

Paris, 28th February 2005

Press release

2004 CONSOLIDATED EARNINGS

2004: a milestone year

**Net earnings per share: +7.8% (+10.3% excluding foreign exchange)
Proposed dividend: 3.50 euros per share**

The Supervisory Board of Air Liquide, chaired by Alain Joly, met on 25 February 2005 and reviewed the financial statements for 2004 presented by Benoît Potier, Chairman of the Management Board.

In 2004, Air Liquide recorded further growth in **net earnings** reaching **777.5 million** euros, an increase of **+7.1%**. **Net earnings per share (7.20 euros)** rose by **+7.8% (+10.3% excluding foreign exchange)**.

Benoît Potier, Chairman of the Management Board, said:

«The year 2004 marked a return to steadier growth in our key businesses, particularly with rapid development of hydrogen and emerging Asia, and renewed momentum in our US markets and Healthcare in Europe. This growth was reinforced by the successful acquisition and integration of Messer activities.

In this context, the Group has delivered a further increase in profits for 2004, whilst maintaining margins, thanks to its renewed productivity initiatives.

Furthermore, strong cash flow and a selective approach to investment ensure continued financial strength, with debt levels lower than anticipated and very good return on capital employed.

Overall, 2004 was a milestone year for the Group. In light of this good performance and a favorable outlook, the Management Board is proposing a significant dividend increase.

Our business successes over the past three years and dynamic growth drivers position us to target, once again, a growth rate in net earnings in 2005 at least comparable to that published in 2004. »

Following the bonus issue in June 2004, of one share for every ten shares held, a dividend of 3.50 euros per share will be proposed at the next General Shareholders' Meeting, representing an effective increase of more than 20% over last year.

Key 2004 figures

In addition to the comparison of published figures, financial information is given excluding foreign exchange and the impact of fluctuations in natural gas prices and, where appropriate, excluding Messer. Since industrial and medical gases are not exported, the impact of currency fluctuations on sales and results is limited to the accounting consolidation in euros of the financial statements of our foreign subsidiaries. Fluctuations in natural gas prices are passed on to our customers through indexed pricing clauses.

In millions of Euros	2003	2004	04/03	04/03 Excl. forex
Total sales	8,394	9,376	+11.7%	+7.1%*
Of which Gas and Services sales	7,389	8,275	+12.0%	+6.6%*
Operating profit before depreciation and amortization (EBITDA)	2,005	2,191	+9.3%	+12.0%
Operating profit (EBIT)	1,196	1,277	+6.8%	+9.2%
Net profit	726	778	+7.1%	+9.6%
Funds from operations	1,542	1,695	+9.9%	+12.6%
Net earnings per share*** (in €)	6.68**	7.20	+7.8%	+10.3%
Dividend per share (in €)	2.90**	3.50	+20.7%	
ROCE after tax	11.6%	11.3%		

* excluding foreign exchange, natural gas, Messer, and impact of consolidation of Asian activities

** adjusted for impact of bonus share issue in June 2004

*** number of shares outstanding at 31 December 2004, for net EPS calculation: 107,937,967

Messer acquisition

The Messer acquisition marks a turning point for the Group, giving it new momentum and strengthened presence in key markets. Integration of teams is now complete and the transaction was finalized in less than a year, in very favorable financing conditions. Net investment amounts to 2 billion euros for retained full year sales in the order of 780 million euros. In 2004, acquired Messer activities grew in line with the Group.

Group results

Consolidated sales for 2004 reached 9,376 million euros, an increase of +11.7%. Excluding foreign exchange, natural gas and the consolidation impact of Messer and JVs in Singapore and Hong Kong, the increase was +7.1%.

Operating profit before depreciation and amortization was 2,191 million euros, an increase of +9.3% and of +12.0% excluding foreign exchange.

This result was delivered with **margins maintained**. Productivity initiatives undertaken with the launch of the OPAL program and pricing action enabled the Group to fully offset increased costs stemming principally from energy and the implementation of new IT systems.

After depreciation and the amortization of the goodwill attributable to the Messer acquisition, **operating profit** amounted to 1,277 million euros, an increase of +9.2% (excluding foreign exchange).

Margins (ratio of operating income to sales) were therefore maintained at 14.1% (excluding natural gas and Messer) compared with 14.2% in 2003.

Following the Messer acquisition, financed entirely by debt, **financial expenses** stood at 143 million euros versus 106 million euros in 2003. Excluding this acquisition, financial expenses fell significantly (-17%) reflecting lower cost of debt.

The contribution from **associated companies** was 37 million euros, a decrease of 13 million euros, following the consolidation of subsidiaries in Singapore and Hong Kong in 2004.

Other expenses amounted to -68 million euros, compared with -50 million euros in 2003. In particular, these include provisions for restructuring.

Proceeds from **divested Messer activities** contributed 32 million euros, including net capital gains from disposals.

The **effective tax rate** decreased to 27.5% from 29.6% in 2003, partly due to ongoing tax optimization efforts, particularly in Europe.

Minority interests increased by +14% owing to very good results from Japan Air Gases, which saw the benefits of synergy plans initiated in 2003 achieved a year ahead of schedule.

Overall, **Group consolidated net profit** was 778 million euros, an increase of 7.1% (+9.6% excluding foreign exchange). As announced, the contribution of Messer activities consolidated since May had a neutral impact on results for the year.

Net earnings per share rose by +7.8% (+10.3% excluding foreign exchange).

In 2004, the Group bought back 337,243 shares at an average price of 131.6 euros, amounting to a total of 44.4 million euros.

Financial position and balance sheet

Funds from operations were **1,695** million euros, an increase of 12.6% excluding foreign exchange. This is in line with operating growth before depreciation and amortization. In total, funds from operations represent 18% of sales.

Capital expenditure amounted to 998 million euros over the year (excluding the Messer acquisition) – up compared with last year owing to investment decisions for growth made during the past two years. At 31 December 2004, the ratio of capex to sales was 10.6%.

In 2004, our **investment decisions** totaled 1,200 million euros, reflecting numerous commercial successes across all geographic zones and in markets with strong potential.

After increased working capital, share buybacks and a conversion impact, **net debt** was 3,790 million euros, representing a decrease of almost 1 billion euros since June 2004, ahead of our expectations.

Gearing was therefore 66% at 31 December 2004, a better level than anticipated. Following the Messer acquisition, the Group's financial structure continues to be very strong.

At 31 December 2004, **return on capital employed** after tax was 11.3% versus 11.6% in 2003. Excluding the Messer acquisition, return on capital employed was 12.2%.

Analysis by geographic zone

In a moderate economic environment, operating profit in **Europe (including France)** rose to 881 million euros. This growth was linked in particular to good results in Northern Europe and in Large Industries. In France, growth was more varied.

In the **Americas**, operating profit was 311 million euros, reflecting very sustained growth driven in particular by volumes in the US and productivity initiatives.

In **Asia-Pacific**, operating profit was 218 million euros, with very strong growth linked to rising volumes in emerging Asia and the completion of synergies from Japan Air Gases.

Outlook

Following 2004, which marked an important stage in Air Liquide's development, the Group's financial strength continues and 2005 has begun in a positive trend, due to:

- focus on **profitable growth in emerging economies**.
- **development** of our **key growth drivers**: hydrogen, Asia, Electronics, homecare and hygiene in Europe.
- integration of Messer activities within a **new European framework**.
- achievement of **50% of anticipated Messer synergies** in 2005.
- the ramp-up of benefits from **OPAL**, a program targeting improved productivity and more effective sharing of best practices.

2005 financial calendar

Publication of Annual Report (indication of first IFRS impacts non audited)	Beginning April, 2005
First Quarter Sales 2005 (IFRS)	Thursday 21 April 2005
IFRS Information meeting	May, 2005
Annual General Shareholders' Meeting	Wednesday 11 May 2005
First half 2005 sales (IFRS)	Tuesday 26 July 2005
First half 2005 results (IFRS) with restated 2004	Tuesday 6 September 2005
Third quarter 2005 sales (IFRS)	Wednesday 26 October 2005
Full year results 2005 (IFRS) with restated 2004	February 2006

Present in more than 70 countries, **Air Liquide** provides 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 nearly 36,000 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 2004 totaled 9,376 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 indices (ISIN code FR 0000120073).

For further information, please contact :

Investor Relations

Matthieu Baumgartner ☎ + 33 (0)1 40 62 55 19
Caroline Morand ☎ + 33 (0)1 40 62 55 41

Corporate Communication

Dominique Maire ☎ + 33 (0)1 40 62 53 56
Joëlle Ambon ☎ + 33 (0)1 40 62 51 31

www.airliquide.com

Appendices: 2004 Results – (in million euros)

1. Statement of earnings

	December 2003	December 2004	Variation 04/03 %
Net sales (*)	8,393.6	9,376.2	11.7%
Cost of products sold, operating expenses and innovation costs	(6,388.9)	(7,184.9)	12.5%
Depreciation and amortization	(808.7)	(914.4)	13.1%
Operating income (*)	1,196.0	1,276.9	6.8%
Financial income (expense), net	(106.0)	(143.4)	
Equity in earnings of companies accounted for by the equity method	49.5	36.5	
Other income (expense), net	(50.4)	(67.7)	
Earnings of discontinued activities		32.3	
Earnings before income taxes	1,089.1	1,134.6	4.2%
Current income taxes	(362.6)	(337.7)	
Deferred income taxes	55.3	44.9	
Earnings before minority interests	781.8	841.8	7.6%
Minority interests	56.2	64.3	
Net earnings	725.6	777.5	7.1%
Net earnings per share (in euro) (**)	6.68	7.20	7.8%

(*) : for geographic information see the following appendix

(**) : calculated on the adjusted weighted number of shares outstanding during the year (excluding treasury shares)

2. Balance sheet (summarized)

	December 2003	December 2004
ASSETS		
Fixed assets	6,978.9	9,698.6
Other non-current assets	524.6	536.1
Total long-term assets	7,503.5	10,234.7
Inventories	655.5	758.6
Trade receivables and other assets	2,407.6	2,646.7
Short term loans, marketable securities and cash	438.2	785.0
Total assets	11,004.8	14,425.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	5,079.2	5,373.6
Minority interests	460.0	341.5
Provisions and deferred income taxes	1,104.0	1,793.7
Long-term debt	1,985.3	4,300.8
Total capital employed	8,628.5	11,809.6
Trade payables and other liabilities	2,193.2	2,340.9
Loans maturing within one year	183.1	274.5
Total liabilities and shareholders' equity	11,004.8	14,425.0

3. Statement of changes in financial position

	December 2003	December 2004
Net earnings	725.6	777.5
Minority interests	56.2	64.3
Depreciation and amortization	808.7	914.4
Deferred income taxes	(55.3)	(46.8)
Increase (decrease) in provisions	(0.9)	(9.1)
Equity in earnings of companies accounted for by the equity method, less dividends received	7.9	(5.4)
<u>Funds provided by operations</u>	1,542.2	1,694.9
<i>Of which Funds provided by discontinued operations</i>		27.0
Distributions:		
- L'Air Liquide S.A.	(414.2)	(336.1)
- Minority interests	(44.7)	(153.4)
Acquisitions of fixed assets	(746.8)	(875.4)
Investments	(74.9)	(2,858.5)
Sales of fixed assets and investments	40.2	40.9
Sales of discontinued activities		699.0
Other non-current assets and sundry	5.4	(31.9)
Change in working capital	(15.6)	(234.3)
<u>Net before financing</u>	291.6	(2,054.8)
Proceeds from issues of capital stock	12.1	13.3
Purchase / sale of treasury shares	(150.8)	(44.4)
Effects of exchange rate changes	151.5	88.7
Net indebtedness of newly consolidated companies	(12.3)	(62.9)
<u>Change in net indebtedness</u>	292.1	(2,060.1)
Net indebtedness at beginning of year	(2,022.3)	(1,730.2)
Net indebtedness at end of year	(1,730.2)	(3,790.3)
Net indebtedness analysis:		
Short-term loans, marketable securities and cash	438.2	785.0
Long-term debt and loans maturing within one year	(2,168.4)	(4,575.3)
Net indebtedness at end of year	(1,730.2)	(3,790.3)

4. Sales and Operating Profit by Geographic zone

2004: as of December 31

Sales	France	Europe (excl. France)	Americas	Asia Pacific	Africa	Total
Gas & Services	1,619.6	2,753.9	2,237.7	1,512.1	151.9	8,275.2
AL Welding Group	165.9	319.8				485.7
Other activities	230.5	43.5	57.8	6.6		338.4
Sub-total without Engineering & Const.	2,016.0	3,117.2	2,295.5	1,518.7	151.9	9,099.3
Engineering & Const.	69.5	36.8	33.3	88.3	49.0	276.9
Total	2,085.5	3,154.0	2,328.8	1,607.0	200.9	9,376.2

Operating income	France	Europe (excl. France)	Americas	Asia Pacific	Africa	Total
Gas & Services	296.8	502.2	305.5	213.0	33.9	1,351.4
Other	43.5	38.0	5.9	4.9		92.3
R&D centers / corporate					(166.8)	(166.8)
Total	340.3	540.2	311.4	217.9	33.9	(166.8)

2003: as of December 31

Sales	France	Europe (excl. France)	Americas	Asia Pacific	Africa	Total
Gas & Services	1,544.8	2,232.3	2,131.4	1,336.3	143.7	7,388.5
AL Welding Group	148.7	274.5				423.2
Other activities	222.9	38.9	60.4	6.6		328.8
Sub-total without Engineering & Const.	1,916.4	2,545.7	2,191.8	1,342.9	143.7	8,140.5
Engineering & Const.	63.9	34.3	12.8	103.8	38.3	253.1
Total	1,980.3	2,580.0	2,204.6	1,446.7	182.0	8,393.6

Operating income	France	Europe (excl. France)	Americas	Asia Pacific	Africa	Total
Gas & Services	313.9	466.0	278.3	166.5	31.4	1,256.1
Other	48.2	29.2	4.3	4.1		85.8
R&D centers / corporate					(145.9)	(145.9)
Total	362.1	495.2	282.6	170.6	31.4	(145.9)

Notes:

- Net sales are based upon the location of operations, except for the Engineering activity, which is based upon the customer location;
- AL Welding Group produces and distributes Welding and Cutting materials; other activities include fine chemicals and diving activities.