Air Liquide
creative oxygen

PRESS RELEASE

Paris, February 15, 2017

Solid performance in 2016 after Airgas integration:

Increase in revenue, net profit, and earnings per share

2016 Key Figures

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

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[1], 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[2], 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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[1] *Excluding Welding and Diving, restated as discontinued operations.*

[2] *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*[1]**
Group revenue[2]	**18,135 M€**	*+14.6%*	*+18.2%*	*+0.9%*
o/w Gas & Services	17,331 M€	*+17.5%*	*+21.3%*	*+2.7%*
Operating Income Recurring[2]	**3,024 M€**	*+5.9%*	-	-
Net profit (Group share)	**1,844 M€**	*+5.0%*	-	-
Net debt as of 12/31/2016[2]	**15,368 M€**			

Estimated comparable: excluding significant scope (Airgas), currency and energy (natural gas and electricity) impact.
[2] *Excluding Welding and Diving, restated as discontinued operations.*

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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.

Benoît Potier also comments on the Group's 2016 results in a video interview, available in French and in English at www.airliquide.com.

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

Throughout the year, follow Air Liquide on Twitter: @AirLiquideGroup.

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UPCOMING EVENTS

2017 1st Quarter Revenue:
April 26, 2017

Annual General Meeting of Shareholders:
May 3, 2017

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.

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2016 PERFORMANCE

The Group achieved solid performance in 2016, a year of transformation, marked by the acquisition of Airgas and a refocusing on Gas & Services activities. Group revenue for 2016 totaled 18,135 million euros, up +14.6% as published compared to 2015, driven by the consolidation of Airgas sales from 23 May 2016 but penalized by negative currency impact of -1.4% and by adverse energy impact of -2.2%. Comparable Gas & Services sales growth, outperforming the market, was +2.7%.

The development of activity in 2016 was mainly driven by the ramp-up of production units in Large Industries, solid sales growth in Healthcare, double-digit growth for the new Global Markets & Technologies activity and dynamic developing economies.

The operating margin was 16.7% in 2016, reflecting the new business mix following the integration of Airgas; it also includes the contribution from 315 million euros of efficiencies and the first Airgas synergies for 45 million US dollars. Net profit (Group share) reached 1,844 million euros, up +5.0% compared with 2015. Net earnings per share, after taking account of the dilutive impact of the capital increase, were 5.11 euros, up +2.4% compared with 4.99 euros per share in 2015.

Net cash after change in working capital requirements was up +30.5% compared with 2015 and represented 20.4% of sales, driven notably by a good level of operating cash flow and an improvement in WCR. Following the capital increase, the net debt-to-equity ratio reached 90% at the end of December 2016, sharply down compared with the exceptional level of 151% at the end of June 2016, five weeks after the Airgas acquisition.

The Group pursued its growth initiatives with investment decisions of 2.2 billion euros. The average size of projects in the portfolio of opportunities is more modest, which contributes to a better distribution of risk.

The Board of Directors proposed a nominal dividend to be submitted to the Annual General Meeting of 3 May 2017 at 2.60 euros per share. Taking into account the restatement related to the rights issue, this dividend represents an increase of +2.7% for the shareholder. The pay-out ratio is estimated at 56%.

2016 Key Figures

(in millions of euros)	2015 (a)	2016	2016/2015 published change	2016/2015 comparable change (b)
Group Revenue	15,818	18,135	+14.6%	+0.9%
of which Gas & Services	14,752	17,331	+17.5%	+2.7%
Operating income recurring	2,856	3,024	+5.9%	
Operating income recurring (as % of revenue)	18.1 %	16.7%	-140 pbs	
Net profit (Group share)	1,756	1,844	+5.0%	
Adjusted earnings per share (in euros)	4.99	5.11	+2.4%	
Adjusted dividend per share (in euros)	2.53	2.60 (c)	+2.7%	
Net cash flows from operating activities (d)	2,832	3,697	+30.5%	
Net capital expenditure (e)	2,292	13,609		
Net debt	7,239	15,368		
Debt-to-equity ratio	56.7%	89.6%		
Return On Capital Employed – ROCE after tax (f)	10.3%	7.8%		

(a) 2015 figures have been restated to account for IFRS 5, discontinued operations.
(b) Excluding significant scope, currency and energy impact.
(c) Subject to the approval of the 3 May 2017 Annual General Meeting.
(d) Cash flow from operating activities after change in working capital requirements and other elements.
(e) Including transactions with minority shareholders.
(f) Return On Capital Employed after tax: ((net profit after tax before deduction of minority interests - net cost of debt after taxes) over 2016)/(average of (shareholders' equity + minority interests + net indebtedness) at the end of the three last semesters (H2 2015, H1 2016 and H2 2016)).

2016 Highlights

A MAJOR ACQUISITION: AIRGAS

Completion of the Acquisition

On 23 May 2016, Air Liquide **completed the acquisition of the American company Airgas**. The combined businesses including Airgas will generate worldwide annual sales of more than 20 billion euros.

Operational Merger and First Synergies

- The integration process took a major step forward with the **effective merger of the two organizations** on 1 October 2016. The Group's Industrial Merchant and Healthcare customers in the United States are now served by this new organization which is supervised from the Radnor site in Pennsylvania. The Large Industries and Electronics business lines in the United States remain supervised independently from the Houston site in Texas.
- The expected **synergies** amount to **more than 300 million US dollars**. For approximately 70%, the costs synergies result from optimization in cylinder and bulk operations, process, procurement and back-office. For approximately 30%, sales synergies correspond to the deployment of Air Liquide offering through the Airgas network and of Airgas offers in Canada and Mexico. They also include the increase in sales of air gases and helium based on the production capacity of Air Liquide.
- Airgas cost synergies should be fully achieved by the end of 2018, thus earlier than initially anticipated. Operational integration is proceeding as planned, including the closure of 18 cylinder filling stations or storage sites to optimize product flows, which contributed to logistics synergies. The projects which will generate revenue synergies have also started, notably with the launch of the Group's on-site (Floxal™) offering to Airgas customers and the training of sales teams on the combined product offerings.

Successful Refinancing of the Transaction

- On 6 June 2016, Air Liquide placed **3 billion euro bond issue** with a weighted average rate of 0.65%. This operation was the first step of the refinancing process. It involved the issuances of several bond tranches ranging from 2 to 12 years, with a weighted average maturity of 7.3 years. The 3 billion euros raised enabled the Group to refinance a portion of the bridge loan of 12 billion US dollars.
- On 12 September 2016, Air Liquide launched a **share capital increase** with preferential subscription rights for existing shareholders (the “Rights Issue”) as part of the refinancing of the Airgas acquisition. This transaction, for which the subscription period lasted from 14 September to 28 September included, constituted the second step of refinancing of this acquisition. The parity was 1 new share for 8 existing shares and a subscription unit price of 76 euros for each new share. **The final gross proceeds** amounted to **3.3 billion euros** resulting in the issuance of 43,202,209 new shares. The total subscription rate reached 191.2%.
- On 23 September 2016, Air Liquide successfully placed **five US dollar-denominated senior bonds for an aggregate amount of 4.5 billion US dollars**, which constitute the third and last step in refinancing its acquisition of Airgas. These bond issuances have maturities ranging from 3 to 30 years, for an average weighted maturity of 10.6 years and an average weighted rate of 2.3%.
- These refinancings allow as well to continue to sustainably finance the Group’s long-term growth.

Realization of Divestments

- In accordance with the divestiture process described in the FTC (US Federal Trade Commission) press release of 13 May 2016, an agreement has been concluded with **Matheson Tri-Gas, Inc.** (“Matheson”), a subsidiary of **Taiyo Nippon Sanso** Corporation (Tokyo, Japan), concerning **the sale of certain assets in the United States**. This transaction, concluded at the beginning of September, included the sale of 18 air separation units in 16 locations; 2 nitrous oxide production facilities; 6 carbon dioxide production facilities; and 3 Airgas retail packaged welding gas stores in Alaska. Under the terms of the agreement, Matheson has acquired production facilities, equipment, inventory, distribution assets, and customer contracts, and has also hired employees related to the divested assets.

- The transaction, valued at 781 million US dollars, generated a **net gain after tax of approximately 250 million US dollars** for Air Liquide. This gain **offset the totality of the exceptional costs** relative to the Airgas acquisition, integration and financing for the year.
- Air Liquide also finalized, in December 2016, the **sale of 2 units** in Iowa which produce liquid carbon dioxide and dry ice, corresponding to the remaining divestitures required by the American anti-trust authority (FTC) in connection with the Airgas acquisition.

LAUNCH OF THE NEW CORPORATE PROGRAM 2016-2020: NEOS

The Group acquires a new dimension following the acquisition of Airgas and thus enters a new phase of its development. On 6 July 2016, Air Liquide published its new company mid-term program NEOS for the period 2016-2020.

Air Liquide's strategy for profitable growth over the long-term is a **customer-centric transformation**. It will be based on operational excellence and the quality of its investments, on open innovation and the network organization already implemented by the Group worldwide. Air Liquide's ambition is to lead its industry, deliver long-term performance and contribute to sustainability.

Air Liquide has identified 3 major long-term trends, which are sources of growth for all of its businesses. These trends are energy and environment transition, changes in healthcare, and digitization.

Air Liquide, as part of its NEOS Program, is aiming for **revenue compound annual growth rate (CAGR), over the 2016-2020 period, of +6% to +8%**, including Airgas scope effect in 2017, contributing +2% CAGR. The Group intends to generate substantial recurrent efficiency gains of **more than 300 million euros on average per year from 2017**, in addition to synergies related to Airgas acquisition for a total amount **above 300 million US dollars**. The Group is targeting a **return on capital employed (ROCE) in excess of 10% after 5 to 6 years**. Lastly, maintaining a **long-term minimum "A" range rating** (from Standard & Poor's and Moody's rating agencies) thanks to the strength of its balance sheet remains a priority.

As for **sustainable development**, which lies at the heart of its ambition alongside performance, the Group will reinforce its **actions aimed at improving the air quality for better environment and health**. Air Liquide will pursue an active dialogue with its stakeholders to contribute to a more sustainable world.

DEVELOPMENT OF INDUSTRIAL ACTIVITY

In **Large Industries:**

- In China, Air Liquide signed a new **long-term contract with Xinneng Energy Company**, a subsidiary of ENN Ecological Holdings Company (ENN). Under the terms of the new agreement, Air Liquide will invest more than 60 million euros in an ASU (Air Separation Unit), with a total capacity of 2,700 tonnes of oxygen per day. This new unit is expected to start operations in the second quarter of 2018.
- Air Liquide also signed a new **long-term contract with Maoming Petrochemical Co. (MPCC)**, a subsidiary of China Petroleum & Chemical Corp. (Sinopec Corp.), one of the largest integrated energy and chemical companies in China. Under the terms of the new agreement, Air Liquide will invest around 40 million euros in a new state-of-the-art ASU, with a total capacity of 850 tonnes of oxygen per day. Expected to start operations in the second quarter of 2017, the new ASU will supply industrial gases including oxygen and nitrogen to the customer's new ethylene oxide plant as well as to its existing one. MPCC's decision to outsource their needs for industrial gases on this new project demonstrates their confidence in Air Liquide's capability to provide innovative solutions and deliver safe operations.
- In South America, Air Liquide signed a new **long-term contract with Axion Energy Argentina**, subsidiary of Bridas Corporation and leading refiner in Argentina. Under the terms of the new contract, Air Liquide will invest 55 millions euros in a second hydrogen production unit (Steam Methane Reformer - SMR) for Axion. Implanted in Campana, Buenos Aires, this SMR will raise the hydrogen production capacity of the site to 37,000 Nm³ per hour. Operations are expected to start in the second half of 2018.

In **Industrial Merchant:**

- Air Liquide has signed 2 multi-year contracts for a total worth of **20 million euros**, for the supply of high purity xenon in the **all-electric propulsion satellite market**: one with Airbus Defence and Space, the world leader in high power electric satellites and one with Thales Alenia Space, leader in High Throughput Satellites.
- Cryo International, an Air Liquide subsidiary specializing in temperature-controlled logistics solutions, has acquired **PDP Couriers, a major player in the customized transport of highly value-added products for the pharmaceutical and biotechnology industries**. The company generated revenues of approximately 21 million euros in 2015. PDP Couriers has grown significantly in Eastern Europe, Latin America and Asia over the past few years.
- Air Liquide's partnership with US start-up **Solidia Technologies® (Solidia)**, provides new equipment for **carbon dioxide (CO_2) injection for the production of Solidia Concrete™**. Due to Solidia's patented processes which cure concrete with CO_2 instead of water, this next generation of cement will allow the entire industrial chain to reduce up to 70% the environmental footprint of pre-cast concrete. The breakthrough technology results in reduced concrete curing times of less than 24 hours and lower water consumption. In addition to capturing large amounts of CO_2, the quality of the concrete is significantly improved.

In **Global Markets & Technologies:**

- Air Liquide commissioned **7 biogas purification units in Europe in 2016**. The Group has developed technologies and expertise that span the entire biomethane value chain: purification of biogas into biomethane, injection into the natural gas network, liquefaction, and distribution for clean transportation fleets. The purification and biogas valorization is a very promising example of a circular economy, which helps reduce greenhouse gas emissions and which could contribute to solutions for the zero emission transportation of tomorrow.
- In July 2016, Air Liquide announced the commissioning of a **world premiere pure helium storage facility** close to Düsseldorf, Germany. This site offers its customers service to secure their helium supply. With this initiative, Air Liquide will better address customer needs in offering reliable and complete helium provisioning.
- Air Liquide has signed several contracts for the **supply of cryogenic equipments for the propulsion of the future European launcher Ariane 6**, as well as for the design and production of the cryogenic fluid systems of the new Ariane Launcher System (ELA4) of the Guiana Space Center (GSC). The contracts for the sale of those equipments, amounting to more than 100 million euros, will be executed over the next three years.

DEVELOPMENT IN HEALTHCARE

- Air Liquide pursued its external growth strategy in Healthcare. The Group announced the acquisition by its subsidiary Schülke, a specialist in hygiene and hospital disinfection, of **Vic Pharma**, the second largest independent player in the **Brazilian hygiene market**. It offers a broad range of products for disinfecting surfaces, instruments and medical devices, as well as antiseptic solutions for pre- or post-operative care. Present mainly in the hospital and medical settings, the company generated revenue of approximately 8 million euros in 2015.
- Air Liquide announced on 13 October that its subsidiaries SEPPIC, healthcare specialty ingredients manufacturer, and Schülke, hygiene specialist, broke ground on a **shared state of the art production facility** in Sandston - Virginia, United States. This plant is expected to start operations in the first half of 2018 and will produce ingredients destined to the worldwide cosmetic and pharmaceutical markets. The planned investment is over 60 million US dollars.

NEW PROJECTS IN INNOVATION AND TECHNOLOGIES

- Air Liquide has inaugurated its new **Shanghai Research & Technology Center** (SRTC). This new center will ultimately host 250 employees, including researchers, experts in customer applications and business development teams. It will become a major center for the Group's innovation in the Asia-Pacific region. This opening follows the celebration of the twentieth anniversary of the Group's Engineering & Construction facilities in Hangzhou, a city of Zhejiang province, illustrating the long-term commitment of the Group in China.
- Air Liquide was certified as a "technological showcase" in France by the Industry of the Future Alliance. Air Liquide decided in 2016 to invest 20 million euros in **Large Industries** in the project called "Connect". The Group creates a **remote operations and optimization center** in France which is unique in the industrial gases industry, able to control and optimize the production, energy, efficiency and reliability of the Large Industries sites, or carry out predictive maintenance actions.
- ALIAD, the venture capital arm of the Air Liquide Group, strengthened its position in future industries with **new equity investments in technology start-ups: Carmat, Inpria, Poly-Shape, Solidia Technologies, and Proxem**. ALIAD has thus made 27 investments since its creation in 2013 for a total commitment of over 66 million euros. The investment strategy of ALIAD, coherent with the Group's strategy, targets sectors linked to the energy transition, healthcare, and high tech.

PORTFOLIO MANAGEMENT

Air Liquide is focused on its Gas & Services activities following the Group's acquisition of Airgas, as well as on the implementation of its company program NEOS for the 2016-2020 period.

Air Liquide is considering **various options for the divestment of its subsidiary Air Liquide Welding**, specialized in the manufacturing of welding and cutting technologies, with the intention to provide it with the best opportunities for its long-term development.

At the end of December, Air Liquide finalized the **divestment of Aqua Lung** a key player in personal aquatic equipment for recreational and professional use, to Montagu Private Equity, a leading European private equity firm. Montagu will support Aqua Lung's next phase of growth and enable the company to deliver on its strategy.

2016 Income Statement

Comparable basis: excluding significant scope, currency, energy (natural gas and electricity) impact

Applied method

In addition to the comparison of published figures, financial information is given excluding significant scope, currency, and natural gas and electricity price fluctuation impact.

- 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.

- 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 index to energy year (N-1) x (Average energy price over the year (N) - Average energy price over the year (N-1))

Neutralizing the impact of variations in energy prices against sales allows analysis of evolution in revenue on a comparable basis.

Main impact 2016

Considering the disposal of Aqua Lung, closed on 30 December 2016, and the fact that Air Liquide is considering various options for the divestment of its subsidiary Air Liquide Welding communicated on 15 December 2016, “Other activities” have been reallocated to “Net Profit From Discontinued Operations” in the 2016 Income Statement, in accordance with IFRS 5. The 2015 Income Statement has been restated in an identical manner. Assets and liabilities held for sale have also been reported in a dedicated line in the Balance Sheet.

As a consequence, the comments below concern 2015 restated figures and 2016 data in accordance with IFRS 5 as stated above.

Moreover, on account of the 1 October 2016 operational merger of Industrial Merchant and Healthcare activities of Airgas and Air Liquide in the United States, it is no longer possible to isolate Air Liquide and Airgas activities as to the former scope. In consequence, comparable sales growth for the fourth quarter 2016 and for full year 2016 in the Americas region results from internal estimates.

The main impact on revenue in 2016 was:

(in millions of euros)	Group	Gas & Services
Revenue 2016	**18,135**	**17,331**
2016/2015 published change (in %)	+14.6%	+17.5%
Significant scope impact	+ 2,735	+ 2,735
Currency impact	(210)	(203)
Natural gas impact	(272)	(272)
Electricity impact	(84)	(84)
2016/2015 comparable change[a] (in %)	**+0.9%**	**+2.7%**

(a) Estimated comparable growth excluding significant scope, currency and energy impact.

REVENUE

Revenue (in millions of euros)	2015	2016	2016/2015 published change	2016/2015 comparable change [a]
Gas & Services	14,752	17,331	+17.5%	+2.7%
Engineering & Construction	775	474	-38.8%	-38.0%
Global Markets & Technologies	292	330	+13.2%	+13.6%
TOTAL REVENUE	**15,819**	**18,135**	**+14.6%**	**+0.9%**

(a) Excluding significant scope, currency and energy impact.

Group

Group revenue in 2016 totaled **18,135 million euros**, **up +14.6% as published** compared to 2015, driven by consolidation of Airgas sales from 23 May 2016 but penalized by negative currency impact of -1.4% and by adverse energy impact of -2.2%. **Excluding currency and energy impact**, growth stood at **+18.2%**. In the fourth quarter, the currency and energy impact reversed, becoming slighly positive, respectively +0.1% for currency and +0.4% for energy.

Excluding Airgas, currency and energy impact, **comparable sales growth in 2016 for the Group was +0.9%**. It benefited from solid growth in Gas & Services sales although the activity level remained weak in Engineering & Construction in a difficult environment.

Revenue by quarter (in millions of euros)	Q1 16	Q2 16	Q3 16	Q4 16
Gas & Services	3,548	4,070	4,783	4,930
Engineering & Construction	124	130	105	115
Global Markets & Technologies	65	81	73	111
TOTAL REVENUE	**3,737**	**4,281**	**4,961**	**5,156**
2016/2015 Group published change	**-2.9%**	**+7.9%**	**+25.1%**	**+27.8%**
2016/2015 Group comparable change [a]	**+2.8%**	**+1.3%**	**-0.8%**	**+0.5%**
2016/2015 Gas & Services comparable change [a]	**+4.2%**	**+3.1%**	**+2.0%**	**+1.7%**

(a) *Excluding significant scope, currency and energy impact.*

Gas & Services

Unless otherwise stated, all the changes in revenue outlined below are on a comparable basis: excluding Airgas consolidation impact and excluding currency and energy (natural gas and electricity) impact.

Gas & Services revenue totaled **17,331 million euros**, up **+17.5% as published**. It benefited from the consolidation of Airgas sales since 23 May 2016 but was penalized by negative currency impact of -1.4% and adverse energy impact of -2.4%. Growth **including Airgas, excluding currency and energy impact** was **+21.3%.**

Excluding the Airgas contribution and excluding currency and energy impact, **comparable sales growth** was **+2.7%**, driven by a solid increase in sales in Large Industries, in Healthcare and in developing economies.

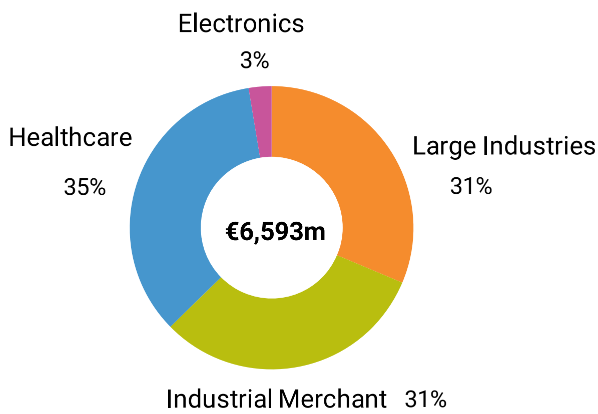
Revenue (in millions of euros)	2015	2016	2016/2015 published change	2016/2015 comparable change [a]
Europe	6,749	6,593	-2.3%	+2.0%
Americas	3,595	6,230	+73.3%	+1.8%
Asia-Pacific	3,850	3,936	+2.2%	+4.2%
Middle-East and Africa	558	572	+2.5%	+7.6%
GAS & SERVICES	**14,752**	**17,331**	**+17.5%**	**+2.7%**
Large Industries	5,201	5,037	-3.1%	+5.4%
Industrial Merchant	5,229	7,565	+44.7%	-1.6%
Healthcare	2,799	3,111	+11.2%	+4.9%
Electronics	1,523	1,618	+6.2%	+4.3%

(a) *Excluding significant scope, currency and energy impact.*

Europe

Revenue from the Europe region totaled **6,593 million euros** in 2016, increasing **+2.0%** and confirming a progressive recovery. Large Industries, up +2.6%, was penalized by several temporary customer maintenance turnarounds. Industrial Merchant sales were stable over the year, with slight improvement in the fourth quarter and encouraging signs in the cylinder activity. Healthcare pursued solid development at close to +4%.

Europe Gas & Services 2016 Revenue

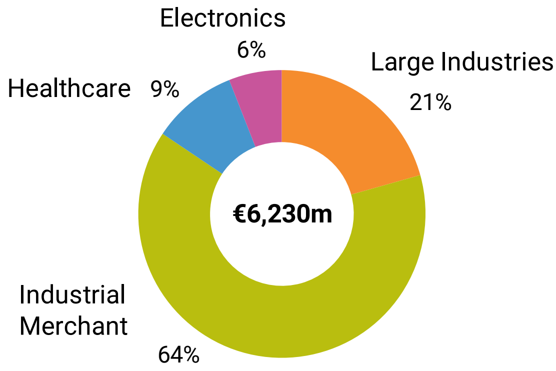


- **Large Industries** sales progressed **+2.6%** in 2016. Demand in air gases was strong throughout the year. Although first quarter revenue benefited from the ramp-up of the Dormagen HyCO unit in Germany, the second and third quarters were penalized by temporary customer maintenance turnarounds. The fourth quarter benefited from an exceptional indemnisation related to a customer contract. Eastern Europe continued to expand, particularly in Russia, Poland and Turkey.
- **Industrial Merchant** revenue was **stable** over the year (+0.0%). Sales were up in Food, Beverage and Pharma markets whereas the manufacturing sector remained difficult. Liquid oxygen and nitrogen volumes were up over the year. At the end of the year, the small customers market, mainly cylinders, showed encouraging signs. Sales in Southern Europe, in particular in Iberia, were relatively strong. Eastern European countries continued their sustained growth, particularly in Russia and Poland. The price impact in the region was negative over the year at -0.7% against a backdrop of quasi-zero inflation and a price decrease for customers with contracts indexed to energy costs.
- **Healthcare** posted sustained growth of **+3.9%** over the year. The Home Healthcare activity pursued its dynamic organic development with an increase in the number of patients and an expansion of its portfolio of therapies treated. The incremental contribution of small acquisitions was relatively low in 2016. In Medical Gases for hospitals, pricing pressure continued to penalize revenue. Sales in Hygiene and Specialty Ingredients activities grew significantly.
- **Electronics** revenue was down -**6.0%** over the year, penalized by Equipment & Installation sales which were down -17%.

Americas

Gas & Services revenue in the Americas region totaled **6,230 millions euros** in 2016, up **+77.8%** excluding currency and energy impact; and up **+1.8%** excluding Airgas. Driven by start-ups, sales were up strongly in Large Industries, with solid volumes, whereas they remained down in Industrial Merchant in North America, as manufacturing output and construction remained slow in the United States and Canada. Business continued to expand dynamically in South America, in particular in Large Industries and Healthcare.

Americas Gas & Services 2016 Revenue



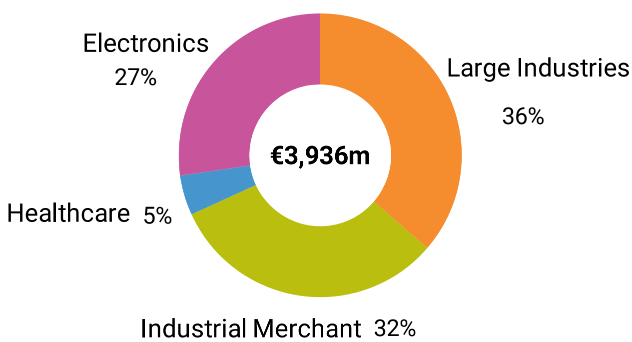
- **Large Industries** posted strong growth in sales, up at +7.4% over the year, in particular driven by the ramp-up of several units in the United States and South America. Air gases volumes rose sharply. The commissioning of the hydrogen cavern at the end of the year reinforced reliability for customers, flexibility of production units for increased efficiency and allows development of on-demand hydrogen sales.
- **Industrial Merchant** was up **+153.6%** excluding currency impact over the year, and down **-4.2%** excluding Airgas, with a second half to a lesser extent at -2.9%. In North America, sales were penalized by weak manufacturing activity, notably in the Energy, Metal Manufacturing and Construction sectors. Demand remained strong in Food, Beverage and Pharma markets. In South America, revenue increased by more than +10%. The price impact in the region was positive +2.5% over the year.

- **Healthcare** revenue showed strong growth, increasing **+73.4%** excluding currency impact for the year and **+11.2%** excluding impact of Airgas. Sales in Canada were sustained by solid organic growth and contribution from acquisitions in Home Healthcare. In South America, business continued dynamic expansion with double-digit growth in Brazil and Argentina.
- **Electronics** sales presented an evolution of **-1.6%** in 2016. Following growth at +3.2% in the first half, driven in particular by high Equipment & Installation sales, revenue was down in the second half due to a sharp fall in Equipment & Installation sales in the fourth quarter.

Asia-Pacific

Revenue in the Asia-Pacific region increased **+4.2%** in 2016 and reached **3,936 million euros**, driven notably by Large Industries and Electronics. Performance was contrasted by country: sales in China climbed +7.8% over the year, with solid contribution from all activities; Japan benefited at the end of the year from improvement in Industrial Merchant but was penalized by weaker Electronics sales.

Asia-Pacific Gas & Services 2016 Revenue



- **Large Industries** sales progressed **+5.4%** over the year, driven by the ramp-up of units, in particular in China and a start-up in Australia in the third quarter. Sales in the fourth quarter were penalized by several temporary customer maintenance turnarounds.

- **Industrial Merchant** revenue posted a slight decline of **-0.7%** in 2016, with the fourth quarter presenting slightly positive growth. Performance was contrasted by country. Sales in China posted solid growth over the year, with double-digit growth for liquid gas and cylinder volumes in the fourth quarter. In Japan, sales were down over 12 months but presented slight growth in the second half. Business in Australia returned to growth in the fourth quarter. Performance in South East Asia remained irregular. The price impact was negative in the region, at -0.3% over the year.

- **Electronics** sales were up **+8.6%** in 2016, with contrasted performance over the year. Revenue was up +17.7% in the first half, driven by double-digit growth in China, Japan, Singapore and South Korea; all business lines contributed to growth, in particular Advanced Materials and Equipment &

Installation (E&I). In the second half, sales remained slightly up but were penalized by a drop in the E&I activity after several very dynamic quarters and by weaker sales of electronics speciality materials after a period of marked increase. It should be noted that the price of neon was exceptionally high in the fourth quarter of 2015. Sales of carrier gases were strong, up more than +5%, reinforced notably by the start-up of several units in Singapore, China and Japan over the year. Advanced Materials continued their strong double-digit growth in 2016.

Middle-East and Africa

Revenue from the Middle East and Africa region totaled **572 million euros**, up **+7.6%**. During the first quarter, sales benefited from the final contribution of the ramp-ups of two large-scale hydrogen production units in Yanbu in Saudi Arabia which had started-up in the second quarter of 2015; conversely, fourth quarter sales were penalized by the scheduled customer maintenance turnaround which lasted four weeks. Business was dynamic in Egypt where sales were boosted by the pre-loading of a Large Industries production unit and the development of the Industrial Merchant activity with glassmaking and steel customers. South Africa grew in Large Industries. Healthcare continued to grow in the region.

Engineering & Construction

Engineering & Construction revenue totaled **474 million euros**, down **-38.0%** as compared with 2015. It was affected by the slowdown in major energy-related projects and the low number of new projects in a still difficult global environment.

Total order intake reached 389 million euros, a decrease as compared with 936 million euros in 2015. The vast majority of projects concerned Air Separation Units (ASU).

Global Markets & Technologies

Global Markets & Technologies revenue was up **+13.6%** at **330 million euros.** Sales were significant in the Space, Maritime and Biogas sectors.

Total order intake saw spectacular growth and reached 405 million euros in 2016.

OPERATING INCOME RECURRING

Operating Income Recurring before depreciation and amortization totaled **4,611 million euros**, up **+9.4%** as published compared to 2015 and up **+10.9%** excluding currency impact, reflecting the integration of Airgas over seven months in 2016.

Purchases increased by +13.6%, at a slightly lower rate than published sales growth of +14.6%. Personnel costs and other expenses grew at a faster rate than sales (+19.6%), mainly due to the change in business mix. Indeed, Industrial Merchant, which now accounts for close to half of sales, requires more staff than other activities such as Large Industries.

Over the year, **efficiencies** totaled **315 million euros**, exceeding the annual objective of more than 250 million euros. They represent savings of 2.7% of the cost basis. Slightly less than half correspond to logistics and industrial gains: these include optimizing operations at plants linked to the pipeline network, improving plant reliability, launch of the remote operation and optimization center in France and logistics efficiencies in a context of lower consumption by Industrial Merchant customers. Purchasing efficiencies account for approximately one-third of the total. They are mainly related to gains on energy and Home Healthcare in Europe. The remaining efficiencies include the effects of realignment plans in several countries, notably in Engineering & Construction. Industrial Merchant is the business line which generates the most efficiencies, accounting for 36% of the total.

The first **Airgas synergies**, notably with the operational merger of Industrial Merchant and Healthcare activities in the United States since 1 October 2016, materialized. They represent **45 million US dollars**, divided into four main categories: cylinder operations which concern site closures and restructuring, liquid gas operations which are optimized from gas sourcing to delivery logistics to customers, review of process and procurement, and back-office.

Depreciation and amortization reached **1,587 million euros**, up **+16.8%** and +18.1% excluding currency impact, in particular due to start-ups during the year, the integration of Airgas and additional depreciation and amortization of intangible assets resulting from the Airgas acquisition.

The Group's **operating income recurring** (OIR) reached **3,024 million euros** in 2016, an increase of **+5.9%** over 2015, or **+7.5% excluding currency impact**. Operating margin (OIR to revenue) evolved from 18.1% in 2015 to **16.7% in 2016**, reflecting the new business mix following the integration of Airgas. Excluding energy impact, the operating margin was **16.4%.**

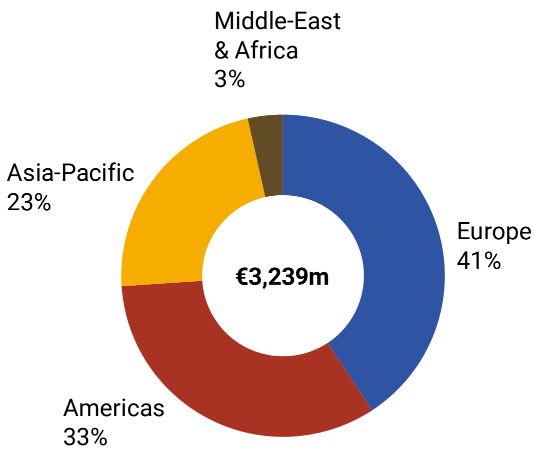
Gas & Services

Operating income recurring in the Gas & Services activity amounted to **3,239 million euros**, an increase of **+9.4%** compared to 2015. The OIR margin on published revenue stood at **18.7%**, reflecting the new business mix following the integration of Airgas; excluding the energy impact, the operating margin reached 18.3%.

Gas & Services Operating margin [(a)]	2015	2016
Europe	19.6%	20.0%
Americas	23.5%	17.3%
Asia-Pacific	18.2%	18.5%
Middle-East and Africa	15.9%	19.9%
TOTAL	**20.1%**	**18.7%**

(a) Operating income recurring/revenue, as published figures.

Gas & Services 2016 operating income recurring



Operating income recurring in **Europe** was **1,319 million euros**, down slightly (-0.5%) from 2015. Excluding energy impact, the operating margin was down by -30 basis points and stood at **19.3%**. This result can be mainly explained by Industrial Merchant activity with volumes down in cylinder activity in certain countries; efficiencies partially offset the slightly negative price effect.

Operating income recurring in the **Americas** reached **1,076 million euros**, an increase of **+27.7%**. The operating margin, excluding energy impact, was down -630 basis points to **17.2%**. It reflects the change in business mix following the acquisition of Airgas with reinforcement of the relative weight of Industrial Merchant. Significant work on fixed costs is underway in the United States as a result of divestitures made in connection with the acquisition of Airgas and the operational merger of activities in October.

In the **Asia-Pacific** region, operating income recurring amounted to **730 million euros**, an increase of **+4.0%**. The operating margin, excluding energy impact, was stable at 18.2%. The improvement of the margin in Electronics, benefiting in particular from a favorable business mix, enabling to offset the decrease in prices of certain products in Industrial Merchant.

Operating income recurring in the **Middle-East and Africa** region amounted to **114 million euros**, a significant increase of **+28.3%**. The operating margin, excluding energy impact, increased by +430 basis points to 20.2%. It incorporates an exceptional profit linked to a customer indemnisation.

Engineering & Construction

Operating income recurring for **Engineering & Construction** was **5.1 million euros** and 1.1% of revenue, penalized by limited activity in a still difficult environment. The Group's mid-term target range remains between 5% and 10%.

Global Markets & Technologies

Operating income recurring from **Global Markets & Technologies** was **34 million euros**, slightly down from 36 million euros in 2015. The operating margin was **10.3%**. The margin level for this activity is dependent on the nature of the projects carried out during the period and may vary quite markedly from one year to the next.

Research & Development and corporate costs

Research & Development (R&D) and corporate costs included the intersectoral consolidation adjustments and amounted to **254 million euros**, up **+22.5%** as compared to 2015. The evolution in R&D and corporate costs accounts for two-thirds of this increase, the remainder being due to currency effects and consolidation adjustments.

NET PROFIT

Other operating income and expenses showed a **positive balance of 35.6 million euros**. The capital gain on the divestitures pursuant to the American anti-trust authorities (FTC) relative to the Airgas acquisition compensates all one-off costs of the year related to the acquisition and integration of Airgas, as well as other one-off costs such as those relating to realignment plans realized in different countries for more than 60 million euros.

The **financial result** of **-403 million euros** was +54.1% higher as compared with 2015. **Net finance costs** were up **+74.5%** due to the financing of the Airgas acquisition. Nevertheless, the average cost of net debt was **2.9%, decreasing as compared with 3.7% in 2015.** It reflects the mix between the financing of the Airgas acquisition realized at a historically low rate, financing in strong currencies for which interest rates have continued to decrease and in currencies of developing economies where interest rates remain high. The decrease in “other financial income and expenses” is mainly due to foreign exchange gains on financing transactions, in particular relating to the acquisition of Airgas.

The capital gain on divestitures requested by the American anti-trust authorities (FTC) within the framework of the Airgas acquisition also allows an offset of approximately 30 million euros of non-recurring financial expenses.

Taxes totaled 747 million euros, up +13.0%. The **effective tax rate** over the year was **28.2%,** greater than the 2015 rate (26.8%). This rate reflects the mix between a low rate (23.8%) in the first half of 2016 which includes exceptional items (tax gains relating to the implementation of a decision by the European Court of Justice and favorable evolution of several tax audits) and a higher rate in the second half (31.3%) due to exceptional items relating to the Airgas acquisition.

The **share of profit of associates** contributed **6.6 million euros**. **Minority interests** were globally stable at **82.7 million euros**.

Net profit from discontinued operations reached 11.1 million euros in 2016, a decrease as compared with 14.6 million euros in 2015. The capital gain on the disposal of Aqua Lung offset the provisions made for the Welding activity in light of preparing the divestment.

Overall, **net profit (Group share)** amounted to **1,844 million euros** in 2016, **up +5.0%** as compared with 2015.

After taking into account the dilution impact of the capital increase, net earnings per share were **5.11 euros**, up **+2.4%** compared with 4.99 euros per share in 2015. It may be noted that net earnings per share for previous fiscal years have been restated for the impact of the preferential subscription rights allocated to Group shareholders as part of the 3.3 billion Euro capital increase carried out in September 2016 to finance the Airgas acquisition. The average number of outstanding shares used for the calculation of net earnings per share as of 31 December 2016 was **360,751,910**.

Change in the number of shares

	2015	2016
Average number of outstanding shares [(a)]	351,963,761	360,751,910

(a) Used to calculate earnings per share; 2015 figure restated for the impact of the preferential subscription rights allocated to shareholders as part of the capital increase

Number of shares as of 31 December 2015	344,163,001
Capital Increase	43,202,209
Options exercised during the year	511,408
Capital increase reserved for employees	999,143
NUMBER OF SHARES AS OF 31 DECEMBER 2016	**388,875,761**

DIVIDEND

At the Annual General Meeting on 3 May 2017, the payment of a dividend of 2.60 euros per share will be proposed to shareholders for fiscal year 2016. Taking into account the restatement related to the rights issue, this dividend represents an increase of +2.7%. Total estimated pay-out taking into account share buybacks and cancellations will amount to 1,032 million euros, representing a pay-out ratio of 56%.

The ex-dividend date is scheduled for 15 May 2017 and the payment is scheduled for 17 May 2017.

2016 Cash Flow and Balance Sheet

(in millions of euros)	2015	2016
Cash flow from operating activities before change in working capital	**3,149**	**3,523**
Change in working capital requirements	(258)	331
Other items	(59)	(158)
Net cash flow from operating activities	**2,832**	**3,696**
Dividends	(975)	(1,019)
Purchases of property, plant and equipment and intangible assets, net of disposals [(a)]	(2,292)	(13,609)
Increase in share capital	86	3,361
Purchase of treasury shares	(178)	4
Impact of exchange rate changes and net indebtedness of newly consolidated companies & others	(405)	(563)
Change in net indebtedness	**(932)**	**(8,129)**
Net indebtedness as of December 31	(7,239)	(15,368)
Debt-to-equity ratio as of December 31	**57%**	**90%**

(a) Including transactions with minority shareholders.

NET CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities before changes in working capital requirements amounted to 3,523 million euros, up **+11.9%** as compared with 2015. This amount corresponded to **19.4% of Group revenue.**

Net cash flow from operating activities after changes in working capital requirements amounted to **3,697 million euros**, up **+30.5%** as compared with 2015 and reached **20.4%** of sales. This performance is the result of measures taken to reduce working capital requirements.

CHANGES IN WORKING CAPITAL REQUIREMENTS

The working capital requirements (WCR) **decreased by 331 million euros** in 2016. This amount includes the change in the WCR of Airgas; it excludes, however, the scope effect which was reallocated to “Acquisition of consolidated companies and financial assets”.

The improvement in WCR comes from Gas & Services, the WCR of Engineering & Construction presented an increase linked to the cycle of projects. The decrease in WCR is mainly due to the decrease in trade receivables due to factoring measures, a decrease in late payments for certain customers and an improvement in North America due to greater proficiency in using the new ERP which was rolled out in 2015. The working capital requirements stood at **7.2% of sales**, based on annualized Airgas revenue, a decrease compared with the ratio of 8.0% at the end of 2015 (following IFRS 5). This performance is mainly due to measures implemented to reduce trade receivables which greatly offset the integration of Airgas whose activity requires WCR higher than Group average.

CAPITAL EXPENDITURE

In 2016, **gross capital expenditures** totaled **14,439 million euros**, including transactions with minority shareholders. This amount includes 12,004 million euros in financial investments relating to the Airgas acquisition.

(in millions of euros)	Industrial investments	Financial investments (a)	Total Capital Expeditures
2011	1,755	103	1,858
2012	2,008	890	2,898
2013	2,156	401	2,557
2014	1,902	273	2,175
2015	2,028	395	2,423
2016	**2,259**	**12,180**	**14,439**

(a) Including transactions with minority shareholders.

Proceeds from the sale of fixed assets, for a total of **830 million euros**, mainly relate to the divestments requested by the American anti-trust authorities (FTC) as part of the Airgas acquisition for 424 million euros after tax and the after-tax disposal of Aqua Lung for 229 million euros.

Thus, **net capital expenditures**, including the buyout of minority shareholders, amounted to **13,609 million euros**, of which **11,580 million euros** in financial investments linked to the acquisition of **Airgas, net of disposals**.

Industrial investments

Gross industrial capital expenditures for the Group amounted to **2,259 million euros** in 2016, up +11.4% compared with 2015. Airgas investments accounted for the vast majority of this increase.

	Gas & Services				
(in millions of euros)	Europe	Americas	Asia-Pacific	Middle-East and Africa	Total
2015	549	731	475	129	1,884
2016	**566**	**737**	**599**	**155**	**2,057**

Financial investments

Financial investments amounted to **12,180 million euros**, including minority interest transactions of 15 million euros. This amount included 12,004 million euros related to the Airgas acquisition.

NET INDEBTEDNESS

Net indebtedness as of 31 December 2016 stood at **15,368 million euros**, up 8,129 million euros compared with the end of 2015 and down 4,492 million euros compared with the end of June 2016.

The increase in debt during the first half was mainly due to the financing of the Airgas acquisition which was completed 23 May 2016 (value of shares for 10.7 billion US dollars), the refinancing of part of Airgas' debt (for 0.9 billion US dollars) and the consolidation of Airgas' non-refinanced debt (1.8 billion US dollars).

The very good level of cash flow during the second half of the year and the capital increase with preferential subscription rights carried out in September 2016 contributed 4,492 million euros for the reduction in debt during the second half.

The **debt-to-equity ratio** reached **90%** at the end of December 2016 (versus 57% at the end of 2015), strongly down compared with the exceptional level of 151% reached at end of June 2016, five weeks after the Airgas acquisition.

ROCE

The return on capital employed after tax was **7.8%**. The restated ROCE, taking into account the acquisition of Airgas for the entire year, reached 6.9% and 7.1% excluding the currency impact.

The Group confirmed the NEOS objective of returning to a ROCE in excess of 10% in the next five to six years.

INVESTMENT CYCLE AND FINANCING STRATEGY

The Group's steady long-term growth is largely due to its ability to invest in new projects each year. Investment projects in the industrial gas business are spread throughout the world, highly capital intensive and supported by long-term contracts, in particular for Large Industries. Air Liquide has thus tailored its financing strategy to the nature of its projects, based on the diversification of funding sources, the prudent management of the balance sheet and innovative financing methods. This financing strategy is fundamental for the Group's continued development.

Investments

INVESTMENT OPPORTUNITIES

As of 31 December 2016, the **12-month portfolio of opportunities** totaled **2.2 billion euros**, down 400 million euros as compared to the end of 2015 and stable since the end of June 2016. New projects entering the portfolio partly offset those signed by the Group, awarded to the competition or delayed. In a context of continuing low energy prices, certain customers have postponed their decisions. The global portfolio, which includes projects that may be signed before or after 12 months, remains solid between 4.5 and 5 billion euros.

Developing economies represent half of the portfolio, down when compared with the breakdown as of 31 December 2015, new projects being mainly located in mature geographic regions. North America is the first geographic region for investment opportunities, followed by Europe, South America and China.

Half of the portfolio of opportunities corresponds to projects with investments of less than 50 million euros and only a few projects are greater than 100 million euros. The average size of projects is more modest, thus contributing to a better distribution of risk.

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

Investment decisions

(in billions of euros)	Industrial investment decisions	Financial investment decisions (acquisitions)	Total investment decisions
2012	2.0	0.9	2.9
2013	2.2	0.5	2.7
2014	1.9	0.2	2.1
2015	1.9	0.5	2.4
2016	**2.0**	**12.2**	**14.2**

In 2016, excluding the Airgas acquisition, **industrial and financial investment decisions** reached **2.2 billion euros**.

Industrial investment decisions represented more than 90% of this amount and were greater than in 2015. Industrial Merchant represented more than 35% of investment decisions following the integration of Airgas, Large Industries approximately 30%, Healthcare 15%, with the remainder in Electronics and Global Markets & Technologies.

Industrial decisions in 2016 concerned projects located in Europe for more than 40%, in the Americas for one-third, in Asia-Pacific for one-fifth and Middle-East & Africa for the balance.

Excluding the acquisition of Airgas, **financial investment decisions** reached approximately **200 million euros** in 2016, a decrease of 300 million euros as compared with 2015. These decisions mainly included small acquisitions in Home Healthcare and Industrial Merchant.

The total **investment backlog** amounted to **2.1 billion euros**, a decrease as compared with 2.3 billion euros at the end of 2015. This change is explained by the start-up of several units, in particular in Brazil, the United States, Australia and Singapore. The investment backlog should lead to a **future contribution to revenue** of approximately **0.8 billion euros** per year after full ramp-up.

START-UPS

In 2016, **14 new units** started up: five units in the Americas region and one in Australia, four ultra-pure nitrogen production units for Electronics in China, Japan and Singapore, three units for Industrial Merchant in Asia. The hydrogen storage cavern in the United States was also commissioned.

Financing Strategy

The financing strategy is regularly reviewed to best provide support to the Group's development and take into account the evolution in financial market conditions, while respecting a credit profile compatible with a minimum long-term rating in category "A" by rating agencies Standard & Poor's and Moody's. This credit profile is measured in particular by ratios of net debt-to-equity and cash flow from operating activities before changes in working capital requirements to net debt.

Following the acquisition of Airgas, and as was expected, Air Liquide's long-term credit rating was downgraded two notches, from "A+" to "A-", by Standard & Poor's on 24 May 2016. With this acquisition and in preparation of its funding, it was decided to add the long-term credit rating of a second rating agency, Moody's. The long-term credit rating attributed to Air Liquide by Moody's is "A3", the equivalent of Standard & Poor's "A-". Both agencies have removed their negative watch and upgraded their outlook to stable. Moreover, the short-term credit ratings have been downgraded one notch, from "A1" to "A2" and from "P1" to "P2".

In 2016, the existing principles of prudence were maintained:

- pursuing the diversification of financing sources and spreading of debt maturities in order to minimize refinancing risk;
- backing commercial paper issues with confirmed credit facilities;
- hedging interest rate risk to ensure visibility of financing costs, in line with long-term investment decisions;
- funding investments in the currency of the operating cash flows, to ensure a natural currency hedging;
- a permanent centralization of funding and excess cash through Air Liquide Finance, a wholly-owned entity of L'Air Liquide S.A.

The **net debt-to-equity ratio** is under control at **90%** at the end of 2016 (as compared with 57% at the end of 2015). This evolution is due to the financing of the Airgas acquisition. The equivalent ratio calculated using the American method of net indebtedness/(net indebtedness + shareholder equity) reached 47% at the end of 2016, as compared with 36% at the end of 2015. The financial expenses coverage ratio (operating income + share of profit of associates)/(net finance costs) decreased to 7.9 in 2016 as compared with 12.2 in 2015.

DIVERSIFYING FINANCING SOURCES

Air Liquide diversifies its financing sources by accessing various debt markets: commercial paper, bonds and banks.

In 2016, capital markets were used, moreover, with a capital increase, as part of the Airgas acquisition.

Air Liquide uses the short-term commercial paper market, in France, through two French Commercial Paper programs of up to an outstanding maximum of 3 billion euros each, and in the United States through a US Commercial Paper program (USCP) of up to an outstanding maximum of 1.5 billion US dollars.

Air Liquide also has a Euro Medium Term Note (EMTN) program to issue long-term bonds of up to an outstanding maximum amount of 12 billion euros. As of the end of 2016, outstanding bonds issued under this program amounted to 8.1 billion euros (nominal amount). The Group's EMTN program allows, in particular, for bonds to be issued in the principal currencies (euro, US dollar, Japanese yen) as well as in other currencies (Chinese renminbi, Swiss franc, pound sterling and ruble).

Thus, in 2016, under its EMTN program, the Group conducted two public bond issues for an amount of 300 million euros in April and 3.0 billion euros in June. Both of these issues enabled the Group to meet its financing needs and, for the June issue, equally to reimburse a portion of the bridge loan contracted for the Airgas acquisition. To complete the refinancing of the Airgas acquisition, these issues were accompanied, in September, by a bond issue of 4.5 billion US dollars in 144A format, a public American format for which securities issued are not registered with the Securities and Exchange Commission ("SEC").

As of 31 December 2016, funding through capital markets accounted for 90% of the Group's total gross debt, for an amount of bonds outstanding of 14.6 billion euros, across all programs, and 0.6 billion euros of commercial paper. The total amount of bonds outstanding includes the five Airgas issues, previous to the acquisition, for a total of 1.55 billion US dollars (equivalent to 1.5 billion euros), guaranteed by L'Air Liquide S.A. on 23 May 2016.

The Group also raises funds through bank debt (loans and credit facilities).

To avoid liquidity risk relating to the renewal of funding at maturity, and in accordance with the Group's internal policy, the Group aims to limit its short-term debt maturities to an amount which is covered by committed credit facilities. As of 31 December 2016, the amount of committed credit facilities totaled 3.1 billion euros, as compared with 2.6 billion euros as of 31 December 2015. In December 2016, certain bilateral credit facilities were renewed, their amount increased by 185 million euros. New contracts were, also, signed for an amount of 350 million euros, taking the total amount of bilateral credit facilities to 1.8 billion euros. Moreover, the Group has a syndicated credit facility of 1.3 billion euros, which reaches maturity in November 2020.

As of 31 December 2016, the amount of debt maturing in 2017 was 2.0 billion euros.

The bridge loan, signed on 17 December 2015, to finance the Airgas acquisition as closed on 23 May 2016, was drawn up to 11.6 billion US dollars, and refinanced in June by a 3.0 billion euro bond issue, in September by a 4.5 billion US dollar bond issue (equivalent of 4.3 billion euros), in October by a 3.3 billion euro capital increase with retention of preferential subscription rights, and the balance by the asset divestitures as requested by the American anti-trust authority (FTC), as part of the Airgas acquisition.

Net indebtedness by currency

	2015	2016
Euro	24%	25%
US dollar	44%	59%
Japanese yen	9%	4%
Chinese renminbi	12%	5%
Other	11%	7%
TOTAL	100%	100%

Investments are generally funded in the currency in which the cash flows are generated, creating a natural currency hedge. As of 31 December 2016, to improve the balance between the weight of debt in US dollars and that of cash flows in this currency for the entire Group, the Airgas acquisition was financed in euros (6.3 billion euros) and US dollars (4.5 billion US dollars). Air Liquide's indebtedness is thus principally denominated in euros and US dollars. The debt denominated in Chinese renminbi has decreased, following the repayment of the first tranche of the September 2011 bond issue, which was partially refinanced. The debt denominated in Japanese yen has decreased, also following the repayment of a local loan and the August 2012 private placement of 13.5 billion Japanese yen, which had reached maturity, both of which were not replaced

CENTRALIZATION OF FUNDING AND EXCESS CASH

To benefit from economies of scale and facilitate capital markets financing (bonds and commercial paper), the Group uses a dedicated subsidiary, Air Liquide Finance. As of 31 December 2016, this subsidiary centralized the vast majority of the Group's financing transactions. This centralization continued in 2016, in particular for the financing of Airgas in the United States. It also hedges currency, interest rate and energy risk for the Group's subsidiaries in those countries where it is permitted by law.

In the countries where local regulations permit, Air Liquide Finance also centralizes cash flow balances through direct or indirect daily cashpooling of these outstanding balances or through term loans. When this method is not possible, there exist nonetheless local cashpoolings which allow periodic intercompany loans to Air Liquide Finance. In 2016, Air Liquide Finance included the US dollar in its daily cashpooling in Europe.

As of December 31, 2016, Air Liquide Finance had granted, directly or indirectly, the equivalent of 17.3 billion euros in loans and received 4.9 billion euros in excess cash as deposits. These transactions were denominated in

26 currencies (primarily the euro, US dollar, Japanese yen and Chinese renminbi) and extended to approximately 240 subsidiaries.

Due to the currency matching within Air Liquide Finance, resulting from the currency hedging of intra-group loans and borrowings, these internal financing transactions do not generate a foreign exchange risk for the Group.

Furthermore, the purpose of the European Market Infrastructure Regulation (EMIR) covering OTC ("Over the Counter") derivatives is to improve the transparency of OTC markets and reduce the systemic risk of financial markets. It applies to all derivative transactions carried out by entities within the European Union.

Pursuant to this regulation which came into force in August 2012, Air Liquide Finance S.A., the Group's centralizing entity for financial transactions continues to be classified as a non-financial counterparty (NFC-), since the transactions were still below the clearing thresholds at the end of 2016. It is thus required to apply risk mitigation measures and report all its derivative transactions to the chosen trade repository, "DTCC", in accordance with the technical standards published by ESMA. The mandatory reporting arising from the 2010 Dodd-Frank Act of the United States is also centralized via the "DTCC".

Furthermore, in certain specific cases (e.g. regulatory constraints, high country risk, joint ventures, etc.), the Group limits its risk by setting up specific finance in the local banking market, and by using credit risk insurance.

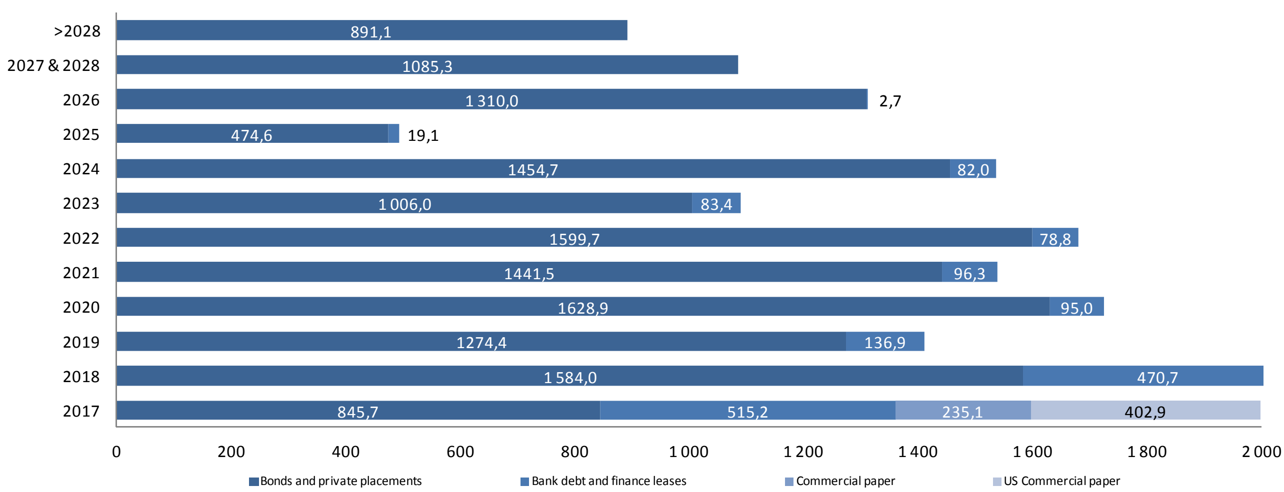
DEBT MATURITY AND SCHEDULE

In order to minimize the refinancing risk related to the debt maturity schedules, the Group diversifies financing sources and spreads maturity dates over several years. This refinancing risk is also reduced by the regularity of the cash flow generated from Group activities.

The average of the Group's debt maturity is 6.2 years, as of 31 December 2016, an increase as compared with 31 December 2015 due to the issues which permitted the Airgas refinancing; in five tranches ranging from two to 12 years, of an average weighted length of 7.3 years, for the euro-denominated issue; and in five tranches ranging from three to 30 years, of an average length of 10.6 years, for the US dollar-denominated issue.

The following chart represents the Group's debt maturity schedule. The single largest annual maturity represents approximately 12% of gross debt.

Debt maturity schedule (in millions of euros)



BANK GUARANTEES

The Group's subsidiaries grant bank guarantees essentially in favor of Engineering & Construction and Healthcare customers either during the tender period (bid bond), or after contract award, during contract execution until the end of the warranty period (advance payment bond, retention bond, performance bond, and warranty bond).

The most common bank guarantees extended to customers to secure the contractual performance are advance payment guarantees and performance guarantees.

In the Group's ordinary course of business, certain subsidiaries are required to provide financial payment guarantees to secure rental or insurance obligations.

The projects, for which these guarantees are granted, are regularly reviewed by Management and when guarantee payment calls become probable, the necessary provisions are recorded in the consolidated financial statements.

OUTLOOK

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 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.

APPENDICES

4th Quarter 2016 Revenue

By Geography

Revenue In millions of euros	Q4 2015	Q4 2016	Published Change	Change with Airgas, excluding currency and energy	Comparable change (a)
Europe	1,713	1,767	+3.2%	+4.2%	+4.2%
Americas	899	2,003	+122.9%	+120.1%	-0.2%
Asia-Pacific	995	1,019	+2.4%	+0.5%	+0.5%
Middle-East and Africa	161	141	-12.1%	-7.6%	-7.6%
Gas and Services Revenue	**3,768**	**4,930**	**+30.8%**	**+30.4%**	**+1.7%**
Engineering & Construction	174	115	-34.0%	-34.5%	-34.5%
Global Markets & Technologies	93	111	+19.5%	+20.0%	+20.0%
Group Revenue	**4,035**	**5,156**	**+27.8%**	**+27.3%**	**+0.5%**

By World Business Line

Revenue In millions of euros	Q4 2015	Q4 2016	Published Change	Change with Airgas, excluding currency and energy	Comparable change (a)
Large industries	1,324	1,388	+4.8%	+4.2%	+4.2%
Industrial Merchant	1,314	2,293	+74.5%	+74.3%	-1.1%
Electronics	405	403	-0.5%	-3.5%	-3.5%
Healthcare	725	846	+16.7%	+17.4%	+4.8%
Gas and Services Revenue	**3,768**	**4,930**	**+30.8%**	**+30.4%**	**+1.7%**

(a) Excluding significant scope, currency and energy impact.

Significant scope, currency and energy impact

In addition to the comparison of published figures, financial information for 4th quarter 2016 is provided before significant scope impact and currency and energy price fluctuations. As of 1 January 2015, the energy impact includes impacts of natural gas and electricity. In the future, it may also include other energy Large Industries feedstocks.

Since gases for industry and health 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. Fluctuations in natural gas and electricity prices are passed on to customers through price indexation clauses.

Consolidated 2016 4th quarter revenue includes the following impact:

In millions of euros	Revenue Q4 2016	*Q4 2016/2015 published change*	Currency	Natural gas	Electricity	Significant scope (Airgas)	*Q4 2016/2015* comparable change *(a)*
Group	**5,156**	*+27.8%*	+3.5	+12.7	+2.7	+1,081.3	*+0.5%*
Gas & Services	**4,930**	*+30.8%*	+3.1	+12.7	+2.7	+1,081.3	*+1.7%*

(a) Excluding significant scope, currency and energy impact.

For the Group,

- The currency impact was +0.1%.
- The impact of natural gas price fluctuations was +0.3%.
- The impact of electricity price fluctuations was +0.1%.
- The significant scope impact was +26.8%.

For Gas & Services,

- The currency impact was +0.0%.
- The impact of natural gas price fluctuations was +0.4%.
- The impact of electricity price fluctuations was +0.0%.
- The significant scope impact was +28.7%.

Geographic and Segment Information

(in millions of euros and %)	2015			2016		
	Revenue	Operating income recurring	OIR margin	Revenue	Operating income recurring	OIR margin
Europe	6,749.4	1,325.9	19.6%	6,593.1	1,318.7	20.0%
Americas	3,595.3	843.1	23.5%	6,229.7	1,076.4	17.3%
Asia-Pacific	3,849.6	701.6	18.2%	3,936.2	729.6	18.5%
Middle-East and Africa	558.0	88.9	15.9%	572.0	114.1	19.9%
Gas and Services	**14,752.3**	**2,959.5**	**20.1%**	**17,331.0**	**3,238.8**	**18.7%**
Engineering & Construction	774.7	67.5	8.7%	473.8	5.1	1.1%
Global Markets & Technologies	291.5	36.4	12.5%	330.0	33.9	10.3%
Reconciliation	-	(207.2)	-	-	(253.9)	-
Total Group	**15,818.5**	**2,856.2**	**18.1%**	**18,134.8**	**3,023.9**	**16.7%**

Consolidated Income Statement

Considering the disposal of Aqua Lung as announced on 30 December 2016, and the fact that Air Liquide is considering various options for the divestment of its subsidiary Air Liquide Welding, communicated on 15 December 2016, "Other activities" have been reallocated to "Net Profit from Discontinued Operations" in the 2016 Income Statement, in accordance with IFRS 5. The 2015 Income Statement has been restated in an identical manner.

In the same manner, "Other activities" have been reallocated to "Assets held for sale" and "Liabilities held for sale" on the balance sheet.

(in millions of euros)	**2015**	**2016**	**Change 16/15**
Revenue	**15,818.5**	**18,134.8**	**+14.6%**
Other income	187.7	173.9	-7.4%
Purchases	(5,890.0)	(6,692.8)	+13.6%
Personnel expenses	(2,928.5)	(3,659.4)	+25.0%
Other expenses	(2,972.2)	(3,345.3)	+12.6%
Operating income recurring before depreciation and amortization	**4,215.5**	**4,611.2**	**+9.4%**
Depreciation and amortization expense	(1,359.3)	(1,587.3)	+16.8%
Operating income recurring	**2,856.2**	**3,023.9**	**+5.9%**
Other non-recurring operating income	38.9	451.0	
Other non-recurring operating expenses	(162.2)	(415.4)	
Operating income	**2,732.9**	**3,059.5**	**+12.0%**
Net finance costs	(223.0)	(389.1)	+74.5%
Other financial income	14.1	17.6	
Other financial expenses	(52.7)	(31.6)	
Income taxes	(661.5)	(747.4)	
Share of profit of associates	14.3	6.6	
Net income from continuing operations	**1,824.1**	**1,915.6**	**+ 5.0%**
Net income from discontinued operations	**14.6**	**11.1**	
Profit for the period	**1,838.7**	**1,926.7**	**+ 4.8%**
- Minority interests	82.3	82.7	
- Net profit (Group share)	**1,756.4**	**1,844.0**	**+ 5.0%**

Basic earnings per share (in euros)	**4.99**	**5.11**	**+2.4%**
Diluted earnings per share (in euros)	**4.97**	**5.10**	**+2.6%**

Consolidated Balance Sheet

ASSETS *(in millions of euros)*	**December 31, 2015**	**December 31, 2016**
Goodwill	5,730.2	13,889.5
Other intangible assets	849.1	1,887.4
Property, plant and equipment	15,706.3	20,115.7
Non-current assets	**22,285.6**	**35,892.6**
Non-current financial assets	485.1	584.0
Investments in associates	115.9	134.2
Deferred tax assets	235.2	181.9
Fair value of non-current derivatives (assets)	100.1	60.1
Other non-current assets	**936.3**	**960.2**
TOTAL NON-CURRENT ASSETS	**23,221.9**	**36,852.8**
Inventories and work-in-progress	980.6	1,323.1
Trade receivables	2,981.1	3,115.0
Other current assets	596.6	697.5
Current tax assets	132.9	277.4
Fair value of current derivatives (assets)	62.8	53.2
Cash and cash equivalents	965.5	1,523.0
TOTAL CURRENT ASSETS	**5,719.5**	**6,989.2**
ASSETS HELD FOR SALE	**-**	**275.8**
TOTAL ASSETS	**28,941.4**	**44,117.8**

EQUITY AND LIABILITIES *(in millions of euros)*	**December 31, 2015**	**December 31, 2016**
Share capital	1,892.9	2,138.8
Additional paid-in capital	15.6	3,103.3
Retained earnings	8,861.8	9,767.4
Treasury shares	(121.0)	(111.7)
Net profit (Group share)	1,756.4	1,844.0
Shareholders' equity	**12,405.7**	**16,741.8**
Minority interests	**365.1**	**383.2**
TOTAL EQUITY	**12,770.8**	**17,125.0**
Provisions, pensions and other employee benefits	2,113.2	2,592.4
Deferred tax liabilities	1,321.8	2,378.2
Non-current borrowings	6,290.7	14,890.1
Other non-current liabilities	243.8	270.6
Fair value of non-current derivatives (liabilities)	231.3	233.7
TOTAL NON-CURRENT LIABILITIES	**10,200.8**	**20,365.0**
Provisions, pensions and other employee benefits	271.2	279.5
Trade payables	2,269.3	2,485.9
Other current liabilities	1,302.4	1,473.3
Current tax payables	156.8	144.3
Current borrowings	1,912.7	2,001.0
Fair value of current derivatives (liabilities)	57.4	63.0
TOTAL CURRENT LIABILITIES	**5,969.8**	**6,447.0**
LIABILITIES HELD FOR SALE	**-**	**180.8**
TOTAL EQUITY AND LIABILITIES	**28,941.4**	**44,117.8**

Consolidated Cash Flow Statement

(in millions of euros)	**2015**	**2016**
Operating activities		
Net profit (Group share)	**1,756.4**	**1,844.0**
Minority interests	**82.3**	**82.7**
Adjustments:		
• Depreciation and amortization	1,371.6	1,599.5
• Changes in deferred taxes	107.3	105.2
• Increase (decrease) in provisions	(64,2)	90.3
• Share of profit of associates (less dividends received)	(3.3)	0.8
• Profit/loss on disposal of assets	(100.6)	(290.4)
• Net cost of debt related to the Airgas acquisition		91.1
Cash flow from operating activities before changes in working capital	**3,149.5**	**3,523.2**
Changes in working capital requirements	(258.4)	331.0
Other	(58.7)	(157.7)
Net cash flow from operating activities	**2,832.4**	**3,696.5**
Investing activities		
Purchase of property, plant and equipment and intangible assets	(2,027.7)	(2,258.6)
Acquisition of consolidated companies and financial assets	(384.4)	(12,165.3)
Proceeds from sale of property, plant and equipment and intangible assets	129.6	828.3
Proceeds from sale of financial assets	1.4	1.3
Net cash flow used in investing activities	**(2,281.1)**	**(13,594.3)**
Financing activities		
Dividends paid		
• L'Air Liquide, S.A.	(924.3)	(947.4)
• Minority interests	(50.8)	(71.6)
Proceeds from issues of share capital	85.8	3,361.1
Purchase of treasury shares	(178.3)	3.8
Increase (decrease) in borrowings	651.4	8,152.0
Transactions with minority shareholders	(11.1)	(14.4)
Net cash flow from (used in) financing activities	**(427.3)**	**10,483.5**
Impact of exchange rate changes and change in scope of consolidation	(103.5)	(30.6)
Net increase (decrease) in net cash and cash equivalents	**20.5**	**555.1**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**854.9**	**875.4**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**875.4**	**1,430.5**

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

(in millions of euros)	2015	2016
Cash and cash equivalents	965.5	1,523.0
Bank overdrafts (included in current borrowings)	(90.1)	(92.5)
Net cash and cash equivalents	**875.4**	**1,430.5**

Net indebtedness calculation

(in millions of euros)	2015	2016
Non-current borrowings (long-term debt)	(6,290.7)	(14,890.1)
Current borrowings (short-term debt)	(1,912.7)	(2,001.0)
TOTAL GROSS INDEBTEDNESS	**(8,203.4)**	**(16,891.1)**
Cash and cash equivalents	**965.5**	**1,523.0**
Derivates Instruments (assets) – fair value hedge of borrowings	(0.8)	
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(7,238.7)**	**(15,368.1)**

Statement of changes in net indebtedness

(in millions of euros)	2015	2016
Net indebtedness at the beginning of the period	**(6,306.3)**	**(7,238.7)**
Net cash flow from operating activities	2,832.4	3,696.5
Net cash flow used in investing activities	(2,281.1)	(13,594.3)
Net cash flow used in financing activities excluding increase (decrease) in borrowings	(1,078.7)	2,331.5
Total net cash flow	**(527.4)**	**(7,566.3)**
Impact of exchange rate changes and net indebtedness of newly consolidated companies and others	(405.0)	(563.1)
Change in net indebtedness	**(932.4)**	**(8,129.4)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(7,238.7)**	**(15,368.1)**

Discontinued activities

Considering the disposal of Aqua Lung as announced on 30 December 2016, and the fact that Air Liquide is considering various options for the divestment of its subsidiary Air Liquide Welding, communicated on 15 December 2016, "Other activities" have been reallocated to "Net Profit from Discontinued Operations" in the 2016 Income Statement, in accordance with IFRS 5. The 2015 Income Statement has been restated in an identical manner.

In the same manner, "Other activities" have been reallocated to "Assets held for sale" and "Liabilities held for sale" on the balance sheet.

In conformity with IFRS 5, the "Net income from discontinued activities" is thus presented:

Agregated income statement

(in millions of euros)	2015 restated	2016
Revenue	561.3	525.1
Profit before taxes	**19.5**	**11.9**
Income tax	(4.9)	(2.2)
Gain on disposal / impairment related to fair value reevaluation of discontinued activities, after tax	-	1.5
Net income from discontinued activities	**14.6**	**11.1**
- Minority interests	0.8	0.7
- Net profit (Group share)	13.8	10.4

Cash flow

The after-tax disposal of Aqua Lung for 229 million euros has been stated on the line "Profit from sale of property, plant and equipment ».

Estimated revenue and operating income recurring 2016, including Airgas as of 1 January

The Industrial Merchant and Healthcare activities of Air Liquide and Airgas in the United States were merged as of 1 October 2016. The impact on revenue of the Airgas acquisition from 23 May 2016 to 31 December 2016, net of disposals, was 2,734.7 million euros.

If the Airgas acquisition and the related divestments had been realized as of 1 January 2016, the revenue and the operating income recurring would have been:

(in millions of euros)	2016
Revenue	**19,811.9**
Operating income recurring	**3,189.3**

The amounts presented are not comparable to those of the 2015 pro forma as reported in the update of the 2015 Reference Document, as published in August 2016.

- The 2015 pro forma does not take into account the restatement of the Diving and Welding activities in discontinued activities.
- The currency and energy impact have evolved in a significant manner between the two fiscal years.