



Linde plc

Investor Teleconference Presentation
Second Quarter 2020

July 30, 2020

Making our world more productive



Forward-Looking Statement



This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by terms and phrases such as: anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will, potential, forecast, and similar expressions. They are based on management’s reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances, including trade conflicts and tariffs; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics, pandemics such as COVID-19 and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of changes in pension plan liabilities; the impact of tax, environmental, healthcare and other legislation and government regulation in jurisdictions in which the company operates; the cost and outcomes of investigations, litigation and regulatory proceedings; the impact of potential unusual or non-recurring items; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; the impact of information technology system failures, network disruptions and breaches in data security; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause actual future results or circumstances to differ materially from accounting principles generally accepted in the United States of America, International Financial Reporting Standards or adjusted projections, estimates or other forward-looking statements.

Linde plc assumes no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in Item 1A. Risk Factors in Linde plc’s Form 10-K for the fiscal year ended December 31, 2019 filed with the SEC on March 2, 2020 and in Item 1A. of Linde plc’s Form 10-Q for the period ending March 31, 2020 filed with the SEC on May 7, 2020, which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.

Resiliency Demonstrated



Resilient Business Model

- **65% sales defensive**
 - Resilient end markets
 - LT contracts & fixed fees
- **Local production & sales**
 - Automated plants
 - Cost aligned to market
- **Integrated supply / density model**
- **Firm backlog with LT contracts**

+

Self Help Actions

- **Cost mitigation**
 - Merger synergies
 - Productivity initiatives
- **Capex efficiencies**
- **Price management**
- **Working capital mgmt.**
- **Backlog execution**
 - \$3.6 billion sale of gas
 - \$5.0 billion sale of equipment

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Strong Financial Performance

	<u>2018</u>	<u>2019</u>	<u>1H 20</u>
OP Margin	17.1%	18.7%	20.3%
ROC	10.3%	11.6%	12.3%
EPS Growth (ex-FX)		23.0%	11.0%
Dividend Growth		6.0%	10.0%

Strong blend of resilience & growth

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

Clean Hydrogen – Huge Market Potential by 2030



Enablers

- **Key regions leading the transition**
 - EU, Germany, Japan, China, Korea, Australia, California
- **Regulation & emission targets**
- **Government support policies, subsidies & funding**

Key Challenges

- **Closing cost gap vs. conventional alternatives by 2030**
 - 50-60% lower capex, opex & renewable power cost
- **Market development**
 - Adoption of fuel cell electric vehicles (FCEV)
 - Industry transition (fuel, feedstock)

Linde Strategy

- ✓ **Local market driven approach in core geographies**
 - EU, UK, US, China, Korea, Australia
 - Leverage integrated supply network
 - Local government support & regional partnerships
- ✓ **Unrivalled capabilities across the value chain**
 - Existing conventional H2 business (\$2B)
 - 80+ electrolysis plants
- ✓ **Invest/partner/develop leading technologies**
 - ITM Electrolysis JV
 - Industry leading HRS⁽¹⁾ technology (~200 installed)

(1) Hydrogen refueling station

Second-Quarter Adjusted Results⁽¹⁾



(\$MM)	2Q 2020	1Q 2020	Var	2Q 2019	Var
Sales	\$6,377	\$6,739	-5%	\$7,179	-11%
Operating Profit	\$1,317	\$1,352	-3%	\$1,319	0%
% of Sales	20.7%	20.1%		18.4%	
Income	\$1,005	\$1,009	0%	\$1,000	1%
Diluted EPS	\$1.90	\$1.89	1%	\$1.83	4%
Op. Cash Flow	\$1,764	\$1,347	31%	\$1,005	76%
Capex	\$783	\$803	-2%	\$865	-9%
Base Capex ⁽²⁾	\$449	\$418	7%	\$468	-4%
Project Capex ⁽³⁾	\$334	\$385	-13%	\$397	-16%
After-Tax ROC	12.3%	12.1%	+20 bps	10.6%	+170 bps

	<u>YOY</u>	<u>SEQ.</u>
Sales Growth	- 11%	- 5%
Volume	- 7%	- 2%
Price / Mix	+ 2%	--
Cost pass-thru	- 1%	- 1%
Currency	- 4%	- 2%
Acq/Div	- 1%	--

- **Solid operating leverage YoY & sequentially**
 - YoY ex. FX, Sales -7%, OP +4%, EPS +8%
 - Seq. ex. FX, Sales -3%, OP -1%, EPS +3%
- **Broad-based price attainment & continued progress on productivity initiatives**
- **YoY and sequential volume drop due to COVID-19 impact**
- **Strong operating cash flow, +76% YoY**
- **ROC 12.3%, +170 bps YoY, +20 bps seq.**

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

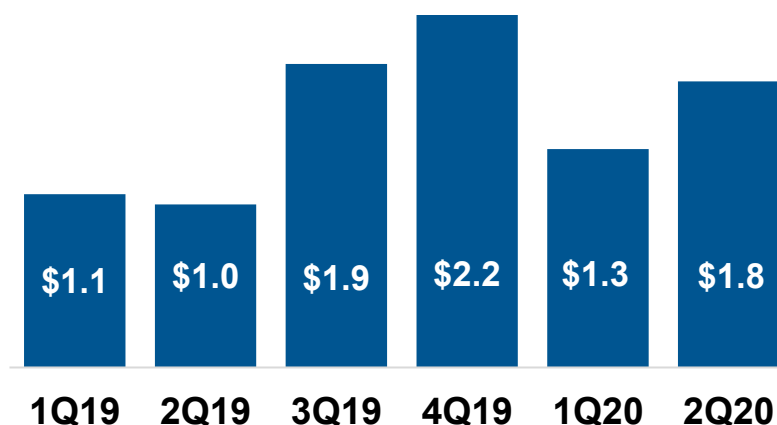
(2) Base capex = Total capex minus project capex

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

Robust Financial Position



Operating Cash Flow (OCF) Trend (\$B)

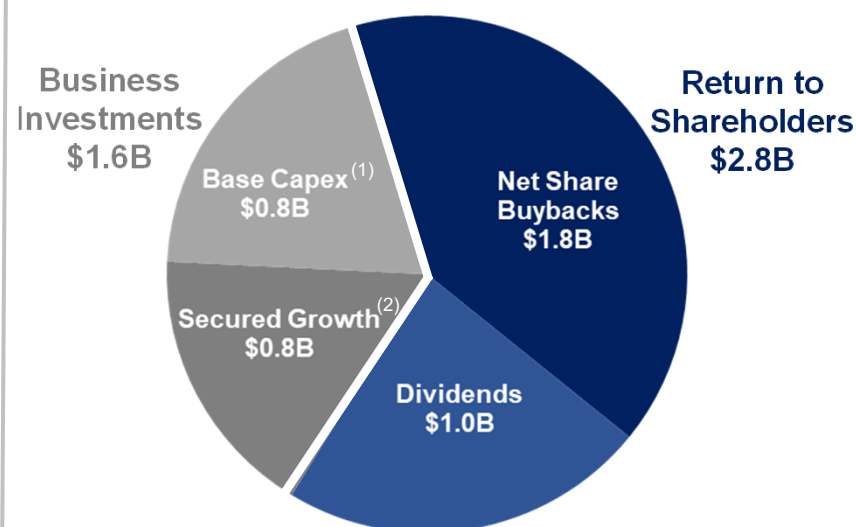


OCF	\$1.1	\$1.0	\$1.9	\$2.2	\$1.3	\$1.8
Base CAPEX	(\$0.5)	(\$0.5)	(\$0.4)	(\$0.5)	(\$0.4)	(\$0.4)
Avail. OCF	\$0.6	\$0.5	\$1.5	\$1.7	\$0.9	\$1.4

YTD Operating Cash Flow +50% YoY

- Strong cash generation
- Investing in the business
- Rewarding shareholders through dividends and share repurchases

YTD Capital Allocation



Growing cash flow despite volume headwind

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

(2) Represents project capex plus acquisitions

2020 Guidance




3rd Quarter 2020

- Adjusted EPS⁽¹⁾ in the range of \$1.90 to \$1.95
 - YoY +1% to +4% ex-FX
 - Estimated currency headwind -3%

Full-Year 2020

- Adjusted EPS⁽¹⁾ in the range of \$7.60 to \$7.80
 - +7% to +9% ex-FX
 - Estimated currency headwind -3%
- CAPEX: \$3.0B to \$3.4B

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- Low-end of both EPS ranges assumes no economic improvement from 2nd quarter
 - High-end of both EPS ranges assumes gradual economic improvement from 2nd quarter

Maintaining a cautious outlook

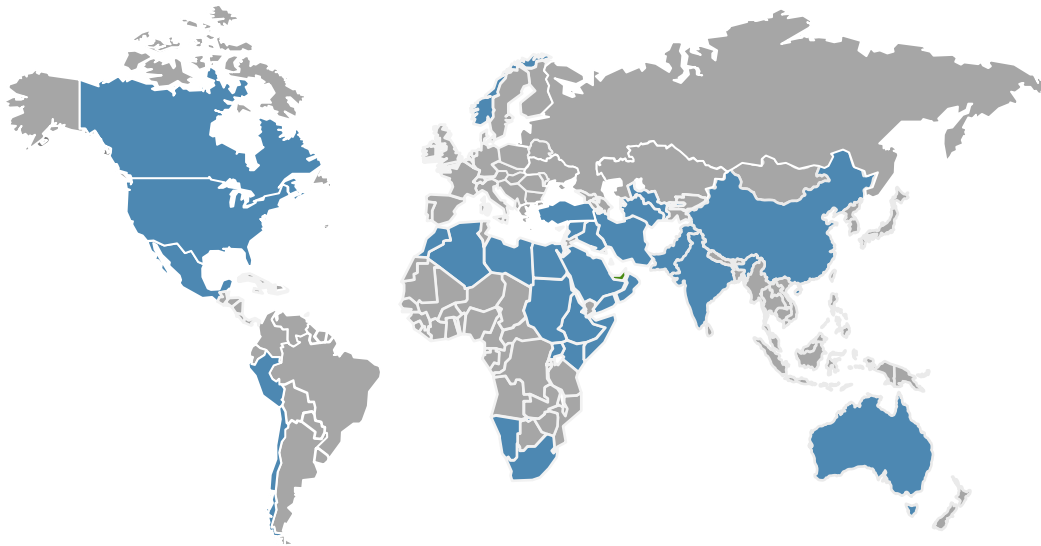


Appendix

Attractive Options for Clean H2 in Several Regions...



Optimal Renewable H2 Sources By 2030¹



Regulation & Targets

EU

- 2x40 GW by 2030
- Carbon neutrality by 2050

Germany

- 5GW by 2030; 10 GW by 2040
- Carbon neutrality by 2050

China

- 1MM FCV & 1K HRS by 2030
- H2 with 10% energy by 2050

S. Korea

- 3MM FCV & 1.2K HRS by 2040
- 15 GW for power by 2040

California

- 1MM FCV & 1K HRS by 2030
- 40% GHG reduction by 2030

Australia





- Top H2 exporter to Asia
- Net zero target by 2050

Low carbon sources also available in US, Canada, Russia, N. Africa, ME & Australia

...where Linde has strong presence...

...And Well Positioned with Capabilities Across Value Chain



Production		→	SMR + PSA Plants Electrolysis Plants	150+ 80+
Distribution & Storage		→	Pipeline Bulk vehicles Storage	~1000 Kms ~1600 2.4 billion cubic ft. cavern
Liquefaction		→	Liquefaction Capacity	170 TPD
Refueling		→	Refueling Stations	~200

+\$2 billion existing business with integrated supply network

Americas



(\$MM)	2Q 2020	1Q 2020	Var	2Q 2019	Var
Sales	\$2,417	\$2,677	-10%	\$2,779	-13%
Operating Profit	\$622	\$661	-6%	\$646	-4%
% of Sales	25.7%	24.7%		23.2%	

	YOY	SEQ.
Sales Growth	- 13%	- 10%
Volume	- 9%	- 7%
Price / Mix	+ 2%	+ 1%
Cost pass-thru	- 1%	- 1%
Currency	- 4%	- 3%
Acq/Div	- 1%	--

- YoY and sequential margin expansion led by price and productivity initiatives
- YoY and seq. volumes negatively impacted by COVID-19
- Metals and manufacturing end market volumes most impacted
- FX headwinds driven mainly by BRL and MXN

APAC



(\$MM)	2Q 2020	1Q 2020	Var	2Q 2019	Var
Sales	\$1,295	\$1,336	-3%	\$1,488	-13%
Operating Profit	\$294	\$281	5%	\$304	-3%
% of Sales	22.7%	21.0%		20.4%	

	YOY	SEQ.
Sales Growth	- 13%	- 3%
Volume	- 9%	- 1%
Price / Mix	+ 1%	--
Cost pass-thru	- 1%	- 1%
Currency	- 4%	- 1%
Acq/Div	--	--

- YoY and sequential margin expansion led by price & productivity initiatives
- YoY and seq. volumes negatively impacted by COVID-19 and -3% prior-year sale of equipment
- FX headwinds driven mainly by CNY and AUD

EMEA



(\$MM)	2Q 2020	1Q 2020	Var	2Q 2019	Var
Sales	\$1,448	\$1,633	-11%	\$1,673	-13%
Operating Profit	\$303	\$355	-15%	\$332	-9%
% of Sales	20.9%	21.7%		19.8%	

	YOY	SEQ.
Sales Growth	- 13%	- 11%
Volume	- 7%	- 6%
Price / Mix	+ 1%	--
Cost pass-thru	- 1%	- 1%
Currency	- 5%	- 3%
Acq/Div	- 1%	- 1%

- YoY margin expansion led by price and productivity initiatives
- YoY and seq. volumes negatively impacted by COVID-19
- FX headwinds driven mainly by EUR, GBP and ZAR
- Divestiture of a non-core business in Scandinavia

Engineering



(\$MM)	2Q 2020	1Q 2020	Var	2Q 2019	Var
Sales	\$810	\$608	33%	\$752	8%
Operating Profit	\$138	\$91	52%	\$99	39%
% of Sales	17.0%	15.0%		13.2%	

3rd Party Orders (\$MM)	2Q 2020	1Q 2020	2Q 2019
Intake	\$291	\$392	\$581
Backlog	\$4,957	\$5,406	\$4,937

- **Margin expansion led by:**
 - Strong project execution
 - Continued productivity initiatives
- **Sales increase due to project timing**
- **Contractually secured backlog of \$5 billion**

Global Other









(\$MM)	2Q 2020	1Q 2020	Var	2Q 2019	Var
Sales	\$407	\$485	-16%	\$487	-16%
Operating Profit	(\$40)	(\$36)	-11%	(\$62)	35%
% of Sales	-9.8%	-7.4%		-12.7%	

- Sales decline due to COVID-19 impact, primarily in Surface Technologies
- YoY margin improvement driven by price and productivity initiatives
- Sequential margins impacted by volume decline

Global End Market Trends



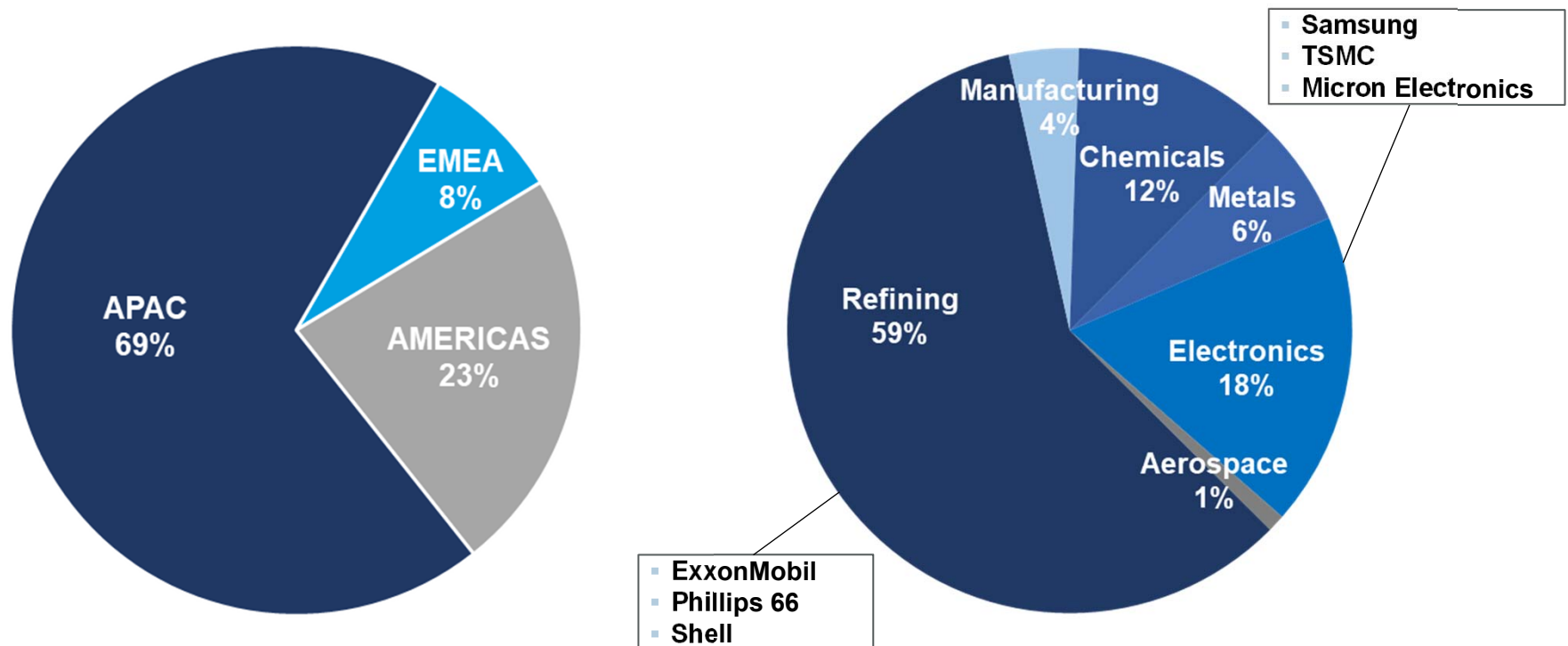
<u>2Q 2020</u>	End Market	% of Sales ⁽¹⁾	YoY Sales Growth	Seq. Sales Growth	Comment
	Healthcare	21%	+4%	+4%	<ul style="list-style-type: none"> Higher medical oxygen volumes, mainly in Latam Ramp up of homecare services in Europe & US
	Food & Beverage	10%	-9%	-9%	<ul style="list-style-type: none"> Higher volumes for food and dry ice Lower CO2 volumes for bottlers & restaurants
	Electronics	10%	+5%	+3%	<ul style="list-style-type: none"> Memory and hardware in demand Increase in demand primarily in China & S. Korea
	Manufacturing	18%	-15%	-12%	<ul style="list-style-type: none"> Small & medium manufacturing weaker globally Continued demand for space launches
	Chemicals & Refining	19%	-6%	-4%	<ul style="list-style-type: none"> High quality customers running well Volume primarily in US & China
	Metals	13%	-13%	-14%	<ul style="list-style-type: none"> China volumes positive Volume decline led by US, Germany and UK

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

High-Quality Backlog



Sale of Gas (SOG) Backlog (~\$3.6B)⁽¹⁾



Versus Q1 2020

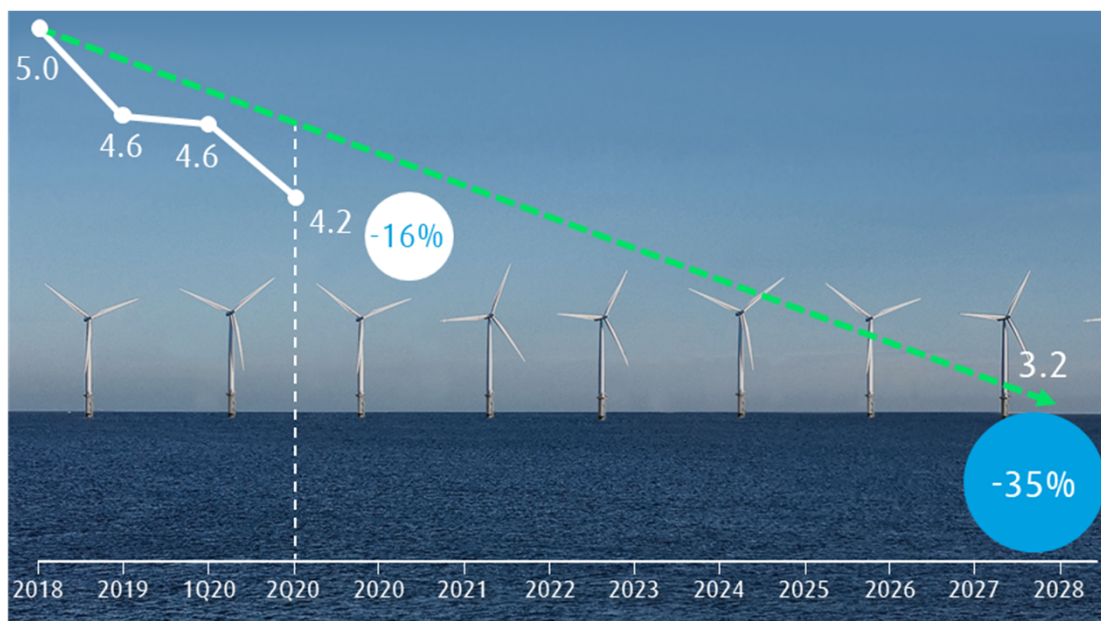
- Started up 4 new projects, including Celanese
- Signed two new projects

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

Second-Quarter ESG Performance



Target: 35% Reduction in GHG Emissions Intensity 2018-2028⁽¹⁾



GHG Emissions Intensity⁽¹⁾ (Target: reduce by 35% in 2028)

- 16% reduction led by lower emissions over a higher profit base
- Hydrogen byproduct sourcing contributed to Scope 1 reduction vs. 2018

Renewable energy⁽²⁾ (Target: double annual purchase by 2028)

- Increased RE⁽²⁾ to 38% of total power consumed vs. 35% in 2018

Decarbonizing our future

- Signed MoU with China Power to develop green hydrogen energy in China
- Will build and operate world's first hydrogen refueling station in Germany for passenger trains
- Signed MoU with CNOOC to jointly develop China's hydrogen energy industry

ESG Recognitions

- MSCI upgrades Linde's ESG⁽³⁾ rating to A
- FTSE4Good Index Includes Linde for fifth consecutive year
- Linde named Top 25 in 100 Best Corporate Citizens of 2020
- Leader in Diversity & Inclusion by DiversityInc

(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 energy

(3) ESG = Environmental, social and governance

Sustainable Development Highlights



A subset of Linde applications enabled

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

than were emitted from all of the company's operations

Employees contributed

>370
community engagement
projects globally

Partner in

**largest clean H₂
energy park**
(Mainz, Germany)

Launched 10-year

**industry-leading
Climate Change
targets**

Most

**H₂ electrolyzer
operating experience**
in the industry:
40MW, 80 units

An industry leader in

**diversity &
inclusion**

All results are 2019 for Linde plc and are estimated.

RECOGNITION

MEMBER OF

**Dow Jones
Sustainability Indices**



FTSE4Good

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" on following pages for additional details relating to the adjustments.

(Millions of dollars, except per share amounts)

	Sales		Operating Profit		Income from Continuing Operations		Diluted EPS from Continuing Operations	
	2020	2019	2020	2019	2020	2019	2020	2019
Quarter Ended June 30								
Reported GAAP Amounts	\$ 6,377	\$ 7,204	\$ 591	\$ 669	\$ 458	\$ 513	\$ 0.87	\$ 0.94
Cost reduction program and other charges (a)	-	-	249	141	187	115	0.35	0.22
Pension settlement charges (b)	-	-	-	-	-	8	-	0.01
Merger-related divestitures (c)	-	(25)	-	(6)	-	(4)	-	(0.01)
Purchase accounting impacts - Linde AG (d)	-	-	477	515	360	368	0.68	0.67
Total adjustments	-	(25)	726	650	547	487	1.03	0.89
Adjusted amounts	\$ 6,377	\$ 7,179	\$ 1,317	\$ 1,319	\$ 1,005	\$ 1,000	\$ 1.90	\$ 1.83
Year to Date June 30								
Reported GAAP Amounts	\$ 13,116	\$ 14,148	\$ 1,324	\$ 1,278	\$ 1,029	\$ 948	\$ 1.93	\$ 1.73
Cost reduction program and other charges (a)	-	-	380	230	282	198	0.53	0.37
Pension settlement charges (b)	-	-	-	-	-	46	-	0.08
Merger-related divestitures (c)	-	(55)	-	(13)	-	(9)	-	(0.02)
Purchase accounting impacts - Linde AG (d)	-	-	965	1,046	703	744	1.32	1.36
Total adjustments	-	(55)	1,345	1,263	985	979	1.85	1.79
Adjusted amounts	\$ 13,116	\$ 14,093	\$ 2,669	\$ 2,541	\$ 2,014	\$ 1,927	\$ 3.78	\$ 3.52

(a) To adjust for cost reduction program and other charges; 2020 includes severance of \$192 million and \$250 million for the quarter and year-to-date periods, other cost reduction charges of \$21 million and \$41 million for the quarter and year-to-date periods, and other charges of \$36 million and \$89 million for the quarter and year-to-date periods.

(b) To adjust for pension settlement charges relates 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.

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 June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Adjusted Sales								
Reported Sales	\$ 13,116	\$ 6,377	\$ 6,739	\$ 14,148	\$ 7,080	\$ 7,000	\$ 7,204	\$ 6,944
Less: Merger-related divestitures (d)	-	-	-	(55)	(3)	(7)	(25)	(30)
Adjusted Sales	\$ 13,116	\$ 6,377	\$ 6,739	\$ 14,093	\$ 7,077	\$ 6,993	\$ 7,179	\$ 6,914
Adjusted Operating Profit and Operating Margin								
Reported operating profit	\$ 1,324	\$ 591	\$ 733	\$ 1,278	\$ 655	\$ 1,000	\$ 669	\$ 609
Less: Merger-related divestitures (d)	-	-	-	(13)	(1)	(2)	(6)	(7)
Add: Cost reduction programs and other charges	380	249	131	230	212	125	141	89
Less: Net gain on sale of businesses	-	-	-	-	-	(164)	-	-
Add: Purchase accounting impacts - Linde AG (c)	965	477	488	1,046	481	425	515	531
Total adjustments	1,345	726	619	1,263	692	384	650	613
Adjusted operating profit	\$ 2,669	\$ 1,317	\$ 1,352	\$ 2,541	\$ 1,347	\$ 1,384	\$ 1,319	\$ 1,222
Reported percentage change	4 %	(12)%	20 %					
Adjusted percentage change	5 %	(0)%	11 %					
Reported sales	\$ 13,116	\$ 6,377	\$ 6,739	\$ 14,148	\$ 7,080	\$ 7,000	\$ 7,204	\$ 6,944
Adjusted sales	\$ 13,116	\$ 6,377	\$ 6,739	\$ 14,093	\$ 7,077	\$ 6,993	\$ 7,179	\$ 6,914
Reported operating margin	10.1 %	9.3 %	10.9 %	9.0 %	9.3 %	14.3 %	9.3 %	8.8 %
Adjusted operating margin	20.3 %	20.7 %	20.1 %	18.0 %	19.0 %	19.8 %	18.4 %	17.7 %
Adjusted Depreciation and amortization								
Reported depreciation and amortization	\$ 2,266	\$ 1,124	\$ 1,142	\$ 2,418	\$ 1,162	\$ 1,095	\$ 1,195	\$ 1,223
Less: Purchase accounting impacts - Linde AG (c)	(944)	(468)	(476)	(1,036)	(481)	(423)	(515)	(521)
Adjusted depreciation and amortization	\$ 1,322	\$ 656	\$ 666	\$ 1,382	\$ 681	\$ 672	\$ 680	\$ 702
Adjusted Net Pension and OPEB Cost (Benefit), Excluding Service Cost								
Reported net pension and OPEB cost (benefit), excluding service cost	\$ (90)	\$ (45)	\$ (45)	\$ (9)	\$ (25)	\$ 2	\$ (24)	\$ 15
Add: Pension settlement charges	-	-	-	(61)	(6)	(40)	(10)	(51)
Adjusted Net Pension and OPEB cost (benefit), excluding service costs	\$ (90)	\$ (45)	\$ (45)	\$ (70)	\$ (31)	\$ (38)	\$ (34)	\$ (36)
Adjusted Interest Expense - Net								
Reported interest expense - net	\$ 42	\$ 18	\$ 24	\$ 33	\$ 8	\$ (3)	\$ 10	\$ 23
Add: Purchase accounting impacts - Linde AG (c)	44	22	22	52	22	22	25	27
Adjusted interest expense - net	\$ 86	\$ 40	\$ 46	\$ 85	\$ 30	\$ 19	\$ 35	\$ 50

Non-GAAP Measures, continued



	2020			2019				
	Year to Date June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Adjusted Income Taxes (a)								
Reported income taxes	\$ 329	\$ 164	\$ 165	\$ 309	\$ 162	\$ 298	\$ 169	\$ 140
Add: Purchase accounting impacts - Linde AG (c)	217	95	122	246	105	99	119	127
Add: Pension settlement charges	-	-	-	15	1	10	2	13
Add: Cost reduction programs and other charges	98	62	36	32	53	(2)	26	6
Less: Merger-related divestitures (d)	-	-	-	(4)	-	(1)	(2)	(2)
Less: Net gain on sale of businesses	-	-	-	-	-	(56)	-	-
Total adjustments	315	157	158	289	159	50	145	144
Adjusted income taxes	<u>\$ 644</u>	<u>\$ 321</u>	<u>\$ 323</u>	<u>\$ 598</u>	<u>\$ 321</u>	<u>\$ 348</u>	<u>\$ 314</u>	<u>\$ 284</u>
Adjusted Effective Tax Rate (a)								
Reported income before income taxes and equity investments	\$ 1,372	\$ 618	\$ 754	\$ 1,254	\$ 672	\$ 1,001	\$ 683	\$ 571
Less: Merger-related divestitures (d)	-	-	-	(13)	(1)	(2)	(6)	(7)
Add: Pension settlement charge	-	-	-	61	6	40	10	51
Add: Purchase accounting impacts - Linde AG (c)	921	455	466	994	459	403	490	504
Add: Cost reduction programs and other charges	380	249	131	230	212	125	141	89
Less: Net gain on sale of businesses	-	-	-	-	-	(164)	-	-
Total adjustments	1,301	704	597	1,272	676	402	635	637
Adjusted income before income taxes and equity investments	<u>\$ 2,673</u>	<u>\$ 1,322</u>	<u>\$ 1,351</u>	<u>\$ 2,526</u>	<u>\$ 1,348</u>	<u>\$ 1,403</u>	<u>\$ 1,318</u>	<u>\$ 1,208</u>
Reported Income taxes	\$ 329	\$ 164	\$ 165	\$ 309	\$ 162	\$ 298	\$ 169	\$ 140
Reported effective tax rate	24.0 %	26.5 %	21.9 %	24.6 %	24.1 %	29.8 %	24.7 %	24.5 %
Adjusted income taxes	\$ 644	\$ 321	\$ 323	\$ 598	\$ 321	\$ 348	\$ 314	\$ 284
Adjusted effective tax rate	24.1 %	24.3 %	23.9 %	23.7 %	23.8 %	24.8 %	23.8 %	23.5 %
Income from Equity Investments								
Reported income from equity investments	\$ 46	\$ 29	\$ 17	\$ 62	\$ 24	\$ 28	\$ 28	\$ 34
Add: Purchase accounting impacts - Linde AG (c)	28	14	14	28	14	15	14	14
Adjusted income from equity investments	<u>\$ 74</u>	<u>\$ 43</u>	<u>\$ 31</u>	<u>\$ 90</u>	<u>\$ 38</u>	<u>\$ 43</u>	<u>\$ 42</u>	<u>\$ 48</u>
Adjusted Noncontrolling Interests from Continuing Operations								
Reported noncontrolling interests from continuing operations	\$ (60)	\$ (25)	\$ (35)	\$ (59)	\$ (27)	\$ (3)	\$ (29)	\$ (30)
Add: Cost reduction programs and other charges	-	-	-	-	-	(35)	-	-
Add: Purchase accounting impacts - Linde AG (c)	(29)	(14)	(15)	(32)	(14)	(8)	(17)	(15)
Total adjustments	(29)	(14)	(15)	(32)	(14)	(43)	(17)	(15)
Adjusted noncontrolling interests from continuing operations	<u>\$ (89)</u>	<u>\$ (39)</u>	<u>\$ (50)</u>	<u>\$ (91)</u>	<u>\$ (41)</u>	<u>\$ (46)</u>	<u>\$ (46)</u>	<u>\$ (45)</u>

Non-GAAP Measures, continued



Adjusted Income from Continuing Operations (b)

	2020			2019				
	Year to Date June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Reported income from continuing operations	\$ 1,029	\$ 458	\$ 571	\$ 948	\$ 507	\$ 728	\$ 513	\$ 435
Add: Pension settlement charge	-	-	-	46	5	30	8	38
Less: Merger-related divestitures (d)	-	-	-	(9)	(1)	(2)	(4)	(5)
Add: Cost reduction programs and other charges	282	187	95	198	159	92	115	83
Less: Net gain on sale of business	-	-	-	-	-	(108)	-	-
Add: Purchase accounting impacts - Linde AG (c)	703	360	343	744	354	312	368	376
Total adjustments	985	547	438	979	517	324	487	492
Adjusted income from continuing operations	\$ 2,014	\$ 1,005	\$ 1,009	\$ 1,927	\$ 1,024	\$ 1,052	\$ 1,000	\$ 927

Adjusted Diluted EPS from Continuing Operations (b)

Reported diluted EPS from continuing operations	\$ 1.93	\$ 0.87	\$ 1.07	\$ 1.73	\$ 0.94	\$ 1.34	\$ 0.94	\$ 0.79
Add: Pension settlement charge	-	-	-	0.08	0.01	0.07	0.01	0.07
Add: Cost reduction programs and other charges	0.53	0.35	0.18	0.37	0.29	0.17	0.22	0.15
Less: Merger-related divestitures (d)	-	-	-	(0.02)	-	(0.01)	(0.01)	(0.01)
Less: Net gain on sale of business	-	-	-	-	-	(0.21)	-	-
Add: Purchase accounting impacts - Linde AG	1.32	0.68	0.64	1.36	0.65	0.58	0.67	0.69
Total adjustments	1.85	1.03	0.82	1.79	0.95	0.60	0.89	0.90
Adjusted diluted EPS from continuing operations	\$ 3.78	\$ 1.90	\$ 1.89	\$ 3.52	\$ 1.89	\$ 1.94	\$ 1.83	\$ 1.69

Reported percentage change	12 %	(8)%	35 %	\$ 7.34	Full Year 2019 Adjusted diluted EPS			
Adjusted percentage change	7 %	4 %	12 %					

Adjusted Diluted EPS from Continuing Operations Guidance (e)

	Third Quarter 2020		Full Year 2020	
	Low End	High End	Low End	High End
2020 Adjusted Guidance	\$ 1.90	\$ 1.95	\$ 7.60	\$ 7.80
Adjusted percentage change versus 2019 adjusted diluted EPS	(2)%	1 %	4 %	6 %
Add: Estimated currency headwind	3 %	3 %	3 %	3 %
Adjusted percentage change excluding currency	1 %	4 %	7 %	9 %

Non-GAAP Measures, continued



	2020			2019				
	Year to Date June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Adjusted EBITDA and % of Sales								
Income from continuing operations	\$ 1,029	\$ 458	\$ 571	\$ 948	\$ 507	\$ 728	\$ 513	\$ 435
Add: Noncontrolling interests related to continuing operations	60	25	35	59	27	3	29	30
Add: Net pension and OPEB cost (benefit), excluding service cost	(90)	(45)	(45)	(9)	(25)	2	(24)	15
Add: Interest expense	42	18	24	33	8	(3)	10	23
Add: Income taxes	329	164	165	309	162	298	169	140
Add: Depreciation and amortization	2,266	1,124	1,142	2,418	1,162	1,095	1,195	1,223
EBITDA from continuing operations	3,636	1,744	1,892	3,758	1,841	2,123	1,892	1,866
Less: Merger-related divestitures (d)	-	-	-	(13)	(1)	(2)	(6)	(7)
Less: Net gain on sale of business	-	-	-	-	-	(164)	-	-
Add: Cost reduction programs and other charges	380	249	131	230	212	125	141	89
Add: Purchase accounting impacts - Linde AG	49	23	26	38	14	17	14	24
Total adjustments	429	272	157	255	225	(24)	149	106
Adjusted EBITDA from continuing operations	\$ 4,065	\$ 2,016	\$ 2,049	\$ 4,013	\$ 2,066	\$ 2,099	\$ 2,041	\$ 1,972
Reported sales	\$ 13,116	\$ 6,377	\$ 6,739	\$ 14,148	\$ 7,080	\$ 7,000	\$ 7,204	\$ 6,944
Adjusted sales	\$ 13,116	\$ 6,377	\$ 6,739	\$ 14,093	\$ 7,077	\$ 6,993	\$ 7,179	\$ 6,914
% of sales								
EBITDA from continuing operations	27.7 %	27.3 %	28.1 %	26.6 %	26.0 %	30.3 %	26.3 %	26.9 %
Adjusted EBITDA from continuing operations	31.0 %	31.6 %	30.4 %	28.5 %	29.2 %	30.0 %	28.4 %	28.5 %

(a) The income tax expense (benefit) on the non-GAAP pre-tax adjustments was determined using the applicable tax rates for the jurisdictions that were utilized in calculating the GAAP income tax expense (benefit) and included both current and deferred income tax amounts.

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

(c) The company believes that its non-GAAP measures excluding Purchase accounting impacts - Linde AG are useful to investors because: (i) the business combination was a merger of equals in an all-stock merger transaction, with no cash consideration, (ii) the company is managed on a geographic basis and the results of certain geographies are more heavily impacted by purchase accounting than others, causing results that are not comparable at the reportable segment level, therefore, the impacts of purchasing accounting adjustments to each segment vary and are not comparable within the company and when compared to other companies in similar regions, (iii) business management is evaluated and variable compensation is determined based on results excluding purchase accounting impacts, and; (iv) it is important to investors and analysts to understand the purchase accounting impacts to the financial statements.

A summary of each of the adjustments made for Purchase accounting impacts - Linde AG are as follows:

Adjusted Operating Profit and Margin: The purchase accounting adjustments for the periods presented relate primarily to depreciation and amortization related to the fair value step up of fixed assets and intangible assets (primarily customer related) acquired in the merger.

Adjusted Interest Expense - Net: Relates to the amortization of the fair value of debt acquired in the merger.

Adjusted Income Taxes and Effective Tax Rate: Relates to the current and deferred income tax impact on the adjustments discussed above. The income tax expense (benefit) on the non-GAAP pre-tax adjustments was determined using the applicable tax rates for the jurisdictions that were utilized in calculating the GAAP income tax expense (benefit) and included both current and deferred income tax amounts.

Adjusted Income from Equity Investments: Represents the amortization of increased fair value on equity investments related to depreciable and amortizable assets.

Adjusted Noncontrolling Interests from Continuing Operations: Represents the noncontrolling interests' ownership portion of the adjustments described above determined on an entity by entity basis.

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

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

Non-GAAP Measures, continued



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

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

(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			
Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1

Net Debt - Net debt is a financial liquidity metric used by investors, financial analysts and management to evaluate the ability of a company to repay its debt and is calculated as total debt (excluding purchase accounting impacts) less liquid assets.

Debt	\$ 17,480	\$ 16,875	\$ 13,956	\$ 13,201	\$ 13,957	\$ 14,146	\$ 15,296
Less: Cash and cash equivalents	(4,941)	(4,014)	(2,700)	(2,120)	(2,686)	(5,791)	(4,466)
Net debt	12,539	12,861	11,256	11,081	11,271	8,355	10,830
Less: Purchase accounting impacts - Linde AG	(150)	(170)	(195)	(211)	(243)	(262)	(291)
Adjusted net debt	\$ 12,389	\$ 12,691	\$ 11,061	\$ 10,870	\$ 11,028	\$ 8,093	\$ 10,539
Less: Net assets held for sale	(2)	(115)	(123)	(223)	(272)	(1,629)	(4,730)
Adjusted net debt less net assets held for sale	\$ 12,387	\$ 12,576	\$ 10,938	\$ 10,647	\$ 10,756	\$ 6,464	\$ 5,809

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 Linde plc shareholders' equity).

Reported income from continuing operations	\$	458	\$	571	\$	507	\$	728	\$	513	\$	435	\$	2,870	\$	461	\$	480	\$	462
Add: noncontrolling interests from continuing operations		25		35		27		3		29		30		(33)		19		19		10
Add: interest expense - net		18		24		8		(3)		10		23		72		40		44		46
Less: tax benefit on interest expense - net *		(5)		(6)		(2)		1		(3)		(6)		(18)		(10)		(11)		(11)
Reported NOPAT	\$	496	\$	624	\$	540	\$	729	\$	549	\$	482	\$	2,891	\$	510	\$	532	\$	507
Adjusted income from continuing operations	\$	1,005	\$	1,009	\$	1,024	\$	1,052	\$	1,000	\$	927	\$	841	\$	850	\$	905	\$	837
Add: adjusted noncontrolling interests from continuing operations		39		50		41		46		46		45		40		39		49		41
Add: adjusted interest expense - net		40		46		30		19		35		50		50		72		60		97
Less: tax benefit on interest expense - net *		(10)		(12)		(7)		(5)		(9)		(13)		(13)		(18)		(15)		(24)
Adjusted NOPAT	\$	1,074	\$	1,093	\$	1,088	\$	1,112	\$	1,072	\$	1,009	\$	919	\$	943	\$	999	\$	951
4-quarter trailing reported NOPAT	\$	2,389	\$	2,442	\$	2,300	\$	4,651	\$	4,432	\$	4,415	\$	4,440						
4-quarter trailing adjusted NOPAT	\$	4,367	\$	4,365	\$	4,281	\$	4,112	\$	3,943	\$	3,870	\$	3,812						

Non-GAAP Measures, continued



	2020		2019				2018			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Equity and redeemable noncontrolling interests:										
Redeemable noncontrolling interests	\$ 13	\$ 92	\$ 113	\$ 14	\$ 15	\$ 15	\$ 16			
Linde plc shareholders' equity	45,537	44,776	49,074	48,953	50,564	51,175	51,596			
Noncontrolling interests	2,387	2,375	2,448	2,341	2,315	5,457	5,484			
Total equity and redeemable noncontrolling interests	\$ 47,937	\$ 47,243	\$ 51,635	\$ 51,308	\$ 52,894	\$ 56,647	\$ 57,096			
Reported capital	\$ 60,474	\$ 59,989	\$ 62,768	\$ 62,166	\$ 63,893	\$ 63,373	\$ 63,196			
Total equity and redeemable noncontrolling interests	\$ 47,937	\$ 47,243	\$ 51,635	\$ 51,308	\$ 52,894	\$ 56,647	\$ 57,096			
Add: Adjusted net debt less net assets held for sale	12,387	12,576	10,938	10,647	10,756	6,464	5,809			
Less: Linde AG Goodwill (a)	24,256	24,256	24,256	24,197	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			
Adjusted capital	\$ 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)	\$ 60,474	\$ 59,989	\$ 62,768		\$ 63,893		\$ 63,196			
5-quarter average ending capital**	\$ 61,858	\$ 62,438	\$ 63,079		\$ 63,487		\$ 63,196			
Ending adjusted capital (see above)	\$ 34,200	\$ 33,695	\$ 36,449		\$ 37,585		\$ 36,840			
5-quarter average ending adjusted capital**	\$ 35,564	\$ 36,133	\$ 36,762		\$ 37,157		\$ 36,840			
After-tax ROC (4 quarter reported NOPAT / 5-quarter average ending capital)	3.9 %	3.9 %	3.6 %		7.0 %		7.0 %			
Adjusted after-tax ROC (4 quarter trailing adjusted NOPAT / 5-quarter average ending adjusted capital)	12.3 %	12.1 %	11.6 %		10.6 %		10.3 %			

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

** 2018 and Q2 2019 average ending reported and adjusted capital contain only one quarter and three quarters, respectively, due to the lack of comparability to periods prior to the merger.

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