

Paris, July 26th 2005

Press release

FIRST HALF 2005 CONSOLIDATED SALES

Further sales growth in the first half: + 12.4%
reinforced by a good second quarter

At **5,041 million euros**, the consolidated sales of the first half 2005 grew by **+12.4%**, compared with the first half of 2004. This includes sales from acquired Messer activities for an estimated 250 million euros. This increase was **+6.2 %** on a comparable basis.

Consolidated sales for the second quarter 2005 were 2,565 million euros, an increase of **+11.6%** compared with the second quarter of 2004, and **+8.4%** on a comparable basis (excluding foreign exchange, natural gas and perimeter effect).

Commenting on these figures, **Benoît Potier, Chairman of the Management Board of Air Liquide**, said:

«The continuation of our growth in the first half fully illustrates the potential of our core activities, as well as the results of the Group's long-term strategy.

The good second quarter confirms the strengthening of certain trends seen at the beginning of the year, with sustained developing activities in the Americas and in Asia. In Europe, despite a difficult economic climate, the Group benefited from acquired Messer activities and growth drivers such as Healthcare - where we are an important player - and the environment, a particularly favourable area for our products, especially hydrogen.

Our teams also succeeded in achieving numerous commercial successes in new geographic markets, such as Central Europe, the Middle East, Russia and China. Furthermore, our engineering activities, which are a key source of technological advantage, and a driver of our future development, registered record levels of activity.

Thus, these first six months allow us to confirm, at constant accounting standards and excluding exceptionals, our target for the year of a growth rate in net earnings at least comparable to that published in 2004. »

1- GAS AND SERVICES

Sales from Gas and Services activities for the first half of 2005 were **4,421 million euros**, an increase of **+5.6%** on a comparable basis over the first half of 2004.

For the second quarter of 2005, Gas and Services sales reached **2,220 million euros**, up **+6.0%** on a comparable basis, showing a better trend than that seen in the first quarter.

Sales (millions of €)	H1 2005	Change % (as reported)	On a comparable basis*	Q2 2005	Change % (as reported)	On a comparable basis*
Asia-Pacific	789	+ 14.9%	+ 7.7%	396	+ 17.2%	+ 9.3%
Americas	1,173	+ 7.7%	+ 6.3%	589	+ 3.6%	+ 6.4%
Europe	2,381	+ 15.1%	+ 4.5%	1,194	+ 10.7%	+ 4.7%
Africa	78	+ 5.4%	+ 4.9%	41	+ 3.5%	+ 4.9%
Gas and Services	4,421	+ 12.8%	+ 5.6%	2,220	+ 9.7%	+ 6.0%
Industrial Customers	2,044	+ 13.9%	+ 3.2%	1,042	+ 8.8%	+ 3.2%
Large Industries	1,261	+ 16.3%	+ 7.1%	625	+ 14.9%	+ 7.3%
Electronics	432	+ 4.8%	+ 8.7%	206	+ 1.8%	+ 12.1%
Healthcare	684	+ 9.0%	+ 7.6%	347	+ 8.5%	+ 7.9%

*excl. forex, natural gas, estimated sales from acquired Messer activities, Asian consolidation and the deconsolidation of the Electronics liquid chemicals

The variations discussed below are all on a comparable basis*

- **Asia-Pacific**

In the first half, sales for Asia-Pacific were **789 million euros**, up **+7.7%** on a comparable basis. Excluding Japan, and on the same basis, growth was **+18.2%**.

After a flat first quarter, Japan saw slight growth with, in Electronics, good equipment and installation invoicing levels. Specialty gas activity remained stable, in line with semiconductor production. In a market not yet showing signs of growth, *Electronics* outside Japan, saw good development in the second quarter, thanks to high billing levels for equipment, and the start-up of new sites consuming strong carrier gas volumes in China and Taiwan. Overall, all activities are progressing in the zone, with very good performance in *Large Industries*, driven by the ramp-up of hydrogen volumes (China, South Korea) and air gases (China, Australia). *Industrial Customers* are developing satisfactorily in emerging countries.

- **Americas**

In the Americas, sales to June 30th were **1,173 million euros**, an increase of **+6.3%** on a comparable basis.

Activity in *Industrial Customers* was very strong in the US with acceleration in the second quarter thanks to the signing of new contracts. Recently acquired assets from Messer and our Latin American operations contributed significantly, with increased liquid volumes and pricing efforts on cylinder gases. *Large Industries* benefited from new hydrogen capacity coming on-stream for our clients. Air gas volumes in chemicals reflect a temporary de-stocking effect in a flat market for chemicals in the US. *Electronics* progressed well, based on equipment and installation sales.

- **Europe**

Sales reached **2,381 million euros**, up **+4.5%** on a comparable basis.

In European *Healthcare* markets, our activities saw very solid performance in the first half, with an acceleration in the second quarter. All our products and services in hospitals (oxygen, installations), homecare (oxygenotherapy) and hygiene (+15%) contributed to this growth.

Large Industries was driven by the development of environmental norms, which are prompting an increase in hydrogen sales. Air gases, linked with industrial activity, notably steel, saw moderate growth. Cogeneration activity was slightly down due to seasonality.

Despite a continued slow environment, *Industrial Customers* maintained levels of activity with positive pricing efforts for cylinder gases and better performance in Southern Europe, with a slight improvement seen in the second quarter.

Semiconductor industry projects in Germany are underpinning double-digit growth for *Electronics* in Europe.

- **Analysis by activity**

In the first half, **Large Industries** recorded satisfactory performance, with strong contributions from hydrogen and emerging markets. Air gases saw contrasting growth in different geographies, in line with steel and chemical market trends.

Growth in **Electronics** was driven by Asia (Taiwan and China) with strong Equipment and Installation sales and good volumes for carrier gases. Specialty gas sales saw notable signs of recovery in the second quarter, after some erosion at the end of 2004. As anticipated, chemical liquid activities were deconsolidated from the beginning of the second quarter.

Progress in **Industrial Customers** came mostly from strong growth in the US, Latin America and emerging Asian countries. In Europe, services activities complement new contracts to ensure sales growth. The Group's priorities in Europe remain centred on commercial efficiency and productivity.

With a very good second quarter for all activities, **Healthcare** registered significant growth for the sixth consecutive quarter. Europe is the main contributor, thanks to our leadership positions. Homecare activities, recently divested in the US, were deconsolidated from the beginning of the second quarter.

2 – RELATED ACTIVITIES

Sales (in millions of €)	H1 2005	On a comparable basis*	Q2 2005	On a comparable basis*
AL Welding	257	+ 5.3%	132	+ 5.3%
Engineering and Construction	178	+ 32.7%	114	+ 106.4%
Other activities	185	+ 0.5%	99	+ 7.1%
Related activities	620	+10.3%	345	+26.5%

* excluding forex and perimeter effects.

Welding activities maintained good growth levels.

Engineering and Construction made notable progress, thanks to numerous sales in new geographies, which introduce AIR LIQUIDE production technology and brand presence.

Financial calendar 2005

First half results 2005
Third quarter sales 2005
Fourth quarter sales 2005
Full year results 2005

Tuesday 6 September 2005
Wednesday 26 October 2005
Thursday 26 January 2006
Monday 27 February 2006

A full calendar of financial announcements for 2006 will be published as part of the first half 2005 results announcement on September 6th, 2005.

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).

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Appendix 1

In addition to the comparison of published figures, financial information is given excluding foreign exchange and the impact of fluctuations in natural gas price and excluding the consolidation of major acquisitions (acquired Messer assets) and the effect of consolidating subsidiaries in Singapore and Hong Kong.

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.

The impact of adopting IFRS reporting on sales is limited to Engineering and Construction. Since 1st January 2005, sales are registered according to the stage of advancement of work and no longer according to completion. The main impacts from the transition to IFRS reporting were communicated on May 9th, 2005.

Consolidated sales to 30th June 2005 incorporate the following elements :

2005	In millions of euros	Change as reported	Foreign exchange impact	Natural gas impact	Perimeter effect*	Change on comparable basis**
First half (Group)	5,041	+ 12.4%	<1.0%>	+ 1.1%	+6.1%	+ 6.2%
Second quarter (Group)	2,565	+ 11.6%	<0.9%>	+ 1.1%	+3.0%	+ 8.4%
First half (Gas & Services)	4,421	+ 12.8%	<1.0%>	+ 1.2%	+7.0%	+ 5.6%
Second quarter (Gas & Services)	2,220	+ 9.7%	<0.9%>	+ 1.2%	+3.4%	+ 6.0%

**perimeter effects: estimated sales from acquired Messer activities, Asian consolidation and the deconsolidation of Electronics liquid chemicals*

***excluding foreign exchange, natural gas, perimeter effects*

- In the first half, the foreign exchange impact linked with the conversion of the accounts of our foreign subsidiaries into euros, represented -44 million euros, an impact of -1.0% on growth for the Group. For Gas and Services, this effect was -40 million euros or an impact of -1.0% on growth. The average dollar exchange rate over the second quarter was higher than in the first quarter.
- As of 30th June, the effect of variation of price in natural gas represents additional sales of +48 million euros, or a contribution of +1.1% for the Group and +1.2% for Gas and Services. This impact was seen principally in North America. In the second quarter, average price levels were stable compared with the first quarter.
- The principal perimeter effects are linked with the consolidation of Messer assets, our activities in Singapore and Hong Kong and the deconsolidation of billing of Electronics liquid chemicals in the US. In the first half, this effect is estimated at +276 million euros, or a contribution of +6.1% to growth for the Group and of +7.0% for Gas and Services. The perimeter effect linked with Messer consolidation is now lower (180 million euros for the first quarter and an estimated 67 million euros for the second quarter) since these activities have been consolidated since May 7th, 2004.

Appendix 2

Sales by business line

	2004		2005	
	2 nd Quarter	1 st half Year	2 nd Quarter	1 st half Year
GAS & SERVICES	2,024.2	3,919.2	2,219.7	4,421.2
<i>Industrial Customers</i>	957.5	1,795.1	1,041.5	2,044.0
<i>Large Industries</i>	543.9	1,084.1	624.7	1,261.1
<i>Electronics</i>	202.6	412.1	206.1	431.7
<i>Healthcare</i>	320.2	627.9	347.4	684.4
AL WELDING	125.0	244.2	131.6	257.1
OTHER ACTIVITIES	93.4	185.5	99.1	184.8
<i>Chemicals</i>	49.8	102.2	54.0	105.8
<i>Sundry</i>	43.1	81.9	43.6	76.3
<i> Holding</i>	0.5	1.4	1.5	2.7
ENGINEERING/CONSTRUCTION	56.5	136.3	114.7	178.3
TOTAL	2,299.1	4,485.2	2,565.1	5,041.4

Sales by region

2005: 1 st half year	France	Europe <i>Excl. France</i>	Americas	Asia Pacific	Africa	TOTAL
GAS & SERVICES	851.6	1,529.8	1,172.8	789.0	78.0	4,421.2
AL WELDING	84.5	172.6				257.1
OTHER ACTIVITIES	125.4	24.0	31.6	3.8		184.8
Sub total ex. Eng./Construction	1,061.5	1,726.4	1,204.4	792.8	78.0	4,863.1
ENGINEERING/CONSTRUCTION	53.4	35.5	28.9	48.0	12.5	178.3
TOTAL	1,114.9	1,761.9	1,233.3	840.8	90.5	5,041.4

2004: 1 st half year	France	Europe <i>Excl. France</i>	Americas	Asia Pacific	Africa	TOTAL
GAS & SERVICES	802.3	1,267.1	1,089.3	686.6	73.9	3,919.2
AL WELDING	83.8	160.4				244.2
OTHER ACTIVITIES	122.1	25.6	34.0	3.8		185.5
Sub/total excluding Eng/Construc.	1,008.2	1,453.1	1,123.3	690.4	73.9	4,348.9
ENGINEERING/CONSTRUCTION	38.5	18.5	8.8	56.0	14.5	136.3
TOTAL	1,046.7	1,471.6	1,132.1	746.4	88.4	4,485.2