

Moving forward



Create Shareholder Value

Q2 FY'16
Earnings Conference Call

April 28 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 previously announced separation of Materials Technologies, general economic and business conditions that may affect the 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

| | FY15 Q2 | FY16 Q2 | Change |
|---------------------------------|--------------------|--------------------|---------------|
| Employee Lost Time Injury Rate | 0.19 | 0.13 | 32% better |
| Employee Recordable Injury Rate | 0.53 | 0.43 | 19% better |

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

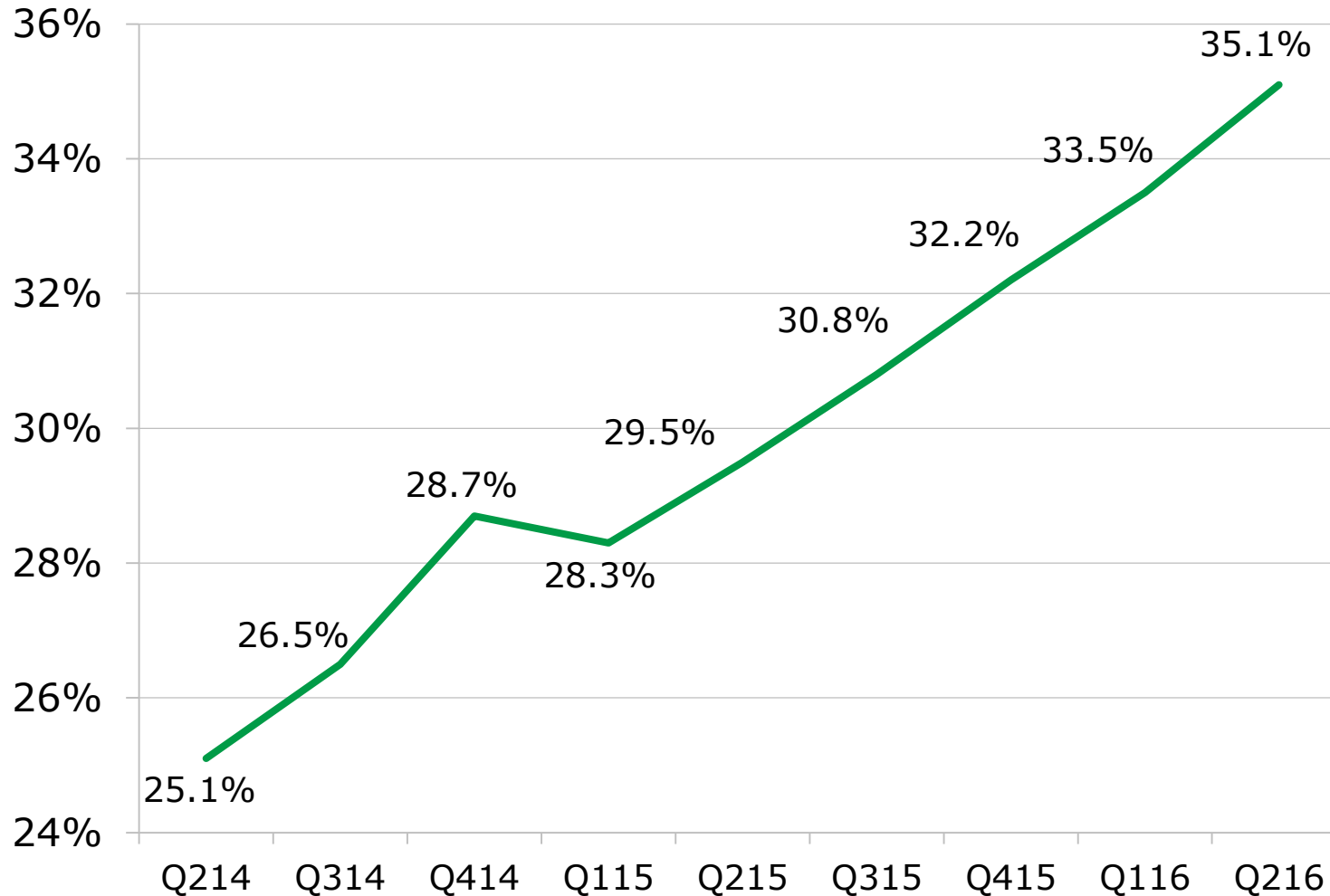
5 point plan summary

| 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 | |
|  |  |  |  |  |

Q2 Summary

| | FY15 Q2 | FY16 Q2 | Change |
|-------------------|--------------------|--------------------|---------------|
| Sales \$millions | \$2,415 | \$2,271 | (6%) |
| EBITDA \$millions | \$711 | \$797 | 12% |
| EBITDA % margin | 29.5% | 35.1% | +560bp |
| EPS \$/share | \$1.56 | \$1.82 | +17% |
| ROCE | 11.0% | 13.0% | +200bp |

EBITDA Margin Trend



Based on continuing ops, non-GAAP measures, see appendix for reconciliation
FY14 information not audited

Q2 Results

| (\$ million) | Q2 FY16 | Fav/(Unfav) vs. | |
|------------------------------|--------------|-----------------|--------------|
| | | Q2 FY15 | Q1 FY16 |
| Sales | \$2,271 | (6%) | (4%) |
| - Volume | | -% | (2%) |
| - Price | | -% | -% |
| - Energy/Raw Mat'l pass-thru | | (3%) | (1%) |
| - Currency | | (3%) | (1%) |
| EBITDA | \$797 | 12% | 1% |
| - <i>EBITDA Margin</i> | <i>35.1%</i> | <i>560bp</i> | <i>160bp</i> |
| Operating Income | \$532 | 20% | 2% |
| - <i>Operating Margin</i> | <i>23.4%</i> | <i>500bp</i> | <i>120bp</i> |
| Net Income | \$397 | 18% | 2% |
| Diluted EPS (\$/share) | \$1.82 | 17% | 2% |
| ROCE | 13.0% | 200bp | 50bp |

- Operating Margin up 460bp vs PY excluding the impact of lower energy pass-thru

Q2 Cash Flow Focus

| (\$ million) | Q2 FY15 | Q2 FY16 | Change |
|--------------------------------|--------------|--------------|--------------|
| EBITDA | \$711 | \$797 | \$86 |
| Interest | (23) | (26) | (3) |
| Cash Tax | (93) | (111) | (18) |
| Maintenance Capex | <u>(49)</u> | <u>(61)</u> | <u>(12)</u> |
| Distributable Cash Flow | \$546 | \$599 | \$53 |
| Growth Capex | (282) | (204) | 78 |
| Dividends | <u>(165)</u> | <u>(175)</u> | <u>(10)</u> |
| Free Cash Flow | \$99 | \$220 | \$121 |

- Increase in Free Cash Flow driven by higher EBITDA and lower growth capex

EfW Business Exit

- Discontinue efforts to startup and operate two EfW projects
- EfW business accounted for as a discontinued operation effective Q2FY16
 - March 31 EfW assets = \$934 million
 - Increase FY15 EPS by 3 cents
- \$946 million Q2 pre-tax discontinued operations charge
 - \$914 million asset write down to salvage value of \$20 million
 - \$32 million plant disposition and severance costs
 - Increases ROCE by approximately 100bp due to a reduction in the denominator
- Future potential pre-tax charges
 - \$50 - \$100 million plant wind down and settle purchase contracts
 - Still evaluating ASU in IG EMEA segment – approx. \$60 million current value
- Taxes
 - No change to expected Air Products continuing operations book tax rate
 - Modest cash tax benefit ~\$75 - \$100 million total over 10+ years
- Cash
 - Future potential net cash cost of \$60 - \$110 million = Salvage value minus disposition, severance, wind down and purchase contract exits, excludes cash taxes
 - Work to optimize cash value of investments

Q2 EPS Analysis

| | Q2 FY15 | Q2 FY16 | Change | |
|--------------------------|---------------|---------------|---------------|----------|
| As reported cont ops EPS | \$1.34 | \$1.74 | | |
| less non-GAAP items | <u>(0.22)</u> | <u>(0.08)</u> | | |
| Non-GAAP cont ops EPS | \$1.56 | \$1.82 | \$0.26 | |
| Volume | | | (0.10) | } \$0.34 |
| Price / raw materials | | | 0.08 | |
| Cost | | | 0.36 | |
| Currency/FX | | | (0.05) | |
| Equity affiliate income | | | - | } (0.03) |
| Higher interest expense | | | (0.01) | |
| Higher tax rate | | | <u>(0.02)</u> | |
| Change | | | \$0.26 | |

Gases Americas

| | Q2 FY16 | Fav/(Unfav) vs. | |
|------------------------------|---------|-----------------|---------|
| | | Q2 FY15 | Q1 FY16 |
| Sales | \$798 | (10%) | (5%) |
| - Volume | | (2%) | (3%) |
| - Price | | 1% | -% |
| - Energy/Raw Mat'l pass-thru | | (6%) | (2%) |
| - Currency | | (3%) | -% |
| EBITDA | \$341 | 14% | 2% |
| - EBITDA Margin | 42.8% | 910bp | 270bp |
| Operating Income | \$224 | 23% | 6% |
| - Operating Margin | 28.1% | 770bp | 280bp |

- Weaker Latin America, OFS and steel volumes
- 6th consecutive quarter of positive price
- Restructuring actions and lower maintenance drive operating margin up 670bp vs PY excluding the impact of lower energy pass-thru

Gases EMEA

| | Q2 FY16 | Fav/(Unfav) vs. | |
|------------------------------|--------------|-----------------|--------------|
| | | Q2 FY15 | Q1 FY16 |
| Sales | \$420 | (6%) | (4%) |
| - Volume | | (1%) | (2%) |
| - Price | | 2% | 1% |
| - Energy/Raw Mat'l pass-thru | | (4%) | (2%) |
| - Currency | | (3%) | (1%) |
| EBITDA | \$145 | 14% | (1%) |
| - <i>EBITDA Margin</i> | <i>34.5%</i> | <i>630bp</i> | <i>120bp</i> |
| Operating Income | \$89 | 26% | (3%) |
| - <i>Operating Margin</i> | <i>21.3%</i> | <i>550bp</i> | <i>40bp</i> |

- 5th consecutive quarter of positive price despite a continuing difficult economy
- Restructuring and price actions drive another record margin quarter
- Operating margin up 500bp vs PY excluding the impact of lower energy pass-thru

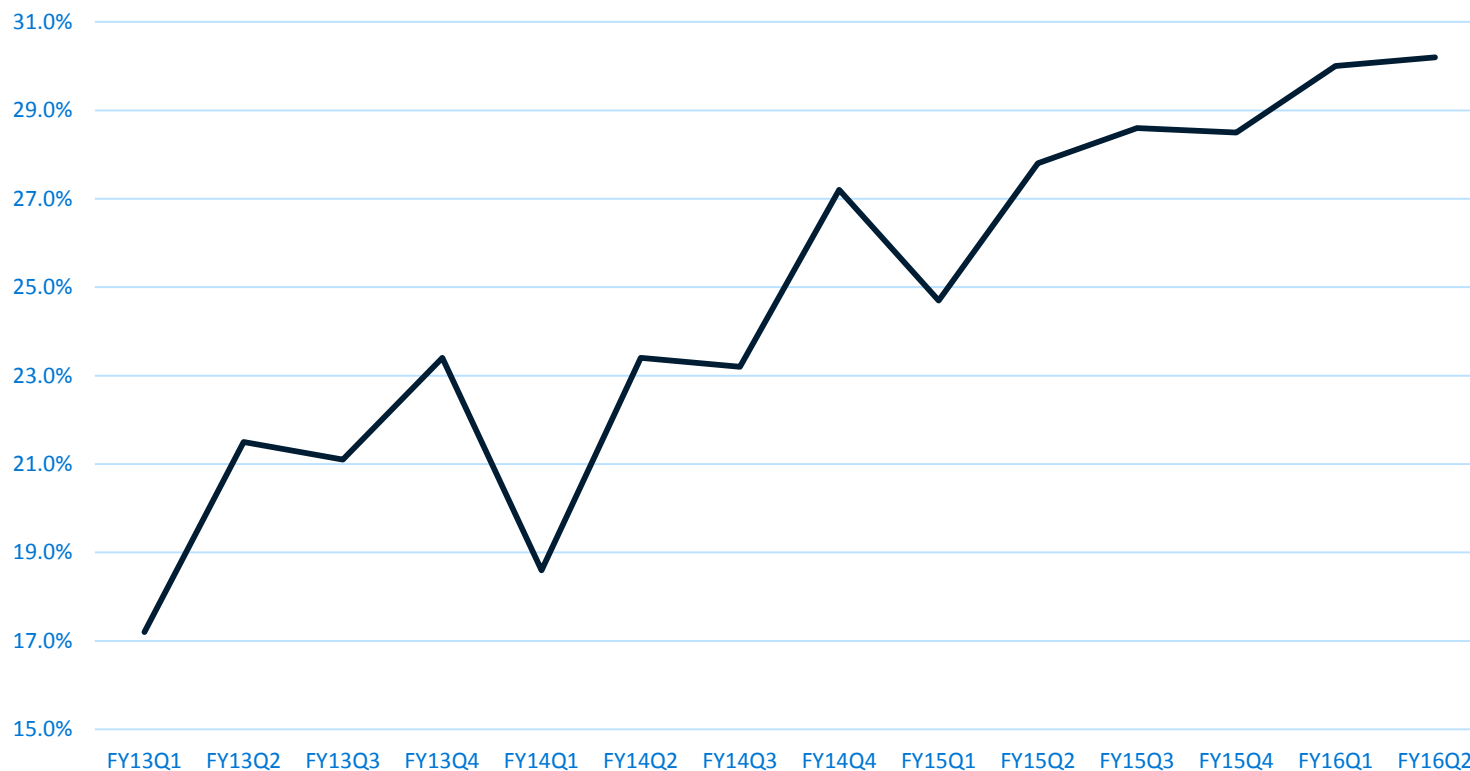
Gases Asia

| | Q2 FY16 | Fav/(Unfav) vs. | |
|------------------------------|--------------|-----------------|----------------|
| | | Q2 FY15 | Q1 FY16 |
| Sales | \$406 | 3% | (2%) |
| - Volume | | 10% | -% |
| - Price | | (1%) | -% |
| - Energy/Raw Mat'l pass-thru | | -% | -% |
| - Currency | | (6%) | (2%) |
| EBITDA | \$170 | 18% | (5%) |
| - <i>EBITDA Margin</i> | <i>41.9%</i> | <i>520bp</i> | <i>(170bp)</i> |
| Operating Income | \$104 | 23% | (11%) |
| - <i>Operating Margin</i> | <i>25.7%</i> | <i>410bp</i> | <i>(250bp)</i> |

- Strong volume and profit growth from new plants and base business
- China coal gasification operating rates and oxygen demand remain high
- Benefits from restructuring actions

REACHING HIGHER LEVELS OF PERFORMANCE

SELF-HELP ACTIONS DRIVING SUSTAINABLE MARGIN IMPROVEMENT



Materials Technologies Adj. EBITDA Margin



As reported for MT segment within Air Products, no allocated corporate costs.
Based on continuing ops, non-GAAP measures, see appendix for reconciliation

Materials Technologies

| | Q2 FY16 | Fav/(Unfav) vs. Q2 FY15 | Q1 FY16 |
|---------------------------|---------|----------------------------|---------|
| Sales | \$494 | (7%) | 1% |
| - Volume | | (6%) | 1% |
| - Price | | -% | -% |
| - Currency | | (1%) | -% |
| EBITDA | \$150 | 1% | 2% |
| - <i>EBITDA Margin</i> | 30.2% | 240bp | 20bp |
| Operating Income | \$129 | 4% | 2% |
| - <i>Operating Margin</i> | 26.2% | 290bp | 20bp |

- Volumes impacted by weaker demand in Epoxy and Additives and lower Electronics Delivery Systems activity
- Profit improvement driven by price/raw materials management, mix and restructuring actions
- Another quarterly EBITDA and Operating Margin record

Materials Technologies Electronic Materials

| | Q2 FY16 | Fav/(Unfav) vs. Q2 FY15 |
|---------------------------|----------------|----------------------------------------|
| Sales | \$234 | (10%) |
| - Volume | | (10%) |
| - Price | | 2% |
| - Currency | | (2%) |
| EBITDA | \$83 | (1%) |
| - <i>EBITDA Margin</i> | <i>35.5%</i> | <i>320bp</i> |
| Operating Income | \$70 | 4% |
| - <i>Operating Margin</i> | <i>30.1%</i> | <i>400bp</i> |

- Volumes flat ex-Delivery Systems
- Continued growth in Advanced Materials volumes
- Pricing/mix and restructuring actions driving margin expansion

Materials Technologies Performance Materials

| | Q2 FY16 | Fav/(Unfav) vs. Q2 FY15 |
|--------------------|---------|-------------------------------|
| Sales | \$261 | (5%) |
| - Volume | | (2%) |
| - Price | | (2%) |
| - Currency | | (1%) |
| EBITDA | \$67 | 1% |
| - EBITDA Margin | 25.8% | 160bp |
| Operating Income | \$60 | 2% |
| - Operating Margin | 22.8% | 160bp |

- Oil & gas and marine coatings weakness impacting volumes
- Positive margin in the face of price/raw material deflation

MATERIALS TECHNOLOGIES

A PORTFOLIO OF WORLD CLASS BUSINESSES

| | |
|----------------|---------|
| Sales:* | \$2,014 |
| Adj. EBITDA:* | \$591 |
| EBITDA Margin: | 29.3% |
| Op Income:* | \$504 |
| Op Margin: | 25.0% |

Performance Materials Division (PMD)
~50% of sales

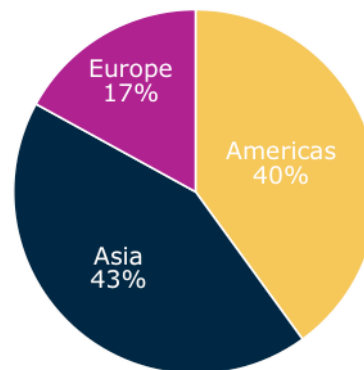
Electronic Materials Division (EMD)
~50% of sales

Solid growth

High margins

Low capital intensity

Strong free cash flow



% of FY 15 Sales

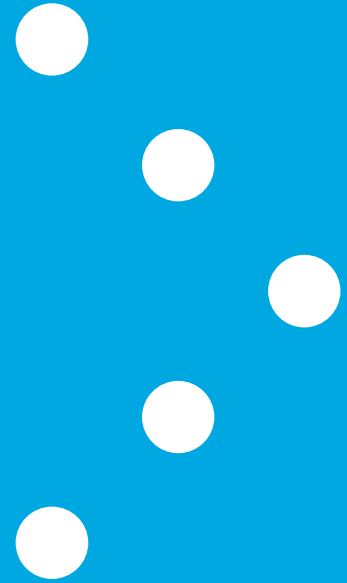
Outlook

FY2016 Q3 EPS \$1.87 - \$1.92, up 13% - 16% vs PY

FY2016 EPS \$7.40 - \$7.55, up 12% - 14% vs PY

Capital Spending Approx. \$1.2 billion

Appendix Slides



Global Gases

| | Q2 FY16 | Fav/(Unfav) vs. | |
|------------------|----------------|------------------------|----------------|
| | | Q2 FY15 | Q1 FY16 |
| Sales | \$87 | \$20 | (\$18) |
| EBITDA | (\$9) | (\$7) | \$9 |
| Operating Income | (\$11) | (\$3) | \$8 |

- Sales up on higher ASU activity
- Profits down on positive prior year contract wrap-up

Corporate and other

| | Q2 FY16 | Fav/(Unfav) vs. | |
|------------------|----------------|------------------------|----------------|
| | | Q2 FY15 | Q1 FY16 |
| Sales | \$66 | (\$16) | (\$8) |
| EBITDA | \$- | \$5 | \$1 |
| Operating Income | (\$5) | \$5 | \$1 |

- LNG sales down vs prior year
- Profit improvement on lower costs

Major Projects

| Plant | Location | Capacity | Timing | Market |
|-----------------------------------------------------------------------------------------|-----------------------------|--------------------------|----------------|---------------------|
| ONSTREAM (last five quarters) | | | | |
| 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 |
| H2 | Scotford, Canada | 150 MMSCFD H2 | Onstream | Refinery (Pipeline) |
| IG + MT BACKLOG - \$2.1 billion - over 85% secure onsite/pipeline business model | | | | |
| ASU | Lu'An, Changzhi City, China | 10,000 TPD O2 | Q4FY16* | Gasif to CTL |
| H2/ASU | BPCL, India | 165 MMSCFD H2 | Q4FY16 | Refinery / Chems |
| ASU/Liquid | Big River Steel, Arkansas | World Scale | Q4FY16 | Steel |
| ASU/H2/Liq. | Pyeongtaek, Korea | World Scale | FY17 | Electronics |
| H2/CO | Baytown, Texas | 125 MMSCFD H2 plus CO | 2018 | Pipeline |
| JAZAN | | | | |
| ASU = SOE + 25% EAJV | Saudi Aramco, Jazan | 75,000 TPD O2/N2 | 2018 / 2019 | Refinery |

* Multiple Phases

Capital Expenditure

| FY | \$MM |
|---------------|-----------------------|
| 2016 Forecast | Approx. \$1.2 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.
 EfW included: FY13 \$207, FY14 \$301, FY15 \$350, FY16 \$97
 2015 excludes \$0.3B for Indura equity
 2012 excludes \$0.7B for Indura equity
 2007 - 2010 includes European Homecare Services

Air Products EPS

| | FY13 | FY14 | | FY15 | FY16 |
|---------------------|---------------|---------------|-----------|---------------|----------------------|
| | | | Q1 | \$1.55 | \$1.79 |
| | | | Q2 | \$1.56 | \$1.82 |
| | | | Q3 | \$1.66 | \$1.87-\$1.92 |
| | | | Q4 | \$1.83 | |
| FY | \$5.53 | \$5.81 | FY | \$6.60 | \$7.40-\$7.55 |
| EfW Disc Ops Impact | \$0.03 | \$0.03 | FY | \$0.03 | |
| Previously reported | \$5.50 | \$5.78 | FY | \$6.57 | |

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

Appendix: Q216 Results

(\$ Millions, except per share data)

| | GAAP Measure | | | | Non GAAP Adjusts. (2) | | Non GAAP Measure | | | |
|--------------------------------------|--------------|---------|-----------|----------|-----------------------|------|------------------|---------|-----------|----------|
| | Q216 | Q215 | \$ Change | % Change | Q216 | Q215 | Q216 | Q215 | \$ Change | % Change |
| Q216 vs. Q215 - Total Company | | | | | | | | | | |
| Sales | 2,271.2 | 2,414.5 | (143.3) | (6%) | | | 2,271.2 | 2,414.5 | (143.3) | (6%) |
| Operating Income | 513.3 | 376.9 | 136.4 | 36% | 18.6 | 68.0 | 531.9 | 444.9 | 87.0 | 20% |
| Operating Margin | 22.6% | 15.6% | | 700bp | | | 23.4% | 18.4% | | 500bp |
| Income from Cont. Ops. (1) | 379.8 | 291.9 | 87.9 | 30% | 17.6 | 46.1 | 397.4 | 338.0 | 59.4 | 18% |
| Diluted EPS - Cont. Ops. (1) | \$1.74 | \$1.34 | \$0.40 | 30% | 0.08 | 0.22 | \$1.82 | \$1.56 | \$0.26 | 17% |
| Q216 vs. Q116 - Total Company | | | | | | | | | | |
| Sales | 2,271.2 | 2,355.8 | (84.6) | (4%) | | | 2,271.2 | 2,355.8 | (84.6) | (4%) |
| Operating Income | 513.3 | 510.6 | 2.7 | 1% | 18.6 | 12.0 | 531.9 | 522.6 | 9.3 | 2% |
| Operating Margin | 22.6% | 21.7% | | 90bp | | | 23.4% | 22.2% | | 120bp |
| Income from Cont. Ops. (1) | 379.8 | 377.8 | 2.0 | 1% | 17.6 | 12.0 | 397.4 | 389.8 | 7.6 | 2% |
| Diluted EPS - Cont. Ops. (1) | \$1.74 | \$1.73 | \$0.01 | 1% | 0.08 | 0.06 | \$1.82 | \$1.79 | \$0.03 | 2% |

(1) Attributable to Air Products

(2) Non GAAP Adjustments

| | Q216 | | | Q116 | | | Q215 | | |
|-----------------------------------------------|-------------|-------------------|-------------|-------------|-------------------|-------------|-------------|-------------------|-------------|
| | 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 | 8.6 | 7.1 | 0.03 | | | | 55.4 | 38.2 | 0.18 |
| Pension settlement loss | 2.6 | 1.6 | 0.01 | | | | 12.6 | 7.9 | 0.04 |
| Business separation costs | 7.4 | 8.9 | 0.04 | 12.0 | 12.0 | 0.06 | - | - | - |
| Total Adjustments | 18.6 | 17.6 | 0.08 | 12.0 | 12.0 | 0.06 | 68.0 | 46.1 | 0.22 |

Appendix: Adjusted EBITDA Trend

| \$ Millions | Q115 | Q215 | Q315 | Q415 | FY15 | Q116 | Q216 | Q216 vs PY | | Q216 vs PQ | |
|--------------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|------------|-----|------------|-------|
| | | | | | | | | \$ | % | \$ | % |
| Income From Continuing Operations | 339.2 | 298.8 | 334.9 | 351.5 | 1,324.4 | 386.2 | 387.6 | | | | |
| Add: Interest expense | 29.1 | 23.4 | 28.2 | 22.8 | 103.5 | 22.2 | 25.7 | | | | |
| Add: Income tax provision | 107.1 | 87.7 | 104.1 | 119.4 | 418.3 | 135.9 | 132.5 | | | | |
| Add: Depreciation and amortization | 235.5 | 233.3 | 233.0 | 234.6 | 936.4 | 232.7 | 232.1 | | | | |
| 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>12.0</u> | <u>18.6</u> | | | | |
| Adjusted EBITDA | 725.4 | 711.2 | 760.0 | 787.5 | 2,984.1 | 789.0 | 796.5 | 85.3 | 12% | 7.5 | 1% |
| Sales | 2,560.8 | 2,414.5 | 2,470.2 | 2,449.4 | 9,894.9 | 2,355.8 | 2,271.2 | | | | |
| Adjusted EBITDA Margin | 28.3% | 29.5% | 30.8% | 32.2% | 30.2% | 33.5% | 35.1% | | | 560bp | 160bp |

(1) Non GAAP Pre-Tax Adjustments

| | Q115 | Q215 | Q315 | Q415 | FY15 | Q116 | Q216 |
|-----------------------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| Business restructuring/cost reduction actions | 32.4 | 55.4 | 58.2 | 61.7 | 207.7 | 0.0 | 8.6 |
| Pension Settlement Loss | 0.0 | 12.6 | 1.6 | 7.0 | 21.2 | 0.0 | 2.6 |
| Gain on previously held equity investment | (17.9) | 0.0 | 0.0 | 0.0 | (17.9) | 0.0 | 0.0 |
| Business separation costs | 0.0 | 0.0 | 0.0 | 7.5 | 7.5 | 12.0 | 7.4 |
| Gain on land sales | 0.0 | 0.0 | 0.0 | (33.6) | (33.6) | 0.0 | 0.0 |
| Loss on early retirement of debt | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>16.6</u> | <u>16.6</u> | <u>0.0</u> | <u>0.0</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>12.0</u> | <u>18.6</u> |

Appendix: Adjusted EBITDA by Segment

Moving forward

| \$ Millions | Q115 | Q215 | Q315 | Q415 | FY15 | Q116 | Q216 | Q216 vs PY | | Q216 vs PQ | |
|------------------------------------|--------|-------|--------|-------|---------|--------|--------|------------|-------|------------|---------|
| | | | | | | | | \$ | % | \$ | % |
| Gases - Americas | | | | | | | | | | | |
| Operating Income | 211.2 | 182.0 | 206.5 | 208.7 | 808.4 | 211.8 | 224.2 | | | | |
| Add: Depreciation and amortization | 103.6 | 103.3 | 103.9 | 106.1 | 416.9 | 108.8 | 109.4 | | | | |
| Add Equity Affiliates' Income | 17.2 | 15.1 | 17.3 | 15.0 | 64.6 | 14.5 | 7.7 | | | | |
| Adjusted EBITDA | 332.0 | 300.4 | 327.7 | 329.8 | 1,289.9 | 335.1 | 341.3 | 40.9 | 14% | 6.2 | 2% |
| Adjusted EBITDA Margin | 33.1% | 33.7% | 36.5% | 36.6% | 34.9% | 40.1% | 42.8% | | 910bp | | 270bp |
| Gases - EMEA | | | | | | | | | | | |
| Operating Income | 81.3 | 71.0 | 87.6 | 90.8 | 330.7 | 91.7 | 89.4 | | | | |
| Add: Depreciation and amortization | 51.1 | 47.6 | 47.0 | 48.6 | 194.3 | 46.7 | 48.3 | | | | |
| Add Equity Affiliates' Income | 10.3 | 8.0 | 12.1 | 12.0 | 42.4 | 7.6 | 7.2 | | | | |
| Adjusted EBITDA | 142.7 | 126.6 | 146.7 | 151.4 | 567.4 | 146.0 | 144.9 | 18.3 | 14% | (1.1) | (1%) |
| Adjusted EBITDA Margin | 28.5% | 28.2% | 32.2% | 32.9% | 30.4% | 33.3% | 34.5% | | 630bp | | 120bp |
| Gases - Asia | | | | | | | | | | | |
| Operating Income | 90.5 | 84.7 | 100.9 | 104.4 | 380.5 | 116.7 | 104.4 | | | | |
| Add: Depreciation and amortization | 49.6 | 50.3 | 51.9 | 51.1 | 202.9 | 51.7 | 48.5 | | | | |
| Add Equity Affiliates' Income | 14.6 | 9.4 | 12.7 | 9.4 | 46.1 | 11.7 | 17.4 | | | | |
| Adjusted EBITDA | 154.7 | 144.4 | 165.5 | 164.9 | 629.5 | 180.1 | 170.3 | 25.9 | 18% | (9.8) | (5%) |
| Adjusted EBITDA Margin | 38.8% | 36.7% | 39.6% | 38.5% | 38.4% | 43.6% | 41.9% | | 520bp | | (170)bp |
| Gases - Global | | | | | | | | | | | |
| Operating Income | (17.9) | (7.9) | (24.1) | (1.7) | (51.6) | (19.3) | (10.9) | | | | |
| Add: Depreciation and amortization | 4.3 | 5.5 | 4.2 | 2.5 | 16.5 | 2.1 | 1.8 | | | | |
| Add Equity Affiliates' Income | 0.4 | (0.2) | 0.0 | (1.0) | (0.8) | (0.5) | 0.0 | | | | |
| Adjusted EBITDA | (13.2) | (2.6) | (19.9) | (0.2) | (35.9) | (17.7) | (9.1) | (6.5) | | 8.6 | |
| Materials Technologies | | | | | | | | | | | |
| Operating Income | 104.6 | 124.2 | 131.5 | 116.4 | 476.7 | 127.2 | 129.3 | | | | |
| Add: Depreciation and amortization | 24.0 | 23.3 | 22.7 | 22.8 | 92.8 | 19.6 | 20.0 | | | | |
| Add Equity Affiliates' Income | 0.6 | 0.7 | 0.3 | 0.6 | 2.2 | 0.4 | 0.2 | | | | |
| Adjusted EBITDA | 129.2 | 148.2 | 154.5 | 139.8 | 571.7 | 147.2 | 149.5 | 1.3 | 1% | 2.3 | 2% |
| Adjusted EBITDA Margin | 24.7% | 27.8% | 28.6% | 28.5% | 27.4% | 30.0% | 30.2% | | 240bp | | 20bp |
| Corporate/Other | | | | | | | | | | | |
| Operating Income | (22.9) | (9.1) | (17.8) | (1.7) | (51.5) | (5.5) | (4.5) | | | | |
| Add: Depreciation and amortization | 2.9 | 3.3 | 3.3 | 3.5 | 13.0 | 3.8 | 4.1 | | | | |
| Add Equity Affiliates' Income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| Adjusted EBITDA | (20.0) | (5.8) | (14.5) | 1.8 | (38.5) | (1.7) | (0.4) | 5.4 | | 1.3 | |

Appendix: ROCE

| \$ Millions | | | | | | | | | | |
|-----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|
| Quarter Ended | <u>Q114</u> | <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>Q216</u> |
| Numerator | | | | | | | | | | |
| Operating Income Reported | | 387.8 | 416.6 | 146.6 | 432.3 | 376.9 | 424.8 | 474.3 | 510.6 | 513.3 |
| 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> | <u>32.5</u> |
| Earnings before tax as reported | | 418.2 | 459.7 | 186.3 | 475.4 | 409.9 | 467.2 | 510.3 | 544.3 | 545.8 |
| Cost Reduction / Restructuring Charge | | 0.0 | 0.0 | 12.7 | 32.4 | 55.4 | 58.2 | 61.7 | 0.0 | 8.6 |
| Gain on previously held equity interest | | 0.0 | 0.0 | 0.0 | (17.9) | 0.0 | 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 | 2.6 |
| Goodwill and intangible impairment | | 0.0 | 0.0 | 310.1 | 0.0 | 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 | 7.4 |
| Gain on land sales | | <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>(33.6)</u> | <u>0.0</u> | <u>0.0</u> |
| Earnings before tax ex items | | 418.2 | 459.7 | 514.6 | 489.9 | 477.9 | 527.0 | 552.9 | 556.3 | 564.4 |
| Effective tax rate as reported | | 24.0% | 24.0% | 49.7% | 24.0% | 22.7% | 23.7% | 25.4% | 26.0% | 25.5% |
| Earnings after tax as reported | | 317.8 | 349.4 | 93.7 | 361.3 | 316.9 | 356.5 | 380.7 | 402.8 | 406.6 |
| Effective tax rate ex items | | 24.0% | 24.0% | 24.1% | 24.1% | 24.1% | 24.9% | 23.8% | 25.4% | 24.8% |
| Earnings after tax ex items | | 317.8 | 349.4 | 390.6 | 371.8 | 362.7 | 395.8 | 421.3 | 415.0 | 424.4 |
| 4 Qtr trailing AT earnings (numerator) - as reported | | | | | 1,122.2 | 1,121.3 | 1,128.4 | 1,415.4 | 1,456.9 | 1,546.6 |
| 4 Qtr trailing AT Earnings (numerator) - ex items | | | | | 1,429.6 | 1,474.5 | 1,520.9 | 1,551.6 | 1,594.8 | 1,656.5 |
| 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 | 5,818.0 |
| 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 | 6,916.6 |
| 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 | 136.5 |
| Less Disc Ops Assets | (362.5) | (411.9) | (475.3) | (591.4) | (688.6) | (724.3) | (845.1) | (893.6) | (938.2) | (20.4) |
| Total Capital | 13,587.2 | 13,626.6 | 13,858.3 | 13,335.7 | 13,192.4 | 12,962.2 | 13,027.3 | 12,366.5 | 12,378.6 | 12,850.7 |
| 2 Qtr Average Capital (denominator) | | | | | 13,264.1 | 13,077.3 | 12,994.8 | 12,696.9 | 12,372.6 | 12,614.7 |
| 5 Qtr Average Capital (denominator) | | | | | 13,520.0 | 13,395.0 | 13,275.2 | 12,976.8 | 12,785.4 | 12,717.1 |
| ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital) | | | | | 8.3% | 8.4% | 8.5% | 10.9% | 11.4% | 12.2% |
| ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital) | | | | | 10.6% | 11.0% | 11.5% | 12.0% | 12.5% | 13.0% |
| Instantaneous ROCE ex items (Qtr earnings AT x 4) / 2 pt avg capital) | | | | | 11.2% | 11.1% | 12.2% | 13.3% | 13.4% | 13.5% |

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>Q216</u> |
|-----------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>Reported</u> | | | | | | | | | |
| Income Before Taxes | 386.7 | 428.4 | 157.3 | 446.3 | 386.5 | 438.9 | 470.9 | 522.1 | 520.1 |
| Tax Expense | 93.0 | 103.0 | 78.1 | 107.1 | 87.7 | 104.1 | 119.4 | 135.9 | 132.5 |
| Tax Rate Reported | 24.0% | 24.0% | 49.7% | 24.0% | 22.7% | 23.7% | 25.4% | 26.0% | 25.5% |
| <u>ITEMS</u> | | | | | | | | | |
| <u>Operating Income</u> | | | | | | | | | |
| Cost Reduction / Restructuring Charges | | | 12.7 | 32.4 | 55.4 | 58.2 | 61.7 | | 8.6 |
| Pension Settlement Loss | | | 5.5 | | 12.6 | 1.6 | 7.0 | | 2.6 |
| Gain on previously held equity interest | | | | (17.9) | | | | | |
| Goodwill and intangible impairment | | | 310.1 | | | | | | |
| Business separation costs | | | | | | | 7.5 | 12.0 | 7.4 |
| Gain on land sales | | | | | | | (33.6) | | |
| Loss on debt retirement | | | | | | | 16.6 | | |
| <u>Tax Exp</u> | | | | | | | | | |
| Cost Reduction / Restructuring Charges | | | 4.5 | 10.7 | 17.2 | 19.4 | 7.2 | | 1.5 |
| Pension Settlement Loss | | | 1.9 | | 4.7 | 0.6 | 2.2 | | 1.0 |
| Gain on previously held equity interest | | | | (6.7) | | | | | |
| Goodwill and intangible impairment | | | 1.3 | | | | | | |
| Business separation costs | | | | | | | | | (1.5) |
| Income tax items | | | 31.0 | | | | | | |
| Gain on land sales | | | | | | | (5.3) | | |
| Loss on debt retirement | | | | | | | 2.4 | | |
| <u>Ex Items</u> | | | | | | | | | |
| Income Before Taxes | 386.7 | 428.4 | 485.6 | 460.8 | 454.5 | 498.7 | 530.1 | 534.1 | 538.7 |
| Tax Expense | 93.0 | 103.0 | 116.8 | 111.1 | 109.6 | 124.1 | 125.9 | 135.9 | 133.5 |
| Tax Rate ex Items | 24.0% | 24.0% | 24.1% | 24.1% | 24.1% | 24.9% | 23.8% | 25.4% | 24.8% |

Materials Technologies

Electronic Materials and Performance Materials EBITDA

Moving forward



| \$ Millions | <u>Q215</u> | <u>Q216</u> | <u>Fav/(Unfav)</u> <u>vs. Q2 FY15</u> |
|-------------------------------------|-------------|-------------|------------------------------------------|
| <u>Electronic Materials</u> | | | |
| Operating Income | 67.6 | 70.3 | 4% |
| Add: Depreciation and amortization | 15.5 | 12.5 | |
| Add Equity Affiliates' Income | <u>0.4</u> | <u>0.0</u> | |
| Adjusted EBITDA | 83.5 | 82.8 | (1%) |
| Sales | 258.8 | 233.5 | (10%) |
| Adjusted EBITDA Margin | 32.3% | 35.5% | 320bp |
| Op Margin | 26.1% | 30.1% | 400bp |
| <u>Performance Materials</u> | | | |
| Operating Income | 58.3 | 59.5 | 2% |
| Add: Depreciation and amortization | 7.8 | 7.5 | |
| Add Equity Affiliates' Income | <u>0.3</u> | <u>0.2</u> | |
| Adjusted EBITDA | 66.4 | 67.2 | 1% |
| Sales | 274.5 | 260.8 | (5%) |
| Adjusted EBITDA Margin | 24.2% | 25.8% | 160bp |
| Op Margin | 21.2% | 22.8% | 160bp |

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

Moving forward



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