PRESS RELEASE
AND ACTIVITY REPORT

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2018 Results: Strong growth and improvement in all performance indicators

Key Figures (in millions of euros)	FY 2018	2018/2017 as published	2018/2017 comparable [(a)]
Group Revenue	**21,011**	**+3.3%**	**+6.1%**
Gas & Services Revenue	*20,107*	*+2.4%*	*+5.2%*
Operating Income Recurring (OIR)	**3,449**	**+2.5%**	**+7.6%**
Group OIR Margin	16.4%		
Variation excluding energy	*+10 bps*		
Gas & Services OIR Margin	18.3%		
Variation excluding energy	*+30 pbs*		
Net Profit (Group Share)	2,113	+4.2% [(b)]	+ 8.7% [(c)]
Earnings per Share (in euros)	**4.95**	**+4.0% [(b)]**	
2018 proposed Dividend per Share (in euros)	**2.65**	**+0.0%**	
Net Cash Flow from Operating Activities	4,716	+10.9%	
Net Debt on 12/31/2018	€ 12.5 Bn	€ -0.8 Bn	
Return on Capital Employed after tax - ROCE	**8.0%**	**+ 30 bps [(d)]**	**+ 60 bps [(e)]**

(a) Change excluding the currency, energy (natural gas and electricity) and significant scope impacts, see reconciliation in appendix. (b) Change compared to 2017 recurring net profit, excluding the exceptional items and the impact of the US tax reform that had no impact on cash flow in 2017. (c) Change compared to 2017 recurring net profit and excluding currency. (d) Change compared to 2017 recurring ROCE. (e) Change compared to 2017 recurring ROCE and excluding currency.

Commenting on the results for 2018, Benoît Potier, Air Liquide Chairman and CEO, stated:

"2018 was a particularly strong year, whether we are looking at sales growth to 21 billion euros and the rise in net profit to 2.1 billion euros or the efficiencies and synergies achieved as well as the high level of industrial investment decisions.

Sales growth is the highest since 2011. All activities/businesses are growing, in particular Gas & Services activities, which account for 96% of the Group's revenue, with the last quarter particularly dynamic in Electronics and Industrial Merchant. From a geographic perspective, growth was also seen across the board, especially for the Americas and Asia Pacific, particularly China.

The Airgas synergies are achieved a year ahead of schedule, confirming that the integration is now successfully completed. In addition, operating efficiency objectives were surpassed, contributing to the improved operating margin in Gas & Services, excluding the energy impact. As of 2019, the annual efficiency objective is raised to 400 million euros for the Group, which is 100 million euros more than the objective initially announced in the NEOS program.

Cash flow grew and contributed to a significant reduction in the debt ratio, to 69%. The Group's balance sheet is strong and its ROCE improved, reaching 8.3% excluding the currency impact, in line with the NEOS objective.

In a context where industrial opportunities remain substantial, the Group's investment decisions reached more than 3 billion euros. Investment backlog amounted to 2.2 billion euros, supporting future growth.

Accordingly, assuming a comparable environment, Air Liquide is confident in its ability to deliver net profit growth in 2019, calculated at constant exchange rate."

2018 Highlights

- **Developments for industry**: Signature of new long-term contracts for the construction of hydrogen production units (South Korea, Benelux) and two airgas units (Russia); supply of oxygen for a strategic customer from the Group's network in the United States; entry into the Kazakhstan market; record year for Electronics with, in particular, nine ultra-pure nitrogen supply investments and excellent reception of the enScribe™ offering; ramp-up of the world's largest airgas unit (South Africa).
- **New acquisitions in Healthcare**: In the Saudi Arabian home healthcare sector and investment in EOVE, a French startup specializing in connected portable ventilators.
- **Innovation**: Inauguration of the Paris Innovation Campus on the "Plateau de Saclay", which gathers the Group's largest R&D center, business experts and a deep-tech startup accelerator in a single place.
- The Group announces its **Climate objectives** with a commitment to low carbon growth and a 30% reduction in its carbon intensity between 2015 and 2025. Signature of a contract to buy 50 megawatts (MW) of renewable electricity from wind farms.
- **Hydrogen Energy**:
  - Mobility: Announcement of the construction of the **first world-scale liquid hydrogen production unit** in the United States;
  - Technological advancement with the inauguration of a pilot electrolyzer in Denmark for the production of carbon-free hydrogen;
  - New partnership in China and Japan to foster Hydrogen development;
  - **Hydrogen Council**: 54 global multinationals are members of the Council, co-chaired by Benoît Potier.
- Development of the **biomethane** market with the commissioning of 5 new production units (United States, France, United Kingdom) and new investment decisions in Northern Europe and in the United States.

Group revenue for 2018 stood at **21,011 million euros**, up **+6.1%** on a comparable basis and above the high end of the NEOS target range. It was supported by high Gas & Services sales growth, **+5.2%**, increasing sequentially, an improvement in Engineering & Construction (**+31.5%**) and strong growth in Global Markets & Technologies (**+29.6%**). The negative currency impact of -3.6% in 2018 eased over the year, mainly due to a stronger US dollar against the euro. The energy impact, which was negative during the 1st quarter, turned positive as of the 2nd quarter, and reached +1.3% over the year. The sale of the Airgas Refrigerants business at the end of 2017 led to a significant scope impact of -0.5% in 2018. Published Group revenue was therefore up +3.3% over 2018.

Gas & Services revenue reached **20,107 million euros** in 2018, up **+5.2%** on a comparable basis. All zones contributed to the growth.

- Gas & Services revenue in the **Americas** totaled **7,982 million euros** in 2018. Growth, which continued to improve quarter-on-quarter, stood at **+5.2%** for the year. Large Industries activity level was high (+5.4%) in both air gases and hydrogen. Industrial Merchant sales posted strong growth (+4.6%) with a high price impact. Healthcare revenue continued to improve markedly (+8.2%), despite a limited contribution from bolt-on acquisitions. Electronics posted revenue growth of +6.7% over the year.
- Revenue in the **Europe** zone totaled **7,111 million euros**, up **+2.5%** over the year. Large Industries sales improved (+1.9%) in particular in air gases. Growth was solid in Industrial Merchant (+3.2%), with price impacts increasing throughout the year. Healthcare continued its steady growth (+4.8%), mainly driven by organic sales growth.
- Revenue in the **Asia Pacific** zone totaled **4,359 million euros** in 2018, up **+8.2%**. In Large Industries, higher sales (+3.5%) benefitted from the ramp-up of units in the 1st half and from start-ups at the end of the year. Industrial Merchant was up markedly in the zone (+7.0%), especially in China. Electronics revenue posted record growth of +17.1%, with strong gas sales and exceptionally high Equipment & Installation sales.

- Revenue in the **Middle East and Africa** zone amounted to **655 million euros**, up **+15.5%** over the year. In Large Industries, 2018 sales benefited from the start-up in December 2017 of the largest Air Separation Unit in the world in South Africa. Business momentum remained high in Egypt.

Gas & Services revenue benefited from a strong contribution from all business lines. **Industrial Merchant** growth was solid, **+4.5%**, supported by high price impacts (+2.5%), which were stronger in the 2nd half (+3.1%) than in the 1st half (+1.9%). **Large Industries**, **+4.7%**, benefited in particular from a major start-up in South Africa in December 2017 and sustained demand in oxygen, notably in the Americas and Asia. Sales growth in **Healthcare** was strong, **+5.7%**, despite a limited contribution from bolt-on acquisitions. **Electronics** posted record growth of **+9.9%**, with a marked increase in Carrier Gases and Advanced Materials and exceptionally high Equipment & Installation sales.

Engineering & Construction revenue for 2018 totaled **430 million euros**, up **+31.5%** compared with 2017. It benefited from the gradual improvement in order intake seen since the beginning of 2017.

Global Markets & Technologies sales were up **+29.6%** in 2018 at **474 million euros**, the biogas activity being the main contributor to this growth.

The **additional Airgas synergies** in 2018 amounted to **76 million** US dollars and reached a **cumulated 290 million US dollars** since the acquisition. The **300 million-US dollar target of cumulated synergies is therefore reached in the 1st quarter of 2019, i.e., more than a year before initially planned**.

For the year, **efficiencies** amounted to **351 million euros**, largely above the NEOS company program's annual target of more than 300 million euros. The strong investment momentum in our customers' main markets led to an increase in investment opportunities for the Group and in the number of new long-term contracts signed. In this favorable environment for future growth and to ensure reaching the NEOS target of a ROCE in excess of 10% by 2021-2022, **the Group is significantly strengthening its efficiency program. As of 2019, the annual target for efficiencies is therefore set at more than 400 million euros**.

The Group's **operating income recurring (OIR)** reached **3,449 million euros** in 2018, +6.7% excluding the currency impact. The **operating margin (OIR to revenue)** stood at 16.4% and at **16.6% excluding the energy impact**, which corresponds to a **+10 basis point** improvement compared with 2017. Excluding the energy impact, the operating margin for **Gas & Services** increased by **+30 basis points** compared with 2017.

Net profit (Group share) amounted to **2,113 million euros** in 2018, up **+4.2%** compared with the "recurring" net profit for 2017 which excluded exceptional items and the impact of the US tax reform that had no impact on cash flow, and up **+8.7%** when also excluding the currency impact.

Cash flow from operating activities before changes in working capital requirement totaled 4,138 million euros and stood at **19.7% of Group sales**. It allowed in particular the financing of net industrial capital expenditures, which reached 2.2 billion euros, and the decrease of the debt-to-equity ratio, down from 80% at the end of 2017 to 68.8% at the end of 2018. **Gross industrial capital expenditures** represented **10.7% of sales**.

Industrial and financial investment decisions exceeded **3.1 billion euros**, a **+22%** increase compared with 2.6 billion euros in 2017. This was a record level excluding major acquisitions. Despite this particularly high level of investment decisions, the **12-month portfolio of investment opportunities** totaled **2.6 billion euros**, as of December 31, 2018, up **500 million euros** compared with 2017.

The **return on capital employed after tax (ROCE)** stood at **8.0%**, a **+30 basis point** increase compared with the recurring ROCE at the end of 2017 (7.7%). Excluding the currency impact, ROCE improved by **+60 basis points**. The Group confirmed the NEOS target of returning to a ROCE of above 10% by 2021-2022.

Moreover, for many years now, Air Liquide has been committed to a **sustained growth**, notably to limit its own CO_2 emissions as well as those of its customers. The Group presented on November 30, 2018 its **Climate objectives**, in particular the **30% reduction objective in its carbon intensity[1] between 2015 and 2025**, with a global approach that

[1] *In kg CO2 equivalent / € Operating income recurring before depreciation and amortization.*

includes its assets, its customers, and ecosystems. These objectives are the most ambitious of its sector and are in line with its NEOS company program.

The Air Liquide Board of Directors, which met on February 13, 2019, approved the audited financial statements for fiscal year 2018. 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 euros per share, stable compared to previous year. The ex-dividend date has been set for May 20, 2019, with payment set for May 22, 2019. In addition, the Board of Directors has decided to allot one free share for every 10 shares held in the second half of 2019. The allotment date is set for October 9, 2019.

The Board also approved the draft resolutions to be submitted to a vote by the shareholders at their annual meeting scheduled for May 7, 2019, including proposed reappointments of the following board members for a four-year term:

- Ms. Siân Herbert-Jones, member of the Company's Board of Directors since 2011 and Chairman of the Audit and Accounts Committee since 2015;
- Ms. Geneviève Berger, member of the Company's Board of Directors since 2015 and member of the Environment and Society Committee since 2017.

At the close of the Shareholders' Meeting of May 7, 2019, assuming these resolutions are approved, the Board of Directors will be composed of 12 members, of whom 11 are elected and one is an employee director. The Board will be made up of seven men and five women and will include six members who are foreign nationals.

In addition, the Board has set the remuneration of the executive officers, applicable to Mr. Benoît Potier as Chairman and CEO for 2018 and 2019, details of which will be published on the Air Liquide website. In compliance with the Sapin 2 Law, the shareholders are invited to vote on the 2018 remuneration elements of the Chairman and CEO and on the principles and criteria used for the determination of his compensation for 2019.