THE LINDE GROUP

Press release

January – September 2009: The Linde Group continues the positive trend of the second quarter and achieves further increases in profitability

- Third quarter: significant improvement in Group operating profit* compared with the previous quarter
- At 30 September: operating margin increases to 20.9 percent (2008: 20.3 percent) despite restructuring costs
- 9.5 percent increase in operating cash flow to 1.424 billion euro
- Group sales down 11.5 percent to 8.313 billion euro
- Group operating profit* down 8.8 percent to 1.741 billion euro; down 4.7 percent after adjusting for restructuring costs
- Outlook for 2009 unchanged: better business trends expected than in the first half of the year; however, 2008 record level no longer attainable

Munich, 2 November 2009 – The technology group The Linde Group continued the positive trend of the second quarter in a market environment which remained difficult, achieving further increases in profitability in the months July to September in comparison with the previous quarter. In the third quarter, Group operating profit rose by 12.5 percent compared to the second quarter, while the operating margin increased significantly to 22.5 percent (2nd quarter: 20.4 percent). The operating margin also continued to improve if a comparison is made between the first nine months of 2009 and the same period in 2008. The Group operating margin for the period to 30 September 2009 was 20.9 percent (2008: 20.3 percent). Adjusted for one-off restructuring costs of 80 million euro, the operating margin was 21.9 percent.

"The positive trends we were seeing at the end of the second quarter have continued to strengthen," said Professor Dr Wolfgang Reitzle, Chief Executive Officer of Linde AG. "The measures we have taken to achieve sustainable increases in productivity are having an ever greater impact. What’s more, demand in our gases business is beginning to pick up again slowly. However, one thing’s clear: in the 2009 financial year, we will not be able to match the level of sales and earnings achieved in the record year 2008. Nevertheless, based on our current figures, we expect our business performance in the second half of 2009 to be better than in the first half of the year."

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

Against the background of the global economic crisis, Group sales fell by 11.5 percent in the first nine months of 2009 to 8.313 billion euro, compared with the record figure achieved in the first three quarters of 2008 of 9.392 billion euro. Group operating profit* for the nine months to 30 September 2009 was 1.741 billion euro, 8.8 percent below the prior-year figure of 1.910 billion euro. After adjusting for restructuring costs arising from the High Performance Organisation (HPO) programme, the fall in Group operating profit for Linde was only 4.7 percent. On the basis of HPO, the integrated programme for process optimisation and increased productivity, the aim of the Group is to achieve gross cost savings of between 650 million euro and 800 million euro in the financial years from 2009 to 2012 and to continue to improve its competitiveness irrespective of the economic situation.

Earnings before taxes on income (EBT) were 611 million euro, a decrease of 185 million euro or 23.2 percent when compared with the prior-year figure of 796 million euro. After adjusting for restructuring costs of 80 million euro and the gains on disposal of businesses of 59 million euro achieved in the first nine months of 2008, the decline was only 46 million euro or 6.2 percent.

Group earnings after tax at 30 September 2009 were 456 million euro (2008: 593 million euro). After taking minority interests into account, earnings attributable to Linde AG shareholders were 417 million euro (2008: 552 million euro), giving earnings per share of 2.47 euro (2008: 3.29 euro). After adjusting for the effect of the purchase price allocation in the course of the BOC acquisition and the profits on disposal earnings per share in the first nine months of 2009 stood at 3.38 euro (2008: 4.14 euro). The restructuring costs recognised in the first nine months of 2009 have not been adjusted for in this calculation. Cash flow from operating activities increased by 9.5 percent to 1.424 billion euro (2008: 1.301 billion euro). This significant rise was due to the optimisation of the cost structure as well as to improvements in working capital management.

Gases Division

In the Gases Division, the recovery trend indicated in the second quarter of 2009 continued into the third quarter. Sales and operating profit again rose when compared to the period April to June. Operating profit for the third quarter was 625 million euro, exactly the same as the figure for the prior-year period. However, when the figures for the whole reporting period January to September are compared, there was a downward trend. Sales in the Gases Division for the nine months to

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

30 September 2009 were 6.629 billion euro, 7.4 percent lower than the figure for the prior-year period of 7.157 billion euro. On a comparable basis, i.e. after adjusting for exchange rate effects and also taking into account changes in the price of natural gas and changes to Group structure, the fall in sales was 6.4 percent.

The operating profit of the Gases Division for the first nine months of 2009 was 1.763 billion euro, only 3.1 percent under the comparable prior-year figure of 1.819 billion euro. This demonstrates that the Gases Division has been able to limit the decline in earnings in a difficult market environment and achieve an improvement in the operating margin from 25.4 percent in 2008 to the current figure of thereby 26.6 percent.

The trends in the individual regions and product areas of the Gases Division were as follows: In the Western Europe operating segment, sales trends in the third quarter continued to be adversely affected, as in the first half of 2009, by the substantial weakening of the British pound. As a result of this currency fluctuation, sales for the nine months to 30 September 2009 fell by 10.5 percent to 2.801 billion euro (2008: 3.131 billion euro). On a comparable basis, the decline in sales would have been a mere 5.4 percent. Operating profit was also adversely affected by exchange rate movements, falling by 8.4 percent to 782 million euro (2008: 854 million euro). The operating margin in Western Europe was 27.9 percent, exceeding the high figure of 27.3 percent achieved in the prior-year period. This improvement demonstrates the positive impact of the HPO programme.

The market environment in Western Europe saw a further period of stabilisation, although there were no signs as yet of a widespread market recovery.

In the Americas operating segment, Linde achieved sales in the nine months to 30 September 2009 of 1.485 billion euro, 10.1 percent below the figure for the first nine months of 2008 of 1.652 billion euro. On a comparable basis, sales were 8.3 percent lower than in the prior-year period. Operating profit fell from 320 million euro to 316 million euro, a much smaller drop of only 1.3 percent. The operating margin improved significantly as a result, by 190 basis points to 21.3 percent (2008: 19.4 percent). This increase was mainly due to the impact of natural gas prices. Steps taken to optimise the Group’s cost structure did here as well contribute to this positive development.

In the Asia & Eastern Europe operating segment, sales in the nine months to 30 September 2009 were 1.343 billion euro, 8.0 percent below the figure for the prior-year period of 1.459 billion euro. On a comparable basis, the fall in sales was 6.4 percent. Operating profit, on the other hand, of 415 million euro was almost as high as the figure for the nine months to 30 September 2008 of 417 million euro. As a result, the operating margin rose significantly in the reporting period from 28.6 percent to 30.9 percent. The accelerated implementation of our HPO programme again contributed to this positive trend. Additional contributions to earnings also arose from Linde's joint venture activities in China.

Just as in the second quarter, very clear signs of an economic recovery continued to be evident as the year progressed in the Asia & Eastern Europe operating segment. This trend could be seen, for example, in the improved capacity utilisation of our tonnage plants.

In the South Pacific & Africa operating segment, Linde also achieved an increase in sales in the first nine months of the year: of 8.6 percent to 1.052 billion euro (2008: 969 million euro). The consolidation for the first time of the Australian LPG business Elgas more than offset adverse movements in the exchange rate of the Australian dollar. On a comparable basis, sales in the first nine months declined by 6.1 percent. Operating profit increased by 9.6 percent to 250 million euro (2008: 228 million euro), a faster rate of increase than that of sales. The operating margin rose accordingly from 23.5 percent to 23.8 percent.

In the individual product areas of the Gases Division, business trends were also affected by global economic conditions, which remained challenging. In comparison with the first half of the year, however, the trend here was positive in the third quarter. On a comparable basis, Linde's sales in the liquefied gases business fell by 8.7 percent to 1.636 billion euro (2008: 1.791 billion euro). In the cylinder gas business, there was a decline in sales of 9.1 percent to 2.713 billion euro (2008: 2.984 billion euro). Sales of 1.513 billion euro in the on-site (tonnage) business, where we supply industrial gases from plants situated on the user's site, were 4.2 percent below the figure for the prior-year period of 1.579 billion euro. Meanwhile, the Healthcare product area once again proved very robust. Here, sales rose by 5.6 percent to 767 million euro (2008: 726 million euro).

Gases Division – Outlook

The continuing uncertainty in the market environment has not caused us to change in any way our original target for the gases business. Linde wants to grow at a more rapid pace than the market and to continue to increase its productivity. Given the current tendency towards economic recovery and based on positive trends in the third quarter, The Linde Group expects business performance in the Gases Division to be better in the second half of 2009 than in the first six months of the year. This will, however, not suffice to ensure that sales and earnings for the full year 2009 will reach the levels achieved in 2008.

Engineering Division

In the Engineering Division, Linde achieved sales of 1.677 billion euro in the first nine months of 2009, although it was unable to achieve the very high level of sales achieved in the prior-year period of 2.063 billion euro. This decline is mainly due to the variation in project structure and the state of completion of projects in the two different periods. Operating profit of 145 million euro was also below the comparable figure for the nine months to 30 September 2008 of 183 million euro. The operating margin was 8.6 percent. This significantly exceeded Linde's target margin of 8 percent, which is well above the industry average. Due to a marked reluctance by customers to award new projects, order intake in the first nine months of 2009 of 1.514 billion euro was, as expected, lower than the figure for the prior-year period of 2.295 billion euro.

The order backlog at 30 September 2009 was 3.911 billion euro, which is still a very high level (31 December 2008: 4.436 billion euro). Most of the current order backlog relates to the air separation plant and olefin plant product areas. As in the first six months of the year, the geographical focus remains the Middle East. Major projects in this region include, for example, the new ethylene plant in Ruwais commissioned by the Borouge consortium, the Enhanced Gas Recovery plant which is operated together with Linde's joint venture partner ADNOC, and the Gas-to-Liquid (GTL) plant which Linde is supplying for Shell in Qatar.

Engineering Division – Outlook

The continuing high level of our order backlog forms a basis for relatively stable business performance in the Engineering Division over the next one to two years. However, the impact of the economic crisis on global large-scale plant construction can be seen from the much lower level of order intake and the current reluctance of customers to award new projects. Against this background and given the variation in project structure and the state of completion of projects from year to year, Linde continues to assume that it will not be able to achieve the same high level of sales in the 2009 financial year as in 2008. Nevertheless, the target for our operating margin remains at 8 percent.

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 of Linde AG. Journalists will have the opportunity to listen to the conference live by dialling +49.69.589.99-0509. 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 +49.30.726.167-224. Please give the following reference number: 847120.

The Linde Group is a world leading gases and engineering company with almost 50,000 employees working in around 100 countries worldwide. It achieved sales in the 2008 financial year 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 world. Linde is committed to technologies and products that unite the goals of customer value and sustainable development.

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