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Paris, 27 July 2004

**Press release**

## FIRST HALF 2004 CONSOLIDATED SALES

**Sustained momentum in the first half**  
**Sales up by +9.8% (excluding foreign exchange and natural gas effect)**

First half 2004 consolidated sales reached 4 470 million euros, up +6.4% on the first half of 2003, including the impact of exchange rates and fluctuations in natural gas prices. Excluding this effect, Group sales rose by +9.8%, of which +2.7% comes from the consolidation of Messer. On the same basis, Gas and Services sales rose by +10.1% in the first half.

Commenting on the first half 2004 sales figures, **Benoît Potier, Chairman of Air Liquide's Management Board**, said :

*« In the first half of 2004, sales in all activities and geographic zones have increased. In line with the first quarter, we have continued to benefit from a favorable environment in North America and Asia during the second quarter. Furthermore our business lines in Europe have made significant progress in certain markets.*

*Our products, their multiple applications and the associated services are integrated in an enlarged offer which enables us to make numerous gains and to sustain growth. Accordingly, the growth generated in all our business lines and geographic zones over the last 18 months demonstrates the strength of our development strategy.*

*As of the beginning of May 2004, Messer activities in Germany, the UK and US are consolidated in our sales figures. The integration process of acquired operations is moving ahead in a very satisfactory manner.*

*Based on the momentum of the first half, our businesses should continue to grow in the second half. This, combined with our ongoing productivity initiatives, enables us to confirm our full year objective to achieve higher growth in activities and reported net earnings than in 2003.»*

## 1- GAS AND SERVICES

Over the first half of 2004, Gas and Services sales reached 3 919 million euros, growing +10.1% excluding foreign exchange and fluctuations in natural gas prices. Activities acquired from Messer, consolidated as of 7th May 2004, accounted for +3.0% of this growth.

In the second quarter, Gas and Services sales amounted to 2 024 million euros, an increase of +12.4% excluding foreign exchange and fluctuations in natural gas prices, including a contribution from Messer activities of +6.1%.

### ⇒ Analysis by geographic zone

Sales (€ million)	H1 2004	H1 variation (excl. foreign exchange, natural gas prices)	Q2 2004	Q2 variation (excl. foreign exchange, natural gas prices)
Asia-Pacific	686.6	+9.0%	338.0	+4.1%
Americas	1 089.3	+9.9%	568.8	+11.5%
Europe (excluding France)	1 267.1	+15.3%	677.3	+22.2%
France	802.3	+4.3%	400.9	+7.1%
Africa	73.9	+4.1%	39.1	+3.1%
<b>Gas and Services</b>	<b>3 919.2</b>	<b>+10.1%</b>	<b>2 024.1</b>	<b>+12.4%</b>

#### • **Asia-Pacific**

Progress in the Asia-Pacific region continued throughout the first half (+9% excluding foreign exchange and natural gas). Large Industries saw strong growth thanks to the ramping-up of hydrogen volumes, particularly in Korea. Electronics showed strong performance in Japan and won new contracts in China and Taiwan. Excluding Japan, Industrial Customers' sales achieved double-digit growth. A sequential comparison does not fully reflect growth in the region over the period as some electronic products that were invoiced allocated at the end of the first quarter were consumed during the second.

#### • **Americas**

Over the first 6 months, sales in the Americas rose by +9.9% excluding foreign exchange and natural gas, with an acceleration in the second quarter, related to the integration of Messer activities in the US. Excluding this effect, sales growth for the first half was +7.6%. Sales in all business lines increased, with strong demand for air gases from the chemical and metal markets, double-digit growth in hydrogen volumes and good performance from our co-generation units. Electronics continued to progress. We have signed an extension of our contract with Texas Instruments to supply new sites, especially a new 300mm fab in Texas. Liquid gas volumes and cylinders increased significantly in all our markets, in a firm-pricing environment.

#### • **Europe (excl. France)**

In the first half, Europe registered strong growth (+15.3% excluding foreign exchange and natural gas) boosted by the acquisition of Messer activities in Germany and the UK. Excluding this effect, growth was +7.5% with similar performance in both quarters.

Large Industries activities showed a sharp increase, driven by rising hydrogen volumes (Antwerp and start of a new unit in Spain). Overall, Industrial Customers is benefiting from our development in services (calibration) and more pronounced growth in Northern Europe. Healthcare continues to see good growth, particularly in Italy.

#### • **France**

Our activities in France benefited from a slight recovery in the second quarter, growing +4.3% in the first half excluding natural gas. Large Industries saw good progress in the last three months. The successful integration of metrology activities contributed to high levels of growth in Industrial Customers. Performance in Healthcare was good, driven by homecare.

## ⇒ Analysis by business line

Sales (€ million)	H1 2004	H1 variation (excl. foreign exchange, natural gas prices)	Q2 2004	Q2 variation (excl. foreign exchange, natural gas prices)
Industrial Customers	1 795.1	+10.4%	957.5	+16.3%
Large Industries	1 084.1	+12.5%	543.7	+13.4%
Electronics	412.1	+6.1%	202.8	+1.0%
Healthcare	627.9	+7.7%	320.1	+7.8%
<b>Gas and Services</b>	<b>3919.2</b>	<b>+10.1%</b>	<b>2 024.1</b>	<b>+12.4%</b>

### • Industrial Customers

As of 30th June, growth in Industrial Customers reached +10.4% (excluding foreign exchange) with an acceleration in the second quarter linked to the perimeter effect. Excluding Messer, growth for the first half was +5.3%. Overall, Industrial Customers saw a good increase in volumes over the first half, in a firm pricing environment.

Industrial Customers recorded strong growth in emerging countries in Asia, and in the US. We have noted recovery in some market segments in Europe. In France, services saw strong development, particularly with the creation of Trescal, now combining all metrology activities.

### • Large Industries

Over the first 6 months, Large Industries continued to see double-digit growth (+12.5% excluding foreign exchange and natural gas). Excluding the consolidation of Messer activities, this growth was +10.4%. Hydrogen and air gas volumes are showing strong growth in all geographic zones. Co-generation units are performing well particularly in the US. The Group signed numerous contracts during the first half.

### • Electronics

Electronics progressed by +6.1% over the first half, excluding foreign exchange. The effect seen in the second quarter is linked with the allocation at the end of the first quarter of specialty gases which were consumed in the second quarter. Excluding this effect, positive trends in Electronics from the first quarter continued. With regard to other product lines, carrier gases and services saw a strong performance. Equipment sales are stable compared with the first quarter, with a significant recovery in the order book, particularly in Asia. Over the next 18 months, Electronics activity should remain robust, particularly in view of new contracts in China and Taiwan, as well as in the US.

### • Healthcare

Good growth continues in Healthcare, rising +7.7% over the first six months, excluding foreign exchange, with strong performance in all segments. Homecare is seeing particularly high activity in France, Italy and Germany and our position has been strengthened by the acquisition of Allertec in Greece. Medical gases recorded a strong increase in Europe and the US, thanks in particular to the development of services. Hygiene products and services continue to see good growth. Healthcare is therefore demonstrating the quality of its development strategy.

**High value added services** in all activities (healthcare, calibration, analysis, local customer support) continue to achieve double-digit growth.

In the second quarter, the metrology unit (Trescal), small on-site and co-generation activities made strong contributions to growth.

## 2 – ACQUIRED MESSER ACTIVITIES

The Messer activities, which were consolidated for two months, and accounted in sales for 111 million euros registered good growth from the beginning of this year. In Germany this growth came essentially from marked developments in liquid gases and Large Industries. In the UK, activity was stable. In the US, activities saw strong growth, benefiting from the recovery. Overall, acquired activities increased by +1.2% (+4.5% excluding the foreign exchange effect).

In Germany, the divestment process continues satisfactorily. The integration of activities continues as planned, with detailed plans aimed at maintaining the quality of our client relationships and at bringing teams closer together to reach development objectives.

In the United States: On 29th June 2004, Air Liquide signed an agreement with Matheson Tri-Gas (American subsidiary of Nippon Sanso) for the disposal of liquid gas activities to be sold in US. This divestment was carried out in good conditions and awaits final approval from competition authorities.

In addition, in line to its strategy in the US, the Group has decided to divest its traditional cylinder activities with annual sales estimated at more than 80 million euros. These activities were thus not consolidated.

## 3 – RELATED ACTIVITIES

Sales (million €)	H1 2004	H1 change (excl. forex)	Q2 2004	Q2 change (excl. forex)
AL Welding	245.4	+12.5%	126.2	+18.0%
Engineering & Construction	122.4	+3.5%	42.6	-44.5%
Other businesses	183.0	+4.5%	90.8	+7.0%
<b>Related activities</b>	<b>550.8</b>	<b>+7.6%</b>	<b>259.6</b>	<b>-3.4%</b>

Sales in all Related Activities grew in the first half.

- **Engineering and Construction** sales saw moderate growth over the first half.
- **AL Welding** saw an upswing in activity and confirmed the success of its commercial policies and new products.
- **Other businesses** (chemicals and diving) benefited from a renewal of their product lines.

### 2004 Financial Agenda

First-half 2004 earnings  
Third-quarter 2004 sales

Monday, September 6  
Thursday, October 28

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Present in 65 countries, **Air Liquide** is the **world leader** in industrial and medical gases and related services. The Group offers **innovative solutions** based on constantly enhanced **technologies**. These solutions, which are consistent with Air Liquide's commitment to **sustainable development**, help to protect life and enable our customers to manufacture many indispensable everyday products. Founded in 1902, Air Liquide has 31,900 employees. The Group has successfully developed a long-term relationship with its shareholders built on **trust** and **transparency** and guided by the principles of **corporate governance**. Since the publication of its first consolidated financial statements in 1971, Air Liquide has posted **strong and steady earnings growth**. Sales in 2003 totaled 8,394 million euros, with sales outside France accounting for almost 80%. Air Liquide is listed on the Euronext Paris stock exchange and is a component of the CAC 40 and EuroStoxx 50 indexes (ISIN code FR 0000120073).

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## APPENDIX (1)

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*In addition to the comparison of published figures provided, financial information is presented excluding foreign exchange, natural gas fluctuations and Messer consolidation as well as on a comparable basis (excluding foreign exchange, natural gas and full perimeter). Since industrial and medical gases are not exported, the impact of currency fluctuations on sales and earnings is limited to converting the financial statements of our foreign subsidiaries into euros. In addition, fluctuations in natural gas prices are passed on to customers through indexed pricing clauses.*

**Consolidated sales figures as of 30<sup>th</sup> June, 2004 include:**

	million €	% change (published)	of which forex	of which natural gas	Of which Messer	% change (excl. forex, natural gas and Messer)
<b>Second Quarter</b>	<b>2 284</b>	<b>+9.2%</b>	-1.3%	+0.1%	+5.3%	<b>+5.1%</b>
<b>First Half</b>	<b>4 470</b>	<b>+6.4%</b>	-2.8%	-0.6%	+2.7%	<b>+7.1%</b>

- An exchange rate effect, linked with the conversion of the financial statements of our foreign subsidiaries into euros, represented -119 million euros, or an impact of -2.8% on sales growth in the first half. The bulk of this impact is linked to the continued appreciation of the euro relative to the US dollar.*
- The natural gas price impact represented -23 million euros in the first half, i.e. a negative impact of -0.6% on sales growth. Prices nevertheless remained at rather high levels in North America during the second quarter.*
- The perimeter effect over the first half was positive (+3.8%) or +156 million euros. Essentially it is linked to the global integration of Messer assets from 7<sup>th</sup> May 2004 onwards (+2.7%) or +111 million euros. The remaining perimeter effect is the result of the acquisition of Livingston and other assets amounting to +1.1% or +45 million euros..*

## APPENDIX (2)

### Analysis of Gas and Services sales by geographic zone

by geographic zone	First Half 2004				
	million € (published)	% change (published)	% change (excl. forex, natural gas)	% change (excl. forex, natural gas and Messer)	% change (on a comparable basis)
Asia-Pacific	686.6	+7.2%	+9.0%	+9.0%	+9.1%
Americas	1 089.3	+0.1%	+9.9%	+7.6%	+7.2%
Europe (excl. France)	1 267.1	+13.9%	+15.3%	+7.5%	+6.6%
France	802.3	+3.7%	+4.3%	+4.3%	+1.3%
Africa	73.9	+6.3%	+4.1%	+4.1%	+4.1%
<b>Gas and Services</b>	<b>3 919.2</b>	<b>+6.4%</b>	<b>+10.1%</b>	<b>+7.1%</b>	<b>+6.1%</b>

by geographic zone	Second Quarter 2004				
	million € (published)	% change (published)	% change (excl. forex, natural gas)	% change (excl. forex, natural gas and Messer)	% change (on a comparable basis)
Asia-Pacific	338.0	+5.6%	+4.1%	+4.1%	+4.2%
Americas	568.8	+7.8%	+11.5%	+6.9%	+6.1%
Europe (excl. France)	677.3	+20.9%	+22.2%	+6.7%	+5.3%
France	400.9	+6.5%	+7.1%	+7.1%	+2.6%
Africa	39.1	+7.1%	+3.1%	+3.1%	+3.1%
<b>Gas and Services</b>	<b>2 024.1</b>	<b>+11.2%</b>	<b>+12.4%</b>	<b>+6.3%</b>	<b>+4.8%</b>

### Analysis of Gas and Services sales by business line

by business line	First Half 2004				
	million € (published)	% change (published)	% change (excl. forex, natural gas)	% change (excl. forex, natural gas and Messer)	% change (on a comparable basis)
Industrial Customers	1 795.1	+8.2%	+10.4%	+5.3%	+4.6%
Large Industries	1 084.1	+5.3%	+12.5%	+10.4%	+9.1%
Electronics	412.1	+1.3%	+6.1%	+6.1%	+5.1%
Healthcare	627.9	+6.6%	+7.7%	+6.9%	+5.4%
<b>Gas and Services</b>	<b>3 919.2</b>	<b>+6.4%</b>	<b>+10.1%</b>	<b>+7.1%</b>	<b>+6.1%</b>

by business line	Second quarter 2004				
	million € (published)	% change (published)	% change (excl. forex, natural gas)	% change (excl. forex, natural gas and Messer)	% change (on a comparable basis)
Industrial Customers	957.5	+15.5%	+16.3%	+6.1%	+3.9%
Large Industries	543.7	+11.1%	+13.4%	+9.0%	+8.2%
Electronics	202.8	-0.3%	+1.0%	+1.0%	+0.2%
Healthcare	320.1	+7.2%	+7.8%	+6.2%	+4.6%
<b>Gas and Services</b>	<b>2 024.1</b>	<b>+11.2%</b>	<b>+12.4%</b>	<b>+6.3%</b>	<b>+4.8%</b>

### APPENDIX (3)

#### Sales by business

	2003		2004	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
<b>GAS &amp; SERVICES</b>	1,821.0	3,684.2	2,024.1	3,919.2
<i>Industrial Customers</i>	829.3	1,659.1	957.5	1,795.1
<i>Large Industries</i>	489.7	1,029.6	543.7	1,084.1
<i>Electronics</i>	203.3	406.5	202.8	412.1
<i>Healthcare</i>	298.7	589.0	320.1	627.9
<b>AL WELDING</b>	107.0	218.4	126.2	245.4
<b>OTHER ACTIVITIES</b>	85.9	178.6	90.8	183.0
<i>Chemicals</i>	45.5	94.8	49.8	102.2
<i>Sundry</i>	38.8	80.3	40.5	79.4
<i> Holding</i>	1.6	3.5	0.5	1.4
<b>ENGINEERING/CONSTRUCTION</b>	77.5	120.8	42.6	122.4
<b>TOTAL</b>	2,091.4	4,202.0	2,283.7	4,470.0

#### Sales by region

2004: 1 <sup>st</sup> Half	France	Europe <i>Excl. France</i>	Americas	Asia Pacific	Africa	TOTAL
<b>GAS &amp; SERVICES</b>	802.3	1,267.1	1,089.3	686.6	73.9	3,919.2
<b>AL WELDING</b>	85.0	160.4				245.4
<b>OTHER ACTIVITIES</b>	119.6	25.6	34.0	3.8		183.0
Sub/total excluding Eng/Construc.	1,006.9	1,453.1	1,123.3	690.4	73.9	4,347.6
<b>ENGINEERING/CONSTRUCTION</b>	21.9	14.2	7.2	32.3	46.8	122.4
<b>TOTAL</b>	1,028.8	1,467.3	1,130.5	722.7	120.7	4,470.0

2003: 1 <sup>st</sup> Half	France	Europe <i>Excl. France</i>	Americas	Asia Pacific	Africa	TOTAL
<b>GAS &amp; SERVICES</b>	773.4	1,112.5	1,088.3	640.6	69.4	3,684.2
<b>AL WELDING</b>	78.3	140.1				218.4
<b>OTHER ACTIVITIES</b>	118.0	21.3	35.5	3.8		178.6
Sub/total excluding Eng/Construc.	969.7	1,273.9	1,123.8	644.4	69.4	4,081.2
<b>ENGINEERING/CONSTRUCTION</b>	16.1	17.7	5.7	61.2	20.1	120.8
<b>TOTAL</b>	985.8	1,291.6	1,129.5	705.6	89.5	4,202.0