

Investor Overview

May 2023

PH
LISTED
NYSE



 Parker



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: the impact of the global outbreak of COVID-19 and governmental and other actions taken in response; changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments; disputes regarding contract terms or significant changes in financial condition, changes in contract cost and revenue estimates for new development programs and changes in product mix; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions, including the integration of 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, 2022 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.

Effective July 1, 2022, the company began classifying certain expenses, previously classified as cost of sales, as selling, general and administrative expenses (“SG&A”) or within other (income) expense, net. During the integration of recently acquired businesses, the company has seen diversity in practice of the classifications of certain expenses, and the reclassification was made to better align the presentation of expenses on the Consolidated Statement of Income with management’s internal reporting. The expenses reclassified from cost of sales to SG&A relate to certain administrative activities conducted in production facilities and research and development. Foreign currency transaction expense was also reclassified from cost of sales to other (income) expense, net on the Consolidated Statement of Income. These reclassifications had no impact on net income, earnings per share, cash flows, segment reporting or the financial position of the Company and were retrospectively applied to all periods presented in the financial tables of this presentation.

Please visit www.PHstock.com for more information



The Strength & Interconnectivity of the Parker Portfolio

- ▶ Fortune 250 global leader in motion and control technologies and solutions
- ▶ Robust business model with interconnected technologies and unparalleled distribution network
- ▶ Aligned by our purpose statement and executing The Win Strategy™ 3.0
- ▶ History of strong cash generation and strategic capital deployment

Drives a Compelling Investment Thesis



The Global Leader in Motion & Control Technologies

PH
LISTED
NYSE



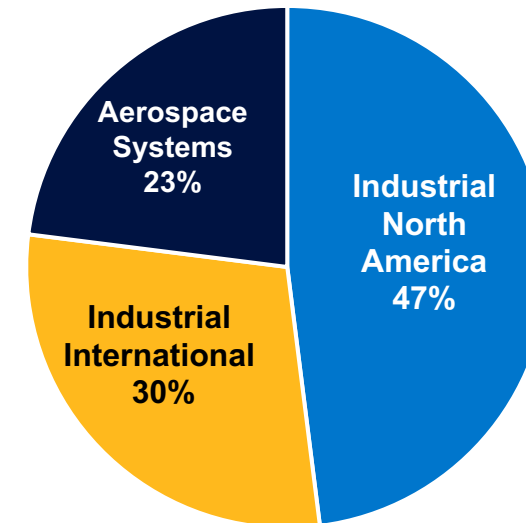
Parker Hannifin at-a-Glance (NYSE: PH)

Engineering Customer Success in Motion & Control Markets for over 100 Years

- #1 Position in \$135B Motion & Control Industry
- ~13% market share; goal to reach 20%
- A technology powerhouse of interconnected solutions
- Global network of independent distribution outlets
- Decentralized operating structure
- Great generators and deployers of cash
- Parker's business system: **The Win Strategy™ 3.0**

Operations in 45 countries across six continents

Sales by Segment



~\$19 Billion in Sales¹

Enabling Engineering Breakthroughs that Lead to a Better Tomorrow

1. FY23 Sales guidance midpoint issued May 4, 2023

Unmatched Breadth of Core Technologies



HYDRAULICS



PNEUMATICS



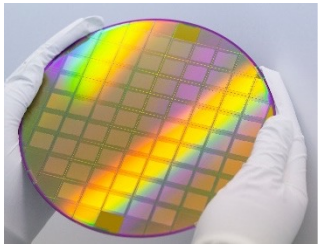
ELECTRO-MECHANICAL



FILTRATION



FLUID & GAS HANDLING



PROCESS CONTROL



ENGINEERED MATERIALS



CLIMATE CONTROL

~ **2/3's** of Our Revenue:

From customers who buy
4 or more Parker technologies

~ **2/3's** of Our Portfolio:

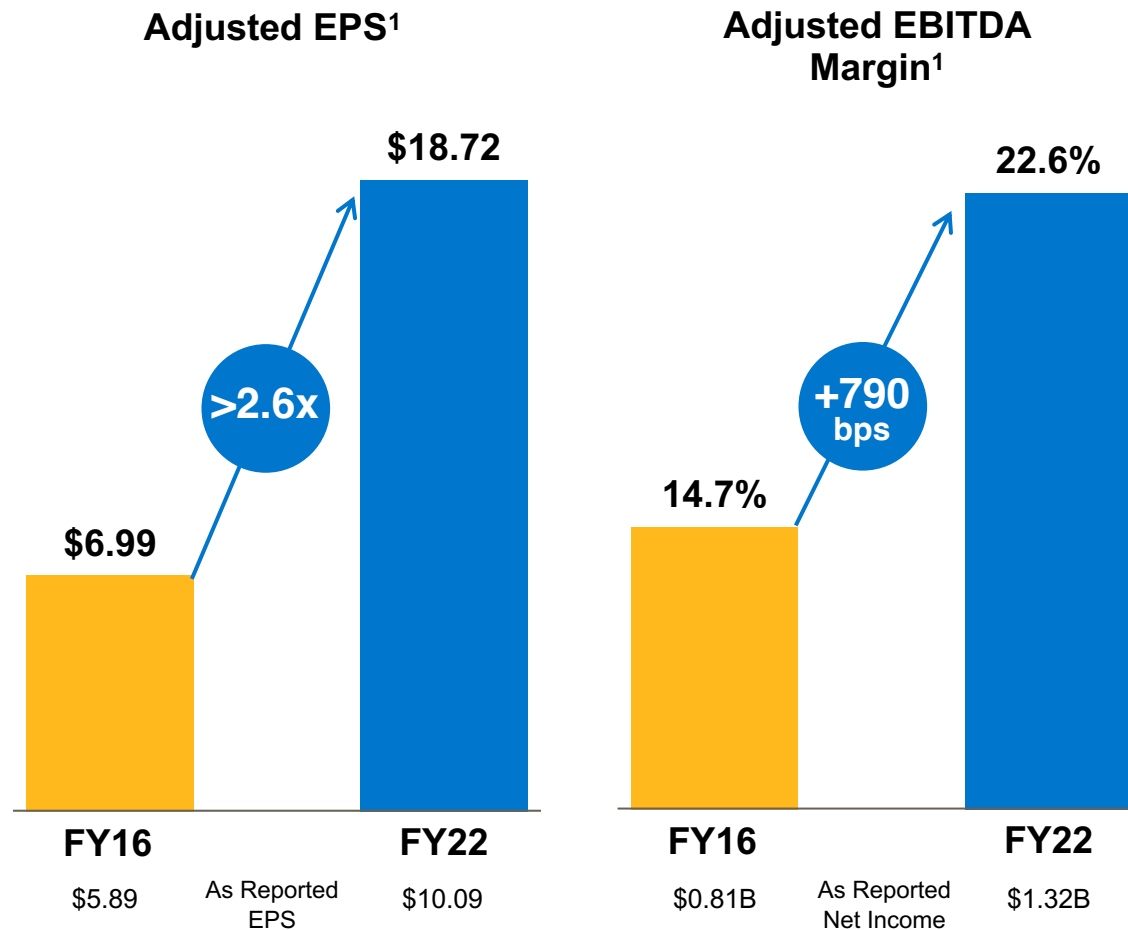
Enables clean technologies

Partnering with Our Customers to Increase their Productivity and Profitability



Our People, Portfolio & Strategy Transform Performance

A More Resilient, Better Parker



- Reduced safety incidents by 73%²
- Top quartile engagement scores
- Great generators & deployers of cash
- >\$25 billion in capital deployed²
- Longer cycle, more resilient portfolio

CLARCOR

LORD

EXOTIC METALS
FORMING COMPANY LLC

MEGGITT



1. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations. 2. FY16 through FY23 Q1.

Positioned for Growth Opportunities from Secular Trends

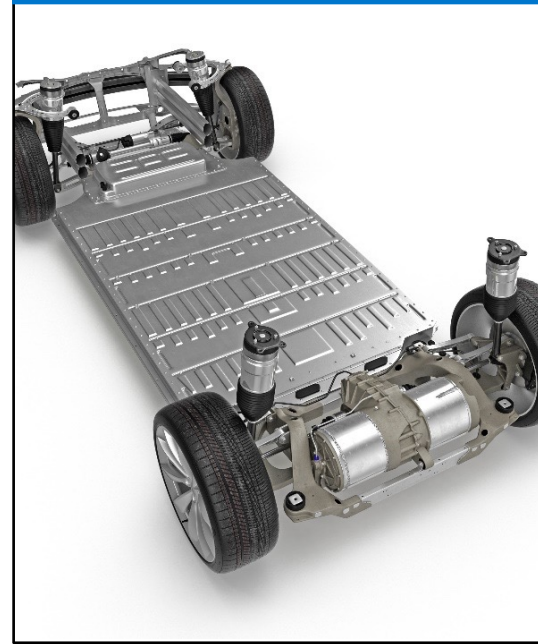
Aerospace



Digital



Electrification



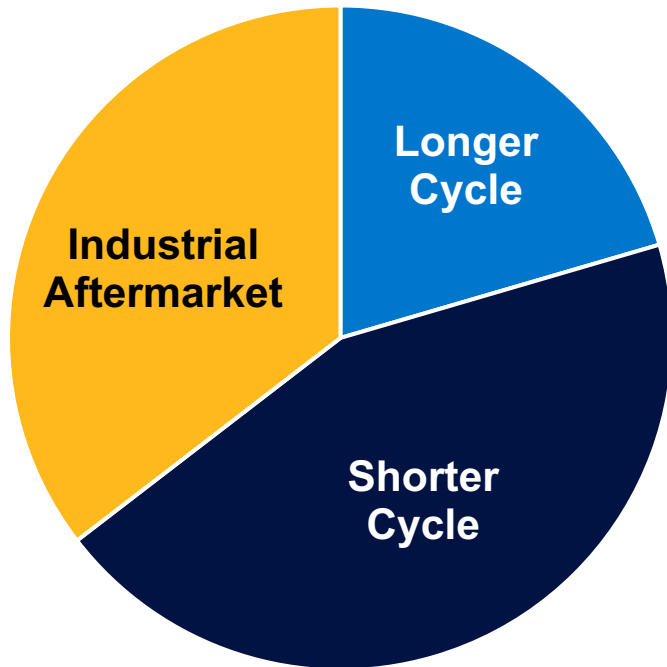
Clean Technology



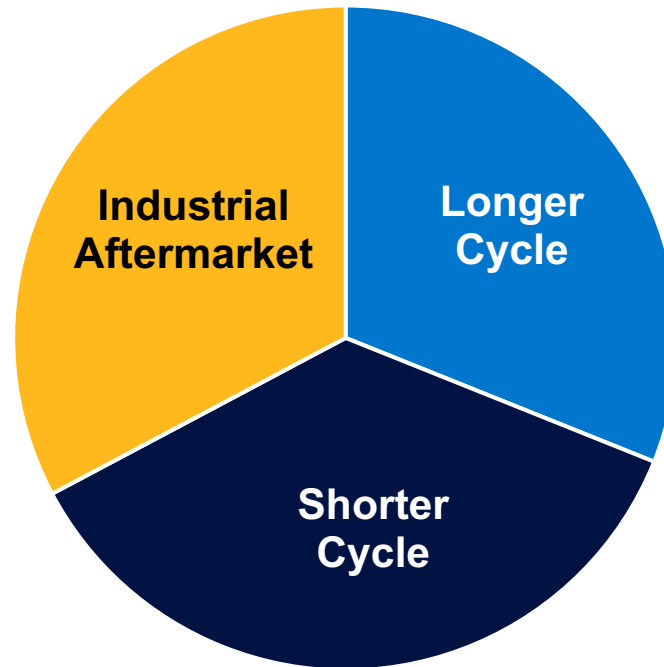
Expanding Longer Cycle and Secular Trend Exposure

Revenue Mix Reflects Transforming Portfolio

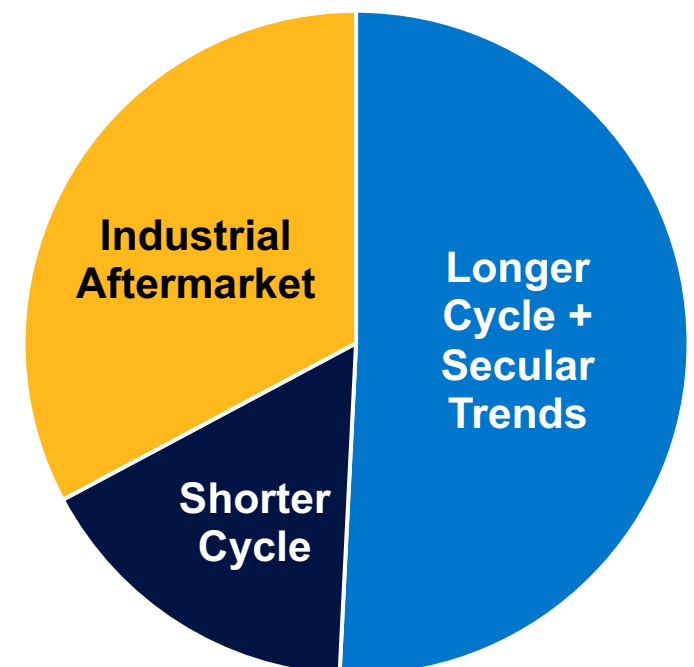
FY15



FY23E



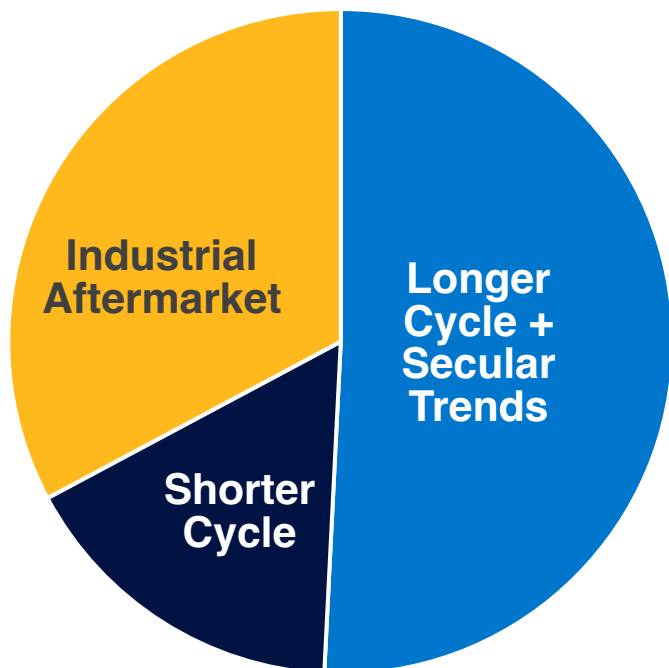
FY27 Illustration



Portfolio Evolution with Secular Trends

Expected End Market Impact

FY27 Sales Mix Illustration



Markets

- Aerospace & Defense ~33%
- Ag, Construction, Mining ~4%
- Automotive ~3%
- Semiconductor & Telecom ~3%
- Heavy Truck ~2%
- HVAC & Refrigeration ~2%
- Life Sciences & Medical ~2%
- Material Handling ~1%
- Power Generation ~1%

Markets

- Industrial Aftermarket ~33%

Markets

- General Industrial ~3%
- Ag, Construction, Mining ~4%
- Automotive ~1%
- Machine Tools ~1%
- Heavy Truck ~3%
- Mills & Foundries ~1%
- Oil & Gas ~1%
- Material Handling ~1%
- Rubber & Tires ~1%

Note: Not a forecast of FY27 revenues by market. Based on current sales mix today and reflects expected impact secular trends have on select markets.





MEGGITT



Parker and Meggitt

A Powerful Aerospace Combination

- Highly complementary technologies and platforms on premier programs
- Increases Aerospace aftermarket mix by 500bps
- Highly engaged team with similar heritage and culture
- Poised to benefit from Aerospace market recovery
- Well positioned to drive the future of sustainable aviation
- Combination creates a more compelling value proposition for customers

Expected to Drive Significant Shareholder Value Creation



Office of the Chief Executive



Jenny Parmentier

Chief Executive Officer



Lee Banks

Vice Chairman & President



Todd Leombruno

Executive Vice President &
Chief Financial Officer



Andy Ross

Chief Operating Officer

Strong Continuity & Seasoned Leadership Team



The Win Strategy™

Our Vision: Engineering Your Success

Goals

Engaged People	Customer Experience	Profitable Growth	Financial Performance
STRATEGIES	STRATEGIES	STRATEGIES	STRATEGIES
<ul style="list-style-type: none">• Safety #1• Environment, Social & Governance• Ownership – Entrepreneurial• High Performance Teams & Leaders• Culture of Kaizen	<ul style="list-style-type: none">• Quality Solutions On Time• Digital Leadership• Ease of Doing Business	<ul style="list-style-type: none">• Strategic Positioning• Market-Driven Innovation• System Solutions• Strong Distribution• Grow Share• Acquisitions	<ul style="list-style-type: none">• Simplification• Lean Enterprise• Strategic Supply Chain• Value Pricing

Our Culture & Values



Win Strategy 3.0
June 2022

Parker's Core Values

Winning Culture

We insist on integrity and ethical behavior and we value compassion, respect and inclusion in all aspects of our global business. We seek to raise the quality of life through responsible, global stewardship.

Passionate People

We are empowered – every idea counts and every role has a voice. We are committed to safety and realize the value of our collective efforts. We believe our strength comes from the relationships and trust we establish with each other, our customers, suppliers, distributors and the world we serve.

Valued Customers

We partner with our customers to increase their productivity and profitability, ensuring their success as well as ours. We are committed to serving our customers through innovation, value creation and the highest quality systems solutions.

Engaged Leadership

We lead by example, demonstrating our values in all circumstances and at all times. Our character, experience and abilities are the foundation of Parker's operational excellence. We hold ourselves accountable for achieving the results our stakeholders expect. We listen to, and encourage one another, and take pride in our growth and accomplishments.



Sustainability Targets Announced July 2021

REDUCE EMISSIONS

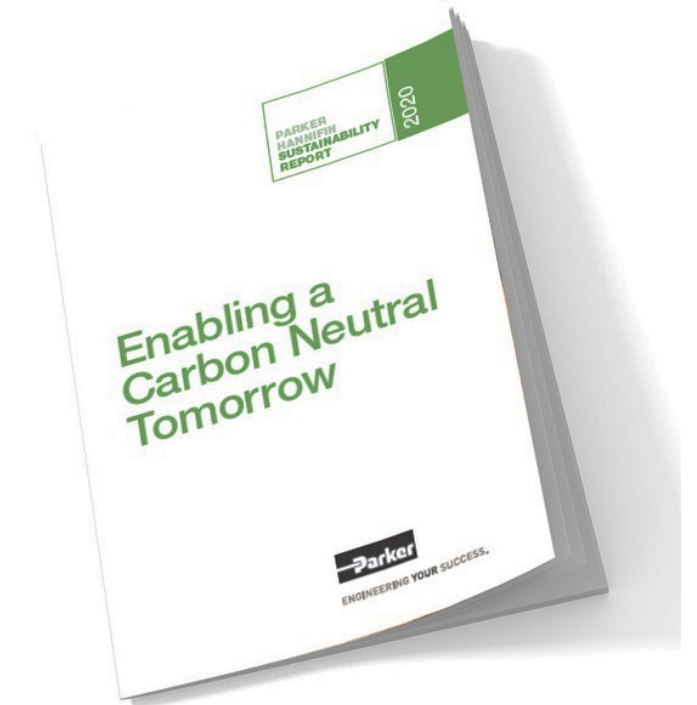
directly from Parker's operations

50%
by
2030

ACHIEVE

**carbon
neutral**

operations by
2040



Enabling a More Sustainable Future



ESG Strategy Framework

Overview

Purpose

Enabling Engineering Breakthroughs that Lead to a Better Tomorrow

Environment	Social	Governance
<ul style="list-style-type: none">Climate ActionWater ConservationProduct Stewardship	<ul style="list-style-type: none">Safe WorkplaceDiversity & InclusionSocial Responsibility	<ul style="list-style-type: none">Strategy, Purpose & ValuesBoard of DirectorsEnterprise Risk Management
Communications & Reporting		



Our Purpose

PH
LISTED
NYSE



What is Parker's purpose?



**Enabling
Engineering
Breakthroughs
that Lead to
a Better
Tomorrow**

Our Purpose Creates Inspiration for our Team Members

▶ The Power of Purpose

- Purpose is a platform for growth, change & positive impact
- Team members who take ownership of their work are more engaged and enjoy higher levels of job satisfaction

▶ Enabling

- Our team members enable the breakthroughs that help improve the lives of people everywhere

▶ Engineering Breakthroughs

- Working alongside customers for more than a century, solving the most complex engineering challenges, to bring their ideas to light




▶ A Better Tomorrow

- Parker people and technologies play a vital role in making the world a better place



Bringing our Purpose to Life

Quick Coupling Technology

Enabling Engineering Breakthroughs that Lead to a Better Tomorrow		
Enabling Technology	Engineering Breakthrough	A Better Tomorrow
<div><p>The image shows a side-by-side comparison of two connection methods. On the left, a threaded connection is shown with a yellow arrow pointing to it from the text below. On the right, a quick coupling solution is shown, which is a black and silver device with a green stripe. Below the quick coupling, the individual components are shown: a black base, a silver pin, and a silver nut.</p></div> <p>Threaded connection (60 seconds)</p> <p>Quick connection solution (2 seconds)</p>	<div><p>A firefighter in full gear, including a helmet and oxygen tank, is shown using a quick coupling device to connect a hose. The background shows a fire truck and some greenery.</p></div> <p>Quick coupling solutions designed for performance under pressure</p>	<div><p>A firefighter in full gear is shown rescuing a child from a burning building. The firefighter is holding the child and walking away from the flames. The background shows a large fire and another firefighter in the distance.</p></div> <p>Firefighter safety and more time to rescue survivors</p>

► [Click Here](#) to See a Video of this Breakthrough Technology in Action



Our Robust Business Model

PH
LISTED
NYSE



What Drives Parker?

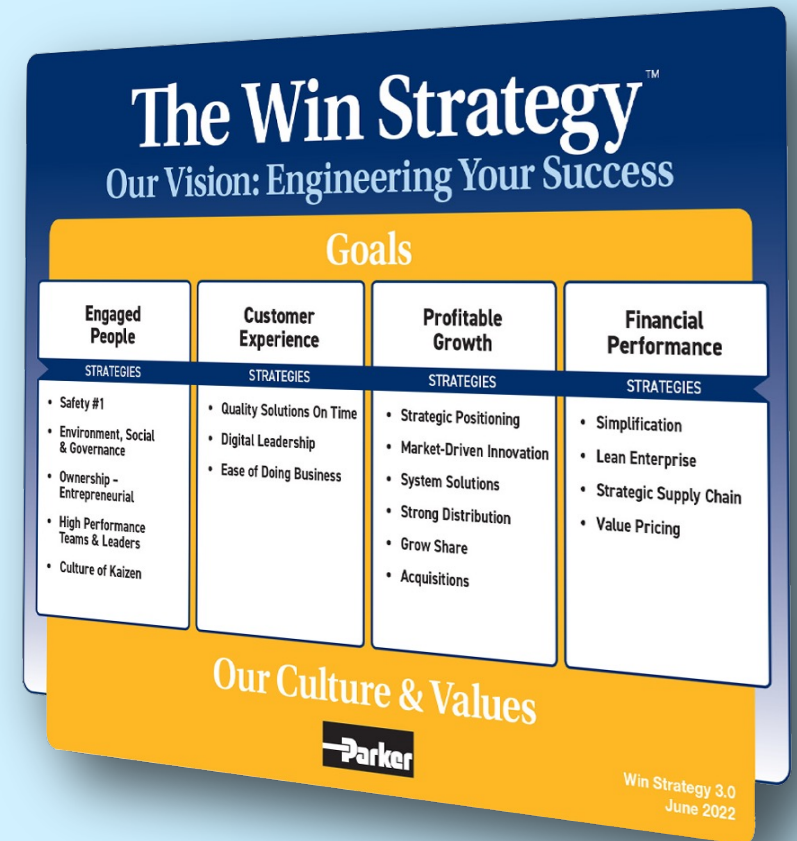
Living Up to Our Purpose

**Great Generators and
Deployers of Cash**

**Top Quartile Performance
vs. Proxy Peers**

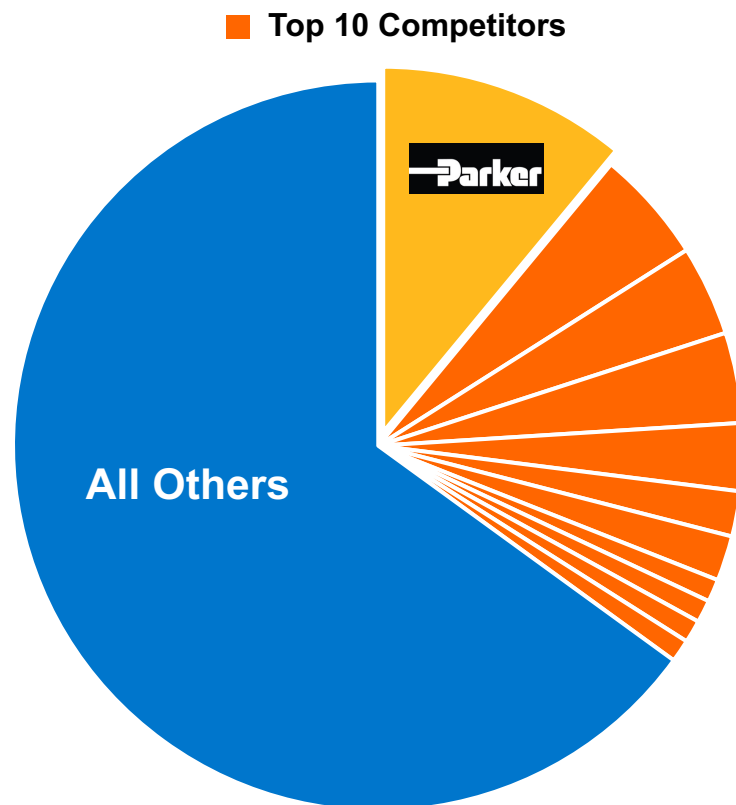
Parker's Competitive Differentiators

- ▶ The Win Strategy™
- ▶ Decentralized business model
- ▶ Technology breadth & interconnectivity
- ▶ Engineered products with intellectual property
- ▶ Long product life cycles
- ▶ Global distribution, service & support
- ▶ Low capital investment requirements
- ▶ Great generators and deployers of cash over the cycle



#1 Position within the Motion & Control Industry

\$135 Billion Addressable Market



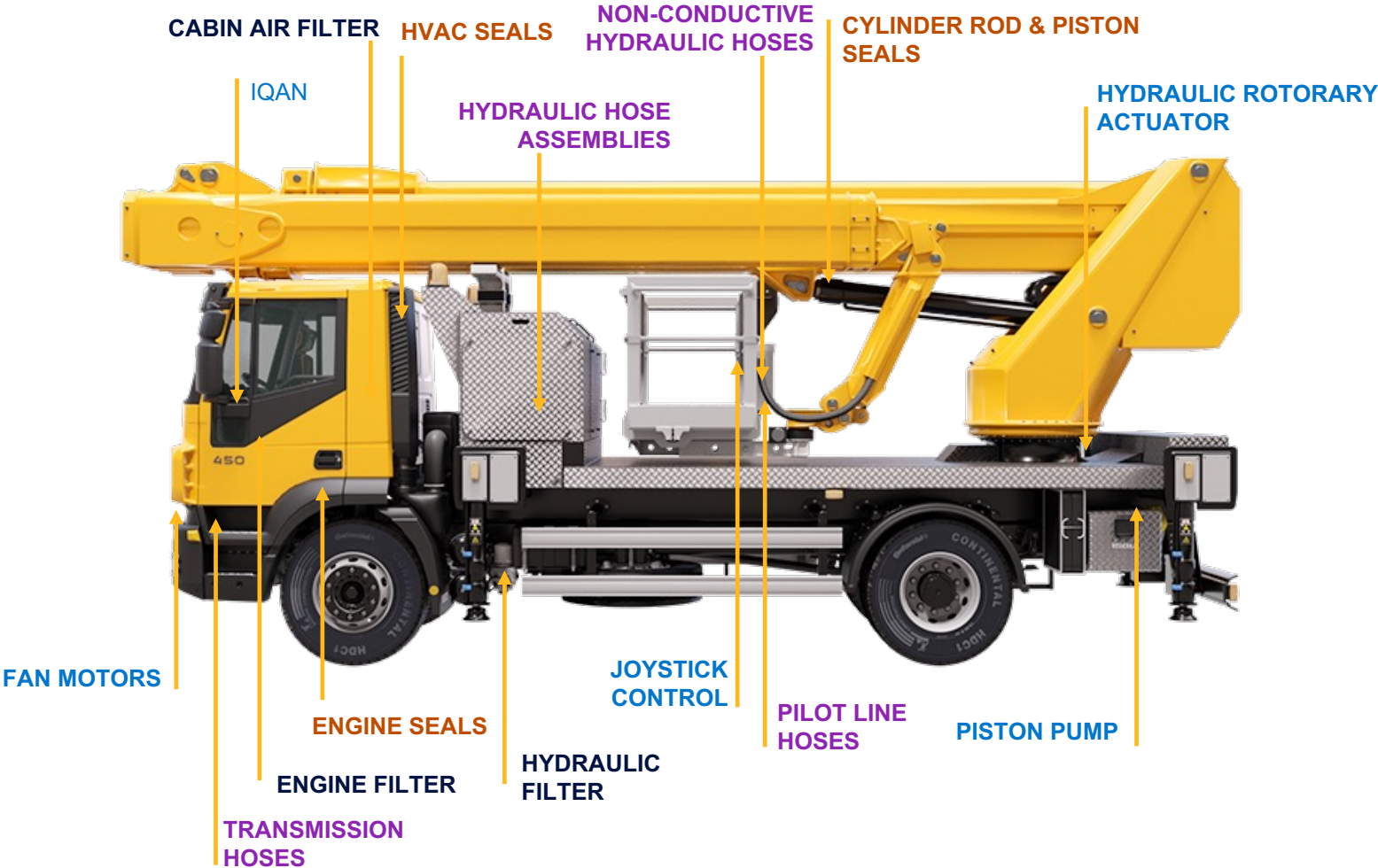
- ▶ **Highly fragmented market; ~13% market share**
- ▶ **Long-term opportunity to achieve ~20% market share**
- ▶ **Organic Growth Strategy**
 - Strategic Positioning
 - Innovation – Winovation™ PVI + NPB
 - Simple by Design™
 - International distribution growth
 - Digital customer experience
 - Annual Cash Incentive Program (ACIP)
- ▶ **Acquisition Strategy**
 - Consolidator of choice
 - Targeted products and technologies
 - Increasing margins, sales growth resilience and cash flow

Opportunities for Organic Growth & Market Consolidation

Interconnected Parker Technologies

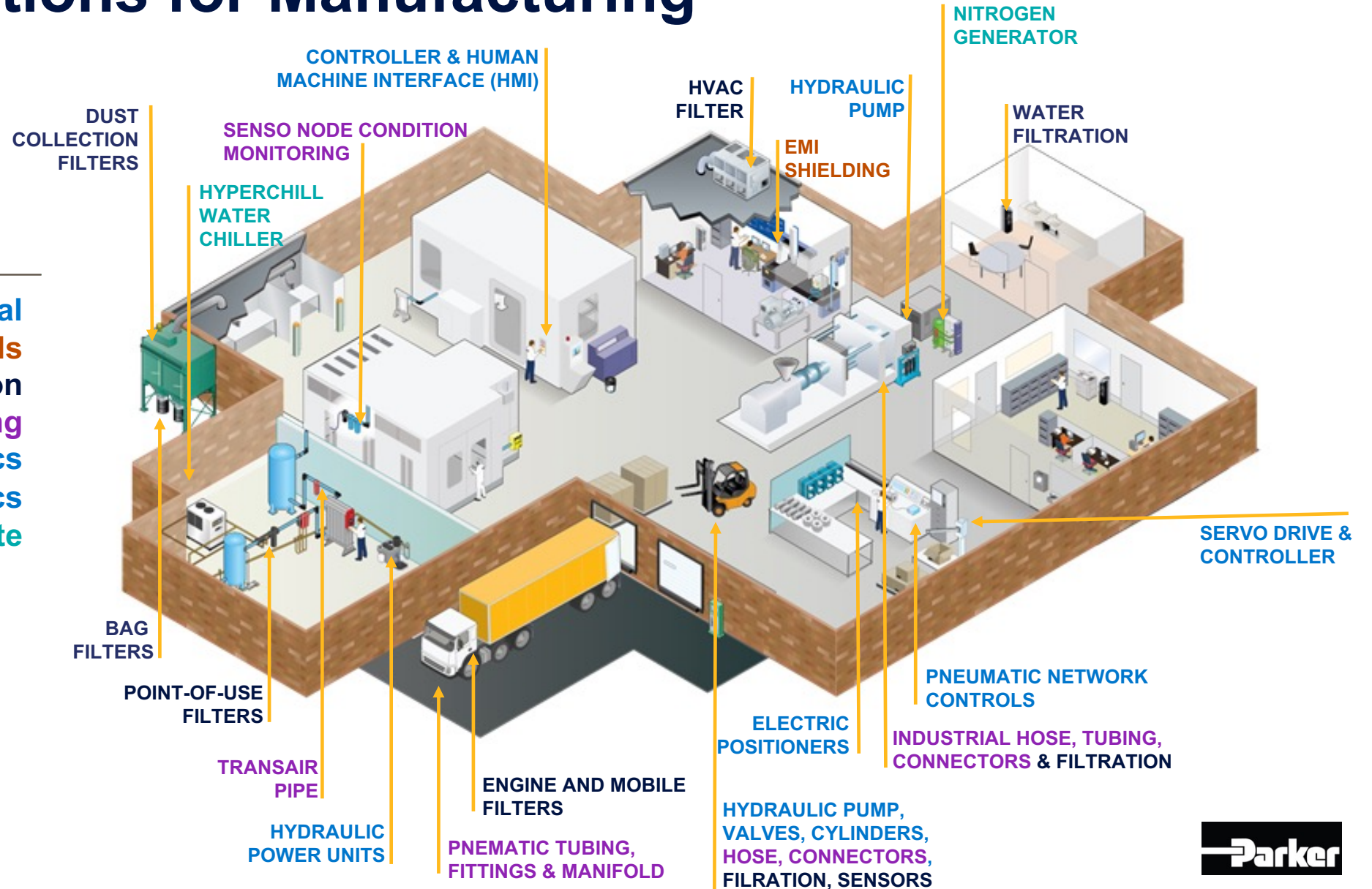
Utility Lift Vehicle

Electromechanical
Engineered Materials
Filtration
Fluid & Gas Handling
Hydraulics
Pneumatics



Parker Solutions for Manufacturing

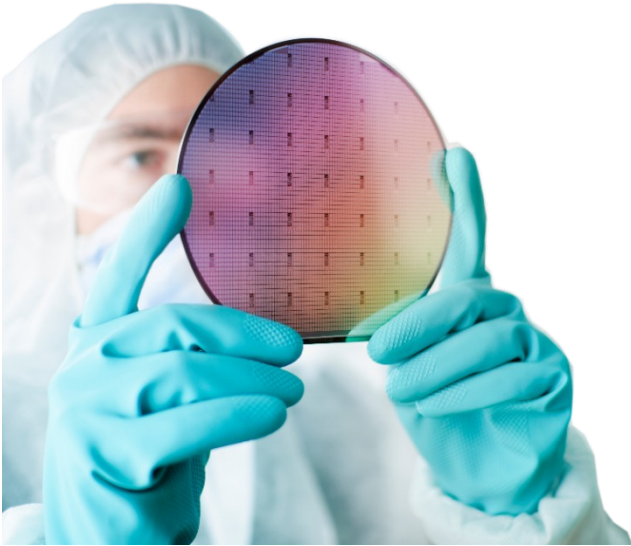
Electromechanical
Engineered Materials
Filtration
Fluid & Gas Handling
Hydraulics
Pneumatics
Process & Climate



Expertise Supporting Semiconductor Manufacturing

Applications

- Liquid & gas mobile transport
- Bulk gas distribution at facility
- Specialty chemical delivery
- Valve manifold boxes
- Semiconductor tool hookup
- Fabrication tools



Parker Technologies

Process Control

- Ultra high purity (UHP) valves
- UHP pressure regulators
- Fluoropolymer valve manifolds

Fluid & Gas Handling

- Cooling hoses
- Quick couplings

Electromechanical

- Solenoid actuation valves
- Servo systems for wafer spinning

Filtration

- Critical liquid & gas microfiltration

Engineered Materials

- Electromagnetic shielding
- Load lock & chamber seals

Parker Technologies Essential to the Digital Supply Chain



Light On-Road Electric Vehicle Technology

Applications

- Battery Pack & Housing
- Motor & Gear Box
- Charger & Inverter
- Infotainment & Driver Assistance
- Power Electronics
- Lightweight Assembly

Parker Technologies

Safety

- Flame-resistant coatings
- High temperature materials
- Environmental & hermetic sealing

Weight Savings

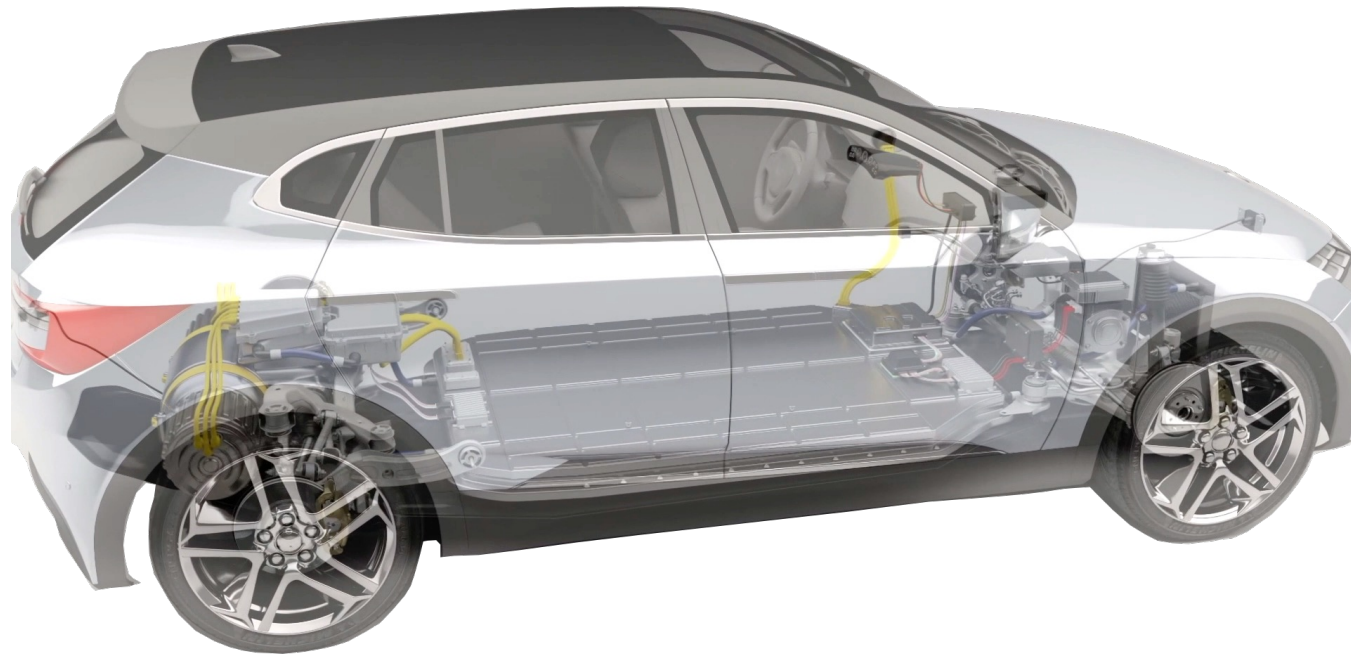
- Structural adhesives
- Engineered plastics

Thermal Management

- Thermal gels & interface materials
- Environmental & hermetic sealing

Critical Protection

- Electromagnetic shielding
- Sealing
- Vibration dampening
- Electrically conductive or isolating materials



Vehicle Content Increases by 2x from a Combustion Engine to EV



Motion & Control Market Channels

Industrial Distribution



Industrial Stationary



Industrial Mobile



Aerospace



Industrial Stationary

- General Industrial
- Life Sciences & Medical
- Machine Tools
- Oil & Gas
- Rubber, Plastics & Tire

Industrial Mobile

- Agriculture
- Automotive
- Construction
- Heavy Truck & Trailer

- Chemical Processing
- Food & Beverage
- HVAC
- General Industrial
- Life Sciences & Medical
- Machine Tools
- Microelectronics
- Oil & Gas
- Power Generation
- Refrigeration
- Telecommunications

- Agriculture
- Automotive
- Construction
- Defense
- Engines
- Heavy Truck & Trailer
- Material Handling
- Rail

- Engine & Power Generation
- Commercial Transport
- Military Fixed Wing
- Business & General Aviation
- Helicopters
- Regional Transport & Other

~50% of Industrial Sales through Distribution Channel



Strategies to Grow & Expand Margins

Performance

The Win Strategy™ 3.0

- ▶ Simplification: 80/20 + Simple by Design™
- ▶ Innovation: Winovation Updates
- ▶ Digital leadership
- ▶ Expand and grow distribution
- ▶ Kaizen, High Performance Teams and Lean
- ▶ Annual Cash Incentive Program (ACIP)

Portfolio

Acquire companies with higher growth trajectory and resiliency:

- ▶ CLARCOR
- ▶ LORD
- ▶ Exotic
- ▶ Meggitt

Executing Both Portfolio & Performance Actions



Global Independent Distribution Network: At-a-Glance

DISTRIBUTION PARTNERS

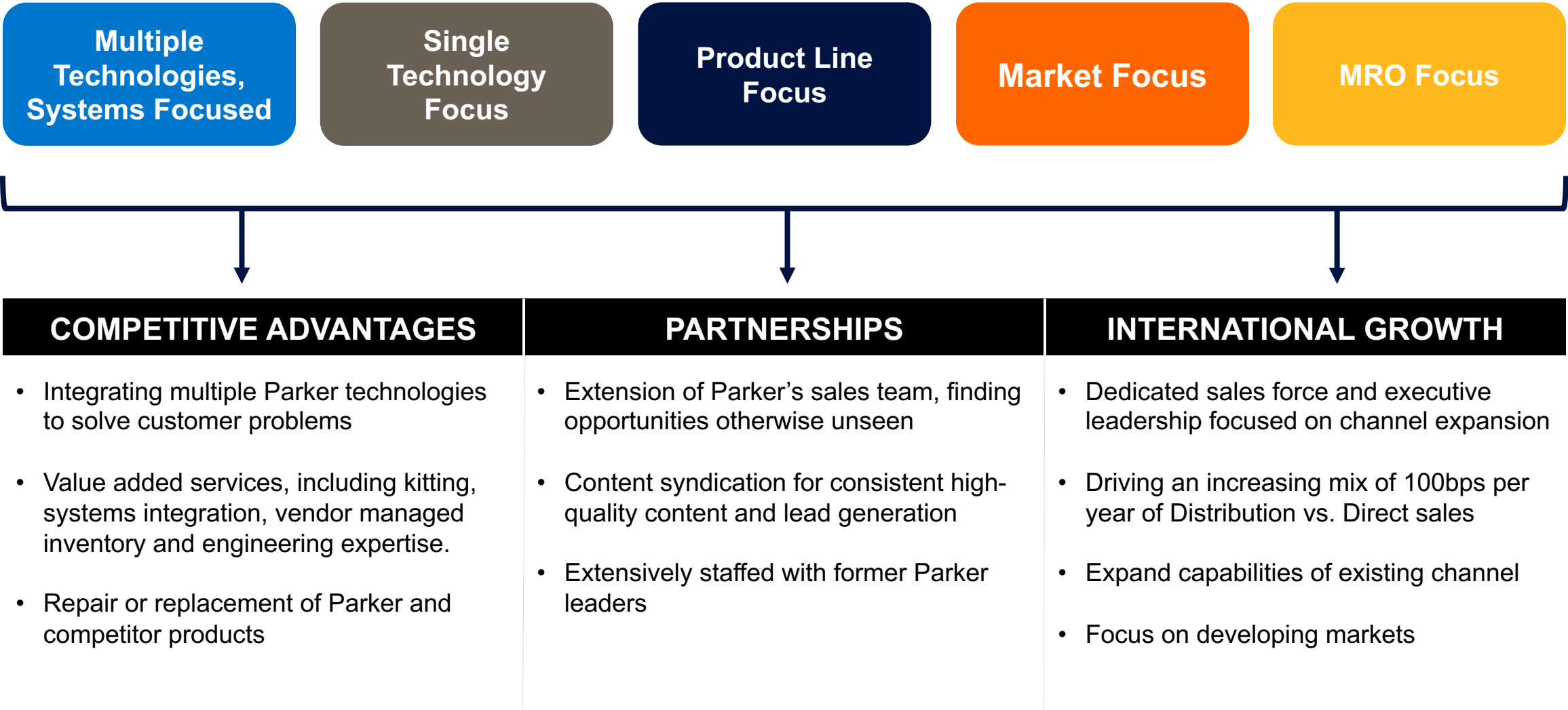
- ▶ **High margin** channel serving aftermarket and small to mid-size OEM's
- ▶ **Over 60 years** in the making
- ▶ Global **reach**, local **presence**
- ▶ **800 bps increase** in international distribution sales mix since FY15



Keys to Growth, Resilience & Customer Loyalty



Distribution Strategy – Multiple Channels



Strategy Summary

Why We Win



- The Win Strategy™
- Decentralized business model
- Technology breadth & interconnectivity
- Engineered products with IP
- Long product life cycles
- Global distribution
- Low capital investment needs
- Great generators and deployers of cash over the cycle

Where We Are Going

- The Win Strategy™ 3.0
- Purpose Statement
- Growth strategies
- Capitalize on 4 secular trends:
 - Aerospace
 - Digital
 - Electrification
 - Clean Technologies
- Portfolio transformation

Position Parker for Top Quartile Performance



Parker's Transformation

PH
LISTED
NYSE



Parker Transformed by Portfolio & Performance Actions

- ▶ **Two major enhancements to the Parker Business System:**
 - The Win Strategy™ 2.0
 - The Win Strategy™ 3.0
- ▶ **Simplification has streamlined organization structure:**
 - 130 to 95 divisions inclusive of acquisitions
- ▶ **Acquired companies with higher growth rates, margins and cash flow:**

CLARCOR

LORD

 EXOTIC METALS
FORMING





MEGGITT

Enhanced Performance Resilience Over the Business Cycle



Transformative Acquisitions

Longer Cycle, Accretive to Growth, Margins & Cash Flow

Acquisition	Synergized Deal Multiple ¹	Announced Synergies	Realized Synergies
 (FY 2017)	10.9x EV/EBITDA	\$140M Cost Synergies in year 3	\$160M Cost Synergies, \$100M Revenue Synergies in year 3
 (FY 2020)	9.9x EV/EBITDA	\$125M Cost Synergies in year 3	\$125M Cost Synergies in year 2
 (FY 2020)	10.5x EV/EBITDA	\$13M Cost Synergies in year 3	\$13M Cost Synergies in year 3
	10.9x EV/EBITDA	\$300M Cost Synergies Expected FY26	Deal Closed FY23 Q1

1. Synergized EBITDA multiples as announced

The Win Strategy™ 3.0 Expands Growth & Simplification

The Win Strategy™

Our Vision: Engineering Your Success

Goals

Engaged People	Customer Experience	Profitable Growth	Financial Performance
STRATEGIES <ul style="list-style-type: none">Safety #1Environment, Social & GovernanceOwnership – EntrepreneurialHigh Performance Teams & LeadersCulture of Kaizen	STRATEGIES <ul style="list-style-type: none">Quality Solutions On TimeDigital LeadershipEase of Doing Business	STRATEGIES <ul style="list-style-type: none">Strategic PositioningMarket-Driven InnovationSystem SolutionsStrong DistributionGrow ShareAcquisitions	STRATEGIES <ul style="list-style-type: none">SimplificationLean EnterpriseStrategic Supply ChainValue Pricing


Our Culture & Values



Win Strategy 3.0
June 2022

#1 Motion & Control Company

Goals

Engaged People	Customer Experience	Profitable Growth	Financial Performance
MEASURES <ul style="list-style-type: none">Zero Safety IncidentsCarbon Neutral 2040Speed & AgilityHigh Performance TeamsDiversity, Equity & InclusionEngagement > 75%	MEASURES <ul style="list-style-type: none">Likelihood to RecommendCustomer DashboardsZero Defects98%+ On-Time DeliveryBest-in-Class Lead Times	MEASURES <ul style="list-style-type: none">Organic Growth 4-6%20%+ Market Share#1, #2 Position Each BusinessGrow Global Distribution50% DIST  50% OEMIncreasing New Product Vitality & Gross Margins	MEASURES <ul style="list-style-type: none">Top Quartile PerformanceYear-over-Year Growth in:<ul style="list-style-type: none">DNEEPS25% Operating Margin30% MROS15% ROIC>100% FCF Conversion16% FCF Margin

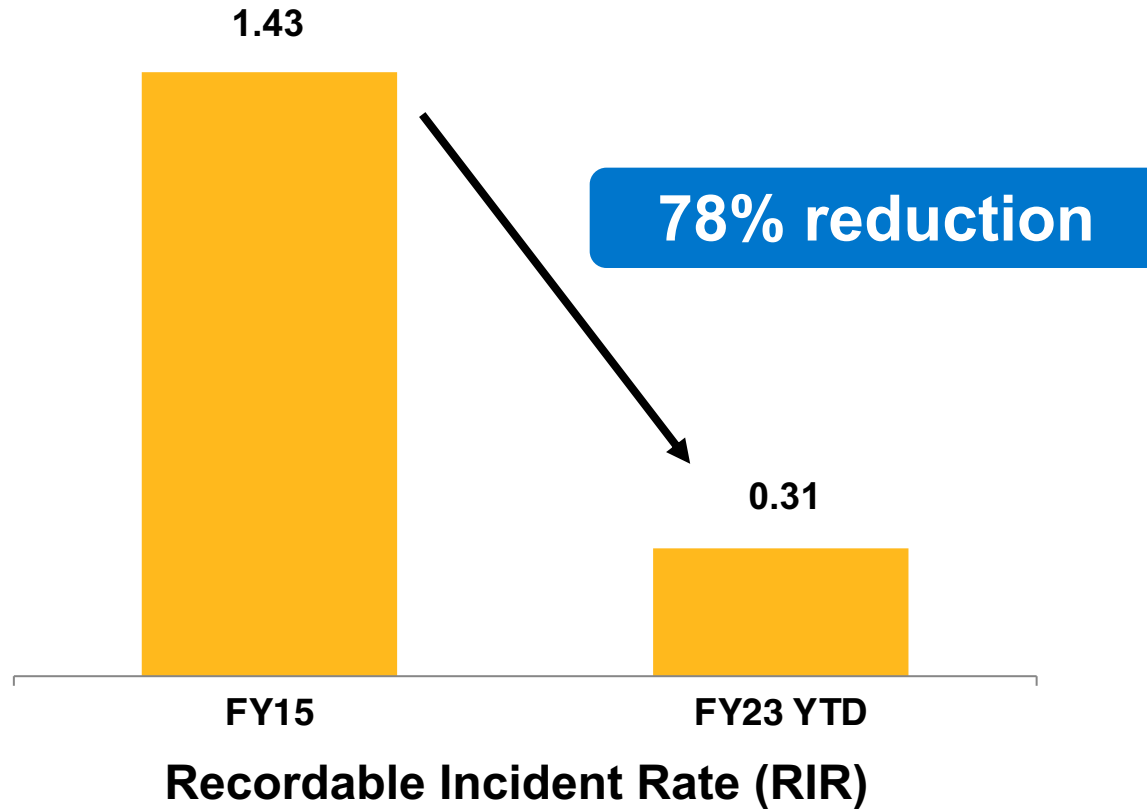
Enabling Engineering Breakthroughs that Lead to a Better Tomorrow

PS-2049

The Win Strategy 3.0 & Our Purpose Propel Our Future



Cultivating a Zero Incident Safety Culture



Focus Areas

- ▶ Safety HPTs
- ▶ Training
- ▶ Machine guarding
- ▶ Energy control
- ▶ Ergonomics
- ▶ Non-routine work

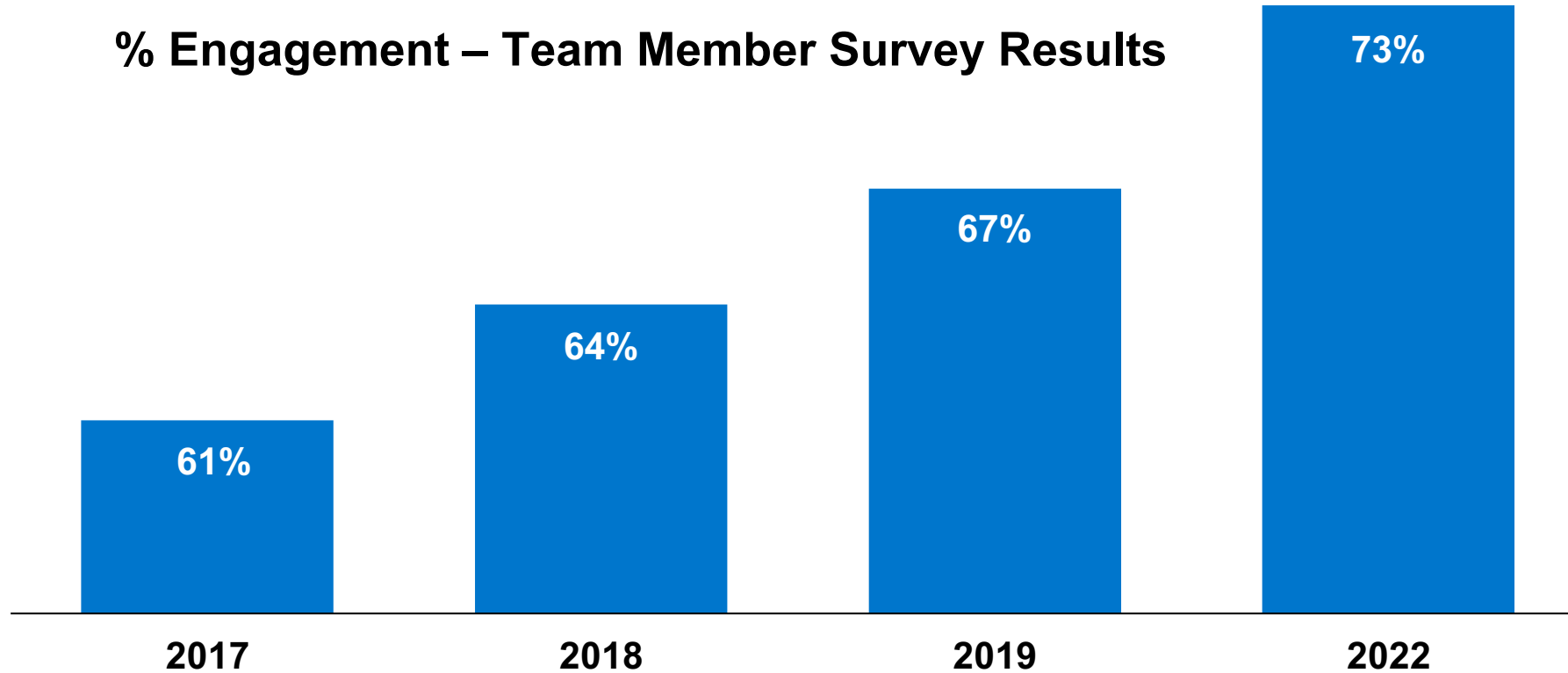
High Performance Teams Driving Ownership & Improvement

Note: FY23 YTD includes Meggitt



Higher Engagement Level Drives Results

% Engagement – Team Member Survey Results



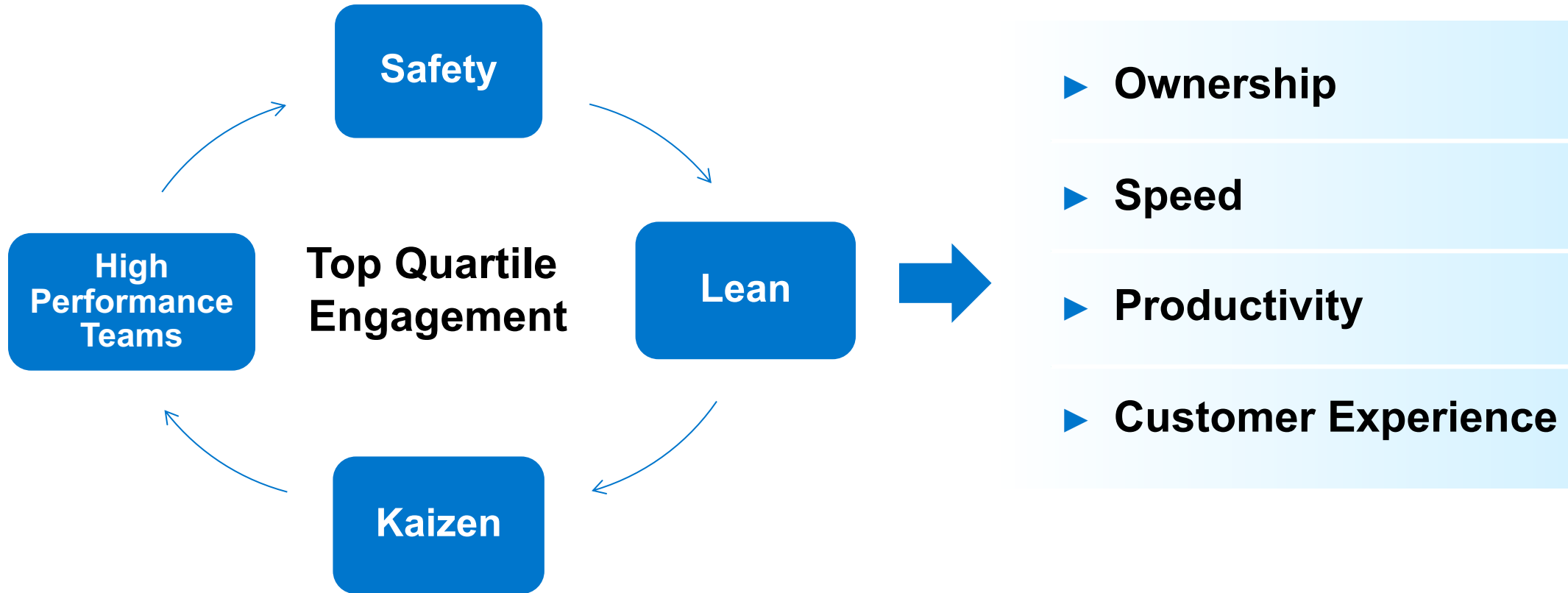
2022 Engagement Survey Results in the Top 8% of Industrials¹

1. Source: Korn Ferry



A Culture of Continuous Improvement

Parker's Brand of Kaizen



Compelling Combination Drives Elevated Performance

Parker's Simplification Initiative

- ▶ **Structure & Footprint**

Division consolidation mostly complete

- ▶ **Organization Design**

Continual optimization of spans and layers for efficient operations

- ▶ **Revenue Complexity 80/20**

Leveraging our channels; Product optimization

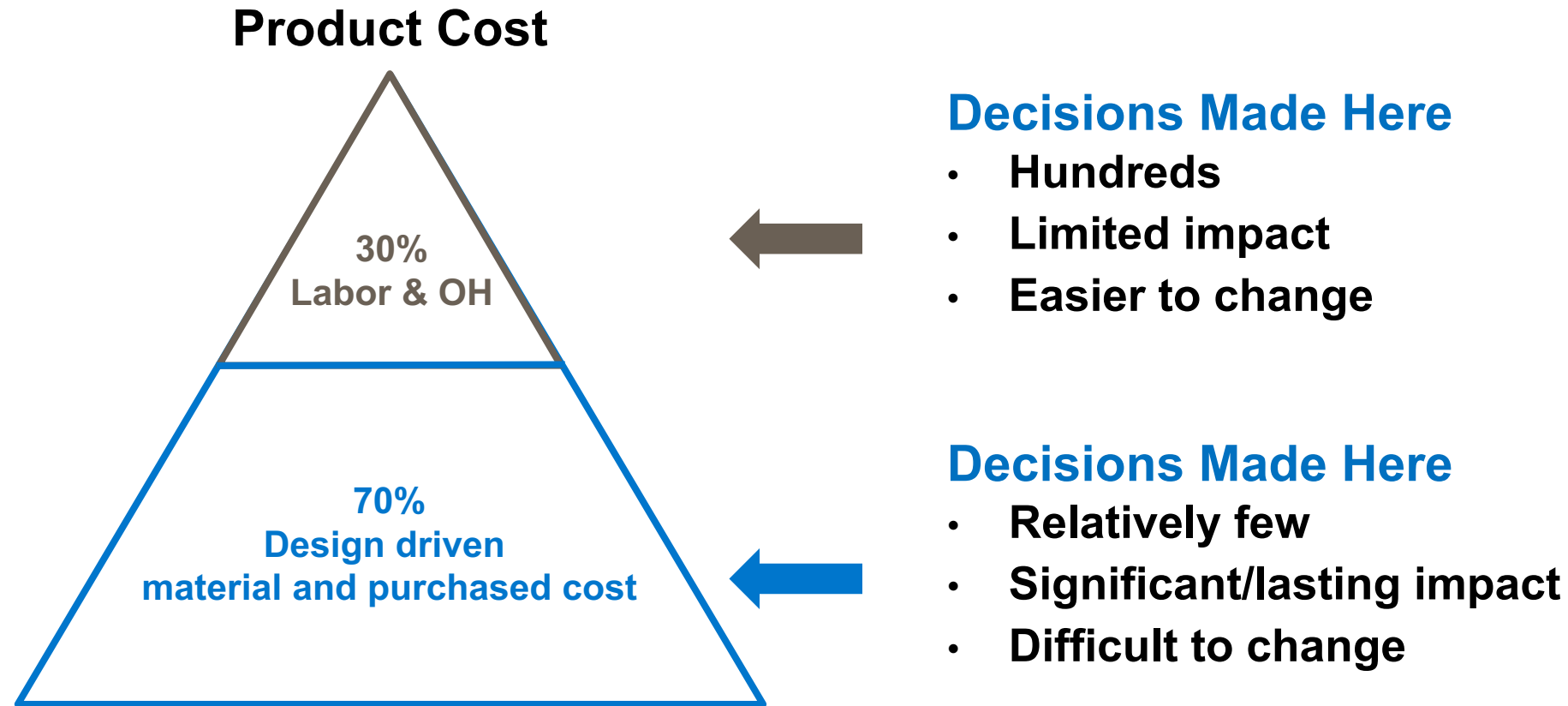
- ▶ **Simple by Design™**

Focus on product design and engineering to reduce cost and enhance customer value proposition

Clear Path in Place for Margin Expansion Opportunities



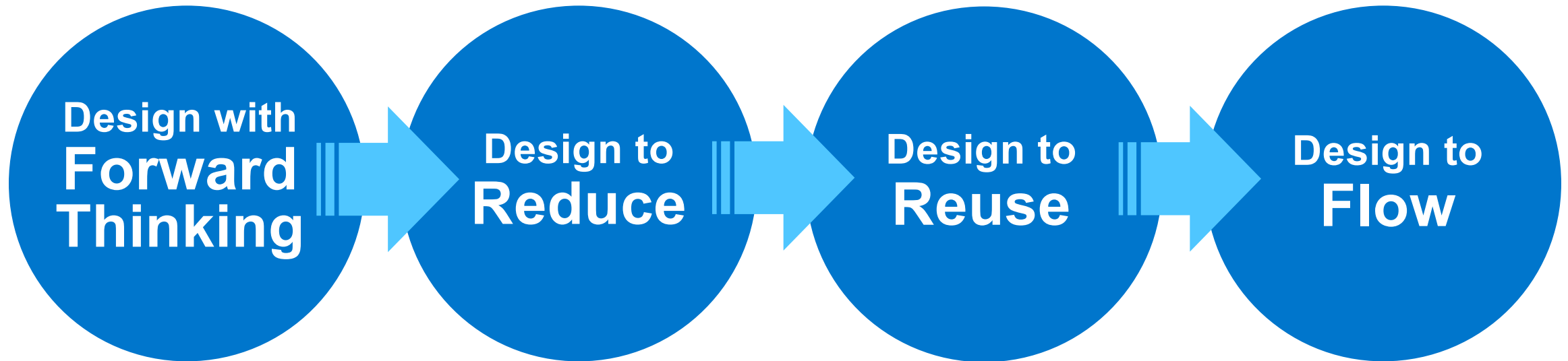
Simple by Design™ - Expansion of Simplification Initiative



Enables Speed, Margin Expansion and Growth

Simple by Design™

4 Guiding Principles



Made Possible by Artificial Intelligence (AI)



Spin-on Filter Complexity Reduction

Applying Simple by Design™ Principles

- Eliminates over 45 assemblies & 130 components
- Patented design creates aftermarket protection
- Smaller package size fits into more applications
- Simplification improves speed; reduces lead time



Design Principles

Forward Thinking

- Eliminate overlap in product offering
- Retain aftermarket

Reduce

- **Consolidate head designs: 9 to 4**
- Reduce die-cast tooling required

Reuse

- Use existing pump, heat & media options

Flow

- Common filter head w/ **modular attachments**

20% Product Cost Reduction

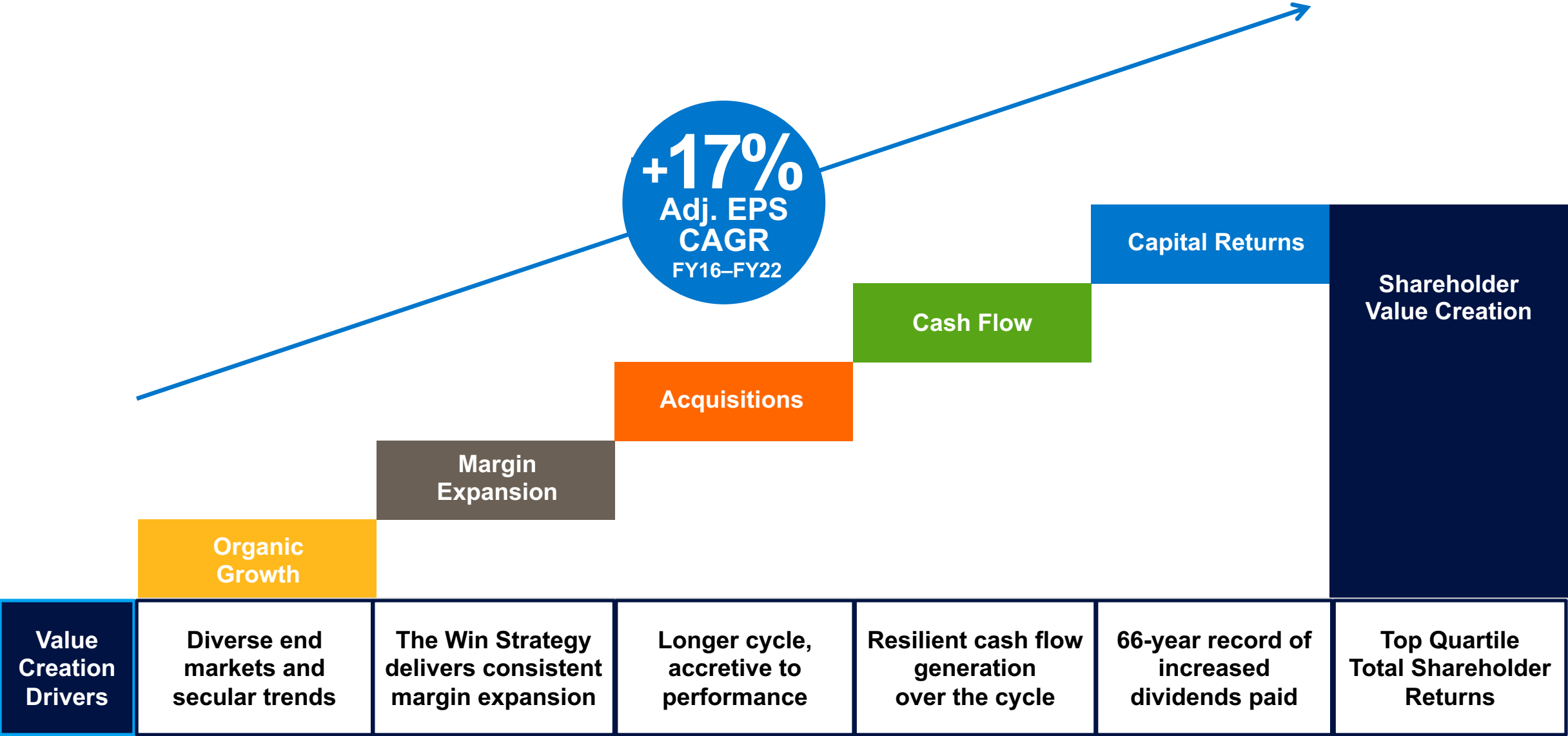


A History of Strong Financial Performance & Capital Deployment

PH
LISTED
NYSE

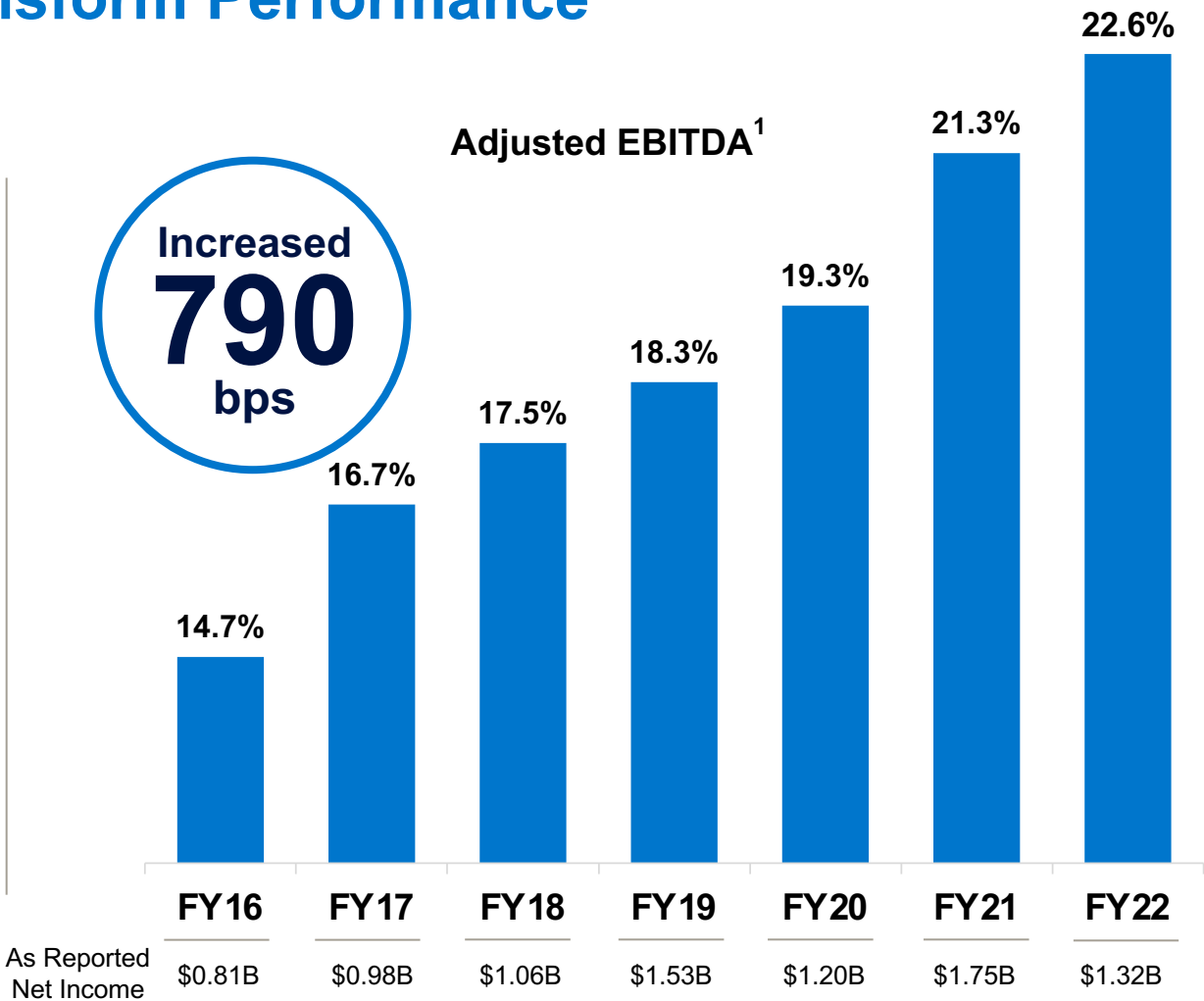
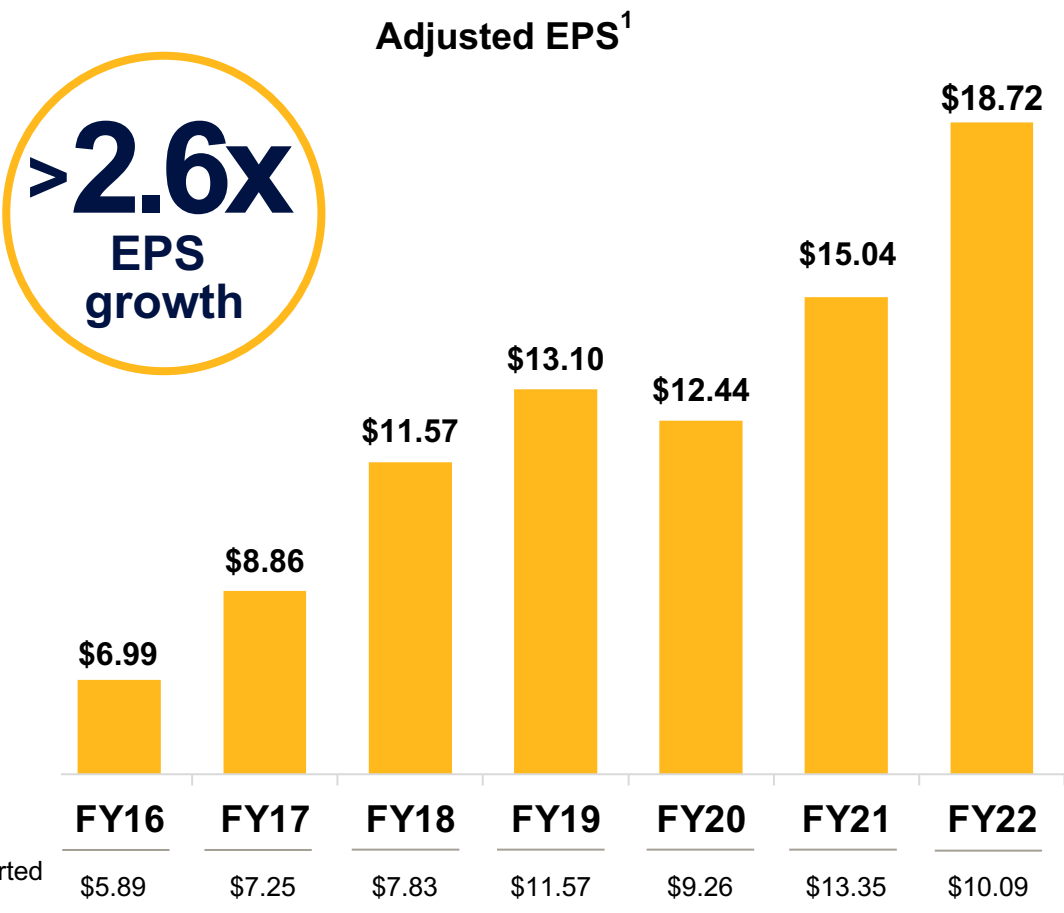


The Win Strategy Drives Sustainable Value Creation



Performance

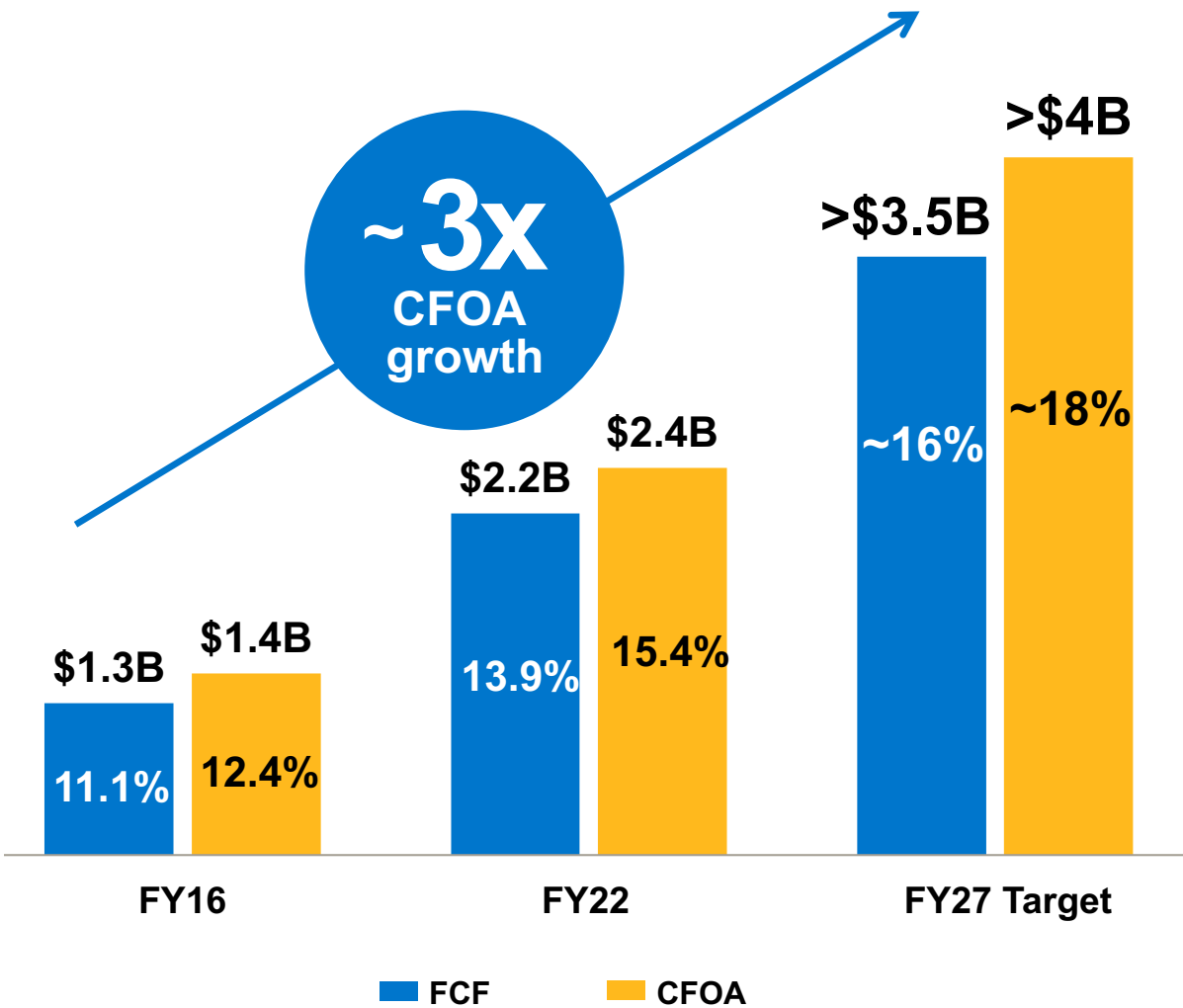
Our People, Portfolio & Strategy Transform Performance



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



Significantly Expanding Cashflow Dollars



- Step change in cash flow generation
- 20+ years of FCF conversion >100%
- Increased capital deployment capacity

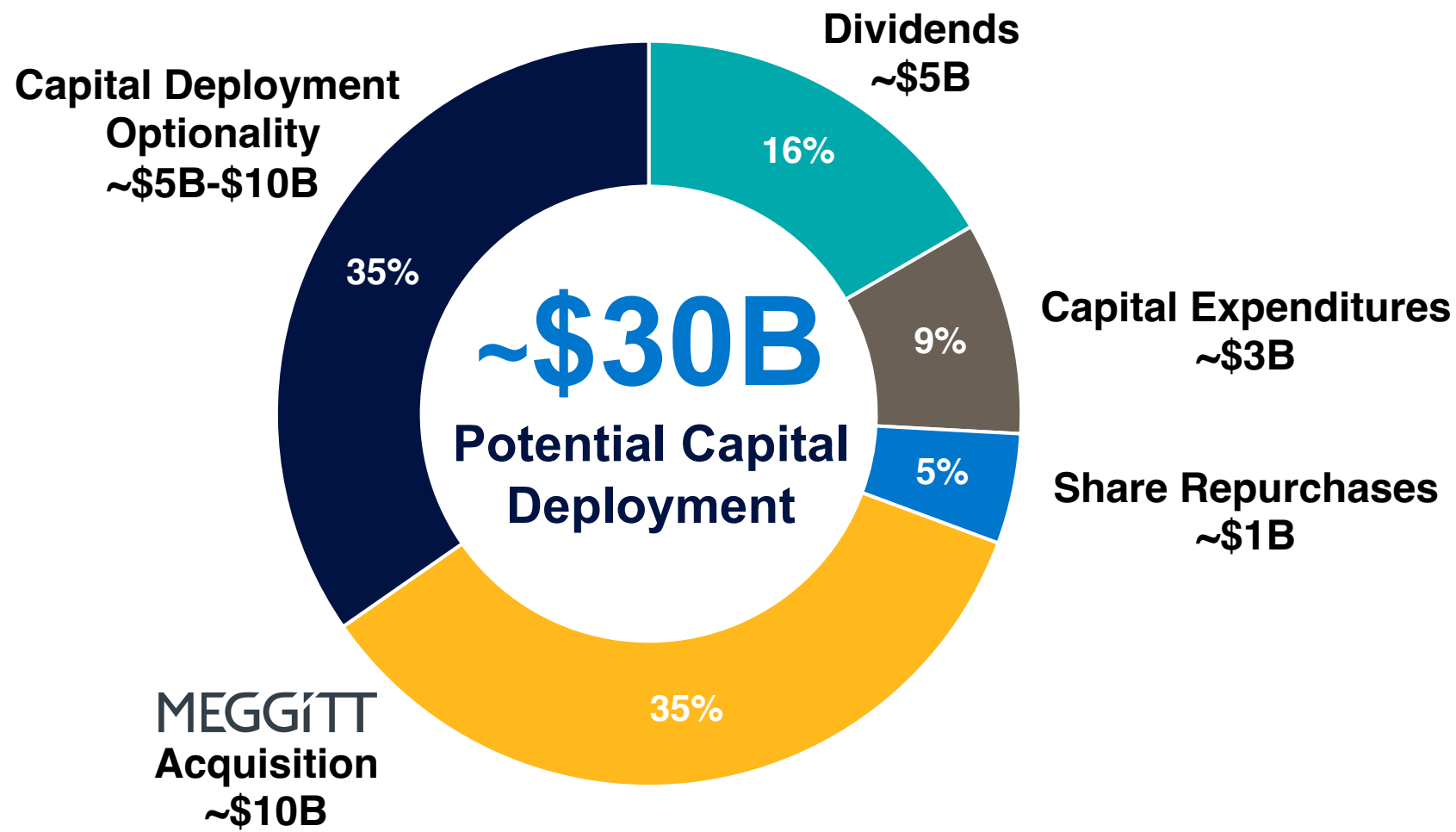
Cumulative Free Cash Flow	
FY16 – FY21	FY22 – FY27
>\$9B	>\$17B

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



Future Capital Deployment

6 Year Period FY22 - FY27



Meggitt Acquisition represents transaction value announced August 2021.



Capital Deployment Priorities

- Dividend: Maintain record and target 5-year average payout 30-35% of net income
- CapEx: Target 2% of sales to fund organic growth and productivity
- 10b5-1 share repurchase program
- Near term: Debt reduction
- Strategic acquisitions and/or discretionary share repurchase

Great Generators & Deployers of Cash



FY27 Five-Year Targets

	FY27 TARGETS
Organic Growth	4 – 6%
Adjusted Segment Operating Margin	25%
Adjusted EBITDA Margin	25%
Free Cash Flow Margin	16%
Adjusted EPS Growth	10%+



FY16 – FY22 Transformation

Accelerated Execution

▶	Launched The Win Strategy™ 2.0 & 3.0	▶	Launched Parker's Purpose Statement
▶	Reduced incident rate by >70%	▶	CLARCOR, LORD, Exotic acquisitions: Strategic portfolio transformation
▶	Achieved first quartile engagement scores	▶	Acquisition of Meggitt PLC Increases Aero aftermarket mix by 500 bps
▶	Simplified organization structure 126 to 95 divisions	▶	Increased Adjusted EBITDA¹ margins 790 bps From 14.7% in FY16 to 22.6% in FY22
▶	Step Change in Operating Cash Flow¹ >70% From \$1.4B in FY16 to \$2.4B in FY22	▶	Free Cash Flow¹ Conversion > 100% 20+ consecutive years

Track Record of Delivering on Long-Term Margin Targets

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



Focused on Achieving Sustainable Top Quartile Performance

- ▶ Fortune 250 global leader in motion and control technologies and solutions
- ▶ Market leadership driven by breadth of technologies, accelerated innovation, unparalleled scale and global distribution with strong service and support network
- ▶ 4-6% target organic growth over the cycle with clear margin expansion opportunities
- ▶ Building on a strong foundation and executing our Win Strategy
- ▶ Great generators and deployers of capital to maximize long-term shareholder value creation

Leveraging the Win Strategy 3.0 to Achieve Top Quartile Performance





PH

LISTED

NYSE



APPENDIX

Reconciliation of EBITDA margin to Adjusted EBITDA margin

(Unaudited)

(Dollars in millions)

	12 Months ended 6/30/16	12 Months ended 6/30/17	12 Months ended 6/30/18	12 Months ended 6/30/19 ¹	12 Months ended 6/30/20 ¹	12 Months ended 6/30/21	12 Months ended 6/30/22
Net sales	\$ 11,361	\$ 12,029	\$ 14,302	\$ 14,320	\$ 13,696	\$ 14,348	\$ 15,862
Net income	807	984	1,061	1,525	1,202	1,747	1,316
Income taxes	308	345	641	424	305	500	298
Depreciation and Amortization	307	355	466	436	538	595	572
Interest Expense	137	162	214	190	308	250	255
EBITDA*	\$ 1,558	\$ 1,846	\$ 2,382	\$ 2,576	\$ 2,353	\$ 3,092	\$ 2,441
Adjustments:							
Business realignment charges	109	56	46	16	76	48	15
Acquisition-related expenses & Costs to Achieve	-	103	37	30	211	15	100
Loss on deal-contingent forward contracts	-	-	-	-	-	-	1,015
(Gain) / Loss on Sale and Writedown of Assets or land	-	-	32	-	-	(101)	-
Russia liquidation	-	-	-	-	-	-	20
Adjusted EBITDA*	\$ 1,667	\$ 2,006	\$ 2,497	\$ 2,621	\$ 2,639	\$ 3,055	\$ 3,592
EBITDA margin	13.7%	15.3%	16.7%	18.0%	17.2%	21.6%	15.4%
Adjusted EBITDA margin	14.7%	16.7%	17.5%	18.3%	19.3%	21.3%	22.6%

¹Amounts have been adjusted to reflect the change in inventory accounting method.

*Totals may not foot due to rounding



Reconciliation of Earnings per Diluted Share to Adjusted Earnings per Diluted Share

(Unaudited)

(Amounts in Dollars)

	12 Months ended 6/30/16	12 Months ended 6/30/17	12 Months ended 6/30/18	12 Months ended 6/30/19*	12 Months ended 6/30/20*	12 Months ended 6/30/21	12 Months ended 6/30/22
Earnings per diluted share	\$ 5.89	\$ 7.25	\$ 7.83	\$ 11.57	\$ 9.26	\$ 13.35	\$ 10.09
Adjustments:							
Acquisition-related intangible asset amortization expense	0.74	1.02	1.59	1.51	2.19	2.49	2.41
Business realignment charges	0.80	0.42	0.34	0.12	0.59	0.36	0.11
Acquisition-related expenses & Costs to achieve	-	0.76	0.27	0.23	1.62	0.11	0.78
(Gain) / loss on sale and writedown of assets or land	-	-	0.24	-	-	(0.77)	-
Loss on deal-contingent forward contracts	-	-	-	-	-	-	7.79
Russia liquidation	-	-	-	-	-	-	0.15
Tax effect of adjustments ¹	(0.44)	(0.59)	(0.42)	(0.44)	(1.03)	(0.50)	(2.61)
Favorable tax settlement	-	-	-	-	(0.19)	-	-
Tax expense related to U.S. Tax Reform	-	-	1.72	0.11	-	-	-
Adjusted earnings per diluted share	\$ 6.99	\$ 8.86	\$ 11.57	\$ 13.10	\$ 12.44	\$ 15.04	\$ 18.72

¹This 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.

*FY19 and FY20 have been adjusted to reflect the change in inventory accounting method



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

Cash Provided by Operating Activities

Reconciliation to GAAP

(Unaudited)

(Dollars in millions)

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Cash Provided by Operating Activities - As Reported	\$ 631	\$ 558	\$ 662	\$ 854	\$ 951	\$ 957	\$ 1,317	\$ 1,129	\$ 1,219	\$ 1,167	\$ 1,530	\$ 1,191	\$ 1,388	\$ 1,363	\$ 1,211	\$ 1,301	\$ 1,597	\$ 1,730	\$ 2,071	\$ 2,575	\$ 2,442
Discretionary Pension Contribution	-	106	75	83	101	161	12	-	100	400	-	226	75	-	200	220	-	200	-	-	-
Cash Provided by Operating Activities - Adjusted	\$ 631	\$ 663	\$ 737	\$ 936	\$ 1,051	\$ 1,118	\$ 1,329	\$ 1,129	\$ 1,319	\$ 1,567	\$ 1,530	\$ 1,417	\$ 1,463	\$ 1,363	\$ 1,411	\$ 1,521	\$ 1,597	\$ 1,930	\$ 2,071	\$ 2,575	\$ 2,442

Free Cash Flow

Reconciliation to GAAP

(Unaudited)

(Dollars in millions)

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Cash Provided by Operating Activities - As Reported	631	558	662	854	951	957	1,317	1,129	1,219	1,167	1,530	1,191	1,388	1,363	1,211	\$ 1,301	\$ 1,597	\$ 1,730	\$ 2,071	\$ 2,575	\$ 2,442
Capital Expenditures	207	156	138	155	198	238	280	271	129	207	219	266	216	216	149	204	248	195	233	210	230
Free Cash Flow	424	401	524	699	753	719	1,036	858	1,090	960	1,312	925	1,172	1,148	1,061	1,097	1,349	1,535	1,838	2,365	2,212
Discretionary Pension Contribution	-	106	75	83	101	161	12	-	100	400	-	226	75	-	200	220	-	200	-	-	-
Free Cash Flow - Adjusted for Discretionary Pension	\$ 424	\$ 507	\$ 599	\$ 782	\$ 853	\$ 880	\$ 1,049	\$ 858	\$ 1,190	\$ 1,360	\$ 1,312	\$ 1,151	\$ 1,247	\$ 1,148	\$ 1,261	\$ 1,317	\$ 1,349	\$ 1,735	\$ 1,838	\$ 2,365	\$ 2,212

*Totals may not foot due to rounding

Reconciliation of Free Cash Flow Conversion

(Unaudited)
(Dollars in thousands)

**Twelve Months Ended
June 30, 2022**

Net Income

\$ 1,316,186

Cash Flow from Operations

\$ 2,441,730

Capital Expenditures

(230,044)

Free Cash Flow

\$ 2,211,686

Free Cash Flow Conversion (Free Cash Flow / Net Income)

168%