

PARKER HANNIFIN CORP
Form 10-Q
February 07, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2018

OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File number 1-4982
PARKER-HANNIFIN CORPORATION
(Exact name of registrant as specified in its charter)

OHIO 34-0451060
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

6035 Parkland Blvd., Cleveland, Ohio 44124-4141
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (216) 896-3000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of Common Shares outstanding at December 31, 2018: 129,365,355

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PARKER-HANNIFIN CORPORATION
 CONSOLIDATED STATEMENT OF INCOME
 (Dollars in thousands, except per share amounts)
 (Unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Net sales	\$3,472,045	\$3,370,673	\$6,951,339	\$6,735,324
Cost of sales	2,602,339	2,564,449	5,197,162	5,087,743
Selling, general and administrative expenses	397,259	408,338	791,581	805,322
Interest expense	47,518	53,133	91,857	106,688
Other (income) expense, net	(6,225)	(15,468)	(20,138)	1,048
Income before income taxes	431,154	360,221	890,877	734,523
Income taxes	119,241	303,899	203,065	392,666
Net income	311,913	56,322	687,812	341,857
Less: Noncontrolling interest in subsidiaries' earnings	176	163	364	301
Net income attributable to common shareholders	\$311,737	\$56,159	\$687,448	\$341,556
Earnings per share attributable to common shareholders:				
Basic	\$2.39	\$0.42	\$5.23	\$2.57
Diluted	\$2.36	\$0.41	\$5.15	\$2.51

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2018	2017	2018	2017
Net income	\$311,913	\$56,322	\$687,812	\$341,857
Less: Noncontrolling interests in subsidiaries' earnings	176	163	364	301
Net income attributable to common shareholders	311,737	56,159	687,448	341,556
Other comprehensive (loss) income, net of tax				
Foreign currency translation adjustment and other	(43,986)	28,390	(79,111)	101,269
Retirement benefits plan activity	24,527	28,312	48,400	55,047
Other comprehensive (loss) income	(19,459)	56,702	(30,711)	156,316
Less: Other comprehensive income (loss) for noncontrolling interests	55	(73)	(34)	(160)
Other comprehensive (loss) income attributable to common shareholders	(19,514)	56,775	(30,677)	156,476
Total comprehensive income attributable to common shareholders	\$292,223	\$112,934	\$656,771	\$498,032
See accompanying notes to consolidated financial statements.				

PARKER-HANNIFIN CORPORATION
 CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

(Unaudited)

	December 31, 2018	June 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,047,385	\$ 822,137
Marketable securities and other investments	30,956	32,995
Trade accounts receivable, net	1,938,709	2,145,517
Non-trade and notes receivable	324,254	328,399
Inventories	1,804,564	1,621,304
Prepaid expenses and other	188,868	134,886
Total current assets	5,334,736	5,085,238
Plant and equipment	5,192,144	5,215,253
Less: Accumulated depreciation	3,398,339	3,359,016
Plant and equipment, net	1,793,805	1,856,237
Deferred income taxes	98,779	57,623
Investments and other assets	733,987	801,049
Intangible assets, net	1,883,825	