

First half 2012: growth in Revenue and Results 2012 objective maintained

press release

Key figures

Revenue:	+5.9%
Net profit:	+5.3%
Operating margin	16.6%
excluding natural gas effect	
Cash flow:	+6.0%

Highlights

- **Geographic Expansion:** new contracts in Mexico, start-up of new production units in Russia, expansion in South Africa
- **Acquisitions** in process: **LVL Médical** and **Gasmedi**, major players in Home Healthcare in France and in Spain
- **Electronics:** signing of several contracts with next generation flat screen manufacturers
- **Hydrogen:** investments for **chemicals** (Germany and China), and in **10 hydrogen distribution stations** for **mobility** (Germany)
- **Investments** up, particularly in the **energy** sector

Air Liquide's Board of Directors, which met on July 27, 2012, reviewed the consolidated accounts at June 30, 2012.

1st half 2012 Group revenue was **€ 7,533** million, up **+5.9%** on a reported basis versus 1st half 2011. In **Gas & Services**, revenue reached **€ 6,837** million, up **+5.6%** on a reported basis. On a comparable growth basis, the momentum in most **developing economies (+10%)**, especially Central and Eastern Europe, South America, Africa and the Middle East, compensates for the weaker level of activity reported in **advanced economies (+1%)**. North America, where industry is benefitting from low natural gas prices, shows a growth rate of **+6%**. Asia is still affected by lower Equipment and Installation sales to the Electronics sector versus 2011.

Operating Income Recurring is up **+4.4%** at **€ 1,244** million. The **operating margin** adjusted for the effect of natural gas was **16.6%**, helped by **efficiency gains** which reached **€ 126** million in the 1st half, and by generally solid pricing in an environment which remains inflationary. **Net profit Group share** stands at **€ 790** million, up **+5.3%** versus 1st half 2011.

Cash flow at **€ 1,422** million shows a further increase of **+6%**. The **portfolio of opportunities** is still at a high level at more than **€ 4** billion while **investment decisions** show a significant increase (**+18%**) compared to 1st half 2011.

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

"In the first half of 2012, activity levels reflect the caution of many of our customers around the world, in the context of an economic environment which is still affected by the sovereign debt crisis in Europe and by further slackening of global growth.

Yet, the Group has delivered once again a solid performance which will be enhanced in the second half by a large number of plant start ups. Competitiveness and development initiatives defined in the ALMA program thus continue to bear fruit.

Medium term, growth initiatives as well as the seizing of acquisition opportunities demonstrate our Group's ability to constantly adapt its actions in the pursuit of growth over the long term. Therefore the Group has decided € 1.2 billion in new investments during the first 6 months of 2012.

Finally, the exceptional level of the Engineering and Construction order intake and a 12-month portfolio of opportunities which is at its highest level strengthen our confidence in the long term.

In this context, the Group has delivered a satisfying first half and barring a major economic downturn, Air Liquide continues to aim for growth in net profit in 2012."

Key 1st half 2012 figures

in millions of euros		published growth	comparable* growth
Group revenue	7,533 M€	+5.9%	+2.8%
including Gas & Services	6,837 M€	+5.6%	+2.4%
Operating income recurring	1,244 M€	+4.4%	
Net profit	790 M€	+5.3%	
Net earnings per share (in Euros)**	2.54	+5.4%	
Net debt as at June 30, 2012	6,011 M€		

* on a comparable basis: excluding impact of currency, natural gas and significant perimeter

** after adjustment for the free share allocation on May 31, 2012

Limited review procedures have been completed in relation to the consolidated interim financial statements, and an unqualified review report is in the process of being issued by the statutory auditors.

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

Upcoming events

3rd quarter revenue

October 25, 2012

Actionaria Exhibition, Paris, France

November 23-24, 2012

Air Liquide is the world leader in gases for industry, health and the environment, and is present in **80 countries** with **46,200 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.

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, home healthcare, fighting nosocomial infections... Air Liquide combines many products and technologies to develop valuable applications and services not only for its customers but also for society.

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 Corporate Social Responsibility and sustainable development approach. In 2011, the Group's revenues amounted to **€14.5 billion**, of which more than 80% were generated 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.

www.airliquide.com

Follow us on Twitter @AirLiquideGroup

First half 2012 results

- Performance preserved in a soft growth environment
- Investment dynamic remains solid

In 1st half 2012, Group revenue and net income continued to grow. However, 2nd quarter 2012, saw a lower growth environment, particularly in Europe and Asia. Customer supply chains remained tight and the change in monthly volumes was more volatile, due to greater customer caution in response to a more contrasted environment.

Activity in Europe was stable. Growth slowed down in Asia, but remained buoyant in the Americas where the economy, particularly in North America, benefited from a low natural gas price. Robust growth was seen in the Middle East – Africa region, compared to 1st half 2011, which was affected by the political context.

In this context, the Group managed to preserve high operating margins and generate significantly higher operating cashflow.

In addition, the Group continued to benefit from a dynamic investment cycle. Investment decisions increased by +18% due to the signature of many new contracts during the half-year. The portfolio of opportunities remains high at over 4 billion euros, due to the addition of a number of new projects. This momentum was also visible in Engineering and Construction where the order intake was exceptionally high, at double the amount of 1st half 2011. Start-up of new units has continued and 17 are expected in 2nd half 2012.

First half key figures

<i>In millions of euros</i>	H1 2011	H1 2012	2012/2011 change	2012/2011 comparable change
Total revenue	7,115	7,533	+ 5.9%	+2.8% ^(a)
<i>Of which Gas and Services</i>	6,475 ^(b)	6,837	+ 5.6%	+2.4% ^(a)
Operating income recurring	1,191	1,244	+ 4.4%	
Operating income recurring as % of revenue	16.7%	16.5%	-20 bps	-10 bps ^(c)
Net profit – Group share	750	790	+ 5.3%	
Net earnings per share <i>(in euros)</i>	2.41 ^(d)	2.54	+ 5.4%	

<i>In millions of euros</i>	H1 2011	H1 2012	2012/2011 change
Cash flow from operating activities before changes in working capital	1,341	1,422	+ 6.0%
Net investments ^(e)	789	991	+25.6%
Net indebtedness (as of June 30)	5,580	6,011	+7.7%
Debt/equity ratio ^(f)	56.5%	54.7%	
Return on capital employed – ROCE after tax ^(g)	12.1%	11.9%	-20 bps

(a) Excluding natural gas, currency and significant scope impacts.

(b) 2011 data revised for the integration of specialty ingredients activities in Gas and Services.

(c) Excluding the natural gas impact.

(d) Adjusted for the free shares attribution of May 31, 2012.

(e) Including transactions with minority shareholders.

(f) The effect of the dividend payment in the 1st half is spread out over the full year.

(g) Return on capital employed after tax: (rolling net profit after tax before deduction of minority interests - net cost of debt after taxes)/average of (shareholders' equity + minority interests + net indebtedness) for the periods ended June 30, 2011 and 2012).

1st half Income statement

Revenue

Preliminary note: The consolidation of Seppic within Gas and Services modifies the Group revenue segment breakdown. The 2011 Gas and Services and Other activities revenues have been revised to take account of this change.

Revenue In millions of euros	H1 2011 published	H1 2011 revised	H1 2012	Change H1 2012/2011	Change H1 2012/2011 comparable ^(a)
Gas and Services	6,356	6,475	6,837	+5.6%	+2.4%
Engineering and Construction	290	290	365	+26.0%	+23.9%
Other activities	469	350	331	-5.8%	-7.2%
TOTAL REVENUE	7,115	7,115	7,533	+ 5.9%	+2.8%

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

Group

In 1st half 2012, **Group revenue** totaled **7,533 million euros**, up + 5.9% as published compared to 1st half 2011.

On a comparable basis, revenue increased by **+ 2.8%**, excluding a + 3.3% positive currency impact, a – 0.5% scope impact relating to the disposal of a non-strategic subsidiary in the electronic equipment sector in Europe in 2nd quarter 2011, and a + 0.3% natural gas impact.

Gas and Services

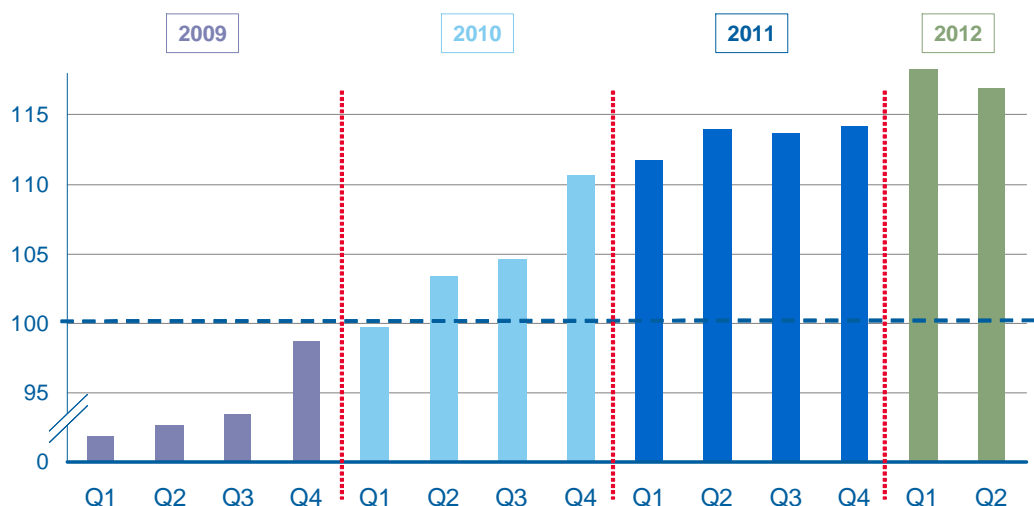
Unless otherwise stated, all the changes in revenue outlined below are based on comparable data (excluding currency, natural gas and significant scope impacts). Furthermore, the 2011 figures were revised to include the Specialty Ingredients activities of Seppic within the Gas and Services Healthcare business line.

In 1st half 2012, **Gas and Services revenue** totaled **6,837 million euros**, up + 5.6% on revised published figure. The currency impact, primarily due to the rise in the US dollar and the yen, totaled + 3.4%. The impacts arising from natural gas price fluctuations and major scope changes broadly offset each other; on a comparable basis, Gas and Services sales increased by + 2.4% compared to the same period in 2011.

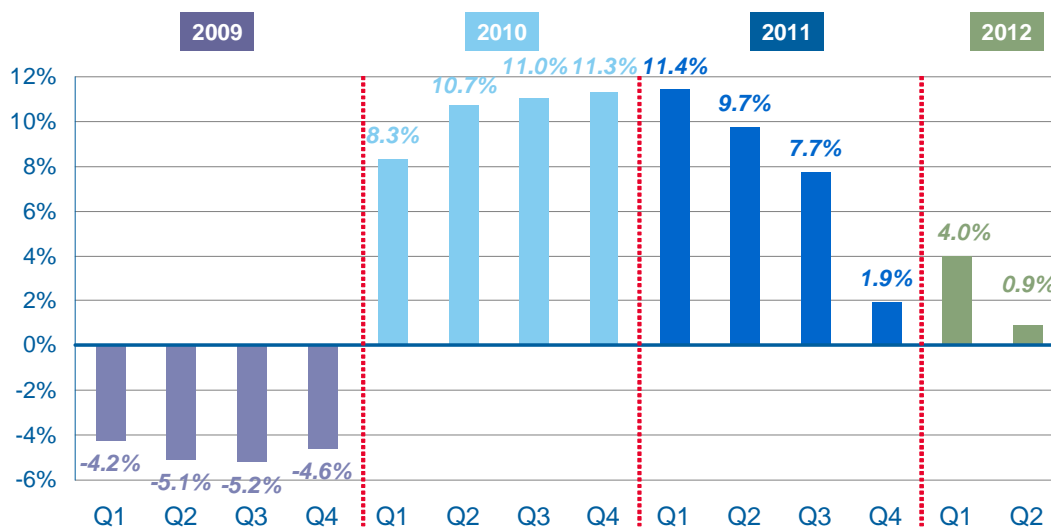
This performance reflects comparable revenue growth of + 4.0% in the 1st quarter and + 0.9% in the 2nd quarter. The 2nd quarter activity index, adjusted for the number of invoicing days, declined slightly compared to 1st quarter 2012 and was further penalized by an unfavorable comparison base from a strong 2nd quarter 2011. As a result, comparable growth was more modest, despite growth being achieved in the 1st half in all regions and all business lines, excluding the effect of the Electronics investment cycle on Equipment & Installation sales.

Gas and Services monthly activity indicator

base 100 average 2008 ^(a)



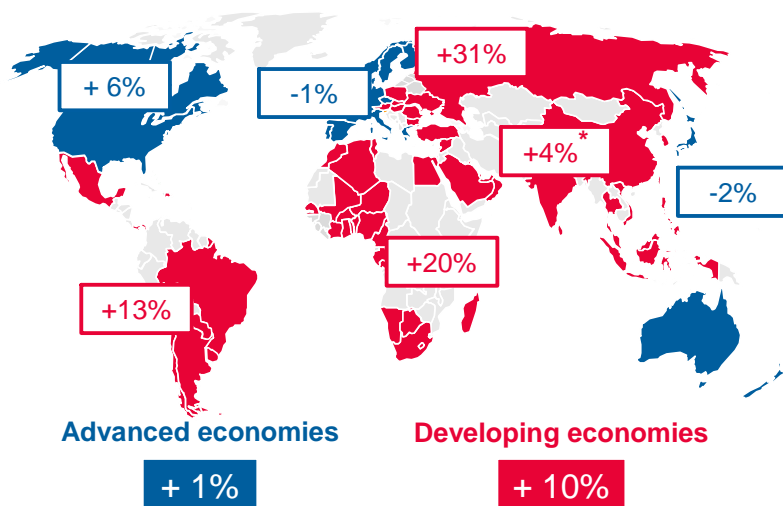
(a) Comparable revenue, adjusted for the number of days per month.

Comparable^(a) Gas and Services sales growth

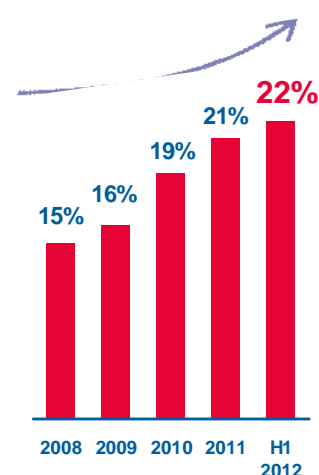
(a) Comparable: excluding currency, natural gas and significant scope impacts. Growth rates prior to 2012 are not revised for the Seppic integration into the G&S activity.

Performance continued to be driven by higher growth in developing economies, at +9.6%. Momentum remained high in Eastern Europe and Middle East - Africa. However, growth slowed in developing Asia, particularly in the 2nd quarter. The comparison with 2011 is strongly affected by the sharp decline in Equipment and Installation sales in Electronics. In addition, most large unit start-ups are scheduled for 2nd half 2012.

Advanced economies reported +0.6% growth. Industrial demand in Western Europe remained low and the 2nd quarter was marked by the transition of patient cover coming from the delay in the reallocation of Home Healthcare contracts in the UK. Japan continued to suffer from the problems in its Electronics industry. In North America, growth remained robust.

Comparable^(a) Gas and Services sales growth (H1 2012/H1 2011)

* +8% excluding Electronics

Percentage of G&S sales in developing economies

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

Small acquisitions, start-ups, ramp-ups and site takeovers continued to have a solid impact in 1st half 2012, contributing + 4% to Gas and Services sales growth. More start-ups are scheduled for the 2nd half of the year. Furthermore, the recent acquisitions announced in Healthcare will not contribute to growth until 4th quarter 2012.

Revenue (in millions of euros)	H1 2011 published	H1 2011 revised	H1 2012	Change H1 2012/2011	Change H1 2012/2011 comparable ^(a)
Europe	3,297	3,416	3,471	+1.6%	+0.4%
Americas	1,409	1,409	1,518	+7.8%	+6.9%
Asia-Pacific	1,505	1,505	1,675	+11.2%	+1.2%
Middle East and Africa	145	145	173	+19.7%	+19.9%
Gas and Services	6,356	6,475	6,837	+5.6%	+2.4%
Large Industries	2,255	2,255	2,466	+9.4%	+5.1%
Industrial Merchant	2,398	2,398	2,564	+6.9%	+3.2%
Healthcare	1,025	1,144	1,197	+4.6%	+3.7%
Electronics	678	678	610	-10.1%	-11.1%

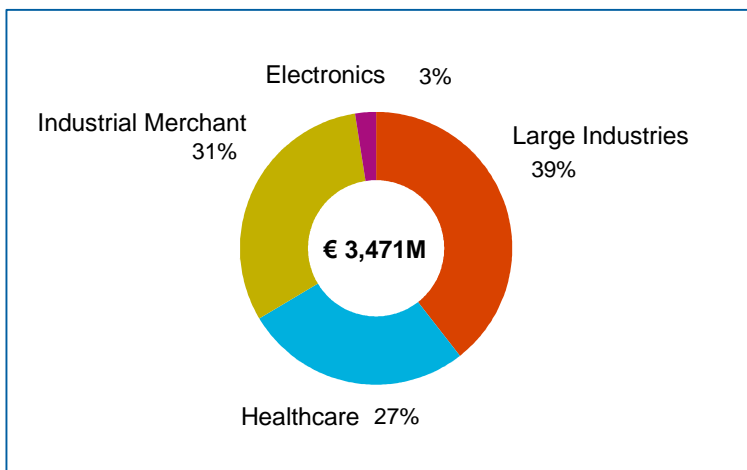
(a) excluding currency, natural gas and significant scope impacts

Europe

Revenue in Europe totaled **3,471 million euros**, up **+ 0.4%**. Strong growth in Central and Eastern Europe and steady growth in Healthcare, excluding the temporary impact of contract reallocations in the UK, offset a slight decline in industrial activity in the advanced economies.

Gas and Services Europe revenue

- Large Industries** achieved **+ 2.0%** growth, with persistently low demand in the steel sector, which saw some site closures in Western Europe. Demand in the chemicals and refining sectors remained solid. Rapid growth was seen in Central and Eastern Europe, primarily due to a site takeover in Turkey at the 2011 year-end.
- Industrial Merchant** sales down - **0.8%**, were impacted by a substantial decline in demand in Southern Europe in the 2nd quarter. Pricing impact continued to increase, reaching +1.0 % in the 1st half. Growth in the developing economies was around + 26%.
- Healthcare** continued to develop, with **+ 2.2%** growth temporarily curbed by the reallocation of contracts in the UK, with the former contracts expiring a few months prior to the start-up of the new ones. Home Healthcare continued to achieve high volume growth, driven by a steady rise in the number of patients treated. Medical gas volumes were also up at a more modest rate. However, public sector deficits weighed heavily on prices, which declined following the revision of reimbursement rates for example in France or during new tenders. Hygiene maintained a growth rate of around + 7%



during the half-year. Growth in Specialty Ingredients decreased slightly, compared to a record level in 2011.

- **Electronics** revenue declined by **– 14.7%** compared to 1st half 2011, which benefited from the completion of a major equipment delivery for the new photovoltaic panel *fab* in Italy. Carrier and specialty gas sales however continued to grow nearly + 8%, due to new contracts, in particular since the start-up of the new *fab* in Italy.

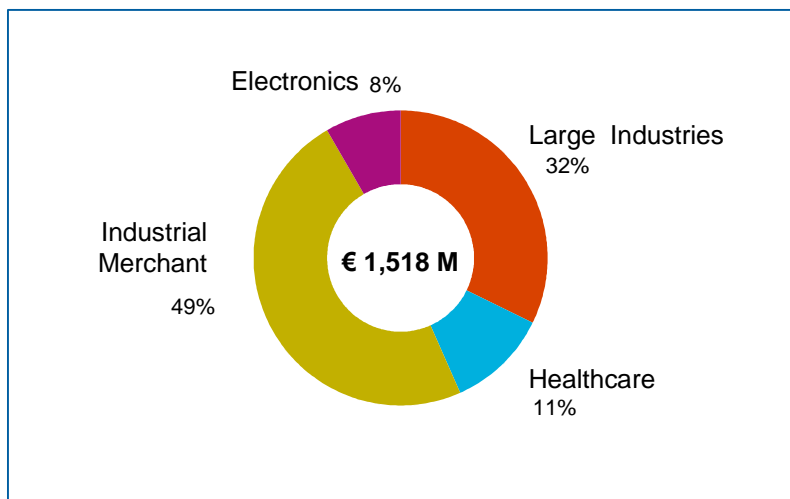
Americas

Gas and Services revenue in the Americas totaled **1,518 million euros**, up **+ 6.9%**. This performance was driven by solid activity from all segments throughout the region. Growth was also helped by small acquisitions in Industrial Merchant and Home Healthcare.

- **Large Industries** reported steady sales growth of **+ 7.5%**. Demand in the Chemicals sector benefited from the increasing competitiveness of US sites due to low natural gas prices. The takeover of a Georgia Gulf air separation unit into the Louisiana pipeline network has contributed to sales since the start of the year. Refining demand remained high. In contrast, co-generation sales declined due to a particularly mild winter and the reduction in electricity tariffs. Air gas and hydrogen sales increased significantly in South America.

Americas Gas and Services revenue

- **Industrial Merchant** increased **+ 7.3%** during the half-year. In Canada, Liquid product sales for oil exploration rose due to steady demand and the start-up of new production facilities. Cylinder activity increased over the entire region, particularly in South America. Conversely, equipment and installation sales declined in the United States. Pricing effect was +3.6%.



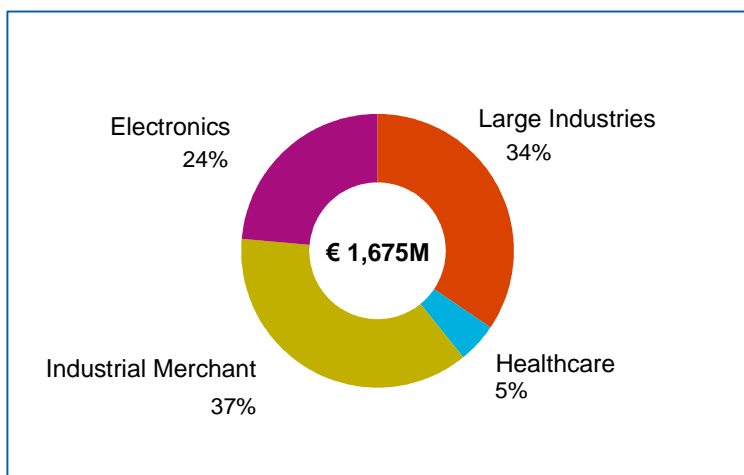
- **Healthcare** revenue increased **+ 10.0%**, driven by the steady performance of Home healthcare in Latin America. The sustained growth in North America was driven by solid medical gas sales in the United States and minor acquisitions in Canada.
- **Electronics** revenue declined **– 1.6%**, hindered by the base impact arising from the delivery in March 2011 of a major fab project for a customer. Excluding the Equipment and Installation activity, gas sales rose by nearly + 7% due to new carrier and specialty gas contracts and Aloha™ precursor sales.

Asia-Pacific

Asia-Pacific revenue increased by **+ 1.2%** to reach **1,675 million euros**. The slowdown in regional growth was attributable to the substantial decline in Equipment and Installation sales in Electronics, particularly in Japan, the small number of start-ups during the period and a lower demand in developing Asia. The recovery in growth in the 1st quarter did not continue with demand across the region slowing down again in the 2nd quarter.

Asia-Pacific Gas and Services revenue

- Large Industries** sales increased **+9.6%** due to four start-ups in China in the chemical and steel sectors. Nevertheless, the growth rate was lower than the two previous half-years, which grew by +18% and +44% respectively. In 2nd quarter 2012, activity declined slightly in Japan and South Korea. A substantial number of start-ups are scheduled at the end of 2nd half 2012.
- Industrial Merchant** revenue increased by **+3.3%** during the period. The situation differs according to the country. Japan has declined sequentially since 3rd quarter 2011 and the post-tsunami recovery is slow. In developing economies, sales growth remains strong despite a slowdown in China.
- Electronics** revenue declined **-12.5%** over the half-year. Equipment & Installation sales were down more than -50%, thus returning to normal levels following the investment cycle peak in 1st half 2011. Excluding Equipment & Installation sales, gas sales rose across the region, except in Japan, where the restructuring of the Electronics supply chain continues. However, new investment projects have begun to emerge.



Middle East and Africa

Middle East and Africa revenue totaled **173 million euros**, up **+19.9%**, marking the turnaround in Egypt and North Africa after the Arab Spring events. The activity also benefited from a scope impact and steady demand in South Africa.

Engineering and Construction

Engineering and Construction revenue totaled **365 million euros**, up **+26.0%** as published, compared to 1st half 2011, benefiting from the significant progress of certain projects.

The 2012 1st half order intake totaling 1,079 million euros has already exceeded the full year 2011 level. This significant intake was due to the signing of numerous projects, particularly from third-party customers in the energy sector, such as air gas separation units for gasification projects, a major hydrogen project in Canada; and hydrogen and carbon monoxide units for the Chemicals sector.

Other Activities

Revenue (In millions of euros)	H1 2011 published	H1 2011 revised	H1 2012	H1 2012/2011 change	H1 2012/2011 comparable change ^(a)
Welding	231	231	232	+0.3%	+0.2%
Diving and other	238	119	98	-17.6%	-21.7%
TOTAL	469	350	331	-5.8%	-7.2%

(a) Comparable: excluding the currency impact.

Revenue for **Other Activities** was down - 5.8% for the 1st half to reach 331 million euros. This decline reflects the disposal of a portion of the industrial activities of **Specialty Chemicals** in 2nd half 2011.

Welding activity was steady due to weak growth in consumable sales, as a result of the European economic situation, and lackluster equipment and automation sales. **Diving** (Aqualung) sales rose + 3.3% thanks to steady demand.

Operating Income Recurring

The Group preserved the quality of its operating performance despite the soft growth environment.

Efficiency programs and ongoing Industrial Merchant pricing campaigns partially offset the 2nd quarter slowdown in volume growth and therefore revenue and the cost inflation experienced in many countries. Productivity gains were also achieved, particularly in the advanced economies.

With revenue growth of + 5.9%:

- Purchases rose by + 7.7%, primarily due to a + 10% increase in natural gas and electricity costs, and a + 7% increase in transport costs,
- Personnel expenses were up +7.7%, impacted by currency translation. Excluding the currency impact, the increase was + 4.6% related principally to a + 3.8% increase in the average number of employees,
- The + 1.7% increase in other costs reflects a strict cost discipline particularly with regards to overheads.

Operating income recurring (OIR) before depreciation and amortization thus was up + 4.6%, to 1,845 million euros. The OIR margin before depreciation and amortization stood at 24.5%, in line with 2nd half 2011.

Depreciation and amortization were contained, up + 5.0%. The OIR thus amounted to **1,244 million euros**, up + 4.4%. The OIR margin at 16.5%, or 16.6% excluding the natural gas impact, is virtually stable compared to 1st half 2011.

Additional efficiencies represented **126 million euros** in the 1st half, ahead of the ALMA annual objective of more than 200 million euros. They largely stem from programs aimed at reducing energy consumption and optimizing logistics, in a context where discipline has been maintained on all costs. These efficiencies and pricing have again offset the gap with cost inflation, which remains high.

Gas and Services

For **Gas and Services**, OIR was 1,277 million euros, up + 3.5%. The OIR margin stood at **18.7%**, down **-30 basis points**. Natural gas impact on sales was nearly nil as the positive margin impact in the United States was offset by a negative impact in the rest of the world. Efficiency programs continued over the period and generated 120 million euros in new savings. Industrial Merchant pricing was up +1.8% for the half-year, further improving relative to full year 2011. However, cost inflation (excluding energy indexation) continued over the period, at +3%.

In **Europe**, OIR was 621 million euros, a decline of - 6.4%, compared to a +1.6% increase in revenue. The OIR margin was **17.9%**. Excluding the negative impact of the increase in natural gas prices, the OIR margin declined by **-110 basis points** compared to 1st half 2011. The decline is attributable to weak Industrial Merchant demand in southern Europe and lower Electronics sales. The Industrial Merchant pricing campaigns continued but did not offset persistent inflation during the period. Efficiencies compensated for a large portion of the difference. The development efforts in Eastern Europe were maintained.

In the **Americas**, OIR grew + 22.1%, to reach 355 million euros, generating an OIR margin of **23.4%**. Excluding the impact of lower natural gas prices, the margin improved **+ 170 basis points** compared to 1st half 2011. This performance was helped by significant price increases in Industrial Merchant, volume growth in Healthcare providing improved productivity, solid Large Industries performance and a high level of new efficiencies.

In **Asia Pacific**, OIR was 265 million euros, up +6.3%. The OIR margin was **15.8%**. Excluding the natural gas impact, the margin decreased by **-60 basis points** compared to 1st half 2011. Development efforts were maintained, despite the slowdown in growth and the substantial decline in Electronics, to take advantage of the numerous mid-term opportunities.

Engineering and Construction

OIR was 33 million euros, up + 15.3%. The OIR margin of the Engineering and Construction activity stood at **9.1%**, at the high end of the industry benchmark range, compared to 9.9% the previous year.

Other Activities

Other Activities OIR was **23 million euros**, lower as a result of the sale of the industrial part of the Specialty Chemicals activities in 2nd half 2011. OIR margin stood at 7.0%, with improved operating performance from Diving offset by a slight volume decline in Welding activity.

Research and Development and Corporate Costs

Research and Development and Corporate costs represented **88.5 million euros**, down **-9.9%**. This reduction reflects ongoing efficiency programs and strict overhead cost control, despite higher innovation costs which continue to grow in line with revenue.

Net profit

Other operating income and expenses amounted to nearly 10 million euros and include a capital gain relating to the divestment of minor subsidiaries in Polynesia and New Caledonia.

Operating income was 1,254 million euros, an increase of +5.2%, in line with revenue growth.

Financial expenses rose +3.5%, impacted by currency translation. **Net finance costs** amounted to **123 million euros**, up +3.8% excluding the currency impact, as the share of local currency debt in developing economies continued to rise. **Other financial income and expenses** fell by -11% to -29 million euros.

The **effective tax rate** was **26.5%**, virtually stable compared to 1st half 2011 resulting from non-recurring elements in Germany and Japan. Excluding non-recurring elements, the rate would have been close to 29%.

Net profit (Group share) reached **790 million euros**, up + 5.3%.

Net earnings per share amounted to **2.54 euros**, up + 5.4% over the prior period, following the purchase of the equivalent of 1.3 million shares during the half-year. The average number of outstanding shares used for the calculation of net profit per share as of June 30, 2012 was 311,254,031, adjusted for the free share allocation on May 31, 2012.

Change in net indebtedness

Cash flow from operating activities before changes in working capital totaled 1,422 million euros, up + 6.0% compared to 1st half 2011. The change in working capital requirement net of other items amounted to 284 million euros, a more modest increase relative to that in 1st half 2011. The working capital requirement to Gas and Services sales ratio remained stable compared to December 31, 2011.

Net cash from operating activities was 1,138 million euros, up + 23.3%.

In 1st half 2012, gross investments rose by + 16.9% over the period to reach 1,017 million euros. **Net investments**, including minority interest transactions and the sale of an activity, amounted to **991 million euros**, up 25.6% compared to the previous period, reflecting the strong momentum of the investment cycle.

The cash payout to shareholders totaled 742 million euros, compared to 670 million euros in 1st half 2011, reflecting the +6.4% increase in the dividend per share for 2011. The share buy-back program completed in April resulted in the purchase of the equivalent of 1.3 million shares for an amount of 113 million euros, thus compensating the potential dilution of stock options and free share attributions.

As of June 30, 2012, **net indebtedness** totaled **6,011 million euros**, up +7.7% year on year. The net debt/equity ratio was 60.3% versus 62.5% as of June 30, 2011. Compared to December 31, 2011, net debt was up by 763 million euros. Adjusted for dividend seasonality, gearing was steady at 55%, compared to 53% at the end of 2011.

Investment cycle

Portfolio of opportunities

The 12-month portfolio of opportunities was stable during the 1st half, totaling 4.1 billion euros as of June 30, 2012, compared to 4.2 billion euros as of December 31, 2011, even though the level of investment decisions and therefore portfolio outflows was high.

Project review activity remains intense, with a significant number of new projects entering the 12-month portfolio in the 2nd quarter.

Nearly two thirds of the projects in the 12-month portfolio continue to be located in developing economies. However, the weighting of China has declined slightly, compensated by other countries in Asia and the Middle East. The share of the Americas has also grown with major projects particularly in the United States and Canada. The number of site takeovers in the portfolio has increased, with 13 projects representing more than 25% of total opportunities.

The breakdown by business line remains stable. However, the share of energy-related projects within Large Industries has increased.

Investment decisions

Industrial and financial investment decisions, representing Group commitments to invest, amounted to 1.2 billion euros for the half-year, up + 18% compared to 1st half 2011. As a result of major projects being signed in Germany and the United States, investment decisions have been more balanced in favor of the advanced economies, which represented 62% of the total for the period. A series of carrier gas contracts in the Electronics sector in Asia and the United States have also been concluded.

The decisions in the 1st half are essentially industrial. Acquisitions, pursuant to the Group's strategy, include Home Healthcare activities and Industrial Merchant distributors, or innovative projects such as the production of Blue Hydrogen.

The Group has also seized several acquisition opportunities for a total amount of nearly 800 million euros, including LVL Médical in France and Gasmedi in Spain in the Home Healthcare activity, and Energas & Engweld in Industrial Merchant in the UK. These acquisitions are scheduled to close in the 2nd half.

Capital expenditure

Net capital expenditure, including transactions with minority shareholders, was 991 million euros in 1st half 2012.

Start-ups

There were seven start-ups in the 1st half, including four in China and three in the United States. The number of start-ups planned for the year has been revised to 24 following the postponement for a few months of projects in Russia and Turkey. In the 2nd half, 17 start-ups are planned, while 29 are expected for 2013.

2012 first-half highlights

Creating synergies in Healthcare

Air Liquide has created a new segment in its Healthcare world business line, by integrating its subsidiary Seppic, a recognized leader in **specialty ingredients** intended for health and personal care. This transfer will provide synergies in terms of marketing, regulatory framework, growth drivers, the management of medical expertise or research and innovation. As a result Healthcare revenue share rose from 16% to 18% (2011 revised data), and Gas and Services accounts for 90% of Group revenue.

In June 2012, Air Liquide announced its plan to acquire **LVL Médical**, a French player in the Home healthcare sector (respiratory assistance, infusion/nutrition, etc.), for a net investment of 316 million euros. LVL Médical in France provides care to 50,000 patients. It employs 750 people and generated 104 million euros in 2011 revenue. Following the transaction, Air Liquide will own the French activities of LVL Médical. The Group plans to pursue the development of LVL Médical by encouraging brand, management and team continuity, while generating synergies in terms of purchasing and innovation. The acquisition, which is in line with the Healthcare development strategy, will reinforce the Group's presence in the French market. The acquisition is subject to French anti-trust authorizations and is expected to complete in 4th quarter 2012.

In July 2012, the Group also announced that it has entered into an agreement to acquire **Gasmedi**, the third largest Spanish Home healthcare player, with revenue of 82 million euros in 2011 for a net investment of 330 million euros. Gasmedi employs more than 500 employees, caring for 125,000 patients in 14 of the 17 regions in Spain. This acquisition strengthens Air Liquide's position in the Spanish Home healthcare market. The combination of the Gasmedi performance and team expertise, associated with Air Liquide's capacity to bring innovation to the market should strengthen the Group's capacity to grow its business for the benefit of all its patients. The acquisition is subject to Spanish anti-trust authorizations and is expected to complete in 4th quarter 2012.

Advanced economies: Investing in industrial projects

In the **US** state of Louisiana, the Group has bolstered its pipeline network to meet the growing customer needs of the region. Two new air separation units have been integrated into the existing **basin strategy**, one inaugurated at Geismar, and another acquired from Georgia Gulf Corporation in Plaquemine. Air Liquide now has 15 air separation units along the Mississippi meeting the needs of some 30 customers.

In the US state of Georgia, Air Liquide has acquired a **bio-gas recovery** facility that uses its proprietary MEDAL Membrane Technology. Using land-fill waste, this technology can recover bio-gas for Blue Hydrogen production, hydrogen produced from renewable energy sources.

In **Canada**, the Group has invested nearly 50 million euros in the construction of new nitrogen production units. This investment will satisfy a growing need in regard to enhanced oil recovery in British Columbia and Alberta.

In **Germany**, Air Liquide has been awarded a major long-term contract with the chemical company Bayer MaterialScience, for the supply of large quantities of hydrogen and carbon monoxide to be used for polymer production. A 100 million euro investment will be necessary for the construction of a new production unit to be commissioned near Cologne in 2014.

The Group has decided to construct 10 new **hydrogen filling stations** in Germany, as part of the German Ministry of Transport program, to build out to 50 the number of stations by 2015. This network development prepares the ground for the commercialization of fuel cell vehicles that the German automobile industry has announced for 2014/2015.

In the **United Kingdom**, Air Liquide acquired in July Energas & Engweld, a well established supplier of packaged gases, with 2011 revenue of 45 million euros from a wide and diverse customer base. This acquisition enhances the Group's position in the UK market and will be consolidated from July 2012.

Developing economies: Expanding the Group's coverage further

In **South Africa**, Air Liquide has committed to invest in a new air separation unit for the country's second largest steel producer. The unit will be operational at the end of 2013 and produce 770 tons of oxygen daily. This 40 million euro investment will also satisfy the growing Industrial Merchant demand in the region.

In **Russia**, in the Moscow region, Air Liquide recently acquired 75% of LOGIKA, a regional gas company that produces bulk and packaged gases for industrial and medical markets. The overall investment amounts to around 40 million euros.

The Group has pursued its development in the Special Economic Zone Elabuga in Tatarstan with the start-up of a new air gas separation unit to supply the current and future needs of local industrial customers. Air Liquide has been present in Elabuga since 2008 and plans to further develop its business by creating a pipeline network and developing the supply chain for its customers.

Finally, in the Saint Petersburg region, Air Liquide inaugurated a new gas filling center in Kolpino, with a capacity of 30,000 cylinders per month.

These three projects form part of Air Liquide's long-term development program in Russia.

Participating in the development of high technologies

In Electronics, Air Liquide has launched a new offering to meet the strong demand for cleaning gases for the production equipment of large flat panel display and silicon thin film photovoltaic manufacturing sites.

The more environmentally-friendly and very reliable **fluorine** gas has therefore become an alternative to nitrogen trifluoride (NF₃). Air Liquide has joined forces with the Solvay Group to develop this product via a worldwide joint venture.

In **Aerospace**, Air Liquide and Astrium have announced the creation of EuroCryospace, a strategic European partnership focusing on the development and production of cryogenic tanks, in particular for the Ariane 5 Midlife Evolution rocket.

Furthermore, due to the success of the **ALOHA**[™] range in the United States, the Group has doubled its worldwide advanced precursor production capacity.

Main risks and uncertainties

There was no change in risk factors during 1st half 2012, as described in the 2011 Reference Document on pages 21 to 25.

Outlook

In 1st half 2012, activity levels reflect the caution of many of Air Liquide's customers around the world, in the context of an economic environment which is still affected by the sovereign debt crisis in Europe and by further slackening of global growth.

Yet, the Group has delivered once again a solid performance which will be enhanced in the second half by a large number of plant start-ups. Competitiveness and development initiatives defined in the ALMA program thus continue to bear fruit.

Medium term, growth initiatives as well as the seizing of acquisition opportunities demonstrate the Group's ability to constantly adapt its actions in the pursuit of growth over the long term. Therefore the Group has decided € 1.2 billion in new investments during the first 6 months of 2012.

Finally, the exceptional level of the Engineering and Construction order intake and a 12-month portfolio of opportunities which is at its highest level strengthen the Group's confidence in the long term.

In this context, the Group has delivered a satisfying first half and barring a major downturn in the economic situation, Air Liquide continues to aim for growth in net profit in 2012.

Appendices

Currency, natural gas and significant scope 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 semester revenue includes the following:

<i>In millions of euros</i>	Revenue	<i>Change H1 12/11^(a)</i>	Currency	Natural gas	Significant scope	<i>Change H1 12/11 comparable^(b)</i>
Group	7,533	+5.9%	+231	+22	-38	+2.8%
Gas and Services	6,837	+5.6%	+220	+22	-38	+2.4%

(a) compared to 2011 revised data, after integration of Seppic within Gas and Services.

(b) excluding currency, natural gas and significant scope impacts.

For the Group,

- The currency impact was +3.3%.
- The impact of an increase in natural gas prices in Europe, somewhat offset by a decline in the US, was +0.3%.
- The significant scope impact was -0.5%.

For Gas and Services,

- The currency impact was +3.4%.
- The impact of an increase in natural gas prices was +0.3%.
- The significant scope impact was -0.5%.

Consolidated 2012 2nd quarter revenue includes the following:

<i>In millions of euros</i>	Revenue	<i>Change Q2 12/11^(a)</i>	Currency	Natural gas	Significant scope	<i>Change Q2 12/11 comparable^(b)</i>
Group	3,754	+ 5.1 %	+159	0	-19	+ 1.2 %
Gas and Services	3,394	+ 4.9 %	+150	0	-19	+ 0.9 %

(a) compared to 2011 revised data, after integration of Seppic within Gas and Services.

(b) excluding currency, natural gas and significant scope impacts.

Reallocation of Specialty ingredients within Healthcare business line 2011

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

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

Q2 2012 revenue

By geography

Revenue In millions of euros	Q2 11 revised	Q2 12	Change	Comparable change^(a)
Europe	1,715	1,724	+0.5%	-0.5%
Americas	699	746	+6.7%	+3.7%
Asia-Pacific	746	835	+11.8%	-0.3%
Middle East and Africa	75	89	+20.4%	+18.5%
REVENUE GAS & SERVICES	3,235	3,394	+4.9%	+0.9%
Engineering & Construction	156	188	+20.3%	+17.0%
Other Activities	182	172	-4.9%	-7.1%
GROUP REVENUE	3,573	3,754	+5.1%	+1.2%

By World business line

Revenue In millions of euros	Q2 11 revised	Q2 12	Change	Comparable change^(a)
Industrial Merchant	1,199	1,283	+7.0%	+1.9%
Large Industries	1,121	1,204	+7.4%	+2.9%
Electronics	336	308	-8.1%	-11.5%
Healthcare	579	599	+3.2%	+1.9%
REVENUE GAS & SERVICES	3,235	3,394	+4.9%	+0.9%

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

Consolidated income statement

In millions of euros

	1 st half 2011	1 st half 2012	Change 12/11
Revenue	7,115.2	7,532.5	5.9%
Other income	44.4	59.6	
Purchases	(2,793.9)	(3,010.3)	
Personnel expenses	(1,245.0)	(1,341.0)	7.7%
Other expenses	(1,357.1)	(1,396.0)	
Operating income recurring before depreciation and amortization	1,763.6	1 844.8	4.6%
Depreciation and amortization expense	(572.2)	(600.6)	5.0%
Operating income recurring	1,191.4	1,244.2	4.4%
Other non-recurring operating income	54.1	12.5	
Other non-recurring operating expenses	(53.9)	(2.8)	
Operating income	1,191.6	1,253.9	5.2%
Net finance costs	(114.5)	(123.4)	7.8%
Other financial income	35.2	34.5	
Other financial expenses	(68.5)	(64.0)	
Income taxes	(274.3)	(291.6)	
Share of profit of associates	12.9	13.6	
Profit for the period	782.4	823.0	5.2%
• Minority interests	32.1	33.3	
• Net profit (Group share)	750.3	789.7	5.3%
Basic earnings per share (in euros)	2.41^(a)	2.54	5.4%

(a) Adjusted for free share attribution in May 2012.

Consolidated balance sheet – as June 30, 2012

<i>In millions of euros</i>	Dec 31, 2011	June 30, 2012
ASSETS		
Goodwill	4,558.5	4,612.0
Other intangible assets	638.2	656.2
Property, plant and equipment	12,096.9	12,579.3
Non-current assets	17,293.6	17,847.5
Non-current financial assets	398.3	405.8
Investments in associates	211.1	213.7
Deferred tax assets	290.3	351.9
Fair value of non-current derivatives (assets)	63.6	49.1
Other non-current assets	963.3	1,020.5
TOTAL NON-CURRENT ASSETS	18,256.9	18,868.0
Inventories and work-in-progress	784.1	813.1
Trade receivables	2,779.3	2,818.9
Other current assets	444.8	515.6
Current tax assets	52.0	39.6
Fair value of current derivatives (assets)	45.2	24.2
Cash and cash equivalents	1,761.1	1 121.5
TOTAL CURRENT ASSETS	5,866.5	5,332.9
TOTAL ASSETS	24,123.4	24,200.9

<i>In millions of euros</i>	Dec 31, 2011	June 30, 2012
EQUITY AND LIABILITIES		
Shareholders' equity	9,758.6	9,733.0
Minority interests	237.1	235.4
TOTAL EQUITY	9,995.7	9,968.4
Provisions, pensions and other employee benefits	1,897.0	1,990.4
Deferred tax liabilities	1,204.9	1,215.4
Non-current borrowings	5,662.5	5,352.5
Other non-current liabilities	190.4	202.0
Fair value of non-current derivatives (liabilities)	126.1	126.9
TOTAL NON-CURRENT LIABILITIES	9,080.9	8,887.2
Provisions, pensions and other employee benefits	190.6	200.6
Trade payables	1,992.5	1,888.4
Other current liabilities	1,244.4	1,200.0
Current tax payables	162.3	172.3
Current borrowings	1,373.5	1,803.5
Fair value of current derivatives (liabilities)	83.5	80.5
TOTAL CURRENT LIABILITIES	5,046.8	5,345.3
TOTAL EQUITY AND LIABILITIES	24,123.4	24,200.9

Consolidated statement of cash flows

In millions of euros

	1 st half 2011	1 st half 2012
Operating activities		
Net profit (Group share)	750.3	789.7
Minority interests	32.1	33.3
Adjustments :		
• Depreciation and amortization	572.2	600.6
• Change in deferred taxes	57.3	34.1
• Increase (decrease) in provisions	(10.7)	(34.3)
• Share of profit of associates (less dividends received)	(6.6)	4.0
• Profit/loss on disposal of assets	(53.3)	(5.6)
Cash flow from operating activities before changes in working capital	1,341.3	1,421.8
Changes in working capital	(424.1)	(270.1)
Other	6.1	(13.6)
Net cash flows from operating activities	923.3	1,138.1
Investing activities		
Purchase of property, plant and equipment and intangible assets	(809.9)	(957.4)
Acquisition of subsidiaries and financial assets	(59.9)	(59.4)
Proceeds from sale of property, plant and equipment and intangible assets	80.5	30.9
Proceeds from sale of financial assets	0.8	0.6
Net cash flow used in investing activities	(788.5)	(985.3)
Financing activities		
Dividends paid		
• L'Air Liquide S.A.	(684.0)	(722.6)
• Minority interests	(28.4)	(37.3)
Proceeds from issues of share capital	42.8	17.4
Purchase of treasury shares	(97.2)	(112.5)
Increase (decrease) in borrowings	77.6	37.4
Transactions with minority shareholders	(0.7)	(6.2)
Net cash flows from (used in) financing activities	(689.9)	(823.8)
Effect of exchange rate changes and change in scope of consolidation	33.9	(25.0)
Net increase (decrease) in net cash and cash equivalent	(521.2)	(696.0)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,482.2	1,712.4
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	961.0	1,016.4

The analysis of net cash and cash equivalents at the end of period as follows :

<i>In millions of euros</i>	1 st half 2011	1 st half 2012
Cash and cash equivalents	1,012.7	1,121.5
Bank overdraft (included in current borrowings)	(51.7)	(105.1)
Net cash and cash equivalent	961.0	1,016.4

Net indebtedness calculation

<i>In millions of euros</i>	FY 2011	1 st half 2011	1 st half 2012
Non-current borrowings (long-term debt)	(5,662.5)	(5,490.7)	(5,352.5)
Current borrowing (short-term debt)	(1,373.5)	(1,127.4)	(1,803.5)
TOTAL GROSS INDEBTEDNESS	(7,036.0)	(6,618.1)	(7,156.0)
Cash and cash equivalents	1,761.1	1,012.7	1,121.5
Derivative instruments (assets) – fair value hedge of borrowings	26.8	25.3	23.3
Derivative instruments (liabilities) – fair value hedge of borrowings	0	0	0
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	(5,248.1)	(5,580.1)	(6,011.2)

Statement of changes in net indebtedness

<i>In millions of euros</i>	FY 2011	1 st half 2011	1 st half 2012
Net indebtedness at the beginning of the period	(5,039.3)	(5,039.3)	(5,248.1)
Net cash flows from operating activities	2,425.8	923.3	1 138.1
Net cash flows used in investing activities	(1,672.3)	(788.5)	(985.3)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(767.0)	(767.5)	(861.2)
Total net cash flow	(13.5)	(632.7)	(708.4)
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others	(195.3)	91.9	(54.7)
Change in net indebtedness	(208.8)	(540.8)	(763.1)
NET INDEBTEDNESS AT THE END OF THE PERIOD	(5,248.1)	(5,580.1)	(6,011.2)