

Pre-Half Year 2017 Results Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group H1 2017 results.

- **H1 2017 general presentation of financial statements**

Given recent significant changes in the Group perimeter, two sets of figures are made available in addition to the “as published results” for the sake of increased transparency:

- **Restated H1 2016**, to take into account the divestiture of both Aqua Lung (press release: December 30, 2016) and Air Liquide Welding (press release: April 27, 2017). “Other Activities”, as discontinued operations, are being reported in the item “Profit from discontinued operations” below operating income in the P&L statement in compliance with IFRS 5.
- **Adjusted H1 2016**, as if Airgas had been consolidated with divestments fully completed and Aqua Lung and Air Liquide Welding deconsolidated as of January 1, 2016.

(in millions of Euros)	H1 2016 Restated	H1 2016 Adjusted
Revenue	8,018	9,734
OIR before depreciation and amortization	2,085	2,401
Depreciation and amortization expense	(718)	(858)
Operating income recurring	1,367	1,543
OIR on Sales	17.0%	15.8%
Operating income	1,283	
Net Finance costs & other net financial expenses	(171)	
Income taxes	(264)	
Share of profit of associates	3	
Net profit from discontinued operations	2	
Minority interest	(42)	
Net Profit (Group share)	811	

Therefore, in 2017, Air Liquide **comparable growth is based on 2016 adjusted sales**, excluding currency and energy price fluctuation impact, as if Airgas had been consolidated with divestments fully completed and Aqua Lung and Air Liquide Welding deconsolidated as of January 1, 2016.

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

Main currency variations:

€ versus	H1 2016	H1 2017	change	Q2 2016	Q2 2017	change
US Dollar	1.115	1.082	-3.0%	1.129	1.100	-2.6%
Egyptian Pound	9.44	19.39	+105.3%	9.97	20.22	+102.8%
Chinese Yuan	7.29	7.44	+2.0%	7.38	7.55	+2.3%
Brazilian Real	4.13	3.43	-16.8%	3.96	3.53	-11.0%

The currency impact in Q1 2017 compared to Q1 2016 adjusted sales (therefore including Airgas 2016 sales translation from USD to Euro) was **+2.4%** on Group revenues and **+2.5%** at the Gas & Services level. Based on the evolution of foreign currency rates, the currency impact on Group sales is estimated at around **+0.8%** in Q2 2017 and **+1.6%** in H1 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**

Given that natural gas and electricity impacts are related to Large Industries activity, there is no additional impact in euro coming from the integration of Airgas (U.S. Industrial Merchant and Healthcare activities) in the 2016 adjusted figures.

In Q1 2017, compared to adjusted Q1 2016, the pass-through effect on Group revenues was **+2.2%** for natural gas and **+0.5%** for electricity. In Q2 2017, the pass-through impact is expected to be around **+1.5%** on Group revenue for natural gas and around **+0.4%** for electricity. In H1 2017, effects are respectively expected at **+1.8%** and **+0.5%** at the Group level.

- **Business items**

Large Industries: Q1 2017 comparable growth was +2.7% in a context of no significant start-up and limited number of customer turnarounds. No major start-up was expected in Q2 2017 either.

Industrial Merchant posted an increase of +2.6% in Q1 2017 supported by a pick-up in North America, better sales in Europe and strong growth in Eastern Europe and China. As mentioned during the conference call, Europe benefited from a favorable working day effect which reversed in Q2.

Healthcare: Q1 2017 showed a sustained comparable sales growth of +5.5% with a relatively low contribution from bolt-on M&A. Contribution from bolt-on acquisitions was not expected to increase in Q2 2017.

Electronics: sales remained stable (-0.4%) in Q1 2017; despite solid underlying activity, published sales suffered from the high comparison basis for Equipment & Installation and neon sales. Equipment & Installation sales were still very high in Q2 2016.

Engineering & Construction: Order intake has been improving in 2017 but it will take time before it materializes in sales and more globally in the P&L. A possible negative contribution in terms of Operating Income Recurring in H1 2017 was mentioned during the Q1 2017 conference call.

- **Tax rate**

In H1 2016, the restated effective tax rate was exceptionally low at 23.8%. It benefited from tax income following a decision from the European Union Court of Justice as well as favorable evolution of tax audits. The effective tax rate for H1 2017 should be significantly higher due to the non-replicability of these exceptional items and to 6 months of Airgas integration vs. only 5 weeks in H1 2016. As reference, the average effective tax rate over the last 5 years for Airgas was 36.7%.

H1 2017 results will be announced on **July 28, 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 67,000 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.