

PARKER HANNIFIN CORPORATION - JUNE 30, 2020**CONSOLIDATED STATEMENT OF INCOME**

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2020	2019	2020	2019
Net sales	\$ 3,160,603	\$ 3,681,467	\$ 13,695,520	\$ 14,320,324
Cost of sales	2,357,319	2,739,578	10,286,518	10,703,484
Selling, general and administrative expenses	352,793	391,493	1,656,553	1,543,939
Interest expense	74,549	50,072	308,161	190,138
Other expense (income), net	5,374	(13,024)	(68,339)	(50,662)
Income before income taxes	370,568	513,348	1,512,627	1,933,425
Income taxes	74,873	99,610	305,924	420,494
Net income	295,695	413,738	1,206,703	1,512,931
Less: Noncontrolling interests	(21)	70	362	567
Net income attributable to common shareholders	\$ 295,716	\$ 413,668	\$ 1,206,341	\$ 1,512,364

Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 2.30	\$ 3.22	\$ 9.39	\$ 11.63
Diluted earnings per share	\$ 2.27	\$ 3.17	\$ 9.29	\$ 11.48
Average shares outstanding during period - Basic	128,523,334	128,561,494	128,418,495	129,997,640
Average shares outstanding during period - Diluted	129,993,001	130,460,247	129,805,034	131,781,617

CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2020	2019	2020	2019
Cash dividends per common share	\$ 0.88	\$ 0.88	\$ 3.52	\$ 3.16

RECONCILIATION OF EARNINGS PER DILUTED SHARE TO ADJUSTED EARNINGS PER DILUTED SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2020	2019	2020	2019
Earnings per diluted share	\$ 2.27	\$ 3.17	\$ 9.29	\$ 11.48
Adjustments:				
Business realignment charges	0.37	0.05	0.59	0.12
Clarcor costs to achieve	—	0.01	—	0.10
Lord costs to achieve	0.02	0.01	0.16	0.01
Exotic costs to achieve	—	—	0.01	—
Acquisition-related expenses	0.03	0.12	1.45	0.12
Tax effect of adjustments ¹	(0.09)	(0.05)	(0.52)	(0.09)
Favorable tax settlement	(0.05)	—	(0.19)	—
Tax expense related to U.S. Tax Reform	—	—	—	0.11
Adjusted earnings per diluted share	\$ 2.55	\$ 3.31	\$ 10.79	\$ 11.85

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.

PARKER HANNIFIN CORPORATION - JUNE 30, 2020
RECONCILIATION OF EBITDA TO ADJUSTED EBITDA

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2020	2019	2020	2019
Net sales	\$ 3,160,603	\$ 3,681,467	\$ 13,695,520	\$ 14,320,324
Net income	295,695	413,738	1,206,703	1,512,931
Income taxes	74,873	99,610	305,924	420,494
Depreciation and amortization	146,582	105,388	537,531	436,189
Interest expense	74,549	50,072	308,161	190,138
EBITDA	591,699	668,808	2,358,319	2,559,752
Adjustments:				
Business realignment charges	47,601	6,393	75,614	15,677
Clarcor costs to achieve	—	928	—	12,458
Lord costs to achieve	2,166	912	20,669	912
Exotic costs to achieve	338	—	1,908	—
Acquisition-related expenses	4,437	16,234	188,518	16,234
Adjusted EBITDA	\$ 646,241	\$ 693,275	\$ 2,645,028	\$ 2,605,033
EBITDA margin	18.7 %	18.2 %	17.2 %	17.9 %
Adjusted EBITDA margin	20.4 %	18.8 %	19.3 %	18.2 %

PARKER HANNIFIN CORPORATION - JUNE 30, 2020**BUSINESS SEGMENT INFORMATION**

(Unaudited)	Three Months Ended June 30,		Twelve Months Ended June 30,	
(Dollars in thousands)	2020	2019	2020	2019
Net sales				
Diversified Industrial:				
North America	\$ 1,440,263	\$ 1,745,291	\$ 6,456,298	\$ 6,808,948
International	1,096,380	1,258,288	4,504,587	5,000,599
Aerospace Systems	623,960	677,888	2,734,635	2,510,777
Total net sales	\$ 3,160,603	\$ 3,681,467	\$ 13,695,520	\$ 14,320,324
Segment operating income				
Diversified Industrial:				
North America	\$ 219,785	\$ 318,175	\$ 985,944	\$ 1,138,586
International	175,420	201,004	674,763	804,890
Aerospace Systems	105,441	121,650	476,900	487,757
Total segment operating income	500,646	640,829	2,137,607	2,431,233
Corporate general and administrative expenses	37,999	47,977	170,903	194,994
Income before interest expense and other expense	462,647	592,852	1,966,704	2,236,239
Interest expense	74,549	50,072	308,161	190,138
Other expense	17,530	29,432	145,916	112,676
Income before income taxes	\$ 370,568	\$ 513,348	\$ 1,512,627	\$ 1,933,425

PARKER HANNIFIN CORPORATION - JUNE 30, 2020

CONSOLIDATED BALANCE SHEET

(Unaudited) **June 30** June 30
(Dollars in thousands) **2020** 2019

Assets		
Current assets:		
Cash and cash equivalents	\$ 685,514	\$ 3,219,767
Marketable securities and other investments	70,805	150,931
Trade accounts receivable, net	1,854,398	2,131,054
Non-trade and notes receivable	244,870	310,708
Inventories	1,814,631	1,678,132
Prepaid expenses and other	214,986	182,494
Total current assets	4,885,204	7,673,086
Plant and equipment, net	2,292,735	1,768,287
Deferred income taxes	126,839	150,462
Investments and other assets	764,563	747,773
Intangible assets, net	3,798,913	1,783,277
Goodwill	7,869,935	5,453,805
Total assets	\$ 19,738,189	\$ 17,576,690

Liabilities and equity		
Current liabilities:		
Notes payable and long-term debt payable within one year	\$ 809,529	\$ 587,014
Accounts payable, trade	1,111,759	1,413,155
Accrued payrolls and other compensation	424,231	426,285
Accrued domestic and foreign taxes	195,314	167,312
Other accrued liabilities	607,540	558,007
Total current liabilities	3,148,373	3,151,773
Long-term debt	7,652,256	6,520,831
Pensions and other postretirement benefits	1,887,414	1,304,379
Deferred income taxes	382,528	193,066
Other liabilities	539,089	438,489
Shareholders' equity	6,113,983	5,961,969
Noncontrolling interests	14,546	6,183
Total liabilities and equity	\$ 19,738,189	\$ 17,576,690

PARKER HANNIFIN CORPORATION - JUNE 30, 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

Twelve Months Ended June 30,

(Dollars in thousands)

	2020	2019
Cash flows from operating activities:		
Net income	\$ 1,206,703	\$ 1,512,931
Depreciation and amortization	537,531	436,189
Stock incentive plan compensation	111,375	104,078
Loss on sale of businesses	—	5,854
(Gain) loss on plant and equipment and intangible assets	(1,850)	5,091
(Gain) loss on marketable securities	(587)	7,563
Gain on investments	(2,084)	(16,749)
Net change in receivables, inventories and trade payables	409,252	(61,762)
Net change in other assets and liabilities	(211,049)	(301,480)
Other, net	21,658	38,425
Net cash provided by operating activities	2,070,949	1,730,140
Cash flows from investing activities:		
Acquisitions (less acquired cash of \$82,192 in 2020 and \$690 in 2019)	(5,076,064)	(2,042)
Capital expenditures	(232,591)	(195,089)
Proceeds from sale of plant and equipment	26,345	46,592
Proceeds from sale of businesses	—	19,678
Purchases of marketable securities and other investments	(194,742)	(181,780)
Maturities and sales of marketable securities and other investments	275,483	74,908
Other	177,576	19,223
Net cash used in investing activities	(5,023,993)	(218,510)
Cash flows from financing activities:		
Net payments for common stock activity	(213,426)	(857,577)
Acquisition of noncontrolling interests	(1,200)	—
Net proceeds from debt	1,117,774	2,172,351
Dividends paid	(453,838)	(412,468)
Net cash provided by financing activities	449,310	902,306
Effect of exchange rate changes on cash	(30,519)	(16,306)
Net (decrease) increase in cash and cash equivalents	(2,534,253)	2,397,630
Cash and cash equivalents at beginning of period	3,219,767	822,137
Cash and cash equivalents at end of period	\$ 685,514	\$ 3,219,767

RECONCILIATION OF CASH FLOW FROM OPERATIONS TO ADJUSTED CASH FLOW FROM OPERATIONS

(Unaudited)

Twelve Months Ended

Twelve Months Ended

(Dollars in thousands)

	June 30, 2020	Percent of sales	June 30, 2019	Percent of sales
As reported cash flow from operations	\$ 2,070,949	15.1 %	\$ 1,730,140	12.1 %
Discretionary pension contribution	—		200,000	
Adjusted cash flow from operations	\$ 2,070,949	15.1 %	\$ 1,930,140	13.5 %

PARKER HANNIFIN CORPORATION - JUNE 30, 2020

RECONCILIATION OF FORECASTED EARNINGS PER DILUTED SHARE TO ADJUSTED FORECASTED EARNINGS PER DILUTED SHARE

(Unaudited)

(Amounts in dollars)

Fiscal Year 2021

Forecasted earnings per diluted share	\$7.41 to \$8.41
Adjustments:	
Business realignment charges	0.50
Costs to achieve	0.14
Acquisition-related intangible asset amortization expense	2.46
Tax effect of adjustments ¹	(0.71)
Adjusted forecasted earnings per diluted share	\$9.80 to \$10.80

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.