

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): August 8, 2024

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 August 8, 2024, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended June 30, 2024. A copy of the press release is furnished as Exhibit 99.1 to this report. A copy of the Webcast presentation is furnished as Exhibit 99.2 to this report.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits:

[99.1 Press release issued by Parker-Hannifin Corporation, dated August 8, 2024.](#)

[99.2 Webcast presentation by Parker-Hannifin Corporation, dated August 8, 2024.](#)

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

SIGNATURE

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

PARKER-HANNIFIN CORPORATION

By: /s/ Todd M. Leombruno

Todd M. Leombruno

Executive Vice President and Chief Financial Officer

Date: August 8, 2024



Parker Reports Fiscal 2024 Fourth Quarter and Full Year Results and Issues Guidance for Fiscal 2025

Strong Fourth Quarter Caps Record Year; Guidance and FY29 Targets Point to Bright Future

CLEVELAND, August 8, 2024 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the quarter and year ended June 30, 2024, that included the following highlights (compared with the prior year period):

Fiscal 2024 Fourth Quarter Highlights:

- Sales increased 2% to a record \$5.2 billion; Organic sales growth was 3%
- Net income was \$785 million, or \$884 million adjusted
- EPS were \$6.01, an increase of 10%, or a record \$6.77 adjusted, an increase of 11%
- EBITDA margin was 25.8%, an increase of 90 bps, or 26.3% adjusted, an increase of 190 bps
- Segment operating margin was 22.2%, an increase of 10 bps, or a record 25.3% adjusted, an increase of 130 bps

Fiscal 2024 Full Year Highlights:

- Sales increased 5% to a record \$19.9 billion; Organic sales growth was 2%
- Net income was \$2.8 billion, or \$3.3 billion adjusted
- EPS were \$21.84, an increase of 36%, or a record \$25.44 adjusted, an increase of 18%
- EBITDA margin was 25.2%, an increase of 380 bps, or 25.6% adjusted, an increase of 200 bps
- Segment operating margin was 21.5%, an increase of 240 bps, or a record 24.9% adjusted, an increase of 200 bps
- Cash flow from operations increased 14% to \$3.4 billion, or 17.0% of sales

"We delivered an exceptionally strong fourth quarter capping another year of record performance," said Chairman and Chief Executive Officer, Jenny Parmentier. "Our ability to drive outstanding results reflects the dedication and commitment of our people, the strength and balance of our portfolio, and the power of our business system, The Win Strategy™."

"For the year, we delivered on our commitments with respect to safety and financial targets. We had record sales approaching \$20 billion, record adjusted segment operating margin, which increased 200 basis points compared to the prior year, adjusted earnings per share growth of 18%, and record free cash flow of \$3 billion. Parker has a very bright future ahead as indicated by our strong outlook for fiscal year 2025, which puts us on track to achieve our financial targets for fiscal year 2029."

This news release contains non-GAAP financial measures. Reconciliations of adjusted numbers and certain non-GAAP financial measures are included in the financial tables of this press release.

Outlook

Parker issued guidance for the fiscal year ending June 30, 2025. The company expects:

- Total sales growth in fiscal 2025 of 1.5% - 4.5%, with organic sales growth of 2% to 5%
 - Total segment operating margin of 22.1% to 22.5%, or 25.2% to 25.6% on an adjusted basis
 - EPS of \$22.65 to \$23.35, or \$26.30 to \$27.00 on an adjusted basis
-

Segment Results

Diversified Industrial Segment

North America Businesses

<i>\$ in mm</i>	FY24 Q4	FY23 Q4	Change	Organic Growth
Sales	\$ 2,228	\$ 2,301	-3.2 %	-2.8 %
Segment Operating Income	\$ 506	\$ 491	3.0 %	
Segment Operating Margin	22.7 %	21.3 %	140 bps	
Adjusted Segment Operating Income	\$ 558	\$ 541	3.2 %	
Adjusted Segment Operating Margin	25.0 %	23.5 %	150 bps	

- Achieved record segment operating margin on lower sales
- Softness continues in transportation and off-highway markets

International Businesses

<i>\$ in mm</i>	FY24 Q4	FY23 Q4	Change	Organic Growth
Sales	\$ 1,430	\$ 1,512	-5.4 %	-2.5 %
Segment Operating Income	\$ 312	\$ 309	0.7 %	
Segment Operating Margin	21.8 %	20.5 %	130 bps	
Adjusted Segment Operating Income	\$ 342	\$ 352	-2.9 %	
Adjusted Segment Operating Margin	23.9 %	23.3 %	60 bps	

- Achieved record segment operating margin on lower sales
- Market softness continues in Europe
- Asia sales declined at a decreasing rate

Aerospace Systems Segment

<i>\$ in mm</i>	FY24 Q4	FY23 Q4	Change	Organic Growth
Sales	\$ 1,528	\$ 1,283	19.2 %	19.1 %
Segment Operating Income	\$ 332	\$ 328	1.4 %	
Segment Operating Margin	21.7 %	25.5 %	-380 bps	
Adjusted Segment Operating Income	\$ 415	\$ 331	25.1 %	
Adjusted Segment Operating Margin	27.1 %	25.8 %	130 bps	

- Quarterly sales surpassed \$1.5 billion for the first time
- Broad based strength across all commercial and defense markets
- Aftermarket strength drove record adjusted segment operating margin

Order Rates

	FY24 Q4
Parker	+1%
Diversified Industrial Segment - North America Businesses	0%
Diversified Industrial Segment - International Businesses	-1%
Aerospace Systems Segment	+7%

- Company order rates improved sequentially
 - Aerospace orders remained strong against a tough prior year comparison
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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. Learn more at www.parker.com or [@parkerhannifin](https://twitter.com/parkerhannifin).

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Notice of Webcast

Parker Hannifin's conference call and slide presentation to discuss its fiscal 2024 fourth quarter and full year results are available to all interested parties via live webcast today at 11:00 a.m. ET, at investors.parker.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 investors.parker.com.

Note on Orders The company reported orders for the quarter ending June 30, 2024, compared with the same quarter a year ago. All comparisons are at constant currency exchange rates, with the prior year quarter restated to the current-year rates. Diversified Industrial comparisons are on 3-month average computations and Aerospace Systems comparisons are on rolling 12-month average computations.

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 operating margin and segment operating margins; (d) adjusted operating income and segment operating income; (e) EBITDA margin; (f) adjusted EBITDA margin; (g) organic sales growth and (h) free cash flow. The adjusted net income, adjusted earnings per share, adjusted operating margin, adjusted segment operating margin, adjusted operating income, 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 margin, adjusted EBITDA margin and free cash flow. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Free cash flow is defined as cash flow from operations less capital expenditures. Although adjusted net income, adjusted earnings per share, adjusted operating margin and segment operating margins, adjusted operating income and segment operating income, EBITDA margin, adjusted EBITDA margin, organic sales growth 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 results of this quarter and fiscal year versus the prior periods. 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 may also include statements regarding future performance, orders, earnings projections, events or developments. Parker cautions readers not to place undue reliance on these statements. It is possible that the future performance may differ materially from expectations, including those based on past performance.

Among other factors that may affect future performance are: changes in business relationships with and orders by or from major customers, suppliers or distributors, including delays or cancellations in shipments; disputes regarding contract terms, changes in contract costs and revenue estimates for new development programs; changes in product mix; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions; ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures; the determination and ability to successfully undertake business realignment activities and the expected costs, including cost savings, thereof; 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 other government actions, including related to environmental protection, and associated compliance costs; supply chain and labor disruptions, including as a result of labor shortages; threats associated with international conflicts and cybersecurity risks and risks associated with protecting our intellectual property; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; effects on market conditions, including sales and pricing, resulting from global reactions to U.S. trade policies; manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and economic conditions such as inflation, deflation, interest rates and credit availability; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; changes in the tax laws in the United States and foreign jurisdictions and judicial or regulatory interpretations thereof; and large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics. Readers should also consider 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 - JUNE 30, 2024

CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Net sales	\$ 5,186,815	\$ 5,095,943	\$ 19,929,606	\$ 19,065,194
Cost of sales	3,322,855	3,262,860	12,801,816	12,635,892
Selling, general and administrative expenses	818,347	834,940	3,315,177	3,354,103
Interest expense	119,266	157,176	506,495	573,894
Other income, net	(59,613)	(62,228)	(288,485)	(178,359)
Income before income taxes	985,960	903,195	3,594,603	2,679,664
Income taxes	200,887	194,117	749,667	596,128
Net income	785,073	709,078	2,844,936	2,083,536
Less: Noncontrolling interests	110	122	721	600
Net income attributable to common shareholders	\$ 784,963	\$ 708,956	\$ 2,844,215	\$ 2,082,936

Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 6.10	\$ 5.52	\$ 22.13	\$ 16.23
Diluted earnings per share	\$ 6.01	\$ 5.44	\$ 21.84	\$ 16.04
Average shares outstanding during period - Basic	128,627,781	128,440,007	128,507,352	128,367,842
Average shares outstanding during period - Diluted	130,643,758	130,222,542	130,239,737	129,822,085

CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Cash dividends per common share	\$ 1.63	\$ 1.48	\$ 6.07	\$ 5.47

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)	Three Months Ended				
	As Reported June 30, 2024	Currency	Divestitures	Acquisitions	Adjusted June 30, 2024
Diversified Industrial Segment	(4.1) %	(1.2) %	(0.2) %	— %	(2.7) %
Aerospace Systems Segment	19.2 %	0.1 %	— %	— %	19.1 %
Total	1.8 %	(0.8) %	(0.2) %	— %	2.8 %

(Unaudited)	Twelve Months Ended				
	As Reported June 30, 2024	Currency	Divestitures	Acquisitions	Adjusted June 30, 2024
Diversified Industrial Segment	(1.7) %	(0.2) %	(0.2) %	0.8 %	(2.1) %
Aerospace Systems Segment	25.5 %	0.4 %	(0.9) %	8.8 %	17.2 %
Total	4.5 %	(0.1) %	(0.3) %	2.6 %	2.3 %

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

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Net income attributable to common shareholders	\$ 784,963	\$ 708,956	\$ 2,844,215	\$ 2,082,936
Adjustments:				
Acquired intangible asset amortization expense	139,232	126,296	577,995	500,713
Business realignment charges	17,542	9,226	53,456	26,706
Integration costs to achieve	8,597	18,786	38,273	95,439
Acquisition-related expenses	—	2,754	—	166,294
Loss on deal-contingent forward contracts	—	—	—	389,992
Net gain on divestitures	—	—	(25,651)	(362,003)
Amortization of inventory step-up to fair value	—	(57,992)	—	109,981
Meggitt early debt retirement	—	9,999	—	9,999
Tax effect of adjustments ¹	(39,358)	(26,613)	(147,761)	(222,379)
Discrete Tax Benefit ²	(27,068)	—	(27,068)	—
Adjusted net income attributable to common shareholders	\$ 883,908	\$ 791,412	\$ 3,313,459	\$ 2,797,678

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

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Earnings per diluted share	\$ 6.01	\$ 5.44	\$ 21.84	\$ 16.04
Adjustments:				
Acquired intangible asset amortization expense	1.07	0.97	4.43	3.85
Business realignment charges	0.13	0.07	0.40	0.20
Integration costs to achieve	0.07	0.14	0.30	0.73
Acquisition-related expenses	—	0.02	—	1.29
Loss on deal-contingent forward contracts	—	—	—	3.00
Net gain on divestitures	—	—	(0.20)	(2.78)
Amortization of inventory step-up to fair value	—	(0.45)	—	0.84
Meggitt early debt retirement	—	0.08	—	0.08
Tax effect of adjustments ¹	(0.30)	(0.19)	(1.12)	(1.70)
Discrete Tax Benefit ²	(0.21)	—	(0.21)	—
Adjusted earnings per diluted share	\$ 6.77	\$ 6.08	\$ 25.44	\$ 21.55

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.

² A recent Swiss tax law change resulted in the recording of a deferred tax asset.

PARKER HANNIFIN CORPORATION - JUNE 30, 2024

RECONCILIATION OF EBITDA TO ADJUSTED EBITDA

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Net sales	\$ 5,186,815	\$ 5,095,943	\$ 19,929,606	\$ 19,065,194
Net income	\$ 785,073	\$ 709,078	\$ 2,844,936	\$ 2,083,536
Income taxes	200,887	194,117	749,667	596,128
Depreciation	91,436	82,767	349,136	317,416
Amortization	139,232	126,296	577,995	500,713
Interest expense	119,266	157,176	506,495	573,894
EBITDA	1,335,894	1,269,434	5,028,229	4,071,687
Adjustments:				
Business realignment charges	17,542	9,226	53,456	26,706
Integration costs to achieve	8,597	18,786	38,273	95,439
Acquisition-related expenses	—	2,754	—	166,294
Loss on deal-contingent forward contracts	—	—	—	389,992
Net gain on divestitures	—	—	(25,651)	(362,003)
Amortization of inventory step-up to fair value	—	(57,992)	—	109,981
Adjusted EBITDA	\$ 1,362,033	\$ 1,242,208	\$ 5,094,307	\$ 4,498,096
EBITDA margin	25.8 %	24.9 %	25.2 %	21.4 %
Adjusted EBITDA margin	26.3 %	24.4 %	25.6 %	23.6 %

BUSINESS SEGMENT INFORMATION

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Net sales				
Diversified Industrial	\$ 3,658,502	\$ 3,813,431	\$ 14,457,146	\$ 14,705,693
Aerospace Systems	1,528,313	1,282,512	5,472,460	4,359,501
Total net sales	\$ 5,186,815	\$ 5,095,943	\$ 19,929,606	\$ 19,065,194
Segment operating income				
Diversified Industrial	\$ 817,085	\$ 800,196	\$ 3,176,384	\$ 3,071,410
Aerospace Systems	332,035	327,595	1,110,746	562,444
Total segment operating income	1,149,120	1,127,791	4,287,130	3,633,854
Corporate general and administrative expenses	55,972	83,336	218,312	229,677
Income before interest expense and other (income) expense, net	1,093,148	1,044,455	4,068,818	3,404,177
Interest expense	119,266	157,176	506,495	573,894
Other (income) expense, net	(12,078)	(15,916)	(32,280)	150,619
Income before income taxes	\$ 985,960	\$ 903,195	\$ 3,594,603	\$ 2,679,664

PARKER HANNIFIN CORPORATION - JUNE 30, 2024

RECONCILIATION OF SEGMENT OPERATING MARGINS TO ADJUSTED SEGMENT OPERATING MARGINS

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Diversified Industrial Segment sales	\$ 3,658,502	\$ 3,813,431	\$ 14,457,146	\$ 14,705,693
Diversified Industrial Segment operating income	\$ 817,085	\$ 800,196	\$ 3,176,384	\$ 3,071,410
Adjustments:				
Acquired intangible asset amortization	64,550	82,073	266,219	267,779
Business realignment charges	17,198	9,177	50,075	23,641
Integration costs to achieve	628	1,235	3,930	8,511
Adjusted Diversified Industrial Segment operating income	\$ 899,461	\$ 892,681	\$ 3,496,608	\$ 3,371,341
Diversified Industrial Segment operating margin	22.3 %	21.0 %	22.0 %	20.9 %
Adjusted Diversified Industrial Segment operating margin	24.6 %	23.4 %	24.2 %	22.9 %

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Aerospace Systems Segment sales	\$ 1,528,313	\$ 1,282,512	\$ 5,472,460	\$ 4,359,501
Aerospace Systems Segment operating income	\$ 332,035	\$ 327,595	\$ 1,110,746	\$ 562,444
Adjustments:				
Acquired intangible asset amortization	74,682	44,223	311,776	232,934
Business realignment charges	1	49	319	3,065
Integration costs to achieve	7,969	17,551	34,343	86,928
Amortization of inventory step-up to fair value	—	(57,992)	—	109,981
Adjusted Aerospace Systems Segment operating income	\$ 414,687	\$ 331,426	\$ 1,457,184	\$ 995,352
Aerospace Systems Segment operating margin	21.7 %	25.5 %	20.3 %	12.9 %
Adjusted Aerospace Systems Segment operating margin	27.1 %	25.8 %	26.6 %	22.8 %

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Total net sales	\$ 5,186,815	\$ 5,095,943	\$ 19,929,606	\$ 19,065,194
Total segment operating income	\$ 1,149,120	\$ 1,127,791	\$ 4,287,130	\$ 3,633,854
Adjustments:				
Acquired intangible asset amortization	139,232	126,296	577,995	500,713
Business realignment charges	17,199	9,226	50,394	26,706
Integration costs to achieve	8,597	18,786	38,273	95,439
Amortization of inventory step-up to fair value	—	(57,992)	—	109,981
Adjusted total segment operating income	\$ 1,314,148	\$ 1,224,107	\$ 4,953,792	\$ 4,366,693
Total segment operating margin	22.2 %	22.1 %	21.5 %	19.1 %
Adjusted total segment operating margin	25.3 %	24.0 %	24.9 %	22.9 %

PARKER HANNIFIN CORPORATION - JUNE 30, 2024

CONSOLIDATED BALANCE SHEET

(Unaudited)	June 30,	June 30,
(Dollars in thousands)	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 422,027	\$ 475,182
Trade accounts receivable, net	2,865,546	2,827,297
Non-trade and notes receivable	331,429	309,167
Inventories	2,786,800	2,907,879
Prepaid expenses and other	392,822	314,704
Total current assets	6,798,624	6,834,229
Property, plant and equipment, net	2,875,668	2,865,030
Deferred income taxes	92,704	81,429
Investments and other assets	1,207,232	1,104,576
Intangible assets, net	7,816,181	8,450,614
Goodwill	10,507,433	10,628,594
Total assets	\$ 29,297,842	\$ 29,964,472
Liabilities and equity		
Current liabilities:		
Notes payable and long-term debt payable within one year	\$ 3,403,065	\$ 3,763,175
Accounts payable, trade	1,991,639	2,050,934
Accrued payrolls and other compensation	581,251	651,319
Accrued domestic and foreign taxes	354,659	374,571
Other accrued liabilities	982,695	895,371
Total current liabilities	7,313,309	7,735,370
Long-term debt	7,157,034	8,796,284
Pensions and other postretirement benefits	437,490	551,510
Deferred income taxes	1,583,923	1,649,674
Other liabilities	725,193	893,355
Shareholders' equity	12,071,972	10,326,888
Noncontrolling interests	8,921	11,391
Total liabilities and equity	\$ 29,297,842	\$ 29,964,472

PARKER HANNIFIN CORPORATION - JUNE 30, 2024

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

	Twelve Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 2,844,936	\$ 2,083,536
Depreciation and amortization	927,131	818,129
Stock incentive plan compensation	155,175	142,720
Gain on sale of businesses	(23,979)	(366,345)
Loss on property, plant and equipment and intangible assets	12,382	3,819
Gain on marketable securities and other investments	(5,708)	(6,176)
Net change in receivables, inventories and trade payables	(28,135)	128,000
Net change in other assets and liabilities	(516,854)	13,211
Other, net	19,381	163,036
Net cash provided by operating activities	3,384,329	2,979,930
Cash flows from investing activities:		
Acquisitions (net of cash of \$89,704 in 2023)	—	(7,146,110)
Capital expenditures	(400,112)	(380,747)
Proceeds from sale of property, plant and equipment	9,065	13,244
Proceeds from sale of businesses	77,666	473,207
Purchases of marketable securities and other investments	(17,186)	(37,791)
Maturities and sales of marketable securities and other investments	24,292	56,786
Payments of deal-contingent forward contracts	—	(1,405,418)
Other	7,687	250,017
Net cash used in investing activities	(298,588)	(8,176,812)
Cash flows from financing activities:		
Net payments for common stock activity	(328,449)	(293,847)
Acquisition of noncontrolling interests	(2,883)	—
Net (payments for) proceeds from debt	(2,001,519)	40,470
Financing fees paid	—	(13,605)
Dividends paid	(782,048)	(704,054)
Net cash used in financing activities	(3,114,899)	(971,036)
Effect of exchange rate changes on cash	(23,997)	(4,776)
Net decrease in cash, cash equivalents and restricted cash	(53,155)	(6,172,694)
Cash, cash equivalents and restricted cash at beginning of year	475,182	6,647,876
Cash and cash equivalents at end of period	\$ 422,027	\$ 475,182

RECONCILIATION OF CASH FLOW FROM OPERATIONS TO FREE CASH FLOW

(Unaudited)

(Dollars in thousands)

	Twelve Months Ended	
	June 30, 2024	
As reported cash flow from operations	\$ 3,384,329	
Capital expenditures	(400,112)	
Free cash flow	\$ 2,984,217	

RECONCILIATION OF FORECASTED ORGANIC GROWTH

(Unaudited)

(Amounts in percentages)

	Fiscal Year 2025
Forecasted net sales	1.5% to 4.5%
Adjustments:	
Currency	0.5%
Divestitures	—%
Adjusted forecasted net sales	2.0% to 5.0%

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

(Unaudited)

(Amounts in percentages)

	Fiscal Year 2025
Forecasted segment operating margin	22.1% to 22.5%
Adjustments:	
Business realignment charges	0.2%
Costs to achieve	0.1%
Acquisition-related intangible asset amortization expense	2.7%
Adjusted forecasted segment operating margin	25.2% to 25.6%

Note: Totals may not foot due to rounding

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

(Unaudited)

(Amounts in dollars)

	Fiscal Year 2025
Forecasted earnings per diluted share	\$22.65 to \$23.35
Adjustments:	
Business realignment charges	0.38
Costs to achieve	0.11
Acquisition-related intangible asset amortization expense	4.25
Tax effect of adjustments ¹	(1.09)
Adjusted forecasted earnings per diluted share	\$26.30 to \$27.00

¹This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

PARKER HANNIFIN CORPORATION - JUNE 30, 2024
SUPPLEMENTAL INFORMATION

BUSINESS SEGMENT INFORMATION

(Unaudited)	Three Months Ended June 30,		Twelve Months Ended June 30,	
(Dollars in thousands)	2024	2023	2024	2023
Net sales				
Diversified Industrial:				
North America businesses	\$ 2,228,449	\$ 2,301,159	\$ 8,800,036	\$ 8,916,194
International businesses	1,430,053	1,512,272	5,657,110	5,789,499
Segment operating income				
Diversified Industrial:				
North America businesses	\$ 505,521	\$ 490,823	\$ 1,963,876	\$ 1,853,079
International businesses	311,564	309,373	1,212,508	1,218,331

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)	Three Months Ended				
	As Reported				Adjusted
	June 30, 2024	Currency	Divestitures	Acquisitions	June 30, 2024
Diversified Industrial Segment:					
North America businesses	(3.2) %	— %	(0.4) %	— %	(2.8) %
International businesses	(5.4) %	(2.9) %	— %	— %	(2.5) %
(Unaudited)	Twelve Months Ended				
	As Reported				Adjusted
	June 30, 2024	Currency	Divestitures	Acquisitions	June 30, 2024
Diversified Industrial Segment:					
North America businesses	(1.3) %	0.3 %	(0.3) %	0.9 %	(2.2) %
International businesses	(2.3) %	(1.0) %	— %	0.7 %	(2.0) %

PARKER HANNIFIN CORPORATION - JUNE 30, 2024
SUPPLEMENTAL INFORMATION

RECONCILIATION OF SEGMENT OPERATING MARGINS TO ADJUSTED SEGMENT OPERATING MARGINS

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Diversified Industrial Segment:				
North America businesses sales	\$ 2,228,449	\$ 2,301,159	\$ 8,800,036	\$ 8,916,194
North America businesses operating income	\$ 505,521	\$ 490,823	\$ 1,963,876	\$ 1,853,079
Adjustments:				
Acquired intangible asset amortization	43,010	47,138	176,337	181,954
Business realignment charges	8,857	1,792	17,749	4,024
Integration costs to achieve	295	877	2,643	4,636
Adjusted North America businesses operating income	<u>\$ 557,683</u>	<u>\$ 540,630</u>	<u>\$ 2,160,605</u>	<u>\$ 2,043,693</u>
North America businesses operating margin	22.7 %	21.3 %	22.3 %	20.8 %
Adjusted North America businesses operating margin	25.0 %	23.5 %	24.6 %	22.9 %

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Diversified Industrial Segment:				
International businesses sales	\$ 1,430,053	\$ 1,512,272	\$ 5,657,110	\$ 5,789,499
International businesses operating income	\$ 311,564	\$ 309,373	\$ 1,212,508	\$ 1,218,331
Adjustments:				
Acquired intangible asset amortization	21,540	34,935	89,882	85,825
Business realignment charges	8,341	7,385	32,326	19,617
Integration costs to achieve	333	358	1,287	3,875
Adjusted International businesses operating income	<u>\$ 341,778</u>	<u>\$ 352,051</u>	<u>\$ 1,336,003</u>	<u>\$ 1,327,648</u>
International businesses operating margin	21.8 %	20.5 %	21.4 %	21.0 %
Adjusted International businesses operating margin	23.9 %	23.3 %	23.6 %	22.9 %

Parker Hannifin Corporation

Fiscal 2024 Fourth Quarter &
Full Year Earnings Presentation



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ENGINEERING YOUR SUCCESS.

August 8, 2024



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 may also include statements regarding future performance, orders, earnings projections, events or developments. Parker cautions readers not to place undue reliance on these statements. It is possible that the future performance may differ materially from expectations, including those based on past performance.

Among other factors that may affect future performance are: changes in business relationships with and orders by or from major customers, suppliers or distributors, including delays or cancellations in shipments; disputes regarding contract terms, changes in contract costs and revenue estimates for new development programs; changes in product mix; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions; ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures; the determination and ability to successfully undertake business realignment activities and the expected costs, including cost savings, thereof; 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 other government actions, including related to environmental protection, and associated compliance costs; supply chain and labor disruptions, including as a result of labor shortages; threats associated with international conflicts and cybersecurity risks and risks associated with protecting our intellectual property; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; effects on market conditions, including sales and pricing, resulting from global reactions to U.S. trade policies; manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and economic conditions such as inflation, deflation, interest rates and credit availability; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; changes in the tax laws in the United States and foreign jurisdictions and judicial or regulatory interpretations thereof; and large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics. Readers should also consider 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, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, Gross Debt to Adjusted EBITDA, Net Debt to Adjusted EBITDA, free cash flow, free cash flow margin and free cash flow conversion. As used in this presentation, EBITDA is defined as earnings before interest, taxes, depreciation and amortization. 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. Free cash flow conversion is defined as free cash flow divided by net income. Although organic sales, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, Gross Debt to Adjusted EBITDA, Net Debt to Adjusted EBITDA, free cash flow, free cash flow margin and free cash flow conversion 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 periods presented. Detailed reconciliations of these non-GAAP financial measures to the comparable GAAP financial measures have been included in the appendix to this presentation.

Please visit investors.parker.com for more information.



Our People, Strategy & Portfolio Compound Performance

Outstanding Year, Delivered on Our Commitments

- Top quartile safety performance
- Strength of portfolio, highlighted by Aerospace
- +200 bps adjusted segment operating margin¹
- 18% adjusted EPS growth¹
- Record cash generation
- Promising future ahead based on new FY29 targets

FY24 Highlights	
16% Reduction in Recordable Incidents	\$19.9B Sales +4.5% Reported +2.3% Organic ¹
24.9% Adjusted Segment Margin ¹ +200 bps	25.6% Adjusted EBITDA Margin ¹ +200 bps
18% Adjusted EPS Growth ¹	\$3.0B Free Cash Flow ¹ +15% Growth

¹. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

Note: FY24 As Reported: Segment Operating Margin of 21.5%, EBITDA Margin of 25.2%, Net Income of \$2,844M, EPS of \$21.84, Cash Flow from Operations: \$3.4B



Record Year for Aerospace; Strength Continues

FY24 Highlights:

- Achieved \$5.5B in sales for the first time, 17% organic growth¹
- Double digit sales growth across all market segments
- Record adjusted segment operating margin¹ with 380 bps of expansion
- Celebrated our first full year with Meggitt

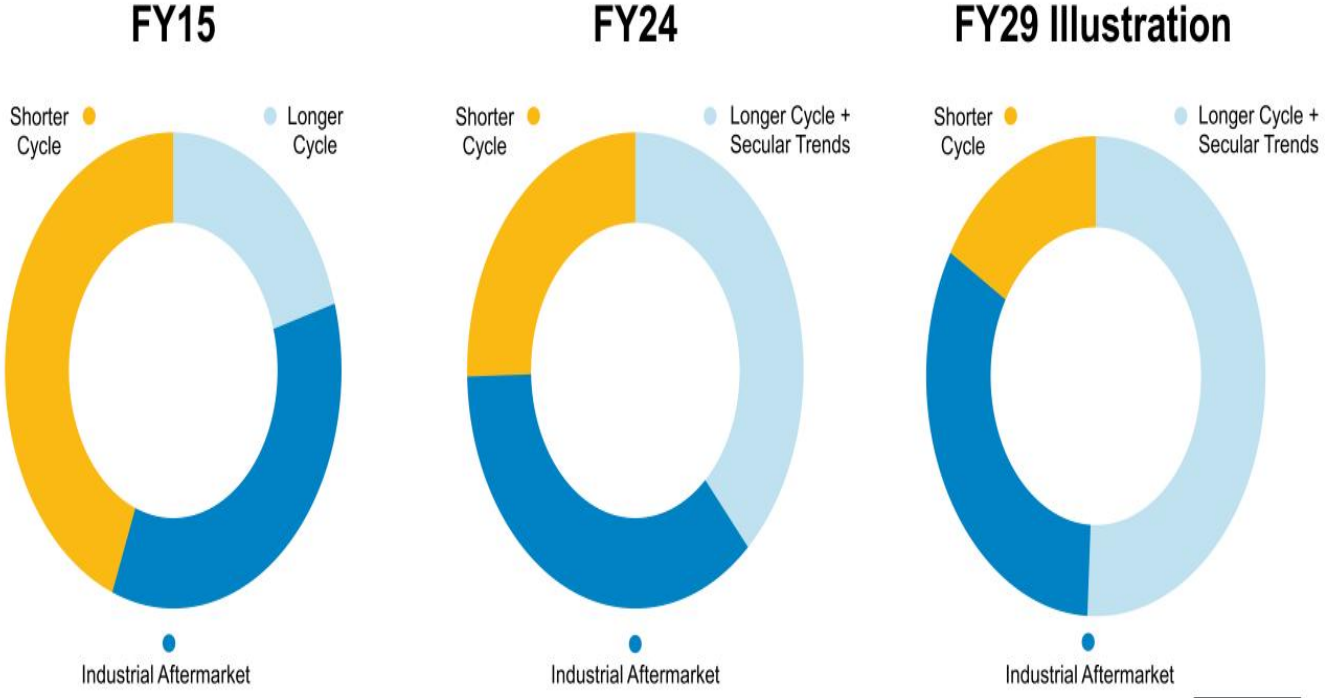
Looking Ahead:

- Positioned for growth with significant content on leading programs
- Extensive portfolio and technology pedigree create value for customers
- Large installed base drives aftermarket growth



1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

Portfolio Transformation Expands Longer Cycle and Secular Revenue Mix



Well Positioned for a Promising Future

Positioned for Growth



Interconnected technologies enabling advancement of secular growth trends

Compounding Performance



The Win Strategy™ drives top quartile performance in all of our businesses

Operational Excellence



Manufacturing excellence creates growth and margin expansion opportunities

FY29 Targets



Confidence in long-term targets on strength of our people, strategy and culture



What Drives Parker

- Safety, Engagement, Ownership

- Living up to Our Purpose

- Top Quartile Performance

- Great Generators & Deployers of Cash



Summary of Fiscal 2024 4th Quarter Highlights

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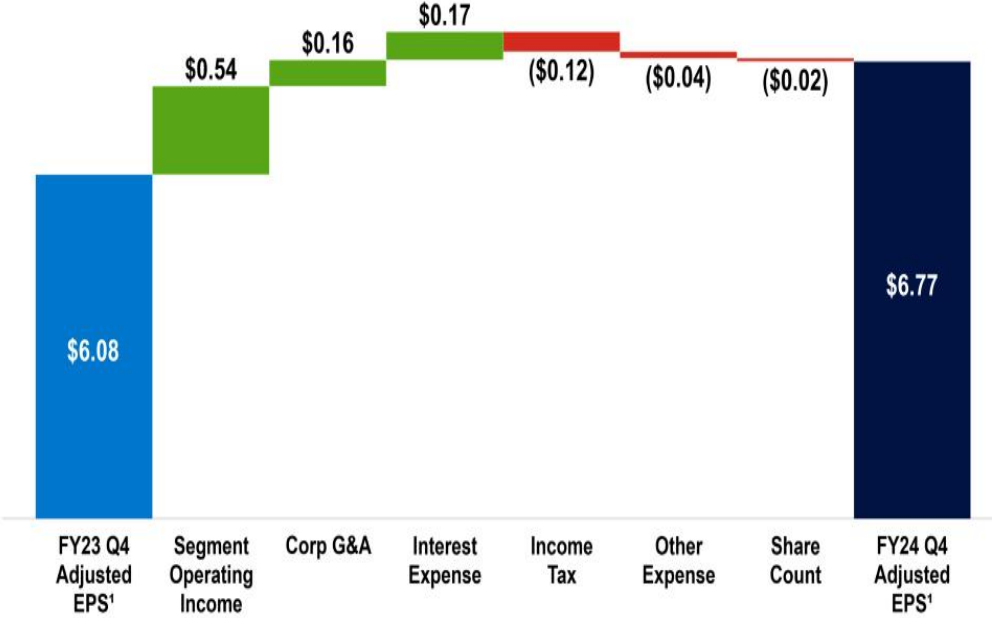
FY24 Q4 Financial Summary

\$ Millions, except per share amounts	FY24 Q4 As Reported	FY24 Q4 Adjusted ¹	FY23 Q4 Adjusted ¹	YoY Change Adjusted
Sales	\$5,187	\$5,187	\$5,096	+1.8%
Segment Operating Margin	22.2%	25.3%	24.0%	+130 bps
EBITDA Margin	25.8%	26.3%	24.4%	+190 bps
Net Income	\$785	\$884	\$791	+11.7%
EPS	\$6.01	\$6.77	\$6.08	+11.3%

1. Sales figures As Reported. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.
 Note: FY23 Q4 As Reported: Segment Operating Margin of 22.1%, EBITDA Margin of 24.9%, Net Income of \$709M, EPS of \$5.44.



FY24 Q4 Adjusted Earnings per Share Bridge



1. FY23 Q4 As Reported EPS of \$5.44, FY24 Q4 As Reported EPS of \$6.01. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.



FY24 Q4 Segment Performance

	Sales As Reported \$ Organic % ¹	Segment Operating Margin As Reported	Segment Operating Margin Adjusted ¹	Order Rates ²	Commentary
Diversified Industrial					
North America Businesses	\$2,228M (2.8%) Organic	22.7%	25.0% +150 bps YoY	0%	<ul style="list-style-type: none"> Record adjusted segment operating margin Continued softness in transportation and off-highway markets Sequential improvement in order rates
International Businesses	\$1,430M (2.5%) Organic	21.8%	23.9% +60 bps YoY	(1%)	<ul style="list-style-type: none"> Margin expansion on lower sales Continued softness in off-highway market Positive order rates in Asia
Aerospace Systems	\$1,528M +19.1% Organic	21.7%	27.1% +130 bps YoY	+7%	<ul style="list-style-type: none"> Broad based strength across all markets Aftermarket strength drove record adjusted segment operating margin Orders remain strong against tough comp
Parker	\$5,187M +2.8% Organic	22.2%	25.3% +130 bps YoY	+1%	<ul style="list-style-type: none"> Record sales on Aerospace strength Surpassed 25% adj. segment operating margin Order rates inflect positive

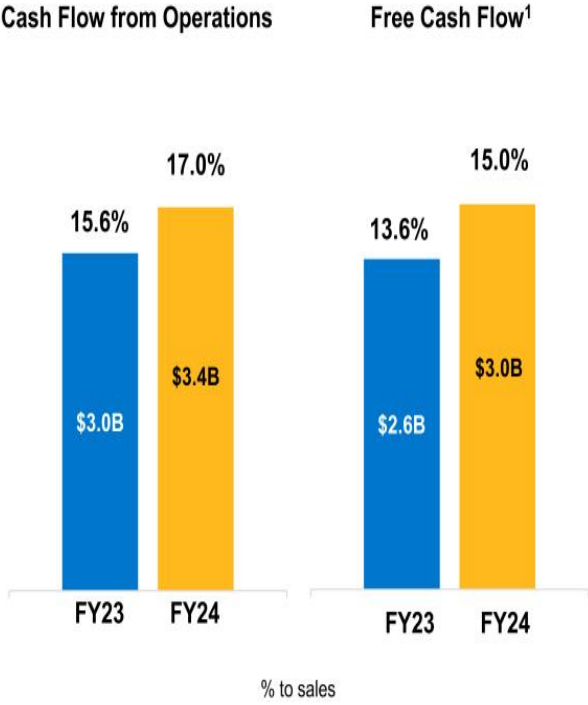
1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

2. Diversified Industrial orders are on a 3-month average computation and Aerospace Systems are rolling 12-month average computations.



FY24 Cash Flow Performance

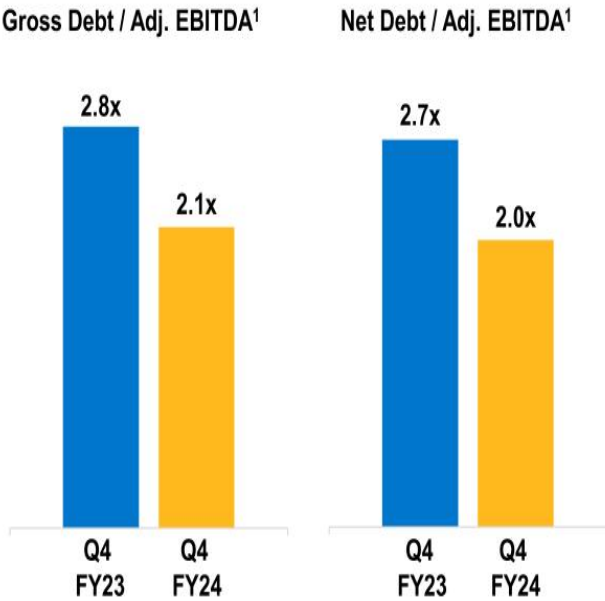
Cash Flow Highlights	
<p>\$3.4B Cash Flow from Operations +14% growth</p>	<p>17% Cash Flow from Operations Margin</p>
<p>\$3.0B Free Cash Flow¹ +15% growth</p>	<p>15% Free Cash Flow Margin¹</p>
<p>105% Free Cash Flow Conversion¹</p>	



1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

Achieved Leverage Reduction Targets

- Since Meggitt acquisition close:
 - ~\$3.4B debt reduction
- >\$800M debt reduction during Q4
- Achieved ~\$2B debt paydown in FY24
- Achieved 2.0x net leverage









1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

Outlook

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FY25 Sales Growth Forecast by Key Market Verticals

Key Market Verticals	 Aerospace & Defense	 In-Plant & Industrial Equipment	 Off-Highway	 Transportation	 Energy	 HVAC/R
% of Sales	33%	20%	15%	15%	8%	4%
FY25 Growth Guidance	HSD	LSD	(MSD)	LSD	LSD	LSD
FY25 Organic: 2% - 5%						



FY25 Initial Guidance

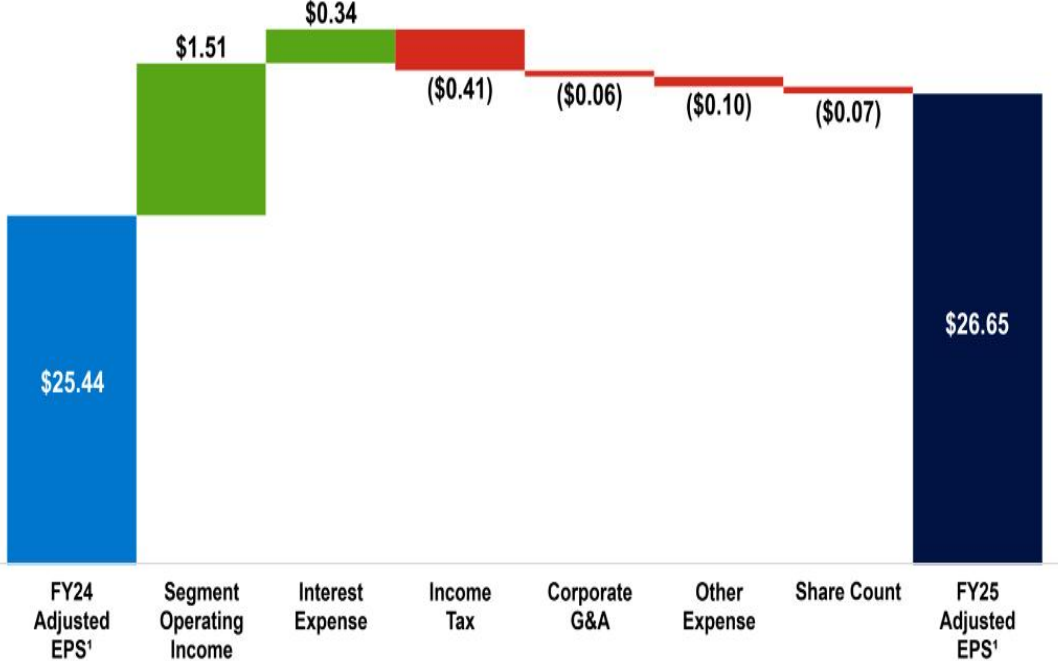
EPS Midpoint: \$23.00 As Reported, \$26.65 Adjusted

Guidance Metric	FY25 Full Year	Full Year Assumptions	FY25 Q1 Midpoint
Reported Sales	1.5% - 4.5%	<ul style="list-style-type: none"> Robust Aerospace demand continues Split: 1H: 48% 2H: 52% 	1.0%
Organic Sales Growth ¹	2% - 5%	<ul style="list-style-type: none"> Expect HSD Aerospace organic growth Expect gradual Industrial recovery Split: 1H: 2.5% 2H: 4.5% 	1.5%
Adj. Operating Margin ¹	25.2% - 25.6%	<ul style="list-style-type: none"> 50 bps margin expansion ~40% incremental margin 	25.2%
Adj. EPS ¹	\$26.30 - \$27.00	<ul style="list-style-type: none"> Tax rate: ~23% Split: 1H: 47% 2H: 53% 	\$6.05
Free Cash Flow ¹	\$3.0B - \$3.3B	<ul style="list-style-type: none"> CapEx: ~2% of sales FCF Conversion >100% 	--



1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

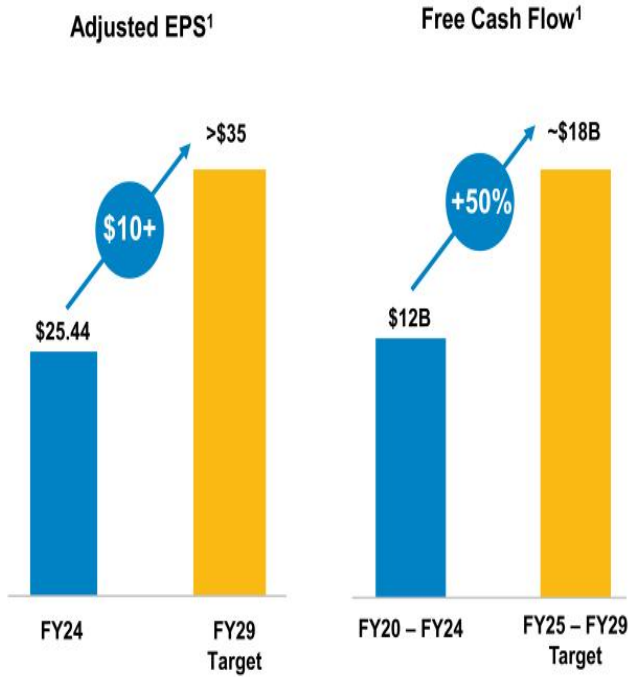
FY25 Adjusted Earnings per Share Bridge



1. FY24 As Reported EPS of \$21.84. FY25 As Reported midpoint guidance EPS of \$23.00. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



A Different Parker



- Performance acceleration from The Win Strategy™
- Longer cycle & more resilient portfolio
- Growth from secular trends
- Continue to be great generators and deployers of cash



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



Celebrating 60 Years on the NYSE

Closing Bell Ringing Ceremony

August 14, 2024

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Appendix

- FY25 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 Margin and Conversion
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of FY25 Guidance



FY25 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic ¹
Diversified Industrial Segment		
North America Businesses	0.0% - 3.0%	0.5% - 3.5%
International Businesses	(1.5%) - 1.5%	0.0% - 3.0%
Aerospace Systems Segment	7.0% - 10.0%	7.0% - 10.0%
Parker	1.5% - 4.5%	2.0% - 5.0%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial Segment		
North America Businesses	22.6% - 23.0%	24.6% - 25.0%
International Businesses	21.5% - 21.9%	23.7% - 24.1%
Aerospace Systems Segment	22.1% - 22.5%	27.4% - 27.8%
Parker	22.1% - 22.5%	25.2% - 25.6%

Earnings Per Share	As Reported	Adjusted ¹
Midpoint	\$23.00	\$26.65
Range	\$22.65 - \$23.35	\$26.30 - \$27.00

1. Includes certain non-GAAP adjustments and financial measures.

Additional Items	As Reported
Corporate G&A	~\$230M
Interest Expense	~\$450M
Other (Income) Expense	~\$5M
Reported Tax Rate	~23%
Diluted Shares Outstanding	~130.6M

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$550M	—
Business Realignment Charges	~\$50M	—
Integration Costs to Achieve	~\$15M	—



Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

Net Sales	Quarter-to-Date					As Reported June 30, 2023		
	As Reported June 30, 2024		Currency	Divestitures	Adjusted June 30, 2024			
Diversified Industrial	\$	3,658,502	\$ 44,019	\$ 8,559	\$	3,711,080	\$	3,813,431
Aerospace Systems		1,528,313	(515)	-		1,527,798		1,282,512
Total Parker Hannifin	\$	5,186,815	\$ 43,504	\$ 8,559	\$	5,238,878	\$	5,095,943

	As reported	Currency	Divestitures	Organic
Diversified Industrial	(4.1)%	(1.2)%	(0.2)%	(2.7)%
Aerospace Systems	19.2 %	0.1 %	0.0 %	19.1 %
Total Parker Hannifin	1.8 %	(0.8)%	(0.2)%	2.8 %

Supplemental Information:

Net Sales	As Reported June 30, 2024				Adjusted June 30, 2024	As Reported June 30, 2023		
		Currency	Divestitures					
Diversified Industrial:								
North America businesses	\$	2,228,449	\$ (772)	\$ 8,559	\$	2,236,236	\$	2,301,159
International businesses								
Europe		802,343	12,475	-		814,818		858,933
Asia Pacific		549,272	19,020	-		568,292		576,297
Latin America		78,438	13,296	-		91,734		77,042
International businesses	\$	1,430,053	\$ 44,791	\$ -	\$	1,474,844	\$	1,512,272

	As reported	Currency	Divestitures	Organic
Diversified Industrial:				
North America businesses	(3.2)%	0.0 %	(0.4)%	(2.8)%
International businesses				
Europe	(6.6)%	(1.5)%	0.0 %	(5.1)%
Asia Pacific	(4.7)%	(3.3)%	0.0 %	(1.4)%
Latin America	1.8 %	(17.3)%	0.0 %	19.1 %
International businesses	(5.4)%	(2.9)%	0.0 %	(2.5)%



Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

Net Sales	Year-to-Date					As Reported June 30, 2023	
	As Reported		Divestitures	Acquisitions	Adjusted		
	June 30, 2024	Currency			June 30, 2024		Currency
Diversified Industrial	\$ 14,457,146	\$ 29,560	\$ 22,546	\$ (115,305)	\$ 14,393,947	\$ 14,705,693	
Aerospace Systems	5,472,460	(19,398)	39,826	(385,702)	5,107,186	4,359,501	
Total Parker Hannifin	\$ 19,929,606	\$ 10,162	\$ 62,372	\$ (501,007)	\$ 19,501,133	\$ 19,065,194	
	As reported	Currency	Divestitures	Acquisitions	Organic		
Diversified Industrial	(1.7)%	(0.2)%	(0.2)%	0.8%	(2.1)%		
Aerospace Systems	25.5%	0.4%	(0.9)%	8.8%	17.2%		
Total Parker Hannifin	4.5%	(0.1)%	(0.3)%	2.6%	2.3%		

Supplemental Information:

Net Sales	As Reported				Adjusted	As Reported
	June 30, 2024	Currency	Divestitures	Acquisitions		
Diversified Industrial:						
North America businesses	\$ 8,800,036	\$ (24,859)	\$ 22,546	\$ (77,384)	\$ 8,720,339	\$ 8,916,194
International businesses						
Europe	3,189,058	(39,150)	-	(33,935)	3,115,973	3,186,826
Asia Pacific	2,155,034	62,624	-	(3,986)	2,213,672	2,300,743
Latin America	313,018	30,945	-	-	343,963	301,930
International businesses	\$ 5,657,110	\$ 54,419	\$ -	\$ (37,921)	\$ 5,673,608	\$ 5,789,499
	As reported	Currency	Divestitures	Acquisitions	Organic	
Diversified Industrial:						
North America businesses	(1.3)%	0.3%	(0.3)%	0.9%	(2.2)%	
International businesses						
Europe	0.1%	1.2%	0.0%	1.1%	(2.2)%	
Asia Pacific	(6.3)%	(2.7)%	0.0%	0.2%	(3.8)%	
Latin America	3.7%	(10.2)%	0.0%	0.0%	13.9%	
International businesses	(2.3)%	(1.0)%	0.0%	0.7%	(2.0)%	



Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter-to-Date FY 2024										
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Discrete Tax Benefit ¹	Adjusted				
	June 30, 2024	% of Sales					June 30, 2024	% of Sales			
Net sales	\$ 5,186,815	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,186,815	100.0 %
Cost of sales	3,322,855	64.1 %	27,052	11,120	1,387	-	-	-	-	3,283,296	63.3 %
Selling, general and admin. expenses	818,347	15.8 %	112,180	6,079	7,210	-	-	-	-	692,878	13.4 %
Interest expense	119,266	2.3 %	-	-	-	-	-	-	-	119,266	2.3 %
Other (income) expense, net	(59,613)	(1.1)%	-	343	-	-	-	-	-	(59,956)	(1.2)%
Income before income taxes	985,960	19.0 %	(139,232)	(17,542)	(8,597)	-	-	-	-	1,151,331	22.2 %
Income taxes	200,887	3.9 %	33,137	4,175	2,046	27,068	-	-	-	267,313	5.2 %
Net income	785,073	15.1 %	(106,095)	(13,367)	(6,551)	27,068	-	-	-	884,018	17.0 %
Less: Noncontrolling interests	110	0.0 %	-	-	-	-	-	-	-	110	0.0 %
Net income - common shareholders	\$ 784,963	15.1 %	\$ (106,095)	\$ (13,367)	\$ (6,551)	\$ 27,068	\$ -	\$ -	\$ -	\$ 883,908	17.0 %
Diluted earnings per share	\$ 6.01		\$ (0.81)	\$ (0.11)	\$ (0.05)	\$ 0.21	\$ -	\$ -	\$ -	\$ 6.77	

	Quarter-to-Date FY 2023										
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Acquisition Related Expenses	Amortization of Inventory Step-Up to FV	Meggitt Early Debt Retirement	Adjusted		
	June 30, 2023	% of Sales							June 30, 2023	% of Sales	
Net sales	\$ 5,095,943	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,095,943	100.0 %
Cost of sales	3,262,860	64.0 %	27,990	5,247	5,197	-	(57,992)	-	-	3,282,418	64.4 %
Selling, general and admin. Expenses	834,940	16.4 %	98,306	3,979	13,589	2,754	-	-	-	716,312	14.1 %
Interest expense	157,176	3.1 %	-	-	-	-	-	9,999	-	147,177	2.9 %
Other (income) expense, net	(62,228)	(1.2)%	-	-	-	-	-	-	-	(62,228)	(1.2)%
Income before income taxes	903,195	17.7 %	(126,296)	(9,226)	(18,786)	(2,754)	57,992	(9,999)	-	1,012,264	19.9 %
Income taxes	194,117	3.8 %	30,816	2,251	4,584	672	(14,150)	2,440	-	220,730	4.3 %
Net income	709,078	13.9 %	(95,480)	(6,975)	(14,202)	(2,082)	43,842	(7,559)	-	791,534	15.5 %
Less: Noncontrolling interests	122	0.0 %	-	-	-	-	-	-	-	122	0.0 %
Net income - common shareholders	\$ 708,956	13.9 %	\$ (95,480)	\$ (6,975)	\$ (14,202)	\$ (2,082)	\$ 43,842	\$ (7,559)	\$ -	\$ 791,412	15.5 %
Diluted earnings per share	\$ 5.44		\$ (0.73)	\$ (0.06)	\$ (0.11)	\$ (0.02)	\$ 0.34	\$ (0.06)	\$ -	\$ 6.08	

1. A recent Swiss tax law change resulted in the recording of a deferred tax asset.



Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

		Year-to-Date FY 2024										
	As Reported June 30, 2024	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Gain on Divestitures	Discrete Tax Benefit ¹				Adjusted June 30, 2024	% of Sales
Net sales	\$ 19,929,606	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,929,606	100.0 %
Cost of sales	12,601,816	64.2 %	108,671	29,585	4,259	-	-	-	-	-	12,659,301	63.5 %
Selling, general and admin. expenses	3,315,177	16.6 %	469,324	20,809	34,014	-	-	-	-	-	2,791,030	14.0 %
Interest expense	506,495	2.5 %	-	-	-	-	-	-	-	-	506,495	2.5 %
Other (income) expense, net	(288,485)	(1.4)%	-	3,062	-	(25,651)	-	-	-	-	(265,896)	(1.3)%
Income before income taxes	3,594,603	18.0 %	(577,995)	(53,456)	(38,273)	25,651	-	-	-	-	4,238,676	21.3 %
Income taxes	749,667	3.8 %	137,575	12,721	9,105	(11,840)	27,068	-	-	-	924,496	4.6 %
Net income	2,844,936	14.3 %	(440,420)	(40,735)	(29,168)	14,011	27,068	-	-	-	3,314,180	16.6 %
Less: Noncontrolling interests	721	0.0 %	-	-	-	-	-	-	-	-	721	0.0 %
Net income - common shareholders	\$ 2,844,215	14.3 %	\$ (440,420)	\$ (40,735)	\$ (29,168)	\$ 14,011	\$ 27,068	\$ -	\$ -	\$ -	\$ 3,313,459	16.6 %
Diluted earnings per share	\$ 21.84		\$ (3.37)	\$ (0.32)	\$ (0.23)	\$ 0.11	\$ 0.21	\$ -	\$ -	\$ -	\$ 25.44	

		Year-to-Date FY 2023										
	As Reported June 30, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Net Gain on Divestitures	Amortization of Inventory Step-Up to FV	Meggitt Early Debt Retirement	Adjusted June 30, 2023	% of Sales
Net sales	\$ 19,065,194	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,065,194	100.0 %
Cost of sales	12,635,892	66.3 %	99,619	15,993	12,552	-	-	-	109,981	-	12,397,747	65.0 %
Selling, general and admin. Expenses	3,354,103	17.6 %	401,094	10,713	82,887	114,604	-	-	-	-	2,744,805	14.4 %
Interest expense	573,894	3.0 %	-	-	-	-	-	-	-	9,999	563,895	3.0 %
Other (income) expense, net	(178,359)	(0.9)%	-	-	-	51,690	389,992	(362,003)	-	-	(258,038)	(1.4)%
Income before income taxes	2,679,664	14.1 %	(500,713)	(26,706)	(95,439)	(166,294)	(389,992)	362,003	(109,981)	(9,999)	3,616,785	19.0 %
Income taxes	596,128	3.1 %	120,844	6,453	23,043	39,447	94,713	(90,931)	26,370	2,440	818,507	4.3 %
Net income	2,083,536	10.9 %	(379,869)	(20,253)	(72,396)	(126,847)	(295,279)	271,072	(83,611)	(7,559)	2,798,278	14.7 %
Less: Noncontrolling interests	600	0.0 %	-	-	-	-	-	-	-	-	600	0.0 %
Net income - common shareholders	\$ 2,082,936	10.9 %	\$ (379,869)	\$ (20,253)	\$ (72,396)	\$ (126,847)	\$ (295,279)	\$ 271,072	\$ (83,611)	\$ (7,559)	\$ 2,797,678	14.7 %
Diluted earnings per share	\$ 16.04		\$ (2.92)	\$ (0.16)	\$ (0.56)	\$ (0.98)	\$ (2.27)	\$ 2.08	\$ (0.64)	\$ (0.06)	\$ 21.55	

1. A recent Swiss tax law change resulted in the recording of a deferred tax asset.



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					Adjusted	
	June 30, 2024	% of Sales				June 30, 2024	% of Sales ²				
Diversified Industrial ¹	\$ 817,085	22.3%	\$ 64,550	\$ 17,198	\$ 628	\$ -	\$ -	\$ -	\$ 899,461	24.6%	
Aerospace Systems ¹	332,035	21.7%	74,682	1	7,969	-	-	-	414,687	27.1%	
Total segment operating income	1,149,120	22.2%	(139,232)	(17,199)	(8,597)	-	-	-	1,314,148	25.3%	
Corporate administration	55,972	1.1%	-	-	-	-	-	-	55,972	1.1%	
Income before interest and other	1,093,148	21.1%	(139,232)	(17,199)	(8,597)	-	-	-	1,258,176	24.3%	
Interest expense	119,266	2.3%	-	-	-	-	-	-	119,266	2.3%	
Other (income) expense	(12,078)	-0.2%	-	343	-	-	-	-	(12,421)	-0.2%	
Income before income taxes	\$ 985,960	19.0%	\$ (139,232)	\$ (17,542)	\$ (8,597)	\$ -	\$ -	\$ -	\$ 1,151,331	22.2%	

Supplemental Information:

Diversified Industrial:										
North America businesses ¹	\$ 505,521	22.7%	\$ 43,010	\$ 8,857	\$ 295	\$ -	\$ -	\$ -	\$ 557,683	25.0%
International businesses ¹	311,564	21.8%	21,540	8,341	333	-	-	-	341,778	23.9%

	Quarter-to-Date FY 2023									
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Cost to Achieve	Acquisition Related Expenses	Amortization of Inventory Step-Up to FV	Meggitt Early Debt Retirement	Adjusted	
	June 30, 2023	% of Sales							June 30, 2023	% of Sales ²
Diversified Industrial ¹	\$ 800,196	21.0%	\$ 82,073	\$ 9,177	\$ 1,235	\$ -	\$ -	\$ -	\$ 892,681	23.4%
Aerospace Systems ¹	327,595	25.5%	44,223	49	17,551	-	(57,992)	-	331,426	25.8%
Total segment operating income	1,127,791	22.1%	(126,296)	(9,226)	(18,786)	-	57,992	-	1,224,107	24.0%
Corporate administration	83,336	1.6%	-	-	-	-	-	-	83,336	1.6%
Income before interest and other	1,044,455	20.5%	(126,296)	(9,226)	(18,786)	-	57,992	-	1,140,771	22.4%
Interest expense	157,176	3.1%	-	-	-	-	9,999	-	147,177	2.9%
Other (income) expense	(15,916)	-0.3%	-	-	-	2,754	-	-	(18,670)	-0.4%
Income before income taxes	\$ 903,195	17.7%	\$ (126,296)	\$ (9,226)	\$ (18,786)	\$ (2,754)	\$ 57,992	\$ (9,999)	\$ 1,012,264	19.9%

Supplemental Information:

Diversified Industrial:										
North America businesses ¹	\$ 490,823	21.3%	\$ 47,138	\$ 1,792	\$ 877	\$ -	\$ -	\$ -	\$ 540,630	23.5%
International businesses ¹	309,373	20.5%	34,935	7,385	358	-	-	-	352,051	23.3%



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 Segment Operating Income

(Dollars in thousands)
(Unaudited)

	Year-to-Date FY 2024											
	As Reported		Acquired	Business	Meggit	Gain on					Adjusted	% of Sales ²
	June 30, 2024	% of Sales	Intangible Asset Amortization	Realignment Charges	Costs to Achieve	Divestitures					June 30, 2024	
Diversified Industrial ¹	\$ 3,176,384	22.0%	\$ 266,219	\$ 50,075	\$ 3,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,496,608	24.2%
Aerospace Systems ¹	1,110,746	20.3%	311,776	319	34,343	-	-	-	-	-	1,457,184	26.6%
Total segment operating income	4,287,130	21.5%	(577,995)	(50,394)	(38,273)	-	-	-	-	-	4,953,792	24.9%
Corporate administration	218,312	1.1%	-	-	-	-	-	-	-	-	218,312	1.1%
Income before interest and other	4,068,818	20.4%	(577,995)	(50,394)	(38,273)	-	-	-	-	-	4,735,480	23.8%
Interest expense	506,495	2.5%	-	-	-	-	-	-	-	-	506,495	2.5%
Other (income) expense	(32,280)	-0.2%	-	3,062	-	(25,651)	-	-	-	-	(9,691)	0.0%
Income before income taxes	\$ 3,594,603	18.0%	\$ (577,995)	\$ (53,456)	\$ (38,273)	\$ 25,651	\$ -	\$ -	\$ -	\$ -	\$ 4,238,676	21.3%

Supplemental Information:

Year-to-Date FY 2023												
	As Reported		Acquired	Business	Meggit	Acquisition	Loss on	Net Gain on	Amortization	Meggit	Adjusted	% of Sales ²
	June 30, 2023	% of Sales	Intangible Asset Amortization	Realignment Charges	Costs to Achieve	Related Expenses	Deal-Contingent Forward Contracts	Divestitures	of Inventory Step-Up to FV	Early Debt Retirement	June 30, 2023	
Diversified Industrial ¹	\$ 3,071,410	20.9%	\$ 267,779	\$ 23,641	\$ 8,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,371,341	22.9%
Aerospace Systems ¹	562,444	12.9%	232,934	3,065	86,928	-	-	-	109,981	-	995,352	22.8%
Total segment operating income	3,633,854	19.1%	(500,713)	(26,706)	(95,439)	-	-	-	(109,981)	-	4,366,693	22.9%
Corporate administration	229,677	1.2%	-	-	-	-	-	-	-	-	229,677	1.2%
Income before interest and other	3,404,177	17.9%	(500,713)	(26,706)	(95,439)	-	-	-	(109,981)	-	4,137,016	21.7%
Interest expense	573,894	3.0%	-	-	-	-	-	-	-	9,999	563,895	3.0%
Other (income) expense	150,619	0.8%	-	-	-	166,294	389,992	(362,003)	-	-	(43,664)	-0.2%
Income before income taxes	\$ 2,679,664	14.1%	\$ (500,713)	\$ (26,706)	\$ (95,439)	\$ (166,294)	\$ (389,992)	\$ 362,003	\$ (109,981)	\$ (9,999)	\$ 3,616,785	19.0%

Supplemental Information:

Year-to-Date FY 2023												
	As Reported		Acquired	Business	Meggit	Acquisition	Loss on	Net Gain on	Amortization	Meggit	Adjusted	% of Sales ²
	June 30, 2023	% of Sales	Intangible Asset Amortization	Realignment Charges	Costs to Achieve	Related Expenses	Deal-Contingent Forward Contracts	Divestitures	of Inventory Step-Up to FV	Early Debt Retirement	June 30, 2023	
Diversified Industrial ¹	\$ 1,853,079	20.8%	\$ 181,954	\$ 4,024	\$ 4,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,043,693	22.9%
International businesses ¹	1,218,331	21.0%	85,825	19,617	3,875	-	-	-	-	-	1,327,648	22.9%

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 June 30,					Twelve Months Ended June 30,			
	2024	% of Sales	2023	% of Sales		2024	% of Sales	2023	% of Sales
Net sales	\$ 5,186,815	100.0%	\$ 5,095,943	100.0%	Net sales	\$ 19,929,606	100.0%	\$ 19,065,194	100.0%
Net income	\$ 785,073	15.1%	\$ 709,078	13.9%	Net income	\$ 2,844,936	14.3%	\$ 2,083,536	10.9%
Income taxes	200,887	3.9%	194,117	3.8%	Income taxes	749,667	3.8%	596,128	3.1%
Depreciation	91,436	1.8%	82,767	1.6%	Depreciation	349,136	1.8%	317,416	1.7%
Amortization	139,232	2.7%	126,296	2.5%	Amortization	577,995	2.9%	500,713	2.6%
Interest expense	119,266	2.3%	157,176	3.1%	Interest expense	506,495	2.5%	573,894	3.0%
EBITDA	1,335,894	25.8%	1,269,434	24.9%	EBITDA	5,028,229	25.2%	4,071,687	21.4%
Adjustments:					Adjustments:				
Business realignment charges	17,542	0.3%	9,226	0.2%	Business realignment charges	53,456	0.3%	26,706	0.1%
Meggitt costs to achieve	8,597	0.2%	18,786	0.4%	Meggitt costs to achieve	38,273	0.2%	95,439	0.5%
Acquisition-related expenses	-	0.0%	2,754	0.1%	Acquisition-related expenses	-	0.0%	166,294	0.9%
Amortization of inventory step-up to FV	-	0.0%	(57,992)	-1.1%	Loss on deal-contingent forward contracts	-	0.0%	389,992	2.0%
EBITDA - Adjusted	\$ 1,362,033	26.3%	\$ 1,242,208	24.4%	Amortization of inventory step-up to FV	-	0.0%	109,981	0.6%
					Net gain on divestitures	(25,651)	-0.1%	(362,003)	-1.9%
EBITDA margin	25.8 %		24.9 %		EBITDA - Adjusted	\$ 5,094,307	25.6%	\$ 4,498,096	23.6%
EBITDA margin - Adjusted	26.3 %		24.4 %		EBITDA margin	25.2 %		21.4 %	
					EBITDA margin - Adjusted	25.6 %		23.6 %	



Reconciliation of Gross and Net Debt / Adjusted EBITDA

(Unaudited)		
(Dollars in thousands)	June 30, 2024	June 30, 2023
Notes payable and long-term debt payable within one year	\$ 3,403,065	\$ 3,763,175
Long-term debt	7,157,034	8,796,284
Add: Deferred debt issuance costs	57,725	74,713
Total gross debt	<u>\$ 10,617,824</u>	<u>\$ 12,634,172</u>
Cash and cash equivalents	\$ 422,027	\$ 475,182
Marketable securities and other investments	3,390	8,390
Total cash	<u>\$ 425,417</u>	<u>\$ 483,572</u>
Net debt (Gross debt less total cash)	<u>\$ 10,192,407</u>	<u>\$ 12,150,600</u>
TTM Net Sales	\$ 19,929,606	\$ 19,065,194
Net income	\$ 2,844,936	\$ 2,083,536
Income tax	749,667	596,128
Depreciation	349,136	317,416
Amortization	577,995	500,713
Interest Expense	506,495	573,894
TTM EBITDA	<u>\$ 5,028,229</u>	<u>\$ 4,071,687</u>
Adjustments:		
Business realignment charges	53,456	26,706
Costs to achieve	38,273	95,439
Acquisition-related costs	0	166,294
Loss on deal-contingent forward contracts	0	389,992
Gain on divestitures	(25,651)	(372,930)
Amortization of inventory step-up to FV	0	109,981
Net loss on divestitures	0	10,927
TTM Adjusted EBITDA	<u>\$ 5,094,307</u>	<u>\$ 4,498,096</u>
Gross Debt/TTM Adjusted EBITDA	2.1	2.8
Net Debt/TTM Adjusted EBITDA	2.0	2.7



Reconciliation of Free Cash Flow Margin and Conversion

Reconciliation of Historical Free Cash Flow Margin

(Unaudited)

(Dollars in millions)

	FY20	FY21	FY22
Net Sales	\$13,696	\$14,348	\$15,862
Cash Provided by Operating Activities	\$2,071	\$2,575	\$2,442
Capital Expenditures	(233)	(210)	(230)
Free Cash Flow	\$1,838	\$2,365	\$2,212
Free Cash Flow Margin	13.4%	16.5%	13.9%

Reconciliation of Free Cash Flow Margin and Conversion

(Unaudited)

(Dollars in thousands)

	Twelve Months Ended June 30,	
	2024	2023
Net Sales	\$ 19,929,606	\$ 19,065,194
Net Income	\$ 2,844,936	\$ 2,083,536
Cash Flow from Operations	\$ 3,384,329	\$ 2,979,930
Capital Expenditures	(400,112)	(380,747)
Free Cash Flow	\$ 2,984,217	\$ 2,599,183
Cash Flow from Operations Margin	17.0%	15.6%
Free Cash Flow Margin	15.0%	13.6%
Free Cash Flow Conversion (Free Cash Flow / Net Income)	104.9%	124.7%



Supplemental Sales Information

Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
Net sales				
Diversified Industrial:				
Motion Systems	\$ 903,108	\$ 992,659	\$ 3,706,055	\$ 3,830,062
Flow and Process Control	1,183,258	1,263,428	4,672,741	4,939,356
Filtration and Engineered Materials	1,572,136	1,557,344	6,078,350	5,936,275
Aerospace Systems	1,528,313	1,282,512	5,472,460	4,359,501
Total	\$ 5,186,815	\$ 5,095,943	\$ 19,929,606	\$ 19,065,194



Reconciliation of Q1 FY25 Guidance

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)

(Amounts in percentages)

	<u>Q1 Fiscal Year 2025</u>
Forecasted net sales	~1.0%
Adjustments:	
Currency	0.3%
Divestitures	0.2%
Adjusted forecasted net sales	<u>~1.5%</u>

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

(Unaudited)

(Amounts in percentages)

	<u>Q1 Fiscal Year 2025</u>
Forecasted segment operating margin	~22.0%
Adjustments:	
Business realignment charges	0.3%
Costs to achieve	0.1%
Acquisition-related intangible asset amortization expense	2.9%
Adjusted forecasted segment operating margin	<u>~25.2%</u>

RECONCILIATION OF FORECASTED EARNINGS PER SHARE

(Unaudited)

(Amounts in dollars)

	<u>Q1 Fiscal Year 2025</u>
Forecasted earnings per diluted share	~\$5.13
Adjustments:	
Business realignment charges	0.10
Costs to achieve	0.03
Acquisition-related intangible asset amortization expense	1.07
Tax effect of adjustments ¹	(0.28)
Adjusted forecasted earnings per diluted share	<u>~\$6.05</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.

*Totals may not foot due to rounding



Reconciliation of FY25 Guidance

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)

(Amounts in percentages)

	<u>Fiscal Year 2025</u>
Forecasted net sales	1.5% to 4.5%
Adjustments:	
Currency	0.5%
Divestitures	0.0%
Adjusted forecasted net sales	2.0% to 5.0%

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

(Unaudited)

(Amounts in percentages)

	<u>Fiscal Year 2025</u>
Forecasted segment operating margin	22.1% to 22.5%
Adjustments:	
Business realignment charges	0.2%
Costs to achieve	0.1%
Acquisition-related intangible asset amortization expense	2.7%
Adjusted forecasted segment operating margin	25.2% to 25.6%

RECONCILIATION OF FORECASTED EARNINGS PER SHARE

(Unaudited)

(Amounts in dollars)

	<u>Fiscal Year 2025</u>
Forecasted earnings per diluted share	\$22.65 to \$23.35
Adjustments:	
Business realignment charges	0.38
Costs to achieve	0.11
Acquisition-related intangible asset amortization expense	4.25
Tax effect of adjustments ¹	(1.09)
Adjusted forecasted earnings per diluted share	\$26.30 to \$27.00

RECONCILIATION OF CASH FLOW FROM OPERATIONS TO FREE CASH FLOW

(Unaudited)

(Dollars in millions)

	<u>Fiscal Year 2025</u>
Cash flow from operations	\$3,400 to \$3,700
Less: Capital Expenditures	~(400)
Free cash flow	\$3,000 to \$3,300

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.

*Totals may not foot due to rounding



