

Press release

January to March 2016: Linde starts the year with stable revenue and earnings trends after adjusting for exchange rate effects

- Group revenue: EUR 4.262 bn (down 0.3 percent after adjusting for exchange rate effects)
- Group operating profit¹: EUR 991 m (up 0.6 percent after adjusting for exchange rate effects)
- Operating cash flow: EUR 883 m (up 19.3 percent)
- Group outlook for 2016 confirmed

Munich, 29 April 2016 – The technology company The Linde Group delivered a stable business performance in the first quarter of 2016 after adjusting for exchange rate effects. Linde also achieved a significant increase in operating cash flow in the first three months of the year.

"We are able to report a stable start to the year, in line with our forecasts," said Dr Wolfgang Büchele, Chief Executive Officer of Linde AG. The Group is expecting to achieve an increase in revenue and earnings in the 2016 financial year of 4 percent after adjusting for exchange rate effects, although the challenging market environment could result in a decrease of up to 3 percent.

The Linde Group: Revenue and earnings trends affected by adverse exchange rate effects – Strong cash flow

In the first quarter of 2016, Group revenue fell by 3.1 percent to EUR 4.262 bn, when compared with the figure for the first quarter of 2015 of EUR 4.398 bn. Operating profit dropped by 1.9 percent to EUR 991 m (2015: EUR 1.010 bn). The main factors contributing to this decline were adverse exchange rate effects and the expected lower contribution to revenue and earnings made by the Engineering Division. The initial impact of price reductions on revenue in the Healthcare business in North America as a result of government tenders was offset by the

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

consolidation for the first time of American HomePatient. After adjusting for exchange rate effects which arise solely on translation, Group revenue was 0.3 percent below the figure for the prior-year period. After adjusting for exchange rate effects, Group operating profit rose by 0.6 percent, a small increase on the figure for the first three months of 2015. The Group operating margin for the first quarter of 2016 was 23.3 percent, which was slightly higher than the figure of 23.0 percent for the first three months of 2015.

Once again during the period there was a very positive trend in operating cash flow. In the first quarter of 2016, it increased by 19.3 percent to EUR 883 m (2015: EUR 740m). This substantial increase was mainly due to a higher figure for advance payments received from plant construction customers. In the first three months of 2016, Linde achieved earnings per share of EUR 1.65 (2015: EUR 1.62).

Gases Division: Revenue continues to increase on a comparable basis

In the Gases Division, Linde generated revenue in the first quarter of 2016 of EUR 3.621 bn, a decrease of 1.4 percent when compared with the figure for the prior-year period of EUR 3.672 bn. After adjusting for exchange rate effects and changes in the natural gas price, revenue increased by 2.9 percent. The acquisition of American HomePatient made a significant contribution here. Operating profit was EUR 1.006 bn, similar to the operating profit achieved in the first quarter of 2015 of EUR 1.008 bn. The operating margin in the first quarter of 2016 rose to 27.8 percent compared with 27.5 percent in the first quarter of 2015, partly as a result of lower natural gas prices.

In the **Americas segment**, Linde achieved an increase in revenue in the first quarter of 2016 of 2.6 percent to EUR 1.284 bn (2015: EUR 1.252 bn). After adjusting for exchange rate effects and changes in the price of natural gas, revenue growth was 5.6 percent, supported by the acquisition of American HomePatient. This company, which specialises in respiratory therapies, has been consolidated in the Americas segment since 1 February 2016. The increase in the number of patients being cared for by Linde as a result of this acquisition will help the Group to counter the negative impact of price reductions in the United States. Linde also continually adapts its cost structure in this area and pursues a strategy of organic growth. When compared with the prior-year period, operating profit in the Americas segment rose by 2.2 percent to EUR 322 m (2015: EUR 315m). The operating margin was 25.1 percent (2015: 25.2 percent).

In the **Asia/Pacific segment**, Linde generated revenue in the three months to 31 March 2016 of EUR 969m, which was 2.5 percent below the figure for the first three months of 2015 of EUR 994m. On a comparable basis, revenue rose by 3.5 percent. Operating profit was EUR 254 m, similar to the figure for the prior-year period of EUR 252 m. This corresponded to an operating margin of 26.2 percent (2015: 25.4 percent). There was positive revenue growth in Asia. In the South Pacific, on the other hand, the prevailing weak economic environment in manufacturing and declining investment in the mining industry have had an adverse impact on Linde's growth. In 2015, the Group started to implement appropriate structural and organisational cost-cutting measures.

In the **EMEA segment** (Europe, Middle East, Africa), the Group generated revenue of EUR 1.410 bn in the first three months of 2016, which was 4.2 percent below the figure achieved in the first three months of 2015 of EUR 1.472bn. On a comparable basis, revenue fell by 0.2 percent. Operating profit was EUR 430 m, a decrease of 2.5 percent when compared with the figure for the first quarter of 2015 of EUR 441m. The operating margin rose to 30.5 percent (2015: 30.0 percent). Growth in the EMEA segment was affected by the previously disclosed insolvency of a customer in the UK in the fourth quarter of 2015.

In the Gases Division, Linde is seeking to generate revenue 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 generated in the 2015 financial year.

Engineering Division: Order backlog remains solid

The order backlog in the Engineering Division as at 31 March 2016 remained solid at EUR 4.241 bn (31 December 2015: EUR 4.541bn). Due to the persistently low oil price and the resultant faltering demand in plant construction, order intake in the three months to 31 March 2016 was EUR 310 m (2015: EUR 280m).

Revenue in the Engineering Division fell as expected in the first quarter of 2016, by 15.0 percent to EUR 568 m (2015: EUR 668m). Operating profit was EUR 46 m, which was below the figure of EUR 57 m achieved in the first quarter of 2015. The operating margin was 8.1 percent (2015: 8.5 percent). This continues to be above the industry average.



The Group expects the Engineering Division to generate revenue in the 2016 financial year of between EUR 2.0 bn and EUR 2.4 bn and to achieve an operating margin of around 8 percent.

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: <https://event.mescdn.com/linde/results-conference-call-q1-2016>

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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