

1 | KEY RESULTS VS. CONSENSUS

Metric	Reported	Consensus	vs. Cons.
Revenue	\$9.289 billion	\$9.01 billion	+3.1%
Adjusted EBITDA	\$3.57 billion	\$3.57 billion	0.0%
Operating Income	\$2.554 billion	\$2.59 billion	-1.4%
Net Income (vs. Year Ago)	\$2.089 billion	\$1.937 billion	+7.8%
Diluted EPS (Adjusted)	\$4.50	\$4.49	+0.2%
SEGMENT REVENUE			
Americas	\$4.083 billion	N/A	N/A
APAC	\$1.870 billion	N/A	N/A
EMEA	\$2.303 billion	N/A	N/A
Engineering	\$625 million	N/A	N/A
Other	\$408 million	N/A	N/A

2 | GUIDANCE AND OUTLOOK

Full-year adjusted EPS guidance increased to \$17.70-\$17.90 from \$17.60-\$17.90, the ceiling unchanged, so implied second-half expectations held steady. Q3 adjusted EPS guidance is \$4.45-\$4.55, up 6%-8%. Against that, capital-expenditure guidance rose by \$500 million at both ends, to \$5.5-\$6.0 billion, and the earlier upper-end-or-better 40-60 basis-point ex-pass-through margin-expansion ambition was not explicitly reaffirmed. Management expects more than 20 projects representing approximately \$1.3 billion of investment to start during the remainder of 2026, with year-end sale-of-gas backlog retaining an “8 handle.”

3 | EARNINGS ANALYSIS

A REVENUE-HEAVY BEAT. Revenue exceeded consensus by approximately 3.1%, but adjusted EBITDA merely matched and adjusted operating margin missed by approximately 80 basis points. APAC and Engineering led reported revenue growth; Americas operating profit was unchanged sequentially despite higher revenue. Cost of sales absorbed essentially all revenue upside before other expense differences. Electronics growth accelerated to 18%, and sale-of-gas backlog reached a record \$8.1 billion. Projects support multiyear visibility, not immediate EPS acceleration; commissioning and customer ramp-up remain critical.

EPS OUTRAN EARNINGS GROWTH. Adjusted net income grew 7.8%, versus 10.0% adjusted EPS growth. Approximately 2 percentage points of EPS growth came from the lower share count. GAAP EPS was \$4.15 versus adjusted EPS of \$4.50; Linde AG purchase-accounting effects explain the adjustment, while Lincare deterioration remained within adjusted results. Incremental operating margin was approximately 23.7%, below the prior-year consolidated margin of 30.1%, highlighting weaker profit conversion despite solid underlying earnings growth.

MARGIN REPAIR REMAINS UNPROVEN. Adjusted operating margin fell to 29.5% from 30.1% a year earlier, declining approximately 30 basis points excluding pass-through. Equipment sales and helium logistics can dilute percentage margins while generating positive incremental profit dollars. Lincare instead faces persistent labor inflation and reimbursement constraints. New management is pursuing productivity while strategic alternatives are evaluated. Easier comparisons do not establish restored productivity; sequential improvement, ex-pass-through performance and recurring savings net of implementation costs remain the relevant tests.

CASH CONVERSION WEAKENED. Operating cash flow increased approximately 2.7% to \$2.271 billion, while capital expenditure rose approximately 14.4% and free cash flow declined approximately 12.7% to \$833 million. Engineering timing and seasonality were cited, but no detailed reversal bridge was provided. First-half shareholder distributions exceeded conventional free cash flow by approximately \$1.404 billion before acquisitions, requiring liquidity, financing or other cash sources. The long-term opportunity expanded, but evidence supporting near-term profit conversion became less convincing.

4 | KEY READ-THROUGHS

A DIRECT EQUITY-ACCOUNTED BENEFICIARY
Lien Hwa (1229) | Positive | Potentially substantial for the industrial-gas investment, moderate for the diversified holding company, and limited for immediate earnings
Lien Hwa’s 50% ownership of Linde LienHwa links it directly to approximately \$800 million of Taiwan semiconductor-gas investment outside Linde’s consolidated backlog. Commissioning and utilization can generate recurring affiliate earnings. This is gross investment, not revenue or a disclosed funding obligation; construction can constrain distributions, and no start-up timetable was provided.

A DIRECT WARNING ON LABOR-COST NORMALIZATION
AdaptHealth (AHCO) | Negative for confidence in margin recovery | Moderate to potentially material for earnings expectations
Lincare’s labor inflation and reimbursement pressure challenge cost-normalization assumptions. AdaptHealth’s 9.1% organic revenue growth accompanied a 5.3% adjusted-EBITDA decline and \$12 million of elevated transition-related labor expense. Servicing costs can outpace reimbursement despite resilient patient demand. Different payer mixes and operating initiatives prevent assuming AdaptHealth faces precisely the same problems.

A POSITIVE DEMAND SIGNAL FOR EQUIPMENT MANUFACTURERS
Lincoln Electric (LECO), ESAB (ESAB) | Positive | Moderate for Lincoln Electric’s operating outlook; smaller and less certain group-level effect for ESAB
Double-digit US hard-goods growth supports equipment shipments, consumables and utilization, even while diluting Linde’s gas margins. Lincoln Electric had already reported 10.1% organic sales growth and 50 basis points of adjusted-margin expansion: this is confirmation. ESAB’s Americas operations benefit, but neither a global recovery nor specific supplier allocations are established.

PEERS WITH STRONGER PROFIT CONVERSION
Air Liquide (AI), Air Products (APD) | Positive | Moderate for earnings confidence and relative valuation support, but limited as a new earnings catalyst
Homecare’s reimbursement limits do not define gas-sector economics. Air Liquide’s first-half margin rose 110 basis points excluding energy and purchase accounting; Air Products’ adjusted margin also rose 110 basis points. These already-reported results support peer profit conversion, not new surprises. Air Products’ exit charges and helium costs still warrant scrutiny.