

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) of the  
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): August 3, 2017

**PARKER-HANNIFIN CORPORATION**

(Exact Name of Registrant as Specified in Charter)

**Ohio**  
(State or other jurisdiction of  
Incorporation or Organization)  
**6035 Parkland Boulevard, Cleveland, Ohio**  
(Address of Principal Executive Offices)

**34-0451060**  
(I.R.S. Employer  
Identification No.)  
**44124-4141**  
(Zip Code)

Registrant's telephone number, including area code: **(216) 896-3000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 2.02 Results of Operations and Financial Condition**

On August 3, 2017, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended June 30, 2017. A copy of the press release is furnished as Exhibit 99.1 to this report. A copy of the Webcast presentation is furnished as Exhibit 99.2 to this report.

## **Item 9.01 Financial Statements and Exhibits**

(c) Exhibits:

- 99.1 Press release issued by Parker-Hannifin Corporation, dated August 3, 2017.
  - 99.2 Webcast presentation by Parker-Hannifin Corporation, dated August 3, 2017.
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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

PARKER-HANNIFIN CORPORATION

By: /s/ Catherine A. Suever

Catherine A. Suever

Executive Vice President - Finance &

Administration and Chief Financial Officer

Date: August 3, 2017



Exhibit 99.1

**For Release: Immediately**

**Contact: Media -**  
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**Stock symbol:** PH - NYSE

## **Parker Reports Fiscal 2017 Fourth Quarter and Full Year Results**

- *Fourth quarter sales increased 18% to \$3.5 billion, organic sales increased 6%*
- *Fourth quarter total segment operating margins strong at 15.3%, or 16.8% adjusted*
- *Fourth quarter EPS increased 21% to a record \$2.15, or an increase of 29% to \$2.45, on an adjusted basis*
- *Full year operating cash flow strong at 10.8%, or 12.7% of sales, excluding discretionary pension contribution*
- *Company issues fiscal 2018 full year guidance, anticipating a record year for sales and earnings*

**CLEVELAND, August 3, 2017** -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2017 fourth quarter and full year ended June 30, 2017. Fiscal 2017 fourth quarter sales increased 18% to \$3.50 billion compared with \$2.96 billion in the prior year quarter. Net income increased 21% to \$293.4 million compared with \$241.9 million in the prior year quarter. Fiscal 2017 fourth quarter earnings per share increased 21% to \$2.15, compared with \$1.77 in fiscal 2016 fourth quarter. Earnings per share increased 29% to \$2.45 when adjusted for pre-tax expenses of \$21.4 million for business realignment and \$36.3 million related to acquisitions, compared with \$1.90 in the prior year quarter, which was adjusted for pre-tax business realignment expenses of \$25.1 million.

For the full year, fiscal 2017 sales were \$12.0 billion, a 6% increase compared with \$11.4 billion in fiscal 2016. Net income for fiscal 2017 was \$983.8 million, a 22% increase compared with \$807.2 million in fiscal 2016. Fiscal 2017 earnings per share were \$7.25, a 23% increase compared with \$5.89 per share in fiscal 2016. Earnings per share increased 26% to \$8.11, when adjusted for pre-tax expenses of \$56.4 million for business realignment and \$103.1 million related to acquisitions, compared with \$6.46 in the

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prior year quarter, which was adjusted for pre-tax business realignment expenses of \$109.0 million. During the year, the company completed the sale of the Autoline product line which resulted in a pre-tax gain of \$45.0 million or \$0.21 per share.

Cash flow from operations for fiscal year 2017 was \$1.3 billion or 10.8% of sales, compared with \$1.2 billion or 10.7% of sales in the prior year period. Excluding discretionary pension contributions, full year cash flow from operations was 12.7% of sales compared with 12.4% of sales in the prior year period, and fiscal year 2017 free cash flow conversion was 134%.

“Our fourth quarter performance was outstanding and capped a year in which we made tremendous progress with actions that are driving significant long-term shareholder value and financial performance,” said Chairman and Chief Executive Officer, Tom Williams. “By focusing on the initiatives detailed in the new Win Strategy™ we have delivered record fourth quarter earnings per share and robust adjusted total segment operating margin performance of 16.8%. Orders grew for the fourth consecutive quarter, as we see continued signs of demand improving in key end markets and regions. This was also a transformative year for our portfolio as we acquired CLARCOR, resulting in a significant increase to our filtration business and the aftermarket mix of Parker. My thanks to our global team members for their dedication to generating such exceptional results.”

#### **Fourth Quarter Fiscal 2017 Segment Results**

*Diversified Industrial Segment:* North American fourth quarter sales increased 32% to \$1.7 billion, and operating income increased 18% to \$261.5 million compared with \$221.2 million in the same period a year ago. International fourth quarter sales increased 12% to \$1.2 billion, and operating income increased 36% to \$161.5 million compared with \$118.6 million in the same period a year ago.

*Aerospace Systems Segment:* Fourth quarter sales were \$602.8 million, compared with \$602.4 million in the prior year period, and operating income increased 15% to \$111.7 million compared with \$97.5 million in the same period a year ago.

Parker reported the following orders for the quarter ending June 30, 2017, compared with the same quarter a year ago:

- Orders increased 8% for total Parker;
  - Orders increased 10% in the Diversified Industrial North America businesses;
  - Orders increased 10% in the Diversified Industrial International businesses; and
  - Orders increased 1% in the Aerospace Systems Segment on a rolling 12-month average basis.
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## **Outlook**

For the fiscal year ending June 30, 2018, the company has issued guidance for earnings from continuing operations to the range of \$7.88 to \$8.58 per share, or \$8.45 to \$9.15 per share on an adjusted basis. Fiscal year 2018 guidance is adjusted on a pre-tax basis for expected business realignment expenses of approximately \$58 million and CLARCOR costs to achieve of approximately \$52 million.

Williams added, "Looking ahead to fiscal year 2018, we are anticipating a record year as we continue to operate with the benefit of stronger market conditions for the full year, a lower fixed cost structure, and the strategic addition of CLARCOR to our portfolio. Our focus remains on further advancing the new Win Strategy initiatives and progressing towards top quartile financial performance compared with our proxy peers, placing Parker among the best performing diversified industrial companies in the world."

**NOTICE OF CONFERENCE CALL:** Parker Hannifin's conference call and slide presentation to discuss its fiscal 2017 fourth quarter and full year results are available to all interested parties via live webcast today at 11:00 a.m. ET, on the company's investor information web site at [www.phstock.com](http://www.phstock.com). To access the call, click on the "Live Webcast" link. From this link, users also may complete a pre-call system test and register for e-mail notification of future events and information available from Parker. A replay of the conference call will also be available at [www.phstock.com](http://www.phstock.com) for one year after the call.

Parker Hannifin is a Fortune 250 global leader in motion and control technologies. For 100 years the company has engineered the success of its customers in a wide range of diversified industrial and aerospace markets. Parker has increased its annual dividend per share paid to shareholders for 61 consecutive fiscal years, among the top five longest-running dividend-increase records in the S&P 500 index. Learn more at [www.parker.com](http://www.parker.com) or [@parkerhannifin](https://twitter.com/parkerhannifin).

## **Note on Orders**

Orders provide near-term perspective on the company's outlook, particularly when viewed in the context of prior and future quarterly order rates. However, orders are not in themselves an indication of future performance. All comparisons are at constant currency exchange rates, with the prior year restated to the current-year rates. All exclude acquisitions until they can be reflected in both the numerator and denominator. Aerospace comparisons are rolling 12-month average computations. The total Parker orders number is derived from a weighted average of the year-over-year quarterly % change in orders for Diversified Industrial North America and Diversified Industrial International, and the year-over-year 12-month rolling average of orders for the Aerospace Systems Segment.

## **Note on Non-GAAP Numbers**

This press release contains references to (a) earnings per share and segment operating margins without the effect of business realignment charges and acquisition transaction expenses; (b) the effect of business realignment charges and CLARCOR costs to achieve on forecasted earnings from continuing operations per share; (c) cash flows from operations without the effect of discretionary pension contributions; and (d) free cash flow conversion. The effects of business realignment charges, acquisition transaction expenses, CLARCOR costs to achieve and discretionary pension contributions are removed to allow investors and the company to meaningfully evaluate changes in earnings per share, segment operating margins and cash flows from operations on a comparable basis from period to period. Free cash flow conversion (cash flow from operations excluding discretionary pension contributions less capital expenditures divided by net income) allows management to measure cash flow efficiency and working capital management.

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### **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. These statements may be identified from use of forward-looking terminology such as "anticipates," "believes," "may," "should," "could," "potential," "continues," "plans," "forecasts," "estimates," "projects," "predicts," "would," "intends," "anticipates," "expects," "targets," "is likely," "will," or the negative of these terms and similar expressions, and include all statements regarding future performance, earnings projections, events or developments. It is possible that the future performance and earnings projections of the company, including its individual segments, may differ materially from current expectations, depending on economic conditions within its mobile, industrial and aerospace markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.

Among other factors which may affect future performance and earnings projections are: economic conditions within the company's key markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance. Among other factors which may affect future performance of the company are, as applicable: changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments; disputes regarding contract terms or significant changes in financial condition, changes in contract cost and revenue estimates for new development programs and changes in product mix; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions, including the integration of CLARCOR; the ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures; the determination to undertake business realignment activities and the expected costs thereof and, if undertaken, the ability to complete such activities and realize the anticipated cost savings from such activities; ability to implement successfully capital allocation initiatives, including timing, price and execution of share repurchases; availability, limitations or cost increases of raw materials, component products and/or commodities that cannot be recovered in product pricing; ability to manage costs related to insurance and employee retirement and health care benefits; compliance costs associated with environmental laws and regulations; potential labor disruptions; threats associated with and efforts to combat terrorism and cyber-security risks; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; competitive market conditions and resulting effects on sales and pricing; and global economic factors, including manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them unless otherwise required by law.

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## CONSOLIDATED STATEMENT OF INCOME

(Dollars in thousands except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2017	2016	2017	2016
<b>Net sales</b>	\$ 3,496,238	\$ 2,957,150	\$ 12,029,312	\$ 11,360,753
Cost of sales	2,654,682	2,272,455	9,188,962	8,823,384
Gross profit	841,556	684,695	2,840,350	2,537,369
Selling, general and administrative expenses	402,352	338,572	1,453,935	1,359,360
Interest expense	52,787	32,715	162,436	136,517
Other (income), net	(14,194)	(22,798)	(104,662)	(73,236)
Income before income taxes	400,611	336,206	1,328,641	1,114,728
Income taxes	107,252	94,295	344,797	307,512
Net income	293,359	241,911	983,844	807,216
Less: Noncontrolling interests	54	115	432	376
<b>Net income attributable to common shareholders</b>	\$ 293,305	\$ 241,796	\$ 983,412	\$ 806,840
<b>Earnings per share attributable to common shareholders:</b>				
Basic earnings per share	\$ 2.20	\$ 1.80	\$ 7.37	\$ 5.96
Diluted earnings per share	\$ 2.15	\$ 1.77	\$ 7.25	\$ 5.89
Average shares outstanding during period - Basic	133,278,324	134,385,814	133,377,547	135,353,321
Average shares outstanding during period - Diluted	136,154,741	136,255,977	135,559,764	136,911,690
Cash dividends per common share	\$ 0.66	\$ 0.63	\$ 2.58	\$ 2.52

## RECONCILIATION OF EARNINGS PER DILUTED SHARE TO ADJUSTED EARNINGS PER DILUTED SHARE

(Unaudited)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2017	2016	2017	2016
<b>Earnings per diluted share</b>	\$ 2.15	\$ 1.77	\$ 7.25	\$ 5.89
Adjustments:				
Business realignment charges	0.11	0.13	0.30	0.57
Acquisition-related expenses	0.19	—	0.56	—
<b>Adjusted earnings per diluted share</b>	\$ 2.45	\$ 1.90	\$ 8.11	\$ 6.46



## BUSINESS SEGMENT INFORMATION

(Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2017	2016	2017	2016
<b>Net sales</b>				
Diversified Industrial:				
North America	\$ 1,665,483	\$ 1,260,203	\$ 5,366,809	\$ 4,955,211
International	1,227,999	1,094,585	4,377,776	4,145,272
Aerospace Systems	602,756	602,362	2,284,727	2,260,270
<b>Total net sales</b>	<b>\$ 3,496,238</b>	<b>\$ 2,957,150</b>	<b>\$ 12,029,312</b>	<b>\$ 11,360,753</b>
<b>Segment operating income</b>				
Diversified Industrial:				
North America	\$ 261,509	\$ 221,158	\$ 873,552	\$ 789,667
International	161,499	118,634	579,207	448,457
Aerospace Systems	111,732	97,526	337,496	337,531
<b>Total segment operating income</b>	<b>534,740</b>	<b>437,318</b>	<b>1,790,255</b>	<b>1,575,655</b>
Corporate general and administrative expenses	51,925	46,620	172,632	173,203
<b>Income before interest expense and other expense</b>	<b>482,815</b>	<b>390,698</b>	<b>1,617,623</b>	<b>1,402,452</b>
Interest expense	52,787	32,715	162,436	136,517
Other expense	29,417	21,777	126,546	151,207
<b>Income before income taxes</b>	<b>\$ 400,611</b>	<b>\$ 336,206</b>	<b>\$ 1,328,641</b>	<b>\$ 1,114,728</b>

## RECONCILIATION OF TOTAL SEGMENT OPERATING MARGIN TO ADJUSTED TOTAL SEGMENT OPERATING MARGIN

(Unaudited)

	Three Months Ended		Three Months Ended	
	June 30, 2017		June 30, 2016	
	Operating income	Operating margin	Operating income	Operating margin
<b>Total segment operating income</b>	<b>\$ 534,740</b>	<b>15.3%</b>	<b>\$ 437,318</b>	<b>14.8%</b>
Adjustments:				
Business realignment charges	20,653		25,024	
Acquisition-related expenses	32,182		—	
<b>Adjusted total segment operating income</b>	<b>\$ 587,575</b>	<b>16.8%</b>	<b>\$ 462,342</b>	<b>15.6%</b>

## PARKER HANNIFIN CORPORATION - JUNE 30, 2017

## CONSOLIDATED BALANCE SHEET

(Unaudited)	June 30,		June 30,
(Dollars in thousands)	2017		2016
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$	884,886	\$ 1,221,653
Marketable securities and other investments		39,318	882,342
Trade accounts receivable, net		1,930,751	1,593,920
Non-trade and notes receivable		254,987	232,183
Inventories		1,549,494	1,173,329
Prepaid expenses		120,282	104,360
<b>Total current assets</b>		<b>4,779,718</b>	<b>5,207,787</b>
Plant and equipment, net		1,937,292	1,568,100
Deferred income taxes		36,057	605,155
Goodwill		5,586,878	2,903,037
Intangible assets, net		2,307,484	922,571
Other assets		842,475	827,492
<b>Total assets</b>	\$	<b>15,489,904</b>	\$ 12,034,142
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Notes payable	\$	1,008,465	\$ 361,787
Accounts payable		1,300,496	1,034,589
Accrued liabilities		933,762	841,915
Accrued domestic and foreign taxes		153,137	127,597
<b>Total current liabilities</b>		<b>3,395,860</b>	<b>2,365,888</b>
Long-term debt		4,861,895	2,652,457
Pensions and other postretirement benefits		1,406,082	2,076,143
Deferred income taxes		221,790	54,395
Other liabilities		336,931	306,581
Shareholders' equity		5,261,649	4,575,255
Noncontrolling interests		5,697	3,423
<b>Total liabilities and equity</b>	\$	<b>15,489,904</b>	\$ 12,034,142

## PARKER HANNIFIN CORPORATION - JUNE 30, 2017

## CONSOLIDATED STATEMENT OF CASH FLOWS

Twelve Months Ended June 30,

(Dollars in thousands)	2017	2016
<b>Cash flows from operating activities:</b>		
Net income	\$ 983,844	\$ 807,216
Depreciation and amortization	355,229	306,843
Stock incentive plan compensation	80,339	71,293
(Gain) on sale of business	(41,285)	(10,666)
Loss on disposal of assets	1,494	414
(Gain) on sale of marketable securities	(1,032)	(723)
Net change in receivables, inventories, and trade payables	5,741	85,414
Net change in other assets and liabilities	(126,943)	(6,077)
Other, net	45,084	(42,936)
<b>Net cash provided by operating activities</b>	<b>1,302,471</b>	<b>1,210,778</b>
<b>Cash flows from investing activities:</b>		
Acquisitions (net of cash of \$157,426 in 2017 and \$3,814 in 2016)	(4,069,197)	(67,552)
Capital expenditures	(203,748)	(149,407)
Proceeds from sale of plant and equipment	14,648	18,821
Proceeds from sale of business	85,610	24,325
Purchases of marketable securities and other investments	(465,666)	(1,351,464)
Maturities and sales of marketable securities and other investments	1,279,318	1,300,633
Other, net	(6,113)	(39,995)
<b>Net cash (used in) investing activities</b>	<b>(3,365,148)</b>	<b>(264,639)</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(335,876)	(587,239)
Net proceeds from debt	2,463,884	85,843
Dividends	(345,380)	(341,962)
<b>Net cash provided by (used in) financing activities</b>	<b>1,782,628</b>	<b>(843,358)</b>
Effect of exchange rate changes on cash	(56,718)	(61,712)
Net (decrease) in cash and cash equivalents	(336,767)	41,069
Cash and cash equivalents at beginning of period	1,221,653	1,180,584
<b>Cash and cash equivalents at end of period</b>	<b>\$ 884,886</b>	<b>\$ 1,221,653</b>

## PARKER HANNIFIN CORPORATION - JUNE 30, 2017

## RECONCILIATION OF CASH FLOW FROM OPERATIONS TO ADJUSTED CASH FLOW FROM OPERATIONS

(Unaudited)	Twelve Months Ended	
	June 30, 2017	Percent of Sales
<b>As reported cash flow from operations</b>	\$ 1,302,471	10.8%
Discretionary pension contribution	220,000	
<b>Adjusted cash flow from operations</b>	\$ 1,522,471	12.7%

	Twelve Months Ended	
	June 30, 2016	Percent of Sales
<b>As reported cash flow from operations</b>	\$ 1,210,778	10.7%
Discretionary pension contribution	200,000	
<b>Adjusted cash flow from operations</b>	\$ 1,410,778	12.4%

## CALCULATION OF FREE CASH FLOW CONVERSION

(Unaudited)	Twelve Months Ended	
	June 30, 2017	
Net income	\$ 983,844	
Cash flow from operations	1,302,471	
Capital expenditures	(203,748)	
Discretionary pension contribution	220,000	
<b>Free cash flow</b>	\$ 1,318,723	
<b>Free cash flow conversion (free cash flow/net income)</b>		134 %

**PARKER HANNIFIN CORPORATION - JUNE 30, 2017****RECONCILIATION OF FORECASTED EARNINGS PER DILUTED SHARE TO ADJUSTED FORECASTED EARNINGS PER DILUTED SHARE**

(Unaudited)

(Amounts in dollars)

	<b>Fiscal Year 2018</b>
<b>Forecasted earnings per diluted share</b>	<b>\$7.88 to \$8.58</b>
Adjustments:	
Business realignment charges	<b>0.30</b>
Clarcor costs to achieve	<b>0.27</b>
<b>Adjusted forecasted earnings per diluted share</b>	<b>\$8.45 to \$9.15</b>

# Parker Hannifin Corporation

Exhibit 99.2

## 4<sup>th</sup> Quarter & Fiscal Year 2017 Earnings Release



**PH**  
**LISTED**  
**NYSE**

ENGINEERING YOUR SUCCESS.

August 3, 2017

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# Forward-Looking Statements and Non-GAAP Financial Measures

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. These statements may be identified from use of forward-looking terminology such as "anticipates," "believes," "may," "should," "could," "potential," "continues," "plans," "forecasts," "estimates," "projects," "predicts," "would," "intends," "anticipates," "expects," "targets," "is likely," "will," or the negative of these terms and similar expressions, and include all statements regarding future performance, earnings projections, events or developments. It is possible that the future performance and earnings projections of the company, including its individual segments, may differ materially from current expectations, depending on economic conditions within its mobile, industrial and aerospace markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.

Among other factors which may affect future performance and earnings projections are: economic conditions within the company's key markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance. Among other factors which may affect future performance of the company are, as applicable: changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments; disputes regarding contract terms or significant changes in financial condition, changes in contract cost and revenue estimates for new development programs and changes in product mix; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions, including the integration of CLARCOR; the ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures; the determination to undertake business realignment activities and the expected costs thereof and, if undertaken, the ability to complete such activities and realize the anticipated cost savings from such activities; ability to implement successfully capital allocation initiatives, including timing, price and execution of share repurchases; availability, limitations or cost increases of raw materials, component products and/or commodities that cannot be recovered in product pricing; ability to manage costs related to insurance and employee retirement and health care benefits; compliance costs associated with environmental laws and regulations; potential labor disruptions; threats associated with and efforts to combat terrorism and cyber-security risks; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; competitive market conditions and resulting effects on sales and pricing; and global economic factors, including manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them unless otherwise required by law.

This presentation reconciles (a) sales amounts reported in accordance with U.S. GAAP to sales amounts adjusted to remove the effects of acquisitions and the effects of currency exchange rates, (b) cash flow from operating activities and cash flow from operating activities as a percent of sales in accordance with U.S. GAAP to cash flow from operating activities and cash flow from operating activities as a percent of sales without the effect of discretionary pension plan contributions, (c) segment operating income and operating margins reported in accordance with U.S. GAAP to segment operating income and operating margins without the effect of business realignment charges, CLARCOR acquisition expenses and CLARCOR costs to achieve, (d) Below the Line Items reported in accordance with U.S. GAAP to Below the Line Items without the effect of CLARCOR acquisition expenses, and (e) actual and forecast earnings per diluted share reported in accordance with U.S. GAAP to actual and forecast earnings per diluted share without the effect of business realignment charges, CLARCOR acquisition expenses and CLARCOR costs to achieve. The effects of acquisitions, currency exchange rates, discretionary pension plan contributions, business realignment charges, CLARCOR acquisition expenses and CLARCOR costs to achieve are removed to allow investors and the company to meaningfully evaluate changes in sales, and cash flow from operating activities as a percent of sales, segment operating income, operating margins, Below the Line Items and earnings per diluted share on a comparable basis from period to period. Full year adjusted guidance removes business realignment charges and CLARCOR acquisition expenses.

Please visit [www.PHstock.com](http://www.PHstock.com) for more information



# Agenda

- **Chairman & CEO Comments**

- **Results & Outlook**

- **Questions & Answers**



# Chairman and CEO Comments

## 4th Quarter FY2017 Results

- Fourth Quarter Sales Increased 18% to \$3.5B
- Organic Sales +6%, Acquisitions +13%, Total Parker Orders +8%
- Earnings per Share +21% to a record \$2.15; or +29% to \$2.45 Adjusted
- Segment Operating Margins of 15.3%; 16.8% Adjusted, up 120 bps.

## Full Year Fiscal 2017 Results

- Recordable Accident Reduction of 22%
- Sales Increased 6% to \$12.0B, Organic Sales +2%,
- Earnings per Share +23% to \$7.25, or +26% to \$8.11 Adjusted
- Segment Operating Margins of 14.9%; or 15.8% Adjusted, up 100 bps.
- Cash Flow 12.7% of Sales (excluding discretionary pension contribution)
- Free Cash Flow Conversion was 134%

## Fiscal 2018 Guidance

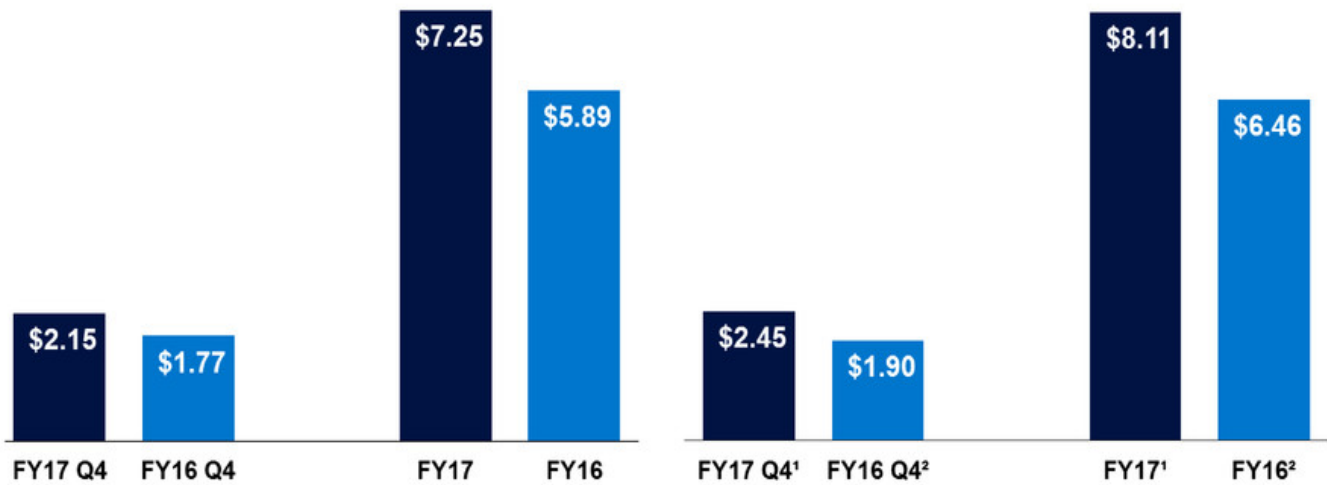
- Sales Growth forecast in the Range of 11.4% to 15.0%
- FY18 EPS Guidance Midpoint of \$8.23 As Reported; \$8.80 Adjusted
- Realignment Expenses of \$58M, Clarcor Costs to Achieve of \$52M

# Diluted Earnings Per Share

## 4<sup>th</sup> Quarter & Fiscal Year 2017

As Reported EPS

Adjusted EPS

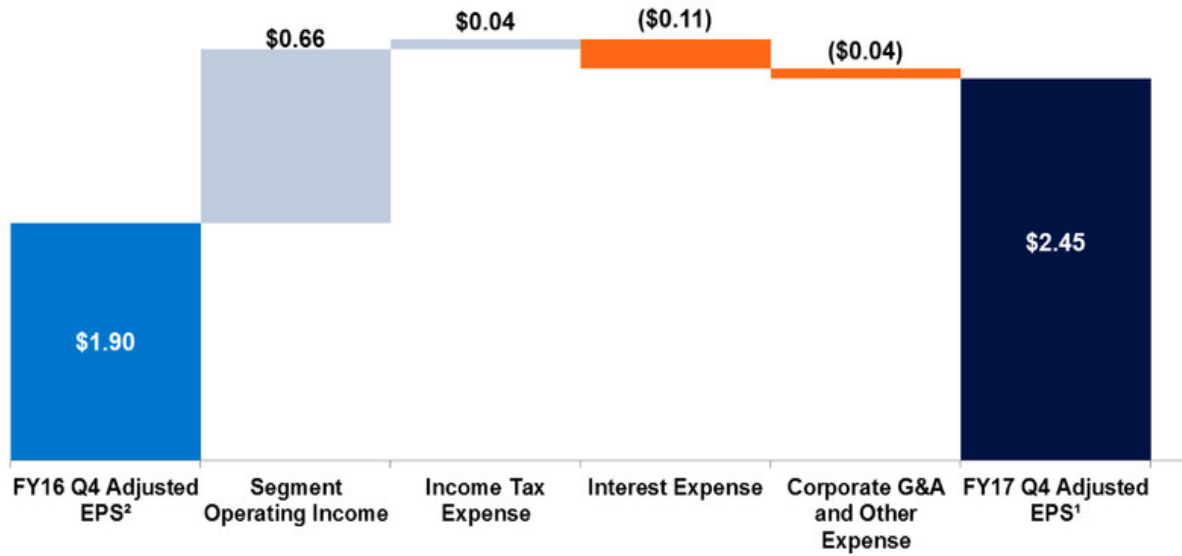


<sup>1</sup>Adjusted for Business Realignment Charges, CLARCOR Acquisition Expenses

<sup>2</sup>Adjusted for Business Realignment Charges

# Influences on Adjusted Earnings Per Share

## 4<sup>th</sup> Quarter FY2017 vs. 4<sup>th</sup> Quarter FY2016



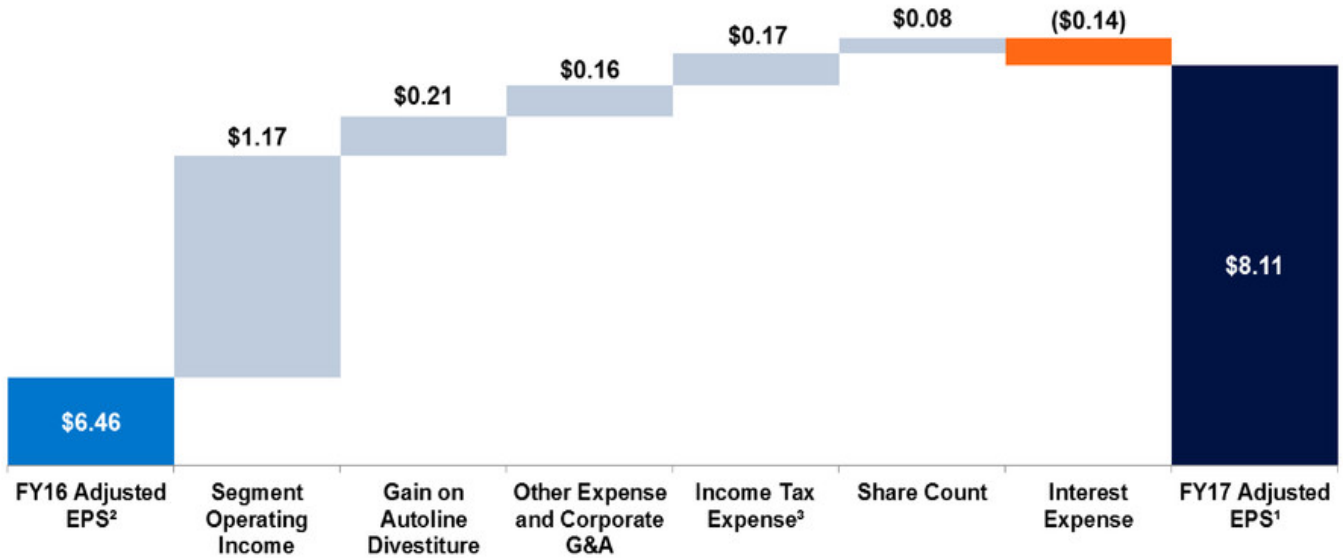
<sup>1</sup>Adjusted for Business Realignment Charges, CLARCOR Acquisition Expenses

<sup>2</sup>Adjusted for Business Realignment Charges



# Influences on Adjusted Earnings Per Share

## FY2017 vs. FY2016



<sup>1</sup>Adjusted for Business Realignment Charges, CLARCOR Acquisition-Expenses

<sup>2</sup>Adjusted for Business Realignment Charges

<sup>3</sup>Primarily driven by \$36M Stock Option Expense Tax Credit



# Sales & Segment Operating Margin

## Total Parker

\$ in millions

	4th Quarter			Full Year				
	FY2017	% Change	FY2016	FY2017	% Change	FY2016		
<b>Sales</b>								
As Reported	\$3,496	18.2 %	\$2,957	\$12,029	5.9 %	\$11,361		
Acquisitions*	382	12.9 %		558	4.9 %			
Currency	(21)	(0.7)%		(84)	(0.7)%			
Organic Sales	\$3,135	6.0 %		\$11,556	1.7 %			
	FY2017	% of Sales	FY2016	% of Sales	FY2017	% of Sales	FY2016	% of Sales
<b>Segment Operating Margin</b>								
As Reported	\$ 535	15.3 %	\$ 437	14.8 %	\$ 1,790	14.9 %	\$ 1,576	13.9 %
Business Realignment	21		25		56		107	
CLARCOR Acquisition Expense	32				58			
Adjusted	\$ 588	16.8 %	\$ 462	15.6 %	\$ 1,904	15.8 %	\$ 1,682	14.8 %

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\*Acquisitions include: Jäger (closed 7/1/16), Helac (closed 2/1/17), CLARCOR (closed 2/28/17)

# Sales & Segment Operating Margin

## Diversified Industrial North America

\$ in millions

	4th Quarter			Full Year			
	FY2017	% Change	FY2016	FY2017	% Change	FY2016	
<b>Sales</b>							
As Reported	\$ 1,665	32.2 %	\$ 1,260	\$ 5,367	8.3 %	\$ 4,955	
Acquisitions*	316	25.1 %		436	8.8 %		
Currency	(4)	(0.3)%		(17)	(0.3)%		
Organic Sales	\$ 1,353	7.4 %		\$ 4,947	(0.2)%		
<b>Segment Operating Margin</b>							
As Reported	\$ 262	15.7 %	\$ 221	17.5 %	\$ 874	16.3 %	\$ 790 15.9 %
Business Realignment	10		5		20		42
CLARCOR Acquisition Expense	32				58		
Adjusted	\$ 304	18.2 %	\$ 226	18.0 %	\$ 952	17.7 %	\$ 832 16.8 %

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\*Acquisitions include: Jäger (closed 7/1/16), Helac (closed 2/1/17), CLARCOR (closed 2/28/17)

# Sales & Segment Operating Margin

## Diversified Industrial International

\$ in millions

	4th Quarter			Full Year				
	FY2017	% Change	FY2016	FY2017	% Change	FY2016		
<b>Sales</b>								
As Reported	\$ 1,228	12.2 %	\$ 1,095	\$ 4,378	5.6 %	\$ 4,145		
Acquisitions*	66	6.0 %		121	2.9 %			
Currency	(17)	(1.5)%		(66)	(1.6)%			
Organic Sales	\$ 1,179	7.7 %		\$ 4,323	4.3 %			
	FY2017	% of Sales	FY2016	% of Sales	FY2017	% of Sales	FY2016	% of Sales
<b>Segment Operating Margin</b>								
As Reported	\$ 161	13.2 %	\$ 119	10.8 %	\$ 579	13.2 %	\$ 448	10.8 %
Business Realignment	11		19		33		61	
Adjusted	\$ 172	14.0 %	\$ 137	12.6 %	\$ 612	14.0 %	\$ 509	12.3 %

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\*Acquisitions include: Jäger (closed 7/1/16), Helac (closed 2/1/17), CLARCOR (closed 2/28/17)



# Sales & Segment Operating Margin

## Aerospace Systems

\$ in millions

	4th Quarter			Full Year			
	FY2017	% Change	FY2016	FY2017	% Change	FY2016	
<b>Sales</b>							
As Reported	\$ 603	0.1 %	\$ 602	\$ 2,285	1.1 %	\$ 2,260	
Acquisitions	-	- %		-	- %		
Currency	(0)	(0.0)%		(1)	(0.0)%		
Organic Sales	\$ 603	0.1 %		\$ 2,285	1.1 %		
<b>Segment Operating Margin</b>							
As Reported	\$ 112	18.5 %	\$ 98	\$ 337	14.8 %	\$ 338	14.9 %
Business Realignment	(0)		1	3		4	
Adjusted	\$ 112	18.5 %	\$ 99	\$ 340	14.9 %	\$ 341	15.1 %



# FY17 Q4 Highlights – Legacy Parker<sup>1</sup>

As Reported	FY16 Q4		FY17 Q4	
	Total Parker	Total Parker	Clarcor	Legacy Parker
Net Sales	\$2,957	\$3,496	\$351	\$3,145
Operating Income	\$437	\$535	(\$3)	\$538
Operating Margin	14.8%	15.3%		17.1%

Adjusted <sup>2</sup>	FY16 Q4		FY17 Q4	
	Total Parker	Total Parker	Clarcor	Legacy Parker
Net Sales	\$2,957	\$3,496	\$351	\$3,145
Operating Income	\$462	\$588	\$30	\$558
Operating Margin	15.6%	16.8%		17.7%

<sup>1</sup>Legacy Parker excludes impact from Clarcor

<sup>2</sup>Adjusted for business realignment charges and Clarcor acquisition expenses



# FY17 Highlights – Legacy Parker<sup>1</sup>

As Reported	FY16		FY17	
	Total Parker	Total Parker	Clarcor	Legacy Parker
Net Sales	\$11,361	\$12,029	\$487	\$11,542
Operating Income	\$1,576	\$1,790	(\$16)	\$1,806
Operating Margin	13.9%	14.9%		15.7%

Adjusted <sup>2</sup>	FY16		FY17	
	Total Parker	Total Parker	Clarcor	Legacy Parker
Net Sales	\$11,361	\$12,029	\$487	\$11,542
Operating Income	\$1,682	\$1,904	\$42	\$1,862
Operating Margin	14.8%	15.8%		16.1%

<sup>1</sup>Legacy Parker excludes impact from Clarcor

<sup>2</sup>Adjusted for business realignment charges and Clarcor acquisition expenses



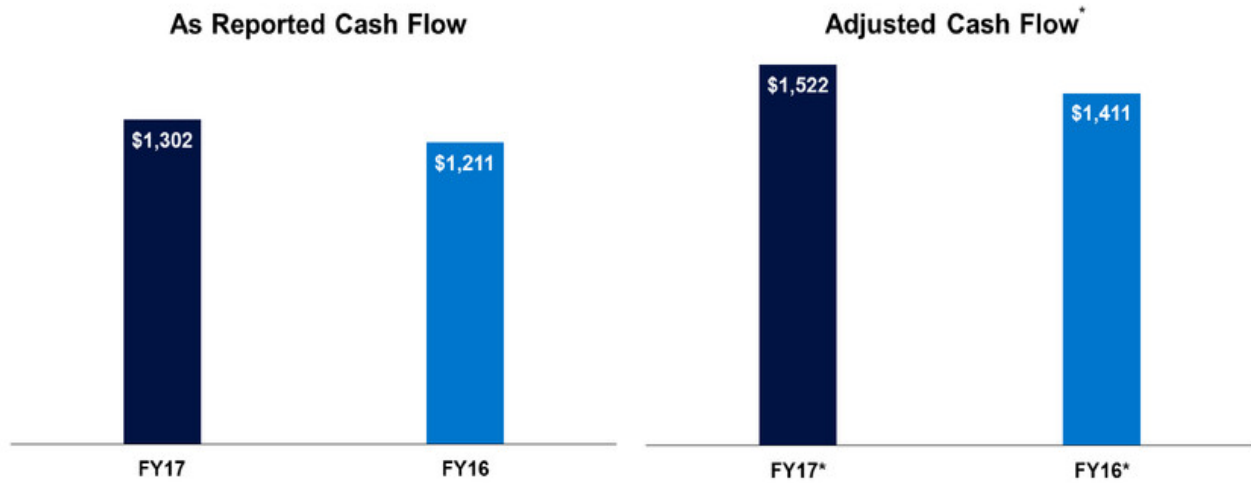
# Order Rates

	Jun 2017		Mar 2017		Jun 2016		Mar 2016	
<b>Total Parker</b>	<b>+</b>	<b>8 %</b>	<b>+</b>	<b>8 %</b>	<b>-</b>	<b>1 %</b>	<b>-</b>	<b>6 %</b>
Diversified Industrial North America	+	10 %	+	9 %	-	10 %	-	9 %
Diversified Industrial International	+	10 %	+	13 %	+	3 %	-	6 %
Aerospace Systems	+	1 %		0%	+	14 %	+	1 %

**Excludes Acquisitions, Divestitures & Currency**  
**3-month year-over-year comparisons of total dollars, except Aerospace Systems**  
**Aerospace Systems is calculated using a 12-month rolling average**

# Cash Flow from Operating Activities

Dollars in millions

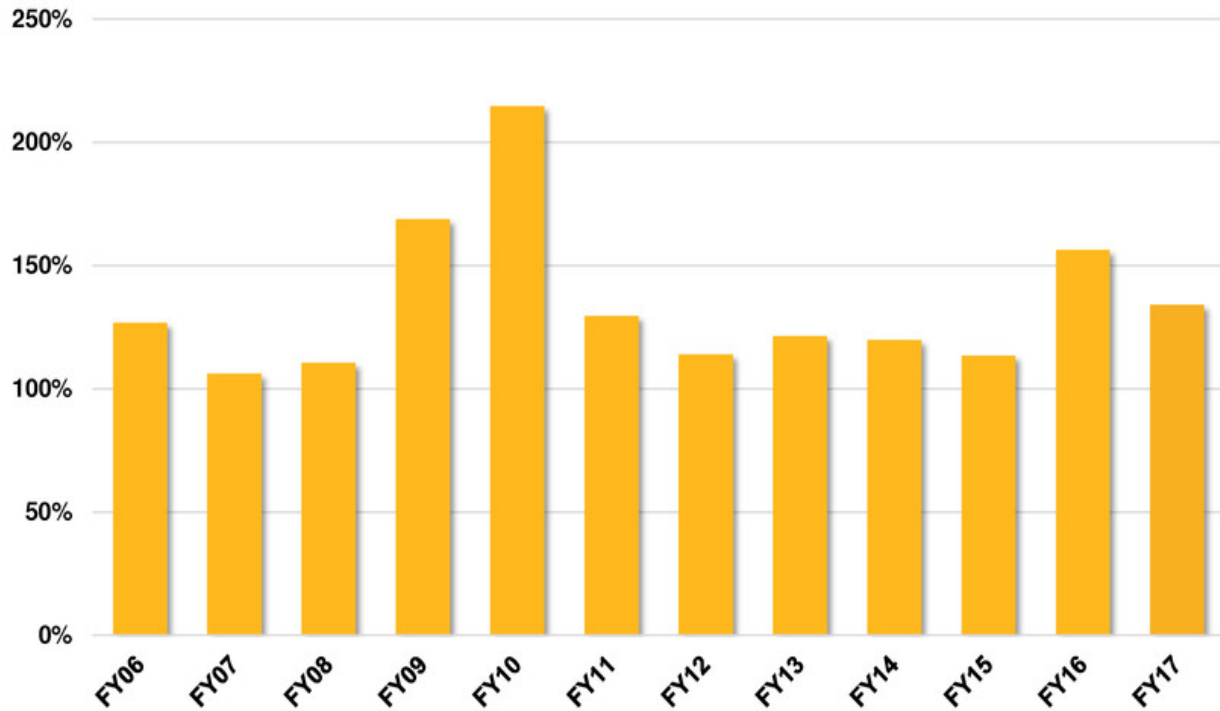


\*Adjusted for Discretionary Pension Plan Contribution

	Full Year			
	FY 2017	% of Sales	FY 2016	% of Sales
As Reported Cash Flow From Operating Activities	\$ 1,302	10.8%	1,211	10.7%
Discretionary Pension Plan Contribution	220		200	
Adjusted Cash Flow From Operating Activities	<b>\$ 1,522</b>	<b>12.7%</b>	<b>1,411</b>	<b>12.4%</b>

# Free Cash Flow Conversion

Free Cash Flow / Net Income



\* Free Cash Flow = Cash Provided by Operating Activities - Capital Expenditures + Discretionary Pension Contribution



# FY2017 Guidance

## EPS Midpoint: \$8.23 As Reported, \$8.80 Adjusted

Sales Growth vs. Prior Year	
Diversified Industrial North America	18.6% - 22.6%
Diversified Industrial International	8.0% - 12.0%
Aerospace Systems	0.6% - 2.6%
<b>Total Parker</b>	<b>11.4% - 15.0%</b>

Segment Operating Margins	As Reported	Adjusted
Diversified Industrial North America	16.1% - 16.5%	16.9% - 17.3%
Diversified Industrial International	13.4% - 13.8%	14.7% - 15.1%
Aerospace Systems	15.5% - 15.9%	15.5% - 15.9%
<b>Total Parker</b>	<b>15.1% - 15.5%</b>	<b>15.9% - 16.3%</b>

Below the Line Items	
Corporate General & Administrative Expense, Interest and Other	\$500 M

Tax Rate	
Full Year	29%

Shares	
Diluted Shares Outstanding	135.6M

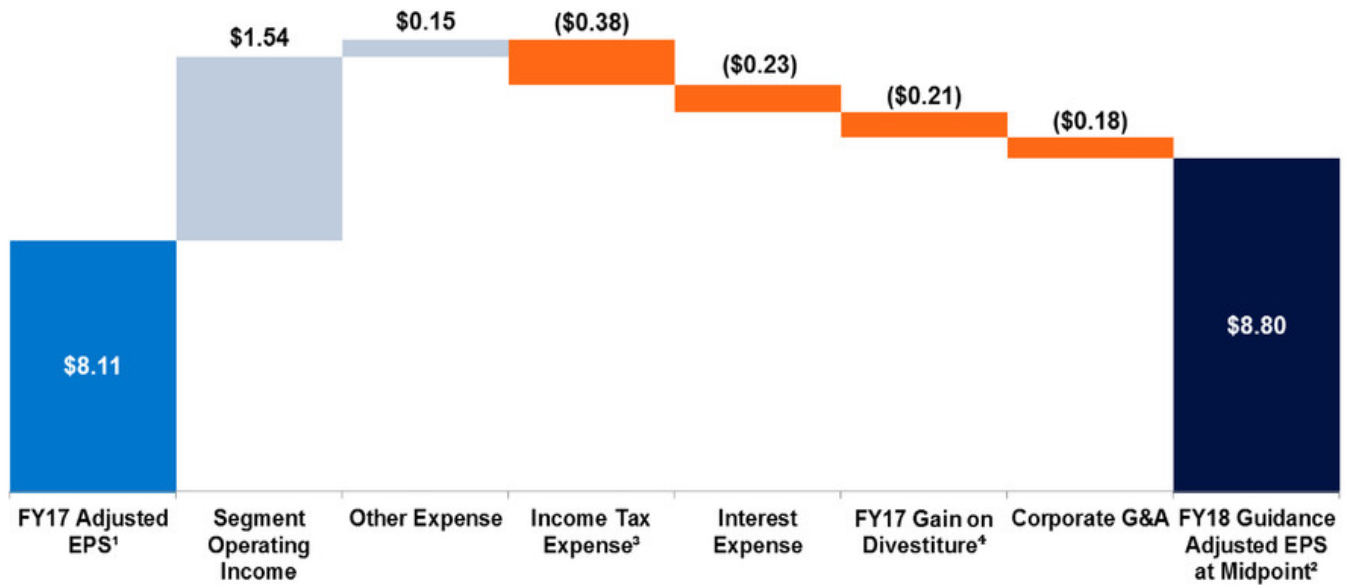
Earnings Per Share	As Reported	Adjusted
Range	\$7.88 - \$8.58	\$8.45 - \$9.15

Expected FY18 Adjusted Segment Operating Margins and Adjusted Earnings Per Share exclude Business Realignment Charges of \$58M and Clarcor Costs to Achieve of \$52M



# FY2018 Guidance

## FY18 Guidance vs FY17 Actual



<sup>1</sup>Adjusted for Business Realignment Charges and CLARCOR Acquisition Expense

<sup>2</sup>Adjusted for Business Realignment Charges and CLARCOR Costs to Achieve

<sup>3</sup>Projected FY18 Tax rate of 29% vs 26% Effective Tax Rate in FY17

<sup>4</sup>Gain on Autoline Divestiture



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# Appendix

- CLARCOR Impact on Financial Results
- Consolidated Statement of Income
- Adjusted Amounts Reconciliation
- Reconciliation of EPS
- Business Segment Information
- Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flows
- Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations
- Reconciliation of EPS
- Supplemental Sales Information – Global Technology Platforms



# CLARCOR Impact on Financial Results

## CLARCOR EPS Impact – FY2017

	Q3 Actual	Q4 Actual	FY17
Sales	\$136	\$351	\$487
Operating Income (As Reported)	\$(13)	\$(2)	\$(15)
Operating Income (Adjusted)*	\$13	\$30	\$43
Incremental Interest Expense	\$6	\$19	\$25
Incremental Pre-tax Income	\$7	\$11	\$18
EPS Accretion	\$.04	\$.06	\$.10
*Adjustments to Operating Income Acquisition Related Expenses	\$26	\$32	\$58

# Consolidated Statement of Income

(Dollars in thousands except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2017	2016	2017	2016
<b>Net sales</b>	\$ 3,496,238	\$ 2,957,150	\$ 12,029,312	\$ 11,360,753
Cost of sales	2,654,682	2,272,455	9,188,962	8,823,384
Gross profit	841,556	684,695	2,840,350	2,537,369
Selling, general and administrative expenses	402,352	338,572	1,453,935	1,359,360
Interest expense	52,787	32,715	162,436	136,517
Other (income), net	(14,194)	(22,798)	(104,662)	(73,236)
Income before income taxes	400,611	336,206	1,328,641	1,114,728
Income taxes	107,252	94,295	344,797	307,512
Net income	293,359	241,911	983,844	807,216
Less: Noncontrolling interests	54	115	432	376
<b>Net income attributable to common shareholders</b>	\$ 293,305	\$ 241,796	\$ 983,412	\$ 806,840
<b>Earnings per share attributable to common shareholders:</b>				
Basic earnings per share	\$ 2.20	\$ 1.80	\$ 7.37	\$ 5.96
Diluted earnings per share	\$ 2.15	\$ 1.77	\$ 7.25	\$ 5.89
Average shares outstanding during period - Basic	133,278,324	134,385,814	133,377,547	135,353,321
Average shares outstanding during period - Diluted	136,154,741	136,255,977	135,559,764	136,911,690
Cash dividends per common share	\$ .66	\$ .63	\$ 2.58	\$ 2.52

# Adjusted Amounts Reconciliation

## FOURTH QUARTER 2017 U.S. GAAP TO ADJUSTED AMOUNTS RECONCILIATION INCOME STATEMENT

	FOURTH QUARTER FY 2017			Adjusted Jun-17
	As Reported Jun-17	Business Realignment	Acquisition Expenses	
<b>Net sales</b>	3,496,238			<b>3,496,238</b>
Cost of sales	2,654,682	10,964		<b>2,643,718</b>
Gross profit	841,556	(10,964)	-	<b>852,520</b>
Selling, general and administrative expenses	402,352	9,689	36,303	<b>356,360</b>
Interest expense	52,787			<b>52,787</b>
Other expense (income), net	(14,194)	784		<b>(14,978)</b>
Income before income taxes	400,611	(21,437)	(36,303)	<b>458,351</b>
Income taxes	107,252	5,788	9,802	<b>122,842</b>
Net income	293,359	(15,649)	(26,501)	<b>335,509</b>
Less: Noncontrolling interests	54	-		<b>54</b>
<b>Net income attributable to common shareholders</b>	<b>293,305</b>	<b>(15,649)</b>	<b>(26,501)</b>	<b>335,455</b>
<b>EPS attributable to common shareholders:</b>				
Diluted earnings per share	2.15	(0.11)	(0.19)	<b>2.45</b>

## FOURTH QUARTER FY 2017 U.S. GAAP TO ADJUSTED AMOUNTS RECONCILIATION SEGMENTS

	FOURTH QUARTER FY 2017			Adjusted Jun-17
	As Reported Jun-17	Business Realignment	Acquisition Expenses	
<b>Segment Operating Income</b>				
Diversified Industrial:				
North America	261,509	10,127	32,182	<b>303,818</b>
International	161,499	10,648		<b>172,147</b>
Total Diversified Industrial	423,008	20,775	32,182	<b>475,965</b>
Aerospace Systems	111,732	(122)		<b>111,610</b>
Total segment operating income	534,740	20,653	32,182	<b>587,575</b>
Corporate administration	51,925	-		<b>51,925</b>
Income before interest expense and other	482,815	20,653	32,182	<b>535,650</b>
Interest expense	52,787			<b>52,787</b>
Other expense	29,417	784	4,121	<b>24,512</b>
Income before income taxes	400,611	21,437	36,303	<b>458,351</b>



# Reconciliation of EPS

(Unaudited)	Three Months Ended June 30,		Twelve Months Ended June 30,	
(Amounts in Dollars)	2017	2016	2017	2016
<b>Earnings per diluted share</b>	<b>\$ 2.15</b>	<b>\$ 1.77</b>	<b>\$ 7.25</b>	<b>\$ 5.89</b>
Adjustments:				
Business realignment charges	0.11	0.13	0.30	0.57
Acquisition-related expenses	0.19	-	0.56	-
<b>Adjusted earnings per diluted share</b>	<b>\$ 2.45</b>	<b>\$ 1.90</b>	<b>\$ 8.11</b>	<b>\$ 6.46</b>

# Business Segment Information

(Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2017	2016	2017	2016
<b>Net sales</b>				
Diversified Industrial:				
North America	\$ 1,665,483	\$ 1,260,203	\$ 5,366,809	\$ 4,955,211
International	1,227,999	1,094,585	4,377,776	4,145,272
Aerospace Systems	602,756	602,362	2,284,727	2,260,270
<b>Total</b>	<b>\$ 3,496,238</b>	<b>\$ 2,957,150</b>	<b>\$ 12,029,312</b>	<b>\$ 11,360,753</b>
<b>Segment operating income</b>				
Diversified Industrial:				
North America	\$ 261,509	\$ 221,158	\$ 873,552	\$ 789,667
International	161,499	118,634	579,207	448,457
Aerospace Systems	111,732	97,526	337,496	337,531
<b>Total segment operating income</b>	<b>534,740</b>	<b>437,318</b>	<b>1,790,255</b>	<b>1,575,655</b>
Corporate general and administrative expenses	51,925	46,620	172,632	173,203
<b>Income before interest and other expense</b>	<b>482,815</b>	<b>390,698</b>	<b>1,617,623</b>	<b>1,402,452</b>
Interest expense	52,787	32,715	162,436	136,517
Other expense	29,417	21,777	126,546	151,207
<b>Income before income taxes</b>	<b>\$ 400,611</b>	<b>\$ 336,206</b>	<b>\$ 1,328,641</b>	<b>\$ 1,114,728</b>

# Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin

(Unaudited)  
(Dollars in thousands)

	Three Months Ended June 30, 2017	Operating margin	Three Months Ended June 30, 2016	Operating margin
<b>Total segment operating income</b>	\$ 534,740	15.3%	\$ 437,318	14.8%
Adjustments:				
Business realignment charges	20,653		25,024	
Acquisition-related expenses	32,182		-	
<b>Adjusted total segment operating income</b>	<b>\$ 587,575</b>	<b>16.8%</b>	<b>\$ 462,342</b>	<b>15.6%</b>

# Consolidated Balance Sheet

(Dollars in thousands)	June 30, 2017	June 30, 2016
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 884,886	\$ 1,221,653
Marketable securities and other investments	39,318	882,342
Trade accounts receivable, net	1,930,751	1,593,920
Non-trade and notes receivable	254,987	232,183
Inventories	1,549,494	1,173,329
Prepaid expenses	120,282	104,360
<b>Total current assets</b>	<b>4,779,718</b>	<b>5,207,787</b>
Plant and equipment, net	1,937,292	1,568,100
Deferred income taxes	36,057	605,155
Goodwill	5,586,878	2,903,037
Intangible assets, net	2,307,484	922,571
Other assets	842,475	827,492
<b>Total assets</b>	<b>\$ 15,489,904</b>	<b>\$ 12,034,142</b>
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Notes payable	\$ 1,008,465	\$ 361,787
Accounts payable	1,300,496	1,034,589
Accrued liabilities	933,762	841,915
Accrued domestic and foreign taxes	153,137	127,597
<b>Total current liabilities</b>	<b>3,395,860</b>	<b>2,365,888</b>
Long-term debt	4,861,895	2,652,457
Pensions and other postretirement benefits	1,406,082	2,076,143
Deferred income taxes	221,790	54,395
Other liabilities	336,931	306,581
Shareholders' equity	5,261,649	4,575,255
Noncontrolling interests	5,697	3,423
<b>Total liabilities and equity</b>	<b>\$ 15,489,904</b>	<b>\$ 12,034,142</b>





# Consolidated Statement of Cash Flows

(Unaudited) Twelve Months Ended June 30,  
(Dollars in thousands) 2017 2016

<b>Cash flows from operating activities:</b>		
Net income	\$ 983,844	\$ 807,216
Depreciation and amortization	355,229	306,843
Stock incentive plan compensation	80,339	71,293
(Gain) on sale of business	(41,285)	(10,666)
Loss on disposal of assets	1,494	414
(Gain) on sale of marketable securities	(1,032)	(723)
Net change in receivables, inventories, and trade payables	5,741	85,414
Net change in other assets and liabilities	(126,943)	(6,077)
Other, net	45,084	(42,936)
<b>Net cash provided by operating activities</b>	<b>1,302,471</b>	<b>1,210,778</b>
<b>Cash flows from investing activities:</b>		
Acquisitions (net of cash of \$157,426 in 2017 and \$3,814 in 2016)	(4,069,197)	(67,552)
Capital expenditures	(203,748)	(149,407)
Proceeds from sale of plant and equipment	14,648	18,821
Proceeds from sale of business	85,610	24,325
Purchases of marketable securities and other investments	(465,666)	(1,351,464)
Maturities and sales of marketable securities and other investments	1,279,318	1,300,633
Other, net	(6,113)	(39,995)
<b>Net cash (used in) investing activities</b>	<b>(3,365,148)</b>	<b>(264,639)</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(335,876)	(587,239)
Net proceeds from debt	2,463,884	85,843
Dividends	(345,380)	(341,962)
<b>Net cash provided by (used in) financing activities</b>	<b>1,782,628</b>	<b>(843,358)</b>
Effect of exchange rate changes on cash	(56,718)	(61,712)
Net (decrease) increase in cash and cash equivalents	(336,767)	41,069
Cash and cash equivalents at beginning of period	1,221,653	1,180,584
<b>Cash and cash equivalents at end of period</b>	<b>\$ 884,886</b>	<b>\$ 1,221,653</b>



# Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations

(Unaudited)

(Dollars in thousands)

	Twelve Months Ended June 30, 2017	Percent of sales	Twelve Months Ended June 30, 2016	Percent of sales
<b>As reported cash flow from operations</b>	\$ 1,302,471	10.8%	\$ 1,210,778	10.7%
Discretionary pension contribution	220,000		200,000	
<b>Adjusted cash flow from operations</b>	<b>\$ 1,522,471</b>	<b>12.7%</b>	<b>\$ 1,410,778</b>	<b>12.4%</b>

# Reconciliation of Free Cash Flow Conversion

(Unaudited)	
(Dollars in thousands)	
	<b>Twelve Months Ended June 30, 2017</b>
<b>Net income</b>	<b>\$ 983,844</b>
Cash flow from operations	1,302,471
Capital expenditures	(203,748)
Discretionary pension contribution	220,000
<b>Free cash flow</b>	<b>\$ 1,318,723</b>
<b>Free cash flow conversion (free cash flow/net income)</b>	<b>134%</b>

# Reconciliation of EPS

## Fiscal Year 2018 Guidance

(Unaudited)  
(Amounts in dollars)

	Fiscal Year 2018
<b>Forecasted earnings per diluted share</b>	<b>\$7.88 to \$8.58</b>
Adjustments:	
Business realignment charges	.30
Clarcor costs to achieve	.27
<b>Adjusted forecasted earnings per diluted share</b>	<b>\$8.45 to \$9.15</b>

# Supplemental Sales Information

## Global Technology Platforms

(Unaudited)

(Dollars in thousands)

	Three Months Ending				Fiscal Year-to-Date			
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
<b>Net sales</b>								
Diversified Industrial:								
Motion Systems	\$ 741,650	\$ 754,772	\$ 856,388	\$ 906,158	\$ 741,650	\$ 1,496,422	\$ 2,352,810	\$ 3,258,968
Flow and Process Control	824,314	783,864	905,667	953,529	824,314	1,608,178	2,513,845	3,467,374
Filtration and Engineered Materials	615,930	588,385	780,133	1,033,795	615,930	1,204,315	1,984,448	3,018,243
Aerospace Systems	561,237	543,783	576,951	602,756	561,237	1,105,020	1,681,971	2,284,727
<b>Total</b>	<b>\$ 2,743,131</b>	<b>\$ 2,670,804</b>	<b>\$ 3,119,139</b>	<b>\$ 3,496,238</b>	<b>\$ 2,743,131</b>	<b>\$ 5,413,935</b>	<b>\$ 8,533,074</b>	<b>\$ 12,029,312</b>

