

Moving forward



# Create Shareholder Value

Q4 FY20  
Earnings Conference Call

November 11, 2020



# 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 fourth quarter of fiscal 2020 as well as in our 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. 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.

# Making our dream a reality

## FY20 highlights

- **Demonstrated strength, character, compassion during COVID:** supported Air Products' workforce, kept global plants running and supplied critical products, won significant new growth projects worldwide, supported local communities
- **Announced \$7 billion NEOM project:** will enable Air Products to supply carbon-free H<sub>2</sub> to power buses and trucks by 2025 and eliminate 3MM TPY of CO<sub>2</sub> emissions and smog-forming emissions & other pollutants from equivalent of 700,000+ cars
- **Signed long-term on-site contract for world-scale coal-to-methanol production facility in Indonesia:** supporting energy independence and enabling the production of nearly two million TPY of methanol



# Making our dream a reality

## FY20 highlights

- Announced additional large-scale projects, acquisitions



**Made largest-ever U.S. investment in Gulf Coast Ammonia project (Texas City, Texas)**

**Acquired 5 operating U.S. H<sub>2</sub> plants from and supplied H<sub>2</sub> to PBF Energy (California, Delaware)**

**Brought SMR and cold box onstream (Geismar, Louisiana) supplying products to Gulf Coast pipeline network**

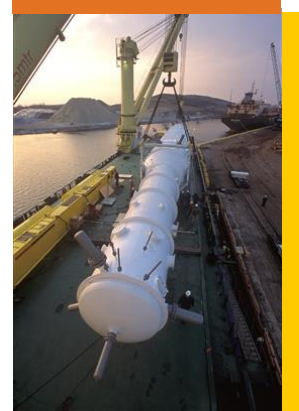
**Began construction of 3 N<sub>2</sub> plants to condition imported natural gas for Gasunie nat'l energy project (Groningen, Netherlands)**

**Won on-site supply contracts with next-generation electronics manufacturers (China, Malaysia)**

# Making our dream a reality

## FY20 highlights

- **Selected to supply world-leading LNG process technology and equipment:** Mozambique's first onshore LNG project; Qatargas' massive LNG production expansion project in Ras Laffan, State of Qatar; Sonatrach's GL1Z LNG facility in Arzew, Algeria
- **Executed successful debt offering of about US\$5 billion (US\$3.8 billion and €1.0 billion):** supporting significant opportunities to invest in high-return industrial gas projects
- **Raised dividend more than 15 percent to \$1.34 per share per quarter:** largest per share dividend increase in the company's history
- **Set new sustainability goals aligned with strategy and higher purpose:** reduce CO<sub>2</sub> emissions intensity by 2030 and increase global female and U.S. minority representation in professional and managerial population by 2025



# Safety results

	<b>FY14</b>	<b>FY20</b>	<b>FY20 vs FY14</b>
Employee Lost Time Injury Rate	0.24	0.09	63% better
Employee Recordable Injury Rate	0.58	0.40	31% better

# Our Goal

Air Products will be the **safest,**  
**most diverse** and **most profitable**  
industrial gas company in the world,  
providing excellent service to our  
customers

# Creating shareholder value

## Management philosophy

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**Shareholder Value** Cash is king; cash flow drives long-term value. What counts in the long term is the increase in **per share value** of our stock, not size or growth.

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**CEO Focus** Capital allocation is the most important job of the CEO.






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**Operating Model** Decentralized organization releases entrepreneurial energy and keeps both costs and politics (“bureaucracy”) down.

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# Five Point Plan: Moving Forward

Sustain the lead 	Deploy capital 	Evolve portfolio 	Change culture 	Belong and Matter 
Safest, most diverse, and most profitable	Strategically invest significant available capacity	Grow onsite portion	4S	Inclusion
Best-in-class performance	Win profitable growth projects globally	Energy, environment and emerging markets	Committed and motivated	Enjoyable work environment
Productivity			Positive attitudes and open minds	Proud to innovate and solve challenges



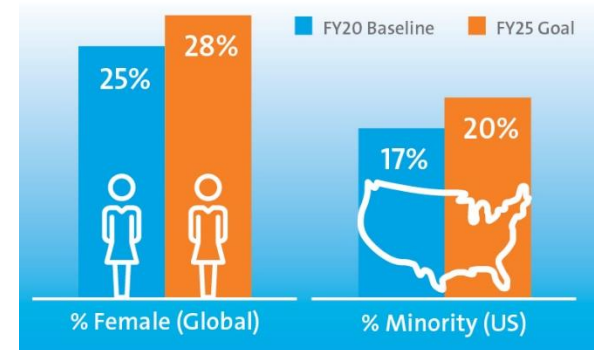
# Our **Higher** Purpose

Bringing people together to **collaborate**  
and **innovate** solutions to the world's  
most significant energy and environmental  
sustainability challenges

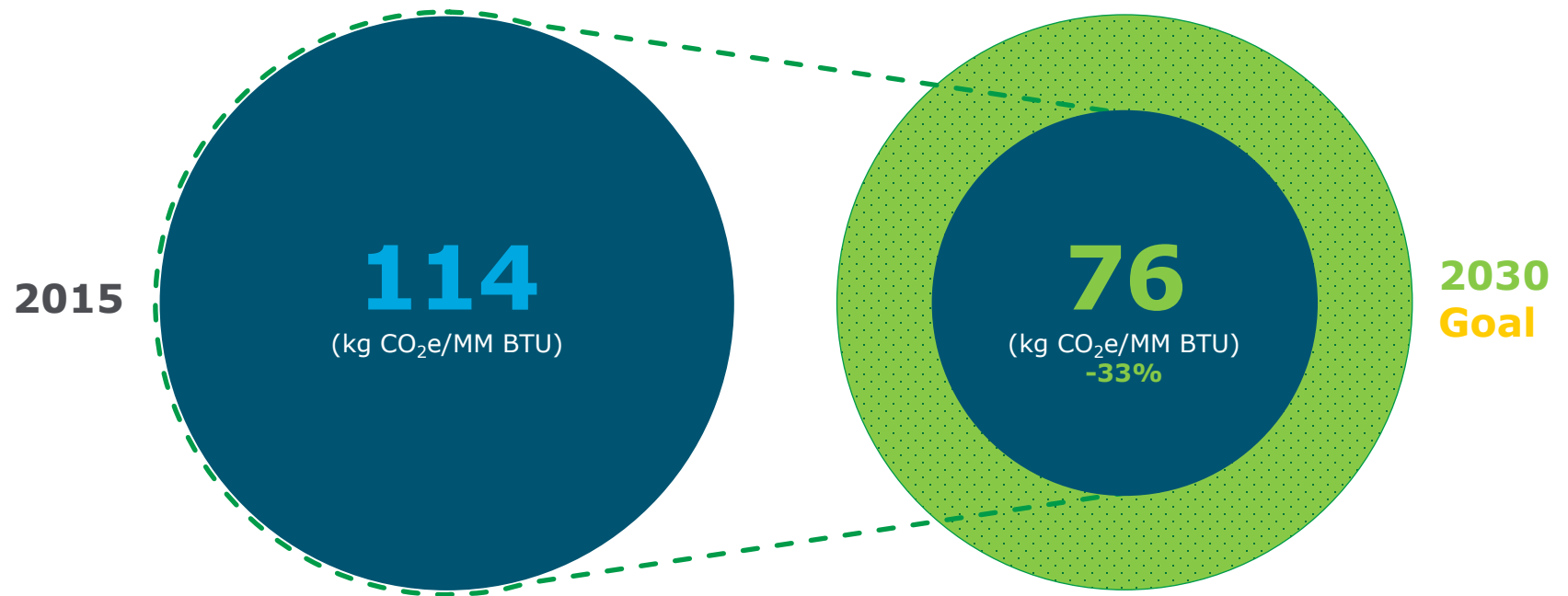
# Diversity, Inclusion and Belonging

By 2025, Air Products aims to achieve at least **28 percent female** representation in the professional and managerial population globally, and at least **20 percent minority** representation in that same population in the United States.

Our Goal: Increase Diversity in Professional and Managerial Roles by 2025



# “Third by ‘30” Carbon Intensity Goal



**Deeply integrated** in – and outcome of – our business strategy



**More effective communication** of strategy and ambitions with stakeholders



# Making “Third by ‘30” a Reality

Carbon Capture Projects



Carbon-free Hydrogen



Low Carbon Projects



Operational Excellence



Increased Utilization of Renewable Energy

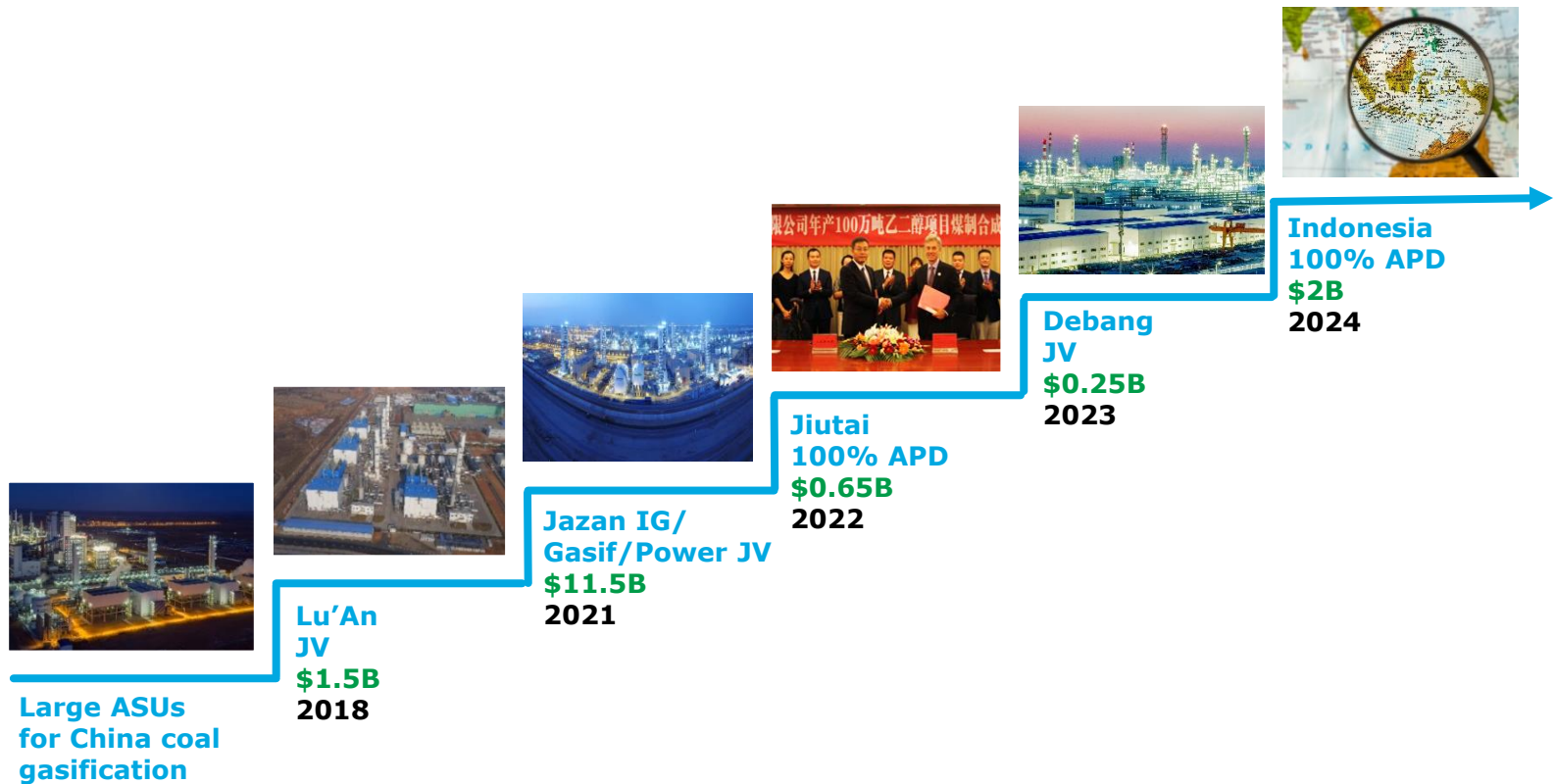


Meeting customers on their journey,  
**maximizing resources and sustainability**

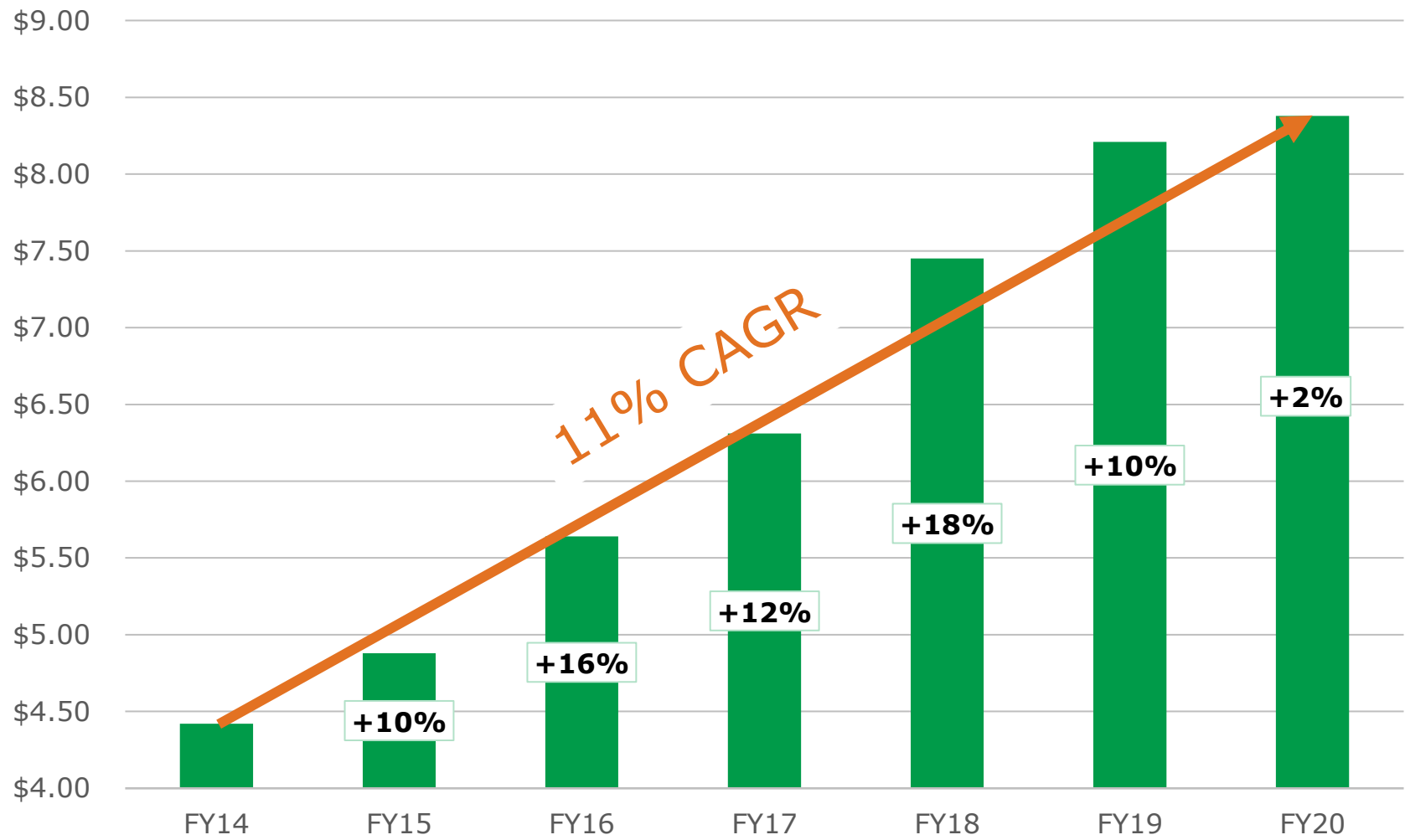


# Executing our gasification strategy

## Energy, environmental, emerging markets

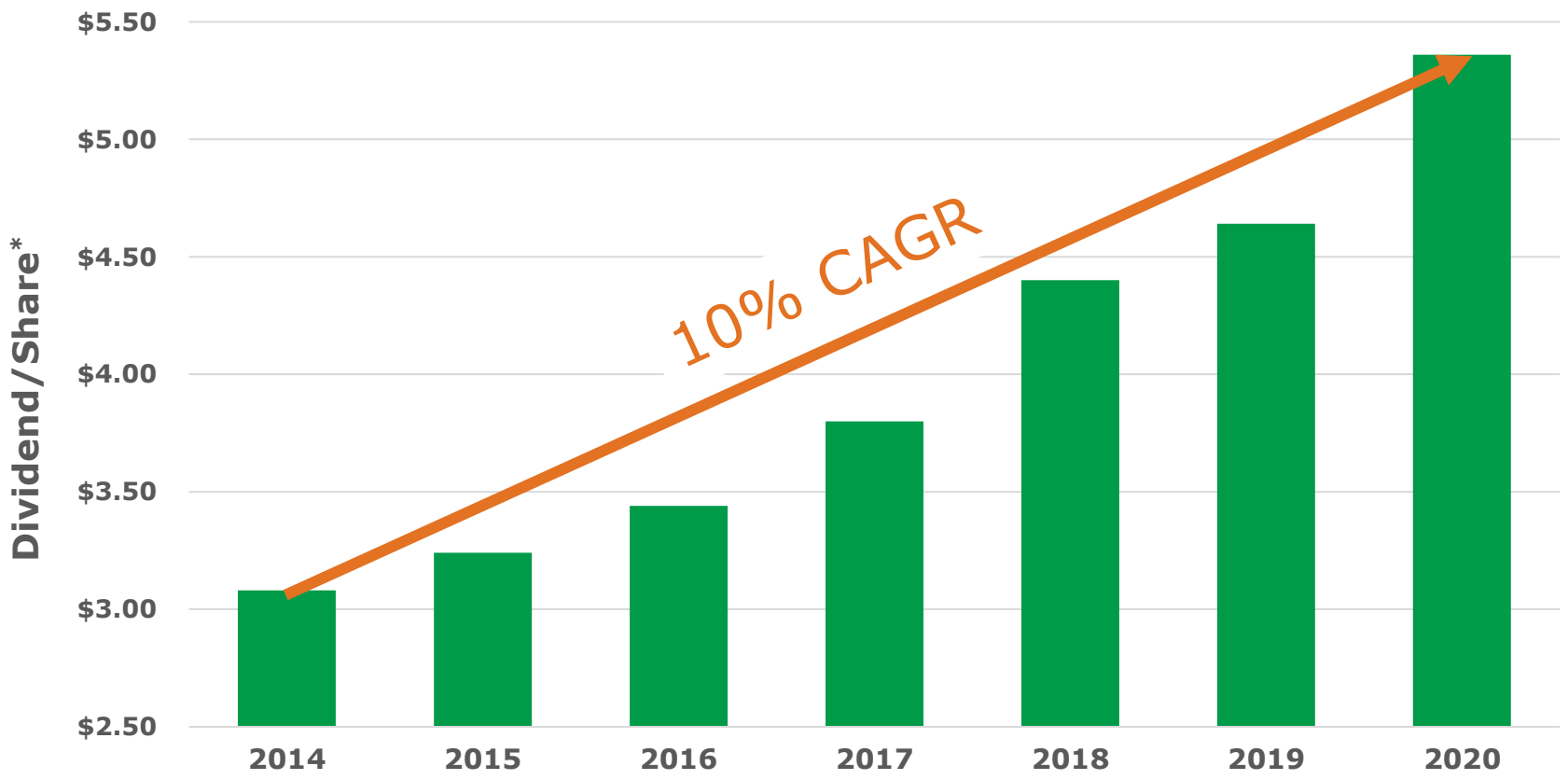


# Air Products Adjusted EPS\*



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

# Dividend history



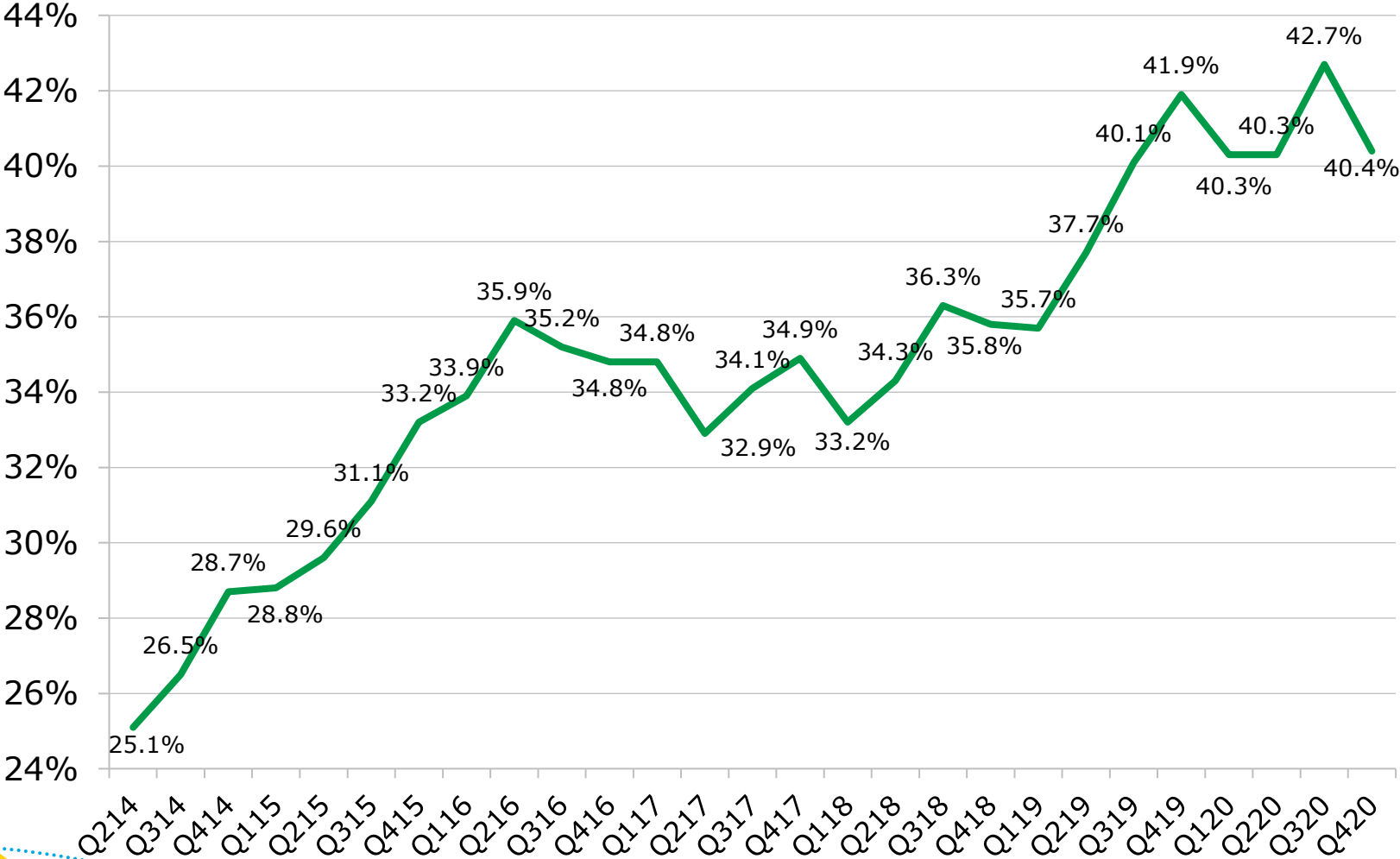
- 18c per quarter or >15% dividend increase announced Jan 2020
- ~\$1.2B/year of dividend to shareholders in 2020
- 38 consecutive years of dividend increases

\* Based on annualized quarterly dividend declared in 1<sup>st</sup> quarter



# Adjusted EBITDA margin\*

Up over 1500 basis points



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



# Fiscal Year Results

(\$ million)	FY19	FY20	Change
Sales	\$8,919	\$8,856	(1%)
- Volume			2%
- Price			3%
- Energy/Raw Mat'l pass-thru			(4%)
- Currency			(1%)
- Other ( <i>India contract modification</i> )			(1%)
Adjusted EBITDA*	\$3,468	\$3,620	4%
- Adjusted EBITDA Margin*	38.9%	40.9%	200bp
Adjusted Operating Income*	\$2,170	\$2,204	2%
- Adjusted Operating Margin*	24.3%	24.9%	60bp
Adjusted Net Income*	\$1,819	\$1,862	2%
Adjusted EPS* (\$/share)	\$8.21	\$8.38	2%
ROCE*	13.1%	11.7%	(140bp)

- Robust business model delivered strong results despite COVID-19
  - Price plus volume up 5%, COVID-19 sales impact ~4%
  - Profits and margins up despite COVID-19
  - COVID-19 impact on Adjusted EPS\* ~\$0.60 - \$0.65
- ROCE\* lower driven by the new \$5B debt issuance

# Full Year Adjusted EPS\*

## Adjusted EPS\* Up vs. PY

	FY19	FY20	Change
GAAP cont ops EPS	\$7.94	\$8.55	
non-GAAP items	0.27	(0.18)	
<b>Adjusted EPS*</b>	<b>\$8.21</b>	<b>\$8.38</b>	<b>\$0.17</b>
Volume			(0.19)
Price (net of variable costs)			0.77
Other Cost			(0.38)
			\$0.20
Currency/FX			(\$0.07)
Equity Affiliate Inc / Non-controlling Int			0.08
Interest Expense			0.10
Non-Op. Income / Expense			(0.15)
Other (Tax Expense, Shares)			0.01
			\$0.04

- Strong operating performance driven by price
- COVID-19 impact on Adjusted EPS\* ~\$0.60 - \$0.65

\* 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.

# Q4 Results

(\$ million)	Q4FY20	Fav/(Unfav) vs.	
		Q4FY19	Q3FY20
Sales	\$2,320	2%	12%
- Volume		-%	8%
- Price		2%	1%
- Energy cost pass-through		(1%)	1%
- Currency		1%	2%
Adjusted EBITDA*	\$938	(2%)	6%
- Adjusted EBITDA Margin*	40.4%	(150bp)	(230bp)
Adjusted Operating Income*	\$560	(7%)	4%
- Adjusted Operating Margin*	24.1%	(230bp)	(200bp)
Adjusted Net Income*	\$487	(3%)	9%
Adjusted EPS* (\$/share)	\$2.19	(4%)	9%
ROCE*	11.7%	(140bp)	(70bp)

- Results improved sequentially driven by favorable volume, currency and EAI
- COVID-19 negatively impacted Sales ~5% and Adjusted EPS\* ~\$0.15 - \$0.20
- Price positive in all three regions versus prior year
- 6th consecutive quarter of Adjusted EBITDA margin\* >40%

# Q4 Adjusted EPS\*

	Q4FY19	Q4FY20	Change
GAAP cont ops EPS	\$2.27	\$2.19	
non-GAAP items	<u>0.00</u>	<u>0.00</u>	
Adjusted EPS*	<b>\$2.27</b>	<b>\$2.19</b>	<b>(\$0.08)</b>
Volume			(0.22)
Price (net of variable costs)			0.16
Other Cost			<u>(0.13)</u>
			(\$0.19)
Currency/FX			\$0.03
Equity Affiliate Inc / Non-controlling Int			0.06
Tax Rate			0.09
Interest expense			(0.03)
Non-Op. Income / Expense			<u>(0.04)</u>
			\$0.08

- Strong price partially offset reduced volume
- COVID-19 impact on Adjusted EPS\* ~\$0.15 - \$0.20

\* 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.

# Cash Flow Focus

(\$ million)	FY19	FY20	Change
Adjusted EBITDA*	\$3,468	\$3,620	\$152
Interest, net*	(65)	(79)	(14)
Cash Tax	(324)	(380)	(56)
Maintenance CapEx*	_(414)	_(563)	_(149)
Distributable Cash Flow*	\$2,665	\$2,598	(\$67)
	<i>\$12.03/Share*</i>	<i>\$11.69/Share*</i>	
Dividends	_(994)	_(1,104)	_(110)
Investable Cash Flow*	\$1,671	\$1,494	(\$177)

- Cash Flow remained strong in an unprecedented year
- Paid over 40% of Distributable Cash Flow\* as dividends
- ~\$1.5B of Investable Cash Flow\*

# Capital Deployment Scorecard

*Substantial investment capacity remaining*

<b>Available Now (9/30/20)</b>	(in \$Billion)	
Total Debt Capacity	\$ 10.9	Assuming 3xLTM Adj EBITDA*
Less: Net Debt*	\$ 1.5	Debt (\$7.9B) minus cash# (\$6.4B)
<b>Additional Available Now</b>	<b>\$ 9.3</b>	
<b>Estimated Available In Future</b>	<b>\$ 3.0</b>	LTM ICF* x 2 years
– Investable Cash Flow (ICF)*		
<b>Already Spent – FY18 through FY20</b>	<b>\$ 5.4</b>	Growth CapEx* (including M&A)
<b>Estimated FY18 - FY22 Capacity</b>	<b>\$ 17.7</b>	

<b>Additional Commitments</b>	\$ 10.8	Remaining to be spent
<b>Spent + Commitments</b>	\$ 16.2	

<i>% Spent</i>	30%
<i>% Spent + Commitments</i>	92%

- Committed to manage debt balance to maintain current targeted A/A2 rating
- Total Commitment Value ~\$12.5B; Remaining to be spent ~\$11B
- Based on FY18 – FY22, figures as of 9/30/20

# Industrial Gases - Asia

	Q4FY20	Fav/(Unfav) vs.	
		Q4FY19	Q3FY20
Sales	\$714	(2%)	9%
- Volume		(5%)	7%
- Price		2%	-%
- Energy cost pass-through		(1%)	-%
- Currency		2%	2%
Adjusted EBITDA*	\$330	(7%)	1%
- <i>Adjusted EBITDA Margin*</i>	46.3%	(200bp)	(380bp)
Operating Income	\$211	(9%)	(5%)
- <i>Operating Margin</i>	29.5%	(210bp)	(450bp)

- Volume
  - Decrease vs. PY primarily driven by COVID-19, impact of customer outage and PY short-term contract
  - Increase vs. PQ primarily due to base business recovery and new plants
- 14<sup>th</sup> consecutive quarter of year-on-year price improvement



# Industrial Gases - Americas

	Q4FY20	Fav/(Unfav) vs.	
		Q4FY19	Q3FY20
Sales	\$912	(3%)	7%
- Volume		(3%)	4%
- Price		2%	1%
- Energy cost pass-through		(1%)	2%
- Currency		(1%)	-%
Adjusted EBITDA*	\$411	-%	-%
- <i>Adjusted EBITDA Margin*</i>	<i>45.0%</i>	<i>110bp</i>	<i>(340bp)</i>
Operating Income	\$239	(8%)	(4%)
- <i>Operating Margin</i>	<i>26.2%</i>	<i>(160bp)</i>	<i>(300bp)</i>

- Existing onsite business (~2/3 of sales) remains stable, but COVID-19 impacted merchant volumes
- Continuing pricing strength - 9<sup>th</sup> consecutive quarter of price improvement
- Stable EBITDA despite negative volume impact
- Volume and price improved sequentially; profits impacted by higher maintenance

# Industrial Gases - EMEA

	Q4FY20	Fav/(Unfav) vs.	
		Q4FY19	Q3FY20
Sales	\$505	3%	18%
- Volume		-%	11%
- Price		2%	-%
- Energy cost pass-through		(3%)	1%
- Currency		4%	6%
Adjusted EBITDA*	\$200	4%	18%
- <i>Adjusted EBITDA Margin*</i>	<i>39.6%</i>	<i>10bp</i>	<i>10bp</i>
Operating Income	\$123	2%	17%
- <i>Operating Margin</i>	<i>24.4%</i>	<i>(30bp)</i>	<i>(10bp)</i>

- Existing onsite business (~40% of sales) remains stable, but COVID-19 impacted merchant volumes
- Strong pricing momentum - 11<sup>th</sup> consecutive quarter of price improvement
- Merchant recovery and acquisitions drove sequential volume increase

# Industrial Gases - Global

	Q4FY20	Fav/(Unfav) vs. Q4FY19
Sales	\$115	\$34
Adjusted EBITDA*	(\$6)	(\$15)
Operating Income	(\$10)	(\$17)

- Sales up on SOE project activity
- Profit down on business mix and higher project development investments

# Corporate

	Q4FY20	Fav/(Unfav) vs. Q4FY19
Sales	\$74	\$30
Adjusted EBITDA*	\$3	\$14
Operating Income	(\$2)	\$14

- LNG project activity drives business improvement
- Major LNG projects wins for Qatargas and Sonatrach

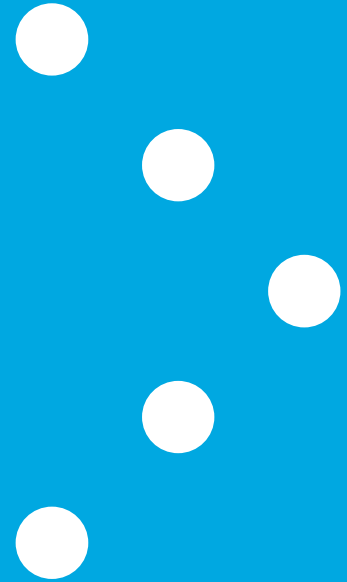
# Our competitive advantage

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

**commitment** and **motivation**

of the people in the enterprise

Appendix slides



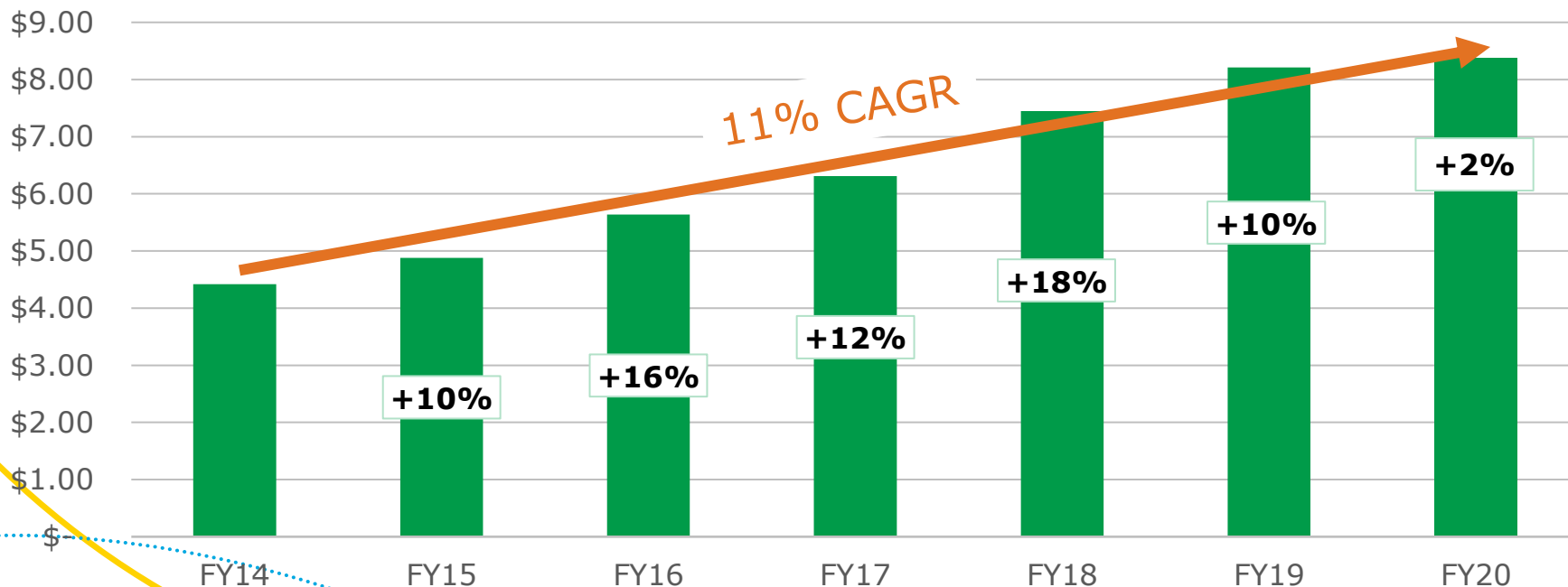
# Major projects

\* Multiple Phases

Plant	Customer/Location	Capacity	Timing	Market
<b>ONSTREAM (last five quarters)</b>				
H2/CO	Geismar, Louisiana	50MMH2+6.5MMCO	Q2 FY20	Chem/Pipeline
Hydrogen	PBF - California & Delaware	300MMSCFD	Q3 FY20	Refinery
<b>PROJECT COMMITMENTS</b>				
ASU/H2	Samsung Giheung, Korea	World Scale	Q1 FY21	Electronics
Syngas	BPCL Ph 2, India	Not disclosed	Q2 FY21	Chemicals
ASU/Liquid	Big River Steel, Arkansas	>250 TPD + liquid	Q2 FY21	Steel/Merchant
Liquid H2	LaPorte, TX	~30 tons per day	H2 FY21	Merchant
ASU/Liquid	Eastman, Kingsport, Tennessee	Not disclosed	Q4 FY21	Gasifier/Merchant
ASU/Gasifier/ Power	AP / ACWA / SA / APQ – Jazan, Saudi Arabia	\$11.5B total JV	2021*	Gasif to Refinery
ASU/Gasifier	AP 100% - Jiutai – Hohhot, China	\$0.65B investment	2022*	Gasif to Chemicals
ASU/Gasifier	AP (80%) / Debang – Lianyung City, China	~\$250 million total JV	2023	Gasif to Chemicals / Merchant
SMR/ASU/PL	GCA – Texas City	~\$500 million	2023	Ammonia
ASU/Gasifier/ MeOH	Indonesia	~\$2 billion	2024	Gasif to Methanol
Carbon-free hydrogen	NEOM Saudi Arabia, Global market	~\$7 billion total JV	2025	Transportation

# Air Products Adjusted EPS\*

FY14	FY15	FY16	FY17	FY18	FY19	FY20	
				Q1	\$1.79	\$1.86	\$2.14
				Q2	\$1.71	\$1.92	\$2.04
				Q3	\$1.95	\$2.17	\$2.01
				Q4	\$2.00	\$2.27	\$2.19
<b>\$4.42</b>	<b>\$4.88</b>	<b>\$5.64</b>	<b>\$6.31</b>		<b>\$7.45</b>	<b>\$8.21</b>	<b>\$8.38</b>





# Capital Expenditure\*

<b>FY</b>	<b>\$MM</b>
2020	\$2,717
2019	\$2,129
2018	\$1,914
2017	\$1,056
2016	\$908
2015	\$1,201

<b>Quarter</b>	<b>2020 \$MM</b>
Q1	\$455
Q2	\$498
Q3	\$1,116
Q4	\$647

\* Non-GAAP financial measure. See website for reconciliation. Capital expenditure is calculated independently for each quarter and may not sum to full year amount due to rounding.

Moving forward



Thank you  
tell me more

