

Air Products (APD)

\$243.00 (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **\$272.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/10/24)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: C

Growth: C

Momentum: A

Summary

Air Products' adjusted earnings and sales for the fiscal fourth quarter missed the respective Zacks Consensus Estimate. Strategic investments in high-return projects, new business deals and acquisitions are expected to drive results in fiscal 2026. The company has a strong project backlog, which is expected to be accretive to earnings and cash flows. Also, it is committed to maximizing returns to shareholders by leveraging strong cash flows. It is also expected to benefit from its productivity actions. However, a slower economic recovery in China and weaker helium demand remain headwinds. Cancellation of several large projects amid a volatile environment and the divestment of the LNG business are expected to impact performance in the near term. A high debt level and stretched valuation are some other concerns.

Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$341.14 - \$229.11
20 Day Average Volume (sh)	1,523,591
Market Cap	\$54.1 B
YTD Price Change	-16.2%
Beta	0.86
Dividend / Div Yld	\$7.16 / 2.9%
Industry	Chemical - Diversified
Zacks Industry Rank	Bottom 12% (211 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Last EPS Surprise	-0.6%
Last Sales Surprise	-1.6%
EPS F1 Est- 4 week change	-0.1%
Expected Report Date	02/05/2026
Earnings ESP	0.1%

Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	3,253 E	3,226 E	3,293 E	3,472 E	13,143 E
2026	3,051 E	3,052 E	3,147 E	3,311 E	12,562 E
2025	2,932 A	2,916 A	3,023 A	3,167 A	12,037 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	3.25 E	3.23 E	3.45 E	3.73 E	13.80 E
2026	3.04 E	3.03 E	3.30 E	3.57 E	12.97 E
2025	2.86 A	2.69 A	3.09 A	3.39 A	12.03 A

*Quarterly figures may not add up to annual.

P/E TTM	20.2
P/E F1	18.7
PEG F1	2.6
P/S TTM	4.5

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/12/2025.

(2) The report's text and the price target are as of 11/27/2025.

Overview

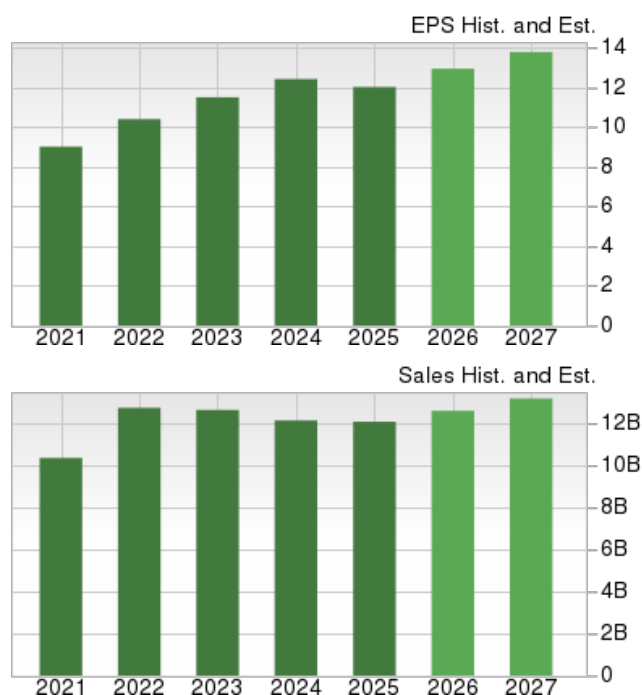
Pennsylvania-based Air Products and Chemicals Inc. makes industrial gases as well as a variety of polymer and performance chemicals. It also supplies processing equipment. Air Products' reporting segments are as follows:

Americas (43% of fiscal 2025 sales), Asia (27%), Europe (25%) and Middle East and India (1%) segments include the results of the company's regional industrial gases businesses. These businesses sell atmospheric gases such as oxygen, nitrogen and argon and processes gases to a number of industries. Process gases such as carbon di oxide, helium, hydrogen, etc. are produced by other methods that exclude air separation. The largest cost component of the atmospheric gases is electricity.

The Americas segment operates through more than 450 distribution and production facilities in the South and North America. Roughly 25% of these facilities are located on owned property while 10% are integrated sites, which serve dedicated and merchant customers. The Europe division operates through more than 200 distribution and production facilities in Europe, one-third of which are owned property. The Asia unit operates from more than 250 distribution and production facilities in the region. The Middle East and India unit operates through more than 15 distribution and production facilities.

The Corporate and other (4%) segment includes Air Products' liquefied natural gas (LNG) equipment sale business and helium storage and distribution vessel equipment sale business, the polyurethane intermediates (PUI) business which the company exited in early fiscal 2014 as well as corporate support functions that benefit all the divisions.

In September 2024, the company announced the completion of the divestment of its LNG process technology and equipment business to Honeywell for \$1.81 billion in cash.



As of 12/12/2025



As of 12/12/2025

Reasons To Buy:

- ▲ Air Products has built a strong project backlog. These projects are expected to be accretive to earnings and cash flow as they come on stream over the next few years. Air Products completed the Phase One asset acquisition and project financing transactions of the \$12-billion Jazan project in October 2021 and completed Phase Two in January 2023. Currently, Air Products has two major projects undergoing execution, the NEOM green hydrogen project in Saudi Arabia and the Louisiana Clean Energy Complex. While the NEOM project is expected to commence production in 2027, the Louisiana Clean Energy Complex is anticipated to do so in 2028 or 2029. Air Products is building the \$4.5 billion world-class clean energy complex in Louisiana. The project, the company's largest-ever investment, is expected to produce more than 750 million standard cubic feet per day of blue hydrogen for local and global markets. Air Products' \$8.4 billion carbon-free green hydrogen joint venture (JV) project in Saudi Arabia with NEOM and ACWA Power is also on track. The JV is building the world's largest green hydrogen facility to produce green ammonia at scale.
- ▲ Acquisitions and new business wins are expected to continue to drive results in the near term. The acquisition of a 67% stake in Chilean industrial gas company, Indura S.A. has ushered in substantial growth opportunities for Air Products, placing it as Latin America's second-largest industrial gas producer. Moreover, the EPCO acquisition has allowed Air Products to expand its market share by offering an extended product portfolio. The buyout of ACP Europe SA, the biggest independent carbon dioxide business in Continental Europe, also enabled Air Products to tap new industrial gas growth opportunities. The company, in 2021, also completed the buyout of five steam methane reformer hydrogen production plants for \$530 million from PBF Energy. The acquisition is contributing to its results. The \$1 billion acquisition of the natural gas-to-syngas facility in Uzbekistan is also expected to boost its future earnings.
- ▲ The company remains committed to boosting productivity to improve its cost structure. It is seeing a positive impact of its productivity actions as witnessed in fiscal 2025 and expects to continue to benefit from additional productivity and cost improvement programs in fiscal 2026. The company's cost reduction actions are expected to provide margin benefits across Industrial Gases – EMEA and Industrial Gases – Americas units. Its global cost-reduction plans are also expected to deliver significant synergies. The company expects to realize annual savings of \$185-\$195 million once all actions under the plan are fully executed. Air Products is also taking action to right-size the organization through headcount reductions and expects these reductions to result in \$250 million in annual cost savings once completed.
- ▲ Air Products remains committed to maximizing returns to shareholders by leveraging its strong balance sheet and cash flows. The company's distributable cash flow continues to improve, aided by growing EBITDA. Air Products' board, in January 2025, increased its quarterly dividend to \$1.79 per share. This marked the 43rd straight year of dividend increase. The company returned roughly \$1.6 billion to shareholders through dividends in 2025. It generated an operating cash flow of around \$3.3 billion in fiscal 2025. Strong cash flow enables the company to boost shareholders' value by increasing dividends and capital deployment. As such, the company's dividend is perceived to be safe and reliable.

Air Products has a strong project backlog. Moreover, strategic investments in high-return projects, new business deals, cost cuts and acquisitions should drive its results.

Reasons To Sell:

- ▼ A slower economic recovery in China, the softness in electronics and lower helium demand in this market are concerns. The company faces headwinds from a slowdown in manufacturing in China. The China slowdown and weaker helium demand in electronics in Asia are affecting its performance. China's actions to reduce energy consumption and lower its carbon intensity have also led to lower demand from certain merchant customers. The company is seeing no material improvement in China and expects the market to remain challenging over the near term. Lower global helium demand is also hurting the company's volumes. Air Products expects a roughly 4% helium-related headwind on its earnings for fiscal 2026, similar to fiscal 2025. A roughly 6% associated headwind is expected in the fiscal first quarter.
- ▼ The company faces headwinds from cancellations of several large projects and the divestment of its LNG business. It has cancelled several significant projects, factoring in a volatile macroeconomic environment. The project cancellations and the divestiture of the LNG business pose headwinds in fiscal 2025, resulting from lower operating income and reduced capitalized interest. Some lingering impacts are expected in the fiscal first quarter.
- ▼ The company's high debt level is a concern. Its total long-term debt rose around 3% sequentially and 25% year over year to around \$16.95 billion at the end of fiscal 2025. The company's total debt-to-total capital ratio was 50.4 as of Sept. 30, 2025, higher than 44.7 for its industry. As such, it has a higher default risk.
- ▼ Air Products is currently trading at a premium valuation. In the case of Air Products, the trailing 12-month EV/EBITDA multiple (a preferred valuation metric for cyclical industries) is 19.77, while its industry's trailing 12-month EV/EBITDA multiple is lower at 11.04. As such, investors might not want to pay more for the stock at present.

The slowdown in China might continue to impact the company's volumes. Project cancellations may also impact earnings. A high debt level and stretched valuation are other concerns.

Last Earnings Report

Air Products' Earnings and Revenues Lag Estimates in Q4, Down Y/Y

Air Products logged fourth-quarter fiscal 2025 (ended Sept. 30, 2025) earnings from continuing operations of 2 cents per share, down from \$8.81 recorded in the year-ago quarter.

Barring one-time items, earnings per share were \$3.39, down from \$3.56 a year ago. It missed the Zacks Consensus Estimate of \$3.41.

The company generated revenues of \$3,166.9 million, down around 1% year over year. The figure lagged the Zacks Consensus Estimate of \$3,217.7 million. The downside was due to lower volumes, partly masked by higher energy cost pass-through and favorable currency. Pricing remained flat in the quarter.

Segment Highlights

Revenues in the Americas segment were down 1% year over year to \$1,290.1 million. The figure missed the Zacks Consensus Estimate of \$1,357 million. The downside is attributed to lower volumes, partly offset by higher energy cost-pass through and higher pricing.

Revenues in the Europe segment increased 1% year over year to \$789.4 million. Sales increased due to higher energy cost pass-through and favorable currency, which more than offset lower volumes and reduced pricing. It beat the Zacks Consensus Estimate of \$784 million.

Revenues in the Asia segment rose 8% year over year to \$869.8 million. The growth was driven by higher volumes, favorable currency exchange impacts and increased pricing. The figure missed the Zacks Consensus Estimate of \$876 million.

Financials

Air Products ended the fiscal fourth quarter with cash and cash equivalents of around \$1,856 million, down around 38% year over year. Long-term debt was \$16,769.9 million, up roughly 25% year over year.

Outlook

The company expects adjusted earnings per share for fiscal 2026 in a range of \$12.85 to \$13.15. For the first quarter of fiscal 2026, adjusted earnings are projected to be between \$2.95 and \$3.10. Additionally, capital expenditures for the full fiscal year are expected to be around \$4 billion.

FY Quarter Ending **9/30/2025**

Earnings Reporting Date	Nov 06, 2025
Sales Surprise	-1.58%
EPS Surprise	-0.59%
Quarterly EPS	3.39
Annual EPS (TTM)	12.03

Valuation

Air Products' shares are down 17.6% over the trailing 12-month period. Over the past year, the Zacks Chemical - Diversified industry and the Zacks Basic Materials sector are down 35.5% and up 9.6%, respectively.

The S&P 500 index is up 15.9% in the past year.

The stock is currently trading at 19.77X trailing 12-month enterprise value-to EBITDA (EV/EBITDA) ratio, which compares to 11.04X for the Zacks sub-industry, 13.9X for the Zacks sector and 18.43X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.6X and as low as 13.98X, with a 5-year median of 17.6X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$272 price target reflect 20.76X forward 12-month earnings per share.

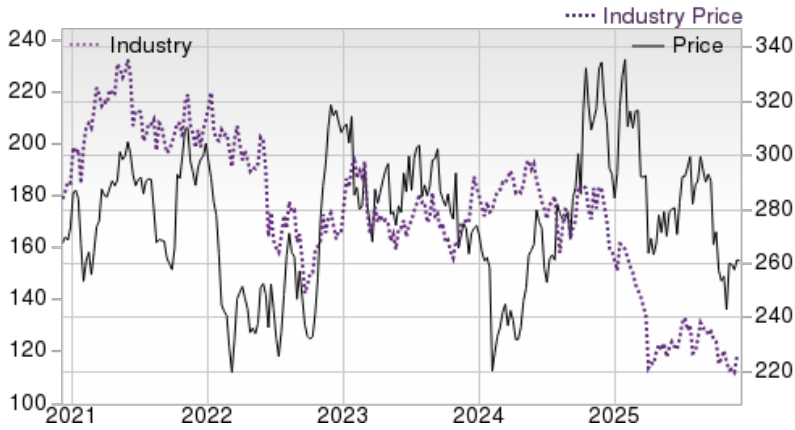
The table below shows summary valuation data for APD:

Valuation Multiples - APD					
		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA TTM	Current	19.77	11.04	13.9	18.43
	5-Year High	20.6	12.79	14.68	22.4
	5-Year Low	13.98	5.56	5.75	13.87
	5-Year Median	17.6	9.85	10.83	17.95
P/E F 12M	Current	19.77	19.37	15	23.36
	5-Year High	30.69	19.85	16.68	23.81
	5-Year Low	16	8.82	8.03	15.73
	5-Year Median	22.93	14.6	12.87	21.21
P/B TTM	Current	3.32	1.36	3.33	8.42
	5-Year High	5.27	3.12	4.25	9.16
	5-Year Low	2.97	1.26	2.18	6.6
	5-Year Median	3.9	2.01	3.03	8.03

As of 11/26/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 12% (211 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Akzo Nobel NV (AKZOY)	Neutral	3
Arkema SA (ARKAY)	Neutral	3
BASF SE (BASFY)	Neutral	3
Dow Inc. (DOW)	Neutral	3
Huntsman Corporation (HUN)	Neutral	3
Linde PLC (LIN)	Neutral	3
Olin Corporation (OLN)	Neutral	3
Eastman Chemical Com... (EMN)	Underperform	4

Industry Comparison⁽¹⁾ Industry: Chemical - Diversified

	APD	X Industry	S&P 500	DOW	EMN	LIN
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	4	3
VGM Score	C	-	-	C	D	C
Market Cap	54.09 B	2.68 B	39.36 B	17.04 B	7.43 B	194.36 B
# of Analysts	7	3	22	6	6	8
Dividend Yield	2.95%	1.74%	1.39%	5.84%	5.10%	1.44%
Value Score	C	-	-	B	A	C
Cash/Price	0.03	0.16	0.04	0.28	0.07	0.02
EV/EBITDA	51.72	6.35	14.58	5.68	6.56	16.54
PEG Ratio	2.64	2.56	2.22	NA	6.97	3.19
Price/Book (P/B)	3.12	1.13	3.34	0.89	1.27	4.85
Price/Cash Flow (P/CF)	12.74	6.30	15.19	4.11	5.21	17.61
P/E (F1)	18.74	15.65	19.74	NA	11.85	25.34
Price/Sales (P/S)	4.49	0.60	3.02	0.42	0.82	5.80
Earnings Yield	5.33%	5.85%	5.01%	-4.13%	8.45%	3.95%
Debt/Equity	0.98	0.56	0.57	0.93	0.82	0.46
Cash Flow (\$/share)	19.07	3.19	8.99	5.83	12.50	23.64
Growth Score	C	-	-	D	F	C
Hist. EPS Growth (3-5 yrs)	9.33%	-11.94%	8.13%	-39.07%	-1.75%	14.47%
Proj. EPS Growth (F1/F0)	7.81%	-10.30%	8.50%	NA	-30.29%	5.93%
Curr. Cash Flow Growth	0.55%	0.55%	6.86%	-2.56%	14.20%	4.16%
Hist. Cash Flow Growth (3-5 yrs)	6.86%	-1.87%	7.31%	-5.70%	-2.07%	5.31%
Current Ratio	1.38	1.96	1.18	1.94	1.76	0.82
Debt/Capital	49.41%	35.74%	38.15%	48.16%	45.02%	31.71%
Net Margin	-3.28%	0.48%	12.78%	-2.77%	7.75%	21.17%
Return on Equity	15.18%	5.89%	17.00%	-2.25%	12.89%	19.38%
Sales/Assets	0.30	0.74	0.53	0.70	0.60	0.40
Proj. Sales Growth (F1/F0)	4.40%	0.00%	5.75%	-6.80%	-5.80%	2.40%
Momentum Score	A	-	-	D	F	A
Daily Price Chg	-0.30%	-0.30%	-1.07%	-2.48%	-1.09%	3.21%
1 Week Price Chg	-0.14%	-0.75%	-0.43%	-3.73%	-0.89%	-2.62%
4 Week Price Chg	-7.62%	1.65%	1.33%	3.72%	3.83%	-2.89%
12 Week Price Chg	-16.91%	-6.28%	2.95%	-0.58%	-2.02%	-12.55%
52 Week Price Chg	-21.84%	-20.00%	12.83%	-41.93%	-34.71%	-5.08%
20 Day Average Volume	1,523,591	154,506	2,755,288	11,462,356	1,636,951	2,794,552
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.11%	-0.11%	0.00%	0.55%	-0.37%	-0.02%
(F1) EPS Est 12 week change	0.49%	-6.38%	0.68%	-14.01%	-9.98%	-0.17%
(Q1) EPS Est Mthly Chg	0.06%	-5.32%	0.00%	-14.95%	-9.89%	0.10%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	A
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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