

Parker Hannifin Corporation

2nd Quarter Fiscal Year 2018 Earnings Release



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ENGINEERING YOUR SUCCESS.

February 1, 2018

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. These statements may be identified from use of forward-looking terminology such as “anticipates,” “believes,” “may,” “should,” “could,” “potential,” “continues,” “plans,” “forecasts,” “estimates,” “projects,” “predicts,” “would,” “intends,” “anticipates,” “expects,” “targets,” “is likely,” “will,” or the negative of these terms and similar expressions, and include all statements regarding future performance, earnings projections, events or developments. It is possible that the future performance and earnings projections of the company, including its individual segments, may differ materially from current expectations, depending on economic conditions within its mobile, industrial and aerospace markets, and the company’s ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.

Among other factors which may affect future performance and earnings projections are: economic conditions within the company’s key markets, and the company’s ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. Additionally, the actual impact of the U.S. Tax Cuts and Jobs Act may affect future performance and earnings projections as the amounts reflected in this period are preliminary estimates and exact amounts will not be determined until a later date, and there may be other judicial or regulatory interpretations of the U.S. Tax Cuts and Jobs Act that may also affect these estimates and the actual impact on the company. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance. Among other factors which may affect future performance of the company are, as applicable: changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments; disputes regarding contract terms or significant changes in financial condition, changes in contract cost and revenue estimates for new development programs and changes in product mix; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions, including the integration of CLARCOR; the ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures; the determination to undertake business realignment activities and the expected costs thereof and, if undertaken, the ability to complete such activities and realize the anticipated cost savings from such activities; ability to implement successfully capital allocation initiatives, including timing, price and execution of share repurchases; availability, limitations or cost increases of raw materials, component products and/or commodities that cannot be recovered in product pricing; ability to manage costs related to insurance and employee retirement and health care benefits; compliance costs associated with environmental laws and regulations; potential labor disruptions; threats associated with and efforts to combat terrorism and cyber-security risks; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; competitive market conditions and resulting effects on sales and pricing; and global economic factors, including manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them unless otherwise required by law.

This presentation reconciles (a) sales amounts reported in accordance with U.S. GAAP to organic sales, which are sales amounts adjusted to remove the effects of acquisitions and the effects of currency exchange rates, (b) cash flow from operating activities and cash flow from operating activities as a percent of sales in accordance with U.S. GAAP to cash flow from operating activities and cash flow from operating activities as a percent of sales without the effect of discretionary pension plan contributions, (c) as reported and forecast segment operating income and operating margins reported in accordance with U.S. GAAP to as reported and forecast segment operating income and operating margins without the effect of business realignment charges and CLARCOR costs to achieve, (d) Below the Line Items reported in accordance with U.S. GAAP to Below the Line Items without the effect of the gain on sale and write-down of assets, net, and (e) Income tax in accordance with U.S. GAAP to Income tax without the effect of U.S. Tax Reform one-time impact, net (f) as reported and forecast earnings per diluted share reported in accordance with U.S. GAAP to as reported and forecast earnings per diluted share without the effect of business realignment charges, CLARCOR costs to achieve and a loss related to the sale of an investment. This presentation also contains references to EBITDA and adjusted EBITDA. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before business realignment charges, CLARCOR costs to achieve, and a loss related to the sale of an investment. Although EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with GAAP, we believe that it is useful to an investor in evaluating the results of this quarter versus one year ago. The effects of acquisitions, currency exchange rates, discretionary pension plan contributions, business realignment charges, CLARCOR costs to achieve, gain on sale and write-down of assets, net and U.S. Tax Reform one-time impact, net are removed to allow investors and the company to meaningfully evaluate changes in sales, and cash flow from operating activities as a percent of sales, segment operating income, operating margins, Below the Line Items, Income Tax and earnings per diluted share on a comparable basis from period to period. Full year adjusted guidance removes business realignment charges, CLARCOR costs to achieve, a gain on sale and write-down of assets, net and U.S. Tax Reform one-time impact, net.

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Agenda

- **Chairman & CEO Comments**

- **Results & Outlook**

- **Questions & Answers**

Chairman and CEO Comments

Summary

- Continued momentum for orders
- Upside potential remains; Early days of New Win Strategy™

Second Quarter Results

- Safety - 22% Reduction in recordable injuries
- Second quarter sales record, up 26%; strongest organic growth since Q1FY12
- Order rates increased 13%; margins continued to improve
- \$225 million net one-time charge for U.S. Tax Reform

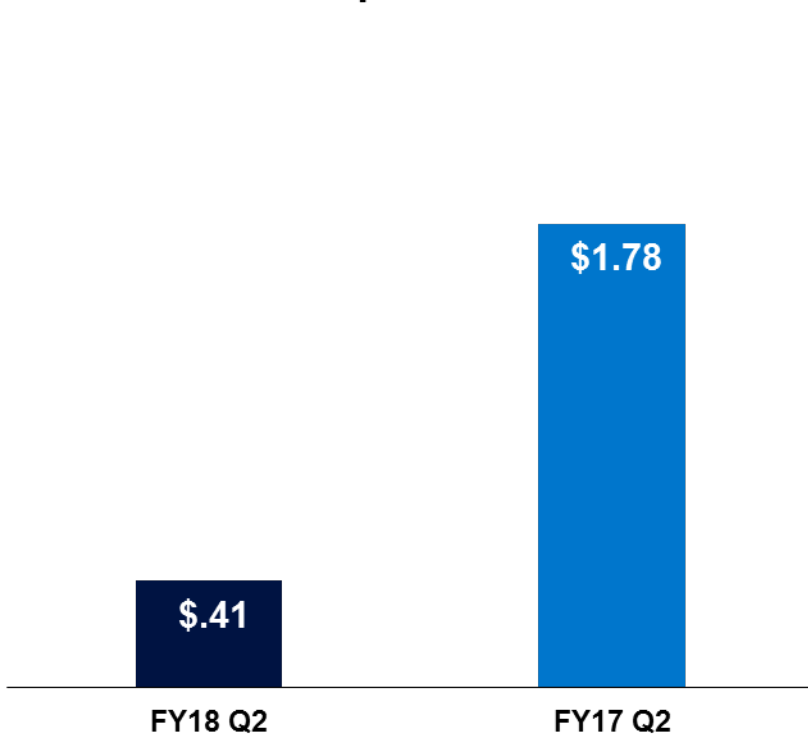
Going Forward

- Near-term capital deployment priorities
- Updated EPS midpoint outlook to \$7.58 As Reported, \$9.85 Adjusted
- Continue to drive the Win Strategy™ initiatives

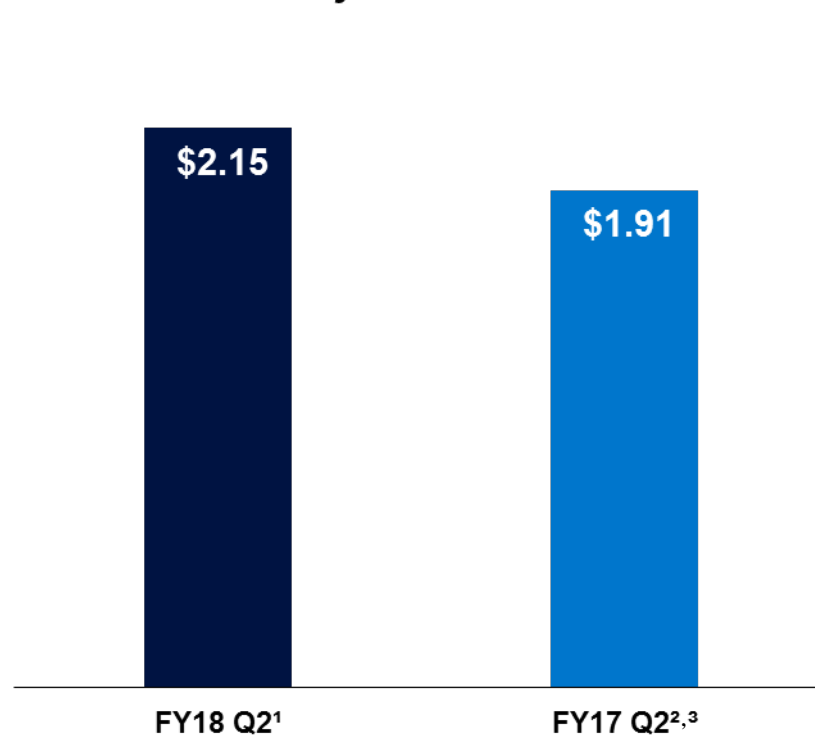
Diluted Earnings Per Share

2nd Quarter FY2018

As Reported EPS



Adjusted EPS



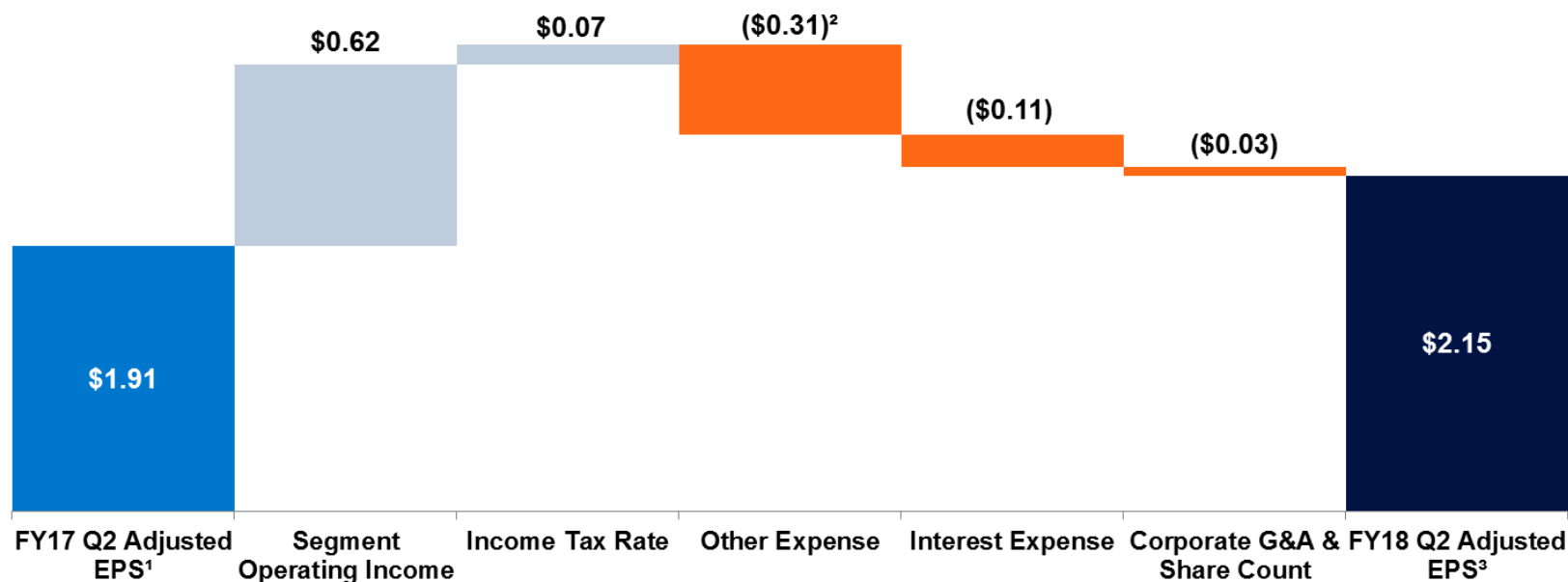
¹Adjusted for Business Realignment Charges, Clarcor Costs to Achieve, U.S. Tax Reform one-time impact, net and the Gain on Sale and Write-down of Assets, net

²Adjusted for Business Realignment Charges, Acquisition-related expenses

³Includes \$.21 gain from sale of a product line

Influences on Adjusted Earnings Per Share

2nd Quarter FY2018 vs. 2nd Quarter FY2017



¹Adjusted for Business Realignment Charges, Acquisition-related expenses

²Includes \$.21 gain from sale of a product line

³Adjusted for Business Realignment Charges, Clarcor Costs to Achieve, U.S. Tax Reform one-time impact, net and the Gain on Sale and Write-down of Assets, net

Sales & Segment Operating Margin

Total Parker

\$ in millions	2nd Quarter		
	FY2018	% Change	FY2017
Sales			
As Reported	\$3,371	26.2 %	\$2,671
Acquisitions	356	13.3 %	
Currency	90	3.4 %	
Organic Sales	\$2,925	9.5 %	

	FY2018	% of Sales	FY2017	% of Sales
Segment Operating Margin				
As Reported	\$ 478	14.2 %	\$ 384	14.4 %
Business Realignment	13		8	
CLARCOR Costs to Achieve	12			
Adjusted	\$ 503	14.9 %	\$ 392	14.7 %

Sales & Segment Operating Margin

Diversified Industrial North America

\$ in millions	2nd Quarter				
	FY2018	% Change	FY2017	FY2018	% of Sales
Sales					
As Reported	\$ 1,565	39.6 %	\$ 1,121		
Acquisitions	295	26.3 %			
Currency	7	0.6 %			
Organic Sales	\$ 1,263	12.7 %			
Segment Operating Margin					
As Reported	\$ 226	14.4 %	\$ 184	16.4 %	
Business Realignment	2		2		
CLARCOR Costs to Achieve	9				
Adjusted	\$ 237	15.1 %	\$ 186	16.6 %	

Sales & Segment Operating Margin

Diversified Industrial International

\$ in millions	2nd Quarter			
	FY2018	% Change	FY2017	
Sales				
As Reported	\$ 1,256	24.8 %	\$ 1,006	
Acquisitions	61	6.0 %		
Currency	82	8.1 %		
Organic Sales	\$ 1,113	10.7 %		
	FY2018	% of Sales	FY2017	% of Sales
Segment Operating Margin				
As Reported	\$ 165	13.1 %	\$ 128	12.7 %
Business Realignment	10		4	
CLARCOR Costs to Achieve	3			
Adjusted	\$ 178	14.2 %	\$ 132	13.1 %

Sales & Segment Operating Margin

Aerospace Systems

\$ in millions	2nd Quarter				
	FY2018	% Change	FY2017	FY2018	% of Sales
Sales					
As Reported	\$ 550	1.1 %	\$ 544		
Acquisitions	-	- %			
Currency	1	0.3 %			
Organic Sales	\$ 549	0.8 %			
Segment Operating Margin					
As Reported	\$ 87	15.9 %	\$ 73	13.3 %	
Business Realignment	1		1		
Adjusted	\$ 88	16.0 %	\$ 74	13.5 %	

Order Rates

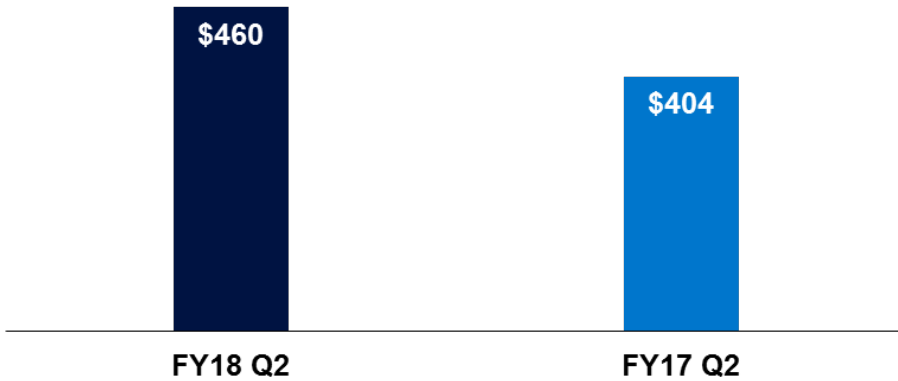
	<u>Dec 2017</u>	<u>Sep 2017</u>	<u>Dec 2016</u>	<u>Sep 2016</u>
Total Parker	+ 13 %	+ 11 %	+ 5 %	+ 2 %
Diversified Industrial North America	+ 15 %	+ 10 %	0%	- 4 %
Diversified Industrial International	+ 13 %	+ 15 %	+ 10 %	+ 3 %
Aerospace Systems	+ 8 %	+ 4 %	+ 9 %	+ 14 %

Excludes Acquisitions, Divestitures & Currency
3-month year-over-year comparisons of total dollars, except Aerospace Systems
Aerospace Systems is calculated using a 12-month rolling average

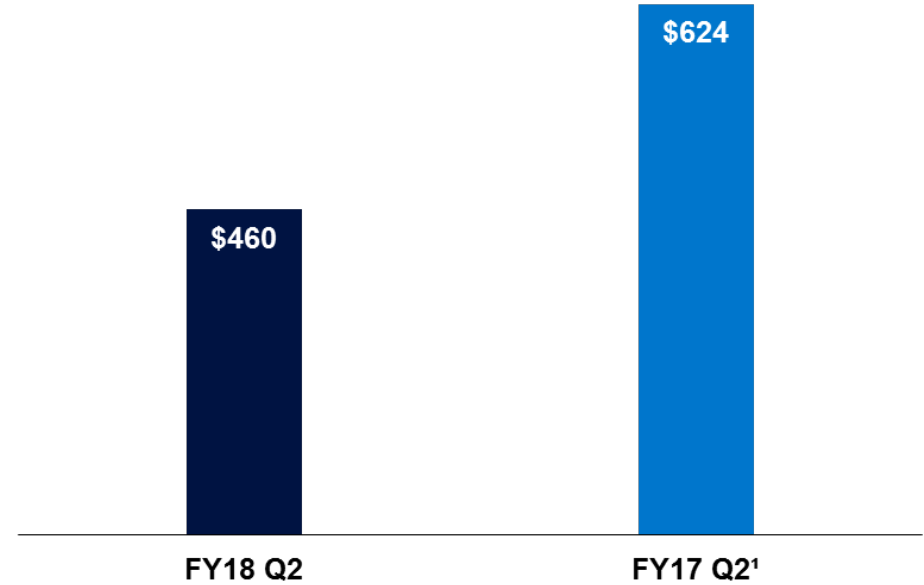
Cash Flow from Operating Activities

FY2018 Q2 YTD

As Reported Cash Flow



Adjusted Cash Flow



¹Adjusted for Discretionary Pension Plan Contribution

As Reported Cash Flow From Operating Activities
 Discretionary Pension Plan Contribution
 Adjusted Cash Flow From Operating Activities

2nd Quarter			
FY 2018	% of Sales	FY 2017	% of Sales
\$ 460	6.8%	\$ 404	7.5%
\$ 460	6.8%	\$ 624	11.5%

Impact of U.S. Tax Reform

FY18

- \$225M net provisional charge
 - \$287M one-time charge for deemed repatriation of non-US earnings
 - \$62M benefit to adjust net deferred tax liabilities to new 21% federal rate
- U.S. federal statutory tax rate of 28%
 - Blend of: 35% rate (1H'18) and 21% rate (2H'18)
- Favorable to Cash

Long Term Implications

- Ongoing benefits
 - Increased Net Income
 - Improved mobility of international cash
- Deemed repatriation payable over 8 years
- Effective tax rate forecasted to be approximately 23%

FY2018 Guidance

EPS Midpoint: \$7.58 As Reported, \$9.85 Adjusted

Sales Growth vs. Prior Year	
Diversified Industrial North America	21.6% - 25.6%
Diversified Industrial International	15.6% - 19.6%
Aerospace Systems	(0.1)% - 1.9%
Total Parker	15.3% - 18.9%

Segment Operating Margins	As Reported	Adjusted ¹
Diversified Industrial North America	16.3% - 16.7%	17.0% - 17.4%
Diversified Industrial International	14.0% - 14.4%	15.1% - 15.5%
Aerospace Systems	15.5% - 15.9%	15.8% - 16.2%
Total Parker	15.3% - 15.7%	16.1% - 16.5%

Below the Line Items	As Reported	Adjusted ²
Corporate General & Administrative Expense, Interest and Other	\$516	\$511

Tax Rate	As Reported	Adjusted ³
Full Year	38%	25%

Shares	
Diluted Shares Outstanding	136.1 M

Earnings Per Share	As Reported	Adjusted ⁴
Range	\$7.38 - \$7.78	\$9.65 - \$10.05

¹Expected FY18 Adjusted Segment Operating Margins exclude FY18 Business Realignment Charges, Clarcor Costs to Achieve

²Expected FY18 Adjusted Below the Line Items exclude the Gain on Sale and Write-down of Assets, net

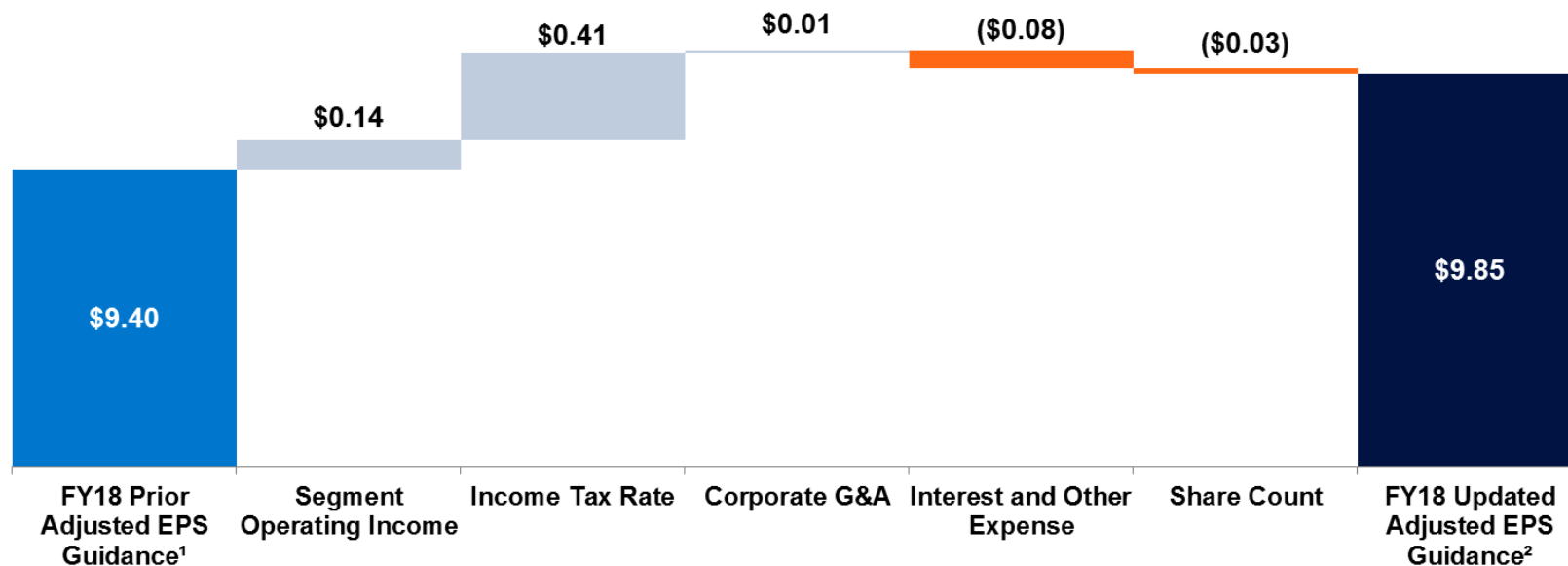
³Expected FY18 Tax Rate excludes U.S. Tax Reform one-time impact, net

⁴Expected FY18 Adjusted Earnings Per Share excludes FY18 Business Realignment Charges, Clarcor Costs to Achieve, the Gain on Sale and Write-down of Assets and U.S. Tax Reform one-time impact, net



FY2018 Guidance

Reconciliation to Prior Guidance



¹Adjusted for Business Realignment Charges, Clarcor Costs to Achieve, Loss related to sale of investment

²Adjusted for Business Realignment Charges, Clarcor Costs to Achieve, U.S. Tax Reform one-time impact, net and the Gain on Sale and Write-down of Assets, net



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Appendix

- Consolidated Statement of Income
- Adjusted Amounts Reconciliation
- Reconciliation of EPS
- Business Segment Information
- Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin
- Reconciliation of EBITDA to Adjusted EBITDA
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flows
- Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations
- Reconciliation of Forecasted EPS
- Supplemental Sales Information – Global Technology Platforms

Consolidated Statement of Income

(Unaudited) (Dollars in thousands except per share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Net sales	\$ 3,370,673	\$ 2,670,804	\$ 6,735,324	\$ 5,413,935
Cost of sales	2,569,070	2,044,484	5,101,948	4,150,490
Selling, general and administrative expenses	412,462	336,578	814,134	659,547
Interest expense	53,133	33,444	106,688	67,592
Other (income), net	(24,213)	(64,424)	(21,969)	(76,661)
Income before income taxes	360,221	320,722	734,523	612,967
Income taxes	303,899	79,322	392,666	161,329
Net income	56,322	241,400	341,857	451,638
Less: Noncontrolling interests	163	95	301	204
Net income attributable to common shareholders	\$ 56,159	\$ 241,305	\$ 341,556	\$ 451,434
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$.42	\$ 1.81	\$ 2.57	\$ 3.38
Diluted earnings per share	\$.41	\$ 1.78	\$ 2.51	\$ 3.33
Average shares outstanding during period - Basic	133,112,568	133,320,109	133,144,766	133,499,744
Average shares outstanding during period - Diluted	136,194,919	135,812,760	135,874,530	135,596,707
Cash dividends per common share	\$.66	\$.63	\$ 1.32	\$ 1.26

Adjusted Amounts Reconciliation

SECOND QUARTER 2018 U.S. GAAP TO ADJUSTED AMOUNTS RECONCILIATION

INCOME STATEMENT

(Amounts in thousands, except per share amounts)

(Unaudited)

SECOND QUARTER FY 2018

	As Reported December 31, 2017	Business realignment charges	Clarcor costs to achieve	Gain on sale and writedown of assets, net	U.S. Tax Reform one-time impact, net	Adjusted December 31, 2017
Net sales	\$ 3,370,673	\$ -	\$ -	\$ -	\$ -	\$ 3,370,673
Cost of sales	2,569,070	6,951	6,706			2,555,413
Selling, general and administrative expenses	412,462	6,477	5,242			400,743
Interest expense	53,133					53,133
Other (income), net	(24,213)			(8,453)		(15,760)
Income before income taxes	360,221	(13,428)	(11,948)	8,453	-	377,144
Income taxes	303,899	3,491	3,106	(2,235)	(224,498)	83,764
Net income	56,322	(9,937)	(8,842)	6,218	(224,498)	293,380
Less: Noncontrolling interests	163					163
Net income attributable to common shareholders	\$ 56,159	\$ (9,937)	\$ (8,842)	\$ 6,218	\$ (224,498)	\$ 293,217
EPS attributable to common shareholders:						
Diluted earnings per share	\$ 0.41	\$ (0.07)	\$ (0.07)	\$ 0.05	\$ (1.65)	\$ 2.15

SECOND QUARTER FY 2018 U.S. GAAP TO ADJUSTED AMOUNTS RECONCILIATION

SEGMENTS

(Amounts in thousands)

(Unaudited)

SECOND QUARTER FY 2018

	As Reported December 31, 2017	Business realignment charges	Clarcor costs to achieve	Gain on sale and writedown of assets, net	Adjusted December 31, 2017
Segment Operating Income					
Industrial:					
North America	\$ 225,807	\$ 2,016	\$ 9,012	\$ -	\$ 236,835
International	164,806	10,720	2,936		178,462
Aerospace	87,148	692			87,840
Total segment operating income	477,761	(13,428)	(11,948)	-	503,137
Corporate administration	46,942				46,942
Income before interest expense and other	430,819	(13,428)	(11,948)	-	456,195
Interest expense	53,133				53,133
Other (income) expense	17,465			(8,453)	25,918
Income before income taxes	\$ 360,221	\$ (13,428)	\$ (11,948)	\$ 8,453	\$ 377,144



Reconciliation of EPS

(Unaudited) (Amounts in dollars)	Three Months Ended December 31,			Six Months Ended December 31,		
		2017	2016	2017	2016	
Earnings per diluted share	\$.41	\$ 1.78	\$	2.51	\$ 3.33
Adjustments:						
Business realignment charges		0.07	0.04	0.12	0.10	
Clarcor costs to achieve		0.07	-	0.10	-	
Gain on sale and write-down of assets, net		(0.05)	-	0.02	-	
U.S. Tax Reform one-time impact, net		1.65	-	1.65	-	
Acquisition-related expenses		-	0.09	-	0.09	
Adjusted earnings per diluted share	\$	2.15	\$ 1.91	\$	4.40	\$ 3.52

Business Segment Information

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Net sales				
Diversified Industrial:				
North America	\$ 1,565,416	\$ 1,121,053	\$ 3,160,107	\$ 2,288,024
International	1,255,569	1,005,968	2,494,343	2,020,891
Aerospace Systems	549,688	543,783	1,080,874	1,105,020
Total	\$ 3,370,673	\$ 2,670,804	\$ 6,735,324	\$ 5,413,935
Segment operating income				
Diversified Industrial:				
North America	\$ 225,807	\$ 184,013	\$ 481,834	\$ 384,624
International	164,806	127,517	356,597	264,713
Aerospace Systems	87,148	72,516	164,582	145,797
Total segment operating income	477,761	384,046	1,003,013	795,134
Corporate general and administrative expenses	46,942	43,926	88,292	74,960
Income before interest and other expense	430,819	340,120	914,721	720,174
Interest expense	53,133	33,444	106,688	67,592
Other expense (income)	17,465	(14,046)	73,510	39,615
Income before income taxes	\$ 360,221	\$ 320,722	\$ 734,523	\$ 612,967

Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin

(Unaudited)

(Dollars in thousands)	Three months ended December 31, 2017		Three months ended December 31, 2016	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 477,761	14.2%	\$ 384,046	14.4%
Adjustments:				
Business realignment charges	13,428		7,897	
Clarcor costs to achieve	11,948		-	
Adjusted total segment operating income	\$ 503,137	14.9%	\$ 391,943	14.7%

Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin

(Unaudited)

	Six months ended December 31, 2017		Six months ended December 31, 2016	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 1,003,013	14.9%	\$ 795,134	14.7%
Adjustments:				
Business realignment charges	21,654		18,642	
Clarcor costs to achieve	17,748		-	
Adjusted total segment operating income	\$ 1,042,415	15.5%	\$ 813,776	15.0%

Reconciliation of EBITDA to Adjusted EBITDA

(Dollars in thousands)
(Unaudited)

	Three Months Ended December 31,	
	2017	2016
Net sales	\$ 3,370,673	\$ 2,670,804
Earnings before income taxes	\$ 360,221	\$ 320,722
Depreciation and amortization	118,109	73,752
Interest expense	53,133	33,444
EBITDA	531,463	427,918
Adjustments:		
Gain on sale and write-down of assets, net	(8,453)	-
Business realignment charges	13,428	7,897
Clarcor costs to achieve	11,948	-
Acquisition-related expenses	-	15,963
Gain on sale of a product line	-	(45,053)
Adjusted EBITDA	\$ 548,386	\$ 406,725
EBITDA margin	15.8%	16.0%
Adjusted EBITDA margin	16.3%	15.2%

Consolidated Balance Sheet

(Unaudited)	December 31,		June 30,	December 31,
(Dollars in thousands)	2017		2017	2016
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$	1,024,770	\$ 884,886	\$ 1,520,736
Marketable securities and other investments		107,976	39,318	684,299
Trade accounts receivable, net		1,857,282	1,930,751	1,411,074
Non-trade and notes receivable		313,221	254,987	256,545
Inventories		1,780,262	1,549,494	1,241,593
Prepaid expenses		202,848	120,282	133,592
Total current assets		5,286,359	4,779,718	5,247,839
Plant and equipment, net		1,937,074	1,937,292	1,506,201
Deferred income taxes		36,668	36,057	482,136
Goodwill		5,698,707	5,586,878	2,813,238
Intangible assets, net		2,174,104	2,307,484	849,692
Other assets		832,269	842,475	832,507
Total assets	\$	15,965,181	\$ 15,489,904	\$ 11,731,613
<u>Liabilities and equity</u>				
Current liabilities:				
Notes payable	\$	1,248,212	\$ 1,008,465	\$ 581,487
Accounts payable		1,229,336	1,300,496	997,189
Accrued liabilities		896,750	933,762	720,844
Accrued domestic and foreign taxes		163,405	153,137	125,954
Total current liabilities		3,537,703	3,395,860	2,425,474
Long-term debt		4,798,371	4,861,895	2,653,560
Pensions and other postretirement benefits		1,363,466	1,406,082	1,766,209
Deferred income taxes		137,196	221,790	50,809
Other liabilities		609,235	336,931	304,583
Shareholders' equity		5,513,401	5,261,649	4,527,709
Noncontrolling interests		5,809	5,697	3,269
Total liabilities and equity	\$	15,965,181	\$ 15,489,904	\$ 11,731,613

Consolidated Statement of Cash Flows

(Unaudited) (Dollars in thousands)	Six Months Ended December 31,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 341,857	\$ 451,638
Depreciation and amortization	234,216	149,085
Stock incentive plan compensation	64,267	47,161
(Gain) on sale of business	-	(44,930)
(Gain) loss on disposal of assets	(26,529)	310
(Gain) on sale of marketable securities	(1)	(230)
Loss on sale and impairment of investments	33,759	-
Net change in receivables, inventories, and trade payables	(249,615)	44,802
Net change in other assets and liabilities	123,864	(313,783)
Other, net	(61,481)	70,123
Net cash provided by operating activities	460,337	404,176
Cash flows from investing activities:		
Acquisitions (net of cash of \$1,760 in 2016)	-	(29,927)
Capital expenditures	(144,781)	(71,356)
Proceeds from sale of plant and equipment	59,848	4,991
Proceeds from sale of business	-	85,610
Purchases of marketable securities and other investments	(78,309)	(393,909)
Maturities and sales of marketable securities and other invest	12,710	506,642
Other, net	5,143	241
Net cash (used in) provided by investing activities	(145,389)	102,292
Cash flows from financing activities:		
Net payments for common stock activity	(134,360)	(194,110)
Net proceeds from debt	127,723	222,425
Dividends	(176,187)	(168,990)
Net cash (used in) financing activities	(182,824)	(140,675)
Effect of exchange rate changes on cash	7,760	(66,710)
Net increase in cash and cash equivalents	139,884	299,083
Cash and cash equivalents at beginning of period	884,886	1,221,653
Cash and cash equivalents at end of period	\$ 1,024,770	\$ 1,520,736

Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations

(Unaudited)

(Amounts in thousands)

	<u>Six Months Ended December 31, 2017</u>	<u>Percent of sales</u>	<u>Six Months Ended December 31, 2016</u>	<u>Percent of sales</u>
As reported cash flow from operations	\$ 460,337	6.8%	\$ 404,176	7.5%
Discretionary pension contribution	-		220,000	
Adjusted cash flow from operations	\$ 460,337	6.8%	\$ 624,176	11.5%

Reconciliation of Forecasted EPS

(Unaudited)

(Amounts in dollars)

	Fiscal Year
	2018
Forecasted earnings per diluted share	\$7.38 to \$7.78
Adjustments:	
Business realignment charges	0.32
Clarcor costs to achieve	0.28
Gain on sale and write-down of assets, net	0.02
U.S. Tax Reform one-time impact, net	1.65
Adjusted forecasted earnings per diluted share	\$9.65 to \$10.05

Supplemental Sales Information

Global Technology Platforms

(Unaudited)

(Dollars in thousands)

	Three Months Ending		Fiscal Year-to-Date	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Net sales				
Diversified Industrial:				
Motion Systems	\$ 825,695	\$ 754,772	\$ 1,635,442	\$ 1,496,422
Flow and Process Control	997,837	783,864	1,993,184	1,608,178
Filtration and Engineered Materials	997,453	588,385	2,025,824	1,204,315
Aerospace Systems	549,688	543,783	1,080,874	1,105,020
Total	\$ 3,370,673	\$ 2,670,804	\$ 6,735,324	\$ 5,413,935