

Investor Overview

Fiscal 2021 Update

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February 2022

Forward-Looking Statements

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.

The risks and uncertainties in connection with such forward-looking statements related to the proposed acquisition of Meggitt include, but are not limited to, the occurrence of any event, change or other circumstances that could delay the closing of the acquisition; the possibility of nonconsummation of the acquisition; the failure to satisfy any of the conditions to the acquisition (including the satisfaction of the conditions detailed in the Rule 2.7 announcement); the possibility that a governmental entity may prohibit the consummation of the acquisition or may delay or refuse to grant a necessary regulatory approval in connection with the acquisition, or that in order for the parties to obtain any such regulatory approvals, conditions are imposed that adversely affect the anticipated benefits from the acquisition or cause the parties to abandon the acquisition; adverse effects on Parker's common stock because of the failure to complete the acquisition; Parker's business experiencing disruptions due to acquisition-related uncertainty or other factors making it more difficult to maintain relationships with employees, business partners or governmental entities; the possibility that the expected synergies and value creation from the acquisition will not be realized or will not be realized within the expected time period; the parties being unable to successfully implement integration strategies; and significant transaction costs related to the acquisition. 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, 2021 and other periodic filings made with the Securities and Exchange Commission.

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 supply chain and labor disruptions, including as a result of labor shortages; 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.

The Strength & Interconnectivity of the Parker Portfolio

- ▶ Fortune 250 global leader in motion and control technologies and solutions
- ▶ Robust business model with interconnected technologies and unparalleled distribution network
- ▶ Aligned by our purpose statement and executing The Win Strategy™ 3.0
- ▶ History of strong cash generation and strategic capital deployment

Drives a Compelling Investment Thesis



The Global Leader in Motion & Control Technologies

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Parker Hannifin at-a-Glance (NYSE: PH)

Engineering Customer Success in Motion & Control Markets for over 100 Years

FY21 FINANCIAL HIGHLIGHTS

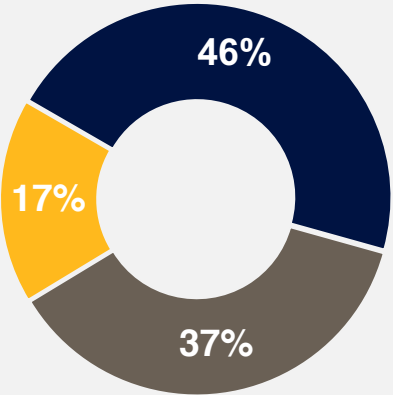
Revenue	\$14.3B
Adjusted Segment Margin	21.1%
Adjusted EBITDA Margin	21.3%
Operating Cash Flow	\$2.6B
Cash Flow Margin	17.9%
Free Cash Flow Conversion	135%
Annual Dividends Paid	65-year increase record

DECENTRALIZED STRUCTURE

Operating Groups	6
Divisions	84 with P&L ownership

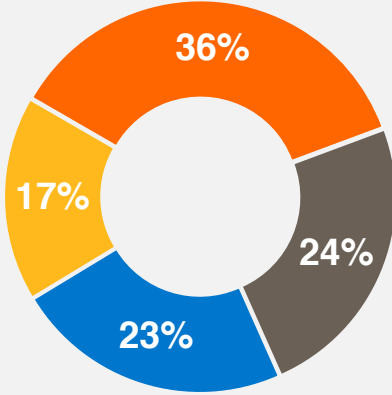
FY21 REVENUE SPLIT

BY REPORTING
SEGMENT



- Diversified Industrial North America
- Diversified Industrial International
- Aerospace Systems

BY MARKET
CHANNEL



- Industrial Distribution
- Industrial Stationary
- Industrial Mobile
- Aerospace Systems Segment

Unmatched Breadth of Core Technologies



- ▶ Partnering with our customers to increase their productivity and profitability
- ▶ Parker's interconnected technologies drive superior customer problem solving & value creation
- ▶ Go-to-market strategy built on interconnected suite of technologies through multi-faceted channels
- ▶ ~2/3 of Revenue comes from customers buying 4 or more technologies

Positions Parker to Win at a Greater Level

Motion & Control Market Channels

Industrial Distribution



Industrial Stationary



Industrial Mobile



Aerospace



Industrial Stationary

- General Industrial
- Life Sciences & Medical
- Machine Tools
- Oil & Gas
- Rubber, Plastics & Tire

Industrial Mobile

- Agriculture
- Automotive
- Construction
- Heavy Truck & Trailer

- Chemical Processing
- Food & Beverage
- HVAC
- General Industrial
- Life Sciences & Medical
- Machine Tools
- Microelectronics
- Oil & Gas
- Power Generation
- Refrigeration
- Telecommunications

- Agriculture
- Automotive
- Construction
- Defense
- Engines
- Heavy Truck & Trailer
- Material Handling
- Rail

- Engine & Power Generation
- Commercial Transport
- Military Fixed Wing
- Business & General Aviation
- Helicopters
- Regional Transport & Other

~50% of Industrial Sales through Distribution Channel

Parker's Operating Groups



Engineered Materials

- Sealing & shielding
- Thermal management
- Adhesives & coatings
- Vibration control
- Engineered composites



Filtration

- Engine and mobile
- Hydraulics and lube
- Industrial air
- Process and water platforms



Fluid Connectors

- Hose and tubing assemblies
- Fittings
- Quick couplings
- Connected products & diagnostics



Instrumentation

- Process fittings, valves & manifolds
- Refrigeration flow & climate control
- Precision fluidics pumps & valves



Motion Systems

- Hydraulics & electro-hydraulics
- Pneumatic
- Electromechanical
- Components & systems



Aerospace

- Engine technologies
- Flight control actuation
- Fuel & fuel tank inerting
- Hydraulics & electro-hydraulics
- Airframe & engine fluid conveyance
- Wheels & brakes

Unmatched Breadth of Interconnected Motion & Control Technologies

The Win Strategy™

Our Vision: Engineering Your Success

Goals

Engaged People

STRATEGIES

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

Customer Experience

STRATEGIES

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

Profitable Growth

STRATEGIES

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

Financial Performance

STRATEGIES

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

Our Culture & Values



Parker's Core Values

Winning Culture

We insist on integrity and ethical behavior and we value compassion, respect and inclusion in all aspects of our global business. We seek to raise the quality of life through responsible, global stewardship.

Passionate People

We are empowered – every idea counts and every role has a voice. We are committed to safety and realize the value of our collective efforts. We believe our strength comes from the relationships and trust we establish with each other, our customers, suppliers, distributors and the world we serve.

Valued Customers

We partner with our customers to increase their productivity and profitability, ensuring their success as well as ours. We are committed to serving our customers through innovation, value creation and the highest quality systems solutions.

Engaged Leadership

We lead by example, demonstrating our values in all circumstances and at all times. Our character, experience and abilities are the foundation of Parker's operational excellence. We hold ourselves accountable for achieving the results our stakeholders expect. We listen to, and encourage one another, and take pride in our growth and accomplishments.

Operational Leadership Team with Diverse Experience



Tom Williams

Chairman & CEO
Joined 2003



Lee Banks

Vice Chairman
& President
Joined 1991



Jenny Parmentier

Chief Operating Officer
Joined 2008



Todd Leombruno

Executive VP & CFO
Joined 1993



Skip Bowman

President
Instrumentation
Group
Joined 1983



Berend Bracht

President
Motion Systems
Group
Joined 2018



Rob Malone

President
Filtration
Group
Joined 2013



Andy Ross

President
Fluid Connectors
Group
Joined 1998



Roger Sherrard

President
Aerospace Systems
Group
Joined 1989



Andy Weeks

President
Engineered Materials
Group
Joined 2013

Sustainability Targets Announced July 2021

REDUCE EMISSIONS

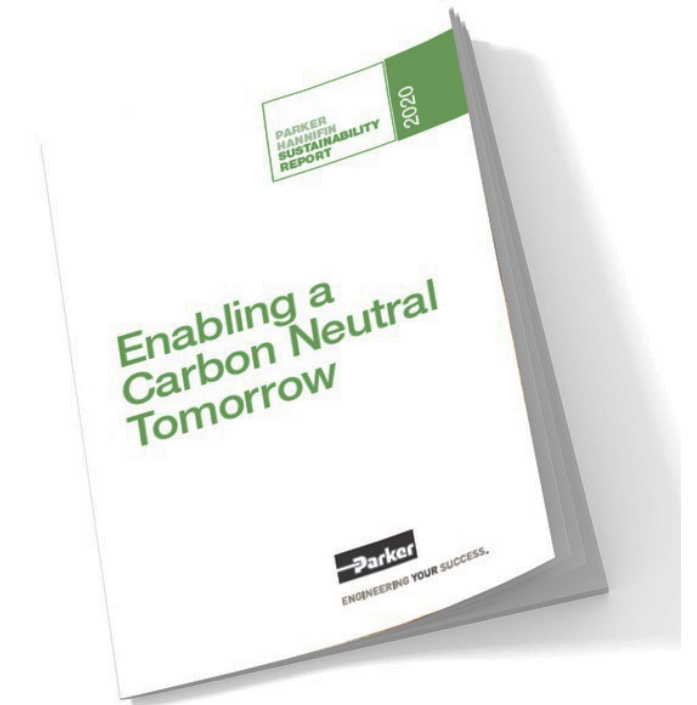
directly from Parker's operations

50%
by
2030

ACHIEVE

**carbon
neutral**

operations by
2040



Enabling a More Sustainable Future

Commitment to Environmental, Social & Governance

ENVIRONMENTAL STEWARDSHIP	SOCIAL RESPONSIBILITY	GOVERNANCE
<ul style="list-style-type: none"> • Target to achieve carbon neutral operations by 2040 • Greenhouse Gas Intensity – 50% reduction since 2010 • 1st quartile Carbon Disclosure Project Climate Change Score among diversified industrial peer companies • Recycle 85%+ of manufacturing waste • Carbon Disclosure Project Water Report submitted since 2017 • Joined the Hydrogen Council in 2021 	<ul style="list-style-type: none"> • High Performance Teams (HPTs) pursuing target of zero safety incidents • Top Quartile Team Member Engagement Scores • Recordable Incident Rate Reduced by ~70% since 2015 • The Parker Hannifin Foundation donated ~\$65M over the last ten years • Appointed Diversity and Inclusion leader and formed Executive led HPTs focused on D&I initiatives 	<ul style="list-style-type: none"> • 10 of 12 directors are independent • 7 of 12 of directors are diverse based on gender, race or ethnicity • Balanced director tenure and age • Mandatory retirement after age 72 • Board committees are 100% composed of independent directors • Each director must stand for election annually

Winning with Integrity & Purpose



Our Purpose

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What is Parker's purpose?



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

Our Purpose Creates Inspiration for our Team Members

▶ The Power of Purpose

- Purpose is a platform for growth, change & positive impact
- Team members who take ownership of their work are more engaged and enjoy higher levels of job satisfaction

▶ Enabling

- Our team members enable the breakthroughs that help improve the lives of people everywhere

▶ Engineering Breakthroughs

- Working alongside customers for more than a century, solving the most complex engineering challenges, to bring their ideas to light

▶ A Better Tomorrow

- Parker people and technologies play a vital role in making the world a better place



Our Purpose in Action

Food Supply



Helping Patients



Vaccine Development



Transportation



Healthcare - Ventilators



Cold Storage

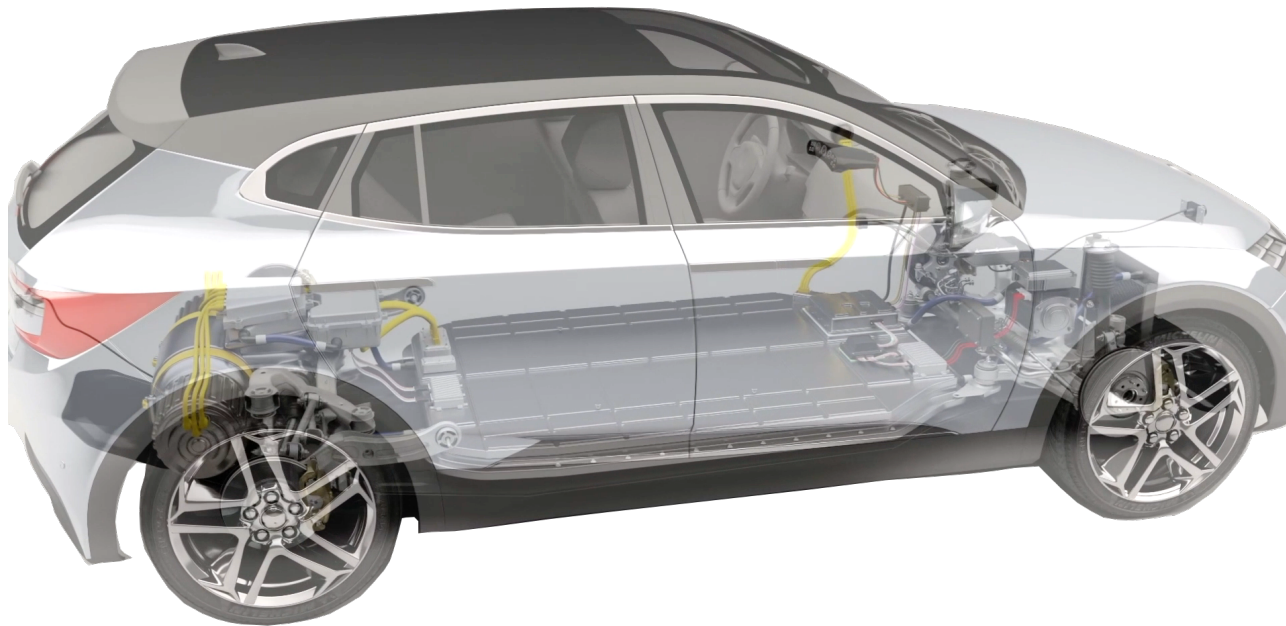


Clean Technologies Enabling a Sustainable Future

Electric Vehicle Technology Spotlight

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


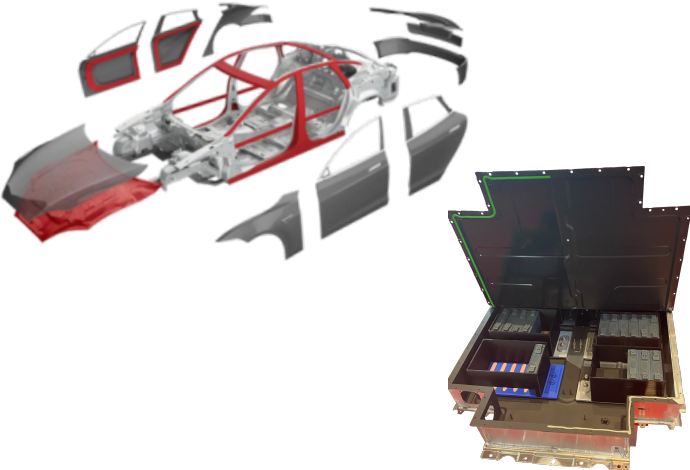

- Electromagnetic shielding
- Sealing
- Vibration dampening
- Electrically conductive or isolating materials

2/3's of Portfolio Enables Clean Technologies




Bringing our Purpose to Life

Structural Adhesive Technology

Enabling Engineering Breakthroughs that Lead to a Better Tomorrow		
Enabling Technology	Engineering Breakthrough	A Better Tomorrow
 <p>Adhesive technology</p>	 <p>Enables lightweighting & electrification</p>	 <p>Fuel efficiency & lower emissions</p>

Bringing our Purpose to Life

Quick Coupling Technology

Enabling Engineering Breakthroughs that Lead to a Better Tomorrow		
Enabling Technology	Engineering Breakthrough	A Better Tomorrow
<div><p>The image shows a side-by-side comparison of two types of hose connections. On the left, a threaded connection is shown with a yellow arrow pointing to it from the text below. On the right, a quick coupling solution is shown, which is a black and silver device with a green stripe. Below the quick coupling, the individual components are shown: a black coupling nut, a silver coupling pin, and a small silver coupling nut.</p></div> <p>Threaded connection (60 seconds)</p> <p>Quick connection solution (2 seconds)</p>	<div><p>A firefighter in full gear, including a helmet and oxygen tank, is shown using a quick coupling device to connect a hose. The device is a black and silver unit with a green stripe, mounted on a hose. The firefighter is wearing a yellow helmet and a black oxygen tank.</p></div> <p>Quick coupling solutions designed for performance under pressure</p>	<div><p>A firefighter in full gear is shown rescuing a child from a burning building. The firefighter is wearing a yellow helmet and a black oxygen tank. The child is being held in the firefighter's arms. The background shows a large fire with orange flames and black smoke.</p></div> <p>Firefighter safety and more time to rescue survivors</p>

► [Click Here](#) to See a Video of this Breakthrough Technology in Action

Our Robust Business Model

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What Drives Parker?

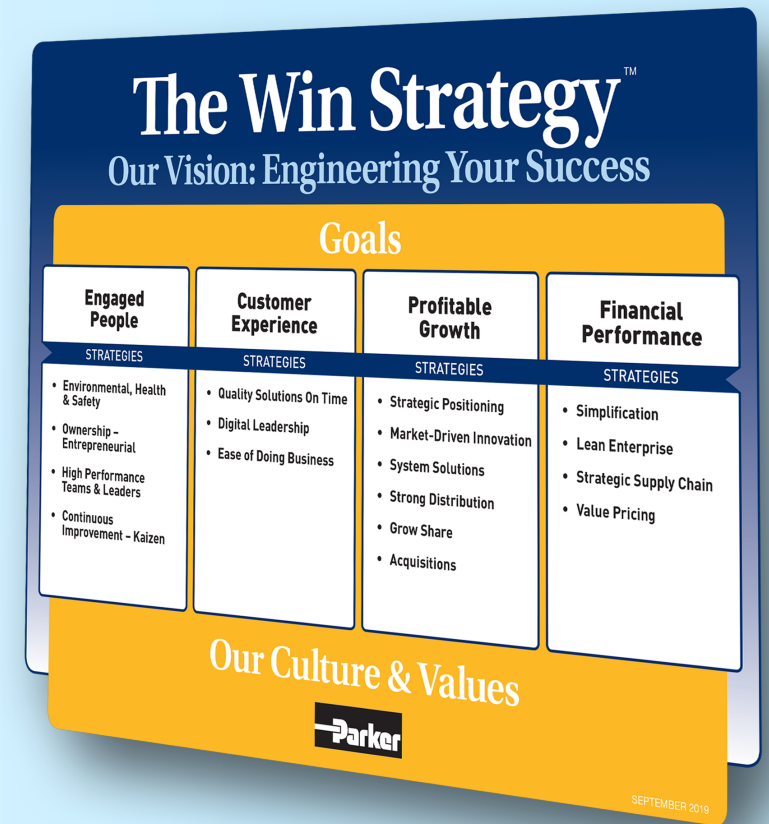
Living Up to Our Purpose

**Great Generators and
Deployers of Cash**

**Top Quartile Performance
vs. Proxy Peers**

Parker's Competitive Differentiators

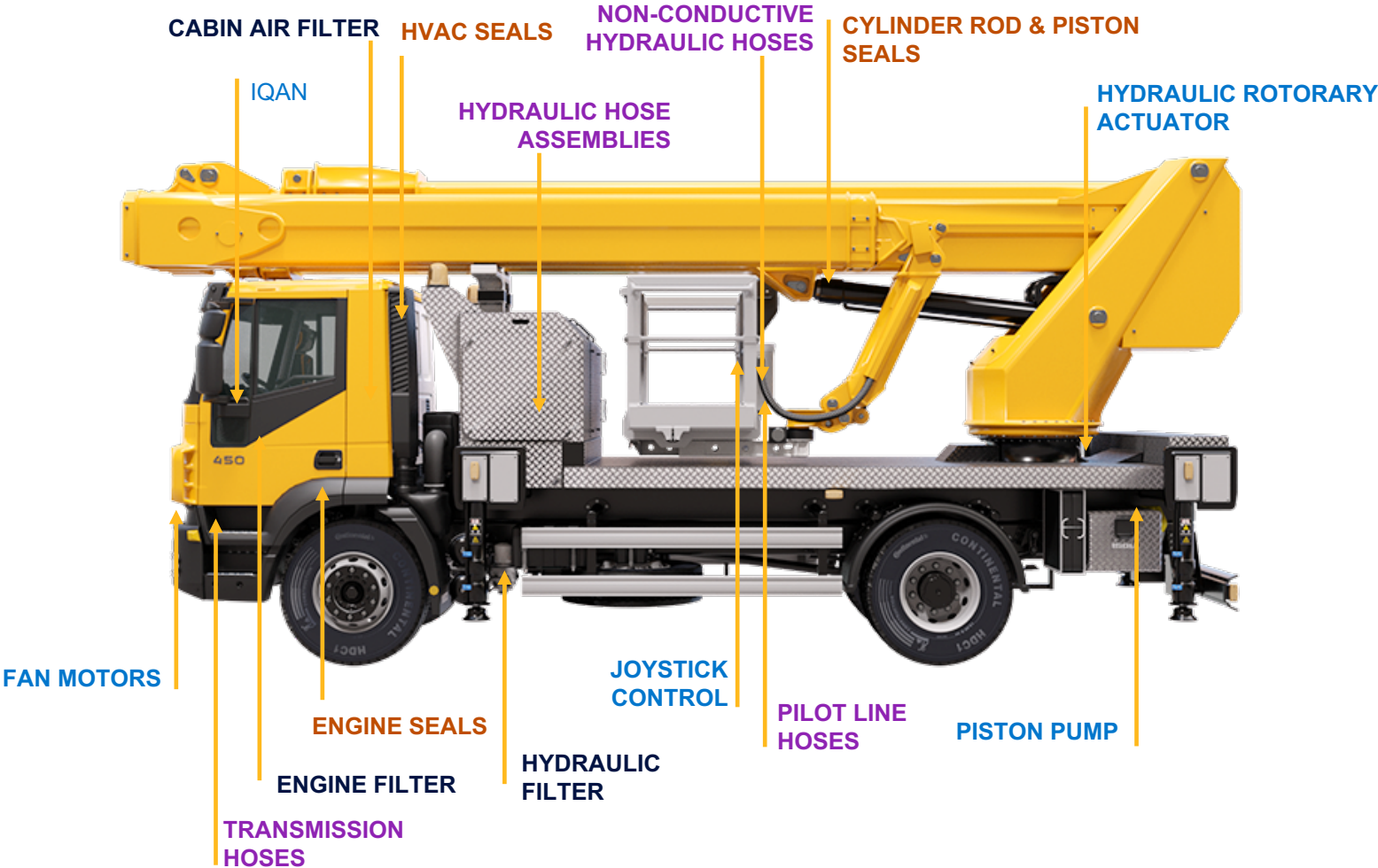
- ▶ The Win Strategy™
- ▶ Decentralized business model
- ▶ Technology breadth & interconnectivity
- ▶ Engineered products with intellectual property
- ▶ Long product life cycles
- ▶ Global distribution, service & support
- ▶ Low capital investment requirements
- ▶ Great generators and deployers of cash over the cycle



Interconnected Parker Technologies

Utility Lift Vehicle

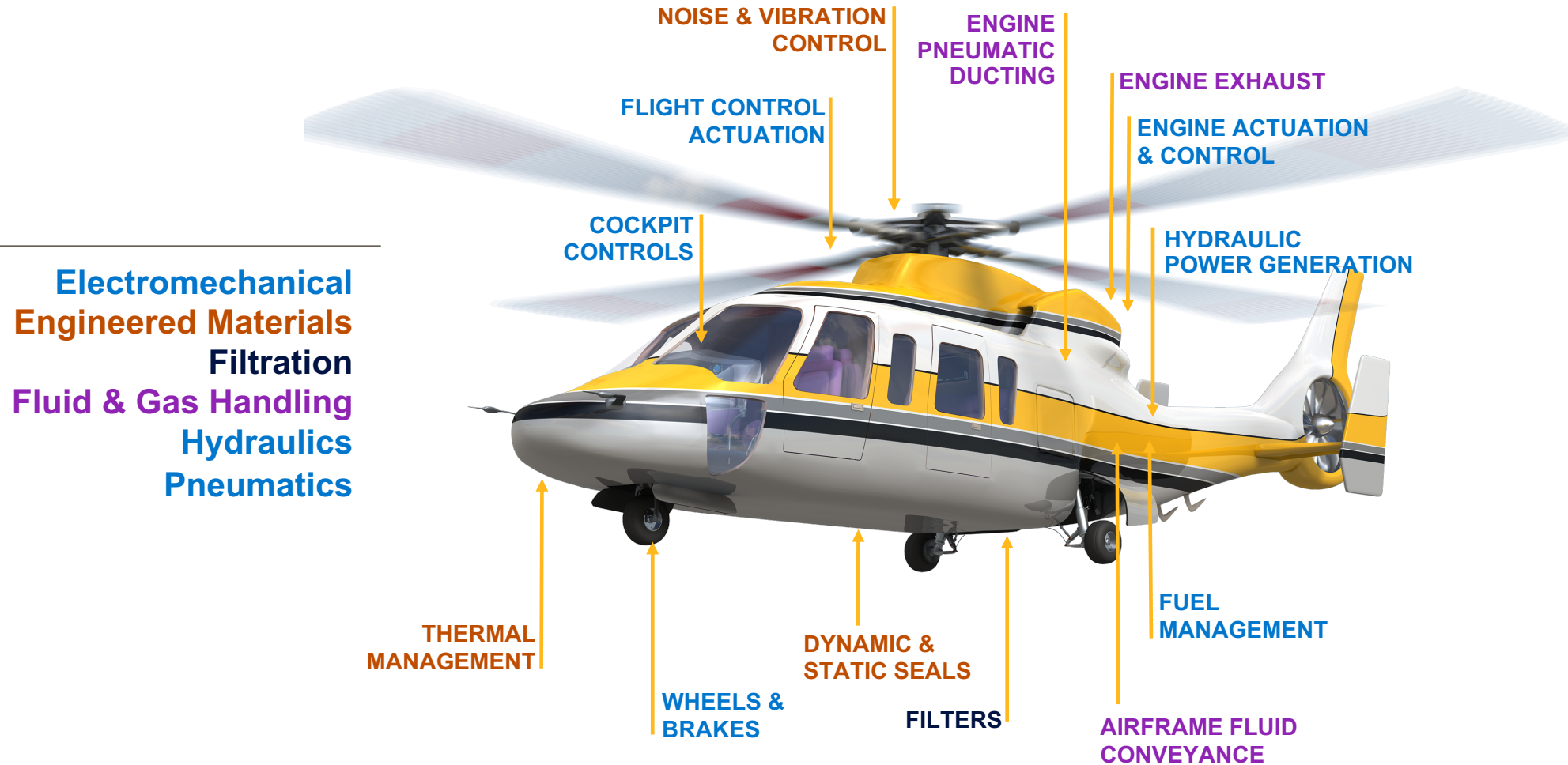
Electromechanical
Engineered Materials
Filtration
Fluid & Gas Handling
Hydraulics
Pneumatics



Interconnected Parker Technologies

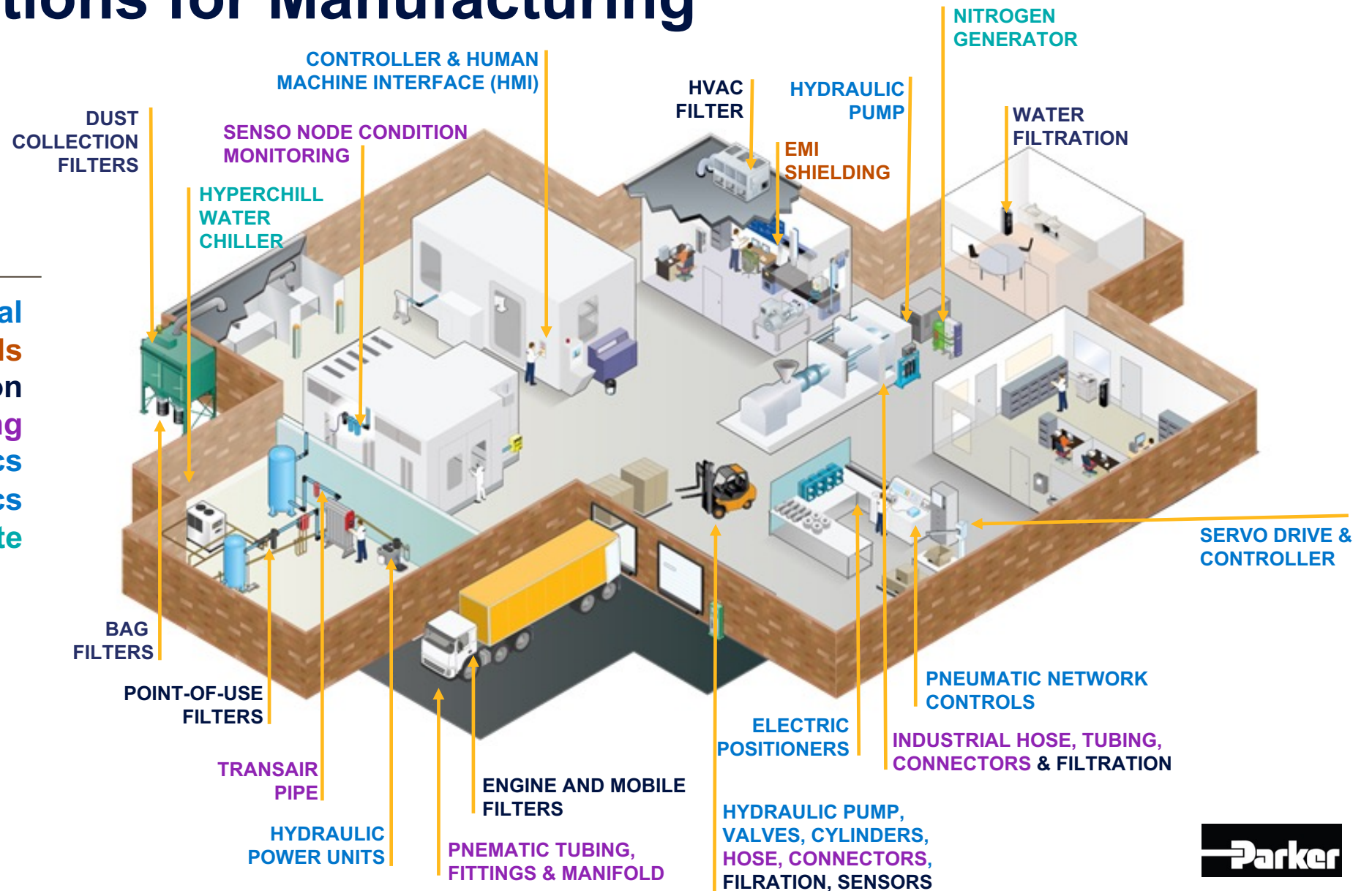
Helicopter

Integrated Systems & Components Across the Platform



Parker Solutions for Manufacturing

Electromechanical
Engineered Materials
Filtration
Fluid & Gas Handling
Hydraulics
Pneumatics
Process & Climate

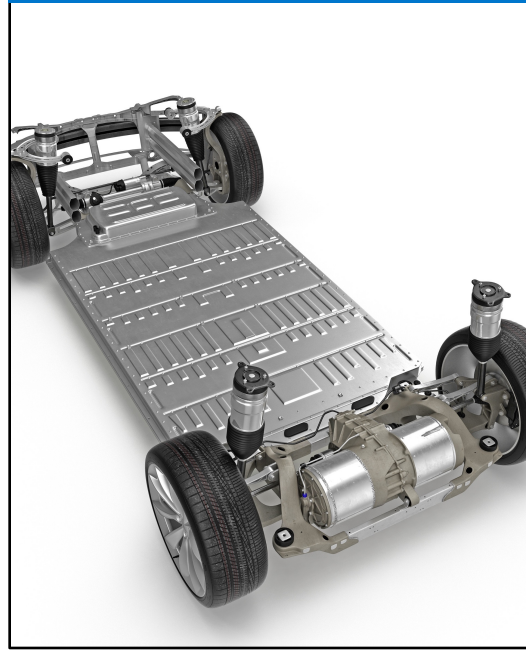


Positioned for Growth Opportunities from Secular Trends

Aerospace



Electrification



ESG

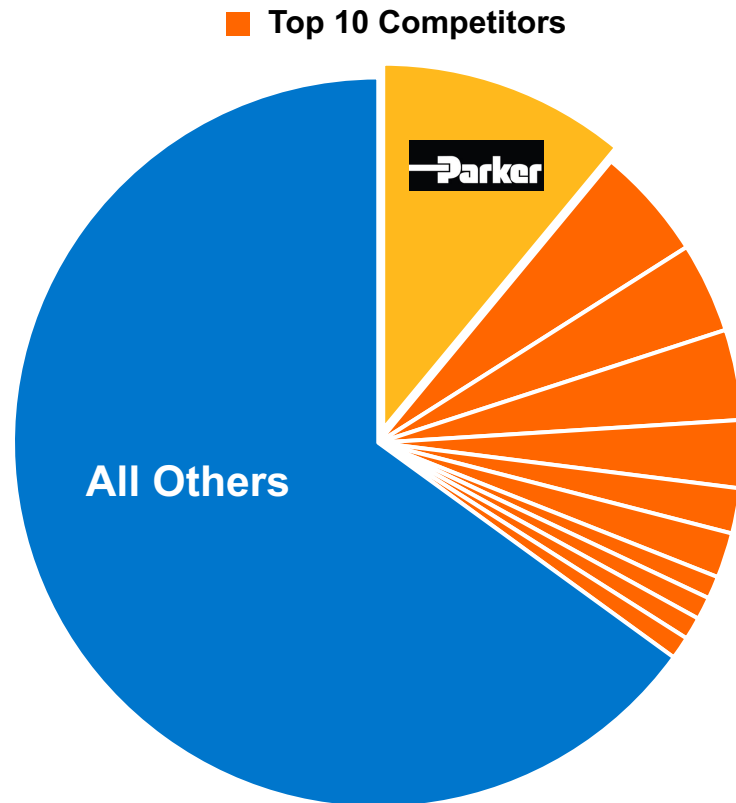


Digitalization



#1 Position within the Motion & Control Industry

\$135 Billion Addressable Market



- ▶ **Highly fragmented market; ~11% market share**
- ▶ **Long-term opportunity to achieve ~20% market share**
- ▶ **Organic Growth Strategy**
 - Strategic Positioning
 - Innovation – Winovation™ PVI + NPB
 - Simple by Design™
 - International distribution growth
 - Digital customer experience
 - Annual Cash Incentive Program (ACIP)
- ▶ **Acquisition Strategy**
 - Consolidator of choice
 - Targeted products and technologies
 - Increasing margins, sales growth resilience and cash flow

Opportunities for Organic Growth & Market Consolidation

Strategies to Grow & Expand Margins

Performance

The Win Strategy™ 3.0

- ▶ Simplification: 80/20 + Simple by Design™
- ▶ Innovation: Winovation Updates
- ▶ Digital leadership
- ▶ Expand and grow distribution
- ▶ Kaizen, High Performance Teams and Lean
- ▶ Annual Cash Incentive Program (ACIP)

Portfolio

Acquire companies with higher growth trajectory and resiliency:

- ▶ CLARCOR
- ▶ LORD
- ▶ Exotic
- ▶ Meggitt¹

Executing Both Portfolio & Performance Actions

Global Independent Distribution Network: At-a-Glance

DISTRIBUTION PARTNERS

- ▶ **High margin** channel serving aftermarket and small to mid-size OEM's
- ▶ **Over 60 years** in the making
- ▶ Global **reach**, local **presence**
- ▶ **500 bps increase** in international distribution sales mix since FY15

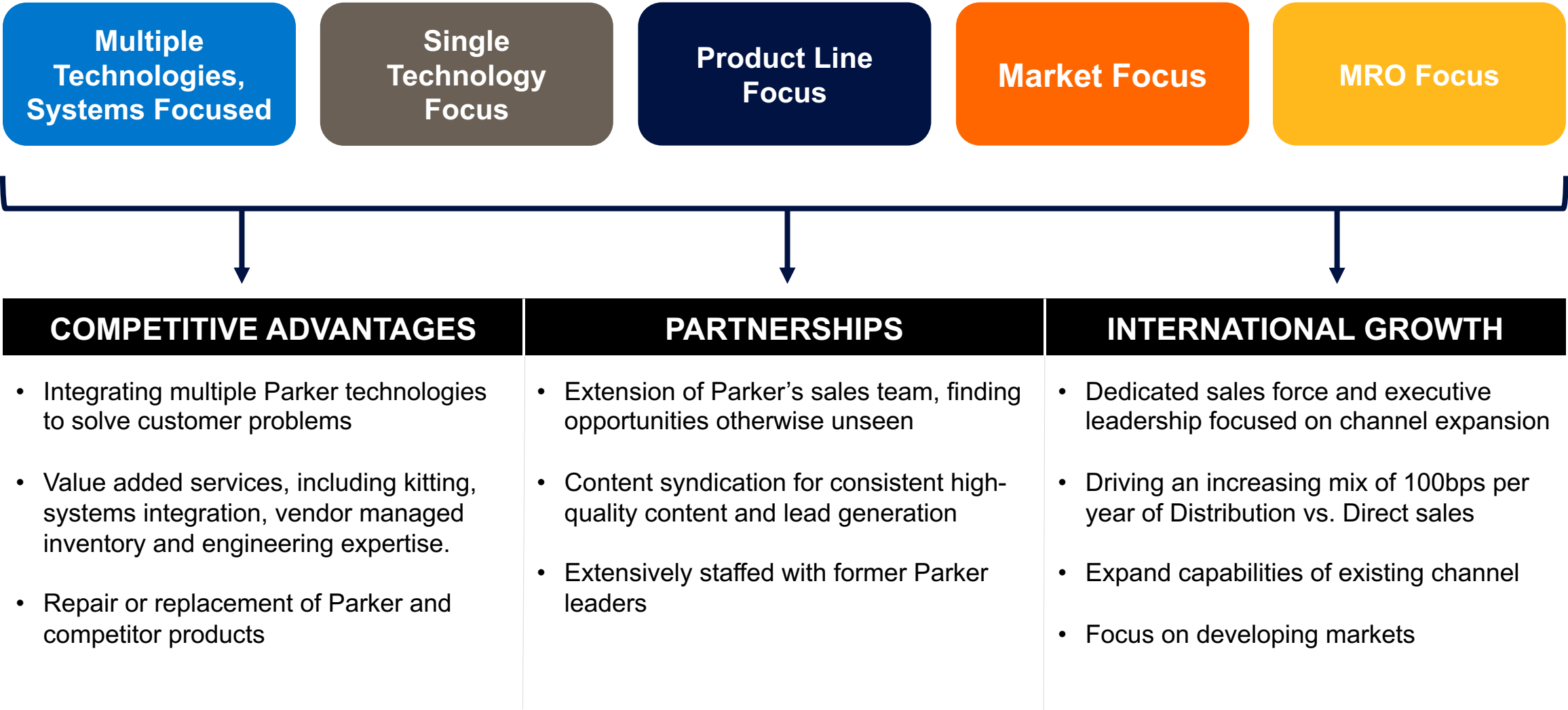
16,000+ DISTRIBUTION OUTLETS IN ~100 COUNTRIES



Keys to Growth, Resilience & Customer Loyalty



Distribution Strategy – Multiple Channels



Business Model Summary

Why We Win

- ▶ The Win Strategy™
- ▶ Decentralized business model
- ▶ Technology breadth & interconnectivity
- ▶ Engineered products with intellectual property
- ▶ Long product life cycles
- ▶ Global distribution, service & support
- ▶ Low capital investment requirements

Where We Are Going

- ▶ The Win Strategy™ 3.0
- ▶ Top quartile performance
- ▶ Great generators and deployers of cash over the cycle
- ▶ Purpose Statement

Strong Position for Sustainable Growth

Parker's Transformation

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Parker Transformed by Portfolio & Performance Actions

- ▶ **Two major enhancements to the Parker Business System:**
 - 2015 – The Win Strategy™ 2.0
 - 2019 – The Win Strategy™ 3.0
- ▶ **Simplification has streamlined organization structure:**
 - 126 to 84 divisions inclusive of acquisitions
- ▶ **Acquired companies with higher growth rates, margins and cash flow:**

CLARCOR

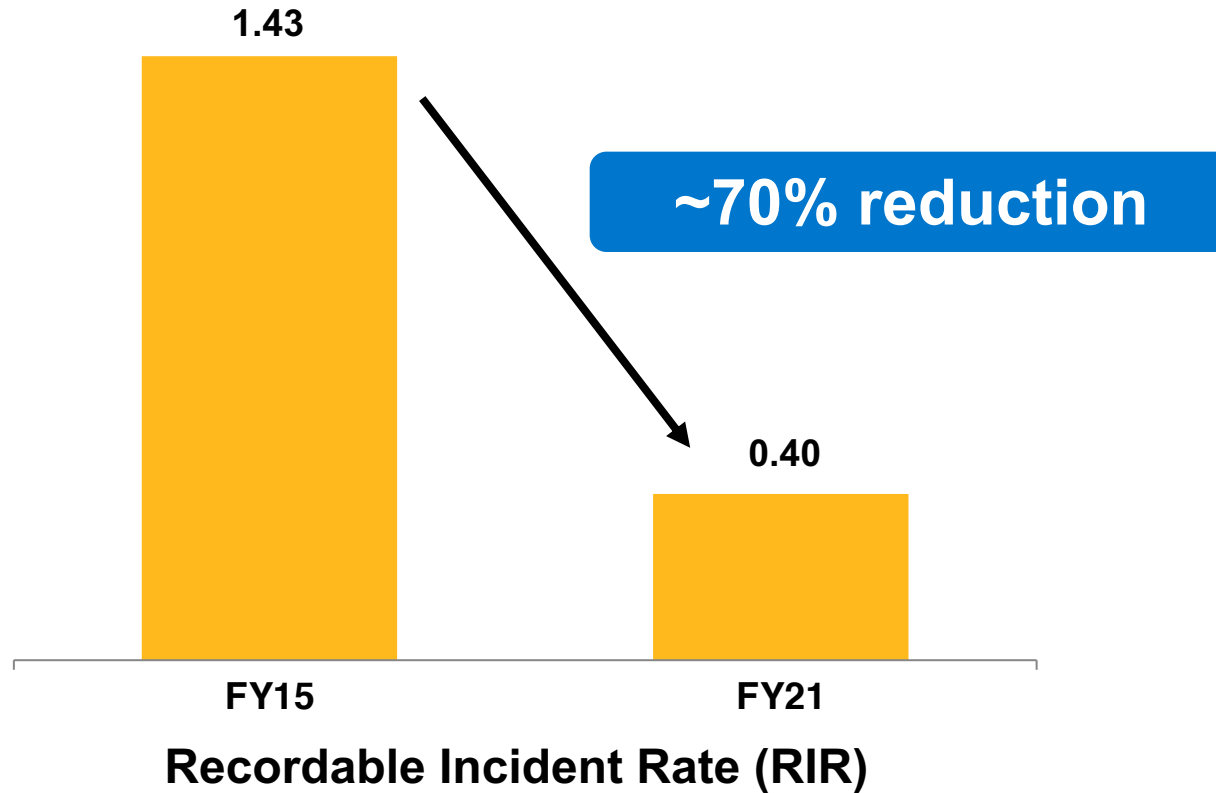
LORD

 EXOTIC METALS
FORMING

Enhanced Performance Resilience Over the Business Cycle



Cultivating a Zero Incident Safety Culture

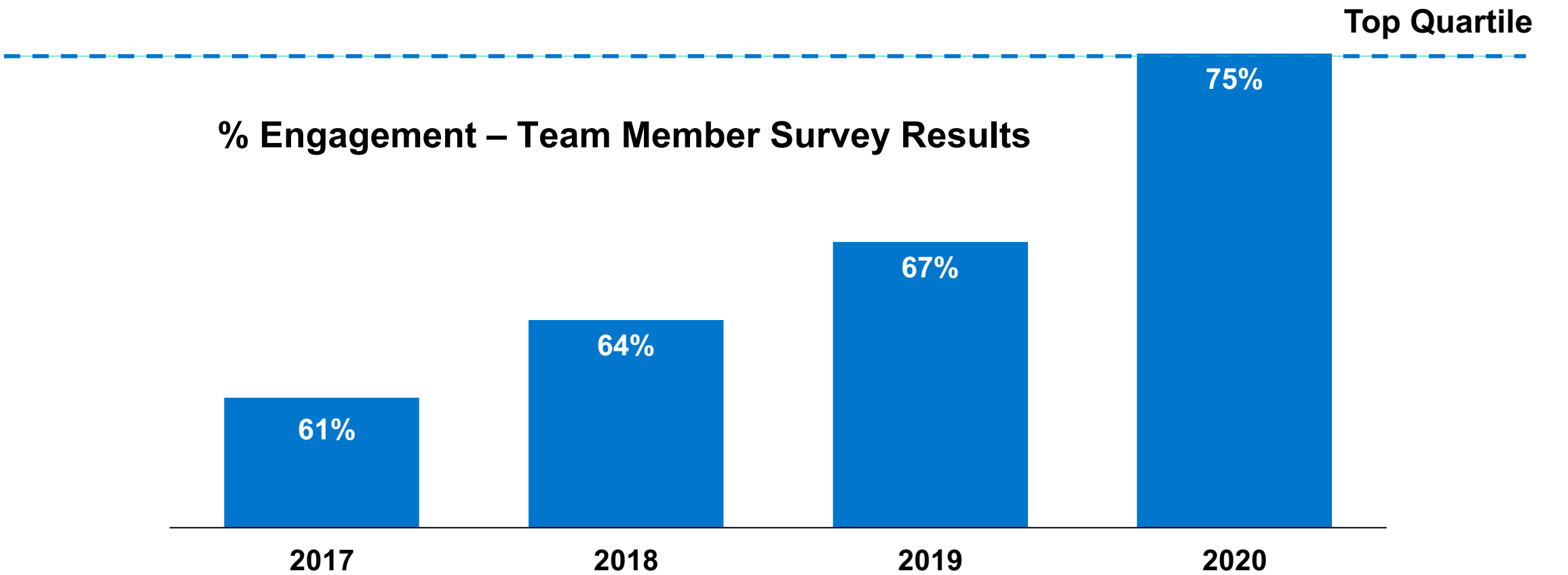


Focus Areas

- ▶ Safety HPTs
- ▶ Training
- ▶ Machine guarding
- ▶ Energy control
- ▶ Ergonomics
- ▶ Non-routine work

High Performance Teams Driving Ownership & Improvement

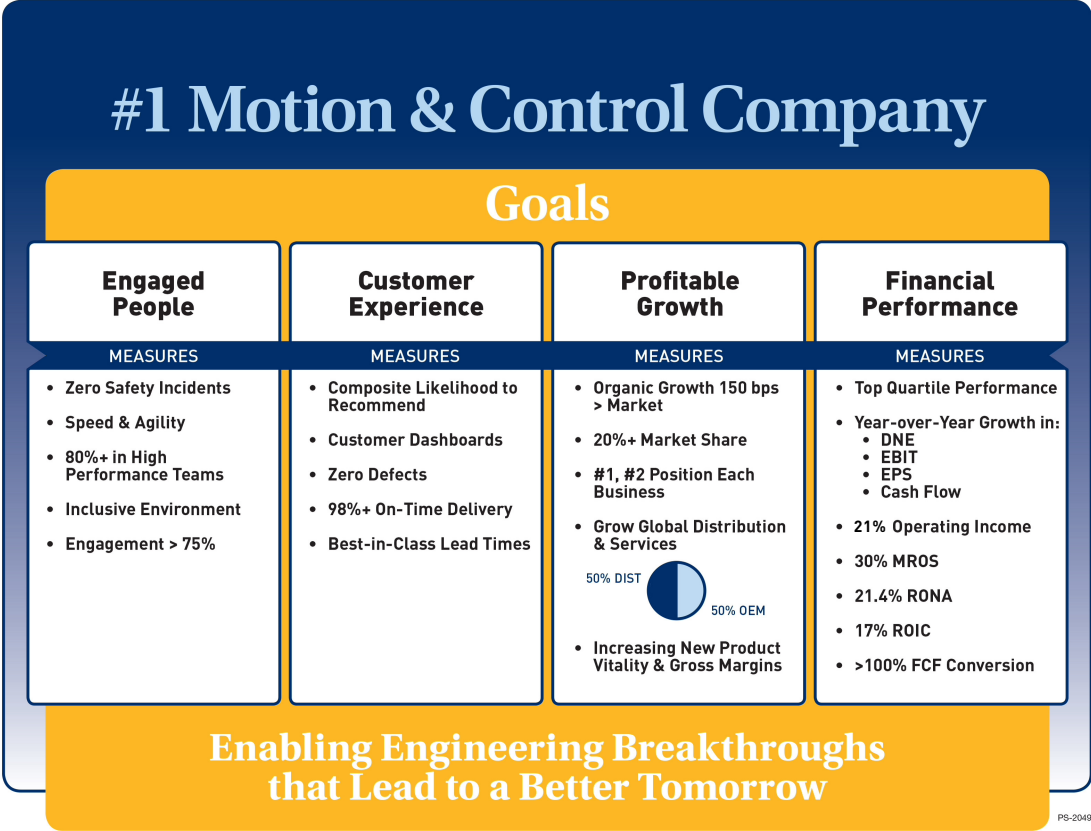
Team Member Engagement – Top Quartile Performance



Higher Engagement Level Drives Results



The Win Strategy™ 3.0 Expands Growth & Simplification



PS-2018

The Win Strategy 3.0 & Our Purpose Propel Our Future



Parker's Simplification Initiative

- ▶ **Structure & Footprint**

Division consolidation mostly complete

- ▶ **Organization Design**

Continual optimization of spans and layers for efficient operations

- ▶ **Revenue Complexity 80/20**

Leveraging our channels; Product optimization

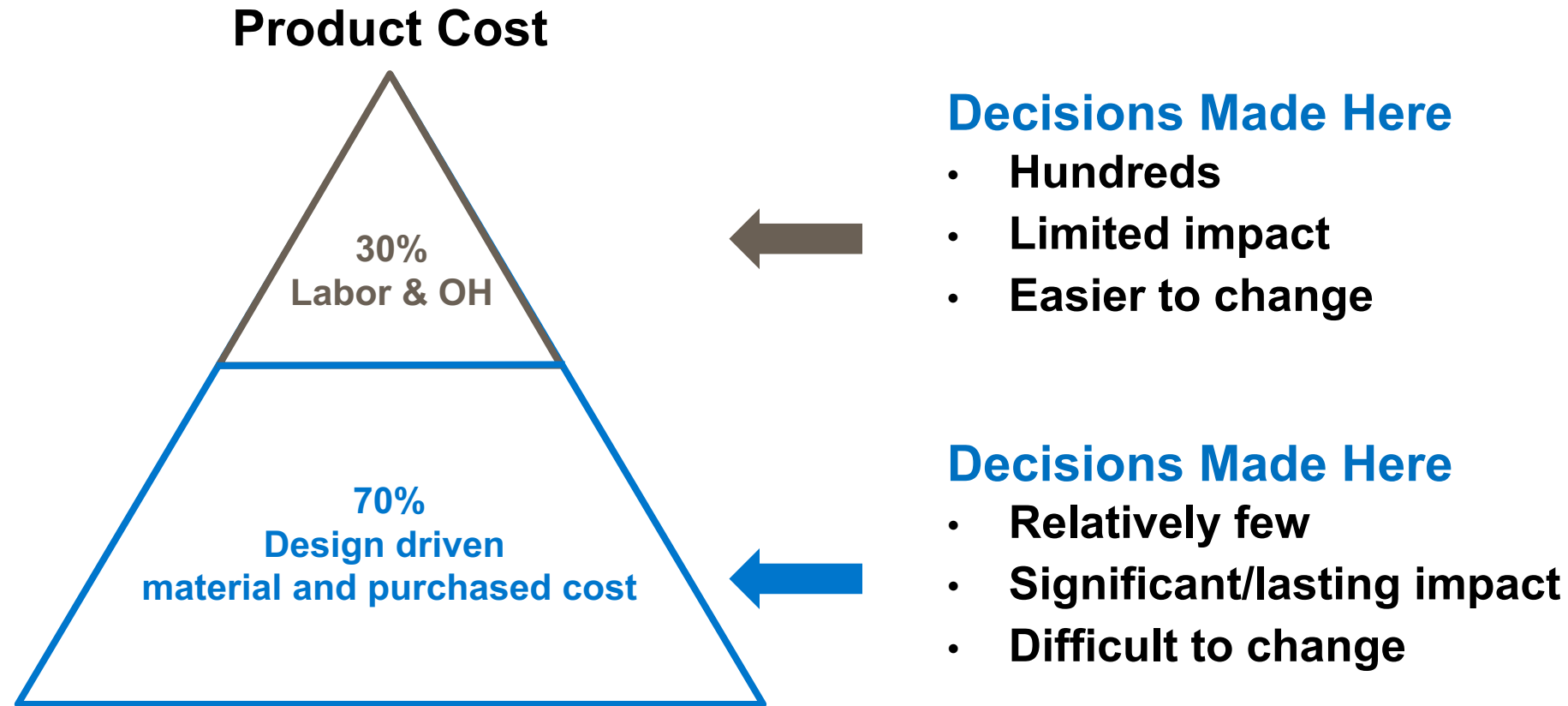
- ▶ **Simple by Design™**

Focus on product design and engineering to reduce cost and enhance customer value proposition

Clear Path in Place for Margin Expansion Opportunities



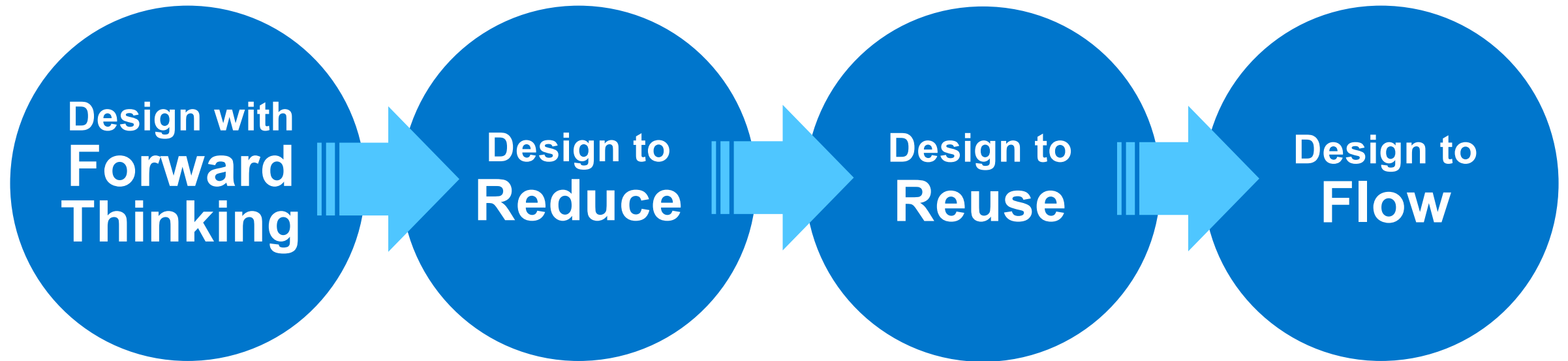
Simple by Design™ - Expansion of Simplification Initiative



Enables Speed, Margin Expansion and Growth

Simple by Design™ - Guiding Principles & Tools

Made Possible by Big Data & Artificial Intelligence (AI)



Product Example – High Pressure Coupler

Simple by Design™



Existing Series



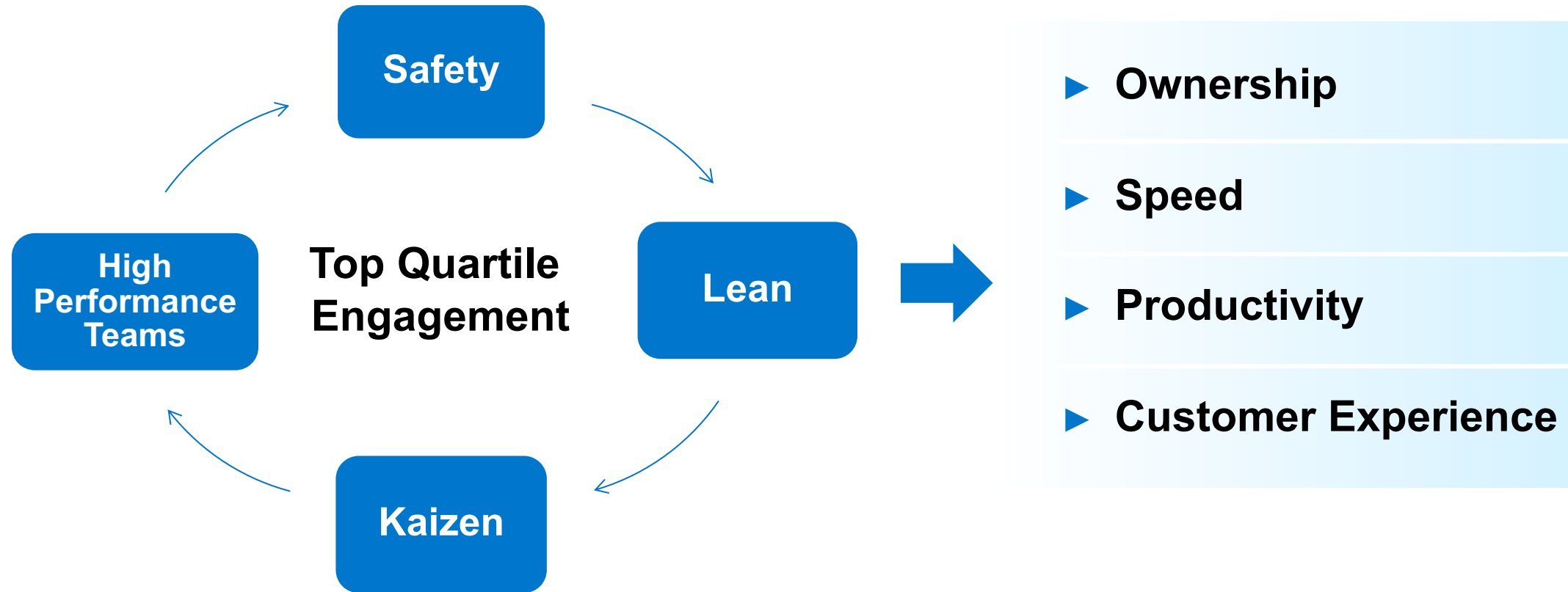
New Series

- ▶ New series was redesigned, requalified & launched
- ▶ 123 Parts Eliminated - **Reduce**
- ▶ 100% Function Achieved, 90% Components Shared - **Reuse**
- ▶ No Additional Capital Equipment – **Reuse**

Cost ↓ Inventory ↓ Delivery ↑

A Culture of Continuous Improvement

Parker's Distinctive Approach to Kaizen



Compelling Combination Drives Elevated Performance

Transforming the Portfolio through Strategic Acquisitions

FY 2017



- \$4.3B all cash deal
\$160M cost synergies
- At Announcement:
10.9x Synergized EV/EBITDA multiple
- Strategic portfolio acquisition –
doubled our Filtration business
- Strong Recurring Revenue – 80%+
Aftermarket

FY 2020



- \$3.7B all cash deal
\$125M cost synergies
- At Announcement:
9.9x Synergized EV/EBITDA multiple
- Recognized leader capturing growth
within electrification and
lightweighting mega trends
- Strengthens materials science,
electrification and aerospace
offerings

FY 2020



- \$1.7B all cash deal
\$13M cost synergies
- At Announcement:
10.5x Synergized EV/EBITDA multiple
- Industry leader in performance critical
components on engine and airframe
- Greatly expands aerospace engine
offering with complementary products
on marquee programs

...that are Longer Cycle, Margin Accretive, and Faster Growing

Offer to Acquire Meggitt PLC

Compelling Strategic Aerospace Combination



MEGGITT

- ▶ **Nearly doubles the size of Aerospace Systems Segment with complementary technologies**
- ▶ **70% sole-source with proprietary products that expand system and component capabilities**
- ▶ **Strong recurring revenue – adds 500 bps to Aerospace aftermarket mix**
- ▶ **Strong growth potential driven by commercial aerospace recovery and synergies**
- ▶ **Accretive to organic sales growth, margin, EPS and cash flow¹**

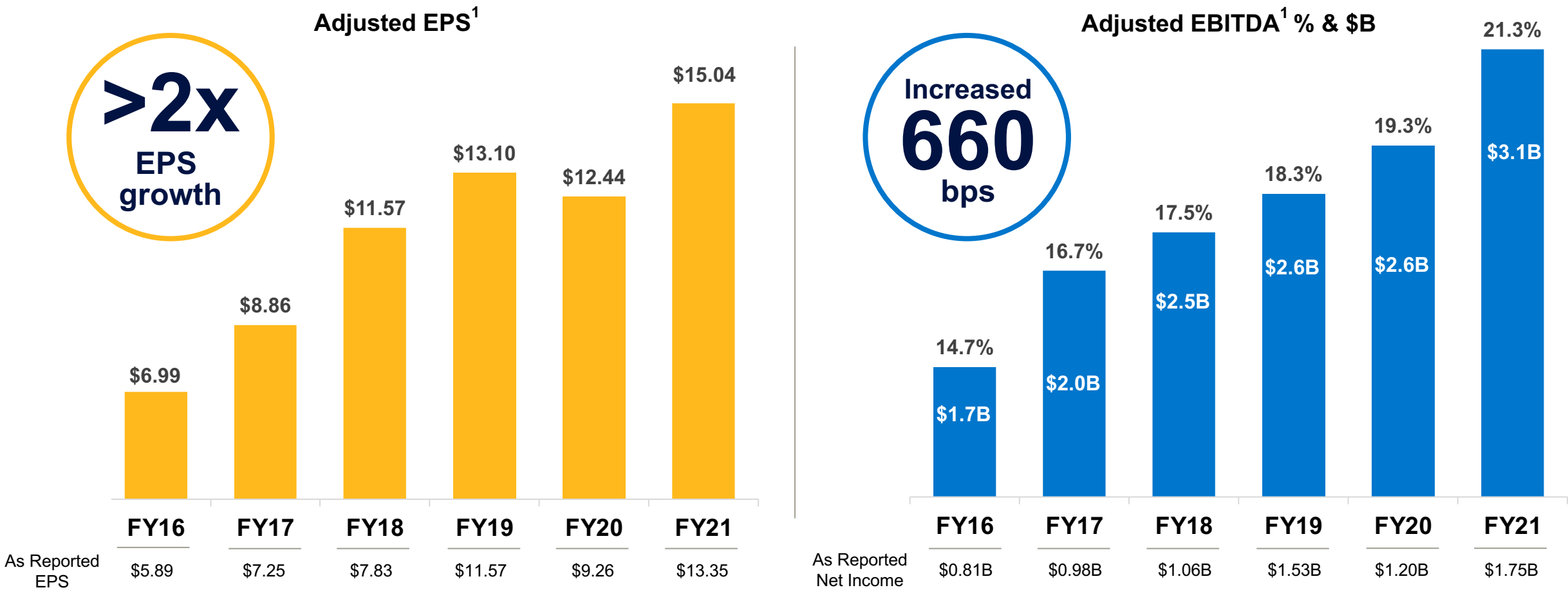


A History of Strong Financial Performance & Capital Deployment

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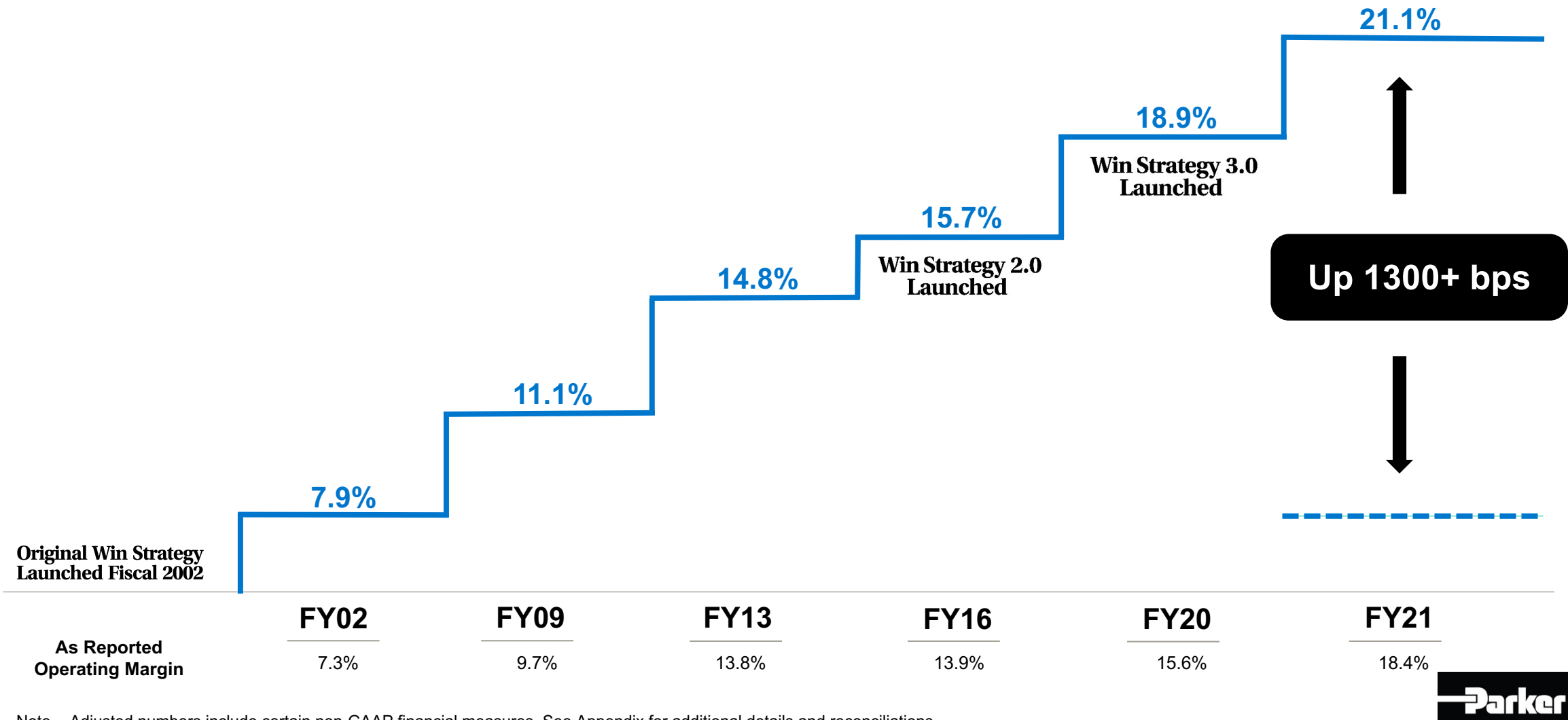


Our People, Portfolio & Strategy Transform Performance

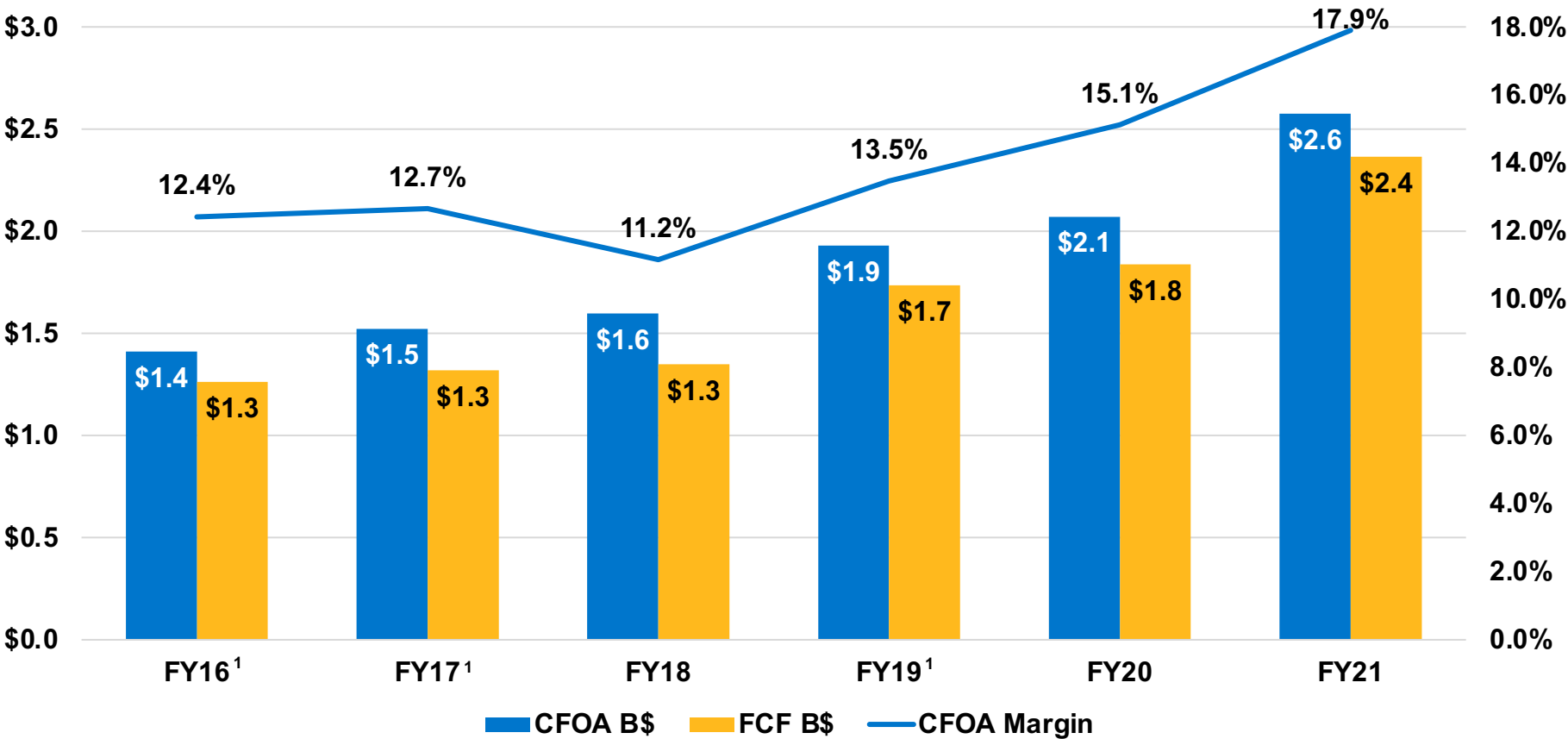


Raising the Floor on Adjusted Operating Margins

Last 5 Manufacturing Recessions + COVID Recession



Expanding Cashflow Dollars & Margins



\$2.6
billion

FY21 Cash flow from operations

20

Consecutive years with 100%+ free cash flow¹ conversion

Resilient Cash Flow Generation Across Cycles



Capital Deployment Strategies

- ▶ Dividends: Maintain annual increase record, 65 years running
 - Target 5-year average payout 30-35% of net income
- ▶ Fund organic growth and productivity
 - Target capital expenditures 2% of sales
- ▶ Offset share dilution through 10b5-1 share repurchase program
- ▶ Financing Meggitt acquisition

FY23 Corporate Targets

	FY23 TARGETS
Organic Growth	150 bps > GIPI
Adjusted Segment Operating Margin	21%
Adjusted EBITDA Margin	21%
Free Cash Flow Conversion	> 100%
Adjusted EPS Growth	10%+

New Long-Term Targets to be Announced in March 2022

FY16 – FY21 Transformation

Accelerated Execution

▶	Launched The Win Strategy™ 2.0 & 3.0	▶	Launched Parker's Purpose Statement
▶	Reduced incident rate by ~70%	▶	CLARCOR, LORD, Exotic acquisitions: Strategic portfolio transformation
▶	Achieved first quartile engagement scores	▶	Offer to acquire Meggitt PLC Increases Aero aftermarket mix by 500 bps
▶	Simplified organization structure 126 to 84 divisions	▶	Increased Adjusted EBITDA margins 660 bps From 14.7% in FY16 to 21.3% in FY21
▶	Increased Operating Cash Flow ~85% From \$1.4B1 in FY16 to \$2.6B in FY21	▶	Free Cash Flow¹ Conversion > 100% 20 years in a row

Track Record of Delivering on Long-Term Margin Targets

Focused on Achieving Sustainable Top Quartile Performance

- ▶ Fortune 250 global leader in motion and control technologies and solutions
- ▶ Market leadership driven by breadth of technologies, accelerated innovation, unparalleled scale and global distribution with strong service and support network
- ▶ Growing at GIPI¹ + with large addressable markets with clear margin expansion opportunities
- ▶ Building on a strong foundation and executing our Win Strategy
- ▶ Great generators and deployers of capital to maximize long-term shareholder value creation

Leveraging the Win Strategy 3.0 to Achieve Top Quartile Performance



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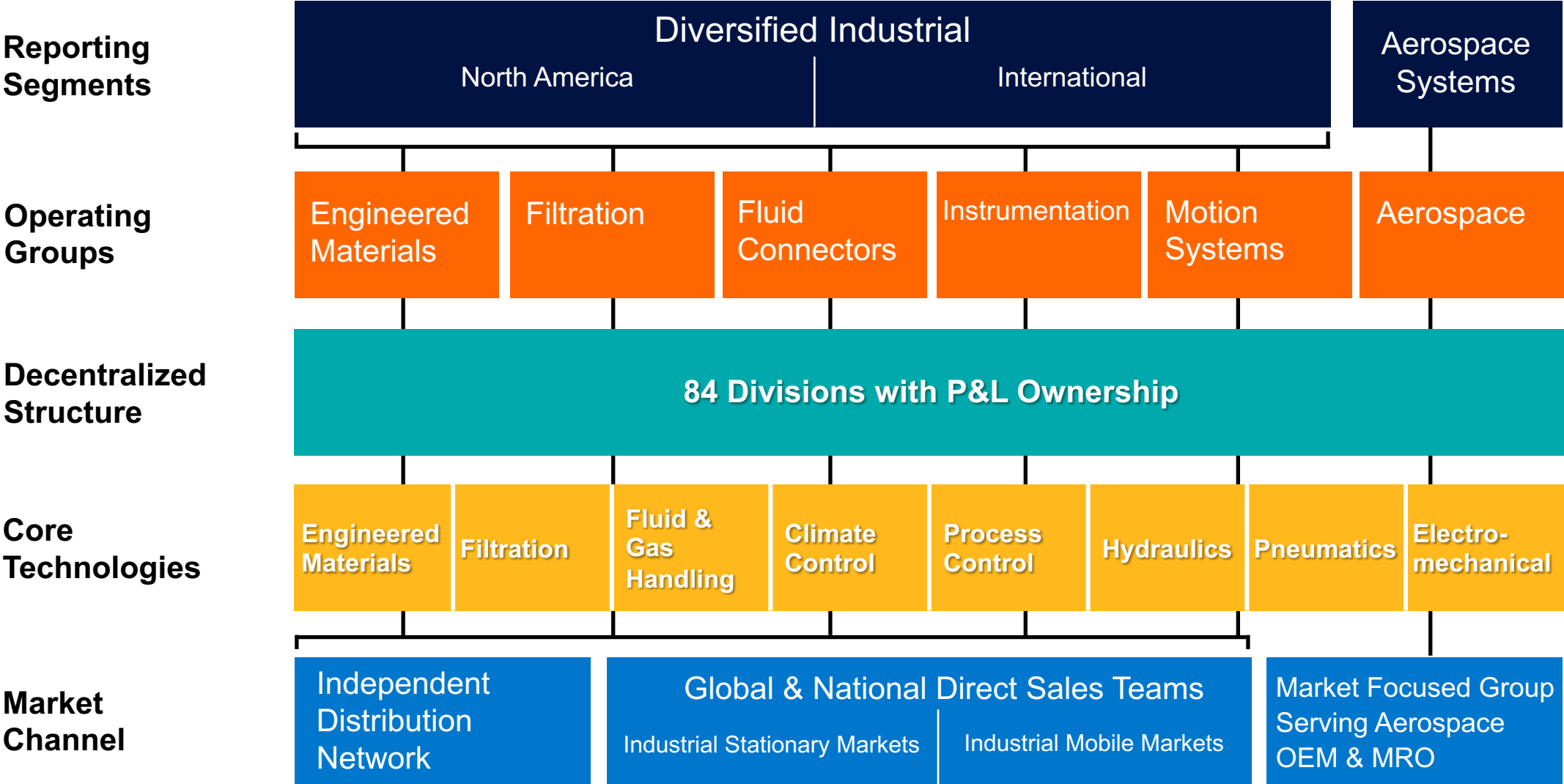
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APPENDIX

Reporting Segments & Operating Structure



Non-GAAP Financial Measures

This presentation contains references to non-GAAP financial information for Parker, including adjusted earnings per share, adjusted operating margin, adjusted EBITDA, adjusted EBITDA margin, adjusted cash flow from operations, 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, acquisition-related expenses, costs to achieve, and the gain / loss on sale and write down of assets or land. Free cash flow is defined as cash flow from operations less capital expenditures plus pension contributions. Although adjusted earnings per share, adjusted operating margin, EBITDA, adjusted EBITDA, 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 presented. Detailed reconciliations of these non-GAAP financial measures to the comparable GAAP financial measures have been included in the appendix to this presentation.

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Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin

(Unaudited)

(Dollars in millions)

	12 Months ended 6/30/02	12 Months ended 6/30/09	12 Months ended 6/30/13	12 Months ended 6/30/16	12 Months ended 6/30/20	12 Months ended 6/30/21
Net Sales	\$ 6,149	\$ 10,309	\$ 13,016	\$ 11,361	\$ 13,696	\$ 14,348
Total segment operating income	\$ 446	\$ 1,004	\$ 1,791	\$ 1,576	\$ 2,138	\$ 2,638
Adjustments:						
Acquisition-related intangible asset amortization	3	99	118	101	285	325
Business realignment charges	37	45	12	107	74	45
Acquisition-related expenses & Costs to Achieve					92	12
Adjusted total segment operating income*	\$ 486	\$ 1,148	\$ 1,922	\$ 1,783	\$ 2,589	\$ 3,021
Total segment operating margin	7.3%	9.7%	13.8%	13.9%	15.6%	18.4%
Adjusted total segment operating margin	7.9%	11.1%	14.8%	15.7%	18.9%	21.1%

*Totals may not foot due to rounding

Reconciliation of EBITDA margin to Adjusted EBITDA margin

(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 ¹	12 Months ended 6/30/20 ¹	12 Months ended 6/30/21
Net sales	\$ 11,361	\$ 12,029	\$ 14,302	\$ 14,320	\$ 13,696	\$ 14,348
Net income	807	984	1,061	1,525	1,202	1,747
Income taxes	308	345	641	424	305	500
Depreciation and Amortization	307	355	466	436	538	595
Interest Expense	137	162	214	190	308	250
EBITDA*	\$ 1,558	\$ 1,846	\$ 2,382	\$ 2,576	\$ 2,353	\$ 3,092
Adjustments:						
Business realignment charges	109	56	46	16	76	48
Acquisition-related expenses & Costs to Achieve		103	37	30	211	15
(Gain) / Loss on Sale and Writedown of Assets or land			32			(101)
Adjusted EBITDA*	\$ 1,667	\$ 2,006	\$ 2,497	\$ 2,621	\$ 2,639	\$ 3,055
EBITDA margin	13.7%	15.3%	16.7%	18.0%	17.2%	21.6%
Adjusted EBITDA margin	14.7%	16.7%	17.5%	18.3%	19.3%	21.3%

¹Amounts have been adjusted to reflect the change in inventory accounting method.

*Totals may not foot due to rounding



Reconciliation of Earnings per Diluted Share to Adjusted Earnings per Diluted Share

RECONCILIATION OF EPS TO ADJUSTED EPS

(Unaudited)

(Amounts in Dollars)

	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*	12 Months ended 6/30/21
Earnings per diluted share	\$ 5.89	\$ 7.25	\$ 7.83	\$ 11.57	\$ 9.26	\$ 13.35
Adjustments:						
Acquisition-related intangible asset amortization expense	0.74	1.02	1.59	1.51	2.19	2.49
Business realignment charges	0.80	0.42	0.34	0.12	0.59	0.36
Acquisition-related expenses & Costs to achieve		0.76	0.27	0.23	1.62	0.11
(Gain) / loss on sale and writedown of assets or land			0.24			(0.77)
Tax effect of adjustments ¹	(0.44)	(0.59)	(0.42)	(0.44)	(1.03)	(0.50)
Favorable tax settlement					(0.19)	
Tax expense related to U.S. Tax Reform			1.72	0.11		
Adjusted earnings per diluted share	\$ 6.99	\$ 8.86	\$ 11.57	\$ 13.10	\$ 12.44	\$ 15.04

¹This 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.

*FY19 and FY20 have been adjusted to reflect the change in inventory accounting method

Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations and Free Cash Flow

Cash Provided by Operating Activities

Reconciliation to GAAP

(Unaudited)

(Dollars in millions)

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Cash Provided by Operating Activities - As Reported	\$ 631	\$ 558	\$ 662	\$ 854	\$ 951	\$ 957	\$ 1,317	\$ 1,129	\$ 1,219	\$ 1,167	\$ 1,530	\$ 1,191	\$ 1,388	\$ 1,363	\$ 1,211	\$ 1,302	\$ 1,597	\$ 1,730	\$ 2,071	\$ 2,575
Discretionary Pension Contribution	-	106	75	83	101	161	12	-	100	400	-	226	75	-	200	220	-	200	-	-
Cash Provided by Operating Activities - Adjusted	\$ 631	\$ 663	\$ 737	\$ 936	\$ 1,051	\$ 1,118	\$ 1,329	\$ 1,129	\$ 1,319	\$ 1,567	\$ 1,530	\$ 1,417	\$ 1,463	\$ 1,363	\$ 1,411	\$ 1,522	\$ 1,597	\$ 1,930	\$ 2,071	\$ 2,575

Free Cash Flow

Reconciliation to GAAP

(Unaudited)

(Dollars in millions)

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Cash Provided by Operating Activities - As Reported	631	558	662	854	951	957	1,317	1,129	1,219	1,167	1,530	1,191	1,388	1,363	1,211	\$ 1,302	\$ 1,597	\$ 1,730	\$ 2,071	\$ 2,575
Capital Expenditures	207	156	138	155	198	238	280	271	129	207	219	266	216	216	149	204	248	195	233	210
Free Cash Flow	424	401	524	699	753	719	1,036	858	1,090	960	1,312	925	1,172	1,148	1,061	1,099	1,349	1,535	1,838	2,365
Discretionary Pension Contribution	-	106	75	83	101	161	12	-	100	400	-	226	75	-	200	220	-	200	-	-
Free Cash Flow - Adjusted for Discretionary Pension	\$ 424	\$ 507	\$ 599	\$ 782	\$ 853	\$ 880	\$ 1,049	\$ 858	\$ 1,190	\$ 1,360	\$ 1,312	\$ 1,151	\$ 1,247	\$ 1,148	\$ 1,261	\$ 1,319	\$ 1,349	\$ 1,735	\$ 1,838	\$ 2,365

*Totals may not foot due to rounding

Reconciliation of Free Cash Flow Conversion

(Unaudited) (Dollars in thousands)	Twelve Months Ended June 30, 2021	
Net income	\$	1,746,861
Cash flow from operations	\$	2,575,001
Capital Expenditures		(209,957)
Free cash flow	\$	2,365,044
Free cash flow conversion (free cash flow / net income)		135 %