Evercore ISI Industrial Conference

Parker

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Todd Leombruno
CFO

ENGINEERING YOUR SUCCESS.

February 28, 2022

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.

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 or prevent the closing of the proposed acquisition, including the failure to satisfy any of the conditions to the proposed acquisition; the possibility that in order for the parties to obtain regulatory approvals, conditions are imposed that prevent or otherwise adversely affect the anticipated benefits from the proposed acquisition or cause the parties to abandon the proposed acquisition; adverse effects on Parker’s common stock because of the failure to complete the proposed 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 proposed acquisition will not be realized or will not be realized within the expected time period, due to unsuccessful implementation strategies or otherwise; and significant transaction costs related to the proposed acquisition.

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 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 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, 2021 and other periodic filings made with the SEC.

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, adjusted net income, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, adjusted net debt to 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 operating margin for Parker and by segment, adjusted net income, EBITDA, adjusted EBITDA, EBITDA margin, adjusted net debt to EBITDA, 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

What Drives Parker?

Living Up to Our Purpose

Great Generators and Deployers of Cash

Top Quartile Performance vs. Proxy Peers

Unmatched Breadth of Core Technologies

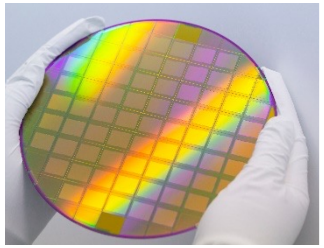
HYDRAULICS

PNEUMATICS

ELECTRO-MECHANICAL

FILTRATION

FLUID & GAS HANDLING



PROCESS CONTROL

ENGINEERED MATERIALS

CLIMATE CONTROL

~ **2/3's** of Our Revenue:

From customers who buy 4 or more Parker technologies

~ **2/3's** of Our Portfolio:

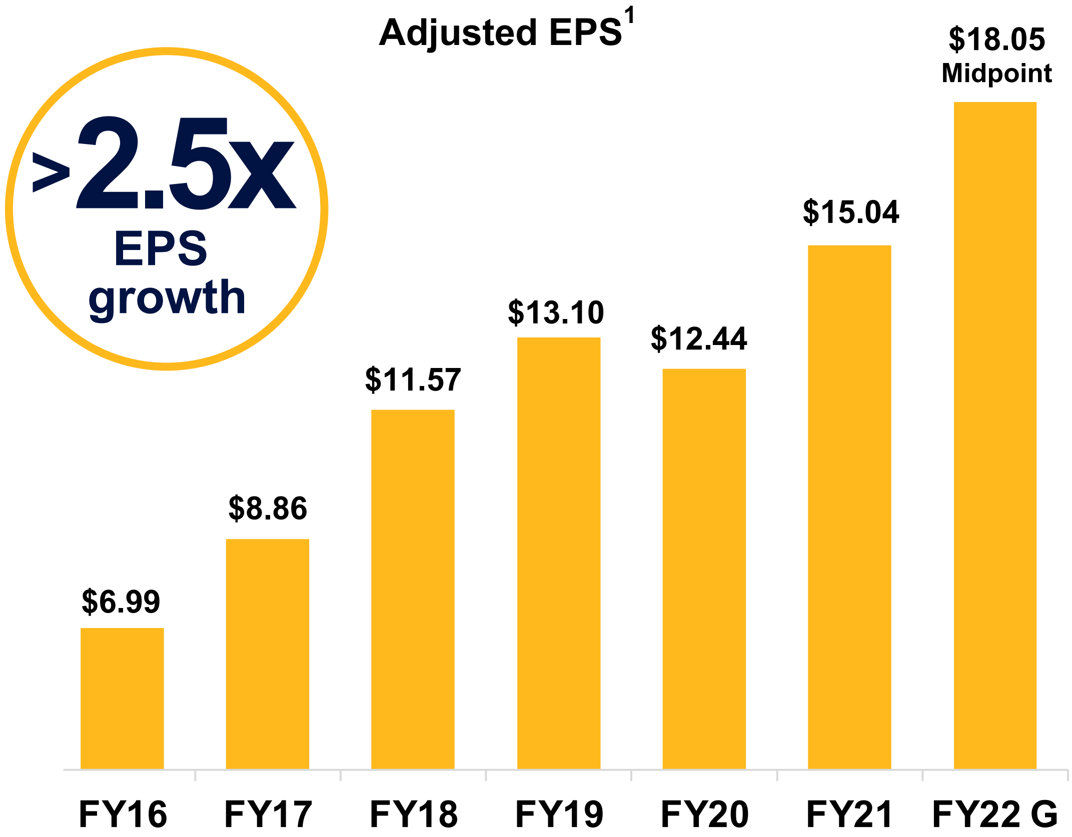
Enables clean technologies

Partnering with our customers to increase their productivity and profitability

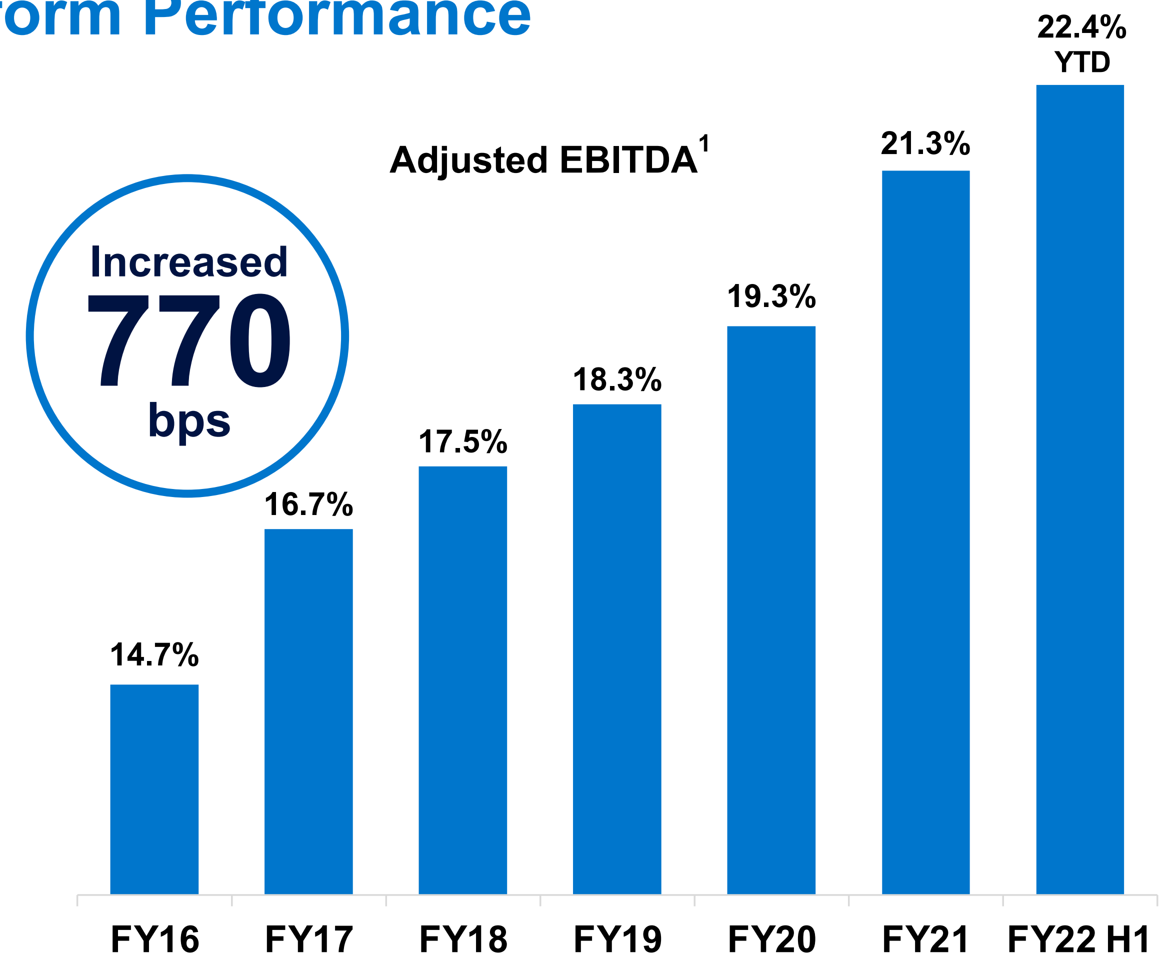
Parker

Performance

Our People, Portfolio & Strategy Transform Performance



	FY16	FY17	FY18	FY19	FY20	FY21	FY22 G
As Reported EPS	$5.89	$7.25	$7.83	$11.57	$9.26	$13.35	$14.67 Midpoint



	FY16	FY17	FY18	FY19	FY20	FY21	FY22 H1
As Reported Net Income	$0.81B	$0.98B	$1.06B	$1.53B	$1.20B	$1.75B	$0.84B

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

Parker

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
- Meggitt[1]

Executing Both Portfolio & Performance Actions

1: Offer to acquire Meggitt PLC announced August 2, 2021

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Appendix

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**

[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.

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

Reconciliation of EPS
Fiscal Year 2022 Guidance

(Unaudited)

(Amounts in dollars)	Fiscal Year 2022
Forecasted earnings per diluted share	**$14.42 to $14.92**
Adjustments:	
Business realignment charges	**0.22**
Costs to achieve	**0.04**
Acquisition-related intangible asset amortization expense	**2.43**
Acquisition-related expenses	**0.55**
Loss on deal-contingent forward contracts	**1.14**
Tax effect of adjustments[1]	**(1.00)**
Adjusted forecasted earnings per diluted share	**$17.80 to $18.30**

[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.

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[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:						
Voluntary retirement expense	12					
Business realignment charges	97	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%**

[1]Amounts have been adjusted to reflect the change in inventory accounting method.
*Totals may not foot due to rounding

Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,
(Dollars in thousands)	**2021**	2020*	**2021**
Net sales	**$ 3,824,580**	$ 3,411,905	**$ 7,587,389**
Net income	**$ 387,729**	$ 448,542	**$ 839,192**
Income taxes	**102,595**	129,350	**222,877**
Depreciation	**65,362**	68,581	**131,113**
Amortization	**78,741**	81,237	**158,512**
Interest expense	**61,360**	62,990	**120,710**
EBITDA	**695,787**	790,700	**1,472,404**
Adjustments:			
Business realignment charges	**3,645**	18,767	**6,659**
Integration costs to achieve	**807**	3,592	**2,009**
Acquisition-related expenses	**19,142**	—	**71,341**
Loss on deal-contingent forward contracts	**149,382**	—	**149,382**
Gain on sale of land	**—**	(100,893)	**—**
Adjusted EBITDA	**$ 868,763**	$ 712,166	**$ 1,701,795**
EBITDA margin	**18.2 %**	23.2 %	**19.4 %**
Adjusted EBITDA margin	**22.7 %**	20.9 %	**22.4 %**

*Prior periods have been adjusted to reflect the change in inventory accounting method