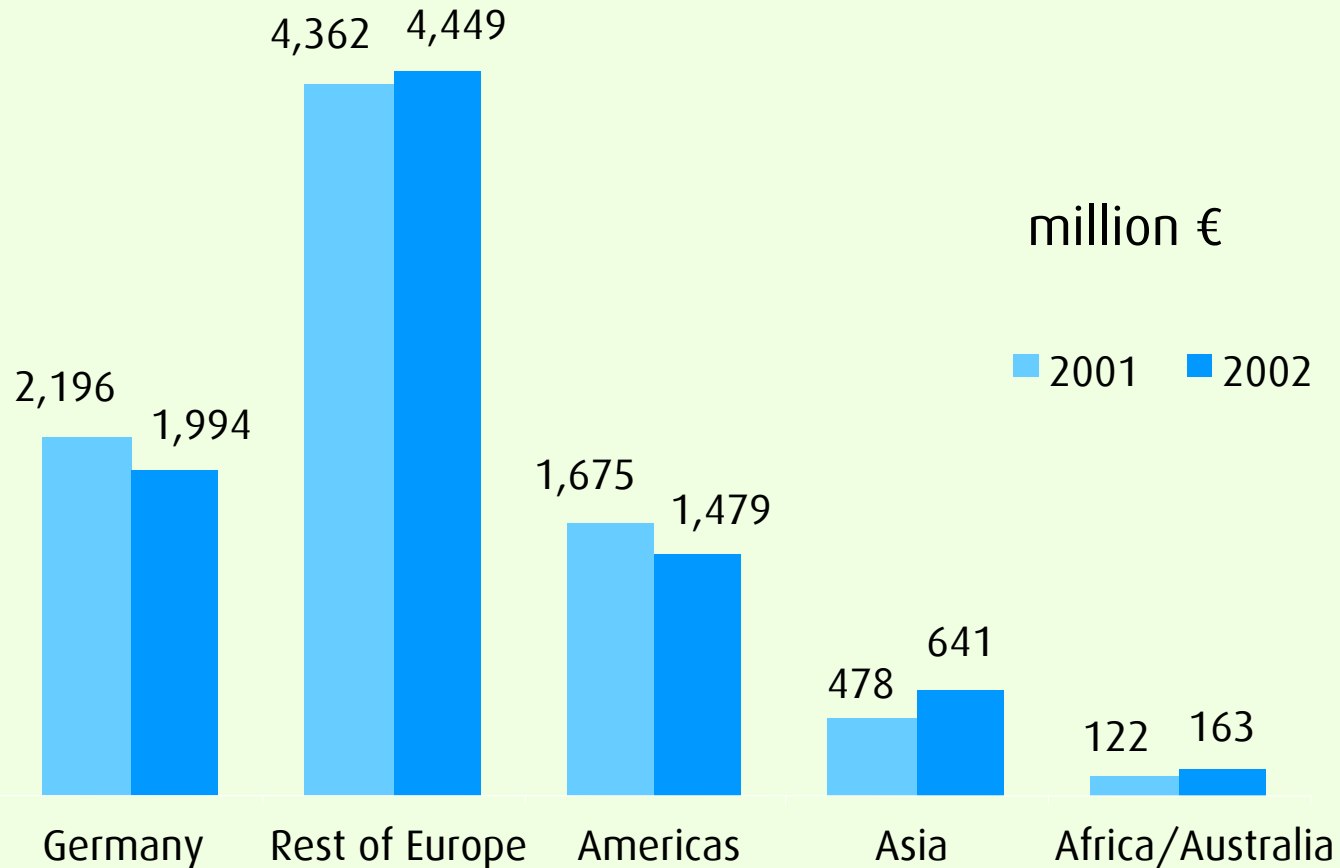


# Analysts' Conference, March 27, 2003

## FY 2002

- Slight decline in sales due to drop in domestic sales
- Drop in EBITA compensated by lower interest charge and reduced tax rate
- Income from the sale of Dresdner Bank stake (165 million €) offset by significant one-off expenses
- 240 million € earnings in line with last year (241 million €)
- Net debt ex pension provisions decreased by 494 Mio. € to 3,313 million €

## Sales by regions (Total 8,726 million €)



## Maintained leading market position in all business fields

	<u>Europe</u>	<u>World</u>
Linde Gas	1	5
Linde Engineering	Market Leader <sup>®</sup>	
Material Handling	1	1
Refrigeration	1	2

## Income Statement

- Interest result improved
- Tax rate lower due to Dresdner Bank sale

in million €	2001	2002	Δ
Sales	8,833	8,726	- 1.2 %
Sales ex currencies			+ 0.7 %
EBITDA	1,519	1,436	- 5.5 %
EBITA	764	647	- 15.3 %
Goodwill	114	124	+ 8.8 %
EBIT	650	523	- 19.5 %
Financial result	- 203	- 167	+ 17.7 %
EBT	447	356	- 20.4 %
Taxes on income	201	115	- 42.8 %
Minority interests	- 5	- 1	
Net income	241	240	- 0.4 %

- Strong cashflow (+14.3 %)
- Investment discipline has led to reduced capex (incl. financial assets)
- Capital employed reduced by 767 million €

in million €	2001	2002	Δ
Earnings per share	2.02	2.01	- 0.5 %
Earnings per share pre goodwill	2.98	3.05	+ 2.3 %
Cash flow from operating activities	1,115	1,274	+ 14.3 %
Cash flow per share	9.35	10.68	+ 14.3 %
Capex	965	913	- 5.4 %
Capital employed*	9,757	8,990	- 7.9 %
Change in working capital	-17	52	
ROCE	7.9 %	7.0 %	

\* Average figure incl. pension liabilities

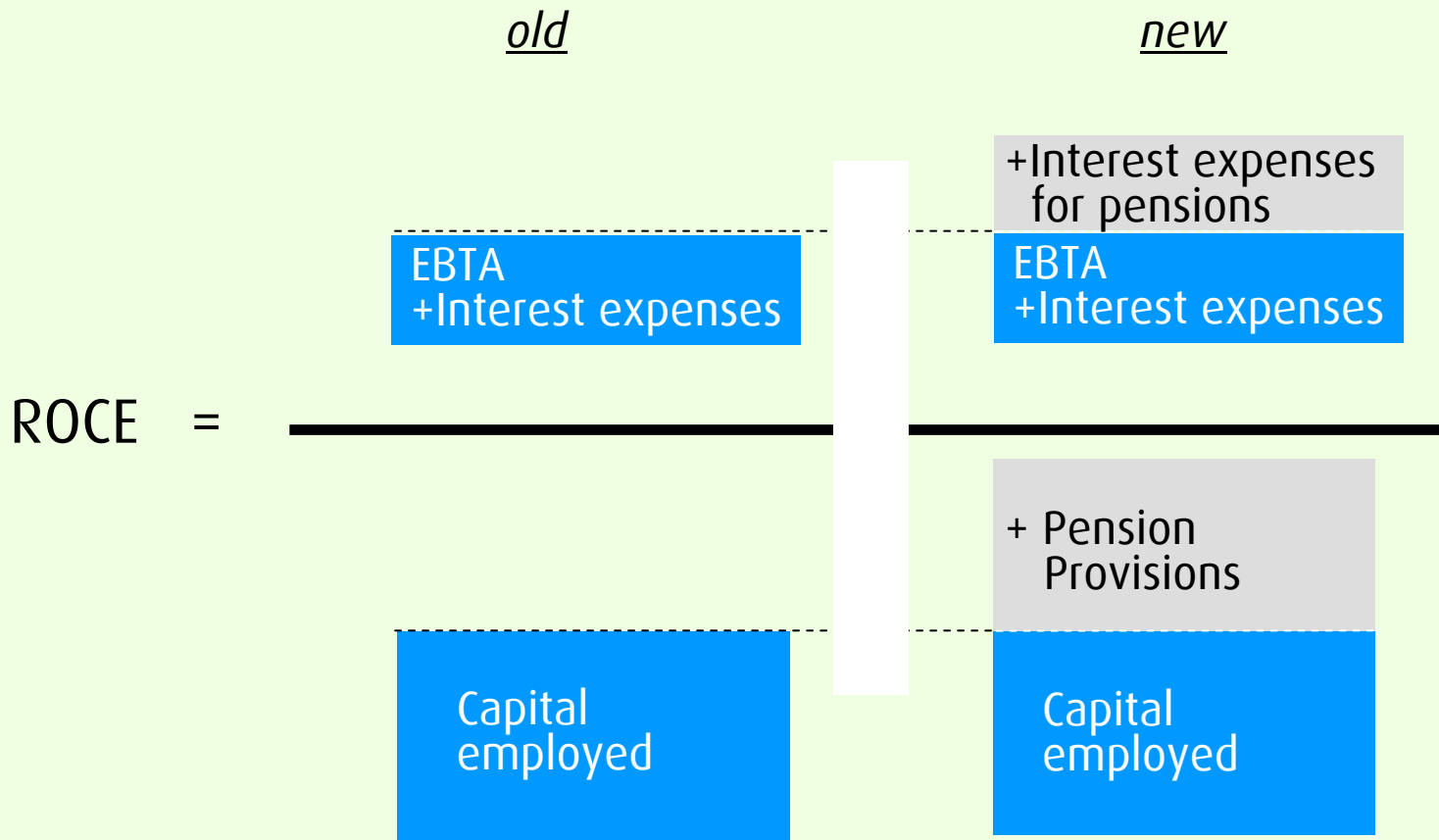
## Financial situation

- Improved interest coverage ratio
- Lower gearing

in million €	2001	2002
EBITDA	1,519	1,436
Net interest expense	209	170
<b>EBITDA / Net interest expense</b>	<b>7.3</b>	<b>8.4</b>
Net debt	3,807	3,313
Equity, minority interests	4,356	4,119
Capital employed*	8,163	7,432
<b>Net debt / capital employed</b>	<b>47</b>	<b>45</b>
<b>Net debt / EBITDA</b>	<b>2.5</b>	<b>2.3</b>
Gearing	87.4 %	80.4 %

\* Year end figure ex pension liabilities

## Conversion of ROCE- Group







## ROCE in Comparison

	2001 <sub>(old)</sub>	2001 <sub>(new)</sub>	2002
Linde Gas	18.7%	9.1%	9.6%
Linde Engineering	26.6%	14.9%	13.3%
Material Handling	19.1%	13.1%	8.7%
Refrigeration	7.5%	4.2%	5.1%
Group	9.0%	7.9%	7.0%

## Pension obligations- 2 different systems

I

Internally financed  
pension obligations

Mainly in Germany

Gross Obligation (DB0): 1,015 mio €

II

Externally funded  
pension obligations

Mainly in the USA, UK, CH, N,  
NL and FIN

Gross Obligation (DB0): 794 mio €

Plan Assets: 653 mio €

## Pension obligations

- Net Obligation: 1,156 million €

in million €	2002
Defined Benefit Obligation	1,809
Of which internally financed	1,015
Of which externally funded	794
Fair value of Plan assets	- 653
Net Obligation	1,156
Unrecognized actuarial losses	- 141
Limitation (IAS 19.58)	8
Provision in balance sheet at 31.12.	1,023

# Gas and Engineering

## Gas and Engineering

- Higher sales
- Improved operating profit

in million €	2001	2002	Δ
Sales	4,835	4,839	+ 0.1 %
EBITDA	1,104	1,110	+ 0.5 %
EBITA	651	659	+ 1.2 %

## FY 2002 ...

- Stagnating sales due to currency & natural gas price effects
- Limited profit increase due to one off items, currencies, shift in the portfolio and higher R&D & start up cost for INO

## Outlook ...

- Future growth driven by healthcare and on site business
- Cost reduction of 150 million € until 2004

- Ex currency and natural gas price effects plus 4.4 % in sales
- Slight improvement of operating profit
- Capex ratio down to 10.6 % (previous year 11.6 %)

in million €	2001	2002	Δ
Sales	3,875	3,880	+ 0.1 %
Sales (ex currencies & natural gas)			+ 4.4 %
EBITDA	1,037	1,034	- 0.3 %
Margin	26.8 %	26.6 %	
EBITA	599	606	+ 1.2 %
Capital employed	6,782	6,256	- 7.8 %
ROCE	9.1 %	9.6 %	
Cashflow	668	756	+ 13.2 %
Capex	449	410	- 8.7 %



## FY 2002- Good performance in selected growth segments

- **Hydrogen** sales decreased from 249 to 242 million €
  - Ex natural gas price effects, sales rose by 13%
- **Helium** sales increased from 54 to 59 million €, plus 9.3%
  - Joint Venture with Sonatrach in Algeria gives Linde access to its own helium source from 2005 on

## FY 2002 ...

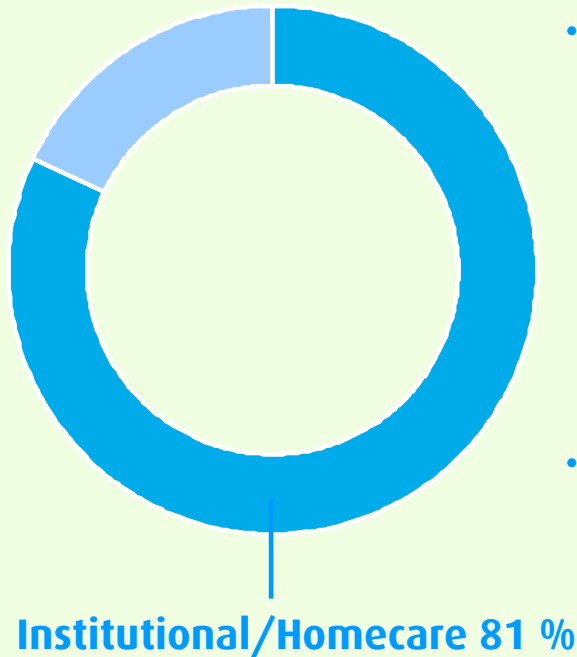
- Growth of 7.4 % (+ 12.6 % ex currency)
- EBITA in the range of 20% - plus 10.3 % in 2002 (+ 17 % ex currency)

## Outlook...

- Strong sales growth ahead
- Higher R & D costs

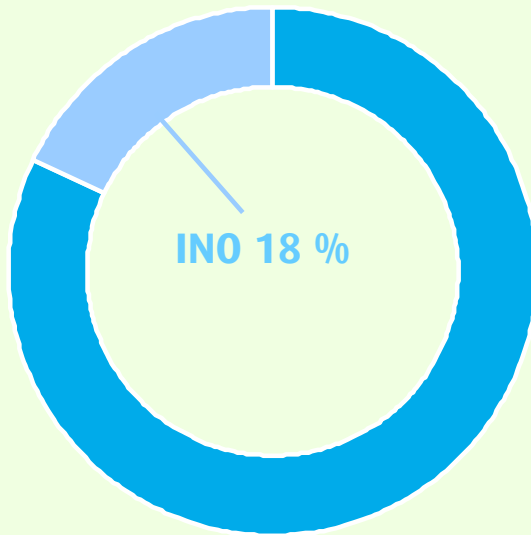
in million €	2001	2002	2006e
Institutional Care / Homecare	447	464	> 670
INO	81	102	> 240
GEMI, LMS	4	5	> 40
<b>Total Sales</b>	<b>532</b>	<b>571</b>	<b>&gt; 950</b>

## Institutional / Homecare – 464 million € sales in 2002



- **Institutional** (approx. 5 % annual growth rate est.)
  - Enhancement of marketing, sales & service efficiency
  - Differentiation by offering added value to doctors & pharmacists
  - Focus on therapies
- **Homecare** (approx. 20 % annual growth rate est.)
  - Improvement of service & operations
  - Focus on therapies
  - Further growth driven by smaller acquisitions

## INO – 102 million € sales in 2002 (+ 26 %, ex currency + 32 %)



- Revised sales expectations due to
  - slow start in Europe
  - one-year delay in the roll-out of new products
- Annual growth of appx. 25 % for the upcoming 2 years
  - 2003e sales: > 120 million €
  - 2004e sales: > 150 million €
- Further Jump in sales expected – starting 2006
  - driven by new applications

## FY 2002 ...

- Order intake plus 24.2%
- Cooperation with BOC starts to pay off

## Outlook ...

- Order situation points to promising future sales
- Low risk profile

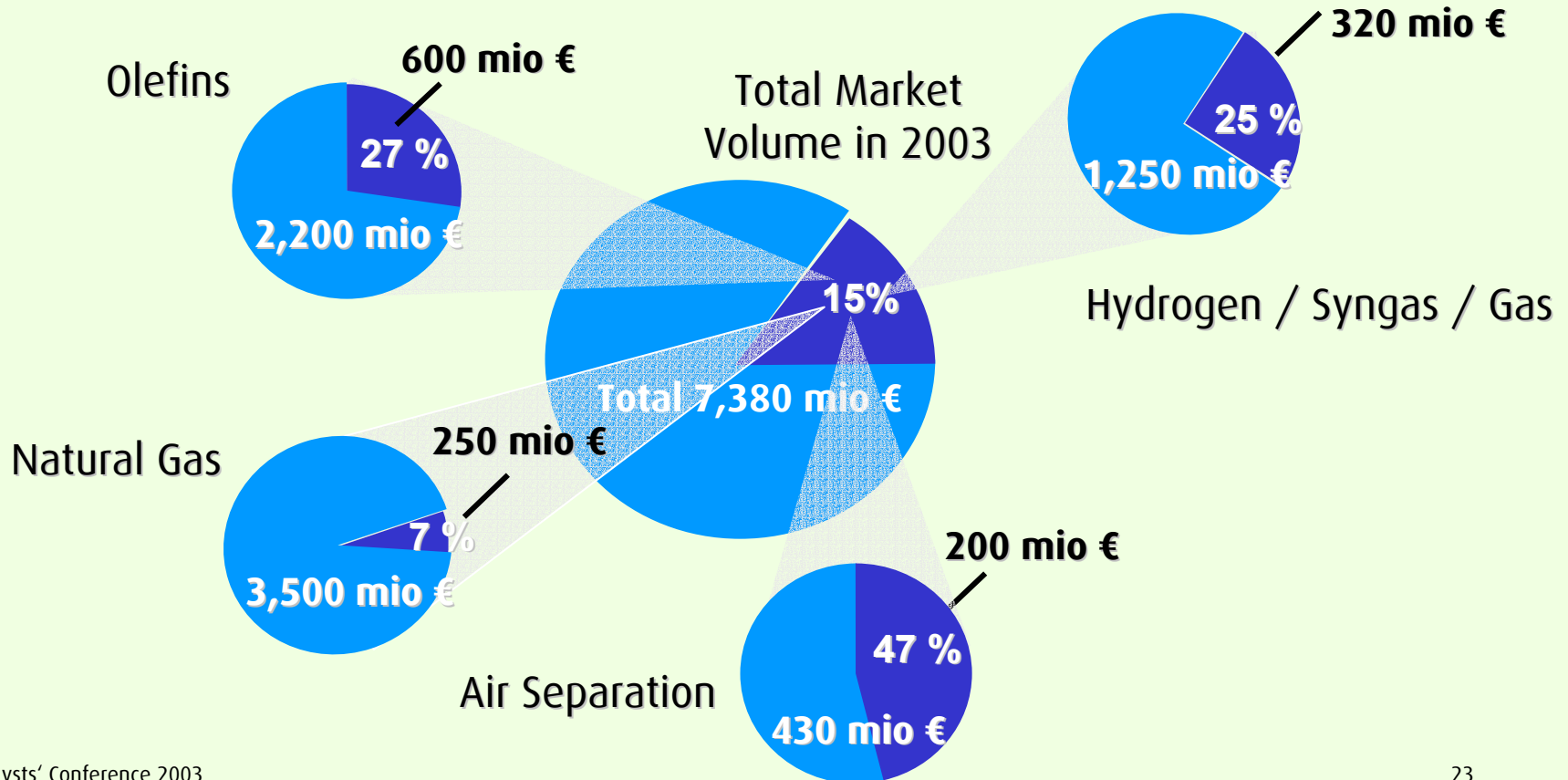
## Linde Engineering

- Flat operating profit
- Stable margin

in million €	2001	2002	Δ
Sales	1,047	1,036	- 1.1 %
EBITDA	67	76	+ 13.4 %
EBITA (incl. interest income)	52	53	+ 1.9 %
Margin	5.0 %	5.1 %	
Capital employed	475	502	+ 5.7 %
ROCE	14.9 %	13.3 %	
Cashflow	44	184	
Capex	38	29	- 23.7 %

## Leading market positions in most activities

- market share in Natural Gas with exp. overproportionate growth -



## New Projects

- Order intake + 24.2 %
- Strong demand across all segments

in million €	2002
Olefins	361
Natural Gas	539
Syngas	167
Air Separation	217
Others	209
<b>TOTAL</b>	<b>1.493</b>



# Material Handling

## FY 2002 ...

- Lower sales caused by market decline
- Market pressure and lower utilization rate hurt profitability

## Outlook ...

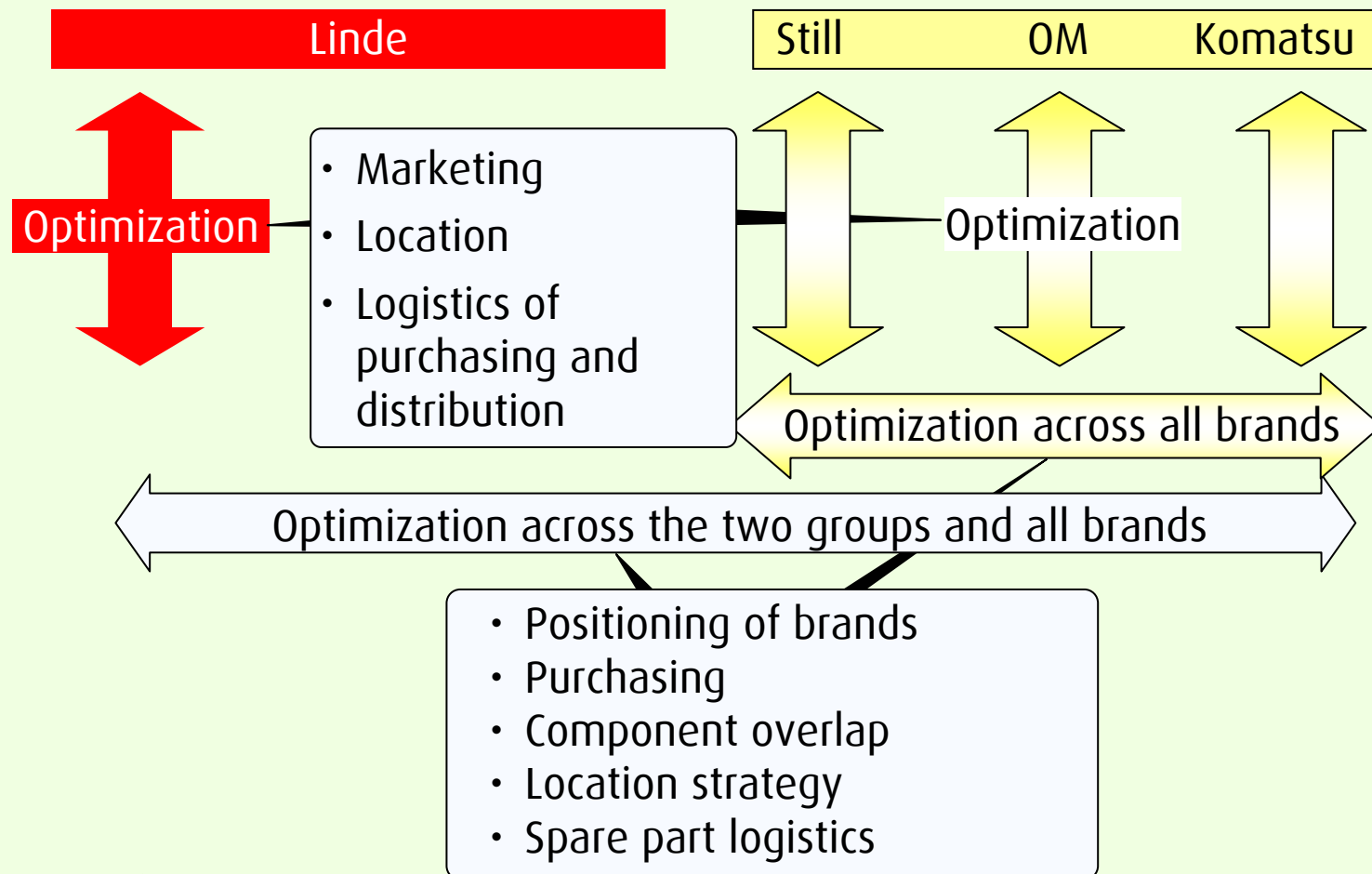
- Significant restructuring measures needed for sustainable earnings recovery

## Material Handling

- Operating profit declined by 38.3 %
- Reduced Capex, higher Cashflow

in million €	2001	2002	Δ
Sales	3,071	2,979	- 3.0 %
EBITDA	512	433	- 15.4 %
EBITA	240	148	- 38.3 %
Margin	7.8 %	5.0 %	
Capital employed	2,016	1,810	- 10.2 %
ROCE	13.1 %	8.7 %	
Cashflow	413	462	+ 11.9 %
Capex	433	404	- 6.7 %
Of which Rental Business	193	245	+ 26.9 %

## TRIM.100 – Optimization of the brand alliance



# Refrigeration

The title "Refrigeration" is positioned on the left side of the slide. Above it is a horizontal ruler with markings from 0 to 100. A vertical line extends from the 10 mark on the ruler down to the title text.

## FY 2002 ...

- Sales on last year's level
- Cost savings eaten up by market

## Outlook ...

- Additional measures will lead to further cost reduction

## Refrigeration

- Operating profit on last year's level
- ROCE has improved

in million €	2001	2002	Δ
Sales	887	879	- 0.9 %
EBITDA	30	32	+ 6.7 %
EBITA	10	10	
Margin	1.1 %	1.1 %	
Capital employed	372	370	- 0.5 %
ROCE	4.2 %	5.1 %	+ 21.4 %
Cashflow	94	36	- 61.7 %
Capex	31	33	+ 6.5 %

# First two months 2003



10 20 30 40 50 60 10

First 2 Months 2003

Sales decreased to 1,184 million € (minus 2.1 %)  
 Ex currency plus 3.6 %

in million €	Per 02/02	Per 02/03	Δ
Gas and Engineering	679	689	+ 1.5 %
Linde Gas	652	641	- 1.7 %
Linde Engineering	44	61	+ 38.6 %
Material Handling	462	430	- 6.9 %
Refrigeration	67	62	-7.5 %
Group	1,210	1,184	- 2.1 %

10 20 30 40 50 60 70 80 90 100

First 2 Months 2003

## Order Intake up to 1,425 million € (plus 4.7 %)

in million €	Per 02/02	Per 02/03	Δ
Gas and Engineering	736	805	+ 9.4 %
Linde Gas	651	641	-1.5 %
Linde Engineering	90	181	+ 101.1 %
Material Handling	486	486	--
Refrigeration	135	132	- 2.2 %
Group	1,361	1,425	+ 4.7 %

# Outlook

## Restructuring Programs until 2004 - 275 million € cost savings in total-

in million €	Cost saving	Provisions
Linde Gas	150	54
Refrigeration	25	21
TRIM.100	100+	62
<b>Total</b>	<b>275</b>	<b>137</b>

## Expectations for FY 2003

### Group:

- Slight growth in sales
- Noticeable improvement of EBITA

- 
- **Linde Gas:** Sales growth, increase in operating profit
  - **Linde Engineering:** Sales and profit growth
  - **Material Handling:** Slight increase in sales, sustainable profit growth
  - **Refrigeration:** Sales and profit near last year's level

## Midterm ROCE Targets

- Group: 10 %
- Linde Gas: 11 %
- Linde Engineering: 16 %
- Material Handling: 16 %
- Refrigeration: 8%

## Group Strategy by Divisions

- **Linde Gas:** Focus of our growth efforts lies on Linde Gas
- **Linde Engineering:** Strengthen technology leadership
- **Material Handling:** Top Priority - Reorganization and optimization  
TRIM.100 will be speeded up
- **Refrigeration:** New legal structure leaves all options open

# Appendix



## Financial situation (incl. pension provisions)

in million €	2001	2002
EBITDA	1,581	1,497
Net interest expense	271	231
EBITDA / Net interest expense	5.8	6.5
Pension provisions	1,063	1,078
Net debt	3,807	3,313
Net debt incl. pension provisions	4,870	4,391
Equity, minority interests	4,356	4,119
Capital employed*	9,226	8,510
Net debt / capital employed	0.53	0.52
Net debt / EBITDA	3.1	2.9
Gearing incl. pension provisions	111.8 %	106.6 %

\* Year end figure incl pension liabilities

## Material One off items burdened the result

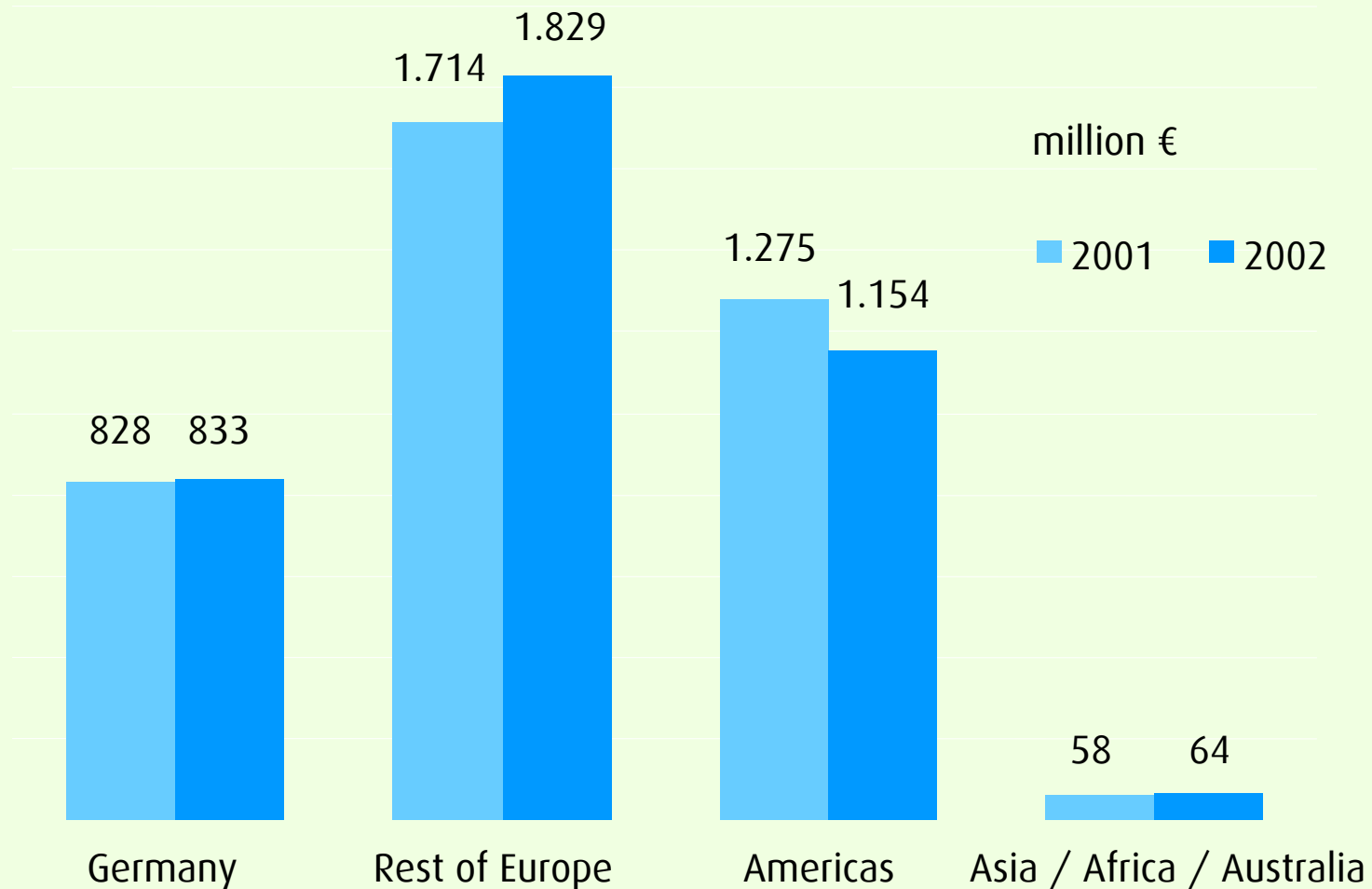
in million €	Q 1	Q 2	Q 3	Q 4	Σ
Sale of Dresdner Bank Holdings *	165				<b>165</b>
Restructuring costs and provisions				-137	<b>-137</b>
Valuation adjustments on securities				-29	<b>-29</b>

\*Tax free

## Pension related expenses and cash payments

In million €	2001		2002	
	Pension Expense	Cash Payments	Pension Expense	Cash Payments
<b>Defined Benefit Plans</b>				
1. Regular	96	68	100	74
(Of which financial items)	(50)		(53)	
2. Special Contribution				22
<b>Defined Contribution Plans</b>	5	5	6	6
<b>Total</b>	<b>101</b>	<b>73</b>	<b>106</b>	<b>102</b>

## Linde Gas- Sales by regions (Total 3,880 million €)



## Linde Gas – Sales

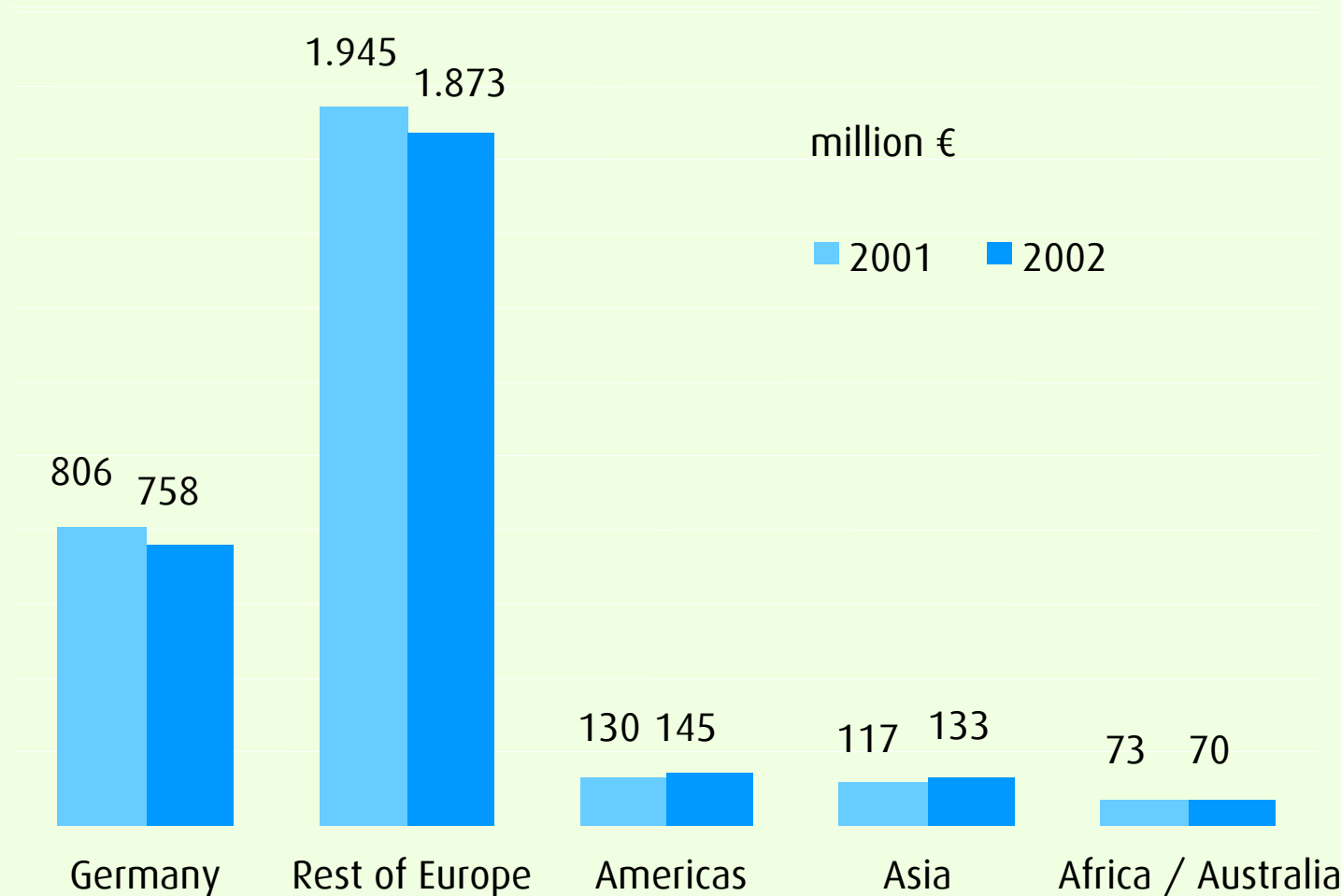
in million €	2001		2002		Δ
Bulk	1,009	25%	1,039	26%	+ 3.0 %
Cylinder	1,724	44%	1,672	42%	- 3.0 %
On-Site	703	18%	717	18%	+ 2.0 %
Healthcare	532	13%	571	14%	+ 7.4 %

## Development pipeline for new INO- based applications

- exp. peak sales of around 700 million € until 2010-

Therapeutic principle	Stage of R&D	Exp. filing date
<b>Neonatal intensive care</b> Pre term neonates	Phase 3	2005
<b>Acute cardio-pulmonary disease</b> Thoracic surgery	Phase 3	2005
<b>Chronic cardio-pulmonary disease</b> Pulmonary hypertension	Phase 1	2005
COPD	Phase 2	2005
<b>Other organ disease</b> Sickle cell disease	Phase 1	2005
<b>Diagnostics</b> Vaso reactivity	Phase 3	2004

## Material Handling- Sales by regions (Total 2,979 million €)



Material Handling

## Material Handling Figures by brand

	Linde MH	STILL	OM
Sales in million €	1,806	1,050	230
Orders Received in million €	1,850	1,047	265
Units sold	60,958	33,575	13,816
Employees	10,426	6,326	1,313

Not consolidated



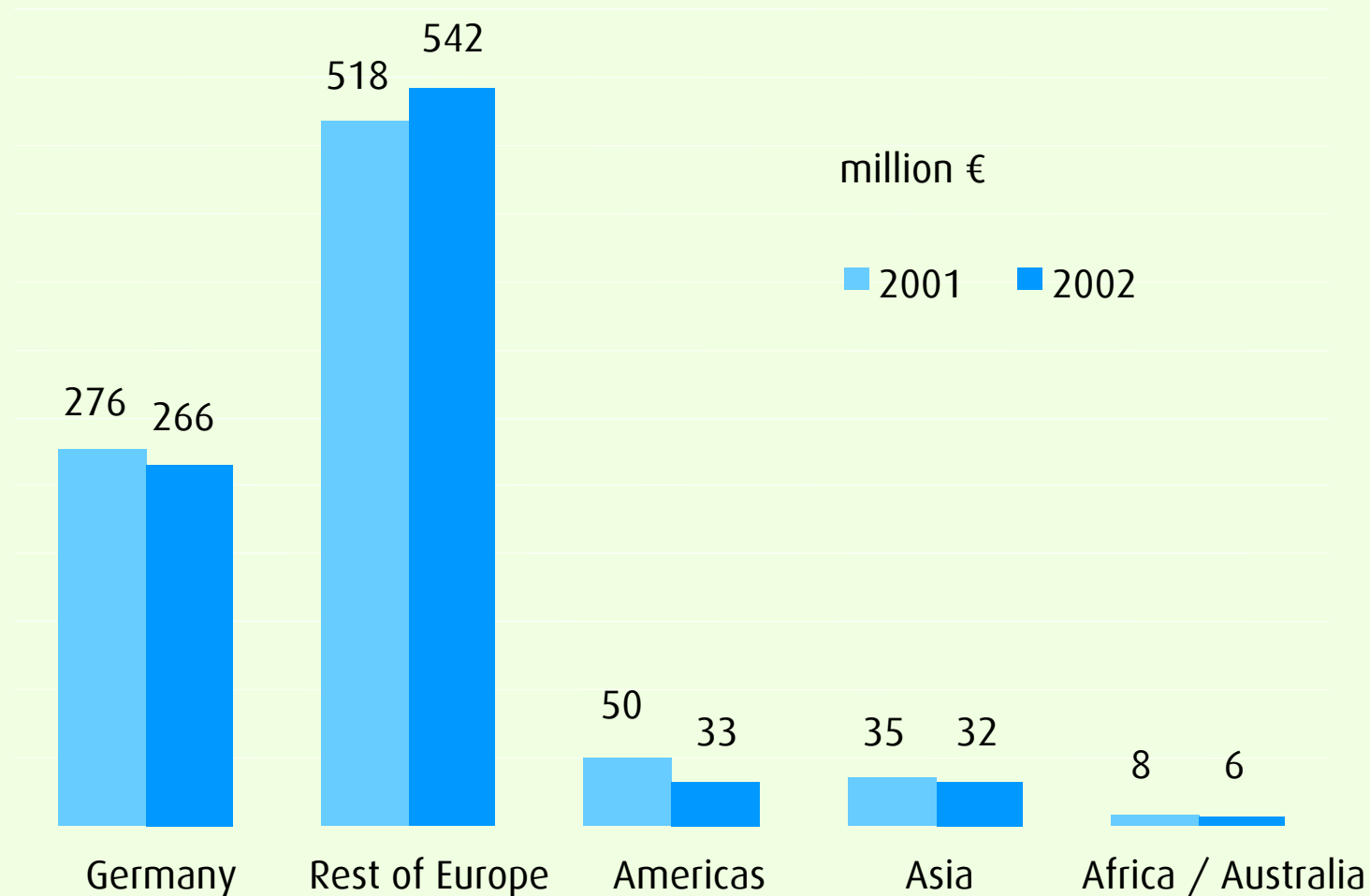
Material Handling

## Material Handling – Units sold by product group

	2001	2002
Counterbalanced trucks	58,965	54,938
Warehouse trucks	54,257	50,841

Consolidated

## Refrigeration- Sales by regions (Total 879 million €)



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Contact us



## Investor Relations

Thomas Eisenlohr

Tel.: +49 611 770 610

Fax: +49 611 770 690

[thomas.eisenlohr@linde.de](mailto:thomas.eisenlohr@linde.de)

Marc Weisener

Tel.: +49 611 770 468

Fax: +49 611 770 690

[marc.weisener@linde.de](mailto:marc.weisener@linde.de)