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# FY24 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic <sup>1</sup>
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%
<b>Parker</b>	<b>3.0% - 5.0%</b>	<b>~1.5%</b>

Segment Operating Margins	As Reported	Adjusted <sup>1</sup>
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%
<b>Parker</b>	<b>20.7% - 21.1%</b>	<b>24.1% - 24.5%</b>

Earnings Per Share	As Reported	Adjusted <sup>1</sup>
Midpoint	<b>\$20.30</b>	<b>\$24.20</b>
Range	<b>\$20.00 - \$20.60</b>	<b>\$23.90 - \$24.50</b>

Additional Items	As Reported and Adjusted <sup>1</sup>	
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 %
<b>Net income - common shareholders</b>	<b>\$ 681,851</b>	<b>14.1 %</b>	<b>\$ (108,367)</b>	<b>\$ (10,952)</b>	<b>\$ (7,641)</b>	<b>\$ 6,432</b>	<b>\$ 802,379</b>	<b>16.6 %</b>
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 %
<b>Net income - common shareholders</b>	<b>\$ 395,237</b>	<b>8.5 %</b>	<b>\$ (107,830)</b>	<b>\$ (4,077)</b>	<b>\$ (25,331)</b>	<b>\$ (1,503)</b>	<b>\$ (84,876)</b>	<b>\$ 618,854</b>	<b>13.2 %</b>
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 <sup>2</sup>	
Diversified Industrial:										
North America <sup>1</sup>	\$ 461,850	21.9%	\$ 44,699	\$ 3,250	\$ 562	\$ -	\$ -	\$ 510,361	24.2%	
International <sup>1</sup>	290,484	20.7%	22,610	10,035	309	-	-	323,438	23.0%	
Total Diversified Industrial <sup>1</sup>	752,334	21.4%	67,309	13,285	871	-	-	833,799	23.7%	
Aerospace Systems <sup>1</sup>	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 <sup>2</sup>	
Diversified Industrial:										
North America <sup>1</sup>	\$ 419,921	19.6%	\$ 44,358	\$ 1,338	\$ 1,270	\$ -	\$ -	\$ 466,887	21.8%	
International <sup>1</sup>	285,520	20.4%	16,819	3,039	425	-	-	305,803	21.9%	
Total Diversified Industrial <sup>1</sup>	705,441	19.9%	61,177	4,377	1,695	-	-	772,690	21.8%	
Aerospace Systems <sup>1</sup>	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
<b>Net sales</b>	\$ 6,809	\$ 6,456	\$ 6,676	\$ 7,703	\$ 8,916	~\$ 8,870
<b>North America Segment Operating Income</b>	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
<b>North America Adjusted Segment Operating Income</b>	\$ 1,296	\$ 1,244	\$ 1,452	\$ 1,707	\$ 2,044	~\$ 2,125
<b>North America Segment Operating margin</b>	16.7%	15.3%	18.7%	19.7%	20.8%	21.5%
<b>North America Adjusted Segment Operating margin</b>	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
<b>Net sales</b>	\$ 5,001	\$ 4,505	\$ 5,284	\$ 5,639	\$ 5,789	~\$ 5,730
<b>International Segment Operating Income</b>	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	-	-
<b>International Adjusted Segment Operating Income</b>	\$ 873	\$ 785	\$ 1,107	\$ 1,273	\$ 1,328	~\$ 1,340
<b>International Segment Operating margin</b>	16.1%	15.0%	18.7%	20.9%	21.0%	20.9%
<b>International Adjusted Segment Operating margin</b>	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
<b>Net sales</b>	\$ 2,511	\$ 2,735	\$ 2,387	\$ 2,520	\$ 4,360	~\$ 5,250
<b>Aerospace Segment Operating Income</b>	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	-	-
<b>Aerospace Adjusted Segment Operating Income</b>	\$ 491	\$ 559	\$ 461	\$ 561	\$ 995	~\$ 1,360
<b>Aerospace Segment Operating margin</b>	19.4%	17.4%	16.9%	19.9%	12.9%	19.7%
<b>Aerospace Adjusted Segment Operating margin</b>	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
<b>Net sales</b>	\$ 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%
<b>EBITDA</b>	<b>1,224,972</b>	<b>25.4%</b>	<b>893,418</b>	<b>19.1%</b>
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%
<b>EBITDA - Adjusted</b>	<b>\$ 1,236,949</b>	<b>25.7%</b>	<b>\$ 1,046,170</b>	<b>22.4%</b>
<b>EBITDA margin</b>	25.4 %		19.1 %	
<b>EBITDA margin - Adjusted</b>	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>
<b>Gross Debt/TTM Adjusted EBITDA</b>	<b>3.6</b>	<b>2.4</b>
<b>Net Debt/TTM Adjusted EBITDA</b>	<b>3.4</b>	<b>2.3</b>





# Reconciliation of Free Cash Flow Conversion

(Unaudited)  
(Dollars in thousands)

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

# Supplemental Sales Information

## Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,	
	2023	2022
<b>Net sales</b>		
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
<b>Total</b>	<b>\$ 4,820,947</b>	<b>\$ 4,674,811</b>



# 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**

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**\$3,200 to \$3,500**

~(400)

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**\$2,800 to \$3,100**

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\*Totals may not foot due to rounding



# Reconciliation of Forecasted Segment Operating Margin

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

\*Totals may not foot due to rounding



# Reconciliation of Forecasted EPS

(Unaudited)	
(Amounts in dollars)	
	<b>Fiscal Year 2024</b>
<b>Forecasted earnings per diluted share</b>	<b>\$20.00 to \$20.60</b>
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 <sup>1</sup>	(1.16)
<b>Adjusted forecasted earnings per diluted share</b>	<b>\$23.90 to \$24.50</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

