

PARKER HANNIFIN CORPORATION

Fiscal 2025 Third Quarter Earnings Presentation

May 1, 2025



ENGINEERING YOUR SUCCESS.

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 may also include statements regarding future performance, orders, earnings projections, events or developments. Parker cautions readers not to place undue reliance on these statements. It is possible that the future performance may differ materially from expectations, including those based on past performance.

Among other factors that may affect future performance are: changes in business relationships with and orders by or from major customers, suppliers or distributors, including delays or cancellations in shipments; disputes regarding contract terms, changes in contract costs and revenue estimates for new development programs; changes in product mix; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions; ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures; the determination and ability to successfully undertake business realignment activities and the expected costs, including cost savings, thereof; 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 other government actions, including related to environmental protection, and associated compliance costs; supply chain and labor disruptions, including as a result of tariffs and labor shortages; threats associated with international conflicts and cybersecurity risks and risks associated with protecting our intellectual property; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; effects on market conditions, including sales and pricing, resulting from global reactions to U.S. trade policies; manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and economic conditions such as inflation, deflation, interest rates and credit availability; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; changes in the tax laws in the United States and foreign jurisdictions and judicial or regulatory interpretations thereof; and large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics. Readers should also consider 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, 2024 and other periodic filings made with the SEC.

This presentation contains references to non-GAAP financial information including adjusted net income, organic sales, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow, adjusted free cash flow conversion, and free cash flow margin. As used in this presentation, EBITDA is defined as earnings before interest, taxes, depreciation and amortization. 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. Adjusted free cash flow conversion is defined as free cash flow adjusted for one-time items divided by net income. Although adjusted net income, organic sales, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow, adjusted free cash flow conversion, 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 periods 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 investors.parker.com for more information.



Strength of our Business and Team Delivers Record Results

- Top quartile safety performance
- Record Adjusted Segment Operating Margin¹ of 26.3%
- Record Adjusted EBITDA Margin¹ of 27.0%
- Record YTD Cash Flow from Operations of \$2.3B
- Order rates increase to +9% on long-cycle strength
- Expanding margins & EPS in a dynamic environment

FY25 Q3 Highlights	
19% Reduction in Recordable Incident Rate	\$5.0B Sales (2%) Reported +1% Organic ¹
26.3% Adjusted Segment Operating Margin ¹ +160 bps	27.0% Adjusted EBITDA Margin ¹ +150 bps
7% Adjusted EPS Growth ¹	\$2.3B YTD CFOA 8% Growth

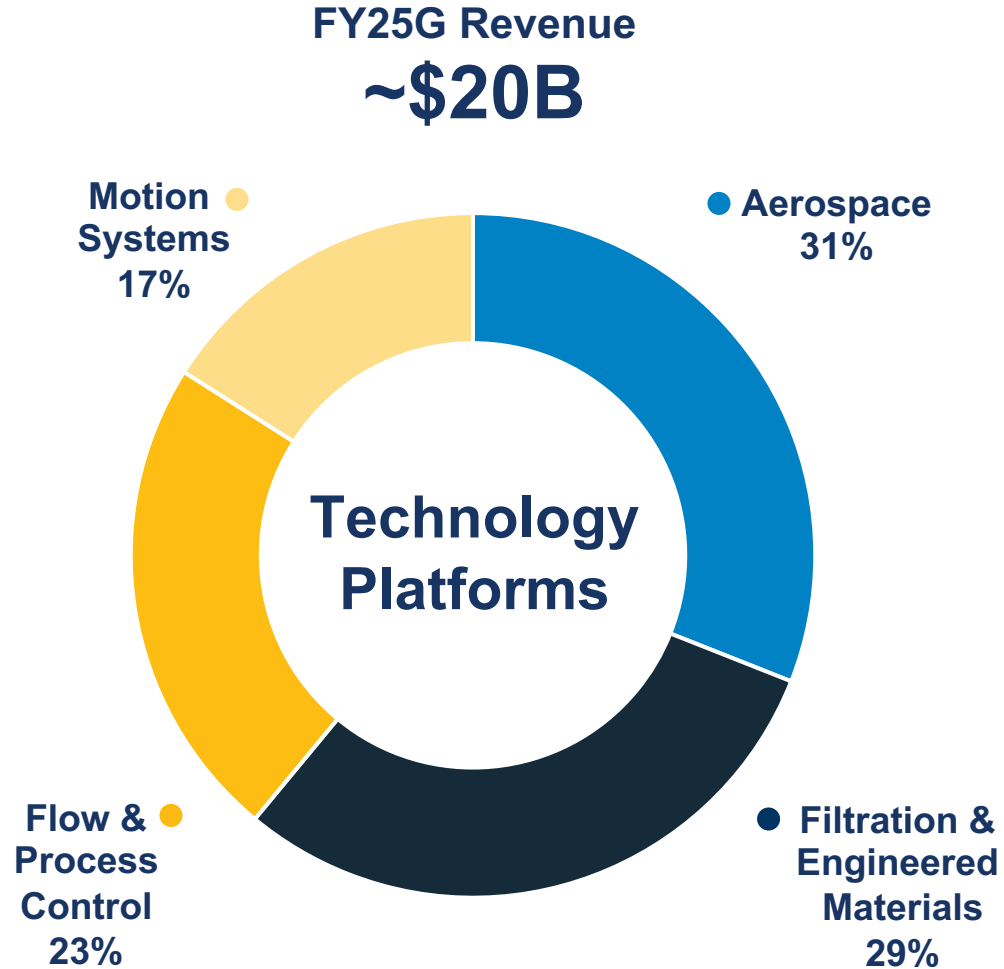


1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.
Note: FY25 Q3 As Reported: Segment Operating Margin of 23.2%, EBITDA Margin of 26.5%, Net Income of \$961M, EPS growth of 33%.

Our Business System Drives Performance Over the Cycle



Our Portfolio Is More Resilient Than Ever



- #1 position in Motion & Control industry
- Interconnected technologies & solutions across market verticals
- Acquisitions of Clarcor, LORD, Exotic, & Meggitt
- Greater exposure to longer cycle & secular growth trends

Simplification Drives Margin Expansion Across Cycles



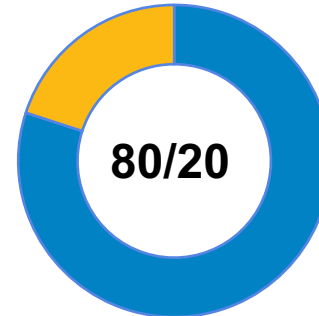
Structure & Footprint

Continuous improvement to increase profitability



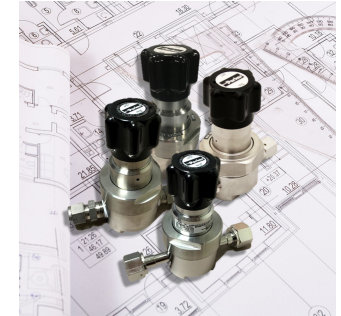
Organization Design

Optimizing resources



Revenue Complexity

Leveraging distribution; Product rationalization



Simple by Design™

Reducing complexity to enable growth & efficiency

Strategic Supply Chain is a Competitive Differentiator



Demand & Capacity Planning

Improving customer
experience



Dual Sourcing

Increasing
resiliency



Local for Local

Source, make and
deliver in region,
for the region



Tariff Mitigation

Robust analytics and
processes designed to
protect EPS

SUMMARY OF FISCAL 2025 3RD QUARTER HIGHLIGHTS

FY25 Q3 Financial Summary

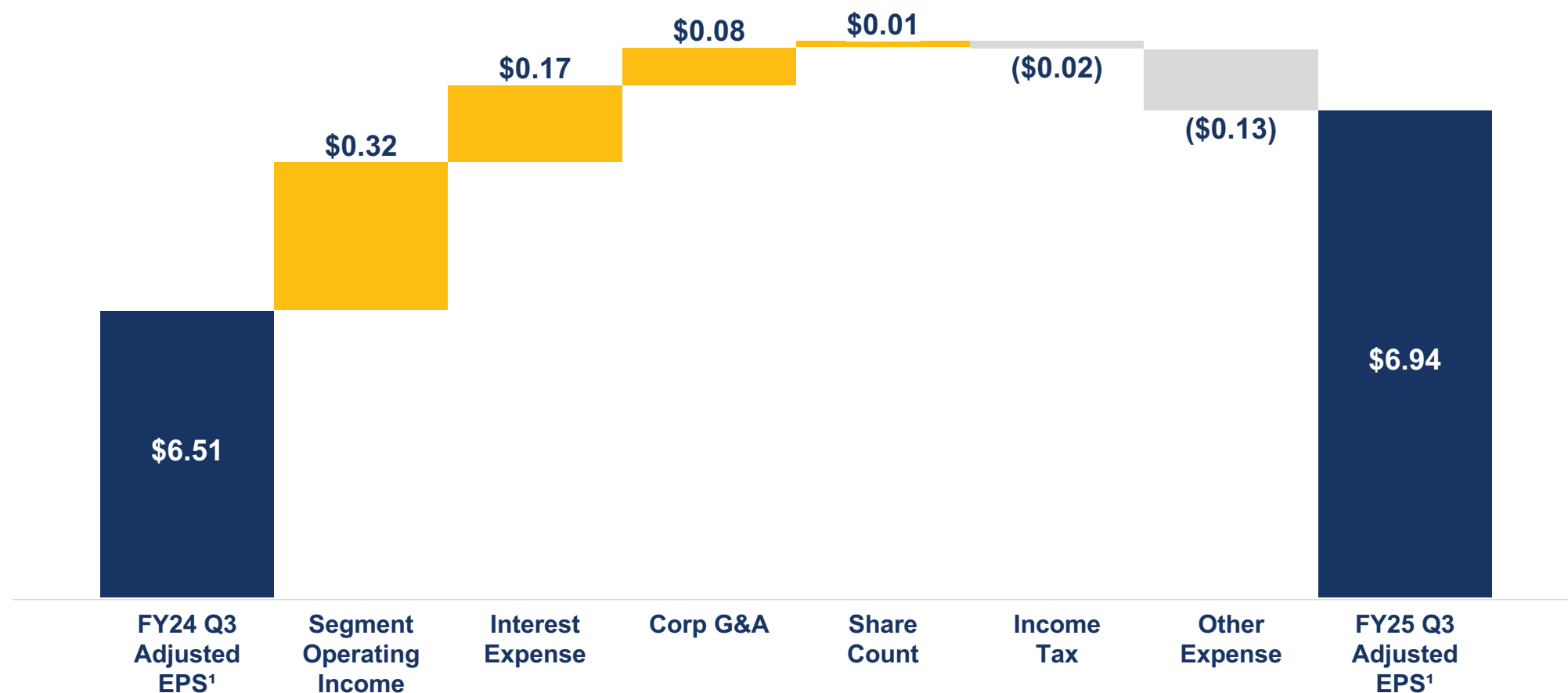
\$ Millions, except per share amounts

	FY25 Q3 As Reported	FY25 Q3 Adjusted ¹	FY24 Q3 Adjusted ¹	YoY Change Adjusted
Sales	\$4,960	\$4,960	\$5,074	(2%)
Segment Operating Margin	23.2%	26.3%	24.7%	+160 bps
EBITDA Margin	26.5%	27.0%	25.5%	+150 bps
Net Income	\$961	\$904	\$851	+6%
EPS	\$7.37	\$6.94	\$6.51	+7%



1. Sales figures As Reported. 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%, EBITDA Margin of 25.1%, Net Income of \$727M, EPS of \$5.56.

FY25 Q3 Adjusted Earnings per Share Bridge



FY25 Q3 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 Businesses	\$2,031M (3%) Organic	23.0%	25.2% +110 bps YoY	+3%	<ul style="list-style-type: none"> Record adjusted segment operating margin Softness in transportation, off-highway & energy Orders positive for second consecutive quarter
	International Businesses	\$1,358M (3%) Organic	23.0%	25.1% +160 bps YoY	+11%	<ul style="list-style-type: none"> Record adjusted segment operating margin Organic growth: +2% APAC, (7%) EMEA, +8% LA Orders accelerate on long-cycle strength
Aerospace Systems		\$1,572M +12% Organic	23.7%	28.7% +200 bps YoY	+14%	<ul style="list-style-type: none"> Record sales and adjusted segment operating margin 12% organic growth on aftermarket strength Record Aerospace segment backlog of \$7.3B
Parker		\$4,960M +1% Organic	23.2%	26.3% +160 bps YoY	+9%	<ul style="list-style-type: none"> Win Strategy™ execution delivers record margins Order rates accelerate to +9% reflecting our transformed portfolio and long-cycle strength



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

2. All comparisons are at constant currency exchange rates; with the prior year quarter restated to the current-year rates and exclude divestitures. Diversified Industrial orders are rolling 3-month average computations and Aerospace Systems are rolling 12-month average computations.

FY25 Q3 YTD Cash Flow Performance

Cash Flow Highlights

\$2.3B

Cash Flow from
Operations
+8% growth

15.8%

Cash Flow from
Operations
Margin

\$2.0B

Free Cash Flow¹
+8% growth

13.7%

Free Cash Flow
Margin¹

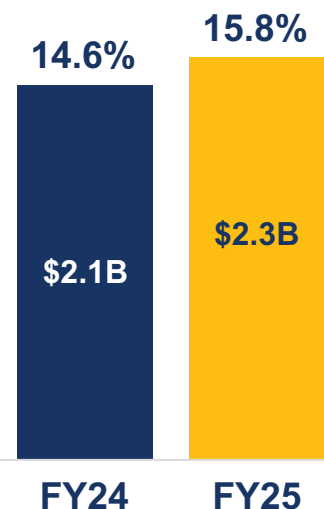
\$750M

YTD Share
Repurchases²

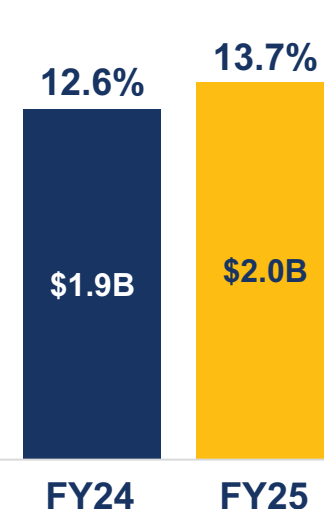
10% Quarterly Dividend Increase

- \$1.80 declared April 24, 2025
- 69 fiscal years of increasing annual dividend per share paid

Cash Flow from Operations



Free Cash Flow¹



% to sales









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

2. Includes discretionary and 10b5-1 share repurchases.

FY25 GUIDANCE UPDATE

FY25 Sales Growth Forecast by Key Market Verticals

Key Market Verticals	% of Sales	Previous FY25 Guidance	Commentary	Current FY25 Guidance
 Aerospace & Defense	33%	~11%	<ul style="list-style-type: none">High-teens aftermarket growthContinued progress on commercial OEM growth	~12%
 In-Plant & Industrial	20%	LSD	<ul style="list-style-type: none">Prolonged delay in industrial recoveryActive quoting despite project delays	(LSD)
 Transportation	15%	Neutral	<ul style="list-style-type: none">Lower auto production forecast in NA & EMEAWork truck demand stronger vs. on-highway	(LSD)
 Off-Highway	15%	(Mid-Teens)	<ul style="list-style-type: none">OEM destocking & end market weakness persistsPartially offset by stronger aftermarket	(Low-Teens)
 Energy	8%	Neutral	<ul style="list-style-type: none">Lower oil prices & disciplined capital spending	(LSD)
 HVAC/R	4%	MSD	<ul style="list-style-type: none">Continued strength from residential	HSD

FY25 Organic Forecast:

Aerospace: ~12%

Industrial: (~3%)

Parker: ~1%

FY25 Guidance Update

EPS Midpoint: \$26.02 As Reported, Maintaining \$26.70 Adjusted

Guidance Metric	FY25 Full Year	Full Year Assumptions	FY25 Q4 Midpoint
Reported Sales Growth	~(1%)	<ul style="list-style-type: none"> • Currency unfavorable ~(0.5%) • Divestitures impact ~(1.5%) 	~\$5.1B
Organic Sales Growth ¹	~1%	<ul style="list-style-type: none"> • Raised Aerospace organic growth to 12% • Lowered Industrial organic growth to (3%) 	~0.5%
Adj. Operating Margin ¹	~25.9%	<ul style="list-style-type: none"> • All segments expected to expand margins • 100 bps margin expansion vs. prior year 	~26.1%
Adj. EPS Midpoint ¹	\$26.70	<ul style="list-style-type: none"> • Maintaining guidance midpoint • Includes announced tariffs fully offset by mitigation actions • Annualized gross tariffs: ~\$375M or estimated 3% of COGS 	\$7.05
Free Cash Flow ¹	~\$3.1B	<ul style="list-style-type: none"> • CapEx: ~2% of sales • FCF Conversion² >100% 	--



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

2. FCF conversion >100% adjusting for after tax gain on divestitures (\$223M) and gain on sale of building (\$8M), and discrete tax benefit (\$180M).

What Drives Parker

- Safety, Engagement, Ownership
- Living up to Our Purpose
- Top Quartile Performance
- Great Generators & Deployers of Cash



UPCOMING EVENT CALENDAR

FY25 Q4 Earnings Release

August 7, 2025

FY26 Q1 Earnings Release

November 6, 2025

Appendix

- FY25 Guidance Details
- Reconciliation of Organic Growth
- Adjusted Amounts Reconciliation – Consolidated Statement of Income
- Adjusted Amounts Reconciliation – Segment Operating Income
- Reconciliation of EBITDA to Adjusted EBITDA
- Reconciliation of Operating Cash Flow Margin and Free Cash Flow Margin
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of Q4 FY25 Guidance
- Reconciliation of FY25 Guidance

FY25 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic ¹
Diversified Industrial Segment		
North America Businesses	~(8%)	~(4%)
International Businesses	~(4%)	~(2.5%)
Aerospace Systems Segment	~12%	~12%
Parker	~(1%)	~1%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial Segment		
North America Businesses	~22.9%	~25.1%
International Businesses	~22.1%	~24.5%
Aerospace Systems Segment	~23.1%	~28.3%
Parker	~22.7%	~25.9%

Earnings Per Share	As Reported	Adjusted ¹
Midpoint	\$26.02	\$26.70

Additional Items	As Reported	Adjusted ¹
Corporate G&A	~\$205M	
Interest Expense	~\$410M	
Other (Income) Expense	(~\$190M)	~\$65M
Tax Rate	~16.5%	~21.5%
Diluted Shares Outstanding	~130.4M	

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$550M	—
Business Realignment & Other	~\$60M	~\$10M
Integration Costs to Achieve	~\$22M	—
Gain on Sale of Building	—	(~\$10M)
Gain on Divestitures	—	(~\$250M)

Additional Adjustments to EPS:	Segment Margins	Below Segment
Discrete Tax Benefit	—	~\$180M



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

Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

	Quarter-to-Date				As Reported March 31, 2024
	As Reported March 31, 2025	Currency	Divestitures	Adjusted March 31, 2025	
Net Sales					
Diversified Industrial	\$ 3,388,759	\$ 54,201	\$ 104,980	\$ 3,547,940	\$ 3,665,643
Aerospace Systems	1,571,590	2,336	-	1,573,926	1,408,713
Total Parker Hannifin	\$ 4,960,349	\$ 56,537	\$ 104,980	\$ 5,121,866	\$ 5,074,356
	As reported	Currency	Divestitures	Organic	
Diversified Industrial	(7.6)%	(1.5)%	(2.9)%	(3.2)%	
Aerospace Systems	11.6 %	(0.1)%	0.0 %	11.7 %	
Total Parker Hannifin	(2.2)%	(1.0)%	(2.1)%	0.9 %	

Supplemental Information:

	As Reported March 31, 2025	Currency	Divestitures	Adjusted March 31, 2025	As Reported March 31, 2024
Net Sales					
Diversified Industrial:					
North America businesses	\$ 2,030,970	\$ 17,458	\$ 104,980	\$ 2,153,408	\$ 2,231,478
<u>International businesses</u>					
Europe	758,405	14,486	-	772,891	830,166
Asia Pacific	523,307	16,046	-	539,353	527,732
Latin America	76,077	6,211	-	82,288	76,267
International businesses	\$ 1,357,789	\$ 36,743	\$ -	\$ 1,394,532	\$ 1,434,165
	As reported	Currency	Divestitures	Organic	
Diversified Industrial:					
North America businesses	(9.0)%	(0.8)%	(4.7)%	(3.5)%	
<u>International businesses</u>					
Europe	(8.6)%	(1.7)%	0.0 %	(6.9)%	
Asia Pacific	(0.8)%	(3.0)%	0.0 %	2.2 %	
Latin America	(0.2)%	(8.1)%	0.0 %	7.9 %	
International businesses	(5.3)%	(2.5)%	0.0 %	(2.8)%	

Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

Quarter-to-Date FY 2025									
	As Reported March 31, 2025	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Saegertown Incident	Discrete Tax ¹ Benefit	Adjusted March 31, 2025	% of Sales
Net sales	\$ 4,960,349	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,960,349	100.0 %
Cost of sales	3,129,951	63.1 %	19,618	4,742	210	-	-	3,105,381	62.6 %
Selling, general and admin. expenses	784,355	15.8 %	116,346	5,521	5,237	-	-	657,251	13.3 %
Interest expense	95,942	1.9 %	-	-	-	-	-	95,942	1.9 %
Other (income) expense, net	(44,713)	(0.9)%	-	116	-	7,725	-	(52,554)	(1.1)%
Income before income taxes	994,814	20.1 %	(135,964)	(10,379)	(5,447)	(7,725)	-	1,154,329	23.3 %
Income taxes	33,628	0.7 %	31,272	2,387	1,253	1,777	179,849	250,166	5.0 %
Net income	961,186	19.4 %	(104,692)	(7,992)	(4,194)	(5,948)	179,849	904,163	18.2 %
Less: Noncontrolling interests	320	0.0 %	-	-	-	-	-	320	0.0 %
Net income - common shareholders	\$ 960,866	19.4 %	\$ (104,692)	\$ (7,992)	\$ (4,194)	\$ (5,948)	\$ 179,849	\$ 903,843	18.2 %
Diluted earnings per share	\$ 7.37		\$ (0.80)	\$ (0.06)	\$ (0.03)	\$ (0.05)	\$ 1.37	\$ 6.94	

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	

1. Release of a tax valuation allowance.

Adjusted Amounts Reconciliation Segment Operating Income

(Dollars in thousands)
(Unaudited)

Quarter-to-Date FY 2025								
As Reported			Acquired	Business	Meggitt	Saegertown	Adjusted	
March 31, 2025	% of Sales	Amortization	Intangible Asset	Realignment	Costs to	Incident	March 31, 2025	% of Sales ²
				Charges	Achieve			
Diversified Industrial ¹	\$ 779,103	23.0%	\$ 61,600	\$ 10,249	\$ 2,072	\$ -	\$ 853,024	25.2%
Aerospace Systems ¹	372,908	23.7%	74,364	35	3,375	-	450,682	28.7%
Total segment operating income	1,152,011	23.2%	(135,964)	(10,284)	(5,447)	-	1,303,706	26.3%
Corporate administration	43,698	0.9%	-	(21)	-	-	43,719	0.9%
Income before interest and other	1,108,313	22.3%	(135,964)	(10,263)	(5,447)	-	1,259,987	25.4%
Interest expense	95,942	1.9%	-	-	-	-	95,942	1.9%
Other (income) expense	17,557	0.4%	-	116	-	7,725	9,716	0.2%
Income before income taxes	\$ 994,814	20.1%	\$ (135,964)	\$ (10,379)	\$ (5,447)	\$ (7,725)	\$ 1,154,329	23.3%

Supplemental Information:

Diversified Industrial:

North America businesses ¹	\$ 467,064	23.0%	\$ 40,209	\$ 4,218	\$ 1,038	\$ -	\$ 512,529	25.2%
International businesses ¹	312,039	23.0%	21,391	6,031	1,034	-	340,495	25.1%

Quarter-to-Date FY 2024								
As Reported			Acquired	Business	Meggitt		Adjusted	
March 31, 2024	% of Sales	Amortization	Intangible Asset	Realignment	Cost to		March 31, 2024	% of Sales ²
				Charges	Achieve			
Diversified Industrial ¹	\$ 800,211	21.8%	\$ 66,409	\$ 6,953	\$ 1,292	\$ -	\$ 874,865	23.9%
Aerospace Systems ¹	289,339	20.5%	74,807	(12)	11,964	-	376,098	26.7%
Total segment operating income	1,089,550	21.5%	(141,216)	(6,941)	(13,256)	-	1,250,963	24.7%
Corporate administration	56,782	1.1%	-	-	-	-	56,782	1.1%
Income before interest and other	1,032,768	20.4%	(141,216)	(6,941)	(13,256)	-	1,194,181	23.5%
Interest expense	123,732	2.4%	-	-	-	-	123,732	2.4%
Other (income) expense	(11,007)	-0.2%	-	1,527	-	-	(12,534)	-0.2%
Income before income taxes	\$ 920,043	18.1%	\$ (141,216)	\$ (8,468)	\$ (13,256)	\$ -	\$ 1,082,983	21.3%

Supplemental Information:

Diversified Industrial:

North America businesses ¹	\$ 490,452	22.0%	\$ 43,945	\$ 3,058	\$ 841	\$ -	\$ 538,296	24.1%
International businesses ¹	309,759	21.6%	22,464	3,895	451	-	336,569	23.5%



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 March 31,			
	2025	% of Sales	2024	% of Sales
Net sales	\$ 4,960,349	100.0 %	\$ 5,074,356	100.0 %
Net income	\$ 961,186	19.4 %	\$ 726,734	14.3 %
Income taxes	33,628	0.7 %	193,309	3.8 %
Depreciation	86,832	1.8 %	87,082	1.7 %
Amortization	135,964	2.7 %	141,216	2.8 %
Interest expense	95,942	1.9 %	123,732	2.4 %
EBITDA	1,313,552	26.5 %	1,272,073	25.1 %
Adjustments:				
Business realignment charges	10,379	0.2 %	8,468	0.2 %
Meggitt costs to achieve	5,447	0.1 %	13,256	0.3 %
Saegertown Incident	7,725	0.2 %	-	0.0 %
EBITDA - Adjusted	\$ 1,337,103	27.0 %	\$ 1,293,797	25.5 %
EBITDA margin	26.5 %		25.1 %	
EBITDA margin - Adjusted	27.0 %		25.5 %	

Reconciliation of Operating Cash Flow Margin and Free Cash Flow Margin

(Unaudited)
(Dollars in thousands)

	Nine Months Ended March 31,	
	2025	2024
Net Sales	\$ 14,606,926	\$ 14,742,791
Net Income	\$ 2,608,363	\$ 2,059,863
Cash Flow from Operations	\$ 2,308,761	\$ 2,147,077
Capital Expenditures	(304,153)	(283,328)
Free Cash Flow	\$ 2,004,608	\$ 1,863,749
Cash Flow from Operations Margin	15.8%	14.6%
Free Cash Flow Margin	13.7%	12.6%

Supplemental Sales Information

Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,	
	2025	2024
Net sales		
Diversified Industrial:		
Motion Systems	\$ 827,987	\$ 942,667
Flow and Process Control	1,141,072	1,185,622
Filtration and Engineered Materials	1,419,700	1,537,354
Aerospace Systems	1,571,590	1,408,713
Total	\$ 4,960,349	\$ 5,074,356

Reconciliation of Q4 FY25 Guidance

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)

(Amounts in percentages)

Forecasted net sales

Q4 Fiscal Year 2025

(~2.0%)

Adjustments:

Currency

0.0%

Divestitures

2.5%

Adjusted forecasted net sales

~0.5%

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

(Unaudited)

(Amounts in percentages)

Forecasted segment operating margin

Q4 Fiscal Year 2025

~23.0%

Adjustments:

Business realignment charges

0.4%

Costs to achieve

0.1%

Acquisition-related intangible asset amortization expense

2.6%

Adjusted forecasted segment operating margin

~26.1%

RECONCILIATION OF FORECASTED EARNINGS PER SHARE

(Unaudited)

(Amounts in dollars)

Forecasted earnings per diluted share

Q4 Fiscal Year 2025

~\$6.05

Adjustments:

Business realignment charges

0.17

Costs to achieve

0.02

Acquisition-related intangible asset amortization expense

1.07

Tax effect of adjustments¹

(0.27)

Adjusted forecasted earnings per diluted share

~\$7.05

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

Reconciliation of FY25 Guidance

RECONCILIATION OF ORGANIC GROWTH

	Fiscal Year 2025			
	Forecasted Net Sales	Divestitures	Currency	Adjusted Forecasted Net Sales
Diversified Industrial	~(6.0%)	~2.0%	~1.0%	~(3.0%)
North America Businesses	~(8.0%)	~3.5%	~0.5%	~(4.0%)
International Businesses	~(4.0%)	-	~1.5%	~(2.5%)
Aerospace Systems	~12.0%	-	~0.0%	~12.0%
Parker	~(1.0%)	~1.5%	~0.5%	~1.0%

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

	Fiscal Year 2025				
	Forecasted Segment Operating Margin	Business Realignment Charges	Costs to Achieve	Acquisition-Related Intangible Asset Amortization Expense	Adjusted Forecasted Segment Operating Margin
Diversified Industrial					
North America Businesses	~22.9%	~0.2%	-	~2.0%	~25.1%
International Businesses	~22.1%	~0.8%	-	~1.6%	~24.5%
Aerospace Systems	~23.1%	-	~0.3%	~4.9%	~28.3%
Parker	~22.7%	~0.3%	~0.1%	~2.8%	~25.9%

RECONCILIATION OF FORECASTED EARNINGS PER SHARE

	Fiscal Year 2025	
Forecasted earnings per diluted share	\$25.92 to \$26.12	
Adjustments:		
Business realignment charges	0.47	
Costs to achieve	0.17	
Acquisition-related intangible asset amortization expense	4.22	
Saegertown incident	0.06	
Net gain on divestitures	(1.91)	
Gain on sale of building	(0.08)	
Tax effect of adjustments ¹	(0.88)	
Discrete tax benefit ²	(1.37)	
Adjusted forecasted earnings per diluted share	\$26.60 to \$26.80	

RECONCILIATION OF CASH FLOW FROM OPERATIONS TO FREE CASH FLOW

	Fiscal Year 2025	
Cash flow from operations	\$3,500 to \$3,600	
Less: Capital Expenditures	~(400)	
Free cash flow	\$3,100 to \$3,200	

- 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.
- Release of a tax valuation allowance.

*Totals may not foot due to rounding

