



**Linde plc**

Investor Teleconference Presentation  
First Quarter 2019

May 10, 2019

Making our world more productive



# Forward Looking Statement



This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by terms and phrases such as: anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will, potential, forecast, and similar expressions. They are based on management’s reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the ability to successfully integrate the Praxair and Linde AG businesses; regulatory or other limitations and requirements imposed as a result of the business combination of Praxair and Linde AG that could reduce anticipated benefits of the transaction; the risk that Linde plc may be unable to achieve expected synergies or that it may take longer or be more costly than expected to achieve those synergies; the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances, including trade conflicts and tariffs; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of changes in pension plan liabilities; the impact of tax, environmental, healthcare and other legislation and government regulation in jurisdictions in which the company operates, including the impact of the U.S. Tax Cuts and Jobs Act of 2017; the cost and outcomes of investigations, litigation and regulatory proceedings; the impact of potential unusual or non-recurring items; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; the impact of information technology system failures, network disruptions and breaches in data security; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause actual future results or circumstances to differ materially from GAAP, IFRS or adjusted projections, estimates or other forward-looking statements.

Linde plc assumes no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in “Item 1A Risk Factors in Linde plc’s Form 10-K for the fiscal year ended December 31, 2018 filed with the SEC on March 18, 2019 which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.

# First Quarter Adjusted Pro Forma Results<sup>(1)</sup>



(\$MM)	1Q 2019	1Q 2018	Var	Var Ex. FX
<b>Sales</b>	<b>\$6,914</b>	<b>\$6,941</b>	<b>0%</b>	<b>5%</b>
<b>Gross Profit</b>	<b>\$2,830</b>	<b>\$2,809</b>	<b>1%</b>	<b>6%</b>
<i>% of Sales</i>	<i>40.9%</i>	<i>40.5%</i>		
<b>Operating Profit</b>	<b>\$1,222</b>	<b>\$1,206</b>	<b>1%</b>	<b>7%</b>
<i>% of Sales</i>	<i>17.7%</i>	<i>17.4%</i>		
<b>Income</b>	<b>\$927</b>	<b>\$837</b>	<b>11%</b>	<b>16%</b>
<b>Diluted EPS</b>	<b>\$1.69</b>	<b>\$1.51</b>	<b>12%</b>	<b>17%</b>
<b>EBITDA</b>	<b>\$1,972</b>	<b>\$1,916</b>	<b>3%</b>	<b>8%</b>
<i>% of Sales</i>	<i>28.5%</i>	<i>27.6%</i>		

	<u>YOY</u>
<b>Sales Growth</b>	<b>0%</b>
Volume	+ 3%
Price / Mix	+ 2%
Cost pass-thru	--
Currency	- 5%
Acq/Div	--

## ■ Adjusted for comparability

- Pro Forma: Merger related divestments removed
- Adjusted: Primarily merger related and PPA costs removed

## ■ Ex. Currency:

- Sales +5%, OP +7%, EPS +17%

## ■ Positive operating leverage

- Price attainment in all segments
- Initiating synergy efforts

## ■ Strong SOG backlog \$3.5B

- Started up project with Samsung

(1) Non-GAAP measures – see Appendix. All amounts are continuing operations

# 2019 Full Year Outlook



- **Anticipate 9% - 13% EPS growth from 2018 adjusted EPS of \$6.19<sup>(1)</sup>**
  - Effective tax rate around 24%
  - Improved capital structure
  - Positive contribution from synergies
  - Approximate (3%) FX headwind:

Estimated FX Impact			
1Q A	2Q E	2H E	FY 2019
-5%	-4%	- 1% to -2%	<b>-3%</b>

Major Currency Exposure		
Currency	% Sales	1Q Avg. P&L Rate
EUR	20%	0.88
CNY	7%	6.75
GBP	6%	0.77
AUD	4%	1.40
BRL	4%	3.77

**Increased outlook despite FX headwinds**



# Appendix



(\$MM)	1Q 2019	1Q 2018	Var	Var Ex. FX
Sales	\$2,702	\$2,568	5%	8%
Operating Profit	\$584	\$572	2%	4%
Operating Margin	21.6%	22.3%	- 70 bps	

	<u>YOY</u>
Sales Growth	+ 5%
Volume	+ 3%
Price / Mix	+ 2%
Cost pass-thru	+ 1%
Currency	- 3%
Acq/Div	+ 2%

- Volumes mainly driven by HYCO in the US Gulf Coast
- Price attainment in merchant and packaged gases
- FX headwinds driven mainly by BRL, ARS and CAD

(1) Pro Forma Amounts – see Appendix.



(\$MM)	1Q 2019	1Q 2018	Var	Var Ex. FX
Sales	\$1,427	\$1,447	-1%	5%
Operating Profit	\$273	\$256	7%	13%
Operating Margin	19.1%	17.7%	+ 140 bps	

- Strong electronics and chemicals; weakness in auto
- Asia sales +10% ex. Australia and divestitures
- FX headwinds driven mainly by CNY, AUD and INR
- Started-up Samsung Tangjeong

	<u>YOY</u>
Sales Growth	- 1%
Volume	+ 5%
Price / Mix	+ 2%
Cost pass-thru	--
Currency	- 6%
Acq/Div	- 2%

(1) Pro Forma Amounts – see Appendix.



(\$MM)	1Q 2019	1Q 2018	Var	Var Ex. FX
Sales	\$1,682	\$1,814	-7%	1%
Operating Profit	\$347	\$387	-10%	-2%
Operating Margin	20.6%	21.3%	- 70 bps	

	<u>YOY</u>
Sales Growth	- 7%
Volume	--
Price / Mix	+ 1%
Cost pass-thru	+ 1%
Currency	- 8%
Acq/Div	- 1%

- Slowing growth environment
- 2018 gain on asset sale
- FX headwinds driven mainly by EUR, GBP and ZAR
- Won new on-site project in Netherlands



# Engineering<sup>(1)</sup>



(\$MM)	1Q 2019	1Q 2018	Var	Var Ex. FX
<b>Sales</b>	<b>\$636</b>	<b>\$663</b>	<b>-4%</b>	<b>2%</b>
<b>Operating Profit</b>	<b>\$78</b>	<b>\$61</b>	<b>28%</b>	<b>34%</b>
<b>Operating Margin</b>	<b>12.3%</b>	<b>9.2%</b>	<b>+ 310 bps</b>	

3rd Party Orders (\$MM)	1Q 2019	1Q 2018
<b>Intake</b>	<b>\$565</b>	<b>\$653</b>
<b>Backlog</b>	<b>\$4,955</b>	<b>\$4,543</b>

- **Underlying growth with positive margin expansion**
  - Good project execution
  - Quarterly margins impacted by project execution timing
  
- **Solid 3<sup>rd</sup> party order intake and backlog to support growth**

(1) Pro Forma Amounts – see Appendix.

# Global Other<sup>(1)</sup>



(\$MM)	1Q 2019	1Q 2018	Var
<b>Sales</b>	<b>\$467</b>	<b>\$449</b>	<b>4%</b>
<b>Operating Profit</b>	<b>- \$60</b>	<b>- \$70</b>	<b>-14%</b>

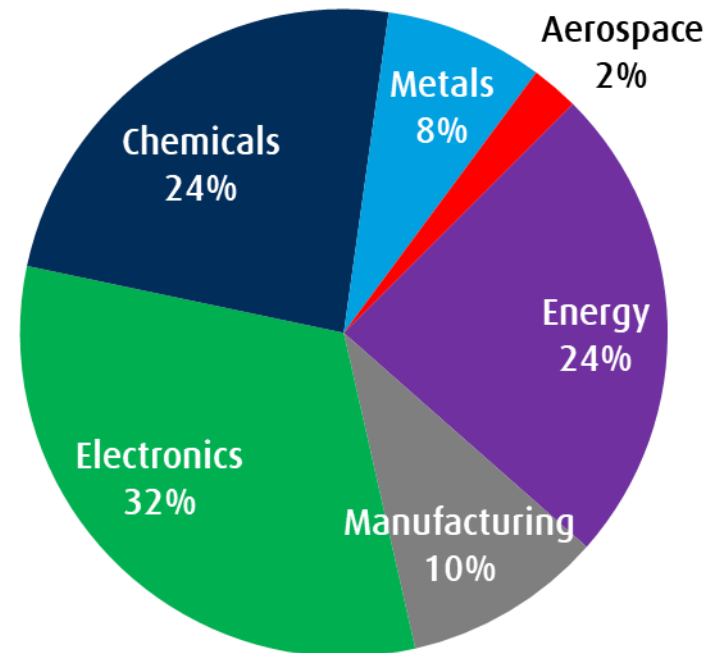
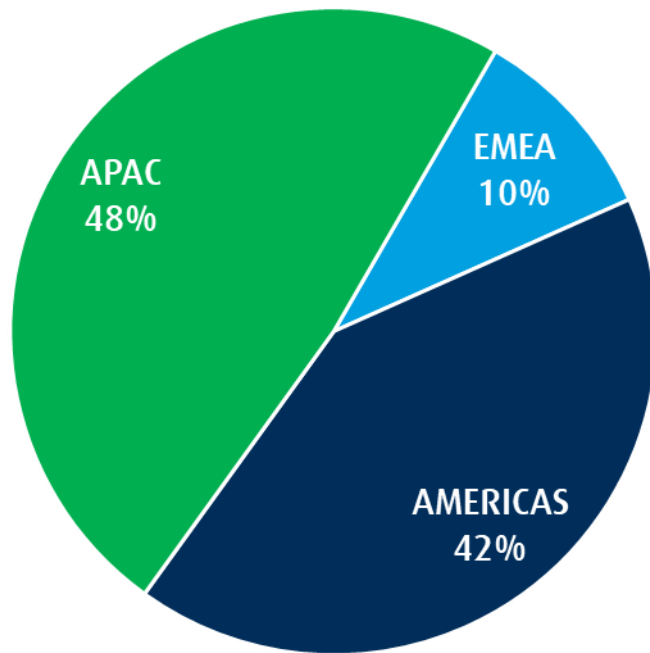
- **Sales include:**
  - Praxair Surface Technologies
  - GIST
  - Global helium wholesale
  - Legacy Praxair Electronic Materials
  
- **Operating profit includes Corporate**

(1) Pro Forma Amounts – see Appendix.

# High Quality Backlog



## Sale of Gas (SOG) Backlog (~\$3.5B)<sup>(1)</sup>



(1) SOG backlog figures include project investments above \$5M with a signed long-term supply agreement

# Non-GAAP Measures



## LINDE PLC AND SUBSIDIARIES SUMMARY PRO FORMA AND ADJUSTED PRO FORMA RECONCILIATIONS (UNAUDITED)

On October 31, 2018, Praxair, Inc. and Linde AG, combined under Linde plc, as contemplated by the business combination agreement, dated June 1, 2017, as amended on August 10, 2017. Praxair, Inc. was the accounting acquirer and as a result historical periods prior to the merger date solely reflect the results of Praxair, Inc.

The following adjusted pro forma adjusted amounts are Non-GAAP measures and are intended to supplement investors' understanding of the company's financial statements by providing measures which investors, financial analysts and management use to help evaluate the company's operating performance. Items which the company does not believe to be indicative of on-going business trends are excluded from these calculations so that investors can better evaluate and analyze historical and future business trends on a consistent basis. Definitions of these Non-GAAP measures may not be comparable to similar definitions used by other companies and are not a substitute for similar GAAP measures. See the "PRO FORMA INCOME STATEMENT INFORMATION" and "NON GAAP MEASURES AND RECONCILIATIONS" starting on page 9 for additional details relating to the adjustments.

*(Millions of dollars, except per share amounts)*

	<u>Sales</u>		<u>Operating Profit</u>		<u>Income from Continuing Operations</u>		<u>Diluted EPS from Continuing Operations</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Quarter Ended March 31</u></b>								
Reported GAAP Amounts	\$ 6,944	\$ 2,983	\$ 609	\$ 653	\$ 435	\$ 462	\$ 0.79	\$ 1.59
Pro forma adjustments	(30)	3,958	59	46	96	47	0.18	(0.67)
Non-GAAP adjustments	—	—	554	507	396	328	0.72	0.59
Adjusted pro forma amounts	<u>\$ 6,914</u>	<u>\$ 6,941</u>	<u>\$ 1,222</u>	<u>\$ 1,206</u>	<u>\$ 927</u>	<u>\$ 837</u>	<u>\$ 1.69</u>	<u>\$ 1.51</u>

# Non-GAAP Measures, continued



**LINDE PLC AND SUBSIDIARIES**  
**APPENDIX**  
**NON-GAAP MEASURES AND RECONCILIATIONS**  
(Millions of dollars, except per share data)  
**(UNAUDITED)**

The following Non-GAAP measures are intended to supplement investors' understanding of the company's financial information by providing measures which investors, financial analysts and management use to help evaluate the company's operating performance and liquidity. Items which the company does not believe to be indicative of on-going business trends are excluded from these calculations so that investors can better evaluate and analyze historical and future business trends on a consistent basis. Definitions of these Non-GAAP measures may not be comparable to similar definitions used by other companies and are not a substitute for similar GAAP measures.

	<u>First Quarter</u>	<u>First Quarter</u>
	<u>2019</u>	<u>2018</u>
<b><u>Adjusted Pro Forma Operating Profit and Operating Margin</u></b>		
Reported operating profit	\$ 609	\$ 653
Pro forma adjustments (a)	59	46
Pro forma	668	699
Non-GAAP Adjustments:		
Add: Transaction costs and other charges	33	-
Less: Gain on sale of businesses	-	(51)
Add: Purchase accounting impacts - Linde AG	521	558
Total adjustments	554	507
Adjusted pro forma operating profit	<u>\$ 1,222</u>	<u>\$ 1,206</u>
Reported percentage change	(6.7)%	
Adjusted pro forma percentage change	1.3 %	
Reported sales	\$ 6,944	\$ 2,983
Pro forma Sales (a)	\$ 6,914	\$ 6,941
Reported operating margin	8.8 %	21.9 %
Pro forma operating margin	9.7 %	10.1 %
Adjusted pro forma operating margin	17.7 %	17.4 %
<b><u>Adjusted Pro Forma Net Pension and OPEB cost (benefit), excluding service cost</u></b>		
Reported net pension and OPEB cost (benefit), excluding service cost	\$ 15	\$ 2
Pro forma adjustments (a)	(51)	(40)
Pro forma	\$ (36)	\$ (38)
Non-GAAP Adjustments:		
Total adjustments	—	—
Adjusted pro forma Net Pension and OPEB cost (benefit), excluding service costs	<u>\$ (36)</u>	<u>\$ (38)</u>
<b><u>Adjusted Pro Forma Interest Expense - net</u></b>		
Reported interest expense - net	\$ 23	\$ 46
Pro forma adjustments (a)	—	26
Pro forma	23	72
Non-GAAP Adjustments:		
Add: Purchase accounting impacts - Linde AG	27	25
Total adjustments	27	25
Adjusted pro forma interest expense - net	<u>\$ 50</u>	<u>\$ 97</u>

# Non-GAAP Measures, continued



## Adjusted Pro Forma Income Taxes

	2019	2018
Reported income taxes	\$ 140	\$ 148
Pro forma adjustments (a)	14	23
Pro forma	\$ 154	\$ 171
Non-GAAP Adjustments:		
Add: Purchase accounting impacts - Linde AG	\$ 125	\$ 129
Add: Transaction costs and other charges	5	(1)
Total adjustments	130	128
Adjusted pro forma income taxes	<u>\$ 284</u>	<u>\$ 299</u>

## Adjusted Pro Forma Effective Tax Rate

Reported income before income taxes and equity investments	\$ 571	\$ 605
Pro forma adjustments (a)	110	60
Pro forma	<u>\$ 681</u>	<u>\$ 665</u>
Non-GAAP Adjustments:		
Add: Purchase accounting impacts - Linde AG	494	533
Add: Transaction costs and other charges	33	(51)
Total adjustments	527	482
Adjusted pro forma income before income taxes and equity investments	<u>\$ 1,208</u>	<u>\$ 1,147</u>
Reported Income taxes	140	148
Reported effective tax rate	24.5 %	24.5 %
Adjusted Income taxes	284	299
Adjusted effective tax rate	23.5 %	26.1 %

## Income from Equity Investments

Reported income from equity investments	\$ 34	\$ 15
Pro forma adjustments (a)	—	(1)
Pro forma	\$ 34	\$ 14
Non-GAAP Adjustments:		
Add: Purchase accounting impacts - Linde AG	14	16
Total adjustments	14	16
Adjusted pro forma income from equity investments	<u>\$ 48</u>	<u>\$ 30</u>

## Adjusted Pro Forma Noncontrolling Interests from Continuing Operations

Reported noncontrolling interests from continuing operations	\$ (30)	\$ (10)
Pro forma adjustments (a)	—	11
Pro forma	\$ (30)	\$ 1
Non-GAAP adjustments:		
Add: Purchase accounting impacts - Linde AG	\$ (15)	\$ (42)
Total adjustments	(15)	(42)
Adjusted pro forma noncontrolling interests from continuing operations	<u>\$ (45)</u>	<u>\$ (41)</u>

# Non-GAAP Measures, continued



	2019	2018
<b><u>Adjusted Pro Forma Income from Continuing Operations</u></b>		
Reported income from continuing operations	\$ 435	\$ 462
Pro forma adjustments (a)	96	47
Pro forma	\$ 531	\$ 509
Non-GAAP adjustments:		
Add: Transaction costs and other charges	\$ 28	\$ —
Less: Gain on sale of business	—	(50)
Add: Purchase accounting impacts - Linde AG	368	378
Total adjustments	396	328
Adjusted pro forma Income from Continuing Operations	<u>\$ 927</u>	<u>\$ 837</u>
<b><u>Adjusted Pro Forma Diluted EPS from Continuing Operations</u></b>		
Reported diluted EPS from continuing operations	\$ 0.79	\$ 1.59
Pro forma adjustments (a)	0.18	(0.67)
Pro forma	\$ 0.97	\$ 0.92
Non-GAAP adjustments:		
Add: Transaction costs and other charges	\$ 0.05	\$ —
Less: Gain on sale of business	—	(0.09)
Add: Purchase accounting impacts - Linde AG	0.67	0.68
Total adjustments	0.72	0.59
Adjusted pro forma diluted EPS from continuing operations	<u>\$ 1.69</u>	<u>\$ 1.51</u>
<b><u>Adjusted Pro Forma EBITDA and % of sales</u></b>		
Income from continuing operations	\$ 435	\$ 462
Add: NCI related to continuing operations	30	10
Add: Net pension & OPEB	15	2
Add: Interest	23	46
Add: Taxes	140	148
Add: D&A	1,223	311
EBITDA from continuing operations	\$ 1,866	\$ 979
Pro forma adjustments:		
Add: Linde AG consolidated results	—	1,245
Add: Purchase accounting impacts - Linde AG	10	(16)
Add: Transaction costs and other charges	56	60
Less: Divestitures	(7)	(317)
Pro forma adjustments	59	972
Pro forma EBITDA from continuing operations	\$ 1,925	\$ 1,951
Non-GAAP adjustments:		
Less: Gain on sale of business	—	(51)
Add: Transaction costs	33	—
Add: Purchase accounting impacts - Linde AG	14	16
Adjusted pro forma EBITDA from continuing operations	<u>\$ 1,972</u>	<u>\$ 1,916</u>
Reported sales	\$ 6,944	\$ 2,983
Pro forma sales	\$ 6,914	\$ 6,941
% of sales		
EBITDA from continuing operations	26.9 %	32.8 %
Pro forma EBITDA from continuing operations	27.8 %	28.1 %
Adjusted pro forma EBITDA from continuing operations	28.5 %	27.6 %
(a) See pro forma Income Statement Information in the press release.		

# Non-GAAP Measures, continued



**LINDE PLC AND SUBSIDIARIES**  
**APPENDIX**  
**NON-GAAP MEASURES AND RECONCILIATIONS**  
(Millions of dollars)  
**(UNAUDITED)**

2019	2018
Q1	Q4

**Free Cash Flow (FCF)** - Free cash flow is a measure used by investors, financial analysts and management to evaluate the ability of a company to pursue opportunities that enhance shareholder value. FCF equals cash flow from operations less capital expenditures.

Operating cash flow	\$	1,068
Less: capital expenditures		(843)
Free Cash Flow	\$	225

**Net Debt** - Net debt is a financial liquidity metric used by investors, financial analysts and management to evaluate the ability of a company to repay its debt and is calculated as total debt (excluding purchase accounting impacts) less liquid assets.

Debt	\$	14,146	\$	15,296
Less: cash and cash equivalents		(5,791)		(4,466)
Net debt		8,355		10,830
Less: Purchase accounting impacts - Linde AG		(262)		(291)
Adjusted net debt	\$	8,093	\$	10,539



# Sustainable Development Highlights



Linde applications enabled  
**2x more GHG emissions to be avoided**  
than were emitted in all of the company's operations

**Best in Class Safety Performance**  
7x better than U.S. Occupational Health and Safety Administration industrial average for lost workday case rate

**100,000**  
children and students benefitted from our efforts in Community Engagement

Installed Hydrogen fueling capacity enables  
**900 million zero-emission miles per year**

**100 million lbs waste avoided in our ZERO WASTE PROGRAM**

An industry leader in  
**diversity & inclusion**

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM



FTSE4Good

All results are estimated based upon 2018 results compiled from the legacy companies, Praxair, Inc. and Linde AG, adjusted to reflect all divestitures required by governmental regulators.



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