

Press release

January to March 2017: Linde starts the new financial year with increases in revenue and earnings

- Group revenue increases to EUR 4.385 bn (up 6.6 percent; up 4.2 percent after adjusting for exchange rate effects)
- Group operating profit¹ rises to EUR 1.041 bn (up 5.7 percent; up 3.1 percent after adjusting for exchange rate effects)
- Group outlook for 2017 confirmed

Munich, 28 April 2017 – The technology company The Linde Group saw positive business trends in the first quarter of 2017, achieving increases in both revenue and earnings compared to the first quarter of 2016.

"We have made a proper start to the new financial year, in line with our forecast," said Professor Dr Aldo Belloni, Chief Executive Officer of Linde AG. "Our positive business performance is testament to our solid business model. At the same time, the efficiency improvement measures we introduced at the end of 2016 are starting to have an effect."

The Linde Group: Revenue and earnings trends influenced by positive contributions from the EMEA and Asia/Pacific segments

In the first quarter of 2017, Group revenue from continuing operations rose by 6.6 percent to EUR 4.385 bn, when compared with the figure for the first quarter of 2016 of EUR 4.115 bn. The main factors contributing to this increase were positive trends in the EMEA and Asia/Pacific segments and higher revenue in the Engineering Division. Group operating profit from continuing operations rose by 5.7 percent to EUR 1.041 bn (2016: EUR 985 m). After adjusting for exchange rate effects, Group revenue was 4.2 percent higher than in the prior-year period. Group operating profit after adjusting for exchange rate effects increased by 3.1 percent. At 23.7 percent, the Group operating margin was similar to the figure for the first quarter of 2016 of 23.9 percent.

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

During the financial year, Linde is continuing to implement long-term efficiency improvement measures across the Group through its Focus and LIFT programmes. By the end of 2017, the LIFT programme is expected to have incurred total costs of around EUR 400 m which are disclosed as special items in the statement of profit or loss. Of these costs, EUR 116 m were realised in 2016. In the first quarter of 2017, costs of EUR 22 m were classified as special items. These include costs arising from the proposed merger with Praxair.

Linde's earnings per share from continuing operations at 31 March 2017 stood at EUR 1.68 (2016: EUR 1.65). Due to the planned sale of Gist in 2017, the contribution to revenue and earnings from this division has been disclosed as discontinued operations and is therefore not included in the current Group figures. Operating cash flow was EUR 653 m, which was 25.2 percent below the figure for the first quarter of 2016 of EUR 873 m. This was mainly as a result of the lower figure for advance payments received from plant construction customers.

Gases Division: Revenue continues to increase on a comparable basis

In the Gases Division, Linde generated revenue in the first quarter of 2017 of EUR 3.799 bn, an increase of 4.9 percent when compared with the figure for the prior-year period of EUR 3.621 bn. After adjusting for exchange rate effects and changes in natural gas prices, the growth in revenue was 0.9 percent. Operating profit rose by 2.4 percent after adjusting for exchange rate effects, from EUR 1.006 bn in the first quarter of 2016 to EUR 1.053 bn in the first quarter of 2017. At 27.7 percent, the operating margin was similar to that achieved in the prior-year period (2016: 27.8 percent). It should be noted that higher natural gas prices had a negative impact on the operating margin.

In the **EMEA segment** (Europe, Middle East, Africa), the Group generated revenue of EUR 1.478 bn in the first three months of 2017, which was 4.8 percent higher than the figure achieved in the first three months of 2016 of EUR 1.410 bn. On a comparable basis, revenue rose by 4.4 percent. Operating profit was EUR 462 m, an increase of 7.4 percent when compared with the figure for the first quarter of 2016 of EUR 430 m. The operating margin rose to 31.3 percent (2016: 30.5 percent). The efficiency improvement measures introduced in 2015 and 2016 contributed towards this increase.

Positive trends were to be seen in the EMEA segment in almost all product areas. In the on-site business, where the Group supplies gases on site to major customers, Linde was able to achieve revenue growth in Northern Europe and in the Middle East & Eastern Europe as a result of plant start-ups. In the liquefied gases and cylinder gas product areas, revenue increased in virtually all regions.

Linde generated revenue in the **Asia/Pacific segment** in the three months to 31 March 2017 of EUR 1.073 bn, which was 10.7 percent above the figure for the first three months of 2016 of EUR 969 m. On a comparable basis, revenue increased by 4.9 percent. At EUR 268 m, operating profit was 5.5 percent above the figure for the prior-year period of EUR 254 m, giving an operating margin of 25.0 percent (2016: 26.2 percent). It should be noted that the prior-year figure included a one-off effect from the sale of assets.

In the Asia/Pacific segment as well, positive trends were to be seen in virtually all the product areas. Solid volume and price increases were achieved in particular in the liquefied gases business. In the South Pacific, the decline in revenue was halted. In addition, the cost-cutting measures introduced have been showing the first signs of success in this region and resulted in an increase in operating profit compared with the prior-year period.

In the **Americas segment**, revenue increased by 1.0 percent in the first quarter of 2017 to EUR 1.297 bn (2016: EUR 1.284 bn). After adjusting for exchange rate effects and changes in the natural gas price, revenue fell by 5.3 percent. When compared with the prior-year period, operating profit rose by 0.3 percent to EUR 323 m (2016: EUR 322 m). The operating margin was 24.9 percent (2016: 25.1 percent).

Revenue and earnings trends in this segment were affected by a number of factors working in different directions. Positive trends were once again to be seen in the on-site business and liquefied gases business in North America. In the Healthcare business in North America, on the other hand, the impact of the price reductions in 2016 as a result of government tenders is now being clearly felt. As expected, the Group's sale of two Lincare subsidiaries in the third quarter of 2016 had an adverse impact on revenue.

Conditions in the individual countries in South America, especially in Brazil and Venezuela, did not improve substantially in the first quarter of 2017. The economic situation in the region is characterised by high inflation and low growth rates. The trends in the product areas in South America were positive, but the growth achieved is from a relatively low base in the prior-year period.

Engineering Division: Margin in line with expectations

Revenue in the Engineering Division rose in the first quarter of 2017 by 14.1 percent to EUR 648 m (2016: EUR 568 m). Operating profit also increased, from EUR 46 m in the first quarter of 2016 to EUR 53 m in the first quarter of 2017. The operating margin was 8.2 percent (2016: 8.1 percent). This matched the target Linde has set itself for the current financial year.

Despite the persistently low price of oil and the resulting slack demand in plant construction, there was an increase in order intake in the three months to 31 March 2017 to EUR 457 m (2016: EUR 310 m). The order backlog in the Engineering Division at 31 March 2017 remained solid at EUR 4.168 bn (31 December 2016: EUR 4.386 bn).

Outlook

The Group is expecting to achieve an increase in revenue after adjusting for exchange rate effects in the 2017 financial year of 3 percent, although the challenging market environment could result in a decrease of up to 3 percent. After adjusting for exchange rate effects, operating profit should be on a par with or up to 7 percent higher than the figure achieved in 2016. In the Gases Division, Linde is aiming to generate currency-adjusted revenue in the 2017 financial year which is up to 3 percent higher than in 2016, although the challenging market environment could result in a decrease of up to 2 percent. After adjusting for exchange rate effects, operating profit is expected to be on a par with or up to 6 percent higher than in 2016. In the Engineering Division, Linde expects to generate revenue in the 2017 financial year of between EUR 2.0 bn and EUR 2.4 bn and an operating margin of around 8 percent.

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/results-conference-call-q1-2017>



In the 2016 financial year, The Linde Group generated revenue of EUR 16.948 bn, making it one of the leading gases and engineering companies in the world, with approximately 60,000 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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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. 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. Following approval by the BaFin, the offer document will be made available at BaFin's Web site at 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.



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



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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. 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.