

March 8, 2022



Parker's Ongoing Transformation Enables Sustainable Growth, New 5-Year Targets Announced at Investor Meeting Indicate Promising Future

- Acquisitions Re-shape Portfolio and Build a More Resilient Business
- Performance Through Cycles Strengthened by the Win Strategy
- Well-Positioned to Capitalize on Secular Trends Driving Sustained Organic Growth
- New Targets Reflect Increased Organic Sales, Strong Margin Expansion, Continued EPS Growth

CLEVELAND, March 08, 2022 (GLOBE NEWSWIRE) -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today hosted a [virtual investor meeting](#) where the leadership team presented an update on the company's ongoing transformation by implementing the Win Strategy 3.0™, reviewed key secular growth trends that are expected to accelerate organic sales growth, and announced new financial performance targets for the fiscal year ending June 30, 2027. The Win Strategy 3.0 is the Parker business system and establishes goals for engaged people, premier customer experience, profitable growth and financial performance.

"The completed acquisitions of CLARCOR, LORD Corporation and Exotic Metals Forming along with the pending acquisition of Meggitt plc continue to transform Parker," said Tom Williams, Chairman and CEO. "This has resulted in our portfolio becoming more balanced toward higher growth, longer cycle, higher margin businesses. These portfolio changes, combined with continued implementation of the Win Strategy 3.0 across our operations and the engagement of our team members, have contributed to an acceleration of Parker's financial performance. We continue to see opportunities to take our performance to even higher levels, leading us to commit to new five-year financial targets."

The investor meeting included a strategic overview of Parker's promising future by Mr. Williams, a review of secular growth trends by Lee Banks, Vice Chairman and President and Jenny Parmentier, Chief Operating Officer, and a financial review by Todd Leombruno, Chief Financial Officer. A replay of the presentations is available at www.phstock.com

The company noted the following significant highlights from the presentations:

- The company credits its highly engaged global team with building an ownership culture where team members can directly contribute to improved performance using high performance teams to drive improvements in areas such as safety, quality, lean and Kaizen.

- Parker continues to drive a strategic portfolio transformation through acquisitions which is greatly increasing its exposure to longer cycle markets and allows for more resilient financial performance.
- Approximately two-thirds of Parker's portfolio can be applied to clean technologies, positioning the company to benefit from secular growth trends such as the aerospace market recovery, digitization, electrification, and clean technologies.
- The company announced new five-year targets through fiscal year 2027 that include:
 - Organic sales growth targeted to be in the range of 4-6% compound annual growth
 - Adjusted segment operating margin of 25% and adjusted EBITDA margin of 25%
 - Free cash flow margin of 16%
 - A greater than 10% compound annual growth rate in adjusted earnings per share.

Williams added, "The actions we are taking are building a stronger, more sustainable company. While we have delivered outstanding performance and reached our previously announced five-year targets early, our new targets indicate we have many more opportunities to improve. We have a very promising future ahead as we take Parker's performance to the next level and drive significant shareholder value."

About Parker Hannifin

Parker Hannifin is a Fortune 250 global leader in motion and control technologies. For more than a century the company has been enabling engineering breakthroughs that lead to a better tomorrow. Parker has increased its annual dividend per share paid to shareholders for 65 consecutive fiscal years, among the top five longest-running dividend-increase records in the S&P 500 index. Learn more at www.parker.com or @parkerhannifin.

Note on Non-GAAP Financial Measures

This press release contains references to non-GAAP financial information related to our new five-year targets for fiscal year 2027 including (a) organic sales growth; (b) adjusted total segment operating margin; (c) adjusted EBITDA margin; (d) free cash flow margin; and (e) adjusted forecasted earnings per share growth. These measures are presented to allow investors and the company to meaningfully evaluate changes in such measures on a comparable basis from period to period. This press release also contains references to EBITDA and adjusted EBITDA margin. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Although EBITDA and adjusted EBITDA margin are not measures of performance calculated in accordance with GAAP, we believe that they are useful to an investor in evaluating the Company's results period to period. Because the presented measures refer to our new five-year targets for the fiscal year ended June 30, 2027, reconciliation to the most directly comparable GAAP financial measures is not provided because the Company is unable to provide such reconciliation without unreasonable effort.

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. 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 in this press release 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 international conflicts 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.

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