

Moving forward



# Create Shareholder Value

Q3 FY'16  
Earnings Conference Call

July 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 this presentation is filed. 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 (including as to the United Kingdom and Europe the impact of the recent “Brexit” referendum) 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 Versum Materials, general economic and business conditions that may affect the separation and the execution thereof, changes in capital market conditions, or the Company’s 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 operational improvement 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; and other risk factors described in the Company’s [Form 10-K for its fiscal year ended September 30, 2015. The Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this presentation to reflect any change in the Company’s assumptions, beliefs or expectations or any change in events, conditions, or circumstances upon which any such forward-looking statements are based.

# Safety results

	<b>FY15 Q3</b>	<b>FY16 Q3</b>	<b>Change</b>
Employee Lost Time Injury Rate	0.19	0.07	63% better
Employee Recordable Injury Rate	0.51	0.43	16% 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

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### 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.

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### CEO Focus

Capital allocation is the most important job of the CEO.

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### Operating Model

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

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# Our Plan

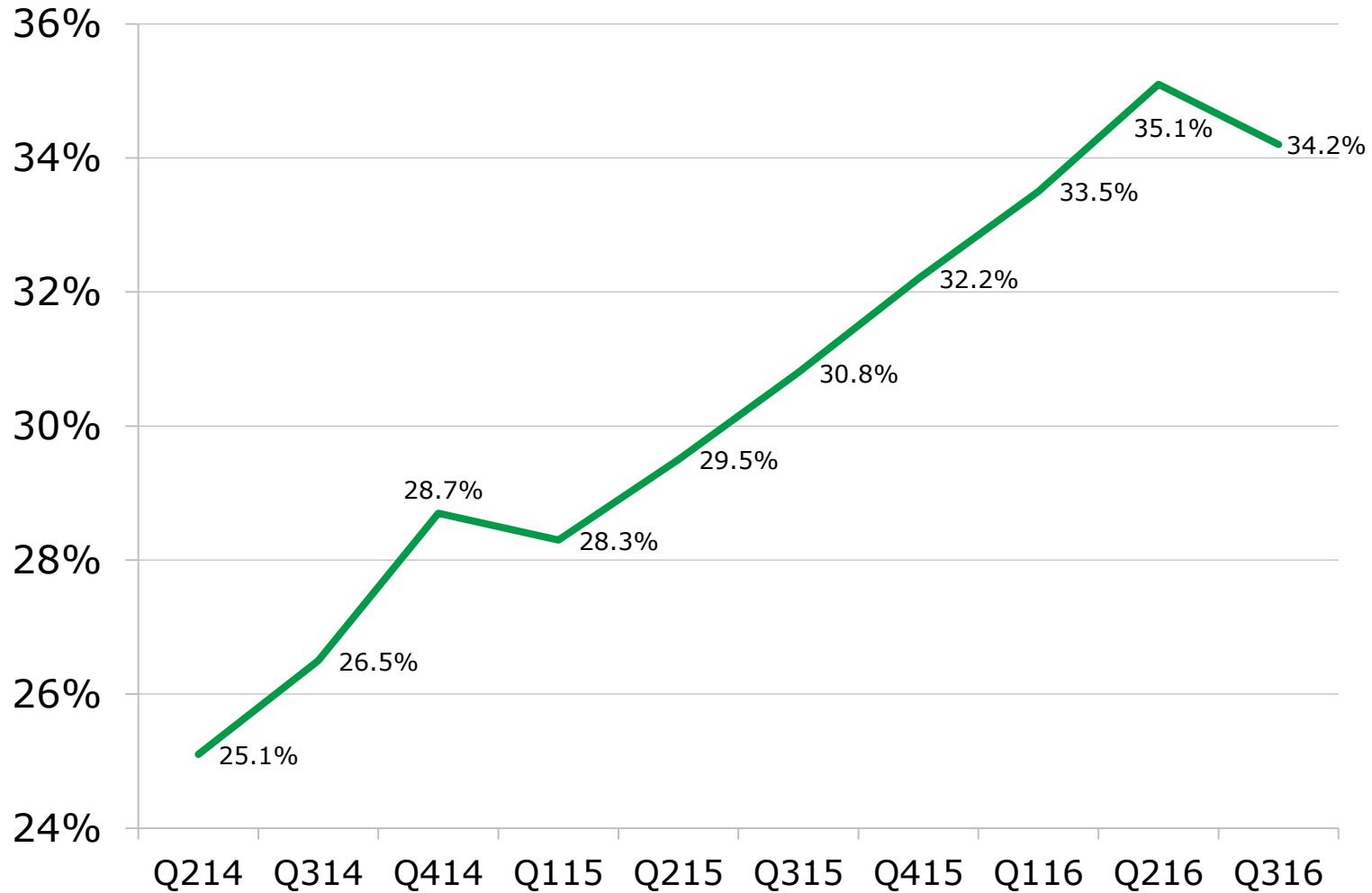
## 5 point plan summary

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	
				

# Q3 Summary

	<b>FY15 Q3</b>	<b>FY16 Q3</b>	<b>Change</b>
Sales \$millions	\$2,470	\$2,434	(1%)
EBITDA \$millions	\$760	\$833	10%
EBITDA % margin	30.8%	34.2%	+340bp
Adjusted EPS \$/share	\$1.66	\$1.92	+16%
ROCE	11.5%	13.5%	+200bp

# EBITDA Margin Trend



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



# Our key profitability metrics

	<b>FY16 Q3</b>
EBITDA % margin	34.2%
Operating % margin	23.0%
ROCE	13.5%

# Q3 Results

(\$ million)	Q3 FY16	Fav/(Unfav) vs. Q3 FY15	Q2 FY16
Sales	\$2,434	(1%)	7%
- Volume		4%	8%
- Price		-%	(1%)
- Energy/Raw Mat'l pass-thru		(3%)	(1%)
- Currency		(2%)	1%
EBITDA	\$833	10%	5%
- <i>EBITDA Margin</i>	34.2%	340bp	(90bp)
Operating Income	\$560	16%	5%
- <i>Operating Margin</i>	23.0%	340bp	(40bp)
Net Income	\$420	17%	6%
GAAP EPS (\$/share)	\$1.63	10%	(6%)
Adjusted EPS (\$/share)	\$1.92	16%	5%
ROCE	13.5%	200bp	50bp

- Operating Margin up 290bp vs PY excluding the impact of lower energy pass-thru

# Q3 Cash Flow Focus

(\$ million)	Q3 FY15	Q3 FY16	Change
EBITDA	\$760	\$833	\$73
Interest	(28)	(35)	(7)
Cash Tax	(106)	(152)	(46)
Maintenance Capex	<u>(56)</u>	<u>(70)</u>	<u>(14)</u>
<b>Distributable Cash Flow</b>	<b>\$570</b>	<b>\$576</b>	<b>\$6</b>
Growth Capex	(300)	(199)	101
Dividends	<u>(174)</u>	<u>(186)</u>	<u>(12)</u>
<b>Free Cash Flow</b>	<b>\$96</b>	<b>\$191</b>	<b>\$95</b>

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

# Q3 EPS Analysis

	<b>Q3 FY15</b>	<b>Q3 FY16</b>	<b>Change</b>	
GAAP EPS	\$1.48	\$1.63		
less non-GAAP items	<u>(0.18)</u>	<u>(0.29)</u>		
Adjusted EPS	<u>\$1.66</u>	<u>\$1.92</u>	\$0.26	
Volume			0.01	} \$0.30
Price / raw materials			0.04	
Cost			0.25	
Currency/FX			(0.05)	
Equity affiliate income			-	} \$0.01
Higher interest expense			(0.02)	
Tax rate			0.01	
Lower noncontrolling interest			0.03	
Higher shares outstanding			<u>(0.01)</u>	
Change			<u>\$0.26</u>	

# Gases Americas

	Q3 FY16	Fav/(Unfav) vs.	
		Q3 FY15	Q2 FY16
Sales	\$832	(7%)	4%
- Volume		(1%)	4%
- North America impact		1%	
- South America impact		(2%)	
- Price		1%	-0%
- Energy/Raw Mat'l pass-thru		(5%)	(1%)
- Currency		(2%)	1%
EBITDA	\$362	11%	6%
- EBITDA Margin	43.5%	700bp	70bp
Operating Income	\$235	14%	5%
- Operating Margin	28.2%	520bp	10bp

- North America volumes up on strong hydrogen demand
- 7th quarter of consecutive price increases
- Productivity actions drive operating margin up 420bp vs PY excluding the impact of lower energy pass-thru

# Gases EMEA

	Q3 FY16	Fav/(Unfav) vs.	
		Q3 FY15	Q2 FY16
Sales	\$427	(6%)	2%
- Volume		(1%)	1%
- Price		1%	-0%
- Energy/Raw Mat'l pass-thru		(5%)	(1%)
- Currency		(1%)	2%
EBITDA	\$160	9%	10%
- <i>EBITDA Margin</i>	37.4%	520bp	290bp
Operating Income	\$103	18%	16%
- <i>Operating Margin</i>	24.2%	500bp	290bp

- 6<sup>th</sup> consecutive quarter of positive price despite a continuing difficult economy and low inflation
- Productivity and price actions drive operating margin up 400bp vs PY excluding the impact of lower energy pass-thru

# Gases Asia

	Q3 FY16	Fav/(Unfav) vs.	
		Q3 FY15	Q2 FY16
Sales	\$448	7%	10%
- Volume		14%	10%
- Price		(2%)	(1%)
- Energy/Raw Mat'l pass-thru		-%	-%
- Currency		(5%)	1%
EBITDA	\$182	10%	7%
- <i>EBITDA Margin</i>	40.7%	110bp	(120bp)
Operating Income	\$118	17%	13%
- <i>Operating Margin</i>	26.4%	220bp	70bp

- Strong volume and profit growth from new plants and base business
- Improved China liquid retail/wholesale balance, but oversupply remains
- Benefits from productivity actions

# Materials Technologies

	<b>Q3 FY16</b>	<b>Fav/(Unfav) vs.</b>	
		<b>Q3 FY15</b>	<b>Q2 FY16</b>
Sales	\$520	(4%)	5%
- Volume		(1%)	6%
- Price		(2%)	(2%)
- Currency		(1%)	1%
EBITDA	\$154	-%	3%
- <i>EBITDA Margin</i>	29.7%	110bp	(50bp)
Operating Income	\$135	3%	5%
- <i>Operating Margin</i>	26.0%	160bp	(20bp)



# Materials Technologies Performance Materials

	Q3 FY16	Fav/(Unfav) vs. Q3 FY15
Sales	\$277	-%
- Volume		4%
- Price		(4%)
- Currency		-%
EBITDA	\$69	6%
- <i>EBITDA Margin</i>	24.9%	130bp
Operating Income	\$63	9%
- <i>Operating Margin</i>	22.7%	180bp

- Epoxy & Polyurethane Additives driving positive volume
- Positive margin in the face of price/raw material deflation

# VERSUM MATERIALS

BEST IN CLASS ELECTRONIC MATERIALS COMPANY



**Solid growth**

**High margins**

**Low capital intensity**

**Strong free cash flow**



**Leadership positions in a profitable and complex semiconductor materials industry**



**Strong technology, commercial and operations capabilities**



**Global infrastructure**



**Compelling growth platforms with sustainable competitive advantage**



**Strong financial performance and cash flow generation**

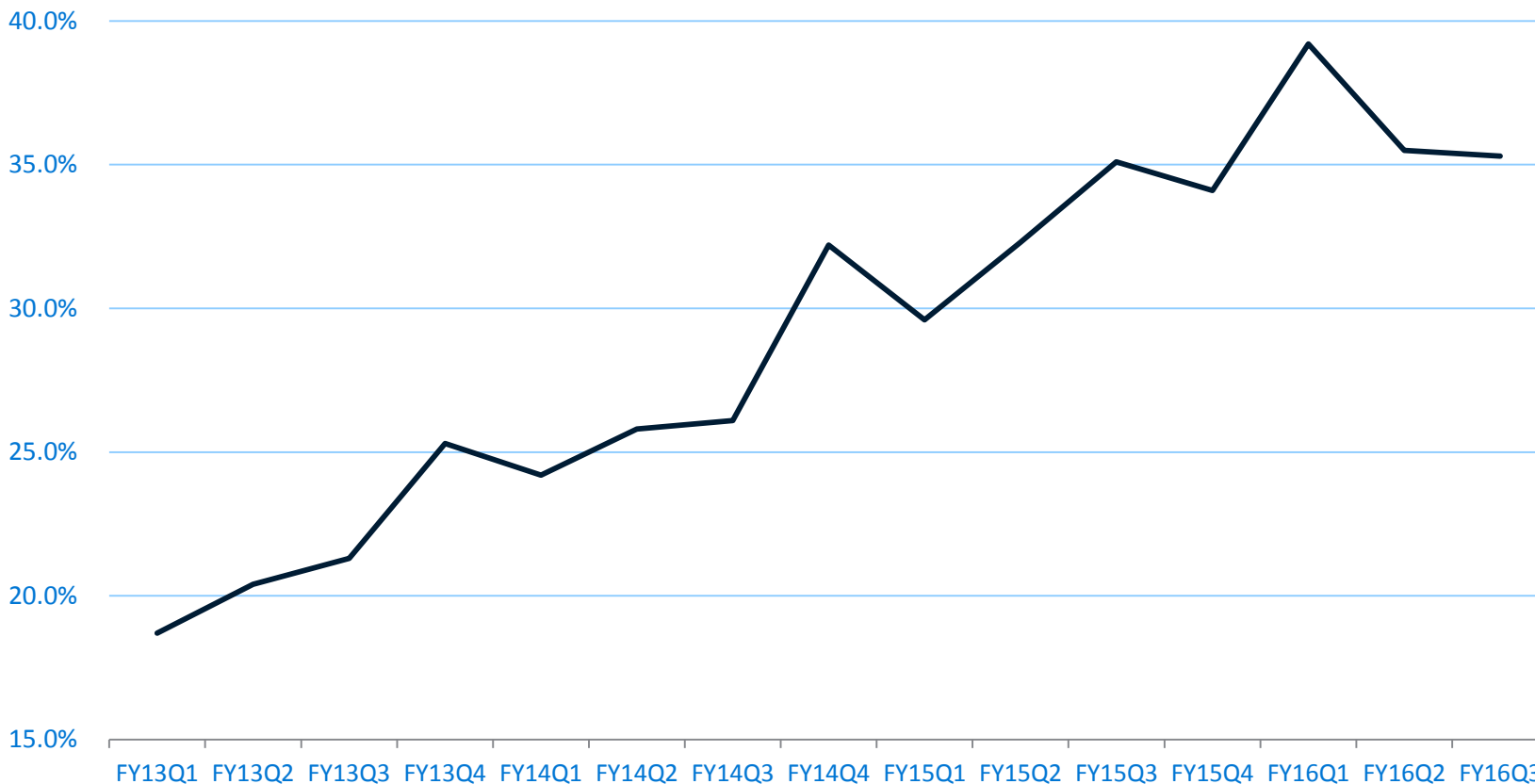


**Experienced management team with proven track record**



# REACHING HIGHER LEVELS OF PERFORMANCE

## SELF-HELP ACTIONS DRIVING SUSTAINABLE MARGIN IMPROVEMENT



**Electronic Materials Adj EBITDA Margin**

# Materials Technologies Electronic Materials

	Q3 FY16	Fav/(Unfav) vs. Q3 FY15
Sales	\$243	(8%)
- Volume		(6%)
- <i>Materials impact</i>		0%
- <i>DS&amp;S impact</i>		(6%)
- Price		-%
- Currency		(2%)
EBITDA	\$86	(7%)
- <i>EBITDA Margin</i>	35.3%	20bp
Operating Income	\$73	(5%)
- <i>Operating Margin</i>	30.0%	80bp

- Overall Materials volumes flat with continued growth in Advanced Materials volumes
- Pricing/mix and productivity actions driving margin expansion

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:	\$954
EBITDA:	\$344
EBITDA Margin:	36.0%
Op Income:	\$289
Op Margin:	30.3%

**Materials**  
74% of sales

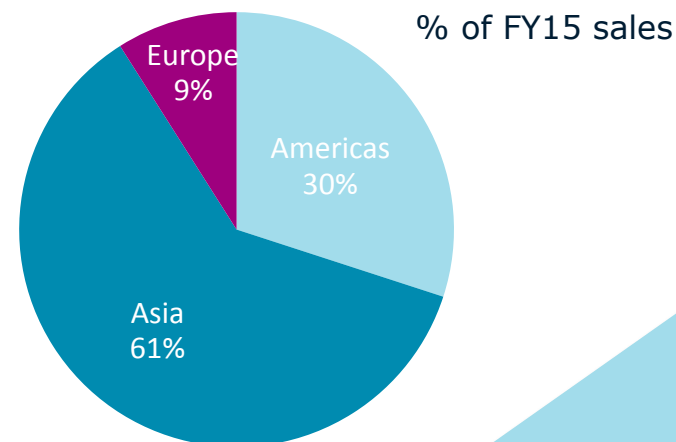
**Delivery Systems**  
26% of sales

**Solid growth**

**High margins**

**Low capital intensity**

**Strong free cash flow**



# SIGNIFICANT CASH GENERATION

<b>(\$ million)</b>	
Adj EBITDA	\$313
Est. Interest	\$69
Est. Cash Taxes	\$50
Est. Maintenance Capex	<u>\$15</u>
<b>Est. Distributable Cash Flow</b>	<b>\$180</b>
Est. Growth Capex	\$15
<b>Est. Free Cash Flow (before dividend)</b>	<b>\$165</b>

- Adj EBITDA = June 30 2016 TTM for EMD as reported within MT of \$344, minus \$20 as estimate of adjustments to Versum standalone, minus \$11 million of EBITDA for products staying with APD – see appendix for reconciliation
- Est. Interest = assumes \$1.15 billion debt at 6%

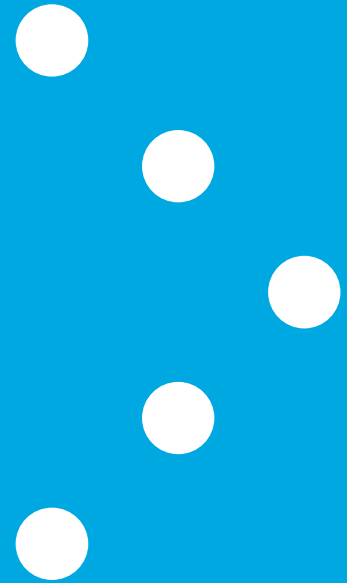
# Outlook

FY2016 Q4 EPS            \$1.91 - \$2.01, up 4% - 10% vs PY

FY2016 EPS             \$7.45 - \$7.55, up 13% - 14% vs PY

Capital Spending        Approx. \$1.2 billion

# Appendix Slides





# Global Gases

	<b>Q3 FY16</b>	<b>Fav/(Unfav) vs.</b>	
		<b>Q3 FY15</b>	<b>Q2 FY16</b>
Sales	\$151	\$79.5	\$64
EBITDA	(\$12)	\$8	(\$3)
Operating Income	(\$14)	\$10	(\$3)

- Sales up on higher ASU activity
- Profits up on lower costs

# Corporate and other

	<b>Q3 FY16</b>	<b>Fav/(Unfav) vs.</b>	
		<b>Q3 FY15</b>	<b>Q2 FY16</b>
Sales	\$56	(\$32)	(\$9)
EBITDA	(\$14)	\$1	(\$13)
Operating Income	(\$18)	\$-	(\$13)

- LNG sales down vs prior year
- Profits flat with lower costs

# Major Projects

Plant	Location	Capacity	Timing	Market
<b>ONSTREAM (last five quarters)</b>				
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)
<b>IG + MT BACKLOG - \$2.1 billion - over 85% secure onsite/pipeline business model</b>				
ASU/Liquid	Big River Steel, Arkansas	World Scale	Q4FY16	Steel
H2/ASU	BPCL, India	165 MMSCFD H2	Q1FY17*	Refinery / Chems
ASU	Lu'An, Changzhi City, China	10,000 TPD O2	FY17*	Gasif to CTL
ASU/H2/Liq.	Pyeongtaek, Korea	World Scale	FY17	Electronics
H2/CO	Baytown, Texas	125 MMSCFD H2 plus CO	2018	Pipeline
ASU	PKEDZ, Nanjing, China	World Scale	Not disclosed	Electronics
<b>JAZAN</b>				
ASU = SOE + 25% EAJV	Saudi Aramco, Jazan	75,000 TPD O2/N2	2018 / 2019	Refinery

\* Multiple Phases

# Capital Expenditure

<b>FY</b>	<b>\$MM</b>
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

	<b>FY13</b>	<b>FY14</b>		<b>FY15</b>	<b>FY16</b>
			Q1	\$1.55	\$1.79
			Q2	\$1.56	\$1.82
			Q3	\$1.66	\$1.92
			Q4	\$1.83	\$1.91-\$2.01
<b>FY</b>	<b>\$5.53</b>	<b>\$5.81</b>	<b>FY</b>	<b>\$6.60</b>	<b>\$7.45-\$7.55</b>
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

# Q3 Non-GAAP items

	Op Income \$MM	Tax \$MM	Net Income \$MM	EPS \$/share
- MT separation costs	\$9.5	(\$1.0)	\$8.5	\$0.04
- Korea dividend tax	<u>--</u>	<u>45.7</u>	<u>45.7</u>	<u>0.21</u>
Business separation costs	9.5	44.7	54.2	0.25
Cost reduction actions	14.2	(4.9)	9.3	0.04
Pension settlements	<u>1.0</u>	<u>(0.4)</u>	<u>0.6</u>	<u>--</u>
	\$24.7	\$39.4	\$64.1	\$0.29

Positive numbers of this slide represent losses.  
Based on continuing ops, non-GAAP measures,  
see appendix for reconciliation

# Appendix: Q316 Results

(\$ Millions, except per share data)

	GAAP Measure				Non GAAP Adjusts. (2)		Non GAAP Measure			
	Q316	Q315	\$ Change	% Change	Q316	Q315	Q316	Q315	\$ Change	% Change
<b>Q316 vs. Q315 - Total Company</b>										
Sales	2,434.4	2,470.2	(35.8)	(1%)			2,434.4	2,470.2	(35.8)	(1%)
Operating Income	535.1	424.8	110.3	26%	24.7	59.8	559.8	484.6	75.2	16%
Operating Margin	22.0%	17.2%		480bp			23.0%	19.6%		340bp
Income from Cont. Ops. (1)	355.7	320.5	35.2	11%	64.1	39.8	419.8	360.3	59.5	17%
Diluted EPS - Cont. Ops. (1)	\$1.63	\$1.48	\$0.15	10%	0.29	0.18	\$1.92	\$1.66	\$0.26	16%
<b>Q316 vs. Q216 - Total Company</b>										
Sales	2,434.4	2,271.2	163.2	7%			2,434.4	2,271.2	163.2	7%
Operating Income	535.1	513.3	21.8	4%	24.7	18.6	559.8	531.9	27.9	5%
Operating Margin	22.0%	22.6%		(60)bp			23.0%	23.4%		(40)bp
Income from Cont. Ops. (1)	355.7	379.8	(24.1)	(6%)	64.1	17.6	419.8	397.4	22.4	6%
Diluted EPS - Cont. Ops. (1)	\$1.63	\$1.74	(\$0.11)	(6%)	0.29	0.08	\$1.92	\$1.82	\$0.10	5%

(1) Attributable to Air Products

(2) Non GAAP Adjustments

	Q216			Q316			Q315		
	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	14.2	9.3	0.04	58.2	38.8	0.18
Pension settlement loss	2.6	1.6	0.01	1.0	0.6	-	1.6	1.0	-
Business separation costs	7.4	8.9	0.04	9.5	54.2	0.25	-	-	-
<b>Total Adjustments</b>	<b>18.6</b>	<b>17.6</b>	<b>0.08</b>	<b>24.7</b>	<b>64.1</b>	<b>0.29</b>	<b>59.8</b>	<b>39.8</b>	<b>0.18</b>

# Appendix: Adjusted EBITDA Trend



\$ Millions	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q316 vs PY		Q316 vs PQ	
									\$	%	\$	%
Income From Continuing Operations	339.2	298.8	334.9	351.5	1,324.4	386.2	387.6	363.0				
Add: Interest expense	29.1	23.4	28.2	22.8	103.5	22.2	25.7	35.0				
Add: Income tax provision	107.1	87.7	104.1	119.4	418.3	135.9	132.5	179.5				
Add: Depreciation and amortization	235.5	233.3	233.0	234.6	936.4	232.7	232.1	230.6				
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>	<u>24.7</u>				
Adjusted EBITDA	725.4	711.2	760.0	787.5	2,984.1	789.0	796.5	832.8	72.8	10%	36.3	5%
Sales	2,560.8	2,414.5	2,470.2	2,449.4	9,894.9	2,355.8	2,271.2	2,434.4				
Adjusted EBITDA Margin	28.3%	29.5%	30.8%	32.2%	30.2%	33.5%	35.1%	34.2%			340bp	(90)bp

## (1) Non GAAP Pre-Tax Adjustments

	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316
Business restructuring/cost reduction actions	32.4	55.4	58.2	61.7	207.7	0.0	8.6	14.2
Pension Settlement Loss	0.0	12.6	1.6	7.0	21.2	0.0	2.6	1.0
Gain on previously held equity investment	(17.9)	0.0	0.0	0.0	(17.9)	0.0	0.0	0.0
Business separation costs	0.0	0.0	0.0	7.5	7.5	12.0	7.4	9.5
Gain on land sales	0.0	0.0	0.0	(33.6)	(33.6)	0.0	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>	<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>	<u>24.7</u>



# Appendix: Adjusted EBITDA by Segment

Moving forward

\$ Millions	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q316 vs PY		Q316 vs PQ	
									\$	%	\$	%
<b>Gases - Americas</b>												
Operating Income	211.2	182.0	206.5	208.7	808.4	211.8	224.2	234.5				
Add: Depreciation and amortization	103.6	103.3	103.9	106.1	416.9	108.8	109.4	111.9				
Add Equity Affiliates' Income	<u>17.2</u>	<u>15.1</u>	<u>17.3</u>	<u>15.0</u>	<u>64.6</u>	<u>14.5</u>	<u>7.7</u>	<u>15.9</u>				
Adjusted EBITDA	332.0	300.4	327.7	329.8	1,289.9	335.1	341.3	362.3	34.6	11%	21.0	6%
Adjusted EBITDA Margin	33.1%	33.7%	36.5%	36.6%	34.9%	40.1%	42.8%	43.5%		700bp		70bp
<b>Gases - EMEA</b>												
Operating Income	81.3	71.0	87.6	90.8	330.7	91.7	89.4	103.4				
Add: Depreciation and amortization	51.1	47.6	47.0	48.6	194.3	46.7	48.3	45.1				
Add Equity Affiliates' Income	<u>10.3</u>	<u>8.0</u>	<u>12.1</u>	<u>12.0</u>	<u>42.4</u>	<u>7.6</u>	<u>7.2</u>	<u>11.3</u>				
Adjusted EBITDA	142.7	126.6	146.7	151.4	567.4	146.0	144.9	159.8	13.1	9%	14.9	10%
Adjusted EBITDA Margin	28.5%	28.2%	32.2%	32.9%	30.4%	33.3%	34.5%	37.4%		520bp		290bp
<b>Gases - Asia</b>												
Operating Income	90.5	84.7	100.9	104.4	380.5	116.7	104.4	118.1				
Add: Depreciation and amortization	49.6	50.3	51.9	51.1	202.9	51.7	48.5	49.2				
Add Equity Affiliates' Income	<u>14.6</u>	<u>9.4</u>	<u>12.7</u>	<u>9.4</u>	<u>46.1</u>	<u>11.7</u>	<u>17.4</u>	<u>14.8</u>				
Adjusted EBITDA	154.7	144.4	165.5	164.9	629.5	180.1	170.3	182.1	16.6	10%	11.8	7%
Adjusted EBITDA Margin	38.8%	36.7%	39.6%	38.5%	38.4%	43.6%	41.9%	40.7%		110bp		(120)bp
<b>Gases - Global</b>												
Operating Income	(17.9)	(7.9)	(24.1)	(1.7)	(51.6)	(19.3)	(10.9)	(13.9)				
Add: Depreciation and amortization	4.3	5.5	4.2	2.5	16.5	2.1	1.8	2.0				
Add Equity Affiliates' Income	<u>0.4</u>	<u>(0.2)</u>	<u>0.0</u>	<u>(1.0)</u>	<u>(0.8)</u>	<u>(0.5)</u>	<u>0.0</u>	<u>(0.1)</u>				
Adjusted EBITDA	(13.2)	(2.6)	(19.9)	(0.2)	(35.9)	(17.7)	(9.1)	(12.0)	7.9		(2.9)	
<b>Materials Technologies</b>												
Operating Income	104.6	124.2	131.5	116.4	476.7	127.2	129.3	135.2				
Add: Depreciation and amortization	24.0	23.3	22.7	22.8	92.8	19.6	20.0	18.6				
Add Equity Affiliates' Income	<u>0.6</u>	<u>0.7</u>	<u>0.3</u>	<u>0.6</u>	<u>2.2</u>	<u>0.4</u>	<u>0.2</u>	<u>0.5</u>				
Adjusted EBITDA	129.2	148.2	154.5	139.8	571.7	147.2	149.5	154.3	(0.2)	(0%)	4.8	3%
Adjusted EBITDA Margin	24.7%	27.8%	28.6%	28.5%	27.4%	30.0%	30.2%	29.7%		110bp		(50)bp
<b>Corporate/Other</b>												
Operating Income	(22.9)	(9.1)	(17.8)	(1.7)	(51.5)	(5.5)	(4.5)	(17.5)				
Add: Depreciation and amortization	2.9	3.3	3.3	3.5	13.0	3.8	4.1	3.8				
Add Equity Affiliates' Income	<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>0.0</u>				
Adjusted EBITDA	(20.0)	(5.8)	(14.5)	1.8	(38.5)	(1.7)	(0.4)	(13.7)	0.8		(13.3)	

# Materials Technologies

## Electronic Materials and Performance Materials EBITDA

Moving forward 

<b>\$ Millions</b>	<b>Q315</b>	<b>Q316</b>	<b>Fav/(Unfav) vs. Q3 FY15</b>
<b><u>Electronic Materials</u></b>			
Operating Income	76.9	72.7	(5.5%)
Add: Depreciation and amortization	15.4	13.0	
Add Equity Affiliates' Income	<u>0.0</u>	<u>0.0</u>	
Adjusted EBITDA	92.3	85.7	(7%)
Sales	263.0	242.7	(8%)
Adjusted EBITDA Margin	35.1%	35.3%	20bp
Op Margin	29.2%	30.0%	80bp
<b><u>Performance Materials</u></b>			
Operating Income	57.8	63.0	9%
Add: Depreciation and amortization	7.3	5.6	
Add Equity Affiliates' Income	<u>0.3</u>	<u>0.5</u>	
Adjusted EBITDA	65.4	69.1	5.7%
Sales	276.8	277.3	0%
Adjusted EBITDA Margin	23.6%	24.9%	130bp
Op Margin	20.9%	22.7%	180bp

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

# Appendix: Adjusted EBITDA Versum Materials

\$ Millions

	Quarter Ended				Jun16
	<u>Sep15</u>	<u>Dec15</u>	<u>Mar16</u>	<u>Jun16</u>	<u>LTM</u>
<b><u>Versum Materials</u></b>					
GAAP Operating Income	63.0	83.3	70.3	72.7	289.3
Add: Depreciation and amortization	15.9	12.7	12.5	13.0	54.1
Add: Equity Affiliates' Income	<u>0.3</u>	<u>0.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.5</u>
Adjusted EBITDA	79.2	96.2	82.8	85.7	343.9
Sales	232.5	245.4	233.5	242.7	954.1
Adjusted EBITDA Margin	34.1%	39.2%	35.5%	35.3%	36.0%
Operating Margin	27.1%	33.9%	30.1%	30.0%	30.3%

# Appendix: ROCE

\$ Millions Quarter Ended	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	Q316
<b>Numerator</b>											
Operating Income Reported		387.8	416.6	146.6	432.3	376.9	424.8	474.3	510.6	513.3	535.1
Equity Affiliate Income		30.4	43.1	39.7	43.1	33.0	42.4	36.0	33.7	32.5	42.4
Earnings before tax as reported		418.2	459.7	186.3	475.4	409.9	467.2	510.3	544.3	545.8	577.5
Cost Reduction / Restructuring Charge		0.0	0.0	12.7	32.4	55.4	58.2	61.7	0.0	8.6	14.2
Gain on previously held equity interest		0.0	0.0	0.0	(17.9)	0.0	0.0	0.0	0.0	0.0	0.0
Pension Settlement Losses		0.0	0.0	5.5	0.0	12.6	1.6	7.0	0.0	2.6	1.0
Goodwill and intangible impairment		0.0	0.0	310.1	0.0	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	9.5
Gain on land sales		0.0	0.0	0.0	0.0	0.0	0.0	(33.6)	0.0	0.0	0.0
Earnings before tax ex items		418.2	459.7	514.6	489.9	477.9	527.0	552.9	556.3	564.4	602.2
Effective tax rate as reported		24.0%	24.0%	49.7%	24.0%	22.7%	23.7%	25.4%	26.0%	25.5%	33.1%
Earnings after tax as reported		317.8	349.4	93.7	361.3	316.9	356.5	380.7	402.8	406.6	386.3
Effective tax rate ex items		24.0%	24.0%	24.1%	24.1%	24.1%	24.9%	23.8%	25.4%	24.8%	24.7%
Earnings after tax ex items		317.8	349.4	390.6	371.8	362.7	395.8	421.3	415.0	424.4	453.5
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	1,576.4
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	1,714.2
<b>Denominator</b>											
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	5,683.7
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	7,045.4
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	134.8
Less Disc Ops Assets	(362.5)	(411.9)	(475.3)	(591.4)	(688.6)	(724.3)	(845.1)	(893.6)	(938.2)	(20.4)	(18.8)
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	12,845.1
2 Qtr Average Capital (denominator)					13,264.1	13,077.3	12,994.8	12,696.9	12,372.6	12,614.7	12,847.9
5 Qtr Average Capital (denominator)					13,520.0	13,395.0	13,275.2	12,976.8	12,785.4	12,717.1	12,693.6
ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital)					8.3%	8.4%	8.5%	10.9%	11.4%	12.2%	12.4%
ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital)					10.6%	11.0%	11.5%	12.0%	12.5%	13.0%	13.5%
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%	14.1%

# 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>Q316</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	542.5
Tax Expense	93.0	103.0	78.1	107.1	87.7	104.1	119.4	135.9	132.5	179.5
<b>Tax Rate Reported</b>	<b>24.0%</b>	<b>24.0%</b>	<b>49.7%</b>	<b>24.0%</b>	<b>22.7%</b>	<b>23.7%</b>	<b>25.4%</b>	<b>26.0%</b>	<b>25.5%</b>	<b>33.1%</b>
<u>ITEMS</u>										
<u>Operating Income</u>										
Cost Reduction / Restructuring Charges			12.7	32.4	55.4	58.2	61.7		8.6	14.2
Pension Settlement Loss			5.5		12.6	1.6	7.0		2.6	1.0
Gain on previously held equity interest				(17.9)						
Goodwill and intangible impairment			310.1							
Business separation costs							7.5	12.0	7.4	9.5
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	4.9
Pension Settlement Loss			1.9		4.7	0.6	2.2		1.0	0.4
Gain on previously held equity interest				(6.7)						
Goodwill and intangible impairment			1.3							
Business separation costs									(1.5)	(44.7)
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	567.2
Tax Expense	93.0	103.0	116.8	111.1	109.6	124.1	125.9	135.9	133.5	140.1
<b>Tax Rate ex Items</b>	<b>24.0%</b>	<b>24.0%</b>	<b>24.1%</b>	<b>24.1%</b>	<b>24.1%</b>	<b>24.9%</b>	<b>23.8%</b>	<b>25.4%</b>	<b>24.8%</b>	<b>24.7%</b>

# Appendix: EPS Guidance

## EPS Guidance

<u>Q416 Guidance vs PY</u>	<u>Diluted EPS (1)</u>
Q415 GAAP	\$1.59
Business restructuring charge	\$0.25
Pension settlement loss	\$0.02
Business separation costs	\$0.03
Gain on land sales	(\$0.13)
Loss on early retirement of debt	<u>\$0.07</u>
Q415 Non GAAP	<u>\$1.83</u>
Q416 Guidance (2)	<u>\$1.91-\$2.01</u>
% Change	4%-10%

## Full Fiscal Year 2016 Guidance

FY15 GAAP	\$5.91
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>\$6.60</u>
FY16 Guidance (2)	<u>\$7.45-\$7.55</u>
% Change	13%-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  
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