

**ADVANCE** / / / / /

Our new 2025  
strategic plan  
*for global  
performance*



 **Air Liquide**

# ADVANCE, *towards* *a global performance*

ADVANCE, Air Liquide's new strategic plan for 2025, is a **milestone** in the company's history. It places **sustainable development at the heart of the Group's strategy**, firmly setting Air Liquide on course for global performance by combining **financial performance and extra-financial performance**.

After two years of the health crisis and in a world marked by political tensions, we must act in the present while continuing to prepare the future. We are confronted by **major societal, economic and environmental challenges**, from the urgency of climate change and the energy transition to the continued need for security, healthcare and access to progress.

With its proven resilient business model, its innovation capacity and its technological expertise, the Group is **ideally positioned at the heart of the markets of the future** to continue its growth dynamic by working to meet some of the major challenges facing our world, driven by the desire to **make a real difference**.

**Building the future** means **delivering strong financial performance** which prepares the future, **acting as a leader in industry decarbonization, promoting progress** through technological innovation and **acting for all**.

ADVANCE is built around these **4 priorities** and includes the Group's Sustainable Development objectives.

With ADVANCE, Air Liquide is opening a new chapter of its history by linking inseparably **growth and sustainable future**.



**1. Delivering  
strong financial  
performance**



**2. Decarbonizing  
the planet**



**3. Unlocking  
progress via  
technology**



**4. Acting  
for all**

# Delivering strong *financial performance*



**With ADVANCE, Air Liquide is taking action today while preparing the future. The Group is rising up to an ambitious challenge: maintaining its growth dynamic and improving its profitability while meeting its commitments to reduce CO<sub>2</sub> emissions and investing in the markets of the future.**

**+5<sup>0</sup>% to 6<sup>0</sup>%**

**Average annual sales growth<sup>(1)</sup>**

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**>10<sup>0</sup>%**

**ROCE from 2023**

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**Initiating the CO<sub>2</sub> emissions reduction around 2025**

**ACT<sup>(2)</sup>**

**Air Liquide intends to continue its growth trajectory while preparing to reduce its CO<sub>2</sub> emissions starting around 2025.**

- An acceleration in sales growth reaching a pace of 5% to 6% on average per year<sup>(1)</sup>.
- A return on capital employed (ROCE) of more than 10% from 2023.
- At the same time, beginning the reduction of its CO<sub>2</sub> emissions around 2025.

**To achieve these objectives, the Group will rely on optimizing its capital resources and increasing its operating margin by more than +160 bps between 2022 and 2025<sup>(2)</sup>, by acting on several levers: a dynamic pricing policy, regular efficiency gains and active management of its business portfolio.**

**To prepare for the future and harness its full potential, the Group is investing at a record level.**

- An average increase in industrial investment decisions by +45% per year over the 2022-2025 period<sup>(3)</sup> to reach total investments of 16 billion euros.
- A particularly strong dynamic in the fields of energy transition, including hydrogen technologies, and electronics. These promising markets require a high degree of investment selectivity. The need to reduce CO<sub>2</sub> emissions is now an integral part of any investment decision.

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 pass-through impact.
3. Annual average of industrial investments over the 2022-2025 period compared to the annual average over 2016-2019.

<sup>\*</sup>Air Liquide's Sustainable Development Objectives announced in March 2021.



# *Decarbonizing* the planet



//// ADVANCE

**ADVANCE will enable Air Liquide to consolidate its leading role in the decarbonization of industry and the advent of a low-carbon society in which hydrogen plays a decisive role.**

**Acting as the leader of industry decarbonization and hydrogen**

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**~50%**  
**of industrial investment decisions will be dedicated to the energy transition<sup>(1)</sup>**

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**Initiating the CO<sub>2</sub> emissions reduction around 2025**

**- 33% CO<sub>2</sub> emissions by 2035<sup>(2)</sup>**

**Carbon neutrality by 2050**

**ACT<sup>(1)</sup>**

**Reducing CO<sub>2</sub> emissions has become a major challenge for key players in industry and heavy mobility, representing a wealth of opportunities for Air Liquide.** For this market, estimated at tens of billions of euros, the Group has a comprehensive portfolio of technology and service solutions to support its customers' decarbonization efforts around the world, from the supply of low-carbon industrial gases to CO<sub>2</sub> capture and management and industrial process transformation.

**Hydrogen plays a key role in the race to decarbonize the planet.** The Group's expertise in this field dates back more than 50 years. Its technologies are used throughout the low-carbon hydrogen supply chain, from production to storage and distribution. This technological expertise has already made it possible for Air Liquide to sign numerous strategic partnerships with major players around the world to develop the use of hydrogen.

To accelerate the sector's development, Air Liquide is deploying a strategy centered on industrial basins; in this way, it develops operational synergies that benefit the companies within each area. Examples of this include Normandy in France, where the Group will develop the world's first low-carbon hydrogen network for local industries, and South Korea, where it is working with its partners to develop scenarios for the roll-out of hydrogen ecosystems for airports.

**The Group is also committed to decarbonizing its own operations;** the objective being to start reducing its CO<sub>2</sub> emissions in absolute terms around 2025. As part of its Sustainable Development objectives, Air Liquide aims to reduce its emissions by one-third by 2035<sup>(2)</sup> and to reach carbon neutrality by 2050.

1. Industrial investment decisions above €5 million.
2. In tons of CO<sub>2</sub> equivalent, adjusted to include from 2020 and, for each subsequent year, the full year's emissions of assets acquired and integrated after 2020, scopes 1 and 2. Scope 2 emissions are calculated from purchased supplies (a market-based method): the Group uses the method recommended by the GHG Protocol.

\*Air Liquide's Sustainable Development Objectives announced in March 2021.

# Unlocking progress via *technology*





**Innovation and technology are two of Air Liquide's major strengths that have always enabled the Group to play a pioneering role. Today, these assets make it possible for the Group to contribute to the development of key sectors of the future, where it intends to strengthen its positions through the ADVANCE plan.**

**5**

**markets of the future**

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**50%**

**of innovation spending is dedicated to the energy transition and to digital technology**

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**~€8 billion will be invested in the low-carbon hydrogen value chain by 2035**

**Sales in hydrogen x3 increasing from €2 to €6 billion by 2035**

**ACT<sup>(\*)</sup>**

**Hydrogen mobility** – In this high-potential market, the Group intends to maintain its leading position by targeting the heavy mobility sector, including road, air, sea and rail. Air Liquide has played a leading role in this sector for more than 20 years, developing hydrogen technologies and adopting an ecosystem approach by establishing numerous strategic partnerships.

**Electronics** – In response to significant growth in demand, the ongoing race to improve semiconductor performance and the relocation of production units, Air Liquide plans to strengthen its positions in Asia, the United States and Europe by means of new industrial capabilities, technological innovation and the development of sustainable solutions. Its ambition: maintaining its position as the leading supplier of gases and services to the electronics industry.

**Healthcare** – With a presence throughout the entire patient care pathway and having developed in-depth knowledge of chronic diseases, Air Liquide plans to develop personalized solutions, combining digital monitoring and home care. This Value-Based Healthcare approach focuses on the patients' quality of life while ensuring cost efficiency for healthcare systems.

**Industrial Merchant** – Many sectors including agri-food, electric vehicles, additive manufacturing, water treatment and energy management are driven by new uses and a focus on environmental challenges; these sectors represent a potential market for industrial gases that is estimated to be worth €10 billion. Air Liquide aims to consolidate its leading position in the world's largest markets within this activity, which is key to the Group's performance.

**High technologies** – The space exploration race and the rise of quantum computing promise major developments. With its technological expertise in deep cryogenics, Air Liquide is ideally positioned to capture the growth of these sectors. In addition, the Group is banking on the potential of digital technology to enrich its offers and improve its operational efficiency.

Air Liquide spends more than €300 million on innovation every year, with more than 50% dedicated to the energy transition and digital technology.

\*Air Liquide's Sustainable Development Objectives announced in March 2021.

# Acting *for all*



**As a civic-minded company, Air Liquide strives to ensure that everything it does is in the interests of its stakeholders and, beyond that, of society as a whole.**

**By 2025,  
35%  
of engineers  
and professionals  
will be women**

**100%  
of our 66,400  
employees will  
benefit from a  
common basis of  
care coverage**

**100%  
of our employees will  
have the opportunity  
to engage in local  
initiatives to support  
communities**

**ACT<sup>(\*)</sup>**

**2M industrial  
customers worldwide**

**1.8M patients at home  
around the world**

**500,000 individual  
shareholders, representing  
33% of the Group's capital**

2021 figures

**For our employees** – While the pandemic has profoundly transformed the way in which our employees work, the Group remains dedicated to improving the employee experience, with three key areas of focus:

- continuing to foster a culture based on empowerment, autonomy and dialogue,
- developing the required skills for optimal implementation of ADVANCE's objectives, within a learning organization (agile learning methods, recognition of technical expertise, etc.),
- developing new ways of working in a safe, inclusive and collaborative working environment.

**For our customers and patients** – Air Liquide has embarked on a major transformation to better serve our customers and patients. This transformation continues with ADVANCE, which focuses on three main dimensions:

- better understanding their expectations by identifying weak signals throughout the customer journey,
- making interactions simpler and more effective with an omnichannel approach,
- becoming more agile by giving our teams the means to work as closely as possible with our customers and patients.

**For our shareholders** – The Group has a proactive shareholder policy that gives individual shareholders an important role. The Group intends to offer its shareholders attractive and regular remuneration to reward their loyalty through specific initiatives while maintaining a close relationship through quality dialogue.

**For society as a whole** – Mindful of the changing world, Air Liquide understands how to act in the public interest, where its contribution can make a difference. The Group is involved in long-term community projects in the countries in which it operates. Through the Air Liquide Foundation, it supports scientific projects and professional integration programs. In partnership with NGOs, the Group is developing initiatives to increase access to medical oxygen.

<sup>(\*)</sup>Air Liquide's Sustainable Development Objectives announced in March 2021.

**A world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 75 countries with around 66,400 employees and serves over 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.**



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