

Press release

Linde successfully sustains its position in a challenging market environment and again proposes an increase in dividend

- 2015 financial year:
 - Group revenue up 5.3 percent to EUR 17.944 bn
 - Group operating profit¹ increases by 5.4 percent to EUR 4.131 bn
 - Revenue in the Gases Division up 8.5 percent to EUR 15.168 bn, an increase of 2.1 percent after adjusting for exchange rate effects and changes in the price of natural gas
 - Operating cash flow rises by 8.8 percent to EUR 3.593 bn
- Positive exchange rate effects have an impact on revenue and earnings
- 9.5 percent increase in proposed dividend to EUR 3.45 per share
- Group outlook for 2016: Linde is seeking to achieve an increase in Group revenue and Group operating profit of 4 percent after adjusting for exchange rate effects, although the challenging market environment could result in a decrease of up to 3 percent

Munich, 10 March 2016 – The technology company The Linde Group continued to deliver a solid performance in the 2015 financial year, once again achieving increases in both Group revenue and Group operating profit. Positive exchange rate effects had an impact on revenue and earnings. The medical gases and healthcare services business also supported the Group's business performance.

“The difficult market environment and a weak economy presented us with a number of challenges last year. Despite this headwind, we were able to sustain our stable earnings power, achieve a solid result and generate strong operating cash flow,” said Dr Wolfgang Büchele, Chief Executive Officer of Linde AG. “We have therefore been able to maintain our dividend policy which is geared towards continuity,” explained Büchele.

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

The Executive Board and Supervisory Board will propose a resolution at the Annual General Meeting that a dividend of EUR 3.45 per share be paid. This is an above-average increase of 9.5 percent compared with last year's dividend of EUR 3.15.

"With our stable business model which is focused on sustainability, we believe that we are well positioned for the future. What's more, last year we launched numerous initiatives which will enable us to continue to achieve success in a challenging market environment," said Büchele.

Stable earnings power maintained in the 2015 financial year

In the 2015 financial year, Group revenue rose by 5.3 percent to EUR 17.944 bn (2014: EUR 17.047 bn). Positive exchange rate effects had an impact on the revenue trend, particularly in the first six months of the year. After adjusting for these effects, Group revenue was 2.3 percent below the figure for the prior year. This was due to a fall in revenue in the Engineering Division from the record level achieved in 2014. Revenue in the Gases Division, on the other hand, rose by 2.1 percent after adjusting for exchange rate effects and changes in the price of natural gas.

Linde was able to maintain its stable earnings power and achieve a 5.4 percent increase in Group operating profit in the 2015 financial year to EUR 4.131 bn (2014: EUR 3.920 bn). The Group operating margin was 23.0 percent, the same as in 2014. After exchange rate adjustments, Group operating profit was down by 2.4 percent.

Profit for the year was EUR 1.252 bn (2014: EUR 1.162 bn). Profit attributable to Linde AG shareholders was EUR 1.149 bn (2014: EUR 1.102 bn), resulting in an earnings per share of EUR 6.19 (2014: EUR 5.94).

In the 2015 financial year, return on capital employed (ROCE) was 9.4 percent (2014: 9.5 percent). Operating cash flow rose by 19.7 percent to EUR 3.593 bn (2014: EUR 3.001 bn). This was due mainly to the good operating profit. After adjusting for pension plan funding in Germany in 2014, the increase in operating cash flow in 2015 was 8.8 percent.

Strong Healthcare business supports revenue growth in the Gases Division

In the Gases Division, revenue rose by 8.5 percent in the 2015 financial year to EUR 15.168 bn (2014: EUR 13.982 bn). After adjustments to reflect exchange rate effects and changes in the price of natural gas, revenue increased by 2.1 percent. Operating profit in the Gases Division rose by 8.2 percent to

around EUR 4.151 bn (2014: EUR 3.835 bn). This gives an operating margin of 27.4 percent (2014: 27.4 percent).

Varying business trends were to be seen in the individual segments in the Gases Division, depending on prevailing economic conditions.

In the **Americas segment**, revenue increased by 20.1 percent to EUR 5.183 bn (2014: EUR 4.314 bn). This positive trend was supported mainly by the Lincare business and a growing number of patients requiring care in North America. On a comparable basis, revenue rose by 7.7 percent. Operating profit increased by 24.0 percent in the 2015 financial year to EUR 1.298 bn (2014: EUR 1.047 bn). The operating margin rose to 25.0 percent (2014: 24.3 percent).

In North America, in addition to the expansion of its Healthcare business, Linde also achieved growth in the market for liquefied and cylinder gases. In South America, economic conditions in 2015 remained subdued. Despite the difficult environment, slight growth was achieved in all product areas on a comparable basis.

In the **EMEA segment** (Europe, Middle East, Africa), revenue was EUR 6.010 bn in the 2015 financial year, slightly higher than the figure of EUR 5.980 bn achieved in the previous year. On a comparable basis, revenue dipped by 1.2 percent. When comparing with the revenue generated in 2014, it should be noted that at the end of 2014 Linde transferred a large hydrogen plant in Italy to the customer upon expiry of the contract. Since then, no revenue has been generated by that plant. Operating profit in the EMEA region rose slightly by 0.7 percent to EUR 1.790 bn (2014: EUR 1.778 bn). The operating margin was 29.8 percent (2014: 29.7 percent).

Business performance in the EMEA segment was adversely affected by the continuing sluggish pace of economic growth in Europe and South Africa. Demand in the liquefied gases and cylinder gas business fell as a result. The on-site business, where Linde supplies gases on site to major customers, saw declining volumes, particularly as a result of the expiry of the contract in Italy mentioned above. In the Middle East and Eastern Europe, Linde achieved revenue growth in the on-site product area. The Healthcare business grew in almost all regions.

In the **Asia/Pacific segment**, revenue increased by 9.1 percent in the 2015 financial year to EUR 4.157 bn. On a comparable basis, revenue growth was 1.0 percent. Operating profit in the Asia/Pacific segment rose by 5.2 percent in 2015 to EUR 1.063 bn (2014: EUR 1.010 bn). At 25.6 percent, the operating margin was lower than the figure for 2014 of 26.5 percent.

Performance in the Asia/Pacific segment varied according to the product area. Linde achieved its main increases in revenue in this segment in the on-site business in China and India. The liquefied gases business also performed well, whereas revenue in the cylinder gas product area was down on the prior year. In the South Pacific, the prevailing weak economic environment in manufacturing and declining investment in the mining industry had an adverse impact on growth. Linde is continuing to apply the structural and organisational measures it had introduced in this region in order to improve profitability.

High order backlog once again in the Engineering Division

Revenue and earnings trends in Linde's international plant construction business reflected the progress made on individual projects. Moreover, revenue in the 2015 financial year was affected particularly by low order intake in the first six months of the year. In the Engineering Division, revenue fell in 2015 by 16.5 percent to EUR 2.594 bn, compared with the record figure of EUR 3.106 bn achieved in 2014. Operating profit was EUR 216 m (2014: EUR 300 m). The operating margin was 8.3 percent, still above the industry average and in line with the target of around 8 percent that Linde had set itself for the 2015 financial year.

As a result of current low oil prices and weaker demand in the plant construction sector, order intake in the 2015 financial year was EUR 2.494 bn (2014: EUR 3.206 bn). Linde entered into a strategic partnership with Gazprom at the end of 2015. Shortly afterwards, the Group announced the first plant construction contract to result from this cooperation agreement. Linde will be responsible for engineering and procurement for one of the world's largest gas processing projects in eastern Russia. The project includes plants for the extraction of ethane and liquefied gas components and plants for the separation of nitrogen, as well as a helium extraction plant. The order backlog remained high. At 31 December 2015, it stood at EUR 4.541 bn (2014: EUR 4.672 bn).

Outlook

Linde expects the market environment to continue to be challenging in the 2016 financial year. Recent economic forecasts indicate that the global gases market will grow at a similar rate in 2016 to that seen



in 2015. In contrast, the market environment in the international plant construction business is likely to continue to be influenced by the low price of oil.

Against this backdrop, Linde is seeking to achieve revenue in the Gases Division in the 2016 financial year after adjusting for exchange rate effects which is at least equal to and may be up to 5 percent higher than the revenue achieved in the 2015 financial year. The expected range for revenue in the Engineering Division in 2016 is between EUR 2.0 bn and EUR 2.4 bn, below the figure achieved in 2015. For the Group as a whole, Linde is seeking to achieve an increase in revenue and operating profit of 4 percent after adjusting for exchange rate effects, although the challenging market environment could result in a decrease of up to 3 percent.

Note: The 2015 Annual Report of The Linde Group is available online at:

<http://annual-report.linde.com/2015>

To coincide with the publication of the financial statements, a webcast for analysts will take place today at 2 p.m. German time in English with Dr Wolfgang Büchele, CEO of Linde AG, and Georg Denoke, CFO of Linde AG. Journalists will have the opportunity to watch the webcast by following this link:

<http://event.mescdn.com/linde/results-conference-call-fy-2015>

Information about sustainability at Linde can also be found in the Corporate Responsibility Report:

[Http://corporateresponsibility.linde.com/cr-report/2015](http://corporateresponsibility.linde.com/cr-report/2015)

In the 2015 financial year, The Linde Group generated revenue of EUR 17.944 bn, making it one of the leading gases and engineering companies in the world, with approximately 65,000 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

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