



Investor Presentation

3rd Quarter 2017

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 Part 1, Item 1A of the Company's Form 10-K, and the current Quarterly Report on Form 10-Q.

✓ Overview

- ◆ Enduring Business Model
- ◆ Strategies for Long-Term Growth
 - Invest in New Products
 - Global Expansion
 - Target New Markets
 - Make Acquisitions
- ◆ Company Performance

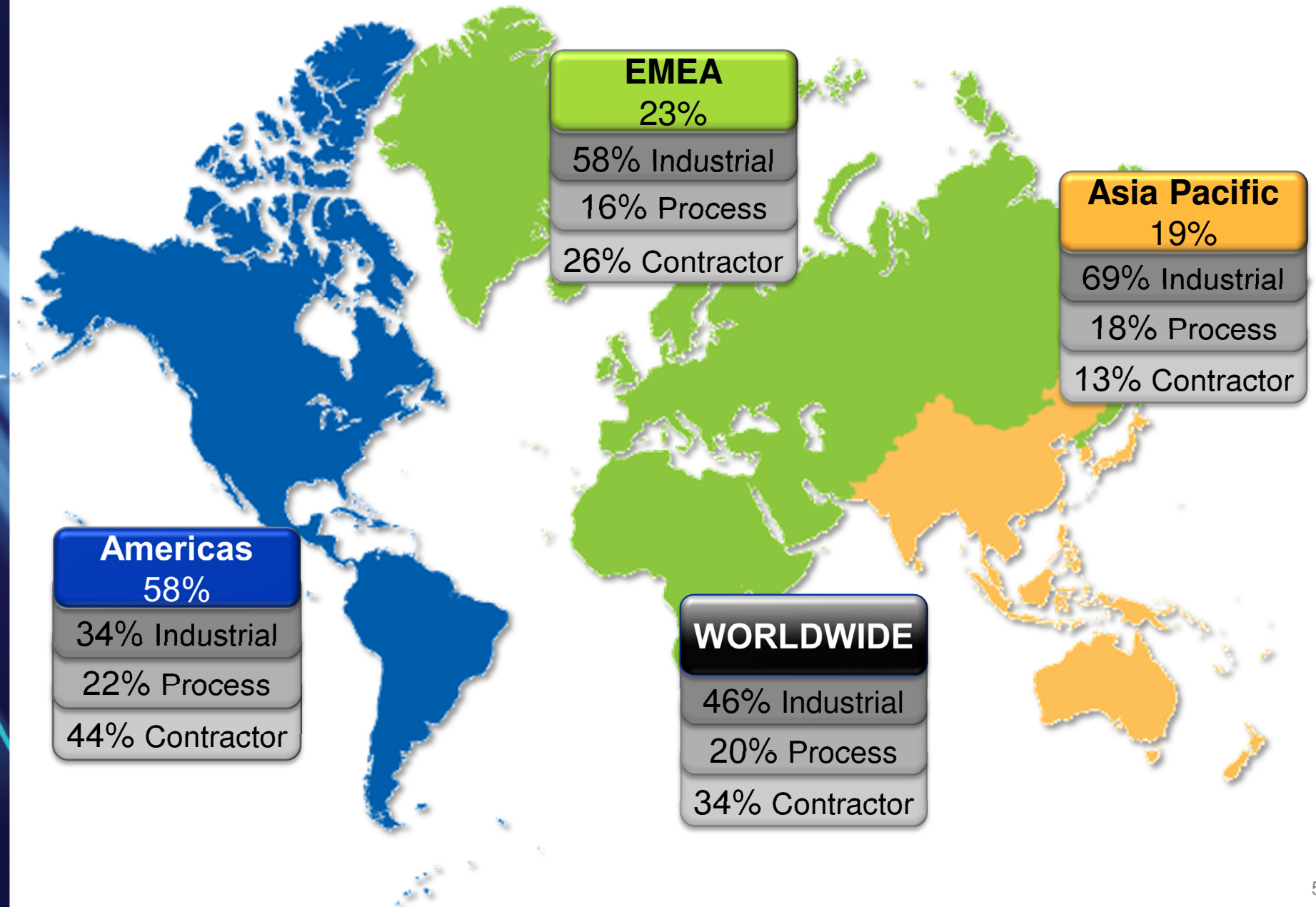
Business Overview



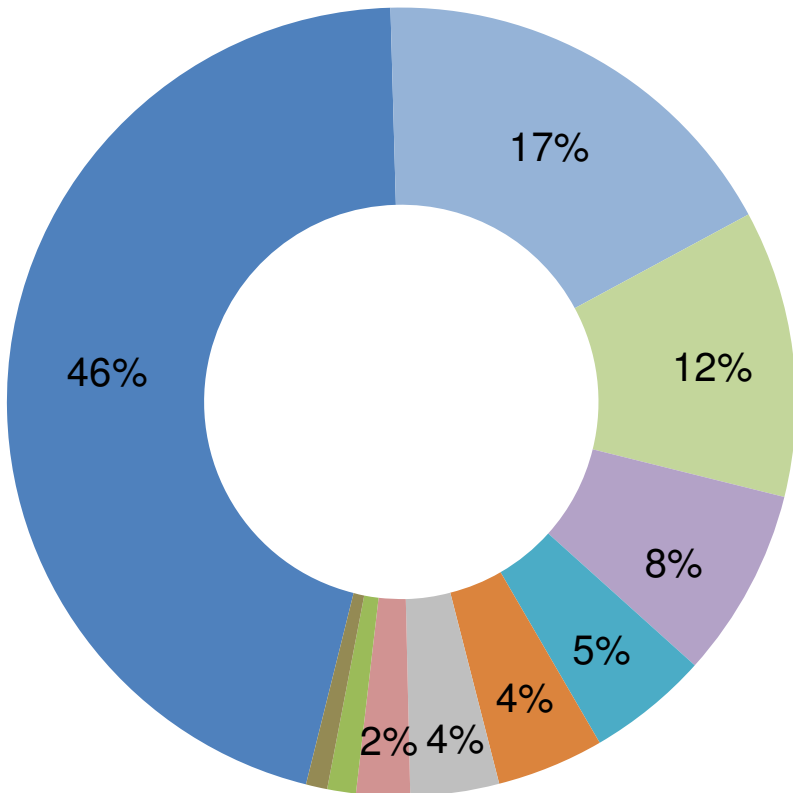
- ▶ Graco manufactures premium equipment to pump, move, meter, mix and dispense a wide variety of fluids and coatings
 - Difficult to handle materials with high viscosities
 - Abrasive and corrosive properties
 - Multiple component materials that require precise ratio control
 - Serving a broad number of end markets
- ▶ A strong business formula for sustained margin generation
 - High customer value through product differentiation
 - Manufacturing and engineering drive cost savings, reliability and quality



Year-to-Date September 2017 Sales – \$1,100 Million



2016 Sales by End Market



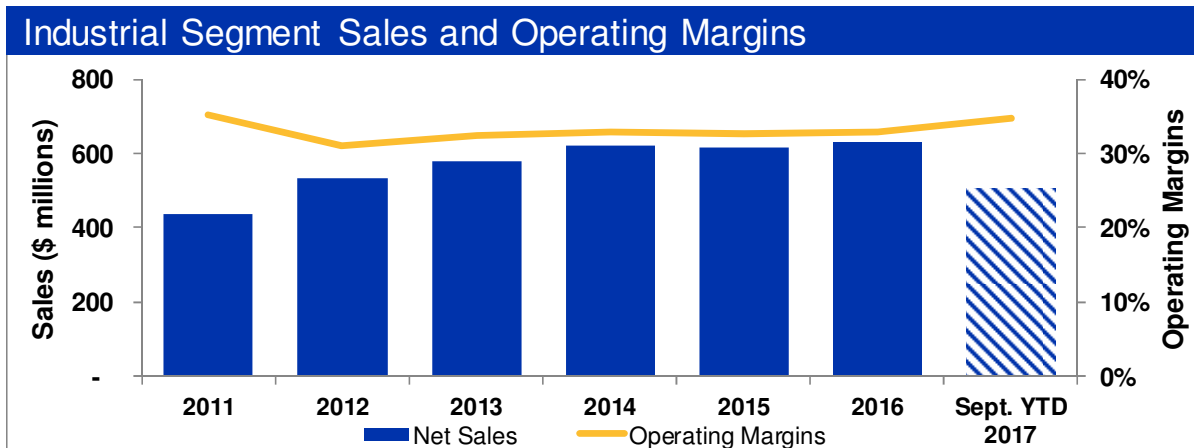
- ▶ Residential & Non-Residential Construction – 46%
- ▶ Industrial & Machinery – 17%
- ▶ Automotive – 12%
- ▶ Other – 8%
- ▶ Oil and Natural Gas – 5%
- ▶ Public Works – 4%
- ▶ Vehicle Services – 4%
- ▶ Mining – 2%
- ▶ Wood – 1%
- ▶ White Goods – 1%

Industrial Equipment Segment

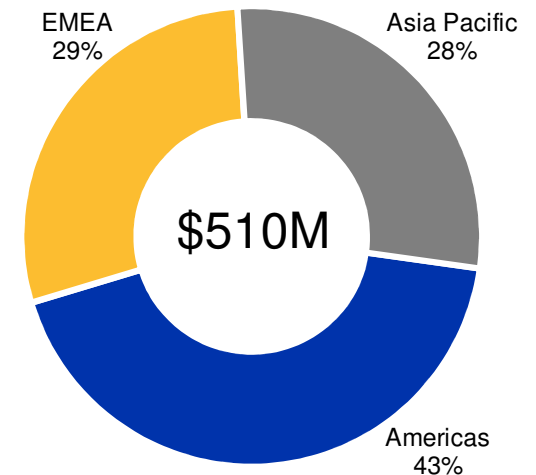


- ▶ Growth Drivers and Trends
 - Factory movements and upgrades
 - Integration of equipment with factory data and control systems
 - Reducing energy consumption
 - Material changes driving demand

- ▶ Other Representative Industry Participants
 - Exel, Wagner, Carlisle Companies, Nordson and regional players



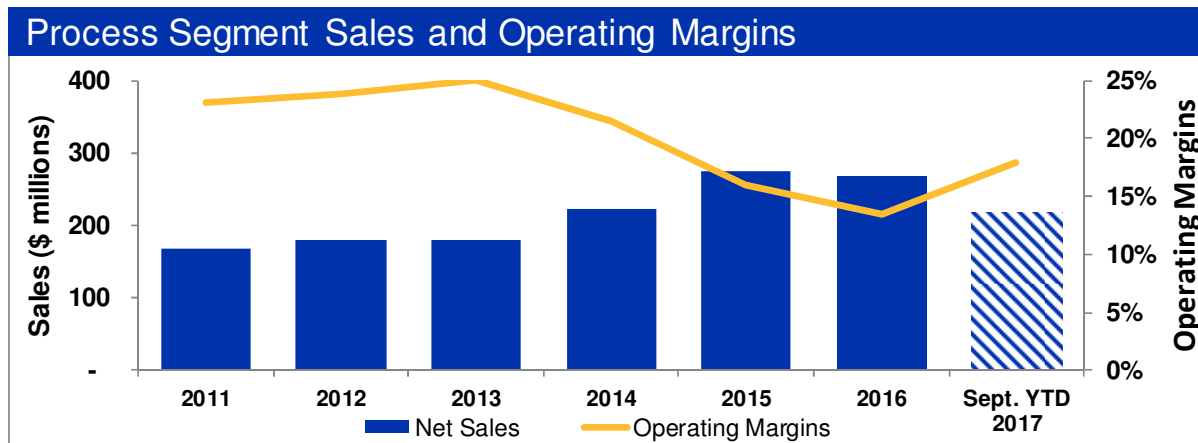
September YTD 2017 Sales



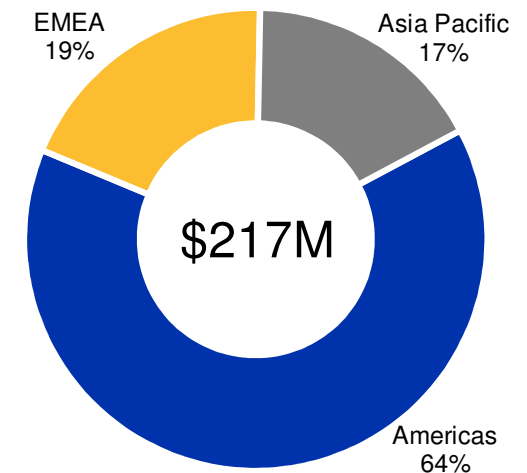
Process Equipment Segment



- ▶ Growth Drivers and Trends
 - Targeting new products and new markets
 - Fill product lines for a single source solution
 - Focus on spec'ing in product at large OEM's
- ▶ Other Representative Industry Participants
 - IDEX, Dover, IR, Lincoln, Vogel, Bijur, Hannay, Coxreels and regional players



September YTD 2017 Sales



Contractor Equipment Segment



► Growth Drivers and Trends

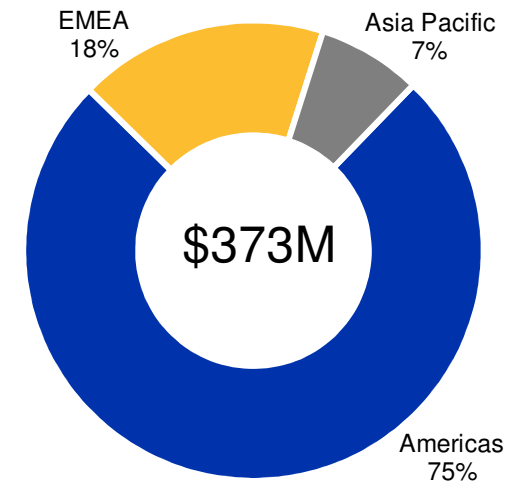
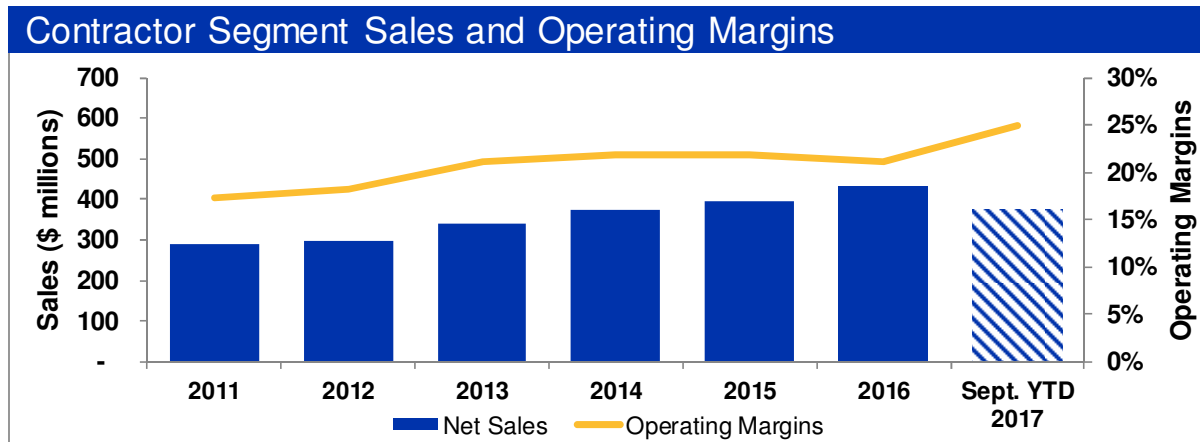
- Conversion of end users from manual application methods to equipment is a major focus outside North America
- Application of texture & cementitious materials
- Entry level product & channel expansion
- Expanding pavement maintenance product line and channel



► Other Representative Industry Participants

- Wagner, Titan, Campbell Hausfeld, Bedford, QTech and regional players

September YTD 2017 Sales



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High Customer Value, Strong Product Differentiation



Manufacturing & Engineering Excellence



- ▶ 80%+ of production is based in the United States
 - High-quality, efficient, engaged labor force
 - Centralization allows for leverage of overheads
 - A currency mismatch of sales to COGS exists, however
- ▶ Continuous improvement culture
 - Unique Graco cost-to-produce measurement tool
- ▶ Ongoing capital investment
 - Plant efficiency
 - Cost reductions
 - Capacity
- ▶ New product development initiatives include value engineering focus
- ▶ Low overall warranty costs



Low Volume, High Mix Delivers Customer ROI



Average Number of Units Sold Per Day	# of SKUs	2016 Sales (\$ in millions)
0 - 1	55,600 90%	\$ 614 46%
2 - 5	4,200 7%	\$ 282 21%
6 - 10	800 1%	\$ 112 8%
11 - 15	300 1%	\$ 49 4%
Greater than 15	700 1%	\$ 272 21%
Graco 2016 Sales		\$1,329

- ◆ Overview
- ◆ Enduring Business Model
- ✓ **Strategies for Long-Term Growth**
 - Invest in New Products
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Growth Plans and Earnings Drivers



3% - 5%

**Industrial
Production
Average
Growth
Rate**

- ▶ **End User Conversion**
- ▶ **New Product Development**
- ▶ **New Markets**
- ▶ **Global Expansion**
- ▶ **Acquisitions**



12%+

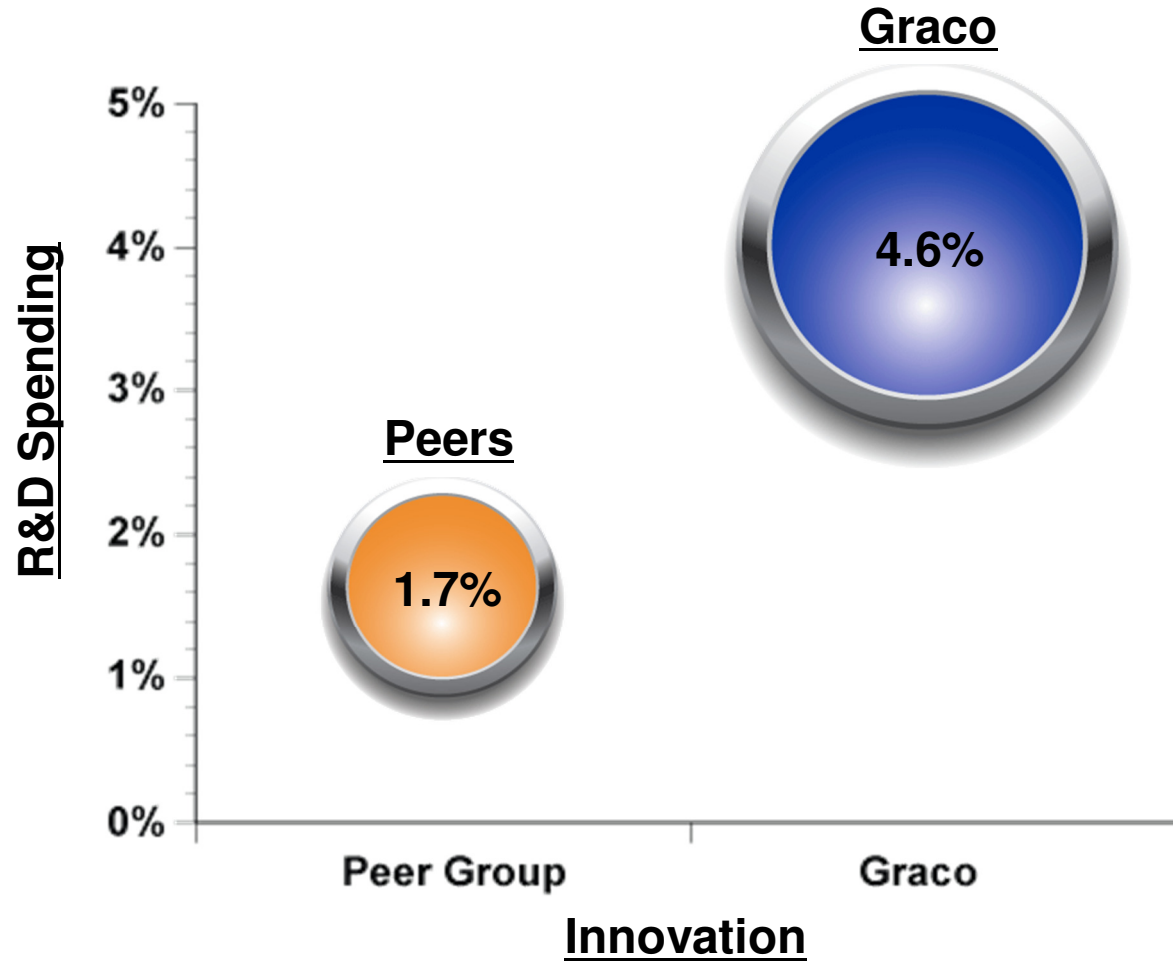
**Graco
Targeted
Earnings
CAGR**

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Targeting Growth Through New Products & Markets



New Product Development Expense as a Percentage of Revenues – 2016



Process – Power Pro ESP™

Portable Electric Groundwater Sampling Pump

- ▶ Unique, all-in-one design
- ▶ Portable design allows for remote water sampling where power is limited
- ▶ No generator needed – runs on portable 12 volt battery
- ▶ Light-weight – less than 32 lbs

Power Pro ESP™
Electric Sampling Pump



Oil and Gas



Landfill



Mining



Industrial

Process – SST AODD Flange Pumps



- ▶ Stainless Steel Pumps for the chemical and marine industries
- ▶ Rotating flange design allows for connection flexibility and easy install
- ▶ Up to five times longer diaphragm life compared to others in its class
- ▶ Rugged construction with high corrosion and abrasion resistance

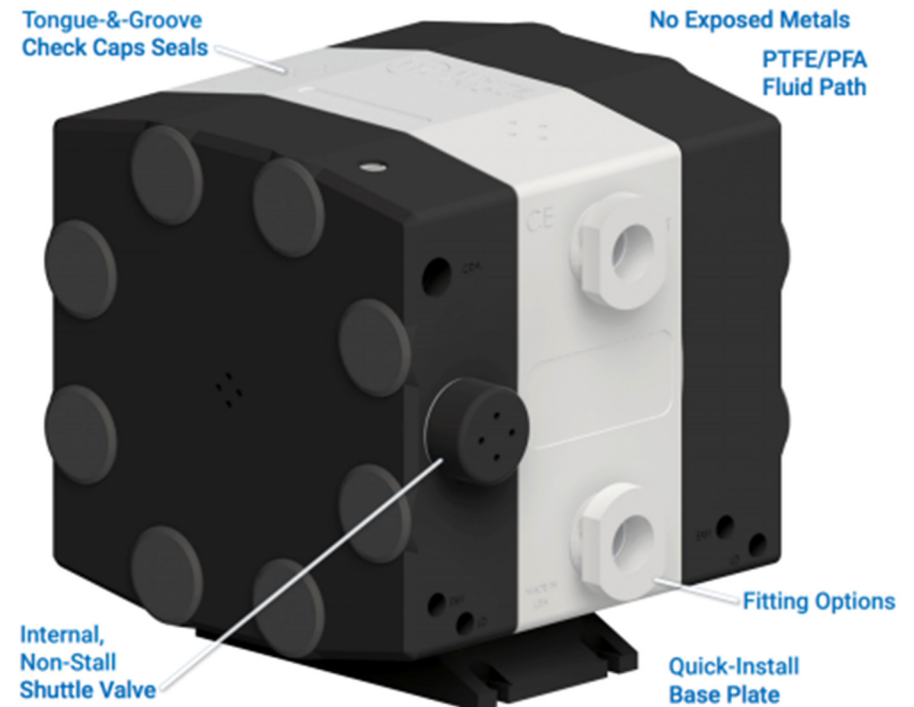


Simplify installation with our new rotating flange design!

The new rotating flange spins at the inlet and outlet for an easy connection and rapid installation.

High-Purity AODD Chemical Pumps

- ▶ Advance pump technologies
- ▶ For high-purity chemical delivery applications in the semi-conductor, aerospace and solar industries



Process – BIOGAS 3000




Fixed Biogas Analyzer for Landfill and Anaerobic Digestion Sites

- ▶ Up to 4 sample points for constant monitoring of the complete gas control process, maximizing yield for plant operators
- ▶ Gases Measured: CH₄, CO₂, O₂, H₂S, H₂ & CO
- ▶ Ability to monitor the gas control process before and after desulphurization, protecting equipment from damaging gases
- ▶ ATEX and IECEx certified enabling use in explosive zones, providing maximum protection for operators
- ▶ Built-in communication protocols for connections to plant control systems
- ▶ ISO / IEC 17025 calibration for optimal accuracy



Modular design with hot-swap module enabling zero operational downtime

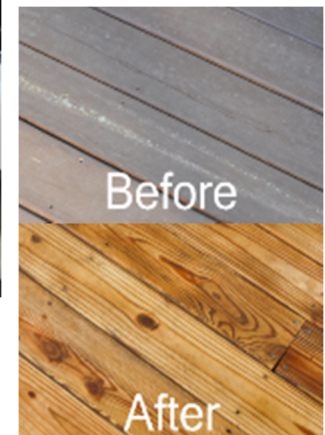


 Global leaders in gas analysis technology

Industrial – EcoQuip® 2 EQp



- ▶ EcoQuip 2 EQp – Powerful, Portable, Professional
 - Affordable Vapor Abrasive® blasting system for small jobs
 - Portable cart system – only 220 lbs.
 - Generates up to 92% less dust than dry blasting
- ▶ Expands customer base and applications
 - Graffiti removal
 - Paint & stain removal – decks, siding, log cabins
 - Wood, concrete, steel cleaning
 - Brick and patio cleaning
 - Iron fence and railing preparation
 - Stone and stucco stain removal
 - Auto restoration



Industrial – Spray Automation



Improving End-User Profitability and Efficiency

- ▶ Delivering finishing equipment that is easy to integrate into automation
 - Simple integration into existing automation
 - Reduces end-user integration costs
 - Serves a wide range of end-user technical needs and markets
 - Improves end-user throughput and quality



Industrial – Intelligent Paint Kitchen



Complete, integrated Graco solution for the Paint Kitchen

- ▶ Inexpensive option to advanced monitoring systems
- ▶ Easily connects paint monitoring and control systems
- ▶ Provides real-time data and critical control functions
- ▶ Reduces installation costs in hazardous location applications



Contractor – 2017 New Products



Handheld Airless Sprayers

- ▶ Breakthrough performance, reliability, finish
 - Fastest way to finish small jobs
 - Perfect Airless Finish™ at any hand speed
 - Reliability delivered - every job, every time
- ▶ Powered by same DEWALT® battery used on other power tools
- ▶ Patented technology



Low Pressure Spray Tips

- ▶ SmartTip™ technology delivers the industry's best finish at the lowest airless spray pressure
 - Sprays at up to 50% lower pressure
 - Less overspray
 - Easiest pattern overlap
 - Up to 2X life
- ▶ Patented technology



Contractor – 2017 New Products



Battery Powered Line Striper

- ▶ Industry's first professional electric striper
- ▶ Featuring e-power™ technology
 - No engine noise, vibration or fumes
- ▶ Perfect for nighttime and indoor applications
- ▶ Patented and patent-pending technology

High Volume Low Pressure

- ▶ The most advanced portable HVLP technology available
 - SmartStart™ system reduces heat
 - TurboControl system reduces noise
 - FlexLiner™ bag system allows for spraying in any direction
- ▶ Patented and patent-pending technology

6 Models



LineLazer® Electric Series

18 Models



FinishPro™ HVLP Series

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Recent Acquisitions

- ▶  **QED**TM
Environmental Systems
- ▶  **EcoQuip**[®]
VAPOR ABRASIVETM BLAST EQUIPMENT
- ▶  **ALCO**TM
VALVES GROUP
- ▶  **GEO-BLASTER**[®]
WET-ABRASIVE BLASTING EQUIPMENT
- ▶  **MULTIMAQ**TM
sprayway
- ▶  **WHITE KNIGHT**[™]
.....simply drives™
- ▶  **HiP**TM **High Pressure Equipment Company**
- ▶  **machine**
TECHNOLOGIES
- ▶  **EPS** Environmental
Pump Solutions
- ▶  **hildebrand**
TECHNOLOGY
- ▶  **Geotech**TM & **LANJTEC**[®]
A subsidiary of LANJTEC
- ▶  **ATZ** | **APPLIED**
TECHNOLOGIES

Acquisitions – Environmental Focus



Geotech

Acquired Jan 2016

Geotechnical Instruments – UK manufacturer of portable and fixed landfill gas analyzers and biogas analyzers used for monitoring, compliance, and control of landfill and biogas processes



LANDTEC

Acquired Jan 2016

Landtec – Manufacturer of landfill gas wellheads and accessories and US distributor of Geotech products



ATZ | APPLIED TECHNOLOGIES

Acquired Dec 2016

ATZ – Manufactures electric, solar, and pneumatic leachate extraction pumps, well seals, and remote monitoring solutions for landfill and remediation sites



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- ✓ **Company Performance**

Graco Reported Q3 Results



Statement of Earnings	Third Quarter			Year-to-Date		
	2017	2016	Change	2017	2016	Change
\$ in millions except per share amounts						
Sales	\$ 380	\$ 327	16 %	\$ 1,100	\$ 980	12 %
Gross Profit	203	177	15 %	593	524	13 %
% of Sales	53.6 %	54.0 %	(0.4) pts	53.9 %	53.4 %	0.5 pts
Operating Earnings	100	81	22 %	284	221	29 %
% of Sales	26.2 %	24.9 %	1.3 pts	25.8 %	22.5 %	3.3 pts
Net Earnings	\$ 75	\$ 54	39 %	\$ 216	\$ 145	49 %
% of Sales	19.9 %	16.6 %	3.3 pts	19.6 %	14.8 %	4.8 pts
Diluted Earnings Per Share	\$ 1.30	\$ 0.95	37 %	\$ 3.73	\$ 2.55	46 %
<i>Diluted Shares in Millions</i>	58.2	57.0		57.9	56.9	
<i>Net Earnings, Adjusted (1)</i>	\$ 67	\$ 54	23 %	\$ 190	\$ 145	31 %
<i>Diluted Earnings Per Share, Adjusted (1)</i>	\$ 1.15	\$ 0.95	21 %	\$ 3.28	\$ 2.55	29 %

(1) Excludes reduction of income taxes resulting from the adoption of a new accounting standard related to excess tax benefits on stock option exercises, reducing diluted earnings per share \$0.06 for the quarter and \$0.36 for the year to date.

Also excludes the effect of tax planning benefits realized in the third quarter of 2017, that will not recur in 2018, reducing diluted earnings per share \$0.09 for the quarter and year to date.

See financial results adjusted for comparability on page 32 for a reconciliation of the adjusted non-GAAP financial measures to GAAP

The increase in the diluted EPS, as reported and adjusted, includes \$0.02 for the quarter and \$0.04 for year to date from reduced intangible amortization expense resulting from the impairment charge recorded in fourth quarter 2016

Non-GAAP Disclosure Reconciliation



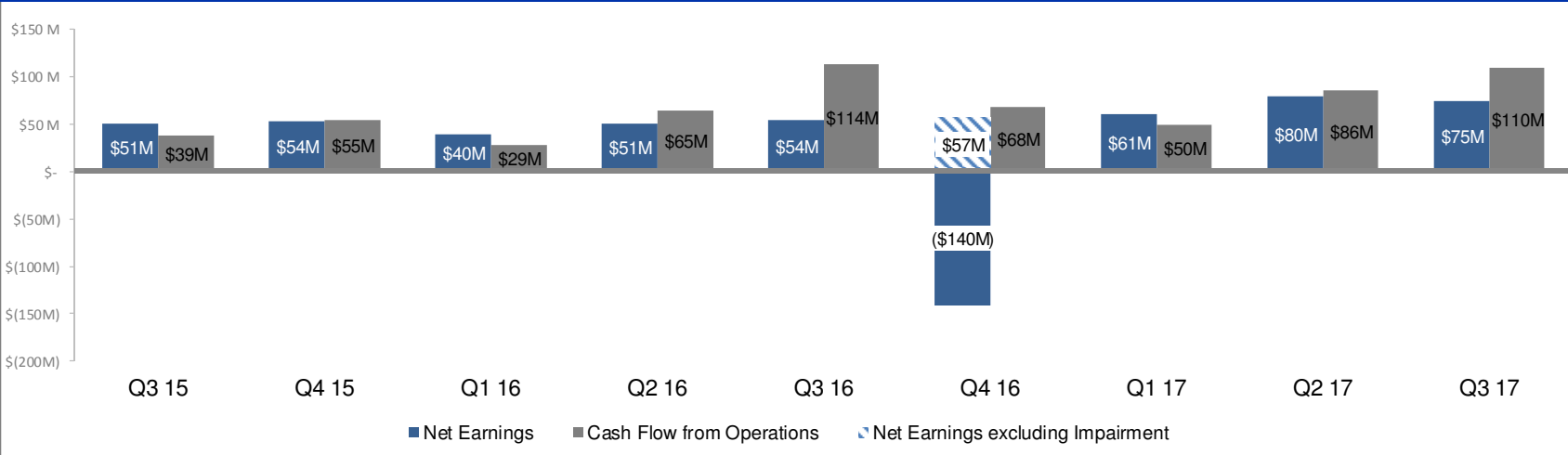
Net income excluding the excess tax benefits on exercised stock options and other tax planning benefits, which will not recur in 2018, presents a more consistent comparison of financial results. A calculation of the non-GAAP measurements of adjusted income taxes, net earnings and diluted earnings per share follows:

Non-GAAP Reconciliation	Third Quarter			Year-to-Date		
	2017	2016	Change	2017	2016	Change
\$ in millions except per share amounts						
Income taxes, as reported	\$ 20.9	\$ 22.2	(6)%	\$ 57.6	\$ 62.7	(8)%
Excess tax benefit from option exercises	3.2	-		20.5	-	
Tax planning benefit	5.5	-		5.5	-	
Income taxes, adjusted	<u>\$ 29.6</u>	<u>\$ 22.2</u>	33 %	<u>\$ 83.6</u>	<u>\$ 62.7</u>	33 %
Effective income tax rate						
As reported	22%	29%		21%	30%	
Adjusted	31%	29%		31%	30%	
Net earnings, as reported	\$ 75.5	\$ 54.4	39 %	\$ 216.0	\$ 144.9	49 %
Excess tax benefit from option exercises	(3.2)	-		(20.5)	-	
Tax planning benefit	(5.5)	-		(5.5)	-	
Net earnings, adjusted	<u>\$ 66.8</u>	<u>\$ 54.4</u>	23 %	<u>\$ 190.0</u>	<u>\$ 144.9</u>	31 %
Weighted Average Diluted Shares, in millions	58.2	57.0		57.9	56.9	
Diluted Earnings per Share						
As reported	\$ 1.30	\$ 0.95	37 %	\$ 3.73	\$ 2.55	46 %
Adjusted	\$ 1.15	\$ 0.95	21 %	\$ 3.28	\$ 2.55	29 %

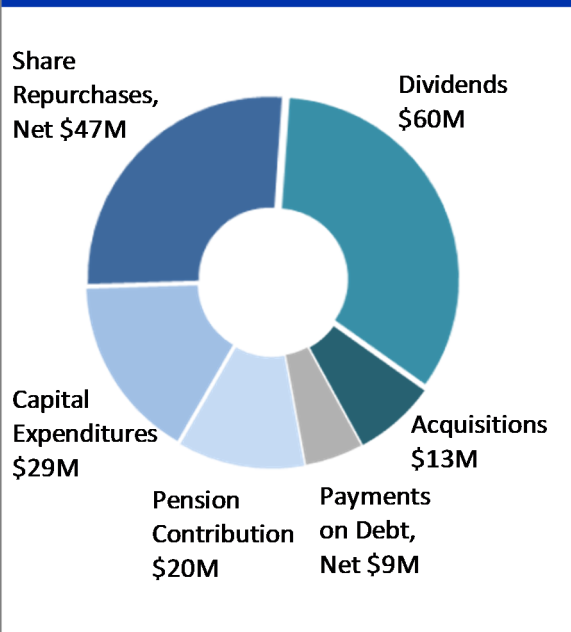
Cash Flow and Liquidity



Net Earnings and Cash from Operations



2017 Significant Uses of Cash



- ▶ Net cash provided by operating activities was \$246 million in 2017 vs. \$208 million in 2016
- ▶ Changes in working capital are in line with volume growth
- ▶ The Company made a \$20 million pension contribution to the U.S. pension plan during third quarter
- ▶ Debt, including notes payable, was \$306 million, down \$8 million from year-end
 - Current portion of long-term debt, \$75 million
 - Interest expense down \$1 million from September 2016
- ▶ Repurchased 880,000 shares of stock and issued 1,165,000 shares, resulting in a net cash outlay of \$47 million
 - Common stock outstanding at the end of the quarter, 56.1 million

Operating Earnings



Change in Operating Earnings

2016 Operating Earnings (\$M and % of sales)

Translation effect

Volume, price and cost

Volume and earnings based incentives

Decrease in intangible amortization related to 2016 Oil and Natural Gas impairment

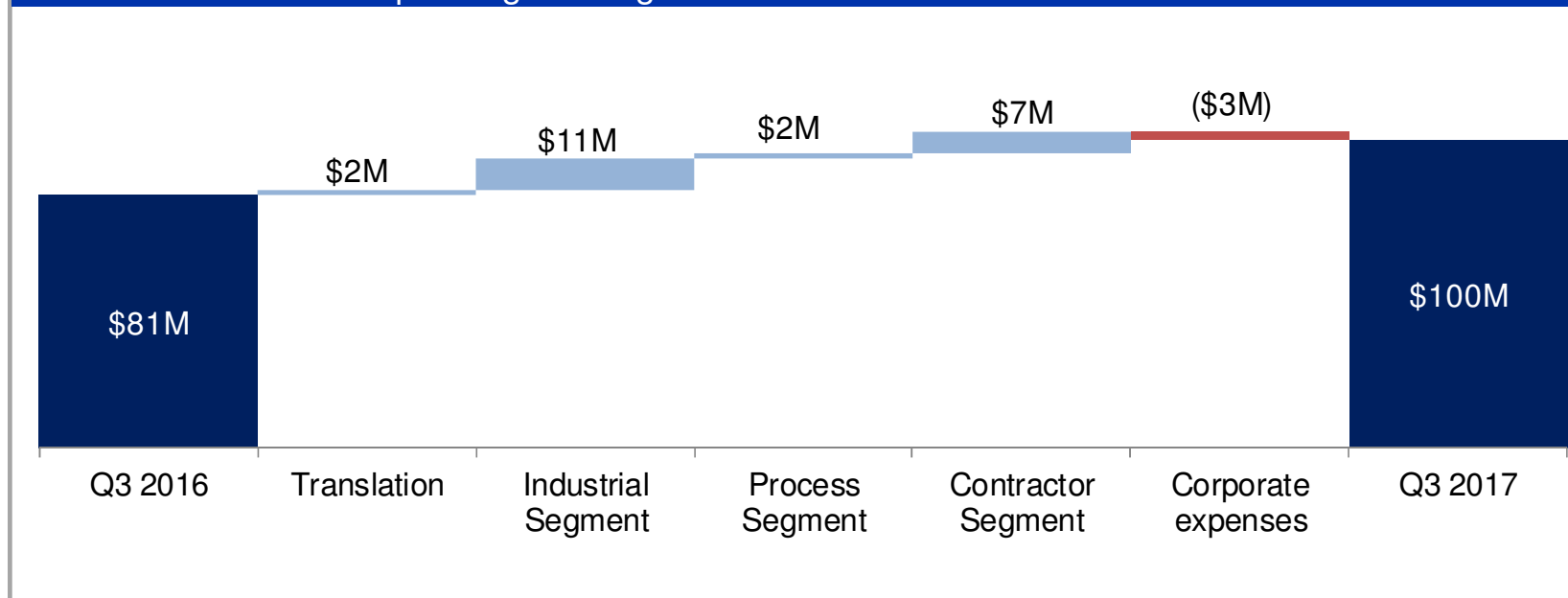
Unallocated corporate expenses (primarily stock compensation)

Volume effect on expense leverage

2017 Operating Earnings (\$M and % of sales)

	Third Quarter		Year-to-Date	
2016 Operating Earnings (\$M and % of sales)	\$ 81	25 %	\$ 221	23 %
Translation effect	2	0	(3)	0
Volume, price and cost	25	0	72	1
Volume and earnings based incentives	(4)	(1)	(8)	(1)
Decrease in intangible amortization related to 2016 Oil and Natural Gas impairment	1	0	3	0
Unallocated corporate expenses (primarily stock compensation)	(3)	(1)	(1)	0
Volume effect on expense leverage	(2)	3	0	3
2017 Operating Earnings (\$M and % of sales)	\$ 100	26 %	\$ 284	26 %

Quarter over Quarter Operating Earnings Walk



Notable Info from Q3 2017 Earnings Release & Call



- ▶ Capital expenditure expectations of approximately \$40 million in 2017
 - Currently evaluating brick and mortar requirements as Contractor and other regional production and distribution facilities near capacity.
- ▶ During the third quarter, the Company notified certain U.S. pension plan participants currently receiving benefits that annuities would be purchased for their future benefit obligations and the liabilities associated with these defined benefit obligations will be transferred to a highly rated insurance company. The Company's U.S. pension liability and assets are expected to be reduced by approximately \$43 million and a pension settlement charge of approximately \$11-13 million is expected to be recognized during the fourth quarter.
 - The Company made a \$20 million contribution to the U.S. pension plan during the third quarter 2017.
- ▶ Unallocated corporate expenses in 2017 are expected to be approximately \$32 million (excluding pension settlement)
- ▶ Impairment of intangible assets in fourth quarter 2016 reduced amortization expense by approximately \$1 million in each of the first three quarters of 2017 compared to 2016
- ▶ At current exchange rates, assuming the same volumes, mix of products and mix of business by currency as in 2016, foreign currency translation would have no impact for the full year 2017, with favorable currency effect continuing in Q4 offsetting the unfavorable effect experienced during the first half
- ▶ The effective tax rate for the fourth quarter and the full year is expected to be approximately 28%, including an expected 2 percentage point benefit in the fourth quarter related to completion of tax planning activities that will not recur in 2018. The quarter and annual rates exclude any impact from the change in accounting for stock compensation.
- ▶ Fourth quarter 2016 included an extra week compared to our normal fiscal calendar

Year-to-Date September 2017 Results












- ▶ Sales increased 12 percent
 - Unfavorable effect of currency translation rates decreased sales by approximately \$6 million (1 percentage point)
 - Acquired businesses had no significant impact
- ▶ Gross profit margin rate increased 0.5 percentage point from September 2016
 - Higher production volume and realized pricing more than offset the unfavorable impact of mix
- ▶ Operating expenses were \$308 million, up \$6 million (2 percent) from 2016
 - Volume and rate-related increases were partially offset by decreased amortization expense and impact of currency translation
- ▶ Tax rate was 21 percent, down from 30 percent last year
 - Adoption of a new accounting standard, requiring excess tax benefits related to stock option exercises to be credited to the income tax provision (formerly credited to equity), reduced the tax provision by \$20 million and decreased the effective tax rate by 7 percentage points.
 - The effective tax rate was further reduced by a \$6 million benefit of tax planning that will not recur in 2018 and foreign earnings taxed at lower rate than the U.S.
- ▶ Diluted earnings per share of \$3.73, up from \$2.55 in 2016
 - Increase includes \$0.36 from the required change in accounting for stock compensation, \$0.09 related to tax planning benefits that will not recur in 2018 and \$0.04 from the reduced intangible amortization expense resulting from the impairment charge recorded in the fourth quarter of 2016

Current Environment and Outlook



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

	Americas	EMEA	Asia Pacific	Worldwide
Current Environment	Sales Growth Q3 2017 11% YTD 2017 11%	Sales Growth Q3 2017 14% YTD 2017 12%	Sales Growth Q3 2017 28% YTD 2017 20%	Sales Growth Q3 2017 15% YTD 2017 13%
Industrial Segment	Environment Unchanged  Sales Growth Q3 2017 11% YTD 2017 9%	Environment Unchanged  Sales Growth Q3 2017 13% YTD 2017 10%	Environment Unchanged  Sales Growth Q3 2017 30% YTD 2017 22%	Sales Growth Q3 2017 17% YTD 2017 12%
Contractor Segment	Environment Unchanged  Sales Growth Q3 2017 12% YTD 2017 12%	Environment Unchanged  Sales Growth Q3 2017 29% YTD 2017 20%	Environment Unchanged  Sales Growth Q3 2017 30% YTD 2017 13%	Sales Growth Q3 2017 16% YTD 2017 13%
Process Segment	Environment Unchanged  Sales Growth Q3 2017 11% YTD 2017 12%	Environment Unchanged  Sales Growth Q3 2017 (3%) YTD 2017 7%	Environment Unchanged  Sales Growth Q3 2017 17% YTD 2017 17%	Sales Growth Q3 2017 9% YTD 2017 12%
Full Year 2017 Outlook	Outlook Raised High Single-digit	Outlook Raised High Single-digit	Outlook Raised Low Double-digit	Outlook Raised High Single-digit to Low Double-digit

Demand levels remained robust and broad based in the third quarter. We expect the positive business environment to continue into 2018, however we do note that our fourth quarter represents our most difficult comparable of the year. In addition to the strong fourth quarter last year, we also had 14 weeks, compared to only 13 weeks in this year's fourth quarter. We anticipate low single-digit organic constant currency growth in the fourth quarter with the possibility to achieve double-digit sales growth for the full year 2017.

Long-Term Cash Deployment Priorities



Organic Growth

- ▶ International Footprint
- ▶ Product Development
- ▶ Production Capacity and Capabilities

Acquisitions

- ▶ Supplement to Organic Growth
- ▶ Leverage Our Strengths

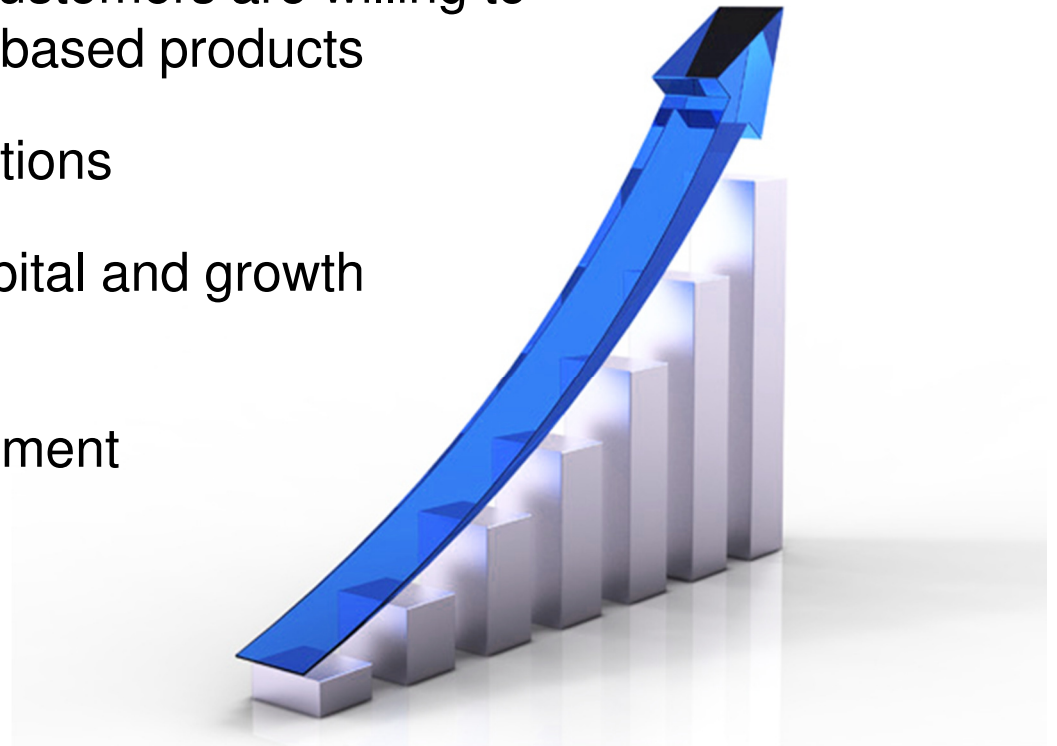
Shareholder Return

- ▶ Dividend Payout Ratio ~30%
- ▶ Approximately 3 Million Shares Remaining on Repurchase Authorization

Key Investment Attributes



- ▶ Strategies that will drive long-term, above-market growth
- ▶ Premium products that provide a strong ROI for end users
- ▶ Leading industry positions
- ▶ Serve niche markets where customers are willing to purchase quality, technology-based products
- ▶ Products perform critical functions
- ▶ Consistent investments in capital and growth initiatives
- ▶ Shareholder-minded management
- ▶ Financial strength





Financial Summary Q3 2017

Appendix

Financial Results – Third Quarter



Statement of Earnings	Third Quarter		
\$ in millions except per share amounts	2017	2016	Change
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Gross Profit	203	177	15 %
% of Sales	53.6 %	54.0 %	(0.4) pts
Operating Earnings	100	81	22 %
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Net Earnings	\$ 75	\$ 54	39 %
% of Sales	19.9 %	16.6 %	3.3 pts
Diluted Earnings Per Share	\$ 1.30	\$ 0.95	37 %
<i>Diluted Shares in Millions</i>	<i>58.2</i>	<i>57.0</i>	
<i>Net Earnings, Adjusted (1)</i>	<i>\$ 67</i>	<i>\$ 54</i>	<i>23 %</i>
<i>Diluted Earnings Per Share, Adjusted (1)</i>	<i>\$ 1.15</i>	<i>\$ 0.95</i>	<i>21 %</i>

(1) Excludes reduction of income taxes resulting from the adoption of a new accounting standard related to excess tax benefits on stock option exercises, reducing diluted earnings per share \$0.06 for the quarter. Also excludes the effect of tax planning benefits realized in the third quarter of 2017, that will not recur in 2018, reducing diluted earnings per share \$0.09.

See financial results adjusted for comparability on page 42 for a reconciliation of the adjusted non-GAAP financial measures to GAAP

The increase in the diluted EPS, as reported and adjusted, includes \$0.02 from reduced intangible amortization expense resulting from the impairment charge recorded in fourth quarter 2016

Non-GAAP Disclosure Reconciliation



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 Diluted Earnings per Share			
As reported	\$ 1.30	\$ 0.95	37 %
Adjusted	\$ 1.15	\$ 0.95	21 %



Third Quarter 2017 Results

- ▶ Sales increased 16 percent
 - Favorable effect of currency translation rates increased sales by approximately \$3 million (1 percentage point)
 - Acquired businesses had no significant impact
- ▶ Gross profit margin rate decreased 0.4 percentage point from third quarter 2016
 - Favorable price-cost dynamics more than offset by project sales and product mix
- ▶ Operating expenses were \$104 million, up \$9 million (9 percent) from third quarter 2016
 - Increase includes \$4 million in sales and earnings-based incentives and \$2 million in unallocated corporate operating expense (mostly from market-based stock compensation and pension costs)
- ▶ Tax rate was 22 percent, down from 29 percent third quarter of last year
 - Adoption of a new accounting standard, requiring excess tax benefits related to stock option exercises to be credited to the income tax provision (formerly credited to equity), reduced the tax provision by \$3 million and decreased the effective tax rate by 3 percentage points.
 - The effective tax rate was further reduced by a \$6 million benefit of tax planning that will not recur in 2018 and foreign earnings taxed at lower rate than the U.S.
- ▶ Diluted earnings per share of \$1.30 for the quarter, up from \$0.95 in third quarter 2016
 - ▶ Increase includes \$0.06 from the required change in accounting for stock compensation, \$0.09 related to tax planning benefits that will not recur in 2018 and \$0.02 from the reduced intangible amortization expense resulting from the impairment charge recorded in the fourth quarter of 2016



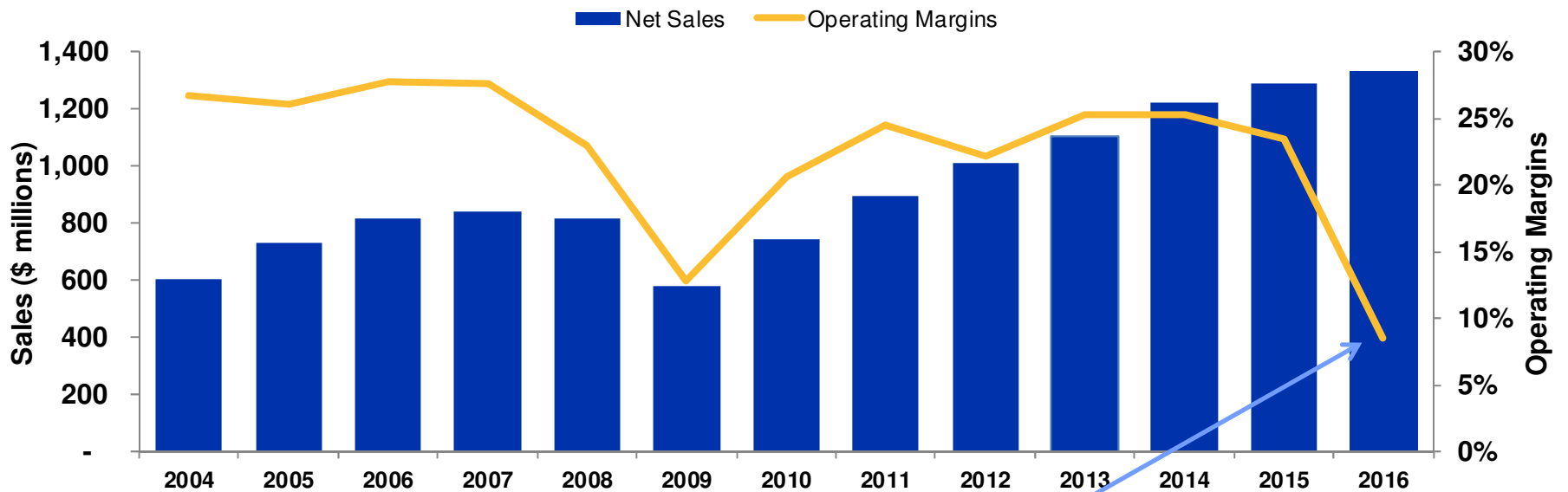
Financial Summary 2016

Appendix

Financial Performance



Sales and Operating Margin

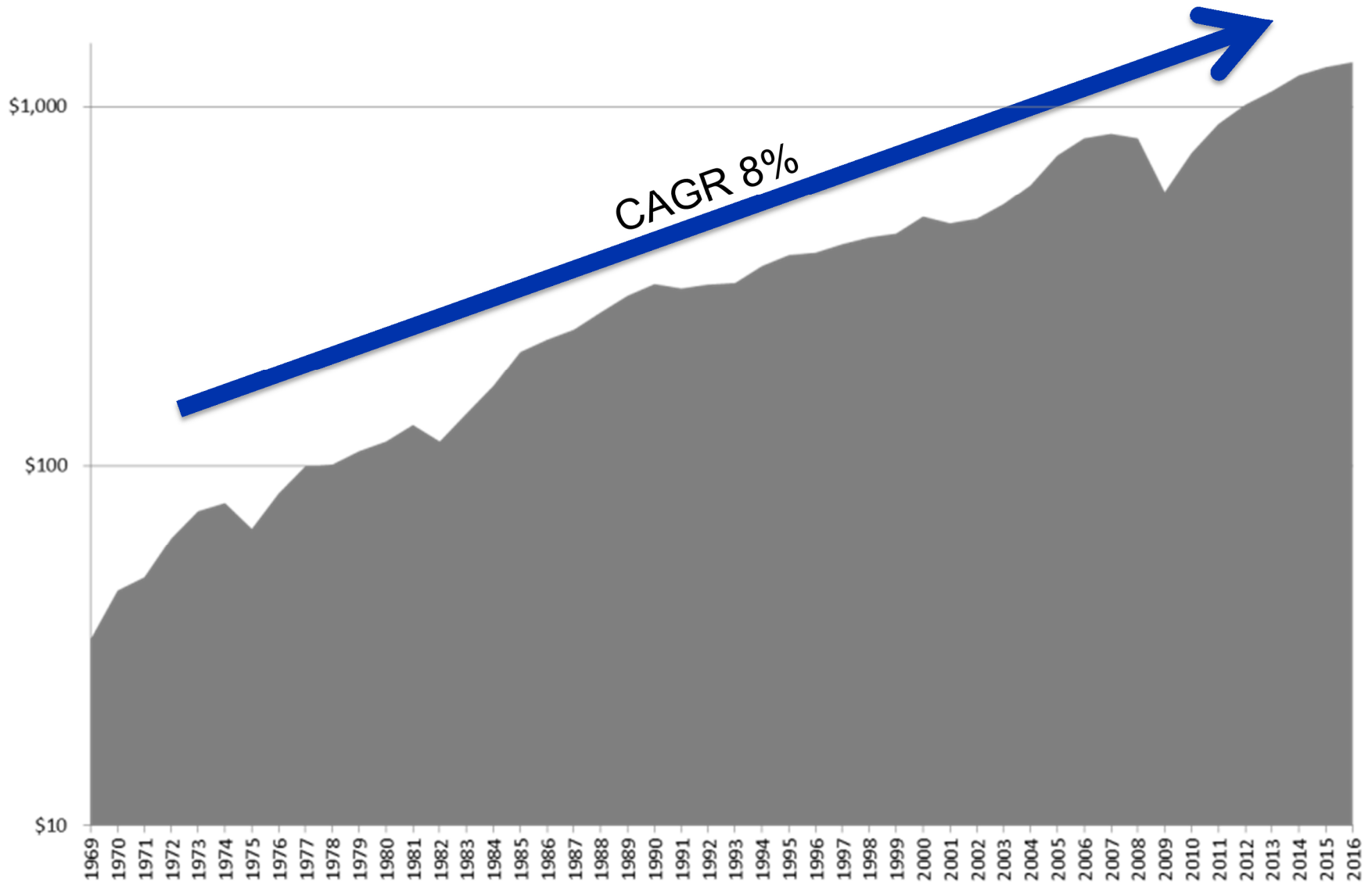


Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Diluted EPS	\$1.55	\$1.80	\$2.17	\$2.32	\$1.99	\$0.81	\$1.69	\$2.32	\$2.42	\$3.36	\$3.65	\$5.86	\$0.71

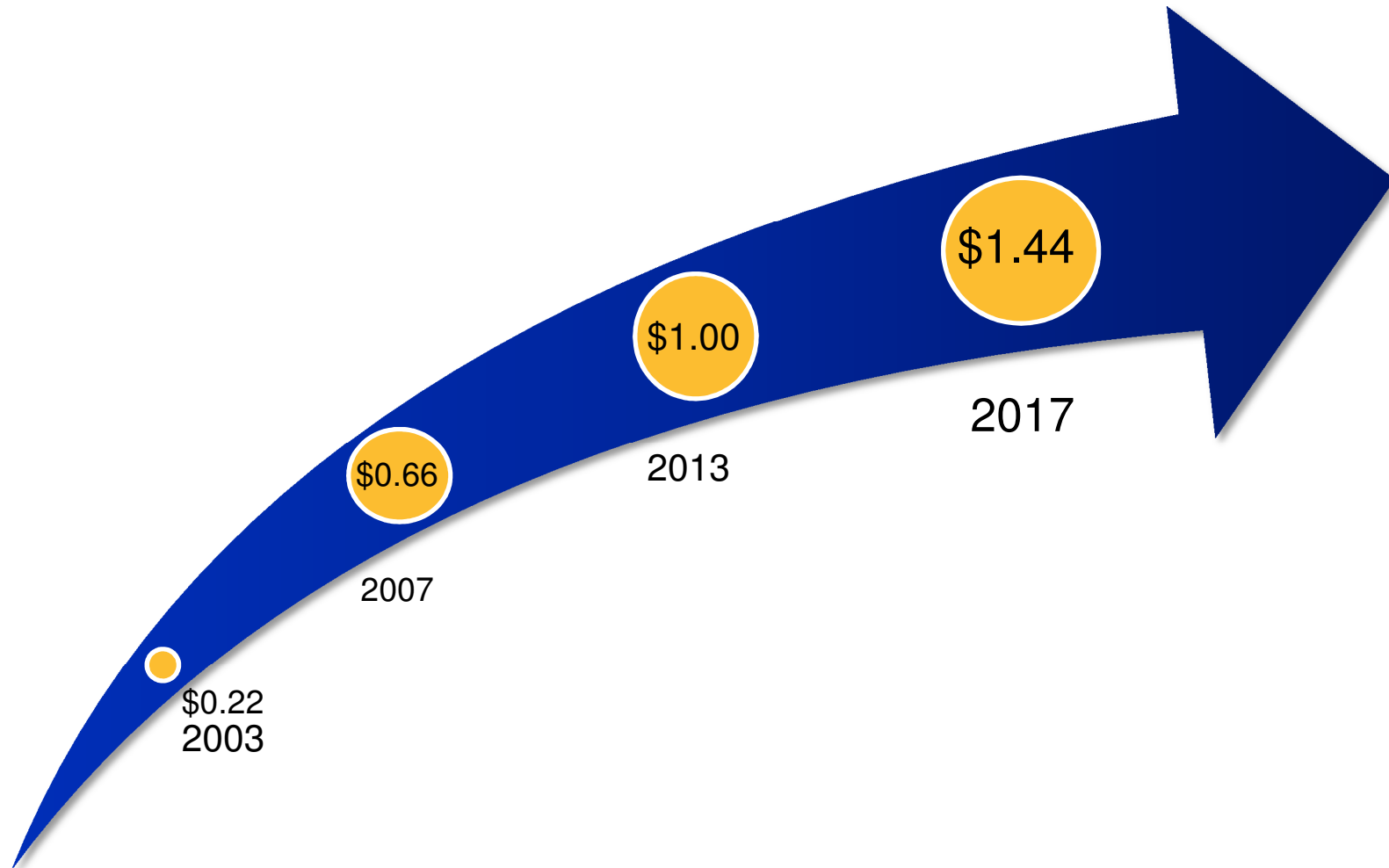
Impairment of intangible assets recorded in Q4 2016

- Decreased operating earnings \$192 million, or 14 percentage points as a percentage of sales
- Decreased net earnings by \$161 million, or \$2.84 per diluted share

Historic Sales (\$ Millions)



Stock Dividend Growth



Strong Cash Generation



(\$ Millions)	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Cash Flows	\$ 269	\$ 190	\$ 241	\$ 243	\$ 190	\$ 162	\$ 101	\$ 147	\$ 162
% of Net Income	661%	55%	107%	115%	127%	114%	98%	300%	134%
Capital Expenditures	42	42	31	23	18	24	17	11	29
Free Cash Flow	\$ 227	\$ 148	\$ 210	\$ 220	\$ 172	\$ 138	\$ 84	\$ 136	\$ 133

2016 – Impairment of Intangibles Q4 2016

- Net of tax charge of \$161 million was reflected in net income
- Impairment charge, \$191 million, and related change in deferred taxes, (\$31) million, are included in adjustments to reconcile net earnings

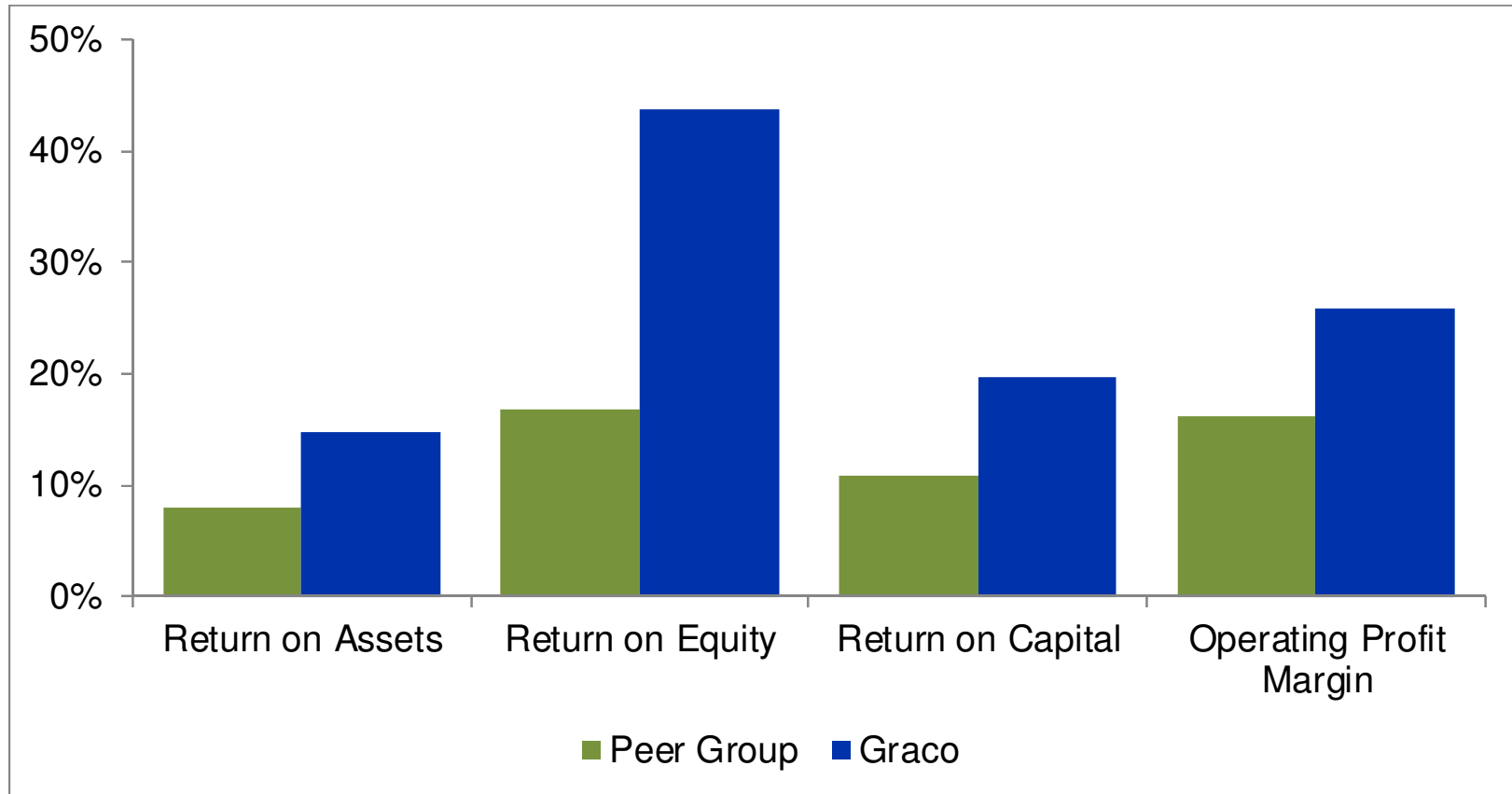
2015 - Divestiture of Liquid Finishing Held Separate assets, sale completed in Q2 2015

- Gain on the sale, net of expenses, was \$141 million and reflected in net income
- Effect of taxes on the gain, transaction costs & foundation contribution are included in operating cash flows: payments total \$67 million in 2015

(\$ Millions)	2016	2015	2014	2013	2012	2011	2010	2009	2008
Dividends	\$ 73	\$ 69	\$ 66	\$ 61	\$ 54	\$ 51	\$ 48	\$ 45	\$ 45
Acquisitions	49	189	185	12	667	2	-	-	55
Share Repurchases *	18	256	165	26	(29)	21	11	(6)	101
	\$ 140	\$ 514	\$ 416	\$ 99	\$ 692	\$ 74	\$ 59	\$ 39	\$ 201

* Net of shares issued

Capital Efficiency – 5 Year Average



Source: S&P Capital IQ



move

measure

mix

control

dispense

spray

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