



Press release

2007 financial year: The Linde Group achieves its objectives sooner than expected and presents a positive outlook

- Sales up 13.9 percent to 12.306 billion euro
- Operating profit* up 18.1 percent to 2.424 billion euro
- ROCE reaches double digits (10.3 percent) one year sooner than planned
- Net financial debt reduced by more than the forecast amount
- Proposed increase in dividend from 1.50 euro to 1.70 euro per share
- Outlook for 2008: Again, an increase in sales and earnings expected
- Medium-term target for 2010: Operating profit of over 3 billion euro and ROCE of at least 13 percent

Munich, 17 March 2008 – The technology group The Linde Group achieved double-digit growth in both sales and earnings in the 2007 financial year and achieved its major objectives sooner than planned. "Our performance in the first full year after the BOC acquisition commands respect," said Professor Dr Wolfgang Reitzle, Chief Executive Officer of Linde AG, at the press conference on the annual results. "We have made better progress than expected. The new Linde Group is a fast-growing global company which is highly profitable and very robust."

As a result, Linde is confident about the future. "At a Group level, we expect once again to achieve sales growth in the current financial year 2008 and to increase earnings at a faster rate than sales," explained CEO Reitzle. "We confirm our medium-term objective and are seeking to achieve Group operating profit of more than 3 billion euro for the 2010 financial year. In terms of ROCE, our key performance measure, we want to achieve at least 13 percent in 2010."

To ensure the comparability of the business trends in 2007, the prior year figures for sales and operating profit have been adjusted to reflect the new Group structure. The prior year figures therefore include the operations of BOC for the full twelve-month period, while KION, the forklift truck division sold in 2006, the BOC Edwards components business and the other companies and other assets sold as a result of the BOC transaction have been excluded from the figures.

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

On this basis, Group sales increased in the 2007 financial year by 13.9 percent to 12.306 billion euro (2006: 10.803 billion euro). Group operating profit rose to 2.424 billion euro (2006: 2.053 billion euro), which represents an increase of 18.1 percent.

Earnings before taxes on income (EBT) rose from 363 million euro to 1.375 billion euro. A number of non-recurring items relating to the BOC acquisition should be taken into account here. On the one hand, EBT was positively affected by the book profit of 607 million euro on the disposal of businesses, mainly as a result of conditions imposed by the competition authorities, while on the other hand EBT was reduced by the additional amortisation of 446 million euro relating to the purchase price allocation.

Earnings after tax from continuing operations showed a corresponding increase from 219 million euro to 996 million euro.

Earnings per share (EPS) after adjusting for non-recurring items was 5.02 euro (2006: 4.66 euro). This means that Linde met its objective of achieving higher EPS in the new Group than in the Group prior to the reorganisation - one year earlier than planned.

In the case of ROCE, which was adjusted to reflect the new Group structure, Linde achieved a figure of 10.3 percent in the 2007 financial year (2006: 11.4 percent), reaching double digits, also one year earlier than expected. The slight decline when compared with the prior year figure was due to a higher figure for average capital employed.

The Linde Group also made better progress with the repayment of its financial debt than originally forecast. It had originally budgeted for net debt of 7.2 to 7.5 billion euro, whereas actual debt at the year-end was 6.427 billion euro (2006: 9.933 billion euro).

The Executive Board of Linde AG recommends to the Supervisory Board that it proposes a resolution at the Shareholders' Meeting on 3 June 2008 to increase the dividend from 1.50 euro to 1.70 euro per share.

All the business units and business areas contributed to the good business performance of the Group.

Gases Division

The Gases Division achieved sales growth of 9.4 percent in the 2007 financial year to 9.209 billion euro (2006: 8.421 billion euro), in a seamless continuation of the positive trend from 2006. Operating profit again increased at a faster rate than sales, with a rise of 13.7 percent to 2.314 billion euro (2006: 2.035 billion euro). All the regions and product areas contributed to this positive business performance.

In the Western Europe operating segment, sales increased by 5.6 percent to 4.026 billion euro (2006: 3.811 billion euro). Western Europe remains the region which generates the highest level of sales in the Gases Division. Operating profit here rose 5.8 percent to 1.097 billion euro (2006: 1.037 billion euro).

In the Americas operating segment, Linde's gases business grew by 1.8 percent to 2.348 billion euro (2006: 2.306 billion euro). On a comparable basis, after adjusting for exchange rate effects, changes in the price of natural gas and changes in the Group structure, the increase in sales was 6.6 percent. The Gases Division in the Americas region achieved an increase in operating profit of 10.9 percent to 447 million euro (2006: 403 million euro).

In the Asia & Eastern Europe operating segment, the gases business once again saw significant growth in sales of 34.9 percent to 1.618 billion euro (2006: 1.199 billion euro). Operating profit rose by 49.2 percent to 467 million euro (2006: 313 million euro), which meant that it increased at a faster rate than sales in this region too.

In the South Pacific & Africa operating segment, Linde was able to continue to expand its gases business, increasing sales by 9.8 percent to 1.284 billion euro (2006: 1.169 billion euro). On a comparable basis, this represents an increase in sales of 13.3 percent. Operating profit in this region rose 7.4 percent to 303 million euro (2006: 282 million euro).

Good performances were also to be seen in the 2007 financial year in the individual product areas of the Gases Division. Sales in our on-site business, where we supply industrial gases to the customer from plants directly situated on the user's site, grew by 5.0 percent to 2.111 billion euro (2006: 2.011 billion euro). Sales of liquefied gases rose by 9.1 percent to 2.821 billion euro (2006: 2.586 billion euro), while sales of cylinder gases and related products increased by 12.1 percent to 3.666 billion euro (2006: 3.269 billion euro). The Healthcare or medical gases business achieved sales growth of 11.3 percent to 983 million euro (2006: 883 million euro), once again into double figures.

Gases Division – Outlook

The gases business is and remains a very stable growth market. Linde is expecting average annual growth in the world gases industry of around 7 percent in the next few years. The medium-term objective remains the same. Linde is seeking to grow at a faster rate than the market and to increase earnings at a faster rate than sales.

Engineering Division

The engineering business of The Linde Group has continued its profitable growth in the 2007 financial year. There was further significant growth in sales and earnings, following on from a very successful year in 2006. Sales increased in 2007 by 40.4 percent to 2.750 billion euro (2006: 1.958 billion euro), while operating profit rose by 39.5 percent to 240 million euro (2006: 172 million euro).

The order intake of the Engineering Division of 2.931 billion euro approached the record level achieved in the 2006 financial year of 3.123 billion euro. The order backlog at 31 December 2007 stood at 4.391 billion euro, almost as high as the prior year figure of 4.514 billion euro.

These excellent figures are the result of a high level of demand for Linde technologies in all four main product areas of the Engineering Division: olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants.

Engineering Division – Outlook

Global economic conditions continue to favour international plant construction. Against this background, and given the high order backlog and the expected processing of orders, Linde anticipates sales growth in the Engineering Division in the next few years of 8 to 10 percent per annum.

Note: The 2007 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 around 50,000 employees working in about 100 countries and achieved sales in the 2007 financial year of EUR 12.3 billion. The strategy of The Linde Group is geared towards earnings-based growth and focuses on the expansion of its international business with forward-looking products and services.

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

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