

Conference Call Q1 2018 Results

Leading.



THE LINDE GROUP

25 April 2018

Forward-looking Statements

This discussion may contain forward-looking statements about Linde and its businesses, including statements concerning its strategies, future growth potential of markets and products, profitability in specific areas, future product portfolio, and development of and competition in economics and markets, as well as statements concerning the proposed business combination between Linde and Praxair.

Any such forward-looking statements involve known and unknown risks which may cause actual results to differ significantly from any future results expressed or implied. While we believe that the assumptions made and the expectations reflected in today's discussion are reasonable, no assurance can be given that such assumptions or expectations will prove to have been correct. We undertake no obligation to update or revise the forward-looking statements in today's discussion.

Agenda



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Q1 2018 Results & Outlook 2018

Sven Schneider

Appendix

Performance Q1 2018 Highlights

[EUR]	Q1 2017	Q1 2018	yoy [%]	yoy [%] adj. for FX and IFRS 15
Revenue [m]	4,385	4,044	-7.8	+1.4
Operating profit [m]	1,041	1,081	+3.8	+12.1
Operating margin [%]	23.7	26.7	+300bp	
Operating cash flow [m]	653	656	+0.5	
EPS before special items (undiluted)	1.77	2.19	+23.7	

- Reported revenue affected year-on-year by currency headwinds (-305m) and IFRS 15 (-90m)
- Improved Group operating profit supported by cost savings, growth and portfolio optimisation
- Record operating margins for the Group and Gases Division
- Sound operating cash flow despite higher cash outflow for LIFT restructuring as well as planned merger
- Strong increase in EPS before special items (undiluted) driven by higher operating profit

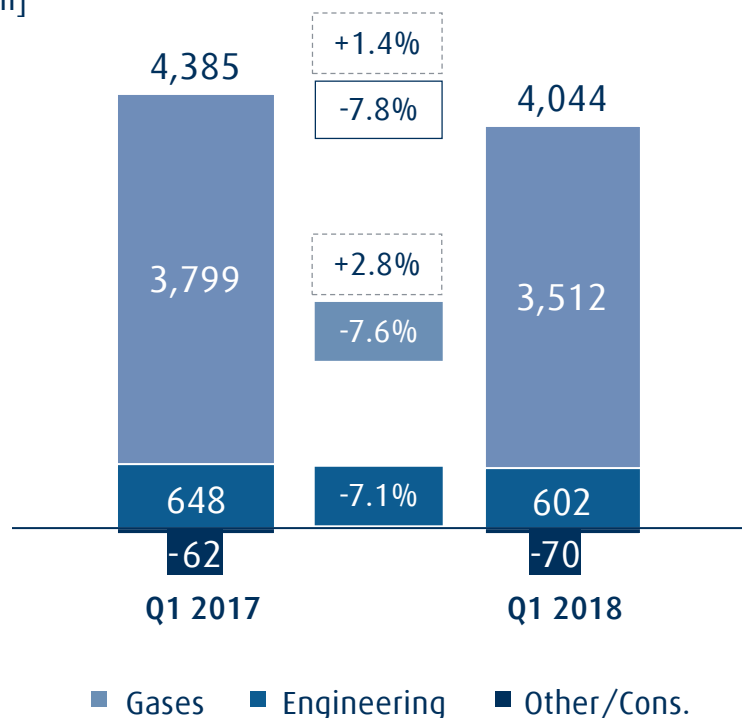
All figures from continuing operations.
Please see definitions of key financial figures in the appendix.

Group | Revenue and operating profit by division

Margin expansion in both Gases and Engineering

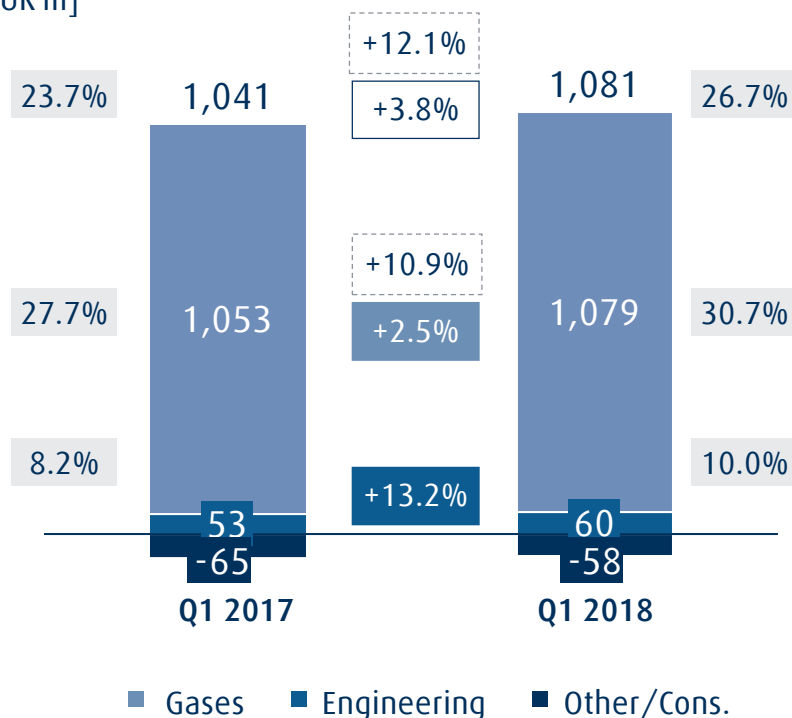
Revenue

[EUR m]



Operating profit

[EUR m]



Gases

Revenue driven by organic growth but restrained by currency and IFRS 15

Engineering

Revenue development in line with expected project progress

Gases

230bps improvement adjusted for IFRS 15 aided by cost reduction, growth and portfolio optimisation

Engineering

Margin improvement due to successful project execution and improved capacity utilisation

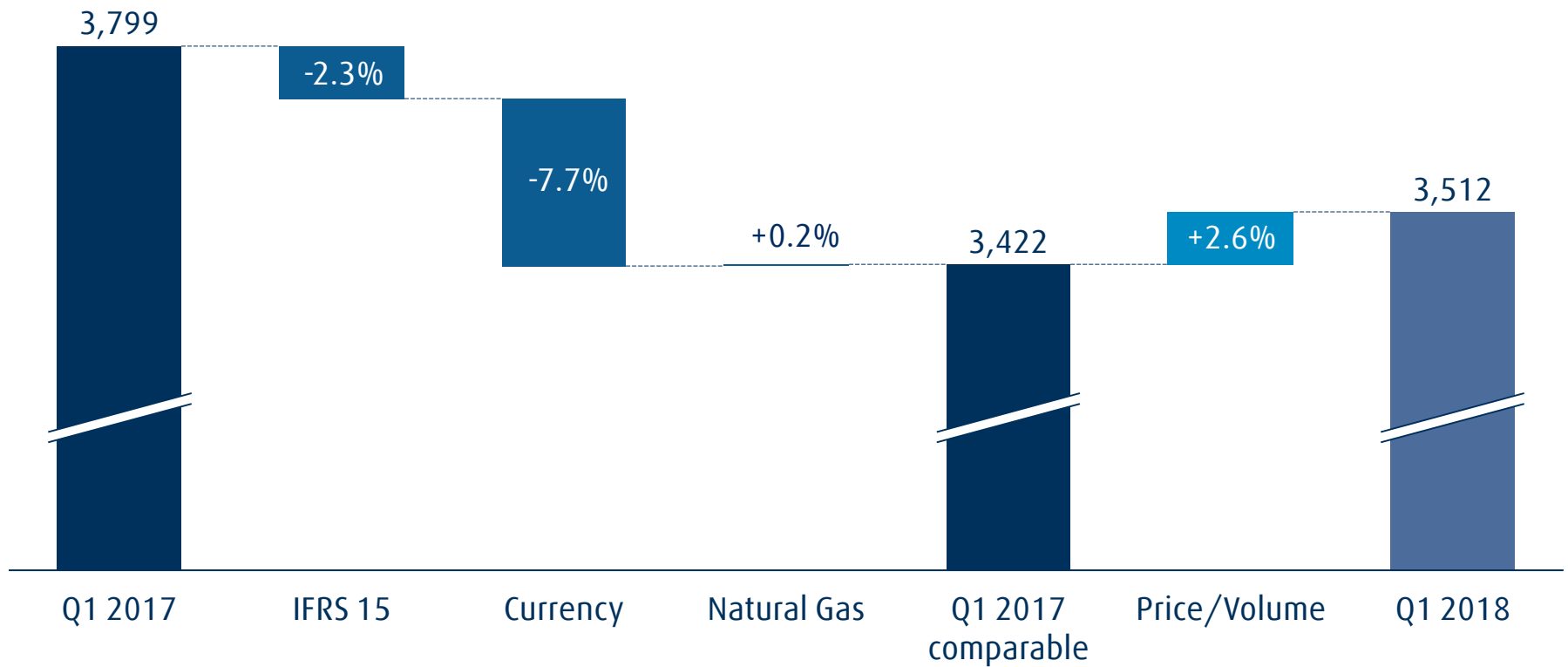
Gases Division | Revenue bridge

Comparable growth of +2.6% primarily driven by pricing



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[EUR m]

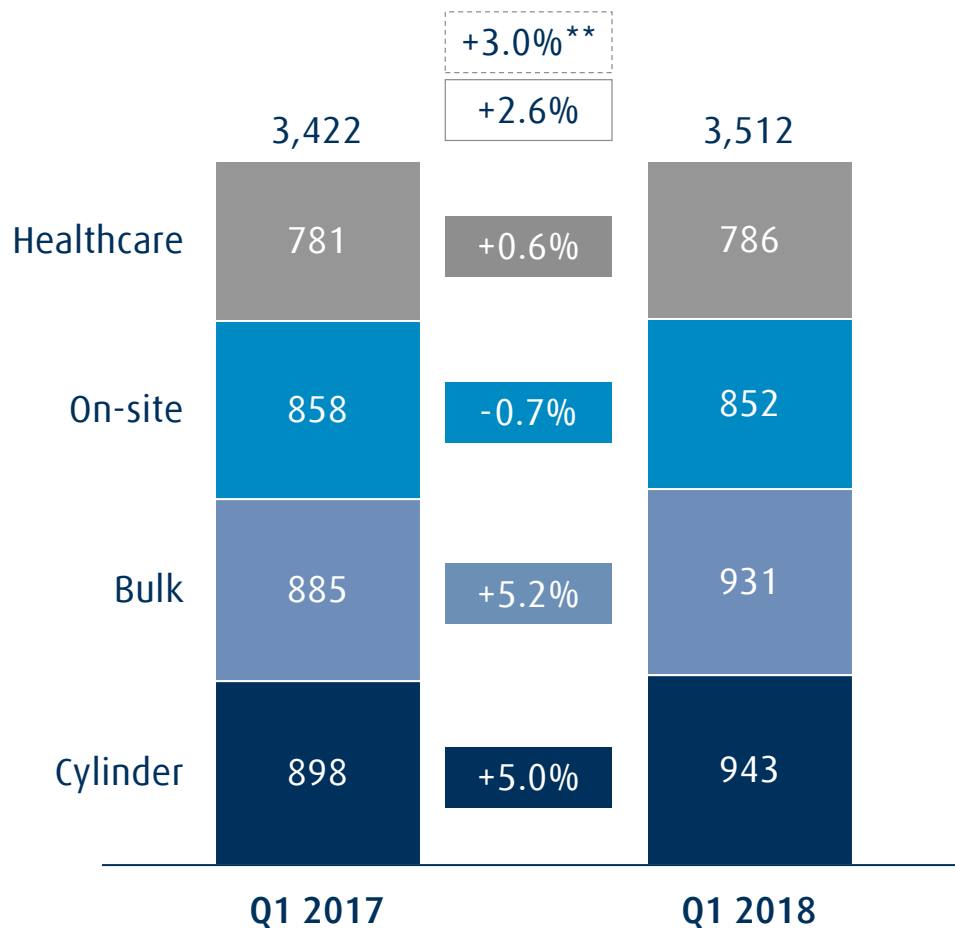


Gases Division | Revenue by product area

Strong comparable growth in Merchant product areas

Comparable growth*

[EUR m]



Comments / Additional effects



Healthcare
Stabilisation of Lincare business;
positive growth in all geographies



On-site
Growth driven by start-ups in Asia/
Pacific but restrained by planned
turnarounds and unplanned outage
in the Americas



Bulk
Strong growth development in all
geographies supported by increased
pricing activities



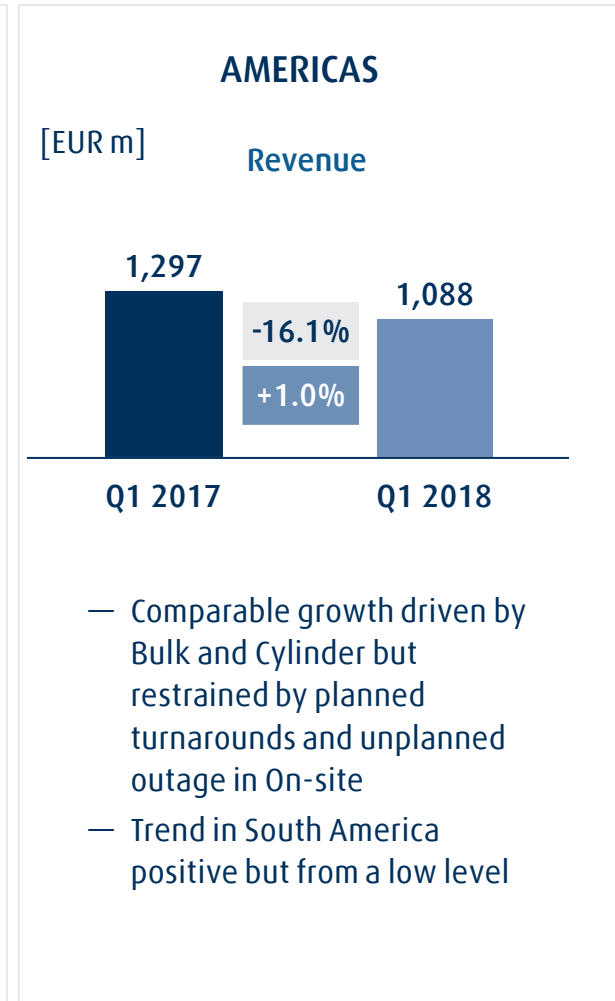
Cylinder
Positive growth momentum in EMEA
and the Americas from macro-
economic environment

*Excluding currency, natural gas price effects and the first-time application effect of IFRS 15.

**Comparable growth adjusted for portfolio optimisation.

Gases Division | Revenue by operating segment

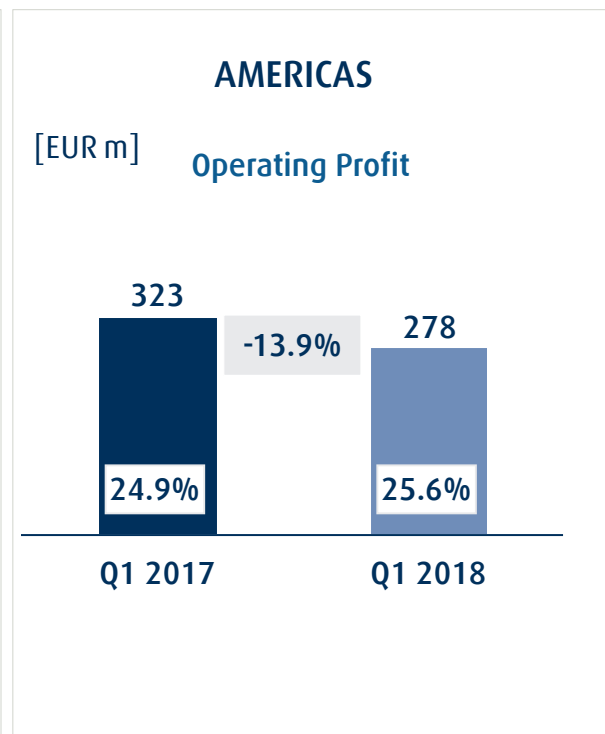
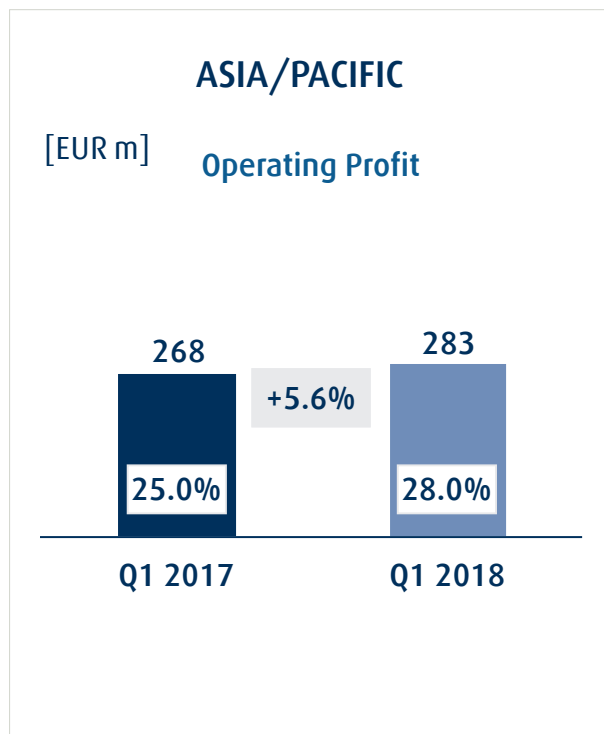
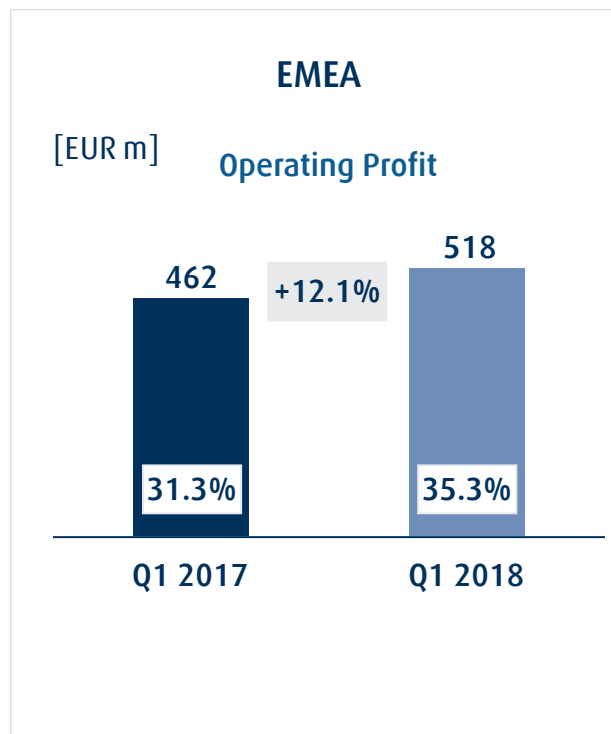
Positive comparable growth development in all geographies



■ Reported growth
 ■ Comparable growth: excluding currency, natural gas price effects and the first-time application effect of IFRS 15

Gases Division | Operating profit by operating segment

Operating profit margin up by 300bp to 30.7 percent



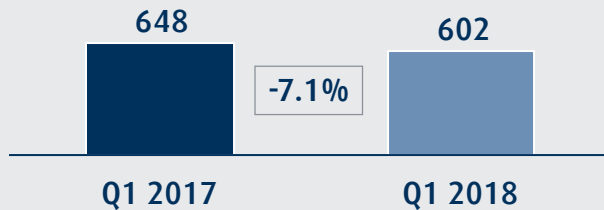
- EMEA margin aided by LIFT savings, growth as well as pricing and portfolio optimisation
- Higher margin in Asia/Pacific supported by pricing, volume growth and restructuring
- Margin in Americas supported by positive Merchant business development and cost reduction at Lincare but negatively affected by planned turnarounds and unplanned outage

■ Reported growth □ Operating profit margin

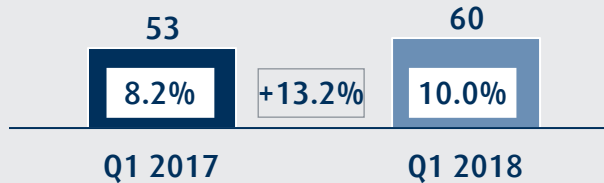
Engineering Division | Key figures

Strong margin improvement by 180bp

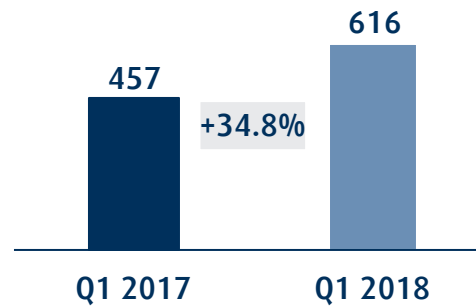
Revenue [EUR m]



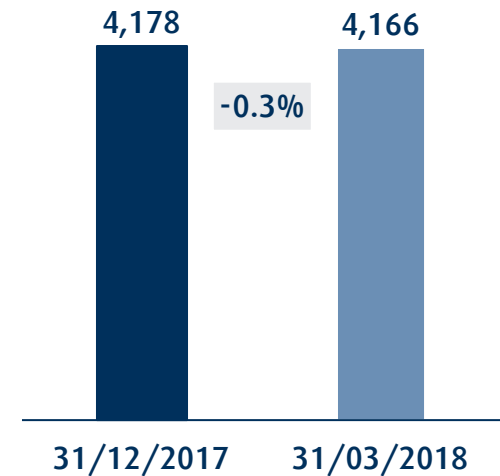
Operating profit [EUR m]



Order intake [EUR m]



Order backlog [EUR m]



- Revenue development in line with expected project progress
- Margin improvement due to successful project execution and improved capacity utilisation
- New customer orders including a polypropylene plant for Braskem in La Porte, Texas, USA, a new ASU for SINOPEC in Jubail, Saudi Arabia and a hydrogen plant for the Indian Oil Corporation in India

■ Reported growth □ Operating profit margin

Financial performance | Key figures

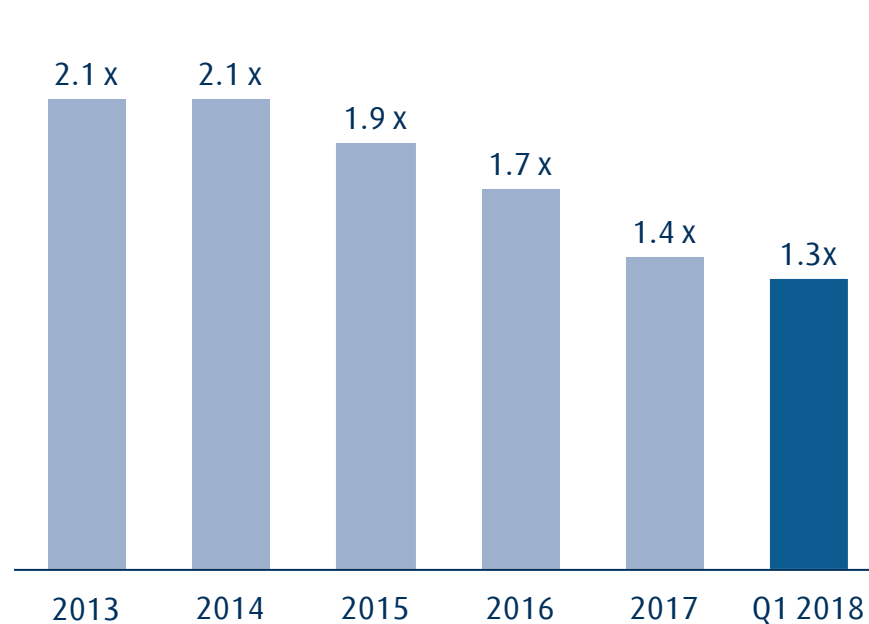
Sound operating cash flow & further deleveraging in Q1 2018

Operating cash flow

[EUR m]

	Q1 2017	Q1 2018
Operating profit	1,041	1,081
Change in working capital	-177	-95
Income taxes paid	-124	-158
Other changes	-87	-172
Operating cash flow from continuing operations	653	656

Net debt / operating profit



- Sound operating cash flow despite higher other changes (LIFT restructuring, planned merger) and higher cash taxes paid
- Net financial debt of EUR 5.5bn as of 31st of March 2018
- Proposed dividend of EUR 7.00 per share to be paid in May

◆ 2018

Group

Revenue	±0 to +4% versus 2017 adjusted for FX and IFRS 15
Operating profit	±0 to +5% versus 2017 adjusted for FX
ROCE	Around 10 percent

Gases Division

Revenue	±0 to +4% versus 2017 adjusted for FX and IFRS 15
Operating profit	±0 to +5% versus 2017 adjusted for FX

Engineering Division

Revenue	EUR 2.2 to 2.6 billion
Operating margin	Around 9 percent

Agenda



Q1 2018 Results & Outlook 2018

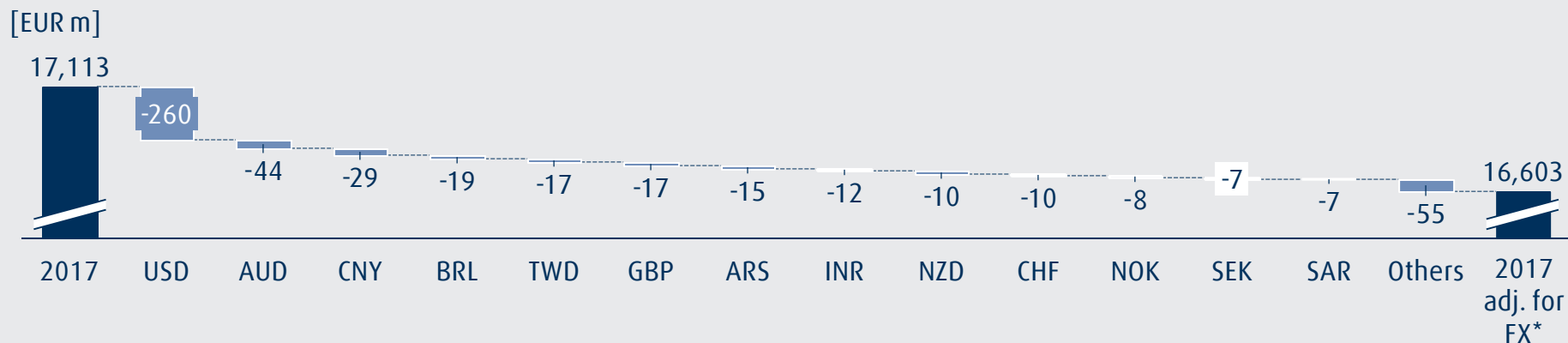
Sven Schneider

Appendix

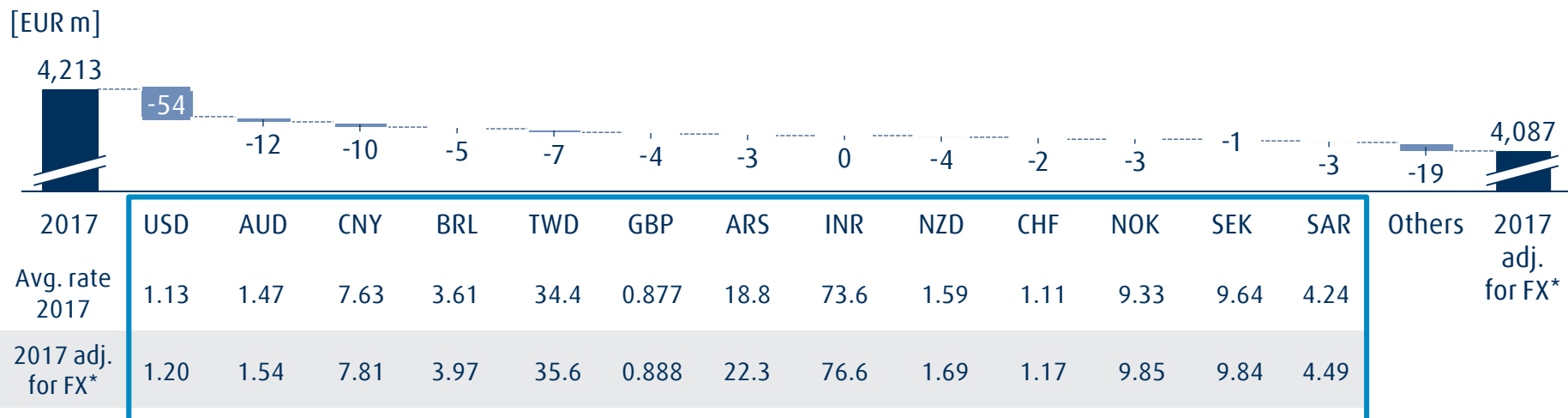
Group | Potential currency impact

Potential impact on revenue and operating profit in 2018

Group revenue adjusted for FX*



Group operating profit adjusted for FX*

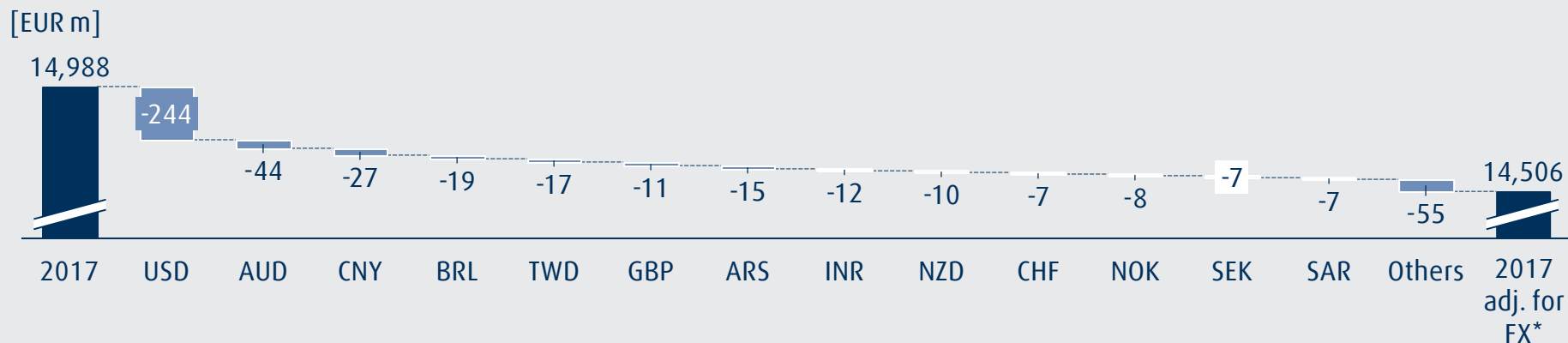


All figures from continuing operations.
 *Based on spot rates as of 31 December 2017.

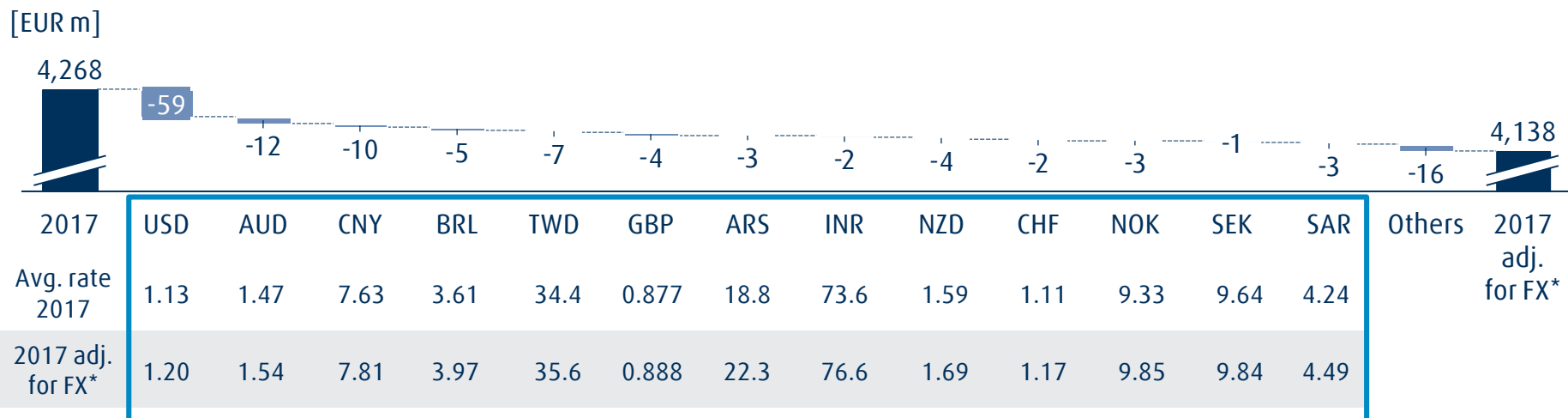
Gases Division | Potential currency impact

Potential impact on revenue and operating profit in 2018

Gases revenue adjusted for FX*



Gases operating profit adjusted for FX*



All figures from continuing operations.
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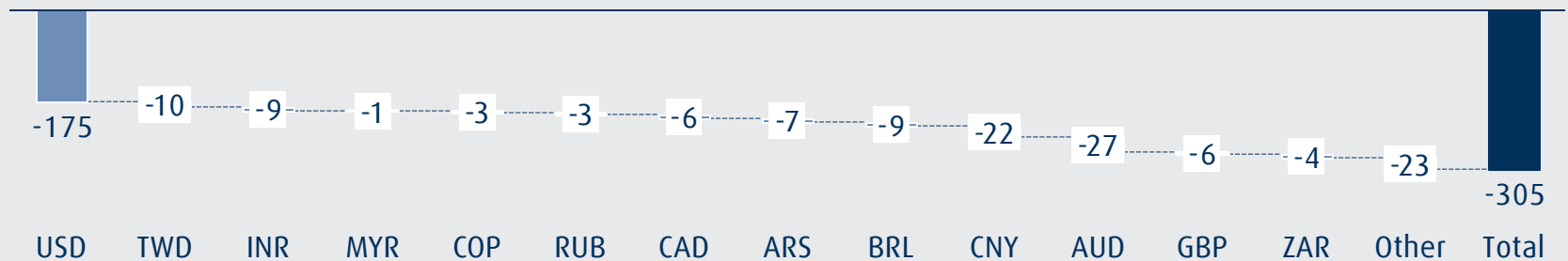
Group | Currency impact

Impact on revenue and operating profit in Q1 2018



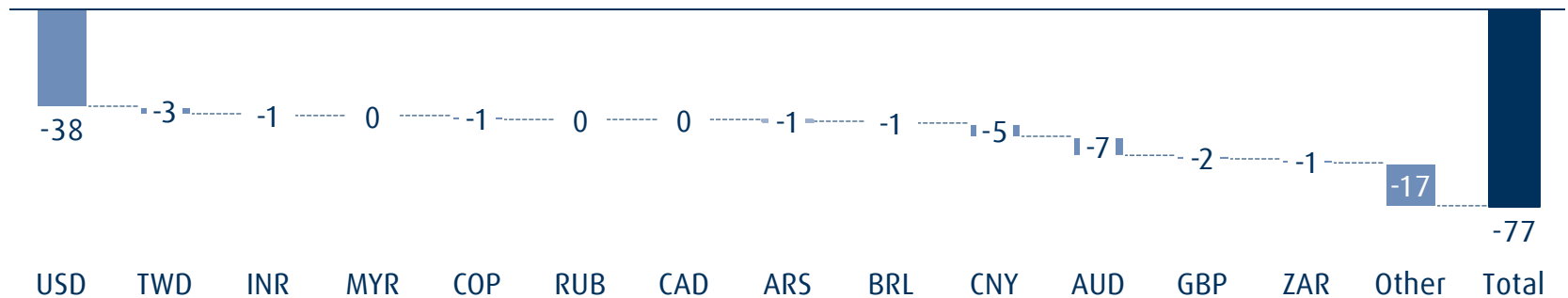
FX impact on Group revenue in Q1 2018

[EUR m]



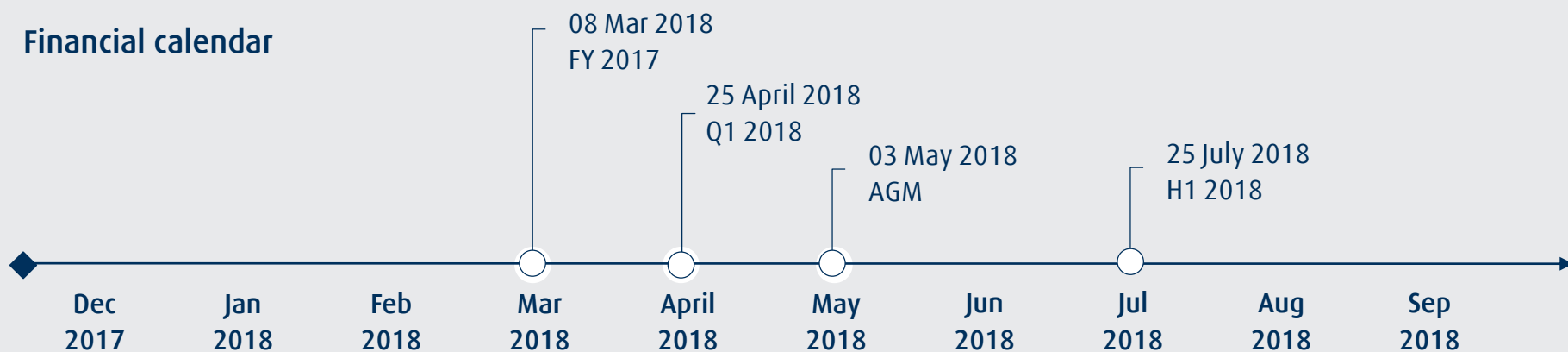
FX impact on Group operating profit in Q1 2018

[EUR m]



Operating Profit	Earnings per Share (EPS) before special items	Earnings per Share (EPS) reported	Return on Capital Employed (ROCE)
Return	Return	Return	Return
EBIT before special items adjusted for amortisation of intangible assets and depreciation of tangible assets	Profit for the period before special items attributable to Linde AG shareholders	Profit for the period attributable to Linde AG shareholders	EBIT before special 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 (tendered)

Type of share:
Bearer shares

Stock exchanges:
All German stock exchanges

Security reference number:
ISIN DE000A2E4L75
CUSIP A2E4L7

Linde share (untendered)

Type of share:
Bearer shares

Stock exchanges:
All German stock exchanges

Security reference number:
ISIN DE0006483001
CUSIP 648300