

Moving forward



Create Shareholder Value

Q1 FY'16
Earnings Conference Call

January 29, 2016



Forward-looking statements

This presentation contains "forward-looking statements" within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements about earnings guidance and business outlook. These forward-looking statements are based on management's reasonable expectations and assumptions as of the date of this release. Actual performance and financial results may differ materially from projections and estimates expressed in the forward-looking statements because of many factors not anticipated by management, including, without limitation, global or regional economic conditions and supply and demand dynamics in market segments into which the Company sells; significant fluctuations in interest rates and foreign currencies from that currently anticipated; with regard to the intended separation of Materials Technologies, general economic and business conditions that may affect the proposed separation and the execution thereof, changes in capital market conditions, and Air Products' decision not to consummate the separation due to market, economic or other events; future financial and operating performance of major customers; unanticipated contract terminations or customer cancellations or postponement of projects and sales; asset impairments due to economic conditions or specific events; the impact of competitive products and pricing; challenges of implementing new technologies; ability to protect and enforce the Company's intellectual property rights; unexpected changes in raw material supply and markets; the impact of price fluctuations in natural gas and disruptions in markets and the economy due to oil price volatility; the ability to recover increased energy and raw material costs from customers; costs and outcomes of litigation or regulatory investigations; the success of productivity and cost reduction programs; the timing, impact, and other uncertainties of future acquisitions or divestitures; political risks, including the risks of unanticipated government actions; acts of war or terrorism; the impact of changes in environmental, tax or other legislation and regulatory activities in jurisdictions in which the Company and its affiliates operate.

Safety results – Q1

| | FY15 | Q116 | Change |
|---------------------------------|-------------|-------------|---------------|
| Employee Lost Time Injury Rate | 0.20 | 0.26 | 30% Worse |
| Employee Recordable Injury Rate | 0.49 | 0.57 | 16% Worse |

Our Goal

Air Products will be the **safest** and the **most profitable** industrial gas company in the world, providing excellent service to our customers

Creating shareholder value

Management philosophy

Shareholder Value

Cash is king; cash flow drives long-term value. What counts in the long term is the increase in **per share value** of our stock, not size or growth.

CEO Focus











Capital allocation is the most important job of the CEO.

Operating Model

Decentralized organization releases entrepreneurial energy and keeps both costs and politics (“bureaucracy”) down.

Our Plan

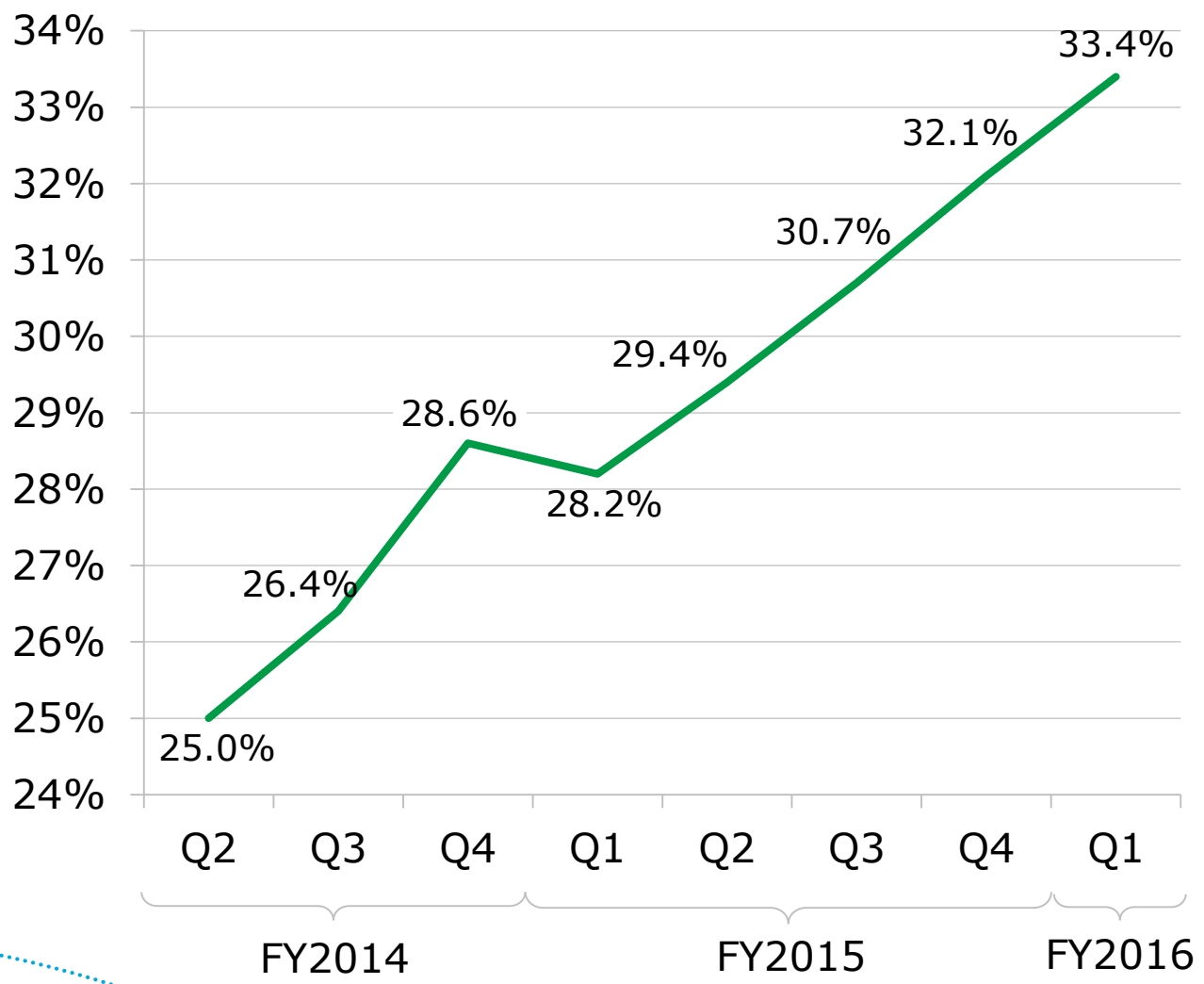
5 point plan summary

| Focus on the core  | Restructure organization  | Change culture  | Control capital/costs  | Align rewards  |
|---|--|--|---|---|
| Industrial gases | Decentralize | Safety | Capex | Reward performance |
| Key geographies | Geographic alignment | Simplicity | Hurdle rates | EBITDA/value creation target |
| | | Speed | Corporate cost | |
| | | Self-confidence | Ops./Dist. efficiency | |
|  |  |  |  |  |

Q1 Summary

| | FY15 Q1 | FY16 Q1 | Change |
|---------------------------|--------------------|--------------------|---------------|
| Sales \$millions | \$2,561 | \$2,356 | (8%) |
| EBITDA \$millions | \$723 | \$786 | +9% |
| EBITDA % margin | 28.2% | 33.4% | +520bp |
| Free Cash Flow \$millions | \$(34) | \$165 | \$199 |
| EPS \$/share | \$1.55 | \$1.78 | +15% |
| ROCE | 10.1% | 11.7% | +160bp |

EBITDA Margin Trend



Based on continuing ops, non-GAAP measures, see appendix for reconciliation

Q1 Results

| (\$ million) | Q1 FY16 | Fav/(Unfav) vs. | |
|------------------------------|--------------|-----------------|--------------|
| | | Q1 FY15 | Q4 FY15 |
| Sales | \$2,356 | (8%) | (4%) |
| - Volume | | 1% | (1%) |
| - Price | | 1% | -% |
| - Energy/Raw Mat'l pass-thru | | (5%) | (2%) |
| - Currency | | (5%) | (1%) |
| EBITDA | \$786 | 9% | 0% |
| - <i>EBITDA Margin</i> | <i>33.4%</i> | <i>520bp</i> | <i>130bp</i> |
| Operating Income | \$519 | 17% | 1% |
| - <i>Operating Margin</i> | <i>22.0%</i> | <i>460bp</i> | <i>100bp</i> |
| Net Income | \$387 | 15% | (3%) |
| Diluted EPS (\$/share) | \$1.78 | 15% | (2%) |
| ROCE | 11.7% | 160bp | 40bp |

- Operating Margin up 400bp vs PY excluding the impact of lower energy pass-thru

Q1 Cash Flow Focus

| (\$ million) | Q1 FY15 | Q1 FY16 | Change |
|--------------------------------|---------------|--------------|--------------|
| EBITDA | \$723 | \$786 | \$63 |
| Interest | (29) | (22) | 7 |
| Cash Tax | (63) | (67) | (4) |
| Maintenance Capex | <u>(83)</u> | <u>(61)</u> | <u>22</u> |
| Distributable Cash Flow | \$548 | \$636 | \$88 |
| Growth Capex | (418) | (297) | 121 |
| Dividends | <u>(164)</u> | <u>(174)</u> | <u>(10)</u> |
| Free Cash Flow | (\$34) | \$165 | \$199 |

- Significant increase in Free Cash Flow driven by higher EBITDA and reduced growth capex

Q1 EPS Analysis

| | Q1 FY15 | Q1 FY16 | Change | |
|--------------------------------|----------------|----------------|---------------|----------|
| As reported cont ops EPS | \$1.50 | \$1.67 | | |
| less non-GAAP items | <u>(0.05)</u> | <u>(0.11)</u> | | |
| Non-GAAP cont ops EPS | <u>\$1.55</u> | <u>\$1.78</u> | \$0.23 | |
| Volume | | | 0.02 | } \$0.34 |
| Price / raw materials | | | 0.14 | |
| Cost | | | 0.18 | |
| Currency/FX | | | (0.08) | |
| Lower equity affiliate income | | | (0.03) | } (0.03) |
| Lower interest expense | | | 0.02 | |
| Higher tax rate | | | (0.03) | |
| Lower non-controlling interest | | | 0.02 | |
| Higher shares outstanding | | | <u>(0.01)</u> | |
| Change | | | <u>\$0.23</u> | |

Gases Americas

| | Q1 FY16 | Fav/(Unfav) vs. | |
|------------------------------|---------|-----------------|---------|
| | | Q1 FY15 | Q4 FY15 |
| Sales | \$836 | (17%) | (7%) |
| - Volume | | (3%) | (2%) |
| - Price | | 2% | -% |
| - Energy/Raw Mat'l pass-thru | | (12%) | (5%) |
| - Currency | | (4%) | -% |
| EBITDA | \$335 | 1% | 2% |
| - EBITDA Margin | 40.1% | 700bp | 350bp |
| Operating Income | \$212 | -% | 1% |
| - Operating Margin | 25.3% | 420bp | 220bp |

- Weaker volumes in Latin America, steel and OFS
- Hydrogen demand and refinery operating rates remain high
- Pricing, restructuring benefits, and lower maintenance drive Operating Margin up 210bp vs PY excluding the impact of lower energy pass-thru

Gases EMEA

| | Q1 FY16 | Fav/(Unfav) vs. | |
|------------------------------|--------------|-----------------|--------------|
| | | Q1 FY15 | Q4 FY15 |
| Sales | \$438 | (12%) | (5%) |
| - Volume | | (1%) | (2%) |
| - Price | | 1% | -% |
| - Energy/Raw Mat'l pass-thru | | (2%) | (1%) |
| - Currency | | (10%) | (2%) |
| EBITDA | \$146 | 2% | (4%) |
| - <i>EBITDA Margin</i> | <i>33.3%</i> | <i>480bp</i> | <i>40bp</i> |
| Operating Income | \$92 | 13% | 1% |
| - <i>Operating Margin</i> | <i>20.9%</i> | <i>470bp</i> | <i>120bp</i> |

- Restructuring benefits drive another record margin quarter
- Continued positive price in a difficult economy
- Operating Income up 22% on constant currency basis

Gases Asia

| | Q1 FY16 | Fav/(Unfav) vs. | |
|------------------------------|---------|-----------------|---------|
| | | Q1 FY15 | Q4 FY15 |
| Sales | \$413 | 4% | (4%) |
| - Volume | | 11% | (3%) |
| - Price | | (2%) | -% |
| - Energy/Raw Mat'l pass-thru | | 1% | -% |
| - Currency | | (6%) | (1%) |
| EBITDA | \$180 | 16% | 9% |
| - EBITDA Margin | 43.6% | 480bp | 510bp |
| Operating Income | \$117 | 29% | 12% |
| - Operating Margin | 28.2% | 550bp | 380bp |

- Strong volume and profit growth from new plants and base business growth
- China coal gasification operating rates and oxygen demand remain high
- Continued industry liquid over capacity in China

Materials Technologies

| | Q1 FY16 | Fav/(Unfav) vs. | |
|--------------------|---------|-----------------|---------|
| | | Q1 FY15 | Q4 FY15 |
| Sales | \$490 | (6%) | -% |
| - Volume | | (6%) | -% |
| - Price | | 2% | -% |
| - Currency | | (2%) | (-%) |
| EBITDA | \$147 | 14% | 5% |
| - EBITDA Margin | 30.0% | 530bp | 150bp |
| Operating Income | \$127 | 22% | 9% |
| - Operating Margin | 26.0% | 600bp | 220bp |

- Volumes impacted by lower Delivery Systems activity in Electronics and weaker global economic demand
- Price/raw materials management, mix and cost reduction actions driving profit improvement
- Record quarterly EBITDA and Operating Margins

Materials Technologies Electronic Materials

| | Q1 FY16 | Fav/(Unfav) vs. Q1 FY15 |
|---------------------------|----------------|--|
| Sales | \$245 | (4%) |
| - Volume | | (9%) |
| - Price | | 7% |
| - Currency | | (2%) |
| EBITDA | \$96 | 27% |
| - <i>EBITDA Margin</i> | 39.2% | 960bp |
| Operating Income | \$83 | 43% |
| - <i>Operating Margin</i> | 33.9% | 1110bp |

- Volumes flat ex-Delivery Systems
- Advanced Materials volumes remain strong
- Cost reduction actions and pricing/mix driving margin expansion

Note that this slide is provided for informational purposes only and does not represent an Air Products reportable segment

Materials Technologies Performance Materials

| | Q1 FY16 | Fav/(Unfav) vs. Q1 FY15 |
|--------------------|---------|-------------------------------|
| Sales | \$245 | (9%) |
| - Volume | | (4%) |
| - Price | | (2%) |
| - Currency | | (3%) |
| EBITDA | \$51 | (7%) |
| - EBITDA Margin | 20.9% | 50bp |
| Operating Income | \$44 | (7%) |
| - Operating Margin | 18.0% | 30bp |

- Epoxy & Additives volumes lower on weak global economic demand
- Positive margin in the face of price/raw material deflation
- Cost reduction actions

Note that this slide is provided for informational purposes only and does not represent an Air Products reportable segment

Versum Materials

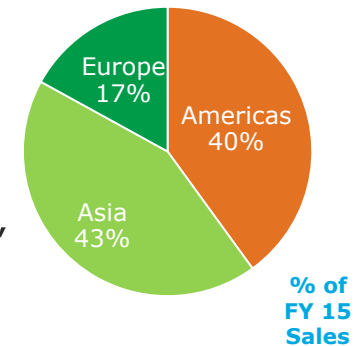
A portfolio of world class businesses

| | |
|----------------|---------|
| Sales:* | \$2,053 |
| Adj. EBITDA:* | \$590 |
| EBITDA Margin: | 28.7% |
| Op Income:* | \$499 |
| Op Margin: | 24.3% |

Performance Materials Division (PMD)

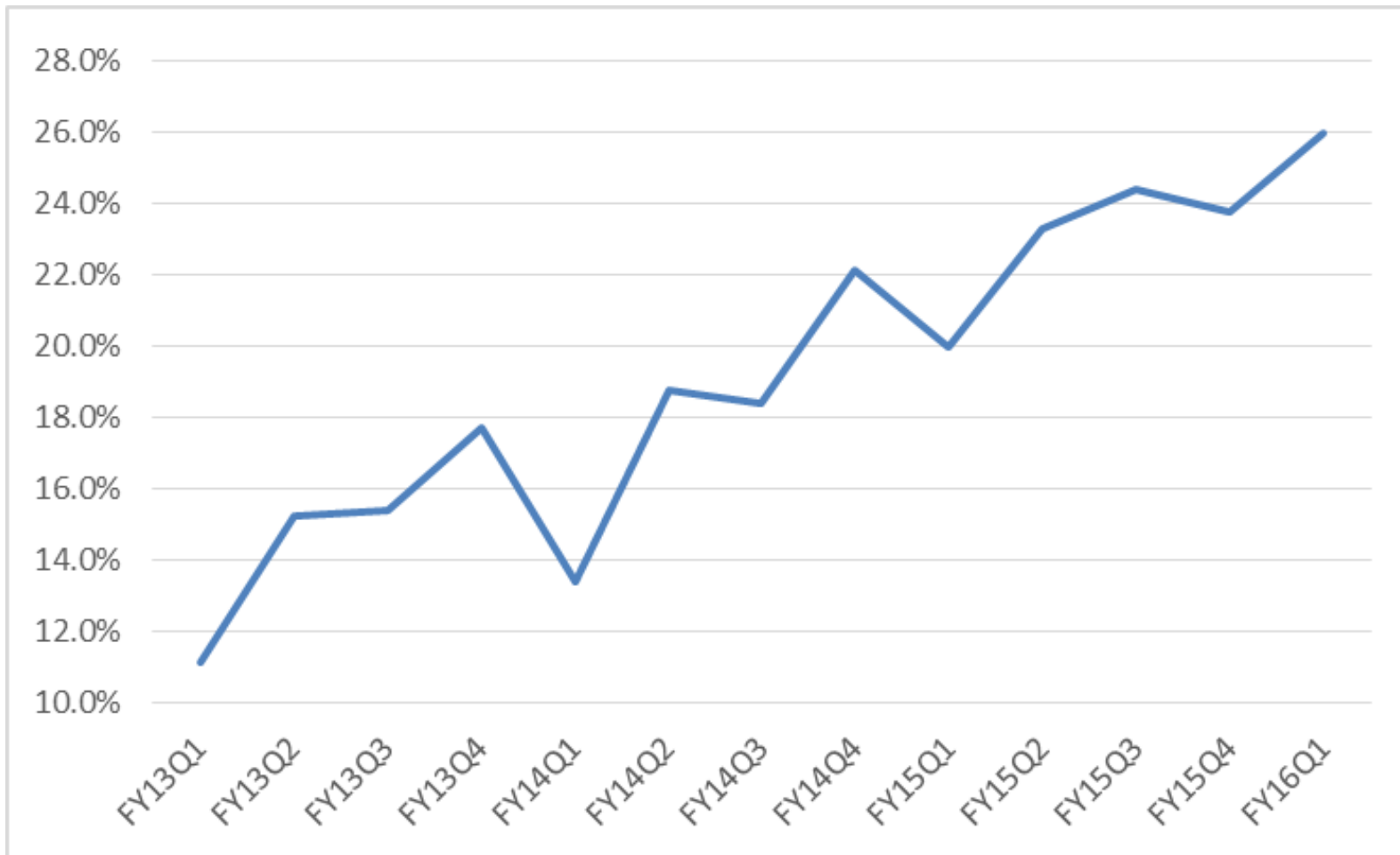
Electronic Materials Division (EMD)

- Two strong, focused operating divisions
- Niche businesses – #1 or #2 in majority of target markets
- Value creation through market expertise and customer intimacy / technical service
- Innovation-driven businesses providing tailored product solutions
- Performance critical products that are a small portion of customers' product costs
- Global scale manufacturing and supply chain network



As reported for MT segment within Air Products, no allocated corporate costs TTM as of Dec 31 2015
Based on continuing ops, non-GAAP measures, see appendix for reconciliation

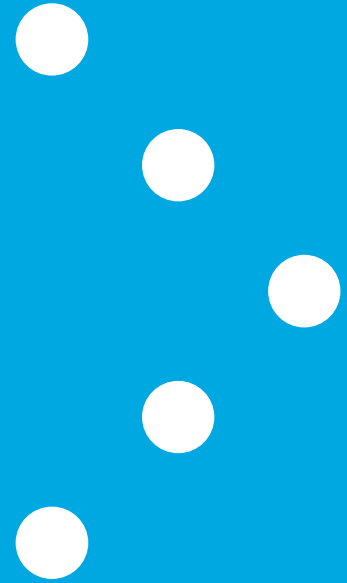
MT Operating Margin Trend



Outlook

| | |
|------------------|-----------------------------|
| FY2016 Q2 EPS | \$1.78 - \$1.83 |
| FY2016 EPS | \$7.25 - \$7.50 (unchanged) |
| Capital Spending | Approx. \$1.3 billion |

Appendix Slides



Calendar Year Summary

| | CY14 | CY15 | Change |
|---------------------------|-------------|-------------|---------------|
| Sales \$billions | \$10.5 | \$9.7 | (7%) |
| EBITDA \$billions | \$2.8 | \$3.0 | +7% |
| EBITDA % margin | 27.1% | 31.3% | +420bp |
| Free Cash Flow \$millions | (\$72) | \$250 | \$322 |
| EPS \$/share | \$5.99 | \$6.80 | +14% |
| ROCE | 10.1% | 11.7% | +160bp |

Global Gases

| | Q1 FY16 | Fav/(Unfav) vs. | |
|------------------|----------------|------------------------|----------------|
| | | Q1 FY15 | Q4 FY15 |
| Sales | \$104 | \$45 | \$15 |
| EBITDA | (\$18) | (\$5) | (\$18) |
| Operating Income | (\$19) | (\$1) | (\$18) |

- Sales up on higher ASU activity

Corporate and other

| | Q1 FY16 | Fav/(Unfav) vs. | |
|------------------|----------------|------------------------|----------------|
| | | Q1 FY15 | Q4 FY15 |
| Sales | \$74 | (\$1) | (\$6) |
| EBITDA | (\$1) | \$18 | (\$3) |
| Operating Income | (\$5) | \$18 | (\$4) |

- LNG sales higher vs prior year
- Profit improvement on higher LNG sales and restructuring benefits

Major Projects

| Plant | Location | Capacity | Timing | Market |
|---|-----------------------------|-----------------------|-------------|---------------------|
| ONSTREAM (last five quarters) | | | | |
| ASU/Liquid | PCEC, Weinan, China | 8,200 TPD O2 | Onstream | Gasif to Chemicals |
| ASU/Liquid | Zhengyuan, Hebei, China | 2,000 TPD O2 | Onstream | Gasif to Fertilizer |
| Helium | Colorado | 230 MMSCFY | Onstream | Merchant Helium |
| ASU | Yankuang, Yulin, China | 12,000 TPD O2 | Onstream | Gasif to CTL |
| IG + MT BACKLOG - \$2.4 billion - over 85% secure onsite/pipeline business model | | | | |
| H2 | Scotford, Canada | 150 MMSCFD H2 | Q2FY16 | Refinery (Pipeline) |
| ASU | Lu'An, Changzhi City, China | 10,000 TPD O2 | 2HFY16* | Gasif to CTL |
| H2/ASU | BPCL, India | 165 MMSCFD H2 | 2HFY16 | Refinery / Chems |
| ASU/Liquid | Big River Steel, Arkansas | World Scale | 2HFY16 | Steel |
| ASU/H2/Liq. | Pyeongtaek, Korea | World Scale | FY17 | Electronics |
| H2/CO | Baytown, Texas | 125 MMSCFD H2 plus CO | 2018 | Pipeline |
| ENERGY FROM WASTE | | | | |
| EfW | Tees Valley 1, UK | 50MW | TBD | Energy |
| EfW | Tees Valley 2, UK | 50MW | TBD | Energy |
| JAZAN | | | | |
| ASU = SOE + 25% EAJV | Saudi Aramco, Jazan | 75,000 TPD O2/N2 | 2018 / 2019 | Refinery |

Capital Expenditure

| FY | \$MM |
|---------------|-----------------------|
| 2016 Forecast | Approx. \$1.3 billion |
| 2015 | \$1,749 |
| 2014 | \$1,885 |
| 2013 | \$1,997 |
| 2012 | \$2,088 |
| 2011 | \$1,539 |
| 2010 | \$1,298 |
| 2009 | \$1,475 |
| 2008 | \$1,355 |
| 2007 | \$1,635 |

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

2012 excludes \$0.7B for Indura equity

2015 excludes \$0.3B for Indura equity

2007 - 2010 includes European Homecare Services

Air Products EPS

| | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 |
|-----------|---------------|---------------|---------------|---------------|---------------|----------------------|
| Q1 | \$1.25 | \$1.26 | \$1.30 | \$1.34 | \$1.55 | \$1.78 |
| Q2 | \$1.33 | \$1.31 | \$1.37 | \$1.32 | \$1.55 | \$1.78-\$1.83 |
| Q3 | \$1.37 | \$1.41 | \$1.36 | \$1.46 | \$1.65 | |
| Q4 | \$1.41 | \$1.42 | \$1.47 | \$1.66 | \$1.82 | |
| FY | \$5.36 | \$5.40 | \$5.50 | \$5.78 | \$6.57 | \$7.25-\$7.50 |

Appendix: Q116 and Full Year Results

(\$ Millions, except per share data)

| | GAAP Measure | | | | Non GAAP Adjusts. (2) | | Non GAAP Measure | | | |
|---|--------------|---------|--------------|-------------|-----------------------|------|------------------|---------|--------------|-------------|
| | Q116 | Q115 | \$ Change | % Change | Q116 | Q115 | Q116 | Q115 | \$ Change | % Change |
| Q116 vs. Q115 - Total Company | | | | | | | | | | |
| Sales | 2,355.8 | 2,560.8 | (205.0) | (8%) | | | 2,355.8 | 2,560.8 | (205.0) | (8%) |
| Operating Income | 493.0 | 430.0 | 63.0 | 15% | 26.3 | 14.5 | 519.3 | 444.5 | 74.8 | 17% |
| Operating Margin | 20.9% | 16.8% | | 410bp | | | 22.0% | 17.4% | | 460bp |
| Income from Cont. Ops. (1) | 363.6 | 324.6 | 39.0 | 12% | 23.4 | 10.5 | 387.0 | 335.1 | 51.9 | 15% |
| Diluted EPS - Cont. Ops. (1) | \$1.67 | \$1.50 | \$0.17 | 11% | 0.11 | 0.05 | \$1.78 | \$1.55 | \$0.23 | 15% |
| Q116 vs. Q415 - Total Company | | | | | | | | | | |
| Sales | 2,355.8 | 2,449.4 | (93.6) | (4%) | | | 2,355.8 | 2,449.4 | (93.6) | (4%) |
| Operating Income | 493.0 | 472.2 | 20.8 | 4% | 26.3 | 42.6 | 519.3 | 514.8 | 4.5 | 1% |
| Operating Margin | 20.9% | 19.3% | | 160bp | | | 22.0% | 21.0% | | 100bp |
| Income from Cont. Ops. (1) | 363.6 | 344.5 | 19.1 | 6% | 23.4 | 52.7 | 387.0 | 397.2 | (10.2) | (3%) |
| Diluted EPS - Cont. Ops. (1) | \$1.67 | \$1.58 | \$0.09 | 6% | 0.11 | 0.24 | \$1.78 | \$1.82 | (\$0.04) | (2%) |
| Q116 vs Q115 - Industrial Gases - EMEA - Constant Currency Basis | | | | | | | | | | |
| Operating Income | 91.7 | 81.3 | 10.4 | 13% | Q116 (3) 7.7 | | 99.4 | 81.3 | 18.1 | 22% |

(1) Attributable to Air Products

(2) Non GAAP Adjustments

| | Q116 | | | Q415 | | | Q115 | | |
|---|--------|----------------------|------|--------|----------------------|--------|--------|----------------------|--------|
| | Op Inc | Inc From Cont Ops | EPS | Op Inc | Inc From Cont Ops | EPS | Op Inc | Inc From Cont Ops | EPS |
| Business restructuring/cost reduction actions | | | | 61.7 | 54.5 | 0.25 | 32.4 | 21.7 | 0.10 |
| Pension settlement loss | | | | 7.0 | 4.8 | 0.02 | | | |
| Gain on previously held equity interest | | | | | | | (17.9) | (11.2) | (0.05) |
| Business separation costs | 12.0 | 12.0 | 0.06 | 7.5 | 7.5 | 0.03 | | | |
| Gain on land sales | | | | (33.6) | (28.3) | (0.13) | | | |
| Loss on early retirement of debt | | | | | 14.2 | 0.07 | | | |
| Project suspension costs | 14.3 | 11.4 | 0.05 | - | - | - | - | - | - |
| Total Adjustments | 26.3 | 23.4 | 0.11 | 42.6 | 52.7 | 0.24 | 14.5 | 10.5 | 0.05 |

(3) Currency Adjustment

Appendix: Adjusted EBITDA Trend

| \$ Millions | Q115 | Q215 | Q315 | Q415 | FY15 | Q116 | Q116 vs PY | | Q116 vs PQ | |
|--------------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|------------|----|------------|-------|
| | | | | | | | \$ | % | \$ | % |
| Income From Continuing Operations | 337.5 | 296.9 | 333.2 | 350.0 | 1,317.6 | 372.0 | | | | |
| Add: Interest expense | 29.1 | 23.4 | 28.2 | 22.8 | 103.5 | 22.2 | | | | |
| Add: Income tax provision | 106.5 | 87.1 | 103.5 | 118.8 | 415.9 | 132.5 | | | | |
| Add: Depreciation and amortization | 235.5 | 233.3 | 233.0 | 234.6 | 936.4 | 232.7 | | | | |
| Add Non GAAP pre-tax adjustments (1) | <u>14.5</u> | <u>68.0</u> | <u>59.8</u> | <u>59.2</u> | <u>201.5</u> | <u>26.3</u> | | | | |
| Adjusted EBITDA | 723.1 | 708.7 | 757.7 | 785.4 | 2,974.9 | 785.7 | 62.6 | 9% | 0.3 | 0% |
| Sales | 2,560.8 | 2,414.5 | 2,470.2 | 2,449.4 | 9,894.9 | 2,355.8 | | | | |
| Adjusted EBITDA Margin | 28.2% | 29.4% | 30.7% | 32.1% | 30.1% | 33.4% | | | 520bp | 130bp |

(1) Non GAAP Pre-Tax Adjustments

| | Q115 | Q215 | Q315 | Q415 | FY15 | Q116 |
|---|-------------|-------------|-------------|-------------|--------------|-------------|
| Business restructuring/cost reduction actions | 32.4 | 55.4 | 58.2 | 61.7 | 207.7 | 0.0 |
| Pension Settlement Loss | 0.0 | 12.6 | 1.6 | 7.0 | 21.2 | 0.0 |
| Gain on previously held equity investment | (17.9) | 0.0 | 0.0 | 0.0 | (17.9) | 0.0 |
| Business separation costs | 0.0 | 0.0 | 0.0 | 7.5 | 7.5 | 12.0 |
| Gain on land sales | 0.0 | 0.0 | 0.0 | (33.6) | (33.6) | 0.0 |
| Loss on early retirement of debt | 0.0 | 0.0 | 0.0 | 16.6 | 16.6 | 0.0 |
| Project suspension costs | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>14.3</u> |
| Non GAAP pre-tax adjustments | <u>14.5</u> | <u>68.0</u> | <u>59.8</u> | <u>59.2</u> | <u>201.5</u> | <u>26.3</u> |

Appendix: Adjusted EBITDA by Segment

Moving forward



| \$ Millions | Q115 | Q215 | Q315 | Q415 | FY15 | Q116 | Q116 vs PY | | Q116 vs PQ | |
|------------------------------------|--------|-------|--------|-------|---------|--------|------------|-------|------------|-------|
| | | | | | | | \$ | % | \$ | % |
| Gases - Americas | | | | | | | | | | |
| Operating Income | 211.2 | 182.0 | 206.5 | 208.7 | 808.4 | 211.8 | | | | |
| Add: Depreciation and amortization | 103.6 | 103.3 | 103.9 | 106.1 | 416.9 | 108.8 | | | | |
| Add Equity Affiliates' Income | 17.2 | 15.1 | 17.3 | 15.0 | 64.6 | 14.5 | | | | |
| Adjusted EBITDA | 332.0 | 300.4 | 327.7 | 329.8 | 1,289.9 | 335.1 | 3.1 | 1% | 5.3 | 2% |
| Adjusted EBITDA Margin | 33.1% | 33.7% | 36.5% | 36.6% | 34.9% | 40.1% | | 700bp | | 350bp |
| Gases - EMEA | | | | | | | | | | |
| Operating Income | 81.3 | 71.0 | 87.6 | 90.8 | 330.7 | 91.7 | | | | |
| Add: Depreciation and amortization | 51.1 | 47.6 | 47.0 | 48.6 | 194.3 | 46.7 | | | | |
| Add Equity Affiliates' Income | 10.3 | 8.0 | 12.1 | 12.0 | 42.4 | 7.6 | | | | |
| Adjusted EBITDA | 142.7 | 126.6 | 146.7 | 151.4 | 567.4 | 146.0 | 3.3 | 2% | (5.4) | (4%) |
| Adjusted EBITDA Margin | 28.5% | 28.2% | 32.2% | 32.9% | 30.4% | 33.3% | | 480bp | | 40bp |
| Gases - Asia | | | | | | | | | | |
| Operating Income | 90.5 | 84.7 | 100.9 | 104.4 | 380.5 | 116.7 | | | | |
| Add: Depreciation and amortization | 49.6 | 50.3 | 51.9 | 51.1 | 202.9 | 51.7 | | | | |
| Add Equity Affiliates' Income | 14.6 | 9.4 | 12.7 | 9.4 | 46.1 | 11.7 | | | | |
| Adjusted EBITDA | 154.7 | 144.4 | 165.5 | 164.9 | 629.5 | 180.1 | 25.4 | 16% | 15.2 | 9% |
| Adjusted EBITDA Margin | 38.8% | 36.7% | 39.6% | 38.5% | 38.4% | 43.6% | | 480bp | | 510bp |
| Gases - Global | | | | | | | | | | |
| Operating Income | (17.9) | (7.9) | (24.1) | (1.7) | (51.6) | (19.3) | | | | |
| Add: Depreciation and amortization | 4.3 | 5.5 | 4.2 | 2.5 | 16.5 | 2.1 | | | | |
| Add Equity Affiliates' Income | 0.4 | (0.2) | 0.0 | (1.0) | (0.8) | (0.5) | | | | |
| Adjusted EBITDA | (13.2) | (2.6) | (19.9) | (0.2) | (35.9) | (17.7) | (4.5) | | (17.5) | |
| Materials Technologies | | | | | | | | | | |
| Operating Income | 104.6 | 124.2 | 131.5 | 116.4 | 476.7 | 127.2 | | | | |
| Add: Depreciation and amortization | 24.0 | 23.3 | 22.7 | 22.8 | 92.8 | 19.6 | | | | |
| Add Equity Affiliates' Income | 0.6 | 0.7 | 0.3 | 0.6 | 2.2 | 0.4 | | | | |
| Adjusted EBITDA | 129.2 | 148.2 | 154.5 | 139.8 | 571.7 | 147.2 | 18.0 | 14% | 7.4 | 5% |
| Adjusted EBITDA Margin | 24.7% | 27.8% | 28.6% | 28.5% | 27.4% | 30.0% | | 530bp | | 150bp |
| Corporate/Other | | | | | | | | | | |
| Operating Income | (22.7) | (8.8) | (17.6) | (1.5) | (50.6) | (5.2) | | | | |
| Add: Depreciation and amortization | 2.9 | 3.3 | 3.3 | 3.5 | 13.0 | 3.8 | | | | |
| Add Equity Affiliates' Income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| Adjusted EBITDA | (19.8) | (5.5) | (14.3) | 2.0 | (37.6) | (1.4) | 18.4 | | (3.4) | |

Appendix: ROCE

Moving forward



| \$ Millions | | | | | | | | | |
|---|----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Quarter Ended | Q114 | Q214 | Q314 | Q414 | Q115 | Q215 | Q315 | Q415 | Q116 |
| Numerator | | | | | | | | | |
| Operating Income Reported | | 384.7 | 413.8 | 144.1 | 430.0 | 374.4 | 422.5 | 472.2 | 493.0 |
| Equity Affiliate Income | | <u>30.4</u> | <u>43.1</u> | <u>39.7</u> | <u>43.1</u> | <u>33.0</u> | <u>42.4</u> | <u>36.0</u> | <u>33.7</u> |
| Earnings before tax as reported | | 415.1 | 456.9 | 183.8 | 473.1 | 407.4 | 464.9 | 508.2 | 526.7 |
| Cost Reduction / Restructuring Charge | | 0.0 | 0.0 | 12.7 | 32.4 | 55.4 | 58.2 | 61.7 | 0.0 |
| Gain on previously held equity interest | | 0.0 | 0.0 | 0.0 | (17.9) | 0.0 | 0.0 | 0.0 | 0.0 |
| Pension Settlement Loss | | 0.0 | 0.0 | 5.5 | 0.0 | 12.6 | 1.6 | 7.0 | 0.0 |
| Goodwill and intangible impairment | | 0.0 | 0.0 | 310.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Business separation costs | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7.5 | 12.0 |
| Gain on land sales | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (33.6) | 0.0 |
| Project suspension costs | | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>14.3</u> |
| Earnings before tax ex items | | 415.1 | 456.9 | 512.1 | 487.6 | 475.4 | 524.7 | 550.8 | 553.0 |
| Effective tax rate as reported | | 24.0% | 24.0% | 49.9% | 24.0% | 22.7% | 23.7% | 25.3% | 26.3% |
| Earnings after tax as reported | | 315.5 | 347.2 | 92.1 | 359.6 | 314.9 | 354.7 | 379.6 | 388.2 |
| Effective tax rate ex items | | 24.0% | 24.0% | 24.0% | 24.1% | 24.1% | 24.9% | 23.7% | 25.5% |
| Earnings after tax ex items | | 315.5 | 347.2 | 389.2 | 370.1 | 360.8 | 394.0 | 420.3 | 412.0 |
| 4 Qtr trailing AT earnings (numerator) - as reported | | | | | 1,114.4 | 1,113.8 | 1,121.3 | 1,408.8 | 1,437.4 |
| 4 Qtr trailing AT Earnings (numerator) - ex items | | | | | 1,422.0 | 1,467.3 | 1,514.1 | 1,545.2 | 1,587.1 |
| Denominator | | | | | | | | | |
| Total Debt | 6,168.3 | 6,167.1 | 6,136.0 | 6,118.5 | 6,089.0 | 5,930.2 | 5,863.2 | 5,879.0 | 5,817.8 |
| Air Products Shareholders' Equity | 7,264.0 | 7,370.9 | 7,696.7 | 7,365.8 | 7,351.5 | 7,332.5 | 7,586.0 | 7,249.0 | 7,367.1 |
| Redeemable Noncontrolling Interest | 358.7 | 343.6 | 341.4 | 287.2 | 288.7 | 280.0 | 277.9 | - | - |
| Noncontrolling Interest | 158.7 | 156.9 | 159.5 | 155.6 | 151.8 | 143.8 | 145.3 | 132.1 | 131.9 |
| Total Capital | 13,949.7 | 14,038.5 | 14,333.6 | 13,927.1 | 13,881.0 | 13,686.5 | 13,872.4 | 13,260.1 | 13,316.8 |
| 2 Qtr Average Capital (denominator) | | | | | 13,904.1 | 13,783.8 | 13,779.5 | 13,566.3 | 13,288.5 |
| 5 Qtr Average Capital (denominator) | | | | | 14,026.0 | 13,973.3 | 13,940.1 | 13,725.4 | 13,603.4 |
| ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital) | | | | | 7.9% | 8.0% | 8.0% | 10.3% | 10.6% |
| ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital) | | | | | 10.1% | 10.5% | 10.9% | 11.3% | 11.7% |
| Instantaneous ROCE ex items (Qtr earnings AT x 4) / 2 pt avg capital) | | | | | 10.6% | 10.5% | 11.4% | 12.4% | 12.4% |

Appendix: ROCE Tax Rate

| (\$ Millions) | <u>Q214</u> | <u>Q314</u> | <u>Q414</u> | <u>Q115</u> | <u>Q215</u> | <u>Q315</u> | <u>Q415</u> | <u>Q116</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>Reported</u> | | | | | | | | |
| Income Before Taxes | 383.6 | 425.6 | 154.8 | 444.0 | 384.0 | 436.7 | 468.8 | 504.5 |
| Tax Expense | 92.1 | 102.1 | 77.3 | 106.5 | 87.1 | 103.5 | 118.8 | 132.5 |
| Tax Rate Reported | 24.0% | 24.0% | 49.9% | 24.0% | 22.7% | 23.7% | 25.3% | 26.3% |
| <u>ITEMS</u> | | | | | | | | |
| <u>Operating Income</u> | | | | | | | | |
| Cost Reduction / Restructuring Charges | | | 12.7 | 32.4 | 55.4 | 58.2 | 61.7 | |
| Pension Settlement Loss | | | 5.5 | | 12.6 | 1.6 | 7.0 | |
| Gain on previously held equity interest | | | | (17.9) | | | | |
| Goodwill and intangible impairment | | | 310.1 | | | | | |
| Business separation costs | | | | | | | 7.5 | 12.0 |
| Gain on land sales | | | | | | | (33.6) | |
| Loss on debt retirement | | | | | | | 16.6 | |
| Project suspension costs | | | | | | | | 14.3 |
| <u>Tax Exp</u> | | | | | | | | |
| Cost Reduction / Restructuring Charges | | | 4.5 | 10.7 | 17.2 | 19.4 | 7.2 | |
| Pension Settlement Loss | | | 1.9 | | 4.7 | 0.6 | 2.2 | |
| Gain on previously held equity interest | | | | (6.7) | | | | |
| Goodwill and intangible impairment | | | 1.3 | | | | | |
| Income tax items | | | 31.0 | | | | | |
| Gain on land sales | | | | | | | (5.3) | |
| Loss on debt retirement | | | | | | | 2.4 | |
| Tees Valley 2 Idling Costs | | | | | | | | 2.9 |
| <u>Ex Items</u> | | | | | | | | |
| Income Before Taxes | 383.6 | 425.6 | 483.1 | 458.5 | 452.0 | 496.5 | 528.0 | 530.8 |
| Tax Expense | 92.1 | 102.1 | 116.0 | 110.5 | 109.0 | 123.5 | 125.3 | 135.4 |
| Tax Rate ex Items | 24.0% | 24.0% | 24.0% | 24.1% | 24.1% | 24.9% | 23.7% | 25.5% |

Materials Technologies

Electronic Materials and Performance Materials EBITDA

| \$ Millions | <u>Q115</u> | <u>Q116</u> | <u>Q116 vs PY</u> | |
|-------------------------------------|-------------|-------------|-------------------|-------|
| | | | \$ | % |
| <u>Electronic Materials</u> | | | | |
| Operating Income | 58.2 | 83.3 | | |
| Add: Depreciation and amortization | 16.9 | 12.6 | | |
| Add Equity Affiliates' Income | <u>0.4</u> | <u>0.2</u> | | |
| Adjusted EBITDA | 75.5 | 96.1 | 20.6 | 27% |
| Adjusted EBITDA Margin | 29.6% | 39.2% | | 960bp |
| <u>Performance Materials</u> | | | | |
| Operating Income | 47.6 | 44.1 | | |
| Add: Depreciation and amortization | 7.0 | 6.9 | | |
| Add Equity Affiliates' Income | <u>0.2</u> | <u>0.2</u> | | |
| Adjusted EBITDA | 54.8 | 51.2 | (3.6) | (7%) |
| Adjusted EBITDA Margin | 20.4% | 20.9% | | 50bp |

Note: Operating Income /Adjusted EBITDA exclude certain costs that are not allocated to the businesses within Materials Technologies

Appendix – Guidance

EPS Guidance

| <u>Q216 Guidance vs PY</u> | <u>Diluted EPS (1)</u> |
|-------------------------------|----------------------------|
| Q215 GAAP | \$1.33 |
| Business restructuring charge | \$0.18 |
| Pension settlement loss | <u>\$0.04</u> |
| Q215 Non GAAP | <u>\$1.55</u> |
| Q216 Guidance (2) | <u>\$1.78-\$1.83</u> |
| % Change | 15%-18% |

Full Fiscal Year 2016 Guidance

| | |
|---|----------------------|
| FY15 GAAP | \$5.88 |
| Business restructuring charge | \$0.71 |
| Pension settlement loss | \$0.06 |
| Gain on previously held equity investment | (\$0.05) |
| Business separation costs | \$0.03 |
| Gain on land sales | (\$0.13) |
| Loss on early retirement of debt | <u>\$0.07</u> |
| FY15 Non GAAP | <u>\$6.57</u> |
| FY16 Guidance (2) | <u>\$7.25-\$7.50</u> |
| % Change | 10%-14% |

(1) Continuing operations, attributable to Air Products

(2) Guidance excludes the impact of certain items, if applicable, that we believe are not representative of our underlying business

Moving forward



Thank you
tell me more

