Paris, February 14, 2013

2012 Performance

Growth in Revenue and Profit
Investments in the most dynamic markets

press release

Key figures

- Group **revenue** of:
  € 15,326 million, up **+6%**
- **Net profit** of **€ 1,609 million**, up **+4.9%**
- Proposed **2012 dividend** of
  € 2.50 per share, up **+10.3%**

Highlights

- **Continued expansion in Developing economies**: new projects in Russia, China, Poland, Brazil, Qatar, Mexico, South Africa…
- **New acquisitions in Home Healthcare**: LVL Médical (France), Gasmedi (Spain)
- **New developments in hydrogen energy**: Germany, Japan, Netherlands, Norway, Switzerland
- **Technological advances**: extreme cryogenics and space (Ariane launcher, ITER ...)

Air Liquide's Board of Directors, which met on February 13, 2013, adopted the 2012 audited financial statements. An unqualified report will be issued by the external auditors.

2012 consolidated revenue reached **€ 15,326 million**. In a contrasted global economic environment, **Gas & Services** showed solid growth up **+6.5%**. On a comparable basis, the **developing economies**, which now represent 23% of sales, achieved double digit growth (+11%) when **advanced economies** reached +1%. The fourth quarter showed an improvement in growth in all regions.

Highlights of the year included sustained growth in **Large Industries** notably from the increase in hydrogen demand for refining and chemicals in Asia and the United States, and by the progression of **Healthcare** driven by organic growth and acquisitions in Europe. **Industrial Merchant** activity is slightly up in a very competitive environment, while **Electronics** has seen signs of recovery in the fourth quarter.

Operating Income Recurring is up **+6.3%** at € 2,560 million. The operating margin, benefiting from efficiency gains of **€ 284 million**, is stable at **16.7%**. **Net profit (Group share)** is at **€ 1,609 million**, up **+4.9%**. Cash flow (after change in Working Capital Requirements) is up **+11.7%.** Net debt stands at € 6,103 million, stable excluding acquisitions, leading to a gearing ratio of **58%**. The pro forma* **Return on capital employed** is preserved at **11.9%**.

Commenting on the 2012 results, **Benoît Potier, Chairman and CEO of the Air Liquide Group**, stated:

"In the context of the global economic slowdown in 2012, the Group's performance is solid. Our extensive geographic presence, our initiatives in new markets and targeted acquisitions allow us to show further growth in activity and operating results.

In 2012, the total amount of investment decisions rose to € 2.9 billion, the highest level since 2007. The increase in the Engineering & Construction order intake, the high level of our 12-month portfolio of investment opportunities and the scheduled commissioning of 50 plants in the next two years confirm customer confidence in the medium-term.

The Group continues to strengthen its competitiveness and innovation to ensure profitable growth over the long-term, based upon a sustained investment program and upon efficiencies for which the 2011-2015 objective is increased by +30% to € 1.3 billion.

Barring a degradation of the environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2013."

** Pro forma: by including the annualized profit impact of the acquisition of LVL Médical and Gasmedi.*

At the next Annual General Meeting of Shareholders, **the Board of Directors** will propose the payment of a dividend of **2.50 € per share,** up +10.3%, taking into account the attribution of 1 free share for 10 existing in 2012. The ex date has been set for **May 16**, and the payment date on **May 22, 2013**.

The Board also approved the **draft resolutions** to be submitted to the Annual General Meeting, and in particular the renewal of Mr. Thierry Desmarest and Mr. Thierry Peugeot, as directors, for a period of four years. Mr. Alain Joly's mandate will expire at the next AGM. Member of the Board since 1982, Mr. Alain Joly was Chairman and CEO from 1995 to 2001, and then Chairman of the Supervisory Board from 2001 to 2006. The Board expressed its deepest thanks for his enormous contribution to Air Liquide's development over these years.

Furthermore, the Board set the compensation for the Executive officers for 2013: details will be published on the Air Liquide website.

Benoît Potier also comments the Group's 2012 results in a **video interview**, available in French and English at 8.00 am Paris time, at www.airliquide.com

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Upcoming events

First quarter 2013 revenue
Wednesday, April 24, 2013
Annual General Meeting of Shareholders
Tuesday, May 7, 2013
First half revenue and results
Tuesday, July 30, 2013

www.airliquide.com

2012 Results
Extracts from the Management report

2012 PERFORMANCE

2012 key figures

In 2012, the Group once again achieved its objective of net profit growth due to sound activity. Gas and Services activity continued to improve in all divisions and across all regions, with + 11% comparable growth for developing economies, and more subdued + 1% growth for advanced economies. Gas and Services operating margin was preserved due to an efficiency retention rate of 29%. An overheads cost alignment program was also initiated.

Despite worldwide customer prudence due to short-term economic uncertainties, the strong investment momentum was maintained with continued high level of industrial investment decisions, a particularly significant level of acquisitions and very strong engineering order intake. The Group's financial structure remained solid.

The Board of Directors therefore proposes to maintain the dividend par value to be submitted to the Shareholders' Meeting of May 7, 2013 at 2.50 euros per share. Considering the free share attribution in May 2012, this dividend guarantees an increase of + 10.3% for each shareholder and a pay-out ratio of 49.9%.

(in millions of euros)	2011	2012	2012/2011 published change	2012/2011 comparable change
Total revenue	14,457	15,326	*+ 6.0%*	*+ 2.5%*[(a)]
Of which Gas and Services	13,064[(b)]	13,912	*+ 6.5%*	*+ 2.8%*[(a)]
Operating income recurring	2,409	2,560	+ 6.3%	
Operating income recurring as % of revenue	16.7%	16.7%	=	=[(c)]
Net profit – Group share	1,535	1,609	+4.9%	
Net earnings per share *(in euros)*	4.93[(d)]	5.17	+ 4.9%	
Adjusted dividend per share *(in euros)*	2.27[(d)]	2.50[(e)]		
Cash flow from operating activities before change in working capital requirement	2,728	2,913	*+ 6.8%*	
Net capital expenditure[(f)]	1,676	2,848	*+70.0%*	
Net debt	5,248	6,103		
Debt-to-equity ratio	53%	58%		
Return On Capital Employed — ROCE after tax[(g)]	12.1%	11.9%[(h)]		

(a) Excluding natural gas, currency and significant scope impacts. Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration units. All Large Industries hydrogen and cogeneration contracts have clauses indexing sales to the price of natural gas. Hence, when the price of natural gas varies, the price of hydrogen or steam for the customer is automatically adjusted proportionately, according to the index.

(b) Revenue adjusted to include the specialty ingredients activities in Healthcare previously consolidated in Other Activities.

(c) Excluding the natural gas impact. Explanation of the natural gas impact on revenues and operating margin in appendix.

(d) Adjusted for the free share attribution in May 2012.

(e) Subject to the approval of the May 7, 2013 Shareholders' Meeting.

(f) Including transactions with minority shareholders.

(g) Return On Capital Employed — ROCE after tax: (net profit after tax before deduction of minority interests - net cost of debt after taxes)/weighted average of (shareholders' equity + minority interests + net indebtedness).

(h) Pro forma, including annualized profit impact of the acquisition of LVL Médical and Gasmedi.

Summary

Group revenue increased by + 6.0%, amounting to 15,326 million euros. Gas and Services revenue totaled 13,912 million euros, up + 6.5%. In terms of comparable growth, excluding the impacts of exchange rate differences, the acquisitions of LVL Médical and Gasmedi and rising natural gas prices, Gas and Services revenue rose by +2.8%. Group operating margin was stable at 16.7%. Net profit (Group share) increased by + 4.9%, amounting to 1,609 million euros.

Net cash from operating activities before changes in working capital requirement amounted to 2,913 million euros, up + 6.8%. Capital expenditure, net of disposals, rose sharply to 2,848 million euros, due to the numerous acquisitions carried out during the year and industrial investments which remained at a high level. Net debt as of December 31, 2012 totaled 6,103 million euros, and the debt-to-equity ratio increased slightly compared to December 31, 2011, to 58%.

2012 highlights

Despite an uncertain economic context, 2012 was marked by customer confidence in the outlook for the medium and long-term. Whereas the slowdown in global demand led to short-term growth uncertainties, Air Liquide signed investment decisions of more than 2.9 billion euros over the period that will contribute to growth in the years to come. This amount of investment decisions, close to a record level, included industrial investments of 2 billion euros and acquisitions of 887 million euros.

Throughout 2012, the Group therefore on the one hand, pursued its organic development strategy with the signature of numerous contracts worldwide and, on the other, bolstered its current positions through targeted acquisitions.

HEALTHCARE: GROWTH DRIVER IN EUROPE

The contribution of Healthcare to Gas and Services revenue increased significantly from 16%, as published in 2011, to 18% for the year 2012 due to several factors:

- The finalization of several acquisitions, of which two were of an important size, enabled the Group to reinforce its positions in the European Home Healthcare market. In August and September 2012, the Group acquired, respectively, the French activities of LVL Médical for 316 million euros and Spanish Gasmedi, ranked number three in its Home Healthcare market, for 330 million euros. The revenues of LVL Médical in France and Gasmedi amounted to 104 and 82 million euros, respectively, in 2011. The combined expertise of LVL Médical in France and Gasmedi in Spain and Air Liquide's ability to innovate will enable the Group to improve the service rendered to all patients. These acquisitions bring the number of patients treated by Air Liquide to more than one million worldwide.

To finance these two acquisitions, Air Liquide issued, under its EMTN program, 9-year bonds at a rate of 2.125%. This issue was qualified as a Socially Responsible Investment (SRI) based on a rating from the ESG agency Vigeo. This assessment was based on the social, environmental and governance criteria of Air Liquide's Home Healthcare activity. The Group has thus become the first company to issue bonds that specifically meet the criteria of Socially Responsible Investors. This issue, placed mainly with SRI mandated investors, has enabled the Group to diversify its financing sources.

- Furthermore, to optimize the synergies, in terms of the market or regulatory framework, at the start of the fiscal year Air Liquide integrated its Seppic subsidiary, recognized leader in healthcare specialty ingredients into its Healthcare world business line.

DEVELOPMENT OF ACTIVITY IN ALL REGIONS AND BUSINESS LINES

In 2012, Air Liquide pursued its growth strategy through industrial investments and acquisitions. In developing economies, the Group extended its operations in the fast growing regions of Eastern Europe and Latin America. In advanced economies, Air Liquide leveraged its existing positions and, based on its proprietary technologies, strengthened its presence.

- In Russia, the Group accelerated its growth by starting up two new air separation units: the first will serve merchant customers in the Tatarstan region, while the second will supply the customer Severstal in Cherepovets. Air Liquide also acquired two regional industrial gas bulk and cylinder activities, Logika in Moscow, and Lentechgas in Saint Petersburg. These two initial investments will be supplemented by the commissioning of air separation units. In Poland, the Group also pursued its growth and signed a contract with KGHM Polska Miedz, leader in the copper industry. These new contracts are aligned with the contracts signed in 2011 with Metinvest in Ukraine and Severstal in Russia, and emphasize the Group's interest in this rapidly developing region.
- In South America, after having invested in Chile last year, Air Liquide intensified its development in the region. In Brazil, the Group has undertaken to build two new production units to satisfy the growing demand from local players such as FEMSA, the world's leading bottler of Coca-Cola and Suzano Papel e Celulose, the leading paper manufacturer in Latin America. After an initial investment in Mexico in 2011, Air Liquide pursued its development in the steel industry by signing a gas supply contract in Pesqueria, in the state of Nuevo Léon, providing for the construction of an air separation unit and a hydrogen production unit.
- In China, the industrial gas business, which has until now focused on steel production, is gradually diversifying with new opportunities, particularly in the electronics and chemicals sectors. After having commissioned a major hydrogen production unit in Shanghai, in January 2012, the Group decided to build a new hydrogen unit in the Liaoning province.
- The Group has expanded its coverage in South Africa and has signed a contract with the country's second largest steel producer, Evraz Highveld Steel and Vanadium, by investing in a new air separation unit.
- In Western Europe, the Group acquired the British company Energas & Engweld, a distributor in the cylinder market. In Germany, benefiting from the competitive advantage of its pipeline network, the Group won a major long-term contract with Bayer MedicalScience amounting to an investment of 100 million euros for the construction of a new hydrogen and carbon monoxide production unit.
- Finally, in the Electronics sector, in the United States, following the technological and commercial success of the ALOHA range, the Group has doubled its world advanced precursor production capacity.

HYDROGEN: THE ENERGY CARRIER OF TODAY AND THE FUTURE

Significant progress has been achieved in the promising development of hydrogen energy. Today, this technology is already used for targeted applications: back-up electric generators, supply of electricity to remote locations, bus or forklift captive fleets. Recently, in the automobile sector, several manufacturers have announced the planned sale of electrical vehicles powered by hydrogen fuel cells by 2015.

Similarly, in 2012, Air Liquide inaugurated its first hydrogen filling station accessible to passenger cars in Dusseldorf, and has entered into a contract with the German government to build 10 new filling stations over the next three years. The Group has also installed two new stations: in Oslo, Norway and Brugg, Switzerland. At the year-end, the Group decided to build and operate a public filling station in Rotterdam. These development projects have extended beyond the boundaries of Europe; in Japan, Air Liquide set up a team to respond to the Japanese government's project to install 100 hydrogen filling stations by 2015.

In order to offer its customers a complete hydrogen chain with no CO_2 emissions - from well to wheel - the Group is actively working upstream on various clean hydrogen production projects. Accordingly, Air Liquide acquired biogas installations in the state of Georgia, United States. The recovery of biogas from buried waste will enable Air Liquide to produce *Blue Hydrogen* using renewable and carbon-free energy sources.

2012 income statement

Preliminary note: The consolidation of Seppic within Gas and Services at the start of 2012 modified the Group revenue segment breakdown. The 2011 Gas and Services and Other activities revenues have been revised to take account of this change. Similarly, the 2011 operating income recurring breakdown has been revised.

REVENUE

Revenue *(in millions of euros)*	**2011 As published**	**2011 revised**	**2012**	**2012/2011 change**	**2012/2011 comparable change[(a)]**
Gas and Services	12,839	13,064	13,912	+ 6.5%	+ 2.8%
Engineering and Construction	705	705	785	+ 11.3%	+ 9.4%
Other Activities	913	688	629	- 8.4%	- 9.8%
TOTAL REVENUE	**14,457**	**14,457**	**15,326**	**+ 6.0%**	**+ 2.5%**

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

Group

In 2012, Group revenue totaled **15,326 million euros,** up + 6.0% as published compared to 2011, due to a + 3.2% positive currency impact and the contribution from two significant acquisitions progressively from the 3rd quarter. **On a comparable basis,** revenue increased by **+ 2.5%** compared to 2011.

Revenue by quarter *(in millions of euros)*	**QI 12**	**Q2 12**	**Q3 12**	**Q4 12**
Gas and Services	3,443	3,394	3,490	3,585
Engineering and Construction	178	188	167	252
Other Activities	158	172	146	153
TOTAL REVENUE	**3,779**	**3,754**	**3,803**	**3,990**
2012/2011 published change	**+6.7%**	**+5.1%**	**+5.7%**	**+6.6%**
2012/2011 comparable change[(a)]	**+4.5%**	**+1.2%**	**+1.0%**	**+3.3%**

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

Currency, natural gas and significant scope impacts

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

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.

(in millions of euros)	**Group**	**Gas and Services**
2012 revenue	15,326	13,912
2012/2011 % published change	**+ 6.0%**	**+ 6.5%**
Currency impact	+464	+441
Natural gas impact	+17	+17
Significant scope impact	+25	+25
Comparable change	+364	+365
2012/2011 % comparable change[(a)]	**+ 2.5%**	**+ 2.8%**

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

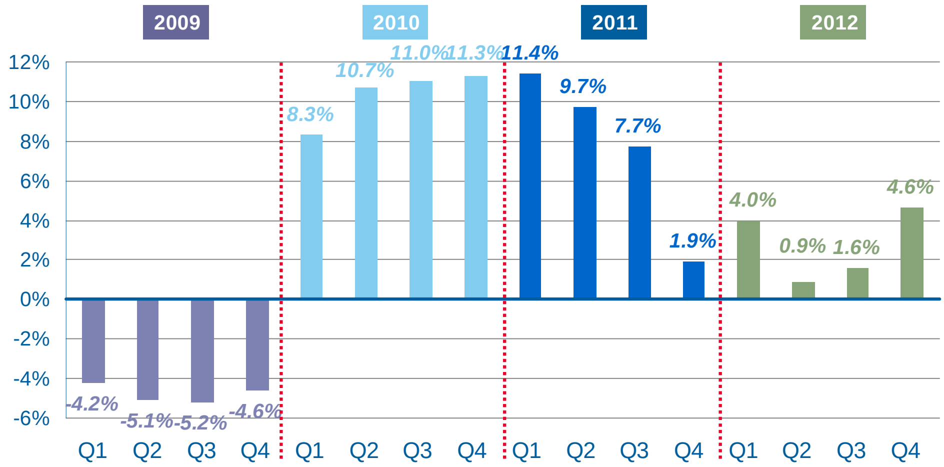
Gas and Services

Unless otherwise stated, all the changes in revenue outlined below are based on comparable data (excluding currency, natural gas and significant scope impacts).

Gas and Services revenue totaled **13,912 million euros,** up + 6.5% as published, and benefited from a + 3.4% positive currency impact. The net impact of the sale of the Electronics equipment activity in 2011 and the acquisitions of LVL Médical and Gasmedi was + 0.2%. The impact of rising natural gas prices was limited this year to + 0.1%, with the decrease in prices in Americas and Asia-Pacific offsetting the overall increase worldwide. On a comparable basis, revenue increased by + 2.8% compared to 2011, with growth in all regions and business segments.

The renewed growth in the first quarter was of short duration, with a marked slowdown in the second and third quarters. Growth improved in the fourth quarter, due to a more favorable comparison base of the 4th quarter 2011 which has already been affected by the global economic slowdown.

Comparable [(a)] [(b)] Gas and Services sales

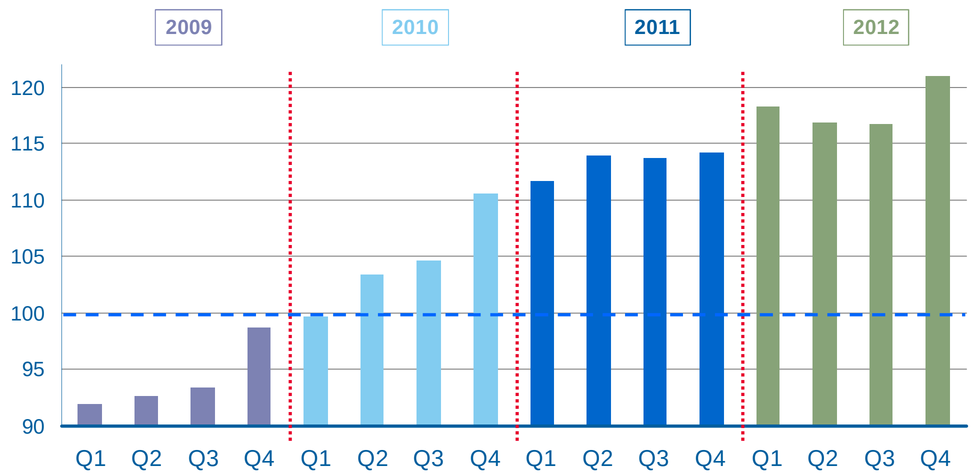


(a) Comparable: excluding currency, natural gas and significant scope impacts.
(b) Growth rates prior to 2012 are not revised for the integration of Seppic into the Gas and Services activity.

The activity level in 2012, which varied quarter on quarter, remained solid throughout the year and was overall significantly higher than in 2011, exceeding the 2008 benchmark level on average by 20%.

Gas and Services quarterly activity indicator [(a)]

(2008 average base 100)

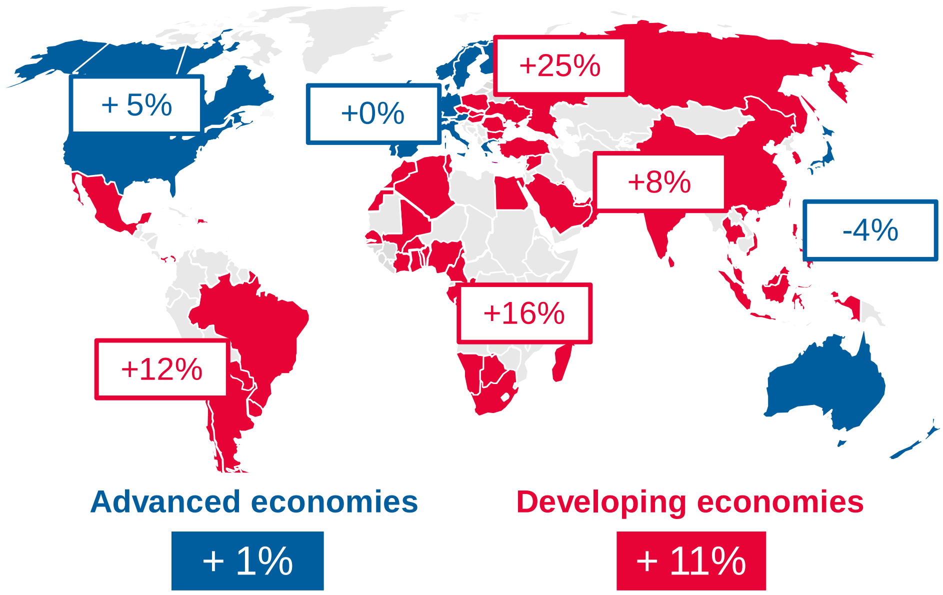


(a) Revenue excluding currency, natural gas and significant scope impacts, adjusted for the number of days per month.

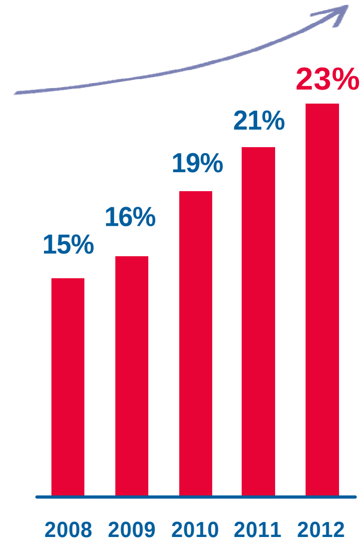
This annual performance was attributable to:

- a + 11% increase in sales in developing economies, where growth was sustained due to continued start-ups and ramp-ups, solid growth in demand and some small acquisitions;
- a + 1% increase in advanced economies, where the low demand growth in Europe and Japan was offset by the steady performance in North America and Australia.

Comparable [(a)] Gas and Services sales growth (2012/2011)



Gas and Services sales share in developing economies



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

Due to a higher growth rate, the contribution of developing economies to Gas and Services revenue again increased to reach 23% of sales in 2012. This contribution was even higher for industrial activities.

Despite a few start-up delays during the year, the contribution of start-ups, ramp-ups, site takeovers and minor acquisitions to Gas and Services sales was + 3.5%, and + 3.7% including the significant scope impact.

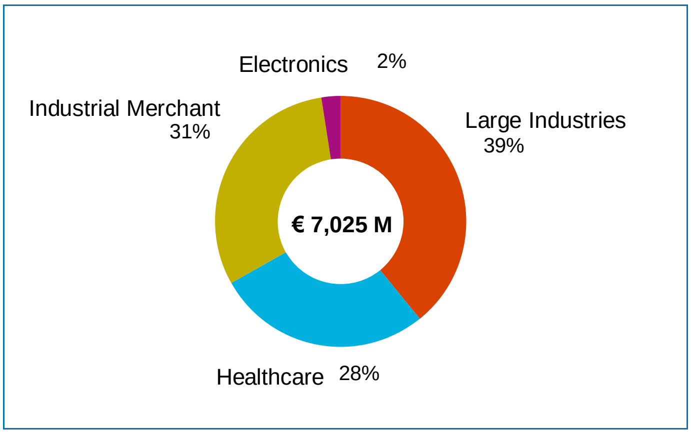
Revenue *(in millions of euros)*	**2011 revised[(a)]**	**2012**	**2012/2011 published change**	**2012/2011 comparable change[(b)]**
Europe	6,810	7,025	+ 3.2%	+ 1.0%
Americas	2,859	3,108	+ 8.7%	+ 6.2%
Asia-Pacific	3,083	3,416	+ 10.8%	+ 2.2%
Middle East and Africa	312	363	+ 16.5%	+ 16.0%
GAS AND SERVICES	**13,064**	**13,912**	**+ 6.5%**	**+ 2.8%**
Industrial Merchant	4,892	5,193	+ 6.2%	+ 2.5%
Large Industries	4,585	5,015	+ 9.4%	+ 5.6%
Healthcare	2,301	2,482	+ 7.9%	+ 4.2%
Electronics	1,286	1,222	- 5.0%	- 8.4%

(a) Figures adjusted for the transfer of the specialty ingredients activities to Healthcare
(b) Excluding currency, natural gas and significant scope impacts.

Europe

Revenue in Europe totaled **7,025 million euros,** up **+ 1.0%**. Demand for hydrogen increased sharply, whereas the growth in volumes of other industrial gases remained low, particularly in Southern Europe. The region continued to benefit from regular growth in Healthcare and the strong momentum of the developing economies, which generated growth of + 25% due to ramp-ups, site takeovers and minor acquisitions in Russia, Poland and Turkey.

Europe Gas and Services 2012 revenue

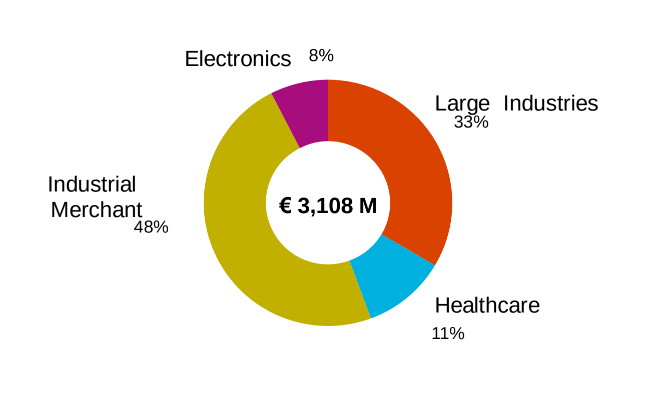


- **Large Industries** revenue increased by **+ 2.5%.** This performance reflects sustained demand in the Chemicals and Refining sectors throughout Europe that offset the dwindling demand in the metals sector and some customer plant closures. Expansion in the major industrial countries of Eastern Europe has produced results: Large Industries revenue rose by + 20% due to start-ups in Russia and a site takeover in Turkey.
- **Industrial Merchant** sales declined slightly by **– 0.5%**. Double-digit growth continued in developing economies due to new facilities, acquisitions of distributors close to new facilities and strong demand. However, business in advanced economies suffered from a difficult economic climate. Cylinder and bulk volumes are well short of 2008 levels, particularly in Southern Europe where business continued to decline. In Northern Europe, volumes were stable and business benefited from the acquisition of Energas, a local player in the UK. Pricing remained positive during the year at + 0.9%.
- The **Healthcare** development continued, with growth of **+ 2.7%**, and + 6.1% including the impact of the acquisitions since September of LVL Médical in France and, since October, Gasmedi in Spain. Excluding LVL Médical and Gasmedi acquisitions, Home Healthcare rose by + 3%, driven by the steady growth of demand and the expansion of the portfolio of therapies provided to patients despite intense price pressure during contract renewals. The rise in medical gas volumes was hindered by the budgetary pressures of certain states. Hygiene activities developed steadily due to sustained demand. Specialty ingredients posted + 1% increase in revenue due to a very high comparison base in 2011.
- **Electronics** revenue decreased by **– 12.9%** following record Equipment and Installations sales in 2011, mainly due to the construction of a new photovoltaic panel *fab* in Italy. Carrier and specialty gas sales growth, however, remained solid, benefiting from new contracts, including the start-up of the *fab* in Italy.

Americas

Gas and Services revenue in the Americas totaled **3,108 million euros,** up **+ 6.2%**. Industrial activity remained sustained in North America, with strong demand in hydrogen for Refining and greater Industrial Merchant price elasticity than in Europe. In South America, regular growth of more than + 12%, was achieved during the year, in both the industrial and Healthcare domains.

Americas Gas and Services 2012 Revenue

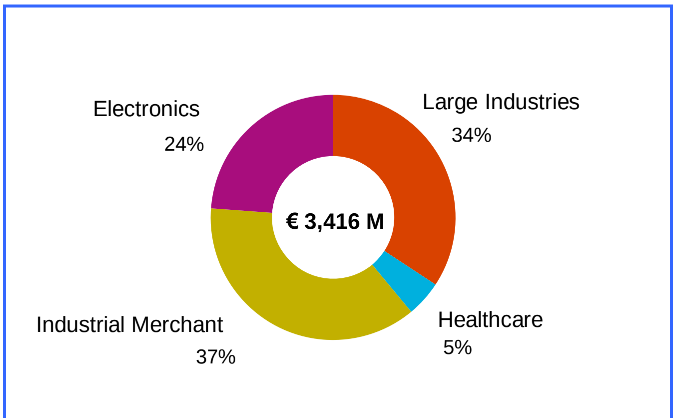


- **Large Industries** posted solid **+7.8%** sales growth benefiting from site ramp-ups in Texas and Louisiana, a site takeover and particularly robust demand in the Chemicals sector which benefited from declining natural gas prices. Demand in the metals sector remained buoyant in South America and gradually recovered in the Northern economies. Cogeneration unit sales were affected by declining electricity prices.
- **Industrial Merchant** sales rose by **+5.7%** with a consistent performance across the entire region. The business momentum was sustained by steady industrial demand, acquisitions of distributors in Canada and Brazil as well as the development of bulk gas sales for oil exploration. Cylinder activity also improved over the entire region and particularly in South America. Pricing campaigns continued throughout the year.
- **Healthcare** revenue rose by **+11.3%** driven by the performance of Home Healthcare in Latin America (Argentina, Brazil and Chile). The more subdued growth in North America was attributable to the solid Home Healthcare growth in Canada, primarily due to minor acquisitions and a slight slowdown in medical gases in the United States at the end of the year.
- **Electronics** activity, which declined by **-5.0%**, suffered from the end of the investment cycle in 2011. Equipment and Installations revenue declined after a very profitable first half of 2011, due to the installation of a new *fab* in the United States. A new installation project should begin in early 2013. Specialty gas sales, particularly those from the Aloha range, remained buoyant.

Asia-Pacific

Revenue in the Asia-Pacific region increased by **+ 2.2%** to **3,416 million euros**. Performance remained very contrasted, with a decline of almost - 8% in Japan and an + 8% rise in developing economies. The region, which represents two-thirds of the Group's Electronics business, was marked by the turnaround in this sector's investment cycle, as well as a certain prudence of customers in their inventory management. The momentum remained strong in China, at + 15%, due to solid demand in all business lines which improved at the end of the year, and despite a lower contribution from start-ups than in previous years.

Asia-Pacific Gas and Services 2012 Revenue



- **Large Industries** sales increased by **+ 10.8%**. Growth was less than in previous years due to fewer start-ups. Growth was more sustained in the fourth quarter due to the ramp-up of a major unit in China and strong hydrogen volumes across the region. Growth in China remained high at + 25% for the year as a whole.
- **Industrial Merchant** posted **+ 1.5%** growth during the year. The situation was contrasted from country to country. Activity in Japan declined, and showed no signs of the expected post-earthquake recovery. Sales growth was positive in all other countries in the region. Sales growth in China improved quarter by quarter to return to the level of 2011.
- **Electronics** posted a **– 8.1%** decline for the year. Equipment and Installations sales declined throughout the region compared to very high levels in 2011. The Electronics sector restructuring continued in Japan and impacted the entire production chain, and particularly industrial gas demand. Excluding Japan, gas sales growth remained positive, particularly in China, due to new specialty and carrier gas contracts.

Middle East and Africa

Middle East and Africa revenue totaled **363 million euros,** up **+ 16.0%**. Large Industries posted strong growth in the Middle East and South Africa due to ramp-ups of new units. The construction of the major hydrogen unit in Yanbu continued to schedule. Industrial Merchant growth bounced back after a subdued 2011 marked by the impact of the Arab Spring. Healthcare activities continued to develop steadily, particularly in South Africa and Tunisia.

Engineering and Construction

Engineering and Construction revenue totaled **785 million euros,** up **+ 11.3%** as published compared to 2011 reflecting progress of third-party sale of equipment projects.

In 2012, total order intake rose significantly to 1.7 billion euros, a + 69% increase compared to the previous year. The vast majority of projects involve air gas and hydrogen production units. This strong growth reflects an increase in projects for third-party customers, particularly in North America, and an amount of Group projects slightly up on the previous year.

Orders in hand totaled 4.0 billion euros as at December 31, 2012, reflecting the high order intake during the year.

Other Activities

Revenue *(in millions of euros)*	**2011 as published**	**2011 revised**	**2012**	**2012/2011 change**	**2012/2011 comparable change [(a)]**
Welding	469	469	450	- 3.9%	- 4.0%
Diving and other	444	219	179	- 18.1%	- 22.1%
TOTAL	**913**	**688**	**629**	**- 8.4%**	**- 9.8%**

(a) Comparable: excluding currency impact.

The -8.4% decline in revenue from **Other Activities** in 2012 was attributable to the disposal of certain industrial activities from Specialty Chemicals in the second half of 2011.

After a stable first half-year, **Welding** activity declined in the second half of 2012, reflecting the problems in the European economy, particularly in the metals, automobile and construction sectors.

Diving (Aqua Lung) posted + 8.2% published growth for 2012, due to steady demand in Asia and Africa.

OPERATING INCOME RECURRING

Operating income recurring before depreciation and amortization totaled 3,792 million euros, up **+6.4%.** Depreciation and amortization amounted to 1,232 million euros, up +6.7%, reflecting the impact of unit start-ups during the year and acquisitions.

Group operating income recurring (OIR) totaled **2,560 million euros** in 2012, up **+6.3%** compared to 2011. Operating margin (OIR over revenue) was stable at 16.7% mainly due to the increase in the level of **efficiencies**. For the full year, efficiencies amounted to **284 million euros**, exceeding the annual target of more than 200 million euros. Excluding the effect of energy indexation, pricing was positive over the period, and partially offset cost inflation of + 2.3%.

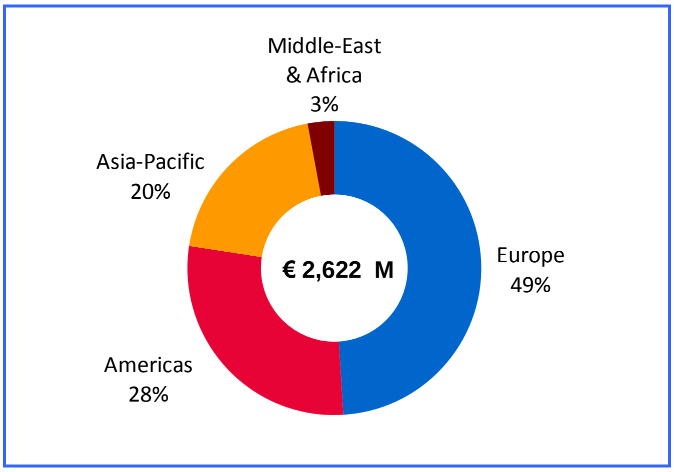
These efficiencies represent a 2.6% cost saving. More than 40% of this stems from purchasing and the realignment in structures where activity has suffered from falling demand, particularly in Japan and Welding. Other projects designed to reduce energy consumption, optimize the logistics chain and roll out worldwide or regional purchasing platforms continued.

Gas and Services

Gas and Services operating income recurring totaled **2,622 million euros**, up **+6.1**%. The published operating income recurring over revenue amounted to 18.8%, compared to 18.9% in 2011. Excluding the natural gas impact it remained stable at **18.9%.**

Cost inflation, excluding the impact of energy indexation, gradually decreased in the second half and totaled + 2.7% for the year. Prices continued to rise by + 0.4% due to persistent efforts in Industrial Merchant (+ 1.9%) and despite continuous price decreases in Electronics and Healthcare. In addition, efficiencies totaled 272 million euros. A portion of efficiencies was absorbed to offset the difference between cost inflation and rising prices. The remaining efficiencies, i.e. the retention, helped sustain the margin. The retention rate was 29% in 2012.

Gas and Services 2012 operating income recurring by geography



Gas and Services Operating margin [a]	2010	2011 revised [b]	2012
Europe	19.1%	18.8%	18.3%
Americas	21.5%	22.0%	24.0%
Asia-Pacific	16.4%	16.3%	15.1%
Middle East and Africa	25.0%	20.8%	21.2%
TOTAL	**19.2%**	**18.9%**	**18.8%**

(a) Operating income recurring/revenue
(b) Revised for integration of Seppic in Gas and Services

Operating income recurring in **Europe** totaled **1,285 million euros**, up **+0.6%**. The operating margin, excluding the natural gas impact, was broadly stable at **-20 basis points**. Despite a gradual improvement in prices quarter by quarter, the low level of activity in certain Western European countries and the time lag between the increase in prices and inflation weighed on the margin in Industrial Merchant. Margins for the other business lines slightly improved or remained stable.

Operating income recurring in the **Americas** amounted to **745 million euros**, up **+18.6%**. Excluding the natural gas impact, the operating margin rose by **+120 basis points** due to business growth and non recurring items in 2012.

In **Asia-Pacific**, operating income recurring amounted to **516 million euros**, an increase of **+2.8%**. Excluding the natural gas impact, the operating margin as a percentage of revenue declined by **-120 basis points** due to a change in business mix with greater share of hydrogen sales in the region.

Operating income recurring for **Middle East and Africa** amounted to **77 million euros**, an increase of **+18.3%**. The operating margin rose by **+ 40 basis points**, due to a favorable comparison base following the Arab Spring of 2011.

Engineering and Construction

Operating income recurring for Engineering and Construction was **79 million euros**. The operating margin reached 10.0%, slightly down compared to the exceptional 10.6% in the previous year.

Other Activities

The Group's Other Activities reported operating income recurring of **37 million euros**, down **- 33.5%**, while the operating margin totaled 5.8%, a decrease of – 220 basis points. This decline reflects the sale of industrial activities from Specialty Chemicals at the end of 2011 and the difficult context for Welding. Margins increased slightly for the Diving activity.

Research and Development and corporate costs

Research and Development and corporate costs include intersector consolidation adjustments and amounted to **177 million euros**, down **– 8.6%**. This decline reflected the Group's efforts to control corporate holding costs whilst maintaining its research and innovation initiatives and investments.

NET PROFIT

Other operating income and expenses was a negative **balance of - 27 million euros in 2012** compared to a positive balance of 28 million euros in 2011. They include primarily higher restructuring and acquisition costs than in previous years. As a reminder, in 2011, they benefited from capital gains on the disposal of non-strategic subsidiaries.

Net financial expenses, at - 312 million euros increased by + 4.6% compared to – 298 million euros in 2011. **Net finance costs**, up +1.8%, excluding the currency impact, reflected a slight increase in average debt over the year offset by a decline in the average financing rate from 4.8% in 2011 to 4.6%.

Other financial income and expenses were virtually stable.

Taxes totaled 566 million euros, down – 1.8%. The **effective tax rate** was **25.5%** compared to 27.0% in 2011. This rate was attributable to a tax gain resulting from the favorable evolution of tax audits. Excluding this impact, the effective tax rate for the year would have been 27.7%.

Profit from associates amounted to **20 million euros**, compared to 33 million euros in 2011. This decline was primarily due to the change to proportionate consolidation of an Engineering and Construction subsidiary in Asia. **Minority interests** rose by **+ 10.6%**, amounting to 66 million euros.

Overall, **net profit (Group share)** amounted to **1,609 million euros** in 2012, up +4.9%.

Net earnings per share was 5.17 euros, up **+4.9%** compared to 2011, after adjustments for the free share attribution in May 2012. The average number of outstanding shares used for the net earnings per share calculation as of December 31, 2012 was 311,147,191.

Change in the number of shares

	2011	2012
Average number of outstanding shares [(a)]	311,594,600[(b)]	311,147,191

(a) Used to calculate net earnings per share

(b) Adjusted for the free share attribution in May 2012.

Number of shares as of December 31, 2011	**283,812,941**
Options exercised during the year, prior to the free share attribution	245,020
Cancellation of treasury shares	(1,200,000)
Free shares issued	29,003,797
Options exercised during the year, after the free share attribution	419,401
Number of shares as of December 31, 2012	**312,281,159**

DIVIDEND

At the Shareholders Meeting of May 7, 2013, the payment of a dividend of 2.50 euros per share will be proposed to shareholders in respect of fiscal year 2012, a + 10.3% increase, taking into account the free share attribution in May 2012. This represents an estimated distribution amount of 803 million euros, up + 10.2% and a pay-out ratio of 49.9%.

The ex-dividend date has been set for May 16, 2013 and the dividend will be paid on May 22, 2013.

2012 cash flow and balance sheet

(in millions of euros)	**2011**	**2012**
Cash flow from operating activities before changes in working capital	**2,728**	**2,913**
Change in working capital requirement	(193)	(67)
Other	(109)	(137)
Net cash from operating activities	**2,426**	**2,709**
Dividends	(721)	(781)
Purchases of property, plant and equipment and intangible assets, net of disposals [(a)]	(1,676)	(2,848)
Increase in share capital	52	37
Purchase of treasury shares	(94)	(104)
Other	(196)	132
Change in net indebtedness	**(209)**	**(855)**
Net indebtedness as of December 31	(5,248)	(6,103)
Debt to equity ratio as of December 31	**53 %**	**58 %**

(a) Including minority interest transactions.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities before changes in the working capital requirement amounted to 2,913 million euros, up +6.8% on 2011, compared to a 4.9% increase in net profit. This performance, which was partially attributable to the rise in depreciation and amortization charges during the year, mainly reflects the quality of the operating results.

CHANGE IN WORKING CAPITAL REQUIREMENT

The working capital requirement increased by + 67 million euros in 2012, strictly managed relative to the growth in revenue. The working capital to sales ratio, excluding taxes, was 7.1%, compared to 7.0% in 2011. A decline in Engineering advances was compensated by an improvement in the performance of Gas & Services, primarily due to the considerable rise in cash inflows in the Southern European healthcare sector.

TOTAL CAPITAL EXPENDITURE

Following the significant level of investment decisions in 2010 and 2011, totaling on average 2.1 billion euros per year, total industrial capital expenditure increased to 2.0 billion euros in 2012. Acquisitions, intended to strengthen the Group's local presence in Home Healthcare and Industrial Merchant, totaled nearly 890 million euros, including buybacks of minority interests.

Group gross capital expenditures

(in millions of euros)	Industrial investments	Financial investments [(a)]	Total capex
2007	1,359	1,308	2,667
2008	1,908	242	2,150
2009	1,411	109	1,520
2010	1,450	332	1,782
2011	1,755	103	1,858
2012	**2,008**	**890**	**2,898**

(a) Including minority interest transactions.

Industrial investment

Industrial investment amounted to 2.0 billion euros in 2012, up + 14% compared to 2011. The amount of Gas and Services investment breaks down as follows:

Gas and Services Industrial investment by geographical area

	Gas and Services				
(in millions of euros)	Europe	Americas	Asia-Pacific	Middle-East and Africa	Total
2011	690	387	510	137	1,724
2012	**691**	**467**	**570**	**224**	**1,952**

Industrial disposals amounted to 49 million euros.

Financial investment

Financial investment amounted to 890 million euros, including minority interest transactions of 11 million euros. This comprises two acquisitions in Home Healthcare, LVL Médical in France and Gasmedi in Spain, for a net amount of 632 million euros, as well as numerous small acquisitions in Healthcare and Industrial Merchant. Disposals of financial investments totaled 1 million euros.

NET INDEBTEDNESS

Net indebtedness as of December 31, 2012 totaled **6,103 million euros**, up 855 million euros compared to December 31, 2011, reflecting the acceleration in the acquisition program. The debt-to-equity ratio was 58%, a slight increase compared to December 31, 2011. The Group's financial structure remained extremely secure.

ROCE

The return on capital employed after tax was 11.7%. The pro forma ROCE, including the annualized profit impact of the acquisition of LVL Médical and Gasmedi, was **11.9%**, compared to 12.1% published at the end of 2011. This decrease reflects the substantial ongoing industrial investment, which will contribute to medium-term growth.

INVESTMENT CYCLE AND FINANCING STRATEGY

The Group's steady long-term growth is largely due to its ability to invest in new projects each year. Industrial gas investment projects are widespread throughout the world, highly capital intensive and supported by long-term contracts, particularly for Large Industries. Air Liquide has thus tailored its financing strategy to the nature of its projects, based on the diversification of funding sources, the prudential management of the balance sheet and innovative financing sourcing. This financing strategy is fundamental for the Group's continued development.

Investments

The Group's investments reflect its growth strategy.

They can be classified into two categories:

- Industrial investments, which bolster organic growth or guarantee the efficiency, maintenance or safety of installations;
- Financial investments, which strengthen existing positions, or accelerate penetration into a new region or business segment through the acquisition of existing companies or assets already in operation.

The nature of the industrial investment differs from one world business line to the next: from gas production units for Large Industries, to filling centers, logistics equipment, storage facilities and management systems for Industrial Merchant, Electronics and Healthcare. Capital intensity varies greatly from one business line to another.

Long-term development is one of the key characteristics of the industrial gases business. It is particularly evident in the investment cycle, where there is approximately a 5-year span between the study of a new construction project for a Large Industries customer and the first corresponding industrial gas sales. **Monitoring this cycle is essential to anticipating the Group's future growth.**

PORTFOLIO OF OPPORTUNITIES

As at December 31, 2012, the 12-month portfolio of opportunities totaled 4.0 billion euros, virtually stable compared to December 31, 2011. This level of opportunities remains high, even though the investment decisions during the year, and which were therefore removed from the portfolio, were very substantial. This relative portfolio stability was attributable to the entry of new projects, some of which were of considerable size, mostly located in developing economies. Project reviews increased compared to 2011.

As at December 31, 2012, 64% of projects in the portfolio were located in developing economies, very similar to previous year. In advanced economies, there were renewals and also the commissioning of new facilities in the world's most competitive industrial basins (Northern Europe, United States, etc.).

Projects are spread out over the Group's four geographical areas, but the percentage in the Americas and the Middle East and Africa is increasing. The percentage of projects in China decreased slightly but was offset by the rest of Asia. In Europe, projects are evenly spread between Western Europe and Central and Eastern Europe.

The outsourcing of industrial gas production continued, both in advanced economies when replacing old plants, and in developing economies for new facilities. The 12-month portfolio of opportunities includes 12 planned site takeovers, currently operated by the clients themselves.

The majority of the portfolio concerns Large Industries, since Industrial Merchant, Healthcare and Electronics projects frequently amount to less than 5 million euros. The percentage of Large Industries projects relating to metals was stable, while Chemicals sector projects declined. Energy-related projects have increased significantly and tend to be individually much larger. They generally take longer to negotiate and therefore remain longer in the portfolio. The weight of Industrial Merchant, Electronics and Healthcare projects remained close to that of the previous year.

INVESTMENT DECISIONS

The Investment decision process is at the heart of the Group's growth strategy and covers:

- internal and external growth projects;
- equipment renewals;
- investments contributing to efficiency and reliability;
- industrial safety improvement.

Strict discipline drives investment decisions, as they commit the Group over the long term. A dedicated process is in place to ensure that selected projects comply with the Group's rules and sustain long-term growth with a required minimum return on capital employed of between 12% and 13%.

The return on capital employed (ROCE) for a major Large Industries long-term contract will change over the term of the contract. It is lower in the first four to five years, due to the ramp-up in client demand, compared to a straight-line depreciation over time. Return on capital employed increases rapidly thereafter. The Group's ROCE is calculated using net profit, after taxes, depreciation, amortization and impairment.

Investment decisions

(in billions of euros)	Industrial investment decisions	Financial investment decisions (acquisitions)	Total investment decisions
2008	2.2	0.2	2.4
2009	1.0	0.1	1.1
2010	1.8	0.4	2.2
2011	1.9	0.1	2.0
2012	**2.0**	**0.9**	**2.9**

In 2012, industrial and financial investment decisions, representing Group commitments to invest, rose by + 45% amounting to a particularly high level of 2.9 billion euros and were staggered over the four quarters of the year. They include the still significant level of industrial investments of 2.0 billion euros and almost 1 billion euros of acquisitions.

Large Industries, Industrial Merchant and Healthcare each represent around 30% of investment decisions. Industrial investments in developing economies account for 28% of total decisions, industrial investments in advanced economies for 42% and acquisitions for 30%.

- **Industrial investment decisions** were spread throughout the year. The percentage of decisions regarding investments located in developing economies declined compared to 2011. This change was due to several important projects won in Germany and the Netherlands. In developing economies, the most significant projects were located in Poland, Ukraine, China and Brazil.

In geographical terms, industrial decisions were spread across all regions. This year, Europe represented 50% of decisions: new facilities for chemicals in Germany and the Netherlands and for the treatment of metals in Poland, contract renewals and CO_2 capture in France and a site takeover in Ukraine. The percentage for the Americas increased this year and reached the same level as Asia. Among the developing economies, China, Brazil and Poland are the leading countries in terms of 2012 decisions.

In Large Industries, decisions were balanced between air gas and hydrogen units. In Industrial Merchant and Electronics, decisions mainly concerned *on-site* (customer sites) and carrier gas production units.

- **Financial investment decisions** amounted to more than 887 million euros in 2012 and include two major acquisitions in Home Healthcare in France and Spain for a total of 646 million euros. The remaining amount involves more modest Home Healthcare acquisitions in Canada, Poland, Brazil and South Korea, and acquisitions of local Industrial Merchant players in the United Kingdom, Russia, the United States and Canada. The contribution of all acquisitions, less the impact of disposals, including those of insignificant scope, to Gas and Services sales was around + 1% during the year.

With three consecutive years amounting to more than 2 billion euros, investment decisions are in line with the Group's medium-term objectives and will guarantee part of its future growth. The investment portfolio stability and the substantial level of decisions together illustrate the dynamism of the industrial gas investment cycle and customers confidence in the medium-term.

CAPITAL EXPENDITURE

In 2012, gross capital expenditure totaled 2,898 million euros, including minority interest transactions. This amount comprised several acquisitions totaling 890 million euros, including two of significant scope in Healthcare and several reasonably-sized acquisitions in Healthcare and Industrial Merchant, as well as a site takeover in Ukraine.

Asset disposals amounting to 49 million euros concerned non-strategic activities, and particularly two minor subsidiaries in Oceania.

Net capital expenditure therefore totaled 2,847 million euros. Gas and Services gross capital expenditure represented 20.3% of sales, compared to 14.2% in 2011.

START-UPS

In 2012, 17 units were commissioned, evenly split between advanced and developing economies. Many of the start-ups were air gas production units for the steel industry, in China, Russia and Egypt. There were also four Industrial Merchant start-ups: in Canada and the United States to supply the oil exploration services sector, in Sweden to extend Air Liquide's coverage and in Portugal to optimize logistics.

Certain start-ups initially scheduled for 2012 were postponed for periods ranging from one month to a few quarters. The reasons for these delays were mainly technical setbacks relating to customer unit start-ups. There should be more start-ups in 2013 and 2014: 50 are expected for this period.

Financing Strategy

The Group's financing strategy is regularly reviewed to provide support to the Group's growth strategy and take into account changes in financial market conditions, while respecting a gearing ratio in line with a Standard & Poor's long term "A" rating (positive outlook since May 8, 2012).

In 2012, the existing prudential principles were maintained:

- diversifying funding sources and debt maturities in order to minimize refinancing risk;
- backing commercial paper issues with confirmed lines of credit;
- hedging interest rate risk to ensure visibility of funding costs, in line with long-term investment decisions;
- funding of investments in the currency of the operating cash flows generated, to ensure a natural foreign exchange hedge;
- centralizing excess cash through Air Liquide Finance, a wholly owned entity of L'Air Liquide S.A.

DIVERSIFYING FUNDING SOURCES

Air Liquide diversifies its funding sources by accessing various debt markets: commercial paper, bonds and banks.

Air Liquide uses short-term commercial paper market, in France through two French Commercial Paper programs of up to an outstanding maximum of 3 billion euros, and in the United States through a US Commercial Paper program (USCP) of up to an outstanding maximum of 1.5 billion US dollars.

Air Liquide also has a Euro Medium Term Note (EMTN) program to issue long-term bonds of up to an outstanding maximum amount of 6 billion euros. At the end of 2012, outstanding bonds issued under this program amounted to 3.9 billion euros (nominal amount).

In 2012, the Group conducted several bond issues in US dollars, yen and euros under its EMTN program for an amount equivalent to 770.4 million euros (nominal amount), in order to finance its acquisitions and investments.

Air Liquide Finance carried out a US private placement in September 2012 for 700 million US dollars, to renew the US private placement issued in 2004, for which the last tranche matured in August 2012.

As of December 31, 2012, funding through capital markets still accounts for more than two thirds of the Group's gross debt, for an amount of bonds outstanding of 4.8 billion euros (nominal amount).

The Group also obtains funding through bank debt (loans and lines of credit).

To avoid liquidity risk relating to the renewal of funding at maturity, and in accordance with the Group's internal policy, the Group aims to limit its short-term debt maturities to 2.1 billion euros, an amount which is covered by committed credit lines.

These credit lines include a 1 billion euro 5-year syndicated credit facility (with two one-year extension options) with the Group's core banks, renewed in advance in November 2011 to replace a syndicated credit facility that matured in July 2012. On October 12, 2012, the participating banks renewed their first extension option, extending the initial maturity by an additional year.

Net indebtedness by currency

	2011	2012
EUR (euro)	22%	35%
USD (US dollar)	30%	27%
JPY (Japanese yen)	23%	16%
CNY (Chinese renminbi)	12%	12%
Other	13%	10%
TOTAL	**100%**	**100%**

Investments are essentially funded in the currency in which the cash flows are generated, thus creating a natural foreign exchange hedge. Air Liquide's debt is thus mainly in the euro, US dollar, Japanese yen and Chinese renminbi, which reflects the significant weight of these currencies in the Group's investments and cash flow.

The share of the Group net indebtedness denominated in euros increased because of the two significant home healthcare acquisitions in Europe.

In 2011, Air Liquide was the first French corporate to issue renminbi-denominated bonds for a record total amount of 2.6 billion renminbis (or 316.3 million euros equivalent) with 5 and 7-year maturities. In 2012, Air Liquide continued to innovate in the bond markets, and became the first corporate to issue a Socially Responsible Investment-labeled bond, for a total amount of 500 million euros and a coupon of 2.125% with a 9-year maturity. This bond was used to refinance the Home Healthcare acquisitions of LVL Médical and Gasmedi. The attribution of a rating of the Group's Home Healthcare segment from the extra-financial rating agency Vigeo provided qualification as a Socially Responsible Investment (SRI). More than 60% of this bond was placed with investors holding SRI mandates.

CENTRALIZATION OF FUNDING AND EXCESS CASH

To benefit from economies of scale and facilitate capital markets funding (bonds and commercial paper), the Group uses a dedicated subsidiary, Air Liquide Finance. This subsidiary centralizes the Group's funding activities, particularly in Europe, North America, Japan and China. It also hedges foreign exchange and interest rate risk for the Group's subsidiaries in those countries where it is permissible under law.

As of December 31, 2012, Air Liquide Finance had granted, directly or indirectly, the equivalent of 6.3 billion euros in loans and received 3.3 billion euros in cash surpluses as deposits. These transactions were denominated in 19 currencies (primarily the euro, US dollar, Japanese yen, Chinese renminbi, British pound sterling, Swiss franc, Singapore dollar and Brazilian real) and extended to approximately 200 subsidiaries.

The matching positions per currency within Air Liquide Finance, resulting from the currency hedging of intra-group loans and borrowings, ensure that these intra-group funding operations do not generate foreign exchange risk for the Group.

Furthermore, in certain specific cases (e.g.: regulatory constraints, high country risk, partnerships), the Group limits its risk by setting up independent funding for these subsidiaries in the local banking market, and by using credit-risk insurance.

DEBT MATURITY AND SCHEDULE

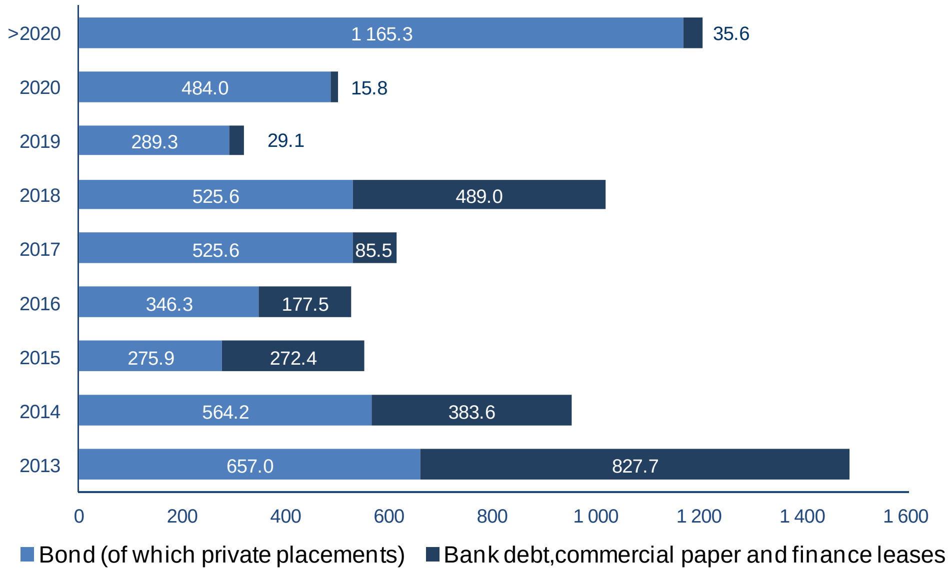
To minimize the refinancing risk related to debt repayment schedules, the Group diversifies funding sources and spreads maturities over several years. This refinancing risk is also reduced by the regularity of the cash flow generated from the Group operations.

The 2012 bond issues (including the US private placement) have helped to continue to extend the average maturity of the Group's debt, which is now 5.1 years (compared to 4.6 years at the end of 2011 and 4.4 years at the end of 2010).

The following chart represents the debt maturity schedule. The single largest annual maturity represents approximately 20% of gross debt.

Debt maturity schedule

(in millions of euros)



Commercial paper is reclassified under the maturities of the credit facilities serving as guarantees.

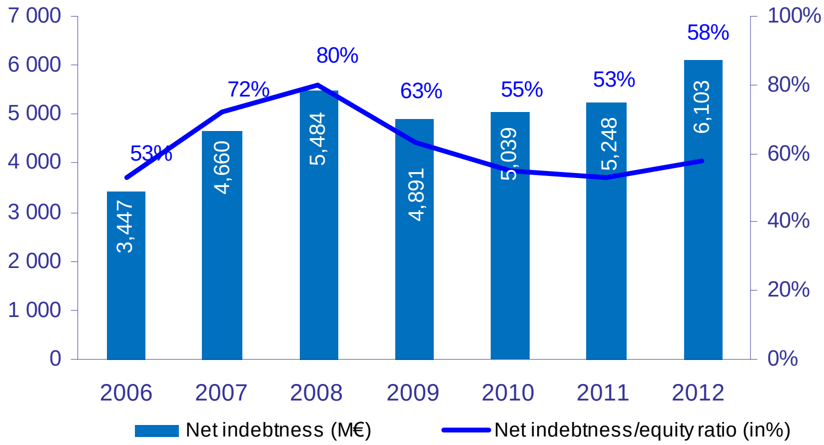
CHANGE IN NET INDEBTEDNESS

Net indebtedness stood at 6,103 million euros as of December 31, 2012, compared to 5,248 million euros as of December 31, 2011, an increase of 855 million euros.

This increase primarily reflects the financing of acquisitions, particularly in France and Spain, partially offset by the positive impact of foreign currency fluctuations. The Group's 2012 capital expenditure and the dividends paid to shareholders were funded from the cash flows generated by the Group's commercial activities.

Net indebtedness as of December 31

(in millions of euros)



The net indebtedness to equity ratio stood at 58% at the end of 2012 (compared to 53% at the end of 2011). The higher level is the result of a significant increase in 2012 industrial investments and acquisitions. The equivalent ratio calculated using the US method of net indebtedness / (net indebtedness + shareholder's equity), reached 37% at the end of 2012, compared to 35% at the end of 2011. The financial expenses coverage ratio (operating income recurring + share of profit of associates)/net finance costs stood at 10.3 in 2012 compared to 10.5 in 2011.

The average cost of net indebtedness stood at 4.6% in 2012, a slight decrease compared to 2011 (4.8%). Cost of net indebtedness is calculated by dividing net finance costs for the fiscal year (274.1 million euros in 2012, excluding capitalized interest) by the year's average outstanding net indebtedness.

The average cost of gross indebtedness also declined in 2012.

The reduction in the average cost of net indebtedness arises primarily from lower interest rates on the portion of the variable debt and significantly lower fixed rates on the new bond issues compared to those that matured in 2012.

BANK GUARANTEES

In connection with its Engineering and Construction activity, the subsidiaries of the Group sometimes grant bank guarantees to customers, during tendering period (bid bond), and after contract award, during contract execution until the end of the warranty period (advance payment bond, retention bond, performance bond, warranty bond).The most common bank guarantees extended to clients to secure the contractual performance are advance payment guarantees and performance guarantees.

The projects for which these guarantees are granted are regularly reviewed by Management and, accordingly, when guarantee calls become probable, the necessary provisions are recorded in the Consolidated financial statements.

CREDIT RATINGS

The Air Liquide long-term credit rating from Standard & Poor's has remained unchanged at "A" since 2007, with a positive outlook issued on May 8, 2012.

The short-term credit ratings of "A-1" from Standard & Poor's and "P-1" from Moody's have remained unchanged for 10 years.

The main indicators analyzed by the rating agencies are net debt to equity and the ratio of cash flow from operations before change in working capital to net debt, adjusted primarily for pension liabilities.

OUTLOOK

In the context of the global economic slowdown in 2012, the Group's performance is solid. Its extensive geographic presence, the initiatives in new markets and targeted acquisitions allow it to show further growth in activity and operating results.

In 2012, the total amount of investment decisions rose to 2.9 billion euros, the highest level since 2007. The increase in the Engineering & Construction order intake, the high level of our 12-month portfolio of investment opportunities and the scheduled commissioning of 50 plants in the next two years confirm customer confidence in the medium-term.

The Group continues to strengthen its competitiveness and innovation to ensure profitable growth over the long-term, based upon a sustained investment program and upon efficiencies for which the 2011 -2015 objective is increased +30% to 1.3 billion euros.

In the short term, the Group is actively working on controlling costs, streamlining its internal processes and adapting its organization. Accordingly, during 2013, an organization founded on a base in Paris and three principal hubs in Houston, Frankfurt and Shanghai will gradually take shape, in order to optimize the Group's resources and be more agile in responding to market trends.

Barring a degradation of the environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2013.

Appendices

4th quarter 2012 revenue

By geography

Revenues *In millions of euros*	**Q4 2011 revised[a]**	**Q4 2012**	**Published Change**	**Comparable change [b]**
Europe	1,720	1,827	+6.2%	+2.3%
Americas	722	797	+10.3%	+7.6%
Asia-Pacific	787	868	+10.4%	+6.2%
Middle-East and Africa	84	93	+11.1%	+11.2%
Gas and Services Revenues	**3,313**	**3,585**	**+8.2%**	**+4.6%**
Engineering & Construction	258	252	-1.9%	-2.6%
Other Activities	174	153	-12.1%	-12.1%
Group revenue	**3,745**	**3,990**	**+6.6%**	**+3.3%**

By World business line

Revenues *In millions of euros*	**Q4 2011 revised[a]**	**Q4 2012**	**Published Change**	**Comparable change [a]**
Large industries	1,256	1,307	+4.1%	+2.2%
Industrial Merchant	1,174	1,296	+10.4%	+7.7%
Electronics	291	304	+4.6%	+1.7%
Healthcare	592	678	+14.3%	+5.0%
Gas and Services Revenues	**3,313**	**3,585**	**+8.2%**	**+4.6%**

(a) Restated for the integration of Seppic into the G&S activity.

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

Segment information

	2011[a]			2012		
	Revenue	Operating income recurring	OIR margin	Revenue	Operating income recurring	OIR margin
Europe	6,810.3	1,278.0	18.8%	7,025.5	1,285.1	18.3%
Americas	2,859.0	627.8	22.0%	3,108.2	744.6	24.0%
Asia-Pacific	3,083.2	501.8	16.3%	3,415.6	515.6	15.1%
Middle-East and Africa	311.5	64.9	20.8%	362.7	76.8	21.2%
Gas and Services	**13,064.0**	**2,472.5**	**18.9%**	**13,912.0**	**2,622.1**	**18.8%**
Engineering & Construction	705.1	74.7	10.6%	784.6	78.7	10.0%
Other activities	687.8	55.2	8.0%	629.7	36.7	5.8%
Reconciliation	-	(193.7)	-	-	-177.0	-
Total Group	**14,456.9**	**2,408.7**	**16.7%**	**15,326.3**	**2,560.5**	**16.7%**

(a) Restated for the integration of Seppic into the G&S activity.

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.

Impacts for 4th quarter 2012

(in millions of euros)	*Group*	*Gas et Services*
Revenue Q4 2012	3,991	3,585
Change Q4 2012/ Q4 2011 published (%)	+6.6%	+8.2%
Currency impact	+63	+61
Natural gas impact	+4	+4
Significant scope impact	+54	+54
Comparable change	+125	+153
Change Q4 2012/ Q4 2011 comparable [a] **(%)**	+3.3%	+4.6%

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

For the Group, the currency impact is +1.7%, the natural gas impact is +0.1% and significant scope impact is +1.5%.

For Gas and Services, the currency impact is +1.8%, the natural gas impact is +0.2% and significant scope impact is +1.6%.

Explanation of the natural gas impact

Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration units. All Large Industries hydrogen and cogeneration contracts have clauses indexing sales to the price of natural gas. Hence, when the price of natural gas varies, the price of hydrogen or steam for the customer is automatically adjusted proportionately, according to the index.

When the price of natural gas increases, revenue and costs rise by the same euro amount, without significantly impacting Operating income recurring. This mechanism has a negative effect on the operating margin.

Conversely, when the price of natural gas decreases, revenue and costs decrease and operating income recurring is maintained, which has a positive effect on the operating margin.

In both cases, natural gas price fluctuations do not change the intrinsic profitability of the activity.

In 2012, considering the minimal fluctuations in the average price of natural gas, Gas and Services operating margins were not impacted. Nevertheless, at the regional level, the decline in prices in North America led to a decrease in revenue and automatically increased the operating margin. Conversely, in the rest of the world, the rise in the price of natural gas slightly increased revenue therefore leading to a decrease in operating margin.

Consolidated income statement

In millions of euros	2011	2012	Change 12/11
Revenue	14,456.9	15,326.3	6.0%
Other income	139.3	134.5	
Purchases	(5,761.6)	(6,098.6)	
Personnel expenses	(2,481.5)	(2,666.7)	
Other expenses	(2,789.5)	(2,903.2)	
Operating income recurring before depreciation and amortization	3,563.6	3,792.3	6.4%
Depreciation and amortization expense	(1,154.9)	(1,231.8)	6.7%
Operating income recurring	2,408.7	2,560.5	6.3%
Other non-recurring operating income	123.1	13.4	
Other non-recurring operating expenses	(95.3)	(40.5)	
Operating income	2,436.5	2,533.4	4.0%
Net finance costs	(235.5)	(248.1)	5.4%
Other financial income	68.7	69.2	
Other financial expenses	(131.4)	(133.0)	
Income taxes	(576.4)	(566.0)	
Share of profit of associates	32.8	20.0	
Profit for the period	1,594.7	1,675.5	5.1%
• Minority interests	59.8	66.1	
• Net profit (Group share)	1,534.9	1,609.4	4.9 %
Basic earnings per share *(in euros)*	4.93[a]	5.17	4.9%

(a) Adjusted for free share attribution in May 2012

Consolidated balance sheet

In millions of euros	As at December 31 **2011**	As at December 31 **2012**
ASSETS		
Goodwill	4,558.5	5,132.7
Other intangible assets	638.2	726.5
Property, plant and equipment	12,096.9	12,784.7
Non-current assets	17,293.6	18,643.9
Non-current financial assets	398.3	435.8
Investments in associates	211.1	221.7
Deferred tax assets	290.3	365.5
Fair value of non-current derivatives (assets)	63.6	53.8
Other non-current assets	963.3	1,076.8
TOTAL NON-CURRENT ASSETS	18,256.9	19,720.7
Inventories and work-in-progress	784.1	775.8
Trade receivables	2,779.3	2,826.5
Other current assets	444.8	422.3
Current tax assets	52.0	71.3
Fair value of current derivatives (assets)	45.2	33.2
Cash and cash equivalents	1,761.1	1,154.2
TOTAL CURRENT ASSETS	5,866.5	5,283.3
TOTAL ASSETS	24,123.4	25,004.0
EQUITY AND LIABILITIES		
Shareholders' equity	9,758.6	10,211.7
Minority interests	237.1	232.6
TOTAL EQUITY	9,995.7	10,444.3
Provisions, pensions and other employee benefits	1,897.0	2,216.1
Deferred tax liabilities	1,204.9	1,134.8
Non-current borrowings	5,662.5	5,789.0
Other non-current liabilities	190.4	195.6
Fair value of non-current derivatives (liabilities)	126.1	85.1
TOTAL NON-CURRENT LIABILITIES	9,080.9	9,420.6
Provisions, pensions and other employee benefits	190.6	243.2
Trade payables	1,992.5	1,896.1
Other current liabilities	1,244.4	1,325.6
Current tax payables	162.3	176.6
Current borrowings	1,373.5	1,484.7
Fair value of current derivatives (liabilities)	83.5	12.9
TOTAL CURRENT LIABILITIES	5,046.8	5,139.1
TOTAL EQUITY AND LIABILITIES	24,123.4	25,004.0

Consolidated cash flows statement

For the year ending 31/12 *In millions of euros*	2011	2012
Operating activities		
Net profit (Group share)	**1,534.9**	**1,609.4**
Minority interests	**59.8**	**66.1**
Adjustments :		
• Depreciation and amortization	1,154.9	1,231.8
• Change in deferred taxes	99.6	52.0
• Increase (decrease) in provisions	5.1	(19.7)
• Share of profit of associates (less dividends received)	(17.9)	(6.1)
• Profit/loss on disposal of assets	(108.3)	(20.9)
Cash flow from operating activities before changes in working capital	**2,728.1**	**2,912.6**
Changes in working capital	(192.8)	(67.3)
Other	(109.5)	(136.8)
Net cash flows from operating activities	**2,425.8**	**2,708.5**
Investing activities		
Purchase of property, plant and equipment and intangible assets	(1,755.0)	(2,007.9)
Acquisition of subsidiaries and financial assets	(99.5)	(879.4)
Proceeds from sale of property, plant and equipment and intangible assets	180.9	49.1
Proceeds from sale of financial assets	1.3	1.2
Net cash flow used in investing activities	**(1,672.3)**	**(2,837.0)**
Financing activities		
Dividends paid		
• L'Air Liquide S.A.	(679.2)	(722.6)
• Minority interests	(42.2)	(58.0)
Proceeds from issues of share capital	51.5	37.3
Purchase of treasury shares	(93.8)	(104.2)
Increase (decrease) in borrowings	237.2	373.5
Transactions with minority shareholders	(3.3)	(10.5)
Net cash flows from (used in) financing activities	**(529.8)**	**(484.5)**
Effect of exchange rate changes and change in scope of consolidation	6.5	(12.9)
Net increase (decrease) in net cash and cash equivalent	**230.2**	**(625.9)**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,482.2**	**1,712.4**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,712.4**	**1,086.5**

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

In millions of euros	2011	2012
Cash and cash equivalents	1,761.1	1,154.2
Bank overdraft (included in current borrowings)	(48.7)	(67.7)
Net cash and cash equivalents	**1,712.4**	**1,086.5**

Net indebtedness calculation

In millions of euros	2011	2012
Non-current borrowings (long-term debt)	(5,662.5)	(5,789.0)
Current borrowing (short-term debt)	(1,373.5)	(1,484.7)
TOTAL GROSS INDEBTEDNESS	**(7,036.0)**	**(7,273.7)**
Cash and cash equivalents	1,761.1	1,154.2
Derivative instruments (assets) – fair value hedge of borrowings	26.8	17.0
Derivative instruments (liabilities) – fair value hedge of borrowings	0	0
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(5,248.1)**	**(6,102.5)**

Statement of changes in net indebtedness

In millions of euros	2011	2012
Net indebtedness at the beginning of the period	**(5,039.3)**	**(5,248.1)**
Net cash flows from operating activities	2,425.8	2,708.5
Net cash flows used in investing activities	(1,672.3)	(2,837.0)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(767.0)	(858.0)
Total net cash flow	**(13.5)**	**(986.3)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others	(195.3)	132.1
Change in net indebtedness	(208.8)	(854.4)
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(5,248.1)**	**(6,102.5)**

Reallocation of Specialty ingredients within Healthcare business line - 2011

Revenue 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

Revenue 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