Air Liquide
creative oxygen

PRESS RELEASE

Paris, February 15, 2018

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** o/w Gas & Services	**€ 20,349 M** € 19,642 M	***+12.2%*** ***+13.3%***	***+2.9%*** ***+3.5%***
• **Operating Income Recurring** • **OIR margin**	**€ 3,364 M** **16.5%**	***+11.2%*** ***+70 bps***[2]	***+7.5%***
• **Net Profit (Group share)** • **Net Profit recurring**[3]	**€ 2,200 M** **€ 2,029 M**	***+19.3%*** ***+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** Recurring ROCE[3]	**8.2%** **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 exceptionals[1]."

[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 basis[2], 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.

CONTACTS

Media Relations
+33 (0)1 40 62 50 84

Investor Relations
Paris - France
+33 (0)1 40 62 50 87
Philadelphia - USA
+1 610 263 8277

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.

2017 Results

Extracts from the Management Report

2017 PERFORMANCE

2017 was marked by an acceleration in comparable sales growth during the second half and an improvement in operating performance which was reflected in an increase in operating margin and return on capital employed, and by a high level of cash flow.

Group revenue totaled **20,349 million euros** in 2017, up **+12.2%** as published, following the consolidation of Airgas sales over 12 months. Comparable growth stood at **+2.9%** and benefited from a marked step-up in Gas & Services sales growth throughout the year. The currency impact became strongly negative in the second half and stood at -1.6% for the year as a whole. The energy impact, at +1.5% for the year, eased significantly during the second half. **Gas & Services revenue** totaled **19,642 million euros**. Comparable growth, of **+3.5%** for the year, picked-up pace in the second half (+4.2%). Sales were up across all business lines, in particular Industrial Merchant (+3.8%) which enjoyed a strong recovery in growth quarter-by-quarter. Developing economies (+8.1%) and China in particular remained growth drivers.

The 2017 **operating margin** stood at **16.5%**, up **+70 basis points** compared with the adjusted 2016 operating margin and excluding the energy impact. Productivity efforts in 2017 generated **323 million euros of efficiencies** and **170 million US dollars of Airgas synergies**, 40 million US dollars more than the initial objective. **Net profit (Group share)** amounted to **2,200 million euros**, up **+19.3%**. Excluding the non-cash impacts of non-recurring items and the US tax reform, net profit (Group share) totaled **2,029 million euros**, up **+10.0%**. This “recurring” net profit will be the reference used to evaluate the 2018 performance.

Net cash flow after changes in working capital requirements was up **+15.1%** compared with 2016 and represented **20.9% of sales**, driven by a high level of operating cash flow and an improvement in working capital requirements. Net debt at December 31, 2017 reached 13,371 million euros, down 1,997 million euros compared with end-2016. The **debt-to-equity** ratio (gearing) stood at **80%** at the end of December 2017, down compared with 90% at the end of 2016.

The Group pursued its growth initiatives with **investment decisions** of **2.6 billion euros** compared with 2.2 billion euros in 2016. The increase is due to industrial decisions and reflects the momentum of the business in terms of biddings. **Gross industrial capital expenditure** represented **10.7% of sales** and was in line with the medium-term strategic plan.

The Board of Directors proposed a nominal **dividend** to be submitted to the Annual General Meeting of 16 May 2018 at **2.65 euros per share**. This represents a +12.4% increase taking into account the free share attribution in October 2017. The pay-out ratio is estimated at 53%.

Terms « published » and « comparable » used in this document refer to the definitions below:

- Published growth vs 2016 data is calculated in accordance with IFRS 5. Other Activities (Aqua Lung and Air Liquide Welding) are reported under "Net income from discontinued operations" in the 2016 and 2017 income statement. The 2016 Balance Sheet also presents Assets and Liabilities held for sale under a dedicated line.
- Adjusted 2016 revenue and operating income recurring are computed as if, on January 1st 2016, Airgas had been fully consolidated and the divestitures requested by the U.S. Federal Trade Commission completed, and Aqua Lung and Air Liquide Welding had been deconsolidated.
- Comparable growth: in 2017, Air Liquide communicates on a comparable variation based on 2016 adjusted data, excluding currency, energy (natural gas and electricity) and significant scope impacts.
- Reference to Airgas now corresponds to the Group's Industrial Merchant and Healthcare activities in the United States within the new scope, after the merger of Airgas and Air Liquide U.S. operations.

Unless otherwise stated, all variations in revenue and operating income recurring outlined below are on a comparable basis.

2017 Key Figures

(in millions of euros)	FY 2016	FY 2017	2017/2016 published change	2017/2016 comparable change [(a)]
Total Revenue	**18,135**	**20,349**	**+ 12.2 %**	**+ 2.9 %**
Of which Gas & Services	*17,331*	*19,642*	*+ 13.3 %*	*+ 3.5 %*
Operating income recurring	3,024	3,364	+ 11.2 %	+ 7.5 %
Operating income recurring (as % of revenue)	16.7%	16.5%	+70 bps[(g)]	
Other non-recurring operating income and expenses	36	(344)		
Net profit (Group share)	1,844	2,200	+ 19.3 %	
Adjusted earnings per share (in euros)[(b)]	**4.64**	**5.16**	**+ 11.2 %**	
Adjusted net dividend per share (in euros)[(b)]	**2.36**	**2.65 [(f)]**	**+ 12.4 %**	
Net cash flows from operating activities [(c)]	3,697	4,254	+ 15.1 %	
Net capital expenditure [(d)]	13,609	1,850		
Net debt	15,368	13,371		
Debt-to-equity ratio	90%	80 %		
Return On Capital Employed – ROCE after tax [(e)]	**7.8 %**	**8.2 %**		

(a) Comparable growth based on 2016 adjusted figures excluding the currency, energy and significant scope impacts.
(b) 2016 figures restated for the impact of the free share attribution on October 4, 2017.
(c) Cash flow from operating activities after changes in working capital requirements and other elements.
(d) Including transactions with minority shareholders.
(e) Return on capital employed after tax: see definition in appendix.
(f) Subject to the approval of the Annual General Meeting on May 16, 2018.
(g) Excluding energy, variation 2017 vs 2016 adjusted

2017 Highlights

INDUSTRIAL DEVELOPMENTS

Large Industries

- In early January 2017, Air Liquide and ArcelorMittal, signed long-term contracts for the supply of oxygen, nitrogen and argon to ArcelorMittal's production sites in Benelux and France.
- In January, Air Liquide announced having recently commissioned the largest hydrogen storage facility in the world. This underground cavern is located in Beaumont, Texas, in the Gulf Coast region of the U.S. This unique hydrogen storage cavern complements Air Liquide's robust supply capabilities along the Gulf Coast, offering greater flexibility and reliable hydrogen supply solutions to customers via Air Liquide's extensive Gulf Coast Pipeline System. This facility is 1,500 meters deep and nearly 70 meters in diameter and is capable of holding enough hydrogen to back up a large-scale steam methane reformer (SMR) unit for 30 days.
- Air Liquide inaugurated on January 26th in France, in the frame of the Connect project, an operation center that is unique in the industrial gas sector. It enables the remote management of production for 22 of the Group's production units in France, optimizing their energy consumption and improving their reliability. With "technological showcase" certification from the Industry of the Future Alliance, Connect represents an investment of €20 million. This project is based on the implementation of new digital technologies at French production sites and on the creation of new skills.
- In early April, Air Liquide and Oman Oil Refineries and Petroleum Industries Company (Orpic), Oman's national refining company, signed a long-term agreement for the supply of nitrogen to the Liwa Plastics Industries Complex (LPIC), a new plastics production complex including the country's first steam cracker Orpic is adding to its existing production facilities, in Sohar industrial port area in Oman. Investing around €20 million to build a state-of-the-art nitrogen production unit with a total capacity of 500 tons of nitrogen per day, Air Liquide will strengthen its leadership position in a key industrial area to support the growth of its customer Orpic.
- In early September, Air Liquide announced the signature of a new long term agreement with Pemex Transformación Industrial, a subsidiary of Petróleos Mexicanos (PEMEX), the state-owned oil & gas company, to supply hydrogen to PEMEX's refinery located at Tula de Allende, in the state of Hidalgo in the central region of Mexico. Through a €50 million investment for the take over and optimization of PEMEX's existing hydrogen production unit, this agreement will allow Air Liquide to supply 90,000 Nm3 per hour of hydrogen to PEMEX and to strengthen its presence in central Mexico.
- In mid-October, Air Liquide entered into a new joint venture with Sinopec in Beijing, for the takeover and optimization of three existing ASUs (Air Separation Units) and the building of a new nitrogen unit, for a total investment of 40 million euros. In the third quarter 2017, Air Liquide also commissioned a new state-of-the-art ASU for the supply of oxygen and nitrogen to Sinopec in South China.
- Air Liquide recently signed a long-term contract with Kumho Mitsui Chemical Inc (KMCI), a major chemical group in South Korea, according to which Air Liquide will increase its supply to this customer of both hydrogen and carbon monoxide at the Yeosu industrial complex. Air Liquide will invest around €100 million to build a new state-of-the-art hydrogen production unit that will be integrated into its existing piping system in the industrial basin. The unit is expected to start in 2020 and strengthens the Group's leadership position in a key industrial area of South Korea.

Industrial Merchant

- In June 2017, Air Liquide signed new supply contracts covering periods of 10 to 15 years with three major Chinese fiber optics manufacturers. In the frame of these new contracts with Futong Group Communication Technology, Yangtze Optical Fibre, and Zhongtian Technology Fine Materials, Air Liquide will supply a total exceeding 6,000 Nm3 per hour of hydrogen and 4,000 Nm3 per hour of nitrogen via on-site generator solutions, together with bulk oxygen, helium, argon and carbon dioxide. Air Liquide will thus support the further development of China's fiber optics industry.

Electronics

- 2017 was a record year for the Electronics activity of Air Liquide in Asia: the Group announced the signature of several new long-term contracts with major electronics manufacturers in China, as well as Japan and Singapore. Air Liquide will invest more than €150 million euros in the region to supply ultra-pure carrier gases to its customers' new fabs which manufacture integrated circuits, memory, imaging sensors and flat panel displays for customer electronics and mobile devices.

Engineering & Construction

- In May 2017, Air Liquide Engineering & Construction signed a major contract amounting around €100 million to design and build three Air Separation Units (ASU) for Yankuang Group, one of the largest energy and chemical companies in China. Each of the ASUs will have a production capacity of 3,200 tonnes per day of oxygen, plus nitrogen for the production of methanol-based chemicals. All three ASUs will start operation in the second half of 2019.

DEVELOPMENTS IN HEALTHCARE

- In 2017, Air Liquide pursued its external growth strategy in Healthcare. The Group's subsidiary Seppic, designer and supplier of specialty ingredients for health and beauty, recently finalized the acquisition of the Serdex division of Bayer. This acquisition strengthens Seppic's footprint in natural active ingredients for cosmetics. The specialty active ingredients for cosmetics represent a global market over €900 million, of which natural active ingredients are a fast growing segment.
- The Group announced in January the acquisition of Oxymaster, a national home healthcare sector player in Colombia. Present in the Colombian market for almost 20 years, Oxymaster is specialized in home treatment and support for patients suffering from respiratory conditions (sleep apnea, Chronic Obstructive Pulmonary Disease, chronic respiratory failure). Oxymaster has more than 240 employees and serves over 21,000 patients. The company generated revenues of approximately €9 million in 2016.
- Air Liquide strengthens its position in home care for patients with diabetes and participates in the French artificial pancreas project. By signing a partnership with CERITD, the French Center for Studies and Research for the Intensification of Diabetes Treatment, at the request of physicians, Air Liquide's nurses will be able to help provide even more personalized follow-up for patients with diabetes treated at home. In addition, Air Liquide has acquired an equity stake in the French startup Diabeloop, which is developing an electronic artificial pancreas composed of an insulin pump in the form of a patch and a glucose sensor both connected. The investment made by Air Liquide in Diabeloop confirms the Group's commitment to digital technologies and healthcare, in the aim of helping patients achieve a better quality of life and care.
- In early September, Air Liquide announced the deployment of "Chronic Care Connect™", a remote monitoring solution in order to support remotely patients with chronic conditions at home using digital. Depending on the medical monitoring protocol prescribed by the physician, patients use one or more connected systems (blood pressure monitor, scale, pulse oximetry, glucose meter or ventilator, for example). Thanks to this technology, patients are monitored remotely on a daily basis with individualized support provided by Air Liquide nurses via a certified nursing center. This solution helps to improve their quality of life. As for their physicians, they have access to an operational solution that allows for preventive management of patient condition evolution. By avoiding hospitalization, the Air Liquide connected solution for the remote monitoring of patients also meets the challenges of healthcare costs control.
- At the end of September, Air Liquide expanded its healthcare business in Japan with the acquisition of Sogo Sangyo Kabushiki Kaisha ("SSKK"), a major Japanese player with a strong presence in the home healthcare and medical gases markets especially in the Tokyo region. Present in the Japanese market for 60 years, SSKK is specialized in the medical gases field serving more than 2,000 hospitals and clinics and home treatment for patients suffering from respiratory diseases. SSKK has more than 150 employees and generated revenue of

approximately €27 million in 2016. This acquisition increases the number of patients served at home by Air Liquide in Japan to reach 20,000.

PROJECTS IN INNOVATION AND TECHNOLOGY

- Air Liquide and 12 leading energy, transport and industry companies have launched in January, a global initiative, the "Hydrogen Council", to voice a united vision and ambition for hydrogen to foster the energy transition. In November 2017, at the COP23 in Bonn, the leaders of the Hydrogen Council (18 at the end of 2017) revealed the first ever globally quantified vision of the role of hydrogen. According to this study, developed with McKinsey's support, hydrogen is not only a key pillar of energy transition, but also has the potential to develop US $2.5tn of business, creating more than 30 million jobs by 2050 and contribute to roughly 20% of the CO_2 abatement required to limit global warming to two degrees Celsius.
- In March, Air Liquide completed the construction of two hydrogen charging stations in Japan. The Fukuoka Miyata and Kobe Shichinomiya stations are respectively the 4th and 5th hydrogen charging stations for public use in Japan.
- On December 7, 2017, Air Liquide and Group ADP inaugurated, at the Paris-Orly Airport, the first public hydrogen station installed in an airport zone in France. Designed and installed by Air Liquide with the support of Fuel Cells and Hydrogen Joint Undertaking ("FCH JU"), it promotes the deployment of "Hype", the world's first hydrogen-powered taxi fleet. This collective project is opening up a new clean mobility option in the Greater Paris Area. To date, more than 75 hydrogen charging stations have already been designed and installed by Air Liquide worldwide.

BOND ISSUE

- In March, a transaction, issued under the Group's €12 billion Euro Medium Term Note (EMTN) program, allowed the issuance of a €600 million bond with a 10-year maturity at a yield of 1.116%. Proceeds from this bond allowed the Group to refinance its two bonds maturing in June and July 2017, and to continue funding sustainably its long-term growth while benefiting from very attractive market conditions.

PORTFOLIO MANAGEMENT

- At the end of July 2017, Air Liquide announced that it had completed the sale of Air Liquide Welding, its subsidiary specialized in the manufacture of welding and cutting technologies, to Lincoln Electric France SAS, subsidiary of Lincoln Electric Holdings, Inc. ("Lincoln Electric"). Lincoln Electric is the world leader in design, development and manufacture of arc welding products, robotic arc welding systems, plasma and oxy-fuel cutting equipment. Air Liquide focuses on its Gas & Services activities following the acquisition of Airgas, as well as the implementation of its company program NEOS for the 2016-2020 period.
- On October 10th, Airgas completed the sale of Airgas-Refrigerants, Inc., its subsidiary specializing in the distribution, packaging and reclamation of refrigerant gases, to Hudson Technologies, Inc. Airgas-Refrigerants had a trailing 12-months revenue of US$142 million through the end of June 2017. The sale of this subsidiary is reflective of Airgas' focus on its core business.

NEW VISUAL IDENTITY

- The acquisition of Airgas and the launch of the NEOS company program for the 2016-2020 period mark a new milestone in the history of Air Liquide. The Group is transforming and is changing its visual identity with a new logo, the fifth since the company was founded 115 years ago. This new visual identity introduced in January 2017, which embodies the transformation of Air Liquide, is that of a leading Group, expert and innovative, that is close to its stakeholders and open to the world.

2017 Income Statement

REVENUE

Revenue *(in millions of euros)*	FY 2016	FY 2017	2017/2016 published change	2017/2016 comparable change
Gas & Services	17,331	19,642	+13.3%	+3.5%
Engineering & Construction	474	335	-29.3%	-28.1%
Global Markets & Technologies	330	372	+12.8%	+13.9%
TOTAL REVENUE	**18,135**	**20,349**	**+12.2%**	**+2.9%**

Group

Group revenue in 2017 totaled 20,349 million euros, up +12.2% as published compared to 2016, following the consolidation of Airgas sales for twelve months. Comparable growth was +2.9% and benefited from a marked acceleration in sales growth for Gas & Services throughout the year and developments in Global Markets & Technologies partially offsetting a low level of activity in Engineering & Construction. The currency impact turned sharply negative during the second half of the year, amounting to -1.6% for the full year due to the euro appreciating against the US dollar, the Japanese yen and the Chinese renminbi. The energy impact softened substantially between the first quarter (+2.7%) and the fourth quarter (+0.5%) to contribute +1.5% for the year.

Revenue by quarter *(in millions of euros)*	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Gas & Services	5,046	4,932	4,787	4,877
Engineering & Construction	53	93	75	114
Global Markets & Technologies	77	92	82	121
TOTAL REVENUE	**5,176**	**5,117**	**4,944**	**5,112**
2017/2016 Group published change	**+38.5%**	**+19.5%**	**-0.3%**	**-0.8%**
2017/2016 Group comparable change	**+ 1.5 %**	**+ 2.0 %**	**+ 3.5 %**	**+ 4.5 %**
2017/2016 Gas & Services comparable change	**+2.8%**	**+2.7%**	**+4.0%**	**+ 4.4 %**

Gas & Services

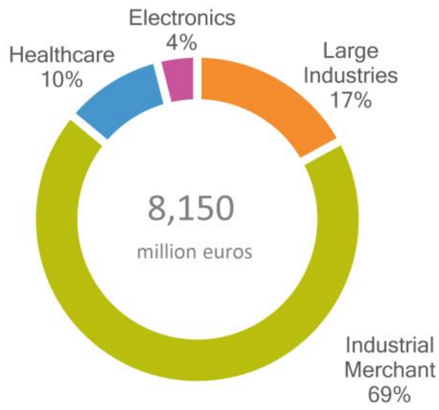
Gas & Services revenue totaled 19,642 million euros in 2017. Published sales growth, at +13.3%, benefited from the consolidation effect of Airgas sales for twelve months. During the fourth quarter, the disposal of Airgas' refrigerants activity had an unfavorable scope impact on sales. The currency impact was negative for the year at -1.6%, but was almost entirely offset by a positive energy impact (+1.5%). Comparable growth came to +3.5% in 2017, with a faster pace during the second half (+4.2%) than during the first half (+2.8%). Sales increased overall in every business line, and particularly in Industrial Merchant, which experienced a sharp recovery in growth gradually throughout the year (first quarter +2.6%, second quarter +3.1%, third quarter +4.3%, fourth quarter +5.3%).

(in millions of euros)	FY 2016	FY 2017	2017/2016 published change	2017/2016 comparable change
Americas	6,230	8,150	+30.8%	+3.9%
Europe	6,593	6,776	+2.8%	+1.3%
Asia-Pacific	3,936	4,081	+3.7%	+5.3%
Middle East & Africa	572	635	+11.0%	+10.3%
GAS & SERVICES REVENUE	**17,331**	**19,642**	**+13.3%**	**+3.5%**
Large Industries	5,037	5,336	+5.9%	+1.7%
Industrial Merchant	7,565	9,261	+22.4%	+3.8%
Healthcare	3,111	3,401	+9.3%	+5.0%
Electronics	1,618	1,644	+1.6%	+3.8%

Americas

2017 revenue for Gas & Services in the Americas zone totaled 8,150 million euros, up +30.8% as published following the consolidation of Airgas over the entire year and a very solid comparable growth at +3.9%. The fourth quarter reflected a high activity level in Large Industries and in Industrial Merchant, with sales catching-up slightly in particular after the hurricanes hit during the third quarter. In a more favorable economic environment, growth in Industrial Merchant sales improved gradually throughout the year. Healthcare continued to enjoy sustained growth in 2017, particularly in Canada and in South America.

Americas Gas & Services 2017 Revenue



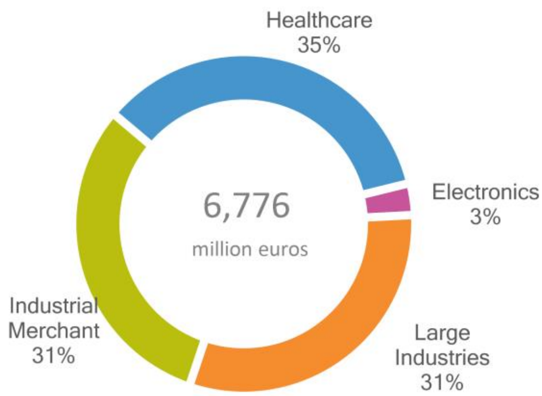
- Large Industries reported a +2.8% increase in sales in 2017. The strong growth during the fourth quarter (+4.7%) benefited in particular from a slight catch-up in sales after the hurricanes of the third quarter. In North America, oxygen volumes rose substantially over the year. In South America, demand for hydrogen contributed to the activity's development.
- In Industrial Merchant, 2017 was marked by a gradual and sustained pick-up in activity. Sales growth was +4.1% over the year and +6.1% during the fourth quarter. In North America, liquid gas and cylinder volumes as well as hardgoods sales posted a strong growth. In the United States, sales were up in almost all end-markets. In Canada, sales increased strongly in the Energy and Metal Fabrication sectors. Growth in South America remained dynamic and volumes continued to improve in Brazil. The price impact in the zone was +1.7%.
- Healthcare revenue rose +6.6% in 2017. Growth was solid in Canada, driven by bolt-on acquisitions in Home Healthcare. Business continued to develop in Latin America, where it benefited from a bolt-on acquisition in Colombia made at the beginning of the year.
- Electronics revenue posted a slight decline of -1.0% due to a weak level of Equipment & Installation sales.

Europe

Revenue in the Europe zone totaled 6,776 million euros, up +1.3% over the year. In Large Industries, volumes were solid even though sales were down, particularly due to the stoppage of activity in Ukraine in the first quarter and a high comparison basis in the fourth quarter of 2016. Growth maintained momentum in Industrial Merchant, especially during the second half of the year, despite an unfavorable working day impact. Healthcare continued its steady development, while the contribution of bolt-on acquisitions to growth remained limited.

- Down -3.4% over the year, revenue for Large Industries was penalized by the stoppage of activity in Ukraine in the first quarter as well as by an exceptional indemnity related to a customer contract in the fourth quarter of 2016, creating an unfavorable comparison effect in 2017. Without these two impacts, revenue growth would be slightly positive. Hydrogen volumes grew substantially due to a good activity level in the refineries, especially in Benelux. Sales in Eastern Europe continued their development.
- Revenue for Industrial Merchant rose +3.3% in 2017. The increase in sales during the second half of the year (+3.8%) was higher than during the first half (+2.7%) despite an unfavorable working day impact, confirming a solid recovery after several years without growth. Activity improved in all countries, particularly in Southern Europe (Iberia, Italy), Benelux and Eastern Europe (Poland, Russia). Liquid gas as well as cylinder volumes grew. Recovery was noticeable in all end-markets, and especially in Materials & Energy and Automotive & Manufacturing. The price impact became positive during the second quarter and came to +0.2% in 2017.

Europe Gas & Services 2017 Revenue



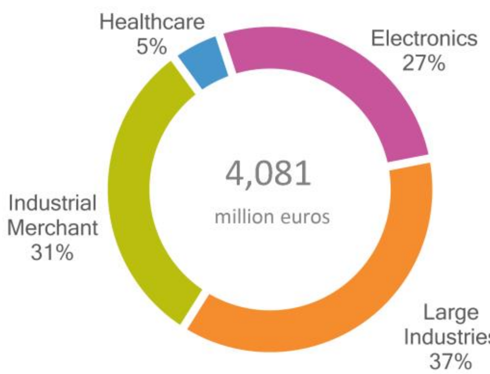
- Healthcare continued its steady growth, with sales up +3.8% and a limited impact from bolt-on acquisitions. The number of patients continued to increase in Home Healthcare. Sales in Hygiene and Specialty Ingredients grew significantly, strengthened by a bolt-on acquisition.

Asia Pacific

Revenue in the Asia-Pacific zone for 2017 totaled 4,081 million euros, up +5.3%, and was driven, in particular, by business momentum in China (> +10%). All business lines posted solid growth, stronger during the second half than the first. In Large Industries, the increase in revenue was driven by the start-up of new units and solid volumes. Industrial Merchant experienced a strong progression, in particular with very high growth in China since the second quarter. Electronics sales growth continued to accelerate throughout the year, reaching +12.2% during the fourth quarter.

- Large Industries sales increased +5.4% in 2017, driven by the start-up of two Air Separation Units (ASU) in China during the third quarter, a takeover and the ramp-up of a unit in Australia. Customer demand was very robust, particularly in China, South Korea and Singapore.
- Industrial Merchant revenue rose +3.3% over the year, with +4.7% recorded during the second half of the year. Performance was contrasted by country. In China, growth was more than +15% for the last three quarters, driven by a price increase (argon, in particular) and a rise in liquid gas and cylinder volumes. Revenue in Japan declined this year, particularly due to lower equipment sales compared to 2016. Business in Australia fell slightly in a

Asia Pacific Gas & Services 2017 Revenue



sluggish environment. The price impact strengthened to **+1.5%**; it was especially strong in China.

- **Electronics** revenue rose sharply **+5.8%** in 2017, with an acceleration of growth throughout the year, reaching +12.2% in the fourth quarter. After an unfavorable comparison impact in Equipment & Installation sales during the first half of the year, sales sharply increased during the second half. They benefited from good momentum in Advanced Materials, particularly in China, Taiwan and South Korea, start-ups in Carrier Gases, and strong Equipment & Installation sales during the fourth quarter of 2017.

Middle East and Africa

Revenue from the Middle East and Africa zone totaled **635 million euros**, up **+10.3%** in 2017. In Large Industries, sales benefited from the two large-scale hydrogen production units operating at full capacity in Yanbu, Saudi Arabia as well as the start-up at the end of the fourth quarter of the biggest Air Separation Unit (ASU) in the world in South Africa. In Egypt, production unit start-ups during the third quarter supported sales growth. Industrial Merchant improved in this zone during the fourth quarter. South Africa continued its sustained growth in Healthcare.

Engineering & Construction

Engineering & Construction revenue amounted to **335 million euros** in 2017, down **-28.1%** excluding the currency impact, due to the low level of order intake in 2016. However, sales gradually stabilized during the second half of the year and were up +3.0% during the fourth quarter.

Order intake reached **730 million euros** for the year, representing nearly twice the amount achieved in 2016. Around 70% of orders were for Air Separation Units (ASU). These mainly included Group projects and orders on behalf of third parties, in the Energy and Chemicals sectors in particular. The number of tenders continued to increase.

Global Markets & Technologies

Global Markets & Technologies revenue in 2017 was up **+13.9%** to **372 million euros**. This increase partially offset the decrease in Engineering & Construction revenue. Sales were particularly strong in the Maritime, Hydrogen Energy and Biogas sectors. They benefited from the contribution of an acquisition in Norway in Biogas and Liquefied Natural Gas sectors for industry and transportation.

Order intake amounted to **350 million euros** for the year.

OPERATING INCOME RECURRING

The **operating income recurring before depreciation and amortization** reached **5,142 million euros**, up **+11.5%** as published compared to 2016, and +13.4% excluding the currency impact. This increase reflected the consolidation of Airgas over all of 2017 as well as the improved performance over the year.

Purchases increased by +15.4%, at a higher rate than published sales growth of +12.2%: this difference was due to more trading activity at Airgas (hardgoods sales). Personnel costs also rose at a faster pace than sales (+13.1%), mainly due to the change in business mix. Indeed, Industrial Merchant, which now accounts for close to half of Group sales, requires more staff than other activities such as Large Industries. However, other expenses grew at a much slower pace (+6.7%), as Airgas' structure is lighter, for example without a Research & Development department.

Depreciation and amortization totaled **1,778 million euros**, up +12.0%. They went up slightly less rapidly than sales as the relative weight of Industrial Merchant, an activity that has a lower capital intensity than Large Industries, increased within the Group's business lines.

Over the year, **efficiencies** totaled **323 million euros** and were higher than the annual objective of 300 million euros of the NEOS program. They represent savings of 3.1% of the cost basis (excluding Airgas). More than 40% of these efficiencies came from industrial projects related in particular to reducing logistics costs, optimizing production unit operations and improving plant reliability by stepping up the integration of remote operations centers (Smart Innovative Operations, SIO). Savings on purchases accounted for more than one-third of the total efficiencies and were primarily related to the purchases of energy in Large Industries, molecules in Electronics and equipments in Home Healthcare in Europe. The balance of efficiencies mainly included administrative efficiencies and realignment plans in several countries and activities including Engineering & Construction.

Airgas synergies represent **215 million US dollars cumulatively** since the acquisition of Airgas in May 2016, and 170 million US dollars in 2017 alone – 40 million more than initial objectives. **Cost synergies** reached approximately 190 million US dollars cumulatively and materialized faster than anticipated. The savings made on Airgas purchases, as well as on the Group's purchases thanks to the scale effect of the Airgas integration, exceeded expectations. Synergies from integrating cylinder operations, with site closures and restructuring plans, were achieved faster than anticipated. **Growth synergies** totaled approximatively 25 million US dollars cumulatively and are in line with expectations. In total, cumulated synergies at the end of 2019 will be **higher than 300 million US dollars**., cost synergies at the end of 2017 being higher than initial objectives, some synergies materializing faster than anticipated. Growth synergies are ramping-up.

The Group's **operating income recurring (OIR)** reached **3,364 million euros** in 2017, a published increase of +11.2%, or +7.5% on a comparable basis compared to the 2016 adjusted OIR. At **16.5%**, the operating margin (operating income recurring to revenue) was up +40 basis points compared to the 2016 adjusted operating margin. **Excluding the energy impact**, it stood at 16.8%, or an improvement of **+70 basis point** compared to the 2016 adjusted operating margin, in line with the Group's objective to improve profitability.

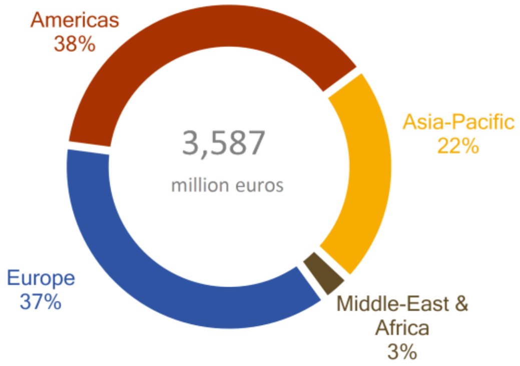
Gas & Services

Operating income recurring for Gas & Services amounted to 3,587 million euros, an increase of +10.8% as published compared to 2016. The operating margin as published was 18.3%. Excluding the energy impact, it stood at 18.5%, or a +60 basis points improvement compared to the 2016 adjusted operating margin.

In an environment where global inflation is limited, sales prices increased +0.6% for the year, thanks in particular to Industrial Merchant (+1.3%). Pressure on prices in Healthcare has continued, in particular in Europe.

Efficiencies totaled 297 million euros in 2017 for Gas & Services.

Gas & Services 2017 operating income recurring



Gas & Services Operating margin [a]	2016	2017
Americas	17.3%	16.8%
Europe	20.0%	19.3%
Asia-Pacific	18.5%	19.7%
Middle-East & Africa	19.9%	17.2%
TOTAL	**18.7%**	**18.3%**

(a) Recurring operating income/revenue, as published figures

Operating income recurring in the Americas zone reached 1,365 million euros, an increase of +26.8%. Excluding the energy impact, the operating margin was 16.9%, down -40 basis points compared to the 2016 margin as published, but up +120 basis points compared to the adjusted 2016 margin. Indeed, the change in business mix following the consolidation of Airgas, with reinforcement of the relative weight of Industrial Merchant, affected the margin by -160 basis points. The gradual recovery in the business, especially in Industrial Merchant, the efficiencies and synergies generated, supported a +120 basis point improvement in margin. The momentum is positive, with the margin substantially increasing between the first and second half of the year.

Operating income recurring in the Europe zone was 1,309 million euros, nearly stable compared to 2016. Excluding the energy impact, the operating margin came to 19.6%, down -40 basis points due to an exceptional indemnity related to a customer contract received at the end of 2016. Excluding this impact, the margin was up +10 basis points, with efficiencies offsetting an unfavorable business mix within the zone and continued pricing pressure in Healthcare in 2017.

In the Asia Pacific zone, operating income recurring amounted to 804 million euros, an increase of +10.2%. Excluding the energy impact, the operating margin amounted to 19.9%, a sharp increase of +140 basis points. This performance was driven by fast-growing volumes in Large Industries and Industrial Merchant, by price increases in Industrial Merchant, by a favorable business mix in Electronics with strong developments in Advanced Materials and Carrier Gases, and by a significant contribution from efficiencies.

Operating income recurring in the Middle East and Africa zone was 109 million euros, down -4.5% compared to 2016. Excluding the energy impact, the operating margin totaled 18.5%, a decrease of -140 basis points. The 2016 margin had benefited from an exceptional profit related to a customer indemnity received at the end of the year. In 2017, the dynamic business expansion in the zone and the high loading rate of the Yanbu production units in Saudi Arabia partially offset this impact.

Engineering & Construction

Operating income recurring for Engineering & Construction totaled **-23 million euros**, penalized by a low volume of activity in a difficult environment. The Group's mid-term target range for the margin remains between 5% and 10%.

Global Markets & Technologies

The operating income recurring of Global Markets & Technologies amounted to **42 million euros** and the operating margin to 11.3%, improving by +100 basis points compared to 2016. A portion of these activities is in start-up phase and the margin level, which depends on the nature of the projects carried out during the period, may vary rather significantly.

Research & Development and Corporate costs

Research & Development (R&D) and Corporate costs totaled **242 million euros**, down -4.6% compared to 2016.

NET PROFIT

Other operating income and expenses showed a **balance of -344 million euros**. They include -400 million euros in non-cash exceptional items following a strategic review of the asset portfolio as part of the NEOS program. After the review, it was decided to impair certain assets or to provision risks linked to the sustainability of some assets in various countries such as India, China or Fort Mc Murray in Canada. It also concerned some E&C assets as well as intangibles related to evolving technologies. Excluding these items, the contribution was a positive +56 million euros. It corresponds in particular to the balance of gains on several business disposals, including Airgas' refrigerants, integration costs of Airgas and costs related to realignment plans realized in different countries and businesses.

The **financial result of -489 million euros** was +21.4% higher as compared with 2016. Net finance costs in 2017 totaled -422 million euros and were up +8.4%, notably due to financing of the Airgas acquisition over 12 full months in 2017. Excluding currency, the increase was +8.2%. The **average cost of net debt** of **3.2%** rose slightly by +30 basis points compared to 2016 (2.9%). Indeed, in 2017, finance costs for the Airgas acquisition via long-term bonds were taken into account over twelve months. In addition, net financing of larger projects located in developing economies in local currency (particularly in China, Saudi Arabia and South Africa), where interest rates are higher, contributed to the increase in the average cost of net debt. The increase in "other financial income and expenses" (+54 million euros) largely related to fees from bank card payments following the consolidation of Airgas.

Taxes reached **207 million euros**, down -540 million euros. An exceptional non-cash gain of 586 million euros was recognized in 2017, mainly due to US tax reform (the US Tax Cuts and Jobs Act) signed into law on December 22, 2017. Lowering the US federal income tax rate from 35% to 21% generated a deferred tax saving whose positive impact was partially offset by the estimation of a provision related to the new onetime repatriation tax for reserves accumulated abroad by subsidiaries of US-based companies, the payment of which will be spread out over eight years. Due to these exceptional impacts, the effective tax rate came to 8.2%. Excluding these items, the tax charge would come out to **793 million euros**. **In 2018**, the US tax reform should reduce the Group's tax expenses by **50 to 70 million US dollars**, applied to **a recurring effective tax rate currently at 29.4%.**

The **share of profit of associates** amounted to **5 million euros**, compared to 7 million euros in 2016. The **share of minority interests** is up **+11.2%** and reached 92 million euros as the profit from subsidiaries with minority shareholders rose, particularly in Saudi Arabia.

Net profit from discontinued operations was **-37 million euros** and reflected the impact on the 2017 fiscal year of the disposal of Air Liquide Welding finalized in July.

Net profit (Group share) amounted to **2,200 million euros** in 2017, up **+19.3%.** Excluding the non-cash impacts of non-recurring items and the US tax reform, the net profit (Group share) totaled **2,029 million euros**, a **+10.0%** increase. This "recurring" net profit will be the reference used to evaluate the 2018 performance.

At **5.16 euros**, **net earnings per share as published** was up **+11.2%** compared to 2016. The growth of net earnings per share as published was less than the net profit (Group share) due to the October 2016 capital increase. Excluding the non-cash exceptional items mentioned above, net earnings per share amounted to **4.76 euros**, a growth of +2.6% after taking into account the capital increase. Please note that net earnings per share for previous fiscal years was restated for the free share attribution carried out in October 2017. The average number of outstanding shares used to calculate net earnings per share as of December 31, 2017 was **426,409,142**.

Change in the number of shares

	2016	2017
Average number of outstanding shares [(a)]	**397,747,479**	**426,409,142**
Number of shares as of December 31, 2016		388,875,761
Options exercised during the year, prior to the free share attribution		462,734
Cancellation of treasury shares		(1,100,000)
Free shares issued		39,814,353
Options exercised during the year, after the free share attribution		344,702
Number of shares as of December 31, 2017		**428,397,550**

(a) Used to calculate net earnings per share and adjusted in 2016 for the free share attribution that took place on October 4, 2017.

DIVIDEND

At the Annual General Meeting on May 16, 2018, the payment of a dividend of **2.65 euros per share** will be proposed to shareholders for fiscal year 2017. This represents a **+12.4%** increase taking into account the free share attribution that took place on October 4, 2017. The total estimated pay-out taking into account share buybacks and cancellations would amount to **1,162 million euros**, representing a **pay-out ratio of 53%** as published or 57% of "recurring" net profit. The ex-dividend date is scheduled for May 28, 2018 and the payment is scheduled for May 30, 2018.

2017 Cash Flow and Balance Sheet

(in millions of euros)	**2016**	**2017**
Cash flow from operating activities before change in working capital	3,523	**4,133**
Change in working capital requirement	331	188
Other items	(158)	(67)
Net cash flow from operating activities	**3,696**	**4,254**
Dividends	(1,019)	(1,099)
Purchases of property, plant and equipment and intangible assets, net of disposals [a]	(13,609)	(1,850)
Increase in share capital	3,361	70
Purchase of treasury shares	4	(158)
Impact of exchange rate changes and net indebtedness of newly consolidated companies & others	(563)	780
Change in net indebtedness	**(8,129)**	**1,997**
Net indebtedness as of December 31	(15,368)	(13,371)
Debt-to-equity ratio as of December 31	**90%**	**80%**

(a) Including transactions with minority shareholders

NET CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities before changes in working capital requirements totaled 4,133 million euros, up +17.3% as compared with 2016, and stood at 20.3% of Group sales.

Net cash flow from operating activities after changes in working capital requirements amounted to 4,254 million euros, up +15.1% as compared with 2016 and reached 20.9% of sales. This improvement is the result of measures taken to reduce working capital requirements.

CHANGES IN WORKING CAPITAL

The working capital requirements (WCR) decreased by -188 million euros in 2017. This improvement primarily came from Gas & Services; it was mainly due to a reduction in trade receivables, through factoring measures and a decrease in payment delays of certain customers, which more than offset the increase in inventory. The decrease in WCR for Engineering & Construction, which was due to a decline in activity, was more than offset by the increase in WCR of Global Markets & Technologies, where sales benefitted from good momentum. The working capital requirements excluding tax came to 6.4% of sales, down compared with the ratio of 7.2% of 2016 adjusted.

CAPITAL EXPENDITURE

In 2017, gross capital expenditures totaled 2,327 million euros, including transactions with minority shareholders.

(in millions of euros)	Industrial investments	Financial investments[(a)]	Total capital expenditures[(a)]
2011	1,755	103	**1,858**
2012	2,008	890	**2,898**
2013	2,156	401	**2,557**
2014	1,902	273	**2,175**
2015	2,028	395	**2,423**
2016	2,259	12,180	**14,439**
2017	**2,183**	**144**	**2,327**

(a) Including transactions with minority shareholders

Proceeds from the sale of fixed assets, for a total of 477 million euros, mainly related to the disposals of Air Liquide Welding and Airgas's refrigerants business.

Net capital expenditure, including the buyout of minority interests, amounted to 1,850 million euros.

Industrial investments

Gross industrial capital expenditures for the Group amounted to 2,183 million euros in 2017, down -3.4% compared with 2016. They represented 10.7% of sales. For Gas & Services, these expenditures totaled 1,931 million euros and their geographical split is described below.

	Gas & Services				
(in millions of euros)	Europe	Americas	Asia Pacific	Middle East and Africa	Total
2016	566	737	599	155	**2,057**
2017	**578**	**690**	**509**	**154**	**1,931**

Financial investments

Financial investments amounted to 144 million euros, including minority interest transactions of 4 million euros.

NET INDEBTEDNESS

Net indebtedness as of December 31, 2017 reached 13,371 million euros, a significant decline of -1,997 million euros compared to the end of 2016 due to a very high level of net cash flow generated by operating activities in 2017. Currency and to a lesser extent scope impacts were also favorable and contributed -780 million euros. The debt-to-equity ratio (gearing) stood at 80% at the end of December 2017, a decline compared to 90% at the end of 2016.

ROCE

The return on capital employed (ROCE) after tax was 8.2%, a +40 basis point improvement compared to 2016. Excluding the non-cash impacts of exceptional items and the US tax reform on 2017 net profit, the ROCE amounted to 7.7%, an improvement of +80 basis points compared to adjusted 2016 ROCE (6.9%) taking into account the acquisition of Airgas over the entire year. The Group confirmed the NEOS objective of returning to a ROCE above 10% by 2021/2022.

INVESTMENT CYCLE AND FINANCING STRATEGY

The Group's steady long-term growth is largely due to its ability to invest in new projects each year. Investment projects in the industrial gas business are spread throughout the world, highly capital intensive and supported by long-term contracts, in particular for Large Industries. Air Liquide has thus tailored its financing strategy to the nature of its projects, based on the diversification of funding sources, the prudent management of the balance sheet and innovative financing methods. This financing strategy is fundamental for the Group's continued development.

Investments

INVESTMENT OPPORTUNITIES

The **12-month portfolio of opportunities** totaled **2.1 billion euros**, as of December 31, 2017, down -100 million euros compared to the end of 2016. It is stable since the end of June 2017, new projects entering the portfolio offsetting those signed by the Group, awarded to the competition or delayed.

Developing economies accounted for nearly 40% of 12-month portfolio, a decline compared to the breakdown as of June 30, 2017, due in particular to substantial activity in North America. The Americas remained the first geographic zone for investment opportunities, followed by Europe, then Asia. This breakdown of the portfolio of opportunities is close to the breakdown of Group sales.

Around half of the investment opportunities corresponded to projects with investments of less than 50 million euros, and only a few projects were greater than 100 million euros. The smallest size projects contribute to a better distribution of risk.

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

(in billions of euros)	Industrial investment decisions	Financial investment decisions (acquisitions)	Total investment decisions
2012	2.0	0.9	**2.9**
2013	2.2	0.5	**2.7**
2014	1.9	0.2	**2.1**
2015	1.9	0.5	**2.4**
2016	2.0	12.2	**14.2**
2017	**2.4**	**0.2**	**2.6**

In 2017, **industrial and financial investment decisions** reached **2.6 billion euros** compared to 2.2 billion euros in 2016 excluding the Airgas acquisition.

Industrial decisions represented **more than 90%** of this amount and were greater than in 2016 excluding the acquisition of Airgas. Industrial Merchant represented a third of investment decisions, Large Industries nearly 30%, Healthcare and Electronics close to 15%, with the remainder in Global Markets & Technologies. These decisions concerned projects located for almost 40% in the Americas, a third in Europe, nearly a quarter in Asia and the remainder in Middle East and Africa.

Financial investment decisions reached approximately **180 million euros** in 2017 and were almost stable compared to 2016. They mainly involved bolt-on acquisitions in Healthcare, in Industrial Merchant and in Global Markets & Technologies.

The investment backlog amounted to 2.1 billion euros, stable compared with the end of 2016. The investment backlog should lead to a future contribution to annual revenue of approximately 0.8 billion euros per year after the plants are fully ramped up.

START-UPS

In 2017, 19 new production units started up, including a major Air Separation Unit in South Africa for the customer Sasol at the end of December. Start-ups are broken down between ten units in Asia, including eight in China, three units in Middle-East and Africa, three units in the Americas and three units in Europe.

As a result, for 2017, the contribution of unit ramp-ups and start-ups to sales reached 190 million euros, slightly higher than the latest forecasts. This contribution should be significantly higher in 2018, greater than 370 million euros, benefiting from numerous large unit start-ups at the end of the year in 2017 and during the first half of 2018.

Financing Strategy

The financing strategy is regularly reviewed to provide support to the Group's development and take into account changes in financial market conditions, while respecting a credit profile in line with Standard & Poor's and Moody's long term-minimum "A" rating. This credit profile depends on key ratios such as net debt to equity and cash flow from operating activities before change in working capital requirements to net debt.

Following the acquisition of Airgas in 2016, Air Liquide's long-term credit rating was downgraded two notches, from "A+" to "A-", by Standard & Poor's on May 24, 2016. At the time of this acquisition and the preparation of its funding, the decision was taken to add the long-term rating of a second rating agency, Moody's. Long-term rating from Moody's for Air Liquide is "A3", the equivalent of Standard & Poor's "A-". Moreover, the short-term ratings attributed to Air Liquide are "A2" for Standard & Poor's and "P2" for Moody's. Standard & Poor's, on July 7, 2017, and Moody's, on May 19, 2017, confirmed their ratings and have maintained their stable outlook.

In 2017, the existing principles of prudence were maintained:

- pursuing the diversification of financing sources and spreading of debt maturities in order to minimize refinancing risk;
- backing commercial paper issues with confirmed credit facilities;
- hedging interest rate risk to ensure visibility of financing costs, in line with long-term investment decisions;
- funding investments in the currency of the operating cash flows, to ensure a natural currency hedging;
- a permanent centralization of funding and excess cash through Air Liquide Finance, a wholly-owned entity of L'Air Liquide S.A.

DIVERSIFYING FINANCING SOURCES

Air Liquide diversifies its financing sources by accessing various debt markets: commercial paper, bonds and banks.

Air Liquide uses the short-term commercial paper market, in France, through two French Commercial Paper programs of up to an outstanding maximum of 3 billion euros each, and in the United States through a US Commercial Paper program (USCP) of up to an outstanding maximum of 2 billion US dollars.

Air Liquide also has a Euro Medium Term Note (EMTN) program to issue long-term bonds of up to an outstanding maximum amount of 12 billion euros. As of the end of 2017, outstanding bonds issued under this program amounted to 7.9 billion euros (nominal amount). The Group's EMTN program allows, in particular, for bonds to be issued in the principal currencies (euro, US dollar, Japanese yen) as well as in other currencies (Chinese renminbi, Swiss franc, pound sterling and ruble).

Thus, in March 2017, under its EMTN program, the Group conducted a public bond issue for an amount of 600 million euros. This issue enabled the Group to meet its financing needs.

As of December 31, 2017, funding through capital markets accounted for 90% of the Group's total gross debt, for an amount of bonds outstanding of 13.3 billion euros, across all programs, and 0.2 billion euros of commercial paper. The total amount of bonds outstanding includes the Airgas issues for a total of 1.15 billion US dollars (equivalent to 1.0 billion euros), following the early redemption, on December 21, 2017, of the 400 million US dollars bond issue, issued on August 11, 2015.

The Group also raises funds through bank debt (loans and credit facilities).

To avoid liquidity risk relating to the renewal of funding at maturity, and in accordance with the Group's internal policy, the Group aims to limit its short-term debt maturities to an amount which is covered by committed credit facilities. As of December 31, 2017, the amount of bilateral credit facilities totaled 1.8 billion euros, the same amount as of December 31, 2016. In addition, the Group has a 1.3 billion euros syndicated credit facility reaching maturity in November 2020.

As of December 31, 2017, the amount of debt maturing in 2018 was 2.5 billion euros, compared to 2.0 billion euro to December 31, 2016. This evolution is related to the increase of the annual maturities after the Airgas acquisition, regarding several bonds, mainly in euro and in US dollar, maturing in 2018. These bonds will be partly renewed, in particular on the European capital market.

Net Indebtedness by Currency as of December 31

	12/31/2016	12/31/2017
Euro	25%	31%
US dollar	59%	52%
Japanese Yen	4%	3%
Chinese renminbi	5%	5%
Other	7%	9%
TOTAL	**100%**	**100%**

Investments are generally funded in the currency in which the cash flows are generated, creating a natural currency hedge. In 2017, US dollar debt decreased due, because of sales of non-strategic assets, along with a very high level of net cash flows. It also benefited from a favorable currency impact. The weighting between the euro and the US dollar has thus shifted slightly, in favor of the euro. Despite a higher average debt, the share of the debt denominated in Chinese renminbi remains stable at December 31, 2017. Debt denominated in Japanese yen has decreased due to lower funding requirements.

CENTRALIZATION OF FUNDING AND EXCESS CASH

To benefit from economies of scale and facilitate capital markets financing (bonds and commercial paper), the Group uses a dedicated subsidiary, Air Liquide Finance. As of December 31, 2017, this subsidiary centralized the vast majority of the Group's financing transactions. It also hedges currency, interest rate and energy risk for the Group's subsidiaries in those countries where it is permitted by law.

In the countries where local regulations permit, Air Liquide Finance also centralizes cash flow balances through direct or indirect daily cashpooling of these outstanding balances or through term loans. When this method is not possible, there exist, nonetheless, local cashpoolings which allow periodic intercompany loans to Air Liquide Finance. In 2017, Air Liquide Finance included the Japanese yen and the Hong Kong dollar in its daily cashpooling.

As of December 31, 2017, Air Liquide Finance had granted, directly or indirectly, the equivalent of 15.6 billion euros in loans and received 4.9 billion euros in excess cash as deposits. These transactions were denominated in 25 currencies (primarily the euro, US dollar, Japanese yen and Chinese renminbi) and extended to approximately 220 subsidiaries.

Due to the currency matching within Air Liquide Finance, resulting from the currency hedging of intra-group loans and borrowings, these internal financing transactions do not generate a foreign exchange risk for the Group.

Furthermore, the purpose of the European Market Infrastructure Regulation (EMIR) covering OTC ("Over the Counter") derivatives is to improve the transparency of OTC markets and reduce the systemic risk of financial markets. It applies to all derivative transactions carried out by entities within the European Union.

Pursuant to this regulation which came into force in August 2012, Air Liquide Finance, the Group's centralizing entity for financial transactions, continues to be classified as a non-financial counterparty (NFC-), since the transactions were still below the clearing thresholds at the end of 2017. It is thus required to apply risk mitigation measures and report all its derivative transactions to the chosen trade repository, "DTCC", in accordance with the technical standards published by ESMA. The mandatory reporting arising from the 2010 Dodd-Frank Act of the United States is also centralized via the "DTCC".

Furthermore, in certain specific cases (e.g. regulatory constraints, high country risk, joint ventures, etc.), the Group limits its risk by setting up specific financing in the local banking market, and by using credit risk insurance.

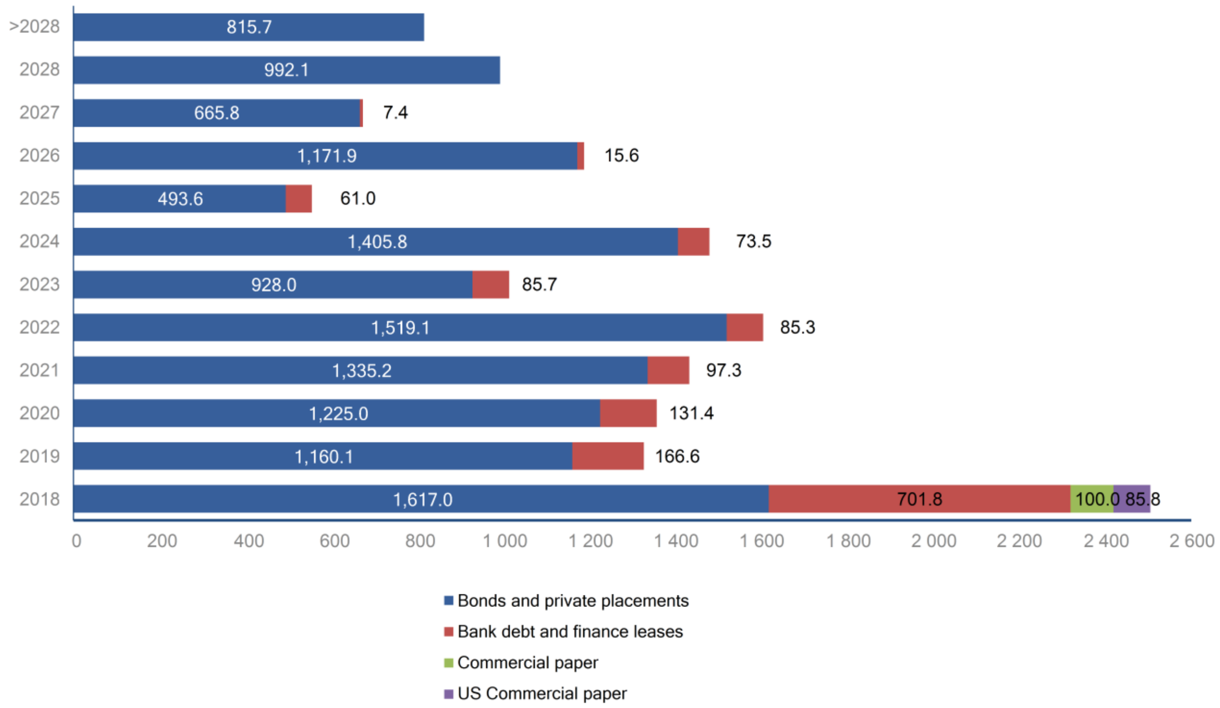
DEBT MATURITY AND SCHEDULE

To minimize the refinancing risk related to debt maturity schedules, the Group diversifies financing sources and spreads maturities over several years. This refinancing risk is also reduced by the regularity of the cash flow generated from Group activities.

The average of the Group's debt maturity is 6.2 years at December 31, 2017, stable compared to December 31, 2016.

The following chart represents the Group's debt maturity schedule. The single largest annual maturity represents approximately 17% of gross debt.

DEBT MATURITY SCHEDULE (IN MILLIONS OF EUROS)



BANK GUARANTEES

The Group's subsidiaries grant bank guarantees essentially in favor of Engineering & Construction and Healthcare customers either during the tender period (bid bond), or after contract award, during contract execution until the end of the warranty period (advance payment bond, retention bond, performance bond, and warranty bond).

The most common bank guarantees extended to customers to secure the contractual performance are advance payment bonds and performance bonds.

In the Group's ordinary course of business, certain subsidiaries are required to provide financial payment guarantees to secure rental or insurance obligations.

The projects, for which these guarantees are granted, are regularly reviewed by management and when guarantee payment calls become probable, the necessary provisions are recorded in the consolidated financial statements.

OUTLOOK

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 exceptionals[1].

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

APPENDICES

Currency, energy and significant scope impacts (year)

Applied method

In addition to the comparison of published figures, financial information is given excluding currency, natural gas and electricity price fluctuation and significant scope impacts.

- Since industrial and medical gases are rarely exported, the impact of currency fluctuations on activity levels and results is limited to euro translation impacts with respect to the financial statements of subsidiaries located outside the euro zone. **The currency effect** is calculated based on the aggregates for the period converted at the exchange rate for the previous period.

- In addition, the Group passes on variations in the cost of energy (electricity and natural gas) to its customers via indexed invoicing integrated into their medium and long-term contracts. This indexing can lead to significant variations in sales (mainly in the Large Industries Business Line) from one period to another depending on fluctuations in prices on the energy market.

  An energy impact is calculated based on the sales of each of the main subsidiaries in Large Industries. Their consolidation allows the determination of the energy impact for the Group as a whole. The foreign exchange rate used is the average annual exchange rate for the year N-1.

  Thus, at the subsidiary level, the following formula provides the energy impact, calculated for natural gas and electricity respectively:

  Energy impact = Share of sales index to energy year (N-1) x (Average energy price over the year (N) - Average energy price over the year (N-1))

  This indexation effect of electricity and natural gas does not impact the operating income recurring.

- **The significant scope effect** corresponds to the impact on sales of all acquisitions or disposals of a significant size for the Group. These changes in scope of consolidation are determined:
  - for acquisitions during the period, by deducting from the aggregates for the period the contribution of the acquisition;
  - for acquisitions during the previous period, by deducting from the aggregates for the period the contribution of the acquisition between January 1 of the current period and the anniversary date of the acquisition;
  - for disposals during the period, by deducting from the aggregates for the previous period the contribution of the disposed entity as of the anniversary date of the disposal;
  - for disposals during the previous period, by deducting from the aggregates for the previous period the contribution of the disposed entity.

(in millions of euros)	**Group**	**Gas & Services**
FY 2017 Revenue	**20,349**	**19,642**
2017/2016 published change (in %)	+ 12.2 %	+ 13.3 %
Significant perimeter impact (Refrigerant divestiture)	(19)	(19)
Currency impact	(311)	(301)
Natural gas indexation impact	243	243
Electricity indexation impact	52	52
2017/2016 adjusted comparable growth (in %)	**+2.9%**	**+3.5%**
FY 2017 Operating income recurring	**3,364**	**3,587**
2017/2016 published change (in %)	+ 11.2 %	+ 10.8 %
Significant perimeter impact (Refrigerant divestiture)	(6)	(6)
Currency impact	(62)	(60)
Natural gas indexation impact	-	-
Electricity indexation impact	-	-
2017/2016 adjusted comparable growth (in %)	**+7.5%**	**+7.2%**

The sale of Airgas refrigerants in October 2017 generated a significant scope effect. The 2017 revenue of the activity is broken down per quarter below:

(in millions of euros)	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**
Airgas refrigerants	35	36	26	1

Operating income recurring (OIR) and OIR Margin

(in millions of euros and %)	**FY 2016**	**FY 2016 Adjusted**	**FY 2017**	**FY 17/16**	**FY 17/16 Comparable**
Revenue	18,135	19,812	20,349	+12.2%	+2.9%
Operating income recurring	3,024	3,189	3,364	+11.2%	+7.5%
OIR margin	16.7%	16.1%	16.5%		+40 bps
OIR margin excluding energy effect			16.8%		+70 bps

Currency, energy and significant scope impacts (quarter)

In addition to the comparison of published figures, revenue for the fourth quarter 2017 is provided before currency, energy price fluctuations and significant scope impacts. As of January 1, 2015, the energy impact includes impacts of natural gas and electricity. In the future, it may also include other energy Large Industries feedstocks.

Since gases for industry and health are rarely exported, the impact of currency fluctuations on activity levels and results is limited to euro translation impacts with respect to the financial statements of subsidiaries located outside the Euro zone. Fluctuations in natural gas and electricity prices are passed on to customers through price indexation clauses.

Consolidated 2017 fourth quarter revenue includes the following impact:

(in millions of euros)	**Revenue Q4 2017**	**Q4 2017/2016 Change**	**Currency**	**Natural gas**	**Electricity**	**Significant scope (refrigerant)**	**Q4 2017/2016 Comparable change**
Group	5,112	-0.8%	(278)	23	(0)	(19)	+4.5%
Gas and Services	4,877	-1.1%	(273)	23	(0)	(19)	+4.4%

For the Group :

- the currency impact was -5.4% ;
- the impact of natural gas price fluctuations was +0.5%;
- the impact of electricity price fluctuations was neutral.

For Gas & Services :

- the currency impact was -5.6% ;
- the impact of natural gas price fluctuations was +0.5%;
- the impact of electricity price fluctuations was neutral.

4th Quarter 2017 Revenue

BY GEOGRAPHY

Revenue (in millions of euros)	Q4 2016	Q4 2017	Published change	Comparable change
Americas	2,003	1,931	-3.6%	+6.2%
Europe	1,767	1,748	-1.1%	-1.1%
Asia-Pacific	1,019	1,039	+2.0%	+7.8%
Middle-East & Africa	141	159	+12.4%	+23.5%
Gas & Services Revenue	**4,930**	**4,877**	**-1.1%**	**+4.4%**
Engineering & Construction	115	114	-0.7%	+3.0%
Global Markets & Technologies	111	121	+9.8%	+11.0%
GROUP REVENUE	**5,156**	**5,112**	**-0.8%**	**+4.5%**

BY WORLD BUSINESS LINE

Revenue (in millions of euros)	Q4 2016	Q4 2017	Published change	Comparable change
Large industries	1,388	1,356	-2.3%	+0.6%
Industrial Merchant	2,293	2,239	-2.3%	+5.3%
Healthcare	846	878	+3.7%	+6.7%
Electronics	403	404	+0.1%	+7.4%
GAS & SERVICES REVENUE	**4,930**	**4,877**	**-1.1%**	**+4.4%**

Geographic and Segment Information

(in millions of euros and %)	FY 2016 Revenue	FY 2016 Operating income recurring	FY 2016 OIR margin	FY 2017 Revenue	FY 2017 Operating income recurring	FY 2017 OIR margin
Americas	6,229.7	1,076.4	17.3%	8,149.8	1,365.2	16.8%
Europe	6,593.1	1,318.7	20.0%	6,775.5	1,309.3	19.3%
Asia-Pacific	3,936.2	729.6	18.5%	4,081.7	803.8	19.7%
Middle-East and Africa	572.0	114.1	19.9%	634.9	109.0	17.2%
Gas & Services	**17,331.0**	**3,238.8**	**18.7%**	**19,641.9**	**3,587.3**	**18.3%**
Engineering & Construction	473.8	5.1	1.1%	335.1	(23.4)	-7.0%
Global Markets & Technologies	330.0	33.9	10.3%	372.3	42.2	11.3%
Reconciliation	-	(253.9)	-	-	(242.3)	-
TOTAL GROUP	**18,134.8**	**3,023.9**	**16.7%**	**20,349.3**	**3,363.8**	**16.5%**

Consolidated Income Statement

Considering the disposals of Aqua Lung and Air Liquide Welding completed at the end of December 2016 and the end of July 2017 respectively, "Other activities" have been reallocated to "Net Profit from Discontinued Operations" in the 2016 and 2017 Income Statement, in accordance with IFRS 5.

In the same manner, "Other activities" have been reallocated to "Assets held for sale" and "Liabilities held for sale" on the balance sheet of 2016 (see next page).

(in millions of euros)	**2016**	**2017**
Revenue	**18,134.8**	**20,349.3**
Other income	173.9	221.5
Purchases	(6,692.8)	(7,720.8)
Personnel expenses	(3,659.4)	(4,138.3)
Other expenses	(3,345.3)	(3,570.0)
Operating income recurring before depreciation and amortization	**4,611.2**	**5,141.7**
Depreciation and amortization expense	(1,587.3)	(1,777.9)
Operating income recurring	**3,023.9**	**3,363.8**
Other non-recurring operating income	451.0	219.8
Other non-recurring operating expenses	(415.4)	(563.3)
Operating income	**3,059.5**	**3,020.3**
Net finance costs	(389.1)	(421.9)
Other financial income	17.6	32.5
Other financial expenses	(31.6)	(100.0)
Income taxes	(747.4)	(207.3)
Share of profit of associates	6.6	5.2
NET PROFIT FROM CONTINUING OPERATIONS	1,915.6	2,328.8
NET PROFIT FROM DISCONTINUED OPERATIONS	11.1	(37.2)
PROFIT FOR THE PERIOD	1,926.7	2,291.6
- Minority interests	82.7	92.0
- Net profit (Group share)	**1,844.0**	**2,199.6**
Basic earnings per share (in euros)	**4.64**	**5.16**
Basic earnings per share from continuing operations (in euros)	**4.61**	**5.25**
Basic earnings per share from discontinued operations (in euros)	**0.03**	**(0.09)**

Note: earnings per share in 2016 were adjusted for the impact of the free share attribution on October 4, 2017.

(in millions of euros)	**2016**	**2017**
Net profit (Group share)	1,844.0	2,199.6
Non-cash non-recurring items	-	(170.7)
Net profit (Group share) excluding non-cash non-recurring items	**1,844.0**	**2,028.9**

Consolidated Balance Sheet

ASSETS (in millions of euros)	December 31, 2016	December 31, 2017
Goodwill	13,889.5	12,840.4
Other intangible assets	1,887.4	1,611.1
Property, plant and equipment	20,115.7	18,525.9
Non-current assets	**35,892.6**	**32,977.4**
Non-current financial assets	584.0	541.6
Investments in associates	134.2	128.2
Deferred tax assets	181.9	258.4
Fair value of non-current derivatives (assets)	60.1	130.5
Other non-current assets	**960.2**	**1,058.7**
TOTAL NON-CURRENT ASSETS	**36,852.8**	**34,036.1**
Inventories and work-in-progress	1,323.1	1,333.7
Trade receivables	3,115.0	2,900.0
Other current assets	697.5	863.5
Current tax assets	277.4	199.5
Fair value of current derivatives (assets)	53.2	38.4
Cash and cash equivalents	1,523.0	1,656.1
TOTAL CURRENT ASSETS	**6,989.2**	**6,991.2**
ASSETS HELD FOR SALE	**275.8**	**-**
TOTAL ASSETS	**44,117.8**	**41,027.3**

EQUITY AND LIABILITIES (in millions of euros)	December 31, 2016	December 31, 2017
Share capital	2,138.8	2,356.2
Additional paid-in capital	3,103.3	2,821.3
Retained earnings	9,767.4	9,077.3
Treasury shares	(111.7)	(136.5)
Net profit (Group share)	1,844.0	2,199.6
Shareholders' equity	**16,741.8**	**16,317.9**
Minority interests	**383.2**	**400.5**
TOTAL EQUITY	**17,125.0**	**16,718.4**
Provisions, pensions and other employee benefits	2,592.4	2,593.3
Deferred tax liabilities	2,378.2	1,807.7
Non-current borrowings	14,890.1	12,522.4
Other non-current liabilities	270.6	238.5
Fair value of non-current derivatives (liabilities)	233.7	2.3
TOTAL NON-CURRENT LIABILITIES	**20,365.0**	**17,164.2**
Provisions, pensions and other employee benefits	279.5	332.7
Trade payables	2,485.9	2,446.4
Other current liabilities	1,473.3	1,623.9
Current tax payables	144.3	194.2
Current borrowings	2,001.0	2,504.6
Fair value of current derivatives (liabilities)	63.0	42.9
TOTAL CURRENT LIABILITIES	**6,447.0**	**7,144.7**
LIABILITIES HELD FOR SALE	**180.8**	**-**
TOTAL EQUITY AND LIABILITIES	**44,117.8**	**41,027.3**

Consolidated Cash Flow Statement

(in millions of euros)	2016	2017
Operating activities		
Net profit (Group share)	1,844.0	2,199.6
Minority interests	82.7	92.0
Adjustments:		
• Depreciation and amortization	1,599.5	1,782.9
• Changes in deferred taxes [1]	105.2	(350.4)
• Changes in provisions	90.3	298.9
• Share of profit of associates	0.8	(0.2)
• Profit/loss on disposal of assets	(290.4)	4.5
• Net finance costs related to the acquisition of Airgas	91.1	105.7
Cash flows from operating activities before changes in working capital	**3,523.2**	**4,133.0**
Changes in working capital	331.0	188.3
Others	(157.7)	(67.3)
Net cash flows from operating activities	**3,696.5**	**4,254.0**
Investing activities		
Purchase of property, plant and equipment and intangible assets	(2,258.6)	(2,182.5)
Acquisition of consolidated companies and financial assets [2]	(12,165.3)	(140.4)
Proceeds from sale of property, plant and equipment and intangible assets	828.3	472.9
	1.3	4.3
Net cash flows used in investing activities	**(13,594.3)**	**(1,845.7)**
Financing activities		
Dividends paid		
• L'Air Liquide S.A.	(947.4)	(1,031.2)
• Minority interests	(71.6)	(67.6)
Proceeds from issues of share capital [2]	3,361.1	70.0
Purchase of treasury shares	3.8	(158.4)
Increase (decrease) in borrowings [2]	8,152.0	(1,085.4)
Transactions with minority shareholders	(14.4)	(4.4)
Net cash flows from (used in) financing activities	**10,483.5**	**(2,277.0)**
Effect of exchange rate changes and change in scope of consolidation	(30.6)	(46.1)
Net increase (decrease) in net cash and cash equivalents	**555.1**	**85.2**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**875.4**	**1,430.5**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,430.5**	**1,515.7**

(1) Changes in deferred taxes shown in the consolidated cash flow statement do not include changes in deferred taxes relating to disposals of assets.
(2) Including in 2016 the transaction flows related to Airgas.

The analysis of net cash and cash equivalents at the end of period as follows:

(in millions of euros)	December 31, 2016	December 31, 2017
Cash and cash equivalents	1,523.0	1,656.1
Bank overdrafts (included in current borrowings)	(92.5)	(140.4)
NET CASH AND CASH EQUIVALENTS	**1,430.5**	**1,515.7**

Net indebtedness calculation

(in millions of euros)	December 31, 2016	December 31, 2017
Non-current borrowings	(14,890.1)	(12,522.4)
Current borrowings	(2,001.0)	(2,504.6)
TOTAL GROSS INDEBTEDNESS	**(16,891)**	**(15,027.0)**
Cash and cash equivalents	1,523.0	1,656.1
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(15,368.1)**	**(13,370.9)**

Statement of changes in net indebtedness

(in millions of euros)	2016	2017
Net indebtedness at the beginning of the period	**(7,238.7)**	**(15,368.1)**
Net cash flows from operating activities	3,696.5	4,254.0
Net cash flows used in investing activities	(13,594.3)	(1,845.7)
Net cash flows used in financing activities excluding changes in borrowings	2,331.5	(1,191.6)
Total net cash flows	**(7,566.3)**	**1,216.7**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others	(563.1)	780.5
Change in net indebtedness	**(8,129.4)**	**1,997.2**
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(15,368.1)**	**(13,370.9)**

Return on Capital Employed – ROCE

Applied method

Return on capital employed after tax is calculated based on the Group's consolidated financial statements, by applying the following ratio for the period in question:

For the numerator: net profit - net finance costs after taxes for the period in question.

For the denominator: the average of (total shareholders' equity + net indebtedness) at the end of the past three half-years.

ROCE FY 2017 *(in millions of euros)*		**FY 2016 (a)**	**2016 (b)**	**FY 2017 (c)**	**ROCE Calculation**
	Profit for the period			2,291.6	2,291.6
	Net finance costs			-421.9	-421.9
	Group effective tax rate [a]			29.4%	29.4%
	Net financial costs after tax			-297.9	-297.9
	Profit for the period - Net financial costs after tax			2,589.5	**2,589.5**
Denominator ((a)+(b)+(c))/3	Total equity	17,125.0	16,049.0	16,718.4	16,630.8
	Net indebtedness	15,368.1	15,610.1	13,370.9	14,783.0
	Average of (total equity + net indebtedness)				**31,413.8**
ROCE					**8.2%**

ROCE FY 2016 *(in millions of euros)*		**FY 2015 (a)**	**2015 (b)**	**FY 2016 (c)**	**ROCE Calculation**
	Profit for the period			1,926.7	1,926.7
	Net finance costs			-389.1	-389.1
	Group effective tax rate			28.2%	28.2%
	Net financial costs after tax			-279.2	-279.2
	Profit for the period - Net financial costs after tax			2,205.9	**2,205.9**
Denominator ((a)+(b)+(c))/3	Total equity	12,770.8	12,329.7	17,125.0	14,075.2
	Net indebtedness	7,238.7	19,859.8	15,368.1	14,155.5
	Average of (total equity + net indebtedness)				**28,230.7**
ROCE					**7.8%**

(a) Group effective tax rate excluding significant events.

Excluding the non-cash impacts of exceptional items and the US tax reform on 2017 net profit, the ROCE amounted to 7.7%, an improvement of +80 basis points compared to adjusted 2016 ROCE (6.9%) taking into account the acquisition of Airgas over the entire year.