
Presse-Information · Communiqué de Presse ·
Comunicado de Prensa · Comunicato Stampa

LINDE AG

Group Headquarters

Corporate Communications

Abraham-Lincoln-Strasse 21

65189 Wiesbaden

Phone +49 (0) 611 / 770-317

Fax +49 (0) 611 / 770-690

<http://www.linde.com>

Shareholders' report for the first nine months 2001

Linde expands market position in difficult economic surroundings

Overall economic situation

World economy markedly deteriorated during the past months. As the economic development slowed down almost simultaneously in all important economic regions throughout the world, the downward trends in the single economies influenced one another, thereby intensifying the unfavorable tendency. Economic growth in Western Europe has sizably lost impetus and Germany is on the verge of recession. Investment activity did not turn out to be as solid as expected. In the face of flat demand, decreased capacity utilization and insecurity regarding future economic development, companies have reduced investment in plant and equipment.

Group

Against the background of an overall weaker third quarter, orders received in the Group grew by 2.8 percent to 6.752 billion Euro (2000: 6.571 billion Euro) in the first nine months of the current year. Sales increased by 2.3 percent to 6.185 billion Euro (2000: 6.047 billion Euro). Excluding Engineering and Contracting, where orders are not booked on a constant basis throughout the year, sales climbed 4.8 percent. Orders on hand developed favorably, going up 10.3 percent to 7.084 billion Euro as compared to the same period last year.

The operating result (EBITA) in the Group improved by 3.6 percent totaling 515 million Euro. Higher interest charges lowered earnings before taxes (EBT) to 281 million Euro, down 4.4 percent on last year's figure.

Earnings per share amount to 1.29 Euro as in the previous year. Without consideration of goodwill amortization, earnings per share total 1.95 Euro (2000: 1.93 Euro).

Outlook

The adverse overall economic situation presents a great challenge to the Linde Group. Nonetheless, we remain committed to our previously announced target to achieve an increase in sales of about 8 percent. Growth will in particular be driven by the Engineering and Contracting Division which will contribute a plus in sales of 33 percent. The operating result (EBITA) of the Divisions will also grow by about 8 percent.

Due to increased expenditure in central administrative functions, primarily resulting from higher charges for the hedging of interest and currency risks as well as from the ongoing conversion of our accounting system to international principles, and to higher interest expense, earnings before taxes (EBT) in the Group will only grow under-proportionately to the increase in sales.

Industrial Gases

The Industrial Gases Division saw a favorable development in the reporting period. Sales grew by 4.4 percent to 2.919 billion Euro as compared to the previous year (2000: 2.796 billion Euro) with Industrial Gases contributing 3.2 percent and the Healthcare segment adding 12.3 percent. On a comparable basis sales rose 6.8 percent. It is to be mentioned here, that last year's figures included sales from AGA's gases operations in the Netherlands and Austria which have in the meantime been sold in accordance with conditions imposed by the European regulatory authorities.

After Linde had received approval for INO (Inhaled Nitric Oxide) as a pharmaceutical also in Europe in August this year, we have started to build up a distribution network and a sales organization. Whereas we have to take into account start-up costs in the current year, we reckon with a contribution to sales and earnings in 2002.

In Germany the Division posted a rise in sales of 4.0 percent to 621 million Euro (2000: 597 million Euro). The highest growth rate of 11.2 percent was achieved in the On-site segment. Tank business grew by 4.7 percent while cylinder gas business recorded a slight decline of 0.6 percent.

Cylinder gas distribution and sales structure were further optimized as several filling stations were closed down within the context of the AGA integration.

In Europe outside Germany sales gained 1.3 percent amounting to 1.284 billion Euro (2000: 1.267 billion Euro). On a comparable basis sales rose by 6.6 percent. In Great Britain and France we signed important supply contracts in the tank business. While growth in Northern Europe was weaker because of currency exchange effects, sales in Eastern Europe showed once more double-digit growth rates.

The gases business in North America increased to 724 million Euro in the first nine months 2001, up 11.2 percent from the same period last year. Growth in the industrial gases business is exclusively based on the On-site segment as both tank and cylinder operations posted a decline due to the weak economy. The Healthcare segment achieved over-proportionate growth in sales and earnings.

Sales growth in South America was slowed down by both currency exchange effects and the difficult economic landscape in Linde's key markets of Brazil and Argentina. Accordingly, sales went up 1.7 percent to 246 million Euro (2000: 242 million Euro).

Business performance in the Asian/Pacific region remained on good course.

In Germany as well as in Western and Eastern Europe the realization of synergies arising from the AGA integration is progressing according to plan. By the end of the year, cost savings totaling 50 million Euro will have been generated.

The operating result of the Industrial Gases Division increased by 16.4 percent to 432 million Euro (2000: 371 million Euro).

Engineering and Contracting

Orders received in Engineering and Contracting (808 million Euro) were 8.2 percent and – due to accounting reasons - sales (470 million Euro) were 31.4 percent below last year's figures. Due to the current project situation and plants scheduled for billing in the fourth quarter we stick to our forecast for the full year 2001 with both sales and order intake amounting to 1.2 billion Euro each.

Engineering and Contracting won important orders also in the third quarter, among which the construction of a synthesis gas plant for a major German chemicals company is particularly worth mentioning. Moreover, an international consortium led by the Norwegian oil concern Statoil has decided to erect a plant for natural gas liquefaction. After the project will have been approved by the Norwegian parliament, Linde will be responsible for its implementation as general contractor.

Despite a stagnating market in the field of air separation plants, Linde won major contracts for a steel works in Japan and for a petrochemical complex in Taiwan.

Attributable to accounting reasons, the operating result in the Engineering and Contracting Division totaled 8 million Euro (2000: 17 million Euro). For the full fiscal 2001, it will be on the same level as in the previous year (2000: 39 million Euro) and thus be better than planned.

Material Handling

Industrial truck markets were regressive worldwide. Whereas demand in America continued to decrease sizably and demand in Asia stagnated, Europe only showed modest growth as compared to the high level in the previous year. The forklift truck business is particularly affected by this setback as it is more vulnerable to market fluctuations than the warehouse business.

As per end of September, the three Linde industrial truck groups, Linde FH, STILL and FIAT OM expanded their market share. Sales and order intake increased worldwide. Sales rose 8.8 percent to 2.245 billion Euro and order intake by 3.5 percent to 2.354 billion Euro. Orders on hand were with 618 million Euro 4.3 percent above the figure of the previous year.

Order intake and sales in the Hydraulics segment did not match the level of the previous year. This is attributable to the flat economic situation by which several of our customer industries, especially the construction and agricultural machinery business, are affected. A number of new projects have at least partly offset these losses.

The operating result in Material Handling remained with 153 million Euro on last year's level, this being due to the conversion of production in the third quarter, aimed at streamlining manufacturing processes, and due to the introduction of new products as well as to increased expenditure for the extension of the sales network. For the full year 2001 we reckon with a plus in earnings.

Refrigeration

Investment activity in the food retailing sector markedly declined worldwide in the reporting period as compared to the previous year. Against this background, sales in the Refrigeration Division were down 6.5 percent to 571 million Euro (2000: 611 million Euro) in the first nine months 2001 as compared to last year. Orders received were at 714 million Euro and thus remained almost unchanged on last year's level.

Demand in Europe did not keep pace with last year's level. We succeeded, however, in improving our leading market position in major Western European markets.

In Eastern Europe, countries such as Russia and Romania are constantly gaining in importance, while Poland, the Czech Republic and Hungary have already reached a certain state of maturity. Linde, as the preferred partner of expanding Western retail chains, strengthened its position in these regions.

Sales and order intake also went up in Asia and Latin America. Especially in Brazil, we succeeded in expanding our market position notwithstanding the decreasing market volume.

Despite the decline in sales, the Refrigeration Division recorded an improvement of the operating result to a positive 1 million Euro (2000: - 1 million Euro), this being the effect of the restructuring measures that have been implemented in the Division.

Overall we reckon with a drop in sales of about 5 percent for 2001 as customers put off projects and we have sold marginal activities. The operating result in the Refrigeration Division will be sizably above last year's figure (2000: 12 million Euro), though lower than originally planned.

Employees

As compared to year-end 2000, the number of employees decreased by 773 to 46,353 in the reporting period. Of this number, 18,349 employees worked in Germany and 28,004 were employed abroad.

Finances

Cash flow amounted to 748 million Euro in the reporting period. Related to sales this corresponds to a rate of 12.1 percent. Capital expenditure came to 346 million Euro. The additional funds commitment in net working capital of 291 million Euro is also to be ascribed to the reduction of provisions, used for the implementation of restructuring measures. Financial liabilities went down 83 million Euro and cash and cash equivalents 133 million Euro.

Due to a decline in fixed assets the balance sheet total decreased by 155 million Euro to 11.520 billion Euro as compared to the beginning of this year.

For the full year 2001, capital expenditure is planned to amount to 750 million Euro after 979 million Euro in the previous year. The capital-outlay ratio will thus decline to about 8 percent of sales (2000: 12 percent).

Wiesbaden, November 15, 2001

For inquiries:

Press

Investor Relations

Klaus Schönfeld

Brita Tornow

+49 611 770-320

+49 611 770-391

Linde in Figures

Group	Jan.- Sept. 2001	Jan.- Sept. 2000	Δ Year 2000	
	€million	€million	%	€million
Orders received	6,752	6,571	2.8	9,083
Domestic	1,621	1,744	- 7.1	2,292
Foreign	5,131	4,827	6.3	6,791
Sales	6,185	6,047	2.3	8,450
Germany	1,454	1,406	3.4	2,015
Rest of Europe	3,096	3,024	2.4	4,242
America	1,241	1,323	- 6.2	1,747
Asia	305	141	116.3	249
Australia	60	87	- 31.0	122
Africa	29	66	- 56.1	75
Foreign total	4,731	4,641	1.9	6,435
Orders on hand	30.9. 7,084	6,424	10.3	6,491

Group Balance Sheet	30.09.2001	30.09.2000	31.12.2000
	€million	€million	€million
Fixed assets	7,672	8,092	7,936
Inventories less payments in advance	1,079	953	814
Receivables and other assets plus deferred charges	2,381	2,305	2,404
Cash and cash equivalents	388	605	521
Balance sheet total	11,520	11,955	11,675
Equity capital	4,071	4,075	4,131
Provisions and special reserves	2,199	2,213	2,232
Financial debts	4,097	4,472	4,180
Liabilities and deferred charges	1,153	1,195	1,132
Balance sheet total	11,520	11,955	11,675

Income Statement	Jan.- Sept.		Year
	2001 €million	2000 €million	2000 €million
Sales	6,185	6,047	8,450
Changes in inventories and own work capitalized	542	339	419
Total output	6,727	6,386	8,869
Material expense	3,023	2,753	3,986
Personnel expense	1,662	1,625	2,223
Balance of different expenses and earnings	- 1,050	- 1,035	-1,315
EBITDA	992	973	1,345
Depreciation on tangible assets	477	476	570
EBITA	515	497	775
Goodwill amortization	79	77	107
EBIT	436	420	668
Net interest	- 155	- 126	-187
Earnings before taxes	281	294	481
Taxes on profit	126	141	207
Net income	155	153	274

Employees	30.09.2001	31.12.2000	Δ
Group	46,353	47,126	- 773
Domestic	18,349	18,475	- 126
Foreign	28,004	28,651	- 647
Industrial Gases	17,765	18,661	- 896
Engineering and Contracting	3,955	3,897	58
Material Handling	17,783	17,310	473
Refrigeration	6,371	6,798	- 427

Divisions	Jan.- Sept. 2001	Jan.-Sept. 2000	Δ 01/00
	€million	€ million	%
Industrial Gases			
Orders received	2,905	2,789	4.2
Sales	2,919	2,796	4.4
EBITDA	779	720	8.2
EBITA	432	371	16.4
Engineering and Contracting			
Orders received	808	880	- 8.2
Sales	470	685	- 31.4
EBITDA	21	33	- 36.4
EBITA	8	17	- 52.9
Material Handling			
Orders received	2,354	2,275	3.5
Sales	2,245	2,064	8.8
EBITDA	250	246	1.6
EBITA	153	153	-
Refrigeration			
Orders received	714	717	- 0.4
Sales	571	611	- 6.5
EBITDA	15	16	- 6.3
EBITA	1	- 1	

Statements of Cash Flows

	Jan.- Sept. 2001 € million	Year 2000 € million
Net income	155	274
Depreciation on fixed assets	556	677
Addition to pension provisions	37	50
Net addition to special tax-allowable reserve	0	-2
Cash flow	748	999
Changes in net working capital	- 291	-261
Net capital expenditure	- 346	-908
Dividend payment	- 161	-143
Financing	- 83	137
Change in cash and cash equivalents	- 133	-176