

Moving forward



Creating Shareholder Value

Q1 FY24
Earnings Conference Call

February 5, 2024





Forward-looking statements

This presentation contains “forward-looking statements” within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements about earnings guidance, business outlook and investment opportunities. These forward-looking statements are based on management’s expectations and assumptions as of the date of this presentation and are not guarantees of future performance. While forward-looking statements are made in good faith and based on assumptions, expectations and projections that management believes are reasonable based on currently available information, actual performance and financial results may differ materially from projections and estimates expressed in the forward-looking statements because of many factors, including those disclosed in our earnings release for the first quarter of fiscal year 2024 and our Annual Report on Form 10-K for our fiscal year ended September 30, 2023 as well as in our other filings with the Securities and Exchange Commission. Except as required by law, the Company disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect any change in the assumptions, beliefs, or expectations or any change in events, conditions, or circumstances upon which any such forward-looking statements are based.

Non-GAAP financial measures

This presentation and the discussion on the accompanying conference call contain certain financial measures that are not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). We have posted to our website, in the relevant Earnings Release section, reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP. Management believes these non-GAAP financial measures provide investors, potential investors, securities analysts, and others with useful information to evaluate our business because such measures, when viewed together with our GAAP disclosures, provide a more complete understanding of the factors and trends affecting our business. 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.

Safety Results

	FY14	Q1FY24	Q1FY24 vs FY14
Employee Lost Time Injury Rate	0.24	0.01	96% better
Employee Recordable Injury Rate	0.58	0.13	78% better

FY14 includes former Materials Technologies businesses divested in FY2017



Management Philosophy

- **Our Goal:** to be the **safest, most diverse** and **most profitable** industrial gas company in the world, providing excellent service to our customers
- **Creating Shareholder Value:** cash is king; long-term increase in **per share value** of our stock; capital allocation is the most important job of the CEO
- **Five-Point Plan:** **sustain the lead, deploy capital, evolve portfolio, change culture, belong and matter**
- **Our Higher Purpose:** bring people together to **collaborate** and **innovate** solutions to the world's most significant **energy and environmental** sustainability challenges

Q1 Adjusted EPS* \$2.82, Up 7% vs. Prior Year

Positive contributors for the quarter vs. prior year:

- Strong conversion margins
- Robust onsite in Americas and Europe
- Better global equity affiliates' income

Results diverged from guidance range due to:

- Asia weakness (particularly China)
- Helium volume shortfall
- Cost headwinds from Sale of Equipment project
- Currency devaluation in Argentina

Outlook*

Q2 FY24 Adjusted EPS*	vs Prior Year	FY24 Adjusted EPS*	vs Prior Year
\$2.60 to \$2.75	-5% to -%	\$12.20 to \$12.50	+6% to +9%

Expect FY24 capital expenditures* of \$5 billion - \$5.5 billion

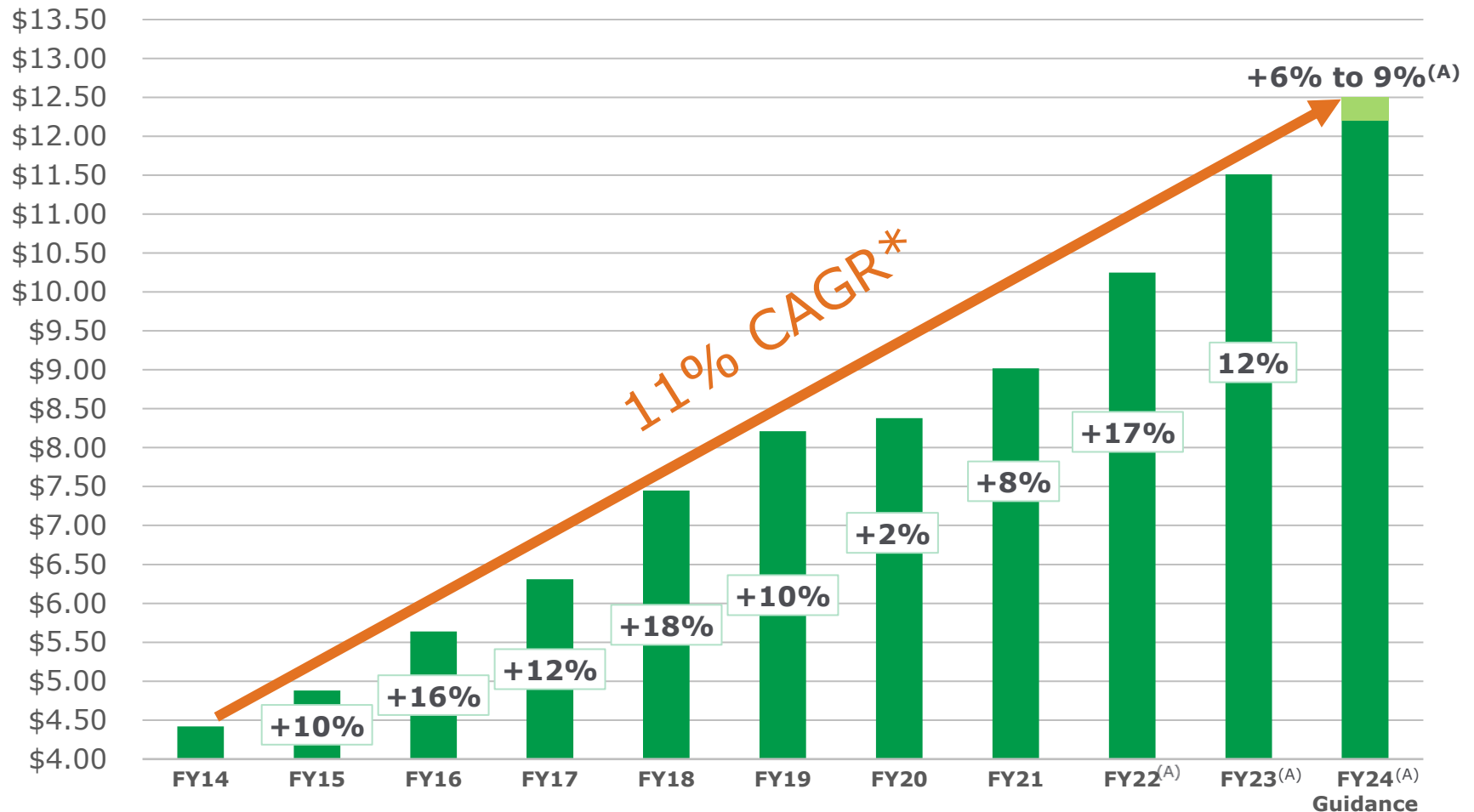
Revised FY24 adjusted EPS guidance primarily driven by:

- Weaker Q1 results
- Continued softness in Asia
- Softer helium outlook
- Geopolitical and economic headwinds

*Non-GAAP financial measure. See website for reconciliation.

Air Products Adjusted EPS*

Deliver double-digit, long-term EPS growth

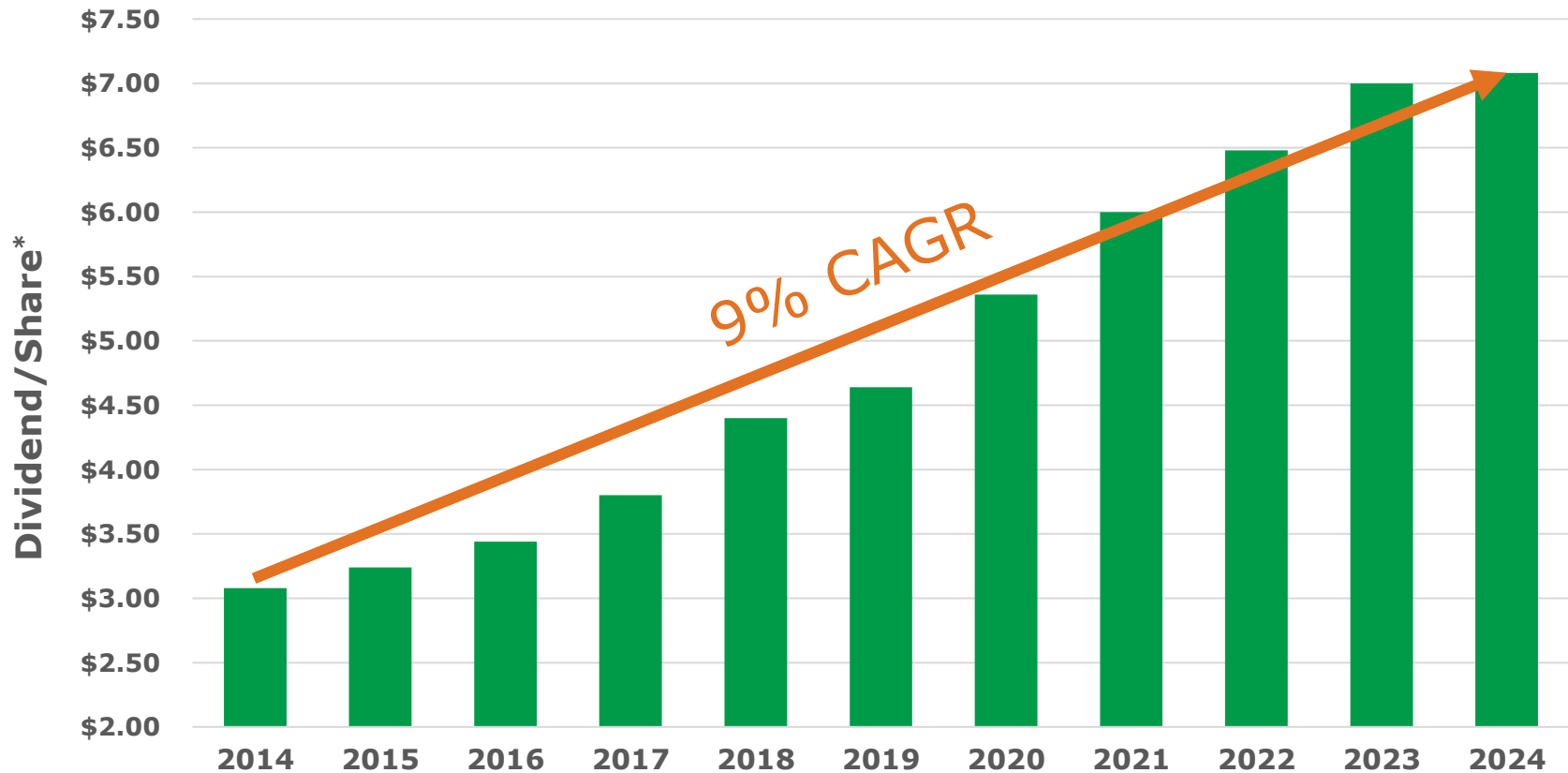


*Non-GAAP financial measure. See website for reconciliation.
CAGR is calculated using midpoint of FY24 guidance.

(A) Amounts and comparisons to immediately preceding year reflect adjustment for non-service-related pension impacts. See website for reconciliation.

Dividend History

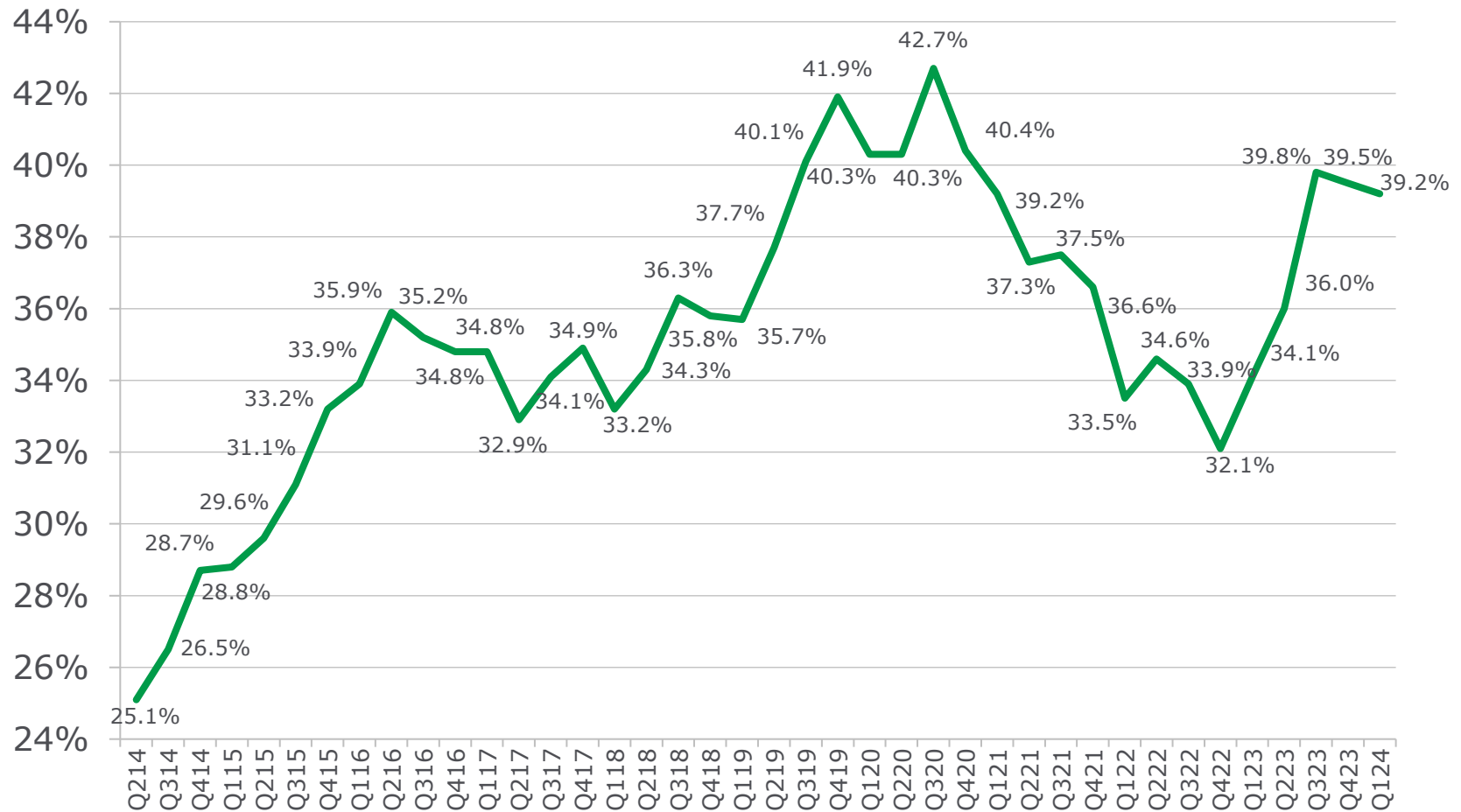
40+ consecutive years of dividend increases



- Increased dividend to \$1.77 per share, announced in January 2024
- ~\$1.6 billion of dividend payments to shareholders expected in 2024

* Based on annualized quarterly dividend declared in first quarter

Adjusted EBITDA Margin*



* Non-GAAP financial measure. See website for reconciliation.

Q1 Results

Moving forward 

(\$ million)	Q1FY24	Fav/(Unfav) vs.	
		Q1FY23	Q4FY23
Sales	\$2,997	(6%)	(6%)
- Volume		3%	(5%)
- Price		1%	1%
- Energy cost pass-through		(11%)	(1%)
- Currency		1%	(1%)
Adjusted EBITDA*	\$1,175	8%	(7%)
- Adjusted EBITDA Margin*	39.2%	510bp	(30bp)
Adjusted Operating Income*	\$667	2%	(10%)
- Adjusted Operating Margin*	22.2%	170bp	(90bp)
Adjusted Net Income*	\$628	7%	(11%)
Adjusted EPS* (\$/share)	\$2.82	7%	(10%)
ROCE*	11.7%	30bp	(30bp)

Versus prior year:

- Price up despite lower energy costs
- Volume up as strong on-site, including hydrogen and new assets, more than offset weak helium
- Adjusted EBITDA* up as favorable volume, price net of power costs and EAI more than offset higher costs, including higher planned maintenance activities and inflation
- Lower energy cost pass-through benefited adjusted EBITDA margin* ~3/4

Sequentially:

- Results weaker due to seasonality in Americas and SOE headwinds in Corporate

Q1 Adjusted EPS*

	Q1FY23	Q1FY24	Change
GAAP EPS from cont. ops	\$2.57	\$2.73	
Non-GAAP items	0.07	0.08	
Adjusted EPS*	\$2.64	\$2.82	\$0.18
Volume			0.11
Price, net of variable costs			0.15
Other cost			(0.21)
			\$0.05
Currency			\$0.00
Equity affiliates' income			0.18
Tax rate			0.03
Interest expense			(0.05)
Non-op. income & expense			(0.03)
			\$0.13

- Volume, price and equity affiliates' income drove higher earnings per share
- Equity affiliates' income strong across most regions, including Jazan Phase II (closed in January '23)

*Non-GAAP financial measure. See website for reconciliation.

EPS is calculated independently for each component and may not sum to total EPS due to rounding

Americas

	Q1FY24	Fav/(Unfav) vs.	
		Q1FY23	Q4FY23
Sales	\$1,252	(10%)	(7%)
- Volume		3%	(5%)
- Price		2%	1%
- Energy cost pass-through		(15%)	(3%)
- Currency		-%	-%
Adjusted EBITDA*	\$561	9%	(7%)
- <i>Adjusted EBITDA Margin*</i>	44.8%	760bp	30bp
Operating Income	\$354	3%	(11%)
- <i>Operating Margin</i>	28.3%	350bp	(110bp)

Versus prior year:

- Underlying sales up 5%
 - Price +2% (merchant price +6%) drove improved contribution margin
 - Volume +3% due to strong hydrogen demand
- Adjusted EBITDA* up driven by price, volume & EAI, partially offset by higher planned maintenance costs
- Lower energy cost pass-through benefited adjusted EBITDA margin* ~3/4

Sequentially:

- Seasonality contributed lower volume and higher planned maintenance

Asia

	Q1FY24	Fav/(Unfav) vs.	
		Q1FY23	Q4FY23
Sales	\$794	2%	(1%)
- Volume		-%	(1%)
- Price		1%	-%
- Energy cost pass-through		2%	-%
- Currency		(1%)	-%
Adjusted EBITDA*	\$327	(5%)	3%
- <i>Adjusted EBITDA Margin*</i>	<i>41.2%</i>	<i>(320bp)</i>	<i>160bp</i>
Operating Income	\$211	(10%)	7%
- <i>Operating Margin</i>	<i>26.6%</i>	<i>(370bp)</i>	<i>200bp</i>

Versus prior year:

- Volumes flat as higher onsite offset lower helium volume
- Priority on price over volume
- Adjusted EBITDA* and Adjusted EBITDA margin* lower, primarily on lower helium volume and higher costs

Sequentially:

- Results improved from unfavorable business mix in prior quarter

Europe

	Q1FY24	Fav/(Unfav) vs.	
		Q1FY23	Q4FY23
Sales	\$731	(8%)	3%
- Volume		9%	2%
- Price		(2%)	1%
- Energy cost pass-through		(20%)	1%
- Currency		5%	(1%)
Adjusted EBITDA*	\$267	28%	7%
- <i>Adjusted EBITDA Margin*</i>	<i>36.4%</i>	<i>1,020bp</i>	<i>130bp</i>
Operating Income	\$198	36%	17%
- <i>Operating Margin</i>	<i>27.0%</i>	<i>860bp</i>	<i>340bp</i>

Versus prior year:

- Strong contribution margin improvement
- Volume up driven by onsite, including new Uzbekistan project
- Adjusted EBITDA* up as favorable volume, power cost and currencies more than offset inflation and higher planned maintenance costs
- Lower energy cost pass-through benefited adjusted EBITDA margin* ~1/2

Sequentially:

- Better price, volume and costs

Middle East & India

	Q1FY24	Fav/(Unfav) vs. Q1FY23
Sales	\$35	(\$6)
Operating Income	\$4	(\$3)
Equity Affiliates' Income	\$93	\$29
Adjusted EBITDA*	\$103	\$26

- Sales and operating income decreased due to lower volume
- Jazan Project Phase II, completed in January 2023, added to equity affiliates' income

Corporate and Other

	Q1FY24	Fav/(Unfav) vs. Q1FY23
Sales	\$185	\$6
Adjusted EBITDA*	(\$84)	(\$22)
Operating Income	(\$100)	(\$21)

- Sale of Equipment project added costs

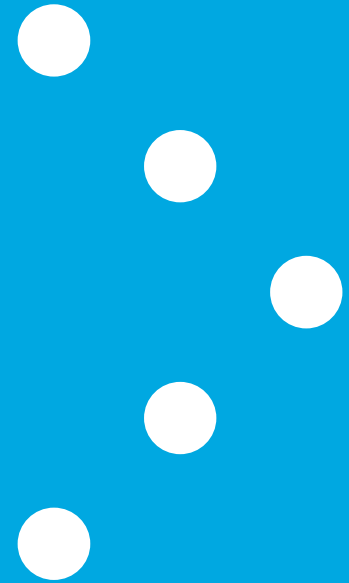
Our Competitive Advantage

The only sustainable element
of long-term competitive
advantage is the degree of

commitment and **motivation**

of the people in the enterprise

Appendix slides



Major Project Commitments

Expect strong pipeline of growth projects to extend leadership position in low- and zero-carbon hydrogen

Plant	Customer/Location	Supply Mode/Off-take
Recently Onstream		
ASU/Gasifier/Power	Aramco/Jazan, Saudi Arabia	On-site/Long Term
ASU/Gasifier	Jiutai/China	On-site/Long Term
SMR/ASU/PL	GCA/TX, USA	Pipeline/Long Term
ASU/H ₂ /ATR	UNG/Uzbekistan	On-site/Long Term
Under Execution (Target IRR > 10%)		
Semiconductor	Not Disclosed/Taiwan	Pipeline/Long Term
Net-zero H₂	IOL/Canada	Pipeline/Long Term
Carbon Monoxide	LyondellBasell/TX, USA	Pipeline/Long Term
H₂/SAF	World Energy/CA, USA	Pipeline/Long Term
Blue H₂	ExxonMobil/Rotterdam NL	Pipeline/Long Term
Carbon-free H₂	AP/NEOM, Saudi Arabia	Long Term
Low-carbon H₂	Downstream H₂ distribution	Target: Long Term
Blue H₂	Production/LA, USA	Target: Pipeline/Long Term
Blue H₂	Sequestration & Shipping/LA, USA	Target: Pipeline/Long Term
Green H₂	NY, USA	Target: Long Term
Carbon Monoxide	Eastman/TX, USA	Pipeline/Long Term

Key Investment Attributes

- Projects with long-term contracts with world-class counterparties
- Sustainability-focused and aligned with our higher purpose
- First-mover advantages in hydrogen
- Leverages Air Products' core competencies, technologies and engineering advantages
- Optimally structured to minimize risks and maximize our risk-adjusted return

**Hydrogen / Energy
Transition Backlog: ~\$15B**

Cash Flow Focus

Supports dividend and capital deployment

(\$ million)

Q1FY24 LTM

Adjusted EBITDA*	\$4,793
Interest, net*	(243)
Cash Tax	(647)
Maintenance Capex*	<u>(680)</u>
Distributable Cash Flow*	\$3,223
	<i>\$14.46/Share*</i>
Dividends	<u>(1,526)</u>
Investable Cash Flow*	\$1,697

- ~\$14.50/share of distributable cash flow*
- Paid over 45% of distributable cash flow* as dividends
- ~\$1.7 billion of investable cash flow* available for growth

FY24-33 Capital Deployment

Significant investment capacity & backlog to support growth

10-Year Capital Deployment Outlook

Current Additional Debt Capacity	\$ 6.0	Assumes 3.0x LTM Adjusted EBITDA* less net debt* as of Q1 FY24
Future Investable Cash Flow* ¹	17.0	Cumulative Investable Cash Flow* over projection period
Debt Enabled by Future Projects ²	8.8	Incremental Adjusted EBITDA* from future projects at maximum net debt* of 3.0x LTM Adjusted EBITDA*
Estimated Future Capacity	\$31.8	Estimated capacity over projection period
Current Backlog	\$19.6	Projects currently in progress

Committed to maintaining current and targeted A/A2 debt rating

- Q1FY24 LTM Investable Cash Flow* ~\$1.7B

1. Q1FY24 Investable Cash Flow* \$1.7B x 10 years
2. Assumes Adjusted EBITDA* to CapEx* ratio of 15%³ on total backlog of ~\$19.6 billion at a maximum net debt of 3.0x Adjusted EBITDA*
3. Based on assumed 10% Operating Income to CapEx* ratio and 20-year depreciable life

Capital Expenditures*

FY	\$MM
2024	\$5 - \$5.5 billion [#]
2023	\$5,224
2022	\$4,650
2021	\$2,551
2020	\$2,717
2019	\$2,129

FY24	\$MM
Q1	\$1,386
Q2	
Q3	
Q4	
FY	

Capital expenditures are calculated independently for each quarter and may not sum to full year amount due to rounding.

* Non-GAAP financial measure. See website for reconciliation.

Outlook

Moving forward



Thank you
tell me more

