



*2011 3<sup>rd</sup> quarter*

## **Solid activity levels Robust business development model**

*Pierre Dufour, Senior Executive Vice-President  
Jean-Pierre Duprieu, Executive Vice-President  
Fabienne Lecorvaisier, Chief Financial Officer*

*Paris, October 26, 2011*



- **Solid activity levels**
- **Robust business development model**
  - ✓ Balanced mix of activities
  - ✓ Geographical and applications diversity
  - ✓ Continued investment dynamic
  - ✓ Net debt under control



*2011 3<sup>rd</sup> quarter*

## Solid activity levels



# Key figures



<i>In €m</i>	<b>Sales Q3 11</b>	Q3 11/10 <i>as published</i>	Q3 11/10 <i>comparable*</i>	YTD 11/10 <i>comparable*</i>
Gas & Services	<b>3,223</b>	+5.9%	<b>+7.7%</b>	+9.5%
Engineering and Construction	<b>158</b>	-15.3%	<b>-14.4%</b>	-21.9%
Other Activities	<b>216</b>	+8.0%	<b>+8.9%</b>	+8.9%
<b>Group Total</b>	<b>3,597</b>	+4.9%	<b>+6.6%</b>	+7.7%

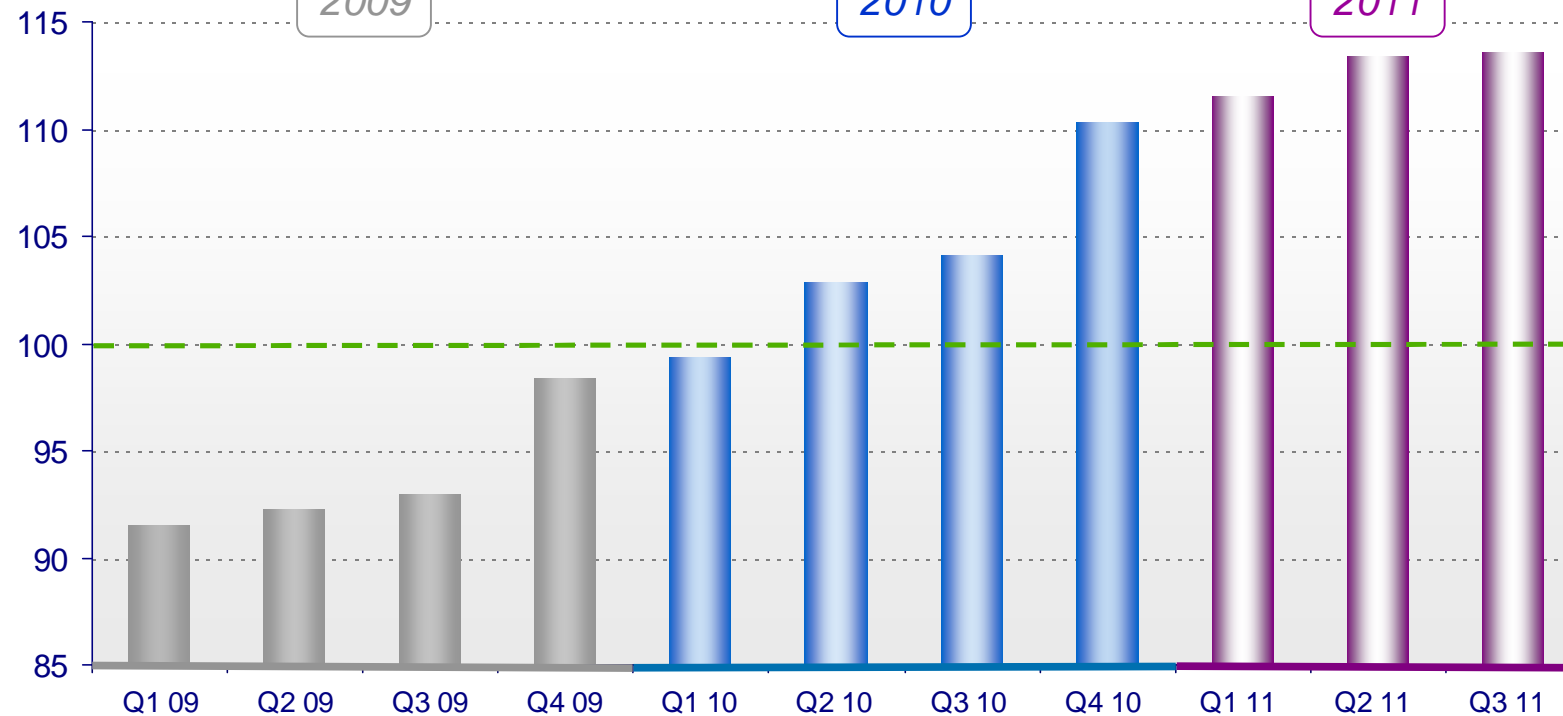
\* comparable: excluding forex, natural gas and significant perimeter impacts

# Solid activity levels



Quarterly G&S activity indicator\*

base 100,  
average 2008

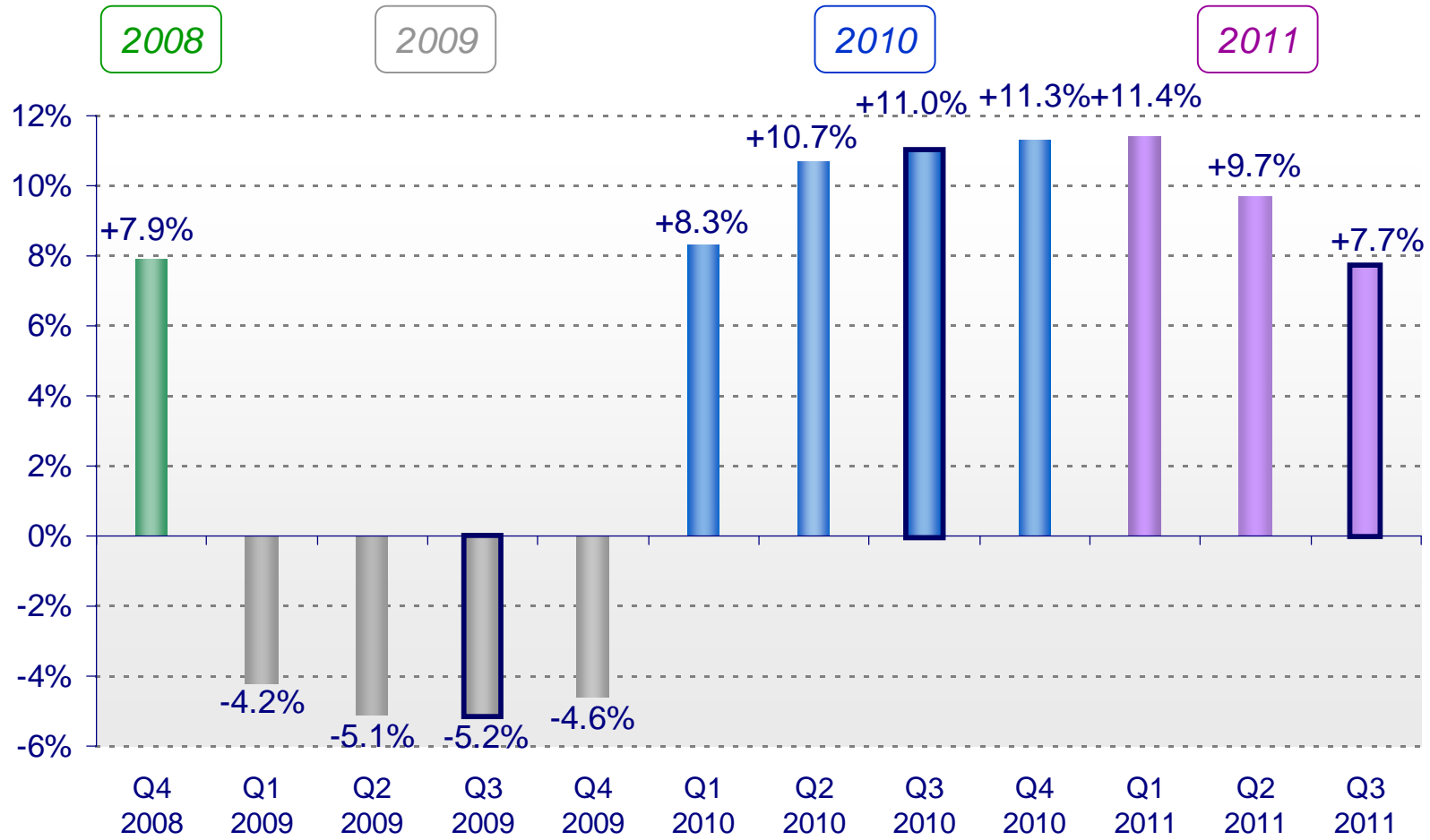


\* comparable revenue (excluding forex, natural gas and significant perimeter impacts), adjusted for the number of days per month

# Continued growth in Gas & Services...

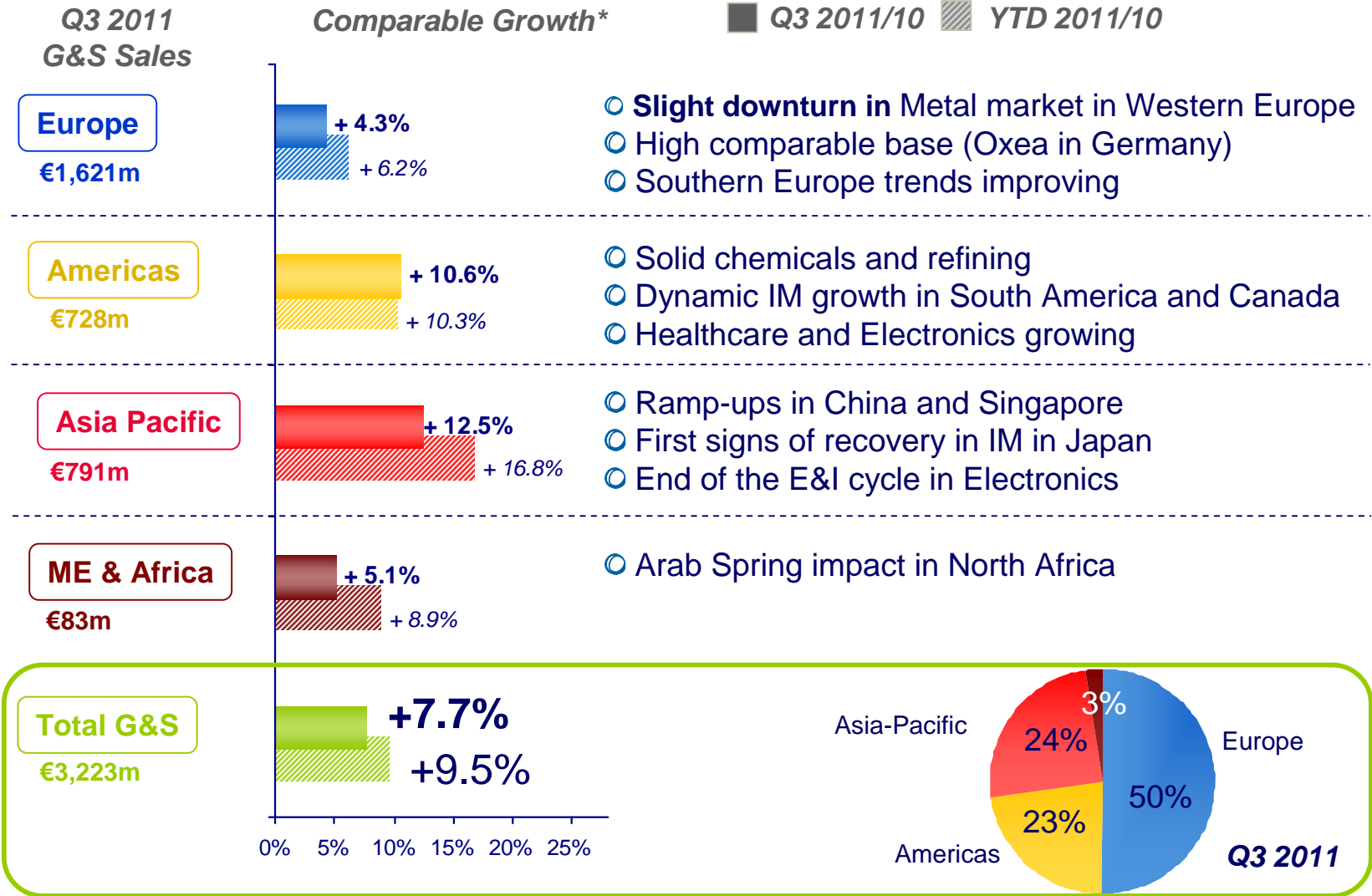


G&S comparable growth\*



\* comparable: excluding forex, natural gas and significant perimeter impacts

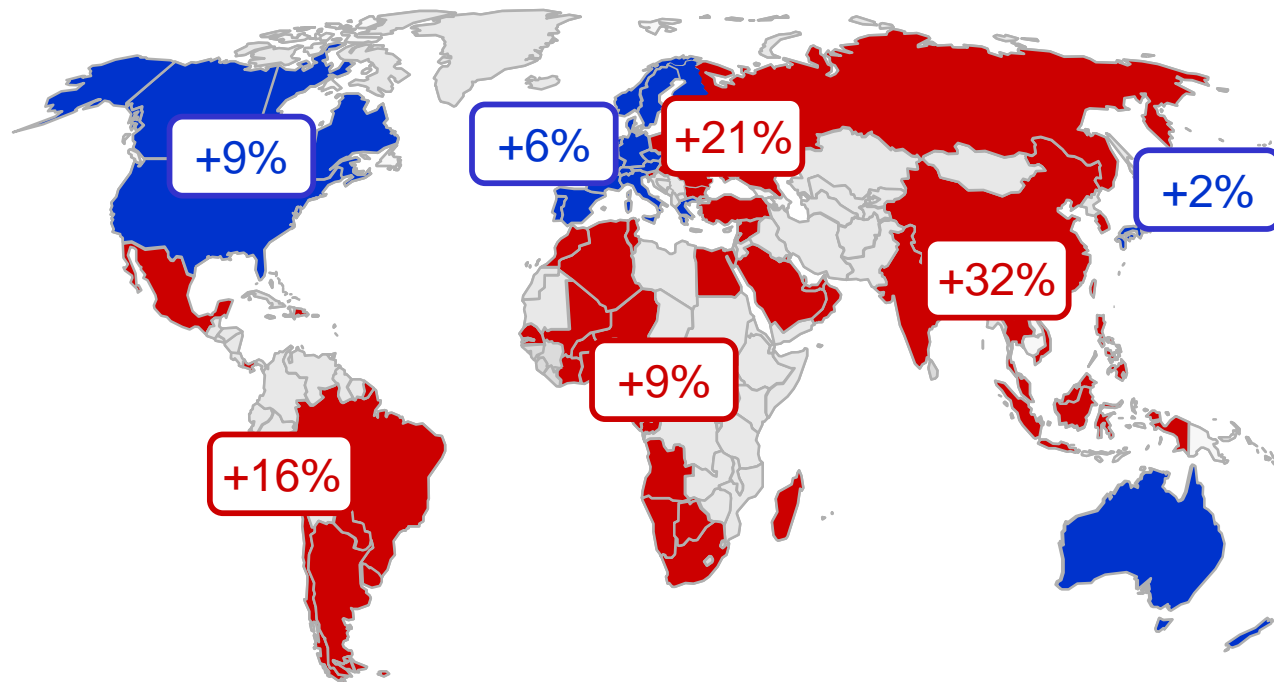
# ... and in all geographies



\* comparable: excluding forex, natural gas and significant perimeter impacts

# Dynamism of developing economies

G&S comparable\* sales growth  
(YTD 2011 / YTD 2010)



**Advanced Economies**

+6%

**Developing Economies**

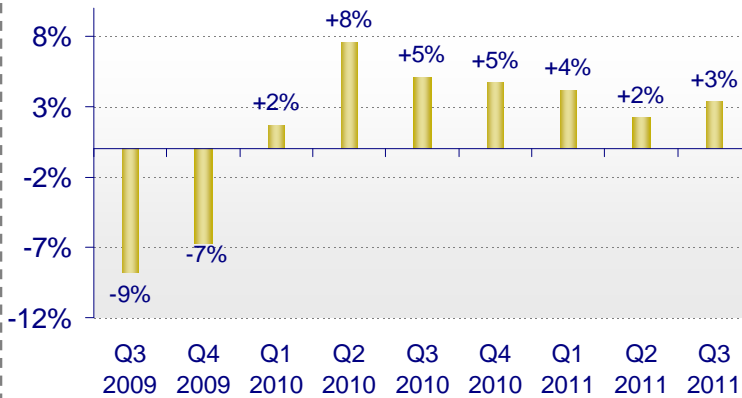
+24%

\* comparable: excluding forex, natural gas and significant perimeter impacts

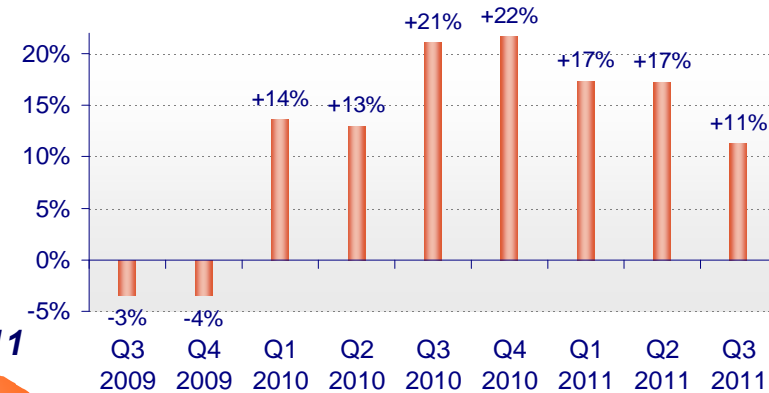
# Gas & Services growth\*: +7.7% in Q3



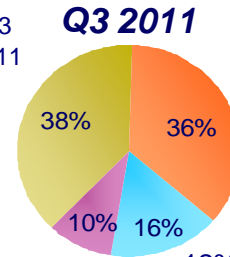
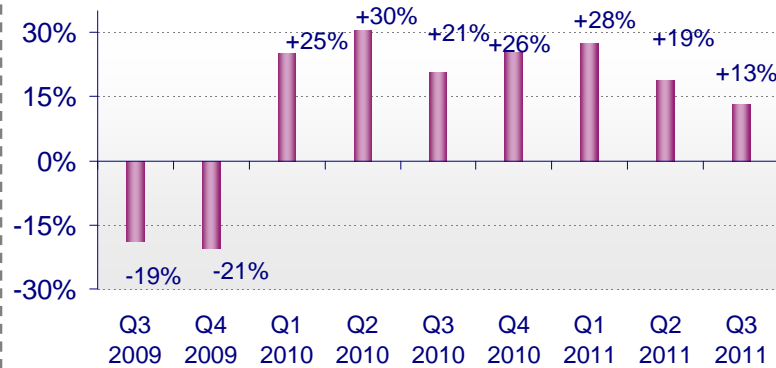
## Industrial Merchant: +3.2% YTD



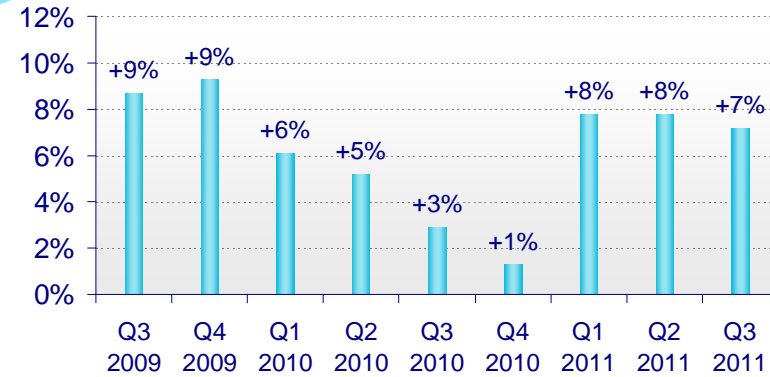
## Large Industries: +15.2% YTD



## Electronics: +19.4% YTD



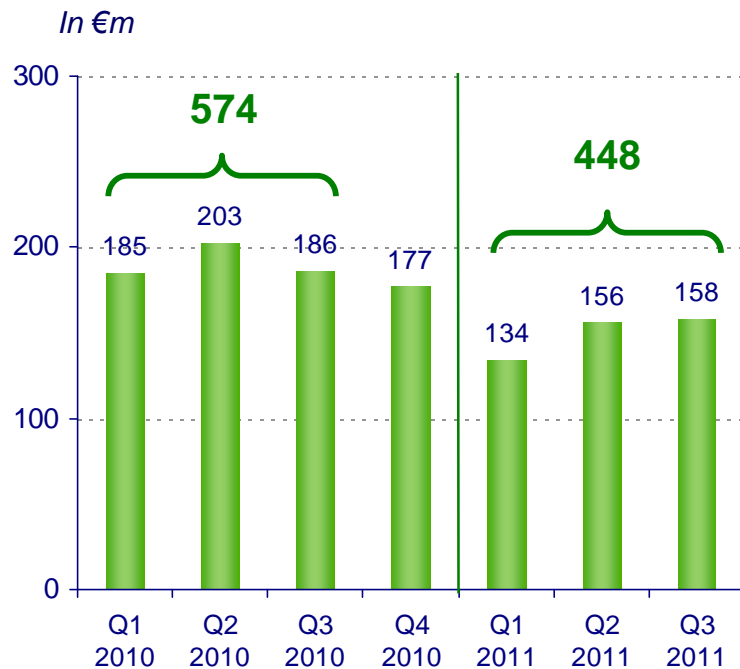
## Healthcare: +7.6% YTD



\* comparable growth: excluding forex, natural gas and significant perimeter impacts, relative to the same period in preceding year

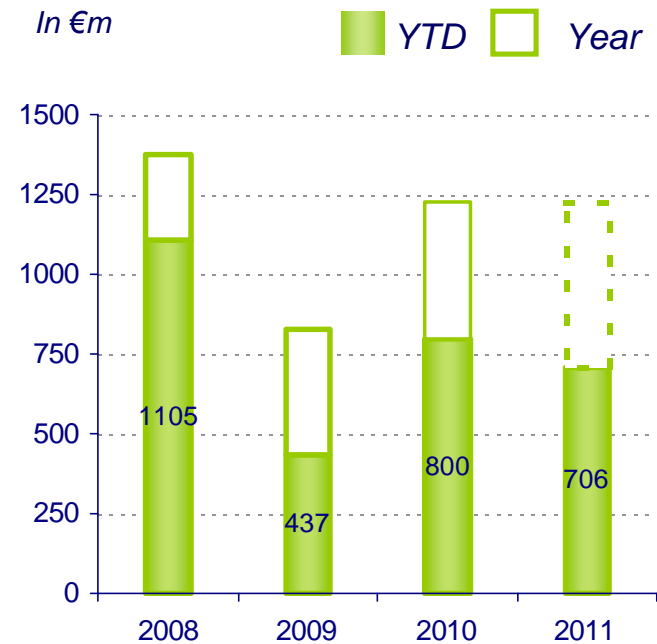
# Good order intake in Engineering & Construction

*Third party E&C sales*



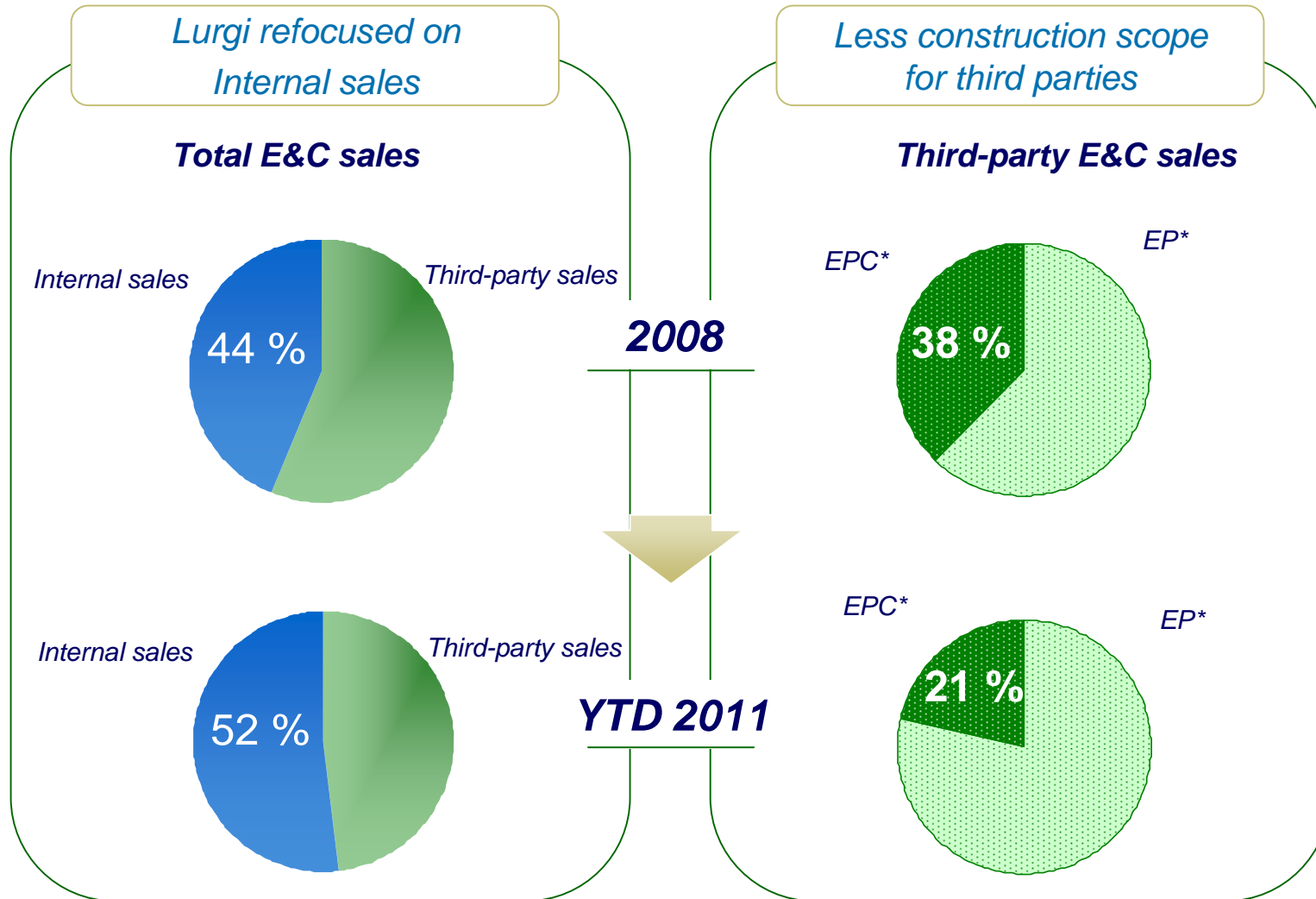
○ Stabilization of third party sales

*E&C order intake*



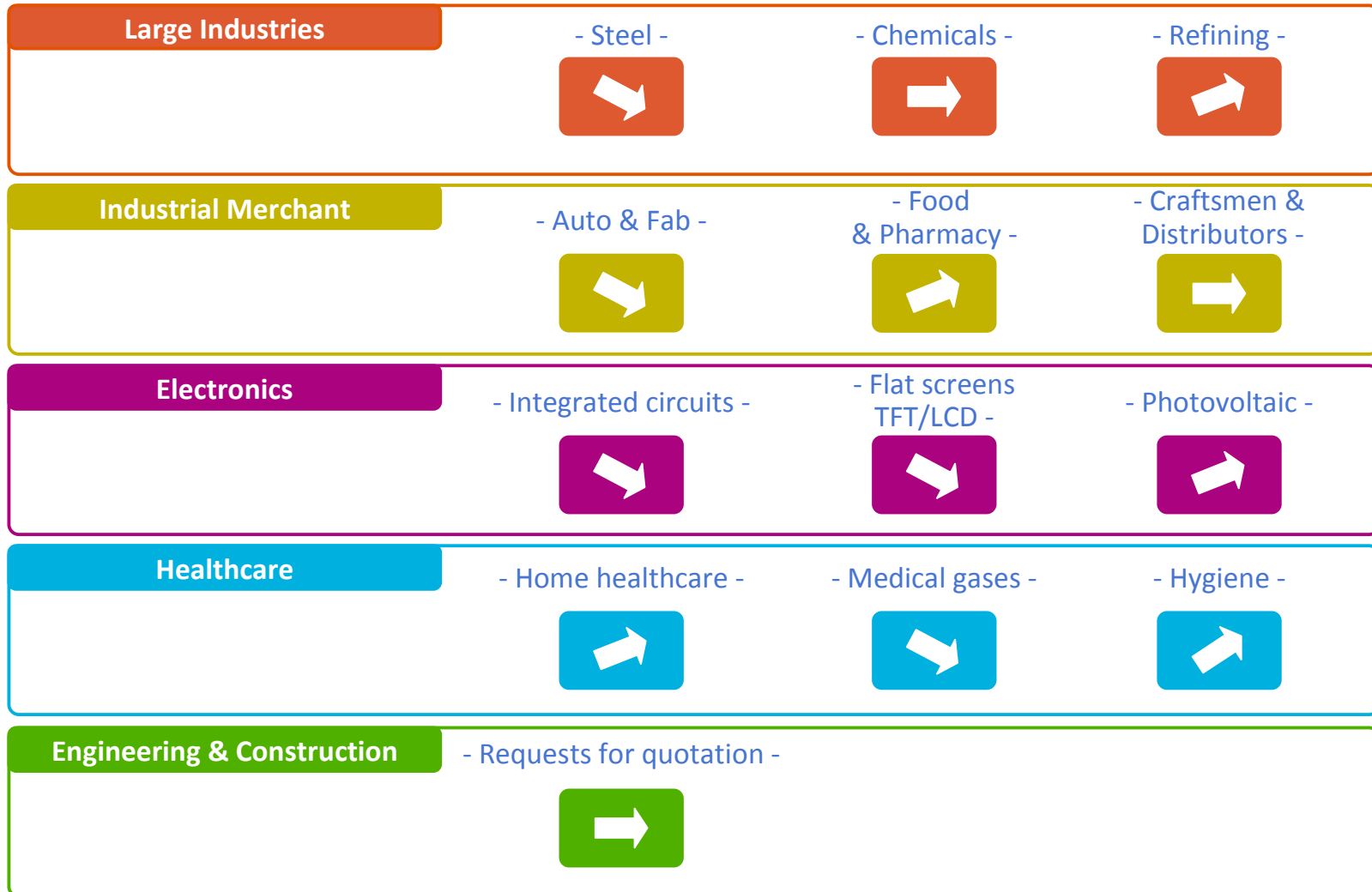
○ Good level of order intake

# E&C strategy evolution



\* **E**ngineering, **P**rocurement and **C**onstruction

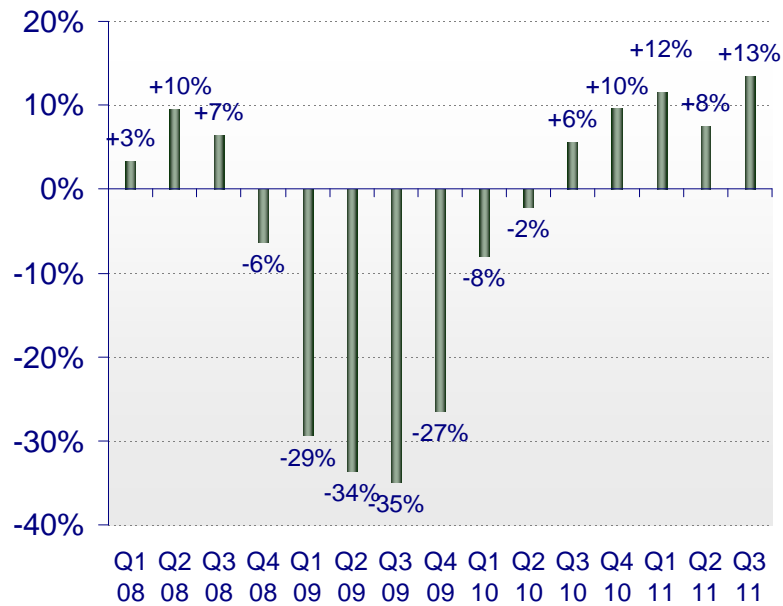
# Recent trends in our end markets



# Other activities contribution

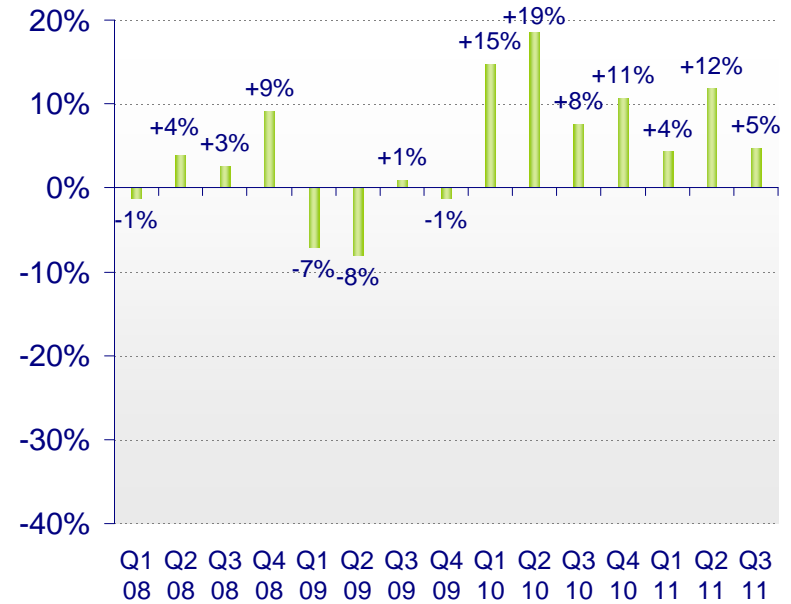


## Continued recovery in Welding



Sales +11% in YTD 2011\*

## Steady Specialty Chemicals and Diving



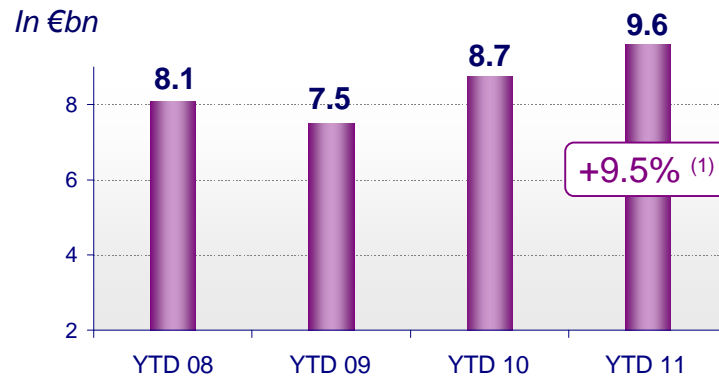
Sales +7% in YTD 2011\*

\* comparable growth, excluding forex

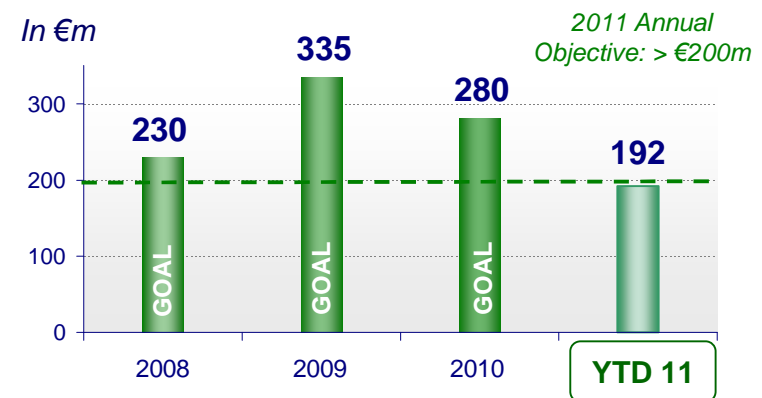
# Steady operating performance



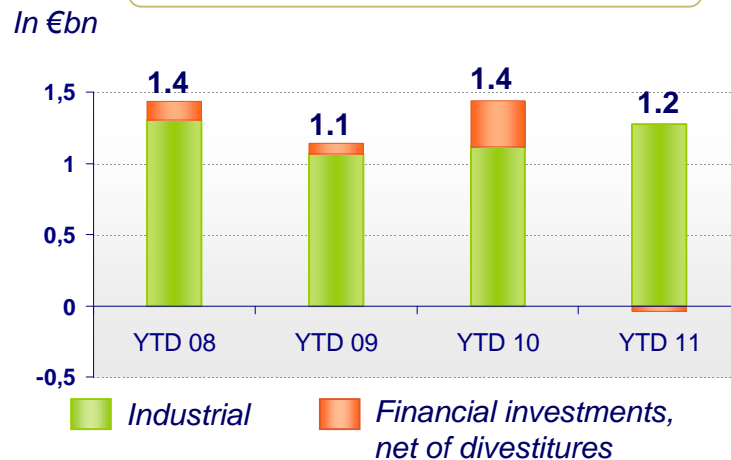
## Gas & Services sales



## Efficiencies



## Net Capex<sup>(2)</sup>



## Operating Cash flow<sup>(3)</sup>



(1) comparable growth YTD 2011 vs YTD 2010 (2) including transactions with minority shareholders (3) before change in working capital

*2011 3<sup>rd</sup> quarter*

## Robust business development model

- ✓ Balanced mix of activities
- ✓ Geographical and applications diversity
- ✓ Continued investment dynamic
- ✓ Net debt under control



# Robust business models and balanced mix of activities



## Industrial Merchant

- Diversified customers / applications
- 1 to 5-year contracts, fixed part ~ 20%

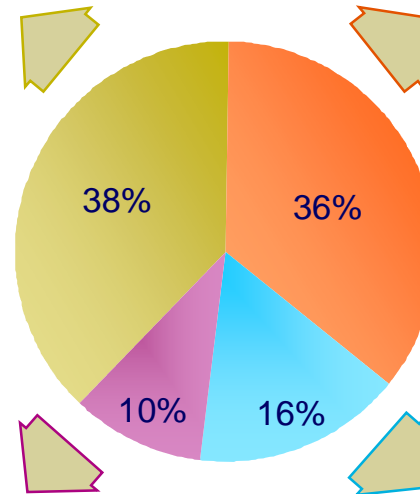


## Large Industries

- Contracts >15 years, take-or-pay ~70 %
- Cost indexation



G&S Sales  
YTD 2011



## Electronics

- Carrier gases: 10-year contracts



## Healthcare

- Consistent demand growth



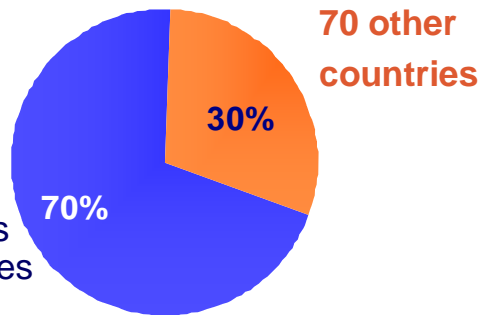
# Geographic expansion

## Global presence

### 10 historic countries

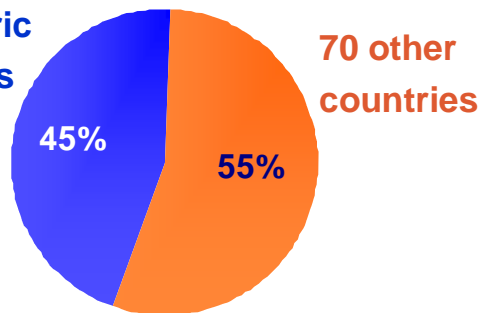
- France
- Germany
- Spain
- Italy
- Belgium
- Netherlands
- United-States
- Canada
- Japan
- Australia

YTD G&S sales

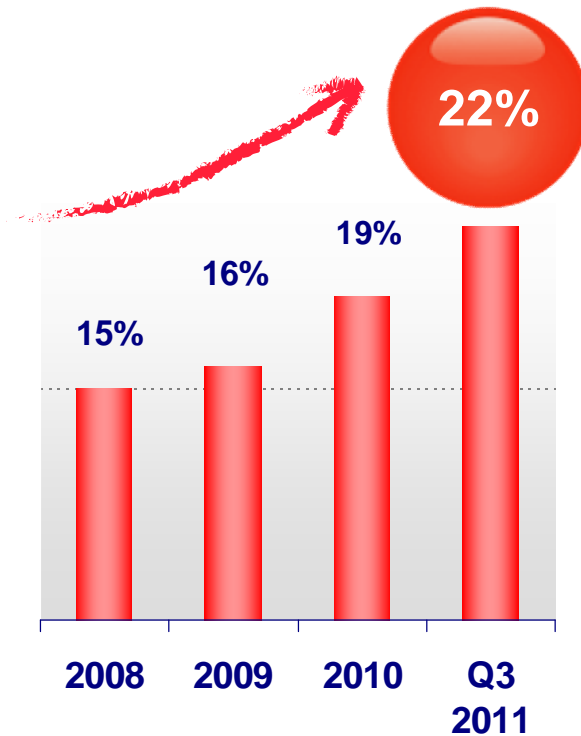


YTD G&S sales growth

### 10 historic countries



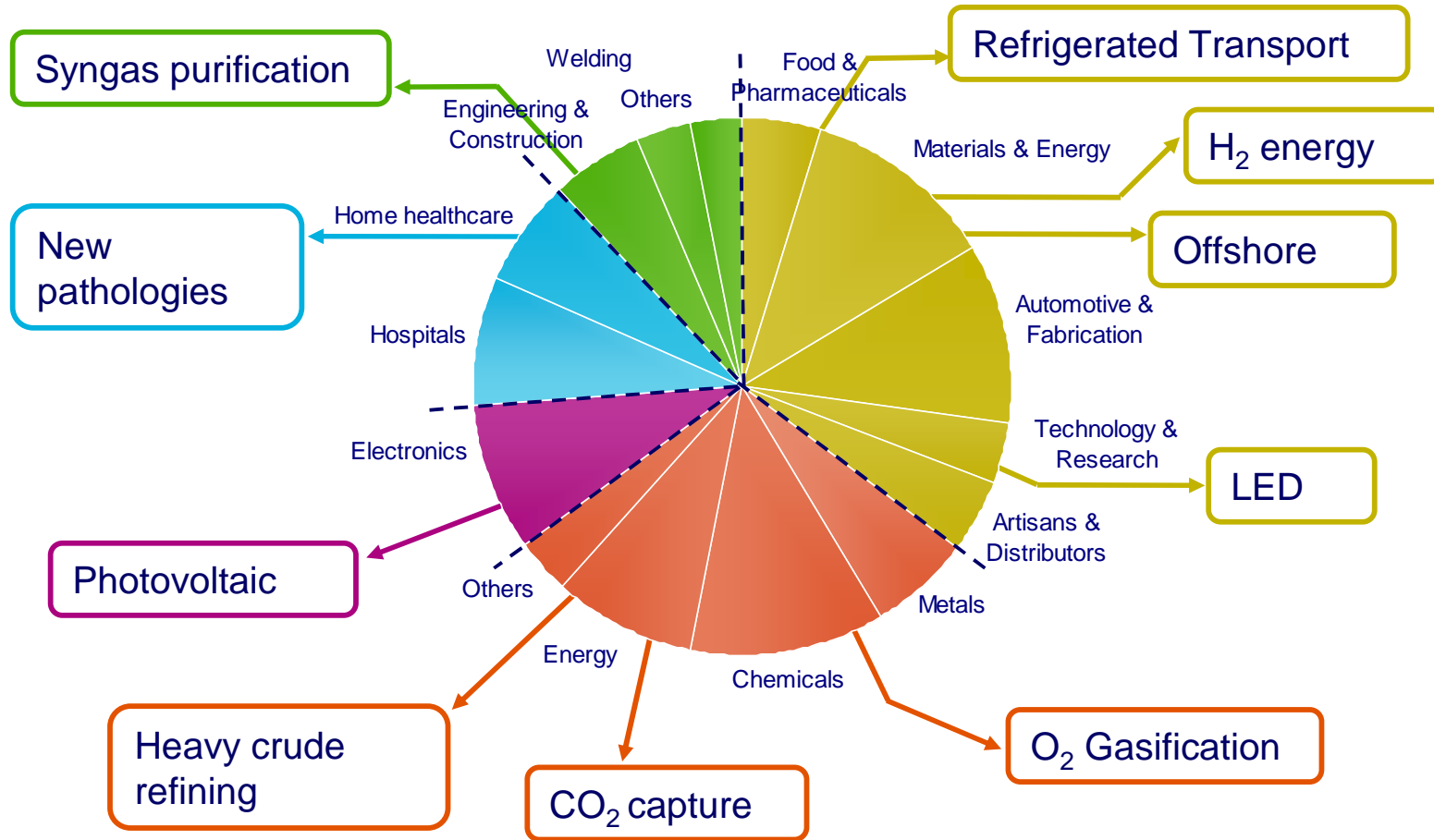
## Acceleration in developing countries



# Diverse and dynamic applications portfolio

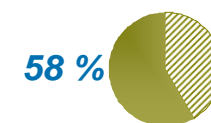
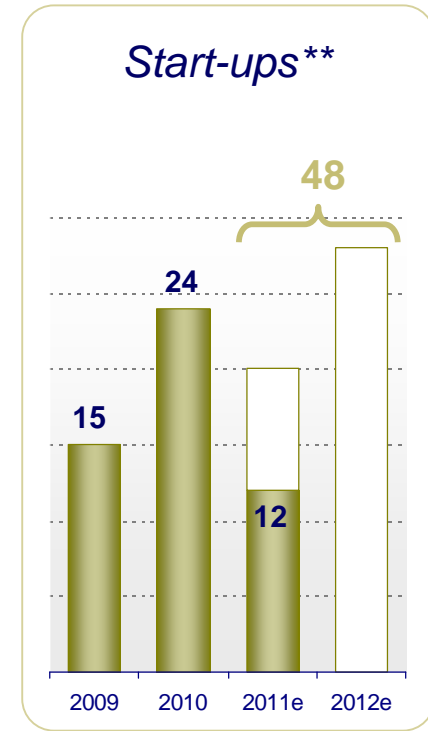
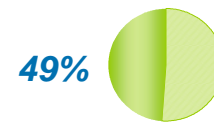
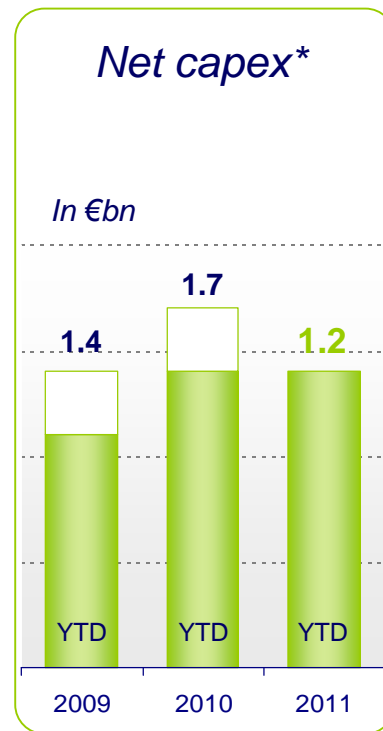
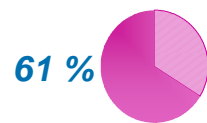
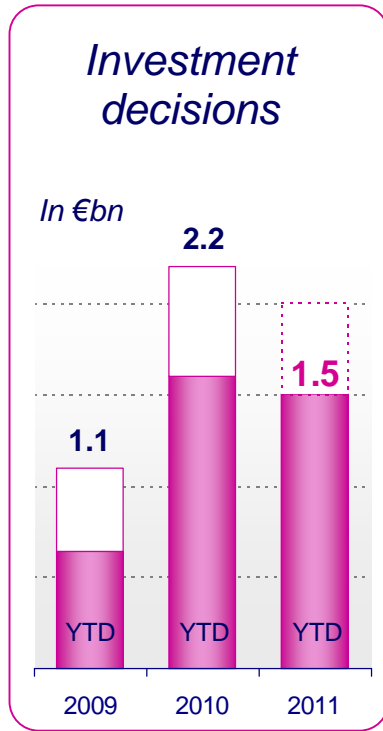
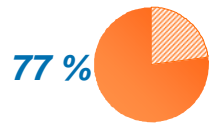
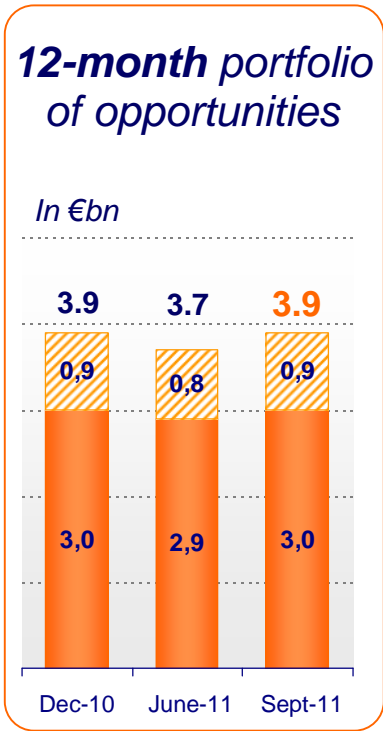


5 business lines, more than 1,000 applications



Breakdown of 2010 sales

# Continued investment momentum...



Developing Economies



Advanced Economies

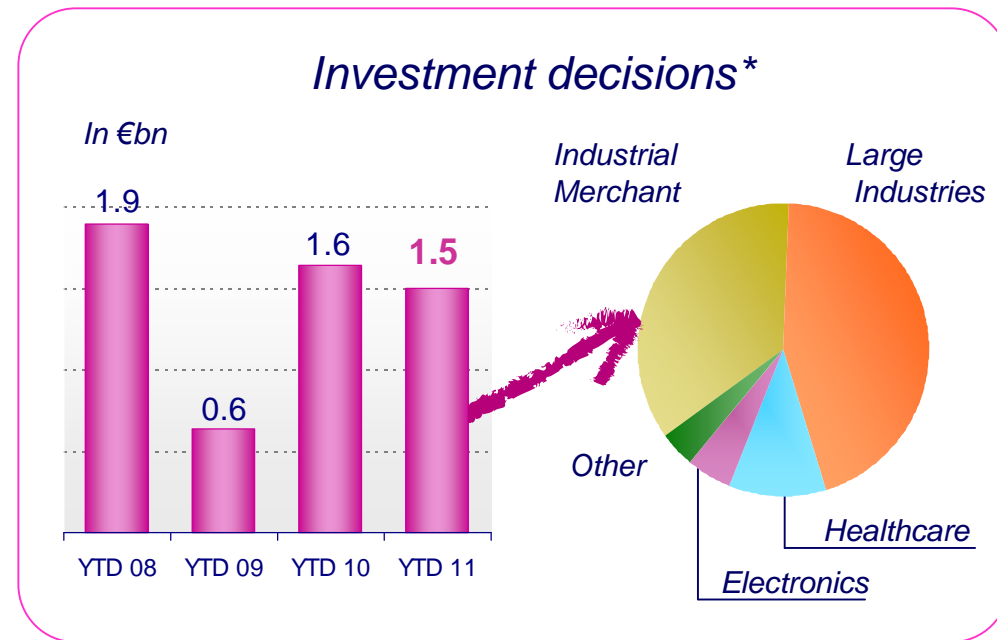
\* Industrial and financial investments, including transaction with minority shareholders, net of divestitures

\*\* Industrial projects > €10m

# New project signing

## Investment decisions Q3 2011

- Turkey**  
 Site takeover and new capacity
- China, Singapore, Taiwan**  
 New O<sub>2</sub> contracts
- Qatar**  
 Helium
- Canada**  
 Services to oil & gas exploration and production
- Industrial Merchant**  
 Acquisitions in developing economies
- Electronics**  
 Photovoltaic



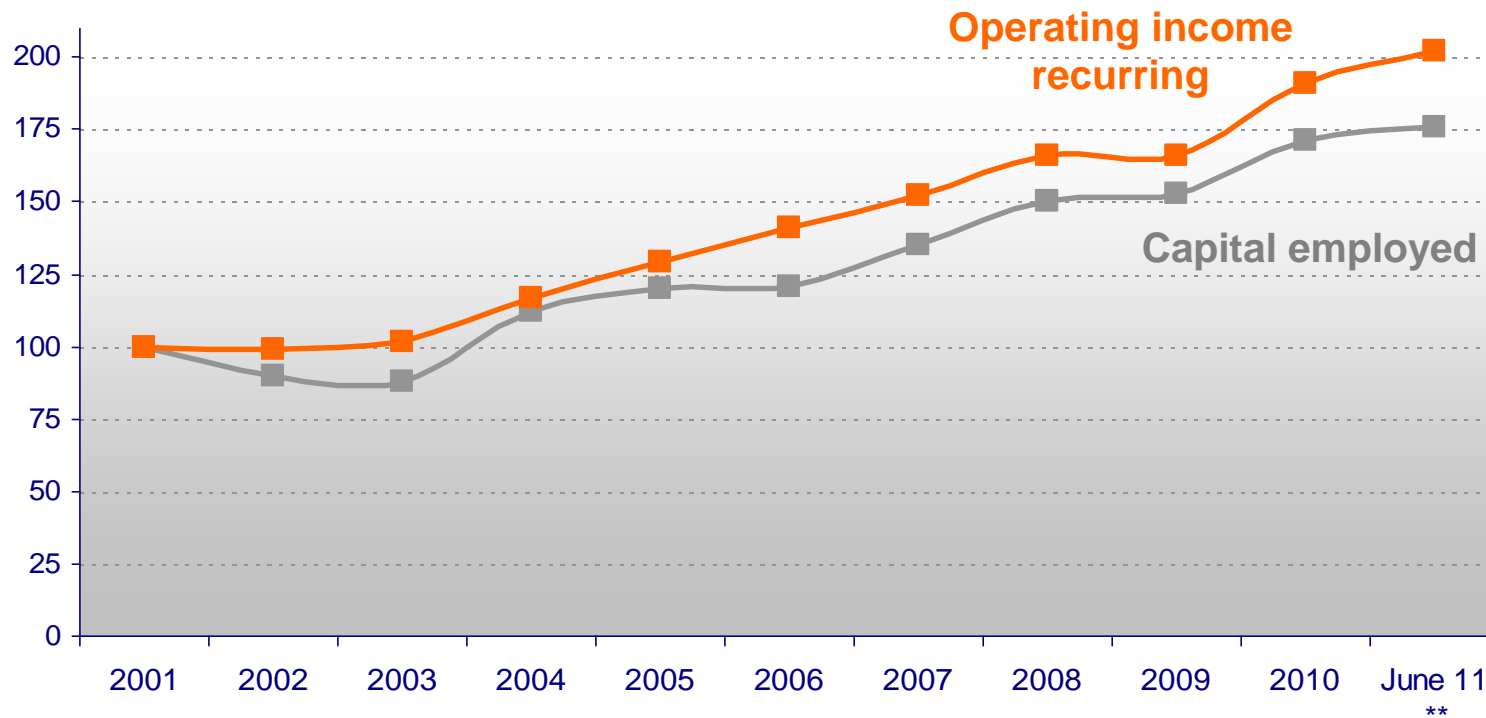
\* Industrial and financial investments, including minorities

# Sustained long-term investment returns



*Operating income vs. capital employed\**

Base 100



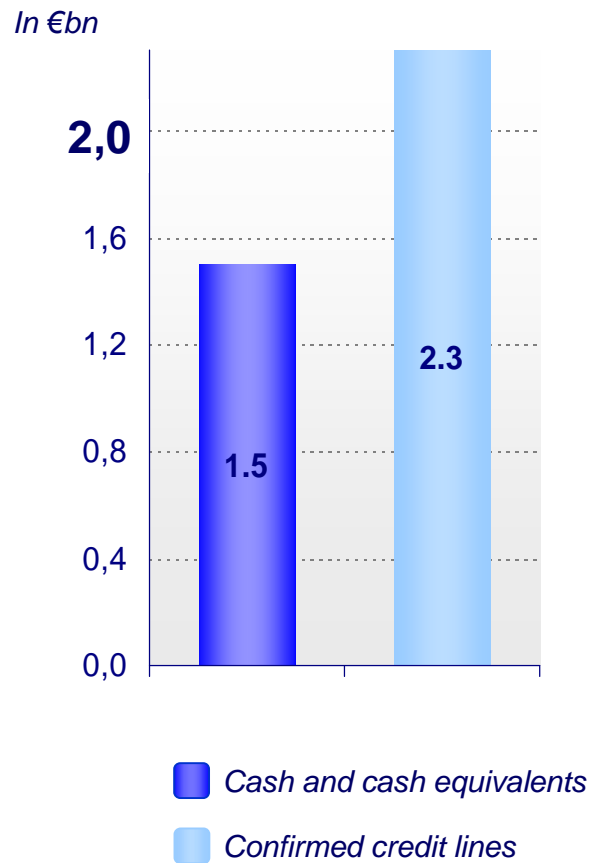
\* Shareholders equity + minority interests + net debt, end of the period

\*\* June 2011: H1 2011 operating income recurring x 2

# Strong balance sheet



*Available liquidity,  
September 2011: €3.8bn*



*Group debt maturity profile  
next 3 years: €2.1bn*



# Access to new financing markets

## Issuance in RMB in September 2011

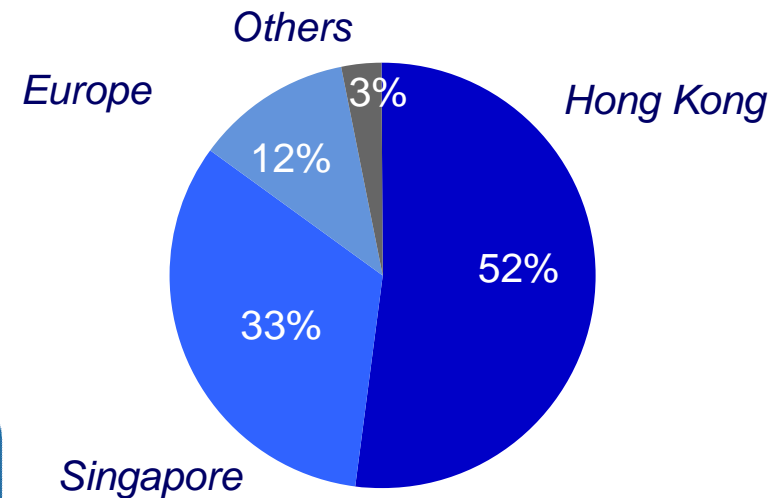
○ **€200m, 5 years**  
Coupon: 3.00%

+

○ **€100m, 7 years**  
Coupon: 3.95%



## Investors by geography (for the 5-year tranche)



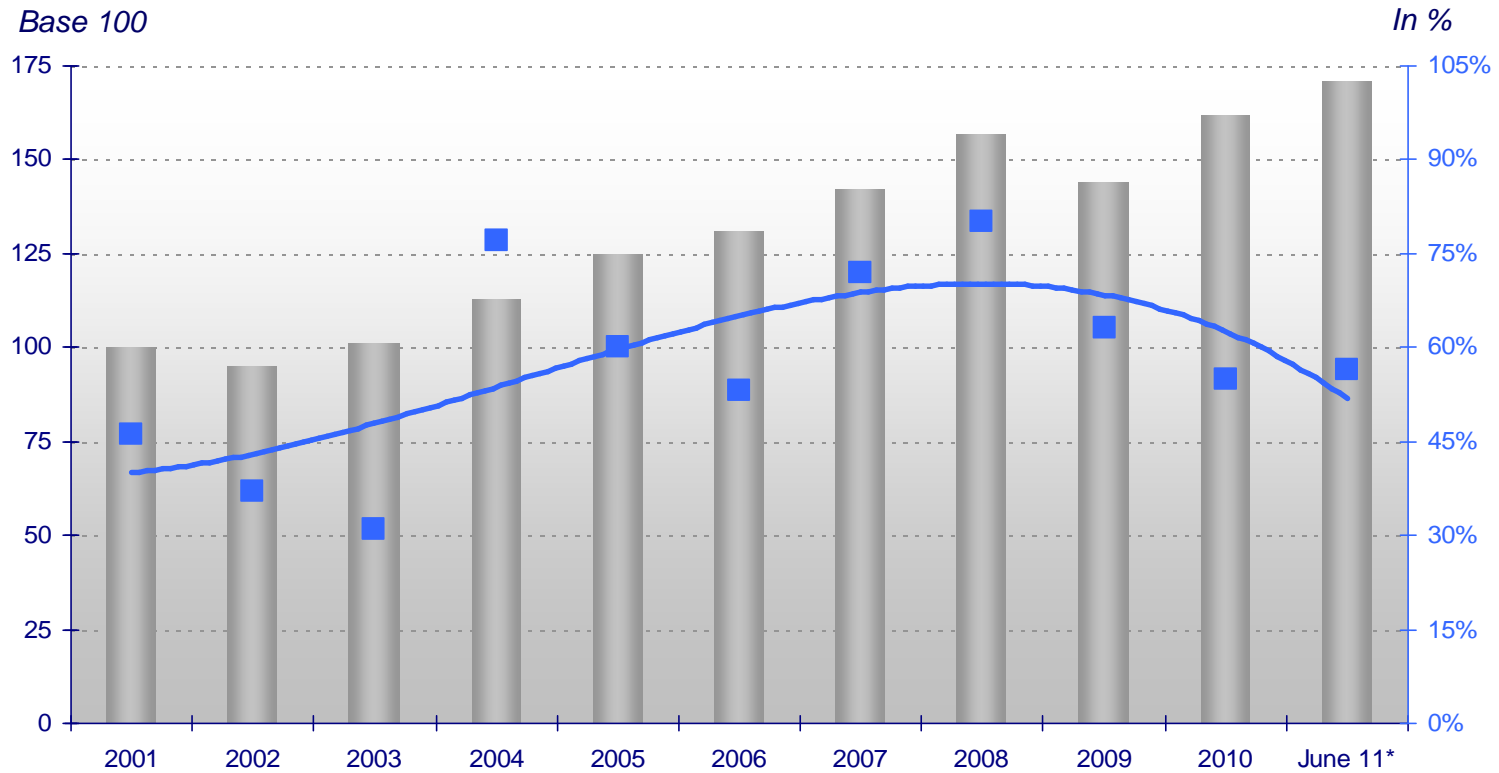
# Net debt under control



*Net debt to equity ratio vs. sales*

Group sales

Gearing ■



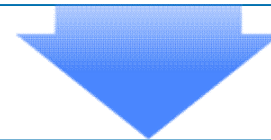
\* June figures: Indebtedness corrected for seasonality and dividend; H1 2011 sales x 2

# 2011 Outlook \*



**Q3 2011**

- Activity globally in line
- Steady operating performance
- Robust business development model



**2011 objective confirmed**

**Continued steady growth  
of net profit in 2011**

*\* in a normal environment*



*2011 3<sup>rd</sup> quarter*

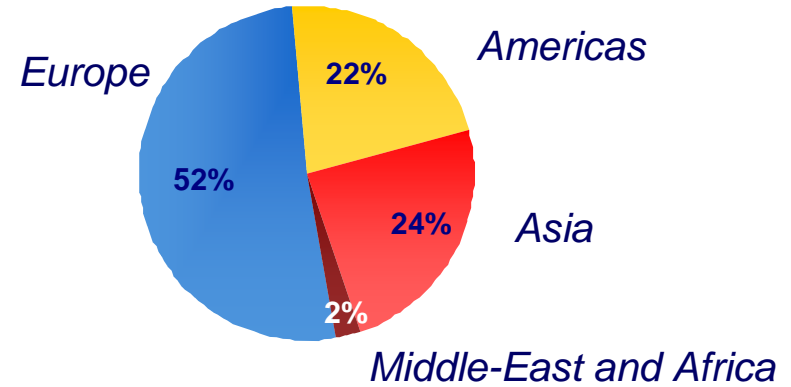
## Appendices



# YTD 2011 Revenue breakdown by region



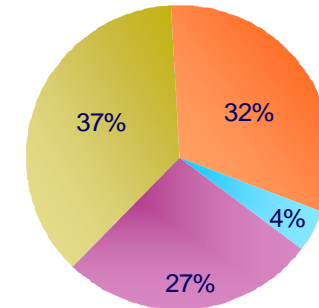
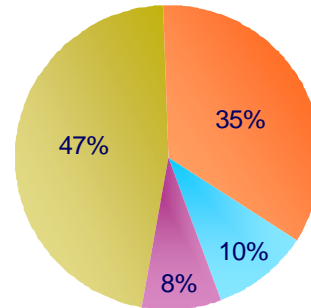
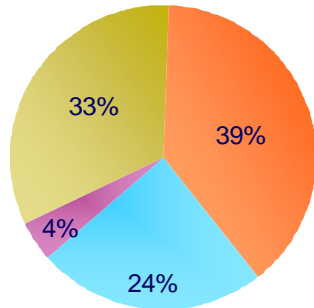
Gas & Services Revenue  
YTD 2011: €9.6bn



Europe: €4.9bn

Americas: €2.1bn

Asia: €2.3bn



Industrial Merchant
  Large Industries
  Healthcare
  Electronics

# Europe in Q3



## ■ Industrial Merchant

- ✓ Strong growth in Central and Eastern Europe
- ✓ Western Europe stable excluding internal transfers
- ✓ Pricing impact positive

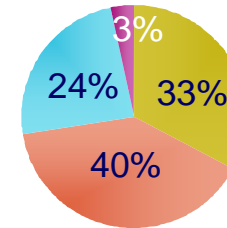
## ■ Large Industries

- ✓ Small decline in Metals demand
- ✓ Maintenance outages
- ✓ Comparison base including site takeovers in Germany in 2010

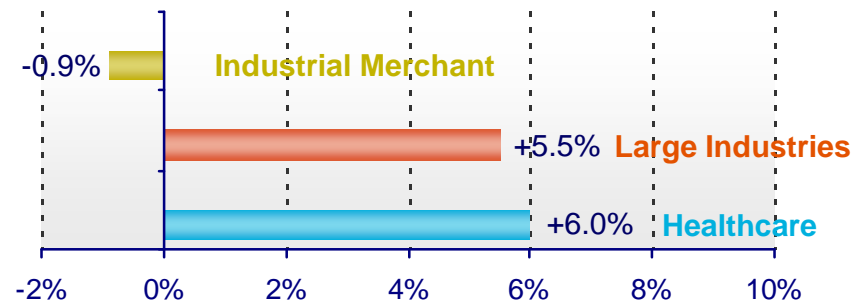
## ■ Healthcare

- ✓ Solid activity despite pressure on rates
- ✓ Home healthcare dynamism and contribution from acquisitions

Q3 Gas & Services sales:  
€1,621m



Q3 11/10 Comparable change: +4.3%\*



In €m	YTD 2011	Published growth	Comparable growth*
Revenue	4,919	+7.9%	+6.2%

\* Excluding forex, natural gas and significant perimeter impacts

# Americas in Q3



## ■ Industrial Merchant

- ✓ Continued recovery in North America
- ✓ Positive pricing effect
- ✓ Strong growth in Latin America

## ■ Large Industries

- ✓ Ramp-ups in South America
- ✓ Chemicals and Refining demand solid
- ✓ Maintenance outages in the US

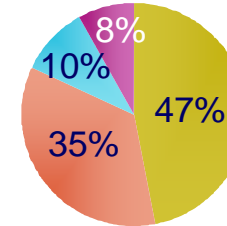
## ■ Healthcare

- ✓ Strong development in Latin America

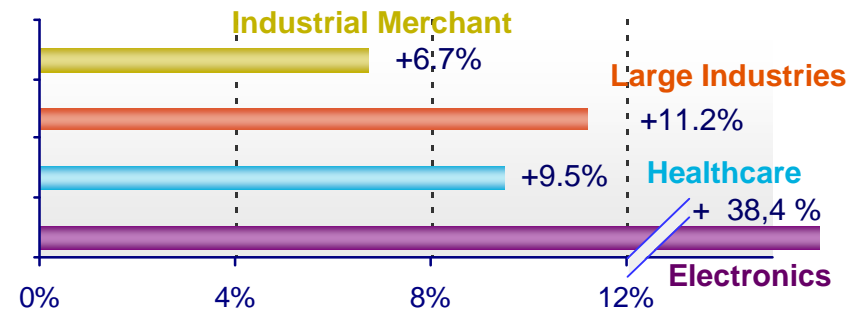
## ■ Electronics

- ✓ New carrier gas contracts
- ✓ Equipment and Installation contract completion

Q3 Gas & Services sales:  
€728m



Q3 11/10 Comparable change: +10.6%\*



In €m	YTD 2011	Published growth	Comparable growth*
Revenue	2,137	+4.0%	+10.3%

\* Excluding forex, natural gas and significant perimeter impacts

# Asia-Pacific in Q3



## ■ Industrial Merchant

- ✓ New liquid capacities in China
- ✓ First signs of recovery in Japan

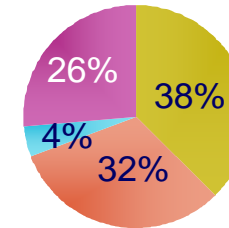
## ■ Large Industries

- ✓ Numerous ramp-ups in China
- ✓ H<sub>2</sub> volume increase in Singapore
- ✓ High basis of comparison, integrating the site takeover in South Korea in 2010

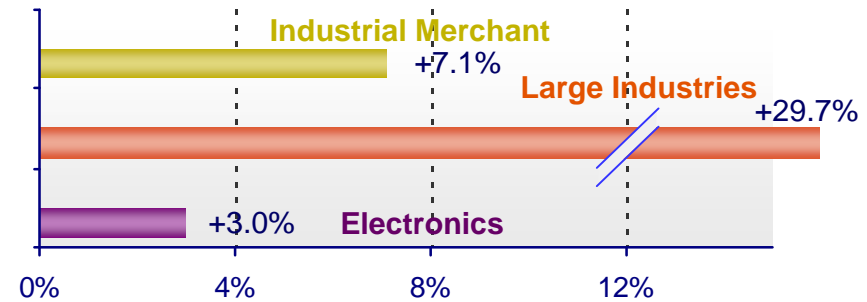
## ■ Electronics

- ✓ New photovoltaic contracts
- ✓ Equipment and Installation sales down sequentially
- ✓ Weak activity level in Japan

Q3 Gas & Services sales:  
€791m



Q3 11/10 Comparable change: +12.5%\*



In €m	YTD 2011	Published growth	Comparable growth*
Revenue	2,296	+20.2%	+16.8%

\* Excluding forex, natural gas and significant perimeter impacts

# Revenue analysis by quarter (1)



Sales in €m	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q3 11/10 as published	Q3 11/10 comparable*
Europe	1,555	1,644	1,647	1,651	<b>1,621</b>	+4.2%	+4.3%
Americas	708	694	709	699	<b>728</b>	+2.9 %	+10.6%
Asia-Pacific	697	733	759	746	<b>791</b>	+13.4%	+12.5%
Middle-East & Africa	83	77	70	75	<b>83</b>	+0.0%	+5.1%
<b>Gas &amp; Services</b>	<b>3,043</b>	<b>3,148</b>	<b>3,185</b>	<b>3,171</b>	<b>3,223</b>	<b>+5.9%</b>	<b>+7.7%</b>
Engineering & Construction	186	177	134	156	<b>158</b>	-15.3%	-14.4%
Other Activities	200	218	224	246	<b>216</b>	+8.0%	+8.9%
<b>Group Total</b>	<b>3,429</b>	<b>3,543</b>	<b>3,543</b>	<b>3,573</b>	<b>3,597</b>	<b>+4.9%</b>	<b>+6.6%</b>

\* Excluding forex, natural gas and significant perimeter impacts

## Revenue analysis by quarter (2)



<i>Sales in €m</i>	Q3 10	Q4 10	Q1 11	Q2 11	<b>Q3 11</b>	Q3 11/10 as published	Q3 11/10 comparable*
Industrial Merchant	1,217	1,222	1,200	1,199	<b>1,238</b>	+1.7%	+3.4%
Large Industries	1,036	1,097	1,133	1,121	<b>1,157</b>	+11.6%	+11.3%
Electronics	309	324	343	336	<b>317</b>	+2.9%	+13.2%
Healthcare	481	505	509	515	<b>511</b>	+6.2%	+7.2%
<b>Gas &amp; Services</b>	<b>3,043</b>	<b>3,148</b>	<b>3,185</b>	<b>3,171</b>	<b>3,223</b>	<b>+5.9%</b>	<b>+7.7%</b>
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\* Excluding forex, natural gas and significant perimeter impacts

## G&S Revenue growth by quarter (3)



	Growth as published	Natural Gas	Change	Significant perimeter	Comparable growth*
Q2 2010	+18.6%	+1.6%	+6.3%	-	+10.7%
Q3 2010	+21.0%	+2.4%	+7.6%	-	+11.0%
Q4 2010	+18.5%	+0.8%	+6.4%	-	+11.3%
Q1 2011	+15.4%	+0.5%	+3.5%	-	+11.4%
Q2 2011	+8.1%	+1.6%	-3.2%	-	+9.7%
Q3 2011	+5.9%	+1.0%	-1.9%	-0.9%	+7.7%

\* Excluding forex, natural gas and significant perimeter impacts

# Impact of Currency and natural gas on Gas & Services revenue



## ○ Currency

<i>In €m</i>	Q3 10	Q4 10	Q1 11	Q2 11	<b>Q3 11</b>
€/USD	+44	+35	+7	(59)	<b>(43)</b>
€/CAD	+20	+16	+9	(10)	<b>(4)</b>
€/JP¥	+49	+44	+31	(3)	<b>+3</b>
Others	+79	+75	+49	(22)	<b>(13)</b>
<b>Total currency impact</b>	<b>+192</b>	<b>+170</b>	<b>+96</b>	<b>(94)</b>	<b>(57)</b>

## *Average currency rate*

	Q3 10	Q4 10	Q1 11	Q2 11	<b>Q3 11</b>
€/USD	1.29	1.36	1.37	1.44	<b>1.41</b>
€/CAD	1.34	1.38	1.35	1.39	<b>1.38</b>
€/JP¥	110.7	112.1	112.5	117.5	<b>109.7</b>

## ○ Natural Gas

*In €m*

<b>Impact Natural Gas</b>	<b>+61</b>	<b>+21</b>	<b>+13</b>	<b>+47</b>	<b>+30</b>
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