



## **Parker Revises Earnings Outlook as North American Manufacturing Recession Continues**

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CLEVELAND, June 29 /PRNewswire/ -- Citing severely depressed shipments in North American industrial markets, Parker Hannifin Corporation (NYSE: PH) said it expects earnings for its fiscal fourth quarter ending June 30 to be about one-third lower than analysts' current consensus estimate of 77 cents per diluted share without unusual or extraordinary items. For the full fiscal year, earnings excluding unusual items now are expected to range from \$2.81 to \$2.91 per diluted share.

(Photo: <http://www.newscom.com/cgi-bin/prnh/19990816/PHLOGO> )

The company noted that demand in aerospace, energy and power generation remains strong, but it expects fourth-quarter sales to come in lower than third-quarter levels. The weak industrial outlook prompted management to accelerate restructuring and acquisition-integration activities during the current quarter, which will be detailed in the company's fiscal year-end report on July 30. The company still plans to record additional charges in the fourth quarter for previously announced operating realignments, largely offsetting a gain recorded on the sale of property in the first quarter.

"We aren't thinking about taking steps; we're moving forward," said CEO-elect Don Washkewicz. "Just as we did when Aerospace was hit by slow demand, our industrial operations are responding with more aggressive actions than initially planned. Our aim is to significantly improve operating margins in our industrial businesses by the time demand comes back."

Washkewicz said the company is cutting spending, consolidating production, and reducing expenses and inventory to the lower levels of demand in North American industrial markets.

In addition to providing earnings estimates, Parker advises shareholders to note order trends, for which the company makes a disclosure several business days after the conclusion of each month. This information is available on the company's investor information web site, at [www.phstock.com](http://www.phstock.com) .

With annual sales of \$6 billion, Parker Hannifin 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 45,000 people in 46 countries around the world. For more information, visit the company's web site at [www.parker.com](http://www.parker.com) , or its investor information site at [www.phstock.com](http://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, earnings projections, events or developments are forward-looking statements. It is possible that the company's future performance and earnings projections may differ materially from current expectations, depending on economic conditions in North American industrial markets and the company's ability to achieve anticipated benefits associated with announced inventory reductions and restructuring and acquisition-integration activities. Among the other factors which may affect future performance are: changes in business relationships with and purchases by or from major customers or suppliers, including delays or cancellations in shipments; competitive market conditions and resulting effects on sales and pricing; increases in raw-material costs that cannot be recovered in product pricing; and global economic factors, including currency exchange rates, difficulties entering new markets and general economic conditions such as interest rates. In each quarterly earnings report, the company intends to provide a range stating expected earnings per share for the succeeding quarter and full fiscal year, reflecting these ranges as estimates of diluted earnings per share before unusual items. The company makes these statements as of the date of this disclosure, and while it undertakes no obligation to update them, reserves the right to update its earnings projections for any reason during the quarter, including the occurrence of material events.

**SOURCE** Parker Hannifin Corporation

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