

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 3, 2022

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 3, 2022, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended December 31, 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 February 3, 2022.](#)

[99.2 Webcast presentation by Parker-Hannifin Corporation, dated February 3, 2022.](#)

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

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**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 3, 2022



**For Release:** Immediately Exhibit 99.1

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

## Parker Reports Fiscal 2022 Second Quarter Results

- Sales increased 12% to a second quarter record at \$3.82 billion, organic sales increased 13%
- Segment operating margin was a second quarter record at 19.4% as reported, or 21.6% adjusted
- Net income was \$387.6 million; EPS was \$2.97 as reported, or \$4.46 adjusted
- Second quarter EBITDA margin was 18.2% as reported, or 22.7% adjusted
- Company increases fiscal 2022 EPS guidance

**CLEVELAND, February 3, 2022** -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2022 second quarter ended December 31, 2021. Fiscal 2022 second quarter sales were a second quarter record at \$3.82 billion, an increase of 12%, compared with \$3.41 billion in the second quarter of fiscal 2021. Net income was \$387.6 million, compared with \$448.4 million in the prior year quarter. Fiscal 2022 second quarter adjusted net income was \$582.2 million, compared with \$451.6 million in fiscal 2021. Adjustments include an unrealized pre-tax loss of \$149 million in the fiscal 2022 second quarter on the deal contingent forward contracts related to the previously announced acquisition of Meggitt plc. Earnings per share were \$2.97, compared with \$3.42 in the second quarter of fiscal 2021. Adjusted earnings per share increased 29% to \$4.46, compared with adjusted earnings per share of \$3.45 in the prior year quarter. Fiscal year-to-date cash flow from operations was \$1.01 billion, or 13% of sales, compared with \$1.35 billion in the prior year period. A reconciliation of non-GAAP measures is included in the financial tables of this press release.

"Our teams executed extremely well in the second quarter in an environment of strong demand against a backdrop of inflationary pressures and supply chain challenges together with disruptions brought on by the ongoing COVID-19 pandemic," said Chairman and Chief Executive Officer, Tom Williams. "We delivered record second quarter sales, driven by strong organic growth across all of our businesses and regions. Importantly, we also delivered record total segment operating margin and our adjusted EBITDA margin increased by 180 basis points compared with the prior year period. Our results reflect the impact

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of The Win Strategy™ and significant changes we have made to our portfolio. Parker team members continue to demonstrate remarkable resiliency and agility as they respond to very dynamic and uncertain circumstances in the global supply chain."

### **Segment Results**

*Diversified Industrial Segment:* North American second quarter sales increased 15% to \$1.81 billion and operating income was \$337.4 million compared with \$281.6 million in the same period a year ago. International second quarter sales increased 11% to \$1.40 billion and operating income was \$291.6 million compared with \$220.2 million in the same period a year ago.

*Aerospace Systems Segment:* Second quarter sales increased 6% to \$618.4 million and operating income was \$114.8 million compared with \$90.7 million in the same period a year ago.

Parker reported the following orders for the quarter ending December 31, 2021, compared with the same quarter a year ago:

- Orders increased 12% for total Parker
- Orders increased 17% in the Diversified Industrial North America businesses
- Orders increased 14% in the Diversified Industrial International businesses
- Orders decreased 7%\* in the Aerospace Systems Segment on a rolling 12-month average basis.

\*Aerospace orders increased mid-teens excluding sizable multi-year military orders in the prior period.

### **Outlook**

For the fiscal year ending June 30, 2022, the company has increased guidance for earnings per share to the range of \$14.42 to \$14.92, or \$17.80 to \$18.30 on an adjusted basis. Guidance assumes organic sales growth of approximately 10% to 12% compared with the prior year. Fiscal year 2022 guidance is adjusted on a pre-tax basis for acquisition-related expenses of \$71 million, a loss of \$149 million on deal contingent forward contracts related to the acquisition of Meggitt plc and expected business realignment expenses of approximately \$30 million, LORD costs to achieve of approximately \$5 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, "For the remainder of this fiscal year, we expect positive demand trends to continue and are confident in our ability to navigate the Omicron variant and supply chain challenges ahead. We are also encouraged with the progress being made on the regulatory clearances required for the closure of the Meggitt acquisition. With disciplined execution of the Win Strategy 3.0 and the

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transformation of our portfolio continuing, we remain strongly positioned to deliver sustainable long-term growth and top quartile performance."

**NOTICE OF CONFERENCE CALL:** Parker Hannifin's conference call and slide presentation to discuss its fiscal 2022 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 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](http://www.parker.com) or [@parkerhannifin](https://twitter.com/parkerhannifin).

#### **Offer to Acquire Meggitt PLC**

The acquisition of Meggitt plc, announced August 2, 2021, remains subject to satisfaction or waiver of the conditions set out in the scheme document, including regulatory clearances. It is currently expected that completion of the transaction will occur during the third quarter of calendar year 2022. For copies of all announcements and further information, please visit the dedicated transaction microsite at [www.aerospacegrowth.com](http://www.aerospacegrowth.com).

#### **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**

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This press release contains references to non-GAAP financial information including (a) adjusted net income; (b) adjusted earnings per share; (c) adjusted total segment operating margin; (d) EBITDA margin; and (e) adjusted EBITDA margin. The adjusted net income, earnings per share and total segment operating margin measures are presented to allow investors and the company to meaningfully evaluate changes in net income, 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,” “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.

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 or prevent the closing of the proposed acquisition, including the failure to satisfy any of the conditions to the proposed acquisition; the possibility that in order for the parties to obtain regulatory approvals, conditions are imposed that prevent or otherwise 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, due to unsuccessful implementation strategies or otherwise; and significant transaction costs related to the proposed acquisition.

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 business and operating initiatives, including the timing, price and execution of share repurchases and other capital initiatives; availability, cost increases of or other limitations on our access to raw materials, component products and/or commodities if associated costs 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

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with environmental laws and regulations; potential supply chain and labor disruptions, including as a result of labor shortages; 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; local and global political and 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 (including fluctuations associated with any potential credit rating decline) and credit availability; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; changes in consumer habits and preferences; government actions, including the impact of changes in the tax laws in the United States and foreign jurisdictions and any judicial or regulatory interpretation thereof; and large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics. 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, 2021 and other periodic filings made with the SEC.

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**PARKER HANNIFIN CORPORATION - DECEMBER 31, 2021**  
**CONSOLIDATED STATEMENT OF INCOME**

Exhibit 99.1

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020*	2021	2020*
<b>Net sales</b>	\$ 3,824,580	\$ 3,411,905	\$ 7,587,389	\$ 6,642,445
Cost of sales	2,764,725	2,518,165	5,478,622	4,904,614
Selling, general and administrative expenses	380,710	356,572	788,475	726,423
Interest expense	61,360	62,990	120,710	128,948
Other expense (income), net	127,461	(103,714)	137,513	(108,606)
Income before income taxes	490,324	577,892	1,062,069	991,066
Income taxes	102,595	129,350	222,877	222,413
Net income	387,729	448,542	839,192	768,653
Less: Noncontrolling interests	129	191	435	499
<b>Net income attributable to common shareholders</b>	<b>\$ 387,600</b>	<b>\$ 448,351</b>	<b>\$ 838,757</b>	<b>\$ 768,154</b>
<b>Earnings per share attributable to common shareholders:</b>				
Basic earnings per share	\$ 3.02	\$ 3.48	\$ 6.52	\$ 5.96
Diluted earnings per share	\$ 2.97	\$ 3.42	\$ 6.42	\$ 5.89
Average shares outstanding during period - Basic	128,493,725	129,013,781	128,610,223	128,860,763
Average shares outstanding during period - Diluted	130,581,665	131,075,655	130,585,212	130,482,564

**CASH DIVIDENDS PER COMMON SHARE**

(Unaudited) (Amounts in dollars)	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
<b>Cash dividends per common share</b>	<b>\$ 1.03</b>	<b>\$ 0.88</b>	<b>\$ 2.06</b>	<b>\$ 1.76</b>

**RECONCILIATION OF NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS TO ADJUSTED NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS**

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020*	2021	2020*
<b>Net income attributable to common shareholders</b>	<b>\$ 387,600</b>	<b>\$ 448,351</b>	<b>\$ 838,757</b>	<b>\$ 768,154</b>
Adjustments:				
Acquired intangible asset amortization expense	78,741	81,237	158,512	162,940
Business realignment charges	3,645	18,767	6,659	34,468
Integration costs to achieve	807	3,592	2,009	7,539
Acquisition-related expenses	19,142	—	71,341	—
Loss on deal-contingent forward contracts	149,382	—	149,382	—
Gain on sale of land	—	(100,893)	—	(100,893)
Tax effect of adjustments <sup>1</sup>	(57,139)	572	(87,780)	(22,738)
<b>Adjusted net income attributable to common shareholders</b>	<b>\$ 582,178</b>	<b>\$ 451,626</b>	<b>\$ 1,138,880</b>	<b>\$ 849,470</b>

\*Prior period has been adjusted to reflect the change in inventory accounting method, as described in the Company's fiscal 2021 Annual Report on Form 10-K.

<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.

## 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,	
	2021	2020*	2021	2020*
<b>Earnings per diluted share</b>	\$ 2.97	\$ 3.42	\$ 6.42	\$ 5.89
Adjustments:				
Acquired intangible asset amortization expense	0.60	0.62	1.21	1.25
Business realignment charges	0.03	0.14	0.05	0.26
Integration costs to achieve	0.01	0.02	0.02	0.05
Acquisition-related expenses	0.15	—	0.55	—
Loss on deal-contingent forward contracts	1.14	—	1.14	—
Gain on sale of land	—	(0.77)	—	(0.77)
Tax effect of adjustments <sup>1</sup>	(0.44)	0.02	(0.67)	(0.16)
<b>Adjusted earnings per diluted share</b>	\$ 4.46	\$ 3.45	\$ 8.72	\$ 6.52

<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.

## RECONCILIATION OF EBITDA TO ADJUSTED EBITDA

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020*	2021	2020*
<b>Net sales</b>	\$ 3,824,580	\$ 3,411,905	\$ 7,587,389	\$ 6,642,445
Net income	\$ 387,729	\$ 448,542	\$ 839,192	\$ 768,653
Income taxes	102,595	129,350	222,877	222,413
Depreciation	65,362	68,581	131,113	135,320
Amortization	78,741	81,237	158,512	162,940
Interest expense	61,360	62,990	120,710	128,948
<b>EBITDA</b>	695,787	790,700	1,472,404	1,418,274
Adjustments:				
Business realignment charges	3,645	18,767	6,659	34,468
Integration costs to achieve	807	3,592	2,009	7,539
Acquisition-related expenses	19,142	—	71,341	—
Loss on deal-contingent forward contracts	149,382	—	149,382	—
Gain on sale of land	—	(100,893)	—	(100,893)
<b>Adjusted EBITDA</b>	\$ 868,763	\$ 712,166	\$ 1,701,795	\$ 1,359,388
<b>EBITDA margin</b>	18.2 %	23.2 %	19.4 %	21.4 %
<b>Adjusted EBITDA margin</b>	22.7 %	20.9 %	22.4 %	20.5 %

\*Prior period has been adjusted to reflect the change in inventory accounting method, as described in the Company's fiscal 2021 Annual Report on Form 10-K.



## PARKER HANNIFIN CORPORATION - DECEMBER 31, 2021

Exhibit 99.1

## CONSOLIDATED BALANCE SHEET

(Unaudited) (Dollars in thousands)	December 31, 2021	June 30, 2021	December 31, 2020*
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 449,481	\$ 733,117	\$ 564,734
Marketable securities and other investments	40,511	39,116	43,314
Trade accounts receivable, net	2,041,953	2,183,594	1,816,731
Non-trade and notes receivable	314,897	326,315	312,590
Inventories	2,307,306	2,090,642	2,019,772
Prepaid expenses and other	2,753,501	243,966	191,362
<b>Total current assets</b>	<b>7,907,649</b>	<b>5,616,750</b>	<b>4,948,503</b>
Property, plant and equipment, net	2,202,932	2,266,476	2,302,142
Deferred income taxes	146,567	104,251	134,325
Investments and other assets	794,814	774,239	795,073
Intangible assets, net	3,343,612	3,519,797	3,695,194
Goodwill	7,999,901	8,059,687	8,101,016
<b>Total assets</b>	<b>\$ 22,395,475</b>	<b>\$ 20,341,200</b>	<b>\$ 19,976,253</b>
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Notes payable and long-term debt payable within one year	\$ 2,201,653	\$ 2,824	\$ 610,909
Accounts payable, trade	1,597,025	1,667,878	1,343,011
Accrued payrolls and other compensation	335,417	507,027	345,973
Accrued domestic and foreign taxes	294,255	236,384	218,624
Other accrued liabilities	829,141	682,390	688,566
<b>Total current liabilities</b>	<b>5,257,491</b>	<b>3,096,503</b>	<b>3,207,083</b>
Long-term debt	6,250,525	6,582,053	6,602,309
Pensions and other postretirement benefits	959,741	1,055,638	1,843,209
Deferred income taxes	558,986	553,981	456,842
Other liabilities	600,452	639,355	631,825
Shareholders' equity	8,755,082	8,398,307	7,218,663
Noncontrolling interests	13,198	15,363	16,322
<b>Total liabilities and equity</b>	<b>\$ 22,395,475</b>	<b>\$ 20,341,200</b>	<b>\$ 19,976,253</b>

\*Prior period has been adjusted to reflect the change in inventory accounting method, as described in the Company's fiscal 2021 Annual Report on Form 10-K.

**PARKER HANNIFIN CORPORATION - DECEMBER 31, 2021**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

Exhibit 99.1

(Unaudited) (Dollars in thousands)	Six Months Ended December 31,	
	2021	2020*
<b>Cash flows from operating activities:</b>		
Net income	\$ 839,192	\$ 768,653
Depreciation and amortization	289,625	298,260
Share incentive plan compensation	79,385	79,833
Gain on sale of business	(1,520)	—
Gain on disposal of property, plant and equipment	(7,880)	(102,565)
Gain on marketable securities	(4,948)	(6,959)
Gain on investments	(1,487)	(4,783)
Net change in receivables, inventories and trade payables	(147,481)	270,063
Net change in other assets and liabilities	(16,498)	47,707
Other, net	(22,919)	3,779
<b>Net cash provided by operating activities</b>	<b>1,005,469</b>	<b>1,353,988</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(105,606)	(92,907)
Proceeds from sale of property, plant and equipment	22,392	124,428
Proceeds from sale of businesses	2,466	—
Purchases of marketable securities and other investments	(10,150)	(16,029)
Maturities and sales of marketable securities and other investments	13,742	52,019
Other	2,789	11,183
<b>Net cash (used in) provided by investing activities</b>	<b>(74,367)</b>	<b>78,694</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(317,512)	(57,688)
Net proceeds from (payments for) debt	1,900,844	(1,324,348)
Financing fees paid	(52,108)	—
Dividends paid	(265,556)	(227,228)
<b>Net cash provided by (used in) financing activities</b>	<b>1,265,668</b>	<b>(1,609,264)</b>
Effect of exchange rate changes on cash	6,978	55,802
Net increase (decrease) in cash, cash equivalents and restricted cash	2,203,748	(120,780)
Cash, cash equivalents and restricted cash at beginning of year	733,117	685,514
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 2,936,865</b>	<b>\$ 564,734</b>

\*Prior period has been adjusted to reflect the change in inventory accounting method, as described in the Company's fiscal 2021 Annual Report on Form 10-K.

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

(Unaudited)

(Amounts in dollars)

	<b>Fiscal Year 2022</b>
<b>Forecasted earnings per diluted share</b>	<b>\$14.42 to \$14.92</b>
Adjustments:	
Business realignment charges	0.22
Costs to achieve	0.04
Acquisition-related intangible asset amortization expense	2.43
Acquisition-related expenses	0.55
Loss on deal-contingent forward contracts	1.14
Tax effect of adjustments <sup>1</sup>	(1.00)
<b>Adjusted forecasted earnings per diluted share</b>	<b>\$17.80 to \$18.30</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

Fiscal 2022 Second Quarter  
Earnings Presentation



**PH**  
LISTED  
**NYSE**

ENGINEERING YOUR SUCCESS.

February 3, 2022



# 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. Often but not always, these statements may be identified from the use of forward-looking terminology such as "anticipates," "believes," "may," "should," "could," "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 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.

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 or prevent the closing of the proposed acquisition, including the failure to satisfy any of the conditions to the proposed acquisition; the possibility that in order for the parties to obtain regulatory approvals, conditions are imposed that prevent or otherwise 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, due to unsuccessful implementation strategies or otherwise; and significant transaction costs related to the proposed acquisition.

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 business and operating initiatives, including the timing, price and execution of share repurchases and other capital initiatives; availability, cost increases of or other limitations on our access to raw materials, component products and/or commodities if associated costs 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 supply chain and labor disruptions, including as a result of labor shortages; 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; local and global political and 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 (including fluctuations associated with any potential credit rating decline) and credit availability; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; changes in consumer habits and preferences; government actions, including the impact of changes in the tax laws in the United States and foreign jurisdictions and any judicial or regulatory interpretation thereof; and large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics. 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, 2021 and other periodic filings made with the SEC.

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, adjusted net income, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, adjusted net debt to EBITDA, 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 other one-time items. 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, adjusted net income, EBITDA, adjusted EBITDA, EBITDA margin, adjusted net debt to EBITDA, 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





# FY22 Q2: Exceptional Execution in a Challenging Environment

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- Focus on safety continues, leveraging high-performance teams and kaizen
- Sales growth of 12% YoY; Organic growth 13% YoY
- Second quarter records for Sales and Total Segment Operating Margin
- EBITDA margin was 18.2% as reported or 22.7% adjusted<sup>1</sup>, +180 bps vs. prior year
- Robust demand environment continues
- Execution driven by The Win Strategy™ 2.0 & 3.0

## Strategic Portfolio Transformation - Longer Cycle & More Resilient



## What Drives Parker?

**Living Up to Our Purpose**

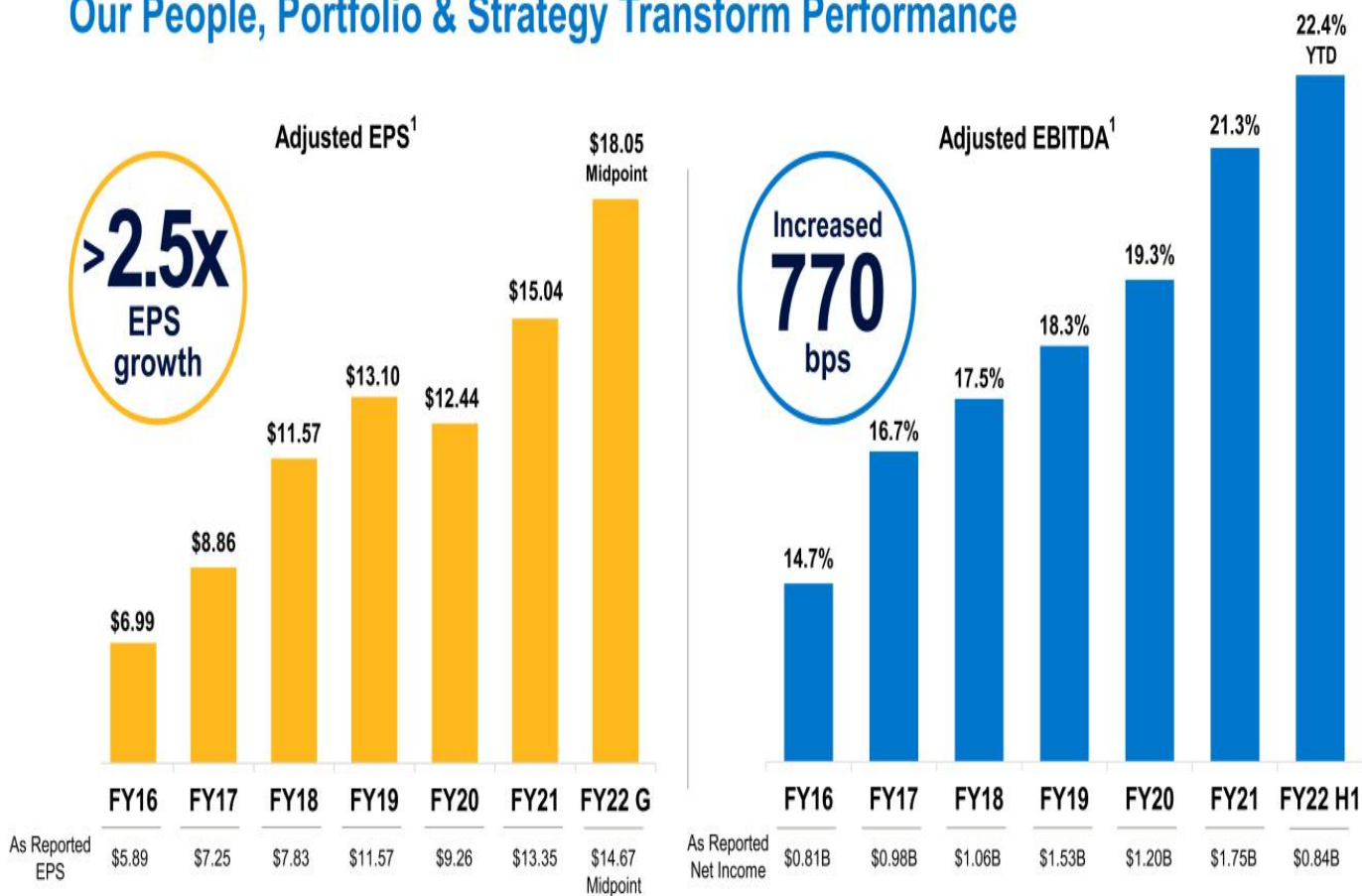
**Great Generators and  
Deployers of Cash**

**Top Quartile Performance  
vs. Proxy Peers**



# Performance

## Our People, Portfolio & Strategy Transform Performance



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

# Continued Progress on Meggitt Transaction



**MEGGITT**



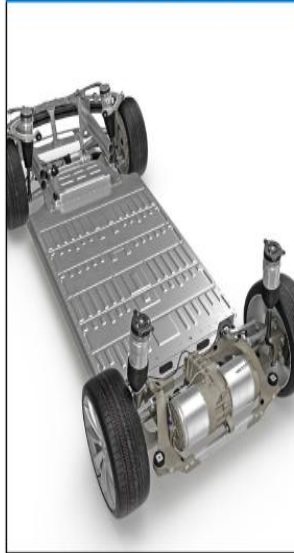
**Compelling Strategic Aerospace Combination**

# Positioned for Growth Opportunities from Secular Trends

Aerospace



Electrification



ESG



Digitalization



# Summary of Fiscal 2022 2nd Quarter Results

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# Financial Summary

## FY22 Q2 vs. FY21 Q2

\$ Millions, except per share amounts

	Q2 FY22 As Reported	Q2 FY22 Adjusted <sup>1</sup>	Q2 FY21 Adjusted <sup>1</sup>	YoY Change Adjusted
Sales	\$3,825	<b>\$3,825</b>	\$3,412	+12.1%
Segment Operating Margin	19.4%	<b>21.6%</b>	20.4%	+120 bps
EBITDA Margin	18.2%	<b>22.7%</b>	20.9%	+180 bps
Net Income	\$388	<b>\$582</b>	\$452	+29%
EPS	\$2.97	<b>\$4.46</b>	\$3.45	+29%

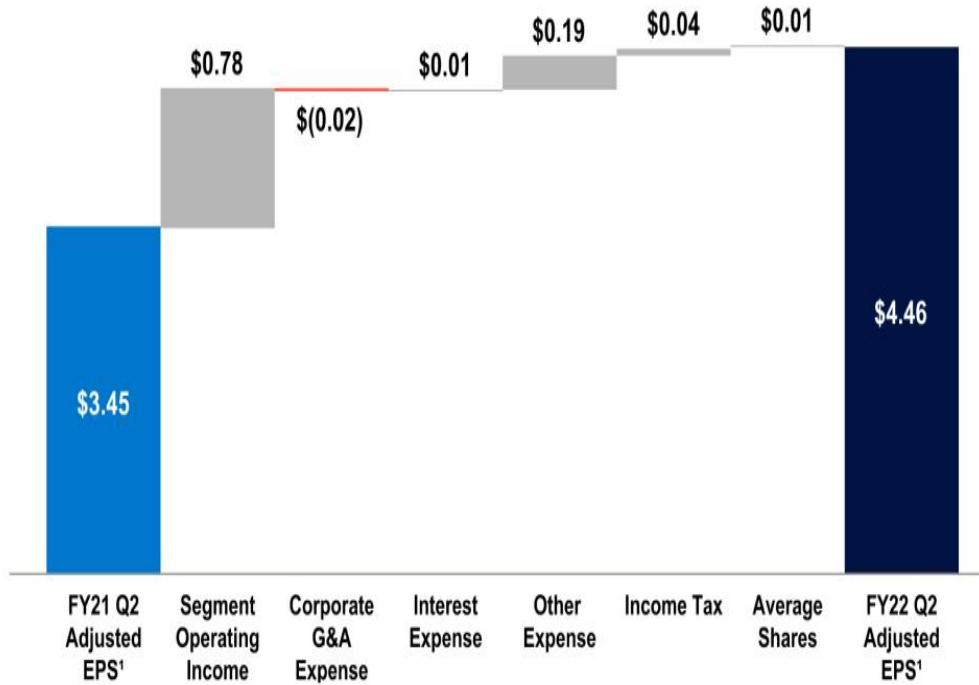
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1. Sales figures As Reported. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.  
Note: FY21 Q2 As Reported: Segment Operating Margin of 17.4%, EBITDA Margin of 23.2%, Net Income of \$448M, EPS of \$3.42.



# Adjusted Earnings per Share Bridge

## FY21 Q2 to FY22 Q2



1. FY21 Q2 As Reported EPS of \$3.42. FY22 Q2 As Reported EPS of \$2.97. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.





# FY22 Q2 Segment Performance

	Sales As Reported \$ Organic % <sup>1</sup>	Segment Operating Margin As Reported	Segment Operating Margin Adjusted <sup>1</sup>	Order Rates <sup>2</sup>	Commentary
Diversified Industrial North America	\$1,807M +15.3% Organic	18.7%	21.3% Flat YoY	+17%	<ul style="list-style-type: none"> <li>Excellent performance in a challenging operating environment</li> <li>Broad based growth continues</li> </ul>
Diversified Industrial International	\$1,399M +14.1% Organic	20.8%	22.4% +210 bps YoY	+14%	<ul style="list-style-type: none"> <li>Mid-teens organic growth in all regions</li> <li>Sustainable benefits from regional realignment actions</li> </ul>
Aerospace Systems	\$618M +5.8% Organic	18.6%	20.7% +270 bps YoY	(7)%	<ul style="list-style-type: none"> <li>Strong commercial OEM &amp; MRO growth</li> <li>Order rate +mid-teens excluding sizable multi-year military orders in prior period</li> </ul>
Parker	\$3,825M +13.2% Organic	19.4%	21.6% +120 bps YoY	+12%	<ul style="list-style-type: none"> <li>Strong secular growth</li> <li><b>32% incremental margin<sup>1</sup>, 48% excluding prior year discretionary savings of \$65M</b></li> </ul>

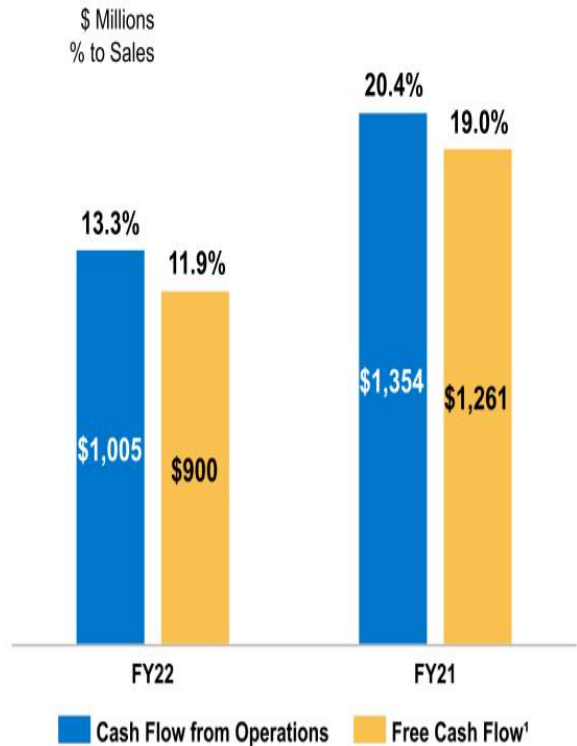
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1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.

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.

# FY22 Cash Flow Performance

- Cash Flow from Operations of 13.3%
- Free Cash Flow of 11.9%
- Free Cash Flow Conversion of 107%
- Net change in Working capital<sup>2</sup>
  - Use of cash of 1.9% of sales



**Forecast Mid-Teens CFOA for FY22**



1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.  
 2. Defined as net change in accounts receivable, inventory, and accounts payable trade per the statement of cash flows

# Capital Deployment Activity

- ▶ Quarterly dividend of \$1.03 declared January 27<sup>th</sup>
  - 65 consecutive years of increased dividends paid
- ▶ Meggitt Financing Progress
  - Deal Contingent Forward Contracts secured for FX risk mitigation
  - \$2.5B Restricted Cash Escrow funded via Commercial Paper issuance and Cash
- ▶ Leverage at FY22 Q2
  - Gross Debt / EBITDA = 2.7x
  - Net Debt / EBITDA = 2.5x
  - Net Debt / EBITDA, excluding \$2.5B restricted cash escrow = 1.8x<sup>1</sup>

# FY22 Guidance Increased

EPS Midpoint: \$14.67 As Reported, \$18.05 Adjusted

Sales Growth vs. Prior Year	
Diversified Industrial North America	11% - 13%
Diversified Industrial International	7% - 9%
Aerospace Systems	5% - 7%
<b>Parker</b>	<b>9% - 11%</b>

Segment Operating Margins	As Reported	Adjusted <sup>1</sup>
Diversified Industrial North America	19.2% - 19.6%	21.8% - 22.2%
Diversified Industrial International	20.3% - 20.7%	22.2% - 22.6%
Aerospace Systems	19.1% - 19.5%	21.2% - 21.6%
<b>Parker</b>	<b>19.6% - 20.0%</b>	<b>21.9% - 22.3%</b>

Earnings Per Share	As Reported	Adjusted <sup>1</sup>
Range	\$14.42 - \$14.92	\$17.80 - \$18.30

Additional Items	As Reported	Adjusted <sup>1</sup>
Corporate G&A, Interest and Other	\$656M	\$435M
Full Year Reported Tax Rate	~22%	
Diluted Shares Outstanding	130.7M	

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$320M	—
Business Realignment Charges	~\$30M	—
LORD Costs to Achieve	~\$5M	—
Meggitt Acquisition Related Expenses	—	\$71M <sup>2</sup>
Meggitt Deal Contingent Forward Contracts	—	\$149M <sup>2</sup>

# Key Messages

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- Highly engaged global team living up to our purpose
- The Win Strategy 3.0 drives current and future performance
- Strategic portfolio transformation - longer cycle & more resilient
- Positioned for growth from secular trends

**Our People, Portfolio & Strategy Transform Performance**





## Upcoming Event Calendar

2022 Virtual Investor Meeting	March 8, 2022, 9am-12pm ET
3Q FY22 Earnings	May 5, 2022
4Q FY22 Earnings & FY23 Guidance	August 4, 2022
Annual Meeting of Shareholders	October 26, 2022

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# Appendix

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- 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
- Reconciliation of Adjusted Net Debt to EBITDA
- 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 December 31, 2021	Currency	Organic December 31, 2021	As Reported December 31, 2020
Diversified Industrial:				
North America	\$ 1,807,024	\$ (1,131)	\$ 1,805,893	\$ 1,566,877
International	1,399,179	37,780	1,436,959	1,259,625
Total Diversified Industrial	3,206,203	36,649	3,242,852	2,826,502
Aerospace Systems	618,377	921	619,298	585,403
Total Parker Hannifin	\$ 3,824,580	\$ 37,570	\$ 3,862,150	\$ 3,411,905
	As reported	Currency	Organic	
Diversified Industrial:				
North America	15.3 %	— %	15.3 %	
International	11.1 %	(3.0)%	14.1 %	
Total Diversified Industrial	13.4 %	(1.3)%	14.7 %	
Aerospace Systems	5.6 %	(0.2)%	5.8 %	
Total Parker Hannifin	12.1 %	(1.1)%	13.2 %	



# Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter-to-Date FY 2022								
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Integration Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Adjusted	
	December 31, 2021	% of Sales						December 31, 2021	% of Sales
<b>Net Sales</b>	\$ 3,824,580	100.0 %	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,824,580	100.0 %
Cost of Sales	2,764,725	72.3 %	—	1,710	263	—	—	2,762,752	72.2 %
Selling, general, and admin. expenses	380,710	10.0 %	78,741	1,935	544	8,880	—	290,610	7.6 %
Interest expense	61,360	1.6 %	—	—	—	—	—	61,360	1.6 %
Other expense (income), net	127,461	3.3 %	—	—	—	10,262	149,382	(32,183)	(0.8)%
Income before income taxes	490,324	12.8 %	(78,741)	(3,645)	(807)	(19,142)	(149,382)	742,041	19.4 %
Income taxes	102,595	2.7 %	17,874	827	183	4,345	33,910	159,734	4.2 %
Net Income	387,729	10.1 %	(60,867)	(2,818)	(624)	(14,797)	(115,472)	582,307	15.2 %
Less: Noncontrollable interests	129	0.0 %	—	—	—	—	—	129	0.0 %
<b>Net Income - common shareholders</b>	<b>\$ 387,600</b>	<b>10.1 %</b>	<b>\$ (60,867)</b>	<b>\$ (2,818)</b>	<b>\$ (624)</b>	<b>\$ (14,797)</b>	<b>\$ (115,472)</b>	<b>\$ 582,178</b>	<b>15.2 %</b>
<b>Diluted earnings per share</b>	<b>\$ 2.97</b>		<b>\$ (0.47)</b>	<b>\$ (0.02)</b>	<b>\$ —</b>	<b>\$ (0.12)</b>	<b>\$ (0.88)</b>	<b>\$ 4.46</b>	

# 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	2,518,165	73.8 %	—	14,183	393	—	—	2,503,589	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) expense, net	(103,714)	(3.0)%	—	661	—	—	(100,893)	(3,482)	(0.1)%
Income before income taxes	577,892	16.9 %	(81,237)	(18,767)	(3,249)	(343)	100,893	580,595	17.0 %
Income taxes	129,350	3.8 %	18,766	4,335	751	79	(24,503)	128,778	3.8 %
Net income	448,542	13.1 %	(62,471)	(14,432)	(2,498)	(264)	76,390	451,817	13.2 %
Less: Noncontrolling interests	191	0.0 %	—	—	—	—	—	191	0.0 %
<b>Net income - common shareholders</b>	\$ 448,351	13.1 %	\$ (62,471)	\$ (14,432)	\$ (2,498)	\$ (264)	\$ 76,390	\$ 451,626	13.2 %
<b>Diluted earnings per share</b>	\$ 3.42		\$ (0.48)	\$ (0.11)	\$ (0.02)	\$ —	\$ 0.58	\$ 3.45	

\*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 2022								
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Integration Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Adjusted	
	December 31, 2021	% of Sales						December 31, 2021	% of Sales <sup>2</sup>
Diversified Industrial									
North America <sup>1</sup>	\$ 337,417	18.7 %	\$ 47,024	\$ 660	\$ 329	\$ —	\$ —	\$ 385,430	21.3 %
International <sup>1</sup>	291,555	20.8 %	18,958	2,387	478	—	—	313,378	22.4 %
Aerospace Systems <sup>1</sup>	114,796	18.6 %	12,759	598	—	—	—	128,153	20.7 %
Total segment operating income	743,768	19.4 %	(78,741)	(3,645)	(807)	—	—	826,961	21.6 %
Corporate administration	42,587	1.1 %	—	—	—	—	—	42,587	1.1 %
Income before interest and other	701,181	18.3 %	(78,741)	(3,645)	(807)	—	—	784,374	20.5 %
Interest expense	61,360	1.6 %	—	—	—	—	—	61,360	1.6 %
Other (income) expense	149,497	3.9 %	—	—	—	19,142	149,382	(19,027)	(0.5)%
Income before income taxes	\$ 490,324	12.8 %	\$ (78,741)	\$ (3,645)	\$ (807)	\$ (19,142)	\$ (149,382)	\$ 742,041	19.4 %

<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>2021</u>	<u>2020*</u>
<b>Earnings per diluted share</b>	<b>\$ 2.97</b>	<b>\$ 3.42</b>
Adjustments:		
Acquired intangible asset amortization expense	0.60	0.62
Business realignment charges	0.03	0.14
Integration costs to achieve	0.01	0.02
Acquisition-related expenses	0.15	—
Loss on deal-contingent forward contracts	1.14	—
Gain on sale of land	—	(0.77)
Tax effect of adjustments <sup>1</sup>	<u>(0.44)</u>	<u>0.02</u>
<b>Adjusted earnings per diluted share</b>	<b>\$ 4.46</b>	<b>\$ 3.45</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.

\*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
<b>Earnings per diluted share</b>	\$ 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 <sup>1</sup>	(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		
<b>Adjusted earnings per diluted share</b>	\$ 6.99	\$ 8.86	\$ 11.57	\$ 13.10	\$ 12.44	\$ 15.04

<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.

\*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	
	December 31, 2021		December 31, 2020	
	Operating income	Operating margin	Operating income	Operating margin
<b>Total segment operating income</b>	\$ 743,768	19.4 %	\$ 592,561	17.4 %
Adjustments:				
Acquired intangible asset amortization expense	78,741		81,237	
Business realignment charges	3,645		17,922	
Integration costs to achieve	807		3,592	
<b>Adjusted total segment operating income</b>	\$ 826,961	21.6 %	\$ 695,312	20.4 %

# Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,
	2021	2020*	2021
<b>Net sales</b>	\$ 3,824,580	\$ 3,411,905	\$ 7,587,389
Net income	\$ 387,729	\$ 448,542	\$ 839,192
Income taxes	102,595	129,350	222,877
Depreciation	65,362	68,581	131,113
Amortization	78,741	81,237	158,512
Interest expense	61,360	62,990	120,710
<b>EBITDA</b>	<b>695,787</b>	<b>790,700</b>	<b>1,472,404</b>
Adjustments:			
Business realignment charges	3,645	18,767	6,659
Integration costs to achieve	807	3,592	2,009
Acquisition-related expenses	19,142	—	71,341
Loss on deal-contingent forward contracts	149,382	—	149,382
Gain on sale of land	—	(100,893)	—
<b>Adjusted EBITDA</b>	<b>\$ 868,763</b>	<b>\$ 712,166</b>	<b>\$ 1,701,795</b>
<b>EBITDA margin</b>	<b>18.2 %</b>	<b>23.2 %</b>	<b>19.4 %</b>
<b>Adjusted EBITDA margin</b>	<b>22.7 %</b>	<b>20.9 %</b>	<b>22.4 %</b>

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



# Reconciliation of Free Cash Flow Conversion

(Unaudited) (Dollars in thousands)	Six Months Ended December 31, 2021	Six Months Ended December 31, 2020*
<b>Net income</b>	<b>\$ 839,192</b>	<b>\$ 768,653</b>
Cash flow from operations	\$ 1,005,469	\$ 1,353,988
Capital Expenditures	(105,606)	(92,907)
<b>Free cash flow</b>	<b>\$ 899,863</b>	<b>\$ 1,261,081</b>
<b>Free cash flow conversion (free cash flow / net income)</b>	<b>107 %</b>	<b>164 %</b>



# Reconciliation of Adjusted Net Debt to EBITDA

## Reconciliation of Adjusted Net Debt / EBITDA

(Unaudited)

(Dollars in thousands)

	<b>December 31, 2021</b>
Notes payable and long-term debt payable within one year	\$ 2,201,653
Long-term debt	6,250,525
Add: Deferred debt issuance costs	57,732
Total gross debt	<u>\$ 8,509,910</u>
Cash and cash equivalents	\$ 449,481
Marketable securities and other investments	40,511
Restricted cash (within Prepaid expenses and other)	2,487,384
Adjusted total cash	<u>\$ 2,977,376</u>
Adjusted net debt (Gross debt less adjusted total cash)	\$ 5,532,534
TTM EBITDA	<u>\$ 3,146,512</u>
Adjusted net debt/TTM EBITDA	<u><u>1.8</u></u>

# Supplemental Sales Information

## Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
<b>Net sales</b>				
Diversified Industrial:				
Motion Systems	\$ 843,655	\$ 720,315	\$ 1,672,327	\$ 1,377,456
Flow and Process Control	1,103,404	949,949	2,188,827	1,874,074
Filtration and Engineered Materials	1,259,144	1,156,238	2,515,200	2,232,334
Aerospace Systems	618,377	585,403	1,211,035	1,158,581
<b>Total</b>	<b>\$ 3,824,580</b>	<b>\$ 3,411,905</b>	<b>\$ 7,587,389</b>	<b>\$ 6,642,445</b>

# Reconciliation of EPS

## Fiscal Year 2022 Guidance

(Unaudited)	
(Amounts in dollars)	<u>Fiscal Year 2022</u>
<b>Forecasted earnings per diluted share</b>	<b>\$14.42 to \$14.92</b>
Adjustments:	
Business realignment charges	0.22
Costs to achieve	0.04
Acquisition-related intangible asset amortization expense	2.43
Acquisition-related expenses	0.55
Loss on deal-contingent forward contracts	1.14
Tax effect of adjustments <sup>1</sup>	<u>(1.00)</u>
<b>Adjusted forecasted earnings per diluted share</b>	<b><u>\$17.80 to \$18.30</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.

