

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): February 4, 2021

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))

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

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

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.

## **Item 2.02 Results of Operations and Financial Condition**

On February 4, 2021, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended December 31, 2020. 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 December 31, 2020.](#)

[99.2 Webcast presentation by Parker-Hannifin Corporation, dated December 31,2020.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

---

**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/ Todd M. Leombruno

Todd M. Leombruno

Executive Vice President and Chief Financial Officer

Date: February 4, 2021



**For Release:** Immediately Exhibit 99.1

**Contact:** **Media -**  
Aidan Gormley - Director, Global Communications and Branding 216-896-3258  
[aidan.gormley@parker.com](mailto:aidan.gormley@parker.com)

**Financial Analysts -**  
Robin J. Davenport, Vice President, Corporate Finance 216-896-2265  
[rjdavenport@parker.com](mailto:rjdavenport@parker.com)

**Stock Symbol:** PH - NYSE

## Parker Reports Fiscal 2021 Second Quarter Results

- Second quarter record net income of \$447.3 million, EPS at \$3.41 as reported, or \$3.44 adjusted
- Second quarter record total segment operating margin of 17.4% as reported, or 20.4% adjusted
- Second quarter EBITDA margin was 23.1% as reported, or 20.8% adjusted
- Cash flow from operations was a Q2 YTD record at \$1.35 billion, or 20.4% of sales
- Cumulative debt reduction reaches approximately \$2.8 billion in the last 14 months
- Company increases fiscal 2021 EPS guidance midpoint to \$12.15 as reported, or \$13.90 adjusted

**CLEVELAND, February 4, 2021** -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2021 second quarter ended December 31, 2020. Fiscal 2021 second quarter sales were \$3.41 billion, compared with \$3.50 billion in the prior year quarter. Net income was a record \$447.3 million, which includes a gain of approximately \$76.4 million from the sale of land, compared with \$204.5 million in the second quarter of fiscal 2020. Fiscal 2021 second quarter earnings per share were \$3.41, compared with \$1.57 in the prior year quarter. Adjusted earnings per share increased 15% to \$3.44, compared with adjusted earnings per share of \$2.98 in the second quarter of fiscal 2020. Fiscal year-to-date cash flow from operations was a second quarter record at \$1.35 billion and reached 20.4% of sales, compared with \$826.0 million or 12.1% of sales in the prior year period. A reconciliation of non-GAAP measures is included in the financial tables of this press release.

"Parker team members continue to deliver outstanding results including many records in a challenging environment," said Chairman and Chief Executive Officer, Tom Williams. "Our current results reflect the combined effect of significant operating performance improvement via The Win Strategy™ and strategic acquisitions that have strengthened our portfolio. We achieved second quarter records in total segment operating margin, earnings and year-to-date operating cash flow. We also delivered better than expected organic sales reflecting a more resilient business portfolio and strong performance in our Diversified Industrial segment. This was also the first quarter since September 2018 that industrial order rates were positive. Second quarter adjusted segment operating margin increased 250 basis

---

points year over year and adjusted EBITDA margin increased 230 basis points compared with the prior year quarter."

During the quarter, the company made debt repayments of \$767 million, further accelerating the cumulative debt reduction to approximately \$2.8 billion over the last 14 months. The company has also reinitiated its 10b5-1 share repurchase program, which had been temporarily suspended in March 2020, and intends to resume quarterly share repurchases under the program of \$50 million in the fiscal 2021 third quarter, effective February 5, 2021.

### **Segment Results**

*Diversified Industrial Segment:* North American second quarter sales decreased 3% to \$1.6 billion, and operating income was \$281.6 million, compared with \$211.3 million in the same period a year ago. International second quarter sales increased 10% to \$1.3 billion, and operating income was \$220.2 million, compared with \$153.8 million in the same period a year ago.

*Aerospace Systems Segment:* Second quarter sales decreased 20% to \$585.4 million, and operating income was \$90.7 million, compared with \$121.0 million in the same period a year ago.

Parker reported the following orders for the quarter ending December 31, 2020, compared with the same quarter a year ago:

- Orders were flat for total Parker
- Orders increased 1% in the Diversified Industrial North America businesses
- Orders increased 10% in the Diversified Industrial International businesses
- Orders decreased 18% in the Aerospace Systems Segment on a rolling 12-month average basis

### **Outlook**

For the fiscal year ending June 30, 2021, the company has increased guidance for earnings per share to the range of \$11.90 to \$12.40, or \$13.65 to \$14.15 on an adjusted basis. Guidance assumes an organic sales decline in the range of (4.5%) to (2.5%). Fiscal year 2021 guidance is adjusted on a pre-tax basis for expected business realignment expenses of approximately \$60 million, costs to achieve of approximately \$15 million, acquisition-related intangible asset amortization of approximately \$322 million and a gain on the sale of land of approximately \$101 million. 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, "Our performance in the first half of this year has exceeded our expectations, and as a result, we are increasing our full year guidance for fiscal 2021. While the outlook for key end markets

---

continues to be uncertain in the current environment, we remain committed to driving improvements through the execution of the Win Strategy and making continued progress toward our long-term financial goals."

**NOTICE OF CONFERENCE CALL:** Parker Hannifin's conference call and slide presentation to discuss its fiscal 2021 second quarter results are available to all interested parties via live webcast today at 11:00 a.m. ET, at [www.phstock.com](http://www.phstock.com). A replay of the webcast will be available on the site 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 please visit [www.phstock.com](http://www.phstock.com).

#### **About Parker Hannifin**

Parker Hannifin is a Fortune 250 global leader in motion and control technologies. For more than a century the company has been enabling engineering breakthroughs that lead to a better tomorrow. Parker has increased its annual dividend per share paid to shareholders for 64 consecutive fiscal years, among the top five longest-running dividend-increase records in the S&P 500 index. Learn more at [www.parker.com](http://www.parker.com) or [@parkerhannifin](https://twitter.com/parkerhannifin).

#### **Note on Orders**

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

#### **Note on Net Income**

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

#### **Note on Non-GAAP Financial Measures**

This press release contains references to non-GAAP financial information including (a) adjusted earnings per share; (b) adjusted total segment operating margin; (c) EBITDA margin; and (d) adjusted EBITDA margin. The adjusted earnings per share and total segment operating margin measures are presented to allow investors and the company to meaningfully evaluate changes in earnings per share and total segment operating margin on a comparable basis from period to period. This press release also contains references to EBITDA, EBITDA margin and adjusted EBITDA margin. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Although EBITDA, EBITDA margin and adjusted 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. A reconciliation of non-GAAP measures is included in the financial tables of this press release.

### **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,” “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.

Among other factors which may affect future performance are: the impact of the global outbreak of COVID-19 and governmental and other actions taken in response; 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 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, as well as uncertainties associated with the timing and conditions surrounding the return to service of the Boeing 737 MAX. The company makes these statements as of the date of this disclosure and undertakes no obligation to update them unless otherwise required by law.

###

---

**PARKER HANNIFIN CORPORATION - DECEMBER 31, 2020**

Exhibit 99.1

**CONSOLIDATED STATEMENT OF INCOME**

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
<b>Net sales</b>	\$ 3,411,905	\$ 3,497,974	\$ 6,642,445	\$ 6,832,485
Cost of sales	2,519,545	2,682,765	4,903,873	5,162,506
Selling, general and administrative expenses	356,572	491,121	726,423	890,300
Interest expense	62,990	82,891	128,948	152,847
Other (income), net	(103,714)	(13,549)	(108,606)	(61,070)
Income before income taxes	576,512	254,746	991,807	687,902
Income taxes	129,015	50,148	222,593	144,263
Net income	447,497	204,598	769,214	543,639
Less: Noncontrolling interests	191	124	499	267
<b>Net income attributable to common shareholders</b>	<b>\$ 447,306</b>	<b>\$ 204,474</b>	<b>\$ 768,715</b>	<b>\$ 543,372</b>
<b>Earnings per share attributable to common shareholders:</b>				
Basic earnings per share	\$ 3.47	\$ 1.59	\$ 5.97	\$ 4.23
Diluted earnings per share	\$ 3.41	\$ 1.57	\$ 5.89	\$ 4.17
Average shares outstanding during period - Basic	129,013,781	128,396,933	128,860,763	128,430,463
Average shares outstanding during period - Diluted	131,075,655	130,495,381	130,482,564	130,154,079

**CASH DIVIDENDS PER COMMON SHARE**

(Unaudited) (Amounts in dollars)	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
<b>Cash dividends per common share</b>	<b>\$ 0.88</b>	<b>\$ 0.88</b>	<b>\$ 1.76</b>	<b>\$ 1.76</b>

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

(Unaudited) (Amounts in dollars)	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
<b>Earnings per diluted share</b>	<b>\$ 3.41</b>	<b>\$ 1.57</b>	<b>\$ 5.89</b>	<b>\$ 4.17</b>
Adjustments:				
Acquired intangible asset amortization expense	0.62	0.57	1.25	0.95
Business realignment charges	0.14	0.08	0.26	0.12
Lord costs to achieve	0.02	0.05	0.05	0.08
Exotic costs to achieve	—	—	—	0.01
Acquisition-related expenses	—	1.14	—	1.28
Gain on sale of land	(0.77)	—	(0.77)	—
Tax effect of adjustments <sup>1</sup>	0.02	(0.43)	(0.16)	(0.58)
<b>Adjusted earnings per diluted share</b>	<b>\$ 3.44</b>	<b>\$ 2.98</b>	<b>\$ 6.52</b>	<b>\$ 6.03</b>

<sup>1</sup>This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.



**PARKER HANNIFIN CORPORATION - DECEMBER 31, 2020**

Exhibit 99.1

**RECONCILIATION OF EBITDA TO ADJUSTED EBITDA**

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
<b>Net sales</b>	\$ 3,411,905	\$ 3,497,974	\$ 6,642,445	\$ 6,832,485
Net income	\$ 447,497	\$ 204,598	\$ 769,214	\$ 543,639
Income taxes	129,015	50,148	222,593	144,263
Depreciation and amortization	149,818	144,229	298,260	253,300
Interest expense	62,990	82,891	128,948	152,847
<b>EBITDA</b>	<b>789,320</b>	<b>481,866</b>	<b>1,419,015</b>	<b>1,094,049</b>
Adjustments:				
Business realignment charges	18,767	9,836	34,468	14,559
Lord costs to achieve	3,249	6,725	6,864	10,139
Exotic costs to achieve	343	489	675	1,084
Acquisition-related expenses	—	148,467	—	165,916
Gain on sale of land	(100,893)	—	(100,893)	—
<b>Adjusted EBITDA</b>	<b>\$ 710,786</b>	<b>\$ 647,383</b>	<b>\$ 1,360,129</b>	<b>\$ 1,285,747</b>
<b>EBITDA margin</b>	<b>23.1 %</b>	<b>13.8 %</b>	<b>21.4 %</b>	<b>16.0 %</b>
<b>Adjusted EBITDA margin</b>	<b>20.8 %</b>	<b>18.5 %</b>	<b>20.5 %</b>	<b>18.8 %</b>

PARKER HANNIFIN CORPORATION - DECEMBER 31, 2020

Exhibit 99.1

BUSINESS SEGMENT INFORMATION

(Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
(Dollars in thousands)	2020	2019	2020	2019
<b>Net sales</b>				
Diversified Industrial:				
North America	\$ 1,566,877	\$ 1,615,852	\$ 3,094,988	\$ 3,240,457
International	1,259,625	1,147,084	2,388,876	2,225,934
Aerospace Systems	585,403	735,038	1,158,581	1,366,094
<b>Total net sales</b>	<b>\$ 3,411,905</b>	<b>\$ 3,497,974</b>	<b>\$ 6,642,445</b>	<b>\$ 6,832,485</b>
<b>Segment operating income</b>				
Diversified Industrial:				
North America	\$ 281,619	\$ 211,339	\$ 550,452	\$ 486,531
International	220,213	153,816	407,114	322,389
Aerospace Systems	90,729	121,039	177,495	244,019
<b>Total segment operating income</b>	<b>592,561</b>	<b>486,194</b>	<b>1,135,061</b>	<b>1,052,939</b>
Corporate general and administrative expenses	38,720	35,660	75,455	84,562
Income before interest expense and other expense	553,841	450,534	1,059,606	968,377
Interest expense	62,990	82,891	128,948	152,847
Other (income) expense	(85,661)	112,897	(61,149)	127,628
<b>Income before income taxes</b>	<b>\$ 576,512</b>	<b>\$ 254,746</b>	<b>\$ 991,807</b>	<b>\$ 687,902</b>



## PARKER HANNIFIN CORPORATION - DECEMBER 31, 2020

Exhibit 99.1

## CONSOLIDATED BALANCE SHEET

(Unaudited)

(Dollars in thousands)

	December 31, 2020	June 30, 2020	December 31, 2019
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 564,734	\$ 685,514	\$ 948,355
Marketable securities and other investments	43,314	70,805	145,120
Trade accounts receivable, net	1,816,731	1,854,398	1,973,187
Non-trade and notes receivable	312,590	244,870	319,126
Inventories	1,870,948	1,814,631	2,014,260
Prepaid expenses and other	191,362	214,986	261,103
<b>Total current assets</b>	<b>4,799,679</b>	<b>4,885,204</b>	<b>5,661,151</b>
Property, plant and equipment, net	2,302,142	2,292,735	2,335,940
Deferred income taxes	134,325	126,839	114,032
Investments and other assets	795,073	764,563	941,588
Intangible assets, net	3,695,194	3,798,913	4,036,108
Goodwill	8,101,016	7,869,935	7,955,170
<b>Total assets</b>	<b>\$ 19,827,429</b>	<b>\$ 19,738,189</b>	<b>\$ 21,043,989</b>
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Notes payable and long-term debt payable within one year	\$ 610,909	\$ 809,529	\$ 1,604,318
Accounts payable, trade	1,343,011	1,111,759	1,311,733
Accrued payrolls and other compensation	345,973	424,231	372,549
Accrued domestic and foreign taxes	218,624	195,314	165,265
Other accrued liabilities	688,566	607,540	637,257
<b>Total current liabilities</b>	<b>3,207,083</b>	<b>3,148,373</b>	<b>4,091,122</b>
Long-term debt	6,602,309	7,652,256	8,141,220
Pensions and other postretirement benefits	1,843,209	1,887,414	1,366,814
Deferred income taxes	420,699	382,528	569,582
Other liabilities	631,825	539,089	532,750
Shareholders' equity	7,105,982	6,113,983	6,330,175
Noncontrolling interests	16,322	14,546	12,326
<b>Total liabilities and equity</b>	<b>\$ 19,827,429</b>	<b>\$ 19,738,189</b>	<b>\$ 21,043,989</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

Six Months Ended December 31,

	2020	2019
<b>Cash flows from operating activities:</b>		
Net income	\$ 769,214	\$ 543,639
Depreciation and amortization	298,260	253,300
Share incentive plan compensation	79,833	73,069
Gain on property, plant and equipment	(102,565)	(4,478)
Gain on marketable securities	(6,959)	(1,969)
Gain on investments	(4,783)	(1,849)
Net change in receivables, inventories and trade payables	269,322	227,247
Net change in other assets and liabilities	47,707	(278,168)
Other, net	3,959	15,177
<b>Net cash provided by operating activities</b>	<b>1,353,988</b>	<b>825,968</b>
<b>Cash flows from investing activities:</b>		
Acquisitions (net of cash of \$82,192 in 2019)	—	(5,075,605)
Capital expenditures	(92,907)	(118,593)
Proceeds from sale of property, plant and equipment	124,428	20,993
Purchases of marketable securities and other investments	(16,029)	(190,129)
Maturities and sales of marketable securities and other investments	52,019	198,872
Other	11,183	9,374
<b>Net cash provided by (used in) investing activities</b>	<b>78,694</b>	<b>(5,155,088)</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(57,688)	(134,892)
Net (payments for) proceeds from debt	(1,324,348)	2,416,222
Dividends paid	(227,228)	(227,025)
<b>Net cash (used in) provided by financing activities</b>	<b>(1,609,264)</b>	<b>2,054,305</b>
Effect of exchange rate changes on cash	55,802	3,403
Net decrease in cash and cash equivalents	(120,780)	(2,271,412)
Cash and cash equivalents at beginning of year	685,514	3,219,767
<b>Cash and cash equivalents at end of period</b>	<b>\$ 564,734</b>	<b>\$ 948,355</b>

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

(Unaudited)

(Amounts in dollars)

	<b>Fiscal Year 2021</b>
<b>Forecasted earnings per diluted share</b>	<b>\$11.90 to \$12.40</b>
Adjustments:	
Business realignment charges	0.46
Costs to achieve	0.11
Acquisition-related intangible asset amortization expense	2.47
Gain on sale of land	(0.77)
Tax effect of adjustments <sup>1</sup>	(0.52)
<b>Adjusted forecasted earnings per diluted share</b>	<b>\$13.65 to \$14.15</b>

<sup>1</sup>This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

# Parker Hannifin Corporation

Exhibit 99.2

## Fiscal 2021 Second Quarter Earnings Release



**PH**  
LISTED  
**NYSE**

ENGINEERING YOUR SUCCESS.

February 4, 2021



# 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," "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.

Among other factors which may affect future performance are: the impact of the global outbreak of COVID-19 and governmental and other actions taken in response; 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 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, as well as uncertainties associated with the timing and conditions surrounding the return to service of the Boeing 737 MAX. 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 contains references to non-GAAP financial information for Parker, including organic sales for Parker and by segment, adjusted earnings per share, adjusted operating margin for Parker and by segment, EBITDA, adjusted EBITDA, EBITDA margin, and free cash flow. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. For Parker, adjusted EBITDA is defined as EBITDA before business realignment, integration costs to achieve, acquisition related expenses, and Gain on sale of land. Free cash flow is defined as cash flow from operations less capital expenditures. Although organic sales, adjusted earnings per share, adjusted operating margin for Parker and by segment, EBITDA, adjusted EBITDA, EBITDA margin and free cash flow are not measures of performance calculated in accordance with GAAP, we believe that they are useful to an investor in evaluating the company performance for the period presented. Detailed reconciliations of these non-GAAP financial measures to the comparable GAAP financial measures have been included in the appendix to this presentation.

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





# Agenda

CEO Comments and Highlights of Quarter Results

Results & Outlook

Questions & Answers

# Unmatched Breadth of Core Technologies



Interconnected Technologies Create Competitive Advantages



## Outstanding Performance in FY21 Second Quarter

---

- Top quartile safety performance; 23% reduction in recordable incidents
- Sales decline of 2.5% YoY; Organic decline of 6.1% YoY
- Q2 record net income of \$447 million
- EBITDA margin was 23.1% as reported or 20.8% adjusted<sup>1</sup>, +230 bps vs. prior
- Q2 YTD Cash flow from operations a record at 20.4% of sales

<b><u>Total Parker</u></b>	<b><u>FY21 Q2</u></b>	<b><u>FY20 Q2</u></b>	<b><u>Change</u></b>
Total Segment Operating Margin, As Reported	17.4%	13.9%	
Total Segment Operating Margin, Adjusted <sup>1</sup>	20.4%	17.9%	+ 250bps

## Strong Cash Flow Deployment

---

- Paid down \$767 million of debt during FY21 Q2
- ~\$2.8 billion debt reduction in last 14 months

<u>Debt Ratios</u>	<u>FY21 Q2</u>	<u>FY21 Q1</u>
Gross debt to EBITDA	2.7x	3.4x
Net debt to EBITDA	2.5x	3.0x

- Gross Debt to EBITDA: Reduced to 2.7x from 4.0x in one year

Reinitiating our 10b5-1 Share Repurchase Program



# Parker's Transformation

PH  
LISTED  
NYSE



# Strategy Summary

## Why We Win



## Where We Are Going

- The Win Strategy™
  - Decentralized business model
  - Technology breadth & interconnectivity
  - Engineered products with intellectual property
  - Long product life cycles
  - Global distribution, service & support
  - Low capital investment requirements
  - Great generators & deployers of cash over the cycle
- The Win Strategy™ 3.0
  - Purpose Statement
  - Strategies to Grow > GIPI
  - Portfolio Transformation

**Position Parker for Top Quartile Performance**

# The Win Strategy™

Our Vision: Engineering Your Success

## Goals

Engaged People	Customer Experience	Profitable Growth	Financial Performance
STRATEGIES	STRATEGIES	STRATEGIES	STRATEGIES
<ul style="list-style-type: none"> <li>• Environmental, Health &amp; Safety</li> <li>• Ownership - Entrepreneurial</li> <li>• High Performance Teams &amp; Leaders</li> <li>• Continuous Improvement - Kaizen</li> </ul>	<ul style="list-style-type: none"> <li>• Quality Solutions On Time</li> <li>• Digital Leadership</li> <li>• Ease of Doing Business</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Positioning</li> <li>• Market-Driven Innovation</li> <li>• System Solutions</li> <li>• Strong Distribution</li> <li>• Grow Share</li> <li>• Acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>• Simplification</li> <li>• Lean Enterprise</li> <li>• Strategic Supply Chain</li> <li>• Value Pricing</li> </ul>

## Our Culture & Values



SEPTEMBER 2019

The Win Strategy 3.0 and Our Purpose are Accelerating Performance



What is Parker's purpose?



**Enabling  
Engineering  
Breakthroughs  
that Lead to  
a Better  
Tomorrow**





# Parker is Essential to the Vaccine Value Chain



Enabling the Production & Delivery of Billions of Vaccines



# Strategies to Grow > GIPI

## Portfolio

Acquire companies with higher growth trajectory and resiliency:

- CLARCOR
- LORD
- Exotic

## Performance

- Strategic Positioning
- Innovation - Winovation PVI and NPB
- Simple by Design™
- International Distribution
- Digital Leadership
- Annual Cash Incentive Program (ACIP)

**Consistent Growth Requires Both Portfolio & Performance Actions**

# Summary of Fiscal 2021 2nd Quarter Results

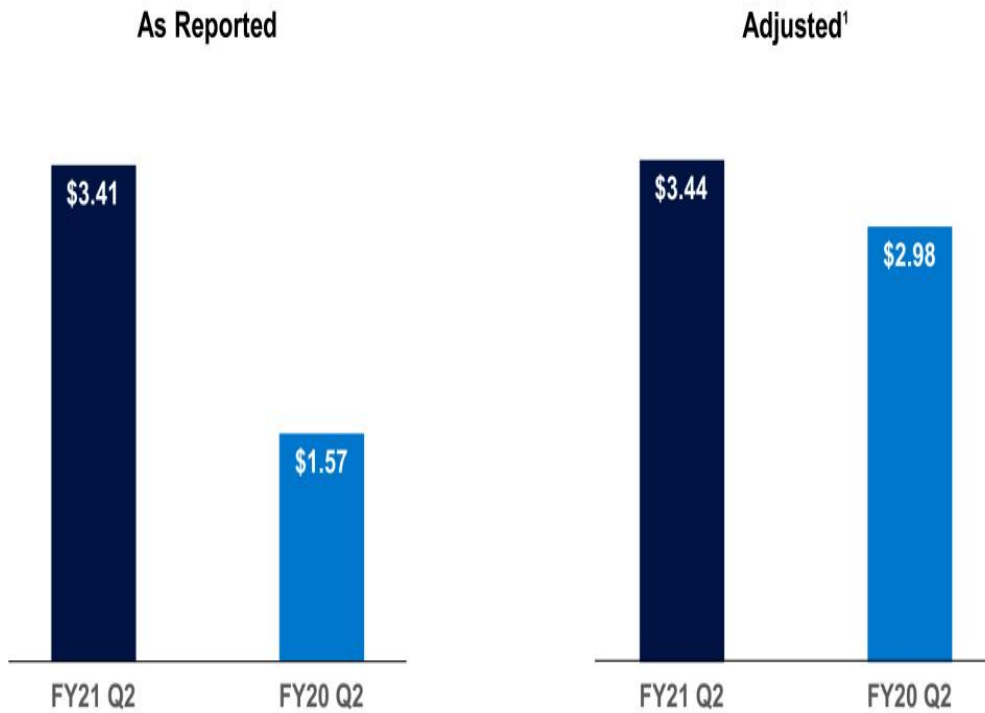
PH  
LISTED  
NYSE



# Diluted Earnings per Share

## 2nd Quarter FY2021 vs. FY2020

---

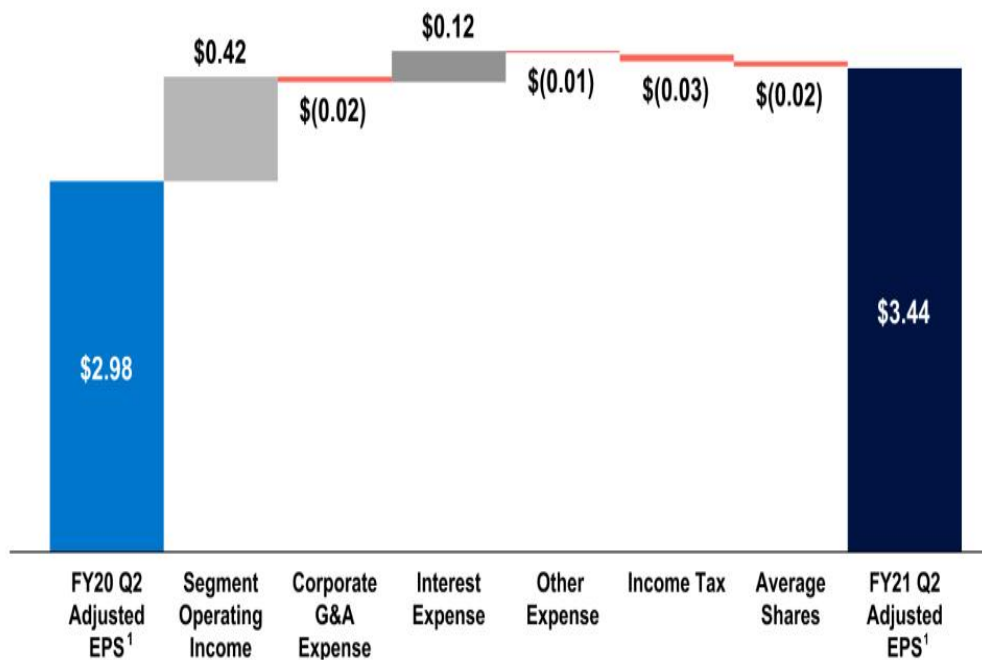


14 1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



# Influences on Adjusted Earnings per Share

## 2nd Quarter FY2021 vs. FY2020



15 1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



# Savings from Cost Out Actions

---

- Discretionary savings \$50 million greater than previously guided
- Permanent savings remain on track

<u>Savings</u>	<u>FY21 Q2 YTD</u>	<u>FY21 Total</u>	<u>FY21 YoY Incremental</u>
Discretionary Actions	~\$190	~\$225	~\$ 50
Permanent Actions	~\$125	~\$250	~\$210
<b>Total</b>	<b>~\$315M</b>	<b>~\$475M*</b>	<b>~\$260M*</b>

# Sales & Segment Operating Margin

## Total Parker

\$ in millions	2nd Quarter			
	FY2021	% Change	FY2020	
<u>Sales</u>				
As Reported	\$ 3,412	(2.5)%	\$ 3,498	
Acquisitions <sup>1</sup>	89	2.6 %		
Currency	40	1.0 %		
Organic Sales	\$ 3,283	(6.1)%		
	<u>FY2021</u>	<u>% of Sales</u>	<u>FY2020</u>	<u>% of Sales</u>
<u>Segment Operating Margin</u>				
As Reported	\$ 593	17.4 %	\$ 486	13.9 %
Acquired Intangible Asset Amortization	81		74	
Business Realignment	18		10	
Integration Costs to Achieve <sup>2</sup>	3		7	
Acquisition-Related Expenses <sup>3</sup>	—		49	
Adjusted	\$ 695	20.4 %	\$ 626	17.9 %

17 1: Acquisitions reflect LORD (closed 10/29/19); 2: Integration Costs to Achieve for LORD and Exotic; 3: Acquisition-Related Expenses for LORD and Exotic



# Sales & Segment Operating Margin

## Diversified Industrial North America

\$ in millions	2nd Quarter			
	FY2021	% Change	FY2020	
<b>Sales</b>				
As Reported	\$ 1,567	(3.0)%	\$ 1,616	
Acquisitions <sup>1</sup>	50	3.1 %		
Currency	(3)	(0.2)%		
Organic Sales	\$ 1,520	(5.9)%		
	FY2021	% of Sales	FY2020	% of Sales
<b>Segment Operating Margin</b>				
As Reported	\$ 282	18.0 %	\$ 211	13.1 %
Acquired Intangible Asset Amortization	48		45	
Business Realignment	3		4	
Integration Costs to Achieve <sup>2</sup>	1		5	
Acquisition-Related Expenses <sup>3</sup>	—		29	
Adjusted	\$ 334	21.3 %	\$ 294	18.2 %

18 1: Acquisitions reflect LORD (closed 10/29/19); 2: Integration Costs to Achieve for LORD; 3: Acquisition-Related Expenses for LORD





# Sales & Segment Operating Margin

## Diversified Industrial International

\$ in millions	2nd Quarter			
	FY2021	% Change	FY2020	
<u>Sales</u>				
As Reported	\$ 1,260	9.8 %	\$ 1,147	
Acquisitions <sup>1</sup>	37	3.2 %		
Currency	41	3.5 %		
Organic Sales	\$ 1,182	3.1 %		
	FY2021	% of Sales	FY2020	% of Sales
<u>Segment Operating Margin</u>				
As Reported	\$ 220	17.5 %	\$ 154	13.4 %
Acquired Intangible Asset Amortization	21		16	
Business Realignment	14		7	
Integration Costs to Achieve <sup>2</sup>	1		2	
Acquisition-Related Expenses <sup>3</sup>	—		5	
Adjusted	\$ 256	20.3 %	\$ 184	16.0 %

19 1: Acquisitions reflect LORD (closed 10/29/19); 2: Integration Costs to Achieve for LORD; 3: Acquisition-Related Expenses for LORD



# Sales & Segment Operating Margin

## Aerospace Systems

\$ in millions	2nd Quarter			
	FY2021	% Change	FY2020	
<u>Sales</u>				
As Reported	\$ 585	(20.4)%	\$ 735	
Acquisitions <sup>1</sup>	3	0.4 %		
Currency	1	0.1 %		
Organic Sales	\$ 581	(20.9)%		
	FY2021	% of Sales	FY2020	% of Sales
<u>Segment Operating Margin</u>				
As Reported	\$ 91	15.5 %	\$ 121	16.5 %
Acquired Intangible Asset Amortization	13		12	
Business Realignment	1		—	
Integration Costs to Achieve <sup>2</sup>	—		1	
Acquisition-Related Expenses <sup>3</sup>	—		14	
Adjusted	\$ 105	18.0 %	\$ 148	20.2 %



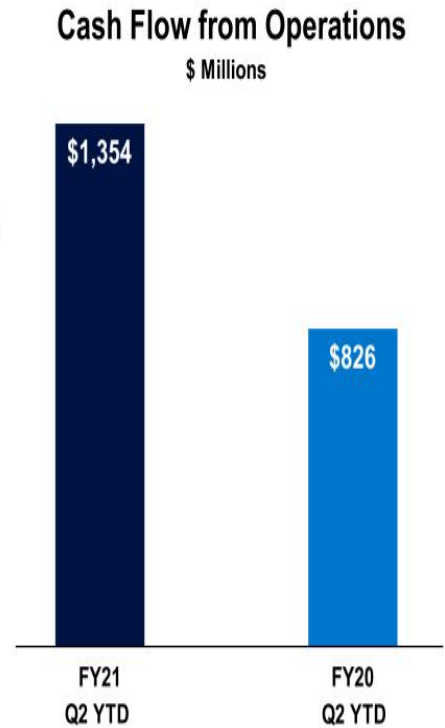
# Cash Flow

Q2 YTD FY2021 vs. FY2020

---

## Highlights

- Cash Flow from Operations of 20.4% of Sales
- Free Cash Flow of 19.0% of Sales
- Free Cash Flow Conversion of 164%



# Order Rates

---

	<u>Dec 2020</u>	<u>Sep 2020</u>	<u>Dec 2019</u>	<u>Sep 2019</u>
<b>Total Parker</b>	0 %	(12)%	(3)%	(2)%
Diversified Industrial North America	1 %	(11)%	(7)%	(6)%
Diversified Industrial International	10 %	(4)%	(6)%	(10)%
Aerospace Systems	(18)%	(25)%	12 %	22 %

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

# FY2021 Guidance Increased

EPS Midpoint: \$12.15 As Reported, \$13.90 Adjusted

Sales Growth vs. Prior Year	
Diversified Industrial North America	(0.1)% - 1.9%
Diversified Industrial International	10.9% - 12.9%
Aerospace Systems	(14.3)% - (12.3)%
<b>Total Parker</b>	<b>0.7% - 2.7%</b>

Segment Operating Margins	As Reported	Adjusted <sup>1</sup>
Diversified Industrial North America	17.7% - 18.1%	21.1% - 21.5%
Diversified Industrial International	17.6% - 18.0%	20.0% - 20.4%
Aerospace Systems	16.0% - 16.4%	18.5% - 18.9%
<b>Total Parker</b>	<b>17.4% - 17.8%</b>	<b>20.2% - 20.6%</b>

Below the Line Items	As Reported	Adjusted <sup>2</sup>
Corporate General & Administrative Expenses, Interest and Other	\$388M	\$487M

Tax Rate	As Reported
Full Year	23.0%

Shares	
Diluted Shares Outstanding	130.6M

Earnings Per Share	As Reported	Adjusted <sup>1,2</sup>
Range	\$11.90 - \$12.40	\$13.65 - \$14.15

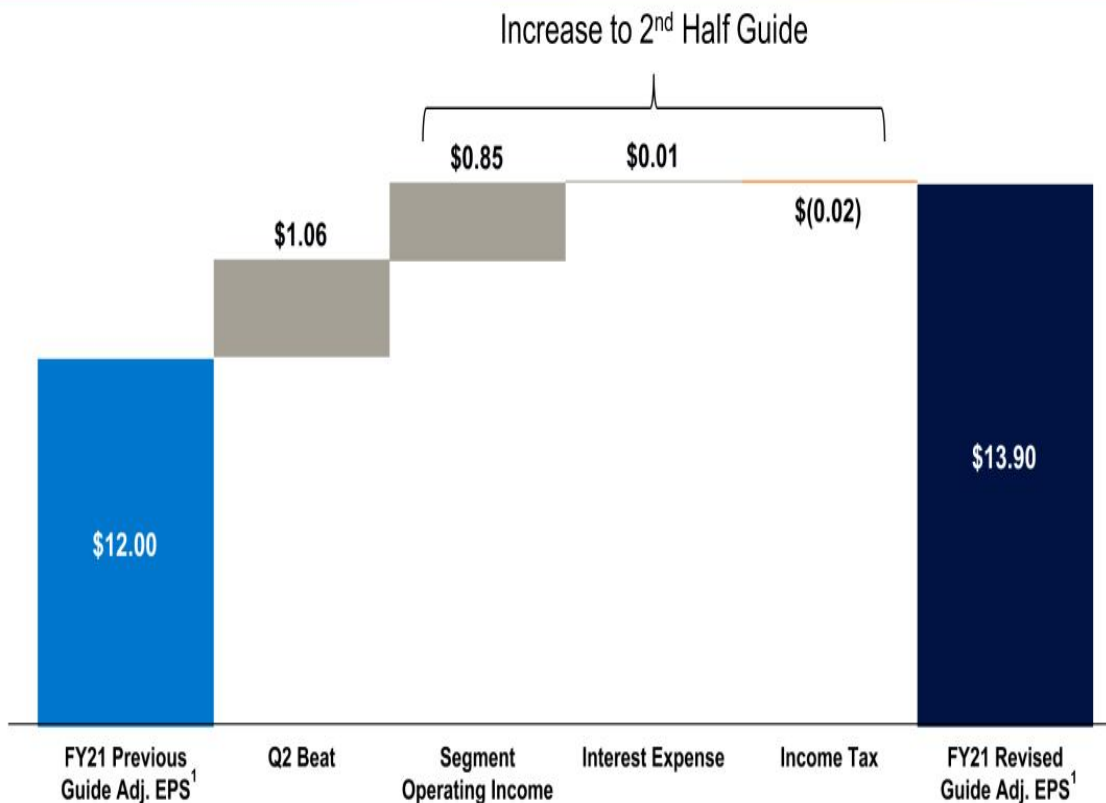
Detail of Pre-Tax Adjustments to:	<sup>1</sup> Segment Margins	<sup>2</sup> Below the Line
Acquired Intangible Asset Amortization	\$322M <sup>3</sup>	—
Business Realignment Charges	\$58M	\$2M
Integration Costs to Achieve	\$15M	—
Gain on Land Sale	—	(\$101M)



3: Acquired intangible asset amortization expense split approximately 59% Diversified Industrial North America, 25% Diversified Industrial International, and 16% Aerospace Systems.

# FY2021 Guidance

## Reconciliation of Q2 Beat and Updated Guidance



# Key Messages

---

- Highly engaged global team
- Strength & interconnectivity of Parker's portfolio
- Strategic portfolio transformation – CLARCOR, LORD & Exotic
- Improving financial performance over the cycle
- The Win Strategy™ 3.0 & Purpose Statement accelerates performance

**Remain Confident in Achieving FY23 Targets**





**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 Free Cash Flow Conversion
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of Forecasted EPS

# Consolidated Statement of Income

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended December 31,	
	2020	2019
<b>Net sales</b>	\$ 3,411,905	\$ 3,497,974
Cost of sales	2,519,545	2,682,765
Selling, general and administrative expenses	356,572	491,121
Interest expense	62,990	82,891
Other (income), net	(103,714)	(13,549)
Income before income taxes	576,512	254,746
Income taxes	129,015	50,148
Net income	447,497	204,598
Less: Noncontrolling interests	191	124
<b>Net income attributable to common shareholders</b>	<b>\$ 447,306</b>	<b>\$ 204,474</b>
<b>Earnings per share attributable to common shareholders:</b>		
Basic earnings per share	\$ 3.47	\$ 1.59
Diluted earnings per share	\$ 3.41	\$ 1.57
Average shares outstanding during period - Basic	129,013,781	128,396,933
Average shares outstanding during period - Diluted	131,075,655	130,495,381

## CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended December 31,	
	2020	2019
Cash dividends per common share	\$ 0.88	\$ 0.88

# Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter-to-Date FY 2021									
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Lord Costs to Achieve	Exotic Costs to Achieve	Gain On Sale Of Land	Adjusted		
	December 31, 2020	% of Sales						December 31, 2020	% of Sales	
<b>Net Sales</b>	\$ 3,411,905	100.0 %	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,411,905	100.0 %	
Cost of Sales	2,519,545	73.8 %	—	14,183	393	—	—	2,504,969	73.4 %	
Selling, general, and admin. expenses	356,572	10.5 %	81,237	3,923	2,856	343	—	268,213	7.9 %	
Interest expense	62,990	1.8 %	—	—	—	—	—	62,990	1.8 %	
Other (income), net	(103,714)	(3.0)%	—	661	—	—	(100,893)	(3,482)	(0.1)%	
Income before income taxes	576,512	16.9 %	(81,237)	(18,767)	(3,249)	(343)	100,893	579,215	17.0 %	
Income taxes	129,015	3.8 %	18,766	4,335	751	79	(24,503)	128,443	3.8 %	
Net Income	447,497	13.1 %	(62,471)	(14,432)	(2,498)	(264)	76,390	450,772	13.2 %	
Less: Noncontrollable interests	191	0.0 %	—	—	—	—	—	191	0.0 %	
<b>Net Income - common shareholders</b>	<b>\$ 447,306</b>	<b>13.1 %</b>	<b>\$ (62,471)</b>	<b>\$ (14,432)</b>	<b>\$ (2,498)</b>	<b>\$ (264)</b>	<b>\$ 76,390</b>	<b>\$ 450,581</b>	<b>13.2 %</b>	
Diluted earnings per share	\$ 3.41		\$ (0.48)	\$ (0.11)	\$ (0.02)	\$ —	\$ 0.58	\$ 3.44		

# Adjusted Amounts Reconciliation

## Business Segment Information

(Dollars in thousands)

(Unaudited)

Quarter-to-Date FY 2021

	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Lord Costs to Achieve	Exotic Costs to Achieve	Gain On Sale Of Land	Adjusted	
	December 31, 2020	% of Sales						December 31, 2020	% of Sales <sup>2</sup>
Diversified Industrial									
North America <sup>1</sup>	\$ 281,619	18.0 %	\$ 47,699	\$ 2,863	\$ 1,876	\$ —	\$ —	\$ 334,057	21.3 %
International <sup>1</sup>	220,213	17.5 %	20,765	13,673	1,373	—	—	256,024	20.3 %
Aerospace Systems <sup>1</sup>	90,729	15.5 %	12,773	1,386	—	343	—	105,231	18.0 %
Total segment operating income	592,561	17.4 %	(81,237)	(17,922)	(3,249)	(343)	—	695,312	20.4 %
Corporate administration	38,720	1.1 %	—	184	—	—	—	38,536	1.1 %
Income before interest and other	553,841	16.2 %	(81,237)	(18,106)	(3,249)	(343)	—	656,776	19.2 %
Interest expense	62,990	1.8 %	—	—	—	—	—	62,990	1.8 %
Other (income) expense	(85,661)	(2.5)%	—	661	—	—	(100,893)	14,571	0.4 %
Income before income taxes	\$ 576,512	16.9 %	\$ (81,237)	\$ (18,767)	\$ (3,249)	\$ (343)	\$ 100,893	\$ 579,215	17.0 %

<sup>1</sup>Segment operating income as a percent of sales is calculated on as reported segment sales.

<sup>2</sup>Adjusted amounts as a percent of sales are calculated on as reported segment sales.

# Reconciliation of Earnings per Diluted Share to Adjusted Earnings per Diluted Share

(Unaudited)	Three Months Ended December 31,	
(Amounts in dollars)	<u>2020</u>	<u>2019</u>
<b>Earnings per diluted share</b>	<b>\$ 3.41</b>	<b>\$ 1.57</b>
Adjustments:		
Acquired intangible asset amortization expense	0.62	0.57
Business realignment charges	0.14	0.08
Lord costs to achieve	0.02	0.05
Acquisition-related expenses	—	1.14
Gain on sale of land	(0.77)	—
Tax effect of adjustments <sup>1</sup>	0.02	(0.43)
<b>Adjusted earnings per diluted share</b>	<b>\$ 3.44</b>	<b>\$ 2.98</b>

<sup>1</sup>This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

# Business Segment Information

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,	
	2020	2019
<b>Net sales</b>		
Diversified Industrial:		
North America	\$ 1,566,877	\$ 1,615,852
International	1,259,625	1,147,084
Aerospace Systems	585,403	735,038
<b>Total net sales</b>	<b>\$ 3,411,905</b>	<b>\$ 3,497,974</b>
<b>Segment operating income</b>		
Diversified Industrial:		
North America	\$ 281,619	\$ 211,339
International	220,213	153,816
Aerospace Systems	90,729	121,039
<b>Total segment operating income</b>	<b>592,561</b>	<b>486,194</b>
Corporate general and administrative expenses	38,720	35,660
Income before interest expense and other expense	553,841	450,534
Interest expense	62,990	82,891
Other (income) expense	(85,661)	112,897
<b>Income before income taxes</b>	<b>\$ 576,512</b>	<b>\$ 254,746</b>

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

(Unaudited) (Dollars in thousands)	Three Months Ended		Three Months Ended	
	December 31, 2020		December 31, 2019	
	Operating income	Operating margin	Operating income	Operating margin
<b>Total segment operating income</b>	\$ 592,561	17.4 %	\$ 486,194	13.9 %
Adjustments:				
Acquired intangible asset amortization expense	81,237		73,956	
Business realignment charges	17,922		9,719	
Lord costs to achieve	3,249		6,725	
Exotic costs to achieve	343		489	
Acquisition-related expenses	—		48,725	
<b>Adjusted total segment operating income</b>	\$ 695,312	20.4 %	\$ 625,808	17.9 %

# Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,	
	2020	2019
<b>Net sales</b>	\$ 3,411,905	\$ 3,497,974
Net income	\$ 447,497	\$ 204,598
Income taxes	129,015	50,148
Depreciation and amortization	149,818	144,229
Interest expense	62,990	82,891
<b>EBITDA</b>	<b>789,320</b>	<b>481,866</b>
Adjustments:		
Business realignment charges	18,767	9,836
Lord costs to achieve	3,249	6,725
Exotic costs to achieve	343	489
Acquisition-related expenses	—	148,467
Gain on sale of land	(100,893)	—
<b>Adjusted EBITDA</b>	<b>\$ 710,786</b>	<b>\$ 647,383</b>
EBITDA margin	23.1 %	13.8 %
Adjusted EBITDA margin	20.8 %	18.5 %



# Consolidated Balance Sheet

(Unaudited)	December 31,	June 30,	December 31,
(Dollars in thousands)	2020	2020	2019
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 564,734	\$ 685,514	\$ 948,355
Marketable securities and other investments	43,314	70,805	145,120
Trade accounts receivable, net	1,816,731	1,854,398	1,973,187
Non-trade and notes receivable	312,590	244,870	319,126
Inventories	1,870,948	1,814,631	2,014,260
Prepaid expenses and other	191,362	214,986	261,103
<b>Total current assets</b>	<b>4,799,679</b>	<b>4,885,204</b>	<b>5,661,151</b>
Property, plant and equipment, net	2,302,142	2,292,735	2,335,940
Deferred income taxes	134,325	126,839	114,032
Investments and other assets	795,073	764,563	941,588
Intangible assets, net	3,695,194	3,798,913	4,036,108
Goodwill	8,101,016	7,869,935	7,955,170
<b>Total assets</b>	<b>\$ 19,827,429</b>	<b>\$ 19,738,189</b>	<b>\$ 21,043,989</b>
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Notes payable and long-term debt payable within one year	\$ 610,909	\$ 809,529	\$ 1,604,318
Accounts payable, trade	1,343,011	1,111,759	1,311,733
Accrued payrolls and other compensation	345,973	424,231	372,549
Accrued domestic and foreign taxes	218,624	195,314	165,265
Other accrued liabilities	688,566	607,540	637,257
<b>Total current liabilities</b>	<b>3,207,083</b>	<b>3,148,373</b>	<b>4,091,122</b>
Long-term debt	6,602,309	7,652,256	8,141,220
Pensions and other postretirement benefits	1,843,209	1,887,414	1,366,814
Deferred income taxes	420,699	382,528	569,582
Other liabilities	631,825	539,089	532,750
Shareholders' equity	7,105,982	6,113,983	6,330,175
Noncontrolling interests	16,322	14,546	12,326
<b>Total liabilities and equity</b>	<b>\$ 19,827,429</b>	<b>\$ 19,738,189</b>	<b>\$ 21,043,989</b>



# Consolidated Statement of Cash Flows

(Unaudited) (Dollars in thousands)	Six Months Ended December 31,	
	2020	2019
<b>Cash flows from operating activities:</b>		
Net income	\$ 769,214	\$ 543,639
Depreciation and amortization	298,260	253,300
Share incentive plan compensation	79,833	73,069
Gain on property, plant and equipment	(102,565)	(4,478)
Gain on marketable securities	(6,959)	(1,969)
Gain on investments	(4,783)	(1,849)
Net change in receivables, inventories and trade payables	269,322	227,247
Net change in other assets and liabilities	47,707	(278,168)
Other, net	3,959	15,177
<b>Net cash provided by operating activities</b>	<b>1,353,988</b>	<b>825,968</b>
<b>Cash flows from investing activities:</b>		
Acquisitions (net of cash of \$82,192 in 2019)	—	(5,075,605)
Capital expenditures	(92,907)	(118,593)
Proceeds from sale of property, plant and equipment	124,428	20,993
Purchases of marketable securities and other investments	(16,029)	(190,129)
Maturities and sales of marketable securities and other investments	52,019	198,872
Other	11,183	9,374
<b>Net cash provided by (used in) investing activities</b>	<b>78,694</b>	<b>(5,155,088)</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(57,688)	(134,892)
Net (payments for) proceeds from debt	(1,324,348)	2,416,222
Dividends paid	(227,228)	(227,025)
<b>Net cash (used in) provided by financing activities</b>	<b>(1,609,264)</b>	<b>2,054,305</b>
Effect of exchange rate changes on cash	55,802	3,403
Net decrease in cash and cash equivalents	(120,780)	(2,271,412)
Cash and cash equivalents at beginning of year	685,514	3,219,767
<b>Cash and cash equivalents at end of period</b>	<b>\$ 564,734</b>	<b>\$ 948,355</b>

# Reconciliation of Free Cash Flow Conversion

(Unaudited) (Dollars in thousands)	Six Months Ended December 31, 2020
<b>Net income</b>	<b>\$ 769,214</b>
Cash flow from operations	\$ 1,353,988
Capital Expenditures	(92,907)
<b>Free cash flow</b>	<b>\$ 1,261,081</b>
<b>Free cash flow conversion (free cash flow / net income)</b>	<b>164 %</b>

# Supplemental Sales Information

## Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended	
	December 31,	
	2020	2019
<b>Net sales</b>		
Diversified Industrial:		
Motion Systems	\$ 720,315	\$ 752,306
Flow and Process Control	949,949	942,249
Filtration and Engineered Materials	1,156,238	1,068,381
Aerospace Systems	585,403	735,038
<b>Total</b>	<b>\$ 3,411,905</b>	<b>\$ 3,497,974</b>

# Reconciliation of EPS

## Fiscal Year 2021 Guidance

(Unaudited)	
(Amounts in dollars)	<u>Fiscal Year 2021</u>
<b>Forecasted earnings per diluted share</b>	<b>\$11.90 to \$12.40</b>
Adjustments:	
Business realignment charges	0.46
Costs to achieve	0.11
Acquisition-related intangible asset amortization expense	2.47
Gain on sale of land	(0.77)
Tax effect of adjustments <sup>1</sup>	<u>(0.52)</u>
<b>Adjusted forecasted earnings per diluted share</b>	<b><u>\$13.65 to \$14.15</u></b>

<sup>1</sup>This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

