

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

(Unaudited)

Three Months Ended September 30,

(Dollars in thousands, except per share amounts)

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Net sales | \$ 3,230,540 | \$ 3,334,511 |
| Cost of sales | 2,384,328 | 2,479,741 |
| Selling, general and administrative expenses | 369,851 | 399,179 |
| Interest expense | 65,958 | 69,956 |
| Other (income), net | (4,892) | (47,521) |
| Income before income taxes | 415,295 | 433,156 |
| Income taxes | 93,578 | 94,115 |
| Net income | 321,717 | 339,041 |
| Less: Noncontrolling interests | 308 | 143 |
| Net income attributable to common shareholders | \$ 321,409 | \$ 338,898 |
| Earnings per share attributable to common shareholders: | | |
| Basic earnings per share | \$ 2.50 | \$ 2.64 |
| Diluted earnings per share | \$ 2.47 | \$ 2.60 |
| Average shares outstanding during period - Basic | 128,707,745 | 128,463,992 |
| Average shares outstanding during period - Diluted | 130,294,223 | 130,130,076 |

CASH DIVIDENDS PER COMMON SHARE

(Unaudited)

Three Months Ended September 30,

(Amounts in dollars)

| | 2020 | 2019 |
|--|----------------|----------------|
| Cash dividends per common share | \$ 0.88 | \$ 0.88 |

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

(Unaudited)

Three Months Ended September 30,

(Amounts in dollars)

| | 2020 | 2019 |
|--|----------------|----------------|
| Earnings per diluted share | \$ 2.47 | \$ 2.60 |
| Adjustments: | | |
| Acquired intangible asset amortization expense | 0.63 | 0.38 |
| Business realignment charges | 0.12 | 0.04 |
| Lord costs to achieve | 0.03 | 0.03 |
| Exotic costs to achieve | — | 0.01 |
| Acquisition-related expenses | — | 0.14 |
| Tax effect of adjustments ¹ | (0.18) | (0.15) |
| Adjusted earnings per diluted share | \$ 3.07 | \$ 3.05 |

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 - SEPTEMBER 30, 2020**RECONCILIATION OF EBITDA TO ADJUSTED EBITDA**

(Unaudited)

(Dollars in thousands)

Three Months Ended September 30,

| | 2020 | 2019 |
|-------------------------------|---------------------|--------------|
| Net sales | \$ 3,230,540 | \$ 3,334,511 |
| Net income | \$ 321,717 | \$ 339,041 |
| Income taxes | 93,578 | 94,115 |
| Depreciation and amortization | 148,442 | 109,071 |
| Interest expense | 65,958 | 69,956 |
| EBITDA | 629,695 | 612,183 |
| Adjustments: | | |
| Business realignment charges | 15,701 | 4,723 |
| Lord costs to achieve | 3,615 | 3,414 |
| Exotic costs to achieve | 332 | 595 |
| Acquisition-related expenses | — | 17,449 |
| Adjusted EBITDA | \$ 649,343 | \$ 638,364 |
| EBITDA margin | 19.5 % | 18.4 % |
| Adjusted EBITDA margin | 20.1 % | 19.1 % |

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2020

BUSINESS SEGMENT INFORMATION

(Unaudited)

Three Months Ended September 30,

(Dollars in thousands)

2020

2019

| Net sales | | |
|--|---------------------|---------------------|
| Diversified Industrial: | | |
| North America | \$ 1,528,111 | \$ 1,624,605 |
| International | 1,129,251 | 1,078,850 |
| Aerospace Systems | 573,178 | 631,056 |
| Total net sales | \$ 3,230,540 | \$ 3,334,511 |
| Segment operating income | | |
| Diversified Industrial: | | |
| North America | \$ 268,833 | \$ 275,192 |
| International | 186,901 | 168,573 |
| Aerospace Systems | 86,766 | 122,980 |
| Total segment operating income | 542,500 | 566,745 |
| Corporate general and administrative expenses | 36,735 | 48,902 |
| Income before interest expense and other expense | 505,765 | 517,843 |
| Interest expense | 65,958 | 69,956 |
| Other expense | 24,512 | 14,731 |
| Income before income taxes | \$ 415,295 | \$ 433,156 |

RECONCILIATION OF TOTAL SEGMENT OPERATING MARGIN TO ADJUSTED TOTAL SEGMENT OPERATING MARGIN

(Unaudited)

Three Months Ended

Three Months Ended

(Dollars in thousands)

September 30, 2020

September 30, 2019

| | Operating income | Operating margin | Operating income | Operating margin |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Total segment operating income | \$ 542,500 | 16.8 % | \$ 566,745 | 17.0 % |
| Adjustments: | | | | |
| Acquired intangible asset amortization expense | 81,703 | | 49,433 | |
| Business realignment charges | 14,523 | | 4,718 | |
| Lord costs to achieve | 3,615 | | 3,414 | |
| Exotic costs to achieve | 332 | | 595 | |
| Acquisition-related expenses | — | | 2,519 | |
| Adjusted total segment operating income | \$ 642,673 | 19.9 % | \$ 627,424 | 18.8 % |

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2020

CONSOLIDATED BALANCE SHEET

(Unaudited)

(Dollars in thousands)

| | September 30, 2020 | June 30, 2020 | September 30, 2019 |
|--|-----------------------|----------------------|-----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 742,394 | \$ 685,514 | \$ 3,627,393 |
| Marketable securities and other investments | 33,463 | 70,805 | 282,102 |
| Trade accounts receivable, net | 1,860,324 | 1,854,398 | 1,983,242 |
| Non-trade and notes receivable | 273,991 | 244,870 | 288,762 |
| Inventories | 1,795,779 | 1,814,631 | 1,790,044 |
| Prepaid expenses and other | 163,533 | 214,986 | 166,536 |
| Total current assets | 4,869,484 | 4,885,204 | 8,138,079 |
| Plant and equipment, net | 2,292,880 | 2,292,735 | 1,880,157 |
| Deferred income taxes | 129,751 | 126,839 | 145,476 |
| Investments and other assets | 778,591 | 764,563 | 892,508 |
| Intangible assets, net | 3,743,314 | 3,798,913 | 2,693,756 |
| Goodwill | 7,971,897 | 7,869,935 | 5,818,613 |
| Total assets | \$ 19,785,917 | \$ 19,738,189 | \$ 19,568,589 |
| Liabilities and equity | | | |
| Current liabilities: | | | |
| Notes payable and long-term debt payable within one year | \$ 884,450 | \$ 809,529 | \$ 1,736,779 |
| Accounts payable, trade | 1,264,991 | 1,111,759 | 1,287,420 |
| Accrued payrolls and other compensation | 332,110 | 424,231 | 310,417 |
| Accrued domestic and foreign taxes | 196,429 | 195,314 | 188,571 |
| Other accrued liabilities | 650,243 | 607,540 | 634,141 |
| Total current liabilities | 3,328,223 | 3,148,373 | 4,157,328 |
| Long-term debt | 7,057,723 | 7,652,256 | 7,366,912 |
| Pensions and other postretirement benefits | 1,864,506 | 1,887,414 | 1,261,493 |
| Deferred income taxes | 413,891 | 382,528 | 178,454 |
| Other liabilities | 577,325 | 539,089 | 501,610 |
| Shareholders' equity | 6,528,964 | 6,113,983 | 6,096,616 |
| Noncontrolling interests | 15,285 | 14,546 | 6,176 |
| Total liabilities and equity | \$ 19,785,917 | \$ 19,738,189 | \$ 19,568,589 |

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

Three Months Ended September 30,

(Dollars in thousands)

| | 2020 | 2019 |
|---|-------------------|---------------------|
| Cash flows from operating activities: | | |
| Net income | \$ 321,717 | \$ 339,041 |
| Depreciation and amortization | 148,442 | 109,071 |
| Share incentive plan compensation | 58,461 | 52,633 |
| Gain on plant and equipment | (498) | (10,269) |
| (Gain) loss on marketable securities | (340) | 201 |
| Gain on investments | (970) | (498) |
| Net change in receivables, inventories and trade payables | 194,350 | 53,526 |
| Net change in other assets and liabilities | 4,207 | (77,794) |
| Other, net | 12,005 | (16,780) |
| Net cash provided by operating activities | 737,374 | 449,131 |
| Cash flows from investing activities: | | |
| Acquisitions (net of cash of \$8,179 in 2019) | — | (1,696,456) |
| Capital expenditures | (42,117) | (50,345) |
| Proceeds from sale of plant and equipment | 6,590 | 19,284 |
| Purchases of marketable securities and other investments | (10,726) | (159,984) |
| Maturities and sales of marketable securities and other investments | 49,107 | 26,477 |
| Other | 1,054 | 8,070 |
| Net cash provided by (used in) investing activities | 3,908 | (1,852,954) |
| Cash flows from financing activities: | | |
| Net payments for common stock activity | (21,750) | (71,985) |
| Net (payments for) proceeds from debt | (557,442) | 2,023,714 |
| Dividends paid | (113,542) | (113,352) |
| Net cash (used in) provided by financing activities | (692,734) | 1,838,377 |
| Effect of exchange rate changes on cash | 8,332 | (26,928) |
| Net increase in cash and cash equivalents | 56,880 | 407,626 |
| Cash and cash equivalents at beginning of year | 685,514 | 3,219,767 |
| Cash and cash equivalents at end of period | \$ 742,394 | \$ 3,627,393 |

PARKER HANNIFIN CORPORATION - SEPTEMBER 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 | \$9.93 to \$10.53 |
| Adjustments: | |
| Business realignment charges | 0.46 |
| Costs to achieve | 0.14 |
| Acquisition-related intangible asset amortization expense | 2.47 |
| Gain on sale of land | (0.77) |
| Tax effect of adjustments ¹ | (0.53) |
| Adjusted forecasted earnings per diluted share | \$11.70 to \$12.30 |

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.