

Moving forward



# Create Shareholder Value

Q1 FY'16  
Earnings Conference Call

January 29, 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 intended separation of Materials Technologies, general economic and business conditions that may affect the proposed 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 – Q1

	<b>FY15</b>	<b>Q116</b>	<b>Change</b>
Employee Lost Time Injury Rate	0.20	0.26	30% Worse
Employee Recordable Injury Rate	0.49	0.57	16% Worse

# 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

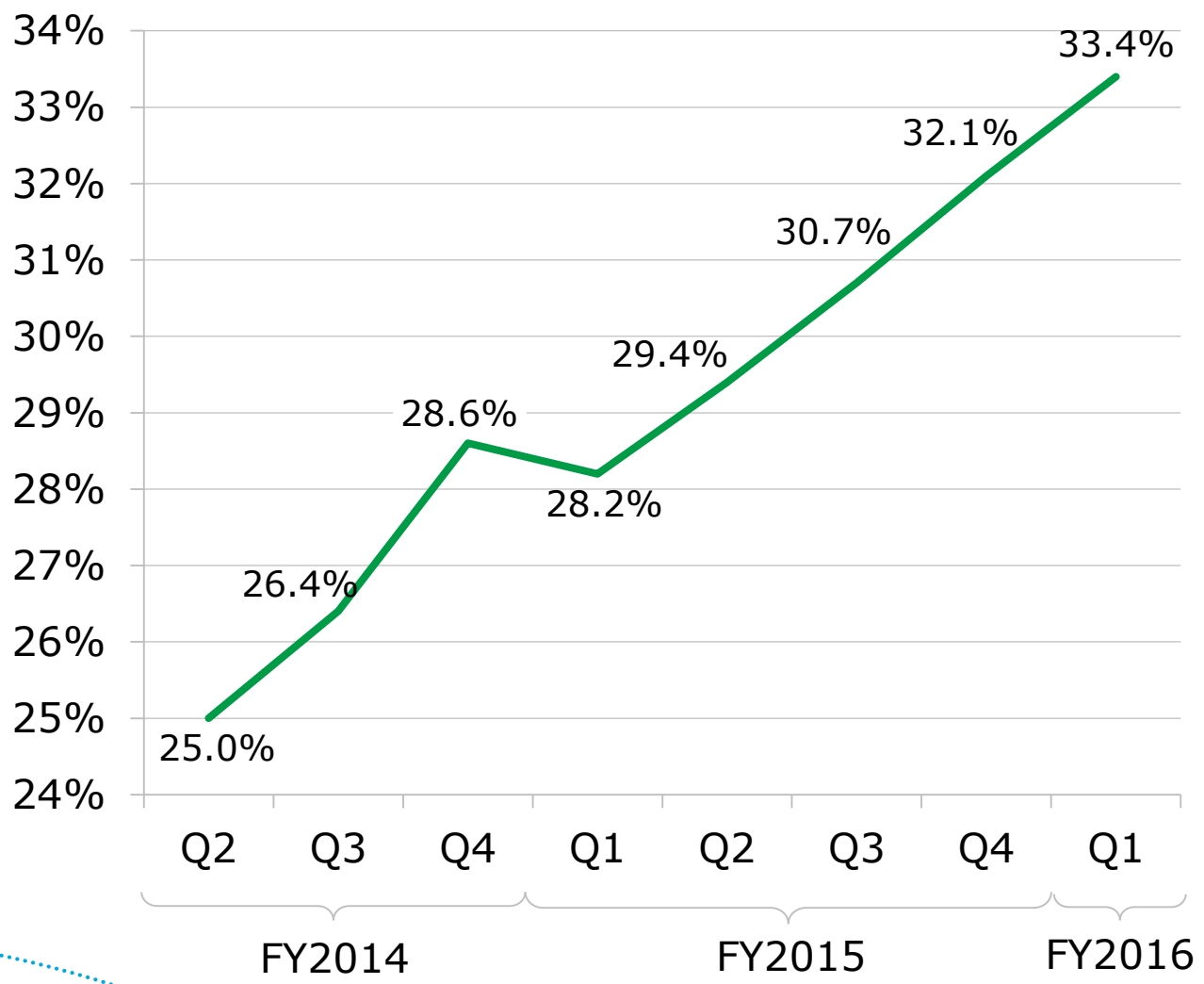
## 5 point plan summary

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	
				

# Q1 Summary

	<b>FY15 Q1</b>	<b>FY16 Q1</b>	<b>Change</b>
Sales \$millions	\$2,561	\$2,356	(8%)
EBITDA \$millions	\$723	\$786	+9%
EBITDA % margin	28.2%	33.4%	+520bp
Free Cash Flow \$millions	\$(34)	\$165	\$199
EPS \$/share	\$1.55	\$1.78	+15%
ROCE	10.1%	11.7%	+160bp

# EBITDA Margin Trend



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



# Q1 Results

(\$ million)	Q1 FY16	Fav/(Unfav) vs.	
		Q1 FY15	Q4 FY15
Sales	\$2,356	(8%)	(4%)
- Volume		1%	(1%)
- Price		1%	-%
- Energy/Raw Mat'l pass-thru		(5%)	(2%)
- Currency		(5%)	(1%)
EBITDA	\$786	9%	0%
- <i>EBITDA Margin</i>	<i>33.4%</i>	<i>520bp</i>	<i>130bp</i>
Operating Income	\$519	17%	1%
- <i>Operating Margin</i>	<i>22.0%</i>	<i>460bp</i>	<i>100bp</i>
Net Income	\$387	15%	(3%)
Diluted EPS (\$/share)	\$1.78	15%	(2%)
ROCE	11.7%	160bp	40bp

- Operating Margin up 400bp vs PY excluding the impact of lower energy pass-thru

# Q1 Cash Flow Focus

(\$ million)	Q1 FY15	Q1 FY16	Change
EBITDA	\$723	\$786	\$63
Interest	(29)	(22)	7
Cash Tax	(63)	(67)	(4)
Maintenance Capex	<u>(83)</u>	<u>(61)</u>	<u>22</u>
<b>Distributable Cash Flow</b>	<b>\$548</b>	<b>\$636</b>	<b>\$88</b>
Growth Capex	(418)	(297)	121
Dividends	<u>(164)</u>	<u>(174)</u>	<u>(10)</u>
<b>Free Cash Flow</b>	<b>(\$34)</b>	<b>\$165</b>	<b>\$199</b>

- Significant increase in Free Cash Flow driven by higher EBITDA and reduced growth capex

# Q1 EPS Analysis

	<b>Q1 FY15</b>	<b>Q1 FY16</b>	<b>Change</b>	
As reported cont ops EPS	\$1.50	\$1.67		
less non-GAAP items	<u>(0.05)</u>	<u>(0.11)</u>		
Non-GAAP cont ops EPS	<u>\$1.55</u>	<u>\$1.78</u>	\$0.23	
Volume			0.02	} \$0.34
Price / raw materials			0.14	
Cost			0.18	
Currency/FX			(0.08)	
Lower equity affiliate income			(0.03)	} (0.03)
Lower interest expense			0.02	
Higher tax rate			(0.03)	
Lower non-controlling interest			0.02	
Higher shares outstanding			<u>(0.01)</u>	
Change			<u>\$0.23</u>	

# Gases Americas

	Q1 FY16	Fav/(Unfav) vs.	
		Q1 FY15	Q4 FY15
Sales	\$836	(17%)	(7%)
- Volume		(3%)	(2%)
- Price		2%	-%
- Energy/Raw Mat'l pass-thru		(12%)	(5%)
- Currency		(4%)	-%
EBITDA	\$335	1%	2%
- EBITDA Margin	40.1%	700bp	350bp
Operating Income	\$212	-%	1%
- Operating Margin	25.3%	420bp	220bp

- Weaker volumes in Latin America, steel and OFS
- Hydrogen demand and refinery operating rates remain high
- Pricing, restructuring benefits, and lower maintenance drive Operating Margin up 210bp vs PY excluding the impact of lower energy pass-thru

# Gases EMEA

	Q1 FY16	Fav/(Unfav) vs.	
		Q1 FY15	Q4 FY15
Sales	\$438	(12%)	(5%)
- Volume		(1%)	(2%)
- Price		1%	-%
- Energy/Raw Mat'l pass-thru		(2%)	(1%)
- Currency		(10%)	(2%)
EBITDA	\$146	2%	(4%)
- <i>EBITDA Margin</i>	<i>33.3%</i>	<i>480bp</i>	<i>40bp</i>
Operating Income	\$92	13%	1%
- <i>Operating Margin</i>	<i>20.9%</i>	<i>470bp</i>	<i>120bp</i>

- Restructuring benefits drive another record margin quarter
- Continued positive price in a difficult economy
- Operating Income up 22% on constant currency basis

# Gases Asia

	Q1 FY16	Fav/(Unfav) vs.	
		Q1 FY15	Q4 FY15
Sales	\$413	4%	(4%)
- Volume		11%	(3%)
- Price		(2%)	-%
- Energy/Raw Mat'l pass-thru		1%	-%
- Currency		(6%)	(1%)
EBITDA	\$180	16%	9%
- EBITDA Margin	43.6%	480bp	510bp
Operating Income	\$117	29%	12%
- Operating Margin	28.2%	550bp	380bp

- Strong volume and profit growth from new plants and base business growth
- China coal gasification operating rates and oxygen demand remain high
- Continued industry liquid over capacity in China

# Materials Technologies

	Q1 FY16	Fav/(Unfav) vs.	
		Q1 FY15	Q4 FY15
Sales	\$490	(6%)	-%
- Volume		(6%)	-%
- Price		2%	-%
- Currency		(2%)	(-%)
EBITDA	\$147	14%	5%
- EBITDA Margin	30.0%	530bp	150bp
Operating Income	\$127	22%	9%
- Operating Margin	26.0%	600bp	220bp

- Volumes impacted by lower Delivery Systems activity in Electronics and weaker global economic demand
- Price/raw materials management, mix and cost reduction actions driving profit improvement
- Record quarterly EBITDA and Operating Margins

# Materials Technologies Electronic Materials

	<b>Q1 FY16</b>	<b>Fav/(Unfav) vs. Q1 FY15</b>
Sales	\$245	(4%)
- Volume		(9%)
- Price		7%
- Currency		(2%)
EBITDA	\$96	27%
- <i>EBITDA Margin</i>	39.2%	960bp
Operating Income	\$83	43%
- <i>Operating Margin</i>	33.9%	1110bp

- Volumes flat ex-Delivery Systems
- Advanced Materials volumes remain strong
- Cost reduction actions and pricing/mix driving margin expansion

Note that this slide is provided for informational purposes only and does not represent an Air Products reportable segment



# Materials Technologies Performance Materials

	Q1 FY16	Fav/(Unfav) vs. Q1 FY15
Sales	\$245	(9%)
- Volume		(4%)
- Price		(2%)
- Currency		(3%)
EBITDA	\$51	(7%)
- EBITDA Margin	20.9%	50bp
Operating Income	\$44	(7%)
- Operating Margin	18.0%	30bp

- Epoxy & Additives volumes lower on weak global economic demand
- Positive margin in the face of price/raw material deflation
- Cost reduction actions

Note that this slide is provided for informational purposes only and does not represent an Air Products reportable segment

# Versum Materials

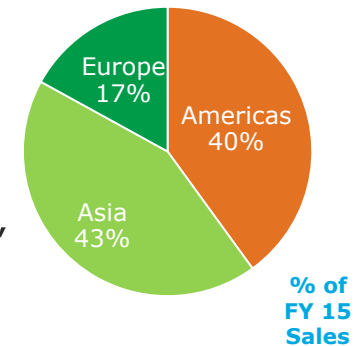
A portfolio of world class businesses

Sales:*	\$2,053
Adj. EBITDA:*	\$590
EBITDA Margin:	28.7%
Op Income:*	\$499
Op Margin:	24.3%

Performance Materials Division (PMD)

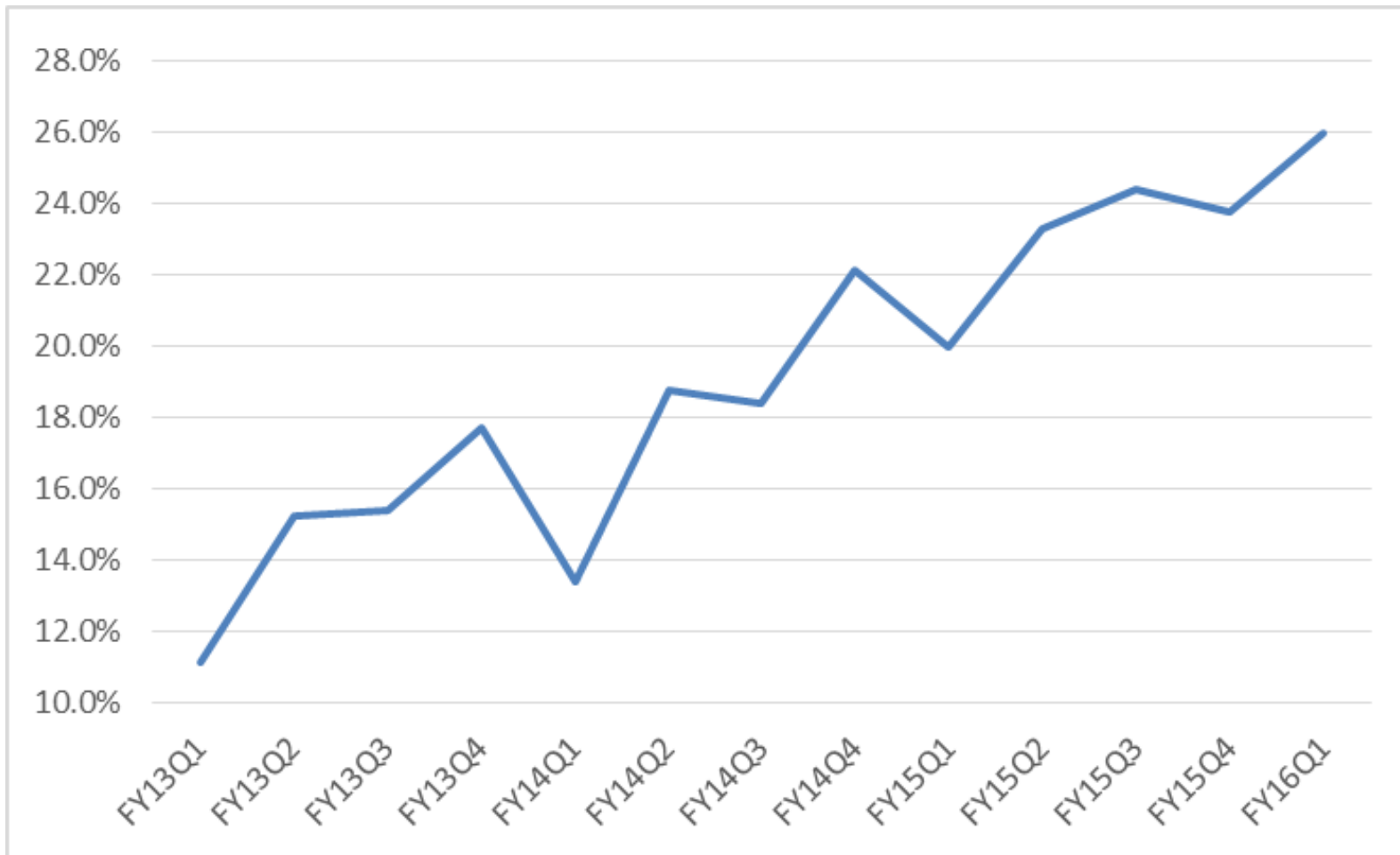
Electronic Materials Division (EMD)

- Two strong, focused operating divisions
- Niche businesses – #1 or #2 in majority of target markets
- Value creation through market expertise and customer intimacy / technical service
- Innovation-driven businesses providing tailored product solutions
- Performance critical products that are a small portion of customers' product costs
- Global scale manufacturing and supply chain network



As reported for MT segment within Air Products, no allocated corporate costs TTM as of Dec 31 2015  
Based on continuing ops, non-GAAP measures, see appendix for reconciliation

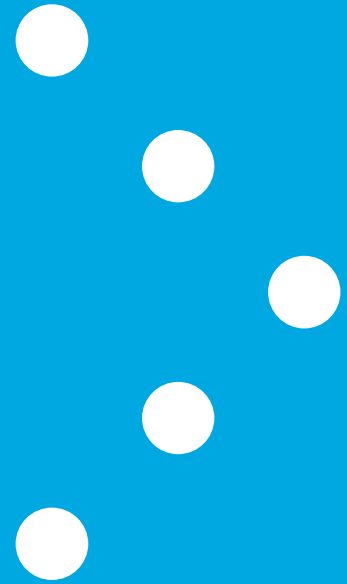
# MT Operating Margin Trend



# Outlook

FY2016 Q2 EPS	\$1.78 - \$1.83
FY2016 EPS	\$7.25 - \$7.50 (unchanged)
Capital Spending	Approx. \$1.3 billion

# Appendix Slides



# Calendar Year Summary

	<b>CY14</b>	<b>CY15</b>	<b>Change</b>
Sales \$billions	\$10.5	\$9.7	(7%)
EBITDA \$billions	\$2.8	\$3.0	+7%
EBITDA % margin	27.1%	31.3%	+420bp
Free Cash Flow \$millions	(\$72)	\$250	\$322
EPS \$/share	\$5.99	\$6.80	+14%
ROCE	10.1%	11.7%	+160bp

# Global Gases

	Q1 FY16	Fav/(Unfav) vs.	
		Q1 FY15	Q4 FY15
Sales	\$104	\$45	\$15
EBITDA	(\$18)	(\$5)	(\$18)
Operating Income	(\$19)	(\$1)	(\$18)

- Sales up on higher ASU activity

# Corporate and other

	<b>Q1 FY16</b>	<b>Fav/(Unfav) vs.</b>	
		<b>Q1 FY15</b>	<b>Q4 FY15</b>
Sales	\$74	(\$1)	(\$6)
EBITDA	(\$1)	\$18	(\$3)
Operating Income	(\$5)	\$18	(\$4)

- LNG sales higher vs prior year
- Profit improvement on higher LNG sales and restructuring benefits



# Major Projects

Plant	Location	Capacity	Timing	Market
<b>ONSTREAM (last five quarters)</b>				
ASU/Liquid	PCEC, Weinan, China	8,200 TPD O2	Onstream	Gasif to Chemicals
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
<b>IG + MT BACKLOG - \$2.4 billion - over 85% secure onsite/pipeline business model</b>				
H2	Scotford, Canada	150 MMSCFD H2	Q2FY16	Refinery (Pipeline)
ASU	Lu'An, Changzhi City, China	10,000 TPD O2	2HFY16*	Gasif to CTL
H2/ASU	BPCL, India	165 MMSCFD H2	2HFY16	Refinery / Chems
ASU/Liquid	Big River Steel, Arkansas	World Scale	2HFY16	Steel
ASU/H2/Liq.	Pyeongtaek, Korea	World Scale	FY17	Electronics
H2/CO	Baytown, Texas	125 MMSCFD H2 plus CO	2018	Pipeline
<b>ENERGY FROM WASTE</b>				
EfW	Tees Valley 1, UK	50MW	TBD	Energy
EfW	Tees Valley 2, UK	50MW	TBD	Energy
<b>JAZAN</b>				
ASU = SOE + 25% EAJV	Saudi Aramco, Jazan	75,000 TPD O2/N2	2018 / 2019	Refinery

# Capital Expenditure

<b>FY</b>	<b>\$MM</b>
2016 Forecast	Approx. \$1.3 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.

2012 excludes \$0.7B for Indura equity

2015 excludes \$0.3B for Indura equity

2007 - 2010 includes European Homecare Services

# Air Products EPS

	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
Q1	\$1.25	\$1.26	\$1.30	\$1.34	\$1.55	\$1.78
Q2	\$1.33	\$1.31	\$1.37	\$1.32	\$1.55	\$1.78-\$1.83
Q3	\$1.37	\$1.41	\$1.36	\$1.46	\$1.65	
Q4	\$1.41	\$1.42	\$1.47	\$1.66	\$1.82	
<b>FY</b>	<b>\$5.36</b>	<b>\$5.40</b>	<b>\$5.50</b>	<b>\$5.78</b>	<b>\$6.57</b>	<b>\$7.25-\$7.50</b>

# Appendix: Q116 and Full Year Results

(\$ Millions, except per share data)

	GAAP Measure				Non GAAP Adjusts. (2)		Non GAAP Measure			
	Q116	Q115	\$ Change	% Change	Q116	Q115	Q116	Q115	\$ Change	% Change
<b>Q116 vs. Q115 - Total Company</b>										
Sales	2,355.8	2,560.8	(205.0)	(8%)			2,355.8	2,560.8	(205.0)	(8%)
Operating Income	493.0	430.0	63.0	15%	26.3	14.5	519.3	444.5	74.8	17%
Operating Margin	20.9%	16.8%		410bp			22.0%	17.4%		460bp
Income from Cont. Ops. (1)	363.6	324.6	39.0	12%	23.4	10.5	387.0	335.1	51.9	15%
Diluted EPS - Cont. Ops. (1)	\$1.67	\$1.50	\$0.17	11%	0.11	0.05	\$1.78	\$1.55	\$0.23	15%
<b>Q116 vs. Q415 - Total Company</b>										
Sales	2,355.8	2,449.4	(93.6)	(4%)			2,355.8	2,449.4	(93.6)	(4%)
Operating Income	493.0	472.2	20.8	4%	26.3	42.6	519.3	514.8	4.5	1%
Operating Margin	20.9%	19.3%		160bp			22.0%	21.0%		100bp
Income from Cont. Ops. (1)	363.6	344.5	19.1	6%	23.4	52.7	387.0	397.2	(10.2)	(3%)
Diluted EPS - Cont. Ops. (1)	\$1.67	\$1.58	\$0.09	6%	0.11	0.24	\$1.78	\$1.82	(\$0.04)	(2%)
<b>Q116 vs Q115 - Industrial Gases - EMEA - Constant Currency Basis</b>										
Operating Income	91.7	81.3	10.4	13%	Q116 (3) 7.7		99.4	81.3	18.1	22%

(1) Attributable to Air Products

(2) Non GAAP Adjustments

	Q116			Q415			Q115		
	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				61.7	54.5	0.25	32.4	21.7	0.10
Pension settlement loss				7.0	4.8	0.02			
Gain on previously held equity interest							(17.9)	(11.2)	(0.05)
Business separation costs	12.0	12.0	0.06	7.5	7.5	0.03			
Gain on land sales				(33.6)	(28.3)	(0.13)			
Loss on early retirement of debt					14.2	0.07			
Project suspension costs	14.3	11.4	0.05	-	-	-	-	-	-
Total Adjustments	26.3	23.4	0.11	42.6	52.7	0.24	14.5	10.5	0.05

(3) Currency Adjustment

# Appendix: Adjusted EBITDA Trend

\$ Millions	Q115	Q215	Q315	Q415	FY15	Q116	Q116 vs PY		Q116 vs PQ	
							\$	%	\$	%
Income From Continuing Operations	337.5	296.9	333.2	350.0	1,317.6	372.0				
Add: Interest expense	29.1	23.4	28.2	22.8	103.5	22.2				
Add: Income tax provision	106.5	87.1	103.5	118.8	415.9	132.5				
Add: Depreciation and amortization	235.5	233.3	233.0	234.6	936.4	232.7				
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>26.3</u>				
Adjusted EBITDA	723.1	708.7	757.7	785.4	2,974.9	785.7	62.6	9%	0.3	0%
Sales	2,560.8	2,414.5	2,470.2	2,449.4	9,894.9	2,355.8				
Adjusted EBITDA Margin	28.2%	29.4%	30.7%	32.1%	30.1%	33.4%			520bp	130bp

## (1) Non GAAP Pre-Tax Adjustments

	Q115	Q215	Q315	Q415	FY15	Q116
Business restructuring/cost reduction actions	32.4	55.4	58.2	61.7	207.7	0.0
Pension Settlement Loss	0.0	12.6	1.6	7.0	21.2	0.0
Gain on previously held equity investment	(17.9)	0.0	0.0	0.0	(17.9)	0.0
Business separation costs	0.0	0.0	0.0	7.5	7.5	12.0
Gain on land sales	0.0	0.0	0.0	(33.6)	(33.6)	0.0
Loss on early retirement of debt	0.0	0.0	0.0	16.6	16.6	0.0
Project suspension costs	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>14.3</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>26.3</u>

# Appendix: Adjusted EBITDA by Segment

Moving forward



\$ Millions	Q115	Q215	Q315	Q415	FY15	Q116	Q116 vs PY		Q116 vs PQ	
							\$	%	\$	%
<b>Gases - Americas</b>										
Operating Income	211.2	182.0	206.5	208.7	808.4	211.8				
Add: Depreciation and amortization	103.6	103.3	103.9	106.1	416.9	108.8				
Add Equity Affiliates' Income	17.2	15.1	17.3	15.0	64.6	14.5				
Adjusted EBITDA	332.0	300.4	327.7	329.8	1,289.9	335.1	3.1	1%	5.3	2%
Adjusted EBITDA Margin	33.1%	33.7%	36.5%	36.6%	34.9%	40.1%		700bp		350bp
<b>Gases - EMEA</b>										
Operating Income	81.3	71.0	87.6	90.8	330.7	91.7				
Add: Depreciation and amortization	51.1	47.6	47.0	48.6	194.3	46.7				
Add Equity Affiliates' Income	10.3	8.0	12.1	12.0	42.4	7.6				
Adjusted EBITDA	142.7	126.6	146.7	151.4	567.4	146.0	3.3	2%	(5.4)	(4%)
Adjusted EBITDA Margin	28.5%	28.2%	32.2%	32.9%	30.4%	33.3%		480bp		40bp
<b>Gases - Asia</b>										
Operating Income	90.5	84.7	100.9	104.4	380.5	116.7				
Add: Depreciation and amortization	49.6	50.3	51.9	51.1	202.9	51.7				
Add Equity Affiliates' Income	14.6	9.4	12.7	9.4	46.1	11.7				
Adjusted EBITDA	154.7	144.4	165.5	164.9	629.5	180.1	25.4	16%	15.2	9%
Adjusted EBITDA Margin	38.8%	36.7%	39.6%	38.5%	38.4%	43.6%		480bp		510bp
<b>Gases - Global</b>										
Operating Income	(17.9)	(7.9)	(24.1)	(1.7)	(51.6)	(19.3)				
Add: Depreciation and amortization	4.3	5.5	4.2	2.5	16.5	2.1				
Add Equity Affiliates' Income	0.4	(0.2)	0.0	(1.0)	(0.8)	(0.5)				
Adjusted EBITDA	(13.2)	(2.6)	(19.9)	(0.2)	(35.9)	(17.7)	(4.5)		(17.5)	
<b>Materials Technologies</b>										
Operating Income	104.6	124.2	131.5	116.4	476.7	127.2				
Add: Depreciation and amortization	24.0	23.3	22.7	22.8	92.8	19.6				
Add Equity Affiliates' Income	0.6	0.7	0.3	0.6	2.2	0.4				
Adjusted EBITDA	129.2	148.2	154.5	139.8	571.7	147.2	18.0	14%	7.4	5%
Adjusted EBITDA Margin	24.7%	27.8%	28.6%	28.5%	27.4%	30.0%		530bp		150bp
<b>Corporate/Other</b>										
Operating Income	(22.7)	(8.8)	(17.6)	(1.5)	(50.6)	(5.2)				
Add: Depreciation and amortization	2.9	3.3	3.3	3.5	13.0	3.8				
Add Equity Affiliates' Income	0.0	0.0	0.0	0.0	0.0	0.0				
Adjusted EBITDA	(19.8)	(5.5)	(14.3)	2.0	(37.6)	(1.4)	18.4		(3.4)	

# Appendix: ROCE

Moving forward



\$ Millions									
Quarter Ended	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116
<b>Numerator</b>									
Operating Income Reported		384.7	413.8	144.1	430.0	374.4	422.5	472.2	493.0
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>
Earnings before tax as reported		415.1	456.9	183.8	473.1	407.4	464.9	508.2	526.7
Cost Reduction / Restructuring Charge		0.0	0.0	12.7	32.4	55.4	58.2	61.7	0.0
Gain on previously held equity interest		0.0	0.0	0.0	(17.9)	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
Goodwill and intangible impairment		0.0	0.0	310.1	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
Gain on land sales		0.0	0.0	0.0	0.0	0.0	0.0	(33.6)	0.0
Project suspension costs		<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>14.3</u>
Earnings before tax ex items		415.1	456.9	512.1	487.6	475.4	524.7	550.8	553.0
Effective tax rate as reported		24.0%	24.0%	49.9%	24.0%	22.7%	23.7%	25.3%	26.3%
Earnings after tax as reported		315.5	347.2	92.1	359.6	314.9	354.7	379.6	388.2
Effective tax rate ex items		24.0%	24.0%	24.0%	24.1%	24.1%	24.9%	23.7%	25.5%
Earnings after tax ex items		315.5	347.2	389.2	370.1	360.8	394.0	420.3	412.0
4 Qtr trailing AT earnings (numerator) - as reported					1,114.4	1,113.8	1,121.3	1,408.8	1,437.4
4 Qtr trailing AT Earnings (numerator) - ex items					1,422.0	1,467.3	1,514.1	1,545.2	1,587.1
<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
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
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
Total Capital	13,949.7	14,038.5	14,333.6	13,927.1	13,881.0	13,686.5	13,872.4	13,260.1	13,316.8
2 Qtr Average Capital (denominator)					13,904.1	13,783.8	13,779.5	13,566.3	13,288.5
5 Qtr Average Capital (denominator)					14,026.0	13,973.3	13,940.1	13,725.4	13,603.4
ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital)					7.9%	8.0%	8.0%	10.3%	10.6%
ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital)					10.1%	10.5%	10.9%	11.3%	11.7%
Instantaneous ROCE ex items (Qtr earnings AT x 4) / 2 pt avg capital)					10.6%	10.5%	11.4%	12.4%	12.4%

# 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>Reported</u>								
Income Before Taxes	383.6	425.6	154.8	444.0	384.0	436.7	468.8	504.5
Tax Expense	92.1	102.1	77.3	106.5	87.1	103.5	118.8	132.5
<b>Tax Rate Reported</b>	<b>24.0%</b>	<b>24.0%</b>	<b>49.9%</b>	<b>24.0%</b>	<b>22.7%</b>	<b>23.7%</b>	<b>25.3%</b>	<b>26.3%</b>
<u>ITEMS</u>								
<u>Operating Income</u>								
Cost Reduction / Restructuring Charges			12.7	32.4	55.4	58.2	61.7	
Pension Settlement Loss			5.5		12.6	1.6	7.0	
Gain on previously held equity interest				(17.9)				
Goodwill and intangible impairment			310.1					
Business separation costs							7.5	12.0
Gain on land sales							(33.6)	
Loss on debt retirement							16.6	
Project suspension costs								14.3
<u>Tax Exp</u>								
Cost Reduction / Restructuring Charges			4.5	10.7	17.2	19.4	7.2	
Pension Settlement Loss			1.9		4.7	0.6	2.2	
Gain on previously held equity interest				(6.7)				
Goodwill and intangible impairment			1.3					
Income tax items			31.0					
Gain on land sales							(5.3)	
Loss on debt retirement							2.4	
Tees Valley 2 Idling Costs								2.9
<u>Ex Items</u>								
Income Before Taxes	383.6	425.6	483.1	458.5	452.0	496.5	528.0	530.8
Tax Expense	92.1	102.1	116.0	110.5	109.0	123.5	125.3	135.4
<b>Tax Rate ex Items</b>	<b>24.0%</b>	<b>24.0%</b>	<b>24.0%</b>	<b>24.1%</b>	<b>24.1%</b>	<b>24.9%</b>	<b>23.7%</b>	<b>25.5%</b>



# Materials Technologies

## Electronic Materials and Performance Materials EBITDA

\$ Millions	Q115	Q116	Q116 vs PY	
			\$	%
<b><u>Electronic Materials</u></b>				
Operating Income	58.2	83.3		
Add: Depreciation and amortization	16.9	12.6		
Add Equity Affiliates' Income	<u>0.4</u>	<u>0.2</u>		
Adjusted EBITDA	75.5	96.1	20.6	27%
Adjusted EBITDA Margin	29.6%	39.2%		960bp
<b><u>Performance Materials</u></b>				
Operating Income	47.6	44.1		
Add: Depreciation and amortization	7.0	6.9		
Add Equity Affiliates' Income	<u>0.2</u>	<u>0.2</u>		
Adjusted EBITDA	54.8	51.2	(3.6)	(7%)
Adjusted EBITDA Margin	20.4%	20.9%		50bp

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

# Appendix – Guidance

## EPS Guidance

<u>Q216 Guidance vs PY</u>	<u>Diluted EPS (1)</u>
Q215 GAAP	\$1.33
Business restructuring charge	\$0.18
Pension settlement loss	<u>\$0.04</u>
Q215 Non GAAP	<u>\$1.55</u>
Q216 Guidance (2)	<u>\$1.78-\$1.83</u>
% Change	15%-18%

## Full Fiscal Year 2016 Guidance

FY15 GAAP	\$5.88
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>\$6.57</u>
FY16 Guidance (2)	<u>\$7.25-\$7.50</u>
% Change	10%-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  
tell me more

