

Unique synergetic set up

Creating value

Customer focus

Learning organisation

Profitable growth

Healthcare

Integrated business model

Leading technologies

Innovative supply concepts

Growth markets

Conference Call H1 2015 Results

LeadIng.



THE LINDE GROUP

Georg Denoke - CFO

29 July 2015

This presentation contains forward-looking statements about Linde AG (“Linde”) and their respective subsidiaries and businesses. These include, without limitation, those concerning the strategy of an integrated group, future growth potential of markets and products, profitability in specific areas, the future product portfolio, development of and competition in economies and markets of the Group.

These forward looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside of Linde’s control, are difficult to predict and may cause actual results to differ significantly from any future results expressed or implied in the forward-looking statements on this presentation.

While Linde believes that the assumptions made and the expectations reflected on this presentation are reasonable, no assurance can be given that such assumptions or expectations will prove to have been correct and no guarantee of whatsoever nature is assumed in this respect. The uncertainties include, inter alia, the risk of a change in general economic conditions and government and regulatory actions. These known, unknown and uncertain factors are not exhaustive, and other factors, whether known, unknown or unpredictable, could cause the Group’s actual results or ratings to differ materially from those assumed hereinafter. Linde undertakes no obligation to update or revise the forward-looking statements on this presentation whether as a result of new information, future events or otherwise.

Performance H1 2015 Highlights

[EUR]		H1 2014	H1 2015	yoy [%]	yoy [%] fx adj.
Revenue	[m]	8,212	9,036	+ 10.0%	0.0%
Operating Profit	[m]	1,896	2,104	+ 11.0%	+ 0.4%
Operating Margin	[%]	23.1	23.3	+ 20bp	
Operating Cash Flow	[m]	1,022*	1,583	+ 54.9%	
EPS before non-recurring items		3.36	3.65	+ 8.6%	
EPS reported		3.36	3.12	- 7.1%	

- Positive revenue development strongly supported by currency tailwinds and Healthcare
- Macro-economic environment remains challenging
- Restructuring measures of 138 million Euros included as non-recurring items

Please see definitions of key financial figures in the appendix

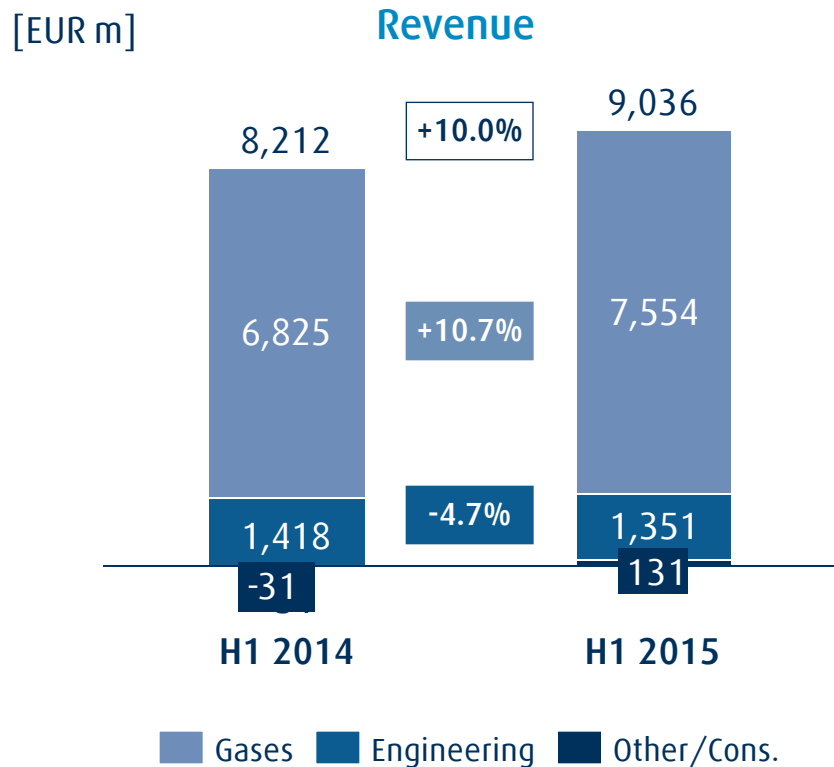
* Before pension funding; after pension funding (as reported): EUR 722m

Group | Revenue and operating profit by division

Strong revenue development in H1 2015



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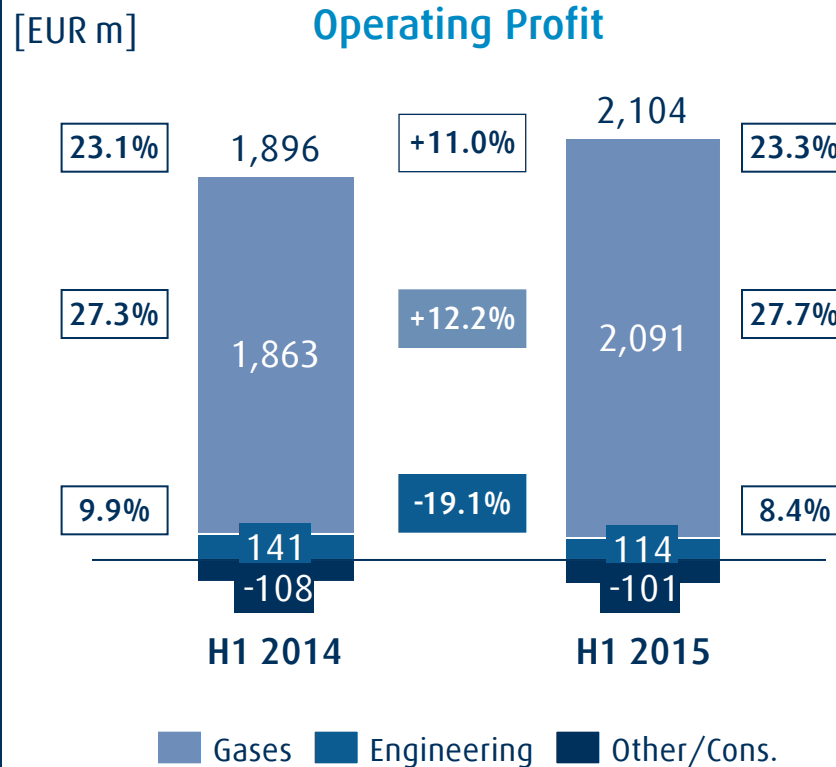


Gases

Improvement in comparable growth in Q2

Engineering

Development in line with progress of projects



Gases

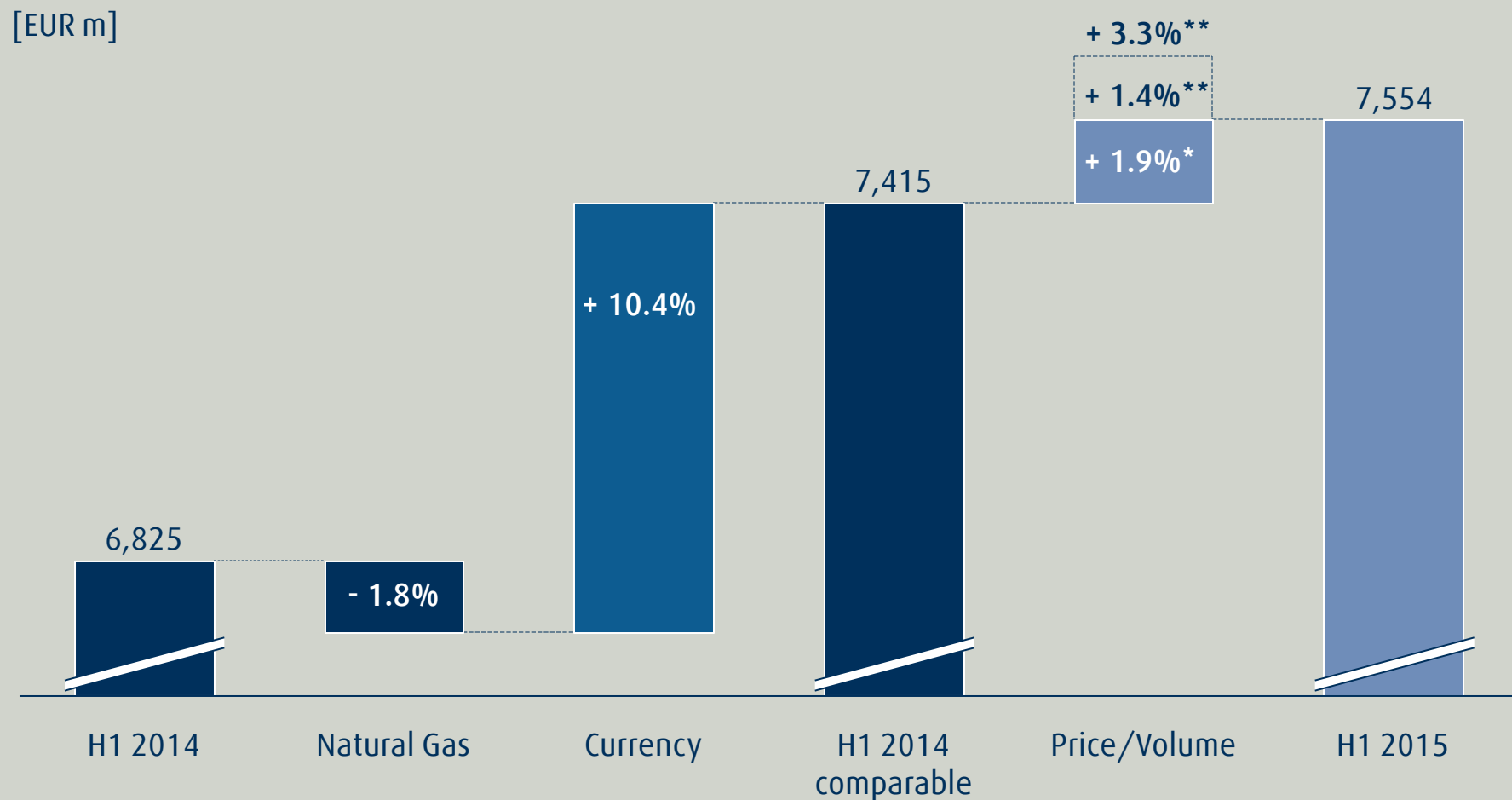
Margin improved by 40 basis points

Engineering

Margin reflects change in project mix

Gases Division | Revenue bridge

Strong currency tailwind



*Including EUR 36m changes in consolidation from Kleenheat Gas PTY bolt-on acquisition

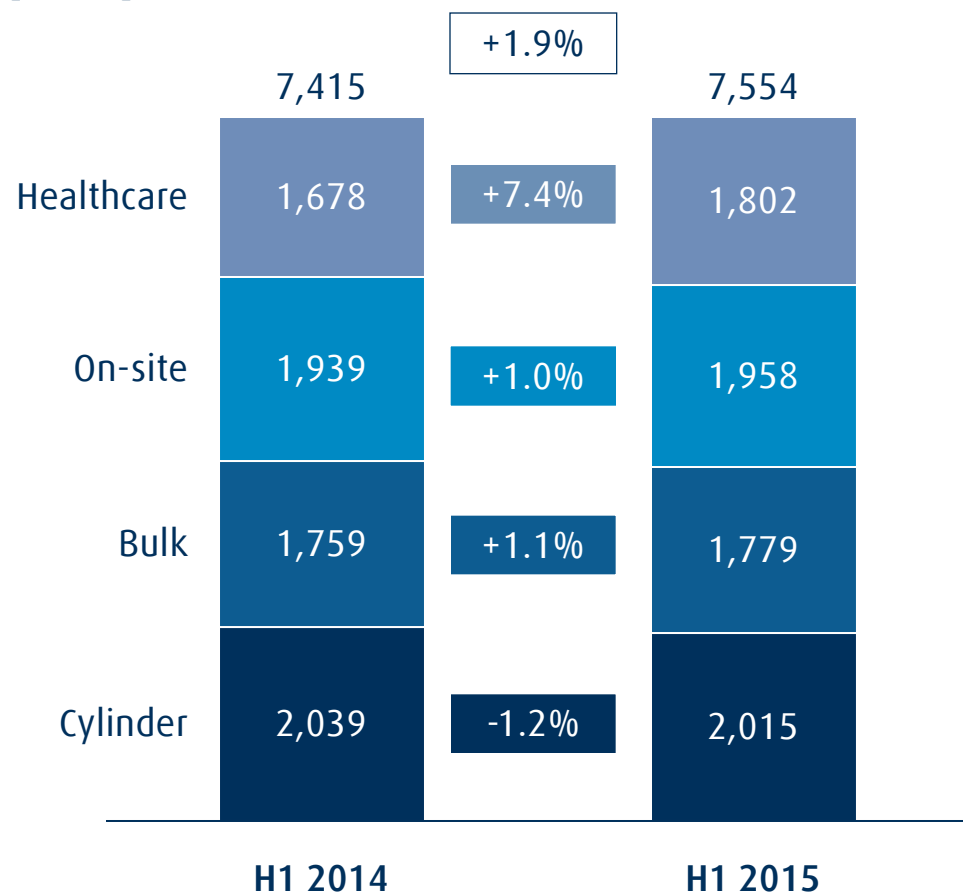
**Adjusted for additional effects as detailed on page 6

Gases Division | Revenue by product areas

Healthcare growth further accelerated in Q2

Comparable growth*

[EUR m]



*Excludes currency and natural gas price effect

Comments / Additional effects

Healthcare

Continued strong growth mainly driven by Lincare

On-site

Increase of 3.5% adjusted for effects from end of contracts

Bulk

Increase of 2.8% adjusted for effects from lower LPG prices

Cylinder

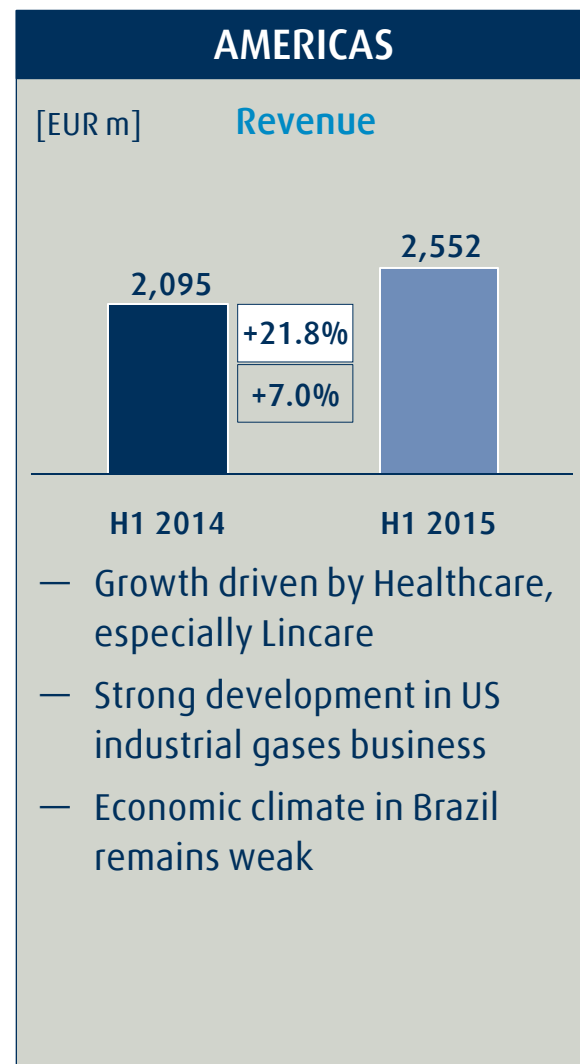
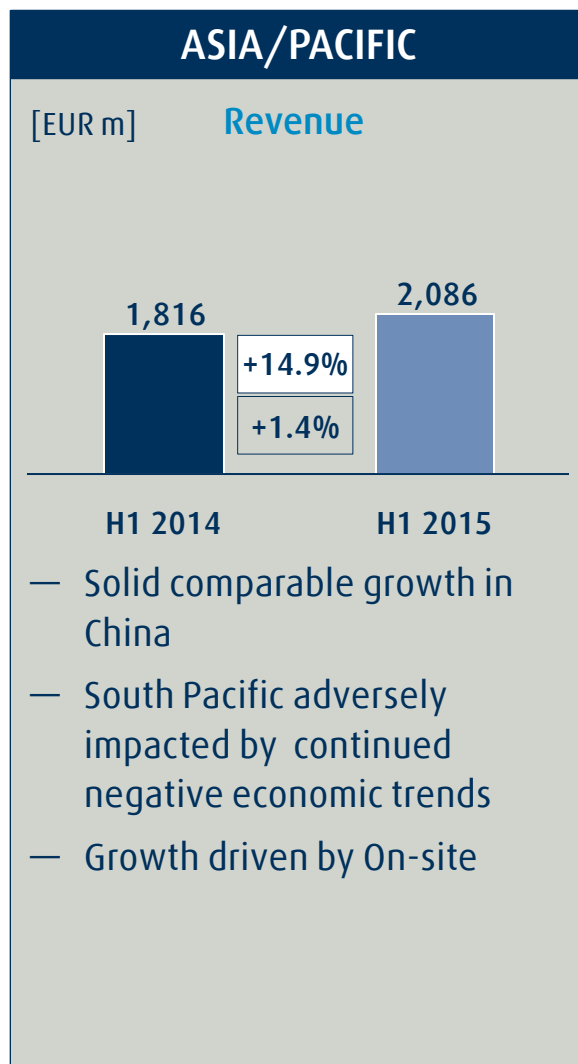
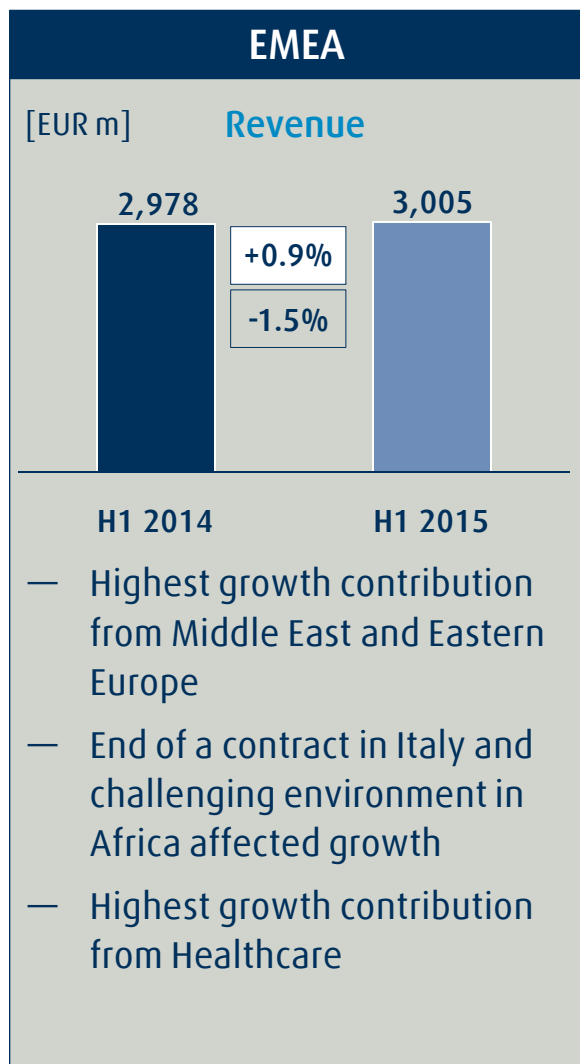
Increase of 0.2% adjusted for effects from lower LPG prices and repeal of Australian carbon tax

Gases Division | Revenue by operating segment

Strong revenue development in Americas



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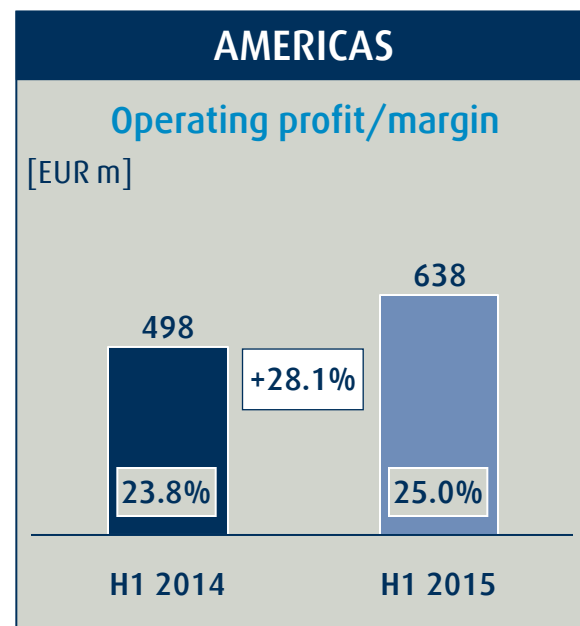
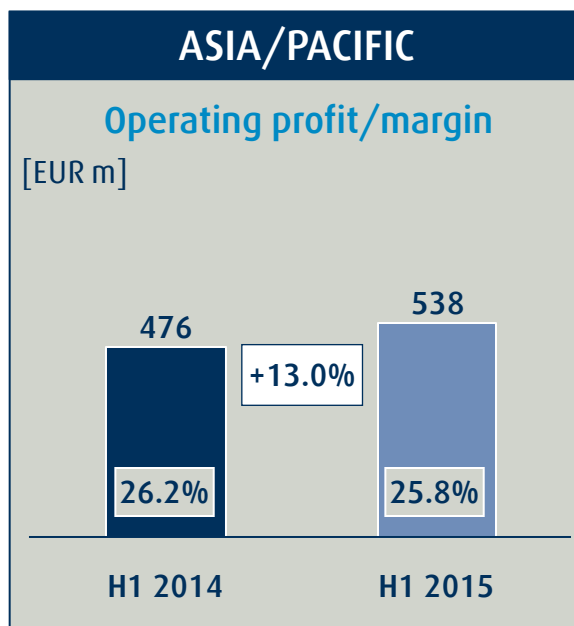
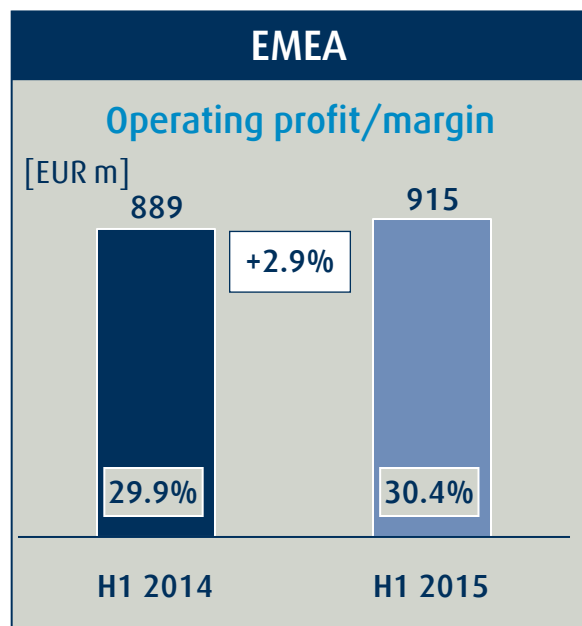
Reported growth
 Comparable growth: excluding currency and natural gas price effect

Gases Division | Operating profit by operating segment

Operating profit margin improved to 27.7%



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Operating profit/margin development

- Margin improvement in EMEA primarily due to higher contributions from Middle East and Eastern Europe
- Operating profit development in Asia/Pacific supported by currency movements
- Margin in Americas mainly driven by North American business

□ Reported growth □ Operating profit margin

Engineering Division | Key figures

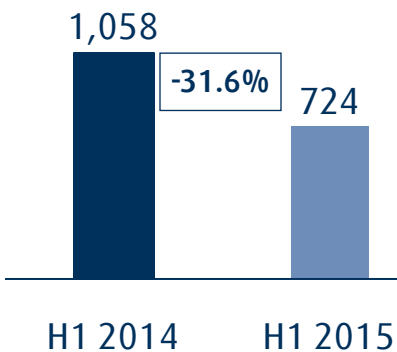
Lower order intake affects revenue outlook for 2015



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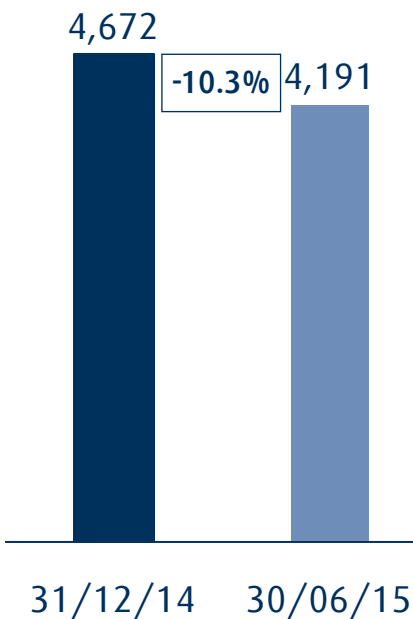
Order Intake

[EUR m]



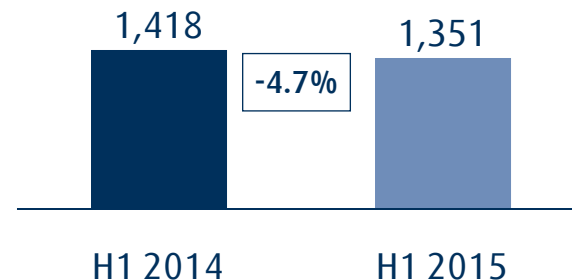
Order Backlog

[EUR m]



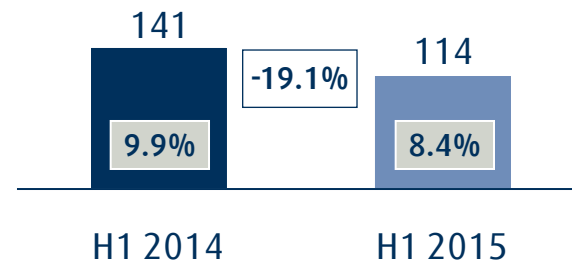
Revenue

[EUR m]



Operating Profit

[EUR m]



- Order intake impacted by postponement of investment decisions in particular in the petrochemical industry
- Revenue outlook for 2015 adjusted to 2.5 – 2.7 billion Euros because of slower order intake development and a scheduling shift of a larger project

Organisational Refinement

Increased scale of restructuring measures

Refined Operating Model

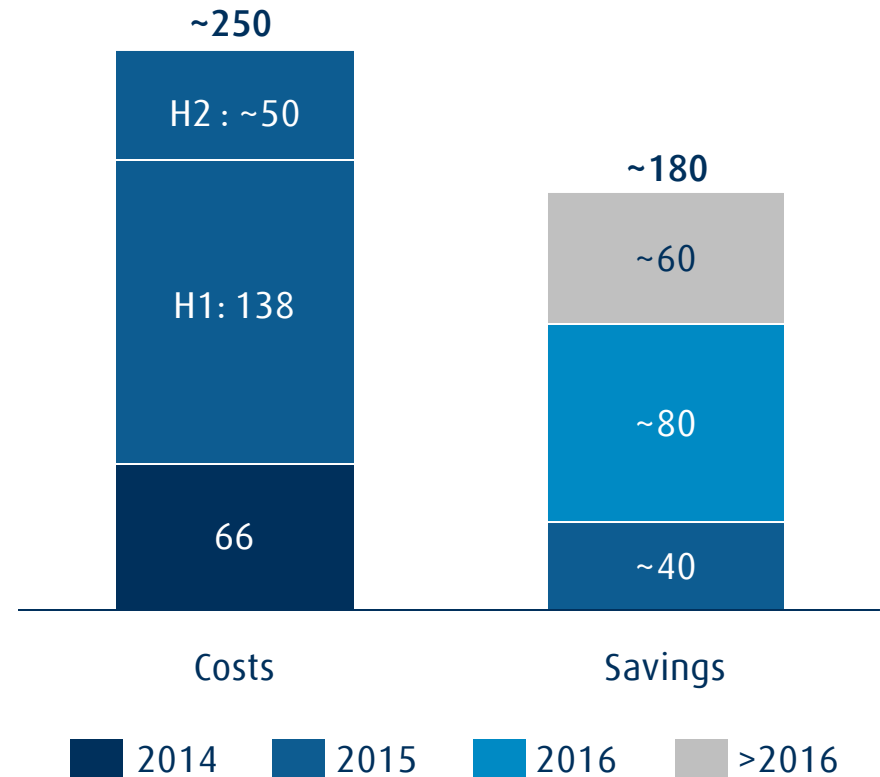
- Lighter matrix structure requiring less capacity in central functions
Status: In implementation

Restructuring

- **Australia** to adjust to deindustrialisation
Status: In implementation
- **South Africa**: Additional savings potential identified leading to increased scale of restructuring measures
Status: In implementation
- **South America** to adapt to the slower growth economic environment
Status: In implementation

Expected associated costs and savings

[EUR m]



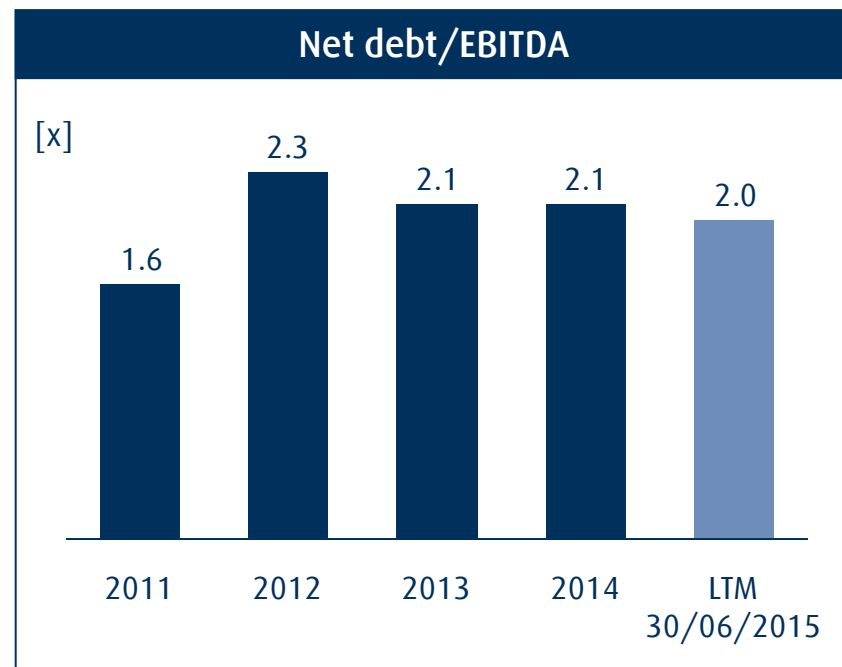
Financial Performance | Key indicators

Financial position remains solid



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Cash flow			
[EUR m]	H1 2014	H1 2015	Δ in %
Operating cash flow	1,022*	1,583	+54.9%
Investment cash flow**	-853	-854	-0.1%
Free cash flow before financing	169	729	+331.4
Change in cash and financial debt	-863	-40	+95.4%



- Improvement in EBITDA and efficient working capital management resulted in a higher operating cash flow
- Net debt/EBITDA ratio at 2.0x despite negative currency effects in financial debt
- Average cost of net debt below 4%
- Credit ratings confirmed: A+ (S&P) and A2 (Moody's), both with stable outlook

*Before pension funding; after pension funding (as reported): EUR 722m

**Excluding investments in securities; 2015: EUR -152m; 2014: EUR -153m

Outlook

Updated to reflect development in Engineering



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Short-term outlook*		2015	
Group	Revenue	17.9 to 18.5 billion Euros	[previously 18.2 to 19.0 billion Euros]
	Operating Profit	4.1 to 4.3 billion Euros	
	ROCE	9 to 10 percent	
Gases Division	Revenue	15.1 to 15.5 billion Euros	[previously 14.9 to 15.4 billion Euros]
	Operating Profit	4.1 to 4.3 billion Euros	[previously 4.05 to 4.25 billion Euros]
Engineering Division	Revenue	2.5 to 2.7 billion Euros	[previously 3.0 to 3.3 billion Euros]
	Operating Margin	Around 8 percent	
Medium-term outlook**		2017	
Group	Operating Profit	4.5 to 4.7 billion Euros	
	ROCE	11 to 12 percent	
	Efficiency	750 to 900 million Euros	

Please see definitions of key financial figures in the appendix

*Dependent on economic development and exchange rate development

**As communicated at 9M 2014 reporting and based on exchange rates prevailing at that point in time

Agenda



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Appendix

Group | H1 2015

Key P&L items



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[EUR m]	H1 2014	H1 2015	Δ in %
Revenue	8,212	9,036	+10.0
Operating profit	1,896	2,104	+11.0
Operating margin	23.1%	23.3%	+20bp
PPA depreciation for BOC	-103	-122	-18.4
Depreciation & amortisation (excl. PPA BOC)	-720	-819	-13.8
Non-recurring items (expenses for restructuring)	-	-138	-
EBIT	1,073	1,025	-4.5
Financial result	-179	-198	-10.6
Taxes	-214	-198	+7.5
Profit for the year – attributable to Linde AG shareholders	624	579	-7.2
EPS reported [EUR]	3.36	3.12	-7.1
EPS before non-recurring items [EUR]	3.36	3.65	+8.6

Group | H1 2015

Cash flow statement



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[EUR m]	H1 2014	H1 2015	Δ in %
Operating profit	1,896	2,104	+11.0
Change in working capital	-344	-100	+70.9
Other changes	-530	-421	+20.6
Operating cash flow	1,022*	1,583	+54.9
Investments in tangibles/intangibles	-933	-876	+6.1
Acquisitions	-35	-98	-180.0
Other (incl. financial investments)	115	120	+4.3
Investment cash flow**	-853	-854	-0.1
Free cash flow before financing	169	729	+331.4
Pension funding	-300	-	-
Interests and swaps, dividends	-766	-798	-4.2
Other changes	34	29	-14.7
Change in cash and financial debt	-863	-40	+95.4

*Before pension funding; after pension funding (as reported): EUR 722m

**Excluding investments in / disposals of securities; 2014: EUR -153m; 2015: EUR -152m

Gases Division | Quarterly data

Reporting segments



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EMEA [EUR m]	Q1 2014	Q1 2015	Q2 2014	Q2 2015	Q3 2014	Q4 2014	FY 2014
Revenue	1,467	1,472	1,511	1,533	1,519	1,483	5,980
Operating profit	429	441	460	474	455	434	1,778
Operating margin	29.2%	30.0%	30.4%	30.9%	30.0%	29.3%	29.7%

Asia / Pacific [EUR m]	Q1 2014	Q1 2015	Q2 2014	Q2 2015	Q3 2014	Q4 2014	FY 2014
Revenue	870	994	946	1,092	1,006	990	3,812
Operating profit	224	252	252	286	261	273	1,010
Operating margin	25.7%	25.4%	26.6%	26.2%	25.9%	27.6%	26.5%

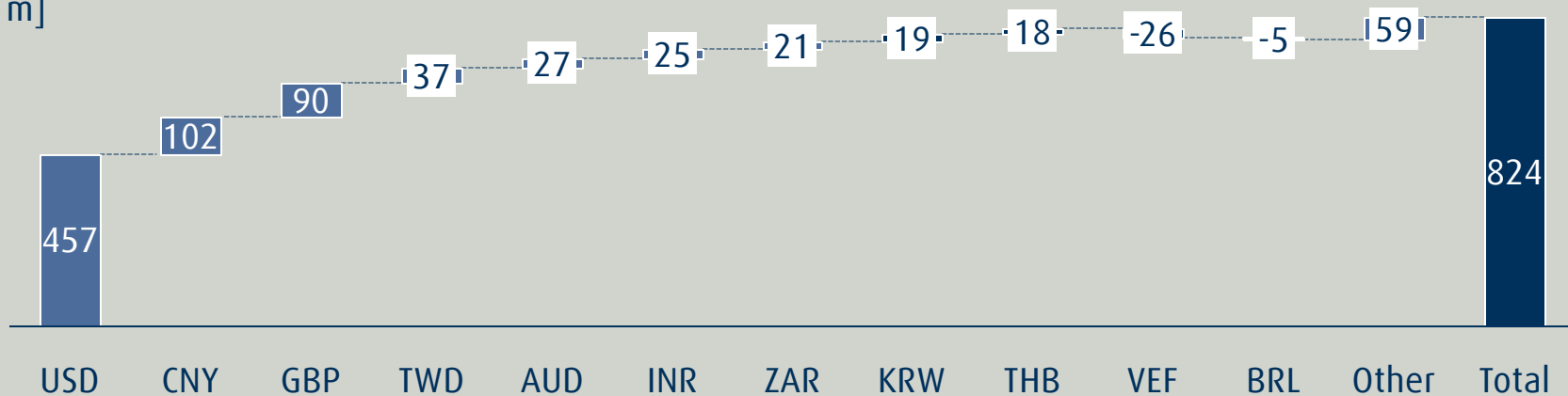
Americas [EUR m]	Q1 2014	Q1 2015	Q2 2014	Q2 2015	Q3 2014	Q4 2014	FY 2014
Revenue	1,060	1,252	1,035	1,300	1,077	1,142	4,314
Operating profit	260	315	238	323	258	291	1,047
Operating margin	24.5%	25.2%	23.0%	24.8%	24.0%	25.5%	24.3%

Group | Currency impact

Impact on revenue and operating profit in H1 2015

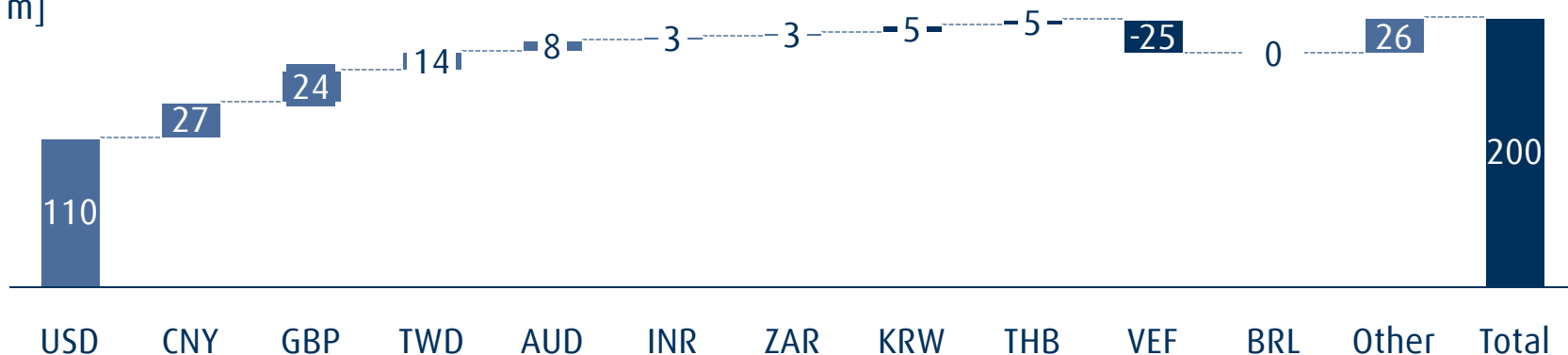
Positive impact on Group revenue in H1 2015

[EUR m]



Positive impact on Group operating profit in H1 2015

[EUR m]



Operating Profit

Return

EBIT before non-recurring items
adjusted for amortisation of intangible
assets and depreciation of tangible assets

Return on Capital Employed (ROCE)

Return

EBIT
before non-recurring items

Average Capital Employed

Equity (incl. non-controlling interests)
+ financial debt
+ liabilities from finance leases
+ net pension obligations
- cash, cash equivalents and securities
- receivables from finance leases

Earnings per Share (EPS) before non-recurring items

Return

Profit for the period
before non-recurring items
attributable to Linde AG
shareholders

Shares

Number of
weighted average
outstanding shares

Earnings per Share (EPS)

Return

Profit for the period
attributable to Linde AG
shareholders

Shares

Number of
weighted average
outstanding shares

Financial calendar

Report 9M 2015:	28 October 2015
Report FY 2015:	10 March 2016
Annual General Meeting 2016:	03 May 2016

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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