

NEOS 2016-2020 Program: a customer-centric transformation strategy

Confidence in growth outlook

2016-2020 Objectives

Performance

- Revenue growth: +6% to +8%* CAGR
- Efficiency gains > € 300 million on average per year
- Airgas synergies > \$ 300 million
- ROCE > 10% after 5 to 6 years
- Maintain S&P 'A' range rating

Responsibility

- Improve air quality for better environment and health
- Be engaged in active dialogue with all stakeholders

* including Airgas scope effect in 2017, corresponding to a +2% CAGR

Benoît Potier, Chairman and CEO of Air Liquide, said:

“The Group has acquired a new dimension following the acquisition of Airgas and thus enters a new phase of its development. Our strategy for profitable growth over the long term is that of a customer-centric transformation. It will be based on operational excellence and the quality of our investments, on open innovation and the network organization already implemented by the Group worldwide. Our ambition is to lead our industry, deliver long-term performance and contribute to sustainability.

With strong fundamentals and a disciplined model of development and management, the Group is well positioned to perform in various economic environments and leverage the underlying trends, i.e., the energy and environment transition, changes in the world of healthcare, and digitization.

Thus, we are confident in the ability of Air Liquide and its 68,000 employees to implement NEOS, the Group's new corporate program for the period 2016-2020, and to collectively create, notably through digitization, additional value for all its stakeholders.”

On the occasion of its Capital Markets Day on July 6, 2016, Air Liquide has presented its vision of the evolution of its markets, its strategy, its growth prospects, and its new corporate program NEOS, which marks a new step in the development of the Group.

The **environment** is characterized by moderate global growth and major changes related to scientific and technological advances, and new usages and consumption patterns that impact the needs of the Group's customers.

Air Liquide has identified **three major trends**, which are sources of growth for all of its businesses. These trends are **energy and environment transition**, **changes in healthcare**, and **digitization**. The latter touches new ways of working, the managing of assets, and the transactional sphere. To address these key challenges and this new market potential, Air Liquide can rely on its **leading positions in the major industrial basins worldwide**, its **proprietary technologies**, its capacity for **innovation**, its **solutions** and **services**, its **operational excellence**, and its **network organization**.

In this context, the **preponderant path to growth** will involve **innovation**, supported by the major trends identified, in addition to **external growth**. This innovation **at the service of customers**, within an **open ecosystem**, is centered on **usages** and supported by **technologies**.

With the acquisition of **Airgas** in the United States, completed in May 2016, the Group has changed in size with sales of Gas & Services increased by +30%. The Group has strengthened its global leadership by rebalancing its European and American positions. The acquisition of Airgas positions Air Liquide optimally in the United States, the world's largest and most advanced in innovation and digitization industrial gas market. Through its multi-channel distribution network in the United States, Airgas has a close relationship with its customers and a head start in e-commerce.

In light of these factors, 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%**. The Group intends to generate substantial recurrent **efficiency gains** of **more than 300 million euros on average per year**, in addition to **synergies related to Airgas** 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 its **S&P 'A' range rating** thanks to the strength of its balance sheet remains a priority.

As for **responsibility**, 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**.

The executive leadership team working from the Base (Paris) and the Hubs (Houston, Frankfurt, Shanghai and Dubai), and the cluster managers (groups of countries or entities) based in the different regions, will be working collaboratively within a **network** to roll out **NEOS** and achieve the objectives that have been set for the **2016-2020** period.

With NEOS, the Group will be able to deliver a long-term **performance** and will be more **connected** to its stakeholders as well as more **innovative**.

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UPCOMING EVENTS

2016 First Half results

August 1, 2016

The world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with approximately 68,000 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 revenues amounted to €16.4 billion in 2015, and its solutions that protect life and the environment represented more than 40% of sales. On 23 May 2016, Air Liquide completed its acquisition of Airgas, which had revenues amounting to \$5.3 billion (around €4.8 billion) for the fiscal year ending 31 March 2016.

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

* Following the acquisition of Airgas on 23 May 2016