

# January - September 2005 Conference Call

October 31, 2005

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## Disclaimer

This investor presentation has been prepared independently by Linde AG (“Linde”). The presentation contains statements which address such key issues as Linde’s growth strategy, future financial results, market positions, and product development. Such statements should be carefully considered, and it should be understood that many factors could cause forecast and actual results to differ from these statements. These factors include, but are not limited to price fluctuations, currency fluctuations, developments in raw material and personnel costs, physical and environmental risks, legal and legislative issues, fiscal, and other regulatory measures. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies.

**The business trends described below are based on adjusted prior year figures which exclude Refrigeration and the amortization of goodwill**

## Comparatives excluding Refrigeration and the amortization of goodwill

In € million

January – September 2004

	Group income statement	Refrigeration (Loss)	Amortization of goodwill (other business segments)	Group income statement, comparable figures
EBITA	498	4		502
Amortization of goodwill	-99	3	96	-
Financial result	-108	2		-106
EBT	291	9	96	396
Taxes on income	-145	3		-142
<b>Net income</b>	<b>146</b>	<b>12</b>	<b>96</b>	<b>254</b>

## Key Facts

- Sales up 7.8% to €6,833 million
- Operating profit (EBITA) grows by 17.5% to €590 million
- EPS up 22.1% to €2.60 (2004: €2.13)
- Outlook 2005: Sales increase, Operating profit to rise at least 10%

## Income Statement

- Sales increase 7.8% to €6,833 million
- EBITA up 17.5% to €590 million

In € million	Q3 05	Δ	9M 05	Δ
Sales	2,369	6.9%	6,833	7.8%
EBITDA	411	9.6%	1,172	11.3%
EBITA	218	13.0%	590	17.5%
Financial result	-30	-	-94	-
EBT	188	21.3%	496	25.3%
Net income	118	31.1%	311	22.4%

## Key Financials (9M 2004 not adjusted)

In € million	9M 04	9M 05
Operating cash flow	737	833
Capex (excl. financial assets)	713	798
Net interest	-97	-94
EBITDA / Net interest	10.9	12.5
Net debt*	2,363	1,926
Gearing **	58.9%	43.6%

\* Financial debt – cash & cash equivalents and securities

\*\* Net debt / equity



Linde Group



# Gas & Engineering

## Linde Gas & Engineering

- Sales up 9.4% to €4,240 million
- EBITA increases 12.9% to €552 million

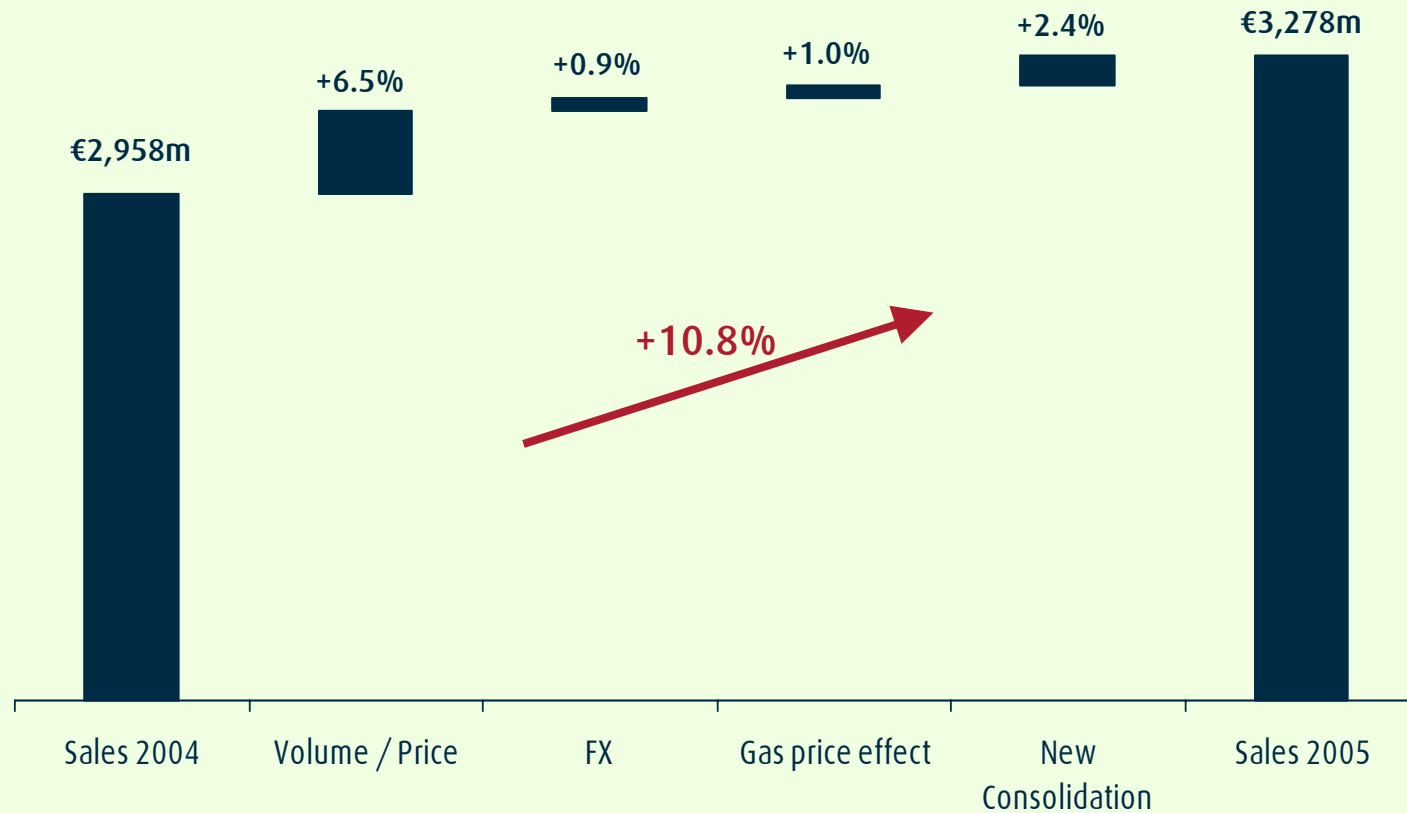
In € million	Q3 05	Δ	9M 05	Δ
Sales	1,477	7.3%	4,240	9.4%
EBITDA	304	8.2%	873	9.3%
<i>Margin</i>	20.6%	-	20.6%	-
EBITA	196	9.5%	552	12.9%
<i>Margin</i>	13.3%	-	13.0%	-
EBT	178	33.8%	489	40.9%

## Linde Gas

- Sales grow 10.8% to €3,278 million
- EBITA rises 11.9% to €519 million

In € million	Q3 05	Δ	9M 05	Δ
Sales	1,127	11.1%	3,278	10.8%
EBITDA	286	7.5%	835	8.7%
<i>Margin</i>	25.4%	-	25.5%	-
EBITA	180	8.4%	519	11.9%
<i>Margin</i>	16.0%	-	15.8%	-
EBT	162	35.0%	453	42.0%

## Linde Gas - Sales bridge 9M



## Linde Gas – Regional Sales

- Eastern Europe continues to drive European sales growth of 8.1%
- Double-digit growth in North America, despite currency effect
- Asia Pacific sales still growing strongly on base effect

In € million	9M 04	9M 05	Δ	Δ excl. currency
Germany	654	691	5.5%	5.5%
Europe excl. Germany	1,443	1,560	8.1%	6.4%
North America	593	661	11.5%	14.6%
South America	203	239	18.3%	8.5%
Asia Pacific	65	127	94.8%	94.5%

## Linde Gas – Product Segment Sales

- On-site business growing 13.6% excluding currency and consolidation
- Healthcare sales maintain double-digit growth rate
- Cylinder and bulk continue to show sustainable growth rates

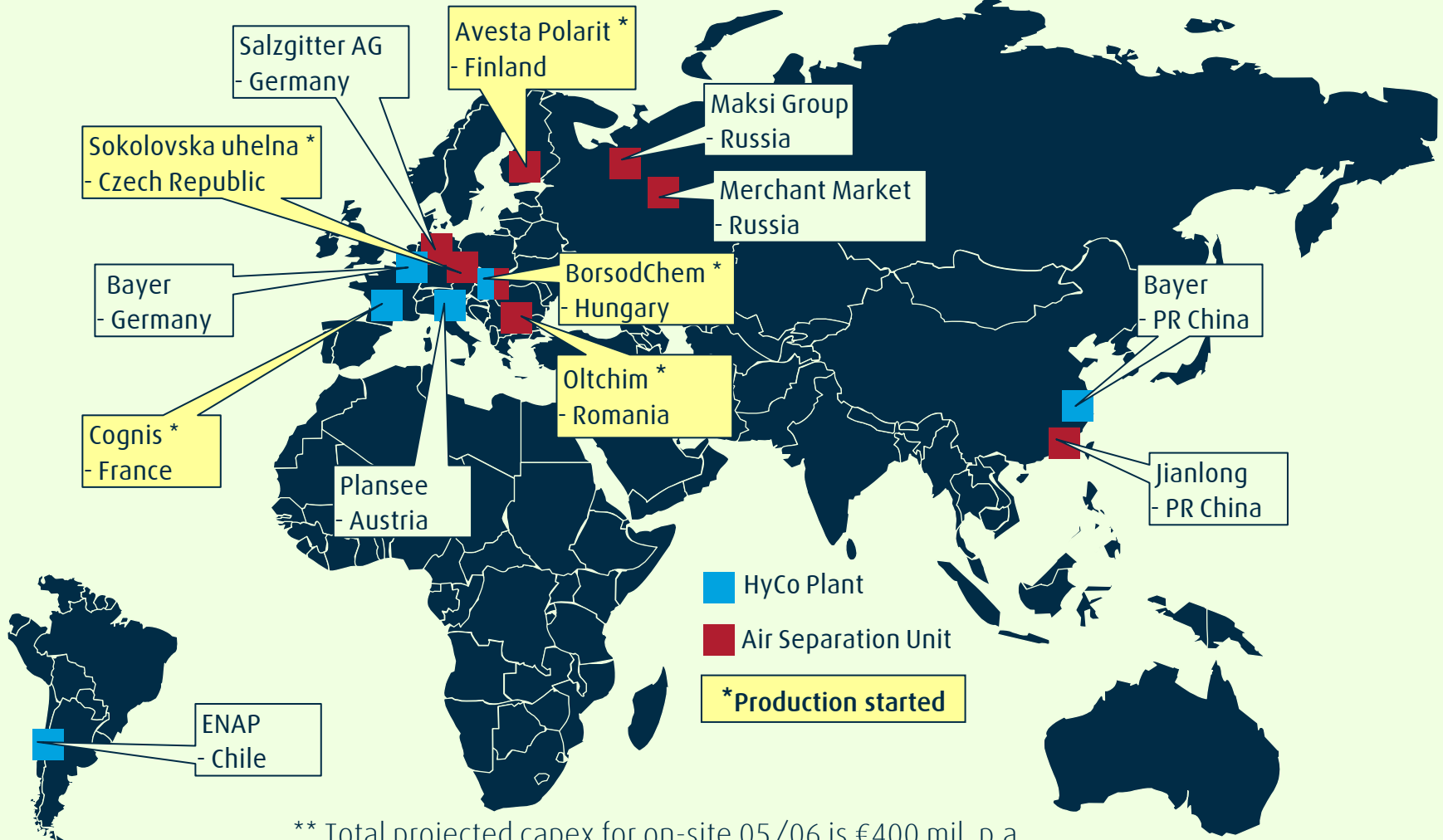
In € million	9M 04	9M 05	Δ	Δ excl. currency
Bulk	836	910	+8.8%	+7.4%
Cylinder	1,178	1,231	+4.5%	+3.5%
On-site	591	716	+21.2%	+21.2%
Healthcare	468	526	+12.4%	+12.0%

## Linde Gas - Healthcare Sales increased by 12.4%

(+8.2% excl. currency and new consolidations)

In € million	9M 05	9M Δ	9M Δ excl. currency + consolidation
Institutional	310	+8.1%	+6.8%
Homecare	132	+24.9%	+8.1%
INO	83	+10.8%	+13.7%
Healthcare	526	+12.4%	+8.2%

## Linde Gas – Major on-site start-ups 05/06 (€400m dedicated Capex\*\*)



\*\* Total projected capex for on-site 05/06 is €400 mil. p.a.



## Linde Gas – delivering on strategy, growth drivers on track

- **3 new on-site start-ups launched production during Q3**
  - Two new plants in Eastern Europe strengthen our leading market position
  - French plant to support growth in more mature Western European market
  
- **Growth path developing fully in line with expectations**
  - On-site sales show double-digit increase as new projects gradually ramp up
  - Healthcare driven by strong organic growth in Homecare and INO
  - Cylinder sales gaining momentum on market effect and internal optimization measures
  
- **Targets confirmed:**
  - **Outlook 2005: Increase in sales and EBITA**
  - **ROCE increase to 13% by 2008 supported by growth and efficiency gains**

## Linde Engineering

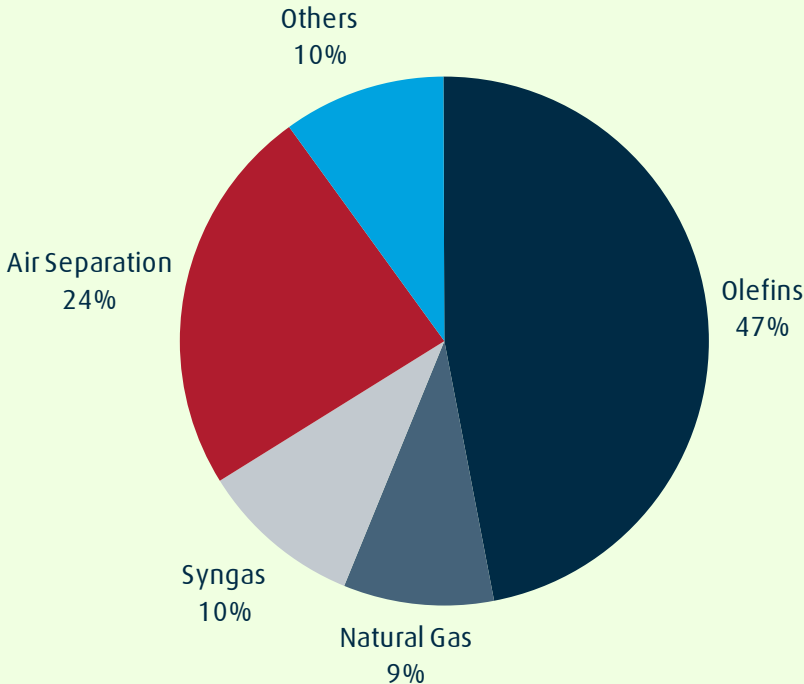
- Sales increase 9.8% on last year's strong figure
- EBITA up 53% to €55 million (2004: €36 million)

In € million	Q3 05	Δ	9M 05	Δ
Sales	411	0.7%	1,136	9.8%
EBITDA	25	25.0%	66	43.5%
<i>Margin</i>	6.1%	-	5.8%	-
EBITA	22	22.2%	55	52.8%
<i>Margin</i>	5.4%	-	4.8%	-
EBT	24	26.3%	60	50.0%

## Linde Engineering – Order intake up 63% to €2bn

Orders received 9M/2005:

Main orders in Q3:



Client	Location	Plant Type	Order size
PetroChina	Dushanzi, China	Ethylene	\$140 mn
BASF	Antwerp, Belgium	Steam Cracker, extension	€ 180 mn
Sharq Petrochemical	Al Jubail, Saudi Arabia	Polyethylene	€ 500 mn
Tasnee Petrochemicals	Al Jubail, Saudi Arabia	Ethylene	€ 300 mn

**➡ Strong order intake in Q3 (> €1bn) increased order backlog to a record level of around €3bn**

## Linde Engineering - Outlook

**Mid-term growth of 6-8% for all segments, major demand drivers unchanged:**

- Air Separation: Middle East, China
- Olefins: Middle East
- Syngas: USA, China, Russia
- Natural Gas: Middle East, Norway

**EBITA outlook increased for FY 2005:**

- **Given the strong business development year-to-date and the ongoing promising outlook, we expect the sales increase to lead to a significant rise in EBITA**

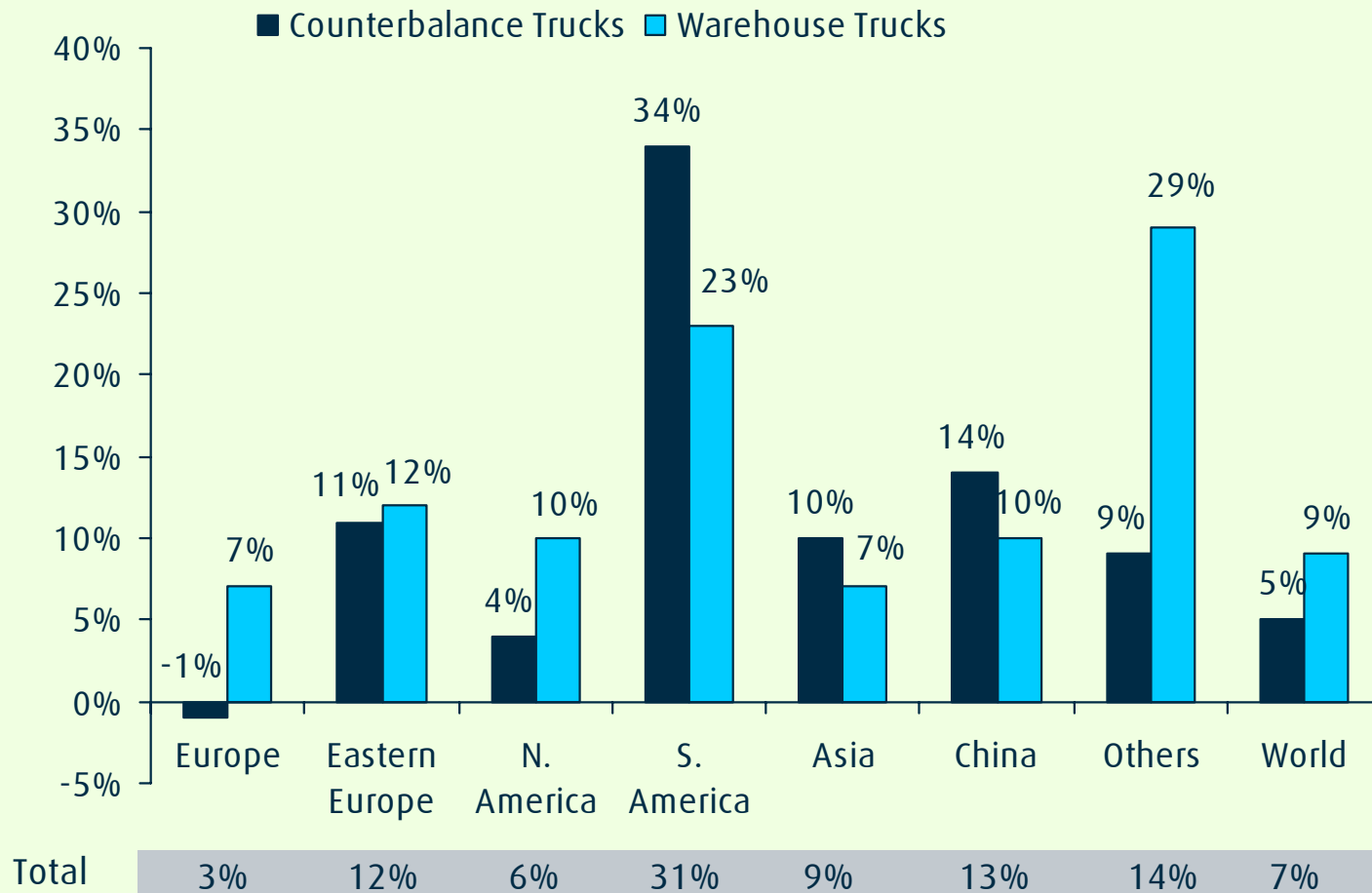
# Material Handling

## Material Handling

- 9 month sales growth increases to 5.5% yoy after +4.8% in H1
- EBITA margin up 0.4% to 4.9% for 9M (2004: 4.5%)

In € million	Q3 05	Δ	9M 05	Δ
Sales	877	6.7%	2,545	5.5%
EBITDA	128	8.5%	366	9.3%
<i>Margin</i>	14.6%	-	14.4%	-
EBITA	50	13.6%	125	14.7%
<i>Margin</i>	5.7%	-	4.9%	-
EBT	39	30.0%	97	32.9%

## Material Handling – 9M/2005 yoy market growth (order intake, units)



## **Material Handling – Important milestones of GO program reached**

- **Labour agreement signed for Linde and Still German production sites**
  - Flexible, cost competitive production instead of costly delocalization
  - Significant double-digit contribution to mid term ROCE target
- **Second brand OM strengthens exposure to China's growing market**
  - Production and distribution channel up and running
  - Further extension of dealer network will deepen market presence
- **CEMAT fair shows Linde brands remain at the forefront of innovation**
  - Series of product launches and new technological features presented by all brands
  - Product focus, R&D trends and market approach show differentiation



## Material Handling - Outlook

- **Market growth below 2004, no significant change in trends expected**
  - Asia, especially China, and North America remain the major growth drivers
  - Moderate growth in Western Europe
  - Eastern Europe maintains double-digit growth rates
  
- **Confirmed outlook for FY 2005**
  - **Increase in sales and significant improvement in EBITA**
  
- **Confirmed ROCE target: 16% in 2007**

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