

January - June 2005  
Conference Call

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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.

**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 – June 2004

	Group income statement	Refrigeration (Loss)	Amortization of goodwill (other business segments)	Group income statement, comparable figures
EBITA	281	28		309
Amortization of goodwill	-64	1	63	-
Financial result	-69	1		-68
EBT	148	30	63	241
Taxes on income	-77			-77
<b>Net income</b>	<b>71</b>	<b>30</b>	<b>63</b>	<b>164</b>

## Key Facts

- Sales growth of 8.3%, supported by all business segments
- Operating result up by 20.4%
- EPS up 17.4% to €1.62 (2004: €1.38)
- All Linde activities contribute to profitable growth path
- FY2005 outlook confirmed: Increase in sales and EBITA

## Income Statement

- Sales up 8.3% to €4,464 million
- EBITA increases 20.4% to €372 million

In € million	Q2 05	Δ	H1 05	Δ
Sales	2,340	9.6%	4,464	8.3%
EBITDA	404	16.8%	761	12.2%
EBITA	207	27.0%	372	20.4%
Financial result	-34	-	-64	-
EBT	173	30.1%	308	27.8%
Net income	108	25.6%	193	17.7%

## Key Financials (H1 2004 not adjusted)

In € million	H1 04	H1 05
Operating cash flow	417	490
Capex (excl. financial assets)	451	508
Net interest	-72	-67
EBITDA / Net interest	9.18	11.36
Net debt*	2,421	2,051
Gearing **	61.5%	47.9%

\* Financial debt – cash & cash equivalents and securities

\*\* Net debt / equity



Linde Group



# Gas & Engineering

## Linde Gas & Engineering

- Sales up 10.6% to €2,763 million
- EBITA increases 14.8% to €356 million

In € million	Q2 05	Δ	H1 05	Δ
Sales	1,424	12.0%	2,763	10.6%
EBITDA	293	12.7%	569	9.8%
<i>Margin</i>	20.6%	-	20.6%	-
EBITA	186	17.7%	356	14.8%
<i>Margin</i>	13.1%	-	12.9%	-
EBT	162	52.8%	311	45.3%

## Linde Gas

- Sales increase 10.6% to €2,151 million
- EBITA up 13.8% to €339 million as margins advance by 0.5% to 15.8%

In € million	Q2 05	Δ	H1 05	Δ
Sales	1,113	13.5%	2,151	10.6%
EBITDA	281	11.5%	549	9.4%
<i>Margin</i>	25.2%	-	25.5%	-
EBITA	175	17.4%	339	13.8%
<i>Margin</i>	15.7%	-	15.8%	-
EBT	148	54.2%	291	46.2%

## Linde Gas - Sales bridge H1



## Linde Gas – Regional Sales

- Double-digit growth in Eastern Europe drives European sales momentum
- North America still impacted by currency effects
- Asia Pacific with 36.0% underlying increase (excluding currency and consolidation)

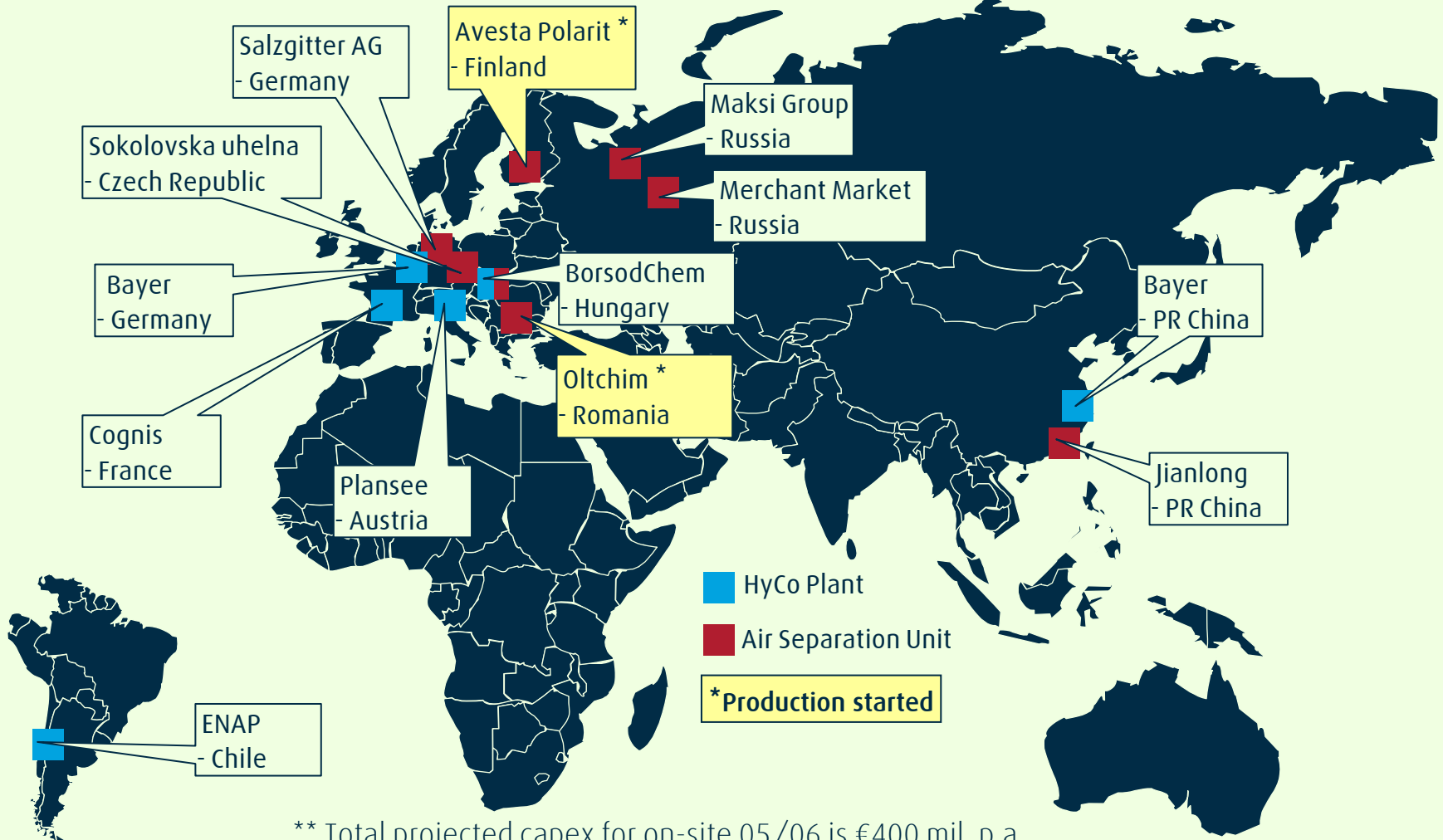
In € million	H1 04	H1 05	Δ	Δ excl. currency
Germany	431	456	5.8%	5.8%
Europe excl. Germany	963	1,039	8.0%	6.5%
North America	384	423	10.2%	14.1%
South America	131	151	15.3%	8.9%
Asia Pacific	36	81	125.0%	131.4%

## Linde Gas – Product Segment Sales

- On-site business growing 13.2% excluding currency and consolidation
- Healthcare sales maintain double digit growth
- Cylinder and bulk contribute to the growth path

In € million	H1 04	H1 05	Δ	Δ excl. currency
Bulk	546	595	+9.0%	+8.1%
Cylinder	786	816	+3.8%	+3.2%
On-site	381	474	+24.4%	+24.8%
Healthcare	308	347	+12.7%	+13.0%

## 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 - Healthcare Sales increased by 12.7%

(+8.5% excl. currency and new consolidations)

In € million	H1 05	H1 Δ	H1 Δ excl. currency + consolidation
Institutional	197	+6.5%	+5.8%
Homecare	88	+28.4%	+11.2%
INO	62	+12.1%	+16.1%
Healthcare	347	+12.7%	+8.5%



## Linde Gas – Efficiency improvement & Growth initiatives

- „Fit-For-Future“ program will be completed this year and lead to total improvements of €150 million
- „GAP“ program (Growth and Performance) to take over in 2005
- **Key growth areas are fully on track:**
  - On-site sales show double-digit increase as new projects gradually ramp up
  - Healthcare driven by double digit organic growth in Homecare and INO
  - Leading market position allows to take full benefit of Eastern Europe’s economic expansion
  - Build-up of market presence in Asia continues at strong pace
- **Target : ROCE increase to 13% in 2008**

## Linde Gas - Outlook

- Confirmed outlook for FY 2005
  - Increase in sales and EBITA

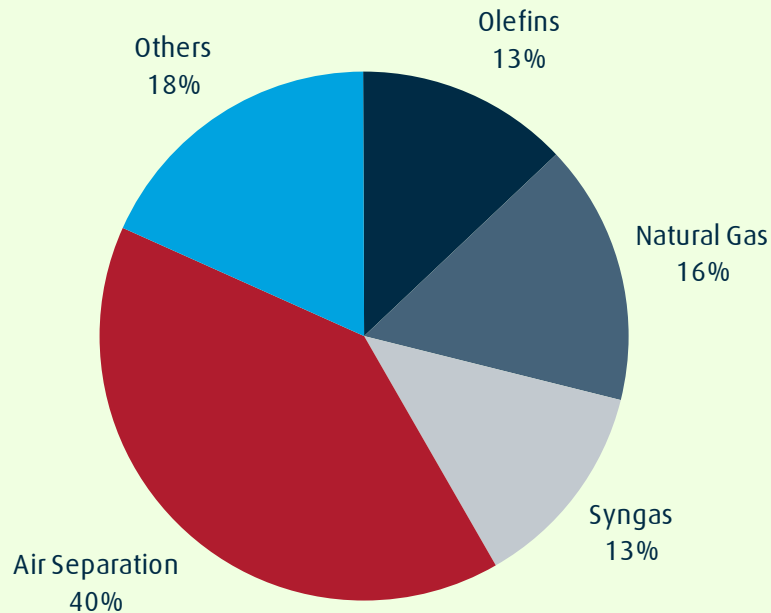
## Linde Engineering

- Sales increase 15.6% on last year's strong figure
- EBITA up to €33 million (2004: €18 million)

In € million	Q2 05	Δ	H1 05	Δ
Sales	368	9.2%	725	15.6%
EBITDA	21	23.5%	41	57.7%
<i>Margin</i>	5.7%	-	5.7%	-
EBITA	17	30.8%	33	83.3%
<i>Margin</i>	4.6%	-	4.6%	-
EBT	19	26.7%	36	71.4%

## Linde Engineering – Orders received up 1.7% to €902m

### Orders received H1/2005:



### Main orders in Q2:

Client	Location	Plant Type
Bakhtar	Asaluyeh, Iran	Olefin
Mitsubishi HI	Saudi Arabia	ASU
Linde Gas	Leuna, Germany	ASU
Reliance	Jamnagar, India	HyCo

➡ Order backlog on last year's high level of €2.2bn

## Linde Engineering - Outlook

### Strong order intake continued into Q3:

- Polyethylene plants, Al Jubail (Saudi Arabia) for SABIC lead consortium, €500 m
- ASU, Al Jubail, Mitsubishi Heavy Industries Ltd, €70 m
- Ethylene plant, Al Jubail for Tasnee Petrochemicals lead consortium, €300 m

### Ongoing promising outlook for all segments:

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

### Unchanged outlook for FY 2005

- Sales and EBITA at least on last year's high level

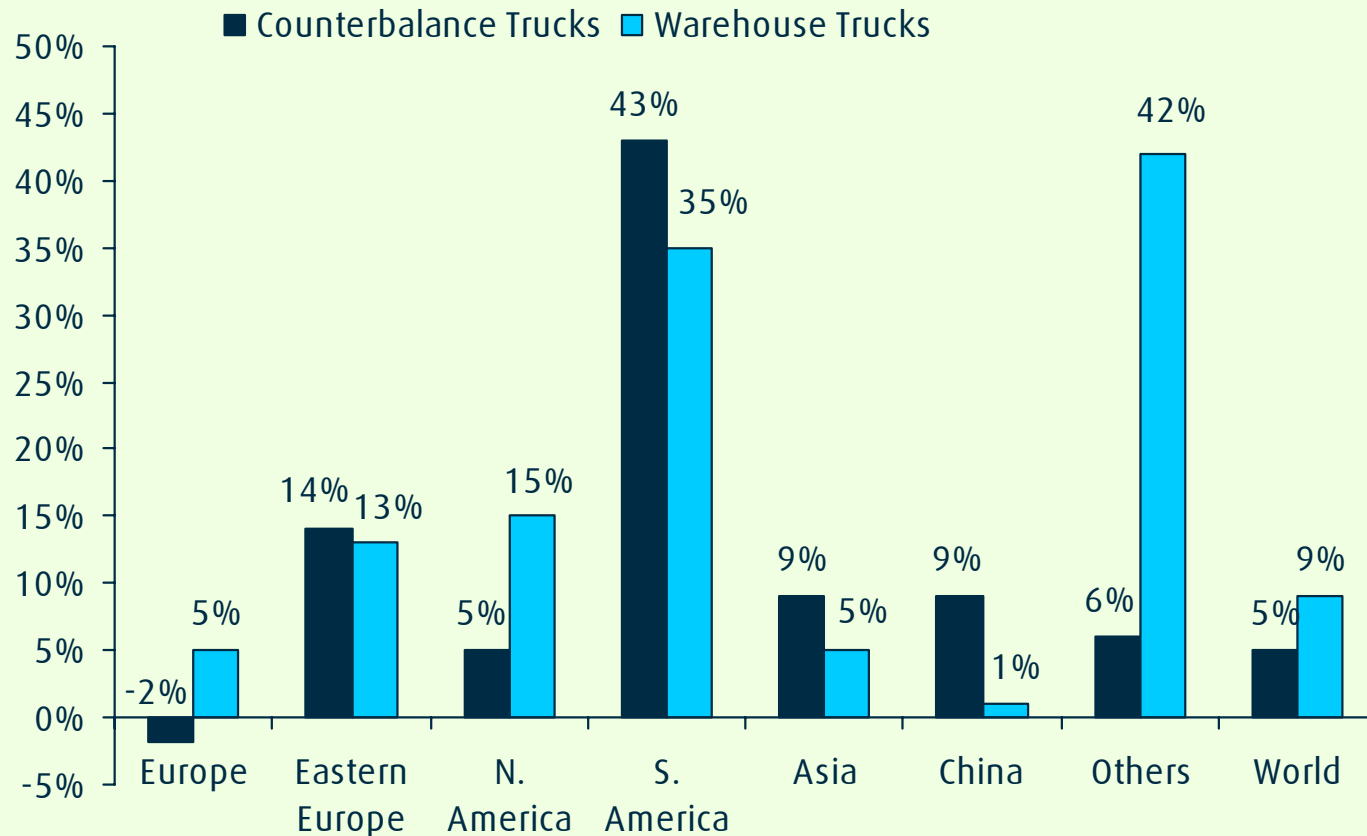
# Material Handling

## Material Handling

- Q2 sales growth increases to 5.9% yoy after +3.6% in Q1
- EBITA margin up 0.4% to 4.5% in H1 (2004: 4.1%)

In € million	Q2 05	Δ	H1 05	Δ
Sales	897	5.9%	1,668	4.8%
EBITDA	133	12.7%	238	9.7%
<i>Margin</i>	14.8%	-	14.3%	-
EBITA	50	19.0%	75	15.4%
<i>Margin</i>	5.6%	-	4.5%	-
EBT	41	41.4%	58	34.9%

## Material Handling – H1/2005 market growth (order intake) vs H1/2004



Source: WITS

Total	2%	13%	9%	42%	8%	8%	15%	6%
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## Material Handling - Efficiency improvement & Growth initiatives

- „TRIM“ program will be completed this year and lead to improvements of €150m
- „GO“ program (Growth and Operational excellence) to take over in 2005
- **Labour agreement improves unit costs at Linde MH**
  - Series of measures increases flexibility and ensures German production sites to remain cost competitive
  - Significant double digit contribution to mid term ROCE target
- **Launch of OM as second brand in China**
  - Market segment of 14,000 units in 2004, with 15-20% Cagr until 2008
  - Market share from 0% to 15% by 2008
- **Target: 16% ROCE in 2007**

## Material Handling - Outlook

- **Slower market growth, to be sustained in H2**
  - USA and Asia are the major growth drivers
  - Growth in Western Europe remains moderate
  - Eastern Europe maintains above average rates
  
- **Confirmed outlook for FY 2005**
  - Increase in sales and significant improvement in EBITA

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