

Minutes

COMBINED SHAREHOLDERS' MEETING
OF MAY 16, 2018

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Benoît Potier
Chairman and
Chief Executive Officer

THANK YOU FOR PARTICIPATING!

The Combined Shareholders' Meeting, chaired by Benoît Potier, Chairman and Chief Executive Officer, in the presence of the members of the Board of Directors, was attended by **3,569 people** at the Palais des Congrès in Paris on May 16, 2018.

The shareholders, who represented **52.99%** of voting rights, i.e. **127,755 shareholders present or represented**, adopted all the proposed resolutions. A total of 226,013,137 votes were cast out of the 426,505,207 shares entitled to a voting right.

28,218 shareholders voted or requested their admission card via the Internet prior to the meeting.

The duties of scrutineers were carried out by Amundi, represented by Jérôme Sauty de Chalon, and BNP Paribas Asset Management, represented by Michaël Herskovich, the two members of the meeting having the largest number of votes and agreeing to act in this capacity.

A recast of the meeting is available on our website www.airliquide.com.

*For a more detailed
presentation of the Group,
visit our website
www.airliquide.com*



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BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

BOARD OF DIRECTORS FOLLOWING THE SHAREHOLDERS' MEETING



Benoît POTIER

Chairman and
Chief Executive Officer



Thierry PEUGEOT

Director



Karen KATEN

Independent Director



Jean-Paul AGON

Independent Director
Lead Director



Siân HERBERT-JONES

Independent Director



Pierre DUFOUR

Director



Sin Leng LOW

Independent Director



Annette WINKLER

Independent Director



Geneviève BERGER

Independent Director



Brian GILVARY

Independent Director



Xavier HULLARD

Independent Director



Philippe DUBRULLE

Director representing
the employees

STATUTORY AUDITORS

ERNST & YOUNG et Autres
Represented by Jeanne Boillet

PricewaterhouseCoopers
Represented by Olivier Lotz

CENTRAL WORKS COUNCIL DELEGATES

Laurence Dezier
Frédéric Rousseau

EXECUTIVE MANAGEMENT AND EXECUTIVE COMMITTEE

Benoît Potier	Chairman and Chief Executive Officer	Born in 1957 – French
Michael J. Graff	Executive Vice-President Houston Hub Executive Vice-President supervising Americas Supervises Electronics Business Line, Safety and Industrial systems Chairman of the Board of Airgas	Born in 1955 – American
Fabienne Lecorvaisier	Executive Vice-President in charge of Finance, Operations Control and General Secretariat	Born in 1962 – French
Guy Salzgeber	Executive Vice-President, Frankfurt Hub Executive Vice-President supervising Europe Industries and Group Procurement	Born in 1958 – French
François Darchis	Senior Vice-President, Innovation and Development Vice-President, supervises Information Technologies, Industrial Merchant Business Line and the Group's Corporate Sustainability program	Born in 1956 – French
Jean-Marc de Royere	Senior Vice-President in charge of International, Governance and the Group's Corporate Sustainability program, Chairman of the Air Liquide Foundation	Born in 1965 – French
François Jackow	Senior Vice-President in charge of Healthcare activities supervising Africa, Middle East and India, Vice-President Customer Experience	Born in 1969 – French
François Venet	Senior Vice-President, Strategy Vice-President supervising the Large Industries Business Line and Engineering & Construction	Born in 1962 – French
François Abrial	Shanghai hub Executive Vice-President supervising Asia-Pacific	Born in 1962 – French
Pascal Vinet	Chief Executive Officer of Airgas	Born in 1962 – French
Armelle Levieux	Vice-President Group Human Resources	Born in 1973 – French



RESULTS OF THE VOTE ON THE RESOLUTIONS

All the resolutions were approved.

	In favor		Abstention		Against	
	VOTES	%	VOTES	%	VOTES	%
ORDINARY SHAREHOLDERS' MEETING						
1 Approval of the Company financial statements for the year ended December 31, 2017	223,189,134	98.75%	1,116,957	0.49%	1,707,046	0.76%
2 Approval of the consolidated financial statements for the year ended December 31, 2017	223,105,482	98.71%	951,504	0.42%	1,956,151	0.87%
3 Appropriation of 2017 earnings and setting of the dividend	224,097,870	99.15%	1,012,193	0.45%	903,074	0.40%
4 Authorization granted to the Board of Directors for a period of 18 months to allow the Company to trade in its own shares	221,479,712	98.00%	1,021,606	0.45%	3,511,819	1.55%
5 Renewal of the term of office of Mr Benoît Potier as Director	177,921,352	78.72%	1,101,712	0.49%	46,990,073	20.79%
6 Renewal of the term of office of Mr Jean-Paul Agon as Director	220,300,837	97.48%	1,069,617	0.47%	4,642,683	2.05%
7 Renewal of the term of office of Ms Sin Leng Low as Director	223,005,072	98.67%	990,506	0.44%	2,017,559	0.89%
8 Renewal of the term of office of Ms Annette Winkler as Director	223,876,945	99.06%	995,772	0.44%	1,140,420	0.50%
9 Approval of commitments referred to in article L. 225-42-1 of the French Commercial Code relating to the termination indemnity of Mr Benoît Potier	218,015,497	96.60%	1,379,425	0.61%	6,290,175	2.79%
10 Approval of commitments referred to in Article L. 225-42-1 of the French Commercial Code relating to defined benefit pension plan commitments for Benoît Potier	215,612,201	95.54%	1,179,727	0.52%	8,893,169	3.94%
11 Approval of the elements of remuneration paid or awarded to Mr Benoît Potier for the year ended December 31, 2017	196,706,256	87.03%	989,037	0.44%	28,317,844	12.53%
12 Approval of the elements of remuneration paid or awarded to Mr Pierre Dufour for the year ended December 31, 2017	207,901,841	91.98%	989,960	0.44%	17,121,336	7.58%
13 Approval of the remuneration policy applicable to the Executive Officers	200,701,180	88.80%	1,023,972	0.45%	24,287,985	10.75%
14 Setting the amount of the Directors' fees	222,581,101	98.48%	1,101,579	0.49%	2,330,457	1.03%
EXTRAORDINARY SHAREHOLDERS' MEETING						
15 Authorization granted to the Board of Directors for a period of 24 months to reduce the share capital by cancellation of treasury shares	223,205,459	98.75%	1,031,132	0.46%	1,776,546	0.79%
16 Delegation of authority granted to the Board of Directors for a period of 26 months in order to increase the share capital through capitalization of additional paid-in capital, reserves, profits or any other amount that may be capitalized, for a maximum amount of 300 million euros	224,748,513	99.44%	953,362	0.42%	311,262	0.14%
ORDINARY SHAREHOLDERS' MEETING						
17 Powers for formalities	224,707,953	99.42%	1,085,323	0.48%	219,861	0.10%



2017 RESULTS AND HIGHLIGHTS

"2017 marks a new step for the Group, which has successfully integrated Airgas and has taken on a new dimension: its annual sales now surpasses 20 billion euros."

Fabienne Lecorvaisier, Executive Vice-President in charge of Finance

In 2017, Air Liquide took on a new dimension, benefiting especially from the successful integration of Airgas and synergies achieved faster than expected. Revenue, operating cash flow and net income, all saw double-digit reported growth, reflecting both the improvement in the Group's operating performance and the effects of a full year of consolidation of Airgas.

KEY FIGURES IN 2017

- **Revenue:** €20,349 million, an increase of +12.2%^(a)
- **Recurring operating profit:** €3,364 million, an increase of 11.2%^(a)
- **Recurring net income^(b):** €2,029 million, an increase of +10.0%
- **Recurring return on capital employed after tax:** 7.7%^(b)
- **Dividend per share:** 2.65 euros, an increase of +12.4%
- **Earnings per share^(c):** 5.16 euros, an increase of +11.2%^(a)
- **Cash flow^(d):** €4,254 million, an increase of +15.1%^(a)

PERFORMANCE HIGHLIGHTS

- Airgas fully integrated, with synergies coming faster than expected
- Business and asset portfolio review
- Continued investments for the long term
- Continuing innovation and conquest of new markets
- Gas & Services sales growth in all activities and geographies
- Improvement of the operating margin
- High level of cash flow
- Reduction of net debt and continuous improvement of ROCE

(a) Published figures compared to 2016.

(b) Excluding the non-cash impacts of exceptional items and the US tax reform.

(c) Adjusted for the free shares attribution on October 2, 2017.

(d) Cash flow generated by operating activities after change in working capital.

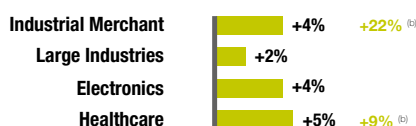
CHANGE IN REVENUE

Gas & Services

In a more favorable global economic environment, all Gas & Services activities and geographies enjoyed growth in 2017. The comparable sales growth of **3.5%** was observed over the year, with a substantial acceleration in the second semester. 2017 marked the recovery of the **Industrial Merchant business line**, which accounts for nearly half of the Group's sales.

Breakdown by business line

Comparable sales growth^(a) in 2017 vs. 2016



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

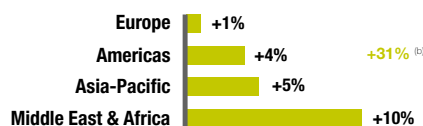
(b) As published including Airgas sales.

- **Industrial Merchant** reported comparable growth of 4%. The activity recovery was confirmed quarter after quarter, with sales increase of 5% in the fourth quarter. Sales grew in all geographies, and were particularly strong in the developing economies.
- **Large Industries** posted a 2% increase, with contrasts between regions. Demand remained strong in North America. Sales were down in Europe, mainly due to the shutdown of operations in Ukraine and an unfavorable comparison effect due to the renegotiation of a contract at the end of 2016. Asia was driven by start-ups and ramp-ups in China. Finally, in the Middle East, sales benefited from the operation at full capacity of the Yanbu hydrogen production plant in Saudi Arabia. 2018 stands to benefit from the contribution of start-ups of major units in Large Industries. At the end of 2017, the world's largest oxygen production unit began operations in South Africa.

- **Electronics** grew by 4%, driven by sustained global demand, particularly in the field of advanced materials. Business development was strong in Asia, especially in China.
- **Healthcare** grew by 5% on a comparable basis, with growth in all businesses and geographies. The Healthcare business line also pursued its external growth strategy, with targeted acquisitions in Japan, Colombia and France.

Breakdown by geography

Comparable growth^(a) in 2017 vs. 2016



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

(b) As published including Airgas sales.

- **The Americas area, which now accounts** for 41% of the Group's Gas & Services sales, posted a growth of 31%, benefiting from the consolidation of Airgas over the full year.
- **Europe** saw its sales grow by 1%, with the increase dampened by demanding comparison bases in the Large Industries business.
- **Asia-Pacific** posted solid growth of 5%, driven by strong momentum of its activity in China.
- **The Middle East & Africa** area saw sales rise by 10%, driven by the ramp-up of Large Industries units.

Engineering & Construction

The Engineering & Construction business line recorded a revenue of **€335 million**, decreasing by 28% due to weak order intake in 2016. Sales nevertheless stabilized gradually over the second half of the year, and order intake improved significantly to €730 million.

Global Markets & Technologies

Global Markets & Technologies revenue recorded a growth increase of 14% at **€372 million**, driven mainly by the maritime, biomethane and hydrogen energy segments. Projects in the field of hydrogen energy for mobility are gathering pace.



OPERATING PERFORMANCE AND BALANCE SHEET

The Group's operating margin was **16.8%**, excluding the energy effect, an increase of 70 basis points compared with 2016, taking into account the consolidation of Airgas over the full year. This increase reflects the improvement in the Group's operating performance, thanks in large part to continued efforts on competitiveness. **Efficiency gains** amounted to **€323 million**, and **resulted** chiefly from various industrial projects and

purchases. This is a high level, above the target of €300 million per year set in the NEOS medium-term strategic plan. On top of this will come operating synergies achieved with Airgas, in a cumulative amount of **\$215 million** at the end of 2017, i.e. \$40 million above the initial objective. The Group's recurring net income amounted to €2,029 million, an increase of 10% compared with 2016. This is the recurring net income that will serve as the reference for assessing the 2018 performance. 2017 was also marked by a number of exceptional non-cash items related to the strategic review of the Group's assets and the impact of US tax reform. These exceptional items had a positive impact of €171 million on the Group's net income, which came to €2.2 billion.

The Group's net **debt** amounted to **€13.4 billion** at the end of 2017, a significant reduction of €2 billion compared with 2016, and €1.2 billion excluding currency and scope effects. The group's cash model remained robust during the year, with operating cash flow of €4.3 billion serving to fund industrial capex and dividends.

Air Liquide's balance sheet is robust, having improved further in 2017, thanks chiefly to the significant reduction in debt.

A FOCUSED INVESTMENT STRATEGY

The Group also pursued its selective investment strategy through **€2.4 billion** in new industrial investment.

In **Asia-Pacific**, in Large Industries, Air Liquide signed a €100 million contract for the construction of a hydrogen unit in South Korea. In China, Air Liquide reinforced its partnership with Sinopec (China Petroleum & Chemical Corp) for the acquisition and optimization of three existing air separation units, and the construction of a nitrogen production unit. In Electronics, Air Liquide signed seven new long-term contracts totaling more than €150 million with semiconductor manufacturers in Japan, China and Singapore.

In the **Middle East and Africa**, Air Liquide is investing in the construction of a nitrogen production unit in Oman.

In the **Americas**, the Group is investing €50 million for the purchase and optimization of a hydrogen production unit in Mexico. In the United States, Air Liquide is investing in the oxygen network and in new capacity for producing air gases for the Airgas bulk business.

Lastly, the Group also pursued its **external growth strategy**, with targeted acquisitions for nearly €150 million, mainly in Healthcare, Industrial Merchant and Global Markets & Technologies.

In the **first quarter of 2018**, the Group's sales totaled more than €5 billion, with comparable growth of 6%. Revenue as published was nevertheless down due to significant exchange rate, scope and energy effects. On a comparable basis, Gas & Services revenue increased by 5%, and continues to grow at a sustained pace in all business lines and geographies. The Engineering & Construction business has resumed growth, while the Global Markets & Technologies business delivered another significant increase. Furthermore, the number of projects under study has increased, and investment momentum continues.



AIRGAS: SUCCESSFUL INTEGRATION

"Airgas is now fully integrated, with synergies coming faster than expected. The Group is reaping the benefits of its strategic initiatives in the United States and the expertise of Airgas."

Mike Graff, Executive Vice-President supervising Americas

2017 was marked by the **successful integration of Airgas**, two years after its acquisition by the Group.

A HUMAN ADVENTURE

At the end of 2016, more than **17,000 Airgas employees** were welcomed into the Air Liquide family, with the commitment to serve **1 million additional customers**.

Following the completion of the acquisition, the integration of the two organizations took place in **four key stages** throughout 2017:

1. Air Liquide's **Bulk and Cylinders businesses** were transferred to Airgas to serve more customers and provide better service;
2. to optimize logistics, **IT systems** were merged and upgraded to preserve the best practices of each organization. The size of the new Air Liquide-Airgas group also had a positive effect on the **cost structure**, particularly in **purchasing**;
3. the **Air Liquide and Airgas supply chain** were reconfigured and combined to form a **single supply and distribution network**. This served to optimize logistics operations and hence reducing greenhouse gas emissions;
4. finally, **Airgas's offer** was reinforced by the addition of **Air Liquide's technologies and applications**. Operations in Canada and Mexico benefited from the Airgas **business model and know-how**. The model is also a source of inspiration for the **Industrial Merchant business** in the other regions where the Group operates.



SYNERGIES AHEAD OF PROJECTIONS

At the end of 2017, Airgas-related synergies totaled **\$215 million**, since the completion of the acquisition in May 2016.

Cost synergies were extracted first, with savings in the administrative and purchasing fields. The company's **new organization** also helped optimize Air Liquide's production capacities and cylinder operations.

Subsequently, **growth synergies** began to materialize thanks to the integration of Air Liquide's **products and innovations**, such as small on-site gas generators and small medical oxygen cylinders, into Airgas's offering.

The total cumulative synergies will be higher than **\$300 million** by the end of 2019.

A NEW DIMENSION

2018 marks the second year of the integration process, and confirms the benefits of the **customer and digital expertise** provided by Airgas. It is spreading within the Group and contributing to Air Liquide's **customer-centric** transformation. These good practices are also sources of inspiration for the development of **Air Liquide's European digital portal**, for instance, in order to improve interactions with customers.

The acquisition of Airgas also represents a significant change for the Group and the **Americas operations**, which now accounts for around **40%** of Group revenues.

Airgas in the United States

- more than **1 million** customers
- more than **20,000** employees
- **400** production units
- **30,000** bulk storage vessels
- **6,000** trucks
- **3,200** kilometers of pipelines
- **12 million** cylinders
- more than **900** retail stores

The commitment shared by all employees to **safety, reliability and quality** remains unwavering and is key to the Group's long-term **growth and performance** in the United States.

CONCLUSION

The integration of Airgas builds on the Air Liquide **legacy** as a **pioneer** in its industry. It reinforces the Group's **leadership position**. All the teams are looking forward to pursue this **journey of success**.



STRATEGY AND OUTLOOK

A STRONGER AND BETTER POSITIONED GROUP

"The company is committed more than ever to creating value alongside the clarity of purpose, by providing solutions to help meet the challenges of the planet, be it societal or environmental."

Benoît Potier, Chairman and Chief Executive Officer

Two years after the closing of the Airgas acquisition and the launch of the NEOS 2020 strategic plan, Benoît Potier made a progress report and presented the Group's outlook for the years to come.

AIR LIQUIDE TODAY

Sales above €20 billion

In 2017, Air Liquide reaped the **benefits of the acquisition of Airgas**, whose **integration** has been a **success**. This is particularly true of synergies, which are ahead of plan. With 12 months of Airgas sales consolidated in 2017, the Group has taken on a **new dimension**; for the first time in its history, it exceeded the symbolic threshold of **€20 billion in revenue**.

Air Liquide consolidated its **leading position**, strengthened its **global geographic footprint**, with strong positions extending from the United States to China, and its activities are **more evenly spread** across the various **markets**. The company has significantly redeployed itself in the **Industrial Merchant** business, where it now occupies a **prominent** position, as well as in Large Industries, Electronics and Healthcare.

Solid fundamentals

In terms of performance, 2017 saw **organic growth** improve in a more favorable global economic environment. All of the Group's activities, with the exception of Engineering, and all **geographies** grew on a comparable basis, making 2017 a **very good year**.

The **balance sheet is strong**, and the Group has demonstrated its ability to achieve substantial efficiency gains, as reflected in the increase in the **operating margin**. **Net income** grew to more than **€2 billion**, while **cash flow** surpassed **€4 billion**, thereby helping to reduce debt by a significant amount. The Group's strong **fundamentals** were reflected in a high market capitalization of around **€45 billion** as of December 31, 2017.

TRANSFORMATION WELL UNDERWAY

Air Liquide began its transformation with its 2016-2020 strategic plan, which progressed in 2017, notably in the **digital** area. As a result, initiatives aimed at improving customer experience and satisfaction have now all been launched.

Examples of customer-centric initiatives

- In **Industrial Merchant**, a **website** allowing the completion of **transactions** between Air Liquide and its **cylinder customers** has been launched in several European countries on the model of the Airgas portal in the United States. It already has more than **17,000** active customers and up to **200,000 transactions**, not to mention a high satisfaction rate;
- In **Large Industries**, the **Smart Innovative Operations (SIO) program** has been rolled out. It allows remote monitoring and optimization of operations using two modules: one for **operational performance** and the other for **predictive maintenance**. After Lyon in **France** in January 2017, centers have been opened in **Shanghai** and **Kuala Lumpur** in Asia. In overall terms, they provide greater

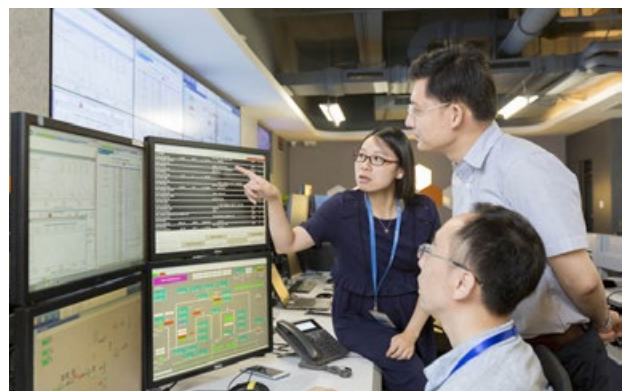
reliability and efficiency in operations, and are a potential source of new services;

- In **Healthcare**, Air Liquide has launched **innovative digital services** to improve the **quality** of services at home for patients suffering from **chronic diseases**. A prime example is the **connected monitoring program** for heart failure patients in France.

ECONOMIC AND GEOPOLITICAL ENVIRONMENT

While the Group is **confident about the future**, it remains **vigilant** and closely monitors key **macroeconomic** indicators, such as the industrial production index, currencies, interest rates and inflation.

- The **industrial production index** is increasing. On the decline in the United States in 2016, it increased by **1.9%** in 2017, with a favorable impact on the Industrial Merchant business.
- In the **currency** markets, the euro's rise against the US dollar, especially in the second half of 2017, gathered pace in 2018, generating an unfavorable translation effect on the financial statements for the first quarter of 2018.
- On the **geopolitical** front, while the climate of confidence in Europe and France has generally improved, numerous pockets of **geopolitical tension** remained on all continents in the first half of the year. Security issues are compounded by signs of **protectionism** and the threat of trade wars.
- 2017 was also marked by several global **cyberattacks**, although Air Liquide was not directly affected in view of the structural measures already taken in recent years.
- Our industry has entered a phase of **consolidation**. The prospective merger between **Linde and Praxair** is underway, although several antitrust authorities still have to issue an opinion on the deal before it can be finalized.



RISK MANAGEMENT

Digital security remains a question of primary importance in our **risk mapping**, which is updated each year. Air Liquide is strengthening its systems, especially for the dynamic **protection** of its **systems and data**, to guarantee that **users'** behavior is informed and to ensure compliance with new **regulations**, including the General Data Protection Regulation (GDPR) in Europe, as well as the detection and resolution of **incidents**.

The **protection of employees and sites** is also a priority, in an environment characterized by mounting geopolitical tension. **Regulatory compliance** extends to areas other than IT systems. With the qualification of suppliers and internal control, it is subject to increased vigilance. Lastly, the **industrial risks** that characterize Air Liquide's business are taken into account by a management system and a permanent organization, under the continuous supervision of the Risk Committee.

STRATEGY AND OUTLOOK

With its track record and good risk management, the Group is **well equipped** to face future changes and take full advantage of its new dimension.

Outlook

The Group's **aim** is to ensure **profitable long-term growth** by opening up **new markets**, particularly through innovation, increasing its **efficiency** and making a tangible contribution to global **sustainable development** goals. Year after year, this implies the achievement of a high level of **economic performance** and, **over time**, the creation of both **value and meaning** to ensure the company's sustainability.

Over the last **30 years**, Air Liquide's revenue has grown by an average of **6%** per annum, and its net income by **8%** per annum.

For the 2016-2020 period, Air Liquide has embarked on a **customer-centric transformation strategy** under the **NEOS** plan. It builds on the three most important underlying trends for the Group's businesses:

- the **energy transition** and its impact on **climate change**,
- the **digital revolution**,
- changes in the world of **healthcare**.

How do these trends translate in concrete terms, and how is this strategy being implemented in Air Liquide's major business lines?

ELECTRONICS

The semiconductor industry is facing numerous **challenges** in the wake of the emergence of the **digital society**: arrival of big data, artificial intelligence, the Internet of Things and new markets such as autonomous vehicles. These needs are generating **exponential demand** for electronic devices, sensors, screens and memory, with very favorable long-term prospects for the Group, as its products are used in the **manufacture** of all of these items.

The challenge is to design ever more efficient **transistors**, increasingly miniaturized and consuming less and less energy. This is prompting the need for new materials, finer and infinitely more complex architectures, and more energy-efficient and cleaner manufacturing processes.

Only a **small number of electronics players** are able to meet these challenges, and the industry is in the process of consolidating around a few major global manufacturers. It is therefore essential for Air Liquide to get closer to them and to offer molecules, technologies and services that already work with **future generations** of semiconductors.

Strategy in Electronics

- Improve existing **technologies** by reducing costs and energy consumption,
- Accelerate the pace of **innovation upstream**, targeting new **high value added** molecules with less environmental impact.

Air Liquide can rely on teams with **unique skills** built up over the past 20 years, able to invent the molecules of tomorrow in partnership with industry experts.

HEALTHCARE

Although Air Liquide's Healthcare business is naturally associated with **oxygen in hospitals** for patients requiring respiratory assistance, it has taken on many other forms in the past years. It now extends beyond oxygen, with the supply of **medical gases** for anesthesia, the treatment of pain or pulmonary arterial hypertension for instance.

But **outside hospitals**, there is increasing demand for patient assistance in places of care closer to their daily lives, even at **home**, especially for **chronic diseases**. The list include respiratory diseases, sleep apnea, diabetes and Parkinson's disease; the Group has been supporting patients with these conditions for roughly 20 years. There are countless challenges involved: the increase in the number of patients, unscheduled care, the extent of indirect costs, non-respect of treatments and gaps in the care pathway.

Thanks to **digital technology**, key patient data can be exchanged between professionals and associated with care by a healthcare expert, allowing tasks to be shared in a more optimal fashion between the hospital, the doctor and the healthcare provider. This results in better quality of life for the patient and much greater efficiency for the community.

Strategy in Healthcare

Provide the medical world with **four key skills**:

1. **technical expertise** in both products and medical devices,
2. **experience in services** and integrated solutions for the care pathway,
3. **operational excellence**, particularly in the management of complex flows,
4. **digital solutions** for better monitoring.

INDUSTRIAL MERCHANT

The Group's highly resilient **legacy** business serves almost all industrial sectors. The key to success lies in **finely grained knowledge of markets** and geographical **proximity** with customers. This assumes good **control** of the **supply and logistics chain**, and capacity for **technological innovation** among customers. It also requires a perfect understanding of the **scientific properties** of the Group's **10 essential molecules**, and as such effective research.

Strategy in Industrial Merchant

Science, technology, operational excellence, market knowledge and geographic density are among the many strategic assets that Air Liquide has built up over time. And the list now also includes digital technology and the environment.

- **Very quickly, digital technology** will be ubiquitous, changing both the management of assets and costs, but also relationships with customers and the Group's visibility. The progress made by Airgas in **e-commerce** is strategic in this respect.
- In the **longer term, climate change** and its effects on the energy transition will affect virtually all industrial chains. It is vital even now to anticipate and to start **reducing the Group's carbon intensity** by optimizing its technologies, by making its energy purchases and transport cleaner, as well as by inventing new **solutions** and **uses**, together with **processes** that provide customers with tangible and certifiable environmental **benefits**. Movement is inevitable

Some examples:

- *To deliver fresh food products in cities at any time, with reduced noise and emissions, nitrogen and cryogenic CO₂ will gradually replace diesel-powered power units;*
- *To manufacture materials, weld, cut and obtain clean combustion, oxygen will replace air, CO₂ will be recovered, and hydrogen will be used as a clean energy.*

LARGE INDUSTRIES

Customers in Large Industries are **producers** in heavy industry, mainly in the steel, chemical and refining sectors. Generally speaking, they are big consumers of energy and raw materials, and make large-scale investments. They are looking above all for **reliability, competitiveness and flexibility**.

As demand shifts to **developing economies**, as constraints aimed at reducing **energy consumption** and **pollutant emissions** become more insistent, and as the use of **natural resources** is limited, customers commit to **modernize** their existing plants, **outsourcing** industrial gas production and transforming their own manufacturing **processes** at a fast pace.

Air Liquide assists **steel industry** in the search for technological solutions that emit considerably less CO₂. As an illustration, one project involves injecting **hydrogen** into a blast furnace to replace some of the coke, thereby significantly reducing CO₂ emissions.

Another strategic aspect to consider is the **context** of business instability, with the **volatility** of energy and commodity prices, **uncertainty** over carbon prices and currency fluctuations. Each of these **constraints** is pushing industries to choose **robust solutions, reliable in the**

long term and flexible in the short term, made possible by digital technology.

Strategy in Large Industries

A strategy built on **operational excellence** through a focus on several pillars:

- the development of **large basins** that bring competitiveness, reliability and optionality,
- support for clients **internationally**,
- technological innovation, in particular to reduce energy **consumption** and the environmental footprint,
- the full use of the potential offered by **digital technology** in operations and purchasing.

Technological Innovation and Development

In the prevailing environment of profound change, innovation is playing a key role for the Group's activities, and will continue to do so going forward. **Customer-centric innovation** is a key source of differentiation for Air Liquide in relation to its competitors.

The Group's **four main research centers** have been renovated.

- The **American center** serves the Airgas teams and responds to requests for digital algorithms the Large Industries require.
- **Shanghai** is developing solutions for new **urban needs**.
- In **Japan**, the focus is on electronics, materials and robotics.
- Lastly, the **Paris-Saclay** flagship, which will be opened in the fall of 2018, will cover healthcare, digital technology, energy and science.

Alongside Research and Development, the innovation **teams** in Paris have the mission to organize relations with the digital world and start-ups, detecting new trends and developing digital solutions.

Innovation in figures

- **3,800 employees** contribute to innovation in dedicated entities,
- More than **€300 million** invested in innovation in 2017,
- In the space of five years, **€80 million** has been invested to acquire minority stakes in **30 start-ups**,
- Air Liquide has partnered with more than **100 start-ups**.



THE EXAMPLE OF HYDROGEN ENERGY

A sector with immense potential

Air Liquide has been working in the field of **hydrogen energy**, which is currently enjoying **tremendous momentum**, for more than 20 years.

Five major markets for hydrogen have been identified. The biggest is **mobility**. Hydrogen can be converted directly into electricity in a fuel cell. The Group operates across the entire hydrogen value chain, from production and storage to distribution to end-users. Air Liquide has already launched **100 hydrogen stations** worldwide, including 10 in France, 12 in Germany and 30 in the rest of Europe.

Momentum gathered pace in early 2017 with the creation of the **Hydrogen Council**, which today brings together nearly 40 global groups from different sectors, all convinced that hydrogen is a solution for the energy transition. Air Liquide, with **Toyota**, was one of the driving forces behind the formation of this coalition. Collective **awareness** of the value of hydrogen has been reinforced by **market studies** and the **roadmap** drawn up by Council members, giving a picture of the sector's potential by market.

The hydrogen energy market^(a)

IN THE WORLD

- **one-fifth** of the total energy consumed on the horizon 2050
- a contribution of up to **20%** to the reduction of greenhouse gas emissions
- a **\$2.5 trillion market**
- more than **30 million jobs** created by 2050
- **10 to 15 million vehicles** fueled by hydrogen by 2030

IN FRANCE

- a **55 million metric ton** reduction in CO₂ emissions by 2050 thanks to hydrogen
- a **€40 billion market** by 2050

(a) Source: "Hydrogen, Scaling up," a study conducted by the Hydrogen Council with the support of McKinsey in 2017.

Applications are possible in many sectors other than mobility as a **raw material** or **in industrial processes**, for heating or electricity in buildings, or for the **generation** and more importantly the **storage of energy**, which remains the one of the major challenges for a more widespread use of renewable energies.

The existence of a growing number of concrete projects in Europe, Asia and the United States is making the hydrogen option increasingly credible. And to succeed in the medium term in this type of industry, it is necessary to start today.

Watch the video "L'hydrogène: un immense potentiel" projected on YouTube at the Shareholders' Meeting.



Testimony

Thierry BEST, Chief Operating Officer and member of the Executive Committee of Alstom; Member of the Hydrogen Council

"As part of its strategic plan, the Alstom group has gradually moved towards designing and manufacturing **sustainable mobility solutions**.

We have to accept the new energy model, and as such reconsider the role of diesel. You need to remember that almost half of the rail network is not electrified today in Europe. Some 12,000 regional trains and diesel locomotives run each day, consuming 1.4 billion liters of diesel each year.

As early as 2012, Alstom launched the first studies for the development of a new train fueled by electricity generated from **hydrogen**. This major innovation, known as the "**Coradia iLint**" runs on hydrogen, releasing only water vapor. It is a veritable **revolution** in passenger rail transport: there is currently no equivalent in the world.

Traveling at speeds of up to **140km/h**, it can carry up to **300 passengers** safely, with a range of **1,000 km**. Its purpose is to replace diesel trains on non-electrified lines. We already have a contract with the Lower Saxony state government in Germany for **14** of these revolutionary trains.

We also needed a **partner** to ensure reliable, high-quality **supply** over 30 years, a global leader across the **entire hydrogen chain**. **Air Liquide** fitted the bill perfectly. But more than just a partnership, we share a common vision: that of the use of hydrogen as an essential vector of the energy transition. That is why Alstom joined Air Liquide as a founding member of the **Hydrogen Council**. The aim of the Hydrogen Council is to promote hydrogen energy among policy makers, investors and representatives of civil society. Beyond the technological and the industrial challenge to develop a common roadmap for the future of hydrogen, Alstom sees this as a powerful lever to work on the world that we shall leave for our children and grand-children."

ENVIRONMENT AND SOCIETY

Sustainable development

The development of hydrogen energy illustrates the Group's commitment to solutions for the environment. They are part of a **sustainable development program**, bolstered in 2017 by the creation of a specialized committee within the Board of Directors. This sustainable development program is based on **two pillars**:

- **Prevention of global warming and improvement of air quality**
Air Liquide acts not only on its energy purchases, but also on the energy efficiency of its plants, not to mention the solutions provided to its customers. The priority is to contribute to cleaner **industry and transport**.
- **Deepening dialog with stakeholders**
Local development initiatives are carried out through tangible projects led by employees in many countries and in all business lines, in both industry and healthcare. The **Air Liquide Foundation**, which recently celebrated its **10th anniversary**, plays an essential role in this respect. Its mandate has just been renewed for a period of five years, with additional resources.

Air Liquide has adopted the UN Sustainable Development Goals.

Creating value and meaning

The **creation of value**, largely economic, cannot exist without the **creation of meaning** – more societal, more human, essential for the motivation of teams but also for the long-term confidence of all stakeholders. **Value creation** will continue through **performance, transformation and innovation**. It is already the result of the formidable collective work of the Air Liquide **teams**.

The **creation of meaning** will require the commitment of all, the long-term **loyalty** – something to which the Group is particularly attached – and **motivation** of teams. Air Liquide is committed to regularly allowing all Group employees to **share** in the company's results and capital. In 2017, more than **1,800 employees** received performance shares, and **96% of employees** benefited from profit-sharing and incentive agreements in France. In addition, mobility and the diversity of career paths, accountability and training are key elements of Air Liquide's culture, serving to reinforce this motivation further.

Finally, the creation of meaning will also be achieved by reaching **sustainable development** objectives which will be published during the second semester of 2018 and will include a **reduction of the Group's carbon intensity**.

SHAREHOLDER POLICY

Today, **32%** of Air Liquide's capital is held by some **410,000** individual shareholders, most of whom are in France. The loyalty of our shareholders allows us to **see further** and carry out sustainable development projects.

Air Liquide has consistently favored a policy of fostering **long-term loyalty among shareholders** through the **dividend**, by paying out approximately half of net income to shareholders each year, and by making very frequent **grants of free shares** (29 to date), compounded by loyalty bonuses. Overall, this ensures regular growth in the value of **shareholders' assets** over time, as illustrated by the performance of an Air Liquide share portfolio of + 10.52% over 20 years. In 2017, the share's performance of +9.4%, was in line with that of the CAC 40.

The payment of a dividend of **2.65 euros** per share is to be proposed in 2018, representing a **12.4%** increase taking into account the allocation of one bonus share for 10 existing shares in 2017. Shares benefiting from the loyalty bonus will receive an additional **0.26 euros**.

The Group also has a **proximity policy**. A team of **28 people** works on behalf of shareholders at Air Liquide headquarters. This is unique within the CAC 40.

For many years, Air Liquide has also been committed to **promoting individual share ownership**. The Group carries out numerous actions to promote **passing** of shares to children and grandchildren, and to make **younger generations** aware of how the real economy works. It advocates the creation of a special **equity savings account** for young people. The Group is also committed through the **Observatoire des Actionnaires d'Avenir** and the **Observatoire pour la promotion des Actionnaires Individuels**, and regularly defends these messages before the public authorities.



CONCLUSION

Air Liquide clearly ended 2017 **stronger and better positioned** geographically. The Group is reaping the benefits of its strategic initiatives in the United States with Airgas. It boasts sound **fundamentals** and a **clear vision** on its priorities and growth drivers for the years to come.

Air Liquide can rely on skilled, passionate and fully committed teams, as well as the trust of its customers and the loyalty of its shareholders, whom we thank once again.



GOVERNANCE AND REMUNERATIONS

COMPOSITION OF THE BOARD OF DIRECTORS



The Shareholders' Meeting renewed the terms of office as Directors of Benoit Potier, Jean-Paul Agon, Sin Leng Low and Annette Winkler, each for a period of four years. The term of office of Philippe Dubrulle, Director representing the employees since 2014, was renewed for four years by the France Group Committee.

The Board of Directors has **12 members**, most of whom are **independent**, including 11 elected Directors and one Director representing the employees. It is characterized by the complementarity and diversity of the **skills, nationalities and gender** of its members, as well as by their **wealth of experience**.

Following the Shareholders' Meeting, the Board renewed Benoit Potier as Chairman and Chief Executive Officer for the duration of his term of office as Director. It also renewed Jean-Paul Agon as Lead Director.

WORK OF THE BOARD AND COMMITTEES

Work of the Board

The Board met seven times in 2017, and paid particular attention to the monitoring of the integration of **Airgas** and the resulting cost and growth synergies, to the medium-term strategy with the monitoring of the **NEOS** company program, to **innovation and technological development** in the Group's business lines and to **Corporate Social Responsibility**, resulting in the creation of the Environment and Society Committee. With regard to **governance**, the Board notably considered, in the context of the combined roles of Chairman and Chief Executive Officer, the implementation of additional measures to strengthen those already in place.

Work of the Committees

- The **Audit and Accounts Committee** reviewed the Airgas integration process, including from a risk management perspective. It reviewed the accounts and the Group's financing policy, the debt and liquidity management. It followed up the Group Internal Control Department's assignments and the risk management procedures.
- The **Environment and Society Committee**, created by the Board in May 2017 on the recommendation of the Appointments and Governance Committee, met twice in 2017. It has defined its tasks and the topics to be covered by its work program. It reviewed the Sustainable Development Report included in the Reference Document.
- The **Appointments and Governance Committee** met four times in 2017. It reviewed the composition of the Committees and proposed the replacement of the Lead Director following the change in the composition of the Board in May 2017. It recommended the creation of the Environment and Society Committee, as well as the rules governing its composition and running. On the recommendation of the Committee, the Board confirmed its intention to renew the terms of office of Chairman and Chief Executive Officer of Benoit Potier. It expressed the view that maintaining the combination of these functions is in the Company's best interest in the current situation. It allows shareholders to interact with a single manager with deep experience in the Group, and encourages the respect of their long-term expectations, as evidenced by the Group's regular performance over the last decade.
- The **Remuneration Committee** reviewed the Executive Officers remuneration policy for 2017 and 2018. It also reviewed the annual amount of directors' fees that may be allocated to the Directors, and recommended that it be re-evaluated to take into account the creation of a fourth Committee, the increasing number of meetings and the desire to promote a diversity of skills and nationalities within the Board at the time of any future recruitments. The Shareholders' Meeting approved the amount of directors' fees that can be allocated to the Directors at **€1.15 million** per fiscal year.

Balanced governance measures

- The Board, which comprises eight independent directors, benefits from the **strong commitment** of the Directors, who are **all members of a Committee** and whose **attendance rate** at Board meetings was 97% in 2017.
- Since 2014, a **Lead Independent Director** is selected among the members of the Appointments and Governance Committee. He has **specific powers**, such as the capacity to **convene a Board meeting** and to include items on the agenda of any meeting. He leads the work on governance tasks. He conducts an annual evaluation of the Board's functioning.
- Since 2017, he calls an annual **"executive session"** of Directors **without the presence of the executive Directors** or any person internal to the Group. On the recommendation of the Committee, **his role in terms of dialog with the other Directors** has been increased, and he makes sure that **shareholders' requests** are answered.

2018 remuneration policy

In line with the remuneration policy approved in 2017, established following the integration of Airgas, the Board continued to implement a policy adapted to the Group's new context, competitive and incentive, in compliance with the interests of all stakeholders. The remuneration of the Executive Officer has three components:

- the **fixed portion** (approximately 25% of the total target remuneration), which takes into account the level of responsibility, experience in the function and market practices. For information, it amounts to €1.325 million for 2018;
- the **variable portion** (approximately 35% of the total target compensation), which can reach a maximum of 167% of the fixed portion.

The criteria governing the variable portion

Quantifiable criteria

105% of the fixed portion at the target

- Increase in earnings per share
- After-tax return on capital employed
- Comparable growth in consolidated revenue

Qualitative criteria

45% of the fixed portion at the target

- Social and environmental responsibility
- Human resources
- Individual performance

SENIOR MANAGERS' REMUNERATION

2017 remuneration

2017 remuneration for senior managers was set in accordance with the policy approved by the Shareholders' Meeting of May 3, 2017.

For Benoît Potier, the remuneration policy implemented in 2017 takes into account the change in the size of the Group following the acquisition of Airgas, and the higher level of responsibility of its manager. It provides for a **repositioning of the total target remuneration by stages**, in 2017 and 2018. It is broken down as follows:

- a **fixed portion**, amounting to **€1.275 million**;
- a **variable portion**, which represents **€1.951 million** (i.e. 153% of the fixed portion);

The total fixed and variable remuneration of Benoît Potier accordingly represents an increase of **+3.2% per year over five years** and **+2.8% per year over 10 years**.

- **stock options and performance shares**, representing a total IFRS value of **€2.1 million**.

For Pierre Dufour, who claimed his pension rights in 2017, the remuneration policy is unchanged. The elements of remuneration depend upon the amount of time he worked.

- The fixed portion of Pierre Dufour's remuneration is prorated at **€320,663**, unchanged on an annual basis as compared with 2016;
- the variable portion is prorated at **€436,981** (i.e. 136.25% of the fixed portion);
- no stock options or performance shares were granted to Pierre Dufour in the year of his departure.

In accordance with the AFEP-MEDEF Code, the financial conditions related to this departure have been made public on the Company's website. Pierre Dufour did not receive any termination or non-competition indemnity.

- the **long-term remuneration components** (approximately 40% of the total target remuneration) are in line with the policy initiated in 2015 aimed at giving preference to performance shares rather than stock options in the volumes granted. The performance conditions, calculated over three years, are identical to those of 2017. Starting with the 2018 plans, a **proration** rule will be implemented based on actual presence, in the event of the executive's departure during the period over which the performance conditions are assessed.

For information, the Board of Directors is considering, for 2018, the grant to Benoît Potier of performance shares and stock options representing an IFRS value of approximately €2.25 million.

In total, in 2018, the annual target remuneration grows by **+5.2%** as compared to 2017, instead of +8% as initially planned. With this evolution, the **repositioning of the target remuneration of the Executive Officer**, initiated in 2017, is completed in 2018.

The Shareholders' Meeting also voted in favor of **two regulated commitments** relating to Benoît Potier in respect of **termination indemnity** (the conditions of which have been made more demanding) and the **defined benefit pension plan** (application of the 2015 Macron Law).

CONCLUSION

The Shareholders' Meeting approved the elements of the 2017 remuneration of the Executive Officers, in accordance with the Sapin II law, as well as the remuneration policy defined by the Board for 2018.



DISCUSSION WITH SHAREHOLDERS

Theme	Questions No.
Capital and Shareholders	
Shareholders & employees	1-1
Free shares	8-1
Governance	9-3
Promotion of individual shareholding	4-1
Activities and Strategy	
Africa	11-3
Biomethane	9-1
Cost of energy	12-1
Covestro contract	9-2
Gender equality	5-1
Hydrogen energy	3-1, 3-2, 3-3, 3-4, 6-1, 7-1, 10-1
Industrial Merchant	2-1
Healthcare	2-3, 6-2
Finance	
Debt	11-1, 11-2
Euro/dollar exchange rate	2-2
Competitors	
Linde-Praxair merger	2-4

PRE-SUBMITTED WRITTEN QUESTIONS

The Board of Directors' answers to questions raised prior to the Shareholders' Meeting were published before the debate with shareholders on the Company's website, www.airliquide.com, Shareholders / 2018 Annual General Meeting.

This possibility offered by the law allows more time for discussion with the shareholders present at the meeting.

A summary of the questions asked and the Board's replies was provided by Benoît Potier at the start of the debate:

- 1 question on the climate;
- 8 questions about human resources and governance;
- 1 question about digital technology;
- 1 question about shareholders;
- 1 question about competition.

The questions and their answers are available on the website.



QUESTIONS FROM THE FLOOR

Question No. 1

SHAREHOLDERS & EMPLOYEES

1-1 Following an Oxfam report implying that shareholders receive a better return than employees, do you think that Air Liquide employees are jealous of shareholders?

Benoît Potier: It is true that the question of how profits are split between shareholders and other stakeholders has caused controversy recently. It seems to me that the whole debate is biased insofar as the discussion has been confined to comparing the payment of dividends to shareholders on the one hand with the increase in the payroll on the other. This means that we are comparing shareholder return, total return, with the rate of increase in employee remuneration.

Air Liquide seeks to ensure balance over time. Our personnel expenses are roughly €4.1 billion, and we make nearly €2 billion in profit. We pay about half of this to shareholders, in other words €1.165 billion this year. The dividend is paid once all expenses, wages, financial expense and taxes have been paid. We reinvest the other 50% in the company, which means that a fairly significant part of cash flow is injected back into Air Liquide. Is that a good split? I personally think it is.

As regards Air Liquide's employees, you need to remember that a number of them are shareholders. We strive to provide regular opportunities for Group employees to purchase shares. I think that doing so, and respecting the balance that I just described, makes our company well managed.

Question No. 2

INDUSTRIAL MERCHANT – EURO/DOLLAR EXCHANGE RATE – HEALTHCARE – LINDE-PRAXAIR MERGER

2-1 The acquisition of Airgas highlighted the importance of the Industrial Merchant business line in Air Liquide's revenue. Is it a profitable business for the Group?

Benoît Potier: The weight of Industrial Merchant has indeed increased, providing 47% of Gas & Services sales in 2017, but it serves a lot of industries. So it's a very stable activity. It's growing at a lower pace than other business lines, but it's an activity that, when done well, with a good density and a good customer approach, can drive the Group into the future.

2-2 Doesn't the euro/dollar exchange rate penalize the payment of dividends for shareholders?

Benoît Potier: The dividends we pay to shareholders in euros are the result of dividends paid to the parent company by our subsidiaries around the world. These dividends are in local currency. When currencies fluctuate, we use classic hedging techniques. And we make sure that we receive enough dividends from our subsidiaries overall to pay the Group's dividends to shareholders.

The flow of dividends from our subsidiaries is the only tangible side of the currency effect. Unlike companies that export goods, we produce and sell locally, and have very few flows between countries.

In our consolidated financial statements, we simply convert into euros revenues denominated in foreign currency. These conversions can have a negative impact one year and a positive one the next. So there's no point in worrying about currency effects: with very few exceptions, they are reversible.

2-3 Do you plan to achieve a balance between the Home Healthcare business, which has bright prospects, and the Industrial activity?

Benoît Potier: Home Healthcare is obviously a very important sector for Air Liquide, which accounts for a shade less than 20% of the Group's revenue today with a potential. We intend to continue to grow the Home Healthcare business around the world, with two aims in mind. The first is to expand our operations in markets where we already operate. The second is to enter new geographies where health systems are being set in place and where we can both sell oxygen and develop healthcare. This strategy is increasingly being rolled out in developing economies. We have made acquisitions in Asia and, more recently, in Saudi Arabia. We believe this to be a good way to develop the Group, without necessarily setting the goal of balancing the Healthcare and Industry business lines.

2-4 Is Air Liquide in the running for the acquisition of Linde and Praxair subsidiaries if antitrust authorities force them to sell some of them as part of their prospective merger?

Benoît Potier: Our Group already being a major player, there is low probability that these competitors will be allowed to sell their disinvestment to us. However, we have declared our interest, and we are obviously attentive to the various opportunities arising. Nevertheless, acquisitions of this nature have no strategic importance for Air Liquide in the future.

Question No. 3

HYDROGEN

3-1 This morning, Nicolas Hulot^(a) announced an upcoming Hydrogen plan. Could this plan have repercussions on the development of hydrogen energy for Air Liquide? Do you have any information?

Benoît Potier: We are following everything that can be done in France very closely with the government, as with all stakeholders, in other words cities, regions, and in some cases deputies and senators who are interested in the subject of hydrogen. I think the Minister is very motivated about hydrogen, as are a number of organizations such as the CEA and ADEME. This renewed interest has been visible over the last 12 months.

I believe that hydrogen is, not so much a "miracle solution," rather than an alternative that will contribute to the energy and environmental transition. The first objective we set ourselves was to promote knowledge of the subject among the French authorities. I think we have achieved this goal. We have also translated into French the study we conducted with the Hydrogen Council to analyze the potential of the sector by market, and given it to French ministers and public authorities.

If my information is correct, the Minister is actually preparing to unveil a Hydrogen Plan for France in early June, based on this study, projects in progress and expressions of interest from a number of actors in France. It will no doubt allow the development of hydrogen for mobility: trains, cars, trucks, buses and why not boats in the more distant future, but also all other markets. I think France is gradually getting over its "psychological lag" to hydrogen energy. I firmly believe that we will be able to show you growth in Air Liquide's sales in this area in just a few years.

3-2 What partnerships have you formed in the field of hydrogen?

Benoît Potier: Air Liquide has formed partnerships with numerous players in a very large number of countries. They often cover local projects with an energy supplier, a technology company, a regional authority or other players. We have a lot of such projects. They can be found in California, in the northeastern United States and in Europe. We are also developing hydrogen energy through partnerships.

(a) French Ministry for Ecological and Inclusive Transition.

3-3 How will hydrogen for mobility be taxed?

Benoît Potier: For now, the hydrogen we sell is not taxed. Our challenge in the future will be to reduce our costs to offset taxes. In other words, we want to sell hydrogen inclusive of tax at a price similar to today's, so that the governments that are helping us today by allowing us to sell hydrogen free of tax can gradually raise taxes at an acceptable level. This is one of our challenges, but we don't think it's insurmountable.

3-4 Have you met with members of the government to present the hydrogen car?

Benoît Potier: I have been to the Élysée several times and have met many government ministers. Each time, we go there in an electric hydrogen car and we speak about it a few minutes. Things are moving forward, in the right direction I hope.

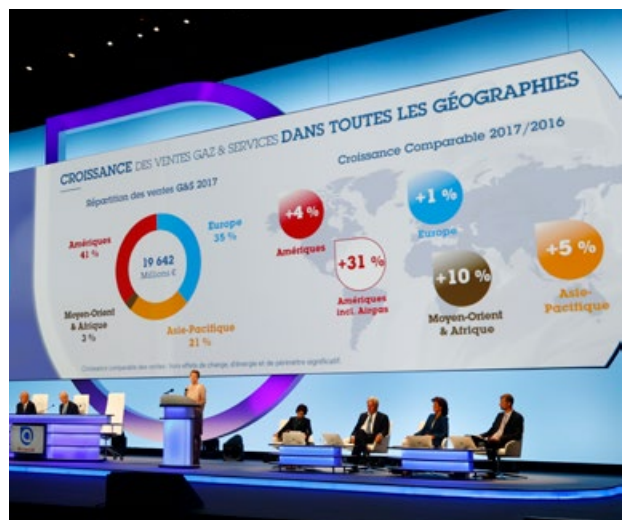
Question No. 4

SHAREHOLDER STRUCTURE

4-1 How can we attract more shareholders, especially young people, to invest in the best French companies, including Air Liquide? I'm concerned about the risk of erosion of individual shareholders in our company's capital.

Benoît Potier: Not all individual shareholders could subscribe in the same proportions as institutional shareholders to the €3.3 billion capital increase in 2016, which helped fund the Airgas acquisition. This slightly reduced the share of individual shareholders in Air Liquide's capital from 36% to 32%. This was a mechanical effect and not an erosion. You should remember that we managed to raise just under €1 billion from individual shareholders in France, which is a very good performance. A small start-up is said to be successful when it manages to raise €2 million. The big start-up that is Air Liquide has nearly raised €1 billion!

That said, we can do a lot to promote share ownership in France. We have to convince people that investing in companies is a good thing for the French economy, but also for savers. Air Liquide's Shareholder Department is very active on this subject. The Shareholders' Communication Committee is also working on the subject. We need to explain things properly, especially in universities and colleges, where the Shareholder Service works regularly as an advocate. We are also working closely with lawyers and notaries to make the profession aware of the importance of passing Air Liquide share portfolios from one generation to the next.



You can play a role as well. As you say, we must give, or rather bequeath Air Liquide shares with a clear message: "This is important. You must keep them. You must reinvest." You have all the numbers to back you up. The performance of an Air Liquide share portfolio over the last 20, 30 or 40 years is the best argument. Air Liquide operates in a growth sector, and the regularity of its performance should attract more shareholders.

The promotion of individual shareholders is a perpetual commitment. I would say that 32% of Air Liquide's capital is a very significant proportion for individual shareholders – it's unique on the Paris market – but our goal is to increase this percentage even further.

I will end by saying a word about institutional shareholders, who are also very loyal to us. They know our Group well, and some have followed it for more than 15 years. I would like to thank them for their loyalty, because I believe that they also contribute to the stability of Air Liquide's capital.

Question No. 5

GENDER EQUALITY

5-1 Are you satisfied with the company's policy on women?

Benoît Potier: We're satisfied with the policy, although the results aren't there yet. We will therefore continue to work to achieve the most balanced representation possible between men and women within the Group. I believe that all employees of the company are well aware of this.

Question No. 6

HYDROGEN – HEALTHCARE

6-1 Why not enter a hydrogen car in the 24 Hours of Le Mans? It could be a good advertisement for hydrogen.

Benoît Potier: Participating in the 24 Hours of Le Mans would be premature, but we could enter electric car races someday. Using hydrogen instead of electric batteries in the future is not a totally outlandish idea. We can't do it yet because the standards of motor racing need to be adapted, but it could happen. It all depends on the speed with which we come to develop hydrogen mobility as a whole.

6-2 Would it be possible to guarantee patients' medical confidentiality at home by preventing cars from displaying the Air Liquide logo?

Benoît Potier: You're right and I take the point, we might have to do some thinking on the matter.

Question No. 7

HYDROGEN ENERGY

7-1 Do you know why the French carmakers, Renault and PSA, aren't interested in bringing a hydrogen car to the market in France or in Japan?

Benoît Potier: It's obviously up to them, but what looks certain from the outside is that Renault has opted for a partnership policy with Japan, since Renault-Nissan is part of the Alliance. Nissan is actually a stakeholder in Japanese consortia that are developing a hydrogen car. I believe that is how Renault has chosen to keep up with the technology. That being said, Renault is developing "range extenders", which means using a fuel cell to increase the travel range. There are some vehicles in France that run on this principle. Looking at Peugeot, we have had a lot of discussions in the past. It was a bit early, but things are changing now. I think both groups could be interested in the future.

I believe that hydrogen energy is becoming a reality, whereas it was something of a dream just a few years ago. We are seeing growing



awareness of the potential importance of hydrogen, and especially the benefits it can deliver. I would quite naturally expect to see the French carmakers edge towards hydrogen in the coming years.

Question No. 8

FREE SHARES

8-1 Can you enlighten us on the allocation of free shares? I have noted that it was in even years. When will the next take place?

Benoît Potier: In 2016, we made a call on the market raising more than €3 billion through a capital increase, of which a little less than €1 billion subscribed by our individual shareholders. So we felt that the allocation of free shares was a bit contradictory, since we had asked shareholders to support the development of the company by providing funds. We awarded free shares in 2017. There is no free share rule for "even" or "odd" years, it depends on the company's progress.

Air Liquide is very attached to the policy of promoting loyalty among its shareholders, and to ensuring that the Group is always in a position to attribute free shares.

I should point out that shareholders who subscribed an Air Liquide share at €76 in 2016, in the capital increase and in the proportion of 10% of their portfolio, should be satisfied, since the share is currently worth more than €100.

Question No. 9

BIOMETHANE – COVESTRO – GOVERNANCE

9-1 Air Liquide has just doubled its biomethane production capacity with three new entities, in the United States, France and the United Kingdom. Is it because biomethane is considered non-polluting? What is its intended use? At what stage is the company involved?

Benoît Potier: Biogas, in other words gas from fermentation in landfills or digesters, is only valuable if it is purified so that it can be injected into networks. This is how Air Liquide came into this business, since we have fairly efficient technologies for purifying biogas to transform it into biomethane.

We could simply have decided to sell our technologies. But we felt that our business model, which consists in investing ourselves, to do the work of purification and then to sell the biomethane, was more compelling in the long term than the mere sale of equipment.

That's why we are a biogas transformer in biomethane that we sell to networks. We stop there. We have real value added at that stage of the chain. We do not intend to move downstream and start selling biomethane on your doorstep.

9-2 Air Liquide has signed a new long-term contract with Covestro, the world leader in the manufacture of high-tech polymers, for the supply of hydrogen at its production sites, located in the Antwerp port area. What is the outlook for this contract?

Benoît Potier: Covestro is a chemical company, and one of Air Liquide's major customers. We have signed a major hydrogen supply contract involving an investment of roughly €80 million. But its main appeal is that it is an innovative technology, involving producing hydrogen from methane, without producing steam, which means that energy consumption is optimized. This is another step towards decarbonated hydrogen, since less CO₂ will be emitted than in conventional plants.

9-3 Do you plan to create a Stakeholder Committee, along the lines of the Environment and Society Committee?

Benoît Potier: Stakeholders are important. Earlier I noted that creating value is one thing, but what you do needs to have a purpose. This year, we wanted to introduce you to customers to illustrate our customer-centric transformation strategy. This initiative reflects both what we are doing and the value that Air Liquide can bring. Creating a Stakeholder Committee would not bring us much at this point. So we are not looking into moving in that direction at the moment.

Question No. 10

HYDROGEN'S ENERGY BALANCE

10-1 What is the energy balance, in other words the difference between the energy used to make hydrogen and the energy provided by hydrogen?

Benoît Potier: Hydrogen can be produced very efficiently from methane, but the process also produces CO₂. This path is interesting if the CO₂ produced can be recovered and reused in other applications or stored.

Hydrogen can also be produced from water. Much more energy is needed to break up a water molecule. The energy yield, which is that of an electrolyzer, uses a lot of energy.

Hydrogen energy, used in a fuel cell, produces electricity with a yield of 68%.

This process uses a primary energy that is transformed to make hydrogen, which is stored and then used later. Hydrogen's appeal lies less in its yield than in the possibility it offers to store energy and use it later, especially when it comes to free renewable energy. That's why hydrogen is a pretty fantastic energy vector: when renewable energy is abundant, it means that we'll be able to store it in the form of hydrogen for several months in order to use it during consumption peaks, in winter for instance.

What we are trying to do is to develop solutions that are profitable, obviously, but also interesting from an energy point of view for the planet.

Question No. 11

DEBT – AFRICA

11-1 Who are Air Liquide's lenders?

Benoît Potier: To be precise, 87% of our financing comes from the financial markets, in the form of bonds or commercial paper. We now only have about 10% in bank loans. The situation has changed a lot in recent years. This is essentially because the financial markets are more efficient and financing rates are much better.

11-2 Why is debt falling but financial expense rising?

Benoît Potier: End-of-year debt has fallen, but the average debt has actually increased significantly due to the acquisition of Airgas. When we consolidated Airgas, the cost of its debt was higher. We then started to reduce the debt and refinance it under much better conditions, and that process will continue. We will gradually try to repay borrowings early to reduce our overall debt.

More generally, we also have to assess the cost of debt in accordance with our financing strategy, which favors local financing for our subsidiaries' projects. They go into debt locally because cash flows are in local currency. We therefore have a balance between the central debt, which is in euros, the cost of converting the euro into the local currency and the risk that the Group takes with central debt and loans to its subsidiaries. In the past and until now, we have consistently sought to balance the general cost of debt and the risks.

11-3 What about the company's development in Africa?

Benoît Potier: Air Liquide generates roughly €250 million in revenue today in Africa. At the end of 2017, we started building the world's largest oxygen plant in South Africa for Sasol, an integrated global energy and chemicals company. Africa is an area of the world where we are still modestly sized, but some countries have potential, such as the economies of East Africa, or the southern part of Africa, especially Mozambique, or countries like Namibia and Botswana.

Question No. 12

COST OF ENERGY

12-1 You have mentioned the rising cost of energy, since the oil price has doubled in a few months. What is the impact for Air Liquide?

Benoît Potier: The rise in energy prices is in principle neutral insofar our selling prices are indexed to energy prices. In other words, the price of the energy component of our prices rises in line with energy prices. We are therefore quite transparent with respect to the energy markets.

That said, it is true that we see a revival of new projects when energy increases, as this makes the energy sector more profitable. That means more orders in Engineering, more projects for Large Industries. That's what we're seeing right now, with energy prices going up.

To summarize, this has a neutral effect on the Group's profits, and a positive effect on the number of projects, which is a good sign for Air Liquide going forward.

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