

# Parker Hannifin Corporation

## Fiscal 2024 Third Quarter Earnings Presentation



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ENGINEERING YOUR SUCCESS.

May 2, 2024

# 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. 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: 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; the impact of political, social and economic instability and disruptions; 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; our ability to effectively manage expanded operations from acquisitions; 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, pricing 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; 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, credit availability and changes in consumer habits and preferences; ability to manage costs related to insurance and employee retirement and health care benefits; legal and regulatory developments and changes; additional liabilities relating to changes in tax rates or exposure to additional income tax liabilities; ability to enter into, own, renew, protect and maintain intellectual property and know-how; leverage and future debt service obligations; potential impairment of goodwill; compliance costs associated with environmental laws and regulations; potential labor disruptions or shortages and the ability to attract and retain key personnel; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; global competitive market conditions, including U.S. trade policies and resulting effects on sales and pricing; local and global political and economic conditions, including the Russia-Ukraine war and other armed conflicts and their residual effects; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; government actions and natural phenomena such as pandemics, floods, earthquakes, hurricanes or other natural phenomena that may be related to climate change; increased cyber security threats and sophisticated computer crime; and success of business and operating initiatives. 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, free cash flow and free cash flow margin. 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, free cash flow and free cash flow margin 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.

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# FY24 Q3: The Win Strategy™ Delivers Outstanding Results

- Continuous improvement culture driven by our global team members
- Robust aerospace demand
- Significant margin expansion
- Transformed portfolio and strong performance drive full year guidance increase

FY24 Q3 Highlights	
<b>17%</b> Reduction in Recordable Incidents	<b>\$5.1B</b> Sales +0.3% Reported +1.2% Organic <sup>1</sup>
<b>24.7%</b> Adjusted Segment Margin <sup>1</sup> +150 bps	<b>10%</b> Adjusted EPS Growth <sup>1</sup>
<b>12.6%</b> YTD Free Cash Flow Margin <sup>1</sup>	

1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.  
Note: FY24 Q3 As Reported: Segment Operating Margin of 21.5%, EPS of \$5.56. YTD Cash Flow from Operations: \$2,147M

# The Win Strategy™

## Our Vision: Engineering Your Success

### Goals

#### Engaged People

##### STRATEGIES

- Safety #1
- Environment, Social & Governance
- Ownership - Entrepreneurial
- High Performance Teams & Leaders
- Culture of 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



Win Strategy 3.0  
June 2022



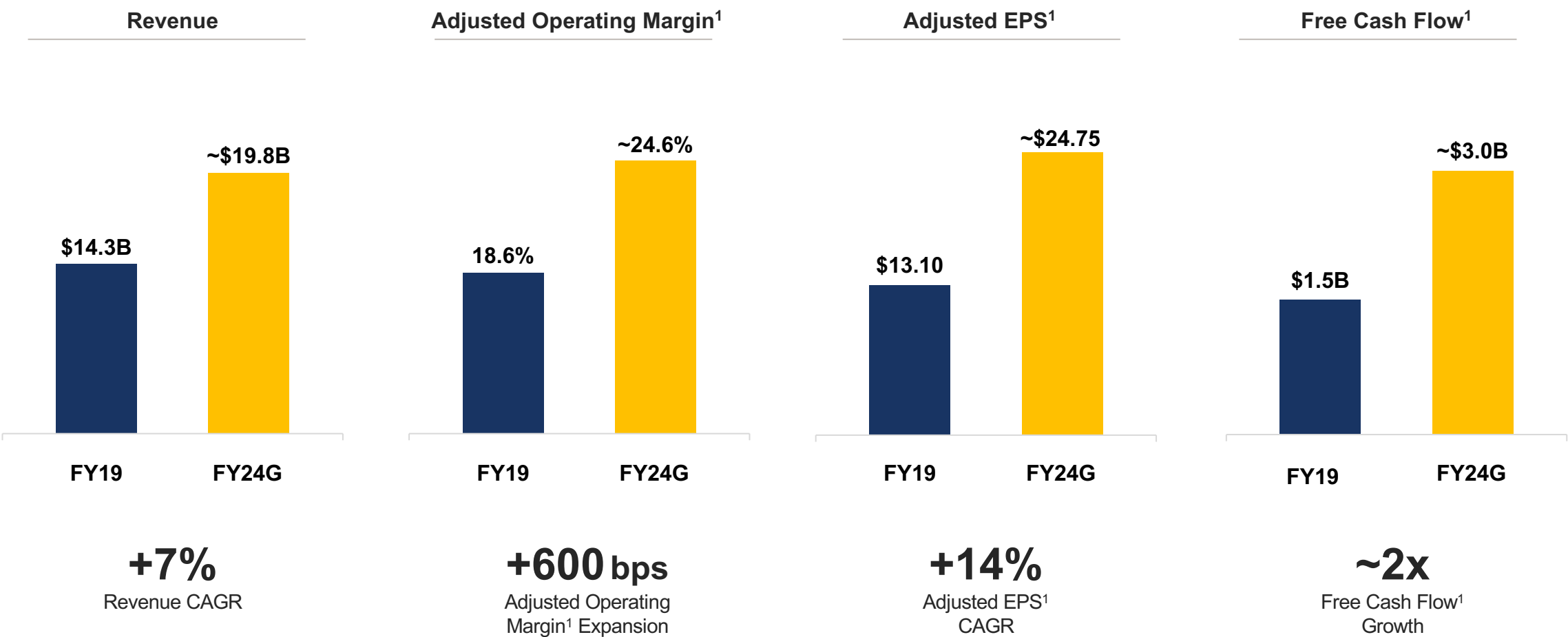
# High-Performance Culture is a Competitive Advantage

Builds a better, more resilient Parker



- Increases engagement and commitment
- Strength-based approach to culture
- Reinforces our customer-centric mindset
- Drives continuous improvement

# Our People, Strategy & Portfolio Drive Performance



1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.  
Note: FY19 As reported: Operating Margin of 17.0%, EPS of \$11.57, CFOA of \$1.7B. FY24G As reported: Operating Margin of 21.2%, EPS of \$20.90, CFOA of \$3.4B



# Summary of Fiscal 2024 3<sup>rd</sup> Quarter Highlights

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# FY24 Q3 Financial Summary

\$ Millions, except per share amounts

	FY24 Q3 As Reported	FY24 Q3 Adjusted <sup>1</sup>	FY23 Q3 Adjusted <sup>1</sup>	YoY Change Adjusted
Sales	\$5,074	<b>\$5,074</b>	\$5,062	+0.3%
Segment Operating Margin	21.5%	<b>24.7%</b>	23.2%	+150 bps
EBITDA Margin	25.1%	<b>25.5%</b>	24.2%	+130 bps
Net Income	\$727	<b>\$851</b>	\$772	+10.2%
EPS	\$5.56	<b>\$6.51</b>	\$5.93	+9.8%

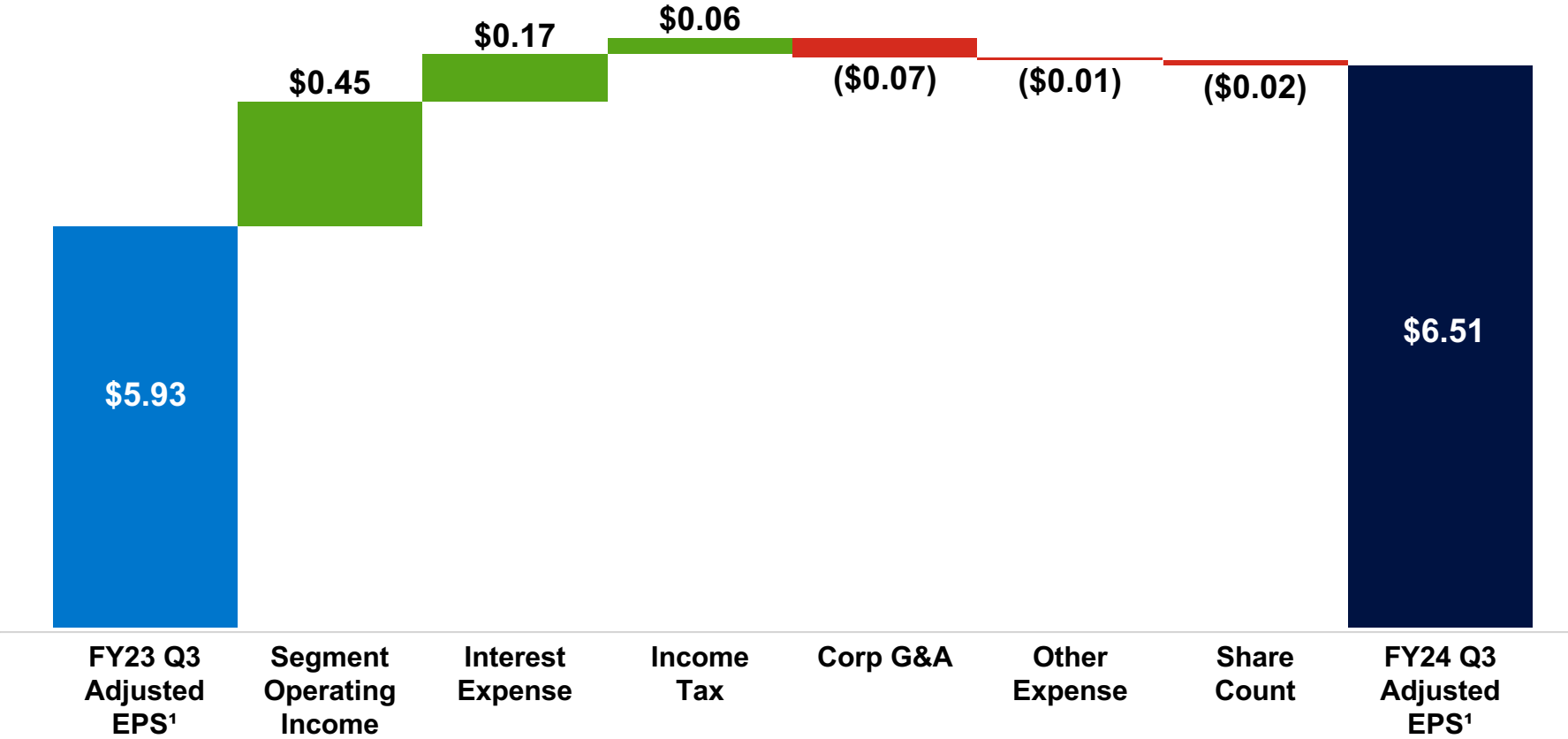
1. Sales figures As Reported. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

Note: FY23 Q3 As Reported: Segment Operating Margin of 18.8%, EBITDA Margin of 22.4%, Net Income of \$591M, EPS of \$4.54.





# FY24 Q3 Adjusted Earnings per Share Bridge



1. FY23 Q3 As Reported EPS of \$4.54. FY24 Q3 As Reported EPS of \$5.56. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.



# FY24 Q3 Segment Performance

	Sales As Reported \$ Organic % <sup>1</sup>	Segment Operating Margin As Reported	Segment Operating Margin Adjusted <sup>1</sup>	Order Rates <sup>2</sup>	Commentary
Diversified Industrial North America	\$2,231M (4.6%) Organic	22.0%	24.1% +120 bps YoY	(4%)	<ul style="list-style-type: none"> <li>Operational excellence drives margin expansion</li> <li>Softness in off-highway and transportation</li> <li>Destocking continued at a decelerating rate</li> </ul>
Diversified Industrial International	\$1,434M (3.1%) Organic	21.6%	23.5% +10 bps YoY	(8%)	<ul style="list-style-type: none"> <li>Margin expansion on lower volumes</li> <li>Continued contraction in off-highway, transportation and industrial markets</li> <li>Choppy orders in EMEA; APAC improves</li> </ul>
Aerospace Systems	\$1,409M +17.9% Organic	20.5%	26.7% +320 bps YoY	+15%	<ul style="list-style-type: none"> <li>Growth across all market segments</li> <li>25%+ commercial aftermarket sales growth</li> <li>Substantial segment margin expansion</li> </ul>
Parker	\$5,074M +1.2% Organic	21.5%	24.7% +150 bps YoY	Flat	<ul style="list-style-type: none"> <li>Positive growth from transformed portfolio</li> <li>Win Strategy delivers another record quarter</li> <li>150 bps adjusted segment margin<sup>1</sup> expansion</li> <li>Strong orders against tough prior year comp</li> </ul>

1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

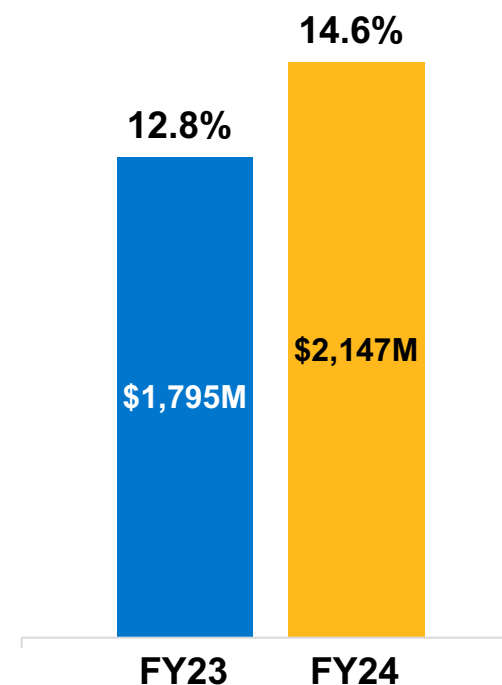
2. Diversified Industrial orders are on a 3-month average computation and Aerospace Systems are rolling 12-month average computations. Beginning FY23 Q3, orders include acquisitions and exclude divestitures and currency.



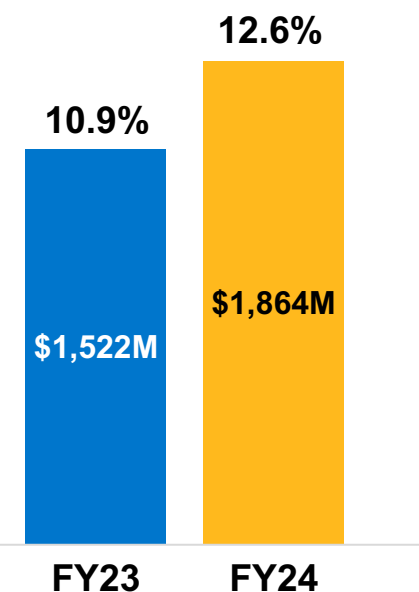
# FY24 Q3 YTD Cash Flow Performance

- 10% quarterly dividend increase:
  - \$1.63 declared on April 25, 2024
  - 68 fiscal years of increasing annual dividends per share paid
- Cash Flow from Operations +20% vs. prior
- Free Cash Flow +22% vs. prior<sup>1</sup>
- FY24 Guidance:
  - Reaffirming Free Cash Flow of ~\$3B<sup>1</sup>
  - Committed to FCF Conversion >100%

Cash Flow from Operations



Free Cash Flow<sup>1</sup>



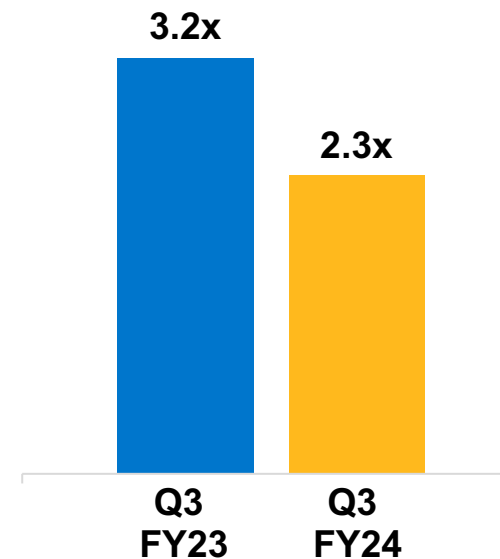
% to sales

1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

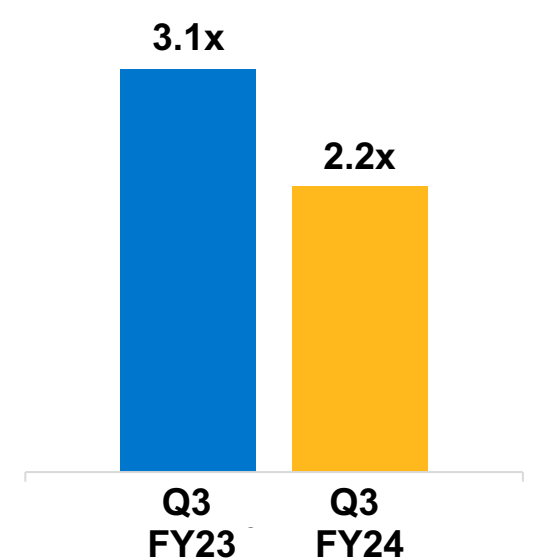
# Debt & Leverage Reduction Ahead of Schedule

- Since Meggitt acquisition close:
  - ~\$2.6B debt reduction
  - ~40% leverage reduction in 18 months
- ~\$420M debt reduction during Q3
- Committed to ~\$2B debt paydown in FY24
- On track for 2.0x leverage by June 2024

Gross Debt / Adj. EBITDA<sup>1</sup>



Net Debt / Adj. EBITDA<sup>1</sup>



1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

# FY24 Guidance Increased

EPS Midpoint: \$20.90 As Reported, \$24.75 Adjusted

Guidance Metric	FY24 Full Year	Key Assumptions
Reported Sales	~4.0%	<ul style="list-style-type: none"> <li>Reaffirming ~4% sales growth midpoint</li> <li>Robust Aerospace demand</li> <li>Split: 1H: 49%   2H: 51%</li> </ul>
Organic Sales Growth <sup>1</sup>	~1.5%	<ul style="list-style-type: none"> <li>Reaffirming organic growth midpoint</li> <li>Raising Aerospace organic to 15% vs. 12% in prior guidance</li> </ul>
Adj. Operating Margin <sup>1</sup>	~24.6%	<ul style="list-style-type: none"> <li>Raising midpoint to 24.6%: +170 bps vs. prior year</li> </ul>
Adj. EPS <sup>1</sup>	\$24.65 - \$24.85	<ul style="list-style-type: none"> <li>Raising midpoint to \$24.75: +15% EPS growth vs. prior year</li> <li>Split: 1H: 49%   2H: 51%</li> <li>Tax rate: ~22%</li> </ul>
Free Cash Flow <sup>1</sup>	~\$3B	<ul style="list-style-type: none"> <li>CapEx: ~2% of sales</li> <li>Split: 1H: ~40%   2H: ~60%</li> <li>FCF Conversion &gt;100%</li> </ul>

1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.



# FY24 Key Messages

- High performance culture builds a better, more resilient Parker
- Operational excellence driven by The Win Strategy™ 3.0
- Robust aerospace demand
- Transformed portfolio drives growth
- Great generators and deployers of cash

# 2024 Investor Meeting

May 16<sup>th</sup> at 2:00pm Eastern Time

## ➤ Presenters

- **Jenny Parmentier**  
*Chairman & CEO*
- **Andy Ross**  
*President & COO*
- **Todd Leombruno**  
*EVP & CFO*
- **Jeff Miller**  
*VP Investor Relations*

## ➤ Key Themes

- Transforming the Company
- Positioned for Growth from Secular Trends
- Operational Excellence
- Financial Performance



## Upcoming Event Calendar

2024 Investor Meeting	May 16, 2024
FY24 Q4 Earnings Release	August 8, 2024
FY25 Q1 Earnings Release	October 31, 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 Year-to-Date Free Cash Flow
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of FY19 Financials
- Reconciliation of FY24 Guidance

# FY24 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic <sup>1</sup>
Diversified Industrial North America	~(1.5%)	~(2.5%)
Diversified Industrial International	~(2.0%)	~(2.5%)
Aerospace Systems	~23%	~15%
<b>Parker</b>	<b>~4.0%</b>	<b>~1.5%</b>

Segment Operating Margins	As Reported	Adjusted <sup>1</sup>
Diversified Industrial North America	~22.0%	~24.2%
Diversified Industrial International	~21.2%	~23.5%
Aerospace Systems	~20.1%	~26.4%
<b>Parker</b>	<b>~21.2%</b>	<b>~24.6%</b>

Earnings Per Share	As Reported	Adjusted <sup>1</sup>
Midpoint	<b>\$20.90</b>	<b>\$24.75</b>
Range	<b>\$20.80 - \$21.00</b>	<b>\$24.65 - \$24.85</b>

Additional Items	As Reported
Corporate G&A	<b>~\$235M</b>
Interest Expense	<b>~\$510M</b>
Other (Income) Expense	<b>~(\$20M)</b>
Reported Tax Rate	<b>~22%</b>
Diluted Shares Outstanding	<b>~130.5M</b>

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	<b>~\$580M</b>	—
Business Realignment Charges	<b>~\$57M</b>	<b>\$3M</b>
Integration Costs to Achieve	<b>~\$35M</b>	—
Net Gain on Divestitures	—	<b>(\$26M)</b>

1. Includes certain non-GAAP adjustments and financial measures.



# Reconciliation of Organic Growth

(Dollars in thousands)  
(Unaudited)

	Quarter-to-Date					
	As Reported			Adjusted	As Reported	
Net Sales	March 31, 2024	Currency	Divestitures	March 31, 2024	March 31, 2023	
Diversified Industrial:						
North America	\$ 2,231,478	\$ (6,471)	\$ 9,464	\$ 2,234,471	\$ 2,342,590	
International						
Europe	830,166	5,773	-	835,939	880,962	
Asia Pacific	527,732	24,298	-	552,030	567,954	
Latin America	76,267	13,706	-	89,973	75,599	
International	1,434,165	43,777	-	1,477,942	1,524,515	
Total Diversified Industrial	3,665,643	37,306	9,464	3,712,413	3,867,105	
Aerospace Systems	1,408,713	(6,033)	6,078	1,408,758	1,194,560	
Total Parker Hannifin	\$ 5,074,356	\$ 31,273	\$ 15,542	\$ 5,121,171	\$ 5,061,665	
	As reported	Currency	Divestitures	Organic		
Diversified Industrial:						
North America	(4.7)%	0.3 %	(0.4)%	(4.6)%		
International						
Europe	(5.8)%	(0.7)%	0.0 %	(5.1)%		
Asia Pacific	(7.1)%	(4.3)%	0.0 %	(2.8)%		
Latin America	0.9 %	(18.1)%	0.0 %	19.0 %		
International	(5.9)%	(2.8)%	0.0 %	(3.1)%		
Total Diversified Industrial	(5.2)%	(1.0)%	(0.2)%	(4.0)%		
Aerospace Systems	17.9 %	0.5 %	(0.5)%	17.9 %		
Total Parker Hannifin	0.3 %	(0.6)%	(0.3)%	1.2 %		

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# Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

Quarter-to-Date FY 2024										
	As Reported March 31, 2024	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve				Adjusted March 31, 2024	% of Sales
Net sales	\$ 5,074,356	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,074,356	100.0 %
Cost of sales	3,279,650	64.6 %	27,193	3,014	743	-	-	-	3,248,700	64.0 %
Selling, general and admin. expenses	816,337	16.1 %	114,023	3,927	12,513	-	-	-	685,874	13.5 %
Interest expense	123,732	2.4 %	-	-	-	-	-	-	123,732	2.4 %
Other (income) expense, net	(65,406)	(1.3)%	-	1,527	-	-	-	-	(66,933)	(1.3)%
Income before income taxes	920,043	18.1 %	(141,216)	(8,468)	(13,256)	-	-	-	1,082,983	21.3 %
Income taxes	193,309	3.8 %	33,609	2,015	3,155	-	-	-	232,088	4.6 %
Net income	726,734	14.3 %	(107,607)	(6,453)	(10,101)	-	-	-	850,895	16.8 %
Less: Noncontrolling interests	160	0.0 %	-	-	-	-	-	-	160	0.0 %
Net income - common shareholders	\$ 726,574	14.3 %	\$ (107,607)	\$ (6,453)	\$ (10,101)	\$ -	\$ -	\$ -	\$ 850,735	16.8 %
Diluted earnings per share	\$ 5.56		\$ (0.82)	\$ (0.05)	\$ (0.08)	\$ -	\$ -	\$ -	\$ 6.51	

(Dollars in thousands, except per share data)

(Unaudited)

Quarter-to-Date FY 2023										
	As Reported March 31, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Acquisition Related Expenses	Net Loss on Divestitures	Amortization of Inventory Step-Up to FV	Adjusted March 31, 2023	% of Sales
Net sales	\$ 5,061,665	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,061,665	100.0 %
Cost of sales	3,340,764	66.0 %	15,345	5,033	3,575	-	-	37,642	3,279,169	64.8 %
Selling, general and admin. Expenses	868,393	17.2 %	129,802	3,208	27,669	1,299	-	-	706,415	14.0 %
Interest expense	151,993	3.0 %	-	-	-	-	-	-	151,993	3.0 %
Other (income) expense, net	(55,866)	(1.1)%	-	-	-	-	10,927	-	(66,793)	(1.3)%
Income before income taxes	756,381	14.9 %	(145,147)	(8,241)	(31,244)	(1,299)	(10,927)	(37,642)	990,881	19.6 %
Income taxes	165,421	3.3 %	34,980	1,986	7,530	313	(361)	9,072	218,941	4.3 %
Net income	590,960	11.7 %	(110,167)	(6,255)	(23,714)	(986)	(11,288)	(28,570)	771,940	15.3 %
Less: Noncontrolling interests	71	0.0 %	-	-	-	-	-	-	71	0.0 %
Net income - common shareholders	\$ 590,889	11.7 %	\$ (110,167)	\$ (6,255)	\$ (23,714)	\$ (986)	\$ (11,288)	\$ (28,570)	\$ 771,869	15.2 %
Diluted earnings per share	\$ 4.54		\$ (0.84)	\$ (0.05)	\$ (0.18)	\$ (0.01)	\$ (0.09)	\$ (0.22)	\$ 5.93	



# Adjusted Amounts Reconciliation Segment Operating Income

(Dollars in thousands)  
(Unaudited)

Diversified Industrial:

Quarter-to-Date FY 2024										
As Reported March 31, 2024	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve					Adjusted March 31, 2024	% of Sales <sup>2</sup>
\$ 490,452	22.0%	\$ 43,945	\$ 3,058	\$ 841	\$ -	\$ -	\$ -	\$ -	\$ 538,296	24.1%
North America <sup>1</sup>										
309,759	21.6%	22,464	3,895	451	-	-	-	-	336,569	23.5%
International <sup>1</sup>										
800,211	21.8%	66,409	6,953	1,292	-	-	-	-	874,865	23.9%
Total Diversified Industrial <sup>1</sup>										
289,339	20.5%	74,807	(12)	11,964	-	-	-	-	376,098	26.7%
Aerospace Systems <sup>1</sup>										
1,089,550	21.5%	(141,216)	(6,941)	(13,256)	-	-	-	-	1,250,963	24.7%
Total segment operating income										
56,782	1.1%	-	-	-	-	-	-	-	56,782	1.1%
Corporate administration										
1,032,768	20.4%	(141,216)	(6,941)	(13,256)	-	-	-	-	1,194,181	23.5%
Income before interest and other										
123,732	2.4%	-	-	-	-	-	-	-	123,732	2.4%
Interest expense										
(11,007)	-0.2%	-	1,527	-	-	-	-	-	(12,534)	-0.2%
Other (income) expense										
\$ 920,043	18.1%	\$ (141,216)	\$ (8,468)	\$ (13,256)	\$ -	\$ -	\$ -	\$ -	\$ 1,082,983	21.3%
Income before income taxes										

(Dollars in thousands)  
(Unaudited)

Diversified Industrial:

Quarter-to-Date FY 2023										
As Reported March 31, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Cost to Achieve	Acquisition Related Expenses	Amortization of Inventory Step-Up to FV	Net Loss on Divestitures		Adjusted March 31, 2023	% of Sales <sup>2</sup>
\$ 489,349	20.9%	\$ 44,184	\$ 761	\$ 2,442	\$ -	\$ -	\$ -	\$ -	\$ 536,736	22.9%
North America <sup>1</sup>										
329,498	21.6%	17,266	7,314	2,953	-	-	-	-	357,031	23.4%
International <sup>1</sup>										
818,847	21.2%	61,450	8,075	5,395	-	-	-	-	893,767	23.1%
Total Diversified Industrial <sup>1</sup>										
133,905	11.2%	83,697	166	25,849	-	37,642	-	-	281,259	23.5%
Aerospace Systems <sup>1</sup>										
952,752	18.8%	(145,147)	(8,241)	(31,244)	-	(37,642)	-	-	1,175,026	23.2%
Total segment operating income										
45,780	0.9%	-	-	-	-	-	-	-	45,780	0.9%
Corporate administration										
906,972	17.9%	(145,147)	(8,241)	(31,244)	-	(37,642)	-	-	1,129,246	22.3%
Income before interest and other										
151,993	3.0%	-	-	-	-	-	-	-	151,993	3.0%
Interest expense										
(1,402)	0.0%	-	-	-	1,299	-	10,927	-	(13,628)	-0.3%
Other (income) expense										
\$ 756,381	14.9%	\$ (145,147)	\$ (8,241)	\$ (31,244)	\$ (1,299)	\$ (37,642)	\$ (10,927)	\$ -	\$ 990,881	19.6%
Income before income taxes										

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)

## Net sales

Net income

Income taxes

Depreciation

Amortization

Interest expense

## EBITDA

Adjustments:

Business realignment charges

Meggitt costs to achieve

Acquisition-related expenses

Amortization of inventory step-up to FV

Net loss on divestitures

## EBITDA - Adjusted

EBITDA margin

EBITDA margin - Adjusted

Three Months Ended March 31,				
	2024	% of Sales	2023	% of Sales
Net sales	\$ 5,074,356	100.0%	\$ 5,061,665	100.0%
Net income	\$ 726,734	14.3%	\$ 590,960	11.7%
Income taxes	193,309	3.8%	165,421	3.3%
Depreciation	87,082	1.7%	80,194	1.6%
Amortization	141,216	2.8%	145,147	2.9%
Interest expense	123,732	2.4%	151,993	3.0%
EBITDA	1,272,073	25.1%	1,133,715	22.4%
Adjustments:				
Business realignment charges	8,468	0.2%	8,241	0.2%
Meggitt costs to achieve	13,256	0.3%	31,244	0.6%
Acquisition-related expenses	-	0.0%	1,299	0.0%
Amortization of inventory step-up to FV	-	0.0%	37,642	0.7%
Net loss on divestitures	-	0.0%	10,927	0.2%
EBITDA - Adjusted	\$ 1,293,797	25.5%	\$ 1,223,068	24.2%
EBITDA margin	25.1 %		22.4 %	
EBITDA margin - Adjusted	25.5 %		24.2 %	



# Reconciliation of Gross and Net Debt / Adjusted EBITDA

(Unaudited)

(Dollars in thousands)

	March 31, 2024	March 31, 2023
Notes payable and long-term debt payable within one year	\$ 4,080,759	\$ 1,992,919
Long-term debt	7,290,208	11,412,304
Add: Deferred debt issuance costs	61,794	79,018
Total gross debt	<u>\$ 11,432,761</u>	<u>\$ 13,484,241</u>
Cash and cash equivalents	\$ 405,484	\$ 534,831
Marketable securities and other investments	9,968	23,466
Total cash	<u>\$ 415,452</u>	<u>\$ 558,297</u>
Net debt (Gross debt less total cash)	<u>\$ 11,017,309</u>	<u>\$ 12,925,944</u>
TTM Net Sales	\$ 19,838,734	\$ 18,157,083
Net income	\$ 2,768,941	\$ 1,503,364
Income tax	742,897	391,273
Depreciation	340,467	297,018
Amortization	565,059	451,490
Interest Expense	544,405	487,988
TTM EBITDA	<u>\$ 4,961,769</u>	<u>\$ 3,131,133</u>
Adjustments:		
Business realignment charges	45,140	22,426
Costs to achieve	48,462	78,477
Acquisition-related costs	2,754	175,202
Loss on deal-contingent forward contracts	0	1,009,053
Gain on divestitures	(25,651)	(372,930)
Amortization of inventory step-up to FV	(57,992)	167,973
Net loss on divestitures	0	10,927
Russia liquidation	0	0
TTM Adjusted EBITDA	<u>\$ 4,974,482</u>	<u>\$ 4,222,261</u>
<b>Gross Debt/TTM Adjusted EBITDA</b>	<b>2.3</b>	<b>3.2</b>
<b>Net Debt/TTM Adjusted EBITDA</b>	<b>2.2</b>	<b>3.1</b>



# Reconciliation of Year-to-Date Free Cash Flow

(Unaudited) (Dollars in thousands)	Nine Months Ended March 31,	
	2024	2023
<b>Net Sales</b>	\$ 14,742,791	\$ 13,969,251
Cash Flow from Operations	\$ 2,147,077	\$ 1,794,894
Capital Expenditures	(283,328)	(272,603)
<b>Free Cash Flow</b>	<b>\$ 1,863,749</b>	<b>\$ 1,522,291</b>
<b>Cash Flow from Operations Margin</b>	<b>14.6%</b>	<b>12.8%</b>
<b>Free Cash Flow Margin</b>	<b>12.6%</b>	<b>10.9%</b>

\*Totals may not foot due to rounding





# Supplemental Sales Information

## Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
<b>Net sales</b>		
Diversified Industrial:		
Motion Systems	\$ 942,667	\$ 1,017,974
Flow and Process Control	1,185,622	1,298,204
Filtration and Engineered Materials	1,537,354	1,550,927
Aerospace Systems	1,408,713	1,194,560
<b>Total</b>	<b>\$ 5,074,356</b>	<b>\$ 5,061,665</b>

# Reconciliation of FY19 Financials

## RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

(Unaudited)

(Dollars in millions)

	12 Months ended 6/30/19
<b>Net sales</b>	<b>\$ 14,320</b>
<b>Segment Operating Income</b>	<b>2,431</b>
Adjustments:	
Acquisition-related intangible asset amortization expense	200
Business realignment charges	16
Acquisition-related expenses & costs to achieve	13
<b>Adjusted Segment Operating Income</b>	<b>\$ 2,660</b>
<b>Segment Operating margin<sup>1</sup></b>	<b>17.0%</b>
<b>Adjusted Segment Operating margin<sup>2</sup></b>	<b>18.6%</b>

## RECONCILIATION OF EPS TO ADJUSTED EPS

(Unaudited)

(Amounts in Dollars)

	12 Months ended 6/30/19*
<b>Earnings per diluted share</b>	<b>\$ 11.57</b>
Adjustments:	
Acquisition-related intangible asset amortization expense	1.51
Business realignment charges	0.12
Acquisition-related expenses & costs to achieve	0.23
Tax expense related to U.S. tax reform	0.11
Tax effect of adjustments <sup>3</sup>	(0.44)
<b>Adjusted earnings per diluted share</b>	<b>\$ 13.10</b>

## RECONCILIATION OF CASH FLOW FROM OPERATIONS TO FREE CASH FLOW

(Unaudited)

(Dollars in thousands)

	Twelve Months Ended June 30, 2019
Cash Flow from Operations	\$ 1,730,140
Capital Expenditures	(195,089)
<b>Free Cash Flow</b>	<b>\$ 1,535,051</b>

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.

3. 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.

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

\*\*Totals may not foot due to rounding



# Reconciliation of FY24 Guidance

## RECONCILIATION OF ORGANIC GROWTH

(Unaudited)

(Amounts in percentages)

### Forecasted net sales

Adjustments:

Currency (0.1%)

Acquisitions (2.6%)

Divestitures 0.2%

### Adjusted forecasted net sales

Fiscal Year 2024

~4.0%

## RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

(Unaudited)

(Amounts in percentages)

### Forecasted segment operating margin

Adjustments:

Business realignment charges 0.3%

Costs to achieve 0.2%

Acquisition-related intangible asset amortization expense 2.9%

### Adjusted forecasted segment operating margin

Fiscal Year 2024

~21.2%

~24.6%

## RECONCILIATION OF FORECASTED EARNINGS PER SHARE

(Unaudited)

(Amounts in dollars)

### Forecasted earnings per diluted share

Adjustments:

Business realignment charges 0.46

Costs to achieve 0.27

Acquisition-related intangible asset amortization expense 4.44

Net gain on divestitures (0.20)

Tax effect of adjustments<sup>1</sup> (1.12)

### Adjusted forecasted earnings per diluted share

Fiscal Year 2024

\$20.80 to \$21.00

\$24.65 to \$24.85

## RECONCILIATION OF CASH FLOW FROM OPERATIONS TO FREE CASH FLOW

(Unaudited)

(Dollars in millions)

### Cash flow from operations

Less: Capital Expenditures

### Free cash flow

Fiscal Year 2024

~\$3,400

~(400)

~\$3,000

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.

\*Totals may not foot due to rounding

