

Group Sales for 2017 surpass 20 billion euros Improved Performance Airgas synergies ahead of plan

Key figures	2017	2017/2016 published	2017/2016 comparable ¹
• Group revenue	€ 20,349 M	+12.2%	+2.9%
o/w Gas & Services	€ 19,642 M	+13.3%	+3.5%
• Operating Income Recurring	€ 3,364 M	+11.2%	+7.5%
• OIR margin	16.5%	+70 bps ²	
• Net Profit (Group share)	€ 2,200 M	+19.3%	
• Net Profit recurring ³	€ 2,029 M	+10.0%	
• 2017 proposed Dividend per share	€ 2.65	+12.4% ⁴	
• Cash flow	€ 4,254 M	+15.1%	
• Net Debt as of December 31	€ 13.4 Bn	€ - 2.0 Bn	
• Return on Capital Employed after tax	8.2%		
Recurring ROCE ³	7.7%	+80 bps ⁵	

¹ Comparable variation vs 2016 adjusted, excluding significant scope, currency and energy impacts. 2016 adjusted means as if on January 1, 2016, Airgas had been fully consolidated and the divestments required by the US competition regulators had been completed. ² Excluding energy, variation 2017 vs 2016 adjusted. ³ Excluding the non-cash impacts of exceptional items and the US tax reform. ⁴ Taking into account the October 2017 attribution of 1 free share for every 10 shares held. ⁵ Compared to 2016 adjusted ROCE, taking into account the acquisition of Airgas for the entire year.

Commenting on the 2017 results, **Benoît Potier, Chairman and CEO of Air Liquide**, stated:

“The year 2017 marks a new step for the Group, which successfully integrated Airgas and which has acquired a new scale, with annual sales surpassing 20 billion euros.

In a more favorable global economic environment, all Gas & Services activities grew in 2017, in particular Industrial Merchant, which accounts for nearly half of our revenue and whose recovery is being confirmed quarter after quarter. On a geographic level, growth was mainly driven by the developing economies, China in particular, the solid level of activity in the Americas, and the Large Industry projects in the Middle East.

The Group’s operating performance is improving, with high efficiency gains globally and synergies related to Airgas ahead of our forecast that contribute to the increase in the operating margin and to higher net profit. The balance sheet is strong: the high level of cash flow making a significant contribution to lowering debt by nearly 2 billion euros in the year.

The Group can also rely on its investment decisions, particularly in favor of innovation, which reached a total of 2.6 billion euros in 2017, as well as on its 2.1 billion euros investment backlog to fuel its future growth. Thanks to its new size, efforts to improve competitiveness, and initiatives launched in connection with its strategic program, the Group is well-positioned for future growth and development.

Accordingly, assuming a comparable environment, Air Liquide is confident in its ability to deliver net profit growth in 2018, calculated at constant exchange rate and excluding 2017 exceptionals¹.

¹ 2017 exceptionals: exceptional non-cash items having a net positive impact on 2017 net profit.

2017 Highlights

- **Airgas** fully integrated, with synergies ahead of plan.
- **Long-term contracts:** steel (France and Benelux), energy and chemicals (China), chemicals (South Korea), petrochemicals (Oman), refining (Mexico), semi-conductors (Asia).
- **Portfolio management:** disposal of Air Liquide Welding and Airgas refrigerants businesses, acquisitions in Healthcare (France, Japan, Colombia, Canada), strategic asset review.
- **Innovations and new markets:** operational and optimization center for Large Industry production units (France, China), entry into the Norwegian biogas market, hydrogen charging stations for mobility (Japan, Dubai), and launch of an e-health offer in Europe.

Consolidated revenue in 2017 reached **€ 20,349 million**, an increase of **+12.2%** as published compared with 2016. The total includes a full year of Airgas sales. On a comparable basis², Group revenue rose +2.9%. The second half of 2017 was marked by an acceleration in comparable sales growth, particularly in the 4th quarter (+4.5%). The currency effect, which was positive in the first half of 2017, reversed in the second half. For the year as a whole, the currency impact was unfavorable (-1.6%). The positive effect of energy softened during the year and contributed only +1.5% in 2017.

Gas & Services revenue for **2017**, which reached **€ 19,642 million**, rose **+13.3%** as published compared with 2016, and was up +3.5% on a comparable basis. It reflects sales acceleration in the second half of the year, with comparable revenue growth in the 4th quarter up +4.4%.

The **developing economies** showed solid growth, with Gas & Services revenue increasing by **+8.1%** on a comparable basis for 2017 and by +12.4% in the 4th quarter.

Overall, all **Gas & Services activities grew in 2017 on a comparable basis:**

- 2017 marked the recovery of **Industrial Merchant**, whose growth of **+3.8%** was confirmed quarter after quarter, with sales up +5.3% in the 4th quarter. In 2017, sales grew in all regions and were particularly strong in developing economies. In **Europe**, growth was driven by higher bulk and cylinder volumes, as well as by particularly dynamic activity in Southern and Eastern Europe. In **North America**, the recovery is confirmed, with demand on the rise in the United States for all market segments, accelerating in the 4th quarter. In Canada, sales were driven by the energy and metal fabrication sectors. **Asia-Pacific** benefited from very strong sales growth in China, particularly in the 2nd half. At global level, the price effect for this business line, which was positive in 2017 across all geographic regions, came in at **+1.3%** with another improvement in the 4th quarter.
- **Large Industries** showed growth of **+1.7%**, contrasted from region to region. Demand remained strong in **North America**, where activity rebounded in the United States in the 4th quarter after a 3rd quarter marked by client production unit shutdowns due to the hurricanes. In **Europe**, sales were down due in particular to the cessation of our operations in Ukraine and an unfavorable comparison effect due to the termination of a contract in the 4th quarter of 2016. At the product level, demand for hydrogen was high in the region, while oxygen volumes were unchanged in 2017. **Asia-Pacific** growth was driven primarily by start-ups and ramp-ups of production units located in China. In the **Middle East**, the Yanbu hydrogen production facility in Saudi Arabia, which is running at full capacity, made a significant contribution to growth for the business line in this region. Lastly, the world's largest oxygen production facility, located in South Africa, started operating end of December 2017.
- **Electronics**, which grew **+3.8%** in 2017, reported strong growth in the 2nd half (+7.3%). For the year as a whole, growth was driven by solid sales of carrier gases and by continuing strong demand for advanced materials, sales of which grew by more than +20%. Growth in Electronics was also strongly supported by Asia, especially the high demand in China leading to the signature of several new contracts. The 4th quarter saw growth in all product lines and high sales in equipment and installations.

² Comparable variation vs 2016 adjusted sales, excluding significant scope, currency and energy impacts.

- **Healthcare**, which rose **+5.0%**, was solid despite pricing pressure remaining high in Europe. Overall, all activities and all regions were up, in particular the developing economies, especially those in Asia and in Latin America. Demand for home healthcare remained high, particularly for diabetes care. Specialty ingredient sales were robust and medical equipment sales strong. In addition, the Healthcare business line continued the strategic pursuit of targeted acquisitions, as illustrated by transactions completed in France, Japan, Canada, and Colombia in 2017.

Engineering & Construction revenue, which reached **€ 335 million**, declined by **-28.1%** on a comparable basis versus 2016, the consequence of weak order intake in 2016. Engineering & Construction stabilized in the 4th quarter of 2017, with sales growth reaching **+3.0%**. Cumulative order intake for 2017, which came to 730 million euros, improved significantly compared with 2016.

Global Markets & Technologies revenue reached **€ 372 million**, an increase of **+13.9%** on a comparable basis. Growth was primarily driven by the biogas, maritime, and space businesses. In addition, projects in the area of hydrogen energy for mobility are accelerating.

The Group is pursuing its efforts to reinforce **competitiveness**. Recurring **operational efficiency gains** in 2017, which reached **€ 323 million**, resulted mostly from industrial projects and procurement initiatives. This high level of efficiencies is in line with the target of more than € 300 million on average per year in the NEOS program. The cost **synergies** related to **Airgas**, fully integrated in 2017, are achieved more rapidly than planned. Thus, at year-end 2017, the **total cumulative synergies since the acquisition** amounted to **215 million US dollars**, vs 175 million US dollars initially announced in 2016. As a reminder, Air Liquide is aiming to deliver a total of more than 300 million US dollars of synergies with Airgas by the end of 2019.

Operating income recurring rose on a reported basis by **+11.2%** to **€ 3,364 million**. The Group's **operating margin** at **16.5%**, reflects an improvement of **+70 basis points** versus 2016 adjusted and excluding the energy price impact. **Net profit (Group share)** totaled **€ 2,200 million**, up **+19.3%**. Excluding one-off items related to the strategic asset review and excluding the impact of the US tax reform, which have no impact on cash flow, net profit came to € 2,029 million, an increase of **+10,0%**. This figure will serve as the reference for assessing the Company's performance in 2018.

Cash flow after change in Working Capital Requirements reached **€ 4,254 million**, up **+15.1%** compared with 2016. This **high level of cash flow** contributed to the **nearly € 2 billion reduction** in **net debt**, which stood at **€ 13,371 million** on December 31, 2017. The **debt to equity ratio** was lowered to **80%** at year-end 2017, compared with 90% at year-end 2016.

The **return on capital employed** after tax (ROCE) reached **8.2%**, an improvement versus 2016. Excluding the impact on 2017 net profit of one-off items and of the US tax reform, which have no impact on cash flow, ROCE reached 7.7%, an improvement over adjusted 2016 ROCE (6.9%). The Group's objective in connection with its NEOS program is to achieve ROCE above 10% by 2021/2022.

Air Liquide's **Board of Directors**, held on February 14, 2018, approved the audited financial statements for fiscal year 2017. A report with an unqualified opinion is being issued by the Statutory Auditors.

At the next Shareholders' Meeting, the Board of Directors will propose the payment of a dividend of **€ 2.65 per share**, which represents an increase of **+12.4%** taking into account the attribution in October 2017 of one free share for ten held. The ex-dividend date has been set for **May 28, 2018**, with payment set for **May 30, 2018**.

The Board also approved the draft resolutions that will be submitted to a vote of the Shareholders on May 16, 2018, including the proposed reappointments of the following board members for a four-year term:

- **Mr Benoît Potier**, member of the Company's Board of Directors since 2000 and its Chairman and CEO since 2006. The Board of Directors confirmed its intention to renew the term of office of Mr Potier as Chairman and CEO at its meeting to be held at the close of the Shareholders' Meeting.
- **Mr Jean-Paul Agon**, member of the Company's Board of Directors since 2010. The Board confirmed its intention to renew him as Lead Director;
- **Ms Sin Leng Low**, member of the Company's Board of Directors since 2014;
- **Ms Annette Winkler**, member of the Company's Board of Directors since 2014.

At the close of the Shareholders' Meeting of May 16, 2018, the Board of Directors will comprise 12 members, 11 of them elected and one Director representing the employees (Mr Philippe Dubrulle having been reappointed to this office for a four-year term by the France Group Committee). The Board would be composed of seven men and five women. It would comprise six members who are foreign nationals.

In addition, the Board set the 2017 and 2018 remuneration of executive officers, details of which will be published on Air Liquide's website. In accordance with the Sapin 2 Law, the Shareholders' Meeting is invited to vote on the 2017 remuneration elements of the executive officers, applicable to Benoît Potier and Pierre Dufour (whose term of office as Senior Executive Vice-President ended on May 3, 2017). Shareholders will also be asked to approve the principles and criteria for the determination of the remuneration of the Chairman and CEO, applicable as of 2018.

Benoît Potier also comments on the Group's 2017 results in an [interview-video](#), available in French and in English, at www.airliquide.com.

The slideshow that accompanies this release is available as of 9:15 am (Paris time) at www.airliquide.com.

Throughout the year, follow Air Liquide on Twitter: [@AirLiquideGroup](#).

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UPCOMING EVENTS

2018 First Quarter Revenue:

Wednesday, April 25, 2018

Annual General Meeting of Shareholders:

Wednesday, May 16, 2018

Dividend Ex-coupon Date:

Monday, May 28, 2018

Dividend Payout Date:

Wednesday, May 30, 2018

The 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.