

Air Products and Chemicals Inc

APD
NYSE

D Underperform
Data as of 09/06/2024

SCHWAB EQUITY RATING

D Underperform
Percentile Ranking: 85
Data as of 09/06/2024

Last week's rating: **D** Underperform
Percentile Ranking: 85
Data as of 08/30/2024

A	1-10	Strongly Outperform	BUY
B	11-30	Outperform	BUY
C	31-70	Marketperform	HOLD
D	71-90	Underperform	SELL
F	91-100	Strongly Underperform	SELL

Schwab Equity Ratings is a quantitative measure of the equity's prospects for stock price appreciation over the next twelve months in relation to its market peers.

For more details about the quantitative model's design and intent, please review the Schwab Equity Ratings Foundations document.

For more information on important disclosures please visit page 4 within this report.

PRICE VOLATILITY OUTLOOK

Low Below average price volatility
Data as of 09/06/2024

Last week's rating: Low
Data as of 08/30/2024

High	Above average price volatility
Medium	Average price volatility
Low	Below average price volatility
N/A	Volatility score not available

Price Volatility Outlook measures the degree of variance typically demonstrated by the equity in relation to its peers within the same A-F ratings group. The outlook's measurement is based on a six month forecast.

Investment suitability is partially dependent on your portfolio risk tolerance. Positive or negative connotations associated with the price volatility outlook score should mirror your personal risk appetite. For more information, please consult Managing a Portfolio Using Schwab Equity Ratings.

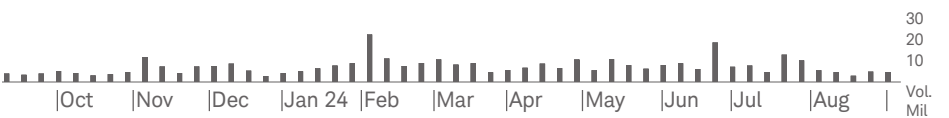
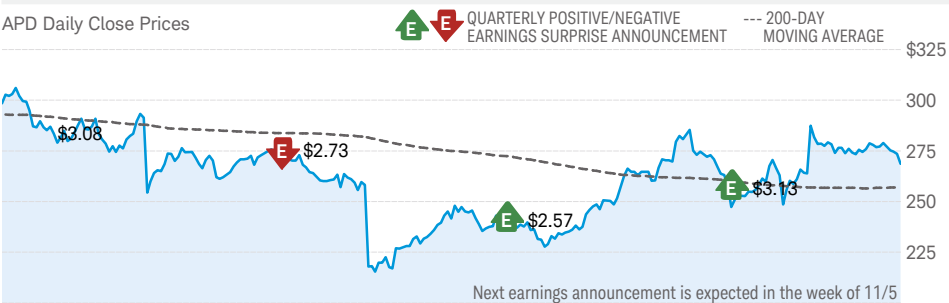
RATIONALE BEHIND OUR **D** RATING ON APD

For details about inputs to Schwab Equity Rating, see "Schwab Equity Ratings Foundations" in the "Stocks" article library under Market Insight. ▲ IMPROVED VS. PREVIOUS WEEK ▼ DECLINED VS. PREVIOUS WEEK

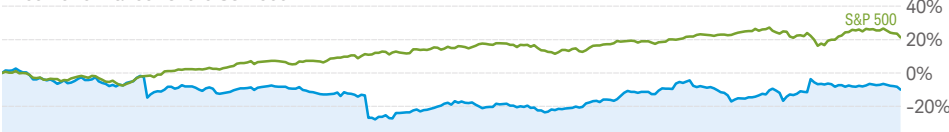
	THIS WEEK	LAST WEEK	AVERAGE IMPORTANCE
C Growth Grade	Neutral	Neutral	Medium
F Quality Grade	Negative	Negative	High
C Sentiment Grade	Neutral	Neutral	High
B Stability Grade	Positive	Positive	Low
D Valuation Grade	Negative	Negative	Medium

PRICE & VOLUME HISTORY

APD Daily Close Prices



Price Performance vs. the S&P 500



BUSINESS SUMMARY

Source: Reuters

Air Products and Chemicals, Inc. is an industrial gases company. The Company provides essential industrial gases, related equipment, and applications to customers in various industries, including refining, chemicals, metals, electronics, manufacturin...

For more details, see page 2.

OVERVIEW

Source: Reuters

Price as of 9/6/24	\$268.71
Market Capitalization	\$59.7 Billion
Asset Class	Large Cap
Beta	0.83

SECTOR/INDUSTRY

Source: S&P Global

Sector	Materials
Industry	Chemicals
Sub-Industry	Industrial Gases

METRICS

Source: Refinitiv

VALUE METRICS	APD	S&P 500
P/E last 4Q	23.3	27.6
P/E forecast EPS	21.8	31.1
P/Free Cash Flow last 4Q	--	31.0
P/Sales last 4Q	4.94	2.98
Price/Book	4.0	16.6
Dividend Yield(%)	2.6	1.5

GROWTH METRICS (%)

1 year sales growth	-6.7	4.6
3 year sales growth	12.5	18.2
1 year EPS growth	17.6	25.5
3 year EPS growth	6.4	34.3
1-year forecast EPS growth	7.2	21.4
Long term growth rate 3-5 years	5.3	11.5
1 year dividend growth	8.0	5.8
3 year dividend growth	9.9	11.1

MOMENTUM METRICS (%)

4 week stock price change	-3.4	1.2
26 week stock price change	11.2	5.6

FINANCIAL METRICS (%)

Gross margin	31.7	40.8
Net margin	21.5	11.0
Return on assets	7.7	4.9
Return on equity	17.5	18.4
Return on invested capital	9.2	21.8
Long-term debt/capital	.46	.42

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ESG RATING

ESG data source: MSCI

Environmental, Social and Governance (ESG) Ratings Overview

ESG is a term used to describe various investing approaches that emphasize environmental, social and governance factors in addition to risk and return. ESG ratings try to measure a company's exposure to long-term, financially relevant ESG risks so that investors can implement the ESG investing approach they choose.



MSCI ESG Rating

Data as of 05/24/2024

Laggard		Average			Leader	
CCC	B	BB	BBB	A	AA	AAA

Weighted Average Key Issues Score

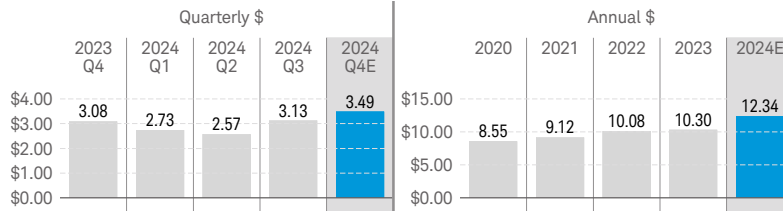
Average
6.3 out of 10



EARNINGS PER SHARE

Earnings data source: Refinitiv

Fiscal Year ending in September



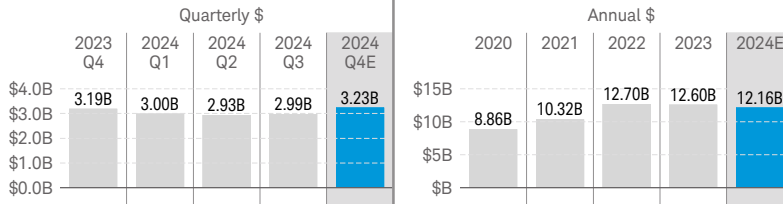
vs. prior year (%)	9.0	6.8	4.0	7.4	--	8.4	6.6	10.6	2.1	--
Earnings Surprise(%)	--	▼-6.2	▲5.8	▲5.5	--	--	--	--	--	--
# of analysts	16	15	17	18	16	23	25	25	23	19

Next earnings announcement is expected in the week of 11/5

REVENUE

Revenue data source: Refinitiv

Fiscal Year ending in September



vs. 1 year ago (%)	-10.6	-5.6	-8.4	-1.6	--	-0.7	16.6	23.0	-0.8	--
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ANNUAL EARNINGS FORECAST

Source: Refinitiv

	MEAN FORECAST	CONSENSUS CHANGE IN LAST 30 DAYS	FORECAST RANGE	NUMBER OF FORECASTS
09/30/2024	\$12.34	-\$0.01	\$12.20-\$12.50	19
09/30/2025	\$13.35	-\$0.02	\$12.00-\$14.27	19
Next 5 Yr. Growth Rate	5.3%	0.0%	4.2%-6.4%	2

DIVIDENDS

Dividends data source: Refinitiv



Dividends are paid on a Quarterly basis.

OTHER OPINIONS

CFRA RANKING SINCE 04/23/2020
Recommendation ★★★★★

Morningstar Rating RATING SINCE 09/06/2024 ★★★★★

Argus 12 Month Rating RATING SINCE 02/22/2024
SELL HOLD BUY

Market Edge Second Opinion® RATING SINCE 07/24/2024
AVOID NEUTRAL LONG

Reuter's Average Rating RATING SINCE 09/05/2024
NO OPINION SELL UNDER-PERFORM HOLD OUT-PERFORM BUY

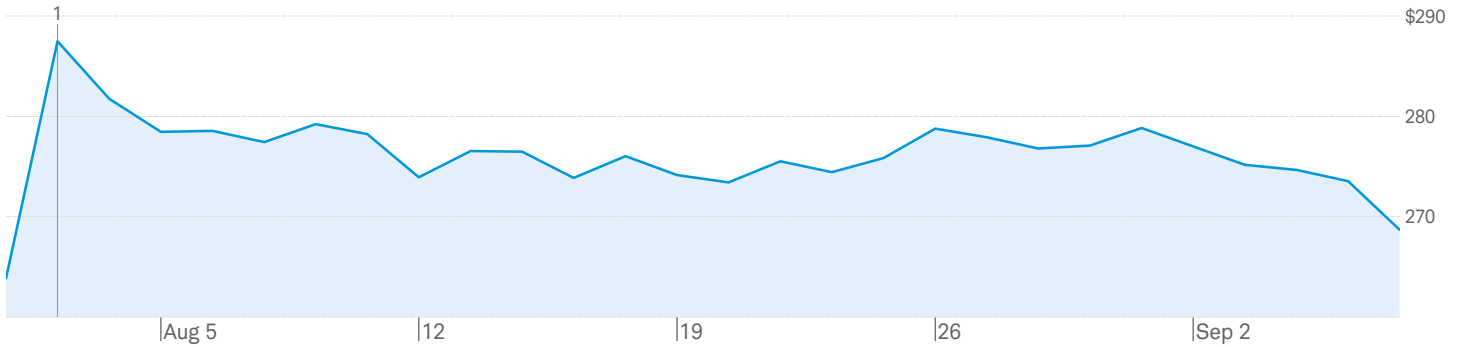
BUSINESS DESCRIPTION

Source: Reuters

Air Products and Chemicals, Inc. is an industrial gases company. The Company provides essential industrial gases, related equipment, and applications to customers in various industries, including refining, chemicals, metals, electronics, manufacturing, medical, and food. Its segments include Americas, Asia, Europe, and Middle East and India, and Corporate and other. The Company also designs and manufactures equipment for air separation, hydrocarbon recovery and purification, natural gas liquefaction, and liquid helium and liquid hydrogen transport and storage. The Company distributes gases through its on-site or merchant supply mode. The Company's industries include aerospace, analytical labs & research/science, automotive, beverages, bioenergy, biotechnology, cement and lime, chemicals, electronics, food, glass and frit, hydrogen energy, hydrogen for mobility, lifting, liquefied natural gas (LNG), medical, metals and materials processing, metals production, medical and others.

Air Products and Chemicals Inc

NEWS HEADLINES



1 08/01/24 12:29 pm ET... CFRA Maintains Strong Buy Opinion on Shares of Air Products and Chemicals, Inc. (APD 291.69 *****) : We increase our 12-month target by \$48 to \$345, or 24.9x our FY 25 (Sep.) EPS estimate, in line with APD's five-year avg. forward P/E. We raise our FY 24 EPS estimate by \$0.13 to \$12.45 and keep FY 25 at \$13.85. APD posted FQ3 adj. EPS of \$3.20 vs. \$2.98, \$0.16 above consensus, with a sales miss of 1.7%. Americas sales fell 2% Y/Y, due to 3% lower energy cost pass-through, 1% lower volumes, and 1% unfavorable currency, partly offset by 3% higher prices. Asia sales declined 4% Y/Y on 4% unfavorable currency and 1% lower volumes, partly offset by 1% higher pass-through. Europe sales fell 2% Y/Y, driven by 2% lower pass-through and 1% unfavorable currency, partly offset by 1% higher volumes. FQ3 adj. EBITDA margin expanded 261 bps Y/Y to 42.4%. We think APD has turned the corner and we anticipate a return to double-digit EPS growth in 2025. APD has recently been trading at trough valuation (relative to forward P/E during the last five years) and we think it will benefit from P/E expansion over the next 12 months.. /Matthew Miller, CFA

Air Products and Chemicals Inc

IMPORTANT DISCLOSURES FOR APD

Regulation Analyst Certification: The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

Note the Price Chart in the disclosures of this report which shows the rating and price history over applicable periods for this stock, including if and when coverage was terminated or suspended.

Within the previous 12 months, the percentage of companies that have a Schwab Equity Rating and for which Schwab has provided investment banking services are as follows:

- 2.55% in Buy Category (Schwab Equity Ratings and Schwab Equity Ratings International of A or B)
- 1.73% in Hold Category (Schwab Equity Ratings and Schwab Equity Ratings International of C)
- 1.18% in Sell Category (Schwab Equity Ratings and Schwab Equity Ratings International of D or F)

Price History for APD

Schwab Equity Rating History for APD



SCHWAB EQUITY RATINGS MEANING AND DISTRIBUTION

Schwab Equity Ratings are assigned to approximately 3000 U.S.-traded stocks. The Schwab Equity Ratings model universe is generally composed of the combined set of stocks in the Russell Investments' ("Russell") 3000 Index and the Standard & Poor's ("S&P") 500. Additional universe coverage may be incorporated from time to time. The explanation and table below are included to assist you in using Schwab Equity Ratings as one component of your own research to evaluate stocks and investment opportunities.

Schwab rates stocks using a scale of A/B/C/D/F. Schwab's outlook is that "A" rated stocks, on average, will strongly outperform and "F" rated stocks, on average, will strongly underperform the equities market over the next 12 months. Schwab Equity Ratings are based upon a disciplined, systematic approach that evaluates each stock on the basis of a wide variety of investment criteria from five broad categories: Growth, Quality, Sentiment, Stability and Valuation. This approach attempts to gauge investor expectations since stock prices tend to move in the same direction as changes in investor expectations. Stocks with low and potentially improving investor expectations tend to receive the best Schwab Equity Ratings ("A" or "B" ratings), while stocks with high and potentially falling investor expectations tend to receive the worst Schwab Equity Ratings ("D" or "F" ratings). Schwab may update the Schwab Equity Ratings methodology.

Schwab Equity Ratings Distribution

Schwab Equity Rating	Percentile Ranking Distribution	Distribution	12 Month Return Outlook	General Buy/Hold/Sell Guidance*
A	1 - 10	Top 10%	Strongly Outperform	Buy
B	11 - 30	Next 20%	Outperform	Buy
C	31 - 70	Next 40%	Marketperform	Hold
D	71 - 90	Next 20%	Underperform	Sell
F	91 - 100	Bottom 10%	Strongly Underperform	Sell

*The general buy/hold/sell guidance is relative to other rated equities only. Before considering whether to take any action, an investor should consider whether equities generally are performing well in comparison to other asset classes and whether other equities in the same sector or category with the same or better rating may be more appropriate.

Investment Rating Explanation

A (Strongly Outperform): If an investor is looking to add a stock to his or her portfolio, "A" rated stocks may be the best candidates for consideration.

B (Outperform): An investor looking to add a stock to his or her portfolio might also consider a "B" rated stock, though preference should be given to "A" rated stocks.

C (Marketperform): An investor would not usually consider a "C" rated stock for purchase. An investor holding a "C" rated stock in his or her portfolio should consider continuing to hold the stock, and might monitor the stock's ongoing performance and compare the potential benefits of owning a stock with higher ratings.

D (Underperform): An investor holding a "D" rated stock should consider whether it is appropriate to continue to hold that stock in his or her portfolio. An investor would not usually consider a "D" rated stock for purchase.

F (Strongly Underperform): An investor holding an "F" rated stock should consider whether it is appropriate to eliminate that stock from his or her portfolio. An investor would not usually consider an "F" rated stock for purchase.

Percentile Rankings Explanation: Each of the approximately 3,000 stocks rated in the Schwab Equity Ratings U.S. universe is given a composite score that is derived from the research factors used in the Schwab Equity Ratings model. Once the stock's composite score, which includes all research factor scores, is calculated, the universe of rated stocks is divided into percentiles ranging from 1 to 100. The lowest percentile rankings represent the best Schwab Equity Rating Model scores and correspond to the best letter grades. For example, in a universe of 1000 stocks, the top 10 stocks would receive a percentile ranking of 1 and the bottom 10 stocks would receive a percentile ranking of 100. Stocks ranked in percentile groups 1-10 are rated "A" and those in percentile groups 11-30 are rated "B", and so forth.

Model Risks

Schwab Equity Ratings uses quantitative analyses in its modeling method. Any limitations or inaccuracies in its analyses or models could affect model performance and the results investors may achieve. Models that appear to explain prior market data can fail to predict future market events. While the data used in the models has been taken from sources Schwab believes to be reliable; its accuracy, completeness or interpretation cannot be guaranteed. Schwab Equity Ratings may not capture subjective, qualitative influences on return and risk such as changes in management, business and political trends, or legal and regulatory developments. Thus, it is important to conduct additional research prior to making a trading decision.

Air Products and Chemicals Inc

IMPORTANT DISCLOSURES FOR APD

Descriptions for Non-Rated Stocks

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this stock due to unusual or extraordinary business circumstances related to this company. Although Schwab generally does not monitor C, D, and F rated stocks for unusual or extraordinary business circumstances, from time to time, a rating of NR may appear on a particular stock.
NC	Not Covered	This stock is not currently in the Schwab Equity Ratings universe or is prohibited from coverage for regulatory or other reasons.

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Markit on Demand used S&P Global's data in making its calculations.

ESG - Environmental, social and governance (ESG) ratings given to publicly traded companies are currently subject to inconsistent industry definitions and standards for the measurement and evaluation of ESG factors; therefore, such factors may differ significantly across each ESG ratings provider. As a result, it may be difficult to compare ESG ratings.

A stock's ESG rating may or may not significantly influence its performance. Because stocks are evaluated based on ESG factors rather than other investment criteria, the stock's performance may differ (either higher or lower) from its ESG rating(s), the overall market or comparable stocks that have different ESG ratings. Environmental ("E") factors can include climate change, pollution, waste, and how a company protects and/or conserves natural resources. Social ("S") factors can include how a company manages its relationships with individuals, such as its employees, shareholders, and customers as well as its community. Governance ("G") factors can include how a company operates, such as its leadership composition, pay and incentive structures, internal controls, and the rights of equity and debt holders. Carefully review the ESG rating provider's methodology and framework to learn more about how they incorporate ESG factors into their overall rating.

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