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. Parker cautions readers not to place undue reliance on these statements. It is possible that the future performance and earnings projections of the company, including its individual segments, may differ materially from 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. Additionally, the actual impact of changes in tax laws in the United States and foreign jurisdictions and any judicial or regulatory interpretation thereof on future performance and earnings projections may impact the company's tax calculations. 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 are: changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments; disputes regarding contract terms or significant changes in financial condition, changes in contract cost and revenue estimates for new development programs and changes in product mix; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions, including the integration of CLARCOR, LORD Corporation or Exotic Metals; 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 targeting, 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, as well as uncertainties associated with the timing and conditions surrounding the return to service of the Boeing 737 MAX and the recent outbreak of coronavirus. 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 contains references to non-GAAP financial information including adjusted operating margin, adjusted EBITDA margin, adjusted cash flow from operating activities, free cash flow, and adjusted earnings per share. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before business realignment, voluntary retirement, gain or loss on sale and write-down of assets. Integration costs to achieve, and acquisition related expenses. Free cash flow is defined as cash flow from operations less capital expenditures plus discretionary pension contribution. Although adjusted operating margin, adjusted EBITDA margin, adjusted cash flow from operating activities, free cash flow, and adjusted earnings per share 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 www.PHstock.com for more information
Today’s Presenters

- **Tom Williams**
  Chairman and Chief Executive Officer

- **Lee Banks**
  President and Chief Operating Officer

- **Cathy Suever**
  EVP – Finance & Administration and Chief Financial Officer

- **Robin Davenport**
  Vice President Corporate Finance
Today’s Program

Welcome & Introductions
Robin Davenport, Vice President Corporate Finance

Parker’s Transformation, The Win Strategy™ 3.0 & Parker’s Purpose Statement
Tom Williams, Chairman & Chief Executive Officer
Lee Banks, President & Chief Operating Officer

Performance Review, Forecast & FY23 Targets
Cathy Suever, EVP Finance & Administration and Chief Financial Officer

Q&A
Tom Williams, Lee Banks, Cathy Suever
Parker Hannifin Corporation

Investor Meeting 2020

Tom Williams
Chairman & CEO

Lee Banks
President & COO

Cathy Suever
EVP Finance & Admin. & CFO

Leading with Purpose

March 12, 2020
Agenda

- Parker’s Transformation
- The Win Strategy™ 3.0 & Purpose Statement
- Strategies to grow organically & expand margins
- Portfolio & capital deployment strategy
- Performance review, forecast & FY23 Targets
Key Messages

- The Win Strategy™ 2.0 drove substantial performance improvements
- Strategic portfolio transformation – CLARCOR, LORD & Exotic
- Strength & interconnectivity of Parker’s portfolio
- Improving financial performance over the cycle
- The Win Strategy™ 3.0 & Purpose Statement will accelerate performance

Confident in achieving FY23 Targets
Parker’s Transformation
Parker’s Transformation – What’s Different

- Strategic restructuring FY14-FY16 has reduced cost structure
- Simplification has streamlined organization structure:
  - 126 to 84 divisions with acquisitions
- Two major enhancements to the Parker Business System:
  - 2015 – The Win Strategy™ 2.0
  - 2019 – The Win Strategy™ 3.0
- Great cash generation with a more strategic capital deployment
- Enhanced performance resilience over business cycle

Purpose Statement provides alignment & inspiration
Raising the Floor on Operating Margins

Last five manufacturing recessions

Adjusted Operating Margin¹

Original Win Strategy Launched

FY02 FY09 FY13 FY16 FY20G

7.9% 10.2% 13.9% 14.8% 16.2%

Up 830 bps

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

Adjusted EBITDA Margin¹

FY16: 14.7%
FY17: 16.7%
FY18: 17.5%
FY19: 18.2%
FY20 Guide: 18.6%

Up 390 bps

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

18 Consecutive years with 10%+ CFOA margins*

$1.9B FY19 CFOA

18 Consecutive years with 100%+ FCF conversion

*Cash Flow Provided by Operating Activities adjusted for discretionary pension contributions;
Free Cash Flow = Cash Provided by Operating Activities - Capital Expenditures + Discretionary Pension Contribution
Safety

Top Quartile 0.50

FY15 1.43
FY20E 0.44

70% reduction

Focus areas:
- Training
- Machine guarding
- Energy control
- Ergonomics
- Non-routine work

High Performance Teams driving ownership and improvement
Engagement Trend

% Engagement – Team Member Survey Results

Top Quartile

Highly engaged team members driving our performance
Sustainability Summary

**Initiative**
- Safety incidents
- Greenhouse gas reduction
- Water usage & conservation
- Waste recycling
- Parker Foundation initiatives

**Result**
- Top Quartile* Recordable Incident Rate
- Top Quartile* Carbon Disclosure Ranking
- Top Quartile* Carbon Disclosure Water Score
- 85% of waste recycled
- $20M donated over last three years

Robust ESG process in place

* Top Quartile for our Proxy Peer Group
M&A Last Three Years…

- $3 billion in acquired sales\(^1\)
- More resilient
- Accretive to growth & margins

1) As announced at time of acquisition
Strategy Summary

Why We Win

- The Win Strategy™
- Decentralized business model
- Technology breadth & interconnectivity
- Engineered products with IP
- Long product life cycles
- Global distribution
- Low capital investment needs
- Great generators and deployers of cash over the cycle

Where We Are Going

- The Win Strategy™ 3.0
- Purpose Statement
- Strategies to grow organically and expand margins

Positioned for top quartile performance
The Win Strategy™ 3.0
The Win Strategy™
Our Vision: Engineering Your Success

Goals

Engaged People
- Environmental, Health & Safety
- Ownership – Entrepreneurial
- High Performance Teams & Leaders
- Continuous Improvement – Kaizen

Customer Experience
- Quality Solutions On Time
- Digital Leadership
- Ease of Doing Business

Profitable Growth
- Strategic Positioning
- Market-Driven Innovation
- System Solutions
- Strong Distribution
- Grow Share
- Acquisitions

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

Our Culture & Values
#1 Motion & Control Company

Goals

**Engaged People**
- Zero Safety Incidents
- Speed & Agility
- 80%+ in High Performance Teams
- Inclusive Environment
- Engagement > 75%

**Customer Experience**
- Composite Likelihood to Recommend
- Customer Dashboards
- Zero Defects
- 98%+ On-Time Delivery
- Best-in-Class Lead Times

**Profitable Growth**
- Organic Growth 150 bps > Market
- 20%+ Market Share
- #1, #2 Position Each Business
- Grow Global Distribution & Services
- Increasing New Product Vitality & Gross Margins

**Financial Performance**
- Top Quartile Performance
- Year-over-Year Growth in:
  - DNE
  - EBIT
  - EPS
  - Cash Flow
- 19% Operating Income
- 30% MROS
- 21.4% RONA
- 17% ROIC
- >100% FCF Conversion

Enabling Engineering Breakthroughs that Lead to a Better Tomorrow
The Win Strategy™
Our Vision: Engineering Your Success

Goals

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Leading with Purpose

Parker
The Win Strategy
Our Vision: Engineering Your Success

Customer Experience

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Enabling Engineering Breakthroughs that Lead to a Better Tomorrow
Engaged People

MEASURES

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Leading with Purpose

Engaging in Ingenuity that Lead to a Better Tomorrow
#1 Motion & Control Company

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Enabling Engineering Breakthroughs that Lead to a Better Tomorrow
Leading with Purpose
What distinguishes a good company from a great one?
Strategies are time-bound and target specific results. Your purpose, in contrast, is what makes you durably relevant to the world.

The Value of Purpose

81% of millennials say a successful business needs to have a genuine purpose.

- Redefining the C-Suite: Business the Millennial Way, American Express
What is Parker’s purpose?

Enabling Engineering Breakthroughs that Lead to a Better Tomorrow
You may not discover your purpose in a day. But you will spend every day after living up to it.
Enabling Engineering Breakthroughs that Lead to a Better Tomorrow

To see this and other videos and read more about Parker’s Purpose please visit:
parker.com/purpose
## Bringing our Purpose to Life

**Structural adhesives**

<table>
<thead>
<tr>
<th>Enabling Technology</th>
<th>Engineering Breakthrough</th>
<th>A Better Tomorrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adhesive technology</td>
<td>Enables lightweighting &amp; electrification</td>
<td>Fuel efficiency &amp; lower emissions</td>
</tr>
</tbody>
</table>
## Bringing our Purpose to Life

### Enabling Engineering Breakthroughs that Lead to a Better Tomorrow

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<tr>
<td>Threaded connection (60 seconds)</td>
<td>Quick coupling solutions designed for performance under pressure</td>
<td>Firefighter safety and more time to rescue survivors</td>
</tr>
<tr>
<td>Quick connection solution (2 seconds)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Strategies to Grow Organically & Expand Margins
Strategies to Grow Organically & Expand Margins

**Portfolio**

Acquire companies with higher growth trajectory and resiliency:

- CLARCOR
- LORD
- Exotic

**Performance**

- The Win Strategy™ 3.0
- Simplification - Simple by Design
- Innovation - Winovation 2.0
- Annual Cash Incentive Program (ACIP)
- Expand and grow distribution
- Kaizen, HPT and Lean

Requires both portfolio and performance actions
Simplification

- Organization structure
- Operational complexity 80/20
- Simple by Design

Enables speed & growth at reduced costs
Simple by Design
The road to complexity is paved with good intentions...
Simple by Design

Product Cost & Complexity Continuum

70% - Design

Decisions made here:
- Relatively few
- Significant/lasting impact
- Difficult to change

30% - Labor & OH

Decisions made here:
- Hundreds
- Limited impact
- Easier to change

Enables speed, margin expansion and growth
Simple by Design
Guiding principles & tools

Design with Forward Thinking ➔ Design to Reduce ➔ Design to Reuse ➔ Design to Flow

Made possible by big data and artificial intelligence (AI)
Simple by Design
Process changes

Complexity scoring integrated into every stage-gate

(CAL) = Complexity Assessment Level
45% of a typical design engineer’s time is spent looking for information.
The ability to search large databases in a relevant format:

- Part geometry
- % similar
- Materials used
- Manufacturing methods
Product Example – High Pressure Coupler

Simple by Design

Design with Forward Thinking → Design to Reduce → Design to Reuse → Design to Flow

Existing FET Series

The “New” 59 Series
The Result…

Simple

- The New 59 Series was redesigned, requalified and launched
- 123 parts were eliminated - Reduce
- 100% function achieved, 90% components shared - Reuse
- No additional capital equipment – Reuse

Cost ↓ Inventory ↓ Delivery ↑
Resulting in...

- Higher value – “must have products”
- Improved margin
- Improved customer experience
- Sustainable advantage
- Speed
Innovation Strategy
Innovation Strategy

- Simplify for focus
- Simple by Design
- Winovation 2.0
- Parker Technology Centers

Product Vitality Index metric launched
Time for an Upgrade
Winovation 2.0

Issues
- Inside-out vs. outside-in
- Weak customer engagement

Actions
- Launched New Product Blueprinting
- Training complete
- Integrated into Winovation 2.0
Parker Technology Centers

- Advanced Process Development – IoT, Additive & Robotics
- Filtration Technology Center – Parker + CLARCOR
- Motion Technology Center – Parker + LORD
- Advanced Materials Center: Engineered Materials & Fluid Connectors - Parker + LORD

Small, focused & accountable…Complements our division engineering
Annual Cash Incentive Plan Changes
Current Annual Incentive Plan

- 30+ years in existence
- Serving Parker well since inception
- High rate of global participation
- Firmly rooted within Parker
Summary of Review

RONA Challenges

- Behaves like a long-term plan
- Limited elasticity
- Growth multiplier generated modest impact

Requires New Annual Incentive Design
New Plan Design Principles

- Better linkage to annual performance
- Aligned to TSR drivers
- Simple, easy to communicate
- Influences growth mindset
Annual Cash Incentive Program

- Aligned with key drivers of total shareholder return
- More elastic and tied to annual performance

Stronger annual incentive...
Multi-year implementation
Distribution Growth
Profitable Growth

Key initiatives

- Strategic Positioning
- Market-Driven Innovation
- System Solutions
- Strong Distribution
- Grow Share
- Acquisitions

Keys to growing faster than the market
Distribution Strategy

Multiple channels based on needs

- Single Technology Focus
- Multiple Technologies, Systems Focused Distributor
- Product Line Focus
- Market Focused
- MRO Focused/ Catalog House
Global Distribution Network

15,500 Distributors
97 Countries
Distribution Success Factors

Focus and alignment

- Dedicated sales force
- Channel management integrity
- Broad technology portfolio
- Executive engagement
- Distribution mind share
Distribution Growth History

- Channel is decades in the making
- Most valuable off-balance sheet asset
- Growing global distribution and services
- North America channel consolidation

Focus on expanding international distribution and digital leadership
Expanding International Distribution

- Added dedicated global and regional leadership
- 480 new distributors … 165 former Parker team members

Shifted mix by > 100 bps per year
Expanding International Distribution

- Continue dedicated global and regional leadership
- Expand capabilities of existing channel
- Continue to expand in developing markets
- Support Parker team members

Continue to increase mix by > 100 bps per year
Digital Leadership

Content syndication
- Enabling consistent high-quality content
- Driving demand through lead generation

MyParker.com
- Personalized one-stop shop
- Consistent experience

Enhanced experience for customers and distributors
Strategies Going Forward

- Focus on international distribution
- Extend digital leadership through distribution
- Encourage Parker team member participation
- Take advantage of NA channel consolidation

Supporting continued margin expansion
A Culture of Continuous Improvement

IDEAL STATE

CHANGE
Win Strategy Alignment

- Parker Lean System
- HPT Culture
- Kaizen
- Engaged People
- Financial Performance

Congruent with Parker culture and values
A Culture of Continuous Improvement

Parker Lean System (PLS) +
High Performance Teams +
Culture of Kaizen →

- Ownership
- Speed
- Productivity
- Customer experience

Sustainable financial performance
Parker Lean System (PLS)
Established in 2001

- Comprehensive tool set
- Robust systems approach
- Manufacturing and non-manufacturing
- Understanding throughout Parker

Build from a strong PLS foundation
High Performance Teams
Drive continuous improvement

- Team members think and act like owners
- Organized into natural work teams and star point teams
- Empowered
- Responsible & accountable
- Assisted by engaged leaders

Creating a high performance culture
Kaizen
“A way of life”

- Kaizen = Action
- Operator is the focus
- Speed of execution
- Step change mentality
- Team approach
- Better customer experience

317 Kaizen weeks, 8,000 participants in CY2019
Financial Performance
Parker Lean System, Kaizen & High Performance Teams Impact

- Top quartile safety performance
- Quickly integrate acquisitions
- Strong decremental margin performance
- Improved operating margin performance

A strong culture of continuous improvement
A Culture of Continuous Improvement

Parker Lean System (PLS) + High Performance Teams + Culture of Kaizen

- Ownership
- Speed
- Productivity
- Customer experience

Sustainable financial performance
Portfolio & Capital Deployment Strategy
#1 Position in Motion & Control Industry

Significant opportunities for growth in a >$130 billion global market
Unmatched Breadth of Technologies

- Hydraulics
- Pneumatics
- Electromechanical
- Filtration
- Fluid & Gas Handling
- Process Control
- Climate Control
- Engineered Materials
Interconnected Parker Technologies
Integrated systems and components across the platform

Electromechanical
Engineered Materials
Filtration
Fluid & Gas Handling
Hydraulics
Pneumatics
Interconnected Parker Technologies

Utility lift vehicle

Electromechanical
Engineered Materials
Filtration
Fluid & Gas Handling
Hydraulics
Pneumatics
Capital Deployment Strategy

1. Dividends – Payout 30-35% Net Income, maintain track record
2. Fund organic growth and productivity
3. Offset equity plan share dilution through 10b5-1
4. Pay down debt
5. Acquisitions & discretionary share repurchase once Debt/EBITDA ~2.0x leverage
Acquisition Strategy

Continue as consolidator of choice in Motion & Control

Focus on Aerospace, Engineered Materials, Filtration and Instrumentation

Targeted investments in key electrification technologies and natural adjacencies
Progress Toward Targets
FY23 Corporate Targets

FY23 Target Metrics

- **Growth**: 150 bps > GIPI
- **Seg Op Margin**: 19%
- **EBITDA Margin**: 20%
- **FCF Conversion**: > 100%
- **EPS CAGR**: 10%+
Segment Operating Margin Growth
As Reported and Adjusted

Recession Comparison
+140 bps

Growth Comparison
+180 bps

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

**Recession Comparison**

+390 bps

**Growth Comparison**

+140 bps

Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.
Driving Free Cash Flow

Free Cash Flow / Net Income

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

>18 consecutive years with 100%+ FCF conversion

1) Free Cash Flow = Cash Provided by Operating Activities - Capital Expenditures + Discretionary Pension Contribution
EPS Growth
As Reported and Adjusted

13% CAGR

$0.00 $4.00 $8.00 $12.00 $16.00

FY16 FY17 FY18 FY19 FY20 Guide FY23 Target¹

$5.89 $7.25 $7.83 $11.48 $10.55 $15.10

1) Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.
Great Generators of Cash
Great Deployers of Cash
Capital Deployment
Fiscal Years 2019 – 2023E

Cash flow from operations

Approx. $11.1 Billion

+ $1.5B – Capital expenditures

Debt funding

$5.4 Billion

= $16.5 Billion

Deployment

- $2.5B – Dividends
- $3.9B – Debt reduction
- $1.0B – 10b5-1 Share repurchases
- $5.4B – LORD & Exotic acquisitions
- $2.2B – Strategic M&A and discretionary share repurchases
Efficient Deleveraging Strategy

Gross Debt to EBITDA: Fiscal Years 2016 – 2023E

Strategic Utilization of the Balance Sheet

<table>
<thead>
<tr>
<th>Year</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20E</th>
<th>FY23E</th>
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<tr>
<td>Debt</td>
<td>1.9x</td>
<td>3.2x</td>
<td>2.1x</td>
<td>2.8x</td>
<td>3.6x</td>
<td>2.0x</td>
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<tr>
<td>EBITDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exotic</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>LORD</td>
<td></td>
<td>$3.7B</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>CLARCOR</td>
<td></td>
<td>$4.3B</td>
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</tr>
</tbody>
</table>

$1.7B

Leading with Purpose

Strategic Utilization of the Balance Sheet
Progress on Strategic Acquisitions

**CLARCOR**
- Achieved targeted debt reduction in 18 months
- By end of FY20:
  - Cost synergies: $160M
  - Revenue synergies: $100M
- Integration ahead of schedule
- High-margin, resilient business
- By end of FY23:
  - Expected cost synergies: $125M

**LORD**
- Integration on track
- Long-cycle, high margin business
- By end of FY23:
  - Expected cost synergies: $13M

**EXOTIC METALS FORMING COMPANY LLC**
- Leading with Purpose
Dividend History
64 Fiscal Years of consecutive increases

Current 5-Year Average = 35%

Target Payout Ratio
5-Year Average
30% - 35%

FY16
FY17
FY18
FY19
FY20 Guide

$2.52
$2.58
$2.74
$3.16
$3.52
Planned Improvement to Earnings Disclosures
Improved Earnings Disclosures
Segment Operating Earnings and Earnings per Share

Effective Fiscal Year 2021, Parker will include acquisition-related intangible asset amortization expense in disclosed adjustments

Rationale:
- Improved representation of core operating earnings
- Amortization expense has become much more material as a result of recent acquisitions
- Better aligns disclosures with acquisitive peer companies’ reporting methodologies
Updated Target Metrics
Revised Target Metrics by FY23

**Revenue Growth**

- 210 bps > Industrial Production

**Target Metrics**

<table>
<thead>
<tr>
<th></th>
<th>Original FY23</th>
<th>Updated FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth</td>
<td>150 bps &gt; GIPI</td>
<td>150 bps &gt; GIPI</td>
</tr>
<tr>
<td>As Reported Seg Op Margin</td>
<td>19%</td>
<td>21%</td>
</tr>
<tr>
<td>Adjusted Seg Op Margin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As Reported EBITDA</td>
<td>20%</td>
<td>21%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$2.2B</td>
<td>$2.3B</td>
</tr>
<tr>
<td>As Reported EPS</td>
<td>$15.50</td>
<td>$16.90</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Global Industrial Production Index (GIPI) = 1.5% CAGR

¹ FY20E Revenues for LORD and Exotic Metals have been calendarized for CAGR calculation.
² Updated FY23 Adjusted Segment Operating Margins, Adjusted EBITDA, and Adjusted EPS exclude Acquisition-Related Intangible Amortization Expense and Business Realignment Charges.
FY23 Corporate Targets

Updated FY23 Target Metrics

- **Growth**: 150 bps > GIPI
- **Adj. Seg Op Margin**: 21%
- **Adj. EBITDA Margin**: 21%
- **FCF Conversion**: > 100%
- **Adj. EPS CAGR**: 10%+
Key Takeaways

- Margin transformation continues
- Strong cash flows support deleveraging capability
- Improved Earnings disclosures to commence FY21
- On track to achieve updated FY23 targets
Closing Comments
Key Messages

- The Win Strategy™ 2.0 drove substantial performance improvements
- Strategic portfolio transformation – CLARCOR, LORD & Exotic
- Strength & interconnectivity of Parker’s portfolio
- Improving financial performance over the cycle
- The Win Strategy™ 3.0 & Purpose Statement will accelerate performance

Confident in achieving updated FY23 Targets
“It is the Parker Culture & Values, more than any Strategy or Measure, that will determine our Success in the Future”

Tom Williams
Annual Report 2015
Purpose in Action

To see this and other videos and read more about Parker’s Purpose please visit: parker.com/purpose
Thank You
Appendix
## Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin

(Unaudited)

(Dollars in millions)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$6,149</td>
<td>$10,309</td>
<td>$13,016</td>
<td>$11,361</td>
<td>$12,029</td>
<td>$14,302</td>
<td>$14,320</td>
<td>$14,324</td>
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<tr>
<td>Total segment operating income</td>
<td>$446</td>
<td>$1,004</td>
<td>$1,791</td>
<td>$1,576</td>
<td>$1,790</td>
<td>$2,239</td>
<td>$2,431</td>
<td>$2,188</td>
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<td>Adjustments:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary retirement expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business realignment charges</td>
<td>37</td>
<td>45</td>
<td>12</td>
<td>107</td>
<td>56</td>
<td>46</td>
<td>16</td>
<td>40</td>
</tr>
<tr>
<td>Acquisition-related expenses &amp; Costs to Achieve</td>
<td>58</td>
<td>37</td>
<td>13</td>
<td>94</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted total segment operating income*</td>
<td>$483</td>
<td>$1,049</td>
<td>$1,804</td>
<td>$1,682</td>
<td>$1,904</td>
<td>$2,322</td>
<td>$2,460</td>
<td>$2,321</td>
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<tr>
<td>Total segment operating margin</td>
<td>7.3%</td>
<td>9.7%</td>
<td>13.8%</td>
<td>13.9%</td>
<td>14.9%</td>
<td>15.7%</td>
<td>17.0%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Adjusted total segment operating margin</td>
<td>7.9%</td>
<td>10.2%</td>
<td>13.9%</td>
<td>14.8%</td>
<td>15.8%</td>
<td>16.2%</td>
<td>17.2%</td>
<td>16.2%</td>
</tr>
</tbody>
</table>

*Totals may not foot due to rounding
## Reconciliation of EBITDA margin to Adjusted EBITDA margin

(UNAUDITED)

<table>
<thead>
<tr>
<th>(Dollars in millions)</th>
<th>12 Months ended 6/30/16</th>
<th>12 Months ended 6/30/17</th>
<th>12 Months ended 6/30/18</th>
<th>12 Months ended 6/30/19</th>
<th>Guide: 12 Months ended 6/30/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>11,361</td>
<td>12,029</td>
<td>14,302</td>
<td>14,320</td>
<td>14,324</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>807</td>
<td>984</td>
<td>1,061</td>
<td>1,513</td>
<td>1,185</td>
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<tr>
<td><strong>Income taxes</strong></td>
<td>308</td>
<td>345</td>
<td>641</td>
<td>420</td>
<td>339</td>
</tr>
<tr>
<td><strong>Depreciation and Amortization</strong></td>
<td>307</td>
<td>355</td>
<td>466</td>
<td>436</td>
<td>564</td>
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<tr>
<td><strong>Interest Expense</strong></td>
<td>137</td>
<td>162</td>
<td>214</td>
<td>190</td>
<td>319</td>
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<tr>
<td><strong>EBITDA</strong></td>
<td>$ 1,558</td>
<td>$ 1,846</td>
<td>$ 2,382</td>
<td>$ 2,560</td>
<td>$ 2,407</td>
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<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary retirement expense</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business realignment charges</td>
<td>97</td>
<td>56</td>
<td>46</td>
<td>16</td>
<td>40</td>
</tr>
<tr>
<td>Acquisition-related expenses &amp; Costs to Achieve</td>
<td>103</td>
<td>37</td>
<td>30</td>
<td>212</td>
<td></td>
</tr>
<tr>
<td>(Gain) / Loss on Sale and Writedown of Assets</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$ 1,667</td>
<td>$ 2,006</td>
<td>$ 2,497</td>
<td>$ 2,605</td>
<td>$ 2,658</td>
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</tbody>
</table>

**EBITDA margin**

- 12 Months ended 6/30/16: 13.7%
- 12 Months ended 6/30/17: 15.3%
- 12 Months ended 6/30/18: 16.7%
- 12 Months ended 6/30/19: 17.9%
- Guide: 12 Months ended 6/30/20: 16.8%

**Adjusted EBITDA margin**

- 12 Months ended 6/30/16: 14.7%
- 12 Months ended 6/30/17: 16.7%
- 12 Months ended 6/30/18: 17.5%
- 12 Months ended 6/30/19: 18.2%
- Guide: 12 Months ended 6/30/20: 18.6%

*Totals may not foot due to rounding*
### Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations and Free Cash Flow

#### Cash Provided by Operating Activities

<table>
<thead>
<tr>
<th>Reconciliation to GAAP</th>
<th>($MM) YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY02</td>
<td>FY03</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities - As Reported</td>
<td>631</td>
</tr>
<tr>
<td>Discretionary Pension Contribution</td>
<td>-</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities - Adjusted</td>
<td>631</td>
</tr>
</tbody>
</table>

#### Free Cash Flow

<table>
<thead>
<tr>
<th>Reconciliation to GAAP</th>
<th>($MM) YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY02</td>
<td>FY03</td>
</tr>
<tr>
<td>Cash Provided by Operating Activities - As Reported</td>
<td>631</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>207</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>424</td>
</tr>
<tr>
<td>Discretionary Pension Contribution</td>
<td>-</td>
</tr>
<tr>
<td>Free Cash Flow - Adjusted for Discretionary Pension</td>
<td>424</td>
</tr>
</tbody>
</table>
## Reconciliation of EPS to Adjusted EPS

(Unaudited)
(Amounts in Dollars)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings per diluted share</strong></td>
<td>$5.89</td>
<td>$7.25</td>
<td>$7.83</td>
<td>$11.48</td>
<td>$9.08</td>
<td>$2.10</td>
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<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business realignment charges</td>
<td>0.80</td>
<td>0.42</td>
<td>0.34</td>
<td>0.12</td>
<td>0.30</td>
<td>0.14</td>
</tr>
<tr>
<td>Acquisition-related expenses &amp; Costs to Achieve</td>
<td>0.76</td>
<td>0.27</td>
<td>0.23</td>
<td>1.63</td>
<td>1.63</td>
<td>0.20</td>
</tr>
<tr>
<td>(Gain) / Loss on Sale and Writedown of Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.24</td>
<td></td>
</tr>
<tr>
<td>Tax effect of adjustments</td>
<td>(0.23)</td>
<td>(0.32)</td>
<td>0.02</td>
<td>(0.09)</td>
<td>(0.46)</td>
<td>(0.08)</td>
</tr>
<tr>
<td>U.S. Tax Reform one-time impact, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.72</td>
<td>0.11</td>
</tr>
<tr>
<td><strong>Adjusted earnings per diluted share</strong></td>
<td>$6.46</td>
<td>$8.11</td>
<td>$10.42</td>
<td>$11.85</td>
<td>$10.55</td>
<td>$2.36</td>
</tr>
</tbody>
</table>
Thomas Williams
Chairman & Chief Executive Officer

Thomas Williams is Chairman & Chief Executive Officer of Parker Hannifin Corporation in Cleveland, Ohio.

Previous to his most recent position, he was Executive Vice President and Operating Officer with responsibility for Parker’s Aerospace, Engineered Materials, Filtration, Instrumentation and Asia Pacific groups, along with the Strategic Pricing department.

Mr. Williams has demonstrated successful leadership in two of Parker’s operating groups, as Vice President of Operations for the Hydraulics Group and then President of the Instrumentation Group. Mr. Williams joined Parker in 2003. Prior to that, he held a number of key management positions at General Electric.

He is an emeritus member of the Board of Directors for the Make-a-Wish Foundation, a non-profit organization making wishes come true for terminally ill children and a member of the Board of Directors for Goodyear Tire & Rubber Company. He is also a member of the Business Council, comprised of leading global CEO’s, which provides a forum for continual learning and networking.

Mr. Williams earned a Mechanical Engineering degree from Bucknell University and his MBA from Xavier University.
Lee C. Banks
President & Chief Operating Officer

Lee Banks is President and Chief Operating Officer of Parker Hannifin Corporation in Cleveland, Ohio, a position he has held since 2015.

Mr. Banks joined Parker in 1991 and held increasingly responsible positions within sales and operations management, including several division general manager positions. He served as President of Parker’s Hydraulics and Instrumentation Groups, and was Vice President of Operations for the Climate and Industrial Controls Group.

Prior to his current position, Mr. Banks was an Operating Officer of the company with leadership responsibility for the Filtration, Engineered Materials, Instrumentation, Climate and Industrial Controls, Hydraulics, Fluid Connectors and Automation product groups and the Europe, Middle East and Africa, and Latin America regional groups.

Mr. Banks serves on the Board of Directors of Nordson Corporation, a leader in precision dispensing equipment for industrial coatings. He earned a Bachelor of Arts degree in Economics from DePauw University and a Master of Business Administration from The Keller Graduate School of Management in Chicago.
Catherine A. Suever is Executive Vice President Finance & Administration and Chief Financial Officer of Parker Hannifin Corporation in Cleveland, Ohio, a position she has held since 2017.

Ms. Suever joined Parker in 1987 in External Reporting. She moved into operations as Division Controller of the Gas Turbine Fuel Systems Division, then was promoted to Business Unit Manager. In 2006, Ms. Suever was promoted to the corporate role of Director, Finance and Investor Relations Support, followed by a promotion to Assistant Treasurer in 2007. She assumed the role of Vice President and Controller of the Climate & Industrial Controls Group in 2008.

Prior to her current position, Ms. Suever was Vice President, Corporate Controller and Chief Accounting Officer and was elected as an Officer in 2010.

Ms. Suever serves on the Board of Directors of Hexcel Corporation, a global leader in advanced composites technology, and is on the Board of Trustees for the National Multiple Sclerosis Society Ohio Buckeye Chapter. She is also a member of the CFO Council of the Manufacturers Alliance for Productivity & Innovation (MAPI), the American Institute of Certified Public Accountants (AICPA), and Financial Executives International (FEI). Ms. Suever is a Certified Public Accountant. She earned a Bachelor of Science degree in Accounting from the University of Dayton.
Parker’s Investor Relations Team

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rjdavenport@parker.com
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Director – Investor Relations
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216 896 2708