

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): November 2, 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 November 2, 2017, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended September 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 November 2, 2017.](#)

99.2 [Webcast presentation by Parker-Hannifin Corporation, dated November 2, 2017.](#)

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: November 2, 2017



Exhibit 99.1

For Release: Immediately

Contact: Media -
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Stock symbol: PH - NYSE

Parker Reports Fiscal 2018 First Quarter Results

- *Sales increased 23% to a first quarter record of \$3.36 billion, organic sales increased 7%*
- *Total Parker order rates increased 11%*
- *Operational improvements deliver total segment operating margins of 15.6%, or 16.0% adjusted*
- *EPS increased 36% to a Q1 record of \$2.10, or an increase of 40% to \$2.24, on an adjusted basis*
- *Company increases fiscal 2018 full year guidance*

CLEVELAND, November 2, 2017 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2018 first quarter ended September 30, 2017. Fiscal 2018 first quarter sales increased 23% to \$3.36 billion compared with \$2.74 billion in the prior year quarter. Net income increased 36% to \$285.5 million compared with \$210.2 million in the prior year quarter. Fiscal 2018 first quarter earnings per share increased 36% to \$2.10, compared with \$1.55 in the fiscal 2017 first quarter. During the quarter, the company recognized a lower effective tax rate compared with the first quarter of fiscal 2017, due primarily to tax benefits related to stock option activity, resulting in a favorable impact to earnings of \$0.12 per share. Earnings per share increased 40% to \$2.24 when adjusted for business realignment expenses, CLARCOR costs to achieve and a loss related to the sale of an investment, compared with earnings per share of \$1.61 in the prior year quarter, which was adjusted for business realignment expenses. Fiscal year to date, net cash provided by operating activities was \$239.0 million or 7.1% of sales, compared with \$113.9 million or 4.2% of sales in the prior year period. Operating cash to sales was 12.2% in the prior year period excluding discretionary pension contributions.

"This was a strong quarter reflecting growth greater than industrial production and margin expansion demonstrating the benefits of the new Win Strategy™," said Chairman and Chief Executive Officer, Tom

Williams. "This solid start to the year reinforces our projection of record sales and earnings for the full year."

First Quarter Fiscal 2018 Segment Results

Diversified Industrial Segment: North American first quarter sales increased 37% to \$1.6 billion, and operating income increased 28% to \$256.0 million compared with \$200.6 million in the same period a year ago. International first quarter sales increased 22% to \$1.2 billion, and operating income increased 40% to \$191.8 million compared with \$137.2 million in the same period a year ago.

Aerospace Systems Segment: First quarter sales were \$531.2 million, compared with \$561.2 million in the prior year period, and operating income increased 6% to \$77.4 million compared with \$73.3 million in the same period a year ago.

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

- Orders increased 11% for total
Parker
- Orders increased 10% in the Diversified Industrial North America businesses
- Orders increased 15% in the Diversified Industrial International businesses
- Orders increased 4% in the Aerospace Systems Segment on a rolling 12-month average basis

Outlook

For the fiscal year ending June 30, 2018, the company has increased guidance for earnings from continuing operations to the range of \$8.45 to \$9.05 per share, or \$9.10 to \$9.70 per share on an adjusted basis. Fiscal year 2018 guidance is adjusted on a pre-tax basis for the reported loss on investment of approximately \$14 million, expected business realignment expenses of approximately \$58 million and CLARCOR costs to achieve of approximately \$52 million.

Williams added, "Through the combination of our sales growth, a lower cost structure, integration of CLARCOR, and the ongoing execution of the new Win Strategy™ initiatives, we expect to generate our best year ever in fiscal 2018."

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal 2018 first quarter 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. 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 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 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, CLARCOR costs to achieve and a loss related to the sale of an investment; (b) the effect of business realignment charges, CLARCOR costs to achieve and a loss related to the sale of an investment on forecasted earnings from continuing operations per share; (c) and cash flows from operations without the effect of discretionary pension contributions. The effects of business realignment charges, CLARCOR costs to achieve, loss related to sale of investment 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.

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 with 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

(Unaudited)	Three Months Ended September 30,	
	2017	2016
(Dollars in thousands except per share amounts)		
Net sales	\$ 3,364,651	\$ 2,743,131
Cost of sales	2,532,878	2,106,006
Selling, general and administrative expenses	401,672	322,969
Interest expense	53,555	34,148
Other expense (income), net	2,244	(12,237)
Income before income taxes	374,302	292,245
Income taxes	88,767	82,007
Net income	285,535	210,238
Less: Noncontrolling interests	138	109
Net income attributable to common shareholders	\$ 285,397	\$ 210,129

Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 2.14	\$ 1.57
Diluted earnings per share	\$ 2.10	\$ 1.55
Average shares outstanding during period - Basic	133,176,964	133,679,378
Average shares outstanding during period - Diluted	135,794,270	135,825,658
Cash dividends per common share	\$ 0.66	\$ 0.63

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

(Unaudited)	Three Months Ended September 30,	
	2017	2016
Earnings per diluted share	\$ 2.10	\$ 1.55
Adjustments:		
Loss on sale of investment	0.07	—
Business realignment charges	0.04	0.06
Clarcor costs to achieve	0.03	—
Adjusted earnings per diluted share	\$ 2.24	\$ 1.61

BUSINESS SEGMENT INFORMATION

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2017	2016
Net sales		
Diversified Industrial:		
North America	\$ 1,594,691	\$ 1,166,971
International	1,238,774	1,014,923
Aerospace Systems	531,186	561,237
Total net sales	\$ 3,364,651	\$ 2,743,131
Segment operating income		
Diversified Industrial:		
North America	\$ 256,027	\$ 200,611
International	191,791	137,196
Aerospace Systems	77,434	73,281
Total segment operating income	525,252	411,088
Corporate general and administrative expenses	41,350	31,034
Income before interest expense and other expense	483,902	380,054
Interest expense	53,555	34,148
Other expense	56,045	53,661
Income before income taxes	\$ 374,302	\$ 292,245

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

(Unaudited)	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016	
		Operating margin		Operating margin
Total segment operating income	\$ 525,252	15.6%	\$ 411,088	15.0%
Adjustments:				
Business realignment charges	8,226		10,745	
Clarcor costs to achieve	5,800		—	
Adjusted total segment operating income	\$ 539,278	16.0%	\$ 421,833	15.4%

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2017

CONSOLIDATED BALANCE SHEET

(Unaudited)	September 30,		June 30,	September 30,		
(Dollars in thousands)	2017		2017	2016		
Assets						
Current assets:						
Cash and cash equivalents	\$	874,766	\$	884,886	\$	1,393,850
Marketable securities and other investments		99,792		39,318		746,708
Trade accounts receivable, net		1,922,288		1,930,751		1,498,384
Non-trade and notes receivable		266,421		254,987		250,520
Inventories		1,707,001		1,549,494		1,247,972
Prepaid expenses		134,350		120,282		144,444
Total current assets		5,004,618		4,779,718		5,281,878
Plant and equipment, net		1,962,846		1,937,292		1,562,933
Deferred income taxes		35,194		36,057		495,708
Goodwill		5,679,239		5,586,878		2,910,765
Intangible assets, net		2,215,297		2,307,484		901,939
Other assets		834,085		842,475		817,691
Total assets	\$	15,731,279	\$	15,489,904	\$	11,970,914
Liabilities and equity						
Current liabilities:						
Notes payable	\$	1,144,054	\$	1,008,465	\$	595,956
Accounts payable		1,304,260		1,300,496		1,017,905
Accrued liabilities		845,524		933,762		766,849
Accrued domestic and foreign taxes		173,286		153,137		113,528
Total current liabilities		3,467,124		3,395,860		2,494,238
Long-term debt		4,788,147		4,861,895		2,653,008
Pensions and other postretirement benefits		1,391,820		1,406,082		1,806,366
Deferred income taxes		212,334		221,790		55,079
Other liabilities		341,195		336,931		311,634
Shareholders' equity		5,524,940		5,261,649		4,647,281
Noncontrolling interests		5,719		5,697		3,308
Total liabilities and equity	\$	15,731,279	\$	15,489,904	\$	11,970,914

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2017	2016
Cash flows from operating activities:		
Net income	\$ 285,535	\$ 210,238
Depreciation and amortization	116,107	75,333
Stock incentive plan compensation	43,211	35,818
(Gain) on disposal of assets	(256)	(681)
(Gain) on sale of marketable securities	—	(167)
Loss on sale of investment	13,777	—
Net change in receivables, inventories, and trade payables	(129,061)	59,690
Net change in other assets and liabilities	(104,163)	(361,999)
Other, net	13,814	95,700
Net cash provided by operating activities	238,964	113,932
Cash flows from investing activities:		
Acquisitions (net of cash of \$1,760 in 2016)	—	(29,927)
Capital expenditures	(79,336)	(32,526)
Proceeds from sale of plant and equipment	12,448	4,498
Purchases of marketable securities and other investments	(70,253)	(189,654)
Maturities and sales of marketable securities and other investments	12,499	291,372
Other, net	6,365	1,450
Net cash (used in) provided by investing activities	(118,277)	45,213
Cash flows from financing activities:		
Net payments for common stock activity	(76,915)	(131,738)
Net proceeds from debt	29,606	231,948
Dividends	(88,104)	(84,749)
Net cash (used in) provided by financing activities	(135,413)	15,461
Effect of exchange rate changes on cash	4,606	(2,409)
Net (decrease) increase in cash and cash equivalents	(10,120)	172,197
Cash and cash equivalents at beginning of period	884,886	1,221,653
Cash and cash equivalents at end of period	\$ 874,766	\$ 1,393,850

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2017

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

(Unaudited)	Three Months Ended	
	September 30, 2017	Percent of Sales
As reported cash flow from operations	\$ 238,964	7.1%
Discretionary pension contribution	—	
Adjusted cash flow from operations	\$ 238,964	7.1%

	Three Months Ended	
	September 30, 2016	Percent of Sales
As reported cash flow from operations	\$ 113,932	4.2%
Discretionary pension contribution	220,000	
Adjusted cash flow from operations	\$ 333,932	12.2%

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

(Unaudited)

(Amounts in dollars)

	Fiscal Year 2018
Forecasted earnings per diluted share	\$8.45 to \$9.05
Adjustments:	
Business realignment charges	0.31
Clarcor costs to achieve	0.27
Loss on sale of investment	0.07
Adjusted forecasted earnings per diluted share	\$9.10 to \$9.70

Parker Hannifin Corporation

Exhibit 99.2

1st Quarter Fiscal Year 2018 Earnings Release



PH
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NYSE

ENGINEERING YOUR SUCCESS.

November 2, 2017

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 organic sales, which are 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) as reported and forecast segment operating income and operating margins reported in accordance with U.S. GAAP to as reported and forecast segment operating income and operating margins without the effect of business realignment charges 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 a loss related to the sale of an investment, and (e) as reported and forecast earnings per diluted share reported in accordance with U.S. GAAP to as reported and forecast earnings per diluted share without the effect of business realignment charges, CLARCOR costs to achieve and a loss related to the sale of an investment. This presentation also contains references to EBITDA and adjusted EBITDA. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before business realignment charges, CLARCOR costs to achieve, and a loss related to the sale of an investment. Although EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with GAAP, we believe that it is useful to an investor in evaluating the results of this quarter versus one year ago. The effects of acquisitions, currency exchange rates, discretionary pension plan contributions, business realignment charges, CLARCOR costs to achieve and a loss related to the sale of an investment 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, CLARCOR costs to achieve and a loss related to the sale of an investment.

Agenda

- **Chairman & CEO Comments**

- **Results & Outlook**

- **Questions & Answers**

Chairman and CEO Comments

Summary

- Broad based increase in orders
- Growth greater than industrial production growth
- Win Strategy generating improvements in growth and margins
- Started FY18 well - Expect a record year ahead

Great Start to Fiscal Year - Q1 FY 2018

- Safety - 24% Reduction in recordable injuries
- Sales a first quarter record up 23% - organic growth above 7%
- Order rates increased at double digits – highest since Q4 FY11
- Segment operating margins continued improvement
- EPS - first quarter record, + 36% as reported, +40% adjusted

Going Forward

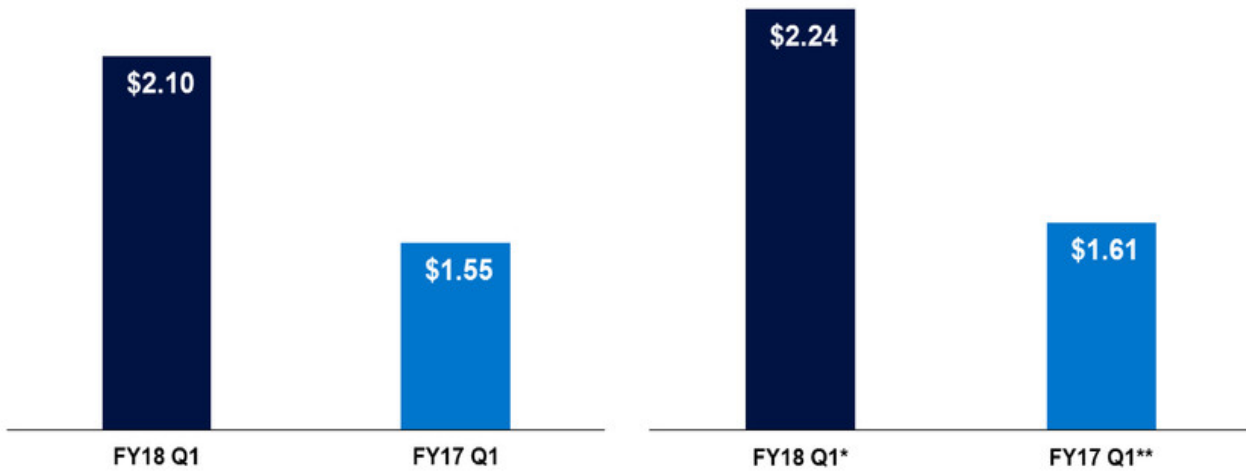
- Increased adjusted EPS Guide by 60 cents – record year in FY18
- Continue Driving Win Strategy

Diluted Earnings Per Share

1st Quarter FY2018

As Reported EPS

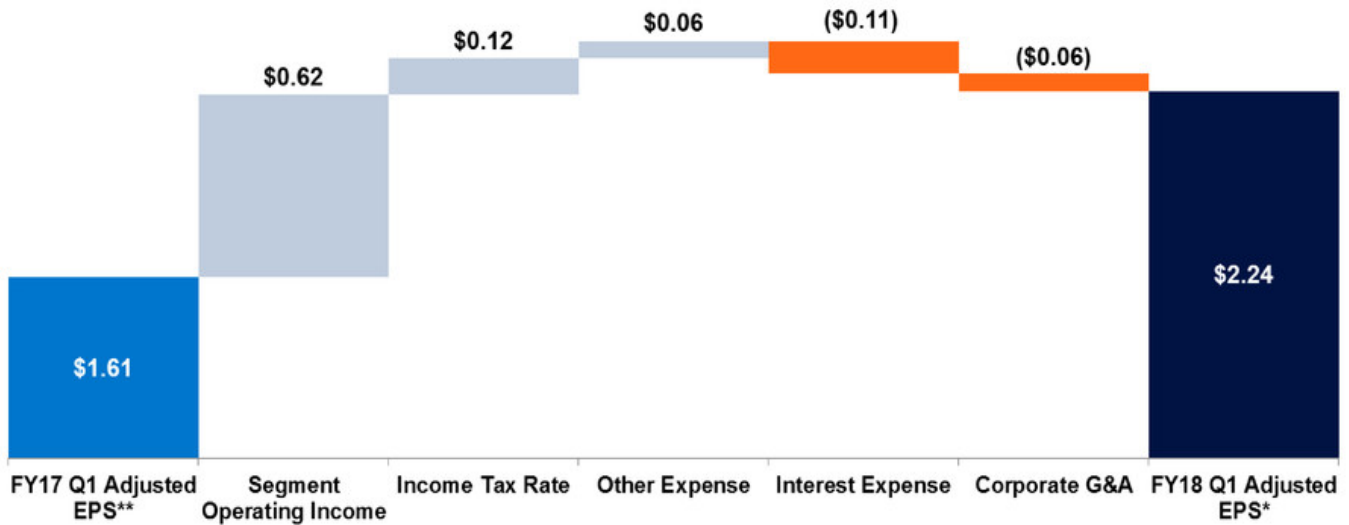
Adjusted EPS



*Adjusted for Business Realignment Charges, Clarcor Costs to Achieve, Loss Related to Sale of Investment
** Adjusted for Business Realignment Charges

Influences on Adjusted Earnings Per Share

1st Quarter FY2018 vs. 1st Quarter FY2017



*Adjusted for Business Realignment Charges, Clarcor Costs to Achieve, Loss related to sale of investment
 ** Adjusted for Business Realignment Charges

Sales & Segment Operating Margin

Total Parker

\$ in millions	1st Quarter		
	FY2018	% Change	FY2017
Sales			
As Reported	\$3,365	22.7 %	\$2,743
Acquisitions	382	13.9 %	
Currency	38	1.4 %	
Organic Sales	\$2,945	7.4 %	

	FY2018	% of Sales	FY2017	% of Sales
Segment Operating Margin				
As Reported	\$ 525	15.6 %	\$ 411	15.0 %
Business Realignment	8		11	
CLARCOR Costs to Achieve	6			
Adjusted	\$ 539	16.0 %	\$ 422	15.4 %

Sales & Segment Operating Margin

Diversified Industrial North America

\$ in millions	1st Quarter				
	FY2018	Change	FY2017	% of Sales	% of Sales
Sales					
As Reported	\$1,595	36.7 %	\$1,167		
Acquisitions	308	26.4 %			
Currency	7	0.6 %			
Organic Sales	\$1,280	9.7 %			
Segment Operating Margin					
As Reported	\$ 256	16.1 %	\$ 201	17.2 %	
Business Realignment	5		4		
CLARCOR Costs to Achieve	5				
Adjusted	\$ 266	16.7 %	\$ 205	17.5 %	

Sales & Segment Operating Margin

Diversified Industrial International

\$ in millions	1st Quarter			
	FY2018	% Change	FY2017	
Sales				
As Reported	\$ 1,239	22.0 %	\$ 1,015	
Acquisitions	74	7.3 %		
Currency	30	3.0 %		
Organic Sales	\$ 1,135	11.7 %		
	FY2018	% of Sales	FY2017	% of Sales
Segment Operating Margin				
As Reported	\$ 192	15.5 %	\$ 137	13.5 %
Business Realignment	3		7	
CLARCOR Costs to Achieve	0			
Adjusted	\$ 195	15.7 %	\$ 144	14.2 %

Sales & Segment Operating Margin

Aerospace Systems

\$ in millions	1st Quarter			
	FY2018	% Change	FY2017	
<u>Sales</u>				
As Reported	\$ 531	(5.4)%	\$ 561	
Acquisitions	-	- %		
Currency	1	0.1 %		
Organic Sales	\$ 530	(5.5)%		
	<u>FY2018</u>	<u>% of Sales</u>	<u>FY2017</u>	<u>% of Sales</u>
<u>Segment Operating Margin</u>				
As Reported	\$ 77	14.6 %	\$ 73	13.1 %
Business Realignment	1			
Adjusted	\$ 78	14.7 %	\$ 73	13.1 %

Order Rates

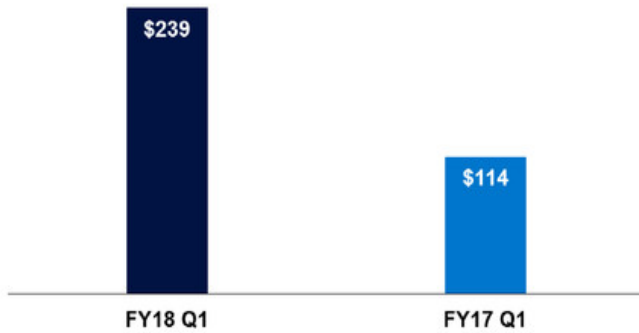
	<u>Sep 2017</u>	<u>Jun 2017</u>	<u>Sep 2016</u>	<u>Jun 2016</u>
Total Parker	+ 11 %	+ 8 %	+ 2 %	- 1 %
Diversified Industrial North America	+ 10 %	+ 10 %	- 4 %	- 10 %
Diversified Industrial International	+ 15 %	+ 10 %	+ 3 %	+ 3 %
Aerospace Systems	+ 4 %	+ 1 %	+ 14 %	+ 14 %

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

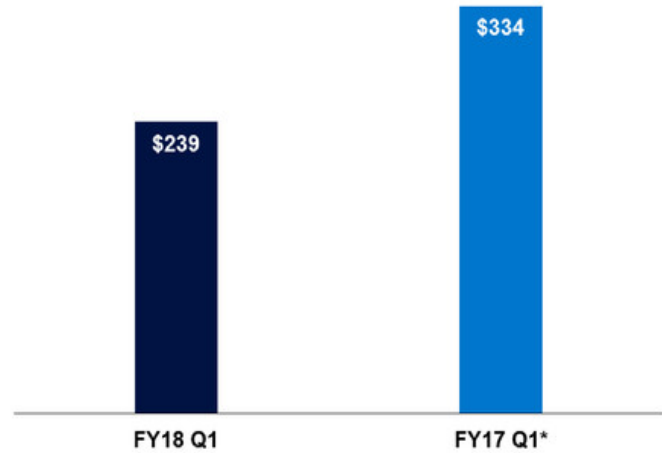
Cash Flow from Operating Activities

FY2018 Q1

As Reported Cash Flow



Adjusted Cash Flow



*Adjusted for Discretionary Pension Plan Contribution

As Reported Cash Flow From Operating Activities
 Discretionary Pension Plan Contribution
 Adjusted Cash Flow From Operating Activities

1st Quarter

FY 2018	% of Sales	FY 2017	% of Sales
\$ 239	7.1%	\$ 114	4.2%
\$ 239	7.1%	\$ 220	
		\$ 334	12.2%

FY2018 Guidance

EPS Midpoint: \$8.75 As Reported, \$9.40 Adjusted

Sales Growth vs. Prior Year	
Diversified Industrial North America	19.4% - 23.4%
Diversified Industrial International	14.9% - 18.9%
Aerospace Systems	0.3% - 2.3%
Total Parker	14.2% - 17.8%

Segment Operating Margins	As Reported	Adjusted*
Diversified Industrial North America	16.2% - 16.6%	17.0% - 17.4%
Diversified Industrial International	14.1% - 14.5%	15.2% - 15.6%
Aerospace Systems	15.4% - 15.8%	15.5% - 15.9%
Total Parker	15.3% - 15.7%	16.1% - 16.5%

Below the Line Items		
Corporate General & Administrative Expense, Interest and Other	\$513 M	\$499 M

Tax Rate	
Full Year	28%

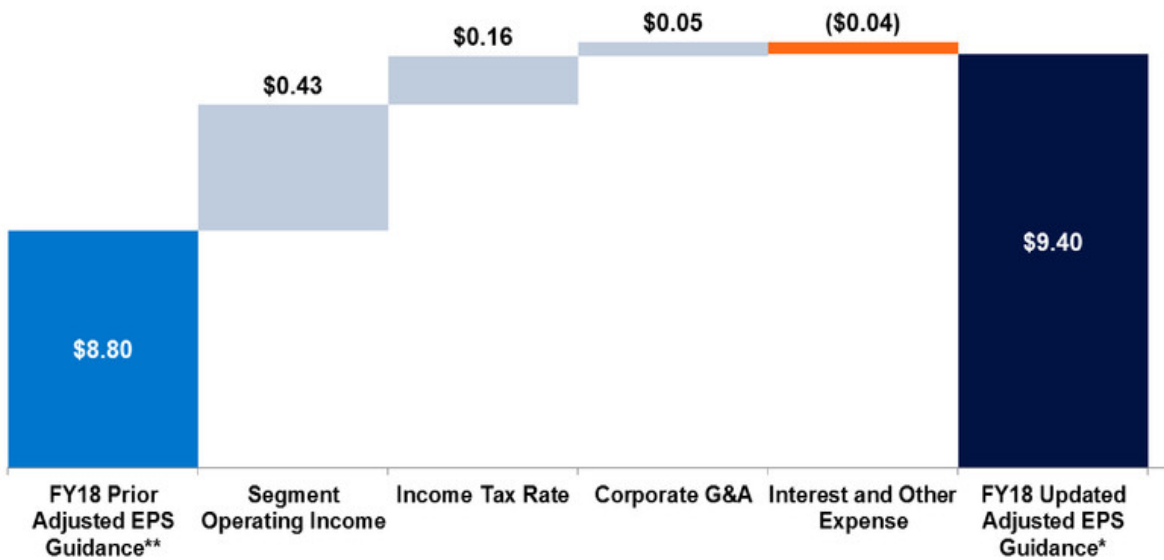
Shares	
Diluted Shares Outstanding	135.6 M

Earnings Per Share	As Reported	Adjusted**
Range	\$8.45 - \$9.05	\$9.10 - \$9.70

*Expected FY18 Adjusted Segment Operating Margins exclude FY18 Business Realignment Charges, Clarcor Costs to Achieve
 **Expected FY18 Adjusted Earnings Per Share excludes FY18 Business Realignment Charges, Clarcor Costs to Achieve, Loss Related to Sale of an Investment

FY2018 Guidance

Reconciliation to Prior Guidance



*Adjusted for Business Realignment Charges, Clarcor Costs to Achieve, Loss related to sale of investment
 **Adjusted for Business Realignment Charges, Clarcor Costs to Achieve



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Appendix

- 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
- Reconciliation of EBITDA to Adjusted EBITDA
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flows
- Reconciliation of Forecasted EPS
- Supplemental Sales Information – Global Technology Platforms

Consolidated Statement of Income

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands except per share amounts)	2017	2016
Net sales	\$ 3,364,651	\$ 2,743,131
Cost of sales	2,532,878	2,106,006
Selling, general and administrative expenses	401,672	322,969
Interest expense	53,555	34,148
Other expense (income), net	2,244	(12,237)
Income before income taxes	374,302	292,245
Income taxes	88,767	82,007
Net income	285,535	210,238
Less: Noncontrolling interests	138	109
Net income attributable to common shareholders	\$ 285,397	\$ 210,129
Earnings per share attributable to common shareholders:		
Basic earnings per share	\$ 2.14	\$ 1.57
Diluted earnings per share	\$ 2.10	\$ 1.55
Average shares outstanding during period - Basic	133,176,964	133,679,378
Average shares outstanding during period - Diluted	135,794,270	135,825,658
Cash dividends per common share	\$.66	\$.63

Adjusted Amounts Reconciliation

FIRST QUARTER 2018 U.S. GAAP TO ADJUSTED AMOUNTS RECONCILIATION INCOME STATEMENT

	FIRST QUARTER FY 2018				
	As Reported Sep-17	Business Realignment	Costs to Achieve	Loss Related to Sale of Investment	Adjusted Sep-17
Net sales	3,364,651				3,364,651
Cost of sales	2,532,878	5,320	3,376		2,524,182
Gross profit	831,773	(5,320)	(3,376)		840,469
Selling, general and administrative expenses	401,672	2,906	2,424		396,342
Interest expense	53,555				53,555
Other expense (income), net	2,244			13,777	(11,533)
Income before income taxes	374,302	(8,226)	(5,800)	(13,777)	402,105
Income taxes	88,767	2,443	1,723	4,092	97,025
Net income	285,535	(5,783)	(4,077)	(9,685)	305,080
Less: Noncontrolling interests	138				138
Net income attributable to common shareholders	285,397	(5,783)	(4,077)	(9,685)	304,942
EPS attributable to common shareholders:					
Diluted earnings per share	2.10	(0.04)	(0.03)	(0.07)	2.24

FIRST QUARTER FY 2018 U.S. GAAP TO ADJUSTED AMOUNTS RECONCILIATION SEGMENTS

	FIRST QUARTER FY 2018				
	As Reported Sep-17	Business Realignment	Costs to Achieve	Loss Related to Sale of Investment	Adjusted Sep-17
Segment Operating Income					
Industrial:					
North America	256,027	4,587	5,506		266,120
International	191,791	2,876	294		194,961
Aerospace	77,434	763			78,197
Total segment operating income	525,252	(8,226)	(5,800)		539,278
Corporate administration	41,350				41,350
Income before interest expense and other	483,902	(8,226)	(5,800)		497,928
Interest expense	53,555				53,555
Other expense	56,045			13,777	42,268
Income before income taxes	374,302	(8,226)	(5,800)	(13,777)	402,105

Reconciliation of EPS

(Unaudited)			
(Amounts in dollars)		Three Months Ended September 30,	
		2017	2016
Earnings per diluted share	\$	2.10	\$ 1.55
Adjustments:			
Loss on sale of investment		0.07	-
Business realignment charges		0.04	0.06
Clarcor costs to achieve		0.03	-
Adjusted earnings per diluted share	\$	2.24	\$ 1.61

Business Segment Information

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2017	2016
Net sales		
Diversified Industrial:		
North America	\$ 1,594,691	\$ 1,166,971
International	1,238,774	1,014,923
Aerospace Systems	531,186	561,237
Total	\$ 3,364,651	\$ 2,743,131
Segment operating income		
Diversified Industrial:		
North America	\$ 256,027	\$ 200,611
International	191,791	137,196
Aerospace Systems	77,434	73,281
Total segment operating income	525,252	411,088
Corporate general and administrative expenses	41,350	31,034
Income before interest and other expense	483,902	380,054
Interest expense	53,555	34,148
Other expense	56,045	53,661
Income before income taxes	\$ 374,302	\$ 292,245

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

(Unaudited)
(Dollars in thousands)

	Three Months Ended September 30, 2017	<u>Operating margin</u>	Three Months Ended September 30, 2016	<u>Operating margin</u>
Total segment operating income	\$ 525,252	15.6%	\$ 411,088	15.0%
Adjustments:				
Business realignment charges	8,226		10,745	
Clarcor costs to achieve	5,800		-	
Adjusted total segment operating income	\$ 539,278	16.0%	\$ 421,833	15.4%

Reconciliation of EBITDA to Adjusted EBITDA

(Dollars in thousands)
(Unaudited)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
Net sales	\$ 3,364,651	\$ 2,743,131
Earnings before income taxes	\$ 374,302	\$ 292,245
Depreciation and amortization	116,107	75,333
Interest expense	53,555	34,148
EBITDA	543,964	401,726
Loss on sale of investment	13,777	-
Business realignment charges	8,226	10,745
Clarcor costs to achieve	5,800	-
Adjusted EBITDA	\$ 571,767	\$ 412,471
Adjusted EBITDA margin	17.0%	15.0%

Consolidated Balance Sheet

(Unaudited)	September 30,	June 30,	September 30,
(Dollars in thousands)	2017	2017	2016
Assets			
Current assets:			
Cash and cash equivalents	\$ 874,766	\$ 884,886	\$ 1,393,850
Marketable securities and other investments	99,792	39,318	746,708
Trade accounts receivable, net	1,922,288	1,930,751	1,498,384
Non-trade and notes receivable	266,421	254,987	250,520
Inventories	1,707,001	1,549,494	1,247,972
Prepaid expenses	134,350	120,282	144,444
Total current assets	5,004,618	4,779,718	5,281,878
Plant and equipment, net	1,962,846	1,937,292	1,562,933
Deferred income taxes	35,194	36,057	495,708
Goodwill	5,679,239	5,586,878	2,910,765
Intangible assets, net	2,215,297	2,307,484	901,939
Other assets	834,085	842,475	817,691
Total assets	\$ 15,731,279	\$ 15,489,904	\$ 11,970,914
Liabilities and equity			
Current liabilities:			
Notes payable	\$ 1,144,054	\$ 1,008,465	\$ 595,956
Accounts payable	1,304,260	1,300,496	1,017,905
Accrued liabilities	845,524	933,762	766,849
Accrued domestic and foreign taxes	173,286	153,137	113,528
Total current liabilities	3,467,124	3,395,860	2,494,238
Long-term debt	4,788,147	4,861,895	2,653,008
Pensions and other postretirement benefits	1,391,820	1,406,082	1,806,366
Deferred income taxes	212,334	221,790	55,079
Other liabilities	341,195	336,931	311,634
Shareholders' equity	5,524,940	5,261,649	4,647,281
Noncontrolling interests	5,719	5,697	3,308
Total liabilities and equity	\$ 15,731,279	\$ 15,489,904	\$ 11,970,914

Consolidated Statement of Cash Flows

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2017	2016
Cash flows from operating activities:		
Net income	\$ 285,535	\$ 210,238
Depreciation and amortization	116,107	75,333
Stock incentive plan compensation	43,211	35,818
(Gain) on disposal of assets	(256)	(681)
(Gain) on sale of marketable securities	-	(167)
Loss on sale of investment	13,777	-
Net change in receivables, inventories, and trade payables	(129,061)	59,690
Net change in other assets and liabilities	(104,163)	(361,999)
Other, net	13,814	95,700
Net cash provided by operating activities	238,964	113,932
Cash flows from investing activities:		
Acquisitions (net of cash of \$1,760 in 2016)	-	(29,927)
Capital expenditures	(79,336)	(32,526)
Proceeds from sale of plant and equipment	12,448	4,498
Purchases of marketable securities and other investments	(70,253)	(189,654)
Maturities and sales of marketable securities and other investments	12,499	291,372
Other, net	6,365	1,450
Net cash (used in) provided by investing activities	(118,277)	45,213
Cash flows from financing activities:		
Net payments for common stock activity	(76,915)	(131,738)
Net proceeds from debt	29,606	231,948
Dividends	(88,104)	(84,749)
Net cash (used in) provided by financing activities	(135,413)	15,461
Effect of exchange rate changes on cash	4,606	(2,409)
Net (decrease) increase in cash and cash equivalents	(10,120)	172,197
Cash and cash equivalents at beginning of period	884,886	1,221,653
Cash and cash equivalents at end of period	\$ 874,766	\$ 1,393,850

Reconciliation of Forecasted EPS

(Unaudited)
(Amounts in dollars)

	Fiscal Year 2018
Forecasted earnings per diluted share	<u>\$8.45 to \$9.05</u>
Adjustments:	
Business realignment charges	.31
Clarcor costs to achieve	.27
Loss on sale of investment	.07
Adjusted forecasted earnings per diluted share	<u>\$9.10 to \$9.70</u>

Supplemental Sales Information

Global Technology Platforms

(Unaudited)

(Dollars in thousands)

	Three Months Ending				Fiscal Year-to-Date			
	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018
Net sales								
Diversified Industrial:								
Motion Systems	\$ 809,747		\$ -	\$ -	\$ 809,747			
Flow and Process Control	995,347		-	-	995,347			
Filtration and Engineered Materials	1,028,371		-	-	1,028,371			
Aerospace Systems	531,186		-	-	531,186			
Total	\$ 3,364,651	\$ -	\$ -	\$ -	\$ 3,364,651	\$ -	\$ -	\$ -

