

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): November 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 November 2, 2023, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended September 30, 2023. 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 November 2, 2023.](#)

[99.2 Webcast presentation by Parker-Hannifin Corporation, dated November 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: November 2, 2023



For Release: Immediately

Exhibit 99.1

Contact: Media -

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216-896-3258

Financial Analysts -

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Stock Symbol: PH - NYSE

Parker Reports Fiscal 2024 First Quarter Results

- Sales increased 15% to \$4.8 billion; organic sales increased 2%
- Segment operating margin was 21.3%, or a record 24.9% adjusted, an increase of 220 basis points
- EPS were \$4.99, or a first quarter record of \$5.96 adjusted, an increase of 26%
- Company increases outlook for segment operating margin and EPS

CLEVELAND, November 2, 2023-- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2024 first quarter ended September 30, 2023. Sales were a record at \$4.8 billion, an increase of 15%, compared with \$4.2 billion in the first quarter of fiscal 2023. Net income was \$650.8 million compared with \$387.9 million in the prior year quarter. Adjusted net income was \$776.4 million, an increase of 26% compared with \$615.5 million in the first quarter of fiscal 2023. Earnings per share were \$4.99 compared with \$2.98 in the first quarter of fiscal 2023. Adjusted earnings per share increased 26% to \$5.96 compared with \$4.74 in the prior year quarter. Fiscal 2024 year-to-date cash flow from operations was \$650.0 million, or 13.4% of sales compared with \$457.4 million, or 10.8% of sales, in the prior year. A reconciliation of non-GAAP measures is included in the financial tables of this press release.

"This was another standout quarter for Parker and a reflection of how well our global team members continue to drive operational excellence throughout our business," said Chief Executive Officer Jenny Parmentier. "With a continued focus on improvement through execution of The Win Strategy™ and our transformed portfolio we are consistently driving strong performance. We achieved record performance with all segments delivering adjusted operating margins above 24%. This quarter marks the one year anniversary of Meggitt joining Parker, which helped contribute to an outstanding quarter for the Aerospace Systems segment. Our strategy is working and will continue to drive shareholder value."

Segment Results

Diversified Industrial Segment: North American first quarter sales increased 5% to \$2.2 billion and operating income was \$506.1 million compared with \$453.0 million in the same period a year ago. On an adjusted basis, North American operating income was \$554.3 million, or 24.9% of sales, a 150 basis point increase compared with the first quarter of fiscal 2023. International first quarter sales increased 2.5% to \$1.4 billion and operating income was \$300.7 million compared with \$293.9 million in the same period a year ago. On an adjusted basis, International operating income was \$334.2 million, or 24.1% of sales, a 100 basis point increase compared with the prior year quarter.

Aerospace Systems Segment: First quarter sales increased 65% to \$1.2 billion and operating income was \$226.3 million compared with \$92.2 million in the same period a year ago. On an adjusted basis, operating income was \$319.5 million, or 26.0% of sales, a 610 basis point increase compared with the prior year quarter.

Orders

The company reported the following orders for the quarter ending September 30, 2023, compared with the same quarter a year ago:

- Orders increased 2% for total Parker
- Orders decreased 4% in the Diversified Industrial North America businesses
- Orders decreased 8% in the Diversified Industrial International businesses
- Orders increased 24% in the Aerospace Systems Segment on a rolling 12-month average basis.

Outlook

Parker's outlook for the fiscal year ending June 30, 2024 has been updated. The company expects total sales growth in fiscal 2024 to be in the range of 2.5% to 5.5%; total segment operating margin in the range of 20.0% to 20.4%, or 23.4% to 23.8% on an adjusted basis; and earnings per share in the range of \$18.73 to \$19.53, or \$22.60 to \$23.40 on an adjusted basis. Reconciliations of forecasted segment operating margin to adjusted forecasted segment operating margin and forecasted earnings per share to adjusted forecasted earnings per share are included in the financial tables of this press release.

Parmentier added, "With such a strong start to the fiscal year, we have raised our guidance for fiscal 2024. Our focus remains on being the safest industrial company in the world, serving our customers, strengthening our operations and expanding margins. These priorities coupled with favorable secular growth trends will help accelerate our performance through the cycle and achieve our long-term financial targets. We have a very promising future."

NOTICE OF CONFERENCE CALL: Parker Hannifin's webcast to discuss its fiscal 2024 first quarter results is 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 67 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. Beginning in the third quarter of fiscal 2023, all comparisons include acquisitions in both the numerator and denominator and exclude divestitures. Diversified Industrial comparisons are on 3-month average computations and Aerospace Systems comparisons are on rolling 12-month average computations.

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; and (e) organic sales growth. The adjusted net income, earnings per share, segment operating margin, 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. 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: 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; 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; 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, 2023 and other periodic filings made with the SEC.

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PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2023

Exhibit 99.1

CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended September 30,	
	2023	2022
Net sales	\$ 4,847,488	\$ 4,232,775
Cost of sales	3,097,349	2,795,456
Selling, general and administrative expenses	873,691	835,804
Interest expense	134,468	117,794
Other income, net	(78,455)	(19,624)
Income before income taxes	820,435	503,345
Income taxes	169,363	115,308
Net income	651,072	388,037
Less: Noncontrolling interests	245	183
Net income attributable to common shareholders	\$ 650,827	\$ 387,854

Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 5.07	\$ 3.02
Diluted earnings per share	\$ 4.99	\$ 2.98
Average shares outstanding during period - Basic	128,472,550	128,425,002
Average shares outstanding during period - Diluted	130,363,441	129,942,408

CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended September 30,	
	2023	2022
Cash dividends per common share	\$ 1.48	\$ 1.33

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)	Three Months Ended September 30,	
	2023	2022
Sales growth - as reported	14.5 %	12.5 %
Adjustments:		
Acquisitions	11.8 %	3.8 %
Divestitures	(0.6)%	(0.1)%
Currency	1.0 %	(5.4)%
Organic sales growth	2.3 %	14.2 %

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

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2023	2022
Net income attributable to common shareholders	\$ 650,827	\$ 387,854
Adjustments:		
Acquired intangible asset amortization expense	155,520	87,014
Business realignment charges	13,092	3,861
Integration costs to achieve	6,406	11,991
Acquisition-related expenses	—	160,258
Loss on deal-contingent forward contracts	—	389,992
Net gain on divestitures	(13,260)	(372,930)
Amortization of inventory step-up to fair value	—	18,358
Tax effect of adjustments ¹	(36,148)	(70,855)
Adjusted net income attributable to common shareholders	\$ 776,437	\$ 615,543

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

(Unaudited) (Amounts in dollars)	Three Months Ended September 30,	
	2023	2022
Earnings per diluted share	\$ 4.99	\$ 2.98
Adjustments:		
Acquired intangible asset amortization expense	1.19	0.67
Business realignment charges	0.10	0.03
Integration costs to achieve	0.05	0.09
Acquisition-related expenses	—	1.24
Loss on deal-contingent forward contracts	—	3.00
Net gain on divestitures	(0.10)	(2.87)
Amortization of inventory step-up to fair value	—	0.14
Tax effect of adjustments ¹	(0.27)	(0.54)
Adjusted earnings per diluted share	\$ 5.96	\$ 4.74

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 - SEPTEMBER 30, 2023

Exhibit 99.1

BUSINESS SEGMENT INFORMATION

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2023	2022
Net sales		
Diversified Industrial:		
North America	\$ 2,229,906	\$ 2,131,760
International	1,388,622	1,355,013
Aerospace Systems	1,228,960	746,002
Total net sales	\$ 4,847,488	\$ 4,232,775
Segment operating income		
Diversified Industrial:		
North America	\$ 506,053	\$ 452,986
International	300,701	293,940
Aerospace Systems	226,260	92,151
Total segment operating income	1,033,014	839,077
Corporate general and administrative expenses	55,656	51,660
Income before interest expense and other expense	977,358	787,417
Interest expense	134,468	117,794
Other expense, net	22,455	166,278
Income before income taxes	\$ 820,435	\$ 503,345

RECONCILIATION OF SEGMENT OPERATING MARGINS TO ADJUSTED SEGMENT OPERATING MARGINS

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2023	2022
Diversified Industrial North America sales	\$ 2,229,906	\$ 2,131,760
Diversified Industrial North America operating income	\$ 506,053	\$ 452,986
Adjustments:		
Acquired intangible asset amortization	44,683	46,274
Business realignment charges	2,584	133
Integration costs to achieve	945	47
Adjusted Diversified Industrial North America operating income	\$ 554,265	\$ 499,440
Diversified Industrial North America operating margin	22.7 %	21.2 %
Adjusted Diversified Industrial North America operating margin	24.9 %	23.4 %

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2023

Exhibit 99.1

RECONCILIATION OF SEGMENT OPERATING MARGINS TO ADJUSTED SEGMENT OPERATING MARGINS

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2023	2022
Diversified Industrial International sales	\$ 1,388,622	\$ 1,355,013
Diversified Industrial International operating income	\$ 300,701	\$ 293,940
Adjustments:		
Acquired intangible asset amortization	23,268	16,805
Business realignment charges	10,055	1,879
Integration costs to achieve	194	139
Adjusted Diversified Industrial International operating income	<u>\$ 334,218</u>	<u>\$ 312,763</u>
Diversified Industrial International operating margin	21.7 %	21.7 %
Adjusted Diversified Industrial International operating margin	24.1 %	23.1 %

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2023	2022
Aerospace Systems sales	\$ 1,228,960	\$ 746,002
Aerospace Systems operating income	\$ 226,260	\$ 92,151
Adjustments:		
Acquired intangible asset amortization	87,569	23,935
Business realignment charges	453	1,849
Integration costs to achieve	5,267	11,805
Amortization of inventory step-up to fair value	—	18,358
Adjusted Aerospace Systems operating income	<u>\$ 319,549</u>	<u>\$ 148,098</u>
Aerospace Systems operating margin	18.4 %	12.4 %
Adjusted Aerospace Systems operating margin	26.0 %	19.9 %

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2023	2022
Total net sales	\$ 4,847,488	\$ 4,232,775
Total segment operating income	\$ 1,033,014	\$ 839,077
Adjustments:		
Acquired intangible asset amortization	155,520	87,014
Business realignment charges	13,092	3,861
Integration costs to achieve	6,406	11,991
Amortization of inventory step-up to fair value	—	18,358
Adjusted total segment operating income	<u>\$ 1,208,032</u>	<u>\$ 960,301</u>
Total segment operating margin	21.3 %	19.8 %
Adjusted total segment operating margin	24.9 %	22.7 %

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2023
CONSOLIDATED BALANCE SHEET

Exhibit 99.1

(Unaudited)

(Dollars in thousands)

	September 30, 2023	June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 448,926	\$ 475,182
Marketable securities and other investments	7,930	8,390
Trade accounts receivable, net	2,740,420	2,827,297
Non-trade and notes receivable	296,097	309,167
Inventories	3,028,748	2,907,879
Prepaid expenses and other	307,474	306,314
Total current assets	6,829,595	6,834,229
Property, plant and equipment, net	2,840,508	2,865,030
Deferred income taxes	72,457	81,429
Investments and other assets	1,135,070	1,104,576
Intangible assets, net	8,191,958	8,450,614
Goodwill	10,523,129	10,628,594
Total assets	\$ 29,592,717	\$ 29,964,472
Liabilities and equity		
Current liabilities:		
Notes payable and long-term debt payable within one year	\$ 3,594,425	\$ 3,763,175
Accounts payable, trade	2,036,752	2,050,934
Accrued payrolls and other compensation	424,537	651,319
Accrued domestic and foreign taxes	505,018	374,571
Other accrued liabilities	1,106,324	895,371
Total current liabilities	7,667,056	7,735,370
Long-term debt	8,596,063	8,796,284
Pensions and other postretirement benefits	493,278	551,510
Deferred income taxes	1,589,833	1,649,674
Other liabilities	671,537	893,355
Shareholders' equity	10,565,382	10,326,888
Noncontrolling interests	9,568	11,391
Total liabilities and equity	\$ 29,592,717	\$ 29,964,472

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2023
CONSOLIDATED STATEMENT OF CASH FLOWS

Exhibit 99.1

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2023	2022
Cash flows from operating activities:		
Net income	\$ 651,072	\$ 388,037
Depreciation and amortization	240,387	153,981
Stock incentive plan compensation	77,894	65,018
Gain on sale of businesses	(13,260)	(372,930)
Loss (gain) on disposal of property, plant and equipment	1,333	(4,287)
Gain on marketable securities	(18)	(1,361)
Gain on investments	(1,384)	(1,957)
Net change in receivables, inventories and trade payables	(69,280)	(30,792)
Net change in other assets and liabilities	(185,691)	24,371
Other, net	(51,094)	237,278
Net cash provided by operating activities	649,959	457,358
Cash flows from investing activities:		
Acquisitions (net of cash of \$89,704 in 2022)	—	(7,146,110)
Capital expenditures	(97,746)	(83,555)
Proceeds from sale of property, plant and equipment	710	11,107
Proceeds from sale of businesses	36,691	441,340
Purchases of marketable securities and other investments	(4,477)	(7,687)
Maturities and sales of marketable securities and other investments	4,027	16,467
Payments of deal-contingent forward contracts	—	(1,405,418)
Other	4,801	246,438
Net cash used in investing activities	(55,994)	(7,927,418)
Cash flows from financing activities:		
Net payments for common stock activity	(78,148)	(66,682)
Acquisition of noncontrolling interests	(2,883)	—
Net (payments for) proceeds from debt	(346,411)	1,586,181
Financing fees paid	—	(8,754)
Dividends paid	(190,420)	(171,176)
Net cash (used in) provided by financing activities	(617,862)	1,339,569
Effect of exchange rate changes on cash	(2,359)	(15,078)
Net decrease in cash, cash equivalents and restricted cash	(26,256)	(6,145,569)
Cash, cash equivalents and restricted cash at beginning of year	475,182	6,647,876
Cash and cash equivalents at end of period	\$ 448,926	\$ 502,307

RECONCILIATION OF FORECASTED SEGMENT OPERATING MARGIN TO ADJUSTED FORECASTED SEGMENT OPERATING MARGIN

(Unaudited)

(Amounts in percentages)

	Fiscal Year 2024
Forecasted segment operating margin	20.0% to 20.4%
Adjustments:	
Business realignment charges	0.3%
Costs to achieve	0.2%
Acquisition-related intangible asset amortization expense	2.9%
Adjusted forecasted segment operating margin	23.4% to 23.8%

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

(Unaudited)

(Amounts in dollars)

	Fiscal Year 2024
Forecasted earnings per diluted share	\$18.73 to \$19.53
Adjustments:	
Business realignment charges	0.53
Costs to achieve	0.27
Acquisition-related intangible asset amortization expense	4.36
Net gain on divestitures	(0.10)
Tax effect of adjustments ¹	(1.19)
Adjusted forecasted earnings per diluted share	\$22.60 to \$23.40

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 2024 First Quarter Earnings Presentation



PH
LISTED
NYSE

ENGINEERING YOUR SUCCESS.

November 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: 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, 2023 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.

Please visit www.PHstock.com for more information



FY24 Q1: A Standout Quarter

- Driven by a strong portfolio and our teams executing The Win Strategy™
- Record sales, adjusted segment operating margins and adjusted earnings per share
- All segments above 24% adjusted segment margins¹
- Parker and Meggitt combination delivered an outstanding quarter for Aerospace
- Strong start to the year, increasing FY24 guidance

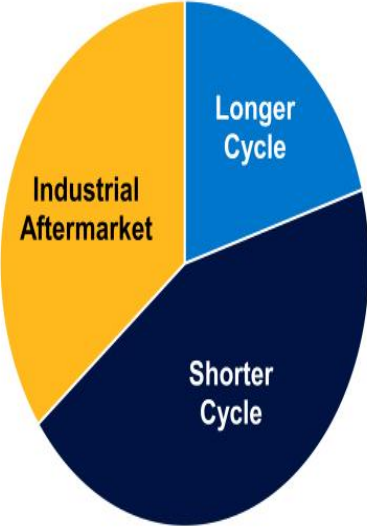
FY24 Q1 Highlights	
16% Reduction in Recordable Incidents	\$4.8B Reported Sales 15% Increase +2.3% Organic ¹
24.9% Adjusted Segment Margin ¹ +220bps	26% Adjusted EPS Growth ¹
11.4% Free Cash Flow Margin ¹	

1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.
Note: FY24 Q1 As Reported: Segment Operating Margin of 21.3%, EPS of \$4.99.



Portfolio Transformation Expands Longer Cycle and Secular Revenue Mix

FY15



FY24
Guidance

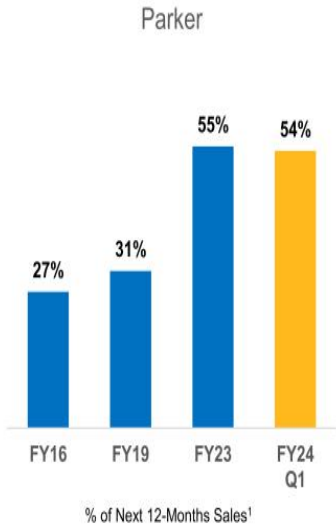


FY27
Illustration

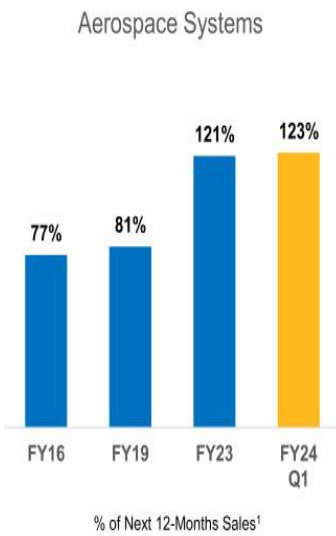


Transformed Portfolio Drives Strong Backlog

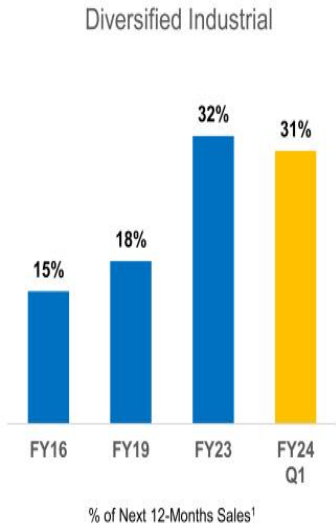
Backlog Remains Resilient



Robust Aerospace Demand



Longer Term Visibility



1. Backlog % of NTM sales is a ratio of ending backlog of the period divided by next 12-month sales. FY24 Q1 illustration based on backlog as of 9/30/23 divided by FY24 sales guidance midpoint.

Future Sales Growth Drivers

	Our Business System	Macro CapEx Investment	Innovation	Acquisitions	Secular Growth
Strategic Growth Drivers	The Win Strategy™	<ul style="list-style-type: none"> ▪ Address last decade under investment ▪ Supply chain development ▪ Mega Projects 	<ul style="list-style-type: none"> ▪ New Product Blueprinting ▪ Simple by Design™ ▪ Product Vitality 	<ul style="list-style-type: none"> ▪ CLARCOR ▪ LORD ▪ EXOTIC METALS FORMING COMPANY LLC ▪ MEGGITT 	<ul style="list-style-type: none"> ▪ Aerospace ▪ Digital ▪ Electrification ▪ Clean Technologies
Outcomes	Growth & Financial Performance	Machinery automation, expansion & secular trends	Faster growth & support secular trends	Accretive & longer cycle growth	2/3's Portfolio enable Clean Technologies

FY27 Target 4-6% Organic Growth over the Cycle

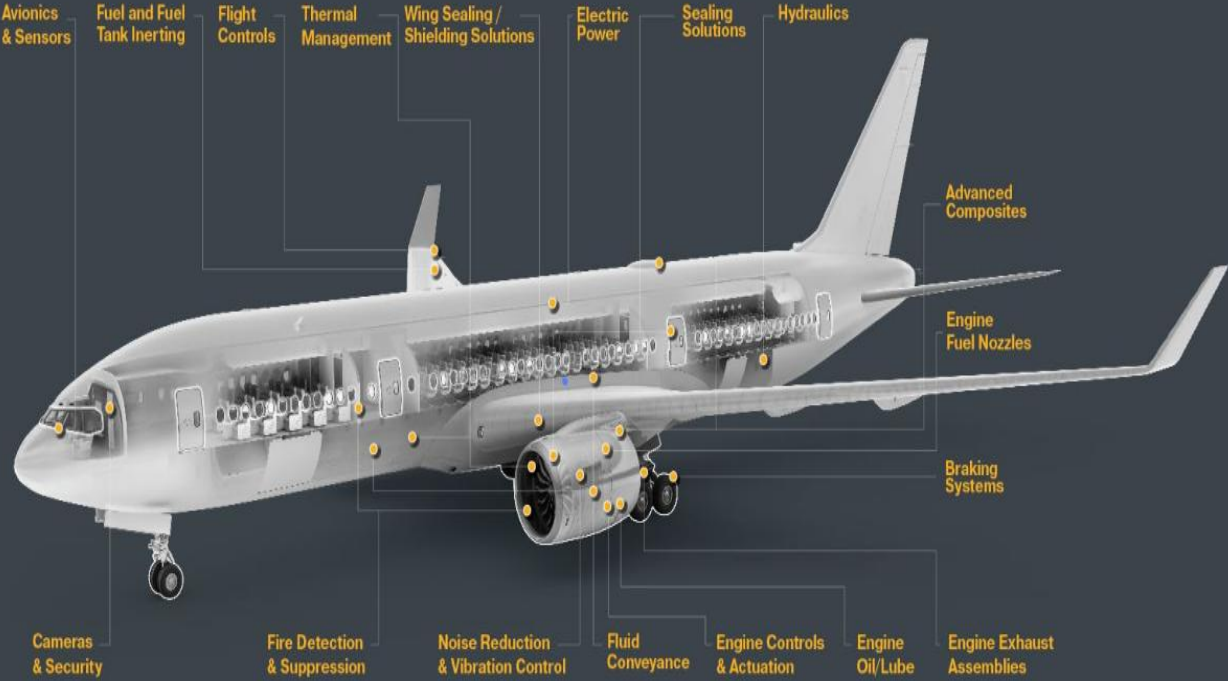


A POWERFUL COMBINATION



NOSE TO TAIL

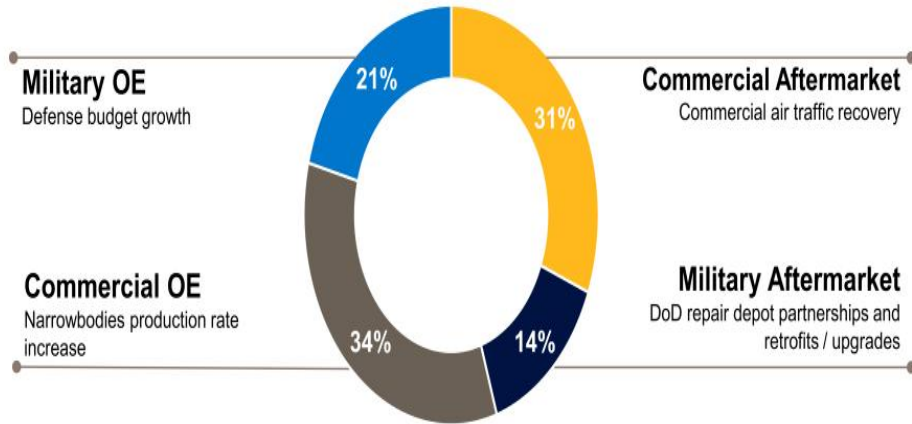
A comprehensive portfolio of products and services



Favorable Aerospace Secular Trend Drives Future Growth

FY23 Sales Mix

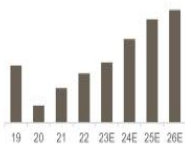
45%
Aftermarket



Macro Growth Drivers

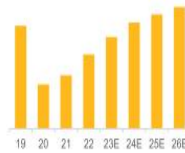
Commercial Aircraft Deliveries¹

~12%
CY23-26 CAGR



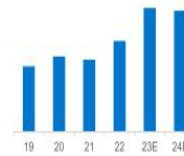
Air Traffic Available Seat Km (ASK)²

~10%
CY23-26 CAGR



DoD Budget (\$B)³

~6%
Gov't FY21-24 CAGR



1. Commercial aircraft deliveries is Parker internal forecast based on 3rd party data. 2. ASK is Parker internal forecast. 3. DoD Budget is from U.S. government budget.

Summary of Fiscal 2024 1st Quarter Highlights

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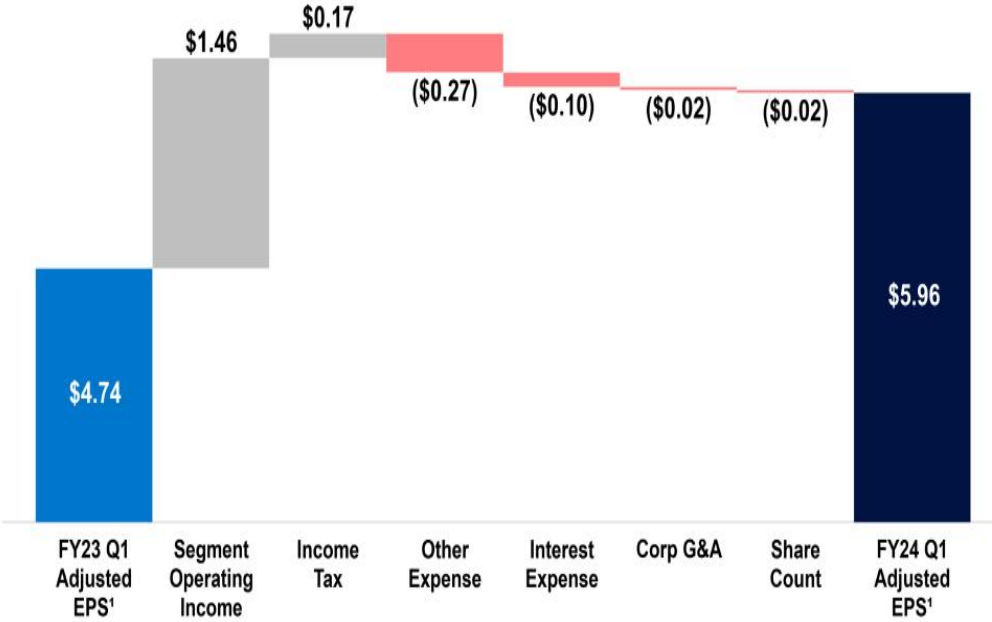
FY24 Q1 Financial Summary

\$ Millions, except per share amounts	FY24 Q1	FY24 Q1	FY23 Q1	YoY Change
	As Reported	Adjusted ¹	Adjusted ¹	Adjusted
Sales	\$4,847	\$4,847	\$4,233	+15%
Segment Operating Margin	21.3%	24.9%	22.7%	+220 bps
EBITDA Margin	24.7%	24.8%	23.3%	+150 bps
Net Income	\$651	\$776	\$616	+26%
EPS	\$4.99	\$5.96	\$4.74	+26%

1. Sales figures As Reported. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.
 Note: FY23 Q1 As Reported: Segment Operating Margin of 19.8%, EBITDA Margin of 18.3%, Net Income of \$388M, EPS of \$2.98.



FY24 Q1 Adjusted Earnings per Share Bridge



1. FY23 Q1 As Reported EPS of \$2.98. FY24 Q1 As Reported EPS of \$4.99. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



FY24 Q1 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	\$2,230M +0.5% Organic	22.7%	24.9% +150 bps YoY	(4%)	<ul style="list-style-type: none"> • Excellent margin expansion • Distribution rebalancing • Robust backlog coverage
Diversified Industrial International	\$1,389M (2.2%) Organic	21.7%	24.1% +100 bps YoY	(8%)	<ul style="list-style-type: none"> • Resilient margin performance • China recovery remains slow • Order declines consistent across regions
Aerospace Systems	\$1,229M +15.8% Organic	18.4%	26.0% +610 bps YoY	+24%	<ul style="list-style-type: none"> • Double digit growth all market segments • Strong aftermarket growth & margins • Order strength continues
Parker	\$4,847M +2.3% Organic	21.3%	24.9% +220 bps YoY	+2%	<ul style="list-style-type: none"> • Win Strategy™ drives record margins • Celebrating one-year with Meggitt • 40% incremental adjusted margin¹

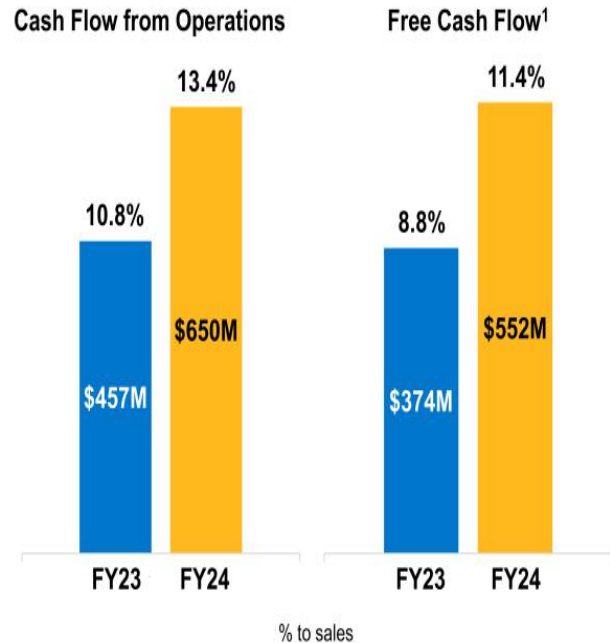
1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.

2. Diversified Industrial orders are on a 3-month average computation and Aerospace Systems are rolling 12-month average computations. Beginning FY23 Q3, orders include acquisitions and exclude divestitures and currency.



FY24 Q1 Cash Flow Performance

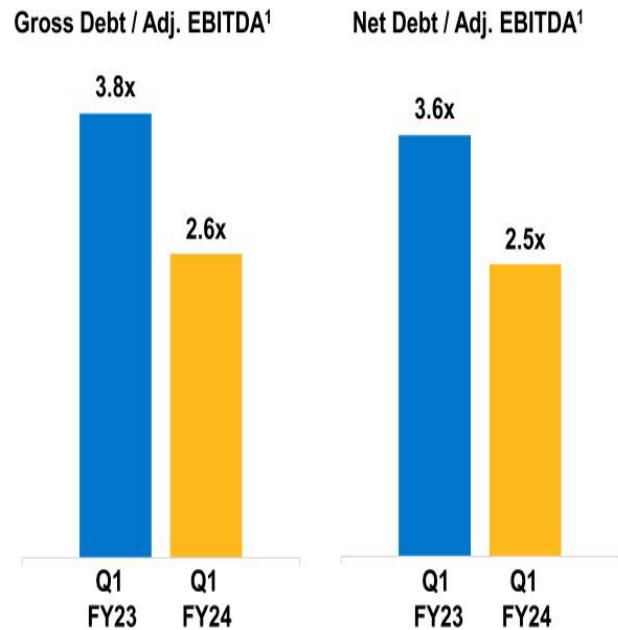
- Cash Flow from Operations of 13.4%
- Free Cash Flow of 11.4%¹
 - CapEx of 2.0% of sales
- Free Cash Flow Conversion of 85%¹
- Committed to FY24 Guidance:
 - Free Cash Flow¹ of \$2.6B - \$3.0B
 - FCF Conversion¹ >100%



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

Debt & Leverage Reduction Ahead of Schedule

- Since Meggitt acquisition close:
 - ~\$1.8B debt reduction
 - 1.2x leverage reduction
- ~\$370M debt reduction during Q1
- Expect ~\$2B debt paydown in FY24
- Target 2.0x leverage during FY25



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

FY24 Guidance Increased

EPS Midpoint: \$19.13 As Reported, \$23.00 Adjusted

Guidance Metric	FY24 Full Year	Key Assumptions
Reported Sales	2.5% - 5.5%	<ul style="list-style-type: none"> Strong backlog coverage ~\$140m currency headwind vs. prior guidance Split: 1H: 49% 2H: 51%
Organic Sales Growth ¹	~1.5%	<ul style="list-style-type: none"> Reaffirming full-year organic growth midpoint Raising Aerospace organic to 10% vs. 8% in prior guidance
Adj. Operating Margin ¹	23.4% - 23.8%	<ul style="list-style-type: none"> Raising midpoint to 23.6% vs. 23.2% in prior guidance ~40% incrementals
Adj. EPS ¹	\$22.60 - \$23.40	<ul style="list-style-type: none"> ~(\$0.20) currency headwind vs. prior guidance Tax rate: ~23% Split: 1H: 48% 2H: 52%
Free Cash Flow ¹	\$2.6B - \$3.0B	<ul style="list-style-type: none"> CapEx: ~2% of sales FCF Conversion >100%



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

Lee Banks

Transformational Leadership & Countless Significant Contributions to Parker's Success



- Retiring as Vice Chairman and President effective December 31, 2023
- Joined Parker in 1991; Officer since 2006 & Director since 2015
- During his tenure, sales grew at a 7% CAGR to nearly \$20B¹
- EPS have grown from \$0.36 in FY91 to \$21.55 adjusted in FY23
- TSR of 292% since 2015 vs. S&P 500 Industrials sector of 80%



1. CAGR from FY91 to FY24 Guidance. Note: Total shareholder return data from Capital IQ as of February 1, 2015 through September 30, 2023

Key Messages and Outlook

Consistent Performance

- Focus on safety and engagement
- Continue performance acceleration from The Win Strategy™ 3.0
- Proven track record - our people and performance through cycles

Portfolio Transformation

- Successful first full year with Meggitt
- ~30% exposure to Aerospace & Defense markets
- Longer cycle & more resilient revenue mix: ~85% by FY27

A Promising Future

- Well positioned to capitalize on the growth from secular trends
- Continue to be great generators and deployers of cash
- Committed to FY27 Targets





Upcoming Event Calendar

FY24 Q2 Earnings Release	February 1, 2024
FY24 Q3 Earnings Release	May 2, 2024
FY24 Q4 Earnings Release	August 8, 2024

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Appendix

- FY24 Guidance Details
- Reconciliation of Organic Growth
- Adjusted Amounts Reconciliation – Consolidated
- Adjusted Amounts Reconciliation – Segment Operating Income
- 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 Segment Operating Margin
- Reconciliation of Forecasted EPS



FY24 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic ¹
Diversified Industrial North America	0.0% - 3.0%	~0.5%
Diversified Industrial International	(5.0%) - (2.0%)	~(3.0%)
Aerospace Systems	16.5% - 19.5%	~10%
Parker	2.5% - 5.5%	~1.5%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial North America	20.9% - 21.3%	23.1% - 23.5%
Diversified Industrial International	20.4% - 20.8%	22.9% - 23.3%
Aerospace Systems	18.2% - 18.6%	24.4% - 24.8%
Parker	20.0% - 20.4%	23.4% - 23.8%

Earnings Per Share	As Reported	Adjusted ¹
Midpoint	\$19.13	\$23.00
Range	\$18.73 - \$19.53	\$22.60 - \$23.40

Additional Items	As Reported and Adjusted ¹
Corporate G&A	~\$240M
Interest Expense	~\$515M
Other Expense	~\$16M ~\$29M
Reported Tax Rate	~23%
Diluted Shares Outstanding	~130M

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$565M	—
Business Realignment Charges	~\$70M	—
Integration Costs to Achieve	~\$35M	—
Net Gain on Divestiture	—	(\$13M)

1. Adjusted numbers include certain non-GAAP financial measures.



Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

Net Sales	Quarter-to-Date						As Reported September 30, 2022		
	As Reported September 30, 2023		Currency	Divestitures	Acquisitions	Adjusted September 30, 2023			
Diversified Industrial:									
North America	\$	2,229,906	\$ (10,944)	\$ 543	\$ (77,384)	\$	2,142,121	\$	2,131,760
<u>International</u>									
Europe		784,198	(38,100)	-	(33,935)		712,163		698,826
Asia Pacific		524,954	12,057	-	(3,986)		533,025		581,623
Latin America		79,470	1,180	-	-		80,650		74,564
International		1,388,622	(24,863)	-	(37,921)		1,325,838		1,355,013
Total Diversified Industrial		3,618,528	(35,807)	543	(115,305)		3,467,959		3,486,773
Aerospace Systems		1,228,960	(3,496)	24,404	(385,702)		864,166		746,002
Total Parker Hannifin	\$	4,847,488	\$ (39,303)	\$ 24,947	\$ (501,007)	\$	4,332,125	\$	4,232,775
		As reported	Currency	Divestitures	Acquisitions		Organic		
Diversified Industrial:									
North America		4.6 %	0.5 %	(0.0)%	3.6 %		0.5 %		
<u>International</u>									
Europe		12.2 %	5.4 %	0.0 %	4.9 %		1.9 %		
Asia Pacific		(9.7)%	(2.0)%	0.0 %	0.7 %		(8.4)%		
Latin America		6.6 %	(1.6)%	0.0 %	0.0 %		8.2 %		
International		2.5 %	1.9 %	0.0 %	2.8 %		(2.2)%		
Total Diversified Industrial		3.8 %	1.0 %	(0.0)%	3.3 %		(0.5)%		
Aerospace Systems		64.7 %	0.5 %	(3.3)%	51.7 %		15.8 %		
Total Parker Hannifin		14.5 %	1.0 %	(0.6)%	11.8 %		2.3 %		



Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

	Quarter-to-Date FY 2024									
	As Reported		Acquired	Business	Meggitt	Gain on			Adjusted	
	September 30, 2023	% of Sales	Intangible Asset Amortization	Realignment Charges	Costs to Achieve	Divestiture			September 30, 2023	% of Sales
Net sales	\$ 4,847,488	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,847,488	100.0 %
Cost of sales	3,097,349	63.9 %	27,199	6,984	1,274	-	-	-	3,061,892	63.2 %
Selling, general and admin. expenses	873,691	18.0 %	128,321	6,108	5,132	-	-	-	734,130	15.1 %
Interest expense	134,468	2.8 %	-	-	-	-	-	-	134,468	2.8 %
Other (income) expense, net	(78,455)	(1.6)%	-	-	-	(13,260)	-	-	(65,195)	(1.3)%
Income before income taxes	820,435	16.9 %	(155,520)	(13,092)	(6,406)	13,260	-	-	982,193	20.3 %
Income taxes	169,363	3.5 %	37,169	3,129	1,531	(5,681)	-	-	205,511	4.2 %
Net income	651,072	13.4 %	(118,351)	(9,963)	(4,875)	7,579	-	-	776,682	16.0 %
Less: Noncontrolling interests	245	0.0 %	-	-	-	-	-	-	245	0.0 %
Net income - common shareholders	\$ 650,827	13.4 %	\$ (118,351)	\$ (9,963)	\$ (4,875)	\$ 7,579	\$ -	\$ -	\$ 776,437	16.0 %
Diluted earnings per share	\$ 4.99		\$ (0.91)	\$ (0.08)	\$ (0.04)	\$ 0.06	\$ -	\$ -	\$ 5.96	

(Dollars in thousands, except per share data)

	Quarter-to-Date FY 2023										
	As Reported		Acquired	Business	Meggitt	Acquisition	Loss on	Gain on	Amortization	Adjusted	
	September 30, 2022	% of Sales	Intangible Asset Amortization	Realignment Charges	Costs to Achieve	Related Expenses	Deal-Contingent Forward Contracts	Aircraft Wheel & Brake Divestiture	of Inventory Step-Up to FV	September 30, 2022	% of Sales
Net sales	\$ 4,232,775	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,232,775	100.0 %
Cost of sales	2,795,456	66.0 %	18,632	2,499	627	-	-	-	18,358	2,755,340	65.1 %
Selling, general and admin. Expenses	835,804	19.7 %	68,382	1,362	11,364	108,568	-	-	-	646,128	15.3 %
Interest expense	117,794	2.8 %	-	-	-	-	-	-	-	117,794	2.8 %
Other (income) expense, net	(19,624)	(0.5)%	-	-	-	51,690	389,992	(372,930)	-	(88,376)	(2.1)%
Income before income taxes	503,345	11.9 %	(87,014)	(3,861)	(11,991)	(160,258)	(389,992)	372,930	(18,358)	801,889	18.9 %
Income taxes	115,308	2.7 %	20,622	915	2,942	37,982	94,713	(90,570)	4,351	186,163	4.4 %
Net income	388,037	9.2 %	(66,392)	(2,946)	(9,149)	(122,276)	(295,279)	282,360	(14,007)	615,726	14.5 %
Less: Noncontrolling interests	183	0.0 %	-	-	-	-	-	-	-	183	0.0 %
Net income - common shareholders	\$ 387,854	9.2 %	\$ (66,392)	\$ (2,946)	\$ (9,149)	\$ (122,276)	\$ (295,279)	\$ 282,360	\$ (14,007)	\$ 615,543	14.5 %
Diluted earnings per share	\$ 2.98		\$ (0.52)	\$ (0.02)	\$ (0.07)	\$ (0.94)	\$ (2.27)	\$ 2.17	\$ (0.11)	\$ 4.74	



Adjusted Amounts Reconciliation Segment Operating Income

(Dollars in thousands)
(Unaudited)

	Quarter-to-Date FY 2024												
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Net Gain on Divestiture					Adjusted		
	September 30, 2023	% of Sales					September 30, 2023	% of Sales ²					
Diversified Industrial:													
North America ¹	\$ 506,053	22.7%	\$ 44,683	\$ 2,584	\$ 945	\$ -	\$ -	\$ -			\$ 554,265	24.9%	
International ¹	300,701	21.7%	23,268	10,055	194	-	-	-			334,218	24.1%	
Total Diversified Industrial ¹	806,754	22.3%	67,951	12,639	1,139	-	-	-			888,483	24.6%	
Aerospace Systems ¹	226,260	18.4%	87,569	453	5,267	-	-	-			319,549	26.0%	
Total segment operating income	1,033,014	21.3%	(155,520)	(13,092)	(6,406)	-	-	-			1,208,032	24.9%	
Corporate administration	55,656	1.1%	-	-	-	-	-	-			55,656	1.1%	
Income before interest and other	977,358	20.2%	(155,520)	(13,092)	(6,406)	-	-	-			1,152,376	23.8%	
Interest expense	134,468	2.8%	-	-	-	-	-	-			134,468	2.8%	
Other (income) expense	22,455	0.5%	-	-	-	(13,260)	-	-			35,715	0.7%	
Income before income taxes	\$ 820,435	16.9%	\$ (155,520)	\$ (13,092)	\$ (6,406)	\$ 13,260	\$ -	\$ -			\$ 982,193	20.3%	

(Dollars in thousands)
(Unaudited)

	Quarter-to-Date FY 2023											
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Cost to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Gain on Aircraft Wheel & Brake Divestiture	Amortization of Inventory Step-Up to FV	Adjusted		
	September 30, 2022	% of Sales								September 30, 2022	% of Sales ²	
Diversified Industrial:												
North America ¹	\$ 452,986	21.2%	\$ 46,274	\$ 133	\$ 47	\$ -	\$ -	\$ -	\$ -	\$ 499,440	23.4%	
International ¹	293,940	21.7%	16,805	1,879	139	-	-	-	-	312,763	23.1%	
Total Diversified Industrial ¹	746,926	21.4%	63,079	2,012	186	-	-	-	-	812,203	23.3%	
Aerospace Systems ¹	92,151	12.4%	23,935	1,849	11,805	-	-	-	18,358	148,098	19.9%	
Total segment operating income	839,077	19.8%	(87,014)	(3,861)	(11,991)	-	-	-	(18,358)	960,301	22.7%	
Corporate administration	51,660	1.2%	-	-	-	-	-	-	-	51,660	1.2%	
Income before interest and other	787,417	18.6%	(87,014)	(3,861)	(11,991)	-	-	-	(18,358)	908,641	21.5%	
Interest expense	117,794	2.8%	-	-	-	-	-	-	-	117,794	2.8%	
Other (income) expense	166,278	3.9%	-	-	-	160,258	389,992	(372,930)	-	(11,042)	-0.3%	
Income before income taxes	\$ 503,345	11.9%	\$ (87,014)	\$ (3,861)	\$ (11,991)	\$ (160,258)	\$ (389,992)	\$ 372,930	\$ (18,358)	\$ 801,889	18.9%	

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 EBITDA to Adjusted EBITDA

(Dollars in thousands) (Unaudited)	Three Months Ended September 30,			
	2023	% of Sales	2022	% of Sales
Net sales	\$ 4,847,488	100.0%	\$ 4,232,775	100.0%
Net income	\$ 651,072	13.4%	\$ 388,037	9.2%
Income taxes	169,363	3.5%	115,308	2.7%
Depreciation	84,867	1.8%	66,967	1.6%
Amortization	155,520	3.2%	87,014	2.1%
Interest expense	134,468	2.8%	117,794	2.8%
EBITDA	1,195,290	24.7%	775,120	18.3%
Adjustments:				
Business realignment charges	13,092	0.3%	3,861	0.1%
Meggitt costs to achieve	6,406	0.1%	11,991	0.3%
Acquisition-related expenses	-	0.0%	160,258	3.8%
Loss on deal-contingent forward contracts	-	0.0%	389,992	9.2%
Amortization of inventory step-up to FV	-	0.0%	18,358	0.4%
Gain on divestitures	(13,260)	-0.3%	(372,930)	-8.8%
EBITDA - Adjusted	\$ 1,201,528	24.8%	\$ 986,650	23.3%
EBITDA margin	24.7 %		18.3 %	
EBITDA margin - Adjusted	24.8 %		23.3 %	



Reconciliation of Gross and Net Debt / Adjusted EBITDA

(Unaudited)		
(Dollars in thousands)	<u>September 30, 2022</u>	<u>September 30, 2023</u>
Notes payable and long-term debt payable within one year	\$ 1,725,077	\$ 3,594,425
Long-term debt	12,238,900	8,596,063
Add: Deferred debt issuance costs	87,934	70,406
Total gross debt	<u>\$ 14,051,911</u>	<u>\$ 12,260,894</u>
Cash and cash equivalents	\$ 502,307	\$ 448,926
Marketable securities and other investments	19,504	7,930
Total cash	<u>\$ 521,811</u>	<u>\$ 456,856</u>
Net debt (Gross debt less total cash)	<u>\$ 13,530,100</u>	<u>\$ 11,804,038</u>
TTM Net Sales	\$ 16,331,574	\$ 19,679,907
Net income	\$ 1,252,760	\$ 2,346,571
Income tax	293,066	650,183
Depreciation	258,530	335,316
Amortization	321,693	569,219
Interest Expense	313,696	590,568
TTM EBITDA	<u>\$ 2,439,745</u>	<u>\$ 4,491,857</u>
Adjustments:		
Business realignment charges	15,604	35,937
Costs to achieve	15,555	89,854
Acquisition-related costs	203,786	6,036
Loss on deal-contingent forward contracts	1,405,418	0
Gain on divestitures	(372,930)	(13,260)
Amortization of inventory step-up to FV	18,358	91,623
Net loss on divestitures	0	10,927
Russia liquidation	20,057	0
TTM Adjusted EBITDA	<u>\$ 3,745,593</u>	<u>\$ 4,712,974</u>
Gross Debt/TTM Adjusted EBITDA	3.8	2.6
Net Debt/TTM Adjusted EBITDA	3.6	2.5



Reconciliation of Free Cash Flow Conversion

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2023	2022
Net Income	\$ 651,072	\$ 388,037
Cash Flow from Operations	\$ 649,959	\$ 457,358
Capital Expenditures	(97,746)	(83,555)
Free Cash Flow	\$ 552,213	\$ 373,803
Free Cash Flow Conversion (Free Cash Flow / Net Income)	85%	96%



Supplemental Sales Information

Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2023	2022
Net sales		
Diversified Industrial:		
Motion Systems	\$ 942,314	\$ 906,014
Flow and Process Control	1,181,461	1,204,464
Filtration and Engineered Materials	1,494,753	1,376,295
Aerospace Systems	1,228,960	746,002
Total	\$ 4,847,488	\$ 4,232,775



Reconciliation of Forecasted Segment Operating Margin

(Unaudited)	
(Amounts in percentages)	Fiscal Year 2024
Forecasted segment operating margin	20.0% to 20.4%
Adjustments:	
Business realignment charges	0.3%
Costs to achieve	0.2%
Acquisition-related intangible asset amortization expense	2.9%
Adjusted forecasted segment operating margin	23.4% to 23.8%



Reconciliation of EPS

(Unaudited)	
(Amounts in dollars)	<u>Fiscal Year 2024</u>
Forecasted earnings per diluted share	\$18.73 to \$19.53
Adjustments:	
Business realignment charges	0.53
Costs to achieve	0.27
Acquisition-related intangible asset amortization expense	4.36
Net gain on divestitures	(0.10)
Tax effect of adjustments ¹	(1.19)
Adjusted forecasted earnings per diluted share	\$22.60 to \$23.40

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.



