

Paris, 6th September 2005

Press release

CONSOLIDATED EARNINGS AT 30 JUNE 2005
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Solid performance in first half 2005

The Supervisory Board of Air Liquide, chaired by Alain Joly, met on 5 September 2005 and reviewed the financial statements for the first half of 2005 presented by Benoît Potier, Chairman of the Management Board.

At 30 June 2005, Air Liquide, publishing its accounts under IFRS, recorded **sales** of 5,041 million euros (+12.4%), and **net earnings** of 436 million euros (+26.5% and +13.1% excluding restructuring charges taken in 2004 for acquired Messer activities). **Net earnings per share** were 4.04 euros, in line with growth in net earnings.

Benoît Potier, Chairman of the Management Board, said:

***“Earnings growth achieved in the first half of 2005 confirms our ability to leverage our presence in the most dynamic large markets such as North America, to grow in the most promising sectors, such as healthcare, hydrogen and to develop our business in the rapidly expanding geographic zones, such as Asia. Excellent progress with the integration of acquired Messer activities has also contributed to this growth.*”**

We delivered this performance in a contrasted global environment, characterized by sharp cost increases, particularly for raw materials and energy. We were able to totally offset these increases thanks to the results of commercial efforts, OPAL productivity and integration synergies from acquired Messer activities. These combined initiatives led to an improvement in margins.

In the second half, assuming a consistent economic environment, activity levels should continue to progress, probably at a lesser pace. Our new contract portfolio is strong, particularly in new territories spreading from Eastern Europe to China, and we expect new signatures in all geographic regions over the next 18 months.

Our first half results combined with the continued pursuit of growth in our operations and productivity initiatives enable us, excluding significant exceptional items, to increase our 2005 target growth in net earnings to reach double digit.”

Key First Half 2005 figures

IFRS: the Group has applied IFRS norms since 1 January 2005. All financial information in this press release has been established in accordance with IFRS, including 2004 figures which have been restated to allow for comparison.

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	H1 2004	H1 2005	H1 05/04	H1 05/04 Excl. Messer restructuring costs in 2004
Group Sales	4,485	5,041	+12.4%	+12.4%
<i>Of which Gas and Services sales</i>	3,919	4,421	+12.8%	
Operating profit (EBITDA)	1,057	1,190	+12.6%	
Operating Income Recurring (OIR)	651	751	+15.3%	+15.3%
Operating Income	583	774	+32.7%	+18.9%
Net earnings (<i>Group share</i>)	345	436	+26.5%	+13.1%
Funds provided by operations	813	882	+8.5%	+10.2%
Net earnings per share* (in €)	3.19	4.04	+26.6%	+13.2%

* average number of shares outstanding at 30 June 2005, for net EPS calculation: 107,770,070

Group results

Consolidated sales for the first half 2005 reached 5,041 million euros, an increase of +12.4% compared with the first half of 2004. On a comparable basis (excluding foreign exchange, natural gas, estimates of acquired Messer activities, Asian consolidation and the deconsolidation of US liquid chemicals), growth for the first half was +6.2%.

Sales for Gas and Services in the first half 2005 reached 4,421 million euros, an increase of 12.8% (+5.6% on a comparable basis) compared with the first half of 2004.

Operating Income Recurring (OIR) was 751 million euros, an increase of +15.3% over the half. **Operating margin ratio** (Operating Income Recurring over sales) for the Group was 15.0% excluding natural gas effect, against 14.5% in the first half of 2004. The increase in this ratio reflects the ramp-up of synergies from acquired Messer activities (31 million euros over the half). Contributions from the OPAL efficiency program (42 million euros over the half), combined with the effect of pricing action taken, totally offset significant increases in costs (energy and raw materials).

Strong **operating profit** growth is boosted by the restructuring costs taken in 2004 for acquired Messer activities.

Net financial expenses amounted to 108 million euros, against 88 million euros in the first half of 2004. This evolution is linked with the financing of the acquisition of Messer activities.

The contribution of **companies accounted for by the equity method** was 21 million euros at 30 June 2005, against 28 million euros at 30 June 2004. The variation is principally due to the proportional consolidation of subsidiaries in Singapore and Hong Kong in the second half of 2004, consolidated previously by the equity method.

In the first half of 2005, the **effective tax rate** was 31.7% versus 31.3% in the first half of 2004.

Minority interests in the net earnings amounted to 39.3 million euros.

Overall, **Group consolidated net earnings** was 436 million euros at 30 June 2005, an increase of +26.5%. Excluding the exceptional impact in 2004 of restructuring costs for acquired Messer activities, **Group consolidated net earnings** rose by +13.1%.

Net earnings per share was 4.04 euros, in line with growth in net earnings. The average number of shares outstanding at 30 June 2005, for net EPS calculation, was 107,770,070 shares.

Statement of cash flows and balance sheet

Funds provided by operations (before working capital requirement variation) reached 882 million euros, an increase of +8.5%. Excluding the payment of restructuring costs for the acquired Messer activities, this represents an increase of 10.2%, in line with net earnings growth of +13.1% on the same basis.

Capital expenditure amounted to 508 million euros at 30 June 2005, against 3,163 million euros in the first half of 2004, which included the acquisition of Messer activities before divestitures. Over the first half, industrial **investment decisions** totaled 709 million euros.

The change in **working capital requirement** (135 million euros) is linked with sales growth.

Net debt was 4,326 million euros at 30 June 2005 taking into account the dividends paid in the first half (441 million euros including minorities). Regular debt reduction remains our objective.

At the end of 2004 and in 2005, Air Liquide **disposed of certain activities**. In the first half of 2005, the Group's homecare activities in the US and the company Climats and Sapratin were divested ; the funds were received in the first half. The Group also decided to sell its holding in Séchilienne-Sidec, which will contribute to debt reduction in the second half.

Analysis by geographic zone

In a contrasting economic environment, **Europe (excluding France)** progressed, reflecting our growth strategy for healthcare and hydrogen, the successful integration of acquired Messer activities in Germany and the results of our productivity program. Operating income recurring reached 325 million euros. In **France**, development was good in Large Industries and Healthcare, whilst traditional markets contracted. Operating income recurring was 177 million euros.

The **Americas** saw sustained growth for all activities and benefited from synergies derived from the Messer integration. The deconsolidation of sales from Electronic liquid chemicals had no impact on profits. Operating income recurring was 176 million euros.

The **Asia-Pacific** zone also registered strong growth, driven by sales momentum in China and in emerging markets, as well as good cost management. Operating income recurring was 127 million euros.

Outlook

The pace of new contracts is high in all geographies. In North America, excluding the impact of recent events, the environment remains promising, although less than in the recent past. In both Europe and Japan, the Group remains focused on its markets with greatest potential, as well as on productivity initiatives. Elsewhere, we are meeting with considerable success in **new territories**: Eastern Europe (Bulgaria, Romania, Poland, Czech Republic and Russia), the Middle East, India and China.

Growth in **hydrogen** volumes will continue with the ramp-up of our new units in Spain, Belgium and France, and additional capacity we are adding in the US.

Healthcare continues to see sustained growth in all activities, with a good outlook for development in homecare (Europe) and new products and services (hygiene, therapeutic gases).

Finally, we are strengthening our **Research and Development** capabilities, to underpin our development strategy through innovation.

2005-2006 financial calendar

Third quarter 2005 sales	Wednesday 26 October 2005
2005 full year sales	Thursday 26 January 2006
2005 full year results	Monday 27 February 2006
First quarter 2006 sales	Wednesday 26 April 2006
AGM	Wednesday 10 May 2006
First half 2006 sales	Wednesday 26 July 2006
First half 2006 results	Monday 4 September 2006
Third quarter 2006 sales	Thursday 26 October 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 more than 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 totalled 9,428 million euros, with sales outside France accounting for almost 80%. Air Liquide is listed on the Paris stock exchange and is a component of the CAC 40 and Eurostoxx 50 indices (ISIN code FR 0000120073).

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Appendix : Statement of earning – 1st Half-year 2005 (in million euros)

1. Consolidated Income statement

	June 2004	June 2005	Variation 05/04
Revenues (*)	4,485.2	5,041.4	12.4%
Purchases (change in inventories included)	(1,594.5)	(1,865.8)	
Personnel expenses	(834.9)	(918.1)	
Other net operating expenses	(999.0)	(1,067.7)	
Depreciation and amortization	(405.9)	(439.2)	
Operating Income Recurring (*)	650.9	750.6	15.3%
Other non recurring operating expenses	(67.9)	23.1	
Operating Income	583.0	773.7	32.7%
Cost of net financial indebtedness	(61.8)	(83.0)	
Other net financial expenses	(26.3)	(25.1)	
Income taxes	(154.8)	(211.2)	
Equity income	27.9	20.8	
Profit from continuing operations	368.0	475.2	
Profit from discontinued operations	9.0	-	
Profit from the period	377.0	475.2	26.0 %
- Attributable to Minority interests	32.3	39.3	
- Attributable to Equity holders of the parent	344.7	435.9	26.5 %
Basic earning per share (in euros) (**)	3.19	4.04	26.6%

(*) : for geographic information see section 4.

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

2. Consolidated Balance-Sheet (summarized)

	December 2004 (***)	June 2005
ASSETS		
Fixed assets	10,402.3	10,930.0
Other non-current assets	862.5	1,004.9
Total non-current assets	11,264.8	11,934.9
Inventories	652.0	616.4
Trade receivables and other current assets	2,648.7	2,874.4
Cash and current financial assets	855.5	856.2
Total current assets	4,156.2	4,347.0
Total Assets	15,421.0	16,281.9
	December 2004 (***)	June 2005
Liabilities and shareholders' equity		
Shareholders' equity	4,916.3	5,163.1
Minority interests	316.2	320.7
Total equity	5,232.5	5,483.8
Provisions, employee benefits commitments & deferred income taxes	2,811.1	2,968.8
Non current financial debt	4,496.8	4,635.2
Other non current liabilities	170.1	166.5
Total non-current liabilities	7,478.0	7,770.5
Provisions and employee benefits commitments	104.2	133.3
Trade payables and other current liabilities	2,192.5	2,237.8
Financial debt and other current financial liabilities	413.8	656.5
Total current liabilities	2,710.5	3,027.6
Total liabilities and equity	15,421.0	16,281.9
Net indebtedness at the end of period	(4,012.5)	(4,326.5)

(***) including IAS 32/39 impacts

3. Consolidated Statement of Cash Flows

	June 2004	June 2005
Net earnings	344.7	435.9
Minority interests	32.3	39.3
Depreciation and amortization	405.8	439.2
Deferred income taxes	(9.7)	4.6
Increase (decrease) in provisions	48.8	(21.3)
Equity income less dividends received	(5.5)	(1.4)
Profit/ Loss on disposal of fixed assets	(3.1)	(14.1)
Cash flow from operating activities before changes in working capital	813.3	882.1
Change in working capital	(258.8)	(134.7)
Other	4.5	3.5
Net cash from operating activities	559.0	750.9
Purchases of property, plant and equipment and intangible assets	(361.2)	(502.4)
Purchase of financial assets	(2,801.4)	(5.8)
Proceeds from sale of property, plant and equipment, intangible and financial assets	17.3	61.7
Proceeds from sales of divested activities		26.5
Net cash from investing activities	(3,145.3)	(420.0)
Dividends paid		
-L'Air Liquide S.A.	(336.1)	(391.0)
-Minority interests	(44.1)	(50.2)
Proceeds from issues of capital stock	4.5	1.0
Purchase of treasury shares	(10.8)	(35.2)
Increase (Decrease) of borrowings	2,927.7	138.5
Net cash from financing activities	2,541.2	(336.8)
Effect of exchange rate changes and cash and cash equivalents of newly consolidated companies	24.8	(4.5)
Net increase (decrease) in cash and cash equivalents	(20.3)	(10.4)
Cash and cash equivalents at beginning of period	384.5	700.4
Cash and cash equivalents at end of period	364.2	690.0

Net indebtedness calculation

	June 2004	December 2004	June 2005
Long term debt (non current financial debt)	(3,407.7)	(4,453.2)	(4,536.0)
Short term debt (current financial debt)	(1,856.1)	(331.3)	(538.1)
Total gross debt	(5,263.8)	(4,784.5)	(5,074.1)
Current financial assets	91.6	445.2	345.3
Cash on banks	349.6	326.8	402.3
Total net indebtedness	(4,822.6)	(4,012.5)	(4,326.5)

Statement of changes in net indebtedness

Net indebtedness at beginning of period	(1,787.2)	(1,787.2)	(4,012.5)
Net cash from operating activities	559.0	1,451.8	750.9
Net cash from investing activities	(3,145.3)	(3,006.9)	(420.0)
Net cash from financing activities excluding increase (decrease) of borrowings	(386.5)	(520.6)	(475.3)
Effect of exchange rate changes and net indebtedness of newly consolidated companies	(62.6)	25.8	(169.5)
Change in net indebtedness	(3,035.4)	(2,049.9)	(314.0)
IAS 32 and IAS 39 impact		(175.4)	
Net indebtedness at the end of period	(4,822.6)	(4,012.5)	(4,326.5)

4. Sales and Operating Income Recurring in geographic zones

2005 : June 30th

Net Sales	France	Europe (ex France)	Americas	Asia- Pacific	Africa	Total
Gas & Services	851.6	1,529.8	1,172.8	789.0	78.0	4,421.2
AL Welding Group	84.5	172.6				257.1
Other activities	125.4	24.0	31.6	3.8		184.8
Sub-total without Engineering	1,061.5	1,726.4	1,204.4	792.8	78.0	4,863.1
Engineering	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
Operating Income Recurring	France	Europe (ex France)	Americas	Asia- Pacific	Africa	Total
Gas & Services	160.5	300.7	172.6	124.0	19.4	777.2
Other	16.3	24.5	3.6	2.9		47.3
R&D centers / Corporate					(73.9)	(73.9)
Total	176.7	325.2	176.2	127.0	19.4	(73.9)

2004 : June 30th

Net Sales	France	Europe (ex France)	Americas	Asia- Pacific	Africa	Total
Gas & Services	802.3	1,267.1	1,089.3	686.6	73.9	3,919.2
AL Welding Group	83.8	160.4				244.2
Other activities	122.1	25.6	34.0	3.8		185.5
Sub-total without Engineering	1,008.2	1,453.1	1,123.3	690.4	73.9	4,348.9
Engineering	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
Operating Income Recurring	France	Europe (ex France)	Americas	Asia- Pacific	Africa	Total
Gas & Services	145.2	264.1	148.8	101.1	16.5	675.8
Other	26.4	22.5	3.7	(0.3)		52.4
R&D centers / Corporate					(77.3)	(77.3)
Total	171.6	286.7	152.6	100.8	16.5	(77.3)

Nota :

- *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 consumables and equipments; other activities mainly include chemicals and diving.*