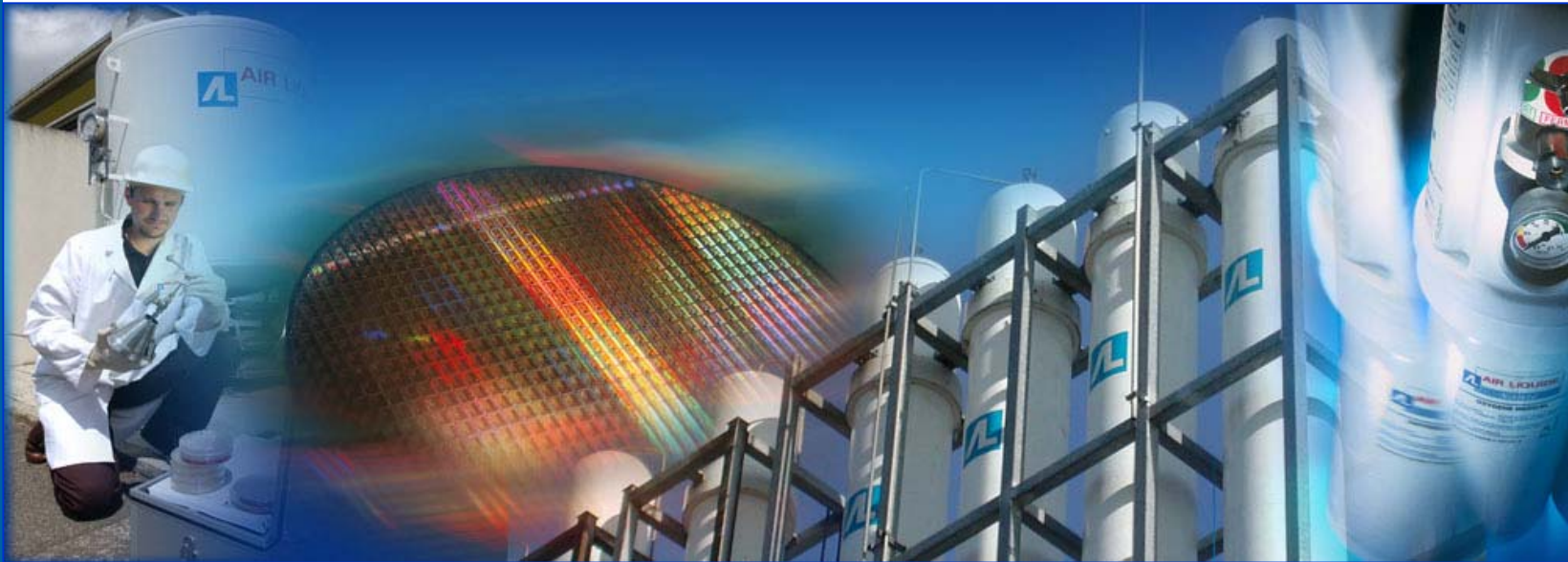


Developing the Industrial Gas Market

Benoît Potier, Chairman & CEO

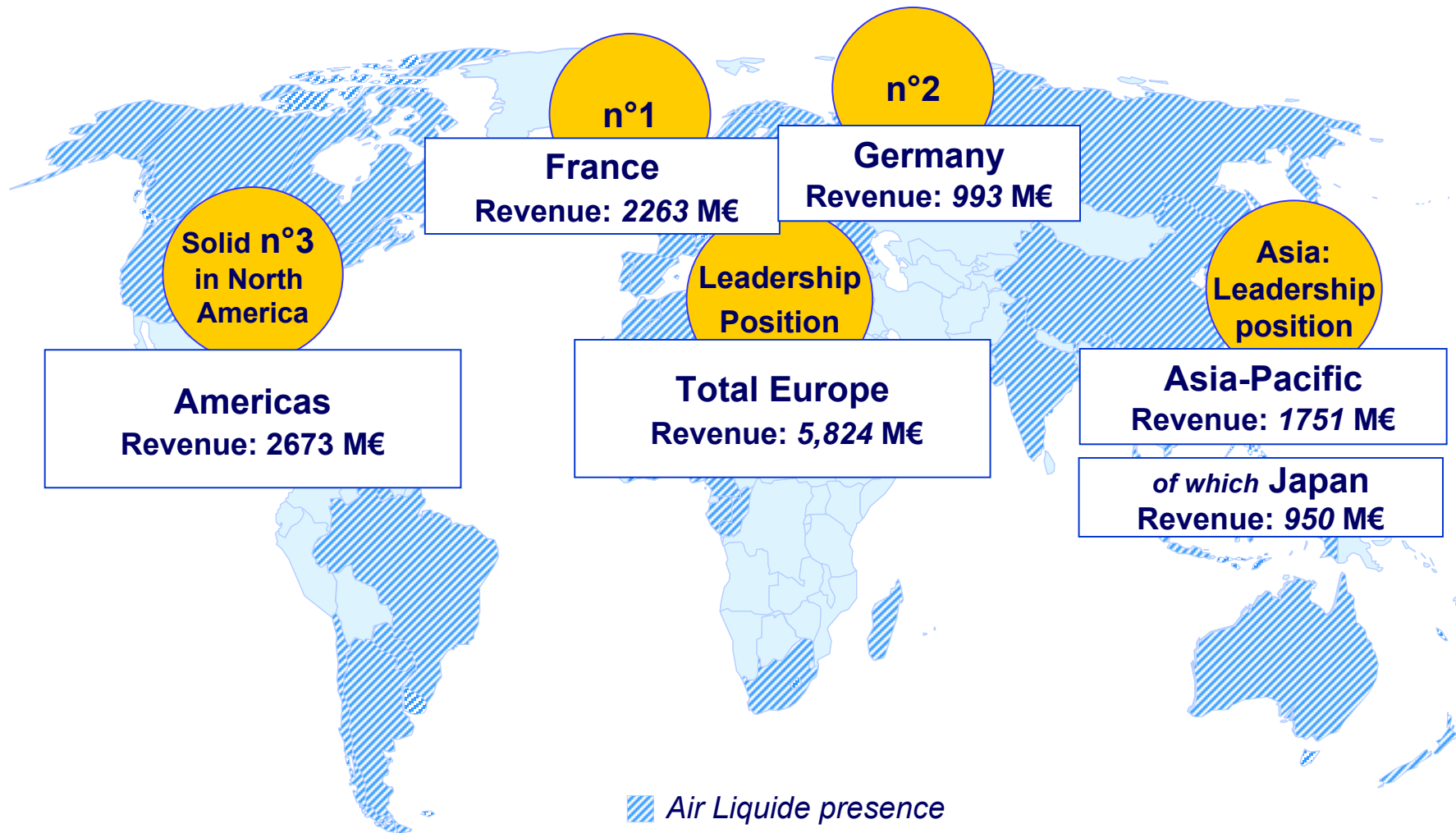
John Glen, Group Finance Director



Capital, Paris, September 13th, 2006

Leading geographic coverage

Group revenue in 2005: 10.435 bn €

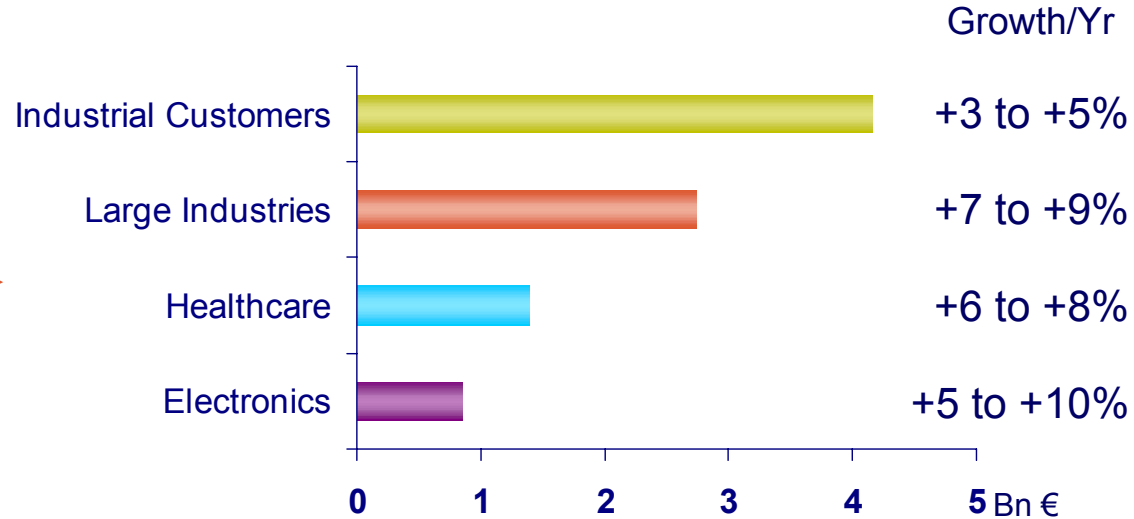
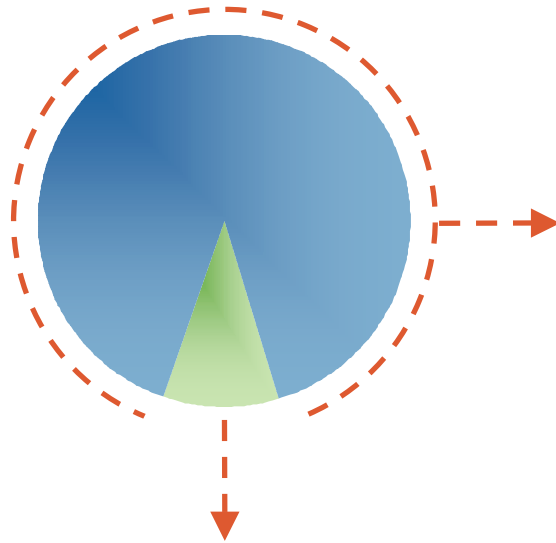


Africa : ≈ 200M€

Air Liquide: Focused on industrial gases

Total Revenues: 10.4 bn €

Gas & Services: 9.1 bn€

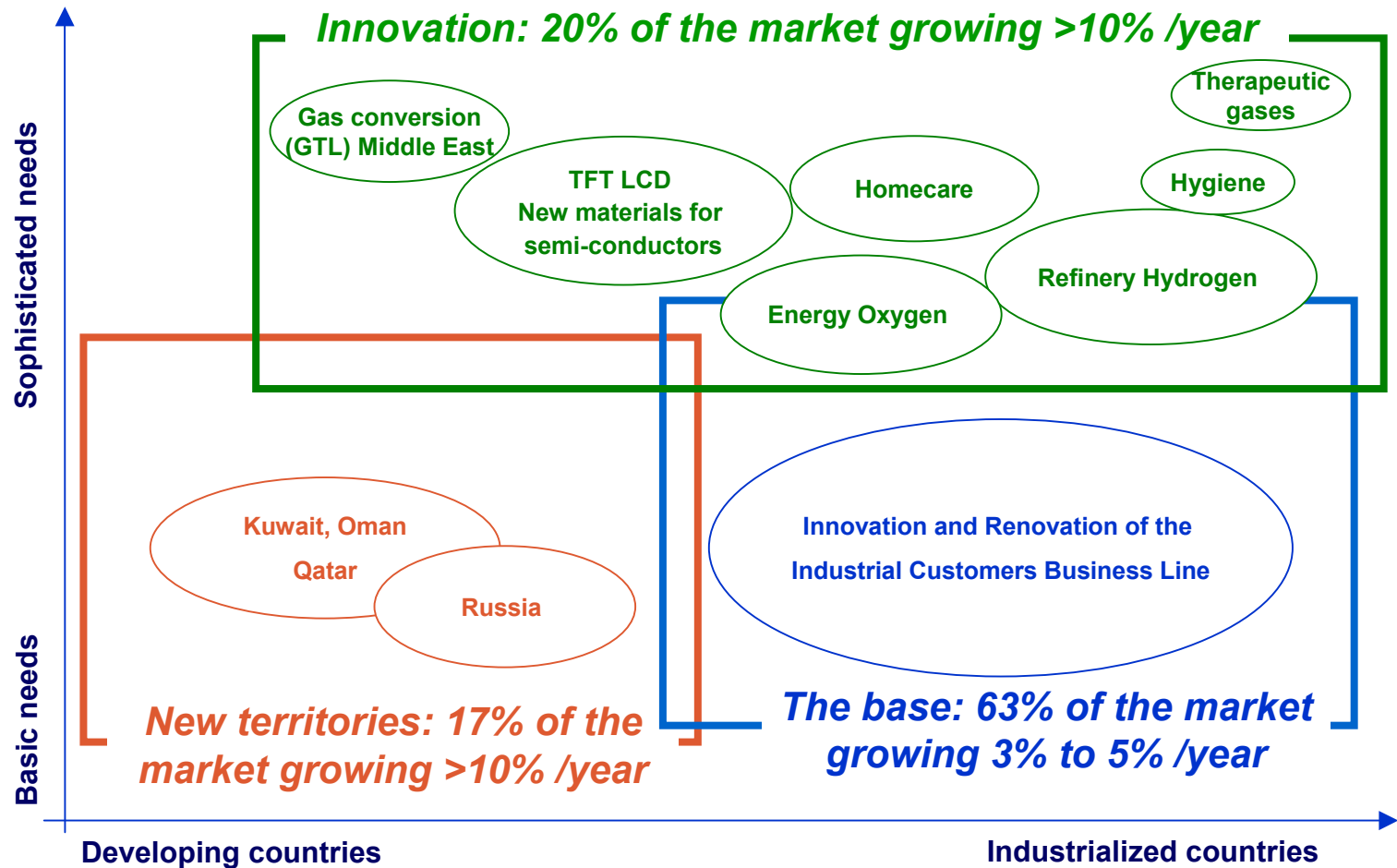


Engineering and associated activities: 1.3 bn€

- Industrial gas pure play
- Good business mix

Strategic market segmentation

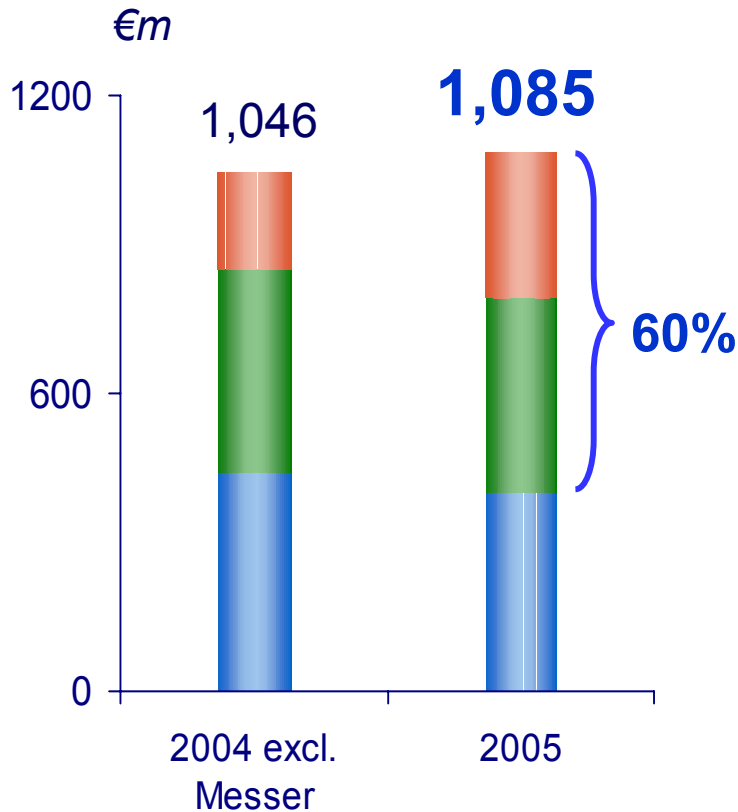
- Specific current examples of growth from each business line



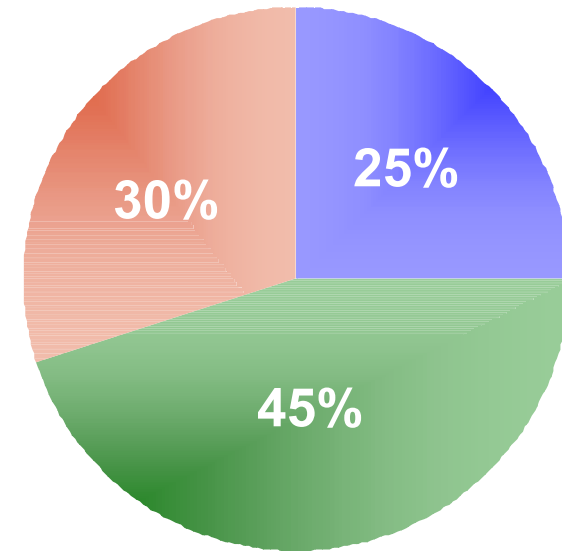
- Sustainable 7-9% / year in revenue growth from three growth drivers

Investments in growth segments, *aligned with strategic market segmentation*

Investment decisions
Gas & Services



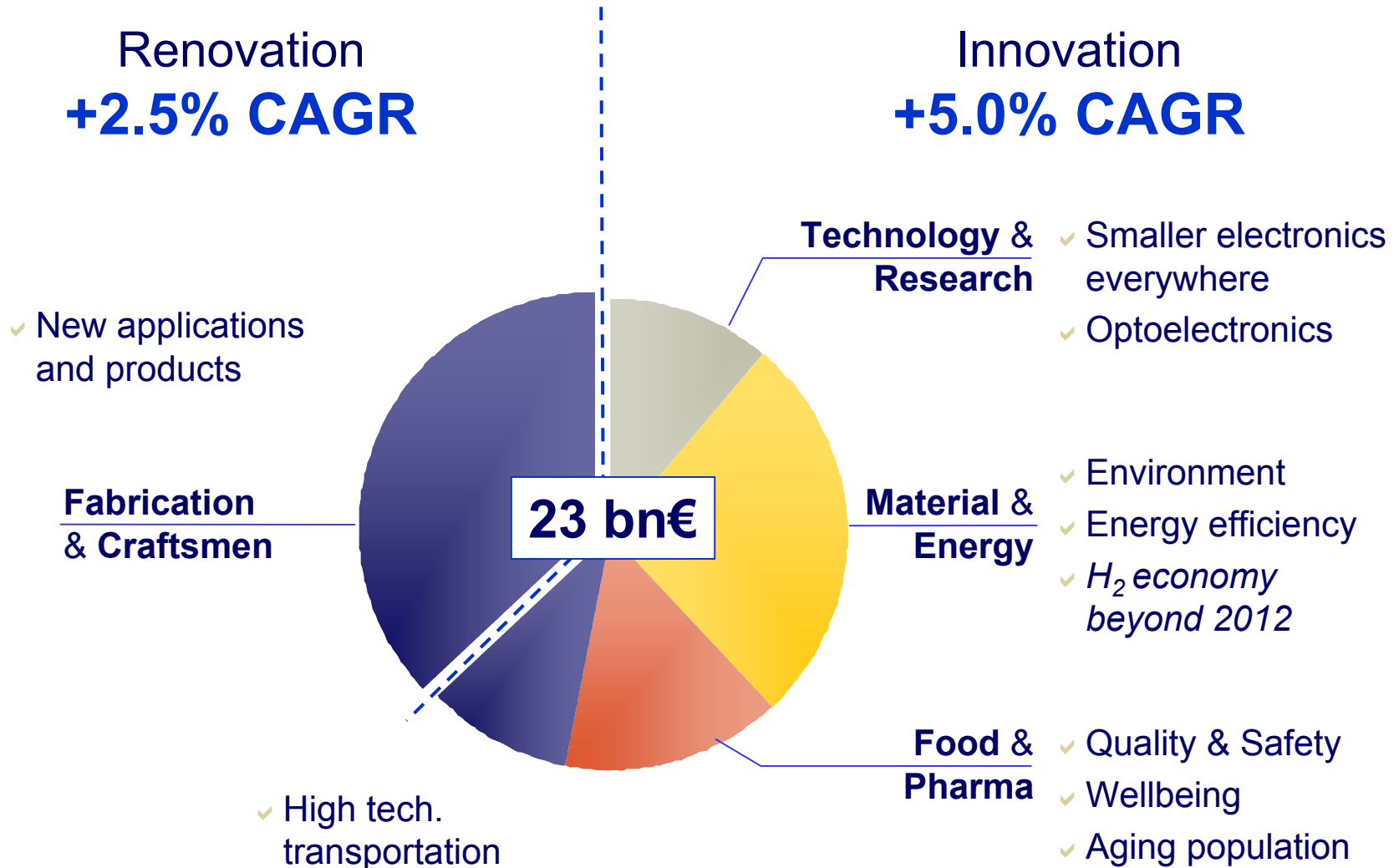
Contribution to revenue growth
Gas & Services



■ Base
 ■ Innovation
 ■ New territories

Industrial Customers: Growth in the Base

markets: 23 bn€ (2005) to 30 bn€ (2012)



■ Good exposure to high growth segments : **>2/3rd portfolio**

Industrial Customers: Growing the market

- Air Liquide Revenue: 4,154 million €
- Unparalleled track record in developing the market: examples of Air Liquide renovation and innovation

Food & Pharma



Material & Energy



Fabrication & Craftsmen



Industrial Customers: focus on value creation

Business opportunities

Key sources of Air Liquide strength

Global	<p>Identify and exploit growth opportunities</p> <p>Innovation and time to market</p>	<p>Redefine market segments to increase exposure to faster growing market segments</p> <p>Understanding of customer needs, focused R&D on high growth segments</p> <p>Leading presence in the most innovative Industrial Customer market in the world</p>
Western Europe	<p>Excellent customer service</p> <p>Low cost production, logistics & administration</p>	<p>Strong ability to differentiate through innovation and service</p> <p>Proven track record in cost reduction and industrial optimization</p>
North America	<p>Speed of innovation</p> <p>Pricing discipline</p>	<p>Track record cross fertilizing successful innovation</p>
Asia	<p>Prudent targeting of new capacity</p>	<p>New liquid capacity in Asia and the US to meet increasing demand</p>
New Geographies		

Innovation

Low sulfur fuel
Heavier crude
Refinery optimization
Production units replacement
Outsourcing



Alternative fuels
Resource optimization
Carbon dioxide management

■ Refinery **hydrogen** demand to 2011

- ✓ ≈ 80 world class plants
- ✓ ≈ 8 bn€ in investment
- ✓ **+6 to 8 bn€** potential gas market

■ Energy **oxygen** demand to 2025

- ✓ ≈150 to 200 world class plants
- ✓ 6 to 9 bn€ investment
- ✓ **+2.5 to 4 bn€** potential gas market

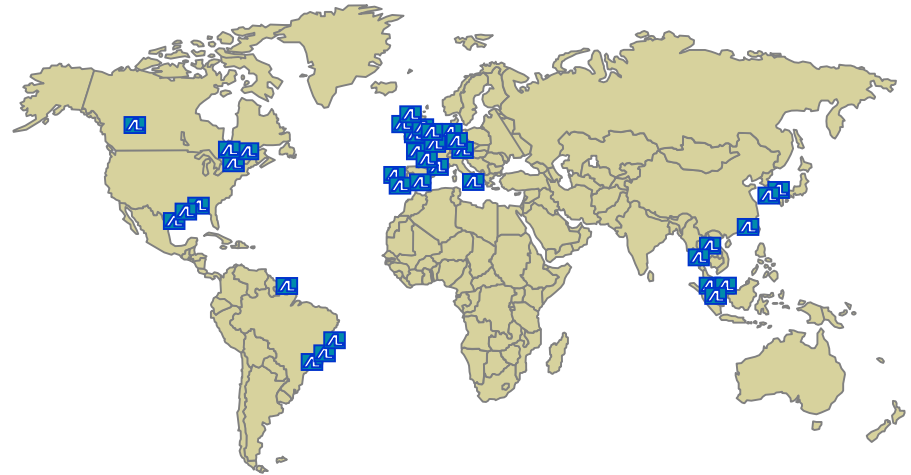
■ Large projects requiring technical, operations, and financial expertise

Large Industries: Innovation

Air Liquide Revenue: 2744 million €



Jupiter Hydrogen Unit - Antwerp



Large Industry basins worldwide

- **AL basin strategy** provides **capital efficient solutions**
- **Cost and capital efficiencies** trigger **out-sourcing expansion** of the market
- AL ability to **optimize H2** networks and production
- **Energy costs** and monetization of remote hydrocarbons drive growth
- Technology: AL builds the **largest ASUs** in the world.
- **Operations expertise**: AL has the largest pipeline network in the world

Large Industries: Growth from projects

Business opportunities

Key sources of Air Liquide strength

Mix	Increasing focus on complex energy conversion and hydrogen projects	Track record <ul style="list-style-type: none"> ✓ Delivery of complex projects ✓ Design to customer needs
Size	Increasing size of projects	Ability to deliver increasingly large plants: <ul style="list-style-type: none"> ✓ In 3 years average size: >+80% Size trend to continue
Geography	Steel and chemicals markets increasingly in new territories	Ability to operate in these markets: <ul style="list-style-type: none"> ✓ Portfolio in New Geographies x 2 Trend to accelerate

- Technical, operations, and balance sheet strength to seize these opportunities

Healthcare: Growth from innovation and new market segments

Market growth **+4 bn€** (2010)

Market growth driven by new needs



- High growth Innovation segments:
 - ✓ Sleep apnea,
 - ✓ Cryobiology,
 - ✓ Hygiene,
 - ✓ Therapeutic gases
- Development of new treatments for
 - ✓ COPD,
 - ✓ Diabetes,
 - ✓ Nosocomial infections
- Evolving healthcare systems
- Developing needs in new territories

Healthcare: Innovation

Air Liquide Revenue: 1395 million €

Positioned to grow by +7% to +10% pa

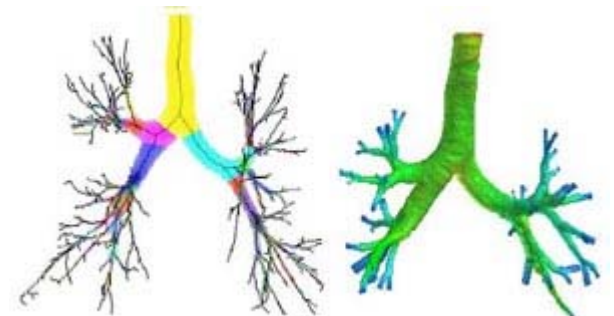
- **Dedicated organization** in advanced economies based on market needs:
 - ✓ Medical gas
 - ✓ Homecare
 - ✓ Medical hygiene
- To **expand the market** through therapeutic gases: *Kinox, Kalinox.*
- To meet changing healthcare needs: *Medicasa*
- From our strong position in Europe today, **take positions** in the markets and geographies of tomorrow



Kinox: Pulmonary Hypertension



Xenon: High-risk Anesthesia



Pulmonary tree modeling & Inhalation therapy

Healthcare: innovation and positioning to create markets and capture growth

Business opportunities

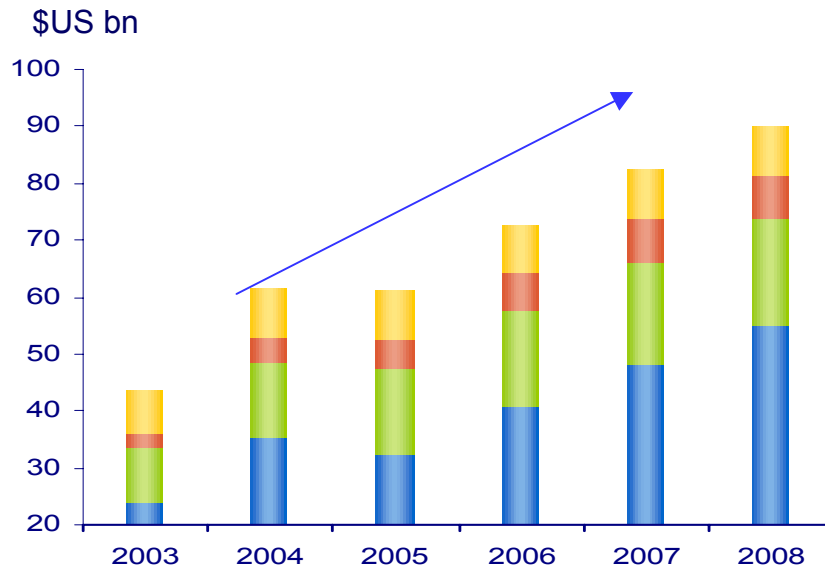
Key sources of Air Liquide strength

Environment	Pricing environment, but industry consolidation	Volume strategy Ability to apply industrial efficiency best practice to supply chain
Innovation	Healthcare budget constraints create new needs Evolving healthcare needs	Product offers that reduce total cost of care to fill new needs Innovation in Homecare, medical gases, and complete solutions for the patient
Geography	Geographic expansion	Strong base in Europe allows us to be selective in the timing and location of acquisitions Ability to integrate acquisitions efficiently to deliver financial results

Innovation

Market growth **+2 to 3 bn€**
e.g. Flat panel market

CAGR [2003-2008] = 15,5%



■ Innovation drives growth to 2008-2010

- ✓ Demand for consumer electronics



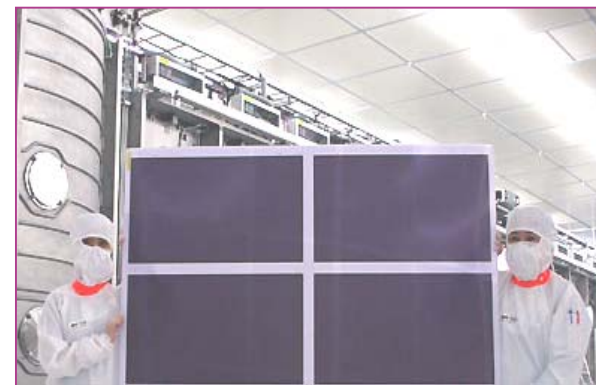
- ✓ **Materials era,**
in addition to ESGs
- ✓ **TFT/LCD:** ultra large volumes of Nitrogen and bulk ESGs
- ✓ Most of it in **Asia**

Electronics: Innovation

Air Liquide revenues: 855 million €

■ AL innovation examples:

- ✓ High added value molecules (e.g. **ALOHA** offer) to meet the needs for smaller chips:
 - Limit heat generation, faster clock speeds
 - Optimize cleaning for copper technology
 - And continuing R&D on new molecules, e.g. **AHEAD™**
- ✓ Ultra large TFT-LCD volume (e.g. **JUMBO** offer)
 - 100,000 Nm³/h of ultra pure N₂
- ✓ Associated services to differentiate offer
 - Total Gas and Chemical Management on >50 customer sites
 - **BALAZS** analytical offer to meet new regulations (RoHS)
- ✓ **Sustained growth and margins through product mix.**



Flat panels - AUO



Advanced Precursors

■ Business line management in Asia

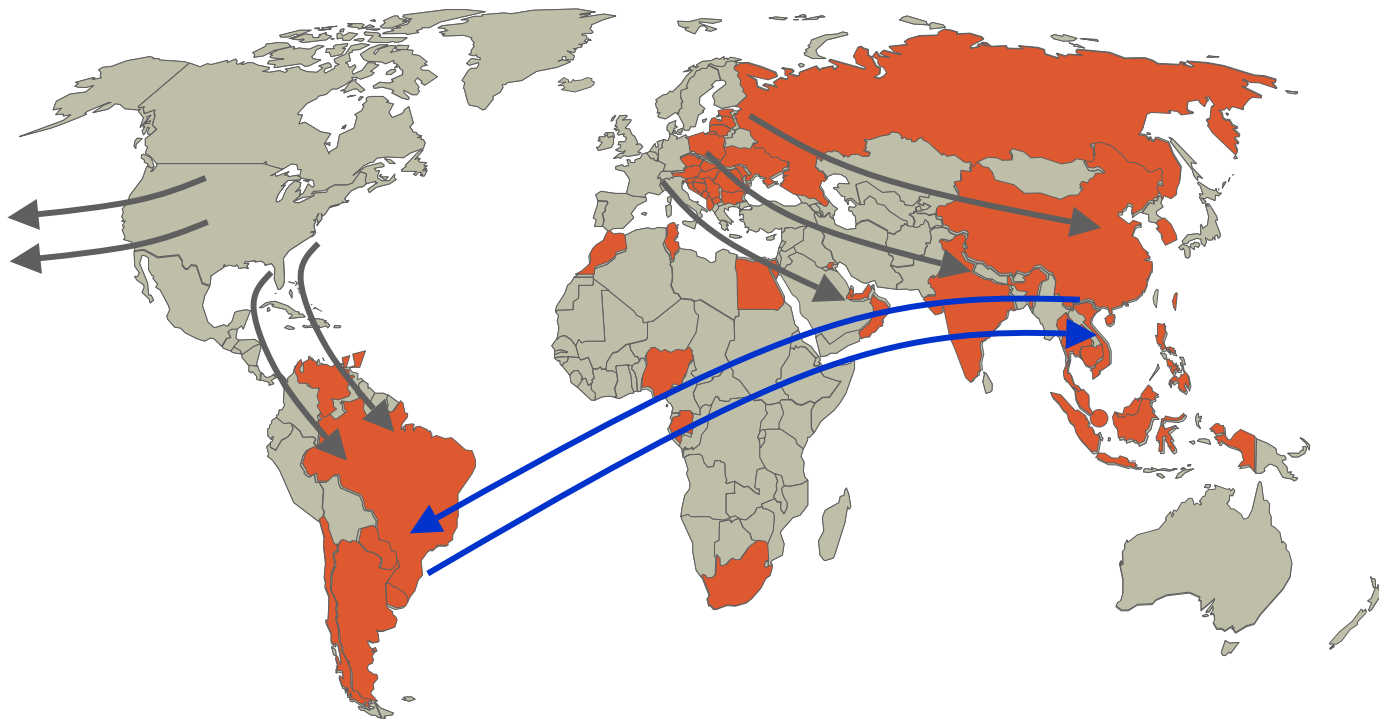
Electronics: innovation and mix to deliver growth and margins

Business opportunities

Key sources of Air Liquide strength

Speed of change	Staying close to markets to anticipate changing needs	Excellent customer relationships Technical platforms in Asia close to majority of customer “fabs”
Business model	Continuous optimization of business mix	Several new signatures for carrier gases Good portfolio balance, focus on carrier gases, added value
Innovation	New technologies require new molecules Innovation to respond to cost pressures	Focused R&D close to customers, new offers (Aloha) New high volume modes of supply (Jumbo)

New Territories: opening new markets



- **6 bn€** out of **40 bn€** worldwide gas market
 - ✓ Growing **>+10% PA**
 - ✓ **Infrastructure** investments
 - ✓ Appetite for new technologies

New Territories: Growth through Over the Fence Supply (O.T.F.)

- AL strengths:
 - ✓ Ability to deliver value through O.T.F. supply
 - ✓ Technical capability
 - ✓ Presence
 - ✓ Disciplined capital investment

■ New O.T.F. countries since 2004

- ✓ Qatar
- ✓ Oman
- ✓ Russia
- ✓ Kuwait

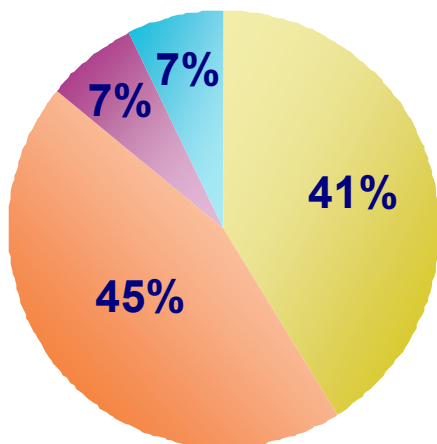
R&D and Engineering in high growth zones



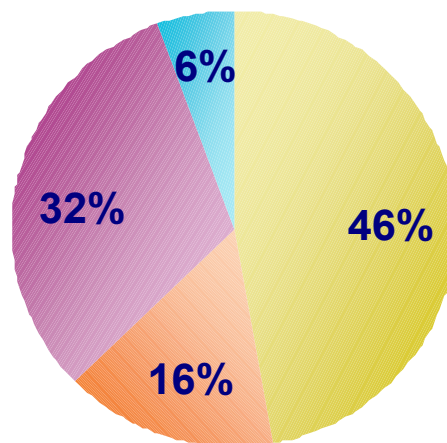
Air Liquide is well positioned to capture growth

2005 Gas & Services revenue

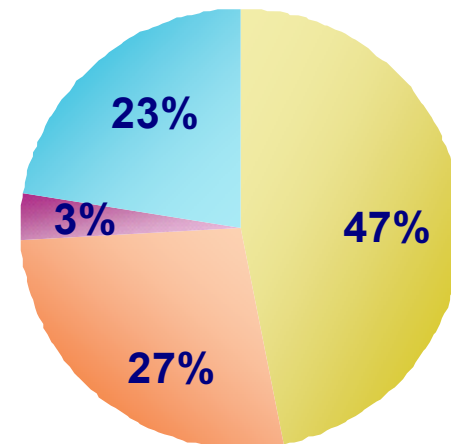
Americas



Asia



Europe

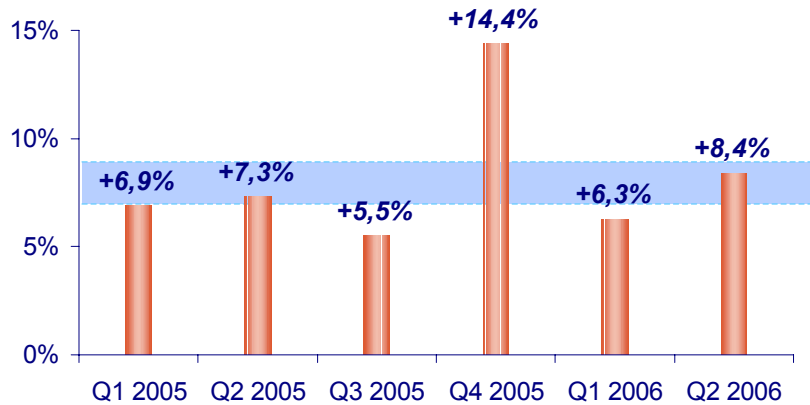


Large Industries Electronics Industrial Customers Healthcare

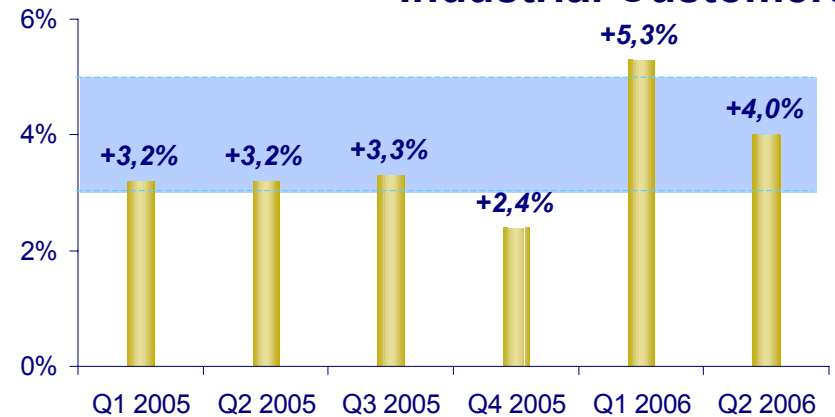
■ New markets: **+25 to 30 bn€** in 2005-2015 timeframe

Recent growth track record

Large Industries

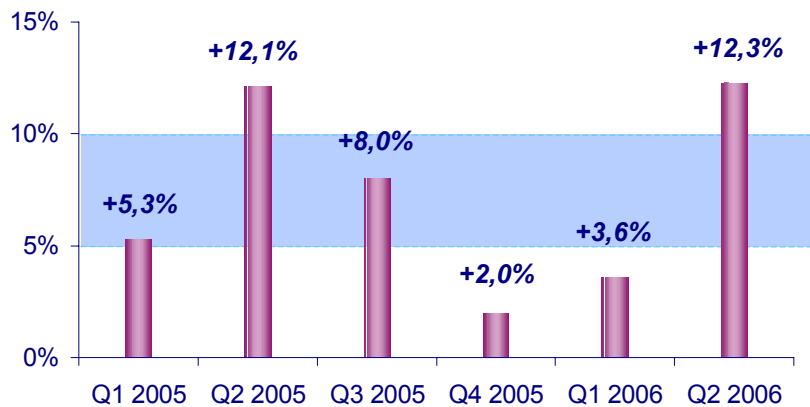


Industrial Customers

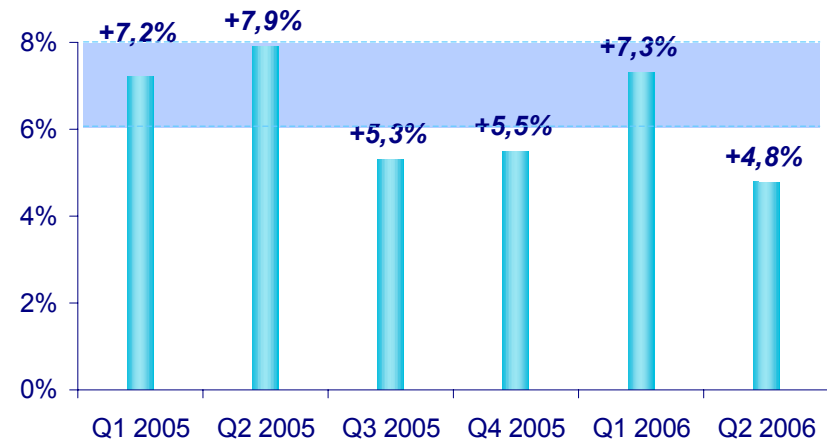


Medium term objectives

Electronics

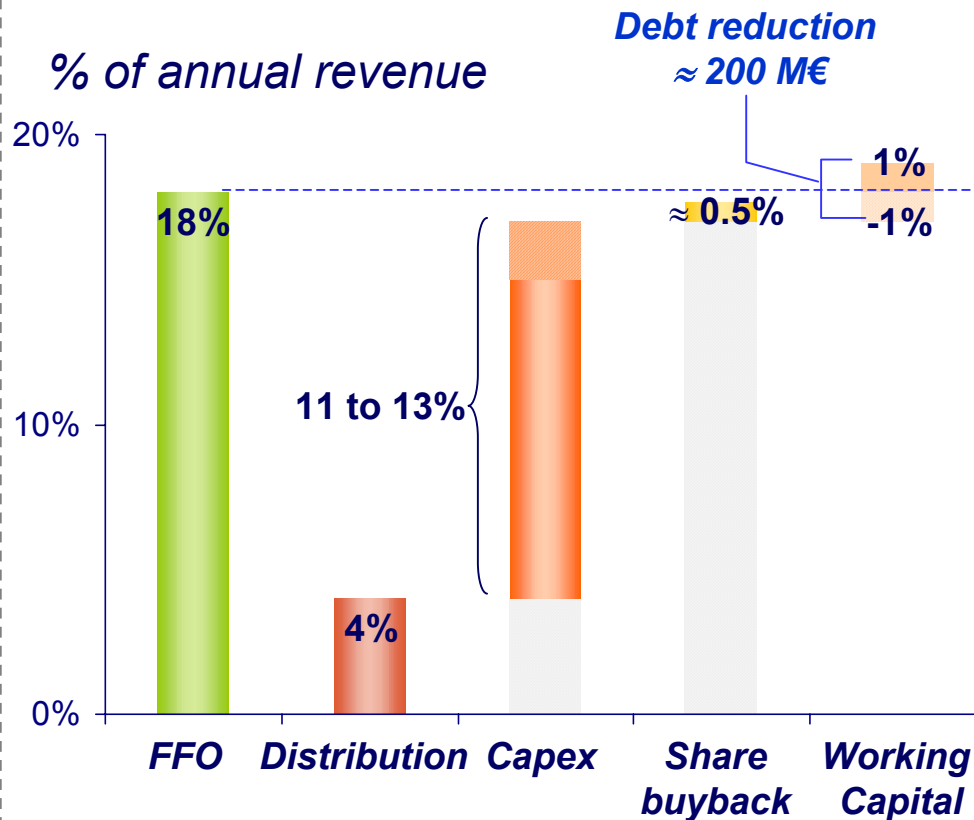


Healthcare



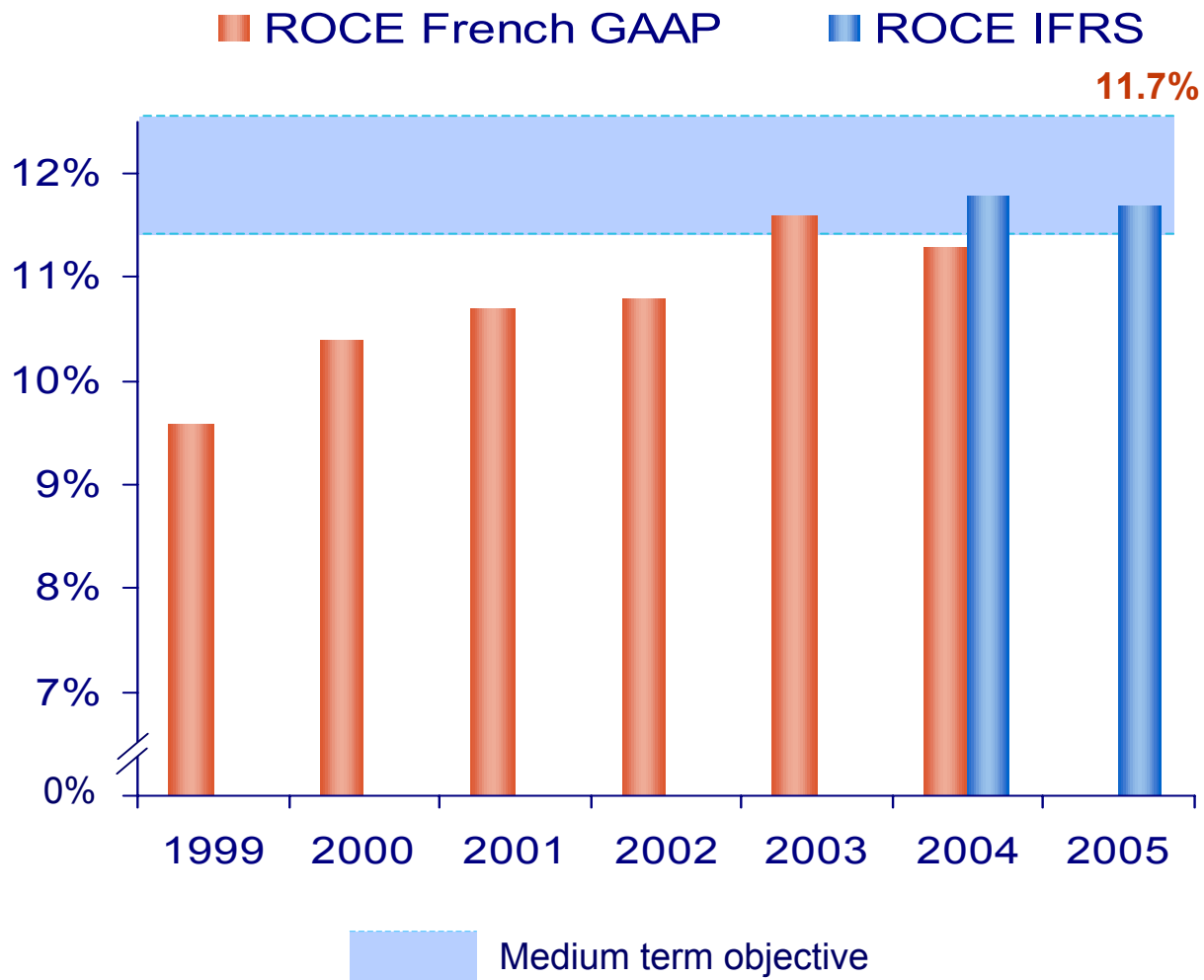
* on a comparable basis (see slide 13)

Strong balance sheet and cash flow to fund growth investment while maintaining distribution progression

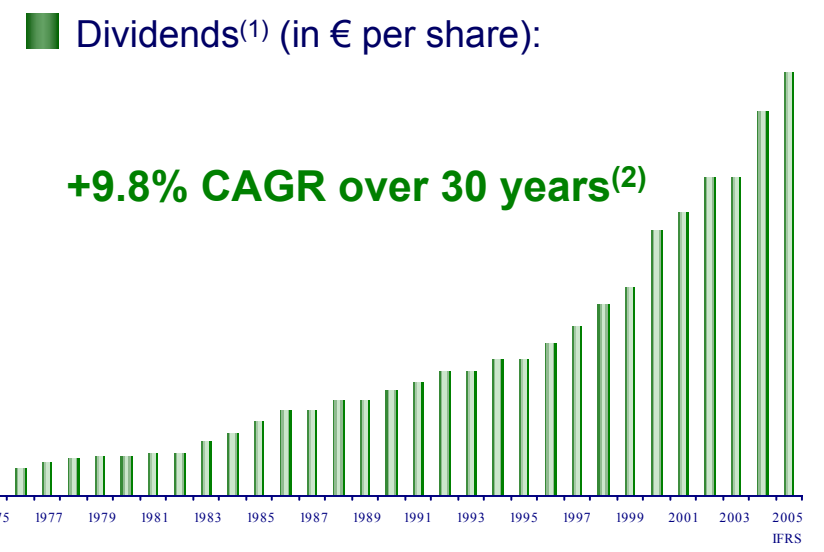
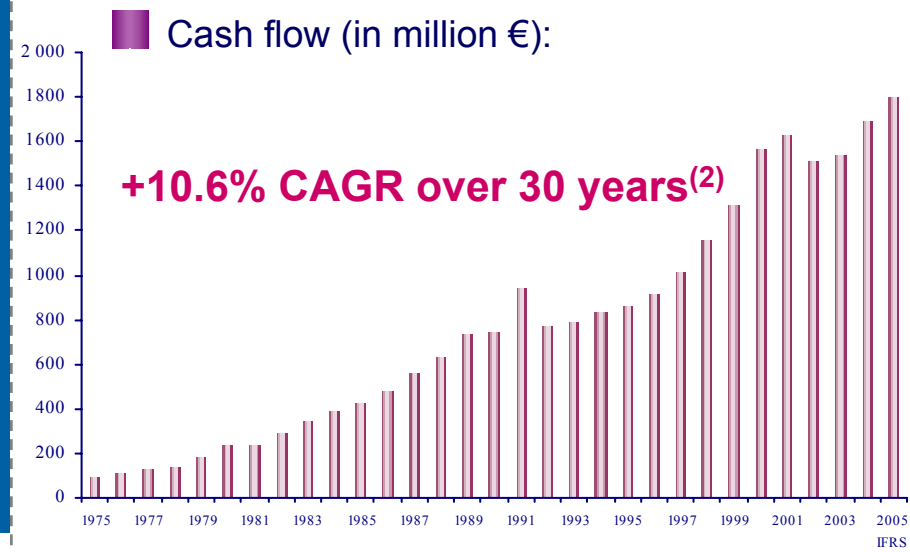
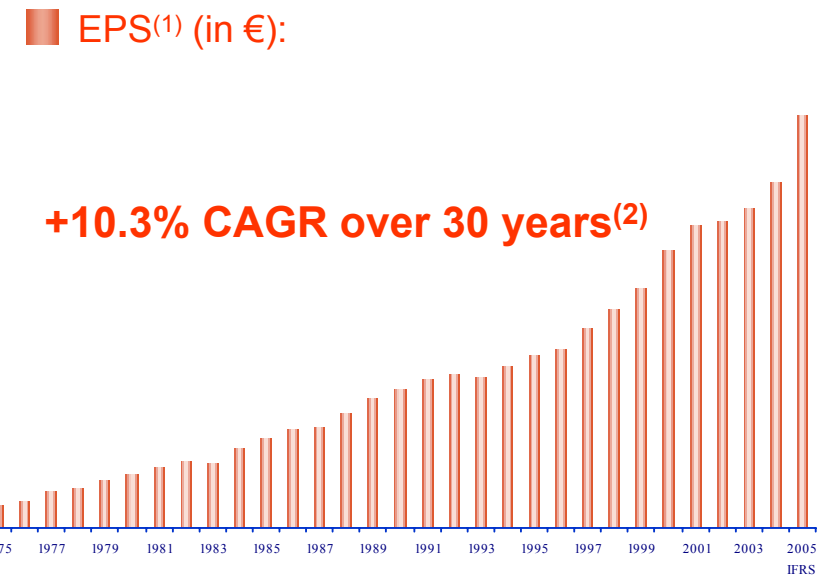


- + Distribution in line with earnings growth (≈ 50% payout)
 - + Significant, disciplined investment in future growth
 - + Share buyback limited to non dilution from stock-options
 - + Productivity targeted in working capital
 - + Portfolio management
-
- = Moderate but regular debt reduction in line with strategic gearing target

Investment discipline ensures continued strong return on capital employed



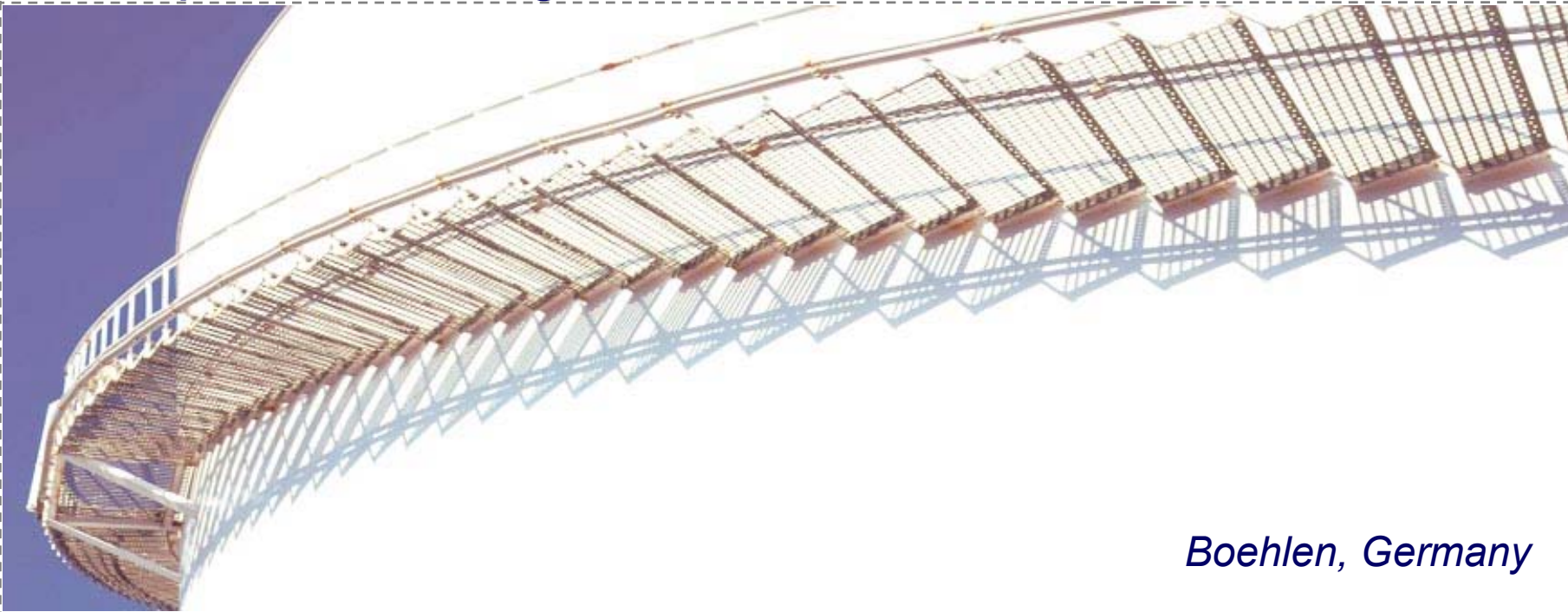
Generating solid and sustained performance.



(1) Adjusted to account for bonus share issues.

(2) Data calculated over 30 years according to applicable accounting standards. These standards changed on January 1, 2005, and have been applied to 2004 and 2005 fiscal years.

Air Liquide: Growing the market.



Boehlen, Germany

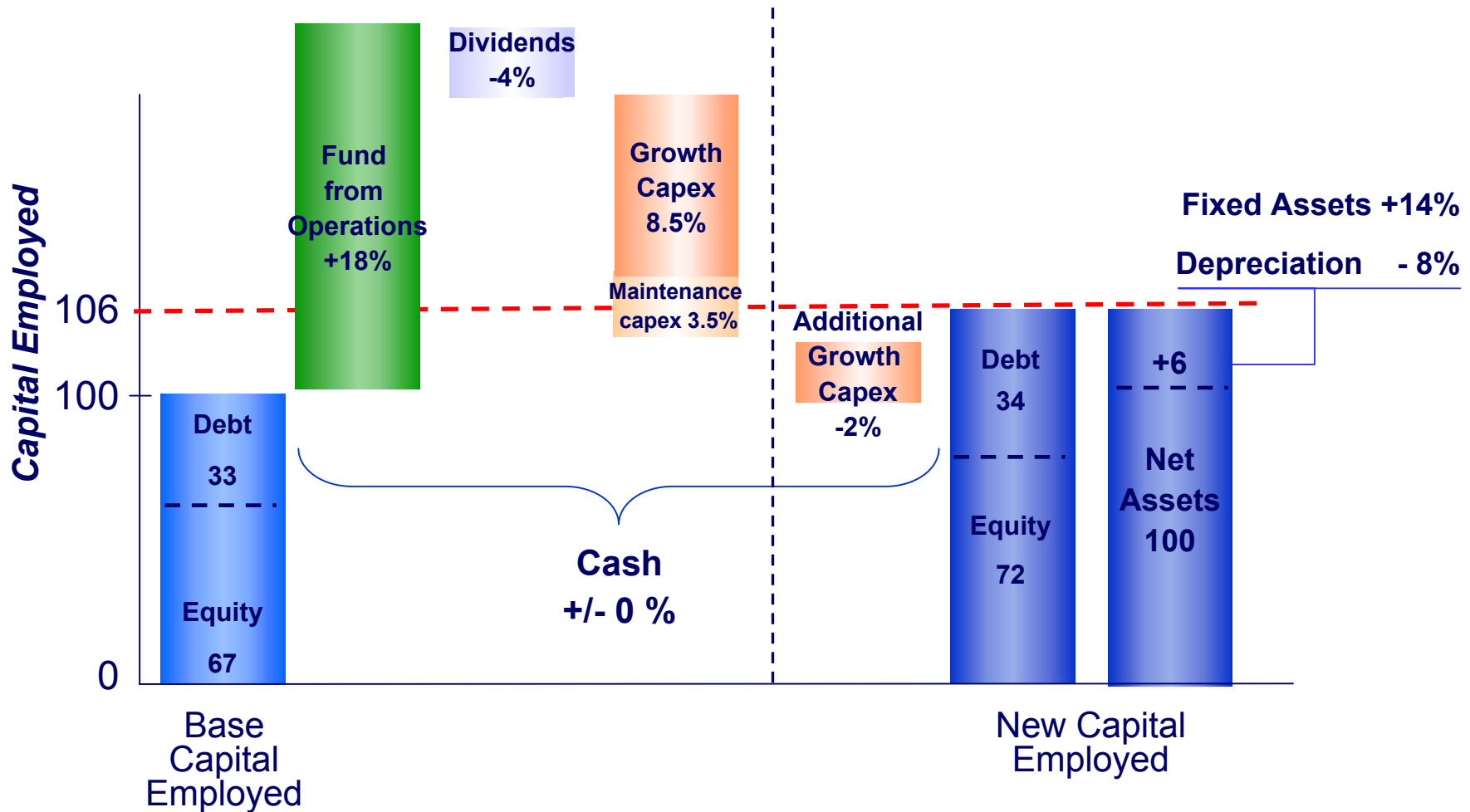
- **Ample new opportunity** exists in the market
- Seizing these opportunities requires **investment capacity, presence, and technology**
- **Air Liquide continues** to drive growth in the industrial gas market

Appendices

Maintaining Key Financial Equilibrium

(focus on growth)

% of annual revenue & capital employed



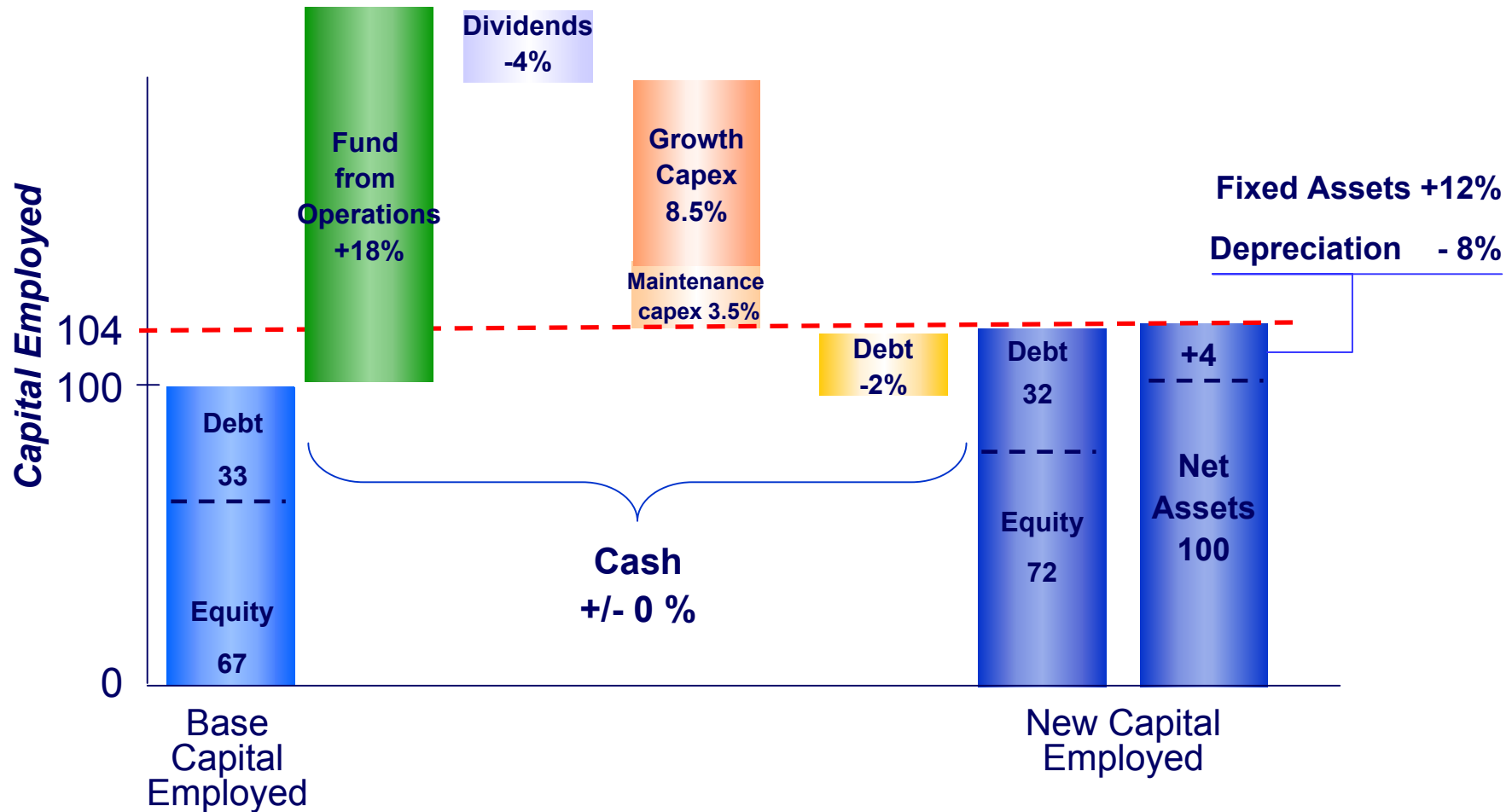
ROCE	12%
Debt/Equity	50%

ROCE	12.2%
Debt/Equity	44%

Maintaining Key Financial Equilibrium

(focus on debt reduction)

% of annual revenue & capital employed



ROCE	12%
Debt/Equity	50%

ROCE	12.2%
Debt/Equity	44%

Main Underlying Ratios of the Business Model

	Ratio/Capital Employed	Ratio	Comments
--	------------------------	-------	----------

P&L

Revenue	105		With present mix
Depreciation		8%	% of revenue
Net margin		9%	% of revenue

Investment

Capital expenditures		11 to 13%	% of revenue to generate 8% revenue growth
Growth capex		70%	% of total capex
Capital intensity ratio		1.8 to 2.2	Capex / new revenue
ROCE		12%	After tax return

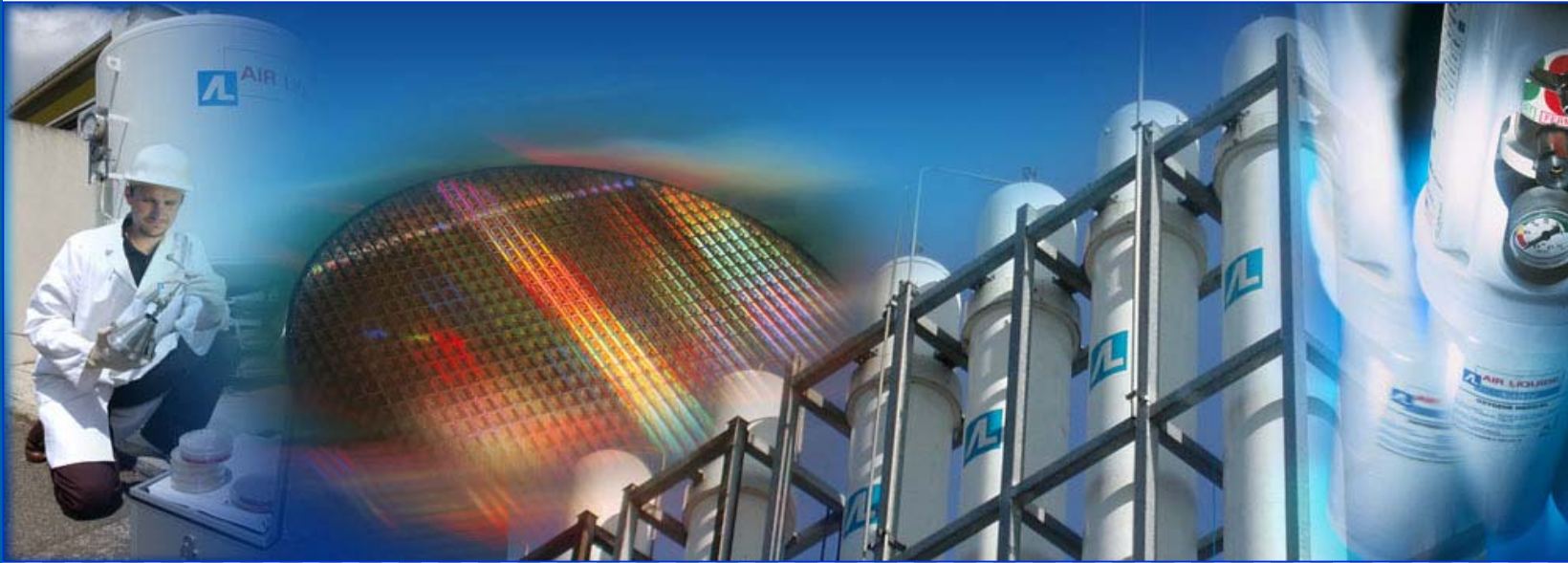
Balance sheet

Total Capital Employed	100		
Net Debt	33	50%	Net Debt to Equity
Equity	67		
Dividend distribution		45%	Payout ratio

Developing the Industrial Gas Market

Benoît Potier, Chairman & CEO

John Glen, Group Finance Director



Capital, Paris, September 13th, 2006