

PRAXAIR INC  
Form 10-Q  
July 26, 2018  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

OR  
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
PRAXAIR, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation)

1-11037

06-1249050

(Commission File Number)

(IRS Employer Identification No.)

10 Riverview Drive, DANBURY, CT 06810-6268

(Address of principal executive offices) (Zip Code)

(203) 837-2000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class: Registered on:

Common Stock (\$0.01 par value) New York Stock Exchange

1.50% Euro notes due 2020 New York Stock Exchange

1.20% Euro notes due 2024 New York Stock Exchange

1.625% Euro notes due 2025 New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

At June 30, 2018, 287,575,784 shares of common stock (\$0.01 par value) of the Registrant were outstanding.

---

Table of Contents

INDEX

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Income - Praxair, Inc. and Subsidiaries Quarters Ended June 30, 2018 and 2017 (Unaudited) 3

Consolidated Statements of Income - Praxair, Inc. and Subsidiaries Six Months Ended June 30, 2018 and 2017 (Unaudited) 4

Consolidated Statements of Comprehensive Income - Praxair, Inc. and Subsidiaries Quarters Ended June 30, 2018 and 2017 (Unaudited) 5

Consolidated Statements of Comprehensive Income - Praxair, Inc. and Subsidiaries Six Months Ended June 30, 2018 and 2017 (Unaudited) 6

Condensed Consolidated Balance Sheets - Praxair, Inc. and Subsidiaries June 30, 2018 and December 31, 2017 (Unaudited) 7

Condensed Consolidated Statements of Cash Flows - Praxair, Inc. and Subsidiaries Six Months Ended June 30, 2018 and 2017 (Unaudited) 8

Notes to Condensed Consolidated Financial Statements - Praxair, Inc. and Subsidiaries (Unaudited) 9

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 30

Item 3. Quantitative and Qualitative Disclosures about Market Risk 48

Item 4. Controls and Procedures 48

PART II - OTHER INFORMATION

Item 1. Legal Proceedings 49

Item 1A. Risk Factors 49

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 49

Item 3. Defaults Upon Senior Securities 49

Item 4. Mine Safety Disclosures 49

Item 5. Other Information 49

Item 6. Exhibits 50

Signature 51



Table of Contents

PRAXAIR, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(Millions of dollars, except per share data)  
(UNAUDITED)

	Quarter Ended June 30,	
	2018	2017
SALES	\$3,061	\$2,834
Cost of sales, exclusive of depreciation and amortization	1,723	1,599
Selling, general and administrative	307	305
Depreciation and amortization	311	292
Research and development	24	23
Transaction costs and other charges	24	15
Other income (expense) - net	17	6
OPERATING PROFIT	689	606
Interest expense - net	44	38
Net pension and OPEB cost (benefit), excluding service cost	2	2
INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS	643	566
Income taxes	158	157
INCOME BEFORE EQUITY INVESTMENTS	485	409
Income from equity investments	14	11
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	499	420
Less: noncontrolling interests	(19 )	(14 )
NET INCOME - PRAXAIR, INC.	\$480	\$406
PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS		
Basic earnings per share	\$ 1.67	\$ 1.42
Diluted earnings per share	\$ 1.65	\$ 1.41
Cash dividends per share	\$0.825	\$0.7875
WEIGHTED AVERAGE SHARES OUTSTANDING (000's):		
Basic shares outstanding	287,803	286,090
Diluted shares outstanding	290,908	288,535

The accompanying notes are an integral part of these financial statements.

Table of Contents

PRAXAIR, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(Millions of dollars, except per share data)  
(UNAUDITED)

	Six months ended June 30,	
	2018	2017
SALES	\$6,060	\$5,562
Cost of sales, exclusive of depreciation and amortization	3,400	3,148
Selling, general and administrative	617	595
Depreciation and amortization	622	579
Research and development	48	46
Transaction costs and other charges	43	21
Other income (expense) - net	12	—
OPERATING PROFIT	1,342	1,173
Interest expense - net	90	79
Net pension and OPEB cost (benefit), excluding service cost	4	(13 )
INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS	1,248	1,107
Income taxes	306	306
INCOME BEFORE EQUITY INVESTMENTS	942	801
Income from equity investments	29	23
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	971	824
Less: noncontrolling interests	(29 )	(29 )
NET INCOME - PRAXAIR, INC.	\$942	\$795
PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS		
Basic earnings per share	\$3.27	\$2.78
Diluted earnings per share	\$3.24	\$2.76
Cash dividends per share	\$1.65	