



Continuously Improving. Morgan Stanley China field trip.

Leading.


THE LINDE GROUP

Shanghai, 26 September 2011
Steven Fang, Head of Linde RBU Greater China

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Agenda



Continuously improving: set-up for sustainable profitable growth

The Linde Group in Greater China

- A Leading vision
- Proven strategy to capture China's growth potential: Differentiating through an integrated gases business
- Deepening & Broadening Leading position in China

Highlights – 6M 2011

Continuously Improving.



Continuously Improving.

Ongoing growth momentum drives Group sales up 11.0% to € 6,774 m

Group operating profit grows over-proportionately by 11.7% to € 1,559 m

Continuous strong increase of reported EPS by 26.2% to € 3.32 and of adjusted EPS by 20.3% to € 3.79

Operating Cash Flow increases by 8.3% to € 977 m

Solid growth in all regions

Growth Markets continue their strong momentum

Accelerated growth in mature regions

Operating margin of the Gases Division at 27.3% (+20 bp)

2011 Outlook reinforced

Growth in sales and operating profit vs. record year 2010

HPO: € 650-800 m of gross cost savings in 2009-2012

Mega-trends

Leveraging growth with our Gas & Engineering set-up



Energy/Environment



Growth Markets



Healthcare



Leveraging Gases & Engineering business synergies

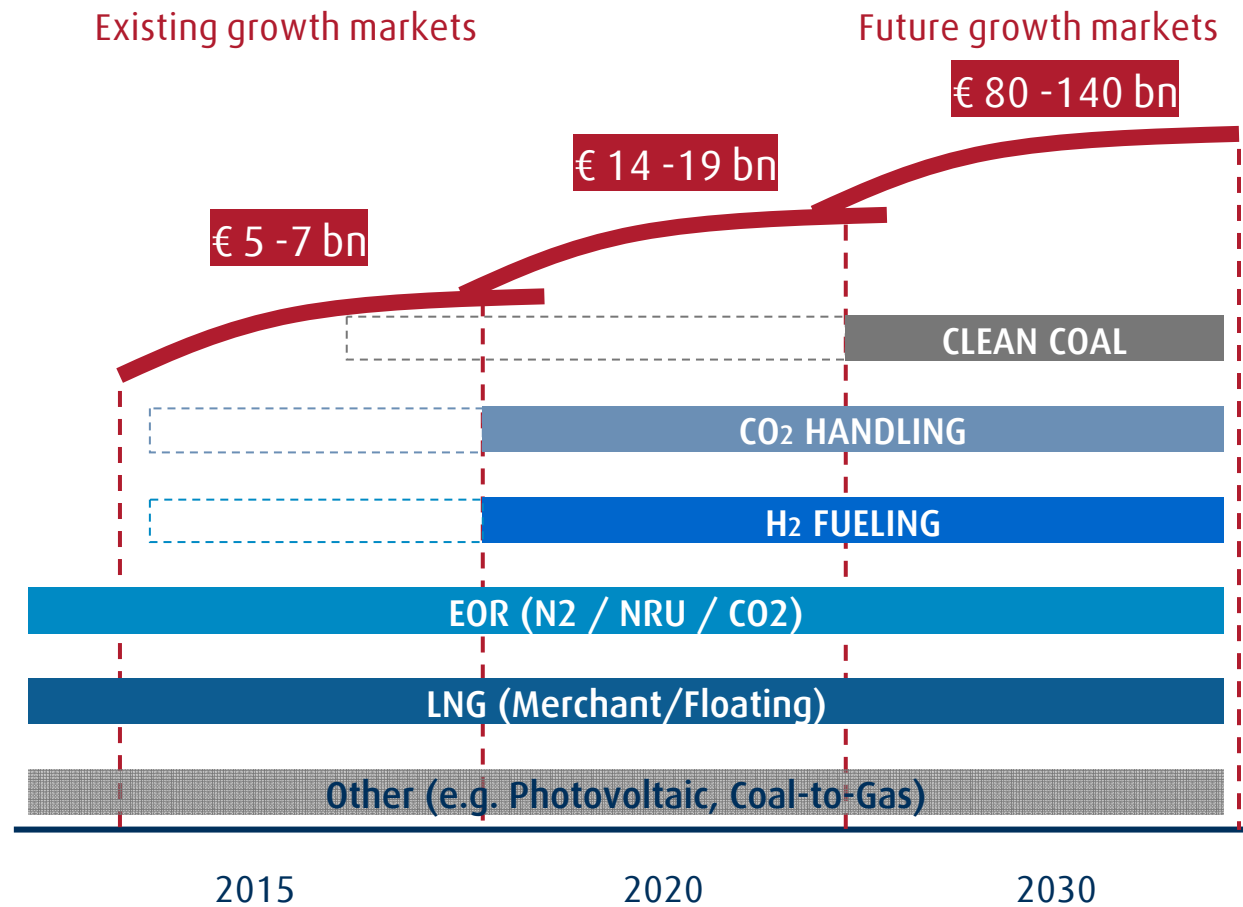
Mega-trend Energy/Environment

Potential Energy/Environment market is huge



- Competitive advantage due to Leading Engineering know-how and in particular also development of equipment
- Better use of fossil resources, e.g. enhanced oil & gas recovery
- Renewable energy, e.g. hydrogen fueling
- Clean Energy, e.g. Clean Coal
- Other, e.g. Photovoltaic, Coal-to-Gas

Energy/Environment annual market revenue estimates in € bn*



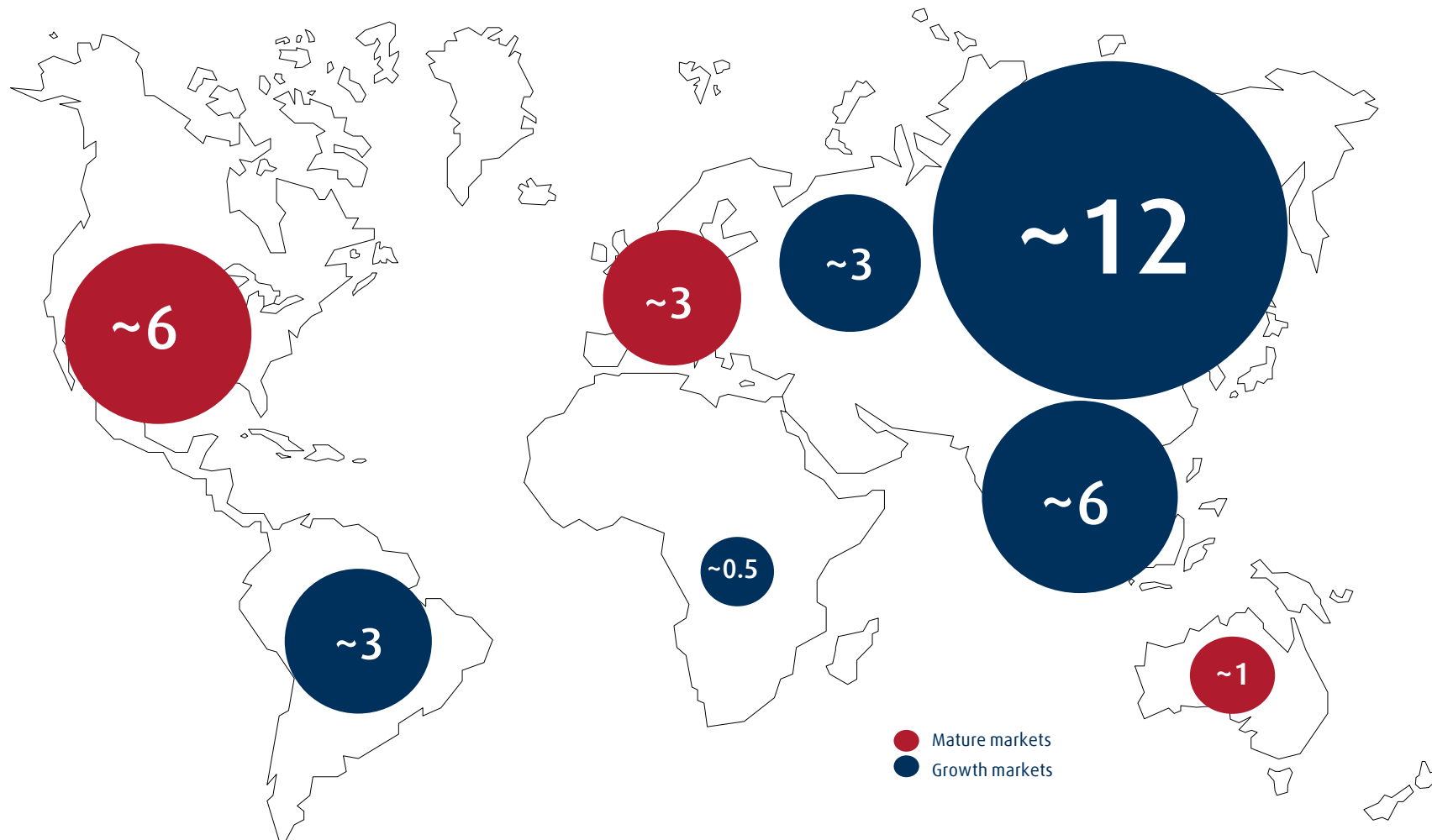
*Assuming 100% Build Own Operate and excluding sale of equipment and plants

■ Annual market revenue in the respective year
 □ Pilot projects and small volumes

(Please find assumptions for estimates on page 52)

Mega-trend Growth Markets

Additional industrial gases market 2010 vs. 2020 in € bn



Source: Linde database, figures excl. equipment, clean energy projects and healthcare

Agenda



Continuously improving: set-up for sustainable profitable growth

The Linde Group in Greater China

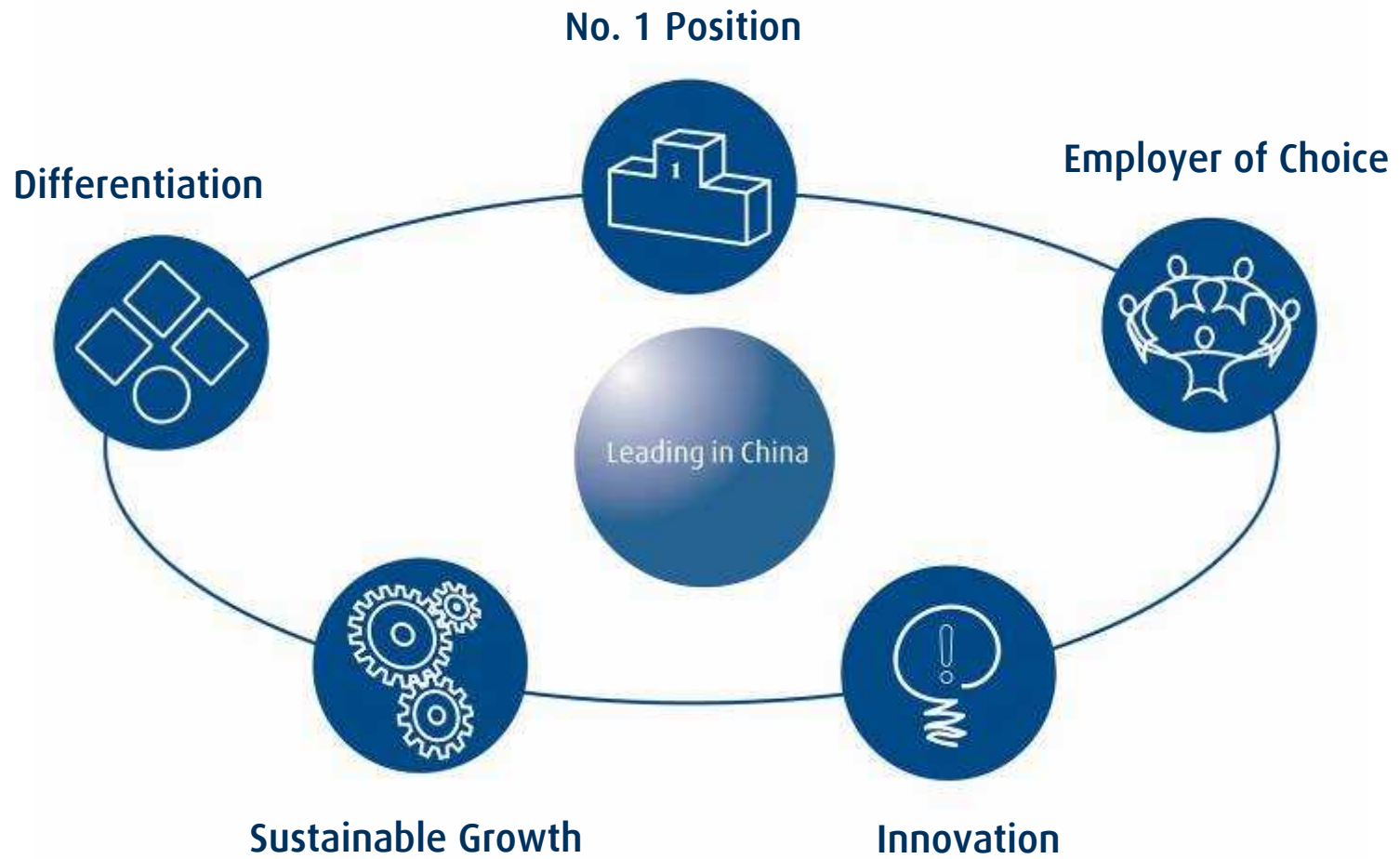
- A Leading vision
- Proven strategy to capture China's growth potential: Differentiating through an integrated gases business
- Deepening & Broadening Leading position in China

Linde in Greater China



- Headquartered in Shanghai
- First international gases company in China in the 1980s
- Leading integrated gases player
- EUR 576 million consolidated Gases sales in 2010
- Almost 4,000 employees (5% increase from 2009); mainland China 3,000 employees
- Around 50 wholly-owned companies and joint-ventures
- Close to 150 operational plants (Gases Division)
- Serving pillar industries chemical, oil & petrochemicals, metallurgy, manufacturing, electronics
- Industry-leading remote operations and distribution scheduling centers with nation wide monitoring capabilities
- Asia-Pacific Research & Development Centre for new gases application technologies

Our vision in Greater China



Linde's Leading vision in Greater China

What being leading means to us



No. 1 Position ...

Achieving above market growth; Offering outstanding products, services and solutions to customers; Leveraging strength from geographical infrastructure



Differentiation ...

Integrated gases business, 30 years of local expertise & 125 years of global leadership; Engineering synergy



Sustainability ...

Long-term contracts & partnerships with leading companies, focused strategy in growing markets and mega trends; continuous productivity improvements



Innovation ...

Driving innovation to make a difference; R&D gases applications technology differentiation for energy efficiencies and eco friendly solutions



Employer of Choice ...

Continuous investments to capabilities in attracting, developing and retaining talents

Agenda



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Our vision in Greater China No. 1 Position



No.1 Position



No. 1 Position

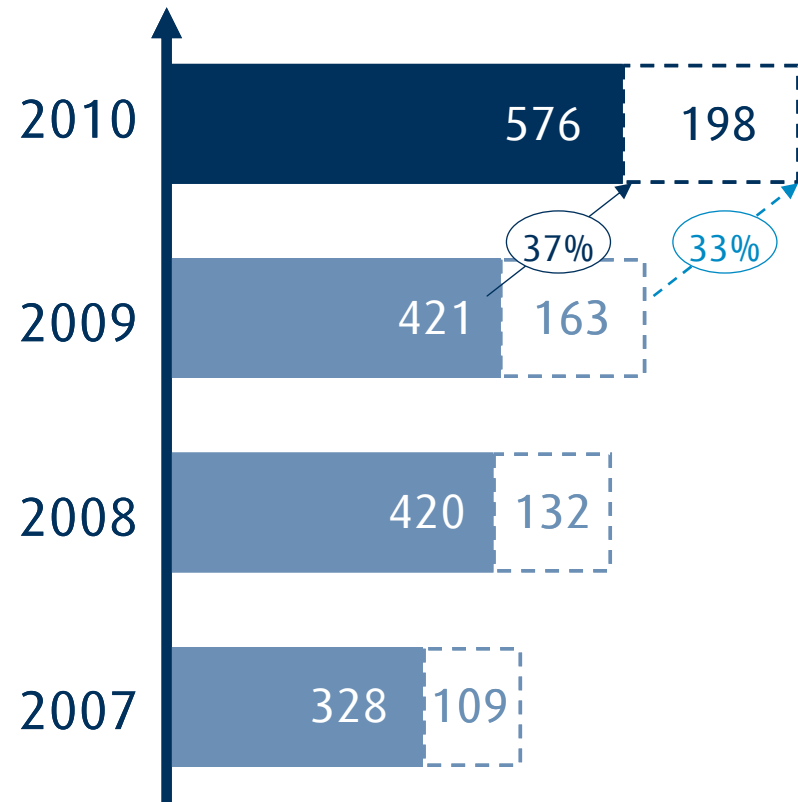
Impressive financial track record



Linde in Greater China



Sales in Greater China in € m



Consolidated Joint ventures (@ share)

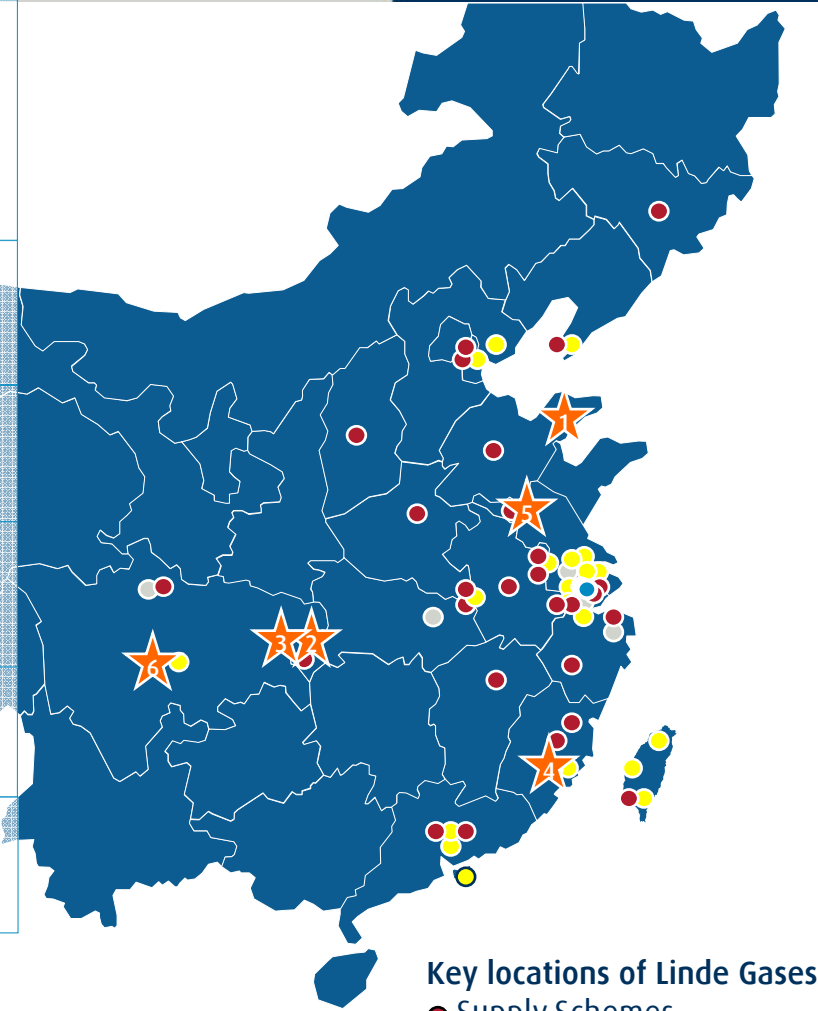
- ... existing customer capacity expansions
- ... further penetration into new geographic markets
- ... new onsite and industrial park developments
- ... wider, more proactive merchant coverage in selected power zones
- ... strengthening of Electronics footprint in emerging sectors
- ... healthcare expanding with key customers
- ... developed energy efficient, eco-friendly applications technology
- ... sustainable productivity improvement

Linde Gases Division in Greater China

2011 major wins & developments



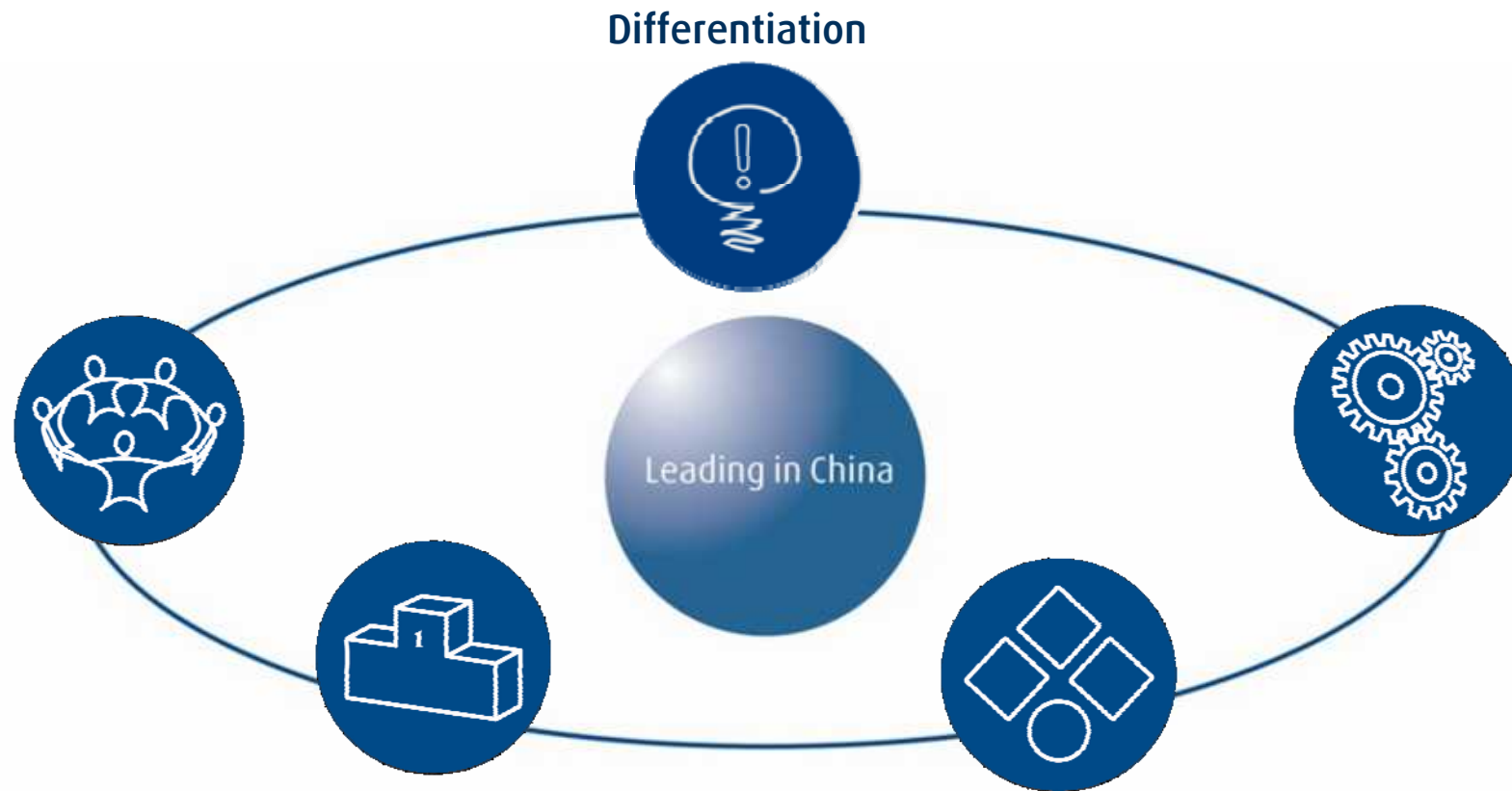
- [1] **Yantai I Chemicals:** Long-term on-site supply contract with Wanhua Polyurethanes signed in July 2011; a customer of Linde in China and Hungary; 2 large scale ASUs: ~€ 130 m capex, expected on stream date end 2013 & early 2014; Integrated approach including merchant business
- [2] **Chongqing I Chemicals:** Linde SVW joint venture ASU start-up in Q2/2011; Long-term on-site supply contract with Sinopec subsidiary, Sichuan Vinylon Works
- [3] **Chongqing I Chemicals:** Long-term on-site supply contracts with CCPHC & BASF signed in April 2011; Large scale HYCO plant: ~€ 200 m capex, expected on stream date 2014
- [4] **Zhangzhou I Steel:** 1 set ASU to Fujian Fuxin Special Steel, subsidiary of Formosa, signed in Q2 2011 ; Capex: ~€25m capex; expected on stream 2013
- [5] **Xuzhou I Polycrystal:** Start-up of H2 SMR supply Phase II supply to GCL in Jun 2011
- [6] **Meishan I Polycrystal:** SMR H2 and N2 on-site supply to Renesolar signed in Jan 2011; Capex : ~€ 16 m, expected on stream Feb 2012



Key locations of Linde Gases:

- Supply Schemes
- Industrial Parks
- Offices
- Application Center

Our vision in Greater China Differentiation

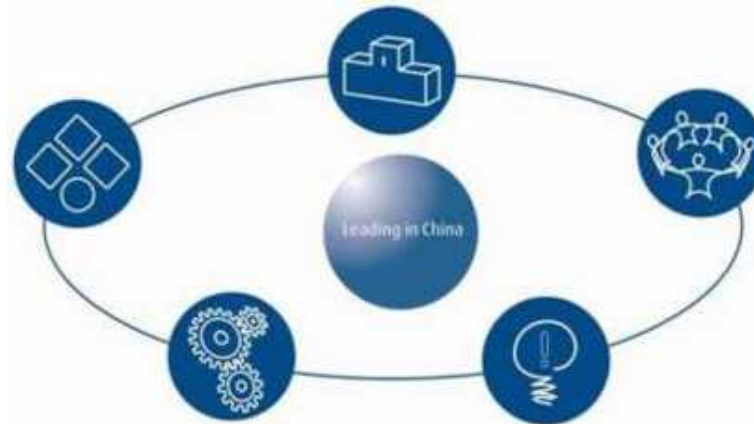


A clear and focused strategy in China

Differentiating with an integrated gases business portfolio



Vision



Integrated Strategy

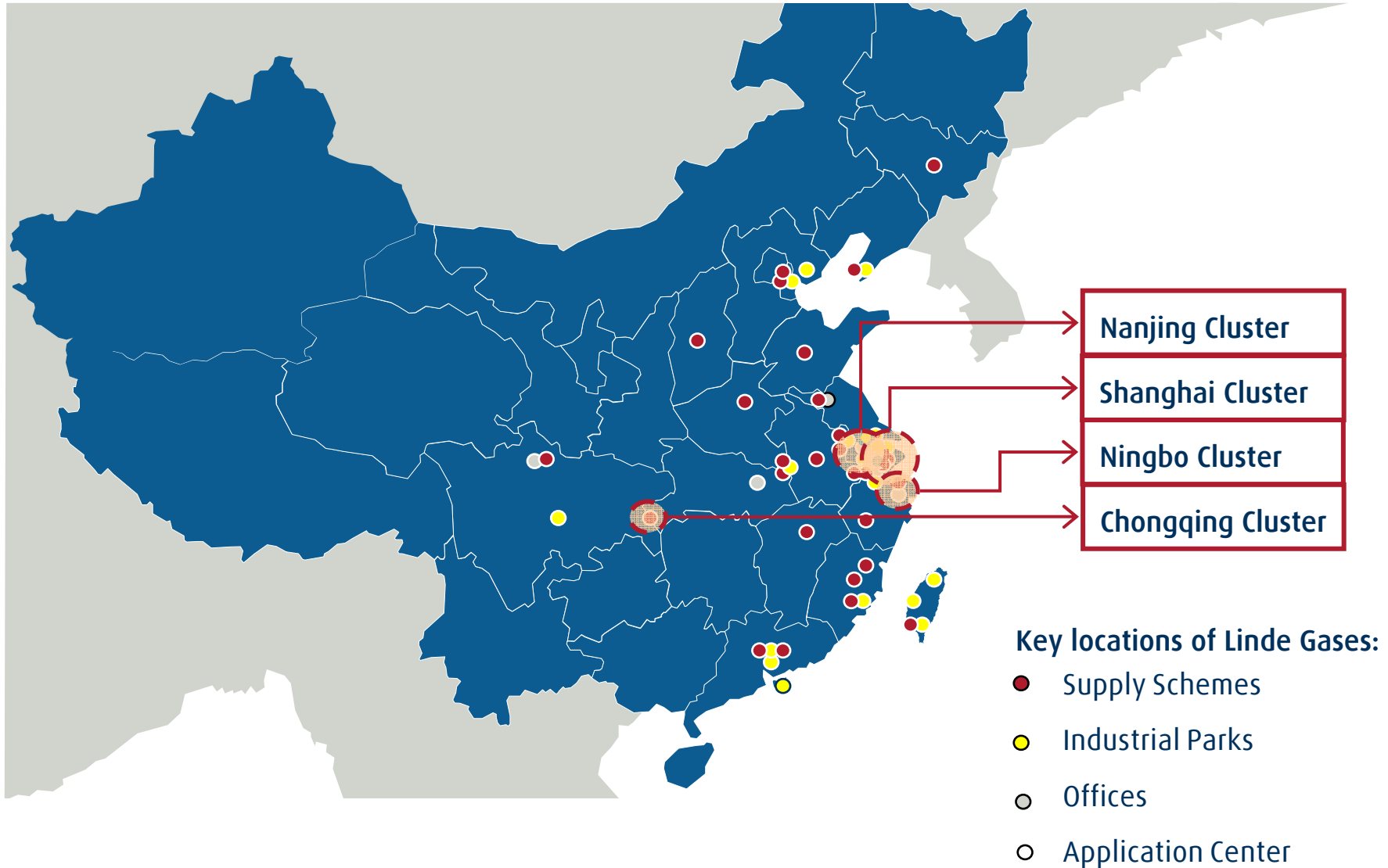
Tier 2	Energy	Merchant	Industrial Products
Electronics	Healthcare	Special Products	New Businesses
Base business -Tonnage, ECOVAR, Industrial Parks etc.			

Leading Principles

Sustainable growth	Integrated portfolio	Geographical expansion
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Onsite integrated gases offerings

Strategic cluster development in key industrial hubs

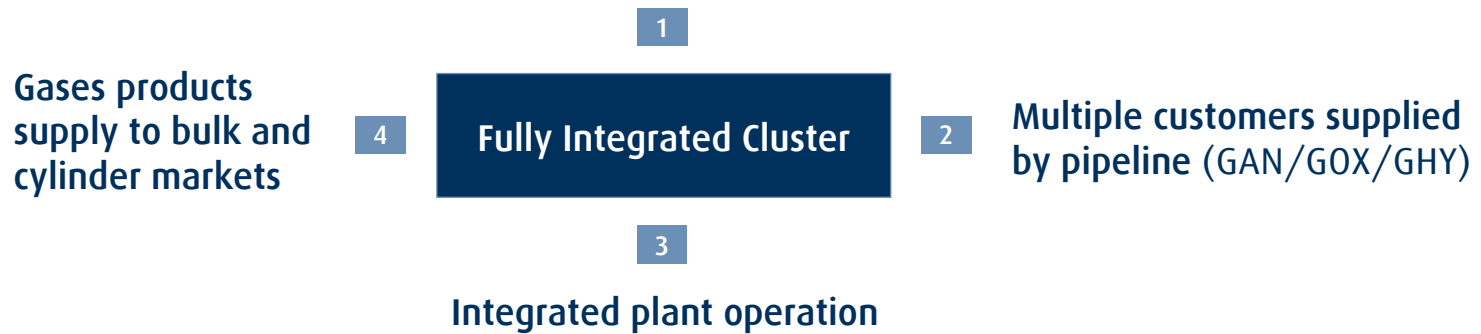


Deepening leading position in key industrial hubs

A typical integrated cluster concept: Ningbo cluster

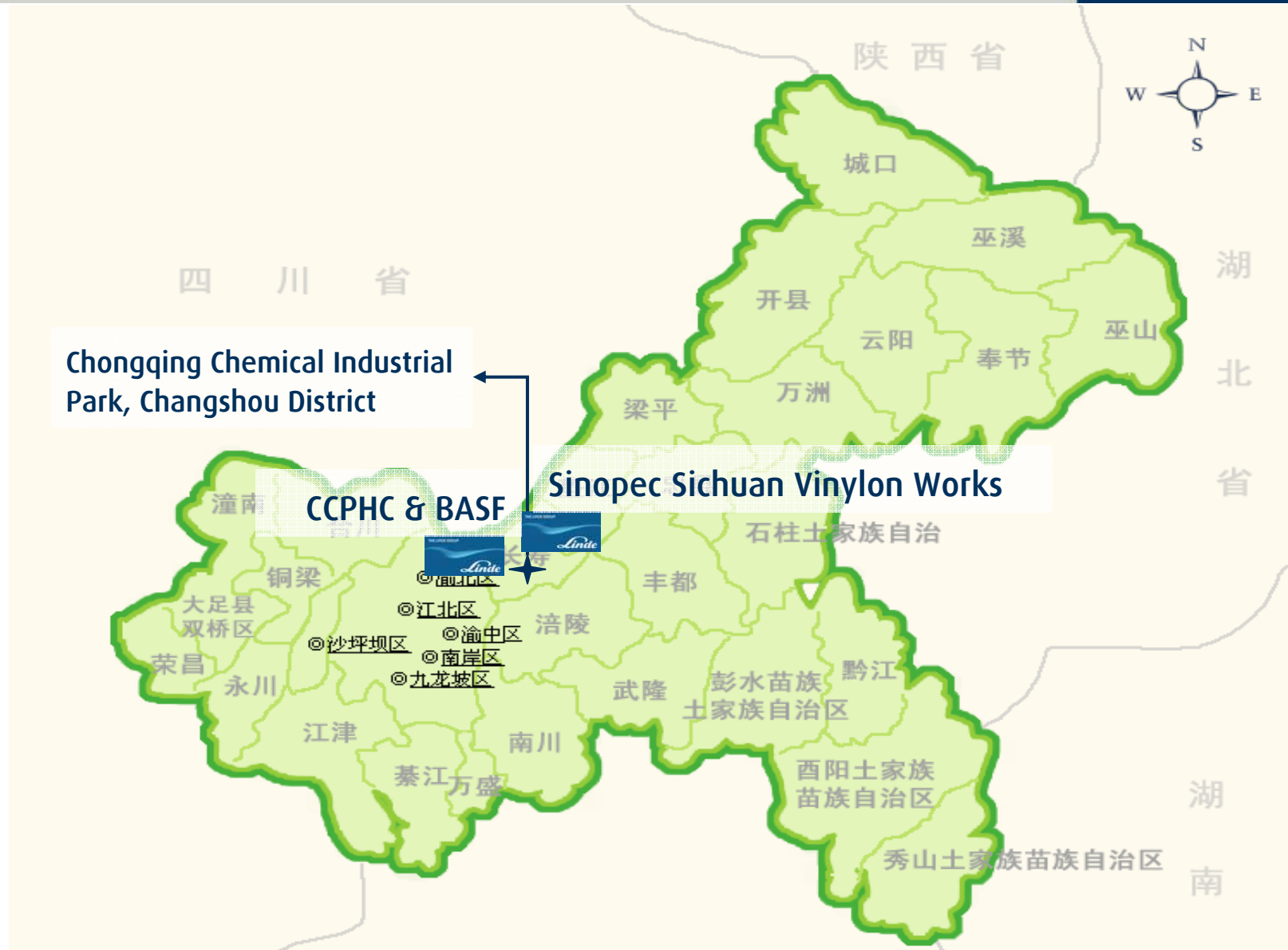


Pipeline linkage (key concept)



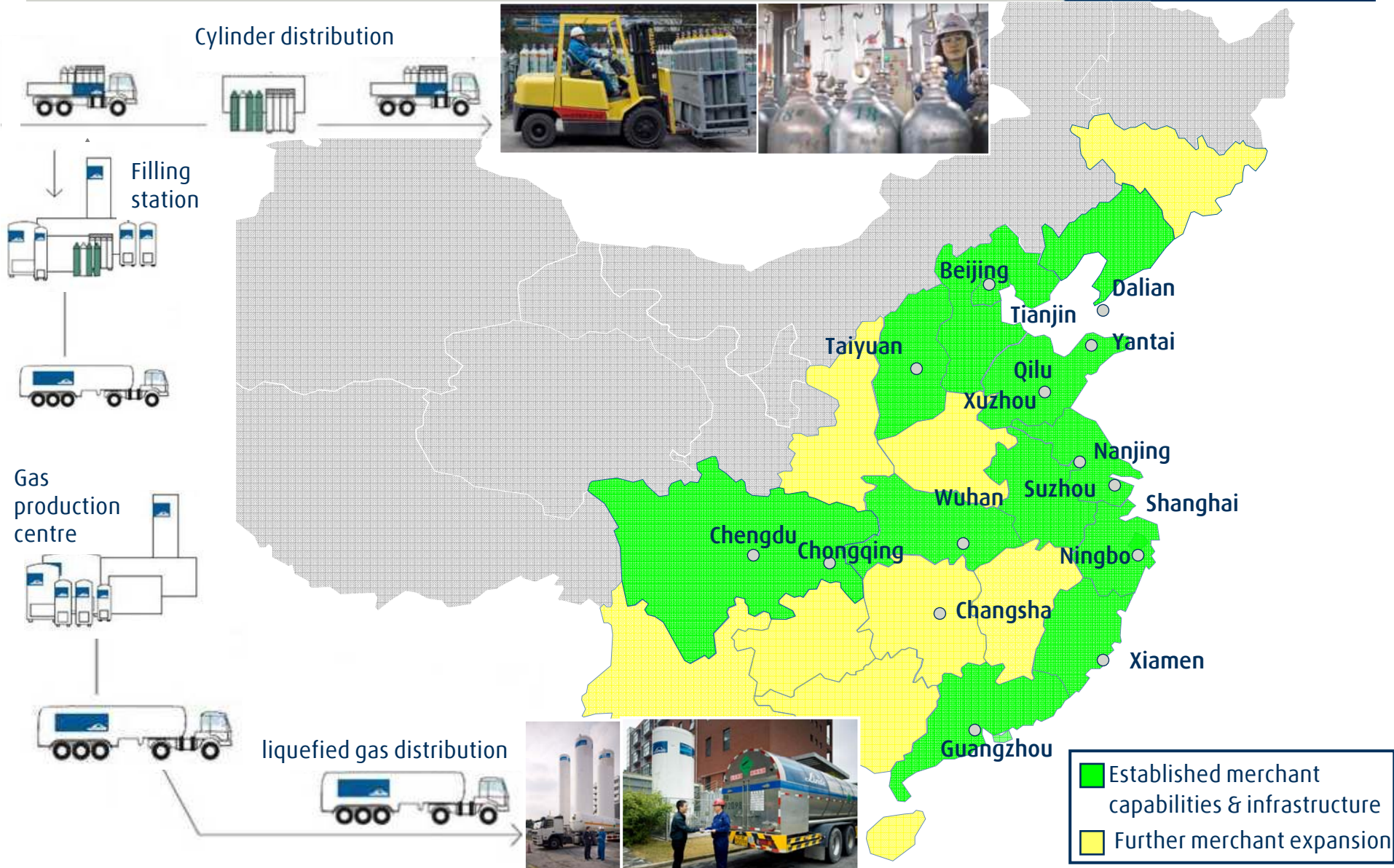
Deepening leading position in key industrial hubs

New cluster development: Chongqing cluster



Integrated Portfolio – Merchant & PGP

Expansion of liquid & cylinder infrastructural coverage



Integrated Portfolio – Electronics

Linde chosen gases solutions provider for key TFT-LCD GEN 7,5-8,5 projects



Dedicated business for Electronics gas solutions offerings in mainland China

- Linde LienHwa joint venture set up in 2002
- More than 100 customers to date
- 6 bulk gas plants
- 14 total gases management sites
- 1 high purity ammonia plant
- 260 employees

Stronghold to participate in electronics growth in mainland China



Semiconductor



TFT-LCD



Solar

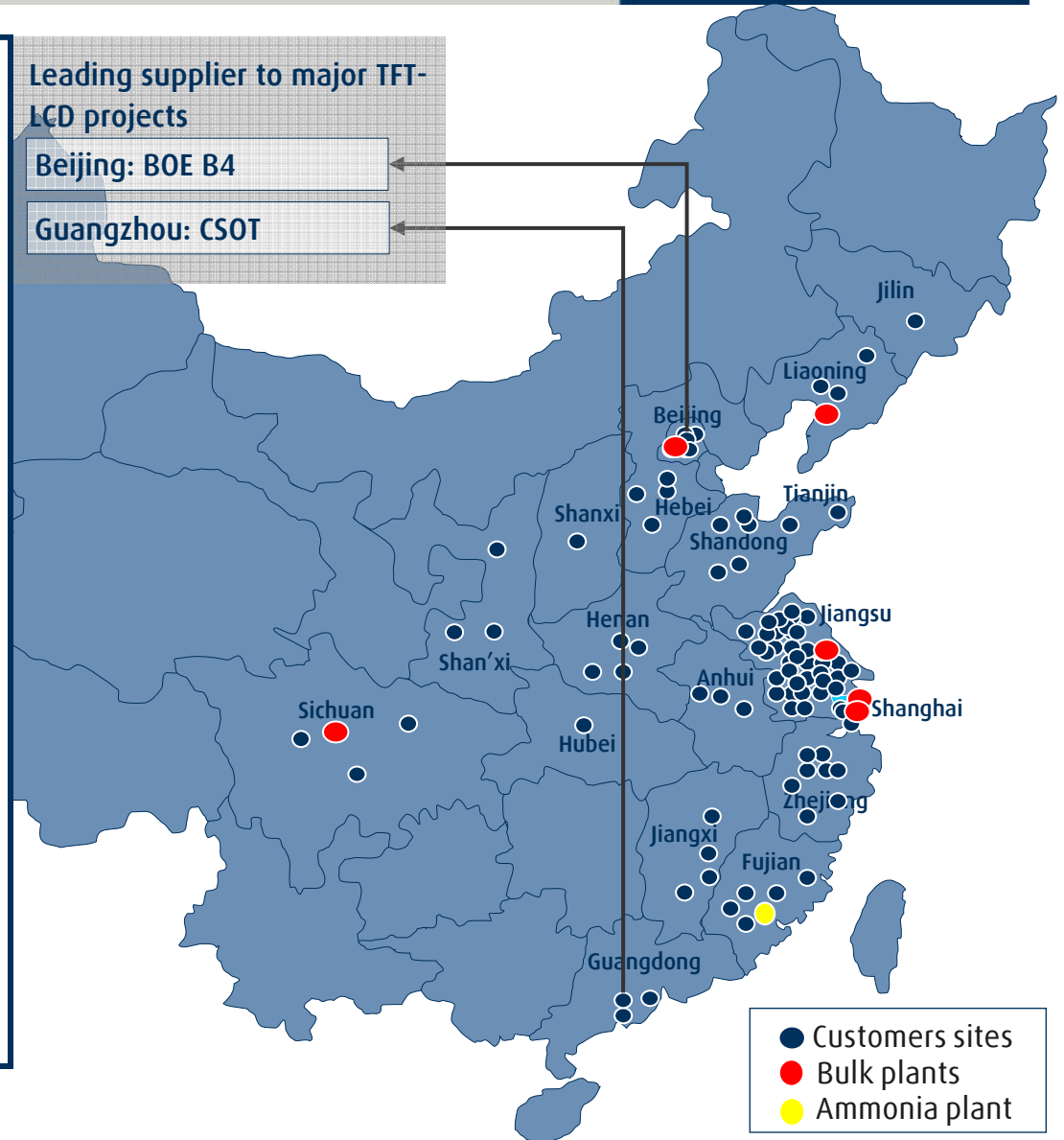


LED

Leading supplier to major TFT-LCD projects

Beijing: BOE B4

Guangzhou: CSOT



Integrated Portfolio – Electronics

Leading electronic gases provider in Taiwan



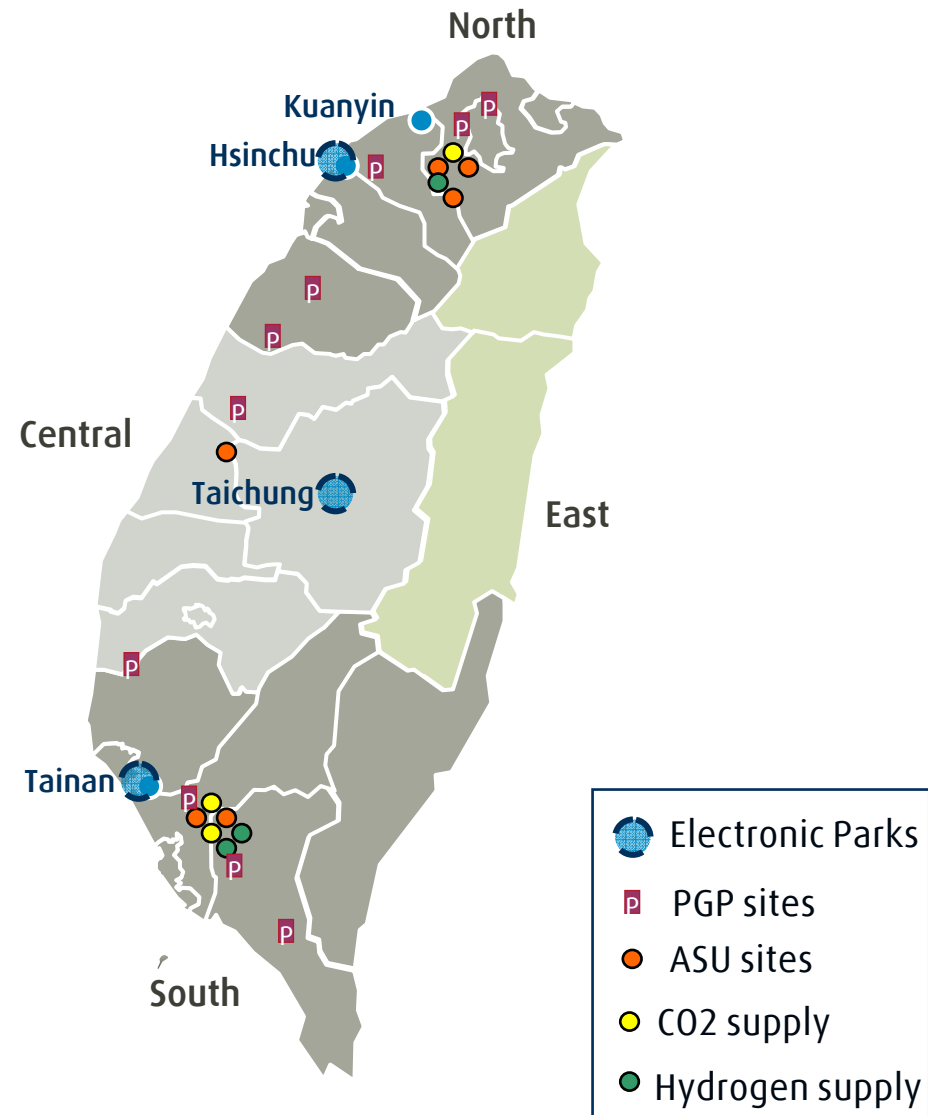
THE LINDE GROUP

Leading position in Taiwan with strongest set-up

- Complete geographical coverage
- Complete asset base supplying full range of industrial gases
- No. 1 position in bulk supply at Taiwan's three main electronics industrial parks
- Largest pipeline network in Hsinchu Science Park serving TSMC and UMC
- Market leader in bulk & cylinder product areas
- Continue to invest to maintain leading position

Strong local alliances with long-term leading partners in Taiwan

- **BOC LienHwa**: industrial gases JV established in 1984 in Taiwan
- **AUECC**: focused on liquid chemicals for the electronics sector in Taiwan and China



Integrated Portfolio – Healthcare

Developing healthcare solutions footprint across mainland China

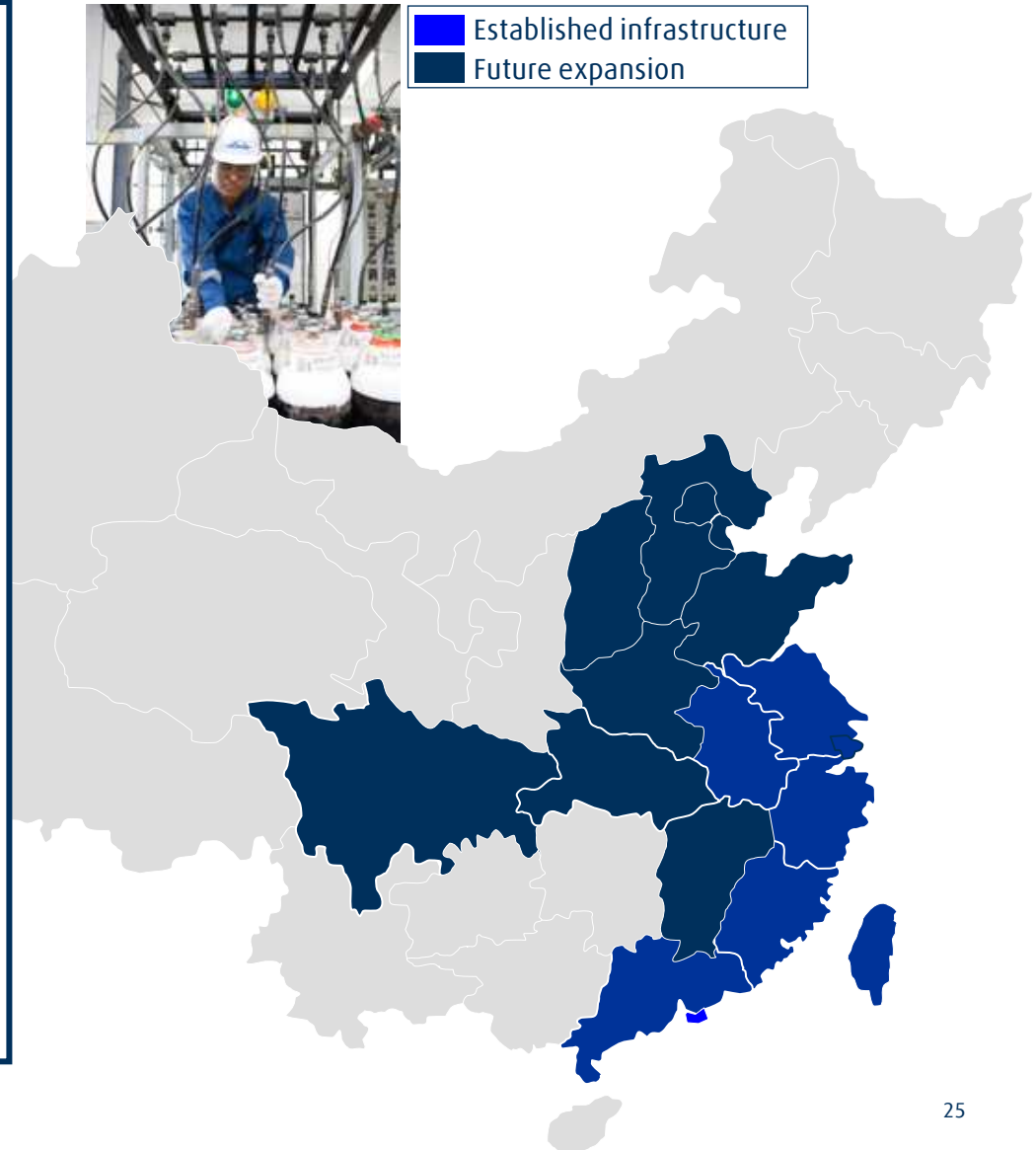


Dedicated Healthcare business development

- Dedicated Healthcare team in place
- Present in 5 provinces across mainland China
- Strong leadership in the more sophisticated Hong Kong, Taiwan markets provides base of Healthcare expertise for China
- National GMP certification programme in place; leveraging extensive industrial gases platform

Potential of China Healthcare Market

- Healthcare market an attractive segment, with huge longer term potential; market however still in early stages of development
- Growth driven by rapid economical development and demographical changes
- Aging population, high smoking rate and infrastructural development are key drivers of Medical gases consumption



Integrated Portfolio – Healthcare

Linde healthcare in HK a strong expertise for reference in mainland



Linde's diverse healthcare portfolio in HK

- Linde HKO has a strong Healthcare platform with a diverse portfolio of medical gases, devices and related engineering services
- Integrated solution, with a strong focus on quality, innovation and strict compliance to pharmaceutical standard

Centre of Excellence for Linde Healthcare in Asia

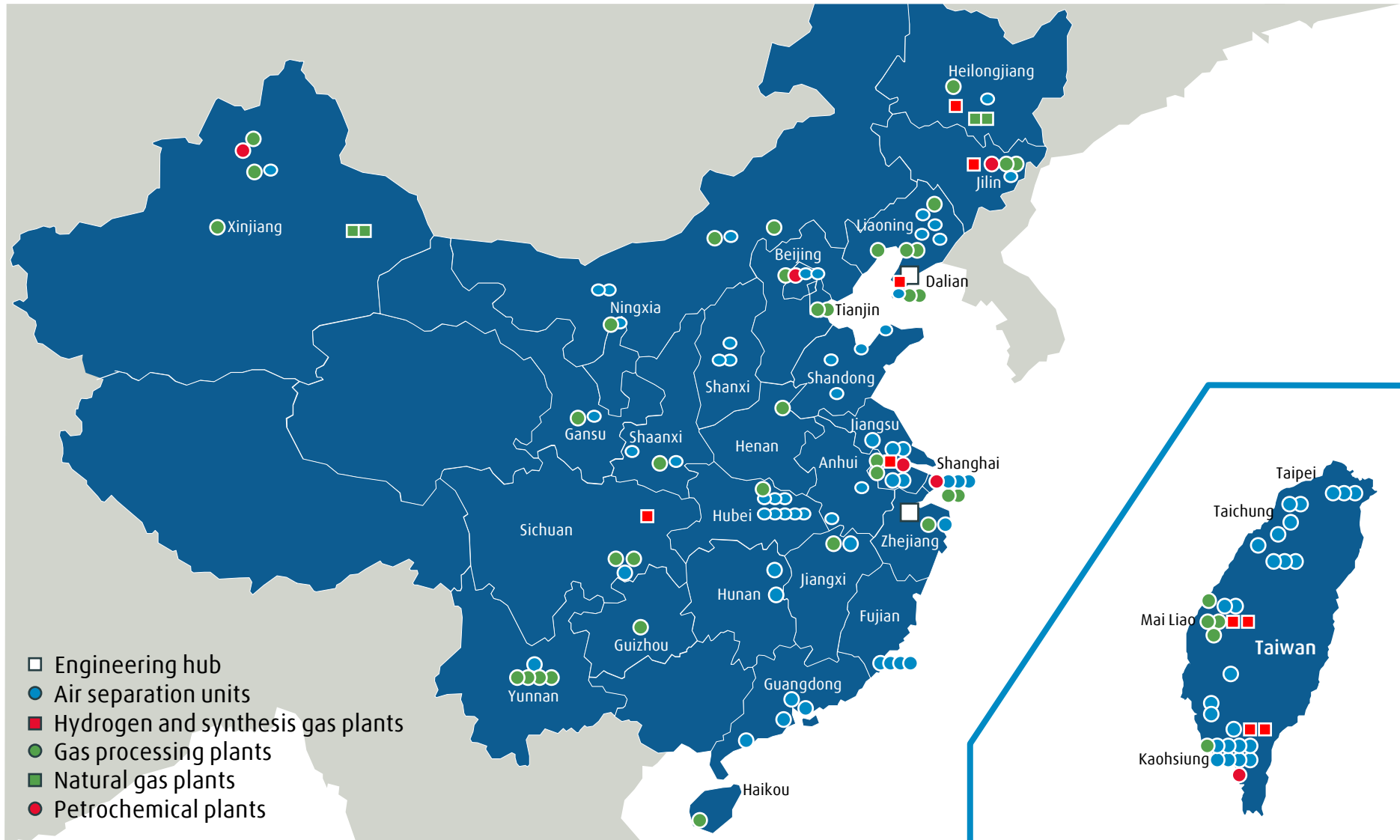
- Linde HKO's pharmaceutical gas production facility upgraded in 2011, further enhancing quality and efficiency standard
- New facility serves as Centre of Excellence for Asia and a base for capability transfer into China



Linde HKO pharmaceutical facility: Centre of Excellence for Asia and a base for capability transfer into China

Integrated Portfolio – Engineering Solutions

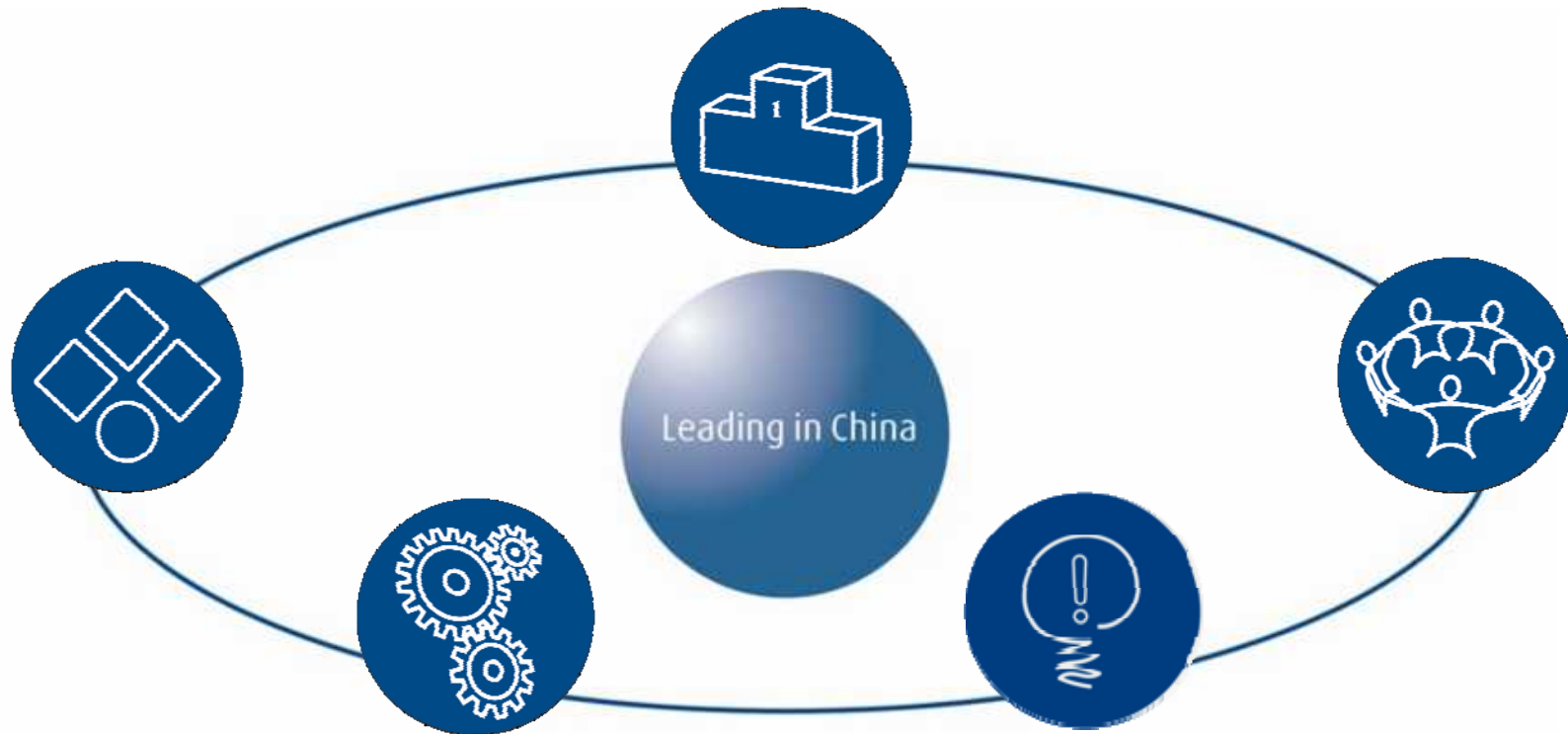
Plant history drives customer synergies with Gases



Our vision in Greater China Sustainable Growth



Sustainable Growth



Growing with leading companies in key industries

A diverse customer portfolio to match an integrated business



Oil/Petrochemicals



Chemicals



Metallurgy



Electronics



Healthcare



Others

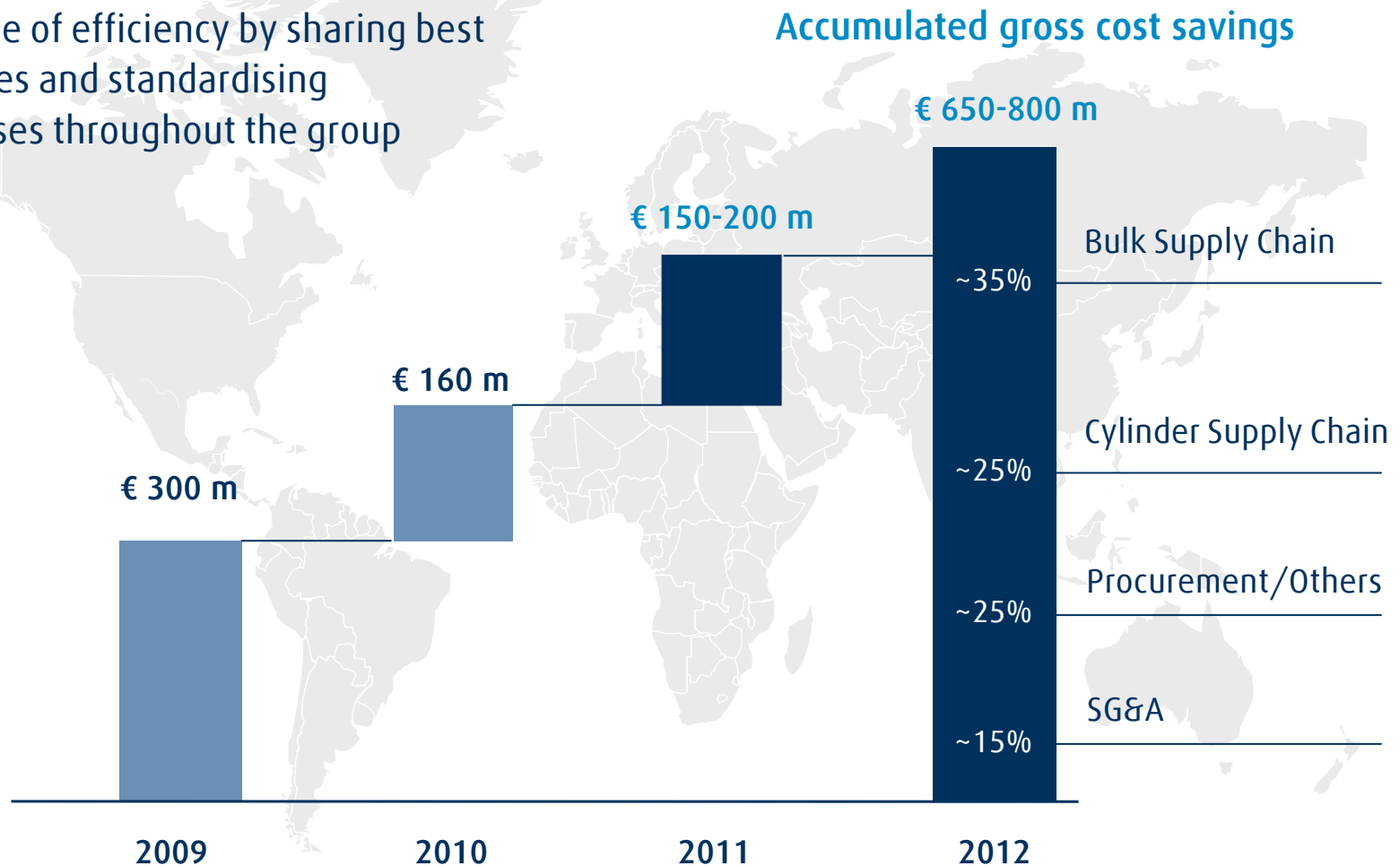


HPO (High Performance Organisation) Group level

Covering the full value chain in all regions



- Successful start and continuation with savings of ~€ 460 m
- Increase of efficiency by sharing best practices and standardising processes throughout the group



HPO Projects in China

Building solid management platform for further growth



1. Customer Dedication

- Driving gases applications technology
- Centralised National Customer Centre
- National Scheduling Centre for liquid distribution
- Remote Operations Centre for on-site plant production

2. Increasing Operational Efficiencies

- Increasing efficiencies for new opportunities
- Cluster concept
- Leveraging global best operating practices

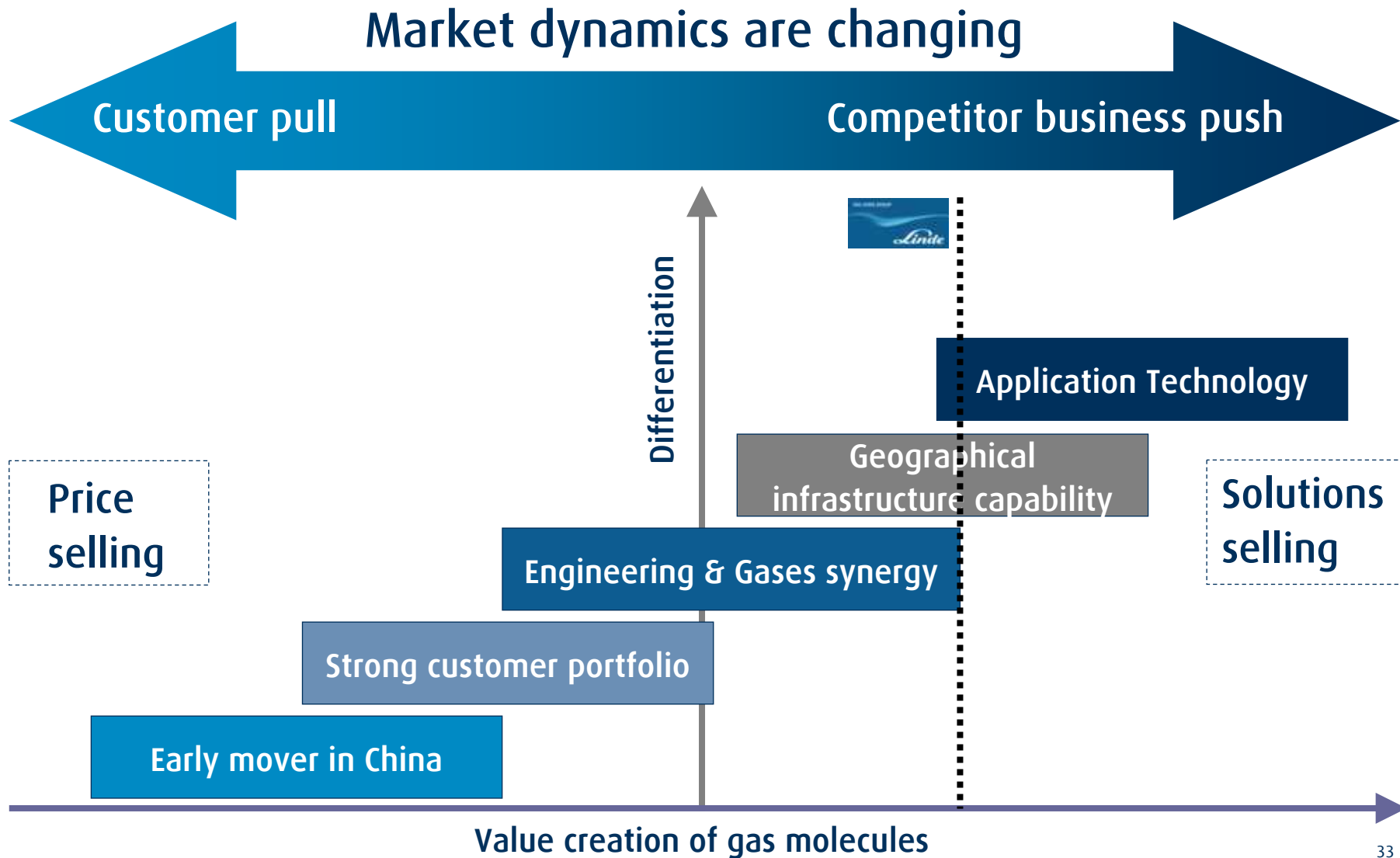
3. Standardisation of World-Class Processes

- Linde template approach
- Standardised operational and best practice sharing global platforms

Our vision in Greater China Innovation



Application Technology – A key driving force in differentiating ourselves from competition



Linde Technology Centre (China)

Providing high tech industrial gas applications



Linde Technology Centre (China) Shanghai - Exterior view : Leading position in scientific/technology development.



First gases application R&D centre in China to be owned by a gases company

Linde Technology Centre (China) is one of the three main R&D Centers around the world

- Linde's other two R&D Centres are located in Murray Hill (USA) and Munich (Germany)
- Provides technical support to Linde's business in Asia and Pacific regions
- 2400 m² Lab space; Capability resource increased 4 folds in 2011
- R&D work in chemistry and energy, electronics, food and beverage, laser, metallurgy, pharmaceutical, waste water treatment, welding, combustion and heat treatment

Mission Application Development

Develop and transfer gas application technologies, working closely with Linde's key customers & partners in the region

Mission Business Development

Drive gases sales and improve profitability through our application technology

Innovation

Developing solutions for the future



↑ Linde-designed first hydrogen refuelling station in Anting New Town Shanghai in 2009, with capacity to fuel three fuel-cell buses or 20 fuel-cell vehicles

↓ Linde's state-of-the-art hydrogen 'cold fill' dispensing system at the Shanghai World Expo



↑ Linde exclusive hydrogen and infrastructure for Mercedes Benz F-CELL World Tour in 14 countries in 2011. In China, Linde supplied on the road mobile hydrogen supply for 7,000 km journey from Shanghai to Xinjiang

Our vision in Greater China Employer of Choice



Employer of Choice



Employer of Choice

Business Growth through People Excellence



Investing in our people: learning and development, training, exchange programmes, Linde University



Linde  University



Agenda



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- Deepening & Broadening Leading position in China

Well-positioned and aligned with China's key focuses



China

- Further on substantial growth in base industries – efficiency and emission/energy related topics important in all industries
- Technological spearheading to achieve balance between eco conscious sustainability & industrial development
- “Go West” development of industrial power zones inland



China wants a step up in reputation from “Made in China” products to “Innovation in China” brands

Linde

- Leveraging of technological know-hows in application technology development for higher energy efficiencies
- Investments in expansion of technology centre capabilities
- Well positioned in inland China for further integrated gases offerings and growth
- Leveraging on synergy with Linde Engineering



Linde offers integrated gases portfolio with global expertise, technological advancements, strong local insights and partnerships

Uncontested growth potential in China - for our Gases and Engineering businesses through an integrated gases portfolio

We are building on an established leadership position

- Gases market leadership based on BOC's historic positioning
- Strong local customer relationships in the Engineering Division
- Significant investments in the build-out of production capacity and local resources

We are committed to further leverage this strong set-up

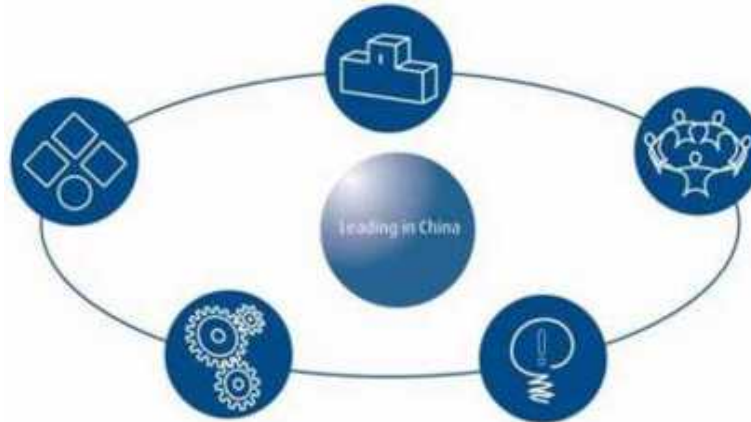
- Tonnage market driven by GDP growth, outsourcing and the energy mega-trend
- Strengthening Electronics footprint and Healthcare expansion
- Application development addresses further opportunities in the bulk & cylinder areas
- Growth path supported by our complementary Gases and Engineering footprint

▶ Leading integrated strategy for China's structural growth potential

A clear and focused strategy in China Integrated gases business portfolio to deepen and broaden Linde's leadership in the region



Vision



Integrated Strategy

Tier 2	Energy	Merchant	Industrial Products
Electronics	Healthcare	Special Products	New Businesses

Base business -Tonnage, ECOVAR, Industrial Parks etc.

Leading Principles

Sustainable growth	Integrated portfolio	Geographical expansion
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Investor Relations



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Financial Calendar

- Interim Report January to September: 28 October 2011
- Annual General Meeting: 04 May 2012