



Full Year 2016 Results

Solid Performance in 2016
after Airgas Integration
Increase in Revenue, Net Profit and EPS

Paris, 15 February 2017



Agenda

- 1 2016, a successful transformational year
- 2 Solid operational performance
- 3 Improved investment portfolio profile
- 4 2017: delivering NEOS

2016, a Successful Transformational Year

Benoît Potier
Chairman & Chief Executive Officer

Major Steps Successfully Achieved



- US divestitures
- Rights issue
- € and US\$ bonds issue
- Merger of operations



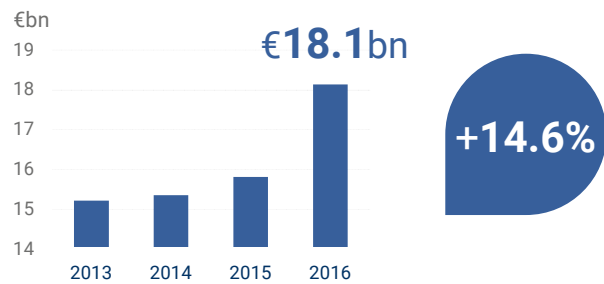
- Customer-centric transformation
- 2020 ambition
- New organization



- Focus on Gas & Services and GMT

2016 Highlights

Group Sales



Cash Flow

Strong performance

20.4%
of sales

Net Profit

In line with guidance

+5.0%

Gearing

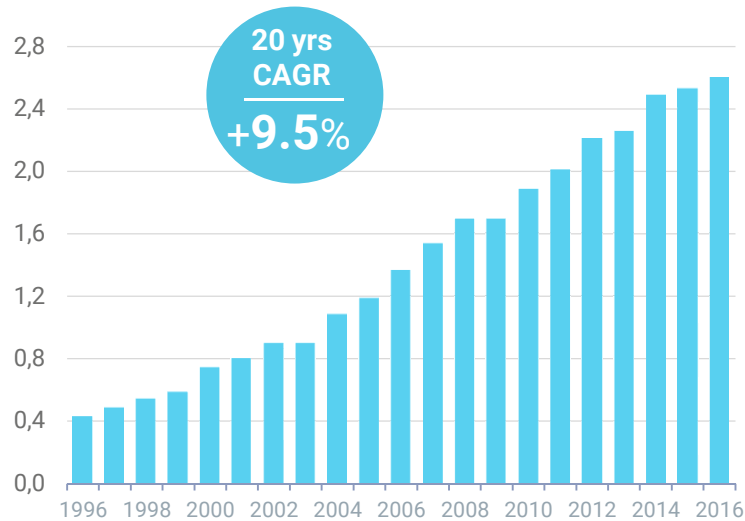
Gearing back <100%

90%

NB: 2015 figures have been restated to account for IFRS 5, discontinued operations

Increased Dividend Proposal

Dividend⁽¹⁾ (in € per share over 20 years)



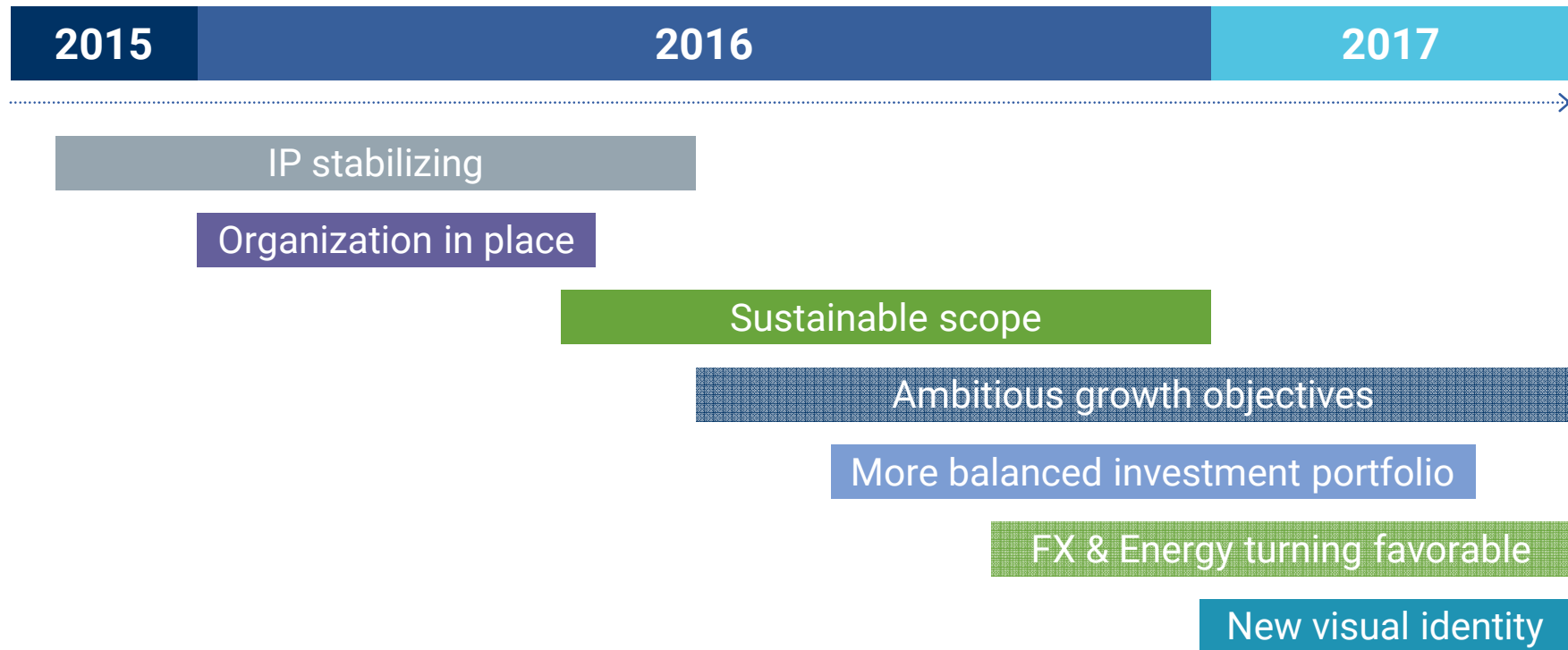
€2.6⁽²⁾
+2.7%

Global pay-out ratio
56%

(1) Historical data adjusted for attribution of free shares and for a factor of 0,974 reflecting the value of the rights of the capital increase completed in October 2016

(2) Subject to approval at the combined Shareholders' Meeting scheduled for 3 May 2017

Starting 2017 on a Solid Foundation



Solid Operational Performance

Fabienne Lecorvaisier
Chief Financial Officer

Sales Growth Above Market

INDUSTRIAL
PRODUCTION
FY 2016
+0.5%⁽¹⁾

Sales in €m	FY 15	FY 16	FY 16/15 as published	FY 16/15 comparable ⁽²⁾	Q4 16/15 comparable ⁽²⁾
Gas & Services	14,752	17,331	+17.5%	+2.7%	+1.7%
Engineering & Construction	775	474	-38.8%	-38.0%	-34.5%
Global Markets & Technologies	292	330	+13.2%	+13.6%	+20.0%
Group Total	15,819	18,135	+14.6%	+0.9%	+0.5%

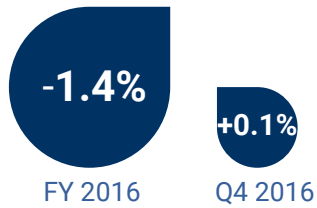
(1) Industrial Production weighted average by Air Liquide industrial sales footprint.

(2) Estimated comparable growth: excluding Currency, Energy and Airgas impact.

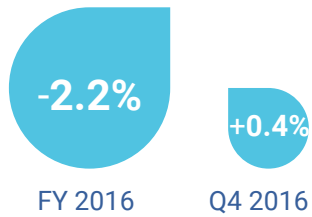
NB: 2015 figures have been restated to account for IFRS 5, discontinued operations.

Stabilizing Economic Backdrop

FX Impact*

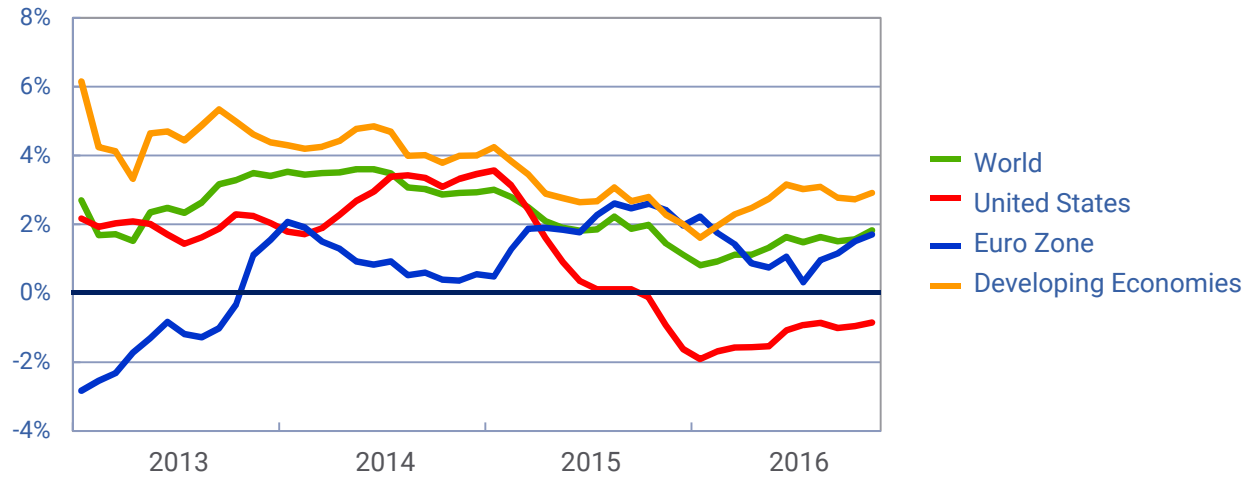


Energy Impact*



Industrial Production

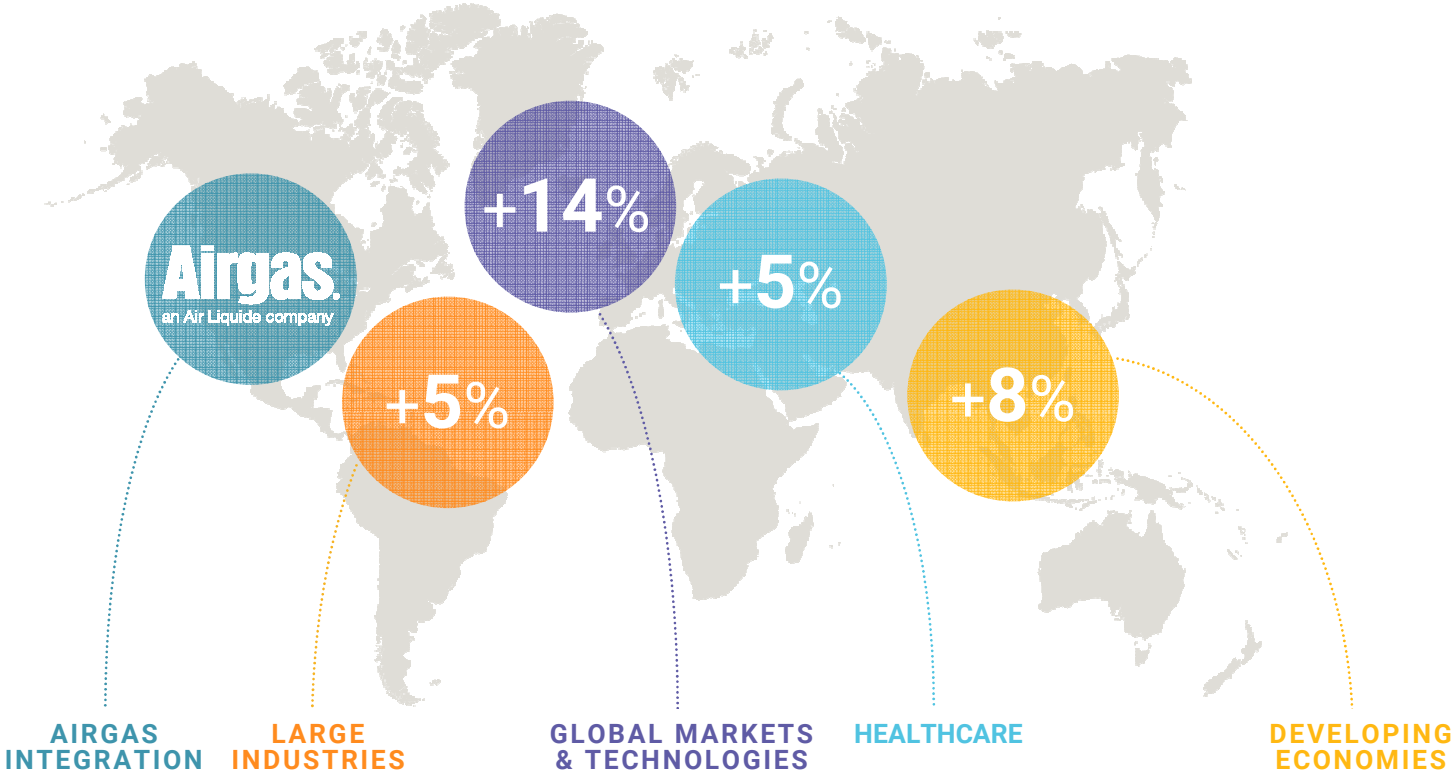
Year on Year in % (3-month rolling average)



Source Coe-Rexecode as of January 2017

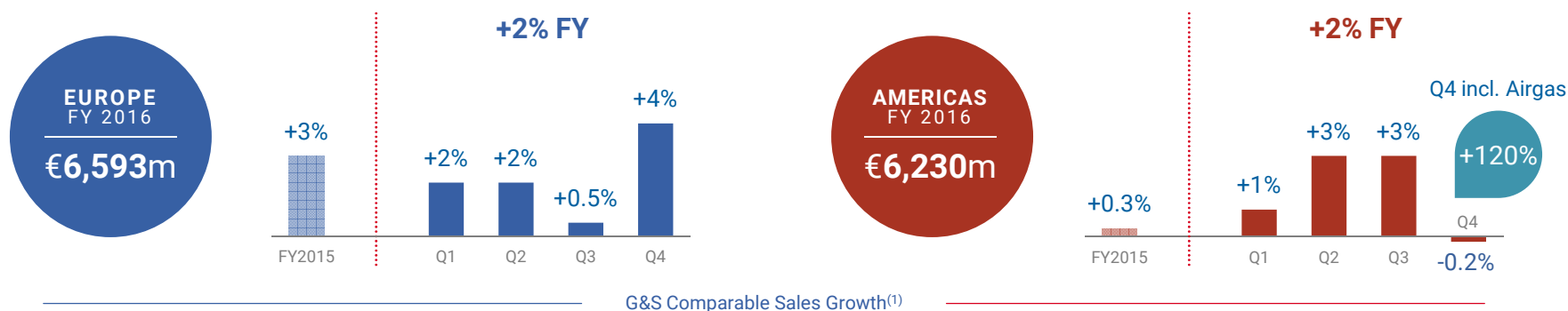
*On Group sales

Strong Growth Drivers in 2016



Sales Growth excluding Currency, Energy and Airgas impact.
Comparable sales growth for Americas for Q4 16 and FY16 are estimated due to the merger of Airgas and Air Liquide US operations.

Q4 - Better Europe, Stable Americas



G&S Comparable Sales Growth⁽¹⁾

Improved Q4

- LI: good volumes in air gases, positive one-off
- IM: confirmed bulk volumes increase, positive Food, low Fabrication; growth in South West Europe
- HC: steady organic growth

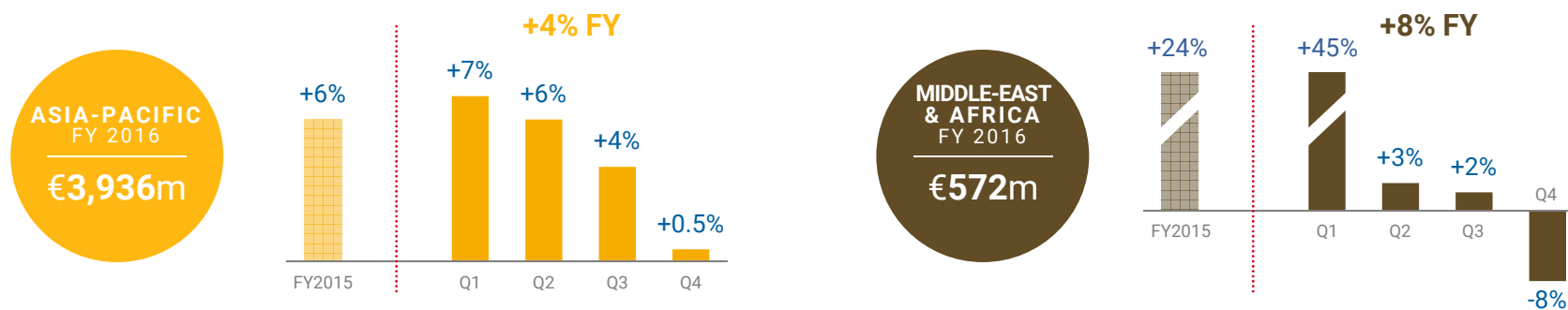
IM still weak but positive signals

- LI: record volumes of air gases in US, several H₂ turnarounds
- IM: better bulk volumes in US
- EL: lower E&I sales
- HC: pursued development in South America

(1) Comparable growth: excluding Currency, Energy and Airgas impact. Comments relate to Q4 2016.

Comparable sales growth for Americas for Q4 16 and FY16 is estimated due to the merger of Airgas and Air Liquide US operations

Q4 - Solid Fundamentals in Asia, Turnaround in MEA



G&S Comparable Sales Growth⁽¹⁾

Positive underlying activity

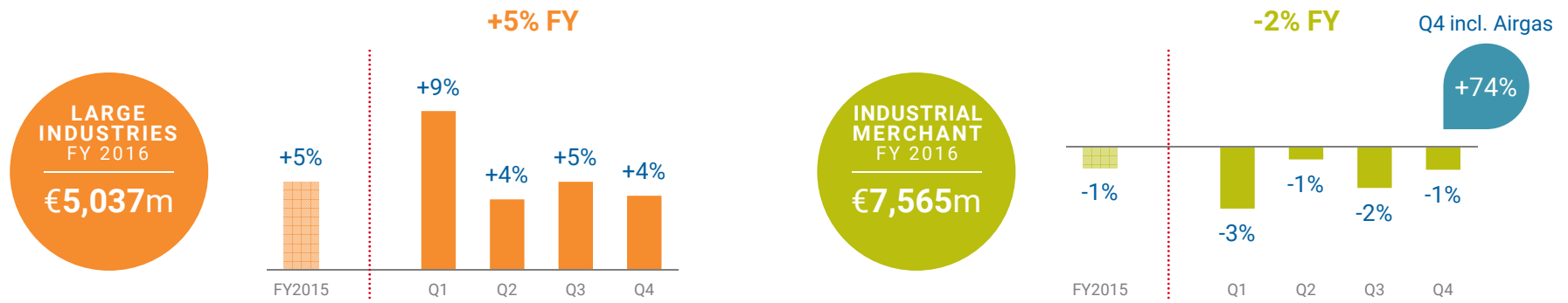
- Turnarounds in LI
- Flat EL: high 2015 basis in E&I and neon; China, Taiwan, Singapore >+9%
- Strong IM in China
- Australia back to slight growth

Yanbu turnaround in KSA

- Modest growth in South Africa
- Low IM except dynamic Egypt

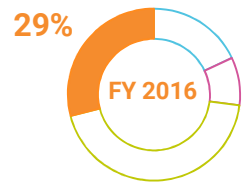
(1) Comparable growth: excluding Currency, Energy and Airgas impact. Comments relate to Q4 2016.

Q4 - Solid LI, Slightly Better IM



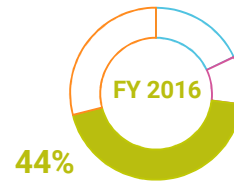
G&S Comparable Sales Growth⁽¹⁾

Turnarounds compensated by one-off



- Strong air gases volumes
- Positive one-off in Europe
- Several significant turnarounds

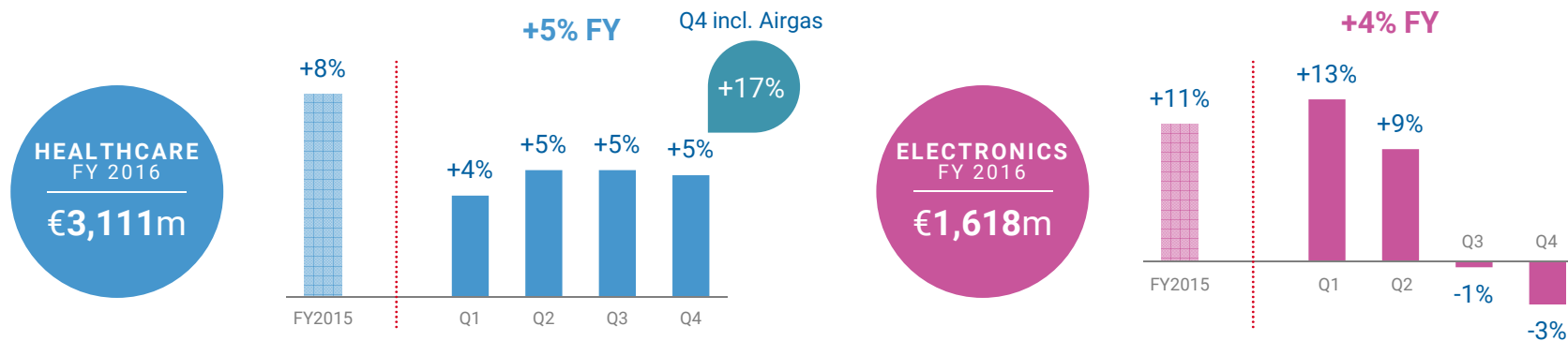
Positive signals in contrasted markets



- Food up, Manufacturing stabilizing, Construction down
- Bulk volumes up in Europe and Asia
- Better pricing

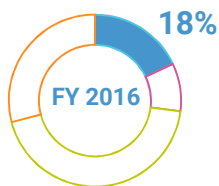
(1) Comparable growth: excluding Currency, Energy and Airgas impact. Comments relate to Q4 2016.
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Q4 - Sound HC, Steady Underlying in EL



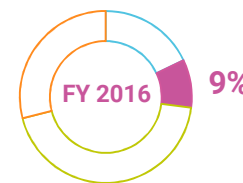
G&S Comparable Sales Growth⁽¹⁾

Solid organic growth



- Increased number of patients in Home Healthcare
- Low contribution from bolt-on M&A
- Strong Hygiene and Specialty Ingredients

Growth of recurring sales



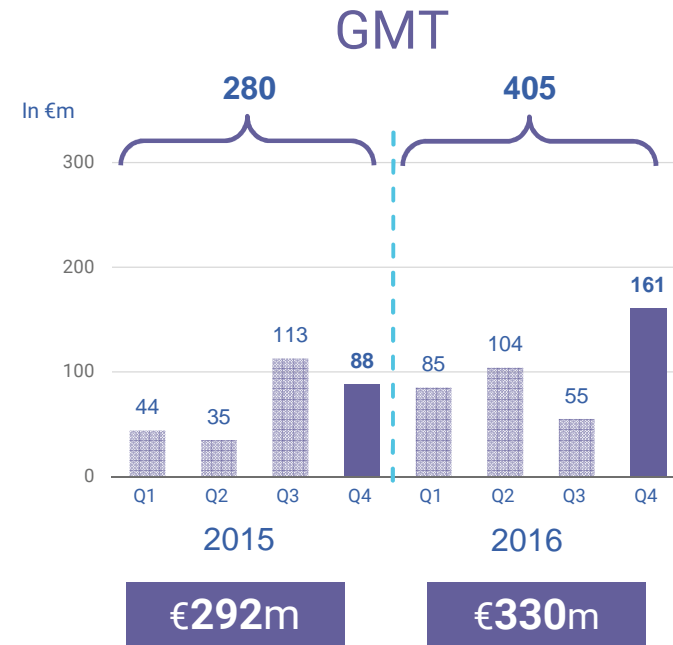
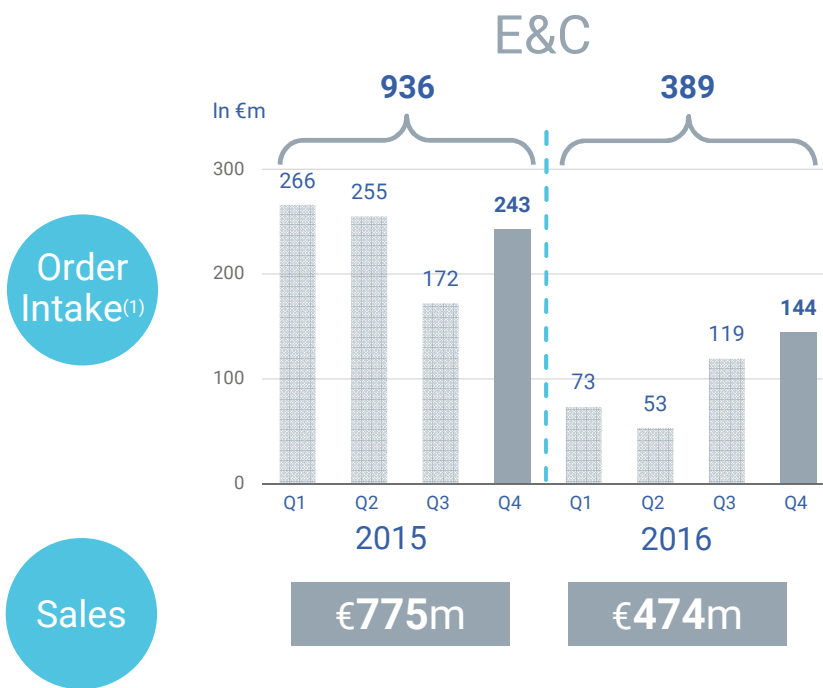
- Lower E&I
- ESM⁽²⁾ impacted by neon sales
- Solid Carrier Gases growth
- Dynamic Advanced Materials

(1) Comparable growth: excluding Currency, Energy and Airgas impact. Comments relate to Q4 2016.

Comparable sales growth for Americas for Q4 16 and FY16 is estimated due to the merger of Airgas and Air Liquide US operations

(2) Electronics Specialty Materials

E&C Low, GMT Developing



(1) Group and Third Party Orders.

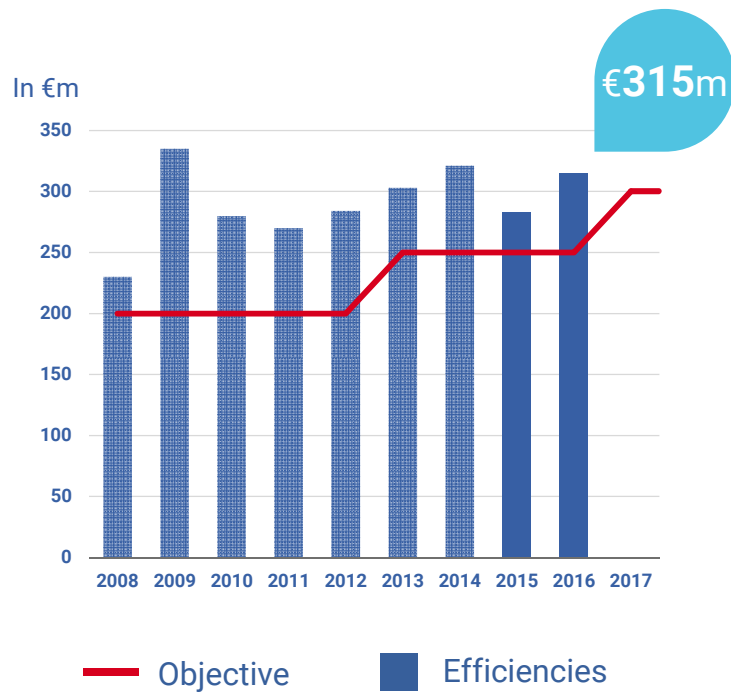
OIR Margin Reflecting New Mix with Airgas Consolidation

In €m	2015	2016	FY 16/15
Revenue	15,819	18,135	+14.6%
Purchases	(5,890)	(6,693)	+13.6%
Personnel expenses	(2,929)	(3,659)] — +19.6%
Other net income and expenses	(2,785)	(3,172)	
Operating profit before depreciation	4,215	4,611	+9.4%
Depreciation and amortization	(1,359)	(1,587)	+16.8%
Operating Income Recurring (OIR)	2,856	3,024	+5.9%
OIR margin	18.1%	16.7%	-140bps
OIR margin excluding energy effect		16.4%	-170bps

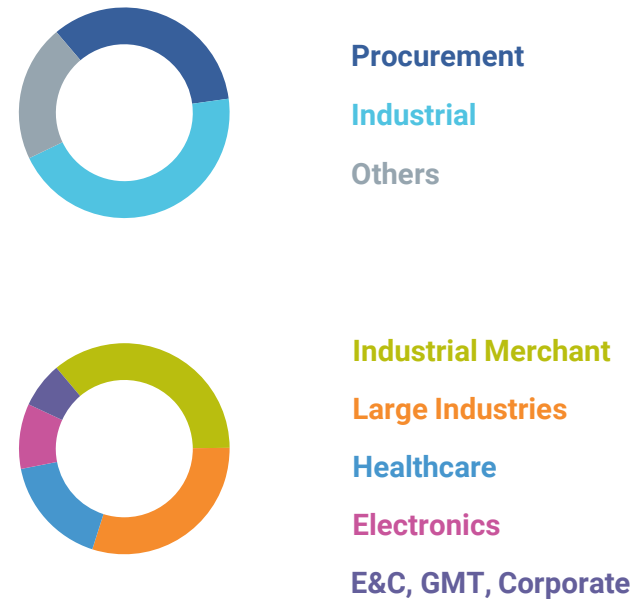
Airgas consolidation
Low margin in E&C

NB: 2015 figures have been restated to account for IFRS 5, discontinued operations.

Level of Efficiencies Aligned with NEOS



Breakdown of Efficiencies



NB: 2015 figures have been restated to account for IFRS 5, discontinued operations.

First Airgas Synergies Delivered in 2016

Cost Synergies on track



- 18 site closures
- Logistics optimization
- Elimination of redundancies



- Sourcing
- Primary production
- Logistics optimization



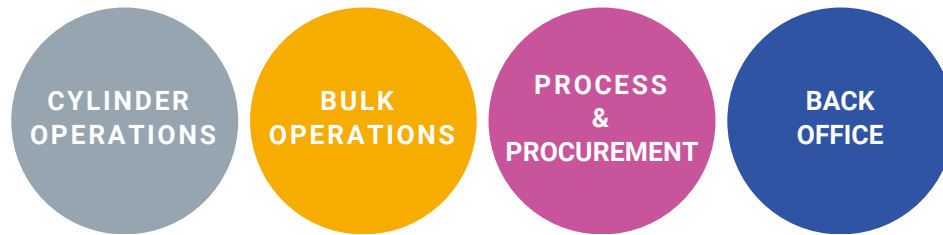
- Business & administrative process review
- Procurement



- Leverage on IT
- Shared services
- Delisting
- Management

2017-2019: Synergies > US\$300m Confirmed

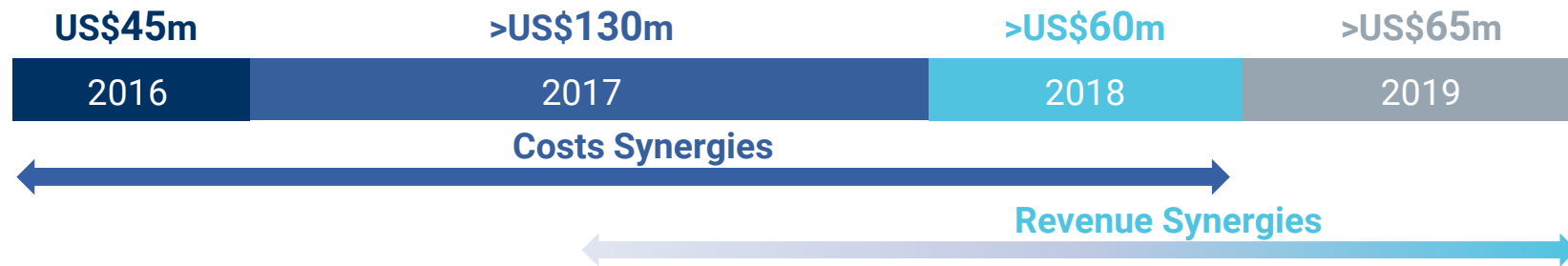
Cost Synergies



Revenue Synergies

- Cross-selling
- Product availability
- Gas applications
- Small on-site generators

Timeline for delivery of synergies



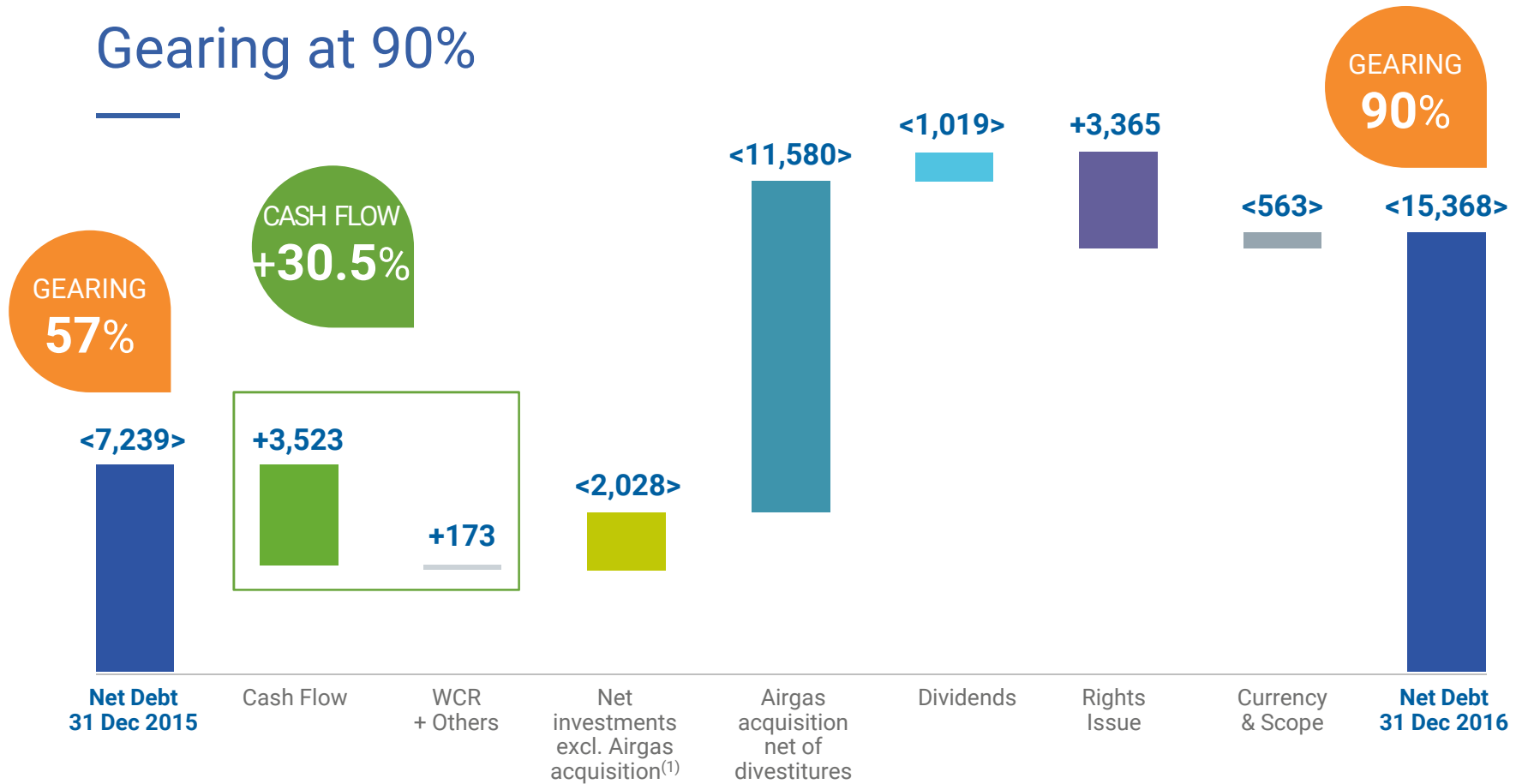
Net Profit Up +5.0%

In €m	2015	2016	FY 16/15
Revenue	15,819	18,135	+14.6%
Operating Income Recurring	2,856	3,024	+5.9%
Other non-recurring operating income & expenses	(123)	36	
Operating Income	2,733	3,060	+12.0%
Net financial costs and other net financial expenses	(262)	(403)	
Income taxes	(661)	(747)	
Tax rate	26.8%	28.2%	
Share of profit of associates	13	6	
Minority interests	(82)	(83)	
Profit from discontinued operations	15	11	
Net profit (Group share)	1,756	1,844	+5.0%
Earnings per share (in €)	4.99	5.11	+2.4%

2016
one-off
costs fully
covered

NB: 2015 figures have been restated to account for IFRS 5, discontinued operations.

Gearing at 90%



(1) Including acquisitions, transactions with minority shareholders, net of divestitures, excluding Airgas acquisition.

Improved Investment Portfolio Profile

Fabienne Lecorvaisier
Chief Financial Officer

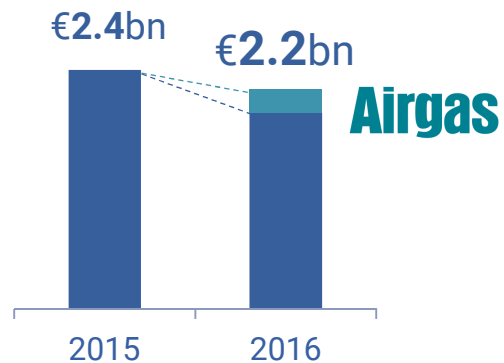
Improved Investment Portfolio Profile

Investment Opportunities⁽¹⁾ 12 months portfolio



- Smaller projects
- Lower risk

FY 2016 Investment Decisions⁽¹⁾



- Increased selectivity on projects
- Airgas ~€230m, including 9 acquisitions

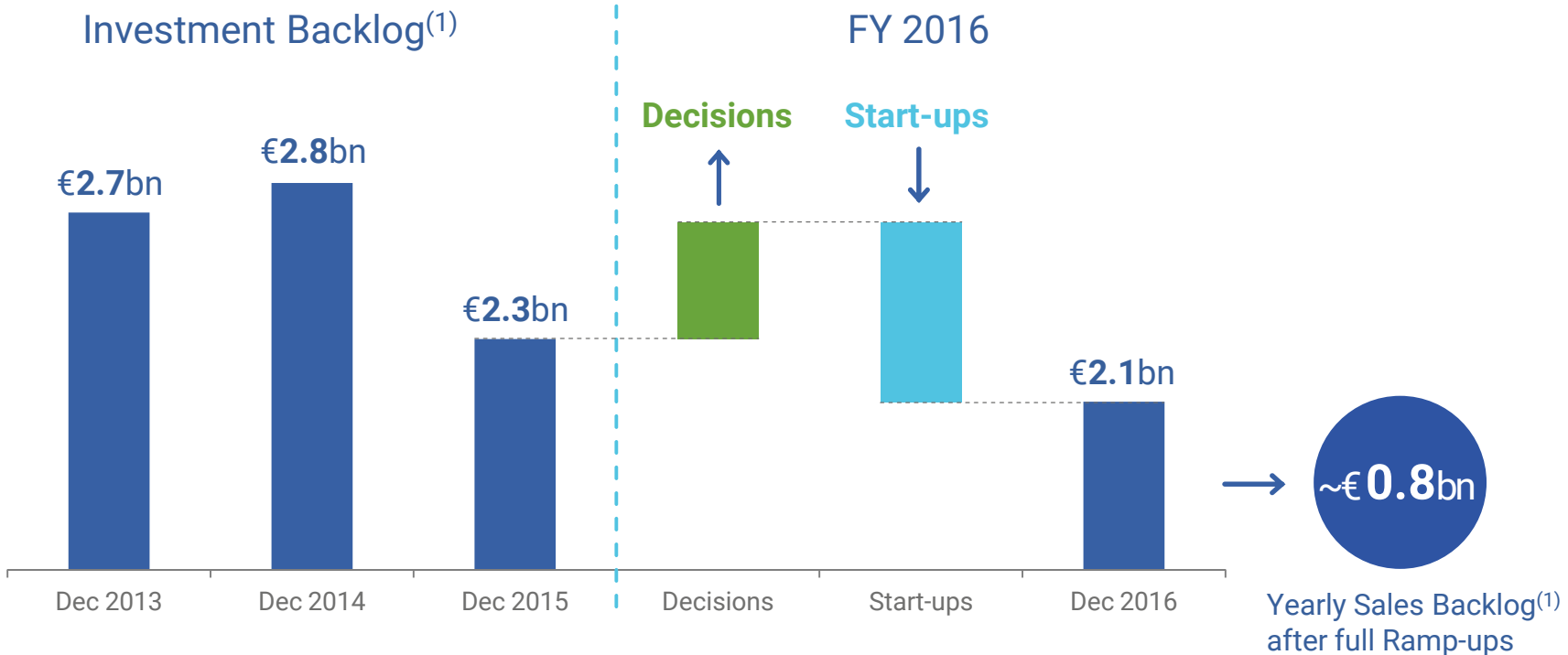
FY 2016 Start-up/ Ramp-up Sales Growth Contribution



- ASUs in Americas and Australia
- 3 IM and 4 EL units in Asia

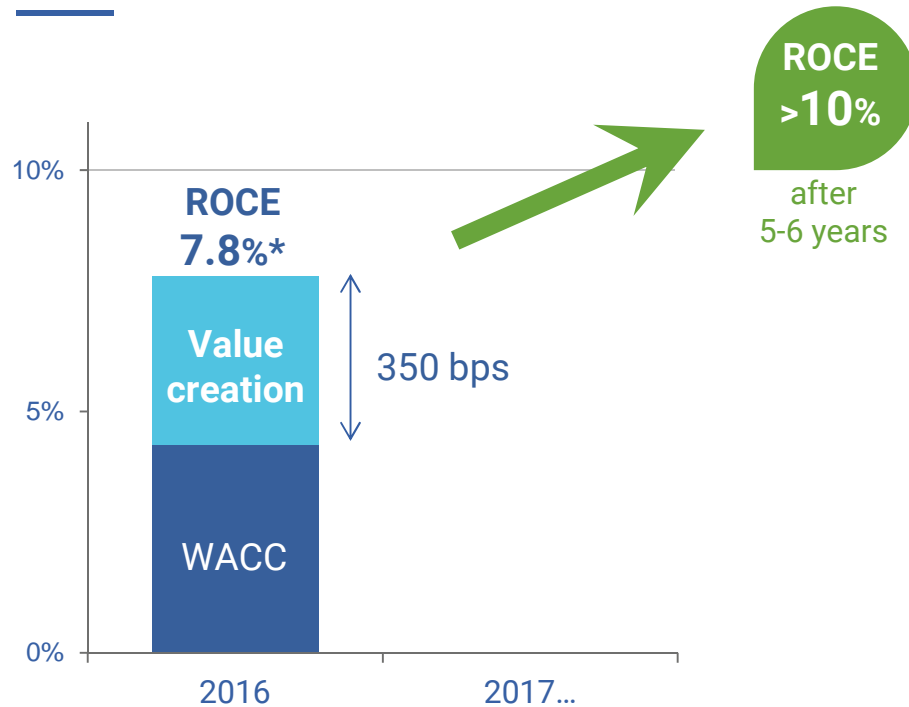
(1) See definitions in appendix.

Investment Backlog Adjusting for Start-ups



(1) See definitions in appendix.

Focus on ROCE



- Short-term impact of Airgas acquisition
- Expected lower capex on sales
- Focus on delivering efficiencies and synergies

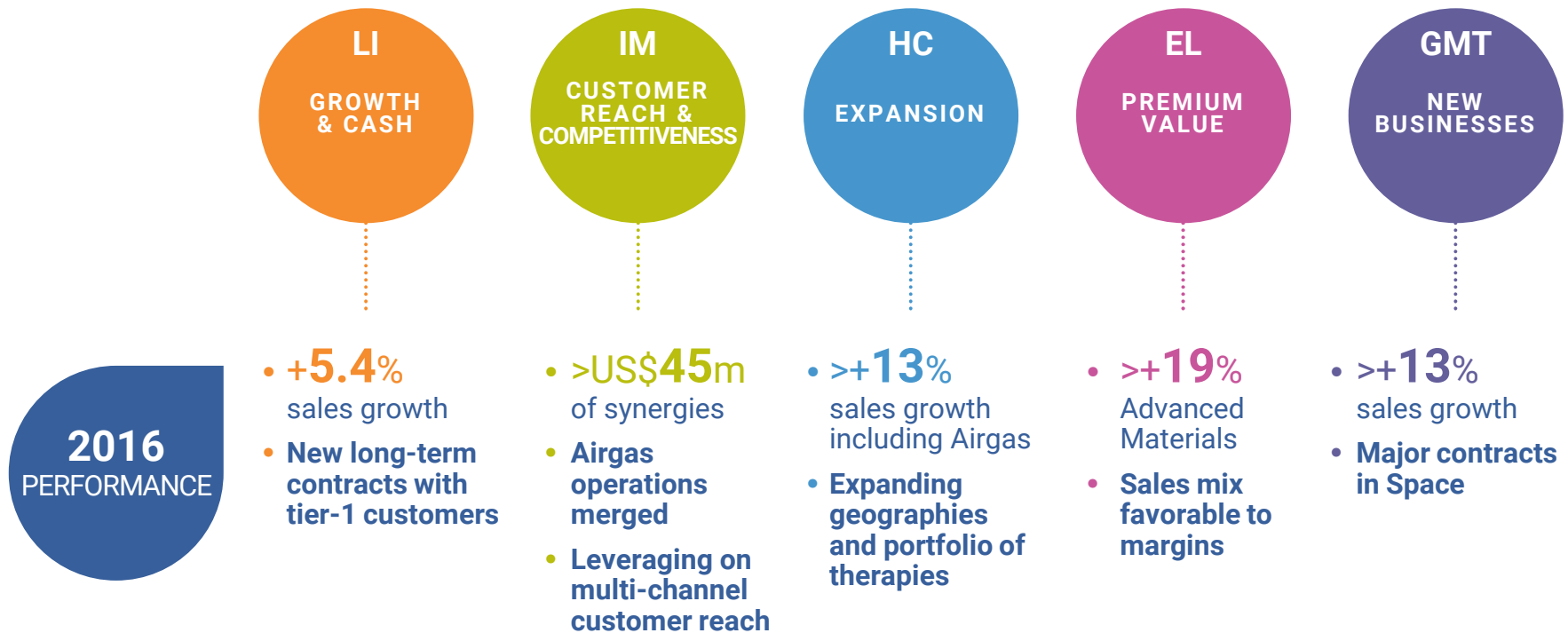
* Published ROCE vs. "pro forma" ROCE of 6.9%

2017: Delivering NEOS

Benoît Potier

Chairman & Chief Executive Officer

2016: Transition to NEOS



Comparable sales growth: excluding Currency, Energy and Airgas impact; except for HC including Airgas impact.

2017 Outlook

2016

- Acquisition fully completed
- Solid operational performance
- Improved investment portfolio profile
- Transition to NEOS

2017

- Steady underlying activity
- Positive signals from customers
- Delivering expected efficiencies and synergies
- Focus on value creation

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

FY 2016

Appendix

2017: Delivering NEOS



- Airgas synergies
- Efficiencies
- Customer reliability
- Focus on ROCE



- “LI Connect”
- i-Lab initiatives
- Connected cylinder
- e-Health



- Open innovation
- ALIAD
- Hydrogen Council
- Biogas

Impact of Currency and Energy on G&S Revenue

Currency	In €m	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16
€/US\$		+109	+129	+110	+91	+14	(14)	(3)	+10
€/CNY		+52	+76	+52	+36	(10)	(28)	(23)	(20)
€/JP¥		+11	+9	+3	+17	+14	+22	+42	+30
Others		+78	+76	+4	(22)	(89)	(98)	(32)	(17)
Total currency impact		+250	+290	+169	+122	(71)	(119)	(16)	+3
Average rate	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	
€/US\$	1.13	1.10	1.11	1.10	1.10	1.13	1.12	1.08	
€/CNY	7.04	6.85	7.01	7.00	7.21	7.38	7.44	7.37	
€/JP¥	134.6	134.0	135.9	132.9	127.0	121.9	114.3	117.8	
Natural Gas	In €m								
Natural Gas Impact		(116)	(77)	(55)	(114)	(108)	(94)	(82)	+13
Electricity	In €m								
Electricity Impact		(8)	(17)	(16)	(4)	(36)	(32)	(18)	+3

Consolidated P&L

In €m	2015	2016
Revenue	15,819	18,135
Cost of Goods	(11,604)	(13,524)
Operating income recurring before depreciation	4,215	4,611
Depreciation and amortization expense	(1,359)	(1,587)
Operating income Recurring	2,856	3,024
Net non-recurring operating income	(123)	36
Operating income	2,733	3,060
Net finance costs & other net financial expenses	(262)	(403)
Income taxes	(661)	(747)
Share of profit of associates	13	6
Net income from discontinued operations	15	11
Profit for the period	1,838	1,927
-Minority interest	82	83
- Net profit (Group share)	1,756	1844
Basic earnings per share (in €) ⁽¹⁾	4.99	5.11

(1) 2015 Net earnings per share restated for the impact of the preferential subscription rights allocated to Group shareholders as part of the capital increase
 NB: 2015 figures have been restated to account for IFRS 5, discontinued operations.

Consolidated Balance Sheet - In €m

ASSETS	31/12/15	31/12/16
Goodwill	5,730	13,890
Fixed assets	16,555	22,003
Other non-current assets*	936	960
Total non-current assets	23,221	36,853
Inventories & work in-progress	981	1,323
Trade receivables & other current assets	3,711	4,090
Cash and cash equivalents*	1,028	1,576
Total current assets	5,720	6,989
Assets held for sale	-	276
Total assets	28,941	44,118
	31/12/15	31/12/16
Net debt	7,239	15,368
Net debt ratio	56.7%	89.7%

EQUITY AND LIABILITIES	31/12/15	31/12/16
Shareholders' equity	12,406	16,742
Minority interests	365	383
Total equity	12,771	17,125
Provisions & deferred tax liabilities	3,435	4,971
Non-current borrowings	6,291	14,890
Other non-current liabilities*	475	504
Total equity and non current liabilities	22,972	37,490
Provisions	271	280
Trade payables & other current liabilities	3,728	4,103
Current borrowings*	1,970	2,064
Total current liabilities	5,969	6,447
Liabilities held for sale	-	181
Total equity and liabilities	28,941	44,118

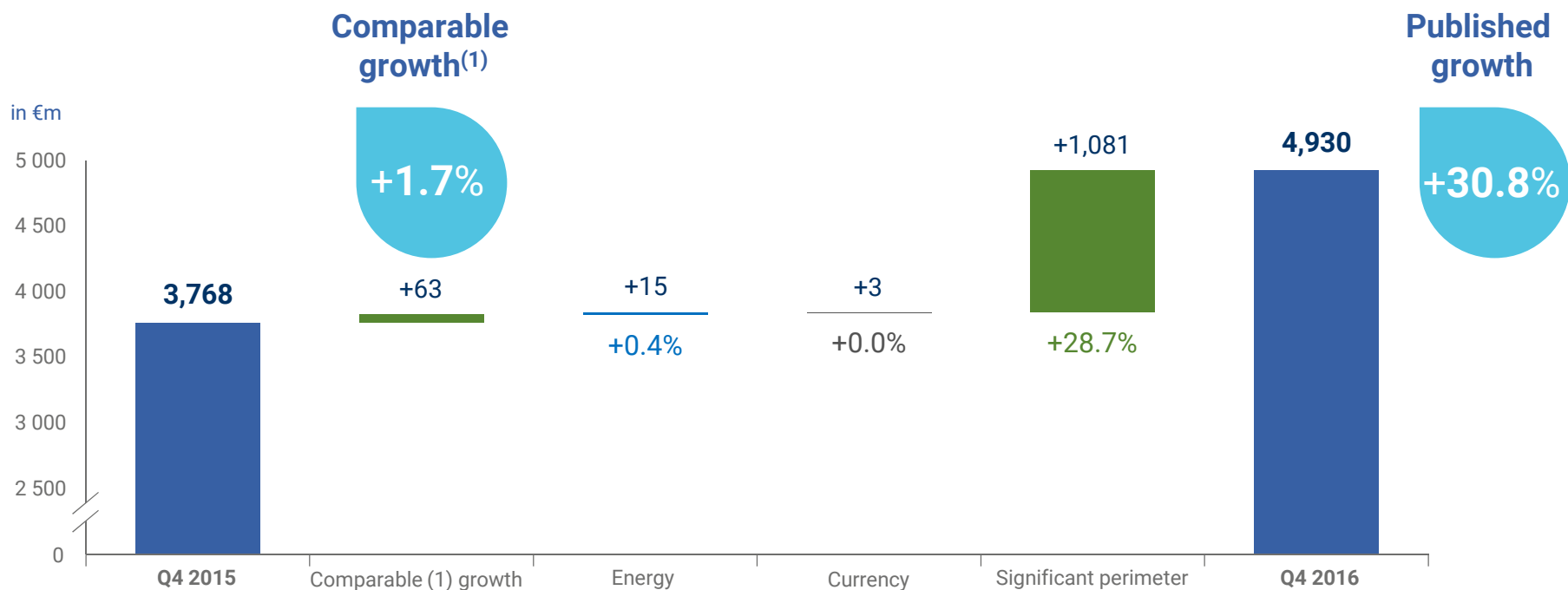
* Including fair value of derivatives.

Cash Flow Statement

In €m	2015	2016
Funds provided by operations	3,150	3,523
Changes in Working Capital	(258)	331
Other items	(60)	(158)
Net cash from operating activities	2,832	3,696
Purchase of PPE* and intangible assets	(2,028)	(2,259)
Purchase of financial assets and the impact of changes in scope	(384)	(12,165)
Proceeds from sale of PPE*, intangible and financial assets	131	830
Net cash in investing activities	(2,281)	(13,594)
Distribution	(975)	(1,019)
Increase in capital stock	86	3,361
Purchase of treasury shares	(178)	4
Transactions with minority shareholders	(11)	14
Impact of Exchange rate changes and net indebtedness of newly consolidated companies & others	(406)	(563)
Change in net indebtedness	(933)	(8,129)

* Property, plant and equipment.

Growth in Q4 G&S Revenue



(1) Comparable growth: excluding Currency, Energy and Airgas impact.

Comparable sales growth for Americas for Q4 16 and FY16 is estimated due to the merger of Airgas and Air Liquide US operations

Revenue Analysis by Quarter and by Geography

Sales in €m	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q4 16/15	Q4 16/15 comparable ⁽¹⁾
Europe	1,713	1,614	1,611	1,601	1,767	+3.2%	+4.2%
Americas	899	824	1,361	2,042	2,003	+122.9%	-0.2%
Asia-Pacific	995	966	954	997	1,019	+2.4%	+0.5%
Middle-East and Africa	161	144	144	143	141	-12.1%	-7.6%
Gas & Services	3,768	3,548	4,070	4,783	4,930	+30.8%	+1.7%
Engineering & Construction	173	124	130	105	115	-34.0%	-34.5%
Global Markets & Technologies	93	65	81	73	111	+19.5%	+20.0%
GROUP TOTAL	4,034	3,737	4,281	4,961	5,156	+27.8%	+0.5%

(1) Comparable growth: excluding Currency, Energy and Airgas impact.

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Revenue Analysis by Quarter and by Business Line

Sales in €m	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q4 16/15	Q4 16/15 comparable ⁽¹⁾
Large Industries	1,324	1,207	1,181	1,261	1,388	+4.8%	+4.2%
Industrial Merchant	1,314	1,238	1,726	2,308	2,293	+74.5%	-1.1%
Healthcare	725	695	756	814	846	+16.7%	+4.8%
Electronics	405	408	407	400	403	-0.5%	-3.5%
Gas & Services	3,768	3,548	4,070	4,783	4,930	+30.8%	+1.7%
Engineering & Construction	173	124	130	105	115	-34.0%	-34.5%
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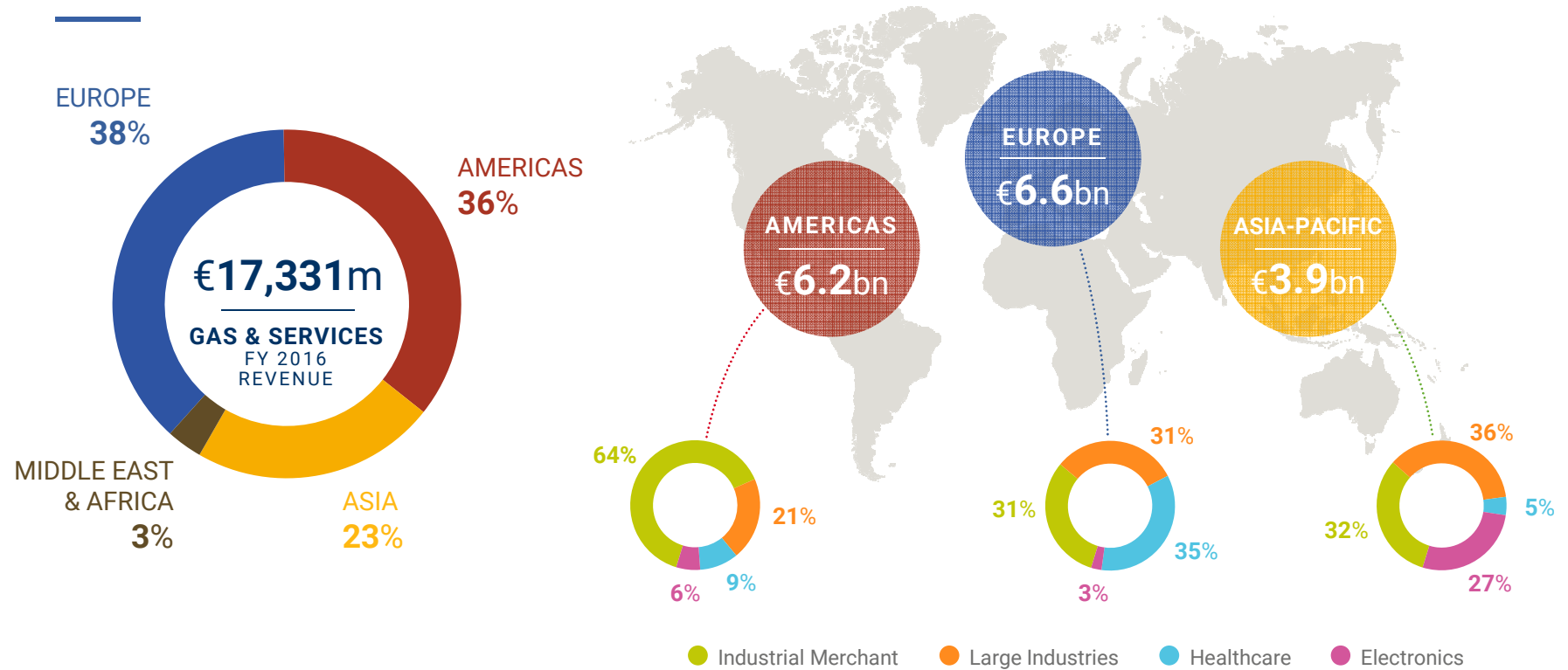
G&S Revenue Growth by Quarter and by Impact

	Growth as published	Natural Gas	Electricity	Currency	Significant perimeter	Comparable growth ⁽¹⁾
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%
Q4 2016	+30.8%	+0.4%	+0.0%	+0.0%	+28.7%	+1.7%

(1) Comparable growth: excluding Currency, Energy and Airgas impact.

Comparable sales growth for Americas for Q4 16 and FY16 is estimated due to the merger of Airgas and Air Liquide US operations

FY 2016 G&S Revenue Breakdown by Region



Europe

Q4 Gas & Services Sales: €1,767m

INDUSTRIAL MERCHANT

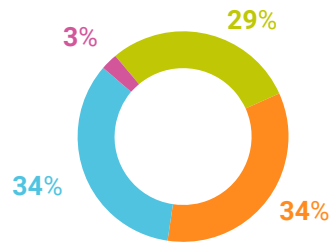
- Confirmed bulk volume increase
- Encouraging signs in cylinder business
- Food & Pharma up, Manufacturing low
- Dynamic Eastern Europe

LARGE INDUSTRIES

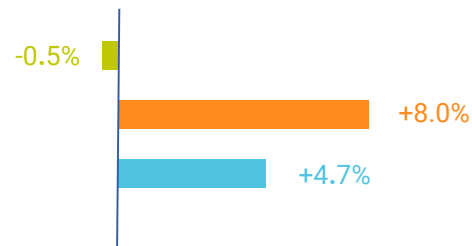
- Good volumes in air gases
- Positive one-off
- Robust growth in Eastern Europe

HEALTHCARE

- Steady organic growth
- Low contribution from bolt-on M&A
- Strong Hygiene



Q4 16/15 Comparable change ⁽¹⁾: **+4.2%**



In €m	FY 2016	Published growth	Comparable growth ⁽¹⁾
Sales	6,593	-2.3%	+2.0%
OIR	1,319	-0.5%	
OIR/Sales	20.0%	+40bps	-30bps ⁽²⁾

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

(2) Excluding energy impact.

Americas

Q4 Gas & Services Sales: €2,003 m

INDUSTRIAL MERCHANT

- Still weak in North America
- Better bulk volumes in US
- Volumes low in Energy, Metal Fab and Construction, solid in Food & Pharma

LARGE INDUSTRIES

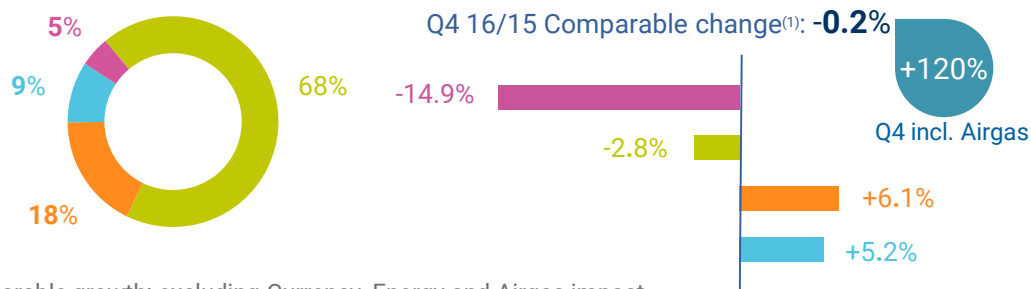
- Record volumes of air gases in US
- Several H₂ turnarounds
- Continued double-digit growth in South America

HEALTHCARE

- Dynamic South America
- Solid organic growth and contribution from an acquisition in Canada

ELECTRONICS

- Low E&I sales



In €m	FY 2016	Published growth	Comparable growth ⁽¹⁾
Sales	6,230	+73.3%	+1.8%
OIR	1,076	+27.7%	
OIR/Sales	17.3%	-620bps	-630bps ⁽²⁾

(1) Comparable growth: excluding Currency, Energy and Airgas impact.

Comparable sales growth for Americas for Q4 16 and FY16 is estimated due to the merger of Airgas and Air Liquide US operations.

(2) Excluding energy impact.

Asia-Pacific

Q4 Gas & Services Sales: €1,019m

INDUSTRIAL MERCHANT

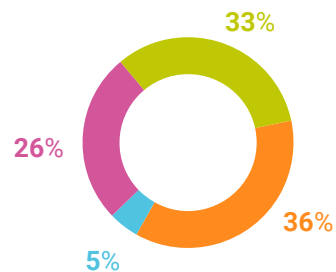
- Back to slight growth
- Bulk & cylinder volume growth >+9% in China
- Flat Japan
- Positive pricing

LARGE INDUSTRIES

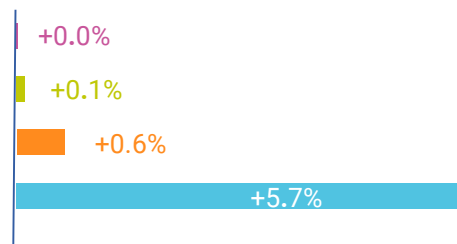
- Several maintenance turnarounds
- Ramp-up of a new unit in Australia

ELECTRONICS

- Flat growth
- Low E&I & ESM in NE Asia
- High neon price in Q4 2015 impacting ESM
- Carrier gases sales growth >+5%



Q4 16/15 Comparable change⁽¹⁾: **+0.5%**



In €m	FY 2016	Published growth	Comparable growth ⁽¹⁾
Sales	3.936	+2.2%	+4.2%
OIR	730	+4.0%	
OIR/Sales	18.5%	-30bps	0bp ⁽²⁾

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

(2) Excluding energy impact.

Industrial Merchant Pricing

Europe



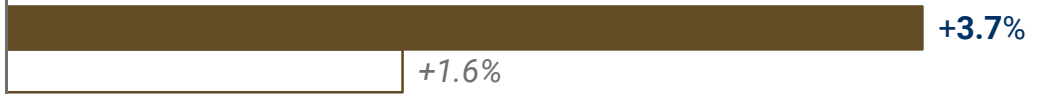
Americas



Asia-Pacific



Middle-East and Africa



Operating Margin – Energy Effect

Group, in €m	2015	2016
Revenue	15,819	18,135
Incl. energy effect	-406	-356
Operating income recurring	2,856	3,024
Operating margin	18.1%	16.7%
Operating margin excluding energy		16.4%

Gaz & Services, in €m	2015	2016
Revenue	14,752	17,331
Incl. energy effect	-406	-356
Operating income recurring	2,960	3,239
Operating margin	20.1%	18.7%
Operating margin excluding energy		18.3%

OIR Margin Reflecting New Mix with Airgas Consolidation

NB: 2015 figures have been restated to account for IFRS 5, discontinued operations.

Operating Margin (OIR/Revenue)

		H1 15	H2 15	2015
2015	Group	17.7%	18.4%	18.1%
	Gas & Services	19.4%	20.7%	20.1%
		H1 16	H2 16	2016
2016	Group	17.0%	16.4%	16.7%
	Gas & Services	19.1%	18.3%	18.7%

OIR Margin Reflecting New Mix with Airgas Consolidation

NB: 2015 figures have been restated to account for IFRS 5, discontinued operations.

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

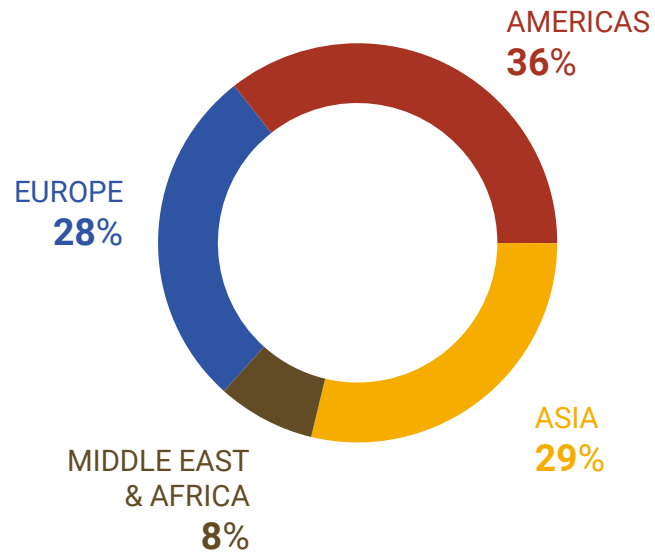
- Cumulated expected sales per year generated by the current investment backlog after full ramp-up.

• 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).

Gas & Services Industrial Capex by Geography

G&S 2016 capex⁽¹⁾ €2.1bn



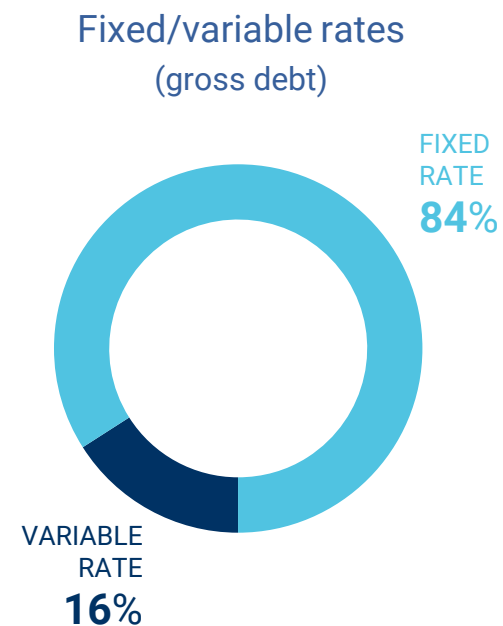
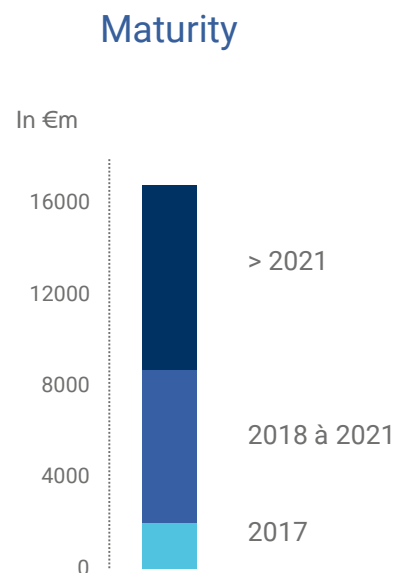
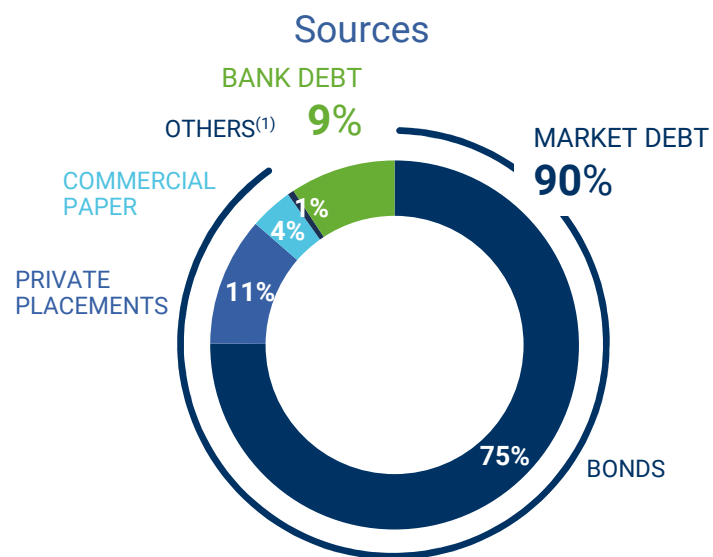
G&S capex⁽¹⁾ / sales

	2015	2016
Europe	8.1%	8.6%
Americas	20.3%	11.8%
Asia-Pacific	12.3%	15.2%
Middle-East and Africa	23.1%	27.1%
Total	12.8%	11.9%

(1) Gross industrial investments.

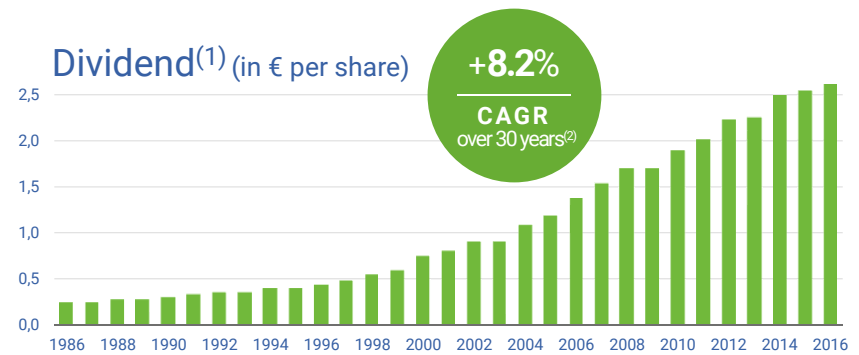
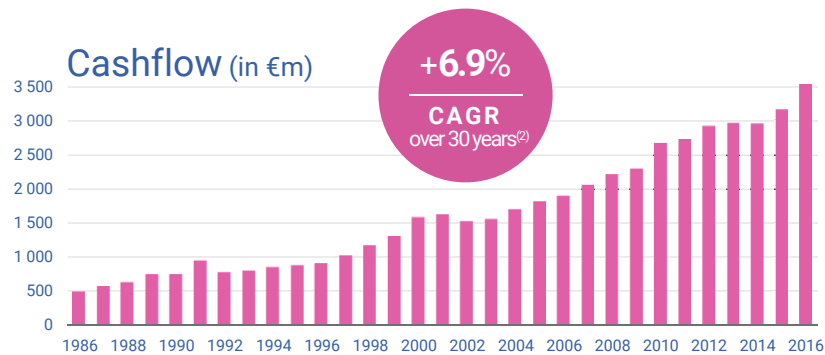
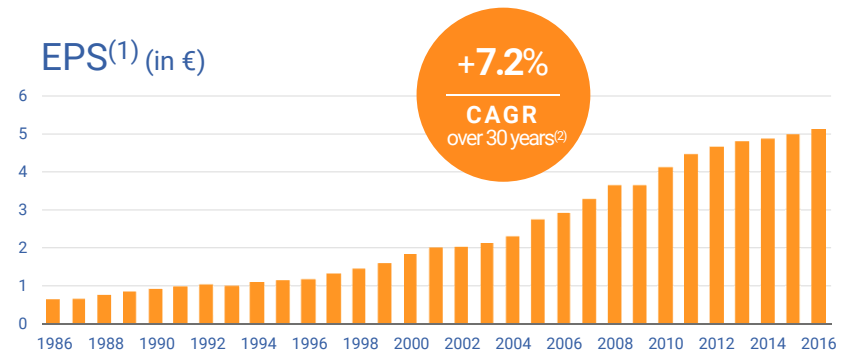
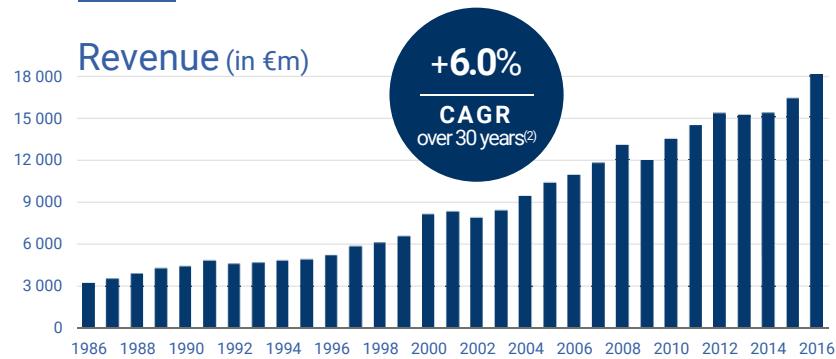
Financing Structure

As of 31 December 2016



(1) Others: Finance leases and put options granted to minority shareholders.

Regular and Sustained Performance



(1) Adjusted for the 2-for-1 share split in 2007, for attribution of free shares and for a factor of 0.974 reflecting the value of the rights of the capital increase completed in October 2016. (2) Calculated according to prevailing accounting rules over 30 years.

For further information, please contact:

Investor Relations

Aude Rodriguez ☎ + 33 (0)1 40 62 57 08

Louis Laffont ☎ + 33 (0)1 40 62 57 18

Erin Sarret ☎ + 33 (0)1 40 62 57 37

Jérôme Zaman ☎ + 33 (0)1 40 62 59 38

Joseph Marczely ☎ + 1 610 263 8277

Communication

Anne Bardot ☎ + 33 (0)1 40 62 50 93

Annie Fournier ☎ + 33 (0)1 40 62 51 31

www.airliquide.com

Follow us on Twitter @AirLiquideGroup

L'Air Liquide S.A.

Corporation for the study and application of processes developed by Georges Claude au capital de 2 138 509 373,00 euros

Corporate Headquarters:

75, Quai d'Orsay

75321 Paris Cedex 07

Tel : +33 (0)1 40 62 55 55

RCS Paris 552 096 281