



2015.04.29 Linde starts the new financial year with increases in revenue and earnings as a result of positive exchange rate effects | The Linde Group



Linde starts the new financial year with increases in revenue and earnings as a result of positive exchange rate effects

January to March 2015:

Weak euro results in significant growth in revenue of 8.7 percent to EUR 4.398 bn

Group operating profit¹ up 9.0 percent to EUR 1.010 bn due to currency movements

Operating cash flow increases by 24.6 percent to EUR 740 m

Group outlook for 2015 confirmed:

Group revenue is forecast to rise to between EUR 18.2 bn and EUR 19.0 bn

Group operating profit of between EUR 4.1 bn and EUR 4.3 bn is expected

Munich, 30 April 2015 – In the first quarter of 2015, the technology company The Linde Group benefited significantly from the weakness of the euro, which led to increases in its Group revenue and operating profit. The very positive trend in operating cash flow also continued in the first three months of the financial year.

"In some regions of the world, industrial production was much lower in the first few months of the year than we had expected. However, this was more than offset by positive exchange rate effects," said Dr Wolfgang Büchele, Chief Executive Officer of Linde AG. "As anticipated, the low price of oil has resulted in a cautious investment climate in large-scale plant construction," explained Büchele.

Depending on future economic trends and exchange rate movements, Linde continues to expect to achieve Group revenue of between EUR 18.2 bn and EUR 19.0 bn in the full year 2015. It anticipates that it will achieve an increase in Group operating profit (after adjusting for non-recurring items) in 2015 to between EUR 4.1 bn and EUR 4.3 bn.

Business performance: Linde achieves increases in revenue and earnings due to currency movements

In the first quarter of 2015, Group revenue rose by 8.7 percent to EUR 4.398 bn, when compared with the figure for the first quarter of 2014 of EUR 4.045 bn.

Operating profit increased by 9.0 percent to EUR 1.010 bn (2014: EUR 927 m). Positive exchange rate movements were the most significant factor contributing to the increase. After adjusting for exchange rate effects, Group revenue was 0.8 percent below the figure for the prior-year period. Group operating profit fell by 1.2 percent. The Group operating margin for the first three months of 2015 was 23.0 percent, which was slightly higher than the figure of 22.9 percent for the first three months of 2014.

Linde achieved earnings per share in the first quarter of 2015 of EUR 1.62 (2014: EUR 1.56). Earnings per share before non-recurring items was EUR 1.69.

The very positive trend in operating cash flow continued. It rose by 24.6 percent to EUR 740 m when compared with the figure for the prior-year period of EUR 594 m. The main factors contributing to this significant increase were the good operating profit generated by the Group due to currency movements and more efficient working capital management.

Gases Division: Significant growth in the Americas while growth remains weak in EMEA

In the Gases Division, Linde generated revenue in the first quarter of 2015 of EUR 3.672 bn, an increase of 9.1 percent when compared with the figure for the prior-year period of EUR 3.367 bn. On a comparable basis, after adjusting for exchange rate effects and changes in the price of natural gas, Linde would have achieved an increase in revenue of 1.0 percent. Revenue has been adversely affected not only by the prevailing mood of caution in the economic environment, but also by current low energy costs and the expiry of on-site contracts. Operating profit rose by 10.4 percent to EUR 1.008 bn (2014: EUR 913 m). The operating margin in the first quarter of 2015 rose to 27.5 percent (2014: 27.1 percent).

Revenue trends in the individual segments of the Gases Division varied in each case, depending on prevailing economic conditions.

In the **Americas segment**, Linde was able to achieve a significant increase in revenue in the first quarter of 2015 of 18.1 percent to EUR 1.252 bn (2014: EUR 1.060 bn). On a comparable basis, revenue rose by 5.2 percent. When compared with the prior-year period, operating profit increased by 21.2 percent to EUR 315 m (2014: EUR 260 m). The operating margin rose to 25.2 percent (2014: 24.5 percent).

In the **Asia/Pacific segment**, Linde generated revenue in the three months to 31 March 2015 of EUR 994 m. This was 14.3 percent more than the figure for the first quarter of 2014 of EUR 870 m. On a comparable basis, revenue in the first quarter of 2015 increased by 0.9 percent. Operating profit rose by 12.5 percent to EUR 252 m (2014: EUR 224 m), giving an operating margin of 25.4 percent (2014: 25.7 percent).

In the **EMEA segment** (Europe, Middle East, Africa), Linde generated revenue of EUR 1.472 bn in the first quarter of 2015, a very similar figure to that achieved in the prior-year period of EUR 1.467 bn. On a comparable basis, revenue fell by 1.6 percent. The expiry of a hydrogen supply contract in Italy had a substantial adverse impact on revenue. At the end of 2014, the plant was transferred to the customer and since that date the plant has ceased to generate income. Operating profit was EUR 441 m, which was 2.8 percent higher than the figure for the first quarter of 2014 of EUR 429 m. The operating margin increased to 30.0 percent (2014: 29.2 percent).

Depending on future trends in industrial activity and on exchange rate movements, Linde is seeking to achieve the following targets in the Gases Division in the 2015 financial year: revenue of between EUR 14.9 bn and EUR 15.4 bn and operating profit of between EUR 4.05 bn and EUR 4.25 bn.

Order backlog in the Engineering Division remains high

The order backlog in the Engineering Division at 31 March 2015 remained high at

EUR 4.468 bn (31 December 2014: EUR 4.672 bn).

Due to the current low price of oil and the resultant faltering demand in plant construction, order intake in the first three months of 2015 was just EUR 280 m (2014: EUR 701 m). Just under half of the total order intake in the first quarter of 2015 came from the Asia/Pacific region. Just over a third of the order intake came from Europe and around 17 percent from North America. 50 percent of new orders related to the natural gas plant product area or the hydrogen and synthesis gas plant product area. The rest of the order intake was spread relatively evenly over the remaining types of plant.

Revenue in the Engineering Division fell in the first quarter of 2015 by 4.7 percent to EUR 668 m (2014: EUR 701 m). Operating profit was EUR 57 m, which was not as high as the figure for the first quarter of 2014 of EUR 71 m. The operating margin was 8.5 percent (2014: 10.1 percent).

Linde assumes that it will be able to generate revenue in the Engineering Division in the 2015 financial year of between EUR 3.0 bn and EUR 3.3 bn, with an operating margin of around 8 percent.

Outlook

"The current market environment is characterised by modest trends in industrial production and a cautious approach to major projects. Given this environment, we'll be taking further steps to gear our organisation towards profitable growth in order to reinforce our strong competitive position in the global market," stated Büchele. "Our focus will be on our customers and on two areas which will help us to generate growth: innovation and digitalisation."

To coincide with the publication of the interim report, a webcast 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 watch the webcast by following this link: <http://event.mescdn.com/linde/webcast-20150430>

In the 2014 financial year, The Linde Group generated revenue of EUR 17.047 bn, making it the largest gases and engineering company in the world with approximately 65,500 employees working in more than 100 countries worldwide. The strategy of The Linde Group is geared towards long-term profitable 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. The company is committed to technologies and products that unite the goals of customer value and sustainable development.

For more information, see The Linde Group online at www.linde.com

¹ EBITDA including share of profit or loss from associates and joint ventures.

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