

Parker Hannifin Corporation

Fiscal 2024 First Quarter Earnings Presentation



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ENGINEERING YOUR SUCCESS.

November 2, 2023

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. Often but not always, these statements may be identified from the use of forward-looking terminology such as “anticipates,” “believes,” “may,” “should,” “could,” “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. Neither Parker nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements will actually occur. 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 past performance or current expectations.

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 Meggitt PLC; 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 business and operating initiatives, including the timing, price and execution of share repurchases and other capital initiatives; availability, cost increases of or other limitations on our access to raw materials, component products and/or commodities if associated costs cannot be recovered in product pricing; ability to manage costs related to insurance and employee retirement and health care benefits; legal and regulatory developments and changes; compliance costs associated with environmental laws and regulations; potential supply chain and labor disruptions, including as a result of labor shortages; threats associated with international conflicts and efforts to combat terrorism and cyber security risks; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; local and global political and 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 (including fluctuations associated with any potential credit rating decline) and credit availability; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; changes in consumer habits and preferences; government actions, including the impact of changes in the tax laws in the United States and foreign jurisdictions and any judicial or regulatory interpretation thereof; and large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics. Readers should consider these forward-looking statements in light of risk factors discussed in Parker’s Annual Report on Form 10-K for the fiscal year ended June 30, 2023 and other periodic filings made with the SEC.

This presentation contains references to non-GAAP financial information including organic sales for Parker and by segment, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, adjusted net income, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, Gross Debt to Adjusted EBITDA, Net Debt to Adjusted EBITDA and free cash flow. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. For Parker, adjusted EBITDA is defined as EBITDA before business realignment, Integration costs to achieve, acquisition related expenses, and other one-time items. Free cash flow is defined as cash flow from operations less capital expenditures. Although organic sales, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, adjusted net income, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin and free cash flow 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 period. 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



FY24 Q1: A Standout Quarter

- Driven by a strong portfolio and our teams executing The Win Strategy™
- Record sales, adjusted segment operating margins and adjusted earnings per share
- All segments above 24% adjusted segment margins¹
- Parker and Meggitt combination delivered an outstanding quarter for Aerospace
- Strong start to the year, increasing FY24 guidance

FY24 Q1 Highlights

16%

Reduction in
Recordable
Incidents

\$4.8B

Reported Sales
15% Increase
+2.3% Organic¹

24.9%

Adjusted Segment
Margin¹ +220bps

26%

Adjusted EPS
Growth¹

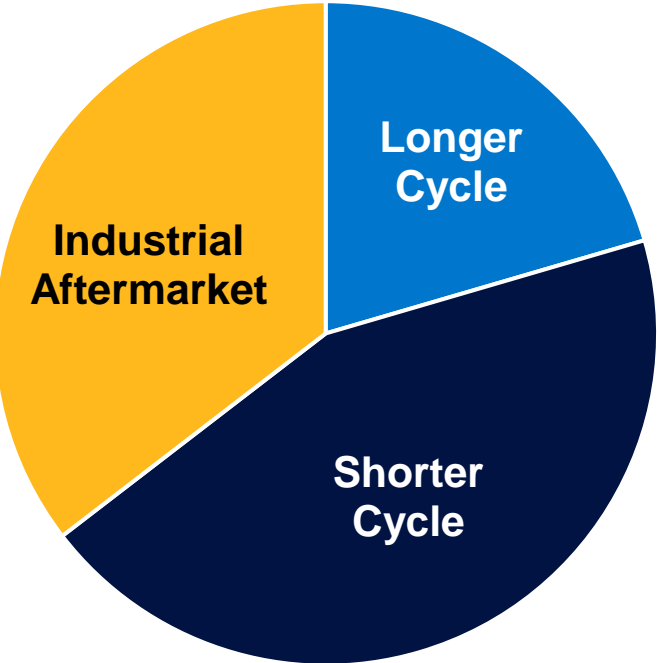
11.4%

Free Cash Flow Margin¹

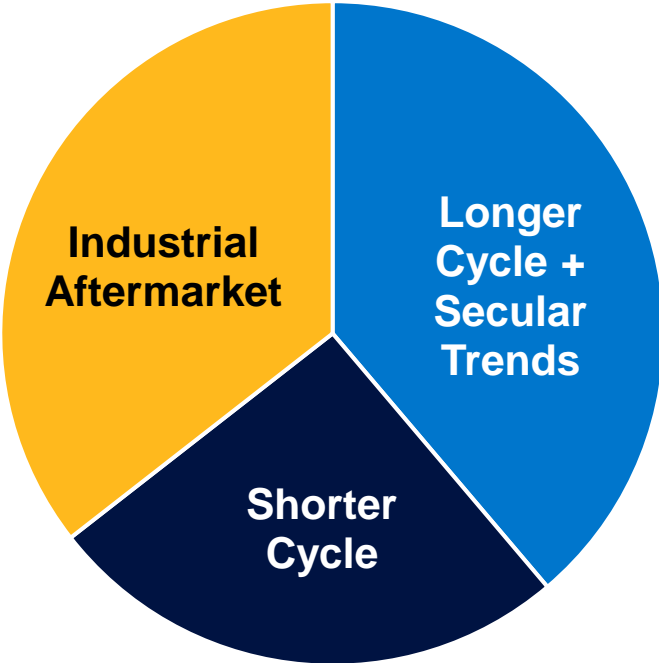
1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.
Note: FY24 Q1 As Reported: Segment Operating Margin of 21.3%, EPS of \$4.99.

Portfolio Transformation Expands Longer Cycle and Secular Revenue Mix

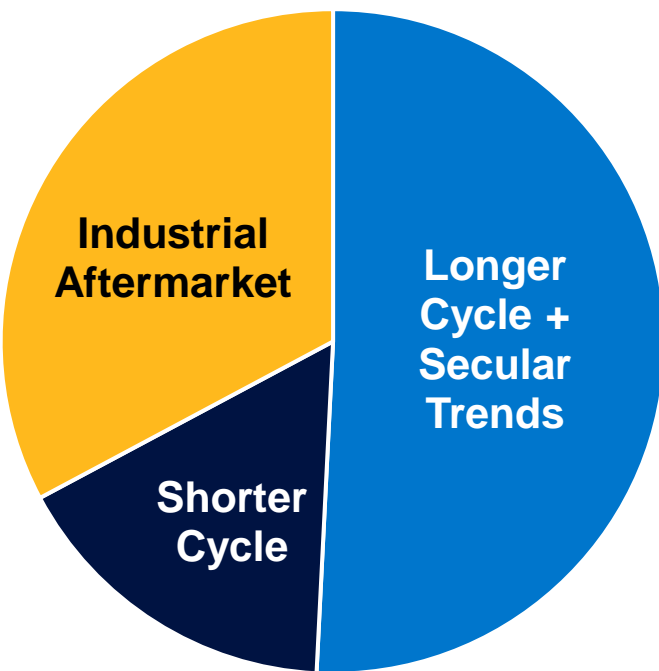
FY15



FY24
Guidance

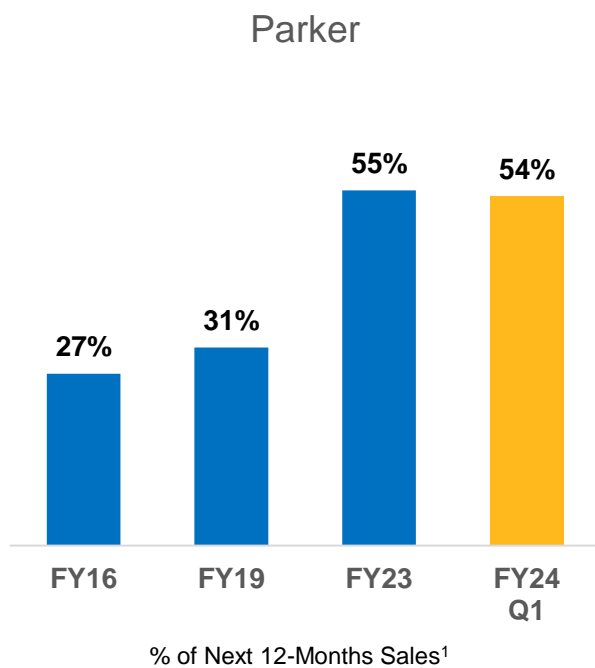


FY27
Illustration

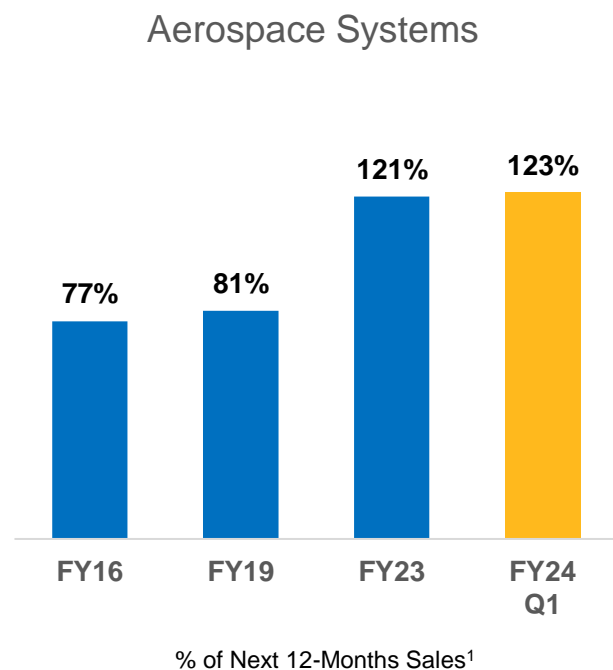


Transformed Portfolio Drives Strong Backlog

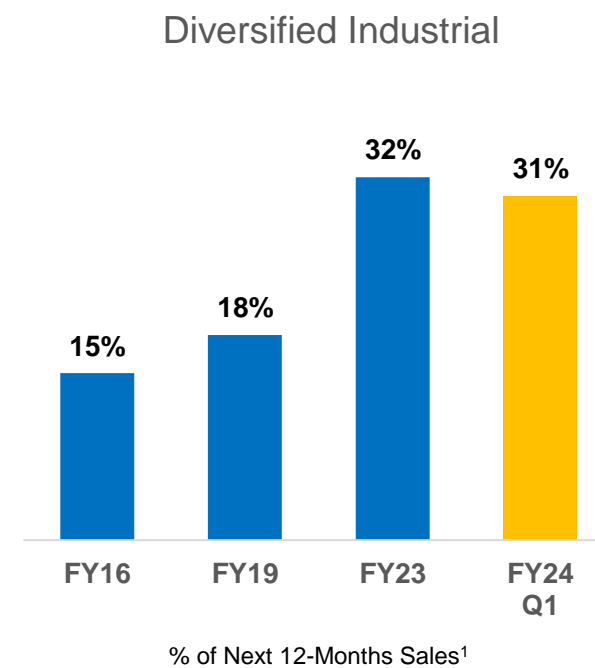
Backlog Remains Resilient



Robust Aerospace Demand



Longer Term Visibility



1. Backlog % of NTM sales is a ratio of ending backlog of the period divided by next 12-month sales. FY24 Q1 illustration based on backlog as of 9/30/23 divided by FY24 sales guidance midpoint.

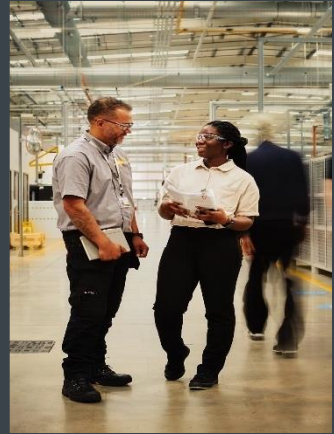
Future Sales Growth Drivers

	Our Business System	Macro CapEx Investment	Innovation	Acquisitions	Secular Growth
Strategic Growth Drivers	The Win Strategy™	<ul style="list-style-type: none"> ▪ Address last decade under investment ▪ Supply chain development ▪ Mega Projects 	<ul style="list-style-type: none"> ▪ New Product Blueprinting ▪ Simple by Design™ ▪ Product Vitality 	<ul style="list-style-type: none"> ▪ CLARCOR ▪ LORD ▪ EXOTIC METALS FORMING COMPANY LLC ▪ MEGGITT 	<ul style="list-style-type: none"> ▪ Aerospace ▪ Digital ▪ Electrification ▪ Clean Technologies
Outcomes	Growth & Financial Performance	Machinery automation, expansion & secular trends	Faster growth & support secular trends	Accretive & longer cycle growth	2/3's Portfolio enable Clean Technologies

FY27 Target 4-6% Organic Growth over the Cycle



A POWERFUL COMBINATION



MEGGITT



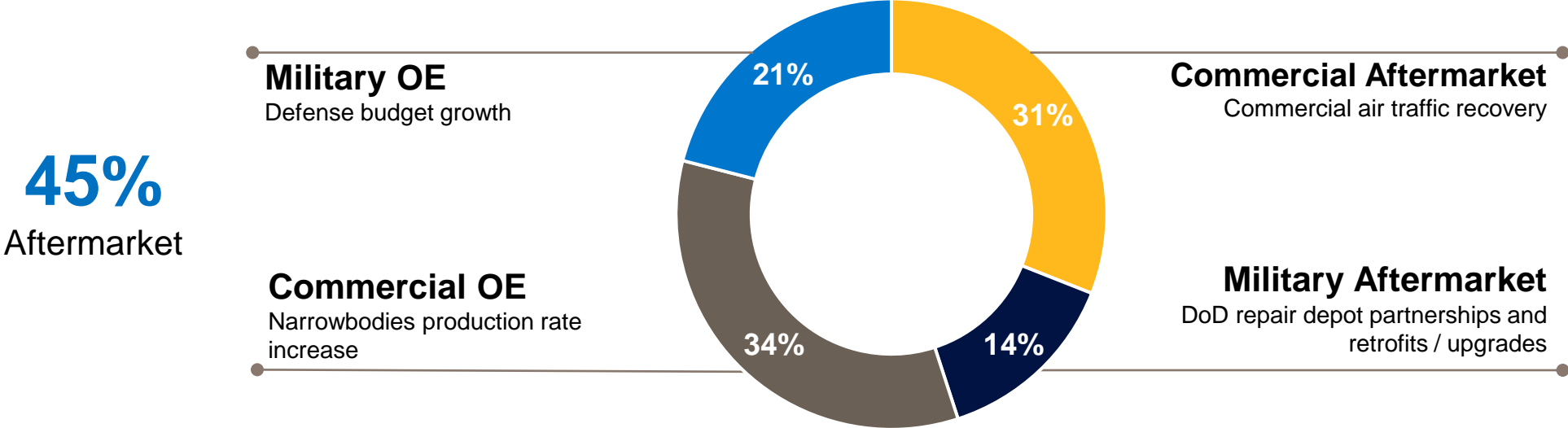
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A comprehensive portfolio of products and services

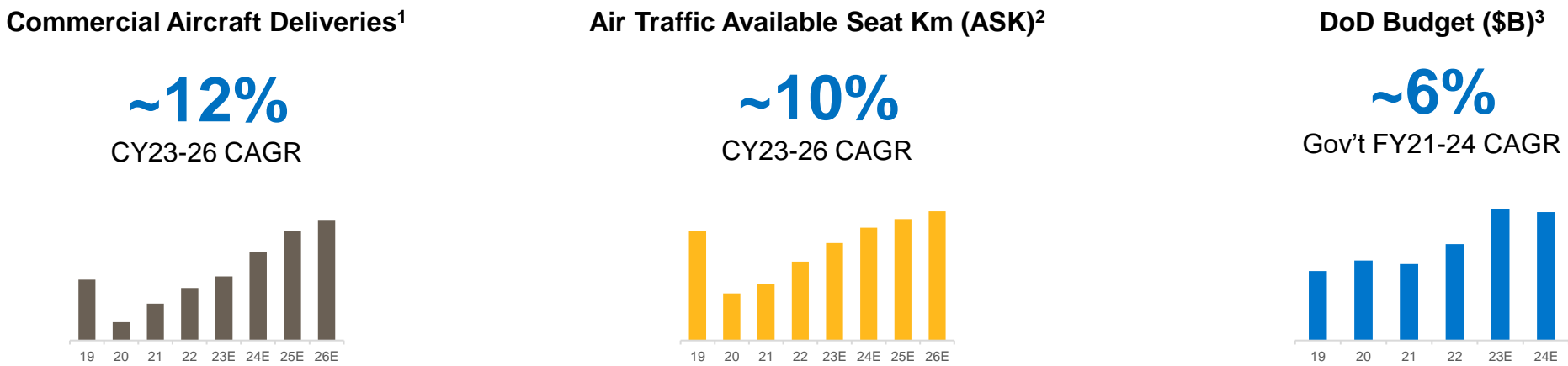


Favorable Aerospace Secular Trend Drives Future Growth

FY23 Sales Mix



Macro Growth Drivers



1. Commercial aircraft deliveries is Parker internal forecast based on 3rd party data. 2. ASK is Parker internal forecast. 3. DoD Budget is from U.S. government budget.



Summary of Fiscal 2024 1st Quarter Highlights

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FY24 Q1 Financial Summary

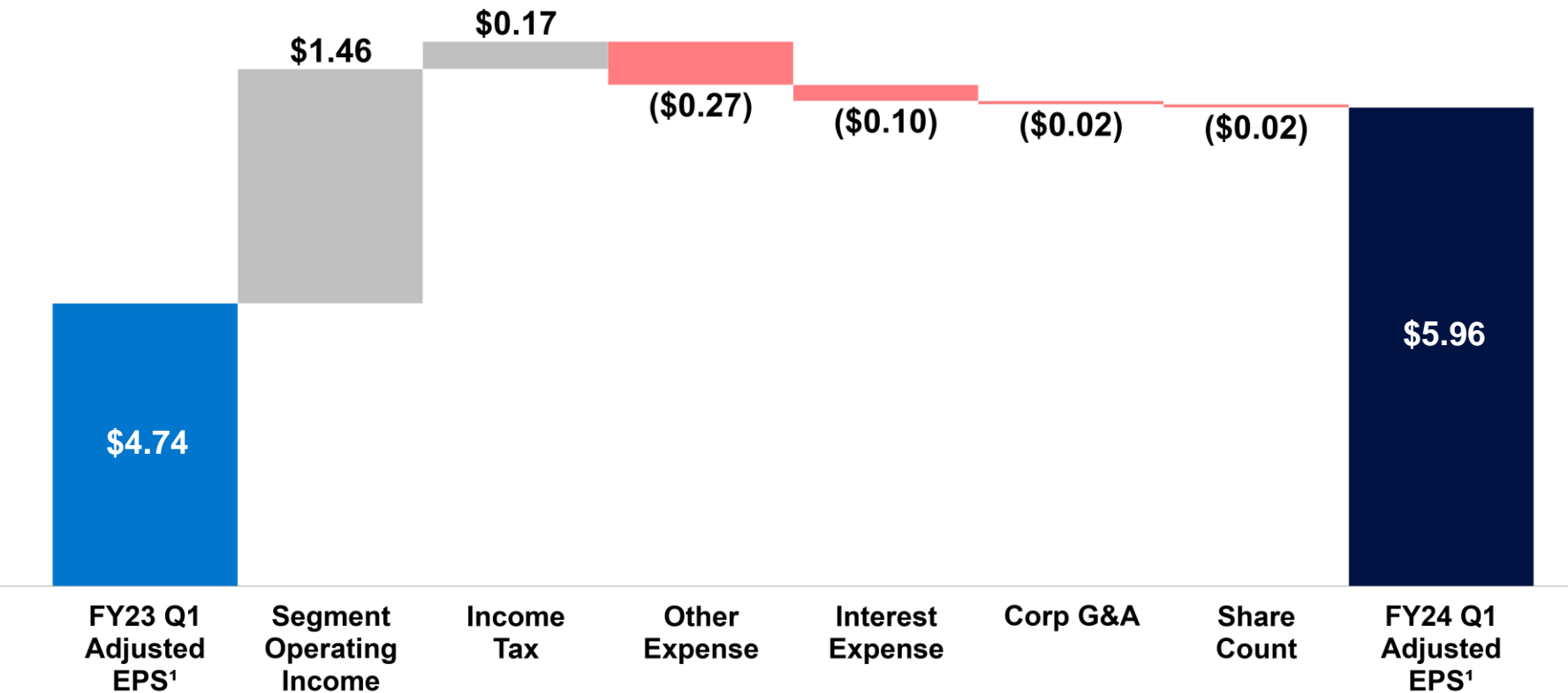
\$ Millions, except per share amounts

	FY24 Q1 As Reported	FY24 Q1 Adjusted ¹	FY23 Q1 Adjusted ¹	YoY Change Adjusted
Sales	\$4,847	\$4,847	\$4,233	+15%
Segment Operating Margin	21.3%	24.9%	22.7%	+220 bps
EBITDA Margin	24.7%	24.8%	23.3%	+150 bps
Net Income	\$651	\$776	\$616	+26%
EPS	\$4.99	\$5.96	\$4.74	+26%

1. Sales figures As Reported. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.
 Note: FY23 Q1 As Reported: Segment Operating Margin of 19.8%, EBITDA Margin of 18.3%, Net Income of \$388M, EPS of \$2.98.



FY24 Q1 Adjusted Earnings per Share Bridge



1. FY23 Q1 As Reported EPS of \$2.98. FY24 Q1 As Reported EPS of \$4.99. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



FY24 Q1 Segment Performance

	Sales As Reported \$ Organic % ¹	Segment Operating Margin As Reported	Segment Operating Margin Adjusted ¹	Order Rates ²	Commentary
Diversified Industrial North America	\$2,230M +0.5% Organic	22.7%	24.9% +150 bps YoY	(4%)	<ul style="list-style-type: none"> • Excellent margin expansion • Distribution rebalancing • Robust backlog coverage
Diversified Industrial International	\$1,389M (2.2%) Organic	21.7%	24.1% +100 bps YoY	(8%)	<ul style="list-style-type: none"> • Resilient margin performance • China recovery remains slow • Order declines consistent across regions
Aerospace Systems	\$1,229M +15.8% Organic	18.4%	26.0% +610 bps YoY	+24%	<ul style="list-style-type: none"> • Double digit growth all market segments • Strong aftermarket growth & margins • Order strength continues
Parker	\$4,847M +2.3% Organic	21.3%	24.9% +220 bps YoY	+2%	<ul style="list-style-type: none"> • Win Strategy™ drives record margins • Celebrating one-year with Meggitt • 40% incremental adjusted margin¹

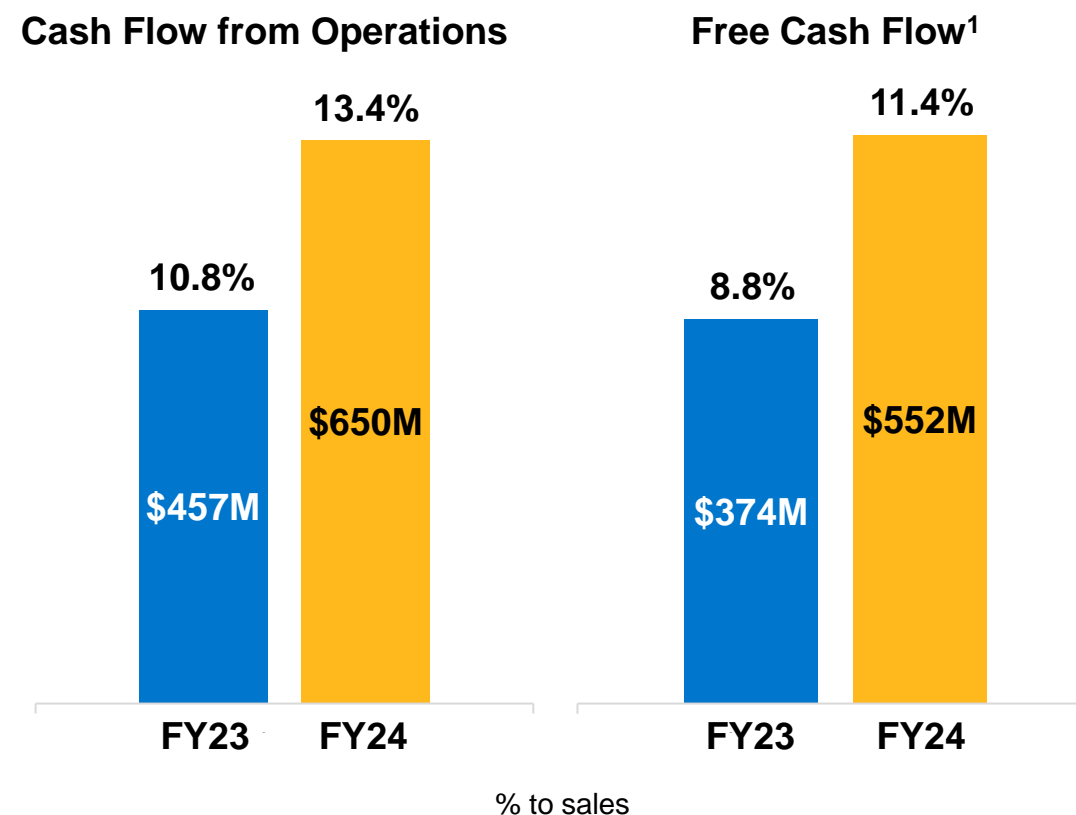
1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.

2. Diversified Industrial orders are on a 3-month average computation and Aerospace Systems are rolling 12-month average computations. Beginning FY23 Q3, orders include acquisitions and exclude divestitures and currency.



FY24 Q1 Cash Flow Performance

- Cash Flow from Operations of 13.4%
- Free Cash Flow of 11.4%¹
 - CapEx of 2.0% of sales
- Free Cash Flow Conversion of 85%¹
- Committed to FY24 Guidance:
 - Free Cash Flow¹ of \$2.6B - \$3.0B
 - FCF Conversion¹ >100%

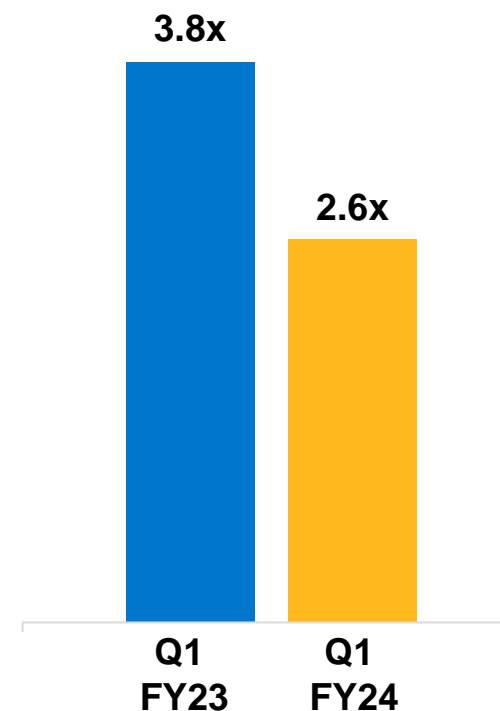


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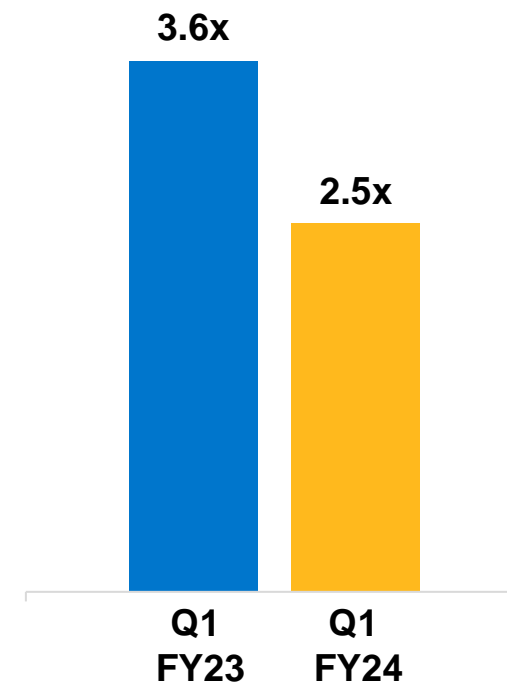
Debt & Leverage Reduction Ahead of Schedule

- Since Meggitt acquisition close:
 - ~\$1.8B debt reduction
 - 1.2x leverage reduction
- ~\$370M debt reduction during Q1
- Expect ~\$2B debt paydown in FY24
- Target 2.0x leverage during FY25

Gross Debt / Adj. EBITDA¹



Net Debt / Adj. EBITDA¹



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

FY24 Guidance Increased

EPS Midpoint: \$19.13 As Reported, \$23.00 Adjusted

Guidance Metric	FY24 Full Year	Key Assumptions
Reported Sales	2.5% - 5.5%	<ul style="list-style-type: none">Strong backlog coverage~\$140m currency headwind vs. prior guidanceSplit: 1H: 49% 2H: 51%
Organic Sales Growth ¹	~1.5%	<ul style="list-style-type: none">Reaffirming full-year organic growth midpointRaising Aerospace organic to 10% vs. 8% in prior guidance
Adj. Operating Margin ¹	23.4% - 23.8%	<ul style="list-style-type: none">Raising midpoint to 23.6% vs. 23.2% in prior guidance~40% incrementals
Adj. EPS ¹	\$22.60 - \$23.40	<ul style="list-style-type: none">~(\$0.20) currency headwind vs. prior guidanceTax rate: ~23%Split: 1H: 48% 2H: 52%
Free Cash Flow ¹	\$2.6B - \$3.0B	<ul style="list-style-type: none">CapEx: ~2% of salesFCF Conversion >100%

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



Lee Banks

Transformational Leadership & Countless Significant Contributions to Parker's Success



- Retiring as Vice Chairman and President effective December 31, 2023
- Joined Parker in 1991; Officer since 2006 & Director since 2015
- During his tenure, sales grew at a 7% CAGR to nearly \$20B¹
- EPS have grown from \$0.36 in FY91 to \$21.55 adjusted in FY23
- TSR of 292% since 2015 vs. S&P 500 Industrials sector of 80%

1. CAGR from FY91 to FY24 Guidance. Note: Total shareholder return data from Capital IQ as of February 1, 2015 through September 30, 2023

Key Messages and Outlook

Consistent Performance

- Focus on safety and engagement
- Continue performance acceleration from The Win Strategy™ 3.0
- Proven track record - our people and performance through cycles

Portfolio Transformation

- Successful first full year with Meggitt
- ~30% exposure to Aerospace & Defense markets
- Longer cycle & more resilient revenue mix: ~85% by FY27

A Promising Future

- Well positioned to capitalize on the growth from secular trends
- Continue to be great generators and deployers of cash
- Committed to FY27 Targets





Upcoming Event Calendar

FY24 Q2 Earnings Release	February 1, 2024
FY24 Q3 Earnings Release	May 2, 2024
FY24 Q4 Earnings Release	August 8, 2024

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Appendix

- FY24 Guidance Details
- Reconciliation of Organic Growth
- Adjusted Amounts Reconciliation – Consolidated
- Adjusted Amounts Reconciliation – Segment Operating Income
- Reconciliation of EBITDA to Adjusted EBITDA
- Reconciliation of Gross and Net Debt to Adjusted EBITDA
- Reconciliation of Free Cash Flow Conversion
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of Forecasted Segment Operating Margin
- Reconciliation of Forecasted EPS

FY24 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic ¹
Diversified Industrial North America	0.0% - 3.0%	~0.5%
Diversified Industrial International	(5.0%) - (2.0%)	~(3.0%)
Aerospace Systems	16.5% - 19.5%	~10%
Parker	2.5% - 5.5%	~1.5%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial North America	20.9% - 21.3%	23.1% - 23.5%
Diversified Industrial International	20.4% - 20.8%	22.9% - 23.3%
Aerospace Systems	18.2% - 18.6%	24.4% - 24.8%
Parker	20.0% - 20.4%	23.4% - 23.8%

Earnings Per Share	As Reported	Adjusted ¹
Midpoint	\$19.13	\$23.00
Range	\$18.73 - \$19.53	\$22.60 - \$23.40

Additional Items	As Reported and Adjusted ¹	
Corporate G&A	~\$240M	
Interest Expense	~\$515M	
Other Expense	~\$16M	~\$29M
Reported Tax Rate	~23%	
Diluted Shares Outstanding	~130M	

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$565M	—
Business Realignment Charges	~\$70M	—
Integration Costs to Achieve	~\$35M	—
Net Gain on Divestiture	—	(\$13M)

1. Adjusted numbers include certain non-GAAP financial measures.



Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

	Quarter-to-Date					
	As Reported September 30, 2023	Currency	Divestitures	Acquisitions	Adjusted September 30, 2023	As Reported September 30, 2022
Net Sales						
Diversified Industrial:						
North America	\$ 2,229,906	\$ (10,944)	\$ 543	\$ (77,384)	\$ 2,142,121	\$ 2,131,760
<u>International</u>						
Europe	784,198	(38,100)	-	(33,935)	712,163	698,826
Asia Pacific	524,954	12,057	-	(3,986)	533,025	581,623
Latin America	79,470	1,180	-	-	80,650	74,564
International	1,388,622	(24,863)	-	(37,921)	1,325,838	1,355,013
Total Diversified Industrial	3,618,528	(35,807)	543	(115,305)	3,467,959	3,486,773
Aerospace Systems	1,228,960	(3,496)	24,404	(385,702)	864,166	746,002
Total Parker Hannifin	<u>\$ 4,847,488</u>	<u>\$ (39,303)</u>	<u>\$ 24,947</u>	<u>\$ (501,007)</u>	<u>\$ 4,332,125</u>	<u>\$ 4,232,775</u>
	As reported	Currency	Divestitures	Acquisitions	Organic	
Diversified Industrial:						
North America	4.6 %	0.5 %	(0.0)%	3.6 %	0.5 %	
<u>International</u>						
Europe	12.2 %	5.4 %	0.0 %	4.9 %	1.9 %	
Asia Pacific	(9.7)%	(2.0)%	0.0 %	0.7 %	(8.4)%	
Latin America	6.6 %	(1.6)%	0.0 %	0.0 %	8.2 %	
International	2.5 %	1.9 %	0.0 %	2.8 %	(2.2)%	
Total Diversified Industrial	3.8 %	1.0 %	(0.0)%	3.3 %	(0.5)%	
Aerospace Systems	64.7 %	0.5 %	(3.3)%	51.7 %	15.8 %	
Total Parker Hannifin	14.5 %	1.0 %	(0.6)%	11.8 %	2.3 %	



Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

Quarter-to-Date FY 2024											
	As Reported September 30, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Gain on Divestiture				Adjusted September 30, 2023	% of Sales
Net sales	\$ 4,847,488	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,847,488	100.0 %
Cost of sales	3,097,349	63.9 %	27,199	6,984	1,274	-	-	-	-	3,061,892	63.2 %
Selling, general and admin. expenses	873,691	18.0 %	128,321	6,108	5,132	-	-	-	-	734,130	15.1 %
Interest expense	134,468	2.8 %	-	-	-	-	-	-	-	134,468	2.8 %
Other (income) expense, net	(78,455)	(1.6)%	-	-	-	(13,260)	-	-	-	(65,195)	(1.3)%
Income before income taxes	820,435	16.9 %	(155,520)	(13,092)	(6,406)	13,260	-	-	-	982,193	20.3 %
Income taxes	169,363	3.5 %	37,169	3,129	1,531	(5,681)	-	-	-	205,511	4.2 %
Net income	651,072	13.4 %	(118,351)	(9,963)	(4,875)	7,579	-	-	-	776,682	16.0 %
Less: Noncontrolling interests	245	0.0 %	-	-	-	-	-	-	-	245	0.0 %
Net income - common shareholders	\$ 650,827	13.4 %	\$ (118,351)	\$ (9,963)	\$ (4,875)	\$ 7,579	\$ -	\$ -	\$ -	\$ 776,437	16.0 %
Diluted earnings per share	\$ 4.99		\$ (0.91)	\$ (0.08)	\$ (0.04)	\$ 0.06	\$ -	\$ -	\$ -	\$ 5.96	

(Dollars in thousands, except per share data)

(Unaudited)

Quarter-to-Date FY 2023											
	As Reported September 30, 2022	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Gain on Aircraft Wheel & Brake Divestiture	Amortization of Inventory Step-Up to FV	Adjusted September 30, 2022	% of Sales
Net sales	\$ 4,232,775	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,232,775	100.0 %
Cost of sales	2,795,456	66.0 %	18,632	2,499	627	-	-	-	18,358	2,755,340	65.1 %
Selling, general and admin. Expenses	835,804	19.7 %	68,382	1,362	11,364	108,568	-	-	-	646,128	15.3 %
Interest expense	117,794	2.8 %	-	-	-	-	-	-	-	117,794	2.8 %
Other (income) expense, net	(19,624)	(0.5)%	-	-	-	51,690	389,992	(372,930)	-	(88,376)	(2.1)%
Income before income taxes	503,345	11.9 %	(87,014)	(3,861)	(11,991)	(160,258)	(389,992)	372,930	(18,358)	801,889	18.9 %
Income taxes	115,308	2.7 %	20,622	915	2,842	37,982	94,713	(90,570)	4,351	186,163	4.4 %
Net income	388,037	9.2 %	(66,392)	(2,946)	(9,149)	(122,276)	(295,279)	282,360	(14,007)	615,726	14.5 %
Less: Noncontrolling interests	183	0.0 %	-	-	-	-	-	-	-	183	0.0 %
Net income - common shareholders	\$ 387,854	9.2 %	\$ (66,392)	\$ (2,946)	\$ (9,149)	\$ (122,276)	\$ (295,279)	\$ 282,360	\$ (14,007)	\$ 615,543	14.5 %
Diluted earnings per share	\$ 2.98		\$ (0.52)	\$ (0.02)	\$ (0.07)	\$ (0.94)	\$ (2.27)	\$ 2.17	\$ (0.11)	\$ 4.74	



Adjusted Amounts Reconciliation Segment Operating Income

(Dollars in thousands)

(Unaudited)

Quarter-to-Date FY 2024											
As Reported September 30, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Net Gain on Divestiture					Adjusted September 30, 2023	% of Sales ²
Diversified Industrial:											
North America ¹	\$ 506,053	22.7%	\$ 44,683	\$ 2,584	\$ 945	\$ -	\$ -	\$ -		\$ 554,265	24.9%
International ¹	300,701	21.7%	23,268	10,055	194	-	-	-		334,218	24.1%
Total Diversified Industrial ¹	806,754	22.3%	67,951	12,639	1,139	-	-	-		888,483	24.6%
Aerospace Systems ¹	226,260	18.4%	87,569	453	5,267	-	-	-		319,549	26.0%
Total segment operating income	1,033,014	21.3%	(155,520)	(13,092)	(6,406)	-	-	-		1,208,032	24.9%
Corporate administration	55,656	1.1%	-	-	-	-	-	-		55,656	1.1%
Income before interest and other	977,358	20.2%	(155,520)	(13,092)	(6,406)	-	-	-		1,152,376	23.8%
Interest expense	134,468	2.8%	-	-	-	-	-	-		134,468	2.8%
Other (income) expense	22,455	0.5%	-	-	-	(13,260)	-	-		35,715	0.7%
Income before income taxes	\$ 820,435	16.9%	\$ (155,520)	\$ (13,092)	\$ (6,406)	\$ 13,260	\$ -	\$ -		\$ 982,193	20.3%

(Dollars in thousands)

(Unaudited)

Quarter-to-Date FY 2023											
As Reported September 30, 2022	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Cost to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Gain on Aircraft Wheel & Brake Divestiture	Amortization of Inventory Step-Up to FV		Adjusted September 30, 2022	% of Sales ²
Diversified Industrial:											
North America ¹	\$ 452,986	21.2%	\$ 46,274	\$ 133	\$ 47	\$ -	\$ -	\$ -		\$ 499,440	23.4%
International ¹	293,940	21.7%	16,805	1,879	139	-	-	-		312,763	23.1%
Total Diversified Industrial ¹	746,926	21.4%	63,079	2,012	186	-	-	-		812,203	23.3%
Aerospace Systems ¹	92,151	12.4%	23,935	1,849	11,805	-	-	18,358		148,098	19.9%
Total segment operating income	839,077	19.8%	(87,014)	(3,861)	(11,991)	-	-	(18,358)		960,301	22.7%
Corporate administration	51,660	1.2%	-	-	-	-	-	-		51,660	1.2%
Income before interest and other	787,417	18.6%	(87,014)	(3,861)	(11,991)	-	-	(18,358)		908,641	21.5%
Interest expense	117,794	2.8%	-	-	-	-	-	-		117,794	2.8%
Other (income) expense	166,278	3.9%	-	-	-	160,258	389,992	(372,930)		(11,042)	-0.3%
Income before income taxes	\$ 503,345	11.9%	\$ (87,014)	\$ (3,861)	\$ (11,991)	\$ (160,258)	\$ (389,992)	\$ 372,930	\$ (18,358)	\$ 801,889	18.9%

1. Segment operating income as a percent of sales is calculated on segment sales.

2. Adjusted amounts as a percent of sales are calculated on as reported sales.



Reconciliation of EBITDA to Adjusted EBITDA

(Dollars in thousands)
(Unaudited)

	Three Months Ended September 30,			
	2023	% of Sales	2022	% of Sales
Net sales	\$ 4,847,488	100.0%	\$ 4,232,775	100.0%
Net income	\$ 651,072	13.4%	\$ 388,037	9.2%
Income taxes	169,363	3.5%	115,308	2.7%
Depreciation	84,867	1.8%	66,967	1.6%
Amortization	155,520	3.2%	87,014	2.1%
Interest expense	134,468	2.8%	117,794	2.8%
EBITDA	1,195,290	24.7%	775,120	18.3%
Adjustments:				
Business realignment charges	13,092	0.3%	3,861	0.1%
Meggitt costs to achieve	6,406	0.1%	11,991	0.3%
Acquisition-related expenses	-	0.0%	160,258	3.8%
Loss on deal-contingent forward contracts	-	0.0%	389,992	9.2%
Amortization of inventory step-up to FV	-	0.0%	18,358	0.4%
Gain on divestitures	(13,260)	-0.3%	(372,930)	-8.8%
EBITDA - Adjusted	\$ 1,201,528	24.8%	\$ 986,650	23.3%
EBITDA margin	24.7 %		18.3 %	
EBITDA margin - Adjusted	24.8 %		23.3 %	

Reconciliation of Gross and Net Debt / Adjusted EBITDA

(Unaudited)		
(Dollars in thousands)		
	<u>September 30, 2022</u>	<u>September 30, 2023</u>
Notes payable and long-term debt payable within one year	\$ 1,725,077	\$ 3,594,425
Long-term debt	12,238,900	8,596,063
Add: Deferred debt issuance costs	87,934	70,406
Total gross debt	<u>\$ 14,051,911</u>	<u>\$ 12,260,894</u>
Cash and cash equivalents	\$ 502,307	\$ 448,926
Marketable securities and other investments	19,504	7,930
Total cash	<u>\$ 521,811</u>	<u>\$ 456,856</u>
Net debt (Gross debt less total cash)	<u>\$ 13,530,100</u>	<u>\$ 11,804,038</u>
TTM Net Sales	\$ 16,331,574	\$ 19,679,907
Net income	\$ 1,252,760	\$ 2,346,571
Income tax	293,066	650,183
Depreciation	258,530	335,316
Amortization	321,693	569,219
Interest Expense	313,696	590,568
TTM EBITDA	<u>\$ 2,439,745</u>	<u>\$ 4,491,857</u>
Adjustments:		
Business realignment charges	15,604	35,937
Costs to achieve	15,555	89,854
Acquisition-related costs	203,786	6,036
Loss on deal-contingent forward contracts	1,405,418	0
Gain on divestitures	(372,930)	(13,260)
Amortization of inventory step-up to FV	18,358	91,623
Net loss on divestitures	0	10,927
Russia liquidation	20,057	0
TTM Adjusted EBITDA	<u>\$ 3,745,593</u>	<u>\$ 4,712,974</u>
Gross Debt/TTM Adjusted EBITDA	3.8	2.6
Net Debt/TTM Adjusted EBITDA	3.6	2.5



Reconciliation of Free Cash Flow Conversion

(Unaudited)
(Dollars in thousands)

	Three Months Ended September 30,	
	2023	2022
Net Income	\$ 651,072	\$ 388,037
Cash Flow from Operations	\$ 649,959	\$ 457,358
Capital Expenditures	(97,746)	(83,555)
Free Cash Flow	\$ 552,213	\$ 373,803
Free Cash Flow Conversion (Free Cash Flow / Net Income)	85%	96%

Supplemental Sales Information

Global Technology Platforms

(Unaudited)

(Dollars in thousands)

Three Months Ended September 30,

2023

2022

Net sales

Diversified Industrial:

Motion Systems

\$ 942,314

\$ 906,014

Flow and Process Control

1,181,461

1,204,464

Filtration and Engineered Materials

1,494,753

1,376,295

Aerospace Systems

1,228,960

746,002

Total

\$ 4,847,488

\$ 4,232,775



Reconciliation of Forecasted Segment Operating Margin

(Unaudited)

(Amounts in percentages)

Forecasted segment operating margin

Fiscal Year 2024

20.0% to 20.4%

Adjustments:

Business realignment charges

0.3%

Costs to achieve

0.2%

Acquisition-related intangible asset amortization expense

2.9%

Adjusted forecasted segment operating margin

23.4% to 23.8%



Reconciliation of EPS

(Unaudited)

(Amounts in dollars)

Forecasted earnings per diluted share

Fiscal Year 2024

\$18.73 to \$19.53

Adjustments:

Business realignment charges

0.53

Costs to achieve

0.27

Acquisition-related intangible asset amortization expense

4.36

Net gain on divestitures

(0.10)

Tax effect of adjustments¹

(1.19)

Adjusted forecasted earnings per diluted share

\$22.60 to \$23.40

1. This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

