

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): May 5, 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 May 5, 2022, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended March 31, 2022. 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 May 5, 2022.](#)

[99.2 Webcast presentation by Parker-Hannifin Corporation, dated May 5, 2022.](#)

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: May 5, 2022



For Release: Immediately

Exhibit 99.1

Contact: Media -

Aidan Gormley - Director, Global Communications and Branding
aidan.gormley@parker.com

216-896-3258

Financial Analysts -

Robin J. Davenport, Vice President, Corporate Finance
rjdavenport@parker.com

216-896-2265

Stock Symbol: PH - NYSE

Parker Reports Fiscal 2022 Third Quarter Results

- Sales increased 9% to \$4.09 billion, organic sales increased 11%
- Segment operating margin was 20.3% as reported, or 22.7% adjusted
- Adjusted segment operating margin increased 130 bps vs. prior year
- Net income was \$348.0 million, or \$630.2 million adjusted
- EPS were \$2.67 as reported, or \$4.83 adjusted
- Company recently announced a 29% increase to the quarterly cash dividend
- Fiscal 2022 adjusted EPS guidance increased

CLEVELAND, May 5, 2022 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2022 third quarter ended March 31, 2022. Fiscal 2022 third quarter sales were an all-time record at \$4.09 billion, an increase of 9%, compared with \$3.75 billion in the third quarter of fiscal 2021. Net income was \$348.0 million, compared with \$473.2 million in the prior year quarter. Fiscal 2022 third quarter adjusted net income was \$630.2 million, compared with \$541.9 million in the third quarter of fiscal 2021. Adjustments include a non-cash, pre-tax loss of \$247 million in the fiscal 2022 third quarter on the deal contingent forward contracts related to the previously announced acquisition of Meggitt plc. Earnings per share were \$2.67, compared with \$3.60 in the third quarter of fiscal 2021. Adjusted earnings per share increased 17% to a record of \$4.83, compared with adjusted earnings per share of \$4.12 in the prior year quarter. Fiscal year-to-date cash flow from operations was \$1.55 billion, or 13.3% of sales, compared with \$1.88 billion, or 18.1% of sales, in the prior year period. A reconciliation of non-GAAP measures is included in the financial tables of this press release.

"We delivered another quarter of outstanding performance, demonstrating our teams' continued execution at impressive levels despite the persistence of supply chain and global economic challenges," said Chairman and Chief Executive Officer, Tom Williams. "We reported quarterly sales that eclipsed \$4 billion for the first time. Healthy demand combined with ongoing execution of The Win Strategy™ contributed to strong adjusted total segment operating margin at 22.7%, a 130-basis point

improvement compared with the prior year period. We also reported record adjusted EBITDA, adjusted net income and adjusted earnings per share in the quarter. These outstanding results reflect the extraordinary efforts of our team members."

Regarding the war in Ukraine, the events there continue to devastate the lives of many people. Actions were taken in response to the war during the third quarter as Parker immediately suspended all shipments to and from Russia, and subsequently closed its office and warehouse facility in Moscow, Russia. This resulted in a pre-tax charge of approximately \$20 million during the quarter. Going forward, this represents an immaterial impact to sales.

Segment Results

Diversified Industrial Segment: North American third quarter sales increased 15% to \$2.01 billion and operating income was \$414.0 million compared with \$336.6 million in the same period a year ago. International third quarter sales increased 4% to \$1.44 billion and operating income was \$298.5 million compared with \$274.4 million in the same period a year ago.

Aerospace Systems Segment: Third quarter sales increased 6% to \$632.3 million and operating income was \$119.0 million compared with \$102.3 million in the same period a year ago.

Parker reported the following orders for the quarter ending March 31, 2022, compared with the same quarter a year ago:

- Orders increased 14% for total Parker
- Orders increased 23% in the Diversified Industrial North America businesses
- Orders increased 9% in the Diversified Industrial International businesses
- Orders decreased 4%* in the Aerospace Systems Segment on a rolling 12-month average basis.

*Aerospace orders increased approximately 20% excluding sizable multi-year military orders in the prior period.

Update on Regulatory Clearances Related to the Acquisition of Meggitt PLC

The company continues to make progress on FDI and antitrust regulatory approvals. Completion of the transaction is still expected 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.

Outlook

For the fiscal year ending June 30, 2022, the company has updated guidance for earnings per share to the range of \$13.00 to \$13.30, or \$18.00 to \$18.30 on an adjusted basis. Guidance assumes organic

sales growth of approximately 11% compared with the prior year. COVID-19 related shutdowns in China are estimated to reduce sales by \$100 million and EPS by \$0.24 in the fourth quarter.

Fiscal year 2022 guidance is adjusted on a year-to-date pre-tax basis for acquisition-related expenses of \$84 million, a loss of \$396 million on deal contingent forward contracts related to the acquisition of Meggitt plc and Russia liquidation expenses of \$20 million. Adjustments also include expected business realignment expenses of approximately \$20 million, LORD costs to achieve of approximately \$5 million and acquisition-related intangible asset amortization of approximately \$315 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, "Despite supply chain, labor and inflationary pressures, we expect to finish the year with a record level of financial performance, giving us a solid foundation to achieve new five-year targets for fiscal year 2027, announced at our Investor meeting in March 2022. We are pleased with the continued progress being made towards meeting all the conditions required to complete the Meggitt acquisition. Through continued execution of our strategy, the ongoing transformation of our portfolio and our strong alignment with the positive secular trends of aerospace, digital, electrification and clean technologies, we see a promising future for Parker."

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal 2022 third quarter 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 66 consecutive fiscal years, among the top five longest-running dividend-increase records in the S&P 500 index. Learn more at www.parker.com or [@parkerhannifin](https://twitter.com/parkerhannifin).

Note on Orders

Orders provide near-term perspective on the company's outlook, particularly when viewed in the context of prior and future quarterly order rates. However, orders are not in themselves an indication of future performance. All comparisons are at constant currency exchange rates, with the prior year restated to the current-year rates. All exclude acquisitions until they can be reflected in both the

numerator and denominator. Aerospace comparisons are rolling 12-month average computations. The total Parker orders number is derived from a weighted average of the year-over-year quarterly % change in orders for Diversified Industrial North America and Diversified Industrial International, and the year-over-year 12-month rolling average of orders for the Aerospace Systems Segment.

Note on Net Income

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

Note on Non-GAAP Financial Measures

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; (e) adjusted EBITDA margin and (f) organic sales growth. 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. Comparable descriptions of record adjusted results in this release refer only to the period from the first quarter of FY2011 to the periods presented in this release. This period coincides with recast historical financial results provided in association with our FY2014 change in segment reporting. 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 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 international conflicts 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 - MARCH 31, 2022

Exhibit 99.1

CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021*	2022	2021*
Net sales	\$ 4,086,387	\$ 3,746,326	\$ 11,673,776	\$ 10,388,771
Cost of sales	2,927,991	2,712,785	8,406,613	7,617,399
Selling, general and administrative expenses	412,431	386,831	1,200,906	1,113,254
Interest expense	63,272	60,830	183,982	189,778
Other expense (income), net	248,704	(13,460)	386,217	(122,066)
Income before income taxes	433,989	599,340	1,496,058	1,590,406
Income taxes	85,901	126,101	308,778	348,514
Net income	348,088	473,239	1,187,280	1,241,892
Less: Noncontrolling interests	71	86	506	585
Net income attributable to common shareholders	\$ 348,017	\$ 473,153	\$ 1,186,774	\$ 1,241,307
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 2.71	\$ 3.67	\$ 9.23	\$ 9.63
Diluted earnings per share	\$ 2.67	\$ 3.60	\$ 9.10	\$ 9.50
Average shares outstanding during period - Basic	128,426,675	129,085,563	128,549,040	128,935,696
Average shares outstanding during period - Diluted	130,343,581	131,377,933	130,438,593	130,626,600

CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Cash dividends per common share	\$ 1.03	\$ 0.88	\$ 3.09	\$ 2.64

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Sales growth - as reported	9.1 %	1.2 %	12.4 %	(1.4)%
Adjustments:				
Currency	(2.0)%	2.2 %	(0.8) %	1.4 %
Acquisitions	— %	— %	— %	3.7 %
Organic sales growth	11.1 %	(1.0)%	13.2 %	(6.5)%

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

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021*	2022	2021*
Net income attributable to common shareholders	\$ 348,017	\$ 473,153	\$ 1,186,774	\$ 1,241,307
Adjustments:				
Acquired intangible asset amortization expense	78,865	81,253	237,377	244,193
Business realignment charges	3,152	5,602	9,811	40,070
Integration costs to achieve	933	2,655	2,942	10,194
Acquisition-related expenses	12,724	—	84,065	—
Loss on deal-contingent forward contracts	246,983	—	396,365	—
Gain on sale of land	—	—	—	(100,893)
Russia liquidation	20,057	—	20,057	—
Tax effect of adjustments ¹	(80,557)	(20,767)	(168,337)	(43,505)
Adjusted net income attributable to common shareholders	\$ 630,174	\$ 541,896	\$ 1,769,054	\$ 1,391,366

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

(Unaudited) (Amounts in dollars)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021*	2022	2021*
Earnings per diluted share	\$ 2.67	\$ 3.60	\$ 9.10	\$ 9.50
Adjustments:				
Acquired intangible asset amortization expense	0.61	0.62	1.82	1.87
Business realignment charges	0.02	0.04	0.07	0.30
Integration costs to achieve	0.01	0.02	0.03	0.07
Acquisition-related expenses	0.10	—	0.65	—
Loss on deal-contingent forward contracts	1.89	—	3.03	—
Gain on sale of land	—	—	—	(0.77)
Russia liquidation	0.15	—	0.15	—
Tax effect of adjustments ¹	(0.62)	(0.16)	(1.29)	(0.32)
Adjusted earnings per diluted share	\$ 4.83	\$ 4.12	\$ 13.56	\$ 10.65

*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.

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 - MARCH 31, 2022

Exhibit 99.1

RECONCILIATION OF EBITDA TO ADJUSTED EBITDA

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021*	2022	2021*
Net sales	\$ 4,086,387	\$ 3,746,326	\$ 11,673,776	\$ 10,388,771
Net income	\$ 348,088	\$ 473,239	\$ 1,187,280	\$ 1,241,892
Income taxes	85,901	126,101	308,778	348,514
Depreciation	63,832	69,295	194,945	204,615
Amortization	78,865	81,253	237,377	244,193
Interest expense	63,272	60,830	183,982	189,778
EBITDA	639,958	810,718	2,112,362	2,228,992
Adjustments:				
Business realignment charges	3,152	5,602	9,811	40,070
Integration costs to achieve	933	2,655	2,942	10,194
Acquisition-related expenses	12,724	—	84,065	—
Loss on deal-contingent forward contracts	246,983	—	396,365	—
Gain on sale of land	—	—	—	(100,893)
Russia liquidation	20,057	—	20,057	—
Adjusted EBITDA	\$ 923,807	\$ 818,975	\$ 2,625,602	\$ 2,178,363
EBITDA margin	15.7 %	21.6 %	18.1 %	21.5 %
Adjusted EBITDA margin	22.6 %	21.9 %	22.5 %	21.0 %

*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.

BUSINESS SEGMENT INFORMATION

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021*	2022	2021*
Net sales				
Diversified Industrial:				
North America	\$ 2,014,715	\$ 1,758,383	\$ 5,615,454	\$ 4,853,371
International	1,439,357	1,388,999	4,214,972	3,777,875
Aerospace Systems	632,315	598,944	1,843,350	1,757,525
Total net sales	\$ 4,086,387	\$ 3,746,326	\$ 11,673,776	\$ 10,388,771
Segment operating income				
Diversified Industrial:				
North America	\$ 413,998	\$ 336,589	\$ 1,085,117	\$ 887,041
International	298,475	274,427	881,206	681,541
Aerospace Systems	119,016	102,303	352,063	279,798
Total segment operating income	831,489	713,319	2,318,386	1,848,380
Corporate general and administrative expenses	57,405	48,089	149,064	123,544
Income before interest expense and other expense	774,084	665,230	2,169,322	1,724,836
Interest expense	63,272	60,830	183,982	189,778
Other expense (income)	276,823	5,060	489,282	(55,348)
Income before income taxes	\$ 433,989	\$ 599,340	\$ 1,496,058	\$ 1,590,406

*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 - MARCH 31, 2022

Exhibit 99.1

CONSOLIDATED BALANCE SHEET

(Unaudited) (Dollars in thousands)	March 31, 2022	June 30, 2021	March 31, 2021*
Assets			
Current assets:			
Cash and cash equivalents	\$ 467,711	\$ 733,117	\$ 489,600
Marketable securities and other investments	38,561	39,116	40,270
Trade accounts receivable, net	2,357,244	2,183,594	2,118,437
Non-trade and notes receivable	327,186	326,315	309,568
Inventories	2,330,242	2,090,642	2,048,971
Prepaid expenses and other	2,708,750	243,966	193,019
Total current assets	8,229,694	5,616,750	5,199,865
Property, plant and equipment, net	2,174,237	2,266,476	2,249,122
Deferred income taxes	144,506	104,251	125,382
Investments and other assets	787,986	774,239	791,221
Intangible assets, net	3,254,062	3,519,797	3,595,182
Goodwill	7,954,835	8,059,687	8,031,586
Total assets	\$ 22,545,320	\$ 20,341,200	\$ 19,992,358
Liabilities and equity			
Current liabilities:			
Notes payable and long-term debt payable within one year	\$ 1,923,860	\$ 2,824	\$ 186,388
Accounts payable, trade	1,732,421	1,667,878	1,551,460
Accrued payrolls and other compensation	418,876	507,027	430,008
Accrued domestic and foreign taxes	276,159	236,384	204,241
Other accrued liabilities	1,055,348	682,390	664,550
Total current liabilities	5,406,664	3,096,503	3,036,647
Long-term debt	6,229,654	6,582,053	6,571,908
Pensions and other postretirement benefits	904,332	1,055,638	1,777,137
Deferred income taxes	448,583	553,981	452,849
Other liabilities	583,228	639,355	631,702
Shareholders' equity	8,959,866	8,398,307	7,506,388
Noncontrolling interests	12,993	15,363	15,727
Total liabilities and equity	\$ 22,545,320	\$ 20,341,200	\$ 19,992,358

*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 - MARCH 31, 2022
CONSOLIDATED STATEMENT OF CASH FLOWS

Exhibit 99.1

(Unaudited) (Dollars in thousands)	Nine Months Ended March 31,	
	2022	2021*
Cash flows from operating activities:		
Net income	\$ 1,187,280	\$ 1,241,892
Depreciation and amortization	432,322	448,808
Share incentive plan compensation	109,781	101,907
Gain on sale of business	(1,472)	—
Gain on disposal of property, plant and equipment	(6,782)	(108,449)
Loss (gain) on marketable securities	2,280	(8,489)
Gain on investments	(2,024)	(6,008)
Net change in receivables, inventories and trade payables	(347,086)	125,916
Net change in other assets and liabilities	308,993	94,742
Other, net	(134,854)	(8,914)
Net cash provided by operating activities	1,548,438	1,881,405
Cash flows from investing activities:		
Capital expenditures	(158,864)	(136,064)
Proceeds from sale of property, plant and equipment	29,320	132,740
Proceeds from sale of businesses	3,366	—
Purchases of marketable securities and other investments	(20,012)	(30,608)
Maturities and sales of marketable securities and other investments	17,662	71,225
Other	2,766	14,120
Net cash (used in) provided by investing activities	(125,762)	51,413
Cash flows from financing activities:		
Net payments for common stock activity	(372,430)	(125,519)
Net proceeds from (payments for) debt	1,622,442	(1,748,818)
Financing fees paid	(52,655)	—
Dividends paid	(398,099)	(341,333)
Net cash provided by (used in) financing activities	799,258	(2,215,670)
Effect of exchange rate changes on cash	106	86,938
Net increase (decrease) in cash, cash equivalents and restricted cash	2,222,040	(195,914)
Cash, cash equivalents and restricted cash at beginning of year	733,117	685,514
Cash, cash equivalents and restricted cash at end of period	\$ 2,955,157	\$ 489,600

*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)	Fiscal Year 2022
Forecasted earnings per diluted share	\$13.00 to \$13.30
Adjustments:	
Business realignment charges	0.15
Costs to achieve	0.04
Acquisition-related intangible asset amortization expense	2.43
Acquisition-related expenses	0.64
Loss on deal-contingent forward contracts	3.04
Russia Liquidation	0.15
Tax effect of adjustments ¹	(1.45)
Adjusted forecasted earnings per diluted share	\$18.00 to \$18.30

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

Exhibit 99.2

Fiscal 2022 Third Quarter Earnings Presentation



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ENGINEERING YOUR SUCCESS.

May 5, 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 international conflicts 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, 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 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



FY22 Q3: Exceptional Agility Delivered a Record Quarter

- Safety is our top priority, leveraging high-performance teams and kaizen
- Sales growth of 9% vs. prior year; organic growth 11% vs. prior year
- Eclipsed \$4B sales with strong demand across nearly all end markets
- Segment operating margin was 20.3% as reported, or 22.7% adjusted¹, +130 bps vs. prior year
- Increased the quarterly dividend 29%
- Expect temporary FY22 Q4 impact from China COVID shutdowns
 - Anticipate return to full production during FY23 Q1

Win Strategy + Portfolio Changes: Longer Cycle & Better Performance



What Drives Parker?

Living Up to Our Purpose

**Great Generators and
Deployers of Cash**

**Top Quartile Performance
vs. Proxy Peers**

Parker is Essential to the Natural Gas Value Chain

Enabling Growth in Natural Gas as a Bridge to Hydrogen

Upstream



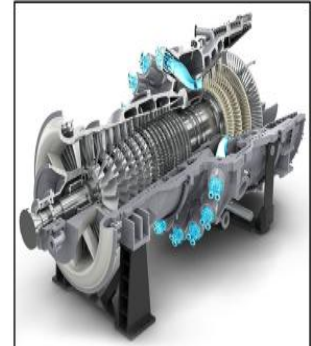
Midstream Gas Conditioning



Liquefaction, Storage & Regasification



Power Generation



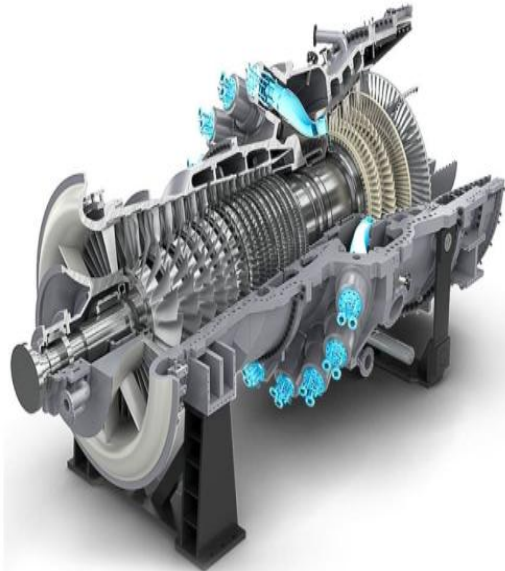
Parker Technologies Utilized:

- Engineered Materials
- Filtration
- Fluid Conveyance
- Hydraulics
- Pneumatics
- Process Control

Expertise in Dual Fuel Power Generation

Applications for both CNG & H2

- Fuel Cells
- Water Separation & Purification
- Humidification and Gas Drying
- H2 Power Generation Turbines
- Water Injection Systems



Parker Technologies

Hydraulics & Pneumatics

- Motors and Pumps
- Hydraulic Intensifiers
- Valves & Accumulators

Fluid Conveyance

- Hydrogen Fuel Nozzles
- Fittings and Quick Couplings
- Cryogenic Solutions

Filtration

- Gas Filtration and Separation
- Humidification & Gas Drying

Engineered Materials

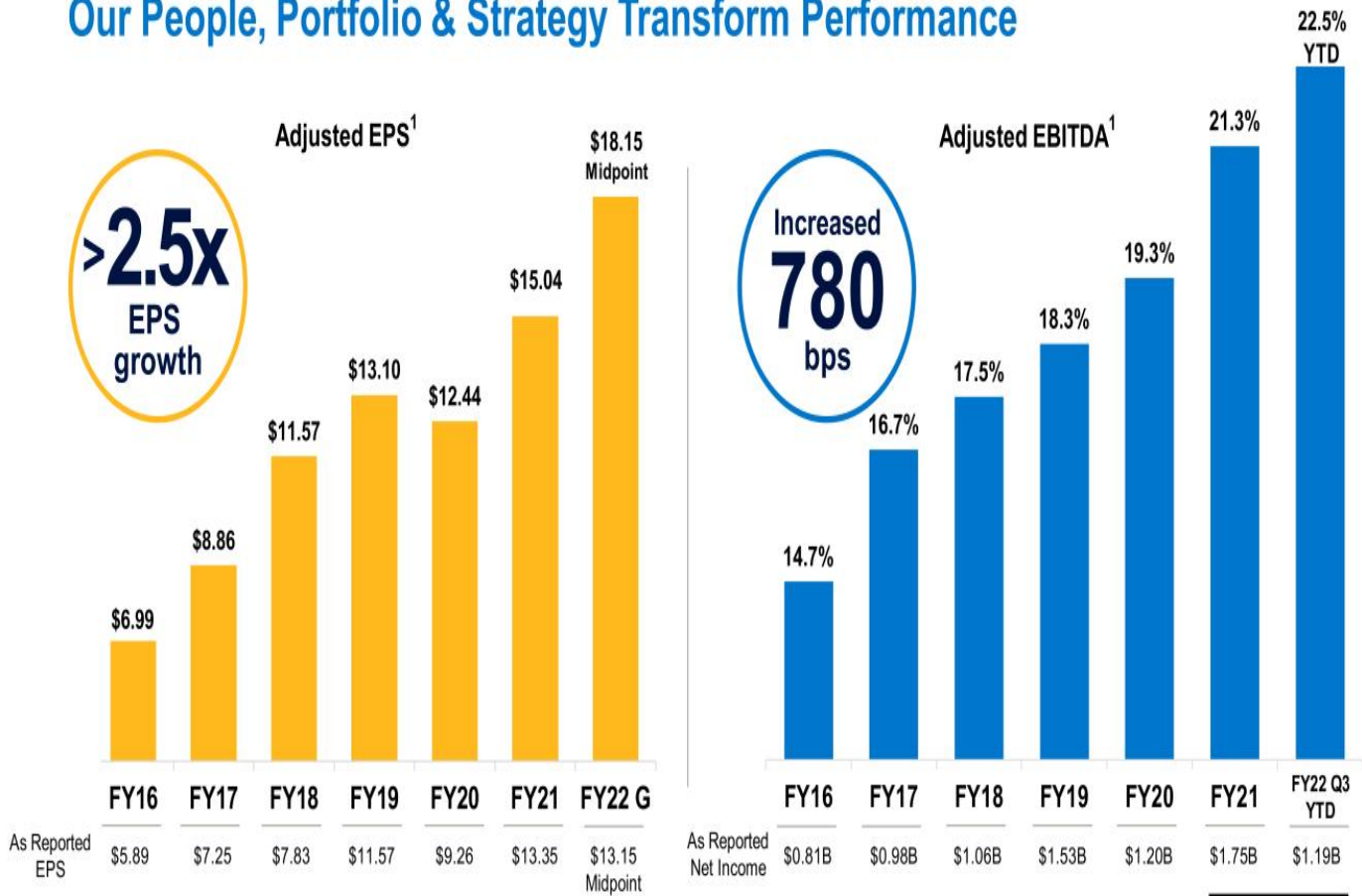
- Hermetic Sealing
- High Temp & Cryogenic Sealing

Enabling Growth in Natural Gas as a Bridge to Hydrogen



Performance

Our People, Portfolio & Strategy Transform Performance



7 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



Summary of Fiscal 2022 3rd Quarter Results

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Financial Summary

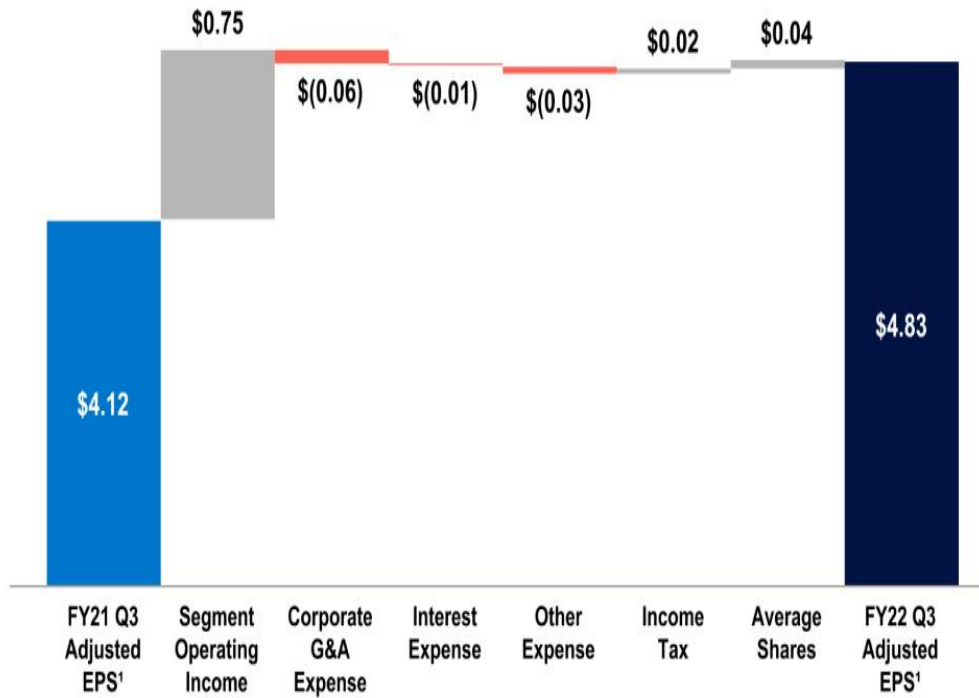
FY22 Q3 vs. FY21 Q3

\$ Millions, except per share amounts

	Q3 FY22 As Reported	Q3 FY22 Adjusted ¹	Q3 FY21 Adjusted ¹	YoY Change Adjusted
Sales	\$4,086	\$4,086	\$3,746	+9.1%
Segment Operating Margin	20.3%	22.7%	21.4%	+130 bps
EBITDA Margin	15.7%	22.6%	21.9%	+70 bps
Net Income	\$348	\$630	\$542	+16%
EPS	\$2.67	\$4.83	\$4.12	+17%

Adjusted Earnings per Share Bridge

FY21 Q3 to FY22 Q3



1. FY21 Q3 As Reported EPS of \$3.60. FY22 Q3 As Reported EPS of \$2.67. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



FY22 Q3 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	\$2,015M +14.5% Organic	20.5%	22.9% +100 bps YoY	+23%	<ul style="list-style-type: none"> Order rates accelerate Excellent operating execution, strong sequential incremental improvement
Diversified Industrial International	\$1,439M +8.9% Organic	20.7%	22.7% +110 bps YoY	+9%	<ul style="list-style-type: none"> Organic growth in all regions Sustainable benefits from regional realignment actions
Aerospace Systems	\$632M +5.8% Organic	18.8%	21.9% +250 bps YoY	(4)%	<ul style="list-style-type: none"> Strong commercial growth continues Order rate +20% excluding sizable multi-year military orders in prior period
Parker	\$4,086M +11.1% Organic	20.3%	22.7% +130 bps YoY	+14%	<ul style="list-style-type: none"> Record sales & segment operating margin 37% incremental margin¹, 44% excluding prior year discretionary savings of \$25M

12

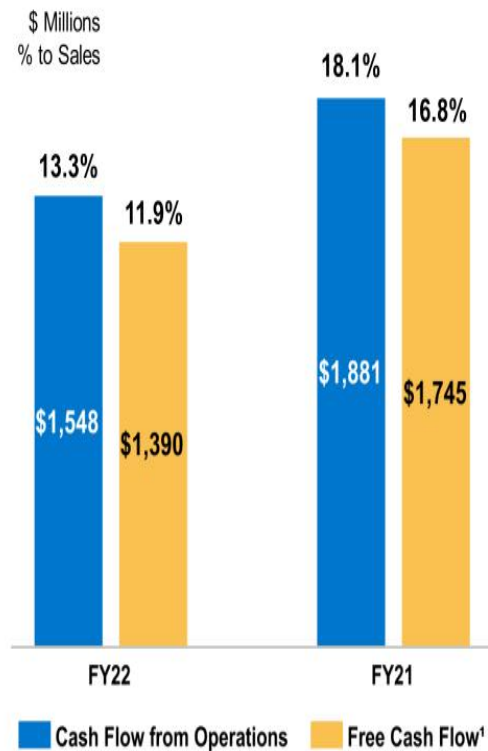
1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.

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 Q3 YTD Cash Flow Performance

Forecast Mid-Teens CFOA for FY22

- Cash Flow from Operations of 13.3%
- Free Cash Flow of 11.9%
 - Working capital a use of cash of 3.0% of sales²
- Free Cash Flow Conversion of 117%
- Leverage at FY22 Q3
 - Gross Debt / EBITDA = 2.8x
 - Net Debt / EBITDA = 2.6x
 - Net Debt / EBITDA, excluding \$2.5B restricted cash escrow = 1.8x¹



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



FY22 Adjusted Guidance Increased

EPS Midpoint: \$13.15 As Reported, \$18.15 Adjusted

Sales Growth vs. Prior Year	
Diversified Industrial North America	~14%
Diversified Industrial International	~6%
Aerospace Systems	~5%
Parker	~10%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial North America	~19.7%	~22.2%
Diversified Industrial International	~20.3%	~22.2%
Aerospace Systems	~19.4%	~21.7%
Parker	~19.9%	~22.1%

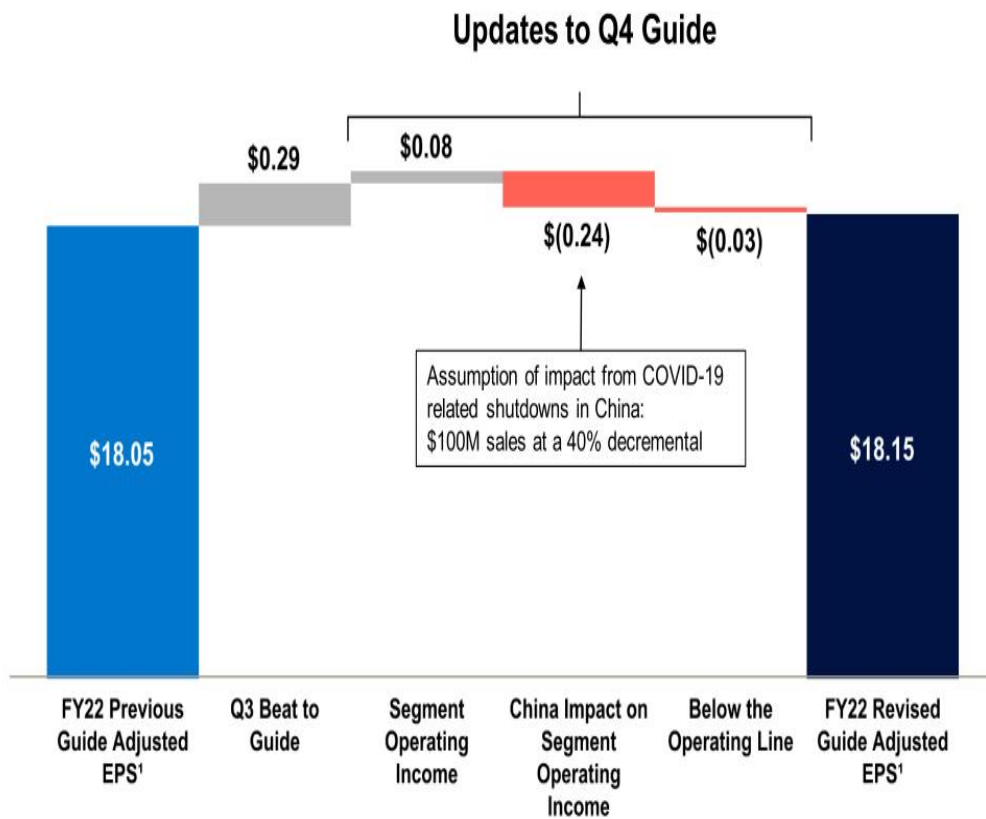
Earnings Per Share	As Reported	Adjusted ¹
Range	\$13.00 - \$13.30	\$18.00 - \$18.30

Additional Items	As Reported	Adjusted ¹
Corporate G&A, Interest and Other	\$947M	\$459M
Full Year Reported Tax Rate	~21.5%	
Diluted Shares Outstanding	130.5M	

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$315M	—
Business Realignment Charges	~\$20M	—
LORD Costs to Achieve	~\$5M	—
Closure of Russia Operations	~\$13M	~\$7M
Meggitt Acquisition Related Expenses	—	\$84M ²
Meggitt Deal Contingent Forward Contracts	—	\$396M ²

FY22 Midpoint Guidance Bridge

Reconciliation of Guidance Increase



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

Key Messages

- Highly engaged global team living up to our purpose
- The Win Strategy™ 3.0 has accelerated our performance
- Strategic portfolio transformation - longer cycle & more resilient
- Positioned for growth with secular trends
- Our clean technologies enable a more sustainable world
- Announced FY27 targets with continued margin expansion

A Transformed Parker with a Promising Future





Upcoming Event Calendar

4Q FY22 Earnings & FY23 Guidance	August 4, 2022
Annual Meeting of Shareholders	October 26, 2022
1Q FY23 Earnings	November 3, 2022
2Q FY23 Earnings	February 2, 2023
3Q FY23 Earnings	May 4, 2023
4Q FY23 Earnings	August 3, 2023

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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
- 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	Currency	Organic	As Reported
	March 31, 2022		March 31, 2022	March 31, 2021
Diversified Industrial:				
North America	\$ 2,014,715	\$ (1,207)	\$ 2,013,508	\$ 1,758,383
International	1,439,357	73,598	1,512,955	1,388,999
Total Diversified Industrial	3,454,072	72,391	3,526,463	3,147,382
Aerospace Systems	632,315	1,588	633,903	598,944
Total Parker Hannifin	\$ 4,086,387	\$ 73,979	\$ 4,160,366	\$ 3,746,326
	As reported	Currency	Organic	
Diversified Industrial:				
North America	14.6 %	0.1 %	14.5 %	
International	3.6 %	(5.3)%	8.9 %	
Total Diversified Industrial	9.7 %	(2.3)%	12.0 %	
Aerospace Systems	5.6 %	(0.2)%	5.8 %	
Total Parker Hannifin	9.1 %	(2.0)%	11.1 %	

Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter-to-Date FY 2022									
	As Reported March 31, 2022	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Integration Costs to Achieve	Acquisition Related Expenses	Loss on Deal- Contingent Forward Contracts	Russia Liquidation	Adjusted March 31, 2022	% of Sales
Net Sales	\$ 4,086,387	100.0 %	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,086,387	100.0 %
Cost of Sales	2,927,991	71.7 %	—	1,757	226	—	—	9,493	2,916,515	71.4 %
Selling, general, and admin. expenses	412,431	10.1 %	78,865	1,332	707	11,657	—	2,847	317,023	7.8 %
Interest expense	63,272	1.5 %	—	—	—	—	—	—	63,272	1.5 %
Other expense (income), net	248,704	6.1 %	—	63	—	1,067	246,983	7,717	(7,126)	(0.2)%
Income before income taxes	433,989	10.6 %	(78,865)	(3,152)	(933)	(12,724)	(246,983)	(20,057)	796,703	19.5 %
Income taxes	85,901	2.1 %	18,060	722	214	2,913	56,559	2,089	166,458	4.1 %
Net Income	348,088	8.5 %	(60,805)	(2,430)	(719)	(9,811)	(190,424)	(17,968)	630,245	15.4 %
Less: Noncontrollable interests	71	0.0 %	—	—	—	—	—	—	71	0.0 %
Net Income - common shareholders	\$ 348,017	8.5 %	\$ (60,805)	\$ (2,430)	\$ (719)	\$ (9,811)	\$ (190,424)	\$ (17,968)	\$ 630,174	15.4 %
Diluted earnings per share	\$ 2.67		\$ (0.47)	\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ (1.46)	\$ (0.13)	\$ 4.83	

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	Adjusted	
	March 31, 2021*	% of Sales					March 31, 2021*	% of Sales
Net sales	\$ 3,746,326	100.0 %	\$ —	\$ —	\$ —	\$ —	\$ 3,746,326	100.0 %
Cost of sales	2,712,785	72.4 %	—	3,056	425	—	2,709,304	72.3 %
Selling, general and admin. expenses	386,831	10.3 %	81,253	2,545	2,206	24	300,803	8.0 %
Interest expense	60,830	1.6 %	—	—	—	—	60,830	1.6 %
Other (income) expense, net	(13,460)	(0.4)%	—	1	—	—	(13,461)	(0.4)%
Income before income taxes	599,340	16.0 %	(81,253)	(5,602)	(2,631)	(24)	688,850	18.4 %
Income taxes	126,101	3.4 %	18,851	1,300	610	6	146,868	3.9 %
Net income	473,239	12.6 %	(62,402)	(4,302)	(2,021)	(18)	541,982	14.5 %
Less: Noncontrolling interests	86	0.0 %	—	—	—	—	86	0.0 %
Net income - common shareholders	\$ 473,153	12.6 %	\$ (62,402)	\$ (4,302)	\$ (2,021)	\$ (18)	\$ 541,896	14.5 %
Diluted earnings per share	\$ 3.60		\$ (0.47)	\$ (0.03)	\$ (0.02)	\$ —	\$ 4.12	

*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	Russia Liquidation	Adjusted	
	March 31, 2022	% of Sales							March 31, 2022	% of Sales ²
Diversified Industrial										
North America ¹	\$ 413,998	20.5 %	\$ 47,408	\$ 355	\$ 297	\$ —	\$ —	\$ —	\$ 462,058	22.9 %
International ¹	298,475	20.7 %	18,704	2,416	636	—	—	6,257	326,488	22.7 %
Aerospace Systems ¹	119,016	18.8 %	12,753	318	—	—	—	6,570	138,657	21.9 %
Total segment operating income	831,489	20.3 %	(78,865)	(3,089)	(933)	—	—	(12,827)	927,203	22.7 %
Corporate administration	57,405	1.4 %	—	—	—	—	—	—	57,405	1.4 %
Income before interest and other	774,084	18.9 %	(78,865)	(3,089)	(933)	—	—	(12,827)	869,798	21.3 %
Interest expense	63,272	1.5 %	—	—	—	—	—	—	63,272	1.5 %
Other (income) expense	276,823	6.8 %	—	63	—	12,724	246,983	7,230	9,823	0.2 %
Income before income taxes	\$ 433,989	10.6 %	\$ (78,865)	\$ (3,152)	\$ (933)	\$ (12,724)	\$ (246,983)	\$ (20,057)	\$ 796,703	19.5 %

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 March 31,	
(Amounts in dollars)	<u>2022</u>	<u>2021*</u>
Earnings per diluted share	\$ 2.67	\$ 3.60
Adjustments:		
Acquired intangible asset amortization expense	0.61	0.62
Business realignment charges	0.02	0.04
Integration costs to achieve	0.01	0.02
Acquisition-related expenses	0.10	—
Loss on deal-contingent forward contracts	1.89	—
Russia liquidation	0.15	—
Tax effect of adjustments ¹	<u>(0.62)</u>	<u>(0.16)</u>
Adjusted earnings per diluted share	\$ 4.83	\$ 4.12

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	
	March 31, 2022		March 31, 2021	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 831,489	20.3 %	\$ 713,319	19.0 %
Adjustments:				
Acquired intangible asset amortization expense	78,865		81,253	
Business realignment charges	3,089		5,445	
Integration costs to achieve	933		2,655	
Russia liquidation	12,827		—	
Adjusted total segment operating income	\$ 927,203	22.7 %	\$ 802,672	21.4 %

Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited)	Three Months Ended March 31,		Nine Months Ended
(Dollars in thousands)	2022	2021*	March 31, 2022
Net sales	\$ 4,086,387	\$ 3,746,326	\$ 11,673,776
Net income	\$ 348,088	\$ 473,239	\$ 1,187,280
Income taxes	85,901	126,101	308,778
Depreciation	63,832	69,295	194,945
Amortization	78,865	81,253	237,377
Interest expense	63,272	60,830	183,982
EBITDA	639,958	810,718	2,112,362
Adjustments:			
Business realignment charges	3,152	5,602	9,811
Integration costs to achieve	933	2,655	2,942
Acquisition-related expenses	12,724	—	84,065
Loss on deal-contingent forward contracts	246,983	—	396,365
Russia liquidation	20,057	—	20,057
Adjusted EBITDA	\$ 923,807	\$ 818,975	\$ 2,625,602
EBITDA margin	15.7 %	21.6 %	18.1 %
Adjusted EBITDA margin	22.6 %	21.9 %	22.5 %

*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	466	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)	Nine Months Ended March 31, 2022	Nine Months Ended March 31, 2021*
Net income	\$ 1,187,280	\$ 1,241,892
Cash flow from operations	\$ 1,548,438	\$ 1,881,405
Capital Expenditures	(158,864)	(136,064)
Free cash flow	<u>\$ 1,389,574</u>	<u>\$ 1,745,341</u>
Free cash flow conversion (free cash flow / net income)	117 %	141 %

Reconciliation of Adjusted Net Debt to EBITDA

(Unaudited)	
(Dollars in thousands)	
	March 31, 2022
Notes payable and long-term debt payable within one year	\$ 1,923,860
Long-term debt	6,229,654
Add: Deferred debt issuance costs	56,021
Total gross debt	<u>\$ 8,209,535</u>
Cash and cash equivalents	\$ 467,711
Marketable securities and other investments	38,561
Restricted cash (within Prepaid expenses and other)	2,487,446
Adjusted total cash	<u>\$ 2,993,718</u>
Adjusted net debt (Gross debt less adjusted total cash)	\$ 5,215,817
TTM EBITDA	<u>\$ 2,975,753</u>
Adjusted net debt/TTM EBITDA	<u>1.8</u>

Supplemental Sales Information

Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Net sales				
Diversified Industrial:				
Motion Systems	\$ 895,839	\$ 820,514	\$ 2,568,166	\$ 2,197,971
Flow and Process Control	1,197,590	1,081,570	3,386,417	2,955,643
Filtration and Engineered Materials	1,360,643	1,245,298	3,875,843	3,477,632
Aerospace Systems	632,315	598,944	1,843,350	1,757,525
Total	\$ 4,086,387	\$ 3,746,326	\$ 11,673,776	\$ 10,388,771

Reconciliation of EPS

Fiscal Year 2022 Guidance

(Unaudited)	
(Amounts in dollars)	<u>Fiscal Year 2022</u>
Forecasted earnings per diluted share	\$13.00 to \$13.30
Adjustments:	
Business realignment charges	0.15
Costs to achieve	0.04
Acquisition-related intangible asset amortization expense	2.43
Acquisition-related expenses	0.64
Loss on deal-contingent forward contracts	3.04
Russia Liquidation	0.15
Tax effect of adjustments ¹	<u>(1.45)</u>
Adjusted forecasted earnings per diluted share	<u>\$18.00 to \$18.30</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.

