Q2 2017 Results
Linde India Limited

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Executive Summary – H1 2017

Highlights

Safety : Safety continues to remain a key focus area across all the businesses.

Revenue : Revenue has steadily grown in onsite and merchant businesses.

Cash flow: Repayment of ECB loan of 792 MINR and interest of 614 MINR as per repayment schedule in H1.

PED projects: Project engineering division has an order back log of 5,974 MINR.

Steel Industry: Over capacity in global steel industry mitigated by policy interventions by government.

GST Implementation: Goods and Service Tax was rolled out effective 1st July 2017. Linde India had successfully completed the rollout.

Lowlights

Industrial Production: Overall demand remains muted reflected by low IIP numbers and negative private capital formation.

Credit Growth: Stressed and non performing assets in the steel sector continues to be a concern for the banking sector.

Depreciation and interest burden: Full impact of depreciation and interest for new ASUs coupled with lower capacity utilisation impacts PBT adversely.

Performance – Q2 2017

		Q2 2016	Q2 2017	Var.
Net Revenue	[RsM]	4,305	4,933	+15%
EBITDA	[RsM]	769	806	+5%
EBITDA Margin	[%]	17.8%	16.3%	-150 bps
EBIT	[RsM]	282	311	10%
PBT	[RsM]	-27	-45	-64%
PAT	[RsM]	-20	-22	-10%
EPS reported	[Rs]	-0.23	-0.26	-13%

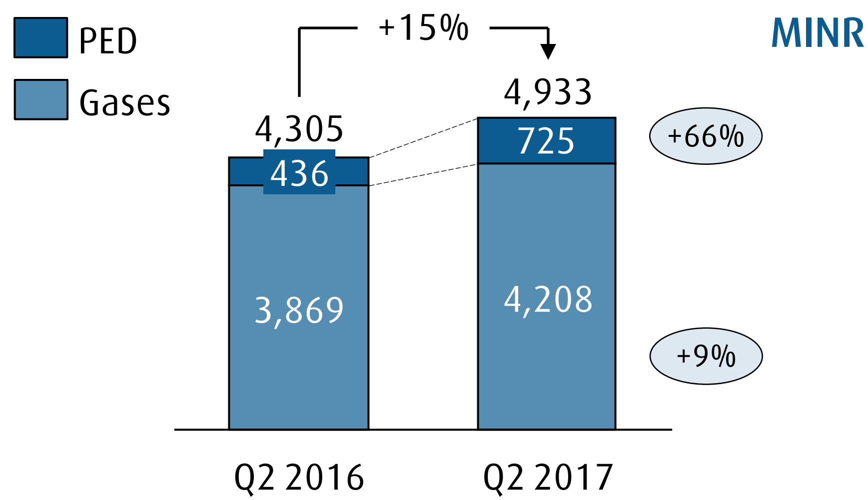
— Revenue up 15% (+628 MINR) driven by gases 9% (+339 MINR) and PED 66% (+289 MINR).

— Interest cost reduced by 3% (-8 MINR) and borrowing rate was brought down by 20 bps compared to same quarter last year.

— One off cost for separation payment (-55 MINR) was booked during the quarter.

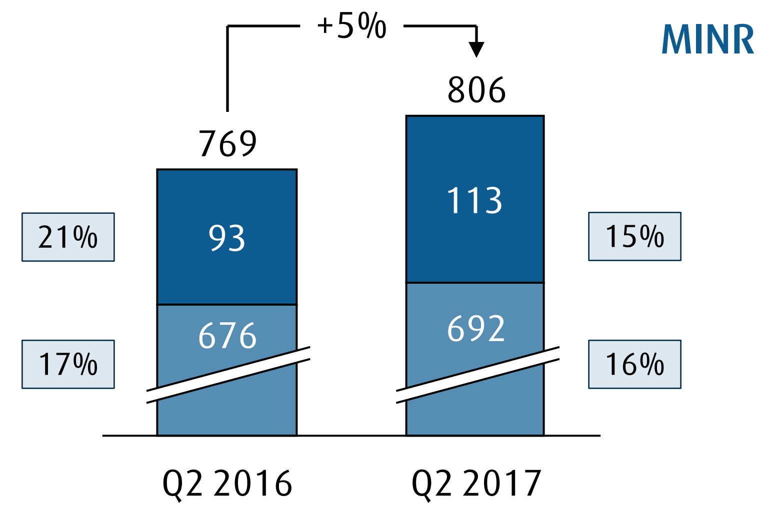
Revenue & Operating Profit by Divisions – Q2 2017

Revenue Against Previous Year



- Onsite gases revenue up (+200 MINR) - higher demand from Tata Steel (+58 MINR) and power cost pass through (+141 MINR)
- Higher merchant demand - liquid gases (+45 MINR) and special gases (+65 MINR)
- PED revenue growth @ 66% (+289 MINR)

Operating Profit Against Previous Year



- Higher demand from Tata Steel (+34 MINR)
- Higher merchant demand/price (+38 MINR) offset by increase in power cost (-27 MINR)
- Unfavorable forex movement (-31MINR)
- Project Engineering Division margin lower

Revenue Growth Percentage

Operating profit margin

Outlook

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— While India’s GDP is expected to grow at 6- 7%, largely driven by services sector, industrial production is lagging as reflected in IIP growth of 2 - 3%.

— After a brief improvement in March 2017, steel production fell in Q2. Mining also shows declining growth rate since Q4-2016. There is expectation that the large integrated steel players like Tata Steel and JSW will show improvement in performance in 2018; however the small to mid-sized players may continue to remain under pressure.

— Prospects in other end user industries such as Automobiles, Pharmaceutical, Oil and Gas, Solar and Food and Beverages look encouraging.

— The key challenges for the Company are price recovery, power sourcing and high interest burden.

Appendix

Linde India – 2017
Key balance sheet items

[RsM]	Dec 2016	Q2 2017	Δ
Shareholders' Funds	13,953	13,893	-0.4%
Non-current liabilities	11,547	9,422	-18.4%
Long-term borrowings	9,897	7,763	-21.5%
Current Liabilities	11,644	12,911	10.8%
Total Equities and Liabilities	37,144	36,227	-2.5%
Non-current assets	29,845	29,418	-1.4%
Fixed assets	25,727	25,010	-2.8%
Current assets	7,299	6,810	-6.7%
Cash and cash equivalents	1,061	796	-24.9%
Total assets	37,144	36,227	-2.5%

Linde India – Q2 2017
Key P&L items

[RsM]	Q2 2016	Q2 2017	Δ
Revenue	4,305	4,933	*+15%*
Other Income	7	6	*-14%*
Total expenses	-4,030	-4,629	*+15%*
EBIT	282	311	*10%*
EBIT margin [%]	6.5%	6.0%	*-51 bps*
Interest Expense	-309	-301	*3%*
EBT	-27	10	*64%*
Exceptional Item	0	-55	
Tax expense	8	23	*198%*
Net income	-20	-22	*-10%*
EPS	(0.23)	(0.26)	*-11%*

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