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>
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<tbody>
<tr>
<td>Strategies</td>
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<tr>
<td>• Environmental, Health &amp; Safety</td>
<td>• Quality Solutions On Time</td>
<td>• Organic Acquisitions</td>
<td>• Simplification</td>
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<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>
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**Ownership**
- From Service to Experience
- Growth > Market

**Financial Performance**
- Grow DNE$ YOY

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
- FY15: 14.9%
- FY16: 14.8%
- FY17: 15.8%
- FY18: 16.2%

Adjusted EBITDA²
- FY15: 15.1%
- FY16: 14.7%
- FY17: 16.2%
- FY18: 17.5%

Up 130 bps
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>
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<tr>
<td>Growth</td>
<td>150 bps &gt; GIPI</td>
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<tr>
<td>Segment OM%</td>
<td>19%</td>
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<tr>
<td>EBITDA Margin</td>
<td>20%</td>
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<tr>
<td>FCF Conversion</td>
<td>&gt; 100%</td>
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<tr>
<td>EPS CAGR</td>
<td>10%+</td>
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</tbody>
</table>
Operating Margin Drivers to 19% in FY23
As Reported

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

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

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

**Current**
- Dividends:
  - Annual increase record
  - 30% of net income (5 year average)
- Capex for organic growth
- Debt reduction
- 10b5-1 share repurchase

**As Debt Reduces**
- Continue current priorities
- Add…
  - Acquisition
  - Discretionary share repurchase

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