

Air Liquide presents ADVANCE : its new strategic plan for 2025 combining financial and extra-financial performance

Air Liquide presents ADVANCE, its new strategic plan for 2025. It places Sustainable Development at the heart of its strategy and combines financial and extra-financial performance. With a strong business model which has proven its resilience, with its innovation capacity and its technological knowhow, the Group is particularly well positioned to continue its growth trajectory while contributing to respond efficiently to major economic, environmental and societal challenges.

Benoît Potier, Chairman and Chief Executive Officer of the Air Liquide group, stated : *“ In a world transformed by the covid epidemic, and marked by a geopolitical crisis whose dimension of humanitarian disaster is overwhelming, we have to act today but also keep preparing the future. With ADVANCE, financial performance as well as environmental and societal performances are combined in our objectives. For Air Liquide, building the future means delivering strong financial results, as it is a condition to our durability and our ability to invest for the future ; but it also means to act as a leader in decarbonization of the industry, to promote progress through technological innovation and to act for all. With ADVANCE, Air Liquide is opening a new chapter of its history by linking inseparably growth and sustainable future “.*

To achieve a comprehensive performance, ADVANCE is structured around four priorities :

1 - To deliver a strong financial performance

With ADVANCE, Air Liquide is taking action today while preparing the future. It is rising up to an ambitious challenge : maintain its growth momentum while pursuing its CO₂ emission reduction targets and investing in the markets of the future.

Three objectives define our ambition when it comes to performance :

- An acceleration in **sales growth** reaching a pace of **5 to 6%** on average per year¹.
- A **return on capital employed** (ROCE) of more than **>10 %** starting from 2023.
- A **reduction of our CO₂ emissions in absolute terms starting around 2025**.

To achieve this, we will rely on the **optimization of our capital resources** and on the improvement of our **operating margin**. The latter will improve by more than **+160 bps** over 4 years (2022-2025)², by acting on several levers: a dynamic pricing policy, regular efficiencies and an active management of our portfolio of activities.

At the same time, **investment decisions** will be increased to a record level, to reach about **16 billion euros** over the 2022-2025 period, half of the industrial investments being dedicated to the energy transition³. On average, the annual amount of industrial decisions increases by **+ 45 %**⁴.

¹ Compound Annual Growth Rate (CAGR) of sales on a comparable basis over the 2021-2025 period

² Sum of annual operating margin improvements in basis points, excluding energy passthrough impact

³ Industrial investment decisions above 5 million euros

⁴ Annual average of industrial investments over the 2022-2025 period compared to the annual average over 2016-2019

2 - To decarbonize the planet

With ADVANCE, Air Liquide confirms its leadership in the decarbonization of the industry and in the emergence of a low-carbon society in which hydrogen plays a decisive part.

The reduction of CO₂ emissions is **a major challenge for the large players of the industry and for heavy duty mobility. This represents a pool of opportunities for Air Liquide.** To address this huge market and to accompany its Large Industry customers in their path to decarbonization, the Group has a large portfolio of technological solutions and services. It notably includes the supply of low-carbon gases, CO₂ capture and management, as well as solutions to transform our customers' industrial processes. The Group is committed to decarbonizing its own assets - with the objective to start reducing its CO₂ emissions in absolute terms around 2025. **Within the context of its Sustainable Development objectives, Air Liquide aims to reduce by a third its emissions by 2035 and to reach carbon neutrality by 2050 while supporting its customers in their decarbonization process.**

3 - Technological innovation to open new markets

With ADVANCE, Air Liquide aims to contribute to the development of key sectors for the future, where it intends to reinforce its positions, leveraging on innovation and technology, two major assets of the Group.

The **Group will focus on 5 new markets :**

- **hydrogen mobility**, and notably heavy duty mobility: a very high potential market, where we have a leading position and in which low-carbon hydrogen will play a key role,
- **electronics**, where the digital revolution represents a real development opportunity and will strengthen our leadership position,
- **healthcare**, in which our value-based approach, which improves quality of life for the patient at the best cost for the health system, responds to major societal issues,
- **Industrial Merchant** whose growth is driven by environmental challenges and by new usages, notably digital.
- and **high technologies**, including space, deep cryogenics and the quantum industry.

4 - Acting for all

In the context of ADVANCE, Air Liquide aims to include the perspective of its direct stakeholders, as well as those of Society at large.

Concretely, this means :

- fostering **employee engagement** and the development of their skills through the implementation of new ways of working in a safe, inclusive and collaborative environment,
- reinforcing our **customer centric culture**, to better acknowledge, anticipate and support their needs, and by continuing the profound transformation already underway to better serve our patients,
- always going further in the quality of the privileged relationship we nurture with our **Shareholders**, with a regular and attractive remuneration that rewards loyalty.
- acting as a committed corporate citizen concerned with the **general interest**, where the Group's contribution can make a difference, in particular by taking action in communities, or for example by developing initiatives to promote access to medical oxygen.

ADVANCE IN FIGURES

PILLAR 1 - A STRONG FINANCIAL PERFORMANCE

> 3 objectives

- Sales growth of 5 to 6 % on average per year⁵.
- A return on capital employed (ROCE) of >10 % by 2023 and forward.
- CO₂ emissions reduction in absolute terms starting around 2025, in line with the Group's Sustainable Development objectives.

> 2 enablers

- Capital Efficiency
- Operating margin improvement by >+ 160 pbs over 4 years (2022-2025)⁶

Investment decisions will be increased to a record level, to reach 16 billion euros over the 2022-2025 period, **half of the industrial investments being dedicated to the energy transition**⁷.

PILLAR 2 - DECARBONIZING THE PLANET

- > Within the context of its [Sustainable Development objectives presented in March 2021](#), Air Liquide is committed to reaching **CARBON NEUTRALITY BY 2050**, with two key intermediary milestones in 2025 and 2035:

- to start **REDUCING its ABSOLUTE CO₂ emissions around 2025**
- to **reach a 33% DECREASE of its Scope 1 & 2 CO₂ emissions by 2035⁸ compared to 2020**

Within this context, the Group also maintains its existing objective to reduce by -30% its carbon intensity in kg CO₂/€ Ebitda⁹ in 2025, compared to 2015.

- > The plan also notably includes an acceleration in hydrogen development
 - to at least triple its turnover in order to reach more than 6 billion euros by 2035
 - The Group will reach that goal by investing approximately 8 billion euros in the low-carbon hydrogen supply chain by 2035
 - Air Liquide aims at bringing its total electrolysis capacity to 3 GW by 2030.

PILLAR 3 - FOSTERING PROGRESS THROUGH TECHNOLOGICAL INNOVATION

- > **5 new markets : hydrogen mobility, Electronics, Healthcare, Industry, Space**
- > About **50%** of **innovation spending** dedicated to the energy transition and to digital technology

PILLAR 4 - ACTING FOR ALL

- > 35% of women among our engineers and professionals by 2025
- > 100% of our 66,400 employees to benefit from a common basis of care coverage by 2025
- > 100% of our employees will have the opportunity to engage in local initiatives to support communities by 2025

CONTACTS

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⁵ Compound Annual Growth Rate (CAGR) of sales on a comparable basis over the 2021-2025 period

⁶ Sum of annual operating margin improvements in basis points, excluding energy passthrough impact

⁷ Industrial investment decisions above 5 million euros

⁸ From 2020 Market based emissions of 32.5 million tonnes CO₂ eq (Scope 1+2)

⁹ Compared to 2015 emissions, at 2015 exchange rate and excluding IFRS16 for greenhouse gas emissions scopes 1 and 2

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

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