H1 2015 Performance
Management report

H1 2015 PERFORMANCE

In first half of 2015, Air Liquide reported sustained growth in an uncertain global economic environment. Group revenue stood at 8,115 million euros, up +8.1% as reported and +3.2% on a comparable basis compared to first half 2014. The positive currency impact of +7.8% was partially offset by a negative energy impact of -2.9%. Gas and Services sales were up +7.8% as reported and +3.1% on a comparable basis. Developing economies saw sustained momentum, growing +10% on a comparable basis. Europe's recovery was still very gradual. Growth in Asia was more contrasted but the Electronics sector remained highly dynamic, notably in Japan, and strong sales continued in China. In North America, Industrial Merchant sales were still impacted by a soft manufacturing sector and lower volumes in the oil well services sector. Growth in Latin America was solid, despite a difficult environment in Brazil. The Middle East and Africa region benefited from the startup of two large-scale hydrogen production plants in Yanbu (Saudi Arabia).

Ongoing cost reduction efforts led to efficiency gains of 132 million euros, in line with objectives. This helped increasing the operating margin to a high of 17.4%, with a positive contribution of low energy prices. Net profit (Group share) rose to 849 million euros, up +12.5% as reported and +5.2% excluding currency impact. Cash flow from operations before changes in working capital requirements amounted to 1,575 million euros, representing 19.4% of sales, up +13.0% compared to the first half of 2014 (+5.1% excluding currency impact).

Investment opportunities over the next 12 months stood at 2.9 billion euros at end of June 2015. Investment decisions reached 1.3 billion euros, the same level as in the second half 2014. The investment backlog amounted to 2.1 billion euros and over time should generate fully ramped-up annual sales of 0.9 billion euros.

H1 2015 Key figures

(in millions of euros)	**H1 2014**	**H1 2015**	**2015/2014 published change**	**2015/2014 comparable change** [(a)]
Total revenue	7,506	8,115	+8.1%	+3.2%
Of which Gas & Services	6,807	7,340	+7.8%	+3.1%
Operating income recurring	1,254	1,409	+12.3%	+4.7%
Operating income recurring (as % of revenue)	16.7%	17.4 %	+70 pbs	-
Net profit (Group share)	755	849	+12.5%	-
Earnings per share (in euros)	2.20	2.48	+12.7%	-
Net cash flows from operating activities [(b)]	1,147	965	-15.8%	-
Net capital expenditure [(c)]	943	1,188	-	-
Net debt	6,797	7,927	-	-
Debt-to-equity ratio[(d)]	57%	59 %	-	-
Return On Capital Employed – ROCE after tax[(e)]	10.8%	10.8%	-	-

(a) Excluding natural gas, electricity, currency and significant scope impacts.
(b) Cash flow from operating activities after change in working capital and other elements.
(c) Including transactions with minority shareholders
(d) Adjusted to spread the dividend payment in H1 out over the full year
(e) Return On Capital Employed after tax: (net profit after tax before deduction of minority interests - average of net cost of debt after taxes for the periods 2nd half 2014 and 1st half 2015) / average of (shareholders' equity + minority interests + net indebtedness) for the periods June 30, 2014 to June 30, 2015.

H1 2015 Highlights

During the first half 2015, Air Liquide pursued its development initiatives in growing markets and major industrial basins, both in advanced and developing economies. In the first six months of 2015, the Group also reinforced its position in Healthcare and pursued energy transition initiatives.

INDUSTRIAL ACTIVITY DEVELOPMENT

In first half of 2015, Air Liquide announced several important start-ups in **Large Industries**, and pursued its development initiatives through selective industrial investments.

- In Germany, Air Liquide inaugurated its new Steam Methane Reformer (SMR) unit located in Dormagen, near Cologne. The Group invested around 100 million euros in this highly flexible, state-of-the-art production unit. This SMR, which has an annual production capacity of 22,000 tonnes of hydrogen and 120,000 tonnes of carbon monoxide, will supply Bayer MaterialScience’s new large-scale TDI (toluene diisocyanate) plant. It will also provide other customers on the Rhine-Ruhr pipeline network with hydrogen.
- In Yanbu, Saudi Arabia, Air Liquide started up its largest industrial investment ever. With two global-scale hydrogen production units and one purification unit, the Air Liquide site has a total hydrogen capacity of 340,000 Nm^3/hour. This investment of around 350 million euros will supply hydrogen to the new YASREF refinery (a joint venture between Saudi Aramco and Sinopec), under a long-term agreement. Hydrogen will allow the reduction of the sulfur content of fuels produced. With the start-up of these new units, the Group’s hydrogen production capacity increased by close to 20%.
- In China, Air Liquide announced a long-term agreement with Shandong Fangyuan, China’s leading privately-owned copper smelter and one of the world’s largest copper producers. The Group will invest around 60 million euros in a state-of-the-art ASU (Air Separation Unit) with a capacity of 2,000 tonnes of oxygen per day, expected to be commissioned by the second half of 2017. This new ASU offers energy efficiencies as well as optimal reliability and safety. The oxygen supplied will boost productivity of the smelter while reducing overall CO2 emissions and maintenance costs.
- Air Liquide and Sasol, an international integrated energy and chemicals company, signed a long-term agreement for the supply of large quantities of industrial gases to Sasol’s Secunda site in South Africa (140 km East of Johannesburg). Air Liquide will invest around 200 million euros for the construction of the largest Air Separation Unit (ASU) ever built, with a total capacity of 5,000 tonnes of oxygen per day (equivalent to 5,800 tonnes per day at sea level). It is the first time Sasol will outsource its oxygen needs to a specialist of industrial gas production at its Secunda site.
- In Australia, Air Liquide announced a new long-term agreement with Nyrstar, an integrated mining and metals company. Air Liquide will invest 60 million euros in a 1,400 tonnes per day new Air Separation Unit (ASU), to help Nyrstar reduce the environmental footprint of the site and enhance both efficiency and production capabilities. Near Adelaide, Air Liquide also announced a partnership to recover carbon dioxide (CO_2) emitted by AGL Energy Limited’s power station at its Torrens Island site. This unit will have a capacity of 50,000 tonnes of CO_2 per year.

NEW DEVELOPMENTS IN HEALTHCARE

An ageing population and the rise in the number of patients affected by chronic diseases are major **public health** issues. Air Liquide pursued its strategy of patients’ densification in the Group's geographies through additional acquisitions in Home Healthcare.

- In Germany, the Group strengthened its Home Healthcare offering with the acquisition of Optimal Medical Therapies (OMT). OMT provides services for around 5,000 patients and is recognized for its expertise in home infusion services that include immunotherapy, pain management, and the treatment of pulmonary hypertension and Parkinson’s disease.
- Air Liquide expanded its Home Healthcare business with the acquisition of Baywater Healthcare Ireland Limited in Ireland, a major player in treating and monitoring respiratory diseases in the patient's home (oxygen therapy, continuous positive airway pressure and non-invasive ventilation).

Schülke, Air Liquide Healthcare's subsidiary specializing in hygiene, expanded its presence through two acquisitions during the first half.

- In Asia-Pacific, it acquired Healthcare Antisepsis Solutions (HAS), the skin disinfection and hygiene business unit for Advanced Sterilization Products, a division of Ethicon, Inc.
- In Eastern Europe, Schülke increased its presence and widened its range of complementary products through the acquisition of the Hygiene division of Bochemie, a major player in the Czech Republic.

ENERGY TRANSITION DEVELOPMENTS

Important developments occurred in the **energy transition** field.

- Air Liquide announced that is has acquired a 5% stake in the capital of Fonroche Biogaz, a subsidiary of the Fonroche Group, a key player in the production of renewable energies. In connection with this acquisition, the two groups plan to pool their skills in order to develop, in partnership, projects involving the purification and upgrading of biogas for the French market.
- The Group was chosen by FM Logistic, an international logistics and supply chain group, to provide support for its planned deployment of hydrogen-powered forklift trucks on its sites. At its logistics platform located near the city of Orléans (France), Air Liquide installed a hydrogen charging station that will service FM Logistic's forklifts equipped with hydrogen fuel cells.
- During first half of 2015, Air Liquide inaugurated a charging station at its Sassenage site in Isère (France). It will allow the users of the Hyway project, the first French project to deploy fleets of hydrogen-powered electric vehicles, to recharge their vehicles with hydrogen. This project follows the installations of several hydrogen charging stations in Saint-Lô in France, in Denmark and in Nagoya and Toyota in Japan.

BOND ISSUE

Air Liquide issued bonds in first half 2015 for a total amount of 988 million euros at the date of the issue, to refinance the bonds reaching maturity and fund the development while benefiting from very attractive market conditions. Two fixed-rate issues cover maturities between 7 and 10 years and two variable-rates ones between 2 to 3 years. The major issue was made under the EMTN program for an amount of 500 million euros with a 10-year maturity and a coupon of 1.25% p.a.

One of the issues allowed Air Liquide Finance to innovate again with the issue of its first **Chinese renminbi-denominated bond** on the Taiwanese market ("Formosa Bond") for a total of 500 million Chinese renminbi, equivalent to 68 million euros at the date of the issue. Air Liquide is thus the first non-Taiwanese corporate to issue bonds in Chinese renminbi on this market.

H1 2015 Income Statement

REVENUE

Revenue *(in millions of euros)*	**H1 2014**	**H1 2015**	**2015/2014 change**	**2015/2014 comparable change [(a)]**
Gas & Services	6,807	7,340	+7.8%	+3.1%
Engineering & Technology	405	477	+17.6%	+10.5%
Other activities	294	298	+1.6%	-3.3%
TOTAL REVENUE	**7,506**	**8,115**	**+8.1%**	**+3.2%**

(a) *Excluding currency, energy and significant scope impacts.*

Group

Group revenue for H1 2015 stood at **8,115 million euros**, a reported increase of **+8.1%** compared to H1 2014. This was boosted by a positive currency impact of +7.8%, which was partially offset by a negative energy impact (-2.9%). Comparable growth was up **+3.2%.**

Q2 sales were stronger than in Q1.

Revenue by quarter *(in millions of euros)*	**Q1 2015**	**Q2 2015**
Gas & Services	3,632	3,708
Engineering & Technology	217	259
Other activities	144	154
TOTAL REVENUE	**3,993**	**4,121**
2015/2014 published change	**+7.0%**	**+ 9.3 %**
2015/2014 comparable change [(a)]	**+3.0%**	**+ 3.4 %**

(a) *Excluding currency, energy and significant scope impacts.*

Currency, energy and significant scope impacts

In addition to the comparison of published figures, financial information is given excluding currency, energy (natural gas and electricity) price fluctuation and significant scope impacts.

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 and electricity prices are generally passed on to customers through price indexation clauses. Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration plants. Electricity consumption is significant for Air Separation Units. For example, when the natural gas price varies, the price of hydrogen or steam for the customer is automatically adjusted proportionately, according to the price indexation clauses.

(in millions of euros)	Group	Gas & Services
H1 2015 revenue	**8,115**	**7,340**
2015/2014 published change (in %)	+8.1%	+7.8%
Currency impact	+585	+542
Natural gas impact	-193	-193
Electricity impact	-24	-24
Significant scope impact	0	0
2015/2014 comparable change [(a)] (in %)	**+3.2%**	**+3.1%**

(a) Excluding currency, energy and significant scope impacts.

Gas & Services

Unless otherwise stated, all the changes in revenue outlined below are on a comparable basis: excluding currency, energy (natural gas and electricity) and significant scope impacts.

Gas & Services revenue stood at **7,340 million euros**, a reported increase of **+7.8%** compared to H1 2014. This was boosted by a positive currency impact of +7.9% which was partially offset by a negative energy impact (-3.2%). Comparable growth was **+3.1%**, with growth in all geographic regions. Comparable growth in Q2 was higher than that in Q1, +3.5% versus +2.6%.

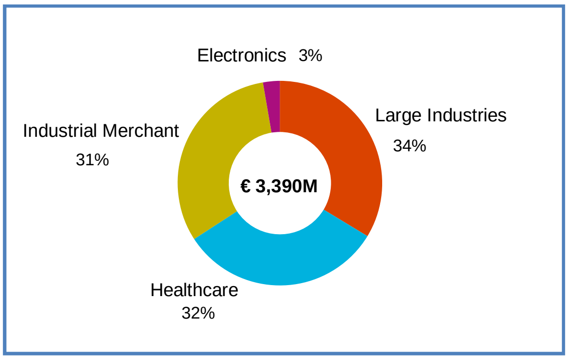
Revenue *(in millions of euros)*	**H1 2014**	**H1 2015**	**2015/2014 change**	**2015/2014 comparable change [(a)]**
Europe	3,346	3,390	+1.3%	+2.3%
Americas	1,647	1,813	+10.1%	+0.7%
Asia-Pacific	1,637	1,914	+16.9%	+6.0%
Middle-East and Africa	177	223	+26.1%	+13.0%
Gas & Services	**6,807**	**7,340**	**+7.8%**	**+3.1%**
Large Industries	2,493	2,565	+2.9%	+2.6%
Industrial Merchant	2,480	2,660	+7.3%	-0.7%
Healthcare	1,263	1,382	+9.4%	+6.8%
Electronics	571	733	+28.3%	+13.1%

(a) Excluding currency, energy and significant scope impacts.

Europe

Revenue in Europe was up by **+2.3%** to **3,390 million euros**, sign of a very gradual recovery. Gas & Services sales for Industry posted positive growth in Q2 for the first time since Q2 2013. For H1 overall, sales for Industry were stable. The Large Industries business was slightly down for H1 as a whole but showed an increase in Q2, with higher volumes in Northern Europe. H1 Industrial Merchant sales were stable with wide variations persisting between countries. Europe continued to benefit from the momentum of developing economies. Healthcare also posted strong growth in the region and was up by +7.3%.

Europe Gas & Services H1 2015 revenue

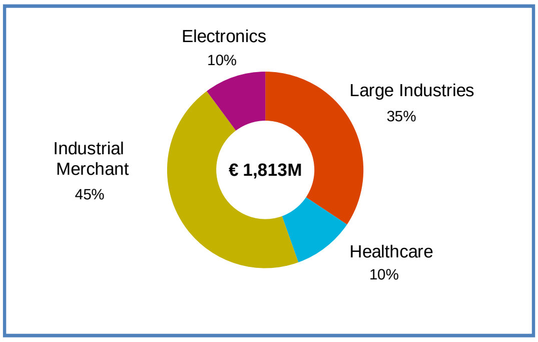


- **Large Industries** business fell slightly by **-1.0%** in H1 but increased by +1.8% in Q2. Air gases volumes rose in Northern Europe in Q2, driven by the chemicals and metals industry sectors. Cogeneration plants also contributed to growth, while hydrogen volumes were down compared to their high level in 2014. Sales in Eastern Europe posted a limited increase, supported by Poland.
- Revenue for the **Industrial Merchant** activity was more or less stable, dropping **-0.3%** in H1. In developing economies, sales continued to rise steadily, especially in Russia and Poland, and grew by +8.1%. In advanced economies, the economic environment remained challenging, especially for the oil sector, and contrasted. Sales growth remained solid in Iberia and Scandinavia. Liquid volumes were low in Italy but stabilized in Germany and were up slightly in France. Pricing was down during H1 by -0.3%.
- The **Healthcare** segment continued to expand posting **+7.3%** growth. The Home Healthcare activity was up by +8.9%, driven by the increased number of patients, a larger portfolio of therapies treated, and acquisitions made in late 2014 and during H1 2015. There was no let-up in pricing pressure, especially in Spain, France and Germany. Pricing was down -2.5% during the semester. Hygiene activity was up +12.2% supported by acquisitions made in H1.
- **Electronics** revenue was up sharply by **+23.1%** in H1, with strong sales across all product lines particularly in Equipment and Installation.

Americas

Gas & Services revenue in the Americas was up by **+0.7%** to **1,813 million euros**. Manufacturing activity was weak in North America, largely due to the slowdown in the oil exploration sector. The adverse effects caused by the drop in oil price were more marked than anticipated and had a particularly strong impact on Industrial Merchant sales. In Large Industries, after a series of temporary turnarounds in Q1 for maintenance purposes, air separation units gradually resumed operations in Q2. Sales continued to increase in South America, especially in the Large Industries and Healthcare segments.

Americas Gas & Services H1 2015 Revenue



- **Large Industries** posted **+0.5%** sales growth for the first half. In North America, hydrogen volumes continued to be impacted by customer temporary maintenance outages. Air gases volumes gradually increased in Q2 after the turnarounds at the beginning of the year. In South America, business continued to develop as production ramped up at plants that began operating in 2014.
- **Industrial Merchant** activity dropped by **-1.3%** as a result of the slowdown in manufacturing activity in North America, where a depressed oil price is impacting the oil exploration sector and a strong dollar is limiting exports. Brazil evolves also in a difficult economic environment. Liquid revenue in the Americas was down slightly with lower volumes, while Cylinder sales proved more resilient although with wide variations between countries. Pricing in the region was up by +4.4%.

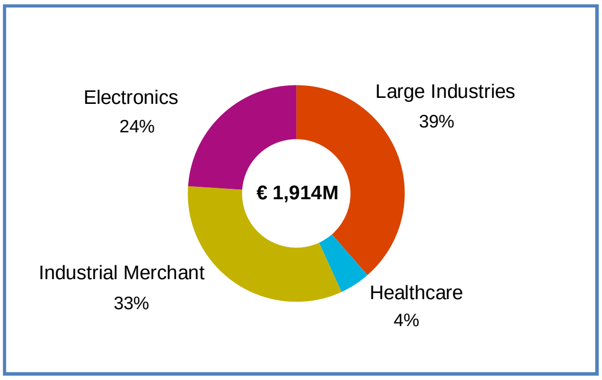
- **Healthcare** revenue rose by **+7.2%** driven by stronger number of patients for Home Healthcare in Canada supported by an acquisition, and in South America. Sales of Medical Gases for hospitals enjoyed strong growth in South America (Argentina and Brazil).
- **Electronics** activity was up by **+4.9%**, reflecting a dynamic business with a strong comparison basis in H1 2014, which included high sales of Equipment and Installation. Carrier gases and advanced molecules activities continued to experience vigorous growth.

Asia-Pacific

Revenue in the Asia-Pacific region was up by **+6.0%** to **1,914 million euros**. The region showed diverse country environments but benefited from the ramp-up of Large Industries plants in China and a dynamic Electronics sector. China recorded solid sales, up by +15% in H1, while Japan also posted positive growth supported by strong sales in Electronics.

- **Large Industries** sales were up by **+7.2%**, thanks to the ramp-up of plants that began operating in China in 2014, although this impact is starting to level out. Air gases and hydrogen volumes in the region are rising.
- **Industrial Merchant** activity was almost stable **(-0.2%)** in H1, although the situation varies from country to country. China and South-East Asia thrived as Liquid volumes increased. Sales were down in Australia as a result of the weak mining sector, in Japan and also in Singapore, where the economy is suffering from the slowdown in the oil industry. Pricing pressure intensified in the region and prices were down by -1.3% in H1.

Asia-Pacific Gas & Services H1 2015 Revenue



- **Electronics** continued to post strong sales, rising by **+14.4%** with double-digit growth in China, Japan, Taiwan and Singapore. Advanced molecule sales were up by more than +50%. Equipment and Installation activity also continued to do well.

Middle-East and Africa

Middle East and Africa revenue amounted to **223 million euros**, an increase of **+13.0%**. Sales benefited from the start-up of two large-scale hydrogen production plants in Yanbu (Saudi Arabia) in Q2. South Africa continued to demonstrate steady growth in Large Industries as production ramped up at a plant which had been in service since H1 2014. The country also experienced steady growth in the Industrial Merchant and Healthcare segments. Business was also up in Egypt but remained weak in North Africa, where economic development is heavily impacted by geopolitical instability.

Engineering & Technology

Engineering & Technology revenue amounted to **477 million euros**, an increase of **+17.6%** as reported compared with H1 2014, reflecting progress in third-party customer projects.

For H1 2015, total order intake was up +11% to **600 million euros**, versus 541 million euros for H1 2014. The vast majority of projects concerned air separation units.

At 5.3 billion euros, the amount for total orders in-hand is +7% higher than at the end of June 2014 and stable compared to the level at the end of December 2014.

Other activities

Revenue *(in millions of euros)*	**H1 2014**	**H1 2015**	**2015/2014 change**	**2015/2014 comparable change [(a)]**
Welding	193	190	- 1.8 %	- 2.7 %
Diving	101	108	+ 8.1 %	- 4.4 %
TOTAL	**294**	**298**	**+ 1.6 %**	**- 3.3 %**

(a) Excluding currency, energy and significant scope impacts.

Other Activities revenue in H1 2015 fell by **-3.3%** to **298 million euros**.

- **Welding** revenue was down by **-2.7%**, still affected by the weak European economy.
- The **Diving activity** (Aqua Lung[TM]) posted a strong reported growth and a **-4.4%** drop in sales on a comparable basis after the disposal of a non-strategic business in late 2014. Excluding this disposal, revenue growth was positive.

OPERATING INCOME RECURRING

Operating income recurring before depreciation and amortization totaled 2,102 million euros, up **+12.3%** and +**4.3% excluding the impact of currency**. Depreciation and amortization amounted to 693 million euros, up **+12.3%** (+3.4% excluding the currency impact).

Group Operating Income Recurring (OIR) amounted to **1,409 million euros** in first half 2015, up **+12.3%** compared with first half 2014, and **+4.7% excluding the currency impact**, demonstrating positive leverage on sales. Operating margin (OIR to revenue) was **up +70 basis points to 17.4%**, having benefited from substantial efficiencies and a favorable energy impact. Excluding the energy impact[a], the operating margin increased by +10 basis points.

Efficiencies amounted to **132 million euros** during the first six months of the year, in line with the annual target of over 250 million euros. These efficiencies represented cost saving of 2.1% over the cost base, relative to 2.7% of the cost base in first half 2014. Half of these efficiencies stemmed from industrial projects (plant optimization, logistics planning, maintenance processes), one third came from purchasing and the remaining from administrative efficiencies.

Gas & Services

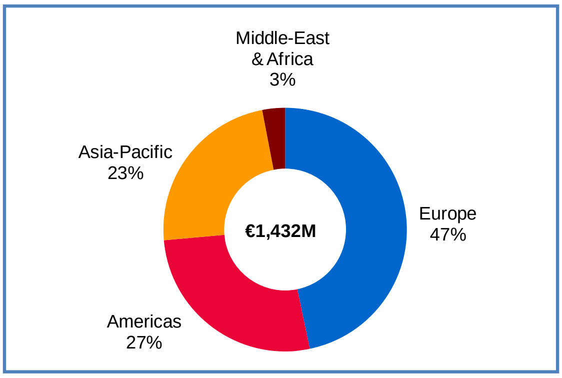
Operating income recurring in the Gas & Services activity amounted to **1,432 million euros**, an increase of **+10.7%**. The OIR margin stood at 19.5%, compared with 19.0% for first half 2014. Excluding the energy impact, this ratio was down by -10 basis points.

Cost inflation, excluding the impact of energy indexation, was +2.7% in the first half. Prices continued to increase by +0.2% largely due to the continued efforts within Industrial Merchant (+1.0%), a small improvement in Electronics (+0.8%) and despite continued tariff pressure in Healthcare. Delivered efficiencies amounted to 121 million euros, some of which was absorbed in offsetting the difference between cost inflation and pricing. The remainder helped improve profit margins resulting in a retention rate of 12% during the semester.

[a]The impact of energy on the margin is explained in note (a) of the 2014 Key Figures table on page 32 of the 2014 Reference Document.

Gas & Services H1 2015 Operating income recurring

Gas & Services Operating margin [(a)]	H1 2014	H1 2015
Europe	19.9%	19.7 %
Americas	19.9%	21.2 %
Asia-Pacific	16.8%	17.5 %
Middle-East and Africa	15.3%	19.5 %
TOTAL	**19.0%**	**19.5 %**



(a) Operating income recurring/revenue.

Operating income recurring in **Europe** was up by **+0.7%** to **669 million euros**. Excluding the energy impact, the operating margin was down by **-40 basis points** as a result of pricing pressure in the Healthcare segment, particularly in France and Southern Europe.

Operating income recurring in the **Americas** amounted to **385 million euros**, up by **+17.6%** thanks to a significant currency impact (+0.1% on a constant currency basis). Operating margin, excluding the energy impact, fell by **-10 basis points**.

In **Asia-Pacific**, operating income recurring amounted to **335 million euros**, an increase of **+21.7%** due to a significant impact from currency (+5.5% on a constant currency basis). The operating margin, excluding the energy impact, was **stable** despite pricing pressure in Australia. This pressure was offset by manufacturing efficiencies, particularly in China and the Electronics business line.

Operating income recurring in the **Middle East and Africa** region amounted to **43 million euros**, up **+60.1%** thanks to the startup of plants in Yanbu and a strong currency impact (+38.0% on a constant currency basis). Operating margin was up **+420 basis points**, excluding the energy impact.

Engineering & Technology

Operating income recurring for Engineering & Technology amounted to **34 million euros**. Operating income recurring as a percentage of revenue was 7.0%. The margin remained within the target range of 5 to 10%.

Other activities

The Group's Other Activities posted operating income recurring of **23 million euros**, up **+37.8%** as a result of the solid improvement in the Welding business margin and, to a lesser extent, a better Diving segment margin. Operating income recurring to revenue reached 7.6%, an increase of +200 basis points over first half 2014.

Research & Development and corporate costs

Research & Development and corporate costs including consolidation adjustments were down **-5.6%** to 80 million euros, reflecting tight control over corporate costs.

NET PROFIT

Other operating income and expenses had an almost **stable negative balance of -7 million euros** compared to first half 2014.

Net financial costs, **at -157 million euros,** increased by +7.8% compared with the -146 million euros reported in first half 2014. **Cost of debt** was up +9.5% but **decreased by -2.2% excluding currency impact**. The average cost of net debt slightly decreased to **3.9%** from 4.0% at December 31, 2014 and 4.1% in first half 2014, primarily as a result of new bonds issued under favorable conditions. Other financial income and expenses was up by +2.3%.

The **effective tax rate** was **29.2%**, down by -10 basis points compared to first half 2014. Taxes totaled 363 million euros, up +12.5%, reflecting the increase in gross profit before tax.

The Group's **share of profit of associates** amounted to **6.5 million euros**, compared with 3.7 million euros in first half 2014. **Minority interests** rose by **+39%** to 39 million euros, the profit of subsidiaries with minority shareholders recording a strong increase (Saudi Arabia, China and Taiwan).

Overall, first half 2015 **net profit (Group share)** amounted to **849 million euros**, a reported increase of +12.5% and **+5.2% excluding the currency impact**.

Earnings per share amounted to **2.48 euros**, a reported increase of **+12.7%** or +5.5% excluding the currency impact compared with first half 2014. The average number of outstanding shares used to calculate net earnings per share as of June 30, 2015 was 342,824,901.

Change in the number of shares

	H1 2014	H1 2015
Average number of outstanding shares [(a)]	343,094,668	342,824,901

(a) Used to calculate net earnings per share.

Change in net indebtedness

Cash flow from operations before changes in working capital requirements amounted to **1,575 million euros**, representing **19.4% of sales**, up +13.0% compared with first half 2014 and +5.1% excluding the impact of currency. Net cash flow after changes in working capital requirement stood at 965 million euros, down compared to first half 2014.

The **change in working capital requirement,** which amounted to -578 million euros in first half 2015, was adversely impacted by around 270 million euros due to currency and projects cycle in the Engineering and Construction segment. Therefore, the working capital-to-sales ratio, excluding taxes, increased from 8.4% in the first half 2014 to 10.6% as of end of June 2015. The ratio for Gas and Services remained almost stable.

Gross industrial capital expenditure was up +7.6% to 1,006 million euros. Including acquisitions for an amount of 198 million euros, transactions with minority shareholders and cash from divestitures, total net capital expenditure stood at 1,188 million euros, up +26.0% over first half 2014. This result reflected the strong business activity from bolt-on acquisitions in the Healthcare segment.

Net indebtedness as of June 30, 2015 totaled **7,927 million euros**, an increase of 1,621 million euros over December 31, 2014, reflecting the usual seasonal effect of the full payment of the 2014 dividend in first half 2015. Net indebtedness was also heavily impacted by a negative currency effect amounting to 279 million euros. Net debt-to-equity stood at 59%, adjusted for the impact of the seasonality of the dividend. This compares with 57% at June 30, 2014, adjusted for the impact of the seasonality of the dividend and 53% at the end of 2014. The Group's financial structure remains solid, guaranteeing the flexibility to continue to seize investment opportunities.

Return on capital employed after tax was **10.8%** at June 30, 2015, unchanged compared with the reported ratio at the end of 2014.

CAPITAL EXPENDITURE

Gross capital expenditure in first half 2015 amounted to 1,215 million euros. This amount included 198 million euros spent for several bolt-on acquisitions mainly in the Healthcare activity.

Disposals of fixed assets were limited to 27 million euros.

Gross capital expenditure in the Gas & Services activity represented 15.5% of sales, up compared with first half 2014.

Accordingly, Group net capital expenditure amounted to 1,188 million euros.

INVESTMENT CYCLE

The Group's steady long-term growth is largely based on its ability to consistently invest in new projects. Industrial gas investment projects are spread throughout the world, highly capital-intensive and supported by long-term contracts, particularly for Large Industries.

Investments

Investment opportunities

The 12-month opportunity portfolio amounted to **2.9 billion euros** at the end of June 2015, down 300 million euros compared with the end of 2014. This decrease was primarily due to the high level of new decisions made during the first half of 2015, up by +75% compared to H1 2014, particularly with Sasol (South Africa, 200 million euros). The level of abandoned or delayed projects exiting the portfolio was in line with the usual changes observed. Developing economies account for 60% of the portfolio, aligned with the geographic split accounted for at the end of 2014. China and North America still represent an important share of the opportunities. Half of the opportunities are for projects with investment value of less than 50 million euros. The number of potential unit takeovers is stable.

Investment decisions and investment backlog

Investment decisions continued throughout the half-year, and amounted to **1.3 billion euros**, comparable with H2 2014 and in net increase with H1 2014 (751 million euros). Industrial decisions accounted for 80% of the decisions. Numerous acquisitions were achieved in Healthcare during H1 2015 for an amount of around 200 million euros.

The total investment backlog amounted to 2.1 billion euros, showing a decrease since the end of 2014. This is explained by the important impact of start-ups in H1 2015, for instance the large hydrogen units started in Yanbu in Saudi Arabia in Q2 2015 (investment of more than 350 million euros) and in Dormagen in Germany (investment of 100 million euros). The investment backlog should lead to a future contribution to revenue of approximately 0.9 billion euros after full ramp-up.

Start-ups

During the first half, 12 new units were started-up. Those new units will serve particularly the energy, chemicals and electronics markets.

Start-ups and progressive ramp-ups of units started more than 12 months ago should contribute to sales of approximately 350 million euros in 2015.

MAIN RISKS AND UNCERTAINTIES

There was no change in risk factors during first half 2015, as described in the 2014 Reference Document on pages 26 to 31.

OUTLOOK

In an uncertain global economic environment, Air Liquide delivered sustained growth over the first half of 2015. It was driven by the strong performance of Healthcare and Electronics businesses, by the developing economies, by a favourable currency impact and by a quarter on quarter improvement in Large Industries.

Growth was seen across all geographies over the period. In Europe, a gradual recovery is firming up in certain sectors, while North American industrial markets are affected by the slowdown in services related to oil exploration. Asia-Pacific continues to benefit from growth in China and the positive performance of Japan. Furthermore, the start-up of the Yanbu project in Saudi Arabia is accelerating growth in the Middle East and Africa and increases the Group global hydrogen production capacity by nearly 20%.

Air Liquide’s operating performance over the period was solid, reflected in a high operating margin and another increase in net profit.

The investment decisions made over the period, which totaled 1.3 billion euros, the signing of new contracts and the commissioning of new units are paving the way for growth in the next few years. This is also the case for the innovations and technologies currently under development.

Assuming a comparable economic environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2015.

Appendix

2nd quarter 2015 revenue

By geography

Revenues *In millions of euros*	Q2 2014	Q2 2015	Published Change	Comparable change [(a)]
Europe	1,645	1,694	+ 3,0 %	+ 3,3 %
Americas	833	918	+ 10,2 %	+ 0,4 %
Asia-Pacific	821	968	+ 17,9 %	+ 5,0 %
Middle-East and Africa	92	128	+ 39,1 %	+ 23,7 %
Gas and Services Revenues	**3,391**	**3,708**	**+ 9,3 %**	**+ 3,5 %**
Engineering & Technology	230	259	+ 12,8 %	+ 6,0 %
Other Activities	151	154	+ 2,2 %	- 3,0 %
Group revenue	**3,772**	**4,121**	**+ 9,3 %**	**+ 3,4 %**

By World business line

Revenues *In millions of euros*	Q2 2014	Q2 2015	Published Change	Comparable change [(a)]
Large industries	1,208	1,301	+ 7.7 %	+ 5.0 %
Industrial Merchant	1,251	1,333	+ 6.6 %	- 1.6 %
Electronics	295	377	+ 27.7 %	+ 11.9 %
Healthcare	637	697	+ 9.3 %	+ 6.9 %
Gas and Services Revenues	**3,391**	**3,708**	**+ 9.3 %**	**+ 3.5 %**

(a) Excluding currency, energy and significant scope impacts.

Currency, energy and significant scope impacts

In addition to the comparison of published figures, financial information for second quarter 2015 is provided before currency, energy price fluctuations and significant scope impacts. As of January 1st 2015, the energy impact includes impacts of natural gas and electricity. In the future, it may also include other energy Large Industries feedstocks.

Since gases for industry and health 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 and electricity prices are passed on to customers through price indexation clauses.

Consolidated 2015 second quarter revenue includes the following impact:

In millions of euros	Revenue Q2 2015	*Q2 2015/2014 change*	Currency	Natural gas	Electricity	Significant scope	*Q2 2015/2014* comparable change *(a)*
Group	**4,121**	+ *9.3 %*	315	(77)	(17)	0	+ *3.4 %*
Gas & Services	**3,708**	+ *9.3 %*	291	(77)	(17)	0	+ *3.5 %*

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

For the Group,

- The currency impact was +8.4%.
- The impact of natural gas price fluctuations was -2.1%.
- The impact of electricity price fluctuations was -0.4%.
- There was no significant scope impact.

For Gas & Services,

- The currency impact was +8.5%.
- The impact of natural gas price fluctuations was -2.2%.
- The impact of electricity price fluctuations was -0.5%.
- There was no significant scope impact.

Segment information

(in millions of euros and %)	H1 2014			H1 2015		
	Revenue	Operating income recurring	OIR margin	Revenue	Operating income recurring	OIR margin
Europe	3,346	665	19.9 %	3,390	669	19.7 %
Americas	1,647	327	19.9 %	1,813	385	21.2 %
Asia-Pacific	1,637	275	16.8 %	1,914	335	17.5 %
Middle-East and Africa	177	27	15.3 %	223	43	19.5 %
Gas and Services	**6,807**	**1,294**	**19.0 %**	**7,340**	**1,432**	**19.5 %**
Engineering & Technology	405	28	6.9 %	477	34	7.0 %
Other activities	294	16	5.6 %	298	23	7.6 %
Reconciliation	-	(84)	-	-	(80)	-
Total Group	**7,506**	**1,254**	**16.7 %**	**8,115**	**1,409**	**17.4 %**

Consolidated income statement

(in millions of euros)	H1 2014	H1 2015	Change 15/14
Revenue	**7,505.5**	**8,114.6**	**+ 8.1 %**
Other income	89.0	78.8	
Purchases	(2,920.0)	(3,040.9)	
Personnel expenses	(1,369.8)	(1,521.0)	+ 11.0 %
Other expenses	(1,432.9)	(1,529.2)	
Operating income recurring before depreciation and amortization	**1,871.8**	**2,102.3**	**+ 12.3 %**
Depreciation and amortization expense	(617.8)	(693.6)	+ 12.3 %
Operating income recurring	**1,254.0**	**1,408.7**	**+ 12.3 %**
Other non-recurring operating income	2.2	(2.1)	
Other non-recurring operating expenses	(7.9)	(4.3)	
Operating income	**1,248.3**	**1,402.3**	**+ 12.3 %**
Net finance costs	(111.1)	(121.7)	+ 9.5 %
Other financial income	5.4	5.0	
Other financial expenses	(40.3)	(40.7)	
Income taxes	(322.6)	(362.8)	
Share of profit of associates	3.7	6.5	
Profit for the period	**783.4**	**888.6**	**+ 13.4 %**
- Minority interests	28.2	39.2	
- Net profit (Group share)	755.2	849.4	+ 12.5 %
Basic earnings per share *(in euros)*	**2.20**	**2.48**	**+ 12.7 %**
Diluted earnings per share *(in euros)*	**2.19**	**2.47**	**+ 12.8 %**

Consolidated balance sheet

ASSETS *(in millions of euros)*	**December 31, 2014**	**June 30, 2015**
Goodwill	5,258.6	5,566.3
Other intangible assets	764.5	809.9
Property, plant and equipment	14,554.0	15,597.3
Non-current assets	**20,577.1**	**21,973.5**
Non-current financial assets	447.0	485.5
Investments in associates	100.4	111.7
Deferred tax assets	245.5	267.8
Fair value of non-current derivatives (assets)	68.9	90.1
Other non-current assets	**861.8**	**955.1**
TOTAL NON-CURRENT ASSETS	**21,438.9**	**22,928.6**
Inventories and work-in-progress	876.2	978.5
Trade receivables	2,879.8	3,096.0
Other current assets	468.7	638.8
Current tax assets	92.7	56.2
Fair value of current derivatives (assets)	58.5	71.0
Cash and cash equivalents	910.1	693.5
TOTAL CURRENT ASSETS	**5,286.0**	**5,534.0**
TOTAL ASSETS	**26,724.9**	**28,462.6**

EQUITY AND LIABILITIES *(in millions of euros)*	**December 31, 2014**	**June 30, 2015**
Share capital	1,896.8	1,892.1
Additional paid-in capital	25.7	7.2
Retained earnings	8,049.7	9,169.8
Treasury shares	(100.7)	(125.3)
Net profit (Group share)	1,665.0	849.4
Shareholders' equity	**11,536.5**	**11,793.2**
Minority interests	**290.4**	**357.6**
TOTAL EQUITY	**11,826.9**	**12,150.8**
Provisions, pensions and other employee benefits	2,169.3	2,072.5
Deferred tax liabilities	1,187.7	1,328.1
Non-current borrowings	5,883.8	6,716.0
Other non-current liabilities	232.2	246.7
Fair value of non-current derivatives (liabilities)	73.0	219.7
TOTAL NON-CURRENT LIABILITIES	**9,546.0**	**10,583.0**
Provisions, pensions and other employee benefits	293.6	282.2
Trade payables	2,183.7	2,113.6
Other current liabilities	1,223.3	1,182.3
Current tax payables	221.4	179.2
Current borrowings	1,332.6	1,904.1
Fair value of current derivatives (liabilities)	97.4	67.4
TOTAL CURRENT LIABILITIES	**5,352.0**	**5,728.8**
TOTAL EQUITY AND LIABILITIES	**26,724.9**	**28,462.6**

Consolidated cash flows statement

(in millions of euros)	H1 2014	H1 2015
Operating activities		
Net profit (Group share)	**755.2**	**849.4**
Minority interests	**28.2**	**39.2**
Adjustments:		
• Depreciation and amortization	617.8	693.6
• Changes in deferred taxes	34.5	43.2
• Increase (decrease) in provisions	(59.2)	(41.7)
• Share of profit of associates (less dividends received)	3.4	1.4
• Profit/loss on disposal of assets	13.7	(9.9)
Cash flows from operating activities before changes in working capital	**1,393.6**	**1,575.2**
Changes in working capital	(232.4)	(578.3)
Other	(14.6)	(31.9)
Net cash flows from operating activities	**1,146.6**	**965.0**
Investing activities		
Purchase of property. plant and equipment and intangible assets	(934.4)	(1,005.6)
Acquisition of subsidiaries and financial assets	(57.6)	(197.8)
Proceeds from sale of property. plant and equipment and intangible assets	138.7	27.2
Proceeds from sale of financial assets		0.3
Net cash flows used in investing activities	**(853.3)**	**(1,175.9)**
Financing activities		
Dividends paid		
• L'Air Liquide S.A.	(837.9)	(924.1)
• Minority interests	(27.6)	(19.9)
Proceeds from issues of share capital	35.9	74.4
Purchase of treasury shares	(117.9)	(177.8)
Increase (decrease) in borrowings	426.5	1,077.6
Transactions with minority shareholders	(89.2)	(11.6)
Net cash flows from (used in) financing activities	**(610.2)**	**18.6**
Effect of exchange rate changes and change in scope of consolidation	0.5	(67.7)
Net increase (decrease) in net cash and cash equivalents	**(316.4)**	**(260.0)**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**853.0**	**854.9**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**536.6**	**594.9**

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

(in millions of euros)	**June 30, 2014**	**June 30, 2015**
Cash and cash equivalents	567.0	693.5
Bank overdrafts (included in current borrowings)	(30.4)	(98.6)
Net cash and cash equivalents	**536.6**	**594.9**

Net indebtedness calculation

(in millions of euros)	**June 30, 2014**	**June 30, 2015**
Non-current borrowings (long-term debt)	(6,333.6)	(6,716.0)
Current borrowings (short-term debt)	(1,030.6)	(1,904.1)
TOTAL GROSS INDEBTEDNESS	**(7,364.2)**	**(8,620.1)**
Cash and cash equivalents	**567.0**	**693.5**
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(6,797.2)**	**(7,926.6)**

Statement of changes in net indebtedness

(in millions of euros)	**H1 2014**	**H2 2015**
Net indebtedness at the beginning of the period	**(6,061.9)**	**(6,306.3)**
Net cash flows from operating activities	1,146.6	965.0
Net cash flows used in investing activities	(853.3)	(1,175.9)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(1,036.7)	(1,059.0)
Total net cash flows	**(743.4)**	**(1,269.9)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others	8.1	(350.4)
Change in net indebtedness	**(735.3)**	**(1,620.3)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(6,797.2)**	**(7,926.6)**