

# Parker Hannifin Corporation

## Fiscal 2024 Fourth Quarter & Full Year Earnings Presentation



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ENGINEERING YOUR SUCCESS.

August 8, 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 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; 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 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, 2023 and other periodic filings made with the SEC.

This presentation contains references to non-GAAP financial information including organic sales, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, Gross Debt to Adjusted EBITDA, Net Debt to Adjusted EBITDA, free cash flow, free cash flow margin and free cash flow conversion. 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. Free cash flow conversion is defined as free cash flow divided by net income. Although organic sales, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, Gross Debt to Adjusted EBITDA, Net Debt to Adjusted EBITDA, free cash flow, free cash flow margin and free cash flow conversion 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.



# Our People, Strategy & Portfolio Compound Performance

## Outstanding Year, Delivered on Our Commitments

- Top quartile safety performance
- Strength of portfolio, highlighted by Aerospace
- +200 bps adjusted segment operating margin<sup>1</sup>
- 18% adjusted EPS growth<sup>1</sup>
- Record cash generation
- Promising future ahead based on new FY29 targets

FY24 Highlights	
<b>16%</b> Reduction in Recordable Incidents	<b>\$19.9B</b> Sales +4.5% Reported +2.3% Organic <sup>1</sup>
<b>24.9%</b> Adjusted Segment Margin <sup>1</sup> +200 bps	<b>25.6%</b> Adjusted EBITDA Margin <sup>1</sup> +200 bps
<b>18%</b> Adjusted EPS Growth <sup>1</sup>	<b>\$3.0B</b> Free Cash Flow <sup>1</sup> +15% Growth

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

Note: FY24 As Reported: Segment Operating Margin of 21.5%, EBITDA Margin of 25.2%, Net Income of \$2,844M, EPS of \$21.84, Cash Flow from Operations: \$3.4B



# Record Year for Aerospace; Strength Continues

## FY24 Highlights:

- Achieved \$5.5B in sales for the first time, 17% organic growth<sup>1</sup>
- Double digit sales growth across all market segments
- Record adjusted segment operating margin<sup>1</sup> with 380 bps of expansion
- Celebrated our first full year with Meggitt

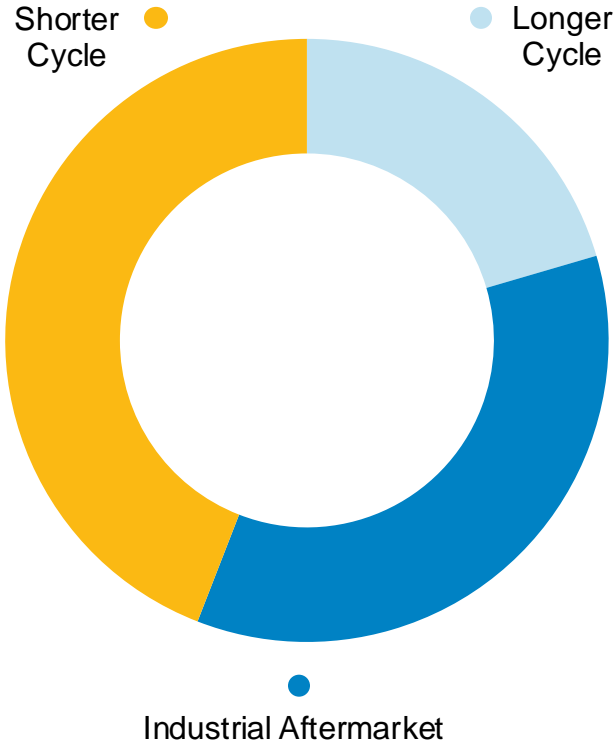
## Looking Ahead:

- Positioned for growth with significant content on leading programs
- Extensive portfolio and technology pedigree create value for customers
- Large installed base drives aftermarket growth

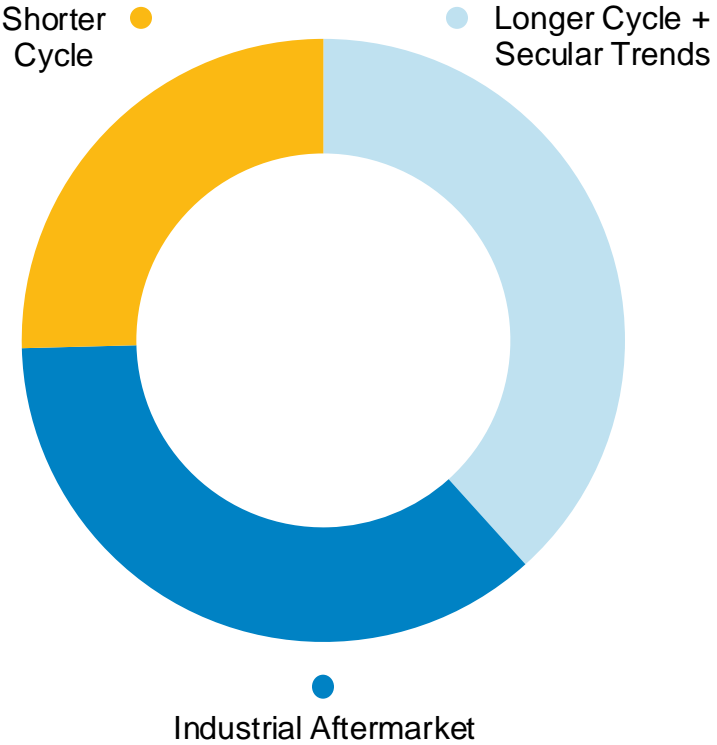
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# Portfolio Transformation Expands Longer Cycle and Secular Revenue Mix

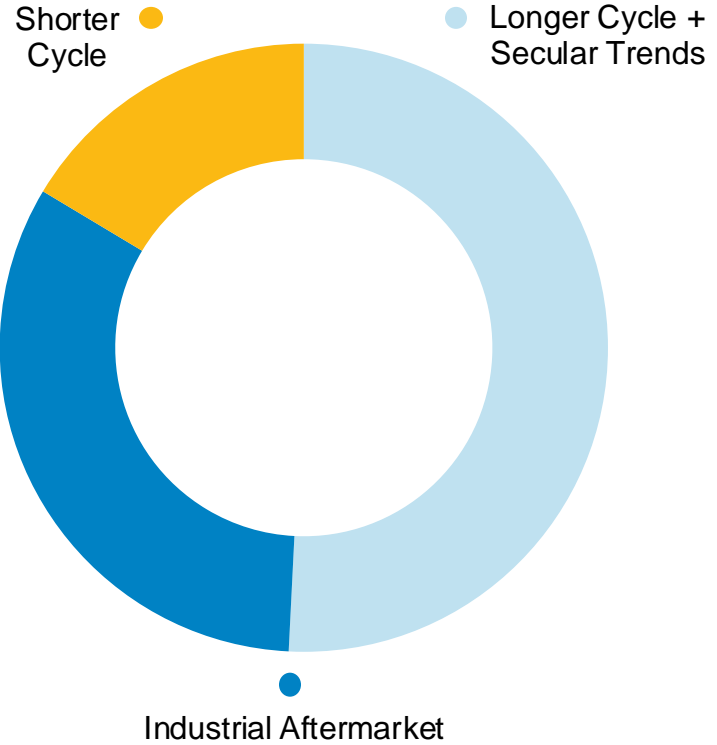
FY15



FY24



FY29 Illustration



# Well Positioned for a Promising Future

## Positioned for Growth



Interconnected technologies enabling advancement of secular growth trends

## Compounding Performance



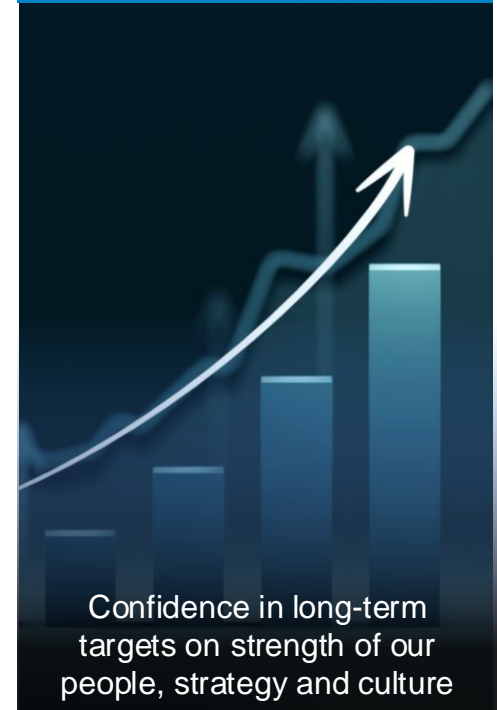
The Win Strategy™ drives top quartile performance in all of our businesses

## Operational Excellence



Manufacturing excellence creates growth and margin expansion opportunities

## FY29 Targets



Confidence in long-term targets on strength of our people, strategy and culture

# What Drives Parker

- Safety, Engagement, Ownership

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- Living up to Our Purpose

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- Top Quartile Performance

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- Great Generators & Deployers of Cash



# Summary of Fiscal 2024 4<sup>th</sup> Quarter Highlights

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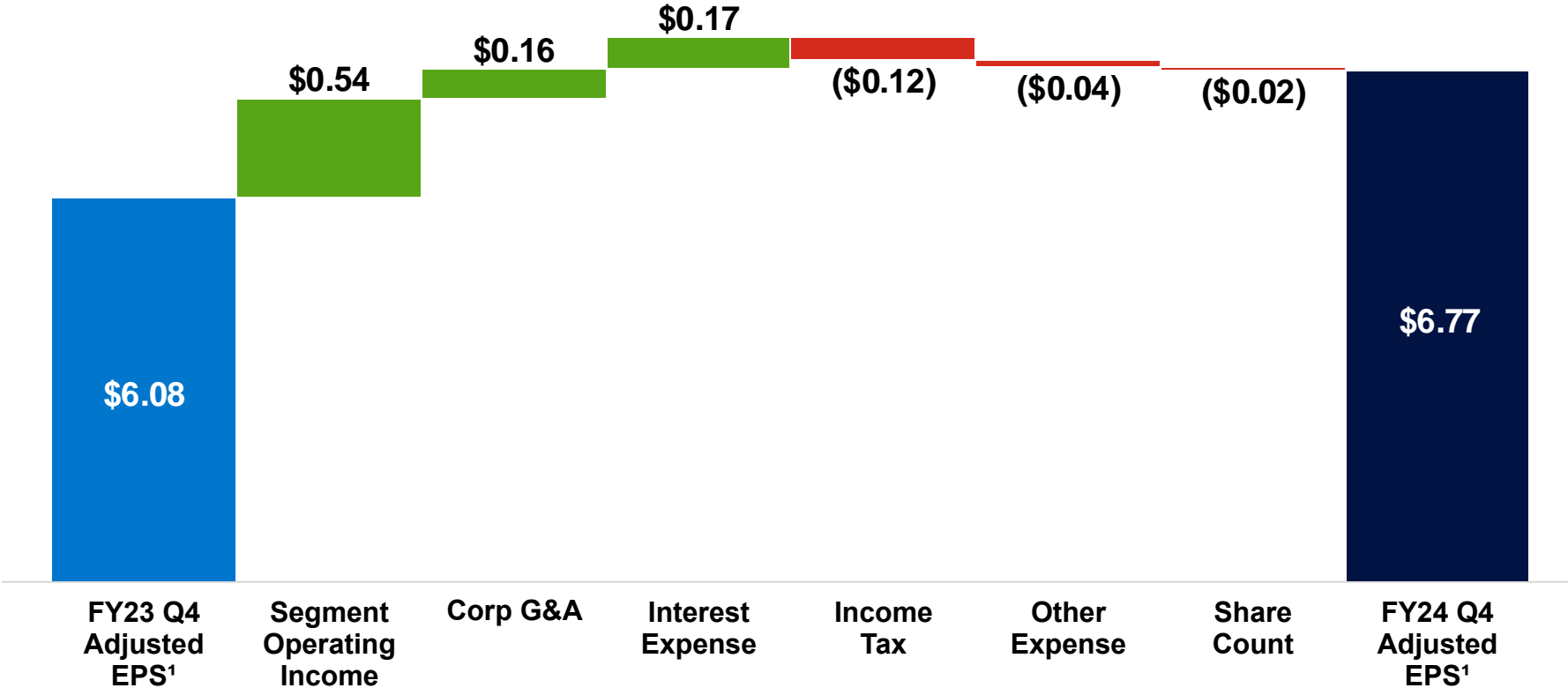
# FY24 Q4 Financial Summary

\$ Millions, except per share amounts	FY24 Q4	FY24 Q4	FY23 Q4	YoY Change
	As Reported	Adjusted <sup>1</sup>	Adjusted <sup>1</sup>	Adjusted
Sales	\$5,187	<b>\$5,187</b>	\$5,096	+1.8%
Segment Operating Margin	22.2%	<b>25.3%</b>	24.0%	+130 bps
EBITDA Margin	25.8%	<b>26.3%</b>	24.4%	+190 bps
Net Income	\$785	<b>\$884</b>	\$791	+11.7%
EPS	\$6.01	<b>\$6.77</b>	\$6.08	+11.3%

1. Sales figures As Reported. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.  
 Note: FY23 Q4 As Reported: Segment Operating Margin of 22.1%, EBITDA Margin of 24.9%, Net Income of \$709M, EPS of \$5.44.



# FY24 Q4 Adjusted Earnings per Share Bridge



1. FY23 Q4 As Reported EPS of \$5.44. FY24 Q4 As Reported EPS of \$6.01. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.



# FY24 Q4 Segment Performance

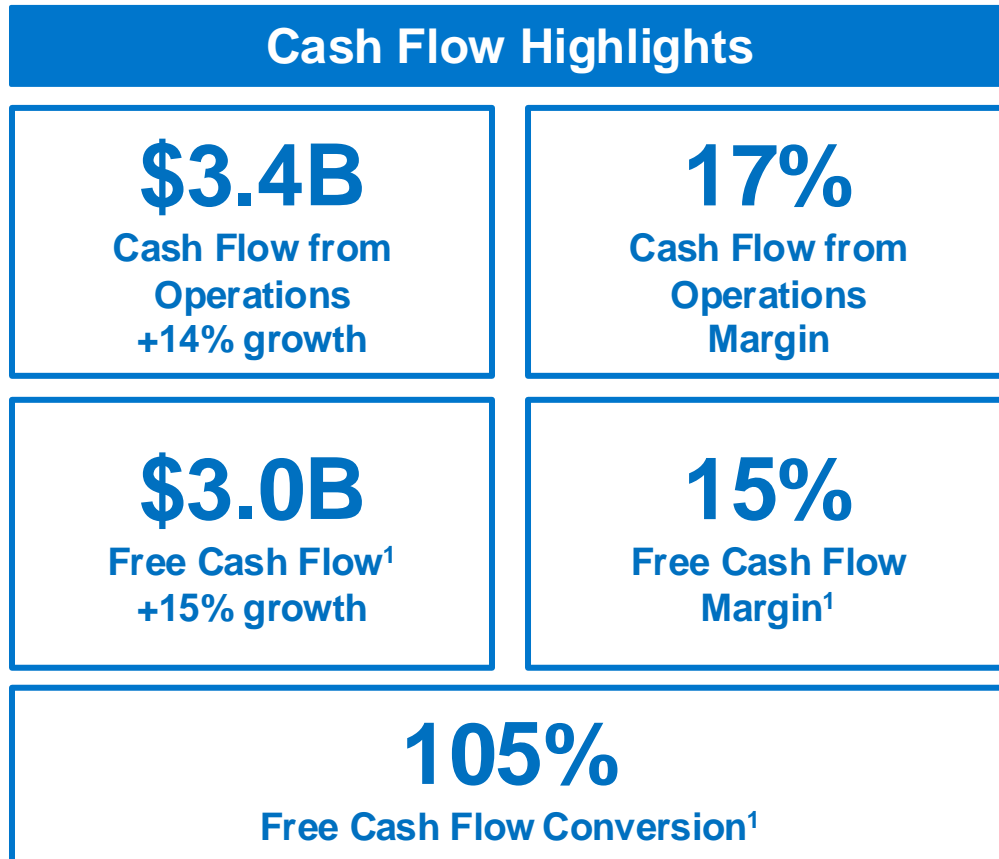
	Sales As Reported \$ Organic % <sup>1</sup>	Segment Operating Margin As Reported	Segment Operating Margin Adjusted <sup>1</sup>	Order Rates <sup>2</sup>	Commentary
<b>Diversified Industrial</b>					
<b>North America Businesses</b>	\$2,228M <b>(2.8%) Organic</b>	22.7%	25.0% <b>+150 bps YoY</b>	0%	<ul style="list-style-type: none"> <li>Record adjusted segment operating margin</li> <li>Continued softness in transportation and off-highway markets</li> <li>Sequential improvement in order rates</li> </ul>
<b>International Businesses</b>	\$1,430M <b>(2.5%) Organic</b>	21.8%	23.9% <b>+60 bps YoY</b>	(1%)	<ul style="list-style-type: none"> <li>Margin expansion on lower sales</li> <li>Continued softness in off-highway market</li> <li>Positive order rates in Asia</li> </ul>
<b>Aerospace Systems</b>	\$1,528M <b>+19.1% Organic</b>	21.7%	27.1% <b>+130 bps YoY</b>	+7%	<ul style="list-style-type: none"> <li>Broad based strength across all markets</li> <li>Aftermarket strength drove record adjusted segment operating margin</li> <li>Orders remain strong against tough comp</li> </ul>
<b>Parker</b>	\$5,187M <b>+2.8% Organic</b>	22.2%	25.3% <b>+130 bps YoY</b>	+1%	<ul style="list-style-type: none"> <li>Record sales on Aerospace strength</li> <li>Surpassed 25% adj. segment operating margin</li> <li>Order rates inflect positive</li> </ul>

1. Includes certain non-GAAP adjustments and 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.

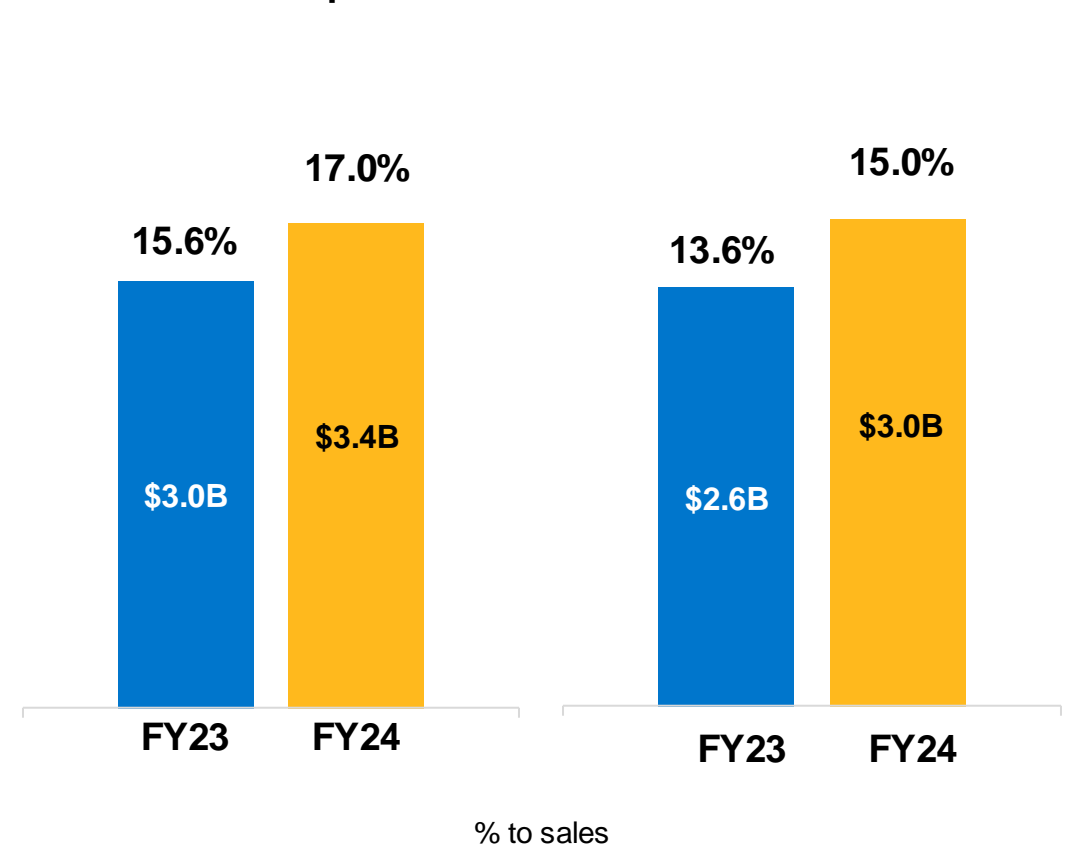


# FY24 Cash Flow Performance



Cash Flow from Operations

Free Cash Flow<sup>1</sup>



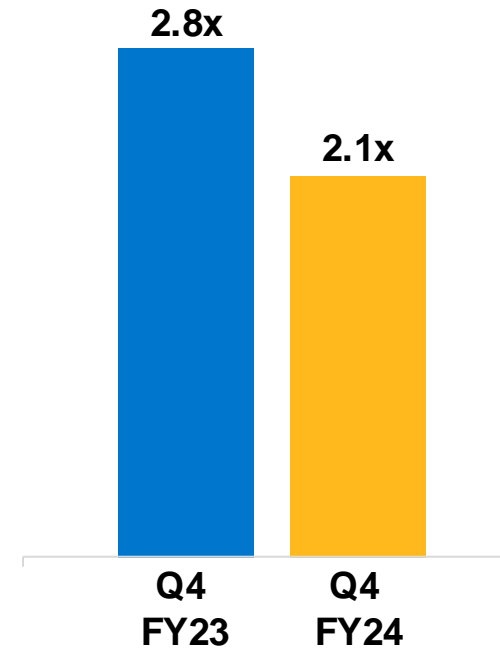
1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.



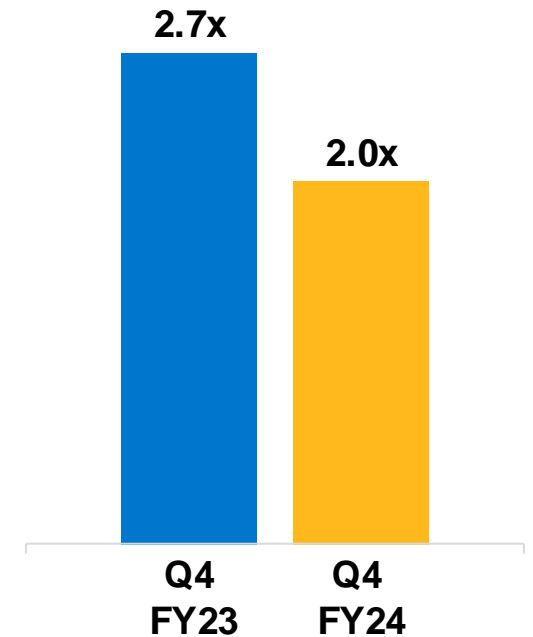
# Achieved Leverage Reduction Targets

- Since Meggitt acquisition close:
  - ~\$3.4B debt reduction
- >\$800M debt reduction during Q4
- Achieved ~\$2B debt paydown in FY24
- Achieved 2.0x net leverage

Gross Debt / Adj. EBITDA<sup>1</sup>



Net Debt / Adj. EBITDA<sup>1</sup>



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



# Outlook

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# FY25 Sales Growth Forecast by Key Market Verticals

Key Market Verticals	 Aerospace & Defense	 In-Plant & Industrial Equipment	 Off-Highway	 Transportation	 Energy	 HVAC/R
% of Sales	33%	20%	15%	15%	8%	4%
FY25 Growth Guidance	HSD	LSD	(MSD)	LSD	LSD	LSD
<p><b>FY25 Organic: 2% - 5%</b></p>						



# FY25 Initial Guidance

EPS Midpoint: \$23.00 As Reported, \$26.65 Adjusted

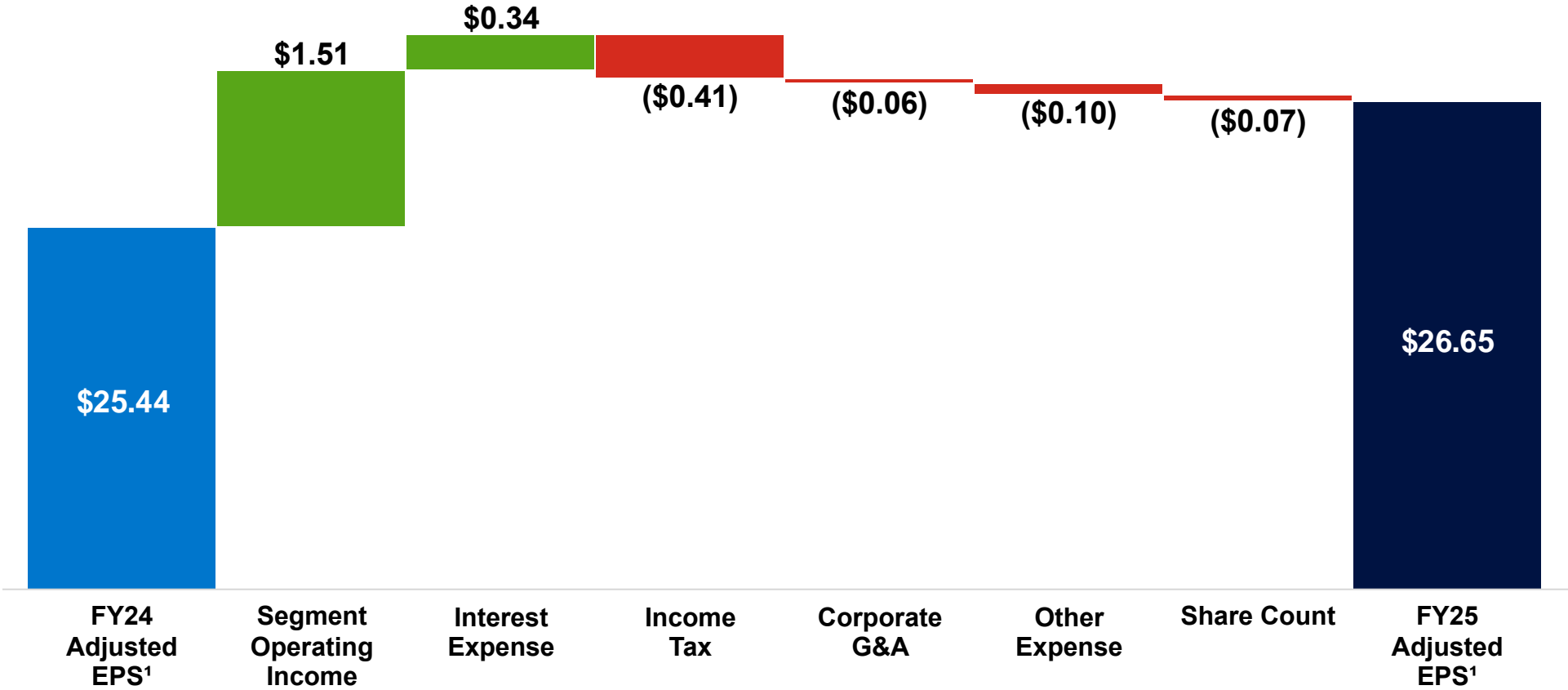
Guidance Metric	FY25 Full Year	Full Year Assumptions	FY25 Q1 Midpoint
Reported Sales	1.5% - 4.5%	<ul style="list-style-type: none"> <li>Robust Aerospace demand continues</li> <li>Split: 1H: 48%   2H: 52%</li> </ul>	1.0%
Organic Sales Growth <sup>1</sup>	2% - 5%	<ul style="list-style-type: none"> <li>Expect HSD Aerospace organic growth</li> <li>Expect gradual Industrial recovery</li> <li>Split: 1H: 2.5%   2H: 4.5%</li> </ul>	1.5%
Adj. Operating Margin <sup>1</sup>	25.2% - 25.6%	<ul style="list-style-type: none"> <li>50 bps margin expansion</li> <li>~40% incremental margin</li> </ul>	25.2%
Adj. EPS <sup>1</sup>	\$26.30 - \$27.00	<ul style="list-style-type: none"> <li>Tax rate: ~23%</li> <li>Split: 1H: 47%   2H: 53%</li> </ul>	\$6.05
Free Cash Flow <sup>1</sup>	\$3.0B - \$3.3B	<ul style="list-style-type: none"> <li>CapEx: ~2% of sales</li> <li>FCF Conversion &gt;100%</li> </ul>	--

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





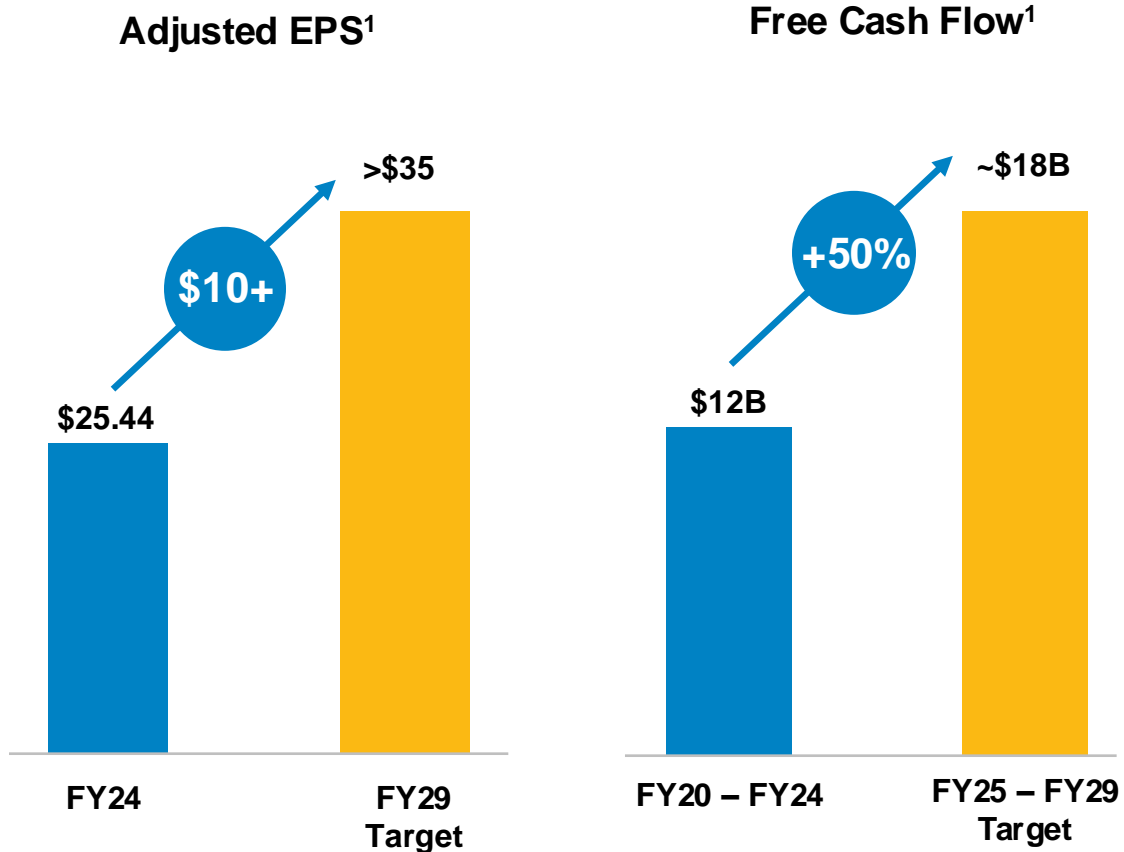
# FY25 Adjusted Earnings per Share Bridge



1. FY24 As Reported EPS of \$21.84. FY25 As Reported midpoint guidance EPS of \$23.00. Adjusted numbers include certain non-GAAP financial measures. See Appendix for additional details and reconciliations.



# A Different Parker



- Performance acceleration from The Win Strategy™
- Longer cycle & more resilient portfolio
- Growth from secular trends
- Continue to be great generators and deployers of cash

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



# **Celebrating 60 Years on the NYSE**

**Closing Bell Ringing Ceremony**

**August 14, 2024**

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# Appendix

- FY25 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 Margin and Conversion
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of FY25 Guidance

# FY25 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic <sup>1</sup>
Diversified Industrial Segment		
North America Businesses	0.0% - 3.0%	0.5% - 3.5%
International Businesses	(1.5%) - 1.5%	0.0% - 3.0%
Aerospace Systems Segment	7.0% - 10.0%	7.0% - 10.0%
<b>Parker</b>	<b>1.5% - 4.5%</b>	<b>2.0% - 5.0%</b>

Segment Operating Margins	As Reported	Adjusted <sup>1</sup>
Diversified Industrial Segment		
North America Businesses	22.6% - 23.0%	24.6% - 25.0%
International Businesses	21.5% - 21.9%	23.7% - 24.1%
Aerospace Systems Segment	22.1% - 22.5%	27.4% - 27.8%
<b>Parker</b>	<b>22.1% - 22.5%</b>	<b>25.2% - 25.6%</b>

Earnings Per Share	As Reported	Adjusted <sup>1</sup>
Midpoint	<b>\$23.00</b>	<b>\$26.65</b>
Range	<b>\$22.65 - \$23.35</b>	<b>\$26.30 - \$27.00</b>

Additional Items	As Reported
Corporate G&A	~\$230M
Interest Expense	~\$450M
Other (Income) Expense	~\$5M
Reported Tax Rate	~23%
Diluted Shares Outstanding	~130.6M

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$550M	—
Business Realignment Charges	~\$50M	—
Integration Costs to Achieve	~\$15M	—

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



# Reconciliation of Organic Growth

(Dollars in thousands)  
(Unaudited)

	Quarter-to-Date				
	As Reported		Adjusted		As Reported
	June 30, 2024	Currency	Divestitures	June 30, 2024	June 30, 2023
<b>Net Sales</b>					
Diversified Industrial	\$ 3,658,502	\$ 44,019	\$ 8,559	\$ 3,711,080	\$ 3,813,431
Aerospace Systems	1,528,313	(515)	-	1,527,798	1,282,512
Total Parker Hannifin	\$ 5,186,815	\$ 43,504	\$ 8,559	\$ 5,238,878	\$ 5,095,943
	As reported	Currency	Divestitures	Organic	
Diversified Industrial	(4.1)%	(1.2)%	(0.2)%	(2.7)%	
Aerospace Systems	19.2 %	0.1 %	0.0 %	19.1 %	
Total Parker Hannifin	1.8 %	(0.8)%	(0.2)%	2.8 %	

**Supplemental Information:**

	As Reported		Adjusted		As Reported
	June 30, 2024	Currency	Divestitures	June 30, 2024	June 30, 2023
<b>Net Sales</b>					
Diversified Industrial:					
North America businesses	\$ 2,228,449	\$ (772)	\$ 8,559	\$ 2,236,236	\$ 2,301,159
<u>International businesses</u>					
Europe	802,343	12,475	-	814,818	858,933
Asia Pacific	549,272	19,020	-	568,292	576,297
Latin America	78,438	13,296	-	91,734	77,042
International businesses	\$ 1,430,053	\$ 44,791	\$ -	\$ 1,474,844	\$ 1,512,272
	As reported	Currency	Divestitures	Organic	
Diversified Industrial:					
North America businesses	(3.2)%	0.0 %	(0.4)%	(2.8)%	
<u>International businesses</u>					
Europe	(6.6)%	(1.5)%	0.0 %	(5.1)%	
Asia Pacific	(4.7)%	(3.3)%	0.0 %	(1.4)%	
Latin America	1.8 %	(17.3)%	0.0 %	19.1 %	
International businesses	(5.4)%	(2.9)%	0.0 %	(2.5)%	



# Reconciliation of Organic Growth

(Dollars in thousands)  
(Unaudited)

	Year-to-Date					As Reported June 30, 2023
	As Reported June 30, 2024	Currency	Divestitures	Acquisitions	Adjusted June 30, 2024	
<b>Net Sales</b>						
Diversified Industrial	\$ 14,457,146	\$ 29,560	\$ 22,546	\$ (115,305)	\$ 14,393,947	\$ 14,705,693
Aerospace Systems	5,472,460	(19,398)	39,826	(385,702)	5,107,186	4,359,501
Total Parker Hannifin	\$ 19,929,606	\$ 10,162	\$ 62,372	\$ (501,007)	\$ 19,501,133	\$ 19,065,194
	As reported	Currency	Divestitures	Acquisitions	Organic	
Diversified Industrial	(1.7)%	(0.2)%	(0.2)%	0.8 %	(2.1)%	
Aerospace Systems	25.5 %	0.4 %	(0.9)%	8.8 %	17.2 %	
Total Parker Hannifin	4.5 %	(0.1)%	(0.3)%	2.6 %	2.3 %	

**Supplemental Information:**

	As Reported June 30, 2024				Adjusted June 30, 2024	As Reported June 30, 2023
	Currency	Divestitures	Acquisitions			
<b>Net Sales</b>						
Diversified Industrial:						
North America businesses	\$ 8,800,036	\$ (24,859)	\$ 22,546	\$ (77,384)	\$ 8,720,339	\$ 8,916,194
<u>International businesses</u>						
Europe	3,189,058	(39,150)	-	(33,935)	3,115,973	3,186,826
Asia Pacific	2,155,034	62,624	-	(3,986)	2,213,672	2,300,743
Latin America	313,018	30,945	-	-	343,963	301,930
International businesses	\$ 5,657,110	\$ 54,419	\$ -	\$ (37,921)	\$ 5,673,608	\$ 5,789,499
	As reported	Currency	Divestitures	Acquisitions	Organic	
Diversified Industrial:						
North America businesses	(1.3)%	0.3 %	(0.3)%	0.9 %	(2.2)%	
<u>International businesses</u>						
Europe	0.1 %	1.2 %	0.0 %	1.1 %	(2.2)%	
Asia Pacific	(6.3)%	(2.7)%	0.0 %	0.2 %	(3.8)%	
Latin America	3.7 %	(10.2)%	0.0 %	0.0 %	13.9 %	
International businesses	(2.3)%	(1.0)%	0.0 %	0.7 %	(2.0)%	



# Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

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 <sup>1</sup>			Adjusted June 30, 2024	% of Sales
Net sales	\$ 5,186,815	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,186,815	100.0 %
Cost of sales	3,322,855	64.1 %	27,052	11,120	1,387	-	-	3,283,296	63.3 %	
Selling, general and admin. expenses	818,347	15.8 %	112,180	6,079	7,210	-	-	692,878	13.4 %	
Interest expense	119,266	2.3 %	-	-	-	-	-	119,266	2.3 %	
Other (income) expense, net	(59,613)	(1.1)%	-	343	-	-	-	(59,956)	(1.2)%	
Income before income taxes	985,960	19.0 %	(139,232)	(17,542)	(8,597)	-	-	1,151,331	22.2 %	
Income taxes	200,887	3.9 %	33,137	4,175	2,046	27,068	-	267,313	5.2 %	
Net income	785,073	15.1 %	(106,095)	(13,367)	(6,551)	27,068	-	884,018	17.0 %	
Less: Noncontrolling interests	110	0.0 %	-	-	-	-	-	110	0.0 %	
<b>Net income - common shareholders</b>	<b>\$ 784,963</b>	<b>15.1 %</b>	<b>\$ (106,095)</b>	<b>\$ (13,367)</b>	<b>\$ (6,551)</b>	<b>\$ 27,068</b>	<b>\$ -</b>	<b>\$ 883,908</b>	<b>17.0 %</b>	
Diluted earnings per share	\$ 6.01		\$ (0.81)	\$ (0.11)	\$ (0.05)	\$ 0.21	\$ -	\$ 6.77		

Quarter-to-Date FY 2023										
	As Reported June 30, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Acquisition Related Expenses	Amortization of Inventory Step-Up to FV	Meggitt Early Debt Retirement	Adjusted June 30, 2023	% of Sales
Net sales	\$ 5,095,943	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,095,943	100.0 %
Cost of sales	3,262,860	64.0 %	27,990	5,247	5,197	-	(57,992)	-	3,282,418	64.4 %
Selling, general and admin. Expenses	834,940	16.4 %	98,306	3,979	13,589	2,754	-	-	716,312	14.1 %
Interest expense	157,176	3.1 %	-	-	-	-	-	9,999	147,177	2.9 %
Other (income) expense, net	(62,228)	(1.2)%	-	-	-	-	-	-	(62,228)	(1.2)%
Income before income taxes	903,195	17.7 %	(126,296)	(9,226)	(18,786)	(2,754)	57,992	(9,999)	1,012,264	19.9 %
Income taxes	194,117	3.8 %	30,816	2,251	4,584	672	(14,150)	2,440	220,730	4.3 %
Net income	709,078	13.9 %	(95,480)	(6,975)	(14,202)	(2,082)	43,842	(7,559)	791,534	15.5 %
Less: Noncontrolling interests	122	0.0 %	-	-	-	-	-	-	122	0.0 %
<b>Net income - common shareholders</b>	<b>\$ 708,956</b>	<b>13.9 %</b>	<b>\$ (95,480)</b>	<b>\$ (6,975)</b>	<b>\$ (14,202)</b>	<b>\$ (2,082)</b>	<b>\$ 43,842</b>	<b>\$ (7,559)</b>	<b>\$ 791,412</b>	<b>15.5 %</b>
Diluted earnings per share	\$ 5.44		\$ (0.73)	\$ (0.06)	\$ (0.11)	\$ (0.02)	\$ 0.34	\$ (0.06)	\$ 6.08	

1. A recent Swiss tax law change resulted in the recording of a deferred tax asset.





# Adjusted Amounts Reconciliation Consolidated Statement of Income

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

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 <sup>1</sup>				Adjusted June 30, 2024	% of Sales
Net sales	\$ 19,929,606	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,929,606	100.0 %
Cost of sales	12,801,816	64.2 %	108,671	29,585	4,259	-	-	-	-	-	12,659,301	63.5 %
Selling, general and admin. expenses	3,315,177	16.6 %	469,324	20,809	34,014	-	-	-	-	-	2,791,030	14.0 %
Interest expense	506,495	2.5 %	-	-	-	-	-	-	-	-	506,495	2.5 %
Other (income) expense, net	(288,485)	(1.4)%	-	3,062	-	(25,651)	-	-	-	-	(265,896)	(1.3)%
Income before income taxes	3,594,603	18.0 %	(577,995)	(53,456)	(38,273)	25,651	-	-	-	-	4,238,676	21.3 %
Income taxes	749,667	3.8 %	137,575	12,721	9,105	(11,640)	27,068	-	-	-	924,496	4.6 %
Net income	2,844,936	14.3 %	(440,420)	(40,735)	(29,168)	14,011	27,068	-	-	-	3,314,180	16.6 %
Less: Noncontrolling interests	721	0.0 %	-	-	-	-	-	-	-	-	721	0.0 %
<b>Net income - common shareholders</b>	<b>\$ 2,844,215</b>	<b>14.3 %</b>	<b>\$ (440,420)</b>	<b>\$ (40,735)</b>	<b>\$ (29,168)</b>	<b>\$ 14,011</b>	<b>\$ 27,068</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,313,459</b>	<b>16.6 %</b>
Diluted earnings per share	\$ 21.84		\$ (3.37)	\$ (0.32)	\$ (0.23)	\$ 0.11	\$ 0.21	\$ -	\$ -	\$ -	\$ 25.44	

Year-to-Date FY 2023												
	As Reported June 30, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Net Gain on Divestitures	Amortization of Inventory Step-Up to FV	Meggitt Early Debt Retirement	Adjusted June 30, 2023	% of Sales
Net sales	\$ 19,065,194	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,065,194	100.0 %
Cost of sales	12,635,892	66.3 %	99,619	15,993	12,552	-	-	-	109,981	-	12,397,747	65.0 %
Selling, general and admin. Expenses	3,354,103	17.6 %	401,094	10,713	82,887	114,604	-	-	-	-	2,744,805	14.4 %
Interest expense	573,894	3.0 %	-	-	-	-	-	-	-	9,999	563,895	3.0 %
Other (income) expense, net	(178,359)	(0.9)%	-	-	-	51,690	389,992	(362,003)	-	-	(258,038)	(1.4)%
Income before income taxes	2,679,664	14.1 %	(500,713)	(26,706)	(95,439)	(166,294)	(389,992)	362,003	(109,981)	(9,999)	3,616,785	19.0 %
Income taxes	596,128	3.1 %	120,844	6,453	23,043	39,447	94,713	(90,931)	26,370	2,440	818,507	4.3 %
Net income	2,083,536	10.9 %	(379,869)	(20,253)	(72,396)	(126,847)	(295,279)	271,072	(83,611)	(7,559)	2,798,278	14.7 %
Less: Noncontrolling interests	600	0.0 %	-	-	-	-	-	-	-	-	600	0.0 %
<b>Net income - common shareholders</b>	<b>\$ 2,082,936</b>	<b>10.9 %</b>	<b>\$ (379,869)</b>	<b>\$ (20,253)</b>	<b>\$ (72,396)</b>	<b>\$ (126,847)</b>	<b>\$ (295,279)</b>	<b>\$ 271,072</b>	<b>\$ (83,611)</b>	<b>\$ (7,559)</b>	<b>\$ 2,797,678</b>	<b>14.7 %</b>
Diluted earnings per share	\$ 16.04		\$ (2.92)	\$ (0.16)	\$ (0.56)	\$ (0.98)	\$ (2.27)	\$ 2.08	\$ (0.64)	\$ (0.06)	\$ 21.55	

1. A recent Swiss tax law change resulted in the recording of a deferred tax asset.



# Adjusted Amounts Reconciliation Segment Operating Income

(Dollars in thousands)  
(Unaudited)

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>
Diversified Industrial <sup>1</sup>	\$ 817,085	22.3%	\$ 64,550	\$ 17,198	\$ 628	\$ -	\$ -	\$ -	\$ 899,461	24.6%
Aerospace Systems <sup>1</sup>	332,035	21.7%	74,682	1	7,969	-	-	-	414,687	27.1%
Total segment operating income	1,149,120	22.2%	(139,232)	(17,199)	(8,597)	-	-	-	1,314,148	25.3%
Corporate administration	55,972	1.1%	-	-	-	-	-	-	55,972	1.1%
Income before interest and other	1,093,148	21.1%	(139,232)	(17,199)	(8,597)	-	-	-	1,258,176	24.3%
Interest expense	119,266	2.3%	-	-	-	-	-	-	119,266	2.3%
Other (income) expense	(12,078)	-0.2%	-	343	-	-	-	-	(12,421)	-0.2%
Income before income taxes	\$ 985,960	19.0%	\$ (139,232)	\$ (17,542)	\$ (8,597)	\$ -	\$ -	\$ -	\$ 1,151,331	22.2%

## Supplemental Information:

Diversified Industrial:

North America businesses <sup>1</sup>	\$ 505,521	22.7%	\$ 43,010	\$ 8,857	\$ 295	\$ -	\$ -	\$ -	\$ 557,683	25.0%
International businesses <sup>1</sup>	311,564	21.8%	21,540	8,341	333	-	-	-	341,778	23.9%

Quarter-to-Date FY 2023										
As Reported June 30, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Cost to Achieve	Acquisition Related Expenses	Amortization of Inventory Step-Up to FV	Meggitt Early Debt Retirement		Adjusted June 30, 2023	% of Sales <sup>2</sup>
Diversified Industrial <sup>1</sup>	\$ 800,196	21.0%	\$ 82,073	\$ 9,177	\$ 1,235	\$ -	\$ -	\$ -	\$ 892,681	23.4%
Aerospace Systems <sup>1</sup>	327,595	25.5%	44,223	49	17,551	(57,992)	-	-	331,426	25.8%
Total segment operating income	1,127,791	22.1%	(126,296)	(9,226)	(18,786)	57,992	-	-	1,224,107	24.0%
Corporate administration	83,336	1.6%	-	-	-	-	-	-	83,336	1.6%
Income before interest and other	1,044,455	20.5%	(126,296)	(9,226)	(18,786)	57,992	-	-	1,140,771	22.4%
Interest expense	157,176	3.1%	-	-	-	-	9,999	-	147,177	2.9%
Other (income) expense	(15,916)	-0.3%	-	-	2,754	-	-	-	(18,670)	-0.4%
Income before income taxes	\$ 903,195	17.7%	\$ (126,296)	\$ (9,226)	\$ (18,786)	\$ 57,992	\$ (9,999)	\$ -	\$ 1,012,264	19.9%

## Supplemental Information:

Diversified Industrial:

North America businesses <sup>1</sup>	\$ 490,823	21.3%	\$ 47,138	\$ 1,792	\$ 877	\$ -	\$ -	\$ -	\$ 540,630	23.5%
International businesses <sup>1</sup>	309,373	20.5%	34,935	7,385	358	-	-	-	352,051	23.3%

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 Segment Operating Income

(Dollars in thousands)  
(Unaudited)

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					Adjusted June 30, 2024	% of Sales <sup>2</sup>
Diversified Industrial <sup>1</sup>	\$ 3,176,384	22.0%	\$ 266,219	\$ 50,075	\$ 3,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,496,608	24.2%
Aerospace Systems <sup>1</sup>	1,110,746	20.3%	311,776	319	34,343	-	-	-	-	-	1,457,184	26.6%
Total segment operating income	4,287,130	21.5%	(577,995)	(50,394)	(38,273)	-	-	-	-	-	4,953,792	24.9%
Corporate administration	218,312	1.1%	-	-	-	-	-	-	-	-	218,312	1.1%
Income before interest and other	4,068,818	20.4%	(577,995)	(50,394)	(38,273)	-	-	-	-	-	4,735,480	23.8%
Interest expense	506,495	2.5%	-	-	-	-	-	-	-	-	506,495	2.5%
Other (income) expense	(32,280)	-0.2%	-	3,062	-	(25,651)	-	-	-	-	(9,691)	0.0%
Income before income taxes	\$ 3,594,603	18.0%	\$ (577,995)	\$ (53,456)	\$ (38,273)	\$ 25,651	\$ -	\$ -	\$ -	\$ -	\$ 4,238,676	21.3%

## Supplemental Information:

Diversified Industrial:												
North America businesses <sup>1</sup>	\$ 1,963,876	22.3%	\$ 176,337	\$ 17,749	\$ 2,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,160,605	24.6%
International businesses <sup>1</sup>	1,212,508	21.4%	89,882	32,326	1,287	-	-	-	-	-	1,336,003	23.6%

Year-to-Date FY 2023												
	As Reported June 30, 2023	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Net Gain on Divestitures	Amortization of Inventory Step-Up to FV	Meggitt Early Debt Retirement	Adjusted June 30, 2023	% of Sales <sup>2</sup>
Diversified Industrial <sup>1</sup>	\$ 3,071,410	20.9%	\$ 267,779	\$ 23,641	\$ 8,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,371,341	22.9%
Aerospace Systems <sup>1</sup>	562,444	12.9%	232,934	3,065	86,928	-	-	-	109,981	-	995,352	22.8%
Total segment operating income	3,633,854	19.1%	(500,713)	(26,706)	(95,439)	-	-	-	(109,981)	-	4,366,693	22.9%
Corporate administration	229,677	1.2%	-	-	-	-	-	-	-	-	229,677	1.2%
Income before interest and other	3,404,177	17.9%	(500,713)	(26,706)	(95,439)	-	-	-	(109,981)	-	4,137,016	21.7%
Interest expense	573,894	3.0%	-	-	-	-	-	-	-	9,999	563,895	3.0%
Other (income) expense	150,619	0.8%	-	-	-	166,294	389,992	(362,003)	-	-	(43,664)	-0.2%
Income before income taxes	\$ 2,679,664	14.1%	\$ (500,713)	\$ (26,706)	\$ (95,439)	\$ (166,294)	\$ (389,992)	\$ 362,003	\$ (109,981)	\$ (9,999)	\$ 3,616,785	19.0%

## Supplemental Information:

Diversified Industrial:												
North America businesses <sup>1</sup>	\$ 1,853,079	20.8%	\$ 181,954	\$ 4,024	\$ 4,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,043,693	22.9%
International businesses <sup>1</sup>	1,218,331	21.0%	85,825	19,617	3,875	-	-	-	-	-	1,327,648	22.9%

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.



# Reconciliation of EBITDA to Adjusted EBITDA

(Dollars in thousands)  
(Unaudited)

	Three Months Ended June 30,			
	2024	% of Sales	2023	% of Sales
<b>Net sales</b>	\$ 5,186,815	100.0%	\$ 5,095,943	100.0%
Net income	\$ 785,073	15.1%	\$ 709,078	13.9%
Income taxes	200,887	3.9%	194,117	3.8%
Depreciation	91,436	1.8%	82,767	1.6%
Amortization	139,232	2.7%	126,296	2.5%
Interest expense	119,266	2.3%	157,176	3.1%
<b>EBITDA</b>	<b>1,335,894</b>	<b>25.8%</b>	<b>1,269,434</b>	<b>24.9%</b>
Adjustments:				
Business realignment charges	17,542	0.3%	9,226	0.2%
Meggitt costs to achieve	8,597	0.2%	18,786	0.4%
Acquisition-related expenses	-	0.0%	2,754	0.1%
Amortization of inventory step-up to FV	-	0.0%	(57,992)	-1.1%
<b>EBITDA - Adjusted</b>	<b>\$ 1,362,033</b>	<b>26.3%</b>	<b>\$ 1,242,208</b>	<b>24.4%</b>
<b>EBITDA margin</b>	<b>25.8 %</b>		<b>24.9 %</b>	
<b>EBITDA margin - Adjusted</b>	<b>26.3 %</b>		<b>24.4 %</b>	

	Twelve Months Ended June 30,			
	2024	% of Sales	2023	% of Sales
<b>Net sales</b>	\$ 19,929,606	100.0%	\$ 19,065,194	100.0%
Net income	\$ 2,844,936	14.3%	\$ 2,083,536	10.9%
Income taxes	749,667	3.8%	596,128	3.1%
Depreciation	349,136	1.8%	317,416	1.7%
Amortization	577,995	2.9%	500,713	2.6%
Interest expense	506,495	2.5%	573,894	3.0%
<b>EBITDA</b>	<b>5,028,229</b>	<b>25.2%</b>	<b>4,071,687</b>	<b>21.4%</b>
Adjustments:				
Business realignment charges	53,456	0.3%	26,706	0.1%
Meggitt costs to achieve	38,273	0.2%	95,439	0.5%
Acquisition-related expenses	-	0.0%	166,294	0.9%
Loss on deal-contingent forward contracts	-	0.0%	389,992	2.0%
Amortization of inventory step-up to FV	-	0.0%	109,981	0.6%
Net gain on divestitures	(25,651)	-0.1%	(362,003)	-1.9%
<b>EBITDA - Adjusted</b>	<b>\$ 5,094,307</b>	<b>25.6%</b>	<b>\$ 4,498,096</b>	<b>23.6%</b>
<b>EBITDA margin</b>	<b>25.2 %</b>		<b>21.4 %</b>	
<b>EBITDA margin - Adjusted</b>	<b>25.6 %</b>		<b>23.6 %</b>	



# Reconciliation of Gross and Net Debt / Adjusted EBITDA

(Unaudited) (Dollars in thousands)	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Notes payable and long-term debt payable within one year	\$ 3,403,065	\$ 3,763,175
Long-term debt	7,157,034	8,796,284
Add: Deferred debt issuance costs	57,725	74,713
Total gross debt	<u>\$ 10,617,824</u>	<u>\$ 12,634,172</u>
Cash and cash equivalents	\$ 422,027	\$ 475,182
Marketable securities and other investments	3,390	8,390
Total cash	<u>\$ 425,417</u>	<u>\$ 483,572</u>
Net debt (Gross debt less total cash)	<u>\$ 10,192,407</u>	<u>\$ 12,150,600</u>
TTM Net Sales	\$ 19,929,606	\$ 19,065,194
Net income	\$ 2,844,936	\$ 2,083,536
Income tax	749,667	596,128
Depreciation	349,136	317,416
Amortization	577,995	500,713
Interest Expense	506,495	573,894
TTM EBITDA	<u>\$ 5,028,229</u>	<u>\$ 4,071,687</u>
Adjustments:		
Business realignment charges	53,456	26,706
Costs to achieve	38,273	95,439
Acquisition-related costs	0	166,294
Loss on deal-contingent forward contracts	0	389,992
Gain on divestitures	(25,651)	(372,930)
Amortization of inventory step-up to FV	0	109,981
Net loss on divestitures	0	10,927
TTM Adjusted EBITDA	<u>\$ 5,094,307</u>	<u>\$ 4,498,096</u>
<b>Gross Debt/TTM Adjusted EBITDA</b>	<b>2.1</b>	<b>2.8</b>
<b>Net Debt/TTM Adjusted EBITDA</b>	<b>2.0</b>	<b>2.7</b>



# Reconciliation of Free Cash Flow Margin and Conversion

## Reconciliation of Historical Free Cash Flow Margin

(Unaudited)

(Dollars in millions)

	FY20	FY21	FY22
Net Sales	\$13,696	\$14,348	\$15,862
Cash Provided by Operating Activities	\$2,071	\$2,575	\$2,442
Capital Expenditures	(233)	(210)	(230)
Free Cash Flow	\$1,838	\$2,365	\$2,212
Free Cash Flow Margin	13.4%	16.5%	13.9%

## Reconciliation of Free Cash Flow Margin and Conversion

(Unaudited)

(Dollars in thousands)

	Twelve Months Ended June 30,	
	2024	2023
<b>Net Sales</b>	\$ 19,929,606	\$ 19,065,194
<b>Net Income</b>	\$ 2,844,936	\$ 2,083,536
Cash Flow from Operations	\$ 3,384,329	\$ 2,979,930
Capital Expenditures	(400,112)	(380,747)
<b>Free Cash Flow</b>	<b>\$ 2,984,217</b>	<b>\$ 2,599,183</b>
<b>Cash Flow from Operations Margin</b>	<b>17.0%</b>	<b>15.6%</b>
<b>Free Cash Flow Margin</b>	<b>15.0%</b>	<b>13.6%</b>
<b>Free Cash Flow Conversion (Free Cash Flow / Net Income)</b>	<b>104.9%</b>	<b>124.7%</b>



# Supplemental Sales Information

## Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023
<b>Net sales</b>				
Diversified Industrial:				
Motion Systems	\$ 903,108	\$ 992,659	\$ 3,706,055	\$ 3,830,062
Flow and Process Control	1,183,258	1,263,428	4,672,741	4,939,356
Filtration and Engineered Materials	1,572,136	1,557,344	6,078,350	5,936,275
Aerospace Systems	1,528,313	1,282,512	5,472,460	4,359,501
<b>Total</b>	<b>\$ 5,186,815</b>	<b>\$ 5,095,943</b>	<b>\$ 19,929,606</b>	<b>\$ 19,065,194</b>

# Reconciliation of Q1 FY25 Guidance

## RECONCILIATION OF ORGANIC GROWTH

(Unaudited)

(Amounts in percentages)

### Forecasted net sales

**Q1 Fiscal Year 2025**

~1.0%

Adjustments:

Currency

0.3%

Divestitures

0.2%

### Adjusted forecasted net sales

~1.5%

## RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

(Unaudited)

(Amounts in percentages)

### Forecasted segment operating margin

**Q1 Fiscal Year 2025**

~22.0%

Adjustments:

Business realignment charges

0.3%

Costs to achieve

0.1%

Acquisition-related intangible asset amortization expense

2.9%

### Adjusted forecasted segment operating margin

~25.2%

## RECONCILIATION OF FORECASTED EARNINGS PER SHARE

(Unaudited)

(Amounts in dollars)

### Forecasted earnings per diluted share

**Q1 Fiscal Year 2025**

~\$5.13

Adjustments:

Business realignment charges

0.10

Costs to achieve

0.03

Acquisition-related intangible asset amortization expense

1.07

Tax effect of adjustments<sup>1</sup>

(0.28)

### Adjusted forecasted earnings per diluted share

~\$6.05

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 FY25 Guidance

## RECONCILIATION OF ORGANIC GROWTH

(Unaudited)

(Amounts in percentages)

### Forecasted net sales

**Fiscal Year 2025**

**1.5% to 4.5%**

Adjustments:

Currency

**0.5%**

Divestitures

**0.0%**

### Adjusted forecasted net sales

**2.0% to 5.0%**

## RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

(Unaudited)

(Amounts in percentages)

### Forecasted segment operating margin

**Fiscal Year 2025**

**22.1% to 22.5%**

Adjustments:

Business realignment charges

**0.2%**

Costs to achieve

**0.1%**

Acquisition-related intangible asset amortization expense

**2.7%**

### Adjusted forecasted segment operating margin

**25.2% to 25.6%**

## RECONCILIATION OF FORECASTED EARNINGS PER SHARE

(Unaudited)

(Amounts in dollars)

### Forecasted earnings per diluted share

**Fiscal Year 2025**

**\$22.65 to \$23.35**

Adjustments:

Business realignment charges

**0.38**

Costs to achieve

**0.11**

Acquisition-related intangible asset amortization expense

**4.25**

Tax effect of adjustments<sup>1</sup>

**(1.09)**

### Adjusted forecasted earnings per diluted share

**\$26.30 to \$27.00**

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

(Unaudited)

(Dollars in millions)

### Cash flow from operations

**Fiscal Year 2025**

**\$3,400 to \$3,700**

Less: Capital Expenditures

**~(400)**

### Free cash flow

**\$3,000 to \$3,300**

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

