



Linde plc

Investor Teleconference Presentation
Second Quarter 2019

August 5, 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.

Second Quarter Adjusted Pro Forma Results⁽¹⁾



(\$MM)	2Q 2019	1Q 2019	Var	2Q 2018	Var
Sales	\$7,179	\$6,914	4%	\$7,178	0%
Operating Profit	\$1,319	\$1,222	8%	\$1,246	6%
<i>% of Sales</i>	<i>18.4%</i>	<i>17.7%</i>		<i>17.4%</i>	
EBITDA	\$2,041	\$1,972	3%	\$1,943	5%
<i>% of Sales</i>	<i>28.4%</i>	<i>28.5%</i>		<i>27.1%</i>	
Income	\$1,000	\$927	8%	\$905	11%
Diluted EPS	\$1.83	\$1.69	8%	\$1.63	12%
Capex	\$865	\$843	3%		
Base Capex	\$468	\$514	-9%		
Project Capex	\$397	\$329	21%		
After-Tax ROC	10.6%	10.4%	+20 bps		

	<u>YOY</u>	<u>SEQ.</u>
Sales Growth	0%	+ 4%
Volume	+ 2%	+ 4%
Price / Mix	+ 2%	+ 1%
Cost pass-thru	--	--
Currency	- 4%	- 1%
Acq/Div	--	--

- **Solid operating leverage YoY and Seq.**
 - YoY ex. FX, Sales +4%, OP +10%, EPS +16%
 - YoY price attainment in all segments
 - Continued progress on synergies
- **Engineering seq. volume growth +2%**
- **Increased SOG backlog to \$4.7B**
 - New win in Singapore, \$1.4B
 - Several start ups, primarily in APAC
- **Capex increasing from projects**
- **ROC +20 bps sequentially**

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

2019 Full-Year Guidance



- **Adjusted pro forma EPS⁽¹⁾ in the range of \$6.95 - \$7.18, +12% to 16%**
 - +15% to 19% excluding (3%) currency headwind
 - Increased midpoint +3%

- **Key assumptions to new guidance**
 - Effective tax rate around 24%
 - 2H macro weaker than 2Q
 - Price and cost actions mitigate volume softness

Increasing guidance despite macro uncertainty



Appendix



(\$MM)	2Q 2019	1Q 2019	Var	2Q 2018	Var
Sales	\$2,779	\$2,702	3%	\$2,660	4%
Operating Profit	\$646	\$584	11%	\$630	3%
% of Sales	23.2%	21.6%		23.7%	

	<u>YOY</u>	<u>SEQ.</u>
Sales Growth	+ 4%	+ 3%
Volume	+ 1%	+ 3%
Price / Mix	+ 3%	+ 1%
Cost pass-thru	--	--
Currency	- 2%	- 1%
Acq/Div	+ 2%	--

- Price attainment across all businesses
- YoY US packaged volumes (gas & hardgoods) remain tepid
- U.S. IP growth slowing
- Sequential volumes led by resilient end markets
- 2018 included \$20mm of asset gains
- FX headwinds driven mainly by BRL, ARS and CAD



(\$MM)	2Q 2019	1Q 2019	Var	2Q 2018	Var
Sales	\$1,488	\$1,427	4%	\$1,517	-2%
Operating Profit	\$304	\$273	11%	\$271	12%
% of Sales	20.4%	19.1%		17.9%	

	<u>YOY</u>	<u>SEQ.</u>
Sales Growth	- 2%	+ 4%
Volume	+ 3%	+ 4%
Price / Mix	+ 2%	+ 1%
Cost pass-thru	--	--
Currency	- 6%	- 1%
Acq/Div	- 1%	--

- **Strong operating leverage led by price and synergies**
- **YoY underlying sales +5%**
 - Continued weakness in Australia
 - Project contribution primarily in China
- **Seq. sales ex-FX +5%**
 - Higher volumes in Australia due to seasonality
 - China volumes recover from Lunar New Year effect
- **FX headwinds driven mainly by CNY, AUD and KRW**

(1) Pro Forma Amounts – see Appendix.

(\$MM)	2Q 2019	1Q 2019	Var	2Q 2018	Var
Sales	\$1,673	\$1,682	-1%	\$1,778	-6%
Operating Profit	\$332	\$347	-4%	\$353	-6%
% of Sales	19.8%	20.6%		19.9%	

	<u>YOY</u>	<u>SEQ.</u>
Sales Growth	- 6%	- 1%
Volume	- 1%	+ 1%
Price / Mix	+ 2%	--
Cost pass-thru	--	--
Currency	- 7%	- 2%
Acq/Div	--	--

- **Sluggish economic environment**
 - Negative IP in Germany and UK
- **FX headwinds driven mainly by EUR, GBP and ZAR**

Engineering⁽¹⁾



(\$MM)	2Q 2019	1Q 2019	Var	2Q 2018	Var
Sales	\$752	\$636	18%	\$778	-3%
Operating Profit	\$99	\$78	27%	\$78	27%
% of Sales	13.2%	12.3%		10.0%	

- **Continued margin improvement**
 - Good project execution
 - Better cost absorption
 - Procurement savings

- **Solid 3rd party order intake and backlog to support growth and stability**

3rd Party Orders (\$MM)	2Q 2019	1Q 2019	2Q 2018
Intake	\$581	\$565	\$1,390
Backlog	\$4,937	\$4,955	\$4,953

(1) Pro Forma Amounts – see Appendix.

Global Other⁽¹⁾



(\$MM)	2Q 2019	1Q 2019	Var	2Q 2018	Var
Sales	\$487	\$467	4%	\$445	9%
Operating Profit	(\$62)	(\$60)		(\$86)	28%
% of Sales	-12.7%	-12.8%			

- **Sales include:**
 - Praxair Surface Technologies
 - GIST
 - Global helium wholesale
 - Praxair Electronic Materials

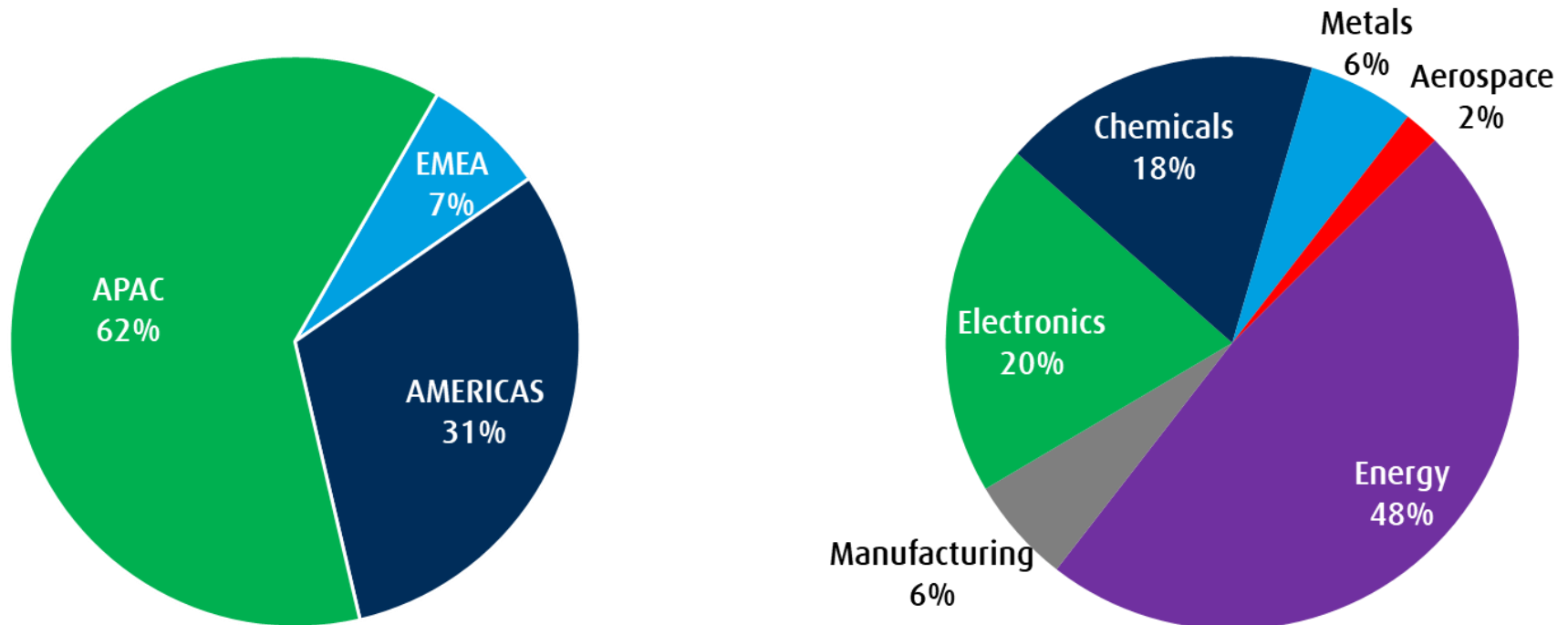
- **Helium outages impact 2Q 2019 results**

(1) Pro Forma Amounts – see Appendix.

High-Quality Backlog



Sale of Gas (SOG) Backlog (~\$4.7B)⁽¹⁾



Versus Q1 2019

- New ExxonMobil project in Singapore
- Start-ups, mainly in APAC

(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 (the "Merger", or "Business Combination") under Linde plc (the "company"). 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" in following slides 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>
Quarter Ended June 30,								
Reported GAAP amounts	\$ 7,204	\$ 3,044	\$ 669	\$ 689	\$ 513	\$ 480	\$ 0.94	\$ 1.65
Pro forma adjustments	(25)	4,134	59	29	48	77	0.09	(0.65)
Non-GAAP adjustments	—	—	591	528	439	348	0.80	0.63
Adjusted pro forma amounts	\$ 7,179	\$ 7,178	\$ 1,319	\$ 1,246	\$ 1,000	\$ 905	\$ 1.83	\$ 1.63

	<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>
Year To Date June 30,								
Reported GAAP amounts	\$ 14,148	\$ 6,027	\$ 1,278	\$ 1,342	\$ 948	\$ 942	\$ 1.73	\$ 3.24
Pro forma adjustments	(55)	8,092	118	75	144	124	0.27	(1.32)
Non-GAAP adjustments	—	—	1,145	1,035	835	676	1.52	1.22
Adjusted pro forma amounts	\$ 14,093	\$ 14,119	\$ 2,541	\$ 2,452	\$ 1,927	\$ 1,742	\$ 3.52	\$ 3.14

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.

	Second Quarter		First Quarter		Year to date June 30,	
	2019	2018	2019	2018	2019	2018
<u>Adjusted Pro Forma Operating Profit and Operating Margin</u>						
Reported operating profit	\$ 669	\$ 689	\$ 609	\$ 653	\$ 1,278	\$ 1,342
Add: Cost reduction program and other charges, net	—	—	—	—	—	—
Pro forma adjustments (a)	59	29	59	46	118	75
Pro forma	728	718	668	699	1,396	1,417
Non-GAAP Adjustments:						
Add: Cost reduction programs and other charges	76	—	33	—	109	—
Less: Net gain on sale of businesses	—	(30)	—	(51)	—	(81)
Add: Purchase accounting impacts - Linde AG	515	558	521	558	1,036	1,116
Total adjustments	591	528	554	507	1,145	1,035
Adjusted pro forma operating profit	<u>\$ 1,319</u>	<u>\$ 1,246</u>	<u>\$ 1,222</u>	<u>\$ 1,206</u>	<u>\$ 2,541</u>	<u>\$ 2,452</u>
Reported percentage change	(2.9)%		(6.7)%		(4.8)%	
Adjusted pro forma percentage change	5.9 %		1.3 %		3.6 %	
Reported sales	\$ 7,204	\$ 3,044	\$ 6,944	\$ 2,983	\$ 14,148	\$ 6,027
Pro forma sales (a)	\$ 7,179	\$ 7,178	\$ 6,914	\$ 6,941	\$ 14,093	\$ 14,119
Reported operating margin	9.3 %	22.6 %	8.8 %	21.9 %	9.0 %	22.3 %
Pro forma operating margin	10.1 %	10.0 %	9.7 %	10.1 %	9.9 %	10.0 %
Adjusted pro forma operating margin	18.4 %	17.4 %	17.7 %	17.4 %	18.0 %	17.4 %
<u>Adjusted Pro Forma Net Pension and OPEB Cost (Benefit), Excluding Service Cost</u>						
Reported net pension and OPEB cost (benefit), excluding service cost	\$ (24)	\$ 2	\$ 15	\$ 2	\$ (9)	\$ 4
Pro forma adjustments (a)	—	(67)	(51)	(40)	(51)	(107)
Pro forma	(24)	(65)	(36)	(38)	(60)	(103)
Non-GAAP Adjustments:						
Add: Pension plan reorganization charge - net	(10)	—	—	—	(10)	—
Total adjustments	(10)	—	—	—	(10)	—
Adjusted pro forma Net Pension and OPEB cost (benefit), excluding service costs	<u>\$ (34)</u>	<u>\$ (65)</u>	<u>\$ (36)</u>	<u>\$ (38)</u>	<u>\$ (70)</u>	<u>\$ (103)</u>
<u>Adjusted Pro Forma Interest Expense - Net</u>						
Reported interest expense - net	\$ 10	\$ 44	\$ 23	\$ 46	\$ 33	\$ 90
Pro forma adjustments (a)	—	(9)	—	26	—	17
Pro forma	10	35	23	72	33	107
Non-GAAP Adjustments:						
Add: Purchase accounting impacts - Linde AG	25	25	27	25	52	50
Total adjustments	25	25	27	25	52	50
Adjusted pro forma interest expense - net	<u>\$ 35</u>	<u>\$ 60</u>	<u>\$ 50</u>	<u>\$ 97</u>	<u>\$ 85</u>	<u>\$ 157</u>

Non-GAAP Measures, continued



	<u>Second Quarter</u>		<u>First Quarter</u>		<u>Year to date June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Adjusted Pro Forma Income Taxes (b)</u>						
Reported income taxes	\$ 169	\$ 158	\$ 140	\$ 148	\$ 309	\$ 306
Pro forma adjustments (a)	11	38	14	23	25	61
Pro forma	180	196	154	171	334	367
Non-GAAP Adjustments:						
Add: Purchase accounting impacts - Linde AG	119	129	125	129	244	258
Add: Cost reduction programs and other charges	15	—	5	(1)	20	(1)
Total adjustments	134	129	130	128	264	257
Adjusted pro forma income taxes	<u>\$ 314</u>	<u>\$ 325</u>	<u>\$ 284</u>	<u>\$ 299</u>	<u>\$ 598</u>	<u>\$ 624</u>
<u>Adjusted Pro Forma Effective Tax Rate (b)</u>						
Reported income before income taxes and equity investments	\$ 683	\$ 643	\$ 571	\$ 605	\$ 1,254	\$ 1,248
Pro forma adjustments (a)	59	105	110	60	169	165
Pro forma	\$ 742	\$ 748	\$ 681	\$ 665	\$ 1,423	\$ 1,413
Non-GAAP Adjustments:						
Add: Purchase accounting impacts - Linde AG	\$ 490	\$ 533	\$ 494	\$ 533	\$ 984	\$ 1,066
Add: Cost reduction programs and other charges	76	—	33	—	109	—
Add: Pension plan reorganization charge - net	10	—	—	—	—	10
Less: Net gain on sale of businesses	—	(30)	—	(51)	—	(81)
Total adjustments	576	503	527	482	1,093	985
Adjusted pro forma income before income taxes and equity investments	<u>\$ 1,318</u>	<u>\$ 1,251</u>	<u>\$ 1,208</u>	<u>\$ 1,147</u>	<u>\$ 2,516</u>	<u>\$ 2,398</u>
Reported Income taxes	\$ 169	\$ 158	\$ 140	\$ 148	\$ 309	\$ 306
Reported effective tax rate	24.7 %	24.6 %	24.5 %	24.5 %	24.6 %	24.5 %
Adjusted pro forma income taxes	\$ 314	\$ 325	\$ 284	\$ 299	\$ 598	\$ 624
Adjusted pro forma effective tax rate	23.8 %	26.0 %	23.5 %	26.1 %	23.8 %	26.0 %
<u>Income from Equity Investments</u>						
Reported income from equity investments	\$ 28	\$ 14	\$ 34	\$ 15	\$ 62	\$ 29
Pro forma adjustments (a)	—	(2)	—	(1)	—	(3)
Pro forma	28	12	34	14	62	26
Non-GAAP Adjustments:						
Add: Purchase accounting impacts - Linde AG	14	16	14	16	28	32
Total adjustments	14	16	14	16	28	32
Adjusted pro forma income from equity investments	<u>\$ 42</u>	<u>\$ 28</u>	<u>\$ 48</u>	<u>\$ 30</u>	<u>\$ 90</u>	<u>\$ 58</u>
<u>Adjusted Pro Forma Noncontrolling Interests from Continuing Operations</u>						
Reported noncontrolling interests from continuing operations	\$ (29)	\$ (19)	\$ (30)	\$ (10)	\$ (59)	\$ (29)
Pro forma adjustments (a)	—	12	—	11	—	23
Pro forma	(29)	(7)	(30)	1	(59)	(6)
Non-GAAP adjustments:						
Add: Purchase accounting impacts - Linde AG	(17)	(42)	(15)	(42)	(32)	(84)
Total adjustments	(17)	(42)	(15)	(42)	(32)	(84)
Adjusted pro forma noncontrolling interests from continuing operations	<u>\$ (46)</u>	<u>\$ (49)</u>	<u>\$ (45)</u>	<u>\$ (41)</u>	<u>\$ (91)</u>	<u>\$ (90)</u>

Non-GAAP Measures, continued



	Second Quarter		First Quarter		Year to date June 30,	
	2019	2018	2019	2018	2019	2018
Adjusted Pro Forma Income from Continuing Operations (c)						
Reported income from continuing operations	\$ 513	\$ 480	\$ 435	\$ 462	\$ 948	\$ 942
Pro forma adjustments (a)	48	77	96	47	144	124
Pro forma	561	557	531	509	1,092	1,066
Non-GAAP adjustments:						
Add: Cost reduction programs and other charges	71	—	28	—	99	—
Less: Gain on sale of business	—	(30)	—	(50)	—	(80)
Add: pension settlement charges	—	—	—	—	—	—
Add: Purchase accounting impacts - Linde AG	368	378	368	378	736	756
Total adjustments	439	348	396	328	835	676
Adjusted pro forma income from continuing operations	\$ 1,000	\$ 905	\$ 927	\$ 837	\$ 1,927	\$ 1,742
Adjusted Pro Forma Diluted EPS from Continuing Operations (c)						
Reported diluted EPS from continuing operations	\$ 0.94	\$ 1.65	\$ 0.79	\$ 1.59	\$ 1.73	\$ 3.24
Pro forma adjustments (a)	0.09	(0.65)	0.18	(0.67)	0.27	(1.32)
Pro forma	1.03	1.00	0.97	0.92	2.00	1.92
Non-GAAP adjustments:						
Add: Cost reduction programs and other charges	0.13	—	0.05	—	0.18	—
Add: Pension settlement charge	—	—	—	—	—	—
Less: Gain on sale of business	—	(0.05)	—	(0.09)	—	(0.14)
Add: Purchase accounting impacts - Linde AG	0.67	0.68	0.67	0.68	1.34	1.36
Total adjustments	0.80	0.63	0.72	0.59	1.52	1.22
Adjusted pro forma diluted EPS from continuing operations	\$ 1.83	\$ 1.63	\$ 1.69	\$ 1.51	\$ 3.52	\$ 3.14
Adjusted Pro Forma EBITDA and % of Sales						
Income from continuing operations	\$ 513	\$ 480	\$ 435	\$ 462	\$ 948	\$ 942
Add: Noncontrolling interests related to continuing operations	29	19	30	10	59	29
Add: Net pension and OPEB cost (benefit), excluding service cost	(24)	2	15	2	(9)	4
Add: Interest expense	10	44	23	46	33	90
Add: Income taxes	169	158	140	148	309	306
Add: Depreciation and amortization	1,195	311	1,223	311	2,418	622
EBITDA from continuing operations	1,892	1,014	1,866	979	3,758	1,993
Pro forma adjustments:						
Add: Linde AG consolidated results	—	1,214	—	1,245	—	2,459
Add: Purchase accounting impacts - Linde AG	—	(16)	10	(16)	10	(32)
Add: Cost reduction programs and other charges	65	69	56	60	121	129
Less: Divestitures	(6)	(324)	(7)	(317)	(13)	(641)
Pro forma adjustments	59	943	59	972	118	1,915
Pro forma EBITDA from continuing operations	1,951	1,957	1,925	1,951	3,876	3,908
Non-GAAP adjustments:						
Less: Gain on sale of business	—	(30)	—	(51)	—	(81)
Add: Cost reduction programs and other charges	76	—	33	—	109	—
Add: Purchase accounting impacts - Linde AG	14	16	14	16	28	32
Adjusted pro forma EBITDA from continuing operations	\$ 2,041	\$ 1,943	\$ 1,972	\$ 1,916	\$ 4,013	\$ 3,859
Reported sales	\$ 7,204	\$ 3,044	\$ 6,944	\$ 2,983	\$ 14,148	6,027
Pro forma sales	\$ 7,179	\$ 7,178	\$ 6,914	\$ 6,941	\$ 14,093	14,119
% of sales						
EBITDA from continuing operations	26.3 %	33.3 %	26.9 %	32.8 %	26.6 %	33.1 %
Pro forma EBITDA from continuing operations	27.2 %	27.3 %	27.8 %	28.1 %	27.5 %	27.7 %
Adjusted pro forma EBITDA from continuing operations	28.4 %	27.1 %	28.5 %	27.6 %	28.5 %	27.3 %

(a) See pro forma Income Statement Information in the press release

(b) The income tax expense (benefit) on the non-GAAP pre-tax adjustments was determined using the applicable tax rates for the jurisdictions that were utilized in calculating the GAAP income tax expense (benefit) and included both current and deferred income tax amounts.

(c) Net of income taxes which are shown separately in "Adjusted Income Taxes and Effective Tax Rate".

Non-GAAP Measures, continued



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

<u>2019</u>	<u>2019</u>
Q2	Q1

Available Operating Cash Flow (AOCF) and Base Capex - Available operating 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. AOCF measures operating cash flows available after capital expenditures to maintain or replace existing assets (base capex). AOCF equals cash flow from operations less base capex.

Capex	\$ 865	\$ 843
Less: backlog capex (a)	<u>(397)</u>	<u>(329)</u>
Base Capex	\$ 468	\$ 514

(a) Backlog capex is defined as capital expenditures for projects greater than \$5 million with a customer supply contract.

Non-GAAP Measures, continued



2019		2018		
Q2	Q1	Q4	Q3	Q2

Net Debt, Adjusted Net Debt, Capital and Adjusted Capital - 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	\$ 13,957	\$ 14,146	\$ 15,296
Less: cash and cash equivalents	(2,686)	(5,791)	(4,466)
Net debt	11,271	8,355	10,830
Less: Purchase accounting impacts - Linde AG	(243)	(262)	(291)
Adjusted net debt	11,028	8,093	10,539
Less: Net assets held for sale	(272)	(1,629)	(4,730)
Adjusted net debt less net assets held for sale	\$ 10,756	\$ 6,464	\$ 5,809
Equity and redeemable noncontrolling interests:			
Redeemable noncontrolling interests	15	15	16
Linde plc shareholders' equity	50,564	51,175	51,596
Noncontrolling interests	2,315	5,457	5,484
Total equity and redeemable noncontrolling interests	52,894	56,647	57,096
Reported capital	63,893	63,373	63,196
Adjusted capital, excluding net assets held for sale	63,650	63,111	62,905
Less: Linde AG Goodwill (a)	24,146	24,146	24,146
Less: Linde AG Indefinite lived intangibles (a)	1,648	1,648	1,648
Adjusted capital	\$ 37,856	\$ 37,317	\$ 37,111

(a) Represent opening balance sheet purchase accounting impacts of non-amortizing assets related to the Linde AG merger.

After-tax Return on Capital and Adjusted Pro Forma After-tax Return on Capital (ROC) - After-tax return on capital is a measure used by investors, financial analysts and management to evaluate the return on net assets employed in the business. ROC measures the after-tax operating profit that the company was able to generate with the investments made by all parties in the business (debt, noncontrolling interests and Linde plc shareholders' equity).

Reported income from continuing operations	\$ 513	\$ 517	\$ 2,870	\$ 461	\$ 480
Add: noncontrolling interests from continuing operations	29	30	(33)	19	19
Add: interest expense - net	10	23	72	40	44
Less: tax benefit on interest expense - net *	(3)	(6)	(18)	(10)	(11)
Reported NOPAT	\$ 550	\$ 564	\$ 2,891	\$ 510	\$ 532
Adjusted pro forma income from continuing operations	\$ 1,000	\$ 927	\$ 841	\$ 850	\$ 905
Add: adjusted pro forma noncontrolling interests from continuing operations	46	45	40	39	49
Add: adjusted pro forma interest expense - net	35	50	50	73	60
Less: tax benefit on interest expense - net *	(9)	(13)	(13)	(18)	(15)
Adjusted pro forma NOPAT	\$ 1,072	\$ 1,010	\$ 919	\$ 944	\$ 999
4-quarter trailing reported NOPAT	\$ 4,515	\$ 3,965			
4-quarter trailing pro forma adjusted NOPAT	\$ 3,944	\$ 3,871			
Ending capital (see above)	\$ 63,893	\$ 63,373			
Average ending capital	\$ 63,632	\$ 63,285			
Ending adjusted capital (see above)	\$ 37,856	\$ 37,317			
Average ending capital	\$ 37,247	\$ 37,214			
After-tax ROC (4 quarter reported NOPAT / Average ending capital)	7.1 %	6.3 %			
Adjusted pro forma after-tax ROC (4 quarter trailing adjusted pro forma NOPAT / Average ending adjusted capital)	10.6 %	10.4 %			

* Tax benefit on interest expense - net is generally presented using the reported effective rate.

Non-GAAP Measures, continued



LINDE PLC AND SUBSIDIARIES
APPENDIX
QUARTERS ENDED SEPTEMBER 30, 2018 and December 31, 2018 PRO FORMA INCOME STATEMENT INFORMATION
(Millions of dollars, except per share data)
(UNAUDITED)

The pro forma Information has been prepared on a basis consistent with Article 11 , assuming the Merger and merger-related divestitures had been consummated on January 1, 2017.

	Pro Forma Adjustments						Pro Forma Linde plc
	Praxair, Inc.	Divestitures		Purchase Accounting		Total	
	(a)	Linde AG (b)	(c)	(d)	Other		
	Quarter ended September 30, 2018						
Interest expense - net	40	50	(18)	(25)	-	7	47
Noncontrolling interests from continuing operations	(19)	(26)	6	42	-	22	3
Income from continuing operations	461	452	(167)	(379)	89	(5)	456
	Quarter ended December 31, 2018						
Interest expense - net	72	179	(18)	(8)	-	153	225
Noncontrolling interests from continuing operations	33	(30)	1	(2)	-	(31)	2
Income from continuing operations	2,870	140	(153)	(126)	(2,525)	(2,664)	206

Pro Forma Adjustments:

- (a) To include Praxair, Inc. consolidated results for the respective quarters. Note that the results include the performance of Praxair's European industrial gases business through December 3, 2018. The adjustments reflect reclassifications to conform to Linde plc's reporting format.
- (b) To include Linde AG consolidated results for the year ended December 31, 2018. The adjustments reflect reclassifications to conform to Linde plc's reporting format and adjustments from IFRS to U.S. GAAP.
- (c) To eliminate the results of merger-related divestitures required by regulatory authorities to secure approval for the Merger. These divestitures include the majority of Praxair's European industrial gases business (completed December 3, 2018), a significant portion of Linde AG's Americas industrial gases business (completed on March 1, 2019), select assets of Linde AG's South Korean industrial gases business (completed April 30, 2019), select assets of Praxair's Indian industrial gases business (completed July 12, 2019), as well as certain divestitures of other Praxair and Linde AG businesses in Asia that are currently expected to be sold in 2019.
- (d) To include preliminary purchase accounting adjustments for the period from January 1, 2018 to October 30, 2018 (prior to the Merger). This relates to (i) additional depreciation and amortization related to the increased value of property, plant and equipment and increased basis of intangible assets, (ii) interest expense impacts related to the fair value of debt, (iii) the tax impacts related to the non-GAAP adjustments above, (iv) income from equity investments equity related to the fair value of equity investments, and (v) noncontrolling interests adjustments related to the fair value adjustments above. Purchase accounting impacts are not included in the definition of segment operating profit; therefore, no pro forma adjustment is required for segment reporting.

Non-GAAP Measures, continued



LINDE PLC AND SUBSIDIARIES
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.

	Quarter ended September 30, 2018	Quarter ended December 31, 2018
<u>Adjusted Pro Forma Interest Expense - Net</u>		
Reported interest expense - net	\$ 40	\$ 72
Pro forma adjustments (a)	8	153
Pro forma	48	225
Non-GAAP Adjustments:		
Add: Purchase accounting impacts - Linde AG	25	25
Add: Other interest adjustments	-	(200)
Total adjustments	25	(175)
Adjusted pro forma interest expense - net	\$ 73	\$ 50
<u>Adjusted Pro Forma Noncontrolling Interests from Continuing Operations</u>		
Reported noncontrolling interests from continuing operations	\$ (19)	\$ 33
Pro forma adjustments (a)	22	(31)
Pro forma	3	2
Non-GAAP adjustments:		
Add: Purchase accounting impacts - Linde AG	(42)	(42)
Total adjustments	(42)	(42)
Adjusted pro forma noncontrolling interests from continuing operations	\$ (39)	\$ (40)
<u>Adjusted Pro Forma Income from Continuing Operations (c)</u>		
Reported income from continuing operations	\$ 461	\$ 2,870
Pro forma adjustments (a)	(5)	(2,664)
Pro forma	456	206
Non-GAAP adjustments:		
Add: Transaction costs and other charges	15	62
Add: Other interest adjustments	-	194
Add: Purchase accounting impacts - Linde AG	379	379
Total adjustments	394	635
Adjusted pro forma income from continuing operations	\$ 850	\$ 841

(a) See "QUARTERS ENDED SEPTEMBER 30, 2018 and December 31, 2018 PRO FORMA INCOME STATEMENT INFORMATION".

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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