

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 2, 2023

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 2, 2023, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended December 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 February 2, 2023.](#)

[99.2 Webcast presentation by Parker-Hannifin Corporation, dated February 2, 2023.](#)

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

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

PARKER-HANNIFIN CORPORATION

By: /s/ Todd M. Leombruno

Todd M. Leombruno

Executive Vice President and Chief Financial Officer

Date: February 2, 2023



For Release: Immediately

Exhibit 99.1

Contact: Media -

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

216-896-3258

Financial Analysts -

Jeff Miller - Vice President, Investor Relations
jeffrey.miller@parker.com

216-896-2708

Stock Symbol: PH - NYSE

Parker Reports Fiscal 2023 Second Quarter Results

- Record sales, record adjusted net income and record adjusted EPS
- Sales increased 22% to \$4.67 billion; organic sales increased 10%
- Total segment operating margin was 15.3%, or 21.5% adjusted
- Net income was \$395.2 million, or \$618.9 million adjusted
- EBITDA margin was 19.1%, or 22.4% adjusted
- EPS were \$3.04, or \$4.76 adjusted
- Company increases full year organic growth and adjusted EPS guidance

CLEVELAND, February 2, 2023 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2023 second quarter ended December 31, 2022. Fiscal 2023 second quarter sales were a record at \$4.67 billion, an increase of 22%, compared with \$3.82 billion in the second quarter of fiscal 2022. Net income was \$395.2 million compared with \$387.6 million in the prior year quarter. Adjusted net income was \$618.9 million, an increase of 6% compared with \$582.2 million in the second quarter of fiscal 2022. Earnings per share were \$3.04 compared with \$2.97 in the second quarter of fiscal 2022. Adjusted earnings per share increased 7% to a record of \$4.76 compared with \$4.46 in the prior year quarter. Fiscal 2023 year-to-date cash flow from operations was \$1.08 billion, or 12.1% of sales, compared with \$1.01 billion, or 13.3% of sales, in the prior year. A reconciliation of non-GAAP measures is included in the financial tables of this press release and includes various expenses associated with the completion of the acquisition of Meggitt plc and the related divestiture of the Aircraft Wheel and Brake Division during fiscal 2023.

“This was another quarter that highlights the consistency with which Parker is able to achieve record levels of performance,” said Chief Executive Officer, Jenny Parmentier. “Our results include the first full quarter of the Meggitt acquisition, which performed very well as our integration teams continue to make great progress. Overall organic sales growth was impressive, with increased organic sales in every

segment. Our strong sales and segment margin performance contributed to record adjusted earnings per share for the quarter. Our team continues to drive excellent performance.”

Segment Results

Diversified Industrial Segment: North American second quarter sales increased 18% to \$2.14 billion and operating income was \$419.9 million compared with \$337.4 million in the same period a year ago. On an adjusted basis, North American operating income was \$466.9 million, or 21.8% of sales, a 50 basis point increase compared with the prior year quarter. International second quarter sales were flat at \$1.40 billion and operating income was \$285.5 million compared with \$291.6 million in the same period a year ago. On an adjusted basis, International operating income was \$305.8 million, or 21.9% of sales.

Aerospace Systems Segment: Second quarter sales increased 84% to \$1.14 billion and operating income was \$8.8 million compared with \$114.8 million in the same period a year ago. On an adjusted basis, operating income was \$234.6 million, or 20.6% of sales.

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

- Orders increased 3% for total Parker
- Orders increased 2% in the Diversified Industrial North America businesses
- Orders decreased 4% in the Diversified Industrial International businesses
- Orders increased 22% in the Aerospace Systems Segment on a rolling 12-month average basis.

Outlook

Parker's outlook for the fiscal year ending June 30, 2023 has been updated. The company expects fiscal 2023 organic sales growth to be in the range of 6% to 8% and earnings per share in the range of \$13.50 to \$14.00, or \$19.20 to \$19.70 on an adjusted basis. A reconciliation of forecasted earnings per share to adjusted forecasted earnings per share is included in the financial tables of this press release.

Parmentier added, "We expect another year of record performance in fiscal 2023. Longer term, we feel very positive about our plans to deliver \$300 million of synergies from the acquisition of Meggitt and remain committed to our fiscal year 2027 financial targets. We have a bright future ahead driven by our business system The Win Strategy™, a transformed portfolio and secular growth trends.”

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal 2023 second 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 Reclassification

Effective July 1, 2022, the company began classifying certain expenses, previously classified as cost of sales, as selling, general and administrative expenses ("SG&A") or within other (income) expense, net. During the integration of recently acquired businesses, the company has seen diversity in practice of the classifications of certain expenses, and the reclassification was made to better align the presentation of expenses on the Consolidated Statement of Income with management's internal reporting. The expenses reclassified from cost of sales to SG&A relate to certain administrative activities conducted in production facilities and research and development. Foreign currency transaction expense was also reclassified from cost of sales to other (income) expense, net on the Consolidated Statement of Income. These reclassifications had no impact on net income, earnings per share, cash flows, segment reporting or the financial position of the Company and were retrospectively applied to all periods presented in the financial tables of this press release.

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, and divestitures. 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 segment operating margins; (d) adjusted segment operating income; (e) EBITDA margin; (f) adjusted EBITDA margin and (g) organic sales growth. The adjusted net income, earnings per share, segment operating margin, adjusted segment operating income and organic sales measures are presented to allow investors and the company to meaningfully evaluate changes in net income, earnings per share and segment operating margins 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.

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 Meggitt PLC; 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, 2022 and other periodic filings made with the SEC.

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PARKER HANNIFIN CORPORATION - DECEMBER 31, 2022

Exhibit 99.1

CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021*	2022	2021*
Net sales	\$ 4,674,811	\$ 3,824,580	\$ 8,907,586	\$ 7,587,389
Cost of sales	3,236,812	2,567,595	6,032,268	5,071,977
Selling, general and administrative expenses	814,966	585,858	1,650,770	1,212,607
Interest expense	146,931	61,360	264,725	120,710
Other (income) expense, net	(40,641)	119,443	(60,265)	120,026
Income before income taxes	516,743	490,324	1,020,088	1,062,069
Income taxes	121,282	102,595	236,590	222,877
Net income	395,461	387,729	783,498	839,192
Less: Noncontrolling interests	224	129	407	435
Net income attributable to common shareholders	<u>\$ 395,237</u>	<u>\$ 387,600</u>	<u>\$ 783,091</u>	<u>\$ 838,757</u>

*Prior period amounts have been reclassified to reflect the income statement reclassification, as described in the attached press release.

Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 3.08	\$ 3.02	\$ 6.10	\$ 6.52
Diluted earnings per share	\$ 3.04	\$ 2.97	\$ 6.03	\$ 6.42
Average shares outstanding during period - Basic	128,313,322	128,493,725	128,369,162	128,610,223
Average shares outstanding during period - Diluted	130,045,013	130,581,665	129,961,696	130,585,212

CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Cash dividends per common share	\$ 1.33	\$ 1.03	\$ 2.66	\$ 2.06

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Sales growth - as reported	22.2 %	12.1 %	17.4 %	14.2 %
Adjustments:				
Acquisitions	16.5 %	— %	10.2 %	— %
Divestitures	(0.5)%	— %	(0.3)%	— %
Currency	(4.1)%	(1.1)%	(4.7)%	(0.2)%
Organic sales growth	<u>10.3 %</u>	<u>13.2 %</u>	<u>12.2 %</u>	<u>14.4 %</u>

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,	
	2022	2021	2022	2021
Net income attributable to common shareholders	\$ 395,237	\$ 387,600	\$ 783,091	\$ 838,757
Adjustments:				
Acquired intangible asset amortization expense	142,256	78,741	229,270	158,512
Business realignment charges	5,378	3,645	9,239	6,659
Integration costs to achieve	33,418	807	45,409	2,009
Acquisition-related expenses	1,983	19,142	162,241	71,341
Loss on deal-contingent forward contracts	—	149,382	389,992	149,382
Gain on Aircraft Wheel and Brake divestiture	—	—	(372,930)	—
Amortization of inventory step-up to fair value	111,973	—	130,331	—
Tax effect of adjustments ¹	(71,391)	(57,139)	(142,246)	(87,780)
Adjusted net income attributable to common shareholders	\$ 618,854	\$ 582,178	\$ 1,234,397	\$ 1,138,880

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,	
	2022	2021	2022	2021
Earnings per diluted share	\$ 3.04	\$ 2.97	\$ 6.03	\$ 6.42
Adjustments:				
Acquired intangible asset amortization expense	1.09	0.60	1.76	1.21
Business realignment charges	0.04	0.03	0.07	0.05
Integration costs to achieve	0.26	0.01	0.35	0.02
Acquisition-related expenses	0.02	0.15	1.26	0.55
Loss on deal-contingent forward contracts	—	1.14	3.00	1.14
Gain on Aircraft Wheel and Brake divestiture	—	—	(2.87)	—
Amortization of inventory step-up to fair value	0.86	—	1.00	—
Tax effect of adjustments ¹	(0.55)	(0.44)	(1.09)	(0.67)
Adjusted earnings per diluted share	\$ 4.76	\$ 4.46	\$ 9.51	\$ 8.72

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 - DECEMBER 31, 2022

Exhibit 99.1

RECONCILIATION OF EBITDA TO ADJUSTED EBITDA

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Net sales	\$ 4,674,811	\$ 3,824,580	\$ 8,907,586	\$ 7,587,389
Net income	\$ 395,461	\$ 387,729	\$ 783,498	\$ 839,192
Income taxes	121,282	102,595	236,590	222,877
Depreciation	87,488	65,362	154,455	131,113
Amortization	142,256	78,741	229,270	158,512
Interest expense	146,931	61,360	264,725	120,710
EBITDA	893,418	695,787	1,668,538	1,472,404
Adjustments:				
Business realignment charges	5,378	3,645	9,239	6,659
Integration costs to achieve	33,418	807	45,409	2,009
Acquisition-related expenses	1,983	19,142	162,241	71,341
Loss on deal-contingent forward contracts	—	149,382	389,992	149,382
Gain on Aircraft Wheel and Brake divestiture	—	—	(372,930)	—
Amortization of inventory step-up to fair value	111,973	—	130,331	—
Adjusted EBITDA	\$ 1,046,170	\$ 868,763	\$ 2,032,820	\$ 1,701,795
EBITDA margin	19.1 %	18.2 %	18.7 %	19.4 %
Adjusted EBITDA margin	22.4 %	22.7 %	22.8 %	22.4 %

BUSINESS SEGMENT INFORMATION

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Net sales				
Diversified Industrial:				
North America	\$ 2,140,685	\$ 1,807,024	\$ 4,272,445	\$ 3,600,739
International	1,397,699	1,399,179	2,752,712	2,775,615
Aerospace Systems	1,136,427	618,377	1,882,429	1,211,035
Total net sales	\$ 4,674,811	\$ 3,824,580	\$ 8,907,586	\$ 7,587,389
Segment operating income				
Diversified Industrial:				
North America	\$ 419,921	\$ 337,417	\$ 872,907	\$ 671,119
International	285,520	291,555	579,460	582,731
Aerospace Systems	8,793	114,796	100,944	233,047
Total segment operating income	714,234	743,768	1,553,311	1,486,897
Corporate general and administrative expenses	48,901	42,587	100,561	91,659
Income before interest expense and other expense	665,333	701,181	1,452,750	1,395,238
Interest expense	146,931	61,360	264,725	120,710
Other expense	1,659	149,497	167,937	212,459
Income before income taxes	\$ 516,743	\$ 490,324	\$ 1,020,088	\$ 1,062,069

RECONCILIATION OF SEGMENT OPERATING MARGINS TO ADJUSTED SEGMENT OPERATING MARGINS

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Diversified Industrial North America sales	\$ 2,140,685	\$ 1,807,024	\$ 4,272,445	\$ 3,600,739
Diversified Industrial North America operating income	\$ 419,921	\$ 337,417	\$ 872,907	\$ 671,119
Adjustments:				
Acquired intangible asset amortization	44,358	47,024	90,632	94,287
Business realignment charges	1,338	660	1,471	1,613
Integration costs to achieve	1,270	329	1,317	660
Adjusted Diversified Industrial North America operating income	\$ 466,887	\$ 385,430	\$ 966,327	\$ 767,679
Diversified Industrial North America operating margin	19.6 %	18.7 %	20.4 %	18.6 %
Adjusted Diversified Industrial North America operating margin	21.8 %	21.3 %	22.6 %	21.3 %

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Diversified Industrial International sales	\$ 1,397,699	\$ 1,399,179	\$ 2,752,712	\$ 2,775,615
Diversified Industrial International operating income	\$ 285,520	\$ 291,555	\$ 579,460	\$ 582,731
Adjustments:				
Acquired intangible asset amortization	16,819	18,958	33,624	38,700
Business realignment charges	3,039	2,387	4,918	4,451
Integration costs to achieve	425	478	564	1,349
Adjusted Diversified Industrial International operating income	\$ 305,803	\$ 313,378	\$ 618,566	\$ 627,231
Diversified Industrial International operating margin	20.4 %	20.8 %	21.1 %	21.0 %
Adjusted Diversified Industrial International operating margin	21.9 %	22.4 %	22.5 %	22.6 %

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Aerospace Systems sales	\$ 1,136,427	\$ 618,377	\$ 1,882,429	\$ 1,211,035
Aerospace Systems operating income	\$ 8,793	\$ 114,796	\$ 100,944	\$ 233,047
Adjustments:				
Acquired intangible asset amortization	81,079	12,759	105,014	25,525
Business realignment charges	1,001	598	2,850	595
Integration costs to achieve	31,723	—	43,528	—
Amortization of inventory step-up to fair value	111,973	—	130,331	—
Adjusted Aerospace Systems operating income	\$ 234,569	\$ 128,153	\$ 382,667	\$ 259,167
Aerospace Systems operating margin	0.8 %	18.6 %	5.4 %	19.2 %
Adjusted Aerospace Systems operating margin	20.6 %	20.7 %	20.3 %	21.4 %

RECONCILIATION OF SEGMENT OPERATING MARGINS TO ADJUSTED SEGMENT OPERATING MARGINS

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Total segment sales	\$ 4,674,811	\$ 3,824,580	\$ 8,907,586	\$ 7,587,389
Total segment operating income	\$ 714,234	\$ 743,768	\$ 1,553,311	\$ 1,486,897
Adjustments:				
Acquired intangible asset amortization	142,256	78,741	229,270	158,512
Business realignment charges	5,378	3,645	9,239	6,659
Integration costs to achieve	33,418	807	45,409	2,009
Amortization of inventory step-up to fair value	111,973	—	130,331	—
Adjusted total segment operating income	\$ 1,007,259	\$ 826,961	\$ 1,967,560	\$ 1,654,077
Total segment operating margin	15.3 %	19.4 %	17.4 %	19.6 %
Adjusted total segment operating margin	21.5 %	21.6 %	22.1 %	21.8 %

CONSOLIDATED BALANCE SHEET

(Unaudited)

(Dollars in thousands)

	December 31, 2022	June 30, 2022	December 31, 2021
Assets			
Current assets:			
Cash and cash equivalents	\$ 756,055	\$ 535,799	\$ 449,481
Marketable securities and other investments	21,611	27,862	40,511
Trade accounts receivable, net	2,578,045	2,341,504	2,041,953
Non-trade and notes receivable	371,474	543,757	314,897
Inventories	3,095,722	2,214,553	2,307,306
Prepaid expenses and other	462,093	6,383,169	2,753,501
Total current assets	7,285,000	12,046,644	7,907,649
Property, plant and equipment, net	2,839,524	2,122,758	2,202,932
Deferred income taxes	133,348	110,585	146,567
Investments and other assets	1,206,194	788,057	794,814
Intangible assets, net	8,387,917	3,135,817	3,343,612
Goodwill	10,668,904	7,740,082	7,999,901
Total assets	\$ 30,520,887	\$ 25,943,943	\$ 22,395,475
Liabilities and equity			
Current liabilities:			
Notes payable and long-term debt payable within one year	\$ 1,994,333	\$ 1,724,310	\$ 2,201,653
Accounts payable, trade	1,966,757	1,731,925	1,597,025
Accrued payrolls and other compensation	453,037	470,132	335,417
Accrued domestic and foreign taxes	236,227	250,292	294,255
Other accrued liabilities	1,053,049	1,682,659	829,141
Total current liabilities	5,703,403	5,859,318	5,257,491
Long-term debt	12,025,860	9,755,825	6,250,525
Pensions and other postretirement benefits	807,124	639,939	959,741
Deferred income taxes	1,751,321	307,044	558,986
Other liabilities	898,703	521,897	600,452
Shareholders' equity	9,322,380	8,848,011	8,755,082
Noncontrolling interests	12,096	11,909	13,198
Total liabilities and equity	\$ 30,520,887	\$ 25,943,943	\$ 22,395,475

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

Six Months Ended December 31,

	2022	2021
Cash flows from operating activities:		
Net income	\$ 783,498	\$ 839,192
Depreciation and amortization	383,725	289,625
Share incentive plan compensation	89,709	79,385
Gain on sale of businesses	(377,251)	(1,520)
Gain on disposal of property, plant and equipment	(2,551)	(7,880)
Gain on marketable securities	(1,354)	(4,948)
Gain on investments	(2,929)	(1,487)
Net change in receivables, inventories and trade payables	112,216	(147,481)
Net change in other assets and liabilities	(112,066)	(16,498)
Other, net	203,137	(22,919)
Net cash provided by operating activities	1,076,134	1,005,469
Cash flows from investing activities:		
Acquisitions (net of cash of \$89,704 in 2022)	(7,146,110)	—
Capital expenditures	(185,704)	(105,606)
Proceeds from sale of property, plant and equipment	11,632	22,392
Proceeds from sale of businesses	447,300	2,466
Purchases of marketable securities and other investments	(25,198)	(10,150)
Maturities and sales of marketable securities and other investments	30,594	13,742
Payments of deal-contingent forward contracts	(1,405,418)	—
Other	251,174	2,789
Net cash used in investing activities	(8,021,730)	(74,367)
Cash flows from financing activities:		
Net payments for common stock activity	(119,944)	(317,512)
Net proceeds from debt	1,536,211	1,900,844
Financing fees paid	(8,911)	(52,108)
Dividends paid	(342,360)	(265,556)
Net cash provided by financing activities	1,064,996	1,265,668
Effect of exchange rate changes on cash	(11,221)	6,978
Net (decrease) increase in cash, cash equivalents and restricted cash	(5,891,821)	2,203,748
Cash, cash equivalents and restricted cash at beginning of year	6,647,876	733,117
Cash, cash equivalents and restricted cash at end of period	\$ 756,055	\$ 2,936,865

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

(Unaudited)

(Amounts in dollars)

	Fiscal Year 2023
Forecasted earnings per diluted share	\$13.50 to \$14.00
Adjustments:	
Business realignment charges	0.23
Costs to achieve	0.54
Acquisition-related intangible asset amortization expense	4.00
Acquisition-related expenses	2.55
Loss on deal-contingent forward contracts	3.00
Gain on Aircraft Wheel & Brake divestiture	(2.87)
Tax effect of adjustments ¹	(1.75)
Adjusted forecasted earnings per diluted share	\$19.20 to \$19.70

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

Fiscal 2023 Second Quarter
Earnings Presentation



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ENGINEERING YOUR SUCCESS.

February 2, 2023



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.

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 Meggitt PLC; 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, 2022 and other periodic filings made with the SEC.

This presentation contains references to non-GAAP financial information including organic sales for Parker and by segment, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, adjusted net income, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, Gross Debt to Adjusted EBITDA, Net Debt to Adjusted 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 segment operating margin for Parker and by segment, adjusted net income, EBITDA, adjusted EBITDA, EBITDA margin, adjusted 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. Detailed reconciliations of these non-GAAP financial measures to the comparable GAAP financial measures have been included in the appendix to this presentation.

Effective July 1, 2022, the company began classifying certain expenses, previously classified as cost of sales, as selling, general and administrative expenses ("SG&A") or within other (income) expense, net. During the integration of recently acquired businesses, the company has seen diversity in practice of the classifications of certain expenses, and the reclassification was made to better align the presentation of expenses on the Consolidated Statement of Income with management's internal reporting. The expenses reclassified from cost of sales to SG&A relate to certain administrative activities conducted in production facilities and research and development. Foreign currency transaction expense was also reclassified from cost of sales to other (income) expense, net on the Consolidated Statement of Income. These reclassifications had no impact on net income, earnings per share, cash flows, segment reporting or the financial position of the Company and were retrospectively applied to all periods presented in the financial tables of this presentation.

Please visit www.PHstock.com for more information



What Drives Parker?

Living Up to Our Purpose

**Great Generators and
Deployers of Cash**

**Top Quartile Performance
vs. Proxy Peers**

Focused on Top Quartile Performance

- Safety, Purpose and Engagement
- Delivering Meggitt cost synergies of \$300 million
- Performance acceleration from The Win Strategy™ 3.0
- Continuing our culture of continuous improvement
- Committed to FY27 Targets

Parker's Transformation Continues with a Promising Future Ahead



The Win Strategy™

Our Vision: Engineering Your Success

Goals

Engaged People	Customer Experience	Profitable Growth	Financial Performance
STRATEGIES	STRATEGIES	STRATEGIES	STRATEGIES
<ul style="list-style-type: none">• Safety #1• Environment, Social & Governance• Ownership - Entrepreneurial• High Performance Teams & Leaders• Culture of Kaizen	<ul style="list-style-type: none">• Quality Solutions On Time• Digital Leadership• Ease of Doing Business	<ul style="list-style-type: none">• Strategic Positioning• Market-Driven Innovation• System Solutions• Strong Distribution• Grow Share• Acquisitions	<ul style="list-style-type: none">• Simplification• Lean Enterprise• Strategic Supply Chain• Value Pricing

Our Culture & Values



Win Strategy 3.0
June 2022



Win Strategy 3.0 Accelerating Performance

Engaged People

- Safety #1
- High Performance Teams & Leaders
- Culture of Kaizen

Customer Experience

- Digital Leadership
- Zero Defects
- Best-in-Class Lead Times

Profitable Growth

- Strategic Positioning
- Portfolio Transformation
- Global CapEx Spend & Secular Trends
- Annual Cash Incentive Plan (ACIP)

Financial Performance

- Simplification
- Value Pricing
- Lean Enterprise
- Supply Chain Leadership

Driving Top Quartile Performance



Capital Deployment Priorities

- Dividend: Maintain record and target 5-year average payout 30-35% of net income
- CapEx: Target 2% of sales to fund organic growth and productivity
- 10b5-1 share repurchase program
- Near term: Debt reduction
- Strategic acquisitions and/or discretionary share repurchase

Great Generators & Deployers of Cash



FY23 Q2: Excellent Operating Performance

- Safety is our top priority, leveraging high-performance teams, lean and kaizen
 - 16% reduction in incidents vs. prior year
- Sales were \$4.7B, an increase of 22% vs. prior year; organic growth 10%¹
- Strong segment operating margin performance driving full year guidance increase
- Meggitt integration & synergies on schedule

The Win Strategy & Portfolio Changes Deliver Record Performance



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

Excellent Progress on Meggitt Integration

Recent Highlights

- Key leaders in place
- 20+ value creation & functional teams
- Team member & customer engagement
- Win Strategy implementation

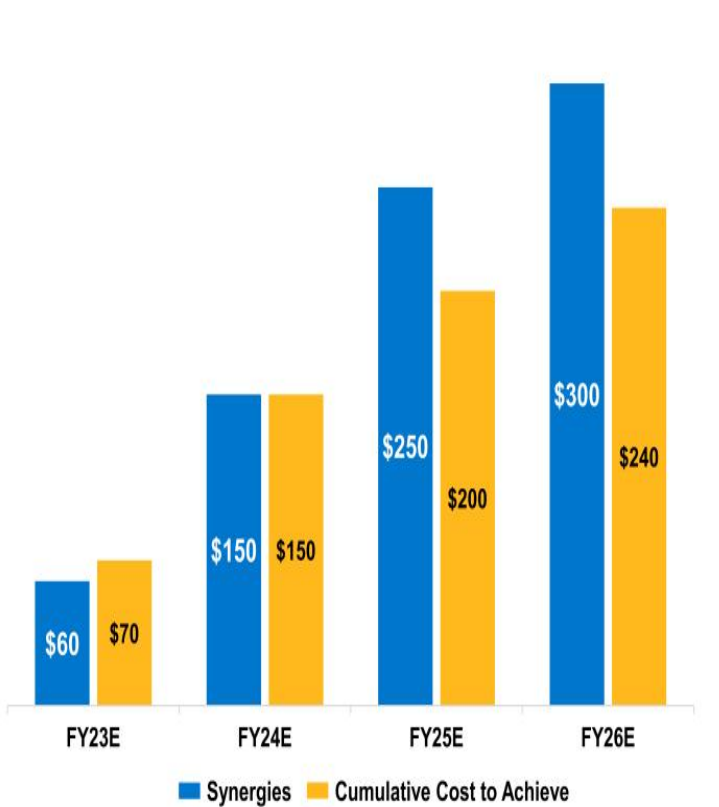


Proven Track Record of Delivering on Synergy Targets



Synergies Driving Meggitt Margin Expansion

Expect 30% Adj. EBITDA Margin by FY26



Synergies and Operational Excellence



Note: Pre-tax synergy estimate.



Summary of Fiscal 2023 2nd Quarter Results

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Financial Summary

FY23 Q2 vs. FY22 Q2

\$ Millions, except per share amounts

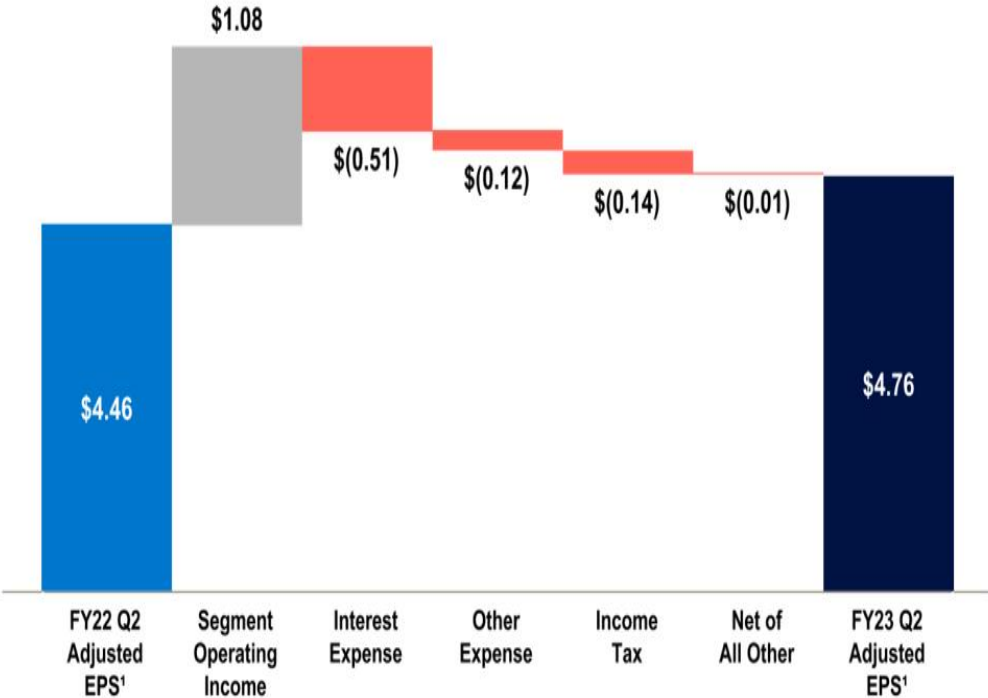
	Q2 FY23 As Reported	Q2 FY23 Adjusted ¹	Q2 FY22 Adjusted ¹	YoY Change Adjusted
Sales	\$4,675	\$4,675	\$3,825	+22%
Segment Operating Margin	15.3%	21.5%	21.6%	(10 bps)
EBITDA Margin	19.1%	22.4%	22.7%	(30 bps)
Net Income	\$395	\$619	\$582	+6%
EPS	\$3.04	\$4.76	\$4.46	+7%

1. Sales figures As Reported. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.
Note: FY22 Q2 As Reported: Segment Operating Margin of 19.4%, EBITDA Margin of 18.2%, Net Income of \$388M, EPS of \$2.97.



Adjusted Earnings per Share Bridge

FY22 Q2 to FY23 Q2



1. FY22 Q2 As Reported EPS of \$2.97. FY23 Q2 As Reported EPS of \$3.04. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



FY23 Q2 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	\$2,141M +13.5% Organic	19.6%	21.8% +50 bps YoY	+2%	<ul style="list-style-type: none"> Broad based growth continues Gradual supply chain improvement
Diversified Industrial International	\$1,398M +8.6% Organic	20.4%	21.9% (50) bps YoY	(4%)	<ul style="list-style-type: none"> Organic growth in all regions China COVID impacting supply chain
Aerospace Systems	\$1,136M +4.9% Organic	0.8% ³	20.6% (10) bps YoY	+22%	<ul style="list-style-type: none"> Robust commercial sales & order growth Meggitt performance & synergies on track
Parker	\$4,675M +10.3% Organic	15.3%	21.5% (10) bps YoY	+3%	<ul style="list-style-type: none"> Record sales levels Excellent operating performance

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

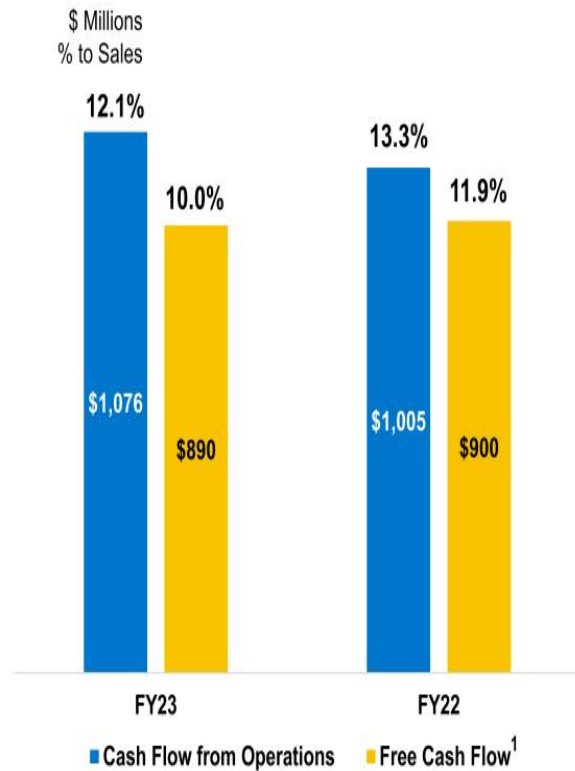
2. Order Rates exclude acquisitions, divestitures, & currency. Industrial is a 3-month YoY comparison of total dollars. Aerospace is a rolling 12-month YoY comparison.

3. Aerospace as reported segment operating margin includes one-time purchase accounting related adjustments. See Appendix for additional details and reconciliations.



FY23 Q2 YTD Cash Flow Performance

- Cash Flow from Operations of 12.1%
- Free Cash Flow of 10.0%¹
 - Capex of 2.1% of sales
- Transaction expenses:
 - A use of cash of ~2% of sales
- Free Cash Flow Conversion of 114%¹



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

Capital Deployment & Leverage Highlights

- Quarterly dividend of \$1.33 declared on January 26, 2023
 - 66 fiscal year record of increasing annual dividends per share paid
- Leverage at FY23 Q2:
 - 3.6x Gross Debt / Adjusted EBITDA¹
 - 3.4x Net Debt / Adjusted EBITDA¹
 - ~\$200M net debt reduction during the quarter
- Current debt ratings: Baa1 / BBB+; A2 / P2

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



FY23 Adjusted Guidance Increased

EPS Midpoint: \$13.75 As Reported, \$19.45 Adjusted

Sales Growth vs. Prior Year	Reported	Organic ¹
Diversified Industrial North America	11% - 13%	7.5% - 9.5%
Diversified Industrial International	(3)% - (1)%	4% - 6%
Aerospace Systems	64% - 66%	5.5% - 7.5%
Parker	14.5% - 16.5%	6% - 8%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial North America	20.2% - 20.6%	22.4% - 22.8%
Diversified Industrial International	20.2% - 20.6%	21.9% - 22.3%
Aerospace Systems	8.9% - 9.3%	21.0% - 21.4%
Parker	17.6% - 18.0%	21.9% - 22.3%

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

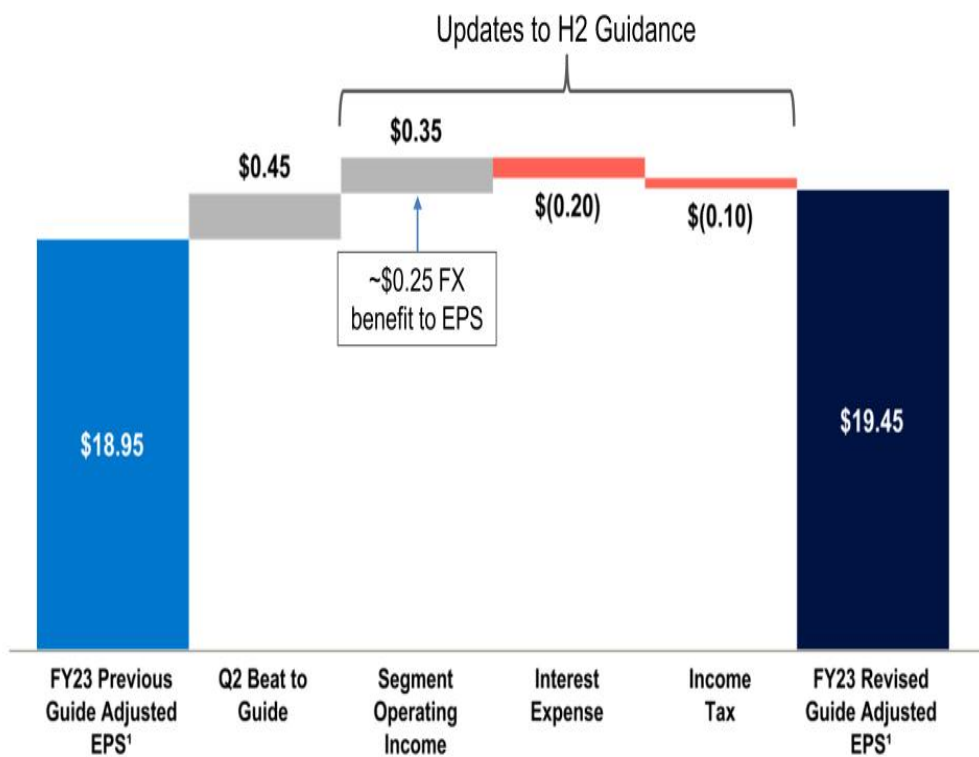
Earnings Per Share	As Reported	Adjusted ¹
Range	\$13.50 - \$14.00	\$19.20 - \$19.70

Additional Items	As Reported	Adjusted ¹
Corporate G&A	\$204M	\$204M
Interest Expense	\$555M	
Other Expense	\$162M	(\$18M)
Reported Tax Rate	~23.5%	
Diluted Shares Outstanding	~130M	

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$520M	—
Business Realignment Charges	~\$30M	—
Integration Costs to Achieve	~\$70M	—
Gain on AWB Divestiture	—	(\$373M)
Meggitt Acquisition Related Expenses	~\$170M	\$162M
Meggitt Deal Contingent Forward Contracts	—	\$390M

FY23 Adjusted EPS Guidance Bridge

Reconciliation of Q2 Beat and Guidance Increase



1. FY23 As Reported midpoint guidance EPS of \$13.75. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



Parker's Promising Future

- Highly engaged global team living up to our purpose
- Continue performance acceleration from The Win Strategy™ 3.0
- Strategic portfolio transformation - longer cycle & more resilient
- Continue to be great generators and deployers of cash

Focused on Top Quartile Performance





Upcoming Event Calendar

3Q FY23 Earnings	May 4, 2023
4Q FY23 Earnings	August 3, 2023
Annual Meeting of Shareholders	October 25, 2023
1Q FY23 Earnings	November 2, 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 Gross and Net Debt to Adjusted EBITDA
- Reconciliation of Free Cash Flow Conversion
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of Forecasted EPS



Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

Net Sales	Quarter-to-Date						
	As Reported		Currency	Divestitures	Acquisitions	Adjusted	
	December 31, 2022	December 31, 2021				December 31, 2022	December 31, 2021
Diversified Industrial:							
North America	\$ 2,140,685	\$ 1,508	\$ -	\$ (91,816)	\$ 2,050,377	\$ 1,807,024	
International							
Europe	748,105	89,916	-	(23,655)	814,366	732,440	
Asia Pacific	574,869	62,844	-	(5,579)	632,134	605,771	
Latin America	74,725	(1,878)	-	-	72,847	60,968	
International	1,397,699	150,882	-	(29,234)	1,519,347	1,399,179	
Total Diversified Industrial	3,538,384	152,390	-	(121,050)	3,569,724	3,206,203	
Aerospace Systems	1,136,427	1,987	18,327	(508,317)	648,424	618,377	
Total Parker Hannifin	\$ 4,674,811	\$ 154,377	\$ 18,327	\$ (629,367)	\$ 4,218,148	\$ 3,824,580	

	As reported	Currency	Divestitures	Acquisitions	Organic
Diversified Industrial:					
North America	18.5 %	(0.1)%	0.0 %	5.1 %	13.5 %
International					
Europe	2.1 %	(12.3)%	0.0 %	3.2 %	11.2 %
Asia Pacific	(5.1)%	(10.4)%	0.0 %	0.9 %	4.4 %
Latin America	22.6 %	3.1 %	0.0 %	0.0 %	19.5 %
International	(0.1)%	(10.8)%	0.0 %	2.1 %	8.6 %
Total Diversified Industrial	10.4 %	(4.7)%	0.0 %	3.8 %	11.3 %
Aerospace Systems	83.8 %	(0.3)%	(3.0)%	82.2 %	4.9 %
Total Parker Hannifin	22.2 %	(4.1)%	(0.5)%	16.5 %	10.3 %



Adjusted Amounts Reconciliation

Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter-to-Date FY 2023								
	As Reported		Acquired	Business	Meggitt	Acquisition	Amortization	Adjusted	
	December 31, 2022	% of Sales	Intangible Asset Amortization	Realignment Charges	Costs to Achieve	Related Expenses	of Inventory Step-Up to FV	December 31, 2022	% of Sales
Net sales	\$ 4,674,811	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,674,811	100.0 %
Cost of sales	3,236,812	69.2 %	37,652	3,214	3,153	-	111,973	3,080,820	65.9 %
Selling, general and admin. expenses	814,966	17.4 %	104,604	2,164	30,265	1,983	-	675,950	14.5 %
Interest expense	146,931	3.1 %	-	-	-	-	-	146,931	3.1 %
Other (income) expense, net	(40,641)	(0.9)%	-	-	-	-	-	(40,641)	(0.9)%
Income before income taxes	516,743	11.1 %	(142,256)	(5,378)	(33,418)	(1,983)	(111,973)	811,751	17.4 %
Income taxes	121,282	2.6 %	34,426	1,301	8,087	480	27,097	192,673	4.1 %
Net income	395,461	8.5 %	(107,830)	(4,077)	(25,331)	(1,503)	(84,876)	619,078	13.2 %
Less: Noncontrolling interests	224	0.0 %	-	-	-	-	-	224	0.0 %
Net income - common shareholders	\$ 395,237	8.5 %	\$ (107,830)	\$ (4,077)	\$ (25,331)	\$ (1,503)	\$ (84,876)	\$ 618,854	13.2 %
Diluted earnings per share	\$ 3.04		\$ (0.83)	\$ (0.03)	\$ (0.20)	\$ (0.01)	\$ (0.65)	\$ 4.76	



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	Lord Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Adjusted	
	December 31, 2021	% of Sales						December 31, 2021	% of Sales
Net sales	\$ 3,824,580	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,824,580	100.0 %
Cost of sales*	2,567,595	67.1 %	15,314	946	35	-	-	2,551,300	66.7 %
Selling, general and admin. expenses*	585,858	15.3 %	63,427	2,699	772	8,880	-	510,080	13.3 %
Interest expense	61,360	1.6 %	-	-	-	-	-	61,360	1.6 %
Other (income) expense, net*	119,443	3.1 %	-	-	-	10,262	149,382	(40,201)	(1.1) %
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: Noncontrolling interests	129	0.0 %	-	-	-	-	-	129	0.0 %
Net income - common shareholders	\$ 387,600	10.1 %	\$ (60,867)	\$ (2,818)	\$ (624)	\$ (14,797)	\$ (115,472)	\$ 582,178	15.2 %
Diluted earnings per share	\$ 2.97		\$ (0.47)	\$ (0.02)	\$ -	\$ (0.12)	\$ (0.88)	\$ 4.46	

*Prior period amounts have been recast to reflect the income statement reclassification.



Adjusted Amounts Reconciliation

Business Segment Information

(Dollars in thousands)
(Unaudited)

	Quarter-to-Date FY 2023								
	As Reported December 31, 2022	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Acquisition Related Expenses	Amortization of Inventory Step-Up to FV	Adjusted December 31, 2022	% of Sales ²
Diversified Industrial:									
North America ¹	\$ 419,921	19.6%	\$ 44,358	\$ 1,338	\$ 1,270	\$ -	\$ -	\$ 466,887	21.8%
International ¹	285,520	20.4%	16,819	3,039	425	-	-	305,803	21.9%
Total Diversified Industrial ¹	705,441	19.9%	61,177	4,377	1,695	-	-	772,690	21.8%
Aerospace Systems ¹	8,793	0.8%	81,079	1,001	31,723	-	111,973	234,569	20.6%
Total segment operating income	714,234	15.3%	(142,256)	(5,378)	(33,418)	-	(111,973)	1,007,259	21.5%
Corporate administration	48,901	1.0%	-	-	-	-	-	48,901	1.0%
Income before interest and other	665,333	14.2%	(142,256)	(5,378)	(33,418)	-	(111,973)	958,358	20.5%
Interest expense	146,931	3.1%	-	-	-	-	-	146,931	3.1%
Other (income) expense	1,659	0.0%	-	-	-	1,983	-	(324)	0.0%
Income before income taxes	\$ 516,743	11.1%	\$ (142,256)	\$ (5,378)	\$ (33,418)	\$ (1,983)	\$ (111,973)	\$ 811,751	17.4%

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

2. Adjusted amounts as a percent of sales are calculated on as reported sales.



Adjusted Amounts Reconciliation

Business Segment Information

(Dollars in thousands)
(Unaudited)

	Quarter-to-Date FY 2022								
	As Reported December 31, 2021	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Lord Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Adjusted December 31, 2021	% of Sales ²
Diversified Industrial:									
North America ¹	\$ 337,417	18.7%	\$ 47,024	\$ 660	\$ 329	\$ -	\$ -	\$ 385,430	21.3%
International ¹	291,555	20.8%	18,958	2,387	478	-	-	313,378	22.4%
Total Diversified Industrial ¹	628,972	19.6%	65,982	3,047	807	-	-	698,808	21.8%
Aerospace Systems ¹	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%

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

2. Adjusted amounts as a percent of sales are calculated on as reported sales.



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

(Unaudited)	Three Months Ended December 31,	
(Amounts in dollars)	<u>2022</u>	<u>2021</u>
Earnings per diluted share	\$3.04	\$ 2.97
Adjustments:		
Acquired intangible asset amortization expense	1.09	0.60
Business realignment charges	0.04	0.03
Integration costs to achieve	0.26	0.01
Acquisition-related expenses	0.02	0.15
Loss on deal-contingent forward contracts	—	1.14
Gain on Aircraft Wheel and Brake divestiture	—	—
Amortization of inventory step-up to fair value	0.86	—
Tax effect of adjustments ¹	<u>(0.55)</u>	<u>(0.44)</u>
Adjusted earnings per diluted share	<u>\$4.76</u>	<u>\$ 4.46</u>

1. 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 Total Segment Operating Margin to Adjusted Total Segment Operating Margin

(Unaudited) (Dollars in thousands)	Three Months Ended		Three Months Ended	
	December 31, 2022		December 31, 2021	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 714,234	15.3 %	\$ 743,768	19.4 %
Adjustments:				
Acquired intangible asset amortization	142,256		78,741	
Business realignment charges	5,378		3,645	
Integration costs to achieve	33,418		807	
Amortization of Inventory Step-up to FV	111,973		—	
Adjusted total segment operating income	\$ 1,007,259	21.5 %	\$ 826,961	21.6 %



Reconciliation of EBITDA to Adjusted EBITDA

(Dollars in thousands) (Unaudited)	Three Months Ended December 31,			
	2022	% of Sales	2021	% of Sales
Net sales	\$ 4,674,811	100.0%	\$ 3,824,580	100.0%
Net income	\$ 395,461	8.5%	\$ 387,729	10.1%
Income taxes	121,282	2.6%	102,595	2.7%
Depreciation	87,488	1.9%	65,362	1.7%
Amortization	142,256	3.0%	78,741	2.1%
Interest expense	146,931	3.1%	61,360	1.6%
EBITDA	893,418	19.1%	695,787	18.2%
Adjustments:				
Business realignment charges	5,378	0.1%	3,645	0.1%
Meggitt costs to achieve	33,418	0.7%	-	0.0%
Lord costs to achieve	-	0.0%	807	0.0%
Acquisition-related expenses	1,983	0.0%	19,142	0.5%
Loss on deal-contingent forward contracts	-	0.0%	149,382	3.9%
Amortization of inventory step-up to FV	111,973	2.4%	-	0.0%
EBITDA - Adjusted	\$ 1,046,170	22.4%	\$ 868,763	22.7%
EBITDA margin		19.1 %		18.2 %
EBITDA margin - Adjusted		22.4 %		22.7 %



Reconciliation of Gross and Net Debt / Adjusted EBITDA

Reconciliation of Gross and Net Debt / Adjusted EBITDA

(Unaudited) (Dollars in thousands)	<u>December 31, 2022</u>
Notes payable and long-term debt payable within one year	\$ 1,994,333
Long-term debt	12,025,860
Add: Deferred debt issuance costs	83,758
Total gross debt	<u>\$ 14,103,951</u>
Cash and cash equivalents	\$ 756,055
Marketable securities and other investments	21,611
Total cash	<u>\$ 777,666</u>
Net debt (Gross debt less total cash)	<u>\$ 13,326,285</u>
TTM Net Sales	\$ 17,181,805
Net income	\$ 1,260,492
Income tax	311,753
Depreciation	280,656
Amortization	385,208
Interest Expense	399,267
TTM EBITDA	<u>\$ 2,637,376</u>
Adjustments:	
Business realignment charges	17,337
Costs to achieve	48,166
Acquisition-related costs	186,627
Loss on deal-contingent forward contracts	1,256,036
Gain on Aircraft Wheel & Brake divestiture	(372,930)
Amortization of inventory step-up to FV	130,331
Russia liquidation	20,057
TTM Adjusted EBITDA	<u>\$ 3,923,000</u>
Gross Debt/TTM Adjusted EBITDA	3.6
Net Debt/TTM Adjusted EBITDA	3.4



Reconciliation of Free Cash Flow Conversion

(Unaudited) (Dollars in thousands)	Six Months Ended December 31, 2022	Six Months Ended December 31, 2021
Net income	\$ 783,498	\$ 839,192
Cash flow from operations	\$ 1,076,134	\$ 1,005,469
Capital Expenditures	(185,704)	(105,606)
Free cash flow	\$ 890,430	\$ 899,863
Free cash flow conversion (free cash flow / net income)	114 %	107 %



Supplemental Sales Information

Global Technology Platforms

(Unaudited)	Three Months Ended December 31,	
	2022	2021
(Dollars in thousands)		
Net sales		
Diversified Industrial:		
Motion Systems	\$ 913,415	\$ 843,655
Flow and Process Control	1,173,260	1,103,404
Filtration and Engineered Materials	1,451,709	1,259,144
Aerospace Systems	1,136,427	618,377
Total	\$ 4,674,811	\$ 3,824,580



Reconciliation of EPS

Fiscal Year 2023 Guidance

(Unaudited)	
(Amounts in dollars)	<u>Fiscal Year 2023</u>
Forecasted earnings per diluted share	\$13.50 to \$14.00
Adjustments:	
Business realignment charges	0.23
Costs to achieve	0.54
Acquisition-related intangible asset amortization expense	4.00
Acquisition-related expenses	2.55
Loss on deal-contingent forward contracts	3.00
Gain on Aircraft Wheel & Brake divestiture	(2.87)
Tax effect of adjustments ¹	<u>(1.75)</u>
Adjusted forecasted earnings per diluted share	<u><u>\$19.20 to \$19.70</u></u>

1. 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.



