

October 26, 2010



## Third quarter 2010 revenue

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<i>in millions of euros</i>	<b>Q3 2009</b>	<b>Q3 2010</b>	<b>10/09 change as published</b>	<b>10/09 change comparable*</b>
Group revenue	2,980	<b>3,429</b>	<b>+15.1%</b>	+6.2%
of which Gas and Services	2,514	<b>3,043</b>	+21.0%	<b>+11.0%</b>

\* Comparable: excluding impact of currency and natural gas

In the third quarter 2010, Air Liquide achieved continued growth in Gas and Services, a solid operating performance and an accelerated investment cycle.

The **+11%** increase, on a comparable basis, for **Gas & Services** demonstrates the continuing strength of **developing economies**, and ongoing recovery in **advanced economies**. The contribution from start-ups, ramp-ups, site takeovers and minor acquisitions was **+5.1%**. The share of revenue in developing economies stood at 20% for the third quarter 2010.

Operational management efforts continued during the period. By the end of September, **efficiency gains** totaled **198 million euros**, equivalent after nine months to the minimum level of the **annual target**.

**Net debt at September 30, 2010 was significantly reduced** in comparison to the level at June 30, 2010.

## 1. Revenue

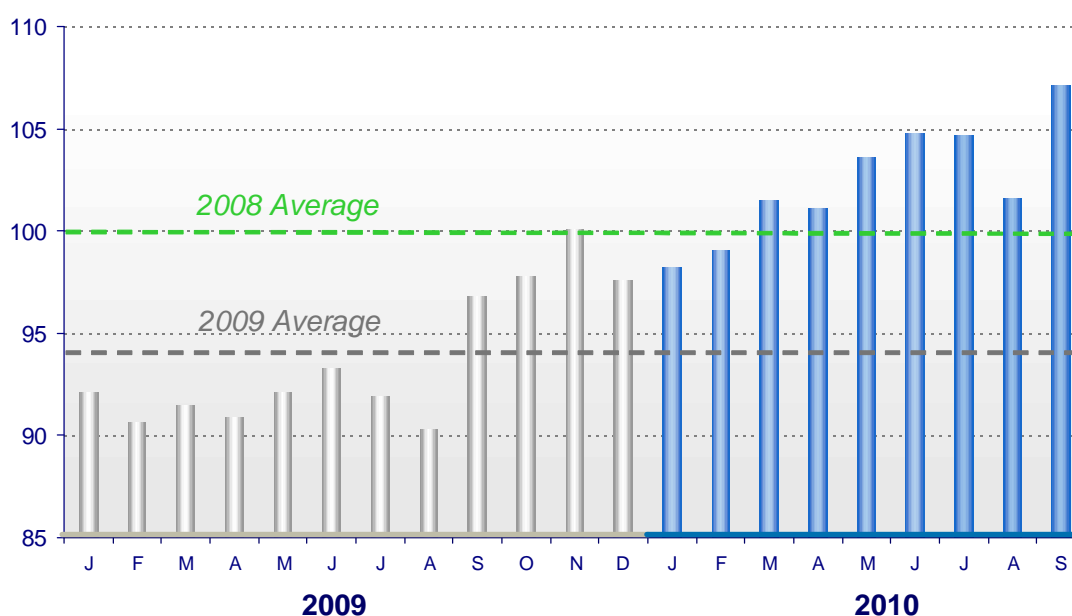
Third quarter 2010 **Group revenue** was **3,429 million euros**, up **+15.1%** compared to third quarter 2009. Currency (particularly the rise in the dollar, the yen and the canadian dollar) and natural gas impacts intensified over the quarter, contributing 205 million euros and 61 million euros, respectively equivalent to + 6.9% and + 2.0%. Based on comparable exchange rates and natural gas prices, Group revenue rose by +6.2%.

### 1.1 Gas and Services

*The changes discussed below are all reported on a comparable basis, excluding the impact of currency and natural gas.*

Third quarter 2010 **Gas and Services** revenue stood at **3,043 million euros, an increase of +11.0% on a comparable basis**. The Gas and Services activity indicator shows further sequential improvement despite the traditional August slowdown. The trends identified at the beginning of the year were confirmed, with an ongoing recovery in the advanced economies and continuing strong growth in developing economies. The contribution from start-ups, site takeovers and various acquisitions has significantly accelerated, at +5.1% for the quarter, in particular due to the 19 start-ups since the beginning of the year and the three site takeovers signed in June and July in Germany, South Korea and the United States.

*Gas & Services monthly activity indicator, base 100, 2008 average \**



\* comparable revenue, adjusted for the number of days per month.

Revenue <i>in millions of euros</i>	Q3 2009	Q3 2010	Q3 10/09 change		Q2 10/09 comparable*	Q1 10/09 comparable*
			as published	comparable*		
Europe	<b>1,404</b>	<b>1,555</b>	+10.7%	+7.1%	+5.0%	+3.8%
Americas	<b>552</b>	<b>708</b>	+28.2%	+11.1%	+10.4%	+8.5%
Asia-Pacific	<b>490</b>	<b>697</b>	+42.3%	+21.7%	+28.6%	+21.9%
Middle East and Africa	<b>68</b>	<b>83</b>	+22.6%	+13.1%	+14.9%	+14.2%
<b>Gas and Services</b>	<b>2,514</b>	<b>3,043</b>	<b>+21.0%</b>	<b>+11.0%</b>	<b>+10.7%</b>	<b>+8.3%</b>

Revenue <i>in millions of euros</i>	Q3 2009	Q3 2010	Q3 10/09 change		Q2 10/09 comparable*	Q1 10/09 comparable*
			as published	comparable*		
Industrial Merchant	<b>1,069</b>	<b>1,217</b>	+13.8%	+5.1%	+7.6%	+1.7%
Large Industries	<b>764</b>	<b>1 036</b>	+35.7%	+21.1%	+13.0%	+13.7%
Healthcare	<b>454</b>	<b>481</b>	+6.0%	+2.9%	+5.2%	+6.1%
Electronics	<b>227</b>	<b>309</b>	+36.0%	+20.7%	+30.4%	+25.2%
<b>Gas and Services</b>	<b>2,514</b>	<b>3,043</b>	<b>+21.0%</b>	<b>+11.0%</b>	<b>+10.7%</b>	<b>+8.3%</b>

\* Comparable: excluding impact of currency and natural gas

## Europe

Third quarter 2010 revenue was **1,555 million euros**, an increase of **+7.1%**. Industrial recovery continued in the advanced economies in Europe. However, Healthcare posted more modest growth compared to record sales in 2009, resulting from the flu epidemic.

**Industrial Merchant** activity reported a slight decline of **-0.7%**, despite steady growth in bulk and a slight but widespread pick-up in cylinder demand in some countries. Equipment sales are down and the recovery is still weak in Germany.

**Large Industries** activity increased by **+17.9%**. Growth in volumes continued with a substantial increase in the hydrogen activity due to the July takeover of the Oxea site in Germany, and steady demand throughout the network. Demand for oxygen also grew, particularly in Italy and Germany.

**Healthcare** revenue grew by **+1.2%**, hindered by a decline in the hygiene activity, when compared to the exceptionally strong demand in the second half of 2009 due to the H1N1 pandemic. Growth in Homecare was steady (+7.4%), driven by the continuing development of the range of therapies. Medical gas sales rose despite reductions in regulated prices in certain countries.

The strong recovery in **Electronics** continued at **+36.2%**, resulting from major Equipment and Installation sales in the Netherlands and Germany, and a +36% increase in electronics specialty gas sales.

## Americas

Revenue for the Americas was **708 million euros**, up **+11.1%**. Growth in South America was twice that seen in North America due to the start-ups of the preceding quarter and steady demand in the industrial and healthcare segments. Growth in North America benefited from steady hydrogen demand, the first contribution from the Louisiana site takeover and a slight recovery in cylinder demand, particularly in September..

The **Industrial Merchant** activity rose by **+9.7%**. Pricing remained positive across the region. Bulk activity experienced substantial growth in Latin America and Canada thanks to the recovery in oil and metals, but was slightly more restrained in the US. Cylinder demand improved gradually during the quarter In the US and Canada.

**Large Industries** grew by **+14.0%** due to ramp-ups of an air gas unit in Brazil and hydrogen units in Argentina and California. The Louisiana takeover of steam and other utilities and the steady demand for hydrogen also contributed to this growth. Canadian air gas demand was affected by some weakness in demand from the steel industry in the Hamilton basin at the end of the period.

**Electronics** sales rose by **+9.0%** due to solid equipment sales, reflecting the recovery in sector investments.

Growth in the **Healthcare** sector was steady at **+10.4%**, in particular due to the strong momentum in Homecare activities in Latin America. Medical gases in the US and homecare in Canada continued to post moderate growth.

## Asia-Pacific

Asia-Pacific revenue grew by **+21.7%** in the third quarter to **697 million euros**. The region benefited from the continuing ramp-ups of new units, a site takeover in South Korea, and the ongoing Electronics recovery. Growth in Japan slowed during the quarter, compared to the preceding two quarters, but remained close to +10%, off a low base.

**Industrial Merchant** activity increased by **+12.9%**, reflecting higher demand in all countries, the positive impact of new filling unit capacity and, for the first time, strong demand for new applications in China.

**Electronics** growth remains strong in the region, at **+18.9%**, driven by solid equipment sales in all countries, thus demonstrating a clear recovery in the sector's investment cycle. Japan accounted for half the growth and benefited from a solid recovery in demand for specialty gases and services. In the rest of the region, and particularly in China, growth came from the start-up of new carrier gas contracts.

**Large Industries** continued its spectacular growth at **+43.4%**, exceeding +40% for the third consecutive quarter. This performance reflects the ramp-up of 9 units that have started up progressively since fourth quarter 2009, across the region, and specifically in China. The region has also benefited from the first contribution from the site takeover of the hydrogen and carbon monoxide activity in South Korea in June.

**Healthcare** grew by **+9.0%** even though it has a modest presence in the region, primarily due to the acquisition of Snore Australia, a company that specializes in sleep apnea diagnosis.

## Middle East and Africa

Revenue for the Middle East and Africa was **83 million euros**, up **+13.1%** resulting from a start-up in Egypt and a ramp-up of various air gas units in the Middle East.

### 1.2 Engineering and Construction

Third-party **Engineering & Construction** sales were **186 million euros**, down -37% compared to third quarter 2009, reflecting the lower order intake in 2009.

The order intake nevertheless reached **370 million euros** for the quarter, confirming the turnaround since May. The level reached at the end of September 2010 is already almost equivalent to level for the full year 2009, confirming that the estimated order intake for 2010 will be close to that of 2008. This recovery in engineering order intake demonstrates the confidence of our large customer for long-term investment opportunities.

### 1.3 Other Activities

<b>Revenue</b> <i>in millions of euros</i>	<b>Q3 2009</b>	<b>Q3 2010</b>	<b>Q3 10/09</b> <b>change</b> <b>as published</b>
Welding – Cutting	<b>92</b>	<b>99</b>	+ 6.9%
Diving and Specialty Chemicals	<b>92</b>	<b>101</b>	+ 10.3%
<b>Other Activities</b>	<b>184</b>	<b>200</b>	<b>+ 8.6%</b>

Revenue for **Other Activities** stood at 200 million euros over the quarter, up **+8.6%**.

Welding - Cutting activity has generated positive sales growth for the first time since third quarter 2008, even though the recovery is still limited relative to the significant decline in activity in the last 18 months. The sales trend for consumables is back to growth. However, equipment sales are still down, due to the lack of a sustained investment cycle recovery in advanced economies.

Specialty chemical sales remained at a high level. There was a slight decline in the diving activity year-on-year, the comparable period having benefited from a significant contract.

## 2. Accelerated investment cycle in third quarter 2010

Air Liquide committed to an exceptional number of investment decisions during the third quarter 2010, totaling **1.6 billion euros** since the beginning of the year. Of the 29 projects exceeding 10 million euros approved during the period, 13 were decided during the third quarter. As a result, total investment decisions exceeded 800 million euros. The 12-month project portfolio remains at a high level at 3.8 billion euros.

The investment decisions are spread across the world. Since the start of the year, the share of decisions for projects in developing economies has increased to 53%, the highest level reached to date.

## Highlights since June 30, 2010

- Air Liquide has signed the largest hydrogen supply contract of its history for the future Saudi Aramco refinery in the Yanbu industrial basin in Saudi Arabia. This represents the first hydrogen outsourcing contract in the region, for a total investment of 450 million dollars, with production scheduled to begin in 2014.
- The Group has also announced 60 million euros of new investments in the region, for air gas units in Qatar, Egypt and Syria.
- On top of South Korea, Air Liquide has signed two more site takeovers in the US and Germany during the quarter. All of which are adjacent to existing Air Liquide networks. These sites made an immediate contribution to sales for the period.
- In Russia, the Group announced the extension of its contract with Severstal in the Cherepovets region. The new air gas unit has a capacity of 2,000 tons/day and represents an investment of 50 million euros. The site will become operational in 2012, and will more than double Air Liquide's total supply to Severstal, taking it up to 5,000 tons of oxygen per day. The Group has also announced an air gas supply contract with the Russian chemical company Rusvinyl and will invest 60 million euros in the Nizhny Novgorod region.
- The July acquisition of Snore Australia, a major player in the field of sleep diagnosis, will complete the Air Liquide Healthcare offering in Australia.
- In order to accelerate its Industrial Merchant growth in the developing economies, the Group has acquired a gas distribution company in Panama.
- In Electronics, the Group has announced a contract to supply ultra high pure carrier gases and provide services to a manufacturer of 6<sup>th</sup> generation flat screens in China. In Italy, the Group has been awarded a new contract to supply the world's second largest producer of solar panels using thin layers of silicium.
- Lastly, Air Liquide was chosen by the US Department of Energy to participate in the development of FutureGen 2.0, the first major oxy-combustion power plant that permanently captures and stores CO<sub>2</sub>. The oxy-combustion process used is the result of an innovative technology developed by Air Liquide and Babcock & Wilcox Power Generation Group, Inc. The process reduces greenhouse gas emissions generated by the industrial consumption of fossil fuels.

The number of start-ups realized since the beginning of 2010 amounts to 19 units. Of these new units, 16 are located in developing economies. Four other industrial projects above 10 million euros are expected to start by the end of the year.

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### 3. Efficiencies ahead of objectives and debt under control

Operating performance remains solid.

Cost efficiency efforts continued during the quarter, bringing the total gains to 198 million euros at the end of September.

In addition, increased spending is under control and prices are generally stable worldwide. Accordingly, the Group operating margin for the first nine months was close to that achieved for full year 2009.

Cash from operating activities over the first nine months of 2010 stood at 1.9 billion euros, up by +14.5%. Capital expenditure accelerated over the third quarter, amounting to a total of 1.4 billion euros during the first nine months of 2010 including transaction with minority shareholders. They should reach nearly 2 billion euros for the full year.

Group net indebtedness as at September 30, 2010, was significantly lower than at June 30, 2010.

## 4. Outlook

This quarter demonstrates continued growth in our sales across all economies, with the pace of growth remaining different according to regions. It also reflects a recovery in the investment cycle, as shown by the large number of new contracts signed.

Total investment decisions for these new projects as at the end of September 2010 were greater than for the whole of 2009, showing our customers' confidence in long-term projects.

In the shorter term, business continues to be robust in our main markets and the Group is continuing to implement its efficiency and cash management programs, one of the key components of its ALMA program.

In this context, we confirm our objective of continuous growth in net profit in 2010, in line with our long-term performance.

## APPENDIX (1)

### CURRENCY AND NATURAL GAS 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 gases for industry, healthcare and the environment are rarely exported, the impact of currency fluctuations on revenue and results is limited to the translation effects of the accounting consolidation in euros of 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.

Consolidated 2010 third quarter revenue includes the following:

<i>in millions of euros</i>	<b>Revenue</b>	<b>Q3 10/09 as published</b>	<b>Currency</b>	<b>Natural gas</b>	<b>Q3 change comparable*</b>
Group	<b>3,429</b>	+15.1%	+6.9%	+2.0%	+6.2%
Gas and Services	<b>3,043</b>	+21.0%	+7.6%	+2.4%	+11.0%

\* Comparable: excluding impact of currency and natural gas

Group:

- The **currency** effect represents +205 million euros, for a positive impact of +6.9% on Group growth, essentially due to the appreciation of the US and Canadian dollars and the yen against the euro.
- **Natural gas prices** have risen gradually since the beginning of the year. The change in price in the third quarter represents a positive contribution of +61 million euros, or +2.0% to Group revenue growth.

Gas and Services:

- The **currency** effect represents +192 million euros, a positive impact of +7.6% on Gas and Services growth.
- The change in the price of natural gas represents a positive contribution of +61 million euros, or +2.4% to Gas and Services revenue growth.



## APPENDIX (2)

### REVENUE BY ACTIVITY

<i>in millions of euros</i>	9 months YTD			
	2009	2010	10/09 change as published	10/09 change comparable*
<b>Gas and Services</b>	<b>7,536</b>	<b>8,738</b>	+15.9%	+10.0%
Industrial Merchant	3,189	3,531	+10.7%	+4.8%
Large Industries	2,371	2,922	+23.3%	+15.9%
Electronics	639	853	+33.4%	+25.3%
Healthcare	1,337	1,432	+7.1%	+4.7%
Engineering and Construction	<b>787</b>	<b>574</b>	-27.0%	-29.2%
Welding – Cutting	<b>312</b>	<b>309</b>	-1.0%	-1.9%
Other Activities	<b>282</b>	<b>324</b>	+14.8%	+13.7%
<b>TOTAL</b>	<b>8,918</b>	<b>9,945</b>	+11.5%	+6.2%

\* Comparable: excluding impact of currency and natural gas

### GAS AND SERVICES REVENUE BY GEOGRAPHICAL AREA

<i>in millions of euros</i>	9 months YTD			
	2009	2010	10/09 change as published	10/09 change comparable*
Europe	4,277	4,557	+6.5%	+5.3%
Americas	1,697	2,055	+21.1%	+10.0%
Asia-Pacific	1,387	1,910	+37.7%	+24.0%
Middle East and Africa	175	216	+23.3%	+14.0%
<b>Gas and Services</b>	<b>7,536</b>	<b>8,738</b>	+15.9%	+10.0%

\* Comparable: excluding impact of currency and natural gas