



FOURTH QUARTER EARNINGS CALL

January 30, 2024

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 29, 2024.

FINANCIAL RESULTS

Statement of Earnings

\$ in millions except per share amounts

	Fourth Quarter			Full Year		
	2023	2022	Change	2023	2022	Change
Net Sales	\$ 566.6	\$ 555.0	2 %	\$2,195.6	\$2,143.5	2 %
Gross Profit	299.9	272.8	10 %	1,161.0	1,057.4	10 %
% of Net Sales	52.9%	49.2%	3.7 pts	52.9%	49.3%	3.6 pts
Operating Earnings	169.9	152.5	11 %	646.8	572.7	13 %
% of Net Sales	30.0%	27.5%	2.5 pts	29.5%	26.7%	2.8 pts
Net Earnings	\$ 110.0	\$ 126.2	(13)%	\$ 506.5	\$ 460.6	10 %
% of Net Sales	19.4%	22.7%	(3.3) pts	23.1%	21.5%	1.6 pts
Diluted Net Earnings Per Share	\$ 0.64	\$ 0.74	(14)%	\$ 2.94	\$ 2.66	11 %
Diluted Shares in Millions	171.8	171.4	0 %	172.2	172.9	(0)%
Operating Earnings, Adjusted (1)	\$ 169.9	\$ 152.5	11 %	\$ 646.0	\$ 572.7	13 %
Net Earnings, Adjusted (1)	\$ 137.1	\$ 124.3	10 %	\$ 523.9	\$ 455.5	15 %
Diluted Net Earnings Per Share, Adjusted (1)	\$ 0.80	\$ 0.73	10 %	\$ 3.04	\$ 2.63	16 %

(1) Operating earnings, net earnings and diluted net earnings per share for 2023 and net earnings and diluted net earnings per share for 2022 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.

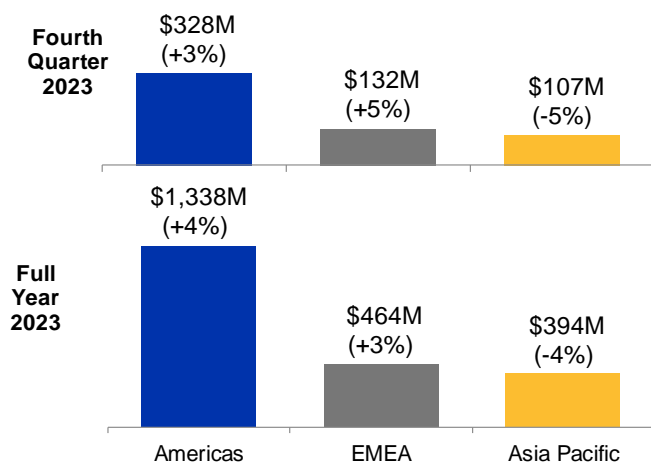
NET SALES

Components of Net Sales Change

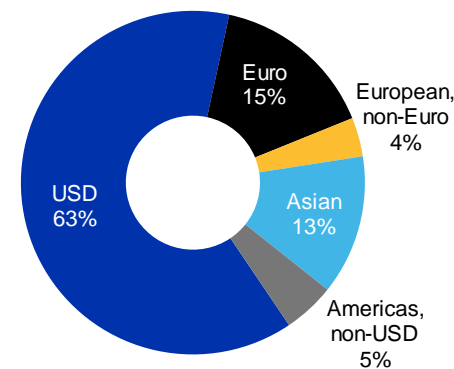
2023 Fourth Quarter	Segment			Region			Consolidated
	Contractor	Industrial	Process	Americas	EMEA	Asia Pacific	
Volume and Price	1 %	(1)%	4 %	3 %	0 %	(4)%	1 %
Acquisitions	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Currency	1 %	2 %	0 %	0 %	5 %	(1)%	1 %
Total	2 %	1 %	4 %	3 %	5 %	(5)%	2 %

2023 Full Year	Segment			Region			Consolidated
	Contractor	Industrial	Process	Americas	EMEA	Asia Pacific	
Volume and Price	(1)%	2 %	11 %	4 %	0 %	(1)%	2 %
Acquisitions	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Currency	0 %	0 %	0 %	0 %	3 %	(3)%	0 %
Total	(1)%	2 %	11 %	4 %	3 %	(4)%	2 %

Net Sales by Region



2023 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

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

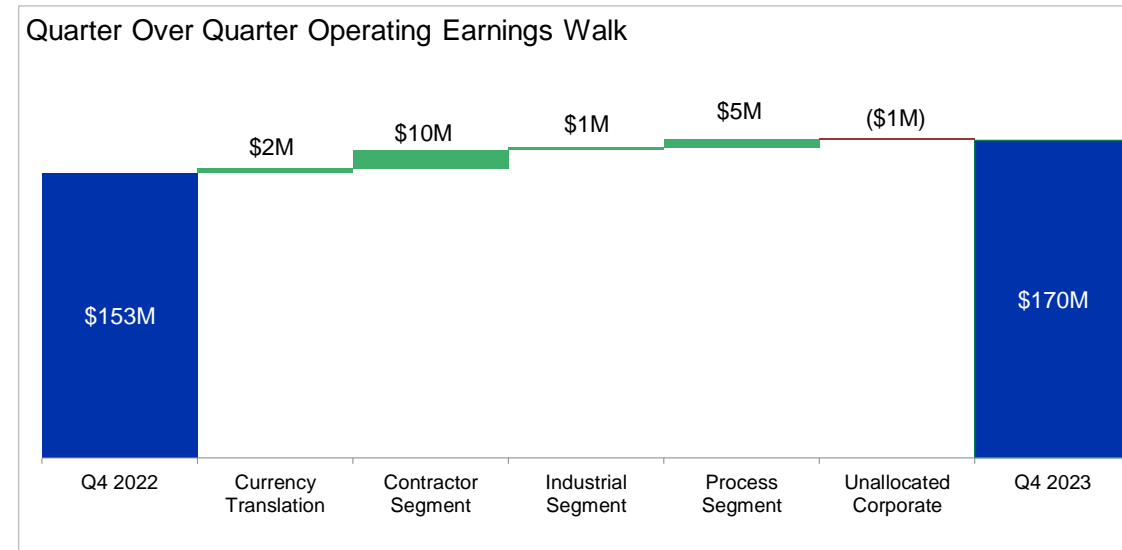
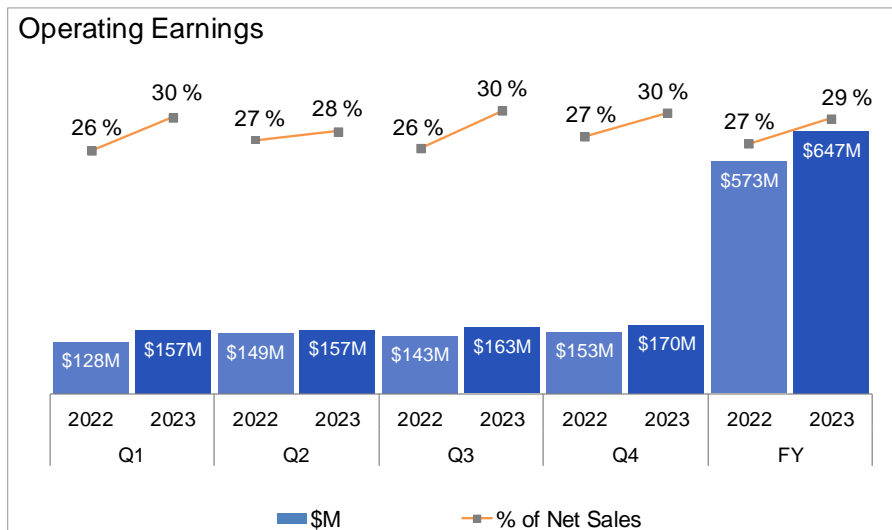
Translation effect

Price, product cost and mix

Volume effect on expense leverage

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

Fourth Quarter		Full Year	
\$ 153	27 %	\$ 573	27 %
2	0	(5)	(1)
24	4	107	4
(9)	(1)	(28)	(1)
\$ 170	30 %	\$ 647	29 %



FOURTH QUARTER 2023










Net Sales	<ul style="list-style-type: none"> • Up 2 percent from fourth quarter 2022, up 1 percent at consistent translation rates
Gross Margin	<ul style="list-style-type: none"> • Margin rate up 3.7 percentage points compared to fourth quarter 2022 <ul style="list-style-type: none"> > Realized pricing and lower product cost
Operating Earnings	<ul style="list-style-type: none"> • Up \$17 million compared to fourth quarter 2022 <ul style="list-style-type: none"> > Realized pricing, lower product cost and favorable impact of currency translation rates were more than enough to offset higher expenses.
Other (Income)/ Expense	<ul style="list-style-type: none"> • Expense of \$42 million compared to \$3 million income in fourth quarter 2022 <ul style="list-style-type: none"> > Non-cash pension settlement loss of \$42 million in the current quarter
Interest Expense	<ul style="list-style-type: none"> • Down \$0.7 million compared to fourth quarter 2022. Repaid \$75 million private placement debt in the third quarter of 2023.
Taxes	<ul style="list-style-type: none"> • Effective tax rate for the quarter was 14 percent, down 4 percentage points compared to fourth quarter 2022 <ul style="list-style-type: none"> > Due primarily to a non-recurring tax benefit of \$4.8 million

FULL YEAR 2023

Net Sales	<ul style="list-style-type: none"> • Up 2 percent from 2022, currency translation rates had no significant impact
Gross Margin	<ul style="list-style-type: none"> • Margin rate up 3.6 percentage points compared to 2022 <ul style="list-style-type: none"> > Strong realized pricing and favorable mix more than offset higher product cost
Operating Earnings	<ul style="list-style-type: none"> • Up \$74 million compared to 2022 <ul style="list-style-type: none"> > Realized pricing and favorable mix were more than enough to offset higher expenses and unfavorable impact of currency translation rates.
Other (Income)/ Expense	<ul style="list-style-type: none"> • Expense of \$33 million compared to \$3 million income in 2022 <ul style="list-style-type: none"> > Non-cash pension settlement loss of \$42 million partially offset by higher interest income in the current year
Interest Expense	<ul style="list-style-type: none"> • Decreased \$5 million. Repaid \$75 million private placement debt in third quarter 2023 and first quarter 2022
Taxes	<ul style="list-style-type: none"> • Effective tax rate for the year of 17 percent was down 2 percentage point compared to 2022 <ul style="list-style-type: none"> > Due primarily to variations in excess tax benefits from stock option exercises and a non-recurring tax benefit

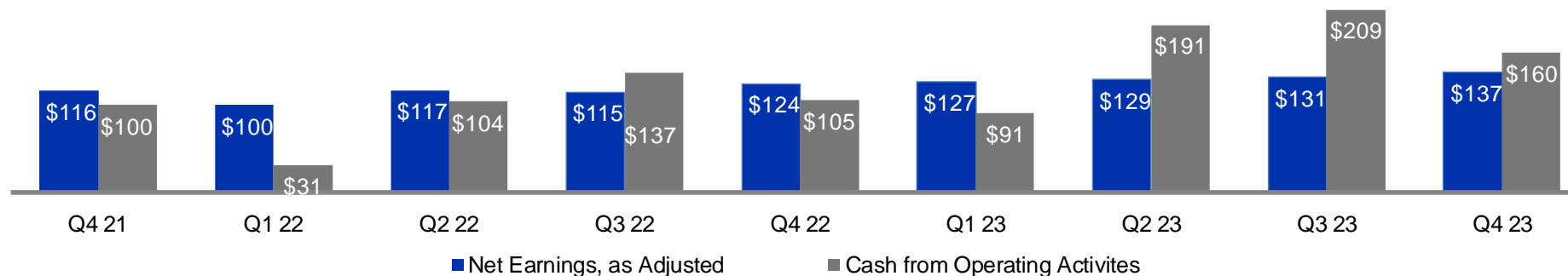
2024 OUTLOOK

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

	Americas	EMEA	Asia Pacific	Worldwide
Current Environment	Q4 2023 3% Full Year 2023 4%	Q4 2023 0% Full Year 2023 0%	Q4 2023 (4%) Full Year 2023 (1%)	Net Sales Change Q4 2023 1% Full Year 2023 2%
Contractor Segment	 Q4 2023 0% Full Year 2023 (1%)	 Q4 2023 3% Full Year 2023 (1%)	 Q4 2023 5% Full Year 2023 (5%)	Net Sales Change Q4 2023 1% Full Year 2023 (1%)
Industrial Segment	 Q4 2023 14% Full Year 2023 10%	 Q4 2023 (5%) Full Year 2023 (2%)	 Q4 2023 (13%) Full Year 2023 (3%)	Net Sales Change Q4 2023 (1%) Full Year 2023 2%
Process Segment	 Q4 2023 1% Full Year 2023 13%	 Q4 2023 10% Full Year 2023 10%	 Q4 2023 7% Full Year 2023 5%	Net Sales Change Q4 2023 4% Full Year 2023 11%
Full-Year 2024 Outlook				Low Single-Digit

CASH FLOW AND LIQUIDITY

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



Other Significant (Uses) Sources of Cash

(\$M)

	2023	2022
Capital Expenditures	\$ (185)	\$ (201)
Dividends	(158)	(142)
Net Share Issuances (Repurchases)	(42)	(198)
Net Borrowings (Payments) on Debt	(65)	(93)
Acquisitions	-	(25)
Pension Contribution	(20)	(20)

- Net cash from operating activities was \$651 million in 2023 vs. \$377 million in 2022
 - > Inventory purchases have decreased as supply chain disruptions have improved and backlog levels normalize
- Capital expenditures of \$185 million including \$108 million on facility expansion projects
- Repurchased 1.4 million shares during 2023. Shares repurchased net of share issued was \$42 million
- Debt, including notes payable, was \$30 million – down \$65 million from December 2022
 - > Repaid \$75 million private placement debt in the third quarter of 2023 and the first quarter of 2022
- The Company made a \$20 million voluntary contribution to a U.S. pension plan in the fourth quarters of 2023 and 2022

OTHER DISCUSSION ITEMS

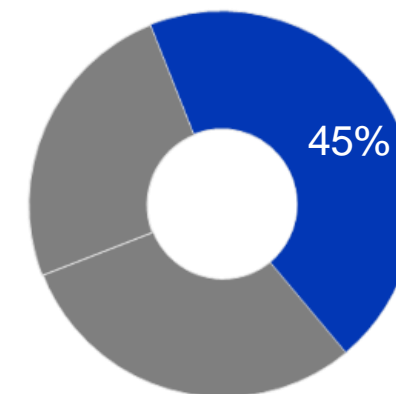
Cap Ex	<ul style="list-style-type: none"> Capital expenditure expectations of approximately \$120 million in 2024, including approximately \$60 million in facility expansion projects
Pension Settlement	<ul style="list-style-type: none"> In the fourth quarter of 2023, the Company transferred \$147 million of its pension obligations to an insurance company through the purchase of an annuity contract. As a result, a non-cash settlement loss of \$42 million (after tax \$33 million or \$0.19 per diluted share) was recorded in other non-operating expense
Expenses	<ul style="list-style-type: none"> Unallocated corporate expenses in 2024 are expected to be approximately \$41 - \$44 million
Shares	<ul style="list-style-type: none"> We may make opportunistic share repurchases in 2024 via open market transactions
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 2023, the movement in foreign currencies would have no impact on net sales or net earnings for the full year 2024
Taxes	<ul style="list-style-type: none"> We anticipate the effective tax rate for the first quarter and the full year 2024 to be between 19.5% and 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

CONTRACTOR SEGMENT RESULTS

\$ in millions

	Fourth Quarter			Full Year		
	2023	2022	Change	2023	2022	Change
Net Sales						
Americas	\$ 172	\$ 173	0 %	\$ 730	\$ 739	(1)%
EMEA	48	44	8	180	177	1
Asia Pacific	19	18	4	76	83	(9)
Total	\$ 239	\$ 235	2 %	\$ 986	\$ 999	(1)%
Operating Earnings	\$ 69	\$ 58	20%	\$ 285	\$ 250	14%
% of sales	29 %	25 %		29 %	25 %	

2023 Contractor Segment Net Sales as % of Graco



Components of Net Sales Change

	Q4 2023	Full Year 2023	Q4 2023	Full Year 2023
Americas				
Volume & Price	0 %	(1)%	5 %	(5)%
Acquisitions	0 %	0 %	0 %	0 %
Currency	0 %	0 %	(1)%	(4)%
Total	0 %	(1)%	4 %	(9)%
EMEA				
Volume & Price	3 %	(1)%	1 %	(1)%
Acquisitions	0 %	0 %	0 %	0 %
Currency	5 %	2 %	1 %	0 %
Total	8 %	1 %	2 %	(1)%
Asia Pacific				
Volume & Price				
Acquisitions				
Currency				
Total				
Segment Total				
Volume & Price				
Acquisitions				
Currency				
Total				

CONTRACTOR SEGMENT RESULTS

Change in % of net sales

2022 Operating Earnings

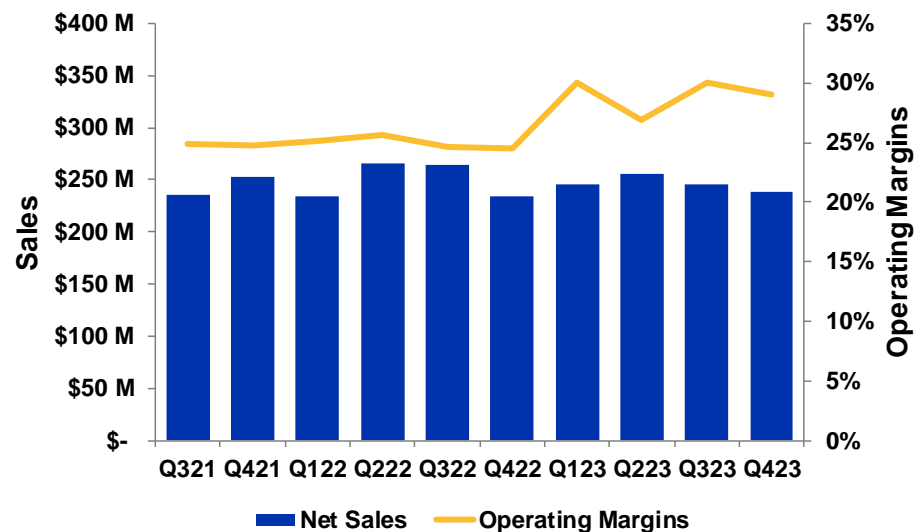
Price, product cost and mix

Volume effect on expense leverage

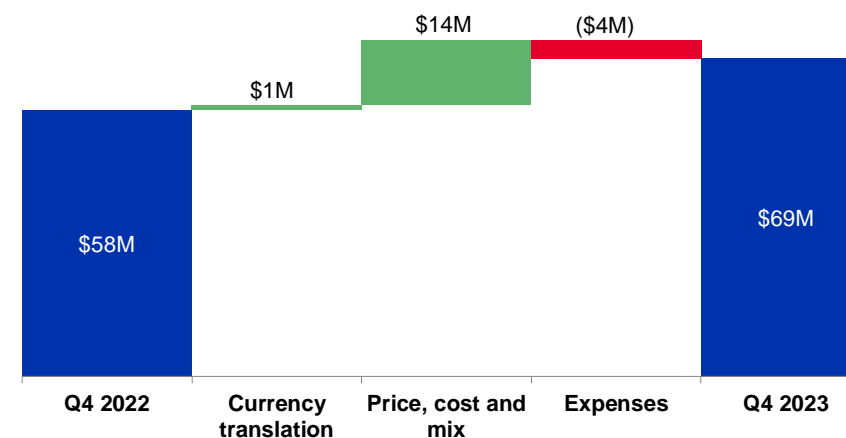
2023 Operating Earnings

Fourth Quarter	Full Year
25 %	25 %
6	5
(2)	(1)
29 %	29 %

Contractor Segment Net Sales and Operating Margins



Contractor Segment Operating Earnings QTD

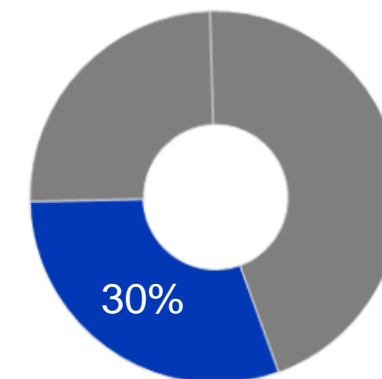


INDUSTRIAL SEGMENT RESULTS

\$ in millions

	Fourth Quarter			Full Year		
	2023	2022	Change	2023	2022	Change
Net Sales						
Americas	\$ 73	\$ 63	15%	\$ 264	\$ 239	10%
EMEA	64	64	0	207	206	1
Asia Pacific	55	63	(13)	192	204	(6)
Total	\$ 192	\$ 190	1%	\$ 663	\$ 649	2%
Operating Earnings	\$ 71	\$ 70	2%	\$ 234	\$ 231	1%
% of sales	37 %	37 %		35 %	36 %	

2023 Industrial Segment Net Sales as % of Graco



Components of Net Sales Change

	Q4 2023	Full Year 2023	Q4 2023	Full Year 2023
Americas				
Volume & Price	14 %	10 %	(13)%	(3)%
Acquisitions	0 %	0 %	0 %	0 %
Currency	1 %	0 %	0 %	(3)%
Total	15 %	10 %	(13)%	(6)%
EMEA				
Volume & Price	(5)%	(2)%	(1)%	2 %
Acquisitions	0 %	0 %	0 %	0 %
Currency	5 %	3 %	2 %	0 %
Total	0 %	1 %	1 %	2 %
Asia Pacific				
Volume & Price				
Acquisitions				
Currency				
Total				
Segment Total				
Volume & Price				
Acquisitions				
Currency				
Total				

INDUSTRIAL SEGMENT RESULTS

Change in % of net sales

2022 Operating Earnings

Currency translation

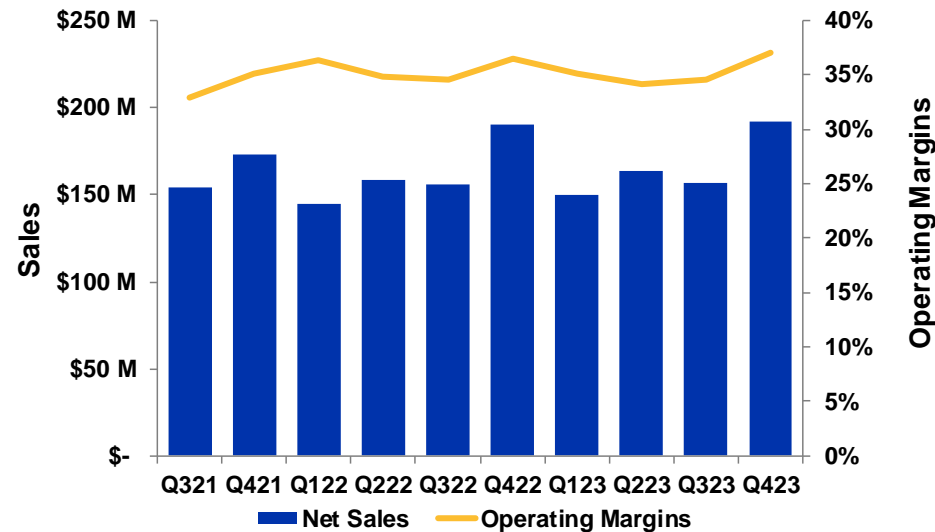
Price and product cost

Volume effect on expense leverage

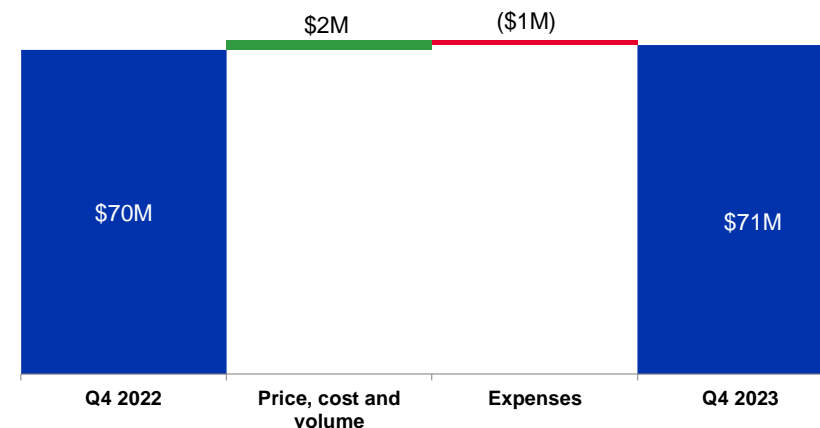
2023 Operating Earnings

Fourth Quarter	Full Year
37 %	36 %
(1)	(1)
2	1
(1)	(1)
37 %	35 %

Industrial Segment Net Sales and Operating Margins



Industrial Segment Earnings QTD

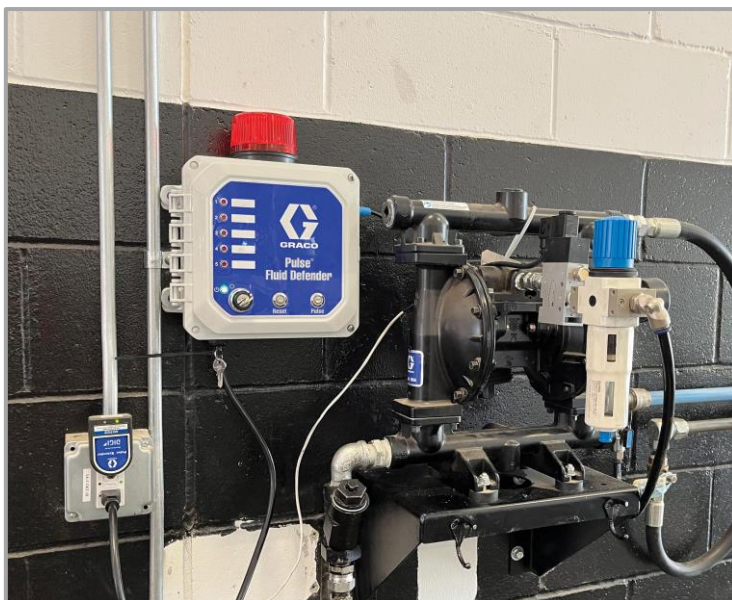
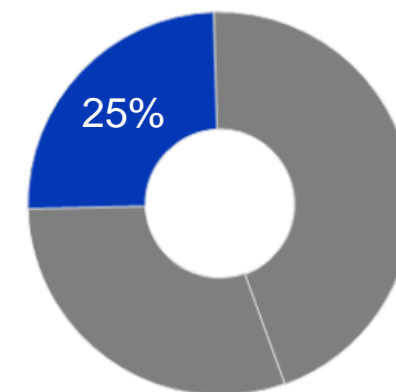


PROCESS SEGMENT RESULTS

\$ in millions

	Fourth Quarter			Full Year		
	2023	2022	Change	2023	2022	Change
Net Sales						
Americas	\$ 83	\$ 81	1%	\$ 344	\$ 304	13%
EMEA	20	18	13	77	69	11
Asia Pacific	33	31	7	126	122	3
Total	\$ 136	\$ 130	4%	\$ 547	\$ 495	11%
Operating Earnings	\$ 38	\$ 33	15%	\$ 165	\$ 122	35%
% of sales	28 %	25 %		30 %	25 %	

2023 Process Segment Net Sales as % of Graco



Components of Net Sales Change

	Q4 2023	Full Year 2023		Q4 2023	Full Year 2023
Americas			Asia Pacific		
Volume & Price	1 %	13 %	Volume & Price	7 %	5 %
Acquisitions	0 %	0 %	Acquisitions	0 %	0 %
Currency	0 %	0 %	Currency	0 %	(2)%
Total	1 %	13 %	Total	7 %	3 %
EMEA			Segment Total		
Volume & Price	10 %	10 %	Volume & Price	4 %	11 %
Acquisitions	0 %	0 %	Acquisitions	0 %	0 %
Currency	3 %	1 %	Currency	0 %	0 %
Total	13 %	11 %	Total	4 %	11 %

PROCESS SEGMENT RESULTS

Change in % of net sales

2022 Operating Earnings

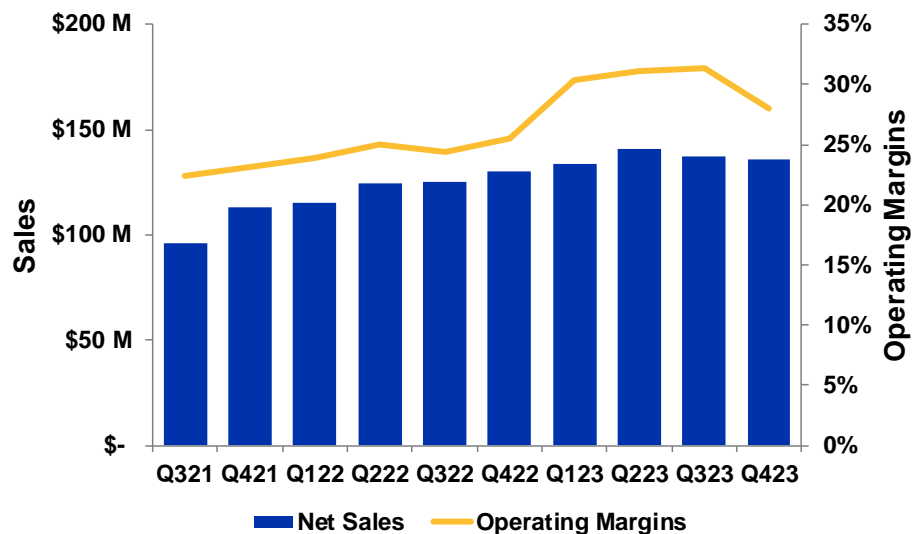
Price, product cost and volume

Volume effect on expense leverage

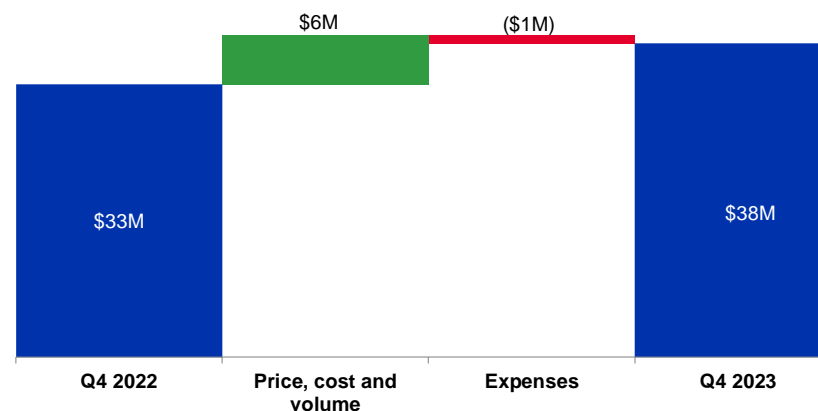
2023 Operating Earnings

Fourth Quarter	Full Year
25 %	25 %
3	4
0	1
28 %	30 %

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		
	2023	2022	Change	2023	2022	Change
Operating Earnings, as reported	\$ 169.9	\$ 152.5	11 %	\$ 646.8	\$ 572.7	13 %
Contingent consideration	-	-		(8.6)	-	
Impairment	-	-		7.8	-	
Operating earnings, adjusted	\$ 169.9	\$ 152.5	11 %	\$ 646.0	\$ 572.7	13 %
Earnings before income taxes, as reported	\$ 127.6	\$ 154.0	(17)%	\$ 608.8	\$ 565.7	8 %
Pension settlement loss	42.1	-		42.1	-	
Contingent consideration	-	-		(8.6)	-	
Impairment	-	-		7.8	-	
Earnings before income taxes, adjusted	\$ 169.7	\$ 154.0	10 %	\$ 650.1	\$ 565.7	15 %
Income taxes, as reported	\$ 17.6	\$ 27.8	(37)%	\$ 102.3	\$ 105.1	(3)%
Pension settlement tax effect	8.8	-		8.8	-	
Other non-recurring tax benefit	4.8	-		4.8	-	
Excess tax benefit from option exercises	1.4	1.9		10.3	5.1	
Income taxes, adjusted	\$ 32.6	\$ 29.7	10 %	\$ 126.2	\$ 110.2	15 %
Effective income tax rate						
As reported	13.8%	18.1%		16.8%	18.6%	
Adjusted	19.2%	19.3%		19.4%	19.5%	
Net earnings, as reported	\$ 110.0	\$ 126.2	(13)%	\$ 506.5	\$ 460.6	10 %
Pension settlement loss, net	33.3	-		33.3	-	
Other non-recurring tax benefit	(4.8)	-		(4.8)	-	
Excess tax benefit from option exercises	(1.4)	(1.9)		(10.3)	(5.1)	
Contingent consideration	-	-		(8.6)	-	
Impairment	-	-		7.8	-	
Net earnings, adjusted	\$ 137.1	\$ 124.3	10 %	\$ 523.9	\$ 455.5	15 %
Weighted average diluted shares	171.8	171.4		172.2	172.9	
Diluted earnings per share						
As reported	\$ 0.64	\$ 0.74	(14)%	\$ 2.94	\$ 2.66	11 %
Adjusted	\$ 0.80	\$ 0.73	10 %	\$ 3.04	\$ 2.63	16 %

Financial results have been adjusted for comparability. The pension settlement losses, non-recurring tax provision adjustments, non-cash impairment charges, and contingent consideration fair value adjustments in 2023 and excess tax benefits from stock option exercises in both years 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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