



# FOURTH QUARTER EARNINGS CALL

January 28, 2025

# SAFE HARBOR

Today's presentation includes forward-looking statements that reflect management's current expectations about the Company's future business and financial performance.

These statements are subject to certain risks and uncertainties that could cause actual results to differ from anticipated results.

Factors that could cause actual results to differ from anticipated results are identified in Item 1A of the Company's Form 10-K, and Item 1A of the most recent Quarterly Report on Form 10-Q and also the Company's Earnings Release dated January 27, 2025.

# FINANCIAL RESULTS

## Statement of Earnings

\$ in millions except per share amounts

	Fourth Quarter			Full Year		
	2024	2023	Change	2024	2023	Change
<b>Net Sales</b>	\$ 548.7	\$ 566.6	(3)%	\$2,113.3	\$2,195.6	(4)%
<b>Gross Profit</b>	279.3	299.9	(7)%	1,122.5	1,161.0	(3)%
% of Net Sales	50.9%	52.9%	(2.0) pts	53.1%	52.9%	0.2 pts
<b>Operating Earnings</b>	130.0	169.9	(23)%	570.1	646.8	(12)%
% of Net Sales	23.7%	30.0%	(6.3) pts	27.0%	29.5%	(2.5) pts
<b>Net Earnings</b>	\$ 108.7	\$ 110.0	(1)%	\$ 486.1	\$ 506.5	(4)%
% of Net Sales	19.8%	19.4%	0.4 pts	23.0%	23.1%	(0.1) pts
<b>Diluted Net Earnings Per Share</b>	\$ 0.63	\$ 0.64	(2)%	\$ 2.82	\$ 2.94	(4)%
Diluted Shares in Millions	172.6	171.8	0 %	172.4	172.2	0 %
Operating Earnings, Adjusted (1)	\$ 137.7	\$ 169.9	(19)%	\$ 577.8	\$ 646.0	(11)%
Net Earnings, Adjusted (1)	\$ 110.1	\$ 137.1	(20)%	\$ 477.1	\$ 523.9	(9)%
Diluted Net Earnings Per Share, Adjusted (1)	\$ 0.64	\$ 0.80	(20)%	\$ 2.77	\$ 3.04	(9)%

(1) Operating earnings, net earnings and diluted net earnings per share have been adjusted to provide a more consistent basis of comparison of on-going results. See page 18 for a reconciliation of the adjusted non-GAAP financial measures to GAAP.

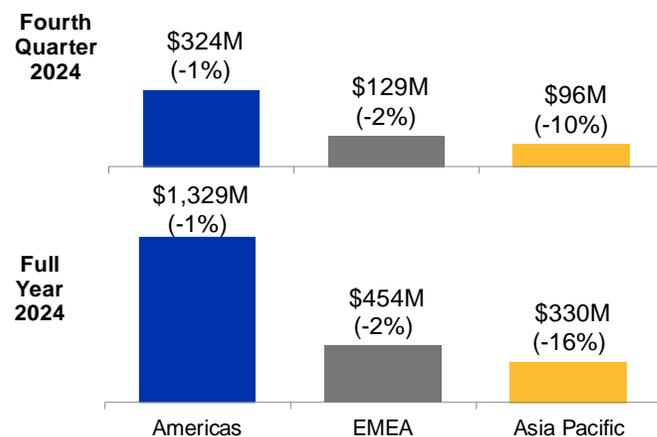
# NET SALES

## Components of Net Sales Change

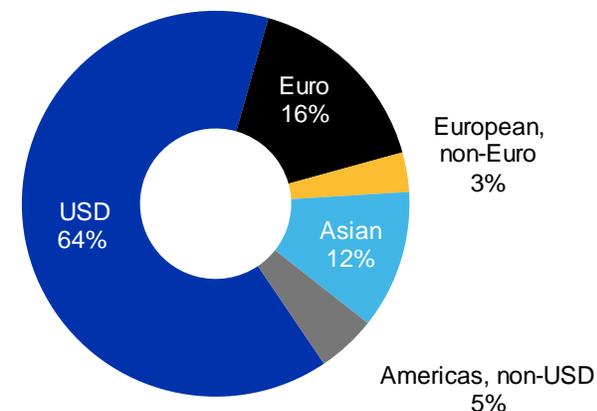
2024 Fourth Quarter	Segment			Region			Consolidated
	Contractor	Industrial	Process	Americas	EMEA	Asia Pacific	
Volume and Price	(3)%	(13)%	0 %	(2)%	(7)%	(14)%	(6)%
Acquisitions	7 %	0 %	0 %	1 %	5 %	5 %	3 %
Currency	(1)%	(1)%	0 %	0 %	0 %	(1)%	0 %
<b>Total</b>	<b>3 %</b>	<b>(14)%</b>	<b>0 %</b>	<b>(1)%</b>	<b>(2)%</b>	<b>(10)%</b>	<b>(3)%</b>

2024 Full Year	Segment			Region			Consolidated
	Contractor	Industrial	Process	Americas	EMEA	Asia Pacific	
Volume and Price	(1)%	(6)%	(8)%	(1)%	(4)%	(16)%	(4)%
Acquisitions	2 %	0 %	0 %	0 %	1 %	1 %	1 %
Currency	(1)%	(1)%	0 %	0 %	1 %	(1)%	(1)%
<b>Total</b>	<b>0 %</b>	<b>(7)%</b>	<b>(8)%</b>	<b>(1)%</b>	<b>(2)%</b>	<b>(16)%</b>	<b>(4)%</b>

Net Sales by Region



Full Year 2024 Net Sales by Currency



Asian currencies include: AUD, CNY, JPY, KRW, INR. European, non-euro currencies include: CHF, GBP, RON. Americas, non-USD currencies include: BRL, CAD, MXN.

# OPERATING EARNINGS

2023 Operating Earnings, as reported (\$M and % of sales)

Currency translation

Volume, product and channel mix, cost and price

Business reorganization cost

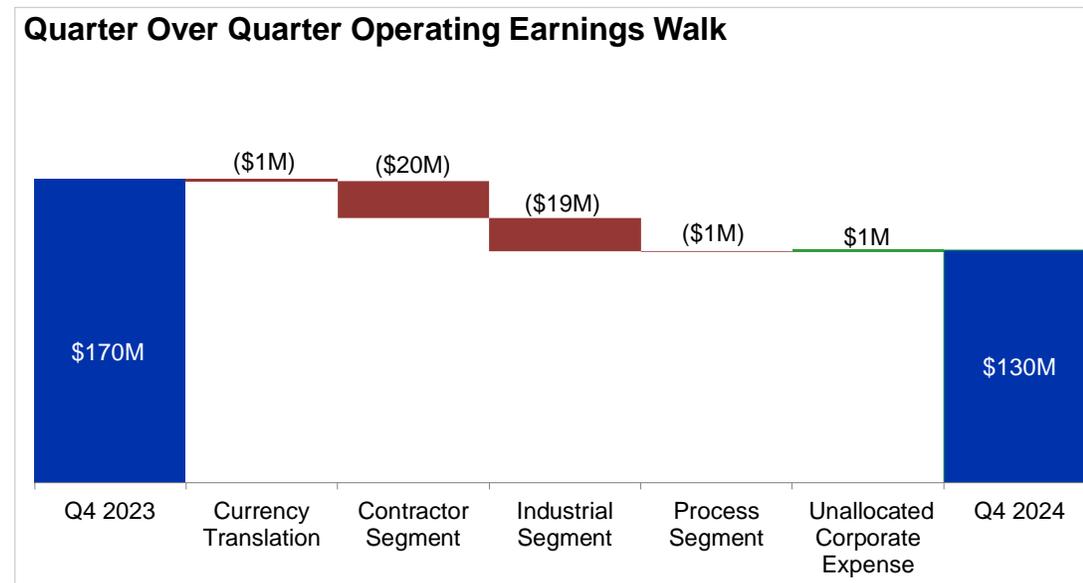
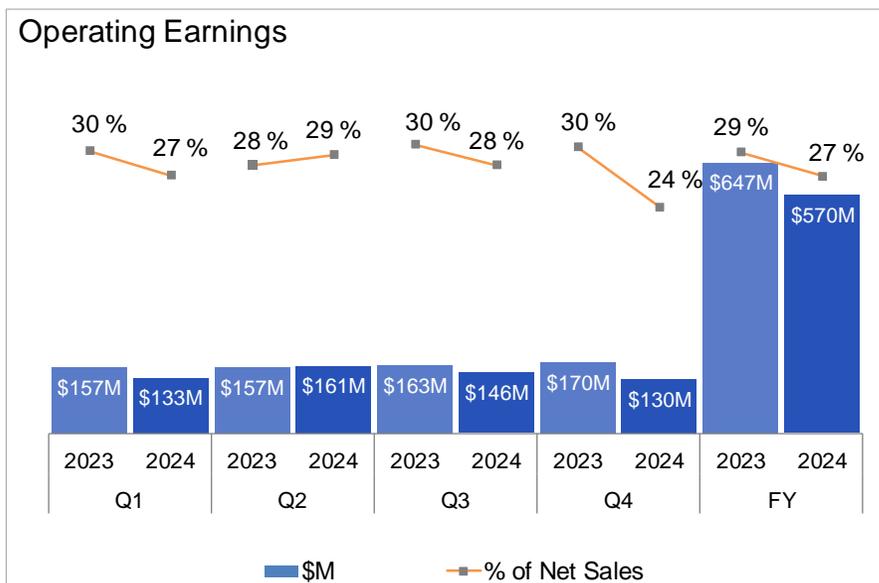
Incremental litigation cost

Effect of acquired businesses

Volume effect on expense leverage

**2024 Operating Earnings, as reported (\$M and % of sales)**

	Fourth Quarter		Full Year	
\$	170	30 %	\$ 647	29 %
	(1)	0	(3)	0
	(24)	(1)	(39)	0
	(8)	(1)	(8)	0
	(7)	(2)	(13)	(1)
	(5)	(2)	(5)	0
	5	0	(9)	(1)
<b>\$</b>	<b>130</b>	<b>24 %</b>	<b>\$ 570</b>	<b>27 %</b>



# FOURTH QUARTER 2024

<b>Net Sales</b>	<ul style="list-style-type: none"> <li>• Down 3 percent from fourth quarter 2023. Sales from acquired businesses partially offset the decline and contributed 3 percentage points of growth. Currency translation rates had no significant impact.</li> </ul>
<b>Gross Margin</b>	<ul style="list-style-type: none"> <li>• Margin rate down 2 percentage points compared to fourth quarter 2023             <ul style="list-style-type: none"> <li>&gt; Higher product cost, unfavorable product and channel mix and unfavorable effects of lower margin rates of acquired operations</li> </ul> </li> </ul>
<b>Operating Earnings</b>	<ul style="list-style-type: none"> <li>• Down \$40 million compared to fourth quarter 2023             <ul style="list-style-type: none"> <li>&gt; Lower sales volume and higher expenses: incremental litigation costs in the Contractor segment associated with a trial that concluded in December of 2024, business reorganization costs and expenses from acquired operations. Reductions in volume and earnings-based expenses partially offset the increase in operating expenses.</li> </ul> </li> </ul>
<b>Other (Income)</b>	<ul style="list-style-type: none"> <li>• Income of \$3 million compared to expense of \$42 million in fourth quarter 2023             <ul style="list-style-type: none"> <li>&gt; 2024 income due primarily to interest income. 2023 included a non-cash pension settlement loss of \$42 million</li> </ul> </li> </ul>
<b>Interest Expense</b>	<ul style="list-style-type: none"> <li>• Comparable to fourth quarter 2023</li> </ul>
<b>Taxes</b>	<ul style="list-style-type: none"> <li>• Adjusted effective tax rate for the quarter of 22% was up approximately 2 percentage points from fourth quarter 2023 due largely to the unfavorable effects of foreign earnings taxed at higher rates than the U.S.</li> </ul>

# FULL YEAR 2024

<b>Net Sales</b>	<ul style="list-style-type: none"> <li>• Down 4 percent from 2023. Sales from acquired businesses contributed 1 percentage point of growth offsetting the impact of currency translation rates.</li> </ul>
<b>Gross Margin</b>	<ul style="list-style-type: none"> <li>• Margin rate up 0.2 percentage points compared to 2023             <ul style="list-style-type: none"> <li>&gt; Favorable effects of realized pricing offset unfavorable product and channel mix and higher product cost</li> </ul> </li> </ul>
<b>Operating Earnings</b>	<ul style="list-style-type: none"> <li>• Down \$77 million compared to 2023             <ul style="list-style-type: none"> <li>&gt; Lower sales volume and higher expenses: incremental litigation costs in the Contractor segment associated with a trial that concluded in December of 2024, business reorganization costs, expenses from acquired operations and investments in new product development and other growth initiatives. Reductions in volume and earnings-based expenses partially offset the increase in operating expenses.</li> </ul> </li> </ul>
<b>Other (Income)</b>	<ul style="list-style-type: none"> <li>• Income of \$22 million compared to expense of \$33 million in 2023             <ul style="list-style-type: none"> <li>&gt; 2024 income due primarily to interest income. 2023 included a non-cash pension settlement loss of \$42 million</li> </ul> </li> </ul>
<b>Interest Expense</b>	<ul style="list-style-type: none"> <li>• Decreased \$2 million as long-term debt fully repaid in third quarter 2023</li> </ul>
<b>Taxes</b>	<ul style="list-style-type: none"> <li>• Adjusted effective tax rate for the year of 20% was up approximately 1 percentage point from 2023 due largely to the unfavorable effects of foreign earnings taxed at higher rates than the U.S.</li> </ul>

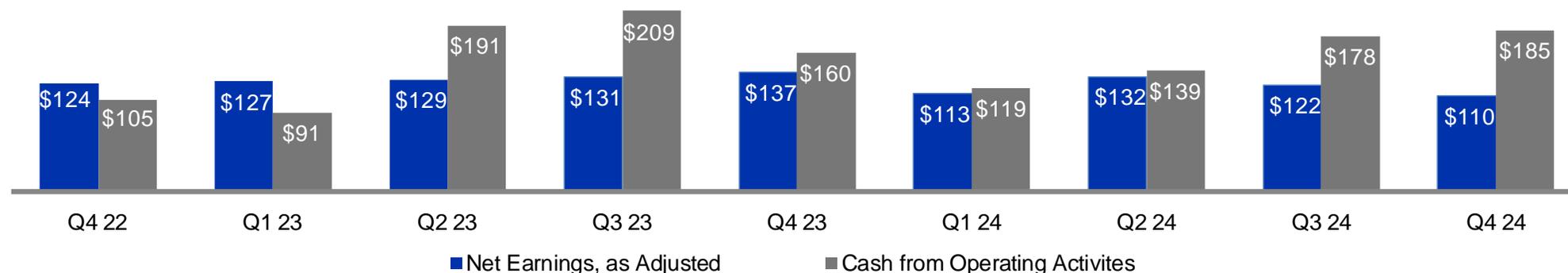
# 2025 OUTLOOK

Constant currency basis and excluding acquisitions completed in the prior 12 months

	Americas	EMEA	Asia Pacific	Total
<b>Current Environment</b>	Net Sales Change Q4 2024 (2%) Full Year 2024 (1%)	Net Sales Change Q4 2024 (7%) Full Year 2024 (4%)	Net Sales Change Q4 2024 (14%) Full Year 2024 (16%)	Net Sales Change Q4 2024 (6%) Full Year 2024 (4%)
<b>Contractor Segment</b>	 Net Sales Change Q4 2024 (5%) Full Year 2024 (2%)	 Net Sales Change Q4 2024 (3%) Full Year 2024 (1%)	 Net Sales Change Q4 2024 10% Full Year 2024 6%	Net Sales Change Q4 2024 (3%) Full Year 2024 (1%)
<b>Industrial Segment</b>	 Net Sales Change Q4 2024 (8%) Full Year 2024 4%	 Net Sales Change Q4 2024 (10%) Full Year 2024 (4%)	 Net Sales Change Q4 2024 (24%) Full Year 2024 (22%)	Net Sales Change Q4 2024 (13%) Full Year 2024 (6%)
<b>Process Segment</b>	 Net Sales Change Q4 2024 7% Full Year 2024 (3%)	 Net Sales Change Q4 2024 (7%) Full Year 2024 (10%)	 Net Sales Change Q4 2024 (12%) Full Year 2024 (20%)	Net Sales Change Q4 2024 0% Full Year 2024 (8%)
<b>Full Year 2025 Outlook</b>				<b>Low Single-Digit Growth</b>

# CASH FLOW AND LIQUIDITY

Net Earnings, as Adjusted, and Cash from Operating Activities  
\$ in millions



## Other Significant (Uses) Sources of Cash (\$M)

	2024	2023
Dividends	\$ (172)	\$ (158)
Capital Expenditures	(107)	(185)
Net Share Issuances (Repurchases)	35	(43)
Net Borrowings (Payments) on Debt	(1)	(65)
Acquisitions	(242)	-
Pension	(20)	(20)

- Net cash from operating activities was \$622 million vs. \$651 million in 2023
- Capital expenditures of \$107 million including \$67 million of facility expansion projects
- The Company made a \$20 million voluntary contribution to a U.S. pension plan in the fourth quarters of 2024 and 2023

# OTHER DISCUSSION ITEMS

<b>Cap Ex</b>	<ul style="list-style-type: none"> <li>Capital expenditure expectations of approximately \$50-60 million in 2025</li> </ul>
<b>Expenses</b>	<ul style="list-style-type: none"> <li>Unallocated corporate expenses in 2025 are expected to be approximately \$39 - \$42 million</li> </ul>
<b>Shares</b>	<ul style="list-style-type: none"> <li>We may make opportunistic share repurchases in 2025 via open market transactions</li> </ul>
<b>Currency</b>	<ul style="list-style-type: none"> <li>At current exchange rates, assuming the same volumes, mix of products and mix of business by currency as in 2024, the movement in foreign currencies would have an unfavorable impact of approximately 1 percentage points on net sales and 2 percentage points on net earnings for the full year 2025</li> </ul>
<b>Taxes</b>	<ul style="list-style-type: none"> <li>We anticipate the effective tax rate in for the first quarter and the full year 2025 to be between 19.5% - 20.5%, excluding any impact from excess tax benefits related to stock option exercises and other one-time items. Actual results and mix of earnings may materially impact the expected tax rate</li> </ul>

# 2025 CHANGE IN FINANCIAL REPORTING SEGMENTS

Effective January 1, 2025, the Company has classified its business into three reportable segments: Contractor, Industrial and Expansion Markets.

- The Industrial segment consists of the newly formed Industrial Division and the Powder Division. The Company's former Industrial and Lubrication Equipment Divisions, along with the Process Transfer Equipment business that was part of the Company's former Process Division, were combined to form the new global Industrial Division. The Powder Division remains unchanged.
- The Expansion Markets segment consists of the Expansion Markets Division and will focus on driving inorganic growth in new and adjacent markets. The Company's environmental, semiconductor, high-pressure valves and electric motors businesses, together with select future ventures and acquisitions, reside within this division.
- The Contractor segment, consisting of the Contractor Division, remains unchanged as a reporting segment relative to prior periods.

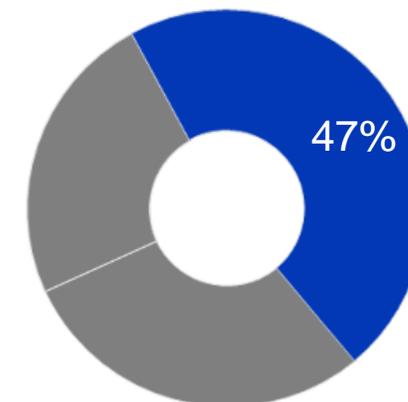
Segment operating results will be reported under the new organizational structure for the first quarter of 2025. Segment information recast to conform to the new organizational structure is available as unaudited supplemental financial information on the Company's website at [www.graco.com](http://www.graco.com).

# CONTRACTOR SEGMENT RESULTS

\$ in millions

	Fourth Quarter			Full Year		
	2024	2023	Change	2024	2023	Change
<b>Net Sales</b>						
Americas	\$ 169	\$ 172	(2)%	\$ 722	\$ 730	(1)%
EMEA	52	48	10	184	180	2
Asia Pacific	26	19	34	83	76	10
<b>Total</b>	<b>\$ 247</b>	<b>\$ 239</b>	<b>3 %</b>	<b>\$ 989</b>	<b>\$ 986</b>	<b>0%</b>
<b>Operating Earnings</b>	<b>\$ 49</b>	<b>\$ 69</b>	<b>(30)%</b>	<b>\$ 270</b>	<b>\$ 285</b>	<b>(5)%</b>
% of sales	20 %	29 %		27 %	29 %	

2024 Contractor Segment Net Sales as % of Graco



Components of Net Sales Change

	Q4 2024	Full Year 2024		Q4 2024	Full Year 2024
<b>Americas</b>					
Volume & Price	(5)%	(2)%			
Acquisitions	3 %	1 %			
Currency	0 %	0 %			
<b>Total</b>	<b>(2)%</b>	<b>(1)%</b>			
<b>EMEA</b>					
Volume & Price	(3)%	(1)%			
Acquisitions	13 %	3 %			
Currency	0 %	0 %			
<b>Total</b>	<b>10 %</b>	<b>2 %</b>			
<b>Asia Pacific</b>					
Volume & Price	10 %	6 %			
Acquisitions	25 %	6 %			
Currency	(1)%	(2)%			
<b>Total</b>	<b>34 %</b>	<b>10 %</b>			
<b>Segment Total</b>					
Volume & Price	(3)%	(1)%			
Acquisitions	7 %	2 %			
Currency	(1)%	(1)%			
<b>Total</b>	<b>3 %</b>	<b>0 %</b>			

# CONTRACTOR SEGMENT RESULTS

Change in % of net sales

## 2023 Operating Earnings

Cost and product and channel mix

Incremental litigation cost

Effect of acquired business operations

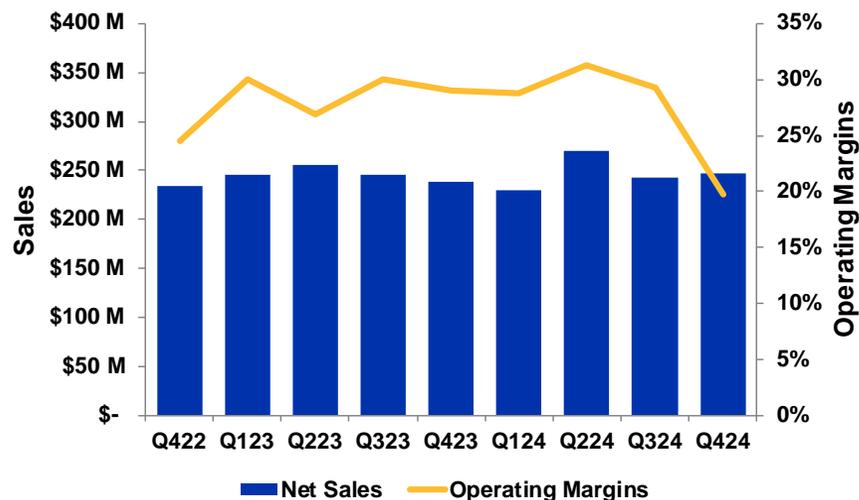
Business reorganization cost

Volume effect on expense leverage

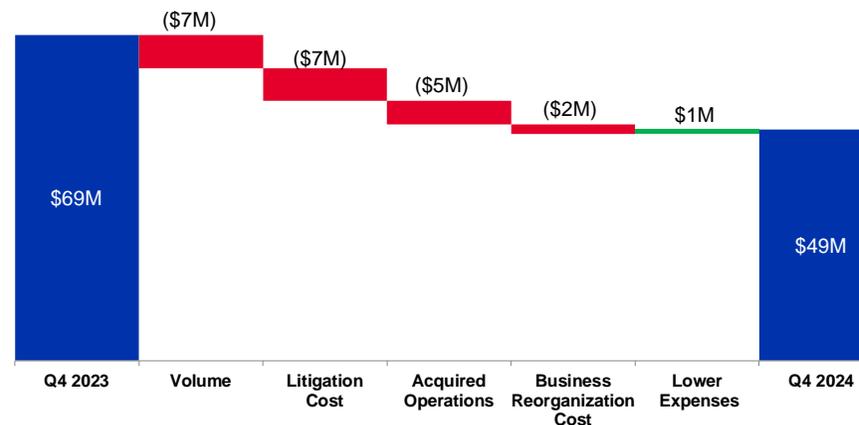
## 2024 Operating Earnings

	Fourth Quarter	Full Year
	29 %	29 %
	(2)	1
	(3)	(1)
	(3)	(1)
	(1)	0
	0	(1)
	<b>20 %</b>	<b>27 %</b>

Contractor Segment Net Sales and Operating Margins



Contractor Segment Operating Earnings QTD

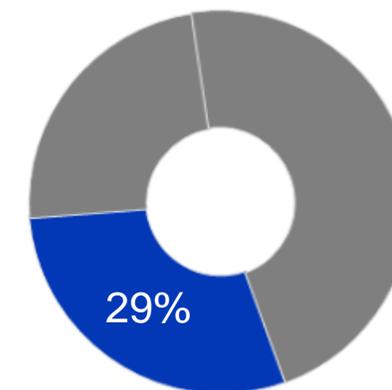


# INDUSTRIAL SEGMENT RESULTS

\$ in millions

	Fourth Quarter			Full Year		
	2024	2023	Change	2024	2023	Change
<b>Net Sales</b>						
Americas	\$ 67	\$ 73	(9)%	\$ 272	\$ 264	4%
EMEA	58	64	(10)	200	207	(4)
Asia Pacific	41	55	(25)	147	192	(24)
<b>Total</b>	<b>\$ 166</b>	<b>\$ 192</b>	<b>(14)%</b>	<b>\$ 619</b>	<b>\$ 663</b>	<b>(7)%</b>
<b>Operating Earnings</b>	<b>\$ 52</b>	<b>\$ 71</b>	<b>(27)%</b>	<b>\$ 201</b>	<b>\$ 234</b>	<b>(14)%</b>
% of sales	31 %	37 %		33 %	35 %	

2024 Industrial Segment Net Sales as % of Graco



Components of Net Sales Change

	Q4 2024	Full Year 2024		Q4 2024	Full Year 2024
<b>Americas</b>			<b>Asia Pacific</b>		
Volume & Price	(8)%	4 %	Volume & Price	(24)%	(22)%
Acquisitions	0 %	0 %	Acquisitions	0 %	0 %
Currency	(1)%	0 %	Currency	(1)%	(2)%
<b>Total</b>	<b>(9)%</b>	<b>4 %</b>	<b>Total</b>	<b>(25)%</b>	<b>(24)%</b>
<b>EMEA</b>			<b>Segment Total</b>		
Volume & Price	(10)%	(4)%	Volume & Price	(13)%	(6)%
Acquisitions	0 %	0 %	Acquisitions	0 %	0 %
Currency	0 %	0 %	Currency	(1)%	(1)%
<b>Total</b>	<b>(10)%</b>	<b>(4)%</b>	<b>Total</b>	<b>(14)%</b>	<b>(7)%</b>

# INDUSTRIAL SEGMENT RESULTS

Change in % of net sales

## 2023 Operating Earnings

Product and channel mix, cost

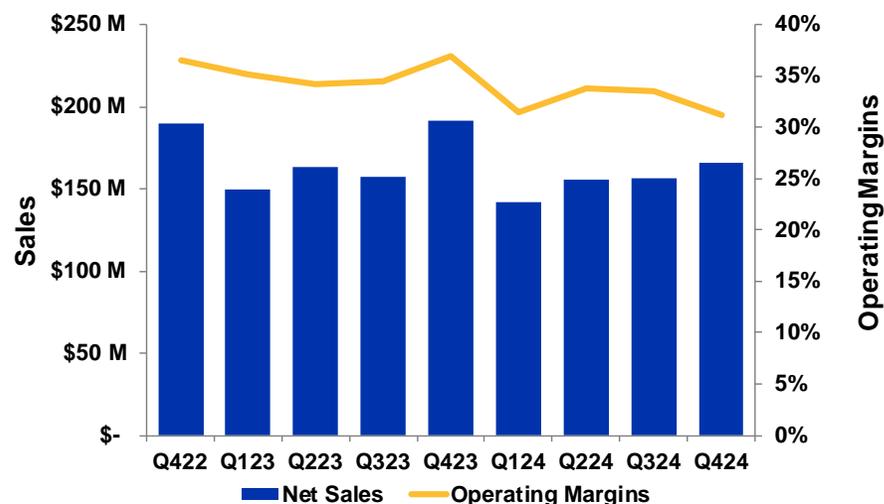
Business reorganization cost

Volume effect on expense leverage

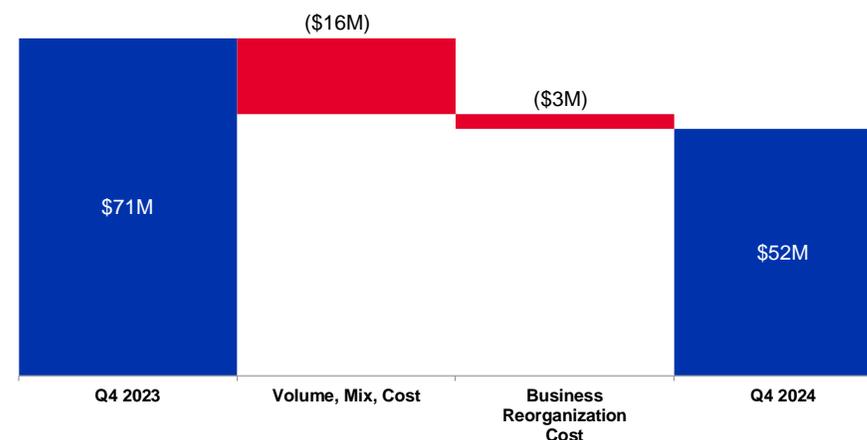
## 2024 Operating Earnings

Fourth Quarter	Full Year
37 %	35 %
(1)	0
(2)	0
(3)	(2)
<b>31 %</b>	<b>33 %</b>

Industrial Segment Net Sales and Operating Margins



Industrial Segment Operating Earnings QTD

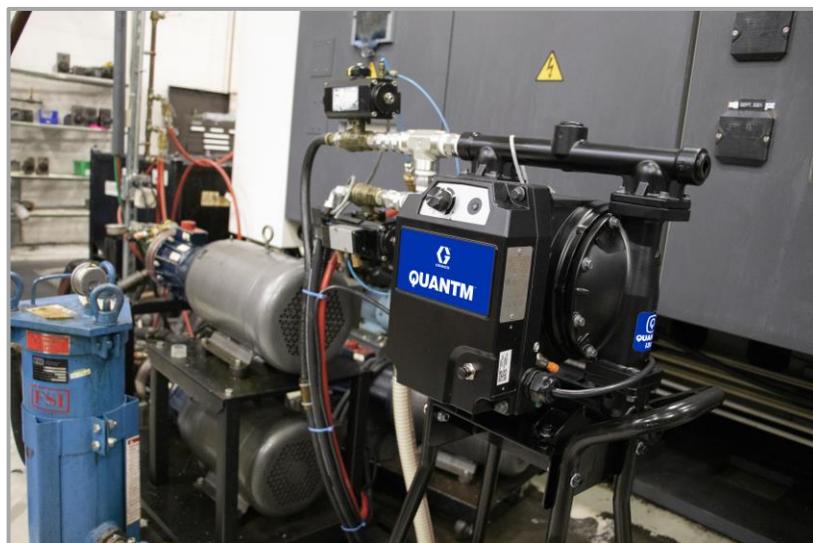
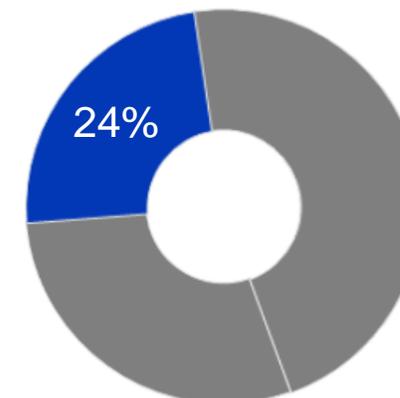


# PROCESS SEGMENT RESULTS

\$ in millions

	Fourth Quarter			Full Year		
	2024	2023	Change	2024	2023	Change
<b>Net Sales</b>						
Americas	\$ 88	\$ 83	7%	\$ 335	\$ 344	(3)%
EMEA	19	20	(6)	70	77	(9)
Asia Pacific	29	33	(12)	100	126	(21)
<b>Total</b>	<b>\$ 136</b>	<b>\$ 136</b>	<b>0%</b>	<b>\$ 505</b>	<b>\$ 547</b>	<b>(8)%</b>
<b>Operating Earnings</b>	<b>\$ 37</b>	<b>\$ 38</b>	<b>(3)%</b>	<b>\$ 142</b>	<b>\$ 165</b>	<b>(14)%</b>
% of sales	27 %	28 %		28 %	30 %	

2024 Process Segment Net Sales as % of Graco



Components of Net Sales Change

	Q4 2024	Full Year 2024		Q4 2024	Full Year 2024
<b>Americas</b>					
Volume & Price	7 %	(3)%		(12)%	(20)%
Acquisitions	0 %	0 %		0 %	0 %
Currency	0 %	0 %		0 %	(1)%
<b>Total</b>	<b>7 %</b>	<b>(3)%</b>		<b>(12)%</b>	<b>(21)%</b>
<b>EMEA</b>					
Volume & Price	(7)%	(10)%		0 %	(8)%
Acquisitions	0 %	0 %		0 %	0 %
Currency	1 %	1 %		0 %	0 %
<b>Total</b>	<b>(6)%</b>	<b>(9)%</b>		<b>0 %</b>	<b>(8)%</b>
<b>Asia Pacific</b>					
Volume & Price					
Acquisitions					
Currency					
<b>Total</b>					
<b>Segment Total</b>					
Volume & Price					
Acquisitions					
Currency					
<b>Total</b>					

# PROCESS SEGMENT RESULTS

Change in % of net sales

## 2023 Operating Earnings

Currency Translation

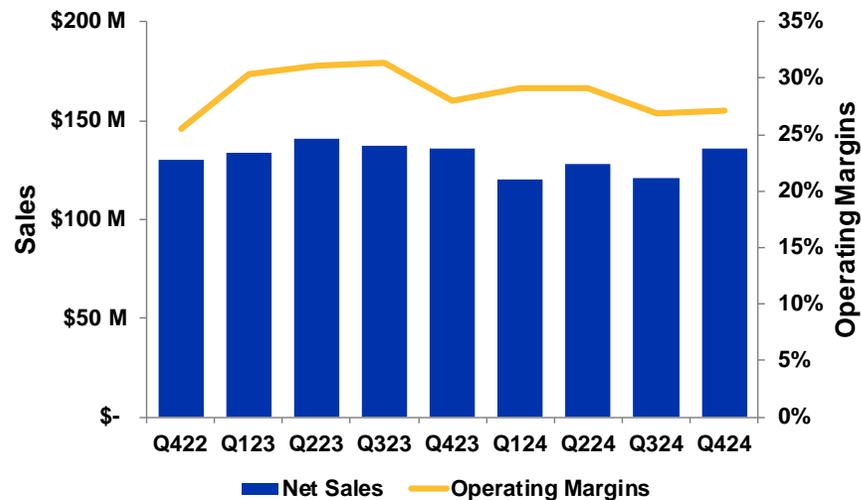
Business reorganization cost

Volume effect on expense leverage

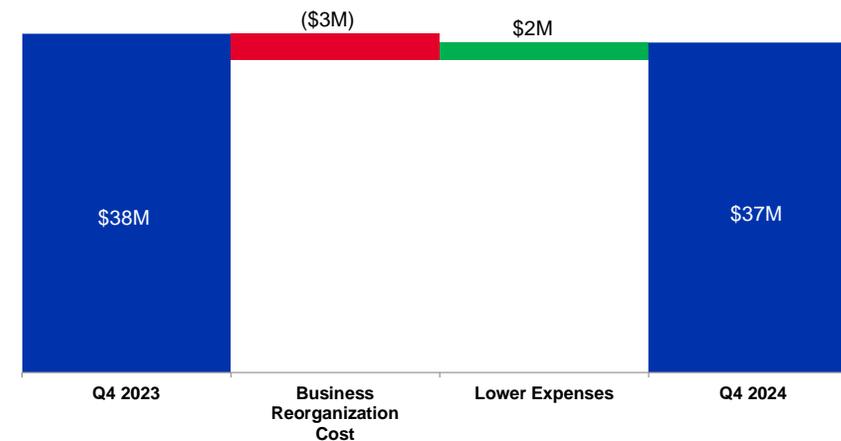
## 2024 Operating Earnings

	Fourth Quarter	Full Year
	28 %	30 %
	(1)	0
	(2)	(1)
	2	(1)
	<b>27 %</b>	<b>28 %</b>

Process Segment Net Sales and Operating Margins



Process Segment Operating Earnings QTD



# ADJUSTED FINANCIAL RESULTS

## Non-GAAP Reconciliation

\$ in millions except per share amounts

	Fourth Quarter			Full Year		
	2024	2023	Change	2024	2023	Change
<b>Operating earnings, as reported</b>	\$ 130.0	\$ 169.9	(23)%	\$ 570.1	\$ 646.8	(12)%
Contingent consideration	-	-		-	(8.6)	
Impairment	-	-		-	7.8	
Business reorganization	7.7	-		7.7	-	
<b>Operating earnings, adjusted</b>	<u>\$ 137.7</u>	<u>\$ 169.9</u>	<u>(19)%</u>	<u>\$ 577.8</u>	<u>\$ 646.0</u>	<u>(11)%</u>
<b>Earnings before income taxes, as reported</b>	\$ 132.5	127.6	4 %	\$ 589.3	\$ 608.8	(3)%
Pension settlement loss	-	42.1		-	42.1	
Contingent consideration	-	-		-	(8.6)	
Impairment	-	-		-	7.8	
Business reorganization	7.7	-		7.7	-	
<b>Earnings before income taxes, adjusted</b>	<u>\$ 140.2</u>	<u>\$ 169.7</u>	<u>(17)%</u>	<u>\$ 597.0</u>	<u>\$ 650.1</u>	<u>(8)%</u>
<b>Income taxes, as reported</b>	\$ 23.8	\$ 17.6	35 %	\$ 103.2	\$ 102.3	1 %
Pension settlement tax effect	-	8.8		-	8.8	
Other non-recurring tax benefit	-	4.8		-	4.8	
Excess tax benefit from option exercises	4.5	1.4		14.9	10.3	
Business reorganization	1.8	-		1.8	-	
<b>Income taxes, adjusted</b>	<u>\$ 30.1</u>	<u>\$ 32.6</u>	<u>(8)%</u>	<u>\$ 119.9</u>	<u>\$ 126.2</u>	<u>(5)%</u>
Effective income tax rate						
As reported	17.9%	13.8%		17.5%	16.8%	
Adjusted	21.5%	19.2%		20.1%	19.4%	
<b>Net earnings, as reported</b>	\$ 108.7	\$ 110.0	(1)%	\$ 486.1	\$ 506.5	(4)%
Pension settlement loss, net	-	33.3		-	33.3	
Contingent consideration	-	-		-	(8.6)	
Impairment	-	-		-	7.8	
Other non-recurring tax benefit	-	(4.8)		-	(4.8)	
Excess tax benefit from option exercises	(4.5)	(1.4)		(14.9)	(10.3)	
Business reorganization	5.9	-		5.9	-	
<b>Net earnings, adjusted</b>	<u>\$ 110.1</u>	<u>\$ 137.1</u>	<u>(20)%</u>	<u>\$ 477.1</u>	<u>\$ 523.9</u>	<u>(9)%</u>
Weighted average diluted shares	172.6	171.8		172.4	172.2	
<b>Diluted earnings per share</b>						
As reported	\$ 0.63	\$ 0.64	(2)%	\$ 2.82	\$ 2.94	(4)%
Adjusted	\$ 0.64	\$ 0.80	(20)%	\$ 2.77	\$ 3.04	(9)%

Financial results have been adjusted for comparability. Certain items have caused fluctuation in the Company's financial results. Excluding the impact of these items presents a more consistent basis for comparison of financial results.



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