

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): April 26, 2018

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 April 26, 2018, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended March 31, 2018. 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 April 26, 2018.](#)

[99.2 Webcast presentation by Parker-Hannifin Corporation, dated April 26, 2018.](#)

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: April 26, 2018



Exhibit 99.1

For Release: Immediately

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Stock symbol: PH - NYSE

Parker Reports Fiscal 2018 Third Quarter Results

- *Record third quarter sales increased 20% to \$3.75 billion*
- *Organic sales increased 8%, order rates increased 11%*
- *Segment operating margins were 15.8% as reported, or 16.3% adjusted*
- *EBITDA margins increased 280 basis points to 17.1% as reported, or 17.6% adjusted*
- *EPS were a record at \$2.70 as reported, or \$2.80 adjusted*
- *Fiscal 2018 full year earnings guidance increased*

CLEVELAND, April 26, 2018 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2018 third quarter ended March 31, 2018. Fiscal 2018 third quarter sales increased 20% to a record \$3.75 billion compared with \$3.12 billion in the prior year quarter. Net income increased to a record \$366.1 million compared with \$238.8 million in the third quarter of fiscal 2017. Fiscal 2018 third quarter earnings per share were also a record at \$2.70, compared with \$1.75 in the prior year quarter. Adjusted for business realignment expenses and CLARCOR costs to achieve, earnings per share were \$2.80, an increase of 33% compared with \$2.11 in the prior year quarter. Cash flow from operations for the first nine months of fiscal 2018 was \$904.8 million or 8.6% of sales, compared with \$789.3 million or 9.2% of sales in the prior year period, or 11.8% excluding a discretionary pension contribution in fiscal 2017. A reconciliation of earnings per share to adjusted earnings per share and cash flows from operations to cash flows from operations excluding a discretionary pension contribution is included in the financial tables of this press release.

"We achieved record performance this quarter, supported by broad-based demand improvement across our key end markets and regions," said Chairman and Chief Executive Officer, Tom Williams. "Organic sales increased 8% growing faster than the overall market and positive order trends continued as orders

grew 11%. Segment operating margin performance was strong and adjusted EDITDA margins increased 120 basis points to 17.6%. Industrial North America incremental margins were impacted by higher sales volume, which required us to run consolidating plants for longer than expected. Our productivity metrics for these plants improved as the quarter progressed and we expect steady improvement in Industrial North America incremental margins as plant closures continue during the rest of calendar year 2018. Overall, we are very pleased with the progress we are making.”

Segment Results

Diversified Industrial Segment: North American third quarter sales increased 25% to \$1.8 billion, and operating income increased 23% to \$280.7 million compared with \$227.4 million in the same period a year ago. International third quarter sales increased 23% to \$1.4 billion, and operating income increased 34% to \$205.3 million compared with \$153.0 million in the same period a year ago.

Aerospace Systems Segment: Third quarter sales increased 4% to \$598.4 million, and operating income increased 33% to \$106.7 million compared with \$80.0 million in the same period a year ago.

Parker reported the following orders for the quarter ending March 31, 2018, compared with the same quarter a year ago:

- Orders increased 11% for total
Parker
- Orders increased 11% in the Diversified Industrial North America businesses
- Orders increased 8% in the Diversified Industrial International businesses
- Orders increased 17% 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 \$7.76 to \$7.96 per share, or \$9.95 to \$10.15 per share on an adjusted basis.

Fiscal 2018 earnings are adjusted for expected business realignment expenses of approximately \$50 million and CLARCOR costs to achieve of approximately \$45 million, while savings remain as previously forecasted. A reconciliation of forecasted earnings per share to adjusted forecasted earnings per share is included in the financial tables of this press release.

Williams added, “We expect record performance in fiscal year 2018 that will serve as a solid foundation for us to achieve new five year targets that include 19% total segment operating margins and a greater than 10% compound annual growth rate in adjusted earnings per share by fiscal year 2023.”

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal 2018 third 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. A replay of the webcast will be accessible on Parker's investor relations website, www.phstock.com, approximately one hour after the completion of the call, and will remain available for one year. To register for e-mail notification of future events and information available from Parker please visit www.phstock.com.

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 62 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, U.S. Tax Reform adjustments, the gain on sale and writedown of assets, net, and acquisition-related expenses; (b) the effect of business realignment charges, CLARCOR costs to achieve, U.S. Tax Reform adjustments, the gain on sale and writedown of assets, net, and acquisition-related expenses on forecasted earnings from continuing operations per share; (c) and cash flows from operations without the effect of a discretionary pension contribution. The effects of business realignment charges, CLARCOR costs to achieve, U.S. Tax Reform adjustments, the gain on sale and writedown of assets, net, acquisition-related expenses and discretionary pension contribution 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. This press release 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, U.S. Tax Reform adjustments, the gain on sale and writedown of assets, net, gain on sale of a product line and acquisition-related expenses. 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.

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 the 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. Additionally, the actual impact of the U.S. Tax Cuts and Jobs Act may affect future performance and earnings projections as the amounts reflected in this period are preliminary estimates and exact amounts will not be determined until a later date, and there may be other judicial or regulatory interpretations of the U.S. Tax Cuts and Jobs Act that may also affect these estimates and the actual impact on the company. 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

(Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
(Dollars in thousands except per share amounts)	2018	2017	2018	2017
Net sales	\$ 3,749,591	\$ 3,119,139	\$ 10,484,915	\$ 8,533,074
Cost of sales	2,825,008	2,383,790	7,926,956	6,534,280
Selling, general and administrative expenses	420,595	392,036	1,234,729	1,051,583
Interest expense	54,145	42,057	160,833	109,649
Other (income), net	(19,984)	(13,807)	(41,953)	(90,468)
Income before income taxes	469,827	315,063	1,204,350	928,030
Income taxes	103,697	76,216	496,363	237,545
Net income	366,130	238,847	707,987	690,485
Less: Noncontrolling interests	141	174	442	378
Net income attributable to common shareholders	\$ 365,989	\$ 238,673	\$ 707,545	\$ 690,107

Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 2.75	\$ 1.79	\$ 5.32	\$ 5.17
Diluted earnings per share	\$ 2.70	\$ 1.75	\$ 5.22	\$ 5.09
Average shares outstanding during period - Basic	133,032,431	133,232,378	133,107,321	133,410,622
Average shares outstanding during period - Diluted	135,768,280	136,102,974	135,661,385	135,527,195
Cash dividends per common share	\$ 0.66	\$ 0.66	\$ 1.98	\$ 1.92

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

(Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
(Amounts in dollars)	2018	2017	2018	2017
Earnings per diluted share	\$ 2.70	\$ 1.75	\$ 5.22	\$ 5.09
Adjustments:				
Business realignment charges	0.04	0.09	0.16	0.19
Clarcor costs to achieve	0.06	—	0.16	—
Gain on sale and writedown of assets, net	—	—	0.02	—
U.S. Tax Reform one-time impact, net	—	—	1.65	—
Acquisition-related expenses	—	0.27	—	0.36
Adjusted earnings per diluted share	\$ 2.80	\$ 2.11	\$ 7.21	\$ 5.64

RECONCILIATION OF EBITDA TO ADJUSTED EBITDA

(Unaudited)	Three Months Ended March 31,	
(Dollars in thousands)	2018	2017
Net sales	\$ 3,749,591	\$ 3,119,139
Earnings before income taxes	\$ 469,827	\$ 315,063
Depreciation and amortization	117,100	87,458
Interest expense	54,145	42,057
EBITDA	641,072	444,578
Adjustments:		
Business realignment charges	6,822	16,318
Clarcor costs to achieve	10,636	—
Acquisition-related expenses	—	50,880
Adjusted EBITDA	\$ 658,530	\$ 511,776
EBITDA margin	17.1%	14.3%
Adjusted EBITDA margin	17.6%	16.4%

BUSINESS SEGMENT INFORMATION

(Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
(Dollars in thousands)	2018	2017	2018	2017
Net sales				
Diversified Industrial:				
North America	\$ 1,761,845	\$ 1,413,302	\$ 4,921,952	\$ 3,701,326
International	1,389,332	1,128,886	3,883,675	3,149,777
Aerospace Systems	598,414	576,951	1,679,288	1,681,971
Total net sales	\$ 3,749,591	\$ 3,119,139	\$ 10,484,915	\$ 8,533,074
Segment operating income				
Diversified Industrial:				
North America	\$ 280,694	\$ 227,419	\$ 762,528	\$ 612,043
International	205,251	152,995	561,848	417,708
Aerospace Systems	106,653	79,967	271,235	225,764
Total segment operating income	592,598	460,381	1,595,611	1,255,515
Corporate general and administrative expenses	54,138	45,747	142,430	120,707
Income before interest expense and other expense	538,460	414,634	1,453,181	1,134,808
Interest expense	54,145	42,057	160,833	109,649
Other expense	14,488	57,514	87,998	97,129
Income before income taxes	\$ 469,827	\$ 315,063	\$ 1,204,350	\$ 928,030

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

(Unaudited)	Three Months Ended		Three Months Ended	
(Dollars in thousands)	March 31, 2018		March 31, 2017	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 592,598	15.8%	\$ 460,381	14.8%
Adjustments:				
Business realignment charges	6,822		16,318	
Clarcor costs to achieve	10,636		26,226	
Adjusted total segment operating income	\$ 610,056	16.3%	\$ 502,925	16.1%
	Nine Months Ended		Nine Months Ended	
	March 31, 2018		March 31, 2017	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 1,595,611	15.2%	\$ 1,255,515	14.7%
Adjustments:				
Business realignment charges	28,476		34,960	
Clarcor costs to achieve	28,384		26,226	
Adjusted total segment operating income	\$ 1,652,471	15.8%	\$ 1,316,701	15.4%

PARKER HANNIFIN CORPORATION - MARCH 31, 2018

CONSOLIDATED BALANCE SHEET

(Unaudited)	March 31,		June 30,		March 31,	
(Dollars in thousands)	2018		2017		2017	
Assets						
Current assets:						
Cash and cash equivalents	\$	1,089,529	\$	884,886	\$	819,563
Marketable securities and other investments		101,206		39,318		36,758
Trade accounts receivable, net		2,146,408		1,930,751		1,869,303
Non-trade and notes receivable		328,111		254,987		235,924
Inventories		1,732,759		1,549,494		1,538,644
Prepaid expenses		165,083		120,282		118,962
Total current assets		5,563,096		4,779,718		4,619,154
Plant and equipment, net		1,941,799		1,937,292		1,945,739
Deferred income taxes		36,935		36,057		65,152
Goodwill		5,746,358		5,586,878		5,508,712
Intangible assets, net		2,134,659		2,307,484		2,338,364
Other assets		814,637		842,475		848,212
Total assets	\$	16,237,484	\$	15,489,904	\$	15,325,333
Liabilities and equity						
Current liabilities:						
Notes payable	\$	1,055,527	\$	1,008,465	\$	776,159
Accounts payable		1,376,457		1,300,496		1,209,351
Accrued liabilities		896,604		933,762		904,297
Accrued domestic and foreign taxes		179,929		153,137		158,634
Total current liabilities		3,508,517		3,395,860		3,048,441
Long-term debt		4,818,570		4,861,895		5,255,156
Pensions and other postretirement benefits		1,351,106		1,406,082		1,787,311
Deferred income taxes		113,799		221,790		159,666
Other liabilities		569,209		336,931		327,033
Shareholders' equity		5,870,353		5,261,649		4,742,139
Noncontrolling interests		5,930		5,697		5,587
Total liabilities and equity	\$	16,237,484	\$	15,489,904	\$	15,325,333

PARKER HANNIFIN CORPORATION - MARCH 31, 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)	Nine Months Ended March 31,	
(Dollars in thousands)	2018	2017
Cash flows from operating activities:		
Net income	\$ 707,987	\$ 690,485
Depreciation and amortization	351,316	236,543
Stock incentive plan compensation	89,571	60,916
(Gain) on sale of business	—	(42,994)
(Gain) loss on disposal of assets	(26,767)	513
(Gain) on sale of marketable securities	(1)	(1,032)
Loss on sale and impairment of investments	33,759	—
Net change in receivables, inventories, and trade payables	(329,428)	(35,469)
Net change in other assets and liabilities	150,876	(169,403)
Other, net	(72,488)	49,734
Net cash provided by operating activities	904,825	789,293
Cash flows from investing activities:		
Acquisitions (net of cash of \$157,426 in 2017)	—	(4,067,755)
Capital expenditures	(194,307)	(145,236)
Proceeds from sale of plant and equipment	64,203	8,452
Proceeds from sale of business	—	85,610
Purchases of marketable securities and other investments	(78,488)	(451,561)
Maturities and sales of marketable securities and other investments	20,260	1,264,721
Other, net	5,350	(2,590)
Net cash (used in) investing activities	(182,982)	(3,308,359)
Cash flows from financing activities:		
Net payments for common stock activity	(199,361)	(262,248)
Net (payments for) proceeds from debt	(71,835)	2,687,761
Dividends	(264,332)	(257,161)
Net cash (used in) provided by financing activities	(535,528)	2,168,352
Effect of exchange rate changes on cash	18,328	(51,376)
Net increase (decrease) in cash and cash equivalents	204,643	(402,090)
Cash and cash equivalents at beginning of period	884,886	1,221,653
Cash and cash equivalents at end of period	\$ 1,089,529	\$ 819,563

PARKER HANNIFIN CORPORATION - MARCH 31, 2018

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

(Unaudited)	Nine Months Ended	
(Dollars in thousands)	March 31, 2018	Percent of Sales
As reported cash flow from operations	\$ 904,825	8.6 %
Discretionary pension contribution	—	
Adjusted cash flow from operations	\$ 904,825	8.6 %

	Nine Months Ended	
	March 31, 2017	Percent of Sales
As reported cash flow from operations	\$ 789,293	9.2 %
Discretionary pension contribution	220,000	
Adjusted cash flow from operations	\$ 1,009,293	11.8 %

PARKER HANNIFIN CORPORATION - MARCH 31, 2018**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	\$7.76 to \$7.96
Adjustments:	
Business realignment charges	0.27
Clarcor costs to achieve	0.25
Gain on sale and writedown of assets, net	0.02
U.S. Tax Reform one-time impact, net	1.65
Adjusted forecasted earnings per diluted share	\$9.95 to \$10.15

Parker Hannifin Corporation

Exhibit 99.2

3rd Quarter Fiscal Year 2018 Earnings Release



PH

LISTED

NYSE

ENGINEERING YOUR SUCCESS.

April 26, 2018

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 the 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. Additionally, the actual impact of the U.S. Tax Cuts and Jobs Act may affect future performance and earnings projections as the amounts reflected in this period are preliminary estimates and exact amounts will not be determined until a later date, and there may be other judicial or regulatory interpretations of the U.S. Tax Cuts and Jobs Act that may also affect these estimates and the actual impact on the company. 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 CLARCOR costs to achieve and acquisition-related expenses, (d) Below the Line Items reported in accordance with U.S. GAAP to Below the Line Items without the effect of the gain on sale and write-down of assets, net, and (e) Income tax in accordance with U.S. GAAP to Income tax without the effect of U.S. Tax Reform one-time impact, net (f) 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, gain on sale and write-down of assets, net and U.S. Tax Reform one-time impact, net. 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 acquisition-related expenses. 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, acquisition-related expenses, gain on sale and write-down of assets, net and U.S. Tax Reform one-time impact, net 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, Income Tax 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, a gain on sale and write-down of assets, net and U.S. Tax Reform one-time impact, net.

Agenda

- **Highlights of Quarter Results**

- **Results & Outlook**

- **Questions & Answers**

Highlights of Quarter Results

Third Quarter Results

- Safety - 25% reduction in recordable injuries
- All-time records for sales, net income, net income ROS and reported EPS
- Sales increased 20% (8% organic), order rates increased 11%
- Segment operating margin 15.8% as reported (Q3 record), 16.3% adjusted
- EBITDA margins up 280 bps to 17.1%, 17.6% adjusted
- Adjusted EPS increase 33% to \$2.80

Cash and Capital Deployment

- 15% quarterly dividend increase
- Gross Debt/EBITDA 2.6X (trailing 12 month basis)

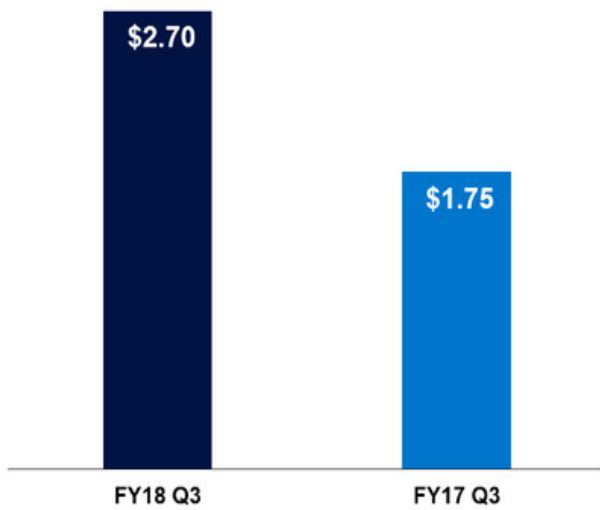
Going Forward

- Clarcor integration going well, increased synergies
- Increased EPS outlook
- Positive momentum, increased 5 year targets

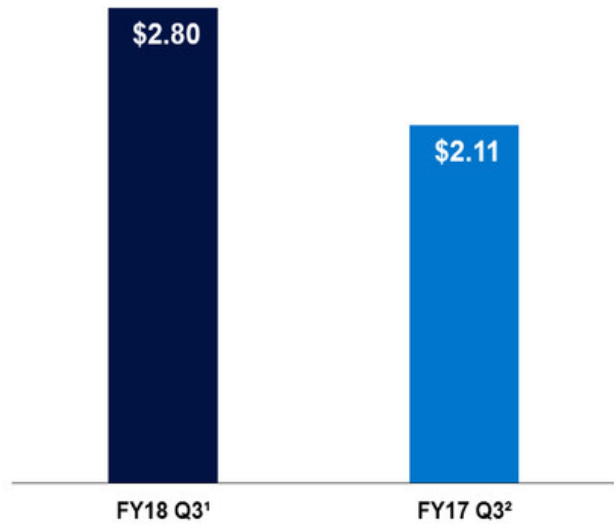
Diluted Earnings Per Share

3rd Quarter FY2018

As Reported EPS



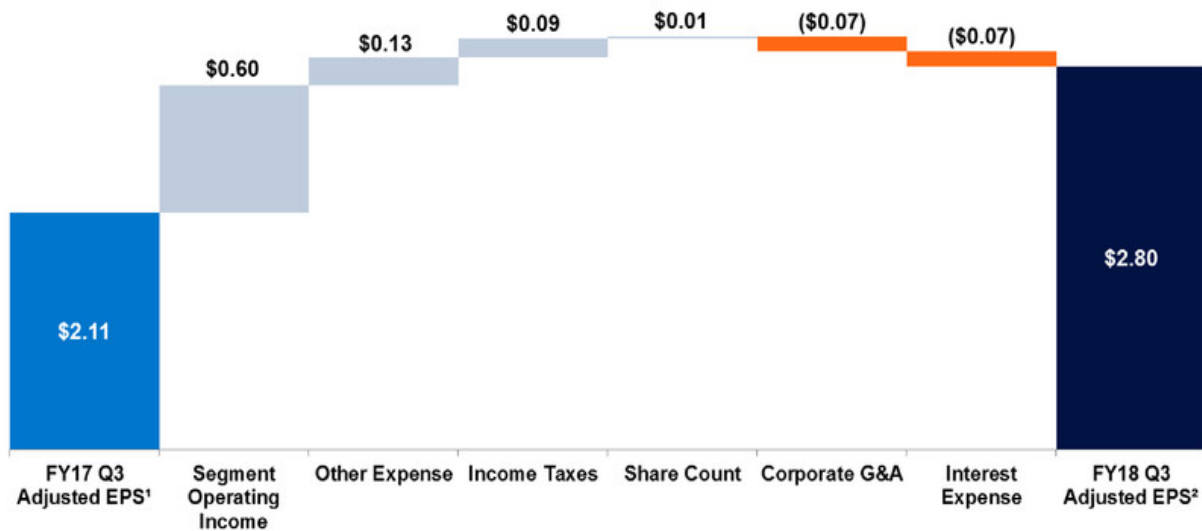
Adjusted EPS



¹Adjusted for Business Realignment Charges, Clarcor Costs to Achieve
²Adjusted for Business Realignment Charges, Acquisition-related expenses

Influences on Adjusted Earnings Per Share

3rd Quarter FY2018 vs. 3rd Quarter FY2017



¹Adjusted for Business Realignment Charges, Acquisition-related expenses

²Adjusted for Business Realignment Charges, Clarcor Costs to Achieve

Sales & Segment Operating Margin

Total Parker

\$ in millions	3rd Quarter			
	FY2018	% Change	FY2017	
Sales				
As Reported	\$3,750	20.2 %	\$3,119	
Acquisitions	233	7.5 %		
Currency	136	4.3 %		
Organic Sales	\$3,381	8.4 %		
Segment Operating Margin				
As Reported	\$ 593	15.8 %	\$ 460	14.8 %
Business Realignment	7		17	
CLARCOR Costs to Achieve	10			
Acquisition-Related Expenses			26	
Adjusted	\$ 610	16.3 %	\$ 503	16.1 %

Sales & Segment Operating Margin

Diversified Industrial North America

\$ in millions	3rd Quarter		
	FY2018	% Change	FY2017
Sales			
As Reported	\$ 1,762	24.7 %	\$ 1,413
Acquisitions	195	13.8 %	
Currency	7	0.5 %	
Organic Sales	\$ 1,560	10.4 %	

	FY2018	% of Sales	FY2017	% of Sales
Segment Operating Margin				
As Reported	\$ 281	15.9 %	\$ 227	16.1 %
Business Realignment	0		4	
CLARCOR Costs to Achieve	8			
Acquisition-Related Expenses			27	
Adjusted	\$ 289	16.4 %	\$ 258	18.2 %

Sales & Segment Operating Margin

Diversified Industrial International

\$ in millions	3rd Quarter			
	FY2018	% Change	FY2017	
Sales				
As Reported	\$ 1,389	23.1 %	\$ 1,129	
Acquisitions	38	3.3 %		
Currency	127	11.2 %		
Organic Sales	\$ 1,224	8.6 %		
	FY2018	% of Sales	FY2017	% of Sales
Segment Operating Margin				
As Reported	\$ 205	14.8 %	\$ 153	13.6 %
Business Realignment	5		11	
CLARCOR Costs to Achieve	2			
Adjusted	\$ 212	15.3 %	\$ 164	14.5 %

Sales & Segment Operating Margin

Aerospace Systems

\$ in millions	3rd Quarter		
	FY2018	% Change	FY2017
Sales			
As Reported	\$ 598	3.7 %	\$ 577
Acquisitions	-	- %	
Currency	2	0.4 %	
Organic Sales	\$ 596	3.4 %	

	FY2018	% of Sales	FY2017	% of Sales
Segment Operating Margin				
As Reported	\$ 106	17.8 %	\$ 80	13.9 %
Business Realignment	2		2	
Adjusted	\$ 108	18.1 %	\$ 82	14.2 %

Order Rates

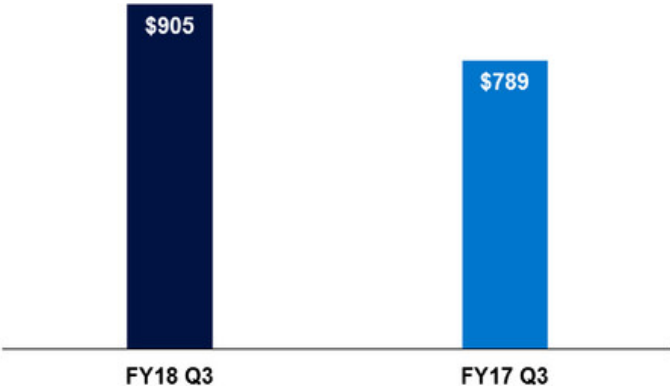
	<u>Mar 2018</u>	<u>Dec 2017</u>	<u>Mar 2017</u>	<u>Dec 2016</u>
Total Parker	+ 11 %	+ 13 %	+ 8 %	+ 5 %
Diversified Industrial North America	+ 11 %	+ 15 %	+ 9 %	0 %
Diversified Industrial International	+ 8 %	+ 13 %	+ 13 %	+ 10 %
Aerospace Systems	+ 17 %	+ 8 %	0 %	+ 9 %

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

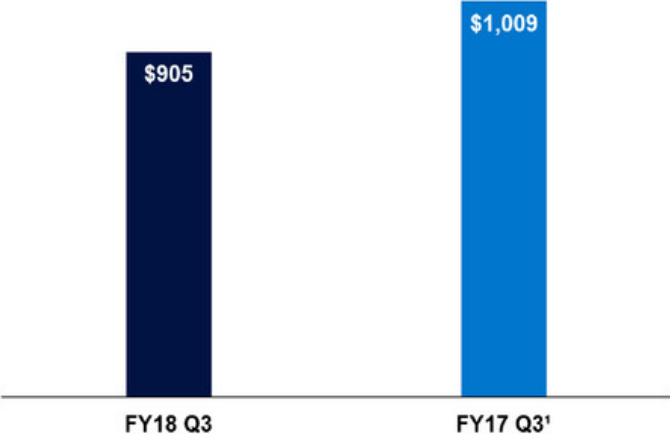
Cash Flow from Operating Activities

FY2018 Q3 YTD

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

3rd Quarter			
FY 2018	% of Sales	FY 2017	% of Sales
\$ 905	8.6%	\$ 789	9.2%
\$ 905	8.6%	\$ 1,009	11.8%



FY2018 Guidance

EPS Midpoint: \$7.86 As Reported, \$10.05 Adjusted

Sales Growth vs. Prior Year	
Diversified Industrial North America	23.9% - 25.9%
Diversified Industrial International	19.3% - 21.3%
Aerospace Systems	0.2% - 2.2%
Total Parker	17.7% - 19.7%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial North America	15.9% - 16.1%	16.6% - 16.8%
Diversified Industrial International	14.2% - 14.4%	15.1% - 15.3%
Aerospace Systems	16.4% - 16.6%	16.5% - 16.7%
Total Parker	15.4% - 15.6%	16.0% - 16.2%

Below the Line Items	As Reported	Adjusted ²
Corporate General & Administrative Expense, Interest and Other	\$516	\$511

Tax Rate	As Reported	Adjusted ³
Full Year	37%	24%

Shares	
Diluted Shares Outstanding	135.9 M

Earnings Per Share	As Reported	Adjusted ⁴
Range	\$7.76 - \$7.96	\$9.95 - \$10.15

¹Expected FY18 Adjusted Segment Operating Margins exclude FY18 Business Realignment Charges, Clarcor Costs to Achieve

²Expected FY18 Adjusted Below the Line Items exclude the Gain on Sale and Write-down of Assets, net

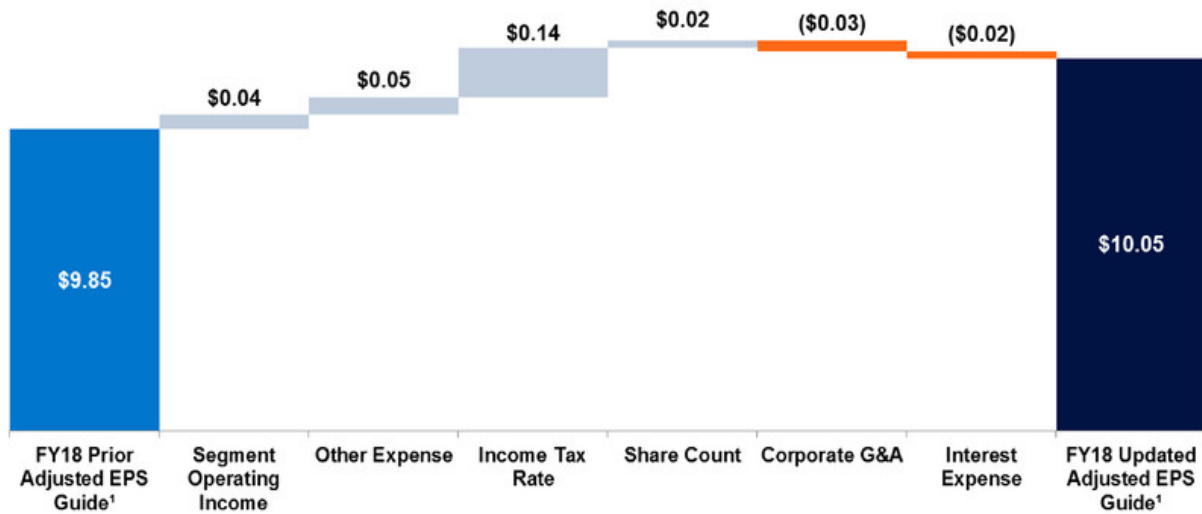
³Expected FY18 Tax Rate excludes U.S. Tax Reform one-time impact, net

⁴Expected FY18 Adjusted Earnings Per Share excludes FY18 Business Realignment Charges, Clarcor Costs to Achieve, the Gain on Sale and Write-down of Assets and U.S. Tax Reform one-time impact, net



FY2018 Guidance

Reconciliation to Prior Guidance



¹Adjusted for Business Realignment Charges, Clarcor Costs to Achieve, U.S. Tax Reform one-time impact, net and the Gain on Sale and Write-down of Assets, net

Key Takeaways

- Broad-based improvement in demand across geographies
- Win Strategy initiatives generating improvements in growth and margins
- Increasing earnings guidance – on track for record year
- Bright future ahead – new 5-year targets would put Parker in top quartile of peer performance



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NYSE



Appendix

- Consolidated Statement of Income
- Adjusted Amounts Reconciliation
- Reconciliation of Earnings Per Share
- Business Segment Information
- Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin
- Reconciliation of EBITDA and Adjusted EBITDA
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flows
- Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations
- Reconciliation of Forecasted EPS
- Supplemental Sales Information – Global Technology Platforms



Consolidated Statement of Income

(Unaudited) (Dollars in thousands except per share amounts)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2018	2017	2018	2017
Net sales	\$ 3,749,591	\$ 3,119,139	\$ 10,484,915	\$ 8,533,074
Cost of sales	2,825,008	2,383,790	7,926,956	6,534,280
Selling, general and administrative expenses	420,595	392,036	1,234,729	1,051,583
Interest expense	54,145	42,057	160,833	109,649
Other (income), net	(19,984)	(13,807)	(41,953)	(90,468)
Income before income taxes	469,827	315,063	1,204,350	928,030
Income taxes	103,697	76,216	496,363	237,545
Net income	366,130	238,847	707,987	690,485
Less: Noncontrolling interests	141	174	442	378
Net income attributable to common shareholders	\$ 365,989	\$ 238,673	\$ 707,545	\$ 690,107
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 2.75	\$ 1.79	\$ 5.32	\$ 5.17
Diluted earnings per share	\$ 2.70	\$ 1.75	\$ 5.22	\$ 5.09
Average shares outstanding during period - Basic	133,032,431	133,232,378	133,107,321	133,410,622
Average shares outstanding during period - Diluted	135,768,280	136,102,974	135,661,385	135,527,195
Cash dividends per common share	\$.66	\$.66	\$ 1.98	\$ 1.92

Adjusted Amounts Reconciliation

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

(Amounts in thousands, except per share amounts)
(Unaudited)

	THIRD QUARTER FY 2018			
	As Reported Mar-18	Business Realignment	Costs to Achieve	Adjusted Mar-18
Net sales	\$ 3,749,591	\$ -	\$ -	\$ 3,749,591
Cost of sales	2,825,008	4,121	5,390	2,815,497
Selling, general and administrative expenses	420,595	2,701	5,022	412,872
Interest expense	54,145			54,145
Other (income), net	(19,984)		224	(20,208)
Income before income taxes	469,827	(6,822)	(10,636)	487,285
Income taxes	103,697	1,774	2,765	108,236
Net income	366,130	(5,048)	(7,871)	379,049
Less: Noncontrolling interests	141			141
Net income attributable to common shareholders	\$ 365,989	\$ (5,048)	\$ (7,871)	\$ 378,908
EPS attributable to common shareholders:				
Diluted earnings per share	\$ 2.70	\$ (0.04)	\$ (0.06)	\$ 2.80

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

(Amounts in thousands, except per share amounts)
(Unaudited)

	THIRD QUARTER FY 2018			
	As Reported Mar-18	Business Realignment	Costs to Achieve	Adjusted Mar-18
Segment Operating Income				
Industrial:				
North America	\$ 280,694	\$ 358	\$ 8,060	\$ 289,112
International	205,251	4,649	2,576	212,476
Aerospace	106,653	1,815		108,468
Total segment operating income	592,598	(6,822)	(10,636)	610,056
Corporate administration	54,138			54,138
Income before interest expense and other	538,460	(6,822)	(10,636)	555,918
Interest expense	54,145			54,145
Other expense	14,488			14,488
Income before income taxes	\$ 469,827	\$ (6,822)	\$ (10,636)	\$ 487,285

Reconciliation of Earnings Per Share

(Unaudited) (Amounts in dollars)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2018	2017	2018	2017
Earnings per diluted share	\$ 2.70	\$ 1.75	\$ 5.22	\$ 5.09
Adjustments:				
Business realignment charges	0.04	0.09	0.16	0.19
Clarcor costs to achieve	0.06	-	0.16	-
Gain on sale and writedown of assets, net	-	-	0.02	-
U.S. Tax Reform one-time impact, net	-	-	1.65	-
Acquisition-related expenses	-	0.27	-	0.36
Adjusted earnings per diluted share	\$ 2.80	\$ 2.11	\$ 7.21	\$ 5.64

Business Segment Information

(Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
(Dollars in thousands)	2018	2017	2018	2017
Net sales				
Diversified Industrial:				
North America	\$ 1,761,845	\$ 1,413,302	\$ 4,921,952	\$ 3,701,326
International	1,389,332	1,128,886	3,883,675	3,149,777
Aerospace Systems	598,414	576,951	1,679,288	1,681,971
Total	\$ 3,749,591	\$ 3,119,139	\$ 10,484,915	\$ 8,533,074
Segment operating income				
Diversified Industrial:				
North America	\$ 280,694	\$ 227,419	\$ 762,528	\$ 612,043
International	205,251	152,995	561,848	417,708
Aerospace Systems	106,653	79,967	271,235	225,764
Total segment operating income	592,598	460,381	1,595,611	1,255,515
Corporate general and administrative expenses	54,138	45,747	142,430	120,707
Income before interest and other expense	538,460	414,634	1,453,181	1,134,808
Interest expense	54,145	42,057	160,833	109,649
Other expense	14,488	57,514	87,998	97,129
Income before income taxes	\$ 469,827	\$ 315,063	\$ 1,204,350	\$ 928,030

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

(Unaudited)

(Dollars in thousands)	Three months ended March 31, 2018		Three months ended March 31, 2017	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 592,598	15.8%	\$ 460,381	14.8%
Adjustments:				
Business realignment charges	6,822		16,318	
Clarcor costs to achieve	10,636		26,226	
Adjusted total segment operating income	\$ 610,056	16.3%	\$ 502,925	16.1%

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

(Unaudited)

(Dollars in thousands)	Nine months ended March 31, 2018		Nine months ended March 31, 2017	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 1,595,611	15.2%	\$ 1,255,515	14.7%
Adjustments:				
Business realignment charges	28,476		34,960	
Clarcor costs to achieve	28,384		26,226	
Adjusted total segment operating income	\$ 1,652,471	15.8%	\$ 1,316,701	15.4%

Reconciliation of EBITDA and Adjusted EBITDA

(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Net sales	\$ 3,749,591	\$ 3,119,139
Earnings before income taxes	\$ 469,827	\$ 315,063
Depreciation and amortization	117,100	87,458
Interest expense	54,145	42,057
EBITDA	641,072	444,578
Adjustments:		
Business realignment charges	6,822	16,318
Clarcor costs to achieve	10,636	-
Acquisition-related expenses	-	50,880
Adjusted EBITDA	\$ 658,530	\$ 511,776
EBITDA margin	17.1%	14.3%
Adjusted EBITDA margin	17.6%	16.4%

Consolidated Balance Sheet

(Unaudited)	March 31,	June 30,	March 31,
(Dollars in thousands)	2018	2017	2017
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,089,529	\$ 884,886	\$ 819,563
Marketable securities and other investments	101,206	39,318	36,758
Trade accounts receivable, net	2,146,408	1,930,751	1,869,303
Non-trade and notes receivable	328,111	254,987	235,924
Inventories	1,732,759	1,549,494	1,538,644
Prepaid expenses	165,083	120,282	118,962
Total current assets	5,563,096	4,779,718	4,619,154
Plant and equipment, net	1,941,799	1,937,292	1,945,739
Deferred income taxes	36,935	36,057	65,152
Goodwill	5,746,358	5,586,878	5,508,712
Intangible assets, net	2,134,659	2,307,484	2,338,364
Other assets	814,637	842,475	848,212
Total assets	\$ 16,237,484	\$ 15,489,904	\$ 15,325,333
Liabilities and equity			
Current liabilities:			
Notes payable	\$ 1,055,527	\$ 1,008,465	\$ 776,159
Accounts payable	1,376,457	1,300,496	1,209,351
Accrued liabilities	896,604	933,762	904,297
Accrued domestic and foreign taxes	179,929	153,137	158,634
Total current liabilities	3,508,517	3,395,860	3,048,441
Long-term debt	4,818,570	4,861,895	5,255,156
Pensions and other postretirement benefits	1,351,106	1,406,082	1,787,311
Deferred income taxes	113,799	221,790	159,666
Other liabilities	569,209	336,931	327,033
Shareholders' equity	5,870,353	5,261,649	4,742,139
Noncontrolling interests	5,930	5,697	5,587
Total liabilities and equity	\$ 16,237,484	\$ 15,489,904	\$ 15,325,333

Consolidated Statement of Cash Flows

(Unaudited) (Dollars in thousands)	Nine Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 707,987	\$ 690,485
Depreciation and amortization	351,316	236,543
Stock incentive plan compensation	89,571	60,916
(Gain) on sale of business	-	(42,994)
(Gain) loss on disposal of assets	(26,767)	513
(Gain) on sale of marketable securities	(1)	(1,032)
Loss on sale and impairment of investments	33,759	-
Net change in receivables, inventories, and trade payables	(329,428)	(35,469)
Net change in other assets and liabilities	150,876	(169,403)
Other, net	(72,488)	49,734
Net cash provided by operating activities	904,825	789,293
Cash flows from investing activities:		
Acquisitions (net of cash of \$157,426 in 2017)	-	(4,067,755)
Capital expenditures	(194,307)	(145,236)
Proceeds from sale of plant and equipment	64,203	8,452
Proceeds from sale of business	-	85,610
Purchases of marketable securities and other investments	(78,488)	(451,561)
Maturities and sales of marketable securities and other investments	20,260	1,264,721
Other, net	5,350	(2,590)
Net cash (used in) investing activities	(182,982)	(3,308,359)
Cash flows from financing activities:		
Net payments for common stock activity	(199,361)	(262,248)
Net (payments for) proceeds from debt	(71,835)	2,687,761
Dividends	(264,332)	(257,161)
Net cash (used in) provided by financing activities	(535,528)	2,168,352
Effect of exchange rate changes on cash	18,328	(51,376)
Net increase (decrease) in cash and cash equivalents	204,643	(402,090)
Cash and cash equivalents at beginning of period	884,886	1,221,653
Cash and cash equivalents at end of period	\$ 1,089,529	\$ 819,563

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

(Unaudited)

(Amounts in thousands)

	Nine Months Ended March 31, 2018		Nine Months Ended March 31, 2017	
		Percent of sales		Percent of sales
As reported cash flow from operations	\$ 904,825	8.6%	\$ 789,293	9.2%
Discretionary pension contribution	-		220,000	
Adjusted cash flow from operations	\$ 904,825	8.6%	\$ 1,009,293	11.8%

Reconciliation of Forecasted EPS

(Unaudited)
(Amounts in dollars)

	Fiscal Year 2018
Forecasted earnings per diluted share	\$7.76 to \$7.96
Adjustments:	
Business realignment charges	0.27
Clarcor costs to achieve	0.25
Gain on sale and writedown of assets, net	0.02
U.S. Tax Reform one-time impact, net	1.65
Adjusted forecasted earnings per diluted share	\$9.95 to \$10.15

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	September 30, 2017	December 31, 2017	March 31, 2018
Net sales						
Diversified Industrial:						
Motion Systems	\$ 809,747	\$ 825,695	\$ 928,012	\$ 809,747	\$ 1,635,442	\$ 2,563,454
Flow and Process Control	995,347	997,837	1,154,468	995,347	1,993,184	3,147,652
Filtration and Engineered Materials	1,028,371	997,453	1,068,697	1,028,371	2,025,824	3,094,521
Aerospace Systems	531,186	549,688	598,414	531,186	1,080,874	1,679,288
Total	\$ 3,364,651	\$ 3,370,673	\$ 3,749,591	\$ 3,364,651	\$ 6,735,324	\$ 10,484,915

