



3rd Quarter 2022 Earnings Conference Call

October 27, 2022

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 October 26, 2022.

Financial Results

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Statement of Earnings

\$ in millions except per share amounts

	Third Quarter			September Year to Date		
	2022	2021	Change	2022	2021	Change
Net Sales	\$ 545.6	\$ 486.7	12 %	\$1,588.5	\$1,448.0	10 %
Gross Profit	261.1	248.2	5 %	784.6	759.4	3 %
% of Net Sales	47.8%	51.0%	(3.2) pts	49.4%	52.4%	(3.0) pts
Operating Earnings	143.1	124.6	15 %	420.2	386.7	9 %
% of Net Sales	26%	26%	0 pt	26%	27%	(1) pt
Net Earnings	\$ 116.2	\$ 103.8	12 %	\$ 334.5	\$ 319.6	5 %
% of Net Sales	21%	21%	0 pt	21%	22%	(1) pt
Diluted Net Earnings Per Share	\$ 0.67	\$ 0.59	14 %	\$ 1.93	\$ 1.83	5 %
Diluted Shares in Millions	172.8	174.8	(1)%	173.4	174.4	(1)%
Net Earnings, Adjusted (1)	\$ 114.8	\$ 100.3	14 %	\$ 331.3	\$ 309.9	7 %
Diluted Net Earnings Per Share, Adjusted (1)	\$ 0.66	\$ 0.57	16 %	\$ 1.91	\$ 1.78	7 %

(1) Net earnings and diluted net earnings per share for 2022 and 2021 have been adjusted to provide a more consistent basis of comparison of on-going results. See page 17 for a reconciliation of the adjusted non-GAAP financial measures to GAAP.

Net Sales



Components of Net Sales Change

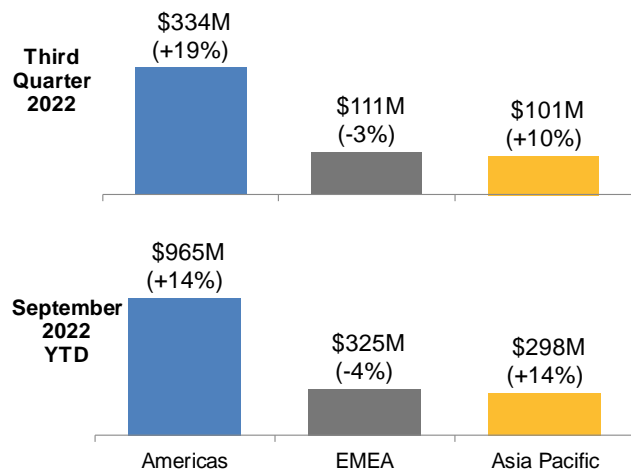
2022 Third Quarter

	Segment			Region			Consolidated
	Industrial	Process	Contractor	Americas	EMEA	Asia Pacific	
Volume and Price	8 %	30 %	16 %	18 %	10 %	17 %	16 %
Acquisitions	0 %	4 %	0 %	1 %	0 %	1 %	1 %
Currency	(7)%	(4)%	(4)%	0 %	(13)%	(8)%	(5)%
Total	1 %	30 %	12 %	19 %	(3)%	10 %	12 %

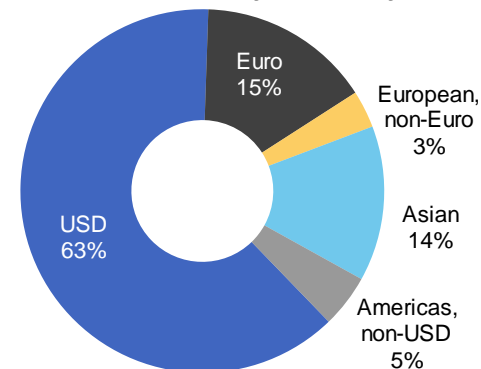
2022 September Year to Date

	Segment			Region			Consolidated
	Industrial	Process	Contractor	Americas	EMEA	Asia Pacific	
Volume and Price	12 %	28 %	6 %	13 %	5 %	18 %	12 %
Acquisitions	0 %	2 %	1 %	1 %	1 %	1 %	1 %
Currency	(5)%	(2)%	(3)%	0 %	(10)%	(5)%	(3)%
Total	7 %	28 %	4 %	14 %	(4)%	14 %	10 %

Net Sales by Region



2022 Net Sales by Currency



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

Operating Earnings

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2021 Operating Earnings, as reported (\$M and % of sales)

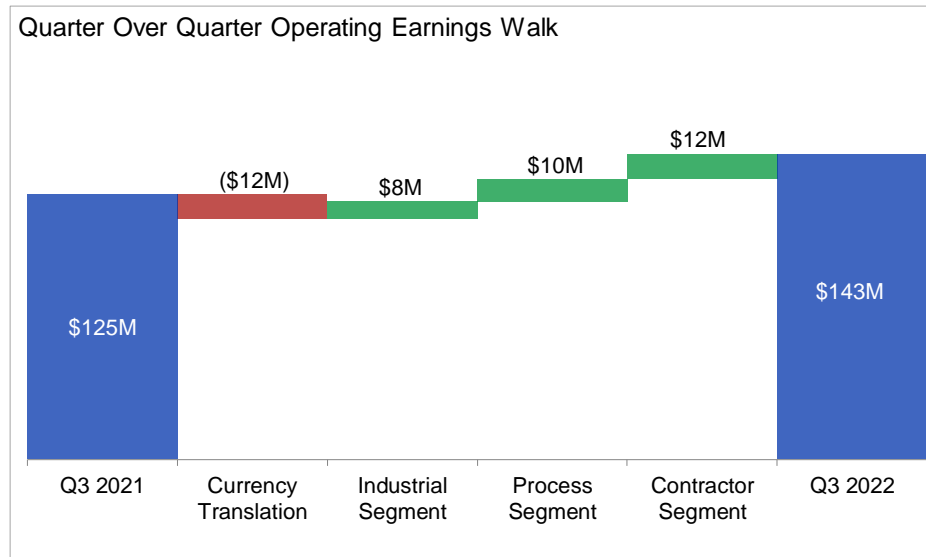
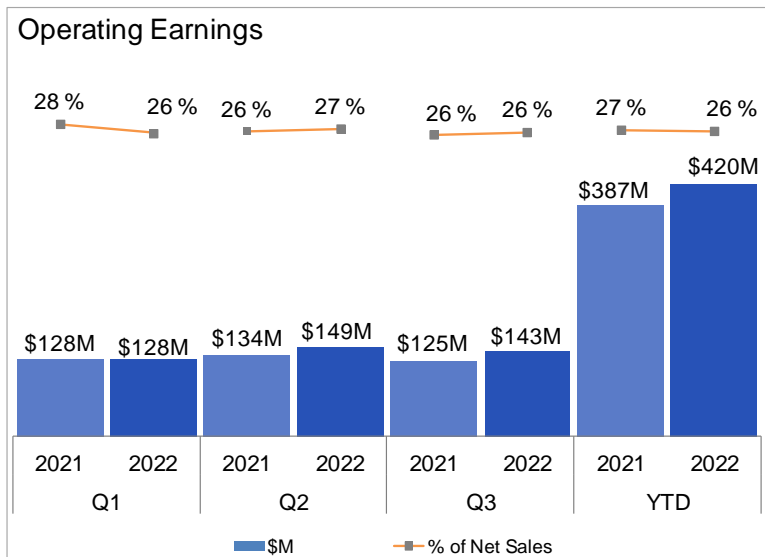
Translation effect

Pricing, sales volume and product cost

Volume effect on expense leverage

2022 Operating Earnings, as reported (\$M and % of sales)

	Third Quarter		Sept. Year to Date	
\$	125	26 %	\$ 387	27 %
	(12)	(2)	(26)	(2)
	29	(2)	60	(2)
	1	4	(1)	3
\$	143	26 %	\$ 420	26 %



Third Quarter 2022

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Net Sales	<ul style="list-style-type: none">▶ Up 12 percent from 2021, up 17 percent at consistent translation rates. Sales from acquired businesses contributed 1 percentage point
Gross Margin	<ul style="list-style-type: none">▶ Margin rate down 3 percentage points from 2021<ul style="list-style-type: none">▪ Realized pricing not enough to offset the unfavorable impact of higher product costs and unfavorable impact of currency translation rates▶ Margin dollars up on volume and realized pricing
Operating Earnings	<ul style="list-style-type: none">▶ Up \$19 million compared to third quarter 2021<ul style="list-style-type: none">▪ Realized pricing, increase in sales volume and lower expenses, including lower sales and earnings-based cost, offset higher product cost and the unfavorable effect of currency translation
Interest Expense	<ul style="list-style-type: none">▶ Decreased \$1 million<ul style="list-style-type: none">▪ During first quarter, repaid \$75 million private placement debt
Taxes	<ul style="list-style-type: none">▶ Adjusted effective tax rate for the quarter was 19 percent, third quarter 2021 adjusted effective tax rate was 18 percent<ul style="list-style-type: none">▪ Effective rate adjusted to exclude the impacts of excess tax benefit from stock option exercises and non-recurring tax provision adjustments in 2021▪ Increase primarily due to unfavorable effects of foreign earnings taxed at higher rates than the U.S.

September Year to Date 2022










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Net Sales	<ul style="list-style-type: none">▶ Up 10 percent from 2021, up 13 percent at consistent translation rates. Sales from acquired businesses contributed 1 percentage point
Gross Margin	<ul style="list-style-type: none">▶ Margin rate down 3 percentage points from 2021<ul style="list-style-type: none">▪ Realized pricing not enough to offset the unfavorable impact of higher product costs and unfavorable impact of currency translation rates▶ Margin dollars up on volume and realized pricing
Operating Earnings	<ul style="list-style-type: none">▶ Up \$33 million compared to September 2021<ul style="list-style-type: none">▪ Increase in sales volume as well as lower expenses were able to offset higher product costs and unfavorable currency translation
Interest Expense	<ul style="list-style-type: none">▶ Increased \$1 million<ul style="list-style-type: none">▪ During first quarter, repaid \$75 million private placement debt. \$3.5M prepayment fee recorded as interest expense
Taxes	<ul style="list-style-type: none">▶ Adjusted effective tax rate for the year to date was 20 percent, the adjusted effective rate in 2021 was 18 percent<ul style="list-style-type: none">▪ Effective rate adjusted to exclude the impacts of excess tax benefit from stock option exercises and non-recurring tax provision adjustments in 2021▪ Increase primarily due to unfavorable effects of foreign earnings taxed at higher rates than the U.S.

2022 Outlook



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

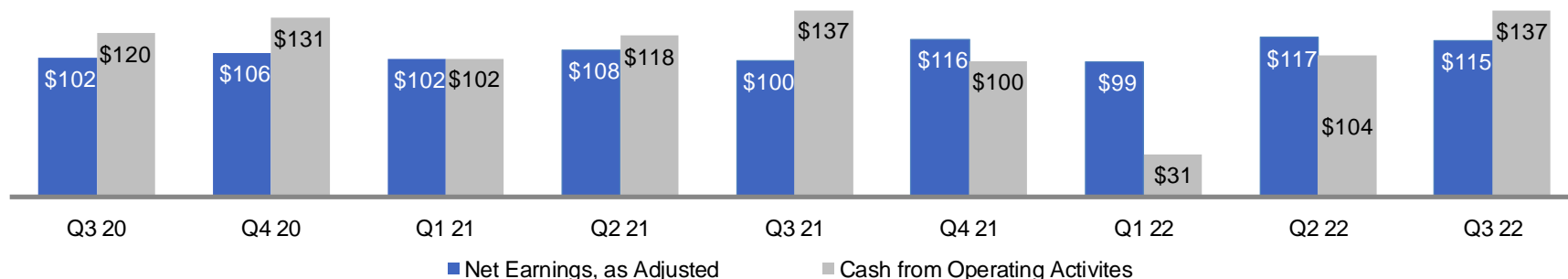
	Americas	EMEA	Asia Pacific	Total
Current Environment	Sales Growth Q3 2022 18% Sept. 2022 YTD 13%	Sales Growth Q3 2022 10% Sept. 2022 YTD 5%	Sales Growth Q3 2022 17% Sept. 2022 YTD 18%	Sales Growth Q3 2022 16% Sept. 2022 YTD 12%
Industrial Segment	 Sales Growth Q3 2022 11% Sept. 2022 YTD 16%	 Sales Growth Q3 2022 3% Sept. 2022 YTD 9%	 Sales Growth Q3 2022 11% Sept. 2022 YTD 12%	Sales Growth Q3 2022 8% Sept. 2022 YTD 12%
Process Segment	 Sales Growth Q3 2022 27% Sept. 2022 YTD 24%	 Sales Growth Q3 2022 30% Sept. 2022 YTD 22%	 Sales Growth Q3 2022 40% Sept. 2022 YTD 44%	Sales Growth Q3 2022 30% Sept. 2022 YTD 28%
Contractor Segment	 Sales Growth Q3 2022 18% Sept. 2022 YTD 9%	 Sales Growth Q3 2022 12% Sept. 2022 YTD (4%)	 Sales Growth Q3 2022 7% Sept. 2022 YTD 6%	Sales Growth Q3 2022 16% Sept. 2022 YTD 6%
Full Year 2022 Outlook				Low Double-Digit

Demand worldwide remains solid despite uncertain macroeconomic conditions. For the full-year 2022, the Company is raising our outlook to low double-digit sales growth on an organic, constant currency basis.

Cash Flow and Liquidity



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



Significant Uses of Cash (\$M)

	2022	2021
Capital Expenditures	\$ 147	\$ 83
Share Repurchases, Net of Issued	127	-
Dividends	107	95
Net Payments on Debt	71	-
Acquisitions	25	19

- ▶ Net cash provided by operating activities was \$272 million in 2022 vs. \$357 million in 2021
 - Inventory increased to meet higher demand; higher incentive payout reduced net cash from operations in first quarter. Remaining working cash items in line with volume
- ▶ Capital expenditures of \$147 million, including \$75 million on expansion projects
- ▶ Debt, including notes payable, was \$118 million – down \$76 million from December 2021
 - During first quarter 2022, repaid \$75 million of private placement debt plus \$3.5 million prepayment fee which was recognized as interest expense

Other Discussion Items

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Cap Ex	<ul style="list-style-type: none">▶ Capital expenditure expectations of approximately \$230 million in 2022, including approximately \$130 million in facility expansion projects
Expenses	<ul style="list-style-type: none">▶ Unallocated corporate expenses in 2022 are expected to be approximately \$29 - \$31 million
Shares	<ul style="list-style-type: none">▶ 2.5 million shares were repurchased through September 2022. We may make opportunistic purchases going forward
Currency	<ul style="list-style-type: none">▶ At current exchange rates, assuming the same volumes, mix of products and mix of business by currency as in 2021, the movement in foreign currencies would have an unfavorable impact of approximately 4 percent on net sales and 8 percent on earnings in 2022
Taxes	<ul style="list-style-type: none">▶ We anticipate the effective tax rate for the fourth quarter and the full year to be between 19 – 20 percent, 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
Russia	<ul style="list-style-type: none">▶ Sales to Russia and Belarus accounted for approximately 1½ percent of total net sales in 2021. During first quarter 2022, we recognized credit loss allowances of \$3 million. We have suspended all new sales into Russia and Belarus
Pricing	<ul style="list-style-type: none">▶ Due to increasing product costs, we have implemented an interim price increase across all segments and regions
Fiscal Year 2022	<ul style="list-style-type: none">▶ There are 52 weeks in fiscal 2022, with 13 weeks in the fourth quarter compared to 53 weeks in fiscal 2021, with 14 weeks in the fourth quarter

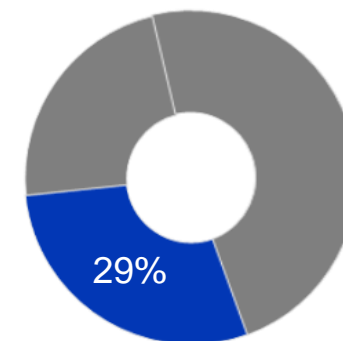
Industrial Segment Results



\$ in millions

	Third Quarter			September Year to Date		
	2022	2021	Change	2022	2021	Change
Net Sales						
Americas	\$ 60	\$ 54	11 %	\$ 176	\$ 152	15 %
EMEA	48	54	(11)	142	145	(2)
Asia Pacific	48	47	3	141	132	7
Total	\$ 156	\$ 155	1 %	\$ 459	\$ 429	7 %
Operating Earnings	\$ 54	\$ 51	6%	\$ 162	\$ 139	17 %
% of sales	35 %	33 %		35 %	32 %	

Sept. YTD 2022 Industrial Segment Net Sales as % of Graco



Components of Net Sales Change

	Q3 2022	Sept. YTD 2022
Americas		
Volume & Price	11 %	16 %
Acquisitions	0 %	0 %
Currency	0 %	(1)%
Total	11 %	15 %
EMEA		
Volume & Price	3 %	9 %
Acquisitions	0 %	0 %
Currency	(14)%	(11)%
Total	(11)%	(2)%

	Q3 2022	Sept. YTD 2022
Asia Pacific		
Volume & Price	11 %	12 %
Acquisitions	0 %	0 %
Currency	(8)%	(5)%
Total	3 %	7 %
Segment Total		
Volume & Price	8 %	12 %
Acquisitions	0 %	0 %
Currency	(7)%	(5)%
Total	1 %	7 %

Industrial Segment Results

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Change in % of net sales

2021 Operating Earnings

Currency Translation

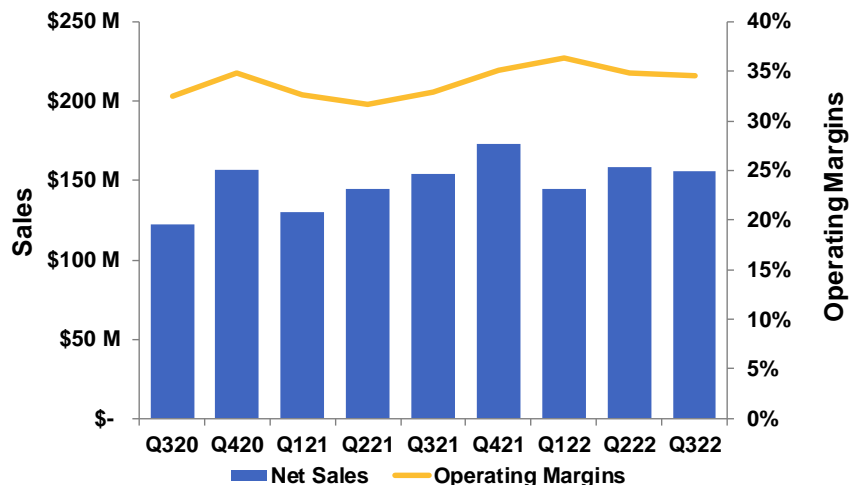
Product cost

Volume effect on expense leverage

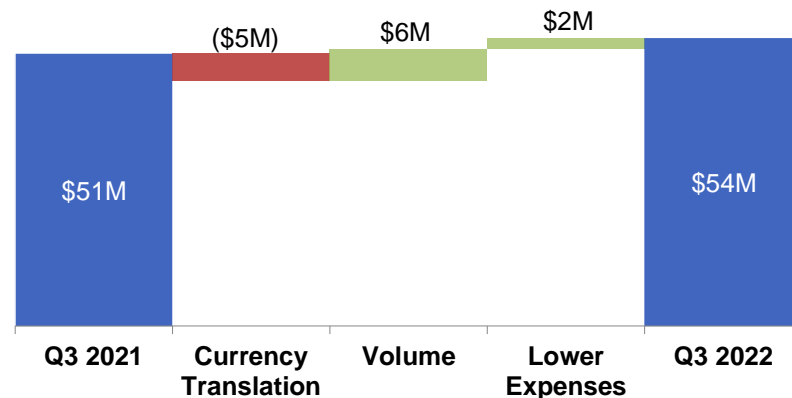
2022 Operating Earnings

	Third Quarter	Sept. Year to Date
	33 %	32 %
	(1)	0
	(1)	(1)
	4	4
	35 %	35 %

Industrial Segment Net Sales and Operating Margins



Industrial Segment Operating Earnings QTD



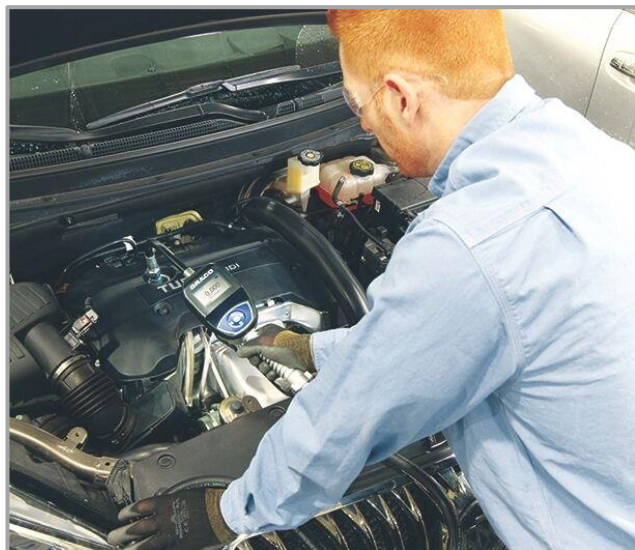
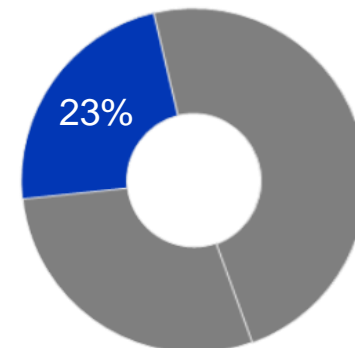
Process Segment Results



\$ in millions

	Third Quarter			September Year to Date		
	2022	2021	Change	2022	2021	Change
Net Sales						
Americas	\$ 77	\$ 58	31 %	\$ 222	\$ 175	27 %
EMEA	17	14	20	51	44	16
Asia Pacific	32	24	34	92	66	40
Total	\$ 126	\$ 96	30 %	\$ 365	\$ 285	28 %
Operating Earnings	\$ 31	\$ 22	42 %	\$ 89	\$ 65	37 %
% of sales	24 %	22 %		24 %	23 %	

Sept. YTD 2022 Process Segment
Net Sales as % of Graco



Components of Net Sales Change

	Q3 2022	Sept. YTD 2022
Americas		
Volume & Price	27 %	24 %
Acquisitions	4 %	3 %
Currency	0 %	0 %
Total	31 %	27 %
EMEA		
Volume & Price	30 %	22 %
Acquisitions	1 %	1 %
Currency	(11)%	(7)%
Total	20 %	16 %

	Q3 2022	Sept. YTD 2022
Asia Pacific		
Volume & Price	40 %	44 %
Acquisitions	1 %	1 %
Currency	(7)%	(5)%
Total	34 %	40 %
Segment Total		
Volume & Price	30 %	28 %
Acquisitions	4 %	2 %
Currency	(4)%	(2)%
Total	30 %	28 %

Process Segment Results

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Change in % of net sales

2021 Operating Earnings

Currency translation

Product cost and product and channel mix

Volume effect on expense leverage

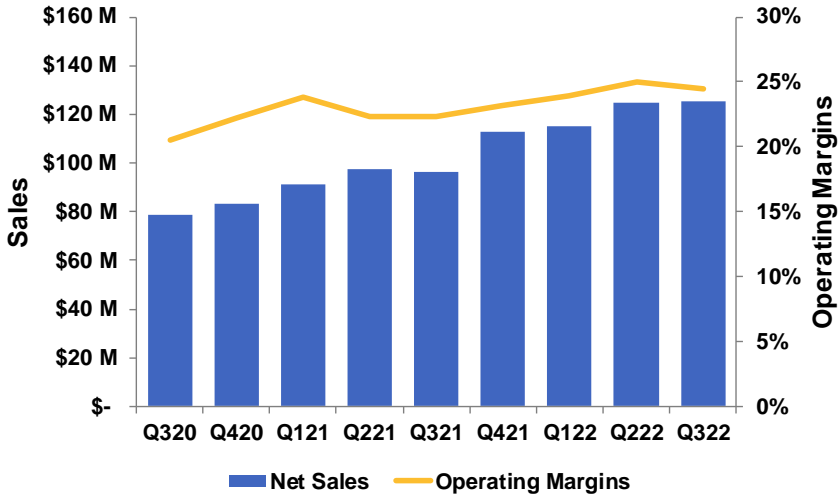
2022 Operating Earnings

Third Quarter

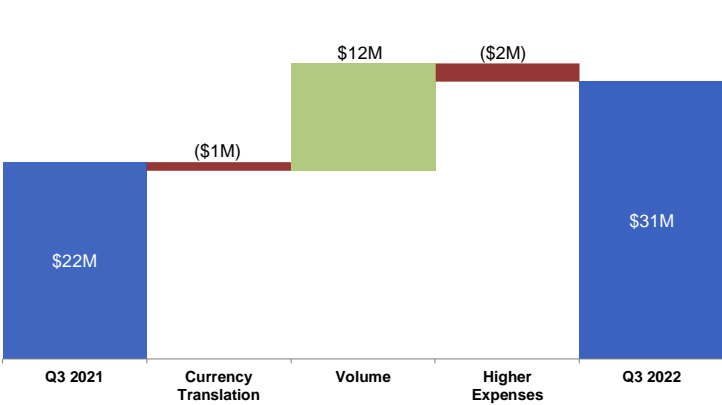
Sept. Year to Date

22 %	23 %
(1)	(1)
(3)	(3)
6	5
24 %	24 %

Process Segment Net Sales and Operating Margins



Process Segment Operating Earnings QTD



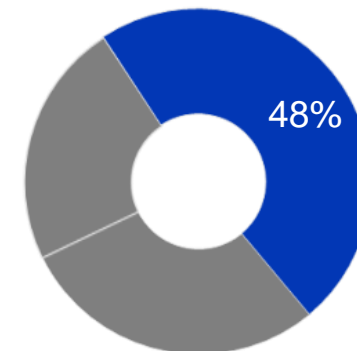
Contractor Segment Results



\$ in millions

	Third Quarter			September Year to Date		
	2022	2021	Change	2022	2021	Change
Net Sales						
Americas	\$ 197	\$ 168	17 %	\$ 567	\$ 520	9 %
EMEA	46	47	(1)	132	150	(12)
Asia Pacific	21	21	(1)	65	64	1
Total	\$ 264	\$ 236	12 %	\$ 764	\$ 734	4 %
Operating Earnings	\$ 65	\$ 59	11%	\$ 192	\$ 203	(5)%
% of sales	25 %	25 %		25 %	28 %	

Sept. YTD 2022 Contractor Segment Net Sales as % of Graco



Components of Net Sales Change



	Q3 2022	Sept. YTD 2022
Americas		
Volume & Price	18 %	9 %
Acquisitions	0 %	0 %
Currency	(1)%	0 %
Total	17 %	9 %
EMEA		
Volume & Price	12 %	(4)%
Acquisitions	0 %	1 %
Currency	(13)%	(9)%
Total	(1)%	(12)%

	Q3 2022	Sept. YTD 2022
Asia Pacific		
Volume & Price	7 %	6 %
Acquisitions	0 %	0 %
Currency	(8)%	(5)%
Total	(1)%	1 %
Segment Total		
Volume & Price	16 %	6 %
Acquisitions	0 %	1 %
Currency	(4)%	(3)%
Total	12 %	4 %

Contractor Segment Results

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Change in % of net sales

2021 Operating Earnings

Currency translation

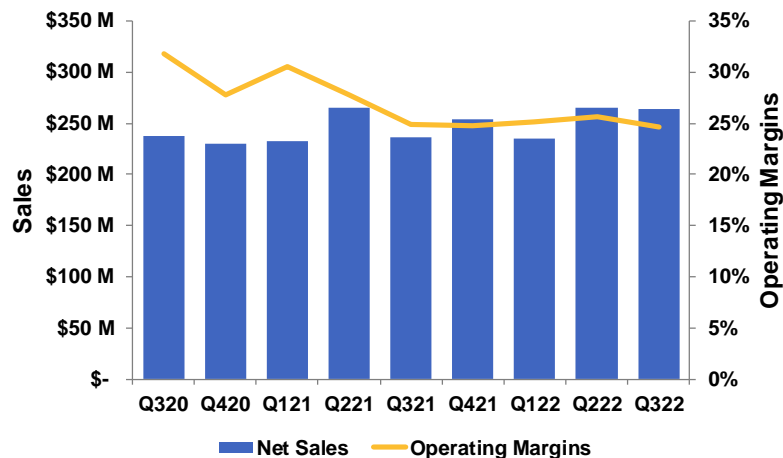
Product cost

Volume effect on expense leverage

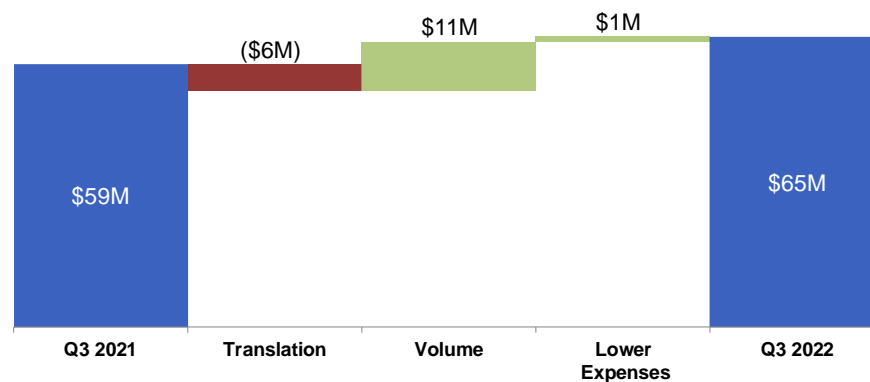
2022 Operating Earnings

	Third Quarter	Sept. Year to Date
	25 %	28 %
	(1)	(2)
	(2)	(3)
	3	2
	25 %	25 %

Contractor Segment Net Sales and Operating Margins



Contractor Segment Operating Earnings QTD



Financial Results Adjusted for Comparability

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Certain items have caused fluctuation in the Company's financial results. Excluding the impacts of these items presents a more consistent basis for comparison of financial results. A calculation of the non-GAAP measurements follows:

Non-GAAP Reconciliation

In millions except per share amounts

	Third Quarter			September Year to Date		
	2022	2021	Change	2022	2021	Change
Income taxes, as reported	\$ 26.2	\$ 17.9	46 %	\$ 77.3	\$ 59.6	30 %
Excess tax benefit from option exercises	1.4	2.6		3.2	8.8	
Other non-recurring tax benefit	-	0.9		-	0.9	
Income taxes, adjusted	\$ 27.6	\$ 21.4	29 %	\$ 80.5	\$ 69.3	16 %
Effective income tax rate						
As reported	18%	15%		19%	16%	
Adjusted	19%	18%		20%	18%	
Net earnings, as reported	\$ 116.2	\$ 103.8	12 %	\$ 334.5	\$ 319.6	5 %
Excess tax benefit from option exercises	(1.4)	(2.6)		(3.2)	(8.8)	
Other non-recurring tax benefit	-	(0.9)		-	(0.9)	
Net earnings, adjusted	\$ 114.8	\$ 100.3	14 %	\$ 331.3	\$ 309.9	7 %
Weighted average diluted shares	172.8	174.8		173.4	174.4	
Diluted earnings per share						
As reported	\$ 0.67	\$ 0.59	14 %	\$ 1.93	\$ 1.83	5 %
Adjusted	\$ 0.66	\$ 0.57	16 %	\$ 1.91	\$ 1.78	7 %



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