THE LINDE GROUP

Linde

Our Reference: SEC/D.7/084

17 October 2016

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir

JCR-VIS REAFFIRMS ENTITY RATINGS OF LINDE PAKISTAN LIMITED

We are pleased to inform you that JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed entity ratings of Linde Pakistan Limited at 'A/A-2' (Single A/A-Two). Outlook on the assigned rating is 'Stable'. Previous rating action was announced on 8 September 2015.

A Press Release issued by JCR-VIS is attached herewith for your information and dissemination.

Thanking you

Yours truly

Mazhar Iqbal
Company Secretary

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JCR–VIS Credit Rating Company Limited
Founder Shareholder - Islamic International Rating Agency (IIRA), Bahrain
Joint Venture Partner - Credit Rating & Information Services Ltd. (CRISL), Bangladesh
Member - Association of Credit Rating Agencies in Asia (ACRAA)

Press Release

JCR-VIS Reaffirms Entity Ratings of Linde Pakistan Limited

Karachi, October 14, 2016: JCR-VIS Credit Rating Company Ltd. (JCR-VIS) has reaffirmed entity ratings of Linde Pakistan Limited (LPL) at 'A/A-2' (Single A/A-Two). Outlook on the assigned rating is 'Stable'. Previous rating action was announced on September 8, 2015.

The ratings assigned to LPL derive strength from the sponsor profile of The BOC Group Limited (BOC), a wholly owned subsidiary of Linde AG, Germany (rated A+/A-1 by Standard & Poor's with a stable outlook). Linde Group has geographical presence in more than 100 countries making it one of the leading gases and engineering companies in the world.

Industrial gases industry is characterized by technological barriers to entry and complexity in the distribution function. Presence of excess capacity in the market has led to increased competition, exerting downward pressure on prices. Ratings take into account the volumetric growth along with cost and product portfolio rationalization efforts which enabled the company to maintain its turnover and improve profitability. LPL continues to lead the market, hence, business risk is considered to be on the lower side. During 2015, LPL expanded its welding product portfolio by introducing variants of electrodes. This expansion is expected to support revenue base of LPL. Going forward, considerable growth in the healthcare sector is also anticipated on the back of sizeable investments in upgrading health care installations, delivery fleet and distribution equipments across the country. Growth would also be supported by improvement in production efficiencies of Air Separation Units (ASUs) through major overhaul and portfolio expansion.

Leverage indicators remained within manageable limits. At current debt levels, debt servicing coverage remains comfortable with the company projecting further improvement in the same. Overall liquidity metrics of the company are also considered sound.

For further information on this rating announcement, please contact Mr. Javed Callea (Ext: 234) at 021-35311861-71 or Mr. Mohammad Khalid Ali (Ext: 241).

Jamal Abbas Zaidi
Advisor

Applicable Rating Criteria: Industrial Corporates (May 2016)
http://www.jcrvis.com.pk/kc-meth.aspx

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