

1st quarter: progressive improvement in activity

press release

1st quarter 2012 highlights

- **Acquisition** of an industrial gas company in **Russia** and of a gas recovery facility in the **United States**
- **Expansion in South Africa:** investment in a new Air Separation Unit to support a new contract for a steel maker
- **Electronics:** broadening of our offer with a new solution for **fluorine gas**
- **Space Industry:** European strategic partnership for development and production of cryogenic tanks for the **Ariane 5** launcher

Upcoming events

Annual General Meeting:

Wednesday, May 9, 2012

Dividend ex-date*:

Friday, May 11, 2012

Dividend payment date*:

Wednesday, May 16, 2012

Free share attribution*:

Thursday, May 31, 2012

2012 1st half results:

Monday, July 30, 2012

* subject to the necessary approvals at the Combined Shareholders' Meeting on May 9, 2012

Contacts

Corporate Communications

Anne Lechevranton
+33 (0)1 40 62 50 93
Corinne Estrade-Bordry
+ 33 (0)1 40 62 51 31

Investor Relations

Virginia Jeanson
+33 (0)1 40 62 57 37
Annie Fournier
+33 (0)1 40 62 57 18

1st quarter 2012 revenue

		Variation Q1 12 / Q1 11	
		published	comparable*
Group revenue	€3,779 M	+6.7%	+4.5%
Of which Gas & Services	€3,443 M	+6.3%	+4.0%

* on a comparable basis: excluding foreign exchange, natural gas and significant perimeter impacts

Group revenue for the 1st quarter 2012 reached **3,779 million euros**, up **+6.7%** as published. After a fourth quarter 2011 characterized by a slow-down in growth related to the global economic situation, first quarter 2012 reflects **progressive growth in the volumes consumed by clients of the Group**.

Gas & Services sales reached **3,443 million euros**, up **+4.0%** on a comparable basis. Growth is steady in **Developing Economies** (+11%), particularly in China, South America, Eastern Europe and the Middle East, and moderate in the **Advanced Economies** (+2%). The lower level of equipment sales in Electronics, weighing on growth in the Asia zone, is compensated by the strength of the activity in North America.

Large Industries is benefitting from an increase in oxygen and hydrogen volumes, relative to the previous quarter. **Industrial Merchant** activity is improving, particularly helped by pricing. **Healthcare** remains solid, driven by hygiene growth. Excluding Equipment and Installation sales, **Electronics** is stable.

The new **efficiency gains** amount to **59 M€** and are in line with the objectives of the ALMA 2015 program. Net debt remains stable.

Benoît Potier, Chairman and CEO of the Air Liquide Group, stated:

"This 1st quarter is characterized by a progressive improvement in activity, particularly in the month of March, leading to quarterly revenue growth of nearly 7%."

"The increase of the order intake in Engineering & Construction and the stability at a high level of the Group's 12-month portfolio of opportunities are tangible signs of the continuing strength in our clients' investment projects; they reinforce our confidence in the medium term."

"All of the initiatives taken within the ALMA 2015 program continue to contribute to the improvement of our performance indicators, and allow us to achieve growth while controlling expenses."

"In this context, and barring a major economic downturn, Air Liquide continues to aim for growth in net profit in 2012."

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2012 first quarter activity

Sequential improvement in activity

Maintained investment cycle

Creation of new Healthcare business segment

***Preliminary note:** In 1st quarter 2012, Air Liquide decided to incorporate the activities of its Seppic subsidiary into its Healthcare world business line, into a new Specialty Ingredients segment. This integration confirms the Group's ambition to broaden its presence in the Healthcare sector.*

The consolidation of Seppic within Gas and Services modifies the Group revenue breakdown. The 2011 Gas and Services and Other Activities revenues have been adjusted to take account of this change in the pro forma column.

Revenue In millions of euros	Q1 2011 published	Q1 2011 pro forma	Q1 2012	Change Q1 2012/2011 published	Change Q1 2012/2011 comparable ^(a)
Gas & Services	3 185	3 240	3 443	+6.3%	+4.0%
Engineering and Construction	134	134	178	+32.7%	+31.9%
Other Activities	224	169	158	-6.7%	-7.4%
GROUP REVENUE	3 543	3 543	3 779	+6.7%	+4.5%

(a) comparable: excluding currency, natural gas and significant scope impacts

In the 1st quarter 2012, **Group revenue** totaled **3,779 million euros**, up + 6.7% as reported compared to the 2011 first quarter.

On a comparable basis, revenue rose by **+4.5%**, excluding a +2.1% currency impact, a –0.5% scope impact following the sale of a non-strategic subsidiary in the electronic equipment sector in Europe, and a +0.6% natural gas impact.

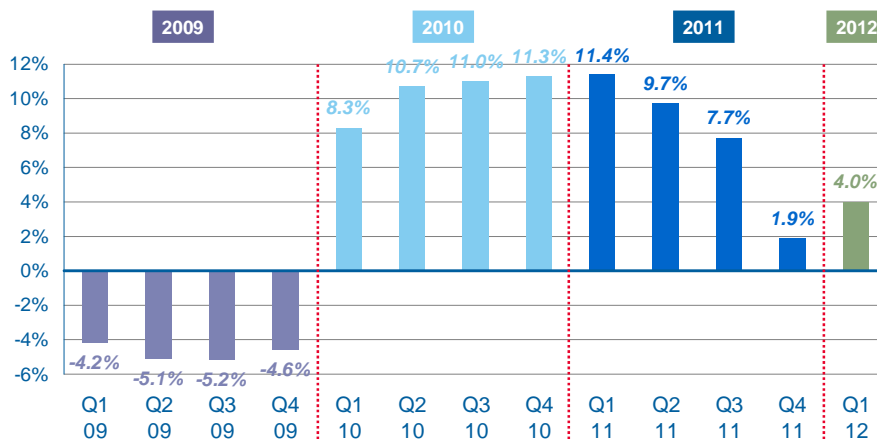
Revenue analysis

Gas and Services

Unless mentioned otherwise, all the changes in revenue described below are based on comparable data (excluding currency, natural gas and major scope impacts). Furthermore, the 2011 figures were adjusted for the inclusion of Seppic's Specialty Ingredients activities within the Gas and Services Healthcare business line.

Gas and Services revenue totaled 3,443 million euros, up + 6.3% as reported. Currency, natural gas and major scope impacts amounted to + 2.2%, + 0.7% and – 0.6%, respectively. On a comparable basis, the increase is + 4.0% compared to the same period in 2011. This growth was attributable to the sequential pick-up in business following the growth slowdown in 4th quarter 2011. However, it should be noted that 1st quarter 2011 was a period of very substantial growth and therefore a high comparative base, particularly Equipment and Installation sales in the Electronics sector.

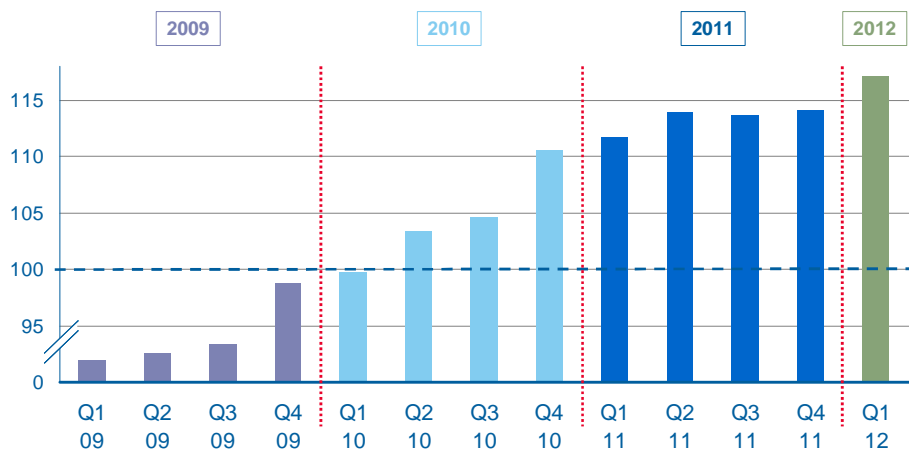
Comparable G&S sales growth^(a)



(a) Comparable: excluding currency, natural gas and significant scope impacts.

Quarterly Gas and Services activity index

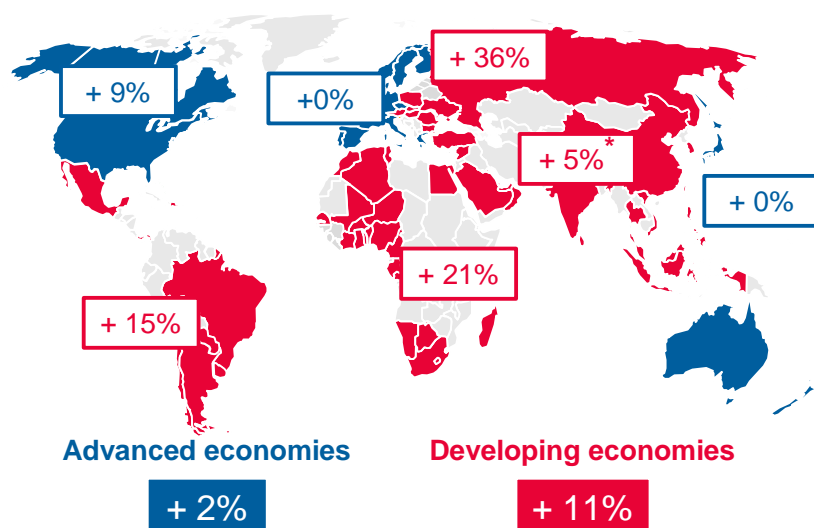
base 100 average 2008^(a)



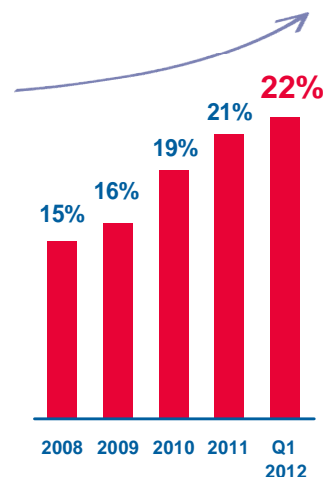
(a) comparable revenue, adjusted for the number of days per month

Sales continue to be driven by the higher growth in developing economies, up +11%. Growth was highest in Eastern Europe, Africa and the Middle East, as growth in developing Asia was impacted by almost 5% due to Electronics and in particular a significant decrease in Equipment and Installation sales. Advanced economies were up +2%. Western Europe still suffered from economic uncertainties and weak demand for steel, whereas Japan was impacted by the slowdown in the Electronics sector. North America regained to its steady sales momentum.

Comparable Gas and Services sales growth^(a) (Q1 2012/Q1 2011)



Share of G&S sales in developing economies



(a) Comparable: excluding currency, natural gas and significant scope impacts.

* Developing Asia at +10% excluding Electronics

The impact of small acquisitions, start-ups, ramp-ups and site takeovers contributed a +3% increase in Gas and Services sales.

Revenue (in millions of euros)	Q1 2011 pro forma	Q1 2012	Change Q1 2012/2011 published	Change Q1 2012/2011 comparable ^(a)
Europe	1 702	1 747	+2.7%	+ 1.4%
Americas	709	772	+8.9%	+ 10.1%
Asia Pacific	759	840	+10.6%	+ 2.7%
Middle East and Africa	70	84	+19.0%	+ 21.3%
Gas and Services	3 240	3 443	+ 6.3%	+ 4.0%
Industrial Merchant	1 200	1 281	+ 6.8%	+ 4.4%
Large Industries	1 133	1 262	+ 11.4%	+ 7.3%
Healthcare	564	598	+ 6.1%	+ 5.5%
Electronics	343	302	-12.0%	- 10.8%

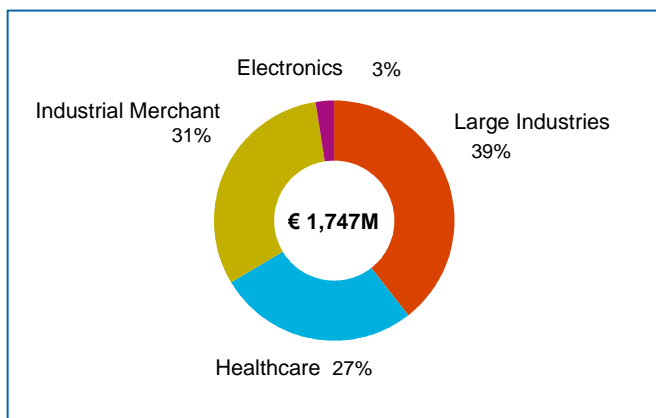
(a) Comparable: excluding currency, natural gas and significant scope impacts.

Europe

Europe revenue, at **1,747 million euros**, is up **+ 1.4%**, with significant growth in developing economies and stability in advanced economies. The quarterly growth rate was impacted by the continued weakness in metals demand, the lack of start-ups in Large Industries and substantially reduced Electronics Equipment and Installation sales compared to 2011. The growth of Healthcare activities remained steady. Industrial Merchant sales growth showed a marked contrast between Advanced Europe and Developing Europe.

Europe Gas and Services revenue

- Large Industries** reported **+ 1.6% growth**, marked by continued weakness in metals demand due to site closures in Western Europe. Demand in the Chemicals and Refining sectors remained solid. Business grew strongly in Central and Eastern Europe, particularly due to the contribution of a site takeover in Turkey at the end of 2011.
- Industrial Merchant** sales increased slightly by **+ 0.5%**. Developing economies continued their double-digit growth. In Europe, the price impact is now positive at **+1.0%**, with a slight rise in volumes in most countries. However, sales to very small, small and medium-sized companies in Iberia continued to decline sharply.
- Healthcare** continued its development, with **+ 4.6% growth**. Homecare continued to report significant growth in volumes, driven by the steady increase in number of patients treated. Medical gas volumes increased at a more moderate pace. However, public sector deficits weighed on prices, which declined due to reduced reimbursement rates or the new tenders won, mainly in the UK and Spain. The Hygiene activity maintained its annual growth rate at over **+ 9%**, while growth in Specialty Ingredients was close to **+ 7%**.
- Electronics** revenue declined by **- 13.9%** compared to 1st quarter 2011, which saw substantial equipment sales for a new photovoltaic panel *fab* in Italy. Nevertheless, carrier and specialty gas sales continued to rise, reaching **+ 10%**, through new contracts, mainly linked to the start-up of this new *fab* in Italy.



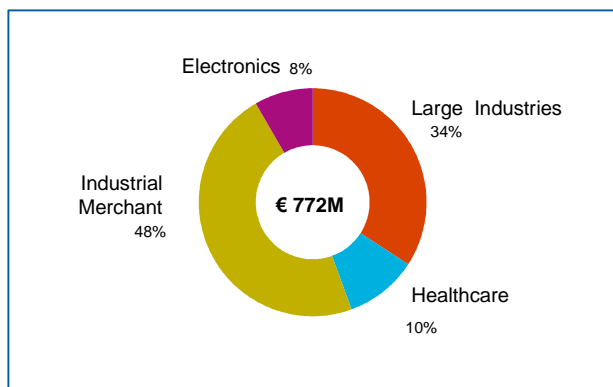
Americas

Gas and Services revenue in the Americas totaled **772 million euros**, up **+ 10.1%**, due to the solid performance of all the business lines in North America and continued strong momentum in South America.

- Large Industries** reported solid **+ 12.4%** sales growth. Demand in the Chemicals sector remained sustained due to increased competitiveness of American production sites benefiting from competitive natural gas prices. This quarter also saw the first sales contribution from the takeover of an air separation unit from Georgia Gulf in the Louisiana pipeline network. Demand remained high in the Refining sector. Cogeneration plants reported lower electricity sales due to a particularly mild winter. Developing economies posted strong sales growth in both air gases and hydrogen.

Americas Gas and Services Revenue

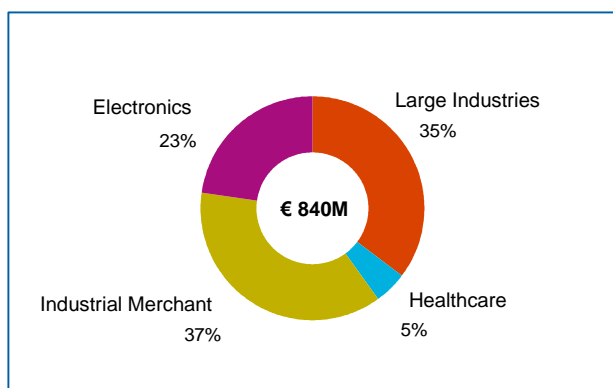
- **Industrial Merchant** achieved **+ 8.6%** growth, due to sustained demand across the Americas. In Canada, sales of liquid products for oil exploration and equipment rose sharply. Cylinder sales increased over the entire region and were particularly robust in South America.
- **Healthcare** revenue increased by **+ 7.2%**, driven by steady growth in Homecare in Latin America. Moderate growth in North America was attributable to broadly stable medical gas sales in the United States and lower equipment sales in Canada.
- **Electronics** sales growth picked up, at **+ 12.5%**, due to new carrier and specialty gas contracts, sales of Aloha™ advanced precursors and substantial equipment sales.

**Asia-Pacific**

Asia-Pacific revenue rose by **+ 2.7%** to **840 million euros**. This performance reflects the sharp contrast between an Electronics activity that was impacted by the substantial decline in Equipment and Installation sales, especially in Japan, and other steadily growing businesses that benefited from new unit start-ups and sustained demand. Growth was particularly robust in China at + 16%.

Asia-Pacific Gas and Services Revenue

- The **+ 16.6%** rise in **Large Industries** was due to three start-ups in China for the Chemicals and Steel sectors as well as steady demand across the entire region.
- **Industrial Merchant** reported **+ 4.1%** quarterly growth. Growth varied by country. Sales in Japan declined slightly, as the post-earthquake recovery remained moderate. In developing economies, sales recovered following the customer wait-and-see attitude in 4th quarter 2011 and the Chinese New Year.
- **Electronics** posted a **- 15.6%** sales decline for the quarter, particularly due to a decline of more than 50% in E&I sales, reverting to a more normal level following the very high customer investments in early 2011. In Japan, the Electronics sector was heavily disrupted by the consequence of the earthquake and continued restructuring. Excluding Equipment and Installations, the decline in specialty gas sales was broadly offset by the steady performance of carrier gases across the geographical area.



Middle East and Africa

Middle East and Africa revenue amounted to **84 million euros**, up **+ 21.3%**, marking a turnaround in Egypt and North African countries following the Arab Spring events. Business also benefited from a start-up in Qatar, a scope impact in Kuwait and steady demand in South Africa.

Engineering and Construction

Engineering and Construction revenue totaled **178 million euros**, up **+ 32.7%** compared to 1st quarter 2011.

Quarterly order intake was significant, at 700 million euros, resulting mainly from third-party customers. This amount corresponds to numerous projects, for which the negotiations, initiated in the last quarter of 2011, were finally completed in 1st quarter 2012. The most significant projects were several air separation units in China and a major hydrogen project in Canada.

Other activities

Revenue (in million of euros)	Q1 2011 Pro forma	Q1 2012	Change Q1 2012/2011 published	Change Q1 2012/2011 comparable ^(a)
Welding	113	111	- 1.6%	- 1.7%
Diving and others	56	47	- 16.8%	- 18.9%
TOTAL OTHERS	169	158	- 6.7%	- 7.4%

(a) Comparable : excluding currency impact

Other Activities revenue in 1st quarter 2012 declined by – 6.7% to 158 million euros.

Welding revenue declined slightly in the first quarter, due to the slowdown in consumable sales, particularly linked to the European economic situation, and a low level of equipment and automation sales.

Diving (Aqualung) reported + 6.3% growth in sales, due to a steady demand.

The decline in other activities resulted from the sale of certain industrial or commodity **Specialty Chemicals** activities in the second half of 2011, following the decision to focus Seppic on Specialty Ingredients for Healthcare.

Quarter highlights

Creation of a new business segment in Healthcare

The sale of industrial and commodity businesses of the Specialty Chemicals segment in the 2nd half of 2011 was aimed at refocusing Seppic on **specialty ingredients** for health and personal care. This business has numerous points in common with the Healthcare world business line such as markets, regulatory framework, management of medical expertise, research and innovation, growth drivers and was therefore integrated within Gas and Services. Seppic, which generated revenue of 225 million euros in 2011, has a staff of 600. The weight of Healthcare revenue in Gas and Services thus rose from 16% to 18% (2011 pro forma data). Gas and Services now generate 90% of Group revenue.

Healthcare activities follow a common strategy, based on innovation, geographical expansion and acquisitions.

New projects in developing economies

In **Russia**, Air Liquide acquired 75% of LOGIKA, a major industrial gas supplier in the greater Moscow region, producing and distributing industrial and medical gases in cylinders and bulk. The company will invest in a new air separation unit (ASU) to produce liquid oxygen and nitrogen and a filling center. The 40 million euro investment is in line with the Group's long-term strategic development program in Russia.

In **South Africa**, the Group signed a major long-term contract with Evraz Highveld Steel and Vanadium, the country's second largest steel maker. Air Liquide has thus strengthened its position in this growing market and will invest 40 million euros in a new air gas separation unit to be commissioned at the end of 2013. With a daily oxygen capacity of 770 tons, the unit will also meet the growing needs of the Industrial Merchant business line in Sub-Saharan Africa.

These two projects demonstrate the Group's determination to further expand in developing economies.

High tech as a growth driver

In Electronics, Air Liquide has launched a new offering to meet strong demand for cleaning gases with respect to production equipment used at major sites manufacturing TFT-LCD screens and silicon thin film photovoltaic panels. **Fluorine gas** is now being proposed as an alternative to nitrogen trifluoride (NF₃). This environmentally-friendly gas will be produced directly at the user site and will provide a reliable and competitive cleaning solution for customers. It is the result of a global joint venture created with the Solvay group, which has been managing major fluorine production sites for 45 years.

In order to respond to the success of its ALOHA™ range, the Group doubled its worldwide production capacity for **advanced precursors**.

In the **space industry**, Air Liquide and Astrium have announced the creation of EuroCryospace, a European-wide strategic partnership dedicated to the development and production of new cryogenic tanks, used in connection with the Ariane 5 Midlife Evolution program. These tanks will modernize the current Ariane 5 launcher by increasing launch capacity as compared to current versions. Air Liquide is thus re-affirming its commitment to the space industry and supporting the development of the European space program.

Dynamism in North America

In Louisiana, Air Liquide has taken over an air separation unit from Georgia Gulf Corporation that produces oxygen, nitrogen and argon. Located on the Mississippi network of 13 Air Liquide installations that are already interconnected, this unit will contribute to meeting the increased need of regional customers. This site takeover is another example of Air Liquide's basin strategy.

Following its commitment to the *Blue hydrogen* project, Air Liquide has just acquired a bio-gas recovery facility in Georgia that uses its MEDAL Membrane Technology. Generated from land-fill waste, this bio-gas can be used to produce hydrogen.

In Canada, the Group is investing 46 million euros in the construction of a new nitrogen production unit. This investment will satisfy a growing need, particularly in regard to enhanced oil recovery in British Columbia and Alberta.

Investment cycle

Portfolio of opportunities

The 12-month portfolio of opportunities remained steady over the quarter, at 4 billion euros at the end of March. Nearly two thirds of the new projects in the portfolio are located in developing economies.

The portfolio has evolved slightly. The Americas and Middle-East / Africa zones are more largely represented and the number of site takeovers in the portfolio has increased, with 12 projects representing more than 20% of the total amount of opportunities.

Investment decisions

Industrial and financial investment decisions, or the Group's commitment in terms of future investment, amounted to 500 million euros for the quarter, in line with a target of approximately 2 billion euros for the full year, in accordance with the ALMA 2015 program objectives.

Investment decisions include the Georgia Gulf site takeover in the United States, an on-site project in Brazil and a substantial investment in Germany. Over half of the investment decisions during the period concerned advanced economies.

Capital expenditure

Net capital expenditure amounted to 508 million euros in 1st quarter 2012.

Start-ups

Fiscal year 2012 began with six start-ups, including three in China and three in advanced economies. The number of start-ups anticipated for the year was revised downwards to 27 following the postponement of projects in Russia for a few months. These start-ups are planned mostly in the second half. More than 20 start-ups are currently projected for 2013.

Operating performance

The operating indicators are in line with our expectations for the quarter. New efficiencies amounted to 59 million euros and are in line with the annual target of over 200 million euros.

Net capex increased by +14.5% compared to Q1 2011.

Net indebtedness is broadly stable compared to the end of 2011, cash flow after the change in working capital requirement covering capital expenditure.

Outlook

This 1st quarter is characterized by a progressive improvement in activity, particularly in the month of March, leading to quarterly revenue growth of nearly +7%.

The increase of the order intake in Engineering & Construction and the stability at a high level of the Group's 12-month portfolio of opportunities are tangible signs of the continuing strength in client investment projects; they reinforce the Group's confidence in the medium term.

All of the initiatives taken within the ALMA 2015 program continue to contribute to the improvement of performance indicators, and allow Air Liquide to achieve growth while controlling expenses.

In this context, and barring a major economic downturn, Air Liquide continues to aim for growth in net profit in 2012.

Appendix

Currency, natural gas and significant perimeter impacts

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

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

Consolidated 2012 1st quarter revenue includes the following:

<i>In millions of euros</i>	Revenue Q1 2012	<i>Change Q1 12/11 published</i>	Currency impact	Natural gas impact	Significant perimeter	<i>Change Q1 12/11 comparable^(a)</i>
Group	3 779	+ 6.7 %	+ 72	+ 22	- 19	+ 4.5 %
Gas and Services	3 443	+ 6.3 %	+ 70	+22	- 19	+ 4.0 %

(a) excluding currency, natural gas and significant perimeter impacts.

For the Group,

- The currency impact was +2.1%.
- The impact of an increase in natural gas prices in Europe, somewhat offset by a decline in the US, was +0.6%.
- The significant perimeter impact was -0.5%.

For Gas and Services,

- The currency impact +2.2%.
- The natural gas impact was +0.7%.
- The significant perimeter impact was -0.6%.

Reallocation of Specialty ingredients within Healthcare business line

<i>Revenue</i> In millions of euros	Q1 11 published	Q2 11 published	Q3 11 published	Q4 11 published	FY 2011 published
Industrial Merchant	1 200	1 199	1 238	1 256	4 892
Large Industries	1 133	1 121	1 157	1 174	4 585
Electronics	343	336	317	291	1 286
Healthcare	509	515	511	539	2 076
GAS & SERVICES REVENUE	3 185	3 171	3 223	3 260	12 839
Engineering & Construction	134	156	158	258	705
Other activities	224	246	216	227	913
TOTAL REVENUE	3 543	3 573	3 597	3 745	14 457

<i>Revenue</i> In millions of euros	Q1 11 pro forma	Q2 11 pro forma	Q3 11 pro forma	Q4 11 pro forma	FY 2011 pro forma
Industrial Merchant	1 200	1 199	1 238	1 256	4 892
Large Industries	1 133	1 121	1 157	1 174	4 585
Electronics	343	336	317	291	1 286
Healthcare	564	579	564	592	2 301
GAS & SERVICES REVENUE	3 240	3 235	3 276	3 313	13 064
Engineering & Construction	134	156	158	258	705
Other activities	169	182	163	174	688
TOTAL REVENUE	3 543	3 573	3 597	3 745	14 457