

Moving forward



Reconciliation Tables

November 7, 2019



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 Trend, FY18-FY19

\$ Millions	Q118	Q218	Q318	Q418	FY18	Q119	Q219	Q319	Q419	FY19
Sales	2,216.6	2,155.7	2,259.0	2,298.9	8,930.2	2,224.0	2,187.7	2,224.0	2,283.2	8,918.9
<u>GAAP Net Income Margin</u>										
GAAP Net Income	161.7	423.6	487.9	459.7	1,532.9	357.0	433.5	500.2	518.7	1,809.4
GAAP Net income Margin	7.3%	19.7%	21.6%	20.0%	17.2%	16.0%	19.8%	22.5%	22.7%	20.3%
<u>Adjusted EBITDA Margin</u>										
GAAP Net Income	161.7	423.6	487.9	459.7	1,532.9	357.0	433.5	500.2	518.7	1,809.4
Less: Income from Discontinued Operations	(1.0)	0.0	43.2	0.0	42.2	0.0	0.0	0.0	0.0	0.0
Add: Interest expense	29.8	30.4	34.9	35.4	130.5	37.3	35.4	34.2	30.1	137.0
Less: Other non-operating income (expense), net	9.8	11.1	12.8	(28.6)	5.1	18.5	13.7	17.6	16.9	66.7
Add: Income tax provision (benefit)	291.8	56.2	107.1	69.2	524.3	132.1	107.5	109.3	131.2	480.1
Add: Depreciation and amortization	227.9	240.0	245.6	257.2	970.7	258.0	262.1	269.1	293.6	1,082.8
Add: Non-GAAP pre-tax adjustments (1)	<u>32.5</u>	<u>0.0</u>	<u>0.0</u>	<u>(28.1)</u>	<u>4.4</u>	<u>29.0</u>	<u>0.0</u>	<u>(3.6)</u>	<u>0.0</u>	<u>25.4</u>
Adjusted EBITDA	734.9	739.1	819.5	822.0	3,115.5	794.9	824.8	891.6	956.7	3,468.0
Adjusted EBITDA Margin	33.2%	34.3%	36.3%	35.8%	34.9%	35.7%	37.7%	40.1%	41.9%	38.9%

(1) Non-GAAP Pre-Tax Adjustments

	Q118	Q218	Q318	Q418	FY18	Q119	Q219	Q319	Q419	FY19
Change in inventory valuation method	0.0	0.0	0.0	(24.1)	(24.1)	0.0	0.0	0.0	0.0	0.0
Facility closure	0.0	0.0	0.0	0.0	0.0	29.0	0.0	0.0	0.0	29.0
Cost reduction and asset actions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.5	0.0	25.5
Gain on exchange of equity affiliate investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(29.1)	0.0	(29.1)
Tax reform repatriation – equity method investment	<u>32.5</u>	<u>0.0</u>	<u>0.0</u>	<u>(4.0)</u>	<u>28.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Non-GAAP pre-tax adjustments	<u>32.5</u>	<u>0.0</u>	<u>0.0</u>	<u>(28.1)</u>	<u>4.4</u>	<u>29.0</u>	<u>0.0</u>	<u>(3.6)</u>	<u>0.0</u>	<u>25.4</u>

Fiscal year 2018 is presented on a continuing operations basis, as previously reported.

Adjusted EBITDA Quarterly Trend

Moving forward

\$ Millions	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q417
Sales	2,581.9	2,634.6	2,677.0	2,041.0	1,885.3	1,934.4	1,963.6	1,866.3	1,777.4	1,914.5	1,945.5	1,882.5	1,980.1	2,121.9	2,203.1
GAAP Net Income Margin															
GAAP Net Income	291.6	323.4	79.1	337.5	296.9	333.2	350.0	372.0	(465.5)	354.1	400.9	306.4	2,135.7	104.1	475.0
GAAP Net income Margin	11.3%	12.3%	3.0%	16.5%	15.7%	17.2%	17.8%	19.9%	-26.2%	18.5%	20.6%	16.3%	107.9%	4.9%	21.6%
Adjusted EBITDA Margin															
GAAP Net Income	291.6	323.4	79.1	337.5	296.9	333.2	350.0	372.0	(465.5)	354.1	400.9	306.4	2,135.7	104.1	475.0
Less: Income from Discontinued Operations	(2.1)	(2.0)	(0.1)	76.7	103.4	99.4	72.2	84.8	(750.2)	98.4	106.5	48.2	1,825.6	(2.3)	(5.5)
Add: Interest expense	31.5	31.3	29.0	28.8	23.2	28.1	22.7	22.2	25.7	35.1	32.2	29.5	30.5	29.8	30.8
Less: Other non-operating income (expense), net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)	5.3	3.7	7.8
Add: Income tax provision (benefit)	93.0	103.0	78.1	76.8	63.0	74.7	85.7	96.4	93.5	145.9	96.8	78.4	94.5	89.3	(1.3)
Add: Depreciation and amortization	229.1	239.0	254.6	215.3	213.9	214.2	215.1	214.7	213.9	213.5	212.5	206.1	211.8	216.9	231.0
Add: Non-GAAP pre-tax adjustments (1)	<u>0.0</u>	<u>0.0</u>	<u>328.3</u>	<u>6.4</u>	<u>64.8</u>	<u>51.0</u>	<u>49.8</u>	<u>12.0</u>	<u>20.1</u>	<u>23.7</u>	<u>41.3</u>	<u>82.5</u>	<u>10.3</u>	<u>284.3</u>	<u>36.2</u>
Adjusted EBITDA	647.3	698.7	769.2	588.1	558.4	601.8	651.1	632.5	637.9	673.9	677.2	654.9	651.9	723.0	769.4
Adjusted EBITDA Margin	25.1%	26.5%	28.7%	28.8%	29.6%	31.1%	33.2%	33.9%	35.9%	35.2%	34.8%	34.8%	32.9%	34.1%	34.9%
(1) Non-GAAP Pre-Tax Adjustments															
Business separation costs	0.0	0.0	0.0	0.0	0.0	0.0	7.5	12.0	7.4	9.5	21.7	32.5	0.0	0.0	0.0
Cost reduction and asset actions	0.0	0.0	12.7	24.3	52.9	49.6	53.3	0.0	10.7	13.2	10.6	50.0	10.3	42.7	48.4
Gain on previously held equity interest	0.0	0.0	0.0	(17.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill and intangible asset impairment charge	0.0	0.0	310.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	162.1	0.0
Gain on land sales	0.0	0.0	0.0	0.0	0.0	0.0	(33.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(12.2)
Loss on extinguishment of debt	0.0	0.0	0.0	0.0	0.0	0.0	16.6	0.0	0.0	0.0	6.9	0.0	0.0	0.0	0.0
Equity method investment impairment charge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	79.5	0.0
Pension settlement loss	<u>0.0</u>	<u>0.0</u>	<u>5.5</u>	<u>0.0</u>	<u>11.9</u>	<u>1.4</u>	<u>6.0</u>	<u>0.0</u>	<u>2.0</u>	<u>1.0</u>	<u>2.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Non-GAAP pre-tax adjustments	<u>0.0</u>	<u>0.0</u>	<u>328.3</u>	<u>6.4</u>	<u>64.8</u>	<u>51.0</u>	<u>49.8</u>	<u>12.0</u>	<u>20.1</u>	<u>23.7</u>	<u>41.3</u>	<u>82.5</u>	<u>10.3</u>	<u>284.3</u>	<u>36.2</u>

Fiscal year 2017 is presented on a continuing operations basis, as previously reporting in our 2018 Form 10-K which reflected adoption of guidance on presentation of net periodic pension cost and postretirement benefit costs.

Fiscal years 2016 and 2015 are presented on a continuing operations basis, as previously reported in the Current Report on Form 8-K dated 5 June 2017. This Report updated the presentation of certain financial information and related disclosures contained in the 2016 Form 10-K.

Fiscal year 2014 is presented as previously reported in our 2016 Form 10-K, including the results of the former Materials Technologies segment.

GAAP to Non-GAAP Measures



(\$ Millions, except per share data)

	GAAP Measure				Non-GAAP Adjusts.		Non-GAAP Measure			
			\$	%					\$	%
<u>Q419 vs. Q418 - Total Company</u>	<u>Q419</u>	<u>Q418</u>	<u>Change</u>	<u>Change</u>	<u>Q419</u>	<u>Q418</u>	<u>Q419</u>	<u>Q418</u>	<u>Change</u>	<u>Change</u>
Sales	2,283.2	2,298.9	(15.7)	(1%)	-	(24.1)	2,283.2	2,298.9	(15.7)	(1%)
Operating Income	603.2	533.7	69.5	13%	-	(24.1)	603.2	509.6	93.6	18%
Operating Margin	26.4%	23.2%		320bp			26.4%	22.2%		420bp
Income from Cont. Ops. (1)	503.2	452.9	50.3	11%	-	(11.1)	503.2	441.8	61.4	14%
Diluted EPS - Cont. Ops. (1)	\$2.27	\$2.05	\$0.22	11%	-	(0.05)	\$2.27	\$2.00	\$0.27	14%
<u>Q419 vs. Q319 - Total Company</u>	<u>Q419</u>	<u>Q319</u>	<u>Change</u>	<u>Change</u>	<u>Q419</u>	<u>Q319</u>	<u>Q419</u>	<u>Q319</u>	<u>Change</u>	<u>Change</u>
Sales	2,283.2	2,224.0	59.2	3%	-	(3.6)	2,283.2	2,224.0	59.2	3%
Operating Income	603.2	569.7	33.5	6%	-	(3.6)	603.2	566.1	37.1	7%
Operating Margin	26.4%	25.6%		80bp			26.4%	25.5%		90bp
Income from Cont. Ops. (1)	503.2	488.0	15.2	3%	-	(7.1)	503.2	480.9	22.3	5%
Diluted EPS - Cont. Ops. (1)	\$2.27	\$2.20	\$0.07	3%	-	(0.03)	\$2.27	\$2.17	\$0.10	5%
<u>FY19 vs. FY18 - Total Company</u>	<u>FY19</u>	<u>FY18</u>	<u>Change</u>	<u>Change</u>	<u>FY19</u>	<u>FY18</u>	<u>FY19</u>	<u>FY18</u>	<u>Change</u>	<u>Change</u>
Sales	8,918.9	8,930.2	(11.3)	(0%)			8,918.9	8,930.2	(11.3)	(0%)
Operating Income	2,144.4	1,965.6	178.8	9%	25.4	(24.1)	2,169.8	1,941.5	228.3	12%
Operating Margin	24.0%	22.0%		200bp			24.3%	21.7%		260bp
Income from Cont. Ops. (1)	1,760.0	1,455.6	304.4	21%	59.4	189.1	1,819.4	1,644.7	174.7	11%
Diluted EPS - Cont. Ops. (1)	\$7.94	\$6.59	\$1.35	20%	0.27	0.86	\$8.21	\$7.45	\$0.76	10%

(1) Attributable to Air Products

\$ Millions	Q117	Q217	Q317	Q417	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419
ROCE using GAAP Metrics												
Numerator												
Net Income		2,135.7	104.1	475.0	161.7	423.6	487.9	459.7	357.0	433.5	500.2	518.7
Denominator												
Total Liabilities and Equity	15,956.2	17,871.5	17,853.8	18,467.2	18,208.8	18,511.1	19,206.0	19,178.3	19,142.0	19,244.5	19,531.9	18,942.8
Calculation												
Net Income - 4 qtr trailing					2,876.5	1,164.4	1,548.2	1,532.9	1,728.2	1,738.1	1,750.4	1,809.4
Total Liabilities and Equity - 5 qtr average					17,671.5	18,182.5	18,449.4	18,714.3	18,849.2	19,056.4	19,260.5	19,207.9
ROCE using GAAP Metrics					16.3%	6.4%	8.4%	8.2%	9.2%	9.1%	9.1%	9.4%
ROCE using Non-GAAP Metrics												
Numerator												
Net Income		2,135.7	104.1	475.0	161.7	423.6	487.9	459.7	357.0	433.5	500.2	518.7
Income from Discontinued Operations		(1,825.6)	2.3	5.5	1.0	0.0	(43.2)	0.0	0.0	0.0	0.0	0.0
GAAP Interest expense		30.5	29.8	30.8	29.8	30.4	34.9	35.4	37.3	35.4	34.2	30.1
Change in inventory valuation method		-	-	-	-	-	-	(24.1)	-	-	-	-
Facility closure		-	-	-	-	-	-	-	29.0	-	-	-
Cost reduction and asset actions		10.3	42.2	48.4	-	-	-	-	-	-	25.5	-
Goodwill and intangible asset impairment charge		-	158.7	-	-	-	-	-	-	-	-	-
Gain on exchange of equity affiliate investments		-	-	-	-	-	-	-	-	-	(29.1)	-
Gain on land sales		-	-	(12.2)	-	-	-	-	-	-	-	-
Equity method investment impairment charge		-	79.5	-	-	-	-	-	-	-	-	-
Pension settlement loss		4.1	5.5	0.9	-	-	-	43.7	-	5.0	-	-
Tax (benefit) costs associated with business separation		-	(8.2)	-	-	-	-	-	-	-	-	-
Tax reform repatriation		-	-	-	453.0	-	-	24.1	(15.6)	-	3.2	-
Tax reform adjustment related to deemed foreign dividends		-	-	-	-	-	-	(56.2)	56.2	-	-	-
Tax reform rate change and other		-	-	-	(214.0)	-	-	2.2	-	-	-	-
Tax restructuring		-	-	-	-	(38.8)	-	3.1	-	-	-	-
Tax election benefit		-	-	(111.4)	-	-	-	-	-	-	-	-
Tax other		(11.7)	(32.5)	(13.1)	(19.1)	(3.6)	(6.8)	(8.5)	(17.0)	(8.2)	(12.8)	(6.1)
Return after-tax (Non-GAAP)		343.3	381.4	423.9	412.4	411.6	472.8	479.4	446.9	465.7	521.2	542.7
Denominator												
Total Liabilities and Equity	15,956.2	17,871.5	17,853.8	18,467.2	18,208.8	18,511.1	19,206.0	19,178.3	19,142.0	19,244.5	19,531.9	18,942.8
Less: Payables and accrued liabilities	(1,677.5)	(1,490.6)	(1,534.3)	(1,814.3)	(1,609.5)	(1,551.6)	(1,968.4)	(1,817.8)	(1,738.3)	(1,513.7)	(1,543.2)	(1,635.7)
Less: Accrued income taxes	(133.7)	(544.8)	(323.0)	(98.6)	(110.1)	(76.6)	(46.0)	(59.6)	(111.9)	(70.7)	(65.6)	(86.6)
Less: Other noncurrent liabilities	(1,797.3)	(1,897.9)	(1,910.0)	(1,611.9)	(1,921.9)	(1,923.5)	(1,831.8)	(1,536.9)	(1,551.6)	(1,560.5)	(1,553.6)	(1,712.4)
Less: Deferred income taxes	(679.0)	(650.7)	(634.1)	(778.4)	(719.2)	(699.7)	(678.6)	(775.1)	(768.9)	(805.4)	(823.2)	(793.8)
Less: Current liabilities of discontinued operations	(89.2)	(24.1)	(16.5)	(15.7)	(13.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Assets of discontinued operations	(860.2)	(9.8)	(9.8)	(10.2)	(10.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Employed (Non-GAAP)	10,719.3	13,253.6	13,426.1	14,138.1	13,824.3	14,259.7	14,681.2	14,988.9	14,971.3	15,294.2	15,546.3	14,714.3
Calculation												
Return after-tax (Non-GAAP) - 4 qtr trailing					1,561.0	1,629.3	1,720.7	1,776.2	1,810.7	1,864.8	1,913.2	1,976.5
Five-quarter average capital employed (Non-GAAP)					13,072.3	13,780.4	14,065.9	14,378.4	14,545.1	14,839.1	15,096.4	15,103.0
ROCE (Non-GAAP)					11.9%	11.8%	12.2%	12.4%	12.4%	12.6%	12.7%	13.1%

Non-GAAP Historical Impacts

\$ Millions, except per share data

	Q118			Q218			Q318			Q418			FY18		
	GAAP	Items (1)	Non-GAAP	GAAP	Items (1)	Non-GAAP	GAAP	Items (1)	Non-GAAP	GAAP	Items (1)	Non-GAAP	GAAP	Items (1)	Non-GAAP
Operating Income	460.7	0.0	460.7	455.4	0.0	455.4	515.8	0.0	515.8	533.7	(24.1)	509.6	1,965.6	(24.1)	1,941.5
Equity Affil. Income	13.8	32.5	46.3	43.7	0.0	43.7	58.1	0.0	58.1	59.2	(4.0)	55.2	174.8	28.5	203.3
Interest Expense	29.8	0.0	29.8	30.4	0.0	30.4	34.9	0.0	34.9	35.4	0.0	35.4	130.5	0.0	130.5
Non-Op Inc/(Exp)	<u>9.8</u>	<u>0.0</u>	<u>9.8</u>	<u>11.1</u>	<u>0.0</u>	<u>11.1</u>	<u>12.8</u>	<u>0.0</u>	<u>12.8</u>	<u>(28.6)</u>	<u>43.7</u>	<u>15.1</u>	<u>5.1</u>	<u>43.7</u>	<u>48.8</u>
Income from cont. ops before taxes	454.5	32.5	487.0	479.8	0.0	479.8	551.8	0.0	551.8	528.9	15.6	544.5	2,015.0	48.1	2,063.1
Taxes	291.8	(206.5)	85.3	56.2	38.8	95.0	107.1	0.0	107.1	69.2	26.7	95.9	524.3	(141.0)	383.3
Net Income	161.7	239.0	400.7	423.6	(38.8)	384.8	487.9	0.0	487.9	459.7	(11.1)	448.6	1,532.9	189.1	1,722.0
Income from discontinued operations	(1.0)	0.0	(1.0)	0.0	0.0	0.0	43.2	0.0	43.2	0.0	0.0	0.0	42.2	0.0	42.2
NCI	<u>7.1</u>	<u>0.0</u>	<u>7.1</u>	<u>7.2</u>	<u>0.0</u>	<u>7.2</u>	<u>14.0</u>	<u>0.0</u>	<u>14.0</u>	<u>6.8</u>	<u>0.0</u>	<u>6.8</u>	<u>35.1</u>	<u>0.0</u>	<u>35.1</u>
Net Inc. Cont. Ops	155.6	239.0	394.6	416.4	(38.8)	377.6	430.7	0.0	430.7	452.9	(11.1)	441.8	1,455.6	189.1	1,644.7
Diluted EPS – Cont Ops	0.70	1.09	1.79	1.89	(0.18)	1.71	1.95	0.00	1.95	2.05	(0.05)	2.00	6.59	0.86	7.45
	Q119			Q219			Q319			Q419			FY19		
	GAAP	Items (1)	Non-GAAP	GAAP	Items (1)	Non-GAAP	GAAP	Items (1)	Non-GAAP	GAAP	Items (1)	Non-GAAP	GAAP	Items (1)	Non-GAAP
Operating Income	455.0	29.0	484.0	516.5	0.0	516.5	569.7	(3.6)	566.1	603.2	0.0	603.2	2,144.4	25.4	2,169.8
Equity Affil. Income	52.9	0.0	52.9	46.2	0.0	46.2	56.4	0.0	56.4	59.9	0.0	59.9	215.4	0.0	215.4
Interest Expense	37.3	0.0	37.3	35.4	0.0	35.4	34.2	0.0	34.2	30.1	0.0	30.1	137.0	0.0	137.0
Non-Op Inc/(Exp)	<u>18.5</u>	<u>0.0</u>	<u>18.5</u>	<u>13.7</u>	<u>5.0</u>	<u>18.7</u>	<u>17.6</u>	<u>0.0</u>	<u>17.6</u>	<u>16.9</u>	<u>0.0</u>	<u>16.9</u>	<u>66.7</u>	<u>5.0</u>	<u>71.7</u>
Income from cont. ops before taxes	489.1	29.0	518.1	541.0	5.0	546.0	609.5	(3.6)	605.9	649.9	0.0	649.9	2,289.5	30.4	2,319.9
Taxes	132.1	(33.7)	98.4	107.5	1.2	108.7	109.3	3.5	112.8	131.2	0.0	131.2	480.1	(29.0)	451.1
Net Income	357.0	62.7	419.7	433.5	3.8	437.3	500.2	(7.1)	493.1	518.7	0.0	518.7	1,809.4	59.4	1,868.8
Income from discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NCI	<u>9.5</u>	<u>0.0</u>	<u>9.5</u>	<u>12.2</u>	<u>0.0</u>	<u>12.2</u>	<u>12.2</u>	<u>0.0</u>	<u>12.2</u>	<u>15.5</u>	<u>0.0</u>	<u>15.5</u>	<u>49.4</u>	<u>0.0</u>	<u>49.4</u>
Net Inc. Cont. Ops	347.5	62.7	410.2	421.3	3.8	425.1	488.0	(7.1)	480.9	503.2	0.0	503.2	1,760.0	59.4	1,819.4
Diluted EPS – Cont Ops	1.57	0.29	1.86	1.90	0.02	1.92	2.20	(0.03)	2.17	2.27	0.00	2.27	7.94	0.27	8.21

(1) For non-GAAP item details refer to slide 4 adjusted EBITDA trend, FY18-FY19

Adjusted Net Income

\$ Millions

	<u>Q418</u>	<u>FY18</u>	<u>Q319</u>	<u>Q419</u>	<u>FY19</u>
Net Income	459.7	1,532.9	500.2	518.7	1,809.4
Net Inc Attributable to NCI	(6.8)	(35.1)	(12.2)	(15.5)	(49.4)
Income From Disc Ops	-	(42.2)	-	-	-
Change in inventory valuation method	(17.5)	(17.5)	-	-	-
Facility closure	-	-	-	-	22.1
Cost reduction actions	-	-	18.8	-	18.8
Gain on exchange of equity affiliate investments	-	-	(29.1)	-	(29.1)
Pension settlement loss	33.2	33.2	-	-	3.8
Tax reform repatriation	24.1	477.1	3.2	-	(12.4)
Tax reform adjustment related to deemed foreign dividends	(56.2)	(56.2)	-	-	56.2
Tax reform rate change and other	2.2	(211.8)	-	-	-
Tax restructuring	3.1	(35.7)	-	-	-
Adjusted Net Income	<u>441.8</u>	<u>1,644.7</u>	<u>480.9</u>	<u>503.2</u>	<u>1,819.4</u>

Adjusted EPS - Constant Currency Basis

Moving forward



2019 vs. 2018	Twelve Months Ended 30 September		
	2019	2018	Change
GAAP Diluted EPS	7.94	6.59	20%
Facility closure	0.10	-	
Cost reduction actions	0.08	-	
Gain on exchange of equity affiliate investments	(0.13)	-	
Pension settlement loss	0.02	0.15	
Tax reform repatriation	(0.06)	2.16	
Tax reform adjustment related to deemed foreign dividends	0.26	(0.25)	
Change in inventory valuation method	-	(0.08)	
Tax reform rate change and other	-	(0.96)	
Tax restructuring	-	(0.16)	
Adjusted Diluted EPS	8.21	7.45	10%
Currency adjustment		(0.20)	
Adjusted Diluted EPS - Constant Currency Basis	8.21	7.25	13%

Cash Flow and Capital Deployment

Moving forward



(\$ millions, except for share and per share data)	<u>FY19</u>	<u>FY18</u>
Cash Provided by Operating Activities	2,969.9	2,547.2
Working capital changes increase / (decrease)		
Trade Receivables	69.0	42.8
Inventories	3.0	64.2
Other receivables	(79.8)	(128.3)
Payables and accrued liabilities	41.8	277.7
Other working capital	(8.7)	9.0
Undistributed earnings of unconsolidated affiliates	75.8	59.8
Share-based compensation	(41.2)	(38.8)
Noncurrent capital lease receivables	(94.6)	(97.4)
Maintenance CapEx ¹	(414.0)	(421.0)
Other Items, net ²	<u>143.8</u>	<u>(66.2)</u>
Distributable cash flow	2,665.0	2,249.0
Dividends	<u>(994.0)</u>	<u>(897.8)</u>
Investable cash flow	1,671.0	1,351.2
Shares - diluted	221.6	220.8
Distributable cash flow per share	\$12.03	\$10.19

(\$ millions)	<u>FY19</u>	<u>FY18</u>
CapEx Reconciliation		
Additions to plant and equipment	1,989.7	1,568.4
Acquisitions, less cash acquired	123.2	345.4
Investments in and advances to unconsolidated affiliates	<u>15.7</u>	<u>0.0</u>
Capital Expenditures³	2,128.6	1,913.8
Less: Maintenance CapEx ¹	<u>(414.0)</u>	<u>(421.0)</u>
Growth CapEx⁴	1,714.6	1,492.8

¹Maintenance CapEx is the component of "additions to plant and equipment" in the cash flow statement which represents capital spending to maintain or replace existing capacity or assets to maintain existing profitability.

²Other items, net" includes items such as pension contributions and expense, deferred tax expense and other changes to noncurrent assets and liabilities.

³Capital Expenditures is the total of "additions to plant and equipment," "acquisitions less cash acquired" and "investments in and advances to unconsolidated affiliates." See page 17 for additional reconciliation information.

⁴Growth CapEx includes a component of "additions to plant and equipment" plus "acquisitions, less cash acquired" plus "investment in and advances to the unconsolidated affiliates."

Net Debt

\$ Millions

Sep 30, 2019

Short-term borrowings	58.2
Current portion of long-term debt	40.4
Long-term debt	2,907.3
Long-term debt - related party	<u>320.1</u>
Total Debt	3,326.0
Less: Cash and cash items	2,248.7
Less: Short-term investments	<u>166.0</u>
Net Debt	<u>911.3</u>

Adjusted EBITDA by Segment



\$ Millions	Q118	Q218	Q318	Q418	FY18	Q119	Q219	Q319	Q419	FY19	Q419 vs PY		Q419 vs PQ		FY19 vs FY18		
											\$	%	\$	%	\$	%	
Gases - Americas																	
Operating Income	217.2	222.3	237.1	251.3	927.9	219.2	255.6	262.2	260.7	997.7							
Add: Depreciation and amortization	117.8	122.3	120.5	124.7	485.3	125.6	124.9	126.3	128.4	505.2							
Add: Equity affiliates' income	18.6	16.9	24.1	22.4	82.0	22.6	17.8	21.7	22.7	84.8							
Adjusted EBITDA	353.6	361.5	381.7	398.4	1,495.2	367.4	398.3	410.2	411.8	1,587.7	13.4	3%	1.6	0%	92.5	6%	
Adjusted EBITDA Margin	38.9%	39.6%	40.2%	40.4%	39.8%	37.1%	40.2%	42.9%	43.9%	41.0%		350bp		100bp		120bp	
Gases - EMEA																	
Operating Income	104.5	116.7	118.8	105.8	445.8	105.6	122.5	123.4	120.9	472.4							
Add: Depreciation and amortization	49.1	50.7	49.8	49.0	198.6	46.3	46.3	47.8	49.1	189.5							
Add: Equity affiliates' income	13.1	11.1	17.5	19.4	61.1	13.7	13.3	18.8	23.2	69.0							
Adjusted EBITDA	166.7	178.5	186.1	174.2	705.5	165.6	182.1	190.0	193.2	730.9	19.0	11%	3.2	2%	25.4	4%	
Adjusted EBITDA Margin	32.3%	31.8%	33.2%	31.4%	32.2%	31.6%	36.8%	38.4%	39.5%	36.5%		810bp		110bp		430bp	
Gases - Asia																	
Operating Income	175.5	148.7	185.5	180.2	689.9	201.8	199.7	231.4	231.3	864.2							
Add: Depreciation and amortization	56.8	62.6	69.5	76.9	265.8	79.9	84.9	87.9	108.8	361.5							
Add: Equity affiliates' income	14.2	15.4	15.1	13.6	58.3	16.2	13.8	14.9	13.5	58.4							
Adjusted EBITDA	246.5	226.7	270.1	270.7	1,014.0	297.9	298.4	334.2	353.6	1,284.1	82.9	31%	19.4	6%	270.1	27%	
Adjusted EBITDA Margin	38.3%	40.7%	43.3%	42.8%	41.3%	47.5%	47.7%	49.2%	48.3%	48.2%		550bp		(90)bp		690bp	
Gases - Global																	
Operating Income	9.5	12.1	19.8	12.5	53.9	3.9	(12.2)	(9.6)	6.2	(11.7)							
Add: Depreciation and amortization	1.6	1.9	2.3	2.3	8.1	2.1	2.0	2.2	2.3	8.6							
Add: Equity affiliates' income	0.4	0.3	1.4	(0.2)	1.9	0.4	1.3	1.0	0.5	3.2							
Adjusted EBITDA	11.5	14.3	23.5	14.6	63.9	6.4	(8.9)	(6.4)	9.0	0.1	(5.6)		15.4		(63.8)		
Corporate/Other																	
Operating Income	(46.0)	(44.4)	(45.4)	(40.2)	(176.0)	(46.5)	(49.1)	(41.3)	(15.9)	(152.8)							
Add: Depreciation and amortization	2.6	2.5	3.5	4.3	12.9	4.1	4.0	4.9	5.0	18.0							
Add: Equity affiliates' income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0							
Adjusted EBITDA	(43.4)	(41.9)	(41.9)	(35.9)	(163.1)	(42.4)	(45.1)	(36.4)	(10.9)	(134.8)	25.0		25.5		28.3		

EMEA – Adjusted EBITDA - Constant Currency Basis

Industrial Gases - EMEA	Three Months Ended 30 September		
	2019	2018	Change
Segment Operating Income	120.9	105.8	14%
Add: Depreciation and amortization	49.1	49.0	
Add: Equity affiliates' income	23.2	19.4	
Adjusted EBITDA	193.2	174.2	11%
Currency adjustment		(7.5)	
Adjusted EBITDA - Constant Currency Basis	193.2	166.7	16%

FY20 Adjusted EPS Outlook

EPS Outlook

	<u>Diluted EPS (2)</u>
Q119 GAAP	\$1.57
Facility closure	\$0.10
Tax reform repatriation	(\$0.07)
Tax reform adjustment related to deemed foreign dividends	<u>\$0.26</u>
Q119 Non GAAP	<u>\$1.86</u>
Q120 Guidance (1)	\$2.05-\$2.10
% Change FY20 guidance vs FY19 Non-GAAP	10%-13%
 <u>FY20 Guidance vs Prior Year</u>	
FY19 GAAP	\$7.94
Facility closure	\$0.10
Cost reduction actions	\$0.08
Gain on exchange of equity affiliate investments	(\$0.13)
Pension settlement loss	\$0.02
Tax reform repatriation	(\$0.06)
Tax reform adjustment related to deemed foreign dividends	<u>\$0.26</u>
FY19 Non GAAP	<u>\$8.21</u>
FY20 Guidance (1)	<u>\$9.35-\$9.60</u>
% Change	14%-17%

(1) Guidance is provided on an adjusted continuing operations basis and is compared to adjusted historical diluted EPS, which excludes the impact of certain items that we believe are not representative of our underlying business performance, such as the incurrence of additional costs for cost reduction actions and impairment charges or the recognition of gains on disclosed items. It is not possible, without unreasonable efforts, to identify the timing or occurrence of these events or the potential for other transactions that may impact future GAAP EPS. Furthermore, it is not possible to identify the potential significance of these events in advance, but any of these events, if they were to occur, could have a significant effect on our future GAAP EPS. Accordingly, management is unable to reconcile, without unreasonable effort, the Company's forecasted range of adjusted EPS on a continuing operations basis to a comparable GAAP range.

(2) Continuing operations, attributable to Air Products

Adjusted EPS

EPS, \$/Share

	FY14	FY15	FY16	FY17	FY18				FY18	FY19				FY19
					Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
GAAP Diluted EPS - Cont. Ops. Attributable to Air Products	3.24	4.29	5.04	5.16	0.70	1.89	1.95	2.05	6.59	1.57	1.90	2.20	2.27	7.94
GAAP % change vs. prior year		32%	17%	2%					28%					20%
Pension settlement loss	0.02	0.06	0.02	0.03	-	-	-	0.15	0.15	-	0.02	-	-	0.02
Business restructuring, cost reduction and asset actions	0.03	0.61	0.11	0.49	-	-	-	-	-	-	-	0.08	-	0.08
Goodwill and intangible asset impairment charge	1.27	-	-	0.70	-	-	-	-	-	-	-	-	-	-
Tax election benefit	(0.14)	-	-	(0.50)	-	-	-	-	-	-	-	-	-	-
Gain on previously held equity interest	-	(0.05)	-	-	-	-	-	-	-	-	-	-	-	-
Business separation costs	-	0.03	0.21	0.12	-	-	-	-	-	-	-	-	-	-
Gain on land sales	-	(0.13)	-	(0.03)	-	-	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	-	0.07	0.02	-	-	-	-	-	-	-	-	-	-	-
Tax (benefit) costs associated with business separation	-	-	0.24	(0.02)	-	-	-	-	-	-	-	-	-	-
Equity method investment impairment charge	-	-	-	0.36	-	-	-	-	-	-	-	-	-	-
Facility closure	-	-	-	-	-	-	-	-	-	0.10	-	-	-	0.10
Tax reform repatriation	-	-	-	-	2.06	-	-	0.11	2.16	(0.07)	-	0.02	-	(0.06)
Tax reform adjustment related to deemed foreign dividends	-	-	-	-	-	-	-	(0.25)	(0.25)	0.26	-	-	-	0.26
Tax reform rate change and other	-	-	-	-	(0.97)	-	-	0.01	(0.96)	-	-	-	-	-
Tax restructuring	-	-	-	-	-	(0.18)	-	0.01	(0.16)	-	-	-	-	-
Gain on exchange of equity affiliate investments	-	-	-	-	-	-	-	-	-	-	-	(0.13)	-	(0.13)
Change in inventory valuation method	-	-	-	-	-	-	-	(0.08)	(0.08)	-	-	-	-	-
Non-GAAP (Adjusted) Diluted EPS - Cont. Ops. Attributable to Air Products	4.42	4.88	5.64	6.31	1.79	1.71	1.95	2.00	7.45	1.86	1.92	2.17	2.27	8.21
Non-GAAP (Adjusted) % change vs. prior year		10%	16%	12%					18%					10%

Capital Expenditure

\$ Millions

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY19</u>
Cash Used for Investing Activities	1,146.0	858.7	1,412.0	1,641.6	226.5	655.6	553.4	677.9	2,113.4
Proceeds from sale of assets and investments	55.3	44.6	42.5	48.8	1.1	2.7	5.0	2.3	11.1
Purchases of investments	-	-	(2,692.6)	(530.3)	(5.3)	-	-	(166.8)	(172.1)
Proceeds from investments	-	-	2,290.7	748.2	178.0	9.9	2.6	-	190.5
Other investing activities	<u>(0.1)</u>	<u>4.4</u>	<u>3.4</u>	<u>5.5</u>	<u>3.1</u>	<u>(0.4)</u>	<u>(1.9)</u>	<u>(15.1)</u>	<u>(14.3)</u>
Capital Expenditures (1)	1,201.2	907.7	1,056.0	1,913.8	403.4	667.8	559.1	498.3	2,128.6

(1) Capital Expenditures is the total of "additions to plant and equipment," "acquisitions less cash acquired" and "investments in and advances to unconsolidated affiliates."

We provide a Capital Expenditure forecast in our Earning Release slides. 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.