

# 2015 Annual Results

Event | Tuesday, February 16, 2016



## TIME & PLACE

February 16, 2016  
07:20 am

**Solid performance in 2015: once again an increase in revenue, operating margin and net profit**

**Signature of the merger agreement for the acquisition of Airgas**

## 2015 Key Figures

■ Group revenue: 16,380 million euros	+6.7%
■ Operating margin up at 17.6%	+50 bps
■ Net profit (Group share): 1,756 million euros	+5.5%
■ Proposed 2015 dividend of 2.60 euros per share	+2.0%

## 2015 Highlights

- **Acquisition of Airgas** (United States): approval processes ongoing.
- **Further acquisitions** in Home Healthcare in Europe and in Hygiene.
- **New contracts in growing markets:** South Africa, China, Colombia and semi-conductors in Asia-Pacific.
- **Start-up of the hydrogen site in Yanbu:** Saudi Arabia.
- **Innovation and Technologies:** ITER project; CO<sub>2</sub> cold capture system - Cryocap™ in France; creation of the Global Markets & Technologies activity.

Commenting on the 2015 results, **Benoît Potier, Chairman and CEO of Air Liquide**, stated:

***“The Group achieved a solid performance, delivering once again an increase in revenue, operating margin and net profit, in the context of slower global growth in 2015. Growth in Gas & Services sales improved quarter after quarter. Business growth was driven by momentum in Healthcare and Electronics, and in Large Industries by higher volumes from new contracts. From a geographic perspective, it was driven by Europe’s progressive recovery and by the developing economies.***

***Europe benefited from the good development in Healthcare and an improvement in certain industrial sectors in the 2<sup>nd</sup> half of the year. In North America, the year was marked by a slowdown in sectors related to oil and gas production and metal fabrication. The progression in activity observed in Asia-Pacific was driven by Japan’s resilience and the persistence of sustained growth in China.***

***Globally, the Group delivered growth above that of its market, in a context of favorable exchange rates, which positive effect slowed down during the year, and decreased energy prices.***

***Over the year, as a result of efficiencies close to € 300 million and investment decisions totaling € 2.4 billion, the Group improved its competitiveness and sustained its future growth. At the same time, the signature of the merger agreement to acquire Airgas in the United States and the rollout of an innovation strategy, reinforced by the creation of the Global Markets & Technologies activity, mark major steps in the Group’s development and transformation. Excluding the impact of Airgas acquisition and financing, and assuming a comparable environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2016.”***

**2015 consolidated revenue** reached **€ 16,380 million**, an increase of **+6.7%** on a reported basis compared with 2014 and of +3.3% on a comparable basis<sup>1</sup>. The positive currency impact (+6.0%) was partly offset by the negative energy impact (-2.6%). This favorable currency translation effect slowed over the course of the year.

**Gas & Services** revenue for 2015, which reached **€ 14,752 million**, rose **+6.9%** on a reported basis and +3.8% on a comparable basis. Of note, a sequential improvement in **Gas & Services** sales quarter after quarter on a comparable basis, reaching an increase in the 4<sup>th</sup> quarter of 2015 of **+4.8%** versus the 4<sup>th</sup> quarter of 2014.

**Developing economies** posted solid growth in 2015, with Gas & Services revenue up **+10.2%** on a comparable basis.

Globally, the growth in **Gas & Services** activities in **2015**, on a comparable basis, is satisfactory given the trend in global industrial production, to which a portion of the Group’s activities is linked:

**Large Industries** revenue increased **+5.2%** in 2015. After a 1<sup>st</sup> quarter marked by temporary plant turnarounds of several customers, the following quarters benefited from new start-ups and ramp-ups, primarily in Germany, Benelux, China, and Saudi Arabia. For the 4<sup>th</sup> quarter, Large Industries sales rose **+9.3%**. Hydrogen volumes rose sharply in 2015, notably due to the ramp-up of the Yanbu site, while demand for air gases remained high in Asia.

**Industrial Merchant**, down **-1.3%**, remains contrasted. In North America, volumes were affected by moderate manufacturing activity and a slowdown in demand for oil services and related industries. In Asia-Pacific, sales were down in Australia against the backdrop of a weak mining sector. Sales continued to grow in China, thanks to air gases volumes in particular. Europe showed slight improvement in the 4<sup>th</sup> quarter due to higher bulk volumes, in particular in Germany and Benelux. The price effect for the year was slightly positive at **+0.6%** in a low inflation environment globally.

**Electronics** revenue was up a robust **+11.5%**, driven by vigorous sales in Japan, China, and Taiwan. All of our product lines grew, in particular advanced materials, which include the ALOHA™ line and the Voltaix offer, which progressed more than **+30%**. Through the 4<sup>th</sup> quarter of 2015, Electronics continued to post double digit growth excluding equipment and installation sales.

**Healthcare**, up a substantial **+7.5%**, continued to progress in 2015 in both advanced and developing economies. It was driven by sustained ongoing demand in Home Healthcare services, despite significant price pressure in Europe, as well as particularly dynamic Hygiene sales (**+17.3%**). The pursuit of targeted acquisitions also contributed to this solid performance.

**Engineering & Construction** revenue, at **€ 775 million**, was stable (**-0.7%**) on a comparable basis versus 2014. The order intake, at **€ 936 million**, has resisted well.

Revenue from **'Global Markets & Technologies'**, which focuses on the new markets requiring a global approach, particularly those related to the energy transition, as well as those related to extreme cryogenics, space, aerospace and new industrial gas applications for the maritime sector, reached **€ 292 million**. The increase on a comparable basis versus 2014 was **+11.4%**.

**Operating income recurring** was up **+9.8%** to € 2,890 million. The **Group operating margin**, which benefited from a high level of **efficiency gains (€ 298 million)** and lower energy prices, improved to **17.6%** (+50 basis points). **Net profit (Group share)** stood at **€ 1,756 million**, a **+5.5%** increase on a reported basis.

**Cash flow** (before WCR) rose by **+7.0%**. **Net debt** was **€ 7,239 million** on December 31, 2015. The debt to equity ratio remained moderate at **56.7%**. The **return on capital employed** after tax (**ROCE**) stood at 10.3%. Excluding the one-off impact of an Engineering & Construction project, adjusted ROCE was unchanged at **10.8%**.

Air Liquide's **Board of Directors**, which met on February 15, 2016, approved the audited financial statements for fiscal year 2015. The Group's statutory auditors are in the process of issuing an unqualified opinion on the financial statements.

At the next Annual General Meeting of Shareholders, the Board of Directors will propose the payment of a dividend of **2.60 euros per share**, an increase of **+2.0%**. The ex-dividend date has been set for **May 23, 2016** and the payment scheduled for **May 25, 2016**.

The Board also approved the draft resolutions that will be submitted to the Annual General Meeting on May 12, 2016, and in particular:

the reappointment, for a six year term, of the accounting firm Ernst&Young et Autres to serve as the incumbent statutory auditor, and the attribution of a term to Pricewaterhouse Coopers Audit.

the reappointment, for a four year term of office, of Mrs. Karen Katen, a member of the Board of Directors since 2008, and of Mr. Pierre Dufour, Senior Executive Vice President and a member of the Board of Directors since 2012.

the appointment, for a four year term, of Mr. Brian Gilvary, a British citizen, CFO of BP since 2012. He will bring to the Board his knowledge of the oil & gas industry, his financial expertise, as well as the global vision of a large international group.

The Board of Directors duly noted that the term of office of Mr. Paul Skinner ended on December 31, 2015, due to the emergence of a conflict of interest related to the decision of Air Liquide to appoint PriceWaterhouse Coopers (PwC) as statutory auditor. Mr. Skinner was sincerely thanked for his strong contribution to the work of the Board and its sub-Committees.

Following the Annual General Meeting, the Board of Directors would be composed of 12 members, of whom 11 are elected. Nine of the eleven members elected by the Annual General Meeting are considered independent as defined in the internal regulations. The Board would include five women and six board members whose nationality is other than French.

In addition, the Board set executive compensation for 2015 and 2016, details of which will be published on the Air Liquide corporate website. The components of executive compensation for 2015 will be submitted to the shareholders for their opinion, as last year, under two specific ("Say on Pay") resolutions.

Lastly, in order to align the age limit for the Chairman of the Board of Directors and of the CEO with current market practice, the Board has decided to propose that the company bylaws be amended for the maximum age limit of the Chairman of the Board of Directors to be raised to 70 years old and that of the CEO to the legal age limit, currently set at 65 years old.

<sup>1</sup> Adjusted for currency, energy prices (natural gas and electricity) and significant scope ↔



**Press release dated February 16, 2016 and Management Report**

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**Presentation dated February 16, 2016**

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NOV  
18 2016 Actionaria Fair

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23 Shareholders meeting in London

FEB  
15 2016 Annual Results

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