



# Parker-Hannifin Corporation (PH)

Updated May 5<sup>th</sup>, 2026 by Aristofanis Papadatos

## Key Metrics

<b>Current Price:</b>	\$868	<b>5 Year CAGR Estimate:</b>	-0.1%	<b>Market Cap:</b>	\$111 B
<b>Fair Value Price:</b>	\$527	<b>5 Year Growth Estimate:</b>	9.0%	<b>Ex-Dividend Date:</b>	5/8/2026
<b>% Fair Value:</b>	165%	<b>5 Year Valuation Multiple Estimate:</b>	-9.5%	<b>Dividend Payment Date:</b>	6/5/2026
<b>Dividend Yield:</b>	0.9%	<b>5 Year Price Target</b>	\$811	<b>Years Of Dividend Growth:</b>	70
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Industrials	<b>Rating:</b>	Hold

## Overview & Current Events

Parker-Hannifin is a diversified industrial manufacturer specializing in motion and control technologies. The company was founded in 1917 and has grown to a market capitalization of \$111 billion with annual revenues of \$20 billion. Parker-Hannifin has paid a dividend for 72 years and has increased that dividend for a remarkable 70 consecutive years. On October 29<sup>th</sup>, 2019, Parker-Hannifin acquired LORD, a leading manufacturer of advanced adhesives and coatings, for \$3.675 billion in cash. On September 16<sup>th</sup>, 2019, Parker-Hannifin acquired Exotic Metals Forming Company LLC for \$1.725 billion in cash.

On September 13<sup>th</sup>, 2022, Parker-Hannifin acquired Meggitt, a global leader in aerospace and defense motion and control technologies, for \$8.8 billion in a cash deal. Meggitt offers technology and products on every major aircraft platform and has annual revenues of \$2.3 billion. As the deal value was 23% of the market cap of Parker-Hannifin at the time of the acquisition, it has obviously been a material growth driver for the company.

In late April, Parker-Hannifin reported (4/30/26) results for the third quarter of 2026. Organic sales grew 6.5% over the prior year's quarter, primarily thanks to 14.2% growth in aerospace. Adjusted earnings-per-share grew 18%, from \$6.92 to an all-time high of \$8.17, thanks to strong sales and an expansion of operating margin from 26.3% to 26.7%. Parker-Hannifin exceeded the analysts' consensus by \$0.34. Notably, Parker-Hannifin has exceeded the analysts' EPS estimates for 43 consecutive quarters, an eye-opening streak. The company also raised its guidance for fiscal 2026. It raised its guidance for organic sales growth from 5% to 5.5% and adjusted earnings-per-share from \$30.40-\$31.00 to \$31.20. As mentioned in our previous research report, we were expecting management to raise guidance again, given the strong business momentum and the conservative character of management. We have raised our forecast for earnings-per-share this year from \$31.00 to \$31.20. The stock has nearly tripled in the last three years thanks to impressive business performance.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$6.46	\$8.11	\$10.42	\$11.85	\$12.44	\$15.04	\$18.72	\$21.55	\$25.44	\$27.33	<b>\$31.20</b>	<b>\$48.01</b>
<b>DPS</b>	\$2.52	\$2.58	\$2.81	\$3.16	\$3.52	\$3.67	\$4.42	\$5.47	\$6.07	\$6.79	<b>\$8.00</b>	<b>\$12.88</b>
<b>Shares<sup>1</sup></b>	134.0	133.1	132.4	128.5	130.0	131.6	130.2	130.2	130.6	129.0	<b>129.0</b>	<b>129.0</b>

Parker-Hannifin has more than quadrupled its earnings-per-share over the last nine years. The growth trajectory of the company slowed in 2020 due to the global recession caused by the coronavirus. However, Parker-Hannifin has returned to high growth mode in the last five years. Given also its aforementioned acquisition of Meggitt, its record backlog and its consistent business performance, we expect Parker Hannifin to grow its earnings-per-share at a 9.0% average annual rate over the next five years. Parker-Hannifin's growth will come in part from acquisitions. The \$4.3 billion CLARCOR transaction and the three aforementioned acquisitions are examples of this. Parker Hannifin integrates the new products in its system while it achieves significant synergies.

<sup>1</sup> In millions.

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## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.6	16.3	17.3	14.2	10.2	17.3	15.7	14.2	18.3	23.0	<b>27.8</b>	<b>16.9</b>
Avg. Yld.	2.0%	2.4%	1.8%	1.9%	2.8%	1.4%	1.5%	1.8%	1.3%	1.1%	<b>0.9%</b>	<b>1.6%</b>

Parker-Hannifin has nearly tripled in the last three years and thus it is now trading at a nearly 10-year high price-to-earnings ratio of 27.8, which is much higher than the 5-year average earnings multiple of 16.9 of the stock. If the company faces business deceleration at some point in the future, its valuation may incur a sharp contraction. If the stock trades at its average valuation level in five years, it will incur a -9.5% annualized drag in its returns.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	39.0%	31.8%	27.0%	26.7%	28.3%	24.4%	23.6%	25.4%	23.9%	24.8%	<b>25.6%</b>	<b>26.8%</b>

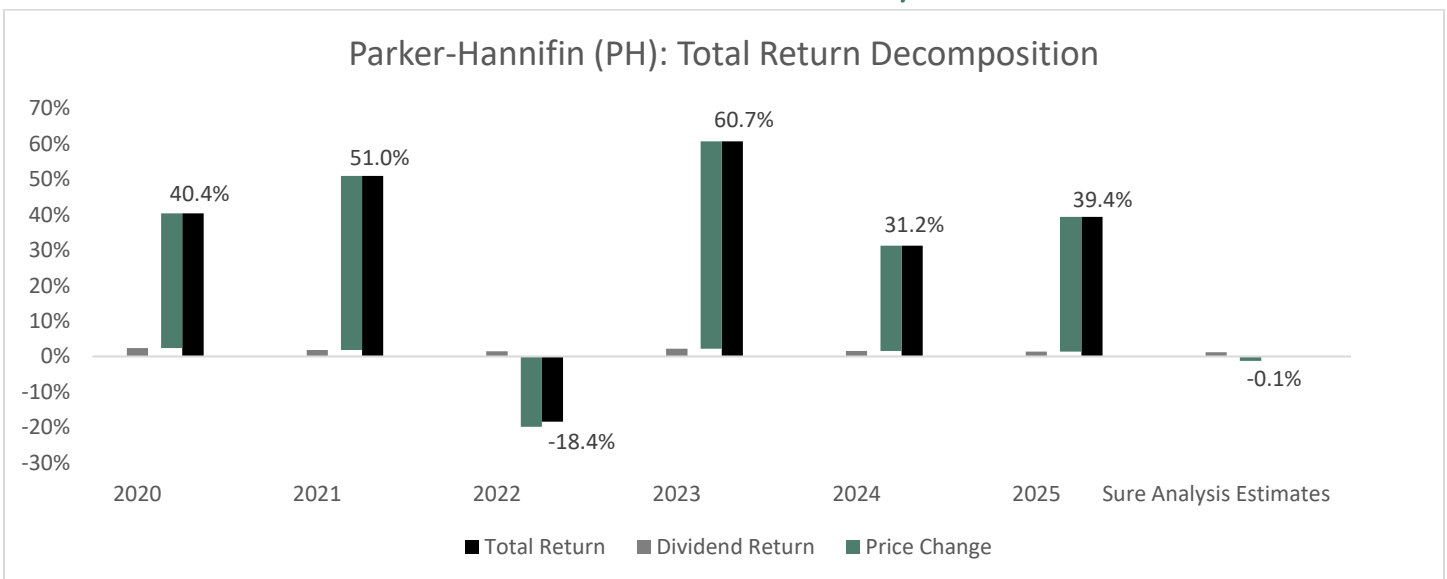
Parker-Hannifin has a number of competitive advantages, including its scale, global distribution network, and technical experience. Parker-Hannifin manufactures components that are relatively obscure yet critical to the operations of heavy machinery, factory equipment, aircrafts, and other large industrial devices. This is appealing because the company operates in a profitable niche that helps discourage large would-be competitors. The competitive advantage of Parker-Hannifin is clearly reflected in its dividend growth record, which is exceptional, particularly given the high cyclicality of the industrial sector. The company has raised its dividend for 70 consecutive years and hence it is a Dividend King.

Due to the acquisitions of Parker Hannifin in recent years, its interest expense has nearly tripled since 2017. However, its interest expense still consumes only 9% of its operating income. In addition, thanks to its strong free cash flows, Parker-Hannifin is likely to reduce its debt and its interest expense at a fast pace.

## Final Thoughts & Recommendation

Parker-Hannifin has proved resilient to COVID-19 and high inflation and has exciting growth prospects ahead. However, the stock has nearly tripled in the last three years and hence it has become much less attractive. It could offer just a -0.1% average annual return over the next five years, as 9.0% earnings growth and its 0.9% dividend may be offset by a -9.5% valuation headwind. The stock receives a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	11,361	12,029	14,302	14,320	13,696	14,348	15,861	19,065	19,930	19,850
<b>Gross Profit</b>	2,537	2,910	3,565	3,631	3,403	3,898	4,474	6,429	7,128	7,346
<b>Gross Margin</b>	22.3%	24.2%	24.9%	25.4%	24.8%	27.2%	28.2%	33.7%	35.8%	37.0%
<b>SG&amp;A Exp.</b>	1,359	1,413	1,640	1,544	1,657	1,527	1,627	3,354	3,242	3,255
<b>D&amp;A Exp.</b>	307	355	466	436	538	595	572	818	927	907
<b>Operating Profit</b>	1,178	1,497	1,925	2,087	1,747	2,371	2,847	3,075	3,886	4,136
<b>Op. Margin</b>	10.4%	12.4%	13.5%	14.6%	12.8%	16.5%	17.9%	16.1%	19.5%	20.8%
<b>Net Profit</b>	807	983	1,061	1,525	1,202	1,746	1,316	2,083	2,844	3,532
<b>Net Margin</b>	7.1%	8.2%	7.4%	10.6%	8.8%	12.2%	8.3%	10.9%	14.3%	17.8%
<b>Free Cash Flow</b>	1,061	1,097	1,349	1,535	1,838	2,365	2,212	2,599	2,984	3,341
<b>Income Tax</b>	308	345	641	424	305	500	298	596	750	575

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	12,034	15,490	15,320	17,577	19,888	20,341	25,944	29,964	29,298	29,494
<b>Cash &amp; Equivalents</b>	1,222	885	822	3,220	686	733	536	475	422	467
<b>Accounts Receivable</b>	1,594	1,931	2,146	2,131	1,854	2,184	2,342	2,827	2,866	3,059
<b>Inventories</b>	1,173	1,549	1,621	1,678	1,964	2,091	2,215	2,908	2,787	2,839
<b>Goodwill &amp; Int. Ass.</b>	3,826	7,894	7,520	7,237	11,669	11,579	10,876	19,079	18,324	18,068
<b>Total Liabilities</b>	7,455	10,223	9,455	11,609	13,646	11,928	17,084	19,626	17,217	15,803
<b>Accounts Payable</b>	1,035	1,300	1,430	1,413	1,112	1,668	1,732	2,051	1,992	2,126
<b>Long-Term Debt</b>	3,014	5,870	4,957	7,108	8,462	6,585	11,480	12,559	10,560	7,661
<b>Shareholder's Equity</b>	4,575	5,262	5,860	5,962	6,227	8,398	8,848	10,327	12,072	13,682
<b>LTD/E Ratio</b>	0.66	1.12	0.85	1.19	1.36	0.78	1.30	1.22	0.87	0.69

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	6.6%	7.1%	6.9%	9.3%	6.4%	8.7%	5.7%	7.5%	9.6%	12.0%
<b>Return on Equity</b>	16.7%	20.0%	19.1%	25.8%	19.7%	23.9%	15.3%	21.7%	25.4%	27.4%
<b>ROIC</b>	10.3%	10.5%	9.7%	12.8%	8.7%	11.8%	7.4%	9.6%	12.5%	15.3%
<b>Shares Out.</b>	134.0	133.1	132.4	128.5	130.0	131.6	130.4	129.8	130.2	130.2
<b>Revenue/Share</b>	82.98	88.74	105.61	108.67	105.51	109.66	121.68	146.86	153.02	152.46
<b>FCF/Share</b>	7.75	8.09	9.96	11.65	14.16	18.08	16.97	20.02	22.91	25.66

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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