

First quarter 2017:

Revenue growth: **+38.5%** as reported

Better activity in a more favorable economic environment

Q1 2017 Key Figures

- | | |
|--|---------------|
| • Group revenue:
5,176 million euros | +38.5% |
| • of which Gas & Services:
5,046 million euros | +42.2% |
| • Gas & Services revenue,
comparable basis: | +2.8%* |
| • of which Industrial Merchant: | +2.6%* |
| • Cash flow :
920 million euros | |

Q1 2017 Highlights

- **External parameters:** positive currency and energy impacts.
- **Long-term contracts:** air gases for steelmaking (France and Benelux) and nitrogen for the plastics industry (Oman).
- **Business portfolio management:** exclusive negotiations with Lincoln Electric on the sale of Air Liquide Welding, acquisitions in Healthcare (France and Colombia).
- **Innovations and new markets:** operational and optimization center for Large Industry production units (France), two new hydrogen charging stations (Japan).

* Variation Q1 2017/Q1 2016 on a comparable basis, excluding currency and energy (natural gas and electricity) impact: 2016 base adjusted as if on January 1, 2016 a) Airgas had been consolidated and the divestments requested by the US regulator (FTC) had been completed and b) Aqua Lung and Air Liquide Welding had been deconsolidated (discontinued operations as per IFRS 5).

Commenting on the first quarter of 2017, **Benoît Potier, Air Liquide Chairman and CEO**, said:

“The strong growth in sales this quarter reflects the Group's new scale as a result of the acquisition of Airgas. The increase in sales was also the result of a significant improvement in Industrial Merchant, the Group's largest business line, the solid growth in Healthcare and to a lesser extent in Large Industries, as well as the strength of the Global Markets & Technologies business.

In a more favorable economic context, the signs of improvement observed at the beginning of the year were confirmed during the first quarter. In fact, all geographies posted growth, notably North America with a recovery in its industrial production.

Moreover, the Group continues to deliver recurrent efficiency gains, to which are added the Airgas synergies thanks to the successful first steps of the integration, in line with our expectations. We also posted a sharp increase in cash flow.

Air Liquide is thus on track in the implementation of its company program for the period 2016-2020.

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

Q1 2017 Group revenue reached **€ 5,176 million**, an increase of **+38.5%** on a reported basis as compared with Q1 2016. This includes the consolidation of Airgas sales. Q1 2017 revenue benefited also, to a lesser extent, from the positive impact of both currency (+2.4%) and energy (+2.7%). On a comparable basis,¹ Q1 2017 Group revenue rose +1.5% versus Q1 2016, impacted by weaker sales in Engineering and Construction.

Gas & Services revenue, which totaled **€ 5,046 million** this quarter, is up **+42.2%** on a reported basis versus Q1 2016. On a comparable basis, revenue grew +2.8% this quarter versus Q1 2016, and therefore much improved over the two previous quarters.

Revenue for all **Gas & Services** businesses rose this quarter on a comparable basis, with the exception of Electronics, which was virtually unchanged:

- In **Large Industries**, up **+2.7%**, revenue growth was driven by a strong rise in demand for air gases and hydrogen in the United States. The hydrogen production units in Yanbu, Saudi Arabia, were restarted in January following a turnaround of the customer's site for planned maintenance operations at the end of 2016, and reached a production record in March. Europe benefited from higher air gas sales volumes in most countries, particularly for the steel industry, but the sales were lower overall due to the shutdown of our operations in the Donbass in Ukraine and comparison effects. The Asia-Pacific region remained solid with, among other things, increasing sales in Japan for the metal industry.
- For **Industrial Merchant**, which this quarter accounted for 47% of Gas & Services sales, revenue increased by more than +90% on a reported basis and by **+2.6%** on a comparable basis. This is the first positive quarter on a comparable basis since Q4 2014. Sales were driven by a clear improvement in business in North America and Europe and by ongoing sustained growth in China.

In **Europe**, sales were up +4.3% thanks to higher volumes of liquids, improved cylinder activity, and the positive impact of the number of working days. Activity was dynamic in France, Spain, Benelux and Eastern Europe. In **North America**, most market segments that Industrial Merchant serves were up. Demand for oil-related services rose sharply in Canada. At Airgas in the United States, gas sales were up, having accelerated in March, and benefited from a positive price effect. In **Asia-Pacific**, activity varied according to country: Japan was affected by lower equipment and installation sales, while liquid and cylinder volumes remained high. Overall, the price effect was positive at **+1.2%**, in a slight uptick in inflation, compared to just +0.5% in 2016.

- **Electronics** revenue was virtually unchanged at **-0.4%**. This quarter was characterized in particular by an unfavorable basis of comparison to Q1 2016 due to exceptionally high neon prices and equipment and installation sales last year. The fundamentals of this business line remain solid. Carrier gas sales were robust in Asia-Pacific and the overall demand for Advanced Materials continued to be strong (with sales up by more than **+20%**). Geographically, revenue was driven by China, Taiwan and South Korea.
- **Healthcare** revenue, which rose by +22.4% on a reported basis and by **+5.5%** on a comparable basis, was solid. Revenue rose in all businesses and geographic areas. Demand for home healthcare services remained high and sales in Hygiene continued to be strong (**+11.3%**). Healthcare, which is pursuing its strategy of geographic expansion, reported double-digit sales growth in the developing economies.

Engineering and Construction revenue, which came to **€ 52.7 million**, declined sharply (-58.4%) on a comparable basis versus Q1 2016, adversely impacted by a decline in order intake in 2016. However, order intake showed improvement this quarter, as compared with Q1 2016, and higher bidding activity.

For **Global Markets & Technologies**, revenue for the period was **€ 77.4 million**, up **+19.2%** on a comparable basis. Growth was driven by the biogas sector as well as sales of hydrogen charging stations for mobility, helium sales, and maritime.

¹ Variation Q1 2017/Q1 2016 on a comparable basis, excluding currency and energy (natural gas and electricity) impact: 2016 base adjusted as if on January 1, 2016 a) Airgas had been consolidated and the divestments requested by the US regulator (FTC) had been completed and b) Aqua Lung and Air Liquide Welding had been deconsolidated (discontinued operations as per IFRS 5).

This quarter, the Group generated recurrent **efficiency gains** of **€ 67 million**, which is 10% more than during Q1 2016. The **Airgas synergies**, which amounted to **45 million USD** this quarter, are materializing rapidly, in line with our expectations.

Cash flow from operating activities before change in Working Capital Requirements increased markedly and amounted to **€ 920 million**. The **net debt-to-equity ratio** continued to decrease.

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UPCOMING EVENTS

Annual General Meeting of the Shareholders:

May 3, 2017

Ex-dividend date:

May 15, 2017

Dividend payment date:

May 17, 2017

First half 2017 revenue and results:

July 28, 2017

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 represent 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.