
First Half Results 2008:

*A strong performance in the first half
ALMA gaining momentum*

August 4th, 2008

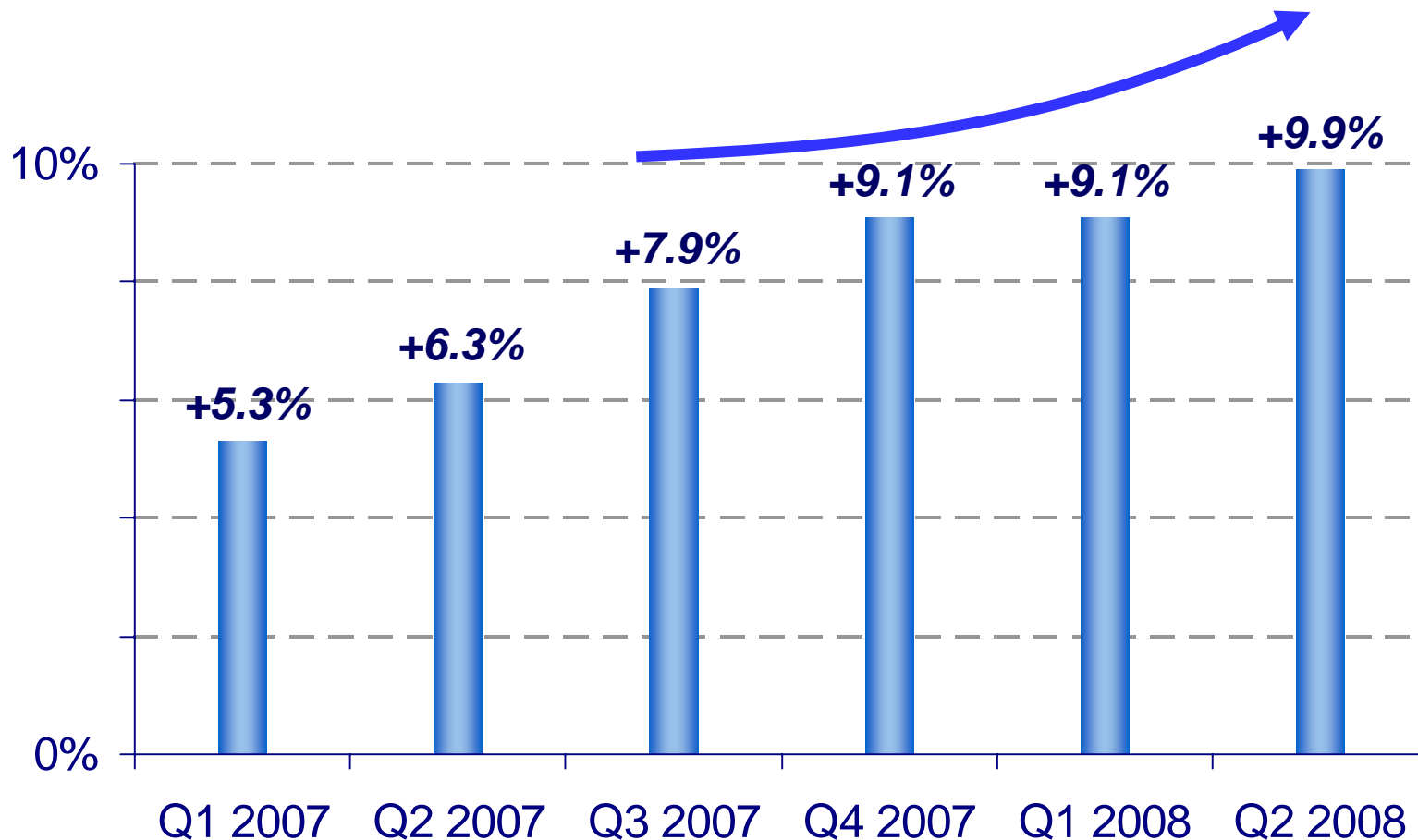
Agenda

- ✓ *A strong performance in the first half* *John Glen*
- ✓ *ALMA gaining momentum* *Benoît Potier*

H1 2008: a strong performance

A decorative background featuring a large, light green funnel shape pointing downwards. Scattered around and inside the funnel are various circles in shades of green, blue, and pink. Some circles are solid, while others are dashed. The overall aesthetic is clean and modern, typical of a corporate presentation.

Accelerated growth in Q2

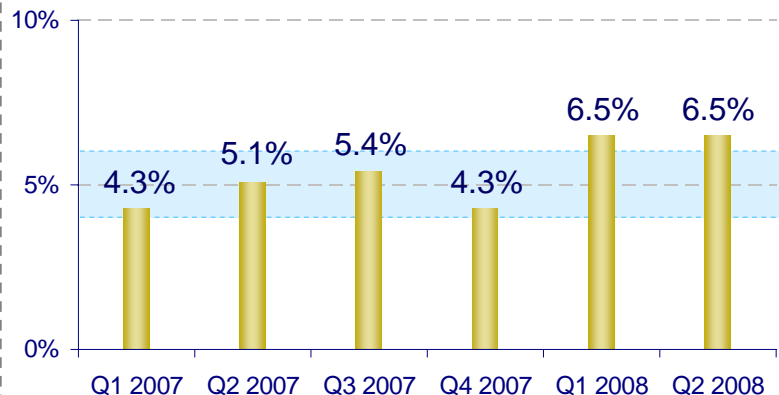


Gas and Services revenue comparable growth*

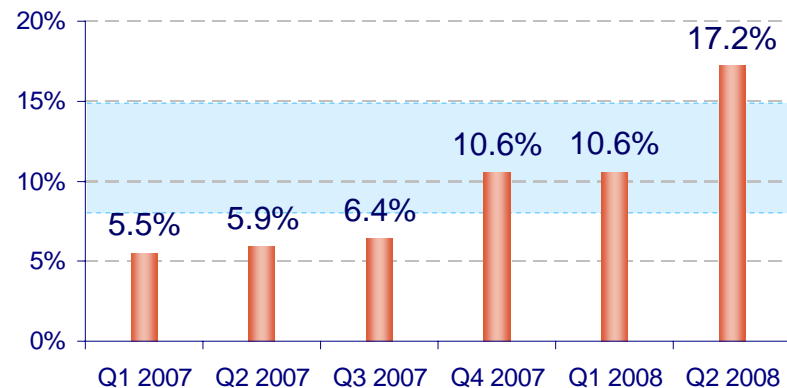
*excluding impact of currency and natural gas

All business lines performed well

Industrial Merchant: 42% of revenue

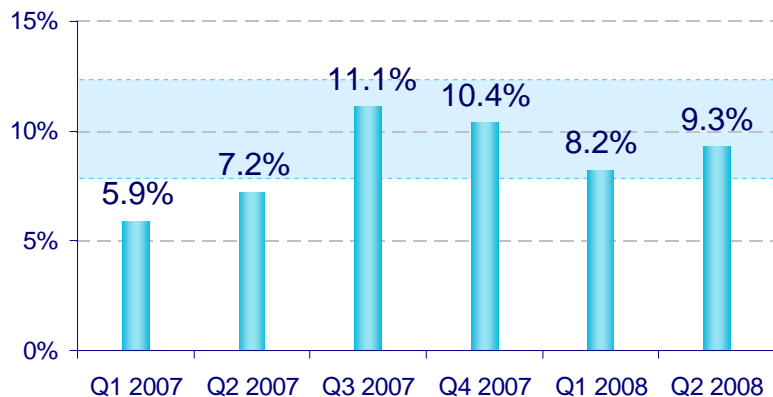


Large Industries: 33% of revenue

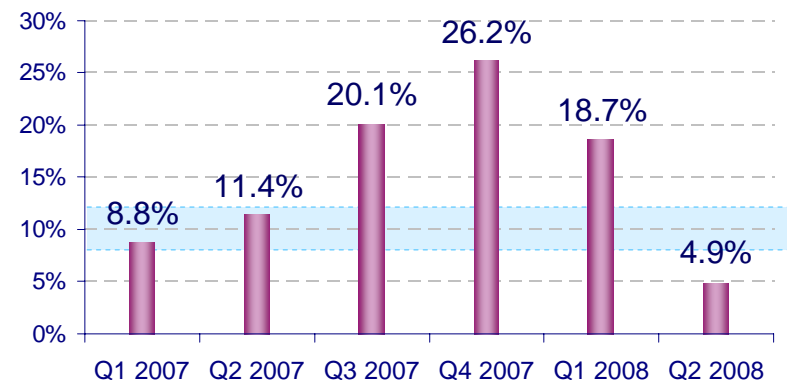


mid-term revenue objectives

Healthcare: 16% of revenue



Electronics: 9% of revenue



All figures represent Gas & Services comparable growth: excluding impact of currency and natural gas

1st half 2008: strong performance

<i>In €m</i>	H1 2008	H1 08/07 <i>as published</i>	H1 08/07 <i>excl. currency</i>	H1 08/07 <i>comparable*</i>
■ Group				
✓ Revenue	6 370	+13.2%	+16.7%	+8.3%
✓ OIR	950	+11.0%	+14.1%	
■ G&S				
✓ Revenue	5 343	+8.8%	+12.6%	+9.5%
✓ OIR margin excl. nat. gas	18.0%	+40 bps		
■ Net profit	601	+8.1%	+11.3%	
■ Diluted EPS (in €)	2.30	+10.6%	+13.9%	

■ G&S margin excluding natural gas is up

■ Double digit OIR, Net Profit and EPS growth, excluding currencies

**excluding impact of currency, natural gas and the Lurgi acquisition*

Europe: double digit growth

■ Industrial Merchant

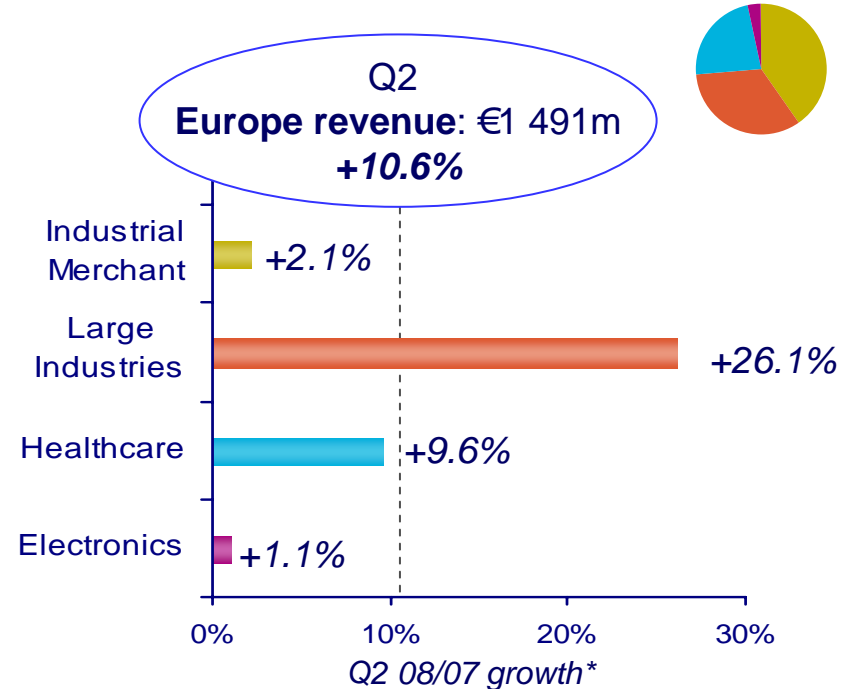
- ✓ North and Eastern Europe: good volume and pricing
- ✓ South Europe: stable activity

■ Large Industries

- ✓ Major ramp-ups in hydrogen and air gases

■ Healthcare

- ✓ Hygiene back to double digit growth



In €m	H1 08	Published growth	Comparable growth
Revenue	2 972	+11.2%	+9.4%
OIR	541	+7.6%	
Margin**	18.5%	-30 bps	

* comparable basis

** excluding natural gas impact

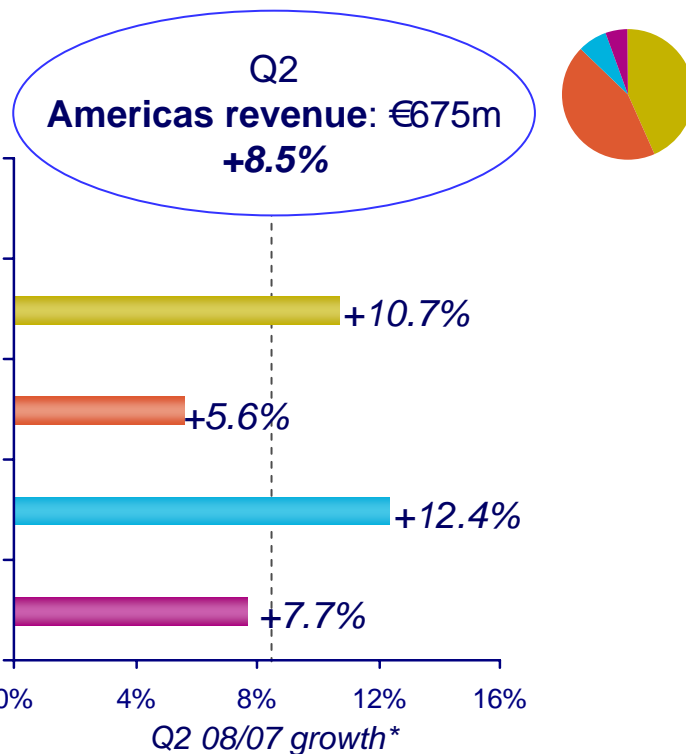
Americas: demand remains strong

■ Industrial Merchant

- ✓ Strong volumes and pricing in the US
- ✓ Sustained double digit growth in South America

■ Large Industries

- ✓ Strong hydrogen demand in the US
- ✓ O₂ volumes impacted by customer turnarounds
- ✓ US growth +8.1%



In €m	H1 08	Published growth	Comparable growth
Revenue	1 310	+3.2%	+7.5%
OIR	212	+5.8%	
Margin**	17.1%	+130 bps	

* comparable basis

** excluding natural gas impact

Asia: buoyant demand

■ Industrial Merchant

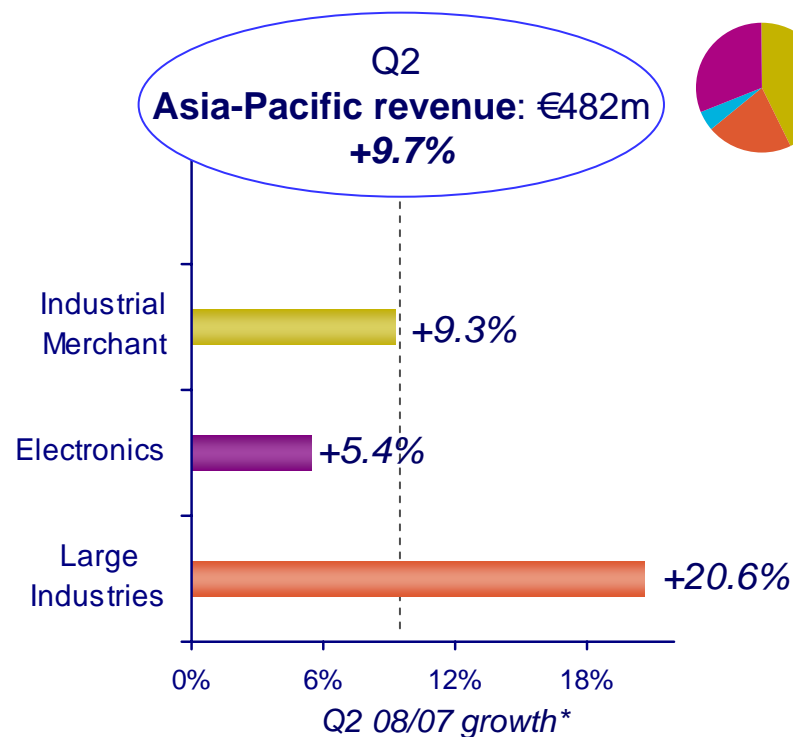
- ✓ +19% growth in emerging Asia
- ✓ Stable activity in Japan

■ Electronics

- ✓ ESG and carrier gases recurring business performed well: +10.7%
- ✓ E&I sales down principally in Japan

■ Large Industries

- ✓ 2 start-ups in China in steel industry



In €m	H1 08	Published growth	Comparable growth
Revenue	973	+10.4%	+12.4%
OIR	161	+14.6%	
Margin**	16.8%	+90 bps	

* comparable basis

** excluding natural gas impact

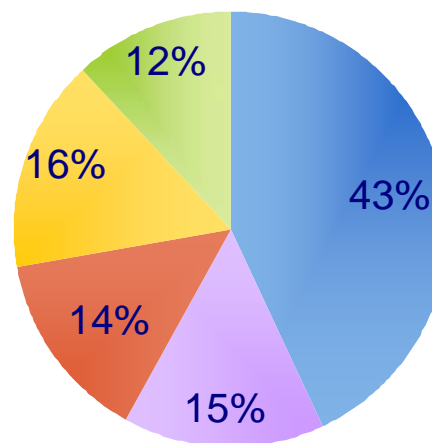
Engineering & Construction: remains fully loaded

- Lurgi fully integrated: 1st hydrogen project with Lurgi technology

<i>In €m</i>	H1 08	Q1 08	Q2 08
Third party revenue	504	189	315
Total order-intake*	800		
Total orders in hand*	5 500		

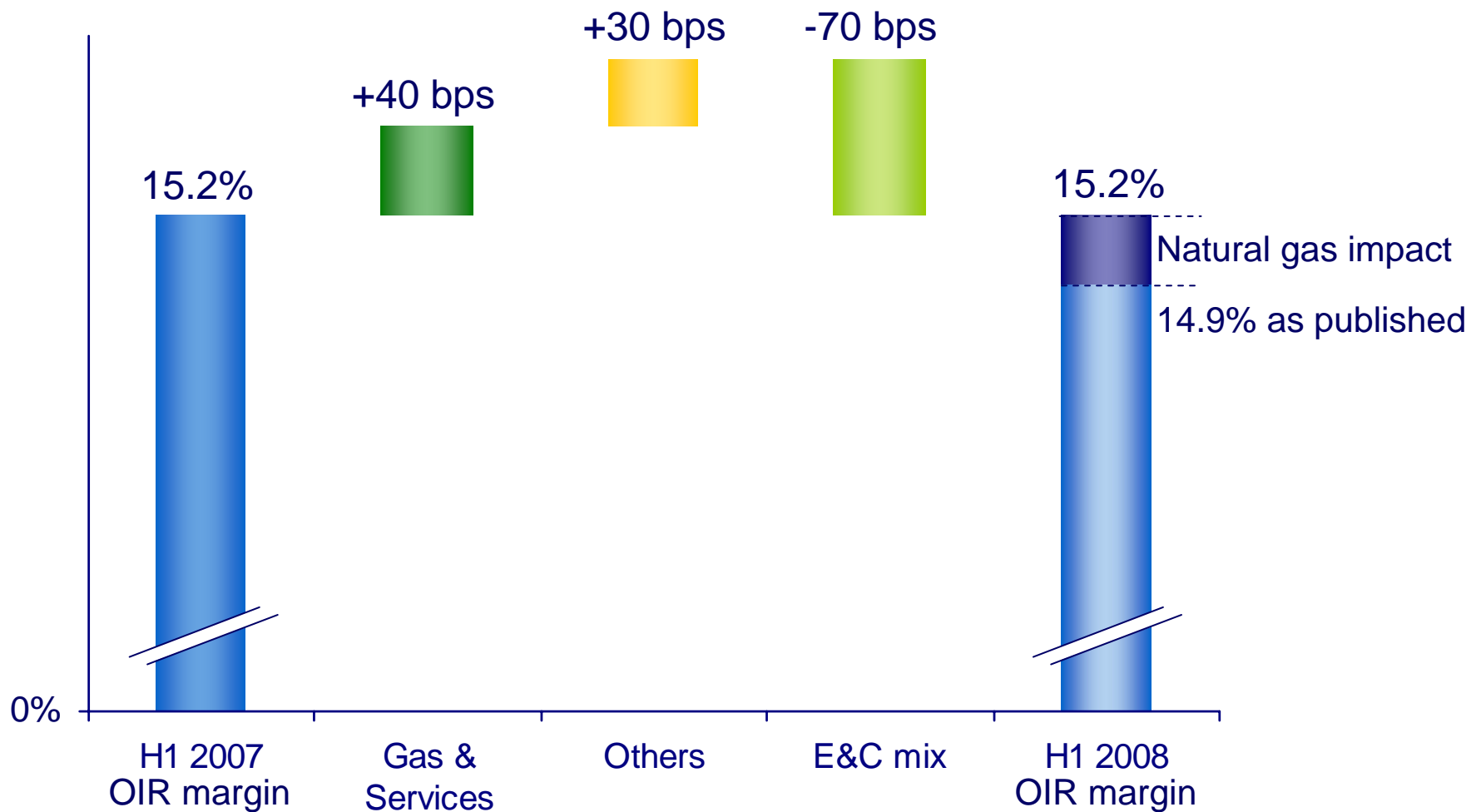
*Total orders in hand breakdown**

- ASU
- HyCO
- Traditional Energy
- Alternative Energy
- Renewable Energy



* Refer to glossary on slide 35

Further margin progress, in core business



Double digit EPS growth

<i>In €m</i>	H1 07	H1 08	H1 08/07	H1 08/07 <i>excl. currency</i>
Operating Income Recurring	856	950	+11.0%	+14.1%
Other non-recurring operating expenses	25	(7)		
Net finance costs and other net financial expenses	(105)	(114)		
Income taxes	(211)	(220)		
Share of profit of associates	16	14		
Profit attributable to minority interests	(25)	(22)		
Net profit (Group share)	556	601	+8.1%	+11.3%
Diluted EPS (in €)	2.08	2.30	+10.6%	+13.9%

Solid cash flow & balance sheet

<i>In €m</i>	H1 2007	H1 2008	08/07
Funds provided by operations	1 012	1 090	+7.7%
WCR	(195)	(180)	
Others	(28)	(19)	
Net cash from operating activities	789	891	+12.9%
Cash invested into business: <i>(industrial capex)</i>	(575)	(791)	+37.4%
Cash back to shareholders: <i>(distributions & share buy-backs)</i>	(703)	(682)	
	31/12/07	30/06/08	
Net indebtedness	(4 660)	(5 221)	
Debt to Equity ratio	72.0%	82.5%	

ALMA gaining momentum



ALMA delivering in H1

Capital

- Standardization and design to cost
 - ✓ **7 ASUs** in construction, **cost -20%**
 - ✓ SMR approved for Rotterdam, **cost -15%**
 - ✓ **Low-cost** filling stations installed in Africa and Poland

ROCE:
11-12%

Goal

- **€102m** efficiencies delivered, in line with objective

€600m
over
3 years

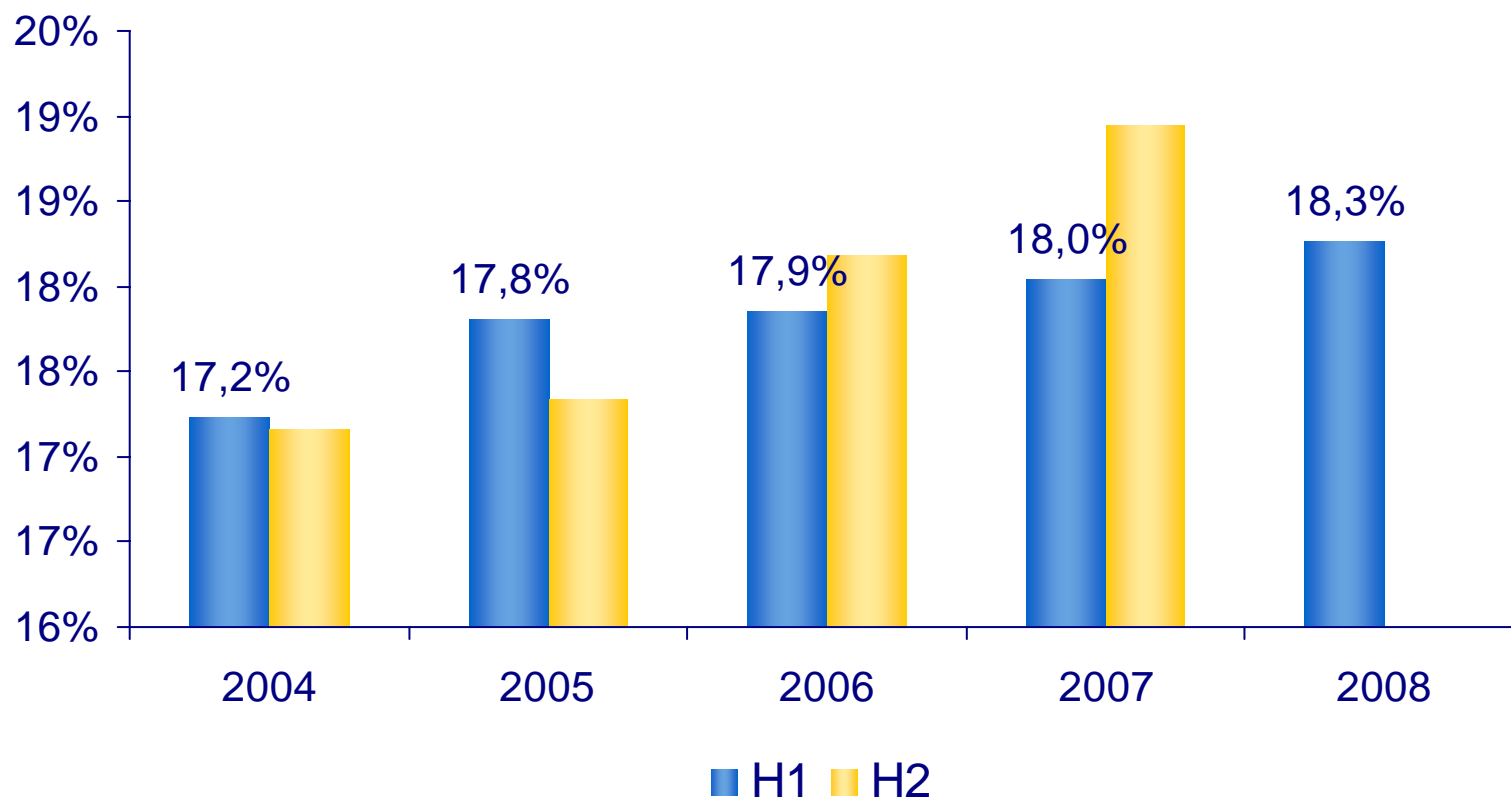
Growth

- Gas & Services comparable growth: **+9.5%**
- Capex increased: **€791m**, **12.4%** of revenue

Growth
+8 to 10%

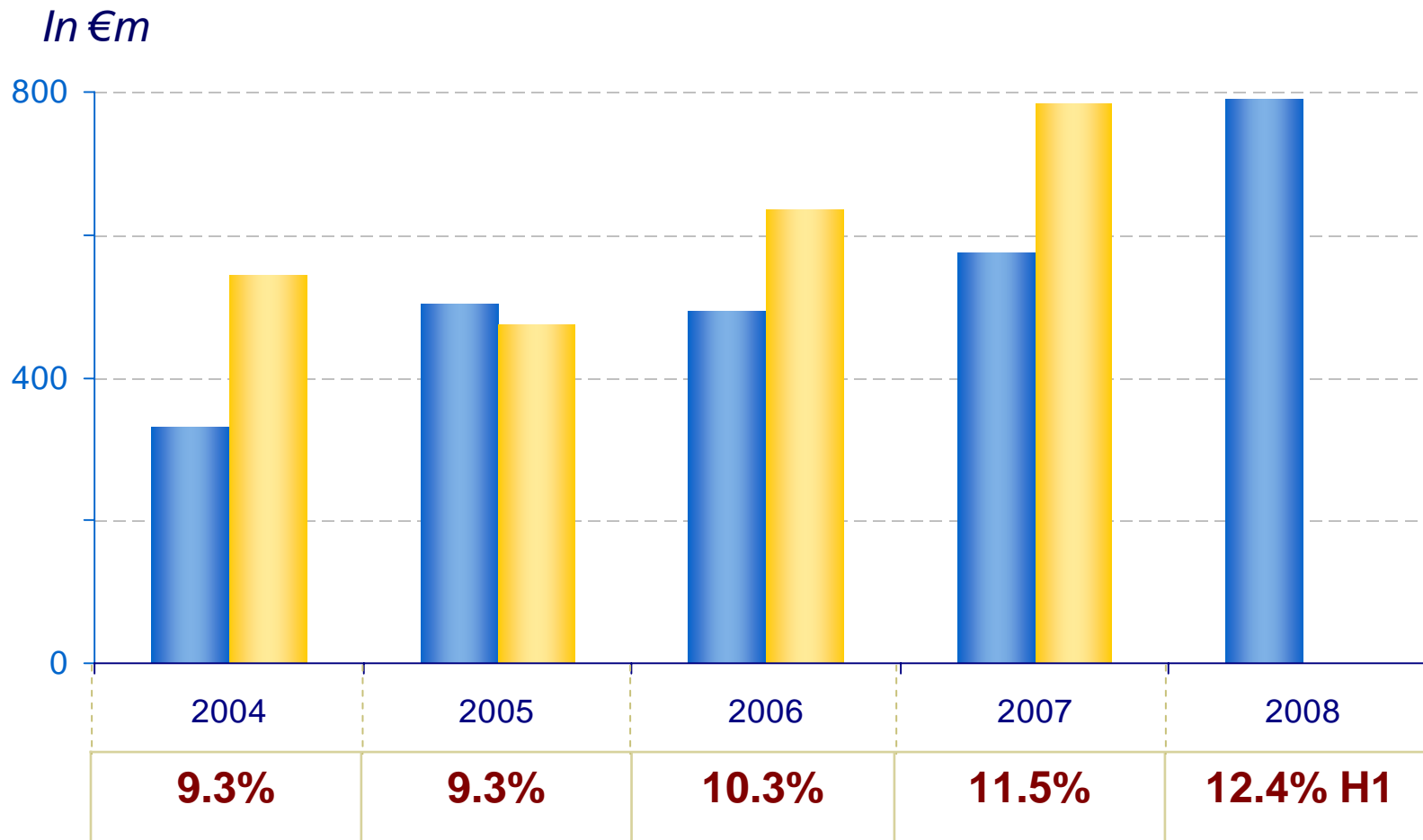
Transformation projects launched

Continued improvement of OIR margin



Gas & Services OIR margin at constant 2004 natural gas price

Capex to fuel future growth

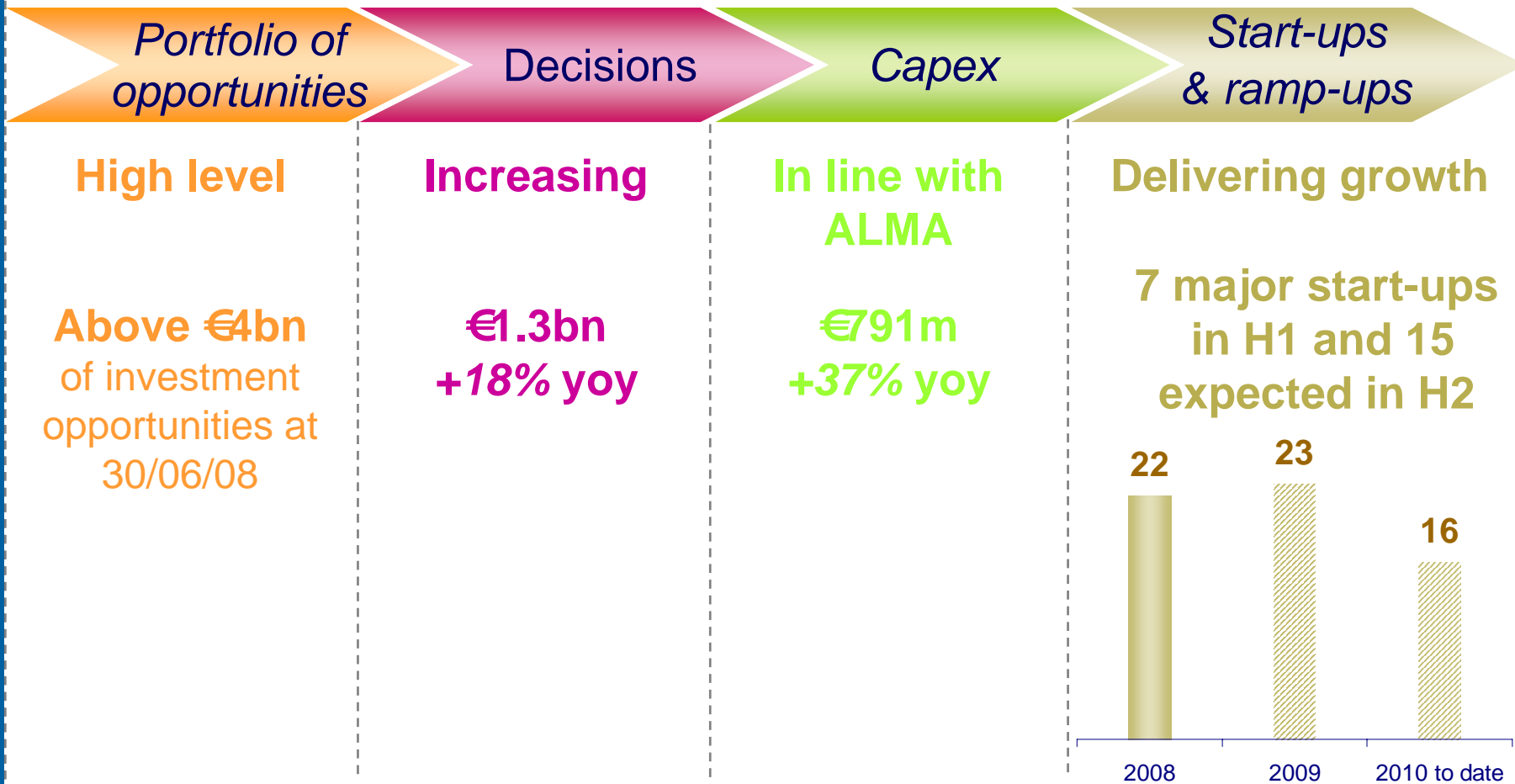


Annual capex to sales

Industrial capex ■ H1 ■ H2

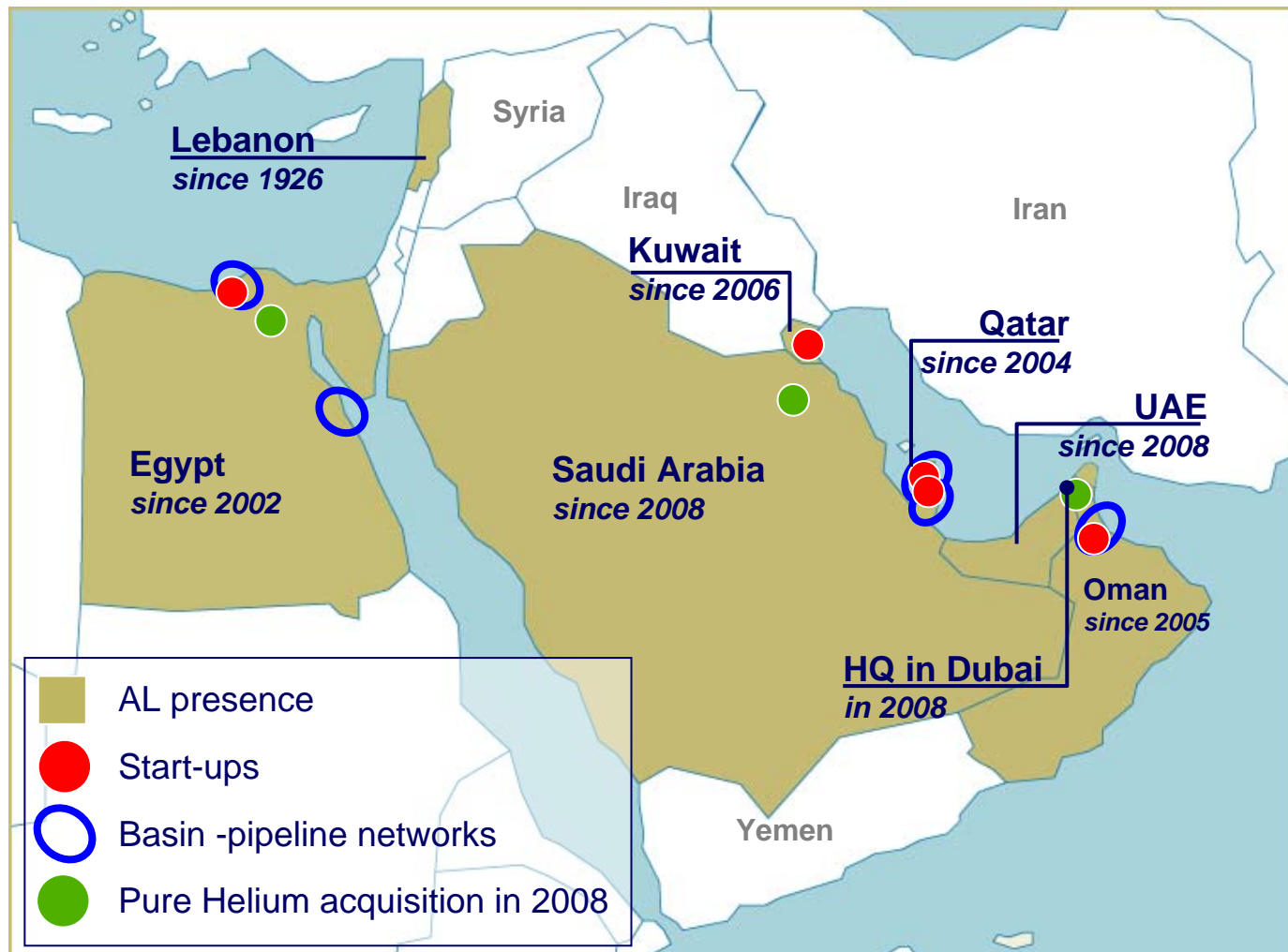
Transforming opportunities into growth

In H1





















Leading gas supplier in the Middle East

- >\$300m investment in last 5 years
 - ✓ 5 start-ups and Pure Helium acquisition in 2008
- \$1bn investment in next 5 years



Solid trends in end-user markets

	<i>H1</i> <i>2008</i>	<i>H2</i> <i>2008</i>	
Steel			Continued strong demand
Chemicals			High capacity utilization but uncertainty
Oil and gas			Sustained demand with record oil prices
Electronics			Strong IC volume growth; strong TFT-LCD demand, DRAM inventory adjustments
Industrial Merchant			
Americas			Demand remains steady
Japan			Modest growth
Emerging Asia			Continued buoyant demand
Europe			Northern Europe sustained growth Southern Europe soft demand
Healthcare			Good trends continue

“We remain confident in our ability to achieve double digit growth in 2008 net profit at constant exchange rates.”

Appendices



Confirmation of 5 long term growth drivers



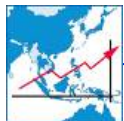
Energy

- Hydrogen for refining
- Alternative energy:
 - ✓ Gasification
 - ✓ Oxycombustion
- Energy efficiency



Environment

- CO₂ emission reduction
- Carbon Capture & Storage



Emerging economies

- Taking leadership positions in new markets



Health

- Ageing population
- Homecare development
- Innovation in therapeutic gases



High Tech

- Concentration of leading players in Asia-Pacific
- Consumer products driving high tech
- High Tech development requires more industrial gases

ALMA: growth projects delivering in Q2

⇒ Energy & Environment

■ **Hydrogen:** major European long term contract with Lurgi technology

⇒ Emerging economies

■ **Eastern Europe:** long term contract in Poland
 ■ **Middle East:** 4 start-ups in Egypt, Kuwait, Qatar, Oman

⇒ High Tech

■ **Electronics:**
 ✓ Acquisition of Edwards Chemical Management Division
 ✓ New contracts in South Korea, China and Taiwan

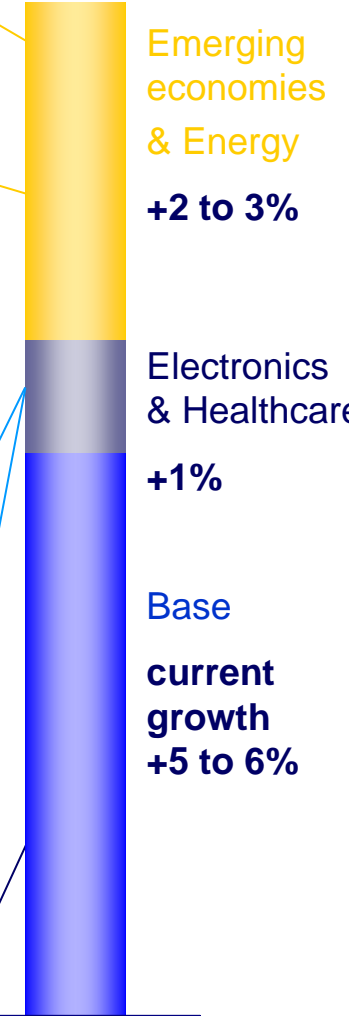
⇒ Healthcare

■ **Medical gases:** 100 operations using LENOXe since the beginning of the year in France

⇒ Base

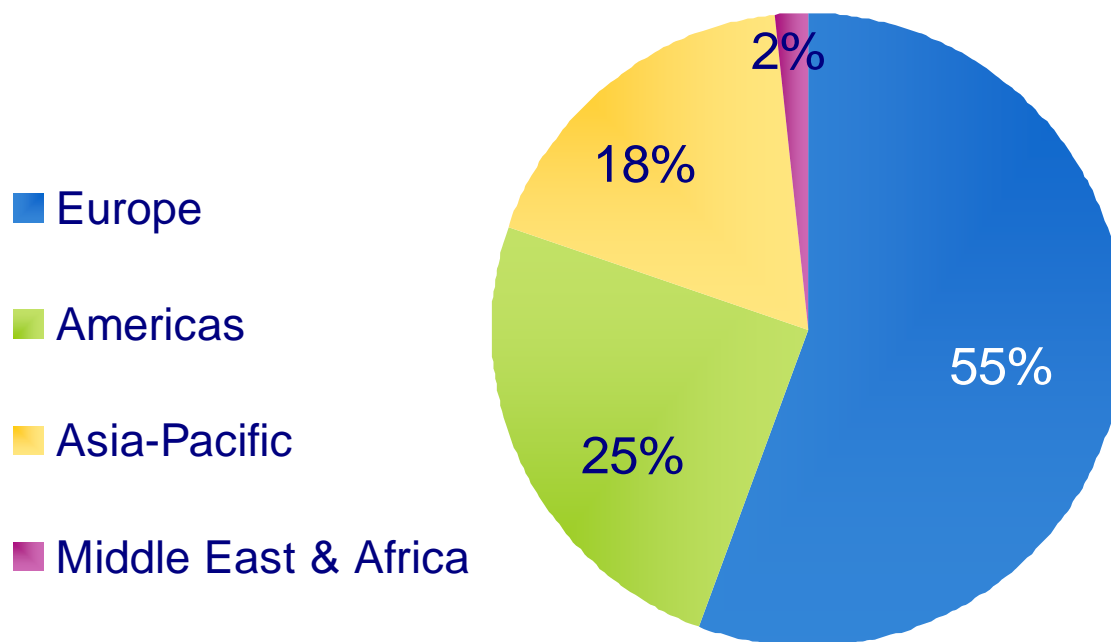
■ **Liquid capacities** in Germany and Portugal
 ■ **Capacity investments** on German and Italian pipeline networks for major steel customers

Mid-term objectives



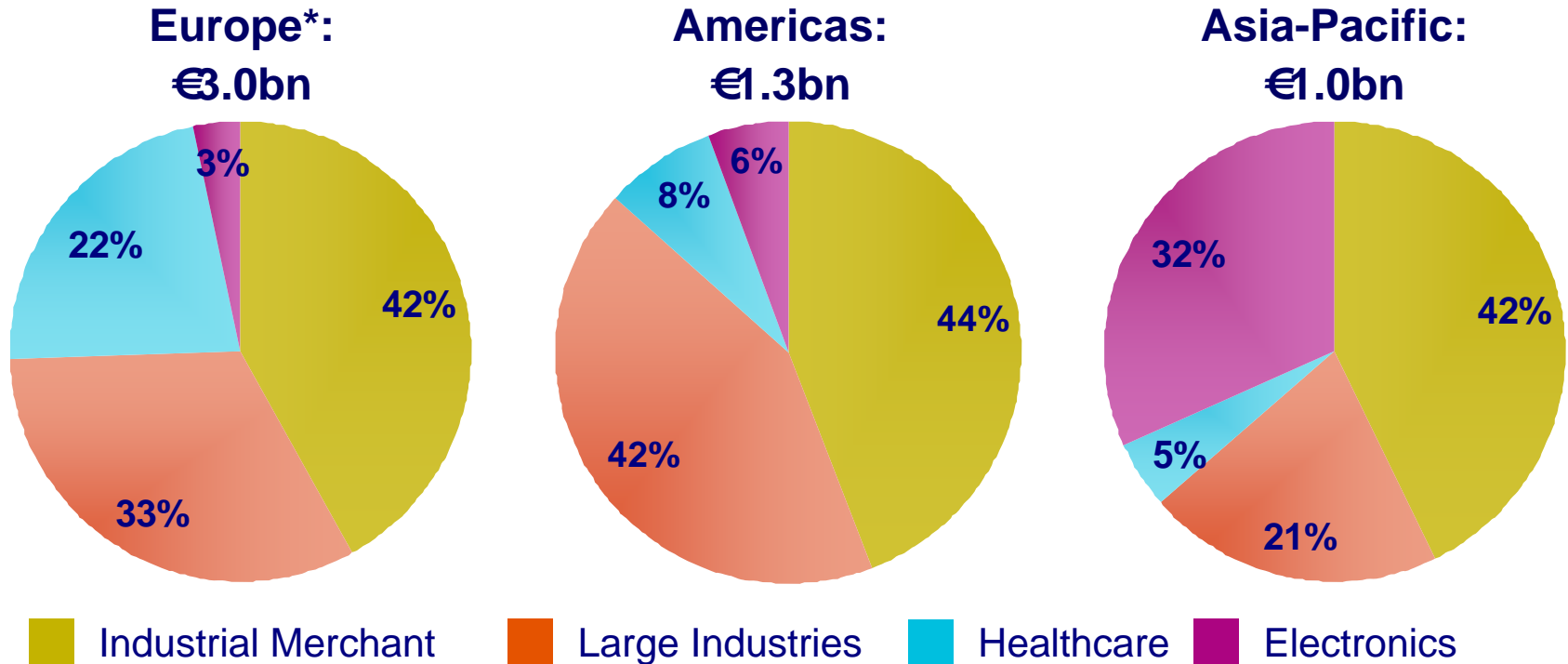
Geographical breakdown of sales

H1 2008 Gas & Services revenue: €5 343m



Business mix by region

H1 2008 Gas & Services revenue: €5.3bn



* Including Middle-East & Africa

Revenue breakdown

<i>In €m</i>	Q1 08	Q2 08	H1 08
Gas & Services	2 649	2 694	5 343
Engineering & Construction	189	315	504
Others activities	253	270	523
Total Group	3 091	3 279	6 370

Income statement

<i>In €m</i>	H1 07	H1 08	08/07
Revenue	5 629	6 370	+13.2%
Operating Income Recurring before depreciation	1 320	1 435	+8.7%
Depreciation & amortization	(464)	(485)	
Operating Income Recurring	856	950	+11,0%
Other non-recurring operating expenses	25	(7)	
Operating Income	881	943	+7.1%
Net finance costs	(82)	(93)	
Other net financial expenses	(23)	(21)	
Income taxes	(211)	(220)	
Share of profit of associates	16	14	
Profit before minority interests	581	623	+7.3%
Profit attributable to minority interests	(25)	(22)	
Net Profit (Group share)	556	601	+8.1%

Source and use of funds

<i>In €m</i>	H1 07	H1 08
Funds provided by operations	1 012	1 090
Changes in working capital	(195)	(180)
Other items	(28)	(19)
Net cash from operating activities	789	891
Purchase of PPE* and intangible assets	(575)	(791)
Purchase of financial assets	(1 103)	(114)
Proceeds from sale of PPE*, intangible and financial assets	142	27
Net cash in investing activities	(1 536)	(878)
Distributions	(516)	(569)
Net cash before financing	(1 263)	(556)
Increase in capital stock	46	22
Purchase of treasury shares	(187)	(112)
Exchange rate and consolidation scope effect	44	85
Change in net indebtedness	(1 360)	(561)

* PPE = Property, Plant and Equipment

Consolidated balance sheet

In €m

ASSETS	31/12/07	30/06/08	EQUITY & LIABILITIES	31/12/07	30/06/08
Goodwill	3 643	3 681	Shareholders' equity	6 328	6 179
PPE and intangible assets	9 098	9 225	Minority interests	148	154
Other non current assets	719	646	Total equity	6 476	6 333
Total non-current assets	13 460	13 552	Provisions & deferred tax liabilities	2 756	2 530
Inventories	796	809	Non-current borrowings	4 993	5 323
Receivables & other assets	3 240	3 568	Other non-current liabilities	163	161
Cash and cash equivalents*	796	744	Provisions	169	331
Total current assets	4 832	5 121	Trade & other payables	3 305	3 416
Total assets	18 292	18 673	Current borrowings*	430	579
	31/12/07	30/06/08	Total equity & liabilities	18 292	18 673
Net indebtedness	4 660	5 221			
Debt to Equity ratio	72.0%	82.5%			

*including fair value of derivatives

Operating income recurring margin

		H1 06	H2 06	Full year
■ 2006	Group	14.7%	15.6%	15.2%
	Gas & Services	17.3%	17.9%	17.6%
■ 2007	Group	15.2%	15.2%	15.2%
	Gas & Services	17.6%	18.8%	18.1%
■ 2008		H1 2008		
		<i>Published</i>	<i>excl. nat. gas</i>	
	Group	14.9%	15.2%	
	Gas & Services	17.5%	18.0%	

Industrial capex by geography

	2006 investments* / total revenue	2007 investments* / total revenue	H1 2008 investments* / total revenue
Europe	9.8%	9.5%	10.2%
Americas	9.4%	11.3%	9.4%
Asia-Pacific	13.0%	17.5%	23.7%
Middle East & Africa	11.9%	28.1%	29.6%
Total	10.3%	11.5%	12.4%

* Excluding financial investments

Currency natural gas and Lurgi impact

<i>In €m</i>	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	H1 08
€/USD	(41)	(35)	(34)	(53)	(64)	(73)	(137)
€/CAD	(14)	(6)	(1)	+4	+3	(9)	(6)
€/JP¥	(27)	(30)	(23)	(20)	(2)	(1)	(3)
Others	(19)	(10)	(6)	(17)	(21)	(32)	(53)
Total	(101)	(81)	(64)	(86)	(84)	(115)	(199)
Natural gas impact	(25)	+10	(9)	+18	+51	+100	+151
Lurgi scope impact	0	0	+151	+210	+95	+229	+324

Average exchange rates for the period

	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08
€/USD	1.31	1.35	1.37	1.45	1.50	1.56
€/CAD	1.54	1.48	1.44	1.42	1.50	1.58
€/JP¥	156.5	162.8	161.8	163.8	157.7	163.4

Share capital evolution

		H1 2008
Share buyback	Number	1 289 483
	€m	112.3
	Average price in €	87.09
Average number of shares outstanding		259 710 436
Total number of shares outstanding at 30/06/08		260 504 389

Engineering Glossary

- **Orders in Hand** represent the sum of the initial contracts value of all Group and Third Party contracts managed by the Engineering & Construction entities, excluding contracts under warranty
- **The Order Intake** represents the sum of the initial contracts value of all Group and Third Party contracts which entered into force during the period
- **ASU: Air Separation Unit**
- **HyCO: SMR units, CO Cold Boxes, Hydrogen PSA for purification**
- **Alternative Energy:** plants based on Natural Gas or Coal (such as Methanol and Methanol To Propylene plants, gasification projects) as well as gas cleaning units (Rectisol)
- **Renewable Energy:** biodiesel, bioethanol plants as well as oleochemical units
- **Traditional Energy:** plants built in the Refining and Basic Petrochemical area

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