
# Q4 and Full year 2014 Results
# Linde India Limited

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# Executive Summary - 2014

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## Highlights

**Safety** : 365 MIR free days on 26th Oct, 2014 for the first time

**Returns** : Dividend payout proposed at 15%, same as last year

**Projects** : Two ASU s commissioned at SAIL, Rourkela

**Interest** : Avg. cost of local borrowing lower by 40 bps

**Merchant Revenue** : Value added products like Helium and Argon supported by application wins

**Productivity** : Focus on operation efficiency using Six Sigma methodology and tightening overhead costs as part of the High Performance Organization approach of the Company

## Lowlights

**Industrial Production** : Industrial production for the year remained subdued at ~1.2% (1% in previous year)

**New Projects** : No major project were awarded to the engineering division due to adverse industrial conditions

**Depreciation and interest payout burden** : Commissioning of new projects and impairment of sunk cost for couple with under-utilised capacity created stress on P&L

# Performance – Q4 2014

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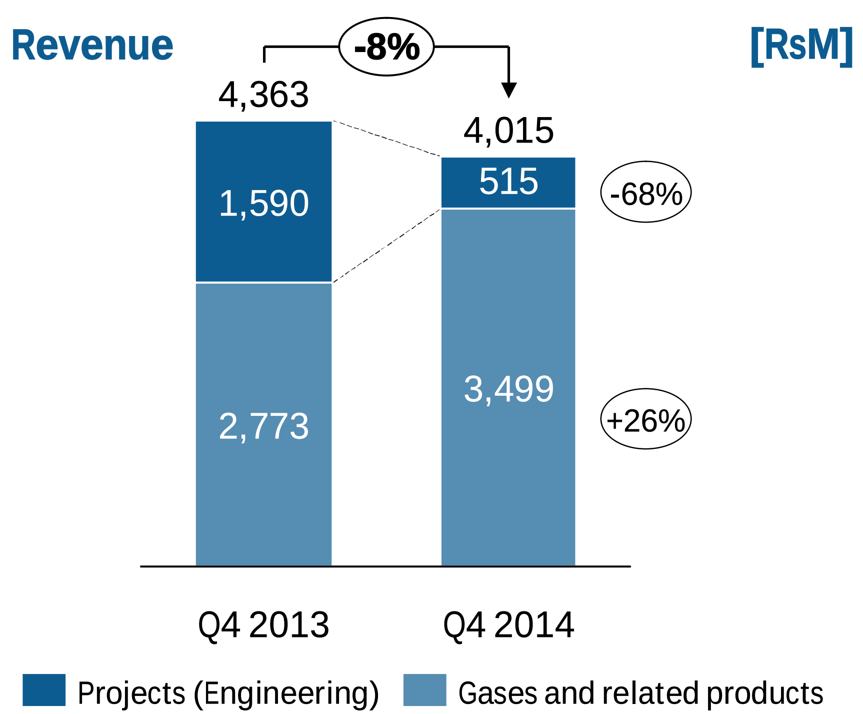
| | | Q4 2013 | Q4 2014 | Var. |
|---|---|---|---|---|
| Net Revenue | [RsM] | 4,363 | 4,015 | -8% |
| EBITDA* | [RsM] | 795 | 947 | +19% |
| Return on sales (ROS) | [%] | 18.2% | 23.6% | +536bp |
| EBIT* | [RsM] | 468 | 395 | -16% |
| PBT | [RsM] | 723 | 130 | -82% |
| PAT | [RsM] | 555 | 65 | -88% |
| EPS reported | [Rs] | 6.51 | 0.77 | -88% |

— ROS improvement on account higher margin from Project Engineering Division supported by higher recoveries from on – site contracts and one – off flat sale

— PBT impacted due to higher depreciation and interest payout burden from new projects

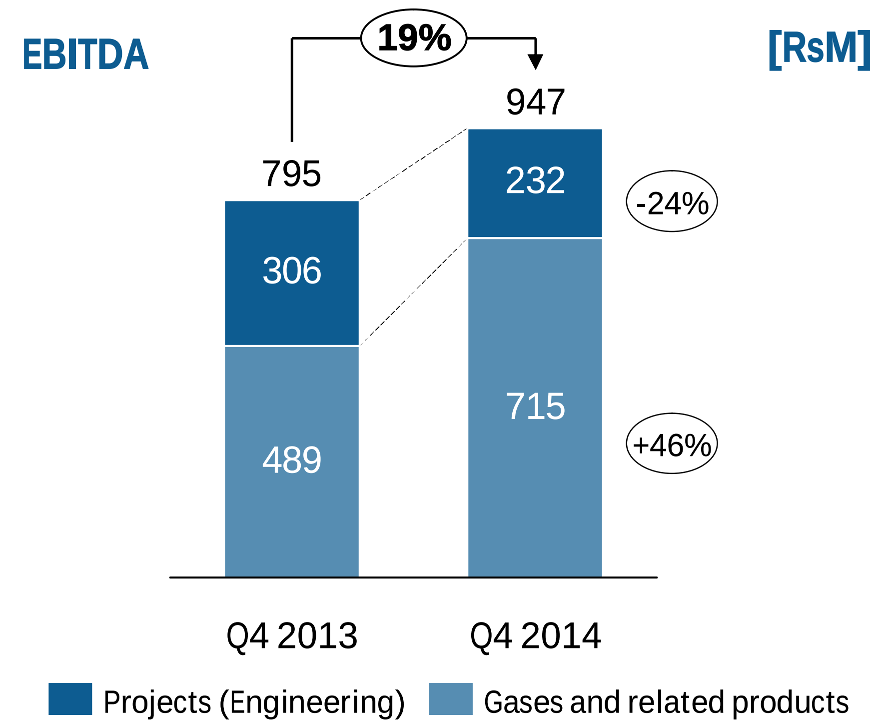
*before non – recurring items

# Revenue & Operating Profit by Divisions – Q4 2014




— Gases business growth driven by high revenues from SAIL ASU at Rourkela and higher special gases revenue

— Project Engineering Division sales lower due to lower number of new projects




— Gases EBITDA driven by contribution from on - site contracts, higher merchant revenue and one – off flat sale

— Project Engineering Division operating profit lower due to lower number of new projects

# Performance – Y E 2014

| | | 2013 | 2014 | Var. |
|---|---|---|---|---|
| Net Revenue | [RsM] | 14,022 | 14,707 | +5% |
| EBITDA* | [RsM] | 2,698 | 2,878 | +7% |
| Return on sales (ROS) | [%] | 19.2% | 19.6% | +32bps |
| EBIT* | [RsM] | 1,408 | 1,064 | -24% |
| PBT | [RsM] | 1,166 | 36 | -97% |
| PAT | [RsM] | 773 | 54 | -93% |
| EPS reported | [Rs] | 9.07 | 0.63 | -93% |

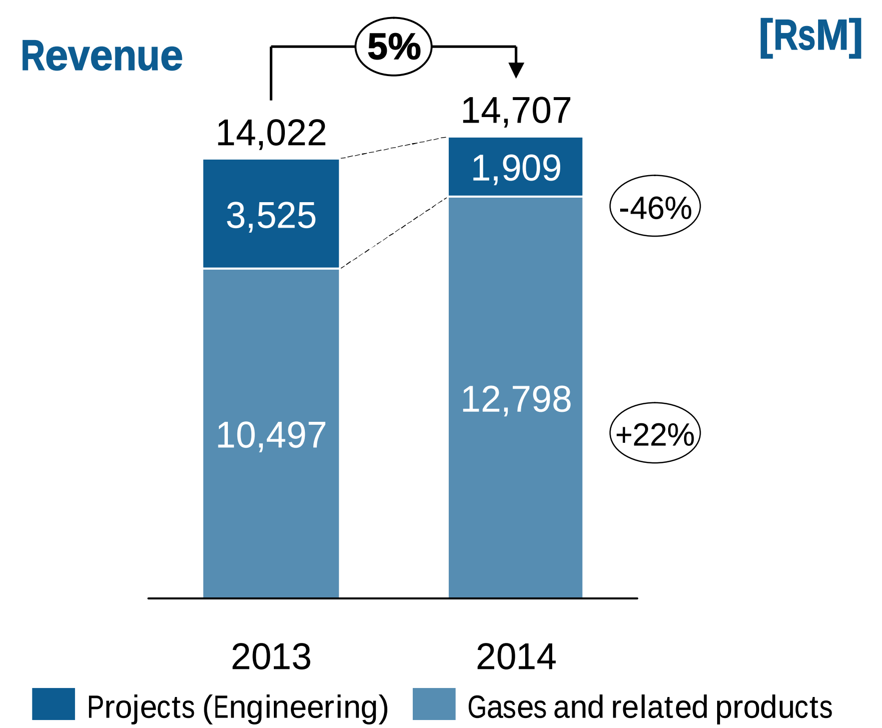
— ROS improvement on account of higher margin from Project Engineering Division supported by higher recoveries from on - site contracts and higher sales of value adding products like Helium and Argon

— Higher depreciation and interest costs due to capitalization of SAIL ASU at Rourkela

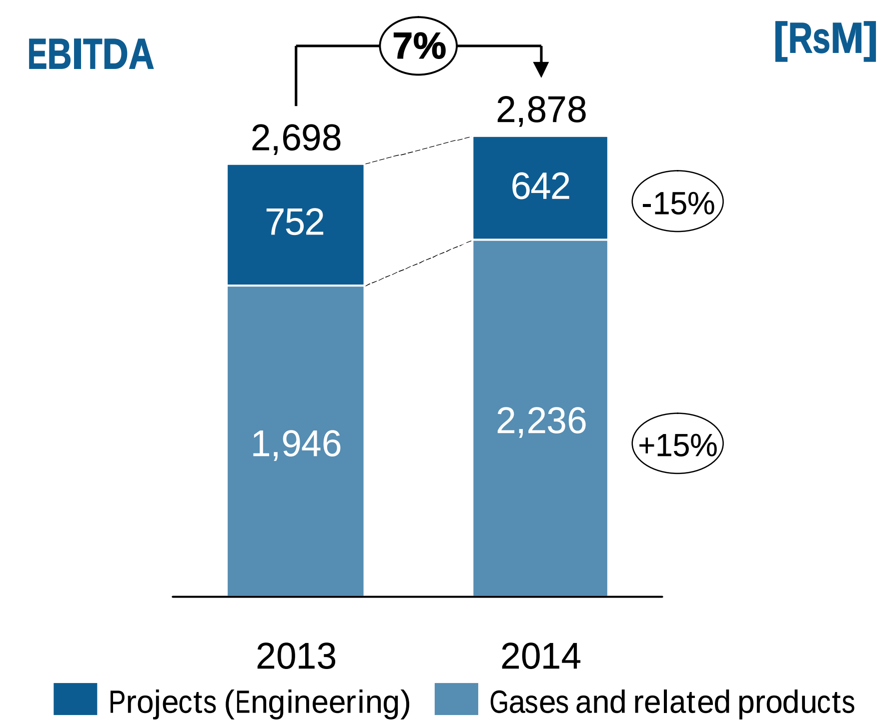
— Higher PAT last year due to one – off land sale and lower depreciation and interest costs

*before non - recurring items

# Revenue & Operating Profit by Divisions – 2014




- Gases business growth driven by high revenues from SAIL ASU at Rourkela and higher merchant and special gases revenue
- Project Engineering Division sales lower due to lack of new projects




- Gases EBITDA driven by contribution from on - site contracts and higher merchant revenue
- Project Engineering Division lower due to lack of new projects ; however, overall margin improved due to cost optimisation and higher margin from existing projects

# Outlook

- Construction work of plant for Tata Steel at Kalinganagar with an oxygen production capacity of 2 x 1,000 tpd is under progress, expected to be commissioned in the second half of 2015
- Relocation and commissioning of the 110tpd plant from Taloja, Maharashtra to Dahej, Gujarat to be completed by H1 2015; state-of-art packaged gases plant will also be commissioned at the same location
- Company will continue to focus on new gas applications which will drive efficiency at customers processes & improve gases sales
- Given that the investment climate in the country improves, we would assume a positive development in our Engineering business


# Appendix

# Linde India – 2014
## Key balance sheet items

| [RsM] | Dec 2013 | Dec 2014 | Δ |
|---|---|---|---|
| Shareholders' Funds | 14,273 | 13,892 | -3% |
| Non-current liabilities | 16,060 | 15,939 | -1% |
| Long-term borrowings | 11,157 | 11,024 | -1% |
| Current Liabilities | 9,326 | 8,964 | -4% |
| | | | |
| Total Equities and Liabilities | 39,660 | 38,795 | -2% |
| | | | |
| Non-current assets | 32,326 | 32,582 | 1% |
| Fixed assets | 24,086 | 25,569 | 6% |
| Current assets | 7,334 | 6,213 | -15% |
| Cash and cash equivalents | 583 | 572 | -2% |
| | | | |
| Total assets | 39,660 | 38,795 | -2% |

# Linde India – Q4 2014
## Key P&L items

| [RsM] | Q4 2013 | Q4 2014 | Δ |
|---|---|---|---|
| Revenue | 4,363 | 4,015 | *-8%* |
| Other Income | 70 | 196 | *+179%* |
| Total expenses | 3,965 | 3,815 | *-4%* |
| EBIT | 468 | 395 | *-16%* |
| EBIT margin [%] | 10.7% | 9.8% | *-89bps* |
| EBT before non recurring item | 220 | 130 | *-41%* |
| Non recurring Item | 503 | 0 | *-100%* |
| EBT before non recurring item | 723 | 130 | *-82%* |
| Tax expense | 167 | 64 | *-62%* |
| Net income | 555 | 65 | *-88%* |
| EPS | 6.52 | 0.78 | *-88%* |

# Linde India – Y E 2014
## Key P&L items

| [RsM] | 2013 | 2014 | Δ |
|---|---|---|---|
| Revenue | 14,022 | 14,707 | *5%* |
| Other Income | 346 | 314 | *-9%* |
| Total expenses | 12,960 | 13,957 | *+8%* |
| EBIT | 1,408 | 1,064 | *-24%* |
| EBIT margin [%] | 10.0% | 7.2% | *-280bps* |
| EBT before non - recurring item | 663 | 36 | *-95%* |
| Non – recurring Item | 503 | 0 | *-100%* |
| EBT after non - recurring item | 1,166 | 36 | *-97%* |
| Tax expense | 393 | -18 | *-105%* |
| Net income | 773 | 54 | *-93%* |
| EPS | 9.07 | 0.63 | *-93%* |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