PRESS RELEASE

Paris, July 31, 2014

First half 2014:

Activity progressing and performance in line with full year outlook

2014 objective maintained

H1 2014 key figures

- **Group revenue: 7,506 million euros** — *+4.8%**
- **Operating margin on the rise at 16.7%** — *+10bps*
- **Net profit (Group share): 755 million euros** — *+5.0%***

Highlights

- **New contracts in growing markets**: air gases for OCI in the United States (methanol) and for ThyssenKrupp Steel Europe in the Rhine-Ruhr area, ultra-pure vector gases for CEC-Panda in China (flat panel displays).
- **Continued acquisitions**: in Healthcare with SEPRODOM (France) and in Industrial Merchant with Scientific and Technical Gases Ltd., United Kingdom supplier of specialty and calibration gases.
- **Innovation and technological development**: supply of cryogenic equipment for the ITER scientific project, hydrogen filling stations for electric vehicles in Denmark, investments in France to accelerate innovation.

**variation H1 2014/H1 2013 on a comparable basis : excluding currency, natural gas and significant scope impacts (Anios)*
***excluding currency and Anios disposal impacts*

Commenting on the first six months of 2014, **Benoît Potier, Air Liquide Chairman and CEO**, stated:

"The Group's performance during the first half was solid and in line with our outlook for the year. This performance benefited from regional sources of growth – the Americas, Asia-Pacific and more globally the developing economies –, as well as from the pick-up in Electronics and the contribution from new unit start-ups. While the pace of activity in Southern Europe remains modest, it is stabilizing. Published results for the period were impacted by an unfavorable currency translation effect.

The increase in profit reflects our ability to control our costs and consistently generate substantial efficiencies, which contribute to the regular improvement in our operating margin. The Group thus continues to align itself to the market trends to prepare for its growth over the medium term.

The investment decisions during the first half of the year reflect the Group's greater selectivity in its projects. The investment backlog amounts to € 2.6 billion. As with the Group-led innovation and technologies initiatives, it will contribute to growth in the next few years.

In this context, and barring a degradation of the environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2014."

1st half 2014 Group revenue was **€ 7,506 million**, an increase versus 1st half 2013 of **+4.8%** on a comparable basis, and down slightly (-0.7%) on a reported basis. Similarly, **Gas & Services** sales, which amounted to **€ 6,807 million**, grew **+4.7%** in first half 2014 on a comparable basis and fell slightly (-1.1%) as published. The currency impact, which has no impact on the business, continues to be unfavorable (-4.2% at the Group level for the semester).

On a comparable basis, **Gas & Services sales in developing economies** rose by **+13.9%** for first half 2014 and **all Gas & Services activities posted growth**. **Large Industries**, up **+4.8%**, benefited from the start-up of new production units, as well as from higher demand for hydrogen in the United States for the refining sector, the development of the chemical sector in the industrial basins of Antwerp and Rotterdam, and from sustained demand for air gases in both China and the United States. The resilience of **Industrial Merchant**, up **+3.5%**, is illustrated in particular by the higher volumes in developing economies, especially China, the pursuit of a demand-side recovery in Japan (sales on a comparable basis up **+9.6%**), and the rise in helium and specialty gases sales. First half 2014 was also marked by robust growth in **Electronics (+11.7%)**, driven by higher equipment and installation sales in the United States, the acquisition of Voltaix, and the success of the ALOHA™ advanced precursor range in the United States and in Asia. **Healthcare** was up **+3.9%**, benefiting from the dynamic home healthcare market, in spite of persistent downward pressure on tariffs in Europe, as well as from its expansion in developing economies and the **+12.8%** increase in hygiene sales posted by Schülke.

Engineering and Technology sales increased **+13.7%** on a comparable basis, while the level of new orders reflects the greater selectivity in both internal projects and those involving third-party customers.

The Group's **operating margin** improved slightly to **16.7%** (+10 basis points) thanks in particular to substantial **efficiency gains** totaling **€ 152 million**. Despite an increase in the tax rate, **net profit (Group share)** reached **€ 755 million**, an increase of **+5.0%** excluding currency and Anios disposal impacts, and of **+0.4%** on a reported basis. The Group's **net debt** of **€ 6,797 million**, is down slightly compared with June 2013, thanks in particular to greater control over the capital expenditure. The **return on capital employed (ROCE)** at **11%**, excluding the currency impact, will increase as current growth projects ramp up.

H1 2014 Performance

In millions of euros		*Published*	*Excluding currency, natural gas and Anios impact*
Group revenue	**7,506 M€**	*-0.7 %*	***+4.8 %***
including Gas & Services	6,807 M€	*-1.1 %*	***+4.7 %***
Operating income recurring	**1,254 M€**	*-0.2 %*	***+5.2 %***
Net profit (Group share)	**755 M€**	*+0.4 %*	***+5.0 %***
Net debt as of June 30, 2014	**6,797 M€**		

The Air Liquide **Board of Directors** met on July 30, 2014. The Board welcomed Mr. Philippe Dubrulle, appointed to serve on the Board as the representative of employees by the Group Works Council France. During this meeting, the Board of Directors reviewed the consolidated financial statements for the six months ended June 30, 2014.

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.

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UPCOMING EVENTS

3rd quarter revenue
October 24, 2014

Actionaria exhibition, Paris, France
November 21-22, 2014

2014 annual results
February 17, 2015

World leader in gases, technologies and services for Industry and Health, Air Liquide is present in 80 countries with more than 50,000 employees and serves more than 2 million customers and patients. Oxygen, nitrogen and hydrogen have been at the core of the company's activities since its creation in 1902. Air Liquide's ambition is to be the leader in its industry, delivering long-term performance and acting responsibly.

Air Liquide ideas create value over the long term. At the core of the company's development are the commitment and constant inventiveness of its people.

Air Liquide anticipates the challenges of its markets, invests locally and globally, and delivers high-quality solutions to its customers and patients, and the scientific community.

The company relies on competitiveness in its operations, targeted investments in growing markets and innovation to deliver profitable growth over the long-term.

Air Liquide's revenues amounted to € 15.2 billion in 2013, and its solutions that protect life and the environment represented around 40% of sales. 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.

H1 2014 Performance
Management report

H1 2014 PERFORMANCE

The confirmed improvement of the base business during first half 2014, enabled the Group to generate further net profit growth. Group revenue reached 7,506 million euros, up +4.8% compared to first half2013 on a comparable basis. Reported growth was -0.7% impacted by a significant foreign currency impact, which remains for a large part reversible. Progress in Gas & Services continued with sustained growth in the Americas and in the developing economies, in particular in China, confirmed recovery in Japan, which was up 6,4% excluding currency effect, as well as in the Electronics sector. Developing economies continued to show sustained momentum, up +14% on a comparable basis, while Advanced economies showed a more modest rise of +2%.

Greater efforts on costs and efficiency plans, which reached 152 million euros, contributed to increasing the operating margin by +10 basis points to 16.7% despite tariff weakness in Healthcare in Europe and an unfavourable mix in Large Industries. Net profit (Group share) rose to 755 million euros, a reported increase of +0.4%, or +3.8% excluding currency effect. For information, the Net profit (Group share) would have grown +5.0% excluding the currency effect and the impact of Anios divestiture.

Investment opportunities remained at a high level at 3.4 billion euros. Investment decisions reached 750 million euros, reflecting greater selectivity in the Group's investment process. The investment backlog remained stable at 2.6 billion euros and should generate over time fully ramped-up annual sales of 1.2 billion euros. Net cashflow from operating activities after changes in working capital, was affected by the outflow on the realignment plans, provisioned in 2013, and remained virtually unchanged excluding the currency impact.

H1 2014 key figures

(in millions of euros)	**H1 2013**	**H1 2014**	**2014/2013 published change**	**2014/2013 change excl. currency**	**2014/2013 comparable change [(a)]**
Total revenue	7,561	7,506	-0.7%	+3.5%	+4.8%
Of which Gas & Services	6,885	6,807	-1.1%	+3.3%	-
Operating income recurring	1,256	1,254	-0.2%	+3.7%	-
Operating income recurring as % of revenue	16.6%	16.7%	+10bps	-	-
Net profit (Group share)	752	755	+0.4%	+3.8%	-
Earnings per share (in euros)	2.20 [(b)]	2.20	=	=	-
Net cash flows from operating activities [(c)]	1,194	1,147	-4.0%	+0.1%	-
Net capital expenditure [(d)]	1,081	943		-	-
Net debt	6,837	6,797		-	-
Debt-to-equity ratio[(e)]	60%	57%		-	-
Return On Capital Employed – ROCE after tax[(f)]	11.0%	10.8%[(g)]	-	-	-

(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 natural gas price varies, the price of hydrogen or steam for the customer is automatically adjusted proportionally, according to the indexation.*

(b) *Adjusted for free share attribution on June 2, 2014.*

(c) *Cash flow from operating activities after change in working capital and other elements.*

(d) *Including transactions with minority shareholders.*

(e) *Adjusted to spread the dividend payment in H1 out over the full year.*

(f) *Return On Capital Employed after tax: (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 June 30, 2013 to June 30, 2014.*

(g) *Excluding the currency impact, the ROCE is 11.0%.*

H1 2014 highlights

During first half 2014, Air Liquide has pursued its development initiatives in growing markets and major industrial basins, both in Advanced and Developing economies. The Group has also reinforced its innovation initiatives in high potential sectors.

INDUSTRIAL ACTIVITY DEVELOPMENT

In first half 2014, Air Liquide pursued its development initiatives through selective industrial investments. Air Liquide has strengthened its positions in the major industrial basins in which it is present and reinforced its leadership in the growing Electronics industry in China.

- In the Rhein-Ruhr area, Air Liquide strengthened its positions by signing a major long-term supply contract with ThyssenKrupp Steel Europe AG. The industrial gases required, oxygen (4,600 tonnes per day), nitrogen and argon, will be supplied via Air Liquide's 500 kilometer local pipeline network. The pipeline is fed by Air Liquide air separation plants, including Germany's largest oxygen production plant with a capacity of 2,400 tonnes per day, started-up in 2012.
- In December 2013 and January 2014, Air Liquide strengthened its leadership position in growth markets with the start-up of eight large-scale production units around the world. Four of the units, based in China, are air separation units (ASUs), whose combined capacity is 10,000 tons per day, and have increased the Group's oxygen production capacity in that country by almost 50%.
- In Electronics in China, Air Liquide was awarded a major long-term contract with CEC Panda Flat Panel Display Technology (a joint venture of CEC Panda and Sharp LCD) to supply ultra-pure carrier gases to their first fab that will manufacture Oxide-TFT screens in Nanjing Crystal Park (Jiangsu). These new screens are used in mobile devices and TV sets on generation 8.5 size glass substrates. Air Liquide will invest around 25 million euros.
- In South Korea, Air Liquide sold its 40% interest in Daesung Industrial Gases in order to focus on the strategic development of its wholly owned subsidiary Air Liquide Korea.
- In Industrial Merchant, Air Liquide continued to develop its nitrogen production capacity in the United States to meet growing demand, particularly from the boom in oil and gas exploration activity in the northern part of the country. The new Tioga plant in North Dakota started up in the first quarter and will supply nitrogen to the surrounding states. At the same time, Air Liquide updated its bulk distribution fleet in the U.S. (with 145 new trucks) to maintain driver safety and supply reliability.
- The ITER project, through its European organization Fusion for Energy (F4E), has signed a new contract with Air Liquide for the supply of a second set of additional cryogenic equipment for a total amount of around 65 million euros. This follows a major contract, signed in 2012, for the supply of three helium refrigerators with record combined cooling capacity.

NEW INNOVATION INITIATIVES

- In first half 2014, Air Liquide committed to new investments to strengthen the Group's innovation capacities with:
  - The modernization of its Research and Development Center at Paris-Saclay, the Group's main global research center;
  - The creation of a center for the development of gas cylinder for Industry and Healthcare at the Paris-Saclay site;
  - The launch of a technical center of excellence for cryogenic production technologies in Vitry-sur-Seine, near Paris.

  These initiatives represent a total investment of nearly 100 million euros.
- Air Liquide is continuing to deploy TAKEO™, the first medical oxygen cylinder with a digital interface, which facilitates the work of hospital staff and ambulance attendants. Thanks to its electronic information system, TAKEO™ allows the user to visualize the remaining consumption time until oxygen runs out, emitting a warning

sound when oxygen is low, and thereby improving patient safety. TAKEO™ is already in use in 15 countries and will be rolled out over the next two years, with around 100,000 cylinders being made available.

- Air Liquide pursued the initiatives launched in 2013 to promote open innovation: i-Lab, Air Liquide's new ideas laboratory, and ALIAD, the Group's capital investment subsidiary that takes minority stakes in innovative technology start-ups.

  During first half 2014, ALIAD made equity investments in three technology start-ups.

  - The French company McPhy Energy designs hydrogen generators based on water electrolysis and hydrogen storage in solid magnesium hydride to address the problem of storing renewable energy.
  - The French innovative start-up Solumix has developed a new insulating construction material, made from natural raw materials.
  - Based in Belgium, Xylowatt has developed a technology for producing clean syngas from solid biomass. Air Liquide will help develop this technology for use in oxygen-based processes.

- The Group also reinforced its investment in the field of hydrogen energy with the installation of four new hydrogen filling stations in Denmark, as part of the Copenhagen Hydrogen Network supported by the European Commission. These four stations will join two stations already in service and are a significant step towards the creation of a distribution network at national level. These stations will be equipped with an electrolyser, allowing them to produce Blue Hydrogen, a totally decarbonated hydrogen.

REFINANCING AT ATTRACTIVE RATES

Air Liquide issued bonds in first half 2014 for a total amount of 750 million euros, to refinance the bonds reaching maturity and fund the development while benefiting from very attractive market conditions. The three bond issues cover maturities between 10 and 15 years. The major issue was made under the EMTN program for an amount of 500 million euros with a 10-year maturity and a coupon of 1.875% p.a.

H1 2014 Income Statement

REVENUE

Revenue *(in millions of euros)*	**H1 2013**	**H1 2014**	**2014/2013 change**	**2014/2013 change excl. FX & nat. gas**	**2014/2013 comparable change [(a)]**
Gas & Services	6,885	6,807	-1.1%	+3.3%	+4.7%
Engineering & Technology	372	405	+9.0%	+13.7%	+13.7%
Other activities	304	294	-3.7%	-2.7%	-2.7%
TOTAL REVENUE	**7,561**	**7,506**	**-0.7%**	**+3.6%**	**+4.8%**

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

Group

Group revenue for first half 2014 reached **7,506 million euros**, down 0.7% compared with first half 2013, and was penalized by a negative currency impact of -4.2%, and a natural gas impact of -0.1%. **Excluding the impact of currency and the price of natural gas**, revenue increased +3.6% compared with first half 2013. On a comparable basis, excluding the impact of the disposal of Anios, first half revenue increased +4.8%.

Following a first quarter that had benefited from favourable previous-year period comparative base, comparable sales growth continued during the second quarter.

Revenue by quarter *(in millions of euros)*	**Q1 2014**	**Q2 2014**
Gas & Services	3,416	3,391
Engineering & Technology	175	230
Other activities	143	151
TOTAL REVENUE	**3,734**	**3,772**
2014/2013 published change	**+1.0%**	**-2.4%**
2014/2013 change excl. currency & nat. gas	**+4.9%**	**+2.4%**
2014/2013 comparable change [(a)]	**+6.2%**	**+3.6%**

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

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 customers through price indexation clauses.

(in millions of euros)	**Group**	**Gas & Services**
H1 2014 revenue	**7,506**	**6,807**
2014/2013 published change (in %)	-0.7%	-1.1%
Currency impact	-324	-303
Natural gas impact	-5	-5
Significant scope impact	-94	-94
2014/2013 change excl. currency and natural. gas (in %)	**+3.6%**	**+3.3%**
2014/2013 comparable change [(a)] (in %)	**+4.8%**	**+4.7%**

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

Gas & Services

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

Gas and Services revenue amounted to **6,807 million euros,** or a comparable growth rate of +4.7%, with growth in all the business lines and strong growth in the Americas and Asia. The impact of the disposal of the Anios businesses was -1.4%, while growth at constant exchange rates and natural gas prices was +3.3%. The overall impact of lower natural gas prices during the half-year was marginal and amounted to -0.1%. On a reported basis, revenue was down slightly at -1.1% compared with first half 2013, which was heavily penalized by a negative currency impact of -4.4%.

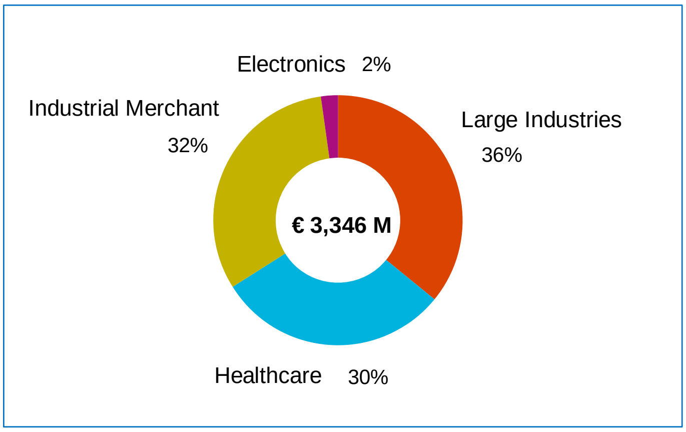
Revenue *(in millions of euros)*	**H1 2013**	**H1 2014**	**2014/2013 change**	**2014/2013 change excl. currency & nat. gas**	**2014/2013 comparable change [(a)]**
Europe	3,547	3,346	-5.6%	-3.6%	-1.0%
Americas	1,590	1,647	+3.6%	+10.0%	+10.0%
Asia-Pacific	1,562	1,637	+4.8%	+12.3%	+12.3%
Middle-East and Africa	186	177	-5.3%	+4.0%	+4.0%
GAS & SERVICES	**6,885**	**6,807**	**-1.1%**	**+3.3%**	**+4.7%**
Large Industries	2,461	2,493	+1.3%	+4.8%	+4.8%
Industrial Merchant	2,538	2,480	-2.3%	+3.5%	+3.5%
Healthcare	1,344	1,263	-6.0%	-3.0%	+3.9%
Electronics	542	571	+5.3%	+11.7%	+11.7%

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

Europe

Revenue in Europe amounted to 3,346 million euros, or a decrease of -1.0%. Excluding the impact of the disposal of cogeneration businesses in late 2013 and the decrease in the cost of electricity, activity in the region was up slightly. Oxygen volumes increased throughout the region, especially in Northern Europe, while demand for hydrogen remained strong, mainly on the Benelux pipeline network. The region is still benefiting from the momentum of developing economies, which increased + 5% due to the ramp-up of the units commissioned in 2013. The Healthcare business line grew +2.6%.

Europe Gas & Services H1 2014 revenue

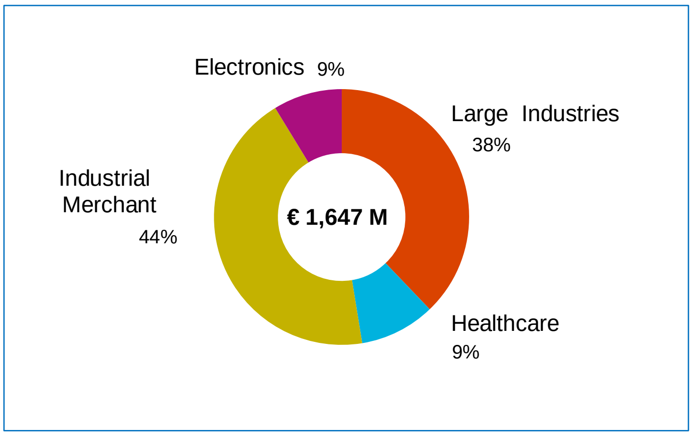


- **Large Industries** revenue was down **-3.6%.** Adjusted for the disposal of the cogeneration plants and the reduction in electricity prices, sales increased +1.0%. Hydrogen volumes were boosted by strong demand from the refining sector, while the improvement in demand from the metals sector continued, resulting in an increase in oxygen volumes. Large Industries business remained stable in Eastern Europe, following the ramp-up in 2013, and has been relatively immune to the events in Ukraine and Russia to date.
- **Industrial Merchant** sales registered a **- 1.1%** decline. Developing economies continued their steady growth following the commissioning of new capacity in 2013, including in Russia, where growth was over +15%, and Poland. Conversely, activity in the advanced economies was affected by an economic environment that remained difficult, especially in Southern Europe, although Northern Europe showed a slight improvement. Liquid volumes in the region were stable, while cylinder volumes declined in Southern Europe. Helium volumes increased sharply, and have almost doubled since first half 2013. Pricing was negligible in the first half, while inflation has also slowed.
- **Healthcare** continued its expansion with growth of +**2.6%**. Home Healthcare was up +3.6%, with no acquisition during first half2014, and helped by continued growth in demand and the ever increasing portfolio of therapies provided to patients. Pressure on tariffs continued, especially in Spain and France. In medical gases for hospitals, pressure on budgets affected gas volumes in France and Southern Europe. In prevention and wellbeing, the Specialty Ingredients business reported revenue growth of +4.3%, while the Schülke Hygiene business registered an increase of +12.8%. Pricing was down during the semester, slightly less than -2%.
- **Electronics** revenue was down **-4.6%,** affected by a sharp downturn in Equipment and Installation sales. Carrier gas sales were virtually stable, while specialty gas sales decreased due to the weak volumes in Europe and ongoing transfer of the business to Asia.

Americas

Gas & Services revenue in the Americas amounted to **1,647 million euros,** an increase of +**10.0%.** Industrial activity remained sustained in North America, with strong demand for hydrogen from the refining industry and for air gas from the chemicals industry. Growth in South America, at more than +15%, remained solid during the half-year with sustained industrial and health demand, boosted by developments in Argentina and Mexico.

Americas Gas & Services H1 2014 Revenue

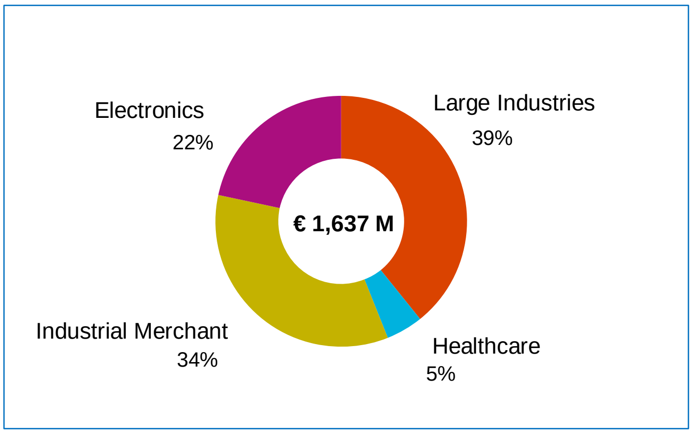


- **Large Industries** reported solid sales growth of +**8.7%.** The segment benefited from strong demand for air gas from the chemicals industry in the United States and from the start-up of units in Latin America, compensating falling volumes in the metals sector in Canada. Hydrogen volumes also grew sharply in the United States. Electricity and steam volumes registered a marked decrease due to some unit outages.
- **Industrial Merchant** activity was up +**6.1%,** boosted by an increase in sales, and by small bolt-on acquisitions in South America. Liquid volumes increased overall in the region, more significantly in South America and Canada. Cylinder volumes fell in South America and Canada, but were up significantly in the United States. Pricing campaigns continued throughout the period, resulting in average price increases of +3.9%.
- **Healthcare** revenue rose +**9.1%,** driven by the performance of Home Healthcare and hospital gases in Latin America (Argentina, Brazil). The growth in North America remained lower, and was primarily driven by Home Healthcare business in Canada, despite strong pressure on rates, and a fall in medical gas volumes in the United States.
- **Electronics** registered an increase of +**47.4%,** benefiting from strong growth in demand for molecules and advanced precursors, produced by Voltaix. Equipment and Installation sales were also up sharply, proof of the gradual recovery of the sector in the region. Carrier gases also continued to increase.

Asia-Pacific

Revenue in the Asia-Pacific region increased +**12.3%** to **1,637 million euros.** The sales growth continued in all countries in the region, with Japan and China being the main sources of this growth. Momentum was strong in all business lines, helped by a recovery in Electronics in Japan and a steady contribution from start-ups in China.

Asia-Pacific Gas & Services H1 2014 Revenue



- **Large Industries** sales increased +**21.1%,** driven by the ramp-up of the units in China that started up at the end of last year and in early 2014. Air gas and hydrogen volumes increased throughout the region.
- **Industrial Merchant** revenue increased +**8.9%** during the period. Japan posted growth of +9.6%, driven by an increase in bulk and cylinder volumes. The increase in VAT on 1 April 2014 did not have a material effect on growth. Developing economies activity was also up strongly, +13.5%, primarily in China, where all market segments registered growth. Pricing was down -0.1% during the period mainly due to a highly competitive environment in Australia. All other countries in the region achieved price increases.
- **Electronics** sales were up +5.2%. Japan confirmed a return to growth with a +2.1% increase in the first half, with sales rising +3.8% in the second quarter. In the second quarter, carrier gases registered growth of +7.2% (+6.0% in the first semester) in the region as a result of the start-up of new contracts in China and Taiwan, while sales of the Aloha range virtually doubled, boosted by the acquisition of Voltaix in September 2013.

Middle-East and Africa

Middle East and Africa revenue amounted to **177 million euros**, or an increase of +**4.0%**. The Africa region grew by +11%, while political unrest in the Middle East had a negative impact on volumes. Large Industries posted strong growth in South Africa due to the ramp-up of an Air Seperation Unit. Industrial Merchant demand held up well, both in bulk and cylinders, especially in Africa. The Healthcare business continued to expand.

Engineering & Technology

Engineering & Technology revenue amounted to **405 million euros**, an increase of +**13.7%** compared with first half 2013, reflecting progress in third-party projects.

Order intake amounted to 541 million euros in first half 2014, reflecting the Group's tight control on its investments and greater selectivity for third-party projects. The vast majority of projects concerned units for air gas production and natural gas transformation.

Total orders in hand remained stable at around 5 billion euros at the end of June 2014.

Other activities

Revenue *(in millions of euros)*	**H1 2013**	**H1 2014**	**2014/2013 change**	**2014/2013 change excl. currency & nat. gas**
Welding	208	193	-7.1%	-7.0%
Diving	97	101	+3.6%	+6.4%
TOTAL	**304**	**294**	**-3.7%**	**-2.7%**

The -2.7% fall in revenue of **Other Activities** over the first six months of the year is attributable to the weakness of the Welding business, especially in Western Europe, where it was down by -7%.

Diving (Aqua Lung) was up +6.4% during the first half, thanks to steady demand.

OPERATING INCOME RECURRING

Operating income recurring before depreciation and amortization amounted to 1,872 million euros, a slight reported fall of -0.2%, and was up +**3.7% excluding the currency impact,** demonstrating the Group's tight cost control. Amortization and depreciation amounted to 618 million euros, a moderate decrease of -0.4% (+3.6% excluding the currency impact), in line with the greater selectivity over the Group's investment activity.

Group Operating Income Recurring (OIR) amounted to **1,254 million euros** in first half 2014, a slight decrease of -0.2% compared with first half 2013, and was up +**5.2% excluding the impact of currency and the disposal of Anios**, demonstrating positive leverage on sales. Accordingly, the operating margin (OIR to revenue) **was up +10 basis points to 16.7%,** primarily due to a significant **level of efficiencies**.

Efficiencies amounted to **152 million euros** during the first six months of the year, ahead of the annual target of over 250 million euros. These efficiencies represent cost saving of 2.7% over the cost base, relative to 2.4% of the cost base in first half 2013. This efficiency stems from purchasing and also benefited from the beginning of the savings coming from realignment plans implemented in organizations where activity levels have been impacted by demand weakness in 2013, especially in Japan, Western Europe and Welding. The efficiencies generated by the realignment plans are in line with the estimated 2-year pay-back. In the industrial field, other projects designed to reduce energy consumption and optimize the logistics chain were continued.

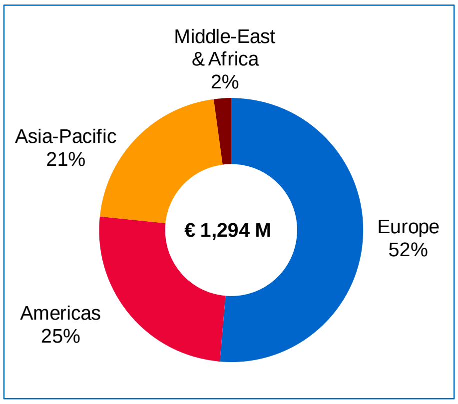
Gas & Services

Operating income recurring in the Gas & Services segment amounted to **1,294 million euros,** an increase of **+0.2%.** The reported margin (OIR-to-revenue) reached 19.0% compared with 18.7% in first half 2013. Excluding the impact of natural gas[a], the margin also improved by 30 basis points.

Cost inflation, excluding the impact of energy indexation, was +2.3% in the first half. Prices continued to increase +0.5% largely due to the continued efforts within Industrial Merchant (+1.3%), a small improvement in Electronics (+0.3%) and despite continued tariff pressure in Healthcare. Delivered efficiencies amounted to 143 million euros, some of which was absorbed in offsetting the difference between cost inflation and pricing. The remainder helped improve profit margins resulting in a retention rate of 41% during the semester.

Gas & Services H1 2014 Operating income recurring

Gas & Services Operating margin [(b)]	H1 2013	H1 2014
Europe	18.9%	19.9%
Americas	21.6%	19.9%
Asia-Pacific	15.6%	16.8%
Middle-East and Africa	18.4%	15.3%
TOTAL	**18.7%**	**19.0%**



(b) Operating income recurring/revenue.

Operating income recurring in **Europe** reached **665 million euros,** or a decrease of **-0.7%.** Excluding the impact of natural gas, the operating margin increased significantly by **+60 basis points**, driven by a high level of efficiencies. In Industrial Merchant, the margin was maintained at the same level as in first half 2013, despite continued low volumes in Southern Europe and negligible pricing in a context of lower cost inflation. The Large Industries margin improved sharply throughout the region notably due to the decline in electricity prices and to a mix effect relating to the disposal of cogeneration units. The Healthcare margin resisted well the pressure on tariffs.

Operating income recurring in the **Americas** amounted to **327 million euros**, down **-4.7%,** due to a significant currency impact (+5.3% on a constant currency basis). Excluding the impact of natural gas, the operating margin fell **-110 basis points** due to increased transportation costs in the United States, especially during the harsh winter weather, which were not fully passed on to customers.

Operating income recurring in the **Asia-Pacific** region of **275 million euros**, increased **+12.7%.** The operating margin, excluding the impact of natural gas, increased **+120 basis points** as a result of the recovery in Electronics, industrial efficiencies and the effects of the realignment plans launched in 2013 in Japan.

Operating income recurring in the **Middle East and Africa** region amounted to **27 million euros**, down **-21.2%,** due to lower volumes resulting from political unrest in the Middle East and a strong currency impact. The operating margin decreased **-310 basis points**, excluding the impact of natural gas.

Engineering & Technology

Operating income recurring for Engineering & Technology amounted to **28 million euros**. The operating margin was 6.9%, down from 8.9% in first half 2013, mainly due to startup delays on certain third-party projects. The margin remained within the target range of 5-10%.

Other activities

The Group's Other Activities, affected by the difficulties in Welding, reported operating income recurring of **16 million euros**, down **-5.7%,** while the operating margin was 5.6%, quasi stable compared with first half 2013.

[a] The explanation of the natural gas impact on margins can be found on page 37 of the 2013 Reference Document.

Research & Development and corporate costs

Research & Development and corporate costs including consolidation adjustments amounted to 84 million euros, reduced by **-1.1%,** reflecting tight control on corporate costs.

NET PROFIT

Other operating income and expenses was a net expense **of 6 million euros** compared with a net expense of 41 million euros in first half 2013. These charges primarily include 13 million euros relating to the realignment programs, mostly in Western Europe, which will continue during the second half.

Net financial costs, at 146 million euros, decreased -6.8% compared with the 157 million euros reported in first half 2013. **Cost of debt**, which was down -2.2% (or +2.7% excluding the currency impact), reflected a fall in the average cost of net debt, from 4.3% in first half 2013 to 4.1%, primarily as a result of new bonds issued in euros under favorable conditions, partially compensated by the increase of the debt in developing economies. Other financial income and expenses decreased -18.8%.

Taxes amounted to 323 million euros, increasing significantly +13.5%. Accordingly, the **effective tax rate** increased to **29.3%,** compared with 26.9% in first half 2013. This rate is explained by adverse effects relating to the geographical mix, as well as a non-recurring income tax expense following the disposal of the investment in Daesung Industrial Gases Co., Ltd (South Korea).

The **Group's share in the profit of associates** amounted to **4 million euros**, compared with 9 million euros in first half 2013. **Minority interests** decreased by **-9%** to 28 million euros.

Overall, first half 2014 **net profit (Group share)** amounted to **755 million euros**, a reported increase of +0.4%, up +**3.8% excluding the currency impact.**

Earnings per share amounted to 2.20 euros, stable compared to first half 2013 adjusted for the free share attribution on June 2, 2014. The average number of outstanding shares used to calculate net earnings per share at June 30, 2014 was 343,094,668.

Change in the number of shares

	H1 2013	**H1 2014**
Average number of outstanding shares [(a)]	341,709,898	343,094,668

(a) Used to calculate earnings per share, H1 2013 adjusted for free share attribution on June 2, 2014.

Change in net indebtedness

Cash flow from operations before changes in working capital requirements amounted to 1,394 million euros, down -7.2% compared with first half 2013 and -3.8% excluding the currency impact. **Net cash flow after changes in the working capital requirement was 1,147 million euros**, below first half 2013, strongly impacted by the expenditure relating to the realignment plans for which a provision was recorded in 2013. **Excluding the currency impact**, Net cash flow after changes in the working capital requirement **increased slightly +0.1%**.

The change in working capital requirement, which amounted to - 232 million euros in first half 2014, was in line with the seasonality. The working capital-to-sales ratio, excluding taxes, was 8.4% compared with 8.7% in first half 2013, such improvement being due to the Gas & Services activity.

Industrial capital expenditure, which amounted to 934 million euros, decreased -4.8%. Including transactions with minority shareholders and 58 million euros in acquisition, total net capital expenditure amounted to 943 million euros, a decrease of -12.8% compared with first half 2013, reflecting the Group's strict control on capital expenditure and efforts made to optimise existing capacities and improve loading of recently started-up units.

Net indebtedness at 30 June 2014 amounted to **6,797 million euros**, an increase of 735 million euros compared with December 31, 2013, and reflected the usual seasonal effect of the full payment of the 2013 dividend infirst half 2014. The level of net indebtedness was slightly lower than the level at 30 June 2013. Net debt-to-equity amounted to 57%, adjusted for the impact of the seasonality of the dividend, compared with 56% at the end of 2013 and 60% at 30 June 2013. The Group's financial structure remains sound, guaranteeing the flexibility to continue to seize investment opportunities.

Return on capital employed after tax was 10.8% at 30 June 2014, compared with the reported ratio of 11.1% at the end of 2013. This slight decrease reflects the continued importance of the ongoing industrial investments, which will contribute to medium-term growth. Excluding the currency impact, ROCE was 11.0%.

CAPITAL EXPENDITURE

Gross capital expenditure in first half 2014 amounted to 1,081 million euros. This amount included some small bolt-on acquisitions and transactions with minority shareholders, for a total amount of 147 million euros, primarily in the Industrial Merchant and Healthcare segments.

Disposals of fixed assets, which amounted to 139 million euros, primarily related to the sale of an investment in South Korea.

Gross capital expenditure in the Gas & Services activity represented 14.6% of sales, down slightly compared with first half 2013. Accordingly, net capital expenditure amounted to 943 million euros.

INVESTMENT CYCLE

The Group's steady long-term growth is largely based on its ability to invest each and every year in new projects. Industrial gas investment projects are spread throughout the world, highly capital-intensive and supported by long-term contracts, particularly for Large Industries.

Investments

Investment opportunities

The 12-month opportunity portfolio amounted to **3.4 billion euros** at the end of June 2014, a slight decline compared with the end of 2013. This slight decrease was primarily due to the adaptation of our development initiatives to the geopolitical context. The number of unit takeovers also decreased moderately. Developing economies account for 77% of the portfolio, with China accounting for a significant portion of the opportunities. The share in the Americas decreased slightly, due to project decisions during the period in the region.

Investment decisions and investment backlog

Investment decisions continued throughout the half-year, and amounted to **0.8 billion euros**. Industrial decisions accounted for the largest portion of these decisions, given the small number of acquisitions during the semester.

The share of Developing economies was preponderant, including projects in Latin America, China and Singapore. Financial investments included small bolt-on acquisitions in the Industrial Merchant segment in developing economies (China, Latin America and Africa).

The total investment backlog amounted to 2.6 billion euros, leading to a future contribution to revenue of approximately 1.2 billion euros after full ramp-up.

Start-ups

During the first half 11 units were started-up, seven of them in developing economies. These new units will serve the steel, chemicals and electronics markets. The Group is still planning on around 50 start-ups in 2013 and 2014.

OUTLOOK

The Group's performance during the first half was solid and in line with the outlook for the year. This performance benefited from regional sources of growth – the Americas, Asia-Pacific and more globally the developing economies –, as well as from the pick-up in Electronics and the contribution from new unit start-ups. While the pace of activity in Southern Europe remains modest, it is stabilizing. Published results for the period were impacted by an unfavorable currency translation effect.

The increase in profit reflects Air Liquide's ability to control costs and consistently generate substantial efficiencies, which contribute to the regular improvement in operating margin. The Group thus continues to align itself to the market trends to prepare for its growth over the medium term.

The investment decisions during the first half of the year reflect the Group's greater selectivity in its projects. The investment backlog amounts to € 2.6 billion. As with the Group-led innovation and technologies initiatives, it will contribute to growth in the next few years.

In this context, and barring a degradation of the environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2014.

Appendix

2nd quarter 2014 revenue

By geography

Revenues *In millions of euros*	**Q2 2013**	**Q2 2014**	**Published Change**	**Comparable change [(a)]**
Europe	1,778	1,645	-7.4%	-1.8%
Americas	824	833	+1.1%	+8.4%
Asia-Pacific	782	821	+4.9%	+11.2%
Middle-East and Africa	95	92	-3.8%	+5.0%
Gas and Services Revenues	**3,479**	**3,391**	**-2.5%**	**+3.7%**
Engineering & Technology	225	230	+2.3%	+7.2%
Other Activities	159	151	-5.5%	-4.6%
Group revenue	**3,863**	**3,772**	**-2.4%**	**+3.6%**

By World business line

Revenues *In millions of euros*	**Q2 2013**	**Q2 2014**	**Published Change**	**Comparable change [(a)]**
Large industries	1,236	1,208	-2.3%	+3,4%
Industrial Merchant	1,284	1,251	-2.6%	+2,7%
Electronics	274	295	+7.4%	+13,0%
Healthcare	685	637	-6.9%	+2,6%
Gas and Services Revenues	**3,479**	**3,391**	**-2.5%**	**+3,7%**

(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 for second quarter 2014 is provided before currency, natural gas price fluctuations and significant scope impacts.

Since gases for industry and health 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 customers through price indexation clauses.

Consolidated 2014 second quarter revenue includes the following:

In millions of euros	Revenue Q2 2014	*Q2 2014/2013 change*	Currency	Natural gas	Significant scope	*Q2 2014/2013 comparable change (a)*
Group	**3,772**	*-2.4%*	(155)	(29)	(47)	*+3.6%*
Gas & Services	**3,391**	*-2.5%*	(143)	(29)	(47)	*+3.7%*

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

For the Group,

- The currency impact was -4.0%.
- The impact of lower natural gas prices was -0.7%.
- The significant scope impact was -1.2%.

For Gas & Services,

- The currency impact was -4.1%.
- The impact of lower natural gas prices was -0.8%.
- The significant scope impact was -1.3%.

Segment information

(in millions of euros and %)	H1 2013			H1 2014		
	Revenue	Operating income recurring	OIR margin	Revenue	Operating income recurring	OIR margin
Europe	3,547	669	18.9 %	3,346	665	19.9 %
Americas	1,590	343	21.6 %	1,647	327	19.9 %
Asia-Pacific	1,562	244	15.6 %	1,637	275	16.8 %
Middle-East and Africa	186	34	18.4 %	177	27	15.3 %
Gas and Services	**6,885**	**1,291**	**18.7 %**	**6,807**	**1,294**	**19.0 %**
Engineering & Technology	372	33	8.9 %	405	28	6.9 %
Other activities	304	17	5.7 %	294	16	5.6 %
Reconciliation	-	(85)	-	-	(84)	-
Total Group	**7,561**	**1,256**	**16.6 %**	**7,506**	**1,254**	**16.7 %**

Consolidated income statement

(in millions of euros)	H1 2013	H1 2014	Change 14/13	Change excl. forex 14/13
Revenue	**7,561.5**	**7,505.5**	**-0.7%**	**+3.5%**
Other income	55.0	89.0		
Purchases	(2,960.1)	(2,920.0)		
Personnel expenses	(1,373.8)	(1,369.8)	-0.3%	+3.3%
Other expenses	(1,406.2)	(1,432.9)		
Operating income recurring before depreciation and amortization	**1,876.4**	**1,871.8**	**-0.2%**	**+3.7%**
Depreciation and amortization expense	(620.2)	(617.8)	-0.4%	+3.6%
Operating income recurring	**1,256.2**	**1,254.0**	**-0.2%**	**+3.7%**
Other non-recurring operating income	12.2	2.2		
Other non-recurring operating expenses	(52.9)	(7.9)		
Operating income	**1,215.5**	**1,248.3**	**+2.7%**	**+6.7%**
Net finance costs	(113.6)	(111.1)	**-2.2%**	**+2.7%**
Other financial income	3.5	5.4		
Other financial expenses	(46.5)	(40.3)		
Income taxes	(284.2)	(322.6)		
Share of profit of associates	8.7	3.7		
Profit for the period	**783.4**	**783.4**	**0.0%**	**+3.4%**
- Minority interests	31.0	28.2		
- Net profit (Group share)	752.4	755.2	+0.4%	+3.8%
Basic earnings per share *(in euros)*	**2.20**	**2.20**	**0.0%**	**+3.6%**
Diluted earnings per share *(in euros)*	**2.19**	**2.19**	**0.0%**	**+3.7%**

Consolidated balance sheet

ASSETS *(in millions of euros)*	**December 31, 2013**	**June 30, 2014**
Goodwill	5,089.8	5,139.9
Other intangible assets	713.2	709.4
Property, plant and equipment	13,225.7	13,616.6
Non-current assets	**19,028.7**	**19,465.9**
Non-current financial assets	435.5	438.0
Investments in associates	201.7	100.8
Deferred tax assets	301.7	303.9
Fair value of non-current derivatives (assets)	122.4	102.4
Other non-current assets	**1,061.3**	**945.1**
TOTAL NON-CURRENT ASSETS	**20,090.0**	**20,411.0**
Inventories and work-in-progress	792.3	859.6
Trade receivables	2,691.1	2,893.9
Other current assets	449.8	486.3
Current tax assets	90.7	52.6
Fair value of current derivatives (assets)	40.6	19.9
Cash and cash equivalents	940.1	567.0
TOTAL CURRENT ASSETS	**5,004.6**	**4,879.3**
TOTAL ASSETS	**25,094.6**	**25,290.3**

EQUITY AND LIABILITIES *(in millions of euros)*	**December 31, 2013**	**June 30, 2014**
Share capital	1,720.6	1,894.8
Additional paid-in capital	81.2	4.2
Retained earnings	7,271.2	7,879.3
Treasury shares	(88.2)	(104.0)
Net profit (Group share)	1,640.3	755.2
Shareholders' equity	**10,625.1**	**10,429.5**
Minority interests	**263.0**	**267.2**
TOTAL EQUITY	**10,888.1**	**10,696.7**
Provisions, pensions and other employee benefits	2,040.5	2,141.5
Deferred tax liabilities	1,196.3	1,200.6
Non-current borrowings	5,817.5	6,333.6
Other non-current liabilities	191.0	239.9
Fair value of non-current derivatives (liabilities)	29.4	19.8
TOTAL NON-CURRENT LIABILITIES	**9,274.7**	**9,935.4**
Provisions, pensions and other employee benefits	246.5	191.6
Trade payables	1,922.6	1,905.0
Other current liabilities	1,407.7	1,333.2
Current tax payables	156.8	169.6
Current borrowings	1,188.8	1,030.6
Fair value of current derivatives (liabilities)	9.4	28.2
TOTAL CURRENT LIABILITIES	**4,931.8**	**4,658.2**
TOTAL EQUITY AND LIABILITIES	**25,094.6**	**25,290.3**

Consolidated cash flows statement

(in millions of euros)	H1 2013	H1 2014
Operating activities		
Net profit (Group share)	**752.4**	**755.2**
Minority interests	**31.0**	**28.2**
Adjustments:		
• Depreciation and amortization	620.2	617.8
• Changes in deferred taxes	57.5	34.5
• Increase (decrease) in provisions	39.0	(59.2)
• Share of profit of associates (less dividends received)	14.6	3.4
• Profit/loss on disposal of assets	(13.7)	13.7
Cash flows from operating activities before changes in working capital	**1,501.0**	**1,393.6**
Changes in working capital	(266.4)	(232.4)
Other	(40.8)	(14.6)
Net cash flows from operating activities	**1,193.8**	**1,146.6**
Investing activities		
Purchase of property. plant and equipment and intangible assets	(981.5)	(934.4)
Acquisition of subsidiaries and financial assets	(109.1)	(57.6)
Proceeds from sale of property. plant and equipment and intangible assets	8.9	138.7
Proceeds from sale of financial assets	0.7	
Net cash flows used in investing activities	**(1,081.0)**	**(853.3)**
Financing activities		
Dividends paid		
• L'Air Liquide S.A.	(819.4)	(837.9)
• Minority interests	(35.3)	(27.6)
Proceeds from issues of share capital	39.0	35.9
Purchase of treasury shares	(116.8)	(117.9)
Increase (decrease) in borrowings	668.9	426.5
Transactions with minority shareholders	(0.1)	(89.2)
Net cash flows from (used in) financing activities	**(263.7)**	**(610.2)**
Effect of exchange rate changes and change in scope of consolidation	10.0	0.5
Net increase (decrease) in net cash and cash equivalents	**(140.9)**	**(316.4)**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,086.5**	**853.0**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**945.6**	**536.6**

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

(in millions of euros)	**June 30, 2013**	**June 30, 2014**
Cash and cash equivalents	1,024.7	567.0
Bank overdrafts (included in current borrowings)	(79.1)	(30.4)
Net cash and cash equivalents	**945.6**	**536.6**

Net indebtedness calculation

(in millions of euros)	**June 30, 2013**	**June 30, 2014**
Non-current borrowings (long-term debt)	(6,533.8)	(6,333.6)
Current borrowings (short-term debt)	(1,336.1)	(1,030.6)
TOTAL GROSS INDEBTEDNESS	**(7,869.9)**	**(7,364.2)**
Cash and cash equivalents	**1,024.7**	**567.0**
Derivative instruments (assets) - fair value hedge of borrowings	8.2	
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(6,837.0)**	**(6,797.2)**

Statement of changes in net indebtedness

(in millions of euros)	**June 30, 2013**	**June 30, 2014**
Net indebtedness at the beginning of the period	**(6,102.5)**	**(6,061.9)**
Net cash flows from operating activities	1,193.8	1,146.6
Net cash flows used in investing activities	(1,081.0)	(853.3)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(932.6)	(1,036.7)
Total net cash flows	**(819.8)**	**(743.4)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others	85.3	8.1
Change in net indebtedness	**(734.5)**	**(735.3)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(6,837.0)**	**(6,797.2)**