



**Linde plc**

Investor Teleconference Presentation  
Third Quarter 2020

November 5, 2020

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 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, pandemics such as COVID-19 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; 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 accounting principles generally accepted in the United States of America, International Financial Reporting Standards 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, 2019 filed with the SEC on March 2, 2020 and in Item 1A. of Linde plc’s Form 10-Q for the period ending March 31, 2020 filed with the SEC on May 7, 2020, which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.

# Third-Quarter Adjusted Results<sup>(1)</sup>



(\$MM)	3Q 2020	2Q 2020	Var	3Q 2019	Var
<b>Sales</b>	<b>\$6,855</b>	<b>\$6,377</b>	<b>7%</b>	<b>\$6,993</b>	<b>-2%</b>
<b>Operating Profit</b>	<b>\$1,515</b>	<b>\$1,317</b>	<b>15%</b>	<b>\$1,384</b>	<b>9%</b>
<i>% of Sales</i>	<i>22.1%</i>	<i>20.7%</i>		<i>19.8%</i>	
<b>Income</b>	<b>\$1,140</b>	<b>\$1,005</b>	<b>13%</b>	<b>\$1,052</b>	<b>8%</b>
<b>Diluted EPS</b>	<b>\$2.15</b>	<b>\$1.90</b>	<b>13%</b>	<b>\$1.94</b>	<b>11%</b>

<b>Op. Cash Flow</b>	<b>\$1,884</b>	<b>\$1,764</b>	<b>7%</b>	<b>\$1,872</b>	<b>1%</b>
<b>Capex</b>	<b>\$787</b>	<b>\$783</b>	<b>1%</b>	<b>\$959</b>	<b>-18%</b>
Base Capex <sup>(2)</sup>	\$456	\$449	2%	\$437	4%
Project Capex <sup>(3)</sup>	\$331	\$334	-1%	\$522	-37%

<b>After-Tax ROC</b>	<b>12.8%</b>	<b>12.3%</b>	<b>+50 bps</b>	<b>11.2%</b>	<b>+160 bps</b>
----------------------	--------------	--------------	----------------	--------------	-----------------

	<u>YOY</u>	<u>SEQ.</u>
<b>Sales Growth</b>	<b>- 2%</b>	<b>+ 7%</b>
Volume	- 3%	+ 6%
Price / Mix	+ 2%	+ 1%
Cost pass-thru	--	--
Currency	--	+ 3%
Acq/Div	- 1%	--
Engineering	--	- 3%

- **YoY volumes impacted by weaker demand, partially offset by project backlog start-up**
- **Sequential volume growth across all end markets; primarily Manufacturing, Metals, Chemicals and Refinery**
- **Broad-based price attainment & continued progress on productivity initiatives**
- **Operating margin expansion of 230 bps YoY and 140 bps sequentially**
- **Strong free cash flow, +20% YoY**
- **ROC 12.8%, +160 bps YoY, +50 bps seq.**

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

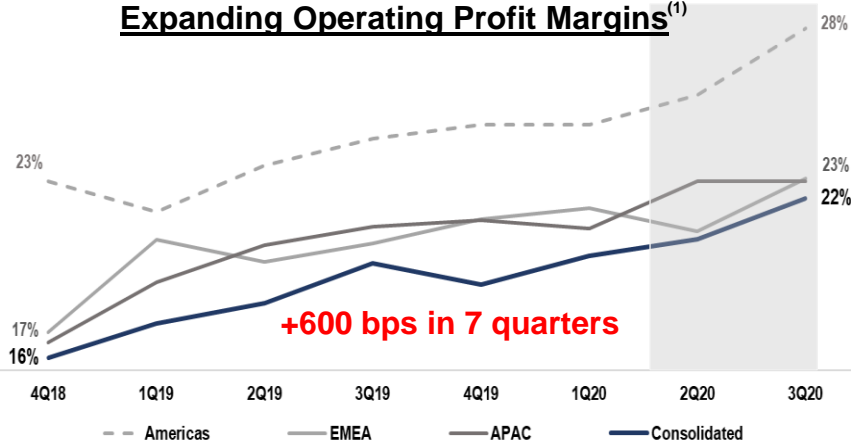
(2) Base capex = Total capex minus project capex

(3) Project capex = Capex for projects > \$5mm with a long-term customer supply agreement and incremental growth

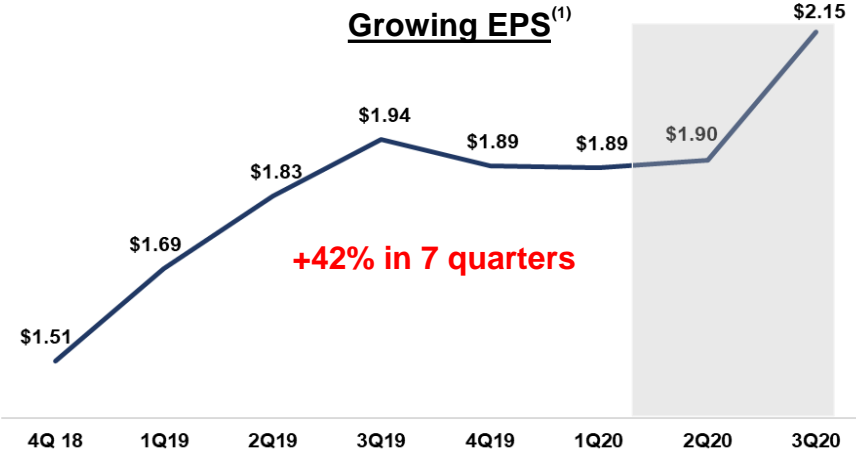
# Delivering High-Quality Growth...



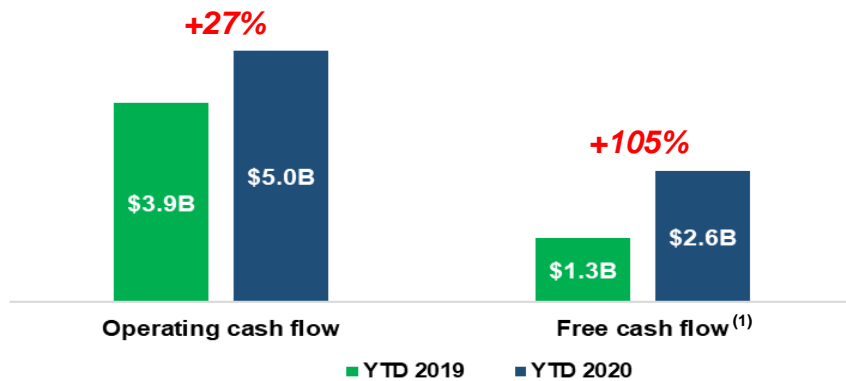
## Expanding Operating Profit Margins<sup>(1)</sup>



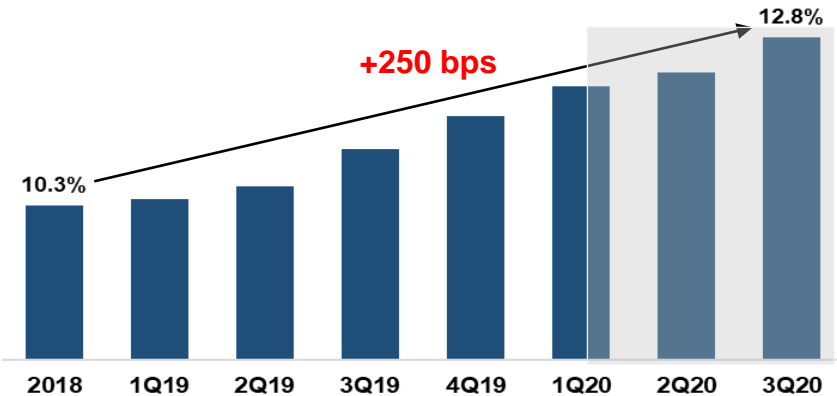
## Growing EPS<sup>(1)</sup>



## Generating Strong Cash Flow



## Increasing ROC<sup>(1)</sup>



**With strong cash generation and capital discipline**

(1) Non-GAAP measures – see appendix or prior year presentations for certain adjusted operating profit margin reconciliations and a reconciliation of 4Q18 adjusted EPS

# 2020 Guidance



## 4<sup>th</sup> Quarter 2020

- Adjusted EPS<sup>(1)</sup> in the range of \$2.11 to \$2.16
  - YoY +13% to +15% ex-FX
  - Estimated currency headwind -1%

## Full-Year 2020

- Adjusted EPS<sup>(1)</sup> in the range of \$8.05 to \$8.10
  - +12% ex-FX
  - Estimated currency headwind -2%
- CAPEX: \$3.0B to \$3.2B

**Expecting to grow double digits despite the uncertainty**

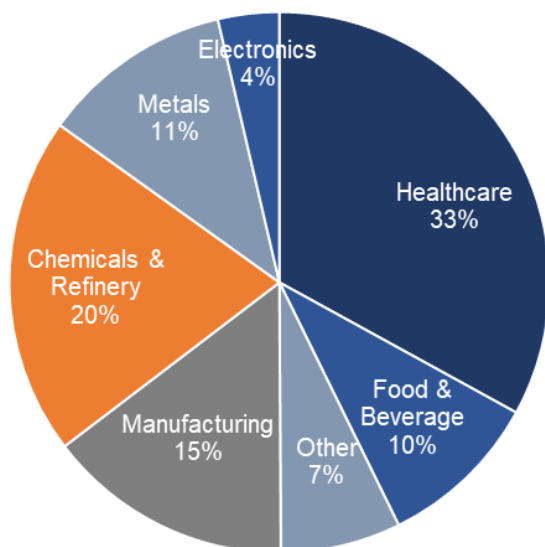


# Appendix

# Americas



(\$MM)	3Q 2020	2Q 2020	Var	3Q 2019	Var
Sales	\$2,641	\$2,417	9%	\$2,771	-5%
Operating Profit	\$742	\$622	19%	\$671	11%
% of Sales	28.1%	25.7%		24.2%	



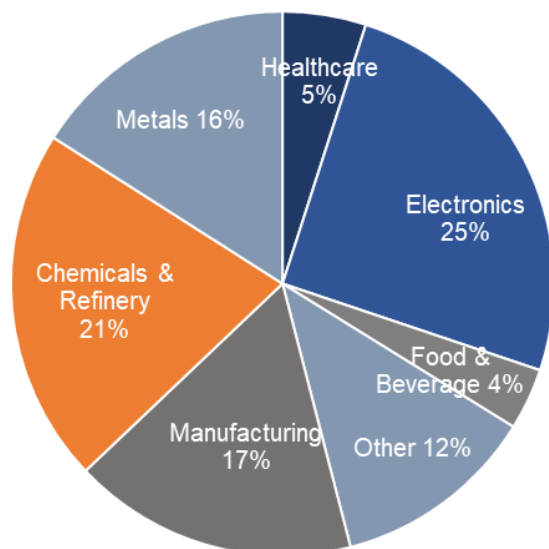
	YOY	SEQ.
Sales Growth	- 5%	+ 9%
Volume	- 2%	+ 8%
Price / Mix	+ 2%	+ 1%
Cost pass-thru	--	--
Currency	- 4%	--
Acq/Div	- 1%	--

- YoY and sequential margin expansion led by price and productivity initiatives
- Sequentially, volume growth across all end markets; strongest Manufacturing, Chemicals and Refinery
- YoY, lower volumes led by Metals & Manufacturing
- FX headwind driven mainly by BRL and MXN

# APAC



(\$MM)	3Q 2020	2Q 2020	Var	3Q 2019	Var
Sales	\$1,484	\$1,295	15%	\$1,461	2%
Operating Profit	\$337	\$294	15%	\$308	9%
% of Sales	22.7%	22.7%		21.1%	



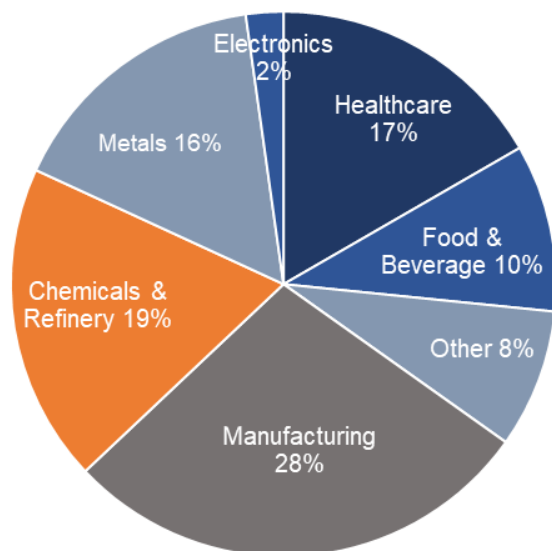
	YOY	SEQ.
Sales Growth	+ 2%	+ 15%
Volume	- 1%	+ 10%
Price / Mix	+ 1%	+ 1%
Cost pass-thru	--	--
Currency	+ 2%	+ 4%
Acq/Div	--	--

- YoY margin expansion led by price & productivity initiatives
- YoY volume growth in Electronics, Chemicals & Refinery end markets, negatively impacted by Manufacturing
- Sequentially, volume growth across all end markets; strongest Manufacturing, Chemicals and Refinery
- Sequentially, margins impacted by increased seasonal power cost and maintenance
- FX tailwinds led by AUD, TWD and CNY 8





(\$MM)	3Q 2020	2Q 2020	Var	3Q 2019	Var
Sales	\$1,622	\$1,448	12%	\$1,634	-1%
Operating Profit	\$370	\$303	22%	\$335	10%
% of Sales	22.8%	20.9%		20.5%	



	<u>YOY</u>	<u>SEQ.</u>
Sales Growth	- 1%	+ 12%
Volume	- 4%	+ 5%
Price / Mix	+ 3%	+ 2%
Cost pass-thru	--	--
Currency	+ 2%	+ 6%
Acq/Div	- 2%	- 1%

- YoY margin expansion led by price and productivity initiatives
- Sequentially, volume growth led by Manufacturing, Metals, Food and Beverage
- YoY, lower volumes across all end markets except Healthcare & Electronics
- FX tailwinds driven mainly by EUR and GBP
- Divestiture of a non-core business in Scandinavia

# Engineering



(\$MM)	3Q 2020	2Q 2020	Var	3Q 2019	Var
Sales	\$678	\$810	-16%	\$641	6%
Operating Profit	\$106	\$138	-23%	\$120	-12%
% of Sales	15.6%	17.0%		18.7%	

- Continued healthy margins; lower due to project timing and mix
- Contractually secured backlog of \$4.9 billion

3rd Party Orders (\$MM)	3Q 2020	2Q 2020	3Q 2019
Intake	\$484	\$291	\$806
Backlog	\$4,903	\$4,957	\$4,931

# Global Other









(\$MM)	3Q 2020	2Q 2020	Var	3Q 2019	Var
Sales	\$430	\$407	6%	\$486	-12%
Operating Profit	(\$40)	(\$40)	0%	(\$50)	20%
% of Sales	-9.3%	-9.8%		-10.3%	

- YoY sales decline primarily due to Surface Technologies
- YoY margin improvement driven by price and productivity initiatives

# Global End Market Trends



<u>3Q 2020</u>	End Market	% of Sales <sup>(1)</sup>	YoY Sales Growth	Seq. Sales Growth	Comment
	<b>Healthcare</b>	<b>20%</b>	+5%	+2%	<ul style="list-style-type: none"> <li>Higher medical oxygen volumes, mainly in Latam</li> <li>Seq. increase primarily in Latam and India</li> </ul>
	<b>Food &amp; Beverage</b>	<b>10%</b>	-4%	+11%	<ul style="list-style-type: none"> <li>YoY lower volumes from bottlers &amp; restaurants</li> <li>Seq. increase in food, bottlers &amp; restaurants</li> </ul>
	<b>Electronics</b>	<b>10%</b>	+4%	+3%	<ul style="list-style-type: none"> <li>Memory and hardware demand</li> <li>Primarily in Greater China &amp; S. Korea</li> </ul>
	<b>Manufacturing</b>	<b>19%</b>	-8%	+12%	<ul style="list-style-type: none"> <li>YoY small/medium manufacturing weaker globally</li> <li>Seq. increase across all geographic segments</li> </ul>
	<b>Chemicals &amp; Refining</b>	<b>19%</b>	--	+7%	<ul style="list-style-type: none"> <li>YoY lower volumes due to hurricane offset by project start ups</li> <li>Seq. increase across all geographic segments</li> </ul>
	<b>Metals</b>	<b>13%</b>	-2%	+11%	<ul style="list-style-type: none"> <li>Volume decline led by US, Germany and UK</li> <li>China volumes positive</li> </ul>
	<b>Other</b>	<b>9%</b>	- 6%	+14%	<ul style="list-style-type: none"> <li>Primarily sales to distributors and research labs</li> </ul>

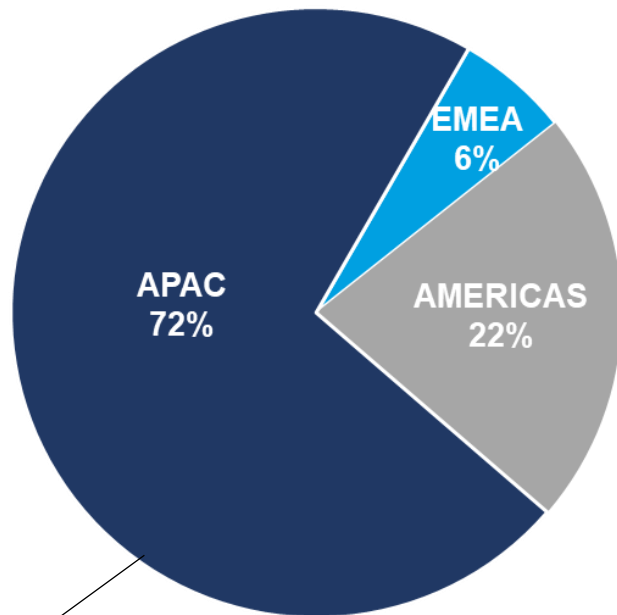
(1) Excludes impact of currency, cost pass-through, acquisitions/divestitures, non-recurring equipment sales and Engineering sales

# High-Quality Backlog



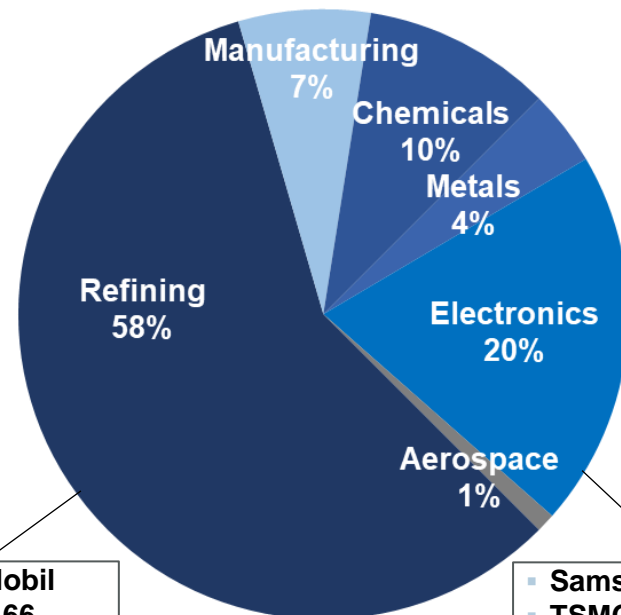
## Sale of Gas (SOG) Backlog (~\$3.7B)<sup>(1)</sup>

### Geography



- Singapore
- China
- S. Korea

### End Market



- ExxonMobil
- Phillips 66
- Shell

- Samsung
- TSMC
- Micron Electronics

### Versus Q2 2020

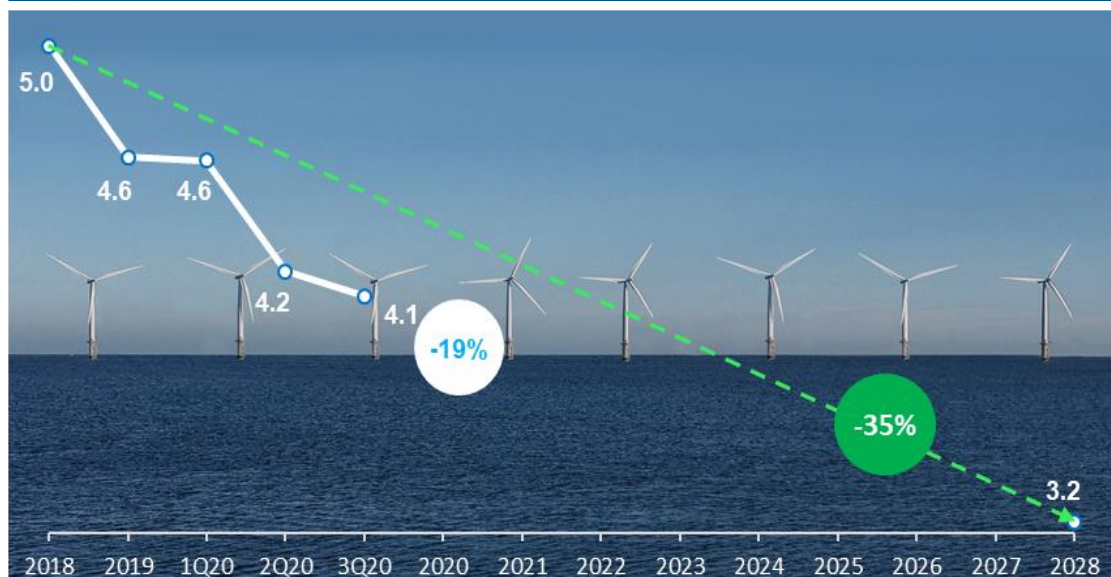
- Started up five new projects
- Signed four new projects, including Samsung Pyeongtaek

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

# Third-Quarter ESG Performance



## Target: 35% Reduction in GHG Emissions Intensity 2018-2028<sup>(1)</sup>



### GHG Emissions Intensity<sup>(1)</sup> (Target: reduce by 35% in 2028)

- 19% reduction led by lower emissions over a higher profit base
- Sequentially scope 1 & 2 GHG emissions were impacted by U.S. Gulf Coast outages due to hurricanes

### Low-carbon energy<sup>(2)</sup> (Target: double annual purchase by 2028)

- Increased 8% active RE<sup>(2)</sup> purchase vs. 2018
- Over one third of Linde's energy consumption is low carbon

## Decarbonizing our future

- Signed MoU with PlugPower to test fuel-cell engine trucks for Linde's fleet
- U.S. northeast region contracts ~500,000 MWh/year of new zero carbon electricity; this equates to annual consumption of ~41,000 U.S. homes
- Linde to Produce Green Hydrogen for Mobility Market in California
- Expanding HRS (hydrogen refueling station) production to China – doubling capabilities

## ESG News and Recognitions

- Wall Street Journal ranks Linde Top 100 Most Sustainably Managed Companies in the World
- Linde reports its alignment with SASB and TCFD frameworks on its website
- October ESG investor roadshow

(1) Scope 1 and 2 emissions (in Million MT) divided by adjusted proforma EBITDA in billion USD

(2) Low carbon energy includes solar, wind, hydro and nuclear

(3) ESG = Environmental, social and governance

# Sustainable Development Highlights



## Best-in-class safety performance

4x better than U.S. Occupational Health and Safety Administration industrial average for lost workday case rate

Several applications enabled

## 2.7x more GHG emissions to be avoided

than were emitted in all of the company's operations

## Built the world's first hydrogen station

for fuel cell-powered passenger trains

## Operate world's first commercial hydrogen storage cavern

## Leading H<sub>2</sub> electrolysis operating experience

40 MW, 80 units

## 300,000

children and students in our communities benefitted from employee community engagement projects

## An industry leader in diversity & inclusion

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



# Core Strategy



## Optimize the Base

- ✓ Network density
- ✓ Productivity/digitalization
- ✓ Price management
- ✓ Capex efficiency
- ✓ Portfolio optimization



## Leverage the Recovery

- ✓ Price and volume
- ✓ Cost management
- ✓ Operations optimization



## Capitalize on Growth

- ✓ Electronics
- ✓ Healthcare
- ✓ Backlog start-up
- ✓ Clean energy

**Sustainable value creation**



# Non-GAAP Measures



## LINDE PLC AND SUBSIDIARIES SUMMARY NON-GAAP RECONCILIATIONS (UNAUDITED)

The following 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 ongoing 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 "NON-GAAP MEASURES AND RECONCILIATIONS" in following pages for additional details relating to the adjustments.

(Millions of dollars, except per share amounts)

	Sales		Operating Profit		Income from Continuing Operations		Diluted EPS from Continuing Operations	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Quarter Ended September 30</b>								
Reported GAAP Amounts	\$ 6,855	\$ 7,000	\$ 969	\$ 1,000	\$ 699	\$ 728	\$ 1.32	\$ 1.34
Cost reduction program and other charges (a)	-	-	48	125	36	92	0.07	0.17
Pension settlement charges (b)	-	-	-	-	5	30	0.01	0.07
Merger-related divestitures (c)	-	(7)	-	(2)	-	(2)	-	(0.01)
Purchase accounting impacts - Linde AG (d)	-	-	498	425	400	312	0.75	0.58
Gain on sale of businesses (e)	-	-	-	(164)	-	(108)	-	(0.21)
Total adjustments	-	(7)	546	384	441	324	0.83	0.60
Adjusted amounts	\$ 6,855	\$ 6,993	\$ 1,515	\$ 1,384	\$ 1,140	\$ 1,052	\$ 2.15	\$ 1.94

	Sales		Operating Profit		Income from Continuing Operations		Diluted EPS from Continuing Operations	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Year to Date September 30</b>								
Reported GAAP Amounts	\$ 19,971	\$ 21,148	\$ 2,293	\$ 2,278	\$ 1,728	\$ 1,676	\$ 3.25	\$ 3.07
Cost reduction program and other charges (a)	-	-	428	355	318	290	0.60	0.54
Pension settlement charges (b)	-	-	-	-	5	76	0.01	0.15
Merger-related divestitures (c)	-	(62)	-	(15)	-	(11)	-	(0.03)
Purchase accounting impacts - Linde AG (d)	-	-	1,463	1,471	1,103	1,056	2.07	1.94
Gain on sale of businesses (e)	-	-	-	(164)	-	(108)	-	(0.21)
Total adjustments	-	(62)	1,891	1,647	1,426	1,303	2.68	2.39
Adjusted amounts	\$ 19,971	\$ 21,086	\$ 4,184	\$ 3,925	\$ 3,154	\$ 2,979	\$ 5.93	\$ 5.46

(a) To adjust for cost reduction program and other charges; 2020 includes severance of \$31 million and \$281 million for the quarter and year-to-date periods, other cost reduction charges of \$8 million and \$49 million for the quarter and year-to-date periods, and other charges of \$9 million and \$98 million for the quarter and year-to-date periods.

(b) To adjust for pension settlement charges. 2019 charges primarily related to the merger.

(c) To adjust for the results of Praxair's merger-related divestitures.

(d) To adjust for purchase accounting impacts related to the merger.

(e) To adjust for gains recognized related to the sale of businesses related to the merger.

# 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.

	2020				2019				
	Year to Date September 30,	Q3	Q2	Q1	Year to Date September 30,	Q4	Q3	Q2	Q1
<b>Adjusted Sales</b>									
Reported Sales	\$ 19,971	\$ 6,855	\$ 6,377	\$ 6,739	\$ 21,148	\$ 7,080	\$ 7,000	\$ 7,204	\$ 6,944
Less: Merger-related divestitures (d)	-	-	-	-	(62)	(3)	(7)	(25)	(30)
Adjusted Sales	<u>\$ 19,971</u>	<u>\$ 6,855</u>	<u>\$ 6,377</u>	<u>\$ 6,739</u>	<u>\$ 21,086</u>	<u>\$ 7,077</u>	<u>\$ 6,993</u>	<u>\$ 7,179</u>	<u>\$ 6,914</u>
<b>Adjusted Operating Profit and Operating Margin</b>									
Reported operating profit	\$ 2,293	\$ 969	\$ 591	\$ 733	\$ 2,278	\$ 655	\$ 1,000	\$ 669	\$ 609
Less: Merger-related divestitures (d)	-	-	-	-	(15)	(1)	(2)	(6)	(7)
Add: Cost reduction programs and other charges	428	48	249	131	355	212	125	141	89
Less: Net gain on sale of businesses	-	-	-	-	(164)	-	(164)	-	-
Add: Purchase accounting impacts - Linde AG (c)	1,463	498	477	488	1,471	481	425	515	531
Total adjustments	<u>1,891</u>	<u>546</u>	<u>726</u>	<u>619</u>	<u>1,647</u>	<u>692</u>	<u>384</u>	<u>650</u>	<u>613</u>
Adjusted operating profit	<u>\$ 4,184</u>	<u>\$ 1,515</u>	<u>\$ 1,317</u>	<u>\$ 1,352</u>	<u>\$ 3,925</u>	<u>\$ 1,347</u>	<u>\$ 1,384</u>	<u>\$ 1,319</u>	<u>\$ 1,222</u>
Reported percentage change	1 %	(3)%	(12)%	20 %					
Adjusted percentage change	7 %	9 %	- %	11 %					
Reported sales	\$ 19,971	\$ 6,855	\$ 6,377	\$ 6,739	\$ 21,148	\$ 7,080	\$ 7,000	\$ 7,204	\$ 6,944
Adjusted sales	\$ 19,971	\$ 6,855	\$ 6,377	\$ 6,739	\$ 21,086	\$ 7,077	\$ 6,993	\$ 7,179	\$ 6,914
Reported operating margin	11.5 %	14.1 %	9.3 %	10.9 %	10.8 %	9.3 %	14.3 %	9.3 %	8.8 %
Adjusted operating margin	21.0 %	22.1 %	20.7 %	20.1 %	18.6 %	19.0 %	19.8 %	18.4 %	17.7 %
<b>Adjusted Depreciation and amortization</b>									
Reported depreciation and amortization	\$ 3,434	\$ 1,168	\$ 1,124	\$ 1,142	\$ 3,513	\$ 1,162	\$ 1,095	\$ 1,195	\$ 1,223
Less: Purchase accounting impacts - Linde AG (c)	(1,431)	(487)	(468)	(476)	(1,459)	(481)	(423)	(515)	(521)
Adjusted depreciation and amortization	<u>\$ 2,003</u>	<u>\$ 681</u>	<u>\$ 656</u>	<u>\$ 666</u>	<u>\$ 2,054</u>	<u>\$ 681</u>	<u>\$ 672</u>	<u>\$ 680</u>	<u>\$ 702</u>
<b>Adjusted Other Income (Expense) - net</b>									
Reported Other Income (Expense) - net	\$ (14)	\$ (29)	\$ -	\$ 15	\$ 39	\$ 29	\$ 11	\$ 10	\$ 18
Less: Purchase accounting impacts - Linde AG (c)	(32)	(11)	(9)	(12)	-	-	-	-	-
Adjusted Other Income (Expense) - net	<u>\$ 18</u>	<u>\$ (18)</u>	<u>\$ 9</u>	<u>\$ 27</u>	<u>\$ 39</u>	<u>\$ 29</u>	<u>\$ 11</u>	<u>\$ 10</u>	<u>\$ 18</u>
<b>Adjusted Net Pension and OPEB Cost (Benefit), Excluding Service Cost</b>									
Reported net pension and OPEB cost (benefit), excluding service cost	\$ (131)	\$ (41)	\$ (45)	\$ (45)	\$ (7)	\$ (25)	\$ 2	\$ (24)	\$ 15
Add: Pension settlement charges	(6)	(6)	-	-	(101)	(6)	(40)	(10)	(51)
Adjusted Net Pension and OPEB cost (benefit), excluding service costs	<u>\$ (137)</u>	<u>\$ (47)</u>	<u>\$ (45)</u>	<u>\$ (45)</u>	<u>\$ (108)</u>	<u>\$ (31)</u>	<u>\$ (38)</u>	<u>\$ (34)</u>	<u>\$ (36)</u>
<b>Adjusted Interest Expense - Net</b>									
Reported interest expense - net	\$ 80	\$ 38	\$ 18	\$ 24	\$ 30	\$ 8	\$ (3)	\$ 10	\$ 23
Add: Purchase accounting impacts - Linde AG (c)	67	23	22	22	74	22	22	25	27
Adjusted interest expense - net	<u>\$ 147</u>	<u>\$ 61</u>	<u>\$ 40</u>	<u>\$ 46</u>	<u>\$ 104</u>	<u>\$ 30</u>	<u>\$ 19</u>	<u>\$ 35</u>	<u>\$ 50</u>

# Non-GAAP Measures, continued



	2020				2019				
	Year to Date September 30,	Q3	Q2	Q1	Year to Date September 30,	Q4	Q3	Q2	Q1
<b>Adjusted Income Taxes (a)</b>									
Reported income taxes	\$ 594	\$ 265	\$ 164	\$ 165	\$ 607	\$ 162	\$ 298	\$ 169	\$ 140
Add: Purchase accounting impacts - Linde AG (c)	292	75	95	122	345	105	99	119	127
Add: Pension settlement charges	1	1	-	-	25	1	10	2	13
Add: Cost reduction programs and other charges	110	12	62	36	30	53	(2)	26	6
Less: Merger-related divestitures (d)	-	-	-	-	(5)	-	(1)	(2)	(2)
Less: Net gain on sale of businesses	-	-	-	-	(56)	-	(56)	-	-
Total adjustments	403	88	157	158	339	159	50	145	144
Adjusted income taxes	<u>\$ 997</u>	<u>\$ 353</u>	<u>\$ 321</u>	<u>\$ 323</u>	<u>\$ 946</u>	<u>\$ 321</u>	<u>\$ 348</u>	<u>\$ 314</u>	<u>\$ 284</u>
<b>Adjusted Effective Tax Rate (a)</b>									
Reported income before income taxes and equity investments	\$ 2,344	\$ 972	\$ 618	\$ 754	\$ 2,255	\$ 672	\$ 1,001	\$ 683	\$ 571
Less: Merger-related divestitures (d)	-	-	-	-	(15)	(1)	(2)	(6)	(7)
Add: Pension settlement charge	6	6	-	-	101	6	40	10	51
Add: Purchase accounting impacts - Linde AG (c)	1,396	475	455	466	1,397	459	403	490	504
Add: Cost reduction programs and other charges	428	48	249	131	355	212	125	141	89
Less: Net gain on sale of businesses	-	-	-	-	(164)	-	(164)	-	-
Total adjustments	1,830	529	704	597	1,674	676	402	635	637
Adjusted income before income taxes and equity investments	<u>\$ 4,174</u>	<u>\$ 1,501</u>	<u>\$ 1,322</u>	<u>\$ 1,351</u>	<u>\$ 3,929</u>	<u>\$ 1,348</u>	<u>\$ 1,403</u>	<u>\$ 1,318</u>	<u>\$ 1,208</u>
Reported Income taxes	\$ 594	\$ 265	\$ 164	\$ 165	\$ 607	\$ 162	\$ 298	\$ 169	\$ 140
Reported effective tax rate	25.3 %	27.3 %	26.5 %	21.9 %	26.9 %	24.1 %	29.8 %	24.7 %	24.5 %
Adjusted income taxes	\$ 997	\$ 353	\$ 321	\$ 323	\$ 946	\$ 321	\$ 348	\$ 314	\$ 284
Adjusted effective tax rate	23.9 %	23.5 %	24.3 %	23.9 %	24.1 %	23.8 %	24.8 %	23.8 %	23.5 %
<b>Income from Equity Investments</b>									
Reported income from equity investments	\$ 69	\$ 23	\$ 29	\$ 17	\$ 90	\$ 24	\$ 28	\$ 28	\$ 34
Add: Purchase accounting impacts - Linde AG (c)	42	14	14	14	43	14	15	14	14
Adjusted income from equity investments	<u>\$ 111</u>	<u>\$ 37</u>	<u>\$ 43</u>	<u>\$ 31</u>	<u>\$ 133</u>	<u>\$ 38</u>	<u>\$ 43</u>	<u>\$ 42</u>	<u>\$ 48</u>
<b>Adjusted Noncontrolling Interests from Continuing Operations</b>									
Reported noncontrolling interests from continuing operations	\$ (91)	\$ (31)	\$ (25)	\$ (35)	\$ (62)	\$ (27)	\$ (3)	\$ (29)	\$ (30)
Add: Cost reduction programs and other charges	-	-	-	-	(35)	-	(35)	-	-
Add: Purchase accounting impacts - Linde AG (c)	(43)	(14)	(14)	(15)	(40)	(14)	(8)	(17)	(15)
Total adjustments	(43)	(14)	(14)	(15)	(75)	(14)	(43)	(17)	(15)
Adjusted noncontrolling interests from continuing operations	<u>\$ (134)</u>	<u>\$ (45)</u>	<u>\$ (39)</u>	<u>\$ (50)</u>	<u>\$ (137)</u>	<u>\$ (41)</u>	<u>\$ (46)</u>	<u>\$ (46)</u>	<u>\$ (45)</u>

# Non-GAAP Measures, continued



	2020				2019				
	Year to Date September 30,	Q3	Q2	Q1	Year to Date September 30,	Q4	Q3	Q2	Q1
<b>Adjusted Income from Continuing Operations (b)</b>									
Reported income from continuing operations	\$ 1,728	\$ 699	\$ 458	\$ 571	\$ 1,676	\$ 507	\$ 728	\$ 513	\$ 435
Add: Pension settlement charge	5	5	-	-	76	5	30	8	38
Less: Merger-related divestitures (d)	-	-	-	-	(11)	(1)	(2)	(4)	(5)
Add: Cost reduction programs and other charges	318	36	187	95	290	159	92	115	83
Less: Net gain on sale of business	-	-	-	-	(108)	-	(108)	-	-
Add: Purchase accounting impacts - Linde AG (c)	1,103	400	360	343	1,056	354	312	368	376
Total adjustments	1,426	441	547	438	1,303	517	324	487	492
Adjusted income from continuing operations	<u>\$ 3,154</u>	<u>\$ 1,140</u>	<u>\$ 1,005</u>	<u>\$ 1,009</u>	<u>\$ 2,979</u>	<u>\$ 1,024</u>	<u>\$ 1,052</u>	<u>\$ 1,000</u>	<u>\$ 927</u>
<b>Adjusted Diluted EPS from Continuing Operations (b)</b>									
Reported diluted EPS from continuing operations	\$ 3.25	\$ 1.32	\$ 0.87	\$ 1.07	\$ 3.07	\$ 0.94	\$ 1.34	\$ 0.94	\$ 0.79
Add: Pension settlement charge	0.01	0.01	-	-	0.15	0.01	0.07	0.01	0.07
Add: Cost reduction programs and other charges	0.60	0.07	0.35	0.18	0.54	0.29	0.17	0.22	0.15
Less: Merger-related divestitures (d)	-	-	-	-	(0.03)	-	(0.01)	(0.01)	(0.01)
Less: Net gain on sale of business	-	-	-	-	(0.21)	-	(0.21)	-	-
Add: Purchase accounting impacts - Linde AG	2.07	0.75	0.68	0.64	1.94	0.65	0.58	0.67	0.69
Total adjustments	2.68	0.83	1.03	0.82	2.39	0.95	0.60	0.89	0.90
Adjusted diluted EPS from continuing operations	<u>\$ 5.93</u>	<u>\$ 2.15</u>	<u>\$ 1.90</u>	<u>\$ 1.89</u>	<u>\$ 5.46</u>	<u>\$ 1.89</u>	<u>\$ 1.94</u>	<u>\$ 1.83</u>	<u>\$ 1.69</u>
Reported percentage change	6 %	(1)%	(7)%	35 %	\$ 7.34	Full Year 2019 Adjusted diluted EPS			
Adjusted percentage change	9 %	11 %	4 %	12 %					

## Adjusted Diluted EPS from Continuing Operations Guidance (e)

	Fourth Quarter 2020		Full Year 2020	
	Low End	High End	Low End	High End
2020 Adjusted Guidance	\$ 2.11	\$ 2.16	\$ 8.05	\$ 8.10
Adjusted percentage change versus 2019 adjusted diluted EPS	12 %	14 %	10 %	10 %
Add: Estimated currency headwind	1 %	1 %	2 %	2 %
Adjusted percentage change excluding currency	13 %	15 %	12 %	12 %

# Non-GAAP Measures, continued



	2020				2019				
	Year to Date September 30,	Q3	Q2	Q1	Year to Date September 30,	Q4	Q3	Q2	Q1
<b>Adjusted EBITDA and % of Sales</b>									
Income from continuing operations	\$ 1,728	\$ 699	\$ 458	\$ 571	\$ 1,676	\$ 507	\$ 728	\$ 513	\$ 435
Add: Noncontrolling interests related to continuing operations	91	31	25	35	62	27	3	29	30
Add: Net pension and OPEB cost (benefit), excluding service cost	(131)	(41)	(45)	(45)	(7)	(25)	2	(24)	15
Add: Interest expense	80	38	18	24	30	8	(3)	10	23
Add: Income taxes	594	265	164	165	607	162	298	169	140
Add: Depreciation and amortization	3,434	1,168	1,124	1,142	3,513	1,162	1,095	1,195	1,223
EBITDA from continuing operations	5,796	2,160	1,744	1,892	5,881	1,841	2,123	1,892	1,866
Less: Merger-related divestitures (d)	-	-	-	-	(15)	(1)	(2)	(6)	(7)
Less: Net gain on sale of business	-	-	-	-	(164)	-	(164)	-	-
Add: Cost reduction programs and other charges	428	48	249	131	355	212	125	141	89
Add: Purchase accounting impacts - Linde AG	74	25	23	26	55	14	17	14	24
Total adjustments	502	73	272	157	231	225	(24)	149	106
Adjusted EBITDA from continuing operations	\$ 6,298	\$ 2,233	\$ 2,016	\$ 2,049	\$ 6,112	\$ 2,066	\$ 2,099	\$ 2,041	\$ 1,972
Reported sales	\$ 19,971	\$ 6,855	\$ 6,377	\$ 6,739	\$ 21,148	\$ 7,080	\$ 7,000	\$ 7,204	\$ 6,944
Adjusted sales	\$ 19,971	\$ 6,855	\$ 6,377	\$ 6,739	\$ 21,086	\$ 7,077	\$ 6,993	\$ 7,179	\$ 6,914
% of sales									
EBITDA from continuing operations	29.0 %	31.5 %	27.3 %	28.1 %	27.8 %	26.0 %	30.3 %	26.3 %	26.9 %
Adjusted EBITDA from continuing operations	31.5 %	32.6 %	31.6 %	30.4 %	29.0 %	29.2 %	30.0 %	28.4 %	28.5 %

(a) 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.

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

(c) The company believes that its non-GAAP measures excluding Purchase accounting impacts - Linde AG are useful to investors because: (i) the business combination was a merger of equals in an all-stock merger transaction, with no cash consideration, (ii) the company is managed on a geographic basis and the results of certain geographies are more heavily impacted by purchase accounting than others, causing results that are not comparable at the reportable segment level, therefore, the impacts of purchasing accounting adjustments to each segment vary and are not comparable within the company and when compared to other companies in similar regions, (iii) business management is evaluated and variable compensation is determined based on results excluding purchase accounting impacts, and; (iv) it is important to investors and analysts to understand the purchase accounting impacts to the financial statements. A summary of each of the adjustments made for Purchase accounting impacts - Linde AG are as follows: **Adjusted Operating Profit and Margin:** The purchase accounting adjustments for the periods presented relate primarily to depreciation and amortization related to the fair value step up of fixed assets and intangible assets (primarily customer related) acquired in the merger and the allocation of fair value step-up for ongoing Linde AG asset disposals. **Adjusted Interest Expense - Net:** Relates to the amortization of the fair value of debt acquired in the merger. **Adjusted Income Taxes and Effective Tax Rate:** Relates to the current and deferred income tax impact on the adjustments discussed above. 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. **Adjusted Income from Equity Investments:** Represents the amortization of increased fair value on equity investments related to depreciable and amortizable assets. **Adjusted Noncontrolling Interests from Continuing Operations:** Represents the noncontrolling interests' ownership portion of the adjustments described above determined on an entity by entity basis.

(d) To adjust for the results of Praxair's merger-related divestitures.

(e) We are providing adjusted earnings per share ("EPS") guidance for 2020. This is a non-GAAP financial measure that represents diluted earnings per share from continuing operations (a GAAP measure) but excludes the impact of certain items that we believe are not representative of our underlying business performance, such as cost reduction and other charges, the impact of potential divestitures or other potentially significant items. Given the uncertainty of timing and magnitude of such items, we cannot provide a reconciliation of the differences between the non-GAAP adjusted EPS guidance and the corresponding GAAP EPS measure without unreasonable effort.

# Non-GAAP Measures, continued



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

	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Available Operating Cash Flow (AOCF) and Base Capex</b> - 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	\$ 787	\$ 783	\$ 803	\$ 1,015	\$ 959	\$ 865	\$ 843
Less: backlog capex (a)	(331)	(334)	(385)	(504)	(522)	(397)	(329)
<b>Base Capex</b>	\$ 456	\$ 449	\$ 418	\$ 511	\$ 437	\$ 468	\$ 514
Operating cash flow	\$ 1,884	\$ 1,764	\$ 1,347	\$ 2,174	\$ 1,872	\$ 1,005	\$ 1,068
Less: base capex	(456)	(449)	(418)	(511)	(437)	(468)	(514)
<b>Available Operating Cash Flow</b>	\$ 1,428	\$ 1,315	\$ 929	\$ 1,663	\$ 1,435	\$ 537	\$ 554

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

# Non-GAAP Measures, continued



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

	2020				2019				2018				
	YTD	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Free Cash Flow (FCF)</b> - 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	\$ 4,995	\$ 1,884	\$ 1,764	\$ 1,347	\$ 3,945	\$ 2,174	\$ 1,872	\$ 1,005	\$ 1,068	\$ 1,305			
Less: Capital Expenditures	(2,373)	(787)	(783)	(803)	(2,667)	(1,015)	(959)	(865)	(843)	(827)			
<b>Free Cash Flow</b>	<b>\$ 2,622</b>	<b>\$ 1,097</b>	<b>\$ 981</b>	<b>\$ 544</b>	<b>\$ 1,278</b>	<b>\$ 1,159</b>	<b>\$ 913</b>	<b>\$ 140</b>	<b>\$ 225</b>	<b>\$ 478</b>			
<b>Net Debt</b> - 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	\$ 17,803	\$ 17,480	\$ 16,875	\$ 16,875	\$ 13,956	\$ 13,201	\$ 13,957	\$ 14,146	\$ 15,296				
Less: Cash and cash equivalents	(5,199)	(4,941)	(4,014)	(4,014)	(2,700)	(2,120)	(2,686)	(5,791)	(4,466)				
Net debt	12,604	12,539	12,861	12,861	11,256	11,081	11,271	8,355	10,830				
Less: Purchase accounting impacts - Linde AG	(133)	(150)	(170)	(170)	(195)	(211)	(243)	(262)	(291)				
Adjusted net debt	\$ 12,471	\$ 12,389	\$ 12,691	\$ 12,691	\$ 11,061	\$ 10,870	\$ 11,028	\$ 8,093	\$ 10,539				
Less: Net assets held for sale	(2)	(2)	(115)	(115)	(123)	(223)	(272)	(1,629)	(4,730)				
Adjusted net debt less net assets held for sale	\$ 12,469	\$ 12,387	\$ 12,576	\$ 12,576	\$ 10,938	\$ 10,647	\$ 10,756	\$ 6,464	\$ 5,809				
<b>After-tax Return on Capital and Adjusted After-tax Return on Capital (ROC)</b> - 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	\$ 699	\$ 458	\$ 571	\$ 571	\$ 507	\$ 728	\$ 513	\$ 435	\$ 2,870	\$ 461	\$ 480	\$ 462	\$ 462
Add: noncontrolling interests from continuing operations	31	25	35	35	27	3	29	30	(33)	19	19	19	10
Add: interest expense - net	38	18	24	24	8	(3)	10	23	72	40	44	46	46
Less: tax benefit on interest expense - net *	(10)	(5)	(6)	(6)	(2)	1	(3)	(6)	(18)	(10)	(11)	(11)	(11)
<b>Reported NOPAT</b>	<b>\$ 758</b>	<b>\$ 496</b>	<b>\$ 624</b>	<b>\$ 624</b>	<b>\$ 540</b>	<b>\$ 729</b>	<b>\$ 549</b>	<b>\$ 482</b>	<b>\$ 2,891</b>	<b>\$ 510</b>	<b>\$ 532</b>	<b>\$ 507</b>	<b>\$ 507</b>
Adjusted income from continuing operations	\$ 1,140	\$ 1,005	\$ 1,009	\$ 1,009	\$ 1,024	\$ 1,052	\$ 1,000	\$ 927	\$ 841	\$ 850	\$ 905	\$ 837	\$ 837
Add: adjusted noncontrolling interests from continuing operations	45	39	50	50	41	46	46	45	40	39	49	41	41
Add: adjusted interest expense - net	61	40	46	46	30	19	35	50	50	72	60	97	97
Less: tax benefit on interest expense - net *	(15)	(10)	(12)	(12)	(7)	(5)	(9)	(13)	(12)	(18)	(15)	(24)	(24)
<b>Adjusted NOPAT</b>	<b>\$ 1,231</b>	<b>\$ 1,074</b>	<b>\$ 1,093</b>	<b>\$ 1,093</b>	<b>\$ 1,088</b>	<b>\$ 1,112</b>	<b>\$ 1,072</b>	<b>\$ 1,009</b>	<b>\$ 919</b>	<b>\$ 943</b>	<b>\$ 999</b>	<b>\$ 951</b>	<b>\$ 951</b>
4-quarter trailing reported NOPAT	\$ 2,418	\$ 2,389	\$ 2,442	\$ 2,442	\$ 2,300	\$ 4,651	\$ 4,432	\$ 4,415	\$ 4,440				
4-quarter trailing adjusted NOPAT	\$ 4,486	\$ 4,367	\$ 4,365	\$ 4,365	\$ 4,281	\$ 4,112	\$ 3,943	\$ 3,870	\$ 3,812				

# Non-GAAP Measures, continued



	2020			2019				2018			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Equity and redeemable noncontrolling interests:											
Redeemable noncontrolling interests	13	13	92	113	14	15	15	16			
Linde plc shareholders' equity	46,175	45,537	44,776	49,074	48,953	50,564	51,175	51,596			
Noncontrolling interests	2,404	2,387	2,375	2,448	2,341	2,315	5,457	5,484			
Total equity and redeemable noncontrolling interests	<u>48,592</u>	<u>47,937</u>	<u>47,243</u>	<u>51,635</u>	<u>51,308</u>	<u>52,894</u>	<u>56,647</u>	<u>57,096</u>			
Reported capital	61,194	60,474	59,989	62,768	62,166	63,893	63,373	63,196			
Total equity and redeemable noncontrolling interests	48,592	47,937	47,243	51,635	51,308	52,894	56,647	57,096			
Add: Adjusted net debt less net assets held for sale	12,469	12,387	12,576	10,938	10,647	10,756	6,464	5,809			
Less: Linde AG Goodwill (a)	24,256	24,256	24,256	24,256	24,197	24,197	24,197	24,197			
Less: Linde AG Indefinite lived intangibles (a)	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868			
Adjusted capital	<u>\$ 34,937</u>	<u>\$ 34,200</u>	<u>\$ 33,695</u>	<u>\$ 36,449</u>	<u>\$ 35,890</u>	<u>\$ 37,585</u>	<u>\$ 37,046</u>	<u>\$ 36,840</u>			
(a) Represent balance sheet purchase accounting impacts of non-amortizing assets related to the Linde AG merger.											
Ending capital (see above)	\$ 61,194	\$ 60,474	\$ 59,989	\$ 62,166			\$ 63,196				
5-quarter average ending capital	\$ 61,318	\$ 61,858	\$ 62,438	\$ 63,157			\$ 63,196				
Ending adjusted capital (see above)	\$ 34,937	\$ 34,200	\$ 33,695	\$ 35,890			\$ 36,840				
5-quarter average ending adjusted capital	\$ 35,034	\$ 35,564	\$ 36,133	\$ 36,840			\$ 36,840				
<b>After-tax ROC (4 quarter reported NOPAT / 5-quarter average ending capital)</b>	<u>3.9 %</u>	<u>3.9 %</u>	<u>3.9 %</u>	<u>7.4 %</u>			<u>7.0 %</u>				
<b>Adjusted after-tax ROC (4 quarter trailing adjusted NOPAT / 5-quarter average ending adjusted capital)</b>	<u>12.8 %</u>	<u>12.3 %</u>	<u>12.1 %</u>	<u>11.2 %</u>			<u>10.3 %</u>				

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





**For further information, please contact:**



**Phone:** +1-203-837-2210

**Email:** [investor.relations@linde.com](mailto:investor.relations@linde.com)

**Internet:**

[www.linde.com/en/investors](http://www.linde.com/en/investors)