

Press release

Linde increases revenue and earnings in a challenging environment – mainly as a result of exchange rate effects and healthcare

- On a comparable basis Gases Division continues to grow
- Positive trend in operating cash flow maintained
- Outlook for 2015 confirmed

Munich, 28 October 2015 – The technology company The Linde Group achieved a 7.7 percent increase in revenue on the basis of reported figures in the first nine months of 2015 to EUR 13.552 bn, compared with revenue of EUR 12.584 bn in the first nine months of 2014. After adjusting for exchange rate effects, revenue was 0.9 percent below that generated in the prior-year period. Operating profit improved by 8.2 percent to EUR 3.137 bn (2014: EUR 2.898 bn). After adjusting for exchange rate effects, operating profit fell slightly by 0.7 percent. The Group operating margin improved slightly to 23.1 percent (2014: 23.0 percent).

"We are seeing continued growth in our Gases Division, which is by far our largest line of business. Business trends in the United States are particularly encouraging," said Dr Wolfgang Büchele, Chief Executive Officer of Linde AG. "It is therefore even more important for us to maintain a consistent focus on sustainable investment in order to continue to strengthen our position as a world market leader in growth areas."

The very positive trend in operating cash flow continued. It rose by 26.6 percent to EUR 2.390 bn when compared with the figure for the prior-year period of EUR 1.888 bn. After adjusting for the additional funding for the pension plans in Germany made in the prior-year period, the increase in operating cash flow was 9.2 percent. This significant increase was due to the good operating profit.

In the first nine months of 2015, earnings per share was EUR 4.63 (2014: EUR 4.41). Earnings per share before non-recurring items was EUR 5.35 (2014: EUR 5.31).

Gases Division achieves growth on a comparable basis

During the reporting period, Linde achieved a 9.5 percent increase in revenue in the Gases Division to EUR 11.387 bn (2014: EUR 10.398 bn). On a comparable basis (after adjusting for exchange rate effects and changes in the price of natural gas), revenue rose by 2.1 percent. After making an additional adjustment of EUR 64 m for the LPG business acquired by Linde during the reporting period from Wesfarmers Kleenheat Gas Pty Ltd, the increase in revenue was 1.5 percent. Operating profit increased by 10.4 percent to EUR 3.131 bn (2014: EUR 2.837 bn), while the operating margin increased to 27.5 percent (2014: 27.3 percent).

In the **Americas segment**, Linde achieved significant growth in revenue in the first nine months of 2015 of 22.3 percent to EUR 3.878 bn (2014: EUR 3.172 bn). On a comparable basis, revenue rose by 8.3 percent. Operating profit increased by 29.2 percent to EUR 977 m (2014: EUR 756 m), while the operating margin rose to 25.2 percent (2014: EUR 23.8 percent). Positive trends in the fast-growing healthcare business, especially in the United States, had the greatest beneficial impact on earnings in the Gases Division.

In the **Asia-Pacific segment**, Linde generated revenue in the nine months to 30 September 2015 of EUR 3.133 bn. This was 11.0 percent more than the figure for the prior-year period of EUR 2.822 bn. On a comparable basis, revenue rose by 1.1 percent, although here too the expiry of on-site contracts had an adverse impact on revenue. Operating profit increased by 9.1 percent to EUR 804 m (2014: EUR 737 m), giving an operating margin of 25.7 percent (2014: 26.1 percent).

In the **EMEA segment** (Europe, Middle East, Africa), Linde achieved revenue in the first nine months of 2015 of EUR 4.515 bn, which was slightly above the figure for the first nine months of 2014 of EUR 4.497 bn. On a comparable basis, revenue fell by 1.6 percent. The main reason for this was the expiry of a hydrogen supply contract in Italy. At the end of 2014, the plant was transferred to the customer and since that date the plant has ceased to make a contribution to revenue. Operating profit in the EMEA segment was EUR 1.350 bn, a slight increase of 0.4 percent when compared with the figure for the first nine months of 2014 of EUR 1.344 bn. Earnings in the EMEA segment in the first nine months of 2015 would have been higher had it not been for the need to recognise an impairment loss of EUR 22 m in the third quarter in respect

of receivables from a customer in the UK as a result of the customer's insolvency. The operating margin of 29.9 percent was the same as in the prior-year period.

Solid order backlog maintained in the Engineering Division

The order backlog in the Engineering Division at 30 September 2015 remained solid at EUR 3.783 bn (31 December 2014: EUR 4.672 bn).

Due to the current low price of oil and the resultant mood of restraint worldwide towards investment in plant construction, order intake in the nine months to 30 September 2015 was EUR 1.128 bn (2014: EUR 2.665 bn). Around 50 percent of new orders related to natural gas plants and olefin plants. The rest of the order intake was spread relatively evenly across the remaining types of plant.

Revenue in the Engineering Division fell in the first nine months of 2015 by 10.1 percent to EUR 2.002 bn (2014: EUR 2.226 bn). Operating profit was EUR 169 m. Linde was unable to generate an operating profit as high as that achieved in the prior-year period of EUR 216 m. The operating margin in the first nine months of 2015 was 8.4 percent (2014: 9.7 percent). The operating margin achieved in the Engineering Division is slightly above the target of around 8 percent Linde has set itself for the current financial year.

No additional restructuring costs expected

Restructuring costs totalling EUR 192 m were recognised in the first nine months of 2015. These costs, which have been classified as a non-recurring item, related to structural and organisational measures being taken to enhance the efficiency of the Group as part of its Customer Focus initiative (started in 2014). Linde does not expect to recognise any additional restructuring costs in the remaining part of the financial year.

Forecast

Depending on the evolution of economic trends and exchange rate movements, Linde anticipates that it will generate Group revenue in the 2015 financial year of between EUR 17.9 bn and EUR 18.5 bn. It expects to achieve an increase in Group operating profit (after adjusting for above mentioned non-recurring items) in 2015 to between EUR 4.1 bn and EUR 4.3 bn.

In the Gases Division, Linde is seeking to achieve the following targets in the 2015 financial year: revenue of between EUR 15.1 bn and EUR 15.5 bn and operating profit of between EUR 4.1 bn and EUR 4.3 bn. In the Engineering Division, Linde assumes that it will be able to generate revenue in the 2015 financial year of between EUR 2.5 bn and EUR 2.7 bn. It expects to achieve an operating margin of around 8 percent.

To coincide with the publication of the interim report, a **teleconference for journalists** will take place today at 9.30 am German time in German and English with Dr Wolfgang Büchele, CEO of Linde AG, and Georg Denoke, CFO of Linde AG. Journalists will have the opportunity to participate in the teleconference by following this link:

<http://event.mescdn.com/linde/media-conference-call-9m-2015>

To coincide with the publication of the interim report, a **webcast for analysts** will take place today at 2pm German time in English with Georg Denoke, CFO of Linde AG. Journalists will have the opportunity to watch the webcast by following this link:

<http://event.mescdn.com/linde/results-conference-call-9m-2015>

In the 2014 financial year, The Linde Group generated revenue of EUR 17.047 bn, making it the largest gases and engineering company in the world with approximately 65,500 employees working in more than 100 countries worldwide. The strategy of The Linde Group is geared towards long-term profitable growth and focuses on the expansion of its international business with forward-looking products and services. Linde acts responsibly towards its shareholders, business partners, employees, society and the environment – in every one of its business areas, regions and locations across the globe. The company is committed to technologies and products that unite the goals of customer value and sustainable development.

For more information, see The Linde Group at www.linde.com

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