

Moving forward



Create Shareholder Value

Materials Technologies Update

May 6 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 regarding the expected timetable for completing the sale of PMD to Evonik, benefits and synergies of the proposed transaction, future opportunities for the combined company and products, future financial performance and any other statements regarding the Company’s and Evonik’s future expectations, beliefs, plans, objectives, financial conditions, or performance that are not historical facts; statements about the Company’s plans for completion of the EMD spin-off, the expected benefits of the spin-off, the tax free nature of the spin-off, the prospects for the independent companies following the spin-off and the timing of the transaction. These forward-looking statements are based on management’s reasonable expectations and assumptions as of the date of this release. Actual results may differ materially from the expectations expressed in the forward-looking statements because of many factors not anticipated by management, including, without limitation, additional timing required to consummate the proposed sale of PMD; inability to satisfy the conditions to closing of the proposed sale of PMD; the risk that a regulatory approval that may be required for the proposed sale of PMD is not obtained or is obtained subject to conditions that are not anticipated or other events that prevent the closing of the proposed transaction from occurring; the ultimate timing, outcome and results of integrating the operations of Air Products’ and Evonik’s Performance Materials divisions; the effects of the business combination, including the combined company’s future financial condition, results of operations, strategy and plans; expected synergies and other benefits from the proposed transaction and the ability of Evonik to realize such synergies and other benefits; the Company’s ability to obtain regulatory approvals necessary to effect the spin-off of EMD, our ability to fully realize the anticipated benefits of the spin-off, negative effects of the announcement or the consummation of the proposed spin-off on the market price of the Company’s common stock, significant transaction costs and or unknown liabilities, general economic and business conditions that affect the companies in connection with the proposed spin-off, changes in capital market conditions, future opportunities that the Company’s board may determine present greater potential to increase shareholder value than spin-off, the ability of our companies to operate independently following the spin-off; the impact of credit rating agencies or tax authority actions or other factors on the cash proceeds the Company expects to derive from the transactions; 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 document to reflect any change in assumptions, beliefs or expectations or any change in events, conditions, or circumstances upon which any such forward-looking statements are based.



Air Products is announcing:

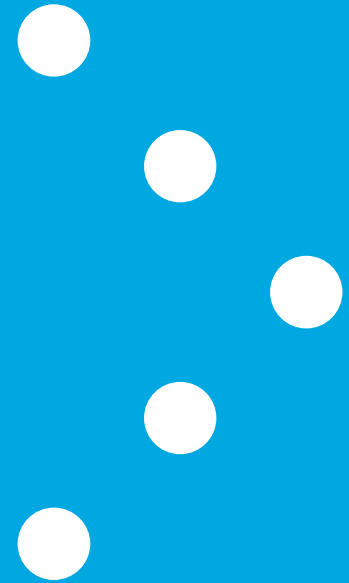
- An agreement to **sell** our **Performance Materials Division** (PMD) to Evonik for \$3.8 billion in cash
and
- Our current intention to **separate** our **Electronic Materials Division** (EMD) through a **tax-free spin-off** to our shareholders as Versum Materials



Actions consistent with Management Philosophy & Strategic 5-Point Plan

- Focus on the Core
 - Consistent with Strategic 5-Point Plan shared in Sept 2014
 - Taking actions on non-core businesses
 - A strategic decision – allows the industrial gases and materials businesses to leverage their respective critical competencies and enhance competitive positions
- Create Shareholder Value
 - Certainty of value creation through sale of PMD
 - Spin-off of Versum Materials (EMD) provides ownership in a new leading, focused public company
 - Significant capital deployment capability for Air Products to invest in core Industrial Gases business

Sale of PMD to Evonik



Sale of PMD to Evonik

- Sale price of \$3.8 billion in cash
- Expected to close by the end of 2016, subject to regulatory approvals and customary closing conditions
- PMD operational facilities, supplier contracts, labs, contracts, customers, employees and certain legal entities associated with the PMD business would transfer to Evonik upon close
 - Evonik intends to continue to run the PMD business from the Allentown, PA area
- PMD
 - \$1,040 million sales*
 - \$241 million adjusted EBITDA*
- Transaction multiples
 - 3.7x sales
 - 15.8x adjusted EBITDA

*Trailing 12 months as of March 31 2016. As reported for MT segment within Air Products, no allocated corporate costs. FY15 Adjusted EBITDA for PMD was \$244 million. See appendix for non-GAAP reconciliation.



Performance Materials Division

Technology and innovation expanding product performance boundaries

SBU



Epoxy Curing Agents

Key Products

- Curing Agents
- Accelerators and Catalysts
- Adhesive Promoters

Key End-Markets

- Marine and Protective High Performance Coatings
- Construction
- Composites
- Structural Adhesives

40%



Polyurethane Additives

- Catalysts: Amine, Metal, Low/Non-Emissive
- Surfactants
- Curatives

- Construction
- Consumer Foams
- Automotive
- Adhesives

32%



Specialty Additives

- Surfactants
- Wetting Agents
- Dispersants
- Defoamers

- Coatings
- Inks
- Industrial Cleaning
- Chemical Processes

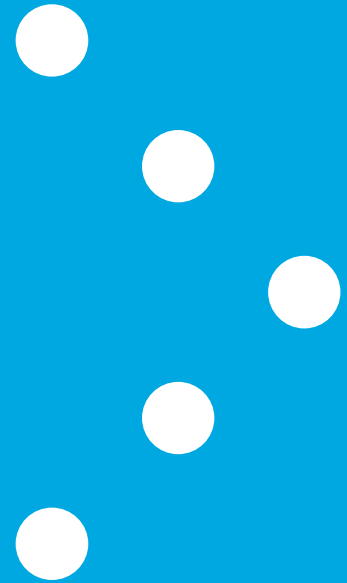
28%

% based on FY15 sales



- One of the world's leading specialty chemicals companies
 - FY2015: Sales of €13 billion, Adjusted EBITDA of €2.5 billion, Adjusted EBITDA Margin of 18.2%
 - Over 35,000 employees, production plants in 24 countries, strong position in Europe
 - Headquarters in Essen, Germany
 - Listed on Frankfurt Stock Exchange (EVK)
 - Market leader with leading positions in 80% of its businesses.
 - Innovative strength with ~500 R&D projects and more than 25,000 patents and pending patents.
- PMD excellent fit for existing business of Evonik with Specialty & Coating Additives. Targets similar, attractive markets with complementary product offerings.
- Organizational structure with three independent operational segments (Nutrition & Care, Resource Efficiency and Performance Materials) allowing for smooth incorporation of PMD

Spin-Off of EMD as Versum Materials



Intention to Spin-Off EMD as Versum Materials

- Separation of EMD from the rest of Air Products is on track and expected by September 2016
- Spin-off of shares of Versum Materials to our shareholders is subject to;
 - Typical regulatory approvals
 - Approval by Air Products' Board, who will consider the debt and equity markets, among other factors
- Leadership of Versum Materials
 - Guillermo Novo will be CEO, he is currently EVP of Air Products, responsible for Materials Technologies
 - Seifi Ghasemi will be non-executive Chairman, while maintaining his current roles as Chairman, President and CEO of Air Products

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



ELECTRONIC MATERIALS

A PORTFOLIO OF WORLD CLASS BUSINESSES

Sales:*	\$974
Adj. EBITDA:*	\$351
EBITDA Margin:	36.0%
Op Income:*	\$294
Op Margin:	30.1%

Advanced Materials
35% of sales

Process Materials
39% of sales

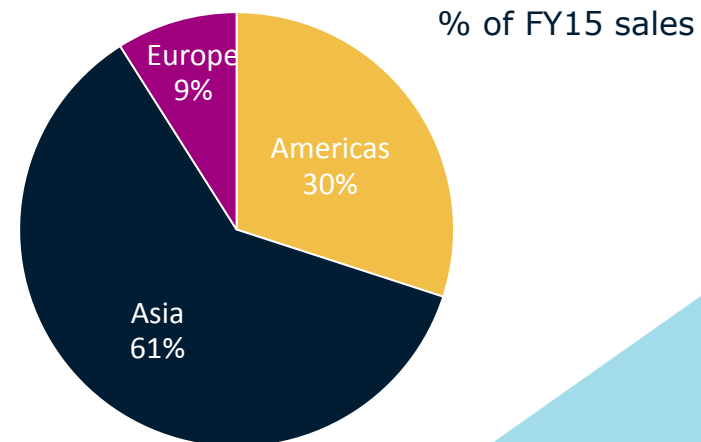
Delivery Systems
26% of sales

Solid growth

High margins

Low capital intensity

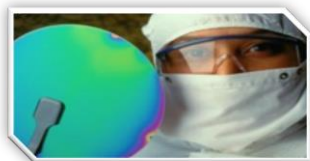
Strong free cash flow



ELECTRONIC MATERIALS DIVISION

INCREASED FOCUS ON TECHNOLOGY DRIVEN ADVANCED MATERIALS

SBU



Advanced Materials



Process Materials



Delivery Systems & Services

Key Products

- Advanced Deposition Materials for Thin Films
- CMP Slurries and Post CMP Cleans
- Formulated Products for Surface Prep & Clean

- Process Gases for:
 - Deposition
 - Clean & Etch
 - Doping
 - Lasers

- Equipment for:
 - Specialty Gases
 - Chemicals
 - CMP Slurries

- Materials Management Services

Key End-Markets

- Semiconductors
- Advanced Packaging

- Semiconductors
- Display
- LED
- Others

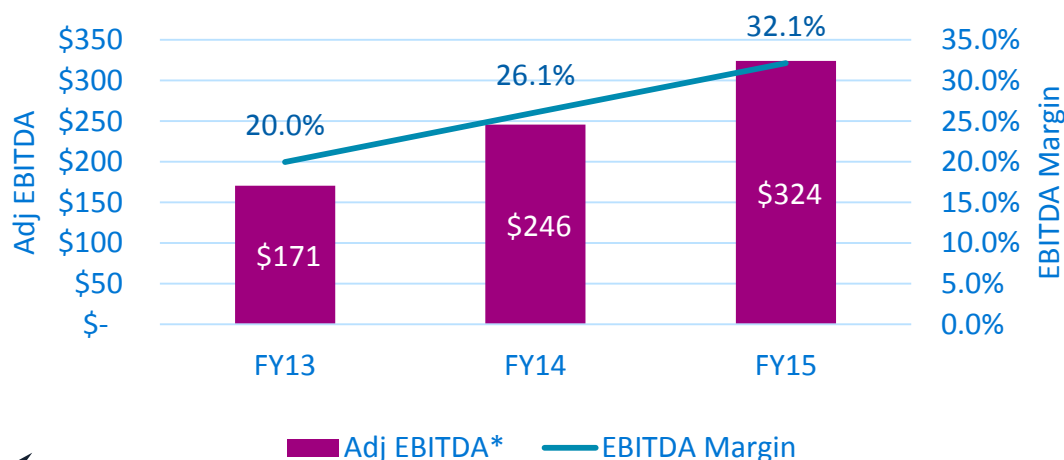
- Semiconductor
- Display



Electronic Materials

FY15 improvement driven by improved pricing/mix,
higher volumes and lower costs offsetting unfavorable currency

EM	FY13	FY14	FY15
Sales	\$ 853	\$ 943	\$ 1,009
Adj Operating Income*	\$ 106	\$ 185	\$ 266
Op Margin	12.5%	19.6%	26.3%
Adj EBITDA*	\$ 171	\$ 246	\$ 324
EBITDA Margin	20.0%	26.1%	32.1%
Total Assets	\$ 1,010	\$ 990	\$ 860
OI / Assets	10.5%	18.7%	30.9%



FINANCIAL OVERVIEW

SETUP FOR SUCCESS

- **Strong financial profile with attractive and sustainable margins**
 - Technology & Innovation Leadership delivering tailored solutions to niche markets
 - Strategically located global manufacturing footprint and infrastructure
 - Opportunity to optimize cost structure to “Specialty Materials” company
- **Solid balance sheet**
 - Targeting a BB/Ba rating, expect to lever at 3.5-4x
 - Limited environmental and pension liabilities
 - No material off balance-sheet liabilities
- **Significant cash flow generation**
 - Class leading EBITDA margins
 - Low capital intensity
- **Future growth through innovation and cash accretive bolt-on M&A**
 - Customer centric new product development
 - Opportunities for expansion geographically and in product adjacencies

SIGNIFICANT CASH GENERATION

(\$ million)	
Adj EBITDA	\$351
Est. Interest	\$75
Est. Cash Taxes	\$50
Est. Maintenance Capex	<u>\$20</u>
Est. Distributable Cash Flow	~\$205
Est. Growth Capex	\$15
Est. Free Cash Flow (before dividend)	~\$190

Notes:

- Adj EBITDA = March 31 2016 TTM for EMD as reported within MT, no allocated corporate costs – see appendix for reconciliation
- Est. Interest = assumes \$1.25 billion debt at 6%

BEST IN CLASS ELECTRONIC MATERIALS COMPANY



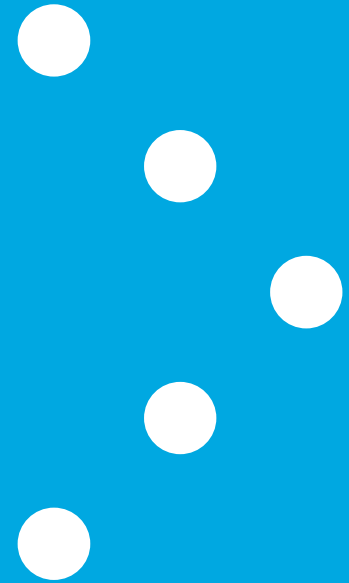
Solid growth

High margins

Low capital intensity

Strong free cash flow

APD Shareholder Value





Actions are expected to create additional capital capacity of ~\$2.8 billion for APD

	Sale of PMD	Spin of EMD
Sale price of PMD	\$3.8 billion	
Gross proceeds from Versum spin-off		~\$1.25 billion
<u>Expected tax</u>	<u>~\$1 billion</u>	<u>\$0 billion</u>
After tax proceeds	~\$2.8 billion	~\$1.25 billion
<u>Debt pay down</u>	<u>~\$0.5 billion</u>	<u>~\$0.7 billion</u>
Net Capacity	~\$2.3 billion	~\$0.5 billion

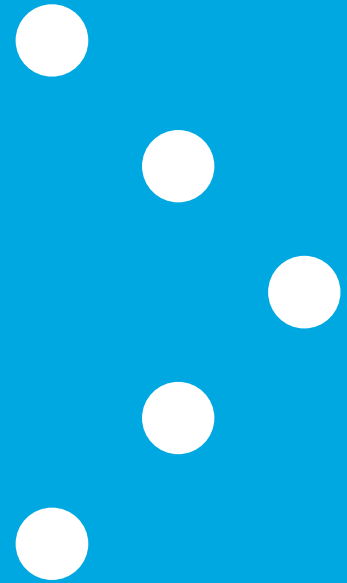
- Air Products expects to pay down debt to maintain its current targeted A/A2 rating, debt pay down assumed at 2xEBITDA



Maximizing shareholder value

- Air Products will be the safest and the most profitable industrial gas company in the world, providing excellent service to our customers
 - Certainty of cash from PMD sale
 - Enhances Air Products' ability to invest in and grow its core Industrial Gases business
- Ownership in Versum Materials
 - Will be the materials partner of choice for the semiconductor industry, providing low cost/high value in use products for next generation chips used in mobile devices, Internet of Things, and PCs
- Both Air Products and Versum Materials will be well-capitalized with financial flexibility to pursue respective growth strategies

Appendix Slides



Adjusted EBITDA – LTM ending March 2016

\$ Millions

	<u>FY15</u>	<u>Quarter Ended</u>				<u>Mar16</u>
		<u>Jun15</u>	<u>Sep15</u>	<u>Dec15</u>	<u>Mar16</u>	<u>LTM</u>
<u>Materials Technologies Segment</u>						
Performance Materials	213.9	57.8	50.2	44.1	59.5	211.6
Electronic Materials	265.8	76.9	63.1	83.3	70.3	293.6
Non Divisional	<u>(3.0)</u>	<u>(3.2)</u>	<u>3.1</u>	<u>(0.2)</u>	<u>(0.5)</u>	<u>(0.8)</u>
GAAP Operating Income	476.7	131.5	116.4	127.2	129.3	504.4
Add: Depreciation and amortization	92.8	22.7	22.8	19.6	20.0	85.1
Add: Equity Affiliates' Income	<u>2.2</u>	<u>0.3</u>	<u>0.6</u>	<u>0.4</u>	<u>0.2</u>	<u>1.5</u>
Adjusted EBITDA	571.7	154.5	139.8	147.2	149.5	591.0
<u>Performance Materials</u>						
GAAP Operating Income	213.9	57.8	50.3	44.1	59.5	211.7
Add: Depreciation and amortization	29.0	7.3	6.9	6.9	7.5	28.6
Add: Equity Affiliates' Income	<u>1.2</u>	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>	<u>0.2</u>	<u>1.0</u>
Adjusted EBITDA	244.1	65.4	57.5	51.2	67.2	241.3
Sales	1,077.7	276.8	257.5	244.6	260.8	1,039.7
<u>Electronic Materials</u>						
GAAP Operating Income	265.8	76.9	63.0	83.3	70.3	293.5
Add: Depreciation and amortization	63.8	15.4	15.9	12.7	12.5	56.5
Add: Equity Affiliates' Income	<u>1.0</u>	<u>0.0</u>	<u>0.3</u>	<u>0.2</u>	<u>0.0</u>	<u>0.5</u>
Adjusted EBITDA	330.6	92.3	79.2	96.2	82.8	350.5
Sales	1,009.4	263.0	232.5	245.4	233.5	974.4
Operating Margin	26.3%	29.2%	27.1%	33.9%	30.1%	30.1%
Adjusted EBITDA Margin	32.8%	35.1%	34.1%	39.2%	35.5%	36.0%



Electronic Materials Segment Adjusted EBITDA – from Form 10

\$MM

<u>Adjusted EBITDA</u>	<u>Electronic Materials Segment</u>		
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
GAAP Operating Income	106.3	184.7	265.8
Add: Depreciation and amortization	62.2	59.3	57.5
Add Equity Affiliates' Income	<u>2.0</u>	<u>1.7</u>	<u>1.0</u>
Adjusted EBITDA	170.5	245.7	324.3
Sales	852.8	942.5	1,009.3
Operating Margin	12.5%	19.6%	26.3%
Adjusted EBITDA Margin	20.0%	26.1%	32.1%

Moving forward



Thank you
tell me more

