

January – June 2011

Conference Call

LeadIng.



THE LINDE GROUP

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Member of the Executive Board and CFO

29 July 2011

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## Continuously Improving.

Ongoing growth momentum drives Group sales up 11.0% to € 6,774 m

Group operating profit grows over-proportionately by 11.7% to € 1,559 m

Continuous strong increase of reported EPS by 26.2% to € 3.32 and of adjusted EPS by 20.3% to € 3.79

Operating Cash Flow increases by 8.3% to € 977 m

## Solid growth in all regions

Growth Markets continue their strong momentum

Accelerated growth in mature regions

Operating margin of the Gases Division at 27.3% (+20 bp)

## 2011 Outlook reinforced

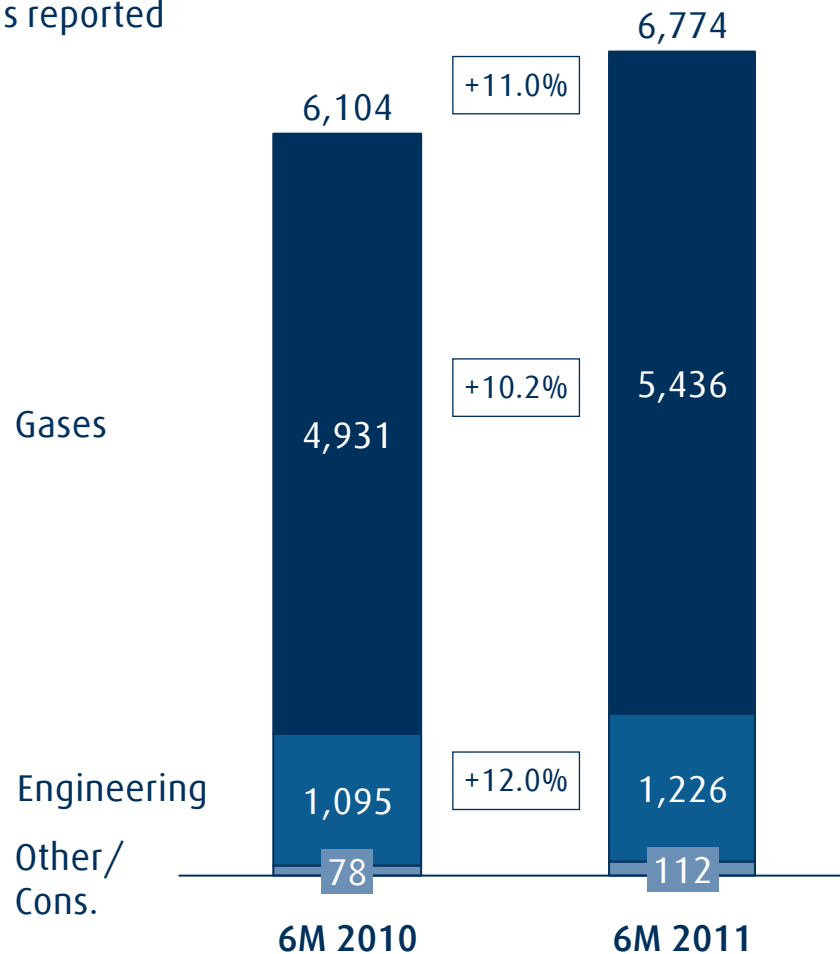
Growth in sales and operating profit vs. record year 2010

HPO: € 650-800 m of gross cost savings in 2009-2012

# Group, sales by Divisions

Unchanged growth momentum drives group sales up 11.0%

in € million,  
as reported



## Gases Division

- Growth momentum continues: comparable\* sales further increase to 8.5%
- Growth in all product areas: bulk and cylinder further accelerated

## Engineering Division

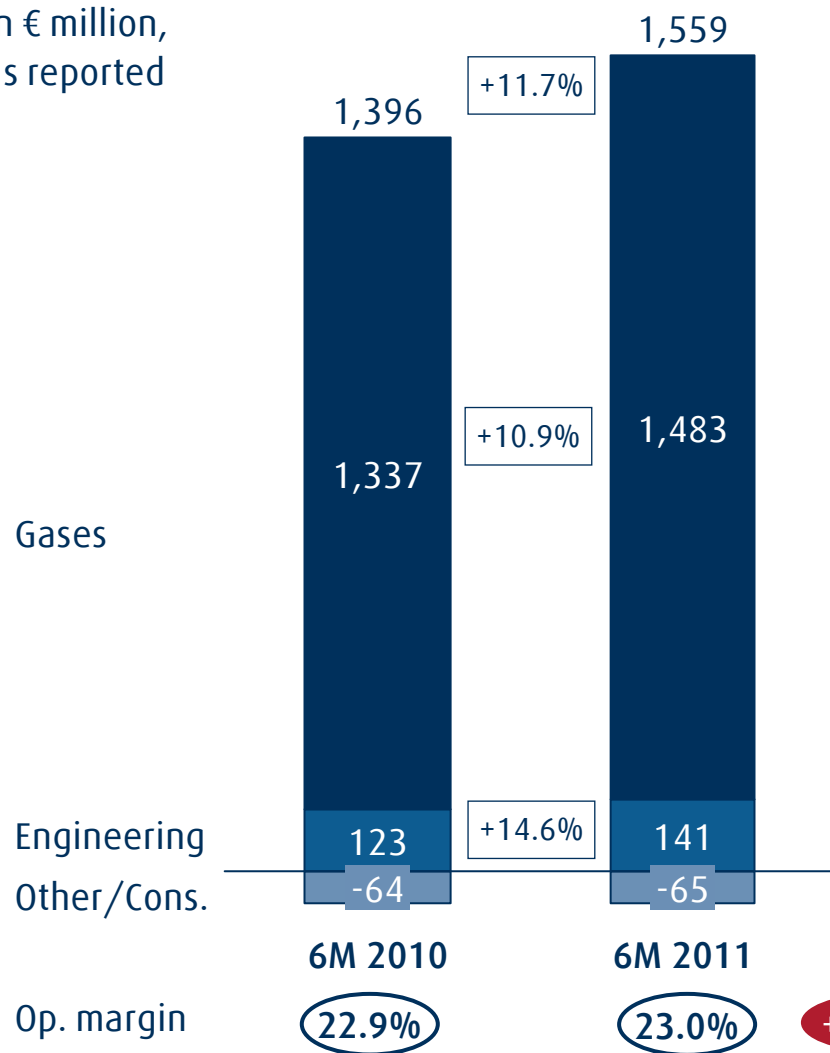
- Sales increased in particular for air separation units, hydrogen/synthesis gas and natural gas plants
- Order backlog remains on high level

\*excluding currency, natural gas price and consolidation effect

# Group, operating profit by Divisions

Group margin of 23.0%

in € million,  
as reported



## Gases Division

- Operating profit\* on double-digit growth track
- Operating margin up by 20 bp to 27.3% supported by HPO

## Engineering Division

- Operating margin of 11.5% again well ahead of target margin
- Margin development driven by successful execution of individual projects

\*EBITDA incl. share of net income from associates and joint ventures

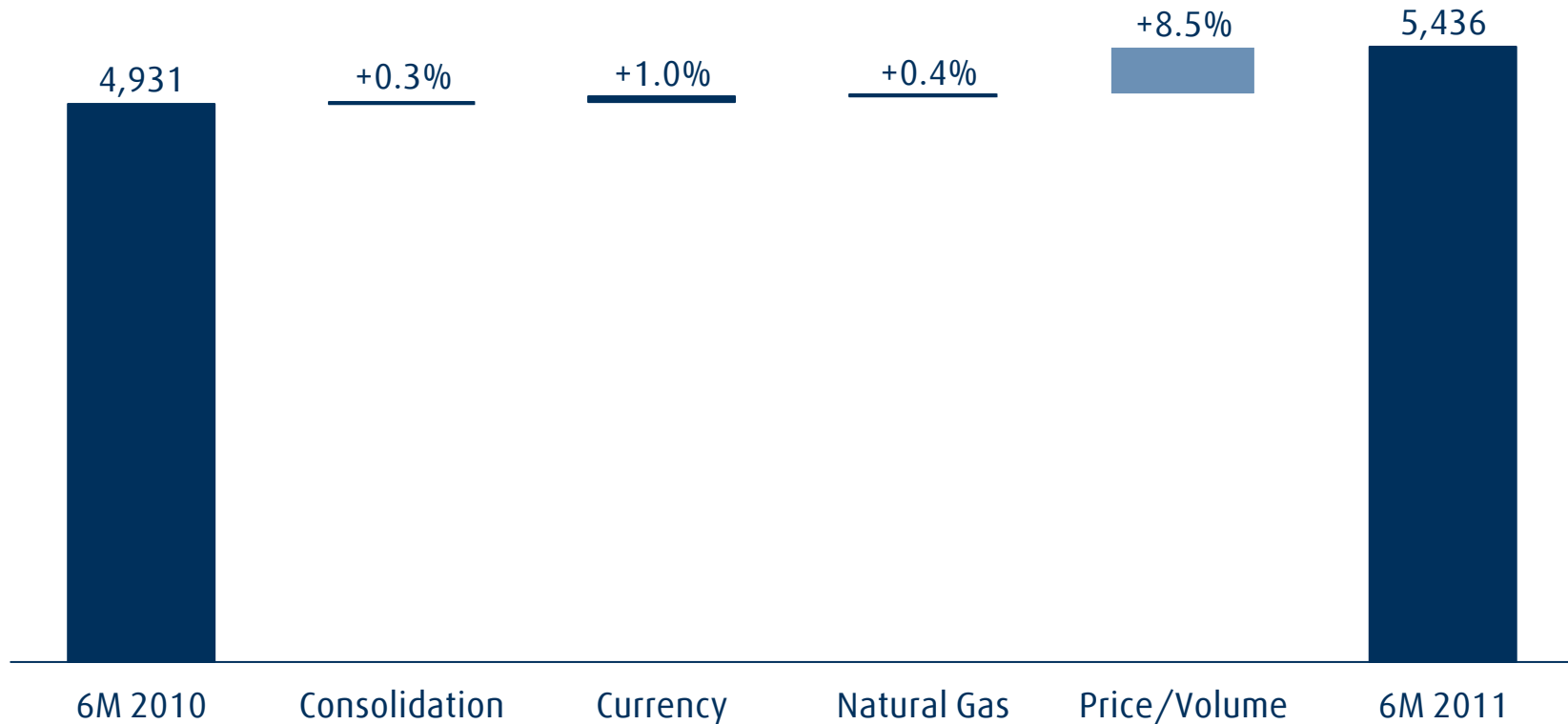
# Division Gases, sales bridge

6M sales increase of 8.5% on comparable basis



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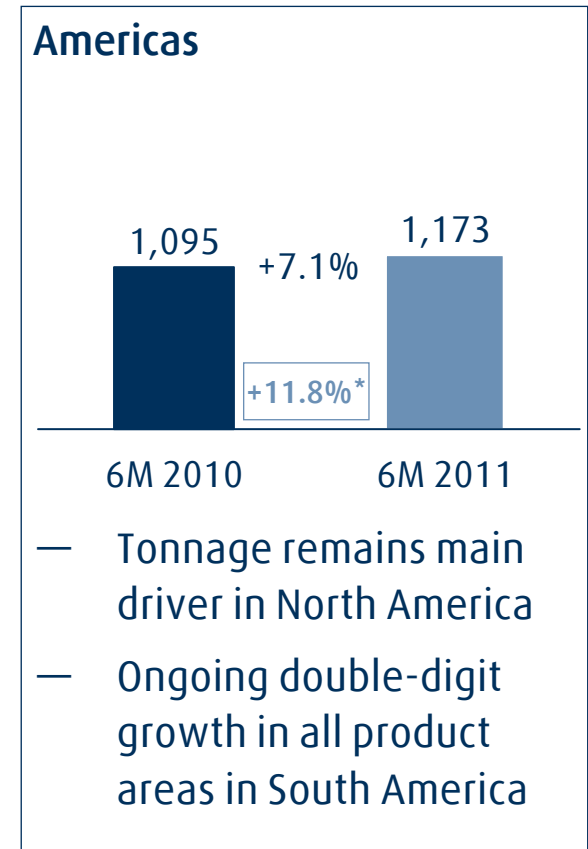
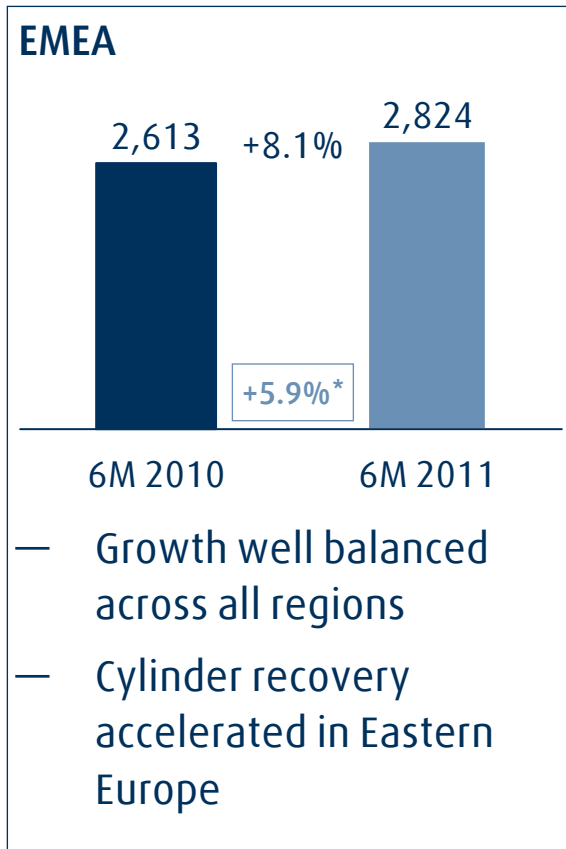
in € million



# Gases Division, sales by operating segment

## Growth momentum continues in all regions

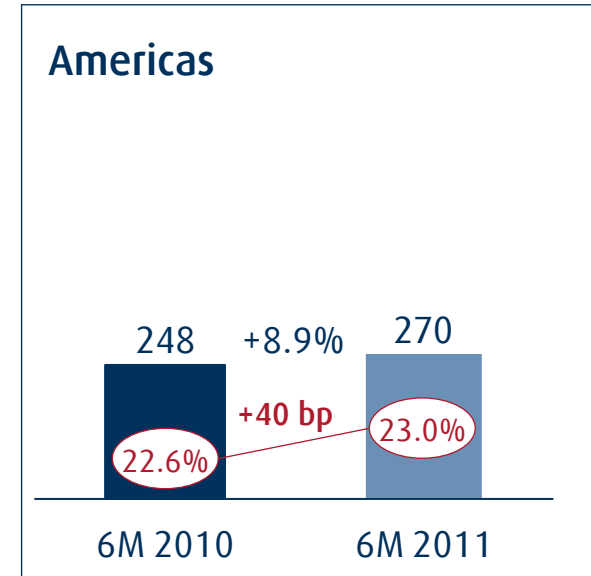
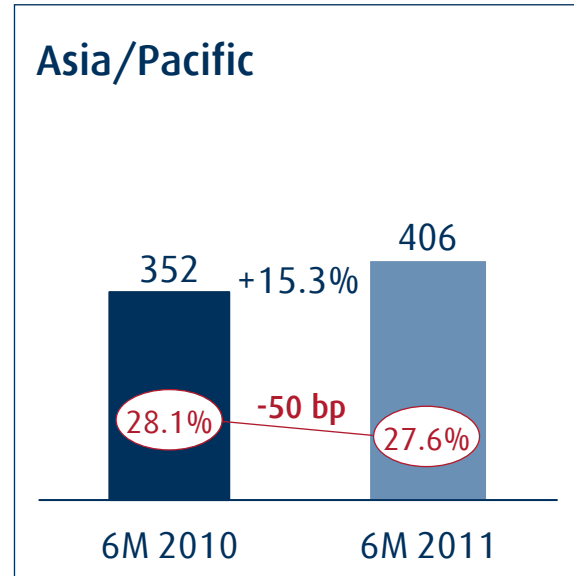
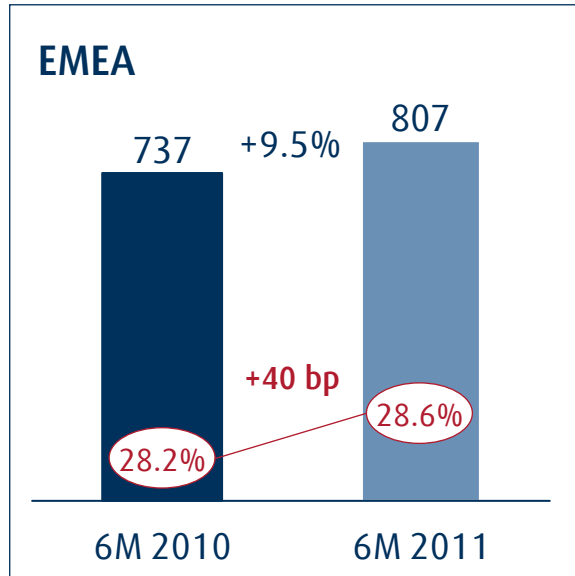
in € million



# Gases Division, operating profit by operating segment

## Strongest increase in operating profit in Asia/Pacific

in € million



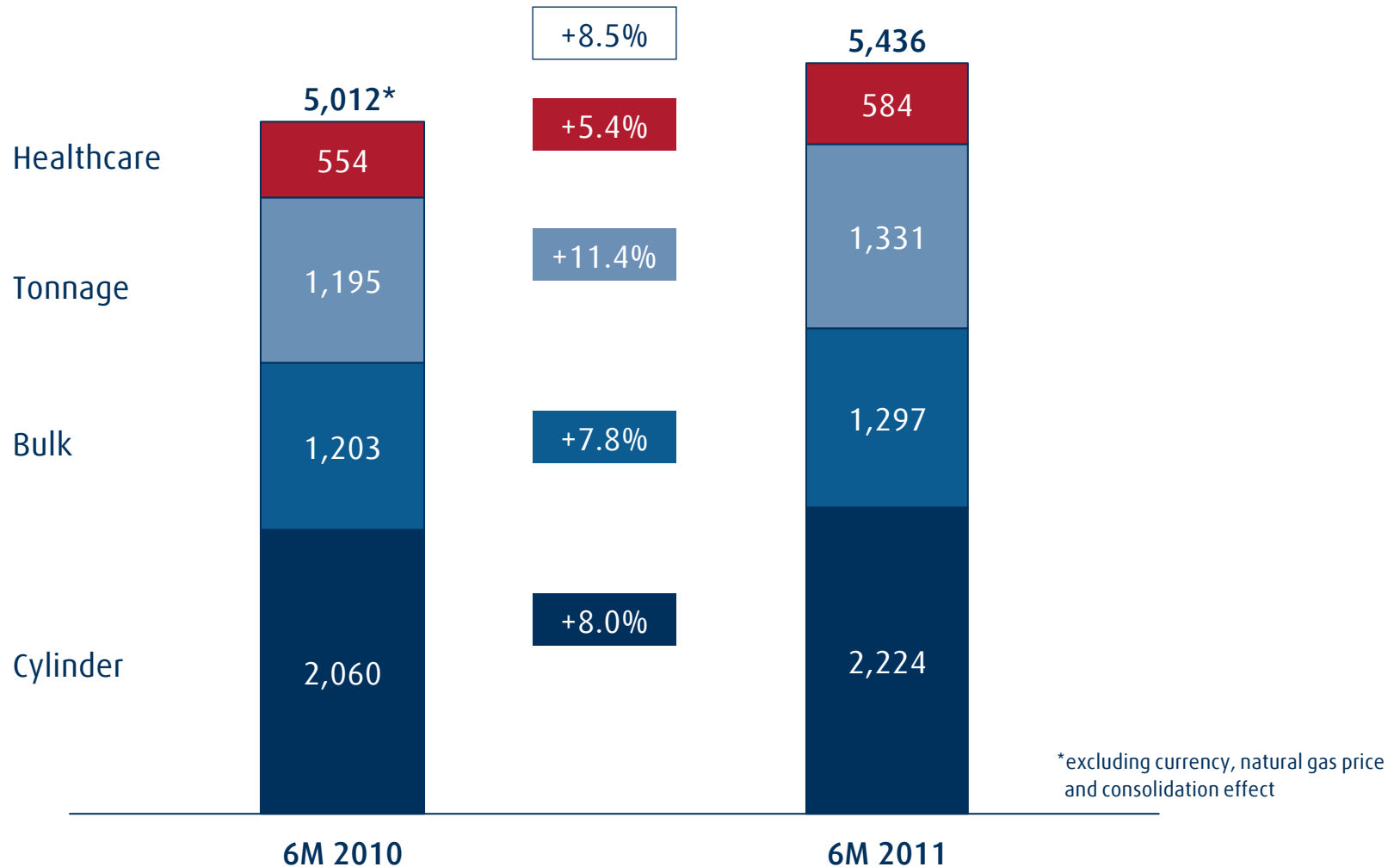
- Continuous implementation of HPO supports margin development in all regions
- Positive margin development in the operating segments EMEA and Americas
- Asia/Pacific margin affected by natural gas price effect and pre-investments in structural growth in Asia



# Gases Division, sales by product areas

## Growth accelerated in Cylinder and Bulk

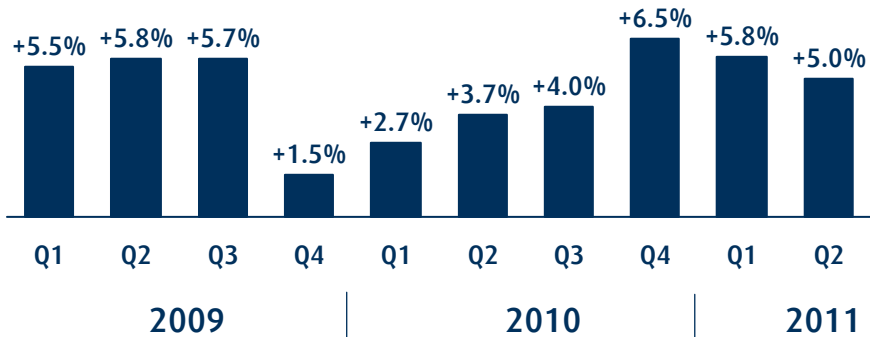
in € million,  
comparable\*, consolidated



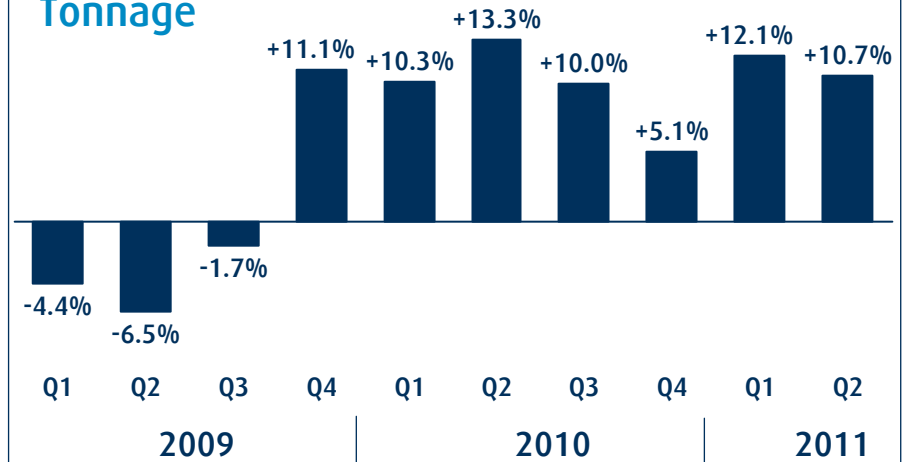
# Gases Division, product areas (comparable yoy growth)

## Cylinder business continues to grow

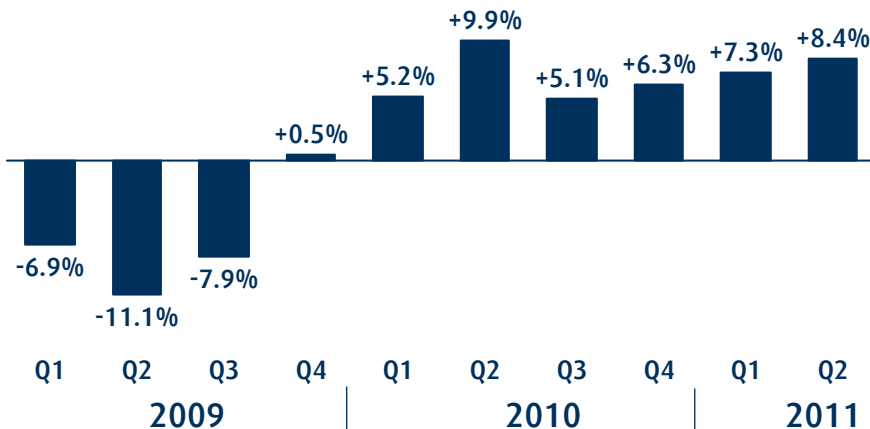
### Healthcare



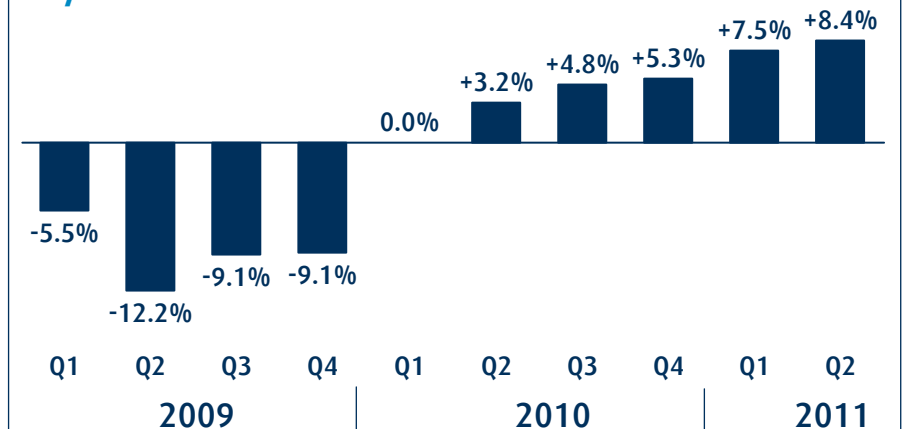
### Tonnage



### Bulk



### Cylinder

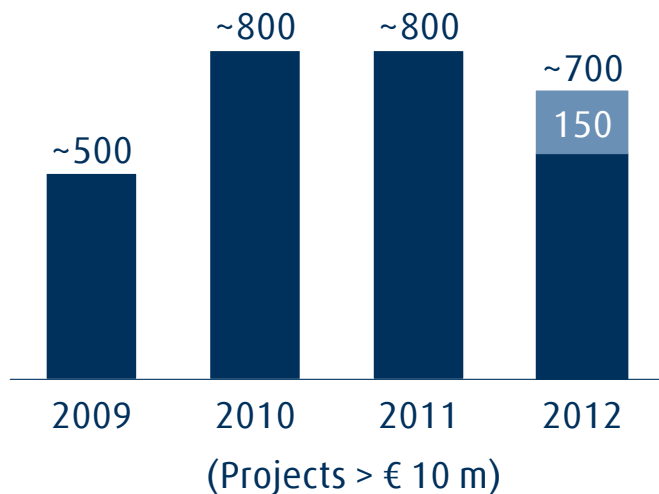


# Gases Division, project pipeline

## Solid basis for sustainable growth

- Project amount for 2012 further increased in the first six months by € 150 m to € 700 m
- Around € 2.8 bn investments between 2009-2012 (thereof € 0.6 bn in JVs @ share)
- Close to 70% of total project-capex allocated to Growth Markets
- Project opportunities 12 months forward as published in March 2011 around € 4 bn with a large portion in Growth Markets

### Project amount by on-stream date (incl. JVs) in € m

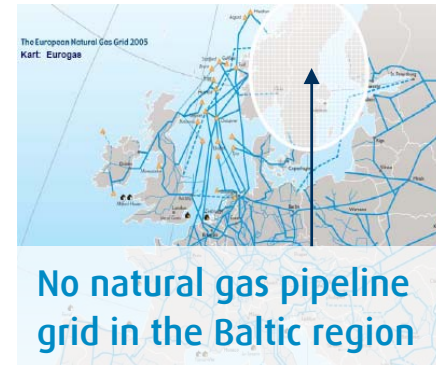


### Major project win in July 2011

- Further project in Greater China: Yantai
- Long-term on-site supply contract with Wanhua Polyurethanes Co., Ltd.
- Wanhua is already a customer of Linde in China and Hungary
- 2 large scale ASUs: ~€ 130 m capex, expected on stream date end of 2013 or early in 2014
- Integrated approach including merchant business

# Mega-Trend Energy/Environment

## LNG-terminal Nynäshamn/Sweden



### May 2011

- First LNG import terminal in the Baltics completed: ~ € 100 m
- Located 60 km south of Stockholm
- Storage of up to 20,000 cubic metres LNG at minus 162 degree Celsius (~12 m cubic metres natural gas)
- Main source LNG plant of Skangass in Norway
- Direct supply of customers or to customer network feed points via bulk transports
- LNG replaces LPG, light and heavy fuel oil for the transportation and marine market to reduce sulphur and NOx emissions

### One-Stop-Provider in LNG-business

LNG terminal built by Linde Engineering

LNG terminal owned and operated by Linde Gas

LNG-plant designed and built by Linde Engineering

Distribution technology by Linde Engineering  
Sales and distribution by Linde Gas

## Engineering Division, key figures

Order intake up by 19.4%



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- Order intake mainly driven by Asia/Pacific and air separation units
- Order backlog stays strong at € 3,763 bn (year-end 2010: € 3,965 bn)
- As a result of very successful execution of individual projects the margin expectation for 2011 is at least 10%

in € million	6M 10	6M 11	Δ YoY
Order intake	962	1,149	+19.4%
Sales	1,095	1,226	+12.0%
Operating profit*	123	141	+14.6%
Margin	11.2%	11.5%	+30 bp

\*EBITDA incl. share of net income from associates and joint ventures

# Group, Cash Flow Statement

in € million	Q1 11	Q2 11	H1 11	H1 10
Operating profit	761	798	1,559	1,396
Change in Working Capital	-180	6	-174	-101
Other changes	-141	-267	-408	-393
<b>Operating Cash Flow</b>	<b>440</b>	<b>537</b>	<b>977</b>	<b>902</b>
Investments in tangibles/intangibles	-237	-310	-547	-503
Acquisitions/Financial investments	-13	-1	-14	-15
Other	43	33	76	82
<b>Investment Cash Flow</b>	<b>-207</b>	<b>-278</b>	<b>-485</b>	<b>-436</b>
<b>Free Cash Flow before Financing</b>	<b>233</b>	<b>259</b>	<b>492</b>	<b>466</b>
Interests and swaps	-45	-114	-159	-142
Dividends and other changes	-2	-385	-387	-304
<b>Net debt increase (+)/decrease (-)</b>	<b>-186</b>	<b>240</b>	<b>54</b>	<b>-20</b>

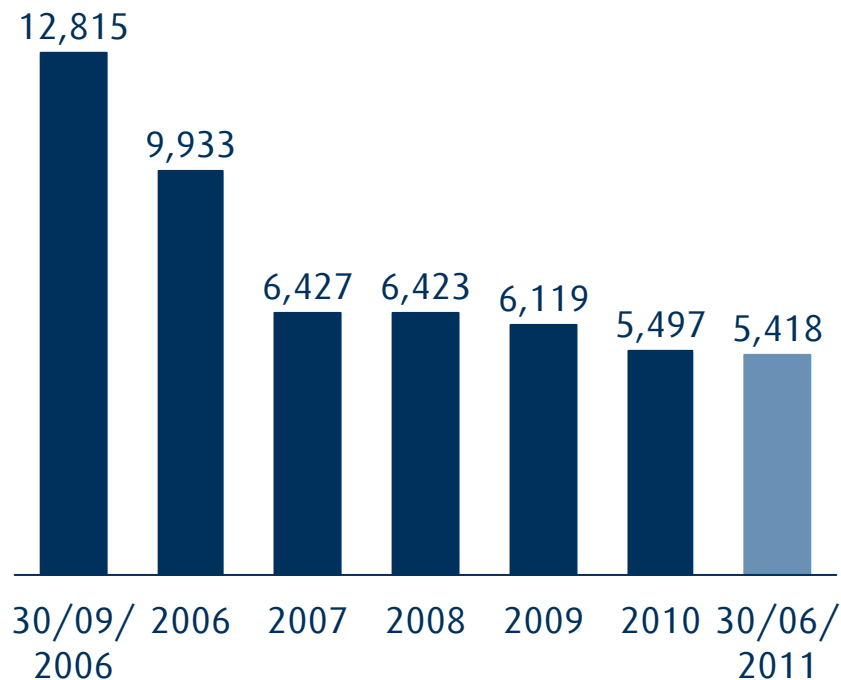
# Group, solid financial position

## Net debt/EBITDA-ratio of 1.8x

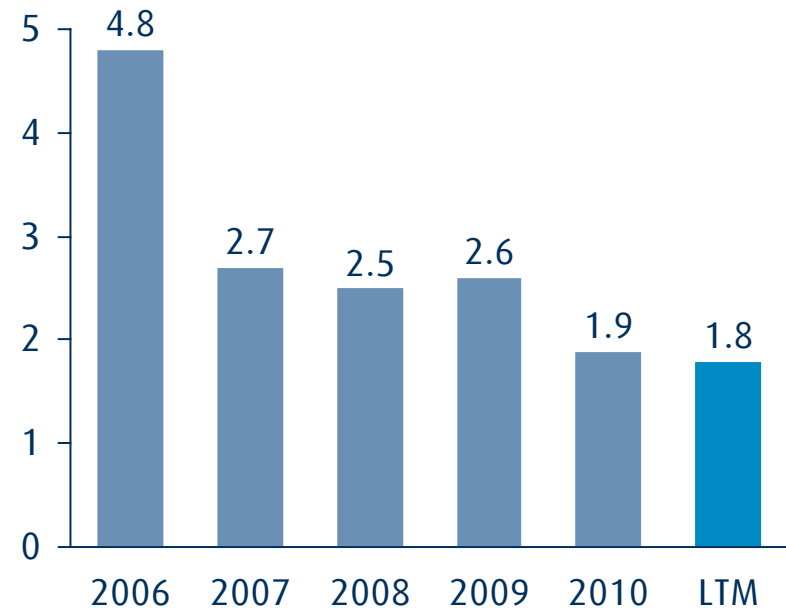
### Proactive liability management

- Rationale: Extension of the maturity profile and increase of the liquidity reserve
- ~€ 360 m partial buyback of € 1.3 bn bonds maturing in 2012 and 2013
- Issuance of € 600 m 3.875 % bond maturing in 2021

### Net debt in € bn



### Net debt/EBITDA



2011	Group	<ul style="list-style-type: none"><li>— Growth in sales and operating profit vs. 2010</li><li>— Confirmation of HPO-program: € 650-800 m of gross cost savings in 2009-2012</li></ul>
	Gases	<ul style="list-style-type: none"><li>— Sales increase vs. 2010</li><li>— Operating profit to grow at a faster pace than sales</li></ul>
	Engineering	<ul style="list-style-type: none"><li>— Sales at the same level as in 2010</li><li>— Operating margin of at least 10%</li></ul>
2014	Group	<ul style="list-style-type: none"><li>— Operating profit of at least € 4 bn</li><li>— Adjusted ROCE of 14% or above</li></ul>
	Gases	<ul style="list-style-type: none"><li>— Average capex/sales ratio 13% plus</li><li>— Revenue increase above market growth</li><li>— Further increase in productivity</li></ul>



# Summary

Continuously Improving.



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## **Positive performance continued over 6M 2011**

Double-digit sales and earnings increase, comparable Gases growth accelerated to 8.5%

Sustainable strong Cash Flow generation

Implementation of HPO on track

Further increase of project pipeline in the Gases Division

Strong project execution in the Engineering Division

Outlook for 2011 reinforced

## **Competitive set-up for sustainable profitable growth**

Strong market position in Growth Markets

Focus on mega-trends Energy / Environment and Healthcare

Well positioned with business synergies of Gases and Engineering



# APPENDIX

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# Group Financial Highlights

Q2 2011



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in € million	Q2 10	Q2 11	Δ in %
Sales	3,210	3,449	7.4
Operating profit	755	798	5.7
Margin (in %)	23.5	23.1	
EBIT before PPA depreciation	512	532	3.9
PPA depreciation	66	60	
EBIT	446	472	5.8
Financial Result	-83	-77	7.2
Taxes	-93	-100	7.5
Net income	270	295	9.3
Net income – Part of shareholders Linde AG	247	282	14.2
EPS in €	1.46	1.65	13.0
Adjusted EPS in €	1.74	1.91	9.8

# Group Financial Highlights

H1 2011



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in € million	H1 10	H1 11	Δ in %
Sales	6,104	6,774	11.0
Operating profit	1,396	1,559	11.7
Margin (in %)	22.9	23.0	
EBIT before PPA depreciation	922	1,039	12.7
PPA depreciation	125	121	
EBIT	797	918	15.2
Financial Result	-151	-126	16.6
Taxes	-163	-194	19.0
Net income	483	598	23.8
Net income – Part of shareholders Linde AG	445	566	27.2
EPS in €	2.63	3.32	26.2
Adjusted EPS in €	3.15	3.79	20.3

# Gases Division, operating segments

Historical data 2010



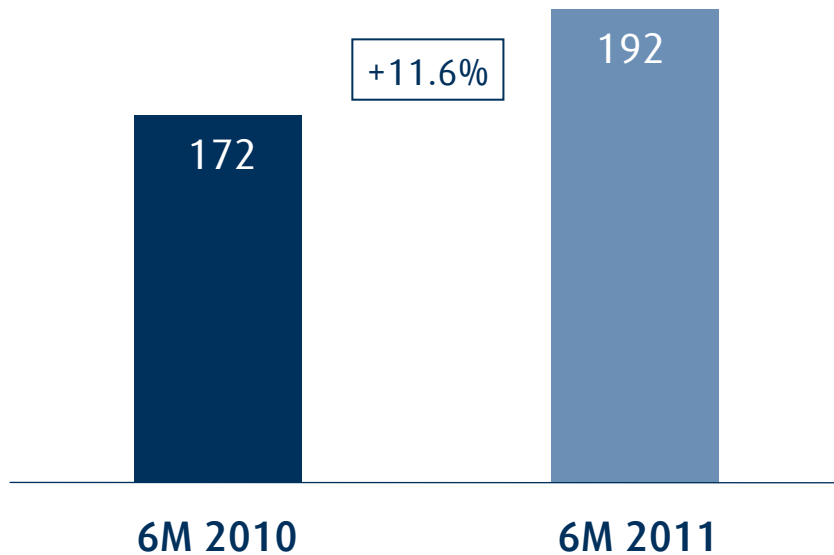
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<b>EMEA (€ m)</b>	<b>Q1 2010</b>	<b>Q2 2010</b>	<b>Q3 2010</b>	<b>Q4 2010</b>	<b>FY 2010</b>
Sales	1,264	1,349	1,365	1,352	5,330
Operating profit*	351	386	389	387	1.513
Operating margin	27.8%	28.6%	28.5%	28.6%	28.4%
<b>Asia/Pacific (€ m)</b>	<b>Q1 2010</b>	<b>Q2 2010</b>	<b>Q3 2010</b>	<b>Q4 2010</b>	<b>FY 2010</b>
Sales	577	677	711	727	2,692
Operating profit*	162	190	200	202	754
Operating margin	28.1%	28.1%	28.1%	27.8%	28.0%
<b>Americas (€ m)</b>	<b>Q1 2010</b>	<b>Q2 2010</b>	<b>Q3 2010</b>	<b>Q4 2010</b>	<b>FY 2010</b>
Sales	514	581	605	579	2,279
Operating profit*	112	136	129	122	499
Operating margin	21.8%	23.4%	21.3%	21.1%	21.9%

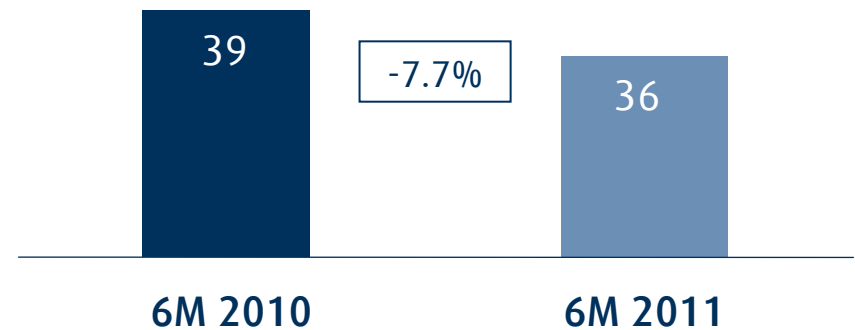
\* EBITDA before non-recurring items, including share of net income from associates and joint ventures

in € million

**Proportionate Sales**  
(not incl. in the Group top-line)



**Share of Net Income**  
(contribution to operating profit)



### Purchase Price Allocation (PPA)

Impact in 6M 2011: € 121 m (6M 2010: € 125 m)

Expected impact FY 2011: ~ € 250 m (upper end of guidance due to enforced one-brand strategy)

#### Background:

- The difference between the purchase cost of BOC and related acquisitions in Asia and their net asset value has been allocated to assets on the Linde balance sheet (for BOC, see Linde 2007 annual report, p. 99).
- The revaluation of these assets leads to additional depreciation and amortisation charges according to the useful life of the assets.
- Goodwill is not amortised but subject to a yearly impairment test.
- Depreciation & Amortisation from PPA is excluded from the calculation of Adjusted EPS.

# Definition of financial key figures



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<b>Operating Profit</b>	<b>Return</b>	EBITDA (incl. IFRIC 4 adjustment) excl. finance costs for pensions excl. non-recurring items incl. share of net income from associates and joint ventures
	<b>adjusted ROCE</b>	Operating profit - depreciation / amortisation excl. depreciation/amortization from purchase price allocation
<b>adjusted EPS</b>	<b>Average Capital Employed</b>	equity (incl. minorities) + financial debt + liabilities from financial services + net pension obligations - cash and cash equivalents - receivables from financial services
	<b>Return</b>	earnings after tax and minority interests + depreciation/amortization from purchase price allocation +/- non-recurring items
	<b>Shares</b>	average outstanding shares



# Linde Gases Division in Greater China

## Important project wins in 2011

### Chongqing

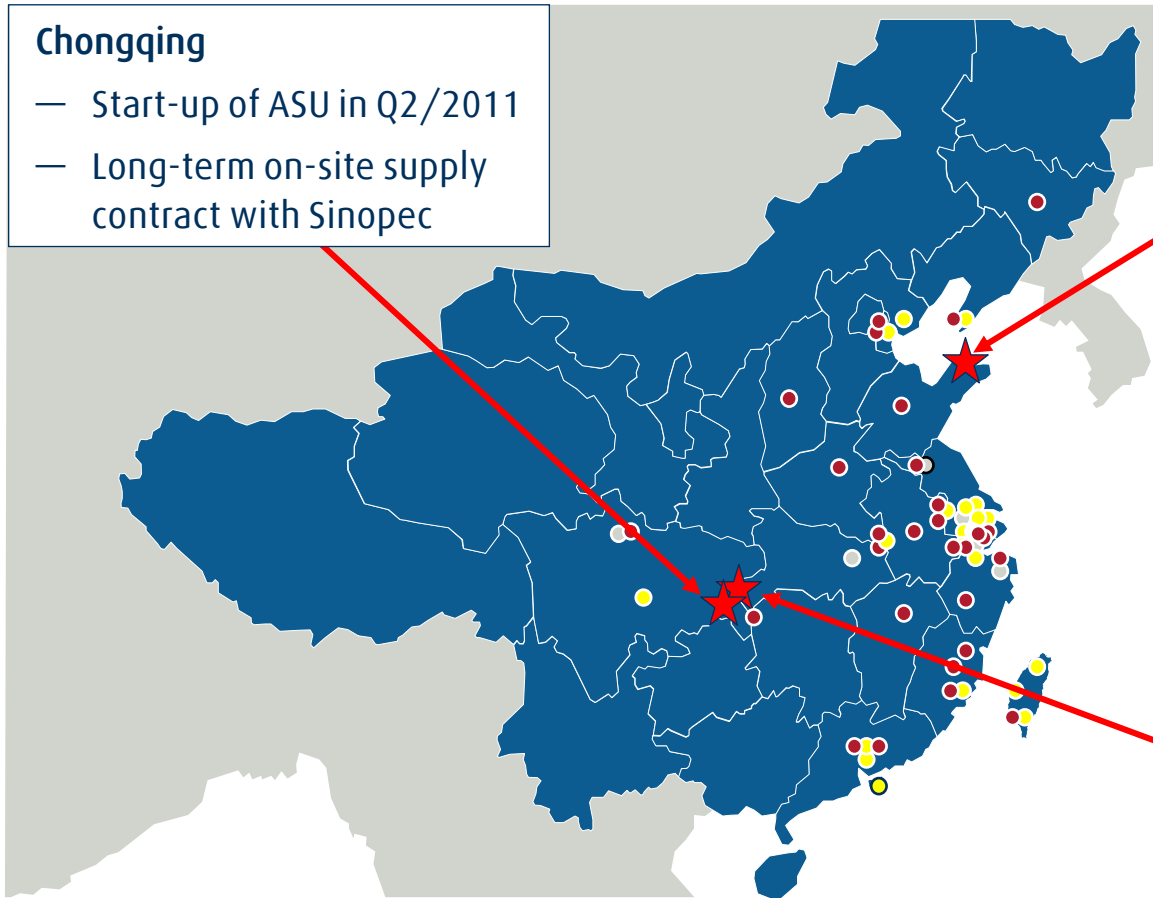
- Start-up of ASU in Q2/2011
- Long-term on-site supply contract with Sinopec

### Yantai

- Long-term on-site supply contract with Wanhua Polyurethanes Co., Ltd. signed in July 2011
- Wanhua is already a customer of Linde in China and Hungary
- 2 large scale ASUs: ~€ 130 m capex, expected on stream date end of 2013 or early in 2014
- Integrated approach including merchant business

### Chongqing

- Long-term on-site supply contracts with CCPHC and BASF signed in April 2011
- Large scale HYCO plant: ~€ 200 m capex, expected on stream date 2014



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## Financial Calendar

- Interim Report January to September: 28 October 2011
- Annual General Meeting: 04 May 2012