

2010 Results

*Solid performance
New momentum established*

Paris, February 15, 2011

Benoît Potier, Chairman and CEO



Solid 2010 performance

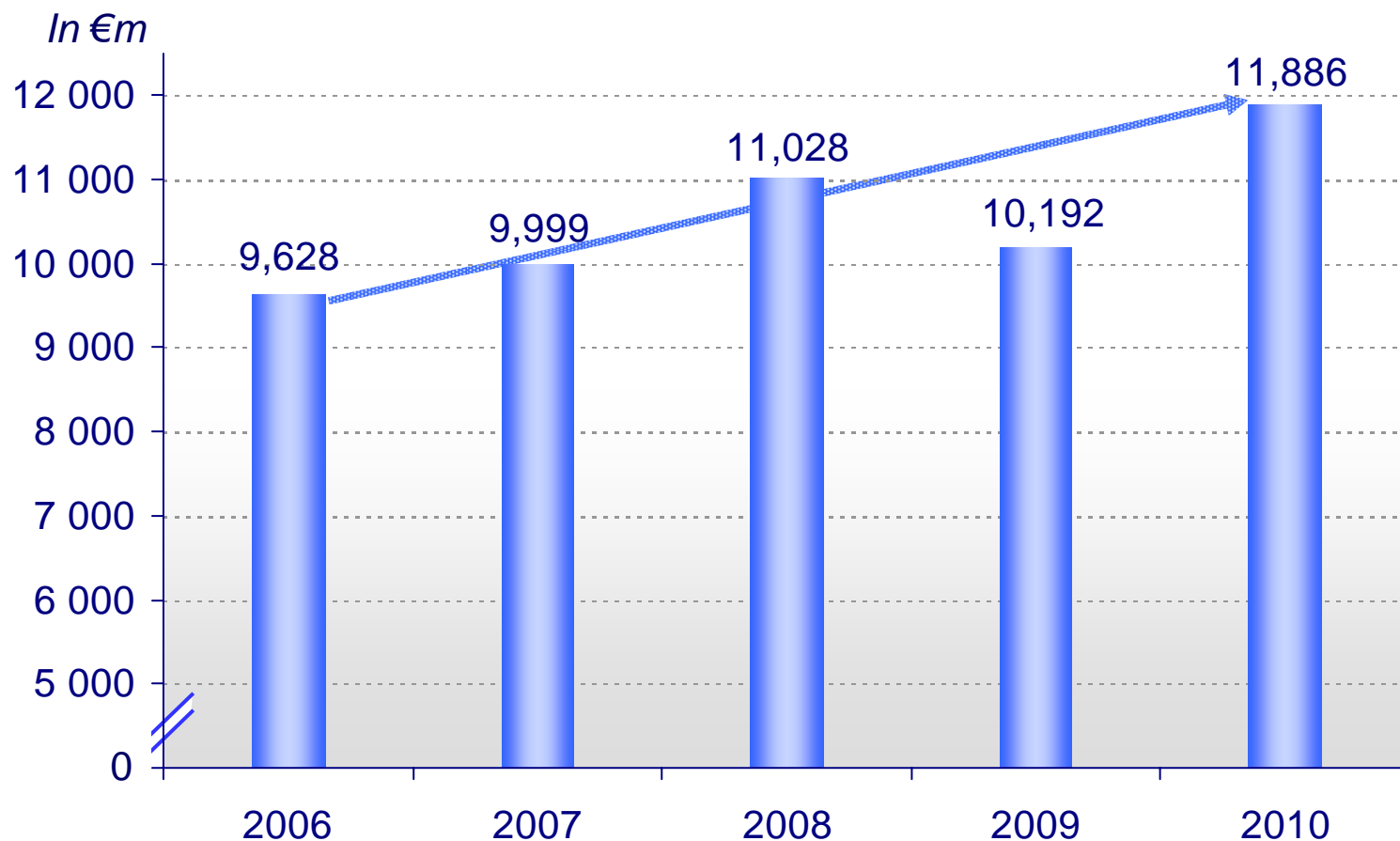
- Back to more sustained growth
- Further improvement in operating performance

New momentum established

- Structural improvements
- Investment cycle recovery
- Confirmation of growth drivers and launch of ALMA 2015

Back to more sustained growth in G&S...

Gas & Services sales

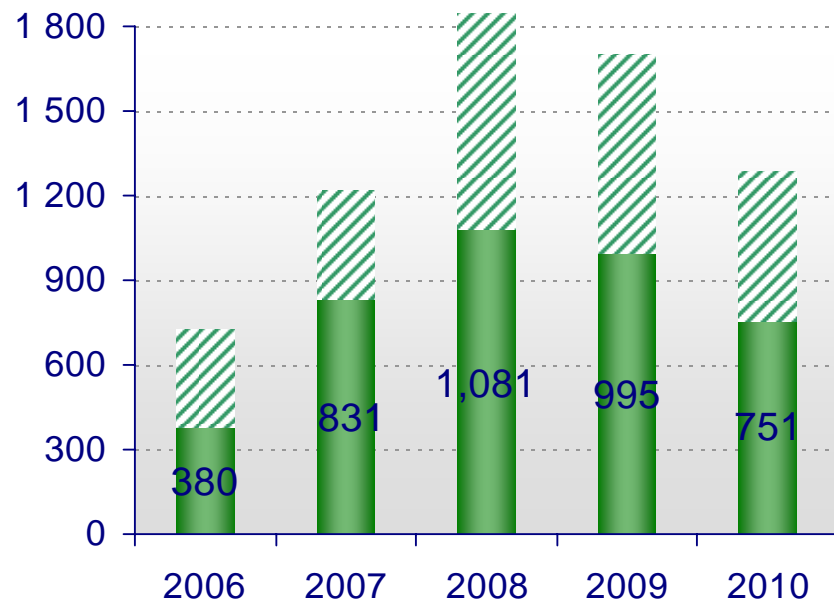


... and solid activity in other areas

Engineering & Construction total sales

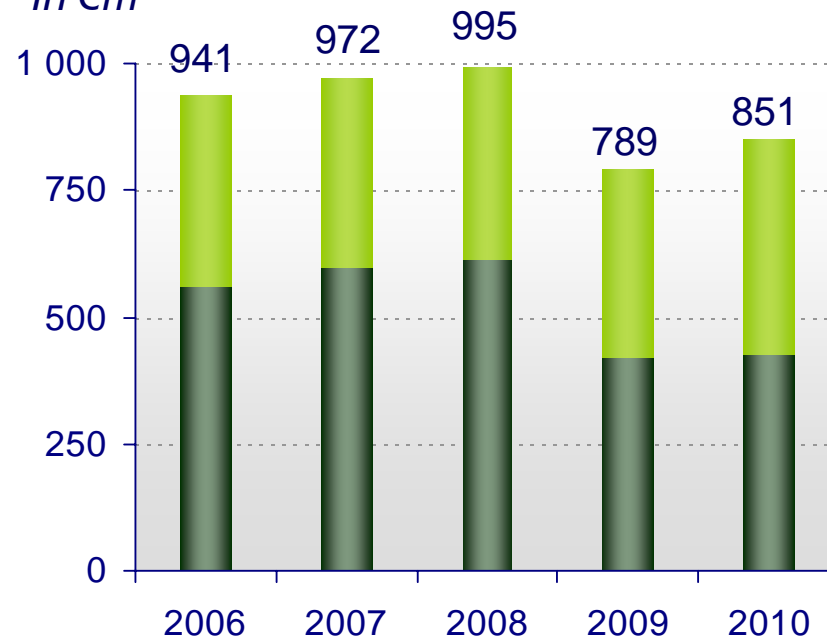
Other Activities sales

In €m



- Third-party sales
- Internal sales

In €m

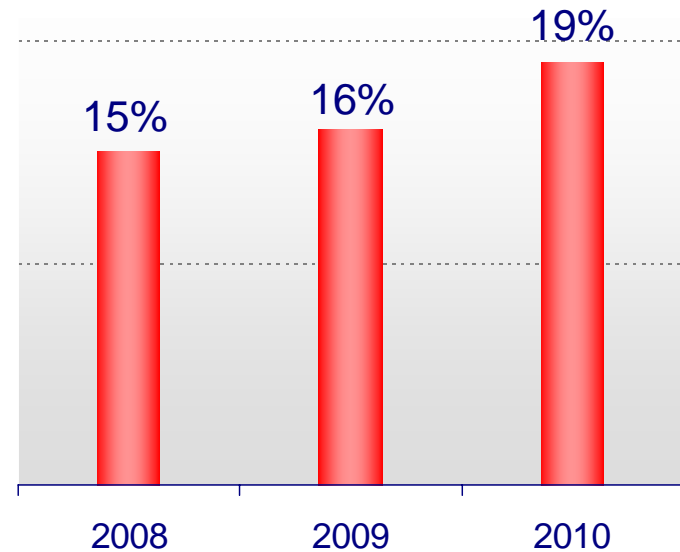
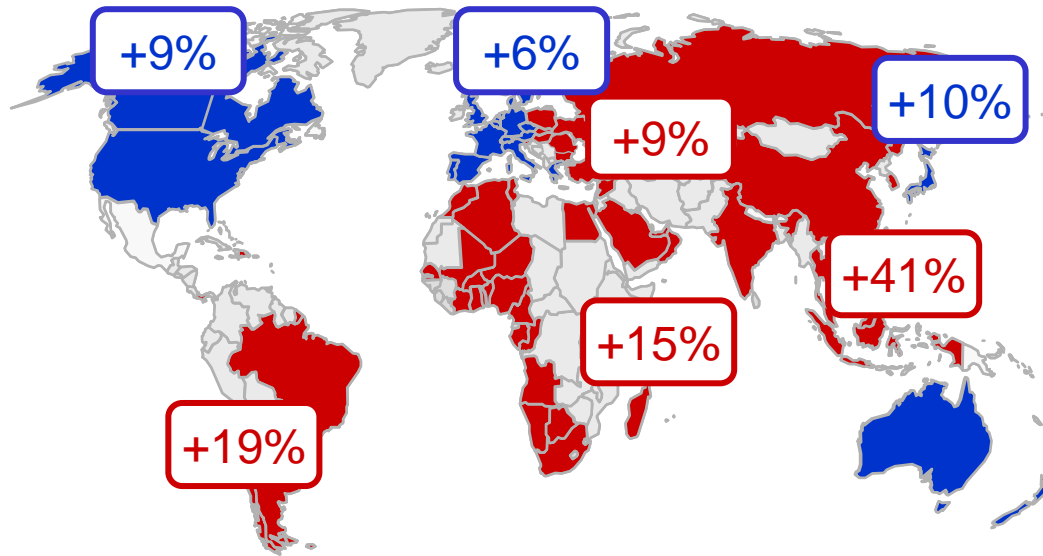


- Welding - Cutting
- Specialty chemicals and Diving

Strong recovery in all economies ...

Comparable G&S sales growth (2010 / 2009)*

Share of G&S sales in developing economies



Advanced economies

Developing economies

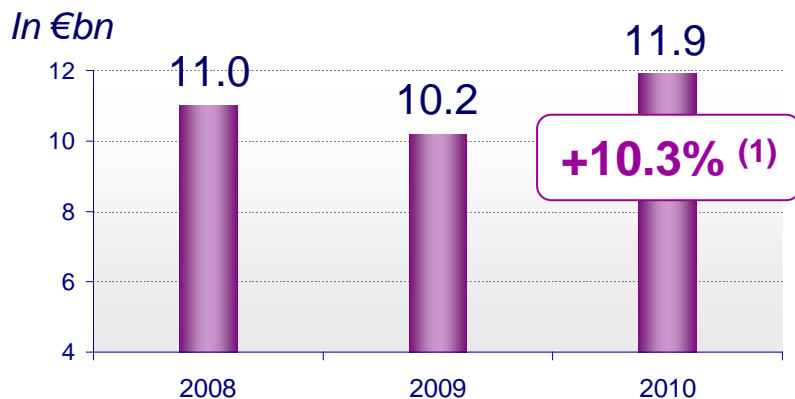
+7%

+29%

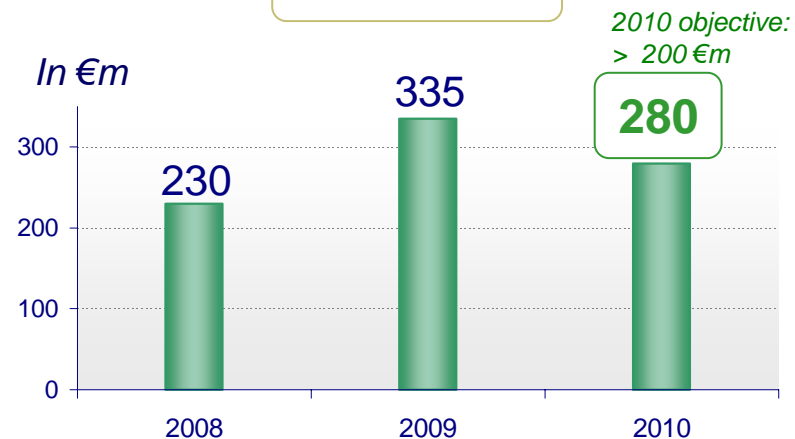
* Excluding forex and natural gas

... operating performance financing growth ...

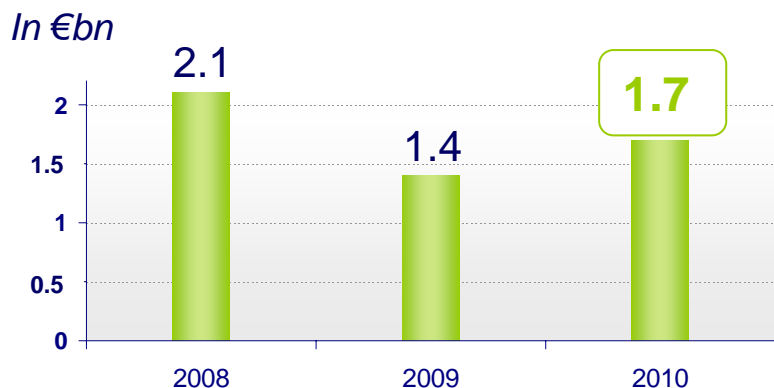
Gas & Services sales



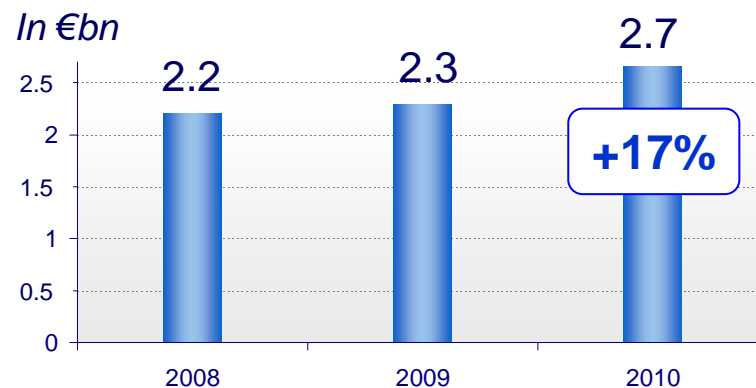
Efficiencies



Net Capex (2)



Operating Cash Flow (3)

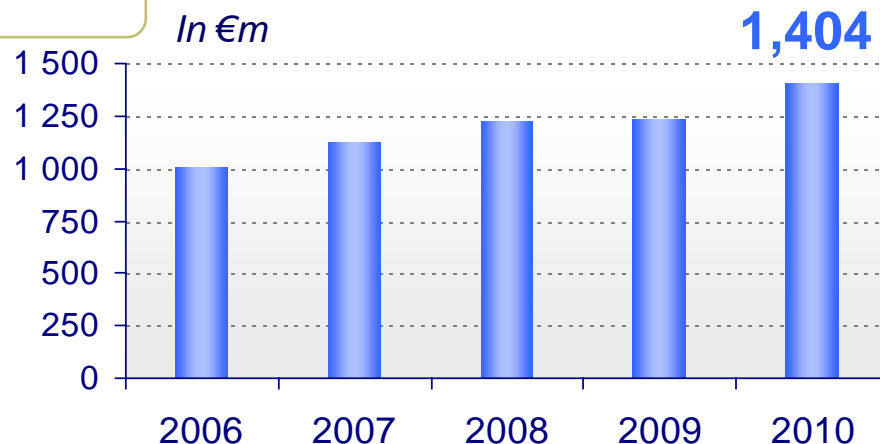


(1) Comparable: excluding forex and natural gas (2) Including transactions with minority shareholders (3) from operations, before WCR

... and generating strong growth in net profit

Net profit (Group share): +14%

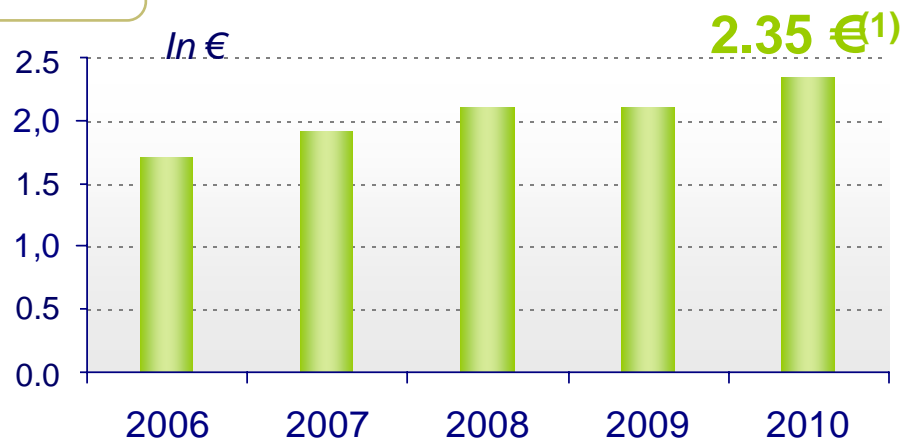
■ **+8.5% CAGR over 5 years**



Dividend: +11%

■ **+9.7% annual growth over 5 years⁽²⁾**

■ **Pay-out ratio 48.7%**



(1) Subject to approval at the General Shareholder meeting to be held on May 4, 2011, detached on May 11 and paid on May 16

(2) Adjusted for free share issues

Solid 2010 performance

Back to more sustained growth
Further improvement of operating performance

Fabienne LECORVAISIER, Chief Financial Officer



Solid 2010 results

<i>In €m</i>	2010	10/09 Change	2010 change vs	
			2009	2008
			<i>Comparable*</i>	
Group revenue	13,488	+12.6%	+7.0%	+0.3%
Gas & Services revenue	11,886	+16.6%	+10.3%	+5.0%
Operating Income recurring	2,252	+15.6%		
			<i>Published</i>	
Net profit (Group share)	1,404	+14.1%	+14.1%	+15.0%
Dividend per share** (<i>in €</i>)	2.35	+11.4%		
			<i>Excl. Forex</i>	
Net Debt at December 31	5,039	+148	-183	

* excluding forex and nat gas

** Proposed at the annual shareholder meeting of May 4, 2011, change taking into account the July 2010 free share attribution.

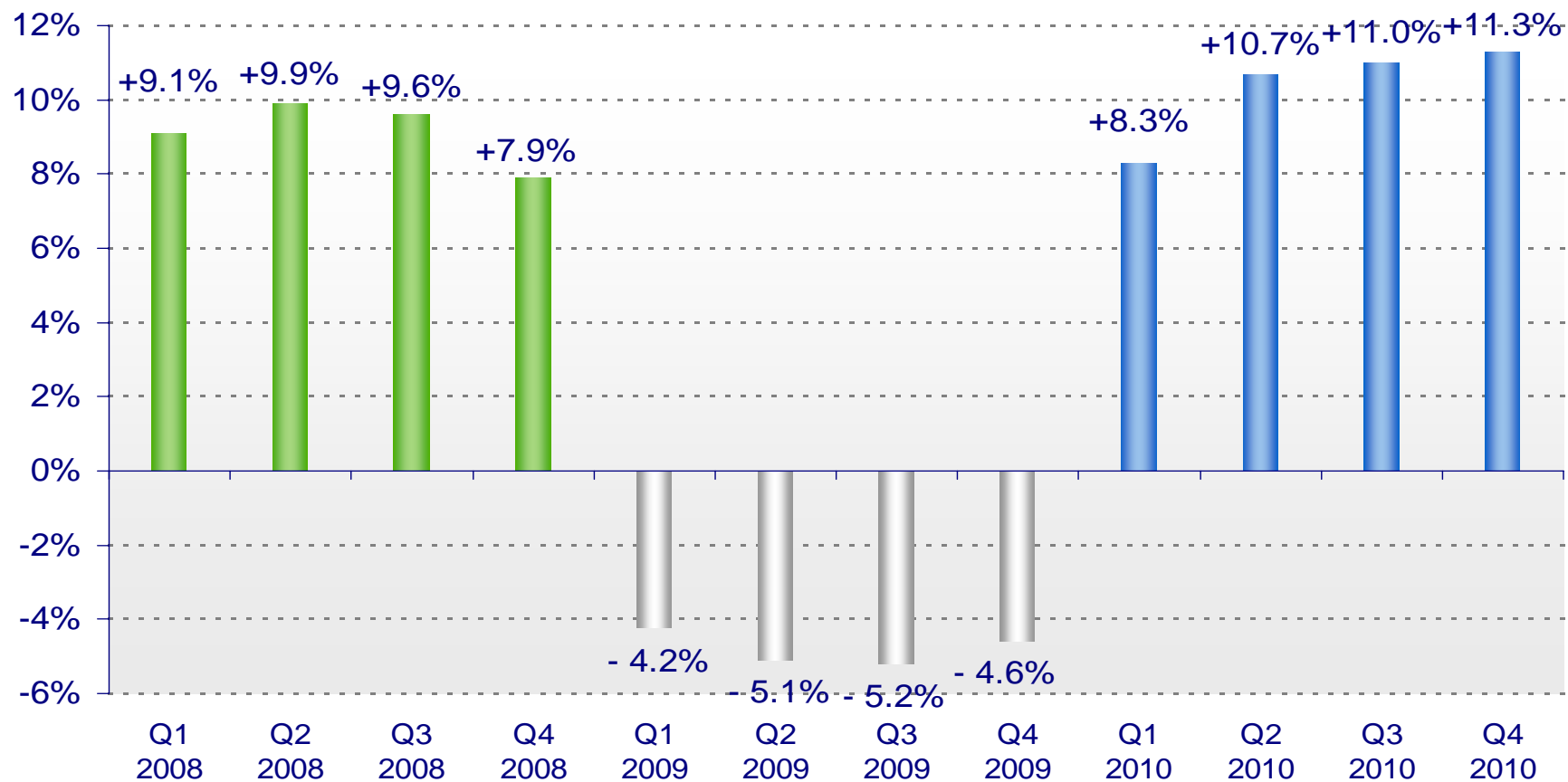
Return to growth confirmed

Comparable G&S sales growth*

2008: +9.1%

2009: - 4.8%

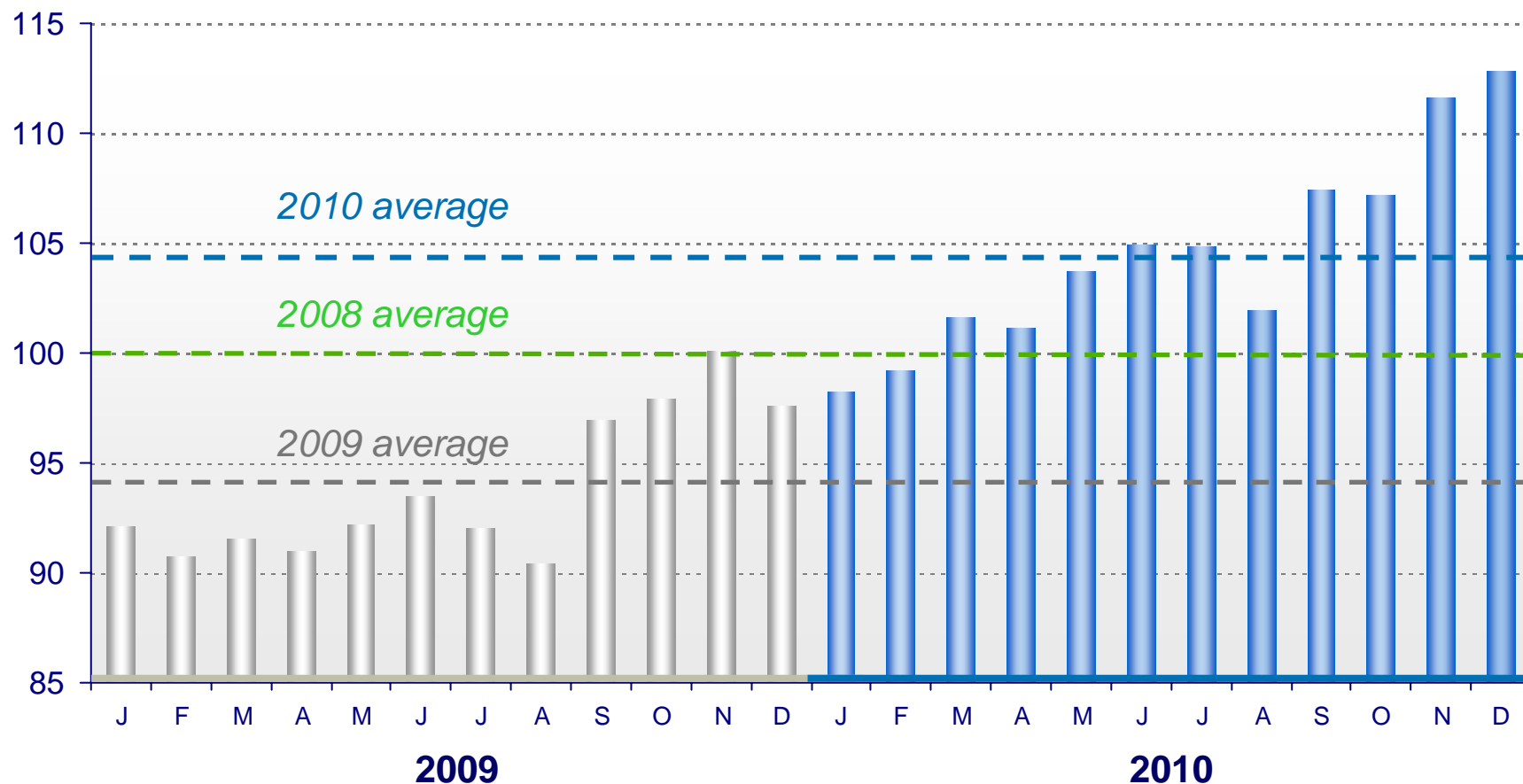
2010: +10.3%



* Comparable : excluding forex and natural gas

Trend maintained through to year-end

*Gas & Services monthly activity index, 2008 average base 100**



* Comparable revenue, adjusted for the number of days per month

Continued growth in all regions

2010 G&S sales

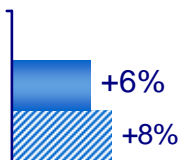
Comparable growth*

■ 2010/09

▨ Q4 2010/Q4 2009

Europe

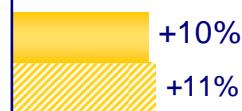
€6,201m



- Site takeovers (Germany) and start-ups (Italy, Poland)
- Slow recovery in Industrial Merchant
- Homecare growth

Americas

€2,748m



- Strong Large Industries growth and Electronics recovery
- Solid Bulk sales growth in Canada and Brazil
- Healthcare growth in Latin America

Asia Pacific

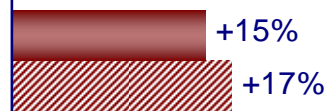
€2,644 m



- Numerous start-ups and ramp-ups (China, Korea, India) and site takeover (Korea)
- Industrial Merchant development
- Turnaround in Electronics

ME & Africa

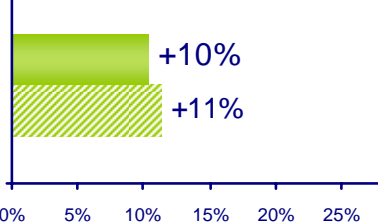
€293m



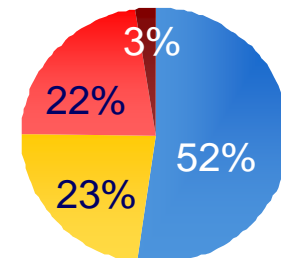
- Good Industrial Merchant growth across the region

Total G&S

€11,886m



2010

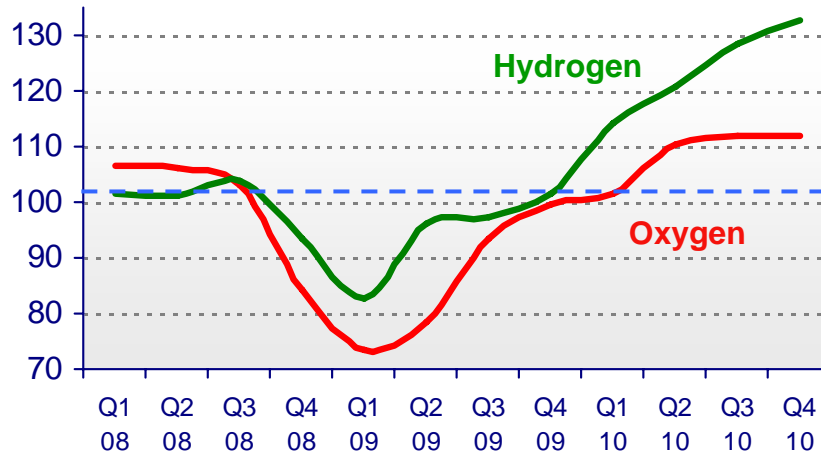


* Excluding forex and nat gas

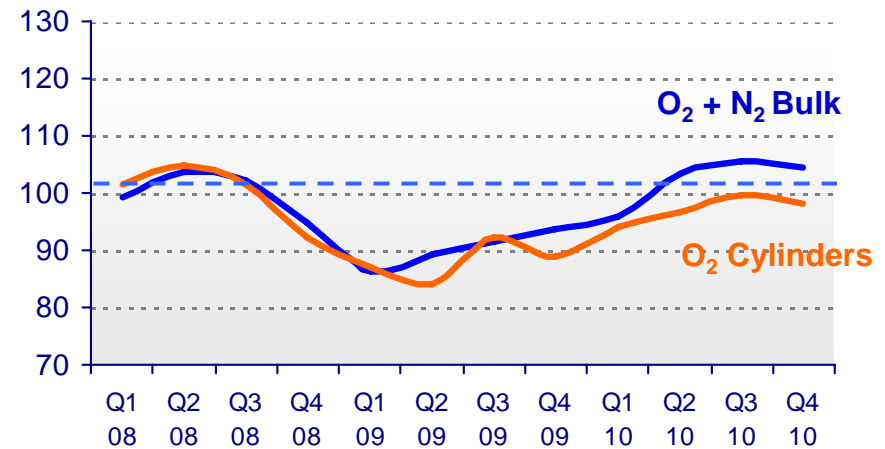
Volume recovery still contrasted

Base 100, average 2008

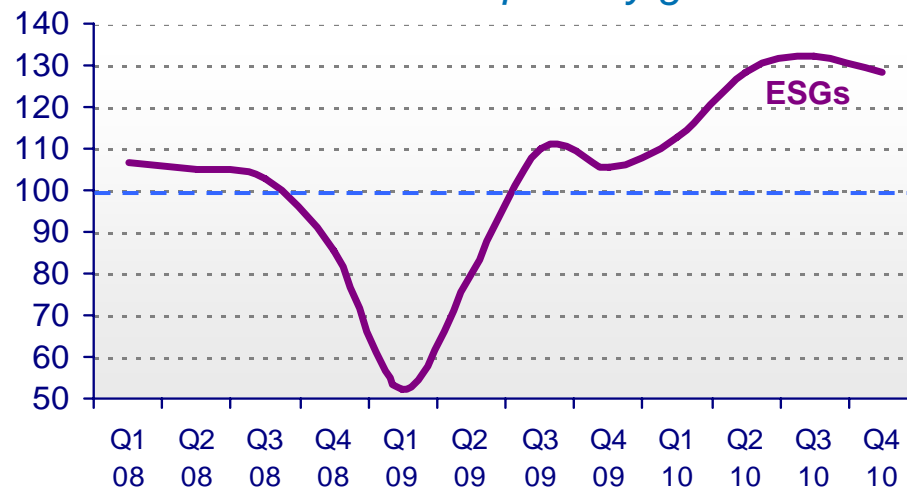
Large Industries gas volumes



Industrial Merchant, Cylinder and Bulk volumes

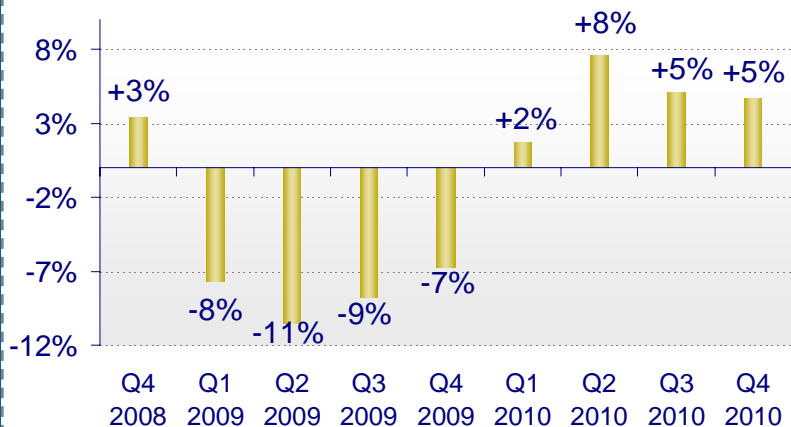


Electronics specialty gases

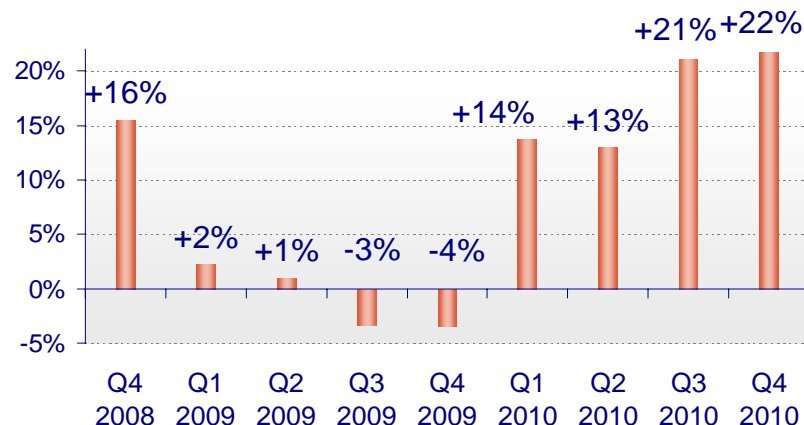


Gas & Services sales up +10.3% in 2010

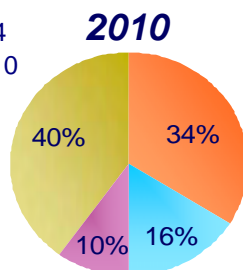
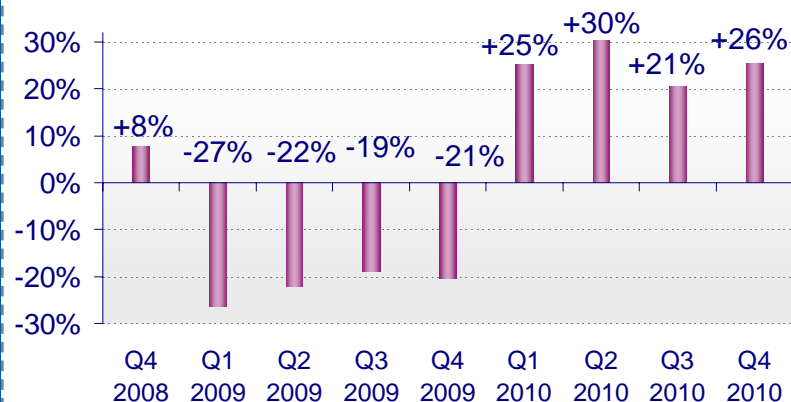
Industrial Merchant: +4.7%



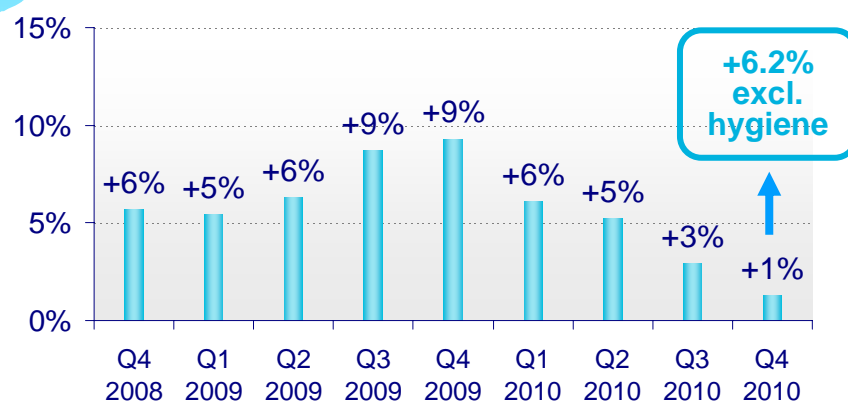
Large Industries: +17.4%



Electronics: +25.3%



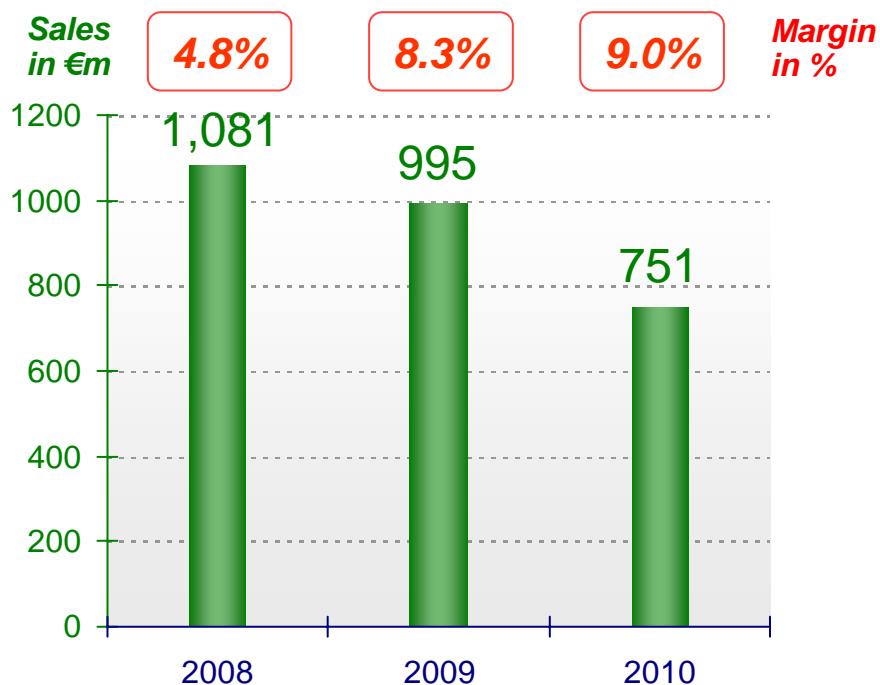
Healthcare: +3.8%



Quarter comparable growth, excluding impact of currency and natural gas, relative to the same period in preceding year.

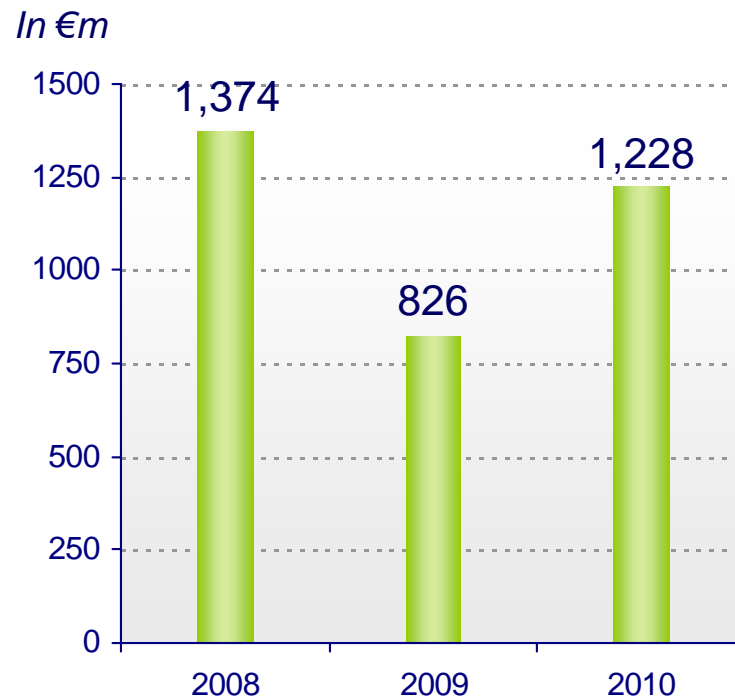
Engineering & Construction: confirmed recovery of order intake

*Third-party E&C sales
and operating margin*



- Sales in line with project cycle
- Operating margin in the 5 to 10% range

E&C order intake



- Order intake back to pre crisis level
- High workload

Further improvement in Group operating margin

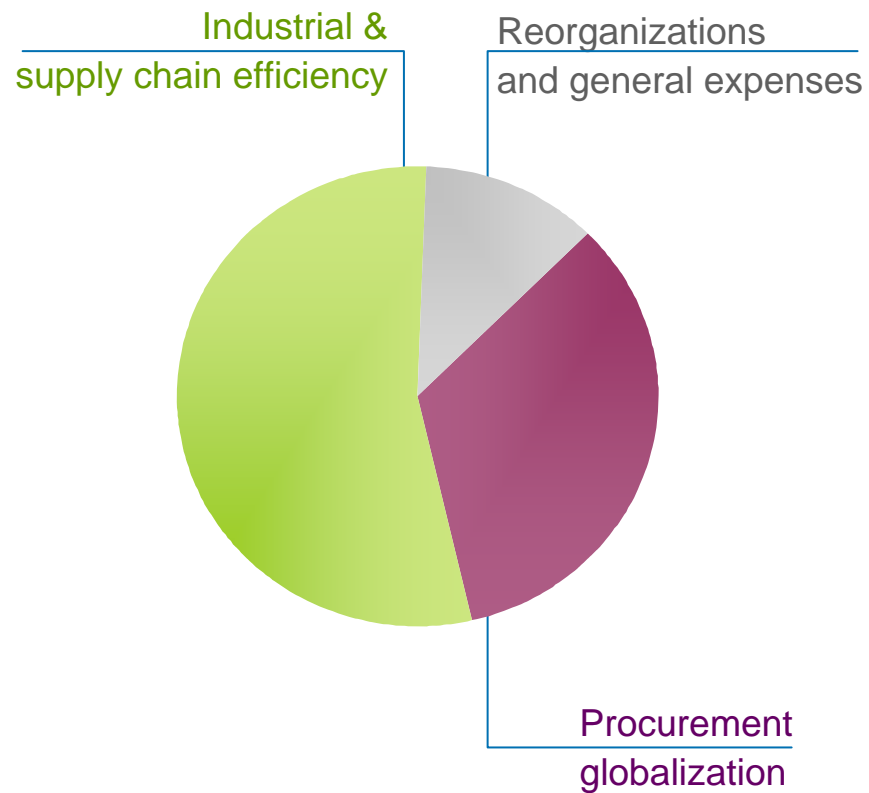
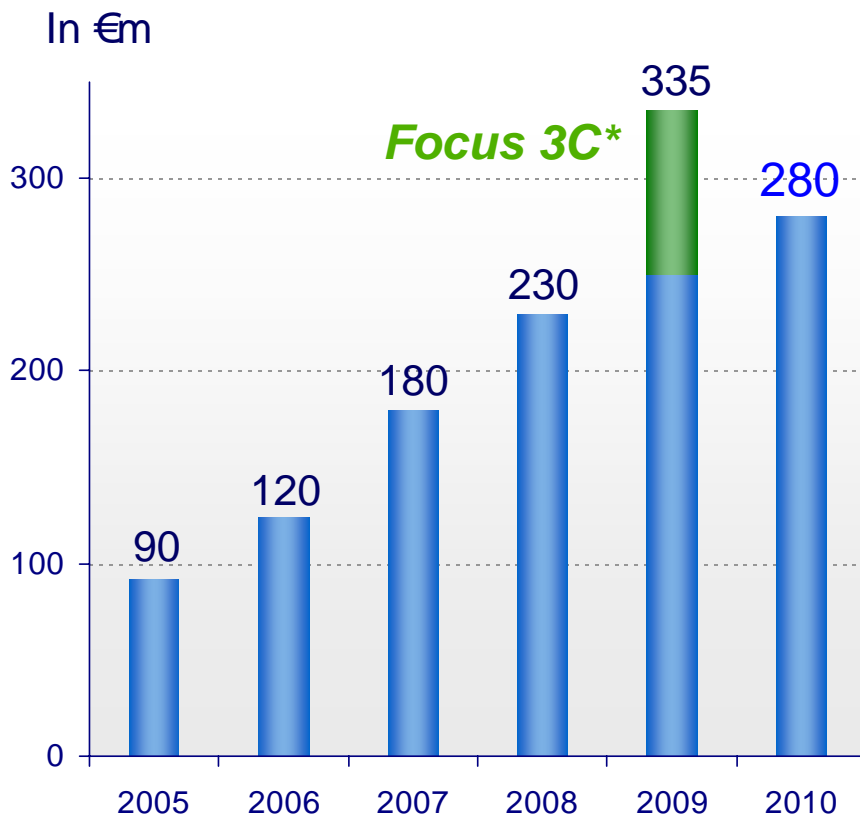
In €m

	2008	2009	2010	Change 10 vs 09
Revenue	13,103	11,976	13,488	+12,6%
Purchases	5,547	4,563	5,240	+14.8%
Personnel expenses	2,177	2,237	2,378	+6.3%
Other net income and expenses	2,437	2,207	2,495	+13.0%
Operating Income Recurring before depreciation and amortization	2,942	2,969	3,374	+13.7%
Depreciation and amortization	993	1,020	1,122	+10.0%
Operating Income Recurring (OIR)	1,949	1,949	2,252	+15.6%
OIR margin	14.9%	16.3%	16.7%	+40bp
OIR margin excl. natural gas effect			16.8%	+50bp

Significant 2010 efficiencies: €280m

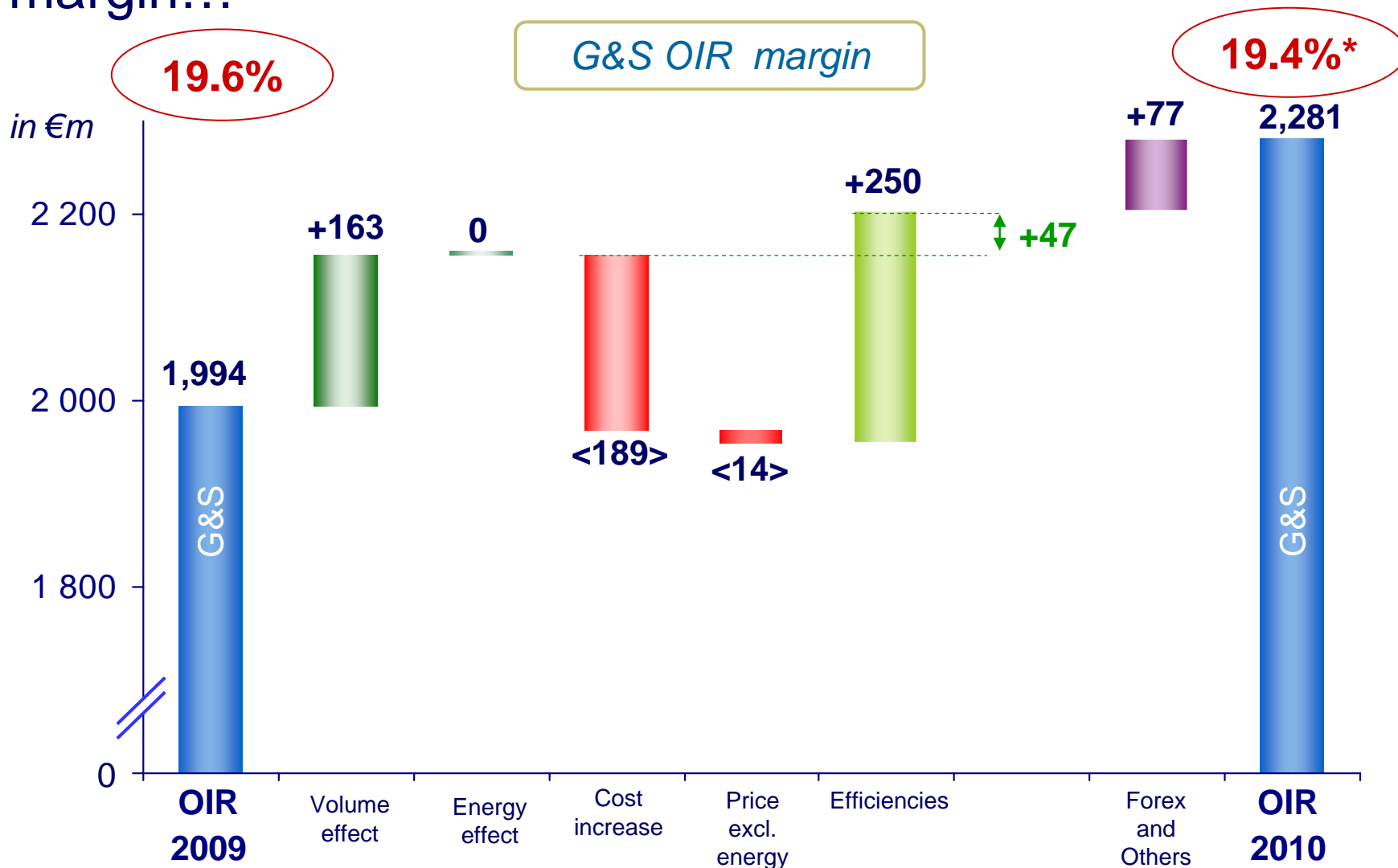
Group efficiencies

2010 breakdown



*3C: plan « Cash Cost Capex »

Maintained high Gas & Services operating margin...

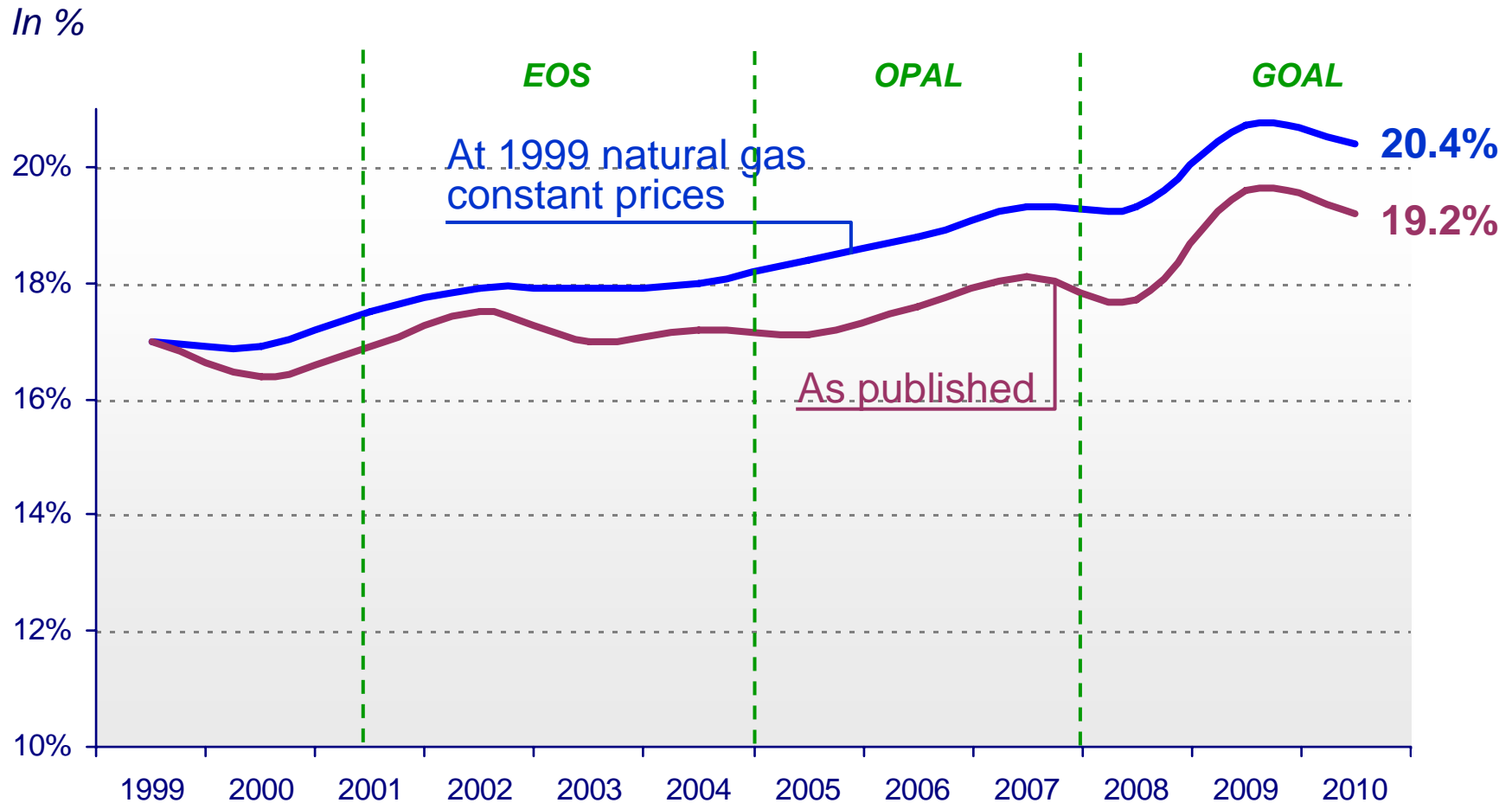


OIR = Operating Income Recurring

* Excl. Natural Gas, **19.2%** as published

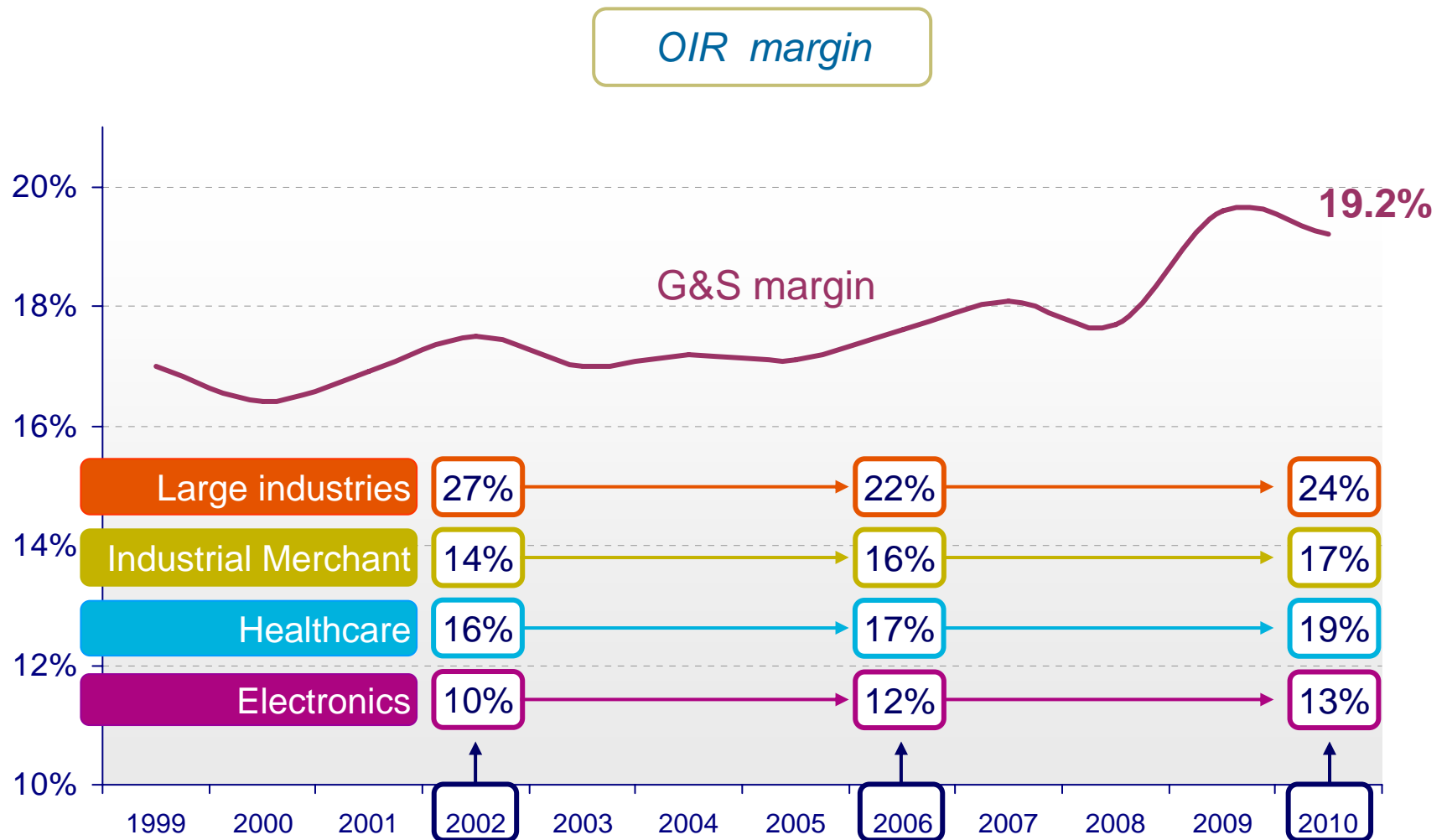
... adjusted for the natural gas effect

*Gas & Services OIR Margin**



* Operating Income Recurring (after depreciation and amortization) / Sales

Increase in Business Line margins



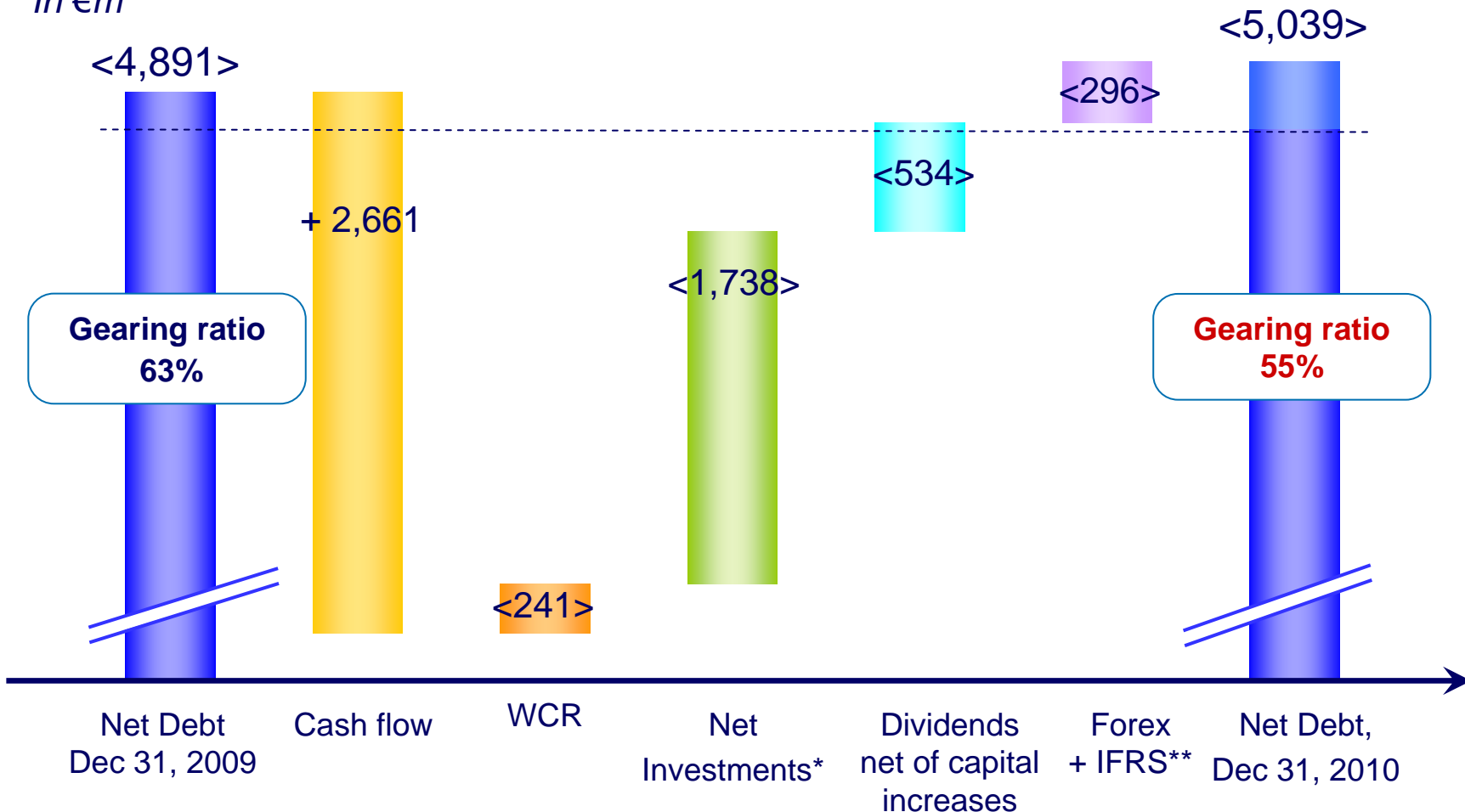
Positive leverage on revenue

<i>In €m</i>	2009	2010	Change 10 vs 09
Revenue	11,976	13,488	+12.6%
Operating Income recurring	1,949	2,252	+15.6%
Other non-recurring operating income & expenses	10	2	
Operating Income	1,959	2,254	+15.1%
Net financial costs and other net financial expenses	(275)	(311)	
Income taxes	(419)	(513)	
<i>Tax rate</i>	24.9%	26.4%	
Share of profit of associates	20	28	
Minority interests	55	54	
Net results (Group share)	1,230	1,404	+14.1%
Earnings per share	4.40*	4.99	+13.4%
Diluted earnings per share	4.40*	4.97	+13.0%

* Adjusted for free share issues

Net debt reduction excluding Forex

In €m

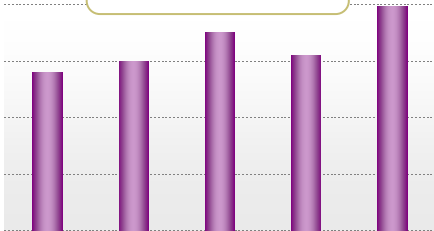


* Including transactions with minority shareholders

** Forex impact : € 331m

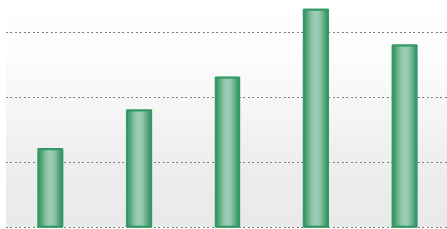
2010: solid performance

G&S Sales



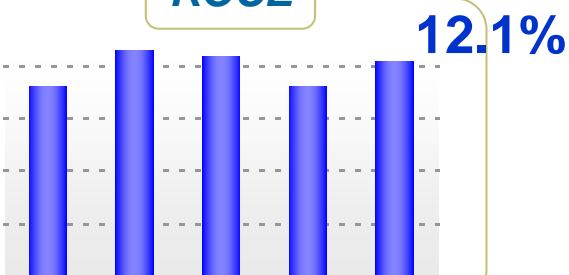
Sustained growth

Efficiency



Ongoing efficiency gains

ROCE



Increase in ROCE to 12.1%

New momentum established

Structural improvements

Investment cycle recovery

Growth drivers confirmed and launch of ALMA 2015

Benoît Potier, Chief Executive Officer



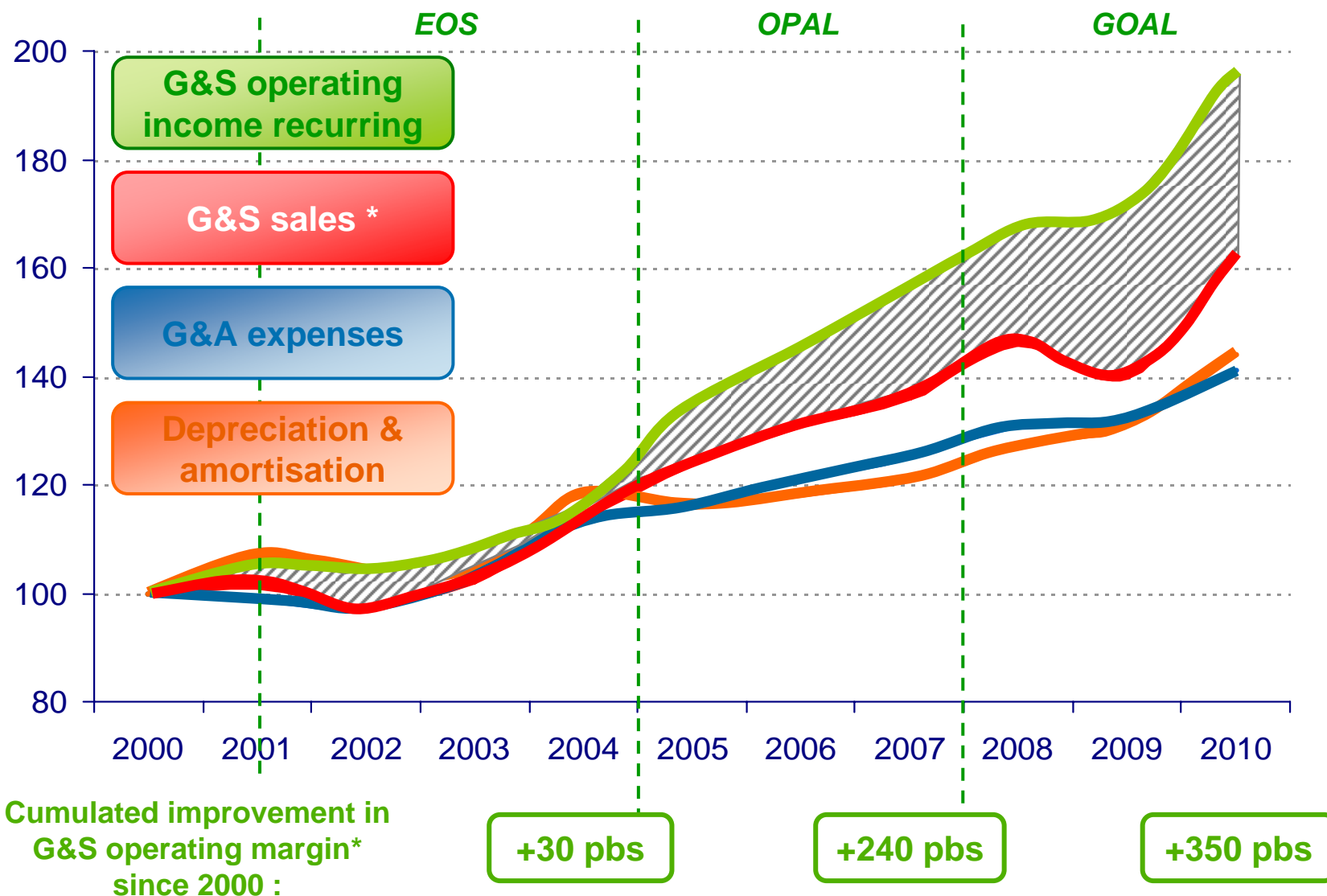


New momentum established

Structural improvements



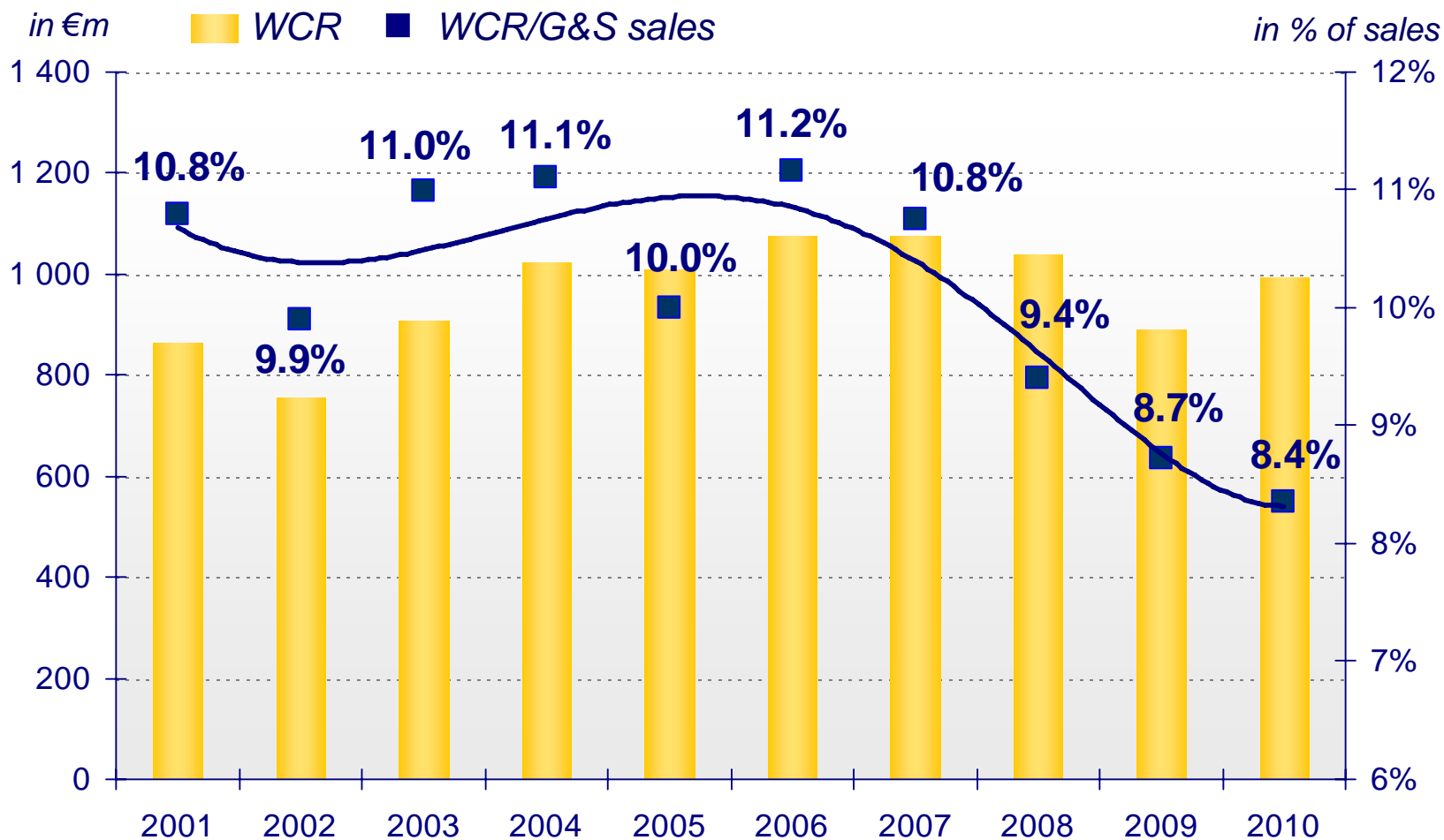
Regular structural improvement in G&S



* Excluding natural gas impact

Optimized cash management

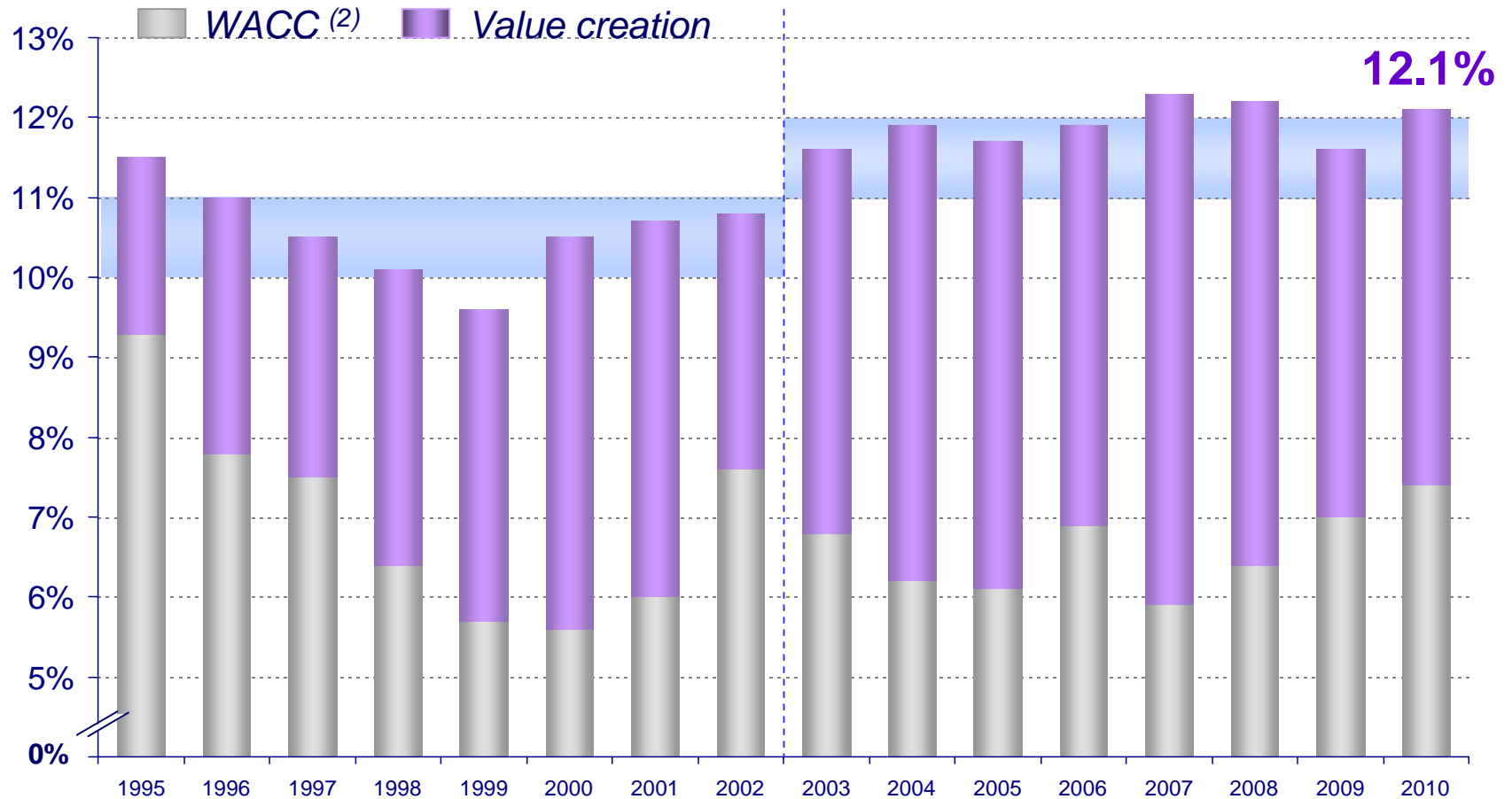
WCR* and WCR/G&S sales



* G&S working capital requirement excluding taxes. Estimates for 2001 to 2005.

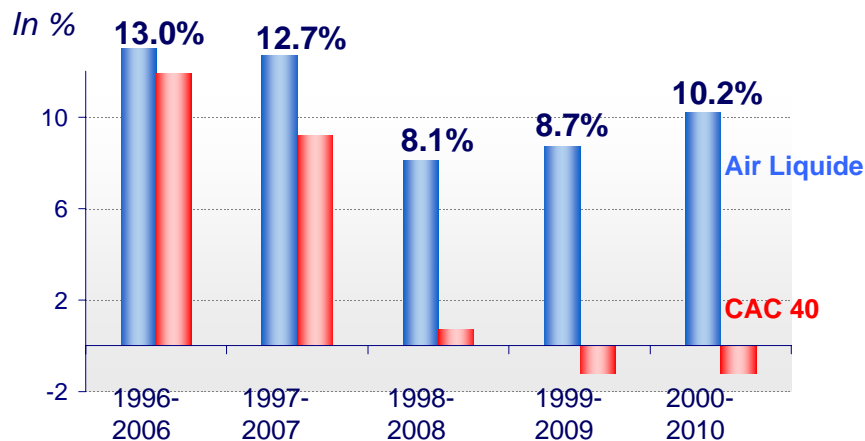
Better use of assets

Group ROCE⁽¹⁾

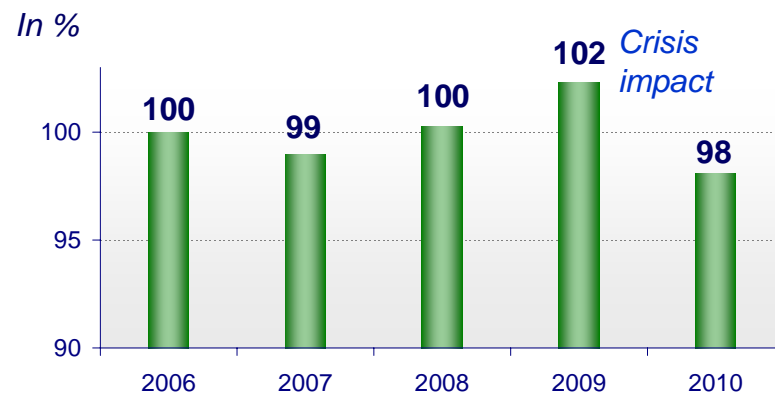


(1) Return On Capital Employed after tax: (Net profit before minority interests – net finance costs after taxes) / weighted average for the year of (shareholders' equity + minority interests + net indebtedness). (2) average cost of capital

TSR (1)



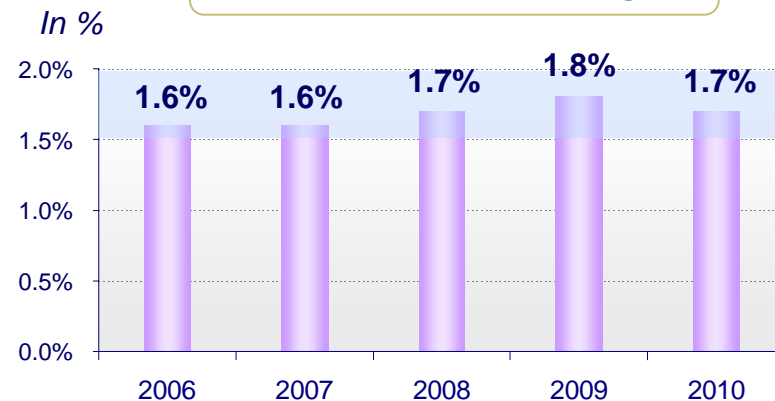
Energy efficiency (3)



Accident frequency (2)



Innovation spending (4)



(1) TSR is the contribution from both the share price performance and dividends paid (including loyalty shares), assuming immediate reinvestment in shares. (2) Number of lost time (at least one day) accidents per million hours worked. (3) Energy consumption per m3 of gas produced in air separation units. 100 Based in 2006. (4) Innovation spending / sales

New momentum established

Investment cycle recovery

Panama



Snore Australia



Oxea, Germany



H₂ energy



Albee



SGS, South Korea

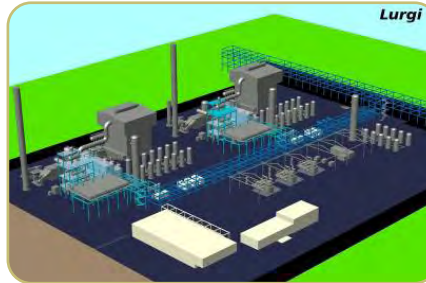


2010 Investment decisions : €2.2 bn*

(1/2)

■ H₂ Yanbu project in Saudi Arabia

- ➔ Outsourcing
- ➔ Developing economies



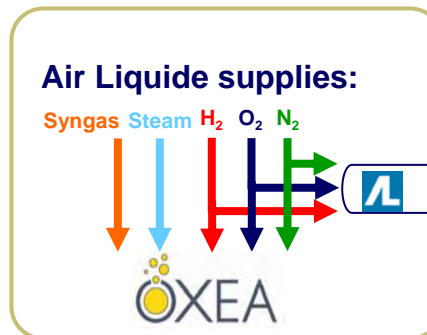
■ FutureGen 2.0 Oxycombustion project study

- ➔ CO₂ capture

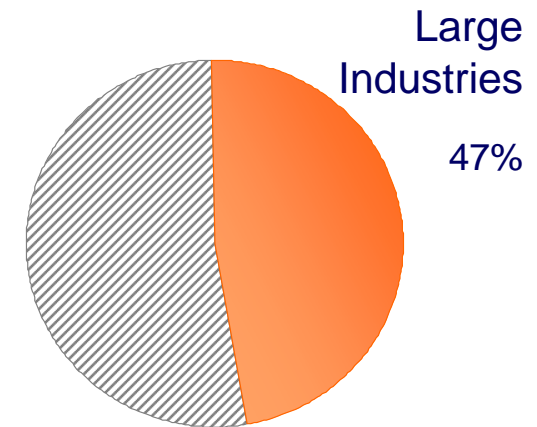


■ 3 site takeovers

- ➔ Syngas and steam



2010 G&S decisions by Business line



* Including acquisitions and minority interests

2010 Investment decisions: €2.2 bn*

(2/2)

■ 14 projects/acquisitions Industrial Merchant

➔ Market share in growth regions



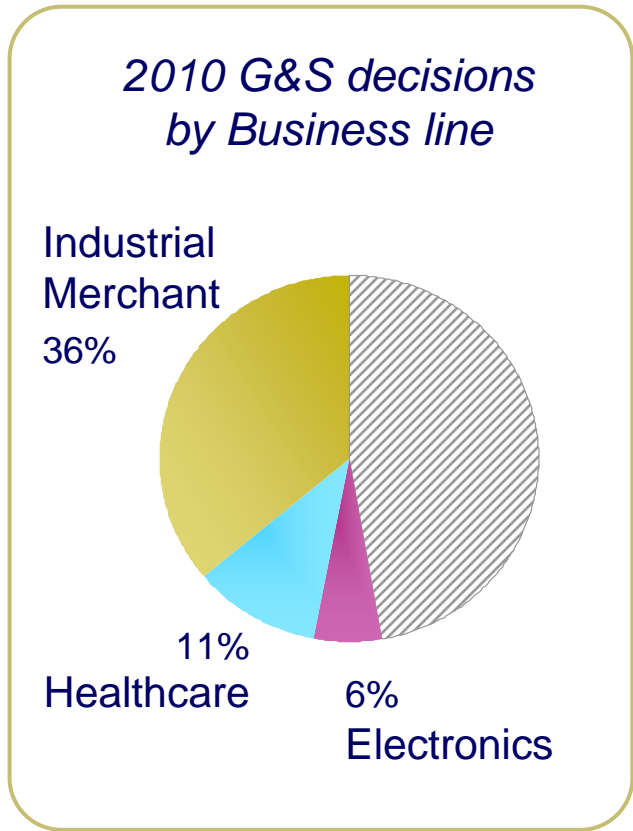
■ 4 Healthcare acquisitions

➔ Accelerated expansion



■ Electronics : 20 contracts in Asia 1 major European contract

➔ New products



* Including acquisitions and minority interests

Recovery in investment cycle

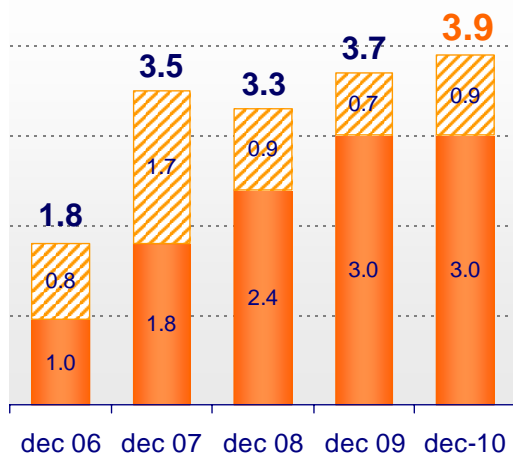


■ Developing economies

▨ Advanced economies

12-month portfolio of opportunities

In €bn



56%

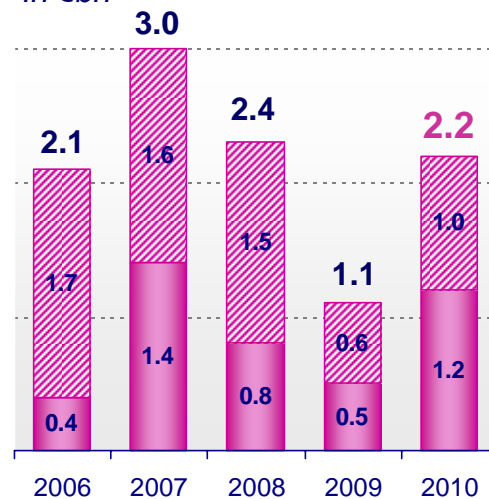


77%



Investment decisions*

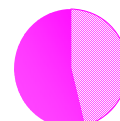
In €bn



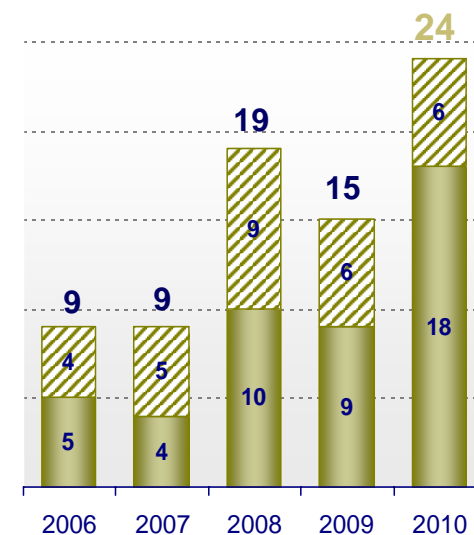
20%



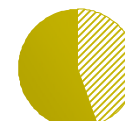
54%



Start-ups**



56%



75%



40 expected in 2011-2012

* Industrial and financial investments, including minorities ** Industrial projects > 10 €m

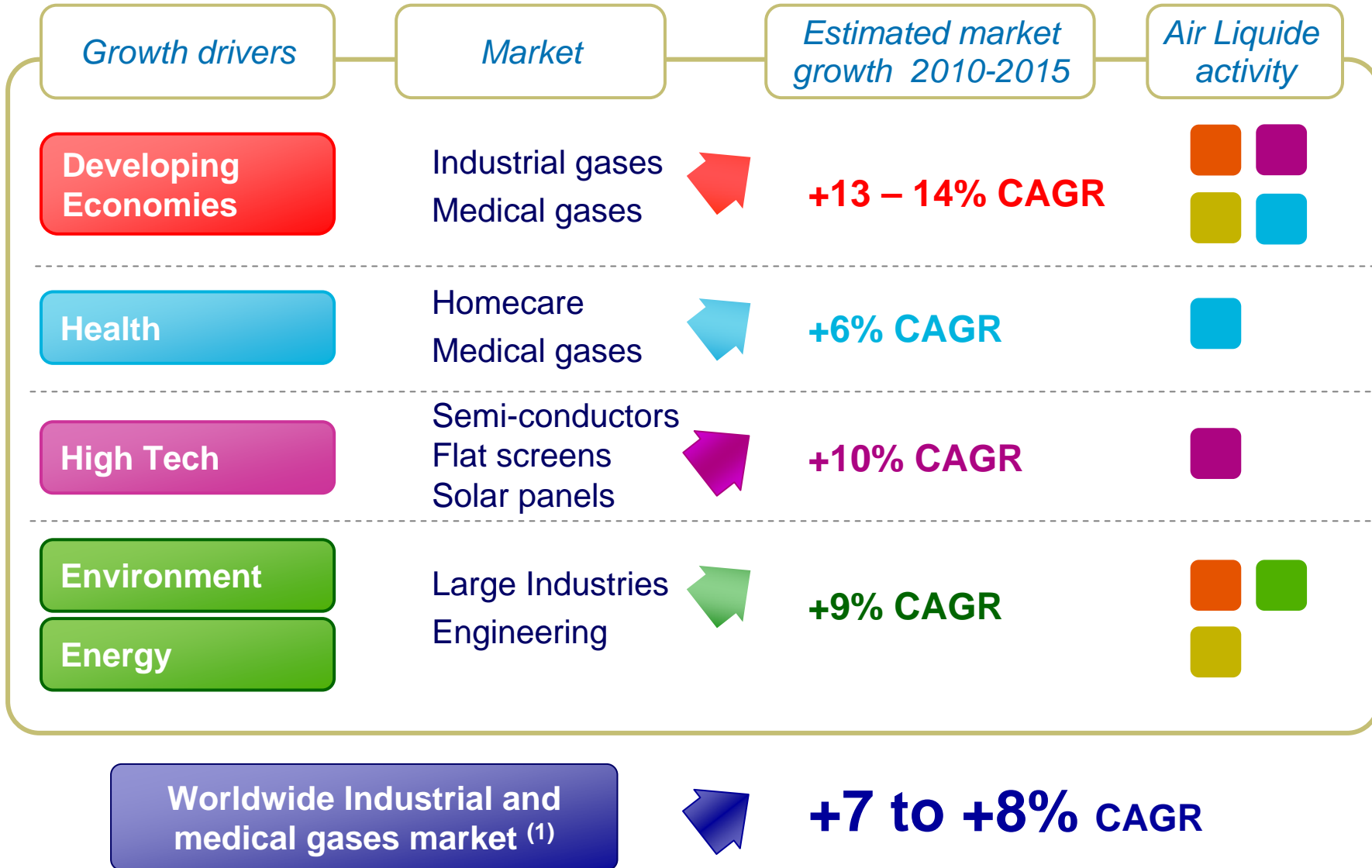


New momentum established

*Confirmation of growth drivers
and launch of ALMA 2015*



Growth drivers confirmed






Sales growth

+8 to +10%

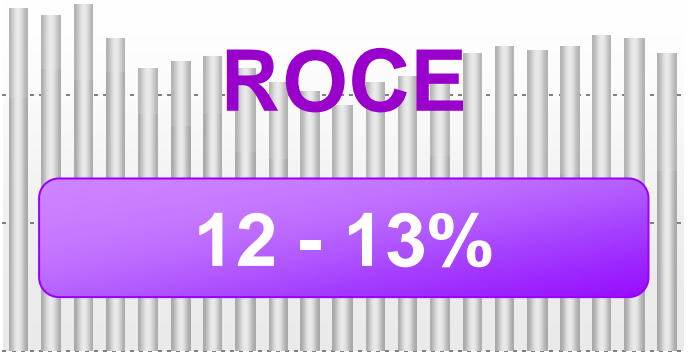
In a normal environment



Efficiency

> €200 m

Per year on average



ROCE

12 - 13%

Range in the period



Engagement in

Responsibility objectives



- Solid long-term investment cycle
- New dynamic introduced by ALMA 2015
- Continued steady growth of net profit in 2011

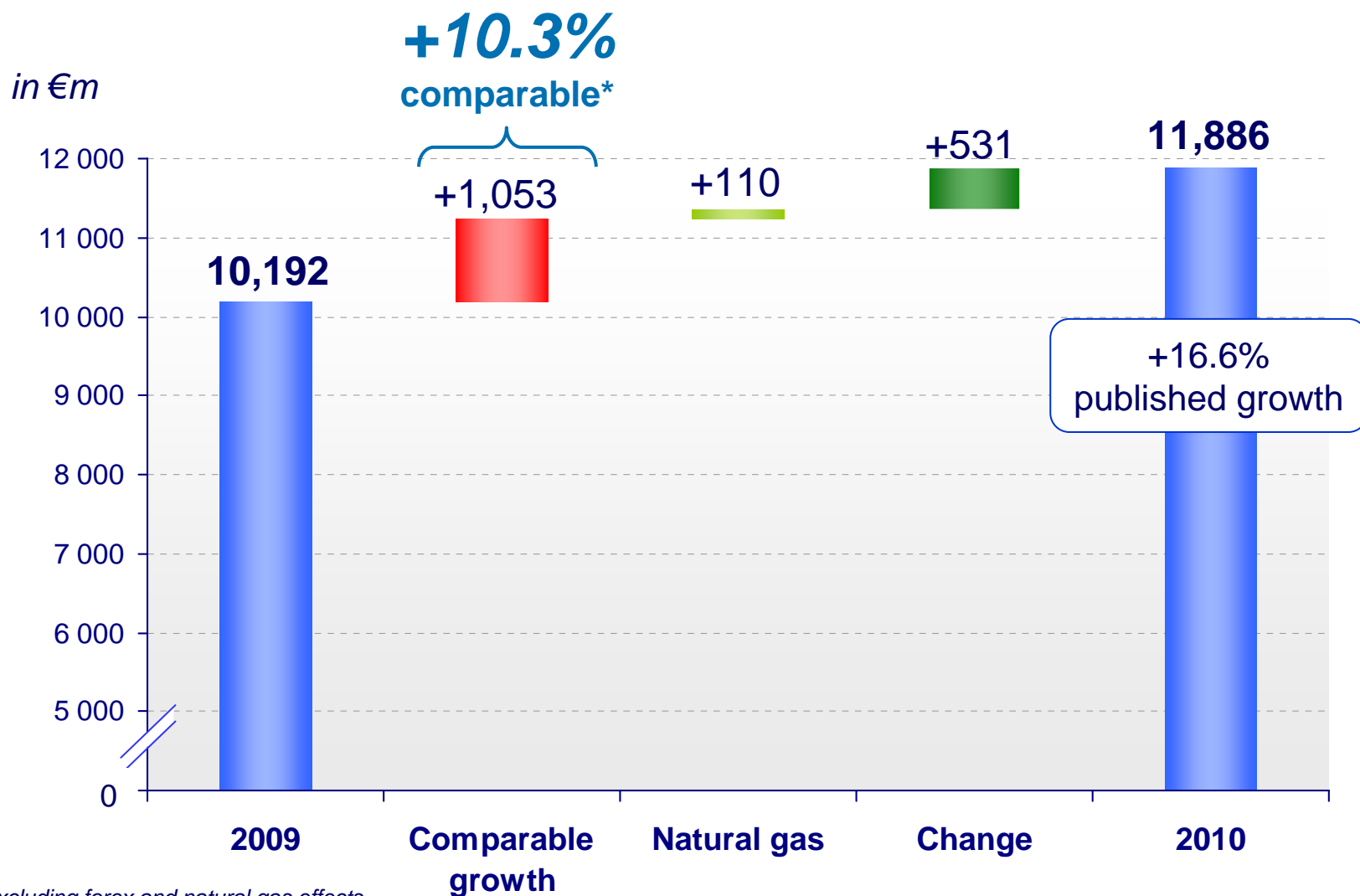
** In a normal economic environment*



Appendices



Growth in 2010 G&S revenue



*excluding forex and natural gas effects

Exchange rate and natural gas impact on Gas & Services sales

<i>in €m</i>	2009	Q1 10	Q2 10	Q3 10	Q4 10	2010
€/USD	+74	(26)	+30	+44	+35	+83
€/CAD	(8)	+14	+25	+20	+16	+75
€/JP¥	+120	(7)	+31	+49	+44	+117
Others	(45)	31	+71	+79	+75	+256
Total exchange rate Impact	+141	+12	+157	+192	170	+531
Natural gas impact	(450)	(10)	+38	+61	+21	+110

Average exchange rates for the period

	2009	Q1 10	Q2 10	Q3 10	Q4 10	2010
€/USD	1.39	1.38	1.27	1.29	1.36	1.33
€/CAD	1.58	1.44	1.31	1.34	1.38	1.37
€/JP¥	130.0	125.5	117.1	110.7	112.1	116.1

Quarterly analysis of sales (1)

<i>Sales in €m</i>	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q4 10/09 published	Q4 10/09 comparable*
Europe	1,496	1,497	1,505	1,555	1,644	+9.9%	+7.5%
Americas	577	643	703	708	694	+20.2%	+10.9%
Asia-Pacific	522	558	655	697	733	+40.5%	+22.0%
Middle East & Africa	60	62	71	83	77	+26.0%	+16.7%
Gaz & Services	2,655	2,760	2,934	3,043	3,148	+18.5%	+11.3%
Engineering & Construction	207	185	203	186	177	-14.8%	-18.7%
Other Activities	196	207	226	200	218	+11.7%	+10.1%
Total Group	3,058	3,152	3,363	3,429	3,543	+15.8%	+9.2%

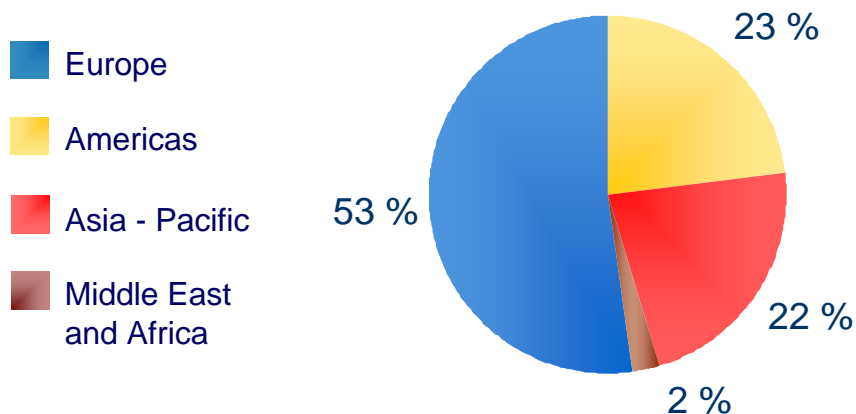
*excluding forex and natural gas

Quarterly analysis of sales (2)

<i>Sales in €m</i>	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q4 10/09 published	Q4 10/09 comparable*
Industrial Merchant	1,088	1,106	1,208	1,217	1,222	+12.2%	+4.7%
Large Industries	848	936	950	1,036	1,097	+29.4%	+21.7%
Electronics	232	252	293	309	324	+39.5%	+25.5%
Healthcare	487	466	484	481	505	+3.7%	+1.3%
Gas & Services	2,655	2,760	2,934	3,043	3,148	+18.5%	+11.3%
Engineering & Construction	207	185	203	186	177	-14.8%	-18.7%
Other Activities	196	207	226	200	218	+11.7%	+10.1%
Total Group	3,058	3,152	3,363	3,429	3,543	+15.8%	+9.2%

*excluding forex and natural gas

Activity by region

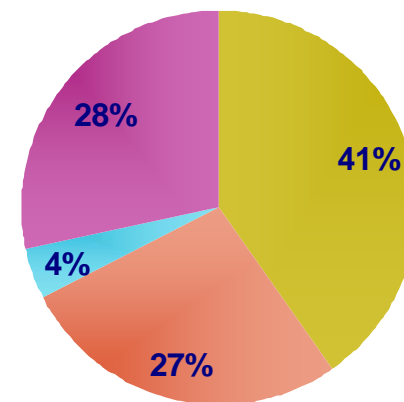
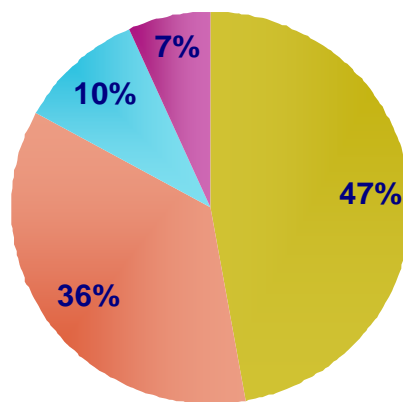
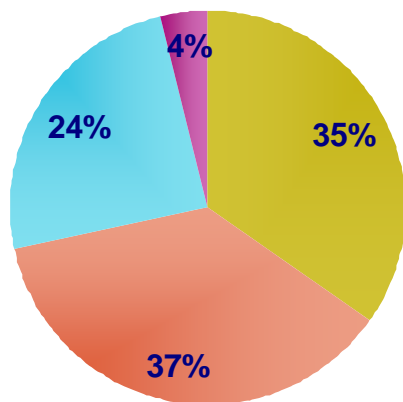


2010 Gas & Services revenue: €11.9bn

Europe: €6.2bn

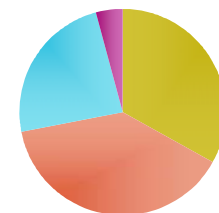
Americas: €2.7bn

Asia: €2.6bn



Industrial Merchant Large Industries Healthcare Electronics

Europe in Q4 : +7.5% *



■ Industrial Merchant

- ✓ Recovery still contrasted by country
- ✓ Cylinder activity still fragile in Western Europe
- ✓ Slightly negative pricing

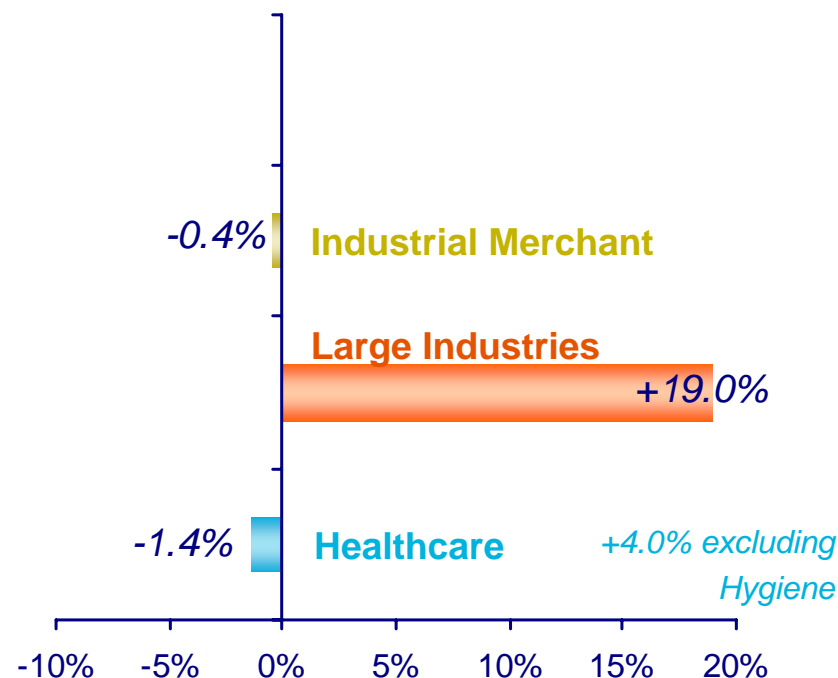
■ Large Industries

- ✓ Start-up in Italy
- ✓ Site takeover of Oxea in Germany in Q3

■ Healthcare

- ✓ Unfavorable base effect in hygiene sales
- ✓ Continued growth in homecare despite price pressures

Gas & Services Revenue : €1,644.4m



* Comparable change Q4 10/09, excluding forex and natural gas

Americas in Q4: **+10.9%** *

■ Industrial Merchant

- ✓ Bulk sales up in North America (EOR in Canada)
- ✓ Positive pricing
- ✓ Latin America dynamic

■ Large Industries

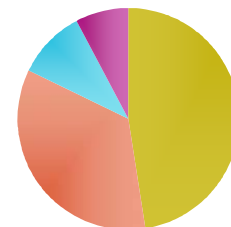
- ✓ Site takeover in the US
- ✓ Strong HyCo activity
- ✓ Ramp-ups in Brazil and Argentina

■ Healthcare

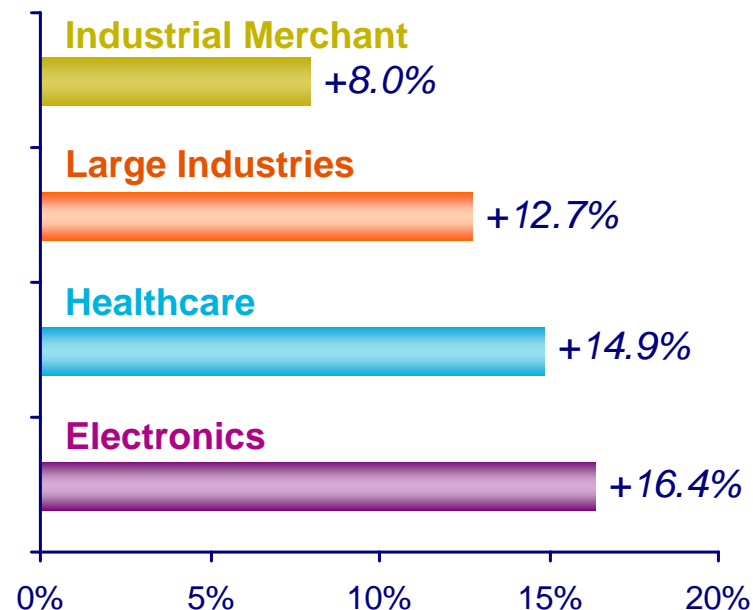
- ✓ Homecare : Strong growth in Latin America
- ✓ Acquisition of GlobalMed in Brazil

■ Electronics

- ✓ Confirmation of the recovery in volumes...
- ✓ ...and investments (E&I sales)



Gas & Services Revenue : €693.7m



** Comparable change Q4 10/09, excluding forex and natural gas*

Asia-Pacific in Q4: **+22.0%** *

■ Industrial Merchant

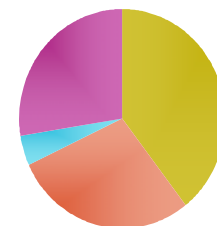
- ✓ Growth in bulk sales in China due to new capacity
- ✓ Strong recovery in Japan

■ Large Industries

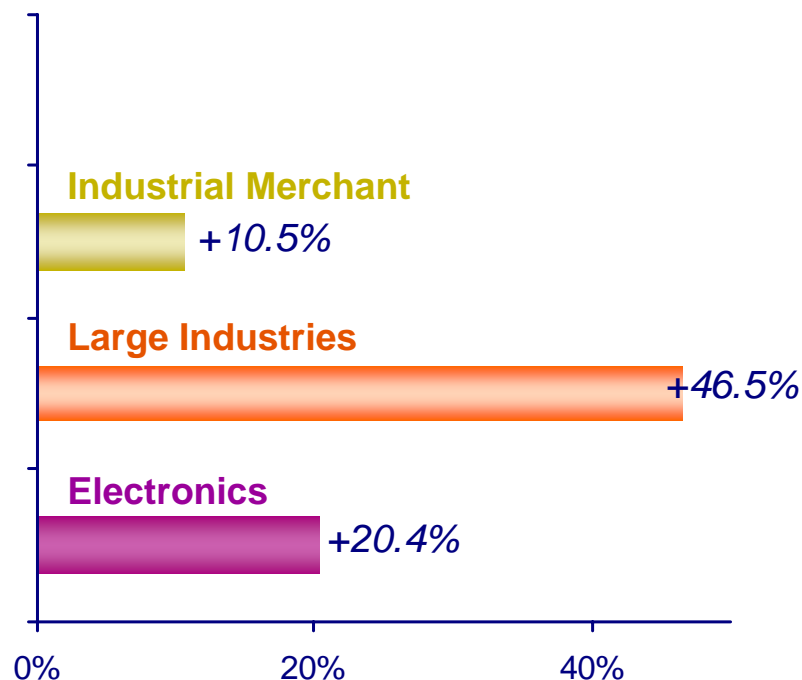
- ✓ Strong growth in airgas in China due to start-ups
- ✓ Start-up of a hydrogen unit in Singapore
- ✓ Site takeover in South Korea in Q3

■ Electronics

- ✓ Strong growth in E&I sales in all the zone
- ✓ Volume recovery still slow in Japan
- ✓ New contracts in China



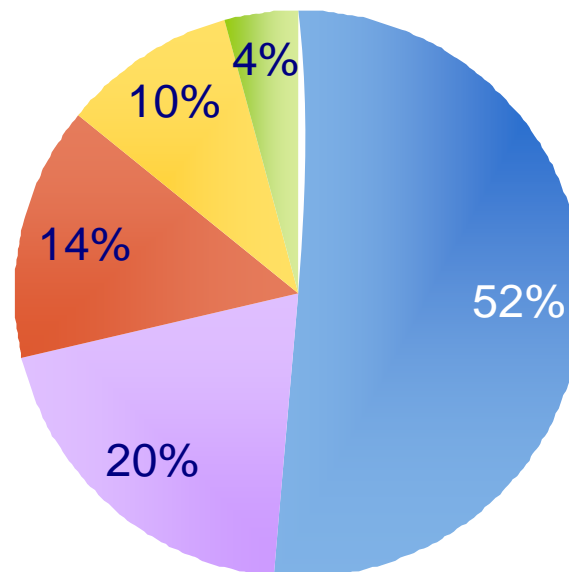
Gas & Services revenue: €733.3m



* Comparable change Q4 10/09, excluding forex and natural gas

Total orders in hands: €4.1bn at end 2010*

- ASU
- HyCo
- Traditional Energy
- Alternative Energy
- Renewable Energy



* See glossary on next slide

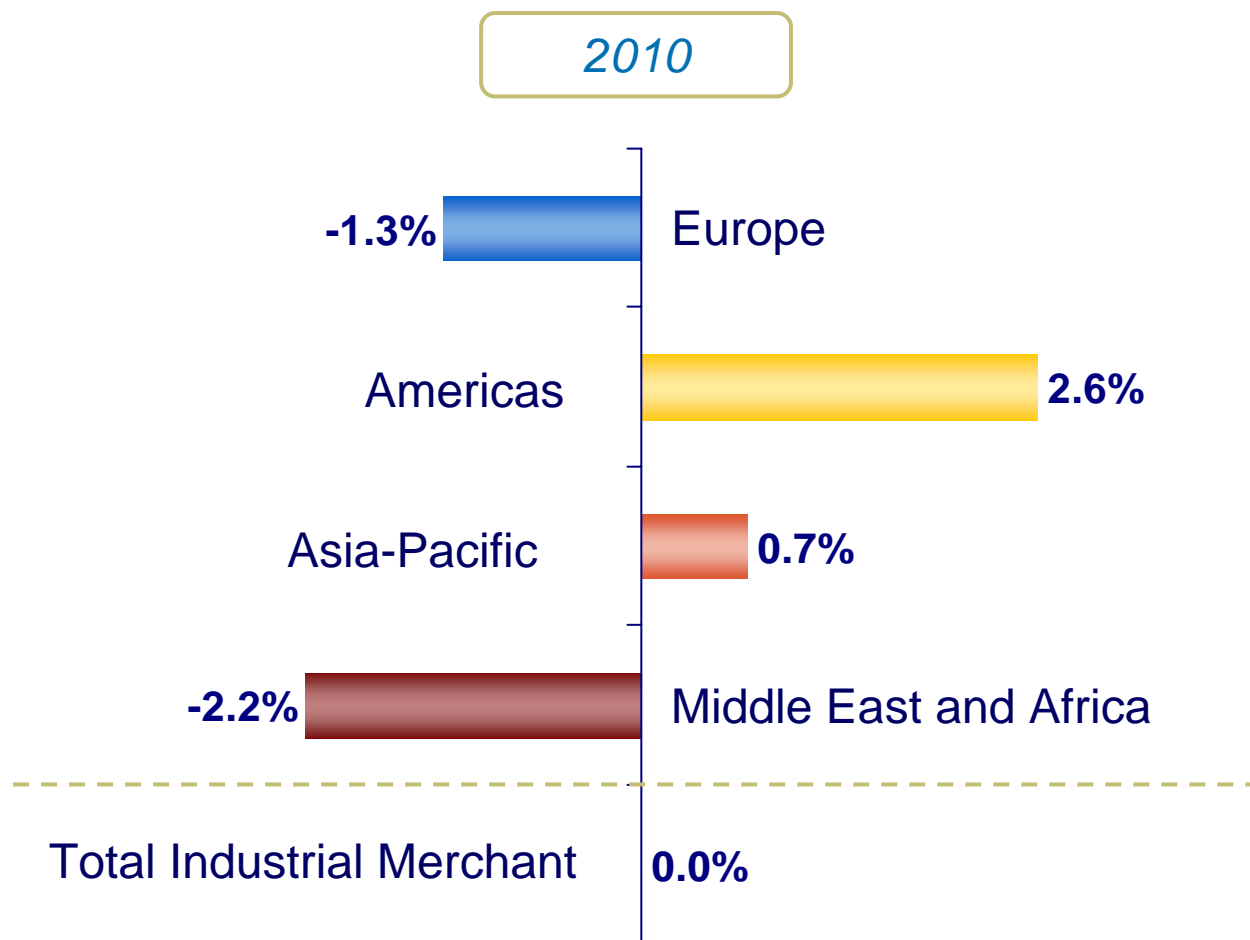
Engineering Glossary

- **Orders in Hand** represent the sum of the initial contract value of all Group and Third Party contracts managed by the Engineering & Construction entities, excluding contracts under warranty
- **Order Intake** represents the sum of the initial contract value of all Group and Third Party contracts which entered into force during the period
- **ASU:** Air Separation Unit
- **HyCO:** SMR (Steam Methan Reformer) units, CO Cold Boxes, Hydrogen PSA (Purification Swing Adsorber) 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

Operating margin – natural gas effect

<i>Group, in €m</i>	2009	2010
Revenue	11,976	13,488
Natural gas effect		+110
Operating income recurring	1,949	2,252
Operating margin	16.3%	16.7%
Operating margin excluding natural gas		16.8%
<i>Gas and services, in €m</i>	2009	2010
Revenue	10,192	11,886
Natural gas effect		+110
Operating income recurring	1,994	2,281
Operating margin	19.6 %	19.2%
Operating margin excluding natural gas		19.4%

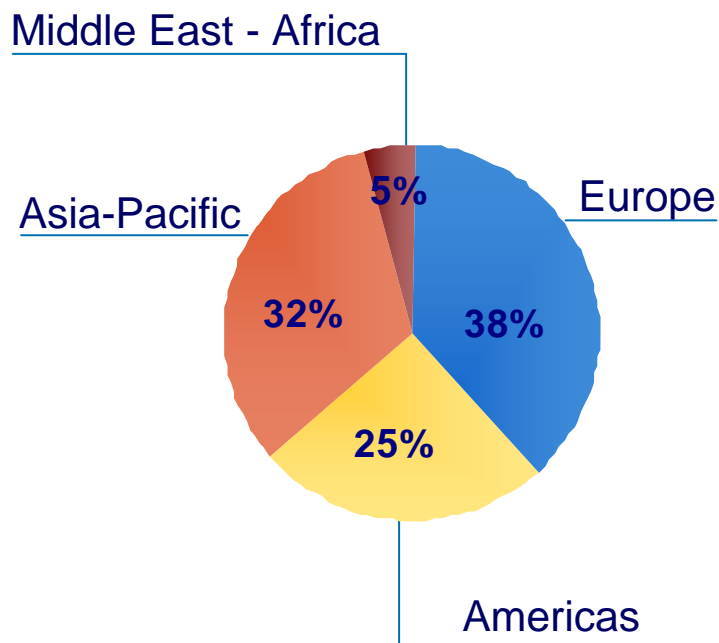
Industrial Merchant pricing



Gas & Services capex by geography

G&S 2010 Investments *: €1.7bn

G&S Investments* / sales



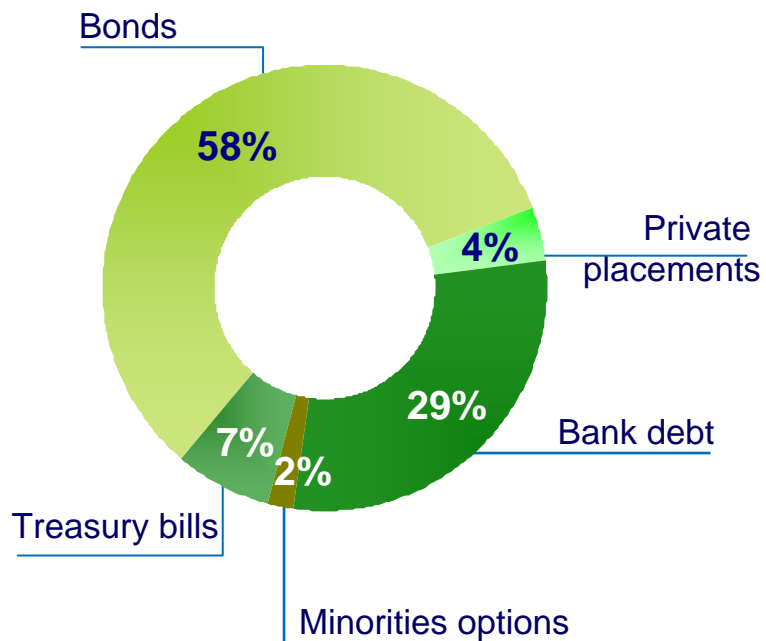
	2009	2010
Europe	9.5%	11.5%
Americas	16.3%	15.3%
Asia-Pacific	24.3%	20.0%
Middle East and Africa	39.3%	28.9%
Total	14.5%	14.7%

* Industrial and financial investments, including transactions with minority shareholders

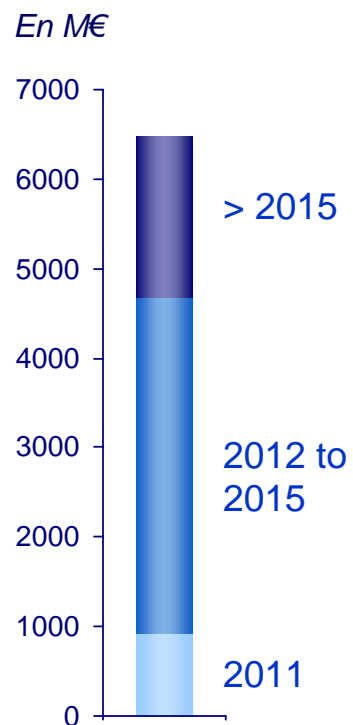
Financing structure

At 31 December 2010

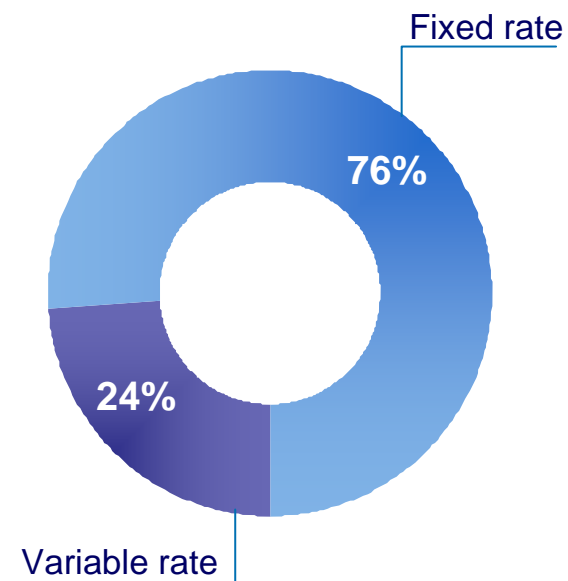
Sources



Maturity



Fixed/variable rates



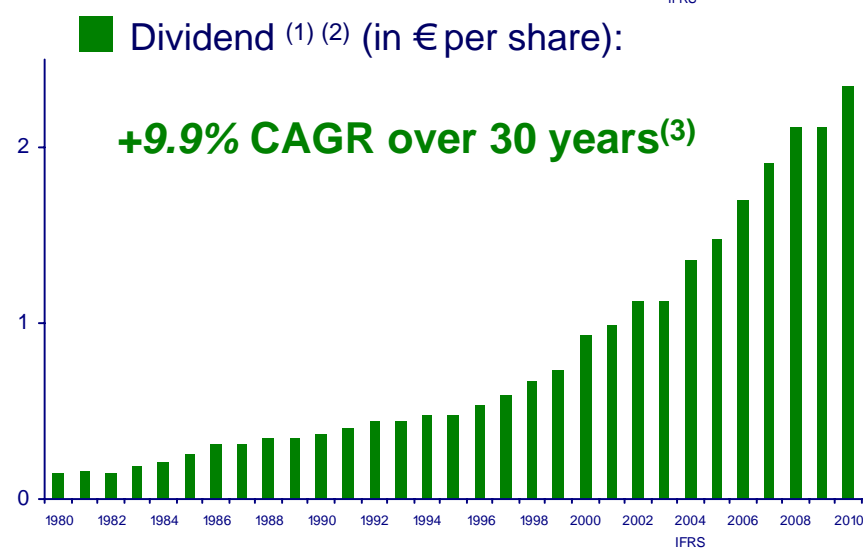
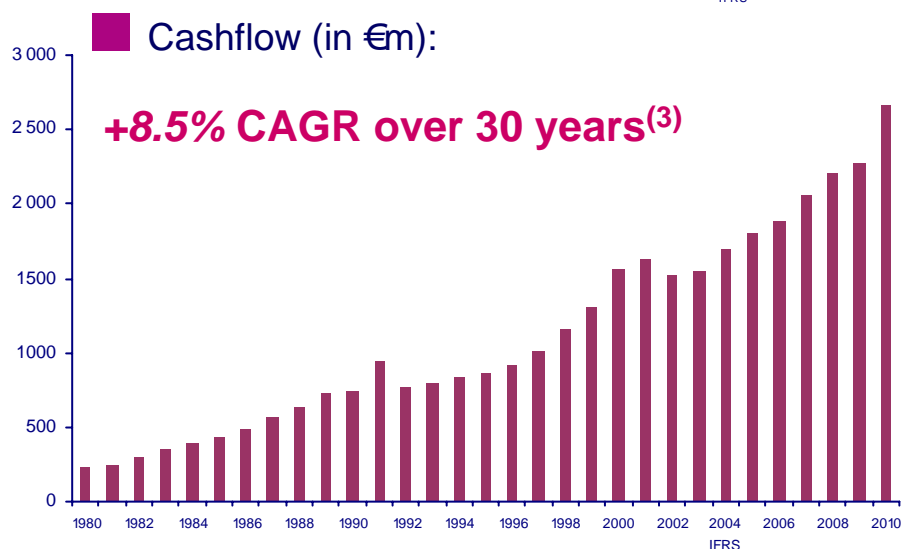
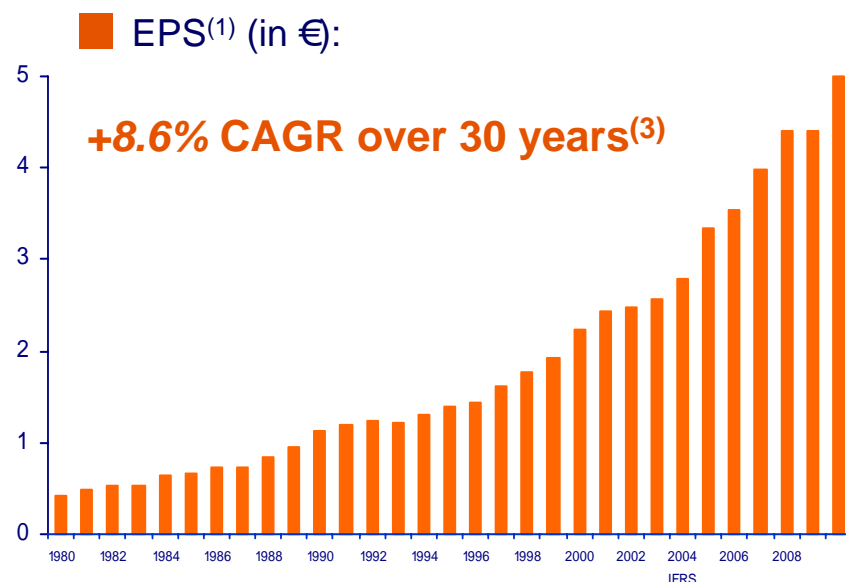
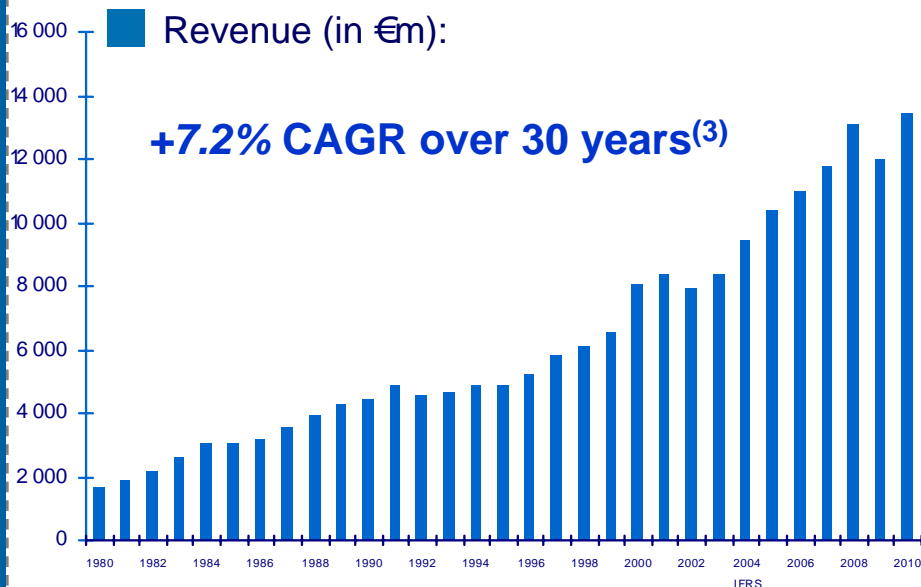
Evolution of number of shares

Number of shares at 31/12/2009	264,254,354
Capital increase reserved for employees	712,958
Options exercised during the period	1,049,341
Free share issue	18,078,440
Number of shares at 31/12/2010	284,095,093

	2009	2010
Average number of shares in circulation ⁽¹⁾	279,350,557 *	281,491,673

(1) Used to calculate the dividend per share, * adjusted for the free share issue

Regular and sustained performance



(1) Adjusted for free share attributions (2) To be approved by the AGM on May 4 2011.

(3) Calculated according to prevailing accounting rules over 30 years.

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