Q3 FY'14

Earnings Conference Call

July 23 2014

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Forward looking statements

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Create Shareholder Value

Key elements of success

1. Cash flow, not reported earnings, is what determines long-term value
2. Capital allocation is the most important job of a CEO
3. What counts in the long run is the increase in per share value of our stock, not overall growth or size
4. Decentralized organization releases entrepreneurial energy and keeps both cost and politics down

Q3 Summary

($millions, Continuing Operations)	Q3 FY14	Fav/(Unfav) vs. Q3 FY13	Fav/(Unfav) vs. Q2 FY14
Sales	$2,635	3%	2%
- Volume (ex-PUI)		3%	4%
- PUI volume		(1%)	-%
- Price		1%	-%
- Energy/Raw Mat'l pass-thru		-%	(2%)
- Currency		-%	-%
Adjusted EBITDA*	$653	7%	6%
Operating Income	$414	8%	8%
Operating Margin	15.7%	70bp	80bp
Net Income	$314	9%	11%
Diluted EPS ($/share)	1.46	7%	11%
ROCE*	9.6%	(90bp)	(10bp)

* non-GAAP measure, see appendix for reconciliation

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Q3 EPS Analysis

	Q3 FY14	Q3 FY13	Change	
Continuing Ops. EPS	$1.46	$1.36	$0.10	
Volume			$0.18	
Price / raw materials			(0.00)	$0.13
Cost			(0.05)	
PUI impact			(0.02)	
Lower interest expense			0.01	
Higher shares outstanding			(0.02)	
Change			$0.10	

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Merchant Gases

	Q3 FY14	Fav/(Unfav) vs. Q3 FY13	Fav/(Unfav) vs. Q2 FY14
Sales	$1,077	4%	4%
- Volume		3%	3%
- Price		1%	1%
- Currency		-%	-%
Operating Income	$174	5%	21%
Operating Margin	16.1%	10bp	230bp

- Strong rebound from Q2 challenges, as expected
- Delivering on cost actions & productivity
- Helium availability improves going forward

Merchant Gases: Q3 Sales Analysis

% chg vs PY	US & Canada	Europe	Asia	Latin America
Sales	8%	6%	5%	(8%)
- volume	3%	(1%)	6%	1%
- price	5%	1%	(1%)	3%
- currency	-%	6%	-%	(12%)
LOX/LIN capacity utilization	high 70's	high 70's	high 70's	mid 70's

- US/Canada price recovery of Q2 weather costs
- Europe liquid bulk volume up, offset by helium and packaged gas weakness
- Asia loading improved on strong China volume growth
- LA volumes up slightly despite weaker economic activity

Note: Excludes small on-sites sale of equipment businesses.

Tonnage Gases

	Q3 FY14	Fav/(Unfav) vs. Q3 FY13	Fav/(Unfav) vs. Q2 FY14
Sales	$835	(1%)	(1%)
- Volume (ex-PUI)		2%	4%
- PUI volume		(4%)	-
- Energy/Raw Mat'l pass thru		-%	(5%)
- Currency		1%	-%
Operating Income	$118	(2%)	5%
- Operating Income excluding PUI		*3%*	*7%*
Operating Margin	14.1%	(10bp)	70bp

- New plant contribution overcomes planned maintenance outage impacts, with less maintenance planned for Q4
- Continued strong USGC hydrogen demand
- PUI business exit complete – headwind vs. prior year

Equipment & Energy

	Q3 FY14	Fav/(Unfav) vs. Q3 FY13	Fav/(Unfav) vs. Q2 FY14
Sales	$104	1%	(5%)
Operating Income	$ 17	9%	(24%)
Sales Backlog	$584	78%	73%

- Higher LNG project activity drives profit improvement
- Sales Backlog up on customer wins not yet announced

Electronics & Performance Materials

	Q3 FY14	Fav/(Unfav) vs. Q3 FY13	Fav/(Unfav) vs. Q2 FY14
Sales	$618	9%	4%
- Volume		9%	4%
- Price		(1%)	-%
- Currency		1%	-%
Operating Income	$107	23%	-%
Operating Margin	17.3%	200bp	(80bp)
Electronics sales		6%	2%
Performance Materials sales		12%	7%

- Electronics sales growth across all product lines
- Performance Materials sales growth across all product lines and major regions
- Operating Income leverage from business restructuring and cost actions

Outlook

FQ4 2014 EPS	$1.60 - $1.65
FY 2014 EPS	$5.72 - $5.77
FY 2014 Capital Spending	approx $2B

Moving Forward

Our company culture…..

-Safety

-Simplicity

-Speed

-Self-confidence

Appendix Slides

Industry leading $3.5B backlog:
Over 85% secure onsite/pipeline business model

Plant	Location	Capacity	Timing	Market
ASU/Liquid	Yankuang, Guiyang, China	2,000 TPD O2	Onstream	Gasif to Fertilizer
H2	Petrochina, Chengdu, China	90 MMSCFD H2	Onstream	Refinery
ASU/Liquid	Wison, Nanjing, China	1,500 TPD O2	Onstream	Gasif to Chemicals
ASU/Liquid	Samsung, Xian, China	World Scale	Onstream*	Electronics
ASU/Liquid	XLX, Xinxiang, China	2,000 TPD O2	Onstream	Gasif to Fertilizer
ASU	Tainan, Taiwan	Multiple Plants	Onstream*	Electronics
H2	St. Charles, LA	World Scale	Onstream	Refinery (Pipeline)
Helium	Wyoming	200 MMSCFY	Onstream	Merchant Helium
ASU/Liquid	PCEC, Weinan, China	8,200 TPD O2	Q4FY14*	Gasif to Chemicals
ASU/Liquid	Zhengyuan, Hebei, China	2,000 TPD O2	Q1FY15	Gasif to Fertilizer
ASU	Samsung, Tangjeong, Korea	World Scale	Q1FY15	Electronics
EfW	Tees Valley 1, UK	50MW	FY15	Energy from Waste
ASU	Yankuang, Yulin, China	12,000 TPD O2	FY15*	Gasif to CTL
Helium	Colorado	230 MMSCFY	FY15	Merchant Helium
ASU	Lu'An, Changzhi City, China	10,000 TPD O2	FY16*	Gasif to CTL
H2/ASU	BPCL, India	165 MMSCFD H2	FY16	Refinery / Chems
H2	Scotford, Canada	150 MMSCFD H2	FY16	Refinery (Pipeline)
EfW	Tees Valley 2, UK	50MW	FY16	Energy from Waste

* Multiple Phases

Capital Expenditure – non-GAAP basis

FY	$MM
2014 Forecast	About $2,000
2013	$1,997
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

Air Products EPS

	FY11	FY12	FY13	FY14
Q1	$1.25	$1.26	$1.30	$1.34
Q2	$1.33	$1.31	$1.37	$1.32
Q3	$1.37	$1.41	$1.36	$1.46
Q4	$1.41	$1.42	$1.47	$1.60-$1.65
FY	$5.36	$5.40	$5.50	$5.72-$5.77

APD diluted earnings per share, continuing operations, ex-disclosed items (non-GAAP basis).

Appendix: ROCE

$ Millions Quarter Ended	Q112	Q212	Q312	Q412	Q113	Q213	Q313	Q413	Q114	Q214	Q314
Numerator											
Operating Income Reported		287.9	482.8	157.9	372.4	389.7	383.1	179.2	385.6	384.7	413.8
Equity Affiliate Income		35.5	41.7	39.5	41.4	39.8	44.2	42.4	38.2	30.4	43.1
Earnings before tax as reported		323.4	524.5	197.4	413.8	429.5	427.3	221.6	423.8	415.1	456.9
Cost Reduction / Restructuring Charge		86.8	0.0	0.0	0.0	0.0	0.0	231.6	0.0	0.0	0.0
Gain on previously held equity interest		0.0	(85.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PUI business actions		0.0	0.0	54.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PV market actions		0.0	0.0	186.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customer Bankruptcy		0.0	0.0	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Advisory Costs		0.0	0.0	0.0	0.0	0.0	0.0	10.1	0.0	0.0	0.0
Earnings before tax ex items		410.2	438.6	447.8	413.8	429.5	427.3	463.3	423.8	415.1	456.9
Effective tax rate as reported		3.0%	26.7%	11.2%	24.4%	24.3%	24.0%	13.9%	24.2%	24.0%	24.0%
Earnings after tax as reported		313.7	384.5	175.3	312.8	325.1	324.7	190.8	321.2	315.5	347.2
Effective tax rate ex items		24.5%	24.7%	24.5%	24.4%	24.3%	24.0%	24.1%	24.2%	24.0%	24.0%
Earnings after tax ex items		309.7	330.3	338.1	312.8	325.1	324.7	351.6	321.2	315.5	347.2
4 Qtr trailing AT earnings (numerator) - as reported					1,186.3	1,197.7	1,137.9	1,153.4	1,161.8	1,152.2	1,174.7
4 Qtr trailing AT Earnings (numerator) - ex items					1,290.9	1,306.3	1,300.7	1,314.2	1,322.6	1,313.0	1,335.5
Denominator											
Total Debt	4,614.4	4,739.4	4,216.9	5,291.9	6,035.7	5,981.2	6,130.3	6,273.6	6,168.3	6,167.1	6,136.0
Air Products Shareholders' Equity	5,909.0	6,262.7	6,513.6	6,477.2	6,299.3	6,365.5	6,540.8	7,042.1	7,264.0	7,370.9	7,696.7
Redeemable Noncontrolling Interest				392.5	390.7	398.7	371.8	375.8	358.7	343.6	341.4
Noncontrolling Interest	148.1	144.7	133.8	146.1	151.9	151.9	150.6	156.8	158.7	156.9	159.5
Total Capital	10,671.5	11,146.8	10,864.3	12,307.7	12,877.6	12,897.3	13,193.5	13,848.3	13,949.7	14,038.5	14,333.6
2 Qtr Average Capital (denominator)					12,592.7	12,887.5	13,045.4	13,520.9	13,899.0	13,994.1	14,186.1
5 Qtr Average Capital (denominator)					11,573.6	12,018.7	12,428.1	13,024.9	13,353.3	13,585.5	13,872.7
ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital)					10.3%	10.0%	9.2%	8.9%	8.7%	8.5%	8.5%
ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital)					11.2%	10.9%	10.5%	10.1%	9.9%	9.7%	9.6%
Instantaneous ROCE ex items (Qtr earnings AT x 4) / 2 pt avg capital)					9.9%	10.1%	10.0%	10.4%	9.2%	9.0%	9.8%

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Appendix: ROCE Tax Rate

($ Millions)	Q212	Q312	Q412	Q113	Q213	Q313	Q413	Q114	Q214	Q314
Reported										
Income Before Taxes	294.0	498.5	158.5	378.0	394.3	391.9	186.2	390.5	383.6	425.6
Tax Expense	8.8	133.3	17.8	92.2	95.8	94.1	25.8	94.5	92.1	102.1
Tax Rate Reported	**3.0%**	**26.7%**	**11.2%**	**24.4%**	**24.3%**	**24.0%**	**13.9%**	**24.2%**	**24.0%**	**24.0%**
ITEMS										
Operating Income										
Cost Reduction / Restructuring Charges	86.8						231.6			
Gain on previously held equity interest		(85.9)								
PUI business actions			54.6							
PV market actions			186.0							
Customer Bankruptcy			9.8							
Advisory Costs							10.1			
Tax Exp										
Spanish tax settlement										
Spanish tax ruling	58.3									
Cost Reduction / Restructuring Charges	26.2						73.7			
Gain on previously held equity interest		(31.3)								
PUI divestiture loss			19.8							
PV market actions			59.0							
Customer Bankruptcy			3.7							
Advisory Costs							3.7			
Ex Items										
Income Before Taxes	380.8	412.6	408.9	378.0	394.3	391.9	427.9	390.5	383.6	425.6
Tax Expense	93.3	102.0	100.3	92.2	95.8	94.1	103.2	94.5	92.1	102.1
Tax Rate ex Items	**24.5%**	**24.7%**	**24.5%**	**24.4%**	**24.3%**	**24.0%**	**24.1%**	**24.2%**	**24.0%**	**24.0%**

Appendix: Guidance

EPS Guidance

Q4 Guidance	Diluted EPS (1)
Q413 GAAP	$0.70
Business Restructuring Charge	$0.74
Advisory Costs	$0.03
Q413 Non GAAP	$1.47
Q414 Guidance	$1.60-$1.65
% Change	9%-12%

Full Year Guidance	Diluted EPS (1)
FY13 GAAP	$4.73
Business Restructuring Charge	$0.74
Advisory Costs	$0.03
FY13 Non GAAP	$5.50
FY14 Guidance	$5.72-$5.77
% Change	4%-5%

(1) Continuing operations, attributable to Air Products

Capital Expenditure Guidance

	$Millions
FY13 GAAP	1,747.8
Capital lease expenditures	234.9
Purchase of noncontrolling interests	14.0
FY13 Non GAAP	1,996.7
FY14 GAAP - guidance	1,800-1,900
Capital lease expenditures	100-200
FY14 Non GAAP - guidance	1,900-2,100

Appendix: Adjusted EBITDA

$ Millions	Q113	Q213	Q313	Q413	Q114	Q214	Q314	Q314 vs PY		Q314 vs PQ	
Income From Continuing Operations	285.8	298.5	297.8	160.4	296.0	291.5	323.5				
Add: Interest expense	35.8	35.2	35.4	35.4	33.3	31.5	31.3				
Add: Income tax provision	92.2	95.8	94.1	25.8	94.5	92.1	102.1				
Add: Depreciation and amortization	218.5	226.2	229.7	232.6	234.2	229.1	239.0				
Less: Equity affiliates' income	41.4	39.8	44.2	42.4	38.2	30.4	43.1				
Add Non GAAP pre-tax adjustments (1)	0.0	0.0	0.0	241.7	0.0	0.0	0.0				
Adjusted EBITDA	590.9	615.9	612.8	653.5	619.8	613.8	652.8	40.0	7%	39.0	6%

(1) Q413 Non GAAP Pre-Tax Adjustments

Business restructuring and cost reduction plans	231.6
Advisory costs	10.1
Total Q413 adjustments	241.7

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Thank you

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