

Press release

First six months of 2008: The Linde Group defies the economic situation and reaffirms its positive forecast

- Sales growth of 12.9 percent after adjusting for exchange rate effects to 6.256 billion euro; sales growth of 6.3 percent on the basis of reported figures
- 15.4 percent increase in operating profit* after adjusting for exchange rate effects to 1.258 billion euro; earnings up 8.6 percent on the basis of reported figures
- Adjusted earnings per share up 24.8 percent to 2.72 euro
- Outlook for 2008 reaffirmed: Sales expected to increase and earnings expected to rise at a faster rate than sales
- Medium-term target for 2010 confirmed, i.e. operating profit of more than 3 billion euro and ROCE (return on capital employed) of at least 13 percent

Munich, 1 August 2008 – In the first six months of the 2008 financial year, the technology group The Linde Group achieved an increase in sales of 12.9 percent, after adjusting for exchange rate effects, to 6.256 billion euro, and an increase in operating profit, after adjusting for exchange rate effects, of 15.4 percent to 1.258 billion euro. The operating margin at Group level rose by 40 basis points to 20.1 percent, compared with the figure for the six months to 30 June 2007.

"In economically difficult times, we can clearly see the benefits of our robust business model and the advantages of our global orientation. We have improved our profitability even further," said Professor Dr Wolfgang Reitzle, Chief Executive Officer of Linde AG. "Our international gases and engineering business remains stable, so we have every reason to be confident about the future. We are therefore reaffirming our short-term and medium-term forecasts. We continue to assume that Group sales will increase in the current financial year and that earnings will increase at a faster rate than sales. By 2010, we are seeking to achieve Group operating earnings of more than 3 billion euro. We want to achieve a return on capital employed, our key performance indicator, of at least 13 percent by 2010."

If exchange rate effects are not taken into account, the increase in Group sales was 6.3 percent, given sales in the first half of 2007 of 5.888 billion euro. On the basis of reported figures, Group operating profit* rose 8.6 percent from the comparable figure in 2007 of 1.158 billion euro.

* EBITDA before non-recurring items, including share of net income from associates and joint ventures

Earnings before taxes on income (EBT) at the end of June 2008 were 544 million euro (2007: 896 million euro). However, this decrease is mainly due to the fact that the figure for the first six months of 2007 included a book profit of 574 million euro from the disposal of businesses. In the current financial year, Linde made a book profit on the disposal of businesses of 59 million euro.

Earnings after tax at the end of the first half of the year were 402 million euro (2007: 614 million euro). Earnings attributable to Linde AG shareholders were 375 million euro (2007: 589 million euro), giving earnings per share of 2.24 euro (2007: 3.66 euro). Here too, the book profit on the sale of businesses should be taken into account. On an adjusted basis, i.e. after adjusting for the effect of the book profit on the sale of businesses and the effect of the purchase price allocation in the course of the BOC acquisition, earnings per share increased from 2.18 euro at the end of the second quarter in 2007 to 2.72 euro at 30 June 2008.

As a result of the Group's good business performance in the first six months of 2008, cash flow from operating activities also improved significantly when compared with the prior year period, by 9.5 percent to 816 million euro (2007: 745 million euro).

Gases Division

In a relatively stable global market environment, the Gases Division achieved a 10.1 percent increase in sales in the first six months of the year, after adjusting for exchange rate effects, to 4.709 billion euro. If changes in the price of natural gas and changes to Group structure are also taken into account, the rate of sales growth was 8.5 percent. If all these factors are ignored, sales increased by 3.4 percent from 4.553 billion euro at 30 June 2007.

The operating profit of the Gases Division rose 12.7 percent, after adjusting for exchange rate effects, to 1.194 billion euro, an increase which was again greater than the increase in sales. On the basis of reported figures, the increase in operating profit in the Gases Division was 6.1 percent given the prior year figure of 1.125 billion euro. The operating margin improved once again to 25.4 percent, which was 70 basis points above the figure for the prior year period. We were able to

more than compensate for cost increases, as a result of continual improvements in efficiency, pricing adjustments and cost synergies arising from the acquisition of BOC.

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

In the Western Europe operating segment, we achieved a 6.4 percent increase in sales in the first half of 2008, after adjusting for exchange rate effects, changes in the price of natural gas and changes in Group structure, to 2.083 billion euro. If these factors are not taken into account, the increase in sales was 5.5 percent (2007: 1.975 billion euro). Operating profit rose 6.3 percent to 575 million euro (2007: 541 million euro).

We were able to benefit from a positive market environment, especially in Northern Europe, Germany and Italy. In the UK, the cylinder gas and Healthcare (medical gases) product segments performed particularly well.

In the Americas' operating segment, the Gases Division achieved a 9.2 percent increase in sales in the first six months of 2008 on a comparable basis. If exchange rate effects, changes in the price of natural gas and changes to Group structure are not taken into account, sales in this segment of 1.082 billion euro were below the prior year figure of 1.275 billion euro. This decrease is due mainly to unfavourable exchange rate movements and to changes in Group structure. The prior year sales figures included the US cylinder gases business, which was sold in 2007, and the American INO medical gases business, as well as the eight air separation plants which Linde had to sell as a result of the conditions imposed by the competition authorities. Given these factors, the operating profit in this segment of 206 million euro was lower than the figure for the prior year period of 240 million euro.

In the Asia & Eastern Europe operating segment, we achieved an increase in sales on a comparable basis of 10.4 percent to 945 million euro. On the basis of reported figures, the rate of growth was 32.7 percent, from 712 million euro in the first half of 2007. It should be noted that in the reporting period some of the former joint ventures in Malaysia, Hong Kong and Taiwan were included in sales

for the first time. There was a 35.9 percent increase in operating profit to 269 million euro (2007: 198 million euro). Operating profit increased at a faster rate than sales.

In the South Pacific & Africa operating segment, on a comparable basis, the Gases Division achieved a 14.5 percent increase in sales to 632 million euro. On the basis of reported figures, the increase over the prior year figure of 606 million euro was 4.3 percent, which was due to unfavourable exchange rate movements in the South African rand. Operating profit in this segment was 144 million euro, almost the same figure as for the prior year period (2007: 146 million euro).

There were also increases in the various product areas in the Gases Division. On a comparable basis, i.e. after adjusting for exchange rate effects, changes in the price of natural gas and changes in Group structure, the tonnage or on-site business grew 6.5 percent to 1.183 billion euro (2007: 1.111 billion euro). Sales in the bulk business rose 6.4 percent to 1.149 billion euro (2007: 1.080 billion euro) and in the cylinder gas business by 11.1 percent to 1.890 billion euro (2007: 1.701 billion euro). The product area Healthcare, our fast-growing medical gases business with a promising future, achieved an 8.2 percent increase over the comparable prior year period to 487 million euro (2007: 450 million euro).

Gases Division – Outlook

Linde expects average annual growth of around 7 percent in 2008 and in subsequent years in the global gases industry. Our short-term and medium-term targets remain the same. We want the Gases Division to grow at a more rapid pace than the market and to increase its earnings at a faster rate than sales. Contributing to this will be a high rate of growth in the emerging markets and growth synergies between the gases and engineering business we are vigorously pursuing.

Engineering Division

The Engineering Division continued to perform extremely well in the first half of 2008, achieving a 24.4 percent increase in sales for the six months to June to 1.411 billion euro (2007: 1.134 billion euro). In comparison with the prior year period, operating profit rose 28.6 percent to 126 million euro (2007: 98 million euro). The operating margin was 8.9 percent, once again exceeding our 8 percent target, a target which is well above the average in the international engineering market.

Order intake in the Engineering Division in the first six months of 2008 was 1.557 billion euro, once again even better than the high level achieved in the prior year period of 1.499 billion euro. The order backlog at 30 June 2008 was 4.347 billion euro (31 December 2007: 4.391 billion euro).

The positive business performance in this division was boosted by the continuing high level of demand in the four main product segments (olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants). The most notable order for the Engineering Division in the first half of 2008 came from Abu Dhabi (United Arab Emirates). We will build two large air separation plants for the company Elixier, a joint venture between Abu Dhabi National Oil Corporation (ADNOC) and our Gases Division, an order which is worth more than 800 million US dollars.

Engineering Division – Outlook

The global situation for international plant construction business remains good. Against this background, and on the basis of a high order backlog and the anticipated processing of orders, we expect an average increase in sales in the Engineering Division in the coming years of 8 to 10 percent per annum. Our operating margin target for the 2008 financial year is unchanged at 8 percent, a figure well above the market average.

N.B.: To coincide with the publication of our quarterly report, a teleconference for analysts will take place today at 2pm (German time) in English with Georg Denoke, CFO and member of the Linde AG Executive Board. Journalists will have the opportunity to listen to the conference live by dialling +49 (0)69 589 99 0509. Please tell the operator your name and the name of your company.

Following the teleconference, you will be able to hear a recording of the event by calling +49 (0)30 726 167 224. Please give the following reference number: 802997.

The Linde Group is a world-leading gases and engineering company with more than 50,000 employees working in around 100 countries worldwide. In the 2007 financial year, it achieved sales of 12.3 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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