



information

Paris, February 27, 2007

Press Release

**A new year of growth in 2006
Net profit of €1 billion
+11.4% comparable**

Five-year ambition raised

The Board of Directors of Air Liquide chaired by Benoît Potier met on February 26, 2007 and approved the consolidated accounts for 2006.

Consolidated 2006 **revenue** amounted to **10,949 million euros**, up +5.7% on a comparable basis. **Net profit** in 2006 totaled **1,002 million euros**, up +11.4% over comparable net profit of 900 million euros in 2005. Operating income recurring and margins improved significantly, as a result of continued improvement in efficiency and productivity.

Over the past four years, the Group has considerably strengthened its position, through investments both in high growth economies and in already expanding markets, such as hydrogen and respiratory homecare. The Group has also prepared for the future by seizing acquisition opportunities, to enlarge its bases in the United States, Europe and more recently in Asia. These actions have led to a significant increase in its investment programs from 2006, as part of a new phase of its development.

Benoît Potier, Chairman and Chief Executive Officer, stated:

“For Air Liquide, 2006 was another year of growth and development in all of its business lines and geographic regions. Our rigorous operational management has allowed us to significantly improve our margins and to post a strong increase in net profit, which exceeds one billion euros for the first time. Thus, the Board of Directors proposes the distribution of a dividend of 4 euros per share.

The emergence of new markets, such as those in the fields of energy, environment and healthcare, offer new development prospects for the coming years. Leveraging the skills of our teams, our strong geographic and technology platforms and our excellent financial health, we have decided to strengthen our organization around our business lines with the ambition to free resources to accelerate our growth.

Within this context, at constant currencies and energy prices, our ambition is to grow revenues progressively over the next five years between +8 and +10% pa. This should lead to a +10 to 13% pa increase in net profit.

For 2007, our goal is to reach double-digit growth in net profit.”

The Board of Directors also approved the statutory accounts of L'Air Liquide SA (net profit 547.6 million euros) and the draft resolutions to be submitted to the next Combined Annual General Meeting of Shareholders to be held on 9 May 2007, notably:

- Approval of the financial consolidated accounts and of the proposed **dividend of 4 euros per share** (an increase of +14.6%) to be paid on 15 May 2007.
- Renewal of the expired mandates of Mr. Gérard de La Martinière and Mr. Cornelis van Lede.
- Split the nominal value of the share by two (ie an increase of twice the number of outstanding shares). This division responds to the desire to align the share value with other shares quoted on the market, thus giving easier access. Furthermore, this division should increase liquidity in the stock.

2006 key figures

Since industrial and medical gases are very rarely exported, the impact of currency fluctuations on revenue and results is limited to the accounting consolidation in euros of the financial statements of our foreign subsidiaries. Fluctuations in natural gas prices are passed to our customers through indexed pricing clauses.

in millions of euros	2005	2006	Change 06 / 05 (as reported)	Change 06 / 05 (comparable*)
Total revenue	10,435	10,949	+4.9%	+5.7%
<i>Of which Gas and Services</i>	<i>9,148</i>	<i>9,628</i>	<i>+5.3%</i>	<i>+6.1%</i>
Operating income recurring	1,518	1,659	+9.3%	
Operating income	1,473	1,662	+12.8%	
Net profit (<i>Group share</i>)	933	1,002	+7.4%	
Net profit (<i>Group share</i>) <i>underlying</i>	900**	1,002	+11.4%	
Funds from operations	1,805	1,889	+4.7%	
Net profit per share*** (in €) <i>underlying</i>	7.86	8.35	+6.2% +10.2%	
Dividend per share (in €)	3.49****	4.00	+14.6%	
Return on capital employed after tax (ROCE)	11.7%	11.9%		

* *excluding currency, natural gas and the impact of the deconsolidation of liquid chemicals in the United States since the 2nd quarter 2005*

** *excluding significant exceptional items: in 2005, capital gain from the disposal of Séchilienne and restructuring costs in certain European countries*

*** *average number of shares outstanding for 2006 used for the calculation of the profit per share: 120,038,567*

**** *adjusted for bonus share issue (June 2005)*

Operating margin in %	2005	2006
Operating income recurring / Revenue <i>excluding natural gas impact</i>	14.5%	15.2% 15.1%

Revenue

Revenue rose across all regions and in all business lines, reaching **10,949 million euros** in 2006, an increase of **+5.7%** on a comparable basis (excluding currency, natural gas and significant perimeter effect).

Gas and Services revenue grew by **+6.1%** on a comparable basis at **9,628 million euros**. Growth was particularly strong in Asia, in emerging countries and in Japan where the economic recovery is underway. The increase in revenue also remained strong in the Americas and trends improved throughout the year in Europe. Hydrogen, homecare, and large contracts in China recorded particularly strong growth.

Operating Income Recurring

Operating income recurring amounted to 1,659 million euros, up +9.3%. The **operating income recurring margin** (operating income recurring as percentage of revenue) was **15.2%**, compared to 14.5% in 2005.

This improvement in margin results notably from the deferred recovery of the energy costs increase through either indexation clauses in Large Industries and or price effects in the Industrial Merchant activity, together with continued efficiency measures and a more modest growth in depreciation.

Net Profit

Net finance costs and **other financial income and expenses** totaled 198 million euros, down -6.9%, a decrease related principally to the reduction in the Group's debt in 2006.

The profit from associates was 28 million euros, versus 37 million euros in 2005, reflecting the disposal of Group shares in Séchilienne-Sidec in 2005.

The **effective tax rate** amounted to 28.7% in 2006, slightly down compared to 2005, due to lower tax rates in certain countries.

Minority interests totaled 70 million euros, down -5.2% compared to 2005. This reduction is primarily explained by the 2005 sale of the Group's interest in the Sidergal cogeneration unit in France and by the purchase at the end of 2005 of the minority interests in SOAEO.

Overall, the **net profit (Group share)** reached **1,002 million euros** in 2006, up **+7.4%**.

Net profit (Group share) in 2005 included two significant, non-recurring items. Excluding these two extraordinary items, 2006 underlying net profit (Group share) increased by **+11.4%**.

in million euros after tax	2005	2006	06/05
Net profit (Group share)	933	1 002	+7.4%
Sale of Séchilienne-Sidec	<81>		
Restructuring provisions, Industrial Customers* in Europe	48		
Net profit underlying	900	1 002	+11.4%

** this business line is now called Industrial Merchant*

Net profit per share totaled 8.35 euros, up +6.2%. The average number of shares outstanding used for the calculation of net profit per share for 2006 was 120,038,567. Underlying EPS growth was +10.2%.

In 2006, the Group repurchased 782,973 shares at an average price of 167.5 euros, for a total cost of 131.1 million euros.

Financial position and balance sheet at December 31, 2006

Funds from operations before changes in working capital requirements rose by +4.7% in 2006. This increase is more limited than the growth in net profit because of the modest increase in depreciation, the restructuring payments in Europe (which had been provisioned previously) and the impact of capital gains from disposals.

The change in the **working capital requirements** was 109 million euros in 2006. The ratio of the working capital requirement to revenue was relatively stable over the year at 11.5%, but with a solid improvement compared to June 30, 2006.

Capital expenditures totaled 1,201 million euros in 2006, of which 1,129 million euros were for industrial investments and 72 million euros for financial investments, primarily for Healthcare in Europe and Electronics in Japan (Toshiba Nano-Analysis).

For 2006, **investment decisions** totaled 1,508 million euros, representing an increase of some 300 million euros over 2004 and 2005. This significant increase reflects the acceleration in contracts signings with Large Industries clients in the last quarter.

Proceeds from disposals totaled 105 million euros.

As of December 31, 2006, **net debt** amounted to 3,447 million euros, a decrease of 293 million euros compared to December 31, 2005.

The **debt to equity ratio** was 52.5% at December 31, 2006, compared to 60.2% at year-end 2005, reflecting the Group's solid financial position.

The return on capital employed (ROCE) after tax was 11.9%, up compared to 2005, close to our 12% target.

Analysis by geographical area (Gas and Services)

Europe posted solid performance, with growth in operating income recurring of +8.0% and improved margins in its Industrial Merchant activity. The ratio of operating income recurring to revenue, net of natural gas, was 19.7%, compared to 19.2% in 2005.

Operating income recurring for the **Americas** grew +9.9%, primarily reflecting the increase in margins in the Industrial Merchant activity due to a progressive recovery of energy costs. The margin (operating income recurring to revenue, net of natural gas) was 14.8%, compared to 14.1% in 2005.

For **Asia-Pacific**, operating income recurring totaled 266 million euros, up +5.1%, with margins remaining stable overall. The ratio of operating income recurring to revenue, net of natural gas, was 14.7%, compared to 14.8% in 2005.

Related Activities

The operating income recurring of **related activities** totaled 123 million euros, up +16.7%.

Note:

- **Welding**: double-digit increase with stable margins,
- Sustained profits in **Engineering and Construction**,
- Improved margins in **Chemicals**, with strong activity growth.

Outlook: new medium-term growth targets

Based on our reinforced geographic positioning, especially in Asia, and the strong increase in its portfolio of projects, the Group aims at improving its performance and accelerating its growth over the coming years.

At constant currencies and energy prices, Air Liquide targets to grow progressively over the **2007-2011** period between **+8 and +10% pa in revenue**. This should lead to a **+10 to 13% pa increase in net profit**.

For **2007**, our goal is to reach **double-digit growth in net profit**.

The schedule for 2007 financial publications is as follows:

1 st quarter 2007 revenue	Wednesday, April 25, 2007
Annual General Meeting	Wednesday, May 9, 2007
1 st half revenue and results	Friday, August 3, 2007
3 rd quarter 2007 revenue	Thursday, October 25, 2007

Present in 72 countries, **Air Liquide** is a **world leader** in industrial and medical gases and related services. The Group offers **innovative solutions** based on constantly enhanced **technologies**. These solutions, which are consistent with Air Liquide's commitment to **sustainable development**, help to protect life and enable our customers to manufacture many indispensable everyday products. Founded in 1902, Air Liquide has nearly 37,000 employees. The Group has successfully developed a long-term relationship with its shareholders built on **trust** and **transparency** and guided by the principles of **corporate governance**. Since the publication of its first consolidated financial statements in 1971, Air Liquide has posted **strong and steady earnings growth**. Revenues in 2006 totaled 10,949 million euros, with revenues outside France accounting for almost 80%. Air Liquide is listed on the Paris stock exchange and is a component of the CAC 40 and Eurostoxx 50 indices (ISIN code FR 0000120073).

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Appendices: 2006 Results (in million euros)

1. Consolidated Income Statement

	December 2004	December 2005	December 2006	Variation 06/05
Revenue ⁽¹⁾	9,428.4	10,434.8	10,948.7	4.9%
Purchases	(3,366.0)	(3,945.5)	(4,240.6)	
Personnel expenses	(1,729.6)	(1,856.4)	(1,939.5)	
Other income & expenses	(2,103.6)	(2,218.0)	(2,201.2)	
Operating Income Recurring before depreciation	2,229.2	2,414.9	2,567.4	6.3%
Depreciation and amortisation expense	(854.6)	(897.3)	(908.2)	
Operating Income Recurring ⁽¹⁾	1,374.6	1,517.6	1,659.2	9.3%
Other non-recurring operating expenses	(150.5)	(44.8)	2.6	
Operating Income	1,224.1	1,472.8	1,661.8	12.8%
Net finance costs	(149.3)	(163.1)	(155.4)	
Other net financial expenses	(49.7)	(49.1)	(42.2)	
Income taxes	(249.5)	(370.7)	(419.8)	
Share of profit of associates	36.5	36.5	27.7	
Profit before minority interests and discontinued operations	812.1	926.4	1,072.1	15.7%
Net profit from discontinued operations	32.3	80.6		
Profit for the period	844.4	1,007.0	1,072.1	6.5%
- Minority interests	64.3	73.6	69.8	
- Net Profit (Group share)	780.1	933.4	1,002.3	7.4%
Basic earnings per share (in euros) ⁽²⁾	6.56	7.86	8.35	6.2 %
Diluted earnings per share (in euros) ⁽³⁾	6.54	7.82	8.28	5.9 %
Basic earnings per share from continuing operations (in euros) ⁽²⁾	6.28	7.18	8.35	16.3%
Diluted earnings per share from continuing operations (in euros) ⁽³⁾	6.27	7.14	8.28	16.0 %

⁽¹⁾ for geographic information see section 4.

⁽²⁾ calculated on the adjusted average weighted number of shares outstanding during the period (excluding treasury shares).

⁽³⁾ calculated on the adjusted average weighted number of shares, assuming the exercise in full of all share subscription options granted to employees.

2. Consolidated Balance-Sheet (summarized)

	January 1 st , 2005 (4)	December 2005	December 2006
ASSETS			
Goodwill	2,431.2	2,646.1	2,614.7
Fixed assets	7,971.1	8,554.5	8,358.9
Other non-current assets	862.5	872.1	814.2
Total non-current assets	11,264.8	12,072.7	11,787.8
Inventories	652.0	653.8	694.3
Trade receivables and other current assets	2,648.7	2,897.6	2,883.2
Cash and cash equivalents including fair value of derivatives	855.5	664.3	930.0
Total current assets	4,156.2	4,215.7	4,507.5
Total assets	15,421.0	16,288.4	16,295.3
EQUITY AND LIABILITIES			
Shareholder's equity	4,916.3	5,930.5	6,285.8
Minority interests	316.2	278.2	281.0
Total equity	5,232.5	6,208.7	6,566.8
Provisions, employee benefit commitments & deferred tax liabilities	2,811.1	2,798.2	2,635.6
Non-current borrowings	4,496.8	3,978.4	3,674.9
Other non-current liabilities	170.1	167.3	160.0
Total non-current liabilities	7,478.0	6,943.9	6,470.5
Provisions and employee benefit commitments	104.2	155.4	122.9
Trade payables and other current liabilities	2,192.5	2,483.8	2,438.8
Current borrowings including fair value of derivatives	413.8	496.6	696.3
Total current liabilities	2,710.5	3,135.8	3,258.0
Total equity and liabilities	15,421.0	16,288.4	16,295.3
Net indebtedness at the end of period	(4,012.5)	(3,739.8)	(3,446.6)

⁽⁴⁾ including IAS 32/39 impacts

3. Consolidated Statement of Cash Flows

	December 2004	December 2005	December 2006
Net Profit (Group share)	780.1	933.4	1,002.3
Minority interests	64.3	73.6	69.8
Depreciation	854.6	897.3	908.2
Changes in deferred taxes	(90.1)	47.9	44.3
Increase (decrease) in provisions	100.9	(15.3)	(94.0)
Share of profit of associates (less dividends received)	(5.4)	(17.2)	(2.7)
Investment income	(12.7)	(114.9)	(38.6)
Cash flow from operating activities before changes in working capital	1,691.7	1,804.8	1,889.3
Changes in working capital	(243.7)	5.2	(108.8)
Other	3.8	(89.9)	(13.8)
Net cash from operating activities	1,451.8	1,720.1	1,766.7
Purchases of property, plant & equipment and intangible assets	(901.0)	(975.2)	(1,128.2)
Acquisition of subsidiaries and financial assets	(2,858.5)	(76.2)	(72.3)
Proceeds from sale of property, plant & equipment, intangible and financial assets	53.6	118.0	104.8
Proceeds from sale of divested activities	699.0	162.8	
Net cash used in investing activities	(3,006.9)	(770.6)	(1,095.7)
Dividends paid			
- L'Air Liquide S.A.	(336.1)	(391.1)	(432.0)
- Minority interests	(153.4)	(84.8)	(47.1)
Proceeds from issues of share capital	13.3	78.4	108.1
Purchase of treasury shares	(44.4)	(59.8)	(131.1)
Increase (decrease) of borrowings	2,366.7	(635.0)	64.2
Net cash used in financing activities	1,846.1	(1,092.3)	(437.9)
Exchange rate and consolidation perimeter effect	37.9	1.8	28.5
Net increase (decrease) in cash and cash equivalents	328.9	(141.0)	261.6
Cash and cash equivalents at the beginning of the period	384.5	700.4 ⁽⁵⁾	559.4
Cash and cash equivalents at the end of the period	713.4 ⁽⁵⁾	559.4	821.0

⁽⁵⁾ The impact of IAS 32/39 implementation on cash and cash equivalents at the beginning of the period is (13.0) million of euros.

Net indebtedness calculation

	December 2004	December 2005	December 2006
Non-current borrowings (long-term debt)	(4,496.8)	(3,978.4)	(3,674.9)
Current borrowings (short-term debt) : bank overdrafts included	(331.3)	(417.7)	(668.6)
Total gross indebtedness	(4,828.1)	(4,396.1)	(4,343.5)
Total cash and cash equivalents	771.9	598.2	897.5
Derivative instruments (fair value hedge)	43.7	58.1	(0.6)
Total net indebtedness at the end of the period	(4,012.5)	(3,739.8)	(3,446.6)

Statement of changes in net indebtedness

Net indebtedness at the beginning of the period	(1,787.2)	(4,012.5)	(3,739.8)
Net cash from operating activities	1,451.8	1,720.1	1,766.7
Net cash used in investing activities	(3,006.9)	(770.6)	(1,095.7)
Net cash used in financing activities excluding increase (decrease) of borrowings	(520.6)	(457.3)	(502.1)
Exchange rate changes, consolidation perimeter effect and others	(149.6)	(219.5)	124.3
Change in net indebtedness	(2,225.3)	272.7	293.2
Net indebtedness at the end of the period	(4,012.5)	(3,739.8)	(3,446.6)

4. Revenue and Operating Income Recurring in geographic zones

2006 : December 31st

Revenue	France	Europe (ex France)	Total Europe	Americas	Asia-Pacific	Africa& Middle-East	Total
Gas & Services	1,800.6	3,370.6	5,171.2	2,568.3	1,715.0	173.5	9,628.0
AL Welding Group	183.2	379.5	562.7				562.7
Other activities	261.7	40.8	302.5	69.7	5.8		378.0
Sub-total without Engineering / Constr.	2,245.5	3,790.9	6,036.4	2,638.0	1,720.8	173.5	10,568.7
Engineering / Construction	84.7	88.0	172.7	55.2	131.7	20.4	380.0
Total	2,330.2	3,878.9	6,209.1	2,693.2	1,852.5	193.9	10,948.7
Operating Income Recurring	France	Europe (ex France)	Total Europe	Americas	Asia-Pacific	Africa& Middle-East	Total
Gas & Services	341.1	661.2	1,002.3	395.6	250.8	44.5	1,693.2
Other	53.8	51.3	105.1	3.0	15.2		123.3
R&D centers / Corporate							(157.3)
Total	394.9	712.5	1,107.4	398.6	266.0	44.5	(157.3)

2005 : December 31st

Revenue	France	Europe (ex France)	Total Europe	Americas	Asia-Pacific	Africa& Middle-East	Total
Gas & Services	1,696.1	3,128.0	4,824.1	2,547.4	1,613.4	162.8	9,147.7
AL Welding Group	171.2	341.1	512.3				512.3
Other activities	249.5	42.4	291.9	57.5	6.7		356.1
Sub-total without Engineering / Constr.	2,116.8	3,511.5	5,628.3	2,604.9	1,620.1	162.8	10,016.1
Engineering / Construction	146.6	49.0	195.6	67.9	131.4	23.8	418.7
Total	2,263.4	3,560.5	5,823.9	2,672.8	1,751.5	186.6	10,434.8
Operating Income Recurring	France	Europe (ex France)	Total Europe	Americas	Asia-Pacific	Africa& Middle-East	Total
Gas & Services	310.1	617.7	927.8	360.0	238.6	40.8	1,567.2
Other	41.6	45.7	87.3	6.2	12.1		105.6
R&D centers / Corporate							(155.2)
Total	351.7	663.4	1,015.1	366.2	250.7	40.8	(155.2)

Nota :

- Sales are based upon the location of operations, except for the Engineering activity, which is based upon the customer location.
- Air Liquide Welding Group produces and distributes welding and cutting consumables and equipments.
- Other activities mainly include chemicals and diving.