

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 5, 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:

<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

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 August 5, 2021, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended June 30, 2021. 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

(d) Exhibits:

[99.1 Press release issued by Parker-Hannifin Corporation, dated August 5, 2021.](#)

[99.2 Webcast presentation by Parker-Hannifin Corporation, dated August 5, 2021.](#)

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: August 5, 2021



For Release: Immediately

Exhibit 99.1

Contact: Media -

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Financial Analysts -

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Stock Symbol: PH - NYSE

Parker Reports Fiscal 2021 Fourth Quarter and Full Year Results and Issues Guidance for Fiscal 2022

- All-time records for sales, net income, EPS, operating cash flow and segment operating margins
- Fourth quarter sales increased 25% to \$3.96 billion, organic sales increased 22%
- Fourth quarter segment operating margin was 20.0% as reported, or 22.2% adjusted
- Fourth quarter EPS increased 72% to \$3.84 as reported, or \$4.38 adjusted
- Full year net income was \$1.75 billion; EPS were \$13.35 as reported, or \$15.04 adjusted
- Full year total segment operating margin was 18.4% as reported, or 21.1% adjusted
- Full year EBITDA margin was 21.6% as reported, or 21.3% adjusted
- Full year cash flow from operations was \$2.58 billion, or 17.9% of sales
- Announced offer to acquire Meggitt to nearly double the size of the Aerospace Systems Segment

CLEVELAND, August 5, 2021 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2021 fourth quarter and full year ended June 30, 2021. Fiscal 2021 fourth quarter sales were an all-time quarterly record at \$3.96 billion, an increase of 25% compared with \$3.16 billion in the fourth quarter of fiscal 2020. Net income was also a record at \$504.8 million, an increase of 74% compared with \$289.5 million in the prior year quarter. Fiscal 2021 fourth quarter earnings per share were also an all-time quarterly record at \$3.84, an increase of 72% compared with \$2.23 in the fourth quarter of fiscal 2020. Adjusted earnings per share increased 46% to \$4.38 compared with adjusted earnings per share of \$2.99 in the prior year quarter. A reconciliation of non-GAAP measures is included in the financial tables of this press release.

"We had an outstanding fourth quarter that capped off a record year for Parker," said Chairman and Chief Executive Officer, Tom Williams. "Despite extraordinary challenges, we generated record financial performance in fiscal 2021, setting all-time highs for sales, net income, earnings per share, segment operating margins and cash flow from operations. Notably, our full year adjusted segment operating margins reached 21.1%, a 220 basis point improvement versus the prior year. Our continued execution of The Win Strategy™ is taking our performance to new heights. My thanks to all Parker team members for their contributions to a great year."

For the full year, fiscal 2021 sales were a record at \$14.35 billion, an increase of 5% compared with \$13.70 billion in fiscal 2020. Net income was a record at \$1.75 billion, a 45% increase compared with \$1.20 billion in the prior year period. Fiscal 2021 earnings per share increased 44% to a record \$13.35 compared with \$9.26 in fiscal 2020. Adjusted earnings per share increased 21% to \$15.04 compared with \$12.44 in fiscal 2020. Fiscal 2021 cash flow from operations was an all-time record at \$2.58 billion, or 17.9% of sales, compared with \$2.07 billion, or 15.1% of sales in the prior year period.

In the fiscal 2021 fourth quarter, the company made debt repayments of \$184 million, bringing the cumulative debt reduction to approximately \$3.4 billion over the last 20 months. The company has now retired all serviceable debt bringing the multiple of gross debt to EBITDA down to 2.1 times.

Segment Results

Diversified Industrial Segment: North American fourth quarter sales increased 27% to \$1.82 billion and operating income was \$360.4 million compared with \$219.8 million in the same period a year ago. International fourth quarter sales increased 37% to \$1.51 billion and operating income was \$306.5 million compared with \$175.4 million in the same period a year ago.

Aerospace Systems Segment: Fourth quarter sales increased 1% to \$630.0 million and operating income was \$123.1 million compared with \$105.4 million in the same period a year ago.

Parker reported the following orders for the quarter ending June 30, 2021, compared with the same quarter a year ago:

- Orders increased 43% for total Parker
- Orders increased 56% in the Diversified Industrial North America businesses
- Orders increased 58% in the Diversified Industrial International businesses
- Orders decreased 7% in the Aerospace Systems Segment on a rolling 12-month average basis

Offer to Acquire Meggitt PLC

As previously announced on August 2, 2021, the company has reached an agreement on the terms of a recommended cash acquisition of the entire issued and to be issued ordinary share capital of Meggitt PLC, an international group and a world leader in aerospace, defense and energy. The acquisition is expected to close in approximately 12 months, subject to customary closing conditions, including regulatory clearances and approval by Meggitt's shareholders.

"The combination of Parker and Meggitt is an exciting opportunity for both companies' team members, customers, shareholders and communities," said Tom Williams, Chairman and Chief Executive Officer.

"We strongly believe Parker is the right home for Meggitt. Together, we can better serve our customers through innovation, accelerated R&D and a complementary portfolio of aerospace and defense technologies.

"We are committed to being a responsible steward of Meggitt and are pleased our acquisition has the full support of Meggitt's Board. We fully understand these responsibilities and are making a number of strong commitments that reflect them. During our longstanding presence in the UK we have built great respect for Meggitt, its heritage, and its place in British industry. Our own journey over more than 100 years has taught us the importance of a strong culture and reputation."

Outlook

For the fiscal year ending June 30, 2022, the company has issued guidance for earnings per share to the range of \$14.08 to \$14.88, or \$16.20 to \$17.00 on an adjusted basis. Guidance assumes organic sales growth of approximately 5% to 9% compared with the prior year. Fiscal year 2022 guidance is adjusted on a pre-tax basis for expected business realignment expenses of approximately \$35 million, LOR costs to achieve of approximately \$7 million and acquisition-related intangible asset amortization of approximately \$320 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, "We are encouraged by the positive demand trends across many of our end markets and anticipate a continued recovery in commercial aerospace during fiscal 2022. We expect this improving macro-economic outlook to enhance the impact of our continued actions to drive profitable growth by executing the Win Strategy and delivering top quartile financial performance."

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal 2021 fourth quarter and full year results are available to all interested parties via live webcast today at 11:00 a.m. ET, at 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.

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 65 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 Inventories

During the fourth quarter of fiscal 2021, the company voluntarily changed its method of accounting for certain domestic inventory previously valued by the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. This accounting change has been retrospectively applied to all periods presented in the financial tables of this press release.

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. Often but not always, 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. Neither Parker nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this press release will actually occur. 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 past performance or 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.

The risks and uncertainties in connection with such forward-looking statements related to the proposed acquisition of Meggitt include, but are not limited to, the occurrence of any event, change or other circumstances that could delay the closing of the proposed acquisition; the possibility of non-consummation of the proposed Acquisition; the failure to satisfy any of the conditions to the proposed acquisition (including the satisfaction of the conditions detailed in the Rule 2.7 announcement); the possibility that a governmental entity may prohibit the consummation of the proposed acquisition or may delay or refuse to grant a necessary regulatory approval in connection with the proposed acquisition, 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 acquisition or cause the parties to abandon the proposed acquisition; adverse effects on Parker's common stock because of the failure to complete the proposed acquisition; Parker's business experiencing disruptions due to acquisition-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 acquisition 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 acquisition. Readers should consider these forward-looking statements in light of risk factors discussed in Parker's Annual Report on Form 10-K for the fiscal year ended June 30, 2020 and other periodic filings made with the SEC.

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; legal and regulatory developments and changes; 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; local and global political and economic conditions; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline); government actions and natural phenomena such as floods, earthquakes, hurricanes and pandemics; and success of business and operating initiatives.

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PARKER HANNIFIN CORPORATION - JUNE 30, 2021

Exhibit 99.1

CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2021	2020*	2021	2020*
Net sales	\$ 3,958,869	\$ 3,160,603	\$ 14,347,640	\$ 13,695,520
Cost of sales	2,832,281	2,365,531	10,449,680	10,292,291
Selling, general and administrative expenses	414,048	352,793	1,527,302	1,656,553
Interest expense	60,258	74,549	250,036	308,161
Other (income) expense, net	(4,269)	5,374	(126,335)	(68,339)
Income before income taxes	656,551	362,356	2,246,957	1,506,854
Income taxes	151,582	72,879	500,096	304,522
Net income	504,969	289,477	1,746,861	1,202,332
Less: Noncontrolling interests	176	(21)	761	362
Net income attributable to common shareholders	\$ 504,793	\$ 289,498	\$ 1,746,100	\$ 1,201,970
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 3.91	\$ 2.25	\$ 13.54	\$ 9.36
Diluted earnings per share	\$ 3.84	\$ 2.23	\$ 13.35	\$ 9.26
Average shares outstanding during period - Basic	129,192,426	128,523,334	128,999,879	128,418,495
Average shares outstanding during period - Diluted	131,554,199	129,993,001	130,834,478	129,805,034

CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2021	2020	2021	2020
Cash dividends per common share	\$ 1.03	\$ 0.88	\$ 3.67	\$ 3.52

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,	
	2021	2020*	2021	2020*
Earnings per diluted share	\$ 3.84	\$ 2.23	\$ 13.35	\$ 9.26
Adjustments:				
Acquired intangible asset amortization expense	0.62	0.62	2.49	2.19
Business realignment charges	0.06	0.37	0.36	0.59
Lord costs to achieve	0.01	0.02	0.08	0.16
Exotic costs to achieve	—	—	—	0.01
Acquisition-related expenses	0.03	0.03	0.03	1.45
Gain on sale of land	—	—	(0.77)	—
Tax effect of adjustments ¹	(0.18)	(0.23)	(0.50)	(1.03)
Favorable tax settlement	—	(0.05)	—	(0.19)
Adjusted earnings per diluted share	\$ 4.38	\$ 2.99	\$ 15.04	\$ 12.44

*Prior periods have been adjusted to reflect the change in inventory accounting method, as described in the attached press release.

¹This 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 - JUNE 30, 2021
RECONCILIATION OF EBITDA TO ADJUSTED EBITDA

Exhibit 99.1

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2021	2020*	2021	2020*
Net sales	\$ 3,958,869	\$ 3,160,603	\$ 14,347,640	\$ 13,695,520
Net income	\$ 504,969	\$ 289,477	\$ 1,746,861	\$ 1,202,332
Income taxes	151,582	72,879	500,096	304,522
Depreciation and amortization	146,582	146,582	595,390	537,531
Interest expense	60,258	74,549	250,036	308,161
EBITDA	863,391	583,487	3,092,383	2,352,546
Adjustments:				
Business realignment charges	7,792	47,601	47,862	75,614
Lord costs to achieve	1,727	2,166	11,222	20,669
Exotic costs to achieve	20	338	719	1,908
Acquisition-related expenses	3,549	4,437	3,549	188,518
Gain on sale of land	—	—	(100,893)	—
Adjusted EBITDA	\$ 876,479	\$ 638,029	\$ 3,054,842	\$ 2,639,255
EBITDA margin	21.8 %	18.5 %	21.6 %	17.2 %
Adjusted EBITDA margin	22.1 %	20.2 %	21.3 %	19.3 %

*Prior periods have been adjusted to reflect the change in inventory accounting method, as described in the attached press release.

PARKER HANNIFIN CORPORATION - JUNE 30, 2021

Exhibit 99.1

BUSINESS SEGMENT INFORMATION

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2021	2020*	2021	2020*
Net sales				
Diversified Industrial:				
North America	\$ 1,823,078	\$ 1,440,263	\$ 6,676,449	\$ 6,456,298
International	1,505,835	1,096,380	5,283,710	4,504,587
Aerospace Systems	629,956	623,960	2,387,481	2,734,635
Total net sales	\$ 3,958,869	\$ 3,160,603	\$ 14,347,640	\$ 13,695,520
Segment operating income				
Diversified Industrial:				
North America	\$ 360,378	\$ 219,785	\$ 1,247,419	\$ 985,944
International	306,513	175,420	988,054	674,763
Aerospace Systems	123,097	105,441	402,895	476,900
Total segment operating income	789,988	500,646	2,638,368	2,137,607
Corporate general and administrative expenses	54,883	37,999	178,427	170,903
Income before interest expense and other expense	735,105	462,647	2,459,941	1,966,704
Interest expense	60,258	74,549	250,036	308,161
Other expense (income)	18,296	25,742	(37,052)	151,689
Income before income taxes	\$ 656,551	\$ 362,356	\$ 2,246,957	\$ 1,506,854

*Prior periods have been adjusted to reflect the change in inventory accounting method, as described in the attached press release.

PARKER HANNIFIN CORPORATION - JUNE 30, 2021

Exhibit 99.1

CONSOLIDATED BALANCE SHEET

(Unaudited)

(Dollars in thousands)

	June 30, 2021	June 30, 2020*
Assets		
Current assets:		
Cash and cash equivalents	\$ 733,117	\$ 685,514
Marketable securities and other investments	39,116	70,805
Trade accounts receivable, net	2,183,594	1,854,398
Non-trade and notes receivable	326,315	244,870
Inventories	2,090,642	1,964,195
Prepaid expenses and other	243,966	214,986
Total current assets	5,616,750	5,034,768
Property, plant and equipment, net	2,266,476	2,292,735
Deferred income taxes	104,251	126,839
Investments and other assets	774,239	764,563
Intangible assets, net	3,519,797	3,798,913
Goodwill	8,059,687	7,869,935
Total assets	\$ 20,341,200	\$ 19,887,753
Liabilities and equity		
Current liabilities:		
Notes payable and long-term debt payable within one year	\$ 2,824	\$ 809,529
Accounts payable, trade	1,667,878	1,111,759
Accrued payrolls and other compensation	507,027	424,231
Accrued domestic and foreign taxes	236,384	195,314
Other accrued liabilities	682,390	607,540
Total current liabilities	3,096,503	3,148,373
Long-term debt	6,582,053	7,652,256
Pensions and other postretirement benefits	1,055,638	1,887,414
Deferred income taxes	553,981	418,851
Other liabilities	639,355	539,089
Shareholders' equity	8,398,307	6,227,224
Noncontrolling interests	15,363	14,546
Total liabilities and equity	\$ 20,341,200	\$ 19,887,753

*Prior periods have been adjusted to reflect the change in inventory accounting method, as described in the attached press release.

PARKER HANNIFIN CORPORATION - JUNE 30, 2021
CONSOLIDATED STATEMENT OF CASH FLOWS

Exhibit 99.1

(Unaudited) (Dollars in thousands)	Twelve Months Ended June 30,	
	2021	2020*
Cash flows from operating activities:		
Net income	\$ 1,746,861	\$ 1,202,332
Depreciation and amortization	595,390	537,531
Share incentive plan compensation	121,483	111,375
Gain on property, plant and equipment	(109,332)	(1,850)
Gain on marketable securities	(11,570)	(587)
Gain on investments	(12,616)	(2,084)
Net change in receivables, inventories and trade payables	142,673	415,025
Net change in other assets and liabilities	150,136	(211,049)
Other, net	(48,024)	20,256
Net cash provided by operating activities	2,575,001	2,070,949
Cash flows from investing activities:		
Acquisitions (net of cash of \$82,192 in 2020)	—	(5,076,064)
Capital expenditures	(209,957)	(232,591)
Proceeds from sale of property, plant and equipment	140,590	26,345
Purchases of marketable securities and other investments	(34,809)	(194,742)
Maturities and sales of marketable securities and other investments	79,419	275,483
Other	24,744	177,576
Net cash used in investing activities	(13)	(5,023,993)
Cash flows from financing activities:		
Net payments for common stock activity	(214,134)	(213,426)
Acquisition of noncontrolling interests	—	(1,200)
Net (payments for) proceeds from debt	(1,934,031)	1,117,774
Dividends paid	(475,174)	(453,838)
Net cash (used in) provided by financing activities	(2,623,339)	449,310
Effect of exchange rate changes on cash	95,954	(30,519)
Net increase (decrease) in cash and cash equivalents	47,603	(2,534,253)
Cash and cash equivalents at beginning of year	685,514	3,219,767
Cash and cash equivalents at end of period	\$ 733,117	\$ 685,514

*Prior periods have been adjusted to reflect the change in inventory accounting method, as described in the attached press release.

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

(Unaudited)

(Amounts in dollars)

	Fiscal Year 2022
Forecasted earnings per diluted share	\$14.08 to \$14.88
Adjustments:	
Business realignment charges	0.27
Costs to achieve	0.05
Acquisition-related intangible asset amortization expense	2.43
Tax effect of adjustments ¹	(0.63)
Adjusted forecasted earnings per diluted share	\$16.20 to \$17.00

¹This 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 - JUNE 30, 2021
LIFO ACCOUNTING CHANGE
(Unaudited)

Exhibit 99.1

During the fourth quarter of fiscal 2021, the company voluntarily changed its method of accounting for certain domestic inventory previously valued by the LIFO method to the FIFO method. The effects of the change in accounting principle from LIFO to FIFO have been retrospectively applied to all periods presented in the table below. The impact of this accounting change for fiscal 2021 caused a \$0.11 increase in earnings per share.

Recast Results

Dollars in thousands, except per share amounts	Three Months Ended			
	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
Consolidated Statements of Income				
Cost of sales	\$ 2,386,449	\$ 2,518,165	\$ 2,712,785	\$ 2,832,281
Income before income taxes	413,174	577,892	599,340	656,551
Income tax expense	93,063	129,350	126,101	151,582
Net income	320,111	448,542	473,239	504,969
Net income attributable to common shareholders	319,803	448,351	473,153	504,793
Earnings per share attributable to common shareholders:				
Basic	\$ 2.48	\$ 3.48	\$ 3.67	\$ 3.91
Diluted	\$ 2.45	\$ 3.42	\$ 3.60	\$ 3.84

Dollars in thousands, except per share amounts	Three Months Ended			
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Consolidated Statements of Income				
Cost of sales	\$ 2,480,992	\$ 2,686,131	\$ 2,759,637	\$ 2,365,531
Income before income taxes	431,905	251,380	461,213	362,356
Income tax expense	93,811	49,331	88,501	72,879
Net income	338,094	202,049	372,712	289,477
Net income attributable to common shareholders	337,951	201,925	372,596	289,498
Earnings per share attributable to common shareholders:				
Basic	\$ 2.63	\$ 1.57	\$ 2.90	\$ 2.25
Diluted	\$ 2.60	\$ 1.55	\$ 2.87	\$ 2.23

Parker Hannifin Corporation

Exhibit 99.2

Fiscal 2021 Fourth Quarter & Full Year Earnings Presentation



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ENGINEERING YOUR SUCCESS.

August 5, 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.

The risks and uncertainties in connection with such forward-looking statements related to the proposed acquisition of Meggitt include, but are not limited to, the occurrence of any event, change or other circumstances that could delay the closing of the acquisition; the possibility of nonconsummation of the acquisition; the failure to satisfy any of the conditions to the acquisition (including the satisfaction of the conditions detailed in the Rule 2.7 announcement); the possibility that a governmental entity may prohibit the consummation of the acquisition or may delay or refuse to grant a necessary regulatory approval in connection with the acquisition, or that in order for the parties to obtain any such regulatory approvals, conditions are imposed that adversely affect the anticipated benefits from the acquisition or cause the parties to abandon the acquisition; adverse effects on Parker's common stock because of the failure to complete the acquisition; Parker's business experiencing disruptions due to acquisition-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 acquisition 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 acquisition. Readers should consider these forward-looking statements in light of risk factors discussed in Parker's Annual Report on Form 10-K for the fiscal year ended June 30, 2020 and other periodic filings made with the Securities and Exchange Commission.

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. 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 net income, adjusted earnings per share, adjusted operating margin for Parker and by segment, EBITDA, adjusted EBITDA, EBITDA margin, adjusted 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 the 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 for more information



Outstanding Performance in FY21 Q4

- Top quartile safety performance; 29% reduction in recordable incidents
- Sales growth of 25.3% YoY; Organic growth 21.8% YoY
- Six all-time quarterly records:
 - Sales, Net income, EPS, Segment Margins for Parker, Industrial North America & International
- EBITDA margin was 21.8% as reported or 22.1% adjusted¹, +190 bps vs. prior

<u>Parker</u>	<u>FY21 Q4</u>	<u>FY20 Q4</u>	<u>Change</u>
Segment Operating Margin, As Reported	20.0%	15.8%	
Segment Operating Margin, Adjusted ¹	22.2%	19.9%	+230 bps

A Year of Record Performance - FY21 Highlights

- Eight all-time fiscal year records:
 - Sales, Net income, EPS, ROS, Cash flow from operations
 - Segment Margins for Parker, Industrial North America & International
- Sales growth of 4.8% YoY; Organic sales flat YoY
- Achieved FY23 margin targets 2 years early
 - New targets to be announced at the March 2022 Investor Meeting
- Operating cash flow of \$2.6B or 17.9% of sales, FCF conversion rate of 135%
- Announced offer to acquire Meggitt PLC, greatly enhancing aerospace portfolio

Parker's Transformation

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Drivers of Parker's Performance

Living Up to Our Purpose

**Great Generators and
Deployers of Cash**

**Top Quartile Performance
vs. Proxy Peers**

What is Parker's purpose?



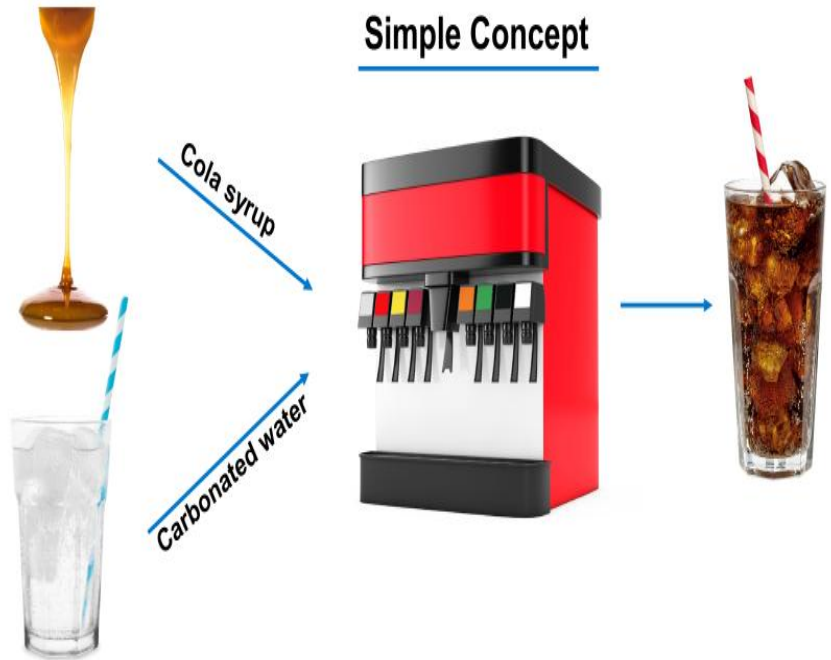
**Enabling
Engineering
Breakthroughs
that Lead to
a Better
Tomorrow**



Vaccine Production

Challenges

- Long lead times
- Large space requirements
- Difficult changeovers



Instead of Soft Drinks...Delivering Sterile Vaccine Ingredients



Parker's Inline Dilution System

Proprietary Point of Use Process for Combining Purified Vaccine Ingredients

- Modular, point-of-use process
- IoT two-way communication
- IP protected single use consumables
- Proprietary software and automation



Life Saving
Vaccines



Sustainability Targets Announced July 2021

REDUCE EMISSIONS
directly from Parker's operations

50%
by
2030

ACHIEVE
**carbon
neutral**

operations by
2040



Enabling a More Sustainable Future

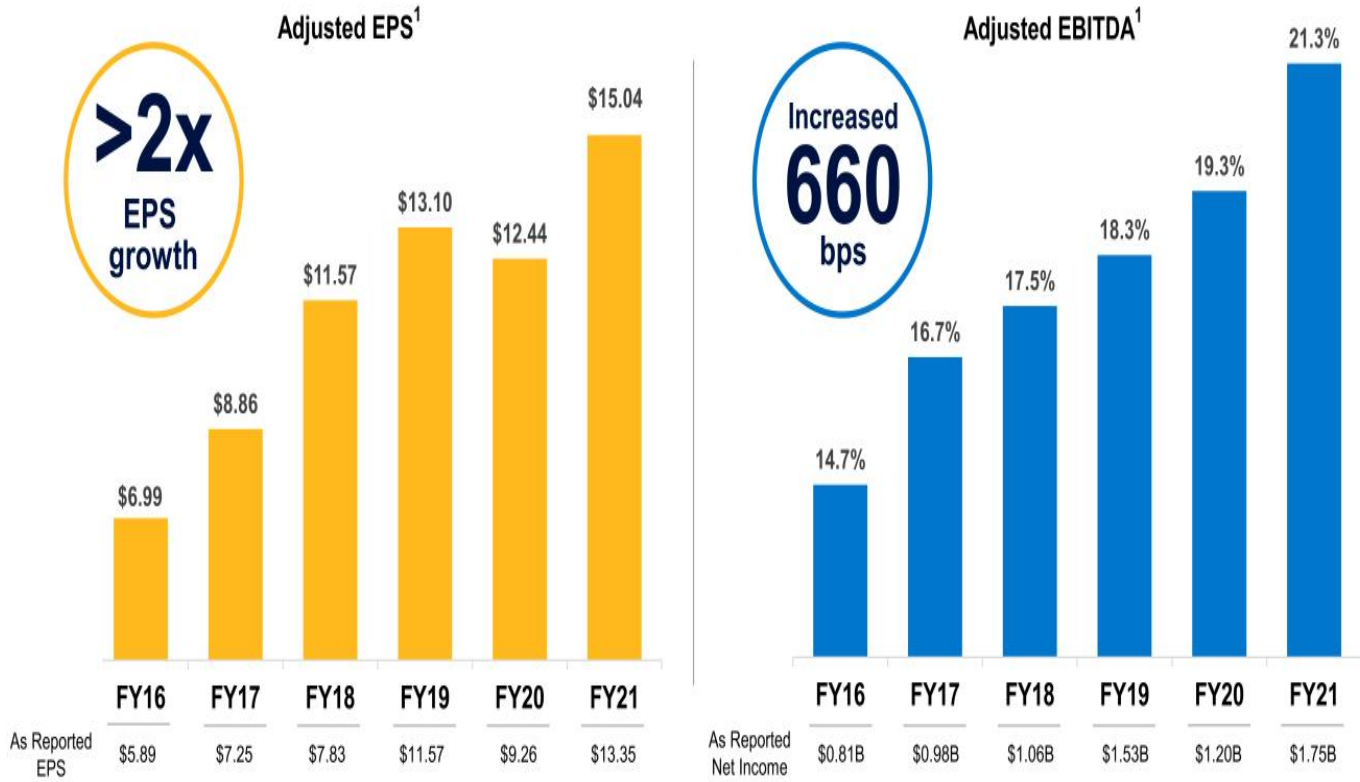


Technologies Enabling a Sustainable Future



- ~2/3's of portfolio enables clean technologies
- Exciting bill of material expansion opportunities
- On-board and infrastructure growth potential

Our People, Portfolio & Strategy Transform Performance



Compelling Strategic Aerospace Combination



MEGGITT

- ▶ Nearly doubles the size of Aerospace Systems Segment with complementary technologies
- ▶ 70% sole-source with proprietary products that expand system and component capabilities
- ▶ Strong recurring revenue – adds 500 bps to Aerospace aftermarket mix
- ▶ Strong growth potential driven by commercial aerospace recovery and synergies
- ▶ Accretive to organic sales growth, margin, EPS and cash flow¹



Summary of Fiscal 2021 4th Quarter Results

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Financial Summary

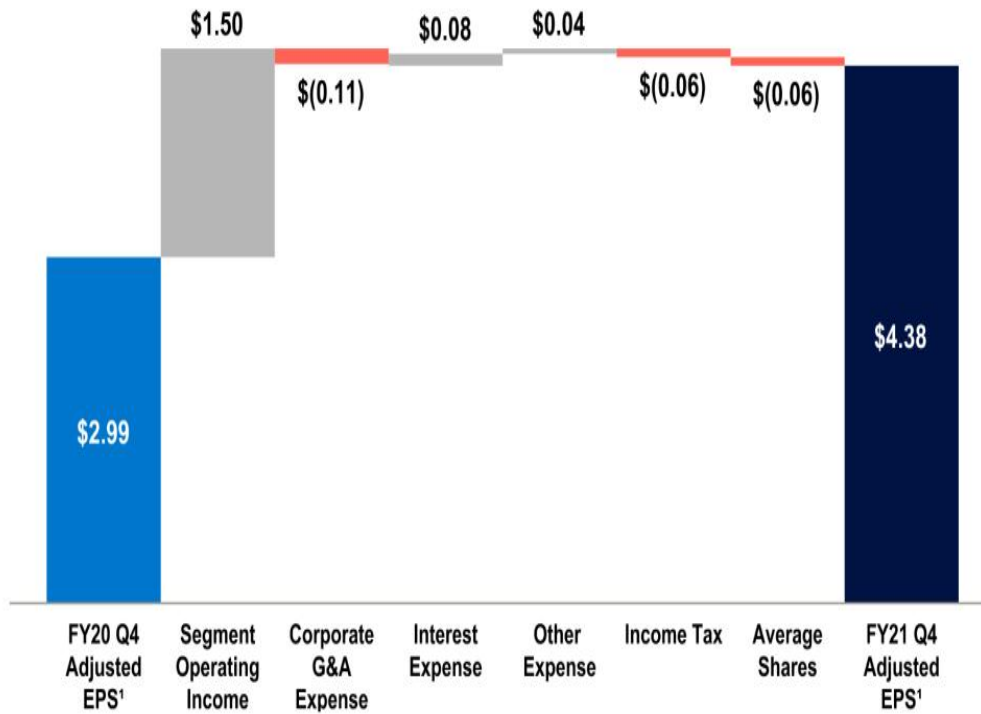
FY21 Q4 vs. FY20 Q4

\$ Millions, except per share amounts

	Q4 FY21 As Reported	Q4 FY21 Adjusted ¹	Q4 FY20 Adjusted ¹	YoY Change Adjusted
Sales	\$3,959	\$3,959	\$3,161	+25.2%
Segment Operating Margin	20.0%	22.2%	19.9%	+230 bps
EBITDA Margin	21.8%	22.1%	20.2%	+190 bps
Net Income	\$505	\$577	\$387	+49%
EPS	\$3.84	\$4.38	\$2.99	+46%

Adjusted Earnings per Share Bridge

FY20 Q4 to FY21 Q4



1. FY20 Q4 As Reported EPS of \$2.23. FY21 Q4 As Reported EPS of \$3.84. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



FY21 Q4 Segment Performance

	Sales As Reported \$ Organic % ¹	Segment Operating Margin As Reported	Segment Operating Margin Adjusted ¹	Order Rates ²	Commentary
Diversified Industrial North America	\$1,823M +25.8% Organic	19.8%	22.5% +300 bps YoY	+56%	<ul style="list-style-type: none"> • Strong organic growth • Record segment operating margin • Portfolio enhancements
Diversified Industrial International	\$1,506M +28.5% Organic	20.4%	22.1% +300 bps YoY	+58%	<ul style="list-style-type: none"> • Strong organic growth • Record segment operating margin • Portfolio enhancements
Aerospace Systems	\$630M +0.7% Organic	19.5%	21.6% -80 bps YoY	(7)%	<ul style="list-style-type: none"> • Strong sequential aftermarket growth • Narrow body & business jet rate increases • Lower R&D expense
Parker	\$3,959M +21.8% Organic	20.0%	22.2% +230 bps YoY	+43%	<ul style="list-style-type: none"> • Achieved FY23 margin targets • Industrial segment sales > pre-Covid • 31% incrementals

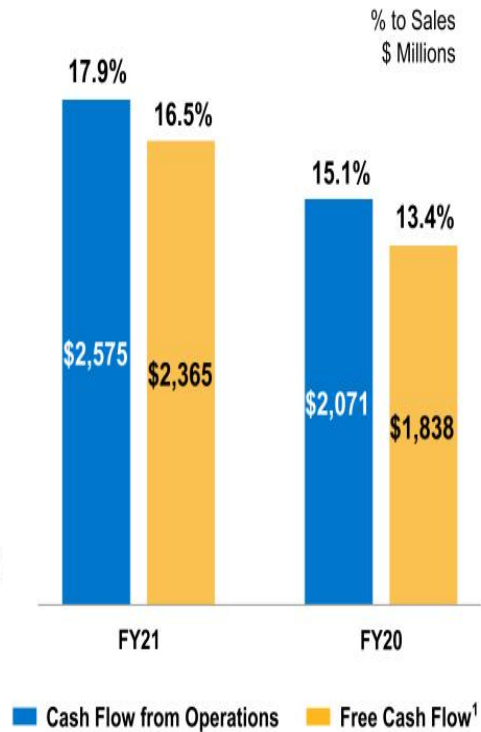
1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.

2. Order Rates exclude acquisitions, divestitures, & currency. Industrial is a 3-month YoY comparison of total dollars. Aerospace is a rolling 12-month YoY comparison.



FY21 Cash Flow Performance

- Cash Flow from Operations of 17.9%
- Free Cash Flow of 16.5%
- Free Cash Flow Conversion of 135%
- All serviceable debt repaid, as of June 30th
- ~\$3.4 billion debt reduction in last 20 months
- Gross debt to EBITDA of 2.1x; Net debt to EBITDA of 1.9x



FY22 Guidance Issued

EPS Midpoint: \$14.48 As Reported, \$16.60 Adjusted

Sales Growth vs. Prior Year	
Diversified Industrial North America	~ 6% - 10%
Diversified Industrial International	~ 5% - 9%
Aerospace Systems	~ 2% - 6%
Parker	~ 5% - 9%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial North America	19.3% - 19.7%	22.1% - 22.5%
Diversified Industrial International	19.4% - 19.8%	21.3% - 21.7%
Aerospace Systems	17.6% - 18.0%	19.7% - 20.1%
Parker	19.1% - 19.5%	21.4% - 21.8%

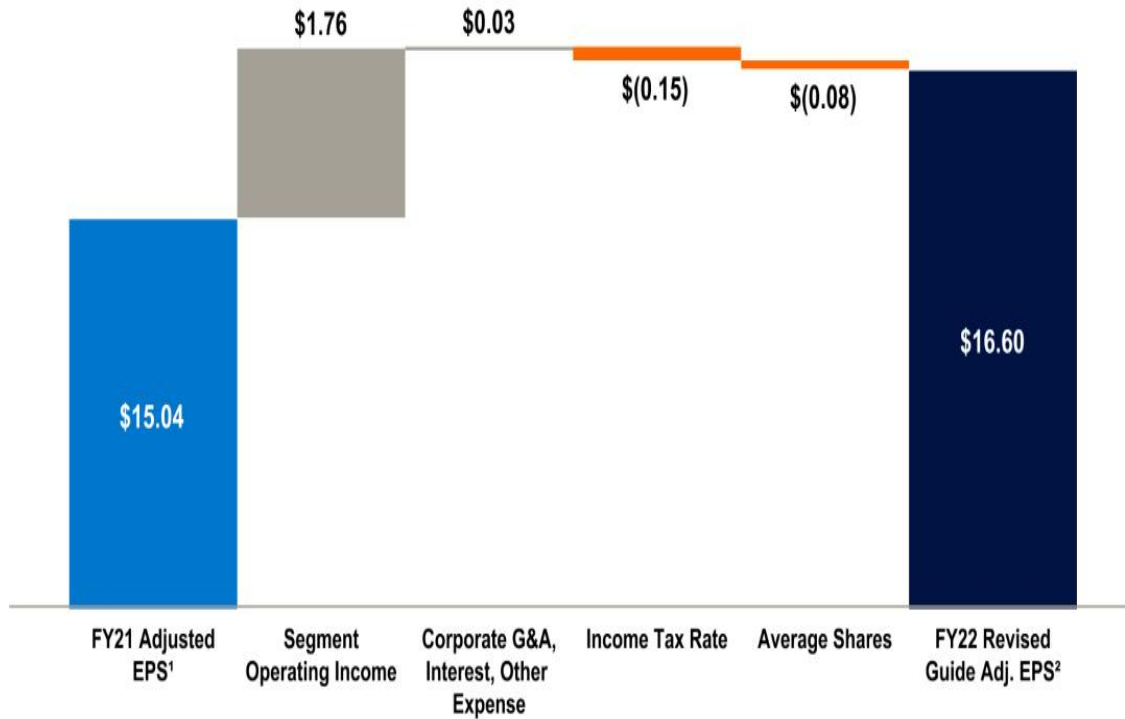
Earnings Per Share	As Reported	Adjusted ¹
Range	\$14.08 - \$14.88	\$16.20 - \$17.00

Additional Items	As Reported	Adjusted ¹
Corporate G&A, Interest and Other	\$480M	\$480M
Full Year Reported Tax Rate	~23%	
Diluted Shares Outstanding	131.5M	



Adjusted Earnings per Share Bridge

FY21 Actual vs. FY22 Guidance



1: Adjusted for acquired intangible asset amortization, business realignment charges, integration costs to achieve, acquisition-related expenses, gain on sale of land, and the tax effect of such adjustments

2: Adjusted for acquired intangible asset amortization, business realignment charges, integration costs to achieve, and the tax effect of such adjustments



FY22 Capital Deployment Strategies

- ▶ Dividends: Maintain annual increase record
 - Target 5-year average payout 30-35% of net income
- ▶ Fund organic growth and productivity
 - Target capital expenditures 2% of sales
- ▶ Offset share dilution through 10b5-1 share repurchase program
- ▶ Accumulation of cash in preparation for Meggitt close

Key Messages

- Highly engaged global team
- Living up to our Purpose
- Top quartile performance
- Achieved FY23 margin targets 2 years early
- Strategic portfolio transformation

The Win Strategy 3.0 & Capital Deployment Accelerate Performance



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Appendix

- Reconciliation of Organic Growth
- Adjusted Amounts Reconciliation
- Reconciliation of EPS
- Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin
- Reconciliation of EBITDA to Adjusted EBITDA
- Reconciliation of Free Cash Flow Conversion
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of Forecasted EPS

Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

Net Sales	Quarter-to-Date			
	As Reported	Currency	Organic	As Reported
	June 30, 2021		June 30, 2021	June 30, 2020
Diversified Industrial:				
North America	\$ 1,823,078	\$ (11,821)	\$ 1,811,257	\$ 1,440,263
International	1,505,835	(97,107)	1,408,728	1,096,380
Total Diversified Industrial	3,328,913	(108,928)	3,219,985	2,536,643
Aerospace Systems	629,956	(1,650)	628,306	623,960
Total Parker Hannifin	\$ 3,958,869	\$ (110,578)	\$ 3,848,291	\$ 3,160,603
	As reported	Currency	Organic	
Diversified Industrial:				
North America	26.6 %	0.8 %	25.8 %	
International	37.3 %	8.8 %	28.5 %	
Total Diversified Industrial	31.2 %	4.3 %	26.9 %	
Aerospace Systems	1.0 %	0.3 %	0.7 %	
Total Parker Hannifin	25.3 %	3.5 %	21.8 %	

Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

	Year-to-Date				As Reported 6/30/2020
	As Reported	Currency	Acquisitions	Adjusted	
	June 30, 2021			June 30, 2021	
Net Sales					
Diversified Industrial:					
North America	\$ 6,676,449	\$ (7,624)	\$ (187,531)	\$ 6,481,294	\$ 6,456,298
International	5,283,710	(243,669)	(135,576)	4,904,465	4,504,587
Total Diversified Industrial	11,960,159	(251,293)	(323,107)	11,385,759	10,960,885
Aerospace Systems	2,387,481	(5,376)	(70,953)	2,311,152	2,734,635
Total Parker Hannifin	\$ 14,347,640	\$ (256,669)	\$ (394,060)	\$ 13,696,911	\$ 13,695,520
	As reported	Currency	Acquisitions	Organic	
Diversified Industrial:					
North America	3.4 %	0.1 %	2.9 %	0.4 %	
International	17.3 %	5.4 %	3.0 %	8.9 %	
Total Diversified Industrial	9.1 %	2.3 %	2.9 %	3.9 %	
Aerospace Systems	(12.7)%	0.2 %	2.6 %	(15.5)%	
Total Parker Hannifin	4.8 %	1.9 %	2.9 %	— %	

Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter-to-Date FY 2021									
	As Reported June 30, 2021	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Lord Costs to Achieve	Exotic Costs to Achieve	Acquisition Related Expenses	Adjusted June 30, 2021	% of Sales	
Net Sales	\$ 3,958,869	100.0 %	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,958,869	100.0 %	
Cost of Sales	2,832,281	71.5 %	—	4,357	425	—	—	2,827,499	71.4 %	
Selling, general, and admin. expenses	414,048	10.5 %	81,254	3,435	1,302	20	3,549	324,488	8.2 %	
Interest expense	60,258	1.5 %	—	—	—	—	—	60,258	1.5 %	
Other (income), net	(4,269)	(0.1)%	—	—	—	—	—	(4,269)	(0.1)%	
Income before income taxes	656,551	16.6 %	(81,254)	(7,792)	(1,727)	(20)	(3,549)	750,893	19.0 %	
Income taxes	151,582	3.8 %	19,338	1,854	411	5	845	174,035	4.4 %	
Net Income	504,969	12.8 %	(61,916)	(5,938)	(1,316)	(15)	(2,704)	576,858	14.6 %	
Less: Noncontrollable interests	176	0.0 %	—	—	—	—	—	176	0.0 %	
Net Income - common shareholders	\$ 504,793	12.8 %	\$ (61,916)	\$ (5,938)	\$ (1,316)	\$ (15)	\$ (2,704)	\$ 576,682	14.6 %	
Diluted earnings per share	\$ 3.84		\$ (0.47)	\$ (0.04)	\$ (0.01)	\$ —	\$ (0.02)	\$ 4.38		

Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter-to-Date FY 2020									
	As Reported June 30, 2020*	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Lord Costs to Achieve	Exotic Costs to Achieve	Acquisition Related Expenses	Favorable Tax Settlement	Adjusted June 30, 2020*	% of Sales
Net sales	\$ 3,160,603	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,160,603	100.0 %
Cost of sales	2,365,531	74.8 %	-	37,566	324	-	-	-	2,327,641	73.6 %
Selling, general and admin. expenses	352,793	11.2 %	80,737	10,035	1,842	338	4,437	-	255,404	8.1 %
Interest expense	74,549	2.4 %	-	-	-	-	-	-	74,549	2.4 %
Other (income) expense, net	5,374	0.2 %	-	-	-	-	-	-	5,374	0.2 %
Income before income taxes	362,356	11.5 %	(80,737)	(47,601)	(2,166)	(338)	(4,437)	-	497,635	15.7 %
Income taxes	72,879	2.3 %	18,812	11,091	505	79	1,034	6,039	110,439	3.5 %
Net income	289,477	9.2 %	(61,925)	(36,510)	(1,661)	(259)	(3,403)	6,039	387,196	12.3 %
Less: Noncontrolling interests	(21)	(0.0)%	-	-	-	-	-	-	(21)	(0.0)%
Net income - common shareholders	\$ 289,498	9.2 %	\$ (61,925)	\$ (36,510)	\$ (1,661)	\$ (259)	\$ (3,403)	\$ 6,039	\$ 387,217	12.3 %
Diluted earnings per share	\$ 2.23		\$ (0.48)	\$ (0.28)	\$ (0.02)	\$ -	\$ (0.03)	\$ 0.05	\$ 2.99	

*Prior periods have been adjusted to reflect the change in inventory accounting method

Adjusted Amounts Reconciliation

Business Segment Information

(Dollars in thousands)
(Unaudited)

	Quarter-to-Date FY 2021								
	As Reported June 30, 2021	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Lord Costs to Achieve	Exotic Costs to Achieve	Acquisition Related Expenses	Adjusted June 30, 2021	% of Sales ²
Diversified Industrial									
North America ¹	\$ 360,378	19.8 %	\$ 47,497	\$ 2,130	\$ 889	\$ —	\$ —	\$ 410,894	22.5 %
International ¹	306,513	20.4 %	20,988	5,180	838	—	—	333,519	22.1 %
Aerospace Systems ¹	123,097	19.5 %	12,769	37	—	20	—	135,923	21.6 %
Total segment operating income	789,988	20.0 %	(81,254)	(7,347)	(1,727)	(20)	—	880,336	22.2 %
Corporate administration	54,883	1.4 %	—	445	—	—	—	54,438	1.4 %
Income before interest and other	735,105	18.6 %	(81,254)	(7,792)	(1,727)	(20)	—	825,898	20.9 %
Interest expense	60,258	1.5 %	—	—	—	—	—	60,258	1.5 %
Other (income) expense	18,296	0.5 %	—	—	—	—	3,549	14,747	0.4 %
Income before income taxes	\$ 656,551	16.6 %	\$ (81,254)	\$ (7,792)	\$ (1,727)	\$ (20)	\$ (3,549)	\$ 750,893	19.0 %

¹Segment operating income as a percent of sales is calculated on as reported segment sales.

²Adjusted 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 June 30,	
(Amounts in dollars)	<u>2021</u>	<u>2020*</u>
Earnings per diluted share	\$ 3.84	\$ 2.23
Adjustments:		
Acquired intangible asset amortization expense	0.62	0.62
Business realignment charges	0.06	0.37
Lord costs to achieve	0.01	0.02
Acquisition-related expenses	0.03	0.03
Tax effect of adjustments ¹	(0.18)	(0.23)
Favorable tax settlement	—	(0.05)
Adjusted earnings per diluted share	\$ 4.38	\$ 2.99

¹This 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.

*Prior periods have been adjusted to reflect the change in inventory accounting method

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

RECONCILIATION OF EPS TO ADJUSTED EPS

(Unaudited)

(Amounts in Dollars)

	12 Months ended 6/30/16	12 Months ended 6/30/17	12 Months ended 6/30/18	12 Months ended 6/30/19*	12 Months ended 6/30/20*	12 Months ended 6/30/21
Earnings per diluted share	\$ 5.89	\$ 7.25	\$ 7.83	\$ 11.57	\$ 9.26	\$ 13.35
Adjustments:						
Acquisition-related intangible asset amortization expense	0.74	1.02	1.59	1.51	2.19	2.49
Business realignment charges	0.80	0.42	0.34	0.12	0.59	0.36
Acquisition-related expenses & Costs to achieve		0.76	0.27	0.23	1.62	0.11
(Gain) / loss on sale and writedown of assets or land			0.24			(0.77)
Tax effect of adjustments ¹	(0.44)	(0.59)	(0.42)	(0.44)	(1.03)	(0.50)
Favorable tax settlement					(0.19)	
Tax expense related to U.S. Tax Reform			1.72	0.11		
Adjusted earnings per diluted share	\$ 6.99	\$ 8.86	\$ 11.57	\$ 13.10	\$ 12.44	\$ 15.04

¹This 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.

*FY19 and FY20 have been adjusted to reflect the change in inventory accounting method

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

(Unaudited) (Dollars in thousands)	Three Months Ended		Three Months Ended	
	June 30, 2021		June 30, 2020	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 789,988	20.0 %	\$ 500,646	15.8 %
Adjustments:				
Acquired intangible asset amortization expense	81,254		80,737	
Business realignment charges	7,347		46,619	
Lord costs to achieve	1,727		2,166	
Exotic costs to achieve	20		338	
Adjusted total segment operating income	\$ 880,336	22.2 %	\$ 630,506	19.9 %

Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,	
	2021	2020*
Net sales	\$ 3,958,869	\$ 3,160,603
Net income	\$ 504,969	\$ 289,477
Income taxes	151,582	72,879
Depreciation and amortization	146,582	146,582
Interest expense	60,258	74,549
EBITDA	863,391	583,487
Adjustments:		
Business realignment charges	7,792	47,601
Lord costs to achieve	1,727	2,166
Exotic costs to achieve	20	338
Acquisition-related expenses	3,549	4,437
Adjusted EBITDA	\$ 876,479	\$ 638,029
EBITDA margin	21.8 %	18.5 %
Adjusted EBITDA margin	22.1 %	20.2 %

*Prior periods have been adjusted to reflect the change in inventory accounting method

Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited)

(Dollars in millions)

	12 Months ended 6/30/16	12 Months ended 6/30/17	12 Months ended 6/30/18	12 Months ended 6/30/19 ¹	12 Months ended 6/30/20 ¹	12 Months ended 6/30/21
Net sales	\$ 11,361	\$ 12,029	\$ 14,302	\$ 14,320	\$ 13,696	\$ 14,348
Net income	807	984	1,061	1,525	1,202	1,747
Income taxes	308	345	641	424	305	500
Depreciation and Amortization	307	355	486	436	538	595
Interest Expense	137	162	214	190	308	250
EBITDA*	\$ 1,558	\$ 1,846	\$ 2,382	\$ 2,576	\$ 2,353	\$ 3,092
Adjustments:						
Voluntary retirement expense	12					
Business realignment charges	97	56	46	16	76	48
Acquisition-related expenses & Costs to Achieve		103	37	30	211	15
(Gain) / Loss on Sale and Writedown of Assets or land			32			(101)
Adjusted EBITDA*	\$ 1,667	\$ 2,006	\$ 2,497	\$ 2,621	\$ 2,639	\$ 3,055
EBITDA margin	13.7%	15.3%	16.7%	18.0%	17.2%	21.6%
Adjusted EBITDA margin	14.7%	16.7%	17.5%	18.3%	19.3%	21.3%

¹Amounts have been adjusted to reflect the change in inventory accounting method.

*Totals may not foot due to rounding

Reconciliation of Free Cash Flow Conversion

(Unaudited) (Dollars in thousands)	Twelve Months Ended June 30, 2021	Twelve Months Ended June 30, 2020
Net income	\$ 1,746,861	\$ 1,202,332
Cash flow from operations	\$ 2,575,001	\$ 2,070,949
Capital Expenditures	(209,957)	(232,591)
Free cash flow	\$ 2,365,044	\$ 1,838,358
Free cash flow conversion (free cash flow / net income)	135 %	153 %

Supplemental Sales Information

Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2021	2020	2021	2020
Net sales				
Diversified Industrial:				
Motion Systems	\$ 883,395	\$ 698,684	\$ 3,081,366	\$ 2,996,645
Flow and Process Control	1,152,437	826,919	4,108,080	3,795,952
Filtration and Engineered Materials	1,293,081	1,011,040	4,770,713	4,168,288
Aerospace Systems	629,956	623,960	2,387,481	2,734,635
Total	\$ 3,958,869	\$ 3,160,603	\$ 14,347,640	\$ 13,695,520

Reconciliation of EPS

Fiscal Year 2022 Guidance

(Unaudited)	
(Amounts in dollars)	<u>Fiscal Year 2022</u>
Forecasted earnings per diluted share	\$14.08 to \$14.88
Adjustments:	
Business realignment charges	0.27
Costs to achieve	0.05
Acquisition-related intangible asset amortization expense	2.43
Tax effect of adjustments ¹	<u>(0.63)</u>
Adjusted forecasted earnings per diluted share	<u>\$16.20 to \$17.00</u>

¹This 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.

