1st Quarter Fiscal Year 2019
Earnings Release
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. These statements may be identified from the use of forward-looking terminology such as "anticipates," "believes," "may," "should," "could," "potential," "continues," "plans," "forecasts," "estimates," "projects," "predicts," "would," "intends," "anticipates," "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. It is possible that the future performance and earnings projections of the company, including its individual segments, may differ materially from current expectations, depending on economic conditions within its mobile, industrial and aerospace markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.

Among other factors which may affect future performance and earnings projections are: economic conditions within the company's key markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. Additionally, the actual impact of the U.S. Tax Reform may affect future performance and earnings projections as the amounts reflected in this period are preliminary estimates and exact amounts will not be determined until a later date, and there may be other judicial or regulatory interpretations of the U.S. Tax Reform that may also affect these estimates and the actual impact on the company. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance. Among other factors which may affect future performance of the company are, as applicable: 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 CLARCOR; 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 capital allocation initiatives, including timing, price and execution of share repurchases; availability, limitations or cost increases of raw materials, component products and/or commodities that cannot be recovered in product pricing; ability to manage costs related to insurance and employee retirement and health care benefits; compliance costs associated with environmental laws and regulations; potential labor disruptions; threats associated with and efforts to combat terrorism and cyber-security risks; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; global 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 and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them unless otherwise required by law.

This presentation reconciles (a) sales amounts reported in accordance with U.S. GAAP to organic sales, which are sales amounts adjusted to remove the effects of divestitures and the effects of currency exchange rates, (b) cash flow from operating activities and cash flow from operating activities as a percent of sales without the effect of discretionary pension plan contributions, (c) as reported and forecast segment operating income and operating margins reported in accordance with U.S. GAAP to as reported and forecast segment operating income and operating margins without the effect of business realignment charges, CLARCOR Cost to Achieve, (d) as reported and forecast earnings per diluted share reported in accordance with U.S. GAAP to as reported and forecast earnings per diluted share without the effect of business realignment charges, CLARCOR costs to achieve and lost related to the sale of investments. This presentation also contains references to EBITDA and adjusted EBITDA. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before business realignment charges, CLARCOR costs to achieve, loss related to sale of investment, and acquisition-related expenses. Although EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with GAAP, we believe that it is useful to an investor in evaluating the results of this quarter versus one year ago. The effects of divestitures, currency exchange rates, discretionary pension plan contributions, business realignment charges, CLARCOR costs to achieve, and loss related to sale of investments are removed to allow investors and the company to meaningfully evaluate changes in sales, and cash flow from operating activities as a percent of sales, segment operating income, operating margins, Below the Line Items, Income Tax and earnings per diluted share on a comparable basis from period to period. Full year adjusted guidance removes business realignment charges, CLARCOR costs to achieve.

Please visit www.PHstock.com for more information
Agenda

• Highlights of Quarter Results

• Results & Outlook

• Questions & Answers
Highlights of Quarter Results

Summary

- Excellent start to FY19: Records for EPS, Net Income, ROS, Margins
- Safety - 20% Reduction in recordable injuries
- Strong performance demonstrates Win Strategy effectiveness
- Accomplished FY20 5-year goals in 3 years

Excellent Start to Fiscal Year - Q1 FY 2019

- Sales increased 3% - organic growth of 6%
- Order rates remain positive
- Segment operating margins all-time quarterly record
- On track for Operating Cash to sales >10% & FCF conversion >100%

Going Forward

- Growth greater than industrial production for 7 consecutive quarters
- End markets positive; healthy organic growth outlook
- Increased EPS Guide by 30 cents
Diluted Earnings Per Share

1st Quarter FY2019

As Reported EPS

- FY19 Q1: $2.79
- FY18 Q1: $2.10

Adjusted EPS

- FY19 Q1': $2.84
- FY18 Q1'²: $2.24

¹Adjusted for Business Realignment Charges, Clarcor Costs to Achieve
²Adjusted for Business Realignment Charges, Clarcor Costs to Achieve and Loss Related to Sale of Investment
Influences on Adjusted Earnings Per Share
1st Quarter FY2019 vs. 1st Quarter FY2018

FY18 Q1 Adjusted EPS¹
Segment Operating Income $0.34
Tax Expense $0.20
Interest Expense $0.05
Other Expense $0.03
Share Count $0.03
Corporate G&A ($0.05)
FY19 Q1 Adjusted EPS² $2.84

¹Adjusted for Business Realignment Charges, Clarcor Costs to Achieve and Loss related to sale of investment
²Adjusted for Business Realignment Charges, Clarcor Costs to Achieve
## Sales & Segment Operating Margin

### Total Parker

<table>
<thead>
<tr>
<th></th>
<th>1st Quarter FY2019</th>
<th>% Change</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As Reported</td>
<td>$3,479</td>
<td>3.4 %</td>
<td>$3,365</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>- %</td>
<td></td>
</tr>
<tr>
<td>Divestitures</td>
<td>(18)</td>
<td>(0.6)%</td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>(58)</td>
<td>(1.7)%</td>
<td></td>
</tr>
<tr>
<td>Organic Sales</td>
<td>$3,555</td>
<td>5.7 %</td>
<td></td>
</tr>
</tbody>
</table>

### Segment Operating Margin

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>% of Sales</th>
<th>FY2018</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Reported</td>
<td>$591</td>
<td>17.0 %</td>
<td>$525</td>
<td>15.6 %</td>
</tr>
<tr>
<td>Business Realignment</td>
<td>3</td>
<td></td>
<td>8</td>
<td></td>
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<tr>
<td>CLARCOR Costs to Achieve</td>
<td>6</td>
<td></td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Adjusted</td>
<td>$600</td>
<td>17.2 %</td>
<td>$539</td>
<td>16.0 %</td>
</tr>
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</table>
### Sales & Segment Operating Margin

**Diversified Industrial North America**

<table>
<thead>
<tr>
<th></th>
<th>1st Quarter</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2019</td>
<td>Change</td>
<td>FY2018</td>
<td></td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As Reported</td>
<td>$1,681</td>
<td>5.4 %</td>
<td>$1,595</td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>- %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divestitures</td>
<td>(8)</td>
<td>(0.5)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>(5)</td>
<td>(0.3)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic Sales</td>
<td>$1,694</td>
<td>6.2 %</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Segment Operating Margin</th>
<th>FY2019</th>
<th>% of Sales</th>
<th>FY2018</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Reported</td>
<td>$275</td>
<td>16.4 %</td>
<td>$256</td>
<td>16.1 %</td>
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<tr>
<td>Business Realignment</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>CLARCOR Costs to Achieve</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Adjusted</td>
<td>$280</td>
<td>16.6 %</td>
<td>$266</td>
<td>16.7 %</td>
</tr>
</tbody>
</table>
# Sales & Segment Operating Margin

## Diversified Industrial International

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>1st Quarter</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2019</td>
<td>Change</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As Reported</td>
<td>$1,234</td>
<td>(0.4)%</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>- %</td>
</tr>
<tr>
<td>Divestitures</td>
<td>(10)</td>
<td>(0.9)%</td>
</tr>
<tr>
<td>Currency</td>
<td>(52)</td>
<td>(4.1)%</td>
</tr>
<tr>
<td>Organic Sales</td>
<td>$1,296</td>
<td>4.6 %</td>
</tr>
</tbody>
</table>

## Segment Operating Margin

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>% of Sales</th>
<th>FY2018</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Reported</td>
<td>$ 206</td>
<td>16.7 %</td>
<td>$ 192</td>
<td>15.5 %</td>
</tr>
<tr>
<td>Business Realignment</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CLARCOR Costs to Achieve</td>
<td>2</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted</td>
<td>$ 210</td>
<td>17.0 %</td>
<td>$ 195</td>
<td>15.7 %</td>
</tr>
</tbody>
</table>
## Sales & Segment Operating Margin

### Aerospace Systems

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>1st Quarter</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2019</td>
<td>Change</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As Reported</td>
<td>$ 564</td>
<td>6.3 %</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>- %</td>
</tr>
<tr>
<td>Currency</td>
<td>(1)</td>
<td>(0.0)%</td>
</tr>
<tr>
<td>Organic Sales</td>
<td>$ 565</td>
<td>6.3 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment Operating Margin</th>
<th>FY2019</th>
<th>% of Sales</th>
<th>FY2018</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Reported</td>
<td>$ 110</td>
<td>19.5 %</td>
<td>$ 77</td>
<td>14.6 %</td>
</tr>
<tr>
<td>Business Realignment</td>
<td>-</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted</td>
<td>$ 110</td>
<td>19.5 %</td>
<td>$ 78</td>
<td>14.7 %</td>
</tr>
</tbody>
</table>
## Order Rates

<table>
<thead>
<tr>
<th>Total Parker</th>
<th>Sep 2018</th>
<th>Jun 2018</th>
<th>Sep 2017</th>
<th>Jun 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversified Industrial North America</td>
<td>+ 5 %</td>
<td>+ 8 %</td>
<td>+ 11 %</td>
<td>+ 8 %</td>
</tr>
<tr>
<td>Diversified Industrial International</td>
<td>+ 8 %</td>
<td>+ 9 %</td>
<td>+ 10 %</td>
<td>+ 10 %</td>
</tr>
<tr>
<td>Aerospace Systems</td>
<td>+ 3 %</td>
<td>+ 5 %</td>
<td>+ 15 %</td>
<td>+ 10 %</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+ 4 %</td>
<td>+ 1 %</td>
</tr>
</tbody>
</table>

Excludes Acquisitions, Divestitures & Currency

3-month year-over-year comparisons of total dollars, except Aerospace Systems

Aerospace Systems is calculated using a 12-month rolling average
Cash Flow from Operating Activities
FY2019 YTD

As Reported Cash Flow

FY19 Q1  $159
FY18 Q1  $238

Adjusted Cash Flow

FY19 Q1  $359
FY18 Q1  $238

¹Adjusted for Discretionary Pension Plan Contribution

1st Quarter

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>% of Sales</th>
<th>FY 2018</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Reported Cash Flow From Operating Activities</td>
<td>$159</td>
<td>4.6%</td>
<td>$238</td>
<td>7.1%</td>
</tr>
<tr>
<td>Discretionary Pension Plan Contribution</td>
<td>$200</td>
<td></td>
<td>$238</td>
<td></td>
</tr>
<tr>
<td>Adjusted Cash Flow From Operating Activities</td>
<td>$359</td>
<td>10.3%</td>
<td>$238</td>
<td>7.1%</td>
</tr>
</tbody>
</table>
FY2019 Guidance

EPS Midpoint: $11.20 As Reported, $11.40 Adjusted

<table>
<thead>
<tr>
<th>Sales Growth vs. Prior Year</th>
<th>As Reported</th>
<th>Adjusted¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversified Industrial North America</td>
<td>2.6% - 5.6%</td>
<td></td>
</tr>
<tr>
<td>Diversified Industrial International</td>
<td>(3.7)% - (0.7)%</td>
<td></td>
</tr>
<tr>
<td>Aerospace Systems</td>
<td>3.6% - 5.6%</td>
<td></td>
</tr>
<tr>
<td>Total Parker</td>
<td>0.5% - 3.3%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment Operating Margins</th>
<th>As Reported</th>
<th>Adjusted¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversified Industrial North America</td>
<td>16.4% - 17.2%</td>
<td>16.6% - 17.4%</td>
</tr>
<tr>
<td>Diversified Industrial International</td>
<td>15.5% - 15.9%</td>
<td>15.8% - 16.2%</td>
</tr>
<tr>
<td>Aerospace Systems</td>
<td>18.1% - 18.5%</td>
<td>18.1% - 18.5%</td>
</tr>
<tr>
<td>Total Parker</td>
<td>16.4% - 17.0%</td>
<td>16.6% - 17.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Below the Line Items</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate General &amp; Administrative Expense, Interest and Other</td>
<td>$471 M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax Rate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Year</td>
<td>23%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shares</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted Shares Outstanding</td>
<td>134.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings Per Share</th>
<th>As Reported</th>
<th>Adjusted¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Range</td>
<td>$10.90 - $11.50</td>
<td>$11.10 - $11.70</td>
</tr>
</tbody>
</table>

¹Expected FY19 Adjusted Segment Operating Margins and Expected Adjusted Earnings Per Share exclude FY19 Business Realignment Charges, Clarcor Costs to Achieve
FY2019 Guidance
Reconciliation to Prior Guidance

¹Adjusted for Expected Business Realignment Charges and Clarcor Costs to Achieve
FY2019 Guidance
Reconciliation of Q1 Beat and Updated Guidance

¹Adjusted for Expected Business Realignment Charges and Clarcor Costs to Achieve
Appendix

- Consolidated Statement of Income
- Adjusted Amounts Reconciliation
- Reconciliation of EPS
- Business Segment Information
- Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin
- Reconciliation of EBITDA to Adjusted EBITDA
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flows
- Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations
- Reconciliation of Forecasted EPS
- Supplemental Sales Information – Global Technology Platforms
# Consolidated Statement of Income

(As of September 30, 2018, 2017)

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$3,479,294</td>
<td>$3,364,651</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>2,594,823</td>
<td>2,523,294</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>394,322</td>
<td>396,984</td>
</tr>
<tr>
<td>Interest expense</td>
<td>44,339</td>
<td>53,555</td>
</tr>
<tr>
<td>Other (income) expense, net</td>
<td>(13,913)</td>
<td>16,516</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>459,723</td>
<td>374,302</td>
</tr>
<tr>
<td>Income taxes</td>
<td>83,824</td>
<td>88,767</td>
</tr>
<tr>
<td>Net income</td>
<td>375,899</td>
<td>285,535</td>
</tr>
<tr>
<td>Less: Noncontrolling interests</td>
<td>188</td>
<td>138</td>
</tr>
<tr>
<td><strong>Net income attributable to common shareholders</strong></td>
<td>$375,711</td>
<td>$285,397</td>
</tr>
</tbody>
</table>

**Earnings per share attributable to common shareholders:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td>$2.84</td>
<td>$2.14</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$2.79</td>
<td>$2.10</td>
</tr>
<tr>
<td>Average shares outstanding during period - Basic</td>
<td>132,361,654</td>
<td>133,176,964</td>
</tr>
<tr>
<td>Average shares outstanding during period - Diluted</td>
<td>134,664,496</td>
<td>135,794,270</td>
</tr>
<tr>
<td>Cash dividends per common share</td>
<td>$0.76</td>
<td>$0.66</td>
</tr>
</tbody>
</table>
Adjusted Amounts Reconciliation

FIRST QUARTER 2019 U.S. GAAP TO ADJUSTED AMOUNTS RECONCILIATION
INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>As Reported Sep-18</th>
<th>Business Costs to Achieve Sep-18</th>
<th>Adjusted Sep-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>3,479,294</td>
<td>-</td>
<td>3,479,294</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>2,594,823</td>
<td>1,593</td>
<td>2,590,424</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>884,471</td>
<td>(1,593)</td>
<td>888,870</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>394,322</td>
<td>810</td>
<td>390,163</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>44,339</td>
<td>-</td>
<td>44,339</td>
</tr>
<tr>
<td><strong>Other expense (income), net</strong></td>
<td>(13,913)</td>
<td>-</td>
<td>(13,968)</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>459,723</td>
<td>(2,403)</td>
<td>468,336</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>83,824</td>
<td>565</td>
<td>85,848</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>375,899</td>
<td>(1,838)</td>
<td>382,300</td>
</tr>
<tr>
<td><strong>Less: Noncontrolling interests</strong></td>
<td>188</td>
<td>-</td>
<td>188</td>
</tr>
<tr>
<td><strong>Net income attributable to common shareholders</strong></td>
<td>375,711</td>
<td>(1,838)</td>
<td>382,300</td>
</tr>
</tbody>
</table>

**EPS attributable to common shareholders:**
Diluted earnings per share: 2.79 (0.01) (0.04) 2.84

FIRST QUARTER FY 2019 U.S. GAAP TO ADJUSTED AMOUNTS RECONCILIATION
SEGMENTS

<table>
<thead>
<tr>
<th></th>
<th>As Reported Sep-18</th>
<th>Business Costs to Achieve Sep-18</th>
<th>Adjusted Sep-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>275,111</td>
<td>822</td>
<td>279,848</td>
</tr>
<tr>
<td>International</td>
<td>206,094</td>
<td>1,581</td>
<td>209,915</td>
</tr>
<tr>
<td>Aerospace</td>
<td>109,855</td>
<td>-</td>
<td>109,855</td>
</tr>
<tr>
<td>Total segment operating income</td>
<td>591,060</td>
<td>(2,403)</td>
<td>599,618</td>
</tr>
<tr>
<td>Corporate administration</td>
<td>50,325</td>
<td>-</td>
<td>50,325</td>
</tr>
<tr>
<td>Income before interest expense and other</td>
<td>540,735</td>
<td>(2,403)</td>
<td>549,293</td>
</tr>
<tr>
<td>Interest expense</td>
<td>44,339</td>
<td>-</td>
<td>44,339</td>
</tr>
<tr>
<td>Other expense</td>
<td>36,673</td>
<td>-</td>
<td>36,618</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>459,723</td>
<td>(2,403)</td>
<td>468,336</td>
</tr>
</tbody>
</table>
## Reconciliation of EPS

(UNAUDITED)

(Amounts in dollars)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Earnings per diluted share</strong></td>
<td>$ 2.79</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
</tr>
<tr>
<td>Loss on sale of investment</td>
<td>-</td>
</tr>
<tr>
<td>Business realignment charges</td>
<td>0.01</td>
</tr>
<tr>
<td>Clarcor costs to achieve</td>
<td>0.04</td>
</tr>
<tr>
<td><strong>Adjusted earnings per diluted share</strong></td>
<td>$ 2.84</td>
</tr>
</tbody>
</table>
## Business Segment Information

(Unaudited)  
(Dollars in thousands)  
Three Months Ended September 30, 2018 2017

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified Industrial:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>$1,681,044</td>
<td>$1,594,691</td>
</tr>
<tr>
<td>International</td>
<td>$1,233,766</td>
<td>$1,238,774</td>
</tr>
<tr>
<td>Aerospace Systems</td>
<td>$564,484</td>
<td></td>
</tr>
<tr>
<td>Total net sales</td>
<td>$3,479,294</td>
<td>$3,364,651</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment operating income</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversified Industrial:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>$275,111</td>
<td>$256,027</td>
</tr>
<tr>
<td>International</td>
<td>$206,094</td>
<td>$191,791</td>
</tr>
<tr>
<td>Aerospace Systems</td>
<td>$109,855</td>
<td>$77,434</td>
</tr>
<tr>
<td>Total segment operating income</td>
<td>$591,060</td>
<td>$525,252</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate general and administrative expenses</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$50,325</td>
<td>$41,350</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income before interest and other expense</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td>$44,339</td>
<td>$53,555</td>
</tr>
<tr>
<td>Other expense</td>
<td>$36,673</td>
<td>$56,045</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>$459,723</td>
<td>$374,302</td>
</tr>
</tbody>
</table>
Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin

(Unaudited)

<table>
<thead>
<tr>
<th>Operating income</th>
<th>Operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total segment operating income</td>
<td>$591,060</td>
</tr>
</tbody>
</table>

Adjustments:

<table>
<thead>
<tr>
<th></th>
<th>Operating income</th>
<th>Operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business realignment charges</td>
<td>2,403</td>
<td></td>
</tr>
<tr>
<td>Clarcor costs to achieve</td>
<td>6,155</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted total segment operating income | $599,618 | 17.2% |

<table>
<thead>
<tr>
<th></th>
<th>Operating income</th>
<th>Operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three Months Ended September 30, 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted total segment operating income</td>
<td>$599,618</td>
<td>17.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Operating income</th>
<th>Operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three Months Ended September 30, 2017</td>
<td>$539,278</td>
<td>16.0%</td>
</tr>
</tbody>
</table>
## Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited)

<table>
<thead>
<tr>
<th>(Dollars in thousands)</th>
<th>Three Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>$3,479,294</td>
</tr>
<tr>
<td><strong>Earnings before income taxes</strong></td>
<td>$459,723</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>112,491</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>44,339</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>616,553</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
</tr>
<tr>
<td>Loss on sale of investment</td>
<td>-</td>
</tr>
<tr>
<td>Business realignment charges</td>
<td>2,403</td>
</tr>
<tr>
<td>Clarcor costs to achieve</td>
<td>6,210</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$625,166</td>
</tr>
</tbody>
</table>

**EBITDA margin**

17.7%  

**Adjusted EBITDA margin**

18.0%
## Consolidated Balance Sheet

(Unaudited)  

### Assets

**Current assets:**

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2018</th>
<th>June 30, 2018</th>
<th>September 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 952,122</td>
<td>$ 822,137</td>
<td>$ 874,766</td>
</tr>
<tr>
<td>Marketable securities and other investments</td>
<td>40,787</td>
<td>32,995</td>
<td>99,792</td>
</tr>
<tr>
<td>Trade accounts receivable, net</td>
<td>2,065,158</td>
<td>2,145,517</td>
<td>1,922,288</td>
</tr>
<tr>
<td>Non-trade and notes receivable</td>
<td>312,162</td>
<td>328,399</td>
<td>266,421</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,762,640</td>
<td>1,621,304</td>
<td>1,707,001</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>165,213</td>
<td>134,886</td>
<td>134,350</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>5,298,082</td>
<td>5,085,238</td>
<td>5,004,618</td>
</tr>
<tr>
<td>Plant and equipment, net</td>
<td>1,828,034</td>
<td>1,856,237</td>
<td>1,962,846</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>99,886</td>
<td>57,623</td>
<td>35,194</td>
</tr>
<tr>
<td>Goodwill</td>
<td>5,485,144</td>
<td>5,504,420</td>
<td>5,679,239</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>1,956,101</td>
<td>2,015,520</td>
<td>2,215,297</td>
</tr>
<tr>
<td>Other assets</td>
<td>757,795</td>
<td>801,049</td>
<td>834,085</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 15,425,042</td>
<td>$ 15,320,087</td>
<td>$ 15,731,279</td>
</tr>
</tbody>
</table>

### Liabilities and equity

**Current liabilities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2018</th>
<th>June 30, 2018</th>
<th>September 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable</td>
<td>$ 796,861</td>
<td>$ 638,466</td>
<td>$ 1,144,054</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,404,716</td>
<td>1,430,306</td>
<td>1,304,260</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>868,521</td>
<td>929,833</td>
<td>845,524</td>
</tr>
<tr>
<td>Accrued domestic and foreign taxes</td>
<td>238,423</td>
<td>198,878</td>
<td>173,286</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>3,308,521</td>
<td>3,197,483</td>
<td>3,467,124</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>4,313,221</td>
<td>4,318,559</td>
<td>4,788,147</td>
</tr>
<tr>
<td>Pensions and other postretirement benefits</td>
<td>958,937</td>
<td>1,177,605</td>
<td>1,391,820</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>265,418</td>
<td>234,858</td>
<td>212,334</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>471,839</td>
<td>526,089</td>
<td>341,195</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>6,101,380</td>
<td>5,859,866</td>
<td>5,524,940</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>5,726</td>
<td>5,627</td>
<td>5,719</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>$ 15,425,042</td>
<td>$ 15,320,087</td>
<td>$ 15,731,279</td>
</tr>
</tbody>
</table>
## Consolidated Statement of Cash Flows

(Unaudited)  
(Dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$375,899</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>112,491</td>
</tr>
<tr>
<td>Stock incentive plan compensation</td>
<td>42,941</td>
</tr>
<tr>
<td>Loss on sale of businesses</td>
<td>3,029</td>
</tr>
<tr>
<td>(Gain) on disposal of assets</td>
<td>(3,826)</td>
</tr>
<tr>
<td>(Gain) on sale of marketable securities</td>
<td>(3,204)</td>
</tr>
<tr>
<td>(Gain) loss on investments</td>
<td>(2,536)</td>
</tr>
<tr>
<td>Net change in receivables, inventories, and trade payables</td>
<td>(70,973)</td>
</tr>
<tr>
<td>Net change in other assets and liabilities</td>
<td>(329,726)</td>
</tr>
<tr>
<td>Other, net</td>
<td>35,293</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>159,388</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities:** |         |        |
| Acquisitions (net of cash of $690 in 2018) | (2,042) | -      |
| Capital expenditures                   | (42,106)| (79,336)|
| Proceeds from sale of plant and equipment | 10,969  | 12,448 |
| Proceeds from sale of businesses       | 4,515   | -      |
| Purchases of marketable securities and other investments | (2,844) | (70,253) |
| Maturities and sales of marketable securities and other investments | 14,127  | 12,499 |
| Other, net                             | 2,318   | 7,329  |
| **Net cash (used in) investing activities** | (15,063)| (117,313)|

| **Cash flows from financing activities:** |         |        |
| Net payments for common stock activity | (64,855)| (76,915)|
| Net proceeds from debt                | 158,477 | 29,606 |
| Dividends                             | (100,869)| (88,104)|
| **Net cash (used in) financing activities** | (7,247) | (135,413)|

| Effect of exchange rate changes on cash | (7,093) | 4,606 |
| Net increase (decrease) in cash and cash equivalents | 129,985 | (10,120)|
| Cash and cash equivalents at beginning of period | 822,137 | 884,886|
| **Cash and cash equivalents at end of period** | $952,122 | $874,766 |
Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations

(Unaudited)

(Dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30, 2018</th>
<th>Percent of sales</th>
<th>Three Months Ended September 30, 2017</th>
<th>Percent of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>As reported cash flow from operations</td>
<td>$ 159,388</td>
<td>4.6%</td>
<td>$ 238,000</td>
<td>7.1%</td>
</tr>
<tr>
<td>Discretionary pension contribution</td>
<td>$ 200,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted cash flow from operations</td>
<td>$ 359,388</td>
<td>10.3%</td>
<td>$ 238,000</td>
<td>7.1%</td>
</tr>
</tbody>
</table>
## Reconciliation of Forecasted EPS

(Unaudited)

(Amounts in dollars)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Forecasted earnings per diluted share</strong></td>
<td>$10.90 - $11.50</td>
</tr>
</tbody>
</table>

**Adjustments:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Business realignment charges</td>
<td>0.13</td>
</tr>
<tr>
<td>Clarcor costs to achieve</td>
<td>0.07</td>
</tr>
</tbody>
</table>

**Adjusted forecasted earnings per diluted share** | $11.10 - $11.70 |
## Supplemental Sales Information

### Global Technology Platforms

(Unaudited)

<table>
<thead>
<tr>
<th>Net sales</th>
<th>Three Months Ending</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30, 2018</td>
<td>September 30, 2017</td>
</tr>
<tr>
<td>Diversified Industrial:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motion Systems</td>
<td>$859,573</td>
<td>$809,747</td>
</tr>
<tr>
<td>Flow and Process Control</td>
<td>1,061,064</td>
<td>995,347</td>
</tr>
<tr>
<td>Filtration and Engineered Materials</td>
<td>994,173</td>
<td>1,028,371</td>
</tr>
<tr>
<td>Aerospace Systems</td>
<td>564,484</td>
<td>531,186</td>
</tr>
<tr>
<td>Total</td>
<td>$3,479,294</td>
<td>$3,364,651</td>
</tr>
</tbody>
</table>