Praxair, Inc.

James S. Sawyer
Executive Vice President and
Chief Financial Officer

Alembic Global Advisors 3rd - Annual Global Chemical Conference
February 28 – March 1, 2013
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.
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%
- Energy: 11%
- Chemicals: 10%
- Electronics: 8%
- Other: 11%
- Metals: 18%
- Healthcare: 8%
- Food & Beverage: 6%
- Manufacturing: 25%

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

**Distribution Method**
- Onsite: 25%
- Packaged Gases: 29%
- Merchant: 31%
- 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 – 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
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
North America

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

2012 Sales $ 5.6B

- 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
Asia

2012 Sales $ 1.4B

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

End Markets

- Aerospace: 34%
- Industrial: 38%
- Energy: 28%

Geographies

- Europe: 38%
- North America: 49%
- Asia & South America: 13%
New project development activity remains solid

Strong backlog - $2.6B capital

- Evraz NTMK 3,000 TPD ASU
- JSW Bellary 1,800 TPD ASU
- Valero Port Arthur 135 MM scfd SMR
- Valero St. Charles 135 MM scfd SMR
- LA pipeline extension
- IOCL, Paradip 90 MM scfd SMR & 500 TPD ASU
- SAIL, Bhilai 2,500 TPD ASU
- Arcelor Mittal 800 TPD ASU
- Deacero 500 TPD ASU
- Oxiranchem 500 TPD ASU
- Jinlong Copper 700 TPD ASU
- Chongqing 5,000 TPD ASU
- Yankuang Guohong 3,000 TPD ASU

ASU – Air Separation Unit
SMR – Steam Methane Reformer

4Q12 project in backlog
named projects have been announced

$0.2B (8%)
$1.1B (43%)
Productivity Programs

Distribution Optimization

Oxygen Cost Index ($ per ton $O_2$)

Up to 30% improvement over 2006

Sales per Employee

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**

- $1.0B in 2002
- $2.8B in 2012
- 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 buyback 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

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

% of Sales (3-yr average)

Operating Cash Flow: 22%
Capital Spend: 16%
Dividends: 5%
Share Repurchases: 7%
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.