



**Staying on Track.**  
UniCredit German Investment  
Conference, Munich.

LeadIng.



**THE LINDE GROUP**

24 September 2009

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1. Operational Performance

2. Financial Position

3. Strategic Set-up and HPO

Appendix

## H1 operational performance

Group sales of € 5.476 bn (-12.5%), Group operating profit of € 1.104 bn (-12.2%)

Before restructuring charges, Group operating profit down 6.9% and adjusted EPS down 13.6%

Ongoing strong cash flow generation: Operating cash flow increased to € 841 m (H1 08: € 816 m)

## Strengthened profitability in difficult market circumstances

Group operating margin before restructuring charges up 130 basis points to 21.4% (H1 08: 20.1%)

Acceleration of HPO reflected in ramp-up of cost savings

## Stable set-up in place

Long-term oriented financing: very well spread maturity profile with a strong liquidity reserve

Already more than 30% of Gases sales in emerging markets

Defensive growth set-up, serving mega-trends in energy, environment and healthcare

## Outlook 2009

Further recovery in the second half-year compared to the first half as the economic improvement takes hold

Sales and earnings level as in the record year 2008 no more attainable

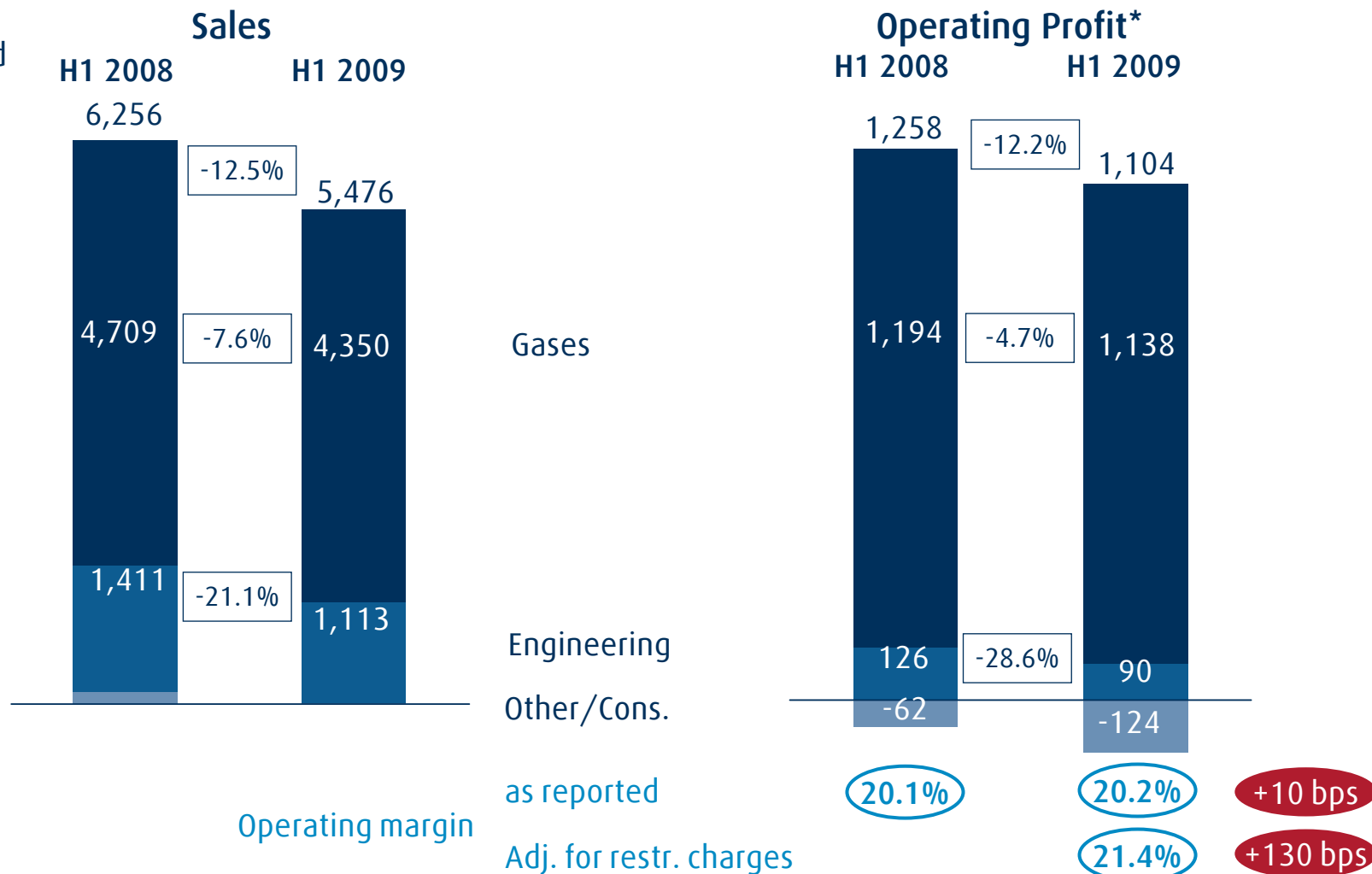
# Group, H1 operational performance

Group operating profit excl. restructuring charges down 6.9%



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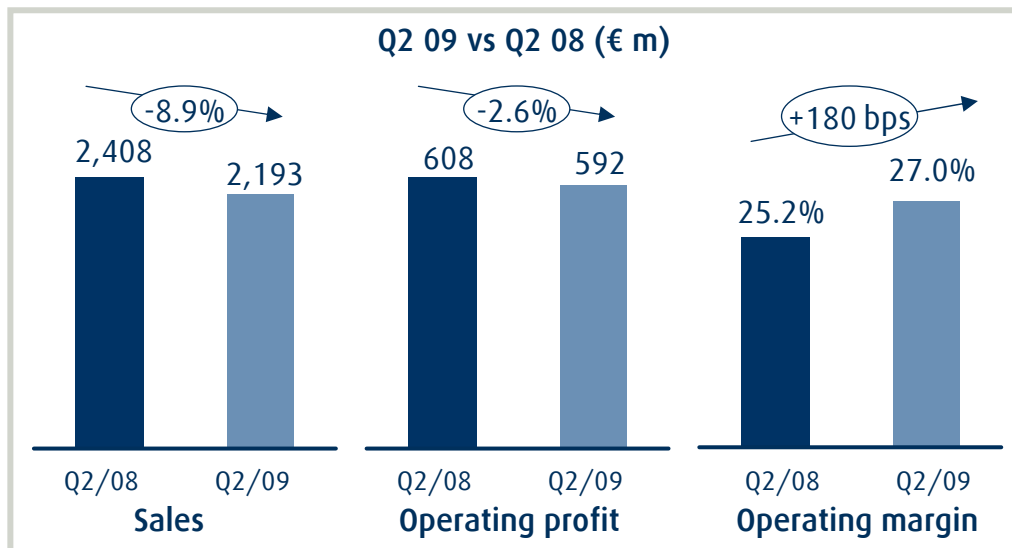
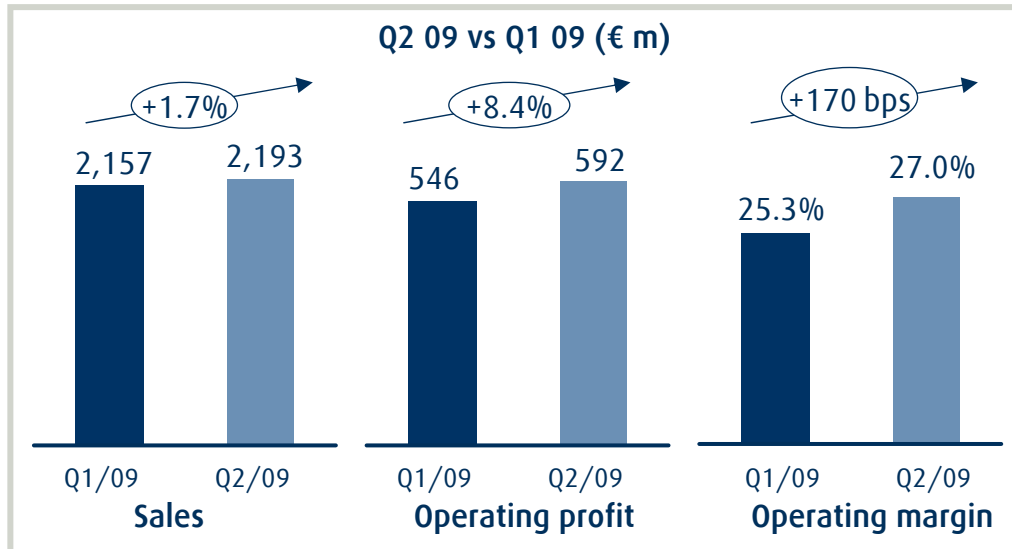
in € m,  
as reported



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

# Gases Division, quarterly focus

## Sequential improvement in Q2 2009



### Return to sequential growth

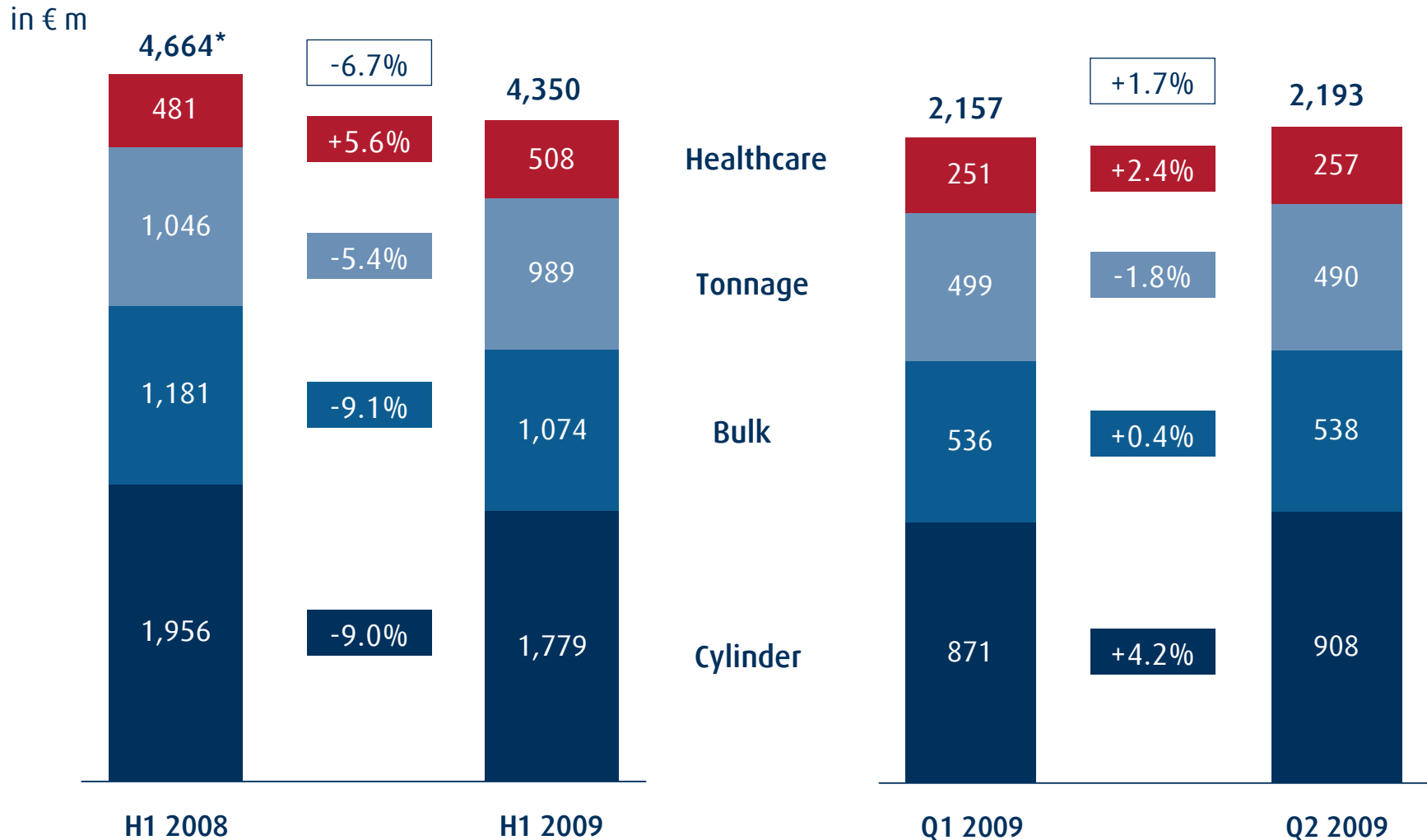
- Slight sales increase from Q1 09
- Driven by first recovery steps in Emerging Markets
- Stabilisation of sales run rates in mature economies

### Strong margin improvement

- Driven by acceleration of HPO
- Margin increase in all operating segments
- Excl. natural gas price effect margin up by 80 bps

# Gases Division, sales by product areas (consolidated)

## Sequential improvement in Q2 2009

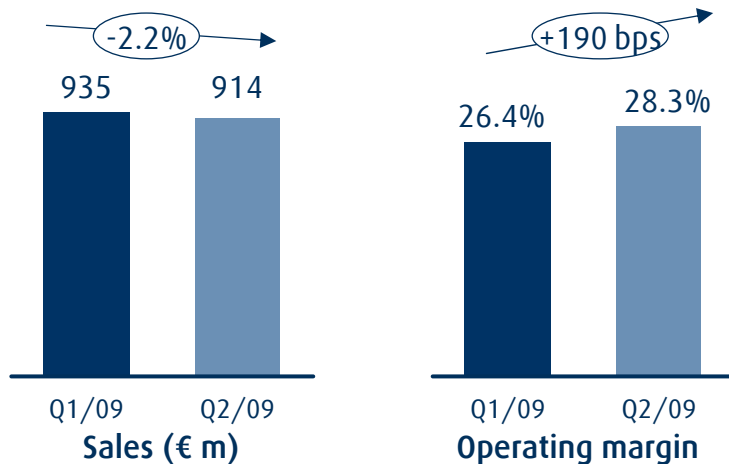


\*comparable: excluding currency, natural gas price and consolidation effect

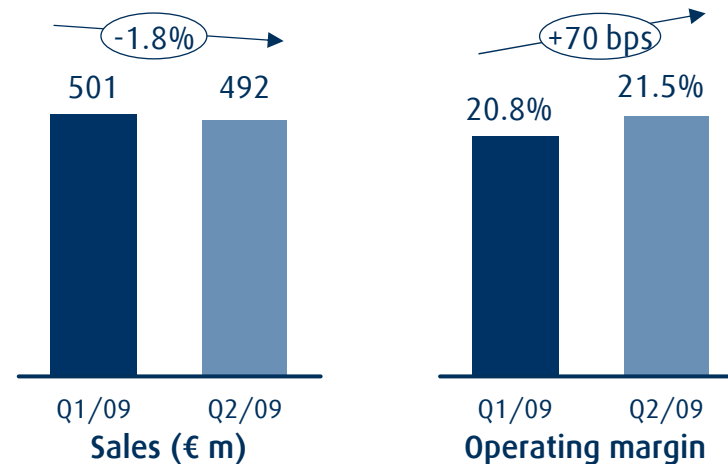
# Gases Division, Q2 performance by operating segment

## Sequential improvement driven by emerging market regions

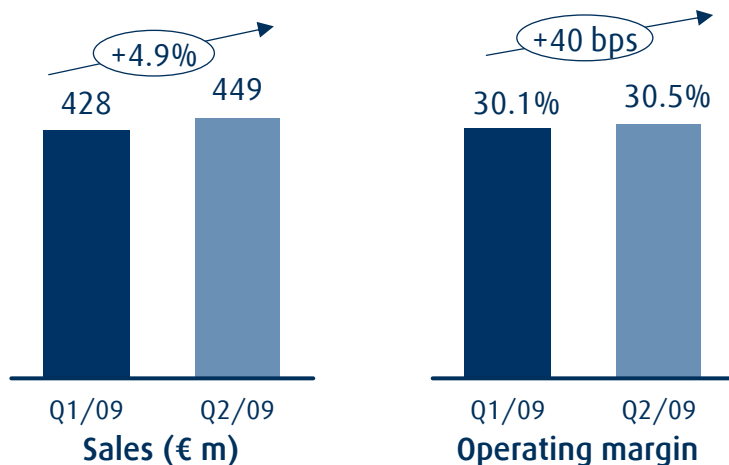
### Western Europe



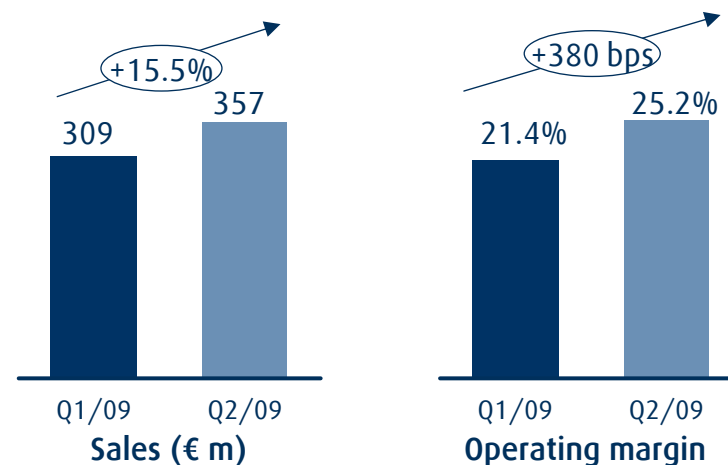
### Americas



### Asia & Eastern Europe



### South Pacific & Africa

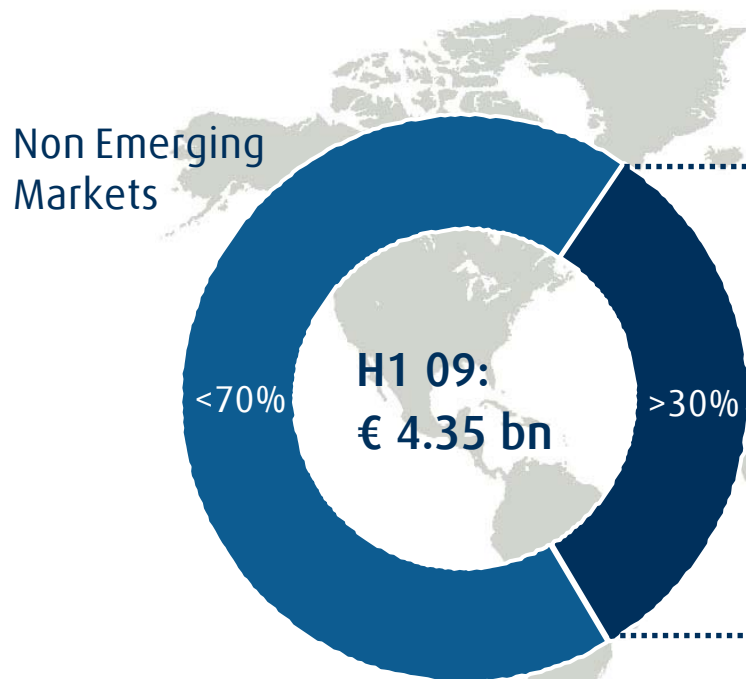




# Gases Division, emerging market set-up

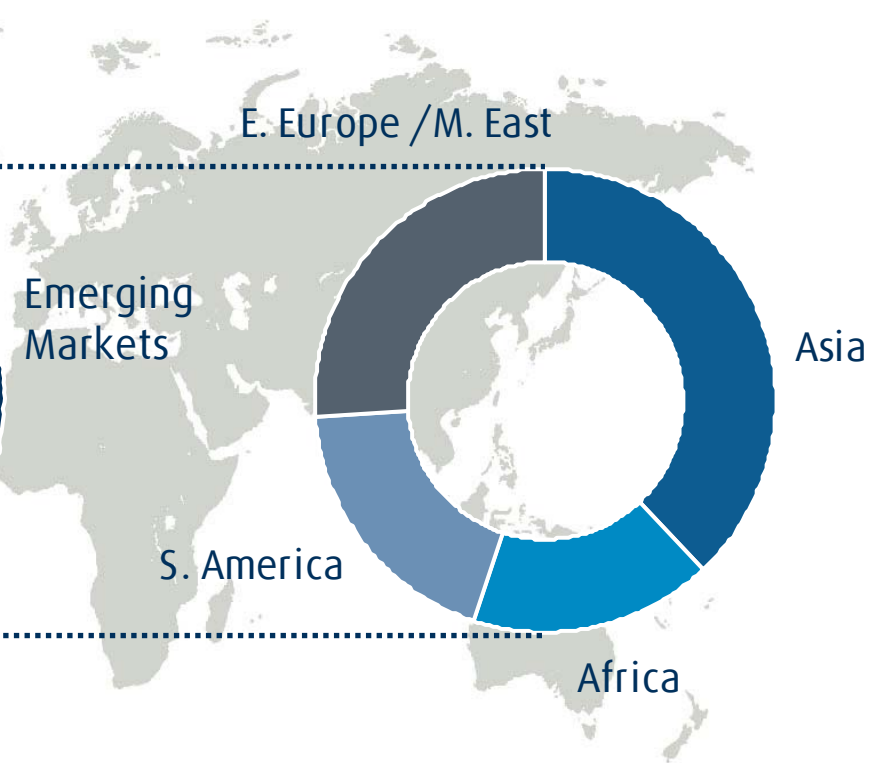
Already more than 30% of sales in emerging markets

## Total Gases Sales



## Emerging Market Sales by region

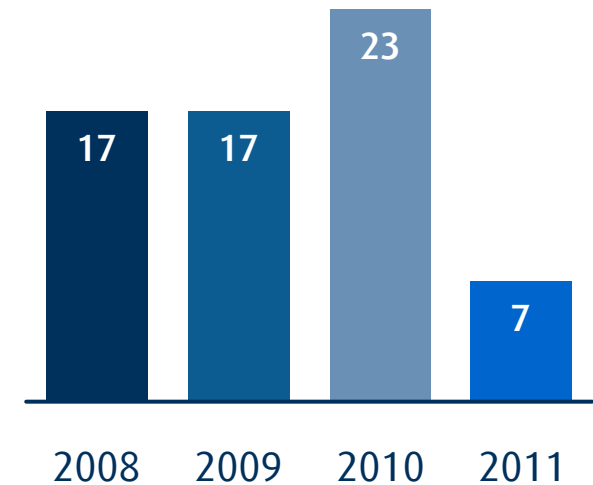
(excl. JVs and Embedded Finance Lease)



# Gases Division, project pipeline

## Stable customer commitment

- Total project number unchanged: 64 start-ups by 2011 (incl. JVs)
- Overall still lower activity in new contract signings, but the structural growth potential remains strong, especially in Emerging Markets and energy applications



# Group, business synergies between Gases and Engineering

## Leverage common customer relationships

**ADNOC (Abu Dhabi National Oil Corporation)**  
- customer relationship in Gases and Engineering:

### ADNOC - long-term customer of our Engineering Division

Ethylene plant (Ruwais 1) signed in 1998

Ethylene plant (Ruwais 2) signed in 2006

Ethylene plant (Ruwais 3) signed in June 2009

### JV ADNOC/Gases Division (founded in December 2007)

#### First contract: ASU in the Ruwais cluster

Serving Ethylene cracker (Ruwais 2) with nitrogen

Linde gets 100% of liquid product to serve local Merchant Markets

#### Second contract: Enhanced Gas Recovery scheme in Habshan

2 large air separation units going on-stream at the end of 2010

Capacity of 670,000 standard cubic metres of nitrogen per hour

Total investment costs of appx. USD 800 m

**Engineering**  
- strong footprint on the Arabian Peninsula:



- Air separation units
- Hydrogen and synthesis gas plants
- Gas processing plants
- Natural gas plants
- Petrochemical plants

# Engineering Division, financial track record

## Leading market position in all segments

### Air Separation Plants



#### Top 1

- Products:
- Oxygen
  - Nitrogen
  - Rare gases

Main competitors:  
Air Liquide, Air Products, Praxair

### Hydrogen and Synthesis Gas Plants



#### Top 2

- Products:
- H<sub>2</sub>/CO/Syngas
  - Ammonia
  - Gas removal
  - Gas purification

Main competitors:  
Technip, Haldor Topsoe, Lurgi, Uhde

### Olefin Plants



#### Top 2

- Products:
- Ethylene
  - Propylene
  - Butadiene
  - Aromatics
  - Polymers

Main competitors:  
Technip, ABB Lummus, Stone & Webster, KBR, Toyo

### Natural Gas Plants



#### Top 3

- Products:
- LNG
  - NGL
  - LPG
  - Helium

Main competitors:  
Chiyoda, Bechtel, JGC, KBR, Technip, Snam, Air Products

### Order intake, € bn

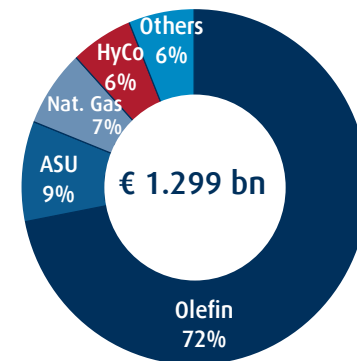
1.557

H1 08

1.299

H1 09

### H1 09 order intake by segment



### Order backlog, € bn

4.436

31/12/08

4.381

30/06/09

### Sales, € bn

1.411

H1 08

1.113

H1 09

### Operating Profit, € m

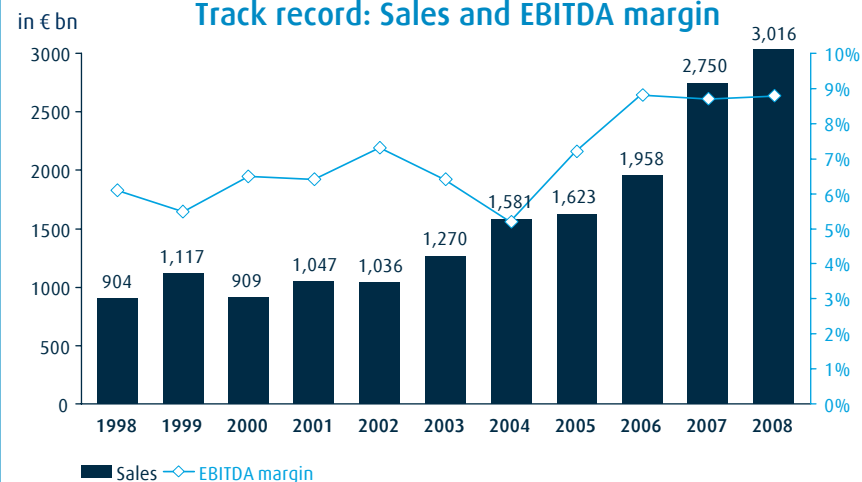
126

H1 08

90

H1 09

### Track record: Sales and EBITDA margin



## Economic background:

- Moderate recovery expected in H2, based on stabilisation at the end of H1
- 2009 global economic output to be significantly below 2008

## Group

- Further recovery in the second half-year compared to the first half as the economic improvement takes hold
- Based on the economic background and the business figures in H1, sales and earnings level as in the record year 2008 no more attainable
- Confirmation of HPO program: € 650-800 m of gross cost savings in 2009-2012

## Gases

- Better business performance in H2 than in H1 expected as current economic recovery trends take hold
- Positive trend in H2 not sufficient to reach record sales and earnings levels of 2008

## Engineering

- Sales in 2009 to remain below the high previous year figure
- Target for the operating margin remains at 8 percent

# Agenda



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# Group, cash flow statement

## Continued strong cash flow generation

in € million	H1 08	H1 09
Operating Profit	1,258	1,104
Change in Working Capital	-182	10
Other changes	-260	-273
<b>Operating Cash Flow</b>	<b>816</b>	<b>841</b>
Investment in tangibles/ intangibles	-569	-543
Acquisitions	-54	-69
Other	199	76
<b>Investment Cash Flow</b>	<b>-424</b>	<b>-536</b>
<b>Free Cash Flow before Financing</b>	<b>392</b>	<b>305</b>

# Group, financial position

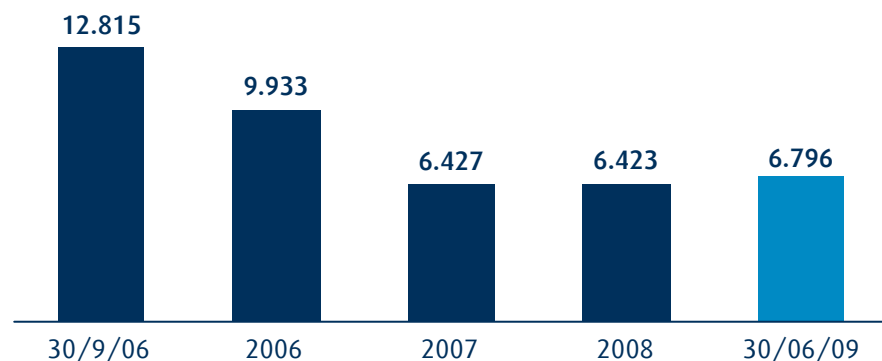
Well spread maturity profile with strong liquidity reserve



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## Net debt, in € bn

Net debt/EBITDA of 2.5x in FY 2008 within target range of 2-3x

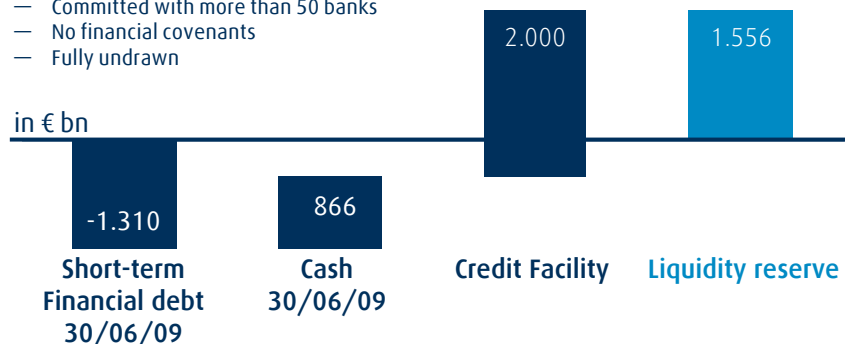


## Cash position & credit facility cover all financial maturities until end of 2010

€ 2 bn credit facility available until March 2011::

- Committed with more than 50 banks
- No financial covenants
- Fully undrawn

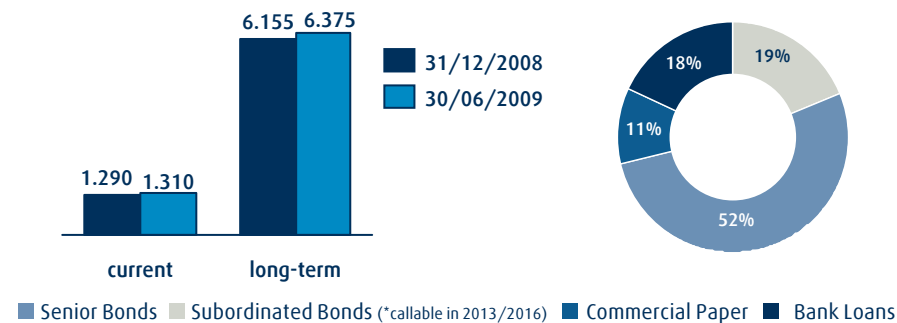
in € bn



## Financial debt: more than 80% due beyond 2010

Solid maturity profile (in € bn)

Financial debt, by instrument



## € 1.6 bn forward start credit facility – liquidity profile further strengthened until 2013

- € 1.6 bn forward start revolving credit facility signed in June 2009
- Available from March 2011 - March 2013
- Self arranged deal further strengthens financing flexibility
- More than 20 of our core national and international banks participating
- Very good reception: increased facility amount still closed oversubscribed
- No financial covenants\*

\* within investment grade rating



# Agenda



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Appendix

# High Performance Organisation (HPO)

Implementing the next step of our continuous optimisation



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BOC Acquisition

Integration

Synergies

HPO

## Transformation

- Pure play
- Portfolio optimisation
- Track record in efficiency improvement

## The Linde Group

- New operating model
- One culture
- One vision



## Direct merger savings

- G&A
- Procurement / R&D
- Supply management / production

€250 million net cost savings  
First full-year contribution in FY 2009

## Continuous improvement

- Process excellence
- Productivity improvement
- People excellence

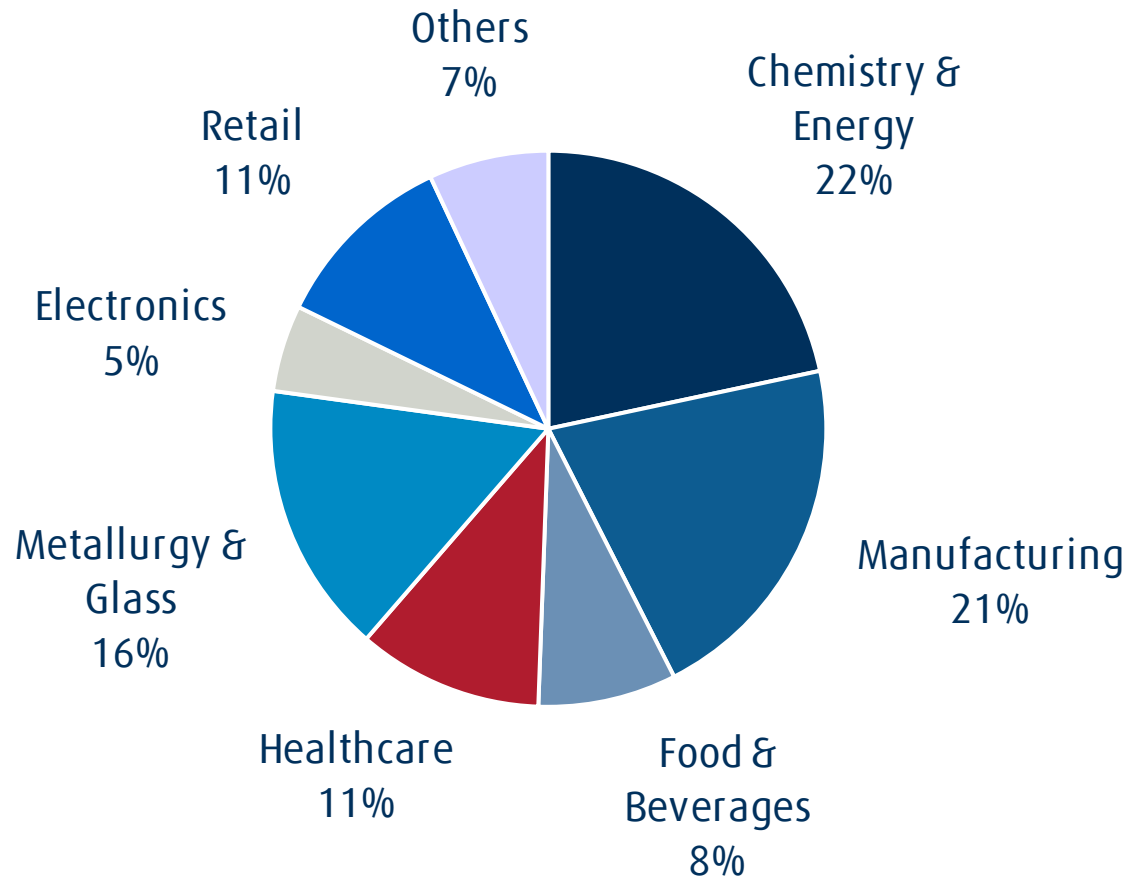
4-year period: 2009-2012  
€650-800 million gross cost reduction

Acceleration of HPO: € 200 m gross savings already in 2009

# Gases Division, customer industries

## Stability driven by a broad customer base

### 2008: Split by end-customer groups



# Gases Division, customer industries

## Stability driven by a broad customer base

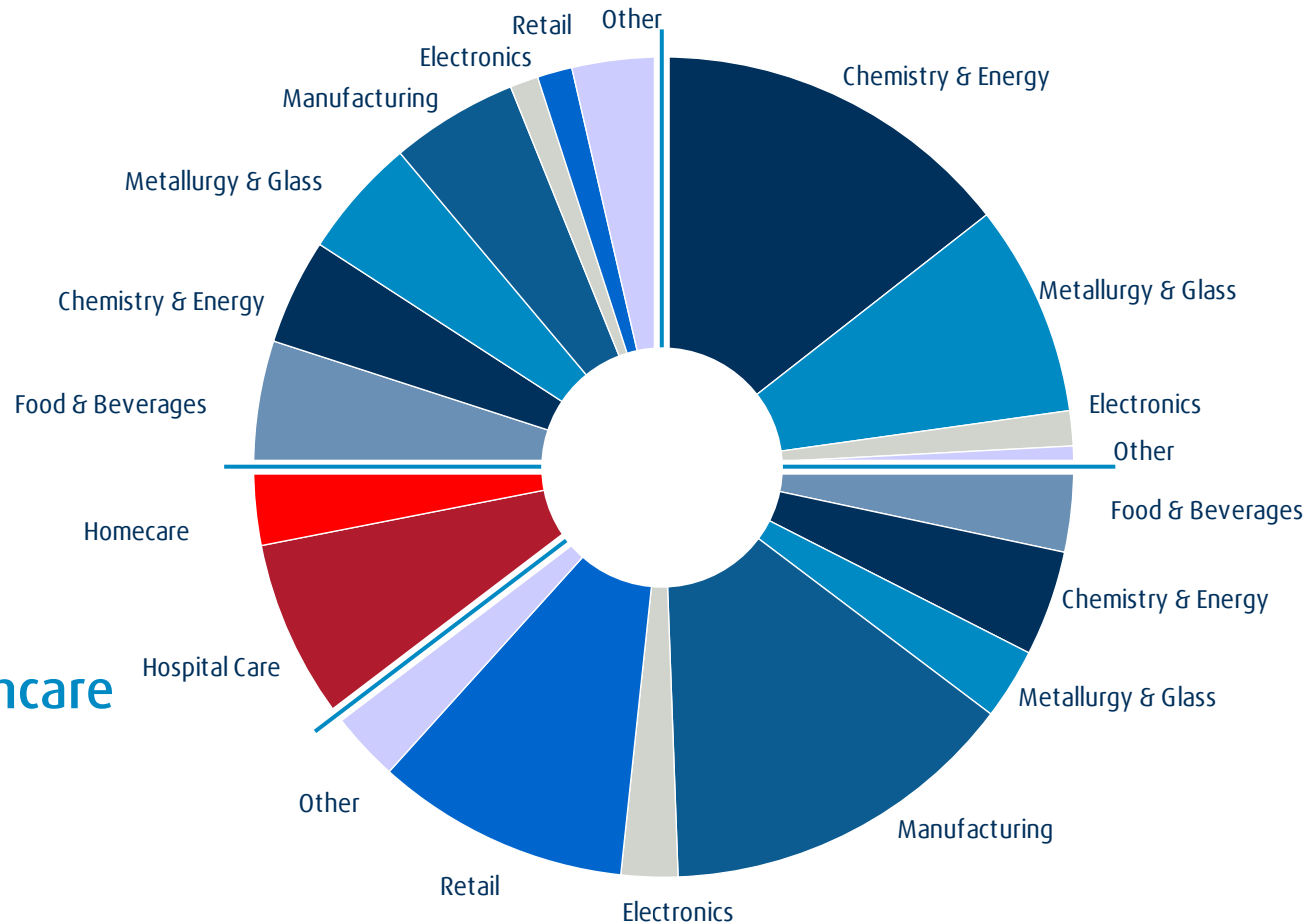
### 2008: Split of product areas by major end-customer groups

**Bulk**

**Tonnage**

**Healthcare**

**Cylinder**



# Gases Division, local business model

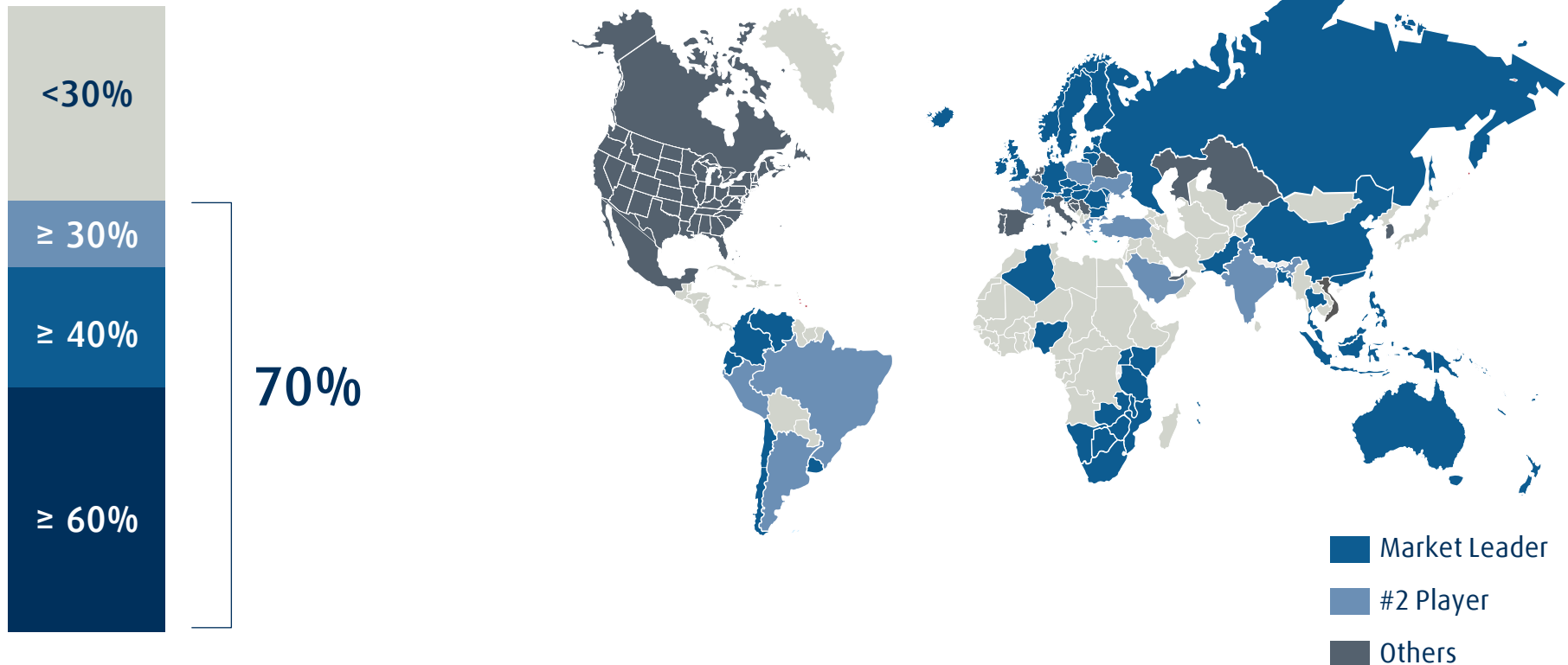
70% of revenues come from a leading market position

In bulk & cylinder: >70% of revenues from >30% market share positions

Sales split by market shares

Market leader in 46 of the 70 major countries,  
#2 Player in another 10

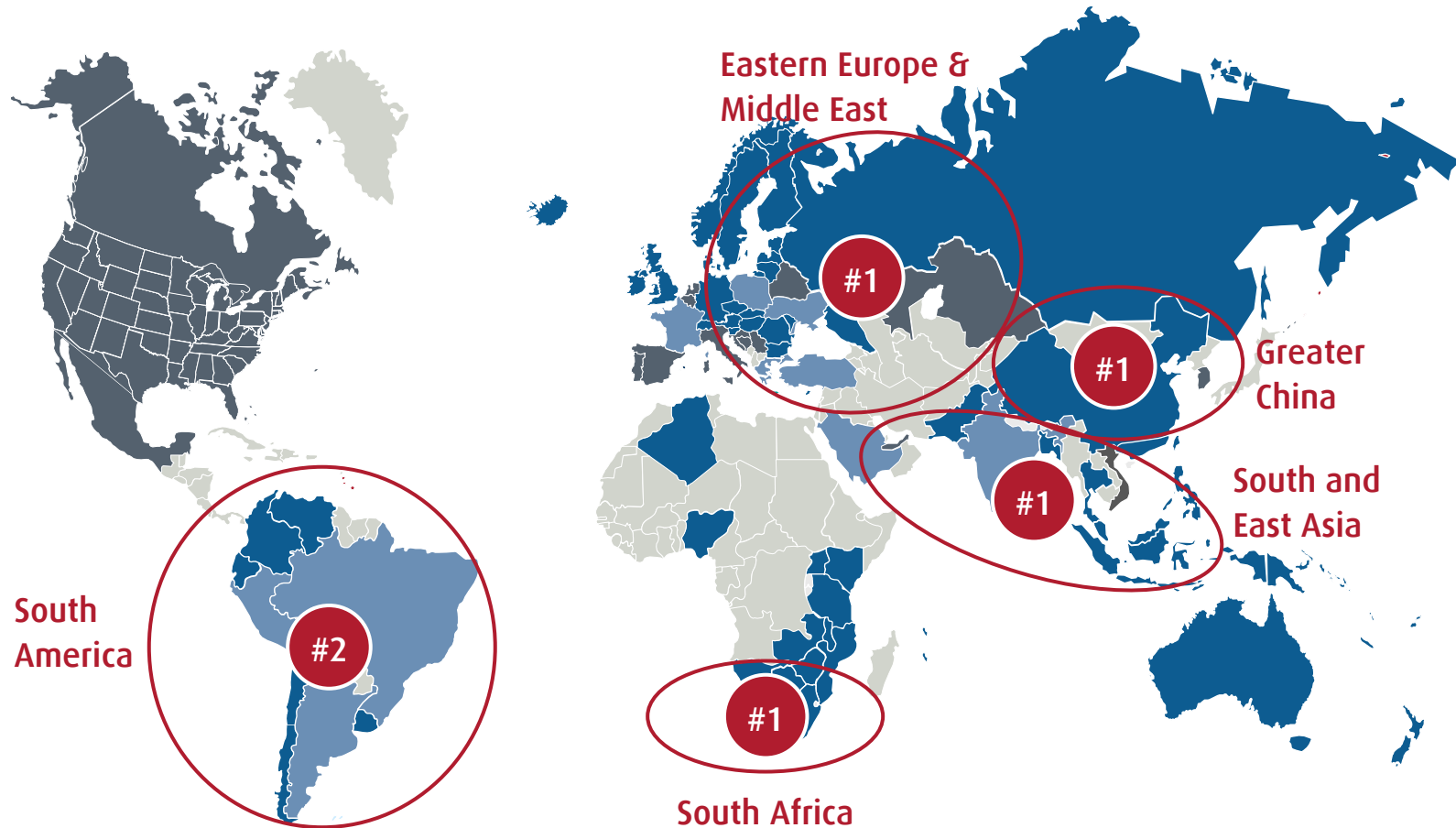
€9.5 bn



# Gases Division, local business model

## Strong set-up in emerging markets

Market leader in 4 out of 5 emerging market regions



# Industrial gases market, consumption by region

Wide diversity between mature and developing markets



Overproportionate growth in emerging markets, driven by increasing standard of living, resources & applications  
CAGR\* (1999-2006): e.g. Eastern Europe +12%, South & East Asia +11%

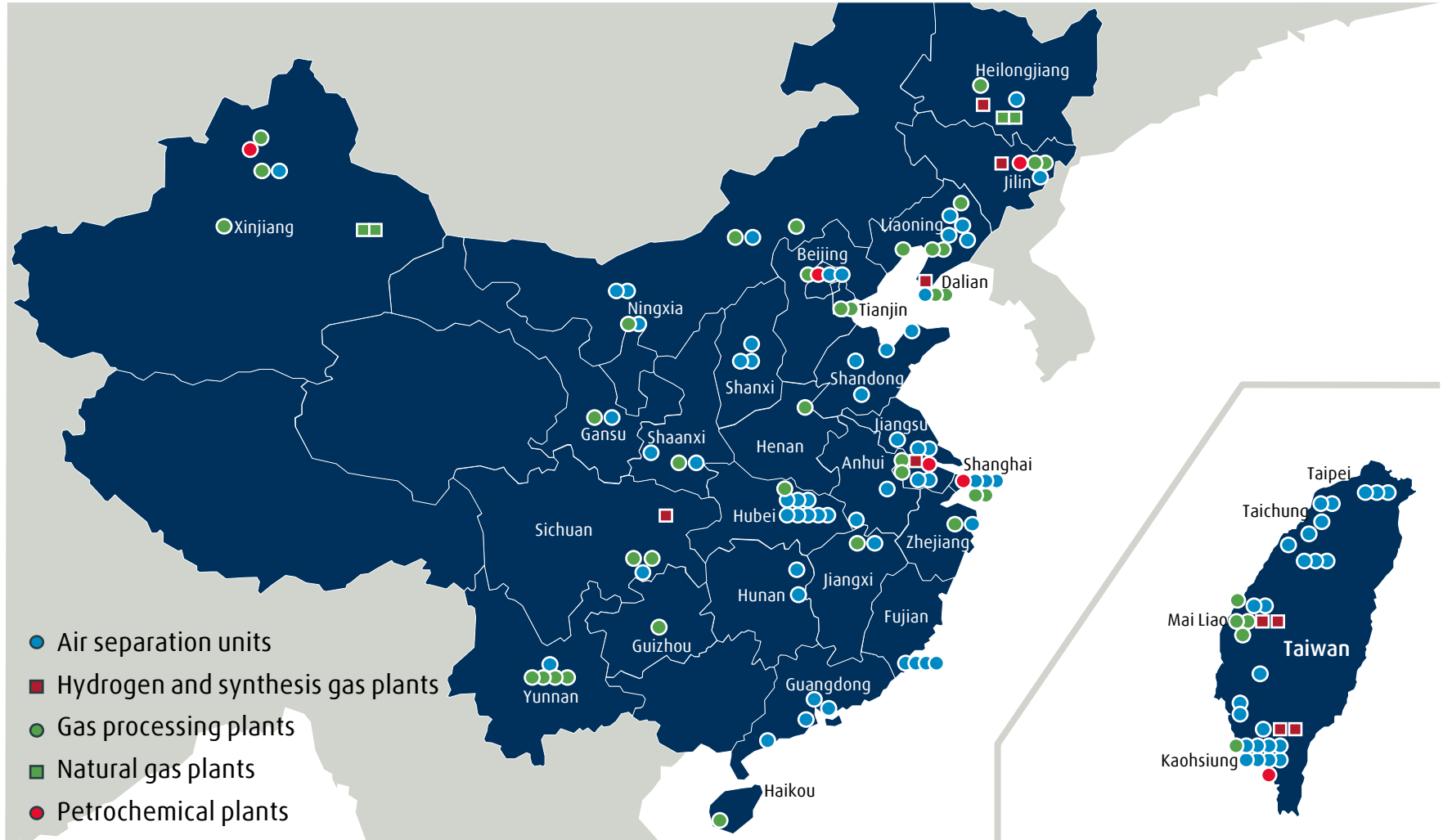
But also ongoing growth in more mature markets driven by continuous flow of new applications  
CAGR\* (1999-2006): e.g. Western Europe +5%, USA +6%

(\* in local currency)

Source: Spiritus Consulting/Ifo

# Engineering Division, footprint in China

## Strong established customer base





# Long term growth drivers remain intact

## Energy/Environmental Mega-Trend

### Our Gases & Engineering solutions address structural challenges:

Limited resources / environmental protection

Higher returns on existing fields	➔	Enhanced Oil & Gas recovery	Nitrogen/CO <sub>2</sub>
Sourer crude / lower emissions	➔	Refinery fuel upgrades	Hydrogen
Diversification of energy sources			
— Natural gas	➔	LNG/GTL	Oxygen
— Cleaner coal	➔	Coal gasification/CCS	Oxygen/CO <sub>2</sub>
— Renewables	➔	Photovoltaics/Biofuels	Electronic Gases/ Specialty Gases/ Nitrogen
Lower energy consumption of industrial processes	➔	Oxy-combustion	Oxygen
Cleaner waters	➔	Waste-water treatment	Oxygen

➔ Long-term potential for our Gases & Engineering portfolio

### Global healthcare systems face structural trends:

- |  |   |  |                               |
|--|---|--|-------------------------------|
| — <b>MORE patients</b><br>(ageing population)                  | ➔ | Increasing consumption of traditional healthcare gases | Hospital Care                 |
| — <b>HIGHER expectations</b><br>(quality of life)              | ➔ | New diagnostics & therapies                            | f.ex. COPD*,<br>Sleep therapy |
|  | ➔ | Improved patient mobility                              | Homecare                      |
| — <b>LESS financial resources</b><br>(health budget pressures) | ➔ | Reduce Hospital time                                   | Homecare/<br>Middle Care      |

➔ Long-term potential for healthcare gases and related services

\*Chronic Obstructive Pulmonary Disease

## **H1 operational performance relatively stable**

Profitability strengthened in difficult market environment, ongoing strong cash flow generation

## **Competitive set-up in an uncertain market environment in 2009**

Focus on Gases & Engineering business model, supported by structural mega-trends

Financial position: sustainable cash flow generation, long-term financing in place

## **Acceleration into HPO**

Performance culture more important than ever: continuous improvement

Quickly adapting cost structure to market environment, intensifying durable productivity measures

Long-term commitment to profitable growth: manage cost and returns to stay ready for growth

# Agenda

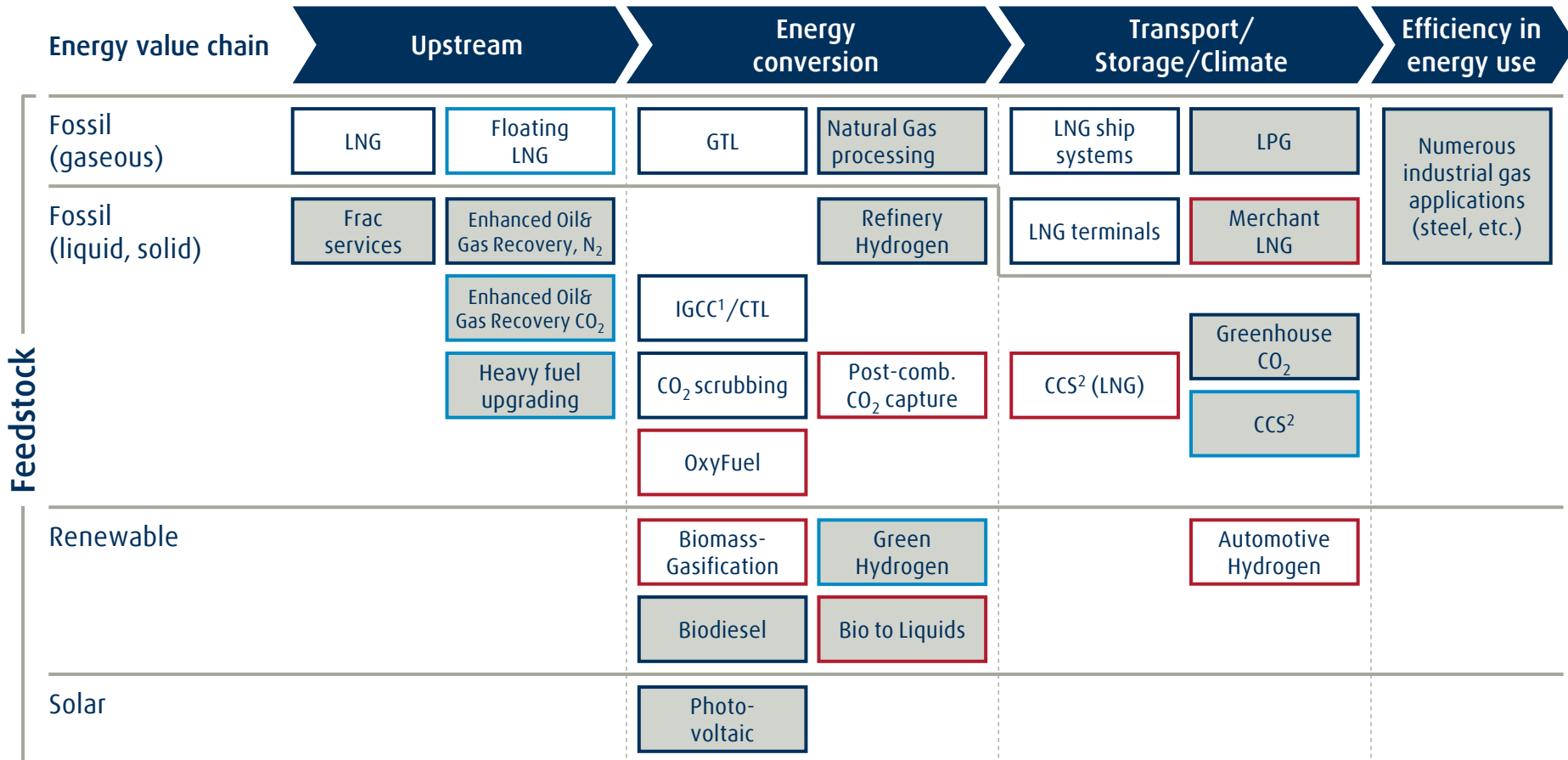


1. Operational Performance
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Appendix

# Energy Mega-Trend

## Gases & Engineering technology portfolio



Feedstock

Business model Linde   Engineering   Gas Supply

Maturity of business   Existing business   Pilot on-going   Growth opportunity

<sup>1</sup> Integrated Gasification Combined Cycle, <sup>2</sup> Carbon Capture & Storage

# Group Financial Highlights

in € million	H1 08	H1 09	Δ in %
Sales	6,256	5,476	-12.5
Operating profit	1,258	1,104	-12.2
Margin	20,1	20,2	+10 bp
Operating profit excluding restructuring charges	1,258	1,171	-6.9
Margin	20,1	21,4	+130 bp
EBIT before special items and PPA depreciation	842	669	-20.5
Special items	59	0	-
PPA depreciation	-185	-146	-
EBIT	716	523	-27.0
Financial Result	-172	-158	
Taxes	142	91	-
Net income – Part of shareholders Linde AG	375	248	-33.9
Net income adjusted – Part of shareholders Linde AG	455	347	-23.7

# Group Financial Highlights



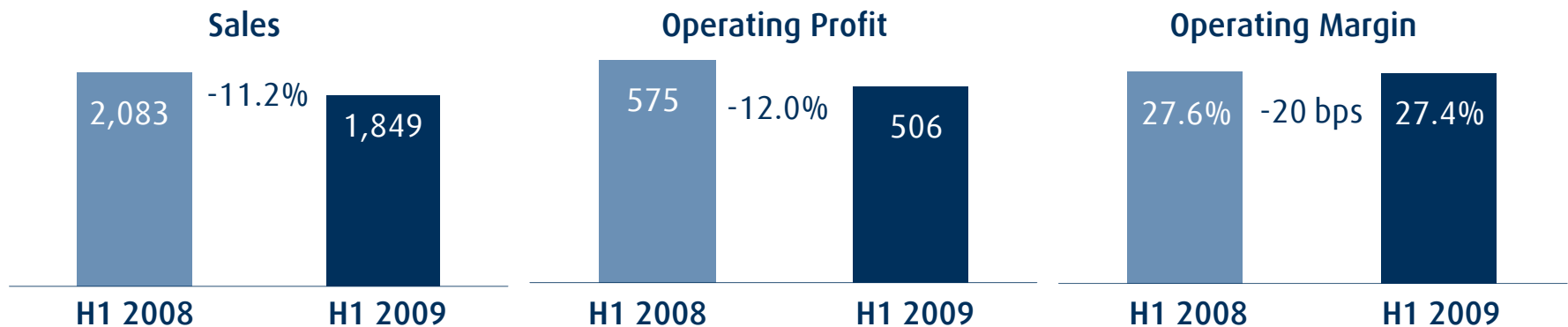
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in € million	H1 08	H1 09	Δ in %
<b>Net income - Part of shareholders Linde AG</b>	<b>375</b>	<b>248</b>	<b>-33.9</b>
+ depreciation/amortisation from purchase price allocation	+185	146	
+ special items	-59	-	
- net of tax	-46	-47	
<b>Adjusted Net Income</b>	<b>455</b>	<b>347</b>	<b>-23.7</b>
- Restructuring costs	-	+67	
+ net of tax	-	-18	
<b>Adjusted Net Income (excl. restructuring costs)</b>	<b>455</b>	<b>396</b>	<b>-13.0</b>
<b>Average outstanding shares</b>	<b>167,136</b>	<b>168,500</b>	
<b>EPS</b>	<b>2.24</b>	<b>1.47</b>	<b>-34.4</b>
<b>Adjusted EPS</b>	<b>2.72</b>	<b>2.06</b>	<b>-24.3</b>
<b>Adjusted EPS excl. restructuring costs</b>	<b>2.72</b>	<b>2.35</b>	<b>-13.6</b>

# Gases Division, operating segments

## Western Europe

in € million, as reported



### H1 highlights

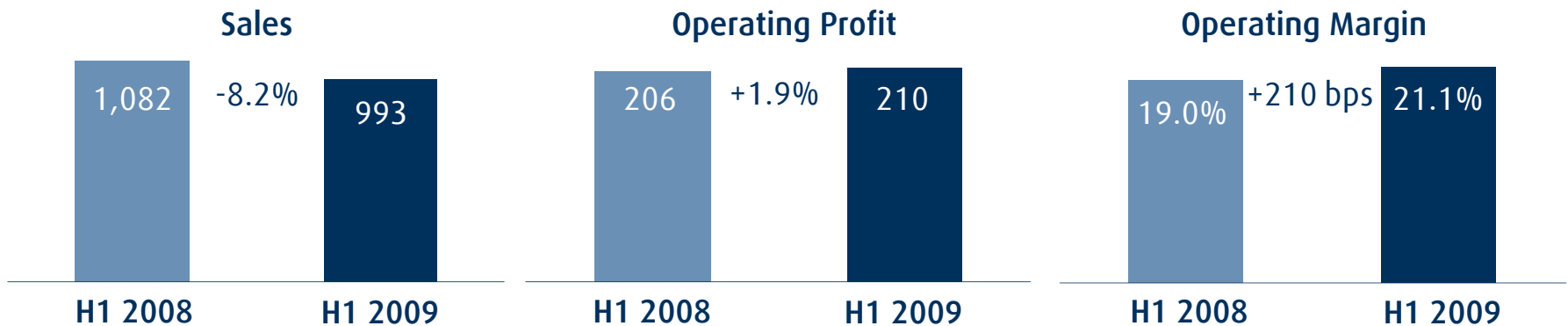
- Comparable sales development of -6.0%, continued currency effect from GBP weakness
- No major turnaround in volumes in our major markets, pricing remains supportive
- Sales run rates stable in Q2 from Q1, but base effect in y-o-y comparison
- Ongoing sales growth in healthcare
- Margin stays strong in spite of lower volumes, supported by our HPO measures



# Gases Division, operating segments

## Americas

in € million, as reported



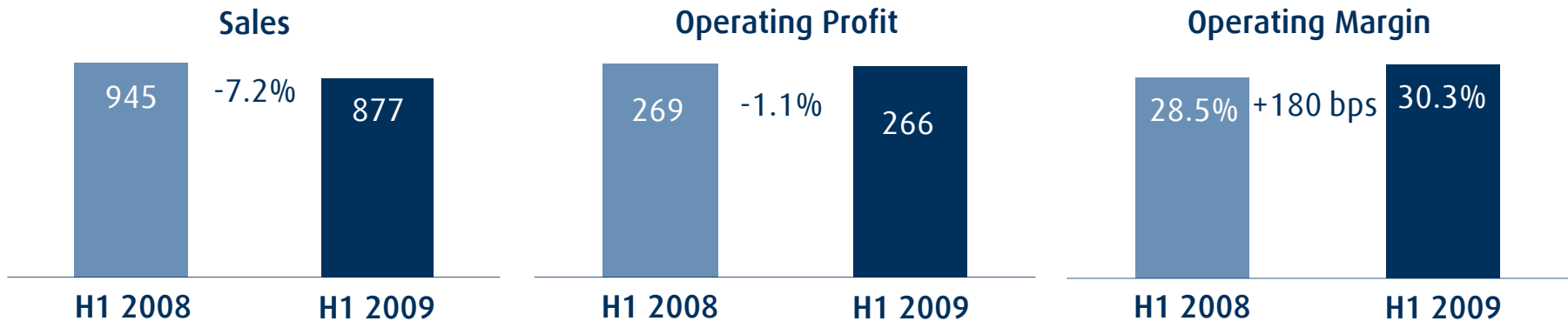
### H1 highlights

- Comparable sales development of -8.4%
- Stabilisation but no recovery of sales run-rates in Q2 from Q1
- Volumes remain well below previous year levels in North America, partly offset by pricing
- South America holding up quite well with underlying sales growth in cylinder and healthcare
- Substantial margin improvement supported by early capacity adjustments and HPO initiatives

# Gases Division, operating segments

## Asia & Eastern Europe

in € million, as reported



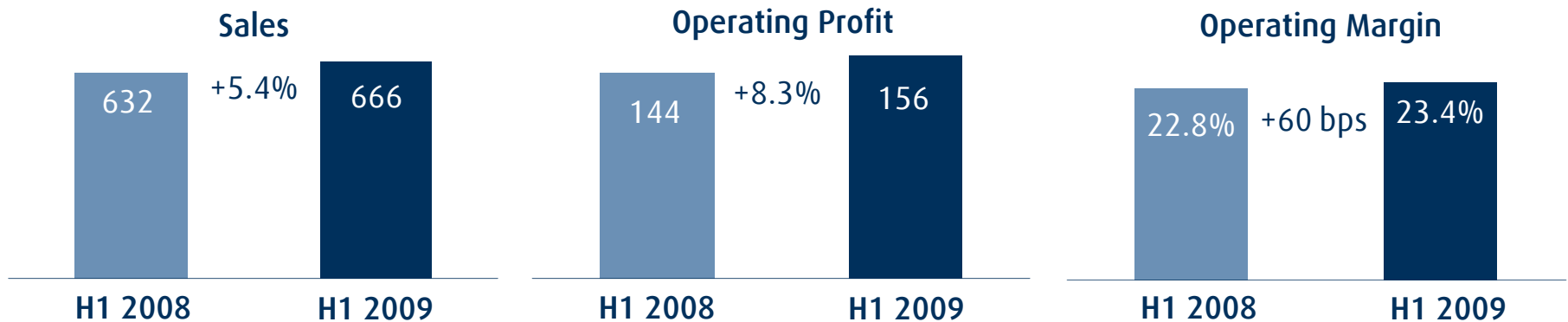
### H1 highlights

- Comparable sales development of -7.4%
- First indications of a slight recovery in sales run rates towards the end of H1
- Eastern Europe has stabilised, but IP and hence volumes still well below previous year
- Improving trends in tonnage capacity usage levels, especially in China
- Strong set-up to benefit from a potential upturn in economic conditions
- Margin further up, supported by accelerated productivity measures and JV contribution

# Gases Division, operating segments

## South Pacific & Africa

in € million, as reported



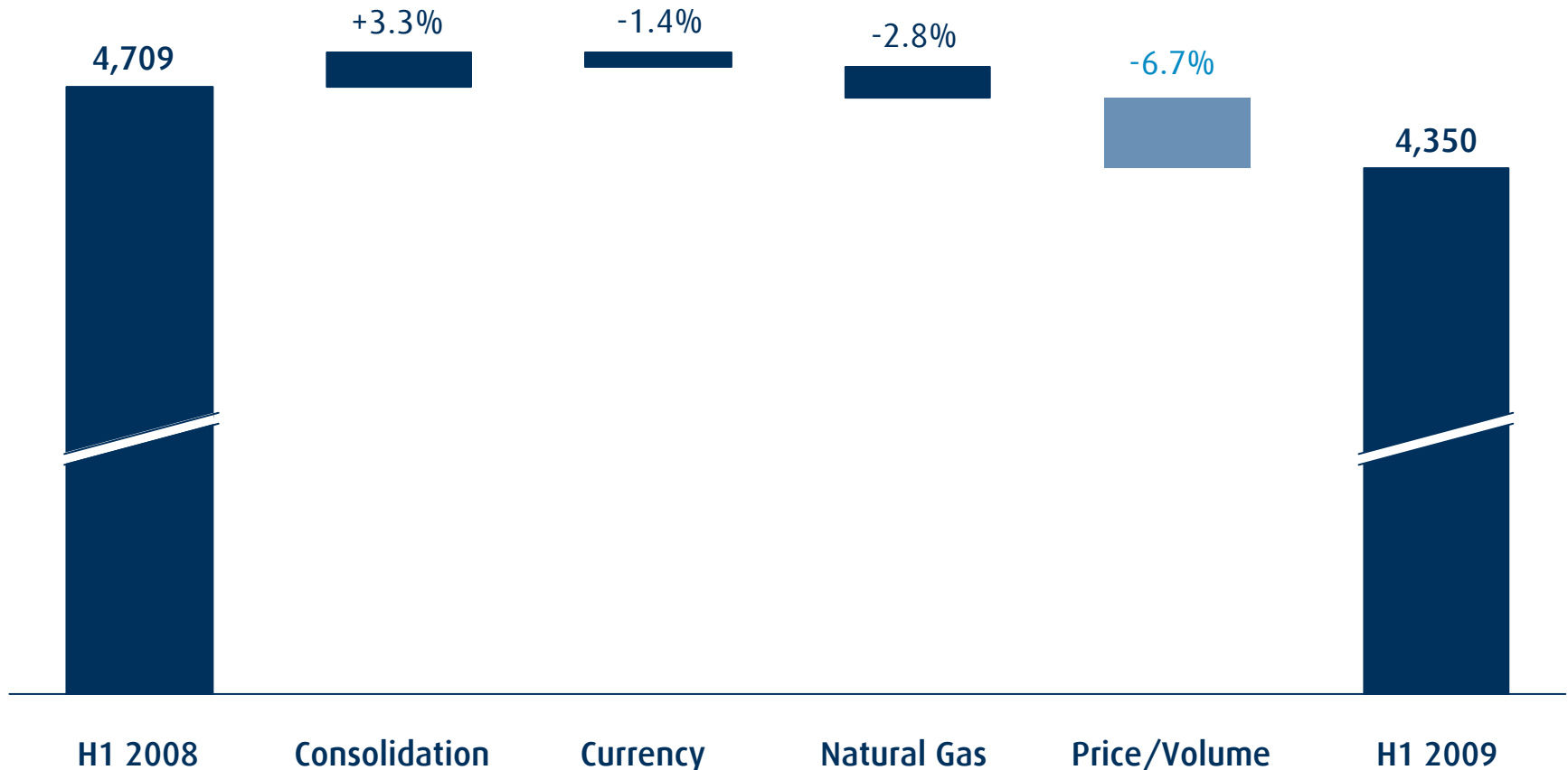
### H1 highlights

- Comparable sales development of -4.6%
- South Pacific remains robust with relatively modest volume reductions and positive pricing
- South African sales have stabilised, pricing policy holding track with general cost increases
- Good margin performance reflects stable business performance, pricing and cost initiatives

# Gases Division, sales bridge

Sales -6.7% on comparable basis

in € million

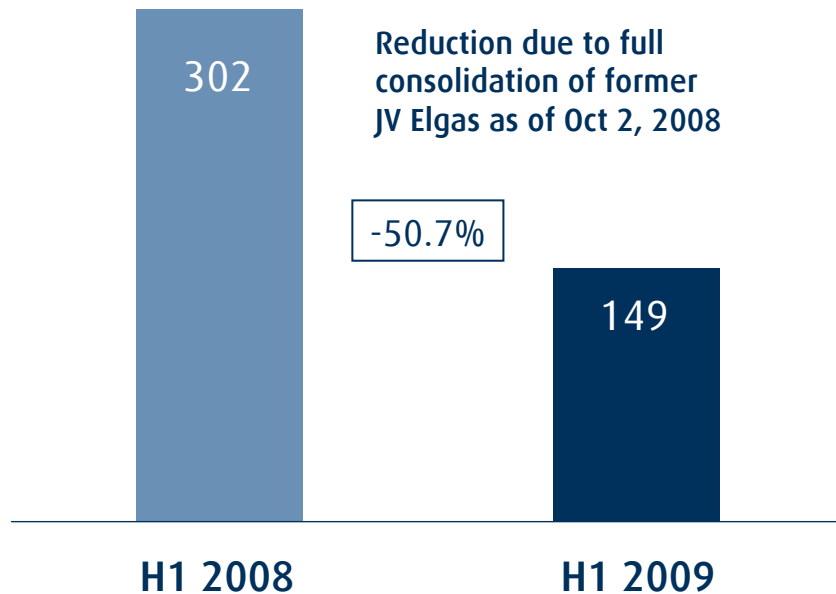


# Gases Division, Joint Ventures

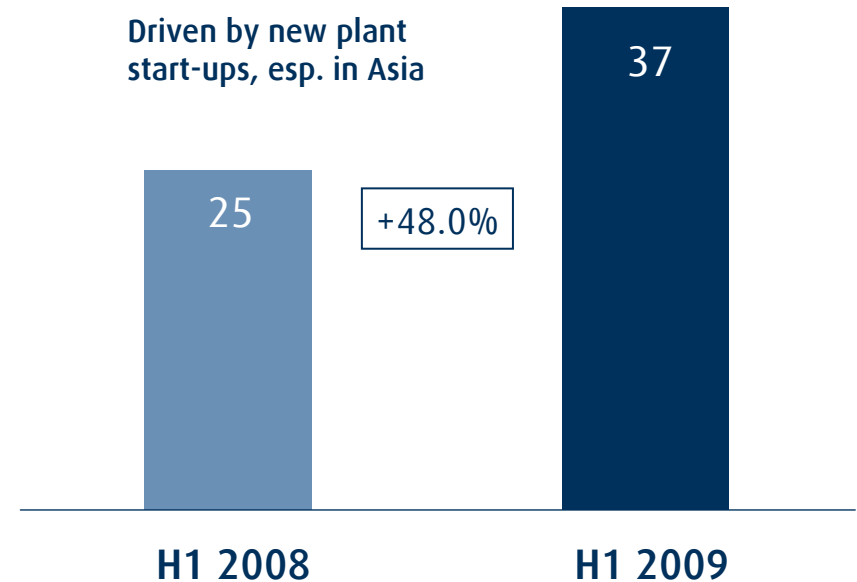
## Consolidation effect, but strong operational performance

in € million

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



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



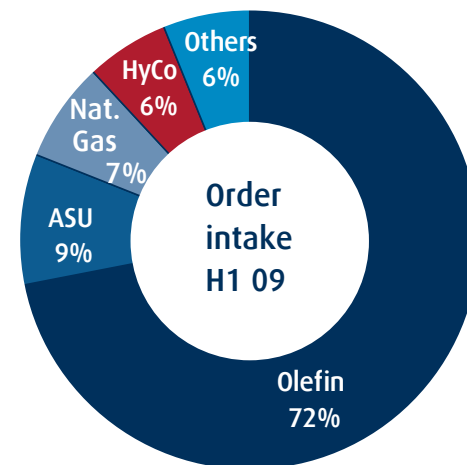
# Engineering Division

Backlog above € 4 bn, new olefin order in Abu Dhabi



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- Order intake close to strong previous year level: USD 1.075 bn order for new ethane cracker in Abu Dhabi from Borouge JV
- Order backlog of € 4.381 bn (year-end 2008: € 4.436 bn)



in € million	H1 08	H1 09	Δ yoy
Order intake	1,557	1,299	-16.6%
Sales	1,411	1,113	-21.1%
Operating profit*	126	90	-28.6%
Margin	8.9%	8.1%	-80 bps

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

# Group, FY 2008

## Key P&L items

in € million	2007	2008	Δ in %
Sales	12,306	12,663	+2.9
Operating profit	2,424	2,555	+5.4
Margin	19.7%	20.2%	+50bps
EBIT before special items and PPA depreciation	1,591	1,703	+7.0
Special items	607	59	-
PPA depreciation	-446	-371	-
EBIT	1,752	1,391	-
Financial Result	-377	-385	-
Taxes	-379	-230	-
Net income – Part of shareholders Linde AG	952	717	-
Net income adjusted	814	917	+12.7
EPS in €	5.87	4.27	-
EPS in € adjusted	5.02	5.46	+8.8

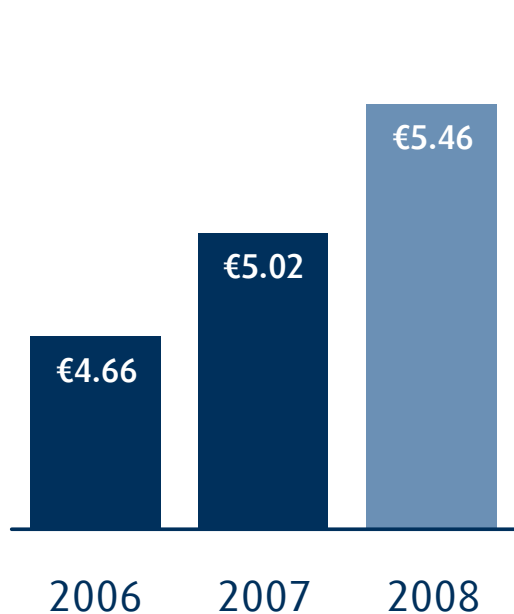
### Further improvement in all our three key financial indicators

Profitable growth for our shareholders: adjusted EPS increase of 8.8%

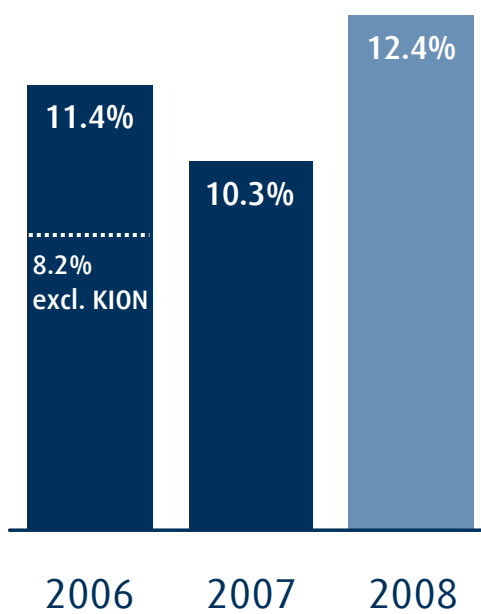
Further improvement in capital returns: ROCE improvement of 210 bps

Strong cash flow generation maintained in weakening environment: OCF up by 7.7%

#### Adjusted EPS

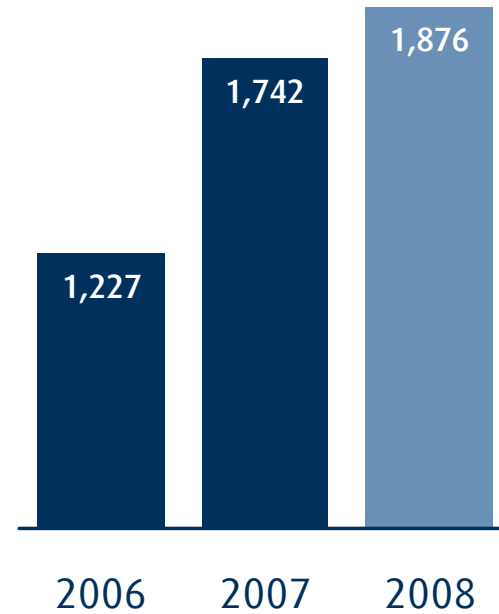


#### Adjusted ROCE



#### Operating Cash Flow

In € m, as reported





# Group, FY 2008

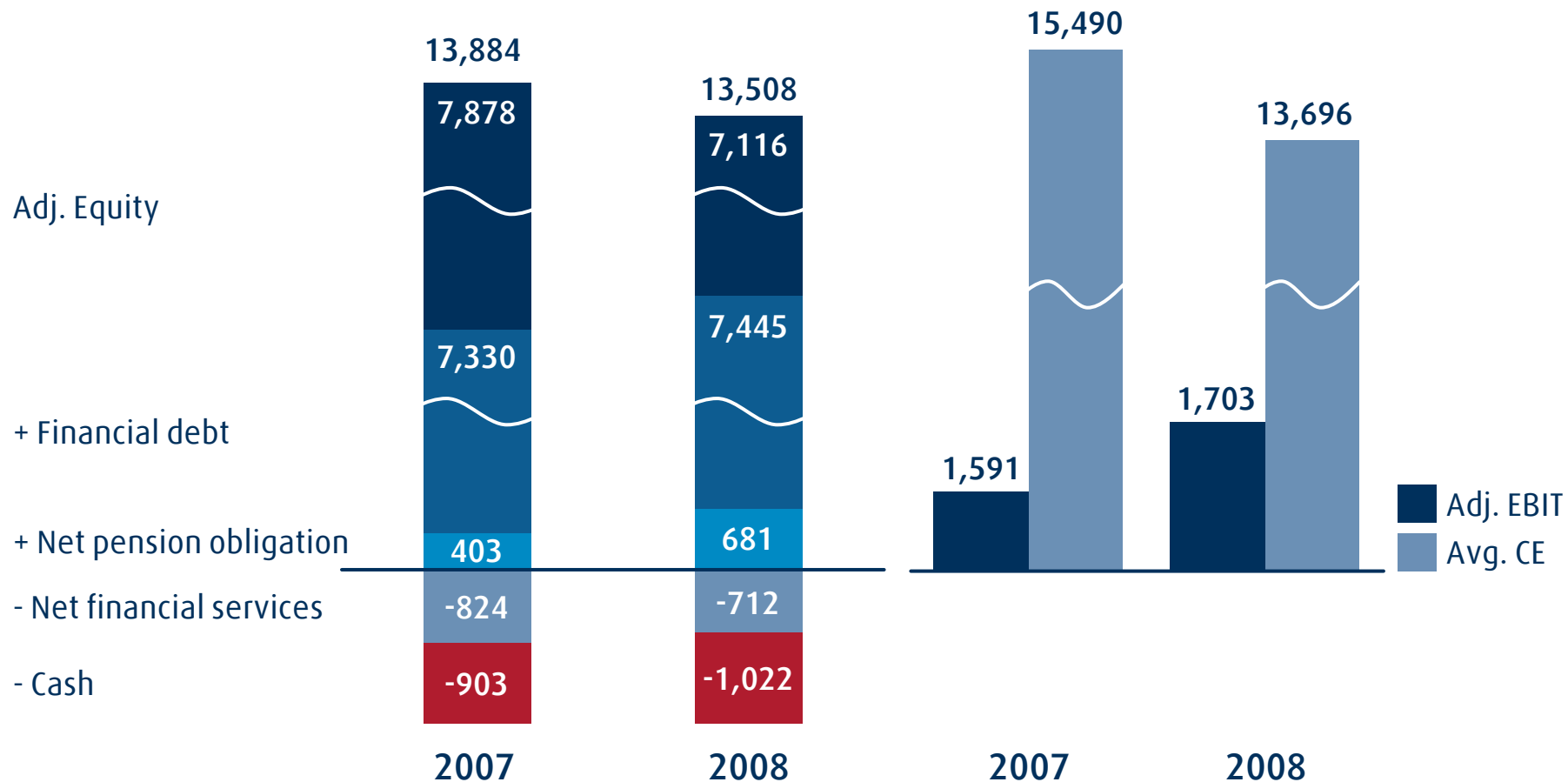
## Adjusted ROCE

in € million

### Capital Employed (B/S date)

Adj. ROCE  
10.3%

Adj. ROCE  
12.4%



# Group, FY 2008

## Cash flow statement

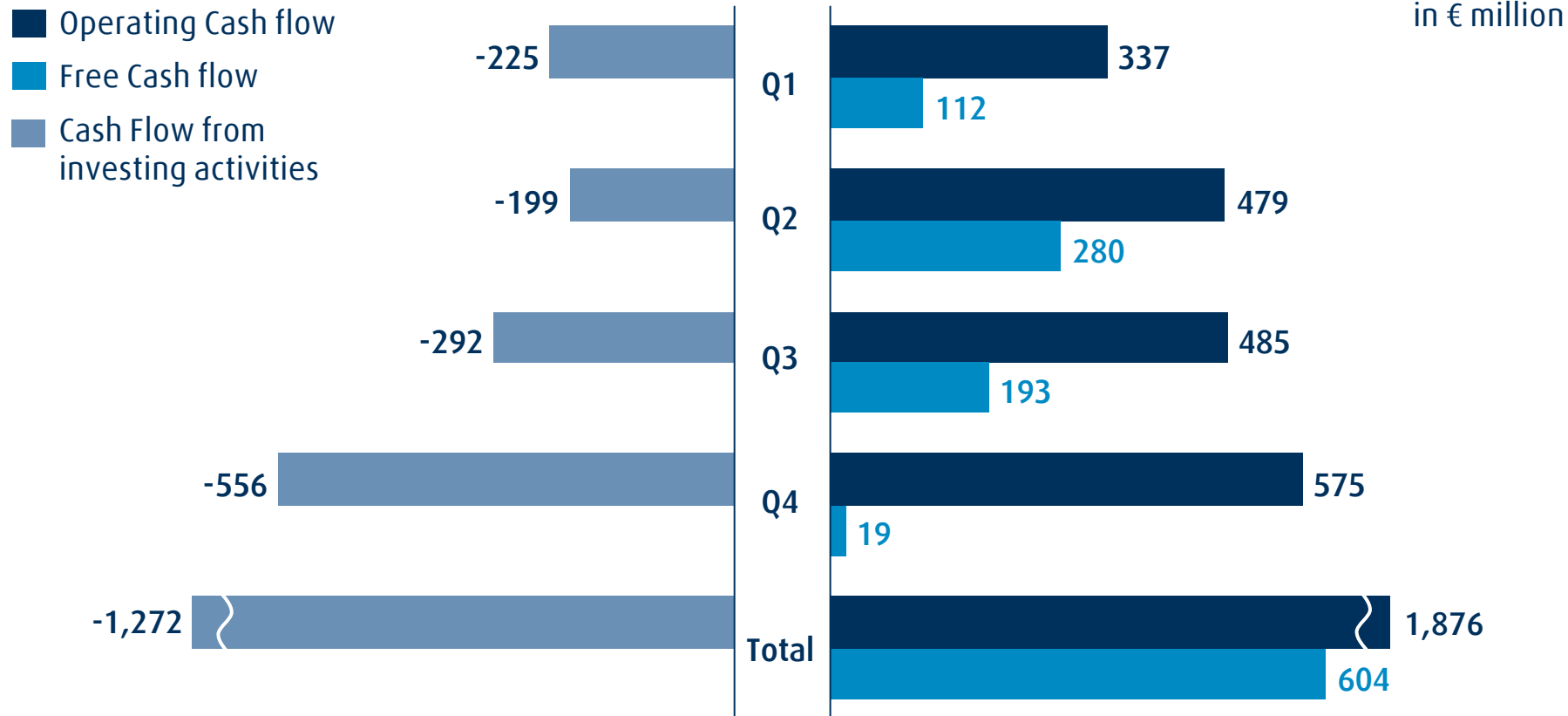
in € million	Q1/08	Q2/08	Q3/08	Q4/08	2008	2007
Operating Profit	602	656	652	645	2,555	2,424
Change in Working Capital	-199	17	-59	44	-197	-114
<b>Funds from operations</b>	<b>403</b>	<b>673</b>	<b>593</b>	<b>689</b>	<b>2,358</b>	<b>2,310</b>
Paid taxes	-38	-77	-86	-28	-229	-336
Other changes	-28	-117	-22	-86	-253	-232
<b>Operating Cash flow</b>	<b>337</b>	<b>479</b>	<b>485</b>	<b>575</b>	<b>1,876</b>	<b>1,742</b>
Disposals	38	93	0	22	153	3,533
Acquisitions	0	-54	-20	-139	-213	-576
Net investments	-261	-240	-272	-439	-1,212	-871
<b>Investment Cash flow</b>	<b>-223</b>	<b>-201</b>	<b>-292</b>	<b>-556</b>	<b>-1,272</b>	<b>2,086</b>
<b>Free Cashflow before financing</b>	<b>114</b>	<b>278</b>	<b>193</b>	<b>19</b>	<b>604</b>	<b>3,828</b>

# Group, FY 2008

## Free cash flow after investments



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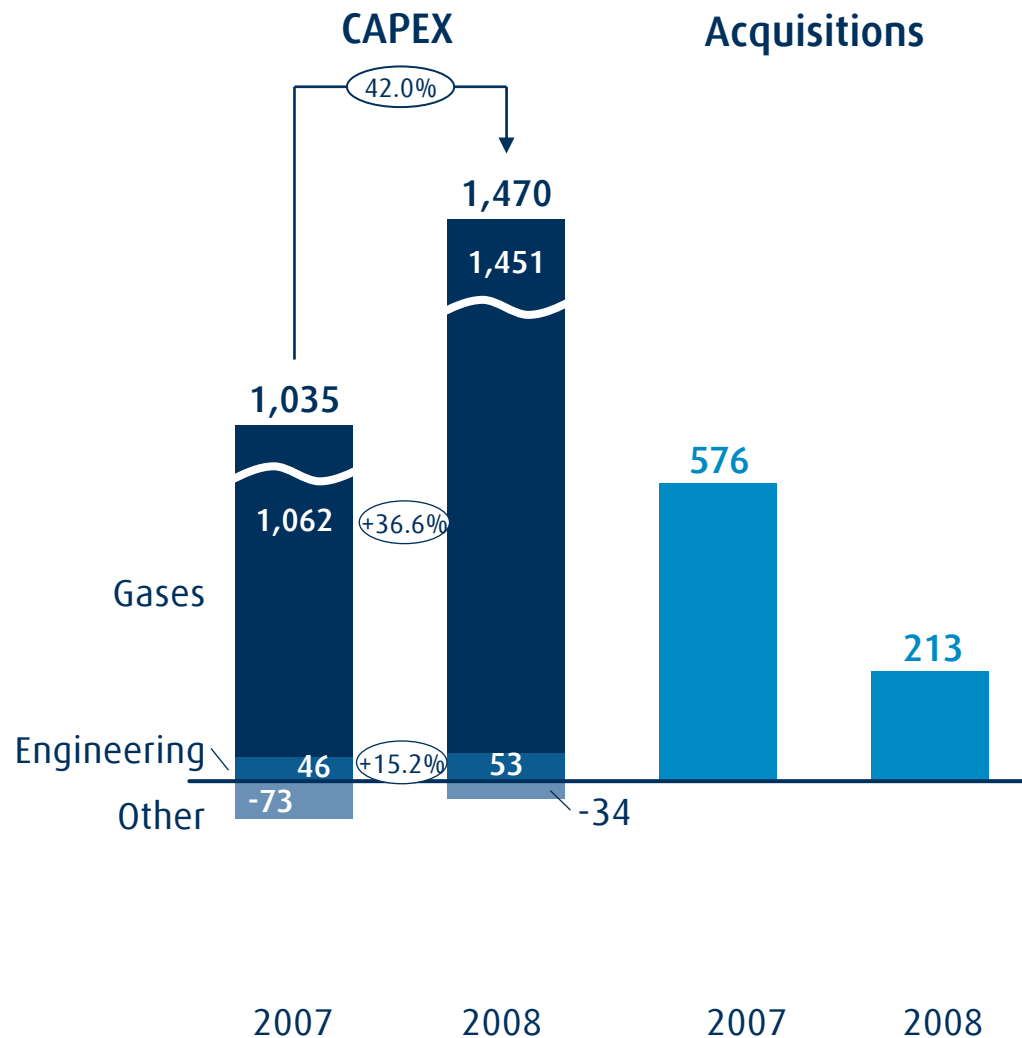
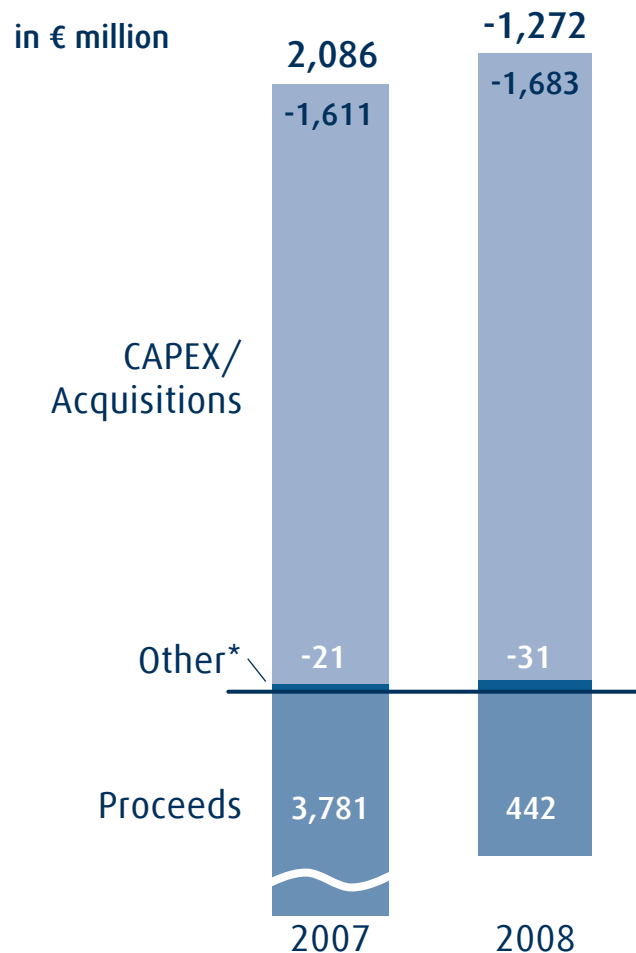


- Strong development of operating CF in Q4
- High investment activities in Q4 for bolt-on acquisition and on-site projects

# Group, FY 2008

## Capital expenditure and acquisitions

### Cash Flow from investing activities

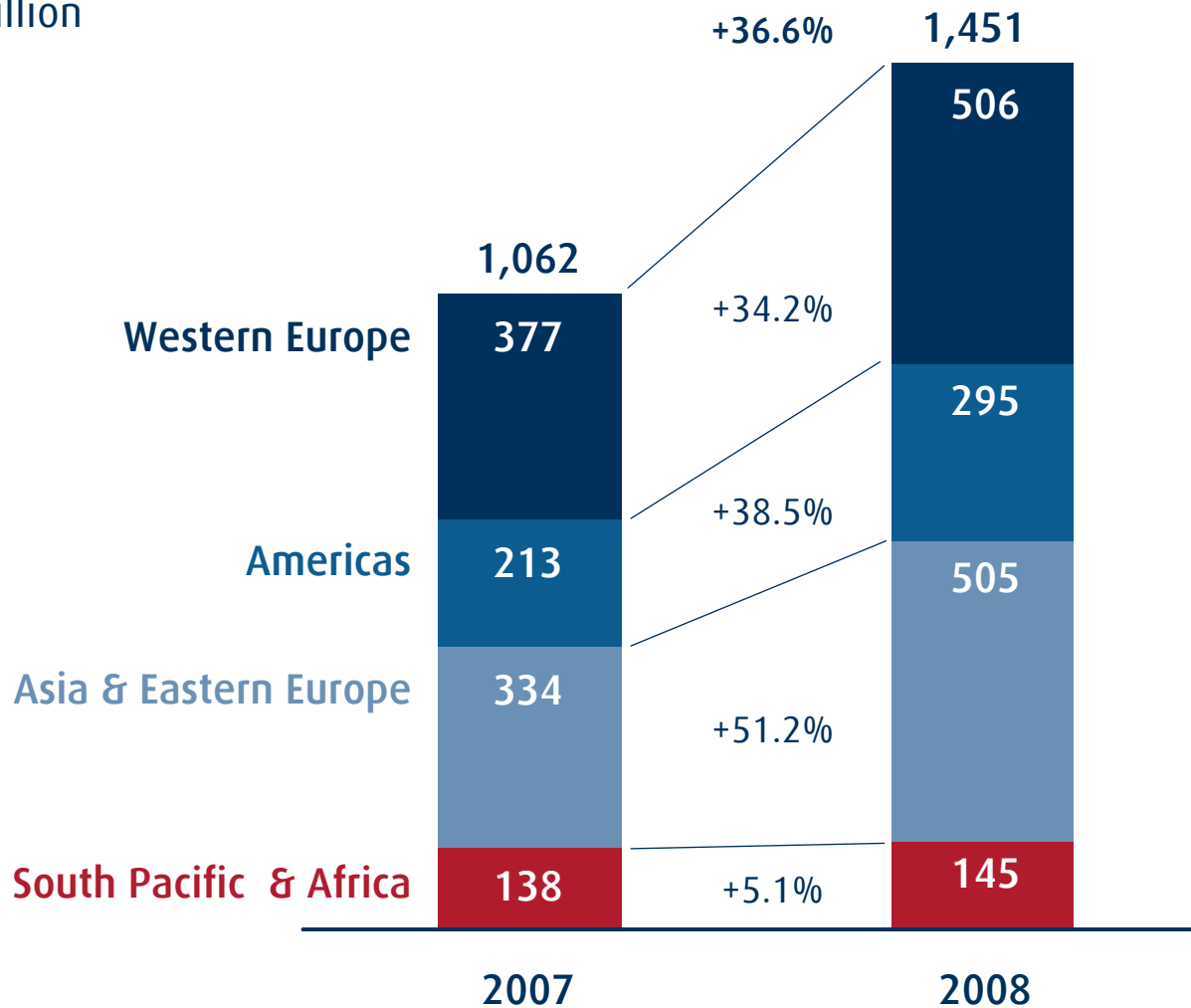


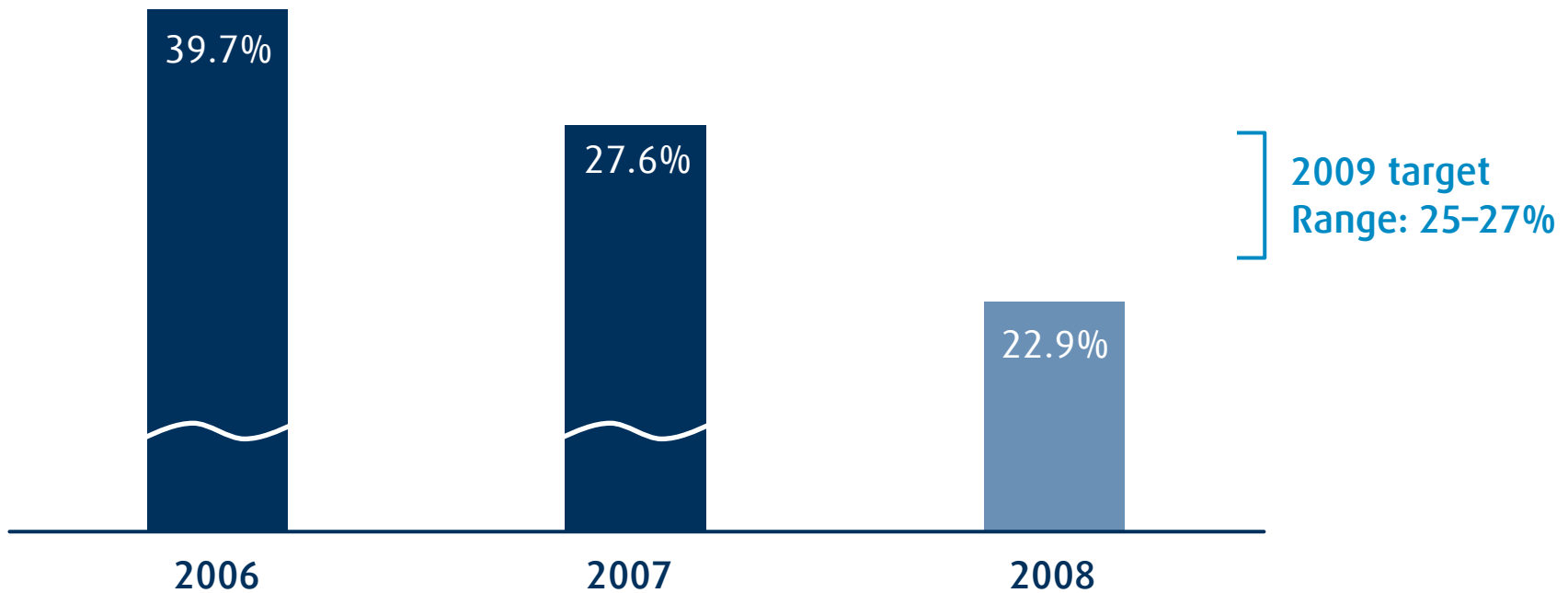
\* Includes payments for investments in current financial assets; and reconciliation of posted capex and the cash out for capex

# Gases Division, FY 2008

## Capital expenditure

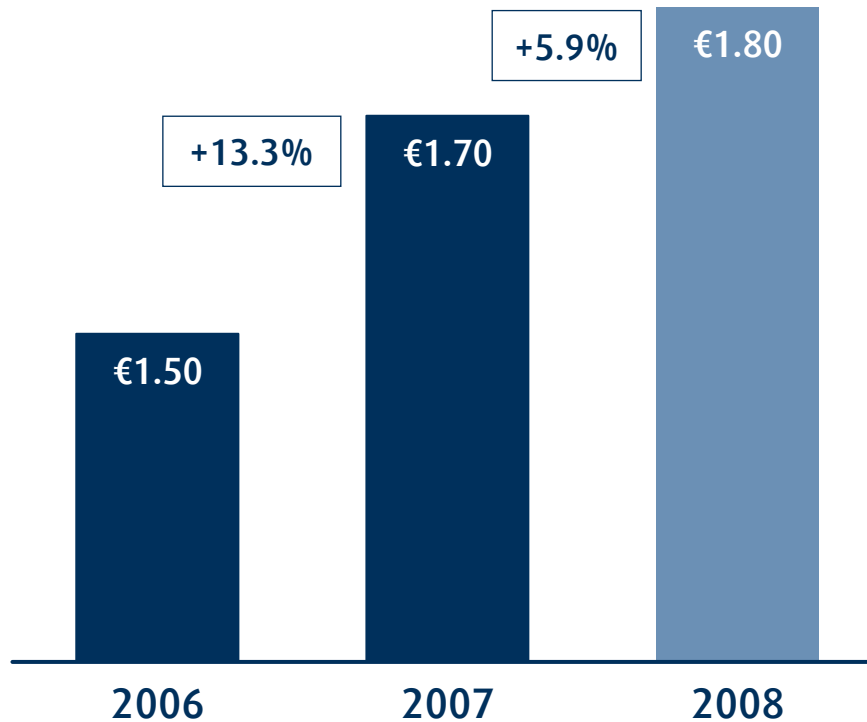
in € million





- Post-acquisition restructuring fully effective in 2008
- Positive impact of tax rate changes
- Strong performance of the Group in countries with lower tax rates

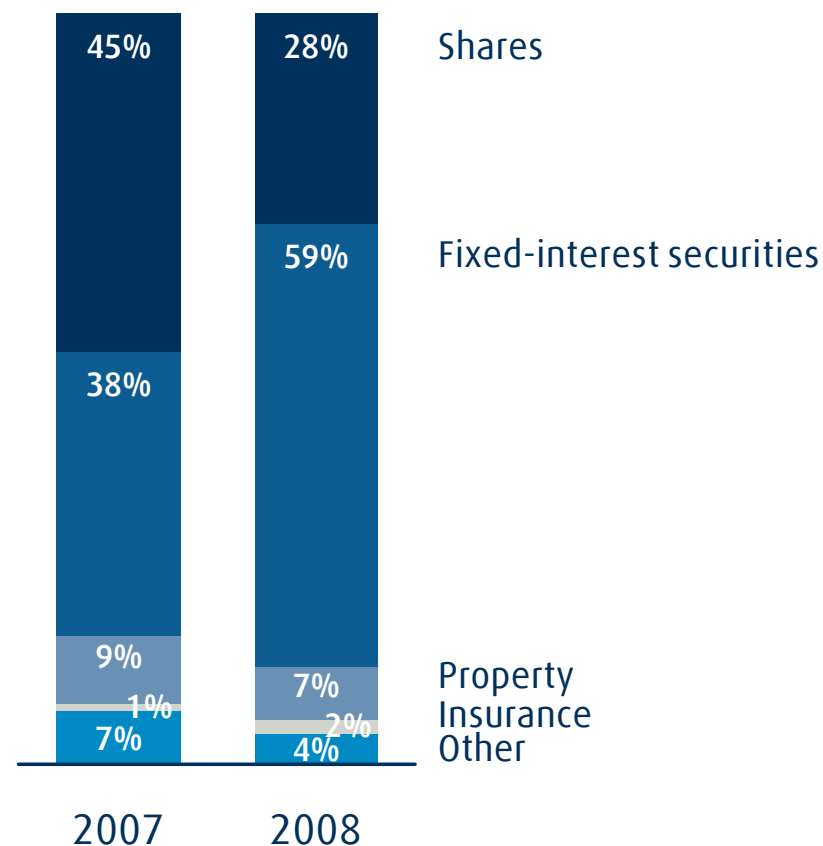
**Consistent dividend policy:** dividend development in line with growth of operating profit



### Net obligation increases due to actuarial gains/losses

in € million	DBO	Plan asset	Net obligation
01.01.2008	5,152	4,813	339
Service costs	106		106
Net financing	272	296	-24
Actuarial gains/losses	-500	-947	447
Contributions/payments	-242	-25	-217
FX	-714	-701	-13
Other	23	17	6
31.12.2008	4,097	3,453	644

### Further actuarial losses of approx. € 400 m avoided due to early optimization of the plan assets portfolio structure





# Group, Purchase Price Allocation

## Expected depreciation & amortisation

### Development of depreciation and amortisation (in € million)

Impact in 2008: € 371 million

#### Expected range

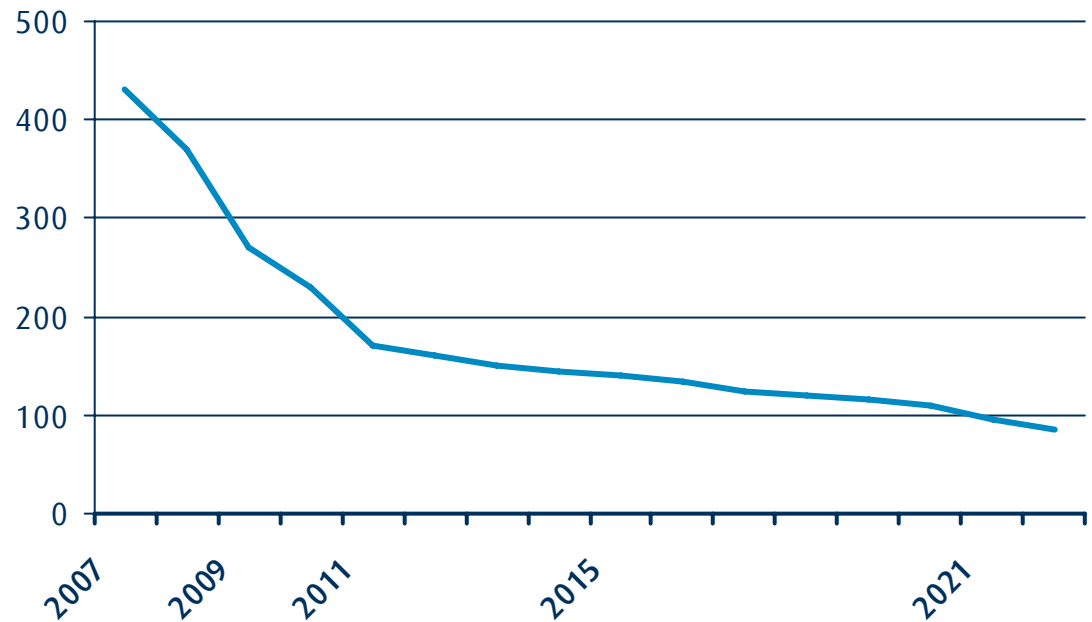
2009	> 275 – 325
------	-------------

2010	> 200 – 250
------	-------------

2011	> 175 – 225
------	-------------

...

2022	< 100
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### Purchase Price Allocation (PPA)

Impact in H1 2009: € 146 m (H1 08: € 185 m)  
Expected impact FY 2009: € 275-325 m

#### 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.

### IFRIC 4: Embedded Finance Lease (EFL)

Impact\* in H1 2009: € -63 m (H1 08: € -64 m)  
Expected impact\* FY 2009: € -118 m \*(on Sales and EBITDA)

#### Background:

- Tonnage contracts dedicated to one single customer (> 95% of sales), who covers all major market risks, have to be treated under IFRS like an embedded finance lease.
- The related cash flow streams are therefore no more booked as sales and operating profit but recognised as amortisation of financial receivables in the balance sheet and financial income in the P&L.
- EBITDA multiple comparison with peers needs to be adjusted for IFRIC 4
- Very minor impact on EPS, no impact on Free Cash Flow

# Group

## Definition of financial key indicators



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<b>Operating Profit</b>	<b>Return</b>	EBITDA (incl. IFRIC 4 adjustment) excl. finance costs for pensions excl. special 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 +/- special items
	<b>Shares</b>	average outstanding shares

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