



Conference Call H1 2017 Results

Leading.



THE LINDE GROUP

28 July 2017

This discussion may contain forward-looking statements about Linde and its businesses, including statements concerning its strategies, future growth potential of markets and products, profitability in specific areas, future product portfolio, and development of and competition in economies and markets, as well as statements concerning the proposed business combination between Linde and Praxair.

Any such forward-looking statements involve known and unknown risks which may cause actual results to differ significantly from any future results expressed or implied. While we believe that the assumptions made and the expectations reflected in today's discussion are reasonable, no assurance can be given that such assumptions or expectations will prove to have been correct. We undertake no obligation to update or revise the forward-looking statements in today's discussion.

Please also be aware that in connection with the proposed business combination transaction, Linde PLC, a newly formed holding company, has filed a registration statement with the U.S. Securities and Exchange Commission and an offer document with the German Federal Financial Supervisory Authority (which offer document has not yet been approved for publication by BaFin). We urge you to read the filings with the SEC and BaFin, including the registration statement and, if and when it becomes available, the offer document, because they contain important information.

Agenda



Part 1 – Operational & Financial Performance H1 2017

Part 2 – Strategic Plan and Outlook

Appendix

Performance H1 2017 Highlights

| [EUR] | | H1 2016 | H1 2017 | yoy [%] | yoy [%] adj.for FX |
|--------------------------------------|-----|---------|---------|---------|--------------------|
| Revenue | [m] | 8,264 | 8,653 | +4.7 | +2.8 |
| Operating profit | [m] | 2,036 | 2,123 | +4.3 | +2.4 |
| Operating margin | [%] | 24.6 | 24.5 | -10bp | |
| Operating cash flow | [m] | 1,604 | 1,317 | -17.9 | |
| EPS before special items (undiluted) | | 3.53 | 3.81 | +7.9 | |

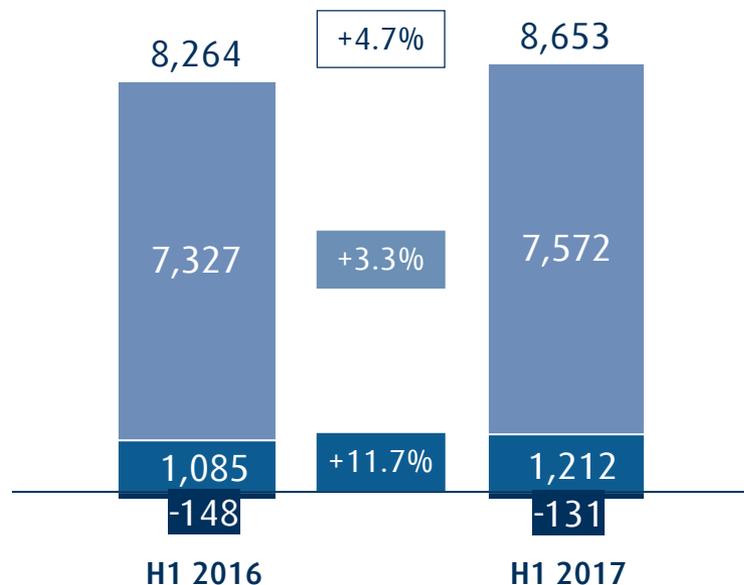
- Revenue growth driven by industrial gases business and higher contribution from Engineering
- Steady margins in both the Gases and Engineering Divisions
- Stable operating cash flow in Gases; decline at Group level resulted from expected lower advanced payments in Engineering, higher cash taxes paid and decrease in provisions
- Special items of EUR 161m related to restructuring and planned merger

All figures from continuing operations
Please see definitions of key financial figures in the appendix

Group | Revenue and operating profit by division

Revenue growth in both Gases and Engineering

Revenue [EUR m]



■ Gases ■ Engineering ■ Other/Cons.

Operating profit [EUR m]



■ Gases ■ Engineering ■ Other/Cons.

Gases

Revenue driven by organic growth, currency and natural gas price effects

Engineering

Positive revenue development

Gases

Margin improvement of 30bp to 28.9% after adjusting for higher natural gas prices

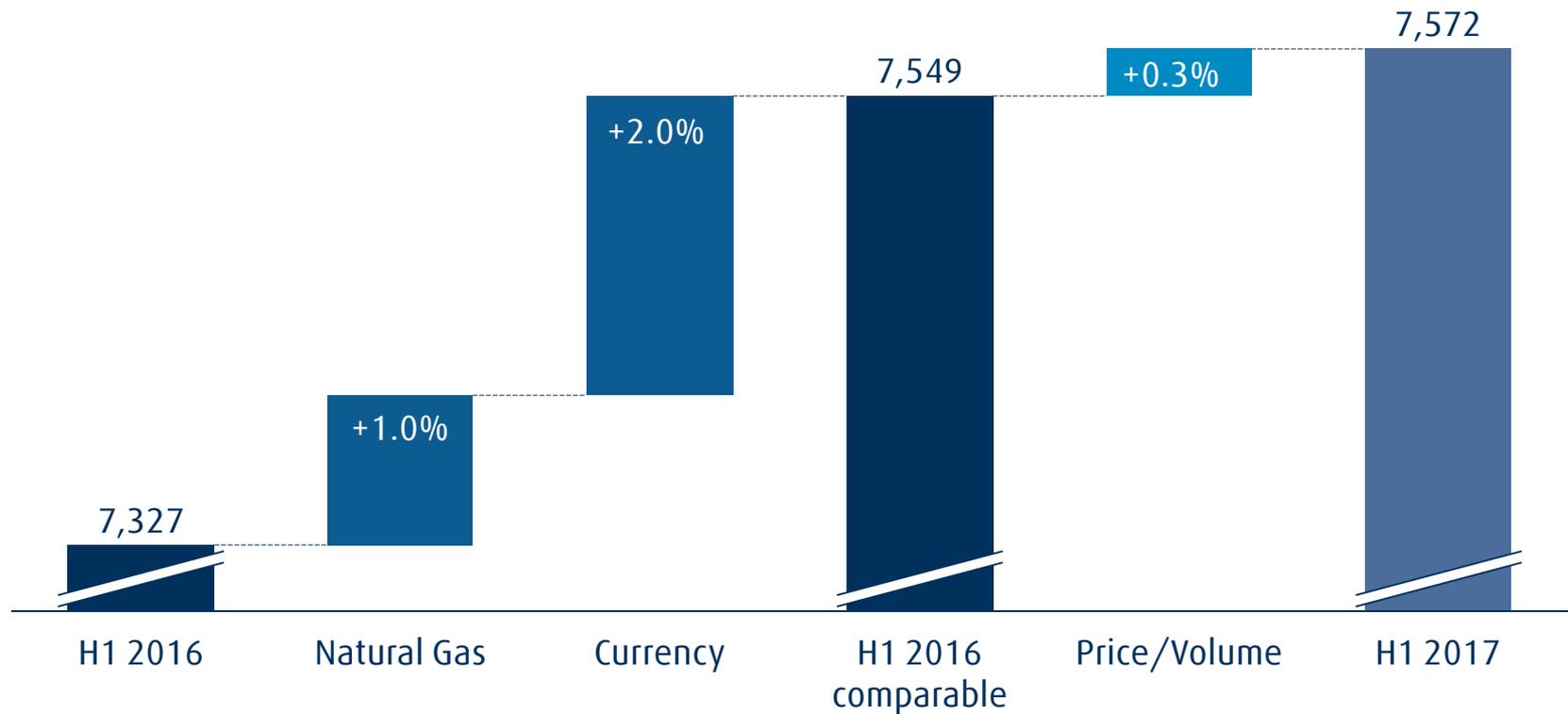
Engineering

Stable margin in line with guidance of around 8 percent

Gases Division | Revenue bridge

Positive growth development in H1 2017

[EUR m]

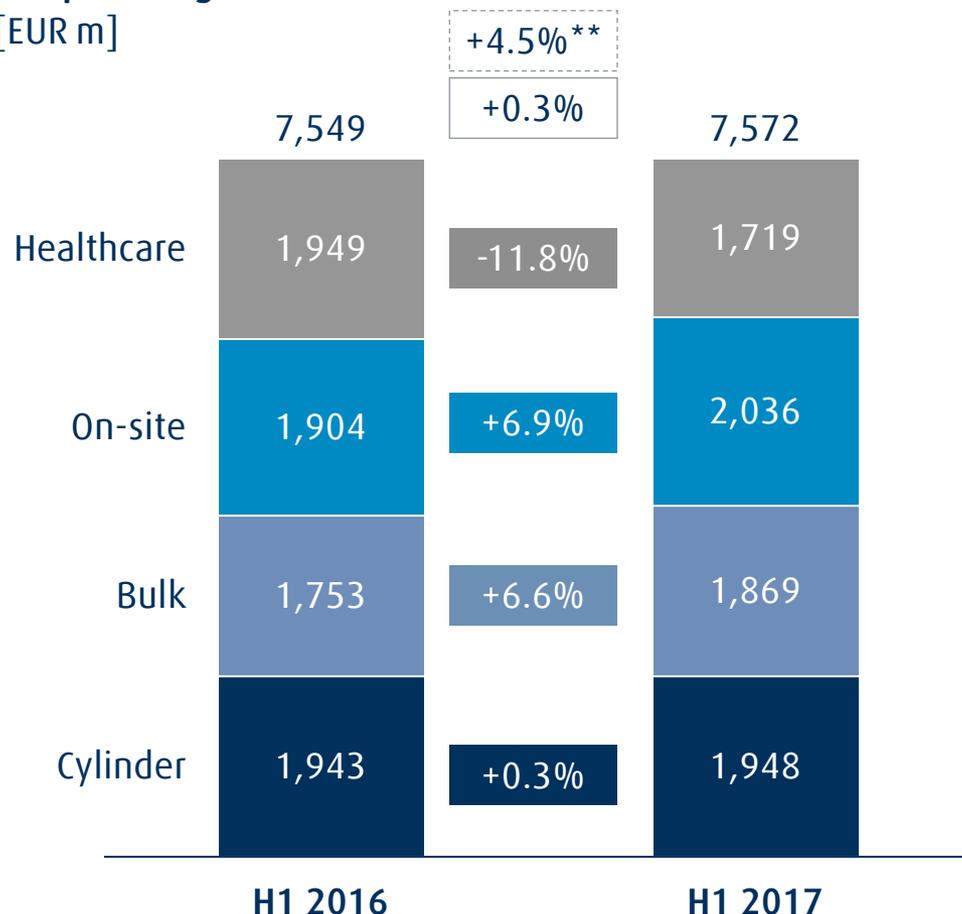


Gases Division | Revenue by product area

Comparable growth excluding Healthcare of 4.5 percent

Comparable growth*

[EUR m]



*Excludes currency and natural gas price effects

**Comparable growth excluding Healthcare

Comments / Additional effects



Healthcare
Development impacted by Competitive Bidding and divestment of Specialty Pharma, -7.7% excluding consolidation effects



On-site
Solid growth from start-ups and ramp-ups in all operating segments



Bulk
Positive growth development in all geographies, most notably in Asia



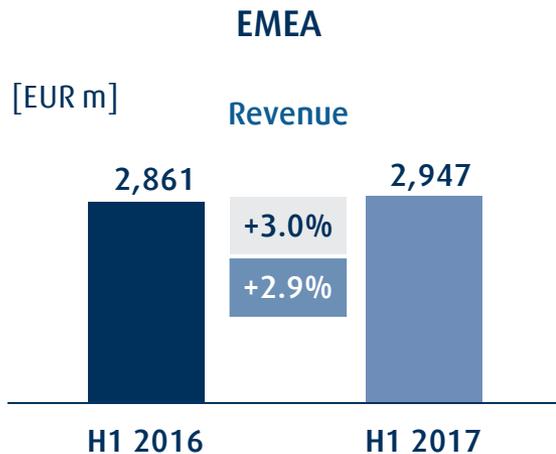
Cylinder
Incremental improvement in growth restrained by Specialty Gases

Gases Division | Revenue by operating segment

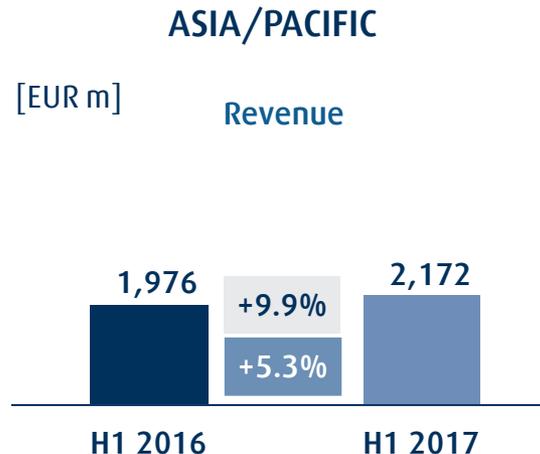
Solid comparable growth in EMEA and Asia



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- Highest growth contribution from Northern Europe, Middle East and Eastern Europe
- Strongest growth development in On-site



- Positive growth development in Bulk in all regions
- 6.9% comparable growth in Asia
- Situation in South Pacific has stabilised on a low level

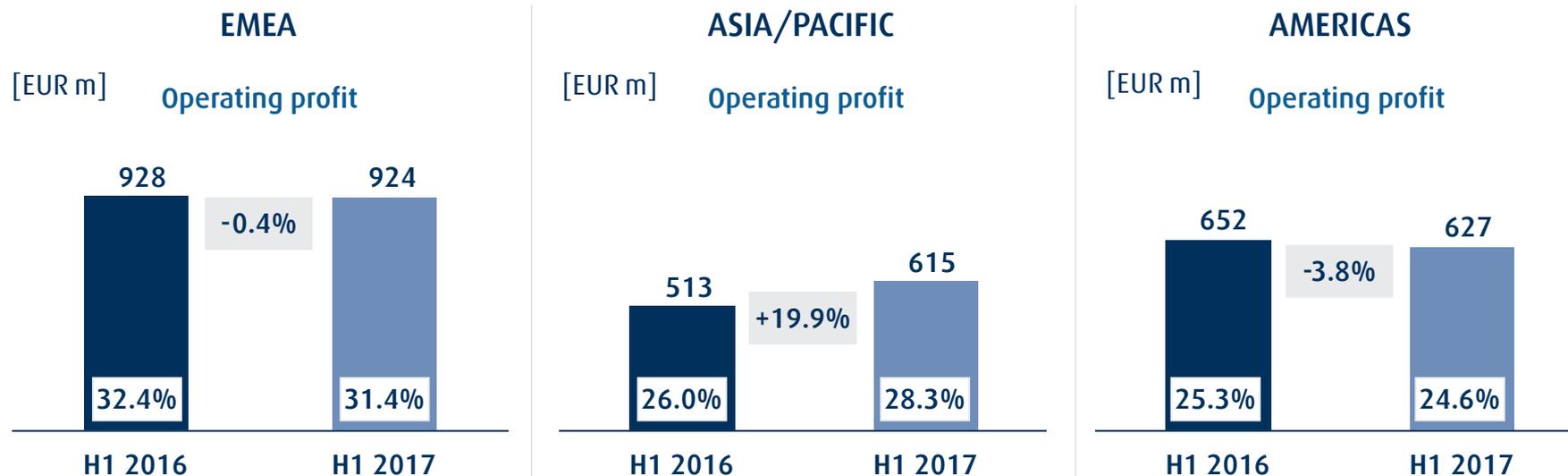


- Positive development in On-site and Bulk in North America
- Macro-economic situation in South America remains tepid
- Significant headwinds from Competitive Bidding, Specialty Pharma and Specialty Gases

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

Gases Division | Operating profit by operating segment

Operating profit margin of 28.6 percent

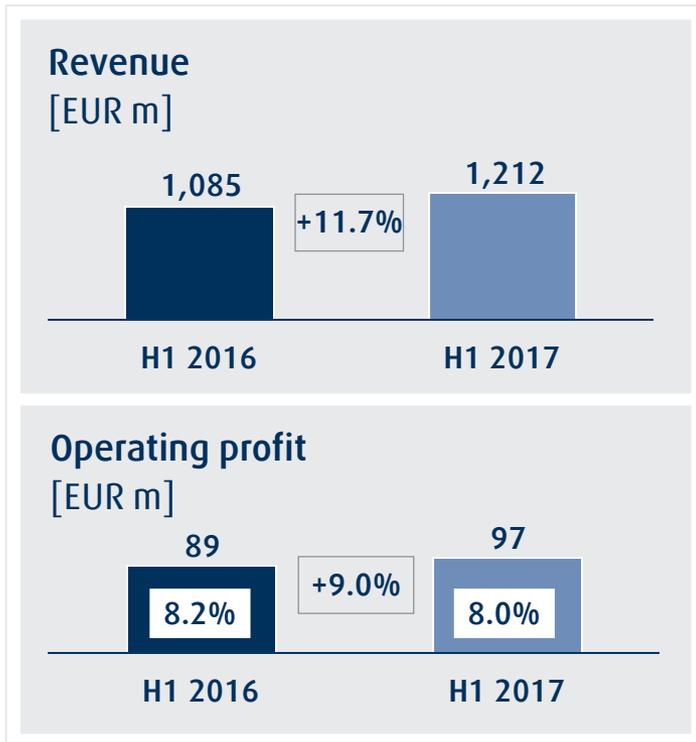


- Margin improvement in EMEA by 30bp after adjusting for positive one-time effects of EUR 39m in H1 2016 and aided by growth and restructuring savings
- Higher margin in Asia/Pacific supported by restructuring, growth and sale of assets
- Stable margin in Americas supported by positive On-site development but impacted by headwinds from Competitive Bidding and higher natural gas prices

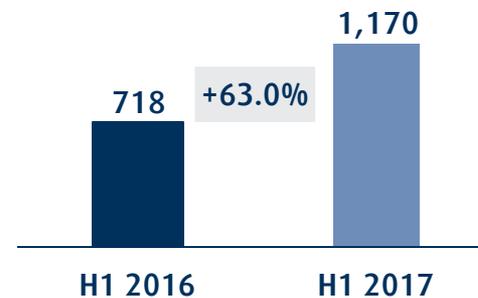
■ Reported growth □ Operating profit margin

Engineering Division | Key figures

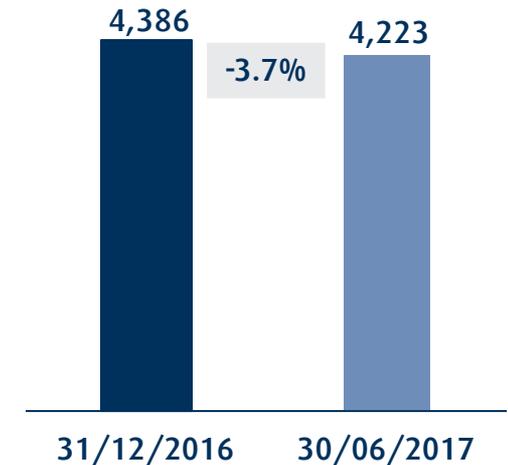
Stable backlog supported by new project wins



Order intake
[EUR m]



Order backlog
[EUR m]



■ Reported growth □ Operating profit margin

- Revenue development in line with progress of projects
- Improved order intake supported by new project wins:
 - Olefin plant for PJSC Nischnekamskneftekhim (NKNK) in Nischnekamsk, Republic of Tatarstan, Russian Federation
 - Polypropylene production for Braskem America in La Porte, Texas, USA

Financial Performance | Key figures

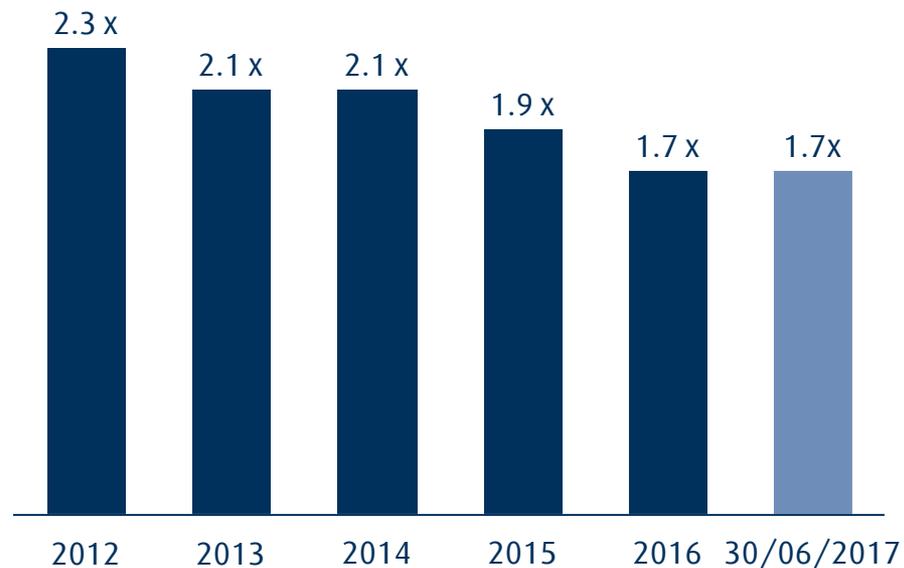
Net debt / operating profit ratio stable

Operating cash flow

[EUR m]

| | H1 2016 | H1 2017 |
|---|--------------|--------------|
| Operating profit | 2,036 | 2,123 |
| Change in working capital | -33 | -137 |
| Income taxes paid | -191 | -268 |
| Other changes | -208 | -401 |
| Operating cash flow from continuing operations | 1,604 | 1,317 |

Net debt / operating profit



- Change in working capital attributed to lower level of prepayments received by the Engineering Division
- Lower income taxes paid in H1 2016 due to repayments
- Other changes include special items and decrease in provisions
- Net debt / operating profit stable despite higher dividend payment

Agenda



Part 1 – Operational & Financial Performance H1 2017

Part 2 – Strategic Plan and Outlook

Appendix

Strategic plan | Cost management

On track to deliver targeted savings

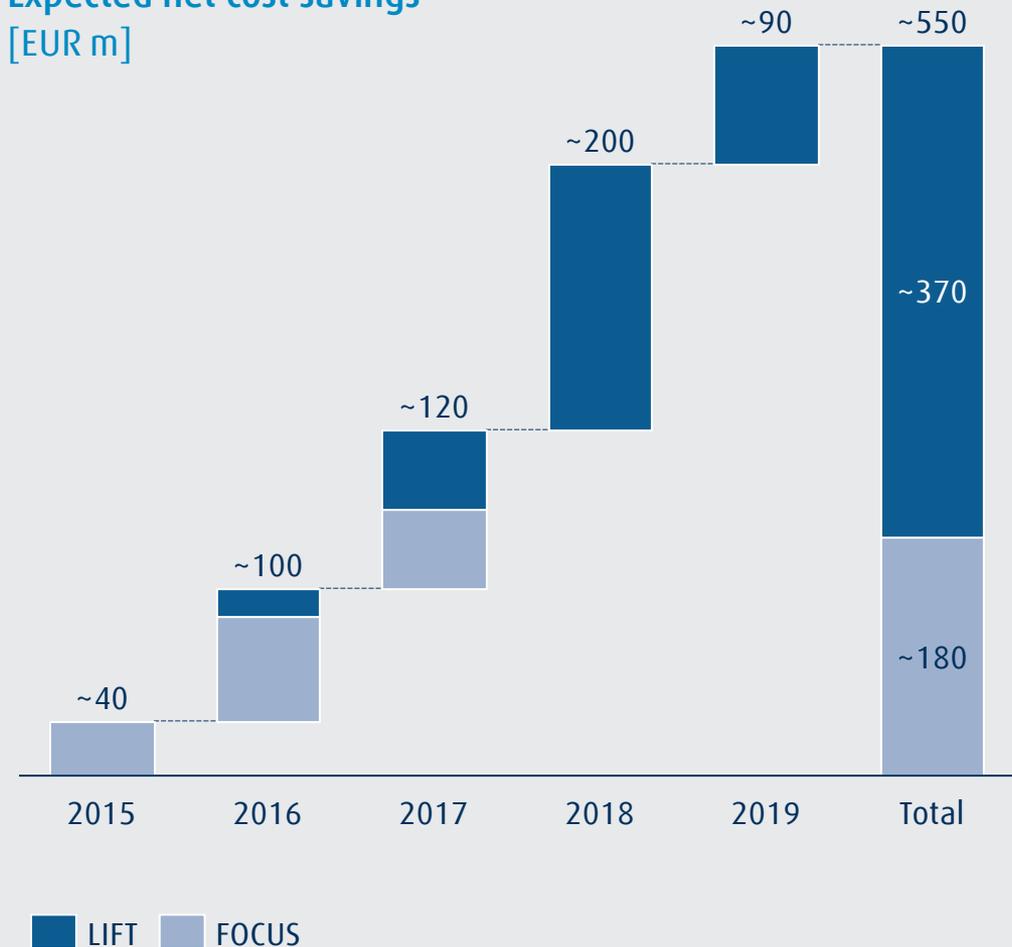
LIFT (2016 – 2019)

- Implementation of LIFT measures progressively ramping in all geographies, Engineering and corporate functions
- Discussions with employee representatives in most European countries successfully concluded
- Restructuring costs of EUR ~400m to be accounted for as special items by the end of 2017
- EUR 250m restructuring costs recognized so far, thereof EUR 116m in 2016 and EUR 134m in H1 2017

FOCUS (2015 – 2017)

- Implementation completed to deliver net cost savings of EUR ~180m by end of 2017

Expected net cost savings [EUR m]



Strategic plan | Quality growth

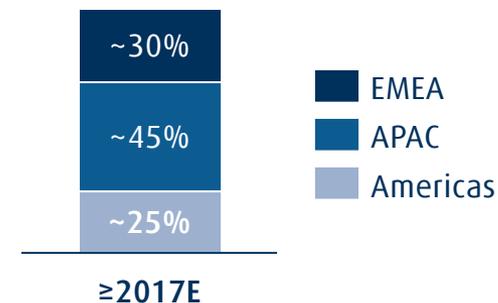
Increased backlog from new project wins

Total investments for committed projects by on-stream date

[EUR m]



Committed projects by region



Projects > 10m Euros ■ New project wins in H1 2017

Major on-streams in H1 2017

- ASU for ArcelorMittal steelworks in Eisenhüttenstadt, Germany
- JV to supply JSC KuibyshevAzot's chemicals production in Samara, Russia
- Spectra plant to supply Electronics customer BOE's new display production in Fujian, China

Major wins in H1 2017

- 6th JV with Sinopec to supply customer ZRCC and pipeline network in Ningbo cluster, China
- Decaptivation of two ASUs to supply customer Jinyan and the surrounding cluster in Taixing, China
- New ASU to expand on-site production capacity in central Malaysia to support economic and export growth
- New ASU for East Coast Nitrogen JV to supply merchant market in Northeastern US

Outlook 2017

Guidance confirmed

| 2017 | |
|-----------------------------|---------------------------------------|
| Group | |
| Revenue | -3 to +3% versus 2016 adjusted for FX |
| Operating profit | ±0 to +7% versus 2016 adjusted for FX |
| ROCE | 9 to 10 percent |
| Gases Division | |
| Revenue | -2 to +3% versus 2016 adjusted for FX |
| Operating profit | ±0 to +6% versus 2016 adjusted for FX |
| Engineering Division | |
| Revenue | EUR 2.0 to 2.4 billion |
| Operating margin | Around 8 percent |

Please see definitions of key financial figures in the appendix, all figures from continuing operations

Agenda

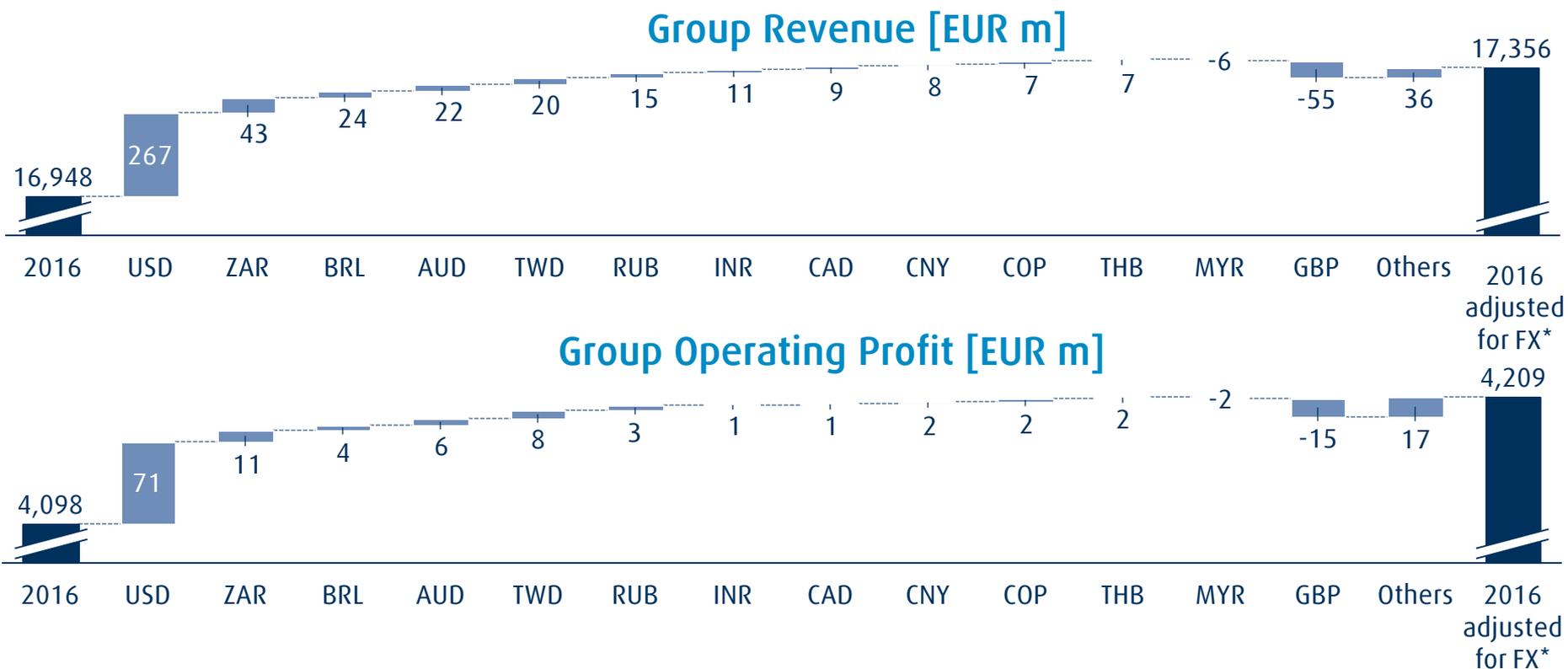


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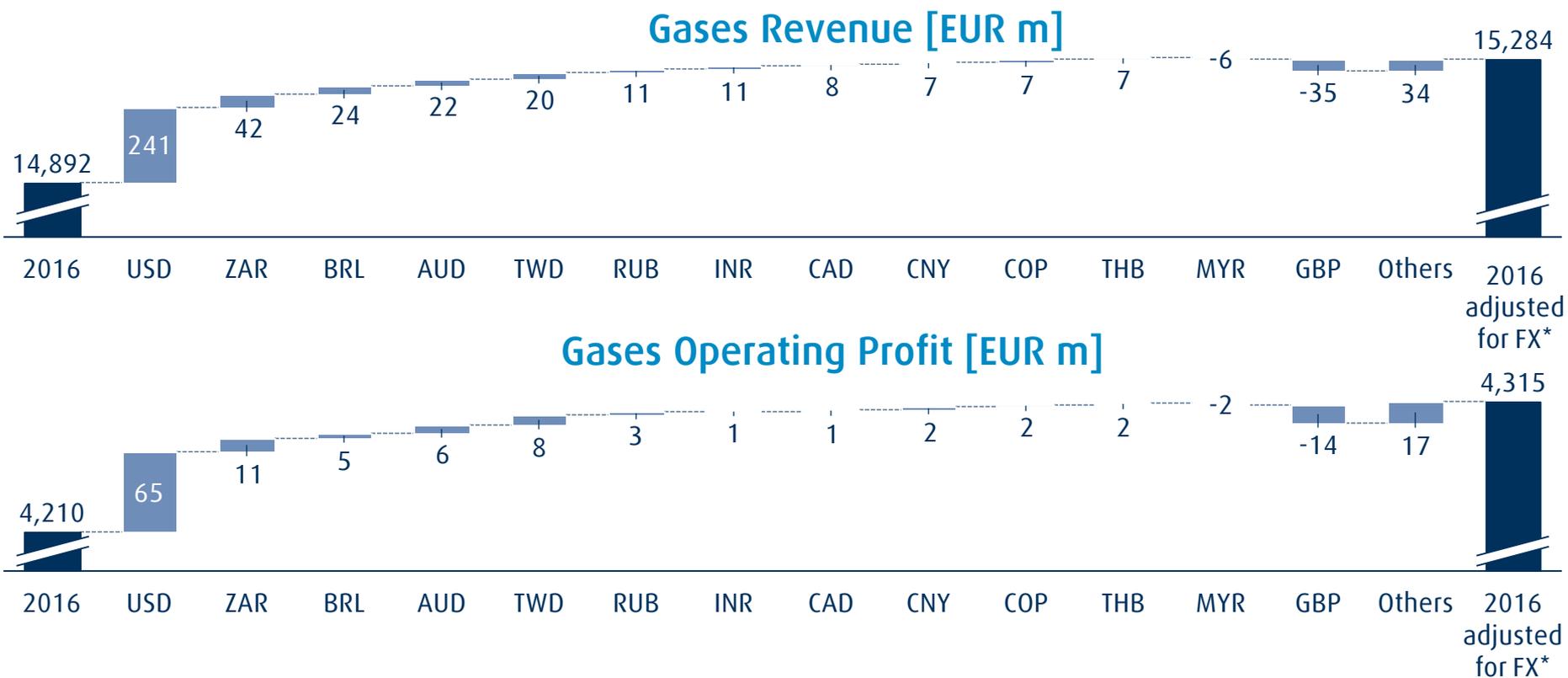
Group | Potential currency impact on 2017 outlook



| | USD | ZAR | BRL | AUD | TWD | RUB | INR | CAD | CNY | COP | THB | MYR | GBP |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|
| Average rate in 2016 | 1.107 | 16.27 | 3.855 | 1.489 | 35.69 | 74.14 | 74.37 | 1.466 | 7.353 | 3378 | 39.05 | 4.583 | 0.820 |
| 2016 adjusted for FX* | 1.052 | 14.15 | 3.423 | 1.457 | 34.13 | 64.43 | 71.46 | 1.413 | 7.303 | 3157 | 37.70 | 4.717 | 0.852 |

All figures from continuing operations
 *Based on spot rates as of 31 December 2016

Gases Division | Potential currency impact on 2017 outlook



| | USD | ZAR | BRL | AUD | TWD | RUB | INR | CAD | CNY | COP | THB | MYR | GBP |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|
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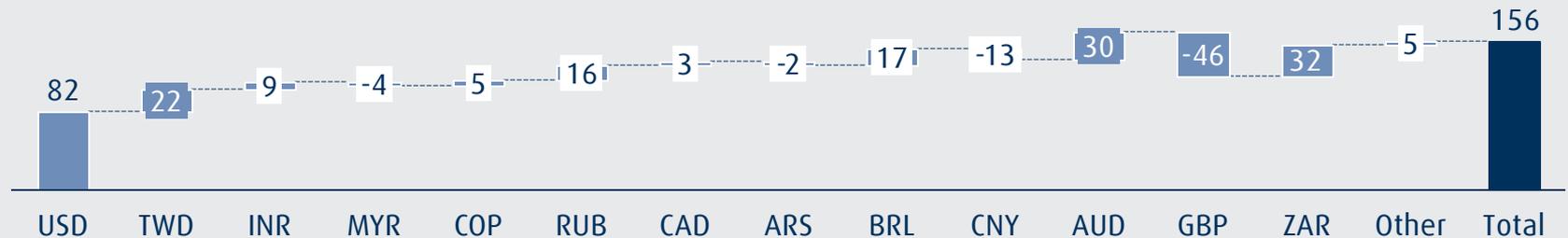
Group | Currency impact

Impact on revenue and operating profit in H1 2017



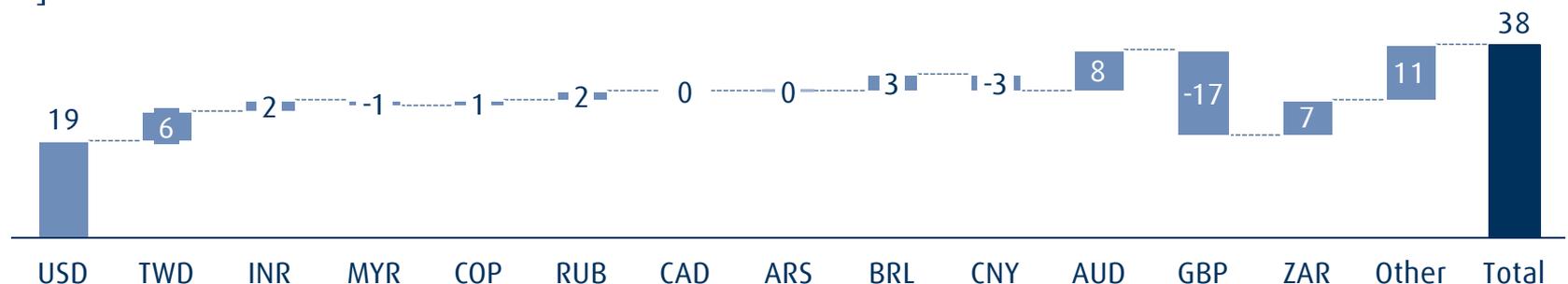
Impact on Group revenue in H1 2017

[EUR m]



Impact on Group operating profit in H1 2017

[EUR m]



Group | H1 2017

Key P&L items

| [EUR m] | H1 2016 | H1 2017 | Δ in % |
|--|---------|---------|--------|
| Revenue | 8,264 | 8,653 | +4.7 |
| Operating profit | 2,036 | 2,123 | +4.3 |
| Operating margin | 24.6 | 24.5 | -10bp |
| PPA depreciation for BOC | -89 | -85 | +4.5 |
| Depreciation & amortisation (excl. PPA BOC) | -823 | -870 | -5.7 |
| Special items | 39 | 161 | - |
| EBIT | 1,085 | 1,007 | -7.2 |
| Financial result | -183 | -144 | -46.4 |
| Taxes | -222 | -207 | -7.3 |
| Profit for the period – attributable to Linde AG shareholders | 632 | 589 | -6.8 |
| EPS – undiluted – reported [EUR] | 3.37 | 3.17 | -5.9 |
| EPS – undiluted – before special items [EUR] | 3.53 | 3.81 | +7.9 |

All figures from continuing operations

Group | H1 2017

Cash flow statement



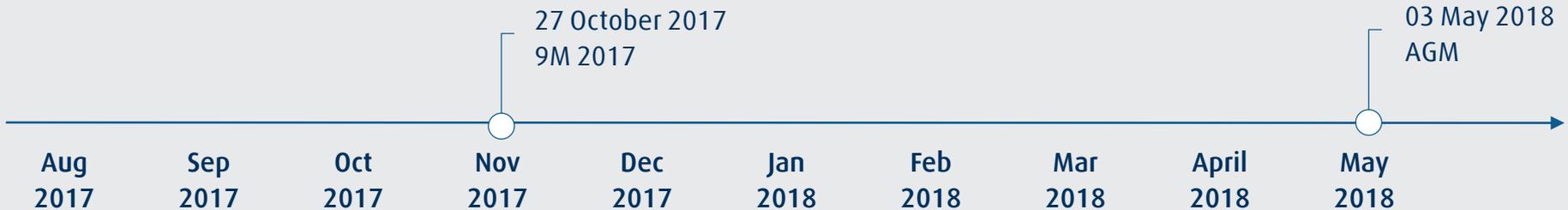
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| [EUR m] | H1 2016 | H1 2017 |
|---|--------------|--------------|
| Operating profit | 2,036 | 2,123 |
| Change in working capital | -33 | -137 |
| Income taxes paid | -191 | -268 |
| Other changes e.g. change in provisions and special items | -208 | -401 |
| Operating cash flow from continuing operations | 1,604 | 1,317 |
| Investments in tangibles/intangibles | -782 | -813 |
| Payments for acquisitions | -181 | -33 |
| Other (incl. financial investments) | 74 | 184 |
| Investing cash flow* from continuing operations | -889 | -662 |
| Free cash flow before financing from continuing operations | 715 | 655 |
| Free cash flow before financing from discontinued operations | 18 | -3 |
| Free cash flow before financing | 733 | 652 |
| Interest and swaps, dividends and other changes | -896 | -937 |
| Change in cash and financial debt | -163 | -285 |

*Excluding investments in / disposals of securities; H1 2016: EUR -1,035m; H1 2017: EUR -194m

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



The Linde IR app is
now available at:

