

Press release

Linde achieves growth targets and announces dividend increase

- 2017 financial year:
 - Group revenue¹: EUR 17.113 bn; up 2.1 percent after adjusting for exchange rate effects
 - Group operating profit^{1,2}: EUR 4.213 bn; up 4.1 percent after adjusting for exchange rate effects
 - Group margin: 24.6 percent; increase of 40 basis points
 - ROCE¹: 10.2 percent; increase of 80 basis points
- Group outlook for 2018³: Revenue expected to be similar to that generated in 2017 or to increase by up to 4 percent; operating profit expected to rise by up to 5 percent
- Completion of merger with Praxair still planned for the second half of 2018

Munich, 8 March 2018 – The technology company The Linde Group delivered a solid performance in the 2017 financial year, achieving increases in both Group revenue and Group operating profit after adjusting for exchange rate effects. The main factors contributing to this performance were continuing positive trends in the EMEA and Asia/Pacific segments and in the Engineering Division. Linde is making more rapid progress with its LIFT efficiency programme than planned.

"We've had a very decent year. We met our targets in full and achieved increases in revenue and earnings after adjusting for exchange rate effects. Our proposed merger with Praxair remains on schedule," said Professor Dr Aldo Belloni, Chief Executive Officer of Linde AG.

The Executive Board and Supervisory Board will propose a resolution at the Annual General Meeting that a dividend of EUR 7.00 per share be paid. In economic terms, the proposed

¹ From continuing operations.

² EBIT (before special items) adjusted for the amortisation of intangible assets and the depreciation of tangible assets.

³ After adjusting for IFRS 15 and exchange rate effects.

dividend comprises a distribution for the 2017 financial year of EUR 3.90 (2016: EUR 3.70) per Linde share plus a distribution of the expected dividend relating to three quarters of the 2018 financial year of EUR 3.10 per Linde share. Provision was made for this in the Business Combination Agreement between Linde and Praxair to compensate for the fact that the two companies would pay dividends for the year 2018 on different dates. Linde pays an annual dividend for the past financial year, whereas Praxair pays quarterly dividends for the current financial year. The proposed Linde dividend applies not only to the class of shares submitted for exchange, but also to the class of shares not submitted for exchange.

Stable earnings power maintained in the 2017 financial year

In the 2017 financial year, Group revenue from continuing operations was EUR 17.113 bn (2016: EUR 16.948 bn). Linde was able to maintain its stable earnings power and achieve an increase in Group operating profit from continuing operations in the 2017 financial year to EUR 4.213 bn, compared with the prior-year figure of EUR 4.098 bn.

After adjusting for exchange rate effects, Group revenue was 2.1 percent higher than in 2016. Group operating profit rose by 4.1 percent after adjusting for exchange rate effects. At 24.6 percent, the Group margin was 40 basis points above the 2016 figure of 24.2 percent.

Profit for the year from continuing operations increased from EUR 1.327 bn in 2016 to EUR 1.536 bn in 2017. This was due to the US tax reform. The reduction in the federal corporate tax rate from 35 percent to 21 percent from 1 January 2018 required a revaluation of deferred taxes. This had a positive non-cash impact of EUR 250 m, reducing the figure for taxes on income accordingly. Earnings per share from continuing operations rose from EUR 6.50 to EUR 7.56. In the 2017 financial year, return on capital employed (ROCE) was 10.2 percent (2016: 9.4 percent). At EUR 3.478 bn, operating cash flow from continuing operations remained at a high level (2016: EUR 3.400 bn).

Margin in the gases business rises by 20 basis points

In the Gases Division, revenue increased in the 2017 financial year by 0.6 percent to EUR 14.988 bn (2016: EUR 14.892 bn). After adjusting for exchange rate effects and changes in the price of natural gas, revenue rose by 1.2 percent. Linde was able to achieve an increase in operating profit in the Gases

Division of 1.4 percent (or 2.7 percent after adjusting for exchange rate effects) to EUR 4.268 bn (2016: EUR 4.210 bn), giving an operating margin of 28.5 percent (2016: 28.3 percent).

In the EMEA segment, revenue in the 2017 financial year was EUR 5.876 bn, which was 2.4 percent above the figure for 2016 of EUR 5.736 bn. On a comparable basis, Linde achieved an increase in revenue of 2.9 percent. Operating profit in the region improved to EUR 1.874 bn (2016: EUR 1.807 bn). The operating margin rose 40 basis points to 31.9 percent (2016: 31.5 percent).

In the EMEA segment, all product areas saw positive trends. In the on-site business, where the company supplies gases on site to major customers, Linde was able to achieve revenue growth in Germany, 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, increases in revenue were achieved in virtually all regions.

In the Asia/Pacific segment, the revenue trend was positive, with revenue increasing by 6.5 percent to EUR 4.378 bn (2016: EUR 4.109 bn). Operating profit rose by 10.9 percent to EUR 1.202 bn (2016: EUR 1.084 bn). The operating margin was 27.5 percent, also an increase when compared with the prior-year figure (26.4 percent).

Positive trends in all product areas were to be seen in South & East Asia and in China. Solid volume and revenue increases were achieved above all in the liquefied gases and on-site product areas. As far as customer segments are concerned, electronic gases were particularly in demand.

In the Americas segment, revenue fell by 6.2 percent to EUR 4.908 bn (2016: EUR 5.232 bn). On a comparable basis, the decrease in revenue was 5.4 percent. Operating profit dropped by 9.6 percent to EUR 1.192 bn (2016: EUR 1.319 bn). The operating margin fell as a result from 25.2 percent to 24.3 percent. A variety of effects in different directions had an impact on revenue and earnings trends. In the Healthcare business in North America, price reductions as a result of government tenders are continuing to have an effect. Meanwhile, positive trends were to be seen in the liquefied gases and on-site business in North America. In South America, economic conditions remained rather subdued in 2017.

Revenue in the Engineering Division rose in the 2017 financial year by 1.6 percent to EUR 2.388 bn (2016: EUR 2.351 bn). Operating profit increased significantly, by 12.2 percent to EUR 220 m (2016: EUR 196 m). Linde was able to improve its operating margin in this division from 8.3 percent in 2016 to 9.2

percent in 2017. This was due to higher profits on specific plant construction projects and to better capacity utilisation.

There was also an encouraging trend in order intake, which rose by 5.9 percent to EUR 2.390 bn (2016: EUR 2.257 bn). At 31 December 2017, the order backlog remained solid at EUR 4.178 bn (2016: EUR 4.386 bn).

Outlook

Given the high level of uncertainty associated with exchange rates, and the fact that exchange rates are outside the company's control, Linde is presenting its revenue and earnings forecasts in the form of percentage ranges after adjustment for exchange rate effects. The 2018 forecasts for Group revenue and the revenue of the Gases Division have also been adjusted for the effect of the first-time application of the new accounting standard IFRS 15 (Revenue from Contracts with Customers). The new standard is effective from 1 January 2018 and will result in a reduction in the revenue figures reported of around EUR 400 m.

After adjusting for the effects of IFRS 15 and exchange rate effects, Group revenue in the 2018 financial year 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 be in a range similar to that achieved in 2017 or to increase by up to 5 percent. Linde is seeking to achieve a return on capital employed in the 2018 financial year of around 10 percent. Linde is expecting to incur additional costs in 2018 relating to the proposed merger with Praxair totalling around EUR 150 m. As in previous reporting periods, these will be disclosed as special items. Due to the proposed merger with Praxair and the antitrust conditions which will be imposed as a result, assets will come up for sale in the course of the 2018 financial year. This may lead to an adjustment being made to the forecast.

Outlook – Gases Division

In the on-site business, Linde has a solid project pipeline, which will make a positive contribution to revenue and earnings trends in the 2018 financial year. In the liquefied gases and cylinder gas product areas, performance is largely dependent on the general economic environment. Revenue and earnings trends in the Healthcare business are affected among other things by price reductions imposed by government agencies and health insurance funds. Linde plans to counter this through volume increases, organic growth and acquisitions.



Contingent on the general conditions described above and on economic trends, Linde is seeking to achieve the following targets in the Gases Division in the 2018 financial year. After adjusting for the effects of IFRS 15 and for exchange rate effects, revenue is expected to be similar to that achieved in 2017 or to increase by up to 4 percent. Operating profit after adjusting for exchange rate effects is expected to be in a range similar to that achieved in 2017 or to increase by up to 5 percent. Linde plans to achieve a slight increase in the division's margins in the EMEA, Asia/Pacific and Americas segments. In addition, the application of the new accounting standard IFRS 15 will have a positive impact on the margins.

Outlook – Engineering Division

Linde expects to generate revenue in the Engineering Division in the 2018 financial year of between EUR 2.2 bn and EUR 2.6 bn. It anticipates achieving an operating margin there 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 and Ukraine. 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.

Note: The 2017 Annual Report of The Linde Group is available online as a pdf:

http://www.the-linde-group.com/en/news_and_media/publications/index.html

To coincide with the publication of the financial statements, a webcast for analysts will take place today at 2 pm German time in English with Professor Dr Aldo Belloni, CEO of Linde AG, and 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/fy-2017-results-conference-call>

Information about sustainability at Linde can also be found in the Corporate Responsibility Report. In this report, Linde provides information about how the Group combines long-term economic value added with ecological and social responsibility:

www.linde.com/cr-report

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



THE LINDE GROUP

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

Further information:

Media Relations

Dr Frank Herkenhoff

Phone +49.89.35757-1320

Investor Relations

Bernard Wang

Phone +49.89.35757-1328

Matthias Dachwald

Phone +49.89.35757-1333

Anne Walther

Phone +49.89.35757-1356

Additional Information and Where To Find It

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



THE LINDE GROUP

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 "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.