



Sustained revenue growth in 3rd quarter 2008: +10.4% at €3,247 million

press release

3rd quarter highlights

- New oxygen and nitrogen projects announced in **India and Malaysia**
- **Middle-East**: acquisition of the international liquid and gaseous helium supplier **Pure Helium**, new unit **start-ups**
- **New contracts**: **silane** in Japan, **oxygen** in Poland, **photovoltaics** in China, Greece and the Philippines
- **Ultra low temperatures**: success of the helium liquefaction system for experimental reactor in South Korea
- Coordination of **H2E program** to build sustainable and competitive hydrogen energy solutions in France and Europe

Five growth drivers

Air Liquide's development is based on **five long term growth drivers**: Energy, Environment, Emerging Economies, Health, High-Tech.

Upcoming events

Shareholders' Fair (Actionaria) in Paris
21 and 22 November 2008

2008 annual revenue and results:
16 February 2009

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3 rd quarter 2008 revenue		published	excluding exchange	comparable*
Group revenue	€3,247 m	+10.4%	+13.1%	+7.6%
Gas & Services	€2,760 m	+11.0%	+14.2%	+9.6%

* on a comparable basis: excluding exchange rates, natural gas and perimeter relating to the Lurgi acquisition where relevant

In the 3rd quarter 2008, **Group revenue** amounted to **€3,247 million**, up **+10.4%** as published (+13.1% at constant exchange rates).

Gas & Services revenue, up **+9.6%** on a comparable basis, reached **€2,760 million** in line with the high growth rates recorded since the fourth quarter 2007. **Industrial Merchant** showed very good performance, in particular in emerging economies. Strong demand for hydrogen, unit start-ups and ramp-ups in Europe and Asia contributed to the sustained growth in **Large Industries**, despite the impact of hurricanes in the Gulf Coast. **Healthcare** is still solid in a context of increased cost-containment in the national health systems. Revenue in **Electronics** improved slightly, compared to those of the second quarter 2008, buoyed by good progress in carrier gases.

The execution of the **ALMA** program is **on track** with the objectives. The **investment decisions** and the **portfolio of investment opportunities** are in line with the Group's ambitions. Air Liquide teams are maintaining their efforts to reach the objectives of the **efficiency programs** and to compensate for the increase in costs of recent months through an **adapted pricing policy**. Lastly, the Group has secured its **short and medium term financing requirements** and is continuing its efforts in the **management of its capital employed** to ensure all of the investments planned. According to the evolution of the environment, Air Liquide will remain attentive to reallocating priorities within ALMA if necessary.

Commenting on the 3rd quarter 2008, **Benoît Potier, Chairman and CEO of the Air Liquide group**, stated:

"The growth in revenue of +10.4% in the third quarter illustrates the momentum the Group has enjoyed for several quarters in its development.

The uncertainties in the worldwide economy due to the financial crisis reduce visibility for the year's end, even though our markets remain well oriented.

In this context and excluding a significant slowdown of end-user markets, we remain confident in the ability of Air Liquide to achieve double-digit growth in 2008 net profit at constant exchange rates. Furthermore, we confirm our investment decisions for 2008 at more than €2 billion.

Beyond, the ALMA objectives of competitive growth for 2007-2011 are maintained both in growth and in efficiency, thanks to the resilience of the business model and the encouraging long-term outlook offered by the five growth drivers identified for the years to come."

3rd Quarter 2008 Revenue

<i>in millions of euros</i>	Q3 2007	Q3 2008	<i>08/07 as published</i>	<i>08/07 excluding currency</i>	<i>08/07 comparable*</i>
Total revenue	2 941	3 247	+10.4%	+13.1%	+7.6%
of which Gas and Services revenue	2 485	2 760	+11.1%	+14.2%	+9.6%

* comparable: excluding impact of currency, natural gas and Lurgi scope effect where relevant

The third quarter saw strong growth in line with the development of business in the preceding quarters. There was a significant contribution from start-ups and generally sustained demand in our key markets, namely steel, chemicals and refineries. Bulk demand has also been strong thanks to the Group's presence in 75 countries, serving all industries.

Alma, the Group's program to gain momentum in growth, efficiency and productivity, continues to be on track.

Third quarter 2008 **Group revenue** reached **3 247 million euros, up +10.4%**. Excluding a negative currency impact of -2.7% (down from -4.1% in the second quarter), revenue growth was +13.1%. Natural gas price increases contributed +3.9% to growth and the last month of the Lurgi perimeter effect represented a further +1.6%.

Third quarter 2008 **Gas & Services revenue** reached **2 760 million euros, up +11.1%, and +9.6% on a comparable basis**, excluding the impact of currencies and natural gas. This rate of year on year growth remained consistent with the growth experienced each quarter since Q4 2007 confirming the pricing actions and a solid level of activity, supported by ramp-ups and start-ups of new units.

1.1 Gas and Services

Revenue <i>in millions of euros</i>	Q3 2008	Q3 08/07	
		<i>as published</i>	<i>comparable*</i>
Europe	1 505	+12.4%	+9.6%
Americas	683	+10.2%	+9.3%
Asia-Pacific	517	+7.9%	+8.2%
Middle East and Africa	55	+18.7%	+30.2%
Gas and Services	2 760	+11.1%	+9.6%
Industrial Merchant	1 154	+3.9%	+6.9%
Large Industries	931	+26.7%	+16.0%
Electronics	257	+5.2%	+7.2%
Healthcare	419	+5.9%	+7.0%

* comparable: excluding impact of currency and natural gas

All growth figures in the text below are on a comparable basis, excluding currency and natural gas impact.

In the third quarter 2008 **Gas and Services** revenue reached **2 760 million euros, up +9.6%**, in line with the accelerated rate of growth since Q4 2007 demonstrating solid momentum.

Industrial Merchant was up +6.9% with strong volume growth in emerging markets, Australia and Canada and improved pricing in Europe and North America, reflecting cost inflation. **Large Industries** growth of +16.0% demonstrates the resilience of the base business, driven by strong hydrogen demand globally, and the benefits of the start-ups and ramp-ups in Europe and Asia. **Electronics** revenue grew by +7.2%, driven by solid carrier gas activity, slower ESG growth and a good level of E&I sales. **Healthcare** revenue growth (+7.0%) continues to be driven by solid underlying demand, offset slightly by continued pricing pressure from the social security systems.

Europe

Third quarter 2008 revenue was **1 505 million euros, up +9.6%**. All business lines contributed positively to this quarter's growth.

Industrial Merchant grew by **+1.5%**, or +4.2% excluding the impact of the divestiture of the Metrology business at the end of 2007. Pricing has improved throughout the region and growth remained strong in Eastern European countries. Volumes were stable in Western Europe. Photovoltaic and metal fabrication remain strong growth drivers in Germany, as well as beverages particularly in Spain and UK during the summer. A liquid plant started up this quarter in Poland to answer to general growing demand.

Large Industries achieved **+24.4%** growth in the third quarter. This performance reflects strong hydrogen and air gases demand and the new Antwerp hydrogen plant ramp-up. The Rotterdam co-generation unit is being commissioned progressively; electricity sales have already started while the steam supply still has to be integrated into the customer process. Underlying demand from oil refiners, steel manufacturers and chemical clients remained solid during the quarter.

Healthcare grew by **+8.2%** driven by continued rapid growth in hygiene. Homecare development was slightly slower than in previous quarters as most of the 2007 acquisitions are now integrated into the base. Pricing pressure for new hospital contracts has remained intense.

Electronics revenue was down **-5.4%** due to weak ESG sales.

Americas

Revenue for the Americas was **683 million euros**, up **+9.3%**, accelerating from the previous quarter growth of +8.5%, demonstrating solid demand despite the impact of the Ike and Gustav hurricanes.

Industrial Merchant progressed by **+11.9%**. In the United States, pricing initiatives and good demand continued across all sectors, especially in mining and metal fabrication, despite some interruption of production in the Houston area due to the hurricanes. Sales growth remained strong in South America. Activity in Canada picked up after several weak quarters, with increased volumes and prices.

Large Industries revenue increased by **+3.5%**, despite significant volume declines in oxygen and hydrogen in September due to the two-week Gulf Coast hurricane stoppages. Despite this specific short-term impact, refining demand for hydrogen has remained strong during the quarter. However, chemical companies appear to be managing stocks more tightly. Steel activity in Canada continues to be affected by the strong Canadian dollar.

Electronics posted growth of **+25.0%** boosted by new carrier gas and ESG start-ups and the contribution from the Scott and Edwards acquisitions.

Healthcare performed well, up **+10.4%**, boosted by strong hospital demand and pricing in the US and South America, while growth was limited in Canada.

Asia-Pacific

Third quarter revenue in Asia-Pacific, at **517 million euros**, was up **+8.2%**, driven by buoyant growth in the region. In Japan, demand was stable.

Industrial Merchant was up **+8.2%**. Volume growth remained strong across the region, particularly in China, resulting from the new capacities installed over the last year. In Japan, activity was down slightly. Volumes and pricing showed strong growth in Australia.

Electronics sales increased by **+6.9%**, reflecting continued growth in the carrier gases, stable ESG sales and a good level of equipment and installation sales in Singapore and Taiwan. Client ramp-ups have been slower than expected and some fab extension projects are now being postponed. However, two new carrier gas contracts will begin in the fourth quarter which should mitigate general slowdown in ESG sales. Photovoltaic project activity remains dynamic.

Sustained growth in **Large Industries** of **+16.1%** was driven by several ramp-ups and one start-up in China during the quarter. Demand for oxygen by the Japanese steel-makers was also particularly strong this quarter.

Sales dropped in **Healthcare** (**-12.5%**) because of record high equipment sales at the same period last year in Japan.

Middle East and Africa

Middle East and Africa revenue reached **55 million euros**, up **+30.2%** as the result of the start-up of an ASU in Kuwait in July, a CO₂ plant in Egypt in July, and the integration of the Pure Helium acquisition. Also, two ASUs started up in April and July in Qatar, through an equity-consolidated joint venture with Qatar Petroleum. A new argon Industrial Merchant business has been launched in the region this summer using the new air gas capacity and the recently acquired Pure Helium distribution network. In South Africa, activity has continued to be dynamic and a new liquid plant was started up in the third quarter.

Operating performance

As a result of strong demand, pricing actions and efficiency, **the Group has maintained its Gas and Services third quarter OIR margin excluding natural gas at the level of third quarter 2007**, in a high energy price environment.

1.2 Engineering & Construction

Third party sales in **Engineering & Construction** reached **254 million euros**, with a one month scope effect from the Lurgi acquisition (47 million euros). As a result, cumulated year to date 2008 sales for the engineering and construction reached 757 million euros. Activity is good in both cryogenics and hydrogen, and Lurgi teams are progressively being transferred onto Group projects. Order intake is on track.

1.3 Other Activities

Revenue <i>in millions of euros</i>	Q3 2008	Q3 08/07 as published	Q3 08/07 comparable*
Welding	142	+6.0%	+6.5%
Chemicals	58	+5.4%	+5.4%
Diving & others	33	-6.3%	-1.7%
Other Activities	233	+3.9%	+4.9%

* comparable: excluding impact of currency

Other Activities reached **233 million euros**, up +4.9%.

Welding activity was up + 6.5 %, with consumables and automation boosting growth. Equipment sales growth has been more moderate.

Chemicals growth recovered in the quarter due to renewed availability of a Japanese supplier after several quarters of shut-down.

2. Strategic moves in third quarter 2008

During the third quarter, the development of the Group has continued in emerging markets with the announcement of several Air Separation Unit investments in India, Malaysia and Poland. After the medical successes in Germany and France, the LENOXe anesthetic is now being tested in Italy.

The significant 7-year H2E R&D program, coordinated by Air Liquide, aims at building sustainable and competitive hydrogen energy solutions and has been approved by the European Commission. The ambition of the project is to be ready for the emergence of hydrogen in transport by 2015.

As part of South Korean KSTAR high tech project in the search for new sources of energy, Air Liquide has supplied a helium liquefaction (-269°C) and distribution system for a plasma generation project.

Over the last few months, the Group has signed several contracts in the Photovoltaic market in China, Greece and Philippines for a total investment of 20 million euros, complementing the Group's already leading market position.

All these developments demonstrate that the trends in Energy, Environment, Emerging markets, Health and High tech continue to drive long term growth. They are also reflected in the portfolio of investment opportunities which has remained at exceptionally high levels of over four billion euros. Investments decisions continued to increase in the third quarter, in line to achieve over two billion euros for the full year. Capital expenditure is in line with the investment decision trend with the normal 18 months delay, and is expected to reach around 1.8 billion euros by the end of the year. While two start-ups of major units have slipped into 2009, we are still expecting to reach 20 for 2008 after 10 in 2007 and a further 25 for 2009.

3. Outlook

The long-term nature of the Group's investment cycle and customer contracts, with their take-or-pay and indexation clauses, its strong portfolio of projects, the diversity of the industries supplied across 75 countries and a solid balance sheet, continue to provide the base of a resilient business model.

As to the current environment in 2008, customer demand has remained well oriented, even if visibility for the rest of the year is limited due to the uncertainties on the worldwide economy.

All necessary actions have been taken to adapt to this environment. Short term financing requirements are secured, share buy-backs have been curtailed and working capital is being closely monitored. Pricing actions and efficiency measures are being reinforced to be prepared for a softer environment. The healthy balance sheet allows the Group to maintain its high investment levels.

In this context, excluding a significant slowdown of end-user markets, Air Liquide remains confident in its ability to achieve double digit growth in 2008 net profit at constant exchange rates. Given the resilience of the Group's business model as well as the opportunities provided by its five long term growth drivers, the Group maintains its investment program and confirms its 2007 to 2011 ALMA objectives.

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APPENDIX (1)

CURRENCY, NATURAL GAS AND SCOPE IMPACT

In addition to the comparison of published figures, financial information is given excluding currency translation effects, the impact of fluctuations in natural gas price and significant scope effect, when applicable.

Since industrial and medical gases are rarely exported, the impact of currency fluctuations on revenue and results is limited to the translation effects in euros of the financial statements of our subsidiaries outside the Euro-zone. Fluctuations in natural gas prices are generally passed on to our customers through indexed pricing clauses.

Consolidated 3rd quarter 2008 revenue includes the following elements:

<i>in millions of euros</i>	Revenue	Q3 08/07 as published	Currency	Natural gas	Scope	Q3 08/07 comparable*
Group	3 247	+10.4%	(80)	114	47	+7.6%
Gas and Services	2 760	+11.1%	(78)	114	0	+9.6%

* comparable: excluding impact of currency, natural gas and Lurgi scope effect where relevant

Group:

- The **currency effect** during the quarter amounted to -80 million euros, an impact of -2.7% on Group revenue, mainly due to the appreciation of the euro against the US dollar.
- **Natural gas** prices started to increase at the beginning of the year progressively so that the impact of the pass-through increases on revenue reached 114 million euros, or +3.9%.
- The scope effect amounted to 47 million euros, due to the last month of Lurgi, which was consolidated from August 2007.

Gas & Services:

- The **currency effect** during the quarter amounted to -78 million euros, an impact of -3.1% on G&S revenue, mainly due to the appreciation of the euro against the US dollar.
- **Natural gas prices started to** increase at the beginning of the year progressively so that the impact of the pass-through increases on revenue reached 114 million euros, or +4.6%.

APPENDIX (2)

REVENUE BY BUSINESS

<i>in millions of euros</i>	Q3		<i>08/07 as published</i>	Total 9 months		<i>08/07 as published</i>
	2007	2008		2007	2008	
Gas and Services	2 485	2 760	+11.1%	7 397	8 103	+9.6%
Industrial Merchant	1 112	1 154	+3.9%	3 310	3 424	+3.4%
Large Industries	734	931	+26.7%	2 226	2 688	+20.8%
Electronics	244	257	+5.2%	694	739	+6.6%
Healthcare	395	418	+5.9%	1 167	1 252	+7.3%
Engineering/Construction	232	254		441	757	
Other Activities	224	233		732	757	
TOTAL	2 941	3 247	+10.4%	8 570	9 617	+12.2%

REVENUE BY REGION

<i>in millions of euros</i>	Q3		<i>08/07 as published</i>	Total 9 months		<i>08/07 as published</i>
	2007	2008		2007	2008	
Gas and Services						
Europe	1 338	1 505	+12.4%	4 013	4 477	+11.6%
Americas	620	683	+10.2%	1 889	1 993	+5.5%
Asia – Pacific	480	517	+7.9%	1 361	1 491	+9.5%
Middle-East & Africa	47	55	+18.7%	134	142	+6.4%
TOTAL	2 485	2 760	+11.1%	7 397	8 103	+9.6%