2013 H1
Consistent Performance
Capturing growth opportunities

Benoît Potier | Chairman and CEO
Fabienne Lecorvaisier | Chief Financial Officer

Paris, July 30, 2013 |

2013 H1 Performance

Paris, July 30, 2013

Benoît Potier | Chairman and CEO

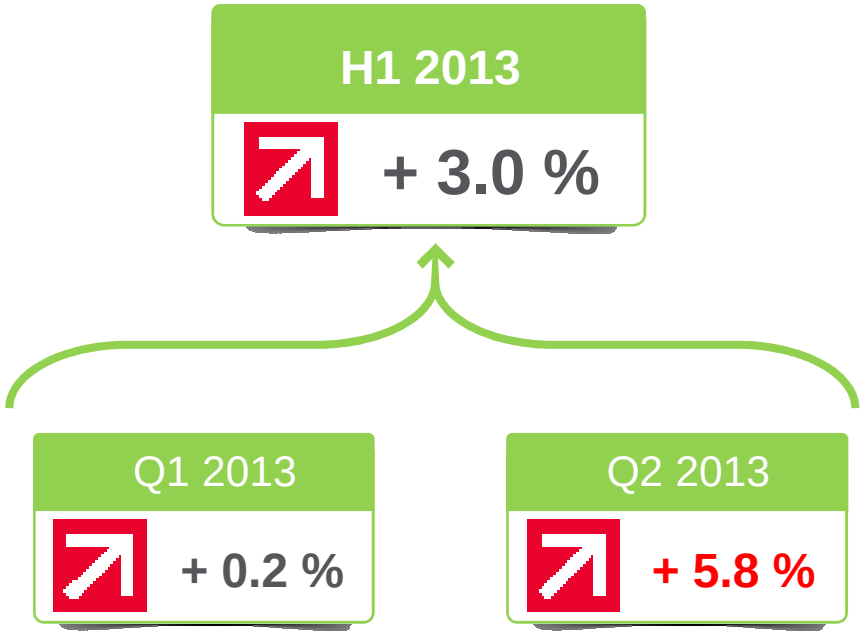
- **Consistent performance**
- **Capturing growth opportunities**

- **5%$^{+}$ underlying trend confirmed**
- **Operating margin maintained**
- **Strong Cash flow**

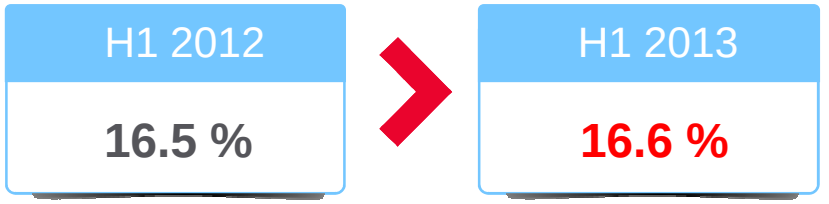
Stronger Q2

Group sales growth

Excl. Currency and Natural Gas

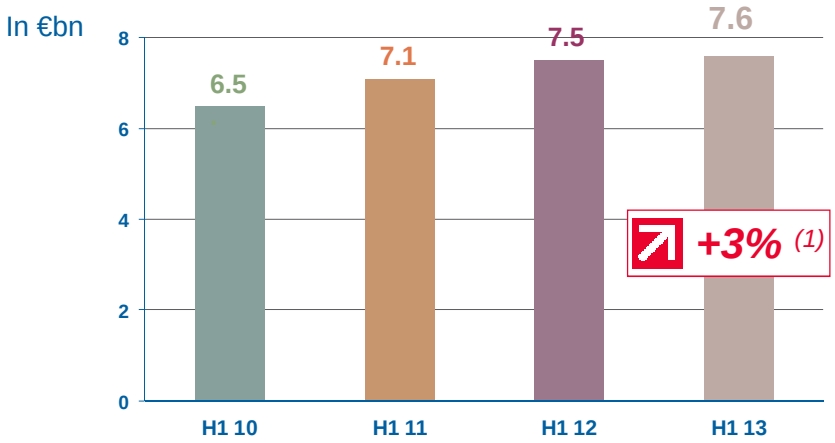


OIR/sales margin

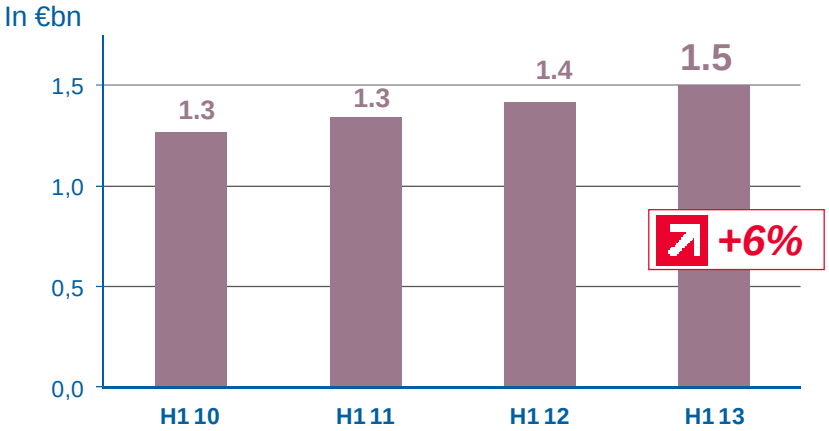


Consistent performance

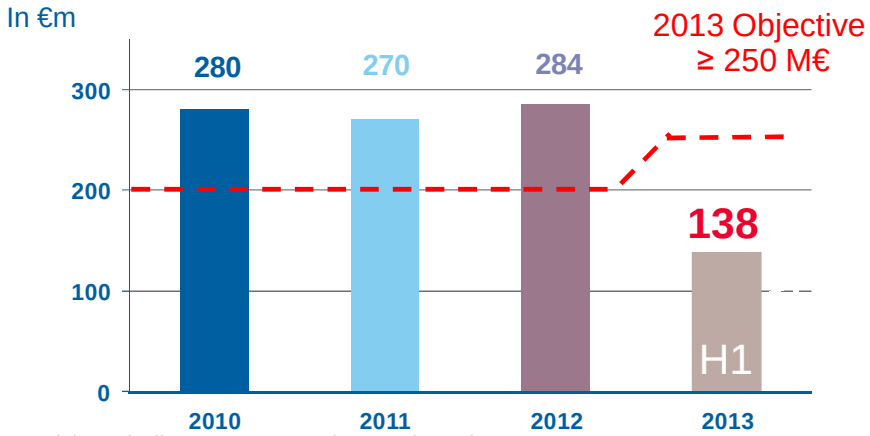
Group sales



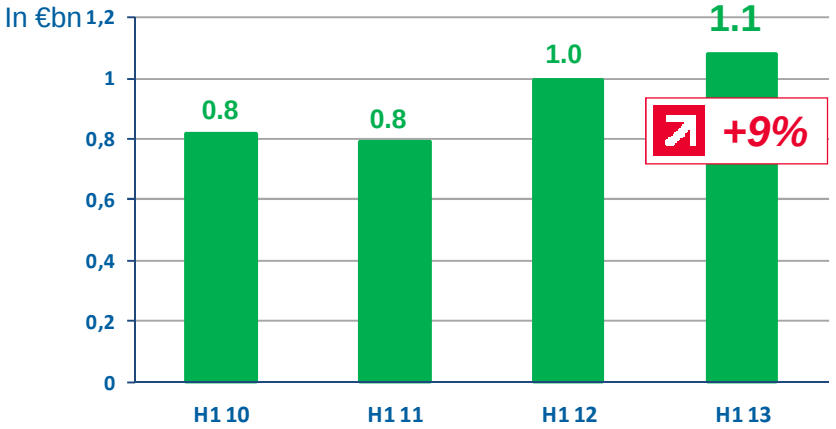
Operating Cash flow(3)



Group Efficiencies

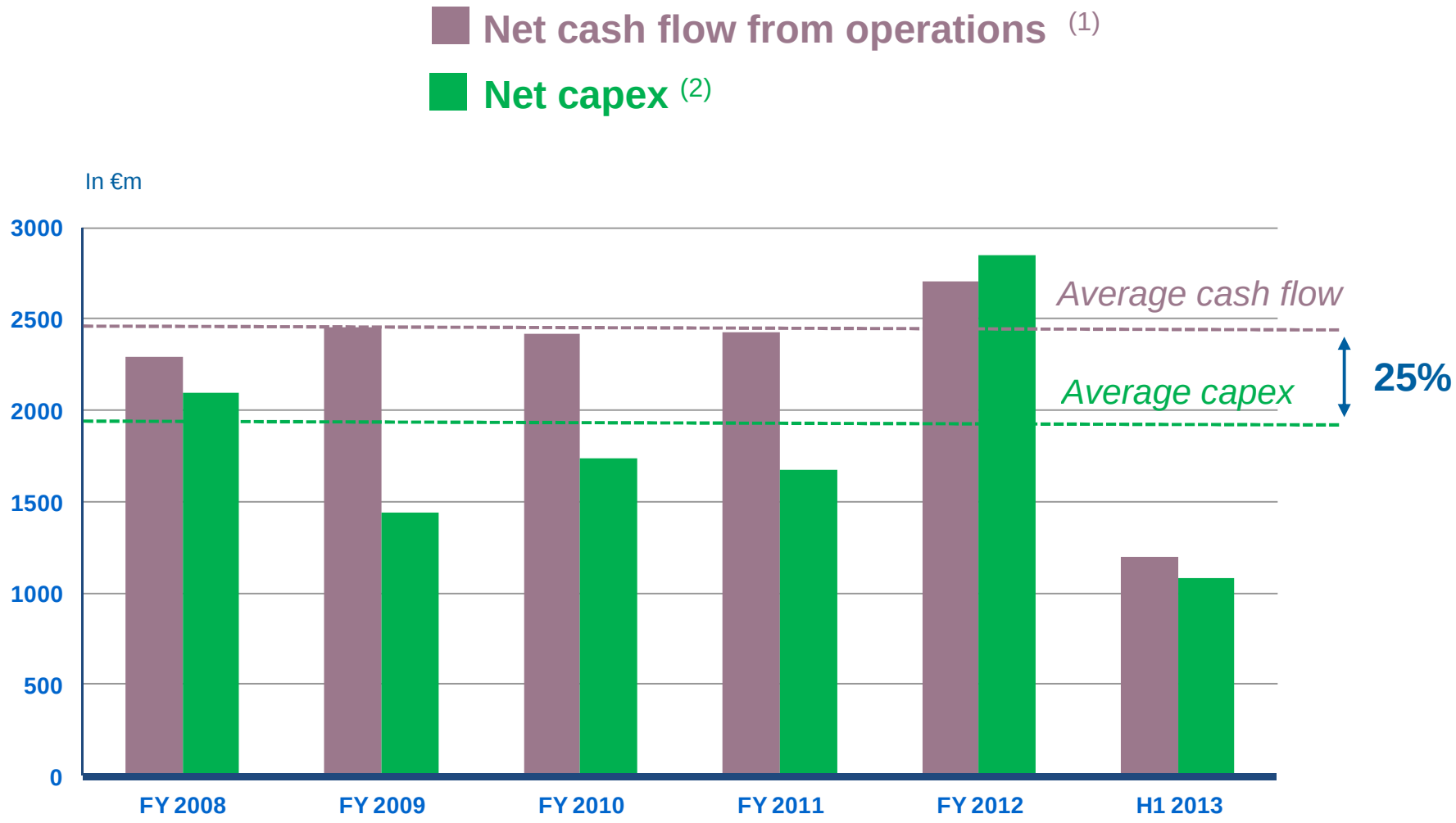


Net Capex(2)



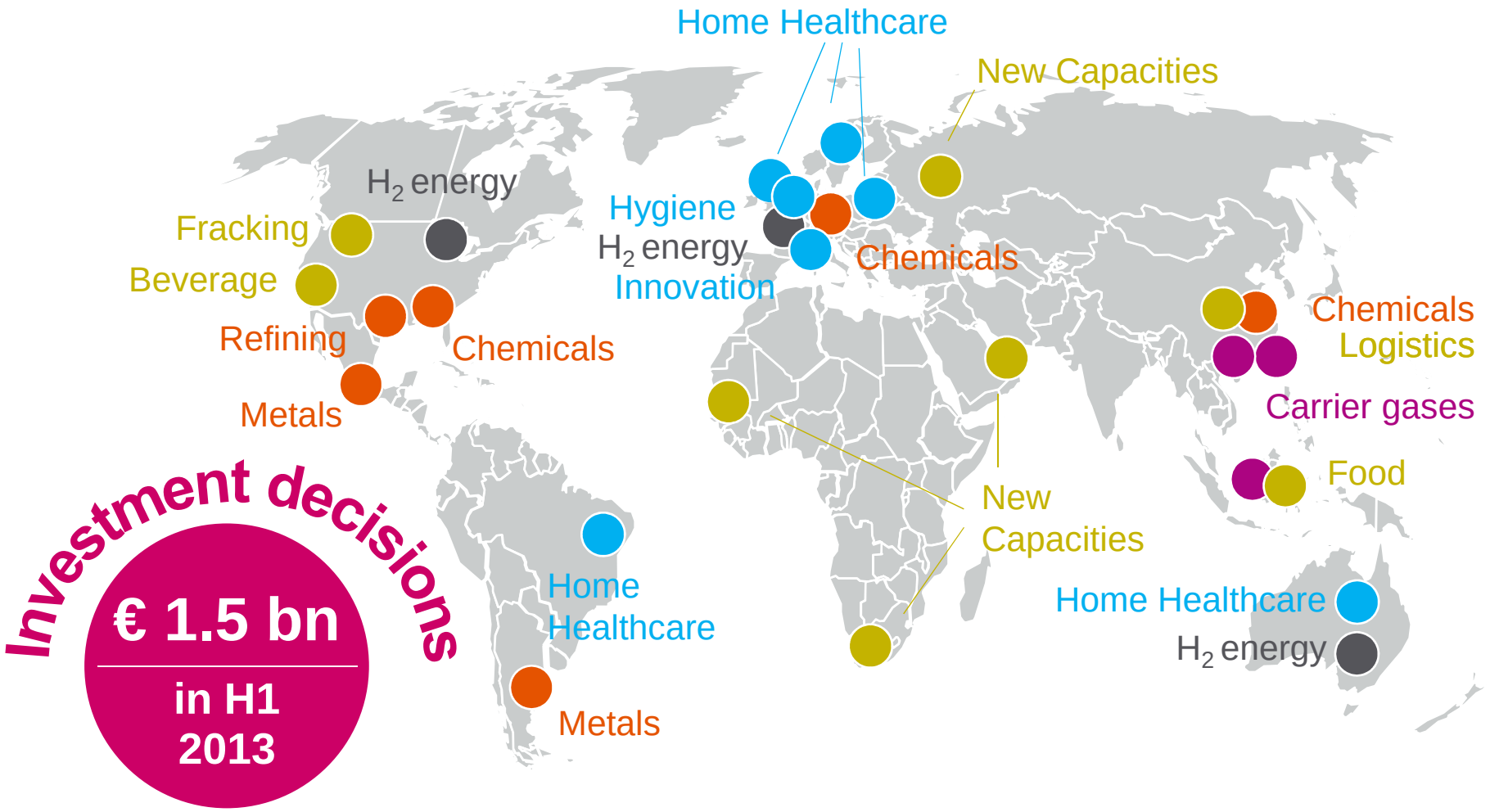
(1) Excluding currency and natural gas impacts.
(2) Industrial and financial investments, including transactions with minority shareholders, net of divestitures. (3) from operations, before WCR.

Strong Cash flow financing capex



(1) After changes in WCR (2) Industrial and financial, including transaction with minority shareholders, net of divestitures

Investments focused in growth markets



Capturing growth opportunities

Industrial Merchant

Deploying offer in all growing regions

Beverage

Large Industries

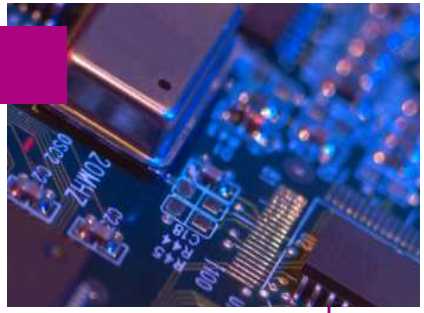
Developing energy conversion through technologies

Gasification

Electronics

Building strong positions

Advanced materials

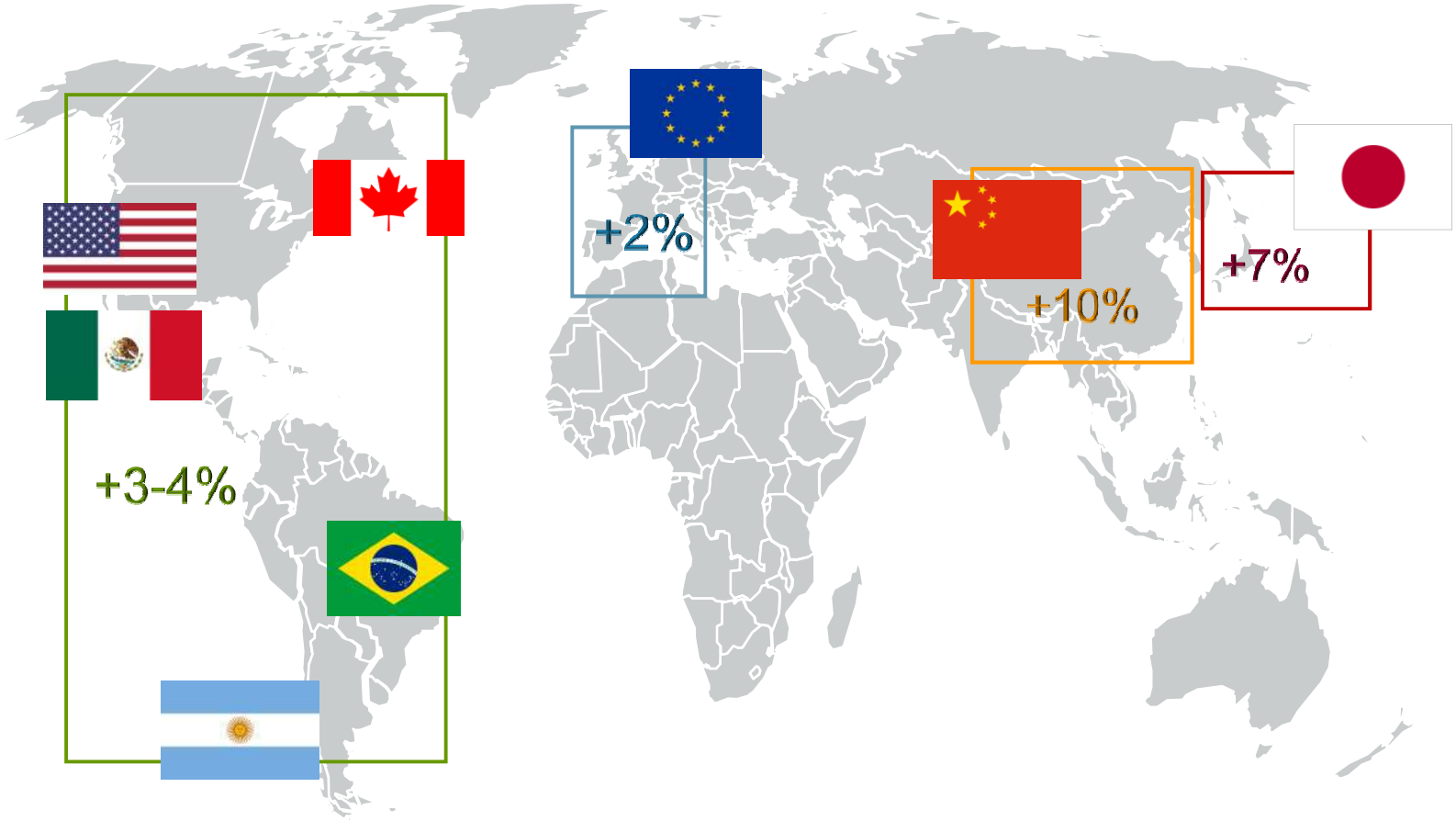


Healthcare

Extending our Home Healthcare offer

Home infusion

Favorable outlook for Industrial Production in Q4 2013



(1) Industrial production index expected for Q4 2013. *Source: Consenus Economics Inc, June 2013.*

2013 H1 Performance

Paris, July 30, 2013

Fabienne Lecorvaisier | Chief Financial Officer

- **Consistent performance**
- **Capturing growth opportunities**

- **5%$^{+}$ underlying trend confirmed**
- **Operating margin maintained**
- **Strong Cash flow**

2013 H1 Performance

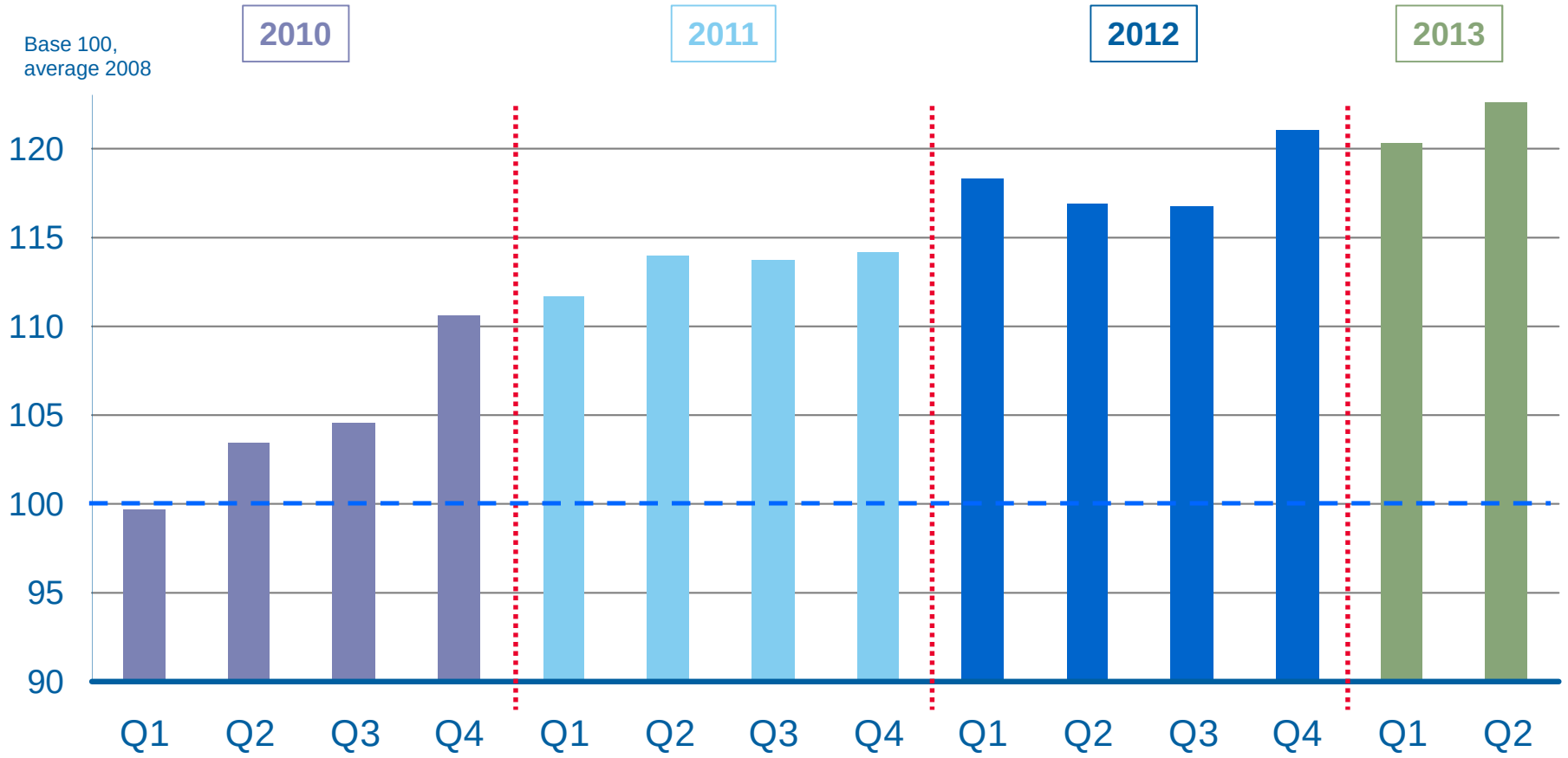
- Activity
- Operating performance

5%+ underlying growth trend confirmed in Q2

Sales in €m	H1 2013	*H1 13/12 as published*	H1 13/12 *excl. currency and natural gas*	Q1 13/12 *underlying trend*	Q2 13/12 *excl. currency and natural gas*
Gas & Services	6,885	*+0.7%*	***+3.5%***	*+4.9%*	***+5.6%***
Engineering & Technology	372	*+1.8%*			
Other Activities	304	*-7.8%*			
Group Total	7,561	*+0.4%*	*+3.0%*		*+5.8%*

Activity level progressing

Quarterly G&S activity indicator(1)



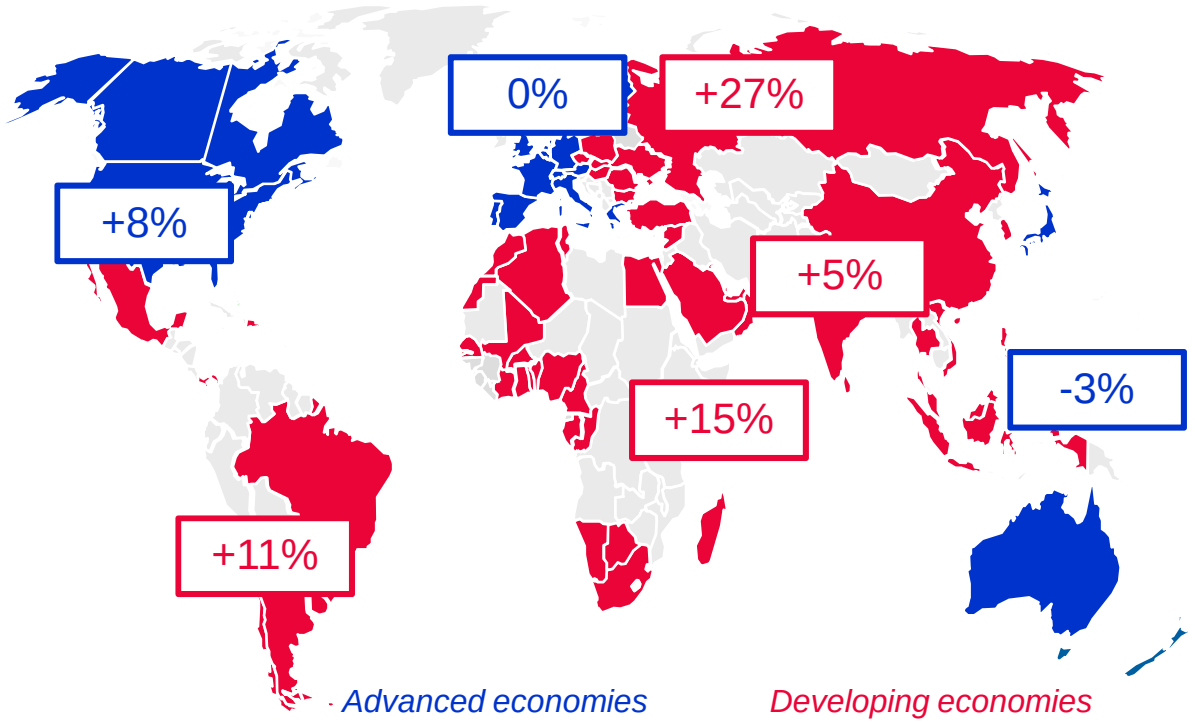
(1) Revenue (excluding currency and natural gas), adjusted for the number of days per month.

Sales for Industries improving in Advanced economies

G&S for Industries (GSI) sales growth(1) **(Q2 2013/ Q2 2012)**

Developing economies

+ 9% growth



27% of GSI in Q2 2013

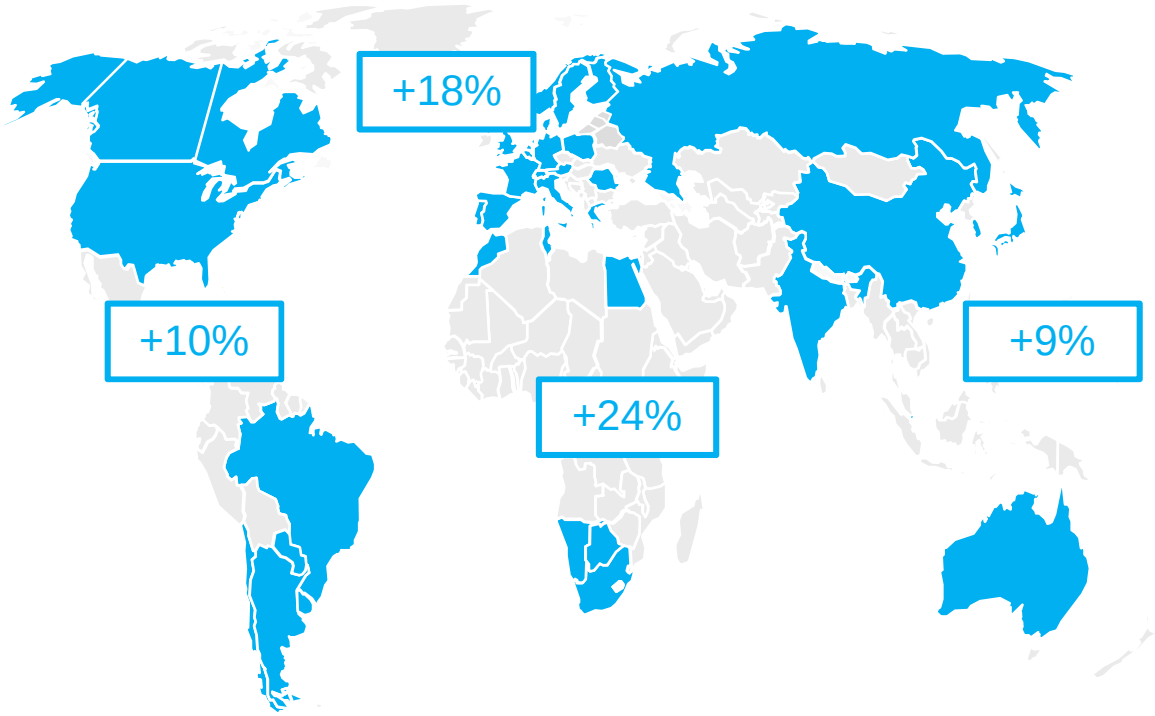
(1) G&S for Industries sales excluding healthcare sales.
Comparable growth excluding the impact of currency, natural gas and significant scope.

Healthcare strong increase in all regions

Healthcare sales growth(1) **(Q2 2013/Q2 2012)**

Healthcare revenue

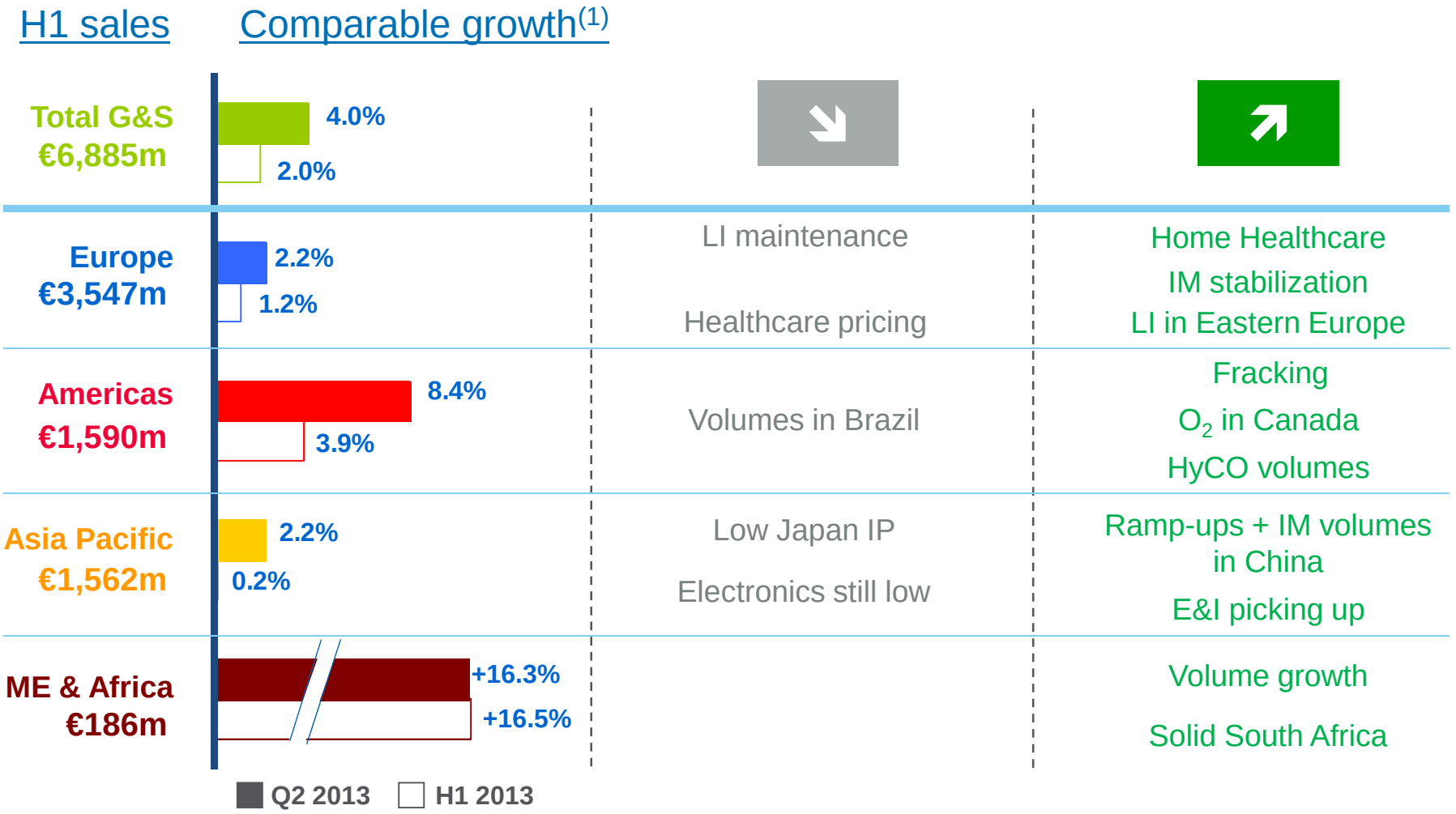
+16% growth(1)



20% of G&S in Q2 2013

(1) Growth excluding currency impacts.

Higher Q2 G&S sales growth

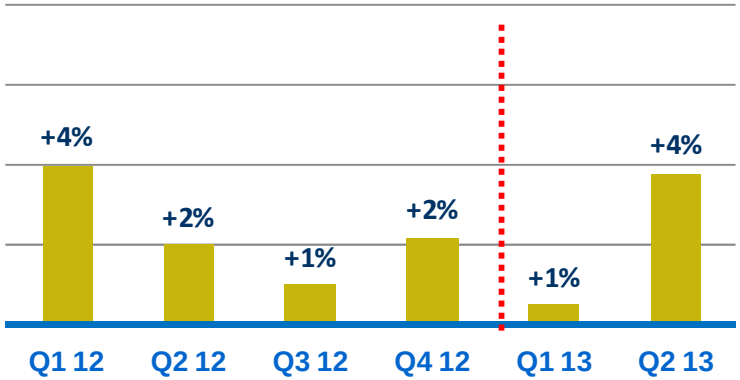


(1) Excluding the impact of currency, natural gas and significant scope.

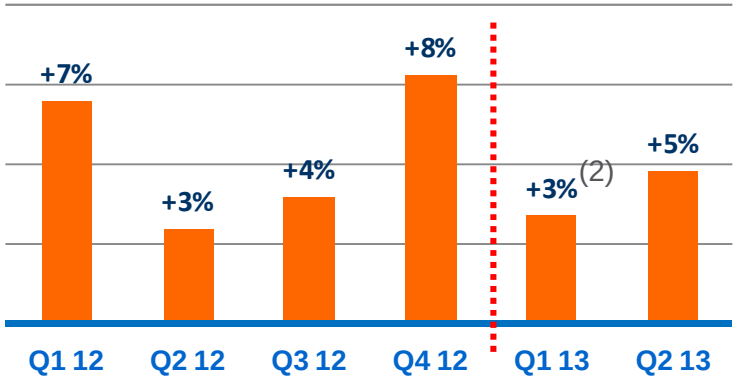
Healthy business mix

G&S comparable growth(1)

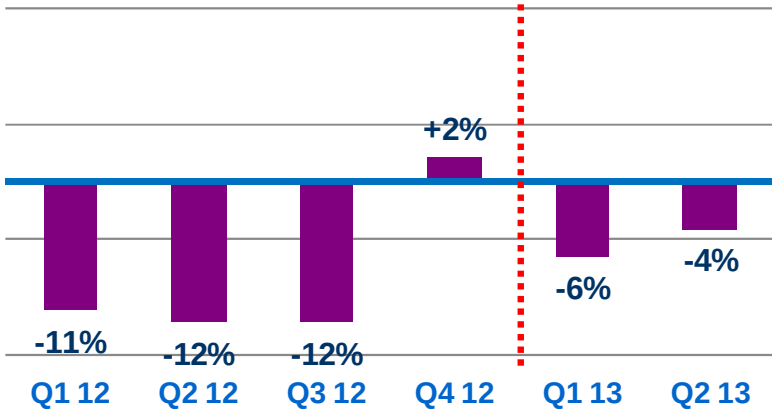
Industrial Merchant

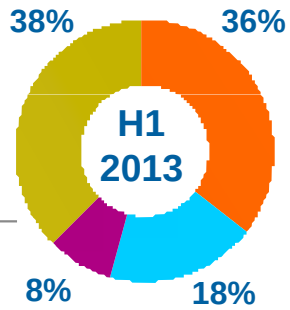


Large Industries

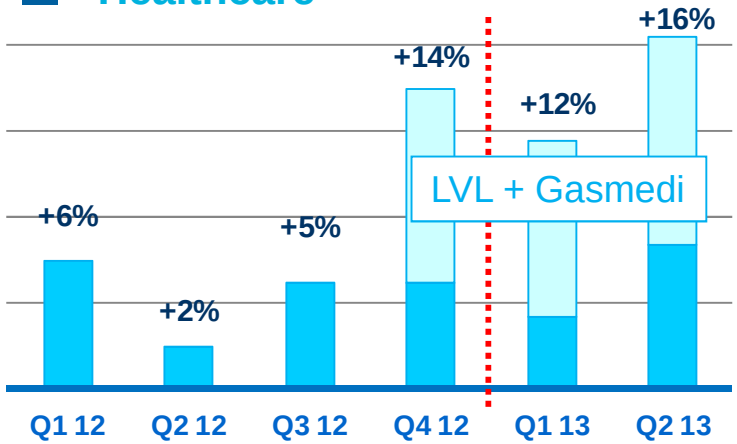


Electronics





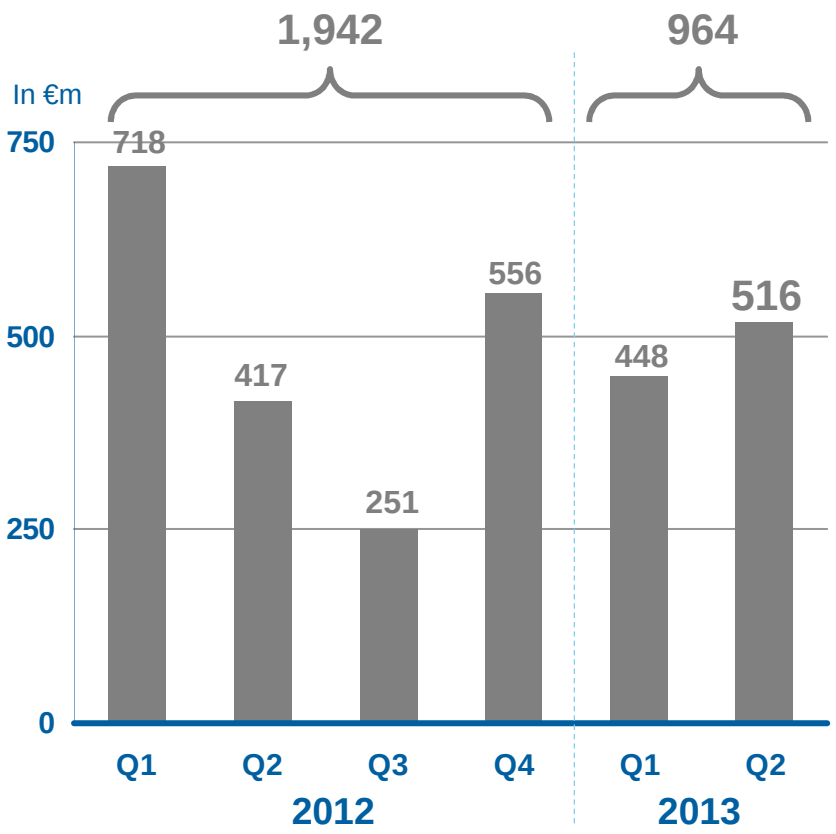
Healthcare



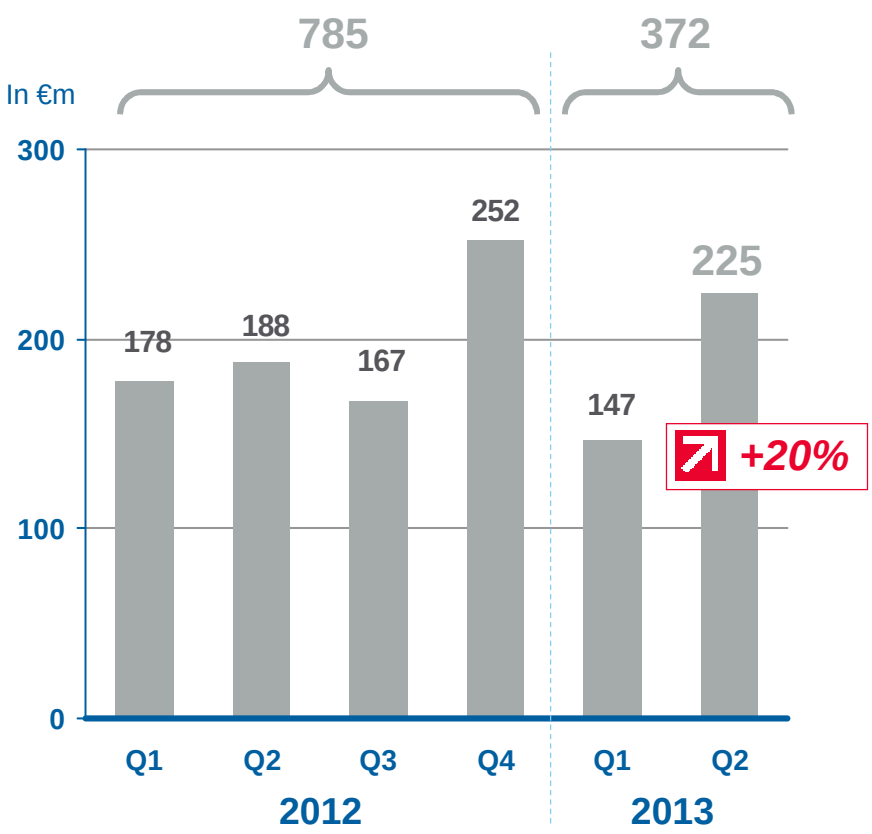
(1) Excluding the impact of currency, natural gas and significant scope. (2) Q1 2013 also excluding the impact of 2012 customer settlements.

Sound Q2 activity in Engineering & Technology

E&T order intake(1)



Third party E&T sales



(1) Including advanced Business & Technologies order intake.

2013 H1 Performance

- Activity
- Operating performance

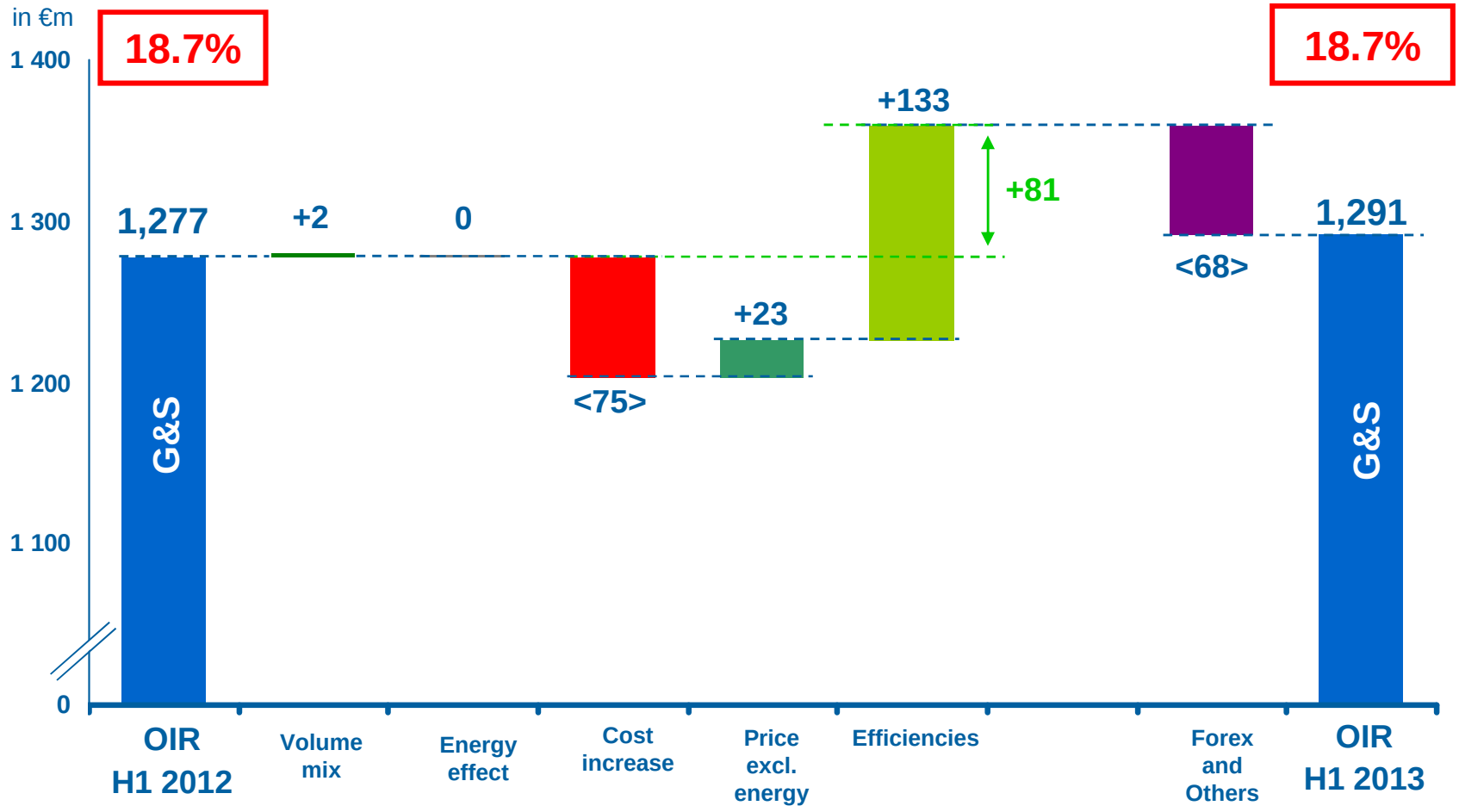
Robust margin level

In €m	H1 2012(1)	H1 2013	Change 13 vs 12
Revenue	**7,533**	**7,561**	***+0.4%***
Purchases	**(3,010)**	**(2,960)**	***-1.7%***
Personnel expenses	**(1,340)**	**(1,374)**	***+2.5%***
Other net income and expenses	**(1,337)**	**(1,351)**	***+1.1%***
Operating profit before depreciation	**1,846**	**1,876**	*+1.7%*
Depreciation and amortization	**(601)**	**(620)**	*+3.3%*
Operating Income Recurring (OIR)	**1,245**	**1,256**	***+0.9%***
OIR margin	**16.5%**	**16.6%**	
OIR margin excl. natural gas effect		**16.5%**	*flat*

(1) Restated for the effects of the IAS19 « Employee benefits» revision.

G&S margin supported by strong efficiency gains

G&S OIR margin



OIR = Operating Income Recurring

Significant non recurring expenses

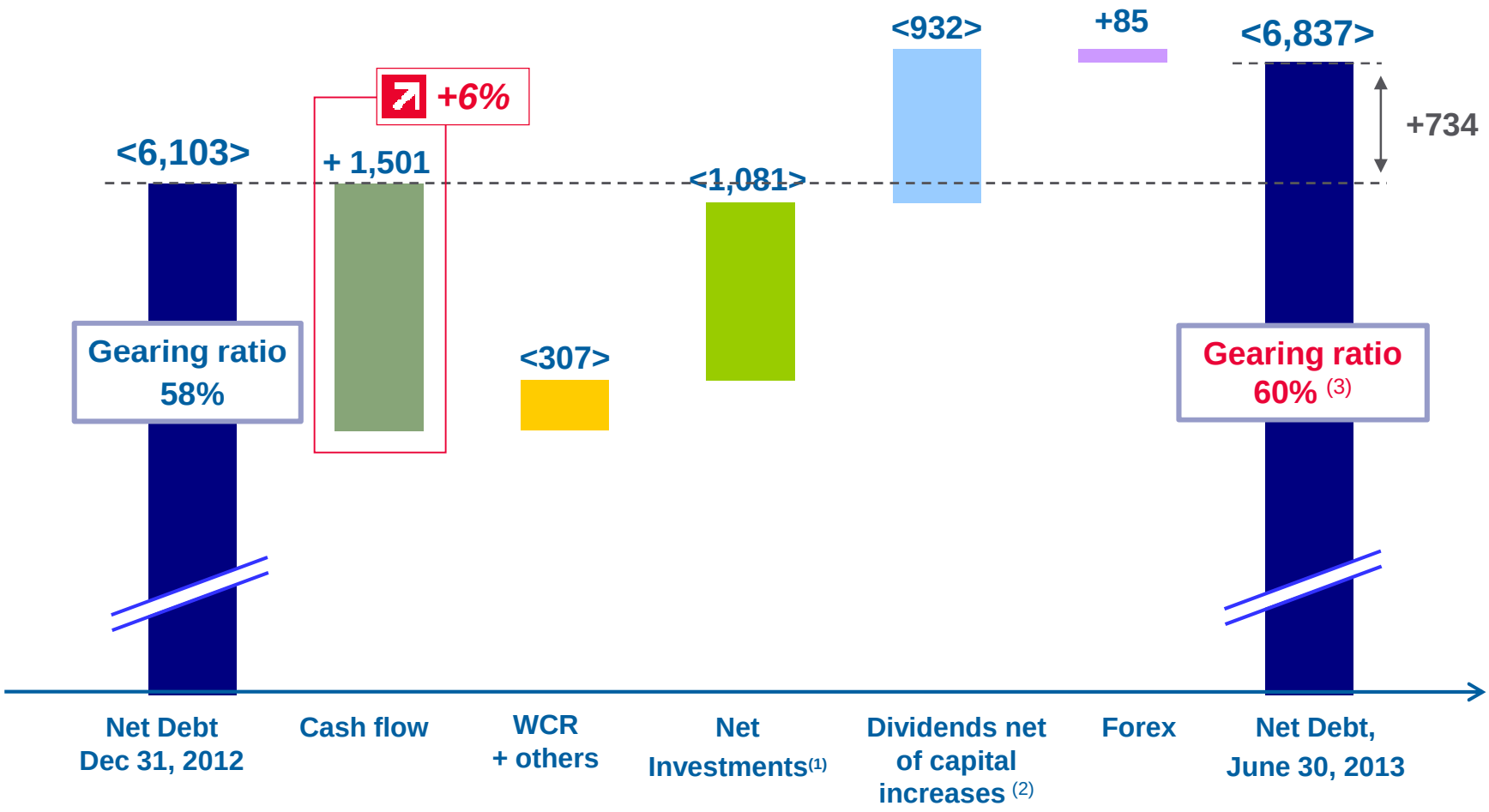
In €m	H1 2012(1)	H1 2013	Change 13 vs 12
Revenue	**7,533**	**7,561**	***+0.4%***(2)
Operating Income Recurring	**1,245**	**1,256**	***+0.9%***
Other non-recurring operating income & expenses	10	(41)	
Operating Income	**1,255**	**1,215**	***-3.1%***
Net financial costs and other net financial expenses	(163)	(157)	
Income taxes	(289)	(284)	
Tax rate	*26.4%*	*26.9%*	
Share of profit of associates	14	9	
Minority interests	(33)	(31)	
Net profit (Group share)	**784**	**752**	***-4.0%***
Earnings per share (in €)	2.52	2.43	***-3.6%***

(1) Restated for the effects of the IAS19 « Employee benefits» revision. (2) + 3.0% excluding currency and natural gas impacts

Strong cash flow performance

Net debt

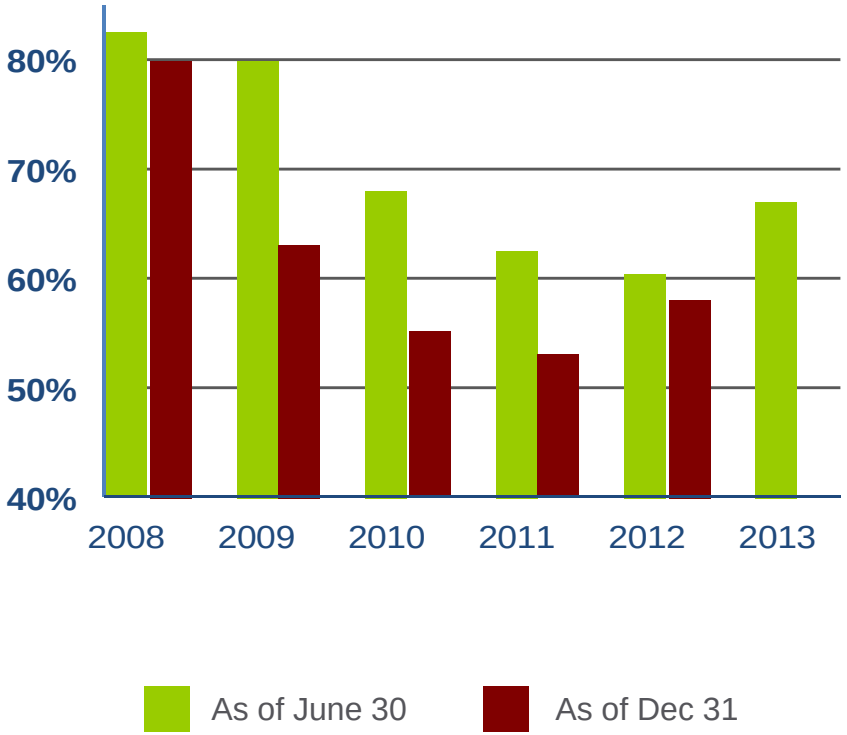
In €m



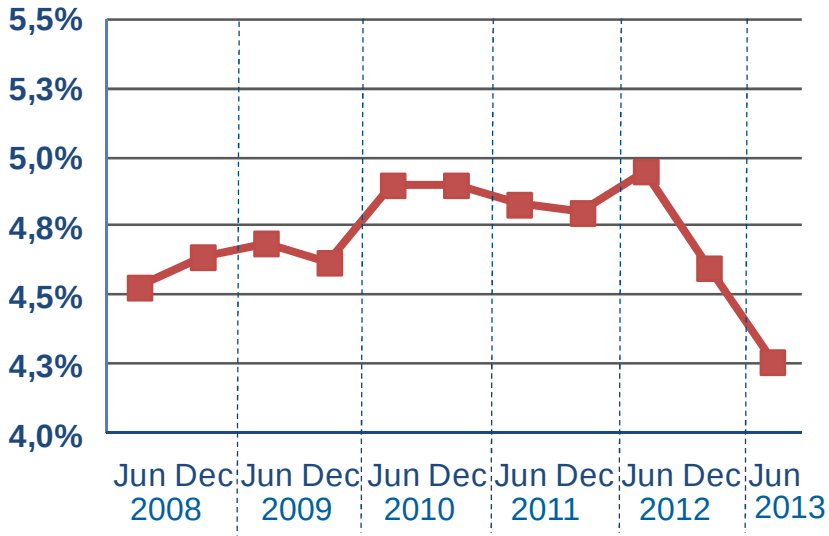
(1) Industrial and financial, including transactions with minority shareholders, net of divestitures (2) Incl. share purchases €117m
(3) Adjusted for the seasonal dividend effect.

Net debt discipline

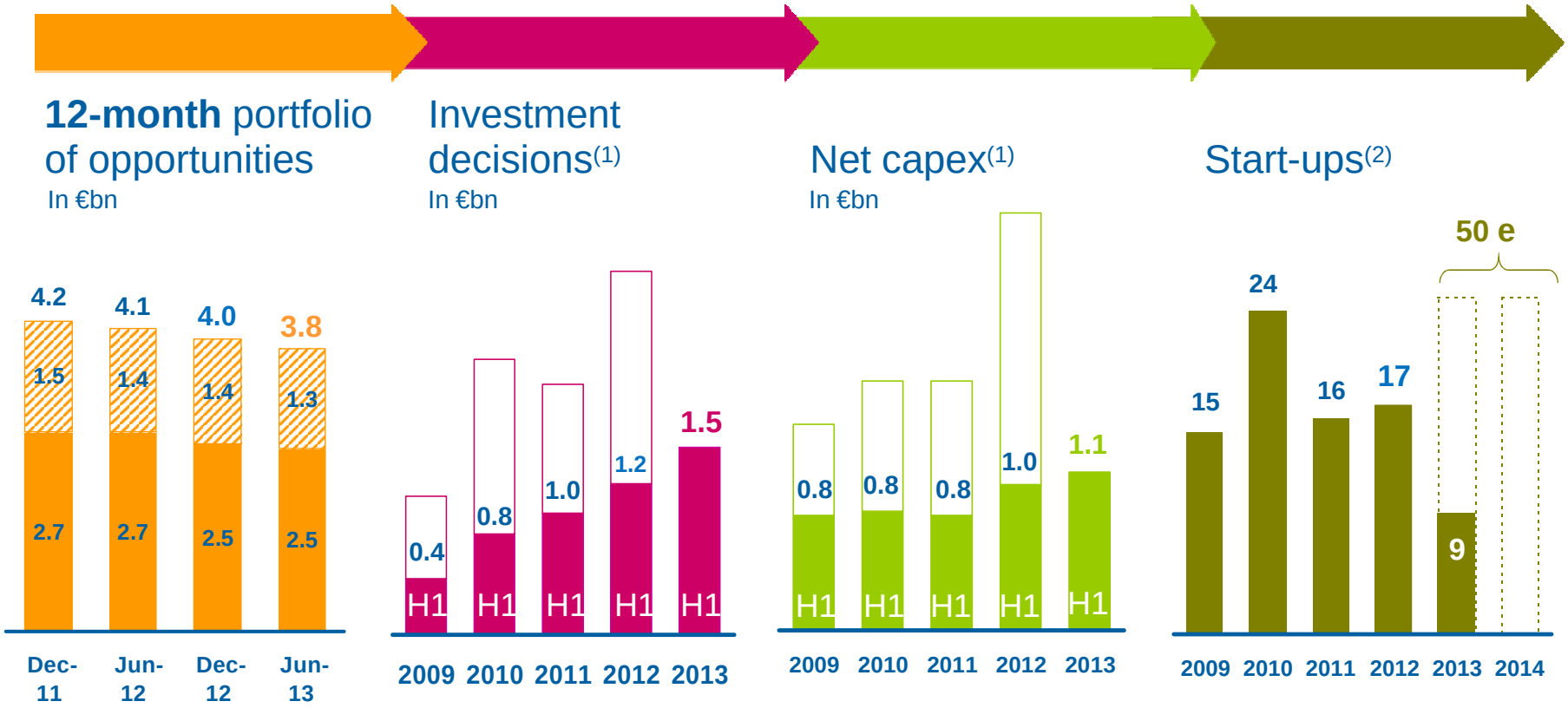
Net debt to equity ratio
(as reported)

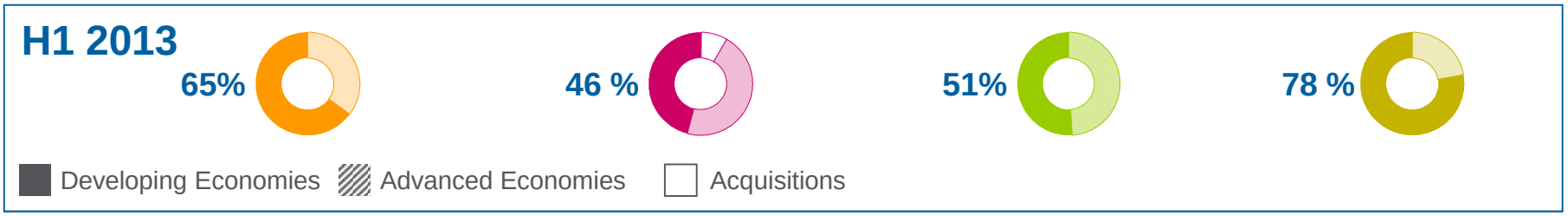


Average cost of net debt



High investment decisions at €1.5 bn





(1) industrial and financial investments, including transactions with minorities, net of divestitures (2) Industrial investments > € 10m

2013 Outlook maintained

H1 2013

- Investments focused on growing markets
- Consistent performance
- Realignment plans engaged

2013 objective

Barring a degradation of the environment,
Air Liquide is confident in its ability
to deliver another year of net profit growth in 2013

H1 2013
Appendix

Impact of currency and natural gas on G&S revenue

Currency

In €m	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
€/USD	+18	+54	+56	+20	(3)	**(10)**
€/CAD	+4	+11	+16	+11	(2)	**(5)**
€/JP¥	+21	+37	+30	(3)	(40)	**(55)**
Others	+27	+48	+57	+33	(20)	**(27)**
Total currency impact	**+70**	**+150**	**+160**	**+61**	**(65)**	**(97)**

Average rate	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
€/USD	1.31	1.28	1.25	1.30	1.32	**1.31**
€/CAD	1.31	1.29	1.24	1.29	1.33	**1.34**
€/JP¥	104.0	102.6	98.4	105.3	121.9	**129.0**

Natural Gas

In €m						
Natural Gas Impact	**+22**	**0**	**(9)**	**+4**	**(21)**	**(8)**

Consolidated P&L

In €m	H1 2012(1)	H1 2013
Revenue	**7,533**	**7,561**
Cost of goods	(5,687)	(5,685)
Operating income recurring before depreciation	**1,846**	**1,876**
Depreciation and amortization expenses	(601)	(620)
Operating income Recurring	**1,245**	**1,256**
Net non-recurring operating income	10	(41)
Operating income	**1,255**	**1,215**
Net finance costs & other net financial expenses	**(163)**	**(157)**
Income taxes	(289)	(284)
Share of profit of associates	14	9
Profit for the period	**817**	**783**
- Minority interest	33	31
- **Net profit (Group share)**	**784**	**752**
Basic earnings per share (in €)	2.52	2.43

(1) Restated for the effects of the IAS19 « Employee benefits» revision.

Consolidated Balance Sheet

In €m

ASSETS	31/12/12[(a)]	30/06/13
Goodwill	5,133	5,127
Fixed assets	13,511	13,715
Other non-current assets*	1,084	1,050
Total non-current assets	**19,728**	**19,892**
Inventories & work in-progress	776	812
Trade receivables & other current assets	3,320	3,483
Cash and cash equivalents*	1,187	1,063
Total current assets	**5,283**	**5,358**
Total assets	**25,011**	**25,250**

EQUITY AND LIABILITIES	31/12/12[(a)]	30/06/13
Shareholders' equity	10,191	9,998
Minority interests	233	234
Total equity	**10,424**	**10,232**
Provisions & deferred tax liabilities	3,379	3,290
Non-current borrowings	5,789	6,534
Other non-current liabilities*	281	242
Total equity and non current liabilities	**19,873**	**20,298**
Provisions	243	224
Trade payables & other current liabilities	3,398	3,381
Current borrowings*	1,497	1,347
Total equity and liabilities	**25,011**	**25,250**

	31/12/12[(a)]	30/06/13
Net debt	**6,103**	**6,837**
Net debt ratio	**58.5%**	**66.8%**

(a) Restated for IAS 19 revision

** including fair value of derivatives*

Cash Flow statement

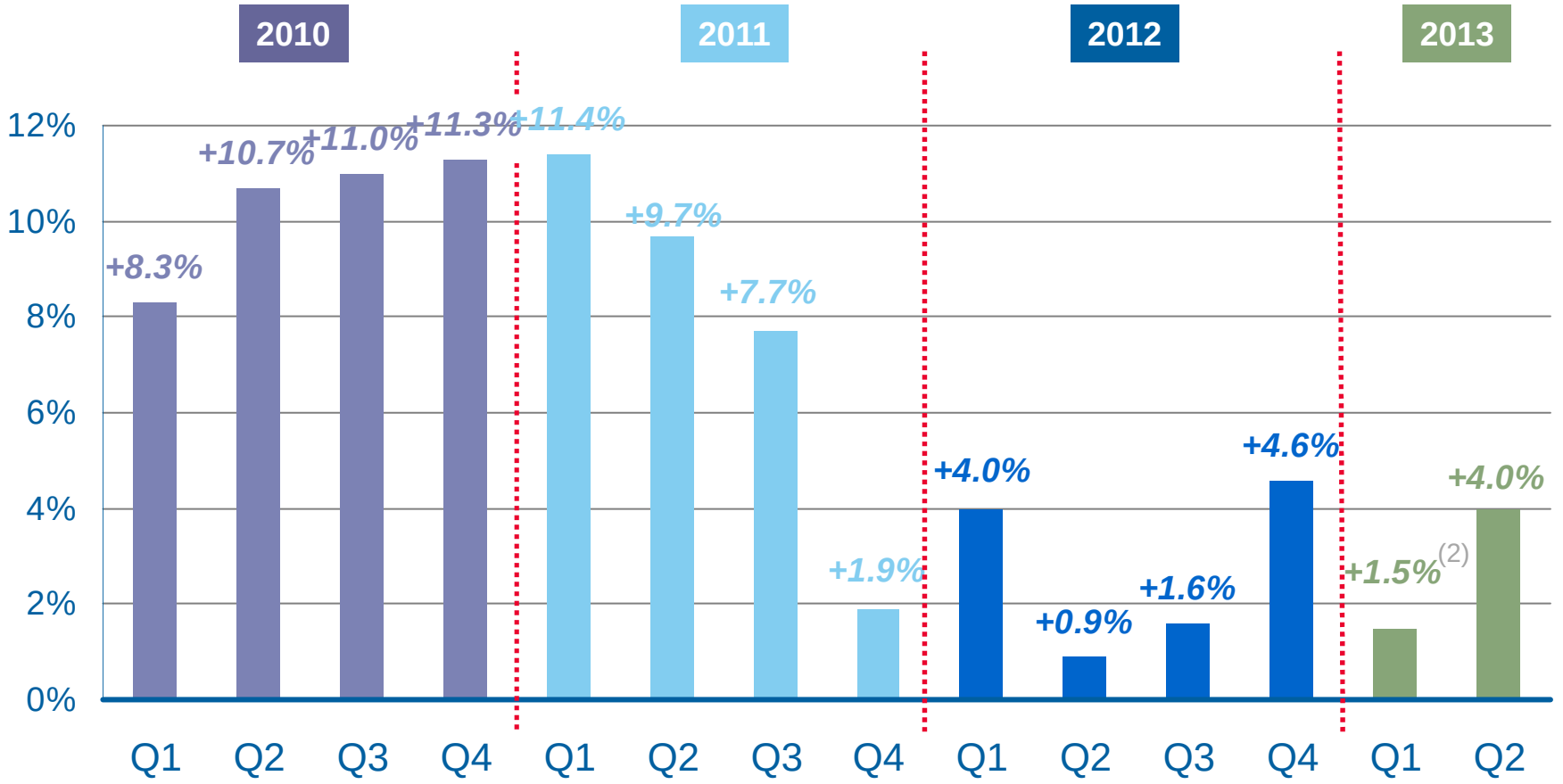
In €m	H1 2012(1)	H1 2013
Funds provided by operations	**1,413**	**1,501**
Changes in Working Capital	(270)	(266)
Other items	(5)	(41)
Net cash from operating activities	**1,138**	**1,194**
Purchase of PPE* and intangible assets	(958)	(982)
Purchase of financial assets	(59)	(109)
Proceeds from sale of PPE*, intangible and financial assets	32	10
Net cash in investing activities	**(985)**	**(1,081)**
Distribution	(760)	(854)
Increase in capital stock	17	39
Purchase of treasury shares	(112)	(117)
Transactions with minority shareholders	(6)	(0)
Exchange rate and consolidation scope effect	(55)	85
Change in net indebtedness	**(763)**	**(734)**

(1) Restated for the effects of the IAS19 « Employee benefits» revision.

* property, plant and equipments

Comparable growth above last year average

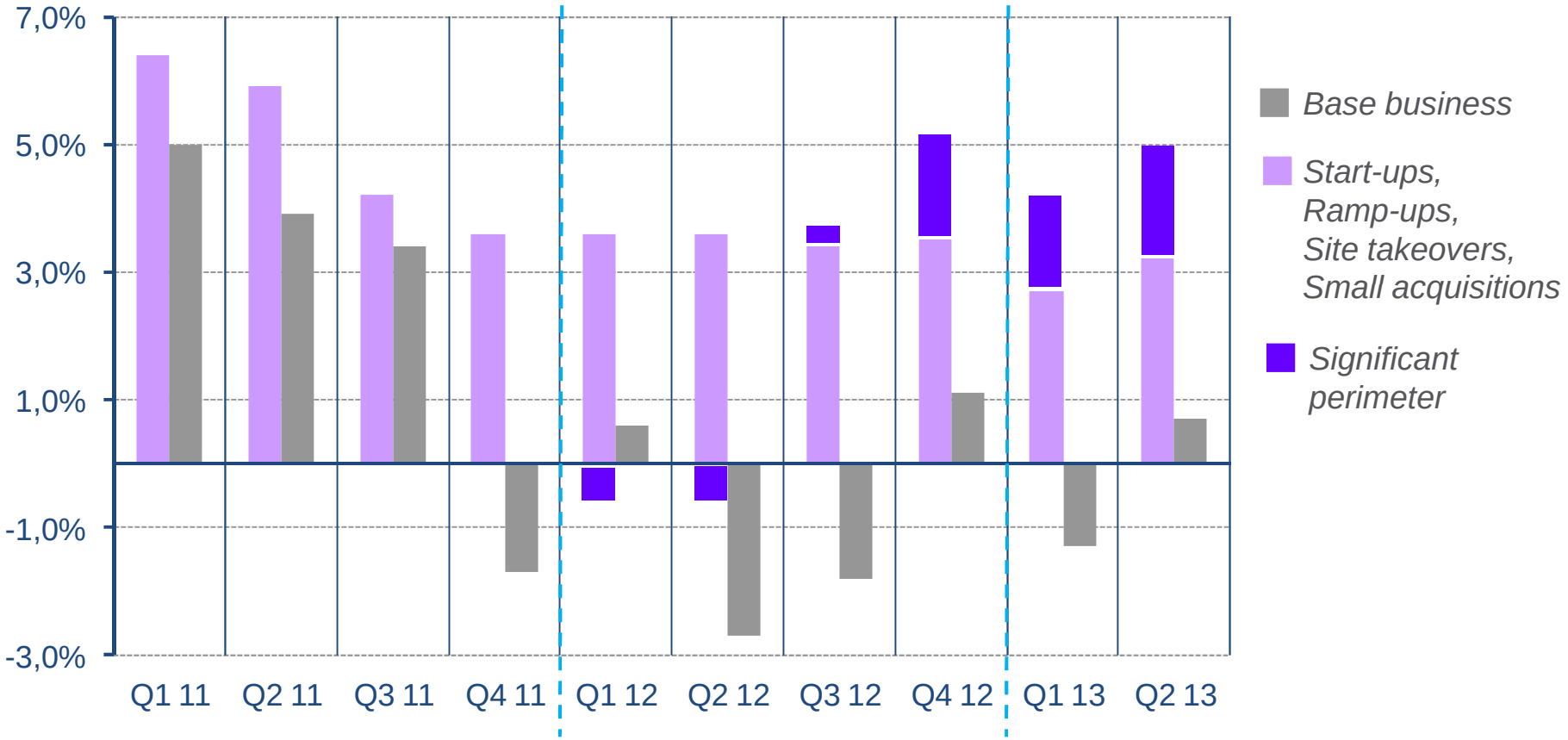
G&S comparable growth(1)



(1) Excluding the impacts of currency, natural gas and significant scope. 2010 and 2011 growth rates are not revised for the integration of Seppic into the G&S activity. (2) Q1 2013 also adjusted for the impact of 2012 customer settlements.

Steady contribution from growth initiatives

G&S quarterly growth analysis



Q1 2013 excluding the impact of 2012 customer settlements.

Revenue analysis by quarter (1)

Sales in €m	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13	*Q2 13/12* as published	*Q2 13/12* comparable(1)
Europe	1,747	1,724	1,728	1,827	1,769	1,778	*+3.1%*	*+2.2%*
Americas	772	746	793	797	766	824	*+10.5%*	*+8.4%*
Asia-Pacific	840	835	873	868	780	782	*-6.3%*	*+2.2%*
Middle-East & Africa	84	89	96	93	91	95	*+6.4%*	*+16.3%*
Gas & Services	**3,443**	**3,394**	**3,490**	**3,585**	**3,406**	**3,479**	***+2.5%***	***+4.0%***
Engineering & Technology	178	188	167	252	147	225	*+19.9%*	*+21.0%*
Other Activities	158	172	146	153	145	159	*-7.6%*	*-6.7%*
Group Total	**3,779**	**3,754**	**3,803**	**3,990**	**3,698**	**3,863**	***+2.9%***	***+4.3%***

(1) Excluding the impact of currency, natural gas and significant scope.

Revenue analysis by quarter (2)

Sales in €m	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13	*Q2 13/12* as published	*Q2 13/12* comparable(1)
Large Industries	1,262	1,204	1,253	1,296	1,225	1,236	*+2.7%*	*+4.8%*
Industrial Merchant	1,281	1,283	1,322	1,307	1,254	1,284	*+0.1%*	*+3.8%*
Healthcare	598	599	607	678	659	685	*+14.4%*	*+6.8%*
Electronics	302	308	308	304	268	274	*-11.0%*	*-4.0%*
Gas & Services	**3,443**	**3,394**	**3,490**	**3,585**	**3,406**	**3,479**	***+2.5%***	***+4.0%***
Engineering & Technology	178	188	167	252	147	225	*+19.9%*	*+21.0%*
Other Activities	158	172	146	153	145	159	*-7.6%*	*-6.7%*
Group Total	**3,779**	**3,754**	**3,803**	**3,990**	**3,698**	**3,863**	***+2.9%***	***+4.3%***

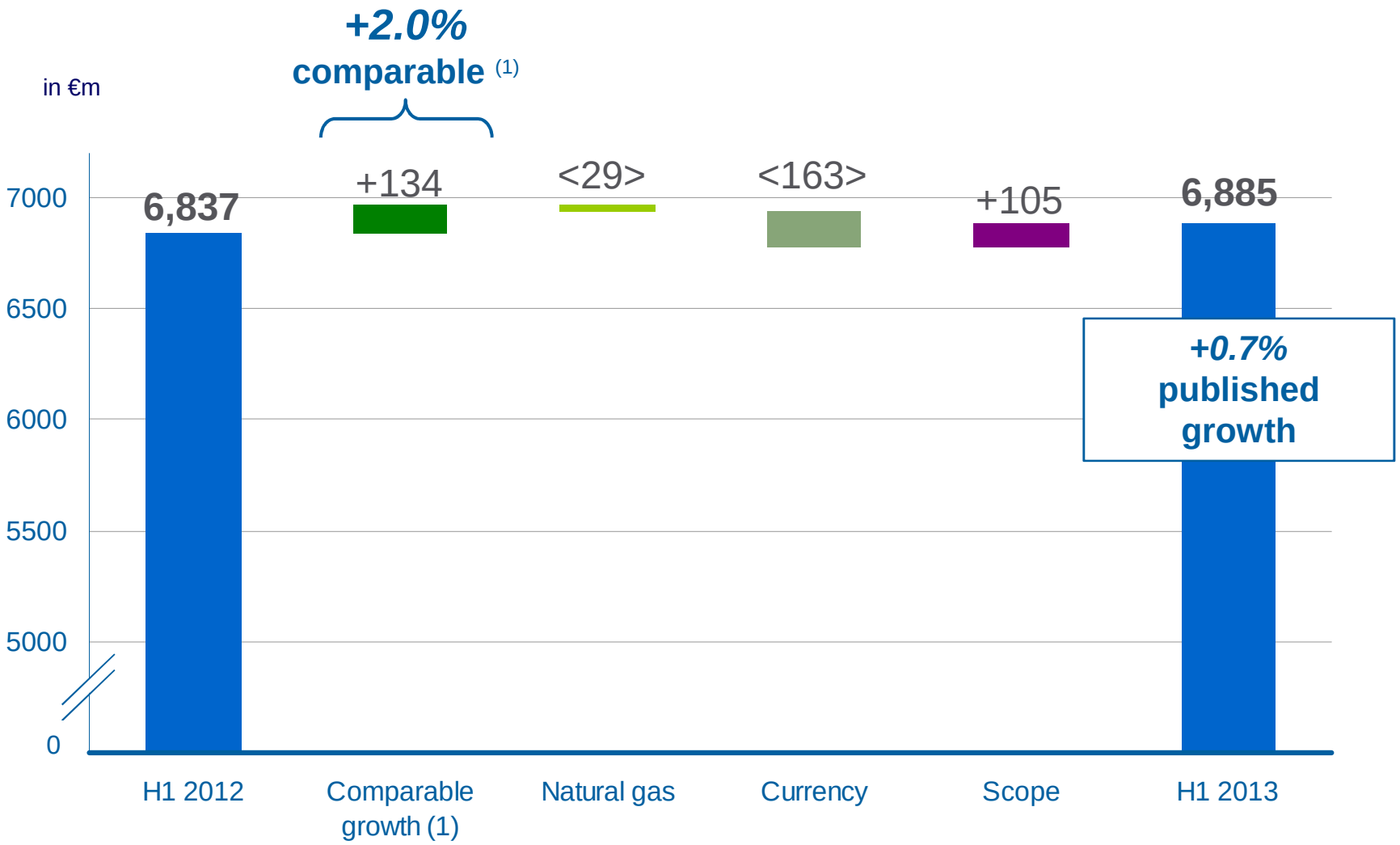
(1) Excluding the impact of currency, natural gas and significant scope.

G&S Revenue growth by quarter (2)

	Growth as published	Natural Gas	Currency	Significant scope	Comparable growth(1)
Q1 2012	+6.3%	+0.7%	+2.2%	-0.6%	+4.0%
Q2 2012	+4.9%	+0.0%	+4.6%	-0.6%	+0.9%
Q3 2012	+6.5%	-0.3%	+4.9%	+0.3%	+1.6%
Q4 2012	+8.2%	+0.2%	+1.8%	+1.6%	+4.6%
Q1 2013	-1.1%	-0.6%	-1.9%	+1.4%	+1.5%(2)
Q2 2013	**+2.5%**	**-0.2%**	**-2.9%**	**+1.6%**	**+4.0%**

(1) Excluding the impact of currency, natural gas and significant scope.
(2) Q1 2013 also excluding the impact of 2012 customer settlements.

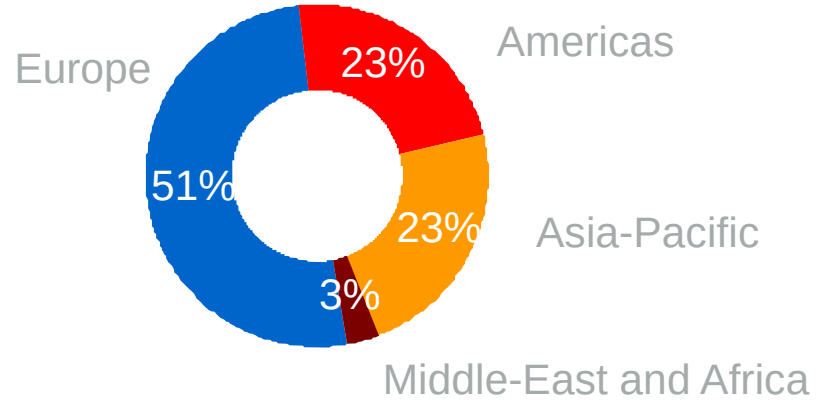
H1 2013 G&S revenue growth



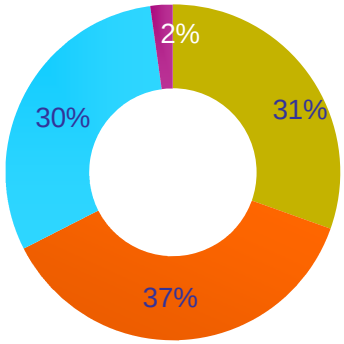
(1) Excluding forex, natural gas and significant scope impacts

H1 2013 Revenue breakdown by region

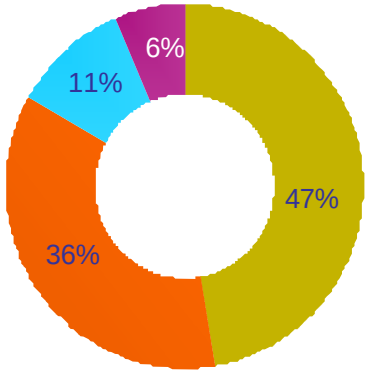
- Gas & Services H1 Revenue
  €6,885m



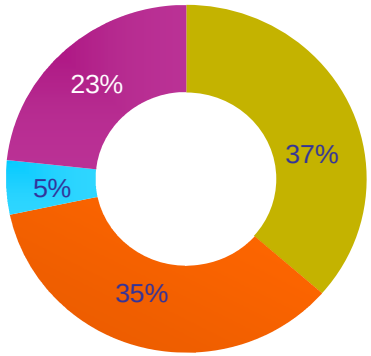
Europe: €3.5bn



Americas: €1.6bn



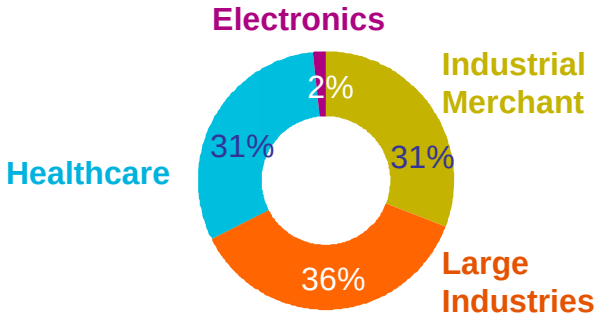
Asia-Pacific: €1.6bn



Industrial Merchant | Large Industries | Healthcare | Electronics

Europe in Q2

➔ Q2 Gas & Services sales: **€ 1,778m**



Industrial Merchant

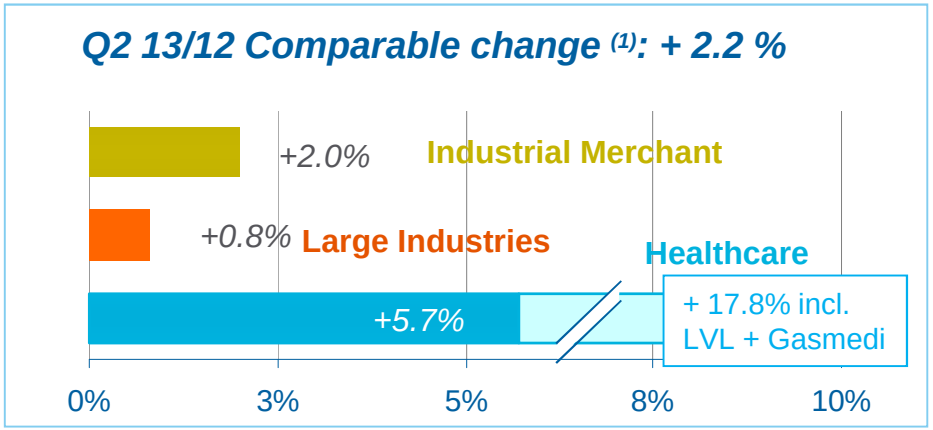
- Stabilization in Western Europe
- Acquisitions in Russia and UK
- Positive pricing

Large Industries

- Start-up in Russia
- Reduced Electricity prices
- Turnarounds in Northern Europe

Healthcare

- Solid Home Healthcare demand
- Acquisitions contributing
- Tariff reductions



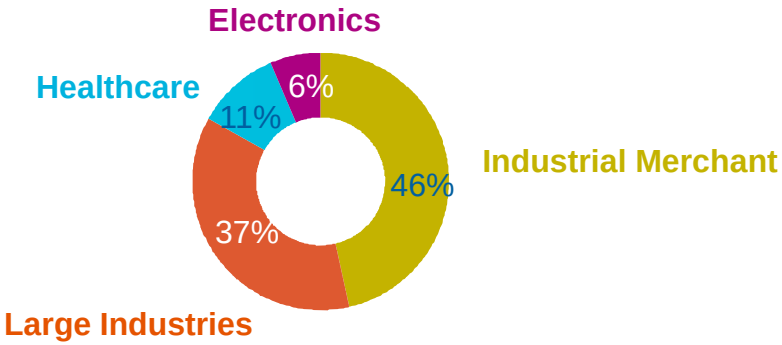
In €m	H1 2013	Publ. growth	Comp. growth(1)
Sales	3,546	*+2.2%*	*+1.2%*
OIR	669	*+7.8%*	
OIR/Sales	18.9%	*+100bps*	*+60bps (2)*

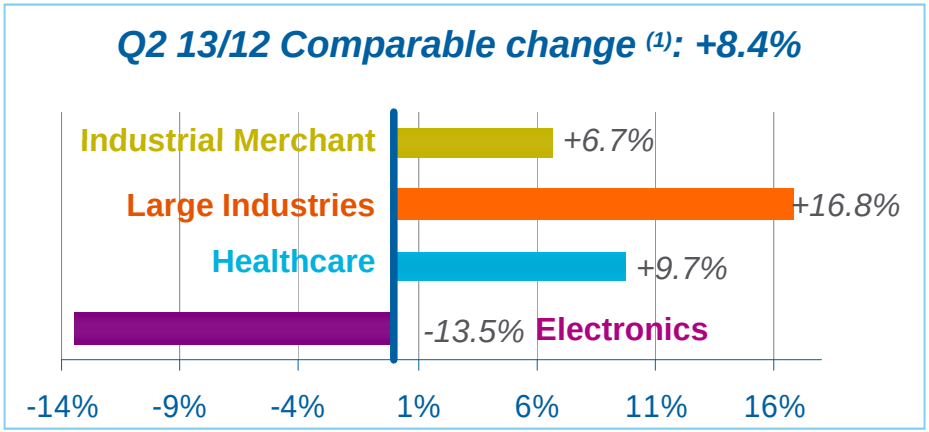
(1) Excluding impact of currency, natural gas and significant scope
(2) Excluding impact of natural gas

Americas in Q2

➔ Q2 Gas & Services sales: **€ 824m**

- **Industrial Merchant**
  - Sustained activity in Canada
  - Volume growth in Argentina and Mexico
  - Slight slow down in Brazil
- **Large Industries**
  - HyCO solid growth across North America
  - Start-up in Mexico
- **Healthcare**
  - South America new contract, volume growth and pricing
- **Electronics**
  - High E&I comparison base



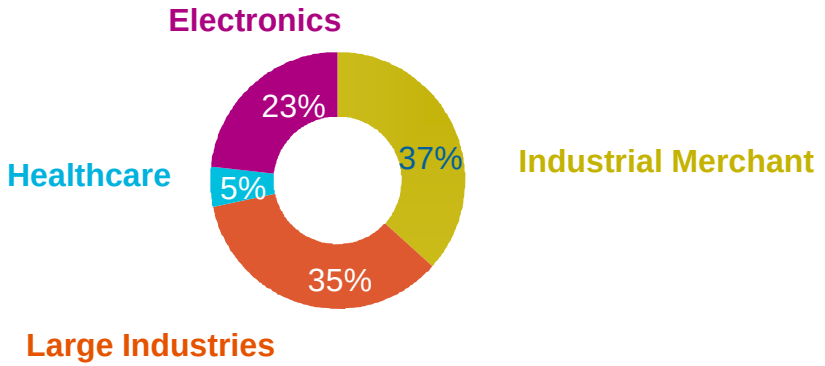


In €m	H1 2013	Publ. growth	Comp. growth(1)
Sales	1,591	*+4.8%*	*+3.9%*
OIR	343	*-3.3%*	
OIR/Sales	21.6%	*-180bps*	*-90bps (2)*

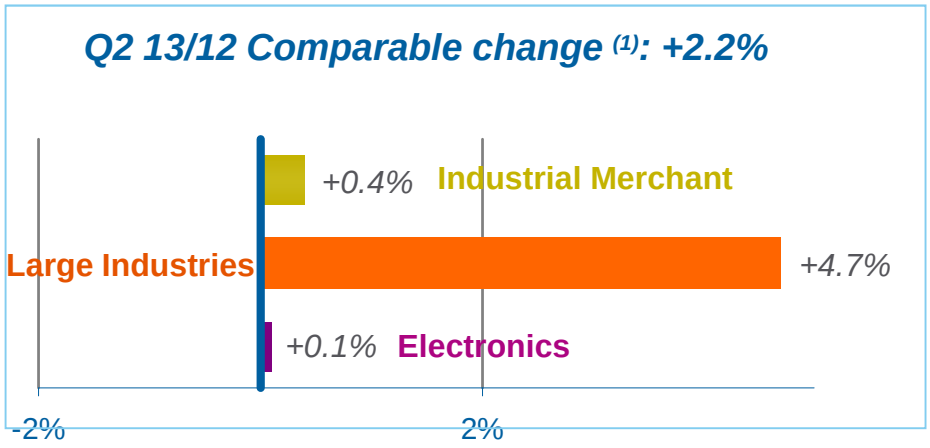
(1) Excluding impact of currency, natural gas and significant scope
(2) Excluding impact of natural gas

Asia in Q2

Q2 Gas & Services sales: **€ 782m**



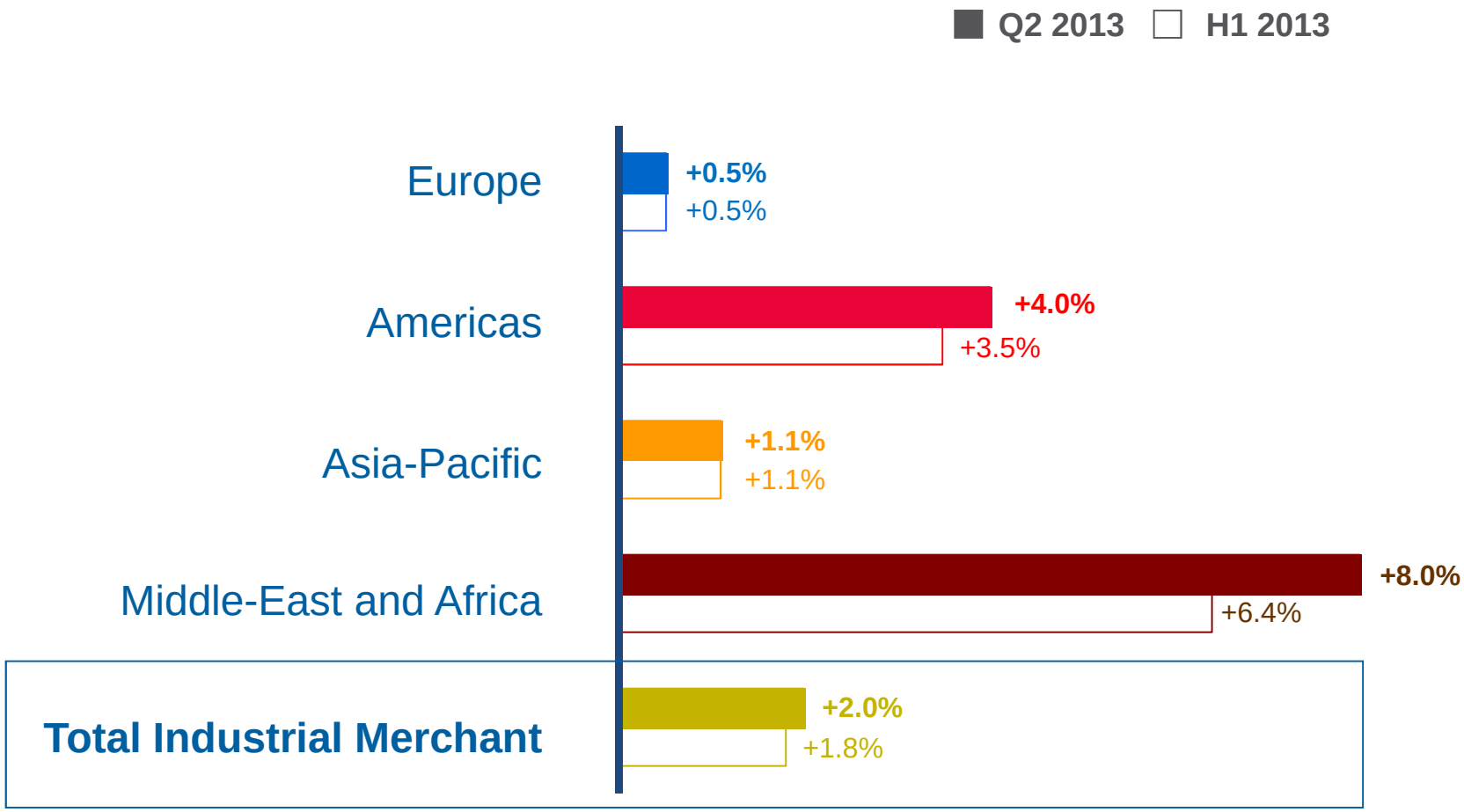
- **Industrial Merchant**
  - Japan still weak
  - High single digit growth in China
- **Large Industries**
  - Ramp-ups in China
  - Lower HyCO demand
- **Electronics**
  - Growth outside Japan
  - E&I sales in China, Taiwan and Japan
  - ESG pricing pressure



In €m	H1 2013	Publ. growth	Comp. growth(1)
Sales	1,562	-6.7%	+0.2%
OIR	244	-7.9%	
OIR/Sales	15.6%	-20bps	-40bps (2)

(1) Excluding impact of currency, natural gas and significant scope
(2) Excluding impact of natural gas

Industrial Merchant pricing

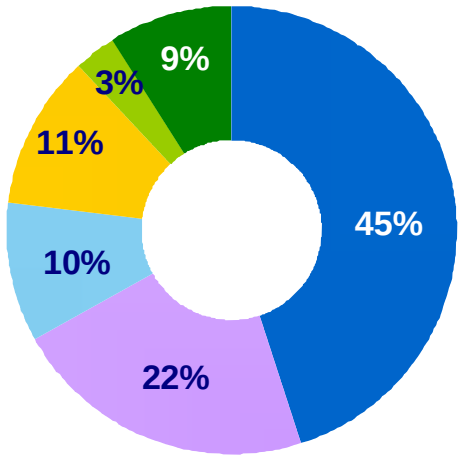


Engineering & Technology

In €m	H1 2012	H1 2013
Consolidated revenues	365	372
OIR(1) margin	9.1%	8.9%
Total order intake(2)	1,135	964
Total orders-in-hand(2)	4,549	4,919

Total Orders-in-hands breakdown
at June 30, 2013

- ASU
- HyCO
- Traditional energy
- Alternative energy
- Renewable energy
- aB&T



(1) Includes financial income generated by customers advances.
(2) Includes aB&T activity (Advanced Business & Technologies)

Operating margin – natural gas effect

Group, in €m	H1 2012	H1 2013
Revenue	**7,533**	**7,561**
Incl. Natural gas effect		(29)
Operating income recurring	1,244	1,256
Operating margin	16.5%	16.6%
Operating margin excluding natural gas		**16.5%**

Gas and services, in €m	H1 2012	H1 2013
Revenue	**6,837**	**6,885**
Incl. Natural gas effect		(29)
Operating income recurring	1,277	1,291
Operating margin	18.7%	18.7%
Operating margin excluding natural gas		**18.7%**

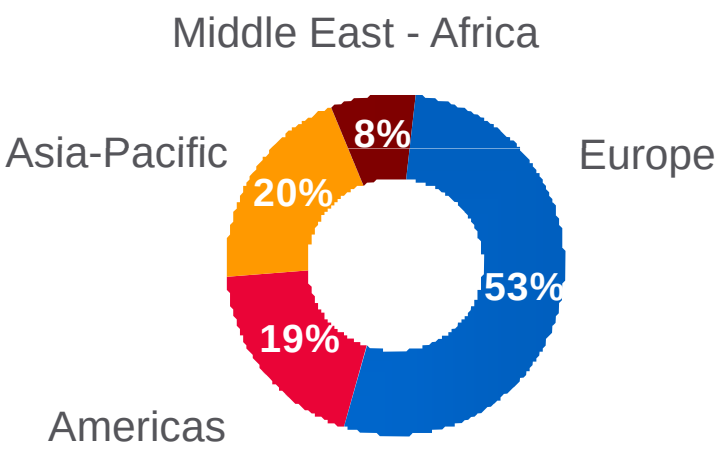
Operating margin (OIR/Revenue)

		H1 10	H2 10	2010
2010	Group	16.6%	16.8%	**16.7%**
	Gas & Services	19.2%	19.2%	**19.2%**
		H1 11	**H2 11**	**2011**
2011	Group	16.7%	16.6%	**16.7%**
	Gas & Services	19.0%	18.8%	**18.9%**
		H1 12	**H2 12**	**2012**
2012	Group	16.5%	16.9%	**16.7%**
	Gas & Services	18.7%	19.0%	**18.8%**

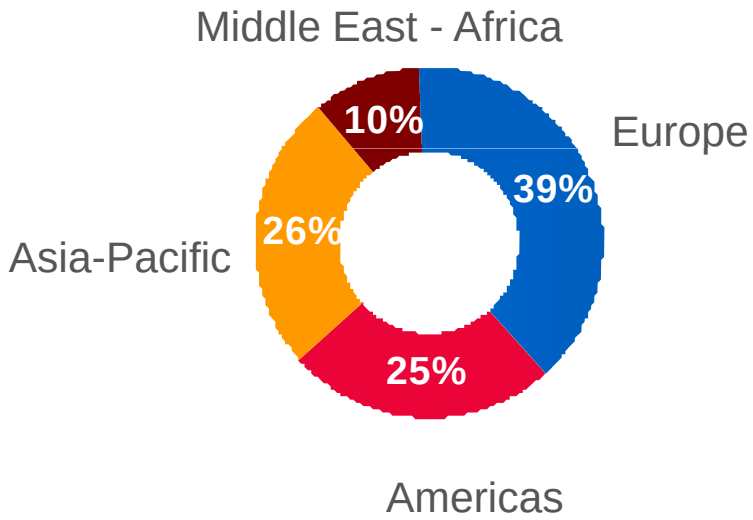
		as published	Excl. Nat gas
H1 2013	Group	16.6%	16.5%
	Gas & Services	18.7%	18.7%

Gas & Services capex by geography

- G&S FY 2012 Investments(1) €2.8bn



- G&S H1 2013 Investments(1) €1.1bn



(1) Industrial and financial investments, including transactions with minority shareholders

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