Creating Shareholder Value

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Air Products At A Glance
Air Products Today

$8.9 billion in FY18 sales

~16,000 employees

50+ countries

~$50B market cap

7+ decades in business

170,000+ customers

1800 miles of industrial gas pipeline

750+ production facilities

30+ industries served
APD Global Presence
FY18 Sales = $8.9 billion

- U.S./Canada: 38%
- Latin America: 5%
- Europe, ME & Africa: 29%
- China: 18%
- Asia Ex China: 10%

Europe, ME & Africa includes India
APD Supply Modes
FY18 Sales = $8.9 billion

- **On-site/Pipeline**
  - 15-20+ year contracts
  - Limited volume risk
  - No energy/raw materials risks

- **HyCO 26%**

- **ASU 26%**

- **Liquid Bulk**
  - 3-5 year contracts
  - Local supply chain

- **Packaged Gas**
  - Short-term contracts
  - Local supply chain

- **Equipment & Services**
  - Sale of equipment
  - PO based
EBITDA Margin Trend

Non-GAAP measures, see appendix for reconciliation and pro forma adjustments
Air Products EPS

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

- >$1B/year of dividend to the shareholders in 2019
- 37 years of increasing dividend

* Based on annualized quarterly dividend declared in 1st quarter
## Cash Flow Focus

<table>
<thead>
<tr>
<th>($ million)</th>
<th>Q3FY19 LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>$3,333</td>
</tr>
<tr>
<td>Interest, net</td>
<td>(72)</td>
</tr>
<tr>
<td>Cash Tax</td>
<td>(304)</td>
</tr>
<tr>
<td>Maintenance Capex</td>
<td>(404)</td>
</tr>
<tr>
<td>Distributable Cash Flow</td>
<td>$2,553</td>
</tr>
<tr>
<td>$11.51/Share</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(980)</td>
</tr>
<tr>
<td>Investable Cash Flow</td>
<td>$1,573</td>
</tr>
</tbody>
</table>

- ~$11.50/share of Distributable Cash Flow
- Paid about 40% of Distributable Cash Flow as dividends
- ~$1.6B of Investable Cash Flow
**Capital Deployment Scorecard**  
**FY18 – FY22, as of 6/30/19**

<table>
<thead>
<tr>
<th>Available Now (6/30/19)</th>
<th></th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Capacity</td>
<td>$ 10.0</td>
<td>Assuming 3 x LTM EBITDA</td>
</tr>
<tr>
<td>Less: Net Debt</td>
<td>$  1.1</td>
<td>Debt minus cash</td>
</tr>
<tr>
<td>Additional Available Now</td>
<td>$  8.9</td>
<td></td>
</tr>
</tbody>
</table>

| Available In Future – Investable Cash Flow        | $  5.1| LTM ICF x 3.25 years                                                       |
| Already Spent – FY18 through Q3 FY19              | $  2.8| Growth CAPEX plus M&A                                                       |
| FY18 - FY22 Capacity                              | $ 16.8|                                                                             |

| Commitments                                      | $  6.7| Remaining to be spent                                                       |
| Spent + Commitments                              | $  9.5|                                                                             |

| % Spent                                          | 17%   |                                                                             |
| % Spent + Commitments                            | 56%   |                                                                             |

- Committed to manage debt balance to maintain current targeted A/A2 rating
- Total Commitment Value ~ $7.7B; Remaining to be spent ~ $6.7B
## Target Areas for Growth

<table>
<thead>
<tr>
<th>Area</th>
<th>2018 – 2022 Capital Deployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisitions</td>
<td>$1 - $1.5B</td>
</tr>
<tr>
<td>Traditional organic growth</td>
<td>$4B</td>
</tr>
<tr>
<td>Asset buyback</td>
<td>$2 - $2.5B</td>
</tr>
<tr>
<td>Gasification and syngas production</td>
<td>$8 - $9B</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15 - $17B</strong></td>
</tr>
</tbody>
</table>

**Moving forward**
Gasification Strategy
Gasification Process
A way to make syngas

Partial oxidation process to convert **coal, high sulfur liquids** or **natural gas** into **syngas** to be used in the production of chemicals, diesel fuel, high-end olefins or power.
Benefits of Gasification
A versatile and mature technology

- Gasification technology has been in use since the 1800s
  - Widely used to produce transportation fuel due to petroleum shortage in WWII

- Adaptable to various hydrocarbon feedstocks
  - Coal, petcoke, oil residue, natural gas, and others
  - Utilizes natural resources available

- Diverse applications / end products
  - Syngas for power generation and chemicals
  - $\text{H}_2$ for refineries
  - CO for chemicals

- Sustainability
  - No smog-causing particulates
  - Concentrated, capture-ready CO$_2$ stream
  - Sulfur removal allows the use of high sulfur coal

- Low incremental operating cost
  - Economical in low oil price environment
Shell & GE Gasification Technologies

Two leading technologies in the industry

• GE Gasification (formerly Texaco)
  - Nearly 300 gasifiers operating and under construction
  - Adaptable to wide range of feedstocks
  - Coal = Slurry feed

• Shell Gasification
  - Solid (Coal/Petcoke) - Air Products owns 100%
    • Coal = Dry Feed
  - Liquid (Oil Resid) - Air Products 50/50 with Shell
  - Built 170+ liquid and 30+ coal gasifiers since 1950s
  - Currently 120 gasifiers in operation (96 liquid, 24 coal)
Moving forward

Executing our gasification strategy
Energy, environmental, emerging markets

- Jazan Gasifier/Power JV
  - $8B
  - 2022

- Jazan ASUs JV
  - $2B
  - 2019

- Lu’An JV
  - $1.5B
  - 2018

- Yankuang JV
  - $3.5B
  - 2022

- Juitai
  - 100% APD
  - $0.65B
  - 2022

Large ASUs for China coal gasification

Project capital represents 100%, not APD share
Project dates represent expected onstream
Jazan Project – Saudi Arabia
Expanded scope

400,000 BBL/day refinery

Refined products to market

Crude oil

Vacuum resid

75,000 TPD

ASU
Built by Air Products
Owned by Air Products and ACWA

Gasifier
(Air Products/Shell)

Syngas

Power

3,800 MW of power

Utilities

Oxygen

Nitrogen

To Saudi power grid

400,000 BBL/day refinery

Acquired by JV for over $8B

Only major product flows shown
Management Philosophy and Strategy
Our Goal

Air Products will be the **safest, most diverse** and **most profitable** industrial gas company in the world, providing excellent service to our customers.
## Our 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.
## Five Point Plan: Moving Forward

<table>
<thead>
<tr>
<th>Sustain the lead</th>
<th>Deploy capital</th>
<th>Evolve portfolio</th>
<th>Change culture</th>
<th>Belong and Matter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safest, most diverse, and most profitable</td>
<td>Strategically invest significant available capacity</td>
<td>Grow onsite portion</td>
<td>4S</td>
<td>Inclusion</td>
</tr>
<tr>
<td>Best-in-class performance</td>
<td>Win profitable growth projects globally</td>
<td>Energy, environment and emerging markets</td>
<td>Committed and motivated</td>
<td>Enjoyable work environment</td>
</tr>
<tr>
<td>Productivity</td>
<td></td>
<td></td>
<td>Positive attitudes and open minds</td>
<td>Proud to innovate and solve challenges</td>
</tr>
</tbody>
</table>
Creating Long-term Value Through sustainability

Our products improve the environment, make our customers' processes better and fulfill societal needs.

We are focused on improving our operations to manage environmental, social and governance risks.

Our products enable customers to avoid 54 M MT CO₂, equivalent to emissions from 11 M cars, and almost double our direct and indirect CO₂ emissions.

“We share society’s concerns about the impacts of climate change on our environment. And we remain committed to sustainability and the goals we have set. Sustainability is one of our core values and is at the heart of what we do as an industrial gas company.”
Our Competitive Advantage

The only sustainable element of long-term competitive advantage is the degree of **commitment** and **motivation** of the people in the enterprise.
Thank you
tell me more