

January - June 2006
Conference Call

July 28, 2006

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Disclaimer

This investor presentation has been prepared independently by Linde AG (“Linde”). The presentation contains statements which address such key issues as Linde’s growth strategy, future financial results, market positions, and product development. Such statements should be carefully considered, and it should be understood that many factors could cause forecast and actual results to differ from these statements. These factors include, but are not limited to price fluctuations, currency fluctuations, developments in raw material and personnel costs, physical and environmental risks, legal and legislative issues, fiscal, and other regulatory measures. Stated competitive positions are based on management estimates supported by information provided by specialised external agencies.

Linde AG adopted the mandatory IFRIC 4 „Determining whether an arrangement contains a lease“ for the first time in January 1st, 2006. Due to the respectively required change in accounting policy, the comparative figures have been restated („restated“).

Impact of changes in accounting policy

Group income statement	January to June	Year
in € million	2006	2005
Net income after minority interests - as reported	193	501
Previously unrecognized actuarial gains/losses in relation to the measurement of pension obligations (IAS 19)	3	-
Adjustments to net income due to the change in accounting policy for certain plants reclassified as finance leases (IFRIC 4)		
Changes to Sales	44	54
Changes to Cost of Sales	-46	-58
Changes to interest income from leasing contracts	12	24
Deferred tax expense	-2	-7
Net income after minority interests - restated	204	514

Key Facts

- Linde fully on growth track: sales increase 10.7% to EUR 4,991 mn
- Ongoing momentum in operating margins: EBIT up 29.0% to EUR 481 mn
- Free Cash Flow improved by 104,4% to € 233 million
- EPS increase of 31.6% to €2.25 (2005: €1.71),
- Outlook for FY 2006 unchanged: increase in sales and EBIT

Income Statement

- Sales gain 10.7% to €4,991 million
- EBIT increases by 29.0% to €481 million
- Financial results includes first charge for take-over financing

In € million	Q2 06	Δ	H1 06	Δ
Sales	2,576	7.8%	4,991	10.7%
EBITDA	446	12.3%	863	15.5%
EBIT	256	23.1%	481	29.0%
Financial result	-41	-51.8%	-58	-11.5%
EBT	215	18.8%	423	31.8%
Net income	136	18.3%	270	32.4%

Key Financials

In € million	H1 05	H1 06
Operating cash flow	483	517
Free Cash Flow	114	233
Capex (excl. financial assets)	391	357
Net interest	-55	-59
EBITDA / Net interest	13.6	14.6
Net debt*	2,051	1,523
Gearing **	49%	33%

* Financial debt – cash & cash equivalents and securities (excl. restricted cash)

** Net debt / equity

Gas & Engineering

Gas & Engineering

- Sales advance by 9.1% to €3,061 million
- EBIT of €428 million is 20.9% above last year

In € million	Q2 06	Δ	H1 06	Δ
Sales	1,567	6.4%	3,061	9.1%
EBITDA	320	12.3%	635	14.8%
<i>Margin</i>	20.4%	-	20.7%	-
EBIT	217	17.3%	428	20.9%
<i>Margin</i>	13.8%	-	14.0%	-
EBT	199	19.2%	399	24.3%

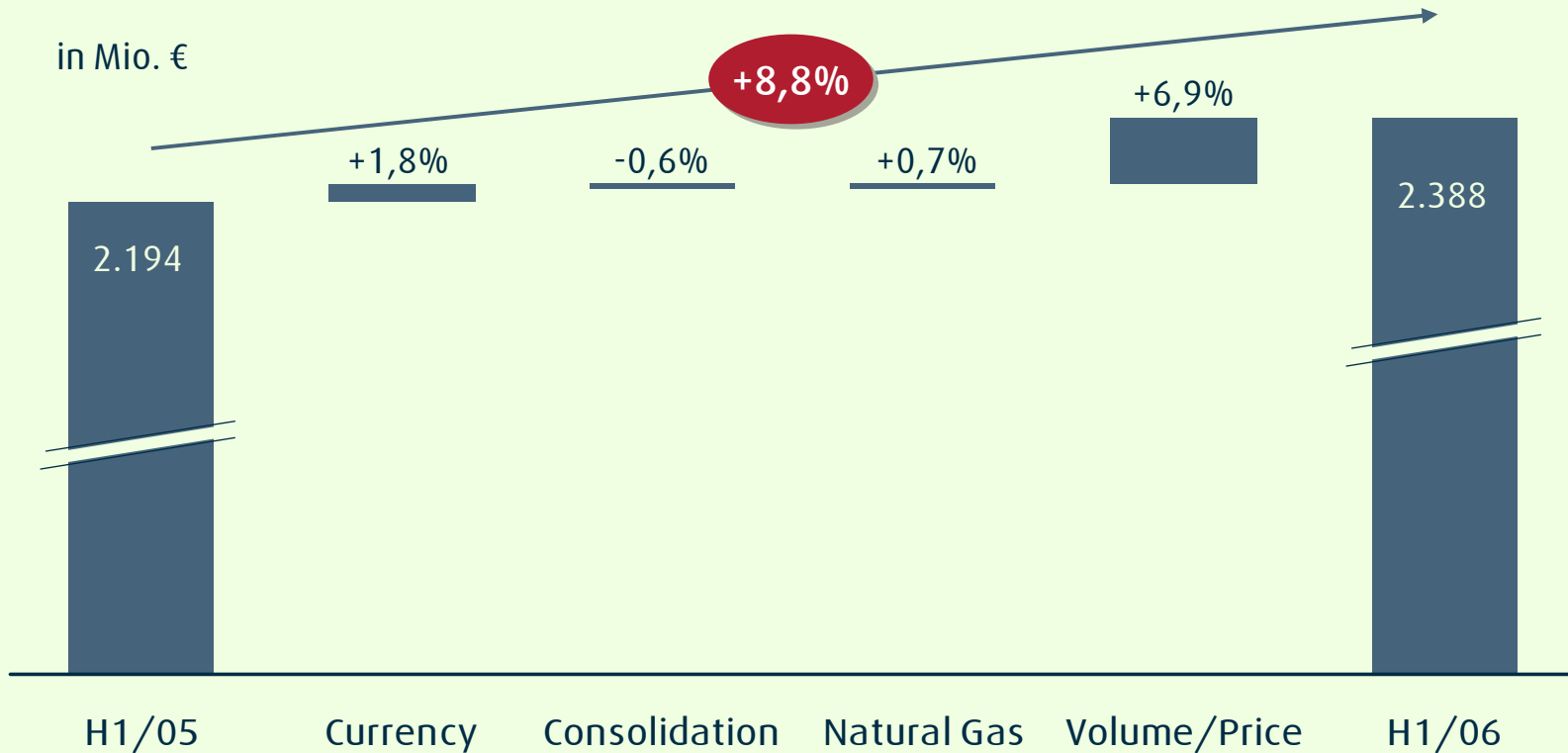
Linde Gas

- Sales increase 8.8% to €2,388 million
- EBIT improves by 16.0% to €385 million
- EBIT margin gains 1,0% on last year

In € million	Q2 06	Δ	H1 06	Δ
Sales	1,190	2.4%	2,388	8.8%
EBITDA	294	9.3%	588	11.8%
<i>Margin</i>	24.7%	-	24.6%	-
EBIT	193	12.2%	385	16.0%
<i>Margin</i>	16.2%	-	16.1%	-
EBT	176	15.8%	355	19.9%

Linde Gas - Sales bridge H1 2006: underlying growth of 6.9%

– Underlying growth of 9.1% excluding the effect of embedded lease contracts



Linde Gas – Regional Sales

- Solid underlying growth in all regions
- Asia / Pacific shows strongest growth momentum

In € million	H1 05	H1 06	Δ	Δ excl. currency
Germany	451	490	8.6%	8.6%
Europe excl. Germany	1,085	1,137	4.8%	4.5%
North America	419	468	11.7%	7.1%
South America	158	184	16.5%	5.1%
Asia / Pacific	81	107	32.1%	27.4%

Linde Gas – Product Segment Sales

- Cylinder and bulk segments keep solid growth path
- Double digit advance in on-site sales
- Healthcare gases grow above average with less capital intensity

In € million	H1 05	H1 06	Δ	Δ excl. currency
Bulk	593	654	10.3%	8.2%
Cylinder	809	869	7.4%	5.6%
On-site	517	577	11,6%	9.9%
Healthcare	347	381	9.8%	7.5%

Linde Gas - Healthcare Sales increased by 9.8% (+7.5% excl. currency)

In € million	H1 06	H1 Δ	H1 Δ excl. currency
Institutional	219	8.4%	5.8%
Homecare	96	9.1%	7.9%
INO	65	18.2%	14.0%
Healthcare	380	9.8%	7.5%

Linde Gas – on profitable growth path

- **Underlying sales growth of 9.1% for H1 2006:**
 - Strong picture in Asia/Pacific region
 - Eastern Europe and South America are the other drivers
 - Mature markets contribute as well to the growth momentum
 - Structural growth potential in On-site and Healthcare
 - Cylinder and bulk also showing solid increases
- **In parallel, profitability strenghtens step by step:**
 - Significant improvement of 1.0% in the EBIT margin over last year
 - Despite headwinds from energy pass-through effect
- **The combination with BOC will make Linde Gas even more competitive and efficient**

Linde Gas

Outlook for FY 2006 unchanged:

- Increase in sales and EBIT

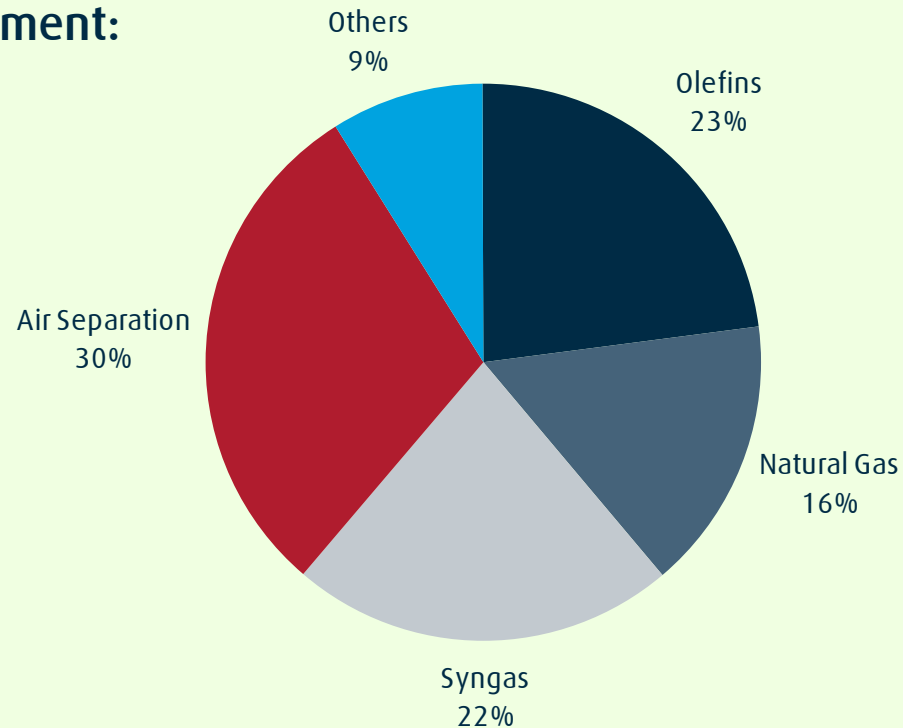
Linde Engineering

- Sales accelerated in Q2: H1 sales of €721 reached last year's high level
- EBIT increases by 27.3% to €42m
- High EBIT margin reflects strong industry fundamentals

In € million	Q2 06	Δ	H1 06	Δ
Sales	405	10.1%	721	-0.6%
EBITDA	28	33.3%	50	22.0%
<i>Margin</i>	6.9%	-	6.9%	-
EBIT	24	41.2%	42	27.3%
<i>Margin</i>	5.9%	-	5.8%	-
EBT	26	36.8%	46	27.8%

Linde Engineering – booming end markets keep orders flowing in

- 27.8% increase in new orders to €1,153m
- H1 order intake by segment:



Order backlog standing at EUR 3,621 bn (+9.7% since year-end 2005)

Linde Engineering – strong demand in all segments

- Air Separation: reflects strong demand for industrial gases across sectors and regions
- Syngas: energy legislations and sourer crude drive need for refinery hydrogen
- Natural Gas: tanker shipping alternative via LNG is in fact just taking off
- Olefins: upgrades of production capacities in Middle East, Russia and Asia in the pipeline

Outlook for FY 2006 unchanged:

- Sales and EBIT above last year

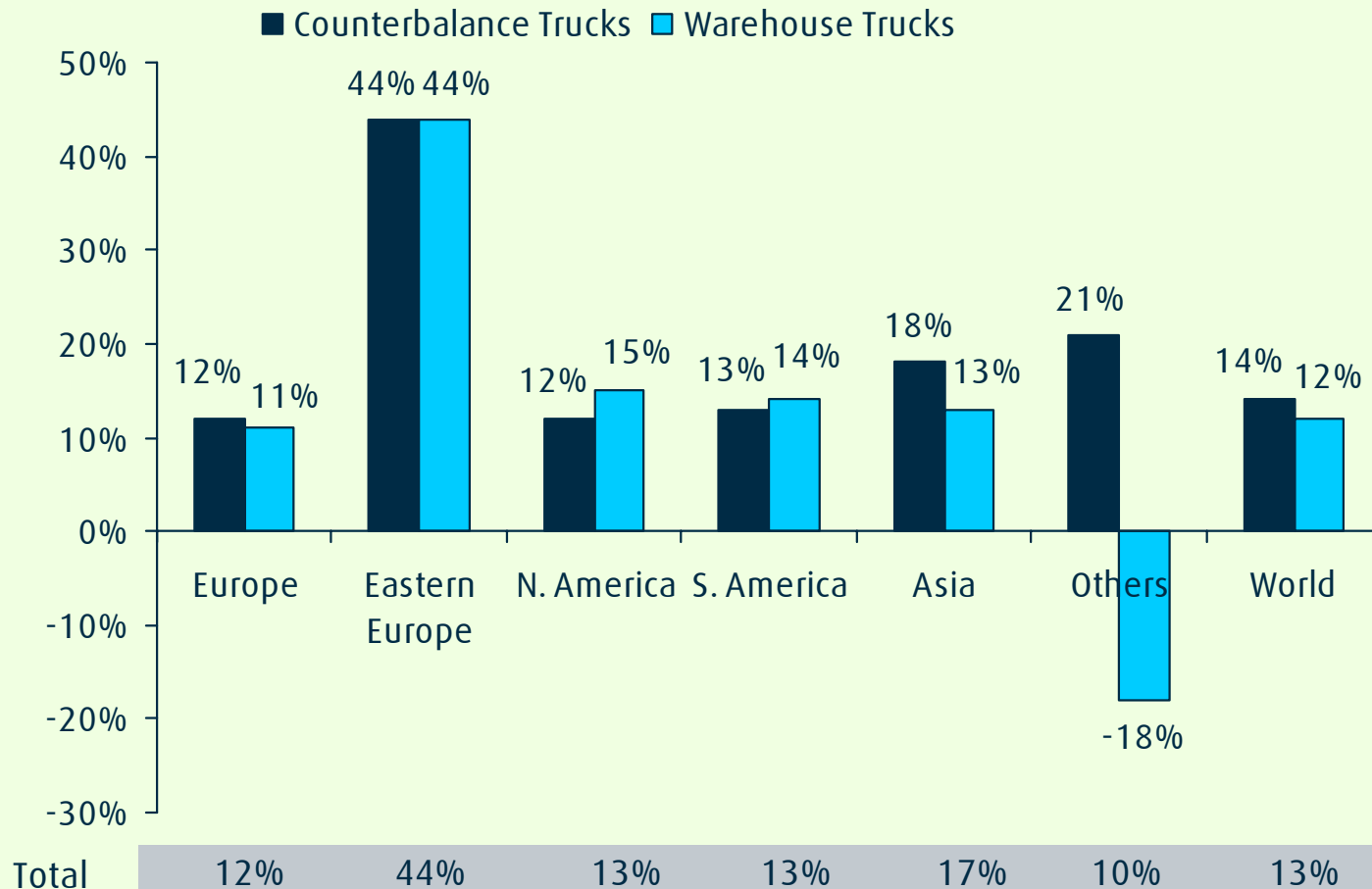
Material Handling

Material Handling

- Sales advance 15.9% to €1,933 million
- €116 million of EBIT is 48.7% above last year
- EBIT margin strengthens by 1.3% to 6.0%

In € million	Q2 06	Δ	H1 06	Δ
Sales	1011	12.7%	1,933	15.9%
EBITDA	150	11.9%	278	15.8%
<i>Margin</i>	14.8%	-	14.4%	-
EBIT	69	32.7%	116	48.7%
<i>Margin</i>	6.8%	-	6.0%	-
EBT	63	50.0%	102	70.0%

Material Handling – H1 2006 market growth (order intake) vs H1 2005



Material Handling: Leveraging good markets into strong profit growth

- **Demand remains strong on broad basis**
 - Global flow of goods drives build-up of logistic infrastructure, including forklifts
 - Strongest need in low-cost production regions like Asia and Eastern Europe
 - „Mature“ economies also showing very strong momentum in H1
 - Market growth is set to be solid in 2006, with strongest contribution from Asia (China) and Eastern Europe
- **Margin increase reflects successful optimisation measures**
 - Successful efficiency programs have laid ground for performance culture
 - Continuous focus translates into a steady trend of margin improvement
 - MH has its stated ROCE target of 16% in 2007 well in sight

Material Handling

Outlook for FY 2006 unchanged:

- Increase in sales and significant improvement of operating profit (EBIT)

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