

Parker Hannifin Corporation

Fiscal 2025 Second Quarter Earnings Presentation



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ENGINEERING YOUR SUCCESS.

January 30, 2025

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 tariffs and labor shortages; threats associated with international conflicts and cybersecurity risks and risks associated with protecting our intellectual property; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; effects on market conditions, including sales and pricing, resulting from global reactions to U.S. trade policies; manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and economic conditions such as inflation, deflation, interest rates and credit availability; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; changes in the tax laws in the United States and foreign jurisdictions and judicial or regulatory interpretations thereof; and large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics. Readers should also consider forward-looking statements in light of risk factors discussed in Parker’s Annual Report on Form 10-K for the fiscal year ended June 30, 2024 and other periodic filings made with the SEC.

This presentation contains references to non-GAAP financial information including adjusted net income, organic sales, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow, and free cash flow margin. As used in this presentation, EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before business realignment, integration costs to achieve, acquisition related expenses, and other one-time items. Free cash flow is defined as cash flow from operations less capital expenditures. Although adjusted net income, organic sales, adjusted earnings per share, adjusted segment operating margin for Parker and by segment, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow, and free cash flow margin are not measures of performance calculated in accordance with GAAP, we believe that they are useful to an investor in evaluating the company performance for the periods presented. Detailed reconciliations of these non-GAAP financial measures to the comparable GAAP financial measures have been included in the appendix to this presentation.

Please visit investors.parker.com for more information.



Operational Excellence Delivers Record Performance

- Top quartile safety performance
- Strength of our balanced portfolio
- Continued strong Aerospace aftermarket
- Record Adjusted Segment Operating Margin¹ of 25.6%
- Record YTD Cash Flow from Operations of \$1.7B
- Longer cycle businesses drive positive orders

FY25 Q2 Highlights	
19% Reduction in Recordable Incidents	\$4.7B Sales (1.6%) Reported +0.7% Organic ¹
25.6% Adjusted Segment Operating Margin ¹ +110 bps	26.8% Adjusted EBITDA Margin ¹ +110 bps
6% Adjusted EPS Growth ¹	\$1.7B YTD CFOA +24.2% Growth

1. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.
Note: FY25 Q2 As Reported: Segment Operating Margin of 22.1%, EBITDA Margin of 31.5%, Net Income of \$949M, EPS growth of 39%.

Our Business System Drives Operational Excellence



The Parker Lean System is Fundamental to our Culture



The Win Strategy Drives Performance through the Cycle

Background

- A North American Filtration division example
- Diverse exposure across industrial market verticals
- Balanced OEM / Aftermarket

Win Strategy Execution

- Safety
- The Parker Lean System
- Simple by Design
- Strategic Supply Chain

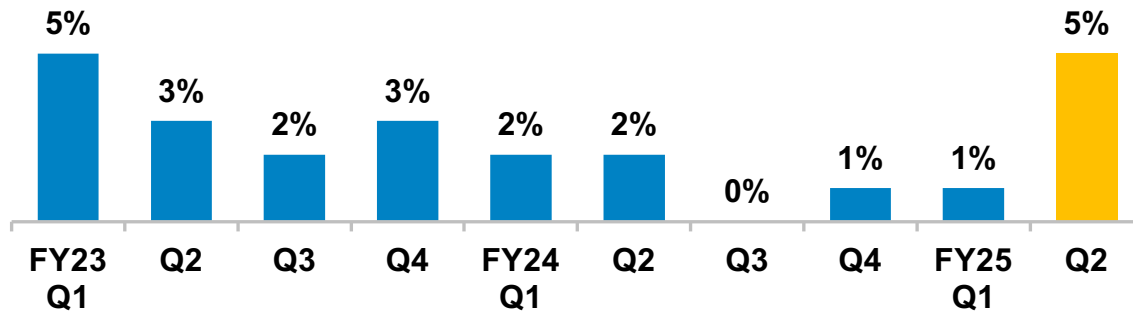
FY25 YTD Results



1. Includes certain non-GAAP adjustments and financial measures. See slide 22 in the Appendix for additional details and reconciliations.

A Transformed Portfolio: Strong Long-Cycle Orders

Parker Order Rates















- Order rates increased across all reported businesses
- Aerospace order strength continued in both Aftermarket and OEM
- Industrial North America orders turned positive on long-cycle strength
- Industrial International order growth continued, led by Asia

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



FY25 Sales Growth Forecast by Key Market Verticals

Key Market Verticals	% of Sales	Previous FY25 Guidance	Commentary	Current FY25 Guidance	Current vs. Previous Guidance
 Aerospace & Defense	33%	~10%	<ul style="list-style-type: none"> Aftermarket strength continues Gradual OEM rate increase 	~11%	
 In-Plant & Industrial	20%	LSD	<ul style="list-style-type: none"> Continued delays in expected industrial recovery Distribution expecting recovery 	LSD	
 Transportation	15%	LSD	<ul style="list-style-type: none"> Automotive market weakness Work truck demand remains strong 	Neutral	
 Off-Highway	15%	(HSD)	<ul style="list-style-type: none"> OEM destocking continues Ag weakness persists 	(Mid-Teens)	
 Energy	8%	Neutral	<ul style="list-style-type: none"> Projects & CapEx delays continue 	Neutral	
 HVAC/R	4%	LSD	<ul style="list-style-type: none"> Refrigerant changes driving growth 	MSD	
FY25 Organic Forecast: ~2%					

Summary of Fiscal 2025 2nd Quarter Highlights

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FY25 Q2 Financial Summary

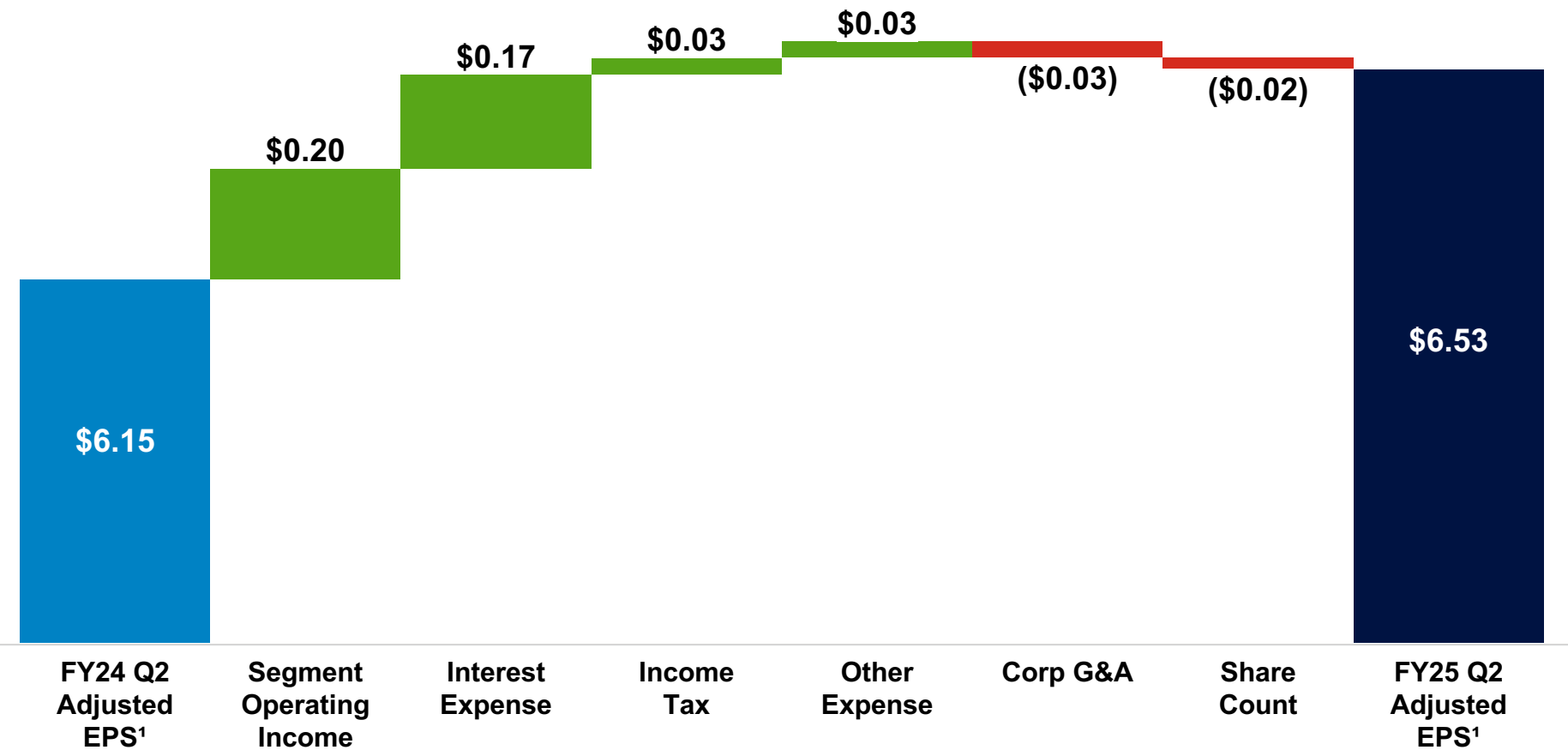
\$ Millions, except per share amounts

	FY25 Q2 As Reported	FY25 Q2 Adjusted ¹	FY24 Q2 Adjusted ¹	YoY Change Adjusted
Sales	\$4,743	\$4,743	\$4,821	(1.6%)
Segment Operating Margin	22.1%	25.6%	24.5%	+110 bps
EBITDA Margin	31.5%	26.8%	25.7%	+110 bps
Net Income	\$949	\$853	\$802	+6.3%
EPS	\$7.25	\$6.53	\$6.15	+6.2%

1. Sales figures As Reported. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.
 Note: FY24 Q2 As Reported: Segment Operating Margin of 21.1%, EBITDA Margin of 25.4%, Net Income of \$682M, EPS of \$5.23.



FY25 Q2 Adjusted Earnings per Share Bridge



1. FY24 Q2 As Reported EPS of \$5.23. FY25 Q2 As Reported EPS of \$7.25. Includes certain non-GAAP adjustments and financial measures. See Appendix for additional details and reconciliations.



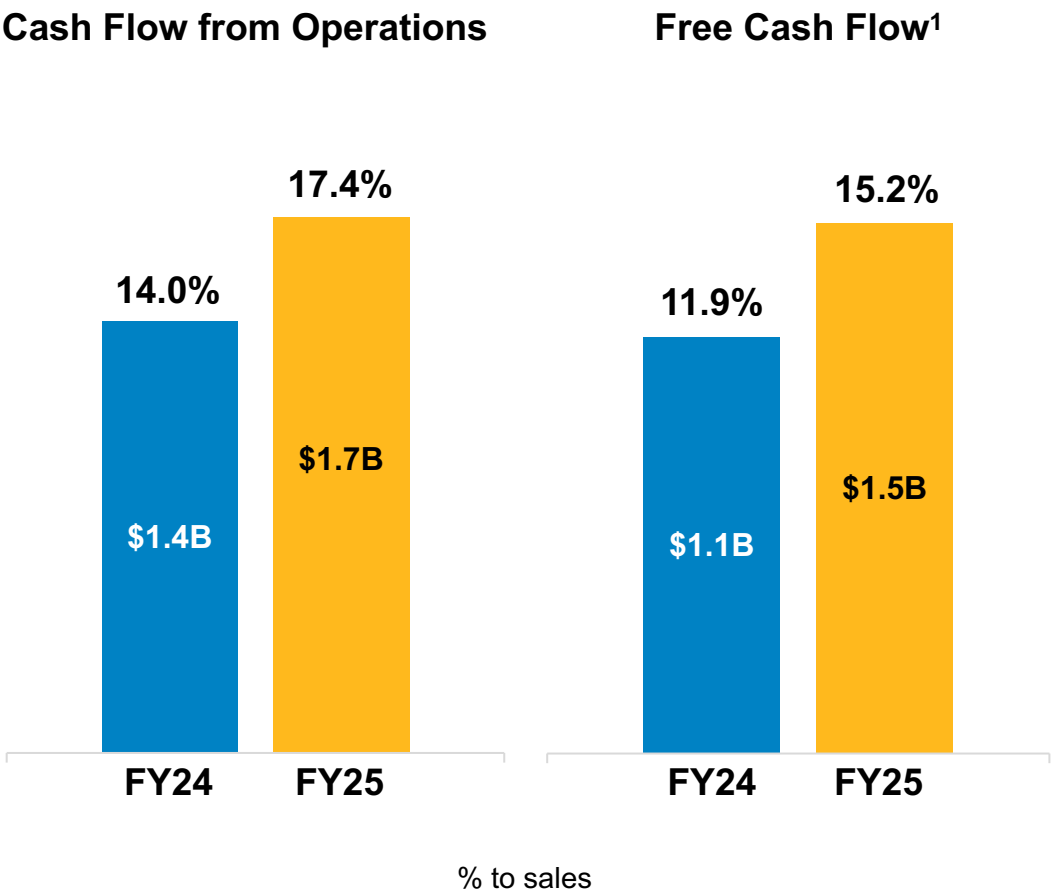
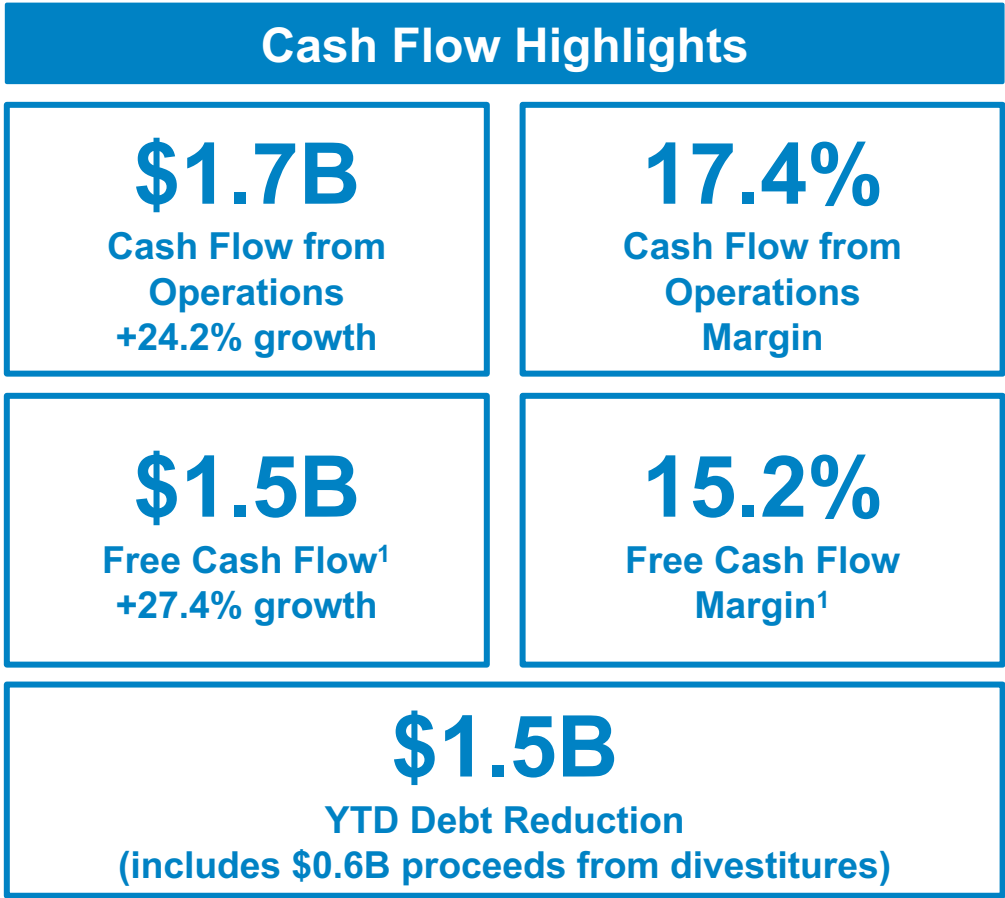
FY25 Q2 Segment Performance

		Sales As Reported \$ Organic % ¹	Segment Operating Margin As Reported	Segment Operating Margin Adjusted ¹	Order Rates ²	Commentary
Diversified Industrial	North America Businesses	\$1,928M (5.0%) Organic	22.1%	24.6% +40 bps YoY	+3%	<ul style="list-style-type: none"> Record adjusted segment operating margins Continued softness in transportation and off-highway Delayed industrial recovery
	International Businesses	\$1,325M (3.0%) Organic	21.4%	24.1% +110 bps YoY	+4%	<ul style="list-style-type: none"> Record adjusted segment operating margins Broad-based softness remains in Europe Gradual recovery continues in Asia
Aerospace Systems		\$1,490M +14.0% Organic	22.7%	28.2% +170 bps YoY	+9%	<ul style="list-style-type: none"> Record sales and adjusted segment operating margin Achieved 14% organic sales growth 20%+ MRO and mid-single digit OEM sales growth
Parker		\$4,743M +0.7% Organic	22.1%	25.6% +110 bps YoY	+5%	<ul style="list-style-type: none"> Operational excellence & transformed portfolio Record adjusted segment operating margins Longer cycle businesses drive order growth

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

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

FY25 Q2 YTD Cash Flow Performance



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



FY25 Guidance Update

EPS Midpoint: \$24.76 As Reported, \$26.70 Adjusted

Guidance Metric	FY25 Full Year	Full Year Assumptions	FY25 Q3 Midpoint
Reported Sales	(2%) - 1%	<ul style="list-style-type: none"> Currency unfavorable (~1%) Divestitures impact (~1.5%) 	~\$4.9B
Organic Sales Growth ¹	~2%	<ul style="list-style-type: none"> Raised Aerospace organic growth to 11% Continued delays in expected industrial recovery 	~1.5%
Adj. Operating Margin ¹	~25.8%	<ul style="list-style-type: none"> All segments expected to expand margins 90 bps margin expansion vs. prior year 	~25.6%
Adj. EPS ¹	\$26.40 - \$27.00	<ul style="list-style-type: none"> Full year tax rate ~22% Split: 1H: 48% 2H: 52% 	\$6.65
Free Cash Flow ¹	\$3.0B - \$3.3B	<ul style="list-style-type: none"> CapEx: ~2% of sales FCF Conversion >100% 	- -

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



What Drives Parker

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





Upcoming Event Calendar

FY25 Q3 Earnings Release

May 1, 2025

FY25 Q4 Earnings Release

August 7, 2025

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Appendix

- FY25 Guidance Details
- Reconciliation of Organic Growth
- Adjusted Amounts Reconciliation – Consolidated Statement of Income
- Adjusted Amounts Reconciliation – Segment Operating Income
- Reconciliation of North American Filtration Division Margin to North American Filtration Division Adjusted Margin
- Reconciliation of EBITDA to Adjusted EBITDA
- Reconciliation of Free Cash Flow Margin
- Supplemental Sales Information – Global Technology Platforms
- Reconciliation of Q3 FY25 Guidance
- Reconciliation of FY25 Guidance

FY25 Guidance Details

Sales Growth vs. Prior Year	As Reported	Organic ¹
Diversified Industrial Segment		
North America Businesses	(8%) – (5%)	(4%) – (1%)
International Businesses	(4%) – (1%)	(1.5%) – 1.5%
Aerospace Systems Segment	9.5% – 12.5%	9.5% – 12.5%
Parker	(2%) – 1%	0.5% – 3.5%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial Segment		
North America Businesses	~23.2%	~25.4%
International Businesses	~21.9%	~24.1%
Aerospace Systems Segment	~22.8%	~28.0%
Parker	~22.7%	~25.8%

Earnings Per Share	As Reported	Adjusted ¹
Midpoint	\$24.76	\$26.70
Range	\$24.46 - \$25.06	\$26.40 - \$27.00

Additional Items	As Reported	Adjusted ¹
Corporate G&A	~\$215M	~\$215M
Interest Expense	~\$405M	~\$405M
Other (Income) Expense	(~\$215M)	~\$45M
Tax Rate	~21%	~22%
Diluted Shares Outstanding	~130.7M	

Detail of Pre-Tax Adjustments to:	Segment Margins	Below Segment
Acquired Intangible Asset Amortization	~\$550M	—
Business Realignment Charges	~\$50M	~\$1.7M
Integration Costs to Achieve	~\$20M	—
Gain on Sale of Building	—	(~\$10.5M)
Gain on Divestitures	—	(~\$250M)

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



Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

	Quarter-to-Date				As Reported December 31, 2023
	As Reported	Currency	Divestitures	Adjusted	
	December 31, 2024			December 31, 2024	
Net Sales					
Diversified Industrial	\$ 3,252,806	\$ 46,362	\$ 67,385	\$ 3,366,553	\$ 3,514,473
Aerospace Systems	1,489,787	(58)	-	1,489,729	1,306,474
Total Parker Hannifin	<u>\$ 4,742,593</u>	<u>\$ 46,304</u>	<u>\$ 67,385</u>	<u>\$ 4,856,282</u>	<u>\$ 4,820,947</u>
	As reported	Currency	Divestitures	Organic	
Diversified Industrial	(7.4)%	(1.3)%	(1.9)%	(4.2)%	
Aerospace Systems	14.0 %	0.0 %	0.0 %	14.0 %	
Total Parker Hannifin	<u>(1.6)%</u>	<u>(0.9)%</u>	<u>(1.4)%</u>	<u>0.7 %</u>	

Supplemental Information:

Net Sales	As Reported	Currency	Divestitures	Adjusted	As Reported
	December 31, 2024			December 31, 2024	December 31, 2023
Diversified Industrial:					
North America businesses	\$ 1,928,008	\$ 8,913	\$ 67,385	\$ 2,004,306	\$ 2,110,203
<u>International businesses</u>					
Europe	697,997	10,175	-	708,172	772,351
Asia Pacific	552,813	14,609	-	567,422	553,076
Latin America	73,988	12,665	-	86,653	78,843
International businesses	<u>\$ 1,324,798</u>	<u>\$ 37,449</u>	<u>\$ -</u>	<u>\$ 1,362,247</u>	<u>\$ 1,404,270</u>
	As reported	Currency	Divestitures	Organic	
Diversified Industrial:					
North America businesses	(8.6)%	(0.4)%	(3.2)%	(5.0)%	
<u>International businesses</u>					
Europe	(9.6)%	(1.3)%	0.0 %	(8.3)%	
Asia Pacific	(0.0)%	(2.6)%	0.0 %	2.6 %	
Latin America	(6.2)%	(16.1)%	0.0 %	9.9 %	
International businesses	<u>(5.7)%</u>	<u>(2.7)%</u>	<u>0.0 %</u>	<u>(3.0)%</u>	



Adjusted Amounts Reconciliation Consolidated Statement of Income

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

Quarter-to-Date FY 2025								
	As Reported December 31, 2024	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Meggitt Costs to Achieve	Gain on Divestitures	Adjusted December 31, 2024	% of Sales
Net sales	\$ 4,742,593	100.0 %	\$ -	\$ -	\$ -	\$ -	\$ 4,742,593	100.0 %
Cost of sales	3,022,229	63.7 %	23,068	10,590	154	-	2,988,417	63.0 %
Selling, general and admin. expenses	782,421	16.5 %	115,058	9,714	6,739	-	650,910	13.7 %
Interest expense	100,802	2.1 %	-	-	-	-	100,802	2.1 %
Other (income) expense, net	(328,716)	(6.9)%	-	551	-	(249,748)	(79,519)	(1.7)%
Income before income taxes	1,165,857	24.6 %	(138,126)	(20,855)	(6,893)	249,748	1,081,983	22.8 %
Income taxes	217,208	4.6 %	31,769	4,797	1,585	(26,714)	228,645	4.8 %
Net income	948,649	20.0 %	(106,357)	(16,058)	(5,308)	223,034	853,338	18.0 %
Less: Noncontrolling interests	107	0.0 %	-	-	-	-	107	0.0 %
Net income - common shareholders	\$ 948,542	20.0 %	\$ (106,357)	\$ (16,058)	\$ (5,308)	\$ 223,034	\$ 853,231	18.0 %
Diluted earnings per share	\$ 7.25		\$ (0.81)	\$ (0.13)	\$ (0.04)	\$ 1.70	\$ 6.53	

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



Adjusted Amounts Reconciliation Segment Operating Income

(Dollars in thousands)
(Unaudited)

(Unaudited)	Quarter-to-Date FY 2025							
	As Reported		Acquired	Business	Meggitt	Adjusted		
	December 31, 2024	% of Sales	Intangible Asset	Realignment	Costs to	Gain on	December 31, 2024	% of Sales ²
			Amortization	Charges	Achieve	Divestitures		
Diversified Industrial ¹	\$ 710,562	21.8%	\$ 62,570	\$ 19,343	\$ 627	\$ -	\$ 793,102	24.4%
Aerospace Systems ¹	338,184	22.7%	75,556	386	6,266	-	420,392	28.2%
Total segment operating income	1,048,746	22.1%	(138,126)	(19,729)	(6,893)	-	1,213,494	25.6%
Corporate administration	56,264	1.2%	-	575	-	-	55,689	1.2%
Income before interest and other	992,482	20.9%	(138,126)	(20,304)	(6,893)	-	1,157,805	24.4%
Interest expense	100,802	2.1%	-	-	-	-	100,802	2.1%
Other (income) expense	(274,177)	-5.8%	-	551	-	(249,748)	(24,980)	-0.5%
Income before income taxes	\$ 1,165,857	24.6%	\$ (138,126)	\$ (20,855)	\$ (6,893)	\$ 249,748	\$ 1,081,983	22.8%

Supplemental Information:

Diversified Industrial:

North America businesses ¹	\$	426,567	22.1%	\$ 40,985	\$ 5,444	\$ 445	\$ -	\$ 473,441	24.6%
International businesses ¹		283,995	21.4%	21,585	13,899	182	-	319,661	24.1%

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

Supplemental Information:

Diversified Industrial:

North America businesses ¹	\$	461,850	21.9%	\$ 44,699	\$ 3,250	\$ 562	\$ -	\$ 510,361	24.2%
International businesses ¹		290,484	20.7%	22,610	10,035	309	-	323,438	23.0%

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 North American Filtration Division Margin to North American Filtration Division Adjusted Margin

(Unaudited)

(Amounts in percentages)

	6 Months ended 12/31/23	6 Months ended 12/31/24
North American Filtration Division Margin	22.3%	22.5%
Adjustments:		
Acquisition-related intangible asset amortization expense	2.9%	3.0%
Business realignment charges	0.0%	0.2%
North American Filtration Division Adjusted Margin	25.2%	25.7%

Reconciliation of EBITDA to Adjusted EBITDA

(Dollars in thousands)
(Unaudited)

	Three Months Ended December 31,			
	2024	% of Sales	2023	% of Sales
Net sales	\$ 4,742,593	100.0%	\$ 4,820,947	100.0%
Net income	\$ 948,649	20.0%	\$ 682,057	14.1%
Income taxes	217,208	4.6%	186,108	3.9%
Depreciation	87,697	1.8%	85,751	1.8%
Amortization	138,126	2.9%	142,027	2.9%
Interest expense	100,802	2.1%	129,029	2.7%
EBITDA	<u>1,492,482</u>	<u>31.5%</u>	<u>1,224,972</u>	<u>25.4%</u>
Adjustments:				
Business realignment charges	20,855	0.4%	14,354	0.3%
Meggitt costs to achieve	6,893	0.1%	10,014	0.2%
Gain on divestitures	(249,748)	-5.3%	(12,391)	-0.3%
EBITDA - Adjusted	<u>\$ 1,270,482</u>	<u>26.8%</u>	<u>\$ 1,236,949</u>	<u>25.7%</u>
EBITDA margin	31.5 %		25.4 %	
EBITDA margin - Adjusted	26.8 %		25.7 %	

Reconciliation of Free Cash Flow Margin

(Unaudited)
(Dollars in thousands)

	Six Months Ended December 31,	
	2024	2023
Net Sales	\$ 9,646,577	\$ 9,668,435
Cash Flow from Operations	\$ 1,678,733	\$ 1,351,987
Capital Expenditures	(216,493)	(204,117)
Free Cash Flow	\$ 1,462,240	\$ 1,147,870
Free Cash Flow Margin	15.2%	11.9%

Supplemental Sales Information

Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,	
	2024	2023
Net sales		
Diversified Industrial:		
Motion Systems	\$ 804,462	\$ 917,966
Flow and Process Control	1,059,614	1,122,400
Filtration and Engineered Materials	1,388,730	1,474,107
Aerospace Systems	1,489,787	1,306,474
Total	\$ 4,742,593	\$ 4,820,947



Reconciliation of Q3 FY25 Guidance

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)

(Amounts in percentages)

	Q3 Fiscal Year 2025
Forecasted net sales	(~2.0%)
Adjustments:	
Currency	1.5%
Divestitures	2.0%
Adjusted forecasted net sales	~1.5%

RECONCILIATION OF FORECASTED EARNINGS PER SHARE

(Unaudited)

(Amounts in dollars)

	Q3 Fiscal Year 2025
Forecasted earnings per diluted share	~\$5.71
Adjustments:	
Business realignment charges	0.10
Costs to achieve	0.03
Acquisition-related intangible asset amortization expense	1.05
Tax effect of adjustments ¹	(0.24)
Adjusted forecasted earnings per diluted share	~\$6.65

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

(Unaudited)

(Amounts in percentages)

	Q3 Fiscal Year 2025
Forecasted segment operating margin	~22.5%
Adjustments:	
Business realignment charges	0.3%
Costs to achieve	0.1%
Acquisition-related intangible asset amortization expense	2.7%
Adjusted forecasted segment operating margin	~25.6%

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)	Fiscal Year 2025			
(Amounts in percentages)	Forecasted Net Sales	Currency	Divestitures	Adjusted Forecasted Net Sales
Diversified Industrial				
North America Businesses	(8.0%) to (5.0%)	~0.5%	~3.5%	(4.0%) to (1.0%)
International Businesses	(4.0%) to (1.0%)	~2.5%	-	(1.5%) to 1.5%
Aerospace Systems	9.5% to 12.5%	~0.0%	-	9.5% to 12.5%
Parker	(2.0%) to 1.0%	~1.0%	~1.5%	0.5% to 3.5%

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

(Unaudited)	Fiscal Year 2025				
(Amounts in percentages)	Forecasted Segment Operating Margin	Business Realignment Charges	Costs to Achieve	Acquisition-Related Intangible Asset Amortization Expense	Adjusted Forecasted Segment Operating Margin
Diversified Industrial					
North America Businesses	~23.2%	~0.2%	-	~2.0%	~25.4%
International Businesses	~21.9%	~0.6%	-	~1.6%	~24.1%
Aerospace Systems	~22.8%	-	~0.3%	~4.9%	~28.0%
Parker	~22.7%	~0.2%	~0.1%	~2.8%	~25.8%

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 FORECASTED EARNINGS PER SHARE

(Unaudited)	Fiscal Year 2025
(Amounts in dollars)	
Forecasted earnings per diluted share	\$24.46 to \$25.06
Adjustments:	
Business realignment charges	0.39
Costs to achieve	0.15
Acquisition-related intangible asset amortization expense	4.22
Net gain on divestitures	(1.91)
Gain on sale of building	(0.08)
Tax effect of adjustments ¹	(0.83)
Adjusted forecasted earnings per diluted share	\$26.40 to \$27.00

RECONCILIATION OF CASH FLOW FROM OPERATIONS TO FREE CASH FLOW

(Unaudited)	Fiscal Year 2025
(Dollars in millions)	
Cash flow from operations	\$3,400 to \$3,700
Less: Capital Expenditures	~(400)
Free cash flow	\$3,000 to \$3,300

