News Release

Air Products and Chemicals, Inc.
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Air Products Reports Fiscal 2024 First Quarter GAAP EPS of $2.73 and Adjusted EPS of $2.82

Q1 FY24 (comparisons versus prior year):

- GAAP EPS# of $2.73, up six percent; GAAP net income of $622 million, up six percent; and GAAP net income margin of 20.7 percent, up 230 basis points
- Adjusted EPS* of $2.82, up seven percent; adjusted EBITDA* of $1.2 billion, up eight percent; and adjusted EBITDA margin* of 39.2 percent, up 510 basis points

Recent Highlights

- Increased quarterly dividend to $1.77 per share in January, the 42nd consecutive year of increases

Guidance

- Updated fiscal 2024 full-year adjusted EPS guidance* of $12.20 to $12.50, up six to nine percent over prior year adjusted EPS*; fiscal 2024 second quarter adjusted EPS guidance* of $2.60 to $2.75
- Continue to expect fiscal year 2024 capital expenditures* of $5.0 billion to $5.5 billion

#Earnings per share is calculated and presented on a diluted basis from continuing operations attributable to Air Products.

**Certain results in this release, including in the highlights above, include references to non-GAAP financial measures on a consolidated, continuing operations basis and a segment basis. Additional information regarding these measures and reconciliations of GAAP to non-GAAP historical results can be found below. In addition, as discussed below, it is not possible, without unreasonable efforts, to identify the timing or occurrence of future events, transactions, and/or investment activity that could have a significant effect on the Company's future GAAP EPS or cash flow used for investing activities if any of these events were to occur.*

Fiscal 2024 First Quarter Consolidated Results

LEHIGH VALLEY, Pa. (February 5, 2024) - Air Products (NYSE:APD) today reported first quarter fiscal 2024 results, including GAAP EPS from continuing operations of $2.73, up six percent from prior year. GAAP net income of $622 million was up six percent over the prior year due to higher equity affiliates' income, higher pricing, and higher volumes, partially offset by higher costs. GAAP net income margin of 20.7 percent increased 230 basis points over the prior year, which included a positive impact of about 200 basis points from lower energy cost pass-through. Air Products' GAAP results include costs for the non-service related components of the Company's defined benefit pension plans, which are reflected as adjustments to the non-GAAP measures discussed below.

For the quarter, on a non-GAAP basis, adjusted EPS from continuing operations of $2.82 increased seven percent over the prior year. Adjusted EBITDA of $1.2 billion was up eight percent over the prior year, due to higher equity affiliates' income, higher volumes, and higher pricing, partially offset by higher costs. Adjusted EBITDA margin of 39.2 percent increased 510 basis points over the prior year, which included a positive impact of about 400 basis points from lower energy cost pass-through.

First quarter sales of $3.0 billion decreased six percent from the prior year, as three percent higher volumes, one percent higher pricing, and one percent favorable currency were more than offset by 11 percent lower energy cost pass-through, which negatively affected sales but had no impact on net income.

Commenting on the results, Air Products' Chairman, President and Chief Executive Officer Seifi Ghasemi said, "Despite significant geopolitical and economic headwinds, the team at Air Products performed well, increasing our adjusted EPS by seven percent over last year. Our reported results were lower than our expectations, mainly due to a slowdown in manufacturing in Asia, particularly in China; lower helium demand; cost headwinds from a sale of equipment project; and currency devaluation in Argentina. We are moving forward to successfully implement our ambitious, long-term growth strategy through our core industrial gases business and as a leader in low-carbon intensity hydrogen to generate a cleaner future for the world."

Fiscal 2024 First Quarter Results by Business Segment

- **Americas** sales of $1.3 billion were down 10 percent versus the prior year, as three percent higher volumes driven by strong hydrogen demand and two percent higher pricing were more than offset by 15 percent lower energy cost pass-through. Operating income of $354 million increased three percent and adjusted EBITDA of $561 million increased nine percent, in each case primarily due to higher pricing and volumes, partially offset by higher costs. Adjusted EBITDA also benefited from higher equity affiliates' income. Operating margin of 28.3 percent increased 350 basis points and adjusted EBITDA margin of 44.8 percent increased 760 basis points. The operating margin and adjusted EBITDA margin improvements included positive impacts from lower energy cost pass-through of approximately 400 basis points and 600 basis points, respectively.
- **Asia** sales of $794 million increased two percent over the prior year, as two percent higher energy cost pass-through and one percent higher pricing were partially offset by one percent unfavorable currency. Volumes were flat, as higher on-site volumes were offset by weak economic growth in China and lower activity in helium. Operating income of $211 million decreased 10 percent and adjusted EBITDA of $327 million decreased five percent, in each case primarily due to unfavorable volume mix and higher costs. Operating margin of 26.6 percent decreased 370 basis points and adjusted EBITDA margin of 41.2 percent decreased 320 basis points.
- **Europe** sales of $731 million decreased eight percent from the prior year, as nine percent favorable volumes driven by our on-site business and five percent favorable currency were more than offset by 20 percent lower energy cost pass-through and two percent lower pricing. Operating income of $198 million increased 36 percent and adjusted EBITDA of $267 million increased 28 percent, as higher volumes, lower power costs, and favorable currency more than offset inflation and higher maintenance costs. Operating margin of 27.0 percent increased 860 basis points and adjusted EBITDA margin of 36.4 percent increased 1,020 basis points. The operating margin and adjusted EBITDA margin improvements included positive impacts from lower energy cost pass-through of approximately 350 basis points and 550 basis points, respectively.
- **Middle East and India** equity affiliates income of $93 million increased 45 percent compared to the prior year, primarily due to the completion of the second phase of the Jazan project in January 2023.
- **Corporate and other** sales of $185 million increased three percent compared to the prior year and reflected higher LNG sale of equipment activity.

Outlook

Air Products now expects full-year fiscal 2024 adjusted EPS guidance* of $12.20 to $12.50, up six to nine percent over prior year adjusted EPS. For the second quarter of fiscal 2024, Air Products' adjusted EPS guidance* is $2.60 to $2.75.

Air Products continues to expect capital expenditures* of $5.0 billion to $5.5 billion for full-year fiscal 2024.

*Management is unable to reconcile, without unreasonable effort, the Company's forecasted range of adjusted EPS or capital expenditures to a comparable GAAP range. Air Products provides adjusted EPS guidance on a continuing operations basis, excluding the impact of certain items that management believes are not representative of the Company's underlying business performance, such as the incurrence of costs for cost reduction actions and impairment charges, or the recognition of gains or losses on certain disclosed items. It is not possible, without unreasonable efforts, to predict the timing or occurrence of these events or the potential for other transactions that may impact future GAAP EPS. Similarly, it is not possible, without unreasonable efforts, to reconcile forecasted capital expenditures to future cash used for investing activities because management is not able to identify the timing or occurrence of future investment activity, which is driven by management's assessment of competing opportunities at the time the Company enters into transactions. 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 the Company's future GAAP results.

Earnings Teleconference

Access the fiscal 2024 first quarter earnings teleconference scheduled for 8:30 a.m. Eastern Time on February 5, 2024 by calling 323-994-2093 and entering passcode 1702171 or by accessing the Event Details page on Air Products' Investor Relations website.

About Air Products

Air Products (NYSE:APD) is a world-leading industrial gases company in operation for over 80 years focused on serving energy, environmental, and emerging markets. The Company has two growth pillars driven by sustainability. Air Products' base business provides essential industrial gases, related equipment and applications expertise to customers in dozens of industries, including refining, chemicals, metals, electronics, manufacturing, and food. The Company also develops, engineers, builds, owns and operates some of the world's largest clean hydrogen projects supporting the transition to low- and zero-carbon energy in the heavy-duty transportation and industrial sectors. Additionally, Air Products is the world leader in the supply of liquefied natural gas process technology and equipment, and provides turbomachinery, membrane systems and cryogenic containers globally.

The Company had fiscal 2023 sales of $12.6 billion from operations in approximately 50 countries and has a current market capitalization of about $60 billion. Approximately 23,000 passionate, talented and committed employees from diverse backgrounds are driven by Air Products' higher purpose to create innovative solutions that benefit the environment, enhance sustainability and reimagine what's possible to address the challenges facing customers, communities, and the world. For more information, visit www.airproducts.com or follow us on LinkedIn, X, Facebook or Instagram.

Cautionary Note Regarding Forward-Looking Statements

This release contains “forward-looking statements” within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements about earnings and capital expenditure guidance, business outlook and investment opportunities. Forward-looking statements are based on management’s expectations and assumptions as of the date of this release 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, without limitation: changes in global or regional economic conditions, inflation, and supply and demand dynamics in the market segments we serve, including demand for technologies and projects to limit the impact of global climate change; changes in the financial markets that may affect the availability and terms on which we may obtain financing; the ability to implement price increases to offset cost increases; disruptions to our supply chain and related distribution delays and cost increases; risks associated with having extensive international operations, including political risks, risks associated with unanticipated government actions and risks of investing in developing markets; project delays, scope changes, cost escalations, contract terminations, customer cancellations, or postponement of projects and sales; our ability to safely develop, operate, and manage costs of large-scale and technically complex projects; the future financial and operating performance of major customers, joint ventures, and equity affiliates; our ability to develop, implement, and operate new technologies and to market products produced utilizing new technologies; our ability to execute the projects in our backlog and refresh our pipeline of new projects; tariffs, economic sanctions and regulatory activities in jurisdictions in which we and our affiliates and joint ventures operate; the impact of environmental, tax, safety, or other legislation, as well as regulations and other public policy initiatives affecting our business and the business of our affiliates and related compliance requirements, including legislation, regulations, or policies intended to address global climate change; changes in tax rates and other changes in tax law; safety incidents relating to our operations; the timing, impact, and other uncertainties relating to acquisitions and divestitures, including our ability to integrate acquisitions and separate divested businesses, respectively; risks relating to cybersecurity incidents, including risks from the interruption, failure or compromise of our information systems or those of our business partners or service providers; catastrophic events, such as natural disasters and extreme weather events, pandemics and other public health crises, acts of war, including Russia’s invasion of Ukraine and new and ongoing conflicts in the Middle East, or terrorism; the impact on our business and customers of price fluctuations in oil and natural gas and disruptions in markets and the economy due to oil and natural gas price volatility; costs and outcomes of legal or regulatory proceedings and investigations; asset impairments due to economic conditions or specific events; significant fluctuations in inflation, interest rates, and foreign currency exchange rates from those currently anticipated; damage to facilities, pipelines or delivery systems, including those we are constructing or that we own or operate for third parties; availability and cost of electric power, natural gas, and other raw materials; the success of productivity and operational improvement programs; and other risks described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 and subsequent filings we have made with the U.S. Securities and Exchange Commission. You are cautioned not to place undue reliance on our forward-looking statements. Except as required by law, we disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect any change in assumptions, beliefs, or expectations or any change in events, conditions, or circumstances upon which any such forward-looking statements are based.

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Air Products and Chemicals, Inc. and Subsidiaries
CONSOLIDATED INCOME STATEMENTS
(Unaudited)

(Millions of U.S. Dollars, except for share and per share data)	Three Months Ended 31 December	
	2023	2022
Sales	$2,997.4	$3,174.7
Cost of sales	2,067.2	2,272.3
Selling and administrative expense	238.4	234.4
Research and development expense	25.7	24.4
Other income (expense), net	0.8	8.4
Operating Income	666.9	652.0
Equity affiliates' income	158.4	110.0
Interest expense	53.5	41.2
Other non-operating income (expense), net	(14.8)	(0.6)
Income Before Taxes	757.0	720.2
Income tax provision	135.4	136.4
Net Income	621.6	583.8
Net income attributable to noncontrolling interests	12.3	11.6
Net Income Attributable to Air Products	$609.3	$572.2
Per Share Data *(U.S. Dollars per share)*		
Basic earnings per share attributable to Air Products	$2.74	$2.58
Diluted earnings per share attributable to Air Products	$2.73	$2.57
Weighted Average Common Shares *(in millions)*		
Basic	222.5	222.2
Diluted	222.8	222.6

Air Products and Chemicals, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Millions of U.S. Dollars)	31 December 2023	30 September 2023
Assets		
Current Assets		
Cash and cash items	$1,962.6	$1,617.0
Short-term investments	271.8	332.2
Trade receivables, net	1,725.4	1,700.4
Inventories	709.3	651.8
Prepaid expenses	206.8	177.0
Other receivables and current assets	773.6	722.1
Total Current Assets	5,649.5	5,200.5
Investment in net assets of and advances to equity affiliates	4,685.2	4,617.8
Plant and equipment, at cost	34,793.9	32,746.3
Less: accumulated depreciation	15,858.4	15,274.2
Plant and equipment, net	18,935.5	17,472.1
Goodwill, net	899.4	861.7
Intangible assets, net	339.1	334.6
Operating lease right-of-use assets, net	978.8	974.0
Noncurrent lease receivables	485.9	494.7
Financing receivables	1,119.1	817.2
Other noncurrent assets	1,025.7	1,229.9
Total Noncurrent Assets	28,468.7	26,802.0
Total Assets	$34,118.2	$32,002.5
Liabilities and Equity		
Current Liabilities		
Payables and accrued liabilities	$2,717.9	$2,890.1
Accrued income taxes	166.9	131.2
Short-term borrowings	16.4	259.5
Current portion of long-term debt	218.0	615.0
Total Current Liabilities	3,119.2	3,895.8
Long-term debt	11,715.4	9,280.6
Long-term debt – related party	157.9	150.7
Noncurrent operating lease liabilities	635.1	631.1
Other noncurrent liabilities	1,111.5	1,118.0
Deferred income taxes	1,250.0	1,266.0
Total Noncurrent Liabilities	14,869.9	12,446.4
Total Liabilities	17,989.1	16,342.2
Air Products Shareholders' Equity	14,873.0	14,312.9
Noncontrolling Interests	1,256.1	1,347.4
Total Equity	16,129.1	15,660.3
Total Liabilities and Equity	$34,118.2	$32,002.5

Air Products and Chemicals, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Millions of U.S. Dollars)	Three Months Ended 31 December 2023	2022
Operating Activities		
Net income	$621.6	$583.8
Less: Net income attributable to noncontrolling interests	12.3	11.6
Net income attributable to Air Products	$609.3	$572.2
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation and amortization	349.2	321.5
Deferred income taxes	13.5	13.8
(Undistributed) distributed earnings of equity method investments	(41.5)	17.2
Gain on sale of assets and investments	(1.4)	(2.3)
Share-based compensation	13.8	16.1
Noncurrent lease receivables	20.0	19.4
Other adjustments	33.3	99.0
Working capital changes that provided (used) cash, excluding effects of acquisitions:		
Trade receivables	11.8	40.4
Inventories	(48.6)	(102.8)
Other receivables	(64.5)	(6.7)
Payables and accrued liabilities	(268.5)	(257.6)
Other working capital	0.2	(10.9)
Cash Provided by Operating Activities	$626.6	$719.3
Investing Activities		
Additions to plant and equipment, including long-term deposits	(1,445.5)	(834.2)
Investment in financing receivables	(301.8)	—
Proceeds from sale of assets and investments	4.2	4.0
Purchases of investments	(55.5)	(19.2)
Proceeds from investments	120.1	591.5
Other investing activities	12.9	1.7
Cash Used for Investing Activities	($1,665.6)	($256.2)
Financing Activities		
Long-term debt proceeds	810.4	476.3
Payments on long-term debt	(54.8)	(195.9)
Net increase (decrease) in commercial paper and short-term borrowings	1,020.9	(4.1)
Dividends paid to shareholders	(388.9)	(359.4)
Proceeds from stock option exercises	5.3	14.0
Investments by noncontrolling interests	34.5	—
Other financing activities	(64.6)	(16.5)
Cash Provided by (Used for) Financing Activities	$1,362.8	($85.6)
Effect of Exchange Rate Changes on Cash	21.8	42.5
Increase in cash and cash items	345.6	420.0
Cash and cash items – Beginning of year	1,617.0	2,711.0
Cash and Cash Items – End of Period	$1,962.6	$3,131.0
Supplemental Cash Flow Information		
Cash paid for taxes, net of refunds	$90.1	$88.5

Air Products and Chemicals, Inc. and Subsidiaries
BUSINESS SEGMENT INFORMATION
(Unaudited)

(Millions of U.S. Dollars)	Americas	Asia	Europe	Middle East and India	Corporate and other	Total
Three Months Ended 31 December 2023						
Sales	$1,252.1	$793.8	$731.2	$35.4	$184.9	$2,997.4
Operating income (loss)	354.4	211.2	197.6	3.9	(100.2)	666.9
Depreciation and amortization	169.7	111.8	48.2	6.6	12.9	349.2
Equity affiliates' income	37.1	4.2	20.7	92.9	3.5	158.4
Three Months Ended 31 December 2022						
Sales	$1,384.2	$777.8	$791.9	$41.4	$179.4	$3,174.7
Operating income (loss)	343.0	235.9	145.8	6.7	(79.4)	652.0
Depreciation and amortization	156.0	101.9	44.3	6.6	12.7	321.5
Equity affiliates' income	16.4	7.4	17.7	64.1	4.4	110.0
Total Assets						
31 December 2023	$10,666.2	$7,318.0	$5,120.9	$6,214.1	$4,799.0	$34,118.2
30 September 2023	9,927.5	7,009.6	4,649.8	5,708.4	4,707.2	32,002.5

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES
(Millions of U.S. Dollars unless otherwise indicated, except for per share data)

We present certain financial measures, other than in accordance with U.S. generally accepted accounting principles ("GAAP"), on an "adjusted" or "non-GAAP" basis. On a consolidated basis, these measures include adjusted diluted earnings per share ("EPS"), adjusted EBITDA, adjusted EBITDA margin, and capital expenditures. On a segment basis, these measures include adjusted EBITDA and adjusted EBITDA margin. In addition to these measures, we also present certain supplemental non-GAAP financial measures to help the reader understand the impact that certain disclosed items, or "non-GAAP adjustments," have on the calculation of our adjusted diluted EPS. For each non-GAAP financial measure, we present a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP.

In many cases, non-GAAP financial measures are determined by adjusting the most directly comparable GAAP measure to exclude non-GAAP adjustments that we believe are not representative of our underlying business performance. For example, we exclude the impact of the non-service components of net periodic benefit/cost 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 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. We may also exclude certain expenses associated with cost reduction actions, impairment charges, and gains on disclosed transactions. The reader should be aware that we may recognize similar losses or gains in the future.

When applicable, the tax impact of our pre-tax non-GAAP adjustments reflects the expected current and deferred income tax impact of our non-GAAP adjustments. These tax impacts are primarily driven by the statutory tax rate of the various relevant jurisdictions and the taxability of the adjustments in those jurisdictions.

We provide these non-GAAP financial measures to allow investors, potential investors, securities analysts, and others to evaluate the performance of our business in the same manner as our management. We believe these measures, when viewed together with financial results computed in accordance with GAAP, provide a more complete understanding of the factors and trends affecting our historical financial performance and projected future results. However, we caution readers not to consider these measures in isolation or as a substitute for the most directly comparable measures calculated in accordance with GAAP. Readers should also consider the limitations associated with these non-GAAP financial measures, including the potential lack of comparability of these measures from one company to another.

ADJUSTED DILUTED EPS

The table below provides a reconciliation to the most directly comparable GAAP measure for each of the major components used to calculate adjusted diluted EPS from continuing operations, which we view as a key performance metric. In periods that we have non-GAAP adjustments, we believe it is important for the reader to understand the per share impact of each such adjustment because management does not consider these impacts when evaluating underlying business performance. Per share impacts are calculated independently and may not sum to total diluted EPS and total adjusted diluted EPS due to rounding.

	Three Months Ended 31 December					
Q1 2024 vs. Q1 2023	Operating Income	Equity Affiliates' Income	Other Non-Operating Income/Expense, Net	Income Tax Provision	Net Income Attributable to Air Products	Diluted EPS
Q1 2024 GAAP	$666.9	$158.4	($14.8)	$135.4	$609.3	$2.73
Q1 2023 GAAP	652.0	110.0	(0.6)	136.4	572.2	2.57
$ Change GAAP						$0.16
% Change GAAP						6%
Q1 2024 GAAP	$666.9	$158.4	($14.8)	$135.4	$609.3	$2.73
Non-service pension cost, net	—	—	24.9	6.2	18.7	0.08
Q1 2024 Non-GAAP ("Adjusted")	$666.9	$158.4	$10.1	$141.6	$628.0	$2.82
Q1 2023 GAAP	$652.0	$110.0	($0.6)	$136.4	$572.2	$2.57
Non-service pension cost, net	—	—	19.5	4.9	14.6	0.07
Q1 2023 Non-GAAP ("Adjusted")	$652.0	$110.0	$18.9	$141.3	$586.8	$2.64
$ Change Non-GAAP ("Adjusted")						$0.18
% Change Non-GAAP ("Adjusted")						7%

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

We define adjusted EBITDA as net income less income from discontinued operations, net of tax, and excluding non-GAAP adjustments, which we do not believe to be indicative of underlying business trends, before interest expense, other non-operating income (expense), net, income tax provision, and depreciation and amortization expense. Adjusted EBITDA and adjusted EBITDA margin provide useful metrics for management to assess operating performance. Margins are calculated independently for each period by dividing each line item by consolidated sales for the respective period and may not sum to total margin due to rounding.

The tables below present consolidated sales and a reconciliation of net income on a GAAP basis to adjusted EBITDA and net income margin on a GAAP basis to adjusted EBITDA margin:

	Q1		Q2		Q3		Q4		FY2024	
2024	$	Margin	$	Margin	$	Margin	$	Margin	$	Margin
Sales	$2,997.4									
Net income and net income margin	$621.6	20.7%								
Less: Income from discontinued operations, net of tax	—	—%								
Add: Interest expense	53.5	1.8%								
Less: Other non-operating income (expense), net	(14.8)	(0.5%)								
Add: Income tax provision	135.4	4.5%								
Add: Depreciation and amortization	349.2	11.7%								
Adjusted EBITDA and adjusted EBITDA margin	$1,174.5	39.2%								

	Q1		Q2		Q3		Q4		FY2023	
2023	$	Margin	$	Margin	$	Margin	$	Margin	$	Margin
Sales	$3,174.7		$3,200.1		$3,033.9		$3,191.3		$12,600.0	
Net income and net income margin	$583.8	18.4%	$449.9	14.1%	$610.5	20.1%	$694.4	21.8%	$2,338.6	18.6%
Less: Income from discontinued operations, net of tax	—	—%	—	—%	—	—%	7.4	0.2%	7.4	0.1%
Add: Interest expense	41.2	1.3%	40.9	1.3%	47.4	1.6%	48.0	1.5%	177.5	1.4%
Less: Other non-operating income (expense), net	(0.6)	—%	(13.9)	(0.4%)	(11.7)	(0.4%)	(12.8)	(0.4%)	(39.0)	(0.3%)
Add: Income tax provision	136.4	4.3%	121.0	3.8%	139.6	4.6%	154.2	4.8%	551.2	4.4%
Add: Depreciation and amortization	321.5	10.1%	339.6	10.6%	339.9	11.2%	357.3	11.2%	1,358.3	10.8%
Add: Business and asset actions	—	—%	185.6	5.8%	59.0	1.9%	—	—%	244.6	1.9%
Adjusted EBITDA and adjusted EBITDA margin	$1,083.5	34.1%	$1,150.9	36.0%	$1,208.1	39.8%	$1,259.3	39.5%	$4,701.8	37.3%

2024 vs. 2023	Q1
Change GAAP	
Net income $ change	$37.8
Net income % change	6%
Net income margin change	230 bp
Change Non-GAAP	
Adjusted EBITDA $ change	$91.0
Adjusted EBITDA % change	8%
Adjusted EBITDA margin change	510 bp

The tables below present sales and a reconciliation of operating income and operating margin to adjusted EBITDA and adjusted EBITDA margin for the Company's three largest regional segments for the three months ended 31 December 2023 and 2022:

Americas	Q1 FY24	Q1 FY23	$ Change	Change
Sales	$1,252.1	$1,384.2	($132.1)	(10%)
Operating income	$354.4	$343.0	$11.4	3%
Operating margin	28.3%	24.8%		350 bp
Reconciliation of GAAP to Non-GAAP:				
Operating income	$354.4	$343.0		
Add: Depreciation and amortization	169.7	156.0		
Add: Equity affiliates' income	37.1	16.4		
Adjusted EBITDA	$561.2	$515.4	$45.8	9%
Adjusted EBITDA margin	44.8%	37.2%		760 bp

Asia	Q1 FY24	Q1 FY23	$ Change	Change
Sales	$793.8	$777.8	$16.0	2%
Operating income	$211.2	$235.9	($24.7)	(10%)
Operating margin	26.6%	30.3%		(370) bp
Reconciliation of GAAP to Non-GAAP:				
Operating income	$211.2	$235.9		
Add: Depreciation and amortization	111.8	101.9		
Add: Equity affiliates' income	4.2	7.4		
Adjusted EBITDA	$327.2	$345.2	($18.0)	(5%)
Adjusted EBITDA margin	41.2%	44.4%		(320) bp

Europe	Q1 FY24	Q1 FY23	$ Change	Change
Sales	$731.2	$791.9	($60.7)	(8%)
Operating income	$197.6	$145.8	$51.8	36%
Operating margin	27.0%	18.4%		860 bp
Reconciliation of GAAP to Non-GAAP:				
Operating income	$197.6	$145.8		
Add: Depreciation and amortization	48.2	44.3		
Add: Equity affiliates' income	20.7	17.7		
Adjusted EBITDA	$266.5	$207.8	$58.7	28%
Adjusted EBITDA margin	36.4%	26.2%		1,020 bp

CAPITAL EXPENDITURES

Capital expenditures is a non-GAAP financial measure that we define as the sum of cash flows for additions to plant and equipment, including long-term deposits, acquisitions (less cash acquired), investment in and advances to unconsolidated affiliates, and investment in financing receivables on our consolidated statements of cash flows. Additionally, we adjust additions to plant and equipment to exclude NEOM Green Hydrogen Company ("NGHC") expenditures funded by the joint venture's non-recourse project financing as well as our partners' equity contributions to arrive at a measure that we believe is more representative of our investment activities. Substantially all the funding we provide to NGHC is limited for use by the venture for capital expenditures.

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

	Three Months Ended 31 December	
	2023	2022
Cash used for investing activities	$1,665.6	$256.2
Proceeds from sale of assets and investments	4.2	4.0
Purchases of investments	(55.5)	(19.2)
Proceeds from investments	120.1	591.5
Other investing activities	12.9	1.7
NGHC expenditures not funded by Air Products' equity[(A)]	(361.6)	(109.7)
Capital expenditures	$1,385.7	$724.5

[(A)] Reflects the portion of "Additions to plant and equipment, including long-term deposits" that is associated with NGHC, less our approximate cash investment in the joint venture.

The components of our capital expenditures are detailed in the table below:

	Three Months Ended 31 December	
	2023	2022
Additions to plant and equipment, including long-term deposits	$1,445.5	$834.2
Investment in financing receivables	301.8	—
NGHC expenditures not funded by Air Products' equity[(A)]	(361.6)	(109.7)
Capital expenditures	$1,385.7	$724.5

[(A)] Reflects the portion of "Additions to plant and equipment, including long-term deposits" that is associated with NGHC, less our approximate cash investment in the joint venture.

Outlook for Investing Activities

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 2024 to be $5.0 billion to $5.5 billion.

OUTLOOK

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 certain 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	
	Q2	Full Year
2023 Diluted EPS	$1.97	$10.30
Business and asset actions	0.69	0.92
Non-service pension cost, net	0.08	0.29
2023 Adjusted Diluted EPS	$2.74	$11.51
2024 Adjusted Diluted EPS Outlook	$2.60 – $2.75	$12.20 – $12.50
$ Change	(0.14) – 0.01	0.69 – 0.99
% Change	(5%) – 0%	6% – 9%