H1 2013 Performance
Management report

■ Consistent performance
■ Capturing growth opportunities

The H1 2013 performance is consistent with the Group's record of regular delivery of growth in revenue and solid profitability.

The Q1 2013 Gas and Services underlying revenue growth trend is confirmed in Q2, at +5.6% excluding currency and natural gas impacts. Operating margin is stable and cash flow is strong.

Current macro economic forecasts are showing improvement towards the end of the year. Nevertheless, the Group remains cautious and has engaged realignment programs to adapt capacity and resources with market dynamics where needed. Investment programs are also being actively pursued with a strong focus on growing markets.

H1 2013 key figures

(in millions of euros)	**H1 2012 Restated [(a)]**	**H1 2013**	**2013/2012 change**	**2013/2012 change excl. currency and natural gas [(b)]**
Total revenue	7,533	7,561	*+0.4%*	*+3.0%*
Of which Gas and Services	6,837	6,885	*+0.7%*	*+3.5%*
Operating income recurring	1,245	1,256	*+0.9%*	
Operating income recurring as % of revenue	16.5%	16.6%	*+10bps*	
Net non-recurring items	10	(41)[(c)]		
Net profit – Group share	784	752	*-4.0%*	
Net earnings per share *(in euros)*	2.52	2.43	*-3.6%*	
Cash flow from operating activities before change in working capital requirement	1,413	1,501	*+6.2%*	
Net capital expenditure[(d)]	991	1,081	*+9.0%*	
Net debt (as of June 30)	6,011	6,837	*+13.7%*	
Debt-to-equity ratio[(e)]	55%	60%		
ROCE after tax[(f) (g)]	11.9%	11.0%		

(a) 2012 restated for the effects of the IAS 19 "Employee benefits" revision.

(b) Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration units. All Large Industries hydrogen and cogeneration contracts have clauses indexing sales to the price of natural gas. Hence, when the price of natural gas varies, the price of hydrogen or steam for the customer is automatically adjusted proportionately, according to the index. Explanation of the natural gas impact on revenues and operating margin is in the appendix.

(c) Including 49.8 million euros of realignment costs.

(d) Including transactions with minority shareholders.

(e) Adjusted to spread the dividend payment in H1 out over the full year. Gearing as at 30/06/2013 was 67%.

(f) Return On Capital Employed after tax: (net profit after tax before deduction of minority interests - net cost of debt after taxes)/ average of (shareholders' equity + minority interests + net indebtedness) for the periods June 30, 2012 to June 30, 2013.

(g) Pro forma, including annualized profit impact of the acquisition of LVL Médical and Gasmedi.

Excluding the currency translation and natural gas pass-through headwinds, H1 2013 revenue was up +3%, supported by :

- **+9% growth in Gas and Services activities for industries in developing economies and the contribution from bolt-on acquisitions in advanced economies;**
- **+14% growth in Healthcare.**

The operating margin was maintained, helped by cost control in all regions and a focus on achieving a high level of efficiencies. Net income was down slightly due to around 50 million euros of non-recurring realignment costs in advanced markets, and stable excluding these costs.

H1 2013 Income statement

REVENUE

Revenue *(in millions of euros)*	**H1 2012**	**H1 2013**	**H1 2013 / 2012 change**	**H1 2013 / 2012 change excl. currency and natural gas**	**H1 2013 / 2012 change comparable [(a)]**
Gas and Services	6,837	6,885	*+0.7%*	*+3.5%*	*+2.0%*
Engineering and Technology	365	372	*+1.8%*	*+2.6%*	*+2.6%*
Other Activities	331	304	*-7.8%*	*-7.1%*	*-7.1%*
TOTAL REVENUE	**7,533**	**7,561**	***+0.4%***	***+3.0%***	***+1.6%***

(a) excluding currency, natural gas and significant scope impacts

Revenue (in millions of euros)	**Q1 2013**	**Q2 2013**	**2013 / 2012 change excl. currency and natural gas**	
			Q1	**Q2**
Gas and Services	3,406	3,479	*+1.4%*	*+5.6%*
Engineering and Technology	147	225	*-16.8%*	*+21.0%*
Other Activities	145	159	*-7.5%*	*-6.7%*
TOTAL REVENUE	**3,698**	**3,863**	***+0.2%***	***+5.8%***

Group

H1 2013 Group revenue totaled **7,561 million euros,** up +0.4 % as published compared to H1 2012. Currencies and natural gas prices weighed on revenues by -2.2% and -0.4% respectively. Excluding this effect, revenue was up +3.0%.

Q2 2013 performance, at +5.8%, was in line with the +4.9% underlying growth rate outlined for Q1, which had been impacted by the number of working days and a high comparable base in Q1 2012.

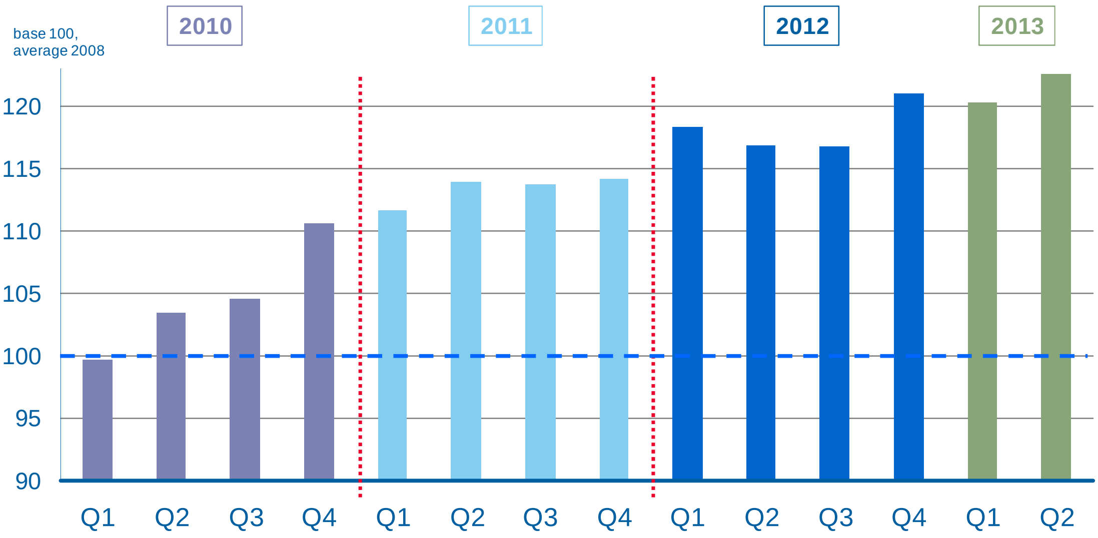
Gas and Services

Unless otherwise stated, all the changes in revenue outlined below are based on comparable data (excluding currency, natural gas and significant scope impacts).

Gas and Services H1 2013 revenue totaled **6,885 million euros,** up + 0.7% as published. Excluding a - 2.4% currency impact and a –0.4% natural gas price pass-through impact, revenues were up +3.5%.

Q2 growth, excluding currency and natural gas impact is up +5.6%.

Gas and Services quarterly activity indicator [(a)]



(a) revenue (excluding currency and natural gas), adjusted for the number of days per month

Industrial activity trends remain correlated to industrial production in each of the geographies, strengthened, in the developing economies, by increased outsourcing and enhanced sophistication of local industrial production. While advanced economy activity remained stable, growth in developing economies was up by nearly +9%, sustained by start-ups, ramp-ups, bolt-on acquisitions and growth in demand.

The share of developing economies in the revenue of Gas and Services for Industries (GSI) has continued to increase to 27% in H1 2013, against 25% in H1 2012.

Healthcare has grown by +14% during the period, excluding the currency impact, resulting from strong growth in the number of Home Healthcare patients and the two significant acquisitions of LVL Médical in France and Gasmedi in Spain.

The contribution from start-ups, ramp-ups, site takeovers and bolt-on acquisitions to Gas and Services sales was +3.2%, and + 4.7% including the significant scope impact.

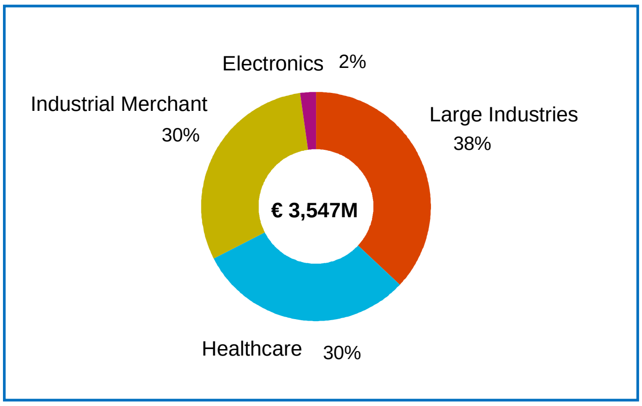
Revenue *(in millions of euros)*	**H1 2012**	**H1 2013**	**H1 2013 / 2012 published change**	**H1 2013 / 2012 comparable change[(a)]**
Europe	3,471	3,547	+2.2%	+1.2%
Americas	1,518	1,590	+4.8%	+3.9%
Asia-Pacific	1,675	1,562	-6.7%	+0.2%
Middle East and Africa	173	186	+7.6%	+16.5%
GAS AND SERVICES	**6,837**	**6,885**	**+0.7%**	**+2.0%**
Large Industries	2,466	2,461	-0.2%	+2.0%
Industrial Merchant	2,564	2,538	-1.0%	+2.2%
Healthcare	1,197	1,344	+12.3%	+5.1%
Electronics	610	542	-11.1%	-5.2%

(a) Excluding currency, natural gas and significant scope impacts.

Europe

Revenue in Europe totaled **3,547 million euros,** up **+1.2%** on a comparable basis, and notably with an increase of +2.2% in Q2. **H1 growth was +4.3% including the significant Home Healthcare acquisitions.** While industrial demand for oxygen remained weak in advanced economies, particularly in the south, demand for hydrogen remained solid. The region continued to benefit, in Home Healthcare, from regular growth in demand and sustained number of acquisitions and, in developing economies, strong momentum generating growth of + 26% due to ramp-ups, site takeovers and minor acquisitions in Russia, Poland and Turkey.

Europe Gas and Services H1 2013 revenue

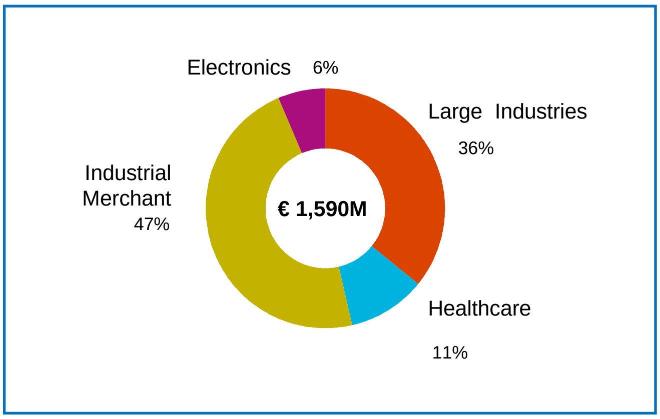


- **Large Industries** revenue increased by **+ 0.9%** marked by stabilized demand in metals. Demand for refining remained strong. A ramp-up in Russia and the new contribution from site takeovers in Ukraine and Turkey has continued to boost growth in Eastern Europe.
- **Industrial Merchant** sales were up slightly by **+ 0.5%**. Double-digit growth continued throughout H1 in developing economies due to strong demand, new facilities and acquisitions of local distributors. However, business in advanced economies suffered from a lack of growth in industrial production generally, with further declines in activity in Southern Europe. Q2 was slightly better, showing signs of stabilization. Pricing remained positive during H1 at +0.5%.
- **Healthcare** grew by **+3.9%** in H1, or **+15.2%** including the contribution from the LVL Médical and Gasmedi acquisitions. Underlying growth picked up significantly in Q2 relative to Q1, helped by the difference in the number of working days from one quarter to the other. Home healthcare was particularly strong during the quarter, boosted by the integration of small bolt-on acquisitions in Poland, Germany and Scandinavia, providing synergies to offset pricing pressure. Medical gases sales were hampered by decreasing prices in a context of solid volumes. The Hygiene activity maintained a steady rate of growth at +8.2% in H1 2013.
- **Electronics** revenue decreased by **–13.1%** compared to the previous year. As a result of the progressive transfer of this industry to Asia, the Electronics business now only represents 2.2% of European G&S revenues. Equipment sales were very limited due to an absence of any investment projects in the region. Gases sales were up as a result of the new client PV facilities in Italy.

Americas

Americas Gas and Services revenue totaled **1,590 million euros,** up **+3.9% in H1 2013**, or +5.8% adjusted for Q1 2012 customer settlements. Industrial gases demand remained sustained in the North and continued to grow strongly in the South. However, equipment sales to the Electronics industry were down significantly.

Americas Gas and Services H1 2013 Revenue



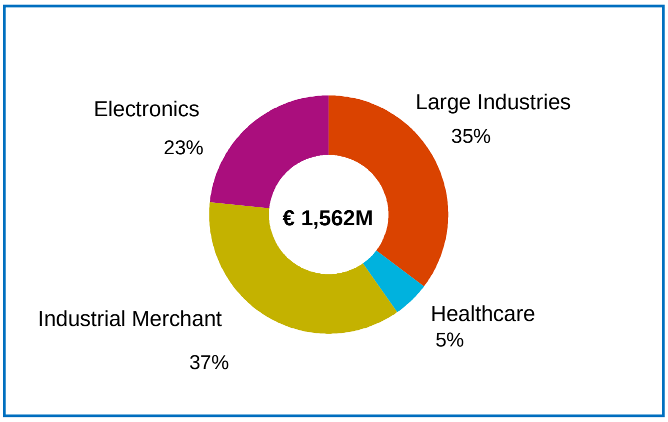
- In H1, **Large Industries** posted solid **+5.8%** sales growth, or +11.8% excluding the impact of customer settlements in 2012. While Gulf coast customer outages were significant in Q1, demand bounced back strongly from the end of March, particularly on the hydrogen pipeline. Canadian cogeneration also had a particularly strong Q2 benefitting from higher electricity prices. Developing economies demand continued to remain strong including in Mexico where the first unit is now ramping-up.
- **Industrial Merchant** sales rose by **+5.6%,** helped by the contribution of several bolt-on acquisitions. Activity benefited from the seasonal pick-up in activity in the oil and gas sectors, in particular in Canada. Activity remained strong in Latin America and particularly in Argentina. Average pricing was +3.5% across the region.
- **Healthcare** revenue rose by **+8.9%** driven by strong growth in the number of Home Healthcare patients in Latin America, particularly in Argentina and Brazil as well as in Canada. Conversely, activity and pricing have been soft in medical gases in the United States.

- **Electronics** H1 sales were down by **-19.1**%. Excluding equipment and installation sales, the decline was limited to -9.9%. Specialty gas sales from the Aloha range remained buoyant and will benefit in H2 from the integration of the Voltaix acquisition, currently in progress.

Asia-Pacific

Asia-Pacific revenue at **1,562 million euros** was up **+0.2%** in H1 2013**,** or + 1.6% adjusted for the customer settlements received in Q1 2012. Performance remained very contrasted: a further decline in activity of nearly - 5% in Japan due to continued weakness in Electronics and industrial demand more generally, while sales in China were up a further +10%. Activity in the rest of South East Asia continues to be impacted by the weakness of the electronics sector, where the recovery will probably be slower than expected.

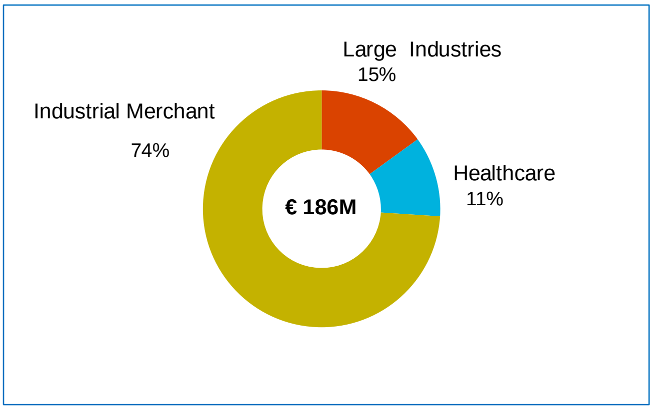
Asia-Pacific Gas and Services H1 2013 Revenue



- **Large Industries** sales increased by **+ 0.8%,** or +4.9% excluding the customer settlement in Q1 2012. Growth was impacted by the delay in start-ups in the region during H1 2013 and rather slow demand in South East Asia, more generally. Nevertheless, growth in China remained at double digit resulting from strong demand, a start-up and other ramp-ups.
- **Industrial Merchant** posted a decline of **- 1.8%** in H1 reflecting further reduction in revenues in Japan. Activity in China continues to grow steadily as capacity continues to ramp-up. Elsewhere, sales growth was positive across the region.
- **Electronics** grew by **+ 1.1%** resulting from a strong pick-up in Equipment and Installation sales, providing an indicator of recovery in the cycle. On the other hand, to date, electronics specialty gas sales continued at low levels throughout the region. A recovery in demand is still expected in H2.

Middle-East and Africa

Middle-East and Africa Gas & Services H1 2013 Revenue



Middle East and Africa revenue totaled **186 million euros** in H1 2013, up **+ 16.5%**. Strong underlying industrial demand throughout the region, a ramp-up in South Africa and ongoing bolt-on acquisitions all contributed. Healthcare is also growing rapidly in South Africa, in Tunisia and in the Middle East. The more recent political issues in Egypt have not had any impact on H1 activity.

The construction of the major hydrogen unit in Yanbu, in Saudi Arabia, continued on schedule.

Engineering and Technology

H1 2013 Engineering and Technology revenue totaled **372 million euros,** up **+ 1.8%** as published compared to H1 2012.

Total order-intake remains strong at 964 million euros, of which more than two thirds is Group investment projects, including the gasification project for Shenyuan in the Fujian region and numerous other projects, particularly in China.

Orders in hand totaled 4.9 billion euros at the end of June 2013, up significantly from the 4 billion euros at year end. Most of the increase comes from the rise in Group investment decisions during the period.

Other Activities

Revenue *(in millions of euros)*	**H1 2012**	**H1 2013**	**H1 2013 / 2012 change**	**H1 2013 / 2012 comparable change [a]**
Welding	232	208	-10.6%	-10.5%
Diving and other	98	97	-1.3%	+1.0%
TOTAL	**331**	**304**	**-7.8%**	**-7.1%**

(a) Comparable: excluding currency impact.

Demand for **Welding** equipment and consumables continued to suffer from the generally difficult industrial environment, particularly in the metals, automobile and construction sectors in Europe, with sales declining during the period.

Diving (Aqua Lung) posted modest growth on a comparable basis at +1.0%, supported in particular by strong sporting goods sales.

OPERATING INCOME RECURRING

As a result of strict cost containment and significant efficiency achievements, operating margins were maintained in H1 compared to H1 2012.

Operating income recurring before depreciation and amortization totaled 1,876 million euros, up **+1.7%.** Depreciation and amortization amounted to 620 million euros, up +3.3%, reflecting particularly the impact of unit start-ups and acquisitions.

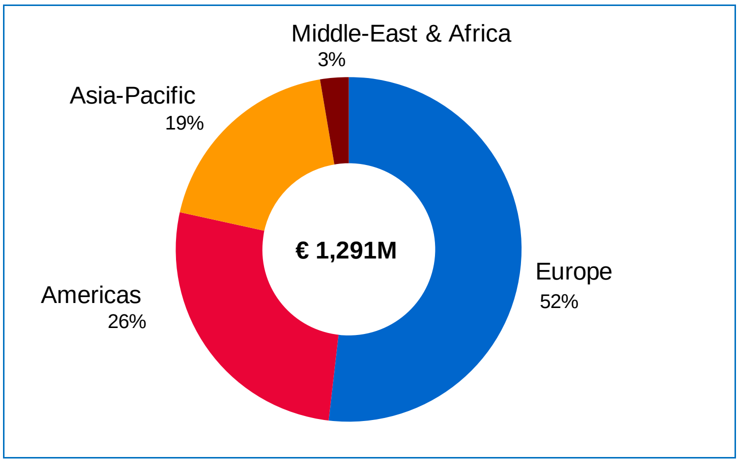
Group operating income recurring (OIR) totaled **1,256 million euros** in H1 2013, up **+0.9%** compared to H1 2012. Operating Income recurring margin was 16.6%, up 10 basis points, or stable excluding the effect of natural gas pass-through. This was due to the increase in the level of **efficiencies,** amounting to **138 million euros**, or 2.4% of costs, positive pricing and more generally, strict cost control.

Gas and Services

Gas and Services H1 Operating Income Recurring totaled **1,291 million euros**, up **+1.1**%. The published operating income recurring margin amounted to 18.7%, stable compared to H1 2012. The natural gas pass-through impact was negligible during the period.

Cost inflation, excluding the impact of energy indexation, of +1.5% is lower while overall prices were up by + 0.3% due to persistent efforts in Industrial Merchant (+1.8%) and despite structural pricing pressure in Electronics and Healthcare. In addition, efficiencies totaled 133 million euros. A portion of this efficiency was absorbed by the pricing lag relative to cost inflation. Retained efficiencies, at 61% of the total, contributed strongly to sustain the margin.

Gas and Services H1 2013 Operating Income Recurring by geography



Gas and Services Operating income recurring margin	H1 2012	H1 2013
Europe	17.9%	18.9%
Americas	23.4%	21.6%
Asia-Pacific	15.8%	15.6%
Middle-East and Africa	20.5%	18.4%
TOTAL	**18.7%**	**18.7%**

Operating income recurring in **Europe** totaled **669 million euros**, up **+7.8%**. It includes in particular the positive impact of the acquisitions. The operating margin, excluding the natural gas impact, was up **+60 basis points**, reflecting the beginning of the effects of the cost alignment program as well as strict cost containment over and above the traditional structural efficiency projects.

Operating income recurring in the **Americas** amounted to **343 million euros**, down **-3.3 %**. Excluding the natural gas impact, the operating margin declined by **-90 basis points** from a high H1 2012 level which included customer settlements.

In **Asia-Pacific**, operating income recurring amounted to **244 million euros**, down **-7.9%**. Excluding the natural gas impact, the operating margin declined by **-40 basis points**, due in particular to low activity levels in Japan.

Operating income recurring for the **Middle East and Africa** amounted to **34 million euros**, down **-3.1%**. The operating margin fell by **- 210 basis points**, mainly due to pursued development efforts in the region.

Engineering and Technology

Operating income recurring for Engineering and Technology was **33 million euros**. The operating margin reached 8.9%, -20 basis points relative to H1 2012 but at the top end of the defined range of 5-10%.

Other Activities

The Group's Other Activities reported operating income recurring of **17 million euros**, down **- 24.3%**, while the operating margin totaled 5.7%, a decrease of – 130 basis points. This decline reflects the difficult context for the Welding activity. Conversely operating margin for the Diving activity is progressing.

Research and Development and corporate costs

Research and Development and corporate costs include internal consolidation adjustments and amounted to **85 million euros**, down **– 3.7%**. This decline reflected the Group's efforts to control corporate holding costs whilst maintaining its research and innovation initiatives and investments.

NET PROFIT

Other operating income and expenses amounted to **- 41 million euros in H1 2013** compared to a positive balance of 10 million euros in H1 2012. They include close to 50 million euros of realignment costs in advanced economies where capacities are no longer aligned with the current level of activity.

Net finance costs at 114 million euros fell by -7.9% compared to H1 2012, reflecting a reduced average cost of debt down from 4.95% in H1 2012 to 4.26% in H1 2013 compensating for an increase in average net debt during the period. **Other financial expenses and income have been restated for the integration of the revised IAS 19 pension accounting rules. On a restated basis,** Other Financial Income and Expenses were up slightly due to the currency impact.

H1 2013 effective **tax rate was at 26.9%** compared to 26.4% in H1 2012, mainly due to non-recurring items.

Profit from associates was **9 million euros**, compared to 14 million euros in H1 2012. **Minority interests** amounted to **31 million euros** down 2 million euros in the previous period, primarily linked to currency effects.

Overall, H1 2013 **net profit (Group share)** amounted to **752 million euros**, down -4.0%. Excluding realignment costs, H1 2013 net profit was stable (+0.2%). **Net earnings per share for the same period** was 2.43 euros, down **-3.6%**, due to the purchase of 1.2 million treasury shares during the semester. The average number of outstanding shares used for the net earnings per share calculation as of June 30, 2013 was 309,868,400. The number of shares at the end of the period amounted to 311,746,596.

Change in the number of shares

	H1 2012	H1 2013
Average number of outstanding shares [a]	311,254,031	309,868,400

(a) Used to calculate net earnings per share

Change in net indebtedness

Cash flow from operating activities before changes in the working capital requirement amounted to 1,501 million euros, up **+6.2%** compared to H1 2012. This performance reflects the quality of the operating results.

The **change in working capital requirement**, at + 266 million euros in H1 2013, was in line with revenue growth. The working capital to sales ratio, excluding taxes, was 8.7% compared to 8.2% in H1 2012. A decline in Engineering advances from a particularly high level in June 2012 was partially compensated by an improvement in the performance of Gas & Services.

Despite the significant level of industrial investment decisions in the last three years, the increase in industrial capital expenditures, at 981 million euros, was limited to +2.5%. Including 109 million euros of acquisitions, total net capex reached 1.1 billion euros, up +9% year-on-year.

Net indebtedness as of June 30, 2013 totaled **6,837 million euros**, up 734 million euros compared to December 31, 2012, reflecting the usual seasonal effect of the full payment of the 2012 dividend in H1. The debt-to-equity ratio reached 67%. Adjusted for dividend seasonality, gearing was of 60%, compared to 58% at year end 2012. The Group's financial structure remains solid, providing the flexibility to continue to seize investment opportunities.

The **return on capital employed after tax** was **11.0%** including the pro forma annualized profit impact of the acquisition of LVL Médical and Gasmedi, compared to 11.9% published at the end of H1 2012. This decrease reflects the substantial ongoing industrial investment, which will contribute to medium-term growth.

INVESTMENT CYCLE

INVESTMENT DECISIONS

Investment decisions continued at a strong pace throughout the semester, at **1.5 billion euros**. Industrial decisions reached a record level of 1.4 billion euros. The amount is split evenly between Developing and Advanced economies and includes one large project in China, several projects on the Northern European and Gulf Coast pipelines, carrier gas contracts in Electronics in China and Singapore, new telemonitoring applications for sleep apnea treatment compliance in Home Healthcare and more hydrogen filling stations. Financial investments include bolt-on acquisitions in Home Healthcare and two Industrial Merchant acquisitions in developing economies.

PORTFOLIO OF OPPORTUNITIES

The 12-month portfolio of opportunities stands at **3.8 billion euros** at the end of June 2013. The rate of entry of new projects is at a new high but not quite covering the rate of exit resulting from an exceptionally high level of industrial projects awarded in H1. Consequently, the portfolio is slightly down from year end. The new entries continue to be dominated by very large projects, mostly in China. The number of takeovers has also increased with projects in all developing regions. Developing economies account for 65% of the portfolio, evenly split between China, the Middle-East and Eastern Europe.

CAPITAL EXPENDITURE

Gross capital expenditure in H1 2013 totaled **1,091 million euros**, including minority interest transactions increased by +6.6%, and represented 14.4% of sales. This amount included 981 million euros of industrial investment, of which two site takeovers in Ukraine and Mexico, and 109 million euros of financial investment, comprising bolt-on acquisitions in Home Healthcare and Industrial Merchant. Total capex were split 49% in Developing economies and 51% in Advanced economies.

Asset disposals amounted to 9.6 million euros.

Net capital expenditure therefore totaled 1,081 million euros.

START-UPS

After six projects came on stream in Q1 2013, the Group successfully started up three additional production units in Q2 2013. These **nine start-ups** include two air separation takeovers in Ukraine and Mexico, one Hydrogen plant in the US Gulf Coast and three merchant units. Seven out of nine are located in Developing countries and demonstrate the efforts undertaken by the Group to strengthen its position in fast growing markets.

The Group maintains its target of 50 start-ups for the two-year period 2013-2014.

2013 H1 highlights

Major investment decisions continued

Investment decisions remained high during H1 2013.

- In May, Air Liquide won a long-term contract in **South East China** with Fujian Shenyuan to supply industrial gases for its new caprolactam production plant, which will in turn supply a nylon production facility for textiles. The Group will invest in an industrial gases complex of eight units including an air separation unit, a **gasification** unit, a syngas purification unit and an ammonia plant. Six of these units use proprietary technologies of the Group. This project offers the Group the opportunity to operate a complete gasification chain from coal and oxygen to pure hydrogen.
- In **Texas**, Air Liquide strengthened its existing relations with LyondellBasell and renews a long term contract to provide steam, power, air gases and water. The Group will re-invest in a state of the art cogeneration unit, and also in Air Separation Unit upgrading, capacity expansion and additional infrastructure at the facility.. The overall investment for this facility will be approximately 180 million euros.
- In February, Air Liquide signed a long-term supply contract with Huntsman of carbon monoxide for its two MDI factories in the port of **Rotterdam**. The 65 million euro investment will double the Group's carbon monoxide production capacity in the bassin and supply new customer requirements on its Northern European pipeline network. The commissioning of the plant is scheduled for mid-2015.
- In **California**, the Group contracted with Calgren Renewable Fuels to build a unit for carbon dioxide recovery, purification and liquefying. The carbon dioxide will be distributed to the food-and-beverage and manufacturing industries in the region.
- Two important long-term contracts were signed to supply carrier gases to two new cutting-edge plants of BOE Technology, the largest manufacturer of advanced-technology **flat panel displays in China**. This long-term partnership is the largest investment made by Air Liquide to date for a client in this sector in China.

Group expansion through acquisitions

As a result of a focus on seeking out bolt-on opportunities, a significant number have been done over the last 18 months which in H1 alone, added nearly 2.7% to the top-line growth. During H1, the signatures have continued:

- The acquisition of **NordicInfu Care** has enabled the Group to expand its Home Healthcare presence into the Nordic countries with 4,600 new patients in Sweden, Norway, Denmark and Finland and widen its expertise in home infusion treatments for chronic diseases, such as Parkinson and diabetes.
- In the Southern hemisphere, Air Liquide acquired 73.3% of the Australian company **Healthy Sleep Solution**, a leading player in the field of sleep disorder, with 10,000 patients in 2012.

- In the Electronics World Business Line, Air Liquide has signed an agreement to acquire Voltaix INC., operating in the U.S. and in South Korea. Voltaix produces **advanced molecules** used for semiconductors and high tech solar cells. **Voltaix** will double the Group's capacity in the ALOHA™ product line, bringing scale and synergies in molecule R&D.
- At the beginning of the year, Air Liquide acquired **Progressive Resources Inc**., a supplier of liquid nitrogen and cryogenic storage for oil and gas customers based in four central states of the United States.

Early-market progression in Hydrogen energy

Air Liquide continues to invest for the long term in the H_2 Energy field, in which early market development is progressing each quarter:

- Air Liquide and its joint-venture subsidiary HyPulsion signed a contract to provide IKEA with a hydrogen filling station that will supply around **20 forklift trucks powered by hydrogen fuel cells** at its logistics platform in France. Replacing electric batteries with hydrogen-powered fuel cells provides greater flexibility and productivity thanks to an extended run time and shorter refilling down-time.
- In April, Air Liquide announced an equity investment in Hydrexia, a spin-off from the University of Queensland. Founded in 2006, this company has developed an effective and reliable **hydrogen storage technology** using hydride. This breakthrough should enable Air Liquide to deliver hydrogen stored in the form of hydride to its customers rather than in cylinder or bulk, combining competitive pricing and higher storage density.
- As part of a European project to develop the use of vehicles running on hydrogen, Air Liquide will design and install three new **high-capacity filling stations** in Europe by 2014. Over a three-year *per*iod, 90 hydrogen-fuelled vehicles will be made available to drivers in order to collect *concret*e data on how the vehicles are used.

Refinancing at attractive rates

To fund its development while benefiting from very favorable market conditions, Air Liquide issued bonds for a total amount of 1 billion euros.

The notes were issued in four series:

Issued date	Amount	Tenor	Coupon
March 6, 2013	300 million euros	10 $^{1/2}$ years	Fixed Rate, coupon of 2.375% p.a.
June 6, 2013	250 million euros	2 years	Floating Rate, Euribor 3 months + 0.15%
June 6, 2013	200 million euros	3 years	Floating Rate, Euribor 3 months + 0.20%
June 6, 2013	250 million euros	6 years	Fixed Rate, coupon of 1.50% p.a.

Outlook

The H1 2013 operating performance is positive and in line with expectations. It is the result of the improvement in activity observed in Q2, boosted in particular by growth in Large Industries, Healthcare and the developing economies, as well as by the Group's ability to control costs and generate substantial efficiencies.

The Group's industrial investments and acquisitions in the first six months of 2013 reached more than one billion euros: focused on growth markets, they allow Air Liquide to take leading positions.

The Group continues to adapt and to make the necessary adjustments to strengthen its competitiveness and pursue profitable growth over the long-term. Barring a degradation of the environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2013.

Appendices

2nd quarter 2013 revenue

By geography

Revenues *In millions of euros*	**Q2 2012**	**Q2 2013**	**Published Change**	**Comparable change** [(a)]
Europe	1,724	1,778	*+3.1%*	*+2.2%*
Americas	746	824	*+10.5%*	*+8.4%*
Asia-Pacific	835	782	*-6.3%*	*+2.2%*
Middle-East and Africa	89	95	*+6.4%*	*+16.3%*
Gas and Services Revenues	**3,394**	**3,479**	***+2.5%***	***+4.0%***
Engineering & Technology	188	225	*+19.9%*	*+21.0%*
Other Activities	172	159	*-7.6%*	*-6.7%*
Group revenue	**3,754**	**3,863**	***+2.9%***	***+4.3%***

By World business line

Revenues *In millions of euros*	**Q2 2012**	**Q2 2013**	**Published Change**	**Comparable change** [(a)]
Large Industries	1,204	1,236	*+2.7%*	*+4.8%*
Industrial Merchant	1,283	1,284	*+0.1%*	*+3.8%*
Electronics	308	274	*-11.0%*	*-4.0%*
Healthcare	599	685	*+14.4%*	*+6.8%*
Gas and Services Revenue	**3,394**	**3,479**	***+2.5%***	***+4.0%***

(a) Excluding currency, natural gas and significant scope impacts.

Currency, natural gas and significant scope impacts

In addition to the comparison of published figures, financial information is given excluding currency, the impact of natural gas price fluctuations and significant scope effect.

Since industrial and medical gases are rarely exported, the impact of currency fluctuations on activity levels and results is limited to euro translation impacts with respect to the financial statements of subsidiaries located outside the Euro-zone. Fluctuations in natural gas prices are generally passed on to our customers through indexed pricing clauses.

Impacts for 2nd quarter 2013

(in millions of euros)	**Group**	**Gas et Services**
Revenue Q2 2013	3,864	3,479
Change Q2 2013/ Q2 2012 published (%)	*+2.9%*	*+2.5%*
Currency impact	*-2.7%*	*-2.9%*
Natural gas impact	*-0.2%*	*-0.2%*
Significant scope impact	*+1.5%*	*+1.6%*
Change Q2 2013/ Q2 2012 comparable [a] (%)	*+4.3%*	*+4.0%*

(a) Excluding currency, natural gas and significant scope impacts

For the Group, the currency impact was -101 million euros, the natural gas impact was -8 million euros and significant scope impact was + 57 million euros.

For Gas and Services, the currency impact was -97 million euros, the natural gas impact was -8 million euros and significant scope impact was + 57 million euros.

Explanation of the natural gas impact

Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration units. All Large Industries hydrogen and cogeneration contracts have clauses indexing sales to the price of natural gas. Hence, when the price of natural gas varies, the price of hydrogen or steam for the customer is automatically adjusted proportionately, according to the index.

When the price of natural gas increases, revenue and costs rise by the same euro amount, without significantly impacting Operating income recurring. This mechanism has a negative effect on the operating margin.

Conversely, when the price of natural gas decreases, revenue and costs decrease and operating income recurring is maintained, which has a positive effect on the operating margin.

In both cases, natural gas price fluctuations do not change the intrinsic profitability of the activity.

In H1 2013, the small reduction in the average price of natural gas impacted Gas and Services operating margins positively by 10 basis points. At the regional level, the increase in prices in North America led to an increase in revenue and automatically decreased the operating margin. Conversely, in Europe, the reduction in natural gas prices reduced revenue, helping to increase operating margins.

Consolidated income statement

In millions of euros	H1 2012 published	**H1 2012 restated** [a]	**H1 2013**
Revenue	**7,532.5**	**7,532.5**	**7,561.5**
Other income	59.6	59.6	55.0
Purchases	(3,010.3)	(3,010.3)	(2,960.1)
Personnel expenses	(1,341.0)	(1,340.1)	(1,373.8)
Other expenses	(1,396.0)	(1,396.0)	(1,406.2)
Operating income recurring before depreciation and amortization	**1,844.8**	**1,845.7**	**1,876.4**
Depreciation and amortization expenses	(600.6)	(600.6)	(620.2)
Operating income recurring	**1,244.2**	**1,245.1**	**1,256,2**
Other non-recurring operating income	12.5	12.5	12.2
Other non-recurring operating expenses	(2.8)	(2.8)	(52.9)
Operating income	**1,253.9**	**1,254.8**	**1,215.5**
Net finance costs	(123.4)	(123.4)	(113.6)
Other financial income	34.5	5.2	3.5
Other financial expenses	(64.0)	(44.3)	(46.5)
Income taxes	(291.6)	(288.6)	(284.2)
Share of profit of associates	13.6	13.6	8.7
Profit for the period	**823.0**	**817.3**	**783.4**
• Minority interests	33.3	33.3	31.0
• Net profit (Group share)	**789.7**	**784.0**	**752.4**
Basic earnings per share *(in euros)*	2.54	2.52	2.43

(a) 2012 restated for the effects of changes to IAS 19 « Employee benefits ».

Consolidated balance sheet

In millions of euros	As at Dec 31 **2012 published**	As at Dec 31 **2012 restated**[(a)]	As at June 30 2013
ASSETS			
Goodwill	5,132.7	5,132.7	5,126.8
Other intangible assets	726.5	726.5	706.1
Property, plant and equipment	12,784.7	12,784.7	13,009.0
Non-current assets	**18,643.9**	**18,643.9**	**18,841.9**
Non-current financial assets	435.8	435.8	430.9
Investments in associates	221.7	221.7	200.4
Deferred tax assets	365.5	372.8	358.9
Fair value of non-current derivatives (assets)	53.8	53.8	59.5
Other non-current assets	**1,076.8**	**1,084.1**	**1,049.7**
TOTAL NON-CURRENT ASSETS	**19,720.7**	**19,728.0**	**19,891.6**
Inventories and work-in-progress	775.8	775.8	812.4
Trade receivables	2,826.5	2,826.5	2,908.1
Other current assets	422.3	422.3	507.2
Current tax assets	71.3	71.3	68.2
Fair value of current derivatives (assets)	33.2	33.2	37.9
Cash and cash equivalents	1,154.2	1,154.2	1,024.7
TOTAL CURRENT ASSETS	**5,283.3**	**5,283.3**	**5,358.5**
TOTAL ASSETS	**25,004.0**	**25,011.3**	**25,250.1**
EQUITY AND LIABILITIES			
Shareholders' equity	**10,211.7**	**10,190.4**	**9,998.0**
Minority interests	**232.6**	**232.6**	**233.9**
TOTAL EQUITY	**10,444.3**	**10,423.0**	**10,231.9**
Provisions, pensions and other employee benefits	2,216.1	2,246.9	2,060.1
Deferred tax liabilities	1,134.8	1,132.6	1,229.4
Non-current borrowings	5,789.0	5,789.0	6,533.8
Other non-current liabilities	195.6	195.6	189.9
Fair value of non-current derivatives (liabilities)	85.1	85.1	52.5
TOTAL NON-CURRENT LIABILITIES	**9,420.6**	**9,449.2**	**10,065.7**
Provisions, pensions and other employee benefits	243.2	243.2	223.6
Trade payables	1,896.1	1,896.1	1,887.1
Other current liabilities	1,325.6	1,325.6	1,337.7
Current tax payables	176.6	176.6	156.2
Current borrowings	1,484.7	1,484.7	1,336.1
Fair value of current derivatives (liabilities)	12.9	12.9	11.8
TOTAL CURRENT LIABILITIES	**5,139.1**	**5,139.1**	**4,952.5**
TOTAL EQUITY AND LIABILITIES	**25,004.0**	**25,011.3**	**25,250.1**

(a) 2012 restated for the effects of changes to IAS 19 « Employee benefits ».

Consolidated cash flows statement

In millions of euros	H1 2012	**H1 2012 restated [a]**	**H1 2013**
Operating activities			
Net profit (Group share)	**789.7**	**784.0**	**752.4**
Minority interests	**33.3**	**33.3**	**31.0**
Adjustments :			
• Depreciation and amortization	600.6	600.6	620.2
• Change in deferred taxes	34.1	31.1	57.5
• Increase (decrease) in provisions	(34.3)	(34.3)	39.0
• Share of profit of associates (less dividends received)	4.0	4.0	14.6
• Profit/loss on disposal of assets	(5.6)	(5.6)	(13.7)
Cash flow from operating activities before changes in working capital	**1,421.8**	**1,413.1**	**1,501.0**
Changes in working capital	(270.1)	(270.1)	(266.4)
Other	(13.6)	(4.9)	(40.8)
Net cash flows from operating activities	**1,138.1**	**1,138.1**	**1,193.8**
Investing activities			
Purchase of property, plant and equipment and intangible assets	(957.4)	(957.4)	(981.5)
Acquisition of subsidiaries and financial assets	(59.4)	(59.4)	(109.1)
Proceeds from sale of property, plant and equipment and intangible assets	30.9	30.9	8.9
Proceeds from sale of financial assets	0.6	0.6	0.7
Net cash flow used in investing activities	**(985.3)**	**(985.3)**	**(1081.0)**
Financing activities			
Dividends paid			
• L'Air Liquide S.A.	(722.6)	(722.6)	(819.4)
• Minority interests	(37.3)	(37.3)	(35.3)
Proceeds from issues of share capital	17.4	17.4	39.0
Purchase of treasury shares	(112.5)	(112.5)	(116.8)
Increase (decrease) in borrowings	37.4	37.4	668.9
Transactions with minority shareholders	(6.2)	(6.2)	(0.1)
Net cash flows from (used in) financing activities	**(823.8)**	**(823.8)**	**(263.7)**
Effect of exchange rate changes and change in scope of consolidation	(25.0)	(25.0)	10.0
Net increase (decrease) in net cash and cash equivalent	**(696.0)**	**(696.0)**	**(140.9)**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,712.4**	**1,712.4**	**1,086.5**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1 016.4**	**1 016.4**	**945.6**

(a) 2012 restated for the effects of changes to IAS 19 « Employee benefits ».

The analysis of net cash and cash equivalents at the end of period was as follows:

In millions of euros	H1 2012 published	**H1 2012 restated [(a)]**	**H1 2013**
Cash and cash equivalents	1,121.5	1,121.5	1,024.7
Bank overdraft (included in current borrowings)	(105.1)	(105.1)	(79.1)
Net cash and cash equivalents	**1,016.4**	**1,016.4**	**945.6**

Net indebtedness calculation

In millions of euros	H1 2012 published	**H1 2012 restated [(a)]**	**H1 2013**
Non-current borrowings (long-term debt)	(5,352.5)	(5,352.5)	(6,533.8)
Current borrowing (short-term debt)	(1,803.5)	(1,803.5)	(1,336.1)
TOTAL GROSS INDEBTEDNESS	**(7,156.0)**	**(7,156.0)**	**(7,869.9)**
Cash and cash equivalents	**1,121.5**	**1,121.5**	**1,024.7**
Derivative instruments (assets) – fair value hedge of borrowings	23.3	23.3	8.2
Derivative instruments (liabilities) – fair value hedge of borrowings	0	0	0
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(6,011.2)**	**(6,011.2)**	**(6,837.0)**

Statement of changes in net indebtedness

In millions of euros	H1 2012 published	**H1 2012 restated [(a)]**	**H1 2013**
Net indebtedness at the beginning of the period	**(5,248.1)**	**(5,248.1)**	**(6,102.5)**
Net cash flows from operating activities	1,138.1	1,138.1	1,193.8
Net cash flows used in investing activities	(985.3)	(985.3)	(1,081.0)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(861.2)	(861.2)	(932.6)
Total net cash flow	**(708.4)**	**(708.4)**	**(819.8)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others	(54.7)	(54.7)	85.3
Change in net indebtedness	**(763.1)**	**(763.1)**	**(734.5)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(6,011.2)**	**(6,011.2)**	**(6,837.0)**

(a) 2012 restated for the effects of changes to IAS 19 « Employee benefits ».