

Q4 FY'12 Earnings Conference Call

October 19, 2012



**AIR
PRODUCTS** 

Forward Looking Statement

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FY 2012 Summary

- Portfolio Actions
 - Europe homecare divestiture & Europe focused cost reduction actions
 - PUI business exit
 - PV restructuring
- Acquisitions/Investments positioning for growth
 - Indura – largest independent gas company in Latin America
 - AHG - largest independent gas company in Saudi Arabia
 - DA Nanomaterials - electronics materials
- Strong Success in Key Markets driving record Capex of \$2.8B
 - Oxygen for coal gasification in China – Shaanxi, XLX, Zhengyuan, Guyiyang
 - Hydrogen contracts with Motiva and the completion of the world's largest hydrogen system in the US Gulf Coast
 - Electronics projects for Samsung and Sanan in China and UMC in Taiwan
 - Merchant capacity in China and India, integrated solutions for glass in China and cement in Spain
 - LNG projects in Australia and Malaysia
 - Energy from Waste in UK
- Dividend increased for 30th consecutive year

Q4 items/update

- PUI Business Exit
 - Sell contracts and assets
 - Shutdown Pasadena facility in Q4
 - Maintain two contracts under “buy-resell”
 - \$35 million or \$0.16 EPS charge
- PV Business Restructuring
 - Thin Film or Gen 2 PV has not developed
 - Silane purchase contract
 - \$127 million or \$0.59 EPS charge – accounts receivable, onsite plants, distribution equipment, silane contract
- Sparrows Point, MD Restructuring
 - Customer bankruptcy and steel mill shutdown
 - \$6 million or \$0.03 EPS charge – asset write-down
- Indura - closed on acquisition of 65% in July
- Remaining Homecare divestiture progressing
- Q2 cost reduction action progress

FY 2012 Summary

| (\$billions, continuing ops., ex. items) | FY12 | FY11 | Change vs. PY | |
|--|-------|-------|---------------|---------|
| | | | \$ Δ | % Δ |
| Sales | \$9.6 | \$9.7 | (\$0.1) | (1%) |
| - Volume | | | | 1% |
| - Price | | | | -% |
| - Currency | | | | (2)% |
| - Energy/Raw Mat'l pass-thru | | | | (2)% |
| - Acquisitions/Divestitures | | | | 2% |
| Operating Income | \$1.5 | \$1.6 | - | (1%) |
| Operating Margin | 16.0% | 16.1% | | (10bp) |
| EPS (\$/share) | 5.40 | 5.36 | 0.04 | 1% |
| ROCE | 11.5% | 12.5% | | (100bp) |

- Weaker than expected economic growth
- Stronger US\$
- Acquisitions

non-GAAP, see appendix for reconciliation

Q4 Financials

(\$millions, Continuing Operations)

| | Q4 FY12 | <u>Fav/(Unfav) vs.</u> | |
|------------------------------|---------|------------------------|----------------|
| | | <u>Q4 FY11</u> | <u>Q3 FY12</u> |
| Sales | \$2,606 | 4% | 11% |
| - Volume | | 4% | 3% |
| - Price | | -0% | -0% |
| - Energy/Raw Mat'l pass-thru | | (3%) | 2% |
| - Currency | | (3%) | -0% |
| - Acquisitions/Divestitures | | 6% | 6% |
| Operating Income | \$408 | 3% | 3% |
| Operating Margin | 15.7% | (10bp) | (130bp) |
| Net Income | \$305 | -0% | 1% |
| Diluted EPS (\$/share) | 1.42 | 1% | 1% |

non-GAAP, see appendix for reconciliation.



Q4 EPS Analysis

| | <u>Q4 FY12</u> | <u>Q4 FY11</u> | <u>Change</u> |
|---|----------------|----------------|---------------|
| As-reported cont. ops. EPS | \$0.64 | \$1.41 | |
| - PV impairment | (0.59) | - | |
| - PUI sale loss | (0.16) | - | |
| - Customer bankruptcy | (0.03) | - | |
| Adjusted cont. ops. EPS | <u>\$1.42</u> | <u>\$1.41</u> | <u>\$0.01</u> |
| Volume (incl. \$0.06 acq. and (\$0.05) PY contract) | | | \$0.05 |
| Price / raw materials | | | 0.01 |
| Cost | | | 0.02 |
| | | | \$0.08 |
| Currency/FX | | | (0.03) |
| Lower equity affiliate income (PY gains) | | | (0.05) |
| Lower non-controlling interest (PY adjmt.) | | | 0.05 |
| Higher interest expense (incl. \$0.04 acq.) | | | <u>(0.04)</u> |
| Change | | | <u>\$0.01</u> |

non-GAAP, see appendix for reconciliation.

Merchant Gases

| | <u>Q4 FY12</u> | <u>Fav/(Unfav) vs.</u> | |
|---------------------------|----------------|------------------------|----------------|
| | | <u>Q4 FY11</u> | <u>Q3 FY12</u> |
| Sales | \$1,017 | 8% | 16% |
| - Volume | | (4%) | 1% |
| - Price | | 1% | -% |
| - Currency | | (4%) | (1%) |
| - Acquisition/Divestiture | | 15% | 16% |
| Operating Income | \$161 | (5%) | (2%) |
| Operating Margin | 15.8% | (210bp) | (300bp) |

- Indura drives sales increase, but negative impact on margin
- Volume weakness, particularly helium and Europe packaged gases
- Positive pricing, despite soft volumes

Merchant Gases: Q4 Sales Analysis vs PY

| | <u>U.S./ Canada</u> | <u>Europe</u> | <u>Asia</u> |
|----------------|-------------------------|---------------|-------------|
| Sales % change | (6%) | (12%) | (1%) |
| - Volume | (6%) | (4%) | (2%) |
| - Price | -0% | 1% | 2% |
| - Currency | -0% | (9%) | (1%) |

- US/Canada volumes impacted by prior year contract modification and helium and argon supply
- Weak Europe demand, but slightly positive price
- Positive Asia price, but slower demand from China and Electronics

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

Tonnage Gases

| | <u>Q4 FY12</u> | <u>Fav/(Unfav) vs.</u> | |
|------------------------------|----------------|------------------------|----------------|
| | | <u>Q4 FY11</u> | <u>Q3 FY12</u> |
| Sales | \$846 | (4%) | 10% |
| - Volume | | 5% | 4% |
| - Energy/Raw Mat'l pass thru | | (7%) | 6% |
| - Currency | | (2%) | -% |
| Operating Income | \$141 | (7%) | 5% |
| Operating Margin | 16.7% | (50bp) | (80bp) |

- New projects and base business growth drive volumes
- Income impacted by lower PUI results and prior year contract modification
- Two new oxygen contracts for coal gasification in China, now executing six projects totaling 28,000 TPD

Electronics & Performance Materials

| | | <u>Fav/(Unfav) vs.</u> | |
|-----------------------------|----------------|------------------------|----------------|
| | <u>Q4 FY12</u> | <u>Q4 FY11</u> | <u>Q3 FY12</u> |
| Sales | \$617 | 5% | 2% |
| - Volume | | 4% | 3% |
| - Price | | (1%) | (1%) |
| - Currency | | (2%) | -0% |
| - Acquisitions | | 4% | -0% |
| Operating Income | \$85 | (7%) | (6%) |
| Operating Margin | 13.8% | (180bp) | (120bp) |
| Electronics sales | | 9% | 10% |
| Performance Materials sales | | (1%) | (7%) |

- Electronics growth from tonnage, equipment and acquisition
- Income and Margin impacted by inventory revaluation

Equipment & Energy

| | <u>Q4 FY12</u> | <u>Fav/(Unfav) vs.</u> | |
|------------------|----------------|------------------------|----------------|
| | | <u>Q4 FY11</u> | <u>Q3 FY12</u> |
| Sales | \$126 | 32% | 33% |
| Operating Income | \$18 | 54% | 81% |
| Sales Backlog | \$450 | 35% | 4% |

- Strong project activity driving sales increase
- Projects and good cost performance improve income
- LNG activity increasing backlog

FY'13 Full Year Outlook

- FY'13 overall... uncertainty continues, below trend growth
- WW manufacturing growth
 - Global 2% - 4%
 - US 2% - 4%
 - Asia 3% - 5%
 - EU (1%) - 1%
 - SA 2% - 4%
- Silicon growth 4% - 6%
- CapEx forecast
 - ~\$2.0B to \$2.2B

- FY'12 Adjusted Diluted EPS \$5.40
 - Tonnage new projects/loading
 - Merchant and E&PM loading
 - Indura and PUI
 - Higher Equip & Energy results
 - Restructuring benefits
 - Higher pension expense
 - Currency/interest/shares
- FY'13 EPS \$5.65-\$5.85
 - +5% to 8% vs PY

FQ1 2013 Outlook

FQ4 2012 EPS

- New plants on-stream
- Cost initiatives
- Improved Indura results

- Seasonality
- Tonnage maintenance
- Lower Equipment & Energy
- Higher pension expense

\$1.42
} ↑ EPS

} ↓ EPS

FQ1 2013 EPS

\$1.26-\$1.31

Key Messages / Near Term Focus

- Drive volume growth on existing assets
- Improve pricing and reduce costs in Europe
- Successfully execute capital projects, deliver Tonnage growth to the bottom line
- Continue improving Electronics & Perf Mat'ls
- Sign more LNG orders
- Accelerate net productivity results

Appendix Slides

The background is a solid green color. A solid yellow curve starts from the bottom left and curves upwards and to the right, ending near the top right. A dotted white curve starts from the bottom left and curves upwards and to the right, ending near the top right, positioned above the yellow curve.

Major Projects

| Plant | Location | Capacity | Timing |
|------------|----------------------------|---------------|--------|
| ASU/Liquid | Petrochina, Chengdu, China | World Scale | Q1FY13 |
| H2 | Marathon, Detroit | 60 MMSCFD H2 | Q1FY13 |
| H2 | Petrochina, Chengdu, China | 90 MMSCFD H2 | Q2FY13 |
| ASU/Liquid | Gent, Belgium | 2,000 TPD O2 | Q2FY13 |
| ASU/Liquid | Yankuang, Guiyang, China | 2,000 TPD O2 | Q2FY13 |
| Helium | Wyoming | 200 MMSCFY | H2FY13 |
| ASU | Samsung, Tangjeong, Korea | World Scale | H2FY13 |
| ASU/Liquid | Samsung, Xian, China | World Scale | H2FY13 |
| ASU | PCEC, Weinan, China | 8,200 TPD O2 | H1FY14 |
| H2 | St. Charles, LA | World Scale | FY14 |
| ASU/Liquid | Wison, Nanjing, China | 1,500 TPD O2 | FY14 |
| ASU | Yankuang, Yulin, China | 12,000 TPD O2 | FY14 |
| ASU/Liquid | XLX, Xinxiang, China | 2,000 TPD O2 | FY14 |
| EfW | Tees Valley, UK | 50MW | FY14 |
| ASU/Liquid | Zhengyuan, Hebei, China | 2,000 TPD O2 | FY14 |

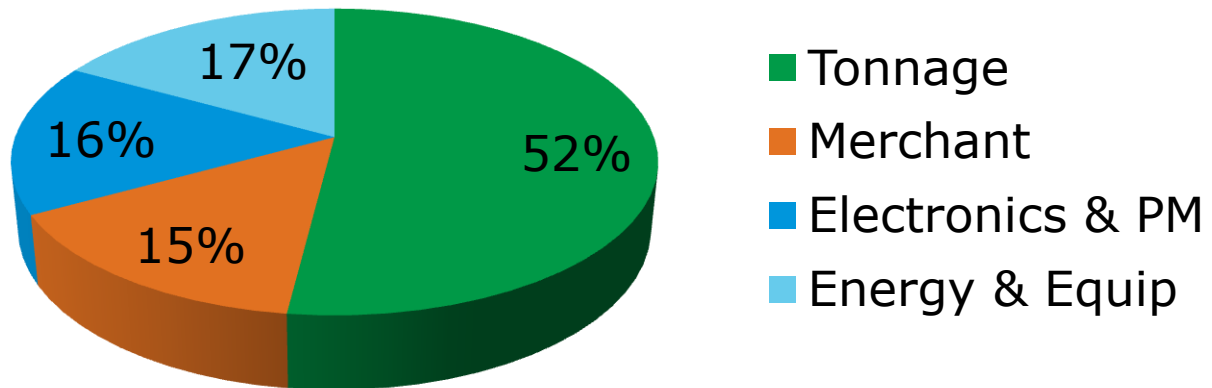
Air Products EPS

| | FY11 | FY12 | FY13 |
|-----------|---------------|---------------|-----------------|
| Q1 | \$1.25 | \$1.26 | \$1.26 - \$1.31 |
| Q2 | \$1.33 | \$1.31 | |
| Q3 | \$1.37 | \$1.41 | |
| <u>Q4</u> | <u>\$1.41</u> | <u>\$1.42</u> | |
| FY | \$5.36 | \$5.40 | \$5.65 - \$5.85 |

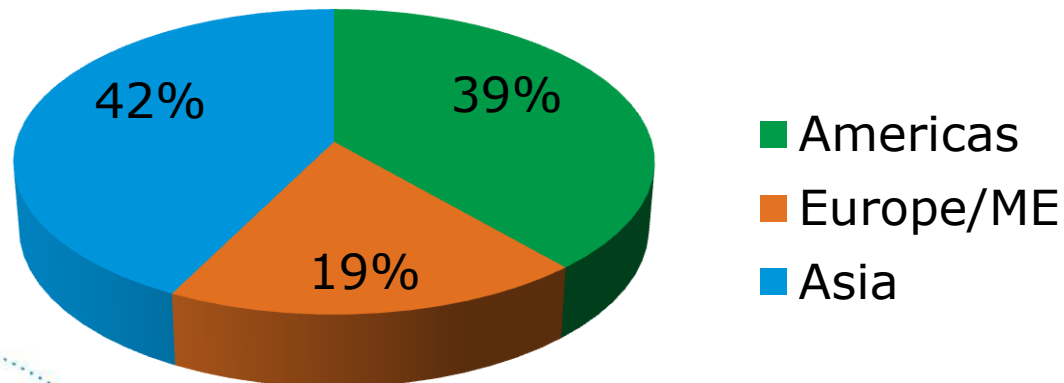
Capital Spending Outlook

FY13 Forecast \$2.0B - \$2.2B

FY13 Growth CapEx by Segment



FY13 Growth CapEx by Region



Capital Expenditure – non-GAAP basis

| FY | \$MM |
|---------------|-----------------|
| 2013 Forecast | \$2,000 – 2,200 |
| 2012 | \$2,088 |
| 2011 | \$1,539 |
| 2010 | \$1,298 |
| 2009 | \$1,475 |
| 2008 | \$1,355 |
| 2007 | \$1,635 |

Includes Capital Expenditures - GAAP basis, plus Capital Lease expenditures and Purchase of non-controlling interests.

2012 excludes \$0.7B for Indura equity

2007 - 2010 includes European Homecare Services

"Other" Segment

| (\$mm) | <u>Q412</u> | <u>Q411</u> | <u>Q312</u> | <u>Q412 vs.</u> | |
|---------------------|--------------|--------------|--------------|-----------------|--------------|
| | | | | <u>PY</u> | <u>PQ</u> |
| FX G/(L) | 0.9 | (3.8) | (1.3) | 4.7 | 2.2 |
| Inventory Reval (1) | 7.8 | (19.4) | 0.0 | 27.2 | 7.8 |
| All Other (2) | <u>(4.9)</u> | <u>(5.0)</u> | <u>(1.3)</u> | <u>0.1</u> | <u>(3.6)</u> |
| Total | 3.8 | (28.2) | (2.6) | 32.0 | 6.4 |

(1) Inventory is stated at the lower of cost or market. Business segment inventories are valued at standard cost during the year and then revalued to actual costs calculated on a weighted average basis at 30 September. For U.S. based inventories, this change in value is offset at the corporate level ("Other" business segment) to reflect the LIFO impact as our LIFO pools are not maintained by business segment.

(2) Includes Homecare stranded costs associated with Disc. Ops. restatement

Appendix: Electronics and Performance Materials

(\$ Millions)

| | GAAP Measure | | | | Non GAAP Adjustment | Non GAAP Measure | | | |
|--|--------------|-------------|---------------|---------------|---------------------|------------------|-------------|---------------|---------------|
| | | | \$ | % | | | | \$ | % |
| <u>Electronics and Performance Materials</u> | <u>Q412</u> | <u>Q312</u> | <u>Change</u> | <u>Change</u> | <u>Q312 (1)</u> | <u>Q412</u> | <u>Q312</u> | <u>Change</u> | <u>Change</u> |
| <u>Q412 vs. Q312</u> | | | | | | | | | |
| Sales | 616.5 | 603.8 | 12.7 | 2% | | 616.5 | 603.8 | 12.7 | 2% |
| Operating Income | 85.3 | 176.7 | (91.4) | (52%) | (85.9) | 85.3 | 90.8 | (5.5) | (6%) |
| Operating Margin | 13.8% | 29.3% | | (1,550bp) | | 13.8% | 15.0% | | (120bp) |

(1) Gain on previously held equity interest

Appendix: FY12 Full Year Results

(\$ Millions, except per share data)

| | GAAP Measure | | Non GAAP Adjustments | | Non GAAP Measure | | | | | |
|---|--------------------|--------------------|----------------------|----------------------|------------------------|------------------------|--------------------|--------------------|----------------------|----------------------|
| | | | \$ | % | | | | | | |
| <u>FY12 vs. FY11 - Total Company</u> | <u>FY12</u> | <u>FY11</u> | <u>Change</u> | <u>Change</u> | <u>FY12 (3)</u> | <u>FY11 (2)</u> | <u>FY12</u> | <u>FY11</u> | <u>Change</u> | <u>Change</u> |
| Sales | 9,611.7 | 9,673.7 | (62.0) | (1%) | | | 9,611.7 | 9,673.7 | (62.0) | (1%) |
| Operating Income | 1,282.4 | 1,508.1 | (225.7) | (15%) | 251.3 | 48.5 | 1,533.7 | 1,556.6 | (22.9) | (1%) |
| Operating Margin | 13.3% | 15.6% | | (230bp) | | | 16.0% | 16.1% | | (10bp) |
| Income from Cont. Ops. (1) | 999.2 | 1,134.3 | (135.1) | (12%) | 159.4 | 31.6 | 1,158.6 | 1,165.9 | (7.3) | (1%) |
| Diluted EPS - Cont. Ops. (1) | \$4.66 | \$5.22 | (\$0.56) | (11%) | 0.74 | \$0.14 | \$5.40 | \$5.36 | \$0.04 | 1% |

(1) Attributable to Air Products

(2) Acquisition - related costs

(3) FY12 Non GAAP Adjustments

| | Operating Income | | | | | Income From Cont. Ops. | | | | | EPS | | | | |
|---|------------------|------|--------|-------|--------|------------------------|--------|--------|-------|--------|------|--------|--------|------|--------|
| | Q112 | Q212 | Q312 | Q412 | FY12 | Q112 | Q212 | Q312 | Q412 | FY12 | Q112 | Q212 | Q312 | Q412 | FY12 |
| Spanish tax settlement | | | | | - | 43.8 | | | | 43.8 | 0.20 | | | | 0.20 |
| Spanish tax ruling | | | | | - | | (58.3) | | | (58.3) | | (0.27) | | | (0.27) |
| Cost reduction plan charge | | 86.8 | | | 86.8 | | 60.6 | | | 60.6 | | 0.28 | | | 0.28 |
| Gain on previously held equity interest | | | (85.9) | | (85.9) | | | (54.6) | | (54.6) | | | (0.25) | | (0.25) |
| PUI business actions | | | | 54.6 | 54.6 | | | | 34.8 | 34.8 | | | | 0.16 | 0.16 |
| PV market actions | | | | 186.0 | 186.0 | | | | 127.0 | 127.0 | | | | 0.59 | 0.59 |
| Customer bankruptcy | - | - | - | 9.8 | 9.8 | - | - | - | 6.1 | 6.1 | - | - | - | 0.03 | 0.03 |
| Total Adjustments | - | 86.8 | (85.9) | 250.4 | 251.3 | 43.8 | 2.3 | (54.6) | 167.9 | 159.4 | 0.20 | 0.01 | (0.25) | 0.78 | 0.74 |

Appendix: Q4 FY12 Results and Guidance

(\$ Millions, except per share data)

| | GAAP Measure | | | | Non GAAP Adjustments | Non GAAP Measure | | | | |
|--------------------------------------|--------------|---------|-----------|-----------|----------------------|------------------|---------|--------|-----------|----------|
| | Q412 | Q411 | \$ Change | % Change | | Q412 (2) | Q412 | Q411 | \$ Change | % Change |
| Q412 vs. Q411 - Total Company | | | | | | | | | | |
| Sales | 2,605.8 | 2,506.2 | 99.6 | 4% | | 2,605.8 | 2,506.2 | 99.6 | 4% | |
| Operating Income | 157.9 | 395.4 | (237.5) | (60%) | 250.4 | 408.3 | 395.4 | 12.9 | 3% | |
| Operating Margin | 6.1% | 15.8% | | (970bp) | | 15.7% | 15.8% | | (10bp) | |
| Income from Cont. Ops. (1) | 137.1 | 304.2 | (167.1) | (55%) | 167.9 | 305.0 | 304.2 | 0.8 | 0% | |
| Diluted EPS - Cont. Ops. (1) | \$0.64 | \$1.41 | (\$0.77) | (55%) | \$0.78 | \$1.42 | \$1.41 | \$0.01 | 1% | |
| Q412 vs. Q312 - Total Company | | | | | | | | | | |
| Sales | 2,605.8 | 2,340.1 | 265.7 | 11% | | 2,605.8 | 2,340.1 | 265.7 | 11% | |
| Operating Income | 157.9 | 482.8 | (324.9) | (67%) | 250.4 | 408.3 | 396.9 | 11.4 | 3% | |
| Operating Margin | 6.1% | 20.6% | | (1,450bp) | | 15.7% | 17.0% | | (130bp) | |
| Income from Cont. Ops. (1) | 137.1 | 357.2 | (220.1) | (62%) | 167.9 | 305.0 | 302.6 | 2.4 | 1% | |
| Diluted EPS - Cont. Ops. (1) | \$0.64 | \$1.66 | (\$1.02) | (61%) | \$0.78 | \$1.42 | \$1.41 | \$0.01 | 1% | |

(1) Attributable to Air Products

(2) Q4 FY12 Non GAAP Items:

| | Op Income | Inc. From Cont. Ops | EPS |
|----------------------|-----------|---------------------|------|
| PUI business actions | 54.6 | 34.8 | 0.16 |
| PV market actions | 186.0 | 127.0 | 0.59 |
| Customer bankruptcy | 9.8 | 6.1 | 0.03 |
| | 250.4 | 167.9 | 0.78 |

(3) Gain on previously held equity interest

FY13 Guidance

| Full Year FY13 EPS guidance | Diluted EPS (4) | Capital Expenditures Guidance | \$Millions |
|-----------------------------|-----------------|--------------------------------------|-------------|
| FY12 GAAP | \$4.66 | FY12 GAAP | 2,559.8 |
| FY12 non GAAP items (5) | \$0.74 | Capital lease expenditures | 212.2 |
| FY12 Non GAAP | \$5.40 | Purchase of noncontrolling interests | 6.3 |
| FY13 Guidance | \$5.65-\$5.85 | FY12 Non GAAP | 2,778.3 |
| % Change | 5%-8% | FY13 GAAP - guidance | 1,750-1,850 |
| | | Capital lease expenditures | 250-350 |
| | | FY13 Non GAAP - guidance | 2,000-2,200 |

(4) Continuing operations, attributable to Air Products

(5) See previous appendix for details

Appendix: ROCE

| \$ Millions | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Quarter Ended | <u>Q110</u> | <u>Q210</u> | <u>Q310</u> | <u>Q410</u> | <u>Q111</u> | <u>Q211</u> | <u>Q311</u> | <u>Q411</u> | <u>Q112</u> | <u>Q212</u> | <u>Q312</u> | <u>Q412</u> |
| Numerator | | | | | | | | | | | | |
| Operating Income Reported | | 310.8 | 307.7 | 338.8 | 331.2 | 393.8 | 387.7 | 395.4 | 353.7 | 287.9 | 482.8 | 157.9 |
| Equity Affiliate Income | | 32.2 | 32.5 | 35.3 | 27.8 | 31.7 | 39.7 | 55.1 | 37.1 | 35.5 | 41.7 | 39.5 |
| Earnings before tax as reported | | 343.0 | 340.2 | 374.1 | 359.0 | 425.5 | 427.4 | 450.5 | 390.8 | 323.4 | 524.5 | 197.4 |
| Cost Reduction Plan | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 86.8 | 0.0 | 0.0 |
| Acquisition - Related Costs | | 23.4 | 37.9 | 34.7 | 43.5 | 5.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gain on previously held equity interest | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (85.9) | 0.0 |
| PUI business actions | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 54.6 |
| PV market actions | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 186.0 |
| Customer Bankruptcy | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.8 |
| Earnings before tax ex items | | 366.4 | 378.1 | 408.8 | 402.5 | 430.5 | 427.4 | 450.5 | 390.8 | 410.2 | 438.6 | 447.8 |
| Effective tax rate as reported | | 24.5% | 22.4% | 25.0% | 22.3% | 26.1% | 23.8% | 24.5% | 35.2% | 3.0% | 26.7% | 11.2% |
| Earnings after tax as reported | | 259.0 | 264.0 | 280.6 | 278.9 | 314.4 | 325.7 | 340.1 | 253.2 | 313.7 | 384.5 | 175.3 |
| Effective tax rate ex items | | 25.4% | 24.1% | 26.1% | 24.1% | 25.9% | 23.8% | 24.5% | 23.1% | 24.5% | 24.7% | 24.5% |
| Earnings after tax ex items | | 273.3 | 287.0 | 302.1 | 305.5 | 319.0 | 325.7 | 340.1 | 300.5 | 309.7 | 330.3 | 338.1 |
| 4 Qtr trailing AT earnings (numerator) - as reported | | | | | 1,082.5 | 1,137.9 | 1,199.6 | 1,259.1 | 1,233.4 | 1,232.7 | 1,291.5 | 1,126.7 |
| 4 Qtr trailing AT Earnings (numerator) - ex items | | | | | 1,167.9 | 1,213.6 | 1,252.3 | 1,290.3 | 1,285.3 | 1,276.0 | 1,280.6 | 1,278.6 |
| Denominator | | | | | | | | | | | | |
| Total Debt | 4,416.4 | 4,341.9 | 4,186.1 | 4,127.7 | 3,991.2 | 4,394.8 | 4,495.7 | 4,561.5 | 4,614.4 | 4,739.4 | 4,216.9 | 5,291.9 |
| Air Products Shareholders' Equity | 5,033.9 | 5,265.6 | 5,231.4 | 5,546.9 | 5,810.0 | 5,825.2 | 6,232.2 | 5,795.8 | 5,909.0 | 6,262.7 | 6,513.6 | 6,466.7 |
| Redeemable Noncontrolling Interest | | | | | | | | | | | | 392.5 |
| Noncontrolling Interest | 150.2 | 152.7 | 140.5 | 150.7 | 167.2 | 174.0 | 164.8 | 142.9 | 148.1 | 144.7 | 133.8 | 146.1 |
| Total Capital | 9,600.5 | 9,760.2 | 9,558.0 | 9,825.3 | 9,968.4 | 10,394.0 | 10,892.7 | 10,500.2 | 10,671.5 | 11,146.8 | 10,864.3 | 12,297.2 |
| 2 Qtr Average Capital (denominator) | | | | | 9,896.9 | 10,181.2 | 10,643.4 | 10,696.5 | 10,585.9 | 10,909.2 | 11,005.6 | 11,580.8 |
| 5 Qtr Average Capital (denominator) | | | | | 9,742.5 | 9,901.2 | 10,127.7 | 10,316.1 | 10,485.4 | 10,721.0 | 10,815.1 | 11,096.0 |
| ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital) | | | | | 11.1% | 11.5% | 11.8% | 12.2% | 11.8% | 11.5% | 11.9% | 10.2% |
| ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital) | | | | | 12.0% | 12.3% | 12.4% | 12.5% | 12.3% | 11.9% | 11.8% | 11.5% |
| Instantaneous ROCE ex items (Qtr earnings AT x 4) / 2 pt avg capital) | | | | | 12.3% | 12.5% | 12.2% | 12.7% | 11.4% | 11.4% | 12.0% | 11.7% |

Appendix: ROCE Tax Rate

| (\$ Millions) | <u>Q210</u> | <u>Q310</u> | <u>Q410</u> | <u>Q111</u> | <u>Q211</u> | <u>Q311</u> | <u>Q411</u> | <u>Q112</u> | <u>Q212</u> | <u>Q312</u> | <u>Q412</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>Reported</u> | | | | | | | | | | | |
| Income Before Taxes | 313.5 | 310.3 | 343.3 | 328.0 | 396.1 | 400.9 | 421.9 | 361.5 | 294.0 | 498.5 | 158.5 |
| Tax Expense | 76.7 | 69.6 | 85.7 | 73.3 | 103.2 | 95.4 | 103.4 | 127.4 | 8.8 | 133.3 | 17.8 |
| Tax Rate Reported | 24.5% | 22.4% | 25.0% | 22.3% | 26.1% | 23.8% | 24.5% | 35.2% | 3.0% | 26.7% | 11.2% |
| <u>ITEMS</u> | | | | | | | | | | | |
| <u>Operating Income</u> | | | | | | | | | | | |
| Acquisition - related costs | 23.4 | 37.9 | 34.7 | 43.5 | 5.0 | | | | | | |
| Cost Reduction Charge | | | | | | | | | 86.8 | | |
| Gain on previously held equity interest | | | | | | | | | | (85.9) | |
| PUI business actions | | | | | | | | | | | 54.6 |
| PV market actions | | | | | | | | | | | 186.0 |
| Customer Bankruptcy | | | | | | | | | | | 9.8 |
| <u>Tax Exp</u> | | | | | | | | | | | |
| Acquisition - related costs | 8.8 | 14.2 | 12.9 | 16.3 | 0.6 | | | | | | |
| Spanish tax settlement | | | | | | | | (43.8) | | | |
| Spanish tax ruling | | | | | | | | | 58.3 | | |
| Cost Reduction Charge | | | | | | | | | 26.2 | | |
| Gain on previously held equity interest | | | | | | | | | | (31.3) | |
| PUI divestiture loss | | | | | | | | | | | 19.8 |
| PV market actions | | | | | | | | | | | 59.0 |
| Customer Bankruptcy | | | | | | | | | | | 3.7 |
| <u>Ex Items</u> | | | | | | | | | | | |
| Income Before Taxes | 336.9 | 348.2 | 378.0 | 371.5 | 401.1 | 400.9 | 421.9 | 361.5 | 380.8 | 412.6 | 408.9 |
| Tax Expense | 85.5 | 83.8 | 98.6 | 89.6 | 103.8 | 95.4 | 103.4 | 83.6 | 93.3 | 102.0 | 100.3 |
| Tax Rate ex Items | 25.4% | 24.1% | 26.1% | 24.1% | 25.9% | 23.8% | 24.5% | 23.1% | 24.5% | 24.7% | 24.5% |

Thank you...
tell me more

