

Morgan Stanley Laguna Conference

Los Angeles, CA



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Chairman & CEO



ENGINEERING YOUR SUCCESS.

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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

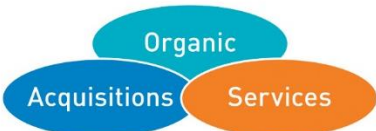


Sealing & Shielding

The Win Strategy™

Our Vision: Engineering Your Success

Goals

Engaged People	Premier Customer Experience	Profitable Growth	Financial Performance
STRATEGIES	STRATEGIES	STRATEGIES	STRATEGIES
<ul style="list-style-type: none"> • Environmental, Health & Safety • Entrepreneurial • High Performance Teams & Leaders 	<ul style="list-style-type: none"> • Quality Solutions On Time • eBusiness Leadership • Ease of Doing Business 	 <ul style="list-style-type: none"> • Market-Driven Innovation • System Solutions • Strong Distribution • Grow Share • Engineering Expertise 	<ul style="list-style-type: none"> • Simplification • Lean Enterprise • Strategic Supply Chain • Value Pricing
Ownership	From Service to Experience	Growth > Market	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:

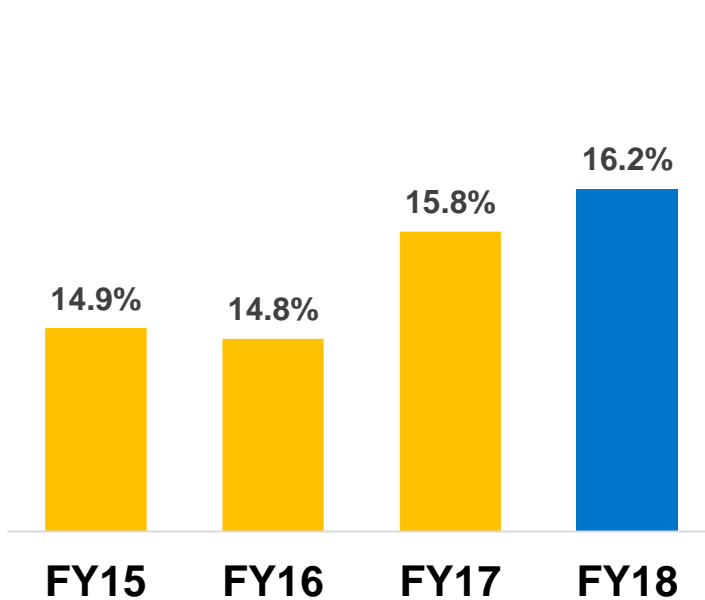
- Revenue profile complexity
- Optimize organization & processes
- Division consolidations
- Reduce bureaucracy

Enables speed & growth at reduced costs

Financial Performance

Expanding Profitability

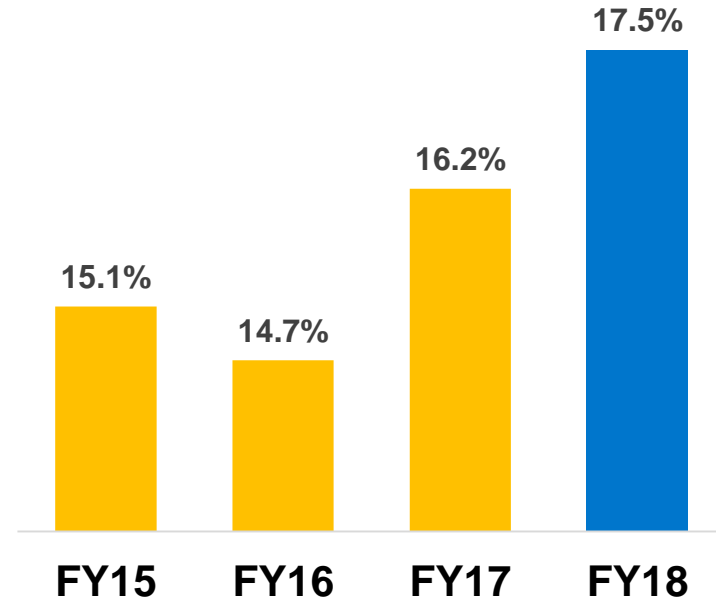
Adjusted Operating Margin¹



Up 130 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

Adjusted EBITDA²



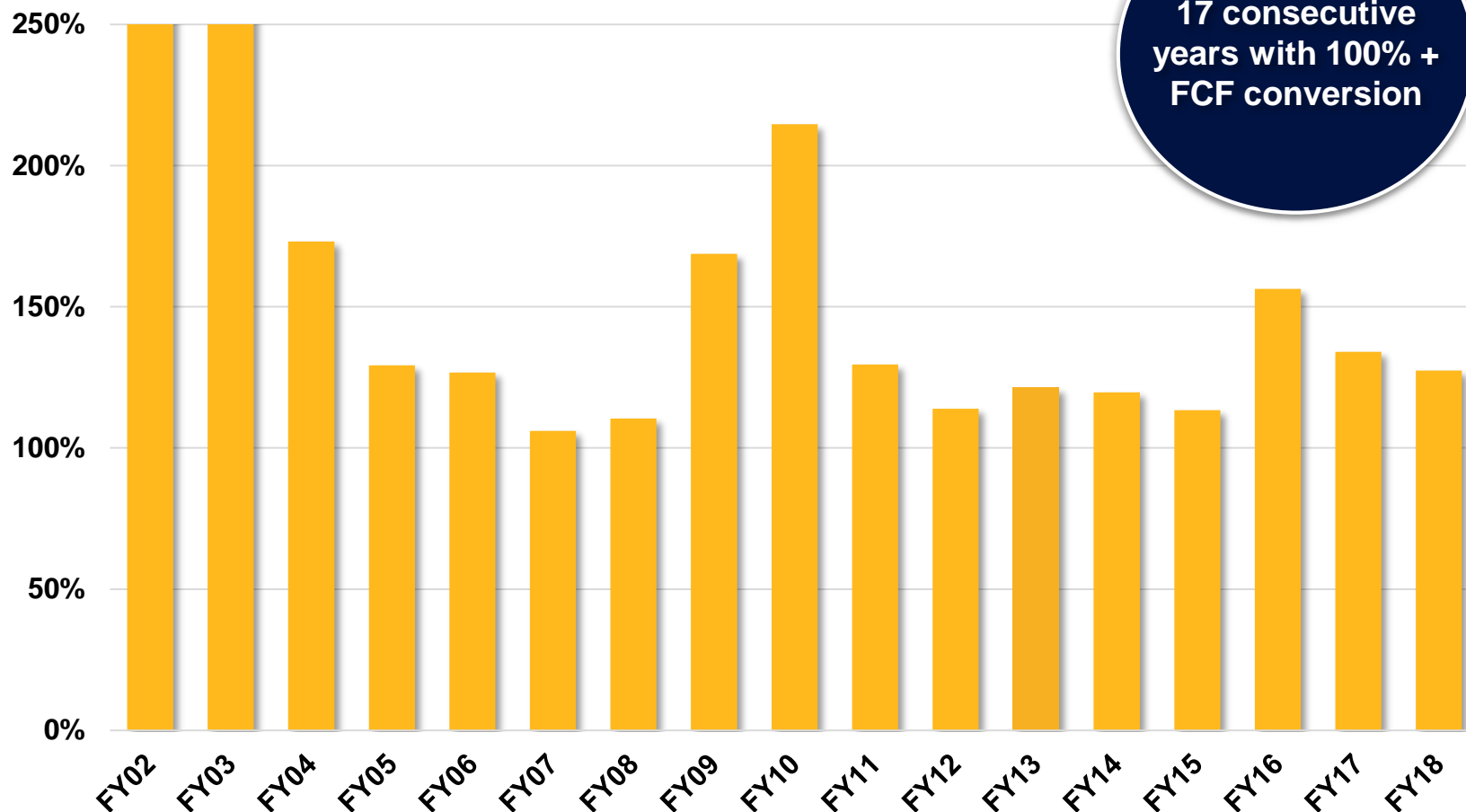
Up 240 bps

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



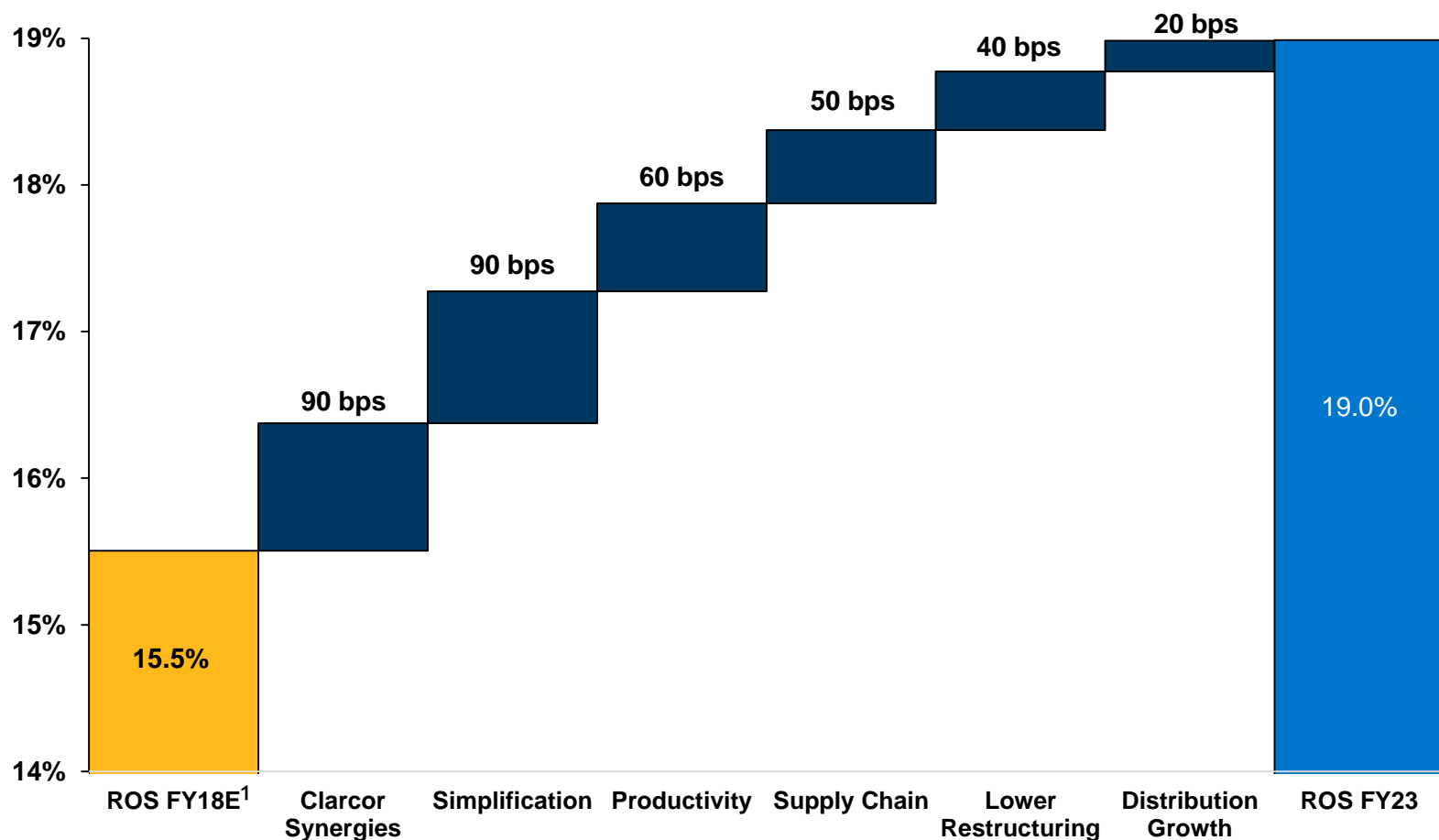
5-Year Corporate Targets

FY23 Targets

Growth	150 bps > GIPI
Segment OM%	19%
EBITDA Margin	20%
FCF Conversion	> 100%
EPS CAGR	10%+

Operating Margin Drivers to 19% in FY23

As Reported



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**



PH
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