



## **Airgas, Inc. Reports Earnings And Record Cash Flow In Third Quarter**

RADNOR, Pennsylvania, January 29, 1998 - Airgas, Inc. (NYSE-ARG) today reported financial results for its third quarter ended December 31, 1997.

For the third quarter, sales increased 24% to a record \$367.8 million from \$297.2 million in the third quarter last year. After-tax cash flow (net earnings plus depreciation, depletion, amortization and deferred income taxes) increased by 15% to a record \$34.4 million, or \$.48 per share, compared to \$29.9 million, or \$.43 per share for the same quarter last year. Net earnings increased by 8% to \$11.8 million, or \$.17 per share, compared to \$11.0 million, or \$.16 per share, a year ago.

For the nine months ended December 31, 1997, after-tax cash flow, before non-recurring gains, increased by 15% to a record \$99.2 million or \$1.41 per share, compared to \$86.4 million, or \$1.27 per share in the same period last year. Net earnings (before non-recurring gains) increased 6% to \$35.3 million or \$.50 per share, compared to net earnings of \$33.4 million or \$.49 per share last year. Sales for the period increased 25% to \$1,059.6 million. Including non-recurring gains, after-tax cash flow and net earnings for the nine months ended December 31, 1997, were \$116.3 million or \$1.64 per share and \$45.7 million or \$.65 per share, respectively.

Since April 1, 1997, Airgas has completed the acquisition of seventeen industrial gas distributors with aggregate annual sales of approximately \$60 million, including two large regional distributors, Industrial Gas Products and JWS Technologies, Inc. Airgas has also acquired two industrial products distributors with combined annual sales of approximately \$106 million, and four carbon dioxide distributors with combined annual sales of approximately \$74 million.

Peter McCausland, Airgas' Chairman and Chief Executive Officer, said "Given all the consolidation, integration, and repositioning going on at Airgas, I am very pleased with our performance, which was highlighted by solid gas sales growth, strong cash flow growth, continued growth in key national and regional gas accounts, extension of our carbon dioxide and dry ice capabilities, and growth in the tools and safety product lines. We are now the third largest safety-products distributor in the U.S. Our industrial products distribution businesses grew sales at a 16% annual rate and contributed to cash flow as well as earnings this quarter. We achieved this while simultaneously initiating a tremendous effort to reposition Airgas for higher future growth. We are combining 34 hubs into 16 regional companies, establishing a national infrastructure for purchasing and logistics which involves building five large distribution centers, reorganizing certain non-core businesses, standardizing our information systems, and hiring product specialists to increase sales of safety equipment, tools, and other Airgas strategic products."

The non-recurring gains included in Airgas' results for the nine months ended December 31, 1997 were generated by the sale of a non-core business and a partial recovery of previously reported refrigerant losses.

Airgas, Inc. is the largest distributor of industrial, medical and specialty gases and related equipment in North America. Its distributor network includes approximately 700 locations in 42 states, Canada and Mexico.

### **Forward-Looking Statements**

This press release may contain statements that are forward-looking, as that term is defined by the Private Securities Litigation Reform Act of 1995 or by the Securities and Exchange Commission in its rules, regulations and releases. The Company intends that such forward-looking statements be subject to the safe harbors created thereby. All forward-looking statements are based on current expectations regarding important risk factors. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of such statements should not be regarded as a representation by the Company or any other person that the results expressed therein will be achieved. Important risk factors include, but are not limited to, the Company's ability to consolidate and integrate new acquisitions, expenses associated with the Company's new ADI Division, the Company's ability to pursue claims and recoveries in connection with the fraudulent breach of contract related to refrigerant R-12 purchases and other factors described in the Company's 1997 Form 10-K filed with the Securities and Exchange Commission.