



# Conference Call Q1 2017 Results

Leading.



THE LINDE GROUP

28 April 2017

# Disclaimer



## Additional Information and Where to Find It

Should Praxair, Inc. (“Praxair”) and Linde AG (“Linde”) proceed with the proposed business combination transaction, Praxair and Linde expect that a newly formed holding company (“New Holdco”) will file a Registration Statement on Form S-4 or Form F-4 with the U.S. Securities and Exchange Commission (“SEC”) that will include (1) a proxy statement of Praxair that will also constitute a prospectus for New Holdco and (2) an offering prospectus of New Holdco to be used in connection with New Holdco’s offer to acquire Linde shares held by U.S. holders. When available, Praxair will mail the proxy statement/prospectus to its stockholders in connection with the vote to approve the merger of Praxair and a wholly-owned subsidiary of New Holdco, and New Holdco will distribute the offering prospectus to Linde shareholders in the United States in connection with New Holdco’s offer to acquire all of the outstanding shares of Linde. Should Praxair and Linde proceed with the proposed business combination transaction, Praxair and Linde also expect that New Holdco will file an offer document with the German Federal Financial Supervisory Authority (*Bundesanstalt fuer Finanzdienstleistungsaufsicht*) (“BaFin”). There can be no assurance that a binding definitive agreement will be reached between Praxair and Linde, and the consummation of any binding transaction will be subject to regulatory approvals and other customary closing conditions.

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND THE OFFER DOCUMENT REGARDING THE PROPOSED BUSINESS COMBINATION TRANSACTION AND PROPOSED OFFER IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. You may obtain a free copy of the proxy statement/prospectus (if and when it becomes available) and other related documents filed by Praxair, Linde and New Holdco with the SEC on the SEC’s Web site at [www.sec.gov](http://www.sec.gov). The proxy statement/prospectus (if and when it becomes available) and other documents relating thereto may also be obtained for free by accessing Praxair’s Web site at [www.praxair.com](http://www.praxair.com). Following approval by the BaFin, the offer document will be made available at BaFin’s Web site at [www.bafin.de](http://www.bafin.de). The offer document (if and when it becomes available) and other documents relating thereto may also be obtained for free by accessing Linde’s Web site at [www.linde.com](http://www.linde.com).

This document is neither an offer to purchase nor a solicitation of an offer to sell shares of New Holdco, Praxair or Linde. The final terms and further provisions regarding the public offer will be disclosed in the offer document after the publication has been approved by the BaFin and in documents that will be filed with the SEC. No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted. The information contained herein should not be considered as a recommendation that any person should subscribe for or purchase any securities.

No offering of securities shall be made except by means of a prospectus meeting the requirements of the U.S. Securities Act of 1933, as amended, and applicable European and German regulations. The distribution of this document may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. No offering of securities will be made directly or indirectly, in or into any jurisdiction where to do so would be inconsistent with the laws of such jurisdiction.

## Participants in Solicitation

Praxair, Linde, New Holdco and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from Praxair’s stockholders in respect of the proposed business combination. Information regarding the persons who are, under the rules of the SEC, participants in the solicitation of the stockholders of Praxair in connection with the proposed transaction, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement/prospectus if and when it is filed with the SEC. Information regarding the directors and executive officers of Praxair is contained in Praxair’s Annual Report on Form 10-K for the year ended December 31, 2015 and its Proxy Statement on Schedule 14A, dated March 18, 2016, which are filed with the SEC and can be obtained free of charge from the sources indicated above.

## Forward-looking Statements

This communication includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on our beliefs and assumptions on the basis of factors currently known to us. 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. These forward-looking statements include, but are not limited to, statements regarding benefits of the proposed business combination, integration plans and expected synergies, and anticipated future growth, financial and operating performance and results. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted or expected. No assurance can be given that these forward-looking statements will prove accurate and correct, or that projected or anticipated future results will be achieved. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to: the expected timing and likelihood of the entry into, or the completion of the contemplated business combination, including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the contemplated business combination that could reduce anticipated benefits or cause the parties not to enter into, or to abandon the transaction; the occurrence of any event, change or other circumstances that could give rise to the termination of the proposed business combination agreement; the ability to successfully complete the proposed business combination and the exchange offer; regulatory or other limitations imposed as a result of the proposed business combination; the success of the business following the proposed business combination; the ability to successfully integrate the Praxair and Linde businesses; the possibility that Praxair stockholders may not approve the proposed business combination agreement or that the requisite number of Linde shares may not be tendered in the public offer; the risk that the parties may not be able to satisfy the conditions to closing of the proposed business combination in a timely manner or at all; risks related to disruption of management time from ongoing business operations due to the proposed business combination; the risk that the announcement or consummation of the proposed business combination could have adverse effects on the market price of Linde’s or Praxair’s common stock or the ability of Linde and Praxair to retain customers, retain or hire key personnel, maintain relationships with their respective suppliers and customers, and on their operating results and businesses generally; the risk that New Holdco may be unable to achieve expected synergies or that it may take longer or be more costly than expected to achieve those synergies; state, provincial, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an effect on rate structure, and affect the speed at and degree to which competition enters the industrial gas, engineering and healthcare industries; outcomes of litigation and regulatory investigations, proceedings or inquiries; the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates; general economic conditions, including the risk of a prolonged economic slowdown or decline, or the risk of delay in a recovery, which can affect the long-term demand for industrial gas, engineering and healthcare and related services; potential effects arising from terrorist attacks and any consequential or other hostilities; changes in environmental, safety and other laws and regulations; the development of alternative energy resources; results and costs of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general market and economic conditions; increases in the cost of goods and services required to complete capital projects; the effects of accounting pronouncements issued periodically by accounting standard-setting bodies; conditions of the debt and capital markets; market acceptance of and continued demand for Linde’s and Praxair’s products and services; changes in tax laws, regulations or interpretations that could increase Praxair’s, Linde’s or New Holdco’s consolidated tax liabilities; and such other factors as are set forth in Linde’s annual and interim financial reports made publicly available and Praxair’s and New Holdco’s public filings made with the SEC from time to time, including but not limited to those described under the headings “Risk Factors” and “Forward-Looking Statements” in Praxair’s Form 10-K for the fiscal year ended December 31, 2015, which are available via the SEC’s website at [www.sec.gov](http://www.sec.gov). The foregoing list of risk factors is not exhaustive. These risks, as well as other risks associated with the contemplated business combination, will be more fully discussed in the proxy statement/prospectus and the offering prospectus that will be included in the Registration Statement on Form S-4 or Form F-4 that will be filed with the SEC and in an offering document and/or any prospectuses or supplements to be filed with BaFin in connection with the contemplated business combination. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than Linde, Praxair or New Holdco has described. All such factors are difficult to predict and beyond our control. All forward-looking statements included in this document are based upon information available to Linde, Praxair and New Holdco on the date hereof, and each of Linde, Praxair and New Holdco disclaims and does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

# Agenda



**Part 1 – Operational & Financial Performance Q1 2017**

**Part 2 – Strategic Plan and Outlook**

**Appendix**

# Performance Q1 2017 Highlights

[EUR]		Q1 2016	Q1 2017	yoy [%]	yoy [%] adj.for FX
Revenue	[m]	4,115	4,385	+6.6	+4.2
Operating profit	[m]	985	1,041	+5.7	+3.1
Operating margin	[%]	23.9	23.7	-20bp	
Operating cash flow	[m]	873	653	-25.2	
EPS reported before special items (undiluted)		1.65	1.77	+7.3	

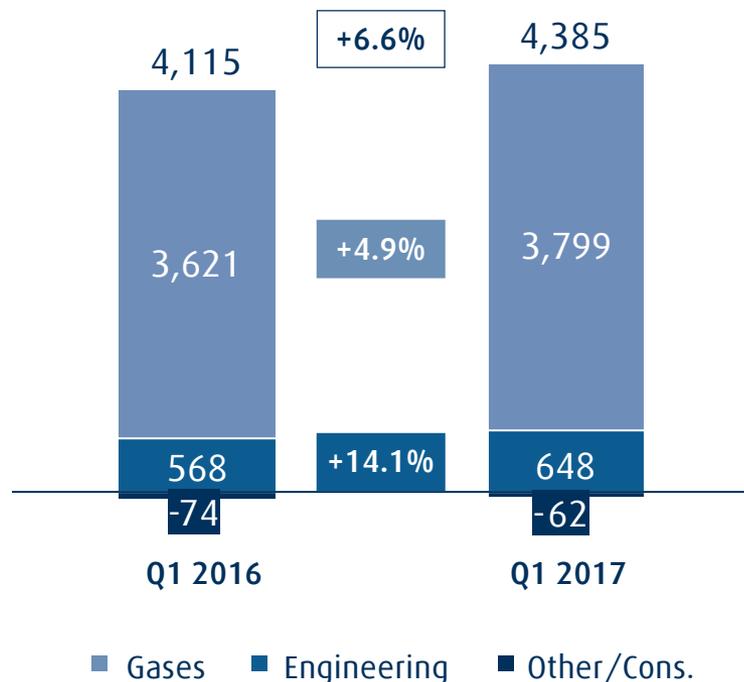
- Solid revenue growth driven by industrial gases business and higher contribution from Engineering
- Steady margins in both the Gases and Engineering Divisions
- Stable operating cash flow in Gases; year-on-year decline at Group level resulted from expected lower figure from advance payments in Engineering and higher cash taxes paid
- Special items of EUR 22m related to restructuring and planned merger

All figures from continuing operations  
Please see definitions of key financial figures in the appendix

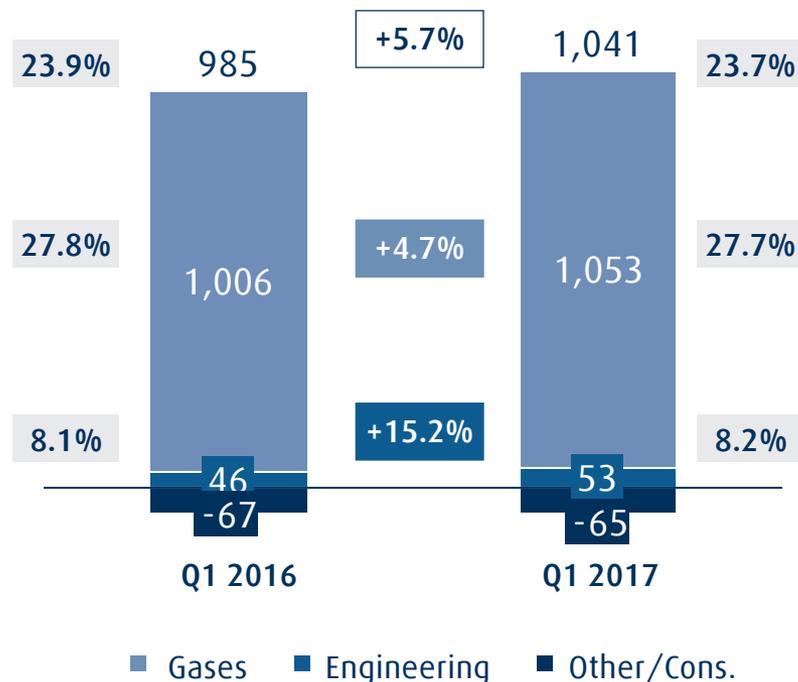
# Group | Revenue and operating profit by division

## Solid revenue growth in both Gases and Engineering

### Revenue [EUR m]



### Operating profit [EUR m]



#### Gases

Revenue driven by organic growth, currency and natural gas price effects

#### Engineering

Positive revenue development

#### Gases

Margin improvement of 20bp to 28% after adjusting for higher natural gas prices

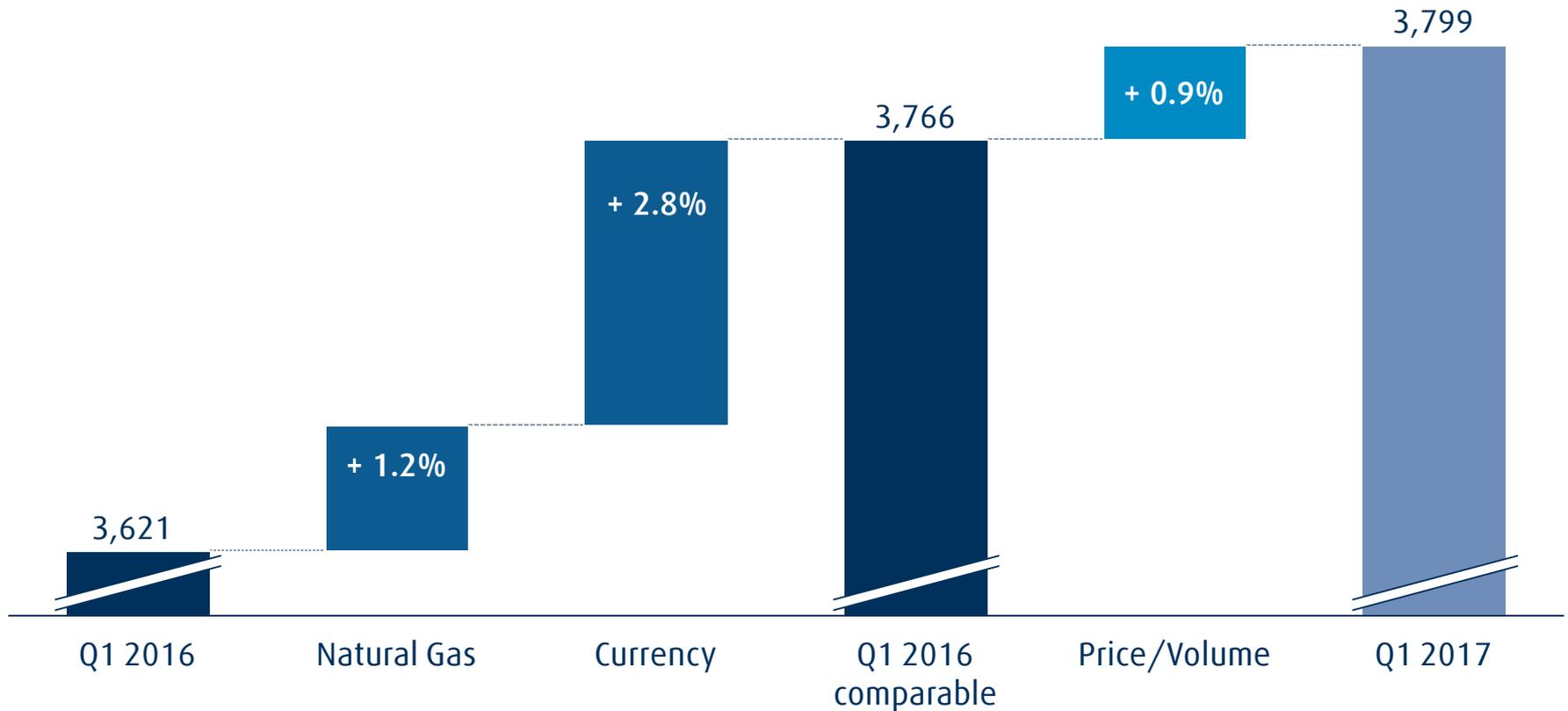
#### Engineering

Stable margin in line with guidance of around 8 percent

# Gases Division | Revenue bridge

Price/volume increase of 0.9 percent

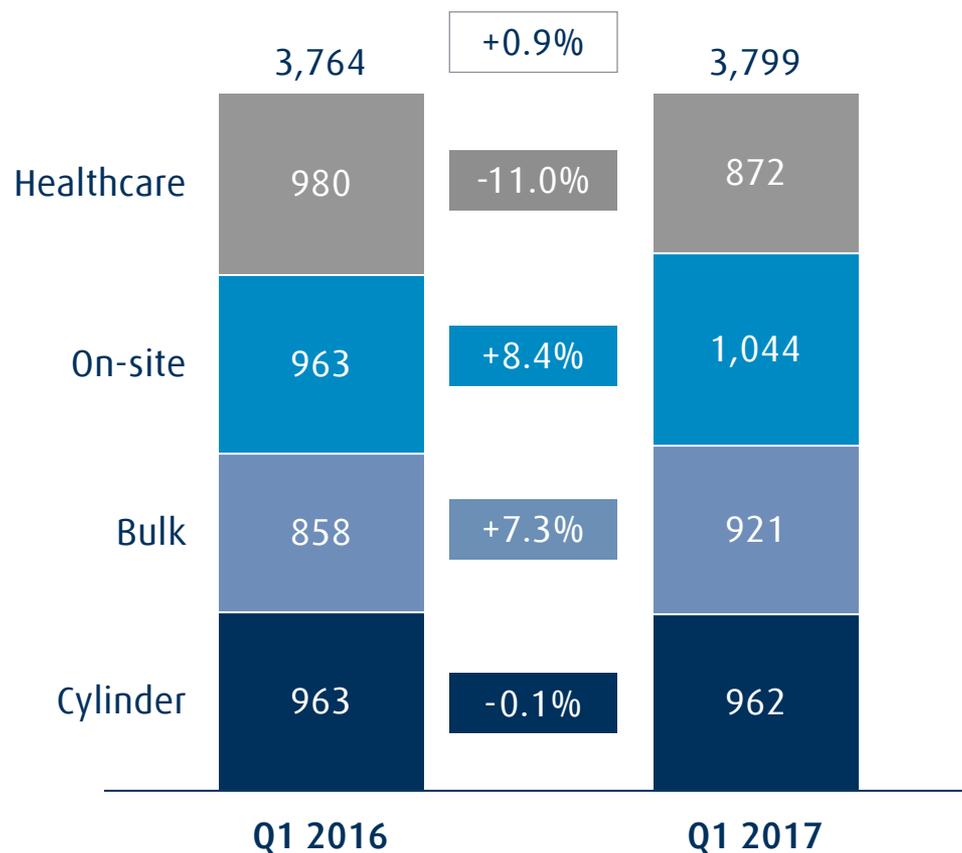
[EUR m]



# Gases Division | Revenue by product area

## Positive growth development in Q1 2017

Comparable growth\*  
[EUR m]



\*Excludes currency and natural gas price effects

### Comments / Additional effects



**Healthcare**  
Development impacted by Competitive Bidding and divestment of Specialty Pharma, -7.5% excluding consolidation effects



**On-site**  
Strong growth from start-ups and ramp-ups in all operating segments



**Bulk**  
Positive growth development in all geographies, most notably in Asia



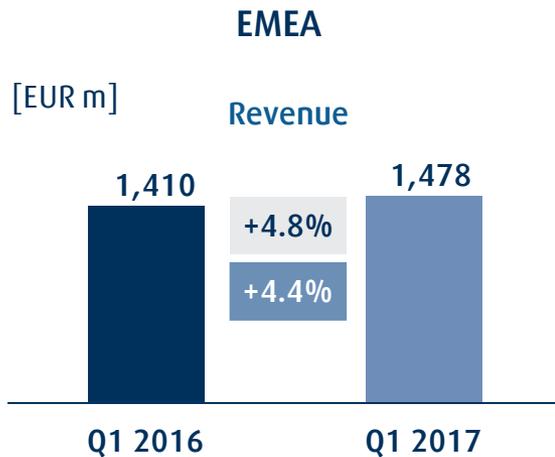
**Cylinder**  
Incremental improvement in growth restrained by Specialty Gases

# Gases Division | Revenue by operating segment

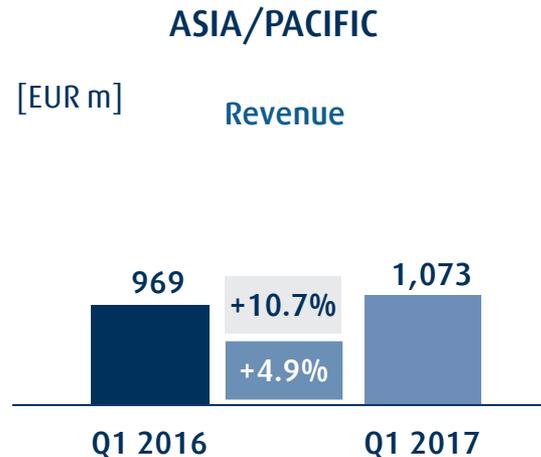
## Strong comparable growth in EMEA and Asia



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- Highest growth contribution from Northern Europe, Middle East and Eastern Europe
- Strongest growth development in On-site



- Positive growth development in Bulk in all regions
- 6.6% comparable growth in Asia
- Situation in South Pacific has stabilised on a low level

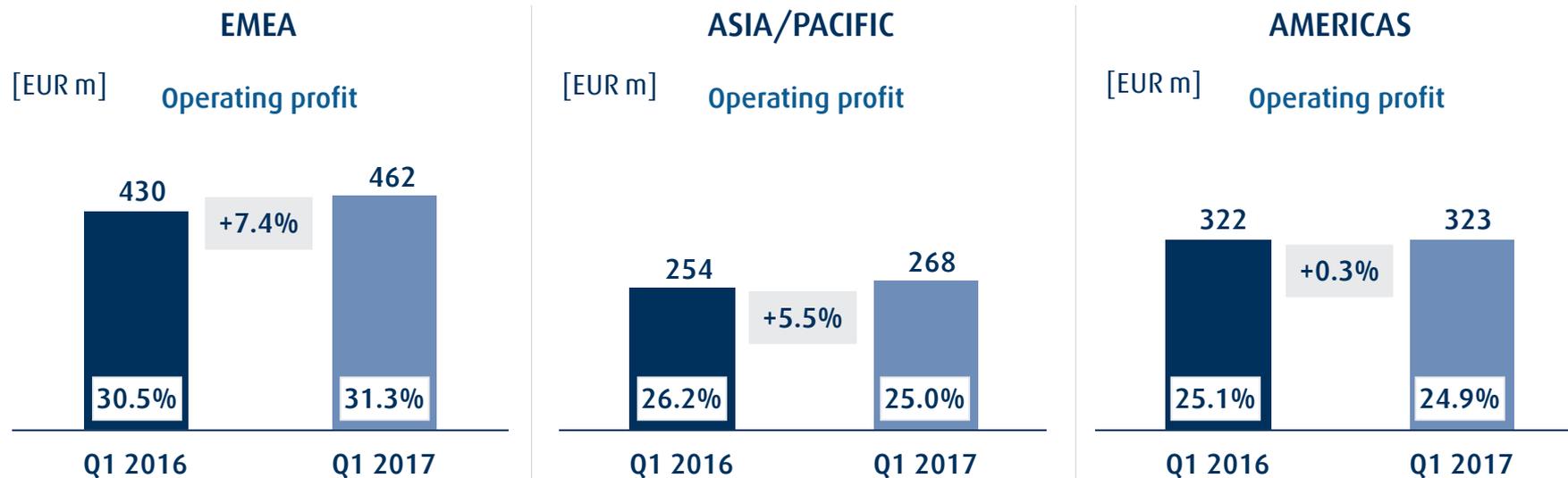


- Positive development in On-site and Bulk in North America
- Macro-economic situation in South America remains tepid
- Significant headwinds from Competitive Bidding, Specialty Pharma and Specialty Gases

■ Reported growth   ■ Comparable growth: excluding currency and natural gas price effects

# Gases Division | Operating profit by operating segment

## Operating profit margin of 27.7 percent



- Margin improvement in EMEA aided by growth and restructuring savings
- Steady underlying margin in Asia/Pacific after adjusting for an asset sale in Q1 2016
- Stable margin in Americas supported by positive On-site development but impacted by headwinds from Competitive Bidding and higher natural gas prices

■ Reported growth □ Operating profit margin

# Engineering Division | Key figures

Positive development in a challenging environment

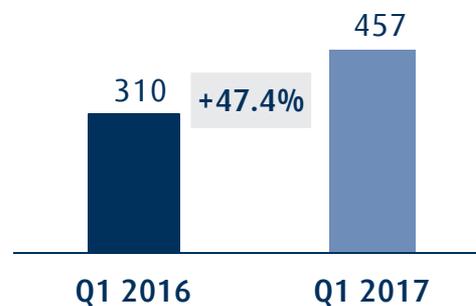


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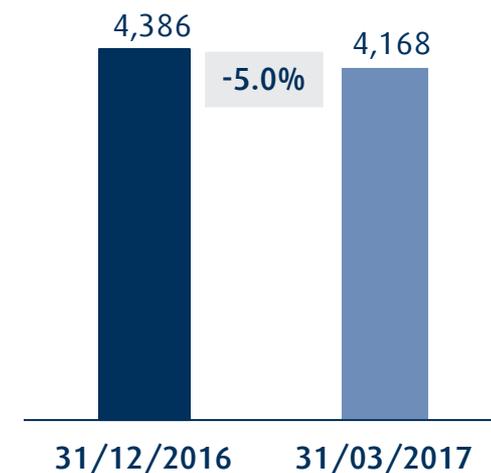


■ Reported growth    □ Operating profit margin

**Order intake**  
[EUR m]



**Order backlog**  
[EUR m]



- Increase in order intake despite low oil price environment and postponement of investment decisions in particular in the petrochemical industry
- Revenue development in line with progress of projects
- Order backlog remains on a high level

# Financial Performance | Key figures

## Net debt / operating profit ratio further reduced



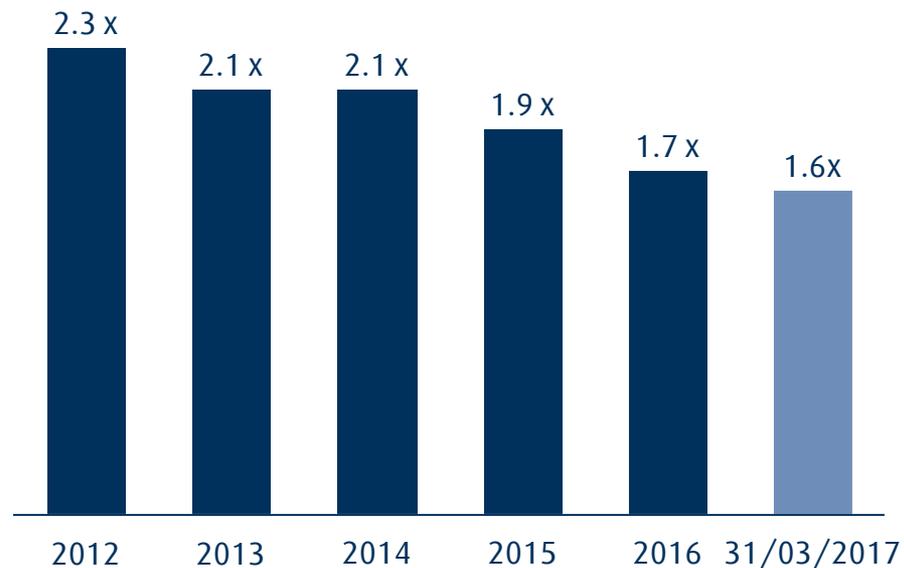
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### Operating cash flow

[EUR m]

	Q1 2016	Q1 2017
Operating profit	985	1,041
Change in working capital	18	-177
Income taxes paid	-36	-124
Other changes	-94	-87
<b>Operating cash flow from continuing operations</b>	<b>873</b>	<b>653</b>

### Net debt / operating profit



- Change in working capital attributed to lower level of prepayments received by the Engineering Division
- 18 January 2017 : Issuance of EUR 1bn senior bond with a duration of 5 years and a fixed coupon of 0.25 percent
- Lower net debt and increased profitability led to a reduction in net debt /operating profit ratio to 1.6 times

# Agenda



Part 1 – Operational & Financial Performance Q1 2017

Part 2 – Strategic Plan and Outlook

Appendix

# Strategic Plan

## On track to deliver targeted savings



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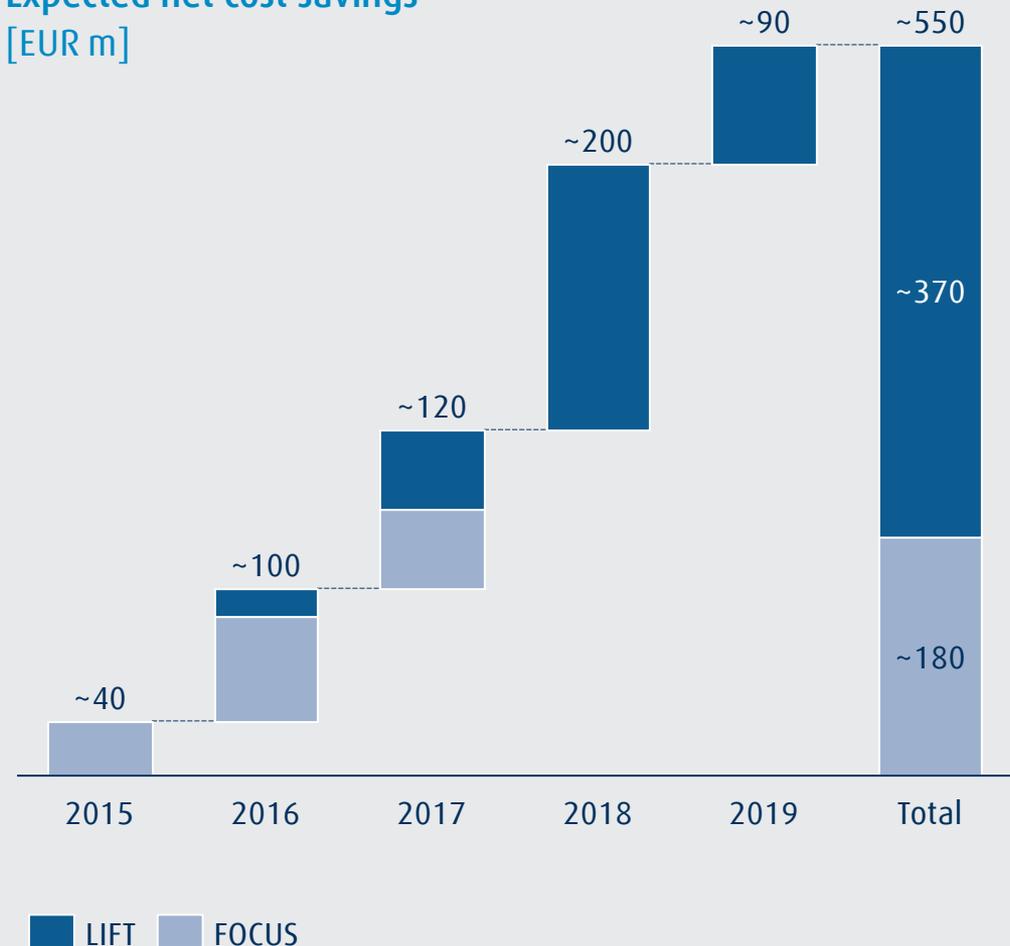
### LIFT (2016 – 2019)

- Restructuring programmes in EMEA, Asia/Pacific, Americas, Engineering and corporate functions under way
- Discussions with European and German employee representatives are at an advanced stage; associated measures have been launched
- Restructuring costs of EUR ~400m to be accounted for as special items by the end of 2017; EUR 116m recognized in 2016
- Special items of EUR 20m recognized in Q1 2017

### FOCUS (2015 – 2017)

- Implementation completed to deliver net cost savings of EUR ~180m by end of 2017

### Expected net cost savings [EUR m]



# Outlook 2017

## Guidance confirmed

2017	
<b>Group</b>	
Revenue	-3 to +3% versus 2016 adjusted for FX
Operating profit	±0 to +7% versus 2016 adjusted for FX
ROCE	9 to 10 percent
<b>Gases Division</b>	
Revenue	-2 to +3% versus 2016 adjusted for FX
Operating profit	±0 to +6% versus 2016 adjusted for FX
<b>Engineering Division</b>	
Revenue	EUR 2.0 to 2.4 billion
Operating margin	Around 8 percent

Please see definitions of key financial figures in the appendix, all figures from continuing operations

# Agenda

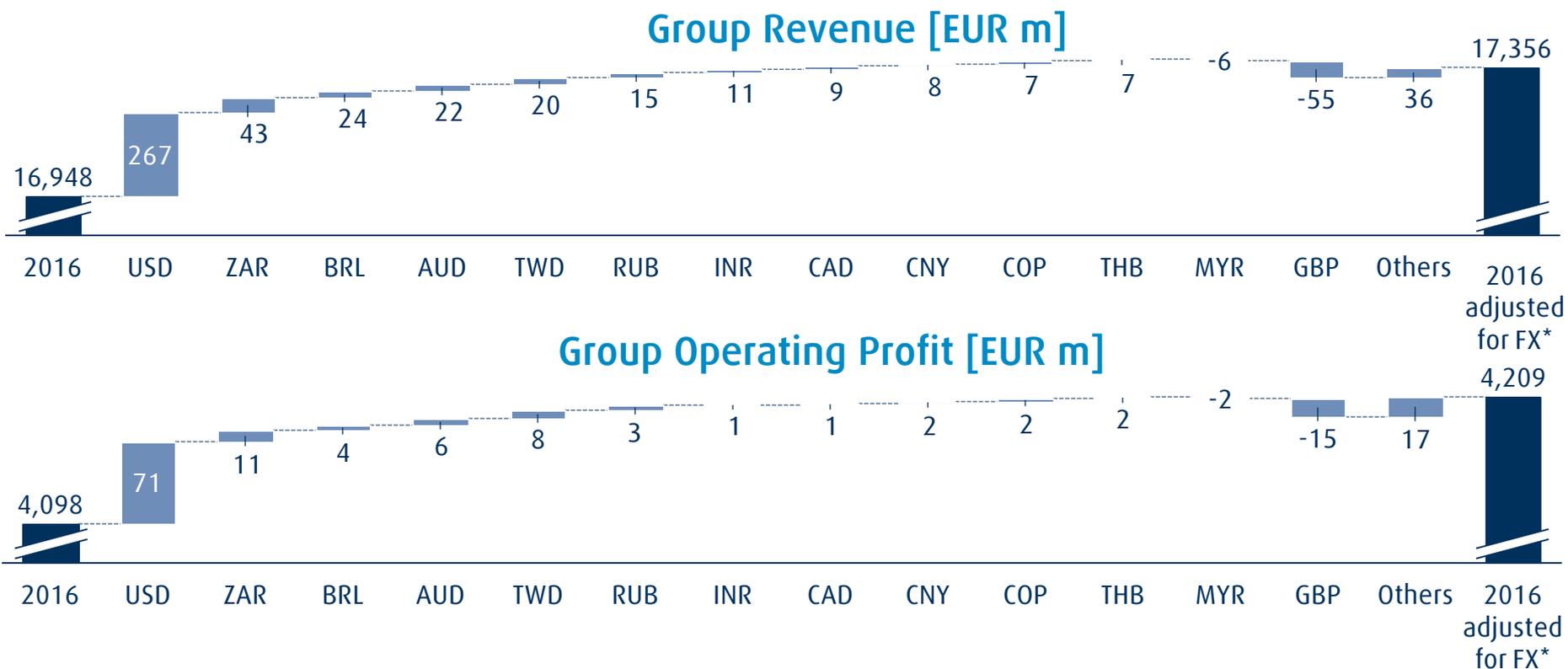


**Part 1 – Operational & Financial Performance Q1 2017**

**Part 2 – Strategic Plan and Outlook**

**Appendix**

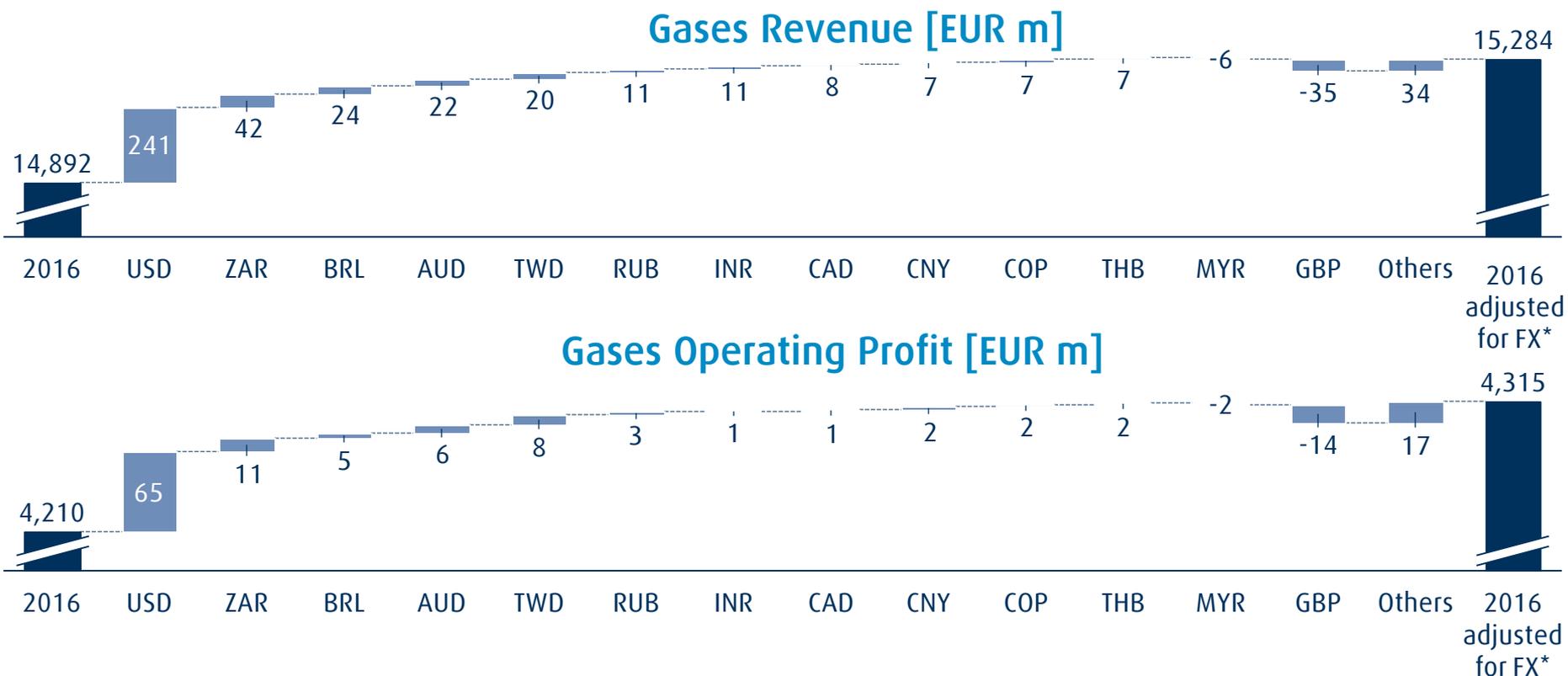
# Group | Potential currency impact on 2017 outlook



	USD	ZAR	BRL	AUD	TWD	RUB	INR	CAD	CNY	COP	THB	MYR	GBP
Average rate in 2016	1.107	16.27	3.855	1.489	35.69	74.14	74.37	1.466	7.353	3378	39.05	4.583	0.820
2016 adjusted for FX*	1.052	14.15	3.423	1.457	34.13	64.43	71.46	1.413	7.303	3157	37.70	4.717	0.852

All figures from continuing operations  
 \*Based on spot rates as of 31 December 2016

# Gases Division | Potential currency impact on 2017 outlook



	USD	ZAR	BRL	AUD	TWD	RUB	INR	CAD	CNY	COP	THB	MYR	GBP
Average rate in 2016	1.107	16.27	3.855	1.489	35.69	74.14	74.37	1.466	7.353	3378	39.05	4.583	0.820
2016 adjusted for FX*	1.052	14.15	3.423	1.457	34.13	64.43	71.46	1.413	7.303	3157	37.70	4.717	0.852

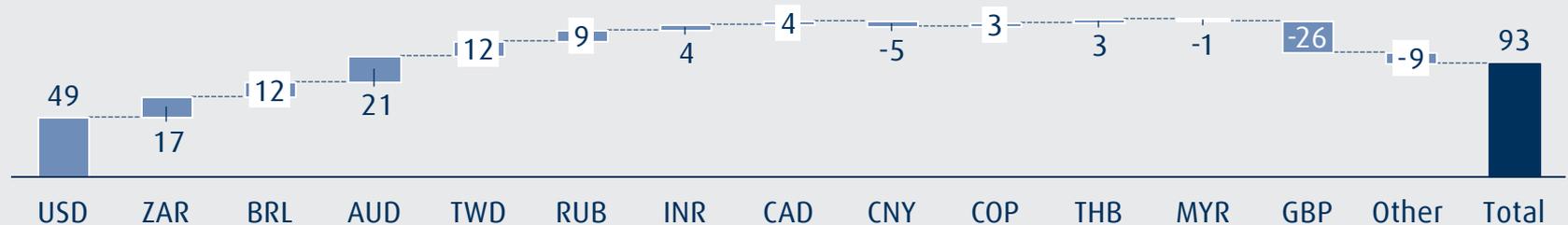
\*Based on spot rates as of 31 December 2016

# Group | Currency impact

## Impact on revenue and operating profit in Q1 2017

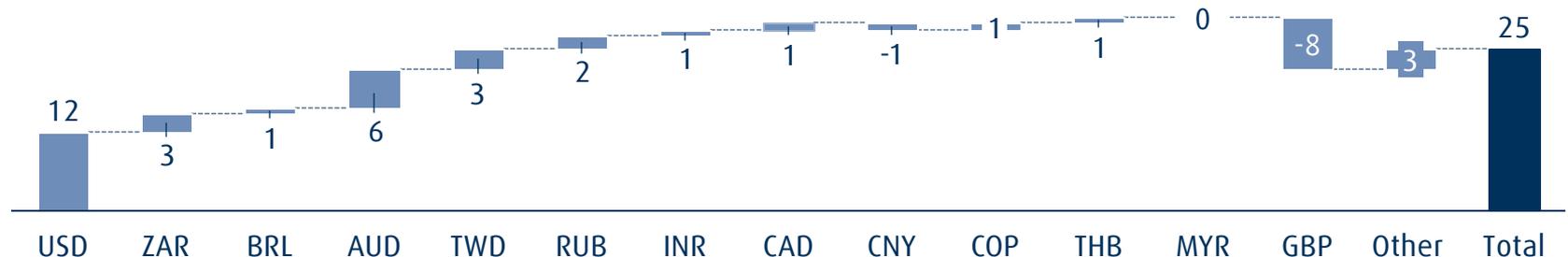
### Impact on Group revenue in Q1 2017

[EUR m]



### Impact on Group operating profit in Q1 2017

[EUR m]



# Group | Q1 2017

## Key P&L items

[EUR m]	Q1 2016	Q1 2017	Δ in %
<b>Revenue</b>	4,115	4,385	+6.6
<b>Operating profit</b>	985	1,041	+5.7
Operating margin	23.9	23.7	-20bp
PPA depreciation for BOC	-46	-43	+6.5
Depreciation & amortisation (excl. PPA BOC)	-408	-441	-8.1
Special items	0	-22	-
<b>EBIT (before special items)</b>	531	557	+4.9
Financial result	-89	-74	+16.9
Taxes	-109	-117	-7.3
Profit for the period – attributable to Linde AG shareholders	306	311	+1.6
<b>EPS – undiluted – reported [EUR]</b>	1.65	1.68	+1.8
<b>EPS – undiluted – before special items [EUR]</b>	1.65	1.77	+7.3

All figures from continuing operations

# Group | Q1 2017

## Cash flow statement



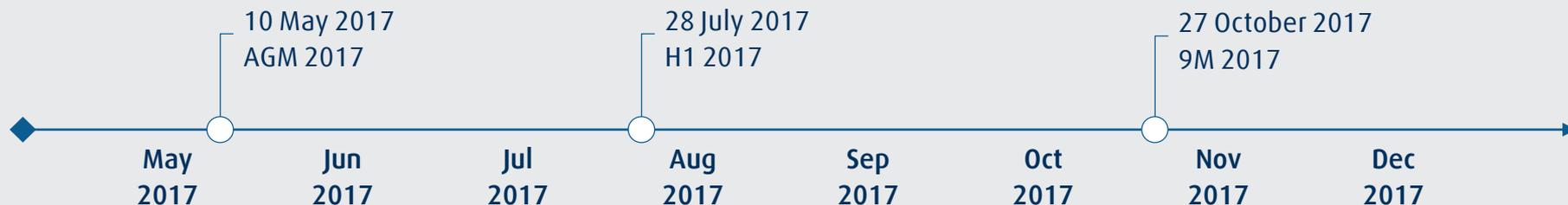
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[EUR m]	Q1 2016	Q1 2017
Operating profit	985	1,041
Change in working capital	18	-177
Income taxes paid	-36	-124
Other changes	-94	-87
<b>Operating cash flow from continuing operations</b>	<b>873</b>	<b>653</b>
Investments in tangibles/intangibles	-397	-426
Payments for acquisitions	-180	-14
Other (incl. financial investments)	43	33
<b>Investing cash flow* from continuing operations</b>	<b>-534</b>	<b>-407</b>
<b>Free cash flow before financing from continuing operations</b>	<b>339</b>	<b>246</b>
<b>Free cash flow before financing from discontinued operations</b>	<b>-2</b>	<b>2</b>
<b>Free cash flow before financing</b>	<b>337</b>	<b>248</b>
Interest and swaps, dividends and other changes	-56	-61
<b>Change in cash and financial debt</b>	<b>281</b>	<b>187</b>

\*Excluding investments in / disposals of securities; Q1 2016: EUR -109m; Q1 2017: EUR -945m

Operating Profit	Earnings per Share (EPS) before special items	Earnings per Share (EPS) reported	Return on Capital Employed (ROCE)
Return	Return	Return	Return
EBIT before special items adjusted for amortisation of intangible assets and depreciation of tangible assets	Profit for the period before special items attributable to Linde AG shareholders	Profit for the period attributable to Linde AG shareholders	EBIT before special items
	Shares	Shares	Average Capital Employed
	Number of weighted average outstanding shares	Number of weighted average outstanding shares	Equity (incl. non-controlling interests) + financial debt + liabilities from finance leases + net pension obligations - cash, cash equivalents and securities - receivables from finance leases

## Financial calendar



### Contact

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### Linde share information

**Type of share:**

Bearer shares

**Stock exchanges:**

All German stock exchanges

**Security reference number:**

ISIN DE0006483001

CUSIP 648300

### Linde ADR information

**Ticker Symbol:**

LNEGY

**DR ISIN:**

US5352230204

**Depository Bank:**

Deutsche Bank

**Structure:**

ADR Level I, Sponsored



The Linde IR app is  
now available at:

