

Moving forward



Q2 FY23 Reconciliation Tables

May 9, 2023



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Purpose of Reconciliation Tables

Our financial presentations, earnings teleconferences, 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 U.S. 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.

Non-GAAP Adjustments for Non-Service Pension Cost/Benefit, Net

Effective beginning in the first quarter of fiscal year 2023, our adjusted EPS, adjusted net income, and adjusted effective tax rate exclude the impact of non-service related components of net periodic cost/benefit for our defined benefit pension plans. Non-service related components are recurring, non-operating items that include interest cost, expected returns on plan assets, prior service cost amortization, actuarial loss amortization, as well as special termination benefits, curtailments, and settlements. The net impact of non-service related components is reflected within “Other non-operating income (expense), net” on our consolidated income statements. Adjusting for the impact of non-service pension components provides management and users of our financial statements with a more accurate representation of our underlying business performance because these components are driven by factors that are unrelated to our operations, such as recent changes to the allocation of our pension plan assets associated with de-risking as well as volatility in equity and debt markets. Further, non-service related components are not indicative of our defined benefit plans’ future contribution needs due to the funded status of the plans.

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The table below summarizes the historical impact of non-service related pension components for the periods indicated. The per share impacts reflected in this table were calculated independently and may not sum to total adjusted diluted EPS due to rounding.

	Fiscal Year 2022					Fiscal Year 2021				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Non-service pension benefit, net – before tax	\$12.0	\$11.9	\$9.5	\$11.3	\$44.7	\$20.9	\$21.4	\$21.0	\$19.7	\$83.0
Tax impact	(2.9)	(2.9)	(2.3)	(2.7)	(10.8)	(4.5)	(4.6)	(5.2)	(4.8)	(19.1)
Non-service pension benefit, net – after tax	\$9.1	\$9.0	\$7.2	\$8.6	\$33.9	\$16.4	\$16.8	\$15.8	\$14.9	\$63.9
Weighted Average Common Shares — Diluted (<i>in millions</i>)	222.6	222.5	222.5	222.5	222.5	222.6	222.5	222.5	222.5	222.5
Non-GAAP Measures Reflecting Adjustments for Non-Service Pension Impacts:										
Adjusted diluted EPS as reported	\$2.52	\$2.38	\$2.62	\$2.89	\$10.41	\$2.12	\$2.08	\$2.31	\$2.51	\$9.02
Per share impact of non-service pension benefit, net ^(A)	(0.04)	(0.04)	(0.03)	(0.04)	(0.15)	(0.07)	(0.08)	(0.07)	(0.07)	(0.29)
Adjusted diluted EPS ^(A) excluding per share impact of non-service pension benefit, net	\$2.48	\$2.34	\$2.58	\$2.85	\$10.25	\$2.05	\$2.01	\$2.24	\$2.44	\$8.73

^(A) Calculated as "Non-service pension benefit, net – after tax" divided by "Weighted average common shares – Diluted."

Adjusted Diluted Earnings per Share ("EPS")

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

Quarterly and Annual Trend FY21-FY23

Adjusted diluted EPS for fiscal years 2022 and 2021 and relevant comparisons presented below have been updated to exclude the impact of non-service related components of net periodic cost/benefit.

	2023			2022					2021	
	Q1	Q2	Q2 YTD	Q1	Q2	Q3	Q4	Q2 YTD	FY	FY
Diluted EPS	\$2.57	\$1.97	\$4.54	\$2.52	\$2.38	\$2.62	\$2.56	\$4.90	\$10.08	\$9.12
Facility closure	—	—	—	—	—	—	—	—	—	0.08
Business and asset actions	—	0.69	0.69	—	—	—	0.27	—	0.27	—
Gain on exchange with joint venture partner	—	—	—	—	—	—	—	—	—	(0.12)
Equity method investment impairment charge	—	—	—	—	—	—	0.05	—	0.05	—
Non-service pension cost (benefit), net	0.07	0.08	0.14	(0.04)	(0.04)	(0.03)	(0.04)	(0.08)	(0.15)	(0.29)
Tax election benefit and other	—	—	—	—	—	—	—	—	—	(0.05)
Subtotal - Non-GAAP items	0.07	0.77	0.83	(0.04)	(0.04)	(0.03)	0.28	(0.08)	0.17	(0.38)
Adjusted Diluted EPS	\$2.64	\$2.74	\$5.38	\$2.48	\$2.34	\$2.58	\$2.85	\$4.82	\$10.25	\$8.73

	Q2 2023 vs. Q2 2022	Q2 2023 vs. Q1 2023	Q2 2023 YTD vs. Q2 2022 YTD	FY2022 vs. FY2021
Change GAAP				
Diluted EPS \$ change	(\$0.41)	(\$0.60)	(\$0.36)	\$0.96
Diluted EPS % change	(17%)	(23%)	(7%)	11%
Change Non-GAAP				
Adjusted diluted EPS \$ change	\$0.40	\$0.10	\$0.56	\$1.52
Adjusted diluted EPS % change	17%	4%	12%	17%

Adjusted EPS Annual Trend FY14-FY21

Amounts presented in the table below are as previously reported.

	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
	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 %	

Adjusted EBITDA

FY23 vs. FY22 Quarterly Trend

	LTM	2023		2022			
		Q1	Q2	Q1	Q2	Q3	Q4
Sales	\$13,134.1	\$3,174.7	\$3,200.1	\$2,994.2	\$2,945.1	\$3,189.3	\$3,570.0
Net income	\$2,213.8	\$583.8	\$449.9	\$549.6	\$536.8	\$587.1	\$593.0
Net income margin	16.9%	18.4%	14.1%	18.4%	18.2%	18.4%	16.6%
<u>Reconciliation of GAAP to Non-GAAP:</u>							
Net income	\$2,213.8	\$583.8	\$449.9	\$549.6	\$536.8	\$587.1	\$593.0
Less: Income from discontinued operations, net of tax	12.6	—	—	—	—	—	12.6
Add: Interest expense	147.3	41.2	40.9	30.5	32.3	32.7	32.5
Less: Other non-operating income (expense), net	16.2	(0.6)	(13.9)	22.6	9.1	10.5	20.2
Add: Income tax provision	522.2	136.4	121.0	113.3	122.7	134.2	130.6
Add: Depreciation and amortization	1,331.1	321.5	339.6	332.3	335.9	337.2	332.8
Add: Business and asset actions	259.3	—	185.6	—	—	—	73.7
Add: Equity method investment impairment charge	14.8	—	—	—	—	—	14.8
Adjusted EBITDA	\$4,459.7	\$1,083.5	\$1,150.9	\$1,003.1	\$1,018.6	\$1,080.7	\$1,144.6
Adjusted EBITDA margin	34.0%	34.1%	36.0%	33.5%	34.6%	33.9%	32.1%
		Q2 2023 vs. Q2 2022	Q2 2023 vs. Q1 2023	Q2 2023 vs. Q2 2014^(A)			
Change GAAP							
Net income \$ change		(\$86.9)	(\$133.9)	\$158.3			
Net income % change		(16%)	(23%)	54%			
Net income margin change		(410) bp	(430) bp	280 bp			
Change Non-GAAP							
Adjusted EBITDA \$ change		\$132.3	\$67.4	\$503.6			
Adjusted EBITDA % change		13%	6%	78%			
Adjusted EBITDA margin change		140 bp	190 bp	1,090 bp			

^(A) Refer to page 8 for a reconciliation of fiscal year 2014 adjusted EBITDA.

Adjusted EBITDA Quarterly Trend FY17-FY21

	2021				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	\$2,375.2	\$2,502.0	\$2,604.7	\$2,841.1	\$2,254.7	\$2,216.3	\$2,065.2	\$2,320.1
Net income	\$486.7	\$477.1	\$532.3	\$618.8	\$488.9	\$490.4	\$457.1	\$494.7
Net income margin	20.5%	19.1%	20.4%	21.8%	21.7%	22.1%	22.1%	21.3%
<u>Reconciliation of GAAP to Non-GAAP:</u>								
Net income	\$486.7	\$477.1	\$532.3	\$618.8	\$488.9	\$490.4	\$457.1	\$494.7
Less: Income (Loss) from discontinued operations, net of tax	10.3	—	8.2	51.8	—	(14.3)	—	—
Add: Interest expense	36.7	36.1	35.6	33.4	18.7	19.3	32.1	39.2
Less: Other non-operating income (expense), net	18.6	16.8	21.1	17.2	9.1	7.1	8.1	6.4
Add: Income tax provision	113.9	121.9	101.7	125.3	120.7	148.5	109.3	99.9
Add: Depreciation and amortization	323.7	329.3	335.7	332.6	289.2	294.7	290.6	310.5
Add: Facility closure	—	23.2	—	—	—	—	—	—
Less: Gain on exchange with joint venture partner	—	36.8	—	—	—	—	—	—
Less: Company headquarters relocation income (expense)	—	—	—	—	—	33.8	—	—
Less: India Finance Act 2020 - equity affiliate income impact	—	—	—	—	—	33.8	—	—
Adjusted EBITDA	\$932.1	\$934.0	\$976.0	\$1,041.1	\$908.4	\$892.5	\$881.0	\$937.9
Adjusted EBITDA margin	39.2%	37.3%	37.5%	36.6%	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 %
<u>Reconciliation of GAAP to Non-GAAP:</u>												
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) 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 %
Reconciliation of GAAP to Non-GAAP:												
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

	2023		2022				Q2 2023 vs. Q2 2022		Q2 2023 vs. Q1 2023		
	Q1	Q2	Q1	Q2	Q3	Q4	FY	\$	%	\$	%
Americas											
Sales	\$1,384.2	\$1,373.1	\$1,224.1	\$1,186.6	\$1,416.3	\$1,541.9	\$5,368.9				
Operating income	\$343.0	\$324.2	\$267.2	\$275.5	\$298.9	\$332.8	\$1,174.4	\$48.7	18%	(\$18.8)	(5%)
Operating margin	24.8 %	23.6 %	21.8 %	23.2 %	21.1 %	21.6 %	21.9 %		40 bp		(120)bp
<u>Reconciliation of GAAP to Non-GAAP:</u>											
Operating income	\$343.0	\$324.2	\$267.2	\$275.5	\$298.9	\$332.8	\$1,174.4				
Add: Depreciation and amortization	156.0	161.7	155.3	153.7	160.5	160.0	629.5				
Add: Equity affiliates' income	16.4	28.1	34.2	20.1	21.4	22.5	98.2				
Adjusted EBITDA	\$515.4	\$514.0	\$456.7	\$449.3	\$480.8	\$515.3	\$1,902.1	\$64.7	14%	(\$1.4)	—%
Adjusted EBITDA margin	37.2 %	37.4 %	37.3 %	37.9 %	33.9 %	33.4 %	35.4 %		(50)bp		20 bp
Asia											
Sales	\$777.8	\$813.9	\$780.4	\$751.2	\$751.4	\$860.3	\$3,143.3				
Operating income	\$235.9	\$233.0	\$221.1	\$203.6	\$210.6	\$263.0	\$898.3	\$29.4	14%	(\$2.9)	(1%)
Operating margin	30.3 %	28.6 %	28.3 %	27.1 %	28.0 %	30.6 %	28.6 %		150 bp		(170)bp
<u>Reconciliation of GAAP to Non-GAAP:</u>											
Operating income	\$235.9	\$233.0	\$221.1	\$203.6	\$210.6	\$263.0	\$898.3				
Add: Depreciation and amortization	101.9	110.0	110.8	111.8	107.6	106.3	436.5				
Add: Equity affiliates' income	7.4	7.3	6.6	6.2	5.7	3.6	22.1				
Adjusted EBITDA	\$345.2	\$350.3	\$338.5	\$321.6	\$323.9	\$372.9	\$1,356.9	\$28.7	9%	\$5.1	1%
Adjusted EBITDA margin	44.4 %	43.0 %	43.4 %	42.8 %	43.1 %	43.3 %	43.2 %		20 bp		(140)bp
Europe											
Sales	\$791.9	\$752.9	\$744.2	\$738.6	\$739.6	\$863.7	\$3,086.1				
Operating income	\$145.8	\$173.2	\$99.2	\$116.4	\$137.4	\$150.4	\$503.4	\$56.8	49%	\$27.4	19%
Operating margin	18.4 %	23.0 %	13.3 %	15.8 %	18.6 %	17.4 %	16.3 %		720 bp		460 bp
<u>Reconciliation of GAAP to Non-GAAP:</u>											
Operating income	\$145.8	\$173.2	\$99.2	\$116.4	\$137.4	\$150.4	\$503.4				
Add: Depreciation and amortization	44.3	48.3	49.8	50.3	48.9	46.2	195.2				
Add: Equity affiliates' income	17.7	29.5	13.9	23.3	20.6	20.4	78.2				
Adjusted EBITDA	\$207.8	\$251.0	\$162.9	\$190.0	\$206.9	\$217.0	\$776.8	\$61.0	32%	\$43.2	21%
Adjusted EBITDA margin	26.2 %	33.3 %	21.9 %	25.7 %	28.0 %	25.1 %	25.2 %		760 bp		710 bp
Middle East and India											
Operating income	\$6.7	\$1.3	\$4.8	\$4.8	\$6.9	\$4.6	\$21.1	(\$3.5)		(\$5.4)	
Add: Depreciation and amortization	6.6	6.6	6.1	6.9	6.8	7.1	26.9				
Add: Equity affiliates' income	64.1	98.9	92.3	71.1	67.2	63.3	293.9				
Adjusted EBITDA	\$77.4	\$106.8	\$103.2	\$82.8	\$80.9	\$75.0	\$341.9	\$24.0	29%	\$29.4	38%
Corporate and other											
Operating loss	(\$79.4)	(\$86.3)	(\$69.3)	(\$38.4)	(\$26.4)	(\$50.6)	(\$184.7)	(\$47.9)			
Add: Depreciation and amortization	12.7	13.0	10.3	13.2	13.4	13.2	50.1				
Add: Equity affiliates' income	4.4	2.1	0.8	0.1	1.2	1.8	3.9				
Adjusted EBITDA	(\$62.3)	(\$71.2)	(\$58.2)	(\$25.1)	(\$11.8)	(\$35.6)	(\$130.7)	(\$46.1)			

Adjusted Operating Income and Adjusted Operating Margin

	2023		2022	Q2 2023 vs. Q2 2022		Q2 2023 vs. Q1 2023	
	Q1	Q2	Q2	\$	%/bp	\$	%/bp
Sales	\$3,174.7	\$3,200.1	\$2,945.1				
Operating income	\$652.0	\$459.8	\$561.9	(\$102.1)	(18%)	(\$192.2)	(29%)
Operating margin	20.5 %	14.4 %	19.1 %		(470)bp		(610)bp
<i>Reconciliation of GAAP to Non-GAAP:</i>							
Operating income	\$652.0	\$459.8	\$561.9				
Business and asset actions	—	185.6	—				
Adjusted operating income	\$652.0	\$645.4	\$561.9	\$83.5	15%	(\$6.6)	(1%)
Adjusted operating margin	20.5 %	20.2 %	19.1 %		110 bp		(30)bp

Adjusted Net Income

	2023		2022	Q2 2023 vs. Q2 2022		Q2 2023 vs. Q1 2023	
	Q1	Q2	Q2	\$	%	\$	%
Net income	\$583.8	\$449.9	\$536.8	(\$86.9)	(16%)	(\$133.9)	(23%)
Net income attributable to noncontrolling interests	(11.6)	(10.1)	(6.3)				
Net income attributable to Air Products	\$572.2	\$439.8	\$530.5				
Business and asset actions	—	153.7	—				
Non-service pension cost (benefit), net	14.6	17.2	(9.0)				
Adjusted net income	\$586.8	\$610.7	\$521.5	\$89.2	17%	\$23.9	4%

Adjusted Effective Tax Rate

	Q2 2023	Q2 2022
Income tax provision	\$121.0	\$122.7
Income before taxes	570.9	659.5
Effective tax rate	21.2%	18.6%
Income tax provision	\$121.0	\$122.7
Business and asset actions	26.9	—
Non-service pension tax impact	5.7	(2.9)
Adjusted income tax provision	\$153.6	\$119.8
Income before taxes	\$570.9	\$659.5
Business and asset actions	185.6	—
Non-service pension cost (benefit), net	22.9	(11.9)
Adjusted income before taxes	\$779.4	\$647.6
Adjusted effective tax rate	19.7%	18.5%
	Q2 2023	
	vs.	
Changes	Q2 2022	
Effective tax rate	260bp	
Adjusted effective tax rate	120bp	

Summary of Non-GAAP Adjustments

The tables below detail the non-GAAP items disclosed on the preceding pages and the impact of each on our consolidated income statements on a continuing operations basis.

	2023								
	Q1			Q2			Q2 YTD		
	GAAP	Items ^(A)	Non-GAAP	GAAP	Items ^(A)	Non-GAAP	GAAP	Items ^(A)	Non-GAAP
Operating income	\$652.0	\$—	\$652.0	\$459.8	\$185.6	\$645.4	\$1,111.8	\$185.6	\$1,297.4
Equity affiliates' income	110.0	—	110.0	165.9	—	165.9	275.9	—	275.9
Interest expense	41.2	—	41.2	40.9	—	40.9	82.1	—	82.1
Other non-operating income (expense), net	(0.6)	19.5	18.9	(13.9)	22.9	9.0	(14.5)	42.4	27.9
Income before taxes	720.2	19.5	739.7	570.9	208.5	779.4	1,291.1	228.0	1,519.1
Income tax provision	136.4	4.9	141.3	121.0	32.6	153.6	257.4	37.5	294.9
Net income	583.8	14.6	598.4	449.9	175.9	625.8	1,033.7	190.5	1,224.2
Net income attributable to noncontrolling interests	11.6	—	11.6	10.1	5.0	15.1	21.7	5.0	26.7
Net income attributable to Air Products	572.2	14.6	586.8	439.8	170.9	610.7	1,012.0	185.5	1,197.5
Diluted EPS ^(B)	\$2.57	\$0.07	\$2.64	\$1.97	\$0.77	\$2.74	\$4.54	\$0.83	\$5.38

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

^(B) For non-GAAP EPS details, refer to the Adjusted Diluted EPS section on page 4.

Non-GAAP Items	2023								
	Q1			Q2			Q2 YTD		
	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax
Business and asset actions ^(C)	\$—	\$—	\$—	\$185.6	\$26.9	\$153.7	\$185.6	\$26.9	\$153.7
Non-service pension cost, net ^(D)	19.5	4.9	14.6	22.9	5.7	17.2	42.4	10.6	31.8
Total Non-GAAP Items	\$19.5	\$4.9	\$14.6	\$208.5	\$32.6	\$170.9	\$228.0	\$37.5	\$185.5

^(C) Before tax impact reflected in "Operating income." Charge includes \$5.0 attributable to noncontrolling interests.

^(D) Before tax impact reflected in "Other non-operating income (expense), net."

Summary of Non-GAAP Adjustments (continued)

	2022														
	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	\$523.0	\$—	\$523.0	\$561.9	\$—	\$561.9	\$627.4	\$—	\$627.4	\$626.5	\$73.7	\$700.2	\$2,338.8	\$73.7	\$2,412.5
Equity affiliates' income	147.8	—	147.8	120.8	—	120.8	116.1	—	116.1	96.8	14.8	111.6	481.5	14.8	496.3
Interest expense	30.5	—	30.5	32.3	—	32.3	32.7	—	32.7	32.5	—	32.5	128.0	—	128.0
Other non-operating income (expense), net	22.6	(12.0)	10.6	9.1	(11.9)	(2.8)	10.5	(9.5)	1.0	20.2	(11.3)	8.9	62.4	(44.7)	17.7
Income from continuing operations before taxes	662.9	(12.0)	650.9	659.5	(11.9)	647.6	721.3	(9.5)	711.8	711.0	77.2	788.2	2,754.7	43.8	2,798.5
Income tax provision	113.3	(2.9)	110.4	122.7	(2.9)	119.8	134.2	(2.3)	131.9	130.6	13.7	144.3	500.8	5.6	506.4
Income from continuing operations	549.6	(9.1)	540.5	536.8	(9.0)	527.8	587.1	(7.2)	579.9	580.4	63.5	643.9	2,253.9	38.2	2,292.1
Net income (loss) attributable to noncontrolling interests	(10.8)	—	(10.8)	6.3	—	6.3	5.0	—	5.0	9.9	—	9.9	10.4	—	10.4
Net income attributable to Air Products	560.4	(9.1)	551.3	530.5	(9.0)	521.5	582.1	(7.2)	574.9	570.5	63.5	634.0	2,243.5	38.2	2,281.7
Diluted EPS ^(B)	\$2.52	(\$0.04)	\$2.48	\$2.38	(\$0.04)	\$2.34	\$2.62	(\$0.03)	\$2.58	\$2.56	\$0.28	\$2.85	\$10.08	\$0.17	\$10.25

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

^(B) For non-GAAP EPS details, refer to the Adjusted Diluted EPS section on page 4.

Non-GAAP Items	2022														
	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
Business and asset actions ^(C)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$73.7	\$12.7	\$61.0	\$73.7	\$12.7	\$61.0
Equity method investment impairment charge ^(D)	—	—	—	—	—	—	—	—	—	14.8	3.7	11.1	14.8	3.7	11.1
Non-service pension benefit, net ^(E)	(12.0)	(2.9)	(9.1)	(11.9)	(2.9)	(9.0)	(9.5)	(2.3)	(7.2)	(11.3)	(2.7)	(8.6)	(44.7)	(10.8)	(33.9)
Total Non-GAAP Items	(\$12.0)	(\$2.9)	(\$9.1)	(\$11.9)	(\$2.9)	(\$9.0)	(\$9.5)	(\$2.3)	(\$7.2)	\$77.2	\$13.7	\$63.5	\$43.8	\$5.6	\$38.2

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

^(D) Before tax impact reflected in "Equity affiliates' income."

^(E) Before tax impact reflected in "Other non-operating income (expense), net"

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.

	2023		2022			2021			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
ROCE (GAAP Basis):									
Net income	\$449.9	\$583.8	\$593.0	\$587.1	\$536.8	\$549.6	\$618.8	\$532.3	
Total liabilities and equity	29,435.4	28,278.3	27,192.6	27,489.0	27,449.7	27,125.3	26,859.2	26,252.1	26,158.9
Four-Quarter Trailing Net Income	\$2,213.8	\$2,300.7	\$2,266.5	\$2,292.3	\$2,237.5				
÷ Five-Quarter Average Total Liabilities and Equity	27,969.0	27,507.0	27,223.2	27,035.1	26,769.0				
ROCE (GAAP Basis)	7.9%	8.4%	8.3%	8.5%	8.4%				
Change vs. prior year	(50)bp								
Change vs. prior quarter	(50)bp								
ROCE (Non-GAAP Basis):									
Net income	\$449.9	\$583.8	\$593.0	\$587.1	\$536.8	\$549.6	\$618.8	\$532.3	
Income from discontinued operations, net of tax	—	—	(12.6)	—	—	—	(51.8)	(8.2)	
Interest expense	40.9	41.2	32.5	32.7	32.3	30.5	33.4	35.6	
Business and asset actions	185.6	—	73.7	—	—	—	—	—	
Equity method investment impairment charge	—	—	14.8	—	—	—	—	—	
Non-operating pension cost (benefit)	22.9	19.5	(11.3)	(9.5)	(11.9)	(12.0)	(19.7)	(21.0)	
Tax election benefit and other	—	—	—	—	—	—	—	(12.2)	
Tax other ^(A)	(41.3)	(12.7)	(19.7)	(3.8)	(3.1)	(2.3)	(1.2)	(0.6)	
Return After-Tax (Non-GAAP Basis)	\$658.0	\$631.8	\$670.4	\$606.5	\$554.1	\$565.8	\$579.5	\$525.9	
Total liabilities and equity	\$29,435.4	\$28,278.3	\$27,192.6	\$27,489.0	\$27,449.7	\$27,125.3	\$26,859.2	\$26,252.1	\$26,158.9
Less: Payables and accrued liabilities	2,489.3	2,552.0	2,771.6	2,544.4	2,407.1	2,310.6	2,218.3	2,118.4	2,042.2
Less: Accrued income taxes	128.2	159.9	135.2	107.9	104.6	119.8	93.9	78.8	86.7
Less: NGHC debt and partners' equity (see page 15 for detail)	479.3	478.4	477.3	298.9	—	—	—	—	—
Less: Noncurrent operating lease liabilities	632.3	627.4	592.1	612.4	581.0	583.9	503.4	340.4	338.0
Less: Other noncurrent liabilities	1,096.3	1,117.7	1,099.1	1,113.8	1,155.8	1,147.8	1,137.5	1,478.6	1,502.0
Less: Deferred income taxes	1,258.2	1,246.1	1,247.4	1,308.6	1,249.0	1,209.6	1,180.9	1,078.2	1,050.8
Capital Employed (Non-GAAP Basis)	\$23,351.8	\$22,096.8	\$20,869.9	\$21,503.0	\$21,952.2	\$21,753.6	\$21,725.2	\$21,157.7	\$21,139.2
Less:									
Cash and cash items, net of NGHC cash (see page 15 for detail)	2,113.2	2,907.0	2,436.3	2,699.7	2,348.7	2,953.7	4,468.9	4,291.6	5,786.3
Short-term investments	271.3	19.6	590.7	357.6	848.9	728.6	1,331.9	1,524.9	409.2
Adjusted Capital Employed (Non-GAAP Basis)^(B)	\$20,967.3	\$19,170.2	\$17,842.9	\$18,445.7	\$18,754.6	\$18,071.3	\$15,924.4	\$15,341.2	\$14,943.7
Four-Quarter Trailing Return After-Tax—Non-GAAP	\$2,566.7	\$2,462.8	\$2,396.8	\$2,305.9	\$2,225.3				
÷ Five-Quarter Average Capital Employed—Non-GAAP	21,954.7	21,635.1	21,560.8	21,618.3	21,545.6				
ROCE (Non-GAAP Basis)	11.7%	11.4%	11.1%	10.7%	10.3%				
Change vs. prior year	140 bp								
Change vs. prior quarter	30 bp								
Four-Quarter Trailing Return After-Tax—Non-GAAP	\$2,566.7	\$2,462.8	\$2,396.8	\$2,305.9	\$2,225.3				
÷ Five-Quarter Average Capital Employed—Non-GAAP, Excluding Cash	19,036.1	18,456.9	17,807.8	17,307.4	16,607.0				
Adjusted ROCE (Non-GAAP Basis)^(B)	13.5%	13.3%	13.5%	13.3%	13.4%				
Change vs. prior year	10 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 the effective tax rate, refer to page 11.

^(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, net of NGHC cash, and short-term investments.

ROCE Adjustments for NGHC

Effective beginning in the second quarter of fiscal year 2023, we are updating the denominator in our ROCE calculation on a non-GAAP basis to exclude the debt associated with the NEOM Green Hydrogen Company joint venture ("NGHC") as well as the equity attributable to our joint venture partners, which are summarized in the table below. Because NGHC's indebtedness and the contributions of our joint venture partners are consolidated in our financial statements, we made this change in order to provide management and our investors with a more representative measure for evaluating the Company's return on capital on an ongoing basis. Likewise, when adjusting ROCE on a non-GAAP basis for cash, we exclude the impact of cash held by NGHC. This change in calculation does not materially affect our prior period results.

	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22
Long-term debt - related party	\$476.7	\$447.3	\$447.3	\$269.5
Noncontrolling interests	2.6	31.1	30.0	29.4
Total NGHC debt and partners' equity	\$479.3	\$478.4	\$477.3	\$298.9
Cash and cash items	\$2,242.4	\$3,131.0	\$2,711.0	\$2,957.4
Less: NGHC cash	129.2	224.0	274.7	257.7
Cash and cash items, net of NGHC cash	\$2,113.2	\$2,907.0	\$2,436.3	\$2,699.7

Cash Flow and Capital Deployment

Reconciliation to Investable Cash Flow

	LTM
Adjusted EBITDA	\$4,460
Interest, net ^(A)	(131)
Cash Tax ^(B)	(519)
Maintenance CapEx ^(C)	(658)
Distributable Cash Flow	3,152
	<i>\$14.16/Share</i>
Dividends	(1,438)
Investable Cash Flow	\$1,714

	LTM	2023	
		Q1	Q2
Cash Provided by Operating Activities	\$3,223.6	\$719.3	\$638.7
Working capital changes that (provided) used cash:			
Trade receivables	110.1	(40.4)	(121.6)
Inventories	149.3	102.8	9.5
Other receivables	78.6	6.7	56.3
Payables and accrued liabilities	41.9	257.6	193.7
Other working capital	63.0	10.9	113.8
(Distributed)/Undistributed earnings of unconsolidated affiliates	92.0	(17.2)	95.3
Share-based compensation	(53.1)	(16.1)	(15.1)
Noncurrent capital lease receivables	(89.6)	(19.4)	(20.1)
Maintenance CapEx ^(C)	(658.0)	(154.0)	(157.0)
Other items, net ^(D)	193.8	(50.7)	(93.7)
Distributable Cash Flow	3,151.6	799.5	699.8
Dividends	(1,437.8)	(359.4)	(359.8)
Investable Cash Flow	\$1,713.8	\$440.1	\$340.0
Distributable Cash Flow Per Share			
Weighted average common shares – diluted (in millions)	222.6	222.6	222.7
Distributable Cash Flow Per Share	\$14.16		

^(A) A reconciliation of "Interest, net" for the last twelve months is provided on page 17.

^(B) Cash paid for taxes, net of refunds, was \$327.0 for the six months ended 31 March 2023. Cash paid for taxes, net of refunds, was \$428.8 in fiscal year 2022 (Q1FY22: \$50.3, Q2FY22: \$186.6, Q3FY22: \$104.4, Q4FY22: \$87.5).

^(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 on page 18 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)

	2022					2021
	Q1	Q2	Q3	Q4	FY	
Cash Provided by Operating Activities	\$785.2	\$519.8	\$908.2	\$957.4	\$3,170.6	\$3,335.2
Working capital changes increase (decrease):						
Trade receivables	132.7	70.4	186.6	85.5	475.2	130.5
Inventories	33.7	23.6	23.5	13.5	94.3	47.2
Other receivables	(14.0)	0.2	36.6	(21.0)	1.8	(75.5)
Payables and accrued liabilities	(167.6)	44.5	(197.0)	(212.4)	(532.5)	(187.9)
Other working capital	8.5	130.2	(20.6)	(41.1)	77.0	69.0
Undistributed earnings of unconsolidated affiliates	117.3	83.5	(16.0)	29.9	214.7	138.2
Share-based compensation	(15.8)	(10.7)	(10.5)	(11.4)	(48.4)	(44.5)
Noncurrent capital lease receivables	(21.8)	(22.1)	(21.6)	(28.5)	(94.0)	(98.8)
Maintenance CapEx ^(A)	(159.0)	(187.0)	(188.0)	(159.0)	(693.0)	(774.0)
Other items, net ^(B)	88.2	(32.7)	66.9	271.3	393.7	110.6
Distributable Cash Flow	787.4	619.7	768.1	884.2	3,059.4	2,650.0
Dividends	(332.1)	(332.6)	(359.2)	(359.4)	(1,383.3)	(1,256.7)
Investable Cash Flow	\$455.3	\$287.1	\$408.9	\$524.8	\$1,676.1	\$1,393.3
Distributable Cash Flow Per Share						
Weighted average common shares – diluted (in millions)	222.6	222.5	222.5	222.5	222.5	222.5
Distributable Cash Flow Per Share					\$13.75	\$11.91

^(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 on page 18 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" is provided below:

	LTM	2023		2022				
		Q1	Q2	Q1	Q2	Q3	Q4	FY
Interest expense	\$147.3	\$41.2	\$40.9	\$30.5	\$32.3	\$32.7	\$32.5	\$128.0
Less: Other non-operating income (expense), net	16.2	(0.6)	(13.9)	22.6	9.1	10.5	20.2	62.4
Interest, net	\$131.1	\$41.8	\$54.8	\$7.9	\$23.2	\$22.2	\$12.3	\$65.6

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 on our consolidated statement of cash flows. Beginning in the second quarter of fiscal year 2023, we also adjust capital expenditures to exclude NEOM Green Hydrogen Company ("NGHC") spending reflected in "Additions to plant and equipment, including long-term deposits" that is ultimately funded through our partners' equity contributions to NGHC as well as non-recourse project financing incurred by NGHC. We believe adjusting for NGHC expenditures not funded by Air Products' equity to arrive at capital expenditures provides users of our financial statements with a better understanding of the investment on which we expect to make a return.

A reconciliation of cash used for investing activities to our reported capital expenditures is provided below::

	LTM	2023			2021	2020	2019	2018	2017	2016	2015
		Q1	Q2	Q2 YTD							
Cash Used for Investing Activities	\$3,697.4	\$256.2	\$2,219.8	\$2,476.0							
Proceeds from sale of assets and investments	28.1	4.0	3.2	7.2							
Purchases of investments	(1,018.9)	(19.2)	(271.3)	(290.5)							
Proceeds from investments	1,597.6	591.5	20.1	611.6							
Other investing activities	(50.7)	1.7	(52.9)	(51.2)							
NGHC expenditures not funded by Air Products' equity	(335.3)	(109.7)	(225.6)	(335.3)							
Capital Expenditures^(A)	\$3,918.2	\$724.5	\$1,693.3	\$2,417.8							

	2022				FY	2021	2020	2019	2018	2017	2016	2015
	Q1	Q2	Q3	Q4								
Cash Used for Investing Activities	\$1,719.1	\$916.7	\$208.3	\$1,013.1	\$3,857.2	\$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	1.1	24.2	7.5	13.4	46.2	37.5	80.3	11.1	48.8	42.5	44.6	55.3
Purchases of investments	(727.4)	(182.0)	(338.5)	(389.9)	(1,637.8)	(2,100.7)	(2,865.5)	(172.1)	(530.3)	(2,692.6)	—	—
Proceeds from investments	1,331.9	59.5	827.8	158.2	2,377.4	1,875.2	1,938.0	190.5	748.2	2,290.7	—	—
Other investing activities	6.4	0.1	0.4	0.1	7.0	5.8	3.9	(14.3)	5.5	3.4	4.4	(0.1)
Capital Expenditures^(A)	\$2,331.1	\$818.5	\$705.5	\$794.9	\$4,650.0	\$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	2023		
		Q1	Q2	Q2 YTD
Additions to plant and equipment, including long-term deposits	\$3,334.0	\$834.2	\$1,006.9	\$1,841.1
Acquisitions, less cash acquired	—	—	—	—
Investment in and advances to unconsolidated affiliates	919.5	—	912.0	912.0
NGHC expenditures not funded by Air Products' equity	(335.3)	(109.7)	(225.6)	(335.3)
Capital expenditures	\$3,918.2	\$724.5	\$1,693.3	\$2,417.8
Less: Maintenance CapEx ^(A)	(658.0)	(154.0)	(157.0)	(311.0)
Less: Contribution from noncontrolling partner for JIGPC	(73.0)	—	(73.0)	(73.0)
Growth CapEx^(B)	\$3,187.2	\$570.5	\$1,463.3	\$2,033.8

	2022					2021	2020	2019	2018
	Q1	Q2	Q3	Q4	FY				
Additions to plant and equipment, including long-term deposits	\$663.8	\$769.8	\$705.5	\$787.4	\$2,926.5	\$2,464.2	\$2,509.0	\$1,989.7	\$1,568.4
Acquisitions, less cash acquired	34.6	30.5	—	—	65.1	10.5	183.3	123.2	345.4
Investment in and advances to unconsolidated affiliates	1,632.7	18.2	—	7.5	1,658.4	76.0	24.4	15.7	—
Capital expenditures	2,331.1	818.5	705.5	794.9	4,650.0	2,550.7	2,716.7	2,128.6	1,913.8
Less: Maintenance CapEx ^(A)	(159.0)	(187.0)	(188.0)	(159.0)	(693.0)	(774.0)	(563.0)	(414.0)	(421.0)
Less: Contribution from noncontrolling partner for JIGPC	(130.0)	—	—	—	(130.0)	—	—	—	—
Growth CapEx^(B)	\$2,042.1	\$631.5	\$517.5	\$635.9	\$3,827.0	\$1,776.7	\$2,153.7	\$1,714.6	\$1,492.8

^(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.

^(B) 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." Total Growth CapEx from fiscal year 2018 through the second quarter of fiscal year 2023 was \$12,999.

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. Beginning in the second quarter of fiscal year 2023, we adjust total debt to exclude debt associated with the NGHC joint venture. Likewise, the adjustment for cash and cash items to arrive at net debt does not include cash held by NGHC.

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

	31 March 2023
Short-term borrowings	\$7.0
Current portion of long-term debt	173.4
Long-term debt	8,271.9
Long-term debt – related party	688.6
Total Debt	\$9,140.9
Less: Long-term debt – related party (NGHC)	476.7
Adjusted Total Debt	\$8,664.2
Less: Cash	
Cash and cash items, net of NGHC cash (see page 15 for detail)	\$2,113.2
Short-term investments	271.3
Subtotal	\$2,384.5
Net Debt	\$6,279.7

Outlook

Adjusted Diluted 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 non-service components of net periodic benefit/cost for our defined benefit pension plans, the incurrence of costs for business, asset, and cost reduction actions and impairment charges, or the recognition of gains or losses on disclosed items. The per share impact for each of our non-GAAP adjustments is calculated independently and may not sum to total adjusted diluted EPS due to rounding.

It is not possible, without unreasonable efforts, to identify the timing or occurrence of similar future 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; however, any of these events, if they were to occur, could have a significant effect on our future GAAP EPS. Accordingly, management is unable to fully reconcile, without unreasonable efforts, our forecasted range of adjusted EPS on a continuing operations basis to a comparable GAAP range.

	Diluted EPS	
	Q3	Full Year
2022 Diluted EPS	\$2.62	\$10.08
Business and asset actions	—	0.27
Equity method investment impairment charge	—	0.05
2022 Adjusted Diluted EPS	\$2.62	\$10.41
Per share impact of non-service pension benefit, net ^(A)	(0.03)	(0.15)
2022 Adjusted Diluted EPS, excluding per share impact of non-service pension benefit, net ^(A)	\$2.58	\$10.25
2023 Adjusted Diluted EPS Outlook ^(A)	\$2.85–\$2.95	\$11.30–\$11.50
\$ Change ^(A)	0.27–0.37	1.05–1.25
% Change ^(A)	10%–14%	10%–12%

^(A) Fiscal year 2022 diluted EPS has been adjusted as illustrated and as discussed under the *Non-GAAP Adjustments for Non-Service Pension Benefit/Cost, Net* heading on page 2 in order to present fiscal year 2022 results and fiscal year 2023 guidance on a consistent basis. Actual non-service pension impacts depend in part on external factors that are impossible to predict, such as volatility in equity and debt markets. Accordingly, management is unable to fully reconcile the earnings per share impact of our projection to GAAP EPS.

Capital Expenditures

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.

We expect capital expenditures for fiscal year 2023 to be \$5.0 to \$5.5 billion.