

Pre-Full Year 2018 Results Communication

Air Liquide has compiled the following items for consideration to assist in the financial modeling of the Group FY 2018 results.

- **Significant perimeter impact**

As a reminder, **Airgas Refrigerants** activity (in the Industrial Merchant business line) was divested in October 2017. It generated a significant perimeter impact in Q1, Q2 and Q3 2018:

At Group level	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
€m	-35	-36	-26	-1	-98
%	-0.7%	-0.7%	-0.5%	-	-0.5%

- **Currency impact**

Main currency variations:

€ versus	Q4 2017	Q4 2018	change	FY 2017	FY 2018	change
US Dollar	1.178	1.141	-3.1%	1.127	1.180	+4.7%
Argentina Peso	21.13	42.50	+101.2%	18.89	32.35	+71.3%
Brazilian Real	3.82	4.35	+13.8%	3.59	4.30	+19.5%
Japanese Yen	132.9	128.8	-3.1%	126.4	130.4	+3.1%
Chinese Yuan	7.79	7.89	+1.3%	7.62	7.80	+2.4%

The currency impact on Group revenue in Q3 2018 was **-1.2%**. Based on the evolution of foreign currency rates, the currency impact on Group and Gas & Services sales is estimated to be **neutral** in Q4 2018.

- **Energy Pass-through impact**

In Q3 2018, the Energy pass-through effect on Group revenue was **+2.3%**. In Q4 2018, the pass-through impact on Group and Gas & Services revenue is expected to be between **+2.5%** and **+3.0%**.

- **Business items**

- Comparable sales growth in **Large Industries** reached **+5.4%** in Q3 2018, driven by high volumes compared to low 2017 basis in Americas, high hydrogen and cogen volumes in Europe but less contribution from ramp-ups in Asia together with several customer turnarounds at the very end of the quarter.
- **Industrial Merchant** posted a sales increase of **+4.2%** in Q3 2018, with most end markets well oriented in all geographies and an increased pricing better aligned with inflation.
- In **Healthcare**, Q3 2018 showed a robust comparable sales growth at **+5.7%** driven by strong Home Healthcare, high demand in Medical Gases in the US and last additional contribution of an acquisition in Japan in Q3 2017.
- **Electronics** sales were up **+8.5%** in Q3 2018 supported by high demand in semi-conductor end-market, strong growth of Carrier Gases and Advanced molecules sales, and booming Equipment & Installations.
- **Engineering & Construction** revenue totaled **€105m** in Q3 2018 along with progressive improvement of order intake since the beginning of 2017.
- **Global Markets & Technologies** sales were up **+22.7%** in Q3 2018, mainly benefiting from start-ups of biogas purification units in the US and in Europe.

- **Margin**

Operating margin (Operating Income Recurring to revenue) stood at **16.5%** for FY 2017. In H1 2018, Operating margin at **15.9%** was mainly impacted by dilutive mix effects, customer turnarounds in LI, a structural adjustment of the operating margin at Yanbu and losses in Engineering & Construction.

- **Net profit**

The **2017 net profit (Group share)** totaled **€2,029m** excluding the non-cash impacts of non-recurring items and the US tax reform. This “recurring” net profit is the reference to evaluate 2018 performance.

In **H1 2018**, other non-recurring operating income and expenses reached €-30m.

Net financial costs amounted to €-122m in H1 2018, benefiting from a €55m one-off gain generated by the unwinding of hedging instruments relating to the debt reorganization in the United States.

- **EPS**

The average number of outstanding shares used to calculate the as published FY 2018 EPS is **426,673 k shares**.

- **ROCE**

The return on capital employed after tax amounted to **7.7%** at the end of 2017 excluding the non-cash impacts of exceptional items and the US tax reform on 2017 net profit. It increased to **8.0%** at the end of H1 2018.

FY 2018 results will be announced on **14 February 2019**.

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A world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with approximately 65,000 employees and serves more than 3.5 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 20.3 billion euros in 2017 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.