Q4 FY'11 Earnings Conference Call

October 21, 2011



Forward Looking Statement

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FY 2011 Summary

- Key Wins in High Growth Markets
  - Hydrogen – Valero, Shell, Motiva, Marathon, GC Pipeline
  - Oxygen – Wison - Nanjing, China
  - Nitrogen – Samsung – Korea; UMC – Taiwan; US customer
  - Merchant Capacity – China, US, India, Helium
  - Equity Affiliates – AHG in Saudi Arabia
- Consistent Cash Priorities – Shareholder returns
  - Strong operating cash flow
  - Dividend increased for 29th consecutive year
  - $649MM share repurchase and new $1B authorization
- Consistent Performance
  - EPS above top of original guidance range
  - Capex of $1.6B
- Sustainability
  - Carbon Disclosure Project indices
  - Dow Jones Sustainability indices

non-GAAP, see appendix for reconciliation

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FY 2011 Summary

($billions, continuing ops., ex. items)	FY11	FY10	Change vs. PY $ Δ	% Δ
Sales	$10.1	$9.0	$1.1	12%
- Volume				9%
- Price				1%
- Currency				2%
Operating Income	$1.7	$1.5	$0.2	13%
Operating Margin	16.6%	16.5%		10bp
EPS ($/share)	5.73	5.02	0.71	14%
ROCE	13.3%	12.5%		80bp

- Good volume growth and Return on Capital improvement
- Progress toward long-term financial goals

non-GAAP, see appendix for reconciliation

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Q4 Financials

($millions, Continuing Operations)	Q4 FY11	Fav/(Unfav) vs. Q4 FY10	Fav/(Unfav) vs. Q3 FY11
Sales	$2,611	11%	1%
- Volume		4%	2%
- Price		2%	-%
- Energy/RM pass-thru		1%	-%
- Currency		4%	(1%)
Operating Income	$425	6%	2%
Operating Margin	16.3%	(80bp)	10bp
Net Income	$325	11%	2%
Diluted EPS ($/share)	1.51	12%	3%
ROCE	13.5%	20bp	50bp

non-GAAP, see appendix for reconciliation.

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Q4 EPS Analysis

	Q4 FY11	Q4 FY10	Change
As-reported diluted EPS	$1.51	$1.25	
- acquisition-related exp.	-	(0.10)	
Adjusted cont. ops. EPS	$1.51	$1.35	$0.16
Volume			$0.07
Price / raw materials			0.00
Cost			(0.01)
Currency/FX			0.02
Higher equity affiliate income			0.07
Higher non-controlling interest			(0.04)
Lower tax, interest exp, fewer shares outstanding			0.05
Increase			$0.16

$0.06

non-GAAP, see appendix for reconciliation.

Merchant Gases

	Q4 FY11	Fav/(Unfav) vs. Q4 FY10	Fav/(Unfav) vs. Q3 FY11
Sales	$1,045	10%	2%
- Volume		4%	3%
- Price		1%	-%
- Currency		5%	(1%)
Operating Income	$192	4%	6%
Operating Margin	18.4%	(110bp)	70bp

- Steady volume growth driven by Asia and US/Canada
- Positive Asia and US/Canada pricing, higher Europe cost and Healthcare price pressure
- Improved operating performance drives positive sequential margin

Merchant Gases: Q4 Sales Analysis vs PY

	U.S./ Canada	Europe	Asia
Sales % change	8%	8%	30%
- Volume	5%	-%	20%
- Price	3%	-%	3%
- Currency	-	8%	7%

- Positive US/Canada volume and price
- Positive Europe liquid/bulk and packaged gas price, offset by negative Healthcare pricing
- Strong volume and price growth across the Asia region

Note: The above excludes Latin America and small on-sites sale of equipment businesses. Europe includes homecare services.

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Tonnage Gases

	Q4 FY11	Fav/(Unfav) vs. Q4 FY10	Fav/(Unfav) vs. Q3 FY11
Sales	$883	17%	2%
- Volume		11%	3%
- Energy/RM pass thru		3%	(1%)
- Currency		3%	-%
Operating Income	$152	30%	32%
Operating Margin	17.2%	160bp	400bp

- New project on-streams drive volume growth
- Improved efficiency and lower maintenance costs expand margins
- New hydrogen contracts for Shell and Motiva in US gulf coast and oxygen/nitrogen contract for Wison in China

Electronics & Performance Materials

	Q4 FY11	Fav/(Unfav) vs. Q4 FY10	Fav/(Unfav) vs. Q3 FY11
Sales	$587	12%	(3%)
- Volume		5%	(3%)
- Price		4%	-%
- Currency		3%	-%
Operating Income	$92	9%	(16%)
Operating Margin	15.6%	(50bp)	(250bp)
Electronics sales		17%	2%
Performance Materials sales		7%	(9%)

- Slowing growth in Electronics and volume declines in Performance Materials
- Margin above FY11 target of 15%

Equipment & Energy

	Q4 FY11	Fav/(Unfav) vs. Q4 FY10	Fav/(Unfav) vs. Q3 FY11
Sales	$96	(25%)	21%
Operating Income	$11.5	(43%)	34%
Sales Backlog	$334	22%	36%

- Lower results vs PY due to lower ASU and LNG activity
- Higher results vs PQ due to higher ASU sales
- Backlog higher on several new large ASU orders

FY'12 Full Year Outlook

- FY'12 overall… more uncertainty, wider range

- WW manufacturing growth
  - Global 2% - 5%
  - US 1% - 5%
  - Asia 4% - 9%
  - EU (2%) - 1%

- Silicon growth 0% - 5%

- CapEx forecast
  - ~$1.9B to $2.2B
  - +20% to 40% vs PY

- FY'11 Adjusted Diluted EPS $5.73
  - Tonnage new projects/loading
  - Merchant and E&PM loading
  - Lower E&E results
  - Pension Expense
  - Tax rate about 26%

- FY'12 EPS $5.90-$6.30
  - +3% to 10% vs PY

non-GAAP, see appendix for reconciliation
FY12 excludes any potential restructuring charges

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FQ1 2012 Outlook

FQ4 2011 EPS $1.51

- New plants on-stream
- Lower tax rate & NCI

↑ EPS

- Seasonality
- Europe cost and pricing
- Tonnage maintenance and PUI
- Equipment & Energy results
- Equity Affiliate, pension, currency

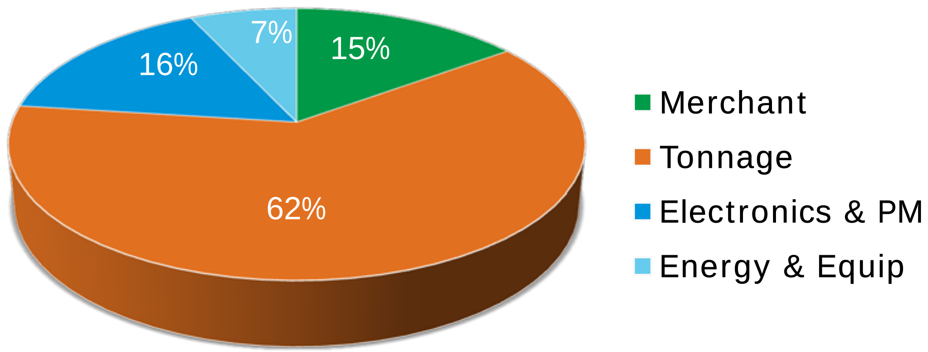
↓ EPS

FQ1 2012 EPS $1.31-$1.39

FY12 excludes any potential restructuring charges

Capital Spending Outlook

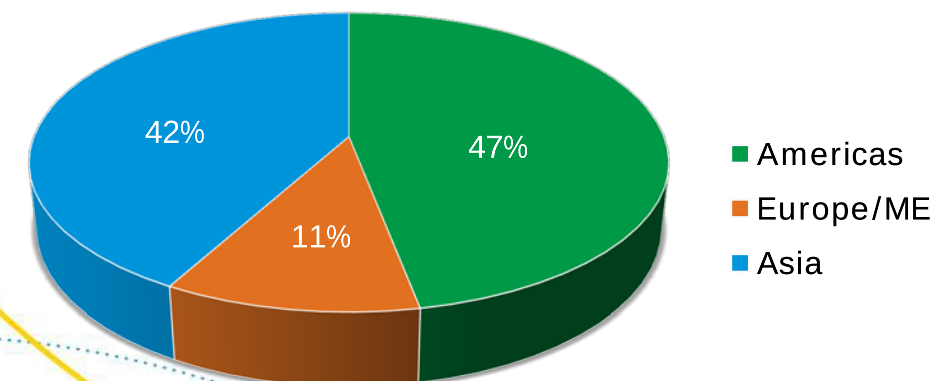
FY12 Growth CapEx by Segment



FY12 Forecast

$1.9B-$2.2B

FY12 Growth CapEx by Region



20|15 by 2015

$15+ Billion in Sales

20% Operating Margin

15% Return on Capital Employed

Appendix Slides

Major Projects

Plant	Location	Capacity	Timing
H2	Rotterdam, Netherlands	World Scale	Q1FY12
ASU	Laporte, TX	World Scale	Q1FY12
Helium	Wyoming	200 MMSCFY	Q1FY12
H2	Luling, LA	120 MMSCFD H2	Q2FY12
H2 Pipeline	Gulf Coast, US	180 miles	Q4FY12
ASU	Petrochina, Chengdu, China	World Scale	H2FY12
ASU	Samsung, Tangjeong, Korea	World Scale	H2FY12
H2	Petrochina, Chengdu, China	90 MMSCFD H2	H1FY13
H2	Marathon, Detroit	60 MMSCFD H2	FY13
ASU	PCEC, Weinan, China	8200 TPD O2	FY13
ASU	Gent, Belgium	2000 TPD O2	FY13
ASU	Wison, Nanjing, China	1500 TPD O2	FY14

Appendix:
FY2011 Sales Analysis

Change versus	FY2010
Total Consolidated	12%
Comprised of:	
• Base business growth	10%
– Volume	9%
– Price	1%
• Energy/RM pass thru	-%
• Currency	2%

Other Segment

($mm)	Q411	Q410	Q311	Q411 vs PY	Q411 vs PQ
FX G/(L)	(3.8)	3.5	(1.7)	(7.3)	(2.1)
Inventory Reval (1)	(19.4)	(3.4)		(16.0)	(19.4)
All Other	1.4	(4.3)	4.1	5.7	(2.7)
Total	(21.8)	(4.2)	2.4	(17.6)	(24.2)

(1) Inventory is stated at the lower of cost or market. Business segment inventories are valued at standard cost during the year and then revalued to actual costs calculated on a weighted average basis at 30 September. For U.S. based inventories, this change in value is offset at the corporate level ("Other" business segment) to reflect the LIFO impact as our LIFO pools are not maintained by business segment.

Appendix: Q4 and Full Year FY11 Results and Guidance

($ Millions, except per share data)

	GAAP Measure				Non GAAP Adjustments		Non GAAP Measure			
Q411 vs. Q410 - Total Co. Cont. Ops	**Q411**	**Q410**	**$ Change**	**% Change**		**Q410 (1)**	**Q411**	**Q410**	**$ Change**	**% Change**
Sales	2,611.2	2,351.2	260.0	11%			2,611.2	2,351.2	260.0	11%
Operating Income	425.3	367.0	58.3	16%		34.7	425.3	401.7	23.6	6%
Operating Margin	16.3%	15.6%		70bp			16.3%	17.1%		(80bp)
Income From Continuing Ops *	324.8	272.1	52.7	19%		21.8	324.8	293.9	30.9	11%
Diluted EPS - Continuing Ops *	$1.51	$1.25	$0.26	21%		$0.10	$1.51	$1.35	$0.16	12%
FY11 vs. FY10 - Total Co. Cont. Ops	**FY11**	**FY10**	**$ Change**	**% Change**	**FY11 (1)**	**FY10 (1)**	**FY11**	**FY10**	**$ Change**	**% Change**
Sales	10,082.0	9,026.0	1,056.0	12%			10,082.0	9,026.0	1,056.0	12%
Operating Income	1,622.2	1,389.0	233.2	17%	48.5	96.0	1,670.7	1,485.0	185.7	13%
Operating Margin	16.1%	15.4%		70bp			16.6%	16.5%		10bp
Income From Continuing Ops *	1,215.3	1,029.1	186.2	18%	31.6	60.1	1,246.9	1,089.2	157.7	14%
Diluted EPS - Continuing Ops *	$5.59	$4.74	$0.85	18%	$0.14	$0.28	$5.73	$5.02	$0.71	14%

* Attributable to Air Products

(1) Acquisition - related costs

FY12 Guidance	EPS
FY11 GAAP	$5.59
Q111 Acquisition - related costs	$0.12
Q211 Acquisition - related costs	$0.02
FY11 Non GAAP	$5.73
FY12 Guidance	$5.90-$6.30
% Change	3%-10%

Capital Expenditures	$Million
FY11 GAAP	1,408.3
Capital lease expenditures	173.5
FY11 Non GAAP	1,581.8
FY12 GAAP - guidance	1,600-1,800
Capital lease expenditures	300-400
FY12 Non GAAP - guidance	1,900-2,200

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Appendix: ROCE

$ Millions												
Quarter Ended	Q109	Q209	Q309	Q409	Q110	Q210	Q310	Q410	Q111	Q211	Q311	Q411
Numerator												
Operating Income Reported		260.4	143.8	328.0	345.0	340.6	336.4	367.0	360.6	419.5	416.8	425.3
Equity Affiliate Income		27.0	28.5	32.2	26.9	32.2	32.5	35.3	27.8	31.7	39.7	55.1
Earnings before tax as reported		287.4	172.3	360.2	371.9	372.8	368.9	402.3	388.4	451.2	456.5	480.4
Global Cost Reduction Plan		0.0	124.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension Settlement Charge		0.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customer Bankruptcy and Asset Actions		0.0	32.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition - Related Costs		0.0	0.0	0.0	0.0	23.4	37.9	34.7	43.5	5.0	0.0	0.0
Earnings before tax ex items		287.4	336.4	360.2	371.9	396.2	406.8	437.0	431.9	456.2	456.5	480.4
Effective tax rate as reported		25.8%	17.5%	26.0%	24.5%	24.7%	22.9%	25.2%	22.8%	26.1%	24.2%	24.9%
Earnings after tax as reported		213.3	142.1	266.5	280.8	280.7	284.4	300.9	299.8	333.4	346.0	360.8
Effective tax rate ex items		25.8%	25.7%	26.0%	24.5%	25.6%	24.4%	26.2%	24.4%	26.0%	24.2%	24.9%
Earnings after tax ex items		213.3	249.9	266.5	280.8	294.8	307.5	322.5	326.5	337.6	346.0	360.8
4 Qtr trailing AT earnings (numerator) - as reported					902.7	970.1	1,112.4	1,146.8	1,165.8	1,218.5	1,280.1	1,340.0
4 Qtr trailing AT Earnings (numerator) - ex items					1,010.5	1,092.0	1,149.6	1,205.6	1,251.3	1,294.1	1,332.6	1,370.9
Denominator												
Total Debt	4,169.2	4,102.4	4,145.2	4,501.5	4,418.7	4,343.4	4,188.0	4,128.3	3,992.0	4,395.9	4,497.7	4,562.2
Air Products Shareholders' Equity	4,726.1	4,638.1	4,928.3	4,791.9	5,033.9	5,265.6	5,231.4	5,546.9	5,810.0	5,825.2	6,232.2	5,795.8
Noncontrolling Interest	137.9	126.7	134.6	138.1	150.2	152.7	140.5	150.7	167.2	174.0	164.8	142.9
Total Capital	9,033.2	8,867.2	9,208.1	9,431.5	9,602.8	9,761.7	9,559.9	9,825.9	9,969.2	10,395.1	10,894.7	10,500.9
2 Qtr Average Capital (denominator)					9,517.2	9,682.3	9,660.8	9,692.9	9,897.6	10,182.2	10,644.9	10,697.8
5 Qtr Average Capital (denominator)					9,228.6	9,374.3	9,512.8	9,636.4	9,743.9	9,902.4	10,129.0	10,317.2
ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital)					9.8%	10.3%	11.7%	11.9%	12.0%	12.3%	12.6%	13.0%
ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital)					10.9%	11.6%	12.1%	12.5%	12.8%	13.1%	13.2%	13.3%
Instantaneous ROCE ex items (Qtr earnings AT x 4) / 2 pt avg capital)					11.8%	12.2%	12.7%	13.3%	13.2%	13.3%	13.0%	13.5%

Appendix: ROCE Tax rate

	Q209	Q309	Q409	Q110	Q210	Q310	Q410	Q111	Q211	Q311	Q411
Reported											
Income Before Taxes	257.4	144.8	332.3	340.3	343.3	338.9	371.5	357.4	421.8	430.0	451.8
Tax Expense	66.5	25.4	86.3	83.5	84.9	77.6	93.5	81.5	110.3	103.9	112.7
Tax Rate Reported	**25.8%**	**17.5%**	**26.0%**	**24.5%**	**24.7%**	**22.9%**	**25.2%**	**22.8%**	**26.1%**	**24.2%**	**24.9%**
ITEMS											
Operating Income											
Global Cost Reduction Plan		124.0									
Pension Settlement Charge		8.0									
Customer Bankruptcy and Asset Actions		32.1									
Acquisition - related costs					23.4	37.9	34.7	43.5	5.0		
Tax Exp											
Global Cost Reduction Plan		39.8									
Supp. Pension Plan Charge		3.0									
Customer Bankruptcy and Asset Actions		11.1									
Acquisition - related costs					8.8	14.2	12.9	16.3	0.6		
Ex Items											
Income Before Taxes	257.4	308.9	332.3	340.3	366.7	376.8	406.2	400.9	426.8	430.0	451.8
Tax Expense	66.5	79.3	86.3	83.5	93.7	91.8	106.4	97.8	110.9	103.9	112.7
Tax Rate ex Items	**25.8%**	**25.7%**	**26.0%**	**24.5%**	**25.6%**	**24.4%**	**26.2%**	**24.4%**	**26.0%**	**24.2%**	**24.9%**

Thank you…
tell me more