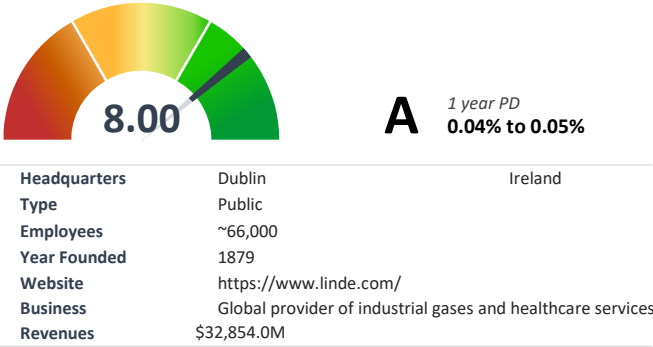


# Linde plc (tenant: Lincare, Inc, sub of Linde)



## Company Overview

- Company Overview:** Linde plc is the global leader in industrial gases and engineering solutions, providing critical products and services to industries such as healthcare, manufacturing, and energy. Lincare Holdings Inc., a wholly-owned subsidiary of Linde plc, reported annual revenues of approximately \$1.8bn in 2023, equal to ~5.5% of Linde's total revenue that year, and ~12.6% of the Americas segment. Lincare enhances its reach with >700 centers across the US, and a 99% client satisfaction rate.
- Product:** Linde offers a wide range of industrial gases (e.g., oxygen, nitrogen, hydrogen) and advanced engineering solutions. Its subsidiary, Lincare, specializes in in-home respiratory care services.
- Customers:** Diverse sectors, including chemicals, electronics, healthcare, food and beverage, and mining. Lincare has >1.8mn patients in the US.
- Ownership:** Publicly traded under NASDAQ: LIN, with \$190bn market cap.
- Debt Structure:** Max \$6.5bn R/C-line due 12/2027 - zero UPB. No maturity wall (w-avg maturity in 2032), and very low interest (w-avg 2.32%). Vast majority of debt is EUR denominated.
- Other (pros/cons):** Linde has a very high level of operational efficiency with a 38.7% EBITDA margin, paired with a very low leverage (0.8x) and less than half of their peers' debt to asset ratio (18.1% vs 37.3%) mitigating solvency risks. Liquidity isn't a concern considering the max \$6.5bn R/C-line fully unused per 9/30/2027. Essentially no near term debt maturity risk and very low weighted average interest rate (2.32%). In 10/24, Gazprom filed a claim for ~\$879mn, related to the Amur Gas Processing Plant project. Lincare is not a major part of Linde, and therefore a potential candidate for divestment should they face challenges. Rated by Moodys with a 'A2' ('A').

## Financial Snapshot

	Dec-22	Dec-23	Dec-24(A)	Chg
\$ '000s	T12	T12	T9	%
Total Revenue	33,364,000	32,854,000	32,964,000	0.3%
Gross Profit	13,914,000	15,362,000	15,866,667	3.3%
Adjusted EBITDA	10,873,000	12,133,000	12,766,667	5.2%
Gross Profit Margin	41.7%	46.8%	48.1%	1.4 ppt
EBITDA Margin	32.6%	36.9%	38.7%	1.8 ppt
Net Income	4,281,000	6,341,000	6,624,000	4.5%

					Weight	Rating Range		
					75%	6.0	to	7.0

## Financial Ratio Benchmarking

# of Benchmarks:		80	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks	80
			\$7,293M	\$32,854M		Company Financials Date	Dec-23
Liquidity	Revenue					Industry Benchmarks - Primary: Industrial Gases   Secondary: Health Care Services	
	Current Ratio	1.53	0.80	<div></div>	1%		
Leverage	Quick Ratio	1.26	0.67	<div></div>			
	Net Debt / EBITDA	2.25	0.82	<div></div>	96%		
Profitability	Debt to Assets	37.3%	18.1%	<div></div>	96%		
	EBITDA Margin	22.0%	36.9%				
	ROCE %	11.0%	9.9%				

## Business Risk

Industry Group Risk Profile				Specialty Chemicals	20%	6.0	to	8.0
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description				
Cyclicality		Intermediate risk	<div></div>	Entities that derive a majority of their revenue from the production of specialty chemicals, including producers of industrial gases, coatings, advanced materials, and numerous other specialty chemicals.				
Competitive Risk		Low risk	<div></div>					
Global Industry		Low risk	<div></div>					
Market Segment Outlook		Above Average	<div></div>					
Competitive Position Profile				Business And Consumer Services	50%	6.5	to	9.0
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline				
Cycle-Tested		< 2000	<div></div>	Navigated multiple economic down-cycles.				
Market Position		Satisfactory	<div></div>	Limited market position with few barriers to entry.				
Scale and Scope		Satisfactory	<div></div>	Some scale and diversity, but limited to specific markets or services.				
Brand Equity and Reputation		Strong	<div></div>	Strong brand with a clear price premium and high customer loyalty.				
Business Strategy		Above Average	<div></div>	Mostly consistent strategy with minor areas for improvement.				
Customer & End-Market Diversity		Strong	<div></div>	Diverse customer base; no reliance on specific customers.				
Service Diversity		Strong	<div></div>	Offers a wide range of services that cater to diverse customer needs.				
Geographic Diversity		Strong	<div></div>	Broad geographic diversification. Not overly dependent on a single regional or local market.				
Management, Governance, Sponsorship					30%	8.0	to	10.0

## Anchor Modifiers

Modifiers			
Trend Analysis	Adjustment	<div></div>	Moderate Positive
Financial Flexibility	Adjustment	<div></div>	Very High
Country Risk	Risk Flag	<div></div>	Ireland: Low Risk
Other Modifier	Risk Flag	<div></div>	

## Rating Range (Rounded)

7.5 to 8.5