

## Solid performance in 2016 after Airgas integration:

### Increase in revenue, net profit, and earnings per share

#### 2016 Key Figures

■ <b>Group revenue:</b> 18,135 million euros	<b>+14.6%*</b>
■ <b>Net profit (Group share):</b> 1,844 million euros	<b>+5.0%</b>
■ <b>Net earnings per share:</b> 5.11 euros	<b>+2.4%</b>
■ <b>Proposed 2016 dividend of</b> 2.60 euros per share	<b>+2.7%</b>
■ <b>Attribution of 1 free share</b> for 10 existing	
■ <b>Cash flow:</b> 3.7 billion euros	<b>+30.5%</b>

#### 2016 Highlights

- **Airgas:** Completion of the acquisition on May 23, refinancing and disposal of assets in the United States, operations merged on October 1, first synergies achieved.
- **NEOS:** Launch of the Group's new company program for 2016-2020.
- **New contracts in growing markets:** energy (China and Argentina), space (Europe), biogas purification (Europe).
- **Portfolio management of businesses:** Disposal of Aqua Lung, divestment of Air Liquide Welding under review, acquisitions in Healthcare and Industrial Merchant.
- **Innovation and Technologies:** New Research and Technology Center (Shanghai), storage facilities for pure helium (Germany) and hydrogen (United States), project for the plant of the future certified "technological showcase" (France)

\* Excluding Welding and Diving, restated as discontinued operations.

Commenting on the 2016 results, **Benoît Potier, Chairman and CEO of Air Liquide**, stated:

***"With the acquisition of Airgas, a major achievement of the past year, the Group has taken a major step forward in its geographic expansion and the extension of its markets. Its performance in 2016, which includes Airgas for a portion of the year, is solid with an increase in revenue, net profit, and net earnings per share despite unfavorable currency and energy effects.***

***In the context of moderate global growth, activity was buoyed by higher volumes in Large Industries, the strength of the Healthcare sector, and the promising markets served by the new entity Global Markets & Technologies. All geographies are growing on a comparable basis, benefiting from stronger growth in developing economies.***

***The Group continues to deliver efficiency gains, to which are added this year the first Airgas synergies. The balance sheet is strong, reinforced by solid growth in cash flow and success of the capital increase, thus containing the debt below our forecasts.***

***With the integration of Airgas and the launch of the NEOS program for the period 2016-2020, Air Liquide is implementing its transformation, which combines targeted industrial investments, digital development, and innovations to fuel growth in the coming years.***

***Assuming a comparable environment, Air Liquide is confident in its ability to deliver net profit growth in 2017".***

**Consolidated revenue in 2016** reached € 18,135 million, an increase of **+14.6%** on a reported basis<sup>1</sup>, as compared with 2015, integrating the consolidation of sales from Airgas since May 23, 2016. It was up +18.2% excluding the impact of currency (-1.4%) and energy (-2.2%). In the fourth quarter of 2016, both the currency and energy impact were slightly positive. On a comparable basis<sup>2</sup>, Group revenue in 2016 was up +0.9% as compared with 2015, impacted by lower Engineering and Construction revenue.

**Gas & Services revenue** for 2016, which reached € 17,331 million, rose by **+17.5%** on a reported basis versus 2015, and by +21.3% excluding the impact of currency and energy. On a comparable basis, revenue grew by +2.7%.

**Developing economies** posted solid growth in 2016, with Gas & Services revenue up **+8.0%** on a comparable basis.

Overall, all businesses of **Gas & Services** revenue rose on a comparable basis, with the exception of Industrial Merchant, which remains contrasted:

- **Large Industries**, with revenue up **+5.4%** in 2016, grew across all geographies, benefiting from start-ups and ramp-ups of production units primarily located in Germany, Poland, Americas, and China. Sales were also driven in the first quarter of 2016 by the contribution of the two hydrogen production units at the Yanbu site, which started up in the second quarter of 2015. The fourth quarter was marked by several temporary turnarounds of customer units for planned maintenance operations, by high air gas demand, especially in the United States, and exceptional revenue linked to a contract in Europe.
- Following the acquisition of Airgas, **Industrial Merchant** revenue rose by nearly +45% in 2016. Excluding Airgas, this activity was down **-1.6%** on a comparable basis. The situation for Industrial Merchant remains contrasted by country and by market segment.  
In **Europe**, sales were stable in 2016, supported by increasing bulk volumes, relatively solid demand in France, Spain, and the United Kingdom, and high demand in Poland and Russia. The cylinder business, which was generally weak in 2016, showed some signs of improvement at the end of the year. In **North America**, energy and metal fabrication markets are down as compared with 2015, while Agri-Food and Pharmaceuticals are growing. In **Asia-Pacific**, sales in Japan, down over 12 months, recorded a slight increase in the second half of 2016, while China posted solid growth over the full year and strong growth in the fourth quarter. Overall, the price effect over the year is slightly positive at **+0.5%** in a globally low inflation environment. In the fourth quarter, there was higher price leverage (+0.9%) globally.
- For **Electronics**, up **+4.3%** in 2016, sales in the first half of the year were strong. The second half was slower and was marked in particular by slower sales of Equipment and Installations and by a comparison basis that was unfavorable as compared with 2015 due to the exceptionally high price of neon in 2015. Over the full year, growth was driven by China, Singapore, and Taiwan. It was also driven by solid sales of carrier gases in Asia and continued strong overall demand for Advanced Materials, with sales growth of nearly +20% in 2016.
- **Healthcare** revenue was up +11.2% including the contribution of Airgas via its sales of Medical Gases to hospitals. On a comparable basis, sales were up a solid **+4.9%**, benefiting from strong demand for Home Healthcare services and robust Hygiene sales (+15.1%). Revenue rose in all geographies, including at double digit for the developing economies.

**Engineering and Construction** revenue, at € 474 million, was down sharply (**-38.0%**) on a comparable basis versus 2015, adversely impacted by the slowdown in large-scale projects related to energy and by the low number of new projects.

Revenue from **Global Markets & Technologies** reached € 330 million, up **+13.6%** on a comparable basis. Growth was primarily driven by Space, Biogas, and Maritime businesses.

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<sup>1</sup> Excluding Welding and Diving, restated as discontinued operations.

<sup>2</sup> Estimated comparable: excluding significant scope (Airgas), currency and energy (natural gas and electricity) impact.

The Group, which continues to reinforce its competitiveness, generated recurrent efficiency gains totaling **€ 315 million** in 2016. This high level is in line with the target, as of 2017, of more than € 300 million on average per year of the NEOS plan. In addition to these efficiencies, the first **synergies related to Airgas** reached **45 million USD** in 2016. As a reminder, Air Liquide is forecasting a total of more than 300 million USD of synergies with Airgas, including all cost synergies (a total of more than 200 million USD) before the end of 2018.

**Operating income recurring** rose by **+5.9%** to **€ 3,024 million**. The **Group's operating margin** at **16.7%**, reflects the effect of the Airgas consolidation. As announced in the first half of 2016, the capital gains on the sale of business assets in the United States required by the Federal Trade Commission (FTC) offset the one-off costs incurred in relation to the acquisition of Airgas. **Net profit (Group share)** totaled **€ 1,844 million**, up **+5.0%**, and **net earnings per share**, after taking into account the dilution related to the capital increase, increased by **+2.4%**, in line with the guidance.

**Cash flow** before change in Working Capital Requirements (WCR) reached **€ 3,523 million**, which is 19.4% of the year's total revenue. Net **cash flow** from operating activities, after change in WCR, increased by **+30.5%** compared with 2015 and reached **20.4%** of sales. **Net debt** stood at **€ 15,368 million** on December 31, 2016. The excellent cash flow and the capital increase with preferential subscription rights achieved in late September 2016 helped to reduce debt in the second half of the year. The **debt-to-equity ratio** was lowered to **90%** at the end of the year, exceeding forecasts. The **return on capital employed** after tax (**ROCE**) stood at **7.8%**. ROCE, calculated by consolidating the Airgas acquisition over the full year, is estimated at 6.9%. The Group's target, set as part of its NEOS program, is to reach again ROCE above 10% in the next 5 to 6 years.

## Performance in 2016

In millions of euros		2016/2015 Reported	2016/2015 Excluding currency and energy impact	2016/2015 Comparable <sup>1</sup>
<b>Group revenue<sup>2</sup></b>	<b>18,135 M€</b>	+14.6%	+18.2%	+0.9%
o/w Gas & Services	17,331 M€	+17.5%	+21.3%	+2.7%
<b>Operating Income Recurring<sup>2</sup></b>	<b>3,024 M€</b>	+5.9%	-	-
<b>Net profit (Group share)</b>	<b>1,844 M€</b>	+5.0%	-	-
<b>Net debt as of 12/31/2016<sup>2</sup></b>	<b>15,368 M€</b>			

*Estimated comparable: excluding significant scope (Airgas), currency and energy (natural gas and electricity) impact.*

<sup>2</sup> *Excluding Welding and Diving, restated as discontinued operations.*

Air Liquide's **Board of Directors**, which met on February 14, 2017, approved the audited financial statements for fiscal year 2016. A report with an unqualified opinion is being issued by the Statutory Auditors.

At the next Annual General Meeting of Shareholders, the Board of Directors will propose the payment of a dividend totaling **2.60 euros per share**. Taking into account the restatement related to the rights issue, the dividend increases by **+2.7%**. The ex-dividend date has been set for **May 15, 2017** and payment scheduled for **May 17, 2017**. Furthermore, the Board of Directors decided the attribution in the second half of 2017 of **1 free share for 10** existing.

The Board also approved the draft resolutions that will be submitted to the shareholders at the Annual General Meeting on May 3, 2017, in particular:

- The reappointment for a four-year term of Mr. Thierry Peugeot, a member of the Board of Directors of the Company since 2005.
- The appointment of one new Board member, for a term of four years, Mr. Xavier Huillard.  
Mr. Xavier Huillard, Chairman and CEO of Vinci, will bring to the Board his experience as the CEO of a large multinational company.

The Board of Directors has noted that the term of office of Mr. Thierry Desmarest will expire at the end of the Annual General Meeting of Shareholders of May 3, 2017, in accordance with the Board of Directors' internal regulations. Thierry Desmarest has been a member of the Board since 1999 and has provided extensive experience and expertise in many areas for the Board, where he had served as Lead Director since 2014. The Board warmly thanked him for his outstanding contribution to the development of Air Liquide throughout the years. The Board further advised that it intends to appoint Mr. Jean-Paul Agon as Lead Director as of that date.

Mr. Pierre Dufour also announced his decision to assert his retirement rights in 2017 and not to seek the renewal of his term as Senior Executive Vice-President, which expires following the General Meeting of May 3, 2017. The Board of Directors warmly thanked him for his commitment and outstanding contribution to the Group's development during the 10 years at the General Management and in particular in the context of the acquisition of Airgas. He will remain a Director of the Company within the framework of the term of office renewed at the Annual General Meeting of Shareholders on May 12, 2016, and will also retain his role as a Board member of Airgas.

At the end of the Annual General Meeting on May 3, 2017, the Board of Directors will be composed of 12 members, 11 of them elected and one Director representing the employees. The Board will be composed of five women and six board members who are foreign nationals.

In addition, the Board set executive compensation for 2016 and 2017, details of which will be published on the Air Liquide's website. In line with the recommendations of the Afep/Medef Code, 2016 executive compensation is subject, as was the case last year, to the opinion of shareholders under two specific resolutions.

This year, for the first time, shareholders will also be asked to approve the principles and criteria for determining the remuneration of Executive Officers, applicable from 1 January 2017, in accordance with the new Sapin 2 law.

Lastly, the Board of Directors decided to set up a fourth specialized committee to examine environmental and societal issues in 2017.

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***Benoît Potier also comments on the Group's 2016 results in a [video interview](#), available in French and in English at [www.airliquide.com](http://www.airliquide.com).***

***The slideshow that accompanies this release is available as of 9:15 am (Paris time) on [www.airliquide.com](http://www.airliquide.com).***

***Throughout the year, follow Air Liquide on Twitter: [@AirLiquideGroup](#).***

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## UPCOMING EVENTS

### 2017 1<sup>st</sup> Quarter Revenue:

April 26, 2017

### Annual General Meeting of Shareholders:

May 3, 2017

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The world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with approximately 67,000 employees and serves more than 3 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 lead its industry, deliver long term performance and contribute to sustainability. The company's customer-centric transformation strategy aims at profitable growth over the long term. It relies on operational excellence, selective investments, open innovation and a network organization implemented by the Group worldwide. Through the commitment and inventiveness of its people, Air Liquide leverages energy and environment transition, changes in healthcare and digitization, and delivers greater value to all its stakeholders.

Air Liquide's revenue amounted to € 18.1 billion in 2016 and its solutions that protect life and the environment represented more than 40% of sales.

Air Liquide is listed on the Euronext Paris stock exchange (compartment A) and belongs to the CAC 40, Dow Jones Euro STOXX 50 and FTSE4Good indexes.