



THIRD QUARTER EARNINGS CALL

October 24, 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 October 23, 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

Operating Earnings, Adjusted (1)

Net Earnings, Adjusted (1)

Diluted Net Earnings Per Share, Adjusted (1)

	Third Quarter			September Year to Date		
	2024	2023	Change	2024	2023	Change
Net Sales	\$ 519.2	\$ 539.7	(4)%	\$1,564.6	\$1,629.0	(4)%
Gross Profit	276.1	284.5	(3)%	843.2	861.1	(2)%
% of Net Sales	53.2%	52.7%	0.5 pts	53.9%	52.9%	1.0 pts
Operating Earnings	145.7	163.2	(11)%	440.1	476.9	(8)%
% of Net Sales	28.1%	30.2%	(2.1) pts	28.1%	29.3%	(1.2) pts
Net Earnings	\$ 122.2	\$ 133.1	(8)%	\$ 377.4	\$ 396.6	(5)%
% of Net Sales	23.5%	24.7%	(1.2) pts	24.1%	24.3%	(0.2) pts
Diluted Net Earnings Per Share	\$ 0.71	\$ 0.77	(8)%	\$ 2.19	\$ 2.30	(5)%
Diluted Shares in Millions	172.1	172.8	(0)%	172.3	172.3	0 %
Operating Earnings, Adjusted (1)	\$ 145.7	\$ 162.4	(10)%	\$ 440.1	\$ 476.1	(8)%
Net Earnings, Adjusted (1)	\$ 122.2	\$ 131.5	(7)%	\$ 367.1	\$ 386.9	(5)%
Diluted Net Earnings Per Share, Adjusted (1)	\$ 0.71	\$ 0.76	(7)%	\$ 2.13	\$ 2.24	(5)%

(1) Net earnings and diluted net earnings per share for 2024 and operating earnings, net earnings and diluted net earnings per share for 2023 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

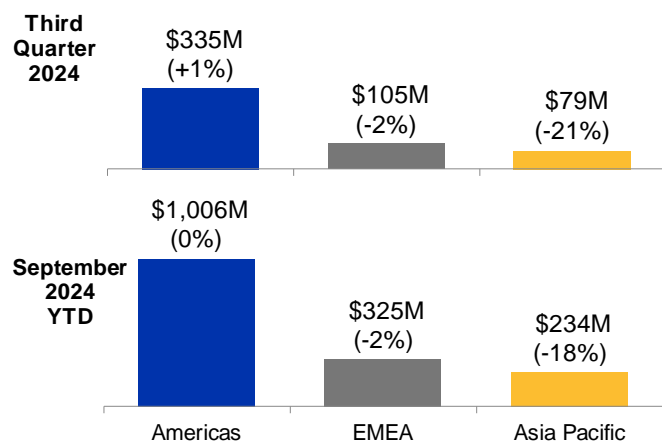
Third Quarter 2024

	Segment			Region			Consolidated
	Contractor	Industrial	Process	Americas	EMEA	Asia Pacific	
Volume and Price	(1)%	0 %	(12)%	1 %	(3)%	(21)%	(4)%
Currency	0 %	(1)%	0 %	0 %	1 %	0 %	0 %
Total	(1)%	(1)%	(12)%	1 %	(2)%	(21)%	(4)%

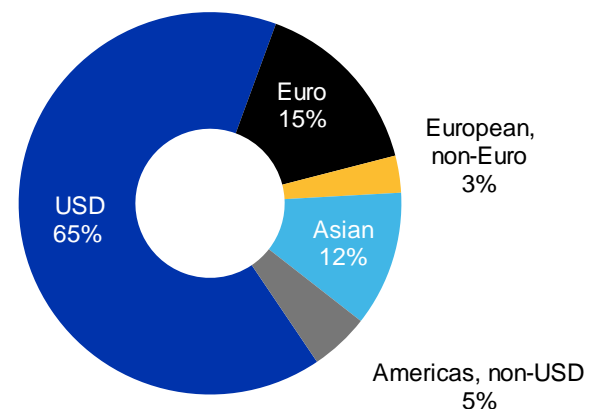
September Year to Date 2024

	Segment			Region			Consolidated
	Contractor	Industrial	Process	Americas	EMEA	Asia Pacific	
Volume and Price	0 %	(3)%	(10)%	0 %	(3)%	(17)%	(4)%
Currency	(1)%	(1)%	0 %	0 %	1 %	(1)%	0 %
Total	(1)%	(4)%	(10)%	0 %	(2)%	(18)%	(4)%

Net Sales by Region



September 2024 Year to Date 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)

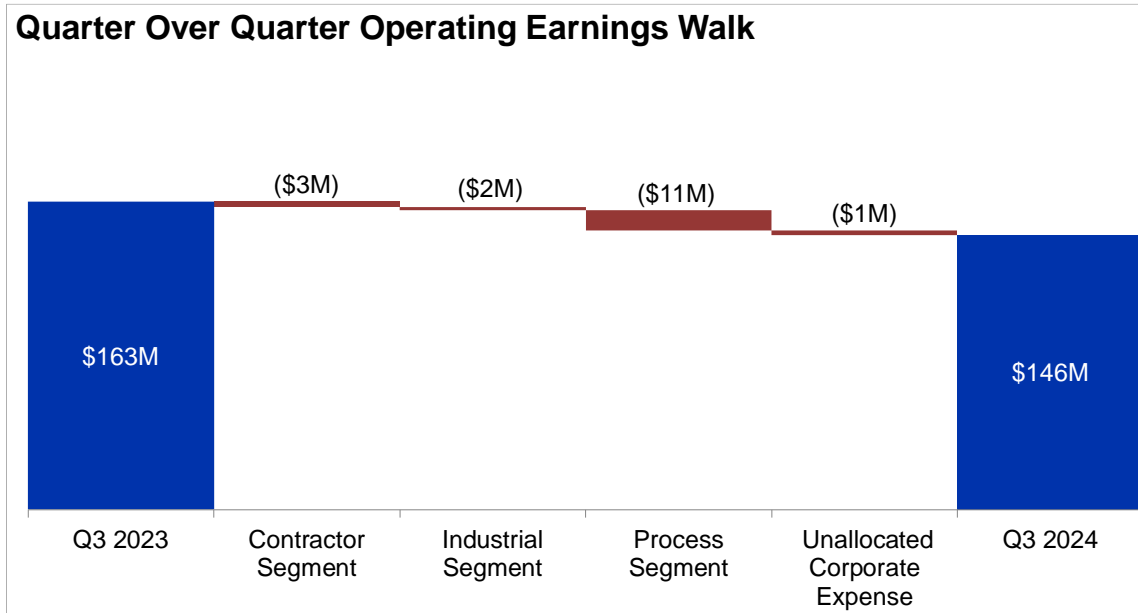
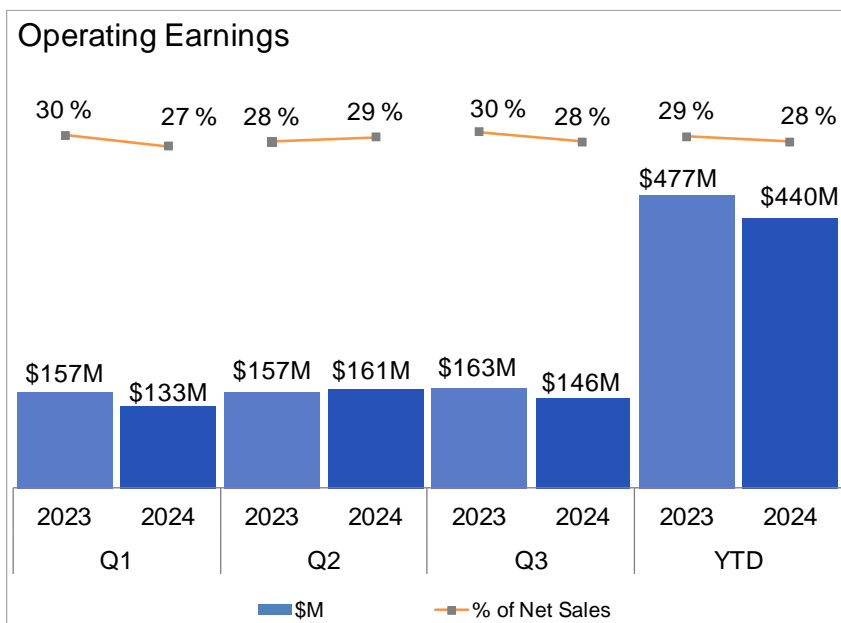
Currency translation

Volume, cost and price

Volume effect on expense leverage

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

Third Quarter		Sept. Year to Date			
\$	163	30 %	\$	477	29 %
	0	0		(3)	0
	(8)	1		(15)	1
	(9)	(3)		(19)	(2)
\$	146	28 %	\$	440	28 %



THIRD QUARTER 2024










Net Sales	<ul style="list-style-type: none"> • Down 4 percent from third quarter 2023. Currency translation rates had no significant impact
Gross Margin	<ul style="list-style-type: none"> • Margin rate up 0.5 percentage points compared to third quarter 2023 <ul style="list-style-type: none"> > Realized pricing more than offset higher product cost
Operating Earnings	<ul style="list-style-type: none"> • Down \$17 million compared to third quarter 2023 <ul style="list-style-type: none"> > Lower sales volume and higher expenses: investments in new product development and other growth initiatives, including the relocation to a new distribution center, partially offset by lower volume and earnings-based expenses
Other (Income)	<ul style="list-style-type: none"> • Increased \$4 million primarily due to interest income on cash held
Interest Expense	<ul style="list-style-type: none"> • Decreased \$1 million as long-term debt fully repaid in third quarter 2023
Taxes	<ul style="list-style-type: none"> • Adjusted effective tax rate for the quarter of 19% was comparable to third quarter 2023

SEPTEMBER YEAR TO DATE 2024

Net Sales	<ul style="list-style-type: none"> • Down 4 percent from September 2023 year to date. Currency translation rates had no significant impact
Gross Margin	<ul style="list-style-type: none"> • Margin rate up 1 percentage point compared to the same period in 2023 <ul style="list-style-type: none"> > Favorable pricing and cost more than enough to offset unfavorable volume
Operating Earnings	<ul style="list-style-type: none"> • Down \$37 million compared to September 2023 year to date <ul style="list-style-type: none"> > Unfavorable sales volume and higher expenses: investments in new product development and other growth initiatives, including the relocation to a new distribution center, partially offset by lower volume and earnings-based expenses
Other (Income)	<ul style="list-style-type: none"> • Increased \$10 million primarily due to interest income on cash held
Interest Expense	<ul style="list-style-type: none"> • Decreased \$3 million as long-term debt fully repaid in third quarter 2023
Taxes	<ul style="list-style-type: none"> • Adjusted effective tax rate for the year to date of 20% was comparable to the same period last year

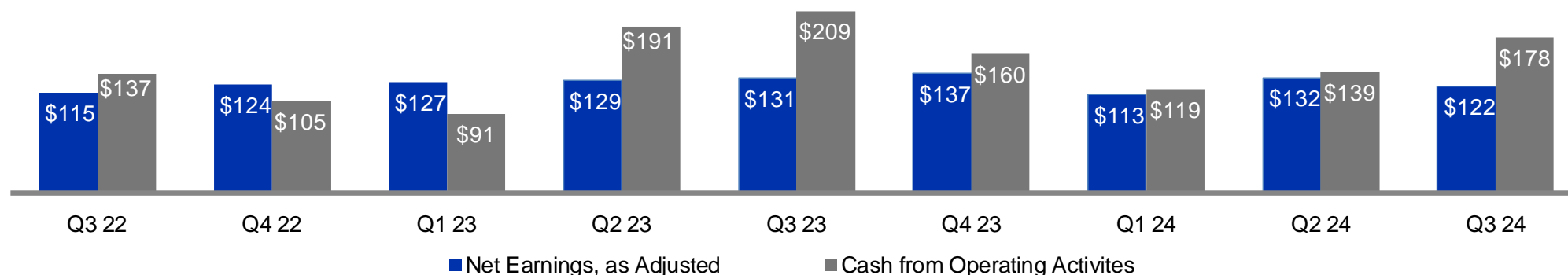
2024 OUTLOOK

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

	Americas	EMEA	Asia Pacific	Total
Current Environment	Sales Growth Q3 2024 1% Sept. 2024 YTD 0%	Sales Decline Q3 2024 (3%) Sept. 2024 YTD (3%)	Sales Decline Q3 2024 (21%) Sept. 2024 YTD (17%)	Sales Decline Q3 2024 (4%) Sept. 2024 YTD (4%)
Contractor Segment	 Sales Decline Q3 2024 (2%) Sept. 2024 YTD (1%)	 Sales Decline Q3 2024 (4%) Sept. 2024 YTD (1%)	 Sales Growth Q3 2024 7% Sept. 2024 YTD 4%	Sales Decline Q3 2024 (1%) Sept. 2024 YTD 0%
Industrial Segment	 Sales Growth Q3 2024 18% Sept. 2024 YTD 8%	 Sales Growth/Decline Q3 2024 3% Sept. 2024 YTD (1%)	 Sales Decline Q3 2024 (27%) Sept. 2024 YTD (22%)	Sales Decline Q3 2024 0% Sept. 2024 YTD (3%)
Process Segment	 Sales Decline Q3 2024 (6%) Sept. 2024 YTD (6%)	 Sales Decline Q3 2024 (14%) Sept. 2024 YTD (10%)	 Sales Decline Q3 2024 (27%) Sept. 2024 YTD (23%)	Sales Decline Q3 2024 (12%) Sept. 2024 YTD (10%)
Full Year 2024 Outlook				Low Single-Digit Decline

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	\$ (129)	\$ (119)
Capital Expenditures	(93)	(146)
Net Share Issuances (Repurchases)	14	27
Net Borrowings (Payments) on Debt	(0)	(66)
Acquisitions	(8)	-

- Net cash from operating activities through September 2024 was \$436 million vs. \$491 million in the comparable period in 2023
 - > Lower net earnings, increased inventory purchases, and the timing of estimated income tax payments in 2024 drove most of the decrease
 - > Inventory levels increased in 2024 primarily due to the effect of new product offerings
- Capital expenditures of \$93 million including \$60 million of facility expansion projects

OTHER DISCUSSION ITEMS

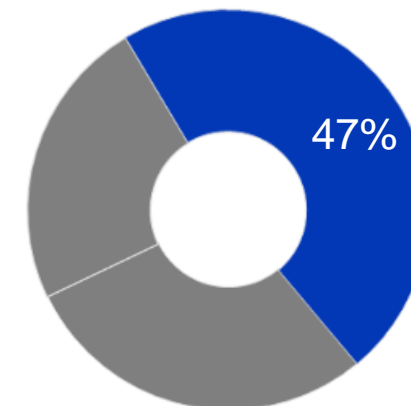
Cap Ex	<ul style="list-style-type: none"> • Capital expenditure expectations of approximately \$120 million in 2024, including approximately \$70 million in facility expansion projects
Expenses	<ul style="list-style-type: none"> • Unallocated corporate expenses in 2024 are expected to be approximately \$41- \$44 million
Shares	<ul style="list-style-type: none"> • Share repurchases of 175,000 in the third quarter. 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 in for the fourth 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

CONTRACTOR SEGMENT RESULTS

\$ in millions

	Third Quarter			September Year to Date		
	2024	2023	Change	2024	2023	Change
Net Sales						
Americas	\$ 182	\$ 186	(2)%	\$ 553	\$ 558	(1)%
EMEA	40	41	(3)	131	132	0
Asia Pacific	20	18	7	58	57	2
Total	\$ 242	\$ 245	(1)%	\$ 742	\$ 747	(1)%
Operating Earnings	\$ 71	\$ 74	(3)%	\$ 222	\$ 216	3%
% of sales	29 %	30 %		30 %	29 %	

Sept. YTD 2024 Contractor Segment Net Sales as % of Graco



Components of Net Sales Change

	Q3 2024	Sept. YTD 2024		Q3 2024	Sept. YTD 2024
Americas					
Volume & Price	(2)%	(1)%		7 %	4 %
Currency	0 %	0 %		0 %	(2)%
Total	(2)%	(1)%		7 %	2 %
EMEA					
Volume & Price	(4)%	(1)%		(1)%	0 %
Currency	1 %	1 %		0 %	(1)%
Total	(3)%	0 %		(1)%	(1)%
Asia Pacific					
Volume & Price					
Currency					
Total					
Segment Total					
Volume & Price					
Currency					
Total					

CONTRACTOR SEGMENT RESULTS

Change in % of net sales

2023 Operating Earnings

Cost, price and volume

Volume effect on expense leverage

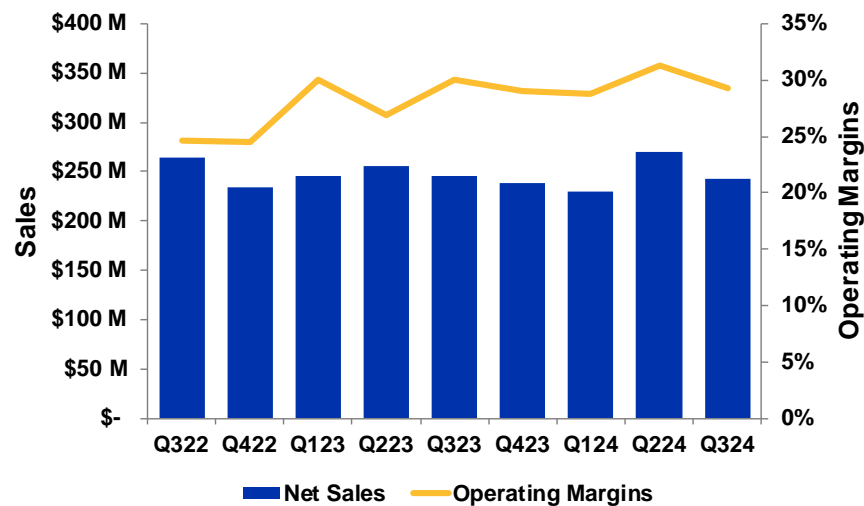
2024 Operating Earnings

Third Quarter

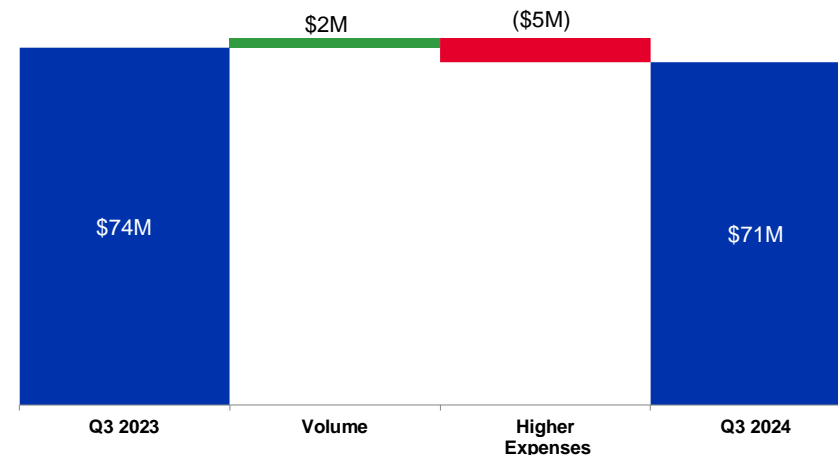
Sept. Year to Date

30 %	29 %
2	2
(3)	(1)
29 %	30 %

Contractor Segment Net Sales and Operating Margins



Contractor Segment Operating Earnings QTD

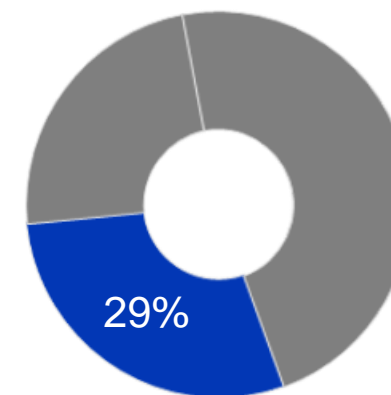


INDUSTRIAL SEGMENT RESULTS

\$ in millions

	Third Quarter			September Year to Date		
	2024	2023	Change	2024	2023	Change
Net Sales						
Americas	\$ 72	\$ 62	17%	\$ 206	\$ 191	8%
EMEA	48	46	4	143	143	(1)
Asia Pacific	36	49	(27)	105	137	(23)
Total	\$ 156	\$ 157	(1)%	\$ 454	\$ 471	(4)%
Operating Earnings	\$ 52	\$ 54	(4)%	\$ 150	\$ 163	(8)%
% of sales	34 %	35 %		33 %	35 %	

Sept. YTD 2024 Industrial Segment Net Sales as % of Graco



Components of Net Sales Change

	Q3 2024	Sept. YTD 2024		Q3 2024	Sept. YTD 2024
Americas					
Volume & Price	18 %	8 %		(27)%	(22)%
Currency	(1)%	0 %		0 %	(1)%
Total	17 %	8 %		(27)%	(23)%
EMEA					
Volume & Price	3 %	(1)%		0 %	(3)%
Currency	1 %	0 %		(1)%	(1)%
Total	4 %	(1)%		(1)%	(4)%
Asia Pacific					
Volume & Price					
Currency					
Total					
Segment Total					
Volume & Price					
Currency					
Total					

INDUSTRIAL SEGMENT RESULTS

Change in % of net sales

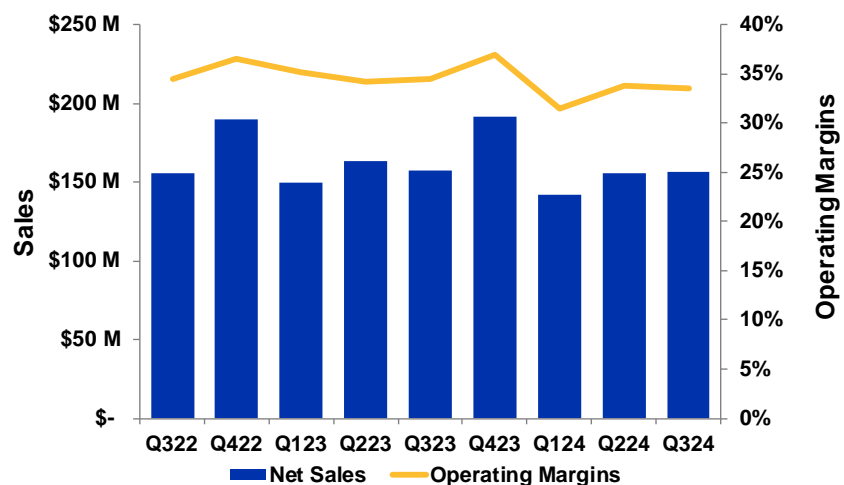
2023 Operating Earnings

Volume effect on expense leverage

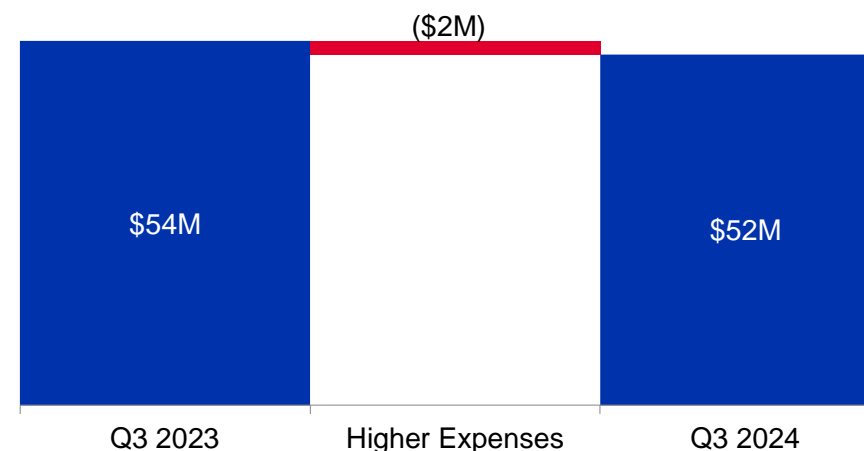
2024 Operating Earnings

Third Quarter	Sept. Year to Date
35 %	35 %
(1)	(2)
34 %	33 %

Industrial Segment Net Sales and Operating Margins



Industrial Segment Operating Earnings QTD

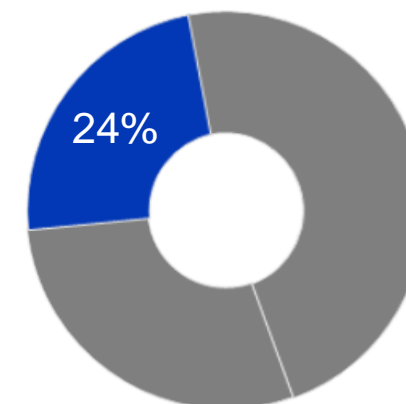


PROCESS SEGMENT RESULTS

\$ in millions

	Third Quarter			September Year to Date		
	2024	2023	Change	2024	2023	Change
Net Sales						
Americas	\$ 81	\$ 85	(6)%	\$ 247	\$ 262	(6)%
EMEA	17	20	(14)	51	56	(10)
Asia Pacific	23	32	(27)	71	93	(23)
Total	\$ 121	\$ 137	(12)%	\$ 369	\$ 411	(10)%
Operating Earnings	\$ 32	\$ 43	(25)%	\$ 105	\$ 127	(18)%
% of sales	27 %	31 %		28 %	31 %	

Sept. YTD 2024 Process Segment Net Sales as % of Graco



Components of Net Sales Change

	Q3 2024	Sept. YTD 2024		Q3 2024	Sept. YTD 2024
Americas					
Volume & Price	(6)%	(6)%		(27)%	(23)%
Currency	0 %	0 %		0 %	0 %
Total	(6)%	(6)%	Asia Pacific	(27)%	(23)%
			Volume & Price	(27)%	(23)%
			Currency	0 %	0 %
			Total	(27)%	(23)%
EMEA			Segment Total		
Volume & Price	(14)%	(10)%	Volume & Price	(12)%	(10)%
Currency	0 %	0 %	Currency	0 %	0 %
Total	(14)%	(10)%	Total	(12)%	(10)%

PROCESS SEGMENT RESULTS

Change in % of net sales

2023 Operating Earnings

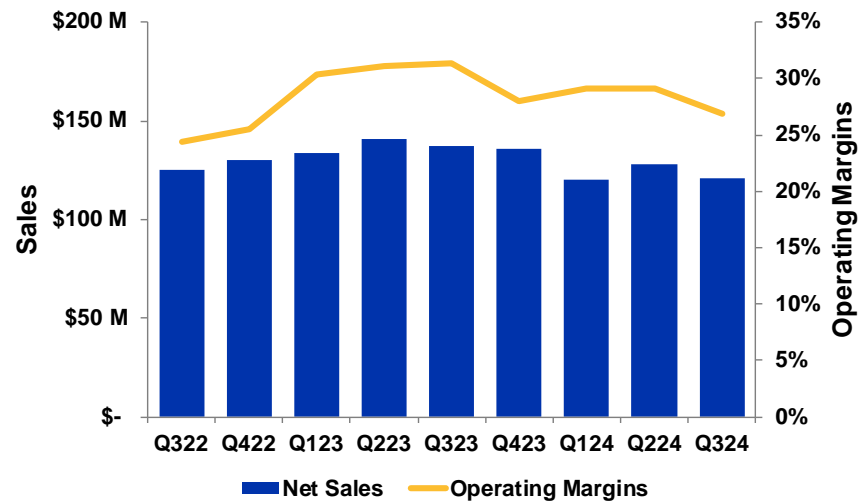
Volume

Volume effect on expense leverage

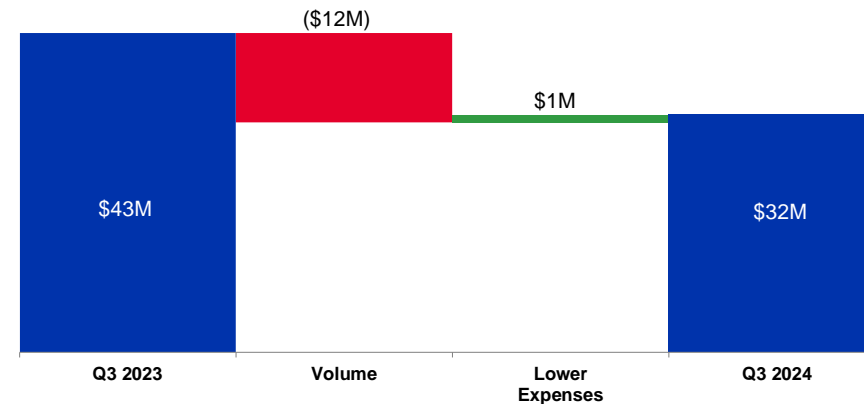
2024 Operating Earnings

Third Quarter	Sept. Year to Date
31 %	31 %
(2)	(1)
(2)	(2)
27 %	28 %

Process Segment Net Sales and Operating Margins



Process Segment Operating Earnings QTD



ADJUSTED FINANCIAL RESULTS

Financial results have been adjusted for comparability and excludes impacts of excess tax benefits from stock option exercises, contingent consideration fair value adjustments and impairment charges. Excluding the impact 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		
	2024	2023	Change	2024	2023	Change
Operating earnings, as reported	\$ 145.7	\$ 163.2	(11)%	\$ 440.1	\$ 476.9	(8)%
Contingent consideration	-	(8.6)		-	(8.6)	
Impairment	-	7.8		-	7.8	
Operating earnings, adjusted	<u>\$ 145.7</u>	<u>\$ 162.4</u>	<u>(10)%</u>	<u>\$ 440.1</u>	<u>\$ 476.1</u>	<u>(8)%</u>
Income taxes, as reported	\$ 29.1	\$ 31.2	(7)%	\$ 79.4	\$ 84.7	(6)%
Excess tax benefit from stock option exercises	-	0.8		10.3	8.9	
Income taxes, adjusted	<u>\$ 29.1</u>	<u>\$ 32.0</u>	<u>(9)%</u>	<u>\$ 89.7</u>	<u>\$ 93.6</u>	<u>(4)%</u>
Effective income tax rate						
As reported	19.2%	19.0%		17.4%	17.6%	
Adjusted	19.2%	19.6%		19.7%	19.5%	
Net earnings, as reported	\$ 122.2	\$ 133.1	(8)%	\$ 377.4	\$ 396.6	(5)%
Contingent consideration	-	(8.6)		-	(8.6)	
Impairment	-	7.8		-	7.8	
Excess tax benefit from stock option exercises	-	(0.8)		(10.3)	(8.9)	
Net earnings, adjusted	<u>\$ 122.2</u>	<u>\$ 131.5</u>	<u>(7)%</u>	<u>\$ 367.1</u>	<u>\$ 386.9</u>	<u>(5)%</u>
Weighted average diluted shares	172.1	172.8		172.3	172.3	
Diluted earnings per share						
As reported	\$ 0.71	\$ 0.77	(8)%	\$ 2.19	\$ 2.30	(5)%
Adjusted	\$ 0.71	\$ 0.76	(7)%	\$ 2.13	\$ 2.24	(5)%



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