
First Half Results 2007



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Good 1st half

- Number of significant new steps taken to deliver our new growth ambitions:
 - ✓ Enhanced technology with Lurgi acquisition and new US R&T center
 - ✓ Reinforced existing positions with Asian JVs and Homecare Germany
 - ✓ Significant new contracts signed
 - ✓ Entered new markets
 - Healthcare in UK and China
 - Electronics in India and Russia
 - Therapeutic gases in Europe
- Delivered a solid financial performance with improved margins

Key figures in 1st half 2007

<i>In €M</i>	<i>H1 07</i>	<i>07/06 as published</i>	<i>07/06 excluding Forex</i>
Group revenue	5,629	+2.7%	+6.3%*
Operating Income Recurring <i>Margin</i>	856 15.2%	+6.1% +50 bps	+ 9.0%
Net Profit	556	+15.9%	+ 18.7%
FFO	1,012	+7.6%	
Net debt as of 30/06	4,807		

* excluding Forex and Natural Gas impact

Strong currency translation effect in H1 2007

- -182 M€ on H1 revenue
- Appreciation of euro relative to all main currencies
 - ✓ € / USD: + 8.2% vs H1 06
 - ✓ € / CAN\$: +7.7% vs H1 06
 - ✓ € / Yen: +12.7% vs H1 06
- Both revenue and results impacted

Operating margin improvement highlights

- OIR/revenue: 15.2%, +50 basis points
- World Business Lines (WBL) progress:
 - ✓ Large Industries: mix effect from increased hydrogen volumes
 - ✓ Electronics: OPAL purchasing and product mix
 - ✓ Healthcare: OPAL purchasing in France & hygiene, European equipment platform
 - ✓ Industrial Merchant: OPAL restructuring in France, pricing in US, productivity in Asia
- Implemented IM OPAL restructuring:

Reduction in number of:	<i>France</i>	<i>Italy</i>
Sales offices	14 → 11	11 → 6
Filling centers	36 → 29	16 → 13
Full time equivalents (FTE)	213	86

H1 Net profit up +15.9%

<i>In €M</i>	H1 06	H1 07	H1 07/06	H1 07/06 Excluding forex
Operating Income Recurring	807	856	+6.1%	+9.0%
Other non-recurring operating expenses	5	25		
Net finance costs and other net financial expenses	(99)	(105)		
Income taxes	(212)	(211)		
Share of profit of associates	14	16		
Profit attributable to minority interests	(35)	(25)		
Net profit (Group share)	480	556	+15.9%	+18.7%

- Leverage of Net profit growth thanks to non-recurring gains, lower tax rate and minority interests

Acceleration of revenue growth in Q2

<i>In €M</i>	Q1 07 Revenue	Q2 07 Revenue	Q1 07/06 as published	Q2 07/06 as published	Q1 07/06 comparable	Q2 07/06 comparable
Gas & Services	2,452	2,460	+0.3%	+3.5%	+5.3%	+6.3%
Related Activities	339	378	+3.1%	+13.4%	+4.5%	+14.8%
Group	2,791	2,838	+0.6%	+4.7%	+5.2%	+7.3%

Q2 07/06 revenue on comparable basis

- Industrial Merchant +5.1%: driven by liquid gases in all geographies
- Large Industries +5.9%: ramp-ups in Asia, no start-up, customer stoppages
- Electronics +11.4%: boosted by carrier gases and services
- Healthcare +7.2%: solid growth in homecare and hygiene
- Related Activities +14.8%: stronger E&C sales in Q2

Confirmed improvement in Europe

Europe Gas & Services: €1,323 M

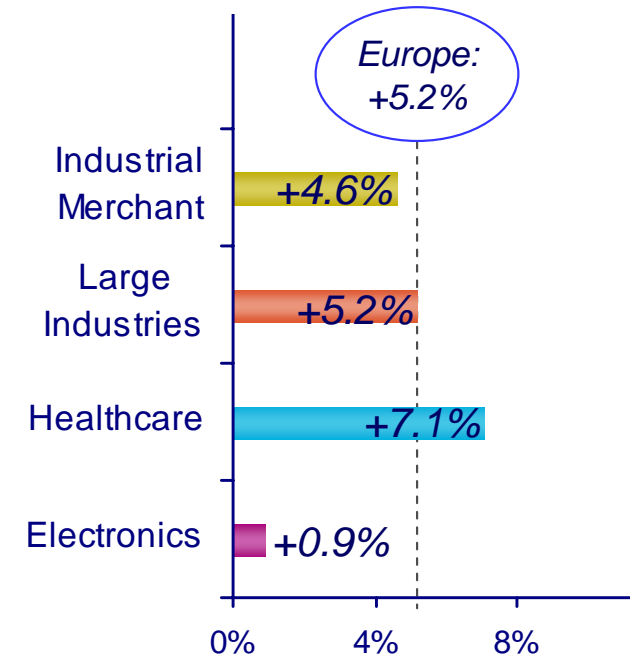
■ Q2 revenue trends

- ✓ Industrial Merchant: mixed environment, strong in Germany, lackluster in France and Italy
- ✓ Large Industries: a late start-up and a ramp-up
- ✓ Healthcare: further strengthening of market position with UK and German acquisitions

■ H1 margin: stable excluding asset disposals

- + OPAL delivering
- Mix effect with hydrogen
- Healthcare pricing in Southern Europe

Revenue growth*
Q2 07/06



In €M	H1 07	Comparable growth	Published growth
Revenue	2,674	+4.6%	+4.0%
OIR	502		+0.9%
Margin	18.8%		-60 bps

* comparable basis

New capacities decided in Americas

Americas Gas & Services: €641 M

■ Q2 revenue trends

✓ Mixed in USA

- Industrial Merchant: capacity fully utilized due to strong demand; new capacity under construction for start-up in 08 and 09
- Large Industries: strong hydrogen sales, softer volumes in O₂, and no start-up
- Major start-up in Electronics

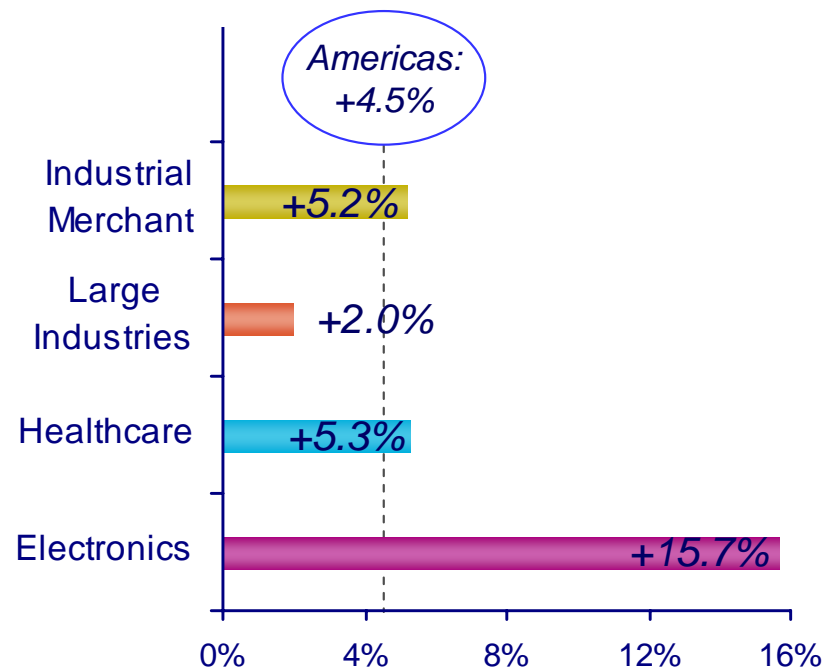
✓ Slowdown in Canada

✓ Sustained double digit growth in South America

■ H1 margin:

- ✓ Increased prices in IM in US
- ✓ Higher volumes and prices in South Am.

Revenue growth*
Q2 07/06



In €M	H1 07	Comparable growth	Published growth
Revenue	1,269	+3.8%	-3.3%
OIR	200		+3.9%
Margin	15.8%		+110 bps

* comparable basis

Asia continues to perform

Asia-Pacific Gas & Services: €450 M

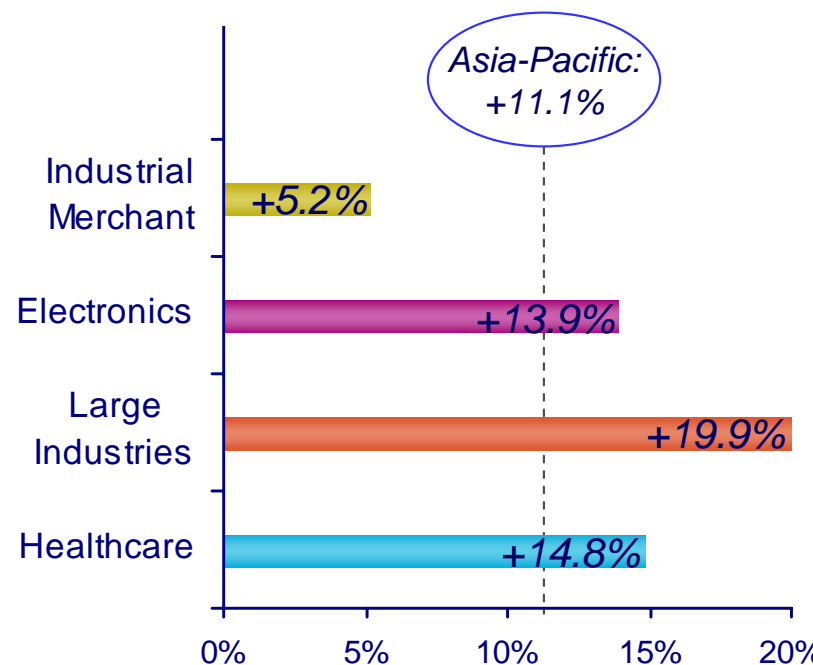
■ Q2 revenue trends

- ✓ Steady environment in Japan
 - Firm pricing
 - Electronics industry well oriented
- ✓ Rest of Asia, sustained high double digit growth
 - No new start-up
 - Ramp-ups in China and Taiwan
 - New liquid capacities in China
 - Integration of JV acquisitions
 - New contracts signed in SEA, India and China

■ H1 margin:

- ✓ Productivity gains through integrated business approach

Revenue growth*
Q2 07/06



In €M	H1 07	Comparable growth	Published growth
Revenue	881	+11.5%	+3.8%
OIR	140		+15.4%
Margin	15.9%		+160 bps

* comparable basis

End market trends expected to continue

	H1 2007	H2 2007	
Large Industries			
Steel	●	●	Back to “normal” growth
Chemicals	●	●	Demand more measured
Oil and gas	●	●	Heavier crude and increasing standards
Electronics	●	●	Volumes looking better
Industrial Merchant			
Americas	●	●	Continuing industrial growth but capacity constraints
Japan	●	●	Modest growth
Emerging Asia	●	●	Buoyant
Europe	●	●	Improving industrial production trends in Northern Europe
Healthcare	●	●	Homecare trend continues

2007 outlook

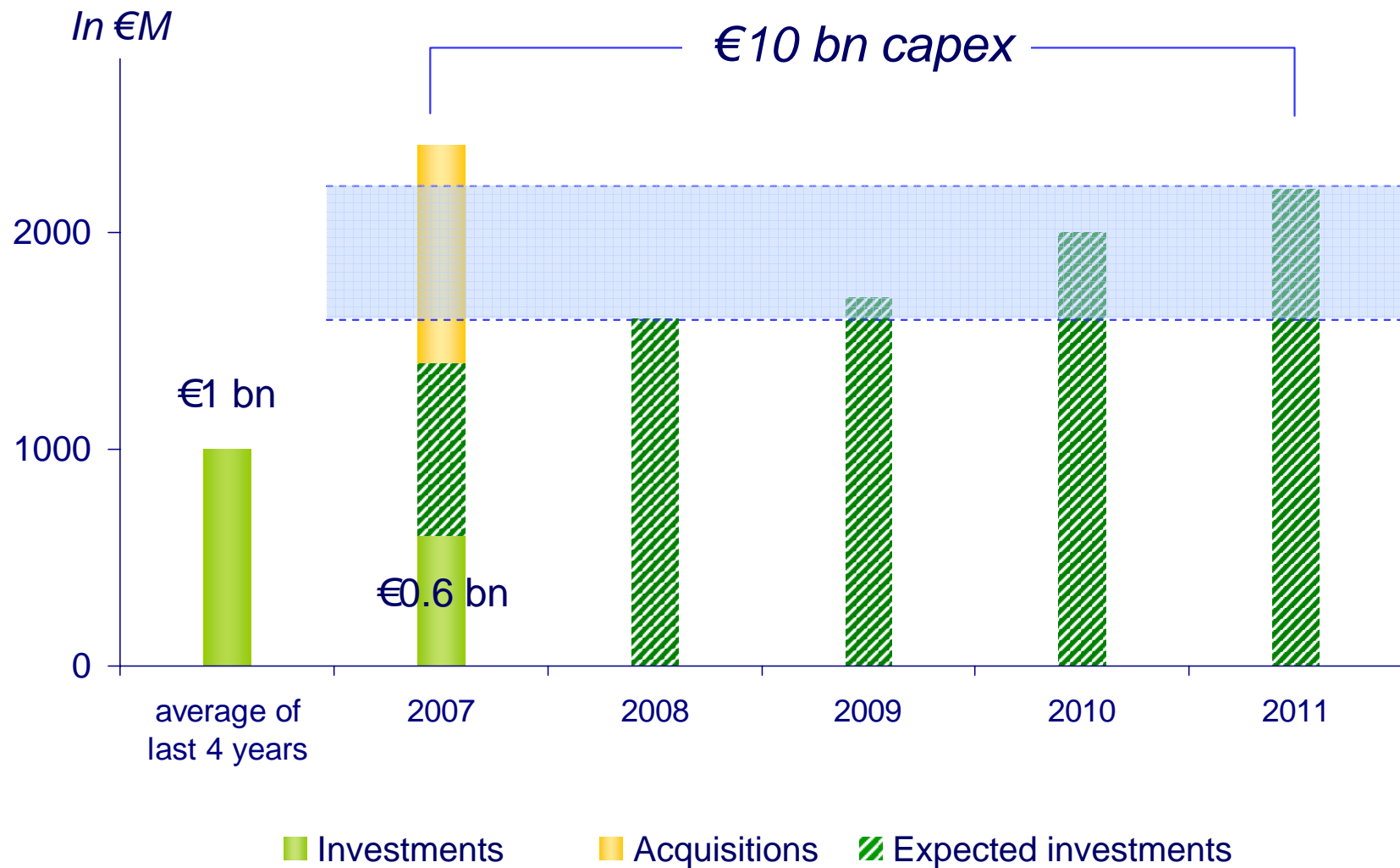
2nd Half:

- Q2 revenue growth trend continuing
- OIR margin:
 - ✓ improvement in Gas and Services (OPAL)
 - ✓ dilution from consolidation of Lurgi at Group level

**We maintain our guidance for 2007
of “double digit growth in net profit”**

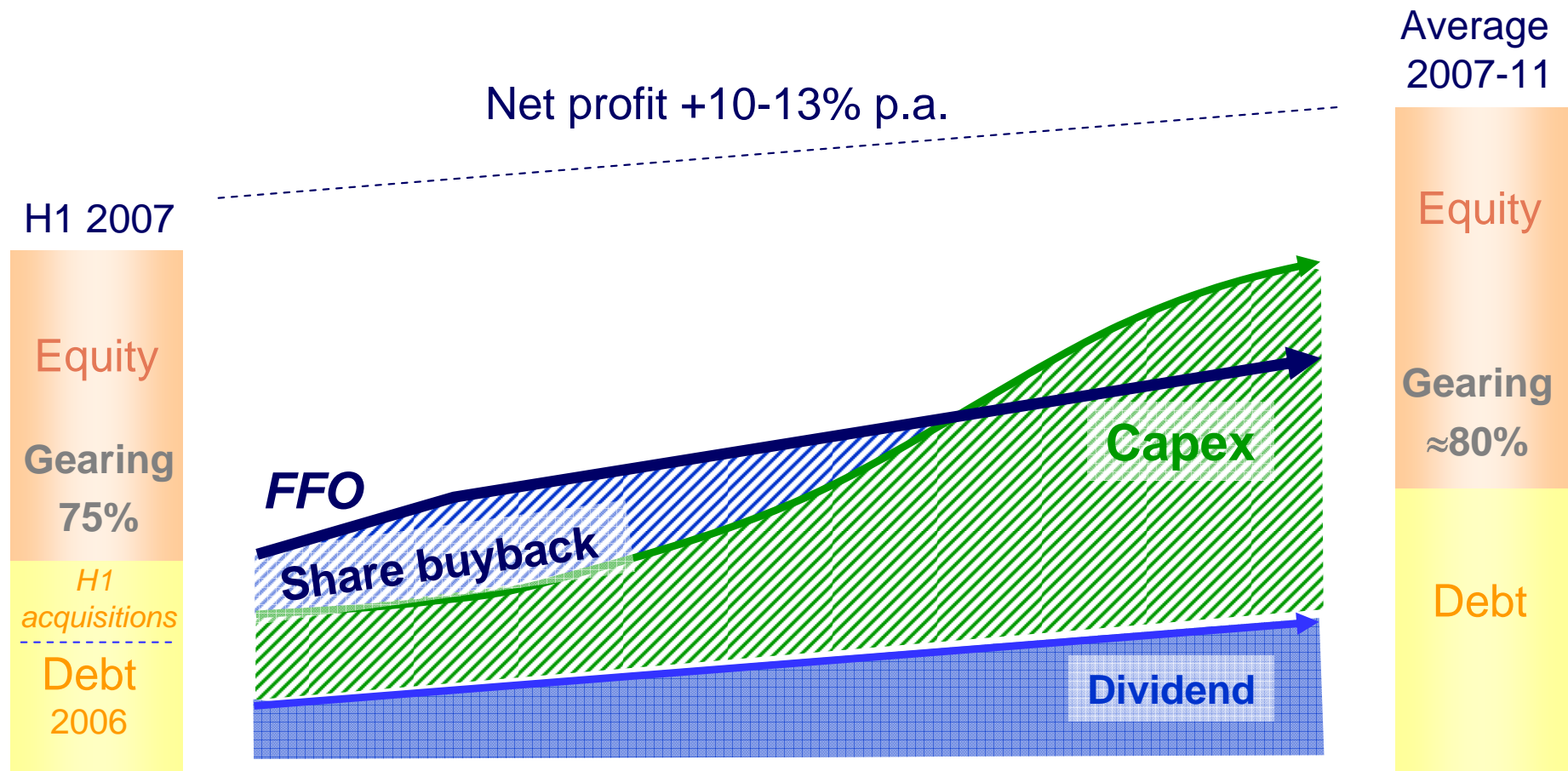
Accelerating capex

■ Major increase in capex in 2007



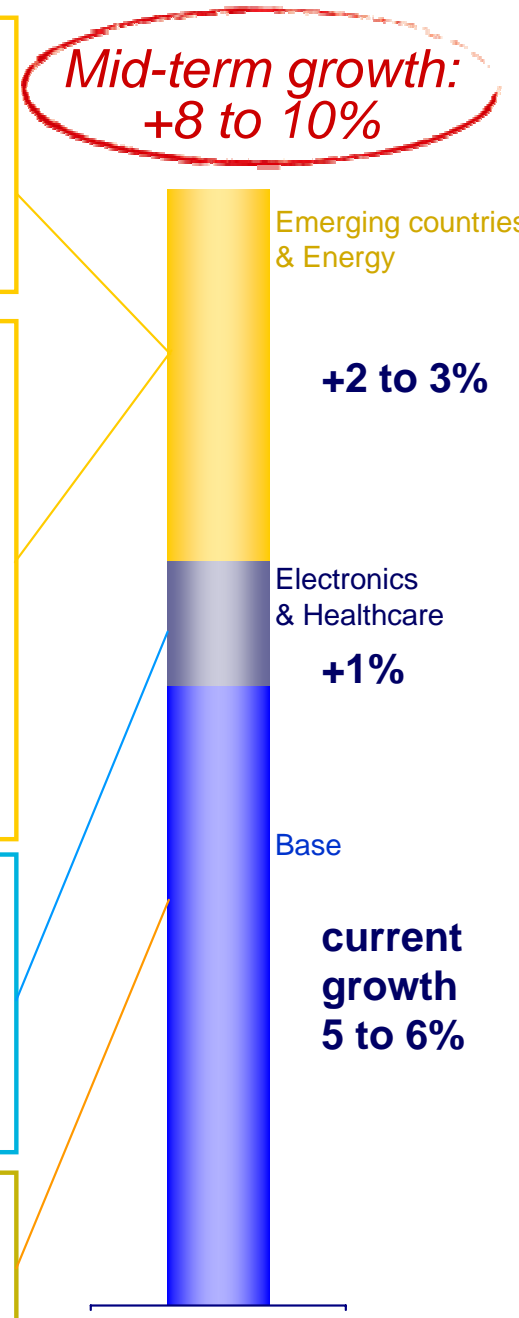
Optimizing shareholder returns

- Value creation through high pay-out and share buy-backs
- While maintaining an A rating



Major strategic steps taken in H1

- ⇒ Technology
 - Lurgi: new proprietary technologies: Hydrogen, gasification, Bio-fuels. 1,300 additional engineers
 - New Research & Technology center in the US
- ⇒ Emerging markets
 - IM capacity expansions in Russia, China and Vietnam
 - Major contracts signed in air gases:
 - ✓ China: Shagang (steel), Sinopec (chemicals)
 - ✓ Singapore: Shell
 - ✓ Electronics: in SEA, India and Russia
 - Acquisition of JVs
- ⇒ Healthcare
 - Acquisition in homecare in Germany
 - Deployment in new geographies: UK, HK and China
 - First European launch of a therapeutic gas
- ⇒ IM
 - Capacity expansions in US
 - UK acquisition

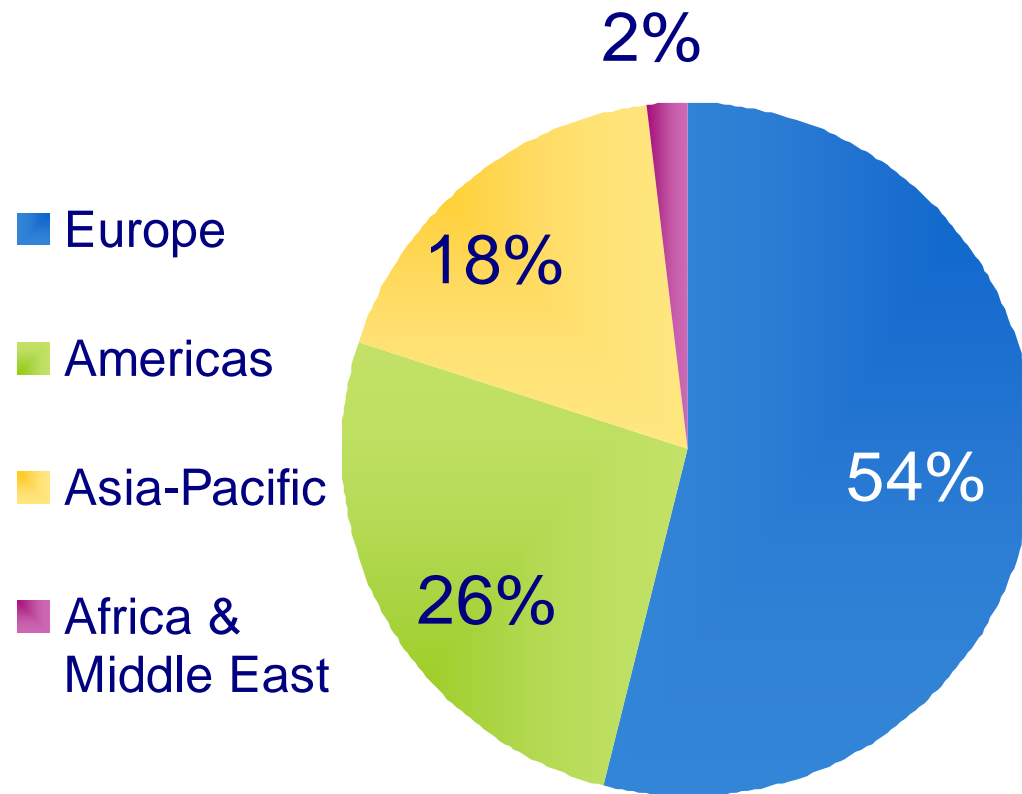


- We are confident in our capacity to deliver our **new ambitions** announced in February...
- ... and well-positioned for **progressive acceleration** of growth from **2008**

Appendices

Geographical breakdown of sales

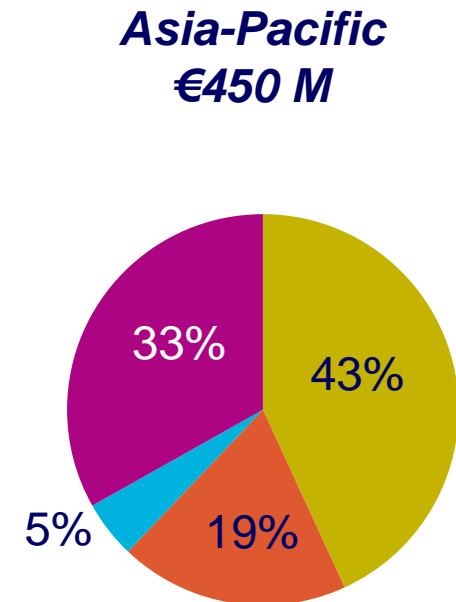
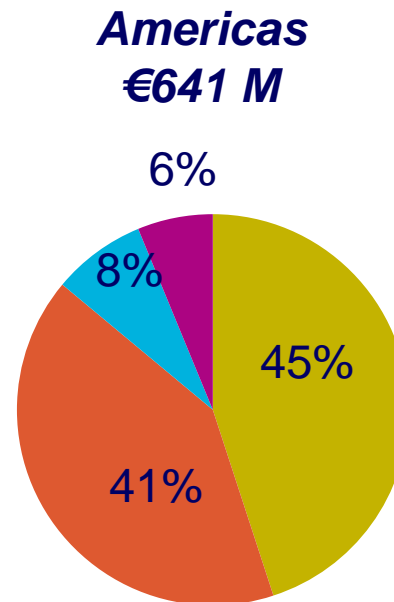
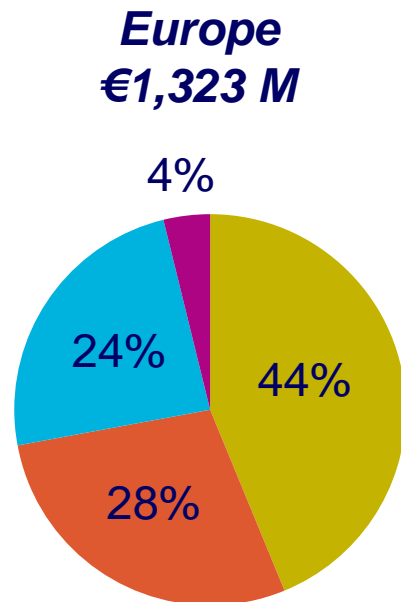
2007 Q2 Gas & Services revenue
€ 2,460 M



Q2 revenue growth by BL and Geography

<i>Comparable growth</i>	Industrial Merchant	Large Industries	Electronics	Healthcare
Europe	+4.6%	+5.2%	+0.9%	+7.1%
Americas	+5.2%	+2.0%	+15.7%	+5.3%
Asia-Pacific	+5.2%	+19.9%	+13.9%	+14.8%

% of Q2 2007 revenues



Income statement

<i>In €M</i>	H1 06	H1 07	07/06	07/06 <i>comparable basis*</i>
Revenue	5,483	5,629	+2.7%	+6.3%
Operating Income Recurring before depreciation	1,271	1,320	+3.8%	
Depreciation & amortization	(464)	(464)		
Operating Income Recurring	807	856	+6.1%	
Other non-recurring operating expenses	5	25		
Operating Income	812	881	+8.6%	
Net finance costs	(78)	(82)		
Other net financial expenses	(21)	(23)		
Income taxes	(212)	(211)		
Share of profit of associates	14	16		
Profit before minority interests	515	581	+12.9%	
Profit attributable to minority interests	35	25		
Net Profit (Group share)	480	556	+15.9%	

* *excl. Forex and Natural Gas*

Source and use of funds

<i>In €M</i>	H1 06	H1 07	07/06
Funds provided by operations	941	1,012	7.6%
Changes in working capital	(192)	(195)	
Other items	(2)	(28)	
Net cash from operating activities	747	789	
Purchase of PPE and intangible assets	(492)	(575)	
Purchase of financial assets	(33)	(1,103)	
Proceeds from sale of PPE, intangible and financial assets	55	142	
Net cash in investing activities	(470)	(1,536)	
Distributions	(457)	(516)	
Net cash before financing	(180)	(1,263)	
Increase in capital stock	21	46	
Purchase of treasury shares	(38)	(187)	
Exchange rate and consolidation scope effect	64	44	
Change in net indebtedness	(133)	(1,360)	

PPE = Property, plant and Equipment

Consolidated balance sheet

€M

ASSETS	31/12/06	30/06/07	EQUITY & LIABILITIES	31/12/06	30/06/07
Goodwill	2,615	3,252	Shareholders' equity	6,286	6,208
PPE and intangible assets	8,359	8,689	Minority interests	281	147
Other non current assets	814	805	Total equity	6,567	6,355
Total non-current assets	11,788	12,746	Provisions & deferred tax liabilities	2,636	2,652
Inventories	694	760	Non-current borrowings	3,675	4,788
Receivables & other assets	2,883	3,165	Other non-current liabilities	160	159
Cash and cash equivalents*	930	506	Provisions	123	164
Total current assets	4,507	4,431	Trade & other payables	2,438	2,543
Total assets	16,295	17,177	Current borrowings*	696	516
			Total equity & liabilities	16,295	17,177
	31/12/06	30/06/07			
Net indebtedness	(3,447)	(4807)			
Debt to Equity ratio	52.5%	75.6%			

*including fair value of derivatives

Operating income recurring margin

	<i>In %</i>	H1 05	H2 05	FY
■ 2005	Group	14.9%	14.2%	14.5%
	Gas & Services	17.6%	16.7%	17.1%
	<i>In %</i>	H1 06	H2 06	FY
■ 2006	Group	14.7%	15.6%	15.2%
	Gas & Services	17.3%	17.9%	17.6%
	<i>In %</i>	H1 07		
■ 2007	Group	15.2%		
	Gas & Services	17.6%		

Continued devaluation of USD and Yen

■ Currency

<i>In €M</i>	Q1 07	Q2 07
€/USD	(41)	(35)
€/CAD	(14)	(6)
€/JP¥	(27)	(30)
Others	(19)	(10)
Currency impact	(101)	(81)

Average exchange rates for the period

	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07
€/USD	1.20	1.25	1.27	1.29	1.31	1.35
€/CAD	1.38	1.41	1.42	1.46	1.54	1.48
€/JP¥	140.5	143.8	148.1	151.8	156.5	162.8

■ Natural gas and scope impacts (in €M)

Natural gas impact	+65	+17	(21)	(75)	(25)	+10
Significant scope impact	(27)	0	0	0	0	0

Tax rate

	H1 2006	H1 2007
Tax rate	29.7%	27.2%
<u>Current income taxes + Deferred taxes</u>		
Profit before taxes – share of profit of associates		

Share capital evolution

		H1 2006*	H1 2007*
Share buyback	Number	461,946	2,083,552
	M€	38	187
	Average price €	82.62	89.83
Average number of shares outstanding		240,287,652	240,587,699

* Adjusted for share split on 13th June 2007, 2 for 1