

Parker Hannifin Corporation

Fiscal 2024 Second Quarter Earnings Presentation



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ENGINEERING YOUR SUCCESS.

February 1, 2024

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 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 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.

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 Meggitt PLC; 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, 2023 and other periodic filings made with the SEC.

This presentation contains references to non-GAAP financial information including organic sales for Parker and by segment, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, adjusted net income, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, Gross Debt to Adjusted EBITDA, Net Debt to Adjusted EBITDA and free cash flow. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. For Parker, 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. Although organic sales, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, adjusted net income, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin and free cash flow 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 period. 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 www.PHstock.com for more information



FY24 Q2: Exceptional Results

- Excellent operating performance driven by our team members executing The Win Strategy™
- 300bps adjusted segment margin¹ expansion
- Aerospace strength a significant driver
- Synergies ahead of schedule:
 - Increasing by \$50M to \$200M cumulative in FY24
 - Committed to \$300M by FY26
- Backlog remains resilient at \$10.8B
- Strong finish to first half, increasing FY24 guidance

FY24 Q2 Highlights

16%

Reduction in
Recordable
Incidents

\$4.8B

Sales
+3% Reported
+3% Organic¹

24.5%

Adjusted Segment
Margin¹ +300bps

29%

Adjusted EPS
Growth¹

11.9%

YTD Free Cash Flow Margin¹

1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.
Note: FY24 Q2 As Reported: Segment Operating Margin of 21.1%, EPS of \$5.23.

A Technology Powerhouse of Interconnected Solutions



~ **2/3's** of Our Revenue:
From customers who buy
4 or more Parker technologies

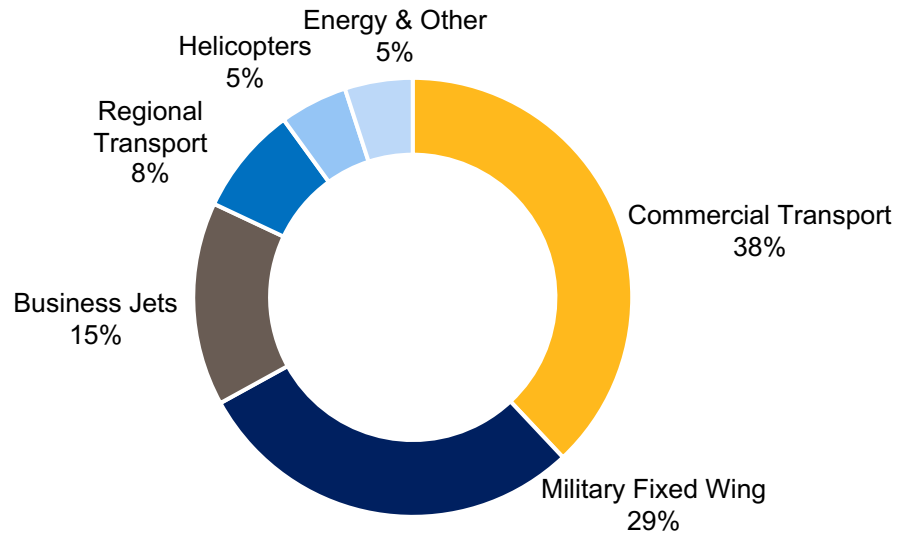
~ **2/3's** of Our Portfolio:
Enables clean technologies

Delivering Value for Customers in Aerospace & Industrial Markets



Significant Content on Leading Aerospace Programs Drives Growth

FY24 1H Sales Mix by Application



Competitive Advantages

- Diversified customer base and market segments
- Proprietary designs on premier programs
- Comprehensive offering
- Long lifecycle with growing aftermarket annuity
- Key electrification and low carbon technologies



A220



A320



A350



737



777



787



G650/700/800



G400/500/600



F-35



F/A-18



F-16



F-15



Black Hawk



Apache



ERJ-175/195 E1

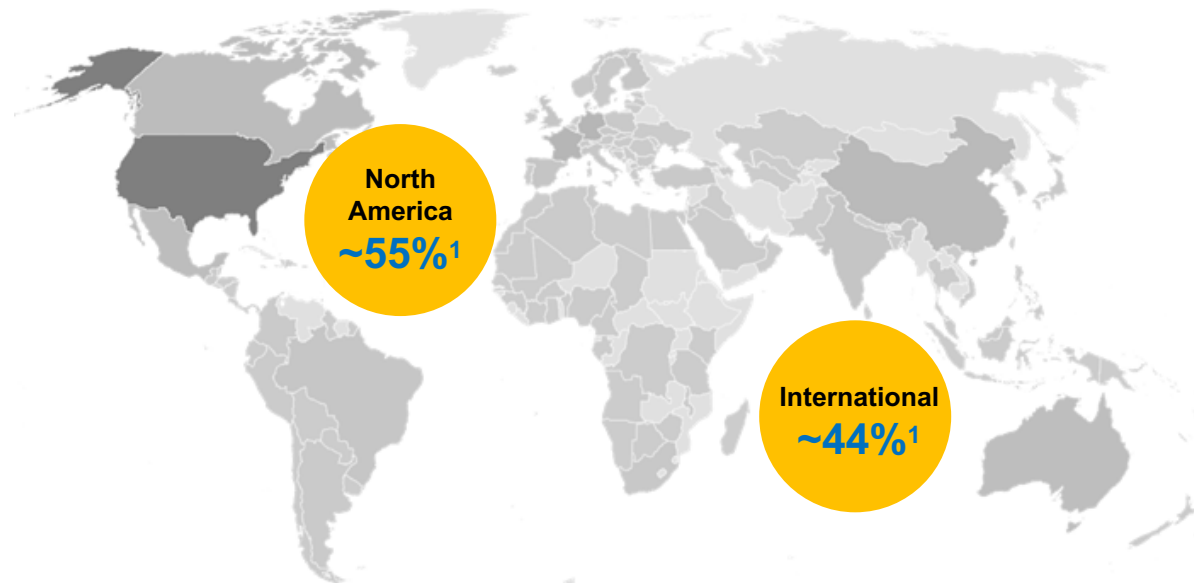


Global 7500/8000

Competitive Differentiator - Global Distribution Network

~50% of Diversified Industrial Revenue Through Distribution

Distribution vs. Direct Revenue Mix



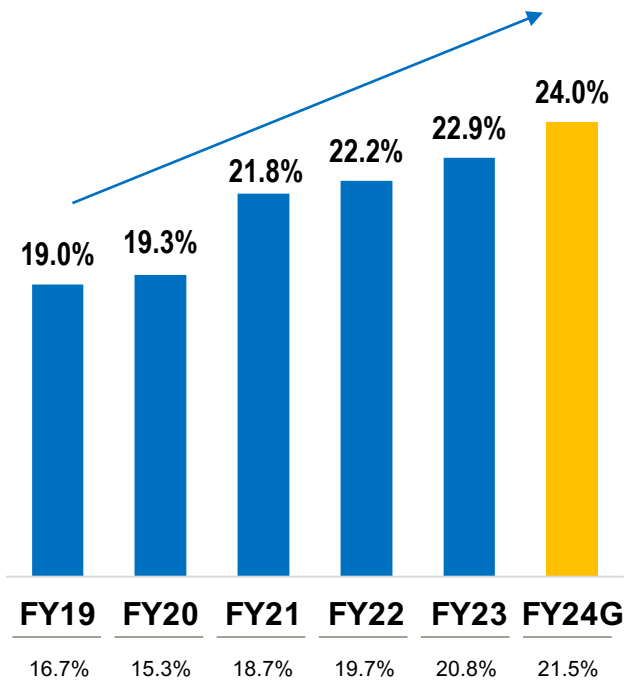
- **High margin** channel serving **aftermarket** and small to mid-size OEMs
- **Integrating Parker technologies** to solve customer problems
- **Extension** of Parker's sales and engineering teams
- Driving an **increasing revenue mix of 100bps** per year in international markets

1. Percentage represents revenue through independent distributors.



Proven Record of Broad-Based Margin Expansion

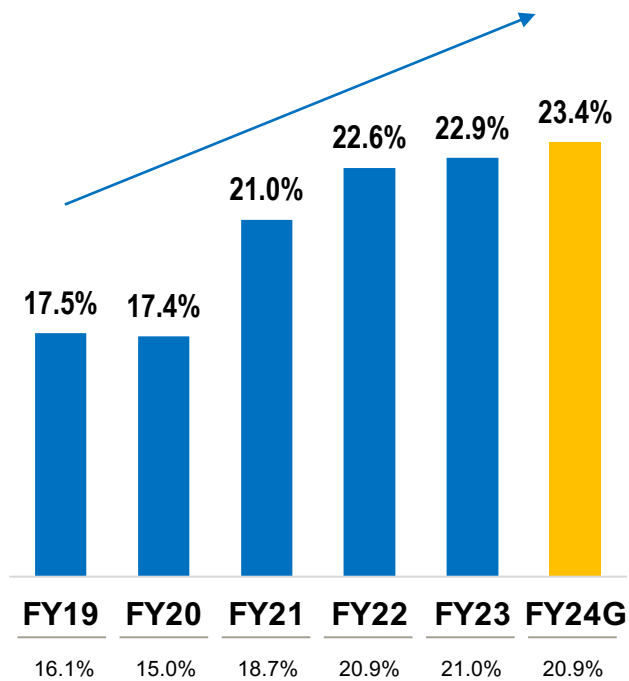
Diversified Industrial North America



+500bps

Adj. Operating Margin¹

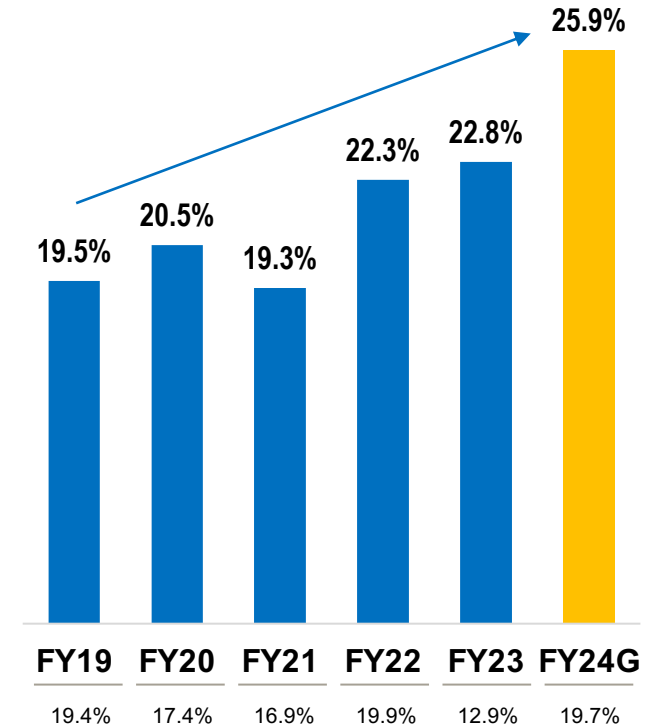
Diversified Industrial International



+590bps

Adj. Operating Margin¹

Aerospace Systems



+640bps

Adj. Operating Margin¹



1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.

Summary of Fiscal 2024 2nd Quarter Highlights

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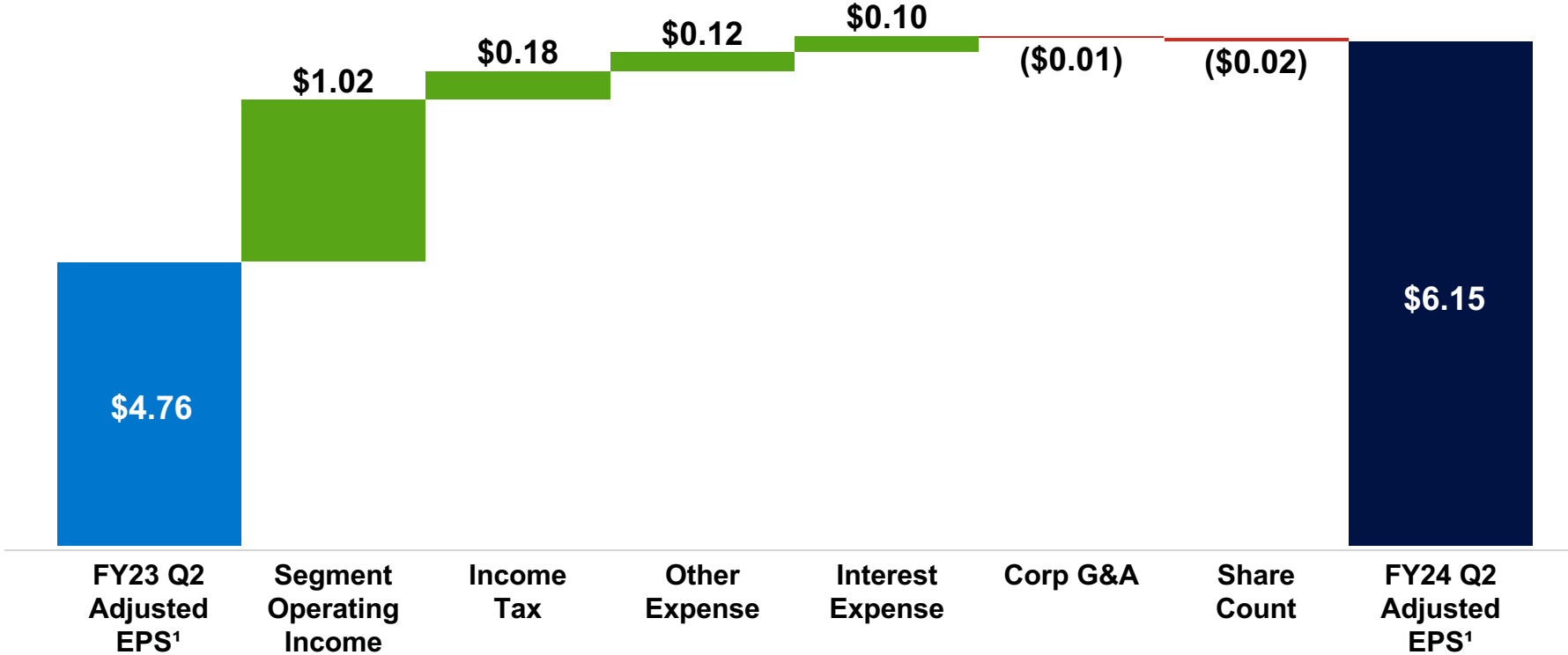
FY24 Q2 Financial Summary

| \$ Millions, except per share amounts | FY24 Q2 As Reported | FY24 Q2 Adjusted ¹ | FY23 Q2 Adjusted ¹ | YoY Change Adjusted |
|---------------------------------------|------------------------|----------------------------------|----------------------------------|------------------------|
| Sales | \$4,821 | \$4,821 | \$4,675 | +3% |
| Segment Operating Margin | 21.1% | 24.5% | 21.5% | +300 bps |
| EBITDA Margin | 25.4% | 25.7% | 22.4% | +330 bps |
| Net Income | \$682 | \$802 | \$619 | +30% |
| EPS | \$5.23 | \$6.15 | \$4.76 | +29% |

1. Sales figures As Reported. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.
 Note: FY23 Q2 As Reported: Segment Operating Margin of 15.3%, EBITDA Margin of 19.1%, Net Income of \$395M, EPS of \$3.04.



FY24 Q2 Adjusted Earnings per Share Bridge



1. FY23 Q2 As Reported EPS of \$3.04. FY24 Q2 As Reported EPS of \$5.23. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



FY24 Q2 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 | \$2,110M (1.5%) Organic | 21.9% | 24.2% +240 bps YoY | (4%) | <ul style="list-style-type: none"> • Excellent operational execution • Softness in off-highway markets • Destocking continued in channel & with OEMs |
| Diversified Industrial International | \$1,404M (0.2%) Organic | 20.7% | 23.0% +110 bps YoY | (5%) | <ul style="list-style-type: none"> • Resilient margin driven by cost management • EMEA order softness continues • China recovery remains slow |
| Aerospace Systems | \$1,306M +15.0% Organic | 20.1% | 26.5% +590 bps YoY | +21% | <ul style="list-style-type: none"> • 25% commercial aftermarket growth • Favorable aftermarket spares mix • Outstanding Meggitt performance |
| Parker | \$4,821M +2.9% Organic | 21.1% | 24.5% +300 bps YoY | +2% | <ul style="list-style-type: none"> • Win Strategy drives high performance • 300bps adjusted segment margin¹ expansion • Synergies ahead of schedule • Orders remain positive on aerospace strength |

1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.

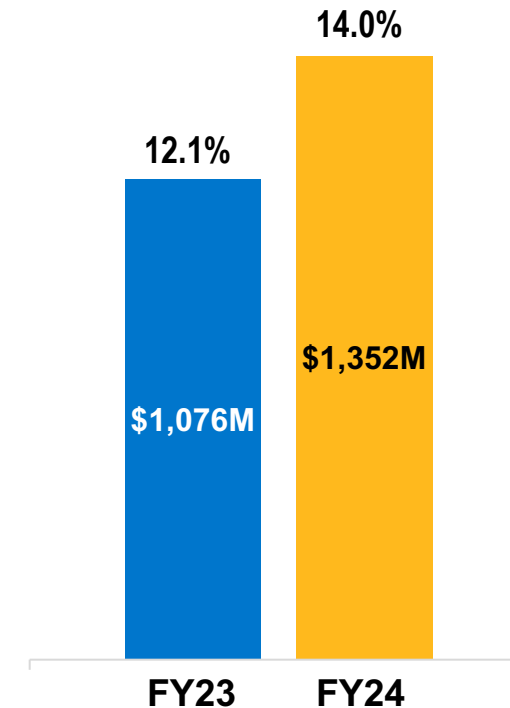
2. Diversified Industrial orders are on a 3-month average computation and Aerospace Systems are rolling 12-month average computations. Beginning FY23 Q3, orders include acquisitions and exclude divestitures and currency.



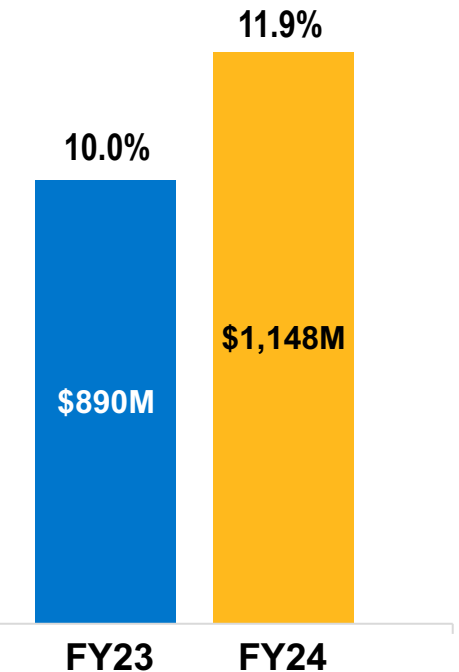
FY24 Q2 YTD Cash Flow Performance

- Cash Flow from Operations +26% vs. prior
- Free Cash Flow +29% vs. prior¹
- Free Cash Flow Conversion 86%¹
- Increasing FY24 Guidance:
 - Free Cash Flow of \$2.8B - \$3.1B¹
 - Committed to FCF Conversion >100%

Cash Flow from Operations



Free Cash Flow¹



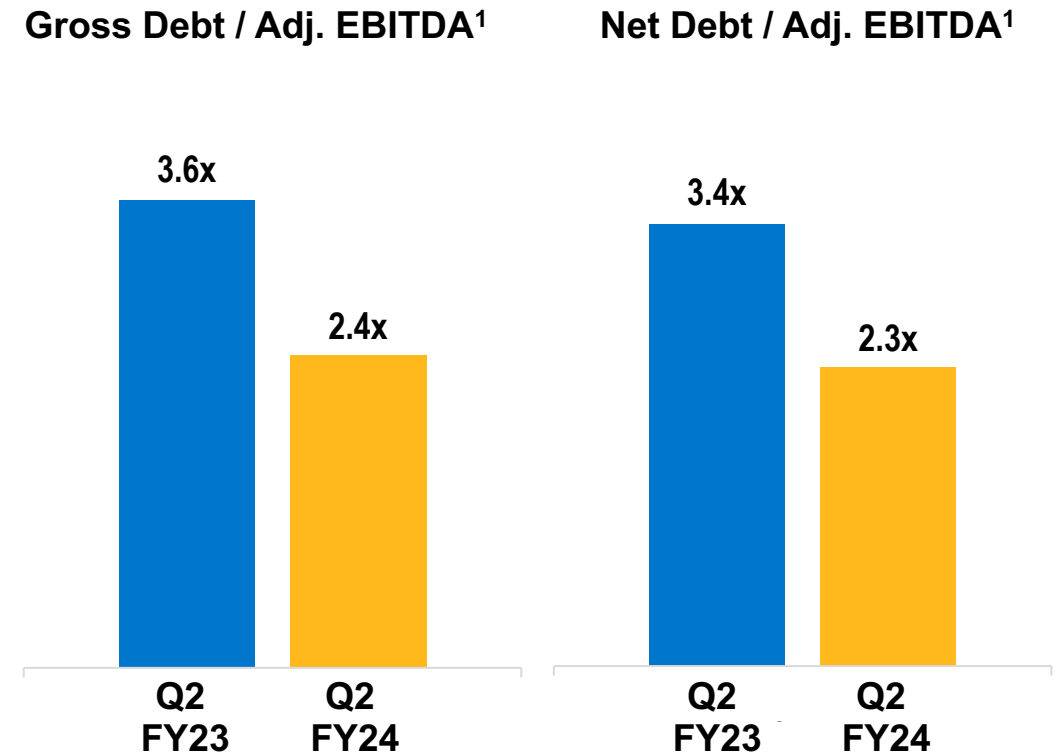
% to sales

1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



Debt & Leverage Reduction Ahead of Schedule

- Since Meggitt acquisition close:
 - ~\$2.2B debt reduction
 - 1.4x leverage reduction
- ~\$400M debt reduction during Q2
- Committed to ~\$2B debt paydown in FY24
- On track for 2.0x leverage by June 2024



1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.

FY24 Guidance Increased

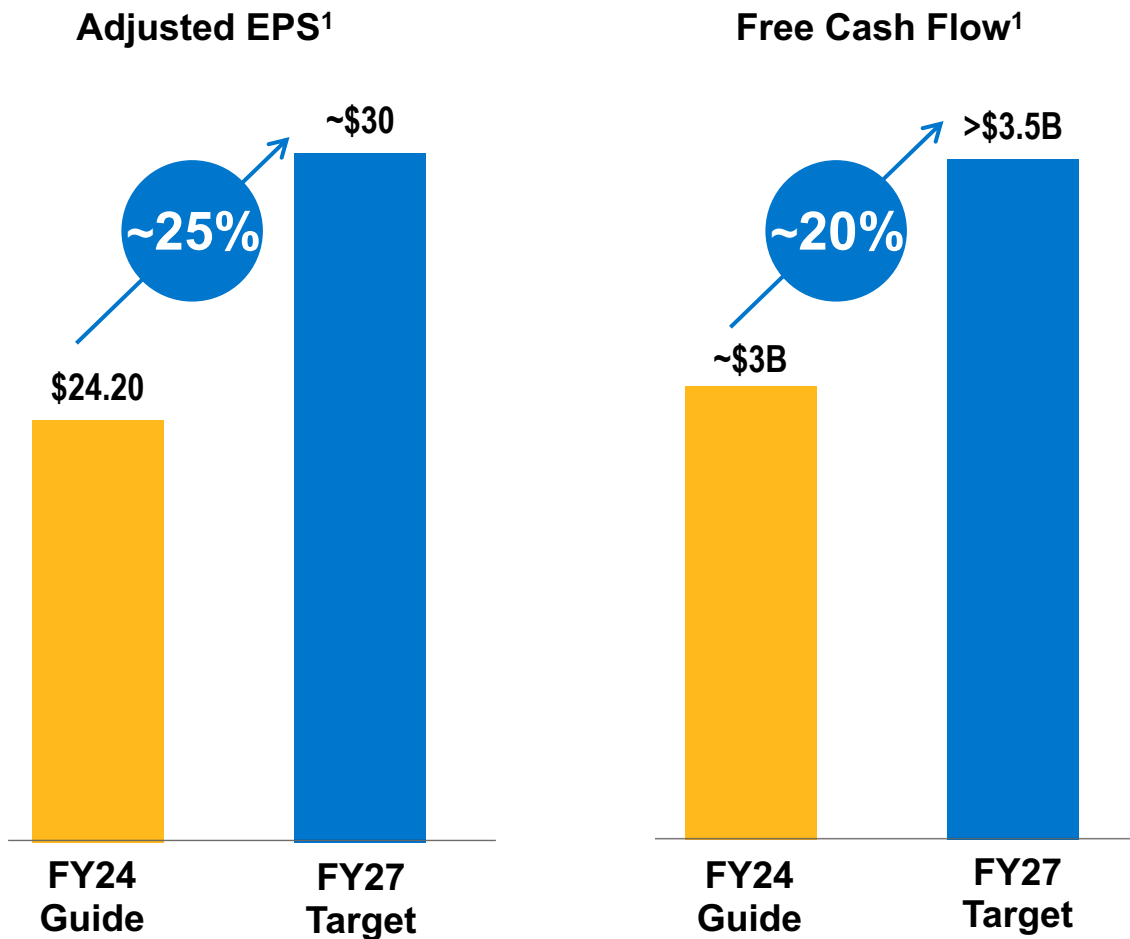
EPS Midpoint: \$20.30 As Reported, \$24.20 Adjusted

| Guidance Metric | FY24 Full Year | Key Assumptions |
|------------------------------------|-------------------|---|
| Reported Sales | 3.0% - 5.0% | <ul style="list-style-type: none"> Reaffirming 4% sales growth midpoint Robust Aerospace demand Split: 1H: 49% 2H: 51% |
| Organic Sales Growth ¹ | ~1.5% | <ul style="list-style-type: none"> Reaffirming organic growth midpoint Raising Aerospace organic to 12% vs. 10% in prior guidance |
| Adj. Operating Margin ¹ | 24.1% - 24.5% | <ul style="list-style-type: none"> Raising midpoint to 24.3%: +70bps vs. prior guidance Increased FY24 cumulative synergies from \$150M to \$200M |
| Adj. EPS ¹ | \$23.90 - \$24.50 | <ul style="list-style-type: none"> Tax rate: ~22.5% Split: 1H: 50% 2H: 50% |
| Free Cash Flow ¹ | \$2.8B - \$3.1B | <ul style="list-style-type: none"> CapEx: ~2% of sales Split: 1H: ~40% 2H: ~60% FCF Conversion >100% |

1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



Parker's Promising Future



- Performance acceleration from The Win Strategy™
- Strengthening customer value proposition
- Longer cycle & more resilient portfolio
- Growth from secular trends
- Organic growth 4-6% over the cycle

1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



Upcoming Event Calendar

| | |
|--------------------------|----------------|
| FY24 Q3 Earnings Release | May 2, 2024 |
| 2024 Investor Meeting | May 16, 2024 |
| FY24 Q4 Earnings Release | August 8, 2024 |

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Appendix

- FY24 Guidance Details
- Reconciliation of Organic Growth
- Adjusted Amounts Reconciliation – Consolidated
- Adjusted Amounts Reconciliation – Segment Operating Income
- Reconciliation of EBITDA to Adjusted EBITDA
- Reconciliation of Gross and Net Debt to Adjusted EBITDA
- Reconciliation of Free Cash Flow Conversion
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of Forecasted Free Cash Flow
- Reconciliation of Forecasted Segment Operating Margin
- Reconciliation of Forecasted EPS

FY24 Guidance Details

| Sales Growth vs. Prior Year | As Reported | Organic ¹ |
|--------------------------------------|--------------------|----------------------|
| Diversified Industrial North America | (1.5%) - 0.5% | ~(1.5%) |
| Diversified Industrial International | (2.0%) - 0.0% | ~(2.0%) |
| Aerospace Systems | 19.5% - 21.5% | ~12% |
| Parker | 3.0% - 5.0% | ~1.5% |

| Segment Operating Margins | As Reported | Adjusted ¹ |
|--------------------------------------|----------------------|-----------------------|
| Diversified Industrial North America | 21.3% - 21.7% | 23.8% - 24.2% |
| Diversified Industrial International | 20.7% - 21.1% | 23.2% - 23.6% |
| Aerospace Systems | 19.5% - 19.9% | 25.7% - 26.1% |
| Parker | 20.7% - 21.1% | 24.1% - 24.5% |

| Earnings Per Share | As Reported | Adjusted ¹ |
|--------------------|--------------------------|--------------------------|
| Midpoint | \$20.30 | \$24.20 |
| Range | \$20.00 - \$20.60 | \$23.90 - \$24.50 |

| Additional Items | As Reported and Adjusted ¹ | |
|----------------------------|---------------------------------------|--------|
| Corporate G&A | ~\$235M | |
| Interest Expense | ~\$510M | |
| Other (Income) Expense | ~(\$10M) | ~\$15M |
| Reported Tax Rate | 22.5% | |
| Diluted Shares Outstanding | ~130.5M | |

| Detail of Pre-Tax Adjustments to: | Segment Margins | Below Segment |
|--|-----------------|---------------|
| Acquired Intangible Asset Amortization | ~\$580M | — |
| Business Realignment Charges | ~\$70M | — |
| Integration Costs to Achieve | ~\$35M | — |
| Net Gain on Divestitures | — | (\$26M) |

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



Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

| Net Sales | Quarter-to-Date | | | | |
|------------------------------|-------------------|-------------|--------------|-------------------|-------------------|
| | As Reported | | Adjusted | | As Reported |
| | December 31, 2023 | Currency | Divestitures | December 31, 2023 | December 31, 2022 |
| Diversified Industrial: | | | | | |
| North America | \$ 2,110,203 | \$ (6,672) | \$ 3,980 | \$ 2,107,511 | \$ 2,140,685 |
| <u>International</u> | | | | | |
| Europe | 772,351 | (19,298) | - | 753,053 | 748,105 |
| Asia Pacific | 553,076 | 7,249 | - | 560,325 | 574,869 |
| Latin America | 78,843 | 2,763 | - | 81,606 | 74,725 |
| International | 1,404,270 | (9,286) | - | 1,394,984 | 1,397,699 |
| Total Diversified Industrial | 3,514,473 | (15,958) | 3,980 | 3,502,495 | 3,538,384 |
| Aerospace Systems | 1,306,474 | (9,354) | 9,344 | 1,306,464 | 1,136,427 |
| Total Parker Hannifin | \$ 4,820,947 | \$ (25,312) | \$ 13,324 | \$ 4,808,959 | \$ 4,674,811 |
| | As reported | Currency | Divestitures | Organic | |
| Diversified Industrial: | | | | | |
| North America | (1.4)% | 0.3 % | (0.2)% | (1.5)% | |
| <u>International</u> | | | | | |
| Europe | 3.2 % | 2.5 % | 0.0 % | 0.7 % | |
| Asia Pacific | (3.8)% | (1.3)% | 0.0 % | (2.5)% | |
| Latin America | 5.5 % | (3.7)% | 0.0 % | 9.2 % | |
| International | 0.5 % | 0.7 % | 0.0 % | (0.2)% | |
| Total Diversified Industrial | (0.7)% | 0.4 % | (0.1)% | (1.0)% | |
| Aerospace Systems | 15.0 % | 0.8 % | (0.8)% | 15.0 % | |
| Total Parker Hannifin | 3.1 % | 0.5 % | (0.3)% | 2.9 % | |



Adjusted Amounts Reconciliation

Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

Quarter-to-Date FY 2024

| | As Reported | | Acquired Intangible Asset Amortization | Business Realignment Charges | Meggitt Costs to Achieve | Gain on Divestiture | Adjusted | | |
|---|-------------------|---------------|--|------------------------------|--------------------------|---------------------|-------------------|-------------------|---------------|
| | December 31, 2023 | % of Sales | | | | | December 31, 2023 | % of Sales | |
| Net sales | \$ 4,820,947 | 100.0 % | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,820,947 | 100.0 % |
| Cost of sales | 3,101,962 | 64.3 % | 27,227 | 8,467 | 855 | - | - | 3,065,413 | 63.6 % |
| Selling, general and admin. expenses | 806,802 | 16.7 % | 114,800 | 4,695 | 9,159 | - | - | 678,148 | 14.1 % |
| Interest expense | 129,029 | 2.7 % | - | - | - | - | - | 129,029 | 2.7 % |
| Other (income) expense, net | (85,011) | (1.8)% | - | 1,192 | - | (12,391) | - | (73,812) | (1.5)% |
| Income before income taxes | 868,165 | 18.0 % | (142,027) | (14,354) | (10,014) | 12,391 | - | 1,022,169 | 21.2 % |
| Income taxes | 186,108 | 3.9 % | 33,660 | 3,402 | 2,373 | (5,959) | - | 219,584 | 4.6 % |
| Net income | 682,057 | 14.1 % | (108,367) | (10,952) | (7,641) | 6,432 | - | 802,585 | 16.6 % |
| Less: Noncontrolling interests | 206 | 0.0 % | - | - | - | - | - | 206 | 0.0 % |
| Net income - common shareholders | \$ 681,851 | 14.1 % | \$ (108,367) | \$ (10,952) | \$ (7,641) | \$ 6,432 | \$ - | \$ 802,379 | 16.6 % |
| Diluted earnings per share | \$ 5.23 | | \$ (0.83) | \$ (0.08) | \$ (0.06) | \$ 0.05 | \$ - | \$ 6.15 | |

(Dollars in thousands, except per share data)

(Unaudited)

Quarter-to-Date FY 2023

| | As Reported | | Acquired Intangible Asset Amortization | Business Realignment Charges | Meggitt Costs to Achieve | Acquisition Related Expenses | Amortization of Inventory Step-Up to FV | Adjusted | |
|---|-------------------|--------------|--|------------------------------|--------------------------|------------------------------|---|-------------------|---------------|
| | December 31, 2022 | % of Sales | | | | | | December 31, 2022 | % of Sales |
| Net sales | \$ 4,674,811 | 100.0 % | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,674,811 | 100.0 % |
| Cost of sales | 3,236,812 | 69.2 % | 37,652 | 3,214 | 3,153 | - | 111,973 | 3,080,820 | 65.9 % |
| Selling, general and admin. Expenses | 814,966 | 17.4 % | 104,604 | 2,164 | 30,265 | 1,983 | - | 675,950 | 14.5 % |
| Interest expense | 146,931 | 3.1 % | - | - | - | - | - | 146,931 | 3.1 % |
| Other (income) expense, net | (40,641) | (0.9)% | - | - | - | - | - | (40,641) | (0.9)% |
| Income before income taxes | 516,743 | 11.1 % | (142,256) | (5,378) | (33,418) | (1,983) | (111,973) | 811,751 | 17.4 % |
| Income taxes | 121,282 | 2.6 % | 34,426 | 1,301 | 8,087 | 480 | 27,097 | 192,673 | 4.1 % |
| Net income | 395,461 | 8.5 % | (107,830) | (4,077) | (25,331) | (1,503) | (84,876) | 619,078 | 13.2 % |
| Less: Noncontrolling interests | 224 | 0.0 % | - | - | - | - | - | 224 | 0.0 % |
| Net income - common shareholders | \$ 395,237 | 8.5 % | \$ (107,830) | \$ (4,077) | \$ (25,331) | \$ (1,503) | \$ (84,876) | \$ 618,854 | 13.2 % |
| Diluted earnings per share | \$ 3.04 | | \$ (0.83) | \$ (0.03) | \$ (0.20) | \$ (0.01) | \$ (0.65) | \$ 4.76 | |

Adjusted Amounts Reconciliation Segment Operating Income

(Dollars in thousands)
(Unaudited)

| | Quarter-to-Date FY 2024 | | | | | | | | | |
|---|----------------------------------|------------|--|------------------------------------|--------------------------------|------------------------|------|-------------------------------|-------------------------|--|
| | As Reported December 31, 2023 | % of Sales | Acquired Intangible Asset Amortization | Business Realignment Charges | Meggitt Costs to Achieve | Gain on Divestiture | | Adjusted December 31, 2023 | % of Sales ² | |
| Diversified Industrial: | | | | | | | | | | |
| North America ¹ | \$ 461,850 | 21.9% | \$ 44,699 | \$ 3,250 | \$ 562 | \$ - | \$ - | \$ 510,361 | 24.2% | |
| International ¹ | 290,484 | 20.7% | 22,610 | 10,035 | 309 | - | - | 323,438 | 23.0% | |
| Total Diversified Industrial ¹ | 752,334 | 21.4% | 67,309 | 13,285 | 871 | - | - | 833,799 | 23.7% | |
| Aerospace Systems ¹ | 263,112 | 20.1% | 74,718 | (123) | 9,143 | - | - | 346,850 | 26.5% | |
| Total segment operating income | 1,015,446 | 21.1% | (142,027) | (13,162) | (10,014) | - | - | 1,180,649 | 24.5% | |
| Corporate administration | 49,902 | 1.0% | - | - | - | - | - | 49,902 | 1.0% | |
| Income before interest and other | 965,544 | 20.0% | (142,027) | (13,162) | (10,014) | - | - | 1,130,747 | 23.5% | |
| Interest expense | 129,029 | 2.7% | - | - | - | - | - | 129,029 | 2.7% | |
| Other (income) expense | (31,650) | -0.7% | - | 1,192 | - | (12,391) | - | (20,451) | -0.4% | |
| Income before income taxes | \$ 868,165 | 18.0% | \$ (142,027) | \$ (14,354) | \$ (10,014) | \$ 12,391 | \$ - | \$ 1,022,169 | 21.2% | |

(Dollars in thousands)
(Unaudited)

| | Quarter-to-Date FY 2023 | | | | | | | | | |
|---|----------------------------------|------------|--|------------------------------------|-------------------------------|------------------------------------|---|-------------------------------|-------------------------|--|
| | As Reported December 31, 2022 | % of Sales | Acquired Intangible Asset Amortization | Business Realignment Charges | Meggitt Cost to Achieve | Acquisition Related Expenses | Amortization of Inventory Step-Up to FV | Adjusted December 31, 2022 | % of Sales ² | |
| Diversified Industrial: | | | | | | | | | | |
| North America ¹ | \$ 419,921 | 19.6% | \$ 44,358 | \$ 1,338 | \$ 1,270 | \$ - | \$ - | \$ 466,887 | 21.8% | |
| International ¹ | 285,520 | 20.4% | 16,819 | 3,039 | 425 | - | - | 305,803 | 21.9% | |
| Total Diversified Industrial ¹ | 705,441 | 19.9% | 61,177 | 4,377 | 1,695 | - | - | 772,690 | 21.8% | |
| Aerospace Systems ¹ | 8,793 | 0.8% | 81,079 | 1,001 | 31,723 | - | 111,973 | 234,569 | 20.6% | |
| Total segment operating income | 714,234 | 15.3% | (142,256) | (5,378) | (33,418) | - | (111,973) | 1,007,259 | 21.5% | |
| Corporate administration | 48,901 | 1.0% | - | - | - | - | - | 48,901 | 1.0% | |
| Income before interest and other | 665,333 | 14.2% | (142,256) | (5,378) | (33,418) | - | (111,973) | 958,358 | 20.5% | |
| Interest expense | 146,931 | 3.1% | - | - | - | - | - | 146,931 | 3.1% | |
| Other (income) expense | 1,659 | 0.0% | - | - | - | 1,983 | - | (324) | 0.0% | |
| Income before income taxes | \$ 516,743 | 11.1% | \$ (142,256) | \$ (5,378) | \$ (33,418) | \$ (1,983) | \$ (111,973) | \$ 811,751 | 17.4% | |

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 Segment Operating Income

(Unaudited)

(Dollars in millions)

| | 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 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net sales | \$ 6,809 | \$ 6,456 | \$ 6,676 | \$ 7,703 | \$ 8,916 | ~\$ 8,870 |
| North America Segment Operating Income | 1,139 | 986 | 1,247 | 1,515 | 1,853 | ~1,910 |
| Adjustments: | | | | | | |
| Acquisition-related intangible asset amortization expense | 143 | 174 | 191 | 188 | 182 | ~180 |
| Business realignment charges | 5 | 27 | 7 | 3 | 4 | ~20 |
| Acquisition-related expenses & costs to achieve | 9 | 58 | 7 | 1 | 5 | ~15 |
| North America Adjusted Segment Operating Income | \$ 1,296 | \$ 1,244 | \$ 1,452 | \$ 1,707 | \$ 2,044 | ~\$ 2,125 |
| North America Segment Operating margin | 16.7% | 15.3% | 18.7% | 19.7% | 20.8% | 21.5% |
| North America Adjusted Segment Operating margin | 19.0% | 19.3% | 21.8% | 22.2% | 22.9% | 24.0% |

(Unaudited)

(Dollars in millions)

| | 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 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net sales | \$ 5,001 | \$ 4,505 | \$ 5,284 | \$ 5,639 | \$ 5,789 | ~\$ 5,730 |
| International Segment Operating Income | 805 | 675 | 988 | 1,178 | 1,218 | ~1,200 |
| Adjustments: | | | | | | |
| Voluntary retirement expense | | | | | | |
| Acquisition-related intangible asset amortization expense | 53 | 70 | 83 | 75 | 86 | ~90 |
| Business realignment charges | 11 | 25 | 31 | 11 | 20 | ~45 |
| Acquisition-related expenses & costs to achieve | 4 | 14 | 4 | 2 | 4 | ~5 |
| Russia liquidation | - | - | - | 6 | - | - |
| International Adjusted Segment Operating Income | \$ 873 | \$ 785 | \$ 1,107 | \$ 1,273 | \$ 1,328 | ~\$ 1,340 |
| International Segment Operating margin | 16.1% | 15.0% | 18.7% | 20.9% | 21.0% | 20.9% |
| International Adjusted Segment Operating margin | 17.5% | 17.4% | 21.0% | 22.6% | 22.9% | 23.4% |

(Unaudited)

(Dollars in millions)

| | 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 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net sales | \$ 2,511 | \$ 2,735 | \$ 2,387 | \$ 2,520 | \$ 4,360 | ~\$ 5,250 |
| Aerospace Segment Operating Income | 488 | 477 | 403 | 501 | 562 | ~1,035 |
| Adjustments: | | | | | | |
| Voluntary retirement expense | | | | | | |
| Acquisition-related intangible asset amortization expense | 3 | 41 | 51 | 51 | 233 | ~310 |
| Business realignment charges | - | 22 | 7 | 1 | 3 | - |
| Acquisition-related expenses & costs to achieve | - | 19 | 1 | 1 | 87 | ~15 |
| Amortization of inventory step-up to FV | - | - | - | - | 110 | - |
| Russia liquidation | - | - | - | 7 | - | - |
| Aerospace Adjusted Segment Operating Income | \$ 491 | \$ 559 | \$ 461 | \$ 561 | \$ 995 | ~\$ 1,360 |
| Aerospace Segment Operating margin | 19.4% | 17.4% | 16.9% | 19.9% | 12.9% | 19.7% |
| Aerospace Adjusted Segment Operating margin | 19.5% | 20.5% | 19.3% | 22.3% | 22.8% | 25.9% |

*Totals may not foot due to rounding



Reconciliation of EBITDA to Adjusted EBITDA

| (Dollars in thousands) (Unaudited) | Three Months Ended December 31, | | | |
|---|------------------------------------|--------------|---------------------|--------------|
| | 2023 | % of Sales | 2022 | % of Sales |
| Net sales | \$ 4,820,947 | 100.0% | \$ 4,674,811 | 100.0% |
| Net income | \$ 682,057 | 14.1% | \$ 395,461 | 8.5% |
| Income taxes | 186,108 | 3.9% | 121,282 | 2.6% |
| Depreciation | 85,751 | 1.8% | 87,488 | 1.9% |
| Amortization | 142,027 | 2.9% | 142,256 | 3.0% |
| Interest expense | 129,029 | 2.7% | 146,931 | 3.1% |
| EBITDA | 1,224,972 | 25.4% | 893,418 | 19.1% |
| Adjustments: | | | | |
| Business realignment charges | 14,354 | 0.3% | 5,378 | 0.1% |
| Meggitt costs to achieve | 10,014 | 0.2% | 33,418 | 0.7% |
| Acquisition-related expenses | - | 0.0% | 1,983 | 0.0% |
| Amortization of inventory step-up to FV | - | 0.0% | 111,973 | 2.4% |
| Gain on divestiture | (12,391) | -0.3% | - | 0.0% |
| EBITDA - Adjusted | \$ 1,236,949 | 25.7% | \$ 1,046,170 | 22.4% |
| EBITDA margin | 25.4 % | | 19.1 % | |
| EBITDA margin - Adjusted | 25.7 % | | 22.4 % | |

Reconciliation of Gross and Net Debt / Adjusted EBITDA

| (Unaudited) (Dollars in thousands) | <u>December 31, 2022</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| Notes payable and long-term debt payable within one year | \$ 1,994,333 | \$ 3,681,167 |
| Long-term debt | 12,025,860 | 8,108,696 |
| Add: Deferred debt issuance costs | 83,758 | 66,098 |
| Total gross debt | <u>\$ 14,103,951</u> | <u>\$ 11,855,961</u> |
| Cash and cash equivalents | \$ 756,055 | \$ 382,815 |
| Marketable securities and other investments | 21,611 | 11,053 |
| Total cash | <u>\$ 777,666</u> | <u>\$ 393,868</u> |
| Net debt (Gross debt less total cash) | <u>\$ 13,326,285</u> | <u>\$ 11,462,093</u> |
| TTM Net Sales | \$ 17,181,805 | \$ 19,826,043 |
| Net income | \$ 1,260,492 | \$ 2,633,167 |
| Income tax | 311,753 | 715,009 |
| Depreciation | 280,656 | 333,579 |
| Amortization | 385,208 | 568,990 |
| Interest Expense | 399,267 | 572,666 |
| TTM EBITDA | <u>\$ 2,637,376</u> | <u>\$ 4,823,411</u> |
| Adjustments: | | |
| Business realignment charges | 17,337 | 44,913 |
| Costs to achieve | 48,166 | 66,450 |
| Acquisition-related costs | 186,627 | 4,053 |
| Loss on deal-contingent forward contracts | 1,256,036 | 0 |
| Gain on divestitures | (372,930) | (25,651) |
| Amortization of inventory step-up to FV | 130,331 | (20,350) |
| Net loss on divestitures | 0 | 10,927 |
| Russia liquidation | 20,057 | 0 |
| TTM Adjusted EBITDA | <u>\$ 3,923,000</u> | <u>\$ 4,903,753</u> |
| Gross Debt/TTM Adjusted EBITDA | 3.6 | 2.4 |
| Net Debt/TTM Adjusted EBITDA | 3.4 | 2.3 |



Reconciliation of Free Cash Flow Conversion

(Unaudited)
(Dollars in thousands)

| | Six Months Ended December 31, | |
|--|--------------------------------------|-------------------|
| | 2023 | 2022 |
| | <hr/> | <hr/> |
| Net Income | \$ 1,333,129 | \$ 783,498 |
| Cash Flow from Operations | \$ 1,351,987 | \$ 1,076,134 |
| Capital Expenditures | (204,117) | (185,704) |
| Free Cash Flow | \$ 1,147,870 | \$ 890,430 |
| | <hr/> | <hr/> |
| Free Cash Flow Conversion (Free Cash Flow / Net Income) | 86% | 114% |



Supplemental Sales Information

Global Technology Platforms

| (Unaudited) (Dollars in thousands) | Three Months Ended December 31, | |
|---------------------------------------|---------------------------------|---------------------|
| | 2023 | 2022 |
| Net sales | | |
| Diversified Industrial: | | |
| Motion Systems | \$ 917,966 | \$ 913,415 |
| Flow and Process Control | 1,122,400 | 1,173,260 |
| Filtration and Engineered Materials | 1,474,107 | 1,451,709 |
| Aerospace Systems | 1,306,474 | 1,136,427 |
| Total | \$ 4,820,947 | \$ 4,674,811 |



Reconciliation of Forecasted Free Cash Flow

(Unaudited)

(Dollars in thousands)

Forecasted cash flow from operations

Less: Capital Expenditures

Forecasted free cash flow

Fiscal Year 2024

\$3,200 to \$3,500

~(400)

\$2,800 to \$3,100

*Totals may not foot due to rounding



Reconciliation of Forecasted Segment Operating Margin

| | |
|---|-------------------------|
| (Unaudited) | |
| (Amounts in percentages) | |
| | Fiscal Year 2024 |
| Forecasted segment operating margin | 20.7% to 21.1% |
| Adjustments: | |
| Business realignment charges | 0.3% |
| Costs to achieve | 0.2% |
| Acquisition-related intangible asset amortization expense | 2.9% |
| Adjusted forecasted segment operating margin | 24.1% to 24.5% |

*Totals may not foot due to rounding



Reconciliation of Forecasted EPS

| | |
|---|---------------------------|
| (Unaudited) | |
| (Amounts in dollars) | |
| | Fiscal Year 2024 |
| Forecasted earnings per diluted share | \$20.00 to \$20.60 |
| Adjustments: | |
| Business realignment charges | 0.54 |
| Costs to achieve | 0.27 |
| Acquisition-related intangible asset amortization expense | 4.45 |
| Net gain on divestitures | (0.20) |
| Tax effect of adjustments ¹ | (1.16) |
| Adjusted forecasted earnings per diluted share | \$23.90 to \$24.50 |

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

