



Q1 FY'10 Earnings Conference Call

January 22, 2010





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Q1 Financials

(\$millions, Continuing Operations)	Q1 FY10	Fav/(Unfav) vs.	
		Q1 FY09*	Q4 FY09
Sales	\$2,174	(1%)	2%
- Underlying business		2%	(1%)
- Energy/RM pass-thru		(7%)	2%
- Currency		4%	1%
Operating Income	\$345	20%	5%
Operating Margin (%)	15.9%	280bp	50bp
Net Income	\$252	22%	2%
Diluted EPS (\$/share)	\$1.16	20%	2%
ROCE (%)	10.9%	(160bp)	30bp



Q1 EPS Analysis

	<u>Q1 FY10</u>	<u>Q1 FY09</u>	<u>Change</u>
As-reported diluted EPS	\$1.16	\$0.32	
- discontinued ops (loss)	-	(0.10)	
- restructuring charge	-	(0.55)	
Adjusted cont ops EPS	<u>\$1.16</u>	<u>\$0.97</u>	<u>\$0.19</u>
Volume			\$0.12
Price / raw materials			(0.05)
Cost			0.06
			\$0.13
Currency			0.07
Equity Affiliates income			0.01
Lower interest expense			0.02
Higher tax rate			(0.01)
Higher shares outstanding			(0.03)
Increase			<u>\$0.19</u>



Merchant Gases

		Fav/(Unfav) vs.	
	<u>Q1 FY10</u>	<u>Q1 FY09</u>	<u>Q4 FY09</u>
Sales	\$934	1%	-%
- Volume		(5%)	(1%)
- Price		-%	-%
- Currency		6%	1%
Operating Income	\$190	11%	14%
Operating Margin	20.3%	190bp	250bp

- Underlying volume momentum continues
- Prices holding



Merchant Gases: Q1 Sales Analysis vs PY

	<u>North America</u>	<u>Europe</u>	<u>Asia</u>
Sales % change	(11%)	6%	13%
- Volume	(9%)	(4%)	11%
- Price	(2%)	1%	(3%)
- Currency	-	9%	5%

- Tough comps in North America
- Europe includes homecare
- Asia strong recovery

Note: The above excludes Latin America and small on-sites sale of equipment businesses.



Tonnage Gases

		Fav/(Unfav) vs.	
	<u>Q1 FY10</u>	<u>Q1 FY09</u>	<u>Q4FY09</u>
Sales	\$698	(6%)	9%
- Volume		11%	-%
- Energy/RM pass thru		(21%)	8%
- Currency		4%	1%
Operating Income	\$100	(8%)	(5%)
Operating Margin	14.4%	(20bp)	(200bp)

- Volumes up on rebound in chemical & steel and new plant on-streams
- Higher maintenance spending and lower operating efficiencies



Electronics & Performance Materials

	<u>Q1 FY10</u>	<u>Fav/(Unfav) vs.</u>	
		<u>Q1 FY09</u>	<u>Q4 FY09</u>
Sales	\$433	7%	-%
- Volume		11%	-%
- Price		(6%)	(1%)
- Currency		2%	1%
Operating Income	\$48	97%	(1%)
Operating Margin	11.2%	510bp	(10bp)
● Electronics sales		(2%)	-%
● Performance Materials sales		18%	-%



Equipment & Energy

		Fav/(Unfav) vs.	
	<u>Q1 FY10</u>	<u>Q1 FY09</u>	<u>Q4 FY09</u>
Sales	\$109	(9%)	(11%)
Operating Income	\$8	11%	34%
Sales Backlog	\$327	1%	37%

- Lower sales volume
- Lower energy development spending partially offset by restructuring costs
- Backlog increases on Gorgon LNG order



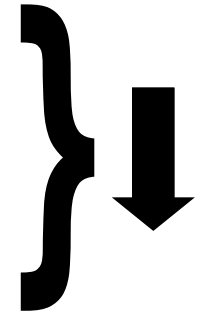
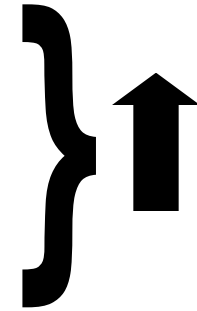
Q2 FY'10 Outlook

Q1 FY'10 EPS

- Improving economy
- New plants on-stream
- Lower maint spending, higher bonuses

- Lunar new year
- Lower Equip/Energy results
- Higher tax rate

\$1.16



Q2 FY'10 EPS

\$1.15-\$1.20



FY'10 Full Year Outlook Update

- FY'10 overall... expecting a gradual and modest recovery
- WW manufacturing growth
 - Globally up 1% to 2%
 - US flat to up modestly
 - EU **down 1%**
 - Asia up **8% to 9%**
- Silicon growth **20% to 25%**
- Capex forecast **unchanged**
 - ~\$1.3B to \$1.5B
- **FY'09 Adjusted Diluted EPS \$4.06**
 - Merchant loading
 - Tonnage new projects/loading
 - E&E similar to last year
 - E&PM loading, partially offset by restructuring cost & lower pricing
 - Productivity/restructuring benefits
 - Pension headwind
 - Tax rate about 25% to 26%
- **FY'10 EPS \$4.75-\$4.95**
 - **17% - 22% growth vs PY**

Appendix Slides

Q1 FY'10 Earnings



Appendix: Q1 Sales Analysis

<u>Change versus</u>	<u>Q1 FY09</u>	<u>Q4 FY09</u>
Total Consolidated	(1%)	2%
Comprised of:		
● Base business growth	2%	(1%)
– Volume	3%	(1%)
– Price	(1%)	-%
● Energy/RM pass thru	(7%)	2%
● Currency	4%	1%



Appendix: "Other" Segment

	<u>Q1 FY10</u>	<u>Q1 FY09</u>
Operating Inc/(Loss)	<u>(\$1)</u>	<u>(\$23)</u>
● FX Gain/(Loss)	(\$1)	(\$8)
● LIFO reserve	\$1	(\$11)
● All other	(\$1)	(\$4)



Appendix:

Q110 Results and FY10 Guidance

(\$ Millions, except per share data)

	GAAP Measure				Non GAAP Adjustment	Non GAAP Measure			
	Q110	Q109	\$ Change	% Change	Q109 (1)	Q110	Q109	\$ Change	% Change
Q110 vs. Q109 - Total Co.									
Sales	2,173.5	2,195.3	(21.8)	(1%)		2,173.5	2,195.3	(21.8)	(1%)
Operating Income	345.0	114.1	230.9	202%	174.2	345.0	288.3	56.7	20%
Operating Margin	15.9%	5.2%		1,070bp		15.9%	13.1%		280bp
Income From Continuing Ops	251.8	90.0	161.8	180%	116.1	251.8	206.1	45.7	22%
Diluted EPS - Continuing Ops	\$1.16	\$0.42	\$0.74	176%	\$0.55	\$1.16	\$0.97	\$0.19	20%

(1) Global Cost Reduction Plan

FY10 Guidance vs. FY09

	Diluted EPS Continuing Ops
FY09 GAAP	\$3.00
FY09 Global Cost Reduction Plan	\$0.94
FY09 Pension Settlement	\$0.02
FY09 Customer Bankruptcy and Asset Actions	\$0.10
FY09 Non GAAP	\$4.06
FY10 Guidance	\$4.75-\$4.95
FY09 GAAP	\$3.00
% Change GAAP	58%-65%
FY10 Guidance	\$4.75-\$4.95
FY09 Non GAAP	\$4.06
% Change Non GAAP	17%-22%



Appendix: ROCE

\$ Millions Quarter Ended	<u>Q108</u>	<u>Q208</u>	<u>Q308</u>	<u>Q408</u>	<u>Q109</u>	<u>Q209</u>	<u>Q309</u>	<u>Q409</u>	<u>Q110</u>
Numerator									
Operating Income Reported		348.6	393.7	373.1	114.1	260.4	143.8	328.0	345.0
Equity Affiliate Income		<u>42.4</u>	<u>46.5</u>	<u>30.8</u>	<u>24.5</u>	<u>27.0</u>	<u>28.5</u>	<u>32.2</u>	<u>26.9</u>
Earnings before tax as reported		391.0	440.2	403.9	138.6	287.4	172.3	360.2	371.9
Global Cost Reduction Plan		0.0	0.0	0.0	174.2	0.0	124.0	0.0	0.0
Pension Settlement Charge		26.3	0.0	0.0	0.0	0.0	8.0	0.0	0.0
Customer Bankruptcy and Asset Actions		<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>32.1</u>	<u>0.0</u>	<u>0.0</u>
Earnings before tax ex items		417.3	440.2	403.9	312.8	287.4	336.4	360.2	371.9
Effective tax rate as reported		25.3%	25.0%	23.3%	7.3%	26.0%	18.1%	26.0%	24.9%
Earnings after tax as reported		292.1	330.2	309.8	128.5	212.7	141.1	266.5	279.3
Effective tax rate ex items		26.1%	25.0%	23.3%	24.0%	26.0%	26.1%	26.0%	24.9%
Earnings after tax ex items		308.4	330.2	309.8	237.7	212.7	248.6	266.5	279.3
4 Qtr trailing AT earnings (numerator) - as reported					1,060.6	981.2	792.1	748.8	899.6
4 Qtr trailing AT Earnings (numerator) - ex items					1,186.1	1,090.4	1,008.8	965.5	1,007.1
Denominator									
Total Debt	3,972.5	4,383.9	4,027.3	3,966.8	4,169.2	4,102.4	4,145.2	4,501.5	4,418.7
Air Products Shareholders' equity	5,603.0	5,524.3	5,568.7	5,030.7	4,726.1	4,638.1	4,928.3	4,791.9	5,033.9
Noncontrolling Interest	<u>99.3</u>	<u>117.4</u>	<u>115.5</u>	<u>136.2</u>	<u>137.9</u>	<u>126.7</u>	<u>134.6</u>	<u>138.1</u>	<u>150.2</u>
Total Capital	9,674.8	10,025.6	9,711.5	9,133.7	9,033.2	8,867.2	9,208.1	9,431.5	9,602.8
5 Qtr Average Capital (denominator)					9,515.8	9,354.2	9,190.7	9,134.7	9,228.6
ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital)					11.1%	10.5%	8.6%	8.2%	9.7%
ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital)					12.5%	11.7%	11.0%	10.6%	10.9%



Appendix:

ROCE Tax Rate

	<u>Q208</u>	<u>Q308</u>	<u>Q408</u>	<u>Q109</u>	<u>Q209</u>	<u>Q309</u>	<u>Q409</u>	<u>Q110</u>
<u>Reported</u>								
Income from Cont. Ops. Bef. Tax	352.1	400.7	361.1	102.1	257.4	144.8	332.3	340.3
Noncontrolling Interest	(4.5)	(7.6)	(4.8)	(5.0)	(1.6)	(4.8)	-	(5.0)
Income from Cont. Ops. Before Tax, after Noncontrolling Interest	347.6	393.1	356.3	97.1	255.8	140.0	332.3	335.3
Tax Expense	87.8	98.1	82.9	7.1	66.5	25.4	86.3	83.5
Tax Rate Reported	25.3%	25.0%	23.3%	7.3%	26.0%	18.1%	26.0%	24.9%
<u>ITEMS</u>								
<u>Operating Income</u>								
Global Cost Reduction Plan				174.2		124.0		
Supp. Pension Plan Charge	26.3					8.0		
Customer Bankruptcy and Asset Actions						32.1		
<u>Tax Exp</u>								
Global Cost Reduction Plan				58.1		39.8		
Supp. Pension Plan Charge	9.8					3.0		
Tax adjustments								
Customer Bankruptcy and Asset Actions						11.1		
<u>Ex Items</u>								
Income from Cont. Ops. Before Tax	373.9	393.1	356.3	271.3	255.8	304.1	332.3	335.3
Tax Expense	97.6	98.1	82.9	65.2	66.5	79.3	86.3	83.5
Tax Rate ex Items	26.1%	25.0%	23.3%	24.0%	26.0%	26.1%	26.0%	24.9%



Thank you

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