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# FY24 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic <sup>1</sup>
Diversified Industrial North America	0.0% - 3.0%	~0.5%
Diversified Industrial International	(5.0%) - (2.0%)	~(3.0%)
Aerospace Systems	16.5% - 19.5%	~10%
<b>Parker</b>	<b>2.5% - 5.5%</b>	<b>~1.5%</b>

Segment Operating Margins	As Reported	Adjusted <sup>1</sup>
Diversified Industrial North America	20.9% - 21.3%	23.1% - 23.5%
Diversified Industrial International	20.4% - 20.8%	22.9% - 23.3%
Aerospace Systems	18.2% - 18.6%	24.4% - 24.8%
<b>Parker</b>	<b>20.0% - 20.4%</b>	<b>23.4% - 23.8%</b>

Earnings Per Share	As Reported	Adjusted <sup>1</sup>
Midpoint	<b>\$19.13</b>	<b>\$23.00</b>
Range	<b>\$18.73 - \$19.53</b>	<b>\$22.60 - \$23.40</b>

Additional Items	As Reported and Adjusted <sup>1</sup>
Corporate G&A	~\$240M
Interest Expense	~\$515M
Other Expense	~\$16M   ~\$29M
Reported Tax Rate	~23%
Diluted Shares Outstanding	~130M

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$565M	—
Business Realignment Charges	~\$70M	—
Integration Costs to Achieve	~\$35M	—
Net Gain on Divestiture	—	(\$13M)

1. Adjusted numbers include certain non-GAAP financial measures.



# Reconciliation of Organic Growth

(Dollars in thousands)  
(Unaudited)

	Quarter-to-Date					
	As Reported September 30, 2023	Currency	Divestitures	Acquisitions	Adjusted September 30, 2023	As Reported September 30, 2022
<b>Net Sales</b>						
Diversified Industrial:						
North America	\$ 2,229,906	\$ (10,944)	\$ 543	\$ (77,384)	\$ 2,142,121	\$ 2,131,760
<u>International</u>						
Europe	784,198	(38,100)	-	(33,935)	712,163	698,826
Asia Pacific	524,954	12,057	-	(3,986)	533,025	581,623
Latin America	79,470	1,180	-	-	80,650	74,564
International	1,388,622	(24,863)	-	(37,921)	1,325,838	1,355,013
Total Diversified Industrial	3,618,528	(35,807)	543	(115,305)	3,467,959	3,486,773
Aerospace Systems	1,228,960	(3,496)	24,404	(385,702)	864,166	746,002
Total Parker Hannifin	<u>\$ 4,847,488</u>	<u>\$ (39,303)</u>	<u>\$ 24,947</u>	<u>\$ (501,007)</u>	<u>\$ 4,332,125</u>	<u>\$ 4,232,775</u>
	As reported	Currency	Divestitures	Acquisitions	Organic	
Diversified Industrial:						
North America	4.6 %	0.5 %	(0.0)%	3.6 %	0.5 %	
<u>International</u>						
Europe	12.2 %	5.4 %	0.0 %	4.9 %	1.9 %	
Asia Pacific	(9.7)%	(2.0)%	0.0 %	0.7 %	(8.4)%	
Latin America	6.6 %	(1.6)%	0.0 %	0.0 %	8.2 %	
International	2.5 %	1.9 %	0.0 %	2.8 %	(2.2)%	
Total Diversified Industrial	3.8 %	1.0 %	(0.0)%	3.3 %	(0.5)%	
Aerospace Systems	64.7 %	0.5 %	(3.3)%	51.7 %	15.8 %	
Total Parker Hannifin	14.5 %	1.0 %	(0.6)%	11.8 %	2.3 %	



# Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

Quarter-to-Date FY 2024											
	As Reported September 30, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Gain on Divestiture				Adjusted September 30, 2023	% of Sales
Net sales	\$ 4,847,488	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,847,488	100.0 %
Cost of sales	3,097,349	63.9 %	27,199	6,984	1,274	-	-	-	-	3,061,892	63.2 %
Selling, general and admin. expenses	873,691	18.0 %	128,321	6,108	5,132	-	-	-	-	734,130	15.1 %
Interest expense	134,468	2.8 %	-	-	-	-	-	-	-	134,468	2.8 %
Other (income) expense, net	(78,455)	(1.6)%	-	-	-	(13,260)	-	-	-	(65,195)	(1.3)%
Income before income taxes	820,435	16.9 %	(155,520)	(13,092)	(6,406)	13,260	-	-	-	982,193	20.3 %
Income taxes	169,363	3.5 %	37,169	3,129	1,531	(5,681)	-	-	-	205,511	4.2 %
Net income	651,072	13.4 %	(118,351)	(9,963)	(4,875)	7,579	-	-	-	776,682	16.0 %
Less: Noncontrolling interests	245	0.0 %	-	-	-	-	-	-	-	245	0.0 %
Net income - common shareholders	\$ 650,827	13.4 %	\$ (118,351)	\$ (9,963)	\$ (4,875)	\$ 7,579	\$ -	\$ -	\$ -	\$ 776,437	16.0 %
Diluted earnings per share	\$ 4.99		\$ (0.91)	\$ (0.08)	\$ (0.04)	\$ 0.06	\$ -	\$ -	\$ -	\$ 5.96	

(Dollars in thousands, except per share data)

(Unaudited)

Quarter-to-Date FY 2023											
	As Reported September 30, 2022	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Gain on Aircraft Wheel & Brake Divestiture	Amortization of Inventory Step-Up to FV	Adjusted September 30, 2022	% of Sales
Net sales	\$ 4,232,775	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,232,775	100.0 %
Cost of sales	2,795,456	66.0 %	18,632	2,499	627	-	-	-	18,358	2,755,340	65.1 %
Selling, general and admin. Expenses	835,804	19.7 %	68,382	1,362	11,364	108,568	-	-	-	646,128	15.3 %
Interest expense	117,794	2.8 %	-	-	-	-	-	-	-	117,794	2.8 %
Other (income) expense, net	(19,624)	(0.5)%	-	-	-	51,690	389,992	(372,930)	-	(88,376)	(2.1)%
Income before income taxes	503,345	11.9 %	(87,014)	(3,861)	(11,991)	(160,258)	(389,992)	372,930	(18,358)	801,889	18.9 %
Income taxes	115,308	2.7 %	20,622	915	2,842	37,982	94,713	(90,570)	4,351	186,163	4.4 %
Net income	388,037	9.2 %	(66,392)	(2,946)	(9,149)	(122,276)	(295,279)	282,360	(14,007)	615,726	14.5 %
Less: Noncontrolling interests	183	0.0 %	-	-	-	-	-	-	-	183	0.0 %
Net income - common shareholders	\$ 387,854	9.2 %	\$ (66,392)	\$ (2,946)	\$ (9,149)	\$ (122,276)	\$ (295,279)	\$ 282,360	\$ (14,007)	\$ 615,543	14.5 %
Diluted earnings per share	\$ 2.98		\$ (0.52)	\$ (0.02)	\$ (0.07)	\$ (0.94)	\$ (2.27)	\$ 2.17	\$ (0.11)	\$ 4.74	



# Adjusted Amounts Reconciliation Segment Operating Income

(Dollars in thousands)  
(Unaudited)

Quarter-to-Date FY 2024											
As Reported September 30, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Net Gain on Divestiture					Adjusted September 30, 2023	% of Sales <sup>2</sup>
Diversified Industrial:											
North America <sup>1</sup>	\$ 506,053	22.7%	\$ 44,683	\$ 2,584	\$ 945	\$ -	\$ -	\$ -		\$ 554,265	24.9%
International <sup>1</sup>	300,701	21.7%	23,268	10,055	194	-	-	-		334,218	24.1%
Total Diversified Industrial <sup>1</sup>	806,754	22.3%	67,951	12,639	1,139	-	-	-		888,483	24.6%
Aerospace Systems <sup>1</sup>	226,260	18.4%	87,569	453	5,267	-	-	-		319,549	26.0%
Total segment operating income	1,033,014	21.3%	(155,520)	(13,092)	(6,406)	-	-	-		1,208,032	24.9%
Corporate administration	55,656	1.1%	-	-	-	-	-	-		55,656	1.1%
Income before interest and other	977,358	20.2%	(155,520)	(13,092)	(6,406)	-	-	-		1,152,376	23.8%
Interest expense	134,468	2.8%	-	-	-	-	-	-		134,468	2.8%
Other (income) expense	22,455	0.5%	-	-	-	(13,260)	-	-		35,715	0.7%
Income before income taxes	\$ 820,435	16.9%	\$ (155,520)	\$ (13,092)	\$ (6,406)	\$ 13,260	\$ -	\$ -		\$ 982,193	20.3%

(Dollars in thousands)  
(Unaudited)

Quarter-to-Date FY 2023											
As Reported September 30, 2022	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Cost to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Gain on Aircraft Wheel & Brake Divestiture	Amortization of Inventory Step-Up to FV		Adjusted September 30, 2022	% of Sales <sup>2</sup>
Diversified Industrial:											
North America <sup>1</sup>	\$ 452,986	21.2%	\$ 46,274	\$ 133	\$ 47	\$ -	\$ -	\$ -		\$ 499,440	23.4%
International <sup>1</sup>	293,940	21.7%	16,805	1,879	139	-	-	-		312,763	23.1%
Total Diversified Industrial <sup>1</sup>	746,926	21.4%	63,079	2,012	186	-	-	-		812,203	23.3%
Aerospace Systems <sup>1</sup>	92,151	12.4%	23,935	1,849	11,805	-	-	18,358		148,098	19.9%
Total segment operating income	839,077	19.8%	(87,014)	(3,861)	(11,991)	-	-	(18,358)		960,301	22.7%
Corporate administration	51,660	1.2%	-	-	-	-	-	-		51,660	1.2%
Income before interest and other	787,417	18.6%	(87,014)	(3,861)	(11,991)	-	-	(18,358)		908,641	21.5%
Interest expense	117,794	2.8%	-	-	-	-	-	-		117,794	2.8%
Other (income) expense	166,278	3.9%	-	-	-	160,258	389,992	(372,930)		(11,042)	-0.3%
Income before income taxes	\$ 503,345	11.9%	\$ (87,014)	\$ (3,861)	\$ (11,991)	\$ (160,258)	\$ (389,992)	\$ 372,930	\$ (18,358)	\$ 801,889	18.9%

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 September 30,			
	2023	% of Sales	2022	% of Sales
<b>Net sales</b>	\$ 4,847,488	100.0%	\$ 4,232,775	100.0%
Net income	\$ 651,072	13.4%	\$ 388,037	9.2%
Income taxes	169,363	3.5%	115,308	2.7%
Depreciation	84,867	1.8%	66,967	1.6%
Amortization	155,520	3.2%	87,014	2.1%
Interest expense	134,468	2.8%	117,794	2.8%
<b>EBITDA</b>	<b>1,195,290</b>	<b>24.7%</b>	<b>775,120</b>	<b>18.3%</b>
Adjustments:				
Business realignment charges	13,092	0.3%	3,861	0.1%
Meggitt costs to achieve	6,406	0.1%	11,991	0.3%
Acquisition-related expenses	-	0.0%	160,258	3.8%
Loss on deal-contingent forward contracts	-	0.0%	389,992	9.2%
Amortization of inventory step-up to FV	-	0.0%	18,358	0.4%
Gain on divestitures	(13,260)	-0.3%	(372,930)	-8.8%
<b>EBITDA - Adjusted</b>	<b>\$ 1,201,528</b>	<b>24.8%</b>	<b>\$ 986,650</b>	<b>23.3%</b>
<b>EBITDA margin</b>	<b>24.7 %</b>		<b>18.3 %</b>	
<b>EBITDA margin - Adjusted</b>	<b>24.8 %</b>		<b>23.3 %</b>	

# Reconciliation of Gross and Net Debt / Adjusted EBITDA

(Unaudited)		
(Dollars in thousands)		
	<u>September 30, 2022</u>	<u>September 30, 2023</u>
Notes payable and long-term debt payable within one year	\$ 1,725,077	\$ 3,594,425
Long-term debt	12,238,900	8,596,063
Add: Deferred debt issuance costs	87,934	70,406
Total gross debt	<u>\$ 14,051,911</u>	<u>\$ 12,260,894</u>
Cash and cash equivalents	\$ 502,307	\$ 448,926
Marketable securities and other investments	19,504	7,930
Total cash	<u>\$ 521,811</u>	<u>\$ 456,856</u>
Net debt (Gross debt less total cash)	<u>\$ 13,530,100</u>	<u>\$ 11,804,038</u>
TTM Net Sales	\$ 16,331,574	\$ 19,679,907
Net income	\$ 1,252,760	\$ 2,346,571
Income tax	293,066	650,183
Depreciation	258,530	335,316
Amortization	321,693	569,219
Interest Expense	313,696	590,568
TTM EBITDA	<u>\$ 2,439,745</u>	<u>\$ 4,491,857</u>
Adjustments:		
Business realignment charges	15,604	35,937
Costs to achieve	15,555	89,854
Acquisition-related costs	203,786	6,036
Loss on deal-contingent forward contracts	1,405,418	0
Gain on divestitures	(372,930)	(13,260)
Amortization of inventory step-up to FV	18,358	91,623
Net loss on divestitures	0	10,927
Russia liquidation	20,057	0
TTM Adjusted EBITDA	<u>\$ 3,745,593</u>	<u>\$ 4,712,974</u>
<b>Gross Debt/TTM Adjusted EBITDA</b>	<b>3.8</b>	<b>2.6</b>
<b>Net Debt/TTM Adjusted EBITDA</b>	<b>3.6</b>	<b>2.5</b>



# Reconciliation of Free Cash Flow Conversion

(Unaudited)  
(Dollars in thousands)

	Three Months Ended September 30,	
	2023	2022
<b>Net Income</b>	<b>\$ 651,072</b>	<b>\$ 388,037</b>
Cash Flow from Operations	\$ 649,959	\$ 457,358
Capital Expenditures	(97,746)	(83,555)
<b>Free Cash Flow</b>	<b>\$ 552,213</b>	<b>\$ 373,803</b>
<b>Free Cash Flow Conversion (Free Cash Flow / Net Income)</b>	<b>85%</b>	<b>96%</b>



# Supplemental Sales Information

## Global Technology Platforms

(Unaudited)

(Dollars in thousands)

Three Months Ended September 30,

2023

2022

### Net sales

Diversified Industrial:

Motion Systems

\$ 942,314

\$ 906,014

Flow and Process Control

1,181,461

1,204,464

Filtration and Engineered Materials

1,494,753

1,376,295

Aerospace Systems

1,228,960

746,002

**Total**

**\$ 4,847,488**

**\$ 4,232,775**



# Reconciliation of Forecasted Segment Operating Margin

(Unaudited)

(Amounts in percentages)

**Forecasted segment operating margin**

**Fiscal Year 2024**

**20.0% to 20.4%**

Adjustments:

Business realignment charges

**0.3%**

Costs to achieve

**0.2%**

Acquisition-related intangible asset amortization expense

**2.9%**

**Adjusted forecasted segment operating margin**

**23.4% to 23.8%**



# Reconciliation of EPS

(Unaudited)

(Amounts in dollars)

**Forecasted earnings per diluted share**

**Fiscal Year 2024**

**\$18.73 to \$19.53**

Adjustments:

Business realignment charges

**0.53**

Costs to achieve

**0.27**

Acquisition-related intangible asset amortization expense

**4.36**

Net gain on divestitures

**(0.10)**

Tax effect of adjustments<sup>1</sup>

**(1.19)**

**Adjusted forecasted earnings per diluted share**

**\$22.60 to \$23.40**

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.

