



# Conference Call Q1 2016 Results

LeadIng.



THE LINDE GROUP

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Member of the Executive Board and CFO  
29 April 2016

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# Performance Q1 2016 Highlights

[EUR]		Q1 2015	Q1 2016	yoy [%]	yoy [%] adj.for FX
Revenue	[m]	4,398	4,262	-3.1	-0.3
Operating profit	[m]	1,010	991	-1.9	+0.6
Operating margin	[%]	23.0	23.3	+30bps	
Operating cash flow	[m]	740	883	+19.3	
EPS reported		1.62	1.65	+1.9	

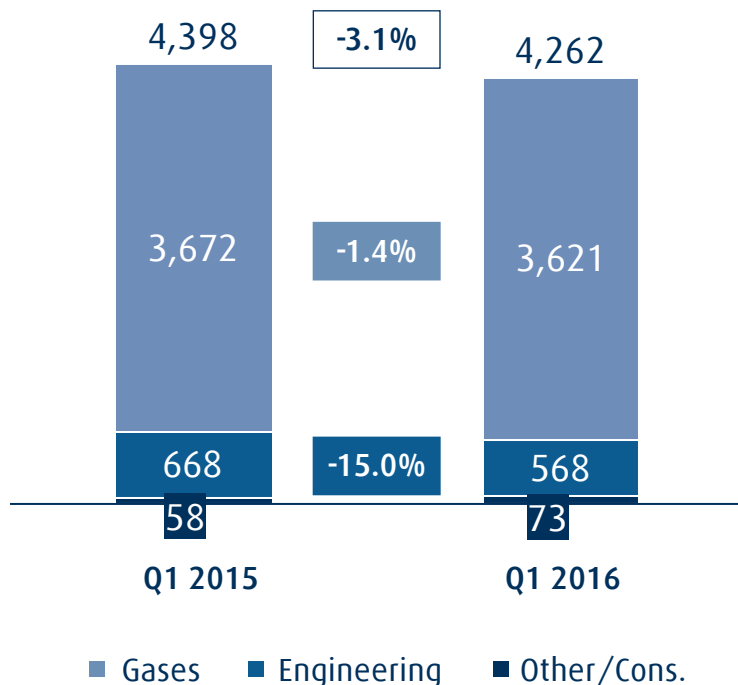
- Revenue development impacted by currency headwinds and expected lower Engineering contribution
- Impact from first price adjustment more than compensated by American HomePatient acquisition
- Strong operating cash flow

Please see definitions of key financial figures in the appendix

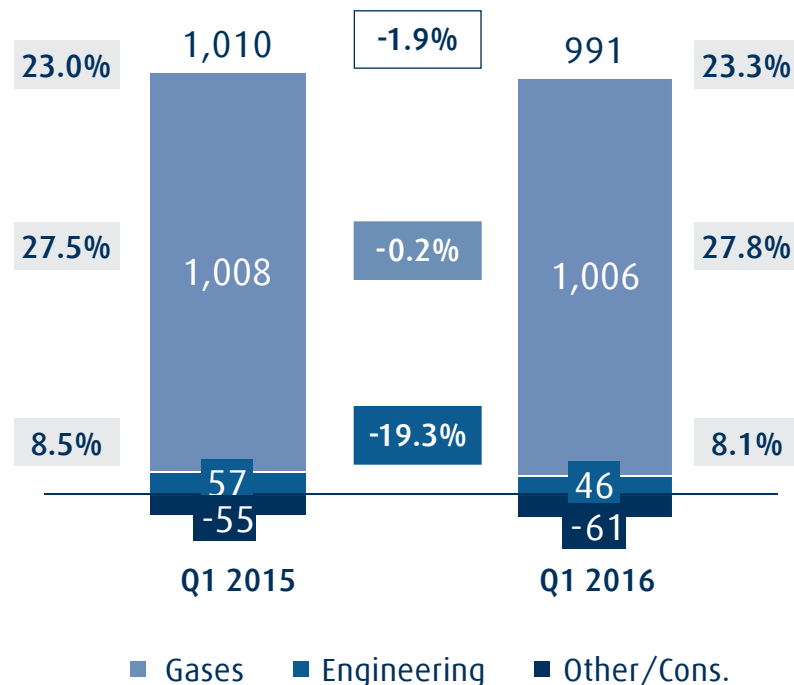
# Group | Revenue and operating profit by division

## Revenue development impacted by currency headwinds

### Revenue [EUR m]



### Operating profit [EUR m]



#### Gases

Revenue impacted by FX and supported by Healthcare acquisition

#### Engineering

Revenue development in line with expectations

#### Gases

Stable operating profit despite negative FX impact

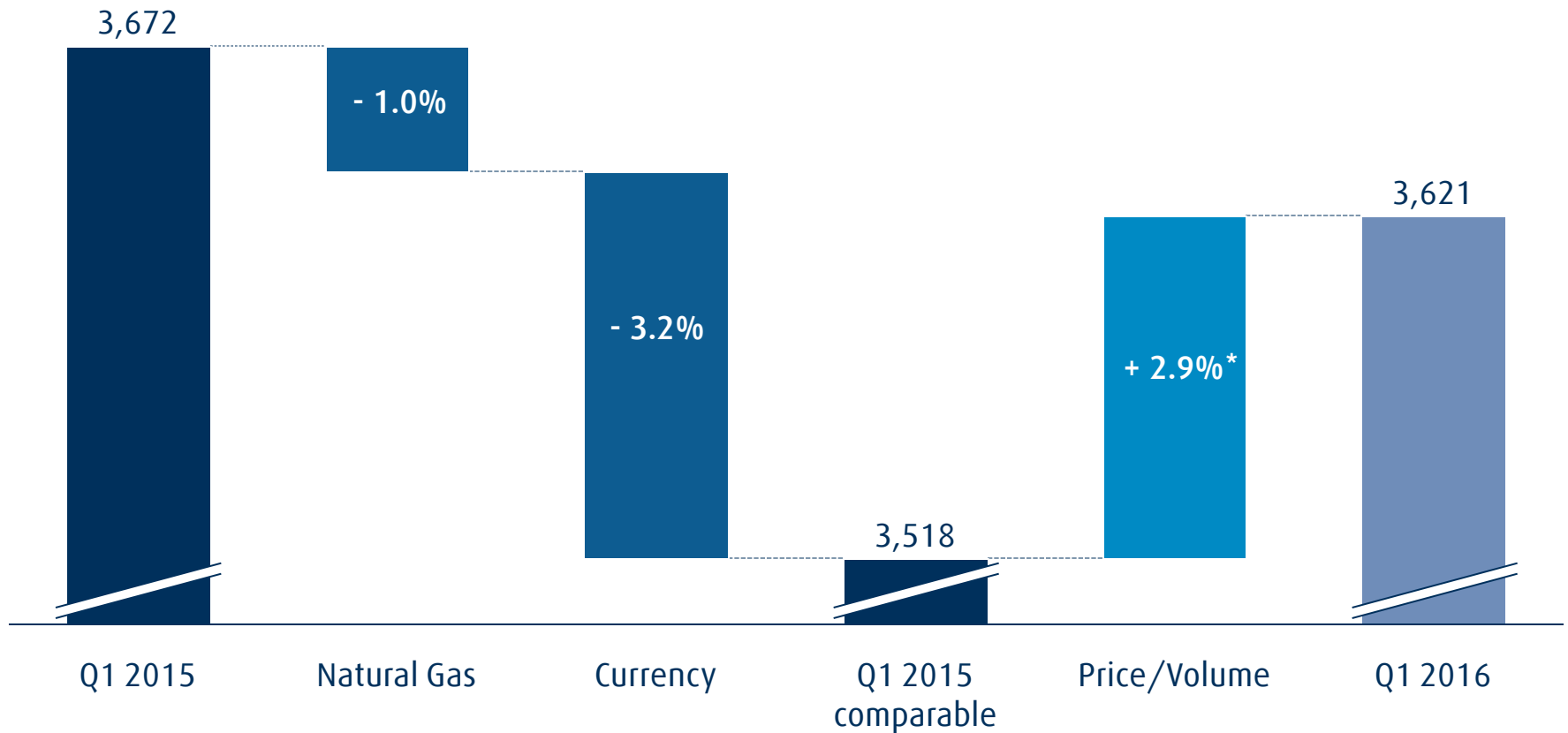
#### Engineering

Margin in line with medium-term guidance of around 8 percent

# Gases Division | Revenue bridge

Price/volume increase of 2.9 percent

[EUR m]

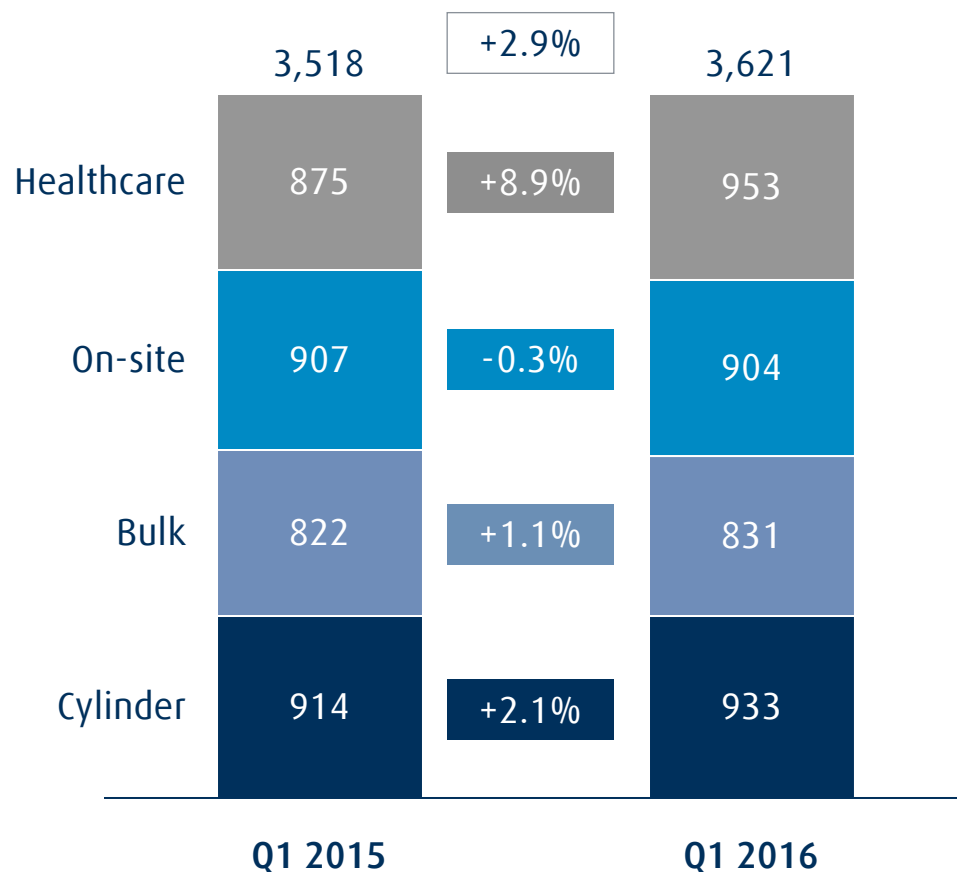


\*Including EUR 47m changes in consolidation from American HomePatient acquisition

# Gases Division | Revenue by product areas

## Positive growth development in Q1 2016

Comparable growth\*  
[EUR m]



\*Excludes currency and natural gas price effects

### Comments / Additional effects



**Healthcare**  
Strong growth supported by American HomePatient, +3.3% excluding acquisition



**On-site**  
Growth restrained by the end of a contract in Australia in 2015 and an insolvency of a customer in UK in 2015, +1.7% excluding these effects



**Bulk**  
Highest growth contribution from Asia



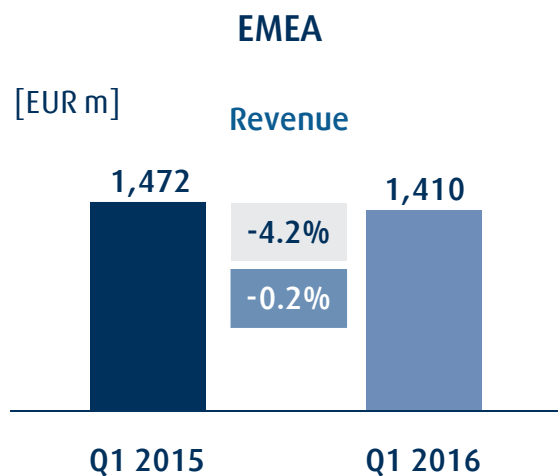
**Cylinder**  
Development supported by Specialty Gases in Americas

# Gases Division | Revenue by operating segments

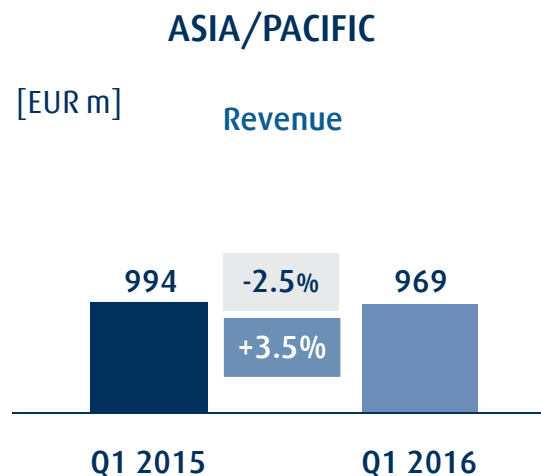
## Solid comparable growth in Asia



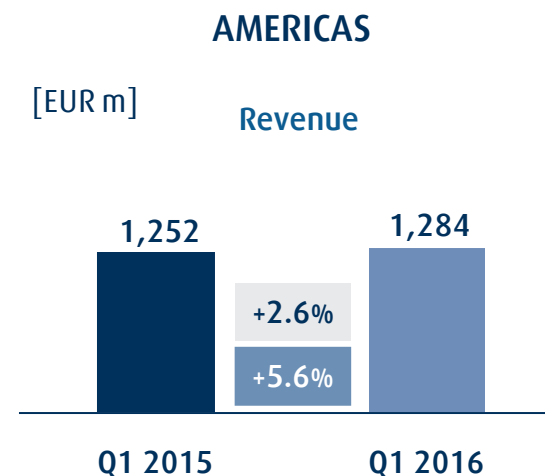
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- Highest growth contribution from Middle East and Eastern Europe
- Headwinds from an insolvency of a customer in UK in 2015 and challenging macro- environment in Africa
- Strongest growth in Healthcare



- 6.9 % comparable growth in Asia
- Macro-economic situation in South Pacific remains weak
- Growth driven by On-site and Bulk

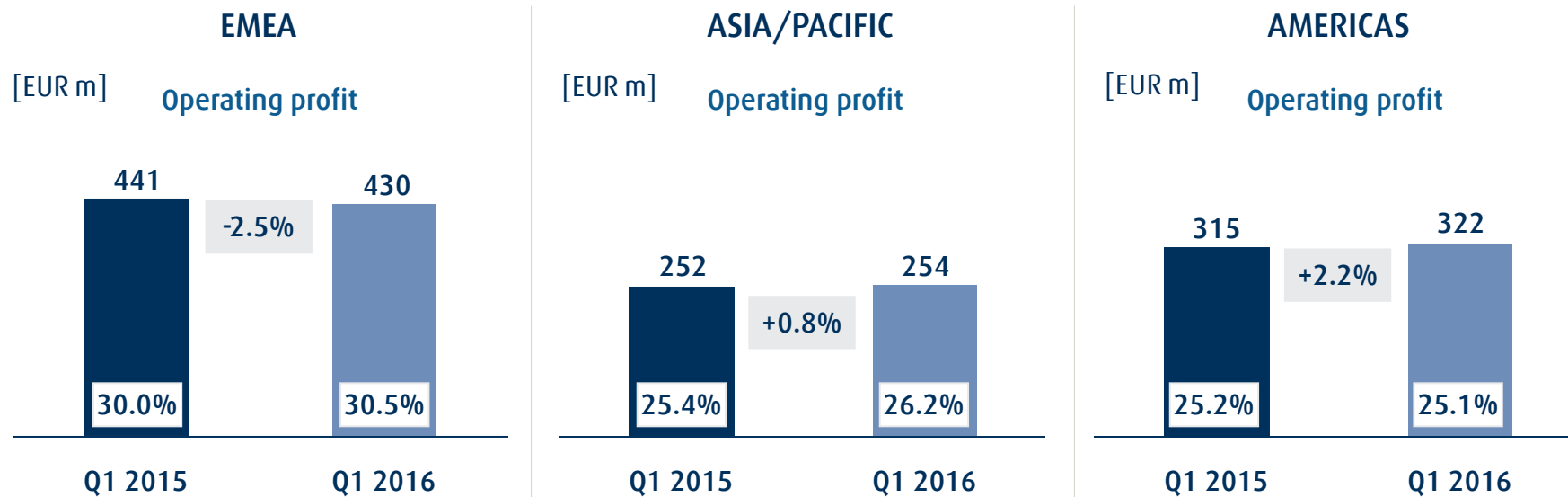


- Comparable growth driven by American HomePatient acquisition
- Strong development in Specialty Gases in North America
- Growth in South America supported by pricing initiatives

■ Reported growth   ■ Comparable growth: excluding currency and natural gas price effects

# Gases Division | Operating profit by operating segments

## Operating profit margin of 27.8 percent



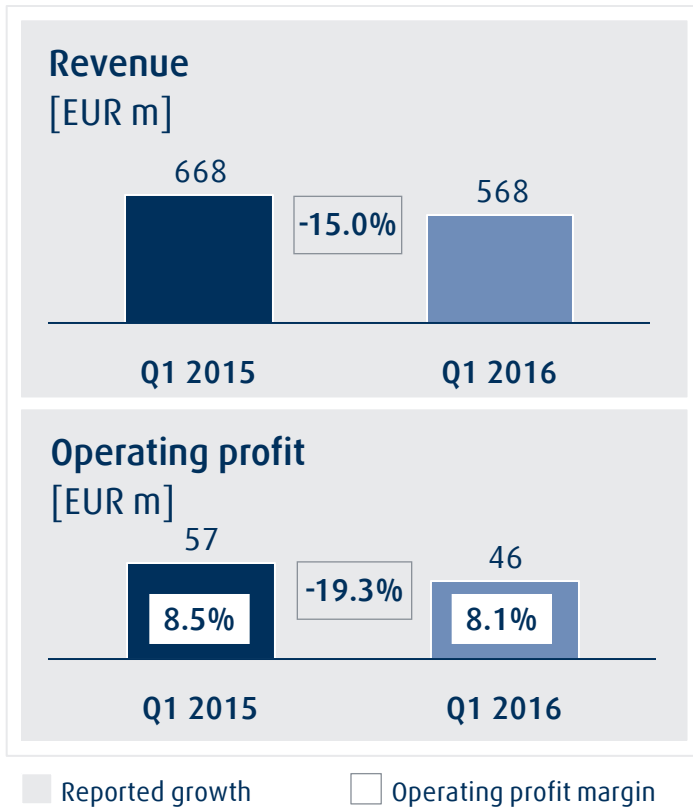
- Margin improvement in EMEA aided by restructuring savings and lower natural gas prices
- Stable operating profit in APAC despite soft South Pacific and currency headwinds
- Steady margin in Americas supported by lower natural gas prices and North American Specialty Gases business

■ Reported growth □ Operating profit margin

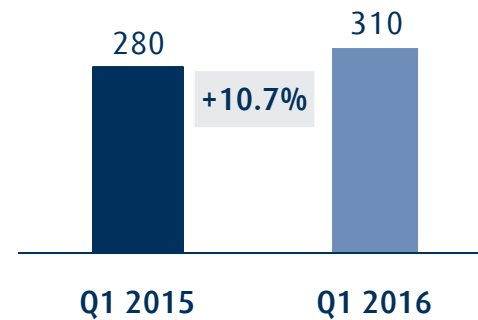


# Engineering Division | Key figures

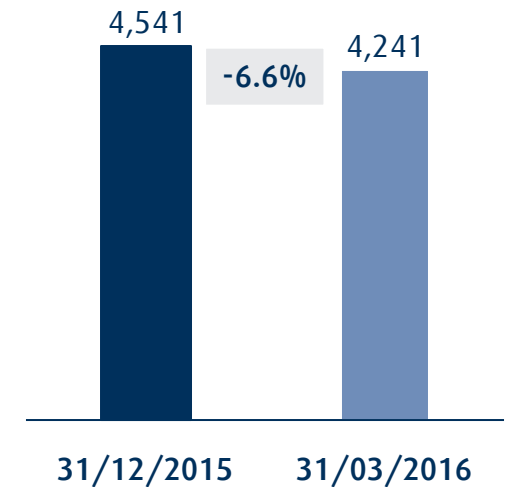
## Solid margin in a challenging environment



Order intake  
[EUR m]



Order backlog  
[EUR m]



- Order intake in Q1 remains affected by postponement of investment decisions in particular in the petrochemical industry
- Revenue development in line with progress of projects
- Order backlog remains on a solid level

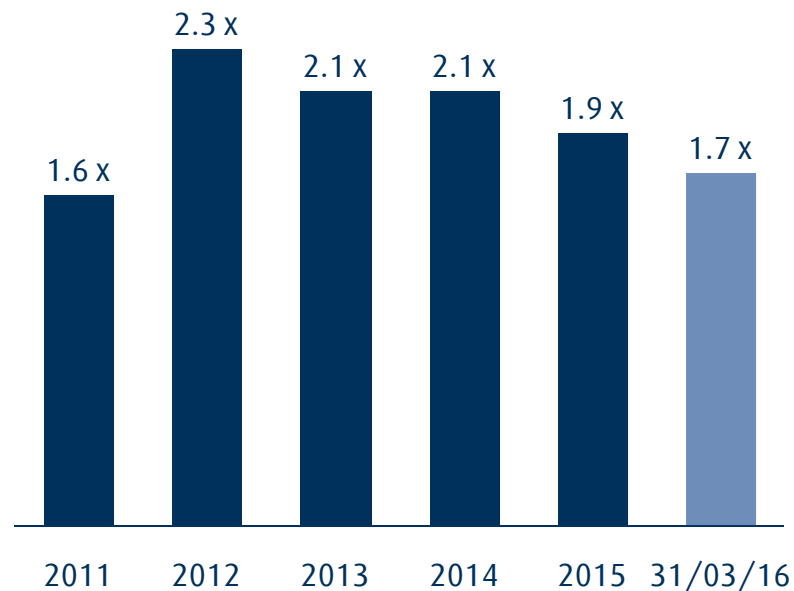
# Financial Performance | Key figures

## Strong operating cash flow development

### Cash flow

[EUR m]	Q1 2015	Q1 2016
Operating cash flow	740	883
Investment cash flow*	-476	-546
Free cash flow before financing	264	337
Change in cash and financial debt	206	281

### Net debt / operating profit



- Net debt decreased to EUR 7.2bn supported by strong operating cash flow
- 20 April 2016: 12 year EUR 750m senior bond issue with record-low coupon of 1%
- Ratings unchanged A+ /A-1 (S&P) and A2/P-1 (Moody's) with stable outlook

\*Excluding investments in / disposals of securities; Q1 2015: EUR -51m; Q1 2016: EUR -109m

## Short-term outlook\*

◆ 2016

2015 adjusted for FX

### Group

Revenue	-3 to +4% versus 2015 adjusted for FX	17.256 billion Euros
Operating profit	-3 to +4% versus 2015 adjusted for FX	3.970 billion Euros
ROCE	Around 9 percent	Potentially impacted

### Gases Division

Revenue	±0 to +5% versus 2015 adjusted for FX	14.558 billion Euros
Operating profit	-1 to +6% versus 2015 adjusted for FX	3.997 billion Euros

### Engineering Division

Revenue	2.0 to 2.4 billion Euros
Operating margin	Around 8 percent

## Medium-term outlook\*\*

◆ 2017

### Group

Operating Profit	4.2 to 4.5 billion Euros
ROCE	9 to 10 percent

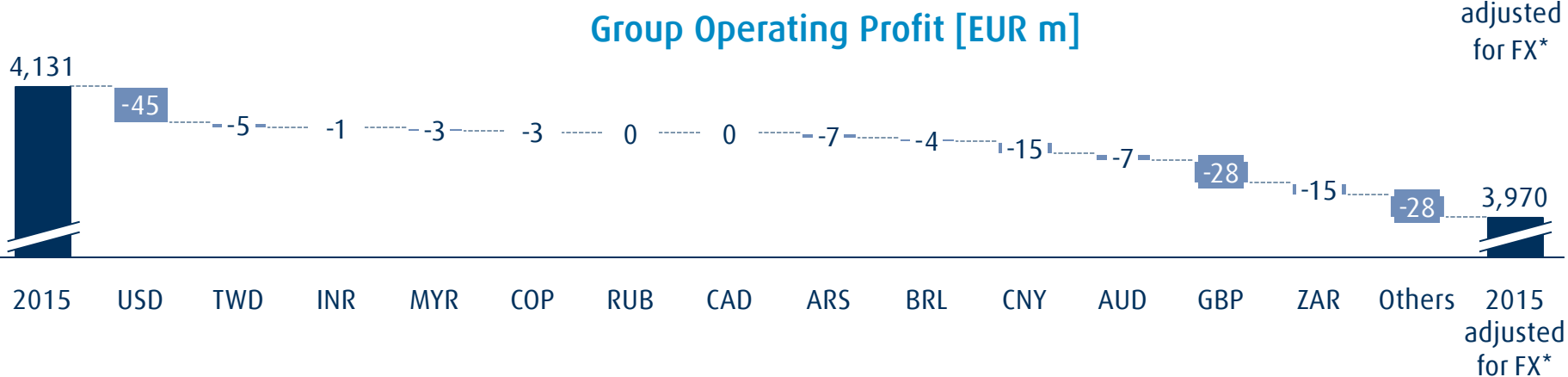
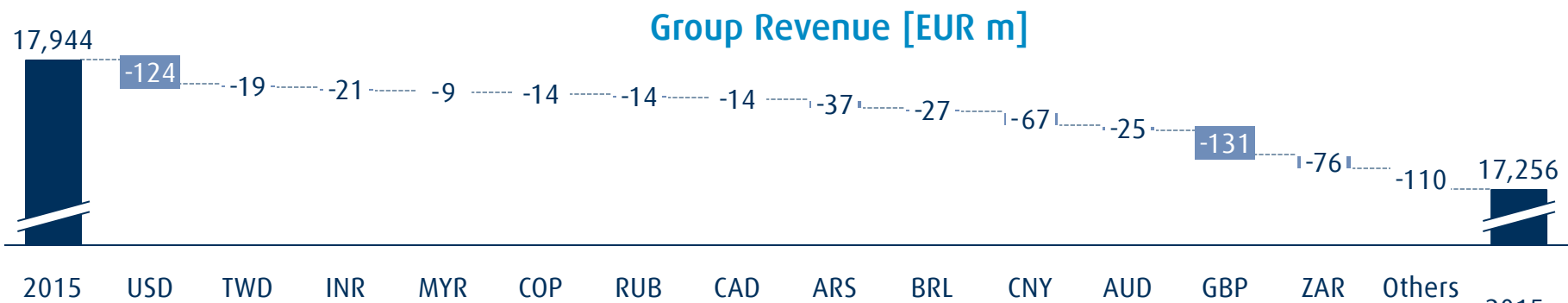
Please see definitions of key financial figures in the appendix

\*Dependent on economic development | 2015 adjusted for FX based on forward exchange rates from end of March 2016

\*\*Dependent on economic development and based on forward exchange rates from time of communication in November 2015



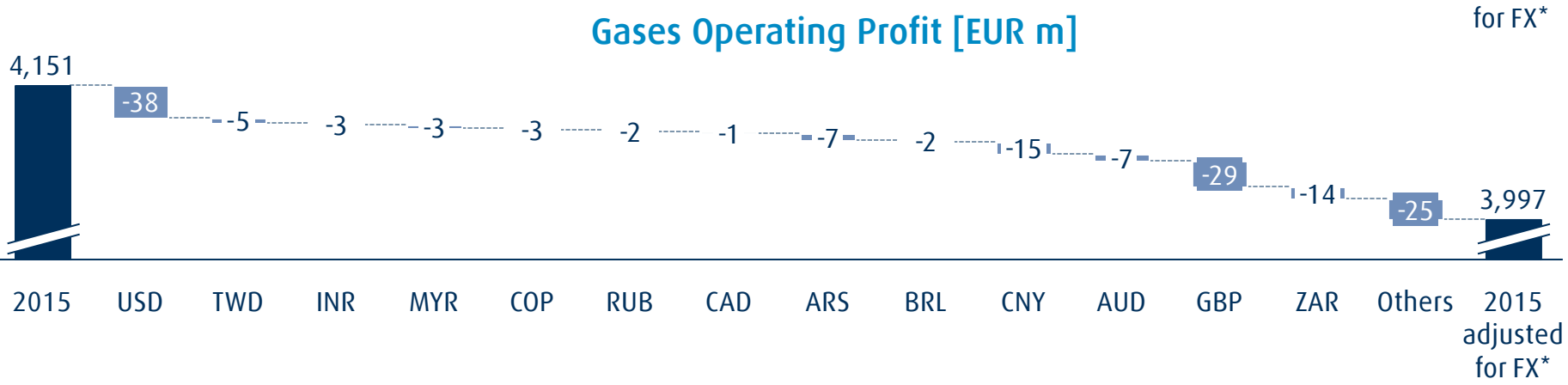
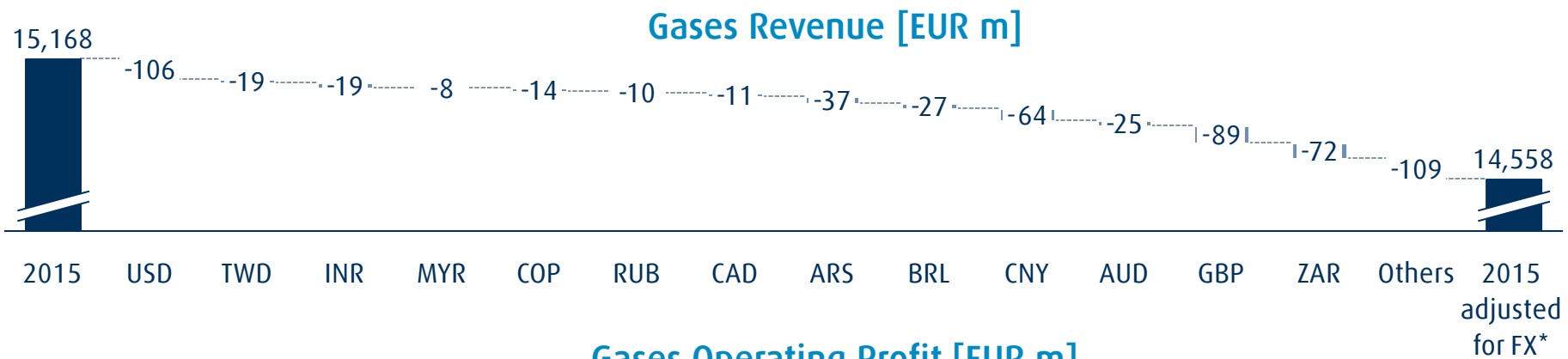
# Group | Potential currency impact on 2016 outlook



	USD	TWD	INR	MYR	COP	RUB	CAD	ARS	BRL	CNY	AUD	GBP	ZAR
Average rate in 2015	1.11	35.25	71.17	4.34	3,047.3	68.01	1.42	10.27	3.70	6.98	1.48	0.73	14.17
Applied forward rate*	1.13	36.81	77.15	4.51	3,546.6	78.27	1.49	16.40	4.30	7.42	1.51	0.79	17.46

\*Based on forward exchange rates from end of March 2016

# Gases Division | Potential currency impact on 2016 outlook



	USD	TWD	INR	MYR	COP	RUB	CAD	ARS	BRL	CNY	AUD	GBP	ZAR
Average rate in 2015	1.11	35.25	71.17	4.34	3,047.3	68.01	1.42	10.27	3.70	6.98	1.48	0.73	14.17
Applied forward rate*	1.13	36.81	77.15	4.51	3,546.6	78.27	1.49	16.40	4.30	7.42	1.51	0.79	17.46

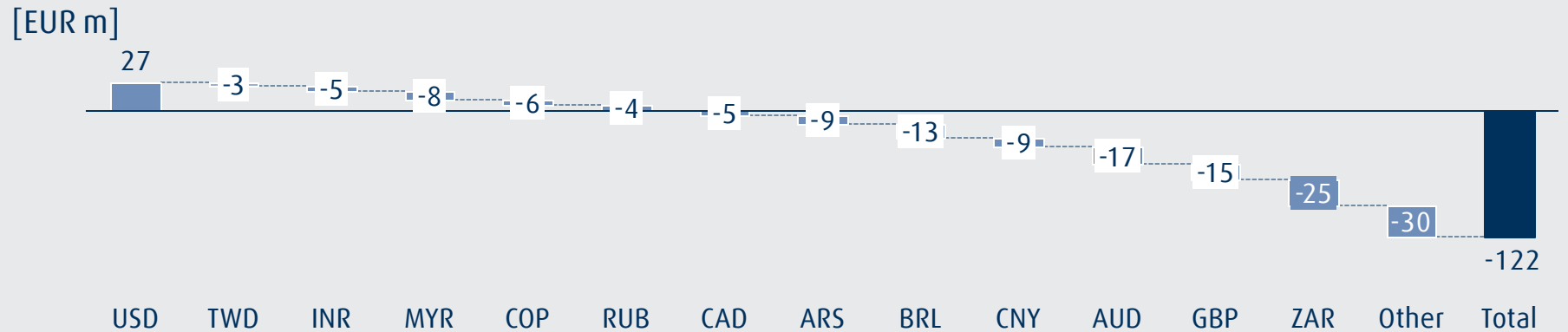
\*Based on forward exchange rates from end of March 2016

# Group | Currency impact

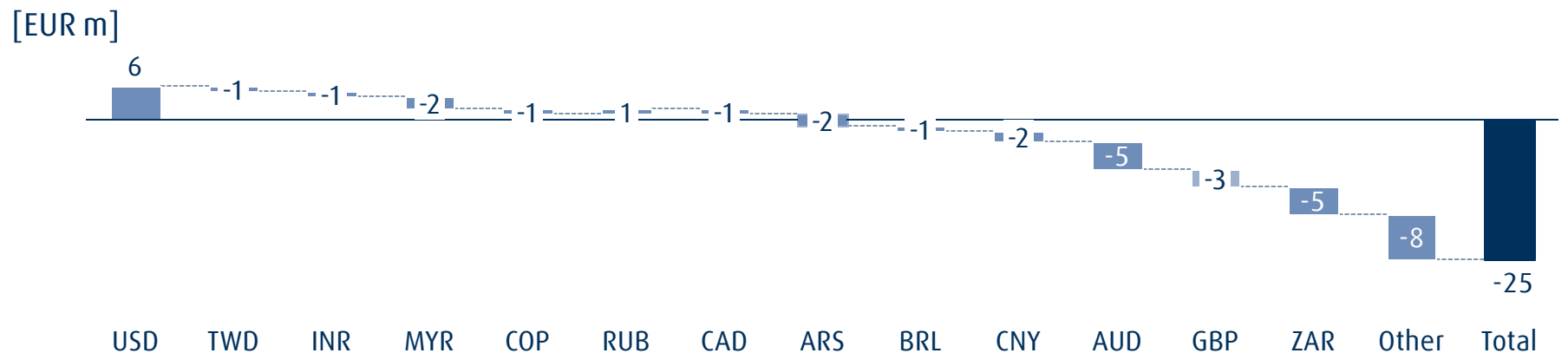
## Impact on revenue and operating profit in Q1 2016



### Impact on Group revenue in 2016



### Impact on Group operating profit in 2016



# Group | Q1 2016

## Key P&L items

[EUR m]	Q1 2015	Q1 2016	Δ in %
Revenue	4,398	4,262	-3.1
Operating profit	1,010	991	-1.9
Operating margin	23.0	23.3	+30bps
PPA depreciation for BOC	-63	-46	+27.0
Depreciation & amortisation (excl. PPA BOC)	-404	-415	-2.7
Other non-recurring items (expenses for restructuring)	-20	-	-
<b>EBIT</b>	<b>523</b>	<b>530</b>	<b>+1.3</b>
Financial result	-98	-89	+9.2
Taxes	-101	-108	-6.9
Profit for the year – attributable to Linde AG shareholders	300	306	+2.0
<b>EPS reported [EUR]</b>	<b>1.62</b>	<b>1.65</b>	<b>+1.9</b>



# Group | Q1 2016

## Cash flow statement



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[EUR m]	Q1 2015	Q1 2016
Operating profit	1,010	991
Change in working capital	-161	24
Income taxes paid	-99	-36
Other changes	-10	-96
<b>Operating cash flow</b>	<b>740</b>	<b>883</b>
Investments in tangibles/intangibles	-442	-405
Payments for acquisitions	-71	-180
Other (incl. financial investments)	37	39
<b>Investment cash flow*</b>	<b>-476</b>	<b>-546</b>
<b>Free cash flow before financing</b>	<b>264</b>	<b>337</b>
Interest and swaps, dividends	-52	-48
Other changes	-6	-8
<b>Change in cash and financial debt</b>	<b>206</b>	<b>281</b>

\*Excluding investments in / disposals of securities; Q1 2015: EUR -51m; Q1 2016: EUR -109m

Operating Profit	Earnings per Share (EPS) before non-recurring items	Earnings per Share (EPS) (reported)	Return on Capital Employed (ROCE)
Return	Return	Return	Return
EBIT before non-recurring items adjusted for amortisation of intangible assets and depreciation of tangible assets	Profit for the period before non-recurring items attributable to Linde AG shareholders	Profit for the period attributable to Linde AG shareholders	EBIT before non-recurring items
	Shares	Shares	Average Capital Employed
	Number of weighted average outstanding shares	Number of weighted average outstanding shares	Equity (incl. non-controlling interests) + financial debt + liabilities from finance leases + net pension obligations - cash, cash equivalents and securities - receivables from finance leases

## Financial calendar



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### Linde share information

**Type of share:**

Bearer shares

**Stock exchanges:**

All German stock exchanges

**Security reference number:**

ISIN DE0006483001

CUSIP 648300

### Linde ADR information

**Ticker Symbol:**

LNEGY

**DR ISIN:**

US5352230204

**Depository Bank:**

Deutsche Bank

**Structure:**

ADR Level I, Sponsored



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