

Linde plc

Investor Teleconference Presentation
Second Quarter 2021

July 30, 2021

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, 2020 filed with the SEC on March 1, 2021 which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.

Investing for future revenue expansion

~$7.5B[(1)] project backlog



- ✓ ~ 3 year execution
- ✓ Contractual growth with secured cash flow
- ✓ Minimum double-digit returns
- ✓ Leveraging engineering capabilities

$1B per year base growth projects



- ✓ Short-term execution
- ✓ Increases network density
- ✓ Include small on-site, electrolyzers, merchant and packaged assets

High-quality growth

(1) Includes 3rd party sale of plant backlog of $4.1 billion and sale of gas backlog of $3.4 billion. See slide 14 for more information.

Second-Quarter Adjusted Results[1]

($MM)	2Q 2021	1Q 2021	Var	2Q 2020	Var
Sales	$7,584	$7,243	5%	$6,377	19%
Operating Profit	$1,837	$1,688	9%	$1,317	39%
% of Sales	*24.2%*	*23.3%*		*20.7%*	
Income	$1,415	$1,312	8%	$1,005	41%
Diluted EPS	$2.70	$2.49	8%	$1.90	42%
Op. Cash Flow	$1,827	$2,109	-13%	$1,764	4%
Capex	$744	$762	-2%	$783	-5%
Base Capex[2]	$481	$496	-3%	$449	7%
Project Capex[3]	$263	$266	-1%	$334	-21%
After-Tax ROC	15.7%	14.5%	+120 bps	12.3%	+340 bps

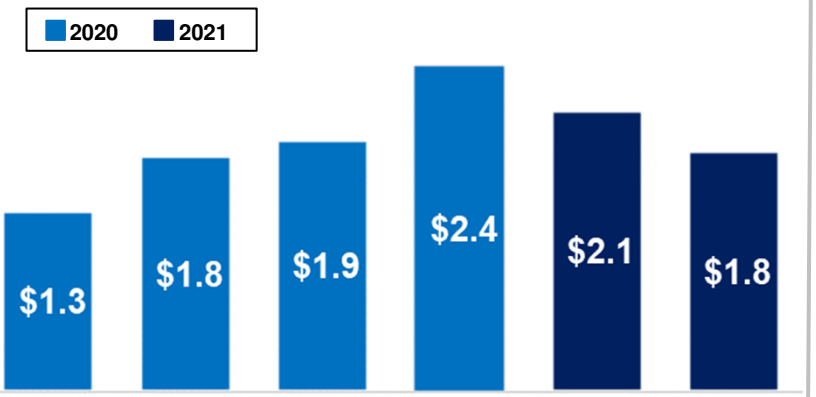
	YOY	SEQ.
Sales Growth	+ 19%	+ 5%
Volume	+ 15%	+ 4%
Price / Mix	+ 3%	+ 1%
Cost pass-thru	+ 2%	--
Currency	+ 6%	--
Acq / Div	- 3%	--
Engineering	- 4%	--

- Significant operating leverage, YoY and Seq.
- EPS +48% vs. 2Q 2019, +42% vs. 2Q 2020
- Broad-based price attainment & continued progress on productivity initiatives
- Volume growth across all end markets, plus project start ups
- Divestiture: deconsolidated JV in APAC
- Operating margin expansion 350 bps YoY
- ROC 15.7%, +340 bps YoY, +120 bps seq.

(1) Non-GAAP measures – see Appendix. All amounts are from continuing operations
(2) Represents capex in small growth, maintenance and other non-project capex related investments
(3) Capex for projects > $5mm with a long-term customer supply agreement and incremental growth

Cash Management

Operating Cash Flow (OCF) Trend ($B)

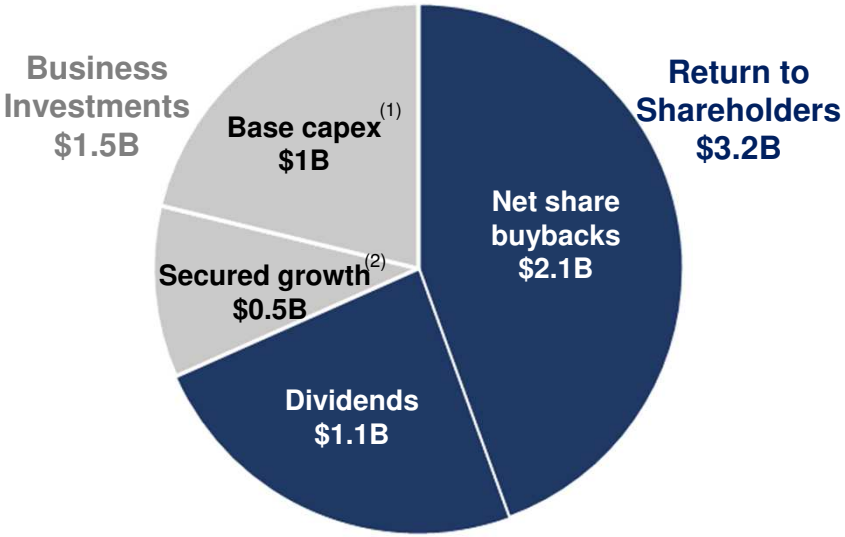


	1Q	2Q	3Q	4Q	1Q	2Q
OCF	$1.3	$1.8	$1.9	$2.4	$2.1	$1.8
Base CAPEX[1]	($0.4)	($0.4)	($0.5)	($0.6)	($0.5)	($0.5)
Avail. OCF	$0.9	$1.4	$1.4	$1.8	$1.6	$1.3

Disciplined cash management

- Growing operating cash
- Investing in the business
- Rewarding shareholders

1H Capital Allocation



1H operating cash flow +27% YoY

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

2021 Guidance

3rd Quarter 2021

- Adjusted EPS[1] in the range of $2.60 to $2.70
  - +34% to +39% vs. 2019
  - +21% to +26% vs. 2020
  - Estimated YoY currency tailwind +3%
  - Estimated sequential currency headwind -1%

Full-Year 2021

- Adjusted EPS[1] in the range of $10.10 to $10.30
  - +38% to +40% vs. 2019
  - +23% to +25% vs. 2020
  - Estimated YoY currency tailwind +3%
  - Increased guidance $0.50 based on 9 months
- CAPEX: $3.0B to $3.4B

Double-digit EPS growth for 3rd consecutive year

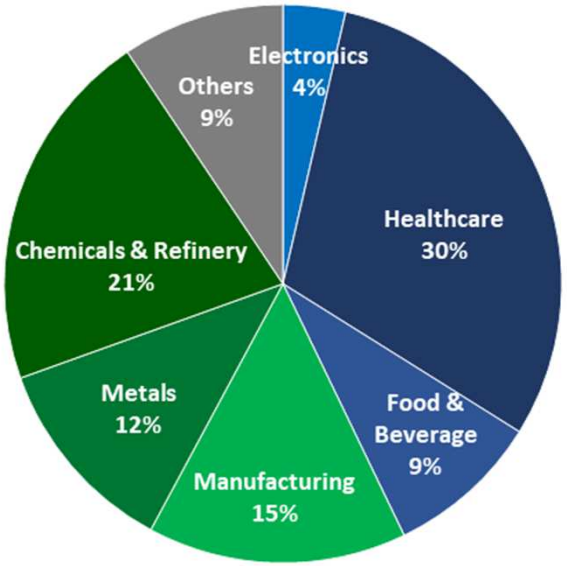
(1) Non-GAAP measure, see appendix

Appendix

Americas

($MM)	2Q 2021	1Q 2021	Var	2Q 2020	Var
Sales	$3,020	$2,840	6%	$2,417	25%
Operating Profit	$871	$795	10%	$622	40%
% of Sales	28.8%	28.0%		25.7%	

End Market



	YOY	SEQ.
Sales Growth	+ 25%	+ 6%
Volume	+ 18%	+ 5%
Price / Mix	+ 3%	+ 1%
Cost pass-thru	+ 2%	--
Currency	+ 2%	--
Acq / Div	--	--

- YoY and sequential margin expansion led by price, volume and productivity initiatives
- YoY growth across all end markets; Manufacturing, Metals, Chemicals & Refinery the strongest
- Seq. growth led by Manufacturing, Chemicals & Refinery, Food & Beverage
- Broad-based growth across all three distribution modes
- FX tailwind led by CAD, MXN and BRL

APAC

($MM)	2Q 2021	1Q 2021	Var	2Q 2020	Var
Sales	$1,544	$1,436	8%	$1,295	19%
Operating Profit	$389	$351	11%	$294	32%
% of Sales	25.2%	24.4%		22.7%	

Adjusted for JV deconsolidation(1)

($MM)	2Q 2021 Reported	2Q 2020 Ex. JV	Var
Sales	$1,544	$1,142	35%
Operating Profit	$389	$266	46%
% of Sales	25.2%	23.3%	

	YOY	SEQ.
Sales Growth	+ 19%	+ 8%
Volume	+ 19%	+ 7%
Price / Mix	+ 2%	+ 1%
Cost pass-thru	+ 2%	--
Currency	+ 8%	--
Acq / Div	- 12%	--

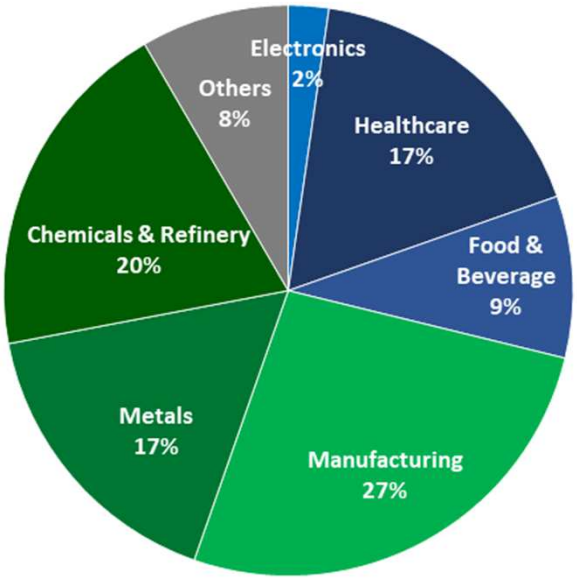
- YoY and sequential margin expansion led by price, volume and productivity initiatives
- YoY growth across all end markets; Electronics, Manufacturing, Chemicals & Refinery the strongest
- Seq. growth across all end markets; Electronics and Manufacturing the strongest
- 1Q deconsolidated Joint Venture in Taiwan
  - No impact to EPS
- FX tailwinds led by CNY, AUD & KRW

(1) See appendix for reconciliation of reported segment results excluding the impact of the deconsolidation

EMEA

($MM)	2Q 2021	1Q 2021	Var	2Q 2020	Var
Sales	$1,875	$1,799	4%	$1,448	29%
Operating Profit	$487	$451	8%	$303	61%
% of Sales	26.0%	25.1%		20.9%	

End Market



	YOY	SEQ.
Sales Growth	+ 29%	+ 4%
Volume	+ 12%	+ 2%
Price / Mix	+ 4%	+ 1%
Cost pass-thru	+ 4%	--
Currency	+ 10%	+ 1%
Acq / Div	- 1%	--

- YoY and sequential margin expansion led by price, volume and productivity initiatives
- YoY growth across all end markets; Manufacturing, Metals, Food & Beverage the strongest
- Seq. growth led by Manufacturing and Food & Beverage
- FX tailwinds from EUR and GBP
- Divestiture in 2Q 2020 of a non-core business in Scandinavia

Engineering

($MM)	2Q 2021	1Q 2021	Var	2Q 2020	Var
Sales	$646	$674	-4%	$810	-20%
Operating Profit	$108	$109	-1%	$138	-22%
% of Sales	16.7%	16.2%		17.0%	

3rd Party Orders ($MM)	2Q 2021	1Q 2021	2Q 2020
Intake	$355	$461	$291
Backlog	$4,069	$4,323	$4,957

- Maintaining healthy margins led by good execution, productivity initiatives and fixed cost absorption
- Continue to execute backlog on time and on budget
- Contractually secured sale of plant backlog of $4.1 billion
- Steady order intake from high-quality projects

Global Other

($MM)	2Q 2021	1Q 2021	Var	2Q 2020	Var
Sales	$499	$494	1%	$407	23%
Operating Profit	($18)	($18)	0%	($40)	55%
% of Sales	-3.6%	-3.6%		-9.8%	

- YoY margin improvement driven by price and productivity initiatives, plus volume growth
- Improving quality of all businesses

Global End Market Trends

2Q 2021	End Market	% of Sales[1] & Trend	YoY Sales[2] Growth	Seq. Sales[2] Growth
Consumer Related End Markets (More Resilient)				
	**Healthcare**	**20%**	+9%	--
	**Food & Beverage**	**10%**	+19%	+9%
	**Electronics**	**8%**	+17%	+4%
Industrial Related End Markets (More Cyclical)				
	**Manufacturing**	**19%**	+22%	+5%
	**Chemicals & Refining**	**20%**	+19%	+8%
	**Metals**	**13%**	+27%	+4%
	Other	**10%**	+35%	+9%

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

High-Quality Backlog

Project Backlog (~$7.5B)



Sale of Plant[1] $4.1B

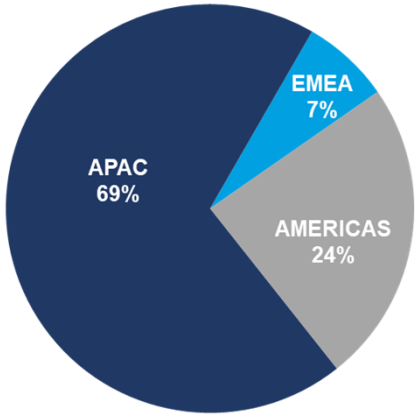
- ✓ Contractual growth
- ✓ Secured cash flow
- ✓ Accretive to ROC
- ✓ Competitive advantage



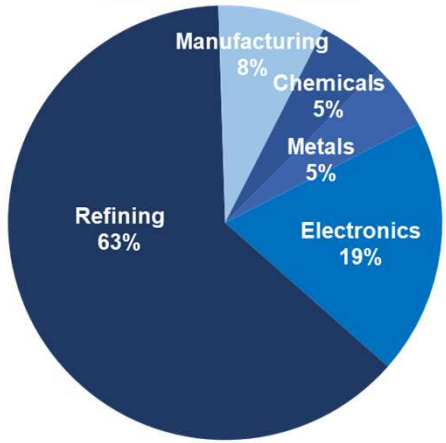
Sale of Gas[2] $3.4B

- ✓ Contractual growth
- ✓ Secured cash flow
- ✓ Double-digit IRR
- ✓ Increases network density

Geography



End Market



(1) Represents future sales, secured under a signed agreement

(2) Represents project investments (CAPEX), supported by a long-term supply agreement

ESG Performance

Target: 35% Reduction in GHG Emissions Intensity 2018-2028[1]



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

- YTD Linde volumes up 9%; GHG emissions up 1%; efficiency largely due to improved energy sourcing and operations management
- GHG intensity continues improving led by better company performance

Low-carbon energy[2] (Target: double annual purchase by 2028)

- Over one third of Linde's energy consumption is low carbon

Decarbonizing our future

- Pipeline of decarbonization opportunities comprised of 200+ projects
- Several decarbonization projects pending government subsidy
- Linde starts up new liquid hydrogen plant in Texas to serve several end markets, including mobility, space and electronics

ESG News and Recognitions

- Linde recognized as a leader in *100 Best Corporate Citizens of 2021*

(1) Scope 1 and 2 emissions (in million MT) divided by adjusted EBITDA in billion USD
(2) Low-carbon energy includes solar, wind, hydro and nuclear

Sustainable Development Highlights

Best-in-class safety performance

4x better than U.S. Occupational Health and Safety Administration industrial average for lost workday case rate

Enabled the **avoidance of >2x more GHG emissions** than were emitted in all the company's operations

350,000 people benefited from global employee **community engagement** projects

Green H_2 supply to the world's first **hydrogen powered ferry**

Reduced **300 million gallons** of water in operations

Sourced **more than 1/3** of global electricity from **low-carbon sources**

Recognized leader in **diversity & inclusion**

ENVIRONMENTAL QUALITYSCORE HIGHEST RANKED BY ISS ESG 1

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

Bloomberg Gender-Equality Index 2021

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**



>10% EPS Growth

\+

Clean Energy

2021+

Sustainable value creation

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.

	2021			2020				
	Year to Date June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Adjusted Operating Profit and Operating Margin								
Reported operating profit	$ 2,355	$ 1,142	$ 1,213	$ 1,324	$ 1,029	$ 969	$ 591	$ 733
Add: Cost reduction programs and other charges	196	204	(8)	380	78	48	249	131
Add: Purchase accounting impacts - Linde AG (c)	974	491	483	965	506	498	477	488
Total adjustments	1,170	695	475	1,345	584	546	726	619
Adjusted operating profit	$ 3,525	$ 1,837	$ 1,688	$ 2,669	$ 1,613	$ 1,515	$ 1,317	$ 1,352
Reported percentage change	78 %	93 %	65 %	4 %			(12)%	20 %
Adjusted percentage change	32 %	39 %	25 %	5 %			- %	11 %
Reported sales	$ 14,827	$ 7,584	$ 7,243	$ 13,116	$ 7,272	$ 6,855	$ 6,377	$ 6,739
Reported operating margin	15.9 %	15.1 %	16.7 %	10.1 %	14.2 %	14.1 %	9.3 %	10.9 %
Adjusted operating margin	23.8 %	24.2 %	23.3 %	20.3 %	22.2 %	22.1 %	20.7 %	20.1 %
Adjusted Depreciation and amortization								
Reported depreciation and amortization	$ 2,337	$ 1,171	$ 1,166	$ 2,266	$ 1,192	$ 1,168	$ 1,124	$ 1,142
Less: Purchase accounting impacts - Linde AG (c)	(957)	(479)	(478)	(944)	(489)	(487)	(468)	(476)
Adjusted depreciation and amortization	$ 1,380	$ 692	$ 688	$ 1,322	$ 703	$ 681	$ 656	$ 666
Adjusted Other Income (Expense) - net								
Reported Other Income (Expense) - net	$ (13)	$ (17)	$ 4	$ 15	$ (47)	$ (29)	$ -	$ 15
Add: Purchase accounting impacts - Linde AG (c)	(17)	(12)	(5)	(21)	(17)	(11)	(9)	(12)
Adjusted Other Income (Expense) - net	$ 4	$ (5)	$ 9	$ 36	$ (30)	$ (18)	$ 9	$ 27
Adjusted Net Pension and OPEB Cost (Benefit), Excluding Service Cost								
Reported net pension and OPEB cost (benefit), excluding service cost	$ (98)	$ (49)	$ (49)	$ (90)	$ (46)	$ (41)	$ (45)	$ (45)
Add: Pension settlement charges	-	-	-	-	-	(6)	-	-
Adjusted Net Pension and OPEB cost (benefit), excluding service costs	$ (98)	$ (49)	$ (49)	$ (90)	$ (46)	$ (47)	$ (45)	$ (45)
Adjusted Interest Expense - Net								
Reported interest expense - net	$ 38	$ 18	$ 20	$ 42	$ 35	$ 38	$ 18	$ 24
Add: Purchase accounting impacts - Linde AG (c)	33	15	18	44	18	23	22	22
Less: Bond Redemption	-	-	-	-	(16)	-	-	-
Total adjustments	33	15	18	44	2	23	22	22
Adjusted interest expense - net	$ 71	$ 33	$ 38	$ 86	$ 37	$ 61	$ 40	$ 46

Non-GAAP Measures, continued



	2021			2020				
	Year to Date June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Adjusted Income Taxes (a)								
Reported income taxes	$ 602	$ 334	$ 268	$ 329	$ 253	$ 265	$ 164	$ 165
Add: Purchase accounting impacts - Linde AG (c)	234	116	118	217	107	75	95	122
Add: Pension settlement charges	-	-	-	-	-	1	-	-
Add: Cost reduction programs and other charges	26	6	20	98	20	12	62	36
Less: Bond Redemption	-	-	-	-	4	-	-	-
Total adjustments	260	122	138	315	131	88	157	158
Adjusted income taxes	$ 862	$ 456	$ 406	$ 644	$ 384	$ 353	$ 321	$ 323
Adjusted Effective Tax Rate (a)								
Reported income before income taxes and equity investments	$ 2,415	$ 1,173	$ 1,242	$ 1,372	$ 1,040	$ 972	$ 618	$ 754
Add: Pension settlement charge	-	-	-	-	-	6	-	-
Add: Purchase accounting impacts - Linde AG (c)	941	476	465	921	488	475	455	466
Add: Cost reduction programs and other charges	196	204	(8)	380	78	48	249	131
Less: Bond Redemption	-	-	-	-	16	-	-	-
Total adjustments	1,137	680	457	1,301	582	529	704	597
Adjusted income before income taxes and equity investments	$ 3,552	$ 1,853	$ 1,699	$ 2,673	$ 1,622	$ 1,501	$ 1,322	$ 1,351
Reported Income taxes	$ 602	$ 334	$ 268	$ 329	$ 253	$ 265	$ 164	$ 165
Reported effective tax rate	24.9 %	28.5 %	21.6 %	24.0 %	24.3 %	27.3 %	26.5 %	21.9 %
Adjusted income taxes	$ 862	$ 456	$ 406	$ 644	$ 384	$ 353	$ 321	$ 323
Adjusted effective tax rate	24.3 %	24.6 %	23.9 %	24.1 %	23.7 %	23.5 %	24.3 %	23.9 %
Income from Equity Investments								
Reported income from equity investments	$ 80	$ 37	$ 43	$ 46	$ 16	$ 23	$ 29	$ 17
Add: Purchase accounting impacts - Linde AG (c)	38	19	19	28	15	14	14	14
Adjusted income from equity investments	$ 118	$ 56	$ 62	$ 74	$ 31	$ 37	$ 43	$ 31
Adjusted Noncontrolling Interests from Continuing Operations								
Reported noncontrolling interests from continuing operations	$ (74)	$ (36)	$ (38)	$ (60)	$ (34)	$ (31)	$ (25)	$ (35)
Add: Cost reduction programs and other charges	-	-	-	-	(4)	-	-	-
Add: Purchase accounting impacts - Linde AG (c)	(7)	(2)	(5)	(29)	(14)	(14)	(14)	(15)
Total adjustments	(7)	(2)	(5)	(29)	(18)	(14)	(14)	(15)
Adjusted noncontrolling interests from continuing operations	$ (81)	$ (38)	$ (43)	$ (89)	$ (52)	$ (45)	$ (39)	$ (50)

Non-GAAP Measures, continued

	2021			2020				
	Year to Date June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Adjusted Income from Continuing Operations (b)								
Reported income from continuing operations	$ 1,819	$ 840	$ 979	$ 1,029	$ 769	$ 699	$ 458	$ 571
Add: Pension settlement charge	-	-	-	-	-	5	-	-
Add: Cost reduction programs and other charges	170	198	(28)	282	54	36	187	95
Less: Bond redemption	-	-	-	-	12	-	-	-
Add: Purchase accounting impacts - Linde AG (c)	738	377	361	703	382	400	360	343
Total adjustments	908	575	333	985	448	441	547	438
Adjusted income from continuing operations	$ 2,727	$ 1,415	$ 1,312	$ 2,014	$ 1,217	$ 1,140	$ 1,005	$ 1,009
Adjusted Diluted EPS from Continuing Operations (b)								
Reported diluted EPS from continuing operations	$ 3.46	$ 1.60	$ 1.86	$ 1.93	$ 1.45	$ 1.32	$ 0.87	$ 1.07
Add: Pension settlement charge	-	-	-	-	-	0.01	-	-
Add: Cost reduction programs and other charges	0.32	0.38	(0.05)	0.53	0.10	0.07	0.35	0.18
Less: Bond Redemption	-	-	-	-	0.02	-	-	-
Add: Purchase accounting impacts - Linde AG	1.41	0.72	0.68	1.32	0.73	0.75	0.68	0.64
Total adjustments	1.73	1.10	0.63	1.85	0.85	0.83	1.03	0.82
Adjusted diluted EPS from continuing operations	$ 5.19	$ 2.70	$ 2.49	$ 3.78	$ 2.30	$ 2.15	$ 1.90	$ 1.89
Reported percentage change	79 %	84 %	74 %	12 %	54 %	(1)%	(7)%	35 %
Adjusted percentage change	37 %	42 %	32 %	7 %	22 %	11 %	4 %	12 %

Adjusted Diluted EPS from Continuing Operations Guidance (d)	Third Quarter 2021		Full Year 2021	
	Low End	High End	Low End	High End
2021 Adjusted Guidance	$ 2.60	$ 2.70	$ 10.10	$ 10.30
Adjusted percentage changes versus 2020 adjusted diluted EPS	21 %	26 %	23 %	25 %
Add: Estimated currency headwind/(tailwind)	(3)%	(3)%	(3)%	(3)%
Adjusted percentage change excluding currency	18 %	23 %	20 %	22 %

Non-GAAP Measures, continued

	2021			2020				
	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	$ 1,819	$ 840	$ 979	$ 1,029	$ 769	$ 699	$ 458	$ 571
Add: Noncontrolling interests related to continuing operations	74	36	38	60	34	31	25	35
Add: Net pension and OPEB cost (benefit), excluding service cost	(98)	(49)	(49)	(90)	(46)	(41)	(45)	(45)
Add: Interest expense	38	18	20	42	35	38	18	24
Add: Income taxes	602	334	268	329	253	265	164	165
Add: Depreciation and amortization	2,337	1,171	1,166	2,266	1,192	1,168	1,124	1,142
EBITDA from continuing operations	4,772	2,350	2,422	3,636	2,237	2,160	1,744	1,892
Add: Cost reduction programs and other charges	196	204	(8)	380	78	48	249	131
Add: Purchase accounting impacts - Linde AG	55	31	24	49	32	25	23	26
Total adjustments	251	235	16	429	110	73	272	157
Adjusted EBITDA from continuing operations	$ 5,023	$ 2,585	$ 2,438	$ 4,065	$ 2,347	$ 2,233	$ 2,016	$ 2,049
Reported sales	$ 14,827	$ 7,584	$ 7,243	$ 13,116	$ 7,272	$ 6,855	$ 6,377	$ 6,739
% of sales								
EBITDA from continuing operations	32.2 %	31.0 %	33.4 %	27.7 %	30.8 %	31.5 %	27.3 %	28.1 %
Adjusted EBITDA from continuing operations	33.9 %	34.1 %	33.7 %	31.0 %	32.3 %	32.6 %	31.6 %	30.4 %

(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) We are providing adjusted earnings per share ("EPS") guidance for 2021. 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)

	2021		2020			
	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	$ 744	$ 762	$ 1,027	$ 787	$ 783	$ 803
Less: backlog capex (a)	(263)	(266)	(412)	(331)	(334)	(385)
Base Capex	$ 481	$ 496	$ 615	$ 456	$ 449	$ 418
Operating cash flow	$ 1,827	$ 2,109	$ 2,434	$ 1,884	$ 1,764	$ 1,347
Less: base capex	(481)	(496)	(615)	(456)	(449)	(418)
Available Operating Cash Flow	$ 1,346	$ 1,613	$ 1,819	$ 1,428	$ 1,315	$ 929

(a) Backlog capex is defined as capital expenditures for projects greater than $5 million with a customer supply contract.

APAC Segment Results Adjusted for JV Consolidation

	2020			
	Q4	Q3	Q2	Q1
APAC Segment Reported Sales	$ 1,572	$ 1,484	$ 1,295	$ 1,336
Deconsolidation Impact	(182)	(161)	(153)	(143)
APAC Segment Adjusted Sales	$ 1,390	$ 1,323	$ 1,142	$ 1,193
APAC Segment Reported Operating Profit	$ 365	$ 337	$ 294	$ 281
Deconsolidation Impact	(41)	(29)	(28)	(28)
APAC Segment Adjusted Operation Profit	$ 324	$ 308	$ 266	$ 253
APAC Segment Reported % of Sales	23.2%	22.7%	22.7%	21.0%
APAC Segment Adjusted % of Sales	23.3%	23.3%	23.3%	21.2%

Non-GAAP Measures, continued

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

	2021		2020				2019			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Free Cash Flow (FCF) - Free 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. FCF equals cash flow from operations less capital expenditures.										
Operating Cash Flow	$ 1,827	$ 2,109	$ 2,434	$ 1,884	$ 1,764	$ 1,347	$ 2,174	$ 1,872	$ 1,005	$ 1,068
Less: Capital Expenditures	(744)	(762)	(1,027)	(787)	(783)	(803)	(1,015)	(959)	(865)	(843)
Free Cash Flow	$ 1,083	$ 1,347	$ 1,407	$ 1,097	$ 981	$ 544	$ 1,159	$ 913	$ 140	$ 225
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	$ 15,492	$ 15,750	$ 16,154	$ 17,803	$ 17,480	$ 16,875	$ 13,956	$ 13,201	$ 13,957	$ 14,146
Less: Cash and cash equivalents	(3,137)	(4,096)	(3,754)	(5,199)	(4,941)	(4,014)	(2,700)	(2,120)	(2,686)	(5,791)
Net debt	12,355	11,654	12,400	12,604	12,539	12,861	11,256	11,081	11,271	8,355
Less: Purchase accounting impacts - Linde AG	(84)	(98)	(121)	(133)	(150)	(170)	(195)	(211)	(243)	(262)
Adjusted net debt	$ 12,271	$ 11,556	$ 12,279	$ 12,471	$ 12,389	$ 12,691	$ 11,061	$ 10,870	$ 11,028	$ 8,093
Less: Net assets held for sale	(1)	(4)	(3)	(2)	(2)	(115)	(123)	(223)	(272)	(1,629)
Adjusted net debt less net assets held for sale	$ 12,270	$ 11,552	$ 12,276	$ 12,469	$ 12,387	$ 12,576	$ 10,938	$ 10,647	$ 10,756	$ 6,464
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	$ 840	$ 979	$ 769	$ 699	$ 458	$ 571	$ 507	$ 728	$ 513	$ 435
Add: noncontrolling interests from continuing operations	36	38	34	31	25	35	27	3	29	30
Add: interest expense - net	18	20	35	38	18	24	8	(3)	10	23
Less: tax benefit on interest expense - net *	(5)	(5)	(9)	(10)	(5)	(6)	(2)	1	(3)	(6)
Reported NOPAT	$ 889	$ 1,032	$ 829	$ 758	$ 496	$ 624	$ 540	$ 729	$ 549	$ 482
Adjusted income from continuing operations	$ 1,415	$ 1,312	$ 1,217	$ 1,140	$ 1,005	$ 1,009	$ 1,024	$ 1,052	$ 1,000	$ 927
Add: adjusted noncontrolling interests from continuing operations	38	43	52	45	39	50	41	46	46	45
Add: adjusted interest expense - net	33	38	37	61	40	46	30	19	35	50
Less: tax benefit on interest expense - net *	(8)	(10)	(9)	(15)	(10)	(12)	(7)	(5)	(9)	(13)
Adjusted NOPAT	$ 1,478	$ 1,383	$ 1,297	$ 1,231	$ 1,074	$ 1,093	$ 1,088	$ 1,112	$ 1,072	$ 1,009
4-quarter trailing reported NOPAT	$ 3,508	$ 3,115	$ 2,707	$ 2,418	$ 2,389	$ 2,442	$ 2,300			
4-quarter trailing adjusted NOPAT	$ 5,389	$ 4,985	$ 4,695	$ 4,486	$ 4,367	$ 4,365	$ 4,281			

Non-GAAP Measures, continued

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

	2021		2020				2019			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Equity and redeemable noncontrolling interests:										
Redeemable noncontrolling interests	$ 13	$ 13	$ 13	$ 13	$ 13	$ 92	$ 113	$ 14	$ 15	$ 15
Linde plc shareholders' equity	45,777	46,210	47,317	46,175	45,537	44,776	49,074	48,953	50,564	51,175
Noncontrolling interests	1,438	1,410	2,252	2,404	2,387	2,375	2,448	2,341	2,315	5,457
Total equity and redeemable noncontrolling interests	$ 47,228	$ 47,633	$ 49,582	$ 48,592	$ 47,937	$ 47,243	$ 51,635	$ 51,308	$ 52,894	$ 56,647
Reported capital	$ 59,582	$ 59,283	$ 61,979	$ 61,194	$ 60,474	$ 59,989	$ 62,768	$ 62,166	$ 63,893	$ 63,373
Total equity and redeemable noncontrolling interests	$ 47,228	$ 47,633	$ 49,582	$ 48,592	$ 47,937	$ 47,243	$ 51,635	$ 51,308	$ 52,894	$ 56,647
Add: Adjusted net debt less net assets held for sale	12,270	11,552	12,276	12,469	12,387	12,576	10,938	10,647	10,756	6,464
Less: Linde AG Goodwill (a)	24,256	24,256	24,256	24,256	24,256	24,256	24,256	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	1,868	1,868	1,868
Adjusted capital	$ 33,374	$ 33,061	$ 35,734	$ 34,937	$ 34,200	$ 33,695	$ 36,449	$ 35,890	$ 37,585	$ 37,046

(a) Represent opening balance sheet purchase accounting impacts of non-amortizing assets related to the Linde AG merger.

Ending capital (see above)	$ 59,582	$ 59,283	$ 61,979	$ 61,194	$ 60,474	$ 59,989
5-quarter average ending capital	$ 60,502	$ 60,584	$ 61,281	$ 61,318	$ 61,858	$ 62,438
Ending adjusted capital (see above)	$ 33,374	$ 33,061	$ 35,734	$ 34,937	$ 34,200	$ 33,695
5-quarter average ending adjusted capital	$ 34,261	$ 34,325	$ 35,003	$ 35,034	$ 35,564	$ 36,133
After-tax ROC (4 quarter reported NOPAT / 5-quarter average ending capital)	**5.8 %**	**5.1 %**	**4.4 %**	**3.9 %**	**3.9 %**	**3.9 %**
Adjusted after-tax ROC (4 quarter trailing adjusted NOPAT / 5-quarter average ending adjusted capital)	**15.7 %**	**14.5 %**	**13.4 %**	**12.8 %**	**12.3 %**	**12.1 %**

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

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