



2017 Q1 Activity

Revenue Growth +38.5%  
Better Activity in a more  
Favorable Economic  
Environment

Paris, 26 April 2017



# 2017 Q1 Activity

Fabienne Lecorvaisier  
Chief Financial Officer

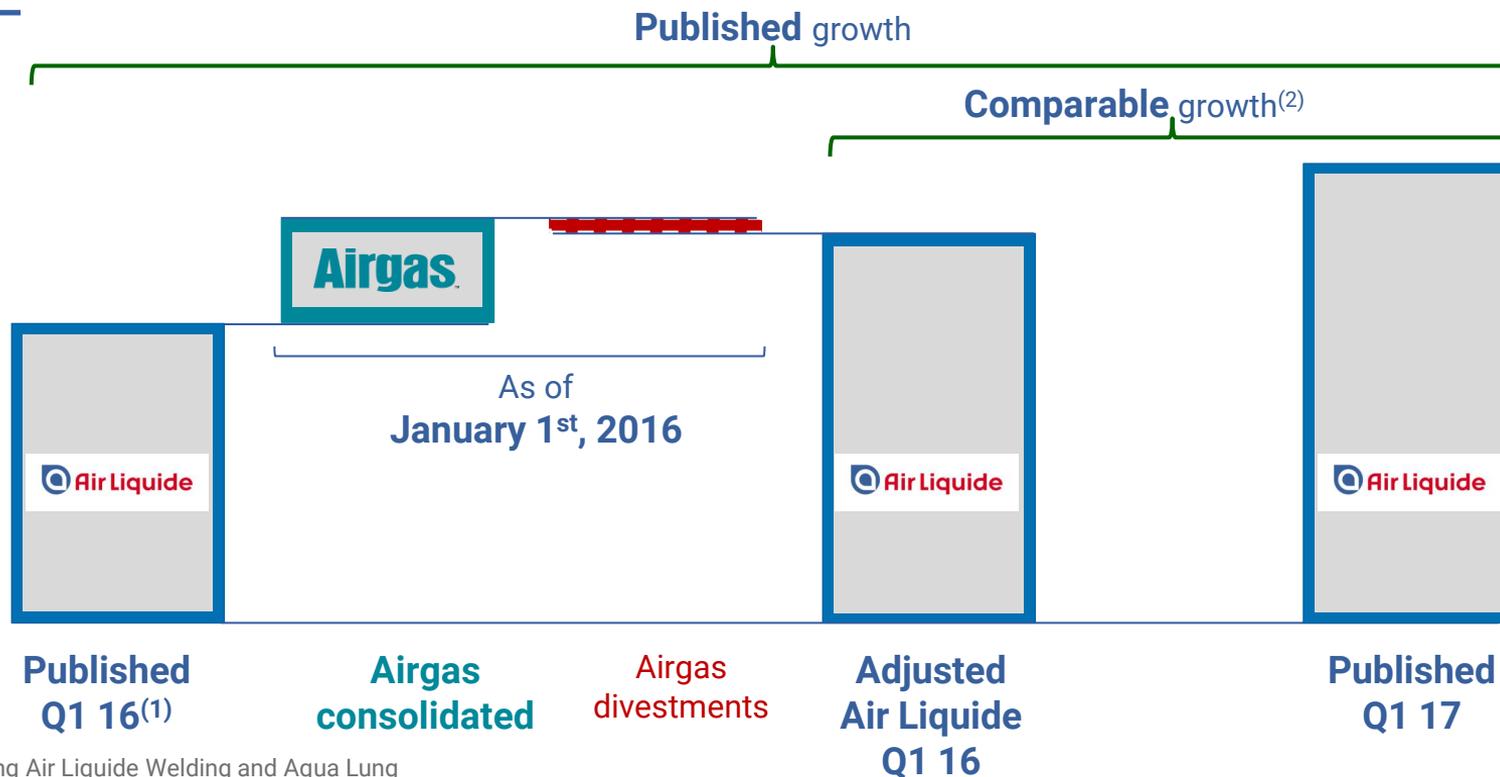
# Revenue Growth +38.5% as published

## Better Activity in a more Favorable Economic Environment

- Group sales growth +38.5% and +42.2% in G&S
  - +2.8% comparable G&S growth to adjusted Q1 2016\*
  - IM growth pick-up in Americas and in Europe
  - Efficiencies & synergies well on track
  - Significant increase of cash flow
- Re-balanced geographical & business footprint

\* As if Airgas had been consolidated with divestments fully completed and Aqua Lung and Air Liquide Welding deconsolidated as of January 1<sup>st</sup>, 2016

# Adjusted Sales Used as a Comparison Basis



(1) Excluding Air Liquide Welding and Aqua Lung

(2) Excluding currency and energy price fluctuation impact

See definitions in appendix, slides 26 and 27

# G&S Step Change



Refer to slide 4 for definitions

# Confirmed Improvement in G&S

**INDUSTRIAL  
PRODUCTION**  
Q1 2017  
**+1.8%**<sup>(1)</sup>

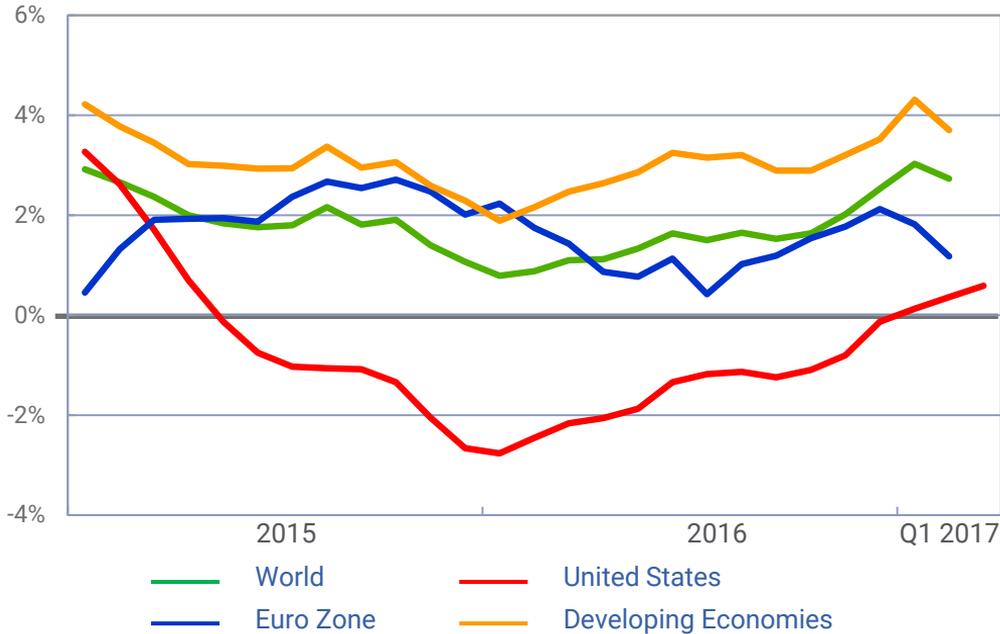
Sales in €m	Q1 16	Q1 17	Q1 17/16 as published	Q1 17/16 comparable
<b>Gas &amp; Services</b>	<b>3,548</b>	<b>5,046</b>	<b>+42.2%</b>	<b>+2.8%</b>
<b>Engineering &amp; Construction</b>	<b>124</b>	<b>53</b>	<b>-57.4%</b>	<b>-58.4%</b>
<b>Global Markets &amp; Technologies</b>	<b>65</b>	<b>77</b>	<b>+18.8%</b>	<b>+19.2%</b>
<b>Group Total</b>	<b>3,737</b>	<b>5,176</b>	<b>+38.5%</b>	<b>+1.5%</b>

(1) Industrial Production weighted average by Air Liquide industrial sales footprint  
Refer to slide 4 for definitions

# Better Economic Indicators

## Industrial Production

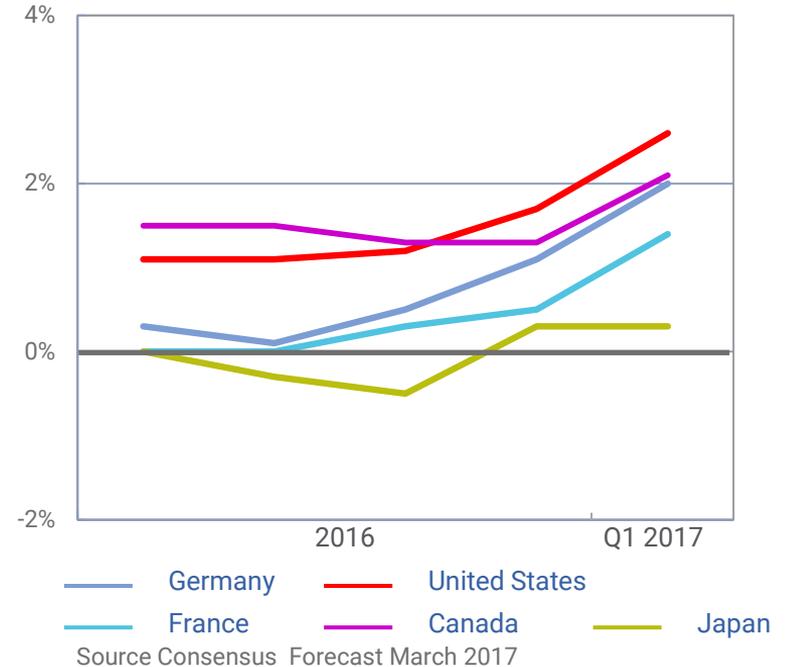
Year on Year in % (3-month rolling average)



Source Coe-Rexecode

## Consumer Price Inflation

Year on Year in %



Source Consensus Forecast March 2017

# Energy & Forex Impact Turned Positive

## Energy Impact on Group sales



FY 2016

Q1 2017

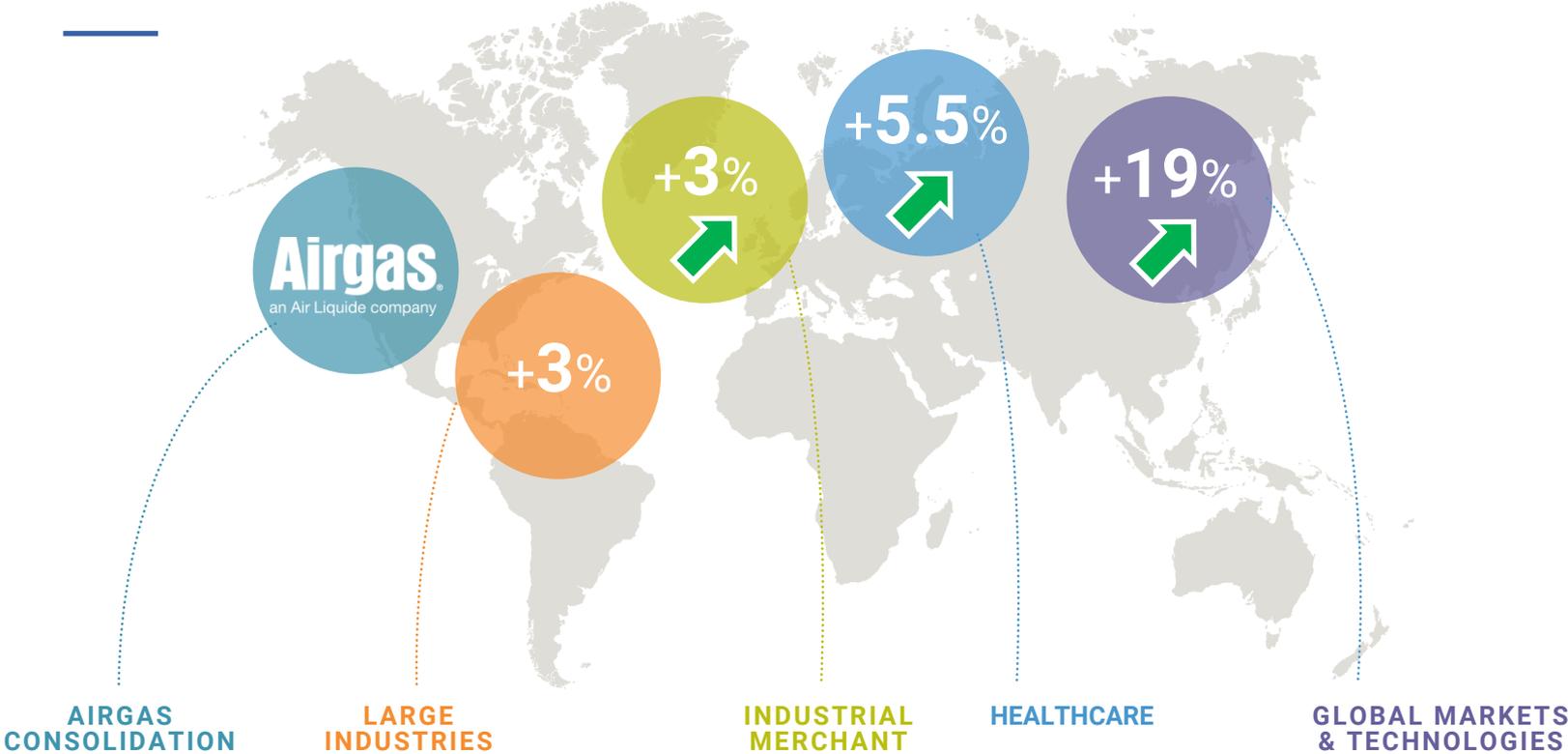
## FX Impact on Group sales



FY 2016

Q1 2017

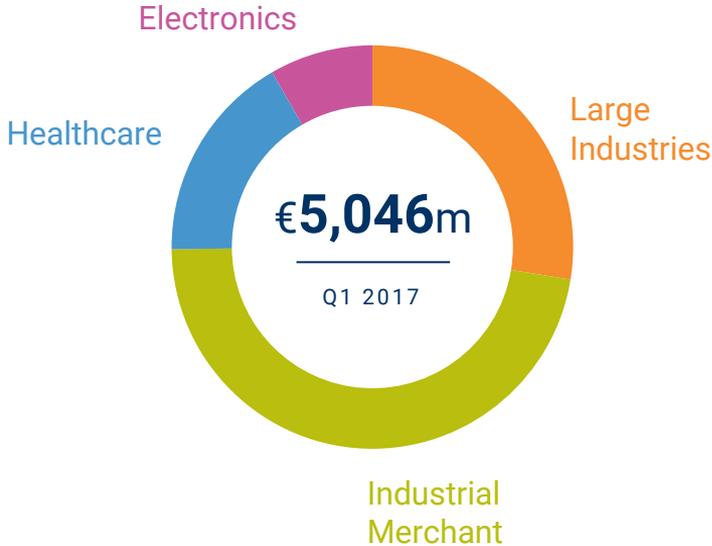
# Growth Drivers in Q1 2017



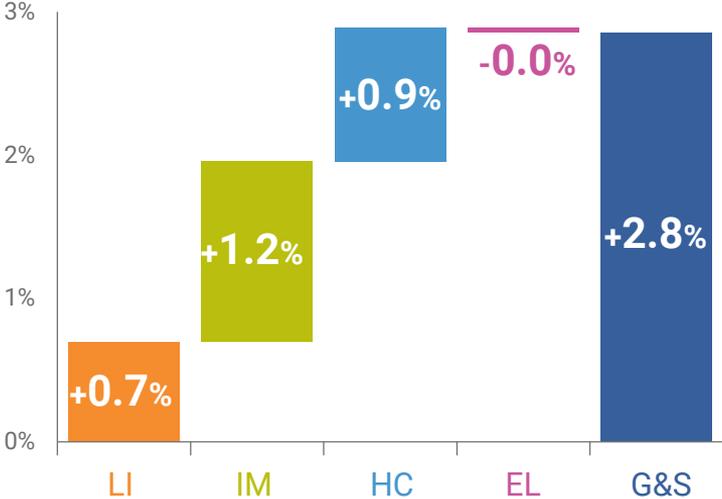
Refer to slide 4 for definitions

# Industrial Merchant Main Contributor to G&S Growth

## Sales by WBL



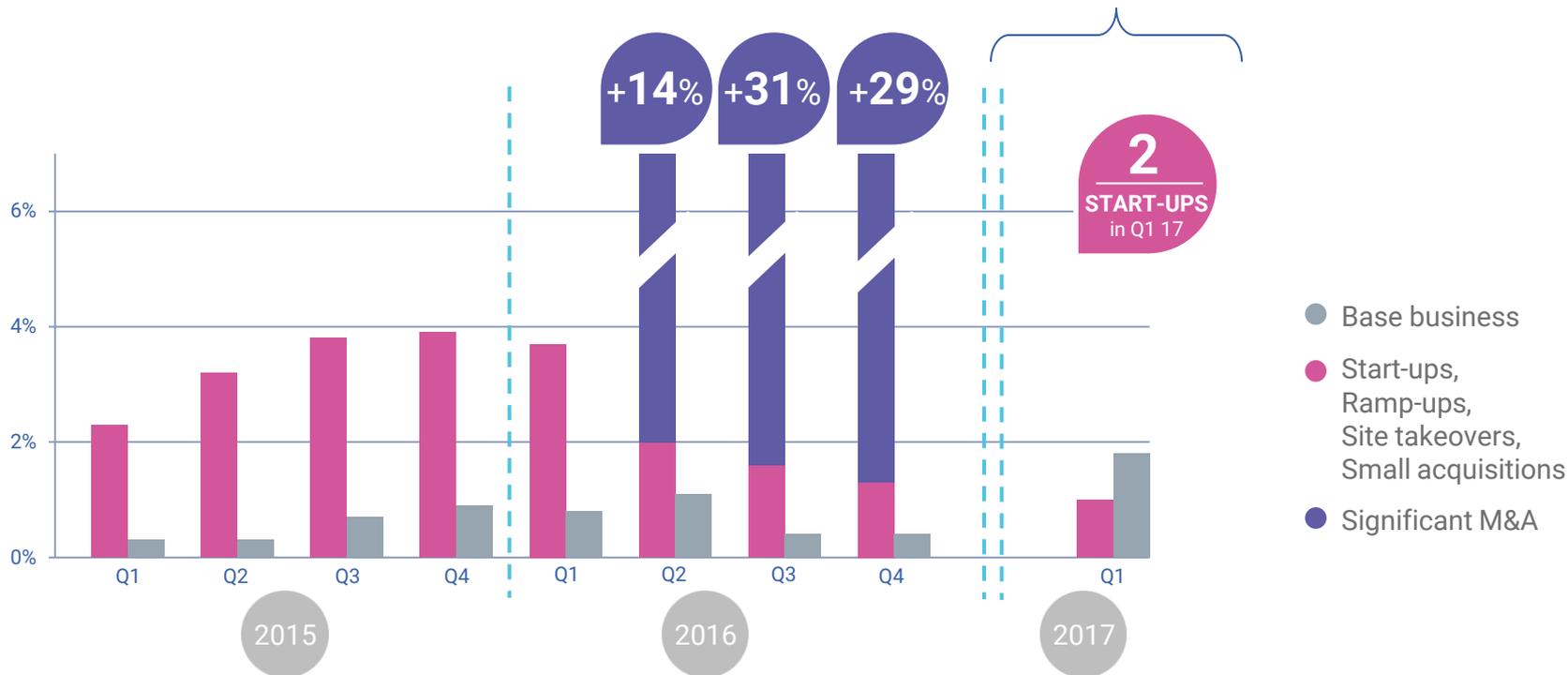
## Contribution to G&S growth



Refer to slide 4 for definitions

# Stronger Base Contribution

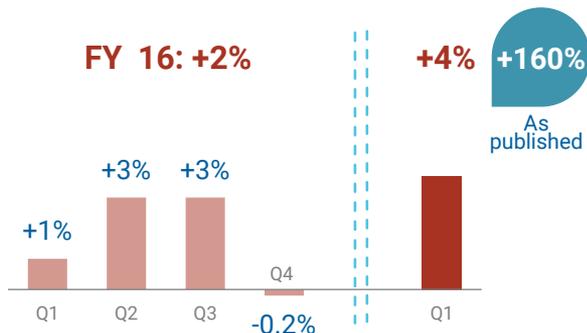
Q1 2017 comparable growth based on 2016 adjusted sales



## G&S Quarterly Growth Analysis

# Q1 - Improved Underlying Activity

**AMERICAS**  
Q1 2017  
€2,142m



G&S Comparable Sales Growth

## Solid industrial activity in North America

- LI: very high sales of H<sub>2</sub> and air gases in U.S., limited customer turnarounds
- IM: growth pick-up in North America in most end-markets
- EL: dynamic Advanced Materials, lower E&I sales
- Dynamic HC: South America and Canada

**EUROPE**  
Q1 2017  
€1,710m

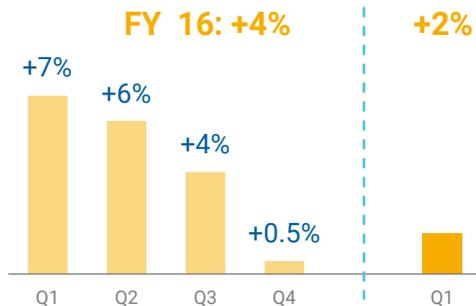


## Sound HC and positive IM

- LI: good volumes in some countries but unfavorable comparison basis; stoppage in Ukraine
- IM: +4%, supported by working days; growth in all end-markets
- HC: very solid performance

Refer to slide 4 for definitions

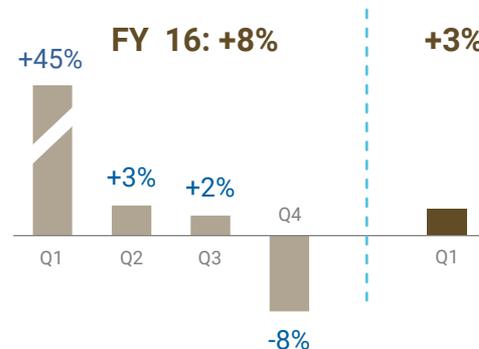
# Q1 - Better Asia, Growing MEA



G&S Comparable Sales Growth

## Contrasted situation

- Solid LI with limited contribution from SU-RU
- EL: high Q1 2016 basis in E&I and neon; very dynamic Advanced Materials, robust Carrier Gases
- Low IM in Japan due to lower Equipment; solid bulk and cylinder volumes in China

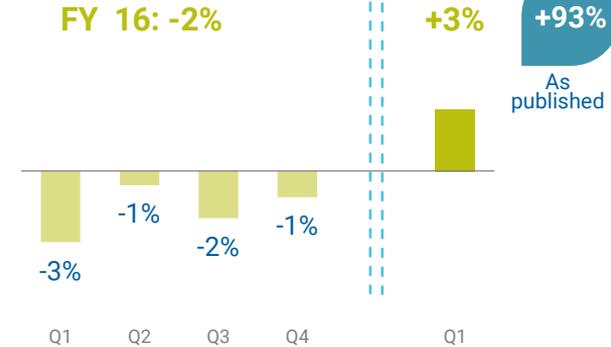
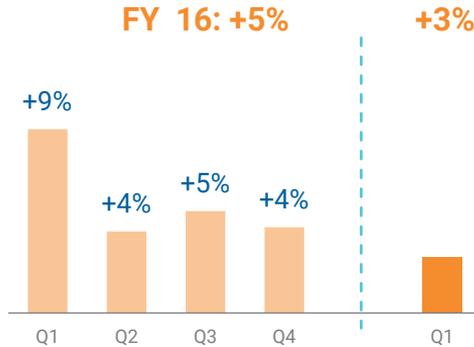


## Yanbu reloading

- Yanbu full loading in March
- Dynamic Egypt both in LI and IM
- South Africa: strong HC

Refer to slide 4 for definitions

# Q1 - Sound LI, Pick-up in IM



G&S Comparable Sales Growth

## Contrasted growth by region



- Very high sales in U.S. with limited customer turnarounds
- Most of start-ups & ramp-ups in Q2 and Q3

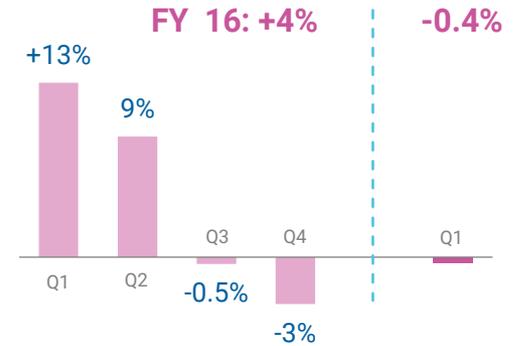
## IM growing in North America and Europe



- First positive quarter since Q4 2014
- Better Americas, Europe (extra working days) and solid China
- Growth in most end-markets

Refer to slide 4 for definitions

# Q1 - Solid HC, Stable EL



G&S Comparable Sales Growth

## Pursued strong growth



- Increased number of patients in Home Healthcare
- Limited contribution from bolt-on M&A
- Strong Hygiene and Specialty Ingredients

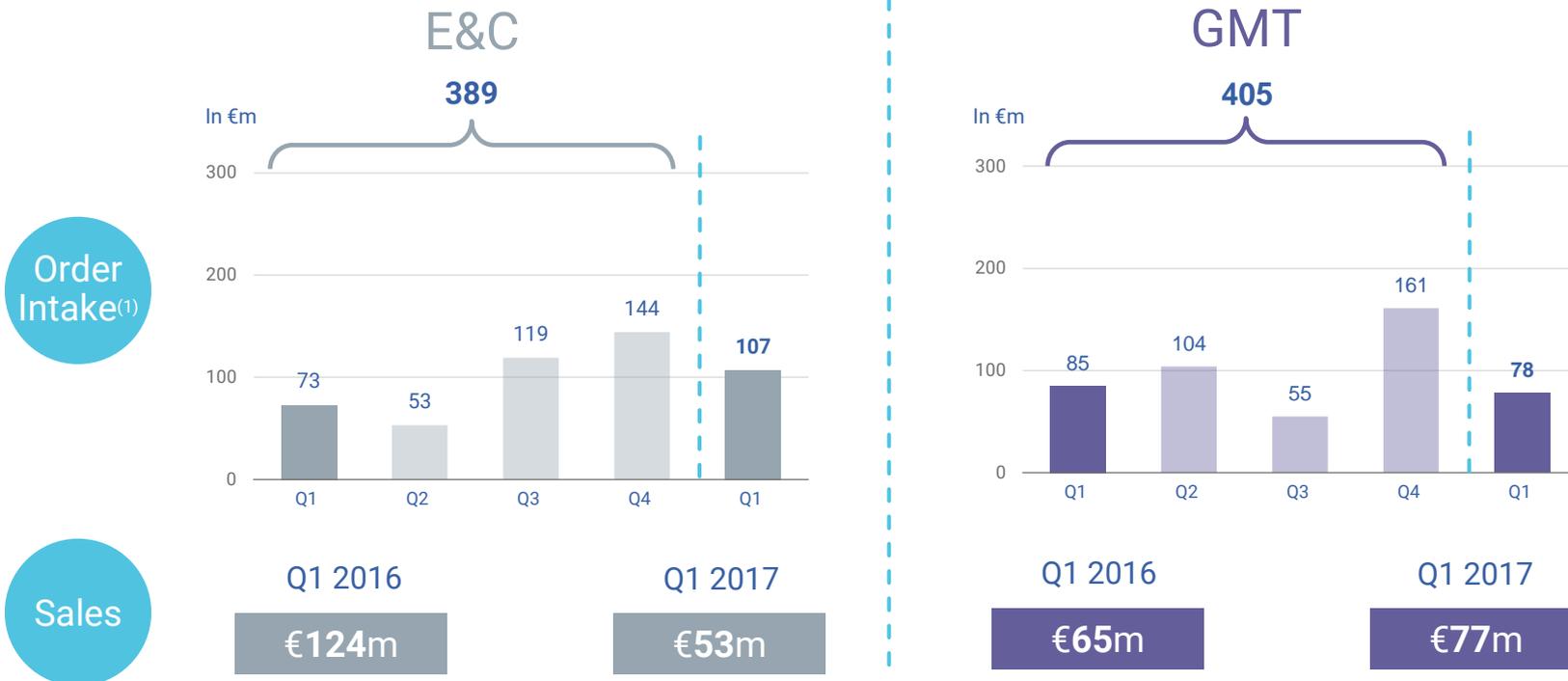
## Strong underlying activity



- Solid Carrier Gases
- Advanced Materials double-digit growth
- Low E&I; ESM impacted by neon sales

Refer to slide 4 for definitions

# Increased Bidding Higher Year-on-Year E&C Order Intake



(1) Group and Third Party Orders

# Efficiencies and Synergies Well On Track

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## Q1 Efficiencies



- Main contributors: industrial operations & supply chain
- Higher savings from re-organizations

## Q1 Synergies



- First contribution from growth synergies

# Significant Cash Flow Increase

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## Cash Flow<sup>(1)</sup>



- Increased by **+1/3<sup>rd</sup>**
- Decreasing gearing

## Net Capex



- Of which €70m for acquisitions

(1) Operating Cash Flow before change in Working Capital Requirements, as of 31 March 2017

# Stable Portfolio, Selective Decisions

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## Investment Opportunities<sup>(1)</sup> 12-month portfolio



- Mainly small to medium size projects

## Q1 2017 Investment Decisions<sup>(1)</sup>



- N<sub>2</sub> long-term contract in Oman
- Americas ~50%
- Airgas: 3 small bolt-on acquisitions

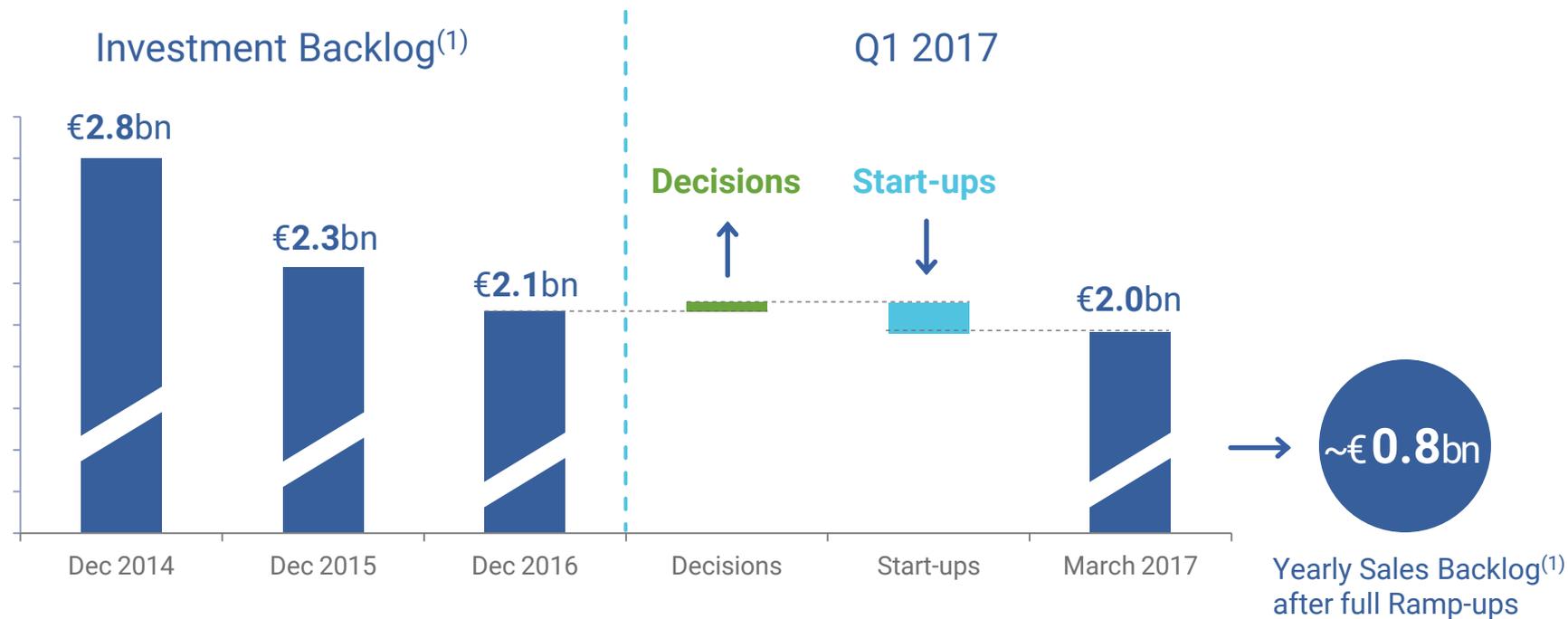
## Q1 2017 Start-up/ Ramp-up Sales Growth Contribution



- Americas ~50%

(1) See definitions in appendix

# Backlog in line with Growth Expectations and Capex Strategy



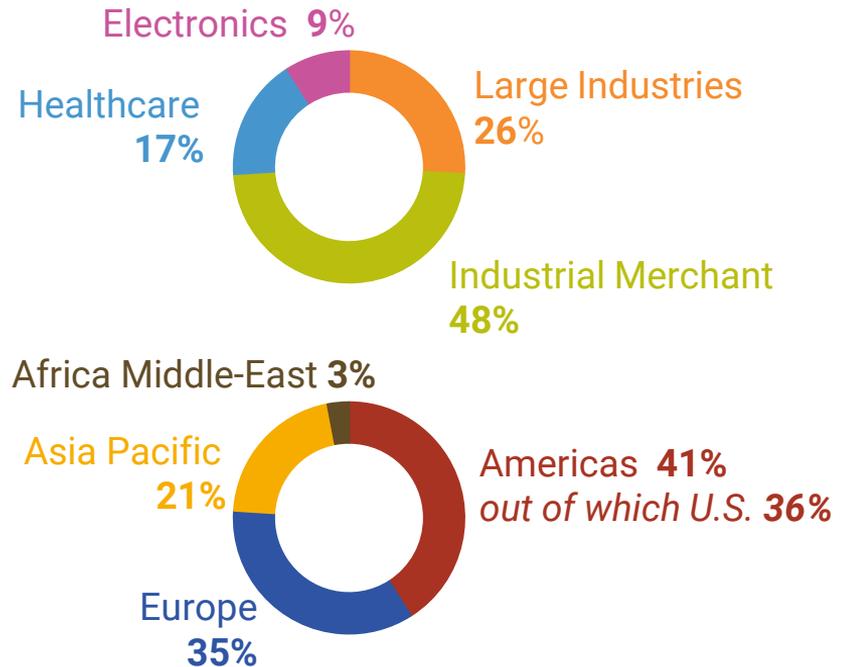
(1) See definitions in appendix

# Re-balanced Geographical & Business Footprint

Fabienne Lecorvaisier  
Chief Financial Officer

# A Re-balanced Footprint

## 2016 G&S Adjusted Revenue



Refer to slide 4 for definitions

# Focus on Improving Margin and ROCE

## Group OIR margin improvement plan

2016  
Starting  
point

16.1%

- >US\$300m Airgas synergies
- >€300m yearly efficiencies
- Significant work on fixed costs
- IM margin improvement

## ROCE>10% after 5-6 years

2016  
Starting  
point

6.9%

- Lower capital intensive growth
- Focus on efficiencies and synergies
- Portfolio management
- Pricing in a better economic environment

Refer to slide 4 for definitions

# 2017 Outlook

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Q1 17

- G&S step change
- IM picking up in Americas and Europe
- Delivering efficiencies and synergies
- Significant increase in cash flow
- Re-balanced footprint

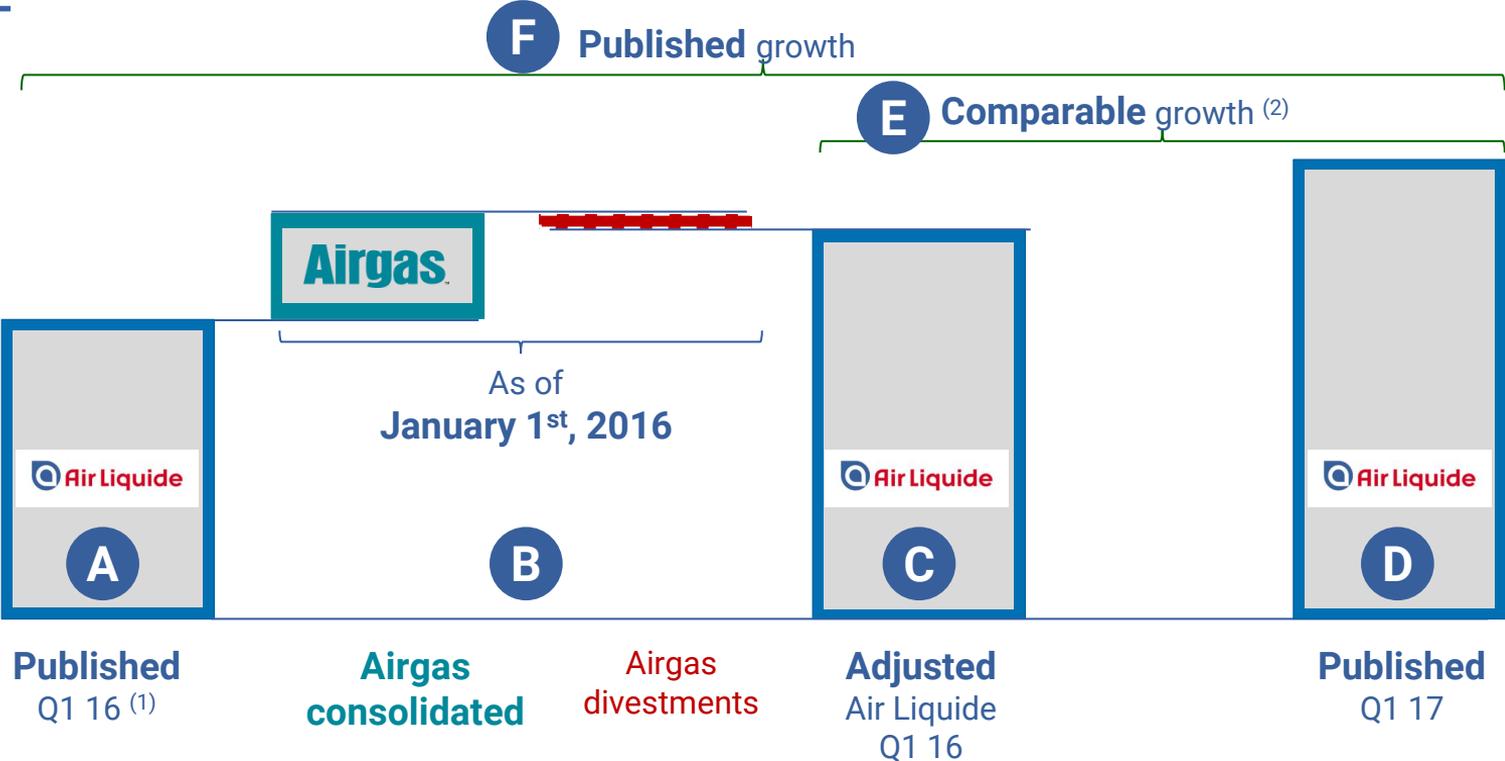
2017

“Assuming a comparable environment, Air Liquide is confident in its ability to deliver net profit growth in 2017”

# Q1 2017

## Appendix

# Details: Adjusted Sales Used as a Comparison Basis (1/2)



(1) Excluding Air Liquide Welding and Aqua Lung  
 (2) Excluding currency and energy price fluctuation impact

# Details: Adjusted Sales Used as a Comparison Basis (2/2)

<b>A</b>	<b>Published</b> Q1 16 excluding Air Liquide Welding and Aqua Lung	Published Q1 16 Air Liquide sales excluding Air Liquide Welding and Aqua Lung (IFRS 5, discontinued operations)
<b>B</b>	<b>Airgas consolidated</b> - Airgas divestments	Published Q1 16 Airgas sales with divestments fully completed as of January 1 <sup>st</sup> , 2016
<b>C</b>	<b>Adjusted</b> Air Liquide sales	2016 starting point: <b>A</b> + <b>B</b>
<b>D</b>	<b>Published</b> Q1 17	Published Q1 17 Air Liquide sales
<b>E</b>	<b>Comparable</b> growth	Growth between Q1 16 adjusted Air Liquide sales and published Q1 17 sales <b>D</b> excluding change and energy versus <b>C</b>
<b>F</b>	<b>Published</b> growth	Growth between published Q1 16 Air Liquide sales, excluding Air Liquide Welding and Aqua Lung, and published Q1 17 Air Liquide sales <b>D</b> versus <b>A</b>

As a reminder for slides 12 to 15:

2016 comparable sales growth excluding currency, energy price fluctuation and Airgas impact

Comparable sales growth for Americas for Q4 16, FY16 are estimated due to the merger of Airgas and Air Liquide US operations

# Impact of Currency and Energy on G&S Revenue

Currency	In €m	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
€/US\$		+14	(14)	(3)	+10	+64
€/CNY		(10)	(28)	(23)	(20)	(7)
€/JP¥		+14	+22	+42	+30	+13
Others		(89)	(98)	(32)	(17)	+46
<b>Total currency impact</b>		<b>(71)</b>	<b>(119)</b>	<b>(16)</b>	<b>+3</b>	<b>+116</b>
	Average rate	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
€/US\$		<b>1.10</b>	<b>1.13</b>	<b>1.12</b>	<b>1.08</b>	<b>1.07</b>
€/CNY		<b>7.21</b>	<b>7.38</b>	<b>7.44</b>	<b>7.37</b>	<b>7.33</b>
€/JP¥		<b>127.0</b>	<b>121.9</b>	<b>114.3</b>	<b>117.8</b>	<b>121.0</b>
Natural Gas	In €m					
<b>Natural Gas Impact</b>		(108)	(94)	(82)	+13	<b>+104</b>
Electricity	In €m					
<b>Electricity Impact</b>		(36)	(32)	(18)	+3	<b>+25</b>

Refer to slide 4 for definitions

# Revenue Analysis by Quarter and by Business Line

Sales in €m	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q1 17/16 as published	Q1 17/16 comparable
<b>Large Industries</b>	1,207	1,181	1,261	1,388	1,392	+15.3%	+2.7%
<b>Industrial Merchant</b>	1,238	1,726	2,308	2,293	2,384	+92.6%	+2.6%
<b>Healthcare</b>	695	756	814	846	850	+22.4%	+5.5%
<b>Electronics</b>	408	407	400	403	420	+3.1%	-0.4%
<b>Gas &amp; Services</b>	3,548	4,070	4,783	4,930	5,046	+42.2%	+2.8%
<b>Engineering &amp; Construction</b>	124	130	105	115	53	-57.4%	-58.4%
<b>Global Markets &amp; Technologies</b>	65	81	73	111	77	+18.8%	+19.2%
<b>Group Total</b>	<b>3,737</b>	<b>4,281</b>	<b>4,961</b>	<b>5,156</b>	<b>5,176</b>	<b>+38.5%</b>	<b>+1.5%</b>

Refer to slide 4 for definitions

# Revenue Analysis by Quarter and by Geography

Sales in €m	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q1 17/16 as published	Q1 17/16 comparable
<b>Americas</b>	824	1,361	2,042	2,003	2,142	+160.0%	+3.7%
<b>Europe</b>	1,614	1,611	1,601	1,767	1,710	+5.9%	+2.6%
<b>Asia-Pacific</b>	966	954	997	1,019	1,024	+6.1%	+1.6%
<b>Middle-East and Africa</b>	144	144	143	141	170	+17.9%	+2.7%
<b>Gas &amp; Services</b>	3,548	4,070	4,783	4,930	5,046	+42.2%	+2.8%
<b>Engineering &amp; Construction</b>	124	130	105	115	53	-57.4%	-58.4%
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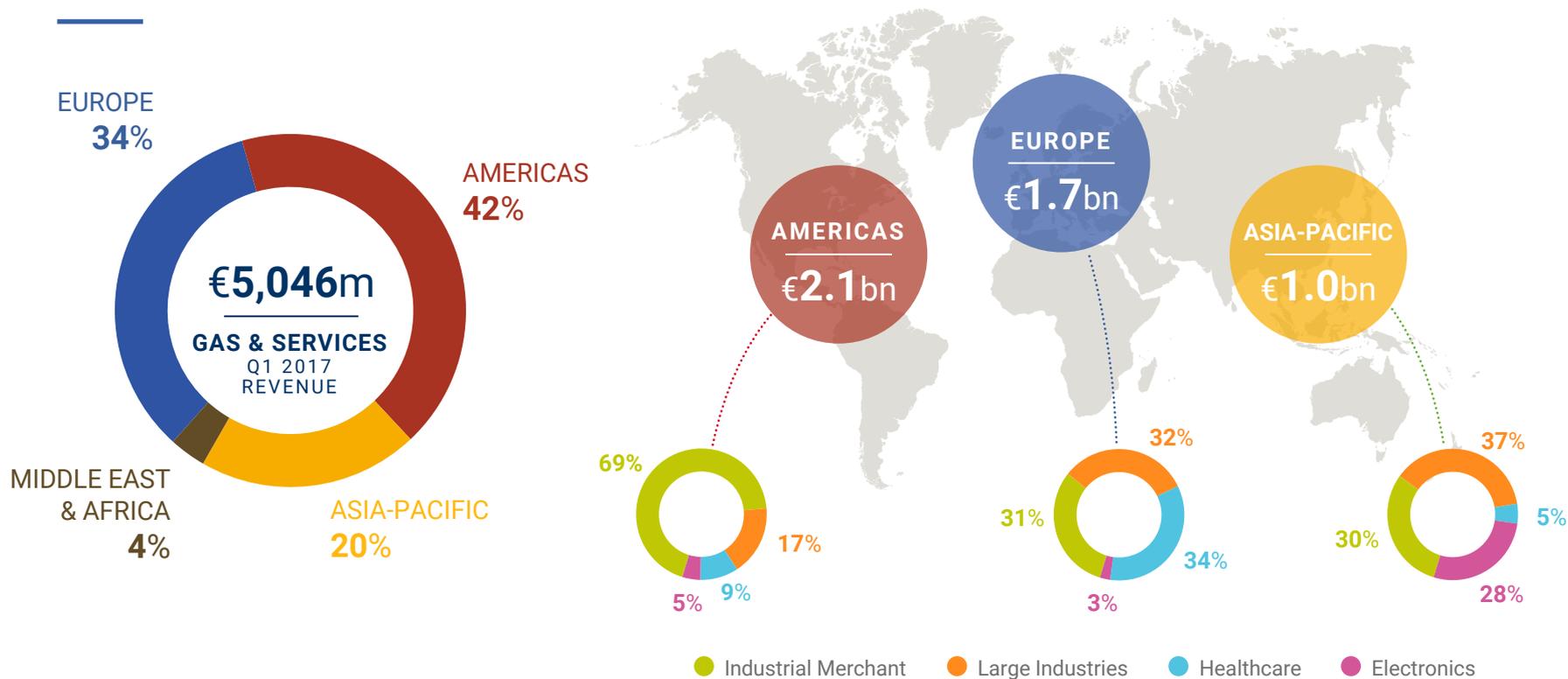
Refer to slide 4 for definitions

# G&S Revenue Growth by Quarter and by Impact

	Growth as published	Natural Gas	Electricity	Currency	Significant perimeter	Comparable Growth
Q1 2016	-1.8%	-3.0%	-1.0%	-2.0%	0.0%	+4.2%
Q2 2016	+10.3%	-2.6%	-0.9%	-3.2%	+13.9%	+3.1%
Q3 2016	+29.9%	-2.3%	-0.5%	-0.4%	+31.1%	+2.0%
Q4 2016	+30.8%	+0.4%	+0.0%	+0.0%	+28.7%	+1.7%
<b>Q1 2017</b>	<b>+42.2%</b>	<b>+2.2%</b>	<b>+0.6%</b>	<b>+2.5%</b>	<b>N/A</b>	<b>+2.8%</b>

Refer to slide 4 for definitions

# Q1 2017 G&S Revenue Breakdown by Region



# Americas

## Q1 Gas & Services Sales: €2,142m

### INDUSTRIAL MERCHANT

- Growth pick-up in North America, especially in March
- All but one end-markets positive
- Bulk and cylinder volumes increasing

### LARGE INDUSTRIES

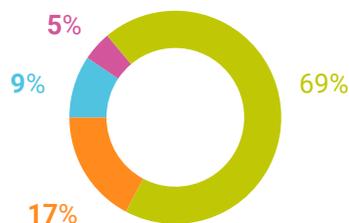
- Very strong sales
- Very high sales of H<sub>2</sub> and air gases in U.S., limited customer turnarounds
- Continuation of ramp-ups in U.S. and South America

### HEALTHCARE

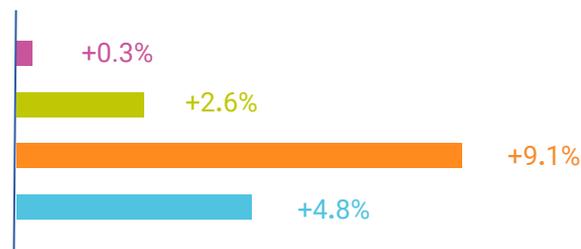
- Dynamic South America: Brazil and Argentina
- Canada: solid growth and contribution from an acquisition

### ELECTRONICS

- Double-digit growth in Advanced Materials and Services
- Low E&I sales



Q1 17/16 Comparable change : **+3.7%**



Refer to slide 4 for definitions

# Europe

Q1 Gas & Services Sales: €1,710m

## INDUSTRIAL MERCHANT

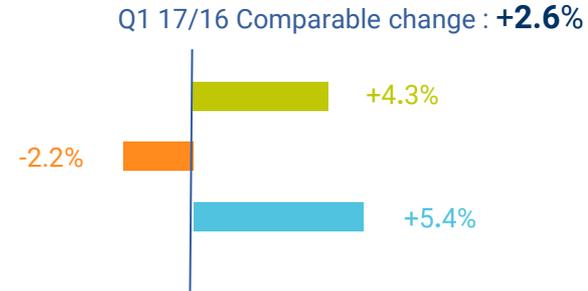
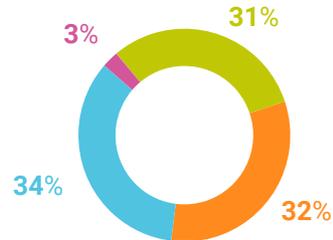
- +4% growth with extra working days
- Bulk and cylinders volumes increasing
- All end-markets positive
- Dynamic Eastern Europe

## LARGE INDUSTRIES

- Good volumes in air gases in some countries (France, Germany, Spain) with steel demand increase
- Unfavorable comparison basis
- Eastern Europe impacted by stoppage in Ukraine

## HEALTHCARE

- Very solid performance
- Organic growth in Home Healthcare
- Volume growth in medical gases for hospitals
- Very Strong Hygiene and Specialty Ingredients



Refer to slide 4 for definitions

# Asia-Pacific

## Q1 Gas & Services Sales: €1,024m

### INDUSTRIAL MERCHANT

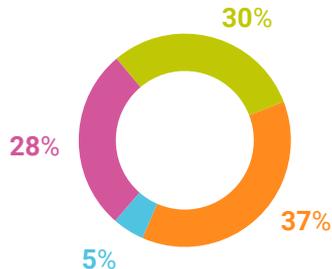
- China: solid growth both in bulk and cylinders
- Growing developing economies
- Japan: positive bulk volumes but price pressure and low Equipment

### LARGE INDUSTRIES

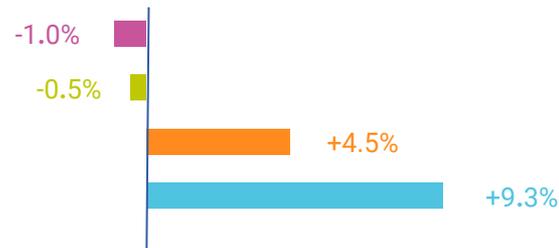
- H<sub>2</sub> growth for refining in Singapore and O<sub>2</sub> growth for steel in Japan
- Ramp-up of a new unit in Australia
- Lower growth in China in the absence of start-up

### ELECTRONICS

- Low E&I & ESM
- High neon price in Q1 2016 in Japan impacting ESM
- Very dynamic Advanced Materials
- Robust growth in Carrier Gases with ramp-ups in China and Singapore



Q1 17/16 Comparable change : **+1.6%**



Refer to slide 4 for definitions

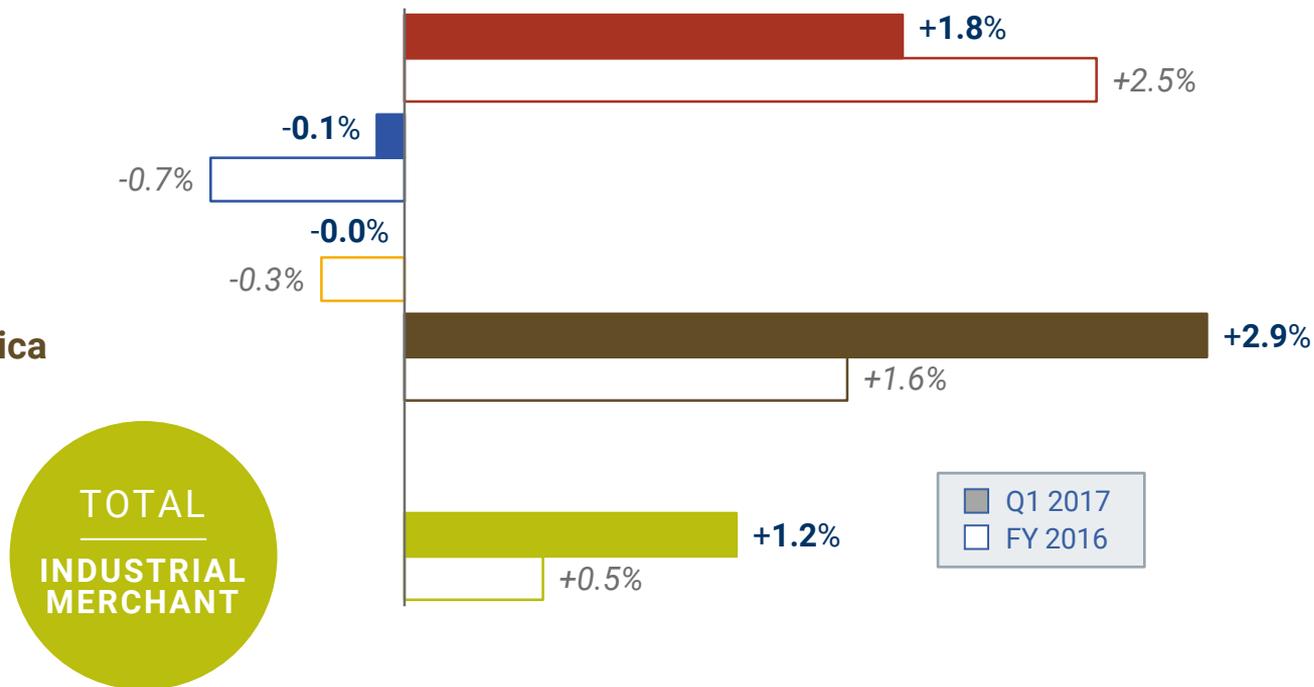
# Industrial Merchant Pricing

Americas

Europe

Asia-Pacific

Middle-East and Africa



Refer to slide 4 for definitions

# Investment Cycle – Definitions

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## • Investment opportunities at end of the period

- Investment opportunities under consideration by the Group for decision within 12 months.
- Industrial projects with investment value > €5m for Large Industries and > €3m for other business lines.
- Includes asset replacements or efficiency projects. Excludes maintenance and safety.

## • Investment backlog at end of the period

- Cumulated industrial investment value of projects decided but not yet started.
- Industrial projects with value > €10m, including asset replacements or efficiency projects, excluding maintenance and safety.

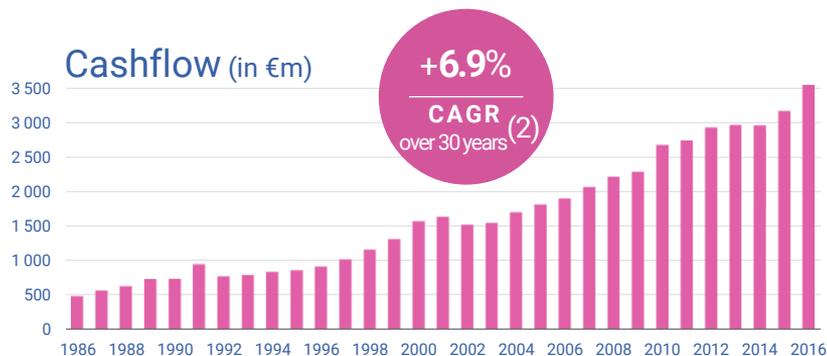
## • Sales backlog

- Cumulated expected sales per year generated by the current investment backlog after full ramp-up.

## • Decisions of the period

- Cumulated value of industrial and financial investment decisions.
- Industrial, growth and non-growth projects including asset replacements, efficiency, maintenance and safety.
- Financial decisions (acquisitions).

# Regular and Sustained Performance



(1) Adjusted for the 2-for-1 share split in 2007, for attribution of free shares and for a factor of 0.974 reflecting the value of the rights of the capital increase completed in October 2016. (2) Calculated according to prevailing accounting rules over 30 years.

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