



**Linde plc**

Investor Teleconference Presentation  
Fourth Quarter 2020

February 5, 2021

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.

# Key Highlights - 2020



## Shareholders



- Demonstrated resiliency of the business
- Grew EPS double-digits; increased ROC to 13.4%
- Returned +\$4.4 billion to shareholders
- Significant progress on clean energy initiatives
- Completed merger integration

## Employees



- Safety KPI's continued trending positively
- Gender Diversity increased 300 bps
- Employee Engagement Survey results positive
- Certified 100% of employees on our CBI\*

## Customers



- Increased healthcare capabilities globally
- Supplied oxygen to +80,000 COVID homecare patients
- Reliably supplied customers around the world
- Developed new applications to help customers reduce their GHG emissions

## Communities









- Donated an additional \$1.5 million to our communities
- Reduced GHG emissions intensity by 16% vs. 2018
- Member of World DJSI for the 18th consecutive year
- MSCI upgraded Linde to A

**Well positioned for another outstanding year in 2021**

# Global End Market Trends



<u>4Q 2020</u>	End Market	% of Sales <sup>(1)</sup> & Trend	YoY Sales <sup>(2)</sup> Growth	Seq. Sales <sup>(2)</sup> Growth
<b>Consumer Related End Markets (More Resilient)</b>				
	Healthcare	20%	+9%	+4%
	Food & Beverage	10%	-1%	+4%
	Electronics	10%	+8%	+4%
<b>Industrial Related End Markets (More Cyclical)</b>				
	Manufacturing	19%	-1%	+1%
	Chemicals & Refining	19%	+1%	--
	Metals	13%	+3%	+8%
	Other	9%	-3%	+1%

(1)Excludes Engineering sales

(2)Excludes impact of currency, cost pass-through, acquisitions/divestitures, non-recurring equipment

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



(\$MM)	4Q 2020	3Q 2020	Var	4Q 2019	Var
<b>Sales</b>	<b>\$7,272</b>	<b>\$6,855</b>	<b>6%</b>	<b>\$7,077</b>	<b>3%</b>
<b>Operating Profit</b>	<b>\$1,613</b>	<b>\$1,515</b>	<b>6%</b>	<b>\$1,347</b>	<b>20%</b>
<i>% of Sales</i>	<i>22.2%</i>	<i>22.1%</i>		<i>19.0%</i>	
<b>Income</b>	<b>\$1,217</b>	<b>\$1,140</b>	<b>7%</b>	<b>\$1,024</b>	<b>19%</b>
<b>Diluted EPS</b>	<b>\$2.30</b>	<b>\$2.15</b>	<b>7%</b>	<b>\$1.89</b>	<b>22%</b>
<b>Op. Cash Flow</b>	<b>\$2,434</b>	<b>\$1,884</b>	<b>29%</b>	<b>\$2,174</b>	<b>12%</b>
<b>Capex</b>	<b>\$1,027</b>	<b>\$787</b>	<b>30%</b>	<b>\$1,015</b>	<b>1%</b>
Base Capex <sup>(2)</sup>	\$615	\$456	35%	\$511	20%
Project Capex <sup>(3)</sup>	\$412	\$331	24%	\$504	-18%
<b>After-Tax ROC</b>	<b>13.4%</b>	<b>12.8%</b>	<b>+60 bps</b>	<b>11.6%</b>	<b>+180 bps</b>

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

- **Significant operating leverage YoY**
  - Sales +3%, OP +20%, EPS +22%
- **YoY volumes driven by project backlog start-ups**
- **Seq. volume growth led by Healthcare, Electronics and Metals end markets**
- **Broad-based price attainment & continued progress on productivity initiatives**
- **Operating margin expansion 320 bps YoY**
- **Strong operating cash flow, +12% YoY**
- **ROC 13.4%, +180 bps YoY, +60 bps seq.**

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

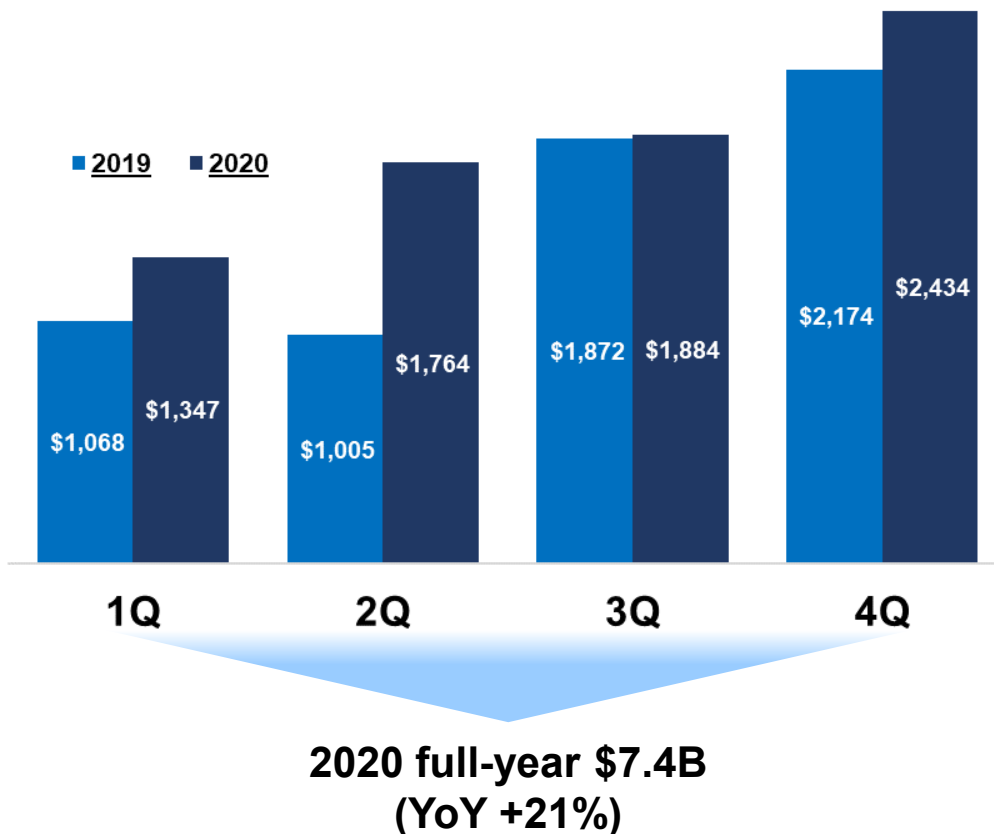
(2) Base capex = Total capex minus project capex

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

# 2020 Capital Management



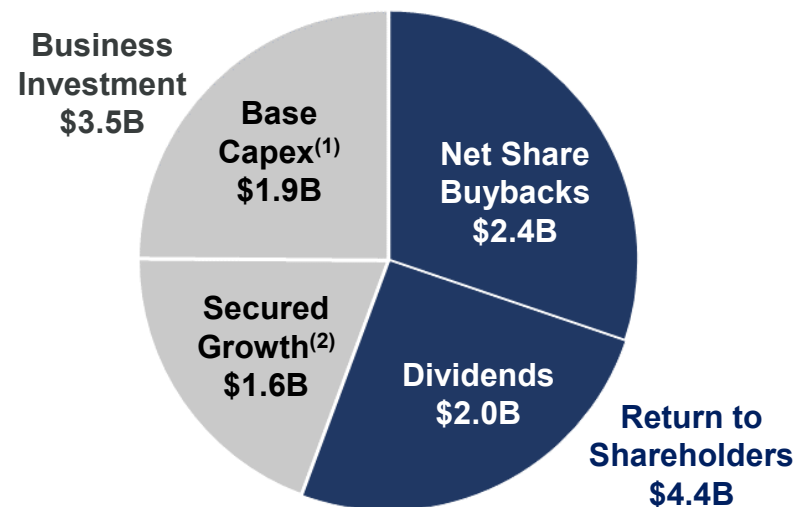
## Operating Cash Flow Trend (\$MM)



## Cash Inflows

Operating Cash Flow	\$7.4B
+ Divestiture Proceeds	\$0.5B
<b>Total</b>	<b>\$7.9B</b>

## Use of \$7.9B



**Increased cash generation despite a challenging year**

(1) Represents capex in small growth, maintenance and other non-project capex related investments  
 (2) Represents project capex plus acquisitions

# 2021 Guidance



## Full-Year 2021

- Adjusted EPS<sup>(1)</sup> in the range of \$9.10 to \$9.30
  - +11% to +13%
  - Estimated currency tailwind +1%
- CAPEX: \$3.0B to \$3.5B

## 1<sup>st</sup> Quarter 2021

- Adjusted EPS<sup>(1)</sup> in the range of \$2.20 to \$2.25
  - YoY +16% to +19%
  - Estimated currency tailwind +2%

**Expect double digit percent growth for a third straight year**



# Appendix



# Full-Year Adjusted Results<sup>(1)</sup>



(\$MM)	2020	2019	Var
<b>Sales</b>	<b>\$27,243</b>	<b>\$28,163</b>	<b>-3%</b>
<b>Operating Profit</b>	<b>\$5,797</b>	<b>\$5,272</b>	<b>10%</b>
<i>% of Sales</i>	<i>21.3%</i>	<i>18.7%</i>	
<b>Income</b>	<b>\$4,371</b>	<b>\$4,003</b>	<b>9%</b>
<b>Diluted EPS</b>	<b>\$8.23</b>	<b>\$7.34</b>	<b>12%</b>
<b>After-Tax ROC</b>	<b>13.4%</b>	<b>11.6%</b>	<b>+180 bps</b>
<b>Op. Cash Flow</b>	<b>\$7,429</b>	<b>\$6,119</b>	<b>21%</b>
<b>Capex</b>	<b>\$3,400</b>	<b>\$3,682</b>	<b>-8%</b>
Base Capex <sup>2</sup>	\$1,938	\$1,930	--
Project Capex <sup>3</sup>	\$1,462	\$1,752	-17%

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

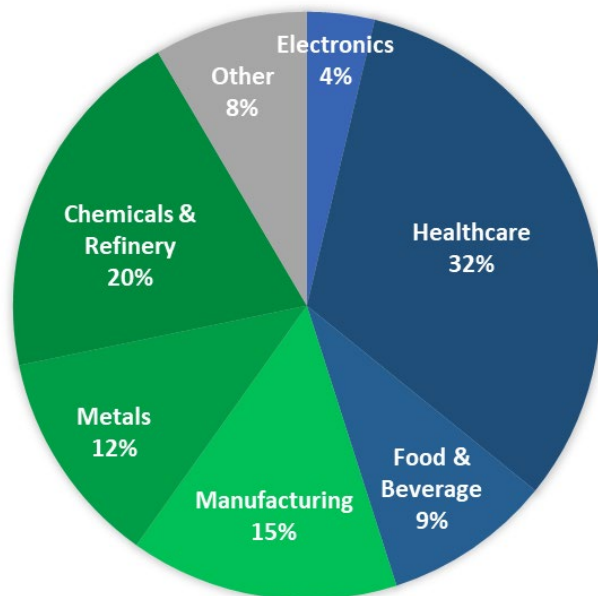
- **Strong operating leverage**
  - YoY, Sales -3%, OP +10%, EPS +12%
  - Operating leverage across all segments
- **Volume from project start ups more than offset by macroeconomic slowdown**
- **Price attainment in all geographic segments**
- **Operating cash flow increased 21%**
- **Free cash flow increased 65%**
- **ROC 13.4%, increased 180 bps**

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

# Americas



(\$MM)	4Q 2020	3Q 2020	Var	4Q 2019	Var
Sales	\$2,724	\$2,641	3%	\$2,737	0%
Operating Profit	\$748	\$742	1%	\$676	11%
% of Sales	27.5%	28.1%		24.7%	



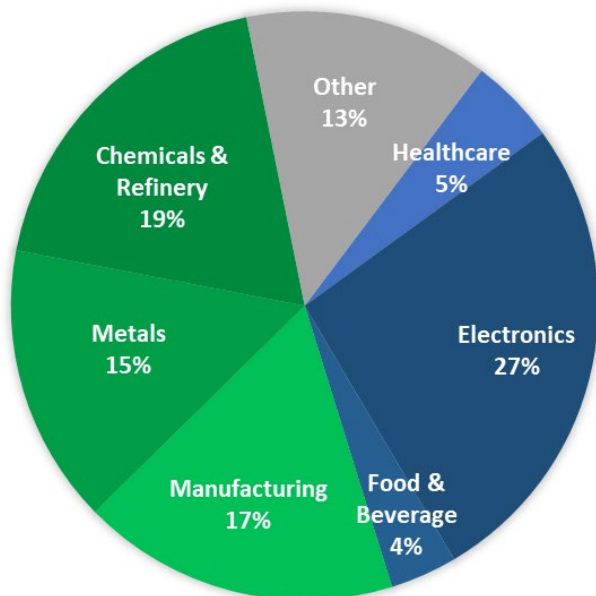
	<u>YOY</u>	<u>SEQ.</u>
Sales Growth	--	+ 3%
Volume	+ 1%	+ 2%
Price / Mix	+ 2%	--
Cost pass-thru	+ 1%	+ 1%
Currency	- 3%	--
Acq/Div	- 1%	--

- YoY margin expansion led by price and productivity initiatives
- YoY and seq. volume increase led by Healthcare and Metals end market
- FX headwind driven led by BRL and MXN

# APAC



(\$MM)	4Q 2020	3Q 2020	Var	4Q 2019	Var
Sales	\$1,572	\$1,484	6%	\$1,403	12%
Operating Profit	\$365	\$337	8%	\$299	22%
% of Sales	23.2%	22.7%		21.3%	

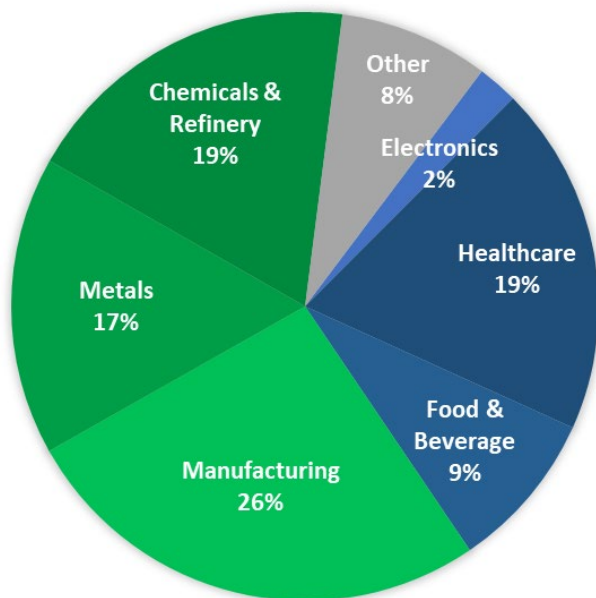


	YOY	SEQ.
Sales Growth	+ 12%	+ 6%
Volume	+ 7%	+ 3%
Price / Mix	+ 1%	--
Cost pass-thru	--	--
Currency	+ 4%	+ 3%
Acq/Div	--	--

- YoY and sequential margin expansion led by productivity initiatives and volume
- YoY volume growth led by project startups, primarily to supply Electronics end market
- Seq. volume growth led by Electronics and Metals end markets
- FX tailwinds led by CNY, AUD, TWD & KRW



(\$MM)	4Q 2020	3Q 2020	Var	4Q 2019	Var
Sales	\$1,746	\$1,622	8%	\$1,654	6%
Operating Profit	\$437	\$370	18%	\$353	24%
% of Sales	25.0%	22.8%		21.3%	



	YOY	SEQ.
Sales Growth	+ 6%	+ 8%
Volume	+ 1%	+ 3%
Price / Mix	+ 3%	+ 2%
Cost pass-thru	--	+ 1%
Currency	+ 4%	+ 2%
Acq/Div	- 2%	--

- YoY and sequential margin expansion led by price and productivity initiatives
- YoY, volume growth led by Healthcare, Chemicals and Refinery end markets
- Seq. volume growth led by Healthcare, Metals and Manufacturing end markets
- FX tailwinds from EUR and GBP
- Divestiture in 2Q 2020 of a non-core business in Scandinavia

# Engineering



(\$MM)	4Q 2020	3Q 2020	Var	4Q 2019	Var
Sales	\$755	\$678	11%	\$770	-2%
Operating Profit	\$100	\$106	-6%	\$93	8%
% of Sales	13.2%	15.6%		12.1%	

- Continued healthy margins; sequentially lower due to project timing and mix
- Contractually secured backlog of \$4.7 billion
- Good inflow of small projects

3rd Party Orders (\$MM)	4Q 2020	3Q 2020	4Q 2019
Intake	\$355	\$484	\$1,475
Backlog	\$4,673	\$4,903	\$5,735

# Global Other



(\$MM)	4Q 2020	3Q 2020	Var	4Q 2019	Var
Sales	\$475	\$430	10%	\$513	-7%
Operating Profit	(\$37)	(\$40)	8%	(\$74)	50%
% of Sales	-7.8%	-9.3%		-14.4%	

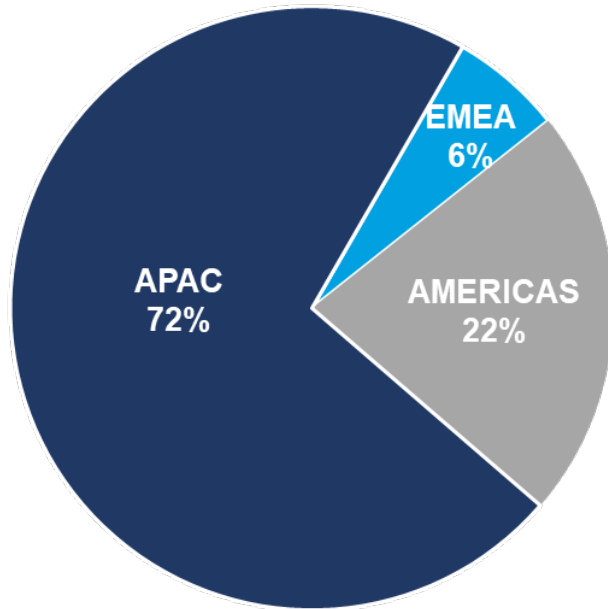
- YoY sales decline primarily due to Surface Technologies
- YoY margin improvement driven by price and productivity initiatives

# High-Quality Backlog

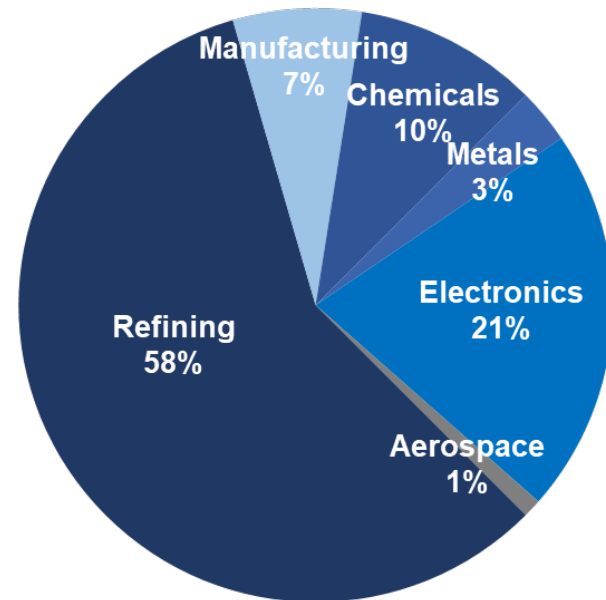


## Sale of Gas (SOG) Backlog (~\$3.6B)<sup>(1)</sup>

### Geography



### End Market



### Versus Q3 2020

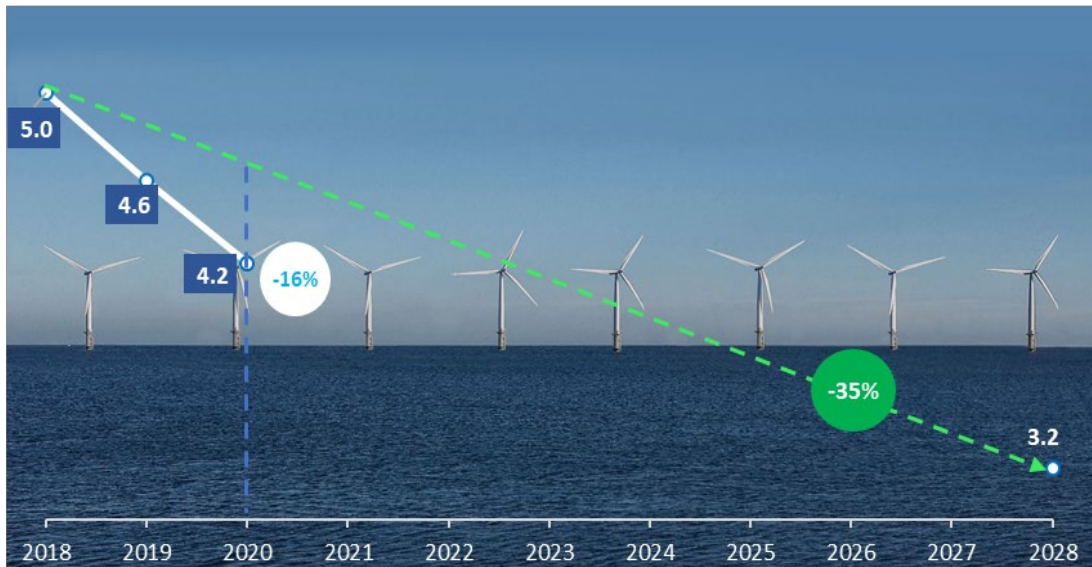
- Started up six new projects
- Signed four new projects

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

# 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)

- 16% reduction led by lower emissions over a higher profit base
- Scope 1 & 2 GHG emissions were impacted by lower volumes and increased lower carbon power sourcing

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

- Increased 5% active RE<sup>(2)</sup> purchase vs. 2018
- Over one third of Linde's energy consumption is low carbon

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

(2) Renewable energy (RE) includes solar, wind, hydro and nuclear

(3) ESG = Environmental, social and governance

(4) SASB and TCFD = Sustainability Advisory Standard Board and Task Force on Climate-Related Financial Disclosure

## Decarbonizing our future

- Linde to build, own and operate world's largest PEM electrolyzer for green H2 in Germany
- Linde and Daimler Truck jointly developing next generation of hydrogen refueling technology
- Linde and Snam will develop clean hydrogen projects & related infrastructure in Europe
- Partnering with Hyosung to develop hydrogen infrastructure in S. Korea; will build and operate Asia's largest liquid hydrogen plant

## ESG News and Recognitions

- CDP rates Linde A-, consistent with prior year
- Linde discloses alignment with SASB<sup>(4)</sup> and TCFD<sup>(4)</sup> frameworks ([www.linde.com](http://www.linde.com))
- Member of the SASB Standards Advisory Group for Resource Transformation/Chemicals Sector
- Became a TCFD Supporter



# 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.

	<u>Sales</u>		<u>Operating Profit</u>		<u>Income from Continuing Operations</u>		<u>Diluted EPS from Continuing Operations</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Quarter Ended December 31</b>								
Reported GAAP Amounts	\$ 7,272	\$ 7,080	\$ 1,029	\$ 655	\$ 769	\$ 507	\$ 1.45	\$ 0.94
Cost reduction program and other charges (a)	-	-	78	212	54	159	0.10	0.29
Pension settlement charges (b)	-	-	-	-	-	5	-	0.01
Merger-related divestitures (c)	-	(3)	-	(1)	-	(1)	-	-
Purchase accounting impacts - Linde AG (d)	-	-	506	481	382	354	0.73	0.65
Bond Redemption (e)	-	-	-	-	12	-	0.02	-
Total adjustments	-	(3)	584	692	448	517	0.85	0.95
Adjusted amounts	\$ 7,272	\$ 7,077	\$ 1,613	\$ 1,347	\$ 1,217	\$ 1,024	\$ 2.30	\$ 1.89

	<u>Sales</u>		<u>Operating Profit</u>		<u>Income from Continuing Operations</u>		<u>Diluted EPS from Continuing Operations</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Year to Date December 31</b>								
Reported GAAP Amounts	\$ 27,243	\$ 28,228	\$ 3,322	\$ 2,933	\$ 2,497	\$ 2,183	\$ 4.70	\$ 4.00
Cost reduction program and other charges (a)	-	-	506	567	372	449	0.70	0.83
Pension settlement charges (b)	-	-	-	-	5	81	0.01	0.16
Merger-related divestitures (c)	-	(65)	-	(16)	-	(12)	-	(0.03)
Purchase accounting impacts - Linde AG (d)	-	-	1,969	1,952	1,485	1,410	2.80	2.59
Bond Redemption (e)	-	-	-	-	12	-	0.02	-
Gain on sale of businesses (f)	-	-	-	(164)	-	(108)	-	(0.21)
Total adjustments	-	(65)	2,475	2,339	1,874	1,820	3.53	3.34
Adjusted amounts	\$ 27,243	\$ 28,163	\$ 5,797	\$ 5,272	\$ 4,371	\$ 4,003	\$ 8.23	\$ 7.34

(a) To adjust for cost reduction program and other charges; 2020 includes severance of \$19 million and \$300 million for the quarter and year-to-date periods, other cost reduction charges of \$44 million and \$93 million for the quarter and year-to-date periods, and other charges of \$15 million and \$113 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 \$16 million charge to interest expense in the 2020 fourth quarter related to a bond redemption.

(f) 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 December 31,	Q4	Q3	Q2	Q1	Year to Date December 31,	Q4	Q3	Q2	Q1
<b>Adjusted Sales</b>										
Reported Sales	\$ 27,243	\$ 7,272	\$ 6,855	\$ 6,377	\$ 6,739	\$ 28,228	\$ 7,080	\$ 7,000	\$ 7,204	\$ 6,944
Less: Merger-related divestitures (d)	-	-	-	-	-	(65)	(3)	(7)	(25)	(30)
Adjusted Sales	\$ 27,243	\$ 7,272	\$ 6,855	\$ 6,377	\$ 6,739	\$ 28,163	\$ 7,077	\$ 6,993	\$ 7,179	\$ 6,914
<b>Adjusted Operating Profit and Operating Margin</b>										
Reported operating profit	\$ 3,322	\$ 1,029	\$ 969	\$ 591	\$ 733	\$ 2,933	\$ 655	\$ 1,000	\$ 669	\$ 609
Less: Merger-related divestitures (d)	-	-	-	-	-	(16)	(1)	(2)	(6)	(7)
Add: Cost reduction programs and other charges	506	78	48	249	131	567	212	125	141	89
Less: Net gain on sale of businesses	-	-	-	-	-	(164)	-	(164)	-	-
Add: Purchase accounting impacts - Linde AG (c)	1,969	506	498	477	488	1,952	481	425	515	531
Total adjustments	2,475	584	546	726	619	2,339	692	384	650	613
Adjusted operating profit	\$ 5,797	\$ 1,613	\$ 1,515	\$ 1,317	\$ 1,352	\$ 5,272	\$ 1,347	\$ 1,384	\$ 1,319	\$ 1,222
Reported percentage change	13 %	57 %	(3)%	(12)%	20 %					
Adjusted percentage change	10 %	20 %	9 %	- %	11 %					
Reported sales	\$ 27,243	\$ 7,272	\$ 6,855	\$ 6,377	\$ 6,739	\$ 28,228	\$ 7,080	\$ 7,000	\$ 7,204	\$ 6,944
Adjusted sales	\$ 27,243	\$ 7,272	\$ 6,855	\$ 6,377	\$ 6,739	\$ 28,163	\$ 7,077	\$ 6,993	\$ 7,179	\$ 6,914
Reported operating margin	12.2 %	14.2 %	14.1 %	9.3 %	10.9 %	10.4 %	9.3 %	14.3 %	9.3 %	8.8 %
Adjusted operating margin	21.3 %	22.2 %	22.1 %	20.7 %	20.1 %	18.7 %	19.0 %	19.8 %	18.4 %	17.7 %
<b>Adjusted Depreciation and amortization</b>										
Reported depreciation and amortization	\$ 4,626	\$ 1,192	\$ 1,168	\$ 1,124	\$ 1,142	\$ 4,675	\$ 1,162	\$ 1,095	\$ 1,195	\$ 1,223
Less: Purchase accounting impacts - Linde AG (c)	(1,920)	(489)	(487)	(468)	(476)	(1,940)	(481)	(423)	(515)	(521)
Adjusted depreciation and amortization	\$ 2,706	\$ 703	\$ 681	\$ 656	\$ 666	\$ 2,735	\$ 681	\$ 672	\$ 680	\$ 702
<b>Adjusted Other Income (Expense) - net</b>										
Reported Other Income (Expense) - net	\$ (61)	\$ (47)	\$ (29)	\$ -	\$ 15	\$ 68	\$ 29	\$ 11	\$ 10	\$ 18
Add: Purchase accounting impacts - Linde AG (c)	(49)	(17)	(11)	(9)	(12)	-	-	-	-	-
Adjusted Other Income (Expense) - net	\$ (112)	\$ (64)	\$ (40)	\$ (9)	\$ 3	\$ 68	\$ 29	\$ 11	\$ 10	\$ 18
<b>Adjusted Net Pension and OPEB Cost (Benefit), Excluding Service Cost</b>										
Reported net pension and OPEB cost (benefit), excluding service cost	\$ (177)	\$ (46)	\$ (41)	\$ (45)	\$ (45)	\$ (32)	\$ (25)	\$ 2	\$ (24)	\$ 15
Add: Pension settlement charges	(6)	-	(6)	-	-	(107)	(6)	(40)	(10)	(51)
Adjusted Net Pension and OPEB cost (benefit), excluding service costs	\$ (183)	\$ (46)	\$ (47)	\$ (45)	\$ (45)	\$ (139)	\$ (31)	\$ (38)	\$ (34)	\$ (36)
<b>Adjusted Interest Expense - Net</b>										
Reported interest expense - net	\$ 115	\$ 35	\$ 38	\$ 18	\$ 24	\$ 38	\$ 8	\$ (3)	\$ 10	\$ 23
Add: Purchase accounting impacts - Linde AG (c)	85	18	23	22	22	96	22	22	25	27
Less: Bond Redemption	(16)	(16)	-	-	-	-	-	-	-	-
Adjusted interest expense - net	\$ 184	\$ 37	\$ 61	\$ 40	\$ 46	\$ 134	\$ 30	\$ 19	\$ 35	\$ 50

# Non-GAAP Measures, continued



	2020					2019				
	Year to Date December 31,	Q4	Q3	Q2	Q1	Year to Date December 31,	Q4	Q3	Q2	Q1
<b>Adjusted Income Taxes (a)</b>										
Reported income taxes	\$ 847	\$ 253	\$ 265	\$ 164	\$ 165	\$ 769	\$ 162	\$ 298	\$ 169	\$ 140
Add: Purchase accounting impacts - Linde AG (c)	399	107	75	95	122	450	105	99	119	127
Add: Pension settlement charges	1	-	1	-	-	26	1	10	2	13
Add: Cost reduction programs and other charges	130	20	12	62	36	83	53	(2)	26	6
Less: Merger-related divestitures (d)	-	-	-	-	-	(5)	-	(1)	(2)	(2)
Less: Net gain on sale of businesses	-	-	-	-	-	(56)	-	(56)	-	-
Less: Bond Redemption	4	4	-	-	-	-	-	-	-	-
Total adjustments	534	131	88	157	158	498	159	50	145	144
Adjusted income taxes	<u>\$ 1,381</u>	<u>\$ 384</u>	<u>\$ 353</u>	<u>\$ 321</u>	<u>\$ 323</u>	<u>\$ 1,267</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	\$ 3,384	\$ 1,040	\$ 972	\$ 618	\$ 754	\$ 2,927	\$ 672	\$ 1,001	\$ 683	\$ 571
Less: Merger-related divestitures (d)	-	-	-	-	-	(16)	(1)	(2)	(6)	(7)
Add: Pension settlement charge	6	-	6	-	-	107	6	40	10	51
Add: Purchase accounting impacts - Linde AG (c)	1,884	488	475	455	466	1,856	459	403	490	504
Add: Cost reduction programs and other charges	506	78	48	249	131	567	212	125	141	89
Less: Bond Redemption	16	16	-	-	-	-	-	-	-	-
Less: Net gain on sale of businesses	-	-	-	-	-	(164)	-	(164)	-	-
Total adjustments	2,412	582	529	704	597	2,350	676	402	635	637
Adjusted income before income taxes and equity investments	<u>\$ 5,796</u>	<u>\$ 1,622</u>	<u>\$ 1,501</u>	<u>\$ 1,322</u>	<u>\$ 1,351</u>	<u>\$ 5,277</u>	<u>\$ 1,348</u>	<u>\$ 1,403</u>	<u>\$ 1,318</u>	<u>\$ 1,208</u>
Reported income taxes	\$ 847	\$ 253	\$ 265	\$ 164	\$ 165	\$ 769	\$ 162	\$ 298	\$ 169	\$ 140
Reported effective tax rate	25.0 %	24.3 %	27.3 %	26.5 %	21.9 %	26.3 %	24.1 %	29.8 %	24.7 %	24.5 %
Adjusted income taxes	\$ 1,381	\$ 384	\$ 353	\$ 321	\$ 323	\$ 1,267	\$ 321	\$ 348	\$ 314	\$ 284
Adjusted effective tax rate	23.8 %	23.7 %	23.5 %	24.3 %	23.9 %	24.0 %	23.8 %	24.8 %	23.8 %	23.5 %
<b>Income from Equity Investments</b>										
Reported income from equity investments	\$ 85	\$ 16	\$ 23	\$ 29	\$ 17	\$ 114	\$ 24	\$ 28	\$ 28	\$ 34
Add: Purchase accounting impacts - Linde AG (c)	57	15	14	14	14	57	14	15	14	14
Adjusted income from equity investments	<u>\$ 142</u>	<u>\$ 31</u>	<u>\$ 37</u>	<u>\$ 43</u>	<u>\$ 31</u>	<u>\$ 171</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	\$ (125)	\$ (34)	\$ (31)	\$ (25)	\$ (35)	\$ (89)	\$ (27)	\$ (3)	\$ (29)	\$ (30)
Add: Cost reduction programs and other charges	(4)	(4)	-	-	-	(35)	-	(35)	-	-
Add: Purchase accounting impacts - Linde AG (c)	(57)	(14)	(14)	(14)	(15)	(54)	(14)	(8)	(17)	(15)
Total adjustments	(61)	(18)	(14)	(14)	(15)	(89)	(14)	(43)	(17)	(15)
Adjusted noncontrolling interests from continuing operations	<u>\$ (186)</u>	<u>\$ (52)</u>	<u>\$ (45)</u>	<u>\$ (39)</u>	<u>\$ (50)</u>	<u>\$ (178)</u>	<u>\$ (41)</u>	<u>\$ (46)</u>	<u>\$ (46)</u>	<u>\$ (45)</u>

# Non-GAAP Measures, continued



	2020					2019				
	Year to Date December 31,	Q4	Q3	Q2	Q1	Year to Date December 31,	Q4	Q3	Q2	Q1
<b>Adjusted Income from Continuing Operations (b)</b>										
Reported income from continuing operations	\$ 2,497	\$ 769	\$ 699	\$ 458	\$ 571	\$ 2,183	\$ 507	\$ 728	\$ 513	\$ 435
Add: Pension settlement charge	5	-	5	-	-	81	5	30	8	38
Less: Merger-related divestitures (d)	-	-	-	-	-	(12)	(1)	(2)	(4)	(5)
Add: Cost reduction programs and other charges	372	54	36	187	95	449	159	92	115	83
Less: Net gain on sale of business	-	-	-	-	-	(108)	-	(108)	-	-
Add: Purchase accounting impacts - Linde AG (c)	1,485	382	400	360	343	1,410	354	312	368	376
Less: Bond Redemption	12	12	-	-	-	-	-	-	-	-
Total adjustments	1,874	448	441	547	438	1,820	517	324	487	492
Adjusted income from continuing operations	<u>\$ 4,371</u>	<u>\$ 1,217</u>	<u>\$ 1,140</u>	<u>\$ 1,005</u>	<u>\$ 1,009</u>	<u>\$ 4,003</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	\$ 4.70	\$ 1.45	\$ 1.32	\$ 0.87	\$ 1.07	\$ 4.00	\$ 0.94	\$ 1.34	\$ 0.94	\$ 0.79
Add: Pension settlement charge	0.01	-	0.01	-	-	0.16	0.01	0.07	0.01	0.07
Add: Cost reduction programs and other charges	0.70	0.10	0.07	0.35	0.18	0.83	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)	-	-
Less: Bond Redemption	0.02	0.02	-	-	-	-	-	-	-	-
Add: Purchase accounting impacts - Linde AG	2.80	0.73	0.75	0.68	0.64	2.59	0.65	0.58	0.67	0.69
Total adjustments	3.53	0.85	0.83	1.03	0.82	3.34	0.95	0.60	0.89	0.90
Adjusted diluted EPS from continuing operations	<u>\$ 8.23</u>	<u>\$ 2.30</u>	<u>\$ 2.15</u>	<u>\$ 1.90</u>	<u>\$ 1.89</u>	<u>\$ 7.34</u>	<u>\$ 1.89</u>	<u>\$ 1.94</u>	<u>\$ 1.83</u>	<u>\$ 1.69</u>
Reported percentage change	18 %	54 %	(1)%	(7)%	35 %					
Adjusted percentage change	12 %	22 %	11 %	4 %	12 %					
<b>Adjusted Diluted EPS from Continuing Operations Guidance (e)</b>										
	<b>First Quarter 2021</b>				<b>Full Year 2021</b>					
	<b>Low End</b>		<b>High End</b>		<b>Low End</b>		<b>High End</b>			
2021 Adjusted Guidance	\$ 2.20		\$ 2.25		\$ 9.10		\$ 9.30			
Adjusted percentage change versus 2020 adjusted diluted EPS	16 %		19 %		11 %		13 %			
Add: Estimated currency tailwind	(2)%		(2)%		(1)%		(1)%			
Adjusted percentage change excluding currency	14 %		17 %		10 %		12 %			

# Non-GAAP Measures, continued



	2020					2019				
	Year to Date December 31,	Q4	Q3	Q2	Q1	Year to Date December 31,	Q4	Q3	Q2	Q1
<b>Adjusted EBITDA and % of Sales</b>										
Income from continuing operations	\$ 2,497	\$ 769	\$ 699	\$ 458	\$ 571	\$ 2,183	\$ 507	\$ 728	\$ 513	\$ 435
Add: Noncontrolling interests related to continuing operations	125	34	31	25	35	89	27	3	29	30
Add: Net pension and OPEB cost (benefit), excluding service cost	(177)	(46)	(41)	(45)	(45)	(32)	(25)	2	(24)	15
Add: Interest expense	115	35	38	18	24	38	8	(3)	10	23
Add: Income taxes	847	253	265	164	165	769	162	298	169	140
Add: Depreciation and amortization	4,626	1,192	1,168	1,124	1,142	4,675	1,162	1,095	1,195	1,223
EBITDA from continuing operations	8,033	2,237	2,160	1,744	1,892	7,722	1,841	2,123	1,892	1,866
Less: Merger-related divestitures (d)	-	-	-	-	-	(16)	(1)	(2)	(6)	(7)
Less: Net gain on sale of business	-	-	-	-	-	(164)	-	(164)	-	-
Add: Cost reduction programs and other charges	506	78	48	249	131	567	212	125	141	89
Add: Purchase accounting impacts - Linde AG	106	32	25	23	26	69	14	17	14	24
Total adjustments	612	110	73	272	157	456	225	(24)	149	106
Adjusted EBITDA from continuing operations	\$ 8,645	\$ 2,347	\$ 2,233	\$ 2,016	\$ 2,049	\$ 8,178	\$ 2,066	\$ 2,099	\$ 2,041	\$ 1,972
Reported sales	\$ 27,243	\$ 7,272	\$ 6,855	\$ 6,377	\$ 6,739	\$ 28,228	\$ 7,080	\$ 7,000	\$ 7,204	\$ 6,944
Adjusted sales	\$ 27,243	\$ 7,272	\$ 6,855	\$ 6,377	\$ 6,739	\$ 28,163	\$ 7,077	\$ 6,993	\$ 7,179	\$ 6,914
% of sales										
EBITDA from continuing operations	29.5 %	30.8 %	31.5 %	27.3 %	28.1 %	27.4 %	26.0 %	30.3 %	26.3 %	26.9 %
Adjusted EBITDA from continuing operations	31.7 %	32.3 %	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
- (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 (reflected in Other Income/(Expense)). **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 2021. 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			
	Q4	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	\$ 1,027	\$ 787	\$ 783	\$ 803	\$ 1,015	\$ 959	\$ 865	\$ 843
Less: backlog capex (a)	(412)	(331)	(334)	(385)	(504)	(522)	(397)	(329)
<b>Base Capex</b>	<b>\$ 615</b>	<b>\$ 456</b>	<b>\$ 449</b>	<b>\$ 418</b>	<b>\$ 511</b>	<b>\$ 437</b>	<b>\$ 468</b>	<b>\$ 514</b>
Operating cash flow	\$ 2,434	\$ 1,884	\$ 1,764	\$ 1,347	\$ 2,174	\$ 1,872	\$ 1,005	\$ 1,068
Less: base capex	(615)	(456)	(449)	(418)	(511)	(437)	(468)	(514)
<b>Available Operating Cash Flow</b>	<b>\$ 1,819</b>	<b>\$ 1,428</b>	<b>\$ 1,315</b>	<b>\$ 929</b>	<b>\$ 1,663</b>	<b>\$ 1,435</b>	<b>\$ 537</b>	<b>\$ 554</b>

(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
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<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	\$ 2,434	\$ 1,884	\$ 1,764	\$ 1,347	\$ 2,174	\$ 1,872	\$ 1,005	\$ 1,068	\$ 1,305
Less: Capital Expenditures	(1,027)	(787)	(783)	(803)	(1,015)	(959)	(865)	(843)	(827)
<b>Free Cash Flow</b>	<b>\$ 1,407</b>	<b>\$ 1,097</b>	<b>\$ 981</b>	<b>\$ 544</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	\$ 16,154	\$ 17,803	\$ 17,480	\$ 16,875	\$ 13,956	\$ 13,201	\$ 13,957	\$ 14,146	\$ 15,296
Less: Cash and cash equivalents	(3,754)	(5,199)	(4,941)	(4,014)	(2,700)	(2,120)	(2,686)	(5,791)	(4,466)
Net debt	12,400	12,604	12,539	12,861	11,256	11,081	11,271	8,355	10,830
Less: Purchase accounting impacts - Linde AG	(121)	(133)	(150)	(170)	(195)	(211)	(243)	(262)	(291)
Adjusted net debt	\$ 12,279	\$ 12,471	\$ 12,389	\$ 12,691	\$ 11,061	\$ 10,870	\$ 11,028	\$ 8,093	\$ 10,539
Less: Net assets held for sale	(3)	(2)	(2)	(115)	(123)	(223)	(272)	(1,629)	(4,730)
Adjusted net debt less net assets held for sale	<b>\$ 12,276</b>	<b>\$ 12,469</b>	<b>\$ 12,387</b>	<b>\$ 12,576</b>	<b>\$ 10,938</b>	<b>\$ 10,647</b>	<b>\$ 10,756</b>	<b>\$ 6,464</b>	<b>\$ 5,809</b>
<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	\$ 769	\$ 699	\$ 458	\$ 571	\$ 507	\$ 728	\$ 513	\$ 435	\$ 2,870
Add: noncontrolling interests from continuing operations	34	31	25	35	27	3	29	30	(33)
Add: interest expense - net	35	38	18	24	8	(3)	10	23	72
Less: tax benefit on interest expense - net *	(9)	(10)	(5)	(6)	(2)	1	(3)	(6)	(18)
<b>Reported NOPAT</b>	<b>\$ 829</b>	<b>\$ 758</b>	<b>\$ 496</b>	<b>\$ 624</b>	<b>\$ 540</b>	<b>\$ 729</b>	<b>\$ 549</b>	<b>\$ 482</b>	<b>\$ 2,891</b>
Adjusted income from continuing operations	\$ 1,217	\$ 1,140	\$ 1,005	\$ 1,009	\$ 1,024	\$ 1,052	\$ 1,000	\$ 927	\$ 841
Add: adjusted noncontrolling interests from continuing operations	52	45	39	50	41	46	46	45	40
Add: adjusted interest expense - net	37	61	40	46	30	19	35	50	50
Less: tax benefit on interest expense - net *	(9)	(15)	(10)	(12)	(7)	(5)	(9)	(13)	(12)
<b>Adjusted NOPAT</b>	<b>\$ 1,297</b>	<b>\$ 1,231</b>	<b>\$ 1,074</b>	<b>\$ 1,093</b>	<b>\$ 1,088</b>	<b>\$ 1,112</b>	<b>\$ 1,072</b>	<b>\$ 1,009</b>	<b>\$ 919</b>
4-quarter trailing reported NOPAT	\$ 2,707	\$ 2,418	\$ 2,389	\$ 2,442	\$ 2,300				
4-quarter trailing adjusted NOPAT	\$ 4,695	\$ 4,486	\$ 4,367	\$ 4,365	\$ 4,281				

# Non-GAAP Measures, continued



	2020				2019				2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Equity and redeemable noncontrolling interests:									
Redeemable noncontrolling interests	\$ 13	\$ 13	\$ 13	\$ 92	\$ 113	\$ 14	\$ 15	\$ 15	\$ 16
Linde plc shareholders' equity	47,317	46,175	45,537	44,776	49,074	48,953	50,564	51,175	51,596
Noncontrolling interests	2,252	2,404	2,387	2,375	2,448	2,341	2,315	5,457	5,484
Total equity and redeemable noncontrolling interests	\$ 49,582	\$ 48,592	\$ 47,937	\$ 47,243	\$ 51,635	\$ 51,308	\$ 52,894	\$ 56,647	\$ 57,096
Reported capital	\$ 61,979	\$ 61,194	\$ 60,474	\$ 59,989	\$ 62,768	\$ 62,166	\$ 63,893	\$ 63,373	\$ 63,196
Total equity and redeemable noncontrolling interests	\$ 49,582	\$ 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	12,276	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	24,256	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	1,868
Adjusted capital	\$ 35,734	\$ 34,937	\$ 34,200	\$ 33,695	\$ 36,449	\$ 35,890	\$ 37,585	\$ 37,046	\$ 36,840
(a) Represent balance sheet purchase accounting impacts of non-amortizing assets related to the Linde AG merger.									
Ending capital (see above)	\$ 61,979	\$ 61,194	\$ 60,474	\$ 59,989	\$ 62,768				
5-quarter average ending capital	\$ 61,281	\$ 61,318	\$ 61,858	\$ 62,438	\$ 63,079				
Ending adjusted capital (see above)	\$ 35,734	\$ 34,937	\$ 34,200	\$ 33,695	\$ 36,449				
5-quarter average ending adjusted capital	\$ 35,003	\$ 35,034	\$ 35,564	\$ 36,133	\$ 36,762				
<b>After-tax ROC (4 quarter reported NOPAT / 5-quarter average ending capital)</b>	<b>4.4 %</b>	<b>3.9 %</b>	<b>3.9 %</b>	<b>3.9 %</b>	<b>3.6 %</b>				
<b>Adjusted after-tax ROC (4 quarter trailing adjusted NOPAT / 5-quarter average ending adjusted capital)</b>	<b>13.4 %</b>	<b>12.8 %</b>	<b>12.3 %</b>	<b>12.1 %</b>	<b>11.6 %</b>				

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

# Investor Relations



**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)