

Press release

January to March 2018: Linde makes a good start to the new year – significant increase in Group earnings

- Group revenue: EUR 4.044 bn (up 1.4 percent after adjusting for exchange rate effects and the impact from the first-time application of IFRS 15)
- Group operating profit¹: EUR 1.081 bn (up 12.1 percent after adjusting for exchange rate effects)
- Earnings per share adjusted for special items: EUR 2.19 (2017: EUR 1.77)
- Group outlook for 2018 confirmed
- Completion of merger with Praxair still planned for the second half of 2018

Munich, 25 April 2018 – The technology company The Linde Group saw positive business trends in the first quarter of 2018. After adjusting for exchange rate effects and for the impact of the first-time application of new accounting standard IFRS 15, revenue rose by 1.4 percent compared with the first quarter of 2017. Group operating profit increased significantly by 12.1 percent after adjusting for exchange rate effects. Linde was able to improve its operating margin by 300 basis points to 26.7 percent (2017: 23.7 percent).

"We have continued to grow and have achieved a substantial increase in our profitability," said Professor Dr Aldo Belloni, Chief Executive Officer of Linde AG. "The significant improvement in our Group margin is the result of the efficiency measures we have introduced, continued portfolio optimisation and good macroeconomic conditions."

Linde Group: Significant increase in operating profit and Group margin

In the first quarter of 2018, Group revenue from continuing operations fell by 7.8 percent to EUR 4.044 bn (2017: EUR 4.385 bn). Exchange rate effects were the main reason for this decrease. In addition, the first-time application of IFRS 15 had a negative impact on revenue. After adjusting for exchange rate effects arising solely on translation and for the impact from the

¹ EBIT (before special items) adjusted for amortisation of intangible assets and depreciation of tangible assets.

first-time application of IFRS 15, Group revenue was 1.4 percent above the figure for the prior-year period.

Group operating profit from continuing operations rose by 3.8 percent to EUR 1.081 bn (2017: EUR 1.041 bn). After adjusting for exchange rate effects, the increase was as much as 12.1 percent. At 26.7 percent, the Group operating margin was significantly higher than the figure for the first quarter of 2017 of 23.7 percent. Factors contributing to this improvement included not only the measures introduced as part of the Group-wide efficiency programme LIFT, portfolio optimisation and good macroeconomic conditions, but also the impact of the first-time application of IFRS 15.

Linde generated earnings per share from continuing operations in the first three months of 2018 of EUR 2.07 (2017: EUR 1.68). Earnings per share adjusted for special items increased by 23.7 percent to EUR 2.19 (2017: EUR 1.77). Operating cash flow was EUR 656 m, a similar figure to that for the prior-year period of EUR 653 m. It should be noted here that in the first quarter of 2018 payments of EUR 122 m were made for restructuring costs and costs related to the proposed merger with Praxair (2017: EUR 38 m).

Gases Division: Revenue increases on a comparable basis, operating margin rises again

In the Gases Division, Linde generated revenue in the first quarter of 2018 of EUR 3.512 bn, a decrease of 7.6 percent when compared with the figure for the first quarter of 2017 of EUR 3.799 bn. After adjusting for exchange rate effects and for the impact of the first-time application of IFRS 15, revenue in the Gases Division increased by 2.8 percent. On a comparable basis (after also adjusting for changes in the price of natural gas), revenue growth was 2.6 percent. Operating profit was EUR 1.079 bn, which was 2.5 percent higher than the figure for the prior-year period of EUR 1.053 bn. After adjusting for exchange rate effects, operating profit increased by 10.9 percent. At 30.7 percent, the operating margin was significantly higher than the figure for the first quarter of 2017 of 27.7 percent.

In the **EMEA segment**, Linde's largest sales market, the Group generated revenue of EUR 1.466 bn in the first three months of 2018, which was 0.8 percent below the figure achieved in the first three months of 2017 of EUR 1.478 bn. On a comparable basis, revenue rose by 3.0 percent. Operating profit was EUR 518 m, an increase of 12.1 percent when compared with

the figure for the first quarter of 2017 of EUR 462 m. After adjusting for exchange rate effects, the increase was 14.9 percent. The operating margin rose to 35.3 percent (2017: 31.3 percent). Efficiency improvement measures contributed towards this increase. During the reporting period, Linde also recognised a gain on deconsolidation of around EUR 40 m on the sale of its subsidiary Tega – Technische Gase und Gasetechnik GmbH.

Positive trends were to be seen in the EMEA segment in almost all product areas. In the liquefied gases and cylinder gas product areas in particular, revenue increased in virtually all regions. In the on-site business, there were volume reductions as a result of the sale of parts of a production facility.

In the **Asia/Pacific segment**, Linde generated revenue in the three months to 31 March 2018 of EUR 1.009 bn, which was 6.0 percent below the figure for the first three months of 2017 of EUR 1.073 bn. On a comparable basis, revenue increased by 4.6 percent. At EUR 283 m, operating profit was 5.6 percent above the figure for the prior-year period of EUR 268 m. After adjusting for exchange rate effects, the increase in operating profit achieved by Linde was 15.5 percent. The operating margin rose to 28.0 percent (2017: 25.0 percent).

In the Asia/Pacific segment as well, positive trends were to be seen in virtually all the product areas. Price and volume increases were achieved in particular in the liquefied gases and cylinder gas business in China. In the South Pacific, the prevailing weak economic environment in manufacturing and declining investment in the mining industry had an adverse impact on revenue growth. However, the measures introduced as part of the LIFT efficiency programme had a positive impact on earnings.

In the **Americas segment**, revenue fell in the first quarter of 2018 by 16.1 percent to EUR 1.088 bn (2017: EUR 1.297 bn). On a comparable basis, revenue rose by 1.0 percent. When compared with the prior-year period, operating profit fell by 13.9 percent to EUR 278 m (2017: EUR 323 m). After adjusting for exchange rate effects, Linde achieved a slight increase in operating profit of 0.4 percent. The operating margin was 25.6 percent (2017: 24.9 percent).

Revenue and earnings trends in the Americas segment were affected by a number of different factors. Positive trends were to be seen in the liquefied gases and cylinder gas business in North

America. The Healthcare business in North America delivered a stable performance, but opposing trends were to be seen. Although the business achieved volume increases, price reductions imposed by private health insurers had a negative impact. In the on-site business, the stoppage of a plant led to a decline in revenue.

Engineering Division: Margin significantly above the target of around 9 percent

Revenue in the Engineering Division fell in the first quarter of 2018 by 7.1 percent to EUR 602 m (2017: EUR 648 m). Operating profit increased to EUR 60 m (2017: EUR 53 m). At 10.0 percent, the operating margin was significantly above the figure for the first quarter of 2017 of 8.2 percent and exceeded the target of around 9 percent which Linde Engineering has set itself for the 2018 financial year. This was due not only to higher earnings from individual plant construction projects, but also to improved capacity utilisation.

The order backlog remained solid at EUR 4.166 bn (31 December 2017: EUR 4.178 bn). The market for international large-scale plant construction remains difficult and is characterised by intense competition. However, the Engineering Division succeeded in increasing its order intake by 34.8 percent to EUR 616 m (2017: EUR 457 m).

Outlook confirmed

After adjusting for the impact of IFRS 15 and for exchange rate effects, Group revenue in 2018 is expected to be similar to that achieved in 2017 or to increase by up to 4 percent. Group operating profit after adjusting for exchange rate effects is expected to lie within a range from the prior-year figure to 5 percent higher. In the 2018 financial year, Linde will seek to achieve a return on capital employed of around 10 percent.

Linde is seeking to achieve the following targets in the Gases Division in the 2018 financial year. After adjusting for the impact of IFRS 15 and for exchange rate effects, revenue is expected to lie between the 2017 figure and a figure which is 4 percent higher. Operating profit after adjusting for exchange rate effects is expected to lie within a range from the prior-year figure to 5 percent higher.

Linde assumes it will generate revenue in the Engineering Division in the 2018 financial year of between EUR 2.2 bn and EUR 2.6 bn. It is expecting to achieve an operating margin here of around 9 percent.

Proposed merger with Praxair, Inc.

The merger control and regulatory processes are in full swing. Linde is engaged in constructive talks with the relevant authorities and in parallel with potential buyers. Merger approvals have already been received for the following countries: Algeria, Ecuador, Kenya, Pakistan, Paraguay, the Philippines, Russia, South Africa, Turkey, Ukraine and, most recently, Zimbabwe. Linde and Praxair continue to assume that they will be able to complete the merger in the second half of 2018 following the timely receipt of all the required approvals.

To coincide with the publication of the interim report, a webcast for analysts will take place today at 2 p.m. German time in English with Dr Sven Schneider, CFO of Linde AG. Journalists will have the opportunity to watch the webcast by following this link:

<https://event.mescdn.com/linde/q1-2018-results-conference-call>

In the 2017 financial year, The Linde Group generated revenue of EUR 17.113 bn, making it one of the leading gases and engineering companies in the world, with approximately 58,000 employees working in more than 100 countries worldwide. The strategy of The Linde Group is geared towards long-term profitable growth and focuses on the expansion of its international business, with forward-looking products and services. Linde acts responsibly towards its shareholders, business partners, employees, society and the environment in every one of its business areas, regions and locations across the globe. The company is committed to technologies and products that unite the goals of customer value and sustainable development.

For more information, see The Linde Group online at www.linde.com

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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 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 to abandon the transaction; the occurrence of any event, change or other circumstances that could give rise to the termination of the 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; 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 Linde plc 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 Linde plc’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 Linde plc’s public filings made with the SEC from time to time, including but not limited to those described under the headings “Risk Factors” and



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“Forward-Looking Statements” in Praxair’s Form 10-K for the fiscal year ended December 31, 2017, which are available via the SEC’s Web site at 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, are more fully discussed in the proxy statement/prospectus and the offering prospectus included in the Registration Statement on Form S-4 filed by Linde plc with the SEC and in the offering document and/or any prospectuses or supplements 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 Linde plc 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 Linde plc on the date hereof, and each of Linde, Praxair and Linde plc 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.