PRESS RELEASE
AND ACTIVITY REPORT

Paris, April 26, 2019

First quarter 2019:

Continued sustained growth and very active business development

Key Figures (in millions of euros)	Q1 2019	2019/2018 as published	2019/2018 comparable [a]
Group Revenue	**5,441**	**+8.6%**	**+5.0%**
of which Gas & Services	*5,237*	*+8.4%*	*+4.8%*
of which Engineering & Construction	*93*	*+ 7.6 %*	*+ 5.0 %*
of which Global Markets & Technologies	*111*	*+ 18.2 %*	*+ 15.9 %*

(a) Change excluding the currency, energy (natural gas and electricity) and significant scope impacts, see reconciliation in appendix.

Commenting on the first quarter of 2019, Benoît Potier, Chairman and CEO of Air Liquide, stated:

"Growth in the first quarter is sustained, in line with the performances of previous quarters. Sales reached 5.4 billion euros, up +9% as published and +5% on a comparable basis, reflecting the good performance of all of the Group's activities as well as the positive trend in exchange rates. Whether it is Gas & Services, Engineering & Construction, or Global Markets & Technologies, all activities are growing.

In Gas & Services, all business lines and geographies are growing, confirming a trend that began four quarters ago. Growth is particularly strong in Electronics and Healthcare. Geographically, Asia confirms its dynamism, with sales remaining strong, especially in China.

Efficiencies contributed 77 million euros in the first quarter and will ramp up, in the framework of a reinforced target of 400 million euros per year. Cash flow, meanwhile, remains solid.

After a record level reached in the fourth quarter of 2018, investment decisions for the first quarter of 2019 remain high at 900 million euros, a figure that includes the acquisition of Tech Air in the United States, an Industrial Merchant business. These investments will contribute to the Group's future growth.

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

Highlights of the 1st quarter

- **Innovation**: Inauguration in Japan of the new Tokyo Innovation Campus, a state-of-the-art center focused on **Electronics** but also on developing **climate and energy transition** driven solutions.
- **Hydrogen Energy** - Strategic investments in the production of low carbon hydrogen:
  - Acquisition of an 18.6% equity stake in the Canadian-based Hydrogenics Corporation, a specialist in equipment used to produce hydrogen through water electrolysis,
  - Announcement of the construction in Canada of the world's largest PEM (Proton Exchange Membrane) electrolyzer.
- **Industry**:
  - Acquisition by Airgas of Tech Air, a major distributor of industrial gases and welding supplies in the United States, reinforcing Airgas' distribution network,
  - Signature of a new long-term contract with Severstal (Russia) for the design and construction of a new air gas separation unit.
- **Healthcare**: Acquisitions in home healthcare in Switzerland, of Sleep & Health SA and Megamed AG, two historic players in this sector, which strengthen Air Liquide's position in this market in Europe.

Group revenue for the 1st quarter of 2019 totaled **5,441 million euros**, up **+8.6%** as published. The currency and energy impacts were positive over the quarter and stood at +2.9% and +0.7% respectively. Group revenue growth was therefore **+5.0%** on a comparable basis. This was driven by strong Gas & Services sales growth (**+4.8%**). Engineering & Construction continued to improve (**+5.0%**) and Global Markets & Technologies kept its strong growth momentum (**+15.9%**).

Gas & Services revenue reached **5,237 million euros** and posted an as published growth of +8.4%, benefiting from favorable currency and energy impacts of +2.9% and +0.7% respectively. Comparable sales were up by a strong **+4.8%**. All geographies grew and developing economies, in particular China, continued to progress rapidly (+16.0%).

- Gas & Services revenue in the **Americas** stood at **2,069 million euros**, up **+2.4%** during the 1st quarter of 2019, driven in particular by Healthcare and Electronics. Despite sustained volume growth, Large Industries was impacted by an unfavorable comparison effect. Industrial Merchant posted robust sales growth.
- Revenue in **Europe** totaled **1,829 million euros** over the quarter, up **+2.8%**. Large Industries sales were up, benefiting from strong demand for hydrogen from refiners but were impacted by weaker cogeneration activity when compared to the 1st quarter of 2018. Growth remained solid in Industrial Merchant with high pricing impacts. Healthcare continued its steady development, boosted by organic sales growth in Home Healthcare.
- Revenue in **Asia-Pacific** reached **1,194 million euros**, up **+13.2 %**. Sales growth in Large Industries benefited from several start-ups in the 4th quarter of 2018. Industrial Merchant was up markedly, in particular in China. Following record growth in the 4th quarter of 2018, Electronics maintained a significant increase in revenue during the 1st quarter of 2019.
- Revenue in the Middle East and Africa amounted to **145 million euros**, up **+3.8%** over the quarter with a much more limited contribution from the start-up of the world's largest Air Separation Unit in South Africa in December 2017.

All business lines contributed to the growth, notably Healthcare and Electronics. Growth in **Healthcare** continued at a sustained pace (**+5.4%**) despite the limited contribution from bolt-on acquisitions. Following record growth in the 4th quarter of 2018, **Electronics** maintained a significant increase in revenue during the 1st quarter of 2019 (**+13.7%**). Growth remained solid in **Industrial Merchant**, at **+2.8%**, despite an unfavorable working day impact. End markets remained well oriented overall and pricing impacts were high. **Large Industries** (**+5.1%**) benefited from several start-ups in Asia during the 4th quarter of 2018 and strong hydrogen demand in Europe and the Americas.

Engineering & Construction revenue totaled **93 million euros**, relatively stable compared to the 1st quarter of 2018. It continued to benefit from the gradual increase in order intake seen since the beginning of 2017, which now carries on at a more modest pace.

Global Markets & Technologies sales were up **+15.9%** at **111 million euros**, the biogas activity being the main contributor to this growth. Sales related to the Turbo-Brayton technology, which enables the refrigeration and liquefaction of gases for the maritime industry, also posted strong growth.

The Group's **efficiency gains** reached **77 million euros** in the 1st quarter. Many projects were launched at the end of 2018 and should bring an accelerated contribution over the next quarters to the annual objective now fixed at more than 400 million euros. Slightly more than 30% of efficiency gains contributed to the **Climate objectives**.

Cash flow from operating activities before changes in working capital requirements reached **1,107 million euros** in the 1st quarter. It stood at **20.3% of sales** and allowed in particular the financing of **net industrial capital expenditure**, which totaled 588 million euros and represented **10.8% of sales**, in line with the mid-term strategic plan.

Industrial and financial investment decisions totaled **862 million euros** in the 1st quarter of 2019, a significant increase compared with 565 million euros in the 1st quarter of 2018. They included, in particular, the Tech Air acquisition in the United States. The strong momentum of investment projects continued, the **12-month portfolio of investment opportunities** reached **2.7 billion euros** at the end of March 2019, an increase of approximately **100 million euros** compared with the end of 2018.

Analysis of 1st quarter revenue

Unless otherwise stated, all variations in revenue outlined below are on a comparable basis, excluding currency, energy (natural gas and electricity) and significant scope impacts.

REVENUE

Revenue *(in millions of euros)*	**Q1 2018**	**Q1 2019**	**2019/2018 published change**	**2019/2018 comparable change**
Gas & Services	4,831	5,237	+8.4%	+4.8%
Engineering & Construction	85	93	+7.6%	+5.0%
Global Markets & Technologies	94	111	+18.2%	+15.9%
TOTAL REVENUE	**5,010**	**5,441**	**+8.6%**	**+5.0%**

Group

Group revenue for the 1st quarter of 2019 totaled 5,441 million euros, up +5.0% on a comparable basis. This was driven by strong Gas & Services sales growth (+4.8%). Engineering & Construction continued to improve (+5.0%) and Global Markets & Technologies kept its strong growth momentum (+15.9%). The currency and energy impacts were positive over the quarter and stood at +2.9% and +0.7% respectively. Published Group revenue growth was therefore +8.6%.

Gas & Services

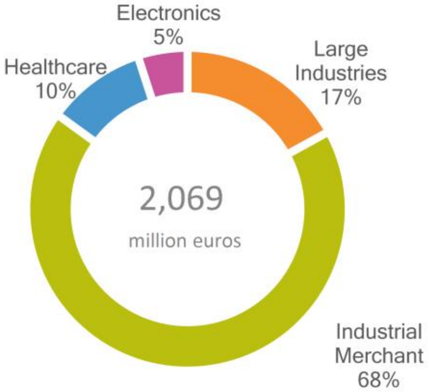
Gas & Services revenue for the 1st quarter reached 5,237 million euros and posted high comparable growth of +4.8%. All geographies grew and developing economies, in particular China, continued to progress rapidly (+16.0%). All business lines contributed to the growth, notably Healthcare and Electronics. Growth in Healthcare continued at a sustained pace (+5.4%) despite the limited contribution from bolt-on acquisitions. Following record growth in the 4th quarter of 2018, Electronics maintained a significant increase in revenue during the 1st quarter of 2019 (+13.7%). Growth remained solid in Industrial Merchant, at +2.8%, despite an unfavorable working day impact. End markets remained well oriented overall and pricing impacts were high. Large Industries (+5.1%) benefited from several start-ups in Asia during the 4th quarter of 2018 and strong hydrogen demand in Europe and the Americas. Sales as published were up by a strong +8.4%, benefiting from favorable currency and energy impacts of +2.9% and +0.7% respectively.

Revenue by geography and business line *(in millions of euros)*	**Q1 2018**	**Q1 2019**	**2019/2018 published change**	**2019/2018 comparable change**
Americas	1,901	2,069	+8.9%	+2.4%
Europe	1,753	1,829	+4.3%	+2.8%
Asia-Pacific	1,016	1,194	+17.5%	+13.2%
Middle East & Africa	161	145	-10.1%	+3.8%
GAS & SERVICES REVENUE	**4,831**	**5,237**	**+8.4%**	**+4.8%**
Large Industries	1,365	1,490	+9.1%	+5.1%
Industrial Merchant	2,208	2,365	+7.1%	+2.8%
Healthcare	850	897	+5.6%	+5.4%
Electronics	408	485	+19.0%	+13.7%

Americas

Gas & Services revenue in the Americas stood at 2,069 million euros, up +2.4% during the 1st quarter of 2019, driven in particular by Healthcare (+7.4%) and Electronics (+15.1%). Despite sustained volume growth, Large Industries (-0.8%) was impacted by an unfavorable comparison effect. Industrial Merchant posted robust sales growth of +1.6%.

Americas Gas & Services Q1 2019 Revenue



- Large Industries revenue was down slightly (-0.8%). In North America, the strong growth in hydrogen volumes was not sufficient to offset an unfavorable comparison effect with strong sales during the 1st quarter of 2018 due to weather-related surcharges. In Latin America, momentum was good, in particular in Colombia and Mexico.
- In Industrial Merchant, sales growth was robust (+1.6%) despite the impact of one less working day. In the United States, cylinders of specialty gases and liquid gas sales were up; those of hardgoods were stable. The majority of end markets remained well oriented, in particular Metal Fabrication. Construction improved at a more modest rate. In Canada, cylinder gas and hardgoods sales growth offset weaker liquid nitrogen volumes for oil exploration in Alberta. In South America, double-digit growth was driven in particular by markedly higher liquid nitrogen volumes in Brazil. Price impacts remained high at +3.8%.
- Healthcare revenue was up +7.4%, despite a limited contribution from bolt-on acquisitions. Growth was high in Medical gases in the United States, driven in particular by the development of proximity care and the success of cylinders with a digital interface. Business momentum continued in Latin America, in particular in Brazil, Argentina and Columbia, notably in Home Healthcare.
- Electronics sales were up +15.1%, with strong growth in all segments in particular Carrier Gases, Advanced Materials and Equipment & Installations. The success of the new enScribe™ offering for the etching of electronic chips contributed to the development of Advanced Materials. These new molecules also contributed to the reduction in the greenhouse gas emissions of integrated circuit manufacturers.

Europe

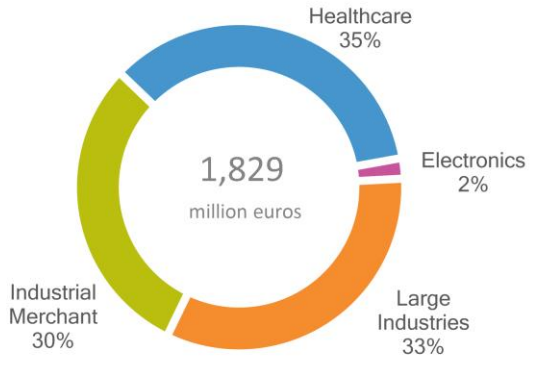
Revenue in Europe totaled **1,829 million euros** over the quarter, up **+2.8%**. Large Industries sales were up +0.9%, benefiting from strong demand for hydrogen from refiners but were impacted by weaker cogeneration activity when compared to the 1st quarter of 2018. Growth remained solid in Industrial Merchant (+3.3%) with high pricing impacts. Healthcare continued its steady development (+5.4%), boosted by organic sales growth in Home Healthcare.

- **Large Industries** revenue was up **+0.9%**. Hydrogen was up markedly, benefiting from high demand from refiners in the Benelux; air gases sales also contributed to growth, in particular in France and Germany. Cogeneration revenue was down compared with the very high sales seen during the 1st quarter of 2018. In the East, business continued to expand, in particular in Turkey with the start-up of a new Air Separation Unit during the 4th quarter of 2018 and in Kazakhstan with the acquisition of a hydrogen production unit from the national oil company during the 3rd quarter of 2018.

- **Industrial Merchant** sales posted strong growth (**+3.3%**) despite a slightly unfavorable working day impact. The majority of the region's countries contributed to this growth. End markets remained solid overall, except for Metallurgy. Eastern Europe continued to grow at a sustained pace, in particular in Poland and Russia. Price impacts continued to strengthen and reached **+3.2%**.

- **Healthcare** revenue, up **+5.4%**, continued its steady growth, benefiting from strong organic sales growth. Home Healthcare momentum remained very strong with, in particular, a marked increase in the number of patients with diabetes treated, notably in Scandinavia, Spain and France. Sales of Medical Gases for hospitals improved despite constant price pressure.

Europe Gas & Services Q1 2019 Revenue



Europe

- Air Liquide and PAO Severstal, a steel and mining company and long-term partner of the Group, have announced the signature, in March, of a new **long-term contract for the supply of oxygen, nitrogen and argon** in Cherepovets (Russia). Air Liquide will invest around **50 million euros** in the construction of a state-of-the art Air Separation Unit (ASU), which will improve significantly the energy efficiency of the production process and **reduce CO2 emissions by 20,000 tons per year**. The new signature illustrates the Group's development strategy in key industrial basins and demonstrates its ability to create value for its customers.

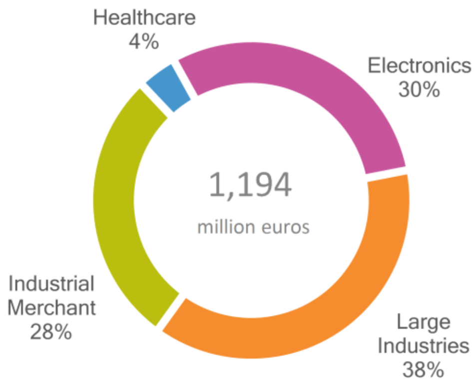
- Air Liquide, Europe's leader in home healthcare, announced in April the **acquisition of the Spanish startup DiaLibre**. With this acquisition, the Group **reinforces its service offering** throughout the diabetic patient's care pathway, from the distribution of medical equipment to the personalized support of **diabetic patients**. DiaLibre's offering combines personalized therapeutic support programs and medical follow-up for patients using **innovative technologies**.

Asia-Pacific

Revenue in Asia-Pacific reached **1,194 million euros**, up **+13.2 %**. Sales growth in Large Industries (+16.7%) benefited from several start-ups in the 4th quarter of 2018. Industrial Merchant was up markedly (+6.6%), in particular in China. Following record growth in the 4th quarter of 2018, Electronics maintained a significant increase in revenue during the 1st quarter of 2019 (+17.7%).

- **Large Industries** sales were up **+16.7%** this quarter, benefiting from three start-ups in China during the 4th quarter of 2018. Moreover, customer demand for hydrogen was strong, in particular in Singapore.
- **Industrial Merchant** revenue was up markedly (**+6.6%**) in the 1st quarter of 2019, driven by growth in China which remained above +15% and high helium sales across the region. In China, volumes of liquid oxygen and argon and cylinder gases were up markedly. Japan also posted growth. All markets remained well oriented and price impacts stood at **+1.4%** for the quarter, at the same level as in the 4th quarter of 2018.
- **Electronics** revenue was up **+17.7%.** Following a record level in the 4th quarter of 2019, Equipment & Installations sales remained exceptionally high, posting growth above +50%. Carrier Gases and Advanced Materials revenue also grew at double digits. This was driven by the strong demand for Advanced Materials, in particular in South Korea, Taiwan and Japan, and the ramp-up of Carrier Gases units in China and Singapore.

Asia-Pacific Gas & Services Q1 2019 Revenue



Middle East and Africa

Revenue in the Middle East and Africa amounted to **145 million euros**, up **+3.8%** over the quarter. Large Industries posted strong growth with a much more limited contribution from the start-up of the world's largest Air Separation Unit in South Africa in December 2017. Industrial Merchant remained very strong, in particular in the Middle East and India. Healthcare continued to develop in Saudi Arabia, where an acquisition at the end of 2017 led to the launch of the Home Healthcare activity in the country.

Engineering & Construction

Engineering & Construction revenue totaled **93 million euros**, relatively stable compared to the 1st quarter of 2018. It continued to benefit from the gradual increase in order intake seen since the beginning of 2017, which now carries on at a more modest pace.

Order intake reached **147 million euros**, in line with the 4th quarter of 2018. More than half came from Asia. This mainly related to Air Separation Units and ultra-pure nitrogen production units for the semi-conductor industry, the Group, or third-party customers.

Global Markets & Technologies

Global Markets & Technologies sales were up **+15.9%** at **111 million euros.** The main contributor to this growth remains the biogas activity, which benefited from the ramp-up of a major landfill biogas purification unit in the United States and two farm waste biogas purification units in Europe, which were started-up in the 1st quarter of 2018. Sales related to a new offer for the maritime industry also posted strong growth: the technology developed, based on the Turbo-Brayton physical principle, reliquefies natural gas boil-off in LNG (Liquefied Natural Gas) vessels in order to avoid any greenhouse emissions during transport.

Order intake for Group projects and third-party customers totaled **127 million euros**, up +4.1% compared with the 1st quarter of 2018.

Global Markets & Technologies

- Air Liquide inaugurated in March its **Tokyo Innovation Campus in Japan**. This newest Campus, representing an **investment of 50 million euros**, illustrates the Group's open innovation approach, with a focus on energy transition & environment, healthcare, digital transformation and development of Advanced Materials for Electronics. It will gather **nearly 200 employees** in a state-of-the art new 8,000-square-meter site.

- In April, Air Liquide announced having signed **more than 20 contracts worth a total of 100 million euros** thanks to a solution that reduces greenhouse gas emissions for the maritime industry. The Group developed a refrigeration and liquefying technology based on the Turbo-Brayton physical principle, which reliquefies the evaporated natural gas in LNG (Liquefied Natural Gas) vessels and keep it under its liquid form in the container. The cryogenic equipment that uses this technology enables shipping companies and freight forwarders to comply with **maritime industry regulations** on greenhouse gas emission. With these contracts, Air Liquide is helping to **prevent more than 120,000 tonnes of CO_2-equivalent emissions per year**.

Investment cycle

The strong momentum of investment projects continued and was reflected in the high level of the main indicators described below.

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

Industrial and financial investment decisions totaled **862 million euros** in the 1st quarter of 2019, a significant increase compared with 565 million euros in the 1st quarter of 2018.

Industrial investment decisions reached **477 million euros**. These included, in particular, the largest membrane-based electrolyzer in the world in Canada for the production of carbon-free hydrogen; efficiency investments in Large Industries; an ultra-pure nitrogen production unit in China for an Electronics customer; and a biomethane project in Norway.

Financial investment decisions totaled **385 million euros**. These mainly included the acquisition of Tech Air, one of the largest independent distributors of industrial gases and welding supplies in the United States; an 18.6% equity investment in the capital of the Canadian company Hydrogenics, a leader in electrolysis hydrogen production equipment and fuel cells; as well as bolt-on acquisitions in Industrial Merchant and Healthcare.

The **investment backlog** amounted to **2.1 billion euros**, a slight decrease of approximately 100 million euros compared with the end of 2018. New investment decisions did not completely offset the start-up of new units. These investments should lead to a future contribution to annual sales of approximately **0.8 billion euros per year** after full ramp-up of the units.

Investment decisions

- In January 2019, Air Liquide announced the **acquisition of 18.6% stake in the capital of the Canadian company Hydrogenics Corporation**, representing an **investment of 20.5 million US dollars** (18 million euros). In February, the Group announced the construction in Canada of **the largest membrane-based electrolyzer in the world** to develop its **carbon-free hydrogen** production. This **20 megawatts** electrolyzer, **with Hydrogenics technology**, allows the Group to reaffirm its long-term commitment to the hydrogen energy markets and its ambition to be a major player in the supply of carbon-free hydrogen.

- Airgas, an Air Liquide company, completed in March the **acquisition of Tech Air**, one of the largest independent distributors of industrial gases and welding supplies serving various geographies in the United States. Serving more than **45,000 customers** and generating **annual revenue of approximately 190 million US dollars**, Tech Air will allow Airgas to further strengthen its network in the United States with a complementary footprint to better serve customers while generating very significant efficiencies.

- Air Liquide continues to develop its home healthcare activity in Europe with the acquisition, beginning of February, of **Sleep & Health SA** and **Megamed AG**, two historic players in this sector and based in Switzerland. These acquisitions enable the Group to serve more than **3,000 new patients** and strengthen the position of Air Liquide, leader in home healthcare in Europe, in a growing market within a mature healthcare system.

START-UPS

Seven new units started up during the 1st quarter of 2019. These included new hydrogen and nitrogen production capacities for Large Industries in the Americas, ultra-pure nitrogen and Advanced Materials production units in Asia for Electronics, and an air separation unit in the United States for Industrial Merchant. Moreover, a CO_2 capture, purification and valorization unit started up in the United States. It supplies Industrial Merchant with liquid CO_2 and dry ice for a wide range of applications, such as water treatment and deep-freezing of food. This example of a circular economy highlights the Group's commitment to a more sustainable industry.

The additional contribution to sales of these unit ramp-ups and start-ups totaled 103 million euros in the 1st quarter of 2019, driven mainly by the start-up of Large Industries units in the 4th quarter of 2018 in China, as well as by start-ups in the 1st quarter of 2019 in Electronics in Asia.

INVESTMENT OPPORTUNITIES

The 12-month portfolio of investment opportunities reached a high level at the end of March 2019, totaling 2.7 billion euros, an increase of approximately 100 million euros compared with the end of 2018. New projects in the portfolio represented investment amounts that exceeded those signed by the Group, awarded to the competition or delayed.

The Americas remained the leading region within the portfolio with around one third of opportunities, followed by Europe and then Asia, which saw its relative share increase. Opportunities mainly came from Large Industries, which represented almost two thirds of the portfolio, and notably from the chemical industry, as well as from the integrated circuit industry for Electronics.

The investment was lower than 50 million euros for around half the projects and, for seven of them, it stood between 100 and 150 million euros. The average size of projects was stable at around 20 million euros of investment.

Approximately 40% of the portfolio's amount corresponds to projects supporting the Climate objectives.

Operating Performance

The Group's **efficiency gains** reached **77 million euros** in the 1st quarter. Many projects were launched at the end of 2018 and should bring an accelerated contribution over the next quarters to the annual objective now fixed at more than 400 million euros. Slightly more than 30% of efficiency gains contributed to the **Climate objectives**.

Around 50% of these efficiencies related to **industrial projects**, targeting in particular a decrease in logistic costs, for instance in the United States, in China and in France, and the optimization of the operation of production units with, in particular, the accelerated rollout of remote operation centers (Smart Innovative Operations, SIO) or, for example, the reduction of helium losses in cylinders, notably in China. More than 25% of efficiencies related to **purchasing gains**, principally of goods in Industrial Merchant in the United States, of equipment in Home Healthcare in Europe and of molecules in Electronics. The remaining efficiencies mainly related to administrative efficiencies and restructuring.

Cash-flow from operating activities before changes in working capital requirements reached **1,107 million euros** in the 1st quarter. It stood at **20.3% of sales** and at 19.2% excluding the impact of the standard IFRS16 applied from January 1st of 2019. It allowed, in particular, the financing of **net industrial capital expenditure**, which totaled 588 million euros and represented **10.8% of sales**, in line with the mid-term strategic plan.

Outlook

Growth in the first quarter is sustained, in line with the performances of previous quarters. Sales reached 5.4 billion euros, up +9% as published and +5% on a comparable basis, reflecting the good performance of all of the Group's activities as well as the positive trend in exchange rates. Whether it is Gas & Services, Engineering & Construction, or Global Markets & Technologies, all activities are growing.

In Gas & Services, all business lines and geographies are growing, confirming a trend that began four quarters ago. Growth is particularly strong in Electronics and Healthcare. Geographically, Asia confirms its dynamism, with sales remaining strong, especially in China.

Efficiencies contributed 77 million euros in the first quarter and will ramp up, in the framework of a reinforced target of 400 million euros per year. Cash flow, meanwhile, remains solid.

After a record level reached in the fourth quarter of 2018, investment decisions for the first quarter of 2019 remain high at 900 million euros, a figure that includes the acquisition of Tech Air in the United States, an Industrial Merchant business. These investments will contribute to the Group's future growth.

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

APPENDICES

Estimated impact of IFRS16 on the fiscal year 2019

As of January 1, 2019, the Group financial statements includes the impacts of the mandatory adoption of the standard IFRS16 « Leases » issued on January 13, 2016. The Group does not restate the financial statements of prior periods. The standard does not affect the recognition of revenue for the Group as a leaser. The main impact of the application of IFRS16 for the Group as a lessee consists of the recognition on the balance sheet of all lease contracts, without distinction between finance and operating leases. In the course of its activity, the Group as a lessee enters in contracts mainly for the following type of assets:

- Land, buildings and offices;
- Transportation equipment, in particular for Industrial Merchant and Healthcare;
- Other equipment.

Any contract containing a lease leads to the recognition on the lessee's balance sheet of a lease liability measured at the present value of the remaining lease payments and a right-of-use asset measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments as well as of any provision for onerous leases recognized in the balance sheet as of December 31, 2018.

Data collection and quantitative analysis of the impacts on the Group's financial statements are being finalized but the Group anticipates the following impacts:

- Consolidated Balance Sheet: The Group estimates that the first application of IFRS16 would lead to the recognition on January 1, 2019, of a right-to-use and a lease liability in the range of 1.3-1.5 billion euros.
- Consolidated Income Statement. The operating expenses linked to lease contracts will from now on be accounted for as Depreciation & Amortization and Finance Costs:
  - The Operating Margin before Depreciation & Amortization[1] should increase by approximately +100 basis points;
  - The Depreciation & Amortization on Revenue ratio should increase by approximately +100 basis points;
  - The Operating Income Recurring (OIR) should increase slightly, the impact of which on the OIR on sales ratio should be limited to a maximum of +10 basis points;
  - The Group does not expect any material impact on the Net Profit.
- Return on Capital Employed (ROCE): With the recognition of an additional debt, the ROCE should decrease by -10 to -20 basis points.
- Consolidated Cash-Flow Statement: The Group anticipates no impact on the Net Cash and Cash Equivalents. However, expenses related to leases falling within the scope of IFRS16 being now recognized in financing activities, Net Cash-Flow from Operating Activities should increase by a similar amount than the Operating Income Recurring before Depreciation and Amortization. The same amount should lower the Net Cash-Flow from (used in) Financing Activities.

[1] *Operating Income Recurring before Depreciation & Amortization on Revenue*

Currency, energy and significant scope impacts (Quarter)

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 indexed 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.

Consolidated revenue for the 1st quarter 2019 included the following impacts:

(in millions of euros)	Q1 2019	Q1 2019/2018 Published Growth	Currency impact	Natural gas impact	Electricity impact	Significant scope impact	Q1 2019/2018 Comparable Growth
Revenue							
Group	5,441	+8.6%	146	5	27	-	+5.0%
Impacts in %			*+2.9%*	*+0.1%*	*+0.6%*	-	
Gas & Services	5,237	+8.4%	141	5	27	-	+4.8%
Impacts in %			*+2.9%*	*+0.1%*	*+0.6%*	-	

The acquisition of Tech Air, finalized at the end of March 2019, will generate a significant scope effect on 2019 revenue starting in the 2nd quarter.

The slideshow that accompanies this release is available as of 9:00 am (Paris time) at www.airliquide.com.
Throughout the year, follow Air Liquide on Twitter: @AirLiquideGroup.

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UPCOMING EVENTS

Annual General Meeting of Shareholders:
May 7, 2019

Dividend Ex-coupon Date:
May 20, 2019

Dividend Payout Date:
May 22, 2019

2019 First Half Revenue and Results:
July 30, 2019

A world leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with approximately 66,000 employees and serves more than 3.6 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 be a leader in 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 21 billion euros in 2018 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.