



Parker Q4 Earnings Up 22 Percent, EPS at 99 Cents Per Share, with Record Full-Year Sales and Earnings and a Positive Outlook for FY 2001

July 31, 2000

CLEVELAND, July 31 /PRNewswire/ -- Parker Hannifin Corporation (NYSE: PH) today reported record fourth-quarter and full-year results for the fiscal year ended June 30, with an 18.6-percent increase in annual net income of \$368.2 million, or \$3.31 per diluted share. Revenues for the year were \$5.36 billion, up eight percent from last year's sales record. In fiscal 1999, the company earned \$310.5 million in net income, or \$2.83 per diluted share, on sales of \$4.96 billion.

The full-year results reflect a good balance of internal and external growth, including 10-percent core sales growth in the company's North American industrial segment, where acquisitions completed in the second half of the year contributed another 4.4 percent. Acquisitions accounted for the 2.7 percent sales growth in Parker's International Industrial business, as weak first-half demand and currency translations negatively affected sales. Aerospace reported a drop in sales as anticipated, although the one-percent decline was certainly better than expected, as slowing large aircraft sales were offset by strengthening demand for maintenance, repair and overhaul equipment and solid growth in original-equipment system sales for regional and business jets.

Parker's North American industrial segment led the earnings improvement posting a 27-percent gain in operating income for the year. Operating income in the International Industrial and Aerospace businesses were relatively flat as a result of the lower sales and business realignment charges recorded in the first half of the fiscal year.

"We entered into this year making alignments where we needed to in our business, and the past two quarters have been our most profitable ever," said Chairman and CEO Duane Collins. "Parker employees turned out a good year of performance, with consistency and discipline through the cycle that positioned us to finish the year very well."

The company generated a record \$538 million in cash from operations during the year, up 17 percent from last year's record. This cash was utilized for several acquisitions completed during the fiscal year, leaving borrowing capacity available to finance additional acquisitions, including the Wynn's International deal completed just over a week ago.

Quarterly Results

Fourth-quarter net income was \$113 million, or 99 cents per diluted share, on sales of \$1.48 billion, compared with \$92.3 million, or 84 cents per diluted share, earned on sales of \$1.29 billion last year.

Across-the-board growth in the domestic and International Industrial businesses contributed to double-digit increases in sales and income during the quarter, while Aerospace posted higher income on sales 3.8- percent lower than last year, when aircraft builds reached their peak.

Outlook

Collins said the company's fourth-quarter performance and continuing strong order trends provide a good foundation for it to meet or exceed accelerated growth targets the company recently adopted, including 10-percent sales growth. "We've added significant growth capacity with acquisitions we made during the past year, and we know what we've got to do to integrate these businesses and deliver on our objectives. Our Hydraulics and Filtration Groups are right on track in the integration of their new businesses, and our Seal Group has plans in place to successfully integrate Wynn's."

In addition to integrating acquisitions, Collins said the company will continue to implement profitability improvements in Europe, expanding low-cost production capacity and reducing selling, general and administrative expenses.

"We recently adopted our strategic plan, and have everything in place to grow market share and achieve returns at a consistent premium among competitors and peers. Our focus remains on premier customer service, financial performance and profitable growth, and we have the organization and financial means to achieve much more as both the premier systems supplier and consolidator of choice."

With annual sales of \$6 billion (with recent acquisitions), Parker Hannifin Corporation is the world's leading diversified manufacturer of motion and control technologies and systems, providing precision-engineered solutions for a wide variety of commercial, mobile, industrial and aerospace markets. The company employs more than 40,000 people in 40 countries around the

world. For more information, visit the company's web site at www.parker.com, or its investor information site at www.phstock.com.

Forward-Looking Statements:

Forward-looking statements contained in this and other written and oral reports are made based on known events and circumstances at the time of release, and as such, are subject in the future to unforeseen uncertainties and risks. All statements regarding future performance, events or developments are forward-looking statements. It is possible that the company's future performance may differ materially from current expectations expressed in these forward-looking statements, due to a variety of factors such as changes in: business relationships with and purchases by or from major customers or suppliers; competitive market conditions and resulting effects on sales and pricing; increases in raw-material costs which cannot be recovered in product pricing; and global economic factors, including currency exchange rates and difficulties entering new markets.

PARKER HANNIFIN CORPORATION - JUNE 30, 2000
CONSOLIDATED STATEMENT OF INCOME

	Unaudited Three Months Ended June 30,		Year Ended June 30,	
(Dollars in thousands except per share amounts)	2000	1999	2000	1999
Net sales	\$1,480,178	\$ 1,285,266	\$5,355,337	\$4,958,800
Cost of sales	1,134,517	989,759	4,156,569	3,869,370
Gross profit	345,661	295,507	1,198,768	1,089,430
Selling, general and administrative expenses	156,347	138,875	575,906	550,681
Income from operations	189,314	156,632	622,862	538,749
Other income (deductions):				
Interest expense	(16,041)	(14,647)	(59,183)	(63,697)
Interest and other income, net	(796)	78	(1,492)	2,642
Total	(16,837)	(14,569)	(60,675)	(61,055)
Income before income taxes	172,477	142,063	562,187	477,694
Income taxes	59,505	49,722	193,955	167,193
Net income	\$112,972	\$92,341	\$368,232	\$310,501
Earnings per share:				
Basic earnings per share	\$.99	\$.84	\$3.34	\$2.85
Diluted earnings per share	\$.99	\$.84	\$3.31	\$2.83
Average shares outstanding during period - Basic	113,691,025	108,788,284	110,330,711	108,799,974
Average shares outstanding during period - Diluted	114,481,201	109,829,144	111,244,632	109,678,959
Cash dividends per				

common share	\$.17	\$.17	\$.68	\$.64
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BUSINESS SEGMENT INFORMATION BY INDUSTRY

	Unaudited Three Months Ended June 30,		Year Ended June 30,	
(Dollars in thousands)	2000	1999	2000	1999
Net sales				
Industrial:				
North America	\$841,855	\$679,317	\$2,942,419	\$2,565,154
International	341,105	296,958	1,274,590	1,241,256
Aerospace	297,218	308,991	1,138,328	1,152,390
Total	\$1,480,178	\$ 1,285,266	\$5,355,337	\$4,958,800

Segment operating income

Industrial:				
North America	\$130,624	\$99,709	\$426,630	\$335,259
International	22,008	14,348	84,022	82,245
Aerospace	54,597	48,111	175,710	177,213
Total segment operating income	207,229	162,168	686,362	594,717
Corporate general and administrative expenses	16,075	11,936	58,210	54,176
Income from operations before interest expense and other	191,154	150,232	628,152	540,541
Interest expense	16,041	14,647	59,183	63,697
Other	2,636	(6,478)	6,782	(850)
Income before income taxes	\$172,477	\$142,063	\$562,187	\$477,694

PARKER HANNIFIN CORPORATION - JUNE 30, 2000
CONSOLIDATED BALANCE SHEET

(Dollars in thousands)	June 30,	2000	1999
Assets			
Current assets:			
Cash and cash equivalents		\$ 68,460	\$ 33,277
Accounts receivable, net		840,040	738,773
Inventories		974,196	915,130
Prepaid expenses		32,706	22,928
Deferred income taxes		73,711	64,576
Assets held for sale		164,000	--
Total current assets		2,153,113	1,774,684
Plant and equipment, net		1,340,915	1,200,869
Other assets		1,152,271	730,335
Total assets		\$4,646,299	\$3,705,888

Liabilities and shareholders' equity
Current liabilities:

Notes payable	\$335,298	\$ 60,609
Accounts payable	372,666	313,173
Accrued liabilities	394,131	328,147
Accrued domestic and foreign taxes	84,208	52,584
Total current liabilities	1,186,303	754,513
Long-term debt	701,762	724,757
Pensions and other postretirement benefits	299,741	276,637
Deferred income taxes	77,939	30,800
Other liabilities	71,096	65,319
Shareholders' equity	2,309,458	1,853,862
Total liabilities and shareholders' equity	\$4,646,299	\$3,705,888

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30,

(Dollars in thousands)

	2000	1999
Cash flows from operating activities:		
Net income	\$368,232	\$310,501
Depreciation and amortization	206,408	202,046
Net change in receivables, inventories, and trade payables	(3,346)	(33,865)
Net change in other assets and liabilities	(21,181)	(24,694)
Other, net	(12,073)	5,109
Net cash provided by operating activities	538,040	459,097
Cash flows from investing activities:		
Acquisitions (less cash acquired of \$1,158 and \$2,609 in 2000 and 1999)	(351,011)	(89,865)
Capital expenditures	(230,482)	(230,122)
Other, net	1,784	6,930
Net cash used in investing activities	(579,709)	(313,057)
Cash flows from financing activities:		
Net proceeds from common share activity	1,202	74,076
Net proceeds from (payments for) debt	154,621	(148,407)
Dividends	(74,963)	(69,461)
Net cash provided by (used in) financing activities	80,860	(143,792)
Effect of exchange rate changes on cash	(4,008)	541
Net increase in cash and cash equivalents	35,183	2,789
Cash and cash equivalents at beginning of period	33,277	30,488
Cash and cash equivalents at end of period	\$ 68,460	\$ 33,277

SOURCE Parker Hannifin Corporation

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