Praxair, Inc.

James S. Sawyer
Executive Vice President and
Chief Financial Officer

J.P. Morgan Diversified Industries Conference
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James S. Sawyer  
Executive Vice President & Chief Financial Officer

Jim Sawyer became executive vice president and chief financial officer of Praxair, Inc. in 2006. He had been senior vice president and chief financial officer since 2003. He is responsible for the company’s finance, audit, treasury, accounting, tax, information technology and investor relations functions.

Sawyer joined the company in 1985 and became assistant treasurer the following year. In 1986, he was named manager of capital markets planning and three years later became area treasurer for Europe. He was appointed assistant treasurer for Praxair in 1992, vice president and treasurer in 1994, and vice president and chief financial officer in 2000.

A native of Greenwich, Connecticut, Sawyer holds a bachelor of science degree in geology and environmental sciences from Wesleyan University, and a master's degree in business administration from the Sloan School of Management at Massachusetts Institute of Technology. He is a member of the Conference Board's Senior Financial Officers Council and the Financial Executives Institute.
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.
Consistent Outperformance

Unique Revenue Model
- No speculative capex
- Long-term contracts – high renewal rates
- No commodity pricing
- Critical product, but low percentage of customer’s cost stack

Strong Profitability and Cash Flow
- Productivity – target at least 5% reduction in cost stack annually
- Integrated supply / distribution density strategy and contract terms drive profitability and high ROC

Leading value creation in the industry

* Source: Factset
What We Do and Products We Supply

- We supply customers with atmospheric, process and specialty gases, high-performance coatings, and related services and technologies

- Atmospheric Gases
  - Produced when air is purified, compressed, cooled, distilled and condensed
  - Oxygen, nitrogen, argon and rare gases

- Process & Specialty Gases
  - Produced as by-products of chemical production or recovered from natural gas
  - Carbon dioxide, helium, hydrogen, semiconductor process gases, and acetylene
2012 Sales Breakdown

**End Markets**
- Food & Beverage: 6%
- Healthcare: 8%
- Manufacturing: 25%
- Metals: 18%
- Energy: 11%
- Aerospace: 3%
- Electronics: 8%
- Chemicals: 10%
- Other: 11%

**Geographies**
- North America: 50%
- Europe: 13%
- Asia: 12%
- South America: 19%
- Other: 15%

**Distribution Method**
- Onsite: 25%
- Merchant: 31%
- Packaged Gases: 29%
- Other: 15%

*J.P. Morgan Diversified Industries Conference - NYC 06/04/13*
Sustaining a Competitive Advantage

Focus
- Stick to core business
- Operating discipline
- Sale of gas model

Market Selection
- Best geographic footprint
- Build density in key regions
- Capital discipline

Technology
- Product line advantage
- Total cost of ownership
- Customer applications

Execution
- Capital projects
- Sustainable productivity
- Contract management
- Safety and reliability

High Performance Culture
Unique Revenue Model

On-Site/Pipeline 25%
- 15-year take-or-pay contracts
- Indexed to energy, inflation, currency

Merchant Liquid 31%
- Exclusive supply agreements
- Sourced as by-product from on-site

Packaged/Medical 29%
- Cylinder rental and specialty gas focus
- Sourced as by-product from bulk

Integrated supply & contract terms drive high ROC
Diverse Markets

Manufacturing 25%
- Cutting – O₂
- Welding – O₂, N₂, Ar, H₂, He, blends
- Glass – O₂, N₂, Ar, H₂, He
- Automotive – O₂, N₂, Ar, H₂, Xe, Ne

Metals 18%
- Steel production – O₂
- Stainless steel – Ar, O₂
- Metal finishing / coating – H₂
- Inerting – Ar, N₂

Energy 11%
- Refining – H₂
- Natural gas fracturing – N₂
- Enhanced oil recovery – N₂, CO₂
- LNG in Brazil

Chemicals 10%
- Production – O₂, N₂, H₂
- Coal gasification – O₂
- Syngas production – CO
- Process control – specialty gases

Electronics 8%
- Semiconductor – process gases
- Photovoltaics – N₂, Ar, SiH₄
- Flat panel - O₂, N₂, Ar, H₂, He, NH₃

Healthcare 8%
- Hospitals – O₂, N₂, CO₂
- MRI – He
- Sterilization – sterilant gases
- Anesthesia – N₂O

Food & Bev 6%
- Carbonation – CO₂
- Freezing – N₂, CO₂
- Inerting – N₂
- Hydrogenation – H₂

% of 2012 sales
North America Unrivalled Integrated Supply Network

2012 Sales $ 5.6B

Strength across all three countries: U.S., Canada and Mexico

Solid growth fundamentals:
- Metals
- Manufacturing
- Energy: Refining and Oil & Gas Services
- Chemical

Packaged gas acquisition opportunities

- 500 production plants
- 3,000 distribution vehicles
- Fully-integrated supply system

We are growing and building density
Shale Impacts on Praxair and U.S. Customers

**Chemicals 11%**
- Low-cost natural gas feedstock
- New chemical plant investment
- Packaged gas opportunities

**Energy 17%**
- Low-cost natural gas/lower hydrogen costs
- Availability of light/sweet
- Less dry gas fracking with CO₂

**Metals 14%**
- Low-cost natural gas/lower power costs
- More natural gas in blast furnace requires higher oxygen intensity
- Energy infrastructure build-out

**Manufacturing 32%**
- Lower power costs
- Increased competitiveness
- Merchant and packaged gas
- Demand from energy market

Improved fundamentals and competitiveness for ~75% of U.S. customers

% of 2012 North America sales
NuCO₂

- Leading provider of beverage carbonation to the U.S. restaurant industry
- Extension of Praxair competencies in distribution, productivity and safety
- Critical low-cost input to fountain beverage segment … 24x7 service reliability is key
- Facility fee contracting model - stable and growing cash flow
- $ 250 MM 2013F sales, $ 115 MM EBITDA

Core industrial gases acquisition
South America

2012 Sales $ 2.1B

- Solid underlying fundamentals
  - Infrastructure development
  - 2014 World Cup and 2016 Olympics
  - Domestic demand
  - Energy

- Project proposal activity remains solid

- Unrivaled network, strong #1 position
- 100 years of operations
- Fully-integrated on-site, merchant and packaged gases business

Best positioned and preferred supplier
Europe

2012 Sales $ 1.5B

- Key markets: chemicals, manufacturing, healthcare, metals, food and beverage
- Positive price traction
- Solid project backlog in Russia

Pipeline enclaves: Germany, Belgium, Spain and Italy

Right-sizing cost structure
Asia

2012 Sales $ 1.4B

Main Markets

- Electronics 37%
- Metals 25%
- Manufacturing 12%
- Chemicals 11%

- Outsourcing captive production
- Applications driven growth
- Strong growth from project backlog

- Quality customers and projects
- Major enclaves in China
  - Caojing, Daya Bay, Chongqing

Increasing density and expanding footprint

* Kuwait, Bahrain, Qatar, UAE
  % of 2012 sales

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Industrial Parks / Enclaves in China

**CHONGQING**
- >5,000 tons per day
- $5B petchem complex
- BASF and others

**CAOJING**
- Several air separation and hydrogen plants
- $20B investment by Bayer, Sinopec, BASF & BP, Evonik

**DAYA BAY**
- 800 tons per day
- $4B investment by Shell and CNOOC
- Refinery expansions

Strict project selection, focus on areas where density can be developed
Praxair Surface Technologies

2012 Sales $ 0.7B

- Apply high-tech metallic and ceramic coatings
- Supply thermal spray consumables
  - Powder
  - Equipment
- Use technical competencies to solve problems
  - Metallurgy and material science
  - Coating development
  - Application engineering

A high-tech coatings business focused on turbine engines
Secular Growth Drivers…

- Oil and gas services
- Water treatment
- Energy
- Gasification
- Refinery hydrogen

Emerging Economies

- Decades of Organic Growth
- Modernization
- Infrastructure development
- Air emissions

Per Capita Industrial Gas Consumption (% of US)

- U.S.
- China
- Mexico
- Brazil
- India

Source: Spiritus Consulting and internal analysis

...provide sustainable growth
Increasing Gases Intensity

O₂ Intensity per ton of steel produced in the U.S.

Natural Gas requires 25% more oxygen than PCI.
Eco-portfolio – 27% of 2012 sales…

- Oxy-fuel combustion
- VOC emissions control
- Water treatment
- Energy efficient windows

…help customers reduce their environmental footprint
Strong Backlog - $2.5B Capital

New project development activity remains solid
## Productivity Savings Are Sustainable

<table>
<thead>
<tr>
<th>Plant Efficiency</th>
<th>$400-450 MM</th>
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<tbody>
<tr>
<td>Turbomachinery upgrades</td>
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<td>Cold box optimization</td>
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<td>Advanced predictive control monitoring</td>
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<th>Distribution and Customer Service</th>
<th>$100-150 MM</th>
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<tr>
<td>Dynamic tour scheduling</td>
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<td>Tank optimization</td>
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<td>Fuel efficiency; on-board computers</td>
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<th>Packaged Gas</th>
<th>$150-200 MM</th>
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<tr>
<td>Network optimization and improved facilities workflow</td>
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<tr>
<td>Mobile filling station / automation</td>
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<td>Asset tracking</td>
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<th>Reliability</th>
<th>$50-100 MM</th>
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<td>Migrate new reliability technologies</td>
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<tr>
<td>Global preventive and predictive maintenance program</td>
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<td>Vibration monitoring platform</td>
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<th>Business Process and Procurement</th>
<th>$500-600 MM</th>
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<td>Sourcing contract management</td>
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<td>Global procurement</td>
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<td>Global business process replication</td>
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$1.2 - $1.5 billion cost savings over the next few years
Growth Outlook

High single digit growth

Positive IP & Secular Drivers

Sales

Operating Profit

Increasing operating margin

Price & Productivity greater than cost inflation

Double digit growth

1-2% annual share reduction

EPS

Superior execution drives growth leverage

Strong cash flow generation

After-tax ROC 14-15%

Excludes acquisitions, divestitures and foreign currency
We Generate Stronger Cash Flow and…

% of Sales (3-yr average)

- **PRAXAIR**
  - Operating Cash Flow: 22%
  - Capital Spend: 16% (12% of Sales)
  - Dividends: 6% (4% of Sales)
  - Share Repurchases: 7% (1% of Sales)

- **Industry Average**
  - Operating Cash Flow: 17%
  - Capital Spend: 16%
  - Dividends: 6%
  - Share Repurchases: 7%

...reinvest and return to shareholders at a greater rate

*Industry ex-Praxair
Source: Bloomberg (2010-2012); PX 2010 Non-GAAP measure.
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.