

January – March 2011

Conference Call

LeadIng.



THE LINDE GROUP

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Member of the Executive Board & CFO  
4 May 2011

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## **Continuously Improving.**

Ongoing growth momentum drives group sales up 14.9% to € 3,325 m

Group operating profit grows over-proportionately by 18.7% to € 761 m

Strong EPS increase with reported EPS up 42.7% to € 1.67 and adjusted EPS of € 1.88 (+33.3%)

Operating Cash Flow increases by 10.8% to € 440 m

## **Double-digit earnings growth driven by widespread recovery and HPO initiatives**

Growth markets continue their strong momentum

Mature regions on solid growth levels supported by further recovery in the cylinder business

Increase of the group operating margin by 80 basis points to 22.9%

## **2011 Outlook reinforced**

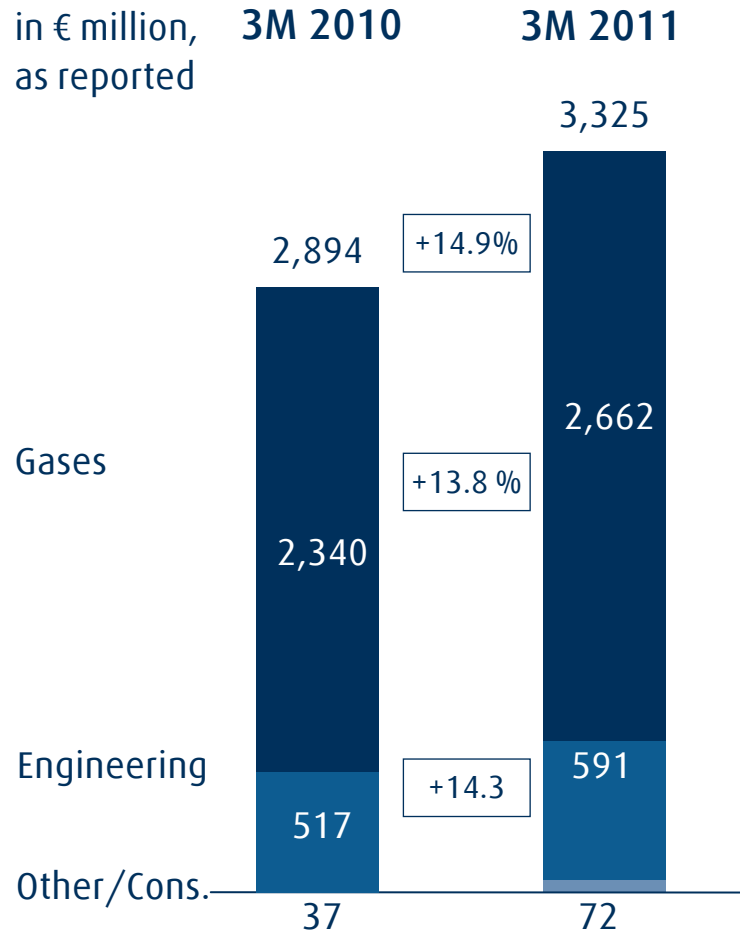
Growth in sales and operating profit vs. record year 2010

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

# Group, sales by Divisions

Unchanged growth momentum drives group sales up 14.9%

in € million,  
as reported



## Gases Division

- Growth momentum intact: comparable\* sales increase of 8.3%
- Growth in all product areas: tonnage leading, cylinder accelerating

## Engineering Division

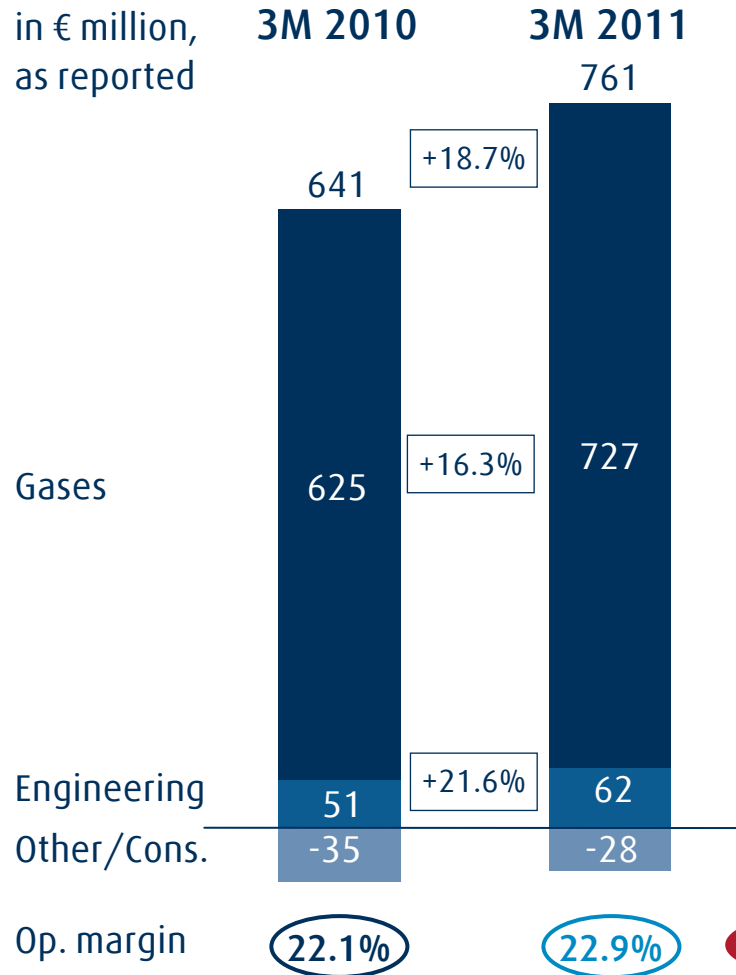
- Sales above last year's level
- Execution of order backlog remains fully on track

\*excluding currency, natural gas price and consolidation effect

# Group, operating profit by Divisions

Further group margin improvement by 80bp to 22.9%

in € million,  
as reported



## Gases Division

- Operating profit\* on double-digit growth track
- Operating margin further increased by 60 bp yoy to 27.3%
- Continuous focus on HPO: initiatives across all processes providing us with the right basis for sustainable profitable growth

## Engineering Division

- Operating margin of 10.5%
- Strong margin performance driven by successful project execution

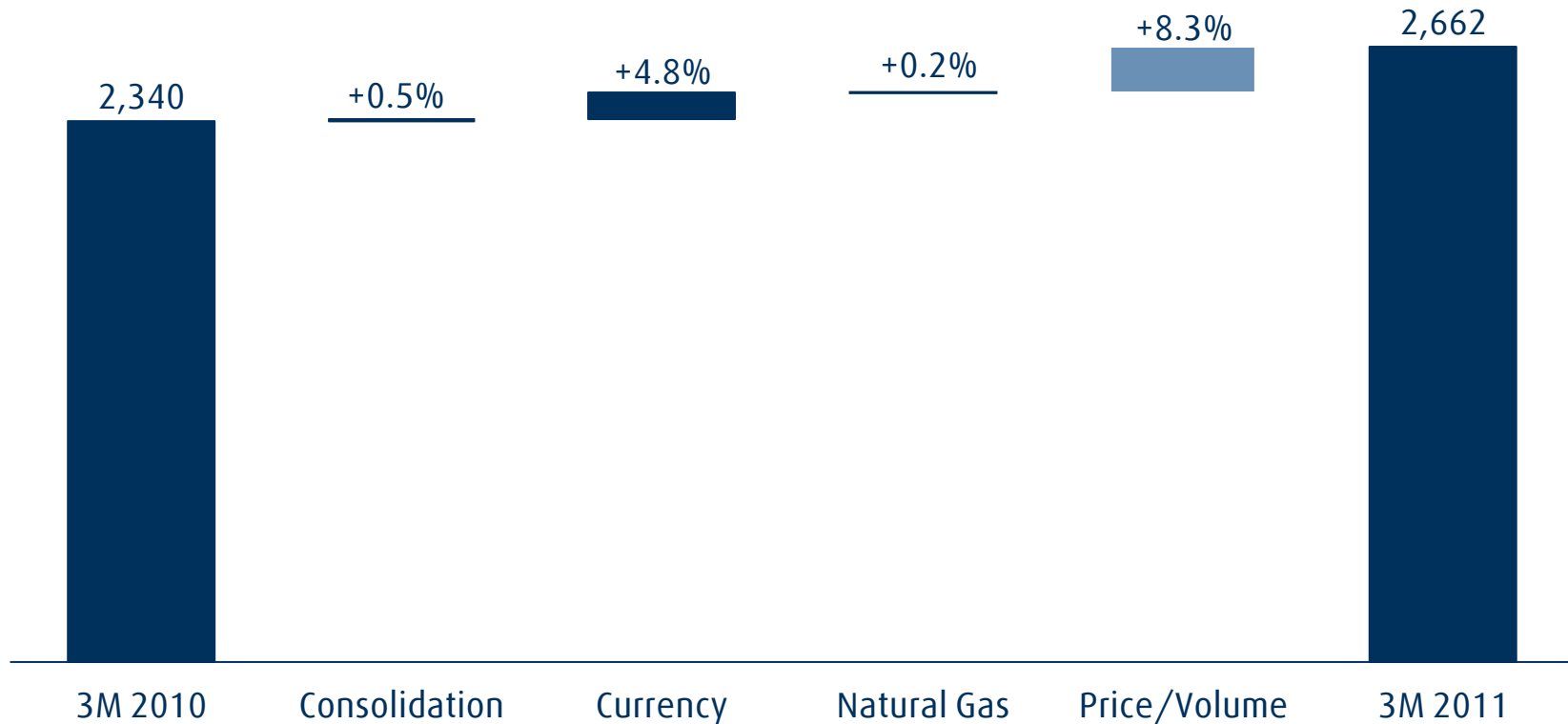
# Division Gases, sales bridge

3M sales increase of 8.3% on comparable basis



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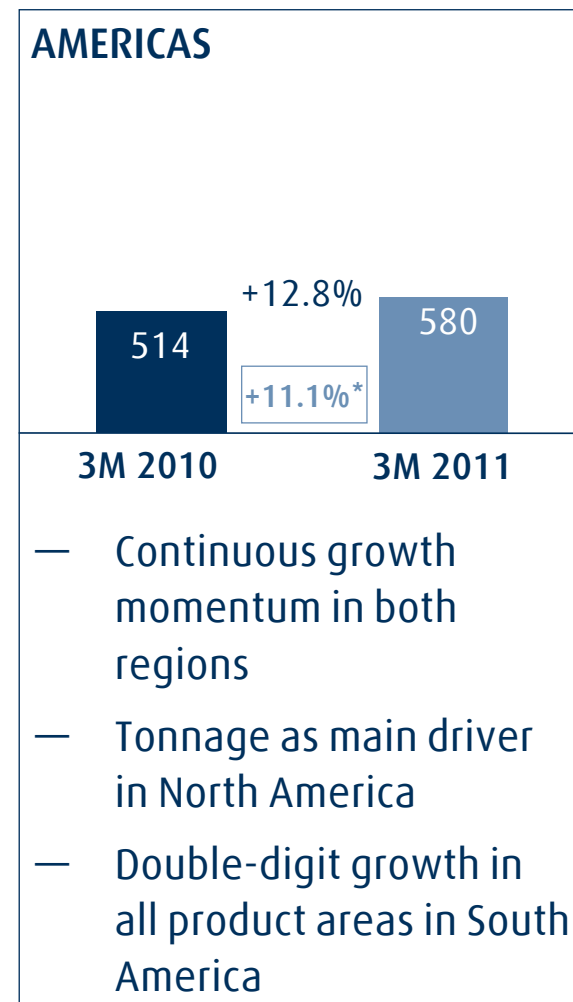
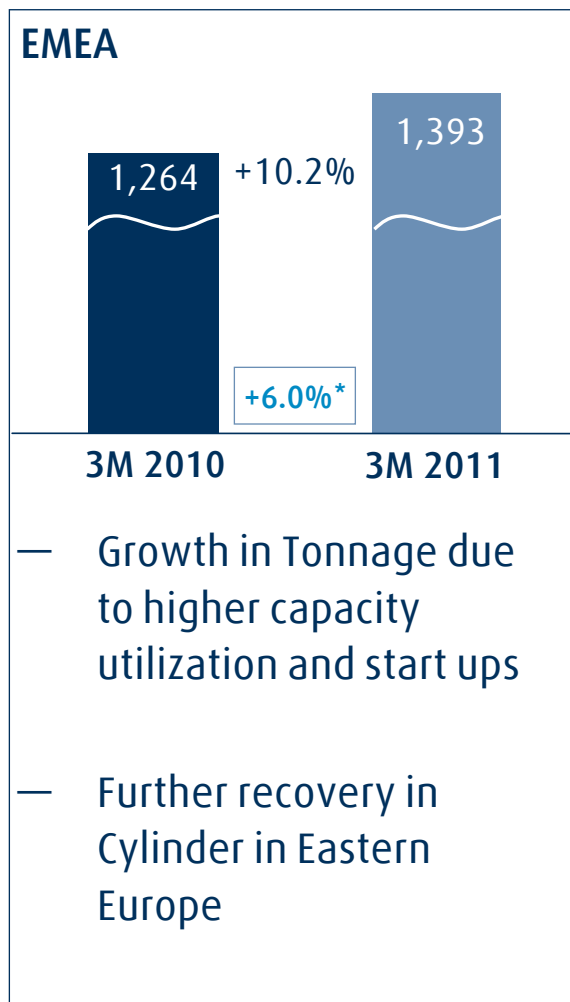
in € million



# Gases Division, sales by operating segment

## Growth momentum continues in all regions

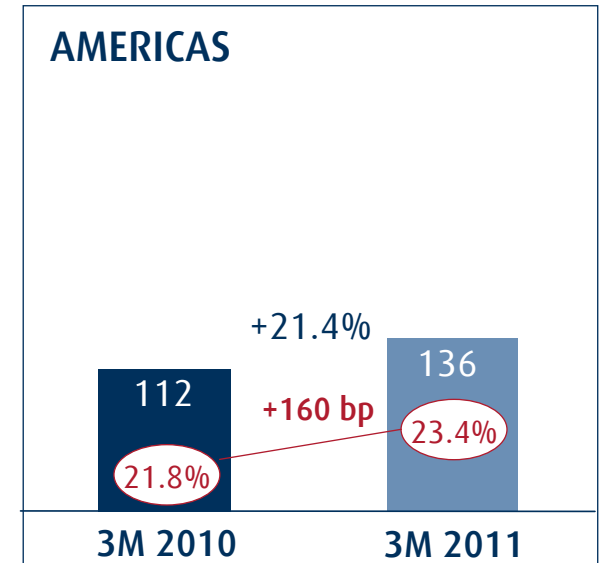
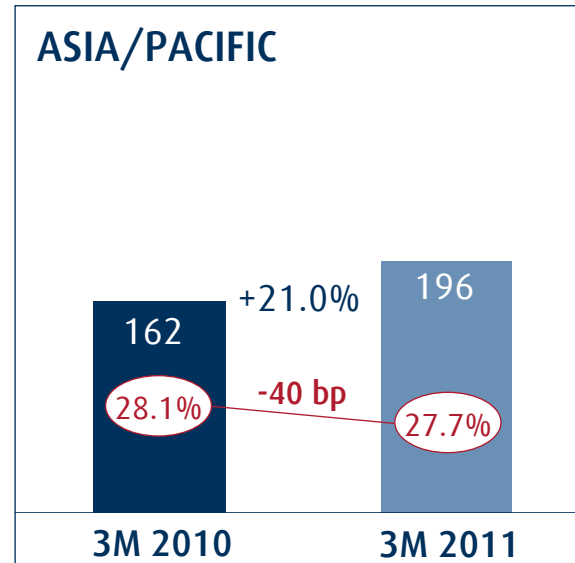
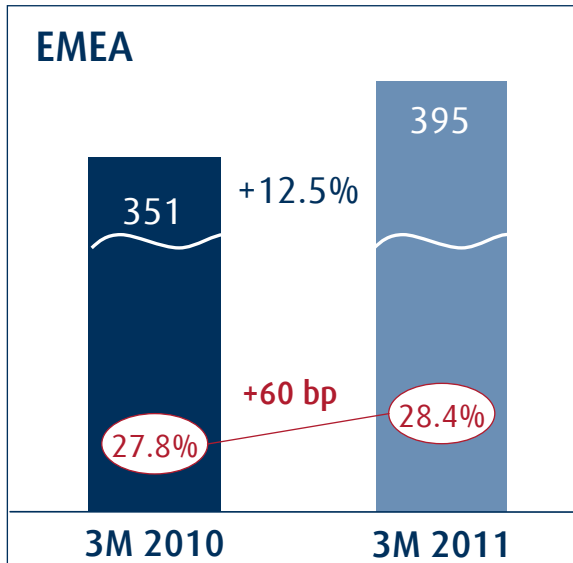
in € million



# Gases Division, operating profit by operating segment

## Operating margin further increased to 27.3%

in € million



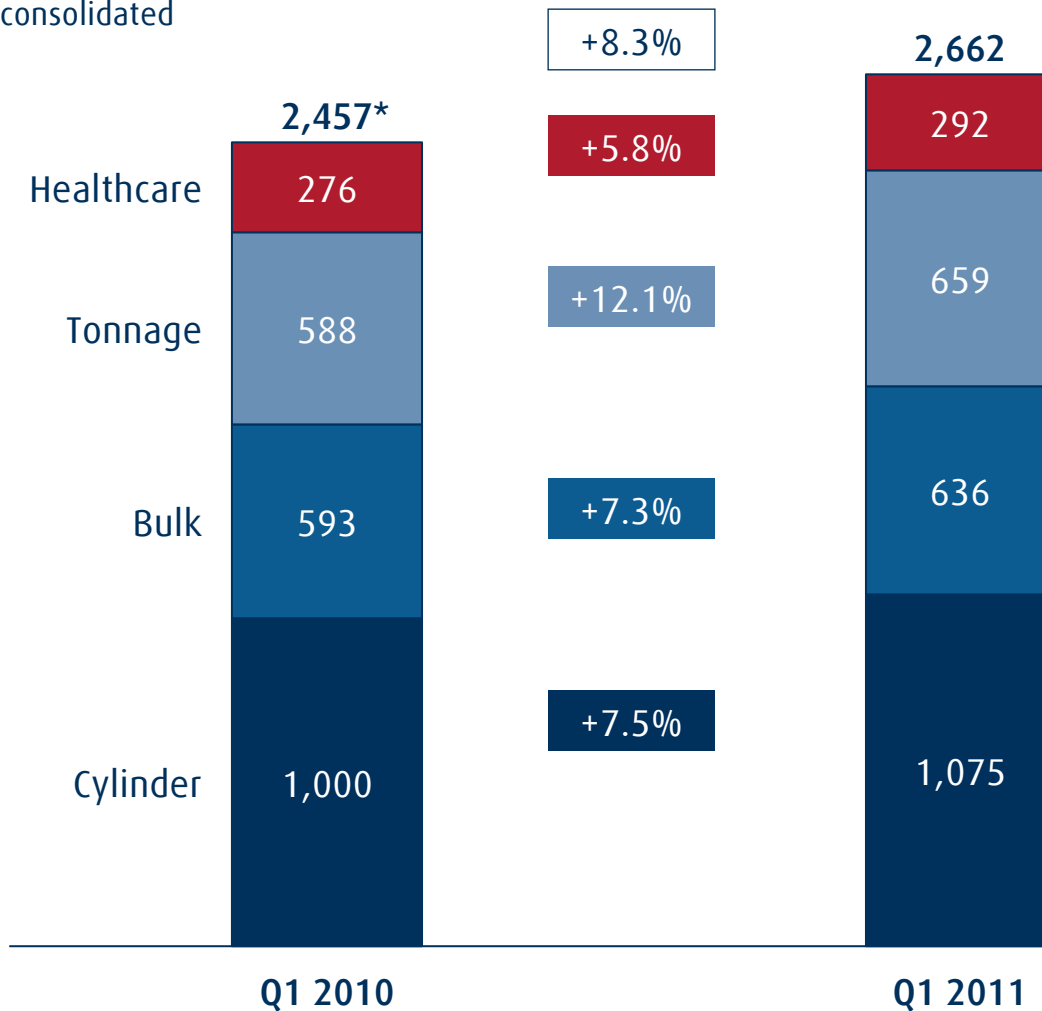
- Continuous implementation of HPO initiatives supports margin development in all regions
- EMEA and AMERICAS drive the margin improvement in the Gases Division in the first quarter
- ASIA/PACIFIC margin in the first quarter slightly affected by pre-investments in structural growth initiatives in ASIA



# Gases Division, sales by product areas

## Growth in all product areas

in € million,  
comparable\*, consolidated

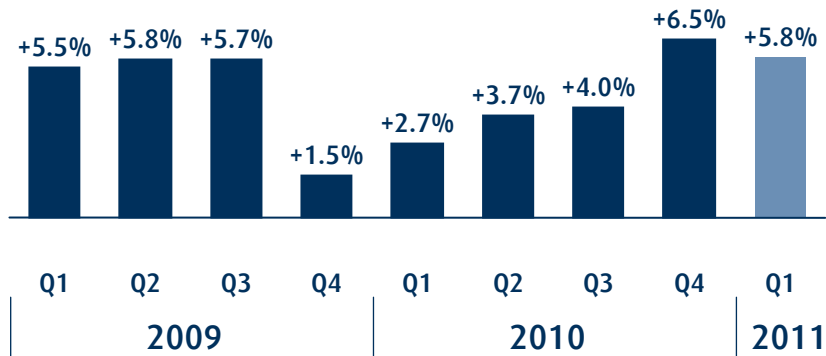


\*excluding currency, natural gas price and consolidation effect

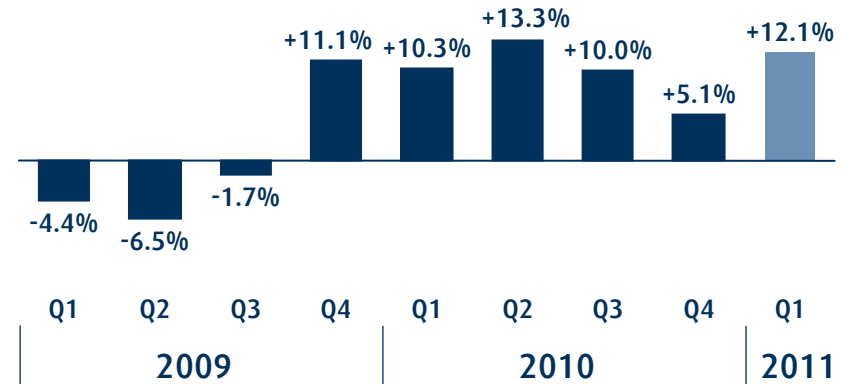
# Gases Division, product areas (comparable yoy growth)

## Cylinder business continues recovery

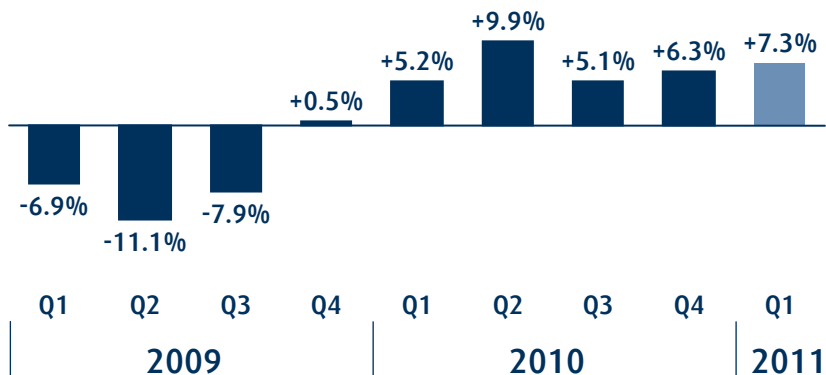
### Healthcare



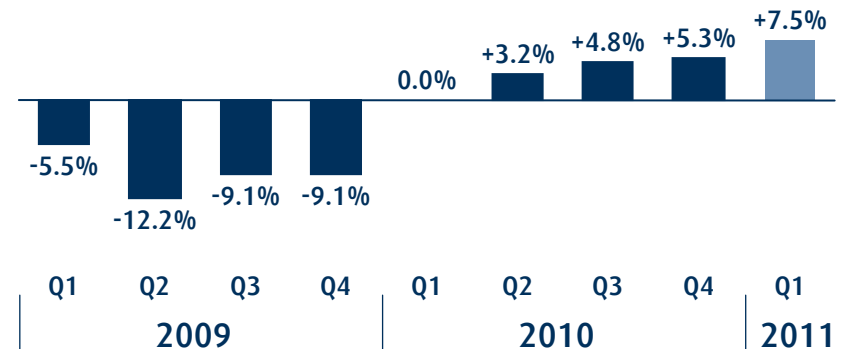
### Tonnage



### Bulk



### Cylinder

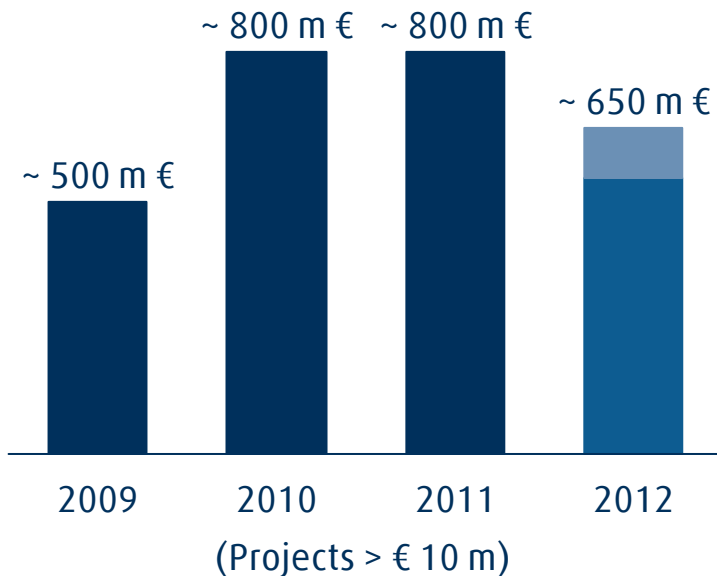


# Gases Division, project pipeline

## Solid basis for sustainable growth

- Around € 2.8 bn investments between 2009-2012 (thereof € 0.6 bn in JVs @ share)
- Project amount 2012 further increased by € 100 m to € 650 m
- Close to 70% of total project-Capex allocated to Growth Markets
- Increasing number of project opportunities with a large portion in Growth Markets

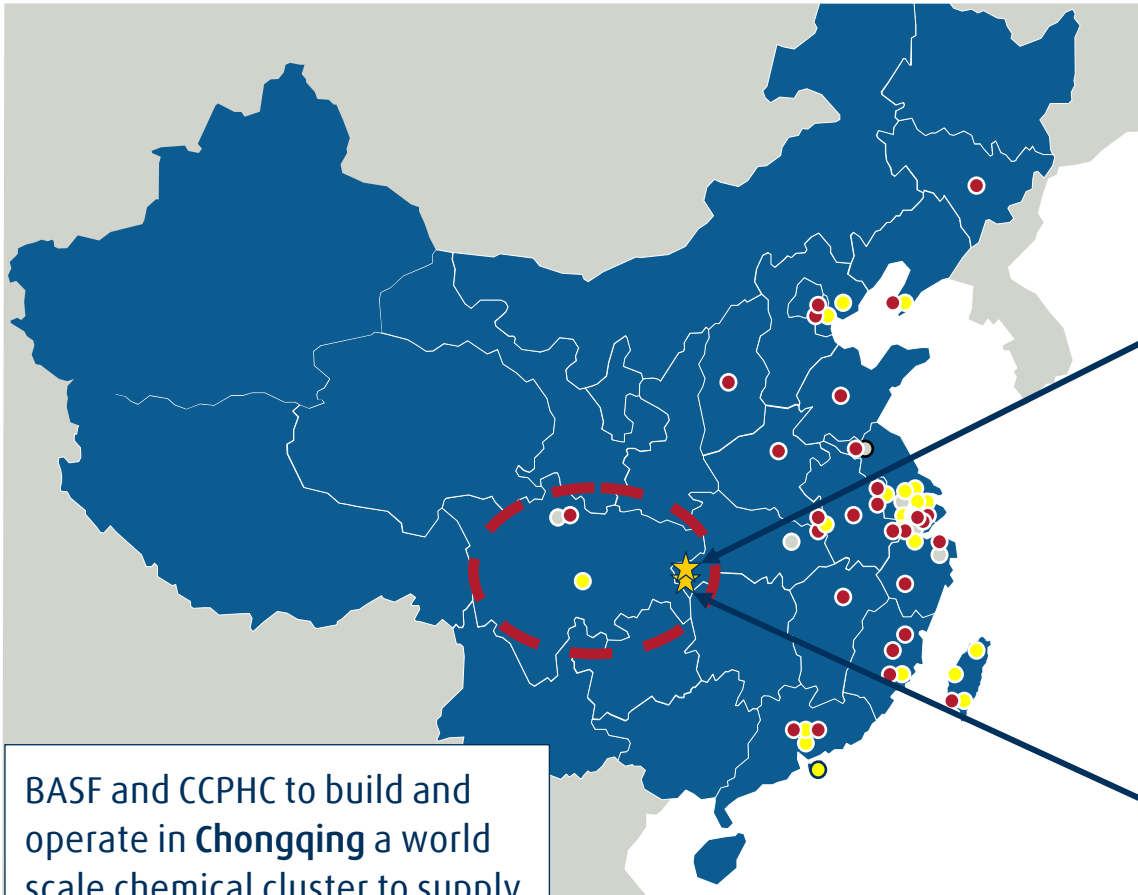
### Project amount by on-stream date (incl. JVs)



- Project opportunities 12 months forward as published in March 2011 around € 4 billion
- Further project wins in growth and mature markets in all customer segments

# Linde Gases Division in Greater China

## Chongqing - Developing a new large chemical cluster



BASF and CCPHC to build and operate in **Chongqing** a world scale chemical cluster to supply the fast developing West China market (> 200 m people)

### April 2011

- JV agreement with Chongqing Chemical and Pharmaceutical Holding Company (CCPHC), 60% Linde share (fully consolidated)
- Large scale HYCO plant: ~ € 200 m capex, expected on stream date 2014
- Long-term on-site supply contracts with CCPHC and BASF

### April 2009

- JV agreement with Sinopec Sichuan Vinylon Works (SVW), 50% Linde share
- Air Separation plant: ~ € 50 m capex, expected on stream date 2011
- Long-term on-site supply contract with SVW

# Engineering Division, key figures

## Execution of projects fully on track

- Order intake still characterised by small and midsize projects
- More than 50% of order intake from Europe and North America show a further improvement of the investment climate in mature countries
- Order backlog stays strong at € 3.714 bn (year-end 2010: € 3.965 bn)
- Margin ahead of target margin of at least 8%

in € million	3M 10	3M 11	Δ YoY
Order intake	502	444	-11.6%
Sales	517	591	+14.3%
Operating profit*	51	62	+21.6%
Margin	9.9%	10.5%	+60 bp

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

# Group, Cash Flow Statement

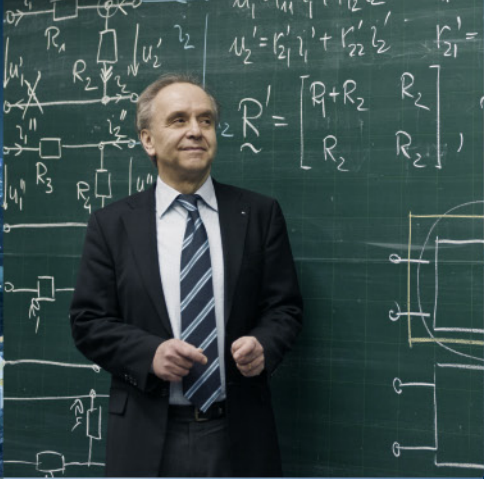
Operating Cash Flow up 10.8% to € 440 m



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in € million	Q1 10	Q1 11
Operating profit	641	761
Change in Working Capital	-98	-180
Other changes	-146	-141
<b>Operating Cash Flow</b>	<b>397</b>	<b>440</b>
Investments in tangibles/intangibles	-223	-237
Acquisitions/Financial investments	-6	-13
Other	38	43
<b>Investment Cash Flow</b>	<b>-191</b>	<b>-207</b>
<b>Free Cash Flow before Financing</b>	<b>206</b>	<b>233</b>
Interests and swaps	-22	-45
Dividends and other changes	-1	-2
<b>Net debt decrease (+)/ increase (-)</b>	<b>+183</b>	<b>+186</b>

2011	Group	<ul style="list-style-type: none"><li>— Growth in sales and operating profit vs. 2010</li><li>— Confirmation of HPO-programme: € 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 8%</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>



# APPENDIX

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# Group Financial Highlights

3M 2011



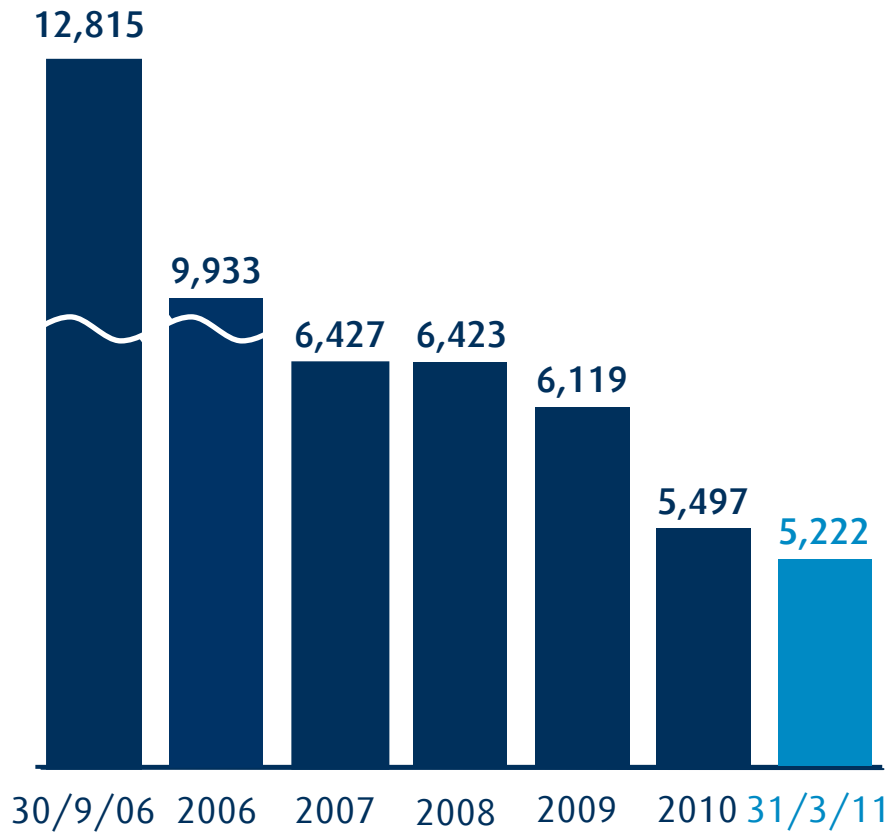
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in € million	3M 10	3M 11	in %
Sales	2,894	3,325	+14.9
Operating profit	641	761	+18.7
Margin	22.1	22.9	+80 bp
EBIT before PPA depreciation	410	507	+23.7
PPA depreciation	59	61	-
EBIT	351	446	+27.1
Financial Result	-68	-49	-
Taxes	70	94	-
Net income	213	303	+42.3
Net income – Part of shareholders Linde AG	198	284	+43.4
EPS in €	1.17	1.67	+42.7
Adjusted EPS in €	1.41	1.88	+33.3

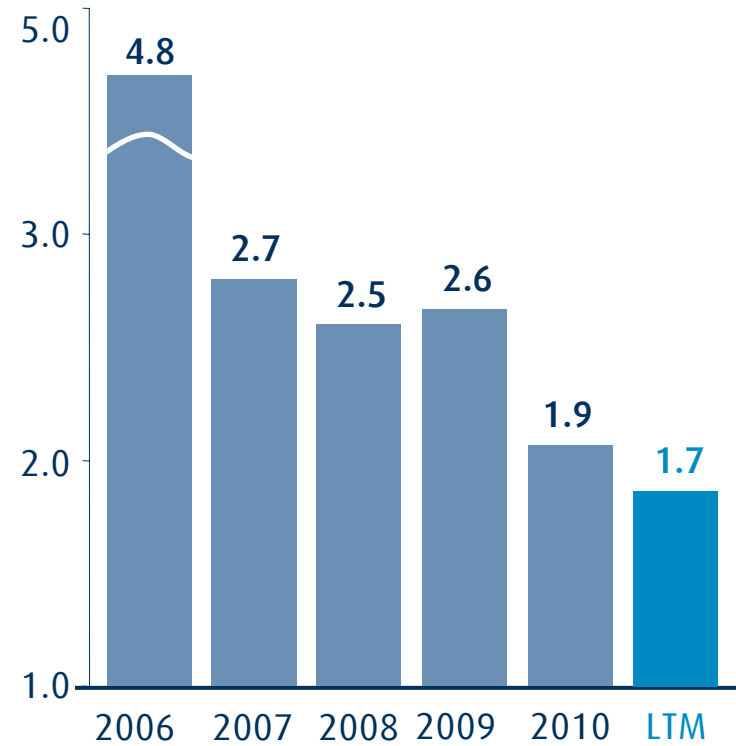
# Group, solid financial position

Net debt/EBITDA-ratio of 1.7x

### Net debt in € bn



### Net debt/EBITDA

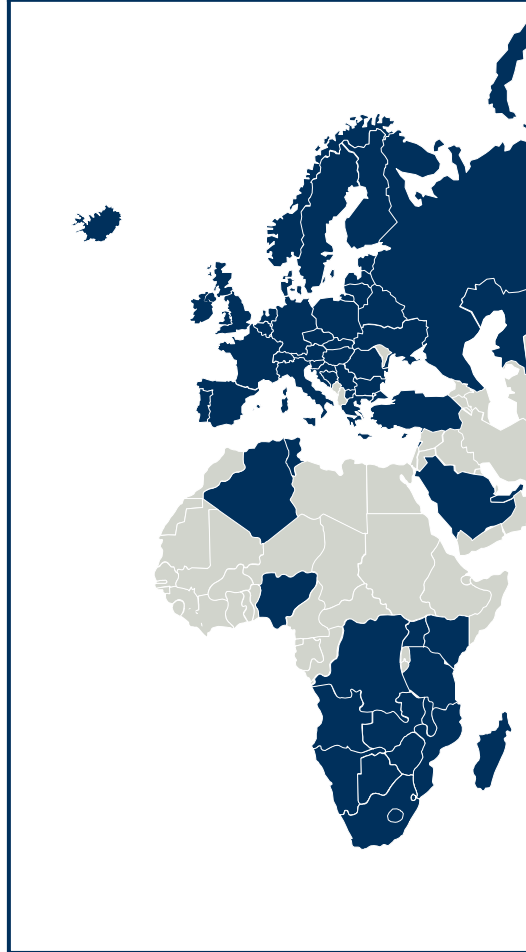


# Gases Division, New Operating Segments

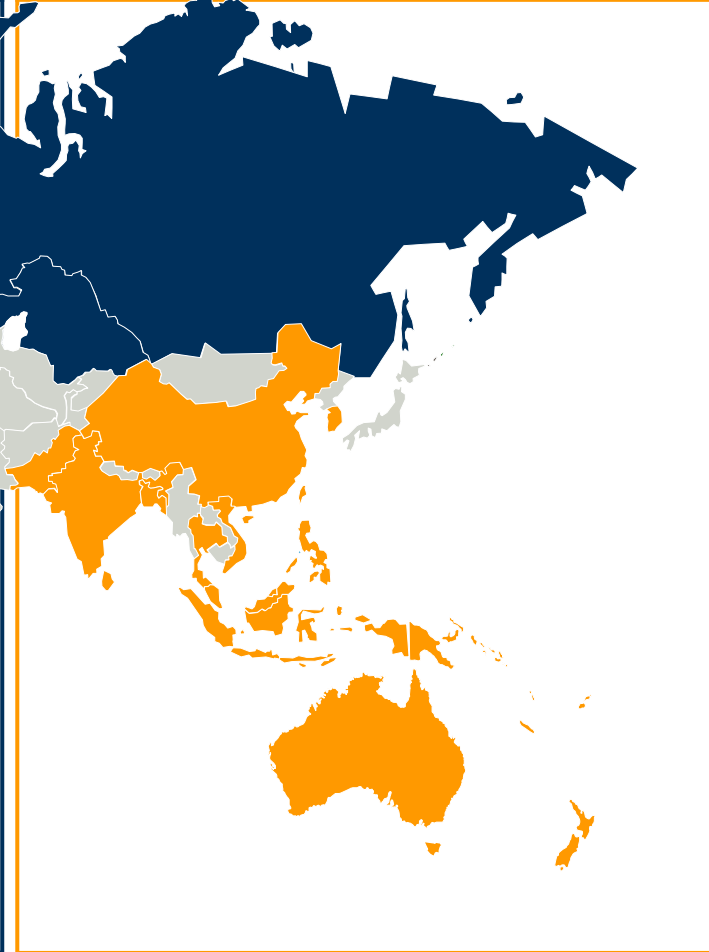
**Americas**  
Kent Masters



**EMEA** (Europe, Middle East, Africa)  
Aldo Belloni\*



**Asia/Pacific**  
Sanjiv Lamba



\* also responsible for the Engineering Division

# Gases Division, Operating Segments

## Historical data 2010

<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 <sup>1)</sup>	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 <sup>1)</sup>	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 <sup>1)</sup>	112	136	129	122	499
Operating margin	21,8%	23,4%	21,3%	21,1%	21,9%

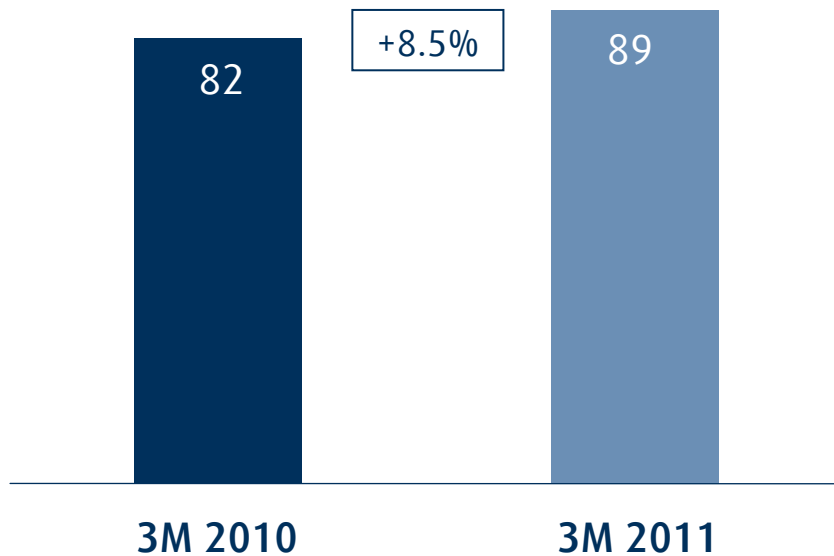
1) EBITDA before non-recurring items, including share of net income from associates and joint ventures

# Gases Division, Joint Ventures

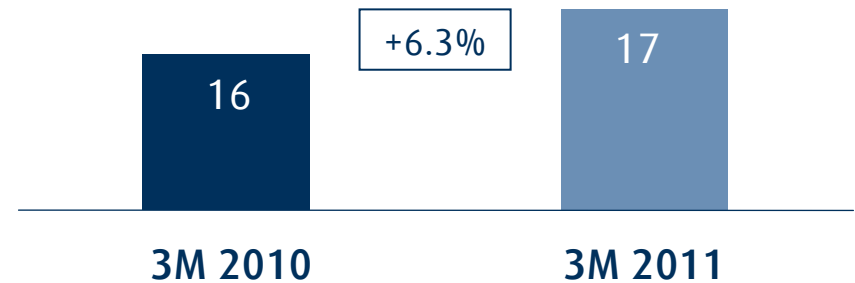
## Asian projects drive growth of our JV sales

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 3M 2011: € 61 m (3M 2010: € 59 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

<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

## Contact

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Internet: [www.linde.com](http://www.linde.com)

## Financial Calendar

- Annual General Meeting: 12 May 2011
- Interim Report January to June: 29 July 2011
- Interim Report January to September: 28 October 2011