

Making our world more productive



LINDE FINANCE HALF-YEAR REPORT
JANUARY TO JUNE 2019

Linde Finance B.V.

Half-Year Report

1	Directors' Interim Report
3	Financial Highlights
4	Supervisory Board Directors' Interim Report
6	Balance Sheet Assets
7	Balance Sheet Equity and Liabilities
8	Profit and Loss Account
9	Cash Flow Statement
10	General Accounting Principles
12	Notes to the Interim Financial Statements as per 30 June 2019
16	Supplementary Information on the Notes
20	Review Report

Tables

DIRECTORS' INTERIM REPORT

The Management Board of Linde Finance B.V. hereby presents the interim financial statements for the first six months of 2019. These statements are prepared according to generally accepted accounting principles in the Netherlands and in conformity with the provisions of the Dutch guideline for Annual Reporting 394 on interim financial statements. All financial information is presented in Euro and has been rounded to the nearest million, unless otherwise stated.

General

Linde Finance B.V. is registered in Amsterdam, Buitenveldertselaan 106, the Netherlands, and was incorporated on 12 May 1999 under Dutch law. Linde Finance B.V. acts as a finance company for the benefit of The Linde Group companies. The ultimate parent of Linde Finance B.V. is Linde plc, Dublin, which is listed on the New York and German stock exchange.

Objectives

The objectives of Linde Finance B.V., in accordance with article 2 of the Articles of Association, are to incorporate, to participate, to manage and finance other group companies. Furthermore, to borrow and lend moneys, to place public and private debt and in general to engage in financial and commercial activities which may be conducive to the foregoing.

Tasks and responsibilities

The Management Board is in charge of the management of Linde Finance B.V. This means that the responsibilities of the Management Board include the policy and business progress within Linde Finance B.V. and with this the achievement of the goals, strategy, profit development and the social aspects of doing business that are relevant for Linde Finance B.V. The Management Board is also responsible for compliance with

legislation and regulations and the management of the risks coupled with the activities and the financing of Linde Finance B.V.

The Management Board discusses the internal risk management and control systems with the Supervisory Board. These controls were set up to identify and manage foreign exchange, interest, liquidity, counterparty, and credit risks. As to these risks, Linde Finance B.V. has a conservative approach.

For example, it is the objective of Linde Finance B.V. to eliminate foreign currency risks. With the exception of margins generated by foreign-currency-denominated back-to-back loans, Linde Finance B.V. enters into derivatives in order to hedge Linde Finance B.V.'s currency exposure. The underlying assets and liabilities are translated into Euro at the balance sheet date. The derivatives used to hedge the currency risk exposure are included in the balance sheet in accordance with the cost price hedging model. The positions are regularly checked as part of the risk management procedures.

It is Linde Finance B.V. policy that interest rate exposures with duration longer than one year are hedged if no back-to-back funding is in place by entering into derivatives.

The liquidity risk is actively managed and covered by a USD 5 bn syndicated revolving credit facility, with a final maturity of 2024.

Intercompany credit exposure has been insured with Linde AG, Munich, through a Credit Assurance Agreement. The associated expenses are charged on to the internal borrowers through an additional risk premium on top of the base rate. For further information we refer to ► [NOTE \[30\] PAGE 18](#).

In discharging its duties the Management Board is led by the interests of Linde Finance B.V. and its affiliated enterprises. The Management Board is accountable to the Supervisory Board and the General Meeting of Shareholders for the execution of its policy.

Appointment

The members of the Management Board are appointed by the Supervisory Board for an indefinite period. The basis for non-compliance with the recommendation of the Dutch Corporate Governance Code (appointment for a maximum term of four years Principle II.1.1 of the Code) rests in the principles of Linde Finance B.V. being oriented towards the long term. The Supervisory Board notifies the General Meeting of Shareholders of an intended appointment and does not dismiss members of the Management Board until after the General Meeting of Shareholders has expressed its opinion.

Responsibility statement

The Management Board of Linde Finance B.V. wish to state:

- that the interim financial statements 2019 give a true and fair view of the assets, liabilities, financial position and profit and loss of Linde Finance B.V.;
- that the half-year report 2019 gives a true and fair view of the position, as per the balance sheet date, of the development during the financial period of Linde Finance B.V. and a description of the principle risks that it faces.

Corporate Governance Statement

The Management Board of Linde Finance B.V. is responsible for the maintenance and development of an accurate framework for risk management and control and also the active management of the strategic, technological, operational, financial and compliance risks that Linde Finance B.V. faces.

We declare that the substantial risks with which Linde Finance B.V. is confronted are described in these financial statements. These financial statements provide insight into the extent to which risks are prevented and controlled. Linde Finance B.V. takes due consideration of the findings of the external auditor, KPMG Accountants N.V., which reviews the interim financial statements. Based on the above and our own observations and experiences from the past, the Management Board declares, with reference to best practice provision II.1.5 of the Dutch Corporate Governance Code, that the framework for risk management and control, as described above and in the Corporate Governance section of the Supervisory Boards report, provides a reasonable assurance that the financial reporting does not contain any errors of material importance and that this framework worked properly in the first six months of 2019. The true effectiveness of the Dutch Corporate Governance code can only be evaluated based on the results over a longer period and/or based on specific checks of the design, the existence and the function of the internal management controls.

AMSTERDAM, 30 SEPTEMBER 2019

THE MANAGEMENT BOARD

MICHA GLASER

FINANCIAL HIGHLIGHTS

Linde AG and Linde Finance B.V. had a EUR 10.0 bn Debt Issuance Program (DIP), which was guaranteed by Linde AG, Munich.

At the end of June 2019 the nominal debt outstanding is EUR 5.2 bn (31.12.2018: EUR 5.9 bn). Thereof EUR 5.2 bn (31.12.2018: EUR 4.26 bn) is issued by Linde Finance B.V.

During the first six months of 2019 Linde Finance B.V. repaid a six-year USD 150 m bond and a seven-year EUR 500 m bond.

During the first six months for two bonds the issuer was substituted from Linde AG to Linde Finance B.V. It concerns an eight-year EUR 1.0 bn bond with a maturity in September 2020 and a ten-year EUR 650 m bond with a maturity in April 2023.

Linde plc, Praxair Inc, Linde AG and Linde Finance B.V. have a USD 5 bn syndicated revolving credit facility at their disposal with a final maturity in 2024. The syndicated credit facility is currently undrawn.

Linde AG and Linde Finance B.V. had a EUR 2.0 bn multicurrency Commercial Paper (CP) Program which was unconditionally guaranteed by Linde AG, Munich.

During the first six months of 2019 the interest income amounted to EUR 136.8 m (30.06.2018: EUR 112.7 m). The interest expense amounted to EUR 128.9 m (30.06.2018: EUR 105.6 m).

The profit after taxation was EUR 5.9 m (30.06.2018: EUR 4.2 m). Linde Finance B.V. operates under an Advance Pricing Agreement (APA) with the Dutch fiscal authorities. This APA ruling defines the minimum returns for intercompany loans.

For the rest of 2019 we expect a positive and stable result. In relation to personnel, we do not foresee any changes in 2019.

Standard and Poor's credit rating for Linde Finance B.V. is "A/A-1" (long- and short-term). Moody's credit rating for Linde Finance B.V. is "A2/P-1" (long- and short-term). The outlook for all credit ratings is stable. All credit ratings are aligned with the credit ratings of the ultimate parent Linde plc, Dublin.

AMSTERDAM, 30 SEPTEMBER 2019

THE MANAGEMENT BOARD

MICHA GLASER

SUPERVISORY BOARD DIRECTORS' INTERIM REPORT

The Supervisory Board hereby submits the report of the financial statements for the first six months of 2019. The financial statements have been reviewed by KPMG Accountants N.V. and were provided with an unqualified review report on 30 September 2019. The review report can be found on ► [PAGE 20 OF THE FINANCIAL STATEMENTS](#).

Corporate Governance

Corporate governance rules for the Supervisory Board

The Supervisory Board supervises the policy of the Management Board and the general business progress of Linde Finance B.V., and advises the Management Board. The Supervisory Board monitors and supervises the Management Board with respect to the results of the strategy, the main risks related to the operations of Linde Finance B.V., as well as the functioning of the organisation. Furthermore, any significant changes to the risk management and control systems will be discussed and monitored.

The Supervisory Board of Linde Finance B.V. also has the authority to approve certain decisions of the Management Board as stipulated in the Articles of Association. The Supervisory Board consists of three members.

In the performance of its duties the members of the Board of Supervisory Directors are led by the interests of Linde Finance B.V. and taking into account the interests of all Linde Finance B.V. stakeholders and all the aspects of social responsibility relevant to Linde Finance B.V.

The Supervisory Board also has the authorities and powers specified in the provisions of Book 2 of the Dutch Civil Code. These powers include, in particular, the appointment of the members of the Management Board, the determination of the number of members of the Management Board, and the approval of a number of other decisions of the Management Board as specified in legislation.

The Supervisory Board met one time in 2019. In this meeting the financial results as well as other items such as risk management, financial performance and general developments were discussed. In this meeting the external auditor KPMG was present. Besides this meeting there were ongoing contacts between the Supervisory Board and the Management Board.

Based on the number of Supervisory Directors, the Supervisory Board of Linde Finance B.V. can operate without separate committees. This means that the Supervisory Board as a whole acts as Audit Committee as well.

In connection with the listing of bonds at the Luxembourg Stock Exchange, Linde Finance B.V. is regarded as a "Public Interest Entity" (Organisatie van Openbaar Belang).

The composition of the Supervisory Board across the period included:

- Daniel Geiger (1974, German nationality), member of the Supervisory Board since 7 July 2017.
- Gerald Hobbs (1973, British nationality), member of the Supervisory Board since 15 April 2019.
- Björn Schneider (1971, German nationality), member of the Supervisory Board since 24 August 2004.
- Dr Sven Schneider (1966, German nationality), member of the Supervisory Board since 22 April 2011 until 15 April 2019.

AMSTERDAM, 30 SEPTEMBER 2019

ON BEHALF OF
THE SUPERVISORY BOARD

BJÖRN SCHNEIDER
[CHAIRMAN]

Corporate governance general

The principles of the Dutch Corporate Governance Code ("the Code") followed by Linde Finance B.V. are laid down in various regulations of Linde Finance B.V.

The Code is not applicable to Linde Finance B.V. because by law it only governs stock-exchange-listed companies; Linde Finance B.V. voluntarily applies selected principles and best practice provisions of the Code that are compatible with its control structure and the nature of Linde Finance B.V. The provisions that are not applied and the reasons why are listed in the overview below.

There were no changes in the governance structure during the first six months of 2019.

Corporate governance conflict of interests

Linde Finance B.V. as part of the Linde Group has strict rules to prevent every form and appearance of a conflict of interest between Linde Finance B.V. on the one hand and the members of the Management Board and the members of the Supervisory Board on the other. Decisions to enter into transactions involving conflicting interests of the Management Board or the Supervisory Board of a material significance for Linde Finance B.V. and/or for the relevant individual must, in accordance with these rules, be approved by the Supervisory Board. During the year under review no conflicts of interests were reported.

Corporate governance, the General Meeting of Shareholders

Linde Finance B.V. General Meeting of Shareholders has the authority to approve certain Management Board decisions. These decisions, which are stipulated in the Articles of Association, are major decisions relating to the operations, legal structure and financial structure of Linde Finance B.V. (and the companies in which it holds shares) as well as decisions related to major investments.

The most important other authorities of the General Meeting of Shareholders are:

- adoption of the interim financial statements and profit appropriation of Linde Finance B.V.;
- discharging the members of the Management Board from their management and the members of the Supervisory Board from their supervision of the Management Board;
- adoption of the dividend;
- appointment and dismissal of the external auditor;
- amendments to the Articles of Association; and
- issuing of shares, exclusion of the application right, authorisation to repurchase own shares, reduction of the paid-up capital, dissolution, application for bankruptcy of Linde Finance B.V.

Best practice provisions of the Code not applied by Linde Finance B.V.

Linde Finance B.V. endorses the Code by applying the principles and best practice provisions or by explaining why Linde Finance B.V. deviates from the Code. The principles listed below are not applied for the reason indicated in the foregoing text or below:

Principle II.1.1: Appointment

The members of the Management Board are appointed by the Board of Supervisory Directors for an indefinite period. The basis for noncompliance with the recommendation of the Code (appointment for a maximum term of four years) rests in the fact that Linde Finance B.V. is oriented towards the long term. The Supervisory Board notifies the General Meeting of Shareholders of an intended appointment and does not dismiss members of the Management Board until after the General Meeting of Shareholders has expressed its opinion.

Principle II.2.1-15: Remuneration

Publishing the remuneration report, most important components of employment conditions or severance payment of Management Board members: Linde Finance B.V. utilizes the statutory exception as understood in Art. 2:383b of the Dutch Civil Code for so-called "private public liability companies."

Principle III.2.1: Independence

All Supervisory Board members, with the exception of one, are independent. The reason for this is that this Supervisory Board member is also a director of the shareholder of Linde Finance B.V. Here we are not compliant with the Code. As stated before there has not been any conflict of interest during the year under review.

Principle III.5.10-14: Composition and role of two key committees of the Supervisory Board

As the Supervisory Board consists of three members this principle is not applied. In respect to the Audit Committee we refer to the Supervisory Board report.

Principle III.7.1-3: Remuneration

The members of the Supervisory Board receive no remuneration.

Principle III.8.1-4: One tier management structure

This is not applied as there is no one tier management structure.

BALANCE SHEET ASSETS

BALANCE SHEET OF LINDE FINANCE B.V. – ASSETS¹

<i>in € thousand</i>	<i>Note</i>	<i>30.06.2019</i>	<i>31.12.2018</i>
Other operating fixed assets		10	12
TANGIBLE FIXED ASSETS		10	12
Loans to group companies	[1]	6,883,720	6,970,359
Deferred derivatives results	[2]	135	434
Prepaid expenses	[3]	683	848
FINANCIAL FIXED ASSETS		6,884,538	6,971,641
FIXED ASSETS		6,884,548	6,971,653
Loans to group companies	[4]	3,714,715	2,733,244
Interest receivable from group companies	[5]	31,359	60,970
Interest receivables from third parties	[6]	1,250	6,242
Other receivables from third parties	[7]	2,980	2,007
Deferred derivatives results	[2]	7,801	8,956
Forward exchange contracts	[8]	85,179	109,964
Tax receivable	[9]	7,126	3,713
Receivables		3,850,410	2,925,096
COLLATERAL DEPOSITS	[10]	5,800	12,100
Liquid assets		532	–
CASH AND CASH EQUIVALENTS		6,332	12,100
CURRENT ASSETS		3,856,742	2,937,196
ASSETS		10,741,290	9,908,849

¹ Before the appropriation of profit.

BALANCE SHEET EQUITY AND LIABILITIES

BALANCE SHEET OF LINDE FINANCE B.V. – EQUITY AND LIABILITIES¹

2

<i>in € thousand</i>	<i>Note</i>	<i>30.06.2019</i>	<i>31.12.2018</i>
Share capital		5,000	5,000
Share premium		210,000	150,000
Retained earnings		189,914	180,471
Unappropriated profits		5,864	9,443
EQUITY	[11]	410,778	344,914
Bonds notes payable	[12]	5,111,736	3,377,185
Deferred derivatives results		5	15
Loans from group companies	[13]	750,000	750,000
LONG-TERM LIABILITIES		5,861,741	4,127,200
Bonds notes payable	[12]	175,697	867,703
Collateral borrowing	[14]	52,094	33,795
Credit institutions	[15]	–	382
Loans from group companies	[13]	4,118,317	4,362,289
Interest payable to third parties	[16]	37,994	51,589
Interest payable to group companies	[17]	10,122	18,207
Forward exchange contracts	[8]	64,404	94,544
Other payables to third parties	[18]	3,616	3,189
Other payables to group companies		1,432	1,703
Tax payable		5,041	3,102
Accounts payable		54	232
SHORT-TERM LIABILITIES		4,468,771	5,436,735
EQUITY AND LIABILITIES		10,741,290	9,908,849

¹ Before the appropriation of profit.

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS

3

<i>in € thousand</i>	<i>Note</i>	<i>January to June 2019</i>	<i>January to June 2018</i>
Group company loans		68,918	72,027
Other interest income		53,959	40,657
INTEREST INCOME	[19]	122,877	112,684
Group company loans		49,473	36,488
Other interest expense		65,510	69,149
INTEREST EXPENSES	[20]	114,983	105,637
NET INTEREST RESULT		7,894	7,047
Foreign exchange result		450	-1,020
FINANCIAL RESULT		8,344	6,027
General and administrative expenses	[21]	541	428
Other income		-	1
PROFIT BEFORE TAXATION		7,803	5,600
Taxation	[22]	1,939	1,390
NET PROFIT AFTER TAXATION		5,864	4,210

CASH FLOW STATEMENT

CASH FLOW STATEMENT

4

<i>in € thousand</i>	<i>January to June 2019</i>	<i>January to June 2018</i>
NET PROFIT	5,864	4,210
In-/decrease fixed assets	173,124	2,345,295
In-/decrease current assets	-919,014	-1,742,515
In-/decrease long-term liabilities	1,648,522	-798,701
In-/decrease current liabilities	-274,344	245,504
Cash generated from operating activities	628,288	49,583
NET CASH FLOW FROM OPERATING ACTIVITIES	634,152	53,793
Repayment of debt securities	-693,620	-50,000
NET CASH FLOW FROM FINANCING ACTIVITIES	-693,620	-50,000
In-/decrease cash at banks	532	3,793
Liquid assets 1 January	-	-
LIQUID ASSETS 30 JUNE	532	3,793
INCLUDED IN THE CASH FLOW FOR THE YEAR ARE THE FOLLOWING AMOUNTS		
Interest Income received	120,086	115,081
Interest expenses paid	-156,921	-120,794
Income taxes paid	1,816	1,990

GENERAL ACCOUNTING PRINCIPLES

General

Linde Finance B.V. is registered in Amsterdam, Buitenveldertselaan 106, the Netherlands, and was incorporated on 12 May 1999 under Dutch law. Linde Finance B.V. acts as a finance company for the benefit of The Linde Group companies. The ultimate parent of Linde Finance B.V. is Linde plc, Dublin, which is listed on the New York and German stock exchange.

Basis of presentation

The accompanying accounts have been prepared under the historical cost convention, unless otherwise mentioned, in accordance with generally accepted accounting principles in the Netherlands and in conformity with the provisions of Part 9, Book 2 of the Dutch Civil Code. All financial information is presented in Euro and has been rounded to the nearest million, unless otherwise stated. The financial statements are prepared on a going-concern basis.

Accounting policies

The initial measurement of all financial assets and liabilities is fair value. The subsequent measurement of all financial assets and liabilities is amortised cost unless a different valuation principle is indicated in the accompanying notes. Financial assets are shown net of impairments where necessary. Income and expenses are attributed to the financial year to which they relate.

Recognition of assets and liabilities

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is

probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably. An asset or liability that is recognised in the balance sheet remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party.

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

Long-term and current liabilities and other financial commitments are subsequently measured at amortised cost based on the effective interest rate method. Redemption payments regarding long-term liabilities that are due next year are presented under current liabilities.

Recognition of Profit and Loss Account

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. Revenues and expenses are allocated to the period to which they relate.

Cost price hedge accounting

Linde Finance B.V. applies the cost price hedging model to hedge interest rate risk and foreign currency risk. Cost price hedging means that derivative financial instruments follow the valuation principle of the hedged item (i.e. cost price). Linde Finance B.V. documents the hedge relationships in hedge documentation and periodically assesses the effectiveness of the hedge relationships by verifying that no over- or under-hedges exist based on the critical terms check. When a derivative expires or is sold, the accumulated profit or loss that has not yet been recognised in the profit and loss account prior to that time is included as a deferral in

the balance sheet until the hedged transactions take place. If the transactions are no longer expected to take place, then the accumulated profit or loss is transferred to the profit and loss account. If a derivative no longer meets the conditions for hedge accounting, but the financial instrument is not sold, then the hedge accounting is also terminated. Subsequent measurement of the derivative instrument is then at the lower of cost or market value.

Fair Value Accounting

Forward starting swaps contracted with third parties and with group companies are accounted for at fair value.

The fair value of the financial instruments is determined as follows, the derivative financial instruments are measured by discounting expected future cash flows using the net present value method. As far as possible, the entry parameters used in these models are relevant observable market prices and interest rates at the balance sheet date, obtained from recognised external sources.

The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

Cash flow statement

The cash flow statement is based on the indirect method for the operating cash flow and based on the direct method for the cash flow from financing activities. The figures relating to the operational cash flows are derived from the delta in the balance sheet position.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Euro at rates of exchange at the balance sheet date. Exchange rate differences are accounted for in the profit and loss account.

Financial fixed assets

Financial fixed assets include the amortised costs of loans, of a long-term nature, issued to group companies, as well as prepaid expenses.

Other Financial Fixed assets

Bonds, listed and unlisted recognised under financial fixed assets, that are not held as part of a trading portfolio and which will be held to maturity, are valued at their amortised cost.

Net Profit

The net profit has been calculated on the basis of the accrual and matching principles.

Interest income

Interest income is recognised in the period to which it belongs, taking into account the effective interest of the related asset. Interest expenses and similar expenses are recognised in the period to which they belong.

Taxation

Taxation is calculated on the basis of profit before tax adjusted for available fiscal facilities.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS PER 30 JUNE 2019

Assets

[1] Loans to group companies

The movements in long-term loans to group companies during the year were as follows:

MOVEMENT IN LONG-TERM LOANS TO GROUP COMPANIES

<i>in € thousand</i>	<i>2019</i>	<i>2018</i>
AT 1 JANUARY	6,970,359	6,808,489
New loans	1,912,930	3,013,343
Reclassified to short-term loans	-1,809,029	-461,371
Translation adjustment and amortisation	395,686	-590,102
Loans redeemed	-586,226	-1,800,000
AT 30 JUNE (AS AT 31 DECEMBER FOR 2018 FIGURES)	6,883,720	6,970,359

An amount of EUR 1.14 bn (31.12.2018: EUR 1.46 bn) of the principal portions outstanding have a remaining maturity of more than five years.

Long-term loans to group companies for a total amount of EUR 1.18 bn (31.12.2018: EUR 1.22 bn) are denominated in a currency other than Euro. If no natural hedge is in place Linde Finance B.V. has entered into various foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts is based on the prevailing rate of exchange of the respective reporting dates. The average interest rate on long-term non-euro-denominated loans to group companies on 30 June 2019 was 4.28 percent (31.12.2018: 4.29 percent).

[2] Deferred derivatives results

Deferred derivatives results are proceeds of unwound derivatives to be amortised, which were previously in a hedge relationship with group companies, of EUR 7.8 m (31.12.2018: EUR 8.9 m). The unwinding of derivatives has been executed on a risk-neutral basis.

A remaining amount of EUR 0.1 m (31.12.2018: EUR 0.4 m) will be amortised over the remaining tenor of the settled swaps.

[3] Prepaid expenses

Linde AG, Munich, and Linde Finance B.V. had a EUR 2.5 bn syndicated credit line at their disposal with a final maturity of 2020.

Linde Finance B.V. paid an upfront premium of EUR 4.5 m at the initiation of the facility in 2013. The outstanding value per 30 June 2019 of EUR 0.8 m (31.12.2018: EUR 1.0 m) has been prematurely and entirely released.

Linde plc, Praxair Inc, Linde AG and Linde Finance B.V. have a USD 5 bn syndicated revolving credit facility at their disposal with a final maturity in 2024. Linde Finance B.V. paid an upfront premium of EUR 0.7 m at the initiation of the credit facility in April 2019. The outstanding value per 30 June 2019 of EUR 0.7 m will be amortised over the remaining tenor of the facility.

[4] Loans to group companies

Linde Finance B.V. holds short-term loans to group companies for EUR 2.6. bn (31.12.2018: EUR 2.7 bn) of which the principal portions are due and payable within one year. Interest rates are determined based on the at arm's length principle. The average interest rate on these loans as at 30 June 2019 is 1.61 percent (31.12.2018: 0.46 percent).

Short-term loans to group companies for a total amount of EUR 239 m (31.12.2018: EUR 397 m) are denominated in a currency other than the euro at 30 June 2019. If no natural hedge is in place Linde Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

[5] Interest receivables from group companies

Interest receivables from group companies include accrued interest on loans of EUR 31.3 m (31.12.2018: EUR 55.7 m), EUR 0.0 m (31.12.2018: EUR 4.0 m) accrued interest on derivatives with group companies and EUR 0.0 m (31.12.2018: EUR 1.3 m) of upfront premium on derivatives with group companies, which will be amortised over the remaining tenor.

[6] Interest receivables from third parties

Other receivables from third parties include accrued interest of EUR 1.3 m (31.12.2018: EUR 6.2 m) from interest rate swaps and cross-currency swaps.

[7] Other receivables from third parties

Other receivables include EUR 3.0 m (31.12.2018: EUR 0.0 m) of early payment of foreign currency settlement with a value date in the second half of 2019 but book date in the first half of 2019. In 2018 EUR 2.0 m of unpaid financial transactions were included.

[8] Forward exchange contracts

All forward exchange contracts are in a hedging relationship for which Linde Finance B.V. applies cost price hedge accounting.

Cost price hedging means that both the forward exchange contract as hedging instrument and the hedged item are recognised at cost. If the hedged item is a foreign currency monetary item recognized in the balance sheet, the forward exchange contract is measured at the difference between the spot rate of the balance sheet date and the contract rate of the forward exchange contract. The position also includes the interest accrual on interest rate differentials of forward exchange contracts (forward points), which is amortised to the profit and loss account.

[9] Tax receivable

As per 30 June 2019 Linde Finance B.V. has a tax receivable of EUR 7.1 m (31.12.2018: EUR 3.7 m) related to corporate income tax and withholding tax.

[10] Collateral deposits

Since 2010 Linde Finance B.V. has Credit Support Annexes (CSAs) in place with its major financial market participants to mitigate the counterparty risk. The outstanding value of the cash collateral deposited by Linde Finance B.V. at banks per 30 June 2019 is EUR 5.8 m (31.12.2018: EUR 12.1 m).

Equity and liabilities

[11] Equity

Authorised share capital consists of 15,000 shares of EUR 1,000 each. As per 30 June 2019, the total number of shares outstanding which are fully paid in are 5,000 (31.12.2018: 5,000). All shares of Linde Finance B.V. are

held by Linde Holdings Netherlands B.V., Schiedam. The share premium reserve can be considered as freely distributable share premium as referred to in the 2001 Income Tax Act.

The ultimate parent of Linde Finance B.V. is Linde plc, Dublin, which is listed on the New York and German stock exchange.

EQUITY

in € thousand	Share capital	Share premium	Retained earnings	Unappropriated profit	Total equity
AT 1 JANUARY 2018	5,000	150,000	168,870	11,601	335,471
Transfer to retained earnings	-	-	11,601	-11,601	-
unappropriated profits	-	-	-	9,443	9,443
AT 31 DECEMBER 2018/ AT 1 JANUARY 2019	5,000	150,000	180,471	9,443	344,914
Transfer to retained earnings	-	60,000	9,443	-9,443	60,000
unappropriated profits	-	-	-	5,864	5,864
AT 30 JUNE 2019	5,000	210,000	189,914	5,864	410,778

[12] Bonds notes payable

The bonds notes payable comprise loans from credit institutions as well as from institutional investors.

The contractual maturity of the bonds and notes payable can be shown as follows:

BONDS NOTES PAYABLE

<i>in € thousand</i>	<i>30.06.2019</i>	<i>31.12.2018</i>
<1 year	175,698	867,703
1–5 years	4,015,005	1,984,654
>5 years	1,096,730	1,392,531
	5,287,433	4,244,888

The bonds notes payable of Linde Finance B.V., bear an average interest of 1.99 percent (31.12.2018: 2.11 percent). An amount of EUR 5.3 bn (31.12.2018: EUR 4.26 bn) of bonds notes payable have been issued by Linde Finance B.V. under the terms of the past Debt Issuance Program. Linde AG, Munich, has issued an unconditional and irrevocable guarantee in favor of Linde Finance B.V.

Bonds notes payable for the outstanding bonds for an amount of EUR 686 m (31.12.2018: EUR 875 m) are denominated in a currency other than Euro. If no natural hedge is in place Linde Finance B.V. has entered into foreign exchange contracts or cross-currency swaps to hedge foreign currency risks.

ISSUED BONDS LINDE FINANCE B.V.

	<i>Currency</i>	<i>Principal in million</i>	<i>Coupon</i>	<i>Maturity date</i>	<i>Exchange</i>
1	USD	200	3-month USD Libor + 47 bps	21.08.2019	not listed
2	EUR	1,000	1.750%	17.09.2020	Bourse de Luxembourg
3	EUR	50	0.634%	20.10.2020	Bourse de Luxembourg
4	EUR	600	3.875%	01.06.2021	Bourse de Luxembourg
5	EUR	1,000	0.250%	18.01.2022	Bourse de Luxembourg
6	EUR	650	2.000%	18.04.2023	Bourse de Luxembourg
7	GBP	300	5.875%	24.04.2023	Bourse de Luxembourg
8	EUR	300	1.875%	22.05.2024	Bourse de Luxembourg
9	USD	200	3.434%	26.08.2026	Bourse de Luxembourg
10	EUR	80	1.652%	20.10.2027	Bourse de Luxembourg
11	EUR	750	1.000%	20.04.2028	Bourse de Luxembourg
12	EUR	100	1.900%	21.10.2030	Bourse de Luxembourg

[13] Loans from group companies

Linde Finance B.V. holds loans from group companies for a total amount of EUR 3.2 bn (31.12.2018: EUR 5.1 bn). An amount of EUR 750 m (31.12.2018: EUR 750 m) of the principal portion has a maturity longer than one year. The remaining principal portions are due and payable within one year. Interest rates are determined based on the at arm's length principle. As at 30 June 2019 the average interest rate on these loans was 1.1 percent (31.12.2018: 0.87 percent).

Short-term loans from group companies for an amount of EUR 1.6 bn (31.12.2018: EUR 3.2 bn) are denominated in a currency other than Euro for which Linde Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

[14] Collateral borrowing

Since 2010 Linde Finance B.V. has Credit Support Annexes with its major financial market participants to mitigate the counterparty risk. The outstanding value of the cash collateral deposited at Linde Finance B.V. by various banks as per 30 June 2019 is EUR 52.1 m (31.12.2018: EUR 33.8 m).

[15] Credit institutions

Credit institutions comprise only current bank accounts with negative value.

[16] Interest payable to third parties

Interest payables include upfront premiums received on derivatives with third parties, which will be amortised over the remaining tenor.

INTEREST PAYABLE TO THIRD PARTIES

in € thousand	30.06.2019	31.12.2018
Accrued interest bonds notes payable	33,126	48,276
Accrued interest derivatives	4,868	3,265
Upfront premiums received on derivatives	–	48
	37,994	51,589

[17] Interest payable to group companies

Interest payable to group companies include accrued interest on loans from group companies of EUR 5.8 m (31.12.2018: EUR 7.1 m) and accrued interest on derivatives with group companies of EUR 4.3 m (31.12.2018: EUR 11.1 m).

[18] Other payables to third parties

Other payables include EUR 3.5 m (31.12.2018: EUR 0.0 m) of early payment of foreign currency settlement with a value date in the second half of 2019 but book date in the first half of 2019. In 2018 EUR 3.1 m of unpaid financial transactions were included.

Profit and loss

[19] Interest income

The interest income includes EUR 82.8 m (30.06.2018: EUR 72.0 m) of interest income on loans given to group companies. The other interest income EUR 54.0 m (30.06.2018: EUR 40.7 m) is income generated from external derivatives, amortisation of discounts and other interest income.

[20] Interest expense

The interest expense includes EUR 49.5 m (30.06.2018: EUR 36.5 m) of interest from loans of group companies. The other interest expense of EUR 79.4 m (30.06.2018: EUR 69.1 m) comprises mainly interest expenses for external bonds, external derivatives and the amortisation of discounts. The interest expense includes EUR 1.6 m (30.06.2018: EUR 2.0 m) internal fee related to the guarantee and a credit assurance fee issued by Linde AG, Munich.

[21] General and administrative expenses

The general and administrative expenses for the period can be analysed as stated in the table below. Whereby the other G&A costs mainly consist of fees for advisory, VAT cost which cannot be claimed back due to the nature of the business of Linde Finance B.V., bank charges, office expenses and IT costs.

GENERAL AND ADMINISTRATIVE EXPENSES

in € thousand	January to June 2019	January to June 2018
Wages and salaries	202	244
Other general and administrative expenses	339	184
	541	428

[22] Taxation

Linde Finance B.V. operates under the Advance Pricing Agreement (APA) with the Dutch fiscal authorities.

This APA ruling defines the minimum return for intercompany loans.

Taxes on income for the period can be analysed as follows:

TAXATION

in € thousand	January to June 2019	January to June 2018
Profit before taxation	7,803	5,600
Income tax rate (percent)	25.00	25.00
Income tax expenses	1,939	1,390
EFFECTIVE TAX RATE (PERCENT)	24.85	24.82

SUPPLEMENTARY INFORMATION ON THE NOTES

[23] Auditor's fees and services

The auditor's remuneration has been included in the consolidated accounts of The Linde Group, Munich. KPMG Accountants N.V. did not provide other services than the review of the 2019 interim financial statements.

[24] Directors

Linde Finance B.V. has one Managing Director (31.12.2018: one) and three Supervisory Board Members (31.12.2018: three). The members of the Supervisory Board did not receive any remuneration during the first six months of 2019. Furthermore, Linde Finance B.V. avails itself of the stipulations laid down in article 2:383, section 1, of the Dutch Civil Code with regard to the remuneration of the Managing Director. The Managing Director participates in the share option scheme at Linde AG, Munich, and in conformity with RJ 275 it is opted for accounting this in the financial statements of Linde AG, Munich.

[25] Employees

During the first six months of 2019 Linde Finance B.V. had an average of 2.0 full time equivalents (31.12.2018: 2.9).

The wages and salaries ► [NOTE \[21\] PAGE 15](#) includes social security charges and pension premium costs of EUR 15.1 k (31.12.2018: 41.1 k). The employees participate in the industry-wide "Stichting Pensioen Fonds voor de Grafische Bedrijven" fund. All accrued rights, built-up in the "Stichting Pensioenfonds N.V. Linde Gas Benelux" up to 2014, were transferred to "Stichting Pensioen Fonds voor de Grafische Bedrijven" on 1 April 2015.

The pension scheme of this fund is a Collective Defined Contribution plan. The contribution to the pension fund is fixed annually by the pension board as a percentage of the total sum of participants' salary costs, less the AOW deductible. The employer will settle the contribution with the pension fund on a monthly basis. In case of a shortfall in funding within the pension fund this will result in a reduction of pensions and build-up pension rights for all participants. A shortfall of funding within the pension fund cannot result in any claim towards the employer.

[26] Off-balance-sheet commitments and facilities

Linde Finance B.V. has limited rental, back office and IT commitments with third parties. Total expenses are approximately EUR 50.0 k per annum. For the rental agreement for the offices an extension agreement was signed for another five years in 2017. The new maturity of the rental agreement is September 2022.

Linde plc, Praxair Inc, Linde AG and Linde Finance B.V. have a USD 5 bn syndicated revolving credit facility at their disposal with a final maturity in 2024. The syndicated revolving credit facility is currently undrawn.

The syndicated revolving credit facility has not been drawn down and also serves as backup for the EUR 2.0 bn Commercial Paper Program.

[27] Derivative contracts

Linde Finance B.V. has entered into a number of interest rate swap agreements, with a principal amount of EUR 3.6 bn (31.12.2018: EUR 4.5 bn) and a number of cross-currency swap agreements, with a principal amount of EUR 730.3 m (31.12.2018: EUR 867.3 m). Due to the application of cost price hedging to derivative financial instruments a principle amount of EUR 4.5 bn (31.12.2018: EUR 4.5 bn) are following the valuation principle of the hedged items (i.e. cost price). There are no forward starting interest rate swaps anymore per 30 June 2019 (31.12.2018: EUR 0.0 bn).

[28] Fair value of financial instruments

The fair value of financial instruments is determined using measurement methods customary in the market, based on market parameters specific to the instrument.

The fair value of derivative financial instruments is measured by discounting expected future cash flows using the net present value method. The entry parameters used in these models are relevant observable market prices and interest rates on the balance sheet date, obtained from recognised external sources.

The table below shows the fair value of financial assets and liabilities.

FAIR VALUES FINANCIAL ASSETS AND LIABILITIES

12

<i>in € million</i>	<i>30.06.2019</i>	<i>31.12.2018</i>
Assets		
Loans to group companies (non-current)	7,333.2	7,359.1
Loans to group companies (current)	2,582.0	2,715.7
Interest rate swaps/cross-currency swaps external	72.9	62.9
FX swaps	24.0	9.3
Interest rate swaps/cross-currency swaps internal	0.0	14.5
Liabilities		
Bonds/notes payable	5,551.0	4,389.5
Loans from group companies (non-current)	760.4	754.2
Loans from group companies (current)	2,439.6	4,331.6
Interest rate swaps/cross-currency swaps external	15.2	22.5
FX swaps	5.0	31.8
Interest rate swaps/cross-currency swaps internal	76.5	37.9

[29] Related parties

All transactions are conducted on an arm's length basis

MAJOR OUTSTANDING LOAN EXPOSURE

13

<i>in € million</i>			<i>30.06.2019</i>	<i>in percent</i>
Linde AG	Munich	DEU	6,631.0	62.6
Linde UK Holdings Limited	Guildford	GBR	1,556.4	14.7
Linde Gas Holding Sweden AB	Lidingo	SWE	483.5	4.6
BOC Limited (Australia)	North Ryde	AUS	421.5	4.0
BOC Holdings	Guildford	GBR	331.8	3.1
BOC HELEX	Guildford	GBR	302.4	2.9
Linde Österreich Holding GmbH	Stadl-Paura	AUT	265.0	2.5
Linde Holdings Netherlands B.V.	Schiedam	NLD	139.3	1.3
ELGAS LIMITED	North Ryde	AUS	73.8	0.7
other			393.7	3.6
			10,598.4	100.0

MAJOR OUTSTANDING DEPOSIT EXPOSURE

14

<i>in € million</i>			<i>30.06.2019</i>	<i>in percent</i>
BOC Helex	Guildford	GBR	1,382.8	27.0
Praxair International Finance Unlimited Company	Dublin	IRL	750.0	14.7
Linde UK Holdings Limited	Guildford	GBR	493.6	9.7
The BOC Group Limited	Guildford	GBR	442.1	8.6
Oy AGA AB	Espoo	FIN	207.4	4.1
Linde Gas GmbH	Stadl-Paura	AUT	157.2	3.1
LINCARE HOLDINGS INC.	Wilmington	USA	125.4	2.5
Linde Österreich Holding GmbH	Stadl-Paura	AUT	116.0	2.3
LINDE INVESTMENTS No.1 LIMITED	Guildford	GBR	94.6	1.9
other			1,343.2	26.1
			5,112.3	100.0

[30] Risk management

Foreign currency risk

It is the objective of Linde Finance B.V. to eliminate foreign currency risks. With the exception of margins generated by foreign-currency-denominated back-to-back loans, Linde Finance B.V. enters into currency contracts and cross-currency swaps in order to hedge Linde Finance B.V.'s currency exposure. The underlying assets and liabilities are translated into Euro at the balance sheet date. The derivatives used to hedge the currency risk exposure are included in the balance sheet in accordance with the cost price hedging model. The positions are regularly checked as part of the risk management procedures.

The table below provides the net foreign exchange cash flow positions per 30 June 2019. The totals are all unhedged margins on loans and corresponding deposits. As stipulated in the foreign currency risk management approach these margins are not hedged.

NET FOREIGN CURRENCY CASH FLOW POSITION PER CURRENCY

in thousand Currency	Largest positions of Net FX cash flow positions per currency	In € per 30.06.2019	Latest Maturity
GBP	1,780	1,984	24.04.2023
USD	2,396	2,113	26.08.2026
TRY	26	4	15.03.2024
Other currencies		5	
TOTAL POSITION		4,106	

The total Value at Risk (VaR) for the largest positions is per 30 June 2019 EUR 384 k (31.12.2018: 342 k). The VaR calculation is based on a 97.5 percent VaR for Linde Finance B.V. foreign currency positions (Multivariate normality assumed, i.e. Markowitz approach).

FOREIGN CURRENCY RISK LINDE FINANCE B.V. AS AT 30.06.2019

in thousand	Exposure FX	Exposure €	VaR €
AUD	0	0	0
GBP	1,780	1,987	260
RUB	233	3	1
TRY	26	4	2
USD	2,396	2,107	246
TOTAL			509
TOTAL RISK (DIVERSIFIED)			384

Interest risk

It is Linde Finance B.V. policy that interest exposures with duration longer than one year are hedged, by entering into interest rate swaps and/or cross-currency swaps.

The table below shows the "unmatched" open nominal positions according to their maturity, for durations of one year and above for all currencies in euro equivalents.

A positive sign is a net long position.

INTEREST RISK

in € thousand Time bucket	Bucket end date	Yearly mismatch	Cumulated mismatch
less than 10 years	30.06.2029	-	-
less than 5 years	30.03.2024	-	-
less than 4 years	30.06.2023	-	-
less than 3 years	30.06.2022	-	-
less than 2 years	30.06.2021	-	-
less than 1 year	30.03.2020	-	81,711

Credit risk/Counterparty risk

Linde Finance B.V. solely provides loans within The Linde Group. Intercompany credit exposure has been insured with Linde AG, Munich, through a Credit Assurance Agreement. The associated expenses are charged on to the companies through an additional risk premium on top of the base rate.

Linde AG, Munich, which has issued an unconditional and irrevocable guarantee in relation to the Debt Issuance and Commercial Paper Program, presently has an A/A-1 rating by Standard & Poor's, an A2/P-1 rating by Moody's and an A+/S-1+ rating by Scope. All credit ratings have a stable outlook.

Cash and financial derivatives are only deposited and/or entered into with banks.

Linde Finance B.V. has Credit Support Annex agreements in place with all of its major financial counterparts in order to mitigate the counterparty risk associated with derivative transactions.

Liquidity risk

Linde plc, Praxair Inc, Linde AG, and Linde Finance B.V. have a USD 5 bn syndicated revolving credit facility at their disposal with a final maturity in 2024. The syndicated revolving credit facility is currently undrawn.

[31] Appropriation of results

In accordance with Article 27 of Linde Finance B.V. Articles of Association, profits, if any, are at the disposal of the General Meeting of Shareholders. The Directors propose to add the net profits to the retained earnings.

[32] Subsequent events

On 2nd September 2019, Linde Finance B.V. signed – together with Linde AG – a new USD 5 bn Euro Commercial Paper (ECP) Programme. Linde plc is guarantor of the issues under the Programme that is used for short-term financing. It replaces the EUR 2 bn ECP Programme that was signed in 2010.

THE SUPERVISORY BOARD

BJÖRN SCHNEIDER
[CHAIRMAN]

GERALD HOBBS

DANIEL GEIGER

AMSTERDAM, 30 SEPTEMBER 2019

THE MANAGEMENT BOARD

MICHA GLASER

REVIEW REPORT

To: the Supervisory Board of Linde Finance B.V.

Introduction

We have reviewed the accompanying company interim financial statements as at 30 June 2019 of Linde Finance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2019, the profit and loss account and the cash flow statement for the six-month period ended 30 June 2019, and the notes, comprising a summary of the accounting policies and other explanatory information. The director of the Company is responsible for the preparation and presentation of this interim financial statements in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim financial statements Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying company interim financial statements as at 30 June 2019 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

AMSTELVEEN, 30 SEPTEMBER 2019

KPMG ACCOUNTANTS N.V.

R. HUIZINGH R.A.

TABLES

- | | | | |
|-----------|---|-----------|---|
| 1 | Balance Sheet of
Linde Finance B.V. – Assets
<i>PAGE 6</i> | 14 | Major Outstanding
Deposit Exposure
<i>PAGE 17</i> |
| 2 | Balance Sheet of
Linde Finance B.V. – Equity
and Liabilities
<i>PAGE 7</i> | 15 | Net Foreign Currency
Cash Flow Position
per Currency
<i>PAGE 18</i> |
| 3 | Profit and Loss
<i>PAGE 8</i> | 16 | Foreign Currency Risk
Linde Finance B.V.
as at 30.06.2019
<i>PAGE 18</i> |
| 4 | Cash Flow Statement
<i>PAGE 9</i> | 17 | Interest Risk
<i>PAGE 18</i> |
| 5 | Movement in Long-Term
Loans to Group Companies
<i>PAGE 12</i> | | |
| 6 | Equity
<i>PAGE 13</i> | | |
| 7 | Bonds Notes Payable
<i>PAGE 14</i> | | |
| 8 | Issued Bonds
Linde Finance B.V.
<i>PAGE 14</i> | | |
| 9 | Interest Payable to
Third Parties
<i>PAGE 15</i> | | |
| 10 | General and Administrative
Expenses
<i>PAGE 15</i> | | |
| 11 | Taxation
<i>PAGE 15</i> | | |
| 12 | Fair Values Financial Assets
and Liabilities
<i>PAGE 17</i> | | |
| 13 | Major Outstanding
Loan Exposure
<i>PAGE 17</i> | | |

Published by

Linde Finance B.V.

Buitenveldertselaan 106

1081 AB Amsterdam

The Netherlands

Phone +31.20.301.3803

Fax +31.20.301.3809

www.linde-finance.com