

Paris, January 6, 2017



Pre-Full Year 2016 Results Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group's FY 2016 results.

- **FY 2016 general presentation of financial statements**

Given the divestiture of Aqua Lung (press release of December 30, 2016) and the fact that Air Liquide Welding options for divestiture are under review (press release of December 15, 2016), these "Other Activities", as discontinued operations, will be reported in the item "Profit from discontinued operations" below Operating profit in the FY 2016 P&L statement (in compliance with IFRS 5). The FY 2015 P&L will be restated accordingly.

- **Consequences of Airgas integration**

The closing of the Airgas acquisition was effective on May 23, 2016 and the operations of Air Liquide US Industrial Merchant and Healthcare and of Airgas were merged on October 1, 2016. As a consequence, as of Q4 2016, it is not possible anymore to isolate the former Air Liquide standalone scope excluding Airgas. Therefore the comparable sales growth provided for Q4 2016 and for the FY 2016 will be estimated.

- **Currency impact**

The main currency variations in FY 2016 versus FY 2015 and in Q4 2016 versus Q4 2015 were:

€ versus	FY 2016	FY 2015	Change	Q4 2016	Q4 2015	Change
US Dollar	1.103	1.109	<0.6%>	1.079	1.095	<1.5%>
Japanese Yen	114.5	134.2	<14.7%>	117.8	132.9	<11.3%>
Chinese Yuan	7.42	6.97	+6.5%	7.37	7.00	+5.3%
Canadian Dollar	1.46	1.42	+3.1%	1.439	1.461	<1.5%>
Argentina Peso	16.65	10.30	+61.6%	16.71	11.33	+47.5%
Brazilian Real	3.52	3.64	<3.4%>	3.55	4.21	<15.6%>
South African Rand	15.4	14.1	+9.1%	15.0	15.5	<3.4%>

The currency impact in Q3 2016 was **-0.5%** on Group revenues and **-0.4%** at the G&S level. Based on the evolution of foreign currency rates, the currency impact on Group sales is estimated at around **-0.2%** in Q4 2016 and **-1.4%** in FY 2016. The impact on Gas & Services sales is expected to be similar to the impact on Group sales.

- **Pass-through impact of Natural Gas**

The natural gas pass-through effect on Group revenues was **-2.0%** in Q3 2016. In Q4 2016, the pass-through impact of natural gas is expected to be around **+0.2%** on Group revenues.

- **Pass-through impact of Electricity**

The electricity pass-through effect on Group revenues was **-0.4%** in Q3 2016. It is expected to be neutral in Q4 2016.

- **Business items**

Large Industries: as discussed during the Q3 2016 conference call, Q4 2016 comparable sales growth is expected to remain in the same range as in Q3 2016 (+5%), despite the Yanbu planned turnaround.

Industrial Merchant: sales evolution over the first 9 months of 2016 was -1.7%.

Healthcare: the first 9 months of 2016 showed a sustained comparable sales growth of +5%.

Electronics: in Q3 2016, sales were quasi stable at -0.5% due to a drop in E&I sales and stable sales of ESG after a period of strong increase. The comparison basis will remain strong in Q4 for the same reason.

Engineering & Construction: in Q3 2016, sales were down -51.9%, affected by a difficult global environment and an unfavorable comparison effect. Excluding last year exceptional item, the sales decrease would have been around -30%, within the same range as in H1 2016.

- **Margin**

In H1 2016, the OIR margin was down -70 basis points to 16.7%, in particular due to the low margin in Engineering & Construction (4.2%) and to the Airgas consolidation effect, which had an average margin below the Group's margin. This latter effect will be stronger in H2 2016 with full 6 months of Airgas integration instead of only 5 weeks in H1 2016, ending with a lower expected OIR margin at Group level in H2 than in H1 2016.

- **Exceptional items**

Capital gains on FTC divestitures will offset total exceptional costs of the year relative to the Airgas acquisition and integration. Overall, the impact on other non-recurring operating income and expenses should be positive, yet neutral as to net income after taking into account the non-recurring financial costs and tax impacts in FY 2016. For Other Activities, exceptional income and expenses will be recorded in the P&L item "Profit from discontinued operations" and will broadly compensate each other.

- **Tax rate**

In H1 2016, the effective tax rate was exceptionally low at 24.0%. It benefited from tax income following a decision from the European Union Court of Justice as well as favorable evolution of several tax audits. The effective tax rate for H2 2016 should be significantly higher due to the non-replicability of these exceptional items and to the high taxable gain on the US divested assets.

- **EPS**

The average number of outstanding shares used to calculate the as published FY 2016 EPS will be 360,723,395 shares.

Besides, taking into account the impact of the Preferential Subscription Right attribution, the as published FY 2015 EPS shall be adjusted from €5.12 to €4.99.

- **ROCE**

The ROCE after tax and integration of Airgas was 8.3% at the end of H1 2016. The capital employed used in the ROCE calculation is the average of the capital employed at the last 3 semester ends. For FY 2016, the capital employed in the as reported calculation includes 2 semesters with Airgas impact in contrast with H1 2016 which was limited to 1 semester with Airgas impact.

FY 2016 Financial statements, as well as the Activity Report will be published on February 15, 2017.

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The world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with approximately 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