

Press release

2008 financial year: The Linde Group posts a solid performance and is prepared to face the difficult economic environment

- Sales up 2.9 percent to 12.663 billion euro, 8.4 percent increase in sales after adjusting for exchange rate effects
- Operating profit* up 5.4 percent to 2.555 billion euro, 10.3 percent increase in operating profit after adjusting for exchange rate effects
- Increase in ROCE to 12.4 percent (2007: 10.3 percent)
- Proposed increase in dividend from 1.70 euro to 1.80 euro per share
- Outlook for 2009: planning based on various scenarios for global economic trends
- Accelerated implementation of programme for sustainable improvements in productivity

Munich, 16 March 2009 – The technology group The Linde Group achieved sales growth in the 2008 financial year, while operating profit increased at a faster rate than sales. "This really solid business performance, despite the onset of the financial and economic crisis, indicates that our Group reorganisation has proved worthwhile," said Professor Dr Wolfgang Reitzle, Chief Executive Officer of Linde AG at the press conference on the annual results. "However, even we are not immune to the global recession. To stay on track even in this difficult economic situation, we will accelerate the implementation of our integrated programme to achieve sustainable improvements in our processes and increase productivity." For the rest of the current year 2009, against a background of continuing uncertainty, Linde is planning for future global economic development in a number of different scenarios. "It still looks possible from today's standpoint that Group sales and earnings will be slightly higher than or at the same level as in 2008. However, we have to consider the possibility of a decline in sales and earnings," explained CEO Reitzle.

Linde increased Group sales in the 2008 financial year compared to 2007 by 8.4 percent after adjusting for exchange rate effects and Group operating profit* by 10.3 percent after adjusting for exchange rate effects. On the basis of reported figures, i.e. if there is no adjustment for exchange rate effects, Group sales rose by 2.9 percent to 12.663 billion euro (2007: 12.306 billion euro). Group operating profit* of 2.555 billion euro on the basis of reported figures was 5.4 percent higher than the figure for 2007 of 2.424 billion euro.

*Operating profit: EBITDA before non-recurring items, including the share of net income from associates and joint ventures.

Earnings before tax (EBT) were 1.006 billion euro, which was below the prior year figure of 1.375 billion euro. When comparing these two figures, it should be noted that in 2007 there was a profit on disposal of businesses of 607 million euro which was disclosed as a non-recurring item. In the 2008 financial year, Linde made a profit on the disposal of businesses of 59 million euro.

Earnings after tax in the 2008 financial year were 776 million euro (2007: 996 million euro, relating to continuing operations). The amount attributable to Linde AG shareholders was 717 million euro (2007: 952 million euro). This corresponds to earnings per share (EPS) of 4.27 euro (2007: 5.77 euro, relating to continuing operations). The profit on disposal of businesses in 2008 and 2007 also had an impact on these figures. On an adjusted basis, i.e. after adjusting for this effect and for the amortisation of fair value adjustments identified in the course of the purchase price allocation relating to the BOC acquisition, earnings per share rose by 8.8 percent from 5.02 euro in 2007 to 5.46 euro in 2008.

As a result of its good overall business performance, Linde again improved its cash flow from operating activities: by 7.7 percent to 1.876 billion euro (2007: 1.742 billion euro). ROCE (return on capital employed) also increased and at 12.4 percent was significantly higher than the prior year figure of 10.3 percent. Net financial debt, which stood at 6.423 billion euro at 31 December 2008, was almost the same as the prior year figure of 6.427 billion euro.

The Executive Board and Supervisory Board of Linde AG will propose a resolution at the Annual General Meeting to be held on 15 May 2009 to increase the dividend from 1.70 euro to 1.80 euro per share.

Gases Division

The Gases Division achieved sales growth of 3.3 percent in the 2008 financial year to 9.515 billion euro (2007: 9.209 billion euro). After adjusting for exchange rate effects, the increase in sales was 9.3 percent. On a comparable basis, i.e. after also adjusting for changes in the price of natural gas and changes in the structure of the Group, the increase in sales was 6.8 percent.

Operating profit rose again at a faster rate than sales, with a 4.5 percent increase to 2.417 billion euro (2007: 2.314 billion euro). After adjusting for exchange rate effects, the increase in earnings was 9.6 percent. The operating margin rose by 30 basis points from 25.1 percent in 2007 to 25.4 percent in 2008.

The following business trends were to be seen in the individual regions and product segments of the Gases Division:

In the Western Europe operating segment, our biggest sales market, sales increased by 2.7 percent to 4.133 billion euro (2007: 4.026 billion euro). On a comparable basis, sales rose 4.9 percent. Operating profit increased by 2.0 percent to 1.119 billion euro (2007: 1.097 billion euro). Business in Western Europe was characterised above all by increases in sales volumes and positive price trends in the cylinder gas product segment in the major markets, Germany and the UK.

In the Americas operating segment, we achieved sales of 2.207 billion euro, which was not quite as high as the prior year figure of 2.348 billion euro. This fall in sales was due not only to adverse exchange rate effects, but also above all to changes in Group structure. Included in the prior year figure were the US cylinder gas business sold in 2007 and the eight air separation plants which we were obliged to sell as a result of conditions imposed by the competition authorities. On a comparable basis, our gases business in the Americas grew by 6.4 percent. Against this background, operating profit in 2008 of 432 million euro was also somewhat lower than the figure for 2007 of 447 million euro.

It was in the Asia & Eastern Europe operating segment that we achieved the highest rates of growth in 2008, as in 2007. Sales increased by 19.7 percent to 1.936 billion euro (2007: 1.618 billion euro). It should be noted that some of the former joint ventures in Malaysia, Hong Kong and Taiwan were included in the consolidation for the first time in the 2008 financial year. On a comparable basis, sales rose by 9.5 percent. Operating profit rose at an even faster rate than sales. At 563 million euro, it was 20.6 percent higher than the prior year figure of 467 million euro.

In the South Pacific & Africa operating segment, Linde increased sales by 2.0 percent to 1.310 billion euro (2007: 1.284 billion euro). The slowdown in sales growth was due mainly to the depreciation of the South African rand and the Australian dollar. On a comparable basis, the rise in sales was 9.4 percent. Operating profit of 303 million euro was exactly the same as the prior year figure.

In the individual product segments, the Gases Division also achieved sales growth. On a comparable basis, sales in the cylinder gas business rose 9.2 percent to 3.820 billion euro (2007: 3.499 billion euro), while our liquefied gases business saw growth of 3.7 percent to 2.325 billion euro (2007: 2.241 billion euro). In the on-site business, where we supply industrial gases from plants situated directly on the customer's site, sales increased by 4.9 percent to 2.375 billion euro (2007: 2.265 billion euro). The Healthcare or medical gases segment achieved sales growth of 9.8 percent to 995 million euro (2007: 906 million euro).

Gases Division – Outlook

The expected weakness in demand this year has not caused us to change our original target for the gases business. We want to grow at a more rapid pace than the market and continue to increase our productivity. The scenarios for the forecast business performance of the Gases Division in the current year 2009 range from a slight rise in sales and earnings to a decline in sales and earnings.

Engineering Division

The Linde Group again achieved growth in sales and earnings in its engineering business in the 2008 financial year. Following on from a very successful year in 2007, sales increased by 9.7 percent to 3.016 billion euro (2007: 2.750 billion euro), while operating profit rose at a faster rate than sales, increasing by 11.3 percent to 267 million euro (2007: 240 million euro). This corresponds to an operating margin of 8.9 percent of sales. We therefore again clearly exceeded our 8 percent target, which was itself significantly above the industry average. The order intake in the Engineering Division was 3.057 billion euro, which also exceeded the 3 billion threshold, and was 4.3 percent higher than the prior year figure of 2.931 billion euro. The order backlog at 31 December 2008 was 4.436 billion euro (2007: 4.391 billion euro).

This good business performance is the result of high demand worldwide for our plants and technologies in all four main product segments: olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants.

Engineering Division – Outlook

The high order backlog is a good basis for a relatively stable business performance in the next two years. However, it is only to be expected that the award of new international construction projects involving large-scale plants may be postponed. In our weaker scenario, we assume that new orders in our Engineering Division will not be sufficient to achieve the same level of sales in the 2009 financial year as in 2008. On the other hand, the target for our operating margin remains at 8 percent.

Note: The 2008 annual report of The Linde Group is available on the Internet at www.linde.com.

The Linde Group is a world leading gases and engineering company with almost 52,000 employees working in around 100 countries worldwide. In the 2008 financial year it achieved sales of 12.7 billion euro. The strategy of The Linde Group is geared towards sustainable earnings-based growth and focuses on the expansion of its international business with forward-looking products and services. Linde acts responsibly towards its shareholders, business partners, employees, society and the environment – in every one of its business areas, regions and locations across the globe. Linde is committed to technologies and products that unite the goals of customer value and sustainable development.

For more information, please see The Linde Group online at <http://www.linde.com>

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