2014 Performance Management report

2014 PERFORMANCE

The solid performance in 2014, in an unsettled environment, resulted once again in the Group achieving its objective of net profit growth. Group revenue reached 15,358 million euros, up +4.5% versus 2013 on a comparable basis. On a reported basis, growth reached +0.9% penalized, in particular, by a strong currency impact at the beginning of the year. The Gas & Services activity has continued to make progress in all business lines, especially in the Americas and Asia. Developing economies continued to show sustained momentum, up +14% on a like-for-like basis. The increase in advanced economies was more modest at +1%, affected by the economic slowdown in Western Europe.

Greater efforts on costs and efficiency, generating a high level of savings at 321 million euros, contributed to increasing the operating margin by nearly +20 basis points to 17.1%. Net profit (Group share) rose to 1,665 million euros, up +1.5% as published. As an indication only, net profit (Group share) would have been up +3.8% excluding the currency impact and the operating impact of the disposal of Anios at end-2013.

Investment decisions totaled 2.1 billion euros, reflecting greater selectivity in the Group's investment process. Net cash from operating activities was up +1.0%, as an indication +2.3% excluding currency, financing investments while strengthening the Group's financial structure.

The Board of Directors proposes a nominal dividend to be submitted to the Shareholders' Meeting of May 6, 2015 at 2.55 euros per share. This represents an increase of +10.3% for the shareholder taking into account the free share attribution on June 2, 2014. The pay-out ratio is estimated at 54.0%.

2014 key figures

(in millions of euros)	**2013**	**2014**	**2014/2013 published change**	**2014/2013 comparable change** [(a)]
Group revenue	15,225	15,358	+0.9%	+4.5%
of which Gas & Services	13,837	13,867	+0.2%	+4.1%
Operating income recurring	2,581	2,634	+2.1%	-
Operating income recurring (as % of revenue)	16.9%	17.1%	+20bps	-
Net profit (Group share)	1,640	1,665	+1.5%	-
Adjusted earnings per share (in euros) [(b)]	4.79	4.85	+1.3%	-
Adjusted dividend per share (in euros) [(b)]	2.31	2.55 [(c)]	+10.3%	-
Net cash flows from operating activities [(d)]	2,803	2,830	+1.0%	-
Net capital expenditure [(e)]	2,240	1,931		-
Net debt	6,062	6,306		-
Debt-to-equity ratio	55.7%	53.3%		-
Return On Capital Employed – ROCE after tax[(f)]	11.1%	10.8%	-	-

(a) Excluding natural gas, currency and significant scope impacts. Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration units. All Large Industries hydrogen and cogeneration contracts have clauses indexing sales to the price of natural gas. Hence, when the natural gas price varies, the price of hydrogen or steam for the customer is automatically adjusted proportionately, according to the price indexation clauses.

(b) Adjusted for the free share attribution of June 2, 2014

(c) Subject to the approval of the May 6, 2015 Shareholders' Meeting.

(d) Cash flow from operating activities after change in working capital requirement and other elements.

(e) Including transactions with minority shareholders.

(f) Return On Capital Employed — ROCE after tax: (net profit after tax before deduction of minority interests - net cost of debt after taxes)/(shareholders' equity + minority interests + net indebtedness) average over the fiscal year).

2014 highlights

During 2014, Air Liquide continued to expand in growth markets and major industrial basins, in both developing and advanced economies. This year was also synonymous for the Group with major developments in innovation, particularly in hydrogen mobility.

DEVELOPMENT OF INDUSTRIAL ACTIVITY

In 2014, thanks to its industrial competitiveness and its technological differentiation, Air Liquide strengthened its positions in the major industrial basins on the Gulf Coast and in the Rhine-Ruhr area.

- In the United States, Air Liquide signed two major long term contracts for the supply of 2,400 tons per day of oxygen each, to two methanol manufacturing plants: one to be built by Natgasoline (an OCI fully owned subsidiary) in Beaumont (Texas), and the other for Yuhuang Chemical, Inc., a major Chinese petrochemical company in St. James Parish (Louisiana). Both plants will be connected to the pipeline networks and represent an investment of 230 million euros. Via its Global Engineering and Construction activities, Air Liquide provides its MegaMethanol® process technology to both companies, thus demonstrating its leading position in offering an integrated value proposition for large-scale methanol production.
- In the Rhine-Ruhr area, Air Liquide strengthened its position with the signing of a major long-term supply contract with ThyssenKrupp Steel Europe AG. Industrial gas requirements, including oxygen (4,600 tons per day), nitrogen and argon, will be supplied via Air Liquide's local pipeline network. This 500 km pipeline is fed by Air Liquide Air Separation Units, including Germany's largest, (with a capacity of 2,400 tons per day), which was commissioned in 2012.
- In southern Brazil, Air Liquide invested 40 million euros in a new Air Separation Unit. This Unit will both provide gas to Klabin, the country's leading pulp and paper manufacturer, and help develop the Industrial Merchant and Healthcare activities in the region.
- In Australia, Air Liquide announces a long-term agreement with Nyrstar, an integrated mining and metals company. The Group will invest €60 million in a new Air Separation Unit at Port Pirie site. The project is designed to reduce the environmental footprint of the site and to enhance both efficiency and production capabilities.
- In South Korea, Air Liquide sold its 40% stake in Daesung Industrial Gases in order to focus on the strategic development of its fully-owned subsidiary, Air Liquide Korea.

In China, Air Liquide saw major developments during 2014. The Group strengthened its position in the growing Electronics sector.

- Air Liquide signed a major long-term contract with CEC Panda Flat Panel Display Technology (a joint-venture between CEC Panda and Sharp LCD) for the supply of ultra-pure carrier gases to their first fab that will manufacture Oxide-TFT screens, based in Nanjing Crystal Park (Jiangsu Province). These new screens will be used in mobile devices and TV sets on Generation 8.5 size glass substrates. Air Liquide will invest some 25 million euros.
- Air Liquide also signed a major contract with the BOE Technology Group to supply its new flat panel fab based in Chongqing in China. The Group invested 30 million euros in a highly-efficient on-site generator that will produce 30,000 Nm3/h of ultra-high purity nitrogen. Air Liquide will supply the majority of BOE's fabs in China with a total of 100,000 Nm3/h of nitrogen for five sites.

FURTHER ADDITIONAL ACQUISITIONS IN HEALTHCARE

An ageing population and the rise in the number of patients affected by chronic diseases are major public health issues. Air Liquide continued with its strategy of patients densification in the Group's geographies through additional acquisitions in home healthcare.

- In July 2014, Air Liquide acquired SEPRODOM, a key player in accompanying patients with chronic diseases at home in the French overseas departments and territories.
- In December 2014, Air Liquide acquired the home healthcare service provider ARAIR Assistance (which generated revenue of 34 million euros in 2013), as well as ARAIR Group's support and training services. ARAIR is a leading player in home healthcare in the Central region of France.

CONTINUED INVESTMENT IN INNOVATION

- In France, the Group made major investments for a total amount of close to 100 million euros for the modernization of the Paris-Saclay Research Center, the creation of a center for the development of gas packaging for industry and healthcare on the same site, and the launch of a technical center of excellence for cryogenic production technologies in Vitry-sur-Seine.
- In the 3rd quarter 2014, Air Liquide began the construction of a Research and Technology Center in Shanghai. The center, which will be operational at end-2015, represents a 25 million euro investment and will cover several research and development areas. It will ultimately house 200 highly skilled employees.
- The international ITER project, through its European organization Fusion For Energy (F4E), entrusted Air Liquide with the supply of additional cryogenic equipment for a total of around 65 million euros. This follows on from the signing of a major contract in 2012 for the supply of three helium refrigerators with record combined cooling capacity.

MAJOR DEVELOPMENTS IN HYDROGEN MOBILITY

The year 2014 was marked by major advances in the global deployment of hydrogen energy:

- In France, the first hydrogen filling station for forklift trucks started up on IKEA's logistic platform near Lyon. It allows greater productivity thanks to rapid forklift truck refilling relative to battery recharging time. In Saint-Lô, France, the Conseil Général de la Manche installed a hydrogen filling station for its fleet of fuel cell electric vehicles.
- In Denmark, Air Liquide installed four new hydrogen filling stations, as part of the Copenhagen Hydrogen Network, supported by the European Commission. These stations marked a significant step in the creation of a distribution network at national level.
- In the Netherlands, Air Liquide inaugurated its first hydrogen filling station for the general public in September 2014 in Rotterdam. The filling station is part of the Hydrogen Infrastructure for Transport project, a European deployment project supported by the European Union.
- In Japan, in Nagoya and Toyota, the Group built, with Toyota Tsusho Corporation, two hydrogen filling stations for public use.
- In the United States, Air Liquide announced a partnership with Toyota to build 12 hydrogen filling stations in the northeast of the country. This infrastructure will support the launch in April 2015 of Toyota's "Mirai" hydrogen fuel cell electric vehicle.

Air Liquide also announced the acquisition of FordonsGas, a company that distributes Bio- and Natural Gas for Vehicles (Bio-NGVs) for the Swedish transportation market. Air Liquide will benefit from FordonsGas' experience in the distribution of an alternative fuel, useful experience in terms of its infrastructure deployment strategy in hydrogen mobility.

REFINANCING AT ATTRACTIVE RATES

To refinance debt reaching maturity and continue to fund its development while benefiting from very attractive market conditions, in 2014, Air Liquide issued bonds for a total amount of 858 million euros with maturities of between eight and 15 years. The main transaction was carried out as part of the EMTN program for a total of 500 million euros over 10 years and with a record low coupon of 1.875% per year.

2014 Income Statement

REVENUE

Revenue *(in millions of euros)*	**2013**	**2014**	**2014/2013 change**	**2014/2013 comparable change [a]**
Gas & Services	13,837	13,867	+0.2%	+4.1%
Engineering & Technology	803	912	+13.6%	+15.6%
Other activities	585	579	-1.1%	-1.0%
TOTAL REVENUE	**15,225**	**15,358**	**+0.9%**	**+4.5%**

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

Group

The **Group's 2014 revenue** reached **15,358 million euros**, a reported increase of +0.9% compared to 2013, penalized by a negative currency impact of -1.9% which was particularly strong at the beginning of the year, and a natural gas impact of -0.6%. **On a comparable basis** (excluding currency and natural gas impacts and revised for the impact of the disposal of Anios at end-2013), revenue for the year increased by **+4.5%**.

The first quarter benefited from a favorable comparable basis and sales continued to increase like-for-like during the following three quarters.

Revenue by quarter *(in millions of euros)*	**Q1 2014**	**Q2 2014**	**Q3 2014**	**Q4 2014**
Gas & Services	3,416	3,391	3,446	3,614
Engineering & Technology	175	230	213	294
Other activities	143	151	142	143
TOTAL REVENUE	**3,734**	**3,772**	**3,801**	**4,051**
2014/2013 published change	**+1.0%**	**-2.4%**	**+1.0%**	**+3.9%**
2014/2013 comparable change [a]	**+6.2%**	**+3.6%**	**+4.3%**	**+3.9%**

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

Currency, natural gas and significant scope impacts

In addition to the comparison of published figures, financial information is given excluding currency, natural gas 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 prices are generally passed on to customers through price indexation clauses.

(in millions of euros)	Group	Gas & Services
2014 revenue	**15,358**	**13,867**
2014/2013 published change (in %)	+0.9%	+0.2%
Currency impact	-294	-278
Natural gas impact	-87	-87
Significant scope impact	-168	-168
2014/2013 comparable change [(a)] (in %)	**+4.5%**	**+4.1%**

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

Gas & Services

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

Gas & Services revenue reached **13,867 million euros**, showing **comparable growth of +4.1%**, with all business lines posting growth. Revenue was up +0.2% in published data, penalized by a negative currency impact of -1.9% and a natural gas impact of -0.6%.

Revenue *(in millions of euros)*	2013	2014	2014/2013 change	2014/2013 comparable change [(a)]
Europe	7,058	6,640	-5.9%	-1.1%
Americas	3,225	3,416	+5.9%	+7.9%
Asia-Pacific	3,184	3,444	+8.2%	+11.6%
Middle-East and Africa	370	367	-0.8%	+4.6%
GAS & SERVICES	**13,837**	**13,867**	**+0.2%**	**+4.1%**
Industrial Merchant	5,081	5,083	+0.0%	+3.0%
Large Industries	4,940	4,980	+0.8%	+3.6%
Healthcare	2,689	2,570	-4.4%	+3.7%
Electronics	1,127	1,234	+9.5%	+12.0%

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

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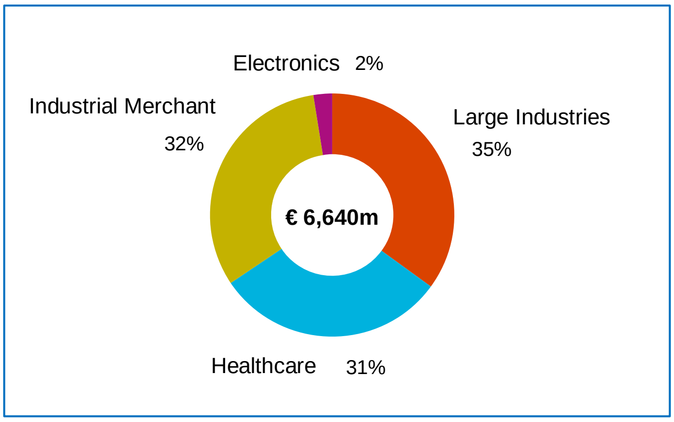
Gas & Services sales share in developing economies

Due to a higher growth rate, the share of developing economies in the Gas & Services revenue continued to progress and reached 26% in 2014. This contribution was even higher for industrial activities at 29.5%.

Europe

Revenue in Europe totaled **6,640 million euros**, down -1.1%. Sales increased slightly, excluding the disposal of the cogeneration activities at end-2013 and the impact of the drop in electricity costs. Oxygen levels were stable, whereas demand for hydrogen increased significantly, a sign of resilience in the North European industrial basins. The region continued to benefit from momentum in the developing economies, which increased by +5.4% in a complex geopolitical context. Sales were down slightly in Western Europe, with the 4th quarter posting a slight improvement compared with the previous two quarters.

Europe Gas & Services 2014 revenue

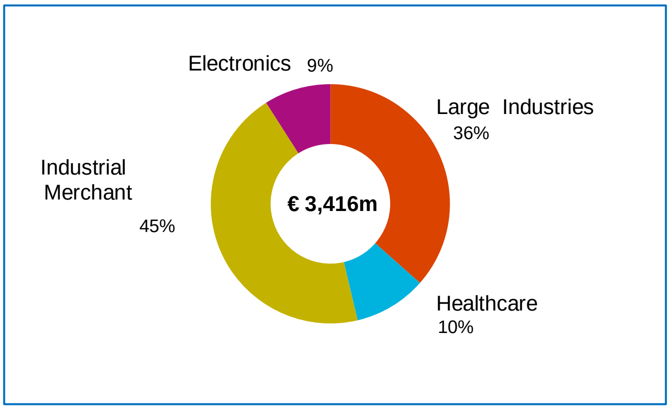


- **Large Industries** revenue decreased by **-3.9%.** Excluding the disposal of the cogeneration plants at end-2013 and lower electricity prices, sales were stable. Hydrogen volumes were up, boosted by demand from the refining industry mainly in Northern Europe. Oxygen volumes remained stable, with Eastern and Southern Europe offsetting the drop in volumes in Northern Europe.
- **Industrial Merchant** sales declined slightly by **-1.1%**. Developing economies continued to post solid growth thanks to the ramp up of new facilities, in particular in Russia with growth exceeding +25%. However, business in advanced economies suffered from a persistently difficult economic climate. The fourth quarter showed signs of stabilization with increasing liquid volumes. Spain posted growth for the second quarter in a row. The price impact was slightly down for the year at -0.2%, with a small positive price impact in Northern Europe and Spain.
- **Healthcare** continued its development, with **+1.9%** growth. The Home Healthcare activity grew by +2.9% with few acquisitions in 2014, still driven by increased demand and the expansion of the portfolio of therapies treated. The number of patients has exceeded one million in Europe. Pressure on tariffs remained throughout the region, in particular in Spain and France. In medical gases for hospitals, budgetary pressure affected gas volumes in France and Southern Europe, whereas Northern Europe saw a slight increase in volumes. In prevention and well-being, Specialty Ingredients saw a +3.1% increase in revenue, whereas Schülke's Hygiene activity improved by +11.0%. The pricing impact was negative during the year, slightly below -2%.
- Electronics revenue increased **+3.1%**, due to an upturn in carrier gas sales.

Americas

Gas & Services revenue in the Americas totaled **3,416 million euros**, up **+7.9%**. Industrial activity remained sustained in North America, with an increase in oxygen and hydrogen volumes, a solid improvement in bulk sales and positive elasticity in Industrial Merchant prices. Growth was regular over the year in South America, in particular in Large Industries and Healthcare, and reached close to +15% despite a slowdown in Brazil at the end of the year.

Americas Gas & Services 2014 Revenue

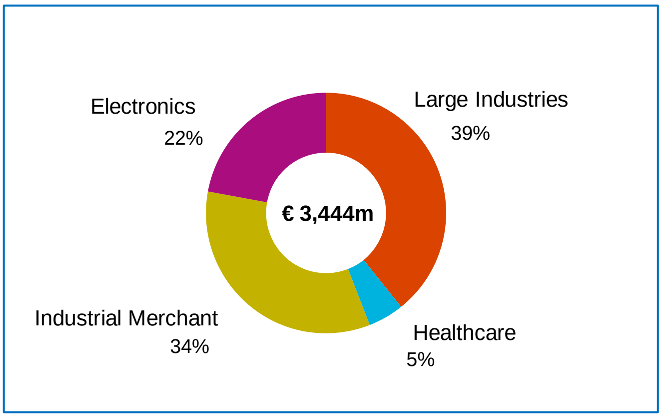


- **Large Industries** reported revenue growth of **+4.7%**. Oxygen and hydrogen volumes improved throughout the region, thanks to ramp-ups in Latin America and sustained demand in North America where customers continued to benefit from competitive energy prices. Cogeneration volumes were down markedly following production unit turnarounds in the United States and a fall in the market price of electricity in Canada.
- The Industrial Merchant activity was up **+6.4%**, driven by very strong bulk sales growth throughout the region, and in particular in Canada and Mexico where our activity ramp-up continues. The cylinder activity declined throughout the region. Pricing campaigns continued all year long, with an average effect of +4.4% in 2014.
- **Healthcare** revenue rose by **+10.6%** driven by the performance of Home Healthcare in Latin America (Argentina, Brazil) and Canada which benefited from additional acquisitions. Sales of medical gases to hospitals also increased throughout the region. Pricing pressure remains strong.
- **Electronics** activity was up **+29.5%** benefiting particularly from the acquisition of Voltaix, a company specializing in molecules and advanced precursors. The comparison effect of this acquisition came to an end at the beginning of the fourth quarter. Specialty gas sales in the United States more than doubled over the year and growth exceeded **+40%** for the **Aloha range**. Carrier gases also posted solid growth. Equipment and installation sales improved significantly, evidence of the sector's gradual recovery in the region.

Asia-Pacific

Revenue in the Asia-Pacific region increased by **+11.6%** to **3,444 million euros**. Sales growth continued in the region's main countries with strong momentum in all business lines. China continued to benefit from start-ups in December 2013 and January 2014. Japan saw growth in all four quarters, thanks to the cycle peak in Electronics.

Asia-Pacific Gas & Services 2014 Revenue



- **Large Industries** sales increased by **+19.1%**, buoyed by the ramp-up of the new units in China. Air gas and hydrogen volumes increased throughout the region.
- **Industrial Merchant** activity posted +**6.3%** growth during the year. Liquid volumes improved markedly in the region, driven by strong growth in China. The cylinder activity was also steady despite major pricing pressure. Developing economies increased strongly at +12.5%, in particular with a comparable increase of almost +15% in China where all market segments reported growth. The pricing impact was -0.3% over the period. Excluding Australia, where there was strong competition, the pricing impact is positive for the region.
- **Electronics** sales were up +8.3%. Japan confirmed a return to growth in 2014, with an improvement of more than +3% and sales accelerating throughout the year. Sales of the Aloha range grew by over +60% in the region, mainly in China, Japan and Taiwan. Carrier gases also posted significant sales growth, driven by the ramp-up of new contracts in China, Taiwan and Korea.

Middle-East and Africa

Middle-East and Africa revenue totaled **367 million euros,** up **+4.6%**. **Large Industries** improved mainly in South Africa thanks to the ramp-up of a new unit for the metals market. **Industrial Merchant** activity also grew in South Africa, benefiting from an improvement in the supply of argon during the year. The situation was more contrasted in the Middle-East where geopolitical tensions weighed on activities. In Saudi Arabia, the initial start-up phases of our hydrogen units and those of our customers on the Yanbu site began, with commissioning scheduled for the first half of 2015.

Engineering & Technology

Engineering & Technology revenue totaled **912 million euros**, up **+15.6%** compared to 2013, reflecting third-party customer project progress.

In 2014, total order intake reached 1.4 billion euros, down from the record level of 2013. The vast majority of projects concerned air gas production units. The level of order intake was well balanced between Group projects and third-party customer projects and reflects greater selectivity of both Group investments and third party client projects during the year.

Orders in hand reached 5.3 billion euros as at December 31, 2014, and reflects a good level of order intake in 2013 and 2014.

Other activities

Revenue *(in millions of euros)*	**2013**	**2014**	**2014/2013 change**	**2014/2013 comparable change** [(a)]
Welding	404	392	-3.0%	-3.0%
Diving	181	187	+3.3%	+3.5%
TOTAL	**585**	**579**	**-1.1%**	**-1.0%**

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

The -1.0% decline in revenue for **Other activities** in 2014 is linked to the weakness of the Welding activity, down -3.0% over the year. The Welding activity nonetheless improved during the second half, thanks to a slight recovery in the European metals, automotive and construction sectors.

Diving (Aqua Lung) was slightly up +3.5% for 2014. The year was marked by a drop in activity in the military industry as well as the disposal of non-strategic activities.

OPERATING INCOME RECURRING

Operating income recurring before depreciation and amortization totaled 3,873 million euros, up +1.5% in reported figures. The pricing effect was positive on the whole over the period at +0.4%, partially offsetting cost inflation on constant volume of +2.0%, and efficiencies were at a very high level.

For the full year, efficiencies amounted to **321 million euros**, exceeding the annual target of more than 250 million euros. These efficiencies represent a 2.9% cost saving. Of this amount, 69 million euros stem from the realignment plans undertaken in 2013 in structures where activity had suffered from falling demand. In the industrial domain, other projects designed to reduce energy consumption, optimize the logistics chain and roll out global or regional purchasing platforms were continued.

Depreciation and amortization amounted to 1,239 million euros, slightly up by +0.2%, with the impact of unit start-ups and acquisitions partly offset by more efficient asset management and better control over investments.

The Group's **operating income recurring** (OIR) reached **2,634 million euros in 2014**, an increase of +2.1% over 2013 or +5.1% on a comparable basis. The operating margin (OIR to revenue) was up +20 basis points at 17.1%.

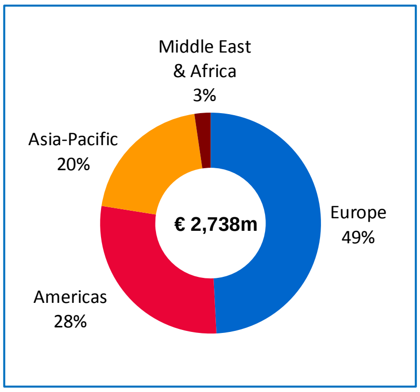
Gas & Services

Gas & Services operating income recurring totaled **2,738 million euros**, up **+3.1%**. The OIR margin amounted to 19.7%, compared to 19.2% in 2013. Excluding the natural gas impact, the operating margin was again up +40 basis points.

Cost inflation, excluding the impact of energy indexation, remained relatively stable during the year at +2.5% for the full year. Prices rose by +0.5% due to continuing efforts in Industrial Merchant (+1.2%) and despite ongoing pricing pressure in Healthcare. Efficiencies totaled 298 million euros. A portion of these efficiencies was absorbed to offset the difference between cost inflation and rising prices. The remaining efficiencies, i.e. retention, helped improve the margin. The retention rate was 36% in 2014.

Gas & Services 2014 Operating income recurring

Gas & Services Operating margin [a]	2012	2013	2014
Europe	18.3%	19.1%	20.3%
Americas	24.0%	23.6%	22.7%
Asia-Pacific	15.1%	15.1%	16.0%
Middle-East and Africa	21.2%	17.9%	17.6%
TOTAL	**18.8%**	**19.2%**	**19.7%**



(a) Operating income recurring/revenue, as published.

Operating income recurring in **Europe** totaled **1,346 million euros**, stable compared to 2013. Excluding the natural gas impact, the operating margin was significantly higher, up **+70 basis points** at 19.8%. The operating margin benefited in particular from efficiencies generated by the realignment plans initiated in 2013, as well as a reduction in charges relating to changes in pension plans in France and the Netherlands. The Large Industries margin was strengthened by industrial efficiencies while the Healthcare margin, benefiting from the economies of scale of volume growth, was resilient despite the pressure on tariffs.

Operating income recurring in the **Americas** amounted to **776 million euros**, up **+2.0%**. Excluding the natural gas effect, the operating margin was down **-40 basis points** but nonetheless remained at a high level of 23.2%. The operating margin was penalized by an increase in transport costs which was partly due to weather conditions at the beginning of the year and partly offset by industrial efficiencies in Industrial Merchant and Large Industries.

In **Asia-Pacific**, operating income recurring amounted to **552 million euros**, a marked increase of **+14.5%**. The operating margin, excluding natural gas, was up **+90 basis points**, thanks to efficiency plans launched in 2013 in Japan, plant start-ups and the growth of Industrial Merchant in China as well as industrial efficiencies in Large Industries and Electronics.

Operating income recurring for **Middle East and Africa** amounted to **65 million euros**, a decline of **-2.7%**. The operating margin was down **-30 basis points**, impacted by the geopolitical situation in the Middle East and by argon supply difficulties in South Africa early in the year.

Engineering & Technology

Operating income recurring for Engineering & Technology amounted to **76 million euros**. Operating income recurring as a percentage of revenue at 8.3% remained in line with the Group's target range of between 5% and 10%.

Other activities

The Group's Other Activities reported operating income recurring of **36 million euros**, up **+10.9%**, while the operating margin as a percentage of revenue totaled 6.1%, an increase of +60 basis points. This improvement was the result of efficiencies, in particular related to the realignment plans initiated in 2013 in Welding.

Research & Development and corporate costs

Research & Development and Corporate Costs include intersector consolidation adjustments and amounted to 215 million euros, up **+11.4%**, particularly reflecting the Group's efforts to strengthen its innovation structures.

NET PROFIT

Other operating income and expenses showed a **positive balance of 16 million euros** compared to a positive balance of 26 million euros in 2013. They included 37 million euros of expenses incurred principally for further realignment programs in various countries, provisions for litigation-related risks, and certain one-off costs, offset by 63 million euros of capital gains on disposals, in particular relating to the sale of a polymer engineering and construction activity.

The **net financial expense of -251 million euros** was -17.7% lower than the -305 million euros in 2013.

The **net finance costs**, up slightly +4.1%, reflects a stable average cost of net indebtedness at 4.0% coupled with a slight increase in average net debt over the year, in particular in developing economies.

Other financial income and expenses decreased significantly to -21.7 million euros compared with -84.7 million euros in 2013 due to a gain on the partial disposal of a financial stake in a start up as well as a reduction in financial expenses relating to revisions in certain pension plans.

Taxes totaled 678 million euros, up +10.9%. The **effective tax rate** was **28.3%** compared to 26.6% in 2013. This increased rate is the result of the fact that the 2013 rate benefited from the impact of the reduced rate on the capital gains from the disposal of Anios stake.

The **share of profit of associates** was **4 million euros** down from 14.5 million in 2013 following the disposal of a stake in a Korean joint venture. **Minority interests** fell by **-6.9%**, amounting to 59.8 million euros.

Overall, **net profit (Group share)** amounted to **1,665 million euros** in 2014, up +1.5% in reported terms.

Net **earnings per share** were 4.85 euros, up **+1.3%** compared to 4.79 euros (adjusted for the 2014 free share attribution) in 2013. The average number of outstanding shares used for the calculation of net earnings per share as of December 31, 2014 was 343,214,086.

Change in the number of shares

	2013	**2014**
Average number of outstanding shares [(a)]	342,664,899	343,214,086

(a) Used to calculate earnings per share, 2013 adjusted for free share attribution on June 2, 2014.

Number of shares as of December 31, 2013	312,831,676
Options exercised during the year, prior to the free share attribution	511,594
Cancellation of treasury shares	(1,000,000)
Free shares issued	32,095,812
Options exercised during the year, after the free share attribution	433,801
NUMBER OF SHARES AS OF DECEMBER 31, 2013	**344,872,883**

DIVIDEND

At the Shareholders' Meeting on May 6, 2015, the payment of a dividend of 2.55 euros per share will be proposed to shareholders for fiscal year 2014, up +10.3% taking into account the free share attribution on June 2, 2014. Total estimated pay-out taking into account share buybacks and cancellation will amount to 899 million euros, up +10.3%, representing a pay-out ratio of 54.0%

The ex-dividend date has been set for May 18, 2015 and the dividend will be paid from May 20, 2015.

2014 cash flow and balance sheet

(in millions of euros)	2013	2014
Cash flow from operating activities before change in working capital	**2,949**	**2,943**
Change in working capital requirement	(19)	74
Other items	(127)	(187)
Net cash flow from operating activities	**2,803**	**2,830**
Dividends	(877)	(885)
Purchases of property, plant and equipment and intangible assets, net of disposals [b]	(2,240)	(1,931)
Increase in share capital	126	60
Purchase of treasury shares	(115)	(116)
Other	344	(202)
Change in net indebtedness	**41**	**(244)**
Net indebtedness as of December 31	(6,062)	(6,306)
Debt-to-equity ratio as of December 31	**56%**	**53%**

NET CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities before changes in working capital amounted to 2,943 million euros, down -0.2% compared to 2013. **Net cash from operating activities after changes in working capital requirement** amounted to 2,830 million euros, up +1.0% compared to 2,803 million euros in 2013, or as an indication +2.3% excluding currency impact. This performance was in particular impacted by the expensing of the realignment plans, provisioned in 2013.

CHANGE IN WORKING CAPITAL REQUIREMENT

The working capital requirement fell slightly (-74 million euros) in 2014. Excluding taxes, it was quasi stable, in particular as a result of better recovery of trade receivables, and stood at 6.8% of revenue, compared to 6.6% in 2013.

The increase in other items reflects, in particular, adjustments to certain pension plans in Europe.

CAPITAL EXPENDITURE

In 2014, gross capital expenditure totaled 2,175 million euros, including transactions with minority shareholders. Gross industrial capital expenditure reached 1,902 million euros in 2014, a decrease of -11.8% compared to 2013. The Gross financial capital expenditure, including transactions with minority shareholders, amounted to 273 million d'euros. Gross capital expenditure in the Gas & Services activity, including transactions with minority shareholders, represented 14.4% of sales, compared to 17.6%% in 2013.

Group gross capital expenditure *(in millions of euros)*	**Industrial investments**	**Financial investments [a]**	**Total capex**
2009	1,411	109	1,520
2010	1,450	332	1,782
2011	1,755	103	1,858
2012	2,008	890	2,898
2013	2,156	401	2,557
2014	**1,902**	**273**	**2,175**

(a) Including transactions with minority shareholders.

The assets disposals, for a total amount of 244 million euros, included non-strategic activities, in particular the disposal of a stake in a Korean joint venture and that of a polymers engineering and construction activity. Including minority interest buyouts, total net capital expenditure amounted to 1,931 million euros.

Industrial investments

Industrial investments amounted to 1.9 billion euros in 2014, down -11.8% compared to 2013. This trend reflects more selectivity in projects, strict control of capital expenditure and efforts to better load existing capacity and in particular, the recently started-up units.

Gas & Services investment by region was as follows:

Gross Industrial investments by geographical region *(in millions of euros)*	**Gas & Services**				
	Europe	**Americas**	**Asia-Pacific**	**Middle-East and Africa**	**Total**
2013	771	610	512	171	2,064
2014	**718**	**613**	**379**	**83**	**1,793**

Financial investments

Financial investments amounted to 179 million euros, 273 million euros including transactions with minority shareholders. These included the acquisition of Arair and Seprodom in Home Healthcare, FordonsGas in Biogas, and numerous small acquisitions of distributors in Industrial Merchant in particular in developing countries. Disposals of financial investments totaled 15.8 million euros.

NET INDEBTEDNESS

Net indebtedness at December 31, 2014 at **6,306 million euros,** was up 244 million euros compared to the end of 2013, almost entirely due to a negative currency impact of 222 million euros. Excluding the currency effect, the stability of the debt level reflects solid cash flow and the efforts to contain the working capital and capital expenditure. **The debt-to-equity ratio was 53%, a slight decrease** compared to December 31, 2013 and confirms a further improvement in the Group's financial structure.

ROCE

The return on capital employed after tax was **10.8%** versus 11.1% at the end of 2013, reflecting the adverse effect of currency fluctuations on results and capital employed. At constant exchange rates, return on capital employed was stable at 11.1%. Assets under construction, which will contribute to growth in the medium term, remain high and should gradually decrease with the start-up of major projects in 2015 and 2016.

In addition, value creation, reflected by the difference between return on capital employed and the average cost of capital, continued to increase and reached 570 basis points at the end of 2014.

INVESTMENT CYCLE AND FINANCING STRATEGY

The Group's steady long-term growth is largely due to its ability to invest in new projects each year. Industrial gas investment projects are widespread throughout the world, highly capital intensive and supported by long-term contracts, particularly for Large Industries. Air Liquide has thus tailored its financing strategy to the nature of its projects, based on the diversification of funding sources, the prudent management of the balance sheet and innovative financing sourcing. This financing strategy is fundamental for the Group's continued development.

Investments

INVESTMENT OPPORTUNITIES

As at December 31, 2014, the 12-month portfolio of opportunities totaled 3.2 billion euros, down 400 million euros compared to end-2013. This change is due to a higher level of investment decisions during the fourth quarter; the level of abandoned or delayed projects, exiting the portfolio at the end of the year was in line with the usual changes observed.

As at December 31, 2014, 64% of projects in the portfolio were located in developing economies and well spread over the Group's four geographic regions. Compared to end-December 2013, the share of European projects decreased to about 20%, as the Group's development resources were realigned with the geopolitical context. The share of projects in China and North America increased slightly, reflecting renewed investment momentum in 2014 in these two regions. The share of the rest of Asia declined slightly. The investment opportunities include nine site takeovers that are currently operated by the customers themselves, reflecting the continuing trend towards outsourcing of industrial gas production.

The majority of the opportunities are in the Large Industries business line. The share of Large Industries projects relating to metals has decreased, relating to the chemicals sector remains stable, whereas the share relating to energy has increased.

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

Investment decisions

(in billions of euros)	**Industrial investment decisions**	**Financial investment decisions (acquisitions)**	**Total investment decisions**
2010	1.8	0.4	2.2
2011	1.9	0.1	2.0
2012	2.0	0.9	2.9
2013	2.2	0.5	2.7
2014	**1.9**	**0.2**	**2.1**

In 2014, industrial and financial investment decisions, representing Group commitments to invest, reached 2.1 billion euros. Three quarters of these decisions relate to growth projects. Despite a significant drop in the amount of these decisions compared with the particularly high level seen in 2013 and 2012, the pace of signatures accelerated throughout the year.

The amount of industrial decisions in 2014 was down by around 0.3 billion euros, reflecting increased selectivity in terms of investments. Large Industries represented around half of investment decisions, with Industrial Merchant accounting for a quarter. The other quarter included Health, Electronics and Other activities.

In geographical terms, industrial decisions were spread across all regions. Asia and the Americas represented the Group's two main investment regions, with numerous projects in energy, valorization of shale gas in the United States and coal conversion in China. Europe's share represented around a quarter of investment decisions.

Financial investment decisions reached some 200 million euros in 2014. In Home Healthcare, these included the acquisition of Arair in France and Seprodom in French overseas regions, and local players in Brazil, Canada and Korea. They also included the acquisition of FordonsGas in biogas and the acquisition of local Industrial Merchant players in China, Brazil, Canada, Mexico and the United Kingdom.

The total investment backlog amounted to 2.8 billion euros, leading to a future contribution to revenue of approximately 1.2 billion euros after full ramp-up.

START-UPS

In 2014, 20 units were commissioned, a similar level to that seen in 2013. Some start-ups, initially planned for 2014, will be completed in 2015.

Start-ups were mainly located in developing economies in 2014. In China, many of the start-ups were air gas production units for the chemicals and energy conversion markets. In Asia, the start-ups were mainly units for the Electronics sector.

The number of start-ups in 2015 should be slightly higher.

Financing strategy

The Group's financing strategy is regularly reviewed to provide support to the Group's development and take into account changes in financial market conditions, while respecting a credit profile in line with Standard & Poor's long term minimum "A" rating. This credit profile depends on key ratios such as net debt to equity and cash flow from operations before change in working capital to net debt. Air Liquide's "A+" rating was confirmed by Standard & Poor's on November 27, 2014.

In 2014, the existing principles of prudence were maintained:

- Diversifying financing sources and debt maturities in order to minimize refinancing risk;
- Backing commercial paper issues with confirmed credit facilities;
- Hedging interest rate risk to ensure visibility of funding costs, in line with long-term investment decisions;
- Funding investments in the currency of the operating cash flows, to ensure a natural currency hedging;
- Ever increasing centralization of funding and excess cash through Air Liquide Finance, a wholly owned entity of L'Air Liquide S.A..

DIVERSIFYING FUNDING SOURCES

Air Liquide diversifies its financing sources by accessing various debt markets: commercial paper, bonds and banks.

Air Liquide uses the short-term commercial paper market, in France, through two French Commercial Paper programs of up to an outstanding maximum of 3 billion euros, and in the United States through a US Commercial Paper program (USCP) of up to an outstanding maximum of 1.5 billion US dollars.

Air Liquide also has a Euro Medium Term Note (EMTN) program to issue long-term bonds of up to an outstanding maximum amount of 9 billion euros. At the end of 2014, outstanding bonds issued under this program amounted to 4.5 billion euros (nominal amount). The Group's EMTN program allows, in particular, for bonds to be issued in the main currencies (euro, US dollar, Japanese yen) as well as in other currencies (Chinese renminbi, Swiss franc, pound sterling and rouble).

In 2014, the Group conducted four bond issues under its EMTN program - one public issue for a total amount of 500 million euros and three through private placements for a total, at December 31, 2014, of 358 million euros, in order to finance its investments.

As of December 31, 2014, funding through capital markets accounts for more than 80% of the Group's total gross debt, for an amount of bonds outstanding of 5.5 billion euros, across all programs, and 375.1 million euros of commercial paper.

The Group also raises funds through bank debt (loans and credit facilities).

To avoid liquidity risk relating to the renewal of funding at maturity, and in accordance with the Group's internal policy, the Group aims to limit its short-term debt maturities to 2.6 billion euros, an amount which is covered by committed credit facilities. At December 31, 2014, the amount of debt maturing in 2015 was equal to 1.3 billion euros.

In addition, the Group has a 1.3 billion euros syndicated credit facility reaching maturity in November 2019 after the exercise of the first one-year extension option in 2014. At December 31, 2014, the contract has a second one-year extension option, if it would be exercised, would lengthen the maturity to November 2020.

At December 31, 2014 the total amount of undrawn committed syndicated and bilateral credit facilities was 2.57 billion euros.

Net indebtedness by currency

	2013	2014
Euro	31%	25%
US dollar	32%	40%
Japanese yen	13%	11%
Chinese renminbi	14%	14%
Other	10%	10%
TOTAL	**100%**	**100%**

Investments are essentially funded in the currency in which the cash flows are generated, creating a natural currency hedge. Air Liquide's debt is thus mainly in euro, US dollar, Japanese yen and Chinese renminbi, which reflects the significant weight of these currencies in the Group's investments and cash flow.

The share of the Group net indebtedness denominated in euros decreased mainly because of the rise in the financing of industrial investments in the United States (in US dollars). The share of net indebtedness denominated in Japanese yen also decreased, due to cash raised by the disposal of a stake in a Korean company partly owned by AL Japan.

CENTRALIZATION OF FUNDING AND EXCESS CASH

To benefit from economies of scale and facilitate capital markets financing (bonds and commercial paper), the Group uses a dedicated subsidiary, Air Liquide Finance. At December 31, 2014, this subsidiary centralized the vast majority of the Group's financing transactions. This centralization continued in 2014, in particular for the financing of investments in developing economies in Asia and the Americas. It also hedges currency, interest rate and energy risk for the Group's subsidiaries in those countries where it is permitted by law.

In the countries where it is permitted by law, Air Liquide Finance also centralizes cash flow balances through direct or indirect daily cashpooling of these outstandings or through term loans. When this is not possible, there are nonetheless domestic cashpoolings, allowing periodic intercompany loans to Air Liquide Finance.

As of December 31, 2014, Air Liquide Finance had granted, directly or indirectly, the equivalent of 8.0 billion euros in loans and received 3.7 billion euros in excess cash as deposits. These transactions were denominated in 24 currencies (primarily the euro, US dollar, Japanese yen, Chinese renminbi, pound sterling, Swiss franc, Singaporean dollar and Brazilian real) and extended to approximately 230 subsidiaries.

The matching by currency within Air Liquide Finance, resulting from the currency hedging of intra-group loans and borrowings, enables to avoid generating foreign exchange risk for the Group.

Furthermore, in certain specific cases (e.g. regulatory constraints, high country risk, joint-ventures, etc.), the Group limits its risk by setting up specific finance in the local banking market, and by using credit-risk insurance.

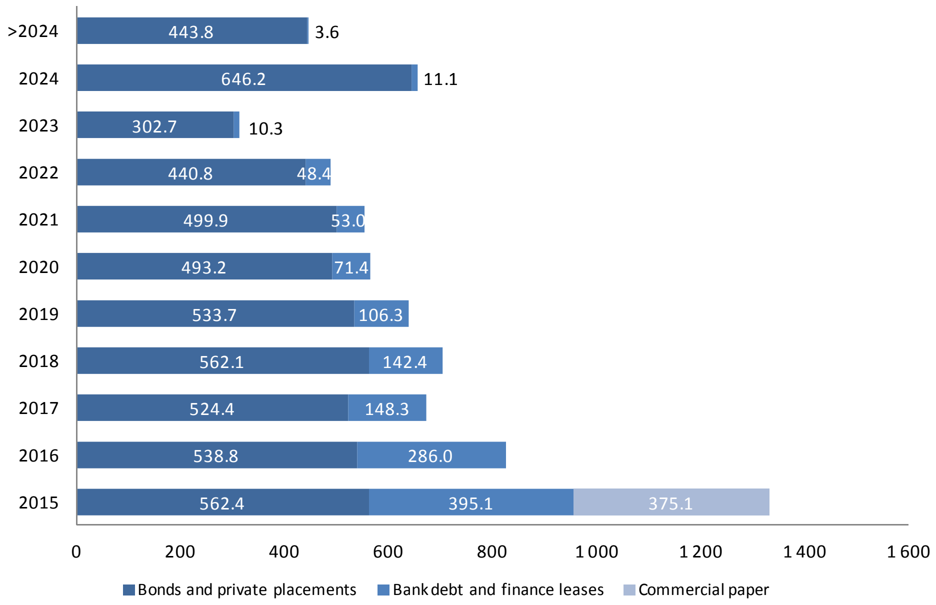
DEBT MATURITY AND SCHEDULE

To minimize the refinancing risk related to debt maturity schedules, the Group diversifies financing sources and spreads maturities over several years. This refinancing risk is also reduced by the regularity of the cash flow generated from Group activities.

The average of the Group's debt maturity is 5.4 years, at December 31, 2014.

The following chart represents the Group's debt maturity schedule. The single largest annual maturity represents approximately 18 % of gross debt.

Debt maturity schedule



Commercial paper is classified as short-term debt.

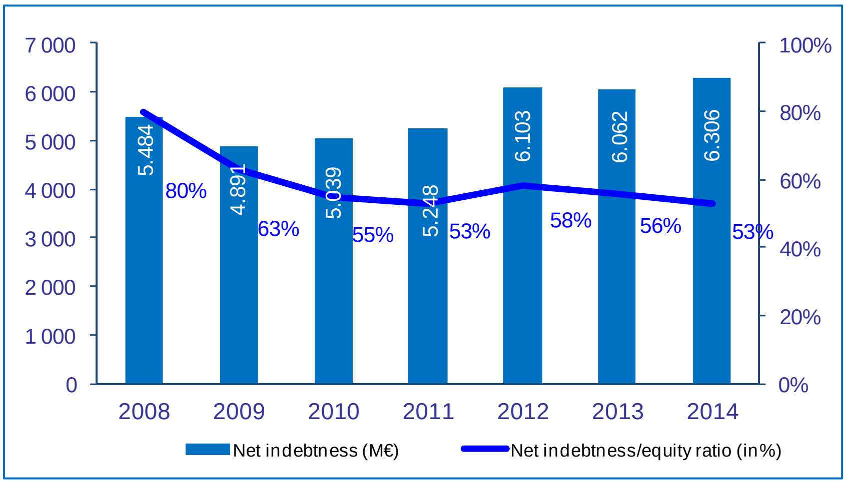
CHANGE IN NET INDEBTEDNESS

Net indebtedness stood at 6,306 million euros as of December 31, 2014, compared to 6,062 million euros as of December 31, 2013, an increase of 244 million euros.

This increase is due, in particular, to a negative currency impact, as the euro depreciated against several other currencies at the end of 2014.

Cash flow generated by the operational activities funds almost all investments and dividends.

Net indebtedness as of December 31



The **net debt to equity ratio** stood at 53% at the end of 2014 (compared to 56% at the end of 2013). This reduction is due to greater selectivity in Group's Investment process. The equivalent ratio calculated using the US method of net indebtedness/(net indebtedness + shareholder's equity) reached 35% at the end of 2014, compared to 36% at the end of 2013. The financial expenses coverage ratio (operating income + share of profit of associates/net finance costs) stood at 11.6 in 2014 compared to 11.9 in 2013.

The average cost of gross indebtedness increased slightly in 2014 due to the increase in the share of funding in developing economies where benchmark rates are higher, and the Group's decision to issue longer-term maturities to benefit from the fall in interest rates in the main currencies.

The **average cost of net indebtedness** was 4.0% in 2014, stable compared to 2013 (4.0%). Cost of net indebtedness is calculated by dividing net finance costs for the fiscal year (268.8 million euros in 2014, excluding capitalized interest) by the year's average outstanding net indebtedness.

This stability is due to the increase in the average cost of indebtedness in developing economies, which is offset by the decrease in financial expenses on long-term bond issues and increasingly centralized cash management.

BANK GUARANTEES

In connection with its Engineering & Construction activity, the subsidiaries of the Group sometimes grant bank guarantees to customers, during the tender period (bid bond), and after contract award, during contract execution until the end of the warranty period (advance payment bond, retention bond, performance bond, and warranty bond).

The most common bank guarantees extended to customers to secure the contractual performance are advance payment guarantees and performance guarantees.

The projects, for which these guarantees are granted, are regularly reviewed by the Management and, accordingly, when guarantee payment calls become probable, the necessary provisions are recorded in the Consolidated financial statements.

OUTLOOK

In a mixed environment that was also marked by rapid changes in exchange rates and the oil price, the Group achieved a solid 2014 performance, in sales, operating margin and cash flow.

Revenue growth in 2014 was primarily driven by strong momentum in the Americas, Asia-Pacific and the developing economies, and by robust Electronics activity. In Europe, performance remains contrasted, albeit with a slight improvement in the fourth quarter. Overall, on a comparable basis, all of our Gas & Services and Engineering & Technology businesses reported growth in the fourth quarter, as well as for the year as a whole.

In 2014, the Group continued to improve its competitiveness, in particular through successful cost adjustments and substantial efficiency gains, which contributed to our increased operating margin.

The strength of the balance sheet, the investment backlog at € 2.8 billion, and the new contracts signed will contribute to growth in the next few years, as will the initiatives underway designed to accelerate innovation.

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

Appendices

4nd quarter 2014 revenue

By geography

Revenues *In millions of euros*	**Q4 2013**	**Q4 2014**	**Published Change**	**Comparable change** [(a)]
Europe	1,766	1,693	-4.2%	-0.1%
Americas	822	905	+10.1%	+4.5%
Asia-Pacific	826	917	+11.2%	+9.3%
Middle-East and Africa	94	99	+5.6%	+3.7%
Gas and Services Revenues	**3,508**	**3,614**	**+3.0%**	**+3.3%**
Engineering & Technology	247	294	+19.0%	+16.6%
Other Activities	144	143	-0.1%	-1.8%
Group revenue	**3,899**	**4,051**	**+3.9%**	**+3.9%**

By World business line

Revenues *In millions of euros*	**Q4 2013**	**Q4 2014**	**Published Change**	**Comparable change** [(a)]
Large industries	1,261	1,270	+0.8%	+1.2%
Industrial Merchant	1,269	1,327	+4.5%	+3.1%
Electronics	300	348	+15.8%	+12.9%
Healthcare	678	669	-1.4%	+3.3%
Gas and Services Revenues	**3,508**	**3,614**	**+3.0%**	**+3.3%**

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

Segment information

(in millions of euros and %)	2013			2014		
	Revenue	Operating income recurring	OIR margin	Revenue	Operating income recurring	OIR margin
Europe	7,058.3	1,346.3	19.1 %	6,639.7	1 345.5	20.3 %
Americas	3,225.0	760.7	23.6 %	3,415.9	776.0	22.7 %
Asia-Pacific	3,184.0	481.8	15.1 %	3,444.6	551.5	16.0 %
Middle-East and Africa	369.7	66.3	17.9 %	366.7	64.5	17.6 %
Gas and Services	**13,837.0**	**2,655.1**	**19.2 %**	**13,866.9**	**2,737.5**	**19.7 %**
Engineering & Technology	802.9	86.5	10.8 %	912.3	75.8	8.3 %
Other activities	585.3	32.1	5.5 %	579.1	35.6	6.1 %
Reconciliation	-	(193.1)	-	-	(215.1)	-
Total Group	**15,225.2**	**2,580.6**	**16.9 %**	**15,358.3**	**2,633.8**	**17.1 %**

Consolidated income statement

(in millions of euros)	**2013**	**2014**	**Change 14/13**
Revenue	**15,225.2**	**15,358.3**	**+ 0.9 %**
Other income	189.3	228.2	
Purchases	(5,985.1)	(6,007.2)	
Personnel expenses	(2,751.1)	(2,653.1)	- 3.6 %
Other expenses	(2,861.4)	(3,053.3)	
Operating income recurring before depreciation and amortization	**3,816.9**	**3,872.9**	**+ 1.5 %**
Depreciation and amortization expense	(1,236.3)	(1,239.1)	+ 0.2 %
Operating income recurring	**2,580.6**	**2,633.8**	**+ 2.1 %**
Other non-recurring operating income	235.1	68.9	
Other non-recurring operating expenses	(209.2)	(52.9)	
Operating income	**2,606.5**	**2,649.8**	**+ 1.7 %**
Net finance costs	(219.9)	(228.9)	+ 4.1 %
Other financial income	14.4	32.8	
Other financial expenses	(99.1)	(54.5)	
Income taxes	(611.9)	(678.4)	
Share of profit of associates	14.5	4.0	
Profit for the period	**1,704.5**	**1,724.8**	**+ 1.2 %**
- Minority interests	64.2	59.8	
- Net profit (Group share)	1,640.3	1,665.0	+ 1.5 %

Basic earnings per share *(in euros)*	**4.79**	**4.85**	**+ 1.3 %**
Diluted earnings per share *(in euros)*	**4.77**	**4.83**	**+ 1.3 %**

Consolidated balance sheet

ASSETS *(in millions of euros)*	**December 31, 2013**	**December 31, 2014**
Goodwill	5,089.8	5,258.6
Other intangible assets	713.2	764.5
Property, plant and equipment	13,225.7	14,554.0
Non-current assets	**19,028.7**	**20,577.1**
Non-current financial assets	435.5	447.0
Investments in associates	201.7	100.4
Deferred tax assets	301.7	245.5
Fair value of non-current derivatives (assets)	122.4	68.9
Other non-current assets	**1,061.3**	**861.8**
TOTAL NON-CURRENT ASSETS	**20,090.0**	**21,438.9**
Inventories and work-in-progress	792.3	876.2
Trade receivables	2,691.1	2,879.8
Other current assets	449.8	468.7
Current tax assets	90.7	92.7
Fair value of current derivatives (assets)	40.6	58.5
Cash and cash equivalents	940.1	910.1
TOTAL CURRENT ASSETS	**5,004.6**	**5,286.0**
TOTAL ASSETS	**25,094.6**	**26,724.9**

EQUITY AND LIABILITIES *(in millions of euros)*	**December 31, 2013**	**December 31, 2014**
Share capital	1,720.6	1,896.8
Additional paid-in capital	81.2	25.7
Retained earnings	7,271.2	8,049.7
Treasury shares	(88.2)	(100.7)
Net profit (Group share)	1,640.3	1,665.0
Shareholders' equity	**10,625.1**	**11,536.5**
Minority interests	**263.0**	**290.4**
TOTAL EQUITY	**10,888.1**	**11,826.9**
Provisions, pensions and other employee benefits	2,040.5	2,169.3
Deferred tax liabilities	1,196.3	1,187.7
Non-current borrowings	5,817.5	5,883.8
Other non-current liabilities	191.0	232.2
Fair value of non-current derivatives (liabilities)	29.4	73.0
TOTAL NON-CURRENT LIABILITIES	**9,274.7**	**9,546.0**
Provisions, pensions and other employee benefits	246.5	293.6
Trade payables	1,922.6	2,183.7
Other current liabilities	1,407.7	1,223.3
Current tax payables	156.8	221.4
Current borrowings	1,188.8	1,332.6
Fair value of current derivatives (liabilities)	9.4	97.4
TOTAL CURRENT LIABILITIES	**4,931.8**	**5,352.0**
TOTAL EQUITY AND LIABILITIES	**25,094.6**	**26,724.9**

Consolidated cash flows statement

(in millions of euros)	2013	2014
Operating activities		
Net profit (Group share)	**1,640.3**	**1,665.0**
Minority interests	**64.2**	**59.8**
Adjustments:		
• Depreciation and amortization	1,236.3	1,239.1
• Changes in deferred taxes	108.5	84.9
• Increase (decrease) in provisions	152.3	5.7
• Share of profit of associates (less dividends received)	12.3	4.7
• Profit/loss on disposal of assets	(265.4)	(116.5)
Cash flows from operating activities before changes in working capital	**2,948.5**	**2,942.7**
Changes in working capital	(18.7)	73.5
Other	(127.1)	(186.6)
Net cash flows from operating activities	**2,802.7**	**2,829.6**
Investing activities		
Purchase of property. plant and equipment and intangible assets	(2,156.1)	(1,901.7)
Acquisition of subsidiaries and financial assets	(391.9)	(179.0)
Proceeds from sale of property. plant and equipment and intangible assets	312.9	228.6
Proceeds from sale of financial assets	4.2	15.8
Net cash flows used in investing activities	**(2,230.9)**	(1,836.3)
Financing activities		
Dividends paid		
• L'Air Liquide S.A.	(820.2)	(838.5)
• Minority interests	(56.4)	(46.0)
Proceeds from issues of share capital	125.5	59.5
Purchase of treasury shares	(114.6)	(116.4)
Increase (decrease) in borrowings	36.4	76.1
Transactions with minority shareholders	(9.1)	(94.5)
Net cash flows from (used in) financing activities	**(838.4)**	**(959.8)**
Effect of exchange rate changes and change in scope of consolidation	33.1	(31.6)
Net increase (decrease) in net cash and cash equivalents	**(233.5)**	**1.9**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,086.5**	**853.0**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**853.0**	**854.9**

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

(in millions of euros)	2013	2014
Cash and cash equivalents	940.1	910.1
Bank overdrafts (included in current borrowings)	(87.1)	(55.2)
Net cash and cash equivalents	**853.0**	**854.9**

Net indebtedness calculation

(in millions of euros)	2013	2014
Non-current borrowings (long-term debt)	(5,817.5)	(5,883.8)
Current borrowings (short-term debt)	(1,188.8)	(1,332.6)
TOTAL GROSS INDEBTEDNESS	**(7,006.3)**	**(7,216.4)**
Cash and cash equivalents	**940.1**	**910.1**
Derivative instruments (assets) - fair value hedge of borrowings	4.3	
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(6,061.9)**	**(6,306.3)**

Statement of changes in net indebtedness

(in millions of euros)	2013	2014
Net indebtedness at the beginning of the period	**(6,102.5)**	**(6,061.9)**
Net cash flows from operating activities	2,802.7	2,829.6
Net cash flows used in investing activities	(2,230.9)	(1,836.3)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(874.8)	(1,035.9)
Total net cash flows	**(303.0)**	**(42.6)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others	343.6	(201.8)
Change in net indebtedness	**40.6**	**(244.4)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(6,061.9)**	**(6,306.3)**