

Moving forward



Q3 FY22 Reconciliation Tables

August 4, 2022



Purpose of Reconciliation Tables

Our financial presentations, earnings conference calls, and other investor and analyst communications may include references to non-GAAP (“adjusted”) financial measures. Unless otherwise stated, these measures are based on our continuing operations and are generally identified by the word “adjusted” or “non-GAAP” preceding the measure. We believe these non-GAAP financial measures provide useful information to evaluate the performance of our business by providing a more complete understanding of the factors and trends that affect our financial performance. The purpose of this document is to provide reconciliations between the historical non-GAAP financial measures that we have disclosed and the most directly comparable measure calculated and presented in accordance with U.S. generally accepted accounting principles (“GAAP”). Amounts provided herein are in millions of dollars unless otherwise indicated, except for per share data. Amounts presented as “LTM” are calculated on a trailing twelve-month basis (i.e., “last twelve months”).

Our non-GAAP financial measures should be considered within the context of our complete audited and unaudited financial results for the given period, which are available in the “Investors” section of our website at www.airproducts.com. The non-GAAP financial measures supplement our GAAP disclosures and are not meant to be considered in isolation or as a substitute for the most directly comparable measures prepared in accordance with GAAP. These measures may not be comparable to similarly titled measures used by other companies.

TABLE OF CONTENTS

Adjusted EBITDA	4
Adjusted Operating Income and Adjusted Operating Margin	8
Adjusted Net Income	8
Adjusted Effective Tax Rate	9
Adjusted Diluted Earnings per Share ("EPS")	10
Non-GAAP Historical Impacts	13
Return on Capital Employed ("ROCE")	14
Cash Flow and Capital Deployment	15
Outlook	20

Adjusted EBITDA FY22 vs. FY21 Quarterly Trend

	LTM	2022			2021			
		Q1	Q2	Q3	Q1	Q2	Q3	Q4
Sales	\$11,969.7	\$2,994.2	\$2,945.1	\$3,189.3	\$2,375.2	\$2,502.0	\$2,604.7	\$2,841.1
Net income	\$2,292.3	\$549.6	\$536.8	\$587.1	\$486.7	\$477.1	\$532.3	\$618.8
Net income margin	19.2%	18.4%	18.2%	18.4%	20.5%	19.1%	20.4%	21.8%
Net income	\$2,292.3	\$549.6	\$536.8	\$587.1	\$486.7	\$477.1	\$532.3	\$618.8
Less: Income from discontinued operations, net of tax	51.8	—	—	—	10.3	—	8.2	51.8
Add: Interest expense	128.9	30.5	32.3	32.7	36.7	36.1	35.6	33.4
Less: Other non-operating income (expense), net	59.4	22.6	9.1	10.5	18.6	16.8	21.1	17.2
Add: Income tax provision	495.5	113.3	122.7	134.2	113.9	121.9	101.7	125.3
Add: Depreciation and amortization	1,338.0	332.3	335.9	337.2	323.7	329.3	335.7	332.6
Add: Facility closure	—	—	—	—	—	23.2	—	—
Less: Gain on exchange with joint venture partner	—	—	—	—	—	36.8	—	—
Adjusted EBITDA	\$4,143.5	\$1,003.1	\$1,018.6	\$1,080.7	\$932.1	\$934.0	\$976.0	\$1,041.1
Adjusted EBITDA margin	34.6%	33.5%	34.6%	33.9%	39.2%	37.3%	37.5%	36.6%
		Q3 2022	Q3 2022	Q3 2022				
		vs.	vs.	vs.				
		Q3 2021	Q2 2022	Q2 2014				
					(A)			
Change GAAP								
Net income \$ change		\$54.8	\$50.3	\$295.5				
Net income % change		10%	9%	101%				
Net income margin change		(200)bp	20 bp	710 bp				
Change Non-GAAP								
Adjusted EBITDA \$ change		\$104.7	\$62.1	\$433.4				
Adjusted EBITDA % change		11%	6%	67%				
Adjusted EBITDA margin change		(360)bp	(70)bp	880 bp				

^(A) Refer to page 6 for a reconciliation of fiscal year 2014 adjusted EBITDA.

Adjusted EBITDA Quarterly Trend FY17-FY20

	2020											
	Q1	Q2	Q3	Q4								
Sales	\$2,254.7	\$2,216.3	\$2,065.2	\$2,320.1								
Net income	\$488.9	\$490.4	\$457.1	\$494.7								
Net income margin	21.7%	22.1%	22.1%	21.3%								
Net income	\$488.9	\$490.4	\$457.1	\$494.7								
Less: Loss from discontinued operations, net of tax	—	(14.3)	—	—								
Add: Interest expense	18.7	19.3	32.1	39.2								
Less: Other non-operating income (expense), net	9.1	7.1	8.1	6.4								
Add: Income tax provision	120.7	148.5	109.3	99.9								
Add: Depreciation and amortization	289.2	294.7	290.6	310.5								
Less: Company headquarters relocation income (expense)	—	33.8	—	—								
Less: India Finance Act 2020 - equity affiliate income impact	—	33.8	—	—								
Adjusted EBITDA	\$908.4	\$892.5	\$881.0	\$937.9								
Adjusted EBITDA margin	40.3%	40.3%	42.7%	40.4%								
	2019				2018				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	\$2,224.0	\$2,187.7	\$2,224.0	\$2,283.2	\$2,216.6	\$2,155.7	\$2,259.0	\$2,298.9	\$1,882.5	\$1,980.1	\$2,121.9	\$2,203.1
Net income	\$357.0	\$433.5	\$500.2	\$518.7	\$161.7	\$423.6	\$487.9	\$459.7	\$306.4	\$2,135.7	\$104.1	\$475.0
Net income margin	16.0 %	19.8 %	22.5 %	22.7 %	7.3 %	19.7 %	21.6 %	20.0 %	16.3 %	107.9 %	4.9 %	21.6 %
Net income	\$357.0	\$433.5	\$500.2	\$518.7	\$161.7	\$423.6	\$487.9	\$459.7	\$306.4	\$2,135.7	\$104.1	\$475.0
Less: (Loss) Income from discontinued operations, net of tax	—	—	—	—	(1.0)	—	43.2	—	48.2	1,825.6	(2.3)	(5.5)
Add: Interest expense	37.3	35.4	34.2	30.1	29.8	30.4	34.9	35.4	29.5	30.5	29.8	30.8
Less: Other non-operating income (expense), net	18.5	13.7	17.6	16.9	9.8	11.1	12.8	(28.6)	(0.2)	5.3	3.7	7.8
Add: Income tax provision (benefit)	132.1	107.5	109.3	131.2	291.8	56.2	107.1	69.2	78.4	94.5	89.3	(1.3)
Add: Depreciation and amortization	258.0	262.1	269.1	293.6	227.9	240.0	245.6	257.2	206.1	211.8	216.9	231.0
Add: Facility closure	29.0	—	—	—	—	—	—	—	—	—	—	—
Less: Change in inventory valuation method	—	—	—	—	—	—	—	24.1	—	—	—	—
Add: Business separation costs	—	—	—	—	—	—	—	—	32.5	—	—	—
Add: Cost reduction and asset actions	—	—	25.5	—	—	—	—	—	50.0	10.3	42.7	48.4
Add: Goodwill and intangible asset impairment charge	—	—	—	—	—	—	—	—	—	—	162.1	—
Less: Gain on exchange with joint venture partner	—	—	29.1	—	—	—	—	—	—	—	—	—
Less: Gain on land sale	—	—	—	—	—	—	—	—	—	—	—	12.2
Add: Equity method investment impairment charge	—	—	—	—	—	—	—	—	—	—	79.5	—
Add: Tax reform repatriation - equity method investment	—	—	—	—	32.5	—	—	(4.0)	—	—	—	—
Adjusted EBITDA	\$794.9	\$824.8	\$891.6	\$956.7	\$734.9	\$739.1	\$819.5	\$822.0	\$654.9	\$651.9	\$723.0	\$769.4
Adjusted EBITDA margin	35.7 %	37.7 %	40.1 %	41.9 %	33.2 %	34.3 %	36.3 %	35.8 %	34.8 %	32.9 %	34.1 %	34.9 %

Adjusted EBITDA Quarterly Trend FY14-FY16

	2016				2015				2014 ^(A)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	\$1,866.3	\$1,777.4	\$1,914.5	\$1,945.5	\$2,041.0	\$1,885.3	\$1,934.4	\$1,963.6	\$2,545.5	\$2,581.9	\$2,634.6	\$2,677.0
Net income (loss)	\$372.0	(\$465.5)	\$354.1	\$400.9	\$337.5	\$296.9	\$333.2	\$350.0	\$299.0	\$291.6	\$323.4	\$79.1
Net income (loss) margin	19.9 %	(26.2)%	18.5 %	20.6 %	16.5 %	15.7 %	17.2 %	17.8 %	11.7 %	11.3 %	12.3 %	3.0 %
Net income (loss)	\$372.0	(\$465.5)	\$354.1	\$400.9	\$337.5	\$296.9	\$333.2	\$350.0	\$299.0	\$291.6	\$323.4	\$79.1
Less: Income (Loss) from discontinued operations, net of tax	84.8	(750.2)	98.4	106.5	76.7	103.4	99.4	72.2	1.3	(2.1)	(2.0)	(0.1)
Add: Interest expense	22.2	25.7	35.1	32.2	28.8	23.2	28.1	22.7	33.3	31.5	31.3	29.0
Add: Income tax provision	96.4	93.5	145.9	96.8	76.8	63.0	74.7	85.7	95.3	93.0	103.0	78.1
Add: Depreciation and amortization	214.7	213.9	213.5	212.5	215.3	213.9	214.2	215.1	234.2	229.1	239.0	254.6
Add: Business separation costs	12.0	7.4	9.5	21.7	—	—	—	7.5	—	—	—	—
Add: Business restructuring and cost reduction actions	—	10.7	13.2	10.6	24.3	52.9	49.6	53.3	—	—	—	12.7
Add: Goodwill and intangible asset impairment charge	—	—	—	—	—	—	—	—	—	—	—	310.1
Less: Gain on previously held equity interest	—	—	—	—	17.9	—	—	—	—	—	—	—
Less: Gain on land sales	—	—	—	—	—	—	—	33.6	—	—	—	—
Add: Pension settlement loss	—	2.0	1.0	2.1	—	11.9	1.4	6.0	—	—	—	5.5
Add: Loss on extinguishment of debt	—	—	—	6.9	—	—	—	16.6	—	—	—	—
Adjusted EBITDA	\$632.5	\$637.9	\$673.9	\$677.2	\$588.1	\$558.4	\$601.8	\$651.1	\$660.5	\$647.3	\$698.7	\$769.2
Adjusted EBITDA margin	33.9 %	35.9 %	35.2 %	34.8 %	28.8 %	29.6 %	31.1 %	33.2 %	25.9 %	25.1 %	26.5 %	28.7 %

^(A) Fiscal year 2014 is presented as previously reported in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, which included the results of the former Materials Technologies segment.

Adjusted EBITDA by Segment

	2022			2021					Q3 2022 vs. Q3 2021		Q3 2022 vs. Q2 2022	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	FY	\$	%	\$	%
Americas												
Sales	\$1,224.1	\$1,186.6	\$1,416.3	\$933.0	\$1,056.1	\$1,063.3	\$1,115.2	\$4,167.6				
Operating income	\$267.2	\$275.5	\$298.9	\$225.8	\$263.4	\$286.0	\$290.3	\$1,065.5	\$12.9	5%	\$23.4	8%
Operating margin	21.8 %	23.2 %	21.1 %	24.2 %	24.9 %	26.9 %	26.0 %	25.6 %		(580)bp		(210)bp
Operating income	\$267.2	\$275.5	\$298.9	\$225.8	\$263.4	\$286.0	\$290.3	\$1,065.5				
Add: Depreciation and amortization	155.3	153.7	160.5	151.8	153.3	154.2	152.6	611.9				
Add: Equity affiliates' income	34.2	20.1	21.4	22.3	32.3	24.6	33.3	112.5				
Adjusted EBITDA	\$456.7	\$449.3	\$480.8	\$399.9	\$449.0	\$464.8	\$476.2	\$1,789.9	\$16.0	3%	\$31.5	7%
Adjusted EBITDA margin	37.3 %	37.9 %	33.9 %	42.9 %	42.5 %	43.7 %	42.7 %	42.9 %		(980)bp		(400)bp
Asia												
Sales	\$780.4	\$751.2	\$751.4	\$717.5	\$697.5	\$751.8	\$754.0	\$2,920.8				
Operating income	\$221.1	\$203.6	\$210.6	\$214.8	\$198.5	\$219.1	\$205.9	\$838.3	(\$8.5)	(4%)	\$7.0	3%
Operating margin	28.3 %	27.1 %	28.0 %	29.9 %	28.5 %	29.1 %	27.3 %	28.7 %		(110)bp		90 bp
Operating income	\$221.1	\$203.6	\$210.6	\$214.8	\$198.5	\$219.1	\$205.9	\$838.3				
Add: Depreciation and amortization	110.8	111.8	107.6	107.9	109.7	113.8	113.0	444.4				
Add: Equity affiliates' income	6.6	6.2	5.7	8.8	7.1	8.3	11.7	35.9				
Adjusted EBITDA	\$338.5	\$321.6	\$323.9	\$331.5	\$315.3	\$341.2	\$330.6	\$1,318.6	(\$17.3)	(5%)	\$2.3	1%
Adjusted EBITDA margin	43.4 %	42.8 %	43.1 %	46.2 %	45.2 %	45.4 %	43.8 %	45.1 %		(230)bp		30 bp
Europe												
Sales	\$744.2	\$738.6	\$739.6	\$543.5	\$558.4	\$599.4	\$644.3	\$2,345.6				
Operating income	\$99.2	\$116.4	\$137.4	\$137.5	\$132.9	\$134.0	\$125.0	\$529.4	\$3.4	3%	\$21.0	18%
Operating margin	13.3 %	15.8 %	18.6 %	25.3 %	23.8 %	22.4 %	19.4 %	22.6 %		(380)bp		280 bp
Operating income	\$99.2	\$116.4	\$137.4	\$137.5	\$132.9	\$134.0	\$125.0	\$529.4				
Add: Depreciation and amortization	49.8	50.3	48.9	49.3	51.0	52.5	51.7	204.5				
Add: Equity affiliates' income	13.9	23.3	20.6	14.9	12.6	11.6	23.7	62.8				
Adjusted EBITDA	\$162.9	\$190.0	\$206.9	\$201.7	\$196.5	\$198.1	\$200.4	\$796.7	\$8.8	4%	\$16.9	9%
Adjusted EBITDA margin	21.9 %	25.7 %	28.0 %	37.1 %	35.2 %	33.0 %	31.1 %	34.0 %		(500)bp		230 bp
Middle East and India												
Operating income	\$4.8	\$4.8	\$6.9	\$4.0	\$6.7	\$6.1	\$11.2	\$28.0	\$0.8		\$2.1	
Add: Depreciation and amortization	6.1	6.9	6.8	6.1	6.6	6.2	6.4	25.3				
Add: Equity affiliates' income	92.3	71.1	67.2	21.2	16.1	17.1	22.0	76.4				
Adjusted EBITDA	\$103.2	\$82.8	\$80.9	\$31.3	\$29.4	\$29.4	\$39.6	\$129.7	\$51.5		(\$1.9)	
Corporate and other												
Operating loss	(\$69.3)	(\$38.4)	(\$26.4)	(\$43.0)	(\$66.6)	(\$68.1)	(\$15.7)	(\$193.4)	\$41.7		\$12.0	
Add: Depreciation and amortization	10.3	13.2	13.4	8.6	8.7	9.0	8.9	35.2				
Add: Equity affiliates' income	0.8	0.1	1.2	2.1	1.7	1.6	1.1	6.5				
Adjusted EBITDA	(\$58.2)	(\$25.1)	(\$11.8)	(\$32.3)	(\$56.2)	(\$57.5)	(\$5.7)	(\$151.7)	\$45.7		\$13.3	

Adjusted Operating Income and Adjusted Operating Margin

	2022		2021	Q3 2022 vs. Q3 2021		Q3 2022 vs. Q2 2022	
	Q2	Q3	Q3	\$	%/bp	\$	%/bp
Sales	\$2,945.1	\$3,189.3	\$2,604.7				
Operating income	\$561.9	\$627.4	\$577.1	\$50.3	9%	\$65.5	12%
Operating margin	19.1 %	19.7 %	22.2 %		(250)bp		60 bp
Operating income	\$561.9	\$627.4	\$577.1				
<i>No impact from non-GAAP adjustments</i>	—	—	—				
Adjusted operating income	\$561.9	\$627.4	\$577.1	\$50.3	9%	\$65.5	12%
Adjusted operating margin	19.1 %	19.7 %	22.2 %		(250)bp		60 bp

Adjusted Net Income

	2022		2021	Q3 2022 vs. Q3 2021		Q3 2022 vs. Q2 2022	
	Q2	Q3	Q3	\$	%	\$	%
Net income	\$536.8	\$587.1	\$532.3	\$54.8	10%	\$50.3	9%
(Income) Loss from discontinued operations, net of tax	—	—	(8.2)				
Net (income) loss attributable to noncontrolling interests	(6.3)	(5.0)	1.3				
Tax election benefit and other	—	—	(12.2)				
Adjusted net income	\$530.5	\$582.1	\$513.2	\$68.9	13%	\$51.6	10%

Adjusted Effective Tax Rate

	Q3 FY2022	Q3 FY2021
Income tax provision	\$134.2	\$101.7
Income from continuing operations before taxes	721.3	625.8
Effective tax rate	18.6%	16.3%
Income tax provision	\$134.2	\$101.7
Tax election benefit and other	—	12.2
Adjusted income tax provision	\$134.2	\$113.9
Income from continuing operations before taxes	\$721.3	\$625.8
<i>No impact from non-GAAP adjustments</i>	—	—
Adjusted income from continuing operations before taxes	\$721.3	\$625.8
Adjusted effective tax rate	18.6%	18.2%
		Q3 2022 vs. Q3 2021
Change		
Effective tax rate % change		230bp
Adjusted effective tax rate % change		40bp

Adjusted Diluted Earnings per Share ("EPS") Quarterly and Annual Trend FY21-FY22^(A)

	2022				2021				
	Q1	Q2	Q3	Q3 YTD	Q1	Q2	Q3	Q4	Q3 YTD
Diluted EPS	\$2.52	\$2.38	\$2.62	\$7.52	\$2.12	\$2.13	\$2.36	\$2.51	\$6.61
Facility closure	—	—	—	—	—	0.08	—	—	0.08
Gain on exchange with joint venture partner	—	—	—	—	—	(0.12)	—	—	(0.12)
Tax election benefit and other	—	—	—	—	—	—	(0.05)	—	(0.05)
Subtotal - Non-GAAP items	—	—	—	—	—	(0.04)	(0.05)	—	(0.09)
Adjusted Diluted EPS	\$2.52	\$2.38	\$2.62	\$7.52	\$2.12	\$2.08	\$2.31	\$2.51	\$6.51

^(A) The per share impact for each non-GAAP adjustment was calculated independently and may not sum to total adjusted diluted EPS due to rounding.

	Q3 2022 vs. Q3 2021	Q3 2022 vs. Q2 2022	Q3 2022 YTD vs. Q3 2021 YTD
Change GAAP			
Diluted EPS \$ change	\$0.26	\$0.24	\$0.91
Diluted EPS % change	11%	10%	14%
Change Non-GAAP			
Adjusted diluted EPS \$ change	\$0.31	\$0.24	\$1.01
Adjusted diluted EPS % change	13%	10%	16%

Adjusted EPS Quarterly and Annual Trend FY18-FY20^(A)

	2020					2019					2018				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Diluted EPS	\$2.14	\$2.21	\$2.01	\$2.19	\$8.55	\$1.57	\$1.90	\$2.20	\$2.27	\$7.94	\$0.70	\$1.89	\$1.95	\$2.05	\$6.59
Change in inventory valuation method	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.08)	(0.08)
Facility closure	—	—	—	—	—	0.10	—	—	—	0.10	—	—	—	—	—
Cost reduction actions	—	—	—	—	—	—	—	0.08	—	0.08	—	—	—	—	—
Gain on exchange with joint venture partner	—	—	—	—	—	—	—	(0.13)	—	(0.13)	—	—	—	—	—
Company headquarters relocation (income) expense	—	(0.12)	—	—	(0.12)	—	—	—	—	—	—	—	—	—	—
India Finance Act 2020	—	(0.06)	—	—	(0.06)	—	—	—	—	—	—	—	—	—	—
Pension settlement loss	—	—	—	—	—	—	0.02	—	—	0.02	—	—	—	0.15	0.15
Tax reform repatriation	—	—	—	—	—	(0.07)	—	0.02	—	(0.06)	2.06	—	—	0.11	2.16
Tax reform adjustment related to deemed foreign dividends	—	—	—	—	—	0.26	—	—	—	0.26	—	—	—	(0.25)	(0.25)
Tax reform rate change and other	—	—	—	—	—	—	—	—	—	—	(0.97)	—	—	0.01	(0.96)
Tax restructuring	—	—	—	—	—	—	—	—	—	—	—	(0.18)	—	0.01	(0.16)
Subtotal - Non-GAAP items	\$—	(\$0.18)	\$—	\$—	(\$0.18)	\$0.29	\$0.02	(\$0.03)	\$—	\$0.27	\$1.09	(\$0.18)	\$—	(\$0.05)	\$0.86
Adjusted Diluted EPS	\$2.14	\$2.04	\$2.01	\$2.19	\$8.38	\$1.86	\$1.92	\$2.17	\$2.27	\$8.21	\$1.79	\$1.71	\$1.95	\$2.00	\$7.45

^(A) The per share impact for each non-GAAP adjustment was calculated independently and may not sum to total adjusted diluted EPS due to rounding.

	FY2020 vs. FY2019	FY2019 vs. FY2018
Change GAAP		
Diluted EPS \$ change	\$0.61	\$1.35
Diluted EPS % change	8%	20%
Change Non-GAAP		
Adjusted diluted EPS \$ change	\$0.17	\$0.76
Adjusted diluted EPS % change	2%	10%

Adjusted EPS Annual Trend FY14-FY21^(A)

	2021	2020	2019	2018	2017	2016	2015	2014
Diluted EPS	\$9.12	\$8.55	\$7.94	\$6.59	\$5.16	\$5.04	\$4.29	\$3.24
Change in inventory valuation method	—	—	—	(0.08)	—	—	—	—
Facility closure	0.08	—	0.10	—	—	—	—	—
Business separation costs	—	—	—	—	0.12	0.21	0.03	—
Tax (benefit) costs associated with business separation	—	—	—	—	(0.02)	0.24	—	—
Business restructuring, cost reduction, and asset actions	—	—	0.08	—	0.49	0.11	0.61	0.03
Goodwill and intangible asset impairment charge	—	—	—	—	0.70	—	—	1.27
Gain on exchange with joint venture partner	(0.12)	—	(0.13)	—	—	—	—	—
Gain on previously held equity interest	—	—	—	—	—	—	(0.05)	—
Company headquarters relocation (income) expense	—	(0.12)	—	—	—	—	—	—
Gain on land sales	—	—	—	—	(0.03)	—	(0.13)	—
India Finance Act 2020	—	(0.06)	—	—	—	—	—	—
Equity method investment impairment charge	—	—	—	—	0.36	—	—	—
Pension settlement loss	—	—	0.02	0.15	0.03	0.02	0.06	0.02
Loss on extinguishment of debt	—	—	—	—	—	0.02	0.07	—
Tax reform repatriation	—	—	(0.06)	2.16	—	—	—	—
Tax reform adjustment related to deemed foreign dividends	—	—	0.26	(0.25)	—	—	—	—
Tax reform rate change and other	—	—	—	(0.96)	—	—	—	—
Tax restructuring	—	—	—	(0.16)	—	—	—	—
Tax election benefit and other	(0.05)	—	—	—	(0.50)	—	—	(0.14)
Adjusted Diluted EPS	\$9.02	\$8.38	\$8.21	\$7.45	\$6.31	\$5.64	\$4.88	\$4.42

^(A) The per share impact for each non-GAAP adjustment was calculated independently and may not sum to total adjusted diluted EPS due to rounding.

	FY2021 vs. FY2020	FY2020 vs. FY2019	FY2019 vs. FY2018	FY2018 vs. FY2017	FY2017 vs. FY2016	FY2016 vs. FY2015	FY2015 vs. FY2014
Change GAAP							
Diluted EPS \$ change	\$0.57	\$0.61	\$1.35	\$1.43	\$0.12	\$0.75	\$1.05
Diluted EPS % change	7 %	8 %	20 %	28 %	2 %	17 %	32 %
Change Non-GAAP							
Adjusted diluted EPS \$ change	\$0.64	\$0.17	\$0.76	\$1.14	\$0.67	\$0.76	\$0.46
Adjusted diluted EPS % change	8 %	2 %	10 %	18 %	12 %	16 %	10 %

Non-GAAP Historical Impacts

The tables below detail the non-GAAP items summarized on the preceding pages and the impact of each on our historical consolidated income statements on a continuing operations basis. There were no non-GAAP adjustments during the first nine months of fiscal year 2022.

	2021														
	Q1			Q2			Q3			Q4			FY		
	GAAP	Items ^(A)	Non-GAAP	GAAP	Items ^(A)	Non-GAAP	GAAP	Items ^(A)	Non-GAAP	GAAP	Items ^(A)	Non-GAAP	GAAP	Items ^(A)	Non-GAAP
Operating income	\$539.1	\$—	\$539.1	\$548.5	(\$13.6)	\$534.9	\$577.1	\$—	\$577.1	\$616.7	\$—	\$616.7	\$2,281.4	(\$13.6)	\$2,267.8
Equity affiliates' income	69.3	—	69.3	69.8	—	69.8	63.2	—	63.2	91.8	—	91.8	294.1	—	294.1
Interest expense	36.7	—	36.7	36.1	—	36.1	35.6	—	35.6	33.4	—	33.4	141.8	—	141.8
Other non-operating income (expense), net	18.6	—	18.6	16.8	—	16.8	21.1	—	21.1	17.2	—	17.2	73.7	—	73.7
Income from continuing operations before taxes	590.3	—	590.3	599.0	(13.6)	585.4	625.8	—	625.8	692.3	—	692.3	2,507.4	(13.6)	2,493.8
Income tax provision	113.9	—	113.9	121.9	(3.7)	118.2	101.7	12.2	113.9	125.3	—	125.3	462.8	8.5	471.3
Income from continuing operations	476.4	—	476.4	477.1	(9.9)	467.2	524.1	(12.2)	511.9	567.0	—	567.0	2,044.6	(22.1)	2,022.5
Net income (loss) attributable to noncontrolling interests	4.7	—	4.7	4.0	—	4.0	(1.3)	—	(1.3)	8.4	—	8.4	15.8	—	15.8
Net income attributable to Air Products	471.7	—	471.7	473.1	(9.9)	463.2	525.4	(12.2)	513.2	558.6	—	558.6	2,028.8	(22.1)	2,006.7
Diluted EPS ^(B)	\$2.12	\$—	\$2.12	\$2.13	(\$0.04)	\$2.08	\$2.36	(\$0.05)	\$2.31	\$2.51	\$—	\$2.51	\$9.12	(\$0.09)	\$9.02

^(A) For non-GAAP item details, refer to the table below.

^(B) For non-GAAP EPS details, refer to page 10, Adjusted Diluted EPS.

Non-GAAP Items	2021														
	Q1			Q2			Q3			Q4			FY		
	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax
Facility closure ^(C)	\$—	\$—	\$—	\$23.2	\$5.8	\$17.4	\$—	\$—	\$—	\$—	\$—	\$—	\$23.2	\$5.8	\$17.4
Gain on exchange with joint venture partner ^(C)	—	—	—	(36.8)	(9.5)	(27.3)	—	—	—	—	—	—	(36.8)	(9.5)	(27.3)
Tax election benefit and other	—	—	—	—	—	—	—	12.2	(12.2)	—	—	—	—	12.2	(12.2)
Total Non-GAAP Items	\$—	\$—	\$—	(\$13.6)	(\$3.7)	(\$9.9)	\$—	\$12.2	(\$12.2)	\$—	\$—	\$—	(\$13.6)	\$8.5	(\$22.1)

^(C) Before-tax impact reflected in "Operating income."

Return on Capital Employed ("ROCE") (Non-GAAP Basis)

Return on capital employed ("ROCE") is calculated on a continuing operations basis. Management considers this measure to be useful in evaluating the Company's returns on capital.

	2022			2021			2020		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ROCE (GAAP Basis):									
Net income	\$587.1	\$536.8	\$549.6	\$618.8	\$532.3	\$477.1	\$486.7	\$494.7	
Total liabilities and equity	27,489.0	27,449.7	27,125.3	26,859.2	26,252.1	26,158.9	26,088.1	25,168.5	24,782.1
Four-Quarter Trailing Net Income	\$2,292.3	\$2,237.5	\$2,177.8	\$2,114.9	\$1,990.8				
÷ Five-Quarter Average Total Liabilities and Equity	27,035.1	26,769.0	26,496.7	26,105.4	25,689.9				
ROCE (GAAP Basis)	8.5%	8.4%	8.2%	8.1%	7.7%				
Change vs. prior year	80 bp								
Change vs. prior quarter	10 bp								
ROCE (Non-GAAP Basis):									
Net income	\$587.1	\$536.8	\$549.6	\$618.8	\$532.3	\$477.1	\$486.7	\$494.7	
(Income) Loss from discontinued operations, net of tax	—	—	—	(51.8)	(8.2)	—	(10.3)	—	
Interest expense	32.7	32.3	30.5	33.4	35.6	36.1	36.7	39.2	
Facility closure	—	—	—	—	—	23.2	—	—	
Gain on exchange with joint venture partner	—	—	—	—	—	(36.8)	—	—	
Tax election benefit and other	—	—	—	—	(12.2)	—	—	—	
Tax other ^(A)	(6.1)	(6.0)	(5.2)	(6.0)	(5.8)	(3.7)	(7.1)	(6.6)	
Return After-Tax (Non-GAAP Basis)	\$613.7	\$563.1	\$574.9	\$594.4	\$541.7	\$495.9	\$506.0	\$527.3	
Total liabilities and equity	\$27,489.0	\$27,449.7	\$27,125.3	\$26,859.2	\$26,252.1	\$26,158.9	\$26,088.1	\$25,168.5	\$24,782.1
Less: Payables and accrued liabilities	2,544.4	2,407.1	2,310.6	2,218.3	2,118.4	2,042.2	1,962.2	1,833.2	1,668.5
Less: Accrued income taxes	107.9	104.6	119.8	93.9	78.8	86.7	108.4	105.8	83.6
Less: Other noncurrent liabilities	1,726.2	1,736.8	1,731.7	1,640.9	1,819.0	1,840.0	1,935.7	1,916.0	1,866.9
Less: Deferred income taxes	1,308.6	1,249.0	1,209.6	1,180.9	1,078.2	1,050.8	1,003.0	962.6	942.0
Capital Employed (Non-GAAP Basis)	\$21,801.9	\$21,952.2	\$21,753.6	\$21,725.2	\$21,157.7	\$21,139.2	\$21,078.8	\$20,350.9	\$20,221.1
Less: Cash									
Cash and cash items	2,957.4	2,348.7	2,953.7	4,468.9	4,291.6	5,786.3	5,788.0	5,253.0	3,921.4
Short-term investments	357.6	848.9	728.6	1,331.9	1,524.9	409.2	412.0	1,104.9	2,515.7
Adjusted Capital Employed (Non-GAAP Basis)^(B)	\$18,486.9	\$18,754.6	\$18,071.3	\$15,924.4	\$15,341.2	\$14,943.7	\$14,878.8	\$13,993.0	\$13,784.0
Four-Quarter Trailing Return After-Tax—Non-GAAP	\$2,346.1	\$2,274.1	\$2,206.9	\$2,138.0	\$2,070.9				
÷ Five-Quarter Average Capital Employed—Non-GAAP	21,678.1	21,545.6	21,370.9	21,090.4	20,789.5				
ROCE (Non-GAAP Basis)	10.8%	10.6%	10.3%	10.1%	10.0%				
Change vs. prior year	80 bp								
Change vs. prior quarter	20 bp								
Four-Quarter Trailing Return After-Tax—Non-GAAP	\$2,346.1	\$2,274.1	\$2,206.9	\$2,138.0	\$2,070.9				
÷ Five-Quarter Average Capital Employed—Non-GAAP, Excluding Cash	17,315.7	16,607.0	15,831.9	15,016.2	14,588.1				
Adjusted ROCE (Non-GAAP Basis)^(B)	13.5%	13.7%	13.9%	14.2%	14.2%				
Change vs. prior year	(70) bp								
Change vs. prior quarter	(20) bp								

^(A) Represents the tax impact on interest expense and our pre-tax non-GAAP adjustments. For details on effective tax rate, refer to page 9.

^(B) We provide adjusted ROCE (Non-GAAP Basis) to illustrate the extent to which cash impacts the denominator of our ROCE calculation. Cash represents total cash and cash items and short-term investments.

Cash Flow and Capital Deployment Reconciliation to Investable Cash Flow

	LTM
Adjusted EBITDA	\$4,144
Interest, net ^(A)	(70)
Cash Tax ^(B)	(440)
Maintenance CapEx ^(C)	(721)
Distributable Cash Flow	2,913 <i>(\$13.09/Share)</i>
Dividends	(1,356)
Investable Cash Flow	\$1,557

	LTM	2022		
		Q1	Q2	Q3
Cash Provided by Operating Activities	\$3,039.5	\$785.2	\$519.8	\$908.2
Working capital changes increase (decrease):				
Trade receivables	435.9	132.7	70.4	186.6
Inventories	91.6	33.7	23.6	23.5
Other receivables	0.9	(14.0)	0.2	36.6
Payables and accrued liabilities	(368.2)	(167.6)	44.5	(197.0)
Other working capital	76.2	8.5	130.2	(20.6)
Undistributed earnings of unconsolidated affiliates	245.2	117.3	83.5	(16.0)
Share-based compensation	(46.9)	(15.8)	(10.7)	(10.5)
Noncurrent capital lease receivables	(86.0)	(21.8)	(22.1)	(21.6)
Maintenance CapEx ^(C)	(721.0)	(159.0)	(187.0)	(188.0)
Other items, net ^(D)	245.7	88.2	(32.7)	66.9
Distributable Cash Flow	2,912.9	787.4	619.7	768.1
Dividends	(1,355.9)	(332.1)	(332.6)	(359.2)
Investable Cash Flow	\$1,557.0	\$455.3	\$287.1	\$408.9
Distributable Cash Flow Per Share				
Weighted average common shares – diluted (in millions)	222.5	222.6	222.5	
Distributable Cash Flow Per Share	\$13.09			

^(A) A reconciliation of "Interest, net" for the last twelve months is provided below.

^(B) Cash paid for taxes, net of refunds, was \$341.3 for the nine months ended 30 June 2022. Cash paid for taxes, net of refunds, was \$390.5 in fiscal year 2021 (Q1FY21: \$73.4, Q2FY21: \$157.1, Q3FY21: \$61.0, Q4FY21: \$99.0).

^(C) Maintenance CapEx is a component of "Additions to plant and equipment, including long-term deposits" on the consolidated statements of cash flows. Maintenance CapEx represents capital spending to maintain or replace existing capacity or assets to maintain existing profitability. Refer to the "Capital Expenditures" section for additional information.

^(D) "Other items, net" includes items such as pension contributions and expense, deferred tax expense, and other changes to noncurrent assets and liabilities.

Reconciliation to Investable Cash Flow (continued)

	2021					2020
	Q1	Q2	Q3	Q4	FY	
Cash Provided by Operating Activities	\$774.7	\$805.6	\$928.6	\$826.3	\$3,335.2	\$3,264.7
Working capital changes increase (decrease):						
Trade receivables	44.1	30.7	9.5	46.2	130.5	(43.2)
Inventories	9.9	15.5	11.0	10.8	47.2	5.2
Other receivables	30.1	(45.8)	(37.9)	(21.9)	(75.5)	(84.4)
Payables and accrued liabilities	(24.2)	(111.5)	(4.1)	(48.1)	(187.9)	31.9
Other working capital	47.5	94.9	(31.5)	(41.9)	69.0	130.6
Undistributed earnings of unconsolidated affiliates	10.8	47.9	19.1	60.4	138.2	161.9
Share-based compensation	(9.8)	(12.6)	(12.2)	(9.9)	(44.5)	(53.5)
Noncurrent capital lease receivables	(21.9)	(21.5)	(34.9)	(20.5)	(98.8)	(91.6)
Maintenance CapEx ^(A)	(177.0)	(182.0)	(228.0)	(187.0)	(774.0)	(563.0)
Other items, net ^(B)	(19.6)	(47.5)	54.4	123.3	110.6	(160.7)
Distributable Cash Flow	664.6	573.7	674.0	737.7	2,650.0	2,597.9
Dividends	(296.2)	(296.5)	(332.0)	(332.0)	(1,256.7)	(1,103.6)
Investable Cash Flow	\$368.4	\$277.2	\$342.0	\$405.7	\$1,393.3	\$1,494.3

Distributable Cash Flow Per Share

Weighted average common shares – diluted (in millions)	222.6	222.5	222.5	222.5	222.5	222.3
Distributable Cash Flow Per Share					\$11.91	\$11.69

^(A) Maintenance CapEx is a component of "Additions to plant and equipment, including long-term deposits" on the consolidated statements of cash flows. Maintenance CapEx represents capital spending to maintain or replace existing capacity or assets to maintain existing profitability. Refer to the "Capital Expenditures" section for additional information.

^(B) "Other items, net" includes items such as pension contributions and expense, deferred tax expense, and other changes to noncurrent assets and liabilities.

Interest, net

For investable cash flow, we define "interest, net" as interest expense, less other non-operating income (expense), net, excluding the impact of certain non-GAAP adjustments. A reconciliation of "interest, net" is provided below:

	LTM	2022			2021				
		Q1	Q2	Q3	Q1	Q2	Q3	Q4	FY
Interest expense	\$128.9	\$30.5	\$32.3	\$32.7	\$36.7	\$36.1	\$35.6	\$33.4	\$141.8
Less: Other non-operating income (expense), net	\$59.4	22.6	9.1	10.5	18.6	16.8	21.1	17.2	73.7
Interest, net	\$69.5	\$7.9	\$23.2	\$22.2	\$18.1	\$19.3	\$14.5	\$16.2	\$68.1

Capital Expenditures

We define capital expenditures as cash flows for additions to plant and equipment, including long-term deposits, acquisitions (less cash acquired), and investment in and advances to unconsolidated affiliates. A reconciliation of cash used for investing activities to our reported capital expenditures is provided below:

	2022				
	LTM	Q1	Q2	Q3	YTD
Cash Used for Investing Activities	\$3,259.0	\$1,719.1	\$916.7	\$208.3	\$2,844.1
Proceeds from sale of assets and investments	40.3	1.1	24.2	7.5	32.8
Purchases of investments	(1,394.8)	(727.4)	(182.0)	(338.5)	(1,247.9)
Proceeds from investments	2,559.2	1,331.9	59.5	827.8	2,219.2
Other investing activities	8.6	6.4	0.1	0.4	6.9
Capital Expenditures^(A)	\$4,472.3	\$2,331.1	\$818.5	\$705.5	\$3,855.1

	2021					2020	2019	2018	2017	2016	2015
	Q1	Q2	Q3	Q4	FY						
Cash (Provided by) Used for Investing Activities	(\$18.2)	\$601.4	\$1,734.8	\$414.9	\$2,732.9	\$3,560.0	\$2,113.4	\$1,641.6	\$1,412.0	\$858.7	\$1,146.0
Proceeds from sale of assets and investments	2.6	12.2	15.2	7.5	37.5	80.3	11.1	48.8	42.5	44.6	55.3
Purchases of investments	(158.5)	(410.5)	(1,384.8)	(146.9)	(2,100.7)	(2,865.5)	(172.1)	(530.3)	(2,692.6)	—	—
Proceeds from investments	855.0	410.5	269.7	340.0	1,875.2	1,938.0	190.5	748.2	2,290.7	—	—
Other investing activities	3.3	(0.2)	1.0	1.7	5.8	3.9	(14.3)	5.5	3.4	4.4	(0.1)
Capital Expenditures^(A)	\$684.2	\$613.4	\$635.9	\$617.2	\$2,550.7	\$2,716.7	\$2,128.6	\$1,913.8	\$1,056.0	\$907.7	\$1,201.2

^(A) Reflects remaining cash used for investing activities attributable to capital expenditures.

Capital Expenditures (continued)

The components of our capital expenditures are detailed in the table below:

	LTM	2022			
		Q1	Q2	Q3	YTD
Additions to plant and equipment, including long-term deposits	\$2,755.5	\$663.8	\$769.8	\$705.5	\$2,139.1
Acquisitions, less cash acquired	65.8	34.6	30.5	—	65.1
Investments in and advances to unconsolidated affiliates ^(A)	1,651.0	1,632.7	18.2	—	1,650.9
Capital Expenditures	4,472.3	2,331.1	818.5	705.5	3,855.1
Less: Maintenance CapEx ^(B)	(721.0)	(159.0)	(187.0)	(188.0)	(534.0)
Less: Contribution from noncontrolling partner for JIGPC	(130.0)	(130.0)	—	—	(130.0)
Growth CapEx^(C)	\$3,621.3	\$2,042.1	\$631.5	\$517.5	\$3,191.1

	2021					2020	2019	2018	2017	2016	2015
	Q1	Q2	Q3	Q4	FY						
Additions to plant and equipment, including long-term deposits	\$664.2	\$563.6	\$620.0	\$616.4	\$2,464.2	\$2,509.0	\$1,989.7	\$1,568.4	1,039.7	907.7	1,162.4
Acquisitions, less cash acquired	—	—	9.8	0.7	10.5	183.3	123.2	345.4	8.2	—	34.5
Investments in and advances to unconsolidated affiliates	20.0	49.8	6.1	0.1	76.0	24.4	15.7	—	8.1	—	4.3
Capital Expenditures	684.2	613.4	635.9	617.2	2,550.7	2,716.7	2,128.6	1,913.8	1,056.0	907.7	1,201.2
Less: Maintenance CapEx ^(B)	(177.0)	(182.0)	(228.0)	(187.0)	(774.0)	(563.0)	(414.0)	(421.0)			
Growth CapEx^(C)	\$507.2	\$431.4	\$407.9	\$430.2	\$1,776.7	\$2,153.7	\$1,714.6	\$1,492.8			

^(A) In the first quarter of fiscal year 2022, investment in and advances to unconsolidated affiliates of \$1.6 billion included approximately \$130 from a non-controlling partner in one of our subsidiaries for the initial investment in the Jazan gasification and power project.

^(B) Maintenance CapEx is a component of "Additions to plant and equipment, including long-term deposits" on the consolidated statements of cash flows. Maintenance CapEx represents capital spending to maintain or replace existing capacity or assets to maintain existing profitability.

^(C) Growth CapEx includes a component of "Additions to plant and equipment, including long-term deposits" plus "Acquisitions, less cash acquired" plus "Investment in and advances to unconsolidated affiliates." Growth CapEx in fiscal year 2018 through the third quarter of fiscal year 2022 totaled \$10,329.

Net Debt

We define net debt as total debt, which includes short-term borrowings, the current portion of long-term debt, and long-term debt, less cash and cash items and short-term investments. A reconciliation of total debt to our reported net debt is provided below:

	30 June 2022
Short-term borrowings	\$207.3
Current portion of long-term debt	547.3
Long-term debt	6,348.0
Long-term debt – related party	483.6
Total Debt	7,586.2
Less: Cash	
Cash and cash items	2,957.4
Short-term investments	357.6
Subtotal	\$3,315.0
Net Debt	\$4,271.2

Outlook

FY22 Adjusted EPS

The guidance provided below is on an adjusted continuing operations basis and is compared to adjusted historical diluted EPS attributable to Air Products. These adjusted measures exclude the impact of certain items that we believe are not representative of our underlying business performance, such as the incurrence of additional costs for cost reduction actions and impairment charges, or the recognition of gains or losses on disclosed items. It is not possible, without unreasonable efforts, to identify the timing or occurrence of these events or the potential for other transactions that may impact future GAAP EPS. Furthermore, it is not possible to identify the potential significance of these events in advance, but any of these events, if they were to occur, could have a significant effect on our future GAAP EPS. Accordingly, management is unable to reconcile, without unreasonable efforts, the Company's forecasted range of adjusted EPS on a continuing operations basis to a comparable GAAP range. The per share impact for each non-GAAP adjustment was calculated independently and may not sum to total adjusted diluted EPS due to rounding.

	Diluted EPS	
	Q4	Full Year
2021 Diluted EPS	\$2.51	\$9.12
Facility closure	—	0.08
Gain on exchange with joint venture partner	—	(0.12)
Tax election benefit and other	—	(0.05)
2021 Adjusted Diluted EPS	\$2.51	\$9.02
2022 Adjusted Diluted EPS Outlook	\$2.68–\$2.88	\$10.20 –\$10.40
\$ Change	0.17–0.37	1.18–1.38
% Change	7%–15%	13%–15%

FY22 Capital Expenditures

We expect capital expenditures of over \$4.5 billion for full-year fiscal 2022. It is not possible, without unreasonable efforts, to reconcile our forecasted capital expenditures to future cash used for investing activities because we are unable to identify the timing or occurrence of our future investment activity, which is driven by our assessment of competing opportunities at the time we enter into transactions. These decisions, either individually or in the aggregate, could have a significant effect on our cash used for investing activities.