

# Linde plc

## Investor Teleconference Presentation
## Third Quarter 2023

October 26, 2023

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 future results or circumstances to differ materially from 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, 2022 filed with the SEC on February 28, 2023 which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.

# Global End Market Trends

| 3Q 2023 | End Market | % of Sales[1] & YoY Trend | YoY Sales[2] Growth | Seq. Sales[2] Growth |
|---|---|---|---|---|
| **Consumer Related End Markets (More Resilient)** | | | | |
|  | **Healthcare** | **17%** | +3% | -1% |
|  | **Food & Beverage** | **9%** | +7% | +4% |
|  | **Electronics** | **8%** | -5% | -2% |
| **Industrial Related End Markets (More Cyclical)** | | | | |
|  | **Manufacturing** | **22%** | +6% | -1% |
|  | **Chemicals & Energy** | **22%** | +3% | +2% |
|  | **Metals & Mining** | **14%** | -2% | -1% |
| | **Other** | **8%** | -1% | -2% |

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

# Third Quarter Adjusted Results[1]

| ($MM) | 3Q 2023 | 2Q 2023 | Var | 3Q 2022 | Var |
|---|---|---|---|---|---|
| Sales | $8,155 | $8,204 | -1% | $8,797 | -7% |
| Operating Profit | $2,306 | $2,286 | 1% | $2,010 | 15% |
| *% of Sales* | *28.3%* | *27.9%* | | *22.8%* | |
| Income | $1,783 | $1,760 | 1% | $1,555 | 15% |
| Diluted EPS | $3.63 | $3.57 | 2% | $3.10 | 17% |
| Op. Cash Flow | $2,520 | $2,150 | 17% | $2,636 | -4% |
| Capex | $948 | $859 | 10% | $762 | 24% |
| Base Capex[2] | $597 | $577 | 3% | $537 | 11% |
| Project Capex[3] | $351 | $282 | 24% | $225 | 56% |
| After-Tax ROC | 25.6% | 24.9% | +70 bps | 21.8% | +380 bps |

| | YOY | SEQ. |
|---|---|---|
| Sales Growth | - 7% | - 1% |
| Volume | - 2% | -- |
| Price / Mix | + 5% | + 1% |
| Cost pass-thru | - 6% | -- |
| Currency | + 1% | - 1% |
| Acq / Div | - 1% | -- |
| Engineering | - 4% | - 1% |

- Op. margin 28.3%, YoY +550 bps
- Operating margins ex. cost pass-thru (bps)

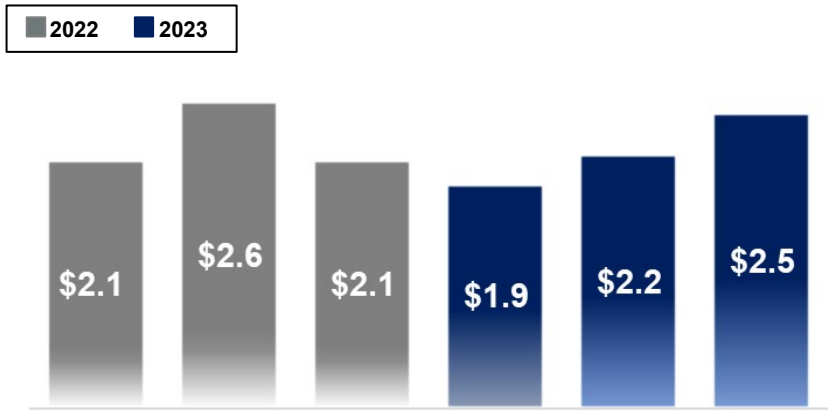
| | YoY | Seq. |
|---|---|---|
| Americas | +90 | -30 |
| APAC | +180 | -20 |
| EMEA | +600 | +50 |
| Consolidated | +400 | +40 |

- Broad-based price attainment & continued progress on productivity initiatives
- YoY lower volumes in Electronics and Metals & Mining end markets
- EPS $3.63, YoY +17%
- ROC 25.6%, +380 bps YoY

(1) Results other than Sales, Operating Cash Flow and Capex are Non-GAAP measures – see Appendix
(2) Represents capex in base growth, maintenance and other non-project capex related investments
(3) Capex for projects > $5mm with a long-term customer supply agreement and incremental growth

# 3Q Capital Management

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

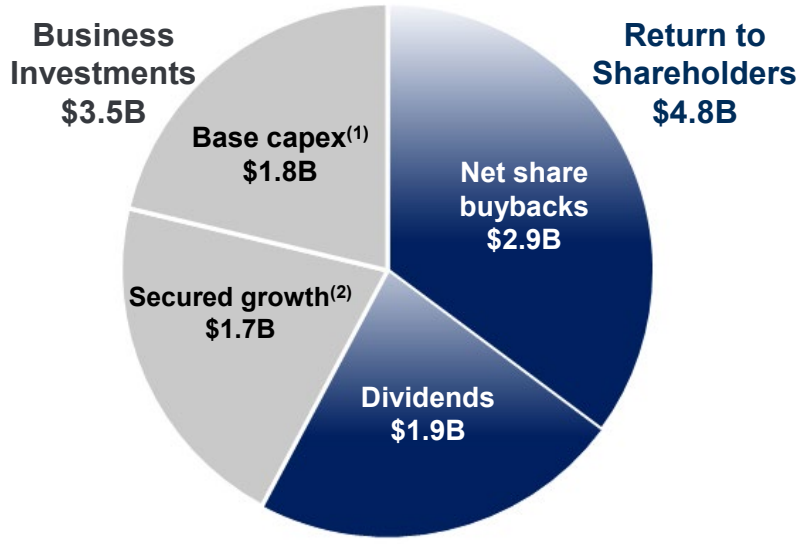



| | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
|---|---|---|---|---|---|---|
| OCF | $2.1 | $2.6 | $2.1 | $1.9 | $2.2 | $2.5 |
| Base CAPEX[1] | ($0.6) | ($0.5) | ($0.7) | ($0.6) | ($0.6) | ($0.6) |
| Avail. OCF | $1.5 | $2.1 | $1.4 | $1.3 | $1.6 | $1.9 |

## Disciplined cash management

- Strong cash generation despite macro
- YTD business investments +46%
- Robust balance sheet

## YTD Capital Allocation




**Investing in the business and rewarding shareholders**

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

# 2023 Guidance

## Full-Year 2023

- Adjusted EPS[(1)] in the range of $14.00 to $14.10
  - +14% to +15% vs. 2022
  - Assumes no currency impact
  - Upper end assumes no economic improvement
- CAPEX: $3.5B to $4.0B

## 4th Quarter 2023

- Adjusted EPS[(1)] in the range of $3.38 to $3.48
  - +7% to +10% vs. 2022
  - Estimated FX impact: YoY +1%; Seq. -2%
  - Ex-FX mid-point -4% sequentially from:
    - Engineering project timing
    - Base volume (including seasonality)
  - Upper end assumes no economic improvement

**Raising 4th quarter and FY guidance**

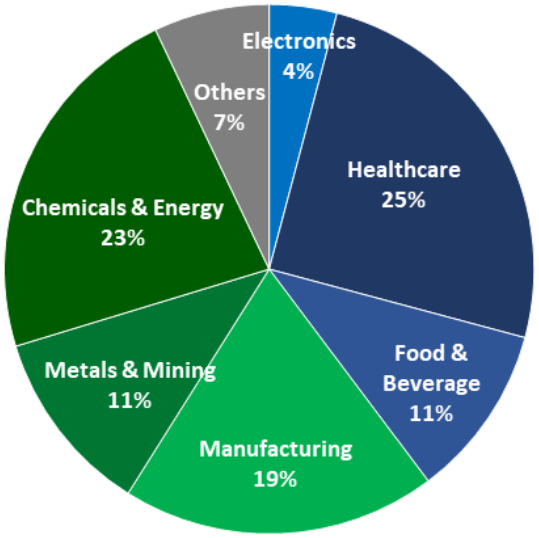
(1) Non-GAAP measure, see appendix

# Appendix

# Americas

| ($MM) | 3Q 2023 | 2Q 2023 | Var | 3Q 2022 | Var |
|---|---|---|---|---|---|
| Sales | $3,629 | $3,541 | 2% | $3,694 | -2% |
| Operating Profit | $1,074 | $1,070 | 0% | $974 | 10% |
| % of Sales | 29.6% | 30.2% | | 26.4% | |

## Sales by End Market




| | YOY | SEQ. |
|---|---|---|
| Sales Growth | - 2% | + 2% |
| Volume | - 2% | + 1% |
| Price / Mix | + 5% | -- |
| Cost pass-thru | - 8% | + 1% |
| Currency | -- | -- |
| Acq / Div | + 3% | -- |

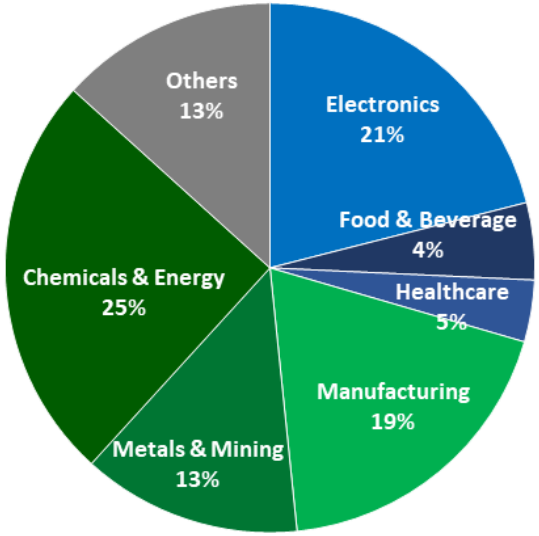
- Ex. cost pass-thru, YoY margins up 90 bps
- Seq. higher power cost to be recovered in 1-2 quarters for merchant and packaged
- Continued YoY and sequential positive pricing
- YoY volume decline led by Electronics and Metals & Mining end markets
- Seq. volume increase driven by Chemicals & Energy and Food & Beverage end markets
- 1Q closed acquisition of nexAir

# APAC

| ($MM) | 3Q 2023 | 2Q 2023 | Var | 3Q 2022 | Var |
|---|---|---|---|---|---|
| Sales | $1,639 | $1,683 | -3% | $1,660 | -1% |
| Operating Profit | $459 | $472 | -3% | $429 | 7% |
| % of Sales | 28.0% | 28.0% | | 25.8% | |

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

## Sales by End Market



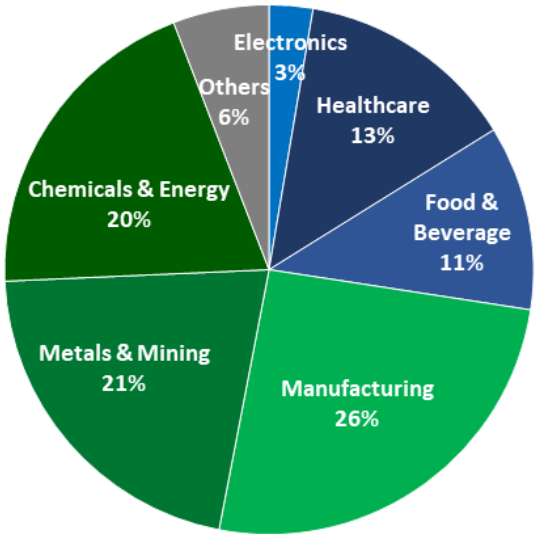

- Ex. cost pass-thru, YoY margins up 180 bps
- Continued strong pricing plus productivity initiatives
- YoY volume flat - project startups offset primarily by Metals & Mining and Electronics end market
- Seq. volume flat - Manufacturing growth offset by Chemicals & Energy
- YoY FX headwinds led by CNY, AUD & INR

# EMEA

| ($MM) | 3Q 2023 | 2Q 2023 | Var | 3Q 2022 | Var |
|---|---|---|---|---|---|
| Sales | $2,105 | $2,160 | -3% | $2,125 | -1% |
| Operating Profit | $634 | $630 | 1% | $465 | 36% |
| % of Sales | 30.1% | 29.2% | | 21.9% | |

| | YOY | SEQ. |
|---|---|---|
| Sales Growth | - 1% | - 3% |
| Volume | - 4% | - 1% |
| Price / Mix | + 6% | + 1% |
| Cost pass-thru | - 9% | - 2% |
| Currency | + 6% | - 1% |
| Acq / Div | -- | -- |

## Sales by End Market




- Ex. cost pass-thru, YoY margins up 600 bps
- Continued strong pricing plus productivity initiatives
- YoY volumes down primarily from industrial onsite customers
- YoY and seq. volume decline led by Chemicals & Energy end market

# Engineering

| ($MM) | 3Q 2023 | 2Q 2023 | Var | 3Q 2022 | Var |
|---|---|---|---|---|---|
| Sales | $467 | $495 | -6% | $828 | -44% |
| Operating Profit | $116 | $107 | 8% | $150 | -23% |
| % of Sales | 24.8% | 21.6% | | 18.1% | |

| 3rd Party Orders ($MM) | 3Q 2023 | 2Q 2023 | 3Q 2022 |
|---|---|---|---|
| Intake | $633 | $294 | $1,001 |
| SOP Backlog | $3,551 | $3,374 | $3,107 |

- YoY higher margins driven by:
  - Favorable impact from wind down of sanctioned contracts
  - Better cost absorption
- Benefits from productivity and cost actions
- Order intake of projects, $0.6 billion
- SOP (sale of plant) backlog $3.6 billion

# Global Other

| ($MM) | 3Q 2023 | 2Q 2023 | Var | 3Q 2022 | Var |
|---|---|---|---|---|---|
| Sales | $315 | $325 | -3% | $490 | -36% |
| Operating Profit | $23 | $7 | 229% | ($8) | 388% |
| % of Sales | 7.3% | 2.2% | | -1.6% | |

- YoY sales decline due to divestiture of GIST in September 2022
  - GIST annual sales ~$0.8B, OP margins mid-single digits
- Profit growth led by Coatings and Global Helium businesses while corporate cost held stable

# High-Quality Project Backlog $8.1B

## SOP Backlog[1] $3.6B



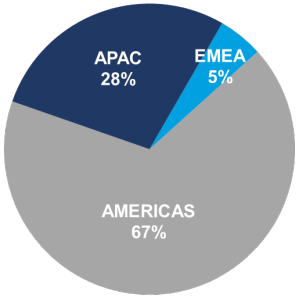
- ✓ Contractual growth
- ✓ Secure cash flow
- ✓ Double-digit IRR
- ✓ High-quality customers
- ✓ Primarily engineering and procurement services

## SOG Backlog[2] $4.5B

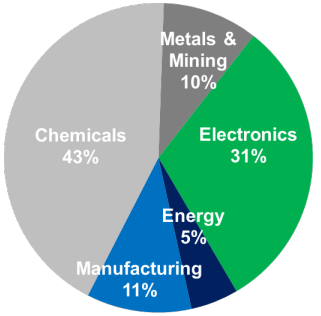


- ✓ Contractual growth
- ✓ Secure cash flow
- ✓ Double-digit IRR
- ✓ High-quality customers
- ✓ Increases network density

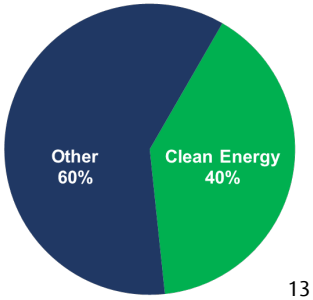
## Geography




## End Market



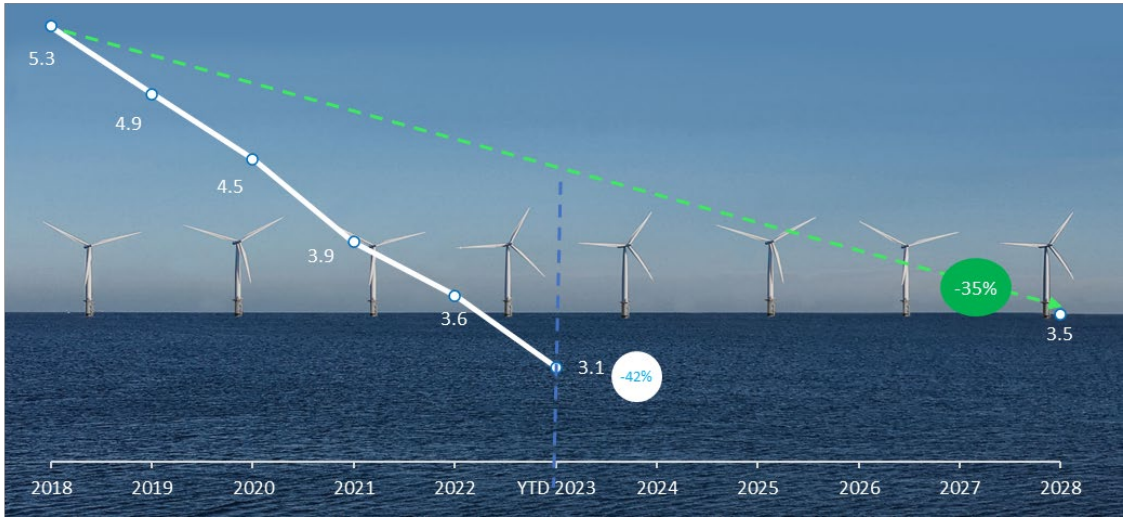

## Clean Energy




(1) 3rd party sale of plant backlog. Represents future sales, secured under a signed agreement
(2) Sale of gas backlog. Represents project investments (CAPEX), supported by a long-term supply agreement

# ESG Performance vs. 2028 Goals

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




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

– Sequential improvement led by scope 1 and 2 reductions with stable volumes and profitable growth

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

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

## Decarbonizing our Future

- Linde publishes 2022 Sustainable Development Report

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

# Sustainable Development Highlights

**Best-in-class safety performance**

Lost Workday Case Rate more than 4x better than U.S. Occupational Health and Safety Administration industrial average

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

Supplied green hydrogen to the world's first **$H_2$-powered ferry**

Reduced more than **400 million gallons** of water through sustainable productivity initiatives

Sourced **more than 40%** of global electricity from **low-carbon sources**

Recognized leader in **diversity & inclusion**

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

FTSE4Good

SUSTAINALYTICS
a Morningstar company
RATED

# 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**

2023+

**Sustainable value creation**

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

| *(Millions of dollars, except per share amounts)* | Sales | | Operating Profit | | Net Income | | Diluted EPS | |
|---|---|---|---|---|---|---|---|---|
| **Quarter Ended September 30** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Reported GAAP Amounts | $ 8,155 | $ 8,797 | $ 2,052 | $ 1,613 | $ 1,565 | $ 1,273 | $ 3.19 | $ 2.54 |
| Other charges (a) | — | — | 2 | 15 | 2 | (11) | — | (0.02) |
| Pension settlement charges (b) | — | — | — | — | 10 | 5 | 0.02 | 0.01 |
| Purchase accounting impacts - Linde AG (c) | — | — | 252 | 382 | 206 | 288 | 0.42 | 0.57 |
| Total adjustments | — | — | 254 | 397 | 218 | 282 | 0.44 | 0.56 |
| Adjusted amounts | $ 8,155 | $ 8,797 | $ 2,306 | $ 2,010 | $ 1,783 | $ 1,555 | $ 3.63 | $ 3.10 |

| *(Millions of dollars, except per share amounts)* | Sales | | Operating Profit | | Net Income | | Diluted EPS | |
|---|---|---|---|---|---|---|---|---|
| **Year to Date September 30** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Reported GAAP Amounts | $ 24,552 | $ 25,465 | $ 5,996 | $ 3,682 | $ 4,656 | $ 2,819 | $ 9.43 | $ 5.57 |
| Russia-Ukraine conflict and other charges (a) | — | — | 42 | 1,004 | (37) | 877 | (0.07) | 1.73 |
| Pension settlement charges (b) | — | — | — | — | 10 | 5 | 0.02 | 0.01 |
| Purchase accounting impacts - Linde AG (c) | — | — | 760 | 1,217 | 607 | 920 | 1.23 | 1.82 |
| Total adjustments | — | — | 802 | 2,221 | 580 | 1,802 | 1.18 | 3.56 |
| Adjusted amounts | $ 24,552 | $ 25,465 | $ 6,798 | $ 5,903 | $ 5,236 | $ 4,621 | $ 10.61 | $ 9.13 |

(a) 2023 year to date charges related primarily to severance and delist charges, which were offset by a tax settlement. 2022 year to date charges related primarily to charges associated with the deconsolidation and impairment of Russian subsidiaries resulting from the ongoing war in Ukraine and related sanctions.

(b) To adjust for pension settlement charges.

(c) To adjust for purchase accounting impacts related to the merger.

# Non-GAAP Measures, continued

**LINDE PLC AND SUBSIDIARIES**

**APPENDIX**

**NON-GAAP MEASURES AND RECONCILIATIONS**

**(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.

| | 2023 | | | | 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (Millions of dollars, except per share data) | Year to Date September 30, | Q3 | Q2 | Q1 | Year to Date September 30, | Q4 | Q3 | Q2 | Q1 |
| **Adjusted Operating Profit and Operating Margin** | | | | | | | | | |
| Reported operating profit | $ 5,996 | $ 2,052 | $ 2,011 | $ 1,933 | $ 3,682 | $ 1,687 | $ 1,613 | $ 589 | $ 1,480 |
| Add: Other charges (a) | 42 | 2 | 22 | 18 | 1,004 | 25 | 15 | 993 | (4) |
| Add: Purchase accounting impacts - Linde AG (c) | 760 | 252 | 253 | 255 | 1,217 | 289 | 382 | 406 | 429 |
| Total adjustments | 802 | 254 | 275 | 273 | 2,221 | 314 | 397 | 1,399 | 425 |
| Adjusted operating profit | $ 6,798 | $ 2,306 | $ 2,286 | $ 2,206 | $ 5,903 | $ 2,001 | $ 2,010 | $ 1,988 | $ 1,905 |
| Reported percentage change | 63 % | 27 % | 241 % | 31 % | 1 % | 26 % | 25 % | (48)% | 22 % |
| Adjusted percentage change | 15 % | 15 % | 15 % | 16 % | 11 % | 9 % | 11 % | 8 % | 13 % |
| Reported sales | $ 24,552 | $ 8,155 | $ 8,204 | $ 8,193 | $ 25,465 | $ 7,899 | $ 8,797 | $ 8,457 | $ 8,211 |
| Reported operating margin | 24.4 % | 25.2 % | 24.5 % | 23.6 % | 14.5 % | 21.4 % | 18.3 % | 7.0 % | 18.0 % |
| Adjusted operating margin | 27.7 % | 28.3 % | 27.9 % | 26.9 % | 23.2 % | 25.3 % | 22.8 % | 23.5 % | 23.2 % |
| **Adjusted Depreciation and amortization** | | | | | | | | | |
| Reported depreciation and amortization | $ 2,867 | $ 959 | $ 960 | 948 | $ 3,248 | $ 956 | $ 1,045 | $ 1,091 | $ 1,112 |
| Less: Purchase accounting impacts - Linde AG (c) | $ (750) | (249) | (251) | (250) | (1,196) | (285) | (377) | $ (401) | (418) |
| Adjusted depreciation and amortization | $ 2,117 | $ 710 | $ 709 | $ 698 | $ 2,052 | $ 671 | $ 668 | $ 690 | $ 694 |
| **Adjusted Other Income (Expense) - net** | | | | | | | | | |
| Reported Other Income (Expense) - net | $ (16) | $ 16 | $ (27) | (5) | $ (58) | $ (4) | $ (34) | $ (36) | $ 12 |
| Add: Purchase accounting impacts - Linde AG (c) | (10) | (3) | (2) | (5) | (21) | (4) | (5) | (5) | (11) |
| Adjusted Other Income (Expense) - net | $ (6) | $ 19 | $ (25) | $ — | $ (37) | $ — | $ (29) | $ (31) | $ 23 |

# Non-GAAP Measures, continued

| (Millions of dollars, except per share data) | 2023 Year to Date September 30, | 2023 Q3 | 2023 Q2 | 2023 Q1 | 2022 Year to Date September 30, | 2022 Q4 | 2022 Q3 | 2022 Q2 | 2022 Q1 |
|---|---|---|---|---|---|---|---|---|---|
| **Adjusted Net Pension and OPEB Cost (Benefit), Excluding Service Cost** | | | | | | | | | |
| Reported net pension and OPEB cost (benefit), excluding service cost | $ (125) | $ (35) | $ (45) | (45) | $ (179) | $ (58) | $ (53) | $ (62) | $ (64) |
| Add: Pension settlement charges | (12) | (12) | — | — | (6) | — | (6) | — | — |
| Adjusted Net Pension and OPEB cost (benefit), excluding service costs | $ (137) | $ (47) | $ (45) | $ (45) | $ (185) | $ (58) | $ (59) | $ (62) | $ (64) |
| **Adjusted Interest Expense - Net** | | | | | | | | | |
| Reported interest expense - net | $ 129 | $ 40 | $ 52 | $ 37 | $ 32 | $ 31 | $ 18 | $ 5 | $ 9 |
| Add: Purchase accounting impacts - Linde AG (c) | 15 | 2 | 4 | 9 | 27 | 8 | 8 | 9 | 10 |
| Adjusted interest expense - net | $ 144 | $ 42 | $ 56 | $ 46 | $ 59 | $ 39 | $ 26 | $ 14 | $ 19 |
| **Adjusted Income Taxes (a)** | | | | | | | | | |
| Reported income taxes | $ 1,355 | $ 487 | $ 438 | 430 | $ 1,046 | $ 388 | $ 391 | $ 286 | $ 369 |
| Add: Purchase accounting impacts - Linde AG (c) | 183 | 59 | 67 | 57 | 308 | 66 | 92 | 108 | 108 |
| Add: Pension settlement charges | 2 | 2 | — | — | 1 | — | 1 | — | — |
| Add: Other charges (a) | 79 | — | 34 | 45 | 127 | 9 | 26 | 104 | (3) |
| Total adjustments | 264 | 61 | 101 | 102 | 436 | 75 | 119 | 212 | 105 |
| Adjusted income taxes | $ 1,619 | $ 548 | $ 539 | $ 532 | $ 1,482 | $ 463 | $ 510 | $ 498 | $ 474 |
| **Adjusted Effective Tax Rate (a)** | | | | | | | | | |
| Reported income before income taxes and equity investments | $ 5,992 | $ 2,047 | $ 2,004 | 1,941 | 3,829 | $ 1,714 | $ 1,648 | $ 646 | $ 1,535 |
| Add: Pension settlement charge | 12 | 12 | — | — | 6 | — | 6 | — | — |
| Add: Purchase accounting impacts - Linde AG (c) | 745 | 250 | 249 | 246 | 1,190 | 281 | 374 | 397 | 419 |
| Add: Other charges (a) | 42 | 2 | 22 | 18 | 1,004 | 25 | 15 | 993 | (4) |
| Total adjustments | 799 | 264 | 271 | 264 | 2,200 | 306 | 395 | 1,390 | 415 |
| Adjusted income before income taxes and equity investments | $ 6,791 | $ 2,311 | $ 2,275 | $ 2,205 | $ 6,029 | $ 2,020 | $ 2,043 | $ 2,036 | $ 1,950 |

# Non-GAAP Measures, continued

| (Millions of dollars, except per share data) | 2023 Year to Date September 30, | 2023 Q3 | 2023 Q2 | 2023 Q1 | 2022 Year to Date September 30, | 2022 Q4 | 2022 Q3 | 2022 Q2 | 2022 Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Reported Income taxes | $ 1,355 | $ 487 | $ 438 | $ 430 | $ 1,046 | $ 388 | $ 391 | $ 286 | $ 369 |
| Reported effective tax rate | 22.6 % | 23.8 % | 21.9 % | 22.2 % | 27.3 % | 22.6 % | 23.7 % | 44.3 % | 24.0 % |
| Adjusted income taxes | $ 1,619 | $ 548 | $ 539 | $ 532 | $ 1,482 | $ 463 | $ 510 | $ 498 | $ 474 |
| Adjusted effective tax rate | 23.8 % | 23.7 % | 23.7 % | 24.1 % | 24.6 % | 22.9 % | 25.0 % | 24.5 % | 24.3 % |
| **Income from Equity Investments** | | | | | | | | | |
| Reported income from equity investments | $ 128 | $ 41 | $ 46 | 41 | $ 137 | $ 35 | $ 43 | $ 50 | $ 44 |
| Add: Purchase accounting impacts - Linde AG (c) | 54 | 18 | 18 | 18 | 57 | 18 | 18 | 19 | 20 |
| Adjusted income from equity investments | $ 182 | $ 59 | $ 64 | $ 59 | $ 194 | $ 53 | $ 61 | $ 69 | $ 64 |
| **Adjusted Noncontrolling Interests** | | | | | | | | | |
| Reported noncontrolling interests | $ (109) | $ (36) | $ (37) | (36) | $ (101) | $ (33) | $ (27) | $ (38) | $ (36) |
| Add: Purchase accounting impacts - Linde AG (c) | (9) | (3) | (3) | (3) | (19) | (3) | (12) | (3) | (4) |
| Adjusted noncontrolling interests | $ (118) | $ (39) | $ (40) | $ (39) | $ (120) | $ (36) | $ (39) | $ (41) | $ (40) |
| **Adjusted Net Income - Linde plc (b)** | | | | | | | | | |
| Reported net income | $ 4,656 | $ 1,565 | $ 1,575 | 1,516 | $ 2,819 | $ 1,328 | $ 1,273 | $ 372 | $ 1,174 |
| Add: Pension settlement charge | 10 | 10 | — | $ — | $ 5 | — | 5 | — | — |
| Add: Other charges (a) | (37) | 2 | (12) | $ (27) | $ 877 | 16 | (11) | 889 | (1) |
| Add: Purchase accounting impacts - Linde AG (c) | 607 | 206 | 197 | 204 | 920 | 230 | 288 | 305 | 327 |
| Total adjustments | 580 | 218 | 185 | 177 | 1,802 | 246 | 282 | 1,194 | 326 |
| Adjusted net income - Linde plc | $ 5,236 | $ 1,783 | $ 1,760 | $ 1,693 | $ 4,621 | $ 1,574 | $ 1,555 | $ 1,566 | $ 1,500 |

# Non-GAAP Measures, continued

| (Millions of dollars, except per share data) | 2023 Year to Date September 30, | 2023 Q3 | 2023 Q2 | 2023 Q1 | 2022 Year to Date September 30, | 2022 Q4 | 2022 Q3 | 2022 Q2 | 2022 Q1 |
|---|---|---|---|---|---|---|---|---|---|
| **Adjusted Diluted EPS (b)** | | | | | | | | | |
| Reported diluted EPS | $ 9.43 | $ 3.19 | $ 3.19 | $ 3.06 | $ 5.57 | $ 2.67 | $ 2.54 | $ 0.74 | $ 2.30 |
| Add: Pension settlement charge | 0.02 | 0.02 | — | $ — | $ 0.01 | — | 0.01 | — | — |
| Add: Other charges (a) | (0.07) | 0.00 | (0.02) | $ (0.05) | $ 1.73 | 0.03 | (0.02) | 1.76 | — |
| Add: Purchase accounting impacts - Linde AG (c) | 1.23 | 0.42 | 0.40 | $ 0.41 | $ 1.82 | 0.46 | 0.57 | 0.60 | 0.63 |
| Total adjustments | 1.18 | 0.45 | 0.38 | 0.36 | 3.56 | 0.49 | 0.56 | 2.36 | 0.63 |
| Adjusted diluted EPS | $ 10.61 | $ 3.63 | $ 3.57 | $ 3.42 | $ 9.13 | $ 3.16 | $ 3.10 | $ 3.10 | $ 2.93 |
| | | | | | | | | | |
| Reported percentage change | 69 % | 25 % | 331 % | 33 % | 4 % | 35 % | 35 % | (54)% | 24 % |
| Adjusted percentage change | 16 % | 17 % | 15 % | 17 % | 15 % | 14 % | 14 % | 15 % | 18 % |

| **Adjusted Diluted EPS Guidance (d)** | Fourth Quarter 2023 Low End | Fourth Quarter 2023 High End | Full Year 2023 Low End | Full Year 2023 High End |
|---|---|---|---|---|
| 2023 Adjusted Guidance | $ 3.38 | $ 3.48 | $ 14.00 | $ 14.10 |
| Adjusted percentage changes versus 2022 adjusted diluted EPS | 7 % | 10 % | 14 % | 15 % |
| Add: Estimated currency headwind/(tailwind) | 1 % | 1 % | — % | — % |
| Adjusted percentage change excluding currency | 8 % | 11 % | 14 % | 15 % |

# Non-GAAP Measures, continued

| (Millions of dollars, except per share data) | 2023 Year to Date September 30, | 2023 Q3 | 2023 Q2 | 2023 Q1 | 2022 Year to Date September 30, | 2022 Q4 | 2022 Q3 | 2022 Q2 | 2022 Q1 |
|---|---|---|---|---|---|---|---|---|---|
| **Adjusted EBITDA and % of Sales** | | | | | | | | | |
| Net Income - Linde plc | $ 4,656 | $ 1,565 | $ 1,575 | $ 1,516 | $ 2,819 | $ 1,328 | $ 1,273 | $ 372 | $ 1,174 |
| Add: Noncontrolling interests | 109 | 36 | 37 | 36 | $ 101 | 33 | 27 | 38 | 36 |
| Add: Net pension and OPEB cost (benefit), excluding service cost | (125) | (35) | (45) | (45) | $ (179) | (58) | (53) | (62) | (64) |
| Add: Interest expense | 129 | 40 | 52 | 37 | $ 32 | 31 | 18 | 5 | 9 |
| Add: Income taxes | 1,355 | 487 | 438 | 430 | $ 1,046 | 388 | 391 | 286 | 369 |
| Add: Depreciation and amortization | 2,867 | 959 | 960 | 948 | 3,248 | 956 | 1,045 | 1,091 | 1,112 |
| EBITDA | 8,991 | 3,052 | 3,017 | 2,922 | 7,067 | 2,678 | 2,701 | 1,730 | 2,636 |
| Add: Other charges (a) | 42 | 2 | 22 | 18 | 1,004 | 25 | 15 | 993 | (4) |
| Add: Purchase accounting impacts - Linde AG (c) | 63 | 20 | 20 | 23 | 77 | 22 | 23 | 23 | 31 |
| Total adjustments | 105 | 22 | 42 | 41 | 1,081 | 47 | 38 | 1,016 | 27 |
| Adjusted EBITDA | $ 9,096 | $ 3,074 | $ 3,059 | $ 2,963 | $ 8,148 | $ 2,725 | $ 2,739 | $ 2,746 | $ 2,663 |
| | | | | | | | | | |
| Reported sales | $ 24,552 | $ 8,155 | $ 8,204 | $ 8,193 | $ 25,465 | $ 7,899 | $ 8,797 | $ 8,457 | $ 8,211 |
| % of sales | | | | | | | | | |
| EBITDA | 36.6 % | 37.4 % | 36.8 % | 35.7 % | 27.8 % | 33.9 % | 30.7 % | 20.5 % | 32.1 % |
| Adjusted EBITDA as a % of Sales | 37.0 % | 37.7 % | 37.3 % | 36.2 % | 32.0 % | 34.5 % | 31.1 % | 32.5 % | 32.4 % |

# Non-GAAP Measures, continued

(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 2018 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 and the allocation of fair value step-up for ongoing Linde AG asset disposals (reflected in Other Income/(Expense)). *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:* 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 2023. This is a non-GAAP financial measure that represents diluted earnings per share (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)**

| (Millions of dollars) | 2023 | | | 2022 | | | |
|---|---|---|---|---|---|---|---|
| | Q3 | 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 | $ 948 | $ 859 | $ 829 | $ 936 | $ 762 | $ 826 | $ 649 |
| Less: backlog capex (a) | (351) | (282) | (251) | (273) | (225) | (259) | (190) |
| **Base Capex** | $ 597 | $ 577 | $ 578 | $ 663 | $ 537 | $ 567 | $ 459 |
| Operating Cash Flow | $ 2,520 | $ 2,150 | $ 1,908 | $ 2,095 | $ 2,636 | $ 2,133 | $ 2,000 |
| Less: backlog capex | (597) | (577) | (578) | (663) | (537) | (567) | (459) |
| **Available Operating Cash Flow** | $ 1,923 | $ 1,573 | $ 1,330 | $ 1,432 | $ 2,099 | $ 1,566 | $ 1,541 |

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)**

| (Millions of dollars) | 2023 | | | | 2022 | | |
|---|---|---|---|---|---|---|---|
| | 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 | $ 2,520 | $ 2,150 | $ 1,908 | $ 2,095 | $ 2,636 | $ 2,133 | $ 2,000 |
| Less: Capital Expenditures | (948) | (859) | (829) | (936) | (762) | (826) | (649) |
| **Free Cash Flow** | $ 1,572 | $ 1,291 | $ 1,079 | $ 1,159 | $ 1,874 | $ 1,307 | $ 1,351 |

**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 | $ 18,003 | $ 17,490 | $ 18,777 | $ 17,914 | $ 15,338 | $ 16,043 | $ 16,456 |
| Less: Cash and cash equivalents | (3,894) | (3,357) | (4,962) | (5,436) | (3,756) | (3,655) | (4,464) |
| Net debt | 14,109 | 14,133 | 13,815 | 12,478 | 11,582 | 12,388 | 11,992 |
| Less: Purchase accounting impacts - Linde AG | (8) | (10) | (13) | (22) | (28) | (38) | (50) |
| Adjusted net debt | $ 14,101 | $ 14,123 | $ 13,802 | $ 12,456 | $ 11,554 | $ 12,350 | $ 11,942 |
| Less: Net assets held for sale | — | — | — | — | — | — | — |
| Adjusted net debt less net assets held for sale | $ 14,101 | $ 14,123 | $ 13,802 | $ 12,456 | $ 11,554 | $ 12,350 | $ 11,942 |

**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).

# Non-GAAP Measures, continued

| (Millions of dollars) | 2023 | | | | 2022 | | |
|---|---|---|---|---|---|---|---|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Reported net income - Linde plc | $ 1,565 | $ 1,575 | $ 1,516 | $ 1,328 | $ 1,273 | $ 372 | $ 1,174 |
| Add: noncontrolling interests | 36 | 37 | $ 36 | 33 | 27 | 38 | 36 |
| Add: interest expense - net | 40 | 52 | $ 37 | 31 | 18 | 5 | 9 |
| Less: tax benefit on interest expense - net * | (12) | (12) | (9) | (7) | (5) | (1) | (2) |
| **Reported NOPAT** | $ 1,629 | $ 1,652 | $ 1,580 | $ 1,385 | $ 1,313 | $ 414 | $ 1,217 |
| | | | | | | | |
| Adjusted net income - Linde plc | $ 1,783 | $ 1,760 | $ 1,693 | $ 1,574 | $ 1,555 | $ 1,566 | $ 1,500 |
| Add: adjusted noncontrolling interests | 39 | 40 | 39 | 36 | 39 | 41 | 40 |
| Add: adjusted interest expense - net | 42 | 56 | 46 | 39 | 26 | 14 | 19 |
| Less: tax benefit on interest expense - net * | (13) | (13) | (11) | (9) | (7) | (3) | (5) |
| **Adjusted NOPAT** | $ 1,851 | $ 1,843 | $ 1,767 | $ 1,640 | $ 1,613 | $ 1,618 | $ 1,554 |
| *Tax benefit on interest expense - net is generally presented using the reported effective rate. | | | | | | | |
| | | | | | | | |
| 4-quarter trailing reported NOPAT | $ 6,246 | $ 5,930 | $ 4,692 | $ 4,329 | $ 4,021 | $ 3,723 | $ 4,198 |
| 4-quarter trailing adjusted NOPAT | $ 7,101 | $ 6,863 | $ 6,638 | $ 6,425 | $ 6,281 | $ 6,137 | $ 5,997 |
| | | | | | | | |
| Equity and redeemable noncontrolling interests: | | | | | | | |
| Redeemable noncontrolling interests | $ 13 | $ 13 | $ 13 | $ 13 | $ 13 | $ 13 | $ 13 |
| Linde plc shareholders' equity | 38,898 | 39,911 | 39,970 | 40,028 | 37,628 | 39,674 | 42,963 |
| Noncontrolling interests | 1,327 | 1,324 | 1,353 | 1,346 | 1,298 | 1,353 | 1,414 |
| Total equity and redeemable noncontrolling interests | $ 40,238 | $ 41,248 | $ 41,336 | $ 41,387 | $ 38,939 | $ 41,040 | $ 44,390 |

# Non-GAAP Measures, continued

| (Millions of dollars) | 2023 | | | | | | 2022 |
|---|---|---|---|---|---|---|---|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Reported capital | $ 54,347 | $ 55,381 | $ 55,151 | $ 53,865 | $ 50,521 | $ 53,428 | $ 56,382 |
| Total equity and redeemable noncontrolling interests | $ 40,238 | $ 41,248 | $ 41,336 | $ 41,387 | $ 38,939 | $ 41,040 | $ 44,390 |
| Add: Adjusted net debt | 14,101 | 14,123 | 13,802 | 12,456 | 11,554 | 12,350 | 11,942 |
| Less: Linde AG Goodwill (a) | 24,256 | 24,256 | 24,256 | 24,256 | 24,256 | 24,256 | 24,256 |
| Less: Linde AG Indefinite lived intangibles (a) | 1,868 | 1,868 | 1,868 | 1,868 | 1,868 | 1,868 | 1,868 |
| Adjusted capital | $ 28,215 | $ 29,247 | $ 29,014 | $ 27,719 | $ 24,369 | $ 27,266 | $ 30,208 |
| (a) Represent opening balance sheet purchase accounting impacts of non-amortizing assets related to the Linde AG merger. | | | | | | | |
| Ending capital (see above) | $ 54,347 | $ 55,381 | $ 55,151 | $ 53,865 | $ 50,521 | $ 53,428 | $ 56,382 |
| 5-quarter average ending capital | $ 53,853 | $ 53,669 | $ 53,869 | $ 54,204 | $ 54,984 | $ 56,796 | $ 57,967 |
| Ending adjusted capital (see above) | $ 28,215 | $ 29,247 | $ 29,014 | $ 27,719 | $ 24,369 | $ 27,266 | $ 30,208 |
| 5-quarter average ending adjusted capital | $ 27,713 | $ 27,523 | $ 27,715 | $ 28,040 | $ 28,810 | $ 30,611 | $ 31,770 |
| **After-tax ROC (4 quarter reported NOPAT / 5-quarter average ending capital)** | **11.6 %** | **11.0 %** | **8.7 %** | **8.0 %** | **7.3 %** | **6.6 %** | **7.2 %** |
| **Adjusted after-tax ROC (4 quarter trailing adjusted NOPAT / 5-quarter average ending adjusted capital)** | **25.6 %** | **24.9 %** | **24.0 %** | **22.9 %** | **21.8 %** | **20.0 %** | **18.9 %** |

# Investor Relations

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