



Linde plc

Full Year 2017 & 9 month 2018 Financials

January 8, 2019

Making our world more productive



Full Year 2017 Pro Forma Income Statement (1)



USGAAP (\$MM)	Praxair	Linde AG	Divestitures	Purchase Accounting	Other Adjustments	Pro Forma Combined	Non-GAAP (2)	Adjusted Pro Forma (2)
Sales	\$ 11,437	\$ 19,423	\$ (3,864)	\$ -	\$ (100)	\$ 26,896	\$ -	\$ 26,896
Cost of sales	6,455	12,219	(2,283)	-	(32)	16,359	-	16,359
Gross margin %	44%	37%	41%	-	68%	39%	-	39%
Depreciation and amortization	1,184	1,813	(422)	2,332	-	4,907	(2,332)	2,575
Research and development	93	101	-	-	2	196	-	196
Selling, general and administrative	1,207	2,538	(517)	-	151	3,379	-	3,379
Transaction costs and other charges	54	421	-	-	(157)	318	(318)	-
Other income (expenses) - net	4	206	(12)	-	(15)	183	(79)	104
Operating profit	2,448	2,537	(654)	(2,332)	(79)	1,920	2,571	4,491
Operating profit margin %	21%	13%	17%	-	-	7%	-	17%
Net pension & OPEB cost (benefit), excluding service cost	-	-	-	-	(236)	(236)	(2)	(238)
Interest expense - net	161	298	(76)	(117)	-	266	117	383
Income taxes	1,026	266	(83)	(652)	36	593	552	1,145
% Effective tax rate	45%	12%	14%	29%	23%	31%	22%	26%
Income from equity investments	47	93	(19)	(21)	-	100	21	121
Less: noncontrolling interests (3)	(61)	(108)	18	(86)	-	(237)	(79)	(316)
Income From continuing operations	\$ 1,247	\$ 1,958	\$ (496)	\$ (1,670)	\$ 121	\$ 1,160	\$ 1,846	\$ 3,006
Diluted shares outstanding						555,151	555,151	555,151
Diluted earnings per share						\$ 2.09	\$ 3.32	\$ 5.41
EBITDA (2)	3,679	4,443	(1,095)	(21)	(79)	6,927	260	7,187
% of Sales (2)	32.2%	22.9%	28.3%	-	-	25.8%	-	26.7%

(1) Amounts taken from the Form 8-K/A filed by Linde plc (ticker "LIN") on December 6, 2018 unless otherwise noted

(2) Non-GAAP measures - see appendix

(3) Purchase Accounting includes a \$165 million adjustment of 8% of Linde AG profit related to the 8% of Linde AG Shares which were not tendered in the Exchange Offer and are intended to be the subject of a cash merger squeeze-out

9 Month 2018 Pro Forma Income Statement (1)



USGAAP (\$MM)	Praxair	Linde AG	Divestitures	Purchase Accounting	Other Adjustments	Pro Forma Combined	Non-GAAP (2)	Adjusted Pro Forma (2)
Sales	\$ 9,084	\$ 15,204	\$ (3,063)	\$ -	\$ (66)	\$ 21,159	\$ -	\$ 21,159
Cost of sales	5,114	9,472	(1,816)	-	(66)	12,704	-	12,704
Gross margin %	44%	38%	41%	-	-	40%	-	40%
Depreciation and amortization	928	1,419	(304)	1,749	-	3,792	(1,749)	2,043
Research and development	71	79	-	-	-	150	-	150
Selling, general and administrative	911	2,137	(359)	-	-	2,689	-	2,689
Transaction costs and other charges	74	162	(1)	-	(226)	9	(9)	-
Other income (expenses) - net	25	214	(11)	-	-	228	(81)	147
Operating profit	2,011	2,149	(594)	(1,749)	226	2,043	1,677	3,720
Operating profit margin %	22%	14%	19%	-	-	10%	-	18%
Net pension & OPEB cost (benefit), excluding service cost	10	(156)	(1)	-	-	(147)	(4)	(151)
Interest expense - net	130	152	(56)	(88)	-	138	88	226
Income taxes	462	535	(99)	(489)	53	462	489	951
% Effective tax rate	25%	25%	18%	29%	23%	23%	31%	26%
Income from equity investments	42	67	(22)	(15)	-	72	15	87
Less: noncontrolling interests (3)	(48)	(92)	18	(76)	-	(198)	(59)	(257)
Income from continuing operations	\$ 1,403	\$ 1,593	\$ (442)	\$ (1,263)	\$ 173	\$ 1,464	\$ 1,060	\$ 2,524
Diluted shares outstanding						555,151	555,151	555,151
Diluted earnings per share						\$ 2.64	\$ 1.91	\$ 4.55
EBITDA (2)	2,981	3,635	(920)	(15)	226	5,907	(57)	5,850
% of Sales (2)	32.8%	23.9%	30.0%	-	-	27.9%	-	27.6%

(1) Amounts taken from the Form 8-K/A filed by Linde plc (ticker "LIN") on December 6, 2018 unless otherwise noted

(2) Non-GAAP measures - see appendix

(3) Purchase Accounting includes a \$135 million adjustment of 8% of Linde AG profit related to the 8% of Linde AG Shares which were not tendered in the Exchange Offer and are intended to be the subject of a cash merger squeeze-out

September 2018 Pro Forma Balance Sheet (1)



USGAAP (\$MM)	Praxair	Linde AG	Divestitures	Purchase Accounting	Other Adjustments	Pro Forma Combined
Cash and cash equivalents	\$ 600	\$ 1,445	\$ 6,993	\$ -	\$ -	\$ 9,038
Accounts receivable - net	1,852	3,105	(598)	-	(78)	4,281
Inventories	622	1,471	(281)	412	-	2,224
Property, plant and equipment - net	11,725	13,000	(3,042)	7,952	(211)	29,424
Goodwill	3,201	13,514	(2,822)	12,963	-	26,856
Other intangible assets - net	513	2,236	(133)	14,926	211	17,753
Net assets held for sale	-	6	683	-	-	689
All other assets	1,466	3,234	(589)	416	78	4,605
Total Assets	\$ 19,979	\$ 38,011	\$ 211	\$ 36,669	\$ -	\$ 94,870
Accounts payable	\$ 978	\$ 3,227	\$ (365)	\$ -	\$ 114	\$ 3,954
Other liabilities	3,939	7,953	(909)	5,544	(10)	16,517
Total debt	8,312	9,101	(1,325)	332	-	16,420
Redeemable noncontrolling interests	15	-	-	-	-	15
Noncontrolling interests (3)	503	810	(195)	4,425	-	5,543
Total Shareholders' Equity	6,232	16,920	3,005	26,368	(104)	52,421
Total Liabilities and Equity	\$ 19,979	\$ 38,011	\$ 211	\$ 36,669	\$ -	\$ 94,870
Net Debt (2)						\$ 7,382

(1) Amounts derived from the Form 8-K/A filed by Linde plc (ticker "LIN") on December 6, 2018 unless otherwise noted

(2) Non-GAAP measures - see appendix

(3) Purchase Accounting includes \$3.2 billion for the 8% of Linde AG Shares which were not tendered in the Exchange Offer and are intended to be the subject of a cash-merger squeeze-out

Appendix



Non-GAAP Measures



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 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 items listed below.

	Year-to-date September 30, 2018	Year 2017
<u>Adjusted Pro Forma Depreciation and Amortization</u>		
Reported Pro Forma Depreciation and amortization	\$ 3,792	\$ 4,907
Less: Purchase Accounting	(1,749)	(2,332)
Adjusted Pro Forma Depreciation and Amortization	<u>\$ 2,043</u>	<u>\$ 2,575</u>
<u>Adjusted Transaction Costs and Other Charges</u>		
Reported Transaction Costs and Other Charges	\$ 9	\$ 318
Less: Argentina Devaluation - Praxair	(9)	-
Less: Lift Restructuring Costs - Linde AG	-	(318)
Adjusted Transaction Costs and Other Charges	<u>\$ -</u>	<u>\$ -</u>
<u>Adjusted Pro Forma Other Income (Expense) - net</u>		
Reported Pro Forma Other Income (Expense) - net	\$ 228	\$ 183
Less: Gain associated with an asset disposal in APAC - Linde AG	(30)	(79)
Less: Gain associated with Tega Wurzburg business sale - Linde AG	(51)	-
Total adjustments	<u>(81)</u>	<u>(79)</u>
Adjusted Pro Forma Other Income (Expense) - net	<u>\$ 147</u>	<u>\$ 104</u>
<u>Adjusted Pro Forma Operating Profit and Operating Profit Margin</u>		
Reported Pro Forma Operating Profit	\$ 2,043	\$ 1,920
Add: Purchase Accounting	1,749	2,332
Add: Lift Restructuring Costs - Linde AG	-	318
Add: Argentina Devaluation - Praxair	9	-
Less: Gain associated with an asset disposal in APAC - Linde AG	(30)	(79)
Less: Gain associated with Tega Wurzburg business sale - Linde AG	(51)	-
Total adjustments	<u>1,677</u>	<u>2,571</u>
Adjusted Pro Forma Operating Profit	<u>\$ 3,720</u>	<u>\$ 4,491</u>
Reported Pro Forma Sales	\$ 21,159	\$ 26,896
Proforma Operating Profit Margin	18%	17%

Non-GAAP Measures (continued)



	Year-to-date September 30, 2018	Year 2017
<u>Adjusted Pro Forma Net pension & OPEB cost (benefit), excluding service cost</u>		
Reported Pro Forma Net pension & OPEB cost (benefit), excluding service cost	\$ (147)	\$ (236)
Less: Pension Settlement Charge - Praxair	(4)	(2)
Adjusted Pro Forma Net pension & OPEB cost (benefit), excluding service cost	<u>\$ (151)</u>	<u>\$ (238)</u>
<u>Adjusted Pro Forma Interest Expense - net</u>		
Reported Pro Forma Interest Expense - net	\$ 138	\$ 266
Add: Purchase Accounting	88	117
Adjusted Pro Forma Interest Expense - net	<u>\$ 226</u>	<u>\$ 383</u>
<u>Adjusted Pro Forma Income Taxes</u>		
Reported Pro Forma Income Taxes	\$ 462	\$ 593
Add: Purchase Accounting	489	652
Add: Lift Restructuring Costs - Linde AG	-	88
Add: Argentina Devaluation - Praxair	-	-
Add: Pension Settlement Charge - Praxair	1	1
Less: Tax Reform - Praxair	-	(394)
Add: Tax Reform - Linde AG	-	205
Less: Gain associated with Tega Wurzburg business sale - Linde AG	(1)	-
Total adjustments	<u>489</u>	<u>552</u>
Adjusted Pro Forma income taxes	<u>\$ 951</u>	<u>\$ 1,145</u>

Non-GAAP Measures (continued)



	Year-to-date September 30, 2018	Year 2017
<u>Adjusted Pro Forma Effective Tax Rate</u>		
Reported Pro Forma Operating Profit	\$ 2,043	\$ 1,920
Less: Pro Forma Net pension & OPEB cost (benefit), excluding service cost	(147)	(236)
Less: Pro Forma Interest expense - net	138	266
Total adjustments	<u>(9)</u>	<u>30</u>
Pro Forma Income Before Income Taxes and Equity Investments	2,052	1,890
Add: Purchase Accounting (Operating Profit)	1,749	2,332
Add: Lift Restructuring Costs - Linde AG	-	318
Add: Argentina Devaluation - Praxair	9	-
Less: Gain associated with an asset disposal in APAC - Linde AG	(30)	(79)
Less: Gain associated with Tega Wurzburg business sale - Linde AG	(51)	-
Less: Purchase Accounting (interest expense - net)	(88)	(117)
Add: Pension Settlement Charge - Praxair	4	2
Total adjustments	<u>1,593</u>	<u>2,456</u>
Adjusted Pro Forma Income Before Income Taxes and Equity Investments	<u>\$ 3,645</u>	<u>\$ 4,346</u>
Reported Pro Forma Effective Tax Rate	23%	31%
Adjusted Pro Forma Effective Tax Rate	26%	26%
<u>Adjusted Pro Forma Income From Equity Investments</u>		
Reported Pro Forma Income From Equity Investments	\$ 72	\$ 100
Less: Purchase Accounting	15	21
Adjusted Pro Forma Income From Equity Investments	<u>\$ 87</u>	<u>\$ 121</u>
<u>Adjusted Pro Forma Noncontrolling Interests</u>		
Reported Pro Forma Noncontrolling Interest	\$ (198)	\$ (237)
Less: Purchase Accounting	(59)	(79)
Adjusted Pro Forma Noncontrolling Interest	<u>\$ (257)</u>	<u>\$ (316)</u>

Non-GAAP Measures (continued)



	Year-to-date September 30, 2018	Year 2017
<u>Adjusted Pro Forma Net Income - Linde plc</u>		
Reported Pro Forma Net Income - Linde plc	\$ 1,464	\$ 1,160
Add: Purchase Accounting	1,128	1,505
Add: Lift Restructuring Costs - Linde AG	-	230
Add: Argentina Devaluation - Praxair	9	-
Less: Gain associated with an asset disposal in APAC - Linde AG	(30)	(79)
Less: Gain associated with Tega Wurzburg business sale - Linde AG	(50)	-
Add: Pension Settlement Charge - Praxair	3	1
Add: Tax Reform - Praxair	-	394
Less: Tax Reform - Linde AG	-	(205)
Total adjustments	<u>1,060</u>	<u>1,846</u>
Adjusted Pro Forma Net Income - Linde plc	<u><u>\$ 2,524</u></u>	<u><u>\$ 3,006</u></u>
<u>Adjusted Pro Forma Diluted EPS</u>		
Reported Pro Forma Diluted EPS	\$ 2.64	\$ 2.09
Add: Purchase Accounting	2.02	2.71
Add: Lift Restructuring Costs - Linde AG	-	0.41
Add: Argentina Devaluation - Praxair	0.02	-
Less: Gain associated with an asset disposal in APAC - Linde AG	(0.05)	(0.14)
Less: Gain associated with Tega Wurzburg business sale - Linde AG	(0.09)	-
Add: Pension Settlement Charge - Praxair	0.01	-
Add: Tax Reform - Praxair	-	0.71
Less: Tax Reform - Linde AG	-	(0.37)
Total adjustments	<u>1.91</u>	<u>3.32</u>
Adjusted Pro Forma Diluted EPS	<u><u>\$ 4.55</u></u>	<u><u>\$ 5.41</u></u>

Non-GAAP Measures (continued)



Net Debt Calculation - September 30, 2018

Total Debt	\$ 16,420
Less: cash and cash equivalents	(9,038)
Net debt	<u>7,382</u>

**Year-to-date
September 30,
2018**

**Year
2017**

Adjusted EBITDA

Pro Forma Net Income	\$ 1,464	\$ 1,160
Add: Pro Forma Noncontrolling Interests	198	237
Add: Pro Forma Interest Expense - net	138	266
Add: Pro Forma Net pension & OPEB cost (benefit), excluding service cost	(147)	(236)
Add: Pro Forma Income Taxes	462	593
Add: Pro Forma Depreciation and Amortization	3,792	4,907
Reported Pro Forma EBITDA	<u>\$ 5,907</u>	<u>\$ 6,927</u>
Adjustments		
Add: Purchase Accounting - Equity Investments	15	21
Add: Lift Restructuring Costs - Linde AG	-	318
Add: Argentina Devaluation - Praxair	9	-
Less: Gain associated with an asset disposal in APAC - Linde AG	(30)	(79)
Less: Gain associated with Tega Wurzburg business sale - Linde AG	(51)	-
Adjusted Pro Forma EBITDA	<u>\$ 5,850</u>	<u>\$ 7,187</u>

Reported Pro Forma Sales	21,159	26,896
Reported Pro Forma EBITDA margin	27.9%	25.8%
Adjusted Pro Forma EBITDA margin	27.6%	26.7%