Praxair, Inc.

James S. Sawyer
Executive Vice President and Chief Financial Officer

Susquehanna Chemicals Conference
March 14, 2013
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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.
What we do

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

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

**Distribution Method**
- Onsite: 25%
- Merchant: 31%
- Packaged Gases: 29%
- Other: 15%
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 – O\textsubscript{2}
- Welding – O\textsubscript{2}, N\textsubscript{2}, Ar, H\textsubscript{2}, He, blends
- Glass – O\textsubscript{2}, N\textsubscript{2}, Ar, H\textsubscript{2}, He
- Automotive – O\textsubscript{2}, N\textsubscript{2}, Ar, H\textsubscript{2}, Xe, Ne

### Metals 18%
- Steel production – O\textsubscript{2}
- Stainless steel – Ar, O\textsubscript{2}
- Metal finishing / coating – H\textsubscript{2}
- Inerting – Ar, N\textsubscript{2}

### Energy 11%
- Refining – H\textsubscript{2}
- Natural gas fracturing – N\textsubscript{2}
- Enhanced oil recovery – N\textsubscript{2}, CO\textsubscript{2}
- LNG in Brazil

### Chemicals 10%
- Production – O\textsubscript{2}, N\textsubscript{2}, H\textsubscript{2}
- Coal gasification – O\textsubscript{2}
- Syngas production – CO
- Process control – specialty gases

### Electronics 8%
- Semiconductor – process gases
- Photovoltaics – N\textsubscript{2}, Ar, SiH\textsubscript{4}
- Flat panel - O\textsubscript{2}, N\textsubscript{2}, Ar, H\textsubscript{2}, He, NH\textsubscript{3}

### Healthcare 8%
- Hospitals – O\textsubscript{2}, N\textsubscript{2}, CO\textsubscript{2}
- MRI – He
- Sterilization – sterilant gases
- Anesthesia – N\textsubscript{2}O

### Food & Bev 6%
- Carbonation – CO\textsubscript{2}
- Freezing – N\textsubscript{2}, CO\textsubscript{2}
- Inerting – N\textsubscript{2}
- Hydrogenation – H\textsubscript{2}

% of 2012 sales
Secular Growth Drivers Intact

Emerging Economies
- Infrastructure development & domestic consumption
- Migrating application technologies
- Outsourcing of captive production

Energy
- Global growth of refinery hydrogen
- Coal gasification in China
- Oil and gas well services

Environment
- Air, water, waste regulations
- Development of alternative fuels
- Resource-efficient solutions
Emerging Economies – Growth Outlook

- **Brazil**
  - Growing energy, metals and manufacturing markets
  - Strong domestic growth

- **Mexico**
  - Strong growth from energy sector
  - Upswing in industrial investment

- **China**
  - Petrochemicals and gasification
  - Industrialization of inland provinces

- **India**
  - Expanding middle class
  - Infrastructure investment

- **Middle East and Russia**

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**Per Capita Industrial Gas Consumption (% of US)**

- **U.S.** 100%
- **ME** 52%
- **Russia** 33%
- **Mexico** 27%
- **Brazil** 22%
- **China** 15%
- **India** 1%

*GCC countries
Source: Spiritus Consulting*
Global Shift to “Complex” Refining

Volume expansion; Hydrogen intensity 800-1200 scf per barrel
Enhanced Oil Recovery

- Long-term growth drivers
  - Global economic recovery
  - Increasing energy demand
  - Rising oil prices

- Recent large nitrogen projects
  - Pemex, Samaria, Mexico
  - ExxonMobil, Hawkins, TX

Significant long term global opportunities
Eco-portfolio – 26% of 2011 sales…

Oxy-fuel combustion

VOC emissions control

Water treatment

Energy efficient windows

…help customers reduce their environmental footprint
North America

2012 Sales $ 5.6B

- 500 production plants
- 3,000 distribution vehicles
- Fully-integrated supply system
- Strength across all three countries: U.S., Canada and Mexico

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

Packaged gas acquisition opportunities

Robust backlog of projects

Excellent geographic footprint… well-positioned for future growth
South America

2012 Sales $ 2.1B

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

■ Solid underlying fundamentals
  - Infrastructure development
  - 2014 World Cup and 2016 Olympics
  - Domestic demand
  - Exports of metals
  - Energy

■ Strong growth from project backlog

Best positioned and preferred supplier
Europe

2012 Sales $ 1.5B

- Key markets: chemicals, manufacturing, healthcare, metals, food and beverage
- Positive price traction
- Consolidated Yara acquisition in Norway
- Strong project backlog in Russia

- Pipeline enclaves: Germany, Belgium, Spain and Italy

Right-sizing cost structure
Increasing density and expanding footprint

Asia
2012 Sales $ 1.4B

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

- Secular growth opportunities:
  - Gasification
  - Energy efficiency & environmental

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

* Kuwait, Bahrain, Qatar, UAE
Praxair Surface Technologies

2012 Sales $656 MM

- 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
New project development activity remains solid
**Productivity Programs**

**Distribution Optimization**

![Map of Italy with distribution optimization](image1)

**Oxygen Cost Index ($ per ton O₂)**

- **2006**
- **2008**
- **2010**
- **2012**

- Up to 30% improvement over 2006

**Sales per Employee**

![Bar chart showing sales per employee](image2)

- **2007**
- **2010**
- **2013F**

**Low Cost Country Sourcing**

- China
- Taiwan
- Korea
- India
- Thailand
- Brazil
- Mexico
- Russia

**Target 5% of cost stack annually ~ $300 MM**
Record Cash Flow Generation in 2012

**Operating Cash Flow**

- 2002: $1.0B
- 2012: $2.8B
- 10-year CAGR 11%

**Uses of Cash**

- **Capex of $2,180MM** – strong on-site backlog
- **Acquisitions $280MM**
  - 17 North American packaged gas distributors
  - Russian industrial gas business
- **Net share repurchases $459MM**
  - $1B remaining under 2012 buy back program
- **Dividends $655MM**
  - 20th consecutive dividend increase
We Generate Strong Cash Flow and Are Able to Reinvest and Return to Shareholders at A Greater Rate

% of Sales (3-yr average)

- Operating Cash Flow: PRAXAIR 22%, Industry Average 16%
- Capital Spend: PRAXAIR 16%, Industry Average 12%
- Dividends: PRAXAIR 5%, Industry Average 4%
- Share Repurchases: PRAXAIR 7%, Industry Average 1%

Source: Bloomberg (2010-2012)
* Ex-Praxair; competitors 2012 results/estimates as available
Sustaining a Competitive Advantage

**Focus**
- Stick to our 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**
- Project management
- Distribution efficiencies
- Productivity culture

Execution culture…difficult to emulate
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.