

Moving forward



Q2 FY20 Reconciliation Tables

April 23, 2020

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 identified by the word “adjusted” or “non-GAAP” preceding the measure. We believe these non-GAAP 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 GAAP.

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 on our website. 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.

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Adjusted EBITDA

Adjusted EBITDA Quarterly Trend

\$ Millions	2020			Q2 2020 vs PY		Q2 2020 vs PQ	
	Q1	Q2	LTM ^(A)	\$	%	\$	%
Sales	\$2,254.7	\$2,216.3	\$8,978.2				
Net income	\$488.9	\$490.4	\$1,998.2	\$56.9	13%	\$1.5	—%
Net income margin	21.7%	22.1%	22.3%		230bp		40bp
Net income	\$488.9	\$490.4	\$1,998.2				
Less: Loss from discontinued operations, net of tax	—	(14.3)	(14.3)				
Add: Interest expense	18.7	19.3	102.3				
Less: Other non-operating income (expense), net	9.1	7.1	50.7				
Add: Income tax provision	120.7	148.5	509.7				
Add: Depreciation and amortization	289.2	294.7	1,146.6				
Add: Cost reduction actions	—	—	25.5				
Less: Company headquarters relocation income (expense)	—	33.8	33.8				
Less: India Finance Act 2020 - equity affiliate income impact	—	33.8	33.8				
Less: Gain on exchange of equity affiliate investments	—	—	29.1				
Adjusted EBITDA	\$908.4	\$892.5	\$3,649.2	\$67.7	8%	(\$15.9)	(2)%
Adjusted EBITDA margin	40.3%	40.3%	40.6%		260bp		—bp

^(A) LTM refers to last twelve months.

Adjusted EBITDA Quarterly Trend (continued)

	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: Income (loss) 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 of equity affiliate investments	—	—	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%

	2016				2015				2014 ^(A)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
\$ Millions												
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	\$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 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	\$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 year ended September 30, 2016, which included the results of the former Materials Technologies segment.

Adjusted EBITDA by Segment

\$ Millions	2020		2019					Q2 2020 vs PY		Q2 2020 vs PQ	
	Q1	Q2	Q1	Q2	Q3	Q4	FY	\$	%	\$	%
Gases - Americas											
Sales	\$936.2	\$932.4	\$989.2	\$991.7	\$955.3	\$937.3	\$3,873.5				
Operating Income	\$257.2	\$268.0	\$219.2	\$255.6	\$262.2	\$260.7	\$997.7	\$12.4	5 %	\$10.8	4 %
Operating Margin	27.5%	28.7%	22.2%	25.8%	27.4%	27.8%	25.8%		290bp		120bp
Operating Income	\$257.2	\$268.0	\$219.2	\$255.6	\$262.2	\$260.7	\$997.7				
Add: Depreciation and amortization	131.8	135.5	125.6	124.9	126.3	128.4	505.2				
Add: Equity affiliates' income	20.6	21.6	22.6	17.8	21.7	22.7	84.8				
Adjusted EBITDA	\$409.6	\$425.1	\$367.4	\$398.3	\$410.2	\$411.8	\$1,587.7	\$26.8	7 %	\$15.5	4 %
Adjusted EBITDA Margin	43.8%	45.6%	37.1%	40.2%	42.9%	43.9%	41.0%		540bp		180bp
Gases - EMEA											
Sales	\$498.7	\$492.7	\$524.2	\$494.4	\$494.6	\$489.3	\$2,002.5				
Operating Income	\$120.5	\$124.6	\$105.6	\$122.5	\$123.4	\$120.9	\$472.4	\$2.1	2 %	\$4.1	3 %
Operating Margin	24.2%	25.3%	20.1%	24.8%	24.9%	24.7%	23.6%		50bp		110bp
Operating Income	\$120.5	\$124.6	\$105.6	\$122.5	\$123.4	\$120.9	\$472.4				
Add: Depreciation and amortization	48.4	47.6	46.3	46.3	47.8	49.1	189.5				
Add: Equity affiliates' income	19.3	13.5	13.7	13.3	18.8	23.2	69.0				
Adjusted EBITDA	\$188.2	\$185.7	\$165.6	\$182.1	\$190.0	\$193.2	\$730.9	\$3.6	2 %	(\$2.5)	(1)%
Adjusted EBITDA Margin	37.7%	37.7%	31.6%	36.8%	38.4%	39.5%	36.5%		90bp		—bp
Gases - Asia											
Sales	\$692.8	\$658.1	\$626.8	\$625.4	\$679.4	\$732.0	\$2,663.6				
Operating Income	\$228.5	\$209.1	\$201.8	\$199.7	\$231.4	\$231.3	\$864.2	\$9.4	5 %	(\$19.4)	(8)%
Operating Margin	33.0%	31.8%	32.2%	31.9%	34.1%	31.6%	32.4%		(10)bp		(120)bp
Operating Income	\$228.5	\$209.1	\$201.8	\$199.7	\$231.4	\$231.3	\$864.2				
Add: Depreciation and amortization	101.6	104.1	79.9	84.9	87.9	108.8	361.5				
Add: Equity affiliates' income	16.9	13.8	16.2	13.8	14.9	13.5	58.4				
Adjusted EBITDA	\$347.0	\$327.0	\$297.9	\$298.4	\$334.2	\$353.6	\$1,284.1	\$28.6	10 %	(\$20.0)	(6)%
Adjusted EBITDA Margin	50.1%	49.7%	47.5%	47.7%	49.2%	48.3%	48.2%		200bp		(40)bp
Gases - Global											
Operating Income	\$3.6	(\$19.8)	\$3.9	(\$12.2)	(\$9.6)	\$6.2	(\$11.7)	(\$7.6)			(\$23.4)
Add: Depreciation and amortization	2.4	2.4	2.1	2.0	2.2	2.3	8.6				
Add: Equity affiliates' income	1.4	5.5	0.4	1.3	1.0	0.5	3.2				
Adjusted EBITDA	\$7.4	(\$11.9)	\$6.4	(\$8.9)	(\$6.4)	\$9.0	\$0.1	(\$3.0)			(\$19.3)
Corporate and other											
Operating Income	(\$48.8)	(\$38.5)	(\$46.5)	(\$49.1)	(\$41.3)	(\$15.9)	(\$152.8)	\$10.6			\$10.3
Add: Depreciation and amortization	5.0	5.1	4.1	4.0	4.9	5.0	18.0				
Add: Equity affiliates' income	—	—	—	—	—	—	—				
Adjusted EBITDA	(\$43.8)	(\$33.4)	(\$42.4)	(\$45.1)	(\$36.4)	(\$10.9)	(\$134.8)	\$11.7			\$10.4

Adjusted Operating Income and Adjusted Operating Margin

\$ Millions	2020		2019	Q2 2020 vs PY		Q2 2020 vs PQ	
	Q1	Q2	Q2	\$	%	\$	%
Sales	\$2,254.7	\$2,216.3	\$2,187.7				
Operating Income	\$561.0	\$577.2	\$516.5	\$60.7	12 %	\$16.2	3 %
Operating Margin	24.9%	26.0%	23.6%		240bp		110bp
Operating income	\$561.0	\$577.2	\$516.5				
Company headquarters relocation (income) expense	—	(33.8)	—				
Adjusted Operating Income	\$561.0	\$543.4	\$516.5	\$26.9	5 %	(\$17.6)	(3) %
Adjusted Operating Margin	24.9%	24.5%	23.6%		90bp		(40)bp

Adjusted Net Income

\$ Millions	2020		2019	Q2 2020 vs PY		Q2 2020 vs PQ	
	Q1	Q2	Q2	\$	%	\$	%
Net Income	\$488.9	\$490.4	\$433.5	\$56.9	13%	\$1.5	— %
Loss from discontinued operations	—	14.3	—				
Net income attributable to noncontrolling interests	(13.3)	(12.6)	(12.2)				
Company headquarters relocation (income) expense	—	(25.6)	—				
India Finance Act 2020	—	(13.5)	—				
Pension settlement loss	—	—	3.8				
Adjusted Net Income	\$475.6	\$453.0	\$425.1	\$27.9	7%	(\$22.6)	(5)%

Adjusted Diluted Earnings per Share ("EPS")

Adjusted EPS Quarterly and Annual Trend

\$ Millions	2020*			2019					Q2 2020 vs PY		Q2 2020 vs PQ		YTD 2020 vs. 2019	
	Q1	Q2	Q2 YTD	Q1	Q2	Q3	Q4	Q2 YTD	\$	%	\$	%	\$	%
Diluted EPS	\$2.14	\$2.21	\$4.36	\$1.57	\$1.90	\$2.20	\$2.27	\$3.48	\$0.31	16%	\$0.07	3%	\$0.88	25%
Facility closure	—	—	—	0.10	—	—	—	0.10						
Cost reduction actions	—	—	—	—	—	0.08	—	—						
Gain on exchange of equity affiliate investments	—	—	—	—	—	(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						
Tax reform repatriation	—	—	—	(0.07)	—	0.02	—	(0.07)						
Tax reform adjustment related to deemed foreign dividends	—	—	—	0.26	—	—	—	0.25						
Adjusted Diluted EPS	\$2.14	\$2.04	\$4.18	\$1.86	\$1.92	\$2.17	\$2.27	\$3.78	\$0.12	6%	(\$0.10)	(5%)	\$0.40	11%

	2019	2018	2017	2016	2015	2014
Diluted EPS	\$7.94	\$6.59	\$5.16	\$5.04	\$4.29	\$3.24
Change in inventory valuation method	—	(0.08)	—	—	—	—
Facility closure	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 of equity affiliate investments	(0.13)	—	—	—	—	—
Gain on previously held equity interest	—	—	—	—	(0.05)	—
Gain on land sales	—	—	(0.03)	—	(0.13)	—
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	—	—	(0.50)	—	—	(0.14)
Adjusted Diluted EPS	\$8.21	\$7.45	\$6.31	\$5.64	\$4.88	\$4.42
Diluted EPS \$ change	\$1.35	\$1.43	\$0.12	\$0.75	\$1.05	
Diluted EPS % change	20%	28%	2%	17%	32%	
Adjusted diluted EPS \$ change	\$0.76	\$1.14	\$0.67	\$0.76	\$0.46	
Adjusted diluted EPS % change	10%	18%	12%	16%	10%	

*The per share impact for each of our non-GAAP adjustments was calculated independently and may not sum to total adjusted diluted EPS due to rounding.

Non-GAAP Historical Impact

The following tables detail the non-GAAP items summarized on the preceding slide and the impact they had on our historical consolidated income statements on a continuing operations basis.

\$ Millions, except for per share data

	2020					
	Q1			Q2		
	GAAP	Items	Non-GAAP	GAAP	Items ^(A)	Non-GAAP
Operating Income	\$561.0	\$—	\$561.0	\$577.2	(\$33.8)	\$543.4
Equity affiliates' income	58.2	—	58.2	88.2	(33.8)	54.4
Interest expense	18.7	—	18.7	19.3	—	19.3
Other non-operating income (expense), net	9.1	—	9.1	7.1	—	7.1
Income Before Taxes	\$609.6	\$—	\$609.6	\$653.2	(\$67.6)	\$585.6
Income tax provision	120.7	—	120.7	148.5	(28.5)	120.0
Income From Continuing Operations	\$488.9	\$—	\$488.9	\$504.7	(\$39.1)	\$465.6
Net income attributable to noncontrolling interests	13.3	—	13.3	12.6	—	12.6
Net Income Attributable to Air Products	\$475.6	\$—	\$475.6	\$492.1	(\$39.1)	\$453.0
Diluted EPS ^(B)	\$2.14	\$—	\$2.14	\$2.21	(\$0.18)	\$2.04

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

^(B) For non-GAAP EPS details, refer to page 8, Adjusted Diluted EPS.

Non-GAAP Items	2020						Line Item Impact
	Q1			Q2			
	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax	
Company headquarters relocation (income) expense	\$—	\$—	\$—	(\$33.8)	(\$8.2)	(\$25.6)	Operating income
India Finance Act 2020	—	—	—	(33.8)	(20.3)	(13.5)	Equity affiliates' income
Total Non-GAAP Items	\$—	\$—	\$—	(\$67.6)	(\$28.5)	(\$39.1)	

Non-GAAP Historical Impact (continued)

\$ Millions, except for per share data

	2019														
	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	\$455.0	\$29.0	\$484.0	\$516.5	\$—	\$516.5	\$569.7	(\$3.6)	\$566.1	\$603.2	\$—	\$603.2	\$2,144.4	\$25.4	\$2,169.8
Equity affiliates' income	52.9	—	52.9	46.2	—	46.2	56.4	—	56.4	59.9	—	59.9	215.4	—	215.4
Interest expense	37.3	—	37.3	35.4	—	35.4	34.2	—	34.2	30.1	—	30.1	137.0	—	137.0
Other non-operating income (expense), net	18.5	—	18.5	13.7	5.0	18.7	17.6	—	17.6	16.9	—	16.9	66.7	5.0	71.7
Income Before Taxes	\$489.1	\$29.0	\$518.1	\$541.0	\$5.0	\$546.0	\$609.5	(\$3.6)	\$605.9	\$649.9	\$—	\$649.9	\$2,289.5	\$30.4	\$2,319.9
Income tax provision	132.1	(33.7)	98.4	107.5	1.2	108.7	109.3	3.5	112.8	131.2	—	131.2	480.1	(29.0)	451.1
Income From Continuing Operations	\$357.0	\$62.7	\$419.7	\$433.5	\$3.8	\$437.3	\$500.2	(\$7.1)	\$493.1	\$518.7	\$—	\$518.7	\$1,809.4	\$59.4	\$1,868.8
Net income attributable to noncontrolling interests	9.5	—	9.5	12.2	—	12.2	12.2	—	12.2	15.5	—	15.5	49.4	—	49.4
Net Income Attributable to Air Products	\$347.5	\$62.7	\$410.2	\$421.3	\$3.8	\$425.1	\$488.0	(\$7.1)	\$480.9	\$503.2	\$—	\$503.2	\$1,760.0	\$59.4	\$1,819.4
Diluted EPS ^(B)	\$1.57	\$0.29	\$1.86	\$1.90	\$0.02	\$1.92	\$2.20	(\$0.03)	\$2.17	\$2.27	\$—	\$2.27	\$7.94	\$0.27	\$8.21

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

^(B) For non-GAAP EPS details, refer to page 8, Adjusted Diluted EPS.

	2019															Line Item Impact
	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	\$29.0	\$6.9	\$22.1	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$29.0	\$6.9	\$22.1	Operating income
Cost reduction actions	—	—	—	—	—	—	25.5	6.7	18.8	—	—	—	25.5	6.7	18.8	Operating income
Gain on exchange of equity affiliate investments	—	—	—	—	—	—	(29.1)	—	(29.1)	—	—	—	(29.1)	—	(29.1)	Operating income
Pension settlement loss	—	—	—	5.0	1.2	3.8	—	—	—	—	—	—	5.0	1.2	3.8	Other non-operating income (expense), net
Tax reform repatriation	—	15.6	(15.6)	—	—	—	—	(3.2)	3.2	—	—	—	—	12.4	(12.4)	Income tax provision
Tax reform adjustment related to deemed foreign dividends	—	(56.2)	56.2	—	—	—	—	—	—	—	—	—	—	(56.2)	56.2	Income tax provision
Total Non-GAAP Items	\$29.0	(\$33.7)	\$62.7	\$5.0	\$1.2	\$3.8	(\$3.6)	\$3.5	(\$7.1)	\$—	\$—	\$—	\$30.4	(\$29.0)	\$59.4	

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.

\$ Millions	2020		2019				2018		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
ROCE (GAAP Basis)									
Net income	\$ 490.4	\$ 488.9	\$ 518.7	\$ 500.2	\$ 433.5	\$ 357.0	\$ 459.7	\$ 487.9	
Total liabilities and equity	19,501.2	19,651.6	18,942.8	19,531.9	19,244.5	19,142.0	19,178.3	19,206.0	18,511.1
Four-Quarter Trailing Net Income	\$ 1,998.2	\$ 1,941.3	\$ 1,809.4	\$ 1,750.4	\$ 1,738.1				
Five-Quarter Average Total Liabilities and Equity	19,374.4	19,302.6	19,207.9	19,260.5	19,056.4				
ROCE (GAAP Basis)	10.3%	10.1%	9.4%	9.1%	9.1%				
ROCE (GAAP Basis) change vs. PY	120bp								
ROCE (Non-GAAP Basis)									
Net income	\$ 490.4	\$ 488.9	\$ 518.7	\$ 500.2	\$ 433.5	\$ 357.0	\$ 459.7	\$ 487.9	
(Income) loss from discontinued operations, net of tax	14.3	—	—	—	—	—	—	(43.2)	
Interest expense	19.3	18.7	30.1	34.2	35.4	37.3	35.4	34.9	
Change in inventory valuation method	—	—	—	—	—	—	(24.1)	—	
Facility closure	—	—	—	—	—	29.0	—	—	
Cost reduction and asset actions	—	—	—	25.5	—	—	—	—	
Company headquarters relocation (income) expense	(33.8)	—	—	—	—	—	—	—	
India Finance Act 2020	(33.8)	—	—	—	—	—	—	—	
Gain on exchange of equity affiliate investments	—	—	—	(29.1)	—	—	—	—	
Pension settlement loss	—	—	—	—	5.0	—	43.7	—	
Tax reform repatriation	—	—	—	3.2	—	(15.6)	24.1	—	
Tax reform adjustment related to deemed foreign dividends	—	—	—	—	—	56.2	(56.2)	—	
Tax reform rate change and other	—	—	—	—	—	—	2.2	—	
Tax restructuring	—	—	—	—	—	—	3.1	—	
Tax other ^(A)	24.1	(3.7)	(6.1)	(12.8)	(8.2)	(17.0)	(8.5)	(6.8)	
Return After-Tax (Non-GAAP Basis)	\$ 480.5	\$ 503.9	\$ 542.7	\$ 521.2	\$ 465.7	\$ 446.9	\$ 479.4	\$ 472.8	
Total Capital									
Total liabilities and equity	\$ 19,501.2	\$ 19,651.6	\$ 18,942.8	\$ 19,531.9	\$ 19,244.5	\$ 19,142.0	\$ 19,178.3	\$ 19,206.0	\$ 18,511.1
Less: Payables and accrued liabilities	1,649.1	1,630.0	1,635.7	1,543.2	1,513.7	1,738.3	1,817.8	1,968.4	1,551.6
Less: Accrued income taxes	90.4	113.4	86.6	65.6	70.7	111.9	59.6	46.0	76.6
Less: Other noncurrent liabilities	1,881.0	1,826.7	1,712.4	1,553.6	1,560.5	1,551.6	1,536.9	1,831.8	1,923.5
Less: Deferred income taxes	844.4	810.5	793.8	823.2	805.4	768.9	775.1	678.6	699.7
Capital Employed (Non-GAAP Basis)	\$ 15,036.3	\$ 15,271.0	\$ 14,714.3	\$ 15,546.3	\$ 15,294.2	\$ 14,971.3	\$ 14,988.9	\$ 14,681.2	\$ 14,259.7
Four-Quarter Trailing Return After-Tax—Non-GAAP	\$ 2,048.3	\$ 2,033.5	1,976.5	\$ 1,913.2	\$ 1,864.8				
Five-Quarter Average Capital Employed—Non-GAAP	15,172.4	15,159.4	15,103.0	15,096.4	14,839.1				
ROCE (Non-GAAP Basis)	13.5%	13.4%	13.1%	12.7%	12.6%				
ROCE (Non-GAAP Basis) change vs. PY	90bp								

^(A) Represents the tax impact on interest expense and our pre-tax non-GAAP adjustments.

Cash Flow and Capital Deployment

Reconciliation to Investable Cash Flow

(\$ millions, except for per share data)	LTM ^(A)
Adjusted EBITDA	\$3,649
Interest, net ^(B)	(52)
Cash Tax ^(C)	(412)
Maintenance CapEx ^(D)	(491)
Distributable Cash Flow	2,694
	<i>\$12.13/Share*</i>
Dividends	(1,023)
Investable Cash Flow	\$1,671

(\$ millions, except for share and per share data)	2020		LTM ^(A)
	Q1	Q2	
Cash Provided by Operating Activities	\$667.0	\$571.5	\$2,922.6
Working capital changes increase (decrease)			
Trade receivables	(0.9)	112.8	125.5
Inventories	8.4	8.1	5.3
Other receivables	(1.4)	2.1	(29.5)
Payables and accrued liabilities	115.4	(3.6)	28.1
Other working capital	41.6	71.5	100.5
Undistributed earnings (losses) of unconsolidated affiliates	26.2	75.4	150.2
Share-based compensation	(13.9)	(13.0)	(46.9)
Noncurrent capital lease receivables	(23.5)	(23.6)	(94.1)
Maintenance CapEx ^(D)	(124.0)	(143.0)	(491.0)
Other items, net ^(E)	13.7	(109.2)	23.3
Distributable Cash Flow	708.6	549.0	2,694.0
Dividends	(255.7)	(256.0)	(1,022.6)
Investable Cash Flow	\$452.9	\$293.0	\$1,671.4
Distributable Cash Flow Per Share			
Shares - diluted	222.2	222.3	222.1
Distributable Cash Flow Per Share			\$12.13

^(A) LTM refers to last twelve months.

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

^(C) Cash paid for taxes, net of refunds, was \$253.5 for the six months ended 31 March 2020. Cash paid for taxes, net of refunds, was \$323.6 in fiscal year 2019 (Q1: \$28.7, Q2: \$136.9, Q3: \$85.2, Q4: \$72.8).

^(D) Maintenance CapEx is the component of "additions to plant and equipment" in the consolidated statements of cash flow which represents capital spending to maintain or replace existing capacity or assets to maintain existing profitability. See the "Capital Expenditures" section for additional information.

^(E) "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)

(\$ millions, except for share and per share data)	2019					FY 2018
	Q1	Q2	Q3	Q4	FY	
Cash Provided by Operating Activities	\$655.2	\$630.6	\$717.6	\$966.5	\$2,969.9	\$2,547.2
Working capital changes increase (decrease)						
Trade receivables	73.6	(18.2)	84.1	(70.5)	69.0	42.8
Inventories	10.4	3.8	(0.7)	(10.5)	3.0	64.2
Other receivables	(10.3)	(39.3)	(21.0)	(9.2)	(79.8)	(128.3)
Payables and accrued liabilities	55.4	70.1	(30.7)	(53.0)	41.8	277.7
Other working capital	(57.5)	61.4	5.3	(17.9)	(8.7)	9.0
Undistributed earnings (losses) of unconsolidated affiliates	(1.0)	28.2	29.7	18.9	75.8	59.8
Share-based compensation	(9.3)	(11.9)	(9.8)	(10.2)	(41.2)	(38.8)
Noncurrent capital lease receivables	(24.8)	(22.8)	(24.1)	(22.9)	(94.6)	(97.4)
Maintenance CapEx ^(A)	(103.0)	(87.0)	(122.0)	(102.0)	(414.0)	(421.0)
Other items, net ^(B)	55.7	(30.7)	39.4	79.4	143.8	(66.2)
Distributable Cash Flow	644.4	584.2	667.8	768.6	2,665.0	2,249.0
Dividends	(241.5)	(241.6)	(255.3)	(255.6)	(994.0)	(897.8)
Investable Cash Flow	\$402.9	\$342.6	\$412.5	\$513.0	\$1,671.0	\$1,351.2
Distributable Cash Flow Per Share						
Shares - diluted	221.0	221.4	221.9	222.1	221.6	220.8
Distributable Cash Flow Per Share					\$12.03	\$10.19

^(A) Maintenance CapEx is the component of "additions to plant and equipment" in the consolidated statements of cash flow which represents capital spending to maintain or replace existing capacity or assets to maintain existing profitability. See 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. A reconciliation of interest, net for the last twelve months ("LTM") is provided below:

\$ Millions	LTM	2020			2019				
		Q1	Q2	Q2 YTD	Q1	Q2	Q3	Q4	Q2 YTD
Interest expense	\$102.3	\$18.7	\$19.3	\$38.0	\$37.3	\$35.4	\$34.2	\$30.1	\$72.7
Less: Other non-operating income (expense), net	50.7	9.1	7.1	16.2	18.5	13.7	17.6	16.9	32.2
Interest, net	\$51.6	\$9.6	\$12.2	\$21.8	\$18.8	\$21.7	\$16.6	\$13.2	\$40.5

Capital Expenditures

We define capital expenditures as cash flows for additions to plant and equipment, 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:

\$ Millions	2020			2019								
	Q1	Q2	LTM ^(A)	Q1	Q2	Q3	Q4	FY	2018	2017	2016	2015
Cash Used for Investing Activities	\$260.7	\$445.7	\$1,937.7	\$226.5	\$655.6	\$553.4	\$677.9	\$2,113.4	\$1,641.6	\$1,412.0	\$858.7	\$1,146.0
Proceeds from sale of assets and investments	15.2	52.8	75.3	1.1	2.7	5.0	2.3	11.1	48.8	42.5	44.6	55.3
Purchases of investments	—	—	(166.8)	(5.3)	—	—	(166.8)	(172.1)	(530.3)	(2,692.6)	—	—
Proceeds from investments	177.0	—	179.6	178.0	9.9	2.6	—	190.5	748.2	2,290.7	—	—
Other investing activities	1.9	—	(15.1)	3.1	(0.4)	(1.9)	(15.1)	(14.3)	5.5	3.4	4.4	(0.1)
Capital Expenditures^(B)	\$454.8	\$498.5	\$2,010.7	\$403.4	\$667.8	\$559.1	\$498.3	\$2,128.6	\$1,913.8	\$1,056.0	\$907.7	\$1,201.2

^(A) LTM refers to last twelve months.

^(B) 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:

\$ Millions	2020		LTM ^(A)
	Q1	Q2	
Additions to plant and equipment	\$447.7	\$482.9	\$1,956.8
Acquisitions, less cash acquired	—	—	16.9
Investments in and advances to unconsolidated affiliates	7.1	15.6	37.0
Capital Expenditures	454.8	498.5	2,010.7
Less: Maintenance CapEx ^(B)	(124.0)	(143.0)	(491.0)
Growth CapEx^(C)	\$330.8	\$355.5	\$1,519.7

	2019					2018	2017	2016	2015
	Q1	Q2	Q3	Q4	FY				
Additions to plant and equipment	\$403.4	\$560.1	\$544.1	\$482.1	\$1,989.7	\$1,568.4	1,039.7	907.7	1,162.4
Acquisitions, less cash acquired	—	106.3	0.7	16.2	123.2	345.4	8.2	—	34.5
Investments in and advances to unconsolidated affiliates	—	1.4	14.3	—	15.7	—	8.1	—	4.3
Capital Expenditures	403.4	667.8	559.1	498.3	2,128.6	1,913.8	1,056.0	907.7	1,201.2
Less: Maintenance CapEx ^(B)	(103.0)	(87.0)	(122.0)	(102.0)	(414.0)	(421.0)			
Growth CapEx^(C)	\$300.4	\$580.8	\$437.1	\$396.3	\$1,714.6	\$1,492.8			

^(A) LTM refers to last twelve months.

^(B) Maintenance CapEx is the component of "additions to plant and equipment" in the consolidated statements of cash flow which 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" plus "acquisitions, less cash acquired" plus "investment in and advances to the unconsolidated affiliates." Growth CapEx since fiscal year 2018 totals \$3,894.

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. A reconciliation of total debt to our reported net debt is provided below:

\$ Millions	31 March
	2020
Short-term borrowings	\$29.0
Current portion of long-term debt	38.4
Long-term debt	2,922.1
Long-term debt – related party	323.1
Total Debt	3,312.6
Less: Cash and cash items	2,220.1
Net Debt	\$1,092.5

Outlook

Due to the significant uncertainty that remains regarding the rapidly evolving COVID-19 pandemic, Air Products is not providing Q3FY20 EPS Guidance.

In addition, we believe it is prudent to withdraw our FY20 EPS and capital expenditure guidance, and therefore we advise our investors that such guidance should no longer be relied upon. We are not providing new FY20 guidance at this time.