



Linde Reports Third-Quarter 2020 Results

(pursuant to section 53 of the Exchange Rules for the Frankfurt Stock Exchange)

Financial Highlights

- Operating profit margin 14.1%; adjusted operating profit margin 22.1%, up 230 basis points versus prior year
- EPS of \$1.32; adjusted EPS of \$2.15, up 11%
- Strong free cash flow of \$1.1 billion, up 20%
- Increased full-year 2020 adjusted EPS guidance to \$8.05 - \$8.10, represents 12% growth year-over-year, ex-FX*

Guildford, UK, November 5, 2020 – Linde plc (NYSE: LIN; FWB: LIN) today reported third-quarter 2020 income from continuing operations of \$699 million and diluted earnings per share of \$1.32. Excluding Linde AG purchase accounting impacts and other charges, adjusted income from continuing operations was \$1,140 million, up 8% versus prior year and 13% sequentially. Adjusted earnings per share was \$2.15, 11% above prior year and 13% higher sequentially.

Linde's sales for the third quarter were \$6,855 million, 2% below prior year and up 7% sequentially. Compared to prior year, excluding the impacts of foreign currency, cost pass-through and divestitures, underlying sales decreased 1%, as 2% price attainment was more than offset by 3% lower volumes. Sequentially, industrial gas volumes increased 6% but was partially offset by a 3% decrease in Engineering sales. Higher pricing of 1% was driven by increases across all geographic segments.

Third-quarter operating profit was \$969 million. Adjusted operating profit of \$1,515 million was up 9% versus prior year led by prudent price and cost management underpinned by the stable fixed payment revenue structure. Adjusted operating margin of 22.1%, expanded 230 basis points versus prior year and 140 basis points sequentially.

Third-quarter operating cash flow of \$1,884 million increased 1% versus prior year and increased 7% sequentially. After capital expenditures of \$787 million, free cash flow was \$1,097 million, up 20% versus prior year. In the quarter, the company returned \$692 million to shareholders through dividends and stock repurchases, net of issuance.

Commenting on the financial results and business outlook, Chief Executive Officer Steve Angel said, "Linde employees once again delivered a strong quarter with operating profit margins expanding 230 basis points and EPS growing 11%, reaching a record of \$2.15. This high level of profitability combined with disciplined capital management resulted in further expansion of our ROC to approximately 13%."

Angel continued, "Looking ahead, there is significant uncertainty in the environment, but regardless of the underlying economy, I have confidence in our business model and high-performance culture to continue growing earnings and cash flow for years to come."

For the full year, the company expects adjusted diluted earnings per share to be in the range of \$8.05 to \$8.10, up 10% versus prior year, or 12% when excluding currency headwinds. Full-year capital expenditures are expected to range between \$3.0 billion to \$3.2 billion to support operating and growth requirements including the \$3.7 billion contractual sale of gas project backlog.



Third-Quarter 2020 Results by Segment

Americas sales of \$2,641 million were 5% below prior-year quarter, but increased 9% sequentially. Compared with the third quarter 2019, underlying sales were flat as 2% higher pricing was offset by a 2% volume decline. Sequentially, pricing increased 1% and volumes grew 8%, led by higher demand across all end markets. Operating profit of \$742 million was 28.1% of sales, up 390 basis points versus prior year and 240 basis points sequentially.

APAC (Asia Pacific) sales of \$1,484 million were 2% above prior year and up 15% sequentially. Compared to prior year, underlying sales were flat as 1% price attainment was offset by 1% volume decline. Sequentially, price increased 1% and volumes grew 10% led by higher demand, primarily in China and India. Operating profit of \$337 million was 22.7% of sales, up 160 basis points versus prior year and steady sequentially.

EMEA (Europe, Middle East & Africa) sales of \$1,622 million were down 1% versus prior year, but grew 12% sequentially. Compared with the third quarter 2019, underlying sales were down 1% as 3% higher pricing was more than offset by a 4% decline in volume. Sequentially, underlying sales grew 7% due to 2% higher pricing and 5% volume growth primarily in the manufacturing, food and beverage end markets. Operating profit of \$370 million was 22.8% of sales, up 230 basis points versus prior year and 190 basis points sequentially.

Linde Engineering sales were \$678 million, 6% higher than prior year, and operating profit was \$106 million or 15.6% of sales. Order intake for the quarter was \$484 million and third-party sale of equipment backlog remained steady at \$4.9 billion.

About Linde

Linde is a leading global industrial gases and engineering company with 2019 sales of \$28 billion (€25 billion). We live our mission of *making our world more productive* every day by providing high-quality solutions, technologies and services which are making our customers more successful and helping to sustain and protect our planet.

The company serves a variety of end markets including chemicals & refining, food & beverage, electronics, healthcare, manufacturing and primary metals. Linde's industrial gases are used in countless applications, from life-saving oxygen for hospitals to high-purity & specialty gases for electronics manufacturing, hydrogen for clean fuels and much more. Linde also delivers state-of-the-art gas processing solutions to support customer expansion, efficiency improvements and emissions reductions.

The figures and results contained in this Quarterly Statement are prepared in accordance with U.S. GAAP. For purposes of this Quarterly Statement pursuant to section 53 of the Exchange Rules for the Frankfurt Stock Exchange, these figures and results are not materially different from IFRS as adopted by the EU. However, in case individual figures should significantly deviate, they are shown separately in this Quarterly Statement. This applies in particular to the Linde plc group revenues as a result of different accounting standards for the consolidation of joint venture participations. Based on IFRS, the Q3 2020 group revenues amount to USD 7.0 billion.



For more information about the company and its products and services, please visit www.linde.com

*Note: We are providing adjusted earnings per share (“EPS”) guidance for 2020. 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.

Forward-looking Statements

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, 2019 filed with the SEC on March 2, 2020 and in Item 1A. of Linde plc's Form 10-Q for the period ending March 31, 2020 filed with the SEC on May 7, 2020, which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.