

**PARKER HANNIFIN CORPORATION - JUNE 30, 2019**

**CONSOLIDATED STATEMENT OF INCOME**

(Unaudited) (Dollars in thousands except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
<b>Net sales</b>	\$ 3,681,467	\$ 3,817,477	\$ 14,320,324	\$ 14,302,392
Cost of sales	2,739,578	2,830,198	10,703,484	10,737,745
Selling, general and administrative expenses	391,493	418,210	1,543,939	1,639,989
Interest expense	50,072	53,040	190,138	213,873
Other (income) expense, net	(13,024)	18,102	(50,662)	8,508
Income before income taxes	513,348	497,927	1,933,425	1,702,277
Income taxes	99,610	144,599	420,494	640,962
Net income	413,738	353,328	1,512,931	1,061,315
Less: Noncontrolling interests	70	72	567	514
<b>Net income attributable to common shareholders</b>	<b>\$ 413,668</b>	<b>\$ 353,256</b>	<b>\$ 1,512,364</b>	<b>\$ 1,060,801</b>

**Earnings per share attributable to common shareholders:**

Basic earnings per share	\$ 3.22	\$ 2.66	\$ 11.63	\$ 7.98
Diluted earnings per share	\$ 3.17	\$ 2.62	\$ 11.48	\$ 7.83
Average shares outstanding during period - Basic	128,561,494	132,696,489	129,997,639	133,004,613
Average shares outstanding during period - Diluted	130,460,247	135,001,851	131,781,616	135,426,834

**CASH DIVIDENDS PER COMMON SHARE**

(Unaudited) (Amounts in dollars)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
<b>Cash dividends per common share</b>	<b>\$ 0.88</b>	<b>\$ 0.76</b>	<b>\$ 3.16</b>	<b>\$ 2.74</b>

**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,	
	2019	2018	2019	2018
<b>Earnings per diluted share</b>	<b>\$ 3.17</b>	<b>\$ 2.62</b>	<b>\$ 11.48</b>	<b>\$ 7.83</b>
Adjustments:				
Business realignment charges	0.04	0.10	0.09	0.26
Clarcor costs to achieve	—	0.04	0.07	0.20
LORD acquisition and integration costs	0.10	—	0.10	—
Loss on sale and writedown of assets, net	—	0.39	—	0.41
U.S. Tax Reform one-time impact, net	—	0.07	0.11	1.72
<b>Adjusted earnings per diluted share</b>	<b>\$ 3.31</b>	<b>\$ 3.22</b>	<b>\$ 11.85</b>	<b>\$ 10.42</b>

**PARKER HANNIFIN CORPORATION - JUNE 30, 2019**  
**RECONCILIATION OF EBITDA TO ADJUSTED EBITDA**

(Unaudited)	Three Months Ended June 30,		Twelve Months Ended June 30,	
(Dollars in thousands)	<b>2019</b>	2018	<b>2019</b>	2018
<b>Net sales</b>	<b>\$ 3,681,467</b>	\$ 3,817,477	<b>\$ 14,320,324</b>	\$ 14,302,392
Earnings before income taxes	<b>\$ 513,348</b>	\$ 497,927	<b>\$ 1,933,425</b>	\$ 1,702,277
Depreciation and amortization	<b>105,388</b>	114,769	<b>436,189</b>	466,085
Interest expense	<b>50,072</b>	53,040	<b>190,138</b>	213,873
<b>EBITDA</b>	<b>668,808</b>	665,736	<b>2,559,752</b>	2,382,235
Adjustments:				
Business realignment charges	<b>6,393</b>	17,843	<b>15,677</b>	46,319
Clarcor costs to achieve	<b>928</b>	8,292	<b>12,458</b>	36,676
LORD acquisition and integration costs	<b>17,146</b>	—	<b>17,146</b>	—
Loss on sale and writedown of assets, net	<b>—</b>	26,513	<b>—</b>	31,837
<b>Adjusted EBITDA</b>	<b>\$ 693,275</b>	\$ 718,384	<b>\$ 2,605,033</b>	\$ 2,497,067
<b>EBITDA margin</b>	<b>18.2 %</b>	17.4 %	<b>17.9 %</b>	16.7 %
<b>Adjusted EBITDA margin</b>	<b>18.8 %</b>	18.8 %	<b>18.2 %</b>	17.5 %

**PARKER HANNIFIN CORPORATION - JUNE 30, 2019**

**BUSINESS SEGMENT INFORMATION**

(Unaudited) (Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2019	2018	2019	2018
<b>Net sales</b>				
Diversified Industrial:				
North America	\$ 1,745,291	\$ 1,804,948	\$ 6,808,948	\$ 6,726,900
International	1,258,288	1,376,118	5,000,599	5,259,793
Aerospace Systems	677,888	636,411	2,510,777	2,315,699
<b>Total net sales</b>	<b>\$ 3,681,467</b>	<b>\$ 3,817,477</b>	<b>\$ 14,320,324</b>	<b>\$ 14,302,392</b>
<b>Segment operating income</b>				
Diversified Industrial:				
North America	\$ 318,175	\$ 313,493	\$ 1,138,586	\$ 1,076,021
International	201,004	203,340	804,890	765,188
Aerospace Systems	121,650	126,735	487,757	397,970
<b>Total segment operating income</b>	<b>640,829</b>	<b>643,568</b>	<b>2,431,233</b>	<b>2,239,179</b>
Corporate general and administrative expenses	47,977	58,471	194,994	200,901
Income before interest expense and other expense	592,852	585,097	2,236,239	2,038,278
Interest expense	50,072	53,040	190,138	213,873
Other expense	29,432	34,130	112,676	122,128
<b>Income before income taxes</b>	<b>\$ 513,348</b>	<b>\$ 497,927</b>	<b>\$ 1,933,425</b>	<b>\$ 1,702,277</b>

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

(Unaudited) (Dollars in thousands)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018	
	Operating income	Operating margin	Operating income	Operating margin
<b>Total segment operating income</b>	<b>\$ 640,829</b>	<b>17.4 %</b>	<b>\$ 643,568</b>	<b>16.9 %</b>
Adjustments:				
Business realignment charges	6,219		17,843	
Clarcor costs to achieve	1,072		8,292	
LORD acquisition and integration costs	912		—	
<b>Adjusted total segment operating income</b>	<b>\$ 649,032</b>	<b>17.6 %</b>	<b>\$ 669,703</b>	<b>17.5 %</b>
	Twelve Months Ended June 30, 2019		Twelve Months Ended June 30, 2018	
	Operating income	Operating margin	Operating income	Operating margin
<b>Total segment operating income</b>	<b>\$ 2,431,233</b>	<b>17.0 %</b>	<b>\$ 2,239,179</b>	<b>15.7 %</b>
Adjustments:				
Business realignment charges	15,503		46,319	
Clarcor costs to achieve	12,327		36,676	
LORD acquisition and integration costs	912		—	
<b>Adjusted total segment operating income</b>	<b>\$ 2,459,975</b>	<b>17.2 %</b>	<b>\$ 2,322,174</b>	<b>16.2 %</b>

**PARKER HANNIFIN CORPORATION - JUNE 30, 2019**

**CONSOLIDATED BALANCE SHEET**

(Unaudited) June 30,  
(Dollars in thousands) 2019 June 30,  
2018

<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,219,767	\$ 822,137
Marketable securities and other investments	150,931	32,995
Trade accounts receivable, net	2,131,054	2,145,517
Non-trade and notes receivable	310,708	328,399
Inventories	1,678,132	1,621,304
Prepaid expenses and other	182,494	134,886
<b>Total current assets</b>	<b>7,673,086</b>	<b>5,085,238</b>
Plant and equipment, net	1,768,287	1,856,237
Deferred income taxes	150,462	57,623
Goodwill	5,453,805	5,504,420
Intangible assets, net	1,783,277	2,015,520
Other assets	747,773	801,049
<b>Total assets</b>	<b>\$ 17,576,690</b>	<b>\$ 15,320,087</b>

**Liabilities and equity**

<b>Current liabilities:</b>		
Notes payable	\$ 587,014	\$ 638,466
Accounts payable	1,413,155	1,430,306
Accrued liabilities	984,292	929,833
Accrued domestic and foreign taxes	167,312	198,878
<b>Total current liabilities</b>	<b>3,151,773</b>	<b>3,197,483</b>
Long-term debt	6,520,831	4,318,559
Pensions and other postretirement benefits	1,304,379	1,177,605
Deferred income taxes	193,066	234,858
Other liabilities	438,489	526,089
Shareholders' equity	5,961,969	5,859,866
Noncontrolling interests	6,183	5,627
<b>Total liabilities and equity</b>	<b>\$ 17,576,690</b>	<b>\$ 15,320,087</b>

**PARKER HANNIFIN CORPORATION - JUNE 30, 2019**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(Unaudited)	Twelve Months Ended June 30,	
(Dollars in thousands)	<b>2019</b>	2018
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,512,931	\$ 1,061,315
Depreciation and amortization	436,189	466,085
Stock incentive plan compensation	104,078	118,831
Loss on sale of businesses	5,854	19,666
Loss (gain) on plant and equipment and intangible assets	5,091	(24,422)
Loss (gain) on sale of marketable securities	7,563	(2)
(Gain) loss on investments	(16,749)	41,219
Net change in receivables, inventories and trade payables	(61,762)	(268,280)
Net change in other assets and liabilities	(301,480)	216,416
Other, net	38,425	(34,128)
<b>Net cash provided by operating activities</b>	<b>1,730,140</b>	<b>1,596,700</b>
<b>Cash flows from investing activities:</b>		
Acquisitions (net of cash of \$690 in 2019)	(2,042)	—
Capital expenditures	(195,089)	(247,667)
Proceeds from sale of plant and equipment	46,592	81,881
Proceeds from sale of businesses	19,678	177,741
Purchases of marketable securities and other investments	(181,780)	(80,607)
Maturities and sales of marketable securities and other investments	74,908	83,905
Other	19,223	8,424
<b>Net cash (used in) provided by investing activities</b>	<b>(218,510)</b>	<b>23,677</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(857,577)	(377,359)
Net proceeds from (payments for) debt	2,172,351	(939,325)
Dividends	(412,468)	(365,288)
<b>Net cash provided by (used in) financing activities</b>	<b>902,306</b>	<b>(1,681,972)</b>
Effect of exchange rate changes on cash	(16,306)	(1,154)
Net increase (decrease) in cash and cash equivalents	2,397,630	(62,749)
Cash and cash equivalents at beginning of period	822,137	884,886
<b>Cash and cash equivalents at end of period</b>	<b>\$ 3,219,767</b>	<b>\$ 822,137</b>

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

(Unaudited)	Twelve Months Ended		Twelve Months Ended	
(Dollars in thousands)	June 30, 2019	Percent of sales	June 30, 2018	Percent of sales
<b>As reported cash flow from operations</b>	<b>\$ 1,730,140</b>	<b>12.1 %</b>	<b>\$ 1,596,700</b>	<b>11.2 %</b>
Discretionary pension contribution	200,000		—	
<b>Adjusted cash flow from operations</b>	<b>\$ 1,930,140</b>	<b>13.5 %</b>	<b>\$ 1,596,700</b>	<b>11.2 %</b>

**PARKER HANNIFIN CORPORATION - JUNE 30, 2019**

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

(Unaudited)

(Amounts in dollars)

**Fiscal Year 2020**

**Forecasted earnings per diluted share** **\$11.38 - \$12.18**

Adjustments:

Business realignment charges **0.12**

**Adjusted forecasted earnings per diluted share** **\$11.50 - \$12.30**