Air Products & Chemicals Inc. (APD)

Updated August 19th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$303	**5 Year CAGR Estimate:**	6.7%	**Market Cap:**	$67B
Fair Value Price:	$282	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	10/02/26[1]
% Fair Value:	107%	**5 Year Valuation Multiple Estimate:**	-1.4%	**Dividend Payment Date:**	11/09/26[2]
Dividend Yield:	2.4%	**5 Year Price Target**	$378	**Years Of Dividend Growth:**	44
Dividend Risk Score:	B	**Sector:**	Materials	**Rating:**	Hold

Overview & Current Events

Air Products & Chemicals is one of the world's largest producers and distributors of atmospheric and process gases, serving other businesses in the industrial, technology, energy, and materials sectors. Air Products & Chemicals operates through three main business units: Industrial Gases – Americas, Industrial Gases – EMEA, and Industrial Gases – Asia. Its 44-year streak of consecutive dividend increases qualifies it to be a member of the Dividend Aristocrats Index. The company is headquartered in Allentown, Pennsylvania.

Air Products & Chemicals reported its financial results for the third quarter of fiscal 2026 on July 30th. The company generated revenues of $3.16 billion during the quarter, which was up by 5% year-over-year, missing the analyst consensus estimate by $40 million. Air Products & Chemicals' growth rate was weaker than during the previous quarter, when the company reported a larger revenue increase of 9%. The company saw its operating margin improve meaningfully in Asia, while margins grew only slightly in Air Products & Chemicals' Americas business. On a company-wide basis, the company experienced a 110 basis points increase in operating margin versus the previous year's quarter.

Air Products & Chemicals was able to generate adjusted earnings-per-share of $3.47 during the fiscal third quarter, which was up 12% compared to the previous year's period. Following a record year in 2024, Air Products & Chemicals was less profitable in fiscal 2025, but the company should get back to profit growth this year. Management is guiding for earnings-per-share of between $13.39 and $13.49.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$7.55	$6.31	$7.45	$8.21	$8.38	$9.03	$10.14	$11.51	$12.43	$12.03	***$13.44***	***$17.99***
DPS	$3.39	$3.71	$4.40	$4.64	$5.36	$5.68	$6.36	$6.87	$7.08	$7.14	***$7.24***	***$8.81***
Shares[3]	217	218	221	221	222	223	223	223	223	223	***223***	***225***

Between 2015 and 2025, Air Products & Chemicals generated earnings-per-share growth of around 6% annually, which is a very solid growth rate. Growth was a bit uneven over that time frame, but the trend has been clearly positive. The dividend has been increased every year of the last decade and a lot longer than that as well.

Air Products & Chemicals' growth over the coming years will be driven by international expansion, as the company's Gases Asia business continues to grow at a very solid rate, although its American business remains the largest segment for now. Air Products & Chemicals keeps investing in new assets, both in existing markets and by entering new markets. Investments in NEOM will drive its green energy exposure and expand its presence in Saudi Arabia, while Air Products & Chemicals is also expanding its hydrogen footprint in different countries, investing heavily in recent years and for the foreseeable future in this industry in order to benefit from the expected market growth in the coming years and decades. These investments, coupled with margin growth initiatives, should lead to meaningful earnings-per-share growth for the company over the coming years, we believe.

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[1] Estimated date
[2] Estimated date
[3] In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.6	22.6	21.8	27.0	35.0	28.3	23.0	24.9	24.0	22.7	***22.5***	***21.0***
Avg. Yld.	2.4%	2.6%	2.6%	2.1%	1.8%	2.3%	2.7%	2.4%	2.4%	2.6%	***2.4%***	***2.3%***

Air Products & Chemicals has never traded at an especially low valuation, but there were wide movements in its valuation nevertheless. Based on current estimates, shares are trading for 22 to 23 times this year's net profits right now, which is why we believe that shares are slightly overvalued. We do not believe that the company's valuation normalization will impact total returns by a lot, though.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	45%	59%	59%	57%	64%	63%	63%	60%	57%	59%	***54%***	***49%***

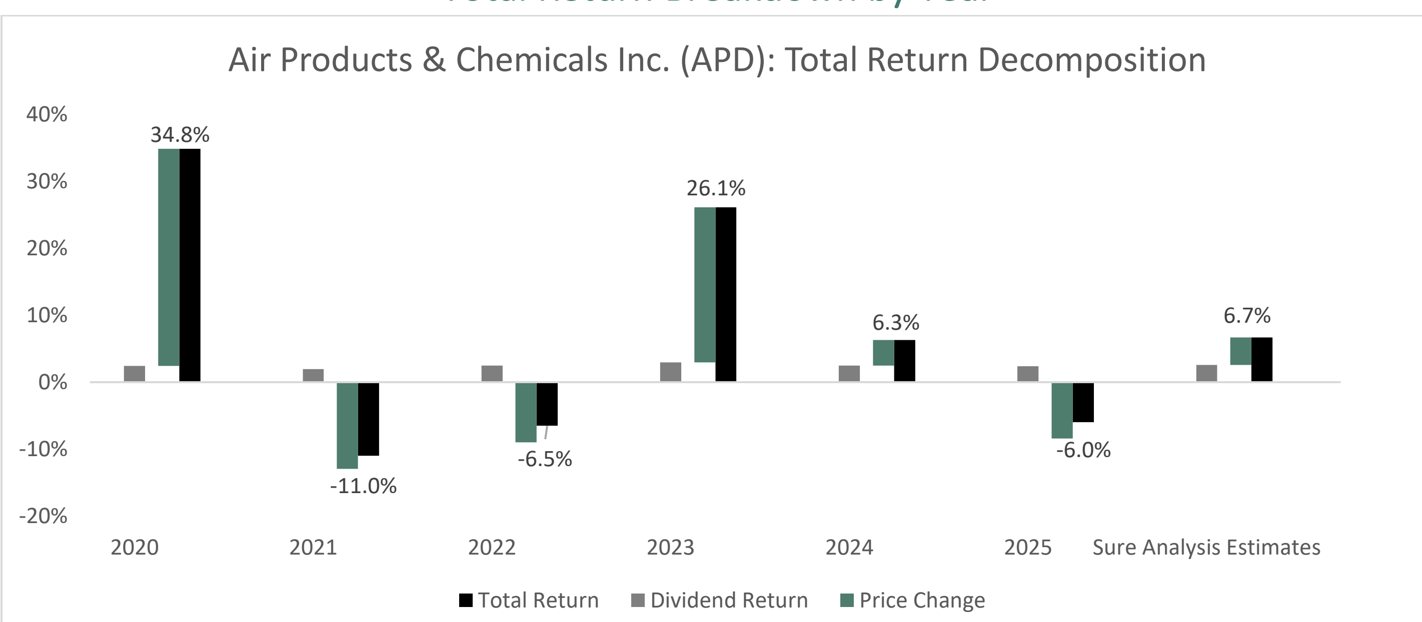
Air Products & Chemicals will pay out a little more than half of its net profits in the form of dividends this year. This is not an ultra-low payout ratio, but the dividend looks easily sustainable at the current level. The company's reasonable payout ratio also means that it should be able to raise its dividend regularly in the future, as it has done for decades.

Air Products & Chemicals' most compelling competitive advantage is its industry expertise. The company also benefits from high switching costs -- it is difficult to find a competitor that offers the full range of identical services in a particular geographic region. Air Products & Chemicals operates a relatively recession-resistant business. Earnings-per-share declined by just ~20% in 2009, during the Great Recession, for example.

Final Thoughts & Recommendation

Air Products & Chemicals is an attractive company at first sight. It holds a multi-decade streak of consecutive dividend increases, operates with a strong globalized business model, and has a good position in the growing gases industry. Earnings-per-share growth has been appealing in recent years, but the dividend growth rate has slowed down due to Air Products & Chemicals' large investments that soak up a lot of cash. We estimate that Air Products & Chemicals will generate solid but not great total returns, which is why Air Products & Chemicals earns a hold rating today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	7,504	8,188	8,930	8,919	8,856	10,322	12,699	12,599	12,101	12,038
Gross Profit	2,327	2,436	2,741	2,943	2,997	3,135	3,361	3,771	3,934	3,789
Gross Margin	31.0%	29.8%	30.7%	33.0%	33.8%	30.4%	26.5%	29.9%	32.5%	31.5%
SG&A Exp.	685	714	761	750	776	828	901	957	942	906
D&A Exp.	855	866	971	1,083	1,185	1,321	1,338	1,358	1,451	1,564
Operating Profit	1,571	1,665	1,915	2,121	2,137	2,213	2,357	2,709	2,892	2,787
Operating Margin	20.9%	20.3%	21.4%	23.8%	24.1%	21.4%	18.6%	21.5%	23.9%	23.1%
Net Profit	1,122	1,155	1,491	1,809	1,945	2,045	2,254	2,331	3,876	(346)
Net Margin	15.0%	14.1%	16.7%	20.3%	22.0%	19.8%	17.7%	18.5%	32.0%	-2.9%
Free Cash Flow	1,351	1,494	986	980	756	871	244	(1,421)	(3,150)	(3,766)
Income Tax	433	261	524	480	478	463	501	551	945	(94)

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	18,029	18,467	19,178	18,943	25,169	26,859	27,193	32,003	39,575	41,060
Cash & Equivalents	1,293	3,678	2,976	2,415	6,358	5,801	3,302	1,949	2,985	1,856
Acc. Receivable	1,211	1,259	1,285	1,389	1,441	1,696	1,948	1,914	2,002	2,139
Inventories	348	335	396	388	405	454	514	652	766	777
Goodwill & Int.	1,233	1,090	1,227	1,217	1,327	1,332	1,171	1,196	1,217	1,257
Total Liabilities	10,815	8,282	8,002	7,555	12,725	12,771	13,490	16,342	20,901	23,710
Accounts Payable	579	660	595	519	546	737	1,121	1,213	1,452	1,437
Long-Term Debt	4,275	3,819	3,758	3,268	8,236	8,138	8,226	10,677	14,822	18,280
Total Equity	7,080	10,086	10,858	11,054	12,080	13,540	13,144	14,313	17,037	15,025
LTD/E Ratio	0.74	0.39	0.35	0.30	0.69	0.61	0.63	0.77	0.88	1.23

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.3%	6.3%	7.9%	9.5%	8.8%	7.9%	8.3%	7.9%	10.8%	-0.9%
Return on Equity	15.4%	13.3%	14.0%	16.0%	16.3%	15.4%	16.2%	15.9%	22.6%	-1.9%
ROIC	8.7%	8.7%	10.2%	12.2%	11.0%	9.5%	10.2%	9.6%	12.8%	-1.0%
Shares Out.	217	218	221	221	222	223	223	223	223	223
Revenue/Share	34.37	37.25	40.44	40.25	39.84	46.39	57.08	56.58	54.31	54.05
FCF/Share	6.19	6.80	4.47	4.42	3.40	3.91	1.10	(6.38)	(14.14)	(16.91)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.