



# FIRST QUARTER EARNINGS CALL

April 25, 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 April 24, 2024.

# FINANCIAL RESULTS

## Statement of Earnings

\$ in millions except per share amounts

### Net Sales

### Gross Profit

% of Net Sales

### Operating Earnings

% of Net Sales

### Net Earnings

% of Net Sales

### Diluted Net Earnings Per Share

Diluted Shares in Millions

Net Earnings, Adjusted (1)

Diluted Net Earnings Per Share, Adjusted (1)

First Quarter		
2024	2023	Change
\$ 492.2	\$ 529.6	(7)%
266.2	285.1	(7)%
54.1%	53.8%	0.3 pts
133.0	156.7	(15)%
27.0%	29.6%	(2.6) pts
\$ 122.2	\$ 129.2	(5)%
24.8%	24.4%	0.4 pts
\$ 0.71	\$ 0.75	(5)%
172.4	171.7	0 %
\$ 112.6	\$ 126.6	(11)%
\$ 0.65	\$ 0.74	(12)%

(1) Net earnings and diluted net earnings per share for 2024 and 2023 have been adjusted to provide a more consistent basis of comparison of on-going results. See page 16 for a reconciliation of the adjusted non-GAAP financial measures to GAAP.

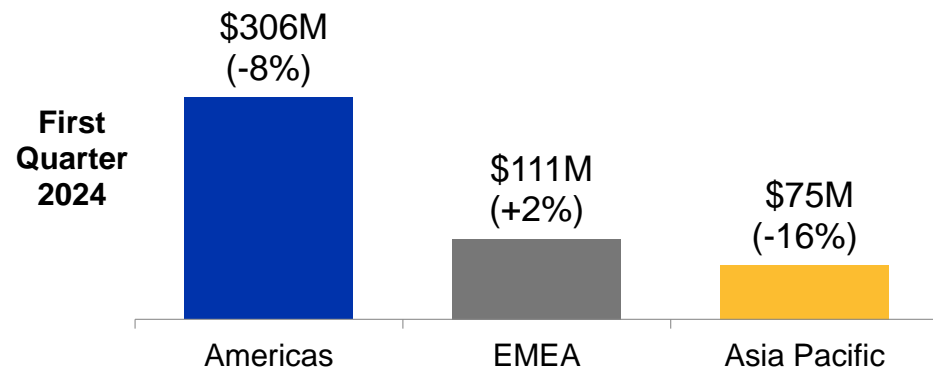
# NET SALES

## Components of Net Sales Change

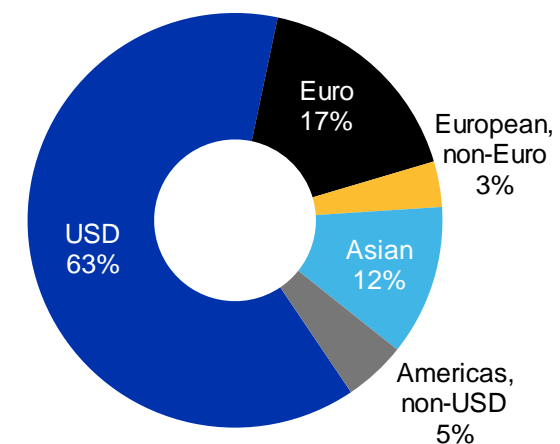
### 2024 First Quarter

	Segment			Region			Consolidated
	Contractor	Industrial	Process	Americas	EMEA	Asia Pacific	
Volume and Price	(6)%	(5)%	(10)%	(8)%	0 %	(14)%	(7)%
Acquisitions	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Currency	0 %	0 %	0 %	0 %	2 %	(2)%	0 %
<b>Total</b>	<b>(6)%</b>	<b>(5)%</b>	<b>(10)%</b>	<b>(8)%</b>	<b>2 %</b>	<b>(16)%</b>	<b>(7)%</b>

### Net Sales by Region



### First Quarter 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)

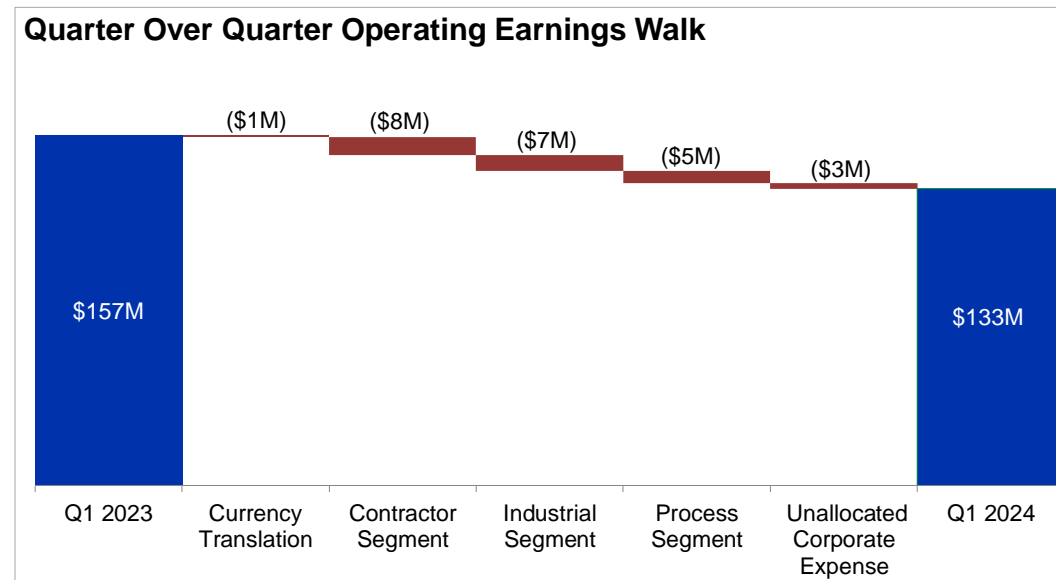
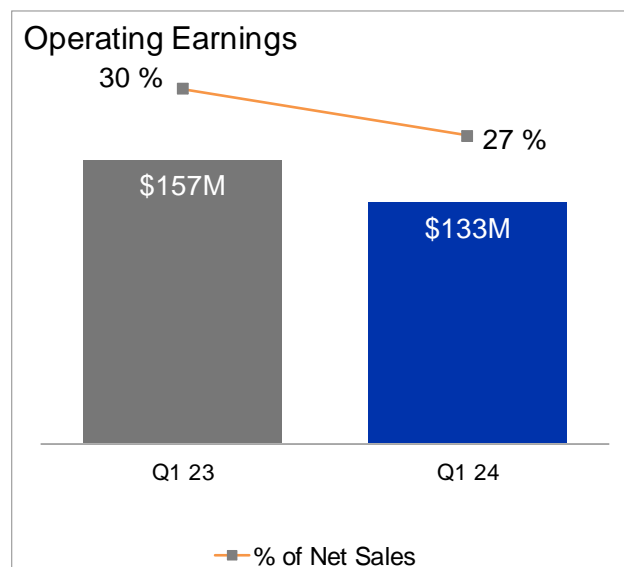
Translation effect

Unfavorable volume

Volume effect on expense leverage

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

	First Quarter	
	\$ 157	30 %
Translation effect	(1)	0
Unfavorable volume	(19)	0
Volume effect on expense leverage	(4)	(3)
	<b>\$ 133</b>	<b>27 %</b>












# FIRST QUARTER 2024

<b>Net Sales</b>	<ul style="list-style-type: none"> <li>• Down 7 percent from 2023. Currency translation rates had no significant impact.</li> </ul>
<b>Gross Margin</b>	<ul style="list-style-type: none"> <li>• Margin rate up 0.3 percentage points compared to first quarter 2023.             <ul style="list-style-type: none"> <li>&gt; Realized pricing partially offset by unfavorable product and channel mix</li> </ul> </li> <li>• Margin dollars down on lower sales volume</li> </ul>
<b>Operating Earnings</b>	<ul style="list-style-type: none"> <li>• Down \$24 million compared to first quarter 2023             <ul style="list-style-type: none"> <li>&gt; Unfavorable sales volume and higher expenses</li> </ul> </li> </ul>
<b>Other (Income)</b>	<ul style="list-style-type: none"> <li>• Increased \$6 million primarily due to increased interest income</li> </ul>
<b>Interest Expense</b>	<ul style="list-style-type: none"> <li>• Decreased \$1 million as long-term debt has been fully repaid</li> </ul>
<b>Taxes</b>	<ul style="list-style-type: none"> <li>• Effective tax rate for the quarter was 5 percentage points lower compared to first quarter 2023             <ul style="list-style-type: none"> <li>&gt; Due to an increase in excess tax benefit from stock option exercises</li> </ul> </li> </ul>

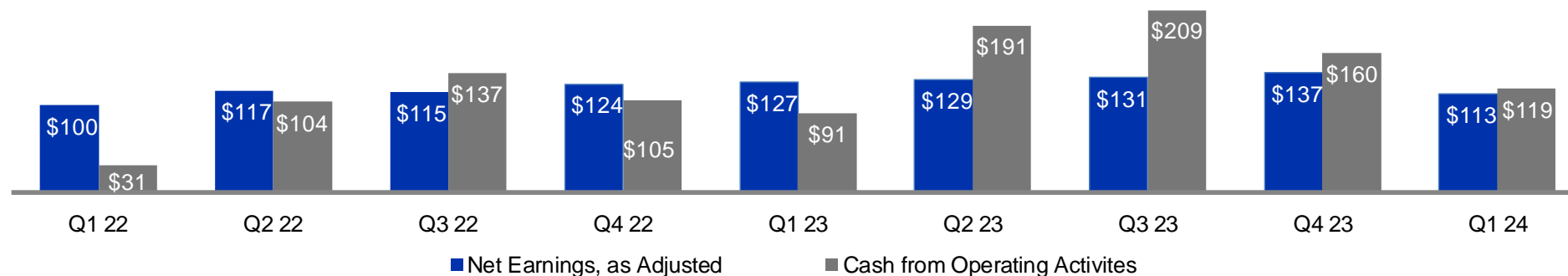
# 2024 OUTLOOK

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

	Americas	EMEA	Asia Pacific	Worldwide
<b>Current Environment</b>	Q1 2024 (8%)	Q1 2024 0%	Q1 2024 (14%)	Net Sales Change Q1 2024 (7%)
<b>Contractor Segment</b>	 Q1 2024 (10%)	 Q1 2024 9%	 Q1 2024 (4%)	Net Sales Change Q1 2024 (6%)
<b>Industrial Segment</b>	 Q1 2024 (3%)	 Q1 2024 (4%)	 Q1 2024 (12%)	Net Sales Change Q1 2024 (5%)
<b>Process Segment</b>	 Q1 2024 (6%)	 Q1 2024 (8%)	 Q1 2024 (22%)	Net Sales Change Q1 2024 (10%)
<b>Full-Year 2024 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	\$ (43)	\$ (39)
Capital Expenditures	(37)	(38)
Net Share Issuances (Repurchases)	41	22
Net Borrowings (Payments) on Debt	-	21

- Net cash from operating activities was \$119 million first quarter 2024 vs. \$91 million first quarter 2023
  - > Change in working capital items more than offset lower sales
- Capital expenditures of \$37 million including \$30 million of facility expansion projects



# OTHER DISCUSSION ITEMS

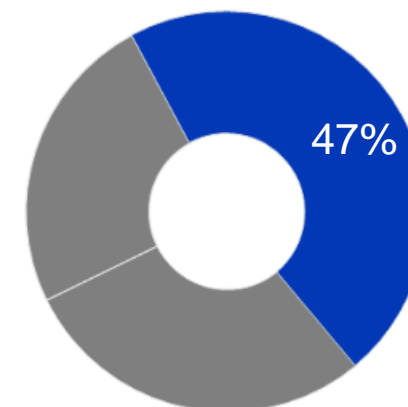
<b>Cap Ex</b>	<ul style="list-style-type: none"> <li>Capital expenditure expectations of approximately \$120 million in 2024, including approximately \$70 million in facility expansion projects</li> </ul>
<b>Expenses</b>	<ul style="list-style-type: none"> <li>Unallocated corporate expenses in 2024 are expected to be approximately \$41- \$44 million</li> </ul>
<b>Shares</b>	<ul style="list-style-type: none"> <li>No shares were repurchased in first quarter. We may make opportunistic share repurchases in 2024 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 2023, the movement in foreign currencies would have no impact on net sales and an unfavorable impact of approximately 1 percent on net earnings for the full year 2024</li> </ul>
<b>Taxes</b>	<ul style="list-style-type: none"> <li>We anticipate the effective tax rate in for the second quarter and the full year 2024 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>

# CONTRACTOR SEGMENT RESULTS

\$ in millions

	First Quarter		
	2024	2023	Change
<b>Net Sales</b>			
Americas	\$ 166	\$ 184	(10)%
EMEA	46	42	10
Asia Pacific	18	20	(8)
<b>Total</b>	<b>\$ 230</b>	<b>\$ 246</b>	<b>(6)%</b>
<b>Operating Earnings</b>	<b>\$ 66</b>	<b>\$ 74</b>	<b>(10)%</b>
% of sales	29 %	30 %	

Q1 2024 Contractor Segment Net Sales as % of Graco



Components of Net Sales Change

	Q1 2024	Q1 2024
<b>Americas</b>		
Volume & Price	(10)%	(4)%
Acquisitions	0 %	0 %
Currency	0 %	(4)%
<b>Total</b>	<b>(10)%</b>	<b>(8)%</b>
<b>EMEA</b>		
Volume & Price	9 %	(6)%
Acquisitions	0 %	0 %
Currency	1 %	0 %
<b>Total</b>	<b>10 %</b>	<b>(6)%</b>
<b>Asia Pacific</b>		
Volume & Price		(4)%
Acquisitions		0 %
Currency		(4)%
<b>Total</b>		<b>(8)%</b>
<b>Segment Total</b>		
Volume & Price		(6)%
Acquisitions		0 %
Currency		0 %
<b>Total</b>		<b>(6)%</b>

# CONTRACTOR SEGMENT RESULTS

Change in % of net sales

## 2023 Operating Earnings

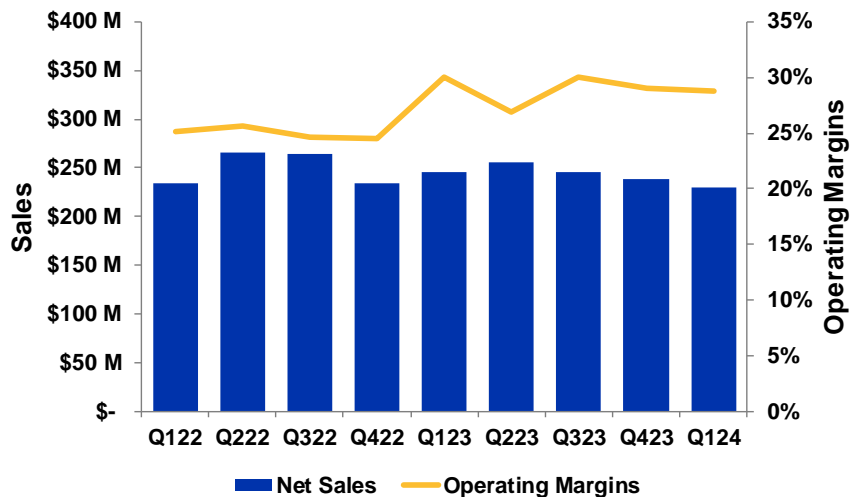
Price and cost

Volume effect on expense leverage

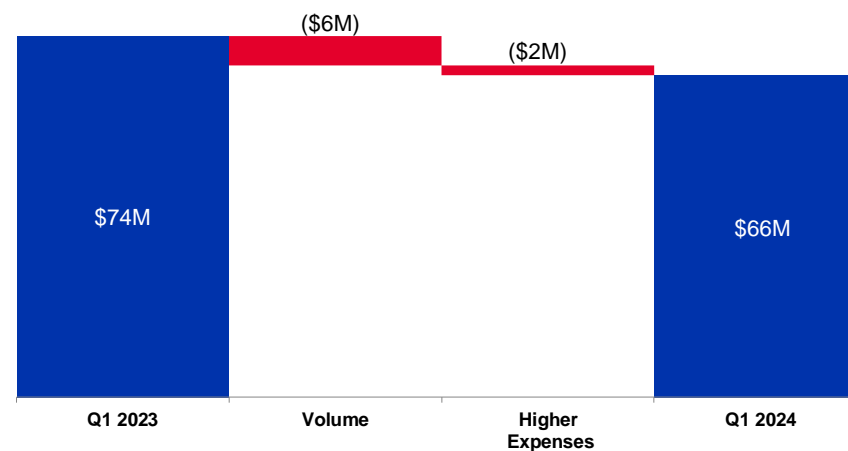
## 2024 Operating Earnings

First Quarter	
	30 %
	1
	(2)
	<b>29 %</b>

Contractor Segment Net Sales and Operating Margins



Contractor Segment Operating Earnings QTD

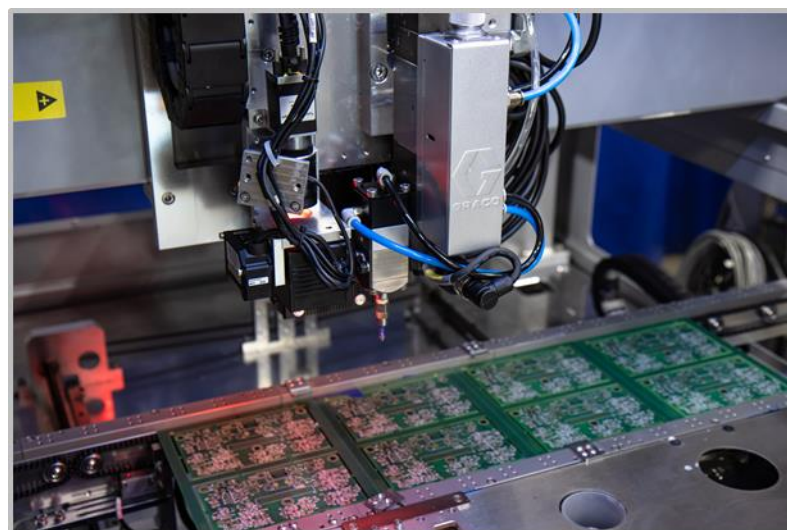
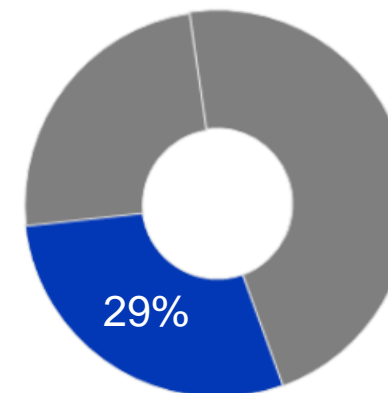


# INDUSTRIAL SEGMENT RESULTS

\$ in millions

	First Quarter		
	2024	2023	Change
<b>Net Sales</b>			
Americas	\$ 62	\$ 63	(3)%
EMEA	47	48	(2)
Asia Pacific	33	39	(15)
<b>Total</b>	<b>\$ 142</b>	<b>\$ 150</b>	<b>(5)%</b>
<b>Operating Earnings</b>	<b>\$ 45</b>	<b>\$ 53</b>	<b>(15)%</b>
% of sales	32 %	35 %	

Q1 2024 Industrial Segment  
Net Sales as % of Graco



Components of Net Sales Change

	Q1 2024	Q1 2024
<b>Americas</b>		
Volume & Price	(3)%	(12)%
Acquisitions	0 %	0 %
Currency	0 %	(3)%
<b>Total</b>	<b>(3)%</b>	<b>(15)%</b>
<b>EMEA</b>		
Volume & Price	(4)%	(5)%
Acquisitions	0 %	0 %
Currency	2 %	0 %
<b>Total</b>	<b>(2)%</b>	<b>(5)%</b>
<b>Asia Pacific</b>		
Volume & Price	(12)%	(5)%
Acquisitions	0 %	0 %
Currency	(3)%	0 %
<b>Total</b>	<b>(15)%</b>	<b>(5)%</b>
<b>Segment Total</b>		
Volume & Price	(5)%	(5)%
Acquisitions	0 %	0 %
Currency	0 %	0 %
<b>Total</b>	<b>(5)%</b>	<b>(5)%</b>

# INDUSTRIAL SEGMENT RESULTS

Change in % of net sales

## 2023 Operating Earnings

Volume, product and channel mix

Volume effect on expense leverage

## 2024 Operating Earnings

### First Quarter

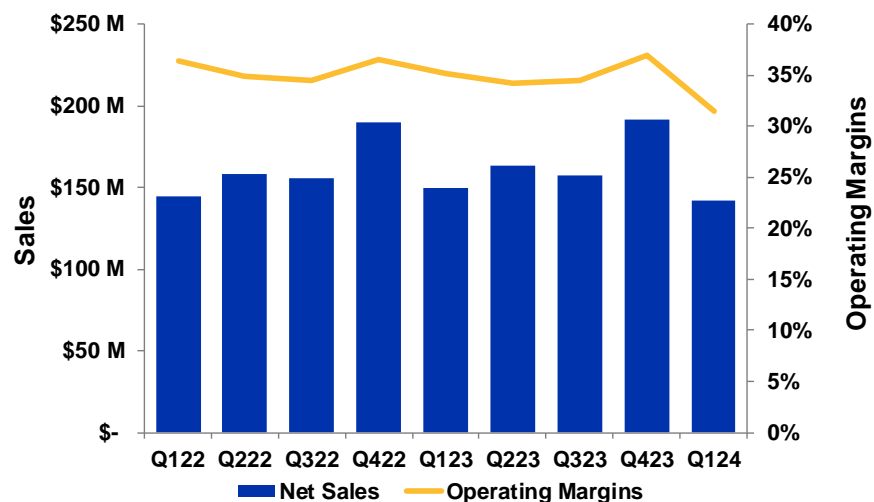
35 %

(1)

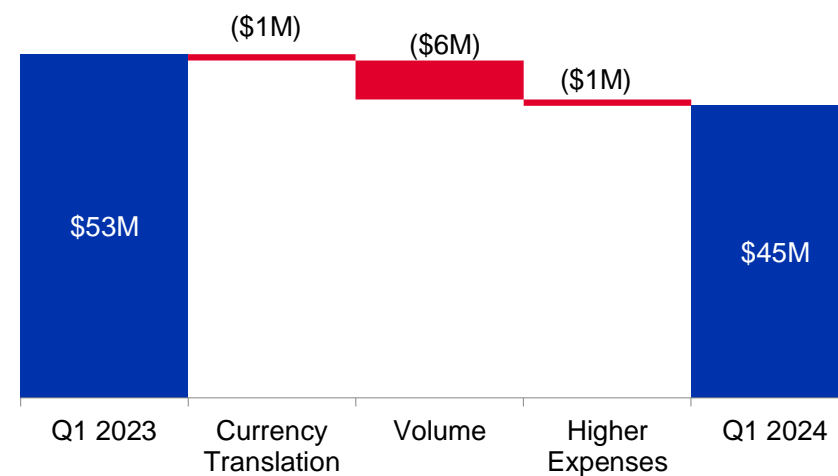
(2)

**32 %**

Industrial Segment Net Sales and Operating Margins



Industrial Segment Operating Earnings QTD

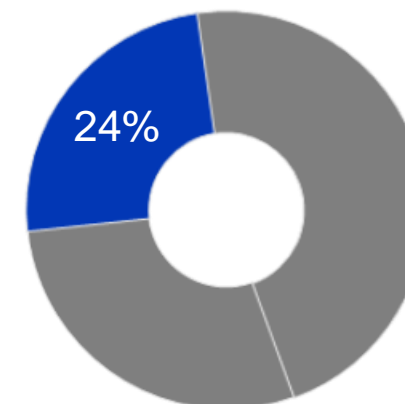


# PROCESS SEGMENT RESULTS

\$ in millions

	First Quarter		
	2024	2023	Change
<b>Net Sales</b>			
Americas	\$ 79	\$ 85	(6)%
EMEA	18	18	(6)
Asia Pacific	23	30	(23)
<b>Total</b>	<b>\$ 120</b>	<b>\$ 133</b>	<b>(10)%</b>
<b>Operating Earnings</b>	<b>\$ 35</b>	<b>\$ 41</b>	<b>(14)%</b>
% of sales	29 %	30 %	

Q1 2024 Process Segment  
Net Sales as % of Graco



Components of Net Sales Change

	Q1 2024	Q1 2024
<b>Americas</b>		
Volume & Price	(6)%	(22)%
Acquisitions	0 %	0 %
Currency	0 %	(1)%
<b>Total</b>	<b>(6)%</b>	<b>(23)%</b>
<b>EMEA</b>		
Volume & Price	(8)%	(10)%
Acquisitions	0 %	0 %
Currency	2 %	0 %
<b>Total</b>	<b>(6)%</b>	<b>(10)%</b>
<b>Asia Pacific</b>		
Volume & Price	(22)%	(10)%
Acquisitions	0 %	0 %
Currency	(1)%	0 %
<b>Total</b>	<b>(23)%</b>	<b>(10)%</b>
<b>Segment Total</b>		
Volume & Price	(10)%	(10)%
Acquisitions	0 %	0 %
Currency	0 %	0 %
<b>Total</b>	<b>(10)%</b>	<b>(10)%</b>

# PROCESS SEGMENT RESULTS

Change in % of net sales

## 2023 Operating Earnings

Price and cost

Volume effect on expense leverage

## 2024 Operating Earnings

### First Quarter

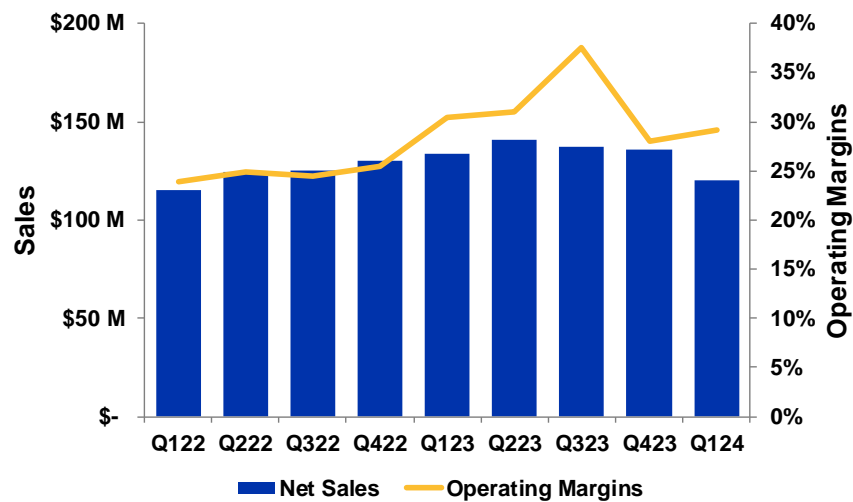
30 %

1

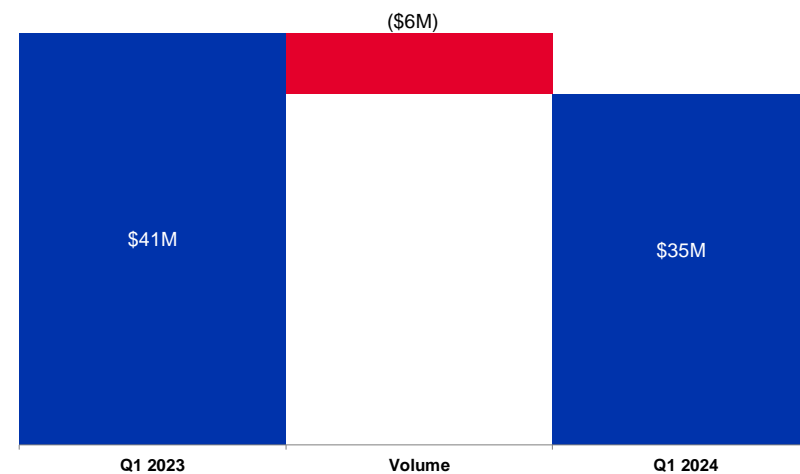
(2)

**29 %**

Process Segment Net Sales and Operating Margins



Process Segment Operating Earnings QTD



# ADJUSTED FINANCIAL RESULTS

Financial results have been adjusted for comparability. Excess tax benefit from stock option exercises has caused fluctuation in the Company's financial results. Excluding the impact of this benefit 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

### Income taxes, as reported

Excess tax benefit from stock option exercises

### Income taxes, adjusted

### Effective income tax rate

As reported

Adjusted

### Net earnings, as reported

Excess tax benefit from stock option exercises

### Net earnings, adjusted

Weighted average diluted shares

### Diluted earnings per share

As reported

Adjusted

	First Quarter		
	2024	2023	Change
<b>Income taxes, as reported</b>	\$ 18.1	\$ 28.2	(36)%
Excess tax benefit from stock option exercises	9.6	2.6	
<b>Income taxes, adjusted</b>	<u>\$ 27.7</u>	<u>\$ 30.8</u>	<u>(10)%</u>
<b>Effective income tax rate</b>			
As reported	12.9%	17.9%	
Adjusted	19.8%	19.5%	
<b>Net earnings, as reported</b>	\$ 122.2	\$ 129.2	(5)%
Excess tax benefit from stock option exercises	(9.6)	(2.6)	
<b>Net earnings, adjusted</b>	<u>\$ 112.6</u>	<u>\$ 126.6</u>	<u>(11)%</u>
<b>Weighted average diluted shares</b>	172.4	171.7	
<b>Diluted earnings per share</b>			
As reported	\$ 0.71	\$ 0.75	(5)%
Adjusted	<u>\$ 0.65</u>	<u>\$ 0.74</u>	<u>(12)%</u>





# WORLDWIDE LEADER IN FLUID HANDLING

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