

Innovative Drive

Regional Growth Markets
Energy & Environment
Healthcare
Process Optimisation
Innovative Drive
Regional Growth Markets
Process Optimisation
Regional Growth Markets
Healthcare
Regional Growth Markets
Leading Technologies

Capital Markets Days 2014

Value Creation through Focus on Optimisation.

LeadIng.



THE LINDE GROUP

Dr Wolfgang Büchele - CEO
30 October 2014

This presentation contains forward-looking statements about Linde AG (“Linde”) and their respective subsidiaries and businesses. These include, without limitation, those concerning the strategy of an integrated group, future growth potential of markets and products, profitability in specific areas, the future product portfolio, development of and competition in economies and markets of the Group.

These forward looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside of Linde’s control, are difficult to predict and may cause actual results to differ significantly from any future results expressed or implied in the forward-looking statements on this presentation.

While Linde believes that the assumptions made and the expectations reflected on this presentation are reasonable, no assurance can be given that such assumptions or expectations will prove to have been correct and no guarantee of whatsoever nature is assumed in this respect. The uncertainties include, inter alia, the risk of a change in general economic conditions and government and regulatory actions. These known, unknown and uncertain factors are not exhaustive, and other factors, whether known, unknown or unpredictable, could cause the Group’s actual results or ratings to differ materially from those assumed hereinafter. Linde undertakes no obligation to update or revise the forward-looking statements on this presentation whether as a result of new information, future events or otherwise.

Agenda



What The Linde Group stands for.

Where is The Linde Group today.

The way forward.



**Well
positioned.**

Market leader in

- Merchant business and respiratory Healthcare
- 51 countries & 4 out of 6 Growth Markets

Resilient business model

- Resilient product areas
Tonnage & Healthcare
- Diversification across
many clusters and industries

Storm proof.

Growth underpinned by

- Strong project pipeline
of new plants starting up
- Solid margin development
since 2006

**Profitable
growth.**

Focus on value generation

- EBITDA
- ROCE
- Shareholder Value

**Continuously
improving.**

Learning Organisation

- HPO: gross cost reduction
- Continuous increase in
efficient resource
allocation

Financial Performance

- Strong operating cash-flow
- Solid financial position
- Continuous dividend
development

**Staying
on
track.**

The Linde Group | Vision

We strive to be the most profitable company that drives the market.



THE LINDE GROUP

Gases – Integrated Gases Model

Industrial Gases

Full gases value chain from production of gases with own assets for large customers (Tonnage) to filling and distribution of liquefied (Bulk) and packaged gases (Cylinder) with directly related differentiating products & services.

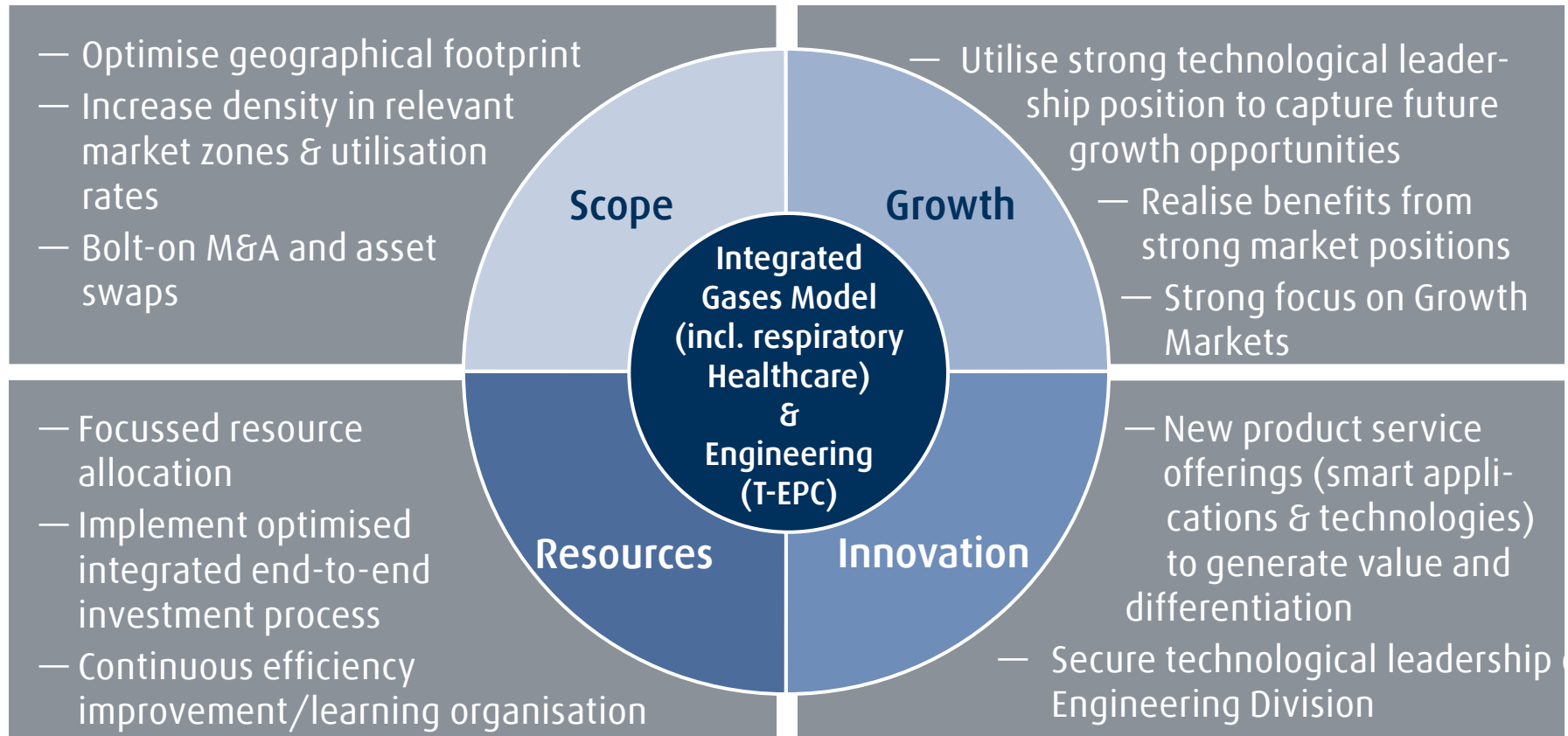
Medical Gases

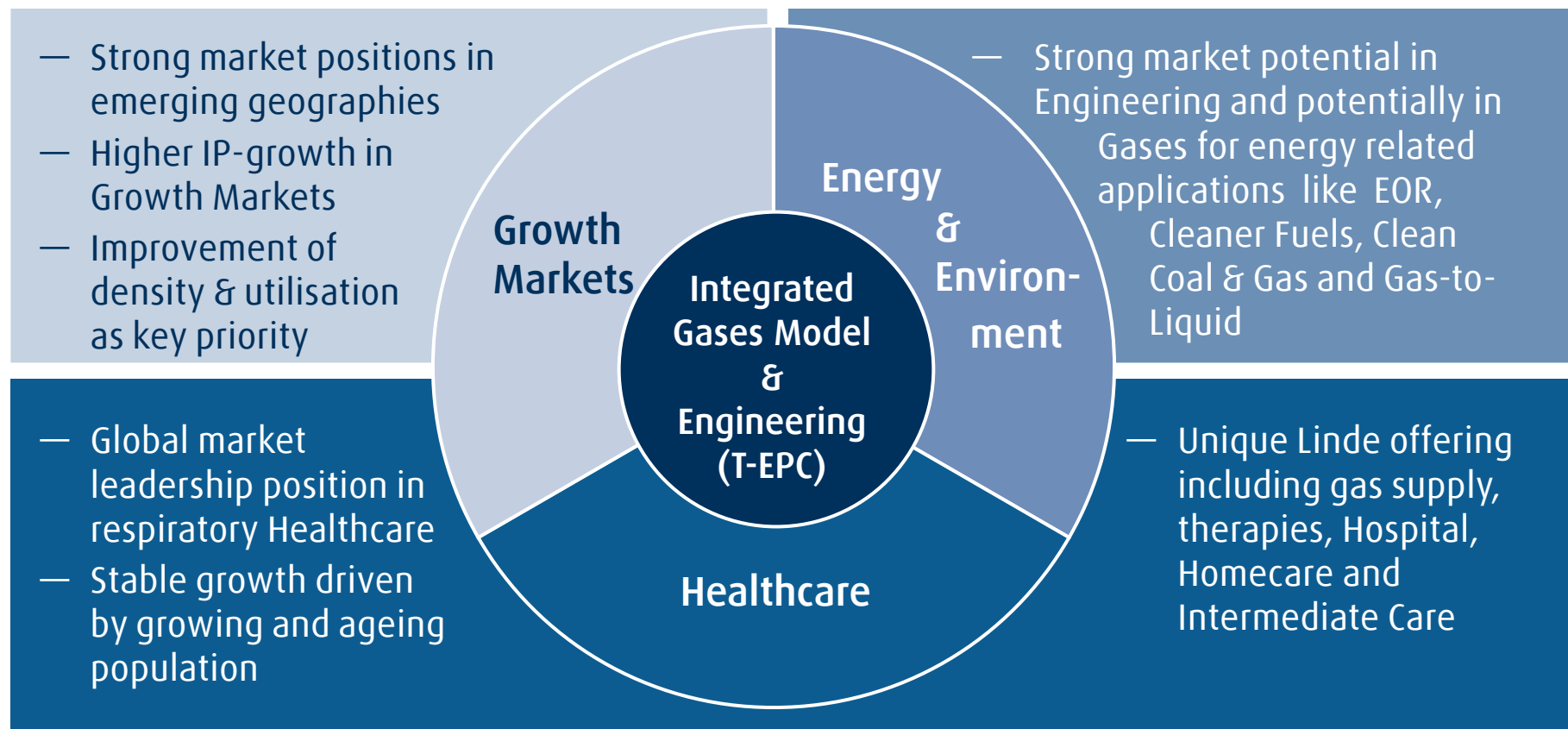
Distribution of medical gases, equipment and related services for respiratory therapy leveraging know-how globally.

We will be the **leading integrated gases and engineering group**, admired for our people, who provide innovative solutions that make a difference to the world.

Engineering

Engineering, Procurement and Construction of process plants based on proprietary technological platforms giving a competitive advantage to our industrial gases business





Agenda



What The Linde Group stands for.

Where is The Linde Group today.

The way forward.

Gases Division | Position

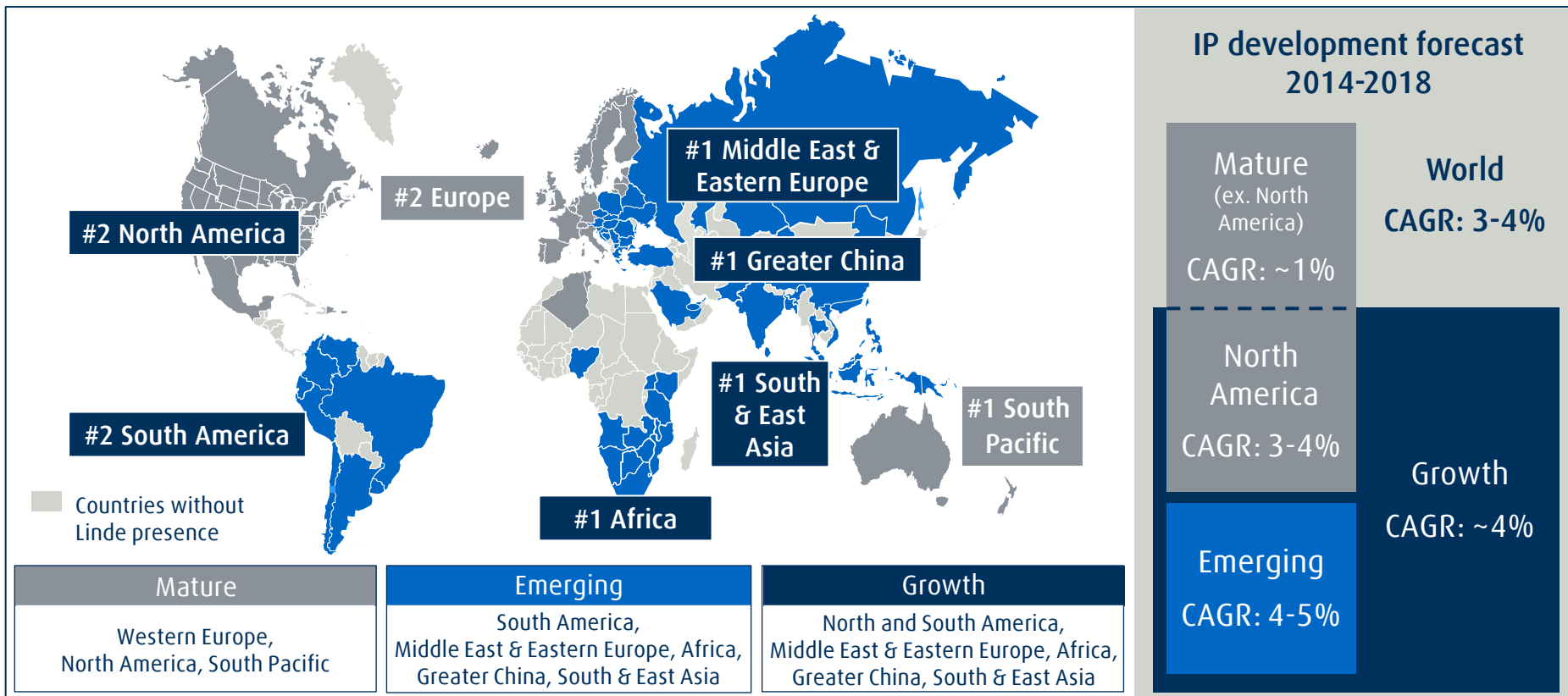
Strong Market Positions



Market leader in 51 countries and in 4 out of 6 Growth Markets

Number 2 in 21 countries

90% of Gases revenues are generated in 30 countries



Source: Linde data, figures for industrial gases and respiratory healthcare (excl. Japan and equipment)

Source: EIU, Linde sales weighted

Value Creation in the integrated gases model

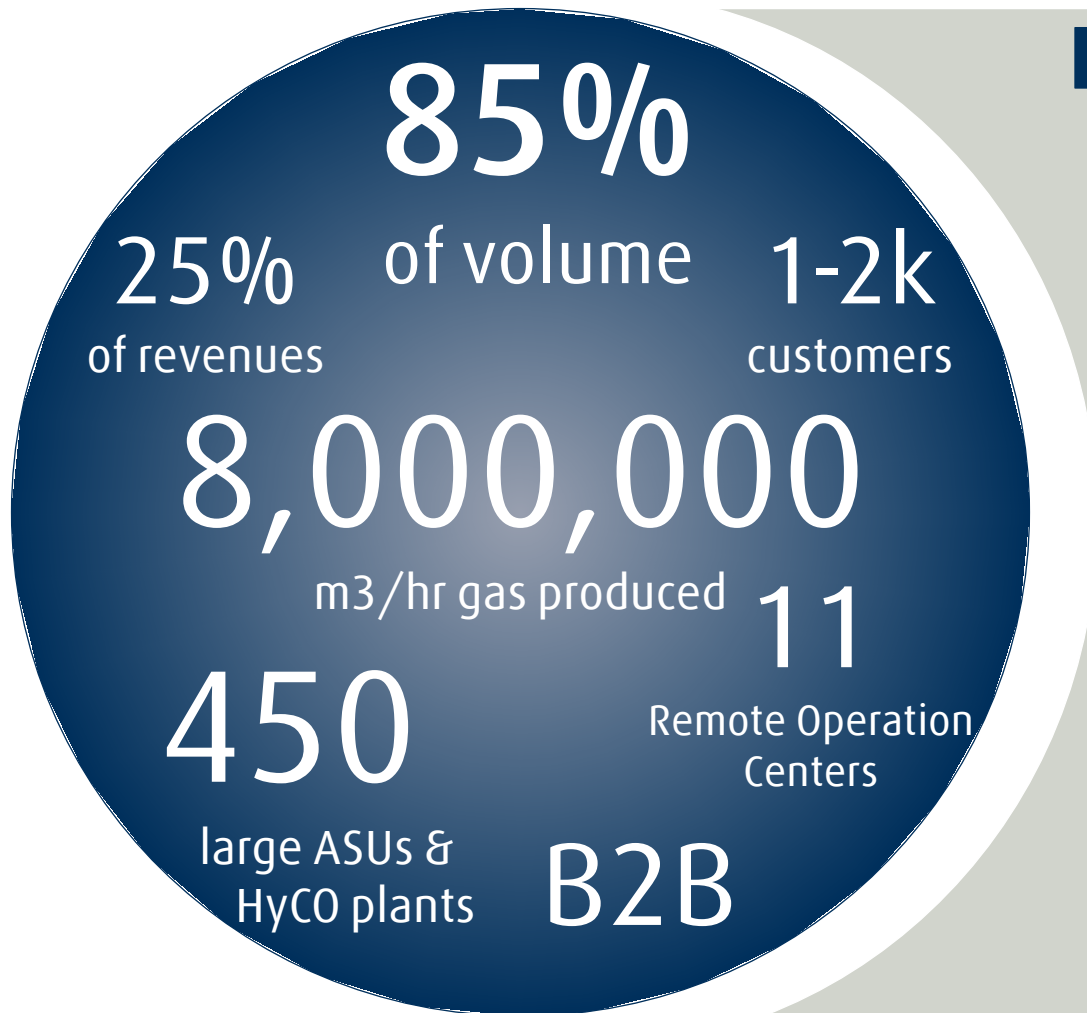


Gases Division | Tonnage

The basis of the integrated gases model

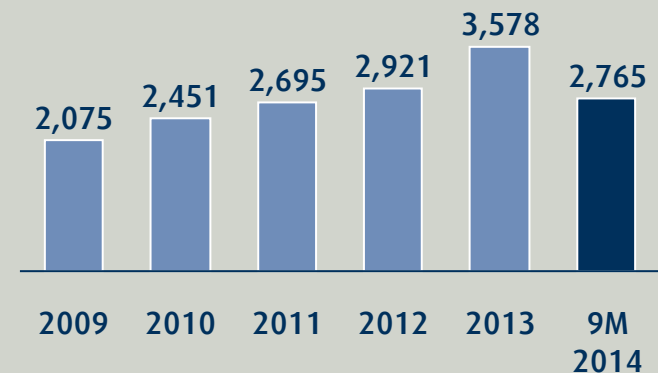


THE LINDE GROUP



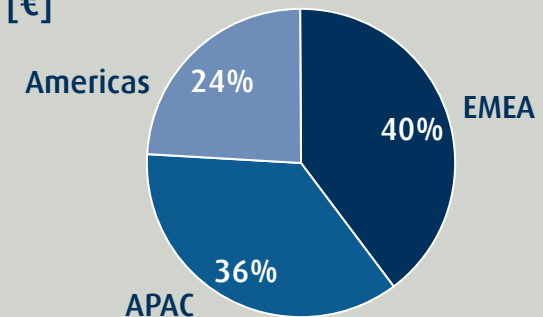
Revenues 2009 – 9M 2014

[€]



Revenue split by geography 9M 2014

[€]

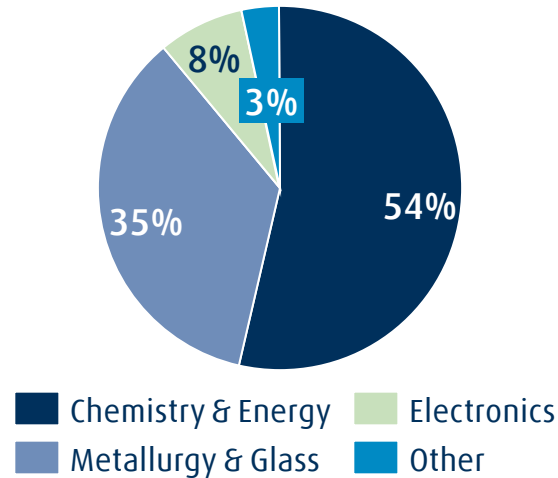


Gases Division | Tonnage

Strong global position

Global Market Position #2

Revenue split by customer industries 9M 2014



Growth Drivers

- Pipeline of committed projects
- Continuation of outsourcing trend
- Increasing consumption of industrial gases due to further industrialisation in Growth Markets
- Shift of customer industries towards more efficient processes

Key Differentiators

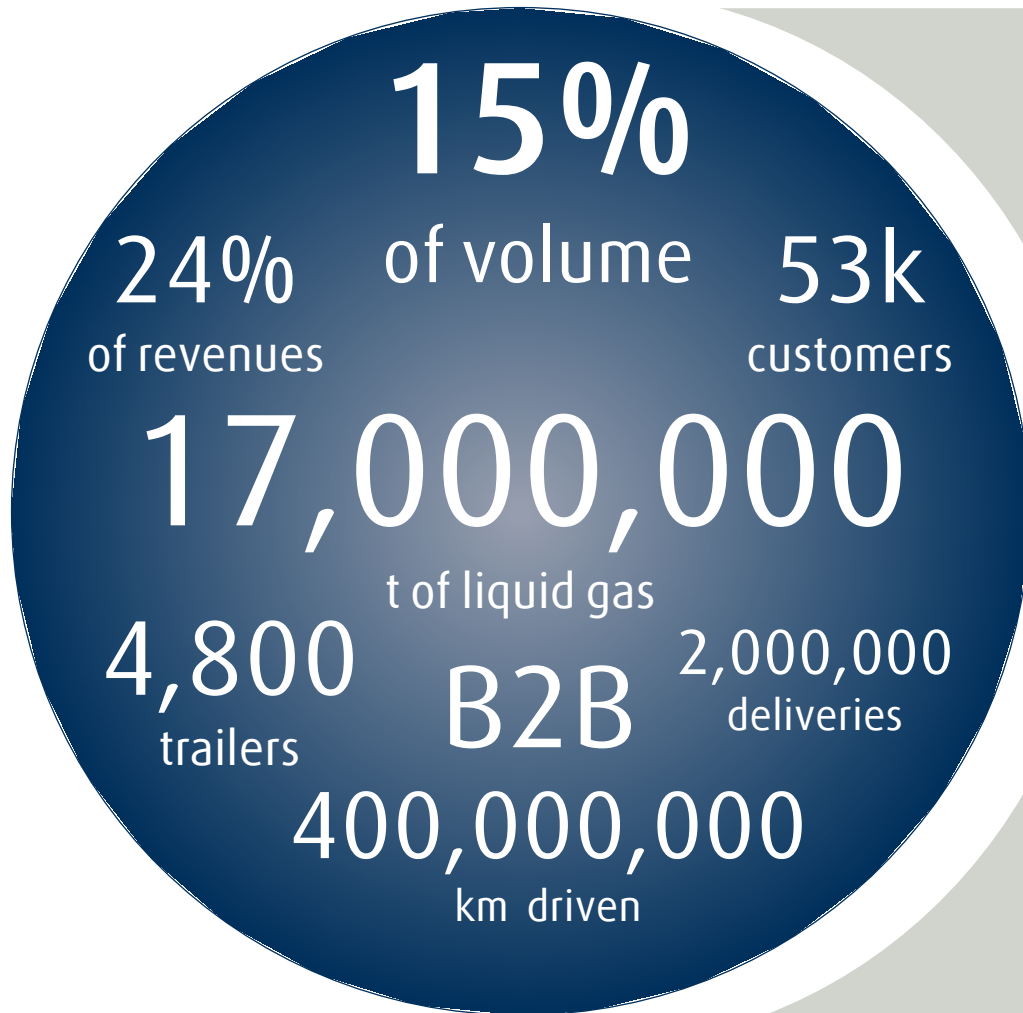
Proprietary plant technology
& tailored applications

Remote operating centers
continuously optimizing
production efficiency

Full range solution provider
from BOO to EPC-models and
Operate & Maintain

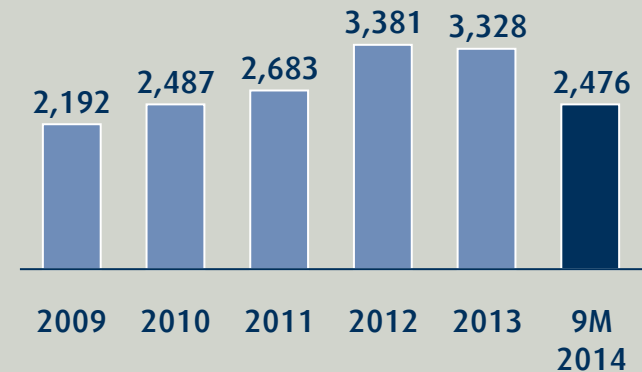
Gases Division | Bulk

Leveraging the integrated gases model



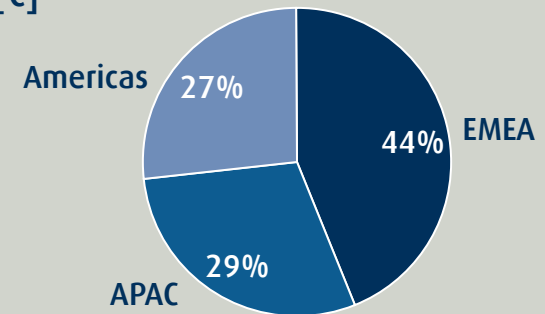
Revenues 2009 – 9M 2014

[€]



Revenue split by geography 9M 2014

[€]

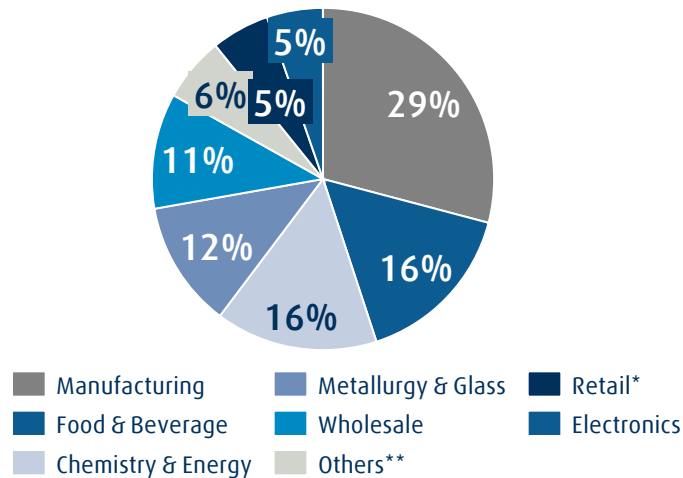


Gases Division | Bulk

Market leading position

Global Market Position #1

Revenue split by customer industries 9M 2014



Key Differentiators

Broad range of applications with high integration into customer processes

Operational optimiser ensuring supply reliability and efficiency

Strong expertise in developing new applications for use of industrial gases for different customers

Growth Drivers

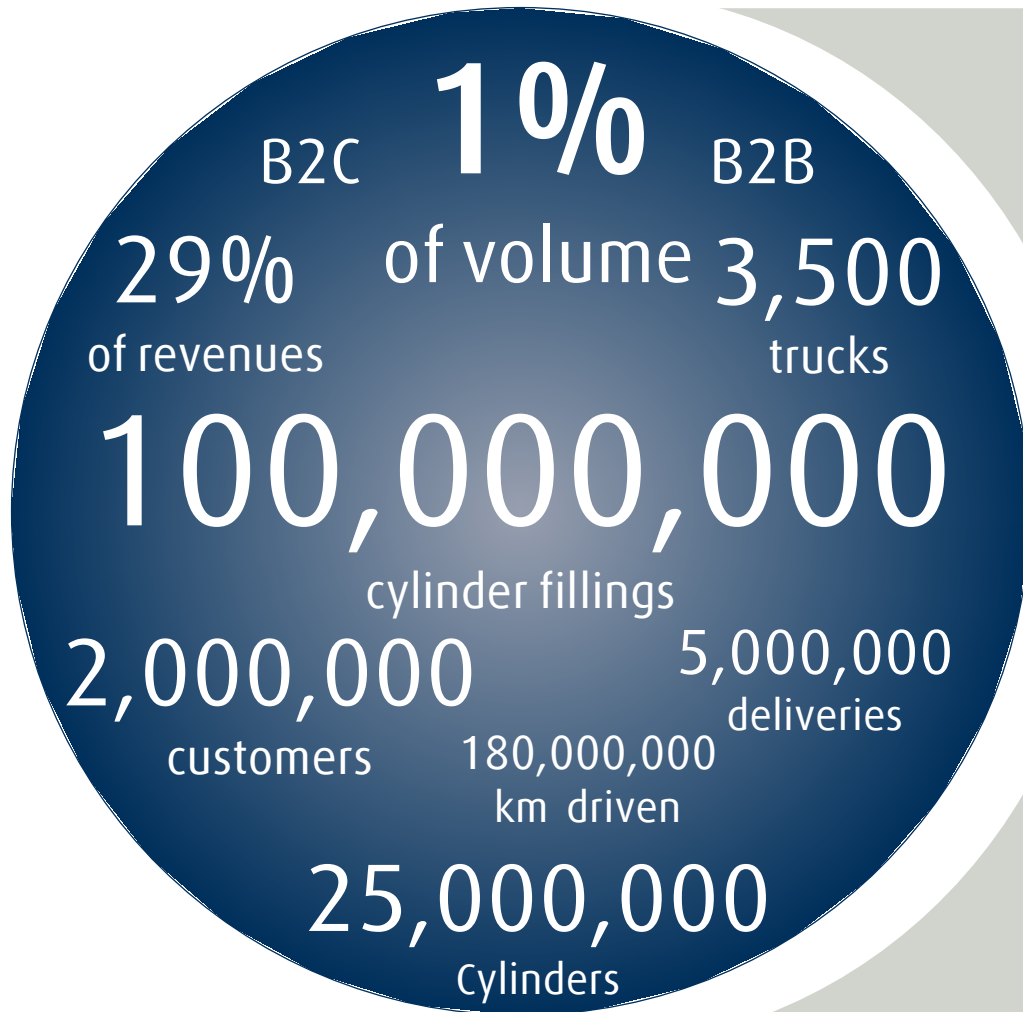
- Industrial production growth
- Emerging markets adopting higher value processes/ technologies
- Expected further market consolidation
- New & tailored applications

Gases Division | Cylinder

Strongly leveraging the integrated gases model

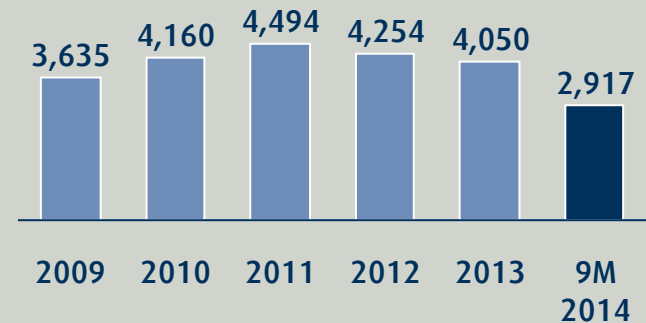


THE LINDE GROUP



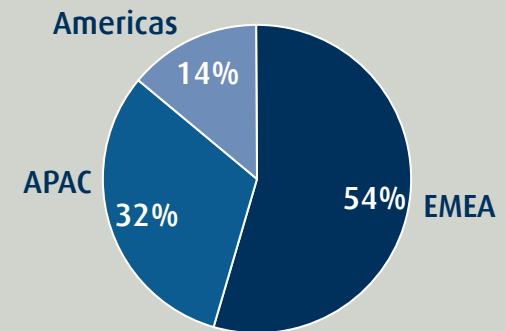
Revenues 2009 – 9M 2014

[€]



Revenue split by geography 9M 2014

[€]

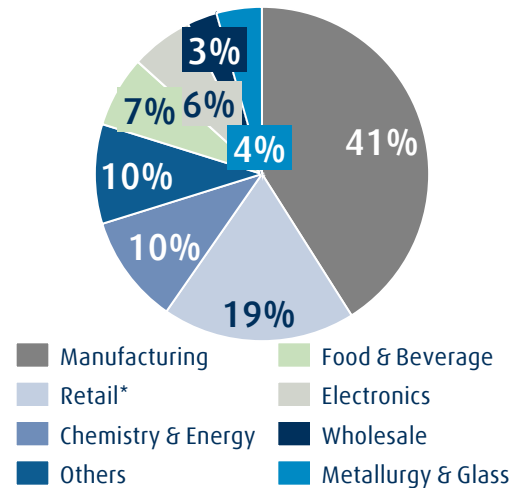


Gases Division | Cylinder

Market leading position

Global Market Position #1

Revenue split by customer industries 9M 2014



Key Differentiators

Footprint strongholds with high customer density in selected geographies

Flexible filling plant concepts tailored to country cost structures and expected demand levels

Comprehensive specialty gases capabilities

Growth Drivers

- Industrial production growth
- Emerging markets adopting higher value processes/ technologies
- Expected further market consolidation
- New & tailored applications

Gases Division | Bulk & Cylinder

Creating lasting customer benefit through applications



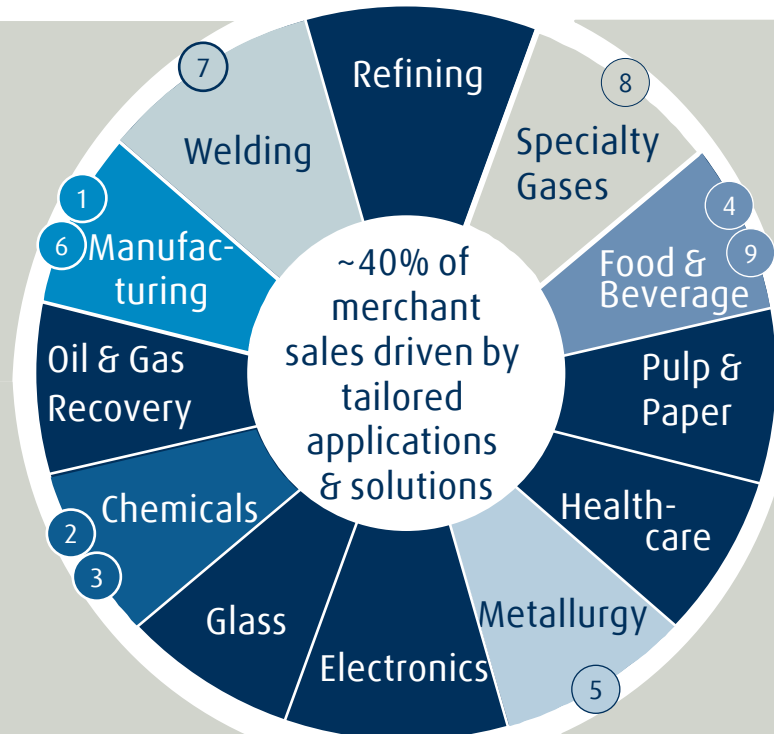
THE LINDE GROUP

Adding value by

- Continuous development of new applications and further enhancement of existing applications
- Utilisation of knowledge and expertise by developing new solutions and services

Examples in Bulk

- 1 **CRYOCLEAN™**
Surface cleaning with dry ice blasting
- 2 **LoTOx™**
NOx-removal technology
- 3 **OXYMIX™**
Oxygen enrichment technology
- 4 **SOLVOX™ OxyStream**
Oxygen-system for aquaculture
- 5 **REBOX™**
Oxyfuel technology for reheating of steel



Examples in Cylinder

- 6 **LINDOFLAMM®**
Special burners for forming, fusing and brazing
- 7 **VARIGON**
Reduction of porosity in weld
- 8 **ECOCYL™**
Portable safety detector calibration mixtures
- 9 **MAPAX™**
Gas applications especially for food packaging requirements

Gases Division | Bulk & Cylinder

Examples of value creation through applications

LoTOx™



- End-of-pipe system that removes NO_x by adding ozone to oxidize insoluble NO and NO₂ to N₂O₅ (a highly soluble species of NO_x) which can be effectively removed by a variety of Air Pollution Control (APC) equipment
- Ideal where the NO_x removal required is higher than 80% or where stack emissions are below 20 parts per million
- Over 7 million Nm³/hr of polluted air is treated in installed LoTOx systems resulting in the removal of more than 15,000 MT of NO_x each year

MAPAX™



- Customised gases adapted to different packaging materials, packaging machines and products to improve the presentation and shelf-life of packaged foods
- With the right mixtures, the practical shelf-life of consumer-packed meat can be extended from 2 – 4 days to 5 – 8 days at 4 °C
- Fulfills all safety, quality and traceability requirements of the food & beverage industry

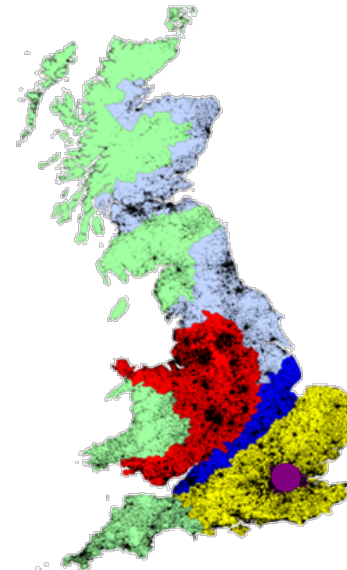
Gases Division | Bulk & Cylinder







Clusters – Driving profitability through density

Main global merchant clusters



Example: UK clustered by market zones



	Linde market share	Competitive intensity
	High	High
	High	Low
	Medium	Medium
	Medium	Medium
	High	Medium
	Medium	Low

Cluster approach

- High customer density across broad range of industries
- Integrated network of air separation units and cylinder filling sites
- Efficient sales and distribution organisation

Key benefits

- Detailed understanding of market zones
- Differentiated approach by market zone and customer industry

22%
of revenues

1,500,000

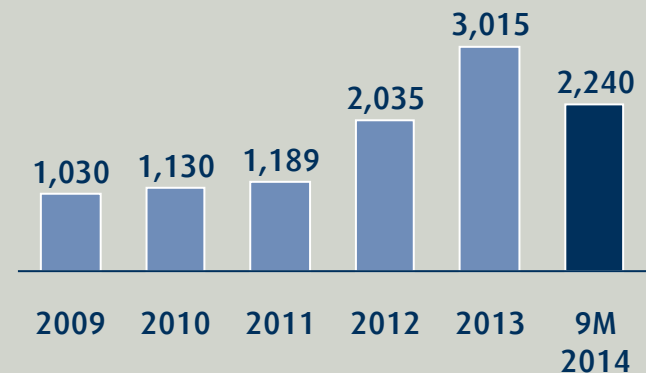
Individual homecare patients

60
countries

20,000
hospitals supplied

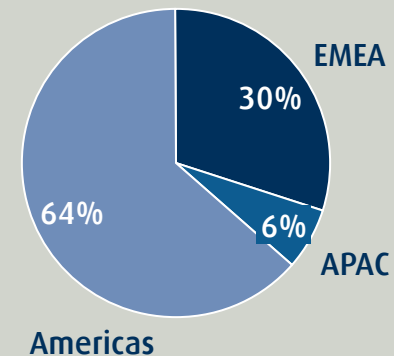
Revenues 2009 – 9M 2014*

[€]



Revenue split by geography 9M 2014

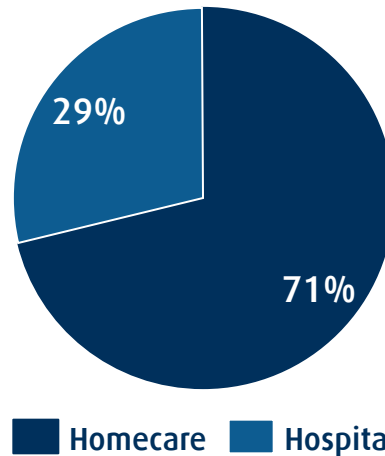
[€]



*2012 incl. Lincare acquisition partially and 2013 fully

Global Market Position #1

Revenue split by customer type 9M 2014



Growth Drivers

- Growing & ageing population
- Increasing number of patients with chronic respiratory diseases
- High share of undiagnosed patients
- Increasing density through consolidation
- Increasing wealth in emerging markets

Key Differentiators

Cost-effective and reliable product and service offerings

Economies of scale / cost leadership combined with patient density

Transfer of know-how and best practices between markets

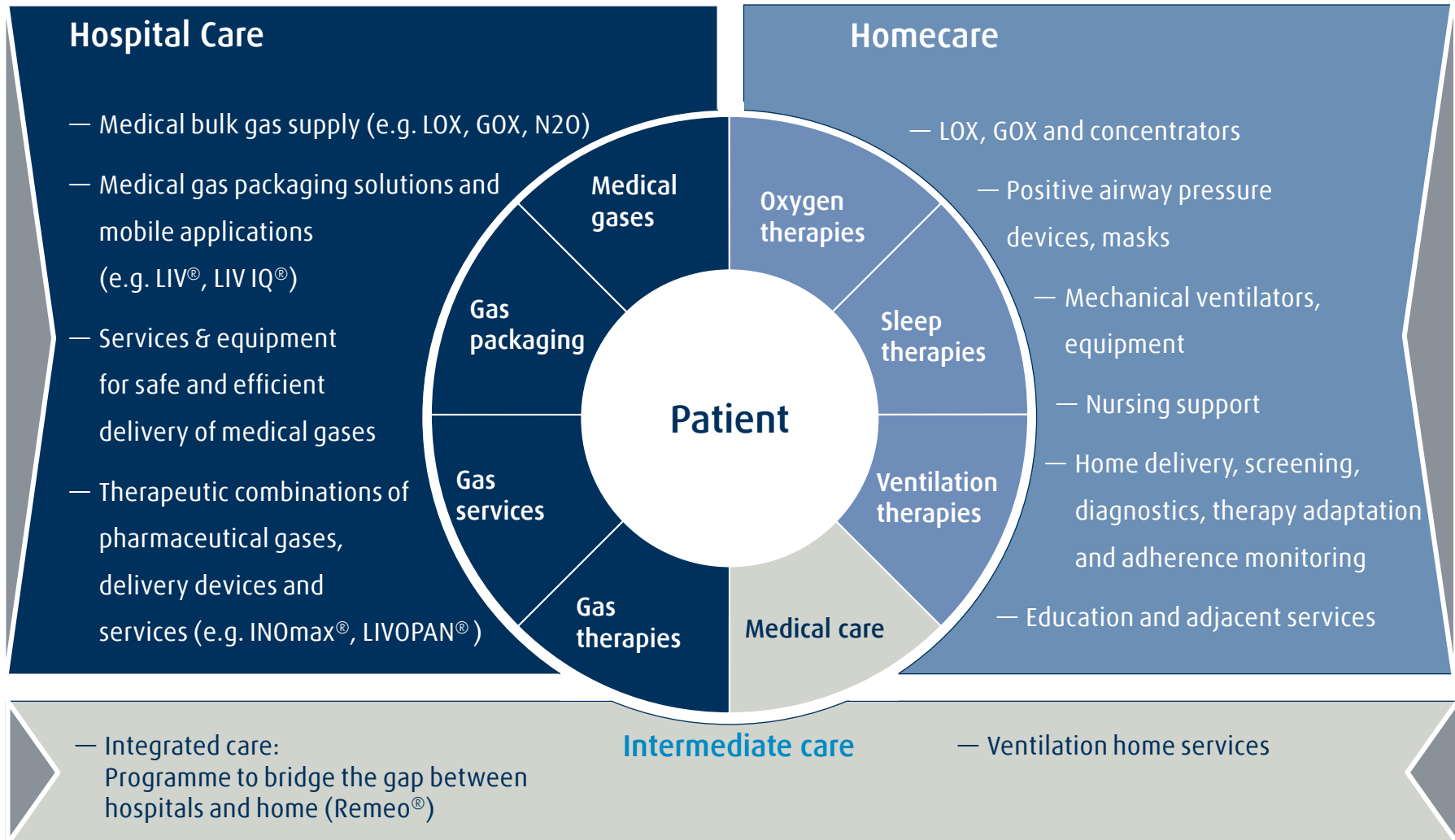
Covering the patient in hospital, intermediate and homecare environment

Gases Division | Healthcare

Serving the patient in all different environments



THE LINDE GROUP



Engineering Division

Focused on leveraging technology leadership for Gases



THE LINDE GROUP

4,000

Completed plants

3,400

Engineers

4

Core hubs

135

Years of experience

3,000+

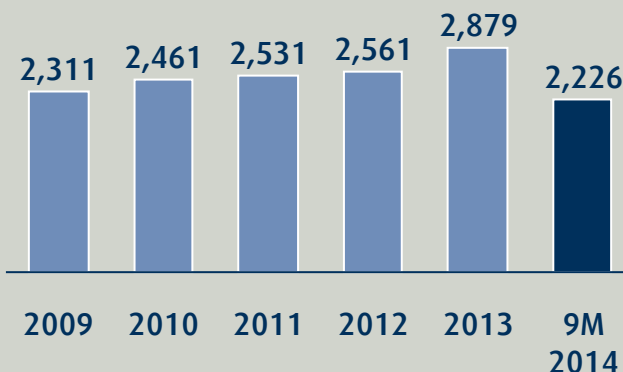
ASUs
constructed

1,000

Patents & applications

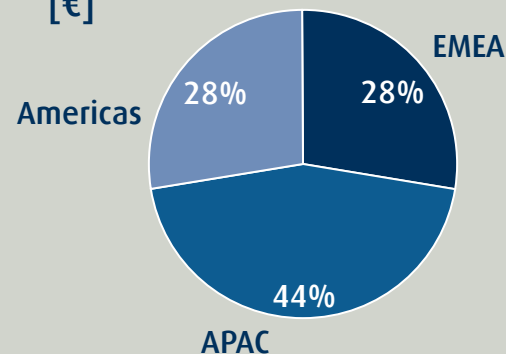
Revenues 2009 – 9M 2014

[€]



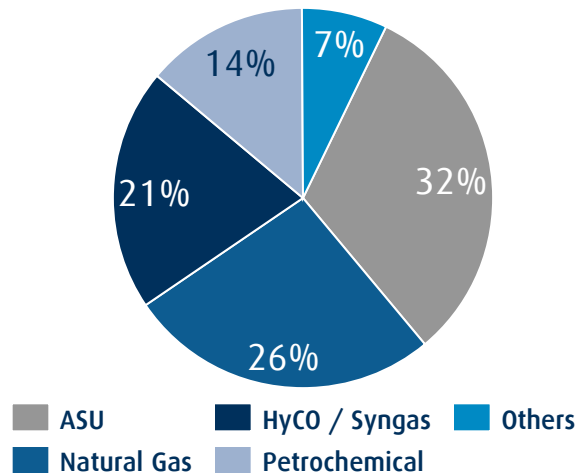
Revenue split by geography 9M 2014

[€]



Strong Global Market Position

Revenue split by plant type 9M 2014



Growth Drivers

- US shale gas
- ASUs for Coal-to-X
- Desulphurisation of crude oil for cleaner fuels
- LNG
- Further industrialisation of Growth Markets

Key Differentiators

Longstanding customer relations

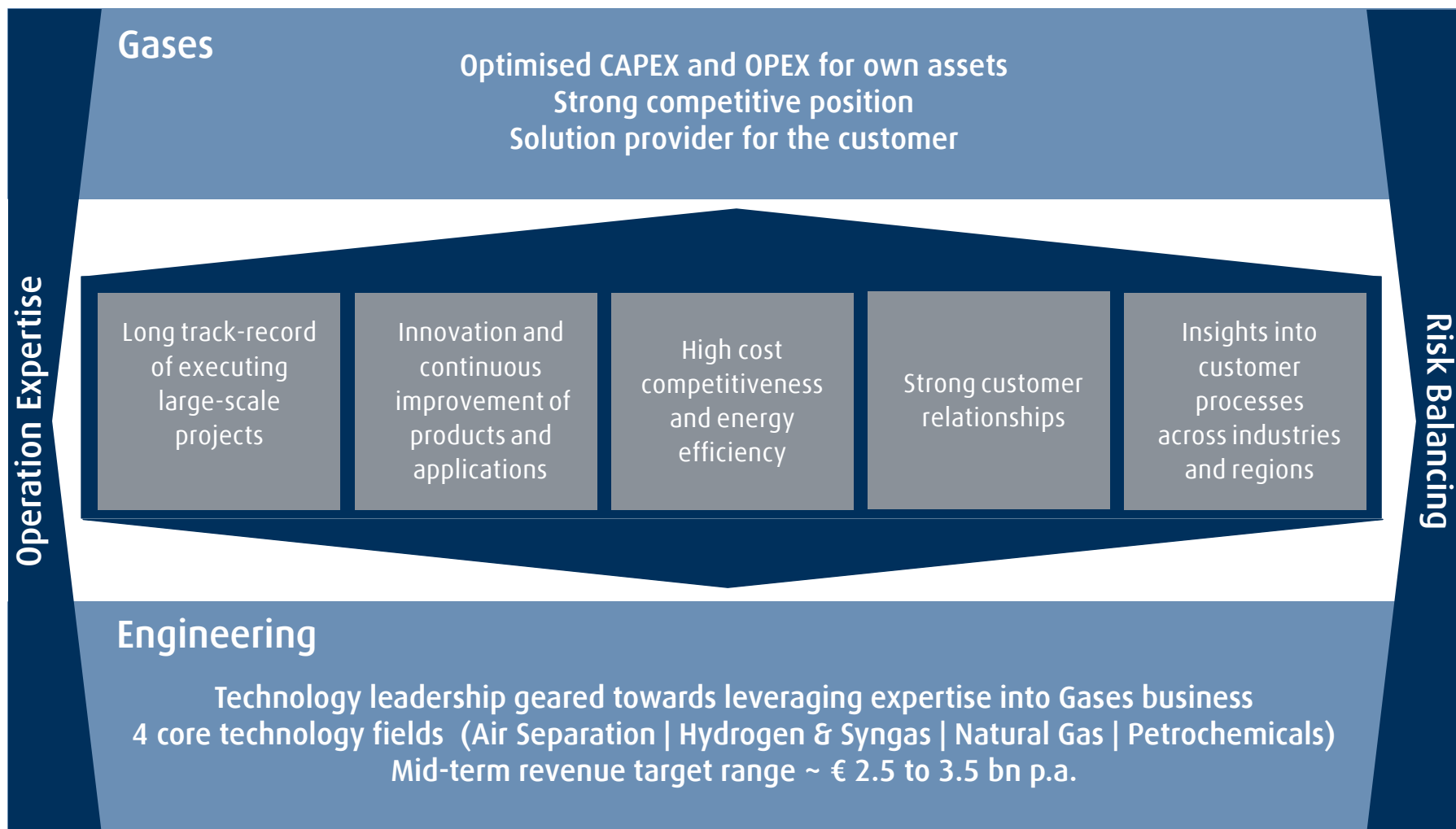
Successful track record in execution

Superior design of highly energy efficient plants with low total life-cycle cost

Offering highly standardised as well as customer tailored plants

Linde Group | Integrated Gases & Engineering setup

Leveraging a unique synergetic setup



What The Linde Group stands for.

Where is The Linde Group today.

The way forward.

Strategy | Creating Value.

Efficient resource allocation & value generation



THE LINDE GROUP

EBITDA ROCE Shareholder Return

value generation

Invest for profitable growth

- Realisation of attractive new integrated gases project opportunities
- Development of new product service offerings / smart technologies

mid/long-term

Continuous Efficiency Improvement

- Transformation from programme approach to a learning organisation
- Stringent standardisation on a global scale

on-going

Portfolio Optimisation

- Optimisation of geographical footprint and density in power zones
- Increase of density in Merchant and Homecare business also through bolt-on M&A and by means of asset swaps when feasible

mid-term

Organisation

- Advanced and lighter matrix structure strongly empowering the operational business units
- Adjustment of incentive scheme to individually tangible value drivers
- Introduction of an enhanced investment process with strong portfolio management and implementation control

short-term

Organisation | Advanced and lighter matrix structure

Empowering business units and ensuring optimal resource allocation



THE LINDE GROUP

Global Governance

Develop best practices,
define & maintain
standards & rule book

Merchant
Packaged Gases

Electronics

Healthcare

Operations

Divisional / Regional business operations with P&L responsibility

Run operations within the framework set by global governance

EMEA

Business driven
by Regional
Business Units

ASIA/PACIFIC

Business driven
by Regional
Business Units

AMERICAS

Business driven
by Regional
Business Units

Engineering

Investments

Opportunity & Project Development (end-to-end process)

Global Procurement

Management of global spend (end-to-end process)

Global Support

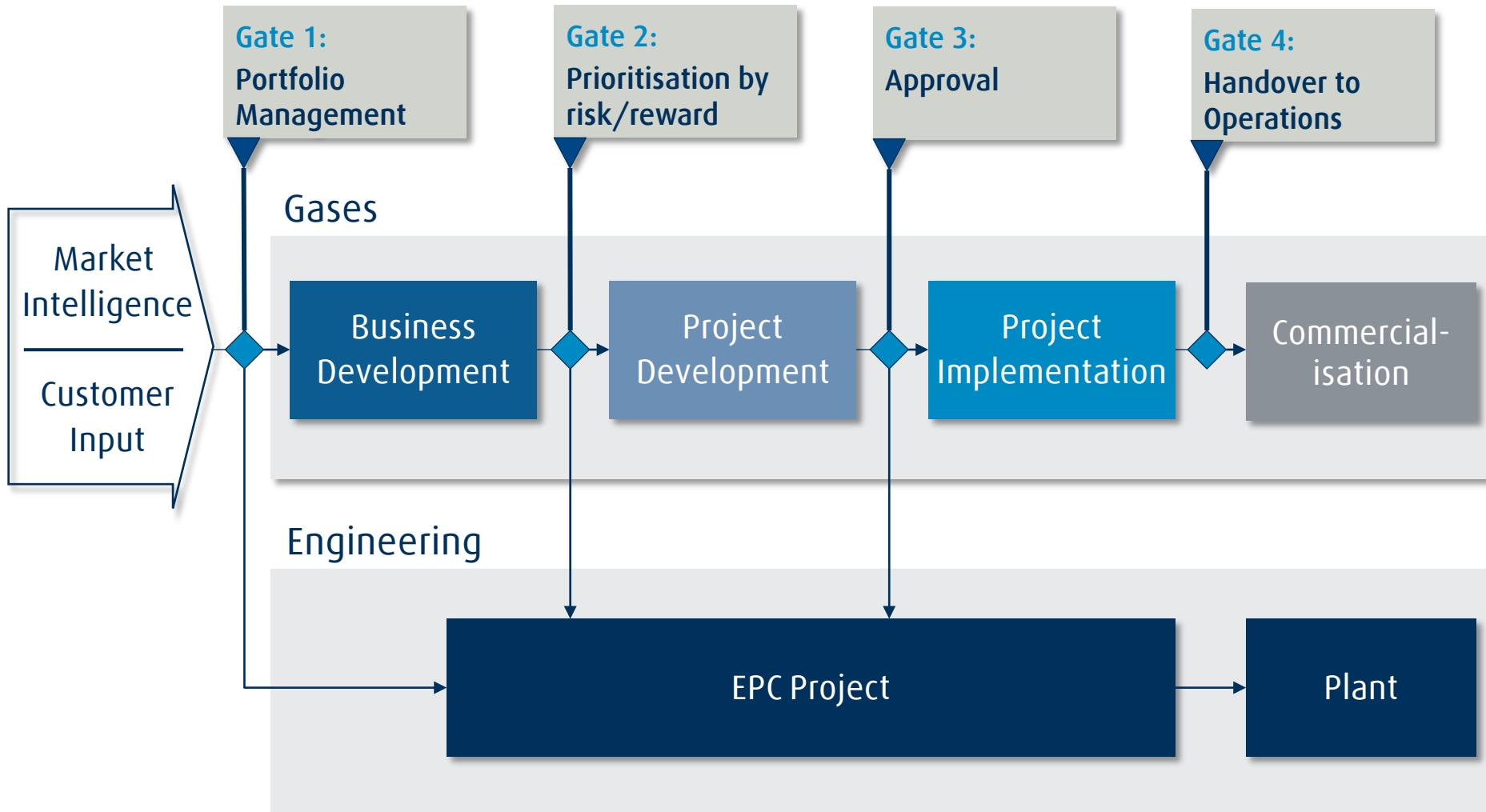
Human Resources, Controlling, Finance, IT, Legal, etc.

Organisation | Investment Process

Identifying and balancing opportunities in the integrated setup



THE LINDE GROUP

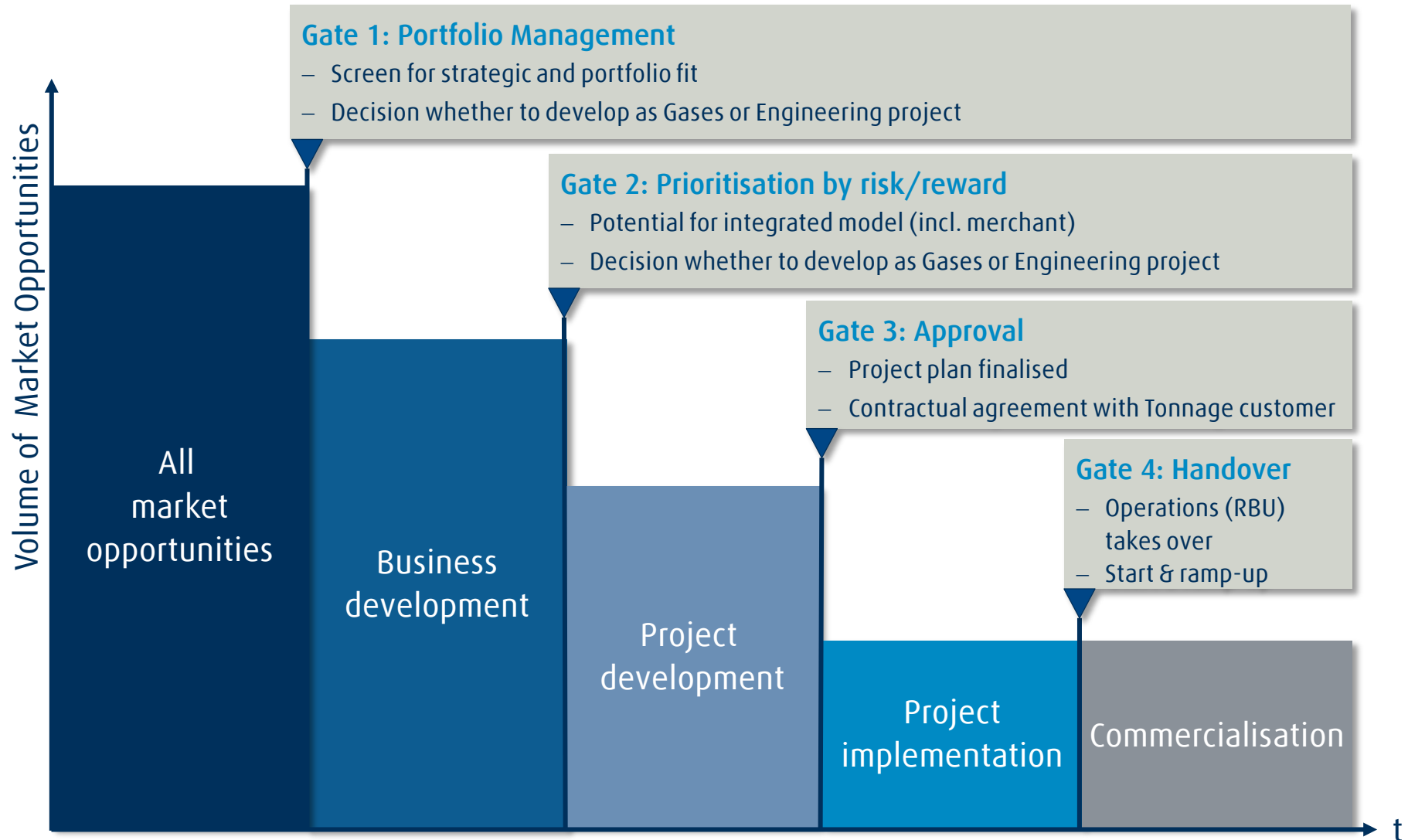


Organisation | Investment Process

Thorough review to ensure selection of most attractive projects

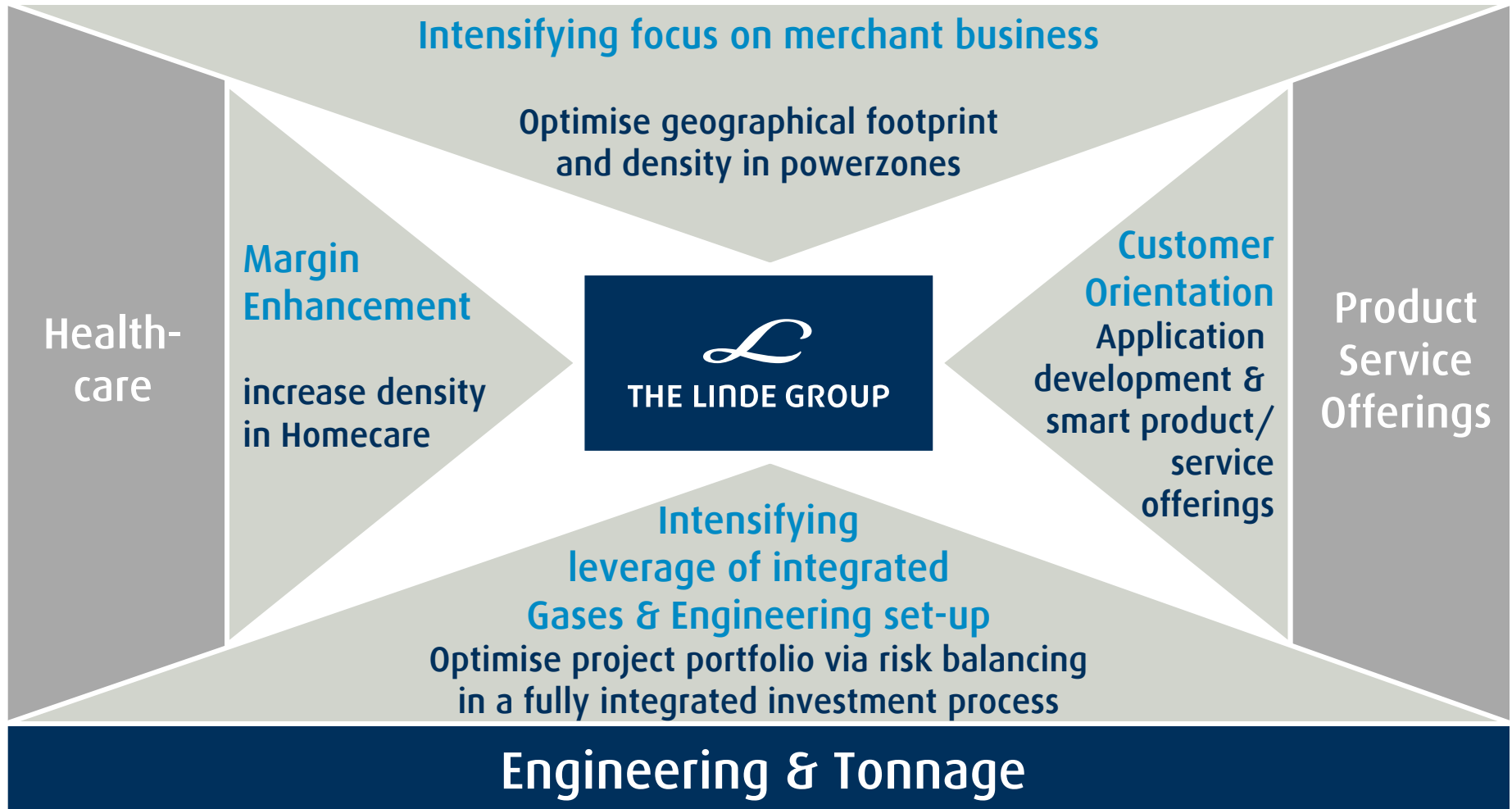


THE LINDE GROUP



Portfolio Optimisation | Base for future profitable growth
Enhance leverage of existing assets and realise opportunities

Merchant Business | Bulk & Cylinder



Continuous Efficiency Improvement

From HPO to a learning organisation

Gross Cost Savings

HPO 1 | 2009-2012

€ 780m

HPO 2 | 2013-2016
€ 750-900m

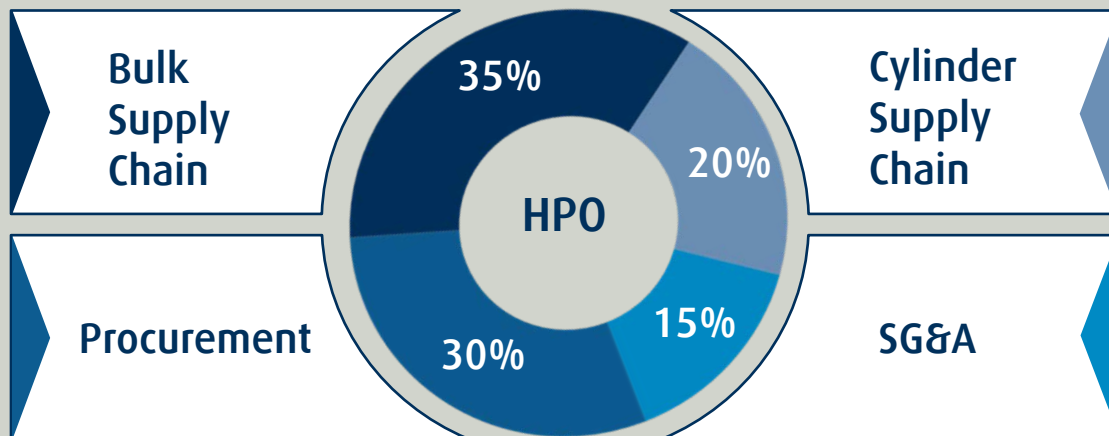
€ 400m

Status Q3 2014

Continuous
efficiency
improvement

Inflation &
factor cost
increases

Additional improvement measures



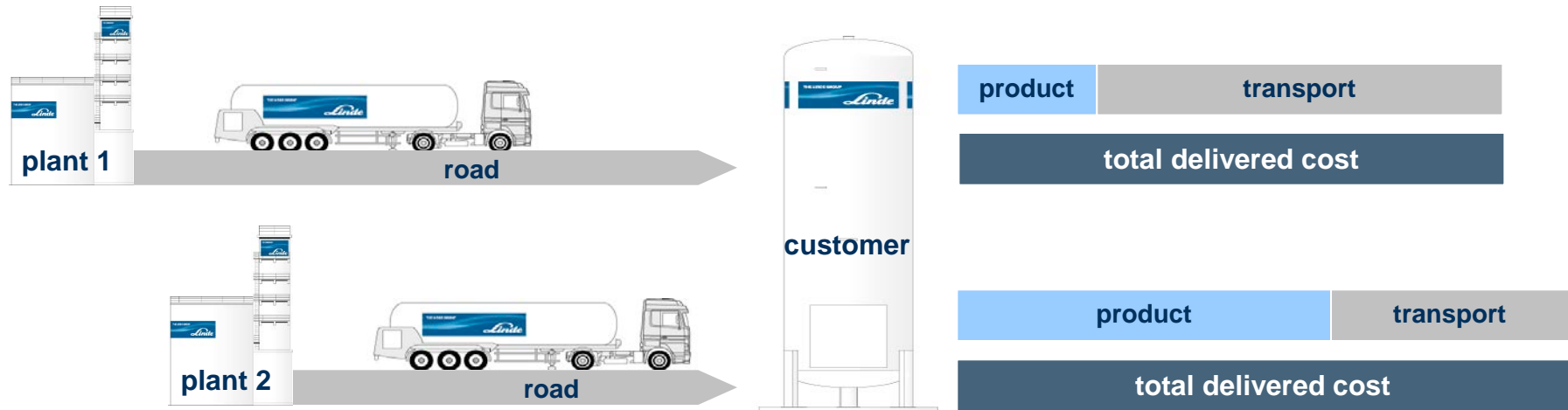
Additional improvement measures

- More efficient organisational structure
- Governance based on defined rule books to be complied with
- Stringent global standards, with local implementation
- Individual KPIs / incentives aligned to global value drivers

Continuous Efficiency Improvement | Example

Bulk Optimiser helps optimising „Power vs. Wheels“

Optimization of power/ energy vs. distribution cost in order to gain lowest landed cost

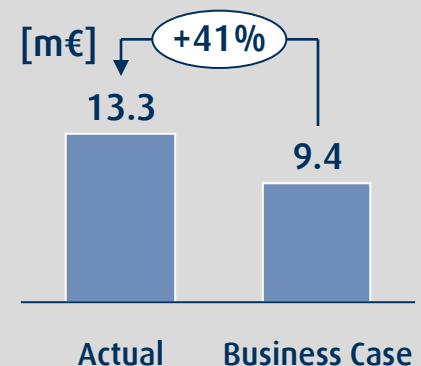


Scope of optimisation model

Objective: integrated Pan-European supply for airgases and CO2

- Based on logical networks, i.e. not constrained by country borders
- Output includes production plant assignment, production plans, energy purchase plans and required product purchases
- Implementation in other geographies is on-going

Cumul. savings 2012-2014E



Continuous Efficiency Improvement | Example

Bulk Optimiser balances “Power vs. Wheels”

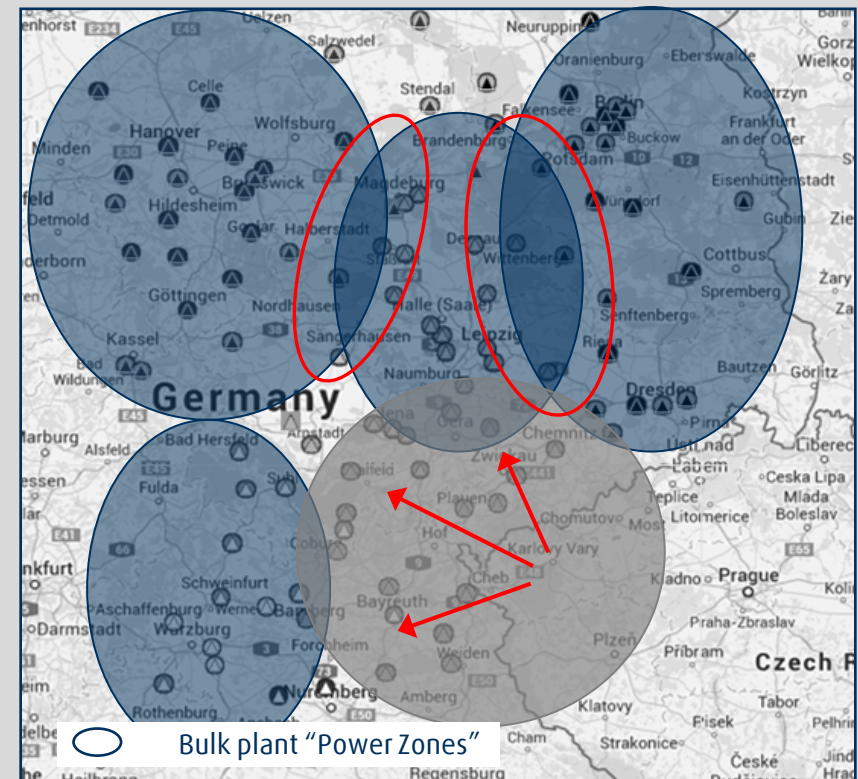
Example | Cross-border optimisation in Central/ Eastern Europe

Complex network shift due to

- Available merchant liquid depends on demand of Tonnage customers and plant availability
- Regional weekly variation in total demand
- Ongoing fluctuations in distribution (diesel) and production (electricity) cost

Result

- Customer assignments re-aligned within the borders of power zones, shifting up to 25% of customer demand on a weekly basis
- Sustainable reduction of cost through utilisation of built-in flexibility in distribution network

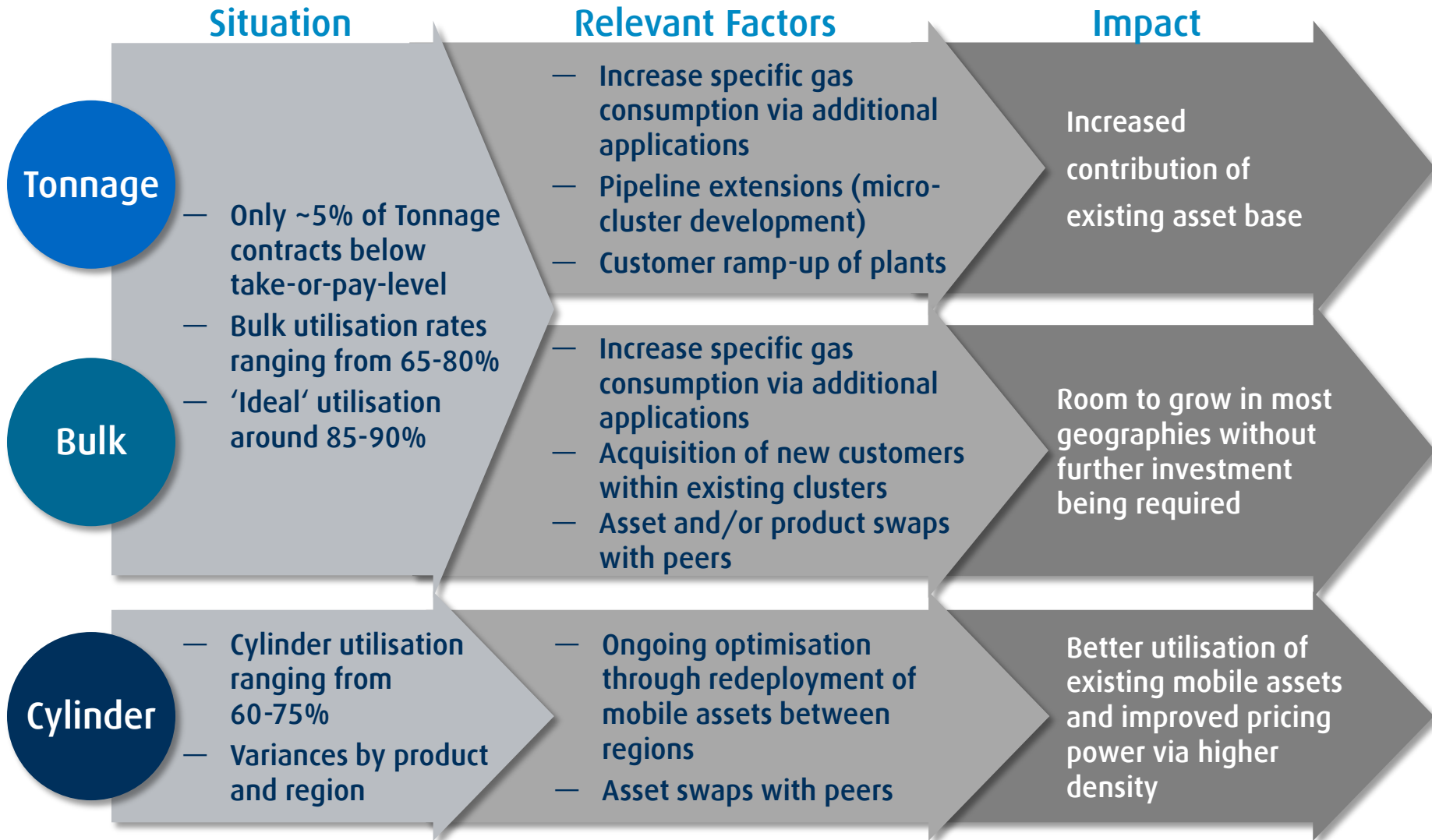


Profitable Growth | Existing Assets

Leveraging the existing asset base

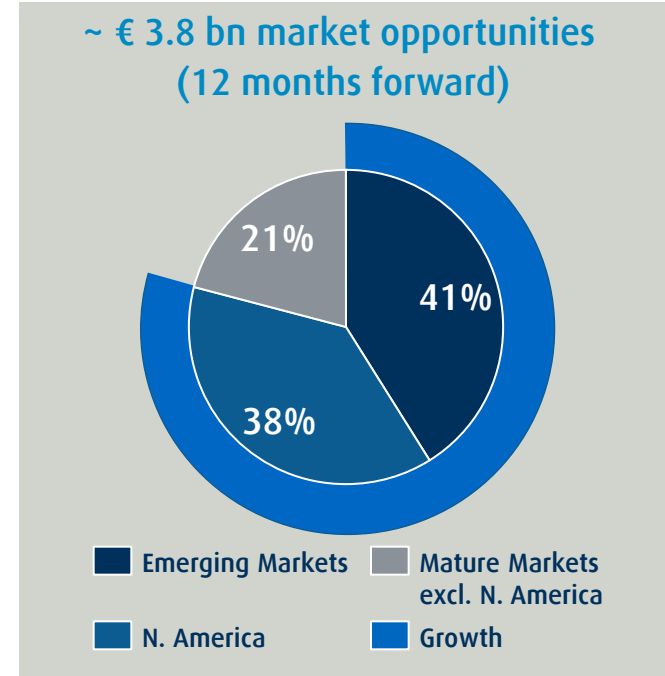
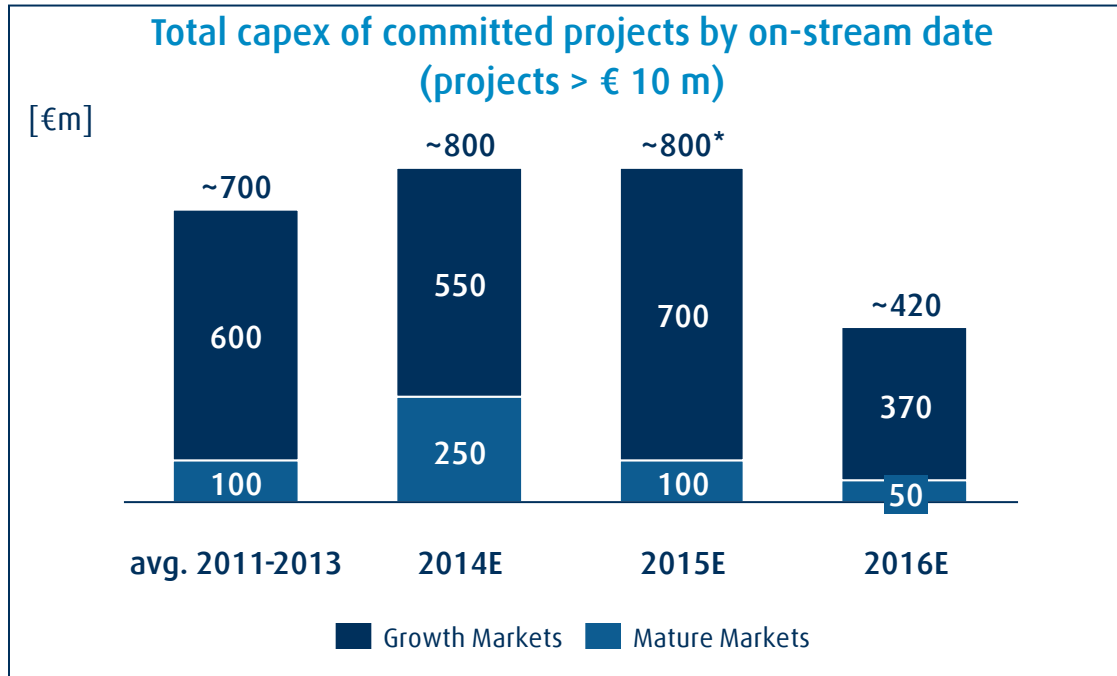


THE LINDE GROUP



Profitable Growth | New investments & opportunities

Project pipeline and market opportunities



- Around 80% of project investments are allocated to growth markets (including North America)
- Capex/Sales ratio in Gases will be lower for 2014E-2016E compared to the previous years
- Due to larger project sizes the average project execution time has increased up to 36 months

- Portfolio of market opportunities slightly decreased from € 4 bn in March 2014 to ~ € 3.8 bn
- Majority of opportunities in Growth Markets driven by North America and Middle East & Eastern Europe

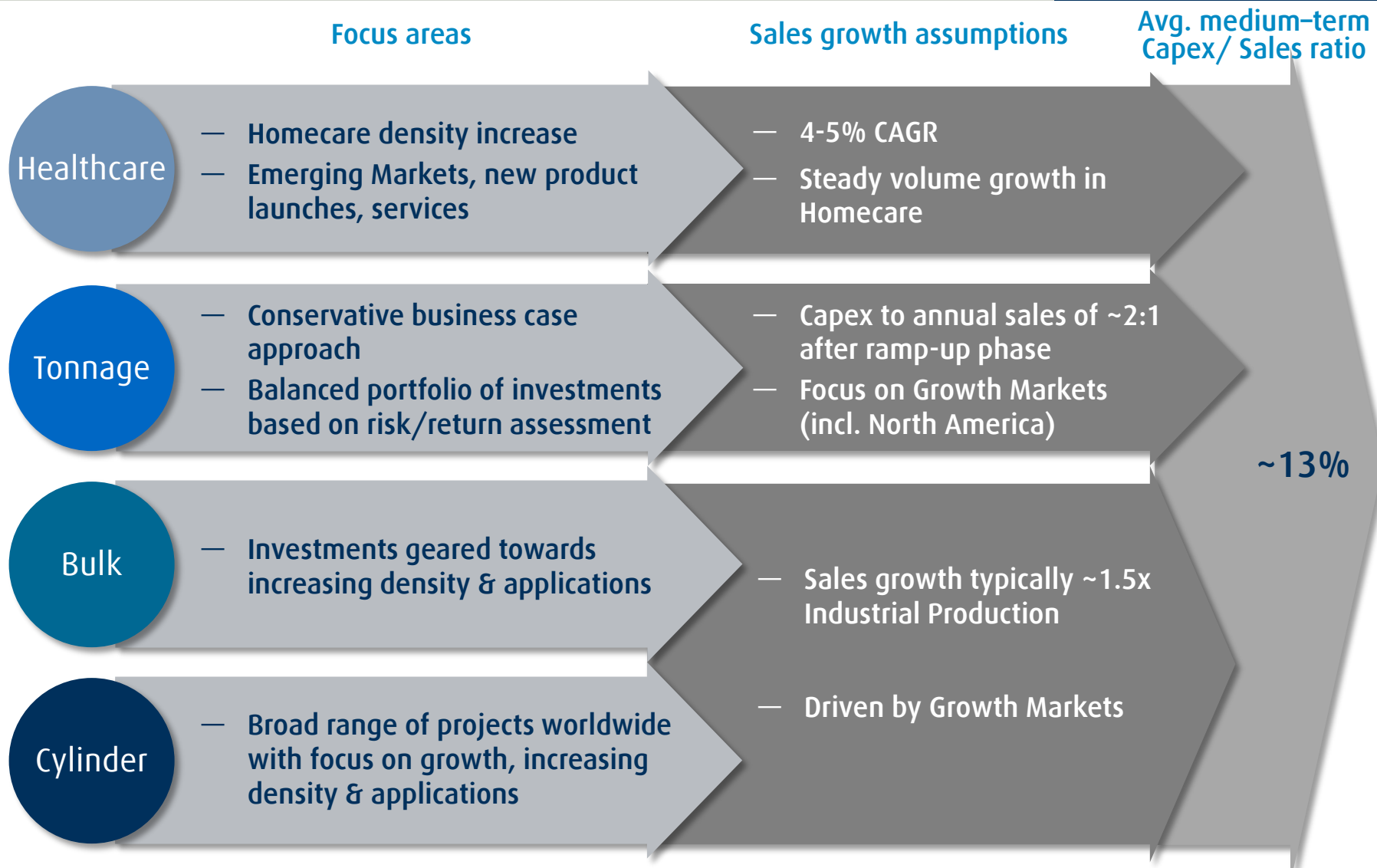
* Adjusted for impact of Chongqing

Profitable Growth | New investments & opportunities

Focus areas



THE LINDE GROUP



Profitable Growth | Opportunities

Smart product service offerings – Example: Connected cylinders



Healthcare Applications



Connectivity at Filling Stations

- Analyse usage of each cylinder to optimise value chain and advise hospitals



Interactivity in Hospitals

- Monitor oxygen usage to ensure patient compliance
- Support legal compliance of hospitals
- Optimise usage patterns to improve security of supply

Expand concept to core industrial gases portfolio

Profitable Growth | Opportunities

Smart product service offerings – Example: Connected cylinders



THE LINDE GROUP



Expand concept to core industrial gases portfolio

**Refine design
to industrial
environment**

- Analysis/
optimisation of
use patterns
- Product,
traceability and
safety
information

**Supply Chain
efficiency**

- Proactive sales
process initiation
- Predictive
production & logistic
- Accuracy of
customer deliveries
- Asset and
maintenance
controls

**Integration
with customer
processes**

- Automated
reordering
- Customer inventory
management
- Cylinder tracking for
customers
- Automated alarms
to warn of low gas
levels

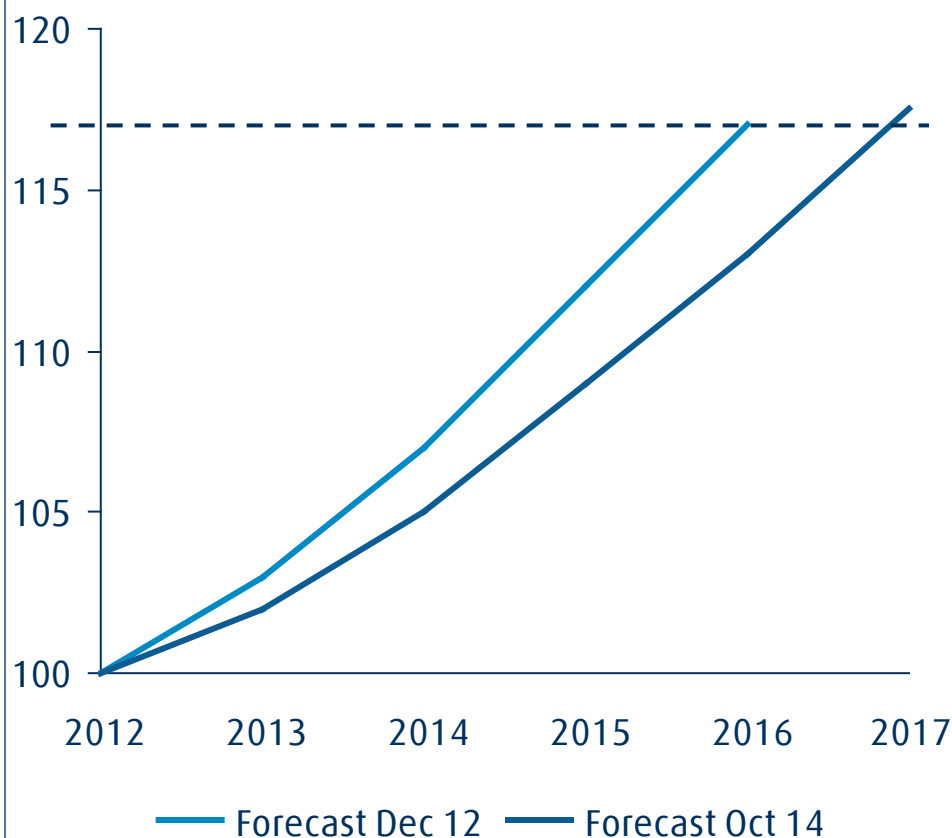
Customer orientation in order to increase productivity at customer level

Outlook | Headwinds since target setting in 2012

Challenged by sluggish IP growth and negative FX effects

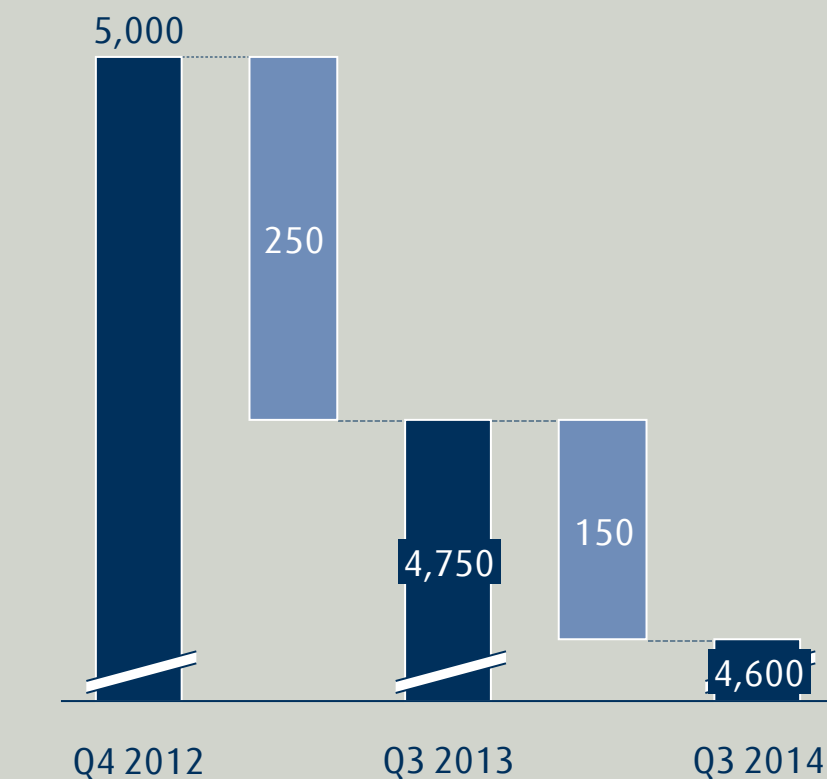
Forecast for IP growth

IP level in 2012 = 100



Negative FX impact 2016 Group EBITDA target

[€m]



Source: Economist Intelligence Unit, Dec 2012 and Oct 2014, weighted by Linde sales

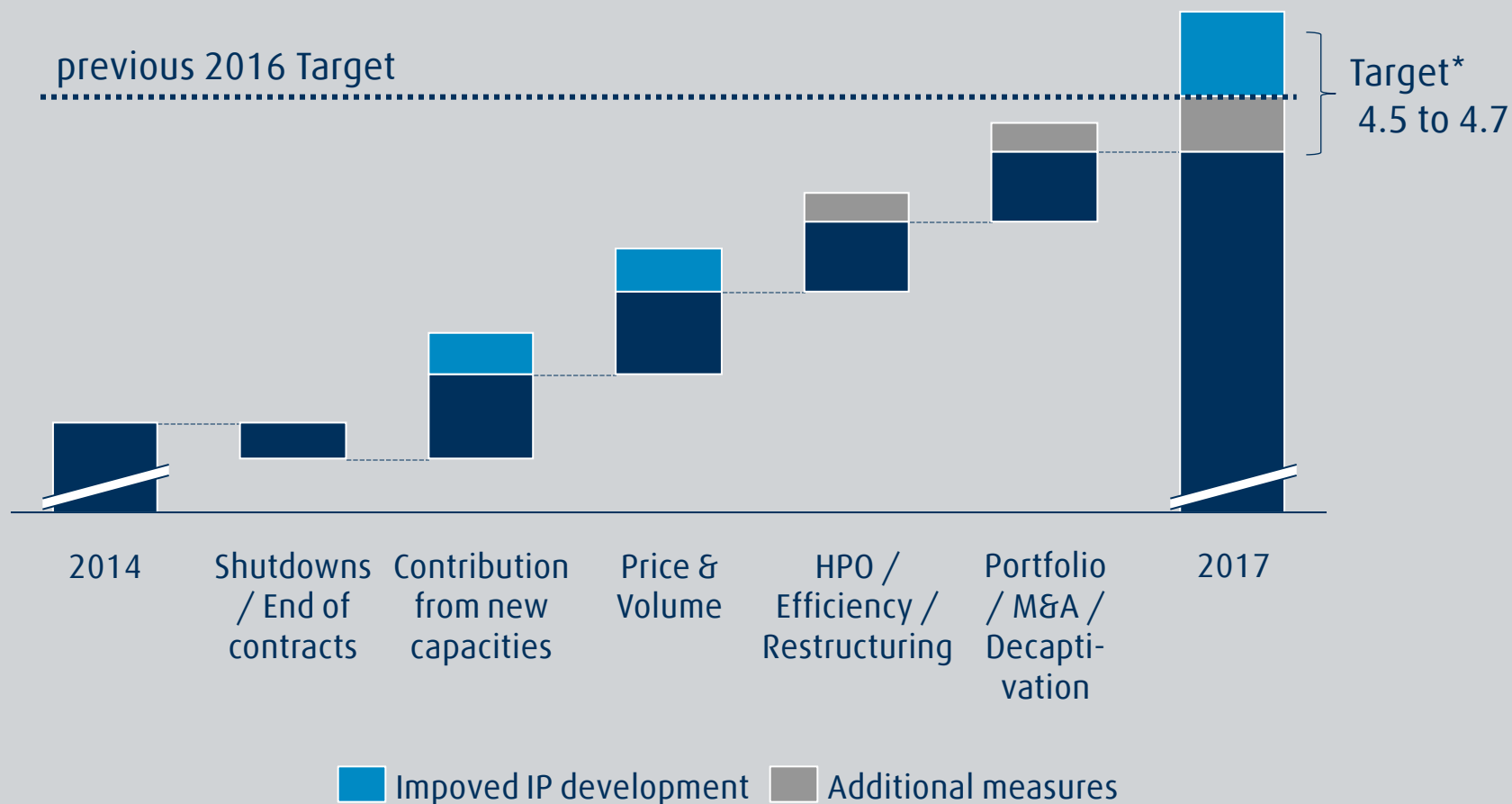
Short-term outlook		2014
Group*	Revenue	Solid increase vs. 2013
	Operating Profit	At a similar level as 2013 adjusted for non-recurring items
Gases*	Revenue	Moderate increase vs. 2013
	Operating Profit	Slight increase vs. 2013 adjusted for non-recurring items
Engineering Division	Revenue	Solid increase vs. 2013
	Operating Margin	Operating margin of around 10%

* Based on current economic forecasts and after adjusting for exchange rate effects

Outlook | Operating Profit

Target 2017 | € 4.5 to 4.7 bn

Operating Profit [€bn]



* Based on current economic forecasts and exchange rates

Medium-term outlook*

2017

Group

Operating Profit

4.5 to 4.7 billion Euro

ROCE reported

11% to 12%

Efficiency

HPO 2013-2016 | 750-900 million Euro gross cost savings

* Based on current economic forecasts and after adjusting for exchange rate effects

9M 2014

- Ongoing slow growth environment
- Comparable Linde Gases revenues growth accelerating to 3.7% in Q3
- Strong rebound of operating cash flow in Q3

The way forward

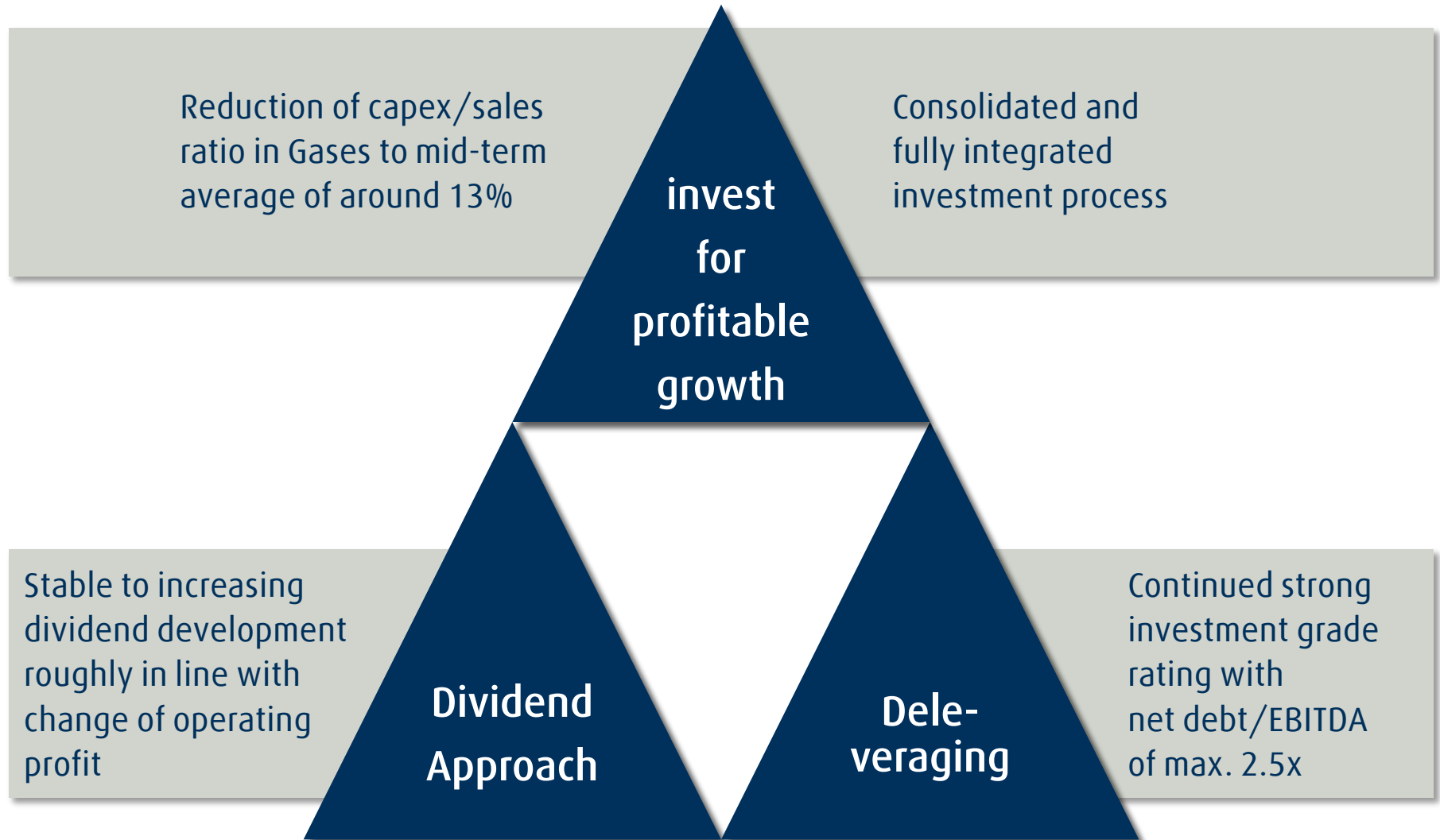
- Strong focus on sustainable profitable growth
- Efficiency improvement, portfolio optimisation and organisational adjustment

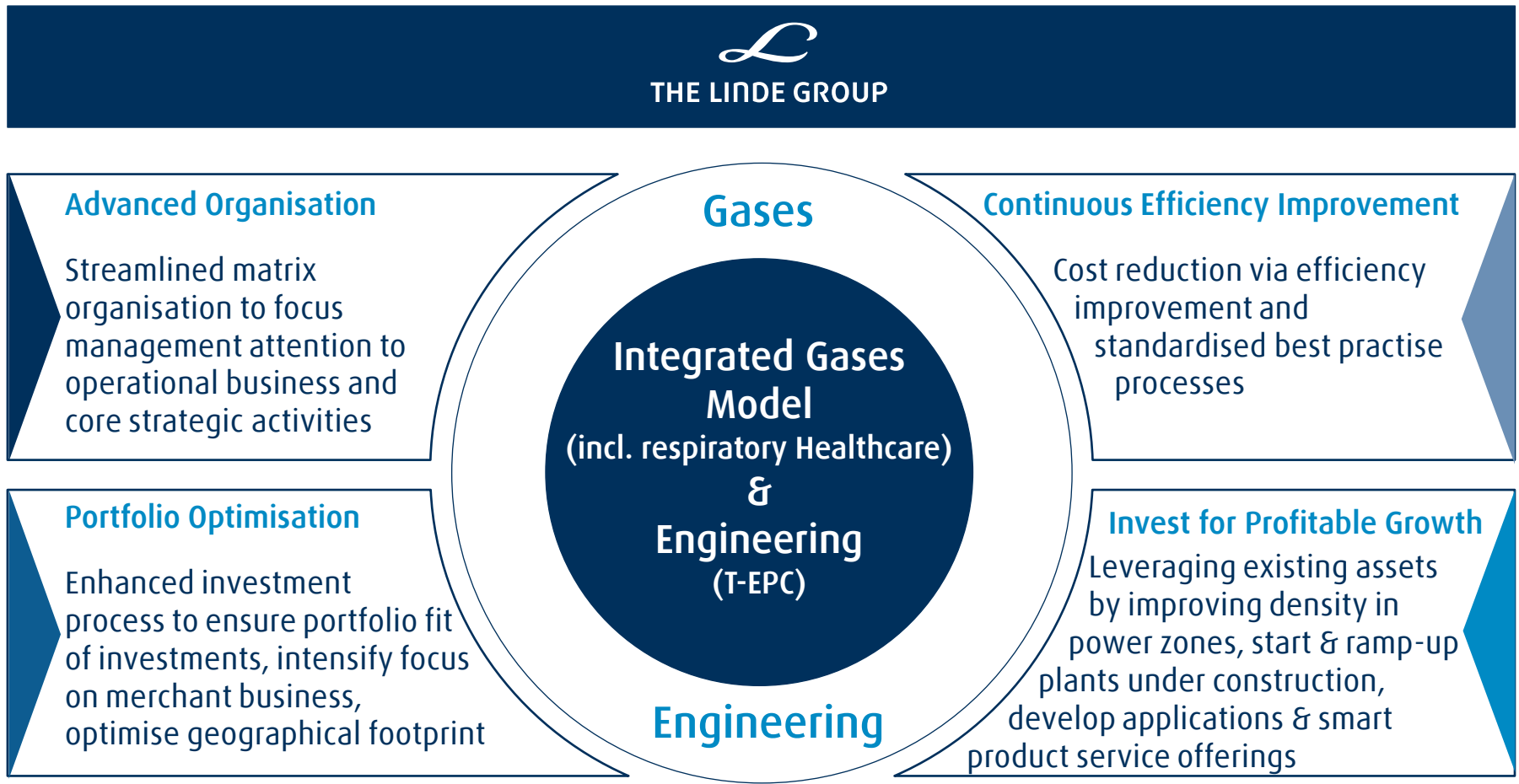
Use of Cash Flow

Balancing returns & future growth based on a solid financial position



THE LINDE GROUP





Financial calendar

Full year report 2014:	13 March 2015
Report Q1 2015:	30 April 2015
AGM 2015:	12 May 2015
Dividend payment:	13 May 2015

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

Contact

Phone:	+49 89 357 57 1321
Email:	investorrelations@linde.com
Internet:	www.linde.com