

Parker Hannifin Corporation

3rd Quarter Fiscal Year 2019 Earnings Release



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ENGINEERING YOUR SUCCESS.

May 2, 2019

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. These statements may be identified from the use of forward-looking terminology such as “anticipates,” “believes,” “may,” “should,” “could,” “potential,” “continues,” “plans,” “forecasts,” “estimates,” “projects,” “predicts,” “would,” “intends,” “anticipates,” “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. 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 current expectations, depending on economic conditions within its mobile, industrial and aerospace markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. Additionally, the actual impact of the U.S. Tax Cuts and Jobs Act (“U.S. Tax Reform”) on future performance and earnings projections may change based on subsequent judicial or regulatory interpretations of the Act that impact the company's tax calculations. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.

The risks and uncertainties in connection with forward-looking statements related to the proposed transaction between LORD Corporation and the company include, but are not limited to, the occurrence of any event, change or other circumstances that could delay the closing of the proposed transaction; the possibility of non-consummation of the proposed transaction and termination of the merger agreement; the failure to satisfy any of the conditions to the proposed transaction set forth in the merger agreement; the possibility that a governmental entity may prohibit the consummation of the proposed transaction or may delay or refuse to grant a necessary regulatory approval in connection with the proposed transaction, or that in order for the parties to obtain any such regulatory approvals, conditions are imposed that adversely affect the anticipated benefits from the proposed transaction or cause the parties to abandon the proposed transaction; adverse effects on Parker's common stock because of the failure to complete the proposed transaction; Parker's business experiencing disruptions due to transaction-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 transaction will not be realized or will not be realized within the expected time period; the parties being unable to successfully implement integration strategies; and significant transaction costs related to the proposed transaction.

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; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions, including the integration of CLARCOR; 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, price 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; ability to manage costs related to insurance and employee retirement and health care benefits; compliance costs associated with environmental laws and regulations; potential labor disruptions; 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; global 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 and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them unless otherwise required by law.

Non-GAAP Financial Measures

This presentation reconciles (a) sales amounts reported in accordance with U.S. GAAP to organic sales, which are sales amounts adjusted to remove the effects of divestitures and the effects of currency exchange rates, (b) cash flow from operating activities and cash flow from operating activities as a percent of sales in accordance with U.S. GAAP to cash flow from operating activities and cash flow from operating activities as a percent of sales without the effect of discretionary pension plan contributions, (c) free cash flow conversion, (d) as reported and forecast segment operating income and operating margins reported in accordance with U.S. GAAP to as reported and forecast segment operating income and operating margins without the effect of business realignment charges and CLARCOR Cost to Achieve, and (e) as reported and forecast earnings per diluted share reported in accordance with U.S. GAAP to as reported and forecast earnings per diluted share without the effect of business realignment charges, CLARCOR costs to achieve, loss on sale and writedown of assets, net and U.S. Tax Reform one-time impact, net. This presentation also contains references to EBITDA and adjusted EBITDA. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before business realignment charges, CLARCOR costs to achieve, and loss on sale and writedown of assets, net. Although EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with GAAP, we believe that it is useful to an investor in evaluating the results of this quarter versus one year ago. The effects of divestitures, currency exchange rates, discretionary pension plan contributions, business realignment charges, CLARCOR costs to achieve, loss on sale and writedown of assets, net and U.S. Tax Reform one-time impact, net are removed to allow investors and the company to meaningfully evaluate changes in sales, and cash flow from operating activities as a percent of sales, segment operating income, operating margins, Below the Line Items, Income Tax and earnings per diluted share on a comparable basis from period to period. Free cash flow conversion (cash flow from operations excluding discretionary pension contributions less capital expenditures divided by net income) allows management to measure cash flow efficiency and working capital management. Full year adjusted guidance removes business realignment charges, CLARCOR costs to achieve and tax expense related to U.S. Tax Reform.

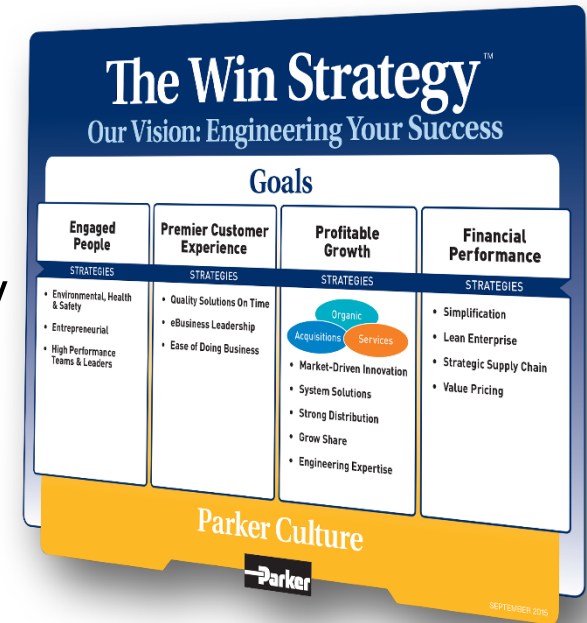
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Agenda

- **Chairman & CEO Comments**
- **Results & Outlook**
- **Questions & Answers**

Parker's Competitive Differentiators

- The Win Strategy™
- Decentralized business model
- Technology breadth & interconnectivity
- Engineered products with intellectual property
- Long product life cycles
- Balanced OEM vs. aftermarket
- Low capital investment requirements
- Great generators and deployers of cash over the cycle



Highlights of Quarter Results

3rd Quarter Key Takeaways

- Strong operational quarter: reflects benefits of The Win Strategy™
- All-time quarterly records for EPS, net income, and operating margin
- Outstanding total segment margin performance of 17.1%, as reported
- Great quarter for Aerospace Systems - all-time record segment margin of 20.7%
- As reported EBITDA margin up 150 bps; Strong year-to-date cash flow

Capital Deployment

- Increased dividend 16%, increased for 63 consecutive fiscal years
- Repurchased \$200 million in shares; \$150 million discretionary in Q3 '19
- Strategic and transformative LORD acquisition announced

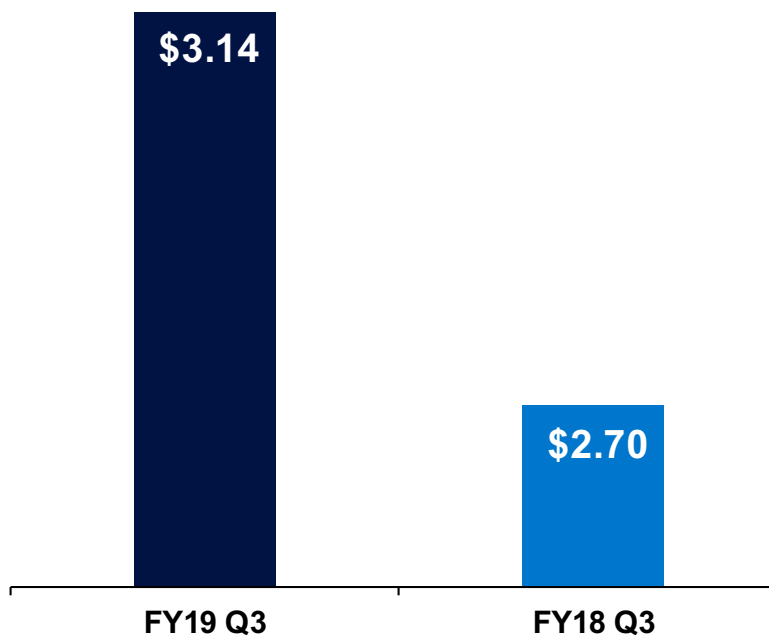
Going Forward

- Maintaining earnings guidance for full year fiscal 2019
- Confidence in reaching our financial targets for FY23

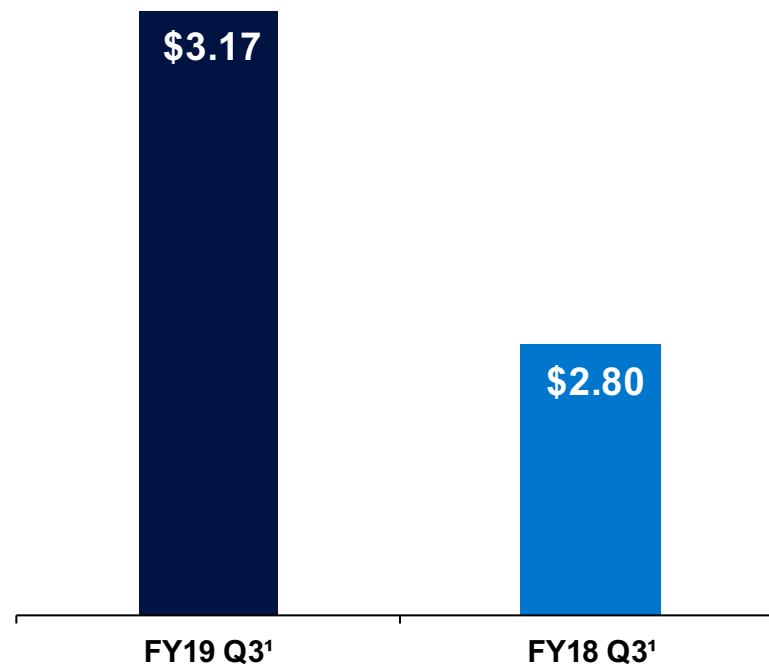
Diluted Earnings Per Share

3rd Quarter FY2019

As Reported EPS



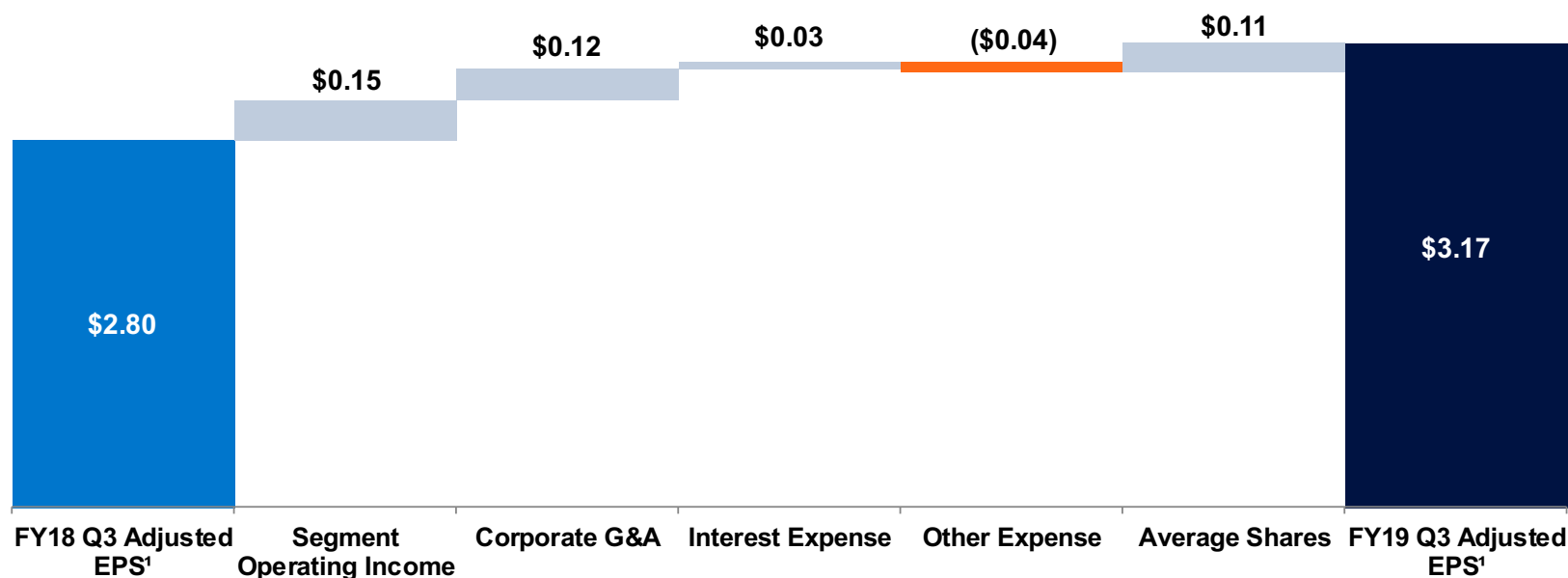
Adjusted EPS



¹Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve

Influences on Adjusted Earnings Per Share

3rd Quarter FY2019 vs. 3rd Quarter FY2018



¹Adjusted for Business Realignment Charges, CLARCOR Costs to Achieve

Sales & Segment Operating Margin

Total Parker

\$ in millions

\$ in millions	3rd Quarter			
	FY2019	% Change	FY2018	
Sales				
As Reported	\$ 3,688	(1.7)%	\$ 3,750	
Divestitures	(17)	(0.5)%		
Currency	(111)	(3.0)%		
Organic Sales	\$ 3,816	1.8 %		
	FY2019	% of Sales	FY2018	% of Sales
Segment Operating Margin				
As Reported	\$ 631	17.1 %	\$ 593	15.8 %
Business Realignment	4		7	
CLARCOR Costs to Achieve	1		10	
Adjusted	\$ 636	17.2 %	\$ 610	16.3 %

Sales & Segment Operating Margin

Diversified Industrial North America

\$ in millions

\$ in millions	3rd Quarter		
		%	
	FY2019	Change	FY2018
Sales			
As Reported	\$ 1,751	(0.6)%	\$ 1,762
Divestitures	(7)	(0.4)%	
Currency	(5)	(0.3)%	
Organic Sales	\$ 1,763	0.1 %	

	FY2019	% of Sales	FY2018	% of Sales
Segment Operating Margin				
As Reported	\$ 288	16.4 %	\$ 281	15.9 %
Business Realignment	1		0	
CLARCOR Costs to Achieve	(0)		8	
Adjusted	\$ 289	16.5 %	\$ 289	16.4 %

Sales & Segment Operating Margin

Diversified Industrial International

\$ in millions

	3rd Quarter		
	%		
	FY2019	Change	FY2018
Sales			
As Reported	\$ 1,285	(7.5)%	\$ 1,389
Divestitures	(9)	(0.7)%	
Currency	(105)	(7.5)%	
Organic Sales	\$ 1,399	0.7 %	

	FY2019	% of Sales	FY2018	% of Sales
Segment Operating Margin				
As Reported	\$ 209	16.2 %	\$ 205	14.8 %
Business Realignment	3		5	
CLARCOR Costs to Achieve	0		2	
Adjusted	\$ 212	16.5 %	\$ 212	15.3 %

Sales & Segment Operating Margin

Aerospace Systems

\$ in millions

\$ in millions	3rd Quarter			
	FY2019	% Change	FY2018	
Sales				
As Reported	\$ 652	9.0 %	\$ 598	
Currency	(2)	(0.2)%		
Organic Sales	\$ 654	9.2 %		
	FY2019	% of Sales	FY2018	% of Sales
Segment Operating Margin				
As Reported	\$ 135	20.7 %	\$ 106	17.8 %
Business Realignment	-		2	
Adjusted	\$ 135	20.7 %	\$ 108	18.1 %

Order Rates

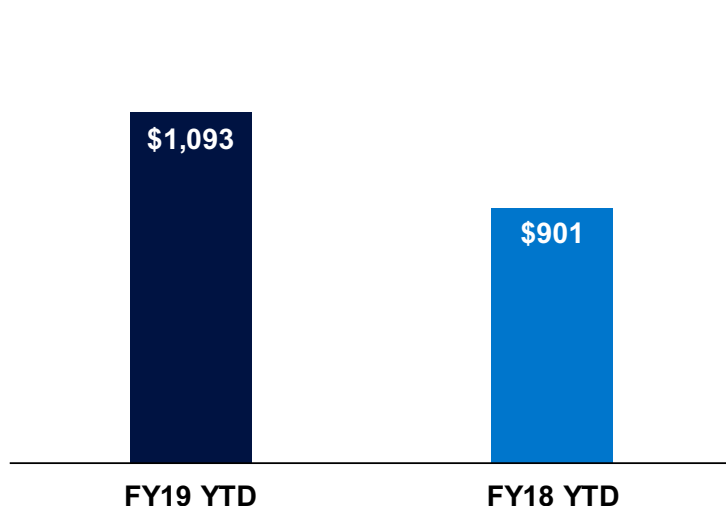
	<u>Mar 2019</u>		<u>Dec 2018</u>		<u>Mar 2018</u>		<u>Dec 2017</u>	
Total Parker	-	4 %	+	1 %	+	11 %	+	13 %
Diversified Industrial North America	-	6 %	+	0 %	+	11 %	+	15 %
Diversified Industrial International	-	4 %	-	2 %	+	8 %	+	13 %
Aerospace Systems	+	2 %	+	10 %	+	17 %	+	8 %

Excludes Acquisitions, Divestitures & Currency
3-month year-over-year comparisons of total dollars, except Aerospace Systems
Aerospace Systems is calculated using a 12-month rolling average

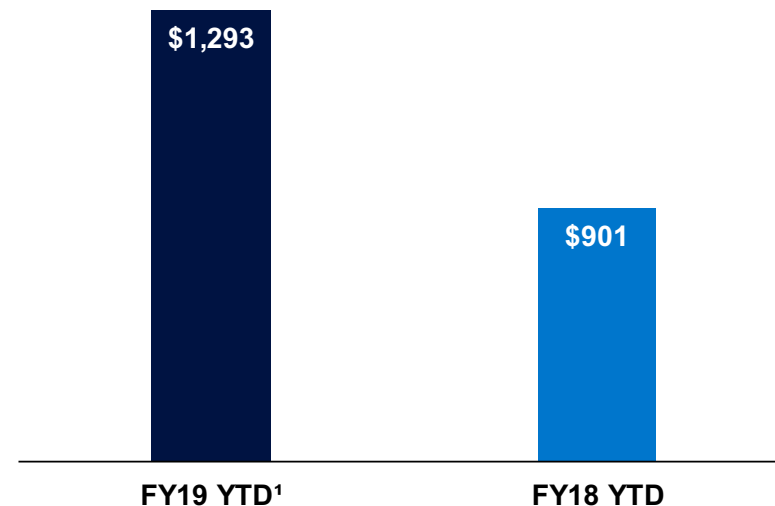
Cash Flow from Operating Activities

FY2019 YTD

As Reported Cash Flow



Adjusted Cash Flow



As Reported Cash Flow From Operating Activities
 Discretionary Pension Plan Contribution
 Adjusted Cash Flow From Operating Activities

Year to Date

FY 2019	% of Sales	FY 2018	% of Sales
\$ 1,093	10.3%	\$ 901	8.6%
200		-	
<u>\$ 1,293</u>	<u>12.1%</u>	<u>\$ 901</u>	<u>8.6%</u>

FY2019 Guidance

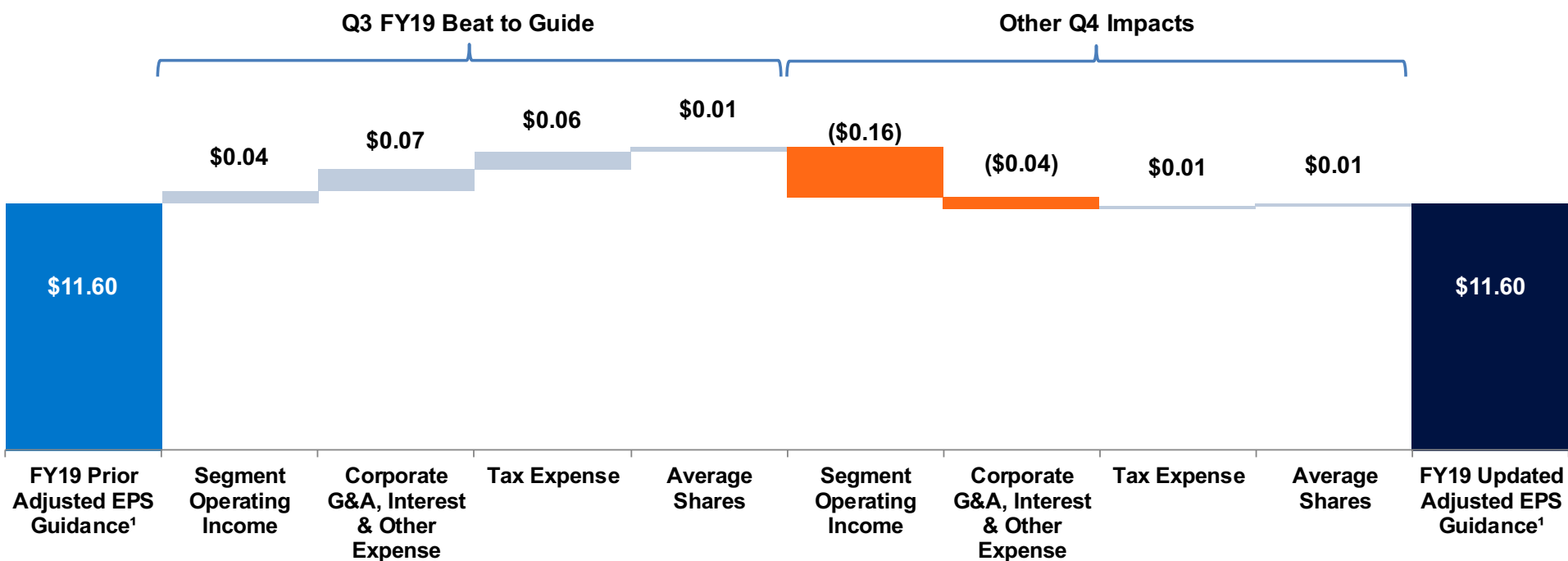
EPS Midpoint: \$11.32 As Reported, \$11.60 Adjusted

Sales Growth vs. Prior Year		
Diversified Industrial North America		0.9% - 1.9%
Diversified Industrial International		(5.3)% - (4.3)%
Aerospace Systems		7.0% - 8.0%
Total Parker		(0.4)% - 0.6%
Segment Operating Margins		
	As Reported	Adjusted ¹
Diversified Industrial North America	16.4% - 16.8%	16.6% - 17.0%
Diversified Industrial International	16.0% - 16.4%	16.3% - 16.7%
Aerospace Systems	19.3% - 19.7%	19.3% - 19.7%
Total Parker	16.8% - 17.2%	17.0% - 17.4%
Below the Line Items		As Reported
Corporate General & Administrative Expense, Interest and Other		\$ 492 M
Tax Rate		As Reported
Full Year		23%
Shares		
Diluted Shares Outstanding		132.1 M
Earnings Per Share		
	As Reported	Adjusted ¹
Range	\$11.17 - \$11.47	\$11.45 - \$11.75

¹Expected FY19 Adjusted Segment Operating Margins and Expected Adjusted Earnings Per Share exclude FY19 Business Realignment Charges, CLARCOR Costs to Achieve and Tax Expense related to US Tax Reform

FY2019 Guidance

Reconciliation of Q3 Beat and Updated Guidance



¹Adjusted for Expected Business Realignment Charges, CLARCOR Costs to Achieve and Tax Expense related to US Tax Reform



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Appendix

- Consolidated Statement of Income
- Adjusted Amounts Reconciliation
- Reconciliation of EPS
- Business Segment Information
- Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin
- Reconciliation of EBITDA to Adjusted EBITDA
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flows
- Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations
- Reconciliation of Free Cash Flow Conversion
- Reconciliation of Forecasted EPS
- Supplemental Sales Information – Global Technology Platforms

Consolidated Statement of Income

(Unaudited)

(Dollars in thousands except per share amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Net sales	\$ 3,687,518	\$ 3,749,591	\$ 10,638,857	\$ 10,484,915
Cost of sales	2,766,744	2,819,804	7,963,906	7,907,547
Selling, general and administrative expenses	360,865	416,457	1,152,446	1,221,779
Interest expense	48,209	54,145	140,066	160,833
Other (income), net	(17,500)	(10,642)	(37,638)	(9,594)
Income before income taxes	529,200	469,827	1,420,077	1,204,350
Income taxes	117,819	103,697	320,884	496,363
Net income	411,381	366,130	1,099,193	707,987
Less: Noncontrolling interests	133	141	497	442
Net income attributable to common shareholders	\$ 411,248	\$ 365,989	\$ 1,098,696	\$ 707,545
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 3.20	\$ 2.75	\$ 8.42	\$ 5.32
Diluted earnings per share	\$ 3.14	\$ 2.70	\$ 8.29	\$ 5.22
Average shares outstanding during period - Basic	128,706,137	133,032,431	130,476,355	133,107,321
Average shares outstanding during period - Diluted	130,884,968	135,768,280	132,498,376	135,661,385

CASH DIVIDENDS PER COMMON SHARE

(Unaudited)

(Amounts in dollars)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Cash dividends per common share	\$ 0.76	\$ 0.66	\$ 2.28	\$ 1.98

Adjusted Amounts Reconciliation

(Amounts in thousands, except per share data)
(Unaudited)

Net sales	\$ 3,687,518
Cost of sales	2,766,744
Selling, general and administrative expenses	360,865
Interest expense	48,209
Other (income), net	(17,500)
Income before income taxes	529,200
Income taxes	117,819
Net income	411,381
Less: Noncontrolling interests	133
Net income attributable to common shareholders	\$ 411,248

EPS attributable to common shareholders:

Diluted earnings per share

THIRD QUARTER FY 2019

As Reported March 31, 2019	Business Realignment Charges	Clarcor Costs to Achieve	Adjusted March 31, 2019
\$ 3,687,518	\$ -	\$ -	\$ 3,687,518
2,766,744	2,599	205	2,763,940
360,865	1,767	28	359,070
48,209	-	-	48,209
(17,500)	-	-	(17,500)
529,200	(4,366)	(233)	533,799
117,819	1,026	55	118,900
411,381	(3,340)	(178)	414,899
133	-	-	133
\$ 411,248	\$ (3,340)	\$ (178)	\$ 414,766
\$ 3.14	\$ (0.03)	\$ -	\$ 3.17

THIRD QUARTER FY 2019

Segment Operating Income

Industrial:

North America	\$ 287,526	\$ 1,789	\$ (39)	\$ 289,276
International	208,707	2,577	272	211,556
Aerospace	134,789	-	-	134,789
Total segment operating income	631,022	(4,366)	(233)	635,621
Corporate administration	32,802	-	-	32,802
Income before interest expense and other	598,220	(4,366)	(233)	602,819
Interest expense	48,209	-	-	48,209
Other (income) expense	20,811	-	-	20,811
Income before income taxes	\$ 529,200	\$ (4,366)	\$ (233)	\$ 533,799

Reconciliation of EPS

(Unaudited)

(Amounts in dollars)

Earnings per diluted share

Adjustments:

Business realignment charges

Clarcor costs to achieve

Loss on sale and writedown of assets, net

U.S. Tax Reform one-time impact, net

Adjusted earnings per diluted share

Three Months Ended March 31,		Nine Months Ended March 31,	
2019	2018	2019	2018
\$ 3.14	\$ 2.70	\$ 8.29	\$ 5.22
0.03	0.04	0.05	0.16
-	0.06	0.07	0.16
-	-	-	0.02
-	-	0.11	1.65
\$ 3.17	\$ 2.80	\$ 8.52	\$ 7.21

Business Segment Information

(Unaudited)

(Dollars in thousands)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Net sales				
Diversified Industrial:				
North America	\$ 1,750,554	\$ 1,761,845	\$ 5,063,657	\$ 4,921,952
International	1,284,866	1,389,332	3,742,311	3,883,675
Aerospace Systems	652,098	598,414	1,832,889	1,679,288
Total net sales	\$ 3,687,518	\$ 3,749,591	\$ 10,638,857	\$ 10,484,915
Segment operating income				
Diversified Industrial:				
North America	\$ 287,526	\$ 280,694	\$ 820,411	\$ 762,528
International	208,707	205,251	603,886	561,848
Aerospace Systems	134,789	106,653	366,107	271,235
Total segment operating income	631,022	592,598	1,790,404	1,595,611
Corporate general and administrative expenses	32,802	54,138	147,017	142,430
Income before interest expense and other expense	598,220	538,460	1,643,387	1,453,181
Interest expense	48,209	54,145	140,066	160,833
Other expense	20,811	14,488	83,244	87,998
Income before income taxes	\$ 529,200	\$ 469,827	\$ 1,420,077	\$ 1,204,350

Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin

(Unaudited)

(Dollars in thousands)

	Three Months Ended		Three Months Ended	
	March 31, 2019		March 31, 2018	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 631,022	17.1 %	\$ 592,598	15.8 %
Adjustments:				
Business realignment charges	4,366		6,822	
Clarcor costs to achieve	233		10,636	
Adjusted total segment operating income	\$ 635,621	17.2 %	\$ 610,056	16.3 %

Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited)

(Dollars in thousands)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Net sales	\$ 3,687,518	\$ 3,749,591	\$ 10,638,857	\$ 10,484,915
Earnings before income taxes	\$ 529,200	\$ 469,827	\$ 1,420,077	\$ 1,204,350
Depreciation and amortization	108,258	117,100	330,801	351,316
Interest expense	48,209	54,145	140,066	160,833
EBITDA	685,667	641,072	1,890,944	1,716,499
Adjustments:				
Business realignment charges	4,366	6,822	9,284	28,476
Clarcor costs to achieve	233	10,636	11,530	28,384
Loss on sale and writedown of assets, net	-	-	-	5,324
Adjusted EBITDA	\$ 690,266	\$ 658,530	\$ 1,911,758	\$ 1,778,683
EBITDA margin	18.6 %	17.1 %	17.8 %	16.4 %
Adjusted EBITDA margin	18.7 %	17.6 %	18.0 %	17.0 %

Consolidated Balance Sheet

(Unaudited)	March 31,	June 30,	March 31,
(Dollars in thousands)	2019	2018	2018
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 1,098,729	\$ 822,137	\$ 1,089,529
Marketable securities and other investments	70,190	32,995	101,206
Trade accounts receivable, net	2,117,103	2,145,517	2,146,408
Non-trade and notes receivable	317,412	328,399	328,111
Inventories	1,755,991	1,621,304	1,732,759
Prepaid expenses and other	178,366	134,886	165,083
Total current assets	5,537,791	5,085,238	5,563,096
Plant and equipment, net	1,779,892	1,856,237	1,941,799
Deferred income taxes	96,463	57,623	36,935
Goodwill	5,459,965	5,504,420	5,746,358
Intangible assets, net	1,834,433	2,015,520	2,134,659
Other assets	769,391	801,049	814,637
Total assets	\$ 15,477,935	\$ 15,320,087	\$ 16,237,484
<u>Liabilities and equity</u>			
Current liabilities:			
Notes payable	\$ 1,017,278	\$ 638,466	\$ 1,055,527
Accounts payable	1,423,659	1,430,306	1,376,457
Accrued liabilities	921,900	929,833	896,604
Accrued domestic and foreign taxes	186,113	198,878	179,929
Total current liabilities	3,548,950	3,197,483	3,508,517
Long-term debt	4,284,235	4,318,559	4,818,570
Pensions and other postretirement benefits	895,197	1,177,605	1,351,106
Deferred income taxes	277,212	234,858	113,799
Other liabilities	456,293	526,089	569,209
Shareholders' equity	6,009,978	5,859,866	5,870,353
Noncontrolling interests	6,070	5,627	5,930
Total liabilities and equity	\$ 15,477,935	\$ 15,320,087	\$ 16,237,484



Consolidated Statement of Cash Flows

(Unaudited)

(Dollars in thousands)

Nine Months Ended March 31,

Cash flows from operating activities:

	2019	2018
Net income	\$ 1,099,193	\$ 707,987
Depreciation and amortization	330,801	351,316
Stock incentive plan compensation	84,525	89,571
Loss on sale of businesses	623	-
Loss (gain) on plant and equipment and intangible assets	3,993	(26,767)
Loss (gain) on sale of marketable securities	4,487	(1)
(Gain) loss on investments	(4,175)	33,759
Net change in receivables, inventories and trade payables	(124,942)	(329,428)
Net change in other assets and liabilities	(340,241)	147,289
Other, net	38,333	(72,488)
Net cash provided by operating activities	1,092,597	901,238

Cash flows from investing activities:

Acquisitions (net of cash of \$690 in 2019)	(2,042)	-
Capital expenditures	(145,071)	(194,307)
Proceeds from sale of plant and equipment	37,158	64,203
Proceeds from sale of businesses	19,540	-
Purchases of marketable securities and other investments	(51,736)	(78,488)
Maturities and sales of marketable securities and other investments	25,103	20,260
Other	953	8,937
Net cash (used in) investing activities	(116,095)	(179,395)

Cash flows from financing activities:

Net payments for common stock activity	(769,820)	(199,361)
Net proceeds from (payments for) debt	378,642	(71,835)
Dividends	(299,006)	(264,332)
Net cash (used in) financing activities	(690,184)	(535,528)
Effect of exchange rate changes on cash	(9,726)	18,328
Net increase in cash and cash equivalents	276,592	204,643
Cash and cash equivalents at beginning of period	822,137	884,886
Cash and cash equivalents at end of period	\$ 1,098,729	\$ 1,089,529

Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations

(Unaudited)

(Dollars in thousands)

As reported cash flow from operations

Discretionary pension contribution

Adjusted cash flow from operations

Nine Months Ended			Nine Months Ended		
	March 31, 2019	Percent of sales		March 31, 2018	Percent of sales
\$	1,092,597	10.3 %	\$	901,238	8.6 %
	200,000			-	
\$	1,292,597	12.1 %	\$	901,238	8.6 %

Reconciliation of Free Cash Flow Conversion

CALCULATION OF FREE CASH FLOW CONVERSION

(Unaudited)

(Dollars in thousands)

	Nine Months Ended March 31, 2019
Net income	\$ 1,099,193
Cash flow from operations	\$ 1,092,597
Capital expenditures	(145,071)
Discretionary pension contribution	200,000
Free cash flow	\$ 1,147,526
Free cash flow conversion (free cash flow/net income)	104%

Reconciliation of Forecasted EPS

(Unaudited)

(Amounts in dollars)

Forecasted earnings per diluted share

Fiscal Year 2019

\$11.17 - \$11.47

Adjustments:

Business realignment charges

0.09

Clarcor costs to achieve

0.08

U.S. Tax Reform income tax expense adjustment

0.11

Adjusted forecasted earnings per diluted share

\$11.45 - \$11.75

Supplemental Sales Information

Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Net sales				
Diversified Industrial:				
Motion Systems	\$ 899,948	\$ 928,012	\$ 2,615,878	\$ 2,563,454
Flow and Process Control	1,105,176	1,154,468	3,181,440	3,147,652
Filtration and Engineered Material	1,030,296	1,068,697	3,008,650	3,094,521
Aerospace Systems	652,098	598,414	1,832,889	1,679,288
Total	\$ 3,687,518	\$ 3,749,591	\$ 10,638,857	\$ 10,484,915