



Praxair Reports Full-Year and Fourth-Quarter 2014 Results

PRAXAIR REPORTS FULL-YEAR AND FOURTH-QUARTER 2014 RESULTS

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Full-year sales of \$12.3 billion and EPS of \$5.73; adjusted EPS of \$6.27, up 6% from prior year*

Full-year adjusted EBITDA and operating margins grew to record levels of 32.2% and 22.4%, respectively*

Strong full-year operating cash flow of \$2.9 billion, 23% of sales; record free cash flow of \$1.2 billion*

Announced 10% dividend increase; 22nd consecutive annual increase

\$1.5 billion returned to shareholders, evenly split between dividends and net share repurchases

Return on capital 12.7%; return on equity 28.7%*

Fourth-quarter sales of \$3.0 billion; EPS \$1.03; adjusted EPS of \$1.57*

Full-year 2015 EPS guidance of \$6.15 to \$6.50; up 5% to 11%, ex-FX*

DANBURY, Conn., January 28, 2015 -- Praxair, Inc. (NYSE: PX) reported fourth-quarter net income and diluted earnings per share of \$302 million and \$1.03, respectively. These results include charges to net income related to Venezuela currency devaluation, a bond redemption and a pension settlement. Excluding these items, adjusted net income and diluted earnings per share were \$460 million and \$1.57, respectively.*

Sales in the fourth quarter were \$2,990 million, 3% above the prior-year quarter excluding negative currency translation effects. Organic sales growth

was driven by increased volumes, including volume growth from new plant start-ups, and higher price across the Americas and Asia.

Reported operating profit in the fourth quarter was \$525 million. Adjusted operating profit of \$663 million was steady with the prior-year quarter, excluding currency translation effects. Adjusted operating profit as a percentage of sales remained strong at 22.2%.*

Fourth-quarter cash flow from operations of \$772 million funded \$482 million of capital expenditures. The company paid \$189 million of dividends and repurchased \$282 million of stock, net of issuances.

For the full year of 2014, reported net income was \$1,694 million and diluted earnings per share was \$5.73. On an adjusted basis, full-year net income was \$1,852 million and diluted earnings per share was \$6.27, 5% and 6% above the prior year, respectively.*

Full-year sales were \$12,273, 6% above 2013 excluding negative currency translation. Growth was driven by higher volumes, pricing and acquisitions. Reported operating profit was \$2,608 million. Adjusted operating profit of \$2,746 million was 6% above 2013, excluding negative currency translation.*

For the full year, cash flow from operations was strong at \$2,868 million, 23% of sales. After capital expenditures of \$1,689 million, free cash flow was a record \$1,179 million. The company invested \$206 million in acquisitions, including several U.S. packaged gas distributors. The company paid dividends of \$759 million and repurchased \$759 million of stock, net of issuances. The debt-to-capital ratio was 59.6% and debt-to-adjusted EBITDA was 2.3x. After-tax return on capital and return on equity for the year were 12.7% and 28.7%, respectively.*

Commenting on the financial results and business outlook, Chairman, President and Chief Executive Officer Steve Angel said, “Praxair’s operational and capital discipline again yielded high-quality results in 2014, despite a challenging global environment. We generated strong operating cash flow of \$2.9 billion that represented 23% of sales and record free cash flow of \$1.2 billion. Operating and EBITDA margins grew to new highs.

“Sales growth of 6% and EPS growth of 9%, ex-currency, reflect strong price attainment across all of our businesses, relentless cost control and volume growth in the Americas and Asia. The acquisitions that we executed during the year were consistent with our strategy of improving geographic density in our core gases business.

“Looking forward to 2015, we expect modest global growth. More than half of our sales are generated in North America and with our industry-leading presence we will continue to take advantage of the underlying economic strengths of the region. While we continue to see slowing macro-economic

trends in the rest of the world, our diverse end-markets and strong local teams will continue to drive resilient operating results and increasing cash flow. We are committed to high-quality growth and expect continued strong cash flow generation to fund new projects, increased dividends and ongoing share repurchases.”

For full-year 2015, Praxair expects sales in the range of \$12 billion to \$12.4 billion. This sales guidance assumes a negative currency impact of about 6% versus 2014. The company expects diluted earnings per share to be in the range of \$6.15 to \$6.50, up 5% to 11% ex-currency from 2014.* Full-year capital expenditures are expected to be about \$1.7 billion and the effective tax rate is forecasted to remain at about 28%.

For the first quarter of 2015, Praxair expects diluted earnings per share in the range of \$1.39 to \$1.47. This EPS guidance assumes a negative currency impact of approximately 7% year-over-year and 4% sequentially.

Following is additional detail on fourth-quarter 2014 results by segment.

In North America, fourth-quarter sales were \$1,589 million, up 3% from the prior-year quarter excluding currency translation. Organic sales growth of 2% was driven by higher pricing and growth in merchant and packaged gas volumes. Acquisitions of U.S. packaged gas distributors contributed 1% growth. Operating profit of \$388 million grew 2% from the prior year, excluding negative currency translation, primarily due to higher volumes, higher price and acquisitions.

In Europe, fourth-quarter sales were \$356 million, 12% below the prior-year quarter. Excluding currency, cost pass-through and net divestitures, organic sales were 1% below prior year due primarily to weaker sales in Northern Europe. Operating profit was \$63 million.

In South America, fourth-quarter sales were \$473 million, 2% below the prior-year quarter. Organic sales, excluding negative currency translation, grew 8% primarily from growth to food and beverage and healthcare end-markets. Operating profit was \$105 million, above the prior-year quarter excluding currency translation, due primarily to volume growth and higher pricing.

Sales in Asia were \$407 million in the quarter, 6% above the prior year excluding currency and cost pass-through, driven by volume growth in on-site, including new plant start-ups, and merchant. Operating profit was \$77 million as compared to \$80 million in the prior year.

Praxair Surface Technologies had fourth-quarter sales of \$165 million as compared to \$164 million in the prior-year quarter. Organic sales grew 1% due to favorable pricing. Overall volumes were comparable to the prior-year period. Operating profit was \$30 million as compared to \$27 million in the prior year.

About Praxair

Praxair, Inc., a Fortune 250 company with 2014 sales of \$12.3 billion, is the largest industrial gases company in North and South America and one of the largest worldwide. The company produces, sells and distributes atmospheric, process and specialty gases, and high-performance surface coatings. Praxair products, services and technologies are making our planet more productive by bringing efficiency and environmental benefits to a wide variety of industries, including aerospace, chemicals, food and beverage, electronics, energy, healthcare, manufacturing, primary metals and many others. More information about Praxair, Inc. is available at www.praxair.com.

*See the attachments for calculations of non-GAAP measures. Non-GAAP adjustments for 2014 relate to the impact of the fourth-quarter Venezuela currency devaluation, bond redemption, and pension settlement charges. Non-GAAP adjustments for 2013 relate to the first-quarter Venezuela currency devaluation charge, third-quarter pension settlement charge and fourth-quarter bond redemption charge and an income tax benefit.

Attachments: Non-GAAP Reconciliations, Statements of Income, Balance Sheets, Statements of Cash Flows, Segment Information, Quarterly Financial Summary and Appendix: Non-GAAP Measures.

Praxair 4Q14 Earnings Release - Tables (233KB)	Non-GAAP Reconciliations, Statements of Income, Balance Sheets, Statements of Cash Flows, Segment Information, Quarterly Financial Summary and Appendix: Non-GAAP Measures
Praxair 4Q14 Teleconference Slides (872KB)	Teleconference presentation on Praxair's 4Q14 results

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.

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