

Investor Teleconference Presentation First Quarter 2013



Praxair, Inc.
April 24, 2013

Forward Looking Statement

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements 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; 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 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; 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 the projections or estimates contained in the forward-looking statements. Additionally, financial projections or estimates exclude the impact of special items which the company believes are not indicative of ongoing business performance. The company 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 the company’s Form 10-K and 10-Q reports filed with the SEC which should be reviewed carefully. Please consider the company’s forward-looking statements in light of those risks.

First Quarter Results

<u>(\$MM)</u>	<u>Adj. First Quarter 2013 ⁽¹⁾</u>	<u>Fourth Quarter 2012</u>	<u>First Quarter 2012</u>
Sales	\$2,888	\$2,799	\$2,840
Operating Profit	\$623	\$616	\$627
Operating Margin	21.6%	22.0%	22.1%
Net Income ⁽²⁾	\$414	\$414	\$419
Diluted EPS ⁽²⁾	\$1.38	\$1.38	\$1.38
After – Tax ROC ⁽¹⁾	13.3%	13.9%	14.6%
ROE ⁽¹⁾	28.1%	28.9%	28.4%

	<u>YOY</u>	<u>Q1 vs Q4</u>
Sales Growth	+ 2%	+ 3%
Volume	--	--
Price	+ 2%	+ 1%
Cost pass-thru	+ 1%	--
Currency	- 2%	+ 1%
Acq/Div	+ 1%	+ 1%

- Volume impact from fewer days -1% YoY and Seq
- Sales growth +5%, ex-FX and days YoY
- Closed NuCO₂ acquisition
- Strong operating and EBITDA margins
- Refinery hydrogen start-ups 2Q/3Q
- Backlog \$2.5B, proposal activity solid

(1) Non-GAAP measures, other than sales. 1Q13 adjusted amounts exclude a charge of \$23 million, or \$0.08 per diluted share, related to the Venezuela currency devaluation. See Appendix.

(2) Net Income and Diluted EPS attributable to Praxair, Inc. shareholders.

North America

<u>(\$MM)</u>	<u>First Quarter 2013</u>	<u>Fourth Quarter 2012</u>	<u>First Quarter 2012</u>
Sales	\$1,457	\$1,416	\$1,398
Segment OP	\$358	\$367	\$361
Operating Margin	24.6%	25.9%	25.8%
	<u>YOY</u>	<u>Q1 vs Q4</u>	
Sales Growth	+ 4%	+ 3%	
Volume	- 3%	--	
Price	+ 3%	--	
Cost pass-thru	+ 1%	+ 1%	
Currency	--	--	
Acq/Div	+ 3%	+ 2%	

- Volume impact from fewer days -2%
- Acquisition growth from packaged gas distributors and NuCO₂ micro-bulk carbon dioxide
- Underlying sales growth YoY to manufacturing +3% and energy +2%; metals and chemicals comparable to prior-year quarter
- U.S. packaged gas sales up 5% YoY, including acquisitions
- Seasonally slower sales sequentially: food & beverage and refinery turnarounds
- Mid-year '13 hydrogen project start-ups
- Strong project proposal activity: metals, energy, chemicals and manufacturing

Europe

<u>(\$MM)</u>	<u>First Quarter 2013</u>	<u>Fourth Quarter 2012</u>	<u>First Quarter 2012</u>
Sales	\$370	\$363	\$377
Segment OP	\$62	\$60	\$68
Operating Margin	16.8%	16.5%	18.0%

	<u>YOY</u>	<u>Q1 vs Q4</u>
Sales Growth	- 2%	+ 2%
Volume	- 3%	--
Price	+ 1%	--
Cost pass-thru	- 1%	--
Currency	+ 1%	+ 2%

- Volume impact from fewer days -2%
- Packaged gas volume down 5% due to continued weak economy particularly capital goods, government contracting and manufacturing
- Volume improvement in Germany driven by on-site, merchant and packaged gas
- Benefits from productivity, prior restructure actions and price

South America

<u>(\$MM)</u>	<u>First Quarter 2013</u>	<u>Fourth Quarter 2012</u>	<u>First Quarter 2012</u>
Sales	\$531	\$484	\$562
Segment OP	\$114	\$92	\$115
Operating Margin	21.5%	19.0%	20.5%

	<u>YOY</u>	<u>Q1 vs Q4</u>
Sales Growth	- 6%	+ 10%
Volume	+ 2%	+ 5%
Price	+ 1%	+ 3%
Cost pass-thru	+ 1%	--
Currency	- 10%	+ 2%

- Volume impact from fewer days -1%
- Organic growth in most end markets
- Operating margin growth driven by higher volumes, higher price and lower costs due to prior restructure actions
- Backlog of projects under construction in four countries. Project proposal activity remains solid

Asia

<u>(\$MM)</u>	<u>First Quarter 2013</u>	<u>Fourth Quarter 2012</u>	<u>First Quarter 2012</u>
Sales	\$367	\$374	\$334
Segment OP	\$63	\$69	\$57
Operating Margin	17.2%	18.4%	17.1%
	<u>YOY</u>	<u>Q1 vs Q4</u>	
Sales Growth	+ 10%	- 2%	
Volume	+ 11%	- 4%	
Price	- 1%	--	
Cost pass-thru	--	+ 1%	
Currency	--	+ 1%	

- Volume impact from fewer days -1%
- On-site volume growth +23% YoY driven by China, Korea and India, including new project start-ups
- China merchant sales volume +9% supported by process application technologies
- Continued lower argon and electronics pricing in China
- 1Q sequential seasonal slowdown Lunar New Year

Surface Technologies

<u>(\$MM)</u>	<u>First Quarter 2013</u>	<u>Fourth Quarter 2012</u>	<u>First Quarter 2012</u>
Sales	\$163	\$162	\$169
Segment OP	\$26	\$28	\$26
Operating Margin	16.0%	17.3%	15.4%

- Sales -2% YoY, ex-FX and cost pass-through
- Lower sales volumes in industrial and military aviation coatings
- Operating profit reflects higher pricing and lower costs resulting from productivity and previous restructuring actions

Financial Outlook

Second Quarter 2013

- Diluted EPS in the range of \$1.45 to \$1.50

Full Year 2013

- Sales in the area of \$12 billion
- Adjusted diluted EPS in the range of \$5.90 to \$6.05, +6% to 9%*
 - Prior guidance: \$5.85 to \$6.10
- Adjusted tax rate of about 28%*
- CAPEX in the range of \$1.8 to \$2.0 billion

*Non-GAAP measure. Adjusted amounts exclude 1Q13 charge related to the Venezuela currency devaluation and the impact of any pension settlement charges expected to be recorded in the third quarter. See Appendix.

Appendix

Global End-Market Trends

Q1 13 Organic Sales Growth

	<u>YOY</u>	<u>Vs. Q4 12</u>	
Energy	+ 4%	- 4%	Solid North America refinery hydrogen demand YoY
Electronics	- 2%	- 1%	Continued soft demand for semiconductors and solar
Chemicals	+ 4%	- 1%	Project contribution in Asia; South America positive
Metals	+ 6%	+ 6%	North America solid, project contribution in Asia and improvements in South America
Manufacturing	+ 1%	+ 4%	Packaged gas solid in North America, sequentially stronger in South America
Healthcare	+ 3%	- 1%	Stable in North and South America
Aerospace	+ 1%	- 3%	Surface Technologies aviation coatings
Food and Bev.	- 3%	- 5%	North America seasonality

Excludes impact of currency, natural gas/precious metals cost pass-through and acquisitions/divestitures. Volume impact from fewer days -1% YoY and Seq.

Non-GAAP Measures (\$MM)

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 financing leverage, return on net assets employed and operating performance. 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. Adjusted amounts exclude the impact of the 2013 first quarter loss on Venezuela currency devaluation; and the 2012 third quarter cost reduction program, pension settlement charge, and an income tax benefit; and the 2011 fourth quarter gain on acquisition and cost reduction program which helps investors understand underlying performance on a comparable basis.

	2013		2012			2011			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Debt to Capital Ratio - The debt-to-capital ratio is a measure used by investors, financial analysts and management to provide a measure of financial leverage and insights into how the company is financing its operations.									
Debt	\$ 8,676	\$ 7,362	\$ 7,136	\$ 6,995	\$ 6,856	\$ 6,562	\$ 6,310	\$ 6,119	\$ 5,838
Less: cash and cash equivalents	(113)	(157)	(108)	(104)	(107)	(90)	(125)	(80)	(86)
Net debt	8,563	7,205	7,028	6,891	6,749	6,472	6,185	6,039	5,752
Equity and redeemable noncontrolling interests:									
Redeemable noncontrolling interests	255	252	243	232	232	220	-	-	-
Praxair, Inc. shareholders' equity	6,169	6,064	6,015	5,615	5,940	5,488	5,753	6,400	6,165
Noncontrolling interests	357	357	331	279	327	309	368	370	372
Total equity and redeemable noncontrolling interests	6,781	6,673	6,589	6,126	6,499	6,017	6,121	6,770	6,537
Capital	\$ 15,344	\$ 13,878	\$ 13,617	\$ 13,017	\$ 13,248	\$ 12,489	\$ 12,306	\$ 12,809	\$ 12,289
Debt-to-capital	55.8%	51.9%	51.6%	52.9%	50.9%	51.8%	50.3%	47.1%	46.8%
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 Praxair, Inc. shareholders' equity).									
Adjusted operating profit (a)	\$ 623	\$ 616	\$ 623	\$ 636	\$ 627	\$ 619	\$ 632	\$ 627	\$ 591
Less: adjusted income taxes (a)	(164)	(162)	(164)	(169)	(165)	(162)	(166)	(163)	(156)
Less: tax benefit on interest expense	(11)	(10)	(10)	(9)	(10)	(11)	(10)	(10)	(10)
Add: income from equity investments	10	9	8	10	7	7	13	11	9
Adjusted net operating profit after-tax (NOPAT)	\$ 458	\$ 453	\$ 457	\$ 468	\$ 459	\$ 453	\$ 469	\$ 465	\$ 434
4-quarter trailing adjusted NOPAT	\$ 1,836	\$ 1,837	\$ 1,837	\$ 1,849	\$ 1,846				
Ending capital (see above)	\$ 15,344	\$ 13,878	\$ 13,617	\$ 13,017	\$ 13,248	\$ 12,489	\$ 12,306	\$ 12,809	\$ 12,289
5-quarter average ending capital	\$ 13,821	\$ 13,250	\$ 12,935	\$ 12,774	\$ 12,628				
After-tax ROC (4-quarter trailing NOPAT / 5-quarter average capital)	13.3%	13.9%	14.2%	14.5%	14.6%				

Non-GAAP Measures, cont.

Return on Praxair, Inc. Shareholder's equity (ROE) - Return on Praxair, Inc. shareholders' equity is a measure used by investors, financial analysts and management to evaluate operating performance from a Praxair shareholder perspective. ROE measures the net income attributable to Praxair, Inc. that the company was able to generate with the money shareholders have invested.

	2013		2012			2011				
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Adjusted net income - Praxair, Inc. (a)	\$ 414	\$ 414	\$ 419	\$ 429	\$ 419	\$ 414	\$ 429	\$ 425	\$ 398	
4-quarter trailing adjusted net income - Praxair, Inc. (a)	\$ 1,676	\$ 1,681	\$ 1,681	\$ 1,691	\$ 1,687					
Ending Praxair, Inc. shareholders' equity	\$ 6,169	\$ 6,064	\$ 6,015	\$ 5,615	\$ 5,940	\$ 5,488	\$ 5,753	\$ 6,400	\$ 6,165	
5-quarter average Praxair shareholders' equity	\$ 5,961	\$ 5,824	\$ 5,762	\$ 5,839	\$ 5,949					
ROE (4-quarter trailing adjusted net income - Praxair, Inc. / 5-quarter average Praxair shareholders' equity)	28.1%	28.9%	29.2%	29.0%	28.4%					

Adjusted EBITDA and Debt-to-Adjusted EBITDA Ratio- These measures are used by investors, financial analysts and management to assess a company's ability to meet its financial obligations.

Adjusted net income - Praxair, Inc. (a)	\$ 414	\$ 414	\$ 419	\$ 429	\$ 419	\$ 414	\$ 429	\$ 425	\$ 398
Add: adjusted noncontrolling interests (a)	15	14	12	15	13	12	14	14	11
Add: interest expense - net	40	35	36	33	37	38	36	36	35
Add: adjusted income taxes (a)	164	162	164	169	165	162	166	163	156
Add: depreciation and amortization	266	254	248	247	252	249	256	254	244
Adjusted EBITDA	\$ 899	\$ 879	\$ 879	\$ 893	\$ 886	\$ 875	\$ 901	\$ 892	\$ 844
4-quarter trailing adjusted EBITDA	\$ 3,550	\$ 3,537	\$ 3,533	\$ 3,555	\$ 3,554				
Ending net debt (see above)	\$ 8,563	\$ 7,205	\$ 7,028	\$ 6,891	\$ 6,749	\$ 6,472	\$ 6,185	\$ 6,039	\$ 5,752
5-quarter average net debt	\$ 7,287	\$ 6,869	\$ 6,665	\$ 6,467	\$ 6,239				
Debt-to-adjusted EBITDA ratio (5-quarter average net debt / 4-quarter trailing adjusted EBITDA)	2.1	1.9	1.9	1.8	1.8				

Non-GAAP Measures, cont.

(a) The following table presents adjusted amounts for Operating Profit and Operating Profit Margin, Income Taxes, Effective Tax Rate, Noncontrolling Interests, Net income - Praxair, Inc., and Diluted EPS for the First Quarter 2013, Third Quarter and full year 2012 and the Fourth Quarter 2011. Additionally, this table presents the percentage change in Diluted EPS Guidance for the full year 2013.

	First Quarter	Year	Third Quarter	Fourth Quarter
	2013	2012	2012	2011
<u>Adjusted Operating Profit and Operating Profit Margin</u>				
Reported operating profit	\$ 600	\$ 2,437	\$ 558	\$ 618
Add: Venezuela currency devaluation	23	-	-	-
Add: Pension settlement charge	-	9	9	-
Add: Cost reduction program	-	56	56	40
Less: Gain on acquisition	-	-	-	(39)
Total adjustments	23	65	65	1
Adjusted operating profit	<u>\$ 623</u>	<u>\$ 2,502</u>	<u>\$ 623</u>	<u>\$ 619</u>
Reported sales	\$ 2,888	\$ 11,224	\$ 2,774	\$ 2,796
Adjusted operating profit margin	21.6%	22.3%	22.5%	22.1%
<u>Adjusted Income Taxes</u>				
Reported income taxes	\$ 164	\$ 586	\$ 90	\$ 156
Add: Venezuela currency devaluation	-	-	-	-
Add: Pension settlement charge	-	3	3	-
Add: Income tax benefit	-	55	55	-
Add: Cost reduction program	-	16	16	9
Less: Gain on acquisition	-	-	-	(3)
Total adjustments	-	74	74	6
Adjusted income taxes	<u>\$ 164</u>	<u>\$ 660</u>	<u>\$ 164</u>	<u>\$ 162</u>
<u>Adjusted Effective Tax Rate</u>				
Reported income before income taxes and equity investments	\$ 560	\$ 2,296	\$ 522	\$ 580
Add: Venezuela currency devaluation	23	-	-	-
Add: Pension settlement charge	-	9	9	-
Add: Cost reduction program	-	56	56	40
Less: Gain on acquisition	-	-	-	(39)
Total adjustments	23	65	65	1
Adjusted income before income taxes and equity investments	<u>\$ 583</u>	<u>\$ 2,361</u>	<u>\$ 587</u>	<u>\$ 581</u>
Adjusted income taxes (above)	\$ 164	\$ 660	\$ 164	\$ 162
Adjusted effective tax rate	28%	28%	28%	28%

Non-GAAP Measures, cont.

Adjusted Noncontrolling Interest

Reported noncontrolling interest
Add: Cost reduction program
Add: Gain on acquisition
Total adjustments
Adjusted noncontrolling interest

First Quarter	Year	Third Quarter	Fourth Quarter
2013	2012	2012	2011
\$ 15	\$ 52	\$ 10	\$ 11
-	2	2	-
-	-	-	1
-	2	2	1
\$ 15	\$ 54	\$ 12	\$ 12

Adjusted Net Income - Praxair, Inc.

Reported net income - Praxair, Inc.
Add: Venezuela currency devaluation
Add: Pension settlement charge
Less: Income tax benefit
Add: Cost reduction program
Less: Gain on acquisition
Total adjustments
Adjusted net income - Praxair, Inc.

\$ 391	\$ 1,692	\$ 430	\$ 420
23	-	-	-
-	6	6	-
-	(55)	(55)	-
-	38	38	31
-	-	-	(37)
23	(11)	(11)	(6)
\$ 414	\$ 1,681	\$ 419	\$ 414

Adjusted Diluted EPS

Reported diluted EPS
Add: Venezuela currency devaluation
Add: Pension settlement charge
Less: Income tax benefit
Add: Cost reduction program
Less: Gain on acquisition
Total adjustments
Adjusted diluted EPS

\$ 1.30	\$ 5.61	\$ 1.43	\$ 1.38
0.08	-	-	-
-	0.02	0.02	-
-	(0.18)	(0.18)	-
-	0.12	0.12	0.10
-	-	-	(0.12)
0.08	(0.04)	(0.04)	(0.02)
\$ 1.38	\$ 5.57	\$ 1.39	\$ 1.36

Percentage Change in Adjusted Full Year 2013 Diluted EPS Guidance

	Full Year 2013	
	Low End	High End
Diluted EPS guidance	\$ 5.82	\$ 5.97
Non-GAAP adjustments:		
Add: Venezuela currency devaluation	0.08	0.08
2013 adjusted diluted EPS	\$ 5.90	\$ 6.05
2012 adjusted diluted EPS (see above)	\$ 5.57	\$ 5.57
Percentage change from 2013 adjusted amounts	6%	9%

Principles of Sustainable Development

Governance and Integrity

Maintain strong systems and a culture of global corporate governance, compliance, ethics, human rights, integrity and accountability.

Strategic Leadership

Stay current with, and take advantage of, emerging global opportunities, developments and challenges to position Praxair for the future.

Customer Commitment

Focus relentlessly on the delivery of customer value through continuous innovation that helps our customers enhance their product quality, service, reliability, productivity, safety, energy efficiency and environmental performance.

Environmental Responsibility

Achieve continuous environmental performance improvement and energy efficiency in our operations.

Employee Safety and Development

Provide opportunities that allow employees to develop to their fullest potential in a creative, inclusive and safe environment.

Community Support

Participate in community development in regions where we operate.

Financial Performance

Maintain year-on-year recognition from shareholders and stakeholders for top-tier financial performance.

Stakeholder Engagement and Communication

Partner with internal and external stakeholders to achieve a strong, secure and sustainable society, economy and environment.



CARBON DISCLOSURE PROJECT

Global Carbon Disclosure Leadership Index
Global Carbon Performance Leadership Index



MSCI ESG Indices



For further information, please contact:

INVESTOR RELATIONS
Phone: (203) 837-2210
Kelcey_Hoyt@praxair.com

www.praxair.com/investors