

# PARKER HANNIFIN CORPORATION

Fiscal 2025 Fourth Quarter & Full Year Earnings Presentation

August 7, 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, including the acquisition of Curtis Instruments, Inc; 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 earnings per share growth, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow, free cash flow growth, 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 divided by net income adjusted for major non-recurring items. Although adjusted net income, organic sales, adjusted earnings per share, adjusted earnings per share growth, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow, free cash flow growth, 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](https://investors.parker.com) for more information.



# The Win Strategy Delivers Another Record Year

## A Culture of High Performance

- Top quartile safety performance
- Record engagement survey results
- Record Adjusted Segment Operating Margin<sup>1</sup> of 26.1%
- Record Adjusted EBITDA Margin<sup>1</sup> of 26.4%
- Record Cash Flow from Operations of \$3.8B
- Record Backlog of \$11.0B
- Disciplined, active and balanced capital deployment

FY25 Highlights	
<b>17%</b> Reduction in Recordable Incident Rate	<b>\$19.9B</b> Sales Flat Reported +1% Organic <sup>1</sup>
<b>26.1%</b> Adjusted Segment Operating Margin <sup>1</sup> +120 bps	<b>26.4%</b> Adjusted EBITDA Margin <sup>1</sup> +80 bps
<b>7%</b> Adjusted EPS Growth <sup>1</sup>	<b>\$3.8B</b> YTD CFOA 12% Growth



1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.  
Note: FY25 As Reported: Segment Operating Margin of 23.0%, EBITDA Margin of 27.3%, Net Income of \$3.5B, EPS growth of 24%.

# An Outstanding Year for Aerospace

## Well Positioned for Sustained Growth & Operating Performance

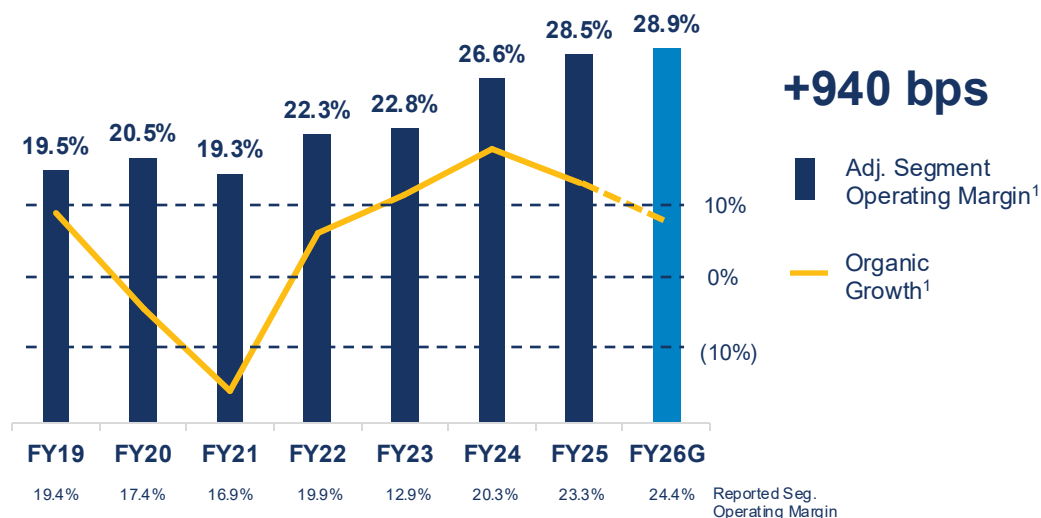
### FY25 Highlights

- Record \$6.2B in Sales, 13% Organic Growth<sup>1</sup>
- Record Adjusted Segment Operating Margin<sup>1</sup> +190 bps
- Record Backlog of \$7.4B

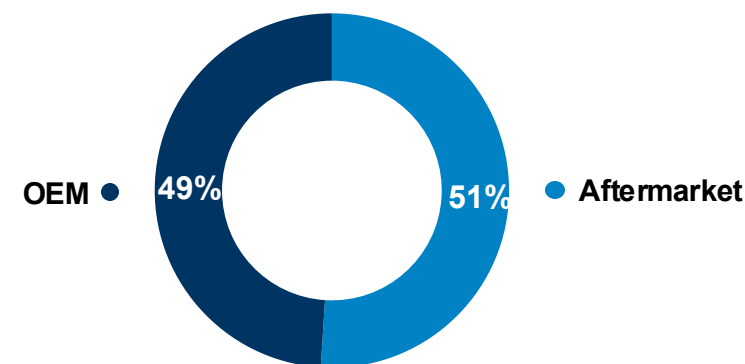
### Competitive Advantages

- Proprietary designs on premier programs
- Long lifecycle with strong aftermarket
- Global footprint supporting diversified customer base
- More electric technologies for current & next-gen aircraft

### Aerospace Segment



### Sales by Market Segment



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

# Expanding Industrial Segment Margins through the Cycle

Poised for a Return to Growth

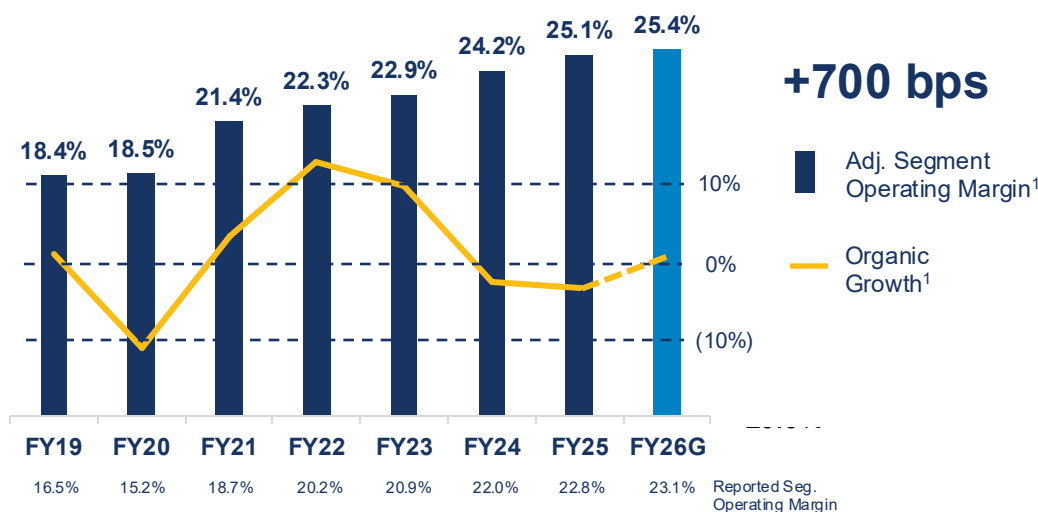
## FY25 Highlights

- Record 25.1% Adjusted Segment Operating Margin<sup>1</sup>
- Expanded Adjusted Segment Operating Margin<sup>1</sup> +90 bps on (3%) Organic Growth<sup>1</sup>
- Orders turned positive

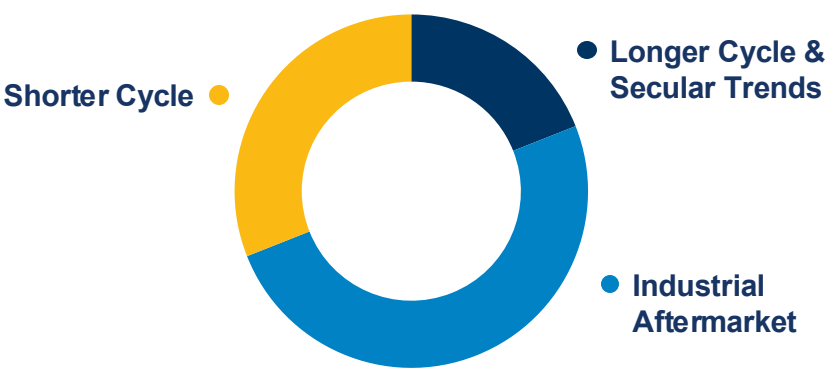
## Competitive Advantages

- A powerhouse of interconnected technologies
- Extensive global distribution network serving aftermarket
- Global manufacturing footprint serving local markets
- Portfolio of highly engineered products

## Diversified Industrial Segment

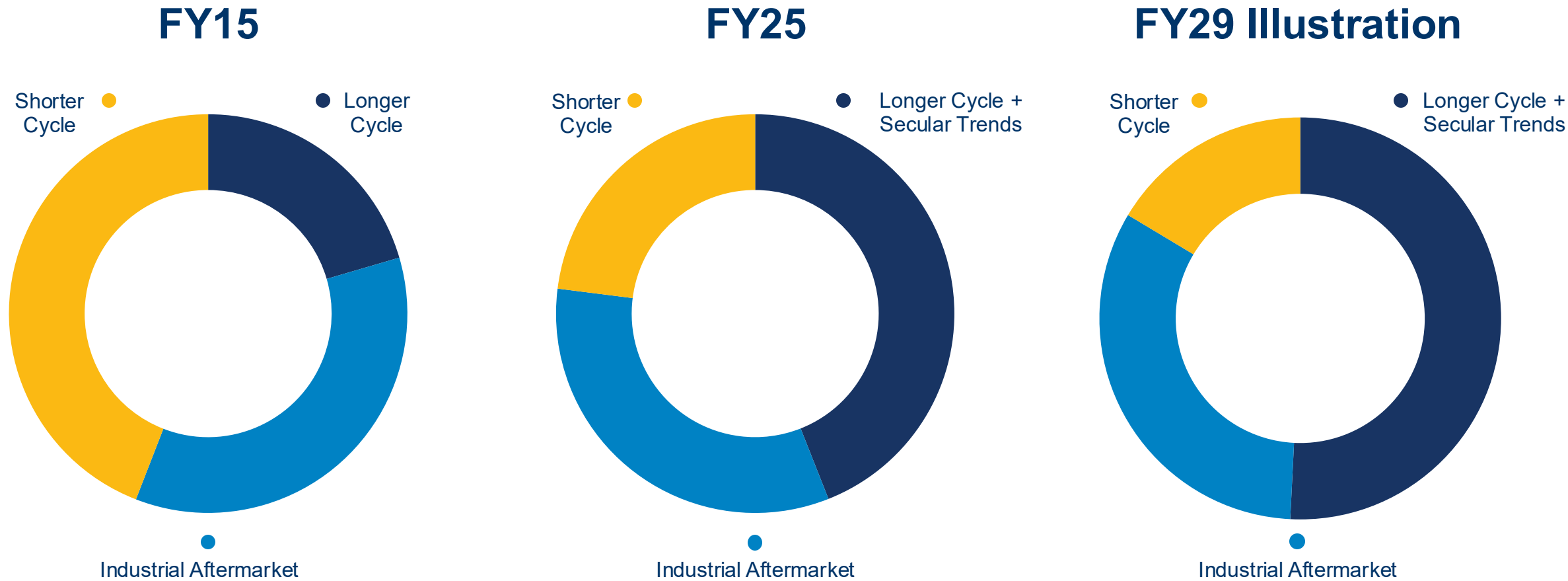


## Balanced Revenue Mix



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

# Portfolio Transformation Expands Longer Cycle and Secular Revenue Mix



# Curtis Instruments Acquisition to Expand Electrification Offering

Further increasing our secular revenue mix

## Transaction Highlights

- Leader in low voltage motor control solutions for zero-emission and hybrid mobile equipment
- Designs and manufactures motor speed controllers, instrumentation, power conversion and input devices
- Aligns with long-term electrification secular trend
- Adds suite of complementary controls solutions to pair with Parker's electric motor and motion control portfolio
- Expands global footprint increasing ability to meet global demand with in-region supply for customers

## Key Markets



**In-Plant  
Material  
Handling**



**Off  
Highway  
Construction**



**Off  
Highway  
Aerial Work**

## Key Products



**Motor  
Controllers**



**Energy  
Management**



**Instrumentation**

# Why We Win

## Strong Competitive Advantages



### The Win Strategy™

#### Parker's Business System

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Decentralized structure,  
strategic positioning &  
operational excellence



#### Innovative Products

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Deep customer  
partnership to  
uncover unmet needs



#### Application Engineering

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Technical expertise  
creates competitive  
advantage



#### Interconnected Technologies

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Enables  
comprehensive  
solutions for customers



#### Distribution Network

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Serving global  
aftermarket & small  
to mid-sized OEMs



# **SUMMARY OF FISCAL 2025 4TH QUARTER HIGHLIGHTS**

# FY25 Q4 Financial Summary

Another Quarter of Record Performance

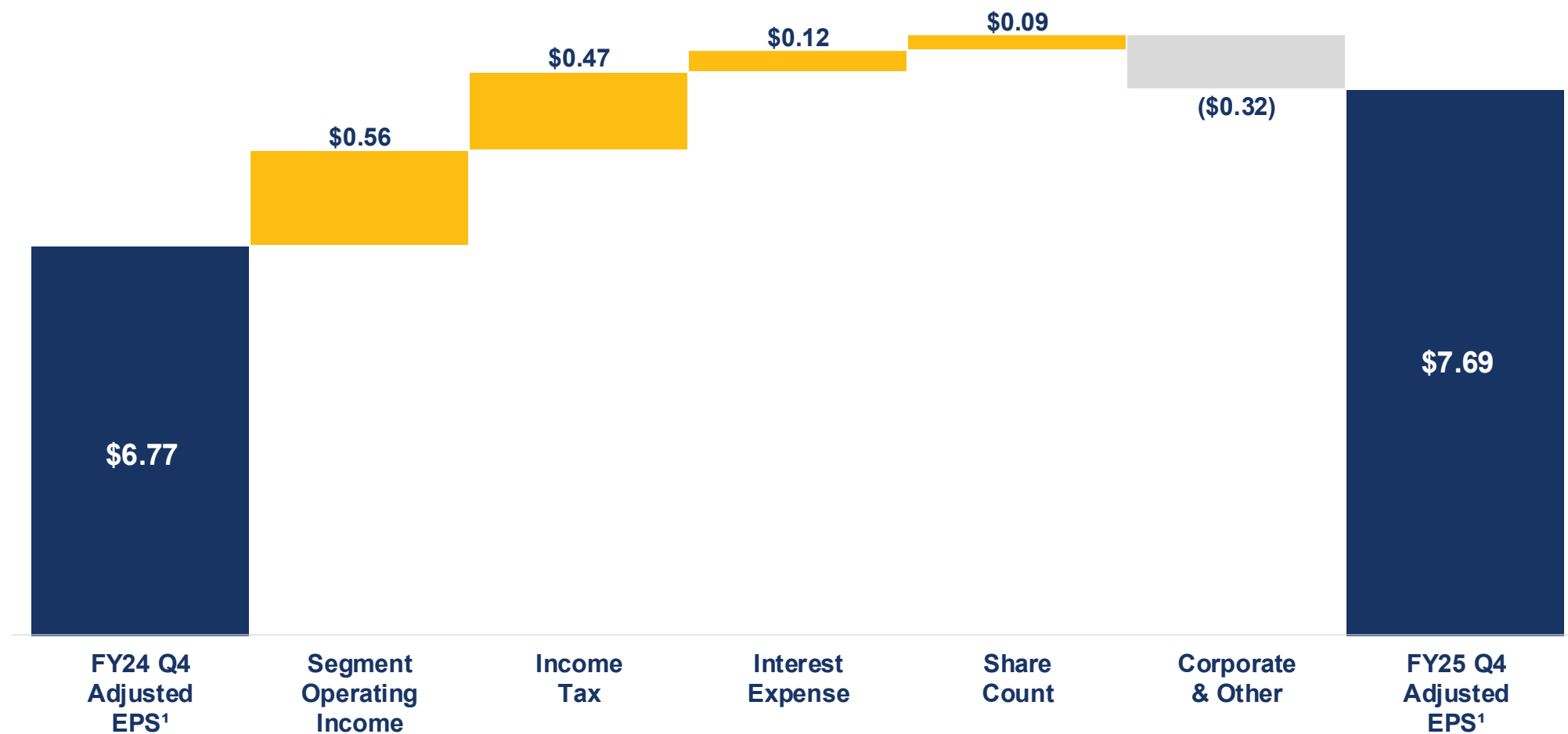
\$ Millions, except per share amounts

	FY25 Q4 As Reported	FY25 Q4 Adjusted <sup>1</sup>	FY24 Q4 Adjusted <sup>1</sup>	YoY Change Adjusted <sup>1</sup>
Sales	\$5,243	<b>\$5,243</b>	\$5,187	<b>+1%</b>
Segment Operating Margin	23.9%	<b>26.9%</b>	25.3%	<b>+160 bps</b>
EBITDA Margin	26.7%	<b>26.8%</b>	26.3%	<b>+50 bps</b>
Net Income	\$923	<b>\$992</b>	\$884	<b>+12%</b>
EPS	\$7.15	<b>\$7.69</b>	\$6.77	<b>+14%</b>



1. Sales figures As Reported. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.  
Note: FY24 Q4 As Reported: Segment Operating Margin of 22.2%, EBITDA Margin of 25.8%, Net Income of \$785M, EPS of \$6.01.

# FY25 Q4 Adjusted Earnings per Share Bridge



1. FY24 Q4 As Reported EPS of \$6.01. FY25 Q4 As Reported EPS of \$7.15. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

# FY25 Q4 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 Businesses	\$2,075M (1%) Organic	24.7%	26.7% <b>+170 bps YoY</b>	+2%	<ul style="list-style-type: none"> <li>Record adjusted segment operating margin</li> <li>Gradual improvement across market verticals</li> <li>Order rates positive for third consecutive quarter</li> </ul>
	International Businesses	\$1,492M <b>+1% Organic</b>	22.4%	24.7% <b>+80 bps YoY</b>	Flat	<ul style="list-style-type: none"> <li>Record adjusted segment operating margin</li> <li>Organic growth turned positive</li> <li>Order rates flat on tougher prior year comparison</li> <li>FY25 Q3 included large long-cycle orders</li> </ul>
Aerospace Systems		\$1,676M <b>+9% Organic</b>	24.3%	29.0% <b>+190 bps YoY</b>	+12%	<ul style="list-style-type: none"> <li>Record sales on continued aftermarket strength</li> <li>Record adjusted segment operating margin</li> <li>Record backlog of \$7.4B</li> </ul>
Parker		\$5,243M <b>+2% Organic</b>	23.9%	26.9% <b>+160 bps YoY</b>	+5%	<ul style="list-style-type: none"> <li>Sales growth improvement across major market verticals</li> <li>The Win Strategy™ execution delivers record margins</li> <li>Record backlog of \$11B</li> </ul>



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

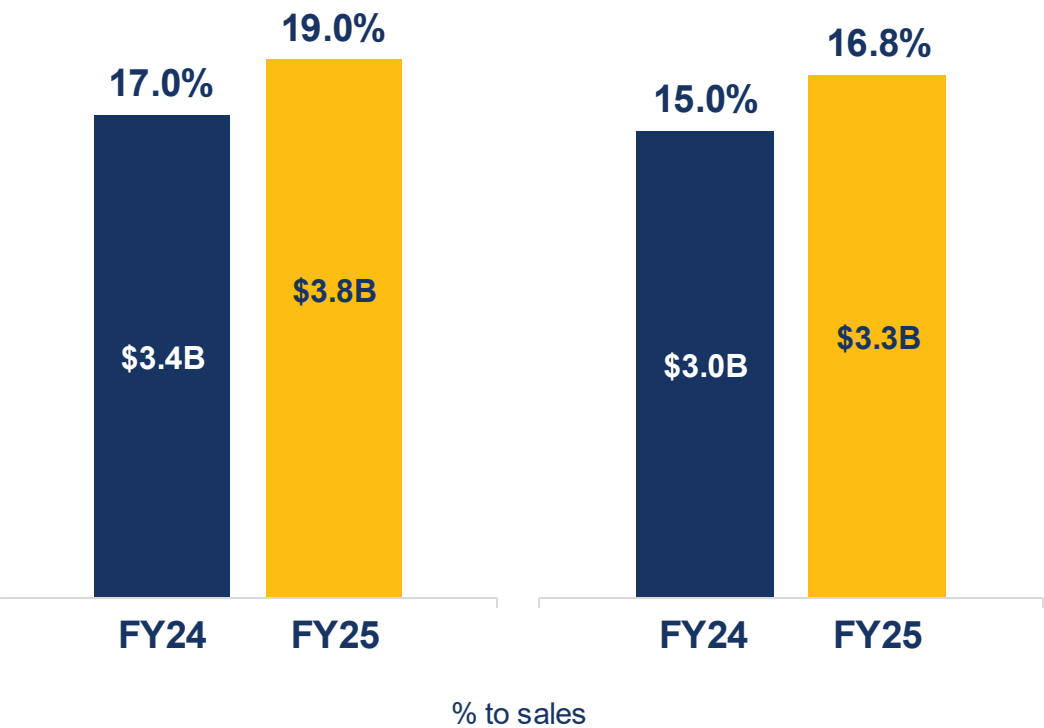
2. All comparisons are at constant currency exchange rates; with the prior year quarter restated to the current-year rates and exclude previously completed divestitures. Diversified Industrial orders are rolling 3-month average computations and Aerospace Systems are rolling 12-month average computations.

# Record FY25 Cash Flow Performance

Cash Flow Highlights	
<b>\$3.8B</b> Cash Flow from Operations +12% growth	<b>19.0%</b> Cash Flow from Operations Margin
<b>\$3.3B</b> Free Cash Flow <sup>1</sup> +12% growth	<b>16.8%</b> Free Cash Flow Margin <sup>1</sup>
<b>\$1.6B</b> Share Repurchases <sup>2</sup>	<b>109%</b> Adj. Free Cash Flow Conversion <sup>3</sup>

Cash Flow from Operations







Free Cash Flow<sup>1</sup>



1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.  
2. Includes discretionary and 10b5-1 share repurchases.  
3. FCF conversion adjusting for non-recurring after tax gain on previously completed divestitures (\$231M), gain on sale of building (\$18M), and discrete tax benefits (\$215M).

# FY26 INITIAL GUIDANCE

# FY26 Organic Sales Growth Forecast by Key Market Vertical

Market Verticals	 Aerospace & Defense	 In-Plant & Industrial	 Transportation	 Off-Highway	 Energy	 HVAC/R
% of Sales	~35%	~20%	~15%	~13%	~7%	~4%
FY26 Organic Growth Guidance	HSD	LSD	(MSD)	(LSD)	LSD	LSD
<div> <div>FY26 Organic Growth<sup>1</sup>:</div> <div> <div>Aerospace: ~8%</div> <div>Industrial: ~1%</div> <div>Parker: ~3%</div> </div> </div>						



1. Organic growth forecast represents the midpoint. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.  
 Note: % of sales based on FY25 % of total sales.

# FY26 Initial Guidance

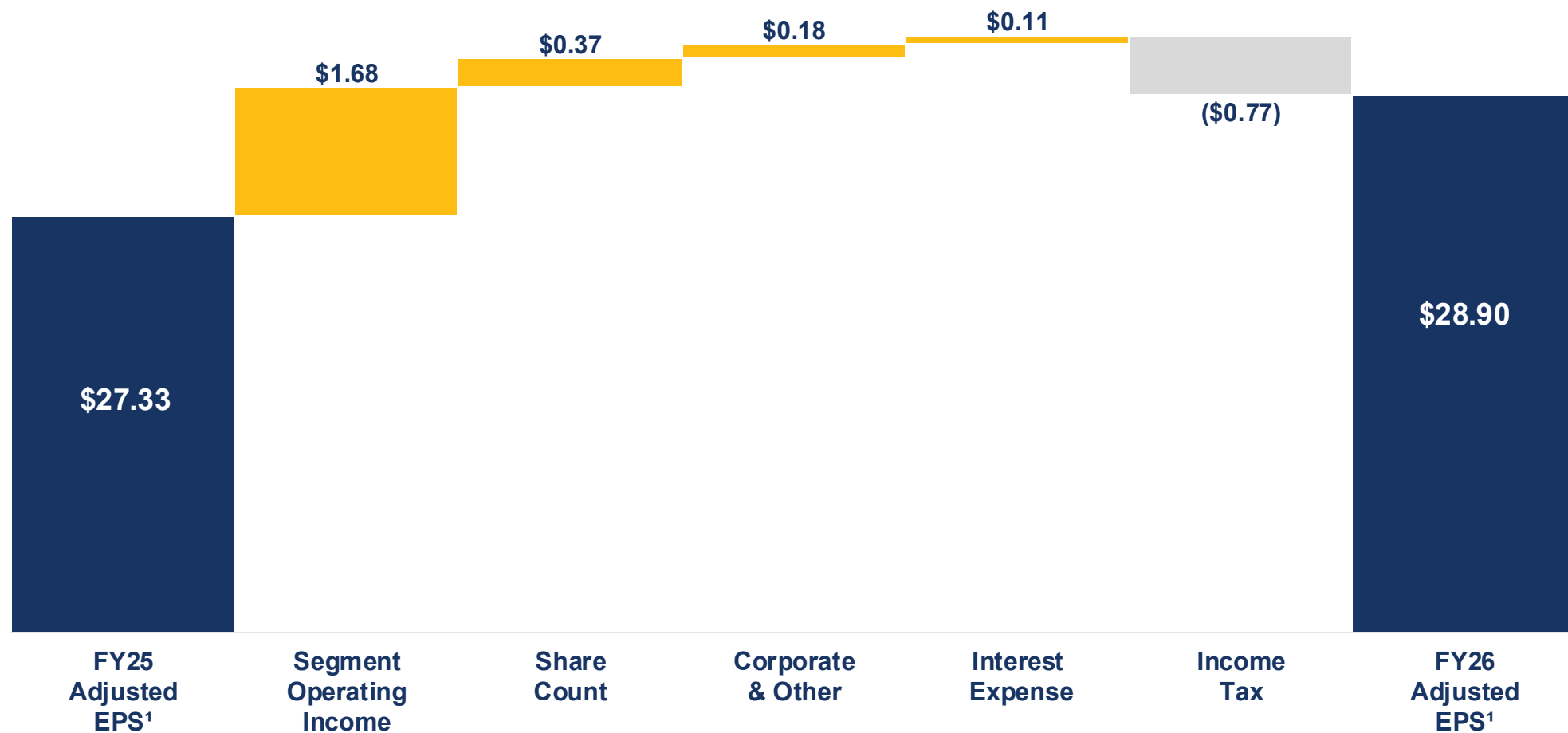
Guidance Metric	FY26 Full Year	Full Year Assumptions	FY26 Q1 Midpoint
Reported Sales Growth	2% - 5%	<ul style="list-style-type: none"> <li>Previously completed divestitures impact ~(1%)</li> <li>Currency favorable ~1.5%</li> <li>Split: 1H: 48%   2H: 52%</li> </ul>	0.5%
Organic Sales Growth <sup>1</sup>	1.5% - 4.5%	<ul style="list-style-type: none"> <li>~8% Aerospace organic growth</li> <li>~1% Industrial organic growth</li> <li>Split: 1H: 2.0%   2H: 4.0%</li> </ul>	2.0%
Adj. Operating Margin <sup>1</sup>	26.3% - 26.7%	<ul style="list-style-type: none"> <li>40 bps margin expansion</li> <li>~35% incremental margin</li> </ul>	26.1%
Adj. EPS <sup>1</sup>	\$28.40 - \$29.40	<ul style="list-style-type: none"> <li>\$28.90 Adj. EPS Midpoint</li> <li>Tax rate: ~22.5%</li> <li>Split: 1H: 46%   2H: 54%</li> </ul>	\$6.51
Free Cash Flow <sup>1</sup>	\$3.0B - \$3.4B	<ul style="list-style-type: none"> <li>CapEx: ~2.5% of sales</li> <li>~100% FCF Conversion</li> </ul>	--



1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.  
Note: FY26 initial guidance does not include Curtis Instruments.



# FY26 Adjusted Earnings per Share Bridge



1. FY25 As Reported EPS of \$27.12. FY26 Projected EPS midpoint of \$25.18. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.

# What Drives Parker

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



## UPCOMING EVENT CALENDAR

FY26 Q1 Earnings Release

November 6, 2025

FY26 Q2 Earnings Release

January 29, 2026

# Appendix

- FY26 Guidance Details
- Reconciliation of Organic Growth
- Adjusted Amounts Reconciliation – Consolidated Statement of Income
- Adjusted Amounts Reconciliation – Segment Operating Income
- Adjusted Amounts Reconciliation – FY19 – FY26G Sales Growth to Organic Sales Growth
- Adjusted Amounts Reconciliation – FY19 – FY26G Segment Operating Margin
- Reconciliation of EBITDA to Adjusted EBITDA
- Reconciliation of Operating Cash Flow Margin and Free Cash Flow Margin
- Reconciliation of Adjusted Free Cash Flow Conversion
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of Q1 FY26 Guidance
- Reconciliation of FY26 Guidance

# FY26 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic <sup>1</sup>
Diversified Industrial Segment		
North America Businesses	(2.0%) - 1.0%	(0.5%) - 2.5%
International Businesses	3.0% - 6.0%	(0.5%) - 2.5%
Aerospace Systems Segment	7.0% - 10.0%	6.5% - 9.5%
<b>Parker</b>	<b>2.0% - 5.0%</b>	<b>1.5% - 4.5%</b>

Segment Operating Margins	As Reported	Adjusted <sup>1</sup>
Diversified Industrial Segment		
North America Businesses	23.6% - 24.0%	25.6% - 26.0%
International Businesses	22.0% - 22.4%	24.6% - 25.0%
Aerospace Systems Segment	24.2% - 24.6%	28.7% - 29.1%
<b>Parker</b>	<b>23.3% - 23.7%</b>	<b>26.3% - 26.7%</b>

Earnings Per Share	As Reported	Adjusted <sup>1</sup>
Range	<b>\$24.68 - \$25.68</b>	<b>\$28.40 - \$29.40</b>



Additional Items	As Reported
Corporate G&A	~\$200M
Interest Expense	~\$390M
Other (Income) Expense	~\$80M
Tax Rate	~22.5%
Diluted Shares Outstanding	~128.6M

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$550M	—
Business Realignment & Other	~\$70M	—

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

# Reconciliation of Q4 Organic Growth

(Dollars in millions)  
(Unaudited)

	Quarter-to-Date				As Reported June 30, 2024
	As Reported June 30, 2025	Currency	Divestitures	Adjusted June 30, 2025	
<b>Net Sales</b>					
Diversified Industrial:					
North America businesses	\$ 2,075	\$ 7	\$ 115	\$ 2,197	\$ 2,229
<u>International businesses</u>					
Europe	826	(50)	-	776	802
Asia Pacific	587	(7)	-	580	549
Latin America	79	3	-	82	79
International businesses	1,492	(54)	-	1,438	1,430
Total Diversified Industrial	3,567	(47)	115	3,635	3,659
Aerospace Systems	1,676	(17)	-	1,659	1,528
Total Parker Hannifin	\$ 5,243	\$ (64)	\$ 115	\$ 5,294	\$ 5,187
	As reported	Currency	Divestitures	Organic	
Diversified Industrial:					
North America businesses	(6.9)%	(0.3)%	(5.2)%	(1.4)%	
<u>International businesses</u>					
Europe	3.0 %	6.2 %	0.0 %	(3.2)%	
Asia Pacific	6.9 %	1.3 %	0.0 %	5.6 %	
Latin America	0.0 %	(3.8)%	0.0 %	3.8 %	
International businesses	4.3 %	3.7 %	0.0 %	0.6 %	
Total Diversified Industrial	(2.5)%	1.3 %	(3.1)%	(0.7)%	
Aerospace Systems	9.7 %	1.1 %	0.0 %	8.6 %	
Total Parker Hannifin	1.1 %	1.2 %	(2.2)%	2.1 %	

# Reconciliation of Full Year Organic Growth

(Dollars in millions)  
(Unaudited)

	Year-to-Date				
	As Reported June 30, 2025	Currency	Divestitures	Adjusted June 30, 2025	As Reported June 30, 2024
<b>Net Sales</b>					
Diversified Industrial:					
North America businesses	\$ 8,134	\$ 43	\$ 295	\$ 8,472	\$ 8,801
<u>International businesses</u>					
Europe	3,020	(40)	-	2,980	3,189
Asia Pacific	2,205	24	-	2,229	2,155
Latin America	306	36	-	342	313
International businesses	5,531	20	-	5,551	5,657
Total Diversified Industrial	13,665	63	295	14,023	14,458
Aerospace Systems	6,185	(22)	-	6,163	5,472
Total Parker Hannifin	\$ 19,850	\$ 41	\$ 295	\$ 20,186	\$ 19,930
	As reported	Currency	Divestitures	Organic	
Diversified Industrial:					
North America businesses	(7.6)%	(0.5)%	(3.4)%	(3.7)%	
<u>International businesses</u>					
Europe	(5.3)%	1.3 %	0.0 %	(6.6)%	
Asia Pacific	2.3 %	(1.1)%	0.0 %	3.4 %	
Latin America	(2.2)%	(11.5)%	0.0 %	9.3 %	
International businesses	(2.2)%	(0.3)%	0.0 %	(1.9)%	
Total Diversified Industrial	(5.5)%	(0.5)%	(2.0)%	(3.0)%	
Aerospace Systems	13.0 %	0.4 %	0.0 %	12.6 %	
Total Parker Hannifin	(0.4)%	(0.2)%	(1.5)%	1.3 %	

# Adjusted Amounts Reconciliation

## Q4 Consolidated Statement of Income

(Dollars in millions, except per share data)  
(Unaudited)

Quarter-to-Date FY 2025										
	As Reported June 30, 2025	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Gain on Sale of Building	Gain on Divestitures	Discrete Tax Benefit	Adjusted June 30, 2025	% of Sales
Net sales	\$ 5,243	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,243	100.0 %
Cost of sales	3,285	62.7 %	22	10	-	-	-	-	3,253	62.0 %
Selling, general and admin. expenses	839	16.0 %	117	4	3	-	-	-	715	13.6 %
Interest expense	99	1.9 %	-	-	-	-	-	-	99	1.9 %
Other (income) expense, net	(51)	(1.0)%	-	2	-	(14)	(2)	-	(37)	(0.7)%
Income before income taxes	1,071	20.4 %	(139)	(16)	(3)	14	2	-	1,213	23.1 %
Income taxes	148	2.8 %	31	4	1	(4)	6	35	221	4.2 %
Net income	923	17.6 %	(108)	(12)	(2)	10	8	35	992	18.9 %
Less: Noncontrolling interests	-	0.0 %	-	-	-	-	-	-	-	0.0 %
Net income - common shareholders	\$ 923	17.6 %	\$ (108)	\$ (12)	\$ (2)	\$ 10	\$ 8	\$ 35	\$ 992	18.9 %
Diluted earnings per share	\$ 7.15		\$ (0.84)	\$ (0.09)	\$ (0.02)	\$ 0.08	\$ 0.06	\$ 0.27	\$ 7.69	

Quarter-to-Date FY 2024										
	As Reported June 30, 2024	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Discrete Tax Benefit			Adjusted June 30, 2024	% of Sales
Net sales	\$ 5,187	100.0 %	\$ -	\$ -	\$ -	\$ -			\$ 5,187	100.0 %
Cost of sales	3,323	64.1 %	27	12	2	-			3,282	63.3 %
Selling, general and admin. Expenses	818	15.8 %	112	6	7	-			693	13.4 %
Interest expense	119	2.3 %	-	-	-	-			119	2.3 %
Other (income) expense, net	(59)	(1.1)%	-	-	-	-			(59)	(1.2)%
Income before income taxes	986	19.0 %	(139)	(18)	(9)	-			1,152	22.2 %
Income taxes	201	3.9 %	34	4	2	27			268	5.2 %
Net income	785	15.1 %	(105)	(14)	(7)	27			884	17.0 %
Less: Noncontrolling interests	-	0.0 %	-	-	-	-			-	0.0 %
Net income - common shareholders	\$ 785	15.1 %	\$ (105)	\$ (14)	\$ (7)	\$ 27			\$ 884	17.0 %
Diluted earnings per share	\$ 6.01		\$ (0.81)	\$ (0.11)	\$ (0.05)	\$ 0.21			\$ 6.77	





# Adjusted Amounts Reconciliation

## Full Year Consolidated Statement of Income

(Dollars in millions, except per share data)  
(Unaudited)

Year-to-Date FY 2025											
	As Reported June 30, 2025	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Gain on Sale of Buildings	Gain on Divestitures	Saegertown Incident	Discrete Tax Benefits	Adjusted June 30, 2025	% of Sales
Net sales	\$ 19,850	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,850	100.0 %
Cost of sales	12,535	63.1 %	88	31	-	-	-	-	-	12,416	62.5 %
Selling, general and admin. expenses	3,255	16.4 %	465	23	22	-	-	-	-	2,745	13.8 %
Interest expense	409	2.1 %	-	-	-	-	-	-	-	409	2.1 %
Other (income) expense, net	(456)	(2.3)%	-	2	-	(24)	(252)	8	-	(190)	(1.0)%
Income before income taxes	4,107	20.7 %	(553)	(56)	(22)	24	252	(8)	-	4,470	22.5 %
Income taxes	575	2.9 %	127	13	5	(6)	(21)	2	215	910	4.6 %
Net income	3,532	17.8 %	(426)	(43)	(17)	18	231	(6)	215	3,560	17.9 %
Less: Noncontrolling interests	1	0.0 %	-	-	-	-	-	-	-	1	0.0 %
Net income - common shareholders	\$ 3,531	17.8 %	\$ (426)	\$ (43)	\$ (17)	\$ 18	\$ 231	\$ (6)	\$ 215	\$ 3,559	17.9 %
Diluted earnings per share	\$ 27.12		\$ (3.27)	\$ (0.32)	\$ (0.13)	\$ 0.14	\$ 1.77	\$ (0.05)	\$ 1.65	\$ 27.33	

Year-to-Date FY 2024											
	As Reported June 30, 2024	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Gain on Divestitures	Discrete Tax Benefit			Adjusted June 30, 2024	% of Sales
Net sales	\$ 19,930	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -			\$ 19,930	100.0 %
Cost of sales	12,802	64.2 %	109	30	4	-	-			12,659	63.5 %
Selling, general and admin. Expenses	3,315	16.6 %	469	21	34	-	-			2,791	14.0 %
Interest expense	506	2.5 %	-	-	-	-	-			506	2.5 %
Other (income) expense, net	(288)	(1.4)%	-	3	-	(26)	-			(265)	(1.3)%
Income before income taxes	3,595	18.0 %	(578)	(54)	(38)	26	-			4,239	21.3 %
Income taxes	750	3.8 %	138	13	9	(12)	27			925	4.6 %
Net income	2,845	14.3 %	(440)	(41)	(29)	14	27			3,314	16.6 %
Less: Noncontrolling interests	1	0.0 %	-	-	-	-	-			1	0.0 %
Net income - common shareholders	\$ 2,844	14.3 %	\$ (440)	\$ (41)	\$ (29)	\$ 14	\$ 27			\$ 3,313	16.6 %
Diluted earnings per share	\$ 21.84		\$ (3.37)	\$ (0.32)	\$ (0.23)	\$ 0.11	\$ 0.21			\$ 25.44	



# Adjusted Amounts Reconciliation

## Q4 Segment Operating Income

(Dollars in millions)  
(Unaudited)

Diversified Industrial:

North America businesses<sup>1</sup>  
International businesses<sup>1</sup>  
Total Diversified Industrial<sup>1</sup>  
Aerospace Systems<sup>1</sup>  
Total segment operating income  
Corporate administration  
Income before interest and other  
Interest expense  
Other (income) expense  
Income before income taxes

Quarter-to-Date FY 2025									
As Reported June 30, 2025	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Gain on Sale of Building	Gain on Divestitures	Adjusted June 30, 2025	% of Sales <sup>2</sup>	
\$ 513	24.7%	\$ 41	\$ 2	\$ (1)	\$ -	\$ -	\$ 555	26.7%	
334	22.4%	23	12	-	-	-	369	24.7%	
847	23.7%	64	14	(1)	-	-	924	25.9%	
407	24.3%	75	-	4	-	-	486	29.0%	
1,254	23.9%	(139)	(14)	(3)	-	-	1,410	26.9%	
65	1.2%	-	-	-	-	-	65	1.2%	
1,189	22.7%	(139)	(14)	(3)	-	-	1,345	25.7%	
99	1.9%	-	-	-	-	-	99	1.9%	
19	0.4%	-	2	-	(14)	(2)	33	0.6%	
\$ 1,071	20.4%	\$ (139)	\$ (16)	\$ (3)	\$ 14	\$ 2	\$ 1,213	23.1%	

Diversified Industrial:

North America businesses<sup>1</sup>  
International businesses<sup>1</sup>  
Total Diversified Industrial<sup>1</sup>  
Aerospace Systems<sup>1</sup>  
Total segment operating income  
Corporate administration  
Income before interest and other  
Interest expense  
Other (income) expense  
Income before income taxes

Quarter-to-Date FY 2024									
As Reported June 30, 2024	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve			Adjusted June 30, 2024	% of Sales <sup>2</sup>	
\$ 505	22.7%	\$ 42	\$ 10	\$ 1			\$ 558	25.0%	
312	21.8%	22	8	-			342	23.9%	
817	22.3%	64	18	1			900	24.6%	
332	21.7%	75	-	8			415	27.1%	
1,149	22.2%	(139)	(18)	(9)			1,315	25.3%	
56	1.1%	-	-	-			56	1.1%	
1,093	21.1%	(139)	(18)	(9)			1,259	24.3%	
119	2.3%	-	-	-			119	2.3%	
(12)	-0.2%	-	-	-			(12)	-0.2%	
\$ 986	19.0%	\$ (139)	\$ (18)	\$ (9)			\$ 1,152	22.2%	



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.

# Adjusted Amounts Reconciliation

## Full Year Segment Operating Income

(Dollars in millions)  
(Unaudited)

Year-to-Date FY 2025										
As Reported June 30, 2025	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Gain on Sale of Buildings	Gain on Divestitures	Saegertown Incident	Adjusted June 30, 2025	% of Sales <sup>2</sup>	
Diversified Industrial:										
North America businesses <sup>1</sup>										
\$ 1,891	23.2%	\$ 165	\$ 15	\$ 2	\$ -	\$ -	\$ -	\$ 2,073	25.5%	
International businesses <sup>1</sup>										
1,229	22.2%	88	38	1	-	-	-	1,356	24.5%	
Total Diversified Industrial <sup>1</sup>										
3,120	22.8%	253	53	3	-	-	-	3,429	25.1%	
Aerospace Systems <sup>1</sup>										
1,441	23.3%	300	-	19	-	-	-	1,760	28.5%	
Total segment operating income										
4,561	23.0%	(553)	(53)	(22)	-	-	-	5,189	26.1%	
Corporate administration										
214	1.1%	-	1	-	-	-	-	213	1.1%	
Income before interest and other										
4,347	21.9%	(553)	(54)	(22)	-	-	-	4,976	25.1%	
Interest expense										
409	2.1%	-	-	-	-	-	-	409	2.1%	
Other (income) expense										
(169)	-0.9%	-	2	-	(24)	(252)	8	97	0.5%	
Income before income taxes										
\$ 4,107	20.7%	\$ (553)	\$ (56)	\$ (22)	\$ 24	\$ 252	\$ (8)	\$ 4,470	22.5%	

Year-to-Date FY 2024										
As Reported June 30, 2024	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Net Gain on Divestitures			Adjusted June 30, 2024	% of Sales <sup>2</sup>	
Diversified Industrial:										
North America businesses <sup>1</sup>										
\$ 1,963	22.3%	\$ 176	\$ 19	\$ 3	\$ -			\$ 2,161	24.6%	
International businesses <sup>1</sup>										
1,213	21.4%	90	32	1	-			1,336	23.6%	
Total Diversified Industrial <sup>1</sup>										
3,176	22.0%	266	51	4	-			3,497	24.2%	
Aerospace Systems <sup>1</sup>										
1,111	20.3%	312	-	34	-			1,457	26.6%	
Total segment operating income										
4,287	21.5%	(578)	(51)	(38)	-			4,954	24.9%	
Corporate administration										
218	1.1%	-	-	-	-			218	1.1%	
Income before interest and other										
4,069	20.4%	(578)	(51)	(38)	-			4,736	23.8%	
Interest expense										
506	2.5%	-	-	-	-			506	2.5%	
Other (income) expense										
(32)	-0.2%	-	3	-	(26)			(9)	0.0%	
Income before income taxes										
\$ 3,595	18.0%	\$ (578)	\$ (54)	\$ (38)	\$ 26			\$ 4,239	21.3%	



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.

# Adjusted Amounts Reconciliation FY19 – FY26G

## Segment Sales Growth to Organic Sales Growth

### DIVERSIFIED INDUSTRIAL RECONCILIATION OF SALES GROWTH TO ORGANIC SALES GROWTH

(Unaudited)

	12 Months ended 6/30/19	12 Months ended 6/30/20	12 Months ended 6/30/21	12 Months ended 6/30/22	12 Months ended 6/30/23	12 Months ended 6/30/24	12 Months ended 6/30/25	12 Months ended 6/30/26G
<b>Diversified Industrial Segment Reported Sales Growth</b>	<b>(1.5%)</b>	<b>(7.2%)</b>	<b>9.1%</b>	<b>11.6%</b>	<b>10.2%</b>	<b>(1.7%)</b>	<b>(5.5%)</b>	<b>~1.5%</b>
Currency	2.5%	1.4%	(2.3%)	2.0%	3.5%	0.2%	0.5%	~(1.5%)
M&A	0.4%	(5.2%)	(2.9%)	0.0%	(3.3%)	(0.6%)	2.0%	~1.0%
<b>Diversified Industrial Segment Organic Sales Growth</b>	<b>1.5%</b>	<b>(11.0%)</b>	<b>3.9%</b>	<b>13.6%</b>	<b>10.4%</b>	<b>(2.1%)</b>	<b>(3.0%)</b>	<b>~1.0%</b>

### AEROSPACE RECONCILIATION OF SALES GROWTH TO ORGANIC SALES GROWTH

(Unaudited)

	12 Months ended 6/30/19	12 Months ended 6/30/20	12 Months ended 6/30/21	12 Months ended 6/30/22	12 Months ended 6/30/23	12 Months ended 6/30/24	12 Months ended 6/30/25	12 Months ended 6/30/26G
<b>Aerospace Segment Reported Sales Growth</b>	<b>8.4%</b>	<b>8.9%</b>	<b>(12.7%)</b>	<b>5.5%</b>	<b>73.0%</b>	<b>25.5%</b>	<b>13.0%</b>	<b>~8.5%</b>
Currency	0.1%	0.1%	(0.2%)	0.3%	0.3%	(0.4%)	(0.4%)	~(0.5%)
M&A	0.0%	(13.5%)	(2.6%)	0.0%	(62.4%)	(7.9%)	0.0%	~0.0%
<b>Aerospace Segment Organic Sales Growth</b>	<b>8.5%</b>	<b>(4.5%)</b>	<b>(15.5%)</b>	<b>5.8%</b>	<b>10.9%</b>	<b>17.2%</b>	<b>12.6%</b>	<b>~8.0%</b>



\*Totals may not foot due to rounding

# Adjusted Amounts Reconciliation FY19 – FY26G

## Segment Operating Margin

### DIVERSIFIED INDUSTRIAL RECONCILIATION OF OPERATING MARGIN TO ADJUSTED OPERATING MARGIN

(Unaudited)

	12 Months ended 6/30/19	12 Months ended 6/30/20	12 Months ended 6/30/21	12 Months ended 6/30/22	12 Months ended 6/30/23	12 Months ended 6/30/24	12 Months ended 6/30/25	12 Months ended 6/30/26G
<b>Diversified Industrial Segment Operating Margin</b>	<b>16.5%</b>	<b>15.2%</b>	<b>18.7%</b>	<b>20.2%</b>	<b>20.9%</b>	<b>22.0%</b>	<b>22.8%</b>	<b>~23.1%</b>
Adjustments:								
Acquisition-related intangible asset amortization expense	1.7%	2.2%	2.3%	2.0%	1.8%	1.8%	1.9%	~1.8%
Business realignment charges	0.1%	0.5%	0.3%	0.1%	0.2%	0.3%	0.4%	~0.5%
Acquisition-related expenses & costs to achieve	0.1%	0.7%	0.1%	0.0%	0.1%	0.0%	0.0%	-
<b>Diversified Industrial Adjusted Segment Operating Margin</b>	<b>18.4%</b>	<b>18.5%</b>	<b>21.4%</b>	<b>22.3%</b>	<b>22.9%</b>	<b>24.2%</b>	<b>25.1%</b>	<b>~25.4%</b>

### AEROSPACE RECONCILIATION OF OPERATING MARGIN TO ADJUSTED OPERATING MARGIN

(Unaudited)

	12 Months ended 6/30/19	12 Months ended 6/30/20	12 Months ended 6/30/21	12 Months ended 6/30/22	12 Months ended 6/30/23	12 Months ended 6/30/24	12 Months ended 6/30/25	12 Months ended 6/30/26G
<b>Aerospace Segment Operating margin</b>	<b>19.4%</b>	<b>17.4%</b>	<b>16.9%</b>	<b>19.9%</b>	<b>12.9%</b>	<b>20.3%</b>	<b>23.3%</b>	<b>~24.4%</b>
Adjustments:								
Acquisition-related intangible asset amortization expense	0.1%	1.5%	2.1%	2.0%	5.3%	5.7%	4.9%	~4.5%
Business realignment charges	0.0%	0.8%	0.3%	0.0%	0.1%	0.0%	0.0%	~0.1%
Acquisition-related expenses & costs to achieve	0.0%	0.7%	0.0%	0.0%	2.0%	0.6%	0.3%	~0.0%
Amortization of inventory step-up to FV	0.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	~0.0%
Russia liquidation	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	~0.0%
<b>Aerospace Adjusted Segment Operating margin</b>	<b>19.5%</b>	<b>20.5%</b>	<b>19.3%</b>	<b>22.3%</b>	<b>22.8%</b>	<b>26.6%</b>	<b>28.5%</b>	<b>~28.9%</b>



\*Totals may not foot due to rounding

# Reconciliation of EBITDA to Adjusted EBITDA

(Dollars in millions)  
(Unaudited)

	Three Months Ended June 30,			
	2025	% of Sales	2024	% of Sales
<b>Net sales</b>	\$ 5,243	100.0%	\$ 5,187	100.0%
Net income	\$ 923	17.6%	\$ 785	15.1%
Income taxes	148	2.8%	201	3.9%
Depreciation	91	1.7%	91	1.8%
Amortization	139	2.7%	139	2.7%
Interest expense	99	1.9%	119	2.3%
<b>EBITDA</b>	<u>1,400</u>	<u>26.7%</u>	<u>1,335</u>	<u>25.8%</u>
Adjustments:				
Business realignment charges	16	0.3%	18	0.3%
Meggitt costs to achieve	3	0.1%	9	0.2%
Gain on divestitures	(2)	0.0%	-	0.0%
Gain on sale of building	(14)	-0.3%	-	0.0%
<b>EBITDA - Adjusted</b>	<u>\$ 1,403</u>	<u>26.8%</u>	<u>\$ 1,362</u>	<u>26.3%</u>
<b>EBITDA margin</b>	26.7 %		25.8 %	
<b>EBITDA margin - Adjusted</b>	26.8 %		26.3 %	

(Dollars in millions)  
(Unaudited)

	Twelve Months Ended June 30,			
	2025	% of Sales	2024	% of Sales
<b>Net sales</b>	\$ 19,850	100.0%	\$ 19,930	100.0%
Net income	\$ 3,532	17.8%	\$ 2,845	14.3%
Income taxes	575	2.9%	750	3.8%
Depreciation	354	1.8%	349	1.8%
Amortization	553	2.8%	578	2.9%
Interest expense	409	2.1%	506	2.5%
<b>EBITDA</b>	<u>5,423</u>	<u>27.3%</u>	<u>5,028</u>	<u>25.2%</u>
Adjustments:				
Business realignment charges	56	0.3%	54	0.3%
Meggitt costs to achieve	22	0.1%	38	0.2%
Gain on divestitures	(252)	-1.3%	(26)	-0.1%
Gain on sale of buildings	(24)	-0.1%	-	0.0%
Saegertown Incident	8	0.0%	-	0.0%
<b>EBITDA - Adjusted</b>	<u>\$ 5,233</u>	<u>26.4%</u>	<u>\$ 5,094</u>	<u>25.6%</u>
<b>EBITDA margin</b>	27.3 %		25.2 %	
<b>EBITDA margin - Adjusted</b>	26.4 %		25.6 %	

# Reconciliation of Operating Cash Flow Margin and Free Cash Flow Margin

(Unaudited) (Dollars in millions)	Twelve Months Ended June 30,	
	2025	2024
<b>Net Sales</b>	<b>\$ 19,850</b>	<b>\$ 19,930</b>
Cash Flow from Operations	\$ 3,776	\$ 3,384
Capital Expenditures	(435)	(400)
<b>Free Cash Flow</b>	<b>\$ 3,341</b>	<b>\$ 2,984</b>
<b>Cash Flow from Operations Margin</b>	<b>19.0%</b>	<b>17.0%</b>
<b>Free Cash Flow Margin</b>	<b>16.8%</b>	<b>15.0%</b>

# Reconciliation of Adjusted Free Cash Flow Conversion

(Unaudited)

(Dollars in millions)

	<u>Twelve Months Ended June 30, 2025</u>	
<b>Net Income</b>	\$	<b>3,532</b>
After-Tax Gain on Divestitures		(231)
After-Tax Gain on Sale of Buildings		(18)
Discrete Tax Benefits		(215)
<b>Net Income Adjusted for Major Non-Recurring Items<sup>1</sup></b>	<b>\$</b>	<b>3,068</b>
Cash Flow from Operations	\$	3,776
Capital Expenditures		(435)
<b>Free Cash Flow</b>	<b>\$</b>	<b>3,341</b>
<b>Adj. Free Cash Flow Conversion (Free Cash Flow / Net Income Adjusted for Major Non-Recurring Items<sup>1</sup>)</b>		<b>109%</b>



1. Net income adjusted for non-recurring after tax gain on previously completed divestitures (\$231M), gain on sale of building (\$18M), and discrete tax benefits (\$215M).



# Supplemental Sales Information

## Global Technology Platforms

(Unaudited)	Three Months Ended June 30,		Twelve Months Ended June 30,	
(Dollars in millions)	2025	2024	2025	2024
<b>Net sales</b>				
Diversified Industrial:				
Motion Systems	\$ 860	\$ 903	\$ 3,341	\$ 3,706
Flow and Process Control	1,192	1,184	4,518	4,673
Filtration and Engineered Materials	1,515	1,572	5,806	6,079
Aerospace Systems	1,676	1,528	6,185	5,472
<b>Total</b>	<b>\$ 5,243</b>	<b>\$ 5,187</b>	<b>\$ 19,850</b>	<b>\$ 19,930</b>

# Reconciliation of Q1 FY26 Guidance

## RECONCILIATION OF FORECASTED SALES GROWTH TO ORGANIC SALES GROWTH

(Unaudited)

(Amounts in percentages)

	Q1 Fiscal Year 2026
<b>Forecasted net sales</b>	<b>~0.5%</b>
Adjustments:	
Currency	(1.0%)
Divestitures	2.5%
<b>Adjusted forecasted net sales</b>	<b>~2.0%</b>

## RECONCILIATION OF FORECASTED EARNINGS PER SHARE

(Unaudited)

(Amounts in dollars)

	Q1 Fiscal Year 2026
<b>Forecasted earnings per diluted share</b>	<b>~\$5.56</b>
Adjustments:	
Business realignment charges	0.15
Acquisition-related intangible asset amortization expense	1.07
Tax effect of adjustments <sup>1</sup>	(0.28)
<b>Adjusted forecasted earnings per diluted share</b>	<b>~\$6.51</b>

## RECONCILIATION OF FORECASTED OPERATING MARGIN TO ADJUSTED OPERATING MARGIN

(Unaudited)

(Amounts in percentages)

	Q1 Fiscal Year 2026
<b>Forecasted segment operating margin</b>	<b>~22.9%</b>
Adjustments:	
Business realignment charges	0.4%
Acquisition-related intangible asset amortization expense	2.8%
<b>Adjusted forecasted segment operating margin</b>	<b>~26.1%</b>

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 FY26 Guidance

## RECONCILIATION OF FORECASTED SALES GROWTH TO ORGANIC SALES GROWTH

(Unaudited) (Amounts in percentages)	Fiscal Year 2026			
	Forecasted Net Sales	Divestitures	Currency	Adjusted Forecasted Net Sales
Diversified Industrial				
North America Businesses	(2.0%) to 1.0%	~2.0%	(~0.5%)	(0.5%) to 2.5%
International Businesses	3.0% to 6.0%	-	(~3.5%)	(0.5%) to 2.5%
Aerospace Systems	7.0% to 10.0%	-	(~0.5%)	6.5% to 9.5%
Parker	<b>2.0% to 5.0%</b>	<b>~1.0%</b>	<b>(~1.5%)</b>	<b>1.5% to 4.5%</b>

## RECONCILIATION OF FORECASTED EARNINGS PER SHARE

(Unaudited) (Amounts in dollars)	Fiscal Year 2026
<b>Forecasted earnings per diluted share</b>	<b>\$24.68 to \$25.68</b>
Adjustments:	
Business realignment charges	<b>0.54</b>
Acquisition-related intangible asset amortization expense	<b>4.26</b>
Tax effect of adjustments <sup>1</sup>	<b>(1.08)</b>
<b>Adjusted forecasted earnings per diluted share</b>	<b>\$28.40 to \$29.40</b>

## RECONCILIATION OF FORECASTED OPERATING MARGIN TO ADJUSTED OPERATING MARGIN

(Unaudited) (Amounts in percentages)	Fiscal Year 2026			
	Forecasted Segment Operating Margin	Business Realignment Charges	Acquisition-Related Intangible Asset Amortization Expense	Adjusted Forecasted Segment Operating Margin
Diversified Industrial				
North America Businesses	23.6% to 24.0%	~0.1%	~2.0%	25.6% to 26.0%
International Businesses	22.0% to 22.4%	~1.0%	~1.5%	24.6% to 25.0%
Aerospace Systems	24.2% to 24.6%	~0.1%	~4.5%	28.7% to 29.1%
Parker	<b>23.3% to 23.7%</b>	<b>~0.3%</b>	<b>~2.7%</b>	<b>26.3% to 26.7%</b>

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

(Unaudited) (Dollars in millions)	Fiscal Year 2026
<b>Cash flow from operations</b>	<b>\$3,515 to \$3,915</b>
Less: Capital Expenditures	~(515)
<b>Free cash flow</b>	<b>\$3,000 to \$3,400</b>

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