RW Baird Conference

Chicago, IL

Tom Williams
Chairman and CEO

ENGINEERING YOUR SUCCESS.

Nov. 8, 2018
Parker’s Unique Competitive Advantages

- The Win Strategy™
- Decentralized Divisional Structure
- Global Distribution, Service and Support
- Intellectual Property
- Globally Balanced
- Breadth of Technologies & System Solutions
Unmatched Breadth of Technologies

Hydraulics

Pneumatics

Electromechanical

Filtration

Fluid & Gas Handling

Process Control

Climate Control

Sealing & Shielding
# The Win Strategy

Our Vision: Engineering Your Success

## Goals

<table>
<thead>
<tr>
<th>Engaged People</th>
<th>Premier Customer Experience</th>
<th>Profitable Growth</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRATEGIES</strong></td>
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<tr>
<td>Environmental, Health &amp; Safety</td>
<td>Quality Solutions On Time</td>
<td>Organic Acquisitions Services</td>
<td>Simplification</td>
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<tr>
<td>Entrepreneurial</td>
<td>eBusiness Leadership</td>
<td>Market-Driven Innovation</td>
<td>Lean Enterprise</td>
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<td>High Performance Teams &amp; Leaders</td>
<td>Ease of Doing Business</td>
<td>System Solutions</td>
<td>Strategic Supply Chain</td>
</tr>
<tr>
<td><strong>Ownership</strong></td>
<td><strong>From Service to Experience</strong></td>
<td>Strong Distribution</td>
<td>Value Pricing</td>
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<tr>
<td><strong>Growth &gt; Market</strong></td>
<td></td>
<td>Grow Share</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engineering Expertise</td>
<td></td>
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<td>Grow DNE$ YOY</td>
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Parker Culture
Profitable Growth
Key Initiatives

- Distribution Growth
- Share Gain – Key Accounts
- Systems Engineering
- e-Business, IoT and Services
- Market Driven Innovation

Enhanced by improved growth incentive plan
Financial Performance

Key Initiatives

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

The “Big 4” Financial Initiatives
Simplification Initiative

Key Focus Areas:

- Revenue profile complexity
- Optimize organization & processes
- Division consolidations
- Reduce bureaucracy

Enables speed & growth at reduced costs
Financial Performance

Expanding Profitability

Adjusted Operating Margin¹

<table>
<thead>
<tr>
<th>Year</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
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</thead>
<tbody>
<tr>
<td>Margin</td>
<td>14.9%</td>
<td>14.8%</td>
<td>15.8%</td>
<td>16.2%</td>
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</tbody>
</table>

Up 130 bps

Adjusted EBITDA²

<table>
<thead>
<tr>
<th>Year</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>15.1%</td>
<td>14.7%</td>
<td>16.2%</td>
<td>17.5%</td>
</tr>
</tbody>
</table>

Up 240 bps

Note 1:
FY18 Excludes Business Realignment Charges and Clarcor Costs to Achieve FY17 Excludes Business Realignment Charges and Clarcor Acquisition Expenses FY16 Excludes Business Realignment Charges FY15 Excludes Business Realignment Charges and Voluntary Retirement Expense

Note 2:
FY18 Excludes Business Realignment Charges, Clarcor Costs to Achieve and Loss on the Sale and Write Down of Assets FY17 Excludes Business Realignment Charges and Clarcor Acquisition Expenses FY16 Excludes Business Realignment Charges FY15 Excludes Business Realignment Charges and Voluntary Retirement Expense
Driving Free Cash Flow

Free Cash Flow / Net Income

* Free Cash Flow = Cash Provided by Operating Activities - Capital Expenditures + Discretionary Pension Contribution

17 consecutive years with 100% + FCF conversion
## 5-Year Corporate Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY23 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>150 bps &gt; GIPI</td>
</tr>
<tr>
<td>Segment OM%</td>
<td>19%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>20%</td>
</tr>
<tr>
<td>FCF Conversion</td>
<td>&gt; 100%</td>
</tr>
<tr>
<td>EPS CAGR</td>
<td>10%+</td>
</tr>
</tbody>
</table>
Operating Margin Drivers to 19% in FY23

As Reported

ROS FY18E¹
Clarcor Synergies
Simplification
Productivity
Supply Chain
Lower Restructuring
Distribution Growth
ROS FY23

15.5%
90 bps
60 bps
50 bps
40 bps
20 bps
19.0%

¹Guidance as of Investor Day 03/07/18
Capital Allocation Priorities

- Dividends
- Capex for Organic Growth and Productivity
- Strategic Acquisitions
- Share Repurchase - 10b5-1 and Discretionary

Optimize Long Term Value Creation
Key Messages

- Record-setting performance in FY’18
- CLARCOR synergies remain on track
- Strength and interconnectivity of Parker portfolio
- FY’23 5-year targets - Performance bars raised
- Capital allocation – Great generator and deployer of cash
- New Win Strategy™ is working…plenty of runway