

Wolfe Research Global Transportation & Industrials Conference



Tom Williams
Chairman and CEO

PH

LISTED

NYSE

ENGINEERING YOUR SUCCESS.

May 26, 2021

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,” “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: the impact of the global outbreak of COVID-19 and governmental and other actions taken in response; 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 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 timing, 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. 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 for Parker, including organic sales for Parker and by segment, adjusted earnings per share, adjusted operating margin for Parker and by segment, EBITDA, adjusted EBITDA, EBITDA margin, 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, and acquisition related expenses. Free cash flow is defined as cash flow from operations less capital expenditures. Although organic sales, adjusted earnings per share, adjusted operating margin for Parker and by segment, EBITDA, adjusted EBITDA, 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 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



Unmatched Breadth of Core Technologies



Interconnected Technologies Create Competitive Advantages

Electric Vehicle Technology

Applications

- Battery Pack & Housing
- Motor & Gear Box
- Charger & Inverter
- Infotainment & Driver Assistance
- Power Electronics
- Lightweight Assembly

Parker Technologies

Safety

- Flame-resistant coatings
- High temperature materials
- Environmental & hermetic sealing

Weight Savings

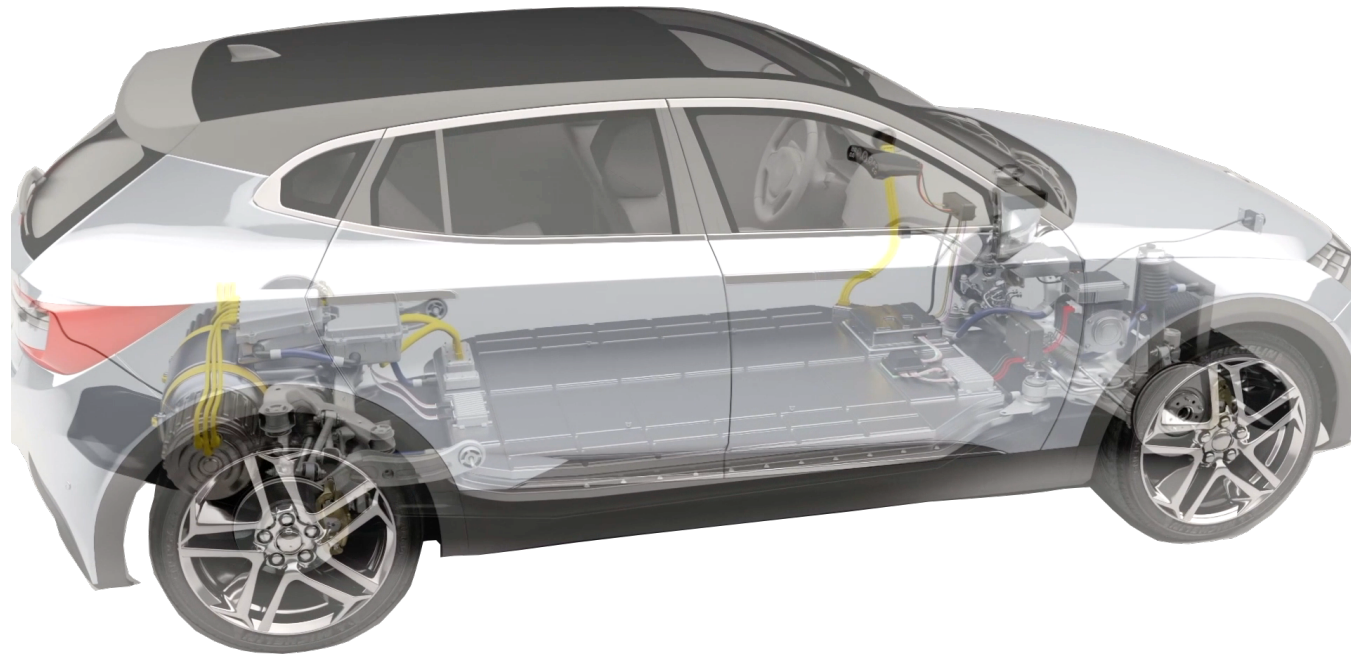
- Structural adhesives
- Engineered plastics

Thermal Management

- Thermal gels & interface materials
- Environmental & hermetic sealing

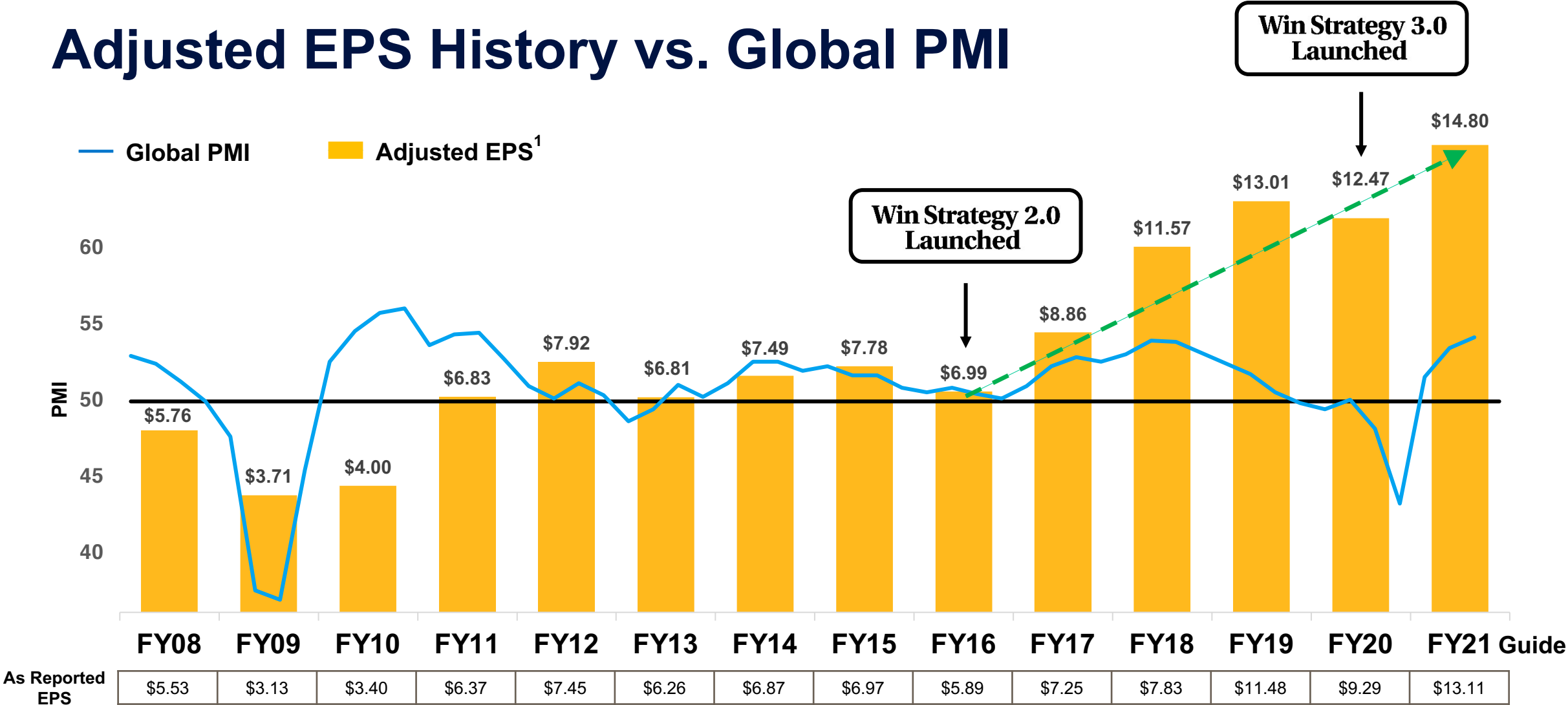
Critical Protection

- Electromagnetic shielding
- Sealing
- Vibration dampening
- Electrically conductive or isolating materials



Enabling a More Sustainable Future

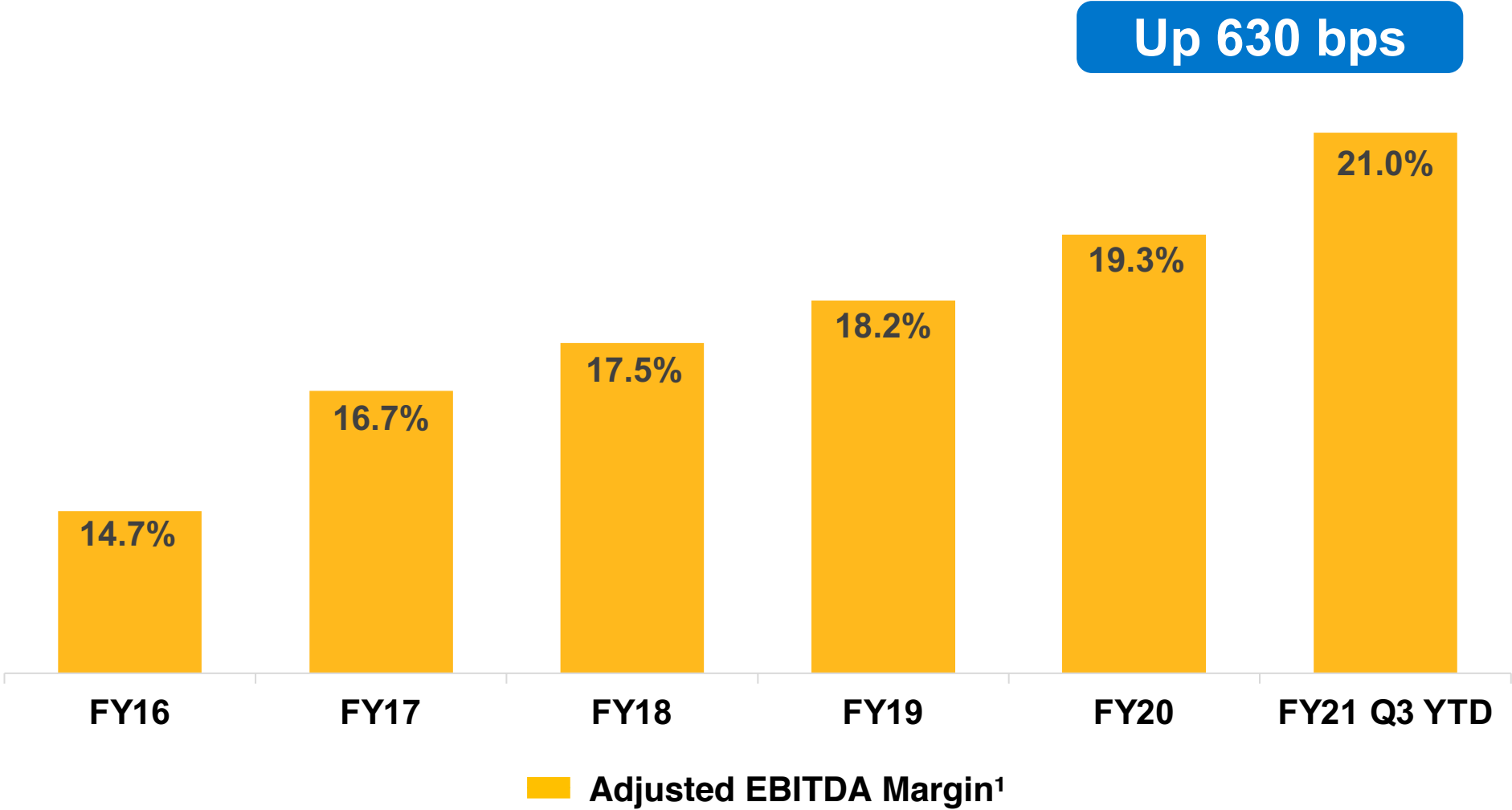
Adjusted EPS History vs. Global PMI



Our People, Portfolio & Performance Transform EPS Growth



Expanding Adjusted EBITDA Margin



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



Win Strategy 3.0 Accelerates Performance

- Simplification: 80/20 + Simple by Design™
- Innovation – Winovation Updates
- Digital Leadership
- Expand and Grow Distribution
- Kaizen, High Performance Teams and Lean
- Acquisitions – Consolidator of Choice
- Annual Cash Incentive Program (ACIP)



The Win Strategy 3.0 & Our Purpose Propel Our Future



PH

LISTED

NYSE

Appendix

Reconciliation of EPS to Adjusted EPS

(Unaudited)

(Amounts in Dollars)

	12 Months ended 6/30/08	12 Months ended 6/30/09	12 Months ended 6/30/10	12 Months ended 6/30/11	12 Months ended 6/30/12	12 Months ended 6/30/13	12 Months ended 6/30/14	12 Months ended 6/30/15	12 Months ended 6/30/16	12 Months ended 6/30/17	12 Months ended 6/30/18	12 Months ended 6/30/19	12 Months ended 6/30/20	Guide issued April 2021: 12 Months ending 6/30/21
Earnings per diluted share	\$ 5.53	\$ 3.13	\$ 3.40	\$ 6.37	\$ 7.45	\$ 6.26	\$ 6.87	\$ 6.97	\$ 5.89	\$ 7.25	\$ 7.83	\$ 11.48	\$ 9.29	\$12.96 to \$13.26
Adjustments:														
Acquired intangible asset amortization expense	0.35	0.61	0.67	0.65	0.66	0.78	0.77	0.73	0.74	1.02	1.59	1.51	2.19	2.47
Business realignment charges	0.03	0.32	0.30	0.10	0.09	0.09	0.69	0.39	0.80	0.42	0.34	0.12	0.59	0.38
Acquisition-related expenses & Costs to achieve										0.76	0.27	0.23	1.62	0.10
(Gain) / loss on sale and writedown of assets or land							1.25				0.24			(0.77)
Gain on deconsolidation of subsidiary							(2.72)							
Tax effect of adjustments ¹	(0.15)	(0.35)	(0.37)	(0.29)	(0.28)	(0.32)	0.63	(0.31)	(0.44)	(0.59)	(0.42)	(0.44)	(1.03)	(0.49)
Favorable tax settlement													(0.19)	
Tax expense related to U.S. Tax Reform											1.72	0.11		
Adjusted earnings per diluted share	\$ 5.76	\$ 3.71	\$ 4.00	\$ 6.83	\$ 7.92	\$ 6.81	\$ 7.49	\$ 7.78	\$ 6.99	\$ 8.86	\$ 11.57	\$ 13.01	\$ 12.47	\$14.65 to \$14.95

Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited)

(Dollars in millions)

	12 Months ended 6/30/16	12 Months ended 6/30/17	12 Months ended 6/30/18	12 Months ended 6/30/19	12 Months ended 6/30/20	9 Months ended 3/31/21
Net sales	11,361	12,029	14,302	14,320	13,696	10,389
Net income	807	984	1,061	1,513	1,207	1,241
Income taxes	308	345	641	420	306	348
Depreciation and Amortization	307	355	466	436	538	449
Interest Expense	137	162	214	190	308	190
EBITDA*	\$ 1,558	\$ 1,846	\$ 2,382	\$ 2,560	\$ 2,358	\$ 2,228
Adjustments:						
Business realignment charges	109	56	46	16	76	40
Acquisition-related expenses & Costs to Achieve		103	37	30	211	10
(Gain) / Loss on Sale and Writedown of Assets			32			(101)
Adjusted EBITDA*	\$ 1,667	\$ 2,006	\$ 2,497	\$ 2,605	\$ 2,645	\$ 2,177
EBITDA margin	13.7%	15.3%	16.7%	17.9%	17.2%	21.4%
Adjusted EBITDA margin	14.7%	16.7%	17.5%	18.2%	19.3%	21.0%