

3rd quarter 2015:

Sustained sales growth: +7.8%

Efficiency gains in line

Q3 2015 key figures

■ Group revenue: 4,097 million euros	+7.8%
■ of which Gas & Services: 3,701 million euros	+7.4%

Q3 2015 highlights

- **New production unit start-ups:** 17 geographically well-distributed since the beginning of the year: 7 in Europe, 5 in North America, 4 in Asia, and 1 in the Middle East and Africa.
- **New investments in growing markets:** in China to supply oxygen for a major oil and gas company, in Singapore and in Taiwan to supply ultra-high purity nitrogen to the semi-conductor industry, and in Turkey via an acquisition.
- **Innovation and technologies:** design and manufacturing contract covering 19 cryogenic lines for the scientific project ITER, in addition to the prior contracts of 2012 and 2013.

Commenting on the third quarter 2015, **Benoît Potier, Chairman and CEO of Air Liquide**, said:

“In an environment of moderate global growth, the Group delivered in the third quarter a sustained increase in sales. This growth was driven by the dynamism of Healthcare and Electronics, by new unit start-ups and ramp-ups in Large Industries, and by the developing economies. The impact of currency translation is softening, but remains favorable.

Europe at +5% is benefiting from the sustained development of Healthcare and shows signs of recovery in certain industrial sectors. In North America, the slowdown in sectors linked to oil and gas production continues. Asia-Pacific is benefiting from Japan’s positive performance and satisfactory growth in China, where economic activity has become more moderate.

The operating performance is solid and the Group continues to improve its competitiveness and invest in promising markets. The investment backlog amounts to 2 billion euros and represents, along with innovations and technologies under development, an important source of growth over the medium term.

Assuming a comparable economic environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2015.”

Q3 2015 Group revenue reached € 4,097 million, up +7.8% on a reported basis and up +4.6% on a comparable basis¹ versus 3rd quarter 2014. **Gas & Services sales**, which totaled € 3,701 million, rose by

¹ adjusted for currency, energy (natural gas and electricity) and significant M&A impacts

+7.4% on a reported basis. They were up **+4.5%** on a comparable basis versus 3rd quarter 2014, an increase of one percentage point compared with 2nd quarter 2015. The currency impact, which remains positive this quarter (**+4.9%** for Gas & Services), softened with respect to the 1st half of 2015 and was partly offset by the negative impact of energy prices (**-2.0%**).

The momentum remains positive in the **developing economies**, with 3rd quarter Gas & Services revenue in these countries up **+10.4%** on a comparable basis.

Globally, growth in **Gas & Services** revenue for the 3rd quarter 2015, on a comparable basis, is satisfactory given the trend in industrial production, to which a portion of the Group's activities is linked:

- **Healthcare** revenue, up significantly at **+8.0%**, progressed in both advanced and developing economies. Revenue was boosted by increased demand for home healthcare services, a trend for the long term, by the sales of hygiene products, also particularly dynamic this quarter, and by targeted acquisitions.

- **Electronics** continues to report robust growth of **+12.8%**, driven by strong sales in Asia, and more specifically in China, Taiwan and Japan. All of our product lines reported growth, in particular advanced materials, which include the ALOHA™ range and the Voltaix offer, for which sales rose **+38.2%**.

- **Large Industries**, up **+6.5%**, shows clear sequential improvement compared with the two previous quarters and despite a few unplanned plant turnarounds by several customers. Growth is benefiting from new production unit start-ups and ramp-ups, primarily in Germany, Benelux, China, and Saudi Arabia. Hydrogen volumes rose sharply, in particular due to the ramp-up of the Yanbu site, while demand for air gases remains sustained in China and is increasing in the United States.

- For **Industrial Merchant**, where revenue was down **-1.2%**, activity remains contrasted. In North America, volumes continue to be adversely affected by the slowdown in oil services and related industries. In Asia-Pacific, sales in Australia declined as a result of the weakness of the mining sector, while they continued to improve in developing economies due to higher volumes. Europe posted slightly positive growth, with bulk volumes higher, for the food and pharmaceutical industries in particular, while cylinder activity remains weak. Sales in Eastern Europe continue to be dynamic.

Engineering and Technology revenue rose by **+16.8%** on a comparable basis versus 3rd quarter 2014. This increase is essentially explained by the conversion of a delayed Large Industries project into the sale of the unit to the customer.

Efficiency gains, which stood at **€ 204 million** for the first nine months of 2015, are in line with the annual target of more than € 250 million. The recurrent actions conducted by the Group, principally in the areas of procurement, logistics, and energy efficiency, have contributed to the operational performance.

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UPCOMING EVENTS

Actionaria event, Paris, France
November 20 and 21, 2015

Full year 2015 results
February 16, 2016

1st quarter 2016 revenue
April 26, 2016

World leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with more than 50,000 employees and serves more than 2 million customers and patients. Oxygen, nitrogen and hydrogen have been at the core of the company's activities since its creation in 1902. Air Liquide's ambition is to be the leader in its industry, delivering long-term performance and acting responsibly.

Air Liquide ideas create value over the long term. At the core of the company's development are the commitment and constant inventiveness of its people.

Air Liquide anticipates the challenges of its markets, invests locally and globally, and delivers high-quality solutions to its customers and patients, and the scientific community.

The company relies on competitiveness in its operations, targeted investments in growing markets and innovation to deliver profitable growth over the long-term.

Air Liquide's revenues amounted to € 15.4 billion in 2014, and its solutions that protect life and the environment represented more than 40% of sales. Air Liquide is listed on the Paris Euronext stock exchange (compartment A) and is a member of the CAC 40 and Dow Jones Euro Stoxx 50 indexes.



Sales in Third Quarter 2015

In the third quarter of 2015, the Group displayed sustained growth of +7.8% in an environment of moderate global growth. Comparable growth, at +4.6%, increased as compared with previous quarters.

Gas and Services sales progressed by +7.4% as reported and by +4.5% on a comparable basis. They continued to benefit from the positive currency impact (+4.9%) but partially offset by the negative energy impact (-2.0%). Large Industries renewed with sustained growth of +6.5% over the quarter, benefiting from recent start-ups and increased volumes despite a few unplanned temporary customer turnarounds. Healthcare remained a major growth driver, up +8.0%, with organic growth and acquisitions during recent months. Electronics sales, increased +12.8%, continued to show significant momentum in its growth, particularly in Asia. Industrial Merchant sales diminished, yet again impacted by a relatively weak manufacturing activity and lower volumes for the services provided to oil and gas industries in sharp decline in North America.

Ongoing cost reduction efforts led to efficiency gains over the third quarter of 72 million euros, in line with annual objectives. Cash-flow from operations before changes in working capital requirements was solid at 18.9% of sales for the first nine months of 2015, an increase of +4.5% excluding currency impact.

Investment decisions reached 1.7 billion euros for the first nine months of 2015, an increase as compared with the first nine months of 2014 (1.3 billion euros). The investment backlog stood at 2.0 billion euros and the investment opportunities over a 12-month horizon at 2.8 billion euros. This high level of commitment and investment opportunities prepares for future growth.

Revenue (in millions of euros)	Q3 2014	Q3 2015	Q3 2015/2014 reported change	Q3 2015/2014 comparable change ^(a)
Gas & Services	3,446	3,701	+ 7.4 %	+ 4.5 %
Engineering & Technology	213	267	+ 25.1 %	+ 16.8 %
Other activities	142	129	- 9.5 %	- 11.8 %
TOTAL REVENUE	3,801	4,097	+ 7.8 %	+ 4.6 %

(a) comparable change: excluding the impact of currency, energy and significant scope

Sales analysis

Group

Group sales totalled **4,097 million euros** in the third quarter of 2015, an increase of **+7.8%** on published figures. Adjusted for the positive currency impact as well as the negative energy impact, sales were up **+4.6%** on a comparable basis. There was no significant scope impact over the quarter.

Unless mentioned otherwise, all changes in sales described below are based on changes on a comparable basis, which excludes currency, energy (natural gas and electricity) and significant impact to scope.

Gas and Services

In the third quarter of 2015, **sales of Gas and Services** totalled **3,701 million euros**, up +7.4% on published figures, driven by a favourable currency impact of +4.9% which was partially offset by a negative energy impact of -2.0%. Comparable growth, at +4.5%, increased as compared with previous quarters.

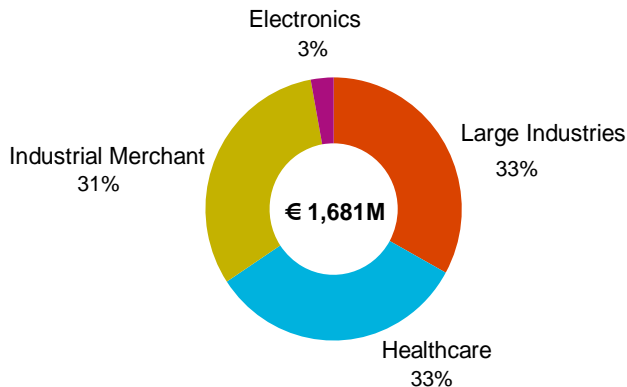
Sales (in millions of euros)	Q3 2014	Q3 2015	Q3 2015/2014 reported change	Q3 2015/2014 comparable change ^(a)
Europe	1,601	1,681	+ 5.0 %	+ 5.1 %
Americas	864	906	+ 4.8 %	- 0.6 %
Asia-Pacific	890	972	+ 9.3 %	+ 4.5 %
Middle East and Africa	91	142	+ 55.7 %	+ 42.5 %
Gas & Services	3,446	3,701	+ 7.4 %	+ 4.5 %
Large Industries	1,217	1,312	+ 7.8 %	+ 6.5 %
Industrial Merchant	1,276	1,312	+ 2.8 %	- 1.2 %
Healthcare	638	692	+ 8.5 %	+ 8.0 %
Electronics	315	385	+ 22.3 %	+ 12.8 %

(a) comparable: excluding the impact of currency, energy and significant scope

Europe

At **1,681 million euros**, sales in Europe were up **+5.1%**, an increase as compared with second quarter (+3.3%). Growth was stronger in Healthcare, close to +10%, and in Large Industries, which benefited from new start-ups. The Industrial Merchant business line posted positive growth with a slight rise in liquid gas volumes whereas cylinder activity remained weak. Developing economies continued their dynamic growth.

Gas & Services Sales in Europe

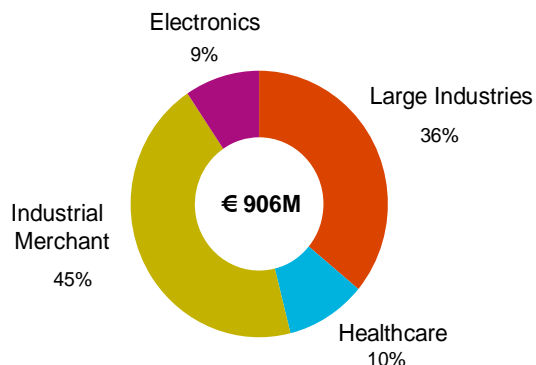


- Large Industries** sales grew **+3.9%**, a strong improvement over previous quarters. Northern Europe – in particular, the ramp-up of the CO unit in Dormagen in Germany – contributed to this growth, along with robust development in Eastern Europe, especially in Poland and Turkey.
- The **Industrial Merchant** business line sales presented a positive gain at **+0.6%**. The situation remained contrasted with recovery confirmed in Iberia, liquid volumes slightly up (notably, nitrogen volumes in France and Germany), and continued weak cylinder business. Sales continued to improve steadily in developing economies with liquid volumes posting double-digit growth, particularly in Poland and Russia. Regional price impact was -0.5% in a context of very low inflation.
- Healthcare** displayed increase in sustained growth at **close to +10%** (+9.6%), in particular, driven by recent acquisitions in Germany, France, Ireland and the Czech Republic. Organic growth in Home Healthcare was sustained also with the continued increase in number of patients treated. In medical gases for hospitals, budgetary pressure continued to affect sales which were in slight decline. Sales growth in the Hygiene and Specialty ingredients activities was particularly dynamic, especially in Hygiene which grew by more than +20%, driven by the commercial success of several products and recent acquisitions.

Americas

Gas and Services sales in the Americas totalled **906 million euros**, in slight decline at **-0.6%**. In Large Industries, sales increased by close to +5% boosted by recovery in volumes despite new temporary turnarounds by customers. This situation was partially offset by weak activity in the Industrial Merchant business, impacted by the slackening in the oil & gas related industries. Electronics revenue compared with very high activity level seen in the third quarter of 2014, in particular, in Equipment & Installation. Sales continued to develop in South America, driven by the momentum in the Healthcare and Large Industries activities.

Gas & Services Sales in Americas



- Large Industries** sales improved by **+4.7%** and returned to a high growth level as compared with previous quarters. A recovery in volumes, following temporary customer turnarounds in the first half-year, bolstered growth despite a maintenance turnaround of a major customer in Canada. Double-digit sales growth continued in South America.
- Industrial Merchant** sales were down **-5.0%**. In North America, liquid volumes, with nitrogen in particular, remain impacted by the slowdown in services to the oil & gas and related industries. Cylinder activity, aimed mainly at

craftsmen and small customers, declined in Canada. Sales continued to develop in South America, boosted by price increases and despite a slowdown in activity in Brazil. Pricing was positive (+4.3% across the region) in all countries.

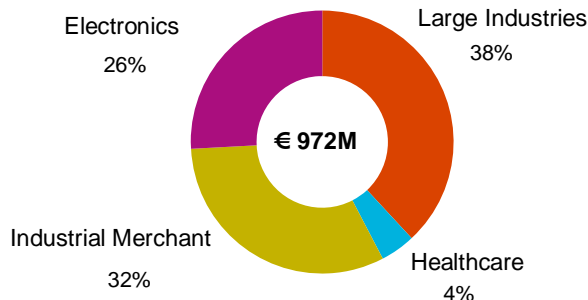
- **Healthcare** sales increased by **+6.2%**. Business was particularly dynamic in Canada which benefited from the integration of an acquisition and in South America where medical gas volumes and the number of Home Healthcare patients were significantly increased.
- **Electronics** sales declined by **-6.8%**. Despite strong growth in Advanced Molecules (>+20%) which includes the ALOHA™ brand and products from Voltaix (company acquired in 2013), the more cyclical sales of Equipment & Installation were relatively weak compared with the high level seen in the third quarter of 2014.

Asia-Pacific

Sales in the **Asia-Pacific** region increased **+4.5%** and reached **972 million euros**. Changes varied by country but Electronics remained quite strong and posted an increase in sales of **+18.0%**. China continued to grow with sales up by more than **+8%**. Japan showed an increase in growth.

Gas & Services Sales in Asia-Pacific

- **Large Industries** sales were up **+1.7%** with a start-up this quarter but offset by temporary turnarounds for maintenance at the beginning of the summer in China. Sales growth, due to start-ups of 2014 now operating at virtually full capacity, is attenuated.
- **Industrial Merchant** sales are stable (**+0.1%**) as compared with the third quarter of 2014 and reflect contrasted performance across the zone. Sales growth was sustained in developing economies, in particular in South East Asia and China, driven by growth in volumes. Sales continued to decline in Australia, impacted by the weak mining sector, and in Japan. Prices were down by **-2.7%**.
- **Electronics** continued to develop with dynamic sales, increasing to **+18.0%**. Sales grew by more than **+20%** in Japan and China. Carrier gases benefited from start-ups and ramp-ups of several units in China. Advanced Molecules sales soared up to more than **+40%** in the zone, particularly in Japan and Taiwan.



Middle East and Africa

Middle East and Africa sales totalled **142 million euros**, up **+42.5%**. This increase was mainly due to the start-up of two large hydrogen production units in Yanbu, Saudi Arabia during the second quarter. Sales in South Africa continued to develop, driven by Healthcare and by the ramp-up of a Large Industries unit following the start-up in the first quarter of 2014.

Engineering and Technology

Engineering & Technology sales totalled **267 million euros**, up **+16.8%** compared with third quarter 2014. This increase is essentially explained by the conversion of a delayed Large Industries project into the sale of the unit to the customer. Excluding this one-off sale, revenue was stable.

In Canada, facing a difficult construction environment, we are experiencing high completion costs on a large project. Negotiations with the customer are ongoing since late summer, and should be completed by year-end 2015.

At **285 million euros**, order intake in third quarter 2015 was lower than in the third quarter of 2014 which was particularly high. Over the first nine months of the year, order intake totalled 885 million euros as compared with 895 million euros for the same period last year.

Other activities

Revenue (in millions of euros)	Q3 2014	Q3 2015	Q3 2015/2014 reported change	Q3 2015/2014 comparable change ^(a)
Welding	96	82	- 14.1 %	- 15.5 %
Diving	47	47	- 0.2 %	- 4.2 %
TOTAL OTHERS	142	129	- 9.5 %	- 11.8 %

(a) comparable: excluding currency impact

Other activities sales in the third quarter of 2015 declined by **-11.8%** to **129 million euros**.

- **Welding** sales decreased by **-15.5%** in the third quarter.
- **Diving** (Aqua LungTM) posted a drop in sales, mainly due to the disposal of a non-strategic business at year-end 2014.

Quarterly highlights

Over the third quarter 2015, Air Liquide pursued its development initiatives both in Advanced and Developing economies.

DEVELOPMENT OF INDUSTRIAL ACTIVITY

- In China, Air Liquide signed a new long-term contract with Yan'an Energy and Chemical Co., a subsidiary of Yanchang Petroleum Group, one of the four largest Chinese companies for oil and natural gas exploration & production. The Group will invest roughly 80 million euros in two state-of-the-art ASUs (Air Separation Units), with a total capacity of 2,800 tons of oxygen per day. The new units are expected to begin operations in Q1 2018.
- Since the beginning of 2015, Air Liquide has signed several new long-term contracts with major semiconductor manufacturers in Japan, Singapore and Taiwan. The Group will invest more than 100 million euros to supply ultra-pure carrier gases to customer fabs that manufacture integrated circuit and memory for consumer electronics and mobile devices. This market continues to expand, driven in particular by the rise of the Internet of things and "Big Data".
- In Turkey, Air Liquide completed the acquisition of the local subsidiary of Messer. The company, which provides industrial, medical and specialty gases to various industries, counts close to 70 employees and generated sales of approximately 9 million euros in 2014. It owns and operates an air separation unit for the production of liquid oxygen, nitrogen and argon, as well as three cylinder-filling centers. Air Liquide is now present in the three main industrial areas of the country: Ankara, Istanbul and Izmir.

INITIATIVES IN HEALTHCARE

- On the occasion of the Annual International Seminar of ERS (European Respiratory Society), Air Liquide has launched an innovative and educational information website dedicated to sleep apnea. As an important player in the treatment of sleep apnea disorder, the Group seeks to better inform patients and help understand the proposed solutions.

INNOVATION AND TECHNOLOGIES

- Air Liquide announced the signature of a new contract with ITER-India for the design and manufacturing of 19 cryogenic lines. This signature completes two contracts already signed in 2012 and in 2013, bringing the total amount signed by Air Liquide for the ITER project to roughly 250 million euros. The latter targets development of an experimental reactor to demonstrate the scientific and technological feasibility of fusion as a new source of energy. This contract illustrates Air Liquide's leadership in extreme cryogenics for major scientific projects.
- In Belgium, the Budget, Finance and Energy Minister placed the first stone of the hydrogen fuel cell filling station constructed by Air Liquide. It is the first public hydrogen station in Belgium. This initiative adds to more than 75 hydrogen stations conceived and supplied by Air Liquide in Europe, Japan and the USA. The Group, strengthened by the technological expertise of its employees, is fulfilling its role as leader in the energy transition challenge with the ongoing deployment of a hydrogen filling network.

Investment cycle

Investment opportunities

The portfolio of opportunities over a 12-month horizon stood at **2.8 billion euros** at the end of September 2015, slightly lower than the amount at the end of June 2015 (2.9 billion euros). This evolution is the result of a high number of new decisions taken since the beginning of the year, in particular the investment in a new large-scale air separation unit for Sasol (South Africa, 200 million euros). The removal of abandoned or late projects from the portfolio, at this date, is globally in line with the usual changes observed.

Developing economies represent 57% of the portfolio and the majority of our opportunities are located in China and North America. More than half of the investment opportunities in the portfolio correspond to projects requiring investments of less than 50 million euros.

Investment decisions and investment backlog

Net investment decisions totalled **401 million euros** during the third quarter. They are down compared with the third quarter of 2014 (589 million euros) due to the removal from decisions of a delayed Large Industries project converted into the sale of the unit to the customer. Excluding this change, the amount of investment decisions would have exceeded 650 million euros. The net investment decisions reached 1.7 billion euros in year-to-date, an increase as compared with the first nine months of 2014 (1.3 billion euros) laying the foundation for future growth.

The investment backlog represented a total amount of 2.0 billion euros, down 800 million euros compared with year-end 2014, notably in line with the start-up of two large hydrogen production units in Yanbu, Saudi Arabia during the second quarter (an investment exceeding 350 million euros) and in Dormagen, Germany (investment of 100 million euros). The investment backlog should represent a future contribution to annual sales of approximately 0.9 billion euros, once fully ramped-up.

Start-ups

Five new units were started-up during the third quarter, bringing the total number of start-ups to 17 in year-to-date.

The start-ups and gradual ramp-ups of units started-up more than 12 months ago should be able to contribute for approximately 350 million euros of sales in 2015.

Operating performance

The Group's efficiency gains amounted to 72 million euros over the quarter and to 204 million euros during the first nine months of the year, in line with the annual target of over 250 million euros. The third quarter gains correspond to one-half in industrial projects (optimization of production units in France and in Belgium, improvement of logistics), one-quarter in purchasing and the remainder in administrative efficiency.

Cash-flow from operations before changes in working capital requirements was solid at 18.9% of sales for the first nine months of 2015, an increase of +4.5% excluding currency impact. It ensures the financing of net industrial investments up to 1,379 million euros, of which 401 million euros for the third quarter. The Group's financial structure remains solid.

Outlook

In an environment of moderate global growth, the Group delivered in the third quarter a sustained increase in sales. This growth was driven by the dynamism of Healthcare and Electronics, by new unit start-ups and ramp-ups in Large Industries, and by the developing economies. The impact of currency translation is softening, but remains favorable.

Europe at +5% is benefiting from the sustained development of Healthcare and shows signs of recovery in certain industrial sectors. In North America, the slowdown in sectors linked to oil and gas production continues. Asia-Pacific is benefiting from Japan's positive performance and satisfactory growth in China, where economic activity has become more moderate.

The operating performance is solid and the Group continues to improve its competitiveness and invest in promising markets. The investment backlog amounts to 2 billion euros and represents, along with innovations and technologies under development, an important source of growth over the medium term.

Assuming a comparable economic environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2015.

Appendix

Currency, energy (natural gas, electricity) and significant M&A impacts

In addition to the comparison of published figures, financial information for third quarter 2015 is provided before currency, energy price fluctuations and significant M&A impacts. As of January 1st, 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 2015 third quarter revenue includes the following:

<i>In millions of euros</i>	Revenue Q3 2015	Q3 2015/2014 change	Currency	Natural gas	Electricity	Significant scope	Q3 2015/2014 comparable change ^(a)
Group	4,097	+ 7.8 %	+ 192	(55)	(16)	0	+ 4.6 %
Gas & Services	3,701	+ 7.4 %	+ 171	(55)	(16)	0	+ 4.5 %

(a) Excluding currency, energy (natural gas and electricity) and significant M&A impacts

For the Group,

- The currency impact was +5.1%.
- The impact of natural gas price fluctuations was -1.5%.
- The impact of electricity price fluctuations was -0.4%.
- There was no significant M&A impact.

For Gas & Services,

- The currency impact was +4.9%.
- The impact of natural gas price fluctuations was -1.6%.
- The impact of electricity price fluctuations was -0.4%.
- There was no significant M&A impact.

YTD 2015 Sales

Impacts of currency, natural gas and electricity on year-to-date 2015 sales:

<i>In millions of euros</i>	YTD 2015 Sales	YTD 2015/2014 change	Currency	Natural gas	Electricity	Significant M&A	YTD 2015/2014 Comparable change ^(a)
Group	12,211	+8.0%	777	(249)	(40)	0	+3.7%
Gas & Services	11,041	+7.7%	713	(249)	(40)	0	+3.6%

(a) Excluding currency, energy (natural gas and electricity) and significant M&A impacts

Sales per business line

<i>In millions of euros</i>	YTD 2014	YTD 2015	YTD 2015/2014 Change	
			published	comparable ^(a)
Gas & Services	10,253	11,041	+7.7%	+3.6%
Large Industries	3,710	3,877	+4.5%	+3.9%
Industrial Merchant	3,755	3,972	+5.8%	-0.8%
Healthcare	1,901	2,074	+9.1%	+7.2%
Electronics	886	1,118	+26.2%	+13.0%
Engineering & Technology	618	743	+20.2%	+12.6%
Other activities	436	427	-2.0%	-6.1%
Welding	289	272	-5.9%	-6.9%
Diving	147	155	+5.4%	-4.3%
Group revenue	11,307	12,211	+8.0%	+3.7%

(a) Excluding currency, energy (natural gas and electricity) and significant M&A impacts

G&S Sales by geography

<i>In millions of euros</i>	YTD 2014	YTD 2015	YTD 2015/2014 change	
			published	comparable ^(a)
Europe	4,947	5,071	+2.5%	+3.2%
Americas	2,512	2,719	+8.3%	+0.3%
Asia-Pacific	2,526	2,886	+14.3%	+5.5%
Middle-East and Africa	268	365	+36.2%	+23.1%
Gas & Services Sales	10,253	11,041	+7.7%	+3.6%

(a) Excluding currency, energy (natural gas and electricity) and significant M&A impacts

This Activity Report is also available on our website:

<http://www.airliquide.com/en/investors/financial-presentations.html>