

Investor Teleconference Presentation Third Quarter 2018



Praxair, Inc.
November 9, 2018

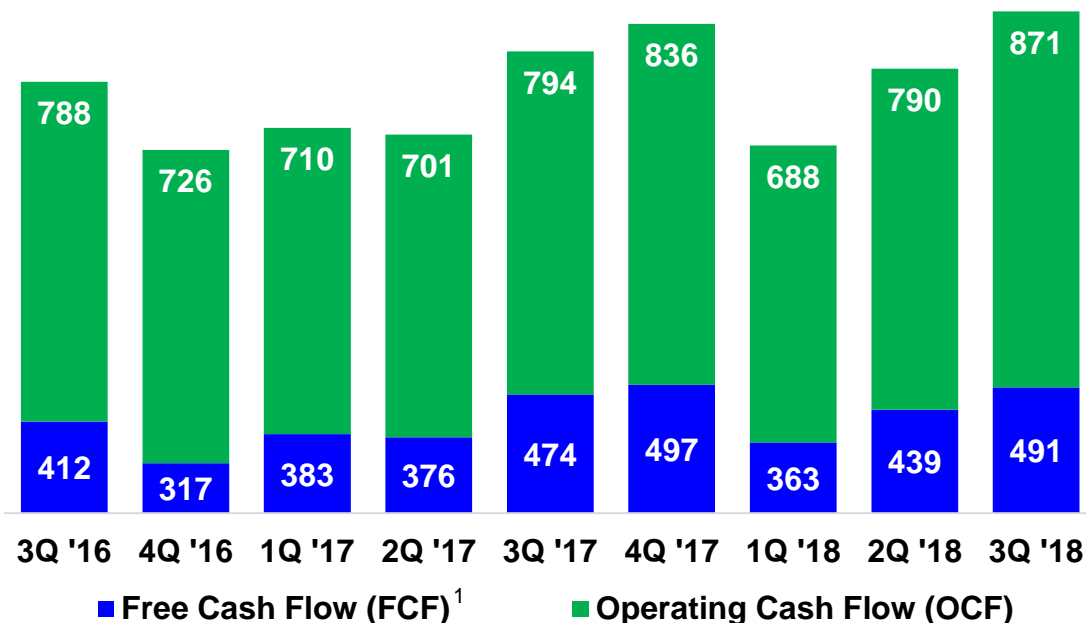
Forward Looking Statement

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements 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: regulatory or other limitations imposed as a result of the business combination with Linde AG that could reduce anticipated benefits of the transaction; the ability to successfully integrate the Praxair and Linde AG businesses; the risk that the combined company 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; 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 the GAAP or adjusted projections or estimates contained in the forward-looking statements.

Praxair 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 Praxair’s latest Annual Report on Form 10-K filed with the SEC, which should be reviewed carefully. Please consider Praxair’s forward-looking statements in light of those risks.

Cash Flow Generation

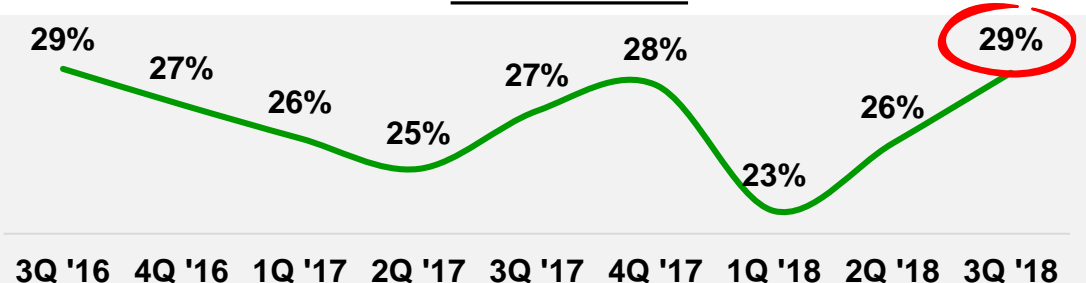
Cash Flow Trend (\$ MM)



Cash Flow Results

- Strong operating and free cash flow
- Reduced Net Debt to \$7.7B
- Net Debt/Ebitda² = 1.9x

OCF % of Sales



(1) Non-GAAP measure. Free cash flow equals operating cash flow minus total capital expenditures. See appendix.

(2) Adjusted EBITDA = last four quarters. See appendix.

Third Quarter Results

(\$ MM)	Adj. Third Quarter 2018 ⁽¹⁾	Adj. Second Quarter 2018 ⁽¹⁾	Adj. Third Quarter 2017 ⁽¹⁾
Sales	\$3,024	\$3,061	\$2,922
Operating Profit⁽³⁾	\$700	\$713	\$646
Operating Margin⁽³⁾	23.1%	23.3%	22.1%
EBITDA⁽³⁾	\$1,019	\$1,038	\$956
EBITDA Margin⁽³⁾	33.7%	33.9%	32.7%
Diluted EPS⁽²⁾	\$1.69	\$1.72	\$1.50
Op. Cash Flow	\$871	\$790	\$794
Base Capex	<u>(198)</u>	<u>(209)</u>	<u>(250)</u>
Available OCF	673	581	544
After-Tax ROC	14.1%	13.6%	12.3%

(1) Non-GAAP measures, other than sales and operating cash flow. See Appendix.

(2) Diluted EPS attributable to Praxair, Inc. shareholders.

(3) Prior periods reclassified in conformance with pension accounting change ASU 2017-07 with no impact to EPS.

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

- YoY Sales +3%, OP +8%, EPS +13%
- Operating cash flow \$0.9B, 29% of sales
- Strong Available OCF \$0.7B
- YoY volume growth across all end-markets
- Project contribution in N. America and Asia
- Broad-based price attainment
- Increased backlog to \$2.2B:
 - 4 new project wins, 23 total projects
 - sequentially +\$0.5 billion
- ROC 14.1%, sequentially +50 bps

(\$ MM)	Third Quarter 2018	Second Quarter 2018	Third Quarter 2017 ⁽¹⁾
Sales	\$1,613	\$1,594	\$1,518
Segment OP	\$420	\$432	\$386
Operating Margin	26.0%	27.1%	25.4%
Segment EBITDA	585	599	542
EBITDA Margin	36.3%	37.6%	35.7%

YOY

3Q vs. 2Q

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

- Solid operating leverage YoY
Sales +6%, OP +9%
- YoY volume growth driven by chemicals, manufacturing, downstream energy and food and beverage
- ~ half of volume driven by project start-ups
- Continued strong price attainment in merchant and packaged gases
- U.S. packaged gas business +9%, outperformed Industrial Production
- Signed three new long-term projects
- Robust project bidding activity in the U.S. Gulf Coast

(1) Prior periods reclassified in conformance with pension accounting change ASU 2017-07.

(\$ MM)	Third Quarter 2018	Second Quarter 2018	Third Quarter 2017 ⁽¹⁾
Sales	\$487	\$502	\$451
Segment OP	\$110	\$107	\$88
Operating Margin	22.6%	21.3%	19.5%
Segment EBITDA	169	167	143
EBITDA Margin	34.7%	33.3%	31.7%

	<u>YOY</u>	<u>3Q vs. 2Q</u>
Sales Growth	+ 8%	- 3%
Volume	+ 7%	+ 1%
Price / Mix	+ 2%	+ 1%
Cost pass-thru	+ 1%	--
Currency	- 2%	- 5%
Acq/Div	--	--

- Continued strong operating leverage YoY
Sales +8%, OP +25%
- YoY volumes:
 - + Energy, metals, electronics and manufacturing
- Strong price attainment
- Signed new long-term project
- Currency headwinds in China, India and Korea

(1) Prior periods reclassified in conformance with pension accounting change ASU 2017-07.

(\$ MM)	Third Quarter 2018	Second Quarter 2018	Third Quarter 2017 ⁽¹⁾
Sales	\$425	\$444	\$407
Segment OP	\$81	\$87	\$79
Operating Margin	19.1%	19.6%	19.4%
Segment EBITDA	130	137	127
EBITDA Margin	30.6%	30.9%	31.2%

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

- YoY volume growth in all major end-markets
- Price attainment in merchant and packaged gases
- Margin impacted by higher cost pass-thru
- Currency headwinds

(1) Prior periods reclassified in conformance with pension accounting change ASU 2017-07.

(\$ MM)	Third Quarter 2018	Second Quarter 2018	Third Quarter 2017 ⁽¹⁾
Sales	\$329	\$349	\$389
Segment OP	\$57	\$56	\$66
Operating Margin	17.3%	16.0%	17.0%
Segment EBITDA	92	93	107
EBITDA Margin	28.0%	26.6%	27.5%

	<u>YOY</u>	<u>3Q vs. 2Q</u>
Sales Growth	- 15%	- 6%
Volume	- 1%	+ 1%
Price / Mix	+ 3%	+ 1%
Cost pass-thru	+ 1%	--
Currency	- 18%	- 8%
Acq/Div	--	--

- YoY Ex FX, Sales +3%, OP +10%
- YoY volumes:
 - + Chemicals, food and beverage and healthcare
 - Manufacturing
- Price attainment in merchant and packaged gases
- Currency headwinds in Argentina and Brazil

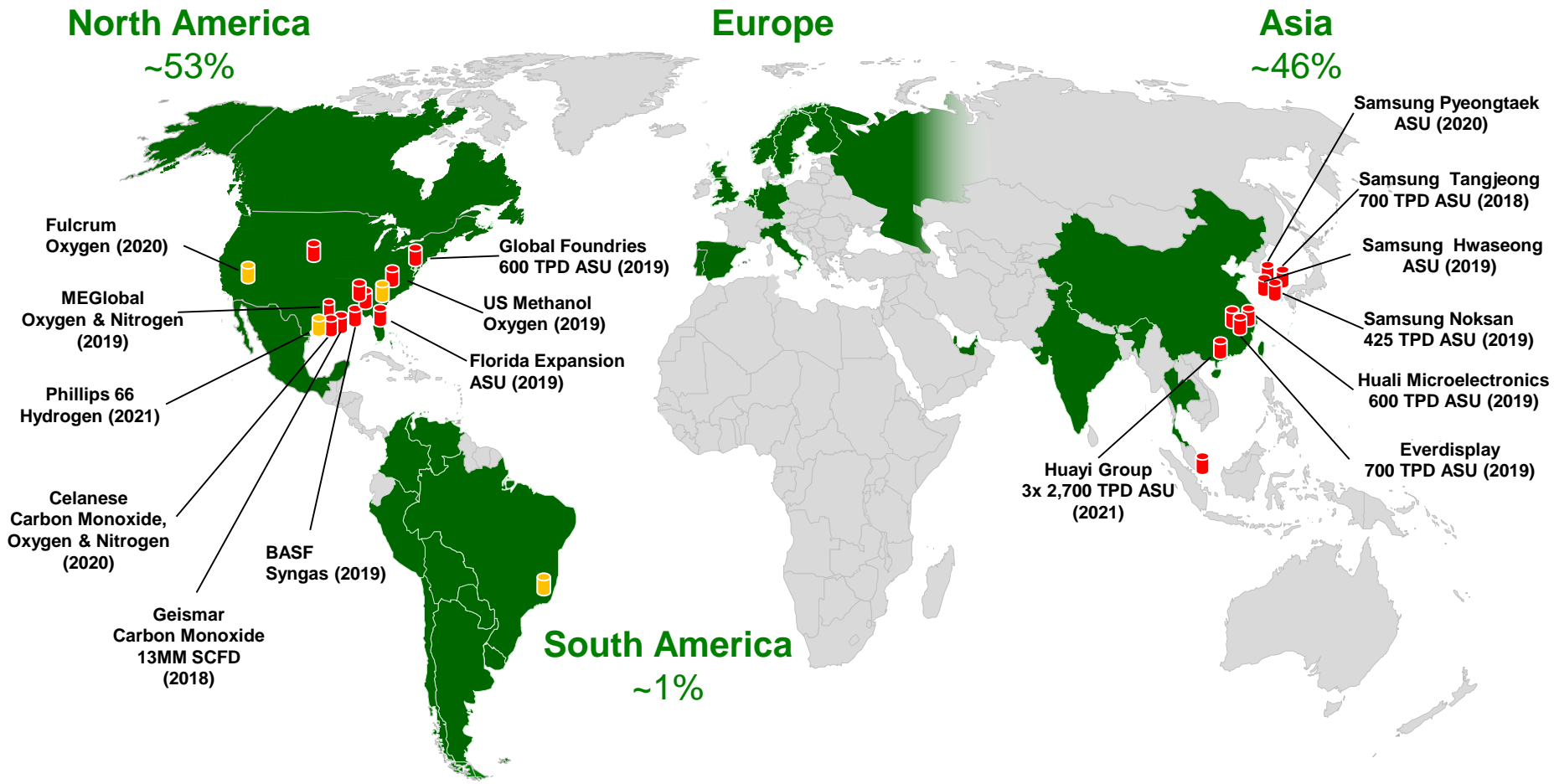
(1) Prior periods reclassified in conformance with pension accounting change ASU 2017-07.

(\$ MM)	Third Quarter 2018	Second Quarter 2018	Third Quarter 2017 ⁽¹⁾
Sales	\$170	\$172	\$157
Segment OP	\$32	\$31	\$27
Operating Margin	18.8%	18.0%	17.2%
Segment EBITDA	43	42	37
EBITDA Margin	25.3%	24.4%	23.6%

- **Strong operating leverage YoY**
Sales +8%, OP +19%
- **Volume growth from key end-markets and project start-ups**
- **Ramping up coating volumes serving aviation market**








(1) Prior periods reclassified in conformance with pension accounting change ASU 2017-07.

3Q18 Backlog - \$2.2B Capital Expenditures



3Q18 project added to backlog
 (XXXX) Indicates expected startup year
 % of backlog capex

Global End-Market Trends

		<u>3Q18 Sales Growth*</u>		
		<u>3Q18 % of Sales</u>	<u>YOY</u>	<u>Vs. 2Q18</u>
	Manufacturing (22%)	+ 6%	- 1%	YoY growth in all segments ex South America
	Metals (16%)	+ 4%	--	YoY growth North America, Asia and Europe
	Energy (12%)	+ 8%	+ 3%	YoY and seq. growth in Asia and North America
	Chemicals (11%)	+ 18%	+ 4%	YoY growth North America
	Food & Bev (10%)	+ 7%	+ 5%	YoY Americas and Europe; Seq. seasonality
	Healthcare (8%)	+ 6%	- 2%	YoY growth in all segments; Seq. seasonality
	Electronics (9%)	+ 6%	+ 2%	YoY growth Asia and Europe

* Excludes impact of currency, natural gas/precious metals cost pass-through and acquisitions/divestitures.

Non-GAAP Measures

PRAXAIR, INC. 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 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 Non-GAAP reconciliations starting on next page for additional details relating to the Non-GAAP adjustments.

(Millions of dollars, except per share amounts)

	Sales		Operating Profit		Net Income - Praxair, Inc.		Diluted EPS	
	2018	2017	2018	2017 (d)	2018	2017	2018	2017
Quarter Ended September 30								
Reported GAAP Amounts	\$ 3,024	\$ 2,922	\$ 669	\$ 632	\$ 461	\$ 419	\$ 1.58	\$ 1.45
Transaction costs (a)	—	—	21	14	19	13	0.07	0.05
Argentina currency devaluation (b)	—	—	10	—	10	—	0.03	—
Pension settlement charges (c)	—	—	—	—	3	1	0.01	—
Total adjustments	—	—	31	14	32	14	0.11	0.05
Adjusted amounts	\$ 3,024	\$ 2,922	\$ 700	\$ 646	\$ 493	\$ 433	\$ 1.69	\$ 1.50
Year To Date September 30								
Reported GAAP Amounts	\$ 9,084	\$ 8,484	\$ 2,011	\$ 1,805	\$ 1,403	\$ 1,214	\$ 4.82	\$ 4.21
Transaction costs (a)	—	—	64	35	58	34	0.20	0.12
Argentina currency devaluation (b)	—	—	10	—	10	—	0.03	—
Pension settlement charges (c)	—	—	—	—	3	1	0.01	—
Total adjustments	—	—	74	35	71	35	0.24	0.12
Adjusted amounts	\$ 9,084	\$ 8,484	\$ 2,085	\$ 1,840	\$ 1,474	\$ 1,249	\$ 5.06	\$ 4.33

(a) Charges primarily for transaction costs related to the Linde merger which closed on October 31, 2018.

(b) Effective July 1, 2018, Argentina was deemed a highly inflationary economy. As a result, the third quarter of 2018 includes after-tax charges of \$10 million (\$0.03 per diluted share) associated with the transition to hyper-inflationary accounting for Argentina.

(c) Pension settlement charges were recorded in the third quarter of 2018 related to lump sum benefit payments made from the U.S. supplemental pension plan and in the third quarter of 2017 related to lump sum benefit payments made from an international pension plan.

(d) During the first quarter 2018, Praxair adopted accounting guidance on the presentation of net periodic pension and postretirement benefit costs which requires non-service related costs be presented outside of operating profit. As a result, non-service related pension and postretirement benefit costs are now presented in the consolidated statements of income in "Net pension and OPEB cost (benefit), excluding service cost." Prior period information, including segment operating profit, has been reclassified to conform with current year presentation. The adoption of this guidance did not impact "Net Income - Praxair, Inc."

Non-GAAP Measures, continued

PRAXAIR, INC. AND SUBSIDIARIES
APPENDIX
NON-GAAP MEASURES
(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 financial leverage, return on capital and 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. Adjusted amounts exclude the impacts of the 2018 transaction costs and other charges, 2018 third quarter Argentina hyper-inflationary impact, 2018 third quarter pension settlement, 2017 transaction costs and other charges, 2017 third quarter pension settlement, 2017 fourth quarter U.S. tax reform, 2016 third quarter cost reduction program and pension settlement, and 2016 first quarter bond redemption.

Adjusted Amounts

	Year-to-date September 30, 2018	Third Quarter 2018	Second Quarter 2018	First Quarter 2018	Year 2017	Fourth Quarter 2017	Third Quarter 2017	Second Quarter 2017	First Quarter 2017	Year 2016	Third Quarter 2016	First Quarter 2016
Adjusted Operating Profit and Operating Profit Margin												
Reported operating profit	\$ 2,011	\$ 669	\$ 689	\$ 653	\$ 2,444	\$ 639	\$ 632	\$ 606	\$ 567	\$ 2,247	\$ 505	\$ 554
Add: Cost reduction program and other charges, net	—	—	—	—	—	—	—	—	—	96	96	—
Add: Argentina currency devaluation	10	10	—	—	—	—	—	—	—	—	—	—
Add: Transaction costs	64	21	24	19	52	17	14	15	6	—	—	—
Total adjustments	74	31	24	19	52	17	14	15	6	96	96	—
Adjusted operating profit	<u>\$ 2,085</u>	<u>\$ 700</u>	<u>\$ 713</u>	<u>\$ 672</u>	<u>\$ 2,496</u>	<u>\$ 656</u>	<u>\$ 646</u>	<u>\$ 621</u>	<u>\$ 573</u>	<u>\$ 2,343</u>	<u>\$ 601</u>	<u>\$ 554</u>
Reported percentage change	11 %	6 %										
Adjusted percentage change	13 %	8 %										
Reported sales	\$ 9,084	\$ 3,024	\$ 3,061	\$ 2,999	\$ 11,437	\$ 2,953	\$ 2,922	\$ 2,834	\$ 2,728	\$ 10,534	\$ 2,716	\$ 2,509
Adjusted operating profit margin	23.0 %	23.1 %	23.3 %	22.4 %	21.8 %	22.2 %	22.1 %	21.9 %	21.0 %	22.2 %	22.1 %	22.1 %
Adjusted Interest Expense - net												
Reported interest expense - net	\$ 130	\$ 40	\$ 44	\$ 46	\$ 161	\$ 41	\$ 41	\$ 38	\$ 41	\$ 190	\$ 43	\$ 65
Less: Bond redemption	—	—	—	—	—	—	—	—	—	(16)	—	(16)
Adjusted interest expense - net	<u>\$ 130</u>	<u>\$ 40</u>	<u>\$ 44</u>	<u>\$ 46</u>	<u>\$ 161</u>	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 38</u>	<u>\$ 41</u>	<u>\$ 174</u>	<u>\$ 43</u>	<u>\$ 49</u>
Adjusted Net Pension and OPEB cost (benefit), excluding service cost												
Reported net pension and OPEB cost (benefit), excluding service cost	\$ 10	\$ 6	\$ 2	\$ 2	\$ (4)	\$ 3	\$ 6	\$ 2	\$ (15)	9	8	—
Less: Pension settlement charge	(4)	(4)	—	—	(2)	—	(2)	—	—	(4)	(4)	—
Adjusted net Pension and OPEB cost (benefit), excluding service cost	<u>\$ 6</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ (6)</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 2</u>	<u>\$ (15)</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ —</u>
Adjusted Income Taxes												
Reported income taxes	\$ 462	\$ 156	\$ 158	\$ 148	\$ 1,026	\$ 558	\$ 162	\$ 157	\$ 149	\$ 551	\$ 120	\$ 133
Add: Cost reduction program and other charges, net	—	—	—	—	—	—	—	—	—	28	28	—
Add: Bond redemption	—	—	—	—	—	—	—	—	—	6	—	6
Add: Pension settlement charge	1	1	—	—	1	—	1	—	—	1	1	—
Add: Tax reform	—	—	—	—	(394)	(394)	—	—	—	—	—	—
Add: Transaction costs	7	2	3	2	4	3	1	—	—	—	—	—
Total adjustments	8	3	3	2	(389)	(391)	2	—	—	35	29	6
Adjusted income taxes	<u>\$ 470</u>	<u>\$ 159</u>	<u>\$ 161</u>	<u>\$ 150</u>	<u>\$ 637</u>	<u>\$ 167</u>	<u>\$ 164</u>	<u>\$ 157</u>	<u>\$ 149</u>	<u>\$ 586</u>	<u>\$ 149</u>	<u>\$ 139</u>

Non-GAAP Measures, continued

	Year-to-date September 30,	Third Quarter	Second Quarter	First Quarter	Year	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Year	Third Quarter	First Quarter
	2018	2018	2018	2018	2017	2017	2017	2017	2017	2016	2016	2016
Adjusted Effective Tax Rate												
Reported income before income taxes and equity investments	\$ 1,871	\$ 623	\$ 643	\$ 605	\$ 2,287	\$ 595	\$ 585	\$ 566	\$ 541	\$ 2,048	\$ 454	\$ 489
Add: Cost reduction program and other charges, net	—	—	—	—	—	—	—	—	—	96	96	—
Add: Bond redemption	—	—	—	—	—	—	—	—	—	16	—	16
Add: Pension settlement charge	4	4	—	—	2	—	2	—	—	4	4	—
Add: Argentina currency devaluation	10	10	—	—	—	—	—	—	—	—	—	—
Add: Transaction costs	64	21	24	19	52	17	14	15	6	—	—	—
Total adjustments	78	35	24	19	54	17	16	15	6	116	100	16
Adjusted income before income taxes and equity investments	\$ 1,949	\$ 658	\$ 667	\$ 624	\$ 2,341	\$ 612	\$ 601	\$ 581	\$ 547	\$ 2,164	\$ 554	\$ 505
Reported effective tax rate	24.7 %	25.0 %	24.6 %	24.5 %	44.9 %	93.8 %	27.7 %	27.7 %	27.5 %	26.9 %	26.4 %	27.2 %
Adjusted effective tax rate	24.1 %	24.2 %	24.1 %	24.0 %	27.2 %	27.3 %	27.3 %	27.0 %	27.2 %	27.1 %	26.9 %	27.5 %
Adjusted Noncontrolling Interests												
Reported noncontrolling interests	\$ 48	\$ 19	\$ 19	\$ 10	\$ 61	\$ 16	\$ 16	\$ 14	\$ 15	\$ 38	\$ 5	\$ 10
Add: Cost reduction program and other charges, net	(1)	—	—	(1)	—	—	—	—	—	5	5	—
Total adjustments	(1)	—	—	(1)	—	—	—	—	—	5	5	—
Adjusted noncontrolling interests	\$ 47	\$ 19	\$ 19	\$ 9	\$ 61	\$ 16	\$ 16	\$ 14	\$ 15	\$ 43	\$ 10	\$ 10
Adjusted Net Income - Praxair, Inc.												
Reported net income - Praxair, Inc.	\$ 1,403	\$ 461	\$ 480	\$ 462	\$ 1,247	\$ 33	\$ 419	\$ 406	\$ 389	\$ 1,500	\$ 339	\$ 356
Add: Cost reduction program and other charges, net	1	—	—	1	—	—	—	—	—	63	63	—
Add: Bond redemption	—	—	—	—	—	—	—	—	—	10	—	10
Add: Pension settlement charge	3	3	—	—	1	—	1	—	—	3	3	—
Add: Tax reform	—	—	—	—	394	394	—	—	—	—	—	—
Add: Argentina currency devaluation	10	10	—	—	—	—	—	—	—	—	—	—
Add: Transaction costs	57	19	21	17	48	14	13	15	6	—	—	—
Total adjustments	71	32	21	18	443	408	14	15	6	76	66	10
Adjusted net income - Praxair, Inc.	\$ 1,474	\$ 493	\$ 501	\$ 480	\$ 1,690	\$ 441	\$ 433	\$ 421	\$ 395	\$ 1,576	\$ 405	\$ 366
Reported percentage change	16 %	10 %										
Adjusted percentage change	18 %	14 %										
Adjusted Diluted EPS												
Reported diluted EPS	\$ 4.82	\$ 1.58	\$ 1.65	\$ 1.59	\$ 4.32	\$ 0.11	\$ 1.45	\$ 1.41	\$ 1.35	\$ 5.21	\$ 1.18	\$ 1.24
Add: Cost reduction program and other charges, net	—	—	—	—	—	—	—	—	—	0.22	0.22	—
Add: Bond redemption	—	—	—	—	—	—	—	—	—	0.04	—	0.04
Add: Pension settlement charge	0.01	0.01	—	—	—	—	—	—	—	0.01	0.01	—
Add: Tax reform	—	—	—	—	1.36	1.36	—	—	—	—	—	—
Add: Argentina currency devaluation	0.03	0.03	—	—	—	—	—	—	—	—	—	—
Add: Transaction costs	0.20	0.07	0.07	0.06	0.17	0.05	0.05	0.05	0.02	—	—	—
Total adjustments	0.24	0.11	0.07	0.06	1.53	1.41	0.05	0.05	0.02	0.27	0.23	0.04
Adjusted diluted EPS	\$ 5.06	\$ 1.69	\$ 1.72	\$ 1.65	\$ 5.85	\$ 1.52	\$ 1.50	\$ 1.46	\$ 1.37	\$ 5.48	\$ 1.41	\$ 1.28
Reported percentage change	14 %	9 %										
Adjusted percentage change	17 %	13 %										

Non-GAAP Measures, continued

	2018			2017			2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2

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

Operating cash flow	\$ 871	\$ 790	\$ 688	\$ 836	\$ 794	\$ 701	\$ 710	\$ 726	\$ 788	\$ 706	\$ 569
Less: capital expenditures	(380)	(351)	(325)	(339)	(320)	(325)	(327)	(409)	(376)	(357)	(323)
Free Cash Flow	\$ 491	\$ 439	\$ 363	\$ 497	\$ 474	\$ 376	\$ 383	\$ 317	\$ 412	\$ 349	\$ 246

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	\$ 380	\$ 351	\$ 325	\$ 320	\$ 325	\$ 327	\$ 409	\$ 376	\$ 357	\$ 323
Less: backlog capex (a)	(182)	(142)	(100)	(70)	(108)	(94)	(140)	(147)	(126)	(115)
Base Capex	\$ 198	\$ 209	\$ 225	\$ 250	\$ 217	\$ 233	\$ 269	\$ 229	\$ 231	\$ 208
Operating cash flow	\$ 871	\$ 790	\$ 688	\$ 794	\$ 701	\$ 710	\$ 726	\$ 788	\$ 706	\$ 569
Less: base capex	(198)	(209)	(225)	(250)	(217)	(233)	(269)	(229)	(231)	(208)
Available Operating Cash Flow	\$ 673	\$ 581	\$ 463	\$ 544	\$ 484	\$ 477	\$ 457	\$ 559	\$ 475	\$ 361

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

Net Debt, Capital and Debt-to-Capital Ratio - The debt-to-capital ratio is a measure used by investors, financial analysts and management to provide a measure of financial leverage and insights into how the company is financing its operations.

Debt	\$ 8,312	\$ 8,458	\$ 8,842	\$ 9,000	\$ 9,237	\$ 9,367	\$ 9,368	\$ 9,515	\$ 9,842	\$ 9,956	\$ 9,404
Less: cash and cash equivalents	(600)	(479)	(545)	(617)	(607)	(535)	(519)	(524)	(627)	(567)	(221)
Net debt	7,712	7,979	8,297	8,383	8,630	8,832	8,849	8,991	9,215	9,389	9,183
Equity and redeemable noncontrolling interests:											
Redeemable noncontrolling interests	15	14	13	11	11	10	10	11	11	12	119
Praxair, Inc. shareholders' equity	6,232	6,027	6,368	6,018	6,256	5,807	5,529	5,021	5,245	5,140	4,888
Noncontrolling interests	503	501	516	493	475	453	436	420	393	407	417
Total equity and redeemable noncontrolling interests	6,750	6,542	6,897	6,522	6,742	6,270	5,975	5,452	5,649	5,559	5,424
Capital	\$ 14,462	\$ 14,521	\$ 15,194	\$ 14,905	\$ 15,372	\$ 15,102	\$ 14,824	\$ 14,443	\$ 14,864	\$ 14,948	\$ 14,607
Debt-to-capital	53.3 %	54.9 %	54.6 %	56.2 %	56.1 %	58.5 %	59.7 %	62.3 %	62.0 %	62.8 %	62.9 %

Non-GAAP Measures, continued

	2018			2017				2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1 (a)
After-tax Return on Capital and Adjusted 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 Praxair, Inc. shareholders' equity).											
Reported net income - Praxair, Inc.	\$ 461	\$ 480	\$ 462	\$ 33	\$ 419	\$ 406	\$ 389	\$ 406	\$ 339	\$ 399	\$ 356
Add: noncontrolling interests	19	19	10	16	16	14	15	13	5	10	10
Add: interest expense - net	40	44	46	41	41	38	41	38	43	44	65
Less: tax benefit on interest expense - net *	(10)	(11)	(11)	(11)	(11)	(11)	(12)	(10)	(12)	(12)	(20)
Net operating profit after-tax (NOPAT)	\$ 510	\$ 532	\$ 507	\$ 79	\$ 465	\$ 447	\$ 433	\$ 447	\$ 375	\$ 441	\$ 411
Pre-tax Adjustments:											
Add: Cost reduction program and other charges, net	—	—	—	—	—	—	—	—	96	—	—
Add: Pension settlement charge	4	—	—	—	2	—	—	—	4	—	—
Add: Argentina currency devaluation	10	—	—	—	—	—	—	—	—	—	—
Add: Transaction costs	21	24	19	17	14	15	6	—	—	—	—
Less: income taxes on pre-tax adjustments	(3)	(3)	(2)	(3)	—	—	—	—	(29)	—	—
Add: Tax reform net income tax charge	—	—	—	394	—	—	—	—	—	—	—
Adjusted NOPAT	\$ 542	\$ 553	\$ 524	\$ 487	\$ 481	\$ 462	\$ 439	\$ 447	\$ 446	\$ 441	\$ 411
4-quarter trailing NOPAT	\$ 1,628	\$ 1,583	\$ 1,497	\$ 1,424	\$ 1,792	\$ 1,702	\$ 1,696	\$ 1,674	\$ 1,688	\$ 1,751	\$ 1,658
4-quarter trailing adjusted NOPAT	\$ 2,106	\$ 2,045	\$ 1,953	\$ 1,869	\$ 1,829	\$ 1,794	\$ 1,773	\$ 1,745	\$ 1,759	\$ 1,769	\$ 1,789
Ending capital (see above)	\$ 14,462	\$ 14,521	\$ 15,194	\$ 14,905	\$ 15,372	\$ 15,102	\$ 14,824	\$ 14,443	\$ 14,864	\$ 14,948	\$ 14,607
5-quarter average ending capital	\$ 14,891	\$ 15,019	\$ 15,079	\$ 14,929	\$ 14,921	\$ 14,836	\$ 14,737	\$ 14,570	\$ 14,513	\$ 14,480	\$ 14,451
After-tax ROC (4-quarter trailing NOPAT / 5-quarter average capital)	11.3 %	10.5 %	9.9 %	9.5 %	12.0 %	11.5 %	11.5 %	11.5 %	11.6 %	12.1 %	11.5 %
Adjusted after-tax ROC (4-quarter trailing adjusted NOPAT / 5-quarter average capital)	14.1 %	13.6 %	13.0 %	12.5 %	12.3 %	12.1 %	12.0 %	12.0 %	12.1 %	12.2 %	12.4 %

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

EBITDA, Adjusted EBITDA, EBITDA Margin and Adjusted EBITDA Margin - These measures are used by investors, financial analysts and management to assess a company's profitability.

Reported net income - Praxair, Inc.	\$ 461	\$ 480	\$ 462	\$ 33	\$ 419	\$ 406	\$ 389	\$ 406	\$ 339	\$ 399	\$ 356
Add: noncontrolling interests	19	19	10	16	16	14	15	13	5	10	10
Add: interest expense - net	40	44	46	41	41	38	41	38	43	44	65
Add: net pension and OPEB cost (benefit), excluding service	6	2	2	3	6	2	(15)	(1)	8	2	—
Add: income taxes	156	158	148	558	162	157	149	152	120	146	133
Add: depreciation and amortization	306	311	311	307	298	292	287	285	284	281	272
EBITDA	\$ 988	\$ 1,014	\$ 979	\$ 958	\$ 942	\$ 909	\$ 866	\$ 893	\$ 799	\$ 882	\$ 836
Adjustments:											
Add: Cost reduction program and other charges, net	—	—	—	—	—	—	—	—	96	—	—
Add: Argentina currency devaluation	10	—	—	—	—	—	—	—	—	—	—
Add: Transaction costs	21	24	19	17	14	15	6	—	—	—	—
Adjusted EBITDA	\$ 1,019	\$ 1,038	\$ 998	\$ 975	\$ 956	\$ 924	\$ 872	\$ 893	\$ 895	\$ 882	\$ 836
Reported sales	\$ 3,024	\$ 3,061	\$ 2,999	\$ 2,953	\$ 2,922	\$ 2,834	\$ 2,728	\$ 2,644	\$ 2,716	\$ 2,665	\$ 2,509
EBITDA margin	32.7 %	33.1 %	32.6 %	32.4 %	32.2 %	32.1 %	31.7 %	33.8 %	29.4 %	33.1 %	33.3 %
Adjusted EBITDA margin	33.7 %	33.9 %	33.3 %	33.0 %	32.7 %	32.6 %	32.0 %	33.8 %	33.0 %	33.1 %	33.3 %

(a) 2016 first quarter operating cash flow was restated for the reclassification of \$16 million cash payment related to the bond redemption from operating cash flow to financing cash flow on the statement of cash flow pursuant to new accounting guidance adopted in the first quarter of 2018 relating to the classification of certain cash receipts and payments.

Sustainable Development Highlights

BEST-IN-CLASS SAFETY PERFORMANCE



20x BETTER than US OSHA
Industrial Average Lost
Workday Case Rate

Praxair applications enabled

**2X more GHG emissions
to be avoided**

than were emitted from
all its operations

RECOGNITION

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM



355,000

global beneficiaries
from Praxair's
Community
Engagement Program

230 Million

people globally
served
by water
applications



400+ sites

PARTICIPATED IN
PRAXAIR'S

**Zero Waste
Program**



Praxair's Global Giving Program supported 1,000 organizations in 31 countries around the world

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