

# January - March 2006 Conference Call

April 26, 2006

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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 specialised external agencies.

**Linde AG adopted the mandatory IFRIC 4 „Determining whether an arrangement contains a lease“ for the first time in January 1st, 2006. Due to the respectively required change in accounting policy, the comparative figures have been restated („restated“).**

## Impact of changes in accounting policy

<b>Group income statement</b>	<b>January to March</b>	<b>Year</b>
in € million	<b>2005</b>	<b>2005</b>
<b>Net income after minority interests - as reported</b>	<b>85</b>	<b>501</b>
Previously unrecognized actuarial gains/losses in relation to the measurement of pension obligations (IAS 19)	2	-
Adjustments to net income due to the change in accounting policy for certain plants reclassified as finance leases (IFRIC 4)		
Changes to Sales	-6	54
Changes to Cost of Sales	4	-58
Changes to interest income from leasing contracts	5	24
Deferred tax expense	-1	-7
<b>Net income after minority interests - restated</b>	<b>89</b>	<b>514</b>

## Key Facts

- Strong Q1 figures with double digit growth in sales and EBIT
- Robust market growth and margin increases in all segments
- Operating Cash Flow increased by € 77 million to € 214 million
- EPS of €1.12 (2005: €0.75), up 49.3%
- Outlook for FY 2006 unchanged: Increase in sales and EBIT

## Income Statement

- Sales increase 14.0% to €2,415 million
- EBIT up by 36.4% to €225 million

In € million	Q1 05	Q1 06	Δ
Sales	2,118	2,415	14.0%
EBITDA	350	417	19.1%
EBIT	165	225	36.4%
Financial result	-25	-17	32.0%
EBT	140	208	48.6%
Net income	89	134	50.6%

## Key Financials

In € million	Q1 05	Q1 06
Operating cash flow	137	214
Capex (excl. financial assets)	152	163
Net interest	-24	-18
EBITDA / Net interest	14.5	23.2
Net debt*	2,005	1,524
Gearing **	49	33

\* Financial debt – cash & cash equivalents and securities (excl. restricted cash)

\*\* Net debt / equity



# Gas & Engineering

## Gas & Engineering

- Sales increase 12.1% to €1,494 million
- EBIT up by 24.9% to €211 million

In € million	Q1 05	Q1 06	Δ
Sales	1,333	1,494	12.1%
EBITDA	268	315	17.5%
<i>Margin</i>	20.1%	21.1%	
EBIT	169	211	24.9%
<i>Margin</i>	12.7%	14.1%	
EBT	154	200	29.9%

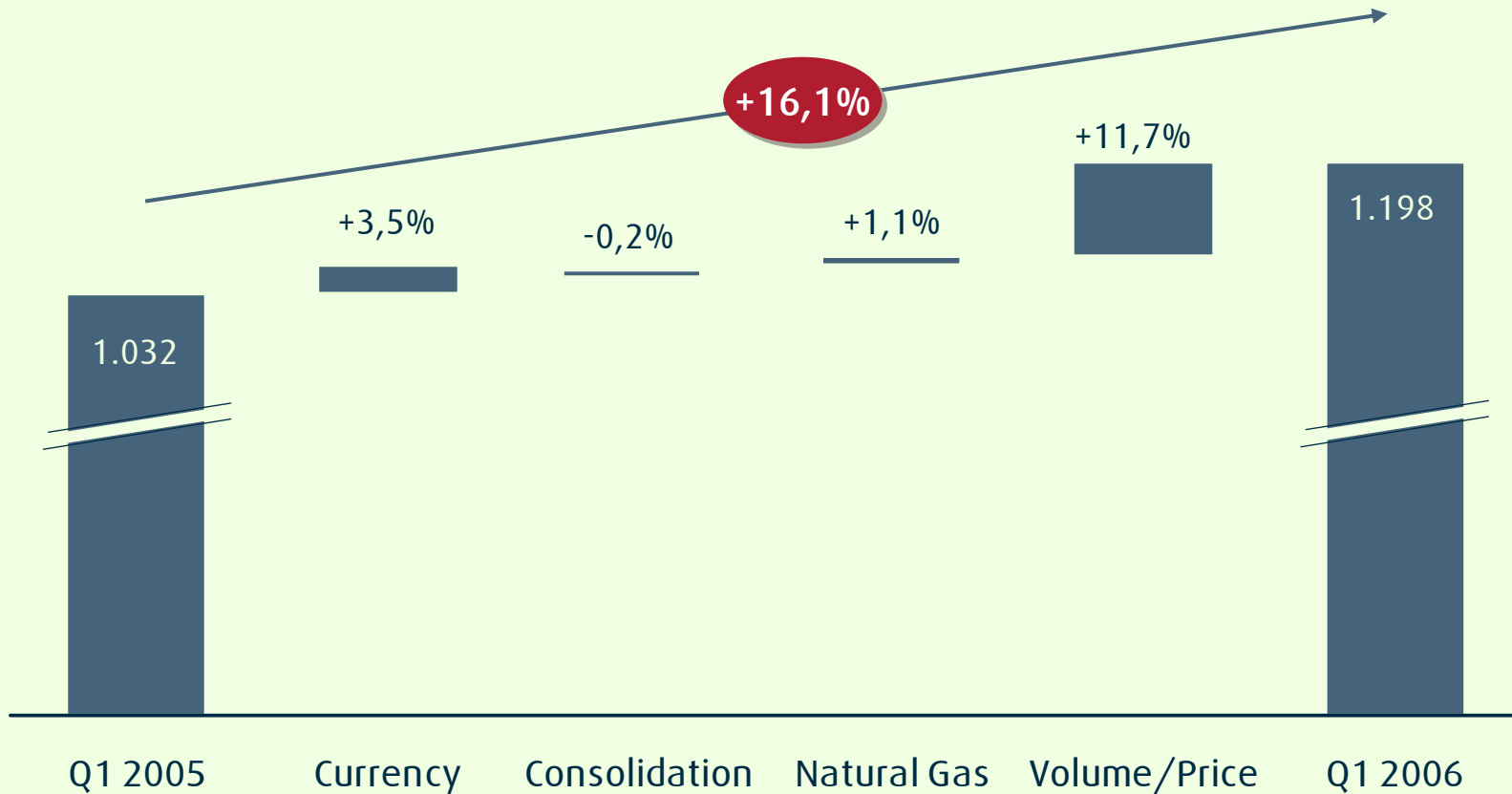
## Linde Gas

- Sales gain 16.1% to €1,198 million
- EBIT increases by 20.0% to €192 million
- EBIT margin up 0,5% year over year

In € million	Q1 05	Q1 06	Δ
Sales	1,032	1,198	16.1%
EBITDA	257	294	14.4%
<i>Margin</i>	<i>24.9%</i>	<i>24.5%</i>	
EBIT	160	192	20.0%
<i>Margin</i>	<i>15.5%</i>	<i>16.0%</i>	
EBT	144	179	24.3%

## Linde Gas - Sales bridge Q1 2006: underlying growth of 11.7%

in Mio. €



## Linde Gas – Regional Sales

- Strong growth in all regions, acceleration in Western Europe
- Asia/Pacific and Eastern Europe again leading growth regions

In € million	Q1 05	Q1 06	Δ	Δ excl. currency
Germany	221	245	10.9%	10.9%
Europe excl. Germany	505	564	11.7%	11.3%
North America	200	242	21.0%	10.8%
South America	70	94	34.3%	12.4%
Asia Pacific	36	53	47.2%	37.0%

## Linde Gas – Product Segment Sales

- Strong sales growth across all product segments
- On-site business going from strength to strength
- Another good quarter for bulk and cylinder segments

In € million	Q1 05	Q1 06	$\Delta^*$	$\Delta^*$ excl. currency
Bulk	283	326	15.2%	11.8%
Cylinder	392	434	10.7%	7.6%
On-site	225	293	30.2%	27.7%
Healthcare	170	191	12.4%	7.4%

\*  $\Delta\%$  based on €k

## Linde Gas - Healthcare Sales increased by 12.4% (+7.4% excl. currency)

In € million	Q1 06	Q1 Δ	Q1 Δ excl. currency
Institutional	110	9.0%	4.0%
Homecare	48	12.0%	11.0%
INO	33	22.0%	13.0%
Healthcare	191	12.4%	7.4%

## **Linde Gas – Thriving in a solidly growing market**

- **Growth momentum in the gas industry remains strong**
- **Linde Gas underlying sales growth of 11.7% relies on solid fundamentals**
  - Growth regions Eastern Europe and Asia deliver ongoing strong figures
  - Western Europe showing accelerating momentum
  - On-site and Healthcare are structural growth drivers
  - Cylinder business further benefits from sales initiatives
- **EBIT margin of 16.0%, up 0.5%, reflects positive contributions from GAP program**
- **BOC would be a perfect fit for our successful gas operations**



## Linde Gas

### Outlook for FY 2006 unchanged:

- Increase in sales and EBIT

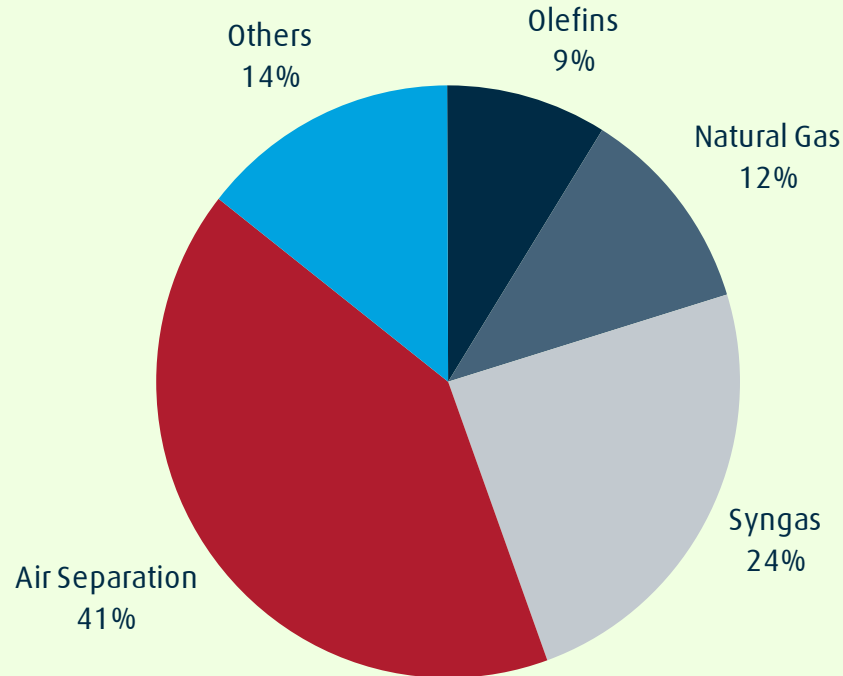
## Linde Engineering: ongoing strong business environment

- Quarterly sales of €316m slightly below last year's high level
- EBIT strongly up by 12.5% to €18m
- Taking profit of strong industry background

In € million	Q1 05	Q1 06	Δ
Sales	357	316	-11.5%
EBITDA	20	22	10.0%
<i>Margin</i>	5.6%	7.0%	
EBIT	16	18	12.5%
<i>Margin</i>	4.5%	5.7%	
EBT	17	20	17.6%

## Linde Engineering – ongoing strong business environment

- Order intake increased another 8.0% to €502m
- Q1 order intake by segment:



Order backlog standing at EUR 3,477 bn (+64.8%)

## Linde Engineering

### Positive trends in all technology segments:

- Air Separation: Booming demand from emerging economies
- Olefins: build-up of capacity in Middle East, Russia and Asia
- Syngas: clean energy impact and strengthening momentum in emerging markets
- Natural Gas: break-through of LNG as attractive alternative for remote gas fields

### Outlook for FY 2006 unchanged:

- Sales and EBIT above last year

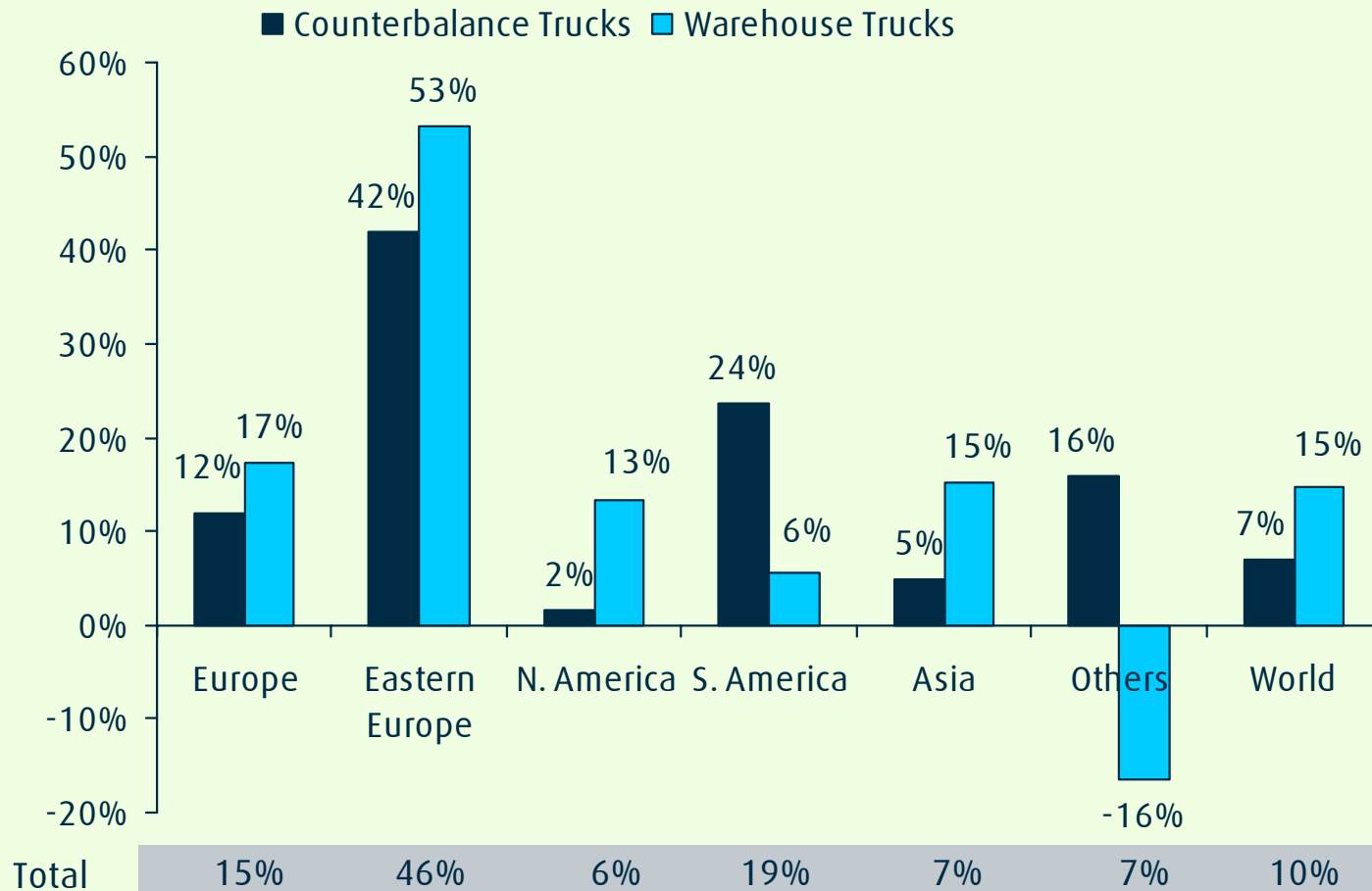
# Material Handling

## Material Handling

- Sales gain 19.6% to €922 million
- EBIT leaps by 80.8% to €47 million
- 1.7% increase in EBIT margin to 5.1%

In € million	Q1 05	Q1 06	Δ
Sales	771	922	19.6%
EBITDA	106	128	20.8%
<i>Margin</i>	13.7%	13.9%	
EBIT	26	47	80.8%
<i>Margin</i>	3.4%	5.1%	
EBT	18	39	116.7%

## Material Handling – Q1 2006 market growth (order intake) vs Q1 2005



## Material Handling: Good progress in a supporting market

- **Markets showing robust and widespread growth**
  - Asia and Eastern Europe have structural need for additional fleet capacities
  - Western European markets show stronger than expected first quarter
  - Expect ongoing robust growth in 2006, driven by Asia and Eastern Europe
  
- **Internal optimisation program GO is progressing well**
  - GO supports MH towards its ROCE target of 16% in 2007
  - Emerging markets like Eastern Europe and Asia as well as the After-Sales business are key focus areas for profitable growth
  - Numerous initiatives set basis for a more efficient and flexible value chain
  - Bottom line impact of Labour agreements at Still and Linde in Q1



## Material Handling

### Outlook for FY 2006 unchanged:

- Increase in sales and significant improvement of operating profit (EBIT)

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