

## Resilience in sales and net profit 2009 objectives maintained

press release

### First half performance

- **Solid revenue at €5,937 million (-5.8% comparable)**
- **Resilient margins and net profit of €596 million almost at the same level as 1<sup>st</sup> half 2008 (-0.8%)**
- **Strong contribution** from cost control, cash management and selectiveness in investments

### First half highlights

- Start-up and ramp-up of **Large Industries** units, in particular in **Europe and China**
- New **Industrial Merchant** investments in **Russia** and the **Middle East**
- New contracts in **Healthcare** and integration of three companies specializing in homecare (Tunisia and the Netherlands)
- **Electronics**: new contracts in China for **flat screen manufacturers** and in **photovoltaics**

Air Liquide's Board of Directors, chaired by Benoît Potier, Chairman and CEO, met on July 29, 2009 and reviewed the financial statements at June, 30, 2009.

**The first half activity level** was characterized by **very contrasted sector demand**. **Group revenue** for the 1<sup>st</sup> half of 2009 reduced slightly by -6.8%, half of which is attributable to the decline in natural gas prices. This compares with an especially strong first half of 2008. After having fallen until April, activity improved in May and June, and **several localized signs of recovery** in the emerging economies and in sectors such as chemicals in the United States and Electronics became apparent. **Sales in the 2<sup>nd</sup> quarter**, adjusted for natural gas and currency, are **up by about +1%** compared to those of the 1<sup>st</sup> quarter of 2009.

**Large Industries**, buoyed by start-ups and ramp-ups in China, Europe and the Middle East, and **Healthcare**, especially in the homecare sector, are still growing. **Electronics** is progressively picking up, in particular in Asia with a recovery in volumes of specialty and carrier gases. In **Industrial Merchant**, the volumes have now stabilized, albeit at a low level. The number of investment projects entering the portfolio of opportunities is again on the rise.

The **very strong resilience in Group margins at 15%** and the limited reduction in the **Operating Income Recurring before depreciation at -2.7%** are the result of the **robustness of the Group's business model** and the effectiveness of the management measures taken for 2009 and deployed in the context of the **ALMA strategic program**. The **Net profit (Group share)** was **€596 million, almost at the same level** as 1<sup>st</sup> half 2008.

Commenting on the 1<sup>st</sup> half 2009, **Benoît Potier, Chairman and CEO of the Air Liquide Group**, stated:

***"The performance of the 1<sup>st</sup> half of 2009 is in line with our expectations, in terms of efficiency, cash generation and level of indebtedness. It confirms Air Liquide's resilience in a context of slow demand.***

***As concerns the levels of activity, the positive signs were more pronounced at the end of the half-year, but some segments remain affected by weak customer demand. In this context and as a result of the momentum generated by the ALMA program, we maintain our objective for 2009, of revenue and net income to be close to the 2008 levels.***

***The Group remains confident in the robustness of its growth model thanks to the structural potential of its five growth drivers which are Energy, Environment, Emerging Economies, Health and High-Tech. Air Liquide will continue to invest in them to strengthen its strategic positioning."***

## Key figures for 1<sup>st</sup> half 2009

<i>In million of euros</i>		<i>published</i>	<i>comparable*</i>
<b>Group revenue</b>	<b>€5,937 M</b>	<b>-6.8%</b>	<b>-5.8%</b>
of which Gas & Services	€5,022 M	-6.0%	-4.6%
<b>Operating Income Recurring before depreciation</b>	<b>€1,396 M</b>	<b>-2.7%</b>	
<b>Operating Income Recurring</b>	<b>€889 M</b>	<b>-6.5%</b>	
<b>Net profit</b>	<b>€596 M</b>	<b>-0.8%</b>	
<b>Diluted earnings per share (in euros)</b>	<b>€2.30</b>	<b>=</b>	
<b>Net debt as at June 30, 2009</b>	<b>€5,654 M</b>	<b>+3.1%</b>	
		against 31.12.08	
<b>Net cash flows**</b>	<b>€1,113 M</b>	<b>+24.9%</b>	

\* on a comparable basis: excluding impact of currency and natural gas

\*\* net cash from operating activities

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### Upcoming events

#### 3<sup>rd</sup> quarter revenue

Thursday, 22 October 2009

**Air Liquide is the world leader in gases for industry, health and the environment, and is present in over 75 countries with 43,000 employees.** Oxygen, nitrogen, hydrogen and rare gases have been at the core of Air Liquide's activities since its creation in 1902. Using these molecules, Air Liquide continuously reinvents its business, anticipating the needs of current and future markets. The Group innovates to enable progress, to achieve dynamic growth and a consistent performance.

Air Liquide combines many products and technologies to develop valuable applications and services not only for its customers but also for society. **Innovative technologies** that curb polluting emissions, lower industry's energy use, recover and reuse natural resources or develop the energies of tomorrow, such as hydrogen, biofuels or photovoltaic energy... Oxygen for hospitals, homecare, fighting nosocomial infections...

**A partner for the long term**, Air Liquide relies on employee commitment, customer trust and shareholder support to pursue its vision of sustainable, competitive growth. The **diversity** of Air Liquide's teams, businesses, markets and geographic presence provides a solid and sustainable base for its development and strengthens its ability to push back its own limits, conquer new territories and build its future.

**Air Liquide explores the best that air can offer to preserve life, staying true to its sustainable development approach.** In 2008, the Group's revenues amounted to **€13.1 billion**, of which almost 80% were earned outside France. Air Liquide is listed on the Paris Euronext stock exchange (compartment A) and is a member of the CAC 40 and Dow Jones Euro Stoxx 50 indexes.

# Activity Report - First half of 2009

## 2009 first half performance

### 1. Key figures

<i>In millions of euros</i>	H1 2008	H1 2009	H1 09/H1 08 as published	H1 09/H1 08 comparable*
<b>Revenue</b>	<b>6,370</b>	<b>5,937</b>	<b>-6.8%</b>	<b>-5.8%</b>
Of which Gas & Services	5,343	<b>5,022</b>	-6.0%	-4.6%
Operating Income Recurring (OIR) before depreciation and amortization	1,435	<b>1,396</b>	-2.7%	
<i>OIR margin before depreciation and amortization</i>	22.5%	<b>23.5%</b>	+100 bps	
Operating Income Recurring	950	<b>889</b>	-6.5%	
<i>OIR margin</i>	14.9%	<b>15.0%</b>	+10 bps	
Other non-recurring operating expenses	(7)	<b>30</b>		
Operating Income	943	<b>919</b>	-2.6%	
Net profit (Group share)	601	<b>596</b>	-0.8%	
<b>Diluted earnings per share (in euros)</b>	<b>2.30</b>	<b>2.30</b>	=	
Net cash from operating activities	891	<b>1,113</b>	+24.9%	
Net Investments	878	<b>788</b>		
	<b>12/31/2008</b>	<b>06/30/2009</b>		
Net indebtedness	5,484	<b>5,654</b>	+3.1%	

\* Comparable: excluding impact of currency and natural gas.

The first half of 2009 was impacted by weak demand, with a sequential drop until April, followed by some signs of recovery during the last two months of the period.

The -5.8% revenue decrease on a comparable basis demonstrates the resilience of the Air Liquide business model. It masks a wide disparity between the volume declines of more than 30% in the most cyclical sectors (metals, chemicals, automotive, electronics and welding) and more moderate decreases in the defensive sectors (refining, food, pharmaceuticals and research-technology). The Healthcare Business Line continued to grow. Thus, cyclical sectors contributed -8% to the Group's revenue performance, while the defensive sectors and some Industrial Merchant pricing affected sales by -1%. Start-ups and ramp-ups contributed +4% to growth. These figures are in line with those of the first quarter 2009.

The First Half performance is the result of the three priorities for 2009 (Cost, Cash and Capex) within the Group's strategic ALMA programme: accelerating efficiency projects, with cost reduction of 153 million euros over 6 months; strict control of sourcing versus use of funds with an increase in net cash from operating activities of +24.9%; and selective investment with net investments at 788 millions euros during the period.

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2009 first half performance

Thanks to accelerated efficiency programs, increased prices in Industrial Merchant and the impact of decreases in natural gas prices, the ratio of operating income recurring before depreciation and amortization to revenue was 23.5%, compared to 22.5% in the first half of 2008. After an increase in amortization and depreciation, related to investments in recent years, the operating income recurring margin stood at 15.0%, versus 14.9% in the prior year.

Resilient operating performance, combined with strict cash management enabled Net profit to reach 596 million euros, almost at the same level as that reported for the first half of last year.

Strict working capital management and more selective investment since the beginning of the year have limited the increase in debt, despite the payment of the annual dividend in May 2009.

## 2. 2009 first half income statement

### 2.1 REVENUE

<i>In millions of euros</i>	H1 2009	H1 09/H1 08 as published	H1 09/H1 08 comparable*
Gas and Services	5,022	-6.0%	-4.6%
Engineering & Construction	505	+0.3%	-0.5%
Other Activities	410	-21.6%	-22.4%
<b>TOTAL REVENUE</b>	<b>5,937</b>	<b>-6.8%</b>	<b>-5.8%</b>

\* Comparable: excluding impact of currency and natural gas.

#### 2.1.1 Group

First half Group revenue stood at **5,937 million euros**, a decline of **-6.8%**. The positive impact of the 159 million euro currency difference, due principally to the change in the euro relative to the US dollar and the Japanese yen, only partially offset the decrease in natural gas prices. This decrease, passed on to Large Industries customers, had a negative impact of 225 million euros on revenue over the period.

On a comparable basis, excluding the impact of currency and the reduction in natural gas prices, the change in Group revenue stood at **-5.8%**.

#### 2.1.2 Gas and Services

<i>In millions of euros</i>	H1 2009	H1 09/H1 08 as published	H1 09/H1 08 comparable*
Europe	2,872	-3.4%	-1.8%
Americas	1,145	-12.6%	-4.1%
Asia-Pacific	897	-7.9%	-16.5%
Middle-East & Africa	108	+23.0%	+21.7%
<b>GAS AND SERVICES</b>	<b>5,022</b>	<b>-6.0%</b>	<b>-4.6%</b>

\* Comparable: excluding impact of currency and natural gas.

<i>In millions of euros</i>	H1 2009	H1 09/H1 08 as published	H1 09/H1 08 comparable*
Industrial Merchant	2,119	-6.6%	-9.1%
Large Industries	1,607	-8.6%	+1.6%
Healthcare	883	+6.0%	+5.8%
Electronics	413	-14.5%	-24.3%
<b>GAS AND SERVICES</b>	<b>5,022</b>	<b>-6.0%</b>	<b>-4.6%</b>

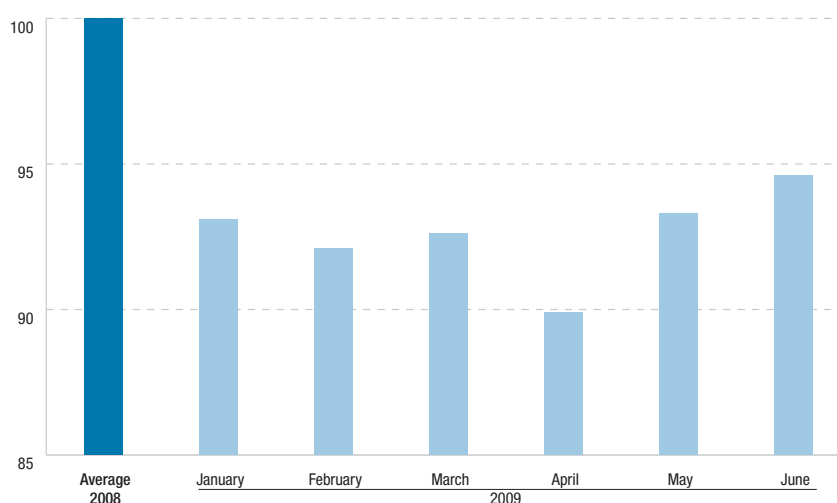
\* Comparable: excluding impact of currency and natural gas.

The changes discussed below are all reported on a comparable basis, excluding the impact of currency and natural gas.

**Gas and Services revenue** declined by **-4.6%** compared to the first half of 2008. Weak demand has affected all regions, although certain areas have shown greater resilience thanks to more diversified portfolios. In Europe, the start-ups and ramp-ups of Large Industries units, as well as Healthcare's sustained growth have limited the revenue decline. In the Asia-Pacific zone, the level of Electronics activity weighed heavily on sales.

In terms of sequential change, the lowest level was reached in April, with some **signs of recovery in May and June**. Second quarter sales adjusted for currency and natural gas are up relative to the first quarter by about +1%.

#### MONTHLY ACTIVITY INDICATOR, base 100, average 2008\*



\* Revenue adjusted for number of days/month.

## EUROPE

Sales in the first half of 2009 were **2,872 million euros**, a slight decline of **-1.8%**.

- **Industrial Merchant** sales dropped by **-9.6%** compared to the first half of 2008. Cyclical sector (automotive and construction) volume declines occurred in the vast majority of countries, particularly in Germany where they continued into May. However, the impact of cyclical sector declines was reduced by the resilient performance of the defensive sectors (pharmaceuticals and food) and the continued impact of price campaigns started in 2008. Bulk gas demand was affected first, followed by cylinders.
- **Large Industries** revenue increased by **+4.7%**. The first half benefited from the ramp-up of units launched in 2008 (notably a major cogeneration unit in Rotterdam) and the start-up of a new hydrogen unit in Portugal. Demand from the steel and chemical industries remained weak throughout the period, with certain sites operating below the *Take or Pay* levels. The exceptional economic climate has not fundamentally undermined either the principles or the profitability of the contracts. Demand from the refining sector remained strong overall during the period.

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2009 first half performance

- The **+5.3%** growth in **Healthcare** revenue reflects a marked increase in homecare sales (+7.9%), due to three main factors: the ramp-up of a new contract in Great Britain, sustained demand in the treatment of sleep apnea and the acquisition of Comcare Medical in the Netherlands. The growth in medical gas sales continued. After a first quarter impacted by a sharp decline in industrial orders, the second quarter saw a marked increase in hygiene sales, particularly in France, due to new swine flu measures.
- **Electronics** revenue declined by **-19.4%**, due to the exceptional drop in customer production levels and investments.

### AMERICAS

Revenue in the Americas stood at **1,145 million euros**, down by **-4.1%**.

- **Industrial Merchant** activity decreased by **-7.6%** in the first half. The ongoing effect of price increases negotiated since the beginning of 2008 cushioned the decline in sales in the first quarter. However, the second quarter experienced a greater decline due to a somewhat smaller pricing contribution and volume declines which were slightly higher. Activity was more resilient in Latin America thanks to more significant price increases.
- **Large Industries** revenue declined by **-2.0%**, in the absence of significant start-ups during the period. The second quarter, however, shows a significant sequential improvement compared to the first. Indeed, it benefited from a pick-up in demand, particularly in oxygen for chemical production in the Gulf Coast pipeline network, linked to a more competitive US chemicals industry. Hydrogen held up well during the period thanks to sustained demand from refineries. Nitrogen volumes were relatively stable in the region. In Canada, activity continued to be affected by a marked slowdown in demand related to the automotive industry.
- **Healthcare** sales, up **+8.4%**, were driven by a sharp increase in Homecare activity in Latin America and Canada and solid growth in medical gas sales throughout the region.
- **Electronics** revenue posted a decline of **-9.0%** in the first half. Sales of specialty gases and services decreased in line with customer production levels. A slight sequential improvement was noted in the second quarter.

### ASIA-PACIFIC

Revenue for Asia-Pacific was **897 million euros**, a decline of **-16.5%** compared to the same period in 2008. The reduction in worldwide industrial production weighed heavily on demand across the region, particularly in export-driven economies, such as Japan. The second quarter showed a slight sequential improvement compared to the brutal slowdown in the first quarter of 2009, in particular due to start-ups and ramp-ups in China, as well as a sequential recovery across the region beginning in May in Electronics.

- **Industrial Merchant** activity decreased by **-13.9%**, due to weak demand in Japan and, to a lesser extent, Singapore. Conversely, China still benefited from sustained demand and start-ups of new production capacities during the fourth quarter of 2008.
- **Large Industries** sales declined by **-5.1%**. Demand for industrial gas for the steel and chemical sectors declined sharply in most countries. However, in China, revenue rose significantly due to the ramp-up of several air separation units and a start-up at the end of the period.
- In a difficult context, **Electronics** sales declined by **-29.6%**, linked to the overall drop in customer production levels and investments in the semi-conductor and flat screen sectors. Activity in carrier gases was more resilient, thanks to long-term contracts with significant fixed portions. Furthermore, a net sequential improvement in demand for specialty gases was visible across the region in the second quarter of 2009. Equipment and Installation sales remained at low levels.

### MIDDLE-EAST AND AFRICA

Revenue for the Middle-East and Africa zone reached **108 million euros**, up **+21.7%**, thanks in particular to the ramp-up of several air separation units in Kuwait and Oman, as well as the development of Industrial Merchant sales in these areas. Development continued with the acquisition of Al Khafrah, a bulk and cylinder gas distribution company, at the beginning of July 2009. With the integration of Air Separation, specialized in homecare health in Tunisia, the start-up of VitalAire activities in Egypt and therapeutic gas sales in Lebanon, the Group further demonstrated its ambition to develop an active presence in all of its business lines across the region.

### 2.1.3 Engineering and Construction

**Engineering and Construction** reported a solid first half, with sales of **505 million euros**, stable compared to the first half of 2008.

Order intake reached approximately 350 million euros during the first half, representing a sharp drop in mature economies but remaining steady in emerging economies (Russia, China, and Brazil). Orders in hand at the end of June stood at 5.0 billion euros.

### 2.1.4 Other Activities

<i>In millions of euros</i>	<b>H1 2009</b>	<b>H1 09/H1 08 as published</b>	<b>H1 09/H1 08 comparable*</b>
Welding	<b>220</b>	-32.1%	-31.6%
Diving and Chemicals	<b>190</b>	-4.6%	-7.6%
<b>Other Activities</b>	<b>410</b>	<b>-21.6%</b>	<b>-22.4%</b>

\* Comparable: excluding impact of currency.

Revenue for **Other Activities** stood at **410 million euros**, down **-22.4%**.

Welding activity was strongly impacted by the economic slowdown in the metals and automotive sectors. The Group has adapted its structures to the current economic environment and is pursuing its policy of providing constant innovation. Specialty chemicals, geared towards cosmetics and healthcare, and Diving reported a limited decline of -7.6% over the first half compared to the same period in 2008.

## 2.2 OPERATING INCOME RECURRING

Adapting the Group's management focus to the context of a severe decline in activity has led to a limited reduction in the operating income recurring before depreciation of -2.7%, mitigating the sales decrease by more than 4 percentage points.

Despite the continued increase in depreciation of +4.7%, Operating Income Recurring (OIR) stood at **889 million euros**, down **-6.5%**, less than the -6.8% decline in revenue

The OIR before Depreciation and Amortization margin rose to 23.5%, an increase of +100 basis points, and +10 basis points excluding the effect of the decrease in natural gas prices passed on to customers. The operating margin reached 15%; up +10 basis points. This performance is explained by the business model, the solidity of contracts and by efficiency gains of 153 million euros.

As part of the ALMA programme, the projects initiated in 2008 were stepped up at the beginning of 2009 to achieve an increased objective of 300 million euros. These include:

- negotiation of centralized procurement contracts;
- optimization of operational logistics via information systems and reorganization of filling centers;
- continued efforts to improve energy efficiency.

Furthermore, the Group took swift steps such as the suspension of salary increases and new hirings and the realignment of fixed costs in certain subsidiaries in order to adapt to the current level of demand. Since the beginning of the year, the number of employees has decreased, excluding acquisitions, as a result of these measures and natural attrition.

### 2.2.1 Gas and Services

**Gas and Services** operating income recurring was 908 million euros representing an OIR margin of 18.1%, an improvement of +60 basis points compared to the first half of 2008. Excluding natural gas impact, the operating margin declined slightly by -30 basis points. Resilient margin performance is due to price increases reflecting the ongoing effects of the pricing campaign started at the beginning of 2008, lower cost inflation and the good results of the ALMA efficiency project. Together, these elements offset 80% of the impact of the volume weakness.

In **Europe**, operating income recurring stood at 545 million euros, up by **+0.9%**. The OIR margin reached 19.0%, up by +80 basis points and, excluding the effect of natural gas, up by +60 basis points, resulting from strict control of all cost items and the impact of new procurement policies established within the ALMA programme.

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In the **Americas**, operating income recurring grew by **+2.8%**, to 217 million euros. The operating income recurring margin reached 19.0%, an improvement of +280 basis points compared to the first half of 2008. This was helped by the significant natural gas price increase in the region which was passed onto the customers, impacting sales and costs by the same amount. Excluding this effect, the OIR margin was down -20 basis points. This near stability in margins in the context of a strong decline in activity is the result of the progressive impact of the cost reduction projects (and the important share of stable hydrogen activity).

In **Asia-Pacific**, operating income recurring reached 116 million euros, down **-27.8%**. The OIR margin fell by -369 basis points to reach 12.9%, mainly as a result of the significant decline in volumes in Japan and, to a lesser extent, increased depreciation due to new start-ups, particularly in China.

### 2.2.2 Engineering and Construction

Engineering and Construction Operating Income Recurring doubled to reach 49 million euros in the first half of 2009, on virtually stable revenues. The completion of the Lurgi integration process, successful project management and the reduction in general expenses have helped the OIR margin to increase from 4.9% to 9.8%.

### 2.2.3 Other Activities

Operating income recurring of the Group's Other Activities fell to 22 million euros, compared to 67 million euros in the first half of 2008, marked especially by a downturn in Welding, as a result of a significant reduction in volumes.

### 2.2.4 Overheads

Unallocated expenses represented 91 million euros versus 77 million euros in first half 2008, which included a capital gain on property. General & Administration expenses remained stable relative to first half 2008 but were down sequentially relative to second half 2008, thanks to the new procurement policies for travel, transport and services.

## 2.3 NET PROFIT FOR THE PERIOD

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**Net profit (Group share)** reached **596 million euros** (-0.8%), almost at the same level as first half 2008.

**Other operating income and expenses** were 30 million euros in the first half, the result of non-taxable exceptional income of 72 million euros, due to the recording of a receivable related to the refund of the equalization charge paid previously, and costs of exceptional efficiency projects, including some one-off reorganizations in numerous sites. A net expense of 7 million euros was recorded in the first half 2008.

**The cost of net indebtedness** rose to 113 million euros, related to an increase in net indebtedness over the period. Financing rates remained stable, at around 4.7%.

**Other net financial expenses** were impacted by the recognition of interest on arrears of 17.9 million euros related to the equalisation charge receivable.

The **effective tax rate** was 23.1% reflecting the impact of non-taxable exceptional income. The recurring effective income tax rate was about 27%.

**Diluted net earnings per share** were **2.30 euros**, stable on the previous period.



## 3. Change in net indebtedness

**Cash flow from operating activities before changes in working capital** stood at 1,084 million euros, or a decrease of -0.5% compared to the first half of 2008. **Net cash from operating activities** rose +24.9% compared to the first half of 2008 to reach 1,113 million euros due to improved working capital management.

In the first half of 2009, **net investments** were **788 million euros**, or **13.3% of sales**, compared to 878 million euros in the first half of 2008. This figure is in line with the overall objective of 1.6 billion euros announced for 2009.

The cash payout in May for the 2008 **dividend** totaled **602 million euros**, up +9.3% compared to the previous year. It was partially offset by the capital increase reserved for employees and the exercise of share options, totaling 86 million euros. No shares were repurchased during the first half.

After deducting investments, cash flow from operating activities during the first half financed more than half of the annual net distribution to shareholders.

As of June 30, 2009, **net indebtedness** stood at **5,654 million euros**, representing a Net Debt/Equity ratio of 80%.

## 4. First half highlights

### ENERGY AND ENVIRONMENT

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- In April 2009, Air Liquide announced the launch of a **Hydrogen energy project**, for the purpose of testing several hydrogen and fuel cell technologies for vehicles and filling stations in two Canadian airports. Air Liquide will pilot this project, which involves several partners and represents a total investment of 9 million euros.
- The Group confirmed its position as the global leader in gas and services for the **photovoltaic** industry by signing new contracts in January and May. As a result of new long-term contracts in this fast growing industry, the Group has invested nearly 53 million euros in Singapore, China, Malaysia, Germany and the United-States.
- The Group has also invested a total of 30 million euros in projects in France, the Netherlands and Australia for the recovery and re-use of **CO<sub>2</sub>**.

### HEALTH

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- During the first half, the Group integrated two specialized **homecare** companies: Comcare Medical in the Netherlands, in February, and the Dutch homecare subsidiary of the Resmed group.
- The Group also acquired Pacific Science, an American supplier of specialized cryobiology equipment and services for biobanks.
- In March, Air Liquide launched a new support program for the treatment of **sleep apnea**, an ailment affecting nearly 5% of the world's population but which remains largely unrecognized.
- In April 2009, the **Air Liquide Foundation** financed a research program for respiratory illnesses with the Pasteur Institute of Shanghai.

## HIGH TECHNOLOGIES

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- The Group is stretching the bounds of technology and is constantly innovating. By way of illustration, the Group has developed **innovative cryogenic technologies** for the Planck and Herschel satellites, the most sophisticated ever designed in Europe.

## EMERGING ECONOMIES

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- In addition to the investments announced for Electronics and Healthcare, Air Liquide will invest 35 million euros in air gas production facilities and liquid product distribution in the Alabuga region of **Russia**, following the signature of a gas supply contract for a fiberglass production site.
- In **China**, the Group has started its first two supply contracts for carrier gases, electronic specialty gases and services to the TFT-LCD manufacturers in Chengdu (Sichuan Province), representing an investment of 25 million euros. Also, two 2,000 tpd ASUs were started up for the Shagang steel mills in Zhanjiagang (Jiangsu Province).
- In July 2009, the Group acquired 75% of Al Khafrah Industrial Gases, a gas distribution company in **Saudi Arabia**.

## FINANCING

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As part of its **EMTN program**, the Group launched a 400 million euro bond issue in May at a rate of 4.375%, in order to refinance a portion of its short-term debt and extend the average financing term, while at the same time taking advantage of favorable market conditions.

## 5. Investment cycle

The **12-month portfolio of opportunities** has stabilized at 2.4 billion euros following a decline at the beginning of the year. The reduction reflects the rescheduling of several projects. The portfolio conserves a majority of the energy-related projects.

At the end of the first half, there was an increase in the number of **new projects entering** the portfolio. These new projects were largely located in China and the Middle East (Saudi Arabia), thus confirming the portfolio's recent trend towards emerging economies: 81% of the portfolio at the end of June.

In the first half of 2009, **investment decisions** amounted to 450 million euros (including 73 million euros of acquisitions). Among the main projects signed; two are in Electronics in Asia and another is in Industrial Merchant in Russia. Large Industries projects are taking longer to finalize.

**Net investments** were limited to 788 million euros during the period and remain in line with the stated 1.6 billion euro target for 2009. Returns on new projects remain in line with Group standards.

The seven **start-ups** during the first half of 2009 included, notably a hydrogen unit (SMR) in Portugal and two very large air gas separation units (ASU) in China. Even though several project start-ups have been delayed for several months, 35 start-ups are confirmed for the 2009-2010 period. The start-ups initiated since 2007 should generate approximately 1 billion euros of sales in 2010.

## Main risks and uncertainties

There has been no change in the risk factors during the first half as described in the 2008 Reference Document, pages 14 to 17.

## Outlook

The performance of the first half of 2009 is in line with our expectations, in terms of efficiency, cash generation and level of indebtedness. It confirms Air Liquide's resilience in a context of slow demand.

As concerns the levels of activity, the positive signs were more pronounced at the end of the half-year, but some segments remain affected by weak customer demand. In this context and as a result of the momentum generated by the ALMA programme, we maintain our objective for 2009, of revenue and net income to be close to the 2008 levels.

The Group remains confident in the robustness of its growth model thanks to the structural potential of its five growth drivers which are Energy, Environment, Emerging Economies, Health and High Tech. Air Liquide will continue to invest in them to strengthen its strategic positioning.

# Appendix (1)

## First half 2009 Accounts

### 1. CONSOLIDATED INCOME STATEMENT

<i>In millions of euros</i>	1 <sup>st</sup> half 2008	1 <sup>st</sup> half 2009	Variation H1 09/H1 08
<b>Revenue <sup>(1)</sup></b>	<b>6,370.2</b>	<b>5,937.3</b>	<b>-6.8%</b>
Purchases	(2,658.6)	<b>(2,289.9)</b>	-13.9%
Personnel expenses	(1,072.1)	<b>(1,142.0)</b>	+6.5%
Other income & expenses	(1,204.8)	<b>(1,109.2)</b>	-7.9%
<b>Operating Income Recurring before depreciation and amortization</b>	<b>1,434.7</b>	<b>1,396.2</b>	<b>-2.7%</b>
Depreciation and amortization expense	(484.4)	<b>(507.4)</b>	+4.7%
<b>Operating Income Recurring <sup>(1)</sup></b>	<b>950.3</b>	<b>888.8</b>	<b>-6.5%</b>
Other non-recurring operating expenses	(6.7)	<b>30.1</b>	
<b>Operating Income</b>	<b>943.6</b>	<b>918.9</b>	<b>-2.6%</b>
Net finance costs	(93.1)	<b>(112.9)</b>	
Other net financial expenses	(21.0)	<b>(7.0)</b>	
Income taxes	(219.7)	<b>(184.8)</b>	
Share of profit of associates	14.0	<b>9.6</b>	
<b>Profit for the period</b>	<b>623.8</b>	<b>623.8</b>	<b>=</b>
<b>Minority interests</b>	<b>22.4</b>	<b>27.4</b>	
<b>Net Profit (Group share)</b>	<b>601.4</b>	<b>596.4</b>	<b>-0.8%</b>
<b>Basic earnings per share (in euros) <sup>(2)</sup></b>	<b>2.32</b>	<b>2.30</b>	<b>-0.9%</b>
<b>Diluted earnings per share (in euros) <sup>(3)</sup></b>	<b>2.30</b>	<b>2.30</b>	<b>=</b>

(1) For geographic information see section 5.

(2) Calculated on the adjusted average weighted number of shares outstanding during the period (excluding treasury shares).

(3) Calculated on the adjusted average weighted number of shares, assuming the exercise in full of all share subscription options granted to employees.

## 2. CONSOLIDATED BALANCE-SHEET (SUMMARIZED)

<i>In millions of euros</i>	12/31/2008	01/01/2009 <sup>(1)</sup>	06/30/2009
<b>ASSETS</b>			
Goodwill	3,956.2	3,956.2	3,925.8
Fixed assets	10,236.1	10,236.1	10,392.4
Other non-current assets	712.2	726.3	957.3
<b>Total non-current assets</b>	<b>14,904.5</b>	<b>14,918.6</b>	<b>15,275.5</b>
Inventories	818.3	818.3	790.5
Trade receivables and other current assets	3,388.3	3,388.3	3,136.6
Cash and cash equivalents including fair value of derivatives	1,493.6	1,493.6	1,377.6
<b>Total current assets</b>	<b>5,700.2</b>	<b>5,700.2</b>	<b>5,304.7</b>
<b>Total assets</b>	<b>20,604.7</b>	<b>20,618.8</b>	<b>20,580.2</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	6,856.8	6,757.4	6,877.6
Minority interests	148.8	144.3	154.4
<b>Total equity</b>	<b>7,005.6</b>	<b>6,901.7</b>	<b>7,032.0</b>
Provisions, employee benefit commitments & deferred tax liabilities	2,636.5	2,754.5	2,709.5
Non-current borrowings	6,205.2	6,205.2	5,808.0
Other non-current liabilities	193.4	193.4	279.9
<b>Total non-current liabilities</b>	<b>9,035.1</b>	<b>9,153.1</b>	<b>8,797.4</b>
Provisions and employee benefit commitments	244.8	244.8	225.5
Trade payables and other current liabilities	3,553.9	3,553.9	3,269.2
Current borrowings including fair value of derivatives	765.3	765.3	1,256.1
<b>Total current liabilities</b>	<b>4,564.0</b>	<b>4,564.0</b>	<b>4,750.8</b>
<b>Total equity and liabilities</b>	<b>20,604.7</b>	<b>20,618.8</b>	<b>20,580.2</b>
<b>NET INDEBTEDNESS AT THE END OF THE PERIOD</b>	<b>(5,484.4)</b>	<b>(5,484.4)</b>	<b>(5,653.6)</b>

(1) Corresponds to amounts as at December 31, 2008 restated for the impacts of the application of the option offered by revised IAS19 "Employee benefits" to immediately recognize all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred taxes, in addition to the first-time adoption of IFRIC14.

### 3. CONSOLIDATED CASH-FLOW STATEMENT

<i>In millions of euros</i>	2008	1 <sup>st</sup> half 2008	1 <sup>st</sup> half 2009
<b>Net Profit (Group share)</b>	<b>1,220.0</b>	<b>601.4</b>	<b>596.4</b>
<b>Minority interests</b>	<b>51.8</b>	<b>22.4</b>	<b>27.4</b>
Adjustments for:			
Depreciation	992.8	484.4	<b>507.4</b>
Changes in deferred taxes	3.8	11.3	<b>24.5</b>
Increase (decrease) in provisions	(36.6)	(10.8)	<b>20.3</b>
Share of profit of associates (less dividends received)	(10.7)	(7.1)	<b>(2.0)</b>
Profit/loss on disposal of assets	(14.4)	(11.8)	<b>(0.2)</b>
Equalization charge receivable			<b>(89.5)</b>
<b>Cash-flow from operating activities before changes in working capital</b>	<b>2,206.7</b>	<b>1,089.8</b>	<b>1,084.3</b>
Changes in working capital	127.9	(179.6)	<b>(7.4)</b>
Other	(41.7)	(19.4)	<b>35.7</b>
<b>Net cash from operating activities</b>	<b>2,292.9</b>	<b>890.8</b>	<b>1,112.6</b>
Purchases of property plant & equipment and intangible assets	(1,908.3)	(790.6)	<b>(771.7)</b>
Acquisition of subsidiaries and financial assets	(242.3)	(113.7)	<b>(27.0)</b>
Proceeds from sale of property, plant & equipment, intangible and financial assets	58.0	26.3	<b>10.2</b>
<b>Net cash used in investing activities</b>	<b>(2,092.6)</b>	<b>(878.0)</b>	<b>(788.5)</b>
Dividends paid:			
L'Air Liquide S.A.	(550.8)	(550.8)	<b>(601.9)</b>
Minority interests	(39.0)	(18.6)	<b>(15.4)</b>
Proceeds from issue of share capital	44.5	22.0	<b>86.6</b>
Purchase of treasury shares	(168.2)	(112.3)	<b>(0.6)</b>
Increase (decrease) of borrowings	1,042.0	403.3	<b>237.7</b>
<b>Net cash used in financing activities</b>	<b>328.5</b>	<b>(256.4)</b>	<b>(293.6)</b>
Effect of exchange rate changes and change in scope of consolidation	(41.2)	47.8	<b>37.5</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>487.6</b>	<b>(195.8)</b>	<b>68.0</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>653.9</b>	<b>653.9</b>	<b>1,141.5</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>1,141.5</b>	<b>458.1</b>	<b>1,209.5</b>

#### Net indebtedness calculation

<i>In millions of euros</i>	2008	1 <sup>st</sup> half 2008	1 <sup>st</sup> half 2009
Non-current borrowings (long-term debt)	(6,205.2)	(5,323.1)	<b>(5,808.0)</b>
Current borrowings (short-term debt)	(611.4)	(506.6)	<b>(1,213.0)</b>
<b>TOTAL GROSS INDEBTEDNESS</b>	<b>(6,816.6)</b>	<b>(5,829.7)</b>	<b>(7,021.0)</b>
<b>Total cash and cash equivalents</b>	<b>1,262.9</b>	<b>643.3</b>	<b>1,287.8</b>
Derivative instruments (fair value hedge of borrowings)	69.3	(35.0)	<b>(79.6)</b>
<b>TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD</b>	<b>(5,484.4)</b>	<b>(5,221.4)</b>	<b>(5,653.6)</b>

## Statement of changes in net indebtedness

<i>In millions of euros</i>	2008	1 <sup>st</sup> half 2008	1 <sup>st</sup> half 2009
<b>Net indebtedness at the beginning of the period</b>	<b>(4,660.2)</b>	<b>(4,660.2)</b>	<b>(5,484.4)</b>
Net cash from operating activities	2,292.9	890.8	<b>1,112.6</b>
Net cash used in investing activities	(2,092.6)	(878.0)	<b>(788.5)</b>
Net cash used in financing activities excluding increase (decrease) of borrowings	(713.5)	(659.7)	<b>(531.3)</b>
<b>TOTAL NET CASH FLOW</b>	<b>(513.2)</b>	<b>(646.9)</b>	<b>(207.2)</b>
Effect of exchange rate changes and change in scope of consolidation and others	(311.0)	85.7	<b>38.0</b>
<b>Change in net indebtedness</b>	<b>(824.2)</b>	<b>(561.2)</b>	<b>(169.2)</b>
<b>NET INDEBTEDNESS AT THE END OF THE PERIOD</b>	<b>(5,484.4)</b>	<b>(5,221.4)</b>	<b>(5,653.6)</b>

## 4. REVENUE AND OPERATING INCOME BREAKDOWN

<i>In millions of euros</i>	1 <sup>st</sup> half 2008	1 <sup>st</sup> half 2009
<b>Revenue</b>		
Gas & Services	5,343.1	<b>5,022.0</b>
Engineering & Construction	503.9	<b>505.1</b>
Other Activities	523.2	<b>410.2</b>
<b>TOTAL REVENUE</b>	<b>6,370.2</b>	<b>5,937.3</b>
<b>Operating Income Recurring</b>		
Gas & Services	934.9	<b>908.3</b>
Engineering & Construction	24.8	<b>49.3</b>
Other	67.3	<b>22.0</b>
R&D centers/Corporate	(76.7)	<b>90.8</b>
<b>TOTAL OPERATING INCOME RECURRING</b>	<b>950.3</b>	<b>888.8</b>

## 5. GAS AND SERVICES REVENUE AND OPERATING INCOME RECURRING GEOGRAPHIC BREAKDOWN

### 1<sup>st</sup> half 2009

<i>In millions of euros</i>	Europe	Americas	Asia- Pacific	Middle East & Africa	Total Gas & Services
Revenue	2,872.5	1,144.8	896.9	107.8	<b>5,022.0</b>
Operating Income Recurring	545.3	217.4	115.9	29.7	<b>908.3</b>
OIR margin	19.0%	19.0%	12.9%	27.5%	<b>18.1%</b>

### 1<sup>st</sup> half 2008

<i>In millions of euros</i>	Europe	Americas	Asia- Pacific	Middle East & Africa	Total Gas & Services
Revenue	2,972.4	1,309.6	973.4	87.7	<b>5,343.1</b>
Operating Income Recurring	540.6	211.5	160.6	22.2	<b>934.9</b>
OIR margin	18.2%	16.2%	16.5%	25.3%	<b>17.5%</b>

## Appendix (2)

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

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

Consolidated first half 2009 revenue includes the following elements:

<i>In millions of euros</i>	Revenue	H1 09/H1 08 as published	Currency	Natural gas	H1 09/H1 08 comparable*
Group	<b>5,937</b>	-6.8%	159,4	(225,5)	-5.8%
Gas and Services	<b>5,022</b>	-6.0%	151,4	(225,5)	-4.6%

\* On a comparable basis: excluding currency and natural gas impact.

For the Group:

- the currency effect represents an impact of +2.5%;
- natural gas price pass-through represents an impact of -3.5%.

In Gas and Services:

- the currency effect represents an impact of +2.8%;
- natural gas price pass-through represents an impact of -4.2%.