

Pre-Full Year 2017 Results Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group FY 2017 results.

- **Reminder: 2016 adjusted figures**

As already disclosed since Q1 2017, “adjusted 2016 figures” are made available in addition to the “as published figures” for the sake of increased transparency.

Adjusted figures are computed as if **Airgas had been consolidated with divestments required by the FTC fully completed and Aqua Lung and Air Liquide Welding deconsolidated as of January 1, 2016.**

Air Liquide will communicate a **FY 2017 comparable sales growth based on 2016 adjusted sales**, excluding currency and energy price fluctuation impact.

- **Currency impact, based on 2016 adjusted sales**

Main currency variations:

€ versus	Q4 2016	Q4 2017	change	FY 2016	FY 2017	change
US Dollar	1.079	1.178	+9.2%	1.106	1.127	+1.9%
Japanese Yen	117.8	132.9	+12.8%	120.1	126.4	+5.3%
Chinese Yuan	7.37	7.79	+5.7%	7.35	7.62	+3.7%
Egyptian Pound	14.44	20.98	+45.2%	10.48	20.16	+92.3%

The currency impact in Q3 2017 compared to Q3 2016 adjusted sales was **-4.0%** on Group revenues and **-4.1%** at the Gas & Services level. Based on the evolution of foreign currency rates, the currency impact on Group sales is estimated **close to -6%** in Q4 2017. The impact on Gas & Services sales is expected to be similar to the impact on Group sales.

- **Pass-through impact of Natural Gas and Electricity, based on 2016 adjusted sales**

In Q3 2017, compared to adjusted Q3 2016, the pass-through effect on Group revenue was **+0.8%** for natural gas and **+0.2%** for electricity. In Q4 2017, the pass-through impact on Group and Gas & Services revenue is expected to be **neutral** for natural gas and electricity.

- **Significant Perimeter**

On October 10th, Airgas **completed the sale of Airgas-Refrigerants, Inc.**, its subsidiary specialized in refrigerant gases, to **Hudson Technologies, Inc.** This divestment is reflective of Airgas’ focus on its core business. The revenue impact of this divestiture will be recorded in the **significant perimeter line**. The trailing 12-months revenue through June 30, 2017 amounted to around **€120m**.

- **Business items**

- **Large Industries:** Q3 2017 comparable growth was +2.0% in a context of no significant start-up. The fourth quarter 2016 benefited from an exceptional indemnity related to a customer contract in Europe (around €50m), creating a very high comparison basis for Q4 2017.
- **Industrial Merchant** posted an increase of +4.3% in Q3 2017, the activity strengthening in key geographies, with growth in bulk and cylinder volumes and firming pricing.
- **Healthcare:** Q3 2017 showed a steady comparable sales growth of +4.5%. Air Liquide continues its strategy of small bolt-on acquisitions, recently in Japan (Q3 2017) and in Saudi Arabia (early 2018).
- **Electronics:** sales were up +7.2% in Q3 2017 supported by a strong semi-conductor end-market. Advanced Materials and carrier gases were the growth engines of the quarter.
- **Engineering & Construction:** order intakes have been improving through 2017. However, it will not materialize in sales before H2 2018 with the beginning of the construction phase of these new projects.

- **Margin**

Operating margin (Operating Income Recurring to revenue) stood at **16.1%** for FY 2016 on an adjusted basis, reflecting the new business mix following the integration of Airgas. In H2 2016, margin was at 16.3% and included exceptional profits linked to customer indemnities in Europe and Africa Middle-East.

- **Net profit**

- **Impact of non-cash non-recurring items and taxes**

- **Exceptional items** will include **non-cash provisions and write-offs**, resulting in a net negative balance.
- **Taxes** will benefit from a significant **non-cash one-off positive** entry resulting from the recently enacted U.S. tax reform.
- ⇒ **The balance of non-cash exceptional items and taxes should result in a positive non-cash impact on net profit estimated to be in the range of €150-€200m.**

- **Net result from discontinued operations**

Air Liquide Welding is reported under “**Net profit from discontinued operations**” in 2017 income statement. In H1 2017, it stood at **-30 million euros**, to reflect the estimated impact of the disposal of Air Liquide Welding. Divestiture was completed on July 31st, 2017 and additional limited adjustments have been recorded in H2 2017.

- **EPS**

The average number of outstanding shares used to calculate the as published FY 2017 EPS is **426,432 k shares**. As a reminder, all historical EPS and DPS have been adjusted to take into account the impact of the free share attribution which took place in October 2017. The as published FY 2016 EPS has been adjusted from €5.11 to **€4.64** and 2016 DPS from €2.60 to **€2.36** as a consequence.

- **ROCE**

The return on capital employed after tax was **6.9%** at the end of 2016 on an adjusted basis, taking into account the acquisition of Airgas for the entire year. A steady improvement is expected to reach the NEOS objective of a ROCE above 10% five to six years following Airgas closing.

- **Impact of U.S. tax reform from 2018 onwards**

From 2018 onwards, we expect a **positive impact on cashflow and earnings** from the recently enacted U.S. tax reform. However, the benefits of the **reduction of the tax rate should be partially offset by the BEAT** (Base Erosion and anti-Abuse Tax) on intercompany payments. Detailed impact for 2018 will be released on next February 15.

FY 2017 results will be announced on **February 15, 2018**.

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The world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with approximately 65,000 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, EURO STOXX 50 and FTSE4Good indexes.