240 basis points**.

Research & Development and Corporate costs

Research & Development expenses and Corporate costs totaled 166 million euros.

NET PROFIT

Other operating income and expenses showed a net balance of -40 million euros and mainly consisted of reorganization costs. This compares to -92 million euros in the 1st half of 2020, which included exceptional expenses relating to the management of the Covid-19 pandemic.

The **financial result** was **-188 million euros** compared with -216 million euros in the 1st half of 2020, a decrease that is primarily due to **net finance costs** of **-141 million euros**, down **-17.5%**. The early redemption in December 2020 of bonds ("senior notes") issued by Airgas before its acquisition by Air Liquide and the decrease in average outstanding bond issues compared with the 1st half of 2020 contributed to reducing net finance costs. The **average cost of net debt** was **2.9%**, flat compared with the 1st half of 2020.

Income tax expense was **425 million euros**. The effective tax rate was **24.7%**, down slightly from 25.3% in the 1st half of 2020.

The **share of profit of associates** amounted to **-1.6 million euros**. The **share of minority interests in net profit** totaled 54 million euros, up +16.4% due to business picking up at subsidiaries with minority shareholders.

The **net profit (Group share)** amounted to **1,239 million euros** in the 1st half of 2021, an increase of **+14.9%** and **+23.1% excluding the currency impact**.

The **recurring net profit (Group share)**(5) was identical to the net profit (Group share) at **1,239 million euros**. It increased by +11.3% and **+19.3% excluding the currency impact**, which is significantly higher than the comparable sales growth of +9.2% over the half year.

Net earnings per share also rose sharply by **+14.8%** compared with the 1st half of 2020, in line with the increase in net profit (Group share). It stood at **2.63 euros per share** compared with 2.29 euros per share in the 1st half of 2020. The average number of outstanding shares used for the calculation of net earnings per share as of June 30, 2021 was **471,986,824**.

Change in the number of shares

	H1 2020	H1 2021
Average number of outstanding shares	**471,411,633**	**471,986,824**

Change in Net debt

Cash flow from operating activities before changes in net working capital amounted to **2,483 million euros** during the 1st half of 2021, representing an increase of +4.8% and **+10.0% excluding the currency impact**. This corresponds to a high level of **22.9% of sales** compared with 23.1% in the 1st half of 2020, an improvement of **+70 basis points excluding the energy impact**.

Working capital requirement (WCR) was up **267 million euros** compared with December 31, 2020 due to the pick-up in activity during the half-year. The WCR excluding taxes to sales ratio was **3.7%**, compared with 5.0% at June 30, 2020. **Net cash flow from operating activities after changes in working capital requirement** amounted to **2,190 million euros**, an increase of +1.7% and **+6.5% excluding the currency impact** compared with the 1st half of 2020.

Gross capital expenditure totaled **2,008 million euros**. Gross industrial capital expenditure amounted to 1,439 million, an increase of +9.0% compared with the 1st half of 2020 and of +14.1% excluding the currency impact. This represented **13.3% of sales**, reflecting strong project development. Financial investments were particularly high at 569 million euros, including approximately 480 million euros for the acquisition of 16 Sasol air separation units in South Africa. **Proceeds from the sale of fixed assets and activities** stood at **129 million euros** and included in particular the disposal of the Group's activities in Greece, highlighting the Group's active business portfolio management. **Net capital expenditure**[6] totaled **1,913 million euros**.

Net debt at June 30, 2021 reached **12,013 million euros**, a decrease of 1,163 million euros compared with June 30, 2020 and an increase of 1,404 million euros compared with December 31, 2020 following the payment of more than 1.3 billion euros in dividends in May and the major acquisition of Sasol air gases production units in South Africa in June. The **net debt-to-equity ratio**, adjusted for the seasonal effect of the dividend payment, stood at **56.1%**, **down sharply** compared with end of June 2020 (64.5%).

The **return on capital employed after tax (ROCE)** was **9.5%** for the 1st half of 2021. **Recurring ROCE**[7] stood at **9.0%**, an increase of **+60 basis points** compared with the 1st half of 2020.

5 *See definition and reconciliation in the appendix*

6 *Including transactions with minority shareholders.*

7 *See definition and reconciliation in the Appendix*

Financing

- On May 19, 2021, Air Liquide successfully launched its first **green bond issue**, by raising **500 million euros** (10 years maturity) which will be dedicated to financing and refinancing the development of several **sustainable projects**, in particular in hydrogen, biogas and oxygen. This operation is in line with the “Sustainable Financing Framework” published on May 17 and validated by a Second-Party opinion. This new bond issue will notably contribute to the financing of the ambitious sustainable projects the Group announced on March 23, 2021. At the same time, Air Liquide undertakes to publish, annually until the funds raised are fully allocated, a "Sustainable Financing Reporting", which will include an allocation report and an impact report, both audited and made public on the Air Liquide website.

INVESTMENT CYCLE

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

In the 1st half of 2021, **industrial and financial investment decisions** totaled **1,908 million euros**, including 479 million euros for the acquisition of Sasol's 16 air separation units in South Africa, which was finalized at the end of June. This was up sharply from 1,331 million euros in the 1st half of 2020.

Industrial investment decisions were high in the 2nd quarter of 2021, and totaled **1,349 million euros** for the 1st half of 2021. Investment was dynamic in **Large Industries**, in particular with long-term contracts having been signed in the 2nd quarter for new air separation units in China and Russia. Decisions concerning **Industrial Merchant** activity included the launching of Qlixbi for welding in new Northern European countries and investments contributing to improve margins. The **Hydrogen Energy** business remained very active, with new investments for the supply chain in the United States and for the expansion of a filling center in Europe. In the 1st half of 2021, **11%** of industrial decisions contributed to efficiency programs.

Financial investment decisions totaled **559 million euros** in the 1st half of 2021, including 479 million euros for the acquisition of the Sasol units in South Africa. This also includes several small acquisitions, notably in the Healthcare business in Europe and in the Industrial Merchant business in North America, Europe and Asia.

The **investment backlog** remained high at **3.1 billion euros,** evenly distributed across various business sectors and geographies (Americas 41%, Asia-Pacific 34%, Europe 25%). This consists of approximately 70 projects with an average value of 45 million euros. The largest proportion (58%) of these projects relates to **Large Industries**, bolstered by the energy transition. The proportion of **Electronics** projects remains high (23%). The Chemicals (29%) and Steel (21%) sectors together were half of the backlog. Investments in the Oil & Gas sector were only 8% of total investments. The investment backlog is expected to lead to a future contribution to annual revenue of approximately **1.0 billion euros per year** after the full ramp-up of the units, which is an identical amount to that at the end of 2020.

Investment

- Air Liquide has **finalized the acquisition** of **Sasol's 16 Air Separation Units (ASU)** located in Secunda, South Africa. Air Liquide will operate this site - the biggest oxygen production site in the world - with a plan to **reduce its CO_2 emissions by 30% to 40%** within the next ten years. The initial investment is approximately 8 billion South African Rand **(circa 480 million euros)**.
- Air Liquide partnered with Rothschild & Co and the Solar Impulse Foundation ("SIF") to launch a **200 million euros investment fund**. This vehicle's strategy will be to scale up companies that develop **environment-friendly solutions**.

START-UPS

Nine major units were started up during the 1st half of 2021. These include carrier gases production units for **Electronics** in Asia and the United States, air separation units for the **Industrial Merchant** business in the United States and production units for **Large Industries** in Canada, Belgium and Kazakhstan.

The **additional contribution to revenue** of unit start-ups and ramp-ups is high, totaling **130 million euros** over the 1st half of 2021. For the year 2021, the **additional contribution to revenue** is estimated at **320 million euros**, including **70 million** from the acquisition of the 16 Sasol oxygen units in South Africa. These 16 units are expected to generate between 400 and 450 million euros per year in revenue in a second phase that fully integrates energy management, with no significant impact on operating income.

INVESTMENT OPPORTUNITIES

The **12-month portfolio of investment opportunities** stood at **3.0 billion euros** at the end of June 2021.

The **energy transition** represents **45%** of the portfolio of opportunities and includes several projects for low-carbon hydrogen production by electrolysis, hydrogen liquefaction and carbon capture and storage ("CCS") in **Large Industries**. The share of **Electronics** projects remains high, up slightly from the already high level in the 1st quarter of 2021.

Europe and Asia account for nearly 80% of opportunities: Europe remained the leading region in the portfolio owing to the numerous projects linked to the **energy transition**, followed by **Asia**, where most **Electronics** projects are being carried out. The Americas and the Middle East & Africa regions then follow.

RISK FACTORS

There was no change in risk factors during the first half. Risk factors are described in the 2020 Universal Registration Document on pages 74 to 90.

2021 OUTLOOK

This **first half excellent performance** reflects the **momentum of our markets and the acceleration in sales in the 2nd quarter. These exceeded the level seen in 2nd quarter of 2019[1], across all regions and for all activities**. Sales for the half year were close to **11 billion euros**, marking strong growth of **+9.2%** on a comparable basis, versus the 1st half of 2020.

In **Gas & Services**, the **rebound in industrial activities** was particularly strong in the 2nd quarter, both in Large Industries and Industrial Merchant. Electronics also recorded strong growth at the end of the half year. The **Healthcare** business line remained at a high level, with **teams strongly committed** to the fight against the pandemic. Geographically speaking, **markets are growing in all regions**, although some countries remain vulnerable to the pandemic situation.

Engineering & Construction and **Global Markets & Technologies** activities posted strong growth.

The Group's **operating margin** rose again sharply, by **+100 basis points**, excluding the energy impact. This **improvement** reflects the contribution of **the structural margin improvement program**, through ongoing recurring efficiency programs in the amount of **206 million euros**, in line with the annual objective set at more than 400 million euros. It also illustrates the strong **pricing policy**, in particular in Industrial Merchant, **active business portfolio management** and is temporarily supported by the effects of the **exceptional cost containment plan**, which will diminish with the recovery in activity.

Net profit rose significantly by +14.9% to more than **1.2 billion euros**. The **cash flow to sales ratio** also increased and reached **23%**. The **debt-to-equity ratio** was down sharply versus the end of June 2020.

With almost half of the projects linked to the energy transition, **12-month investment opportunities are numerous and total 3 billion euros**. **Investment decisions for the half year were high at 1.9 billion euros**, including **the acquisition of the Sasol oxygen production plants** in Secunda, South Africa. Solid, diversified and largely focused on the energy transition, the **project backlog** totaling **3.1 billion euros** is particularly promising for future growth.

With a **growth model combining financial performance with societal performance**, Air Liquide is a major player in a sustainable future and is particularly committed to developing **a low-carbon society** through the reduction of CO_2 emissions and the implementation of hydrogen solutions.

In 2021, in a context of recovery in the second half of the year, Air Liquide is confident in its ability to further increase its operating margin and to deliver recurring net profit growth[2], at constant exchange rates.

(1) Due to the exceptional impact of the pandemic in the 1st half of 2020, a comparison with 2019 1st half sales has been introduced for context in reviewing 1st half 2021 performance. The comparisons between 2021 and 2019 (over the half year or over the quarter) are calculated by adding 2020 and 2021 comparable effects. They are given as a reference point and do not constitute an alternative performance measure.

(2) Excluding significant and exceptional items with no impact on recurring operating income. Excluding the impact of a possible US tax reform in 2021.

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
- Recurring net profit excluding currency effect
- Net Profit Excluding IFRS16
- Net Profit Recurring Excluding IFRS16
- Efficiencies
- 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.

(in millions of euros)	H1 2021	H1 2021/2020 Published Growth	Currency impact	Natural gas impact	Electricity impact	Significant scope impact	H1 2021/2020 Comparable Growth
Revenue							
Group	10,846	+5.6%	(498)	304	114	(271)	+9.2%
Impacts in %			*-4.8%*	*+2.9%*	*+1.1%*	*-2.8%*	
Gas & Services	10,350	+4.3%	(486)	304	114	(271)	+8.0%
Impacts in %			*-4.9%*	*+3.0%*	*+1.2%*	*-3.0%*	
Operating Income Recurring							
Group	1,948	+7.4%	(109)	-	-	(56)	+17.1%
Impacts in %			*-6.0%*	-	-	*-3.7%*	
Gas & Services	2,066	+6.1 %	(106)	-	-	(56)	+14.9%
Impacts in %			*-5.5%*	-	-	*-3.3%*	

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.

		H1 2021	Natural gas impact	Electricity impact	H1 2021, excluding energy impact
Revenue	Group	10,846	292	110	10,444
	Gas & Services	10,350	292	110	9,949
Operating Income Recurring	Group	1,948	-	-	1,948
	Gas & Services	2,066	-	-	2,066
Operating Margin	**Group**	**18.0%**			**18.6%**
	Gas & Services	**20.0%**			**20.8%**

RECURRING NET PROFIT GROUP SHARE AND RECURRING NET PROFIT GROUP SHARE EXCLUDING CURRENCY IMPACT

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.

	H1 2020	H1 2021	H1 2021/2020 Change
(A) Net Profit (Group Share) - As Published	**1,078.4**	**1,239.3**	**+14.9%**
(B) Exceptional and significant transactions after-tax with no impact on OIR			
- Exceptional expenses linked to the management of the Covid-19 pandemic	(34.7)		
(A) - (B) = Net Profit Recurring (Group Share)	**1,113.1**	**1,239.3**	**+11.3%**
(C) Currency impact		(88.7)	
(A) - (B) - (C) = Net Profit Recurring (Group Share) excluding currency impact		**1,328.0**	**+19.3%**

NET PROFIT EXCLUDING IFRS16 AND NET PROFIT RECURRING EXCLUDING IFRS16

Net Profit excluding IFRS16:

	H1 2020	FY 2020	H1 2021
(A) Net Profit as Published	**1,124.6**	**2,528.0**	**1,293.1**
(B) = IFRS16 Impact[(1)]	(6.8)	(13.2)	(6.0)
(A) - (B) = Net Profit excluding IFRS16	**1,131.4**	**2,541.2**	**1,299.1**

[(1)] *The IFRS16 impact includes the reintegration of leasing expenses less depreciation and other financial expenses booked in relation to IFRS16*

Net Profit Recurring excluding IFRS16:

	H1 2020	FY 2020	H1 2021
(A) Net Profit as Published	**1,124.6**	**2,528.0**	**1,293.1**
(B) Exceptional and significant transactions after-tax with no impact on OIR	(34.7)	94.0	0.0
(A) - (B) = Net Profit recurring	**1,159.3**	**2,434.0**	**1,293.1**
(C) IFRS16 Impact[(1)]	(6.8)	(13.2)	(6.0)
(A) - (B) - (C) = Net Profit recurring excluding IFRS16	**1,166.1**	**2,447.2**	**1,299.1**

[(1)] *The IFRS16 impact includes the reintegration of leasing expenses less depreciation and other financial expenses booked in relation to IFRS16*

EFFICIENCIES

Efficiencies represent a sustainable cost reduction resulting from an action plan on a specific project. Efficiencies are identified and managed on a per project basis. Each project is followed by a team composed in alignment with the nature of the project (purchasing, operations, human resources...).

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 in question.

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 2020 (a)	FY 2020 (b)	H1 2021 (c)	ROCE Calculation
Numerator (b)-(a)+(c)	Net Profit Excluding IFRS16	1,131.4	2,541.2	1,299.1	**2,708.9**
	Net Finance costs	(170.5)	(352.8)	(140.7)	(323.0)
	Effective Tax Rate [1]	25.2%	26.5%	24.5%	
	Net Finance costs after tax	(127.5)	(259.3)	(106.2)	**(238.0)**
	Net Profit - Net financial costs after tax	1,258.9	2,800.5	1,405.3	**2,946.9**
Denominator ((a)+(b)+(c))/3	Total Equity Excluding IFRS16	18,777.5	19,032.2	19,607.6	**19,139.1**
	Net Debt	13,175.7	10,609.3	12,013.2	**11,932.7**
	Average of (total equity + net debt)	31,953.2	29,641.5	31,620.8	**31,071.8**
ROCE					**9.5%**

[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 IFR16 for the numerator.

(in millions of euros)		H1 2020 (a)	FY 2020 (b)	H1 2021 (c)	Recurring ROCE Calculation
Numerator (b)-(a)+(c)	Net Profit Recurring Excluding IFRS16	1,166.1	2,447.2	1,299.1	**2,580.2**
	Net Finance costs	(170.5)	(352.8)	(140.7)	(323.0)
	Effective Tax Rate[1]	25.2%	26.5%	24.5%	
	Net Finance costs after tax	(127.5)	(259.3)	(106.2)	(238.0)
	Neutralizing Airgas "senior notes" from Net Finance Costs after tax[2]		(30.3)		
	Net Finance costs after tax excluding Airgas senior notes[2]	**(127.5)**	**(229.0)**	**(106.2)**	**(207.7)**
	Recurring Net Profit Excluding IFRS16 - Net financial costs after tax excluding Airgas senior notes[2]	1,293.6	2,676.2	1,405.3	**2,787.9**
Denominator ((a)+(b)+(c))/3	Total Equity Excluding IFRS16	18,777.5	19,032.2	19,607.6	**19,139.1**
	Net Debt	13,175.7	10,609.3	12,013.2	**11,932.7**
	Average of (total equity + net debt)	31,953.2	29,641.5	31,620.8	**31,071.8**
Recurring ROCE					**9.0%**

[1] *excluding non-recurring tax impact*

[2] *The impact of the reimbursement of Airgas senior notes is removed from Net Finance costs after tax as it is already excluded in the calculation of Net Profit Recurring in numerator*

Calculation of performance indicators (Quarter)

	Q2 2021	Q2 2021/2020 Published Growth	Currency impact	Natural gas impact	Electricity impact	Significant scope impact	Q2 2021/2020 Comparable Growth
Revenue							
Group	5,512	+12.4%	(226)	171	68	(129)	+15.2%
Impacts in %			*-4.6%*	*+3.5%*	*+1.3%*	*-3.0%*	
Gas & Services	5,247	+10.9%	(220)	171	68	(129)	+13.7%
Impacts in %			*-4.7%*	*+3.6%*	*+1.5%*	*-3.2%*	

2nd quarter 2021 revenue

BY GEOGRAPHY

Revenue *(in millions of euros)*	Q2 2020	Q2 2021	Published change	Comparable change
Americas	1,853	2,056	+10.9%	+17.4%
Europe	1,649	1,860	+12.8%	+10.6%
Asia-Pacific	1,097	1,176	+7.1%	+10.8%
Middle East & Africa	130	155	+19.9%	+20.4%
Gas & Services Revenue	**4,729**	**5,247**	**+10.9%**	**+13.7%**
Engineering & Construction	52	93	+79.5%	+83.6%
Global Markets & Technologies	122	172	+41.7%	+44.4%
GROUP REVENUE	**4,903**	**5,512**	**+12.4%**	**+15.2%**

BY WORLD BUSINESS LINE

Revenue *(in millions of euros)*	Q2 2020	Q2 2021	Published change	Comparable change
Large industries	1,136	1,471	+29.5%	+12.3%
Industrial Merchant	2,107	2,342	+11.1%	+17.9%
Healthcare	977	921	-5.7%	+8.7%
Electronics	509	513	+0.8%	+7.7%
GAS & SERVICES REVENUE	**4,729**	**5,247**	+10.9%	+13.7%

Geographic and segment information

(in millions of euros and %)	H1 2020 Revenue	H1 2020 Operating income recurring	H1 2020 OIR margin	H1 2021 Revenue	H1 2021 Operating income recurring	H1 2021 OIR margin
Americas	3,975	744	18.7%	4,059	802	19.7%
Europe	3,440	680	19.8%	3,657	692	18.9%
Asia-Pacific	2,236	484	21.7%	2,326	513	22.1%
Middle East and Africa	269	39	14.3%	308	60	19.3%
Gas & Services	**9,920**	**1,947**	**19.6%**	**10,350**	**2,066**	**20.0%**
Engineering and Construction	104	(21)	-20.5%	169	8	4.5%
Global Markets & Technologies	249	24	9.8%	327	40	12.2%
Reconciliation	-	(137)	-	-	(166)	-
TOTAL GROUP	**10,273**	**1,813**	**17.6%**	**10,846**	**1,948**	**18.0%**

2. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

(in millions of euros)	Notes	1st half 2020	1st half 2021
Revenue	**(4)**	**10,272.8**	**10,845.7**
Other income		53.3	70.0
Purchases		(3,631.3)	(4,078.6)
Personnel expenses		(2,183.1)	(2,129.2)
Other expenses		(1,614.3)	(1,711.3)
Operating income recurring before depreciation and amortization		**2,897.4**	**2,996.6**
Depreciation and amortization expense	(5)	(1,084.3)	(1,048.9)
Operating income recurring		**1,813.1**	**1,947.7**
Other non-recurring operating income	(6)	9.3	12.7
Other non-recurring operating expenses	(6)	(101.5)	(52.9)
Operating income		**1,720.9**	**1,907.5**
Net finance costs	(7)	(170.5)	(140.7)
Other financial income		9.6	4.1
Other financial expenses		(55.1)	(50.9)
Income taxes	(8)	(380.8)	(425.3)
Share of profit of associates		0.5	(1.6)
Profit for the period		**1,124.6**	**1,293.1**
- Minority interests		46.2	53.8
- Net profit (Group share)		1,078.4	1,239.3

Basic earnings per share *(in euros)*	**(10)**	**2.29**	**2.63**
Diluted earnings per share *(in euros)*	**(10)**	**2.28**	**2.61**

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

(in millions of euros)	1st half 2020	1st half 2021
Profit for the period	**1,124.6**	**1,293.1**
Items recognized in equity		
Change in fair value of financial instruments	(13.3)	21.4
Change in foreign currency translation reserve	(288.0)	505.6
Items that may be subsequently reclassified to profit	**(301.3)**	**527.0**
Actuarial gains/ (losses)	(34.3)	90.1
Items that may not be subsequently reclassified to profit	**(34.3)**	**90.1**
Items recognized in equity, net of taxes	**(335.6)**	**617.1**
Net income and gains and losses recognized directly in equity	**789.0**	**1,910.2**
- Attributable to minority interests	41.5	67.5
- Attributable to equity holders of the parent	747.5	1,842.7

Consolidated balance sheet

ASSETS *(in millions of euros)*	**Notes**	**December 31, 2020**	**June 30, 2021**
Goodwill	(11)	13,087.4	13,435.4
Other intangible assets		1,397.8	1,413.9
Property, plant and equipment	(2)	20,002.9	21,360.0
Non-current assets		**34,488.1**	**36,209.3**
Non-current financial assets		602.5	621.3
Investments in associates		160.9	157.3
Deferred tax assets		268.4	274.4
Fair value of non-current derivatives (assets)		90.9	52.2
Other non-current assets		**1,122.7**	**1,105.2**
TOTAL NON-CURRENT ASSETS		**35,610.8**	**37,314.5**
Inventories and work-in progress		1,405.9	1,481.6
Trade receivables		2,205.8	2,500.4
Other current assets		737.7	797.2
Current tax assets		90.4	96.9
Fair value of current derivatives (assets)		44.1	38.4
Cash and cash equivalents	(14)	1,791.4	1,387.3
TOTAL CURRENT ASSETS		**6,275.3**	**6,301.8**
ASSETS HELD FOR SALE		**91.0**	**82.7**
TOTAL ASSETS		**41,977.1**	**43,699.0**

EQUITY AND LIABILITIES *(in millions of euros)*	**Notes**	**December 31, 2020**	**June 30, 2021**
Share capital		2,605.1	2,606.5
Additional paid-in capital		2,608.1	2,624.8
Retained earnings		11,033.8	12,783.1
Treasury shares		(139.8)	(179.9)
Net profit (Group share)		2,435.1	1,239.3
Shareholders' equity		**18,542.3**	**19,073.8**
Minority interests		**462.3**	**500.2**
TOTAL EQUITY [(a)]		**19,004.6**	**19,574.0**
Provisions, pensions and other employee benefits	(13)	2,418.3	2,324.2
Deferred tax liabilities		1,871.5	1,936.3
Non-current borrowings	(14)	10,220.2	10,068.9
Non-current lease liabilities		969.4	993.8
Other non-current liabilities		206.5	247.0
Fair value of non-current derivatives (liabilities)		11.5	19.2
TOTAL NON-CURRENT LIABILITIES		**15,697.4**	**15,589.4**
Provisions, pensions and other employee benefits	(13)	316.1	304.0
Trade payables		2,437.9	2,608.4
Other current liabilities		1,809.2	1,770.6
Current tax payables		215.2	223.7
Current borrowings	(14)	2,180.5	3,331.6
Current lease liabilities		218.2	219.7
Fair value of current derivatives (liabilities)		59.0	42.1
TOTAL CURRENT LIABILITIES		**7,236.1**	**8,500.1**
LIABILITIES HELD FOR SALE		**39.0**	**35.5**
TOTAL EQUITY AND LIABILITIES		**41,977.1**	**43,699.0**

(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 2020	1st half 2021
Operating activities			
Net profit (Group share)		**1,078.4**	**1,239.3**
Minority interests		**46.2**	**53.8**
Adjustments:			
• Depreciation and amortization	(5)	1,084.3	1,048.9
• Changes in deferred taxes [a]		1.8	(14.6)
• Changes in provisions		(12.9)	(30.5)
• Share of profit of associates		(0.4)	1.6
• Profit/loss on disposal of assets		(7.2)	22.1
• Net finance costs		119.7	101.3
• Other non cash items		60.8	61.5
Cash flows from operating activities [b]		**2,370.7**	**2,483.4**
Changes in working capital	(12)	(157.0)	(266.8)
Other cash items		(60.9)	(26.2)
Net cash flows from operating activities		**2,152.8**	**2,190.4**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(1,319.9)	(1,439.0)
Acquisition of consolidated companies and financial assets	(2)	(63.9)	(569.2)
Proceeds from sale of property, plant and equipment and intangible assets [c]		68.7	44.6
Proceeds from the sale of activities, net of net debt sold, and of financial assets [c]		13.8	84.2
Dividends received from equity affiliates		2.0	3.3
Net cash flows used in investing activities		**(1,299.3)**	**(1,876.1)**
Financing activities			
Dividends paid [d]			
• L'Air Liquide S.A.	(16)	(1,306.7)	(1,332.7)
• Minority interests		(42.8)	(33.4)
Proceeds from issues of share capital [d]		26.7	22.6
Purchase of treasury shares [d]		(50.4)	(40.2)
Net financial interests paid		(166.9)	(146.8)
Increase (decrease) in borrowings		1,319.6	874.9
Lease liabilities repayments		(121.4)	(118.4)
Net interests paid on lease liabilities		(20.3)	(16.5)
Transactions with minority shareholders		(9.7)	(36.8)
Net cash flows from (used in) financing activities		**(371.9)**	**(827.3)**
Effect of exchange rate changes and change in scope of consolidation		11.7	60.7
Net increase (decrease) in net cash and cash equivalents		**493.3**	**(452.3)**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**896.5**	**1,718.6**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**1,389.8**	**1,266.3**

(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) The cash flows from operating activities before changes in net working capital are presented before payment of interests on net debt and of interests paid on lease liabilities and after payment of income taxes.

(c) From the end of 2020 onwards, proceeds from activities are reported in the line proceeds from the sale of activities, net of net debt sold, and of financial assets while they were presented within the proceeds from sale of property, plant and equipment and intangible assets as of June 30, 2020. These two lines would have respectively amounted to 45.6 million euros and 36.9 million euros if this adjustment had been applied from the first half 2020.

(d) A breakdown of dividends paid, share capital increases and treasury share purchases is provided on pages 33 and 34.

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

(in millions of euros)	Notes	December 31, 2020	June 30, 2020	June 30, 2021
Cash and cash equivalents	(14)	1,791.4	1,474.2	1,387.3
Bank overdrafts (included in current borrowings)		(72.8)	(84.4)	(121.0)
NET CASH AND CASH EQUIVALENTS		**1,718.6**	**1,389.8**	**1,266.3**

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2021 TO JUNE 30, 2021

(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, 2021		**2,605.1**	**2,608.1**	**15,643.9**	**(272.0)**	**(1,903.0)**	**(139.8)**	**18,542.3**	**462.3**	**19,004.6**
Profit for the period				**1,239.3**				**1,239.3**	**53.8**	**1,293.1**
Items recognized directly in equity				90.1	21.4	491.9		603.4	13.7	617.1
Net income and gains and losses recognized directly in equity [(a)]				**1,329.4**	**21.4**	**491.9**		**1,842.7**	**67.5**	**1,910.2**
Increase (decrease) in share capital		1.4	16.7					18.1	4.5	22.6
Distribution	(16)			(1,335.7)				(1,335.7)	(33.4)	(1,369.1)
Purchase/Sale of treasury shares [(c)]							(40.1)	(40.1)		(40.1)
Share-based payments				19.2				19.2		19.2
Transactions with minority shareholders recognized directly in equity				(2.1)				(2.1)	(0.5)	(2.6)
Others [(e)]				45.8		(16.4)		29.4	(0.2)	29.2
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2021		**2,606.5** [(b)]	**2,624.8** [(d)]	**15,700.5**	**(250.6)**	**(1,427.5)**	**(179.9)** [(c)]	**19,073.8**	**500.2**	**19,574.0**

(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, 2021 was made up of 473,908,777 shares at a par value of 5.50 euros. During the fiscal year, share capital was increased by the creation of 248,053 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, 2021 totaled 1,831,433 (including 1,595,868 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were mainly as follows:

- acquisitions, net of disposals, of 306,088 shares;

- allocation of 50 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 16.7 million euros.

(e) Mainly the effects of hyperinflation in Argentina.

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

(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, 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			(1,309.7)				(1,309.7)	(42.8)	(1,352.5)
Purchase/Sale of treasury shares						(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			11.0		(12.2)		(1.2)		(1.2)
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2020	**2,604.0**	**2,594.4**	**14,300.7**	**(282.4)**	**(737.4)**	**(177.4)**	**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.

Accounting principles

The condensed interim consolidated financial statements for the half-year ended June 30, 2021 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, 2020 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, 2020.

Except for the application of standards, interpretations and amendments being mandatory as of January 1, 2021, 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, 2020. 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, 2021.

The financial statements are presented in million of euros. They were reviewed by the Board of Directors on July 28, 2021.

NEW IFRS AND INTERPRETATIONS

1. Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2021

The following texts are not applicable to the Group financial statements:

- amendments to IFRS 4 "Insurance Contracts - deferral of IFRS 9", issued on June 25, 2020.

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, 2021 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" and "Classification of Liabilities as Current or Non-current - Deferral of Effective Date", issued on January 23, 2020 and July 15, 2020 respectively;
- 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 beyond 30 June 2021", issued on March 31, 2021;
- amendments to IAS 1 "Presentation of Financial Statements", issued on February 12, 2021;
- amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", issued on February 12, 2021;
- amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", issued on May 7, 2021.

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 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, and the main sources of uncertainty in making the estimates, are identical to those described in the consolidated financial statements for the fiscal year ended December 31, 2020.

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, 2021

Note 1 Impacts of health crisis on the financial statements

The Group continued to operate in a context of health crisis without significant impact on its activities during the 1st half of the year 2021.

The Group did not identify any indications of impairment loss as of June 30, 2021.

Note 2 Significant events

Air Liquide has finalized the acquisition of Sasol's 16 Air Separation Units (ASU) located in Secunda, South Africa, on June 24, 2021.

The amount of the acquisition reported in the consolidated cash flow statement in the acquisition of consolidated investments and financial assets amounts to 479.3 million euros. Besides, the allocation of preliminary goodwill leads to recognize property, plant and equipment for 417.2 million euros.

Note 3 Segment information

3.1. INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2021

	Gas & Services								
(in millions of euros)	Europe	Americas	Asia Pacific	Middle East and Africa	Sub-total	Engineering & Construction	Global Markets & Technologies	Reconciliation	Total
Revenue	3,656.7	4,059.4	2,325.7	308.4	10,350.2	168.4	327.1		10,845.7
Inter-segment revenue						*194.6*	*243.6*	*-438.2*	
Operating income recurring	**691.8**	**801.6**	**513.3**	**59.7**	**2,066.4**	**7.5**	**40.0**	**-166.2**	**1,947.7**
incl. depreciation and amortization	*(336.2)*	*(406.8)*	*(214.3)*	*(33.8)*	*(991.1)*	*(11.4)*	*(27.6)*	*(18.8)*	*(1,048.9)*
Other non-recurring operating income									12.7
Other non-recurring operating expenses									(52.9)
Net finance costs									(140.7)
Other financial income									4.1
Other financial expenses									(50.9)
Income taxes									(425.3)
Share of profit of associates									(1.6)
Profit for the period									1,293.1

3.2. 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

Note 4 Revenue

Consolidated revenue for the 1st half of 2021 amounts to 10,845.7 million euros, up +5.6% compared to the 1st half of 2020 (10,272.8 million euros). Excluding the impact of foreign exchange fluctuations, revenue is up +10.4%. The foreign exchange fluctuations are mainly driven by the depreciation of the US dollar and, to a lesser extent, of the Japanese yen, the Argentinian peso and the Brazilian real against the euro.

Note 5 Depreciation and amortization expense

(in millions of euros)	1st half 2020	1st half 2021
Intangible assets	(87.6)	(82.4)
Property, plant and equipment [a]	(996.7)	(966.5)
TOTAL	**(1,084.3)**	**(1,048.9)**

(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 2020	1st half 2021
Income		
Net gain on the disposals of activities or group of assets	9.3	12.7
TOTAL OTHER NON-RECURRING OPERATING INCOME	**9.3**	**12.7**
Expenses		
Reorganization, restructuring and realignment programs costs	(43.4)	(25.5)
Integration costs related to the acquisition of Airgas	(8.0)	3.0
Acquisition costs	(12.2)	(3.5)
Political risks and legal procedures	7.5	(21.4)
Net loss on the disposals of activities or group of assets and impairments of assets	(5.0)	—
Purchases of protection equipments and sanitizing costs	(13.4)	—
Others	(27.0)	(5.5)
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	(101.5)	(52.9)
TOTAL	**(92.2)**	**(40.2)**

In the 1st half of 2021, the Group recognized:

- Capital gains on disposal amounting to +12.7 million euros mainly linked to the disposal of its activities in Greece in the 1st half of 2021 for +15.4 million euros;
- Restructuring costs corresponding to realignment programs primarily in Gas & Services;
- Acquisition costs mainly related to the purchase of oxygen production activities of Sasol in the 1st half of 2021;
- Political risks and legal procedures costs primarily in Gas & Services.

The impact of integration costs related to the acquisition of Airgas for +3.0 million euros is due to the payment of the long-term incentives - implemented as part of this operation - during the 1st half of 2021.

Besides, some expenses identified as incremental and directly linked to the health crisis as of June 30, 2020 were reported in "Other non-recurring operating expenses". Similar potential costs incurred by the Group during the 1st half of the year 2021 are now presented in the Operating income recurring.

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.

Note 7 Net finance costs

The average net finance costs stands at 2.9% in the 1st half of 2021, stable compared with the 1st half of 2020.

Note 8 Income taxes

(in %)	1st half 2020	1st half 2021
Average effective tax rate	25.3	24.7

The decrease in average effective tax rate compared to the 1st half of 2020 is mainly due to the reduction of the income tax rate in France from 32.02% as of June 2020 to 28.41% as of June 2021.

Note 9 Employee benefits

The expense recognized for pension and other employee benefits amount to 68.3 million euros in the 1st half of 2021 and can be broken down as follows:

(in millions of euros)	1st half 2020	1st half 2021
Service cost	16.7	21.3
Interest cost on the net defined benefit liability	4.1	3.1
Defined benefit plans	**20.8**	**24.4**
Defined contribution plans	**44.1**	**43.9**
TOTAL	64.9	68.3

Note 10 Net earnings per share

10.1. BASIC EARNINGS PER SHARE

	1st half 2020	1st half 2021
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	1,078.4	1,239.3
Weighted average number of ordinary shares outstanding	471,411,633	471,986,824
Basic earnings per share *(in euros)*	**2.29**	**2.63**

10.2. DILUTED EARNINGS PER SHARE

	1st half 2020	1st half 2021
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**1,078.4**	**1,239.3**
Weighted average number of ordinary shares outstanding	471,411,633	471,986,824
Adjustment for dilutive impact of share subscription options	983,478	1,002,235
Adjustment for dilutive impact of performance shares	1,380,704	1,336,383
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**473,775,815**	**474,325,442**
Diluted earnings per share *(in euros)*	**2.28**	**2.61**

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, 2021	Goodwill recognized during the period	Goodwill removed during the period	Foreign exchange differences	Other movements	As of June 30, 2021
Goodwill	**13,087.4**	**98.1**	**(20.3)**	**270.2**	**—**	**13,435.4**

The increase in Goodwill recognized during the period mainly comes from the acquisition of the oxygen production site of Sasol finalized on June 24, 2021. In compliance with IFRS3 (revised), the final measurement of preliminary goodwill booked following this acquisition shall be finalized within twelve months following the acquisition date.

The Group did not identify any indications of impairment loss as of June 30, 2021.

Note 12 Working capital requirement

The increase by +266.8 million euros, presented in the consolidated cash flow statement, mainly comes from the increase in working capital requirement of Gas & Services by +276.9 million euros (including +91.2 million euros related to the payment of the long-term incentives implemented as part of the acquisition of Airgas).

Note 13 Provisions, pensions and other employee benefits

2021 *(in millions of euros)*	As of January 1	Increase	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combination	Other movements (a)	As of June 30
Pensions and other employee benefits	1,612.8	24.4	(46.8)		(113.4)	5.9		6.5	1,489.4
Restructuring plans	29.8	4.0	(4.2)	(0.8)		0.2		0.3	29.3
Guarantees and other provisions related to engineering contracts	98.4	17.6	(13.7)	(4.5)		0.5		(0.3)	98.0
Dismantling	238.8		(0.9)	(0.4)	3.0	1.6		(2.6)	239.5
Provisions and contingent liabilities as part of a business combination	181.4		(9.4)	(4.6)	0.8	5.5	20.2		193.9
Other provisions	573.2	75.9	(69.3)	(6.4)	1.0	4.9	0.1	(1.3)	578.1
TOTAL PROVISIONS	**2,734.4**	**121.9**	**(144.3)**	**(16.7)**	**(108.6)**	**18.6**	**20.3**	**2.6**	**2,628.2**

(a) Other movements correspond to account reclassifications, disposals and provisions for dismantling, with no impact on the consolidated cash flow statement.

In the 1st half of 2021, 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, 2020	June 30, 2020	June 30, 2021
Non-current borrowings	(10,220.2)	(12,487.9)	(10,068.9)
Current borrowings	(2,180.5)	(2,162.0)	(3,331.6)
TOTAL GROSS DEBT	**(12,400.7)**	**(14,649.9)**	**(13,400.5)**
Cash and cash equivalents	**1,791.4**	**1,474.2**	**1,387.3**
TOTAL NET DEBT AT THE END OF THE PERIOD	**(10,609.3)**	**(13,175.7)**	**(12,013.2)**

Statement of changes in net debt

(in millions of euros)	December 31, 2020	1st half 2020	1st half 2021
Net debt at the beginning of the period	**(12,373.3)**	**(12,373.3)**	**(10,609.3)**
Net cash flows from operating activities	5,205.7	2,152.8	2,190.4
Net cash flows used in investing activities	(1,954.6)	(1,299.3)	(1,876.1)
Net cash flows from (used in) financing activities excluding changes in borrowings	(1,690.5)	(1,524.6)	(1,555.4)
Total net cash flows	**1,560.6**	**(671.1)**	**(1,241.1)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others	443.1	(14.5)	(64.8)
Adjustment of net finance costs	(239.7)	(116.8)	(98.0)
Change in net debt	**1,764.0**	**(802.4)**	**(1,403.9)**
TOTAL NET DEBT AT THE END OF THE PERIOD	**(10,609.3)**	**(13,175.7)**	**(12,013.2)**

The Air Liquide Group net debt breaks down as follows:

	December 31, 2020			June 30, 2021		
	Carrying amount			Carrying amount		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Bonds and private placements	9,717.9	1,600.1	11,318.0	9,457.8	2,267.2	11,725.0
Commercial paper programs		201.8	201.8		657.7	657.7
Bank debt and other financial debt	444.1	339.7	783.8	549.5	404.4	953.9
Put options granted to minority shareholders	58.2	38.9	97.1	61.6	2.3	63.9
TOTAL BORROWINGS (A)	**10,220.2**	**2,180.5**	**12,400.7**	**10,068.9**	**3,331.6**	**13,400.5**
TOTAL CASH AND CASH EQUIVALENTS (B)		**1,791.4**	**1,791.4**		**1,387.3**	**1,387.3**
NET DEBT (A) - (B)	**10,220.2**	**389.1**	**10,609.3**	**10,068.9**	**1,944.3**	**12,013.2**

Gross debt (A) increased by 1,000 million euros between December 31, 2020 and June 30, 2020. This increase mainly comes from:

- a bond issue for 500 million euros, on May 19 2021, realized under the Group's Euro Medium Term Note (EMTN). First green bond issue for the Group, it has a 10-year maturity with a yield of 0.461% (coupon at 0.375% p.a.) and is dedicated to financing and refinancing the development of several sustainable projects, in particular in hydrogen, biogas and oxygen. This operation is in line with the “Sustainable Financing Framework” published on May 17 and validated by a Second-Party opinion. This new bond issue will notably contribute to the financing of the ambitious sustainable projects the Group announced on March 23, 2021. At the same time, Air Liquide undertakes to publish, annually until the funds raised are fully allocated, a "Sustainable Financing Reporting" which will include an allocation report and an impact report, both audited and made public on the Air Liquide website;
- the use of commercial paper program, mainly in euro;
- a slight unfavorable foreign exchange impact, mainly related to the depreciation of the euro against the US dollar.

The increase in gross debt is partially offset by the repayment of the first tranche of Panda bond on March 7, 2021 amounting to 1,400 million Chinese renminbi (equivalent to 182 million euros).

Gross current debt (maturing in less than 12 months) (A) increased by 1,151 million euros compared to December 31, 2020.
This increase of current gross debt comes from:

- the reclassification to current borrowings of the “Formosa” long-term bond issue maturing in January 2022 amounting to 500 million Chinese renminbi (equivalent to 65 million euros);
- the reclassification to current borrowings of a long-term bond issue maturing in April 2022 and amounting to 300 million euros;
- the reclassification to current borrowings of a long-term bond issue maturing in June 2022 and amounting to 500 million euros;
- the increase of commercial paper portfolio.

Cash decreased by 404 million euros compared to December 31, 2020. The net debt amounts to 12,013 million euros, increasing by 1,404 million euros compared to December 31, 2020, and decreasing by 1,163 million euros compared to June 30, 2020.

Note 15 Commitments

The commitments did not change significantly in comparison to December 31, 2020.

Note 16 Dividend per share

The 2020 dividend authorized by the General Meeting and paid on May 19, 2021 to the Group shareholders was 1,335.7 million euros (including fidelity premium), corresponding to an ordinary dividend of 2.75 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 Contigent 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 interim financial information issued in French and is provided solely for the convenience of English-speaking users. This report 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, 2021;
- the verification of the information contained in the interim management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed interim consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. 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 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 29, 2021

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, 2021 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 29, 2021

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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INVESTORS RELATIONS

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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

Air Liquide