

Q3 2016 Activity

Airgas Operations Merged Solid Gas & Services Sales Growth

Paris, 25 October 2016



Q3 2016 Highlights

Paris, 25 October 2016

Fabienne Lecorvaisier | Chief Financial Officer

→ Airgas operations merged

→ Q3 2016 solid activity

- Group sales up +24% as published
- Comparable G&S sales growth at +2%
- Continued unfavorable Fx and Energy impact
- Efficiencies in line; selective investments

Airgas Operations Merged

25 October 2016

Pierre Dufour | Senior Executive Vice President

→ Airgas integration on track

- Operations merged October 1st
- First cost synergies realized
- Revenue synergies plan initiated

→ Majority of divestitures completed

→ Successful refinancing < 5 months

Operations Merged - First Cost Synergies Realized

- **Integration**

IM & HC operations merged

- **Supply Chain**

17 site closures

- **Back Office**

Synergies started



Full cost synergies delivered by end 2018

Operations Merged - Revenue Synergies Plan Initiated

INDUSTRIAL MERCHANT

- Cross-selling to Canada & Mexico
- First on-site offers
- Sales force training



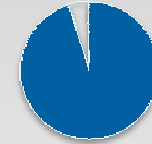
HEALTHCARE

- Group offers being deployed
 - Extended services
 - Smart cylinders

Majority of Divestitures Completed

■ Divestitures to date

- 18 ASUs in 16 locations
- 2 NO & 6 CO₂ plants; 3 stores
- Value: US\$781m
- Net gain: US\$250m

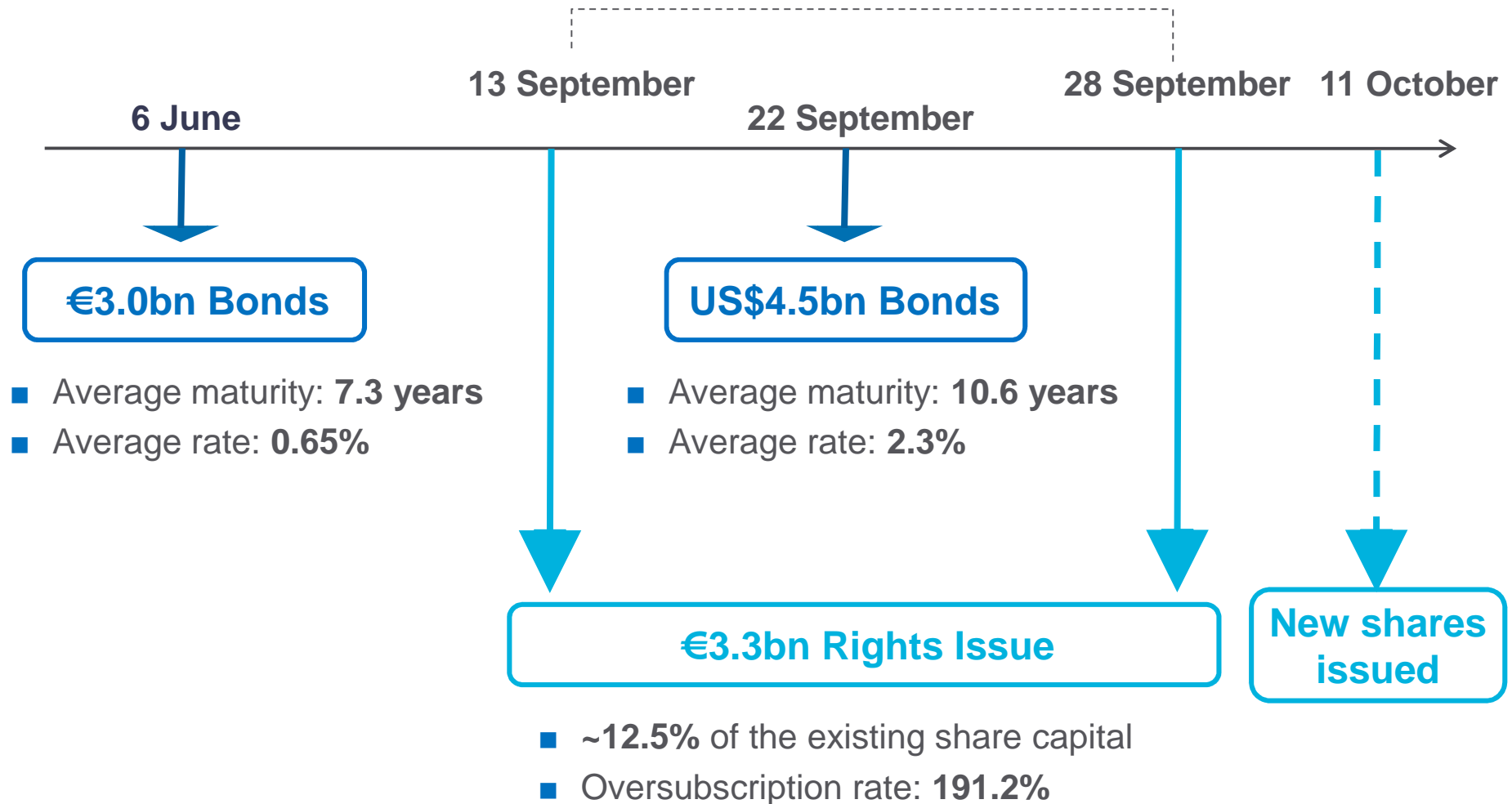


■ Divestitures remaining - only 2

- 2 liquid CO₂ plants
- FTC comment period expiring 17 November



Airgas Refinancing Successfully Completed



Q3 2016 Solid Activity

25 October 2016

Fabienne Lecorvaisier | Chief Financial Officer

- **Group sales up +24% as published**
- **Comparable G&S sales growth at +2%**
- **Continued unfavorable Fx and Energy impact**

Comparable G&S Sales Growth: +2%

Industrial Production
+1.0%⁽¹⁾
Q3 2016

Sales in €m	Q3 15	Q3 16	Q3 16/15 as published	Q3 16/15 comparable ⁽²⁾	YTD 16 comparable ⁽²⁾
Gas & Services ⁽³⁾	3,682	4,783	+29.9%	+2.0%	+3.1%
Engineering & Construction ⁽³⁾	219	105	-52.0%	-51.9%	-39.0%
Global Markets & Technologies ⁽³⁾	67	73	+10.0%	+10.6%	+10.6%
Other activities	129	116	-10.5%	-9.7%	-7.5%
Group Total	4,097	5,077	+23.9%	-1.1%	+0.8%

(1) Weighted Industrial Production average by Air Liquide's industrial sales geographic footprint.

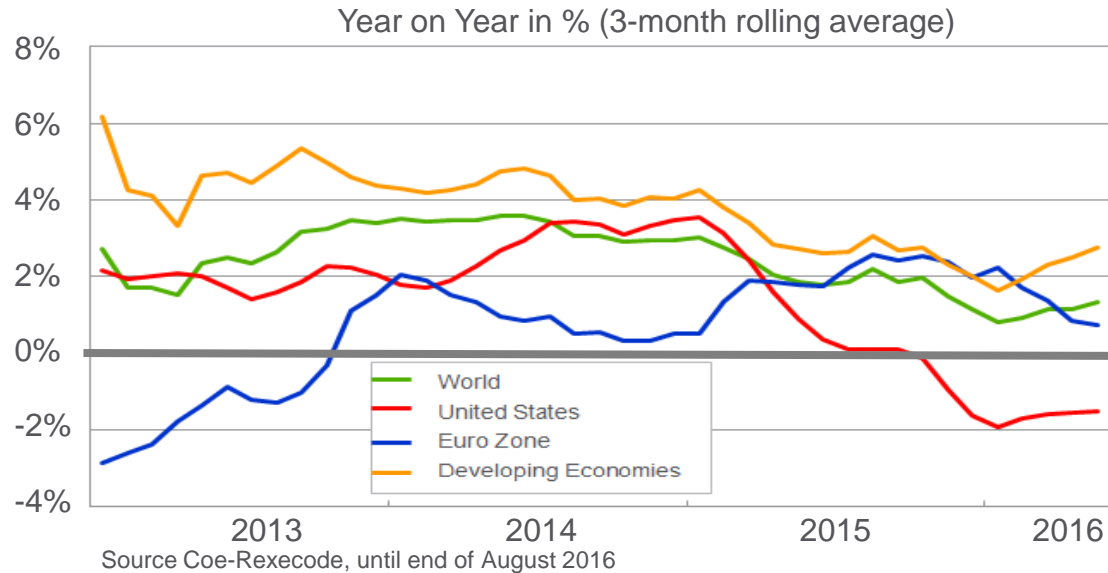
(2) Excluding currency, energy and significant scope impact.

(3) Q3 2015 data are restated to account for the creation of the new activity (GM&T).

Moderate Global Growth Environment

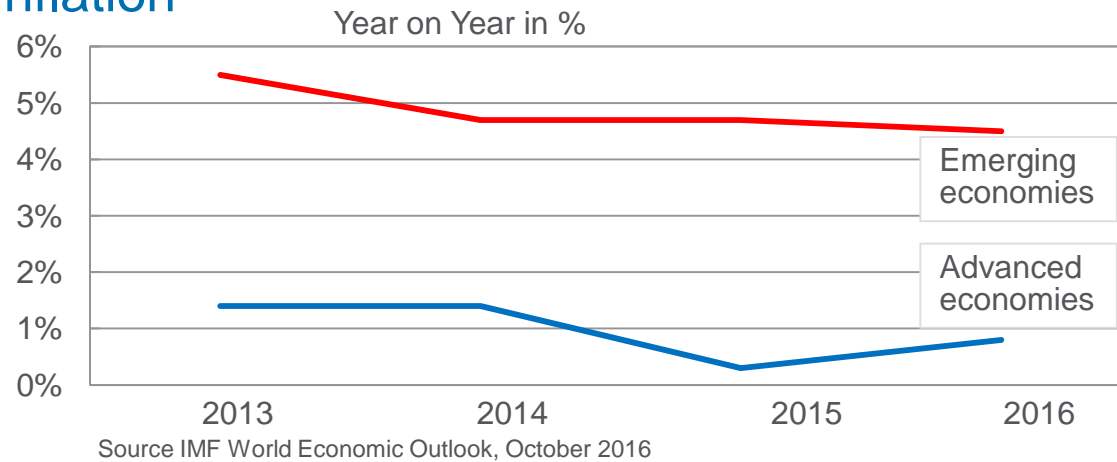
→ Q3 16 G&S Sales → Industrial Production

FX Impact
-0.4%



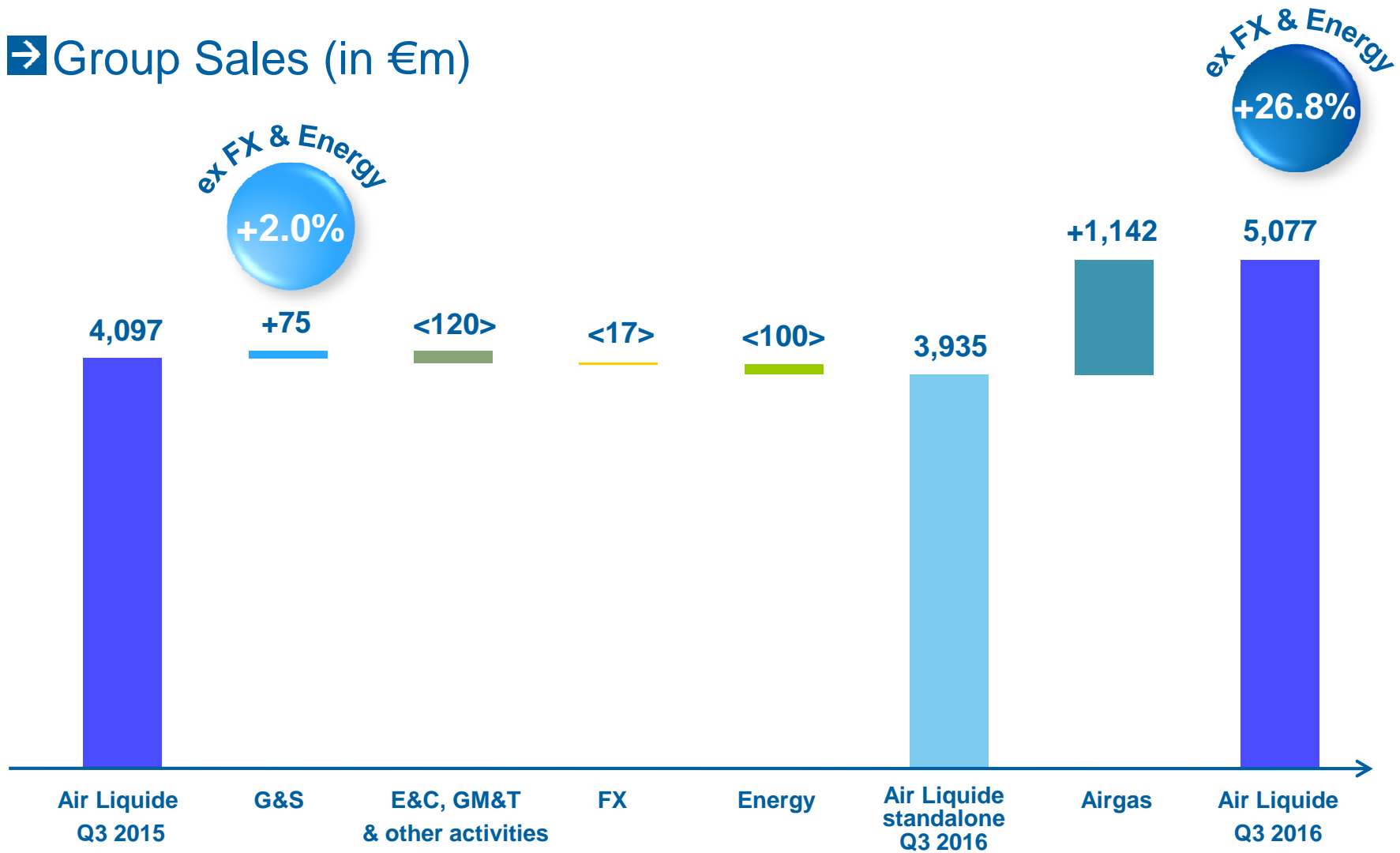
Energy Impact
-2.8%

→ Inflation

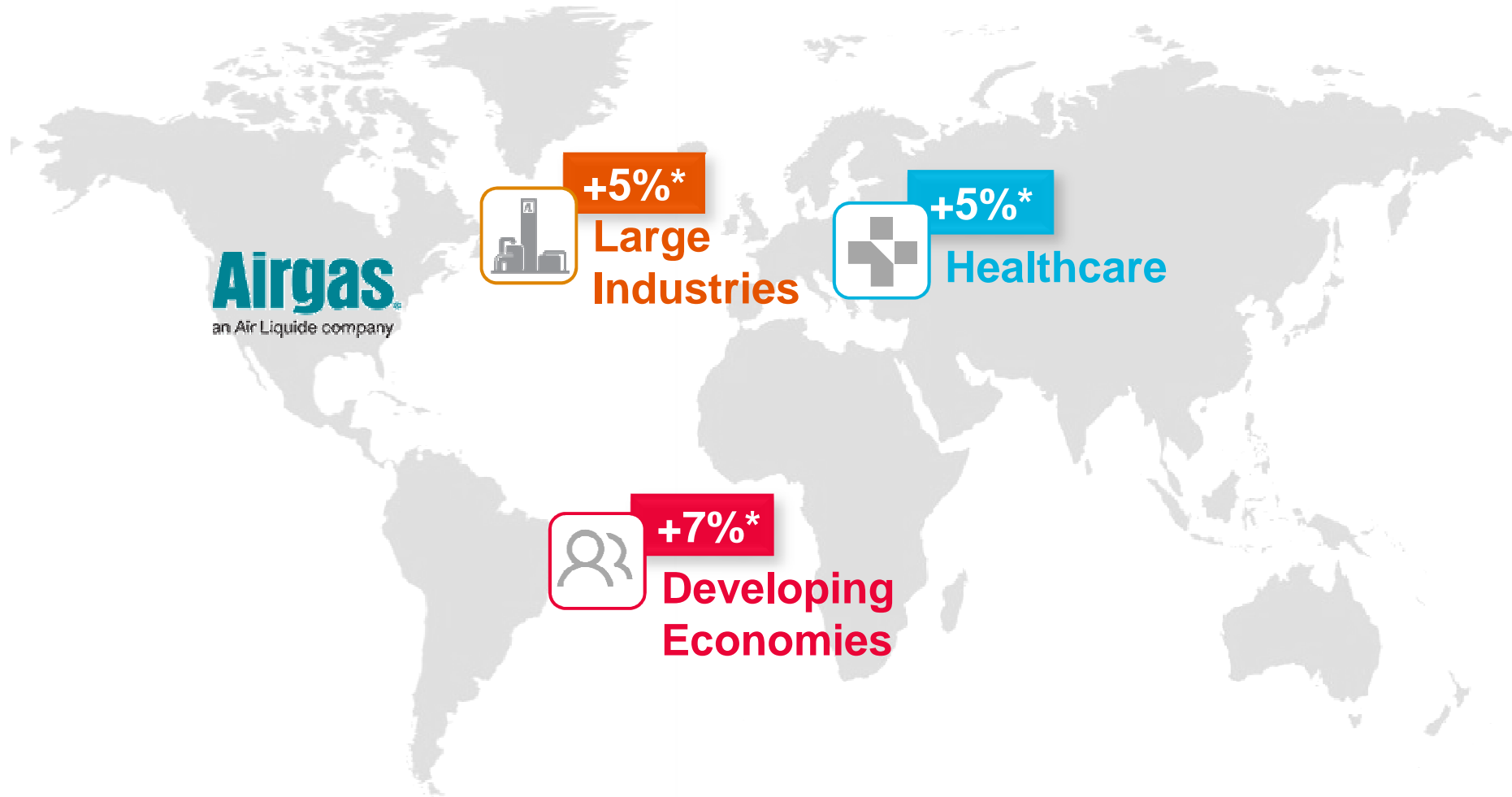


First Full Quarter Contribution of Airgas

→ Group Sales (in €m)

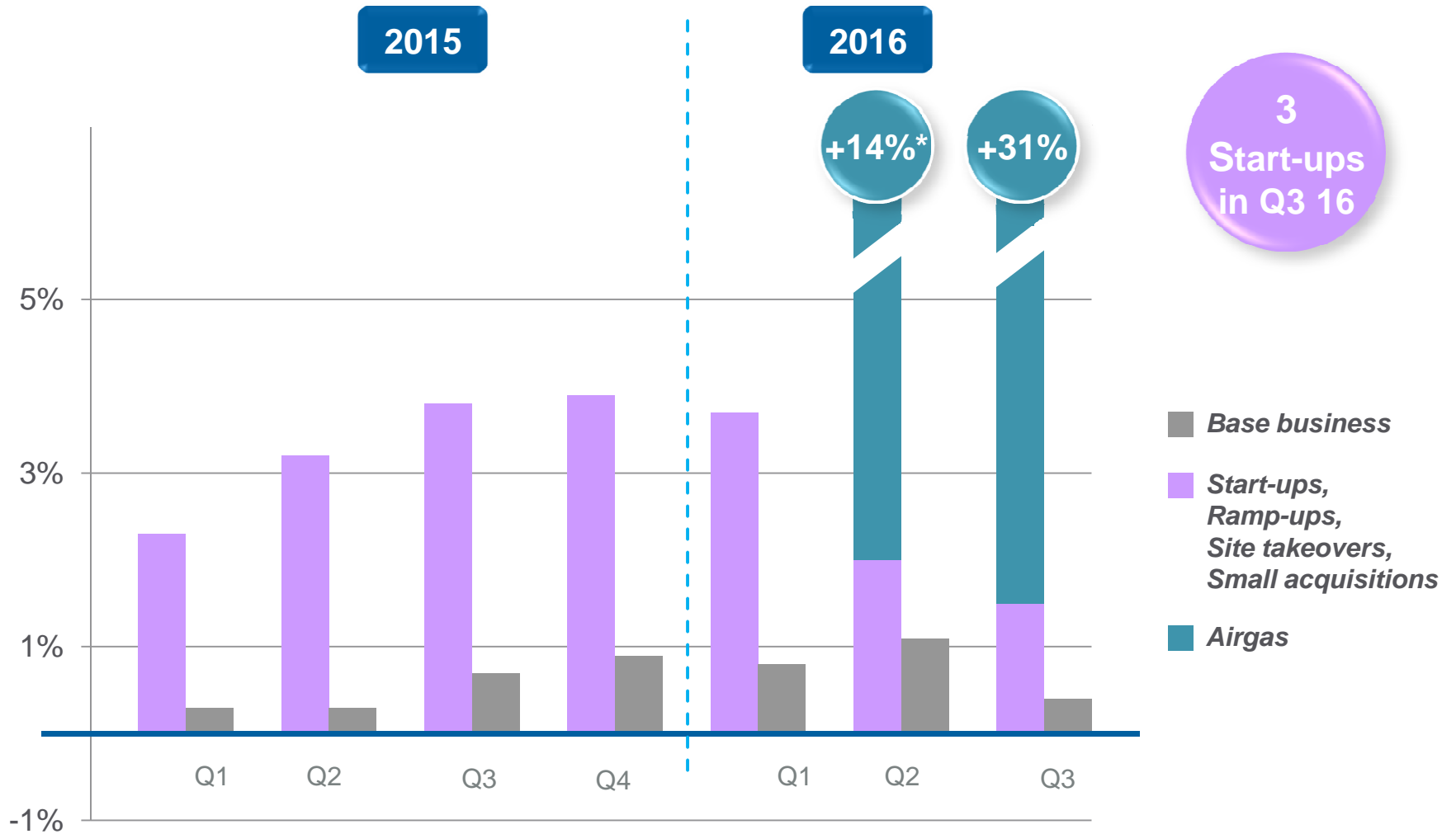


Key Growth Drivers



* Gas & Services sales growth, excluding currency, energy, and significant scope impact.

Full Airgas Contribution



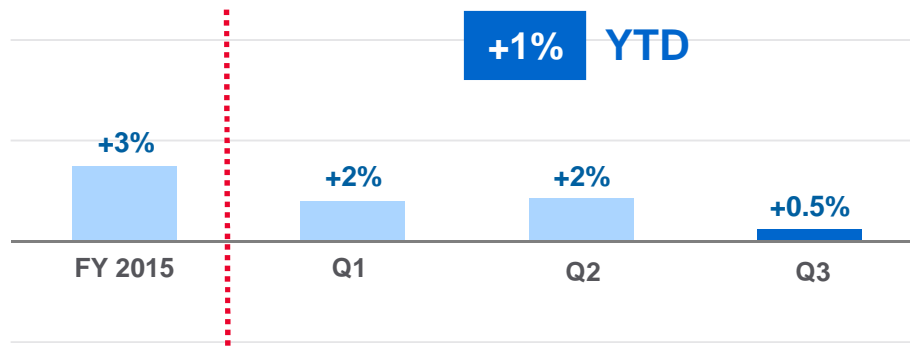
G&S growth over the first 3 quarters of 2015 are restated to account for the creation of the new activity (GM&T).

*Q2 2016 includes 5 weeks contribution from Airgas

Positive Europe, Robust LI and HC in Americas

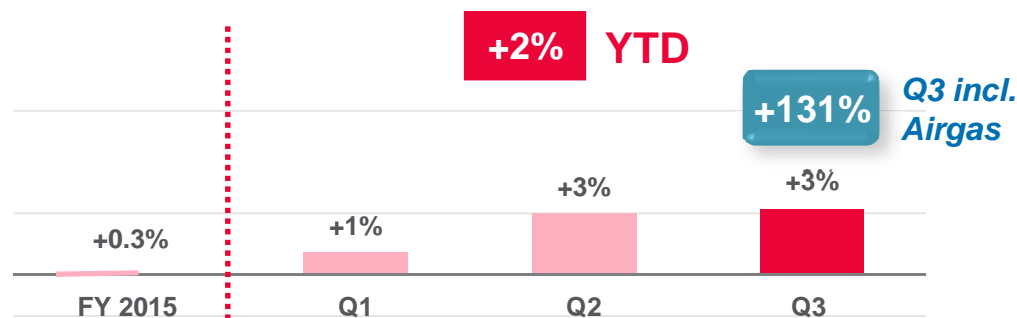
⇒ G&S Q3 comparable sales growth⁽¹⁾

Europe Q3 2016: €1,601m



- LI: planned turnarounds in Germany and Poland
- IM: stronger bulk volumes, fewer working days
- Solid organic growth in HC

Americas Q3 2016: €2,042m



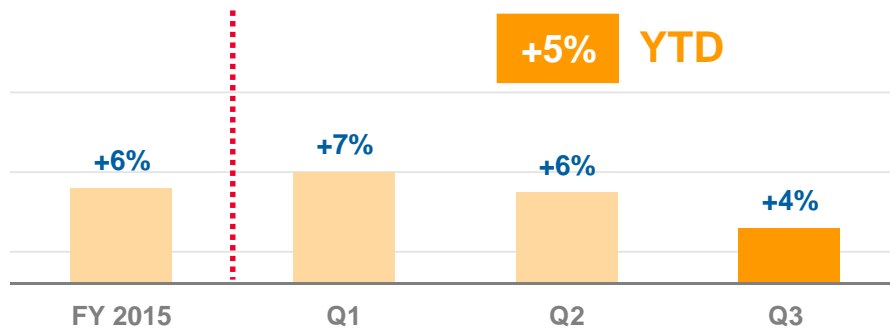
- High volumes in LI in all countries
- IM slight positive inflection in North America
- Strong HC in Canada

(1) Excluding currency, energy, and Airgas impact.

Strong LI but Low EL in Asia, Contrasted MEA

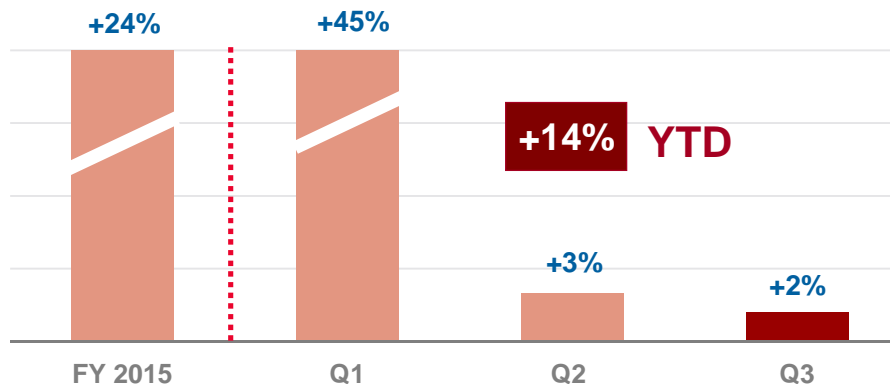
➔ G&S Q3 comparable sales growth⁽¹⁾

Asia-Pacific Q3 2016: €997m



- Strong LI throughout region supported by ramp-ups
- High E&I sales in Q3 2015, stable ESG sales following a period of strong increase
- China +7%

Middle-East & Africa Q3 2016: €143m



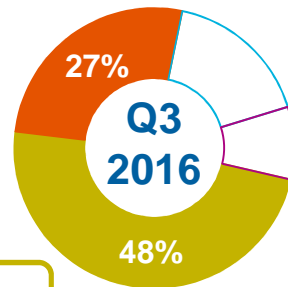
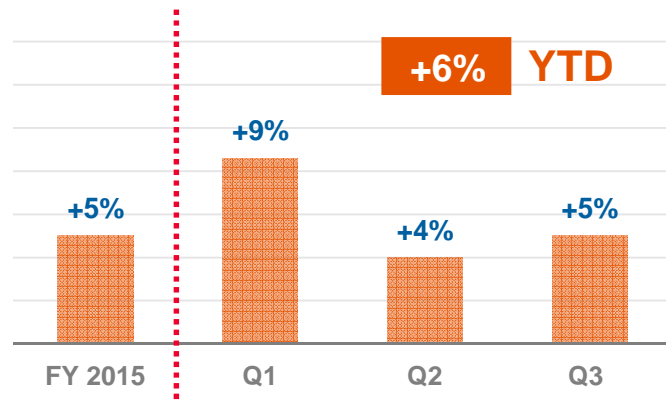
- LI: very strong growth
- IM: weak oil-related markets
- Dynamic Egypt

(1) Excluding currency, energy, and Airgas impact.

Robust LI in Asia and Americas, Contrasted IM

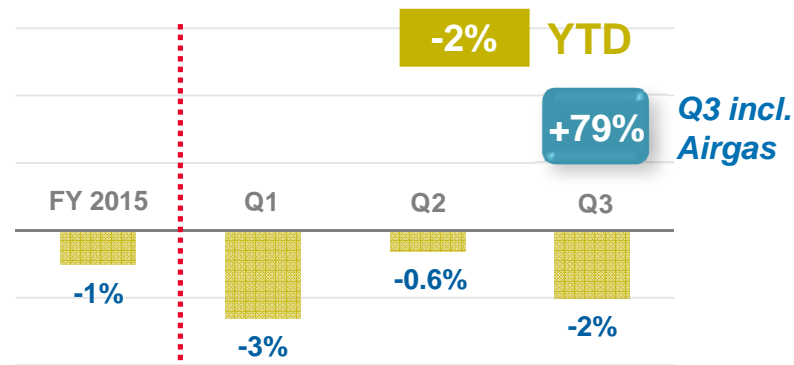
➔ G&S Q3 comparable sales growth⁽¹⁾

Large Industries Q3 2016: €1,261m



- Strong air gases volumes
- Ramp-up of new units in Americas and Asia
- Europe stable

Industrial Merchant Q3 2016: €2,308m



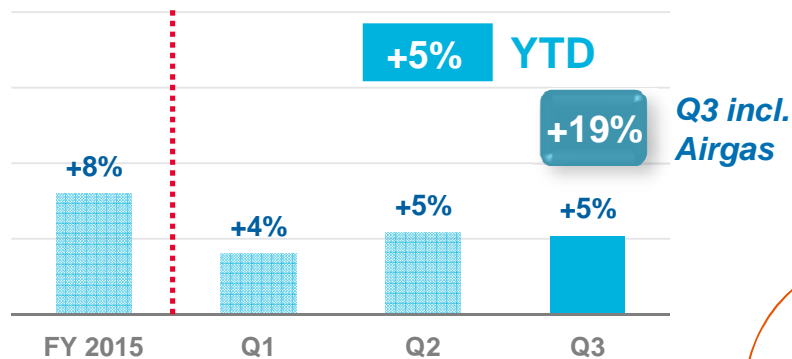
- Contrasted end markets
- Bulk volumes up
- Pricing +0.2%

(1) Excluding currency, energy, and Airgas impact.

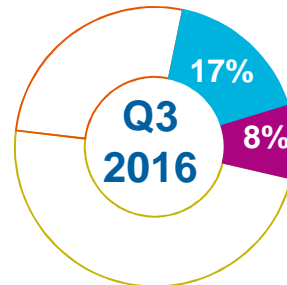
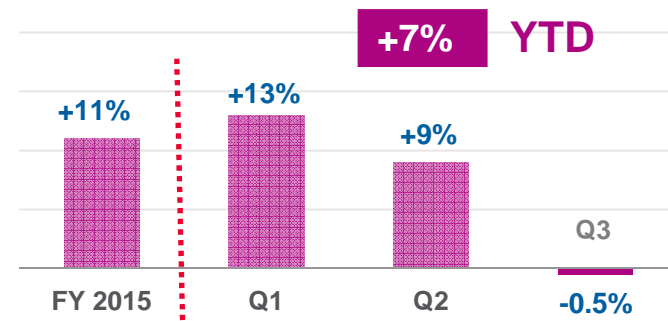
Sound HC, Solid Carrier Gases but Low E&I in EL

➔ G&S Q3 comparable sales growth⁽¹⁾

Healthcare Q3 2016: €814m



Electronics Q3 2016: €400m

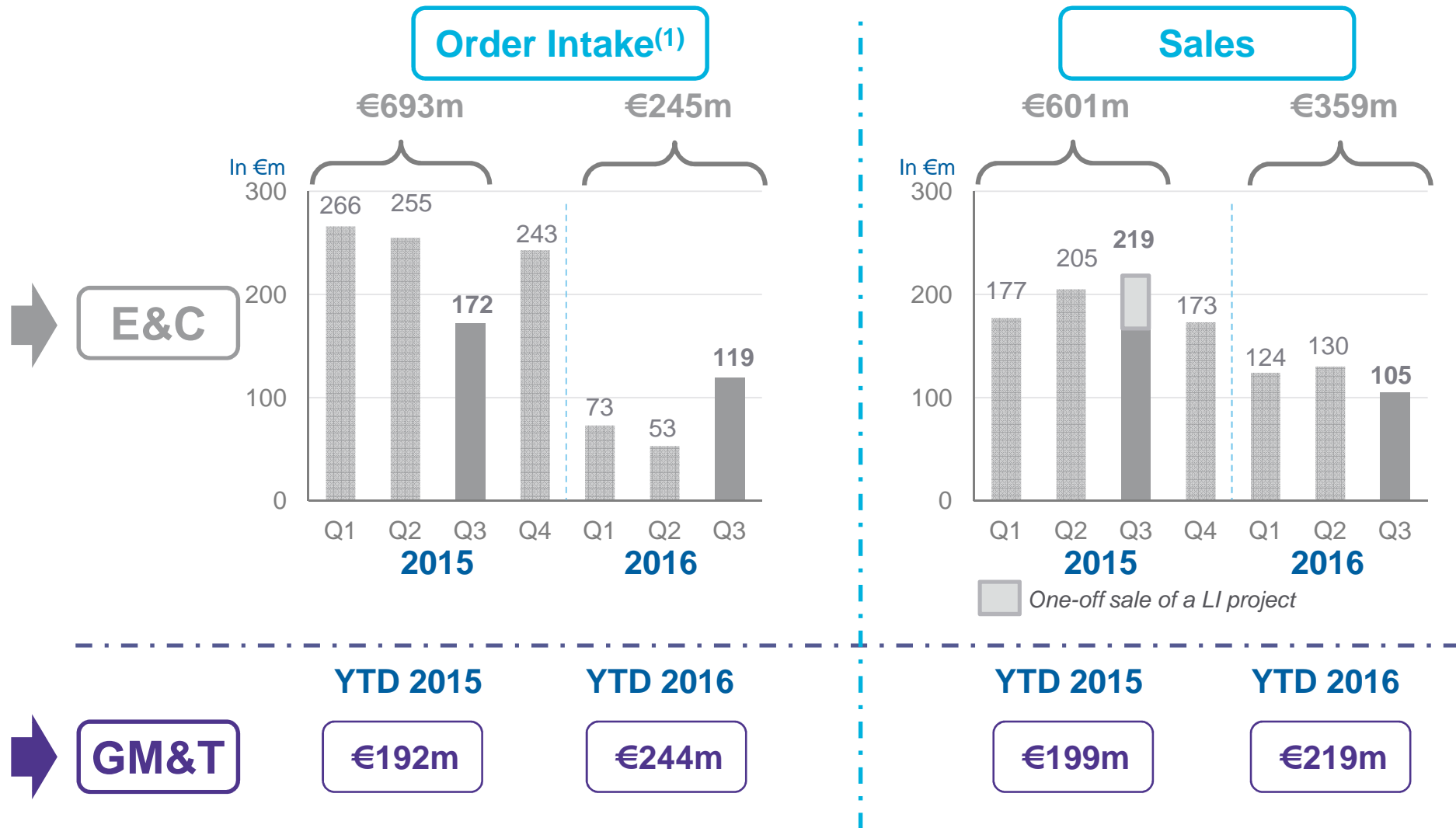


- Pursued development in Home Healthcare
- Strong Hygiene and Specialty Ingredients
- Low contribution from bolt-on M&A

- EL growth at +3% excluding E&I
- Dynamic Advanced Materials
- Solid Carrier Gases
- Stable ESG sales after a period of strong increase

(1) Excluding currency, energy, and Airgas impact.

Low Activity in E&C, Pursued Development in GM&T



(1) Group and Third Party

Q3 2016 Solid Activity - Combined Performance

25 October 2016

Fabienne Lecorvaisier | Chief Financial Officer

- **Solid cash flow and high efficiencies**
- **Stable portfolio of selective investments**
- **Resilient backlog to fuel future growth**
- **Advancing towards NEOS**

Solid Cash Flow and High Efficiencies

Q3 2016

- Solid G&S sales growth
Excluding Fx and Energy impact

+33.1%

- First Airgas synergies

YTD 2016 Cost & Capex

- Efficiency gains

€223m

- Cash flow on sales⁽¹⁾

18.6%

- Net Capex = €1.3bn

12.8%
of sales

(1) Operating Cash Flow before change in Working Capital Requirements, as of 30 September 2016

Stable Portfolio of Selective Investments

Investment opportunities ⁽¹⁾

-
12 months portfolio



- New entries offset decisions

Q3 2016 Investment decisions⁽¹⁾



- H₂ in South America
- ASU in Europe
- Electronics in China

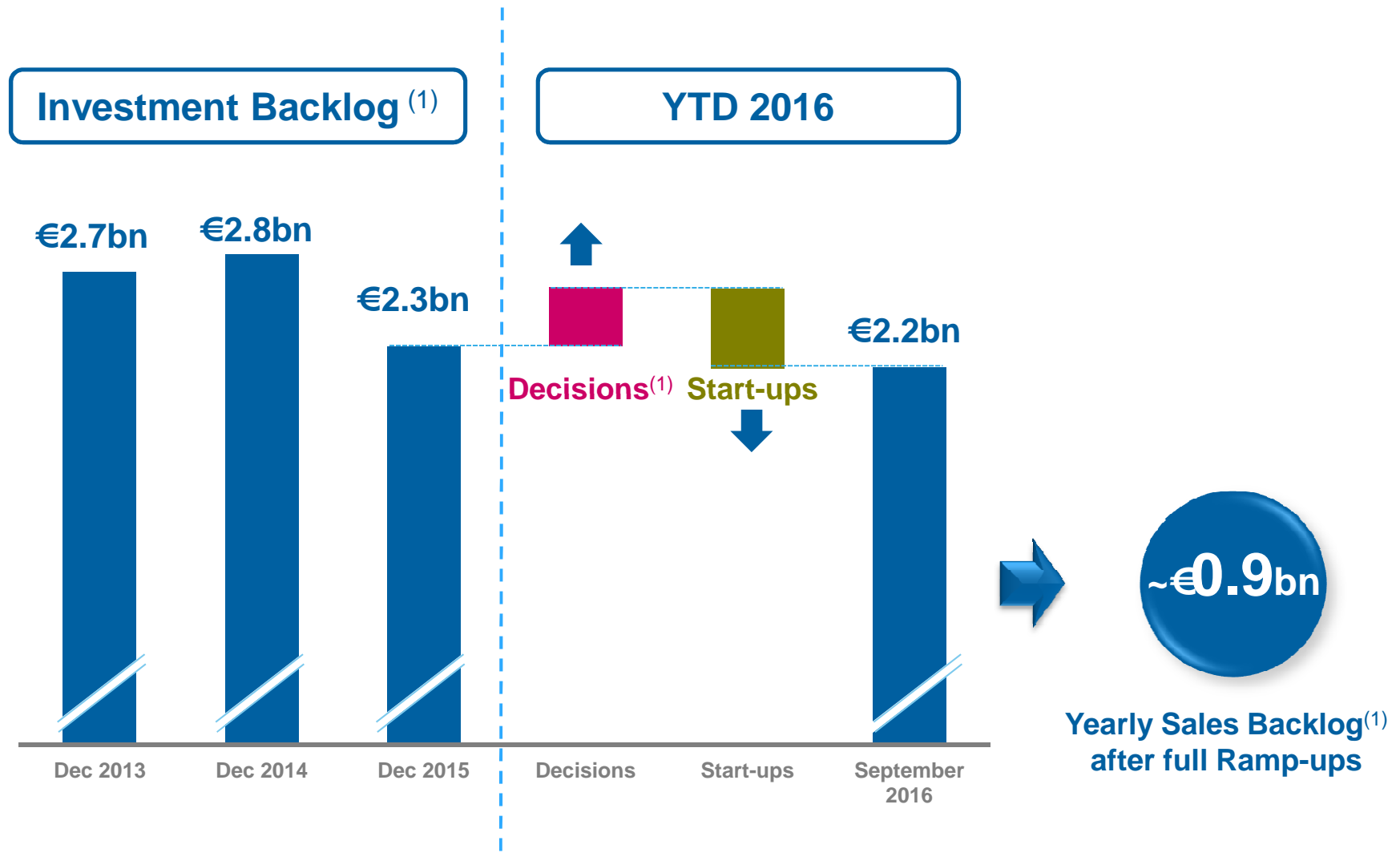
YTD 2016 Start-up / ramp-up sales growth contribution



- 3 start-ups in Q3 2016
- 2 LI units in the US and Australia
- 1 EL unit in Singapore

(1) See definitions in appendix

Resilient Backlog to Fuel Future Growth



(1) See definitions in appendix.

Advancing Towards NEOS

neos

Q3 2016 Performance



Growth and cash

- +5% sales growth
- New long-term contract in South America



Customer reach and competitiveness

- Airgas operations merged
- Strong efficiencies



Expansion

- +19% sales growth including Airgas
- New investment in US



Premium value

- Sales mix favorable to margins
- Dynamic Advanced Materials



New businesses

- >+10% sales growth
- New biogas contracts

2016 Outlook

25 October 2016

Fabienne Lecorvaisier | Chief Financial Officer



Q3 2016

- Airgas operations merged, successful refinancing
- Group sales up +24% as published
- Solid comparable G&S sales growth at +2%
- Performance in line

**Net profit growth and EPS growth
after rights issue as of 2016**



AIR LIQUIDE

TM

Creative Oxygen

Q3 2016 Appendix



Investment Cycle - Definitions

→ 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)

Impact of Currency and Energy on G&S Revenue

→ Currency

In €m	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
€/USD	+110	+91	+14	(14)	(3)
€/CNY	+52	+36	(10)	(28)	(23)
€/JP¥	+3	+17	+14	+22	+42
Others	+4	(22)	(89)	(98)	(32)
Total Currency Impact	+169	+122	(71)	(119)	(16)

Average rate	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
€/USD	1.11	1.10	1.10	1.13	1.12
€/CNY	7.01	7.00	7.21	7.38	7.44
€/JP¥	135.9	132.9	127.0	121.9	114.3

→ Natural Gas

In €m	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
Natural Gas Impact	(55)	(114)	(108)	(94)	(82)

→ Electricity

In €m	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
Electricity Impact	(16)	(4)	(36)	(32)	(18)

Revenue Analysis by Quarter and by Geography

Sales in €m	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q3 16/15	Q3 16/15 comparable ⁽¹⁾
Europe	1,670	1,713	1,614	1,611	1,601	-4.1%	+0.5%
Americas	897	899	824	1,361	2,042	+127.6%	+3.2%
Asia-Pacific	963	995	966	954	997	+3.6%	+3.5%
Middle-East and Africa	152	161	144	144	143	-6.4%	+2.0%
Gas & Services	3,682	3,768	3,548	4,070	4,783	+29.9%	+2.0%
Engineering & Construction	219	173	124	130	105	-52.0%	-51.9%
Global Markets & Technologies	67	93	65	81	73	+10.0%	+10.6%
Other Activities	129	135	135	142	116	-10.5%	-9.7%
Group Total	4,097	4,169	3,872	4,423	5,077	+23.9%	-1.1%

(1) Excluding currency, energy, and significant scope impact.

First 3 quarters 2015 G&S growth are restated to account for the creation of the new activity (GM&T).

As of Q4 2015, Middle-East & Africa includes India, previously part of Asia-Pacific. Data over the first 3 quarters of 2015 has been restated accordingly.

Revenue Analysis by Quarter and by Business Line

Sales in €m	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q3 16/15	Q3 16/15 comparable ⁽¹⁾
Large Industries	1,312	1,324	1,207	1,181	1,261	-3.9%	+5.0%
Industrial Merchant	1,293	1,314	1,238	1,726	2,308	+78.6%	-2.0%
Healthcare	692	725	695	756	814	+17.7%	+5.2%
Electronics	385	405	408	407	400	+3.7%	-0.5%
Gas & Services	3,682	3,768	3,548	4,070	4,783	+29.9%	+2.0%
Engineering & Construction	219	173	124	130	105	-52.0%	-51.9%
Global Markets & Technologies	67	93	65	81	73	+10.0%	+10.6%
Other Activities	129	135	135	142	116	-10.5%	-9.7%
Group Total	4,097	4,169	3,872	4,423	5,077	+23.9%	-1.1%

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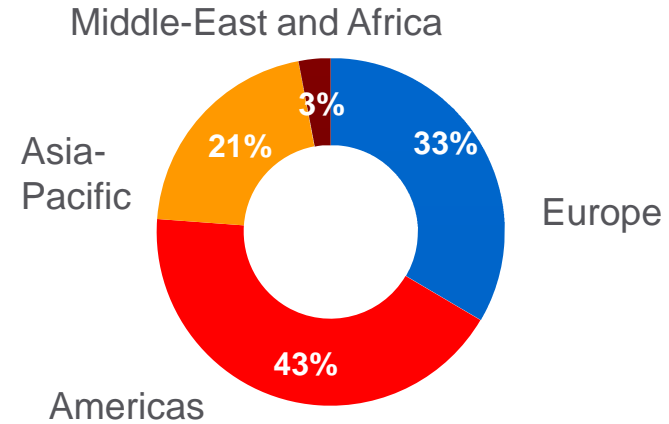
G&S Revenue Growth by Quarter and by Impact

	Growth as published	Natural Gas	Electricity	Currency	Significant perimeter	Comparable growth ⁽¹⁾
Q4 2014	+2.8%	-1.2%		+1.8%	-0.9%	+3.3%
Q1 2015	+6.2%	-3.4%	-0.2%	+7.3%	0.0%	+2.6%
Q2 2015	+9.3%	-2.2%	-0.5%	+8.5%	0.0%	+3.5%
Q3 2015	+7.4%	-1.6%	-0.4%	+4.9%	0.0%	+4.5%
Q4 2015	+4.9%	-3.2%	-0.1%	+3.4%	0.0%	+4.8%
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%

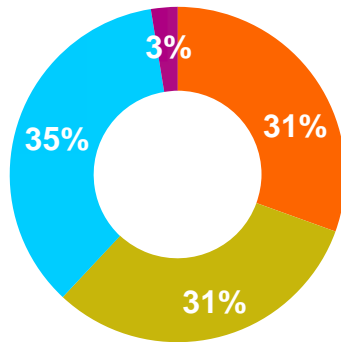
(1) Excluding currency, energy, and significant scope impact.
 As of January 1, 2015, the energy impact includes electricity impact in addition to the natural gas effect.
 First 3 quarters 2015 G&S growth are restated to account for the creation of the new activity (GM&T).

Q3 2016 Revenue by Region

→ Gas & Services
Q3 2016 Revenue: **€4,783m**

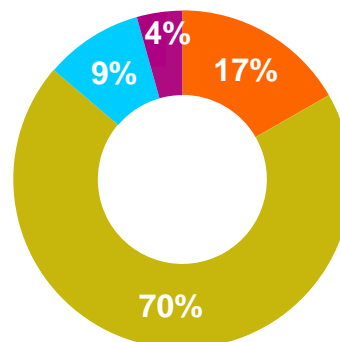


Europe: €1,601m



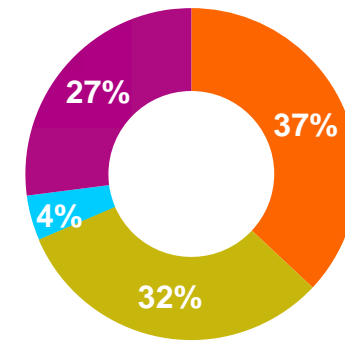
Large Industries

Americas: €2,042m



Industrial Merchant

Asia-Pacific: €997m



Healthcare

Electronics

Europe in Q3 2016

■ Healthcare

- Solid organic growth
- Low contribution from bolt-on M&A
- Strong Hygiene and Specialty Ingredients

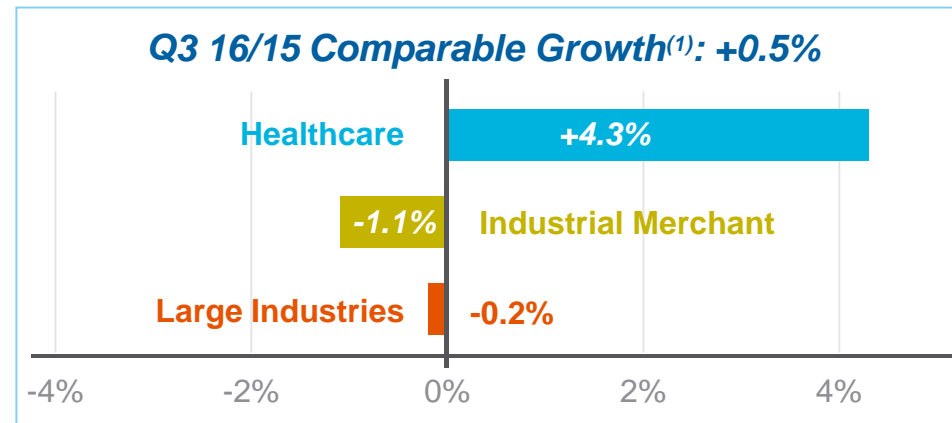
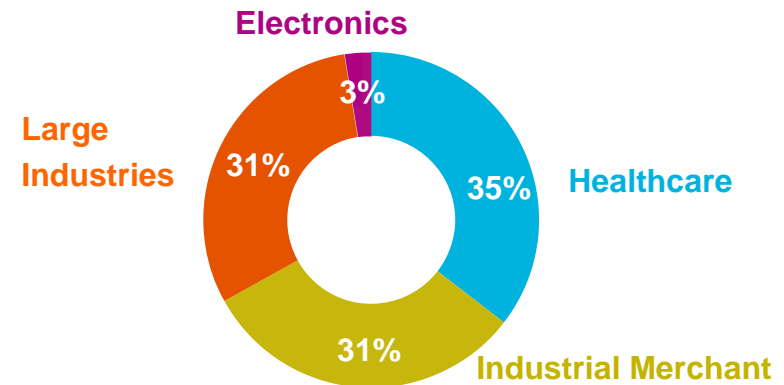
■ Industrial Merchant

- Increased liquid volumes, continued negative pricing
- Weak cylinder activity in particular for Acetylene

■ Large Industries

- Stronger demand for air gases, primarily O₂
- Turnaround of an HyCO customer in Germany
- Robust Eastern Europe (Russia & Poland)

➔ Q3 Gas & Services sales: €1,601m



(1) Excluding currency, energy, and significant scope impact.

Americas in Q3 2016

■ Industrial Merchant

- North America: slight positive inflection
- Volumes down in Energy, Mining, Metal Fab, Technologies; and up in Food and Pharmacy
- Growth in South America, better volumes in Brazil

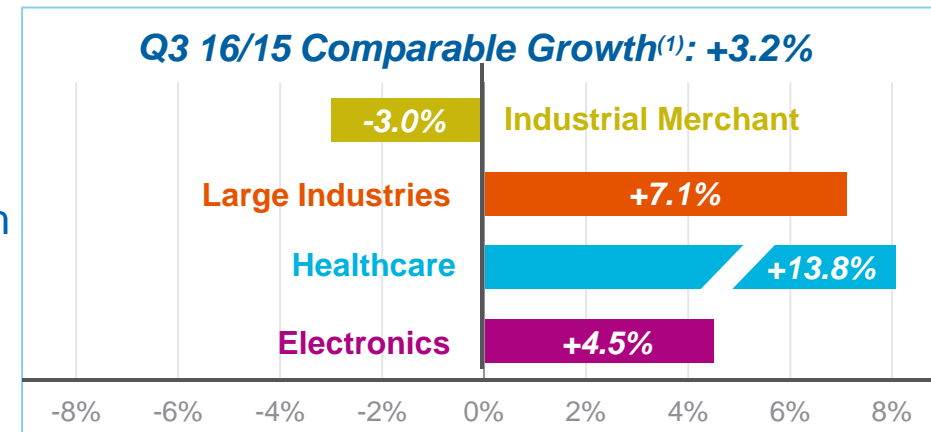
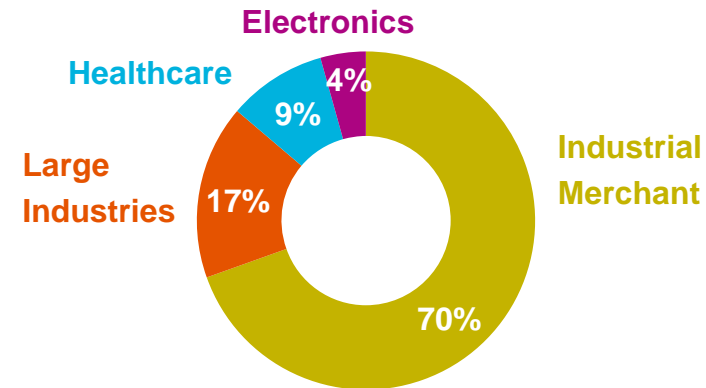
■ Large Industries

- RUs in North and South America
- Volume growth in all countries

■ Healthcare

- Solid organic growth and contribution from acquisition in Canada
- South America +20%

→ Q3 Gas & Services sales: €2,042m



(1) Excluding currency, energy, and significant scope impact.

Asia-Pacific in Q3 2016

■ Large Industries

- Strong growth, close to +10%
- Continued ramp-ups in China
- Volumes up in South Korea and Singapore

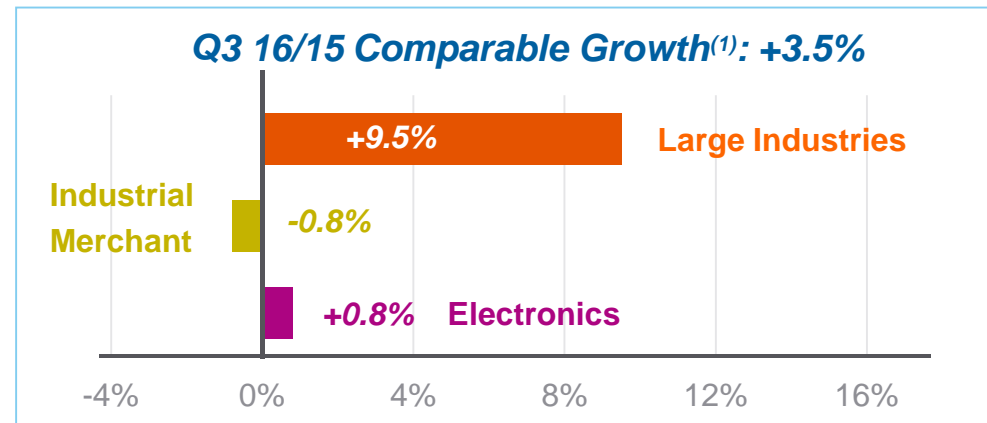
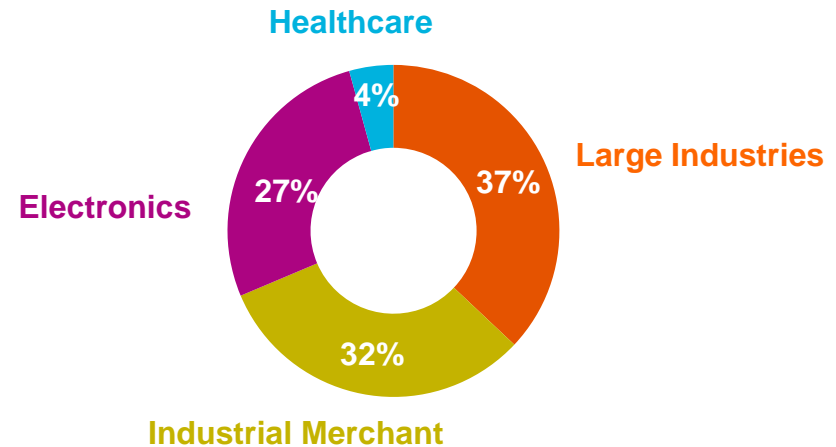
■ Industrial Merchant

- Growth in China and Japan
- Decrease in Singapore due to unfavorable comparison effect
- Australia flat

■ Electronics

- High E&I in Q3 2015 in Japan, China, Taiwan
- Very strong Advanced Materials
- Stable ESG sales after a period of strong increase

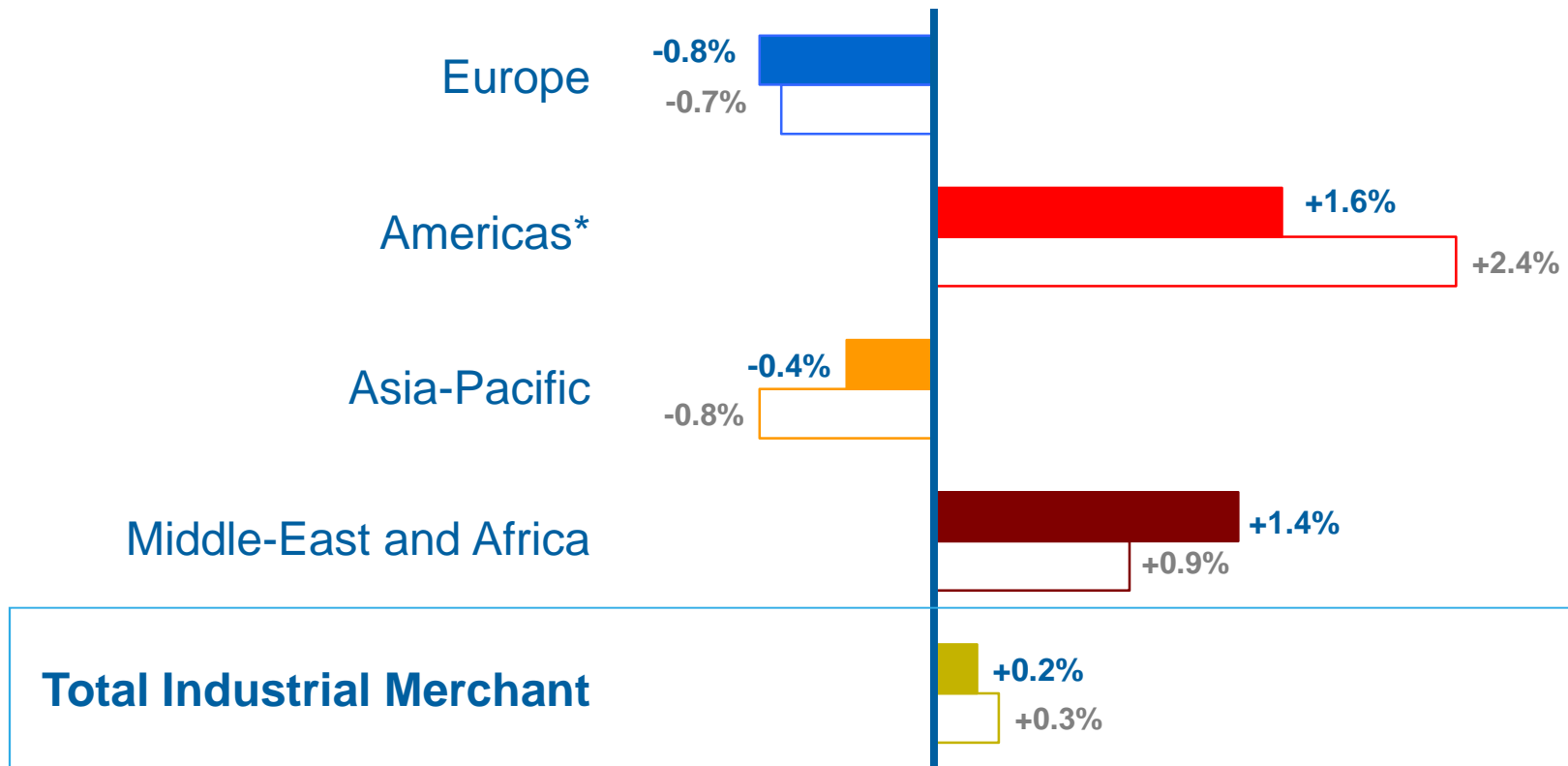
➔ Q3 Gas & Services sales: €997m



(1) Excluding currency, energy, and significant scope impact.

Industrial Merchant Pricing

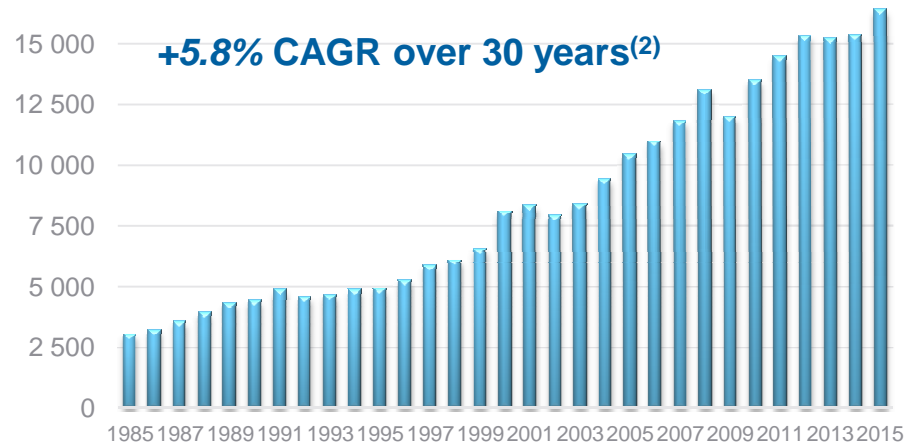
■ Q3 2016 □ YTD 2016



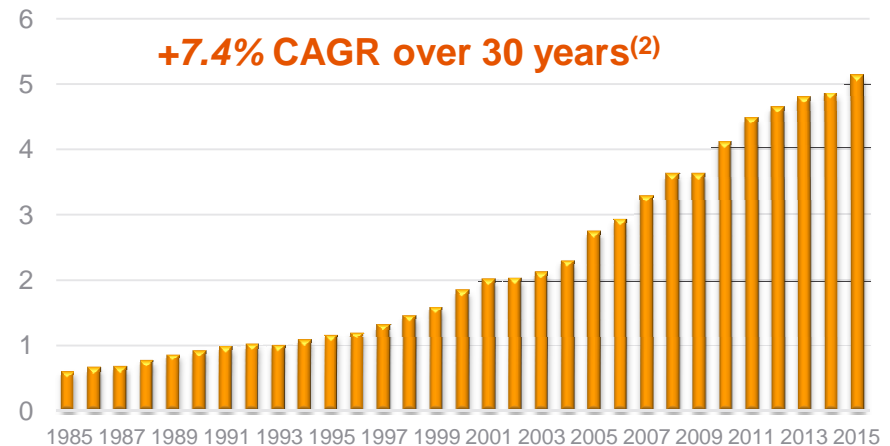
* Excluding Airgas.

Regular and Sustained Performance

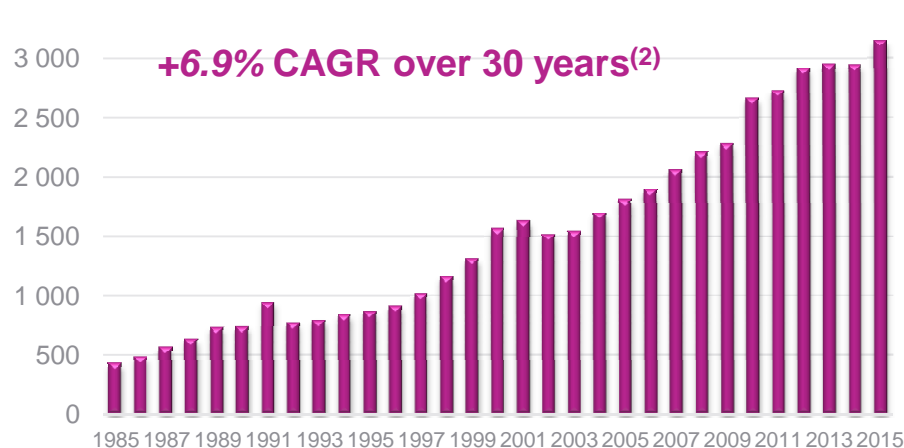
→ Revenue (in €m)



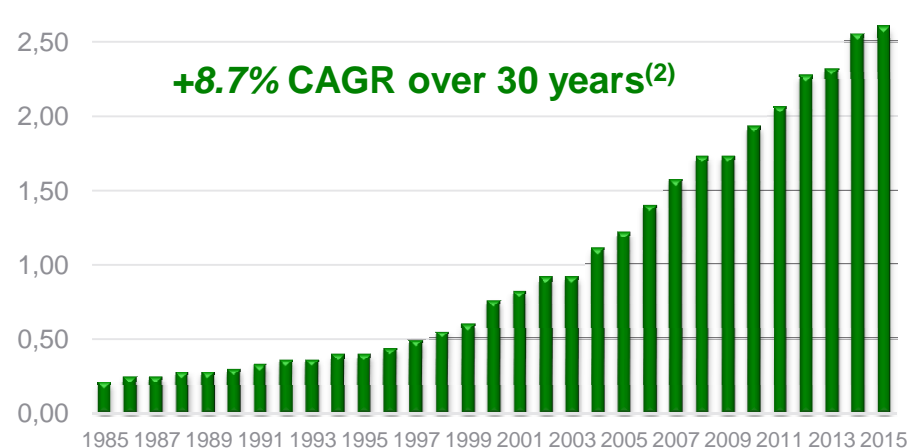
→ EPS ⁽¹⁾ (in €)



→ Cashflow (in €m)



→ Dividend ⁽¹⁾ (in € per share)



(1) Adjusted for the 2-for-1 share split in 2007 and free share attributions. (2) Calculated according to prevailing accounting rules over 30 years.

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