

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 1, 2019

PARKER-HANNIFIN CORPORATION

(Exact Name of Registrant as Specified in Charter)

Ohio
(State or other jurisdiction of
Incorporation or Organization)

1-4982
(Commission File Number)

34-0451060
(I.R.S. Employer
Identification No.)

6035 Parkland Boulevard, Cleveland, Ohio
(Address of Principal Executive Offices)

44124-4141
(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report.)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on which Registered</u>
Common Shares, \$.50 par value	PH	New York Stock Exchange

Item 2.02 Results of Operations and Financial Condition

On August 1, 2019, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended June 30, 2019. 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 1, 2019.](#)

[99.2 Webcast presentation by Parker-Hannifin Corporation, dated August 1, 2019.](#)

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 1, 2019



For Release: Immediately Exhibit 99.1

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

Parker Reports Fiscal 2019 Fourth Quarter and Full Year Results and Issues Fiscal 2020 Guidance

- *Fourth quarter EPS an all-time quarterly record at \$3.17 as reported, or \$3.31 adjusted*
- *Fourth quarter total segment operating margin an all-time quarterly record at 17.4% as reported*
- *Full year sales a record at \$14.32 billion*
- *Full year total segment operating margin a record at 17.0%*
- *Full year operating cash flow a record at \$1.73 billion*
- *Full year EBITDA margin was 17.9% as reported, or 18.2% adjusted*
- *Announced two transformational acquisitions expected to add ~\$1.5 billion in revenue*

CLEVELAND, August 1, 2019 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2019 fourth quarter and full year ended June 30, 2019. Fiscal 2019 fourth quarter sales were \$3.68 billion, compared with \$3.82 billion in the prior year quarter. Net income increased 17% to an all-time quarterly record of \$413.7 million, compared with \$353.3 million in the fourth quarter of fiscal 2018. Fiscal 2019 fourth quarter earnings per share increased 21% to \$3.17, compared with \$2.62 in the prior year quarter. Fiscal 2019 fourth quarter adjusted earnings per share were \$3.31, compared with adjusted earnings per share of \$3.22 in the prior year quarter. A reconciliation of non-GAAP measures is included in the financial tables of this press release.

For the full year, fiscal 2019 sales increased to a record \$14.32 billion, compared with \$14.30 billion in fiscal year 2018. Organic growth of 3% was offset by currency translation and a divestiture in fiscal year 2018. Net income was a record at \$1.51 billion, a 43% increase compared with \$1.06 billion in fiscal 2018. Earnings per share increased 47% to a record of \$11.48, compared with \$7.83 per share in the prior year. Adjusted earnings per share increased 14% to \$11.85, compared with \$10.42 per share in fiscal 2018.

Cash flow from operations for fiscal 2019 was a record at \$1.73 billion or 12.1% of sales, compared with \$1.60 billion or 11.2% of sales in the prior year period. Excluding a discretionary pension contribution, cash flow from operations for fiscal 2019 was 13.5% of sales.

"Our strong fourth quarter results contributed to what was an outstanding year for Parker, as we delivered record sales, EPS, net income, total segment operating margin and cash flow from operations," said Chairman and Chief Executive Officer, Tom Williams. "The actions we have taken under The Win Strategy™ to strengthen our business and simplify our operations are driving record financial performance and positions Parker to generate sustainable long-term shareholder value. With the dedication of our global team members, in fiscal 2019 we achieved 17.0% as reported total segment operating margin for the first time in our history, which was a full year ahead of our original target."

Segment Results

Diversified Industrial Segment: North American fourth quarter sales decreased 3% to \$1.7 billion, and operating income increased 2% to \$318.2 million, compared with \$313.5 million in the same period a year ago. International fourth quarter sales decreased 9% to \$1.3 billion, while operating income decreased 1% to \$201.0 million, compared with \$203.3 million in the same period a year ago.

Aerospace Systems Segment: Fourth quarter sales increased 7% to \$677.9 million, and operating income decreased 4% to \$121.7 million, compared with \$126.7 million in the same period a year ago.

Parker reported the following orders for the quarter ending June 30, 2019, compared with the same quarter a year ago:

- Orders decreased 3% for total Parker
- Orders decreased 4% in the Diversified Industrial North America businesses
- Orders decreased 8% in the Diversified Industrial International businesses
- Orders increased 10% in the Aerospace Systems Segment on a rolling 12-month average basis

Acquisitions Update

Progress is being made toward receipt of all required regulatory approvals for the pending acquisition of LORD Corporation. In addition to the necessary regulatory approvals, the transaction remains subject to customary closing conditions and, subject to satisfaction of these approvals and conditions, is still expected to close within the previously announced timeline of four to six months from the date of the original announcement on April 29, 2019.

As previously announced on July 29, 2019, the company has also entered into a definitive share purchase agreement to acquire Exotic Metals Forming Company LLC.

Outlook

For the fiscal year ending June 30, 2020, the company has issued guidance for earnings per share in the range of \$11.38 to \$12.18, or \$11.50 to \$12.30 on an adjusted basis. Fiscal year 2020 guidance is adjusted on a pre-tax basis for expected business realignment expenses of approximately \$20 million. Guidance assumes organic sales in the range (3.0%) to 0.0%. The impact from the pending LORD and Exotic Metals acquisitions is not included in fiscal 2020 guidance. 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, "Despite moderating market conditions, our ongoing focus on Win Strategy initiatives will allow us to make continued improvements in our business and deliver further segment operating margin expansion and another record earnings year in fiscal 2020. Strong cash generation has also allowed us to make meaningful investments to improve our portfolio of high margin, growth businesses through our pending acquisitions of LORD and Exotic Metals. These actions and the dedication of our global team members reinforce our confidence in achieving our fiscal 2023 financial targets and generating strong returns for our shareholders."

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal 2019 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. To access the webcast, 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 more than 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 63 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 Net Income

Net Income referenced in this press release is equal to net income attributable to common shareholders.

Note on Non-GAAP Numbers

This press release contains references to non-GAAP financial information including (a) earnings per share for the fourth quarter 2019 without the effect of business realignment charges, CLARCOR costs to achieve and LORD acquisition and integration costs; (b) earnings per share for the fourth quarter 2018 without the effect of business realignment charges, CLARCOR costs to achieve, loss on the sale and write down of assets, net, and U.S. Tax Reform one-time impact, net; (c) earnings per share for fiscal year 2019 without the effect of business realignment charges, CLARCOR costs to achieve, LORD acquisition and integration costs, and U.S. Tax Reform one-time impact, net; (d) earnings per share for fiscal year 2018 without the effect of business realignment charges, CLARCOR costs to achieve, the loss on the sale and writedown of assets, net and U.S. Tax Reform one-time impact, net; (e) the effect of business realignment charges on forecasted earnings from continuing operations per share; and (f) cash flows from operations without the effect of discretionary pension contributions. The effects of business realignment charges, CLARCOR costs to achieve, LORD acquisition and integration costs, loss on the sale and write down of assets, net, U.S. Tax Reform expense, net and discretionary pension contributions are removed to allow investors and the company to meaningfully evaluate changes in earnings per share and cash flows from operations on a comparable basis from period to period. This press release also contains references to EBITDA, adjusted EBITDA and EBITDA margin. 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, the loss on the sale and writedown of assets, net and LORD acquisition and integration costs. Although EBITDA, Adjusted EBITDA and EBITDA margin are not measures of performance calculated in accordance with GAAP, we believe that they are useful to an investor in evaluating the results of this quarter versus the prior 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 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. Parker cautions readers not to place undue reliance on these statements. 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. Additionally, the actual impact of changes in tax laws in the United States and foreign jurisdictions and any judicial or regulatory interpretations thereof on future performance and earnings projections may impact the company's tax calculations. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.

The risks and uncertainties in connection with forward-looking statements related to the proposed transactions between LORD Corporation, Exotic Metals, and the company include, but are not limited to, the occurrence of any event, change or other circumstances that could delay the closing of the proposed transactions; the possibility of non-consummation of the proposed transactions and termination of the LORD merger agreement or Exotic Metals share purchase agreement; the failure to satisfy any of the conditions to the proposed transactions set forth in the acquisition agreements; the possibility that a governmental entity may prohibit the consummation of the proposed transactions or may delay or refuse to grant a necessary regulatory approval in connection with the proposed transactions, or that in order for the parties to obtain any such regulatory approvals, conditions are imposed that adversely affect the anticipated benefits from the proposed transactions or cause the parties to abandon the proposed transactions; adverse effects on Parker's common stock because of the failure to complete the proposed transactions; Parker's business experiencing disruptions due to transaction-related uncertainty or other factors making it more difficult to maintain relationships with employees, business partners or governmental entities; the possibility that the expected synergies and value creation from the proposed transactions will not be realized or will not be realized within the expected time period; the parties being unable to successfully implement integration strategies; and significant transaction costs related to the proposed transactions.

Among other factors which may affect future performance are: 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, LORD Corporation or Exotic Metals; 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; global competitive market conditions, including global reactions to U.S. trade policies, 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) (Dollars in thousands except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
Net sales	\$ 3,681,467	\$ 3,817,477	\$ 14,320,324	\$ 14,302,392
Cost of sales	2,739,578	2,830,198	10,703,484	10,737,745
Selling, general and administrative expenses	391,493	418,210	1,543,939	1,639,989
Interest expense	50,072	53,040	190,138	213,873
Other (income) expense, net	(13,024)	18,102	(50,662)	8,508
Income before income taxes	513,348	497,927	1,933,425	1,702,277
Income taxes	99,610	144,599	420,494	640,962
Net income	413,738	353,328	1,512,931	1,061,315
Less: Noncontrolling interests	70	72	567	514
Net income attributable to common shareholders	\$ 413,668	\$ 353,256	\$ 1,512,364	\$ 1,060,801
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 3.22	\$ 2.66	\$ 11.63	\$ 7.98
Diluted earnings per share	\$ 3.17	\$ 2.62	\$ 11.48	\$ 7.83
Average shares outstanding during period - Basic	128,561,494	132,696,489	129,997,639	133,004,613
Average shares outstanding during period - Diluted	130,460,247	135,001,851	131,781,616	135,426,834

CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
Cash dividends per common share	\$ 0.88	\$ 0.76	\$ 3.16	\$ 2.74

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

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
Earnings per diluted share	\$ 3.17	\$ 2.62	\$ 11.48	\$ 7.83
Adjustments:				
Business realignment charges	0.04	0.10	0.09	0.26
Clarcor costs to achieve	—	0.04	0.07	0.20
LORD acquisition and integration costs	0.10	—	0.10	—
Loss on sale and writedown of assets, net	—	0.39	—	0.41
U.S. Tax Reform one-time impact, net	—	0.07	0.11	1.72
Adjusted earnings per diluted share	\$ 3.31	\$ 3.22	\$ 11.85	\$ 10.42

PARKER HANNIFIN CORPORATION - JUNE 30, 2019
RECONCILIATION OF EBITDA TO ADJUSTED EBITDA

Exhibit 99.1

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,				Twelve Months Ended June 30,				
	2019		2018		2019		2018		
Net sales	\$	3,681,467	\$	3,817,477	\$	14,320,324	\$	14,302,392	
Earnings before income taxes	\$	513,348	\$	497,927	\$	1,933,425	\$	1,702,277	
Depreciation and amortization		105,388		114,769		436,189		466,085	
Interest expense		50,072		53,040		190,138		213,873	
EBITDA		668,808		665,736		2,559,752		2,382,235	
Adjustments:									
Business realignment charges		6,393		17,843		15,677		46,319	
Clarcor costs to achieve		928		8,292		12,458		36,676	
LORD acquisition and integration costs		17,146		—		17,146		—	
Loss on sale and writedown of assets, net		—		26,513		—		31,837	
Adjusted EBITDA	\$	693,275	\$	718,384	\$	2,605,033	\$	2,497,067	
EBITDA margin		18.2	%	17.4	%	17.9	%	16.7	%
Adjusted EBITDA margin		18.8	%	18.8	%	18.2	%	17.5	%

PARKER HANNIFIN CORPORATION - JUNE 30, 2019

Exhibit 99.1

CONSOLIDATED BALANCE SHEET

(Unaudited)	June 30,	June 30,
(Dollars in thousands)	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,219,767	\$ 822,137
Marketable securities and other investments	150,931	32,995
Trade accounts receivable, net	2,131,054	2,145,517
Non-trade and notes receivable	310,708	328,399
Inventories	1,678,132	1,621,304
Prepaid expenses and other	182,494	134,886
Total current assets	7,673,086	5,085,238
Plant and equipment, net	1,768,287	1,856,237
Deferred income taxes	150,462	57,623
Goodwill	5,453,805	5,504,420
Intangible assets, net	1,783,277	2,015,520
Other assets	747,773	801,049
Total assets	\$ 17,576,690	\$ 15,320,087
Liabilities and equity		
Current liabilities:		
Notes payable	\$ 587,014	\$ 638,466
Accounts payable	1,413,155	1,430,306
Accrued liabilities	984,292	929,833
Accrued domestic and foreign taxes	167,312	198,878
Total current liabilities	3,151,773	3,197,483
Long-term debt	6,520,831	4,318,559
Pensions and other postretirement benefits	1,304,379	1,177,605
Deferred income taxes	193,066	234,858
Other liabilities	438,489	526,089
Shareholders' equity	5,961,969	5,859,866
Noncontrolling interests	6,183	5,627
Total liabilities and equity	\$ 17,576,690	\$ 15,320,087

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

Twelve Months Ended June 30,

(Dollars in thousands)

	2019	2018
Cash flows from operating activities:		
Net income	\$ 1,512,931	\$ 1,061,315
Depreciation and amortization	436,189	466,085
Stock incentive plan compensation	104,078	118,831
Loss on sale of businesses	5,854	19,666
Loss (gain) on plant and equipment and intangible assets	5,091	(24,422)
Loss (gain) on sale of marketable securities	7,563	(2)
(Gain) loss on investments	(16,749)	41,219
Net change in receivables, inventories and trade payables	(61,762)	(268,280)
Net change in other assets and liabilities	(301,480)	216,416
Other, net	38,425	(34,128)
Net cash provided by operating activities	1,730,140	1,596,700
Cash flows from investing activities:		
Acquisitions (net of cash of \$690 in 2019)	(2,042)	—
Capital expenditures	(195,089)	(247,667)
Proceeds from sale of plant and equipment	46,592	81,881
Proceeds from sale of businesses	19,678	177,741
Purchases of marketable securities and other investments	(181,780)	(80,607)
Maturities and sales of marketable securities and other investments	74,908	83,905
Other	19,223	8,424
Net cash (used in) provided by investing activities	(218,510)	23,677
Cash flows from financing activities:		
Net payments for common stock activity	(857,577)	(377,359)
Net proceeds from (payments for) debt	2,172,351	(939,325)
Dividends	(412,468)	(365,288)
Net cash provided by (used in) financing activities	902,306	(1,681,972)
Effect of exchange rate changes on cash	(16,306)	(1,154)
Net increase (decrease) in cash and cash equivalents	2,397,630	(62,749)
Cash and cash equivalents at beginning of period	822,137	884,886
Cash and cash equivalents at end of period	\$ 3,219,767	\$ 822,137

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

(Unaudited)

Twelve Months Ended

Twelve Months Ended

(Dollars in thousands)

	June 30, 2019	Percent of sales	June 30, 2018	Percent of sales
As reported cash flow from operations	\$ 1,730,140	12.1 %	\$ 1,596,700	11.2 %
Discretionary pension contribution	200,000		—	
Adjusted cash flow from operations	\$ 1,930,140	13.5 %	\$ 1,596,700	11.2 %

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

(Unaudited)

(Amounts in dollars)

	<u>Fiscal Year 2020</u>
Forecasted earnings per diluted share	\$11.38 - \$12.18
Adjustments:	
Business realignment charges	0.12
Adjusted forecasted earnings per diluted share	\$11.50 - \$12.30

Exhibit 99.2

Parker Hannifin Corporation

4th Quarter & Fiscal Year 2019 Earnings Release



PH

LISTED

NYSE

ENGINEERING YOUR SUCCESS.

August 1, 2019

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. Parker cautions readers not to place undue reliance on these statements. 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. Additionally, the actual impact of changes in tax laws in the United States and foreign jurisdictions and any judicial or regulatory interpretation thereof on future performance and earnings projections may impact the company's tax calculations. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.

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Among other factors which may affect future performance are: 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, LORD Corporation or Exotic; 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; global competitive market conditions, including global reactions to U.S. trade policies, 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.

Non-GAAP Financial Measures

This presentation contains references to non-GAAP financial information including (a) sales amounts reported in accordance with U.S. GAAP reconciled to organic sales, which are sales amounts adjusted to remove the effects of divestitures and the effects of currency exchange rates, (b) earnings per share for the fourth quarter 2019 without the effect of business realignment charges, CLARCOR costs to achieve, and LORD acquisition and integration costs; (c) earnings per share for the fourth quarter 2018 without the effect of business realignment charges, CLARCOR costs to achieve, loss on the sale and write down of assets, net, and U.S. Tax Reform one-time impact, net; (d) earnings per share for fiscal year 2019 without the effect of business realignment charges, CLARCOR costs to achieve, LORD acquisition and integration costs, and U.S. Tax Reform one-time impact, net; (e) earnings per share for fiscal year 2018 without the effect of business realignment charges, CLARCOR costs to achieve, Loss on sale and write-down of assets and U.S. Tax Reform one-time impact, net; (f) the effect of business realignment charges on forecasted earnings from continuing operations per share; (g) cash flows from operations without the effect of discretionary pension contributions; and (h) adjusted segment operating margins. The effects of business realignment charges, CLARCOR costs to achieve, LORD acquisition and integration costs, loss on the sale and write down of assets, net, U.S. Tax Reform expense, net and discretionary pension contributions are removed to allow investors and the company to meaningfully evaluate changes in earnings per share and cash flows from operations on a comparable basis from period to period. This press release also contains references to EBITDA, adjusted EBITDA; EBITDA margin and free cash flow. 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 LORD acquisition and integration costs. Free cash flow is defined as cash flow from operations less capital expenditures plus discretionary pension contributions. Although EBITDA, Adjusted EBITDA; EBITDA margin are not measures of performance calculated in accordance with GAAP, we believe that they are useful to an investor in evaluating the results of this quarter versus the prior period. Free cash flow allows management to measure cash flow efficiency and working capital management.

Please visit www.PHstock.com for more information

Agenda

- **Chairman & CEO Comments**

- **Results & Outlook**

- **Questions & Answers**

Chairman & CEO Comments

- Strong Fourth Quarter – Record Year
- Parker Transformation Continues
- Significantly Improved Total Segment Operating Margin and EBITDA Margin Over 5 Years
- Strong Cash Flow and Better Performance on EPS and Margins Over the Cycle
- Acquisitions to Improve Portfolio and Performance
- Win Strategy and Capital Deployment - Higher Growth, Margins and Cash

Best-in-Class Company

Parker's Competitive Differentiators

- The Win Strategy™
- Decentralized business model
- Technology breadth & interconnectivity
- Engineered products with intellectual property
- Long product life cycles
- Balanced OEM vs. aftermarket
- Low capital investment requirements
- Great generators and deployers of cash over the cycle



Highlights of Quarter and FY19 Results

Strong Performance - 4th Quarter Fiscal 2019

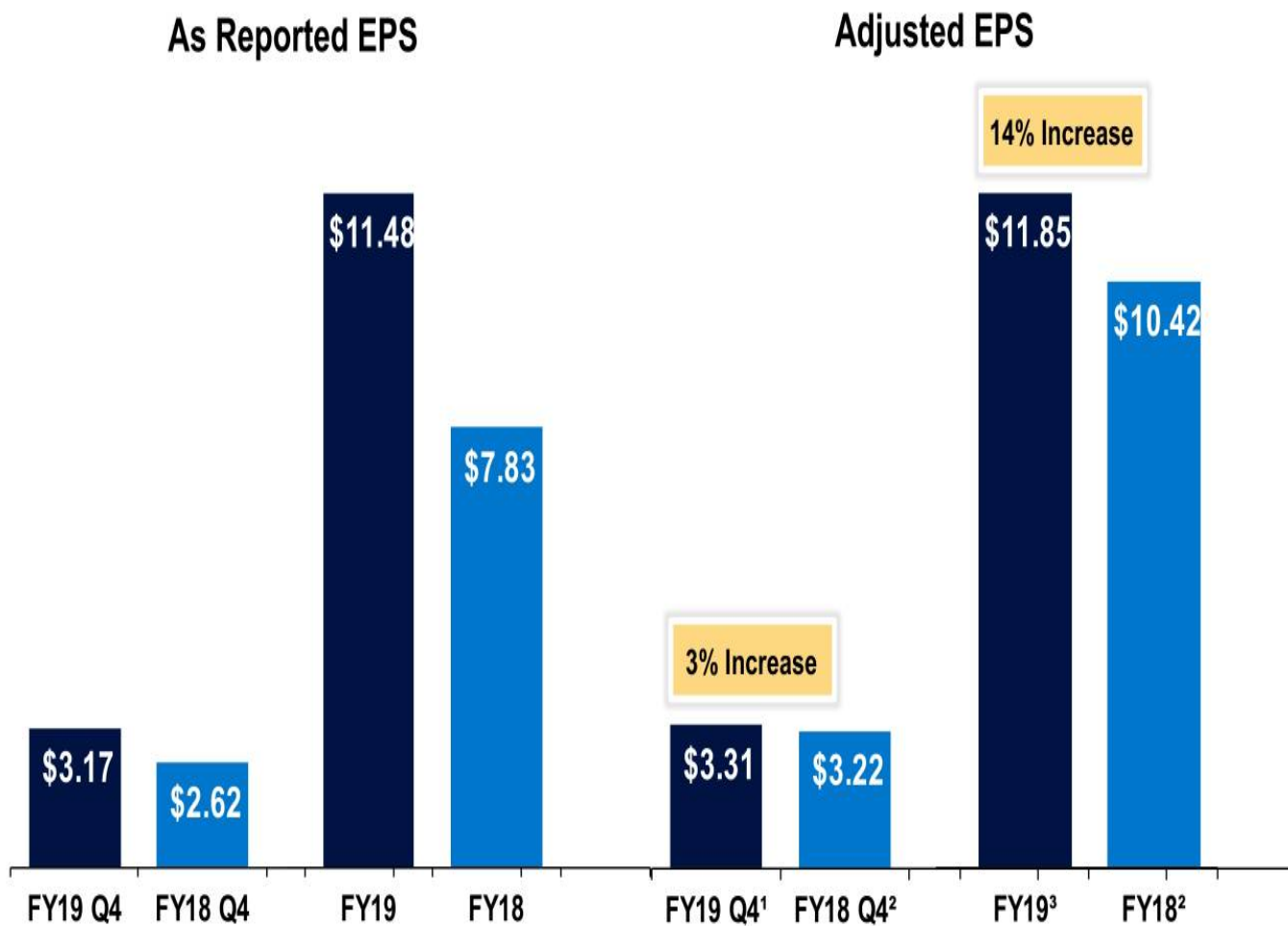
- Safety – 24% reduction in incidents - high performance teams driving results
- All-time quarterly record for total segment operating margin at 17.4%
- All-time quarterly records for net income and EPS
- Industrial international segment operating margin - fourth quarter record

Record Year - Fiscal 2019

- All-time records for sales, total segment operating margin, net income, EPS and operating cash flow
- Adjusted EBITDA Margin 18.2%
- Achieved 17.0% total segment operating margin, a year ahead of original target
- Record \$1.7 billion in operating cash flow, 12.1% operating cash to sales
- Repurchased \$800 million in shares; \$600 million discretionary
- Strategic, transformative, accretive LORD and Exotic Metals acquisitions announced

Diluted Earnings Per Share

4th Quarter & Fiscal Year 2019



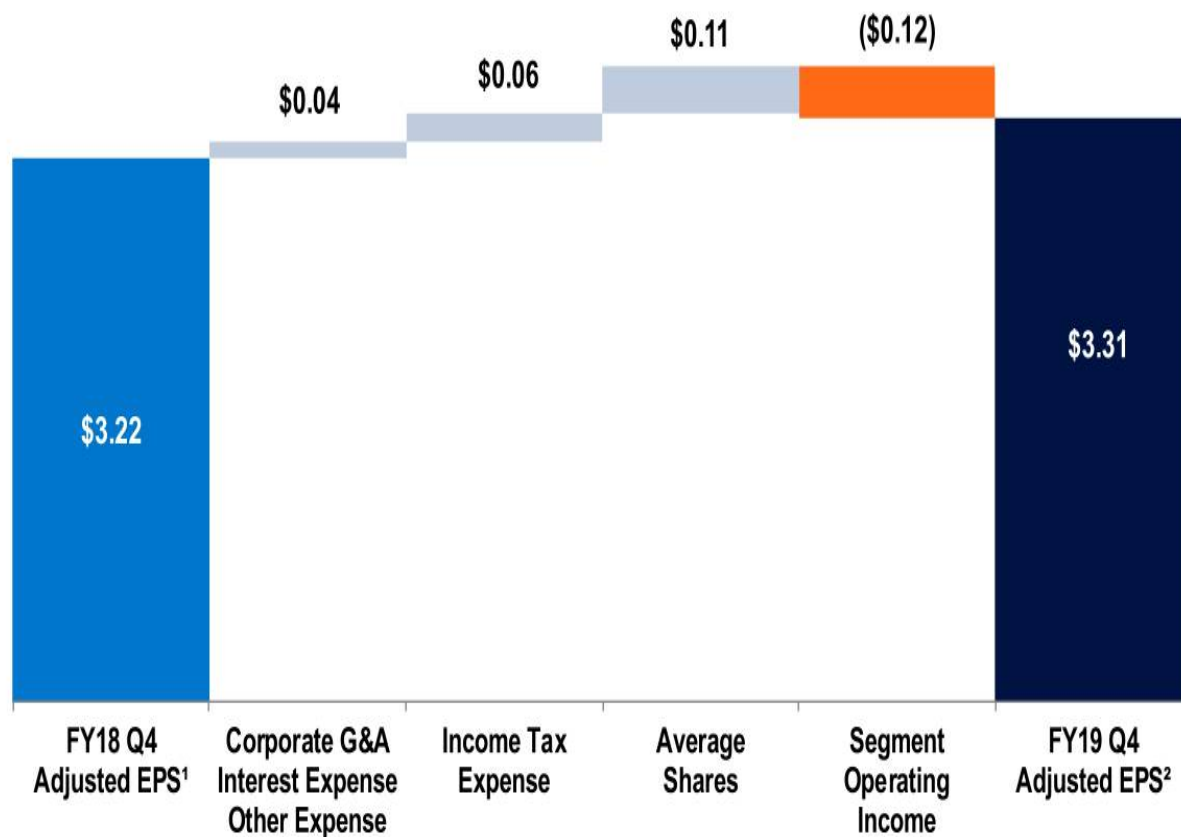
1 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, LORD Acquisition and Integration Costs, Tax Expense Related to U.S. Tax Reform

2 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, Loss on Sale and Writedown of Assets, net, and U.S. Tax Reform Impact, net

3 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, LORD Acquisition and Integration Costs, Tax Expense Related to U.S. Tax Reform

Influences on Adjusted Earnings Per Share

4th Quarter FY2019 vs. FY2018

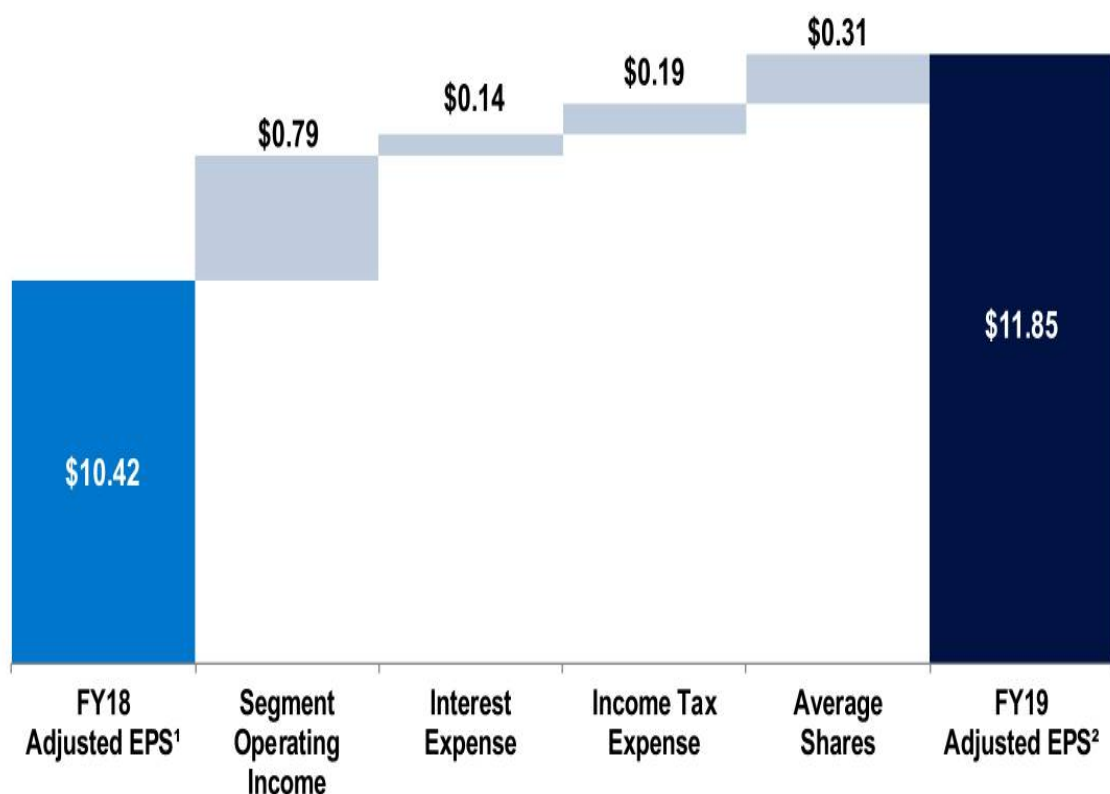


1 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, Loss on Sale and Writedown of Assets, net and U.S. Tax Reform Impact, net

2 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, LORD Acquisition and Integration Costs

Influences on Adjusted Earnings Per Share

Full Year FY2019 vs. FY2018



1 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, Loss on Sale and Writedown of Assets, net, and U.S. Tax Reform Impact, net

2 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, U.S. Tax Reform Impact, net, LORD Acquisition and Integration Costs



Sales & Segment Operating Margin

Total Parker

\$ in millions	4th Quarter			Full Year				
	FY2019	% Change	FY2018	FY2019	% Change	FY2018		
Sales								
As Reported	\$ 3,681	(3.6)%	\$ 3,816	\$ 14,320	0.1 %	\$ 14,302		
Divestitures	-	- %		(52)	(0.4)%			
Currency	(64)	(1.7)%		(305)	(2.1)%			
Organic Sales	\$ 3,745	(1.9)%		\$ 14,677	2.6 %			
	FY2019	% of Sales	FY2018	% of Sales	FY2019	% of Sales	FY2018	% of Sales
Segment Operating Margin								
As Reported	\$ 641	17.4 %	\$ 644	16.9 %	\$ 2,431	17.0 %	\$ 2,239	15.7 %
Business Realignment	6		18		16		46	
CLARCOR Costs to Achieve	1		8		12		37	
LORD Integration Costs	1		-		1		-	
Adjusted	\$ 649	17.6 %	\$ 670	17.5 %	\$ 2,460	17.2 %	\$ 2,322	16.2 %

Sales & Segment Operating Margin

Diversified Industrial North America

\$ in millions	4th Quarter			Full Year			
	FY2019	% Change	FY2018	FY2019	% Change	FY2018	
Sales							
As Reported	\$ 1,745	(3.3)%	\$ 1,805	\$ 6,809	1.2 %	\$ 6,727	
Divestitures	-	- %		(21)	(0.3)%		
Currency	(2)	(0.1)%		(17)	(0.3)%		
Organic Sales	\$ 1,747	(3.2)%		\$ 6,847	1.8 %		
Segment Operating Margin							
As Reported	\$ 318	18.2 %	\$ 313	\$ 1,139	16.7 %	\$ 1,076	16.0 %
Business Realignment	2		3	4		9	
CLARCOR Costs to Achieve	1		6	8		29	
LORD Integration Costs	1		-	1		-	
Adjusted	\$ 322	18.4 %	\$ 322	\$ 1,152	16.9 %	\$ 1,114	16.6 %

Sales & Segment Operating Margin

Diversified Industrial International

\$ in millions	4th Quarter				Full Year			
			%				%	
	FY2019	Change	FY2018		FY2019	Change	FY2018	
Sales								
As Reported	\$ 1,258	(8.6)%	\$ 1,376		\$ 5,001	(4.9)%	\$ 5,259	
Divestitures	-	- %			(31)	(0.6)%		
Currency	(62)	(4.5)%			(284)	(5.4)%		
Organic Sales	\$ 1,320	(4.1)%			\$ 5,316	1.1 %		
Segment Operating Margin								
As Reported	\$ 201	16.0 %	\$ 203	14.8 %	\$ 805	16.1 %	\$ 765	14.5 %
Business Realignment	5		16		11		34	
CLARCOR Costs to Achieve	0		2		4		8	
Adjusted	\$ 206	16.4 %	\$ 221	16.1 %	\$ 820	16.4 %	\$ 807	15.3 %

Sales & Segment Operating Margin

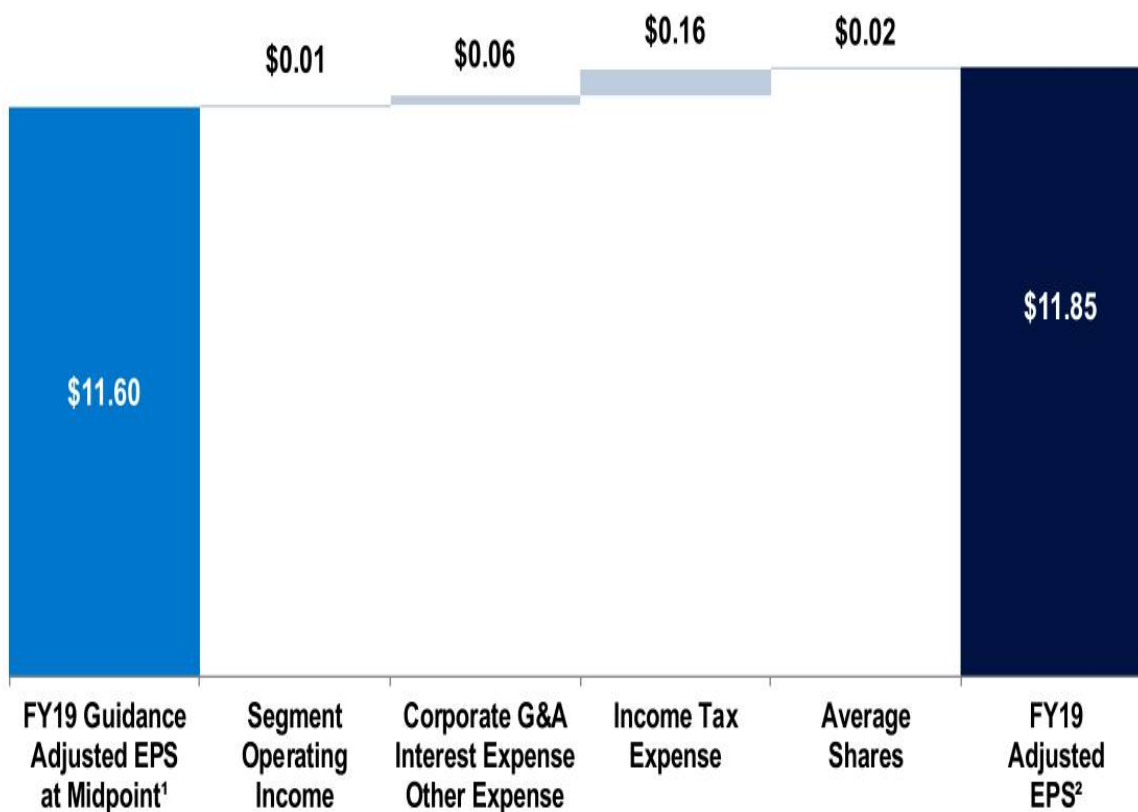
Aerospace Systems

\$ in millions

	4th Quarter			Full Year			
	FY2019	Change	FY2018	FY2019	Change	FY2018	
Sales							
As Reported	\$ 678	6.5 %	\$ 636	\$ 2,511	8.4 %	\$ 2,316	
Currency	(0)	0.0 %		(2)	(0.1)%		
Organic Sales	\$ 678	6.5 %		\$ 2,513	8.5 %		
Segment Operating Margin							
As Reported	\$ 122	17.9 %	\$ 127	\$ 488	19.4 %	\$ 398	17.2 %
Business Realignment	-		0	-		3	
Adjusted	\$ 122	17.9 %	\$ 127	\$ 488	19.4 %	\$ 401	17.3 %

FY2019 Guidance

Reconciliation of Q4 Beat

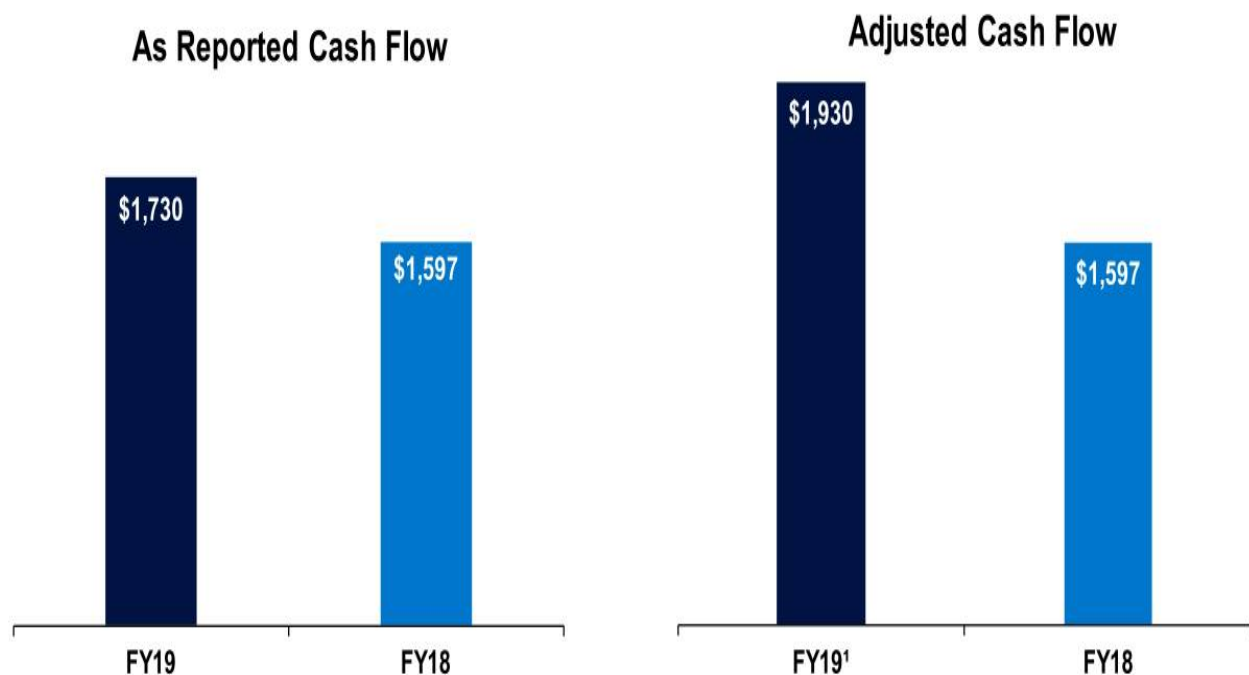


1 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, and U.S. Tax Reform Impact

2 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, U.S. Tax Reform Impact, LORD Acquisition and Integration Costs

Cash Flow from Operating Activities

Full Year FY2019 vs. FY2018



\$ Millions

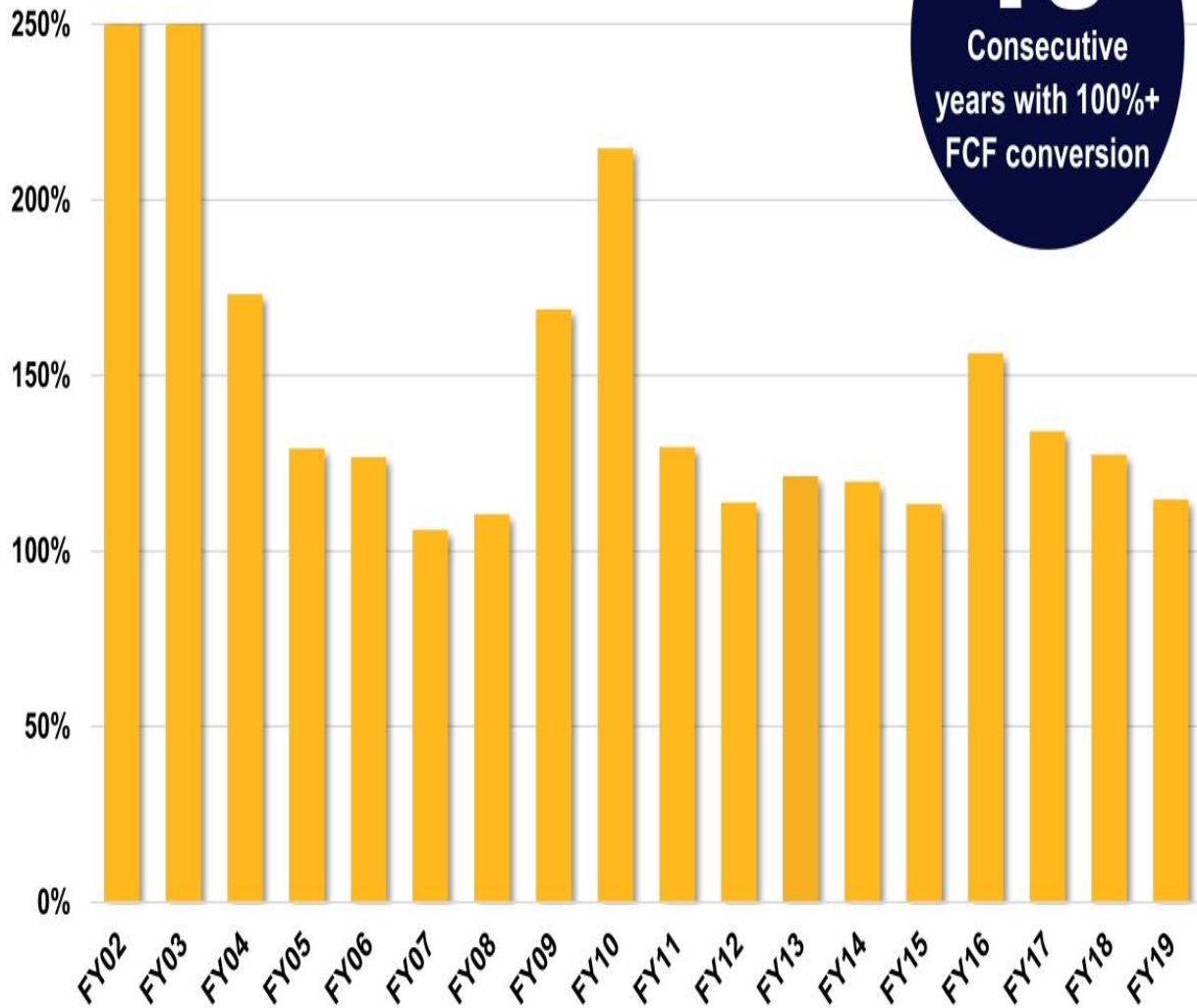
Full Year

	<u>FY 2019</u>	<u>% of Sales</u>	<u>FY 2018</u>	<u>% of Sales</u>
As Reported Cash Flow From Operating Activities	\$ 1,730	12.1%	\$ 1,597	11.2%
Discretionary Pension Plan Contribution	200		-	
Adjusted Cash Flow From Operating Activities	<u>\$ 1,930</u>	<u>13.5%</u>	<u>\$ 1,597</u>	<u>11.2%</u>

Free Cash Flow Conversion

Free Cash Flow / Net Income

18
Consecutive
years with 100%+
FCF conversion



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



Order Rates

	<u>Jun 2019</u>		<u>Mar 2019</u>		<u>Jun 2018</u>		<u>Mar 2018</u>	
Total Parker	-	3 %	-	4 %	+	8 %	+	11 %
Diversified Industrial North America	-	4 %	-	6 %	+	9 %	+	11 %
Diversified Industrial International	-	8 %	-	4 %	+	5 %	+	8 %
Aerospace Systems	+	10 %	+	2 %	+	10 %	+	17 %

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

FY2020 Guidance

EPS Midpoint: \$11.78 As Reported, \$11.90 Adjusted

Sales Growth vs. Prior Year	
Diversified Industrial North America	(2.8)% - 0.2%
Diversified Industrial International	(6.2)% - (3.2)%
Aerospace Systems	3.0% - 5.6%
Total Parker	(3.0)% - 0.0%

Segment Operating Margins	As Reported	Adjusted¹
Diversified Industrial North America	16.8% - 17.2%	16.9% - 17.3%
Diversified Industrial International	15.4% - 15.9%	15.7% - 16.2%
Aerospace Systems	20.4% - 21.0%	20.4% - 21.0%
Total Parker	17.0% - 17.5%	17.2% - 17.6%

Below the Line Items	As Reported
Corporate General & Administrative Expense, Interest and Other	\$ 438 M

Tax Rate	As Reported
Full Year	23%

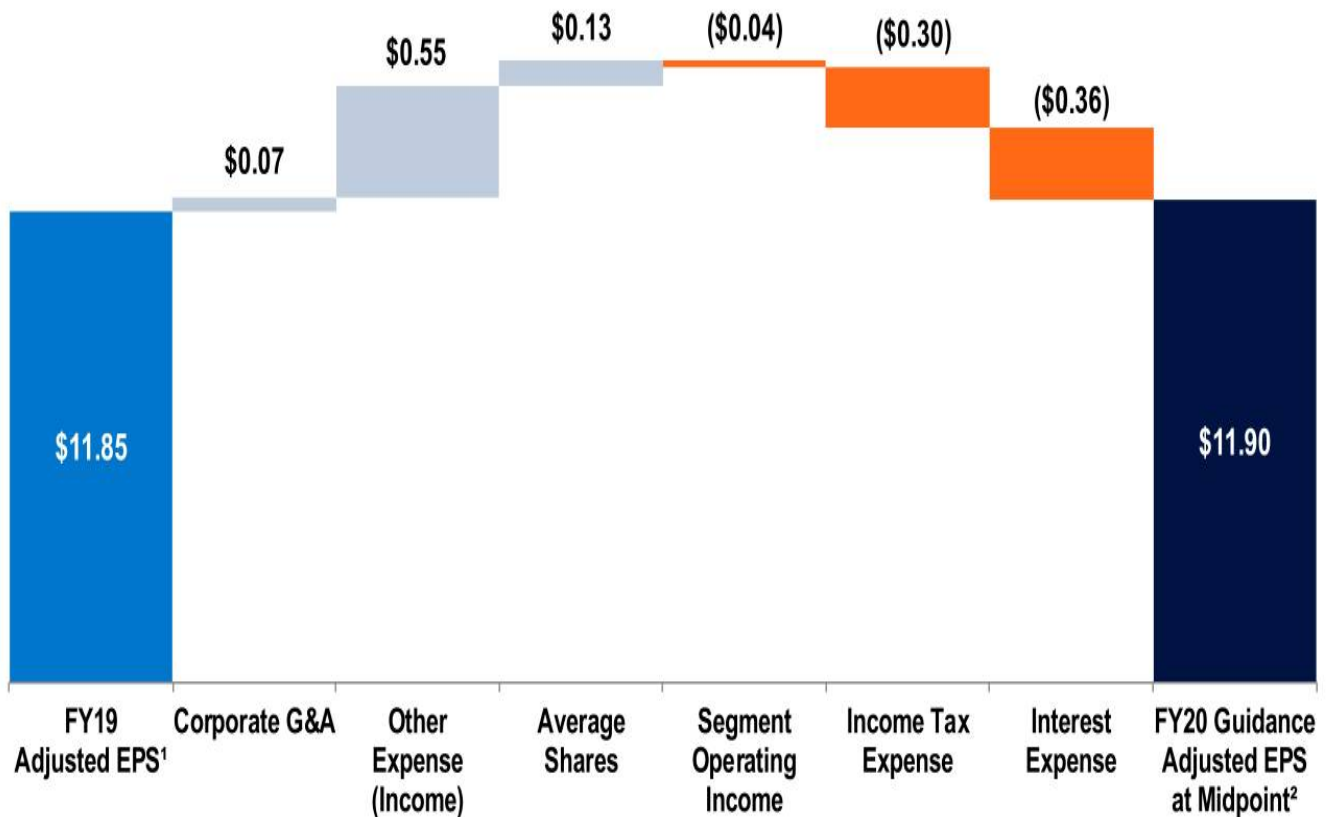
Shares	
Diluted Shares Outstanding	130.4 M

Earnings Per Share	As Reported	Adjusted¹
Range	\$11.38 - \$12.18	\$11.50 - \$12.30

¹ Expected FY20 Adjusted Segment Operating Margins and Expected Adjusted Earnings Per Share exclude FY20 Business Realignment Charges of \$20M

FY2020 Guidance

FY20 Guidance vs FY19 Actual



1 Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve, Tax Expense Related to U.S. Tax Reform and LORD Acquisition and Integration Costs

2 Adjusted for Business Realignment Charges

Key Takeaways

- Great results, continued progress
- Anticipating record earnings in FY20
- Two overarching themes:
 - Top quartile performance, best-in-class company
 - Great generators/deployers of cash
- Bright future ahead - The Win Strategy is working well

Thanks to our Global Team



PH

LISTED

NYSE

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 Cash Flow from Operations to Adjusted Cash Flow from Operations
- Reconciliation of Free Cash Flow Conversion
- 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 June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
Net sales	\$ 3,681,467	\$ 3,817,477	\$ 14,320,324	\$ 14,302,392
Cost of sales	2,739,578	2,830,198	10,703,484	10,737,745
Selling, general and administrative expenses	391,493	418,210	1,543,939	1,639,989
Interest expense	50,072	53,040	190,138	213,873
Other (income) expense, net	(13,024)	18,102	(50,662)	8,508
Income before income taxes	513,348	497,927	1,933,425	1,702,277
Income taxes	99,610	144,599	420,494	640,962
Net income	413,738	353,328	1,512,931	1,061,315
Less: Noncontrolling interests	70	72	567	514
Net income attributable to common shareholders	\$ 413,668	\$ 353,256	\$ 1,512,364	\$ 1,060,801
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 3.22	\$ 2.66	\$ 11.63	\$ 7.98
Diluted earnings per share	\$ 3.17	\$ 2.62	\$ 11.48	\$ 7.83
Average shares outstanding during period - Basic	128,561,494	132,696,489	129,997,639	133,004,613
Average shares outstanding during period - Diluted	130,460,247	135,001,851	131,781,616	135,426,834

CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
Cash dividends per common share	\$ 0.88	\$ 0.76	\$ 3.16	\$ 2.74

Adjusted Amounts Reconciliation FY19Q4

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

	FOURTH QUARTER FY 2019				
	As Reported June 30, 2019	Business Realignment Charges	Clarcor Costs to Achieve	LORD Acquisition and Integration Costs	Adjusted June 30, 2019
Net sales	\$ 3,681,467	\$ -	\$ -	\$ -	\$ 3,681,467
Cost of sales	2,739,578	3,576	202	-	2,735,800
Selling, general and administrative expenses	391,493	2,643	870	17,146	370,834
Interest expense	50,072	-	-	-	50,072
Other (income), net	(13,024)	174	(144)	-	(13,054)
Income before income taxes	513,348	(6,393)	(928)	(17,146)	537,815
Income taxes	99,610	1,477	214	3,961	105,262
Net income	413,738	(4,916)	(714)	(13,185)	432,553
Less: Noncontrolling interests	70	-	-	-	70
Net income attributable to common shareholders	\$ 413,668	\$ (4,916)	\$ (714)	\$ (13,185)	\$ 432,483
EPS attributable to common shareholders:					
Diluted earnings per share	\$ 3.17	\$ (0.04)	\$ -	\$ (0.10)	\$ 3.31

	FOURTH QUARTER FY 2019				
	As Reported June 30, 2019	Business Realignment Charges	Clarcor Costs to Achieve	LORD Acquisition and Integration Costs	Adjusted June 30, 2019
Segment Operating Income					
Diversified Industrial:					
North America	\$ 318,175	\$ 1,579	\$ 906	\$ 912	\$ 321,572
International	201,004	4,640	166	-	205,810
Aerospace Systems	121,650	-	-	-	121,650
Total segment operating income	640,829	(6,219)	(1,072)	(912)	649,032
Corporate administration	47,977	-	-	-	47,977
Income before interest expense and other	592,852	(6,219)	(1,072)	(912)	601,055
Interest expense	50,072	-	-	-	50,072
Other (income) expense	29,432	174	(144)	16,234	13,168
Income before income taxes	\$ 513,348	\$ (6,393)	\$ (928)	\$ (17,146)	\$ 537,815

Adjusted Amounts Reconciliation FY19

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

YEAR TO DATE FY 2019

	As Reported June 30, 2019	Business Realignment Charges	Clarcor Costs to Achieve	Tax Expense Related to U.S. Tax Reform	LORD Acquisition and Integration Costs	Adjusted June 30, 2019
Net sales	\$ 14,320,324	\$ -	\$ -	\$ -	\$ -	\$ 14,320,324
Cost of sales	10,703,484	8,636	6,014	-	-	10,688,834
Selling, general and administrative expenses	1,543,939	6,867	6,313	-	17,146	1,513,613
Interest expense	190,138	-	-	-	-	190,138
Other (income), net	(50,662)	174	131	-	-	(50,967)
Income before income taxes	1,933,425	(15,677)	(12,458)	-	(17,146)	1,978,706
Income taxes	420,494	3,667	2,939	(14,485)	3,961	416,576
Net income	1,512,931	(12,010)	(9,519)	(14,485)	(13,185)	1,562,130
Less: Noncontrolling interests	567	-	-	-	-	567
Net income attributable to common shareholders	\$ 1,512,364	\$ (12,010)	\$ (9,519)	\$ (14,485)	\$ (13,185)	\$ 1,561,563
EPS attributable to common shareholders:						
Diluted earnings per share	\$ 11.48	\$ (0.09)	\$ (0.07)	\$ (0.11)	\$ (0.10)	\$ 11.85

YEAR TO DATE FY 2019

	As Reported June 30, 2019	Business Realignment Charges	Clarcor Costs to Achieve	LORD Acquisition and Integration Costs	Adjusted June 30, 2019
Segment Operating Income					
Diversified Industrial:					
North America	\$ 1,138,586	\$ 4,716	\$ 8,075	\$ 912	\$ 1,152,289
International	804,890	10,787	4,252	-	819,929
Aerospace Systems	487,757	-	-	-	487,757
Total segment operating income	2,431,233	(15,503)	(12,327)	(912)	2,459,975
Corporate administration	194,994	-	-	-	194,994
Income before interest expense and other	2,236,239	(15,503)	(12,327)	(912)	2,264,981
Interest expense	190,138	-	-	-	190,138
Other expense	112,676	174	131	16,234	96,137
26 Income before income taxes	\$ 1,933,425	\$ (15,677)	\$ (12,458)	\$ (17,146)	\$ 1,978,706



Reconciliation of EPS

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

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
Earnings per diluted share	\$ 3.17	\$ 2.62	\$ 11.48	\$ 7.83
Adjustments:				
Business realignment charges	0.04	0.10	0.09	0.26
Clarcor costs to achieve	-	0.04	0.07	0.20
LORD acquisition and integration costs	0.10	-	0.10	-
Loss on sale and writedown of assets, net	-	0.39	-	0.41
U.S. Tax Reform one-time impact, net	-	0.07	0.11	1.72
Adjusted earnings per diluted share	\$ 3.31	\$ 3.22	\$ 11.85	\$ 10.42

Business Segment Information

PARKER HANNIFIN CORPORATION - JUNE 30, 2019

BUSINESS SEGMENT INFORMATION

(Unaudited)

(Dollars in thousands)

	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
Net sales				
Diversified Industrial:				
North America	\$ 1,745,291	\$ 1,804,948	\$ 6,808,948	\$ 6,726,900
International	1,258,288	1,376,118	5,000,599	5,259,793
Aerospace Systems	677,888	636,411	2,510,777	2,315,699
Total net sales	\$ 3,681,467	\$ 3,817,477	\$ 14,320,324	\$ 14,302,392
Segment operating income				
Diversified Industrial:				
North America	\$ 318,175	\$ 313,493	\$ 1,138,586	\$ 1,076,021
International	201,004	203,340	804,890	765,188
Aerospace Systems	121,650	126,735	487,757	397,970
Total segment operating income	640,829	643,568	2,431,233	2,239,179
Corporate general and administrative expenses	47,977	58,471	194,994	200,901
Income before interest expense and other expense	592,852	585,097	2,236,239	2,038,278
Interest expense	50,072	53,040	190,138	213,873
Other expense	29,432	34,130	112,676	122,128
Income before income taxes	\$ 513,348	\$ 497,927	\$ 1,933,425	\$ 1,702,277

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

(Unaudited)

(Dollars in thousands)

	Three Months Ended		Three Months Ended	
	June 30, 2019		June 30, 2018	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 640,829	17.4 %	\$ 643,568	16.9 %
Adjustments:				
Business realignment charges	6,219		17,843	
Clarcor costs to achieve	1,072		8,292	
LORD acquisition and integration costs	912		-	
Adjusted total segment operating income	\$ 649,032	17.6 %	\$ 669,703	17.5 %

	Twelve Months Ended		Twelve Months Ended	
	June 30, 2019		June 30, 2018	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 2,431,233	17.0 %	\$ 2,239,179	15.7 %
Adjustments:				
Business realignment charges	15,503		46,319	
Clarcor costs to achieve	12,327		36,676	
LORD acquisition and integration costs	912		-	
Adjusted total segment operating income	\$ 2,459,975	17.2 %	\$ 2,322,174	16.2 %

Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited)	Three Months Ended June 30,		Twelve Months Ended June 30,	
(Dollars in thousands)	2019	2018	2019	2018
Net sales	\$ 3,681,467	\$ 3,817,477	\$ 14,320,324	\$ 14,302,392
Earnings before income taxes	\$ 513,348	\$ 497,927	\$ 1,933,425	\$ 1,702,277
Depreciation and amortization	105,388	114,769	436,189	466,085
Interest expense	50,072	53,040	190,138	213,873
EBITDA	668,808	665,736	2,559,752	2,382,235
Adjustments:				
Business realignment charges	6,393	17,843	15,677	46,319
Clarcor costs to achieve	928	8,292	12,458	36,676
LORD acquisition and integration costs	17,146	-	17,146	-
Loss on sale and writedown of assets, net	-	26,513	-	31,837
Adjusted EBITDA	\$ 693,275	\$ 718,384	\$ 2,605,033	\$ 2,497,067
EBITDA margin	18.2 %	17.4 %	17.9 %	16.7 %
Adjusted EBITDA margin	18.8 %	18.8 %	18.2 %	17.5 %

Consolidated Balance Sheet

(Unaudited)	June 30,	
(Dollars in thousands)	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,219,767	\$ 822,137
Marketable securities and other investments	150,931	32,995
Trade accounts receivable, net	2,131,054	2,145,517
Non-trade and notes receivable	310,708	328,399
Inventories	1,678,132	1,621,304
Prepaid expenses and other	182,494	134,886
Total current assets	7,673,086	5,085,238
Plant and equipment, net	1,768,287	1,856,237
Deferred income taxes	150,462	57,623
Goodwill	5,453,805	5,504,420
Intangible assets, net	1,783,277	2,015,520
Other assets	747,773	801,049
Total assets	\$ 17,576,690	\$ 15,320,087
Liabilities and equity		
Current liabilities:		
Notes payable	\$ 587,014	\$ 638,466
Accounts payable	1,413,155	1,430,306
Accrued liabilities	984,292	929,833
Accrued domestic and foreign taxes	167,312	198,878
Total current liabilities	3,151,773	3,197,483
Long-term debt	6,520,831	4,318,559
Pensions and other postretirement benefits	1,304,379	1,177,605
Deferred income taxes	193,066	234,858
Other liabilities	438,489	526,089
Shareholders' equity	5,961,969	5,859,866
Noncontrolling interests	6,183	5,627
Total liabilities and equity	\$ 17,576,690	\$ 15,320,087

Consolidated Statement of Cash Flows

(Unaudited)	Twelve Months Ended June 30,	
(Dollars in thousands)	2019	2018
Cash flows from operating activities:		
Net income	\$ 1,512,931	\$ 1,061,315
Depreciation and amortization	436,189	466,085
Stock incentive plan compensation	104,078	118,831
Loss on sale of businesses	5,854	19,666
Loss (gain) on plant and equipment and intangible assets	5,091	(24,422)
Loss (gain) on sale of marketable securities	7,563	(2)
(Gain) loss on investments	(16,749)	41,219
Net change in receivables, inventories and trade payables	(61,762)	(268,280)
Net change in other assets and liabilities	(301,480)	216,416
Other, net	38,425	(34,128)
Net cash provided by operating activities	1,730,140	1,596,700
Cash flows from investing activities:		
Acquisitions (net of cash of \$690 in 2019)	(2,042)	-
Capital expenditures	(195,089)	(247,667)
Proceeds from sale of plant and equipment	46,592	81,881
Proceeds from sale of businesses	19,678	177,741
Purchases of marketable securities and other investments	(181,780)	(80,607)
Maturities and sales of marketable securities and other investments	74,908	83,905
Other	19,223	8,424
Net cash (used in) provided by investing activities	(218,510)	23,677
Cash flows from financing activities:		
Net payments for common stock activity	(857,577)	(377,359)
Net proceeds from (payments for) debt	2,172,351	(939,325)
Dividends	(412,468)	(365,288)
Net cash provided by (used in) financing activities	902,306	(1,681,972)
Effect of exchange rate changes on cash	(16,306)	(1,154)
Net increase (decrease) in cash and cash equivalents	2,397,630	(62,749)
Cash and cash equivalents at beginning of period	822,137	884,886
Cash and cash equivalents at end of period	\$ 3,219,767	\$ 822,137

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

(Unaudited)

(Dollars in thousands)

As reported cash flow from operations

Discretionary pension contribution

Adjusted cash flow from operations

	Twelve Months Ended		Twelve Months Ended	
	June 30, 2019	Percent of sales	June 30, 2018	Percent of sales
As reported cash flow from operations	\$ 1,730,140	12.1 %	\$ 1,596,700	11.2 %
Discretionary pension contribution	200,000		-	
Adjusted cash flow from operations	\$ 1,930,140	13.5 %	\$ 1,596,700	11.2 %

Reconciliation of Free Cash Flow Conversion

(Unaudited)	Twelve Months Ended
(Dollars in thousands)	June 30, 2019
Net income	\$ 1,512,931
Cash flow from operations	\$ 1,730,140
Capital Expenditures	(195,089)
Discretionary pension contribution	200,000
Free cash flow	\$ 1,735,051
Free cash flow conversion (free cash flow / net income)	115 %

Reconciliation of EPS

Fiscal Year 2020 Guidance

(Unaudited)

(Amounts in dollars)

Forecasted earnings per diluted share

Fiscal Year 2020

\$11.38 - \$12.18

Adjustments:

Business realignment charges

0.12

Adjusted forecasted earnings per diluted share

\$11.50 - \$12.30

Supplemental Sales Information

Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended		Twelve Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net sales				
Diversified Industrial:				
Motion Systems	\$ 869,190	\$ 938,881	\$ 3,485,068	\$ 3,502,335
Flow and Process Control	1,111,953	1,173,988	4,293,393	4,321,640
Filtration and Engineered Material	1,022,436	1,068,197	4,031,086	4,162,718
Aerospace Systems	677,888	636,411	2,510,777	2,315,699
Total	\$ 3,681,467	\$ 3,817,477	\$ 14,320,324	\$ 14,302,392

