



Conference Call 9M 2016 Results

LeadIng.



THE LINDE GROUP

28 October 2016

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Part 1

Dr Wolfgang Buechele

Strategic plan

- Performance focus
- Quality growth
- Value creation

Part 2

Dr Sven Schneider

9M 2016 Results

- Operational performance
- Outlook

Appendix

Strategic plan

Focus on LIFTing margins, returns and shareholder value



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Performance focus

Cost management

Portfolio optimisation

Quality growth

Leverage strengths

Sound financial position

Value creation

**Further increase
in dividend**

**LIFT operating profit margin
LIFT return on capital employed**

LIFT shareholder value

Strategic plan | Performance focus

Generate savings through cost management

LIFT (2016 – 2019)

- Expected net cost savings of EUR ~370m by the end of 2019
- Savings to be driven by restructuring measures in various geographies, organisational streamlining as well as non-personnel cost reductions
- Expected restructuring costs of EUR ~400m to be accounted for as non-recurring items in 2016 and 2017

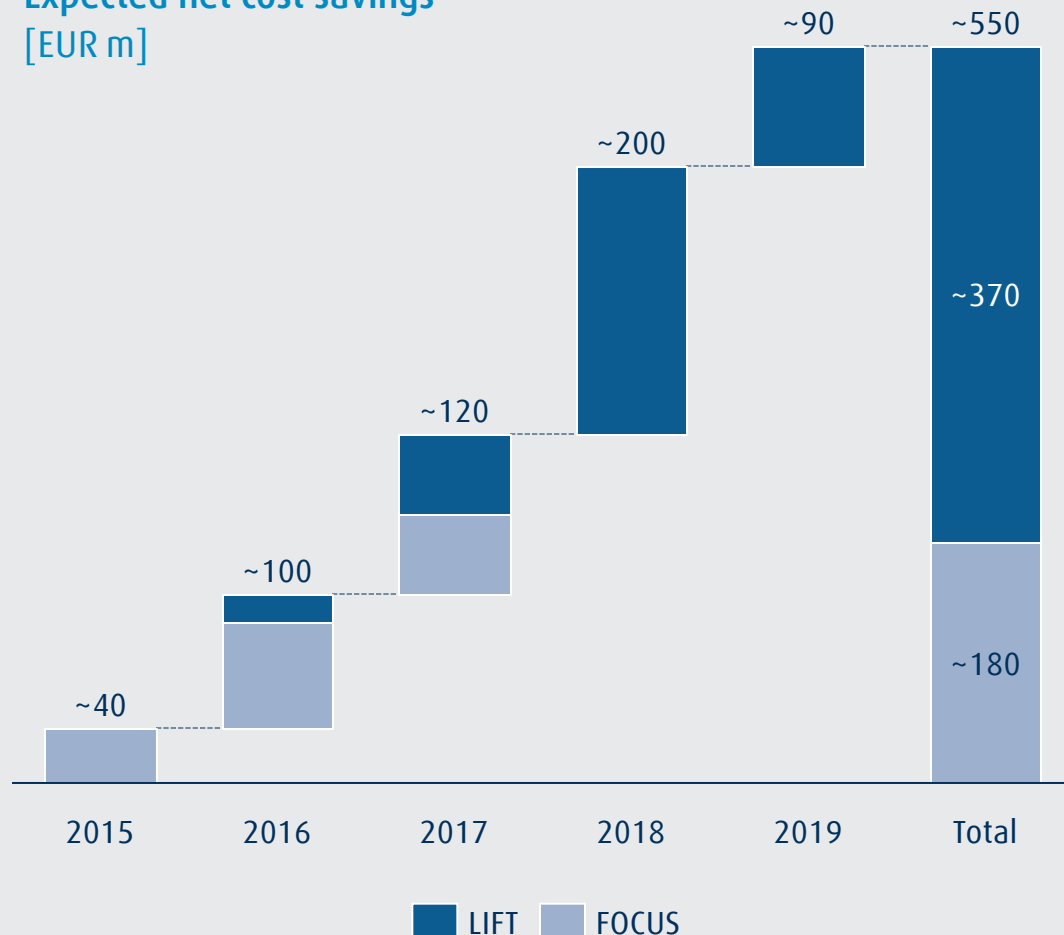
FOCUS (2015 – 2017)

- Expected net cost savings of EUR ~180m by the end of 2017

HPO II (2013 – 2016)

- On track to deliver EUR ~820m of gross cost savings
- Further continuous efficiency improvement in 2017 and beyond as part of a learning organisation

Expected net cost savings [EUR m]



Strategic plan | Performance focus

Portfolio optimisation to strengthen margins

Segments

Measures to be taken

Objectives

Gases
Division



Streamline global footprint and product area presence



Enhance
Gases
margin

Engineering
Division



Optimise capacity and achieve efficiency gains



Sustainable
Engineering
margin of around
8 percent

Other
activities



Evaluate divestment opportunities of non-core activities



Enhance
Group
margin

Strategic plan | Quality growth

Leveraging key competitive strengths for growth

EMEA



APAC



AMERICAS



Focus areas

- Development of Chemistry & Energy sector in Eastern Europe and Middle East
- Selective investments in core markets with strong position and high customer density

- Continued development of power zones in Asia
- Increase demand for specific gas consumption in Asian markets via tailored applications

- Continued development in industrial clusters in North America
- Increase density in US Homecare market by leveraging economies of scale and scope

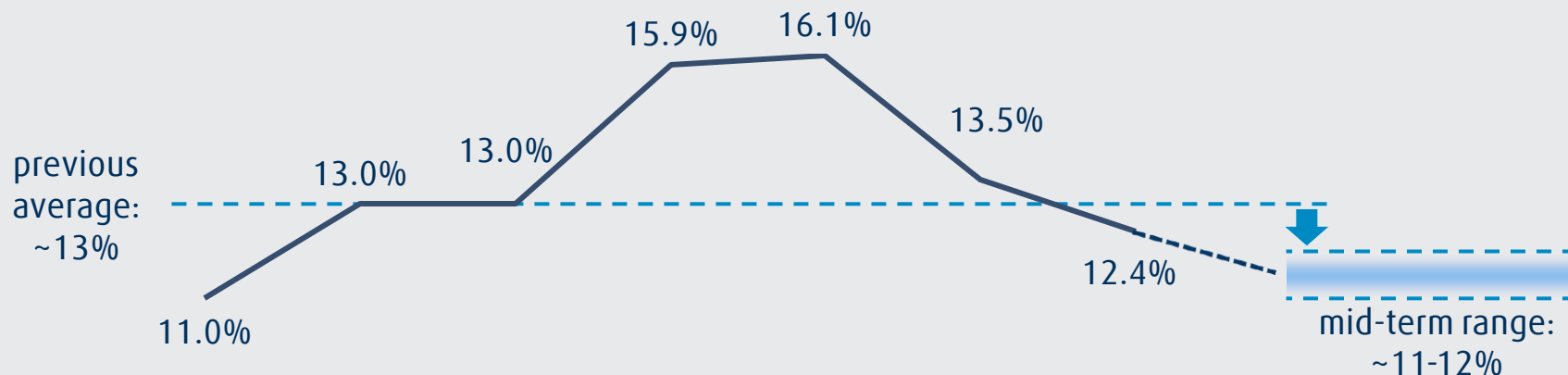
Measures

- Continue to pursue attractive On-site opportunities
- Further grow share of Merchant revenue driven by tailored applications and solutions
- Continuous innovation oriented around applications and digitalisation
- Use bolt-on M&A and decaptivation projects as additional growth stimulus
- Utilise synergetic set-up with Engineering

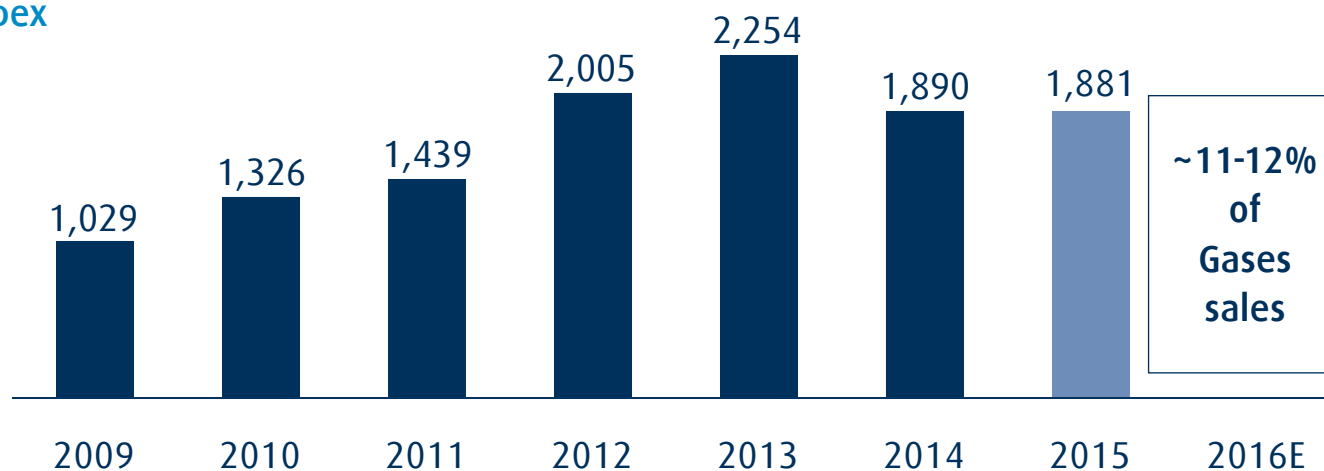
Strategic plan | Quality growth

Gases capex / sales ratio reduced

Gases capex/sales ratio



Gases capex [EUR m]



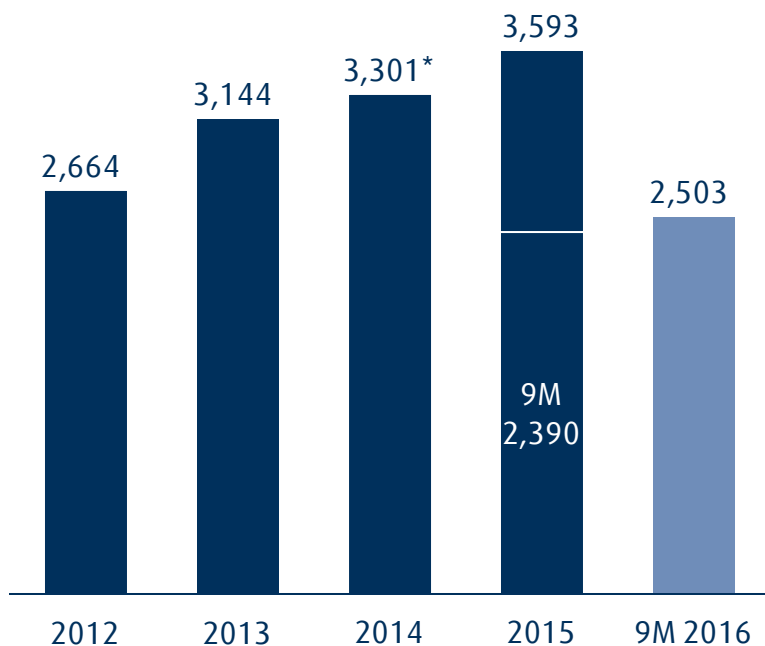
Strategic plan | Quality growth

Financial flexibility from strong cash flow and balance sheet

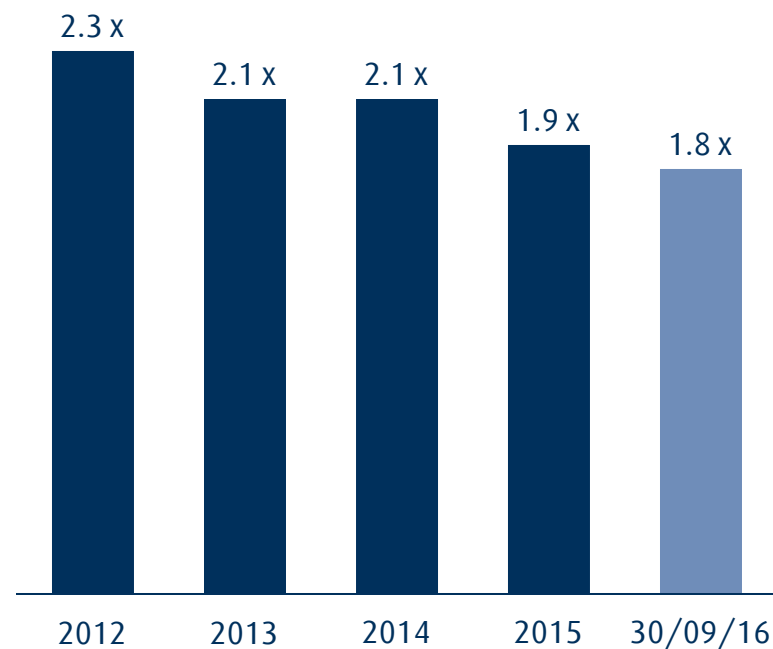


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Operating cash flow [EUR m]



Net debt / operating profit



- Strong operating cash flow development in spite of recent currency headwinds
- Commitment to maintain strong investment grade rating as cornerstone of conservative financial policy
- Moody's (A2/P-1) and S&P (A+/A-1) unchanged, Scope inaugural issuer rating of A+/S-1+, all with stable outlook

*Before pension funding of EUR 300m

Strategic plan | Value creation

Further dividend increase planned for 2016

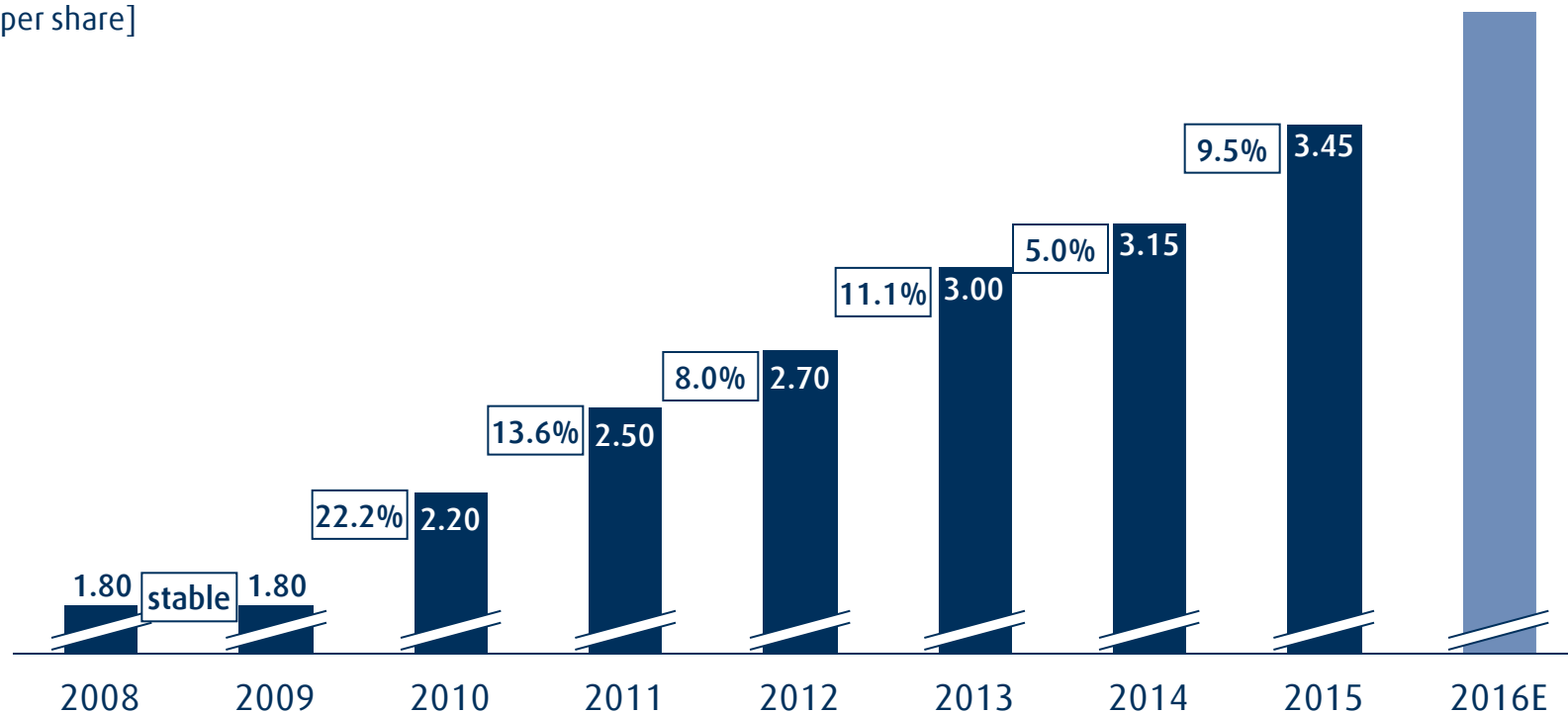


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Planned dividend increase for 2016 reflects expectation of continued solid operating profit and operating cash flow as well as lower investment levels

Dividend development

[EUR per share]



Year	2008	2009	2010	2011	2012	2013	2014	2015
Payout ratio*	42.0%	51.0%	37.3%	36.5%	40.6%	42.3%	44.2%	49.9%

*Based on EPS before non-recurring items

Agenda



Part 1

Dr Wolfgang Buechele

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Part 2

Dr Sven Schneider

9M 2016 Results

- Operational performance
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Appendix

Performance 9M 2016

Highlights

[EUR]		9M 2015	9M 2016	yoy [%]	yoy [%] adj.for FX
Revenue	[m]	13,552	12,967	-4.3	-1.1
Operating profit	[m]	3,137	3,066	-2.3	+0.8
Operating margin	[%]	23.1	23.6	+50bp	
Operating cash flow	[m]	2,390	2,503	+4.7	
EPS reported		4.63	5.09	+9.9	

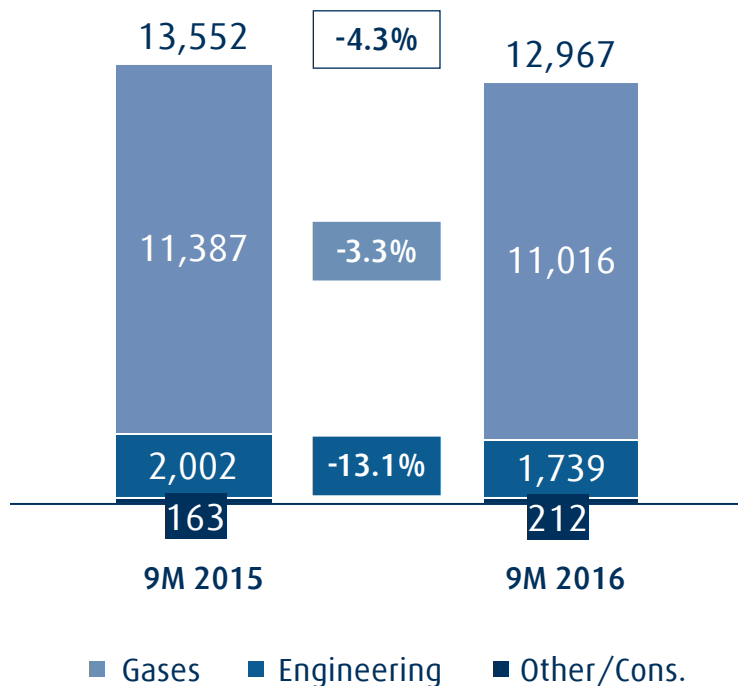
- Revenue development impacted by currency headwinds and expected lower contribution from Engineering
- Margin supported by improvement in the Gases Division and stable margin in Engineering
- Continued solid operating cash flow despite currency headwinds

Please see definitions of key financial figures in the appendix

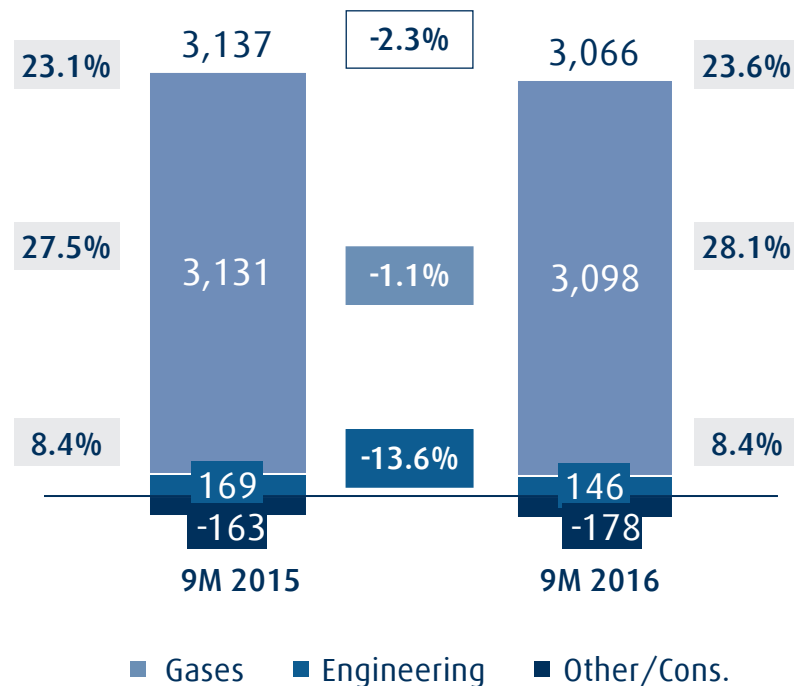
Group | Revenue and operating profit by division

Positive margin development

Revenue [EUR m]



Operating profit [EUR m]



Gases

Revenue negatively impacted by FX and pass-through effects

Engineering

Revenue development in line with expectations

Gases

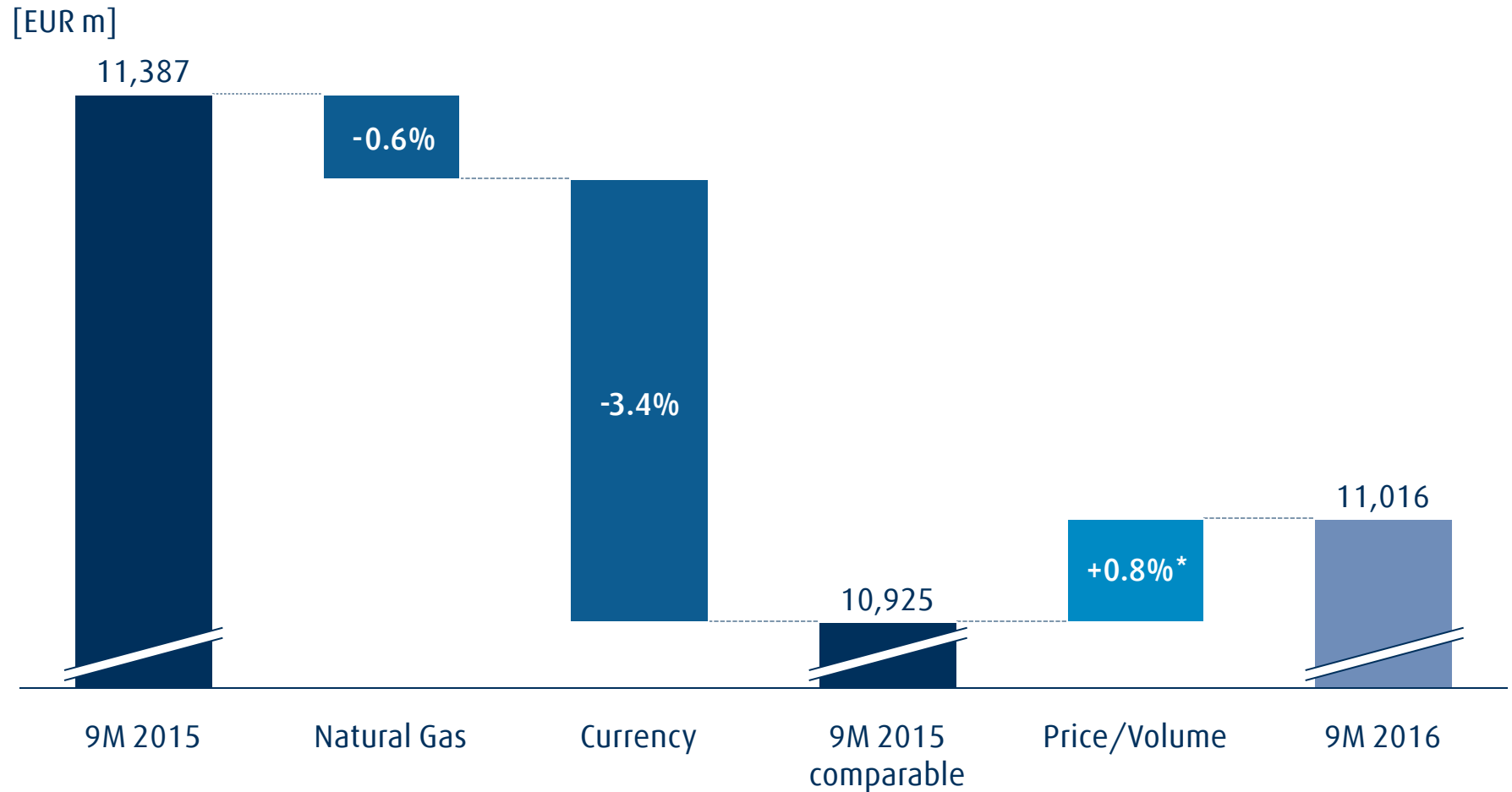
Margin improvement to 28.1 percent

Engineering

Margin in line with guidance of around 8 percent

Gases Division | Revenue bridge

Price/Volume increase of 0.8 percent

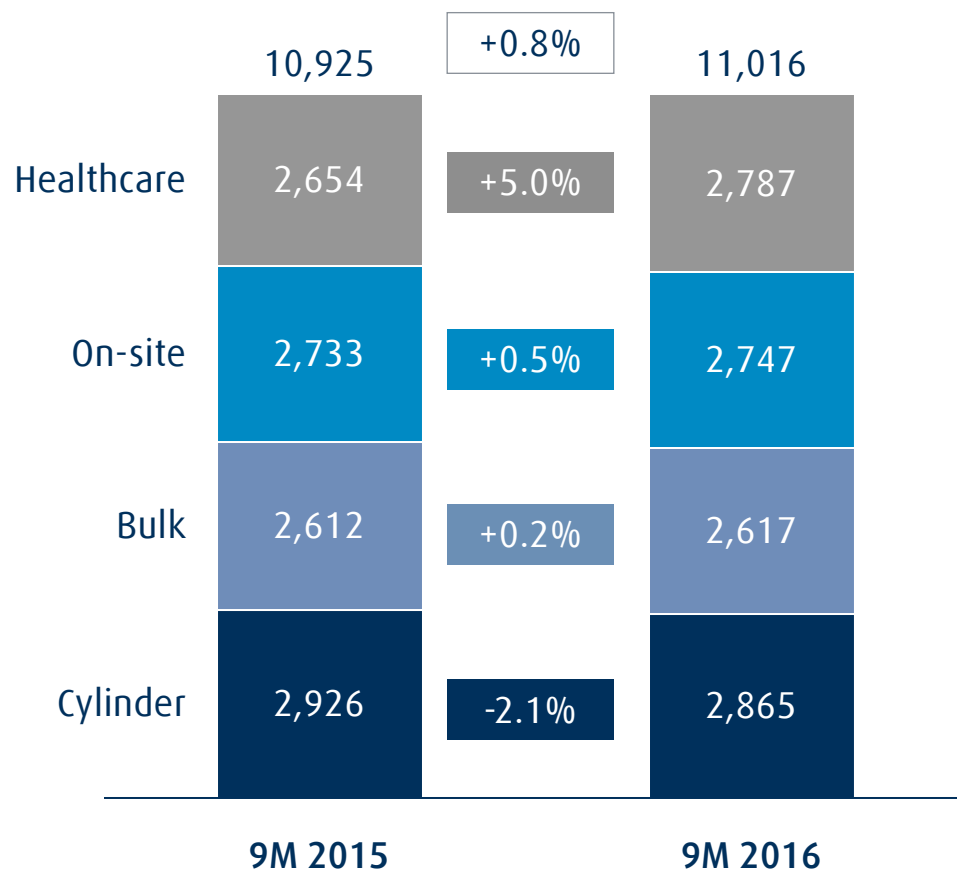


*Including EUR 156m due to changes in consolidation in Healthcare in Americas from American HomePatient acquisition and divestment of Specialty Pharma

Gases Division | Revenue by product area

Positive growth development

Comparable growth*
[EUR m]



*Excludes currency and natural gas price effects

Comments / Additional effects



Healthcare
Growth supported by American HomePatient and positive underlying volume development



On-site
Affected by the end of a contract in Australia in 2015 and the insolvency of a customer in UK in 2015, +2.2% excluding these effects



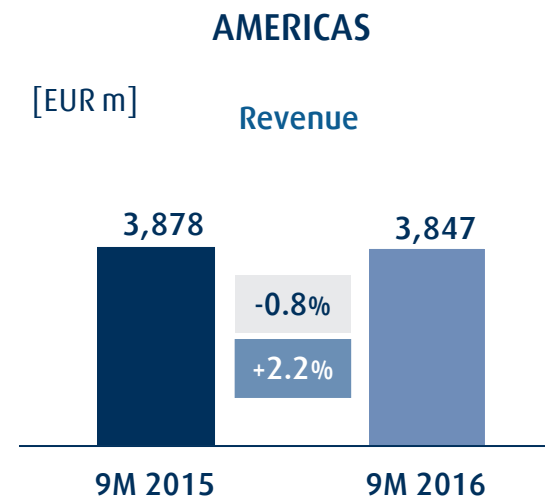
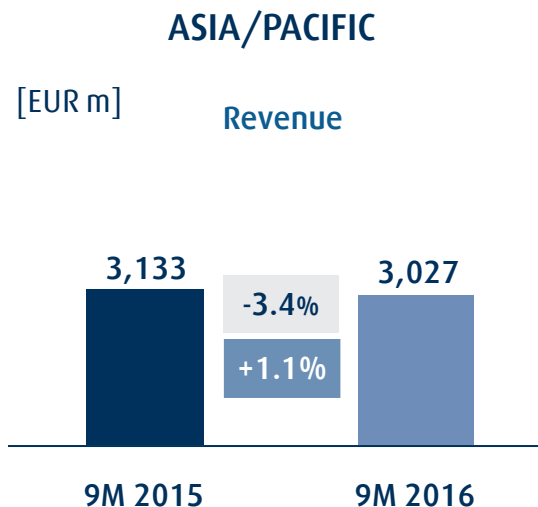
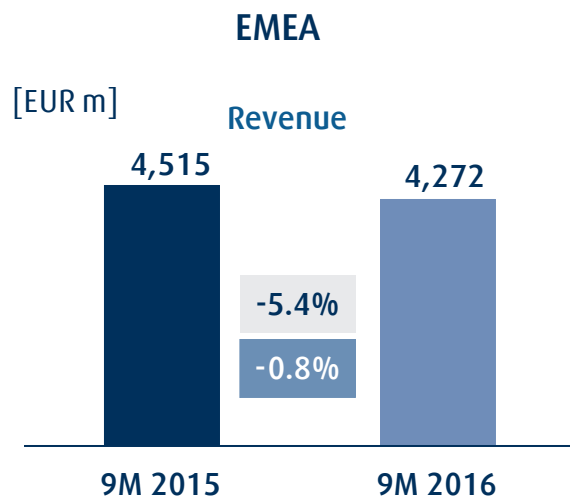
Bulk
Highest growth contribution from Asia



Cylinder
Significant headwinds from weak macro-economic conditions in the South Pacific and Specialty Gases

Gases Division | Revenue by operating segment

Comparable growth of 0.8 percent



- Highest growth contribution from Middle East and Eastern Europe
- Headwinds from weakness in the UK steel sector and challenging macro-environment in South Africa
- Strongest growth in Healthcare

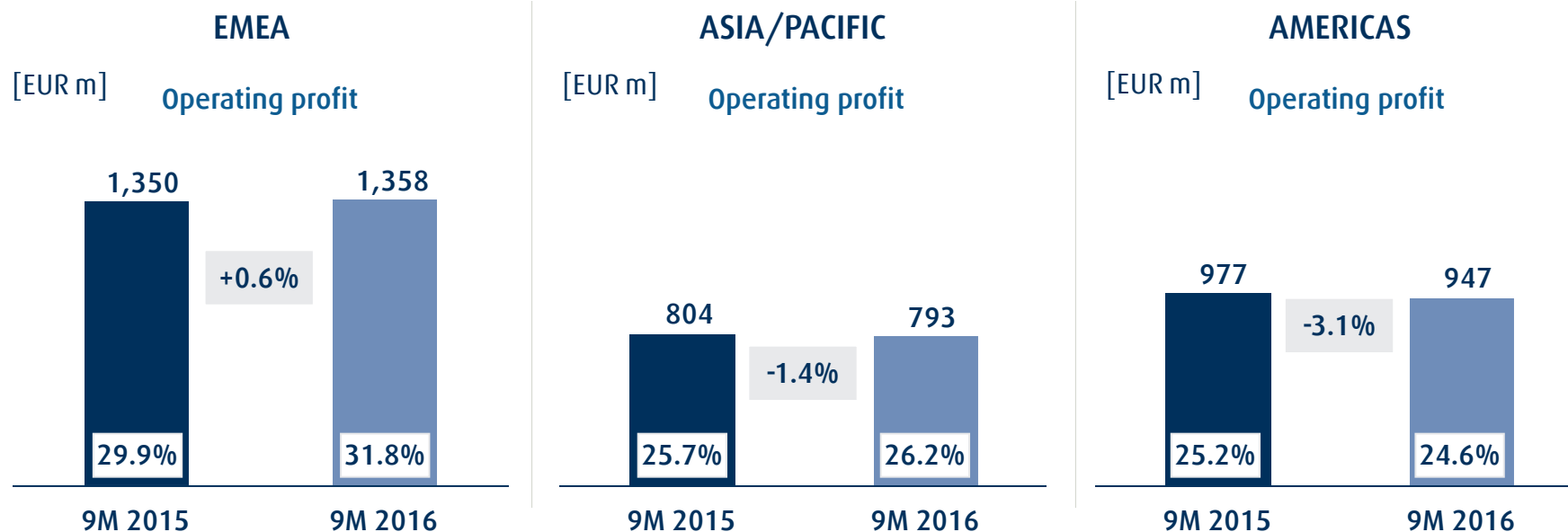
- Solid comparable growth in Asia of 5.1 percent
- Macro-economic situation in South Pacific remains weak
- Growth driven by On-site and Bulk

- Comparable growth supported by American HomePatient acquisition
- Growth in South America supported by pricing
- Revenue impacted by divestment of Specialty Pharma, Specialty Gases and Competitive Bidding

Reported growth
 Comparable growth: excluding currency and natural gas price effects

Gases Division | Operating profit by operating segment

Operating profit margin of 28.1 percent

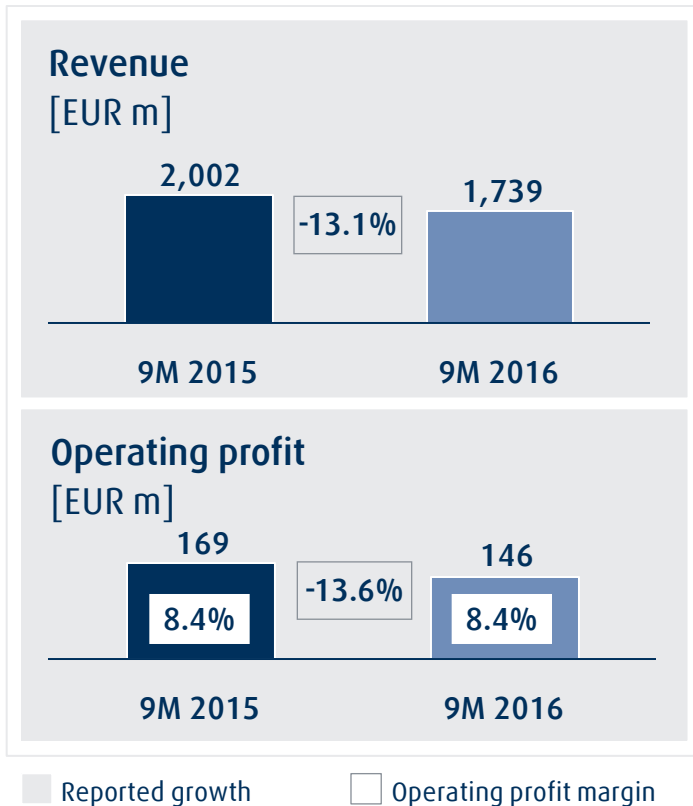


- Margin improvement in EMEA and APAC advanced by restructuring and lower natural gas prices
- Margin development in Americas restrained by Competitive Bidding and Specialty Gases

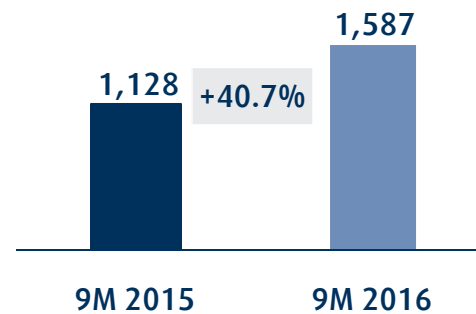
■ Reported growth □ Operating profit margin

Engineering Division | Key figures

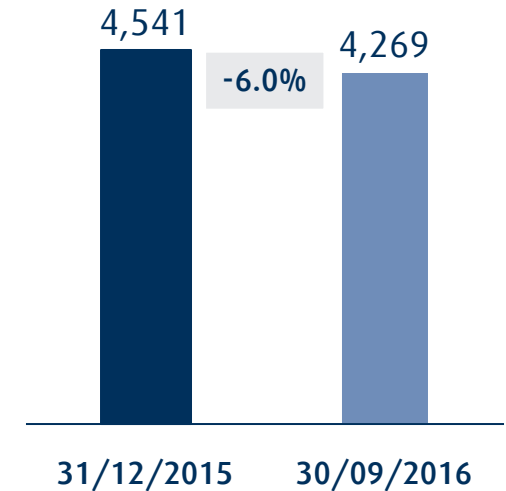
Stable margin in a challenging environment



Order intake
[EUR m]



Order backlog
[EUR m]



- High order intake in Q3 of EUR 869m includes second phase of Gazprom's Amur-GPP project
- Revenue development in line with progress of projects
- Solid order backlog due to improved order intake

Short-term outlook*

◆ 2016

2015 adjusted for FX

Group

Revenue	-3 to +4% versus 2015 adjusted for FX	17.368 billion Euros
Operating profit	-3 to +4% versus 2015 adjusted for FX	3.990 billion Euros
ROCE	Around 9 percent	Potentially impacted

Gases Division

Revenue	±0 to +5% versus 2015 adjusted for FX	14.673 billion Euros
Operating profit	-1 to +6% versus 2015 adjusted for FX	4.017 billion Euros

Engineering Division

Revenue	2.0 to 2.4 billion Euros
Operating margin	Around 8 percent

Medium-term outlook**

◆ 2017

Group

Operating Profit	4.2 to 4.5 billion Euros
ROCE	9 to 10 percent

Please see definitions of key financial figures in the appendix

*Dependent on economic development | 2015 adjusted for FX based on forward exchange rates from end of September 2016

**Dependent on economic development and based on forward exchange rates from time of communication in November 2015

Strategic plan

Focus on LIFTing margins, returns and shareholder value



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Performance focus

Cost management

- Target combined net cost savings of EUR ~550 million through FOCUS and LIFT programmes

Optimise portfolio

- Streamline global footprint and product area presence in Gases
- Optimise capacity and achieve efficiency gains in Engineering
- Evaluate divestment opportunities of non-core activities

Quality growth

Leverage strengths

- Pursue attractive On-site opportunities
- Further drive Merchant revenues via applications and digitalisation
- Continuous innovation
- Use of bolt-on M&A and deactivations
- Utilise synergies with Engineering

Sound financial position

- Reduced Gases capex/sales ratio
- Financial flexibility from strong cash flow and balance sheet

Value creation

Further increase in dividend

- Reflects expectation of continued solid operating profit and operating cash flow as well as lower investment levels

LIFT operating profit margin
LIFT return on capital employed

LIFT shareholder value

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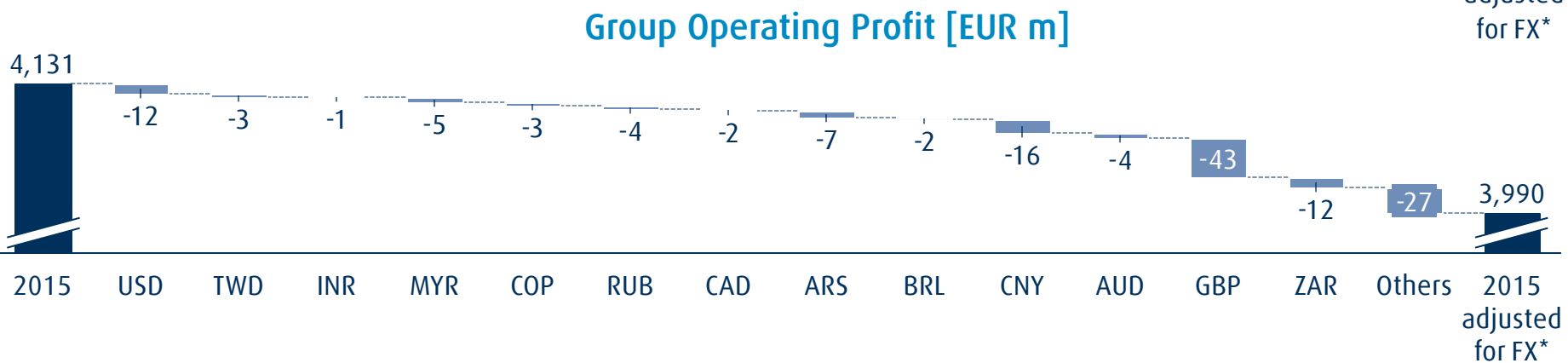
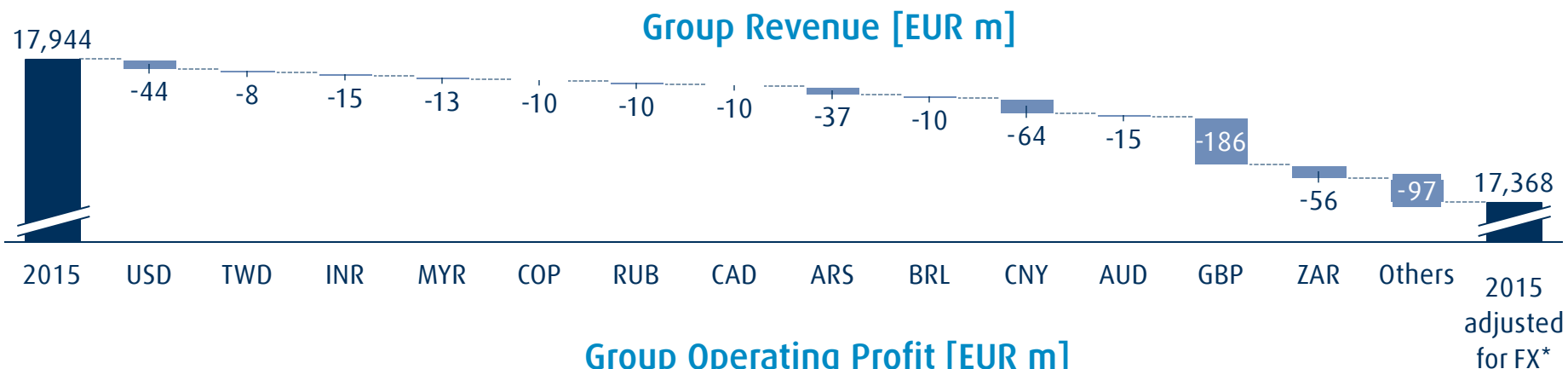
Part 2

Dr Sven Schneider

9M 2016 Results

- Operational Performance
- Outlook

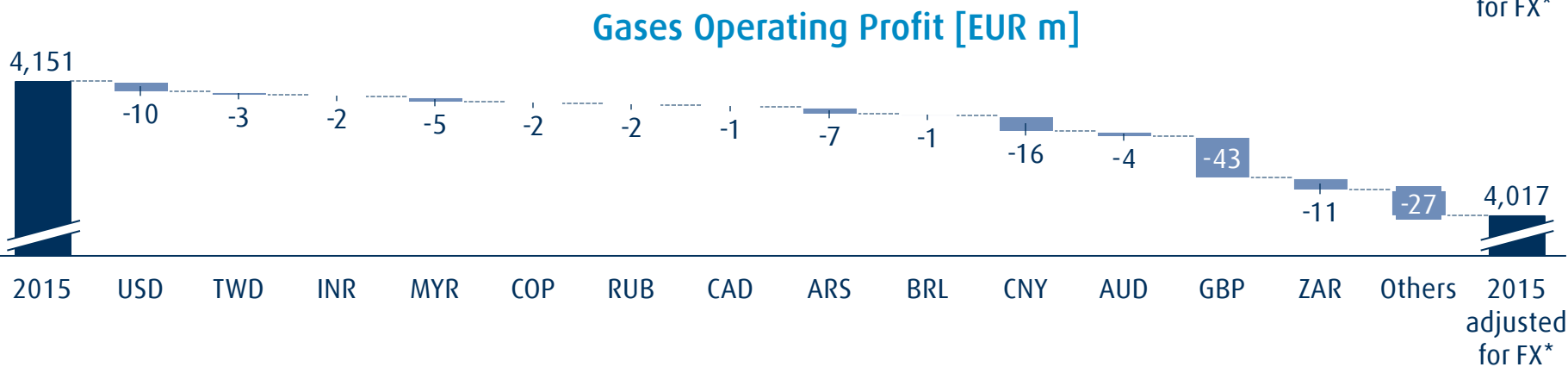
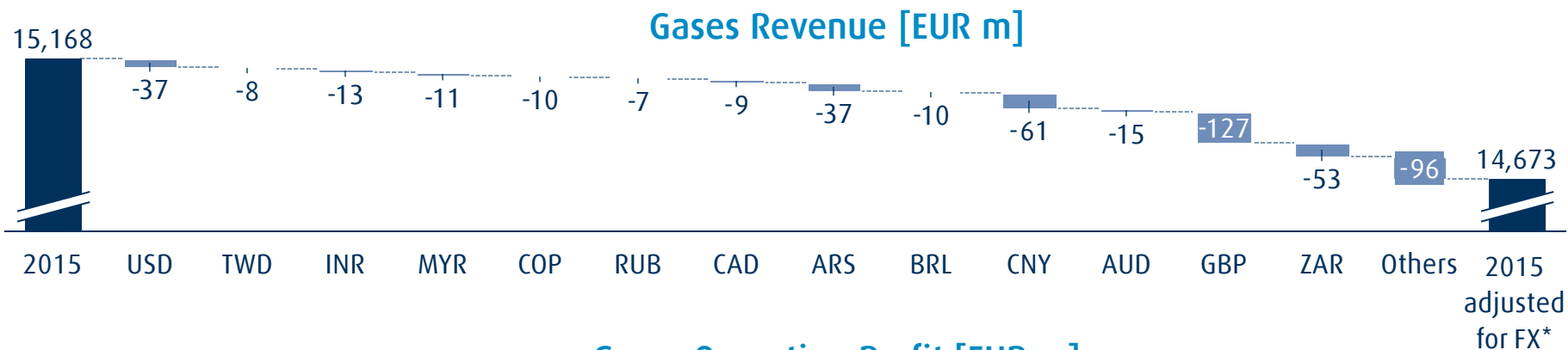
Group | Potential currency impact on 2016 outlook



	USD	TWD	INR	MYR	COP	RUB	CAD	ARS	BRL	CNY	AUD	GBP	ZAR
Average rate in 2015	1.110	35.25	71.17	4.336	3,047	68.01	1.419	10.27	3.697	6.976	1.478	0.726	14.17
Applied forward rate*	1.135	36.81	77.15	4.509	3,546	78.27	1.493	16.40	4.303	7.424	1.511	0.819	17.46

*Based on forward exchange rates from end of September 2016

Gases Division | Potential currency impact on 2016 outlook



	USD	TWD	INR	MYR	COP	RUB	CAD	ARS	BRL	CNY	AUD	GBP	ZAR
Average rate in 2015	1.110	35.25	71.17	4.336	3,047	68.01	1.419	10.27	3.697	6.976	1.478	0.726	14.17
Applied forward rate*	1.135	36.81	77.15	4.509	3,546	78.27	1.493	16.40	4.303	7.424	1.511	0.819	17.46

*Based on forward exchange rates from end of September 2016

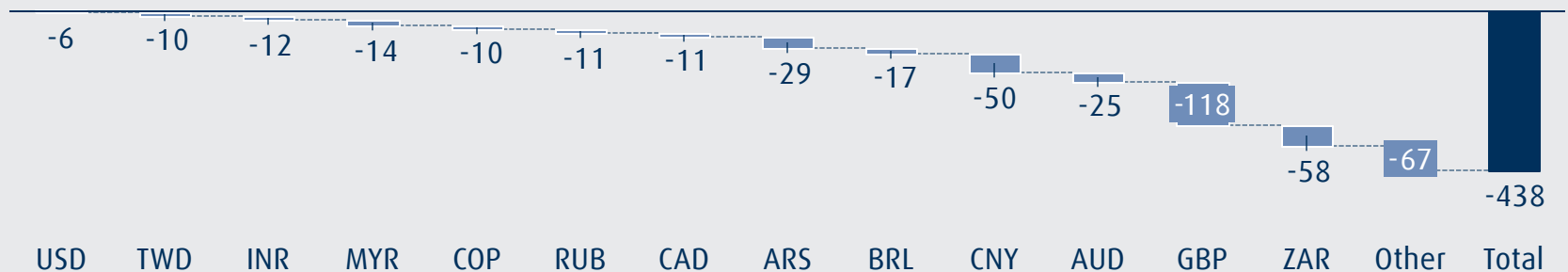
Group | Currency impact

Impact on revenue and operating profit in 9M 2016



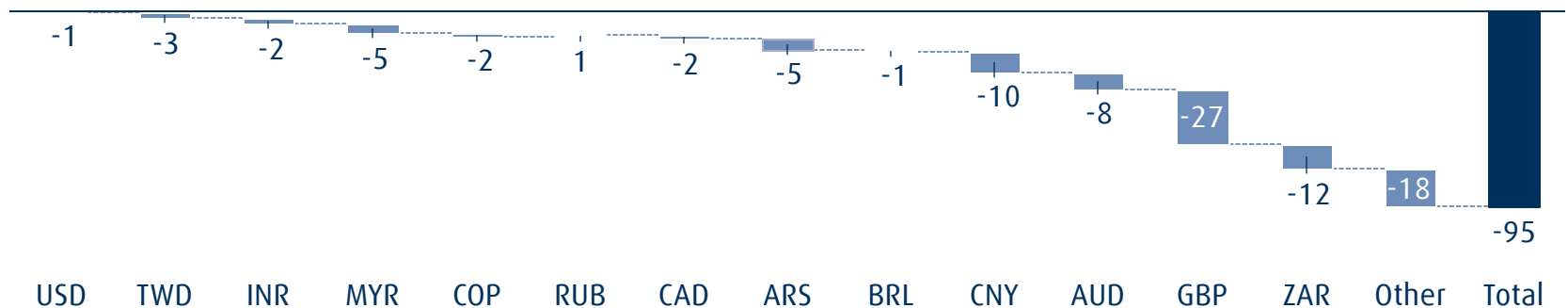
Impact on Group revenue in 2016

[EUR m]



Impact on Group operating profit in 2016

[EUR m]



Group | 9M 2016

Key P&L items

[EUR m]	9M 2015	9M 2016	Δ in %
Revenue	13,552	12,967	-4.3
Operating profit	3,137	3,066	-2.3
Operating margin	23.1	23.6	+50bp
PPA depreciation for BOC	-175	-137	+21.7
Depreciation & amortisation (excl. PPA BOC)	-1,237	-1,260	-1.7
Other non-recurring items (expenses for restructuring)	-192	-50	+74.0
EBIT	1,533	1,619	+5.6
Financial result	-301	-252	+16.3
Taxes	-295	-333	-12.9
Profit for the period – attributable to Linde AG shareholders	860	945	+9.9
EPS – undiluted – reported [EUR]	4.63	5.09	+9.9
EPS – undiluted – before non-recurring items [EUR]	5.35	5.30	-0.9

Group | Q3 2016

Key P&L items

[EUR m]	Q3 2015	Q3 2016	Δ in %
Revenue	4,516	4,407	-2.4
Operating profit	1,033	1,010	-2.2
Operating margin	22.9	22.9	-
PPA depreciation for BOC	-53	-45	+15.1
Depreciation & amortisation (excl. PPA BOC)	-418	-427	-2.2
Other non-recurring items (expenses for restructuring)	-54	-11	+79.6
EBIT	508	527	+3.7
Financial result	-103	-69	+33.0
Taxes	-97	-111	-14.4
Profit for the period – attributable to Linde AG shareholders	281	313	+11.4
EPS – undiluted – reported [EUR]	1.51	1.69	+11.9
EPS – undiluted – before non-recurring items [EUR]	1.70	1.73	+1.8

Group | 9M 2016

Cash flow statement



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[EUR m]	9M 2015	9M 2016
Operating profit	3,137	3,066
Change in working capital	-185	8
Income taxes paid	-370	-327
Other changes	-192	-244
Operating cash flow	2,390	2,503
Investments in tangibles/intangibles	-1,322	-1,225
Payments for acquisitions	-109	-190
Other (incl. financial investments)	135	207
Investment cash flow*	-1,296	-1,208
Free cash flow before financing	1,094	1,295
Interest and swaps, dividends	-933	-1,001
Other changes	-19	-15
Change in cash and financial debt	142	279

*Excluding investments in / disposals of securities; 9M 2015: EUR -103m; 9M 2016: EUR -9m

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

Type of share:

Bearer shares

Stock exchanges:

All German stock exchanges

Security reference number:

ISIN DE0006483001

CUSIP 648300

Linde ADR information

Ticker Symbol:

LNEGY

DR ISIN:

US5352230204

Depository Bank:

Deutsche Bank

Structure:

ADR Level I, Sponsored



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