Praxair, Inc.

Matthew J. White
Senior Vice President and Chief Financial Officer

KeyBanc Capital Markets Basic Materials & Packaging Conference
September 9, 2014
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.
Matthew J. White  
Senior Vice President & Chief Financial Officer

Matt White was appointed senior vice president and chief financial officer of Praxair, Inc. in 2014.

White joined Praxair in 2004 as finance director of Praxair’s largest business unit, North American Industrial Gases. In 2008, he became vice president and controller of Praxair, Inc., then was named vice president and treasurer in 2010. In 2011, Matt was named president of Praxair Canada. Before joining Praxair, White was vice president, finance, at Fisher Scientific and before that he held various financial positions, including group controller, at GenTek, a manufacturing and performance chemicals company.

White earned a bachelor of science degree in industrial engineering from Penn State University and a master's degree in business administration-finance from the University of Delaware. He is a certified public accountant and a CFA charterholder.
Key Messages

- Best positioned for North America growth
- Highly accretive growth with any incremental economic improvement
- Latin America pressure near-term, continued strong cash flow & margins
- Balanced portfolio for downside protection
- Margin expansion from price + productivity > costs
- Improving on industry-leading return on capital
- Strong free cash flow funds growing shareholder returns

Continued high quality, disciplined growth and capital allocation
Praxair Snapshot

Overview

- Industrial Gas (IG) major, largest in Americas
- Industry-leading 22% operating margin and return on capital 13%*
- IG critical to customer but small part of costs … reliable supply is key
- Long-term contracts with take-or-pay clause
- Integrated across supply modes
- Diverse end markets and geographies

Differentiators

- Disciplined investments in core IG drive density & returns
- Execution culture
- Constant focus on price and productivity
- Strong cash flow generation and disciplined capital allocation

Consistently leading the industry in profitability and return on capital

•Praxair 2013 non-GAAP measure; refer to Annual Report for reconciliation

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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
Select Geographies and Integrated Supply

Production / distribution density drives higher profitability and ROC

% of 2013 sales
Excludes Surface Technologies segment

Select Geographies

- Asia: 13%
- Europe: 13%
- North America: 52%
- South America: 17%
- Asia: 13%

Three supply modes

**Onsite / Pipeline**
- 27%
- 15-year take-or-pay contracts
- Indexed to energy, inflation and currency

**Merchant / Liquid**
- 34%
- Exclusive supply contracts, 3-7 years
- Sourced as by-product from on-site

**Packaged**
- 30%
- Cylinder rental and specialty gas focus
- Sourced as by-product from bulk
Diverse Markets

Manufacturing 24%
- Cutting – O₂
- Welding – O₂, N₂, Ar, H₂, He, blends
- Glass – O₂, N₂, Ar, H₂, He
- Automotive – O₂, N₂, Ar, H₂, Xe, Ne

Metals 17%
- Steel production – O₂
- Stainless steel – Ar, O₂
- Metal finishing / coating – H₂
- Inerting – Ar, N₂

Energy 13%
- 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 8%
- Carbonation – CO₂
- Freezing – N₂, CO₂
- Inerting – N₂
- Hydrogenation – H₂

% of 2013 sales
Secular Growth Drivers...

...provide sustainable growth

Per Capita Industrial Gas Consumption (% of US)

- U.S.: 100%
- China: 20%
- Mexico: 12%
- Brazil: 10%
- India: 2%

Source: Spiritus Consulting and internal analysis

Energy
- Oil and gas services
- Refinery hydrogen
- Gasification
- Increasing gases intensity

Environment
- Water treatment
- Air emissions
- Infrastructure development
- Modernization

Emerging Economies

Decades of Organic Growth
Shale Impacts on Praxair and U.S. Customers

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

**Chemicals**
- 10%
- Low-cost natural gas feedstock
- New chemical plant investment
- Packaged gas opportunities

**Energy**
- 19%
- Low-cost natural gas/lower hydrogen costs
- Availability of light/sweet
- Less dry gas fracking

**Metals**
- 13%
- Low-cost natural gas/lower power costs
- More natural gas in blast furnace requires higher oxygen intensity
- Energy infrastructure build-out

**Manufacturing**
- 30%
- Lower power costs
- Increased competitiveness
- Merchant and packaged gas
- Demand from energy market

% of 2013 Praxair North America sales
IG Opportunities in US Petchem Industry

Potential for $1B to $2B in IG industry capex going forward
Solid growth fundamentals:
- Manufacturing, energy, chemical and metals
- Packaged gas acquisition opportunities
- Strong petchem proposal activity

Growth opportunities
- Expanding domestic demand and infrastructure projects
- Vast mineral and hydrocarbon resources
#1 or #2 position in eight out of nine countries

Growing & Building Density

Best Positioned & Preferred Supplier
Europe and Asia Segments

2013 Sales $1.5B
13% of Praxair

- Rightsized costs in the South
- Density and efficiency improvement with Italian acquisition & France divestiture
- Growing in the North, entering Russia

Growth Opportunities
- Refining
- Chemicals
- Environmental
- Application technologies
- Energy efficiency

Margin upside with recovery
Density focus…profitable growth
Praxair Capex Investment Criteria

- **Criteria**
  - Lower Risk ← Standard Global Hurdle Rate → Higher Risk
  - Guaranteed Cash Flows
  - Customer & Asset
  - Sovereign Risks
  - Execution
  - Strategic Alignment

- **Guaranteed Cash Flows**
  - Cost Reduction – Take or Pay – Merchant

- **Customer & Asset**
  - Counter-party risk
  - Underlying asset viability

- **Sovereign Risks**
  - Foreign exchange volatility
  - Contractual enforcement
  - Ease of doing business

- **Execution**
  - Product line offering
  - Execution complexity

- **Strategic Alignment**
  - Density & integrated supply systems
  - Stand alone plants
  - Opportunistic
Sample Project Return on Capital

• Annuity-based business model
• Accretive to ROC within ~5 years
• Successive renewals

Praxair Consolidated Return on Capital Average

Economic Term (years)

-2 -1 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16+

Investment Initial Contract Term Renewal
Strong Backlog - $1.9B Capital

Bid activity strongest in North America and Asia
Praxair Growth Outlook

Growth from diverse sources... continued leverage down the P&L
Praxair Growth Outlook

Sales    High single-digit growth
OP       > Sales growth
EPS      Double-digit growth
ROC      14%+

Solid next few years

2017F Sales

Segment
- PST 5%
- Asia 17%
- Europe 11%
- South America 18%
- North America 49%

End-Market
- Aerospace 2%
- Food & Bev. 8%
- Electronics 8%
- Healthcare 6%
- Chem. 11%
- Energy 14%
- Metals 17%
- Mfg. 25%
- Other 9%

Supply Mode
- Merchant 32%
- Packaged 29%
- On-site 29%
- Other 10%

2012 Sales: $11B
Expected growth:
- Base Volume: 2-3%
- Price: ~3%
- Projects: ~8% CAGR
- Acquisitions: ~1%
- 2017F Sales: ~$16B

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We Generate Stronger Cash Flow and…

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

% of Sales (5-yr average)

- Operating Cash Flow
- Capex
- Dividends
- Net Repurchases

Source: Factset (2009-2013);
*Industry ex-Praxair
Cash Flow Projections (2013-17F Cumulative)

Cash Flow Generated from Operations
$17 billion (24% of sales)

Cash Flow Distributed
$7 billion (10% of sales)

Cash Flow Invested
$10 billion (14% of sales)

Balanced use of cash to maximize return to shareholders
Sustaining a Competitive Advantage

**Strategic Focus**
- Select geographies – best footprint
- Core industrial gas
- Sale of gas model
- Integrated supply
- Build density

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

**Execution**
- Operational discipline
- Capital investment
- Safety
- Productivity
- Contract management
- Project execution
- Integrity and compliance

**People**
- High performers
- Disciplined operators
- Detail-oriented
- Nimble & adaptable
- Excellent leaders
- Non-hierarchical

High performance culture…drives future results
Consistent Outperformance

- Strategic Performance
- Operational Excellence
- Disciplined Capital Allocation

**Return on Capital**
- 13% (10 year average)

**Operating Margin** (% of sales)
- Praxair: 14%, 22%, 22%
- Industry Average: 9%, 15%

**Operating Cash Flow Growth** (index 1992 = 1.0)
- Praxair: 11% CAGR
- Industry Average: 2x

Source: Factset
Industry ex-Praxair
*Praxair non-GAAP measure; refer to Annual Report for reconciliation
# Sustainable Development Aligned with Business Strategy

## 2013 Achievements

<table>
<thead>
<tr>
<th>Business Drivers</th>
<th>Economic</th>
<th>Environmental</th>
<th>Social</th>
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</thead>
<tbody>
<tr>
<td>ENERGY</td>
<td>2X GHG benefit vs. total GHG emissions</td>
<td>$3 Billion revenue from Eco-Portfolio</td>
<td>Safety Record 5X better than U.S. industry average</td>
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<tr>
<td>ENVIRONMENT</td>
<td>&gt;50 million people served with safe drinking water</td>
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<tr>
<td>EMERGING ECONOMIES</td>
<td>Sustainable Productivity more than 20% of total productivity savings</td>
<td>&gt;1 Million beneficiaries from community engagement (cumulative, 2009-2013)</td>
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<tr>
<td>EXECUTION</td>
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