PRESS RELEASE

Paris, August 1, 2016

First half 2016:

Robust Gas & Services sales growth

Acquisition of Airgas accretive as of 2016

H1 2016 key figures

■ **Group revenue: 8,295 million euros**	***+8.0%****
Excluding Airgas	
■ **Gas & Services sales:**	***+3.6%****
■ **Gas & Services operating margin:**	**19.6%**

** Variation H1 2016/H1 2015 excluding currency and energy impact*

H1 2016 highlights

- **Airgas:** closing of the acquisition on 23 May, first refinancing of 3 billion euros via bond issue, sale of assets in the United States pending FTC approval.
- **New contracts in growing markets:** flat panel displays (China), satellite propulsion (France), biogas purification (Europe).
- **Acquisitions in Industrial Merchant** (two distributors in the United States and a specialist in temperature-controlled logistics) and in **Healthcare** (hygiene in Brazil).
- **Innovation and Technologies:** new Research and Technology Center (Shanghai), use of CO_2 to produce sustainable concrete.
- **NEOS:** communication on the Group's new corporate program for the 2016-2020 period.

Commenting on the first six months of 2016, **Benoît Potier, Chairman and CEO of Air Liquide**, said:

"This first half has been characterized by the completion of the Airgas acquisition, which will be accretive in 2016, and its first contribution to the Group's performance. In a context of moderate global growth, Gas & Services sales posted robust growth. Growth is the result of dynamic Electronics sales, higher volumes in Large Industries, and rising Healthcare business. This first half is also characterized by a negative currency impact and lower energy prices.

All geographies are progressing on a comparable basis, benefiting notably from the slight improvement in demand in industry since the beginning of the year. This increase was more pronounced in Asia Pacific and the developing economies.

The Group continues to generate recurring efficiency gains, to which will be added the first benefits of synergies with Airgas in the second half of the year. The operational performance of Gas & Services is solid, as evidenced by the margin increase and strong cash flow growth.

The investment backlog, amounting to 2.1 billion euros, and recently signed new contracts, will contribute to growth in the coming years.

Following the completion of the acquisition of Airgas, Air Liquide is confident in its ability to generate growth in 2016, both in net profit and in net earnings per share, including the effect of the capital increase planned for September/October."

Group revenue for the first half of 2016 was **€ 8,295 million**, including **€ 511 million** of Airgas sales consolidated as of 23 May 2016 (closing date of the acquisition). Revenue for the first half increased +2.2% on a reported basis and **+8.0%**, excluding the currency and energy impact, as compared with the first half of 2015. Excluding Airgas, comparable growth[a] was +1.7%.

Gas & Services sales, at **€ 7,618 million** including Airgas sales since 23 May 2016, grew by +4.3% on a reported basis and by **+10.6%**, excluding the currency and energy impact, compared with the first half of 2015. Excluding Airgas, comparable growth is **+3.6%**. For the first half, the **currency** impact (-2.6%) and the **energy** impact (-3.7%) are both unfavorable.

The **developing economies** continued to post strong growth, with Gas & Services sales up **+11.4%** on a comparable basis.

Overall, all **Gas & Services** activities progressed in the first half on a comparable basis, with the exception of Industrial Merchant, which remained contrasted:

- **Large Industries** revenue, sharply up **+6.2%**, saw growth in all geographic zones. It benefited from the ramp-up of our production units, especially in Germany, Eastern Europe, North and South America, and China. The contribution of the two hydrogen production units on the Yanbu site, which started up in Q2 2015, remained significant this half, especially in Q1. In the US, growth accelerated in Q2 thanks to the start-up of a new air separation unit, while in China volumes remained high throughout the first half of 2016.

- **Industrial Merchant**, down by **-1.6%**, remained contrasted. However, a slight improvement was noted in Q2. Sales in Europe, positive this first half, were up **+2.7%** for the second quarter, due mainly to higher bulk volumes. In North America, market segments related to energy and metal fabrication are still affected by weak demand for oil services and related industries, while the Agri-Food, Pharmaceutical, and Research markets are growing. This market dynamic is the same for **Airgas,** whose gas sales were slightly up in the first half. The situation is also contrasted in Asia Pacific, with sales down in Japan while volumes are rising sharply in China. The overall price effect remains modest at +0.4% against a global backdrop of low inflation.

- **Electronics** continued to post robust growth of **+11.2%**, driven by strong demand for equipment and installations and advanced materials sales, which rose by more than **+25%**. Activity was particularly strong in Asia Pacific, with double-digit growth in Japan, China, and Singapore.

- **Healthcare**, up by **+4.8%**, benefited from sustained high demand for home healthcare services, from dynamic hygiene sales, which rose by **+19%**, and from its expansion in the developing economies, Brazil and Argentina in particular. Including the **contribution of Airgas** via its sales of medical gases to hospitals, global Healthcare revenue in the second quarter was up **+11.5%**, excluding the currency impact.

Engineering and Construction revenue, which stood at **€ 254 million**, fell sharply compared with the first half of 2015, adversely impacted by the slowdown in major projects related to energy and by the low number of new projects.

Global Markets & Technologies revenue amounted to **€ 146 million**. It rose by **+10.7%** on a comparable basis, driven by markets related to maritime and space in the first quarter, as well as by dynamic biogas sales in the second quarter.

The Group, which continues to reinforce its competitiveness, generated **€ 143 million** in recurring **efficiency gains** during first half, in line with our forecasts for the year. In the second half, these efficiencies will be enhanced by the first benefits of the synergies with Airgas, for which the integration process is progressing well. The **Gas & Services operating margin**, which is **19.6%**, excluding the impact of Airgas, is up +20 basis points compared with the first half of 2015.

[a] Adjusted for currency, energy and significant M&A impact (Airgas).

Net profit (Group share) reached **€ 811 million** for the first half, € 842 million excluding the impact of the Airgas acquisition, a comparable basis increase of +1.1%. The first half of 2016 was impacted by exceptional costs linked to the acquisition of Airgas totaling **around € 100 million** before taxes. Once the proposed sales of assets in the United States are finalized, which is expected to occur in the second half of the year, the corresponding capital gain will offset the exceptional costs of the year related to the Airgas acquisition.

Cash flow (after changes in Working Capital Requirements), excluding Airgas, is up substantially at **+23%**. **Net debt** is **€ 19.9 billion** as of 30 June 2016, while full payment of the Airgas acquisition has been completed. The **net debt to equity ratio** should fall to **around 100%** at the end of the year.

H1 2016 Performance

In millions of euros		***H1 2016/2015 Reported***	***H1 2016/2015 Including Airgas, excluding currency and energy***	***H1 2016/2015 Comparable***[1]
Group revenue	**8,295 M€**	*+2.2%*	*+8.0%*	*+1.7%*
Of which Gas & Services	7,618 M€	*+4.3%*	*+10.6%*	*+3.6%*
Operating income recurring	**1,382 M€**	*-1.9%*	-	-
Net profit (Group share)	**811 M€**	*-4.6%*	-	*+1.1%*
Net debt as of 30 June 2016	**19,860 M€**			

[a] Adjusted for currency, energy, and significant M&A impact (Airgas).

The Air Liquide **Board of Directors** met on 29 July 2016. During this meeting, the Board reviewed the consolidated financial statements for the first half ending 30 June 2016.

Limited review procedures were completed with respect to the consolidated interim financial statements, and an unqualified review report is in the process of being issued by the statutory auditors.

In addition, the Board of Directors confirmed the company's intention to proceed with a capital increase with preferential subscription rights for shareholders, for an amount between 3 billion and 3.5 billion euros, expected in September/October, depending on market conditions.

It also decided on a special performance share grant to mark the company's recognition of the work accomplished by all of the teams that contributed to the Airgas acquisition, details of which will be published on the company website.

The slideshow that accompanies this release will be available starting at 8:45 am (Paris time) on the Air Liquide corporate website: airliquide.com

Follow the announcement of first half results live on Twitter using the hashtag #ALresults

All year long, follow Air Liquide news on Twitter: @AirLiquideGroup

CONTACTS

Corporate Communications
Caroline Philips
+ 33 (0)1 40 62 50 84
Annie Fournier
+ 33 (0)1 40 62 51 31

Investor Relations
+33 (0)1 40 62 51 50

UPCOMING EVENTS

3rd quarter 2016 revenue
25 October 2016

Actionaria trade show, Paris, France
18 and 19 November 2016

2016 annual results
15 February 2017

H1 2016 Performance
Management report

H1 2016 PERFORMANCE

This half-year was marked by the finalization of the Airgas acquisition and the start of its contribution to the Group's performance. Group revenue as of H1 2016 was 8,295 million euros, including 511 million euros of Airgas sales consolidated from 23 May 2016 (closing date of the acquisition). Revenue was up +2.2% on a reported basis and +8% excluding currency and energy impacts year-on-year; on a comparable basis, growth was +1.7%. Gas & Services revenue was 7,618 million euros, up +4.3% on a reported basis and +10.6% excluding currency and energy impacts; on a comparable basis growth was +3.6%. Sales were robust this half-year notably in Electronics, with dynamic growth, Large Industries and Healthcare. All regions progressed on a comparable basis in a context of moderate global growth and with slight improvement in demand in industry since the start of the year.

Continued efforts on costs resulted in 143 million euros of efficiencies, in line with objectives. The first benefits from Airgas synergies will be added to these recurrent efficiency gains in the second half of 2016. The Gas & Services operating margin, excluding integration of Airgas, was 19.6% compared to 19.4% year-on-year, in particular sustained by low energy prices. Group share of net profit was 811 million euros. It included 92 million euros of exceptional pre-tax costs linked to the Airgas acquisition. Once the proposed divestments under review by the FTC are finalized, which is expected to occur in the second half of 2016, the corresponding capital gains will offset the total exceptional costs of the year related to the Airgas acquisition. Group share of net profit showed comparable growth of +1.1%, in line with the outlook announced at the beginning of the year.

Cash flow from operating activities before changes in working capital requirements was 1,575 million euros, a historic high. Net cash flow after change in working capital requirements (and other elements) was particularly robust and grew by +23.6% year-on-year.

The 12-month investment opportunities portfolio stood at 2.2 billion euros at the end of June 2016. Investment decisions stood at 1.0 billion euros. The investment backlog was 2.1 billion euros and should provide a future contribution to annual sales of around 0.9 billion euros, after full ramp-up.

H1 2016 Key figures

(in millions of euros)	H1 2015	H1 2016	2016/2015 published change	2016/2015 change with Airgas, excluding currency and energy	2016/2015 comparable change [(a)]
Total revenue	8,115	8,295	+2.2%	+8.0%	+1.7%
Of which Gas & Services	7,302	7,618	+4.3%	+10.6%	+3.6%
Operating income recurring	1,409	1,382	-1.9%	+0.4%	-4.2%
Operating income recurring (as % of revenue)	17.4%	16.7%	-70 bps		-
Other non-recurring operating income and expenses	(6.4)	(89.3)			
Net profit (Group share)	849	811	-4.6%	-2.5%	+1.1%
Earnings per share (in euros)	2.48	2.36	-4.8%		
Net cash flows from operating activities [(b)]	965	1,193	+23.6%		-
Net capital expenditure [(c)]	1,188	13,105	-		-
Net debt	7,927	19,860	-		-
Debt-to-equity ratio[(d)]	59%	151%	-		-
Return On Capital Employed – ROCE after tax	10.8%	8.3%[(e)]	-		-

(a) *Excluding natural gas, electricity, currency and excluding Airgas.*
(b) *Cash flow from operating activities after change in working capital and other elements.*
(c) *Including transactions with minority shareholders*
(d) *Adjusted to spread the dividend payment in H1 out over the full year*
(e) *Return On Capital Employed after tax: ((net profit after tax before deduction of minority interests - net cost of debt after taxes) for the periods H2 2015 and H1 2016) / average of (shareholders' equity + minority interests + net indebtedness) between June 2015, December 2015 and June 2016).*

H1 2016 Highlights

A MAJOR ACQUISITION

On 23 May 2016, Air Liquide announced that it had **completed the acquisition of the American company Airgas**. The combined businesses worldwide will generate annual sales of more than 20 billion euros.

- The **integration** of the two organizations is progressing: the business lines Large Industries and Electronics in the United States will be supervised from the site in Houston, Texas and the business lines Industrial Merchant and Healthcare from the site in Radnor, Pennsylvania.
- The **synergies**, which amount to **more than 300 million US dollars**, are confirmed. For approximately 70%, the identified amounts result from optimization in production and logistics and the alignment of administrative processes. For approximately 30%, sales synergies correspond to the deployment of Air Liquide offering through the Airgas network and of Airgas offers in Canada and Mexico. They also include the increase in sales of air gases and helium based on the production capacity of Air Liquide.
- Air Liquide obtained a bridge loan for the transaction, and the refinancing of the acquisition includes a capital increase of 3 to 3.5 billion euros, as well as long-term bonds in US dollars and euros.

  The first step in refinancing the Airgas acquisition was successfully completed. On June 6th 2016, Air Liquide announced the placement of **a 3-billion euro bond issue with a weighted average rate of 0.65%.** This transaction involves the issuances of several bond tranches ranging from 2 to 12 years, with a weighted average maturity of 7.3 years. It enabled the Group to refinance a portion of the bridge loan of 12 billion US dollars, and to continue to sustainably finance the Group's long-term growth.

  Air Liquide expects **to undertake a capital raise with preferential subscription rights in September/October 2016**, depending on market conditions. A **bond issue in US dollars** will take place after the rights issue.
- In accordance with the **divestiture process** described in the FTC (U.S. Federal Trade Commission) press release from 13 May 2016, an agreement has been concluded with **Matheson Tri-Gas, Inc**. ("Matheson"), a subsidiary of Taiyo Nippon Sanso Corporation (Tokyo, Japan), concerning the sale of certain assets in the United States.

  Furthermore, Air Liquide has also signed a sales agreement of two facilities in Iowa which produce both liquid carbon dioxide and dry ice, the remaining assets to be divested as ordered by the FTC in connection with Air Liquide's acquisition of Airgas.

  These foreseen divestitures are aligned with what Air Liquide envisaged prior to the transaction. They will reduce the annual revenues of the whole consolidated of **approximately 270 million US dollars**. The transaction with Matheson and the sale of facilities based in Iowa remain subject to the FTC's final approval and should be concluded in the third quarter 2016.

THE LAUNCH OF THE NEW CORPORATE PROGRAM 2016-2020: NEOS

The Group has acquired a new dimension following the acquisition of Airgas and thus enters a new phase of its development. Air Liquide's strategy for profitable growth over the long-term is a **customer-centric transformation**. It will be based on operational excellence and the quality of its investments, on open innovation and the network organization already implemented by the Group worldwide. Air Liquide's ambition is to lead its industry, deliver long-term performance and contribute to sustainability.

Air Liquide has identified three major trends, which are sources of growth for all of its businesses. These trends are energy and environment transition, changes in healthcare, and digitization.

Air Liquide, as part of its NEOS Program, is aiming for revenue compound annual growth rate (CAGR), over the 2016-2020 period, of +6% to +8%, including Airgas scope effect in 2017, corresponding to a +2% CAGR. The Group intends to generate substantial recurrent efficiency gains of more than 300 million euros on average per year from 2017, in addition to synergies related to Airgas for a total amount above 300 million US dollars. The Group is targeting a return on capital employed (ROCE) in excess of 10% after 5 to 6 years. Lastly, maintaining a long-term minimum "A" range rating (from Standard & Poor's and Moody's rating agencies) thanks to the strength of its balance sheet remains a priority.

As for responsibility, which lies at the heart of its ambition alongside performance, the Group will reinforce its actions aimed at improving the air quality for better environment and health. Air Liquide will pursue an active dialogue with its stakeholders to contribute to a more sustainable world.

DEVELOPMENT OF INDUSTRIAL ACTIVITY

In **Large Industries**:

- In **China**, Air Liquide signed a new long-term contract with Xinneng Energy Company, a subsidiary of **ENN** Ecological Holdings Company (ENN). Under the terms of the new agreement, Air Liquide will invest more than **60 million euros** in an ASU (Air Separation Unit), with a total capacity of 2,700 tonnes of oxygen per day. This new unit is expected to start operations in the second quarter of 2018.
- Air Liquide also signed a new long-term contract with Maoming Petrochemical Co. (**MPCC**), a subsidiary of China Petroleum & Chemical Corp. (Sinopec Corp.), one of the largest integrated energy and chemical companies in **China**. Under the terms of the new agreement, Air Liquide will invest around **40 million euros** in a new state-of-the-art ASU, with a total capacity of 850 tonnes of oxygen per day. Expected to start operations in the second quarter of 2017, the new ASU will supply industrial gases including oxygen and nitrogen to the customer's new ethylene oxide plant as well as to its existing one. MPCC's decision to outsource their needs for industrial gases on this new project demonstrates their confidence in Air Liquide's capability to provide innovative solutions and deliver safe operations.

In **Industrial Merchant**:

- Air Liquide has signed two multi-year contracts recently for a total worth of 20 million euros, for the supply of **high purity xenon** in the **all-electric propulsion satellite** market: one with Airbus Defence and Space, the world leader in high power electric satellites and one with Thales Alenia Space, leader in High Throughput Satellites.
- CRYO International, an Air Liquide group subsidiary specializing in temperature-controlled logistics solutions, has acquired **PDP Couriers**, a major player in the **customized transport of highly value-added products for the pharmaceutical and biotechnology industries**. The company generated revenues of approximately 21 million euros in 2015. PDP Couriers has grown significantly in Eastern Europe, Latin America and Asia over the past few years.

- Air Liquide's partnership with US start-up Solidia Technologies® (Solidia), provides **new equipment for carbon dioxide (CO_2) injection for the production of Solidia Concrete™, which is made with a new sustainable cement.** Due to Solidia's patented processes which cure concrete with CO_2 instead of water, this next generation of cement will allow the entire industrial chain to reduce up to 70% the environmental footprint of pre-cast concrete. The breakthrough technology results in reduced concrete curing times of less than 24 hours and lower water consumption. In addition to capturing large amounts of CO_2, the quality of the concrete is significantly improved

DEVELOPMENT IN HEALTHCARE

Air Liquide pursued its external growth strategy in Healthcare. The Group announced the acquisition by its subsidiary Schülke, a specialist in hygiene and hospital disinfection, of **Vic Pharma**, the second largest independent player in the **Brazilian hygiene market**. It offers a broad range of hygiene products for disinfecting surfaces, instruments and medical devices, as well as antiseptic solutions for pre- or post-operative care. Present mainly in the hospital and medical settings, the company generated revenue of approximately 8 million euros in 2015.

NEW PROJECTS IN INNOVATION AND TECHNOLOGIES

Air Liquide has inaugurated its new **Shanghai Research & Technology Center** (SRTC). This new center will ultimately host 250 employees, including researchers, experts in customer applications and business development teams. It will become a major center for the Group's innovation in the Asia-Pacific region. This opening follows the celebration of the twentieth anniversary of the Group's Engineering & Construction facilities in Hangzhou, a city of Zhejiang province in Eastern China, illustrating the long-term commitment of the Group in China.

A first in the industrial gases sector, Air Liquide's was certified as a "technological showcase" in France by the Industry of the Future Alliance. Air Liquide will invest, in **Large Industries**, 20 million euros by 2017, in the project called "Connect". The Group will create a **remote operations and optimization center** in France which is unique in the industrial gases industry, able to control and optimize the production, energy, efficiency and reliability of the Large Industries sites, or carry out predictive maintenance actions.

Air Liquide commissioned 12 biogas purification units in the last 12 months in Europe and **triples its biogas purification capacity** on the European continent. The Group has developed technologies and expertise that span the entire biomethane value chain: purification of biogas into biomethane, injection into the natural gas network, liquefaction, and distribution for clean transportation fleets. The purification and biogas valorization is a very promising example of a circular economy, which helps reduce greenhouse gas emissions and which could contribute to solutions for the zero emission transportation of tomorrow.

ALIAD, the venture capital arm of the Air Liquide Group, strengthened its position in future industries with **four new equity investments in technology start-ups: Carmat, Inpria, Poly-Shape, and Solidia Technologies**. ALIAD has made 25 investments since its creation in 2013 for a total commitment of over 60 million euros. The investment strategy of ALIAD, coherent with the Group's strategy, targets sectors linked to the energy transition, healthcare, and high tech.

H1 2016 Income Statement

REVENUE

Revenue *(in millions of euros)*	H1 2015	H1 2016	2016/2015 published change	2016/2015 change with Airgas, excluding currency and energy	2016/2015 comparable change
Gas & Services	7,302	7,618	+4.3%	+10.6%	+3.6%
Engineering & Construction	383	254	-33.5%	-31.6%	-31.6%
Global Markets & Technologies	132	146	+10.4%	+10.7%	+10.7%
Other activities	298	277	-7.0%	-6.6%	-6.6%
TOTAL REVENUE	**8,115**	**8,295**	**+2.2%**	**+8.0%**	**+1.7%**

Group

Group revenue for H1 2016 stood at **8,295 million euros**, up +2.2% on a reported basis year-on-year, sustained by the recognition of Airgas sales since 23 May 2016 but affected by a negative currency impact of -2.5% and by the unfavorable energy impact (-3.3%). Excluding currency and energy, it was **+8.0%.**

Growth was **+1.7%** excluding Airgas, currency and energy. It benefited from solid progress in Gas & Services sales but hit by weak activity in Engineering & Construction.

Revenue by quarter *(in millions of euros)*	Q1 2016	Q2 2016
Gas & Services	3,548	4,070
Engineering & Construction	124	130
Global Markets & Technologies	65	81
Other activities	135	142
TOTAL REVENUE	**3,872**	**4,423**
2016/2015 published change	**-3.1%**	**+7.3%**
2016/2015 change with Airgas, excluding currency and energy	**+2.4%**	**+13.4%**
2016/2015 change excluding Airgas, currency and energy	**+2.4%**	**+1.0%**

Currency, energy and significant scope impacts (please refer to p.36 of 2015 Reference Document)

In addition to the comparison of published figures, financial information is given excluding currency, energy impact (natural gas and electricity price fluctuations), and significant scope impact. As of H1 2016, the consolidation of Airgas financial information from 23 May represents a significant scope impact.

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 generally passed on to customers through price indexation clauses. Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration units. Electricity consumption is important for air separation units. For example, when natural gas price varies, the price of hydrogen or steam for the customer is automatically adjusted proportionally, according to the price indexation clauses.

(in millions of euros)	Group	Gas & Services
H1 2016 revenue	**8,295**	**7,618**
2016/2015 published change (in %)	+2.2%	+4.3%
Currency impact	-199	-190
Natural gas impact	-202	- 202
Electricity impact	-69	- 69
2016/2015 change excluding currency and energy (in %)	**+8.0%**	**+10.6%**
Significant scope impact: Airgas consolidated since 23 May 2016	+6.3%	+7.0%
2016/2015 change excluding Airgas, currency and energy (in %)	**+1.7%**	**+3.6%**

Gas & Services

Unless otherwise stated, all the changes in revenue outlined below are on a comparable basis: excluding currency, energy (natural gas and electricity) and the Airgas consolidation impacts.

Gas & Services revenue was **7,618 million euros**, up +4.3% on a reported basis year-on-year. Revenue was positively impacted by the recognition of Airgas sales since 23 May 2016 but affected by a negative currency impact of -2.6% and by an unfavorable energy impact (-3.7%). Growth with Airgas, excluding currency and energy was **+10.6%**.

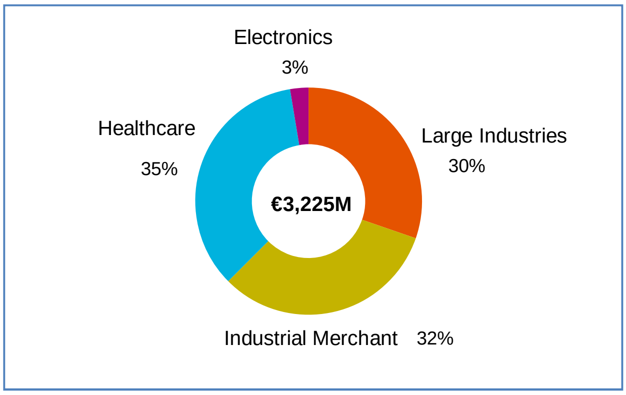
Excluding the Airgas contribution, currency and energy impact, growth was **+3.6%**, supported by solid growth in sales in Large Industries, Electronics and Healthcare.

Revenue *(in millions of euros)*	**H1 2015**	**H1 2016**	**2016/2015 published change**	**2016/2015 change with Airgas, excluding currency and energy**	**2016/2015 comparable change**
Europe	3,366	3,225	-4.2%	+1.6%	+1.6%
Americas	1,799	2,185	+21.4%	+30.5%	+2.1%
Asia-Pacific	1,892	1,920	+1.5%	+6.4%	+6.4%
Middle-East and Africa	245	288	+17.7%	+21.1%	+21.1%
Gas & Services	**7,302**	**7,618**	**+4.3%**	**+10.6%**	**+3.6%**
Large Industries	2,565	2,388	- 6.9%	+6.2%	+6.2%
Industrial Merchant	2,622	2,964	+13.0%	+16.2%	-1.6%
Healthcare	1,382	1,451	+5.0%	+7.9%	+4.8%
Electronics	733	815	+11.2%	+11.2%	+11.2%

Europe

Revenue in Europe totaled **3,225 million euros**, up **+1.6%** and confirming a very progressive recovery. Large Industries business was affected in Q2 by several temporary maintenance stoppages of customer units in France and Benelux. Sales in Industrial Merchant grew over the half-year period with a highly contrasted evolution by country. Developing economies continued their progression with double-digit growth.

Europe Gas & Services H1 2016 Revenue

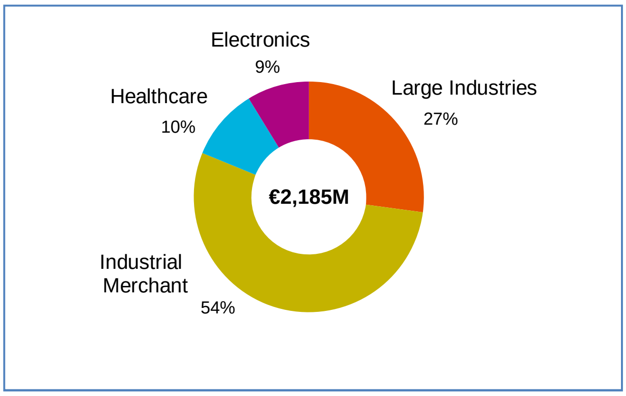


- **Large Industries** sales grew +1.4% over the half-year. Air gas volumes fell in France and in the Benelux during Q2 due to the temporary maintenance stoppages for several customers; however, sales showed a staunch growth in Germany for steel customers. Revenue in Eastern Europe increased sharply, particularly in Turkey, Poland, and Russia.
- Revenue for the **Industrial Merchant** activity showed slight positive growth of **+0.7%** over the half-year, with an increase of +2.7% in Q2. The liquid oxygen and nitrogen volumes were up +5.1% for Q2. However, cylinder volumes fell within a tough temporary environment for Construction. Sales increased for Food & Pharmaceuticals as well as Craftsmen and Distribution, remained stable for Automotive & Fabrication, but down for Materials & Energy as well as Technology & Research. In developing economies, sales continued their sustained growth, especially in Russia and Poland. In Europe, the price impact was negative over the half-year at -0.7% against a context of weak inflation and a decrease in prices for customers whose contracts were indexed to energy costs.
- **Healthcare** continued to develop with **+3.4%** sales growth, inferior to that for 2015 due to a lower incremental contribution from acquisitions. The Home Healthcare activity grew with the increase in patient numbers and the expansion of the portfolio of therapies treated. The Hygiene activity continued to progress at +19.0%, sustained by acquisitions made in 2015 and 2016.

Americas

Gas & Services revenue for the Americas region was **2,185 million euros**, up **+30.5%** excluding currency and energy; excluding the Airgas contribution it was **+2.1%**. Large Industries volumes and sales saw strong growth. Industrial Merchant business was down in an environment marked by weak manufacturing activity, particularly in North America. In South America, sales continued to grow, particularly in Large Industries and Healthcare.

Americas Gas & Services H1 2016 Revenue

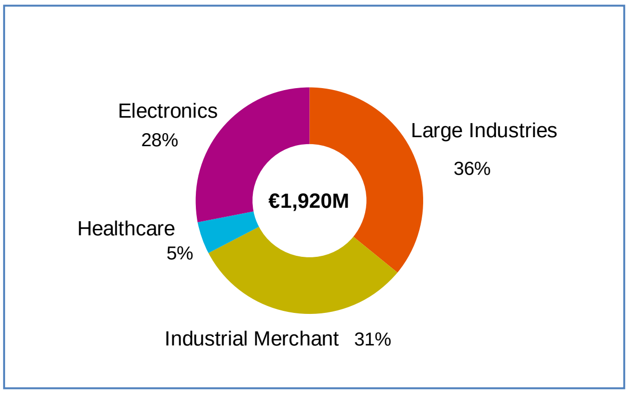


- **Large Industries** posted a sharp increase in sales up **+8.2%** on the half-year with a favorable comparable base to H1 2015, which was marked by customers' temporary maintenance stoppages. In North America, the air gas and hydrogen volumes increased. Start-up of a new air separation unit in the United States contributed to this growth. In South America, the activity continued to develop with Brazil and Argentina posting double-digit growth.
- The **Industrial Merchant** activity was up **+52.7%** excluding currency; it decreased by **-5.4%** excluding Airgas. Sales were still affected by the slowdown in North American manufacturing activity which continued to adapt to a lower oil price and a strong dollar which limited exports. Sales in the market segments of Materials & Energy as well as Automotive and Fabrication have been the most strongly impacted. With regards to the ex-perimeter Airgas, the performance was solid in Food, Beverages & Services but was more than offset by weakness in Energy & Chemical, Manufacturing & Metal Fabrication and Non-Residential Construction. However gases sales show a slight increase in the semester. Brazil was also evolving in a difficult economic environment. However pricing in the Americas region remained positive at +2.8%.
- **Healthcare** revenue continued its dynamic momentum with growth of **+36.1%** excluding currency and **+12.9%** excluding the Airgas impact; the strong development in Home Healthcare, particularly in South America and Canada, had a positive effect on sales. Sales of medical gases to hospitals have been sustained by the volumes and prices in South America (Argentina, Brazil).
- The **Electronics** activity grew by **+3.2%**. This growth included particularly high sales of equipment. The Specialty Materials and Advanced Materials continued to show strong growth.

Asia-Pacific

Revenue in the Asia-Pacific region increased by **+6.4%** in H1 to **1,920 million euros**. The Electronics activity continued its dynamic momentum with the rise in sales of +17.7%. The ramp-up of new units contributed +6% to growth in Large Industries. A contrast in development between countries remained: Japan posted revenue growth of more than +2% on the half-year, sustained by Electronics, while sales in China showed solid growth, superior to +9%.

Asia-Pacific Gas & Services H1 2016 Revenue



- **Large Industries** sales rose **+5.7%** as a result of the ramp-up of new units, particularly in China. The air gas and hydrogen volumes are growing within the region.
- **Industrial Merchant** was down by **-1.1%** over the half-year with contrasting situations from country to country. Supported by strong liquid gas volumes, revenue made strong progress in China and Singapore, while Australia has returned to growth. Sales are down in Japan where the environment remains difficult. There was greater price pressure in Q2, particularly in Japan, and it stood at -1.0% for H1

- Momentum continued in the **Electronics** activity with **+17.7%** sales growth resulting from double-digit growth in China, Japan, Korea, and Singapore. All these activity segments are contributing to growth, in particular Advanced Materials, with sales up by nearly +50%, and Equipment and Installation.

Middle-East and Africa

Middle-East and Africa revenue totaled **288 million euros,** up **+21.1%**. Sales benefited again from the ramp-up of two large-scale hydrogen production units in Yanbu in Saudi Arabia, which started up as of Q2 2015. South Africa continued to see sustained growth in Healthcare and benefited from a growing Industrial Merchant activity. Activity in Egypt is dynamic, particularly in Industrial Merchant with sales growth reaching double-digit, driven by strong demand in liquid gases.

Engineering & Construction

Engineering & Construction revenue stood at **254 million euros**, down **-31.6%** year-on-year, impacted by the slowdown in major projects related to energy and by the low number of new projects in a more difficult global environment.

As of H1 2016, total order intake was **126** million euros, down year-on-year from 521 million euros. The main projects involved air separation units.

At 3.8 billion euros, the orders in hand are down -6.7% compared to those at the end of December 2015 and -19,0% to those at the end of June 2015.

Global Markets & Technologies

At the end of June, the Global Markets & Technologies activity revenue was up **+10.7%** at **146 million euros**. Sales were significant in the aerospace and maritime sectors in Q1 and in the biogas activity in Q2, particularly with the ramp-up of units in the United States.

The order intake was 189 million euros as of H1.

Other activities

Revenue *(in millions of euros)*	**H1 2015**	**H1 2016**	**2016/2015 reported change**	**2016/2015 change excluding currency**
Welding	190	174	- 7.9 %	- 7.4 %
Diving	108	103	- 5.4 %	- 5.2 %
TOTAL	**298**	**277**	**- 7.0 %**	**- 6.6 %**

Other activities revenue was down **-6.6%** and stood at **277 million euros** as of H1 2016.

- **Welding** revenue was down **-7.4%,** export sales in the oil sector were particularly impacted.
- The **Diving** activity (Aqua Lung^{TM}) showed a decrease in sales of **-5.2%** based on comparable data. Sales in the United States were penalized by the difficulties experienced by a significant distributor and the geopolitical context in certain regions which were not favorable for increasing diving activity.

OPERATING INCOME RECURRING

The operating income recurring before depreciation and amortization amounted to **2,106 million euros**, stable year-on-year. This amount includes a 104 million euros contribution from Airgas. The operating income recurring before depreciation and amortization and excluding the integration of Airgas fell by -4.8% and by -2.4% excluding the currency impact.

Depreciation and amortization reached **725 million euros**, up **+4.5%** and including 40 million euros depreciation and amortization from Airgas. Excluding the Airgas integration, depreciation and amortization fell by -1.4% and was up +1.1% excluding currency impact.

The Group operating income recurring (OIR) was **1,382 million euros** as of H1 2016, down -1.9% year-on-year. This amount includes a 64 million euros contribution from Airgas. Excluding the Airgas integration, operating income recurring fell by -6.5% and by -4.2% excluding currency impact. The operating margin (OIR to revenue) was down -70 basis points to **16.7%**, in particular due to the low margin in Engineering & Construction (of 4.2%) and to the Airgas integration, which had an average margin below the Group's margin.

Efficiencies amounted to **143 million euros** during the first six months of the year, in line with the annual target of over 250 million euros. These efficiencies represent a cost saving of 2.4% over the cost base, relative to 2.1% of the cost base in H1 2015. Half of these efficiencies involve industrial projects (optimization of production plants, logistics, and maintenance), one-third involve procurement gains, with the remainder being mainly due to administrative efficiencies. Industrial Merchant is the business line which generates the most efficiencies and represents 36% of the total.

Gas & Services

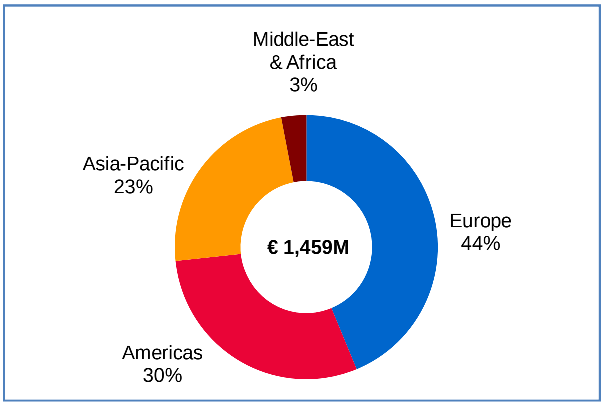
The operating income recurring for the Gas & Services activity was **1,459 million euros**, up **+3.0%,** and includes a 64 million euros contribution from Airgas. Excluding Airgas and currency impact, it grew by +1.3%. The published OIR to revenue ratio was 19.2% and stood at **19.6%** excluding the Airgas integration, compared to 19.4% year-on-year. Excluding the energy impact, the ratio was 18.5% and 18.9% excluding the Airgas impact.

Within the context of low global inflation, prices rose by +0.2% mainly due to Industrial Merchant (+0.4%). Prices were almost stable in Electronics (-0.2%) while pricing pressure in Healthcare continues in some countries.

Furthermore, efficiencies totaled 130 million euros.

Gas & Services H1 2016 Operating income recurring

Gas & Services Operating margin [(a)]	H1 2015	H1 2016 published	H1 2016 excluding Airgas
Europe	19.5%	19.8%	19.8%
Americas	21.2%	19.7%	22.0%
Asia-Pacific	17.8%	18.0%	18.0%
Middle-East and Africa	17.0%	15.5%	15.5%
TOTAL	**19.4%**	**19.2 %**	**19.6%**



(a) Operating income recurring/revenue.

Operating income recurring for **Europe** amounted to **638 million euros**, down **-2.8%**. The operating margin (operating income recurring as a percentage of revenue) was 19.8%, **up +30 basis points.** Excluding energy impact, it was down -70 basis points, affected by an unfavorable mix in Industrial Merchant which was partially offset by slight progress in Healthcare and in Electronics.

Operating income recurring in the **Americas** amounted to **431 million euros**, up **+13.1%.** The operating margin was 19.7%, a fall of -150 basis points as a result of the Airgas integration which had an average margin lower than the Group's margin. **Excluding the impact of Airgas and the energy impact**, the operating margin was **stable**.

Operating income recurring in the **Asia-Pacific** region was **345 million euros**, up **+2.4%.** The operating margin was 18.0%, up **+20 basis points.** Excluding energy impacts, it fell by **-30 basis points,** mainly due to the temporary stoppage of a major Large Industries customer in Singapore. The Industrial Merchant margin remained stable as a result of efficiencies which offset price decreases in China and in Japan.

Operating income recurring for **Middle-East and Africa** amounted to **45 million euros**, an increase of **+7.0%**. The operating margin fell by **-80 basis points** excluding energy impacts mainly due to the drop in volumes in Industrial Merchant in countries where the economy is strongly linked to oil.

Engineering & Construction

Operating income recurring for Engineering & Construction amounted to **11 million euros**. The operating margin was 4.2%, affected by low volumes of activity in a difficult environment.

Global Markets & Technologies

Operating income recurring for Global Markets & Technologies amounted to **16 million euros** and the operating margin was 10.8%. Some of the activities are in the process of being launched.

Other activities

The Group's Other activities reported operating income recurring of **15 million euros**, down -34.1%. The operating margin was 5.4%, down -220 basis points year-on-year.

Research & Development and corporate costs

Research and Development and corporate costs included consolidation adjustments and amounted to **119 million euros**.

NET PROFIT

Other operating income and expenses posted a **net expense of -89 million euros**. This amount essentially included the costs of acquisition and integration of Airgas as well as the expenses linked to the alignment plans underway, particularly in Engineering & Construction.

The **financial expenses of -175 million euros** was up +11.0% year-on-year because it included the financial costs linked to the Airgas acquisition. The **net finance costs** were up +26.4% due to financing for the Airgas acquisition. The average cost of the net debt is 3.5%, **decreased in comparison to 3.7% in 2015**. It reflects the mix between the financing of the Airgas acquisition at a lower interest rate, the financing in hard currency for which the interest rates have decreased and the currency in developing economies where the interest rates remain high. The fall in financial income and expenses is largely linked to retirement plan adjustments.

Thus, first half 2016 was impacted by exceptional costs linked to the Airgas acquisition of 92 million euros. Once the proposed divestments under review by the FTC are finalized, which is expected to occur in the second half of 2016, the corresponding capital gains will offset the total exceptional costs of the year related to the Airgas acquisition.

Taxes totaled 268 million euros, down -26.1%. The **effective tax rate** was **24.0%**, clearly weaker than the 29.2% rate in 1st half 2015. It benefited from tax income following a decision from the European Union Court of Justice as well as favorable evolution of several tax audits. The effective tax rate for H2 2016 should be significantly higher due to the non-renewal of these exceptional items and to the Airgas integration, for whichthe average effective tax rate over the last 5 years was 36.7%.

The Group's **share of profit of associates** was **3.6 million euros** compared to 6.5 million euros year-on-year. The **share of minority interests** was up **+8.1%** reaching 42 million euros, the net profit of subsidiaries with minority shareholders having made progress, particularly in Saudi Arabia.

The **net profit Group share** was **811 million euros** as at H1 2016, a decrease of -4.6% and **-2.5% excluding currency** impact. Excluding the impact of Airgas integration and excluding currency effects, the net profit Group share was **up +1.1%** year-on-year, in line with the outlook announced at the beginning of the year.

Net earnings per share were **2.36 euros**, down -4.8% and -2.8% excluding currency impact year-on-year. **Excluding Airgas and excluding currency impact, it was up +0.8%**, slightly less than net profit due to the capital increase reserved for employees. The average number of outstanding shares used for the calculation of net earnings per share as of 30 June 2016 was 343,406,891.

Change in the number of shares

	H1 2015	**H1 2016**
Average number of outstanding shares [(a)]	342,824,901	343,406,891

(a) Used to calculate net earnings per share.

Change in net indebtedness

Cash flow from operating activities before changes in working capital requirements remained stable on a reported basis at **1,575 million euros**. It stood at **20% of sales excluding Airgas**, a **historic high**.

Net cash flow after changes in working capital requirements (and other elements) was **1,193 million euros**, an increase of **+23.6%** year-on-year and of **+23.0% excluding the Airgas integration**.

The increase in working capital requirements (WCR) was limited to **335 million euros** compared to 578 million year-on-year. More than half of the WCR increase is due to the project cycle for the Engineering & Construction activity. The working capital requirements ratio to sales excluding taxes improved from 10.6% in the first half 2015 to **7.9%** excluding Airgas as of end of June 2016. For the Gas & Services activity, it also improved from 10.2% in the first half 2015 to **9.8%** excluding Airgas as of end of June 2016.

Industrial gross capital expenditure was **1,055 million euros**, up **+4.9%.** Acquisitions of financial assets stood at 12,100 million euros and included 12,024 million euros linked to the Airgas acquisition on 23 May 2016. Including transactions with minority shareholders and proceeds from the sale of assets, the total net capital expenditure was 13,105 million euros.

Net indebtedness at 30 June 2016 was **19,860 million euros,** up more than 12.6 billion euros compared to end 2015. This change is mainly due to financing for the Airgas acquisition (value of securities for 10.7 billion US dollars), the refinancing part of the Airgas debt (for 0.9 billion US dollars) and the consolidation of the non-refinanced Airgas debt (1.8 billion US dollars). Following the acquisition, the **net debt to equity ratio**, adjusted for seasonal impact of the dividend, increased significantly to **151%** as at the end of June 2016 (against 57% at the end of 2015). The ratio should fall to around 100% at the end of 2016.

The **return on capital employed after tax and integration of Airgas** was **8.3%**.

CAPITAL EXPENDITURE

As at H1 2016, gross capital expenditure including the Airgas acquisition, was 13,155 million euros.

Asset disposals amounted to 50 million euros.

Group net capital expenditure thus totaled 13,105 million euros.

INVESTMENT CYCLE

The Group's steady long-term growth is largely based on its ability to invest each year in new projects. Investment projects in the industrial gas business are spread throughout the world, highly capital intensive and supported by long-term contracts, particularly for Large Industries.

Investments

INVESTMENT OPPORTUNITIES

The 12 month portfolio of opportunities was **2.2 billion euros** at the end of June 2016, down 100 million euros compared to March 2016. The new projects coming into the portfolio largely offset those signed by the Group, won by the competition, or delayed. In the context of continuous low energy prices, certain customers have postponed decisions. The global portfolio, made up of projects which may be signed before or after 12 months, remains solid, between 4.5 and 5 billion euros.

A little more than half of the investment opportunities at 12 months remain located in developing economies. China still represents the leading location for opportunities, followed by North America and Europe at comparable levels.

Half the investment opportunities in the portfolio correspond to projects of less than 50 million euros of investment; only a few projects are greater than 100 million euros.

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

The industrial and financial investment decisions were **1.0 billion euros** as of H1 2016. The industrial decisions represented more than 90% of this amount. They particularly involved projects in Large Industries in China, in the Chemicals sector and in Electronics.

Furthermore, on 23 May 2016, Air Liquide announced the finalization of the **Airgas acquisition**.

The investment backlog represents the total amount of **2.1 billion euros**, slightly down as compared to the end of March 2016 (2.2 billion euros). This difference is mainly due to the start-up of several units, particularly in Brazil and the United States. The investment backlog after full ramp-ups should lead to a future contribution to annual sales of approximately 0.9 billion euros.

START-UPS

Eight new facilities were started-up during H1 2016, four air separation units in the Americas region, two for Electronics in China and in Japan, two for Industrial Merchant in Asia.

Over the half-year, the contribution to sales from ramp-ups and start-ups stood at approximately 160 million euros and is in line with the Group's expectations for 2016.

MAIN RISKS AND UNCERTAINTIES

The risk factors were updated over the half-year. They will be described in the updated Reference Document 2015, pages 10 to 12.

OUTLOOK

This first half has been characterized by the completion of the Airgas acquisition, which will be accretive in 2016, and its first contribution to the Group's performance. In a context of moderate global growth, Gas & Services sales posted robust growth. Growth is the result of dynamic Electronics sales, higher volumes in Large Industries, and rising Healthcare business. This first half is also characterized by a negative currency impact and lower energy prices.

All geographies are progressing on a comparable basis, benefiting notably from the slight improvement in demand in industry since the beginning of the year. This increase was more pronounced in Asia Pacific and the developing economies.

The Group continues to generate recurring efficiency gains, to which will be added the first benefits of synergies with Airgas in the second half of the year. The operational performance of Gas & Services is solid, as evidenced by the margin increase and strong cash flow growth.

The investment backlog, amounting to 2.1 billion euros, and recently signed new contracts, will contribute to growth in the coming years.

Following the completion of the acquisition of Airgas, Air Liquide is confident in its ability to generate growth in 2016, both in net profit and in net earnings per share, including the effect of the capital increase planned for September/October.

Appendix

2nd quarter 2016 revenue

By geography

Revenues *In millions of euros*	Q2 2015	Q2 2016	Published Change	Change with Airgas, excluding currency and energy	Comparable change (a)
Europe	1,682	1,611	- 4.3 %	+ 1.7 %	+ 1.7 %
Americas	911	1,361	+ 49.4 %	+ 59.1 %	+ 3.0 %
Asia-Pacific	956	954	- 0.2 %	+ 5.7 %	+ 5.7 %
Middle-East and Africa	139	144	+ 3.3 %	+ 3.2 %	+ 3.2 %
Gas and Services Revenues	**3,688**	**4,070**	**+ 10.3 %**	+ 17.0 %	**+ 3.1 %**
Engineering & Construction	205	130	- 36.3 %	- 34.4 %	- 34.4 %
Global Markets & Technologies	73	81	+ 9.8 %	+ 10.3 %	+ 10.3 %
Other Activities	154	142	- 7.4 %	- 6.6 %	- 6.6 %
Group revenue	**4,121**	**4,423**	**+ 7.3 %**	**+ 13.4 %**	**+ 1.0 %**

By world business line

Revenues *In millions of euros*	Q2 2015	Q2 2016	Published Change	Change with Airgas, excluding currency and energy	Comparable change (a)
Large industries	1,301	1,181	- 9.2 %	+ 4.0 %	+ 4.0 %
Industrial Merchant	1,313	1,726	+ 31.3 %	+ 35.0 %	- 0.6 %
Electronics	377	407	+ 8.1 %	+ 9.0 %	+ 9.0 %
Healthcare	697	756	+ 8.5 %	+11.5 %	+ 5.4 %
Gas and Services Revenues	**3,688**	**4,070**	**+ 10.3 %**	**+ 17.0 %**	**+ 3.1 %**

(a) Excluding currency, energy and significant scope impacts.

Currency, energy and significant scope impacts

In addition to the comparison of published figures, financial information for second quarter 2015 is provided before currency, energy price fluctuations and significant scope impacts. As of January 1st 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 2016 second quarter revenue includes the following impact:

In millions of euros	**Revenue Q2 2016**	***Q2 2016/2015 change***	**Currency**	**Natural gas**	**Electricity**	**Significant scope (Airgas)**	***Q2 2016/2015* comparable change *(a)***
Group	**4,423**	+ *7.3 %*	(124)	(94)	(32)	511	+ *1.0 %*
Gas & Services	**4,070**	+ *10.3 %*	(119)	(94)	(32)	511	+ *3.1 %*

(a) Excluding currency, energy (natural gas and electricity) and significant scope impacts.

For the Group,

- The currency impact was -3.0%.
- The impact of natural gas price fluctuations was -2.3%.
- The impact of electricity price fluctuations was -0.8%.
- The significant scope impact was +12.4%.

For Gas & Services,

- The currency impact was -3.2%.
- The impact of natural gas price fluctuations was -2.6%.
- The impact of electricity price fluctuations was -0.9%.
- The significant scope impact was +13.9%.

Segment information

(in millions of euros and %)	H1 2015			H1 2016		
	Revenue	Operating income recurring	OIR margin	Revenue	Operating income recurring	OIR margin
Europe	3,366.5	657.0	19.5 %	3,224.4	638.4	19.8 %
Americas	1,799.4	381.2	21.2 %	2,185.3	431.2	19.7 %
Asia-Pacific	1,891.6	336.4	17.8 %	1,919.7	344.8	18.0 %
Middle-East and Africa	244.8	41.6	17.0 %	288.1	44.5	15.5 %
Gas and Services	**7,302.3**	**1,416.2**	**19.4 %**	**7,617.5**	**1,458.9**	**19.2 %**
Engineering & Construction	382.5	45.7	11.9 %	254.3	10.8	4.2 %
Global Markets & Technologies	131.9	17.1	12.9 %	145.7	15.8	10.8 %
Other activities	297.9	22.6	7.6 %	277.1	14.9	5.4 %
Reconciliation	-	(92.9)	-	-	(118.8)	-
Total Group	**8,114.6**	**1,408.7**	**17.4 %**	**8,294.6**	**1,381.6**	**16.7 %**

Consolidated income statement

(in millions of euros)	**H1 2015**	**H1 2016**	**Published change**
Revenue	**8,114.6**	**8,294.6**	**+ 2.2 %**
Other income	78.8	62.2	
Purchases	(3,040.9)	(3,056.6)	
Personnel expenses	(1,521.0)	(1,655.9)	+ 8.9 %
Other expenses	(1,529.2)	(1,538.2)	
Operating income recurring before depreciation and amortization	**2,102.3**	**2,106.1**	**+ 0.2 %**
Depreciation and amortization expense	(693.6)	(724.5)	+ 4.5 %
Operating income recurring	**1,408.7**	**1,381.6**	**- 1.9%**
Other non-recurring operating income	(2.1)	12.3	
Other non-recurring operating expenses	(4.3)	(101.6)	
Operating income	**1,402.3**	**1,292.3**	**- 7.8 %**
Net finance costs	(121.7)	(153.8)	+ 26.4 %
Other financial income	5.0	11.2	
Other financial expenses	(40.7)	(32.1)	
Income taxes	(362.8)	(268.2)	
Share of profit of associates	6.5	3.6	
Profit for the period	**888.6**	**853.0**	**- 4.0 %**
- Minority interests	39.2	42.4	
- Net profit (Group share)	849.4	810.6	- 4.6 %
Basic earnings per share *(in euros)*	**2.48**	**2.36**	**- 4.8 %**
Diluted earnings per share *(in euros)*	**2.47**	**2.35**	**- 4.9 %**

Consolidated balance sheet

ASSETS *(in millions of euros)*	**December 31, 2015**	**June 30, 2016**
Goodwill	5,730.2	13,546.9
Other intangible assets	849.1	1,877.2
Property, plant and equipment	15,706.3	19,543.4
Non-current assets	**22,285.6**	**34,967.5**
Non-current financial assets	485.1	513.3
Investments in associates	115.9	127.1
Deferred tax assets	235.2	318.3
Fair value of non-current derivatives (assets)	100.1	58.2
Other non-current assets	**936.3**	**1,016.9**
TOTAL NON-CURRENT ASSETS	**23,221.9**	**35,984.4**
Inventories and work-in-progress	980.6	1,434.5
Trade receivables	2,981.1	3,421.9
Other current assets	596.6	744.5
Current tax assets	132.9	295.6
Fair value of current derivatives (assets)	62.8	50.3
Cash and cash equivalents	965.5	1,315.8
TOTAL CURRENT ASSETS	**5,719.5**	**7,262.6**
ASSETS HELD FOR SALE	**-**	**211.8**
TOTAL ASSETS	**28,941.4**	**43,458.8**

EQUITY AND LIABILITIES *(in millions of euros)*	**December 31, 2015**	**June 30, 2016**
Share capital	1,892.9	1,900.7
Additional paid-in capital	15.6	110.0
Retained earnings	8,861.8	9,269.0
Treasury shares	(121.0)	(121.0)
Net profit (Group share)	1,756.4	810.6
Shareholders' equity	**12,405.7**	**11,969.3**
Minority interests	**365.1**	**360.4**
TOTAL EQUITY	**12,770.8**	**12,329.7**
Provisions, pensions and other employee benefits	2,113.2	2,605.7
Deferred tax liabilities	1,321.8	2,335.2
Non-current borrowings	6,290.7	11,101.8
Other non-current liabilities	243.8	257.3
Fair value of non-current derivatives (liabilities)	231.3	265.6
TOTAL NON-CURRENT LIABILITIES	**10,200.8**	**16,565.6**
Provisions, pensions and other employee benefits	271.2	236.4
Trade payables	2,269.3	2,345.6
Other current liabilities	1,302.4	1,326.2
Current tax payables	156.8	176.2
Current borrowings	1,912.7	10,073.8
Fair value of current derivatives (liabilities)	57.4	361.8
TOTAL CURRENT LIABILITIES	**5,969.8**	**14,520.0**
LIABILITIES HELD FOR SALE	**-**	**43.5**
TOTAL EQUITY AND LIABILITIES	**28,941.4**	**43,458.8**

Consolidated cash flows statement

(in millions of euros)	H1 2015	H1 2016
Operating activities		
Net profit (Group share)	**849.4**	**810.6**
Minority interests	**39.2**	**42.4**
Adjustments:		
• Depreciation and amortization	693.6	724.5
• Changes in deferred taxes	43.2	42.7
• Increase (decrease) in provisions	(41.7)	(29.6)
• Share of profit of associates (less dividends received)	1.4	-
• Profit/loss on disposal of assets	(9.9)	(16.1)
Cash flows from operating activities before changes in working capital	**1,575.2**	**1,574.5**
Changes in working capital	(578.3)	(335.0)
Other	(31.9)	(46.8)
Net cash flows from operating activities	**965.0**	**1,192.7**
Investing activities		
Purchase of property. plant and equipment and intangible assets	(1,005.6)	(1,054.9)
Acquisition of subsidiaries and financial assets	(197.8)	(12,099.7)
Proceeds from sale of property. plant and equipment and intangible assets	27.2	49.4
Proceeds from sale of financial assets	0.3	0.3
Net cash flows used in investing activities	**(1,175.9)**	**(13,104.9)**
Financing activities		
Dividends paid		
• L'Air Liquide S.A.	(924.1)	(946.7)
• Minority interests	(19.9)	(48.5)
Proceeds from issues of share capital	74.4	102.7
Purchase of treasury shares	(177.8)	(0.1)
Increase (decrease) in borrowings	1,077.6	13,072.4
Transactions with minority shareholders	(11.6)	(0.5)
Net cash flows from (used in) financing activities	**18.6**	**12,179.3**
Effect of exchange rate changes and change in scope of consolidation	(67.7)	60.5
Net increase (decrease) in net cash and cash equivalents	**(260.0)**	**327.6**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**854.9**	**875.4**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**594.9**	**1,203.0**

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

(in millions of euros)	**June 30, 2015**	**June 30, 2016**
Cash and cash equivalents	693.5	1,315.8
Bank overdrafts (included in current borrowings)	(98.6)	(112.8)
Net cash and cash equivalents	**594.9**	**1,203.0**

Net indebtedness calculation

(in millions of euros)	**June 30, 2015**	**June 30, 2016**
Non-current borrowings (long-term debt)	(6,716.0)	(11,101.8)
Current borrowings (short-term debt)	(1,904.1)	(10,073.8)
TOTAL GROSS INDEBTEDNESS	**(8,620.1)**	**(21,175.6)**
Cash and cash equivalents	**693.5**	**1,315.8**
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(7,926.6)**	**(19,859.8)**

Statement of changes in net indebtedness

(in millions of euros)	**H1 2015**	**H1 2016**
Net indebtedness at the beginning of the period	**(6,306.3)**	**(7,238.7)**
Net cash flows from operating activities	965.0	1,192.7
Net cash flows used in investing activities	(1,175.9)	**(13,104.9)**
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(1,059.0)	(893.1)
Total net cash flows	**(1,269.9)**	**(12,805.3)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others	(350.4)	184.2
Change in net indebtedness	**(1,620.3)**	**(12,621.1)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(7,926.6)**	**(19,859.8)**

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

BASIS OF PRESENTATION

The following unaudited pro forma consolidated financial information contains unaudited pro forma consolidated income statements and unaudited purchase of property, plant and equipment and intangible assets for the year ended December 31, 2015 and the half-year ended June 30, 2016. The unaudited pro forma consolidated financial information has been established using assumptions described below and has also been derived from and should be read in conjunction with the following documents:

- the audited consolidated financial statements of Air Liquide as of and for the year ended December 31, 2015, prepared in accordance with IFRS;
- the unaudited consolidated interim financial statements of Air Liquide for the half-year ended June 30, 2016, prepared in accordance with IFRS, which have been reviewed by the auditors;
- the audited consolidated financial statements of Airgas as of and for the year ended March 31, 2015, prepared in accordance with U.S. GAAP;
- the unaudited consolidated interim financial statements of Airgas as of and for the nine-month period ended December 31, 2014, prepared in accordance with U.S. GAAP; and
- the unaudited consolidated interim financial statements of Airgas as of and for the nine-month period ended December 31, 2015, prepared in accordance with U.S. GAAP

The unaudited pro forma consolidated financial information has been prepared in millions of euros and reflects the acquisition and the financing of Airgas as if it had occurred on January 1, 2015 whereas the effective acquisition date is May 23, 2016. All pro forma adjustments are directly attributable to the business combination and only adjustments that are factually supportable and that can be estimated reliably are taken into account. The pro forma financial information does not reflect any future restructuring expenses or integration costs that may be incurred in connection with the business combination nor does it reflect any cost savings potentially realizable from the elimination of certain expenses or from synergies. In addition, the pro forma financial information does not include the capital gain on divestitures that shall be realized per the United States of America Federal Trade Commission ("FTC") Consent Order as a condition to the closing of the business combination. Material non-recurring items related to the acquisition are maintained in the "consolidated pro forma column" and adjusted in "non recurring items" to present the "consolidated pro forma recurring column". For the purpose of preparing the unaudited pro forma financial information, Airgas historical financial information has been adjusted for known differences between US GAAP and IFRS. In addition, certain items have been reclassified (see note 1 below).

The unaudited pro forma financial information is presented for illustrative purposes only and is not indicative of the income (loss) of the consolidated company that would have been achieved if the business combination had been completed on January 1, 2015, nor is the pro forma financial information indicative of the future results of the consolidated company. The pro forma adjustments, which are detailed below, are based on available information to date and certain assumptions and estimates that Air Liquide considers as reasonable. Those adjustments are directly attributable to the business combination and are factually supportable:

a. Preliminary purchase accounting: The impacts of the preliminary purchase accounting on the income statement have been reflected on a basis consistent with the preliminary purchase accounting of Airgas reported by Air Liquide in its June 30, 2016 interim consolidated financial statements.

b. Divestitures: Elimination of the estimated contribution of the assets to be divested per FTC Consent Order as a condition to the closing of the business combination.

c. Acquisition and disposal-related costs: Air Liquide acquisition and disposal-related costs incurred in the year ended December 31, 2015 and in the half-year ended June 30, 2016 in connection with the business combination are included in the “Consolidated pro forma” for the year ended December 31, 2015. On the other hand, Air Liquide acquisition and disposal-related costs incurred in the half-year ended June 30, 2016 have been eliminated in the “Consolidated pro forma”. Transaction costs incurred by Airgas in the year ended December 31, 2015 have been eliminated as they are reflected, as well as those incurred in the half-year ended June 30, 2016, in the preliminary purchase accounting as a reduction of the net assets of Airgas acquired by Air Liquide.

d. Acquisition financing costs: Net finance costs have been adjusted to reflect in the Unaudited pro forma financial information the impact of the financing structure in place on June 30, 2016 (i.e. the 11.6 billion US dollars bridge financing after deduction of the 3.0 billion euros notes issued on June 13, 2016 under the EMTN Program of Air Liquide) as if it had been in place as of January 1, 2015.

Taking into account the above adjustments, the “Consolidated pro forma” financial information is presented in accordance with the European Commission Regulation EC No 809/2004, using the acquisition method in compliance with IFRS. The “Consolidated pro forma recurring” columns further reflect the unaudited pro forma financial information after eliminating the non-recurring impact of acquisition costs.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015 UNDER IFRS

(in millions of €)	Published Air Liquide	Historical Airgas [(a)(b)]	Pro forma adjustments [(a)(e)]	Consolidated pro forma	Non-recurring items [(c)]	Consolidated pro forma recurring
Revenue	**16 379,8**	**4 798,0**	**(222,5)**	**20 955,3**		**20 955,3**
Other income	193,5	5,2		198,7		198,7
Purchases	(6 164,0)	(2 092,3)	94,6	(8 161,7)		(8 161,7)
Personnel expenses	(3 069,4)	(1 156,6)	7,4	(4 218,6)		(4 218,6)
Other expenses	(3 077,7)	(680,0)	87,9	(3 669,8)		(3 669,8)
Operating income recurring before depreciation and amortization	**4 262,2**	**874,3**	**(32,6)**	**5 103,9**		**5 103,9**
Depreciation and amortization expense	(1 371,6)	(311,3)	(48,8)	(1 731,7)		(1 731,7)
Operating income recurring	**2 890,6**	**563,0**	**(81,4)**	**3 372,2**		**3 372,2**
Other non-recurring operating income	38,4			38,4		38,4
Other non-recurring operating expenses	(170,6)	(21,7)	(32,1)	(224,4)	63,9	(160,5)
Operating income	**2 758,4**	**541,3**	**(113,5)**	**3 186,2**	**63,9**	**3 250,1**
Net finance costs	(227,1)	(53,6)	(163,4)	(444,1)		(444,1)
Other financial income	14,7	3,9		18,6		18,6
Other financial expenses	(55,6)	(3,1)	0,8	(57,9)		(57,9)
Income taxes	(666,4)	(178,7)	102,8	(742,3)	(22,6)	(764,9)
Share of profit of associates	14,7	2,6		17,3		17,3
Profit for the period	**1 838,7**	**312,4**	**(173,3)**	**1 977,8**	**41,3**	**2 019,1**
- Minority interests	82,3			82,3		82,3
- Net profit (Group share)	1 756,4	312,4	(173,3)	1 895,5	41,3	1 936,8
Purchase of property, plant and equipment and intangible assets [(d)]	**(2 027,7)**	**(447,8)**		**(2 475,5)**		**(2 475,5)**

(a) All data related to Airgas's financial information for the year ended December 31, 2015 and the pro forma adjustments to the income statement for the year ended December 31, 2015 are translated into euros using the following average exchange rate: USD 1 = EUR 0.9016, identical to the exchange rate used by Air Liquide to consolidate its operations in US dollars.

(b) See Note 1.B for Airgas historical figures in US dollars.

(c) See "Basis for presentation".

(d) Purchase of property, plant and equipment and intangible assets as presented in the consolidated cash flow statement in the 2015 Air Liquide Reference document. See Note 1.A. and 1.B. for the calculation of Airgas purchase of property, plant and equipment and intangible assets.

(e) See Note 2 for details.

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED JUNE 30, 2016 UNDER IFRS

(in millions of €)	Published Air Liquide H1 2016	Neutralization of Airgas included in Air Liquide from May 23 to June 30 (-)	Air Liquide H1 2016 Excluding Airgas	Airgas from January 1 to June 30 (excl. PPA) [(a)]	Pro forma adjustments [(a)(c)]	Consolidated pro forma
Revenue	**8 294,6**	**(511,2)**	**7 783,4**	**2 334,1**	**(106,0)**	**10 011,5**
Other income	62,2		62,2	2,1		64,3
Purchases	(3 056,6)	215,8	(2 840,8)	(980,9)	42,9	(3 778,8)
Personnel expenses	(1 655,9)	126,7	(1 529,2)	(588,5)	3,7	(2 114,0)
Other expenses	(1 538,2)	64,6	(1 473,6)	(331,4)	43,7	(1 761,3)
Operating income recurring before depreciation and amortization	**2 106,1**	**(104,1)**	**2 002,0**	**435,4**	**(15,7)**	**2 421,7**
Depreciation and amortization expense	(724,5)	40,3	(684,2)	(164,6)	(15,1)	(863,9)
Operating income recurring	**1 381,6**	**(63,8)**	**1 317,8**	**270,8**	**(30,8)**	**1 557,8**
Other non-recurring operating income	12,3		12,3			12,3
Other non-recurring operating expenses	(101,6)	73,2	(28,4)	(0,3)		(28,7)
Operating income	**1 292,3**	**9,4**	**1 301,7**	**270,5**	**(30,8)**	**1 541,4**
Net finance costs	(153,8)	35,0	(118,8)	(27,9)	(71,5)	(218,2)
Other financial income	11,2	(0,2)	11,0	1,0		12,0
Other financial expenses	(32,1)	3,7	(28,4)	0,8	0,4	(27,2)
Income taxes	(268,2)	(17,1)	(285,3)	(94,7)	35,9	(344,1)
Share of profit of associates	3,6	(0,2)	3,4	1,1		4,5
Profit for the period	**853,0**	**30,6**	**883,6**	**150,8**	**(66,0)**	**968,4**
- Minority interests	42,4		42,4			42,4
- Net profit (Group share)	810,6	30,6	841,2	150,8	(66,0)	926,0
Purchase of property, plant and equipment and intangible assets (b)	**(1 054,9)**	**42,1**	**(1 012,8)**	**(183,8)**		**(1 196,6)**

(a) All data related to Airgas's financial information for the six-month ended June 30, 2016 and the pro forma adjustments to the income statement for the year ended June 30, 2016 are translated into euros using the following average exchange rate: USD 1 = EUR 0.8966, identical to the exchange rate used by Air Liquide to consolidate its operations in US dollars.

(b) Purchase of property, plant and equipment and intangible assets as presented in the consolidated cash flow statement in the 2016 Air Liquide half-year report.

(c) See Note 2 for details.

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

NOTE 1 –ADJUSTMENTS TO THE HISTORICAL INFORMATION OF AIRGAS

The unaudited pro forma financial information includes adjustments to Airgas's historical financial statements for the following differences between US GAAP and IFRS. Such adjustments correspond to those that were identified at the time Airgas's financial statements were consolidated with those of Air Liquide on the date of acquisition effective May 23, 2016.

1.A. Airgas financial information for the year ended December 31, 2015 under U.S. GAAP (Airgas presentation)

	April 1st, 2014 - December 31st, 2014	April 1st, 2014 - March 31st, 2015	January 1st, 2015 - March 31st, 2015	April 1st, 2015 - December 31st, 2015	January 1st, 2015 - December 31st, 2015
	3rd Quarter FY2015 (*in million $*) (9 months)	4th Quarter FY2015 (*in million $*) (12 months)	4th Quarter FY2015 (*in million $*) (3 months)	3rd Quarter FY2016 (*in million $*) (9 months)	FY2015 (*in million $*) (12 months)
	A	B	B - A = C	D	C + D
Net sales	$4 003.2	$5 304.9	$1 301.7	$4 019.7	$5 321.4
Costs and expenses:	-	-		-	
Cost of products sold (excluding depreciation)	$1 772.9	$2 355.9	$583.0	$1 751.9	$2 334.9
Selling, distribution and administrative expenses	$1 491.5	$1 978.7	$487.2	$1 535.3	$2 022.5
Merger costs	-	-		$21.4	$21.4
Depreciation	$221.4	$297.7	$76.3	$237.3	$313.6
Amortization	$23.7	$31.3	$7.6	$25.5	$33.1
Total costs and expenses	$3 509.5	$4 663.6	$1 154.1	$3 571.4	$4 725.5
			-		
Operating income	$493.7	$641.3	$147.6	$448.3	$595.9
			-		
Interest expense, net	$(48.4)	$(62.2)	$(13.8)	$(44.5)	$(58.3)
Loss on the extinguishment of debt	-	-	-		
Other income, net	$1.7	$5.1	$3.4	$5.8	$9.2
			-		
Earnings before income taxes	$447.0	$584.2	$137.2	$409.6	$546.8
			-		
Income taxes	$(166.7)	$(216.0)	$(49.3)	$(149.6)	$(198.9)
			-		
Net earnings	$280.3	$368.2	$87.9	$260.0	$347.9
Capital expenditures	$338.9	$468.8	$129.9	$366.7	$496.6

1.B. Airgas financial information for the year ended December 31, 2015 adjusted from U.S. GAAP to IFRS and reclassified under Air Liquide presentation

(in millions of $US)	Airgas format [a]	Adjustments [b][d]	Air Liquide format in million US dollars 2015
Revenue	**5 321.4**	**0.0**	**5 321.4**
Operating expenses[c]	(4 378.8)	28.6	(4 350.2)
Operating income recurring before depreciation and amortization	**942.6**	**28.6**	**971.2**
Depreciation and amortization expense[c]	(346.7)	1.5	(345.2)
Operating income recurring	**595.9**	**30.1**	**626.0**
Other non-recurring operating income and expenses[c]		(24.0)	(24.0)
Operating income	**595.9**	**6.1**	**602.0**
Financial result[c]	(49.1)	(6.6)	(55.7)
Income taxes	(198.9)	0.2	(198.7)
Profit for the period	**347.9**	**(0.3)**	**347.6**
- Minority interests		0.0	0.0
- Net profit (Group share)	347.9	(0.3)	347.6
Purchase of property, plant and equipment and intangible assets	**496.6**		**496.6**

(a) See Note 1.A..

(b) See note 1 – ADJUSTMENTS TO THE HISTORICAL INFORMATION OF AIRGAS.

(c) See Note 1.C..

(d) See Note 1.D..

.

1.C. Reclassifications of specific line-items in the financial information of Airgas under IFRS

Reclassifications in the IFRS pro forma financial information for the year ended December 31, 2015 and the half-year ended June 30, 2016 are related to:

- Airgas's accretion expenses of Assets Retirement Obligations (ARO) that have been reclassified from "Depreciation expenses" to "Financial result" for -1.5 million US dollars
- Transaction costs included in "costs" in the historical Airgas income statement for -21.4 million US dollars reclassified to "Other non-recurring operating income and expenses" in accordance with Air Liquide accounting policies.

1.D. Revaluation of deferred compensation plan assets

Airgas has a deferred compensation plan that is a non-qualified plan. The deferred compensation plan allows eligible employees and non-employee directors, who elect to participate in the plan, to defer the receipt of taxable compensation. Participants may set aside up to a maximum of 75% of their base salary and up to a maximum of 100% of their bonus compensation or directors' fees in tax-deferred investments. Airgas's deferred compensation plan liabilities are funded through an irrevocable rabbi trust. The assets of the trust funds cannot be reached by Airgas or its creditors except in the event of Airgas's insolvency or bankruptcy. In consequence, under IFRS, the deferred compensation plan assets cannot be considered as plan assets and it must be recognized in accordance with IAS 39 as available-for-sale financial assets. As such, gains and losses on the deferred compensation plan assets must be recognized in other comprehensive income rather than through profit or loss. Pro forma adjustments were made accordingly to Airgas consolidated income statements for the year ended December 31, 2015 and the half-year ended June 30, 2016. The effect on the net profit is -0,3 million euros in the 2015 pro forma financial information and -0.4 million euros in the 2016 pro forma financial information.

NOTE 2 – PRO FORMA ADJUSTMENTS

2.A. Preliminary purchase accounting adjustments

The preliminary purchase price allocation is presented in Note 1 of the unaudited consolidated interim financial statements of Air Liquide for the half-year ended June 30, 2016 (Chapter 2 of the Reference Document update). The Acquisition has been accounted for as a business combination in accordance with IFRS 3 Business Combinations which requires that identifiable assets acquired and liabilities assumed be measured at their fair values as of the acquisition date. Air Liquide has appointed an independent appraiser expert to perform the valuation of some of Airgas assets and liabilities. The excess of the consideration transferred, over the fair value of the identifiable assets acquired and the liabilities assumed has been recognized as goodwill. At this stage, this purchase accounting is preliminary. In accordance with IFRS 3, the measurement period shall not exceed one year from the acquisition date. The Group's management estimates, based on its review of the information available to it as of the date hereof, that the final purchase price allocation will not materially differ from the preliminary assessment, although no assurances can be provided that this will be the case.

2.A.1. Amortization of Intangible Assets (Trademarks, Customers' Relationships)

The fair value of Airgas's trademarks and customers' relationships recognized as part of the preliminary purchase accounting is based upon the report of the external appraisal expert. The valuation is based on different valuation techniques, such as respectively the Royalty Saving Method and the Multi-period Excess Earnings Method.

An adjustment has been made to record the amortization expense related to trademarks and customers' relationships and was accounted for in "Depreciation and amortization expense" for -19.8 million euros and -11.7 million euros for the year ended December 31, 2015 and the half-year ended June 30, 2016 respectively.

2.A.2. Depreciation of Property, Plant and Equipment

The fair value of Airgas's Property, Plant and Equipment is based upon the final report of the external appraisal expert. The valuation is based on different valuation techniques, such as the Depreciated Replacement Cost New ("DRCN"), the income and the market approaches.

An adjustment has been made to record the depreciation expense related to property, plant and equipment and was accounted for in "Depreciation and amortization expense" for -49.7 million euros and -13.7 million euros for the year ended December 31, 2015 and the half-year ended June 30, 2016 respectively.

2.A.3 Unfavorable suppliers contracts

Unfavorable contracts related to the supply of certain liquid gases from various suppliers resulted in a liability to be recognized in the opening balance sheet. This liability is to be reversed in the income statement based on the respective maturity of each contract and was reflected in “other expenses” for +25.6 million euros and +12.7 million euros for the year ended December 31, 2015 and the half-year ended June 30, 2016 respectively.

2.A.4. Fair value of financial indebtedness

The fair value adjustment of Airgas financial indebtedness was included in the Effective Interest Rate (EIR) of Airgas’ senior notes and resulted in a decrease in net finance costs for +2.8 million euros and +1.4 million euros for the year ended December 31, 2015 and the half-year ended June 30, 2016 respectively.

2.A.5. Deferred Taxes

Deferred taxes were computed on the above adjustments using the statutory applicable tax rate for +15.9 million euros and +4.4 million euros for the year ended December 31, 2015 and the half-year ended June 30, 2016 respectively.

2.B. Divestitures

The FTC cleared the acquisition of Airgas by Air Liquide subject to certain conditions, including the sale of certain assets. Air Liquide announced on June 24th, 2016 that it had entered into an agreement to sell certain assets in the United States to Matheson Tri-Gas, Inc. (“Matheson”), a subsidiary of Taiyo Nippon Sanso Corporation of Tokyo, Japan. Upon closing, Matheson will acquire the following assets from Air Liquide:

- Eighteen air separation units in sixteen locations;
- Two nitrous oxide production facilities;
- Four liquid carbon dioxide production facilities in four states, including two dry ice production facilities;
- Three Airgas retail packaged welding gas stores in Alaska.

Under the terms of the purchase agreement, Matheson would acquire production facilities, equipment, inventory, distribution assets, and customer contracts.

Furthermore, Air Liquide has also signed a sales agreement of two facilities in Iowa which produce both liquid carbon dioxide and dry ice, the remaining assets to be divested as ordered by the FTC in connection with Air Liquide’s acquisition of Airgas.

The divestiture process is not yet finalized. The Matheson transaction and the sale transaction for the Iowa plants remain subject to FTC approval and are expected to close in the third quarter of 2016.

The estimated contribution to the income statement of the assets to be divested was neutralized in the pro forma financial information for the year ended December 31, 2015 and the half-year ended June 30, 2016 and resulted in a decrease in sales respectively for -222.5 million euros and -106.0 million euros and a decrease in operating income recurring before depreciation and amortization respectively for -58.1 million euros and -28.4 million euros.

The capital gain on the to-be divested assets is not included in the pro forma financial information as the FTC approval is still under process. The capital gain on the disposal would have been accounted for under "Other non-recurring operating income" as a material non-recurring transaction. It would offset in particular in 2016, the non-recurring acquisition, integration and financing costs related to the transaction.

2.C. Acquisition and disposal-related costs incurred by Air Liquide and Airgas before or at the Completion of the Business combination

The estimated costs related to the acquisition of Airgas, including costs related to the divestitures requested by the FTC mainly include banking, legal, and consulting fees.

The acquisition-related costs incurred by Airgas before or at completion of the business combination have already been excluded of the H1 2016 Airgas pro forma financial information for an amount of +99.7.million euros before tax.

The estimated costs related to the acquisition of Airgas, including costs related to the divestitures requested by the FTC incurred by Air Liquide during the half-year ended June 30, 2016 are included in the "Consolidated pro forma" column of the pro forma financial information for the year ended December 31, 2015 for an amount of -51,4 million euros before tax. Acquisition costs incurred in 2015 are already included in the historical financial statements of Air Liquide and amount to -12.5 million euros before tax.

Acquisition and disposal costs are recognized as Other non-recurring expense. By their nature, they are not expected to have a recurring impact on the Group performance going forward and as such are eliminated in the 'Consolidated pro forma recurring'.

2.D. Recording of the interest costs related to the estimated financing of the acquisition

An adjustment has been made to record the finance costs related to the financing of the acquisition for an amount of approximately -171 million euros for the year ended December 31, 2015 and -77 million for the half-year ended June 30, 2016, before tax. These finance costs were computed based on the current financing structure. i.e. euro-denominated bonds for 3 billion euros which were issued on June 13, 2016 and a bridge loan financing for the balance.

The interest rate assumed for purposes of computing the finance cost to be included in the unaudited pro forma financial information related to the bridge loan financing varies from 1,55% to 1,75%. These rates comprise the 12-month LIBOR rate of 1,30% as of May 20, 2016, plus certain margins specified in the bridge facility agreement depending on maturities.

A 1/8 % increase or decrease in interest rates would result in a change in net finance costs of approximately -9.4 million US dollars for the year ended December 31, 2015 and -4.7 million US dollars for the half-year ended June 30, 2016, before tax.

Air Liquide intends to refinance the bridge financing through a capital increase in the range of 3 billion to 3.5 billion euros and U.S. dollar long-term bonds for the balance, i.e. in the range of 4 to 5 billion US dollars.

The effect of the future financing structure of the deal is not reflected in the unaudited pro forma financial information. Based on current market conditions, the future financing structure would result in an increase in net profit compared to what has been reported in the pro forma financial information respectively in the range of 10 to 35 million euros for the year ended December 30, 2015 and between 0 and 15 million euros for the half-year ended June 30, 2016, before tax. The future net cost of debt that will result from the issue of U.S. dollar long-term bonds will be subject to movements in interest rates between the date of publication of the half-year report and the completion date of the operation. A sensitivity analysis is provided in the table below.

SENSITIVITY TO INTEREST RATE FLUCTUATIONS ON US BONDS

	Cost of debt sensitivity analysis		
(in millions of euros)	**-10bp**	**2,769%[a]**	**+10bp**
$4 billion	-100,6	-104,2	-107,8
$4,5 billion	-108.3	-112.3	-116.4
$5 billion	-116,0	-120,5	-125,0

(a) Blended interest rate calculated based on:

- *Maturities of 3 years (17%), 5 years (22%), 7 years (17%), 10 years (27%) and 30 years (17%);*
- *Interest rates were hedged for ca. 72% of the nominal amount to be issued;*
- *Variable interest rates depending on maturities for the remaining unhedged amounts.*