



**INVESTOR  
PRESENTATION**

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**FIRST QUARTER 2025**



## 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

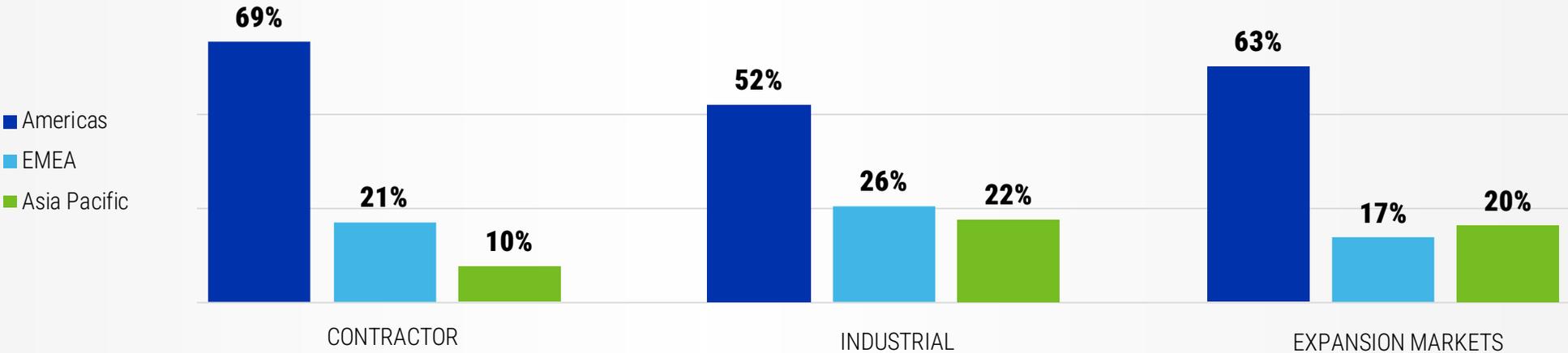
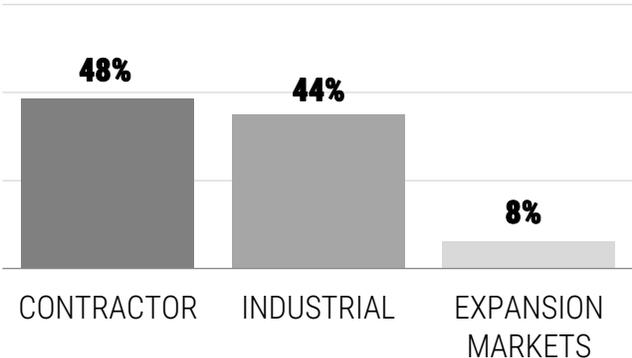
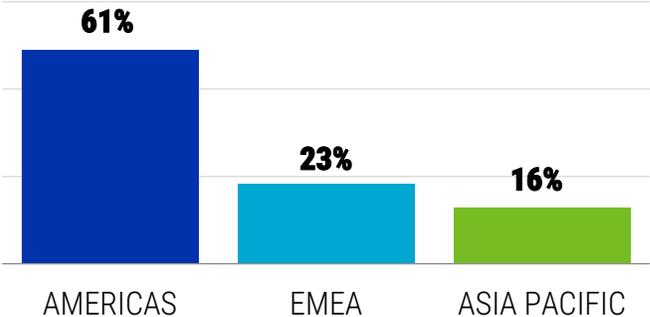
Item 1A of the Company's Form 10-K, Item 1A of the most recent Quarterly Report on Form 10-Q, and also the Company's Earnings Release dated April 24, 2025.

# DISTRIBUTION OF GLOBAL SALES

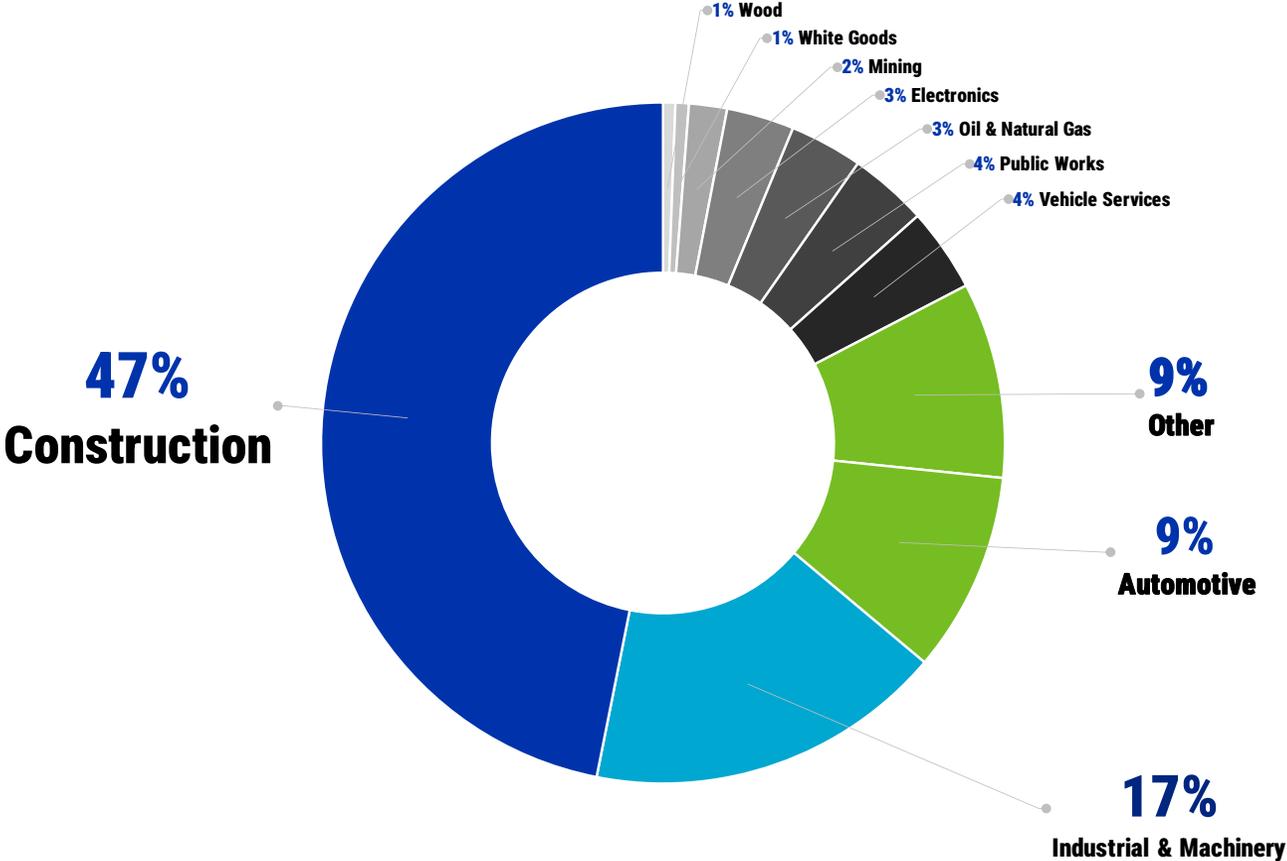


**WORLDWIDE**  
**\$528M**

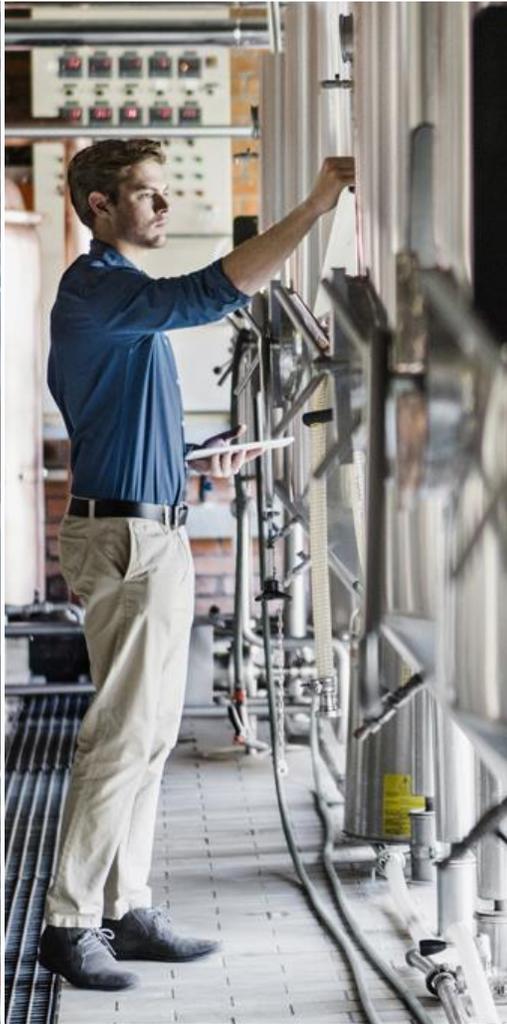
First Quarter 2025



# 2024 NET SALES BY END MARKET



# TRUSTED SOLUTIONS TO KEEP JOBS MOVING & FLUIDS PUMPING



# DIVERSIFIED FLUID HANDLING BUSINESS



**NICHE**

Difficult applications; corrosive, viscous, hard-to-move materials

**6.1%**

Organic Revenue CAGR\*  
\*20-year average, constant currency

**~40%**

Of revenue is parts and accessories



# HIGH CUSTOMER VALUE, STRONG PRODUCT DIFFERENTIATION



Best in class delivery	Material supplier relationships	Niche markets	Strong channel partners	<b>CUSTOMER ROI</b> Lowest total cost of ownership
Leading new product investment	Stringent product requirements	Best in class quality	End user interaction	



# GROWTH PLANS AND EARNINGS DRIVERS



## STRATEGIC INITIATIVES

- New Product Development
- New Markets
- Global Expansion
- End-user Conversion
- Acquisitions

10%

Targeted Revenue CAGR

12%+



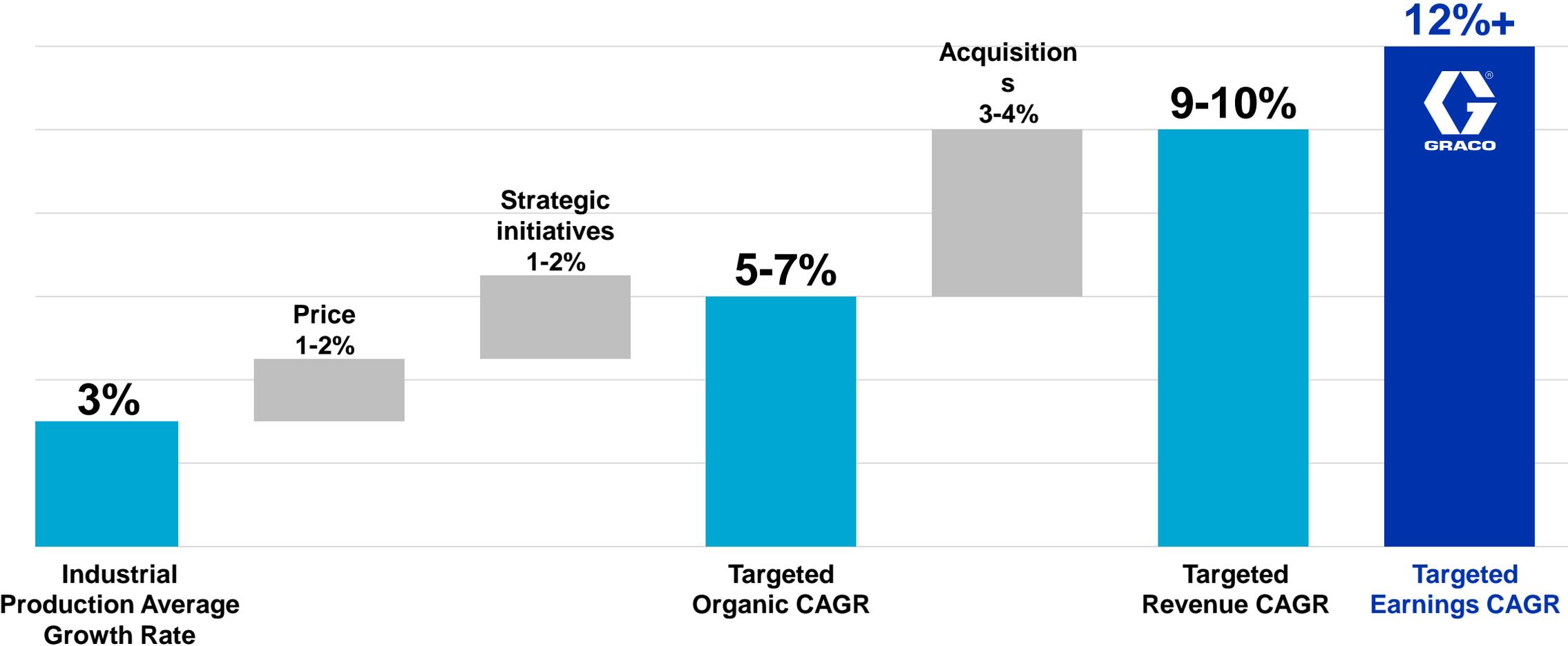
Targeted Earnings CAGR

*Through a cycle.*

# GROWTH PLANS AND EARNINGS DRIVERS



Through a cycle.



# LOW VOLUME, HIGH MIX DELIVERS CUSTOMER ROI



AVERAGE NUMBER OF UNITS SOLD PER DAY	NUMBER OF SKUS		2024 SALES (\$ IN MILLIONS)	
0 - 1	56,500	93%	\$ 1,011	48%
2 - 5	2,500	4%	\$ 321	15%
6 - 10	700	1%	\$ 162	8%
11 - 15	300	1%	\$ 90	4%
Greater than 15	700	1%	\$ 529	25%
<b>Graco 2024 Sales</b>	<b>60,700</b>		<b>\$2,113</b>	

**HIGHLY-VALUED PRODUCTS AT LOW VOLUMES**

**48%**

of our revenue comes from products that we sell

**ZERO TO ONE PER DAY**

# EXCEPTIONAL RETURNS



**6.1%**

**ORGANIC REVENUE  
CAGR**

**24%**

**RETURN ON  
INVESTED CAPITAL**

**38%**

**RETURN ON  
EQUITY**

**17%**

**RETURN ON  
ASSETS**

*Based on a 20-year average. Organic revenue at constant currency.*



# BUSINESS MODEL

- Brand Promise
- Engineering Excellence
- Manufacturing Excellence
- Service Excellence
- Extensive Reach
- Culture & Talent





# BRAND PROMISE

## GRACO'S BRICK AND MORTAR VALUES

- Customer focus
- Quality
- Continuous improvement
- Fact-based decision making
- Results driven

The result of these values is our promise to our customers: We are committed to delivering innovation, quality and service.





# ENGINEERING EXCELLENCE

## TARGET DOUBLE-DIGIT RETURNS ON NEW PRODUCTS

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### ANNUAL R&D INVESTMENT:

- **>1.5x\*** our peer group
- **4.0%\*** as a percent of sales vs. peers at 2.7%

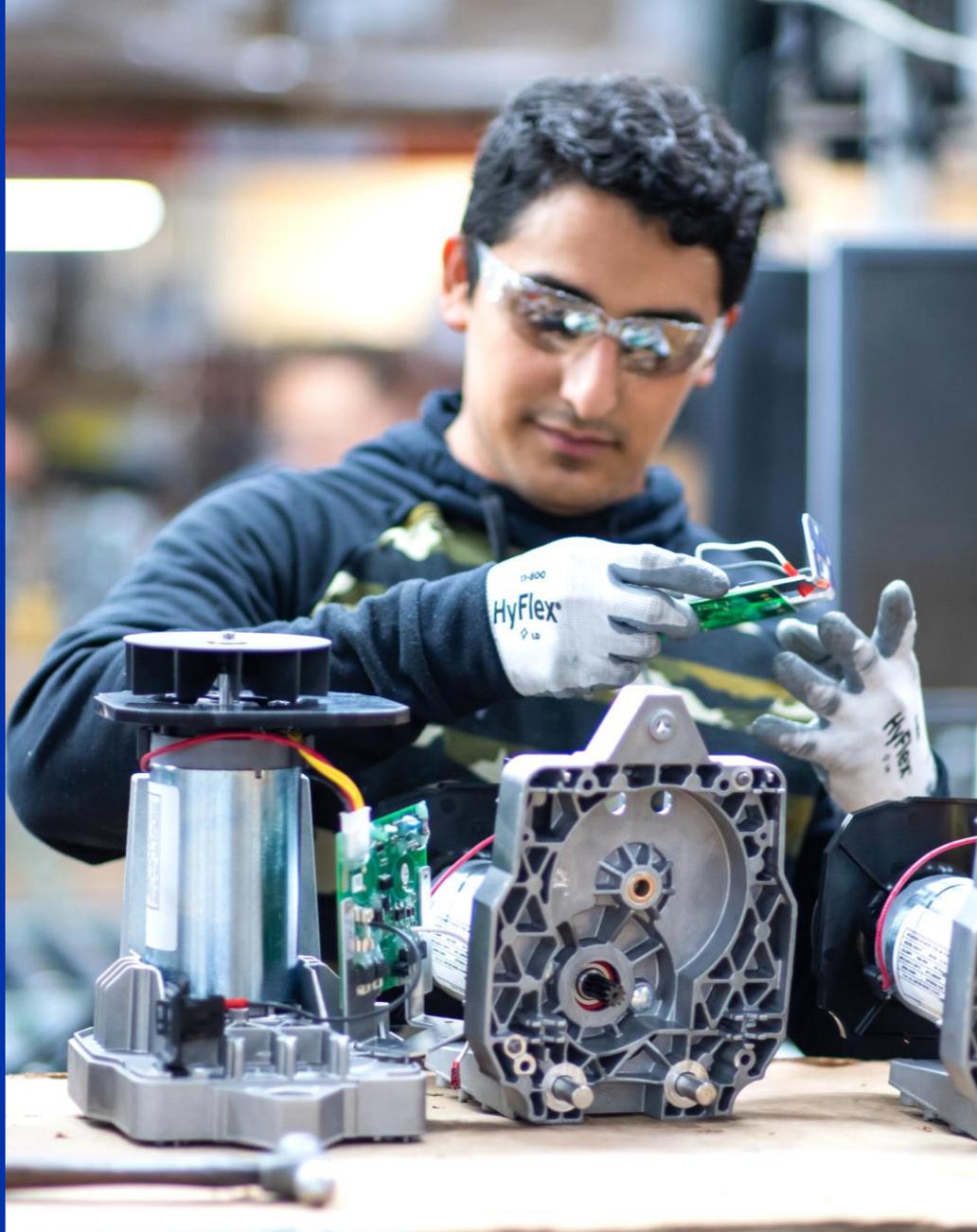
\*Peers: ITW, LECO, DOV, IEX, NDSN, based on a 5-year average, 2020 - 2024.





# MANUFACTURING EXCELLENCE

- **>80%** product based in USA
- **Zero** cost change goal on the same basket of goods (year over year)
- **<1%** warranty costs



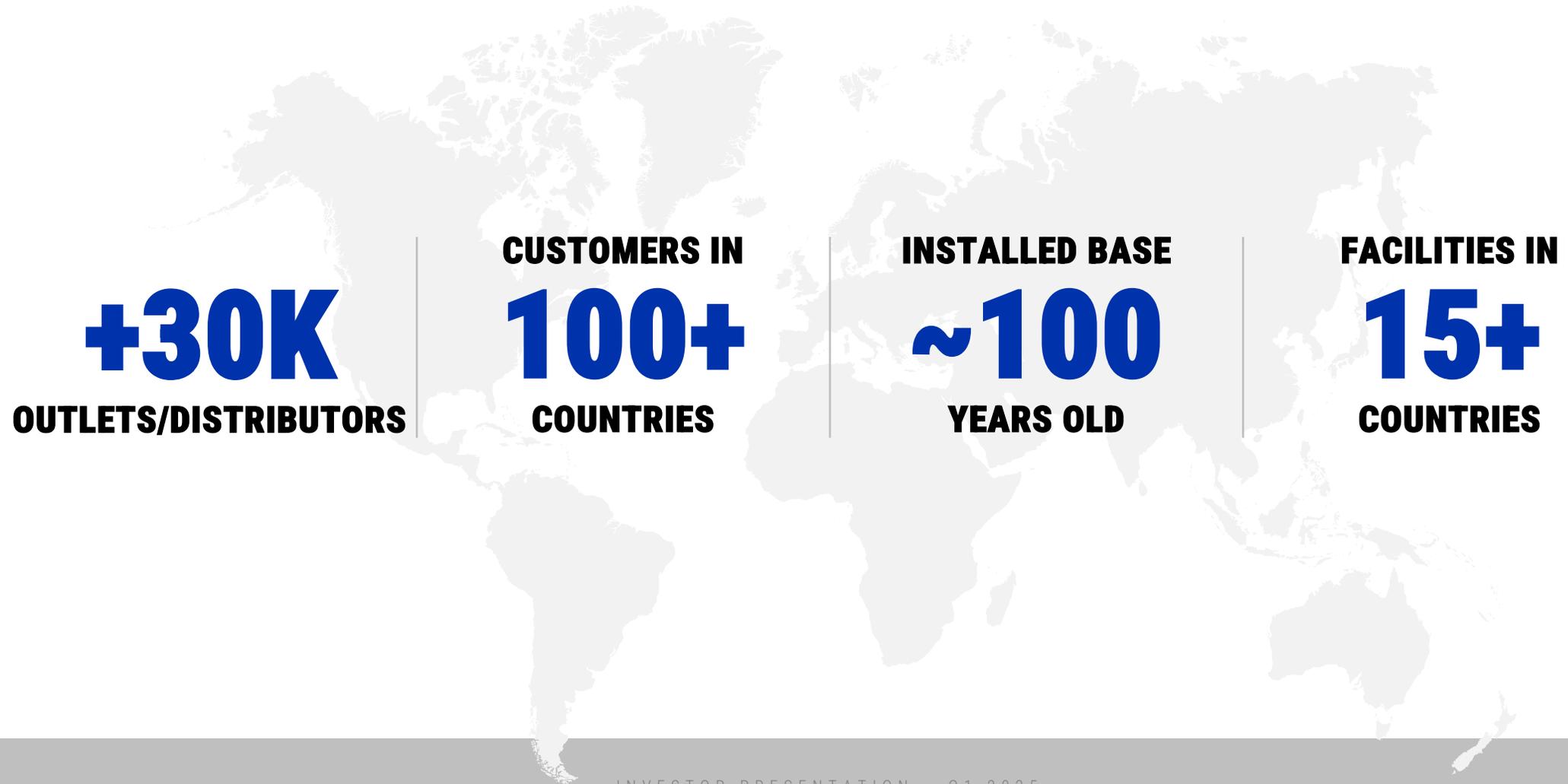


# SERVICE EXCELLENCE

- Orders in by noon, **ship the same day**
- **95%** in-stock service level goal



# EXTENSIVE REACH



# CULTURE & TALENT



**4,300**

**TOTAL  
NUMBER OF  
EMPLOYEES**

**1,900**

**EMPLOYEES  
OUTSIDE OF  
THE U.S.**

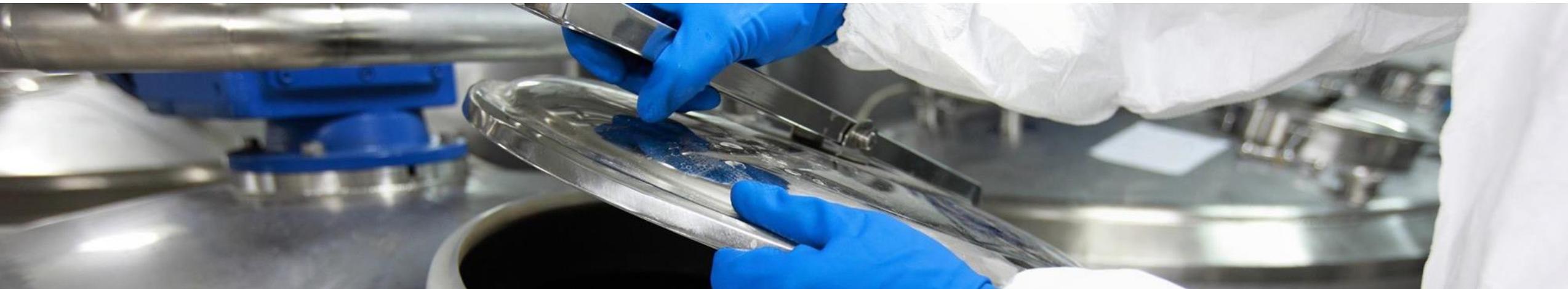
**23**

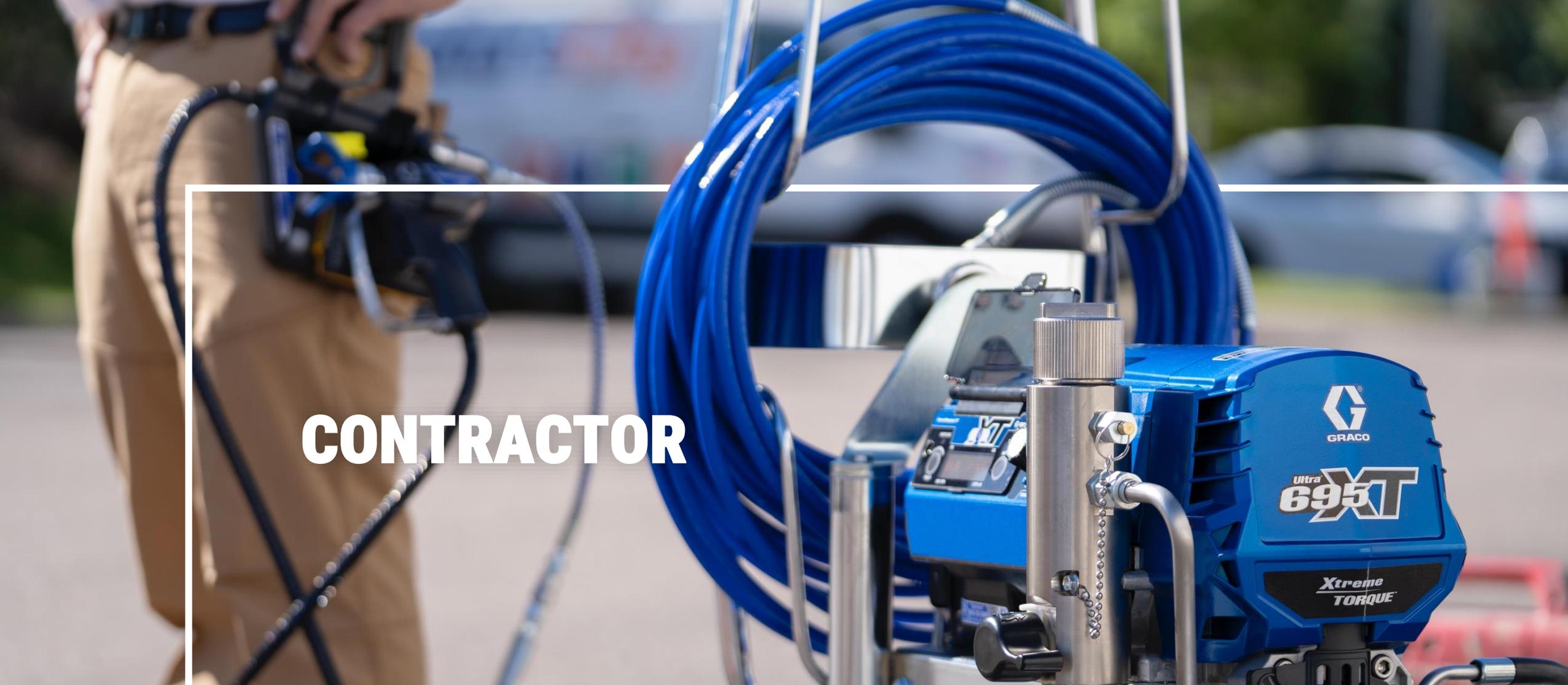
**AVERAGE  
YEARS OF  
EXECUTIVE  
TENURE**

**10**

**AVERAGE  
YEARS OF  
EMPLOYEE  
TENURE**

\*Based on data as of 12/27/2024





**CONTRACTOR**

 **GRACO**<sup>®</sup>



# CONTRACTOR

2025 March,  
three-month performance

**\$255M**  
SEGMENT REVENUE

**-1%**  
ORGANIC REVENUE DECLINE

**24.3%**  
OPERATING MARGIN  
-450 BASIS POINTS

## KEY END MARKETS

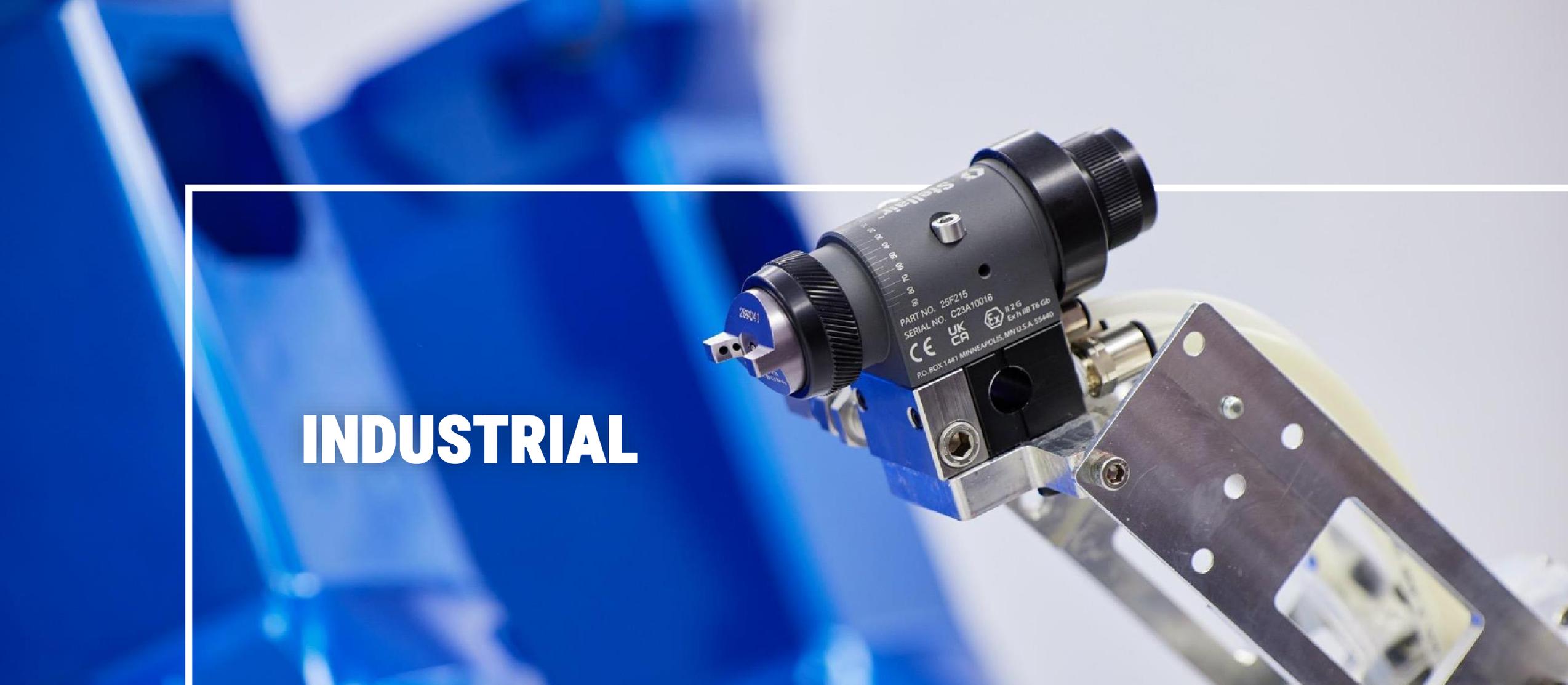
- Residential and non-residential construction
- Residential and non-residential remodeling
- Transportation Infrastructure

## GROWTH DRIVERS & TRENDS

- End user conversion from brush and roll
- Product innovation and channel expansion
- Housing and new construction
- Infrastructure spending
- Regional labor rates
- New markets
- Material changes

## SELECT REPRESENTATIVE INDUSTRY PARTICIPANTS:

- Wagner/Titan
- Campbell Hausfeld
- Bedford
- Regional Competition



**INDUSTRIAL**

 **GRACO**<sup>®</sup>



# INDUSTRIAL

2025 March,  
three-month performance

**\$232M**  
SEGMENT REVENUE

**+5%**  
ORGANIC REVENUE GROWTH

**34.4%**  
OPERATING MARGIN  
**+190 BASIS POINTS**

## KEY END MARKETS

- General Industrial
- Automotive
- Vehicle services
- Pharmaceutical, food and beverage

## GROWTH DRIVERS & TRENDS

- Factory movement and upgrades
- Automation
- Technology upgrades
- Energy-efficiency upgrades
- Material changes

## SELECT REPRESENTATIVE INDUSTRY PARTICIPANTS:

- Nordson
- Dover
- Ingersoll Rand
- Binks
- Regional Competition



# EXPANSION MARKETS



# EXPANSION MARKETS

2025 March,  
three-month performance

## \$41M

**SEGMENT REVENUE**

## +12%

**ORGANIC REVENUE GROWTH**

## 24.2%

**OPERATING MARGIN  
+610 BASIS POINTS**

### **KEY END MARKETS**

- Semiconductor
- Oil and natural gas
- Environmental

### **GROWTH DRIVERS & TRENDS**

- Factory movement and upgrades
- Technology and energy-efficiency upgrades
- Asset life maintenance
- Environmental regulations

### **SELECT REPRESENTATIVE INDUSTRY PARTICIPANTS:**

- IDEX
- Parker Hannifin
- Ingersoll Rand
- Regional Competition

# **CAPITAL ALLOCATION**



# LONG-TERM CASH DEPLOYMENT PRIORITIES



## ORGANIC GROWTH

- International footprint
- Product development
- Production capacity and capabilities



## ACQUISITIONS

- Supplement to organic growth
- Leverage core competencies into adjacencies
- Strong balance sheet position



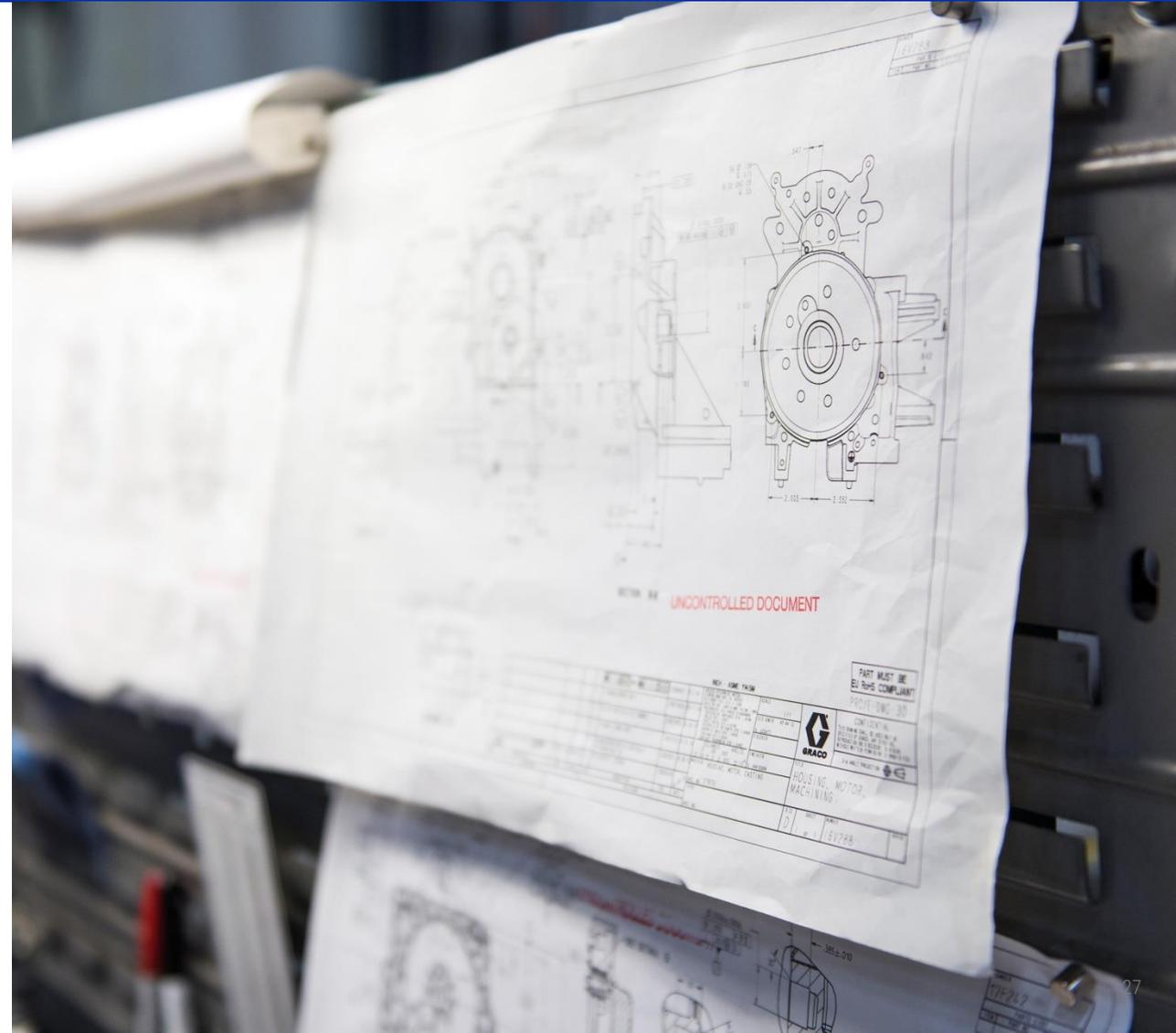
## SHAREHOLDER RETURN

- Solid dividend history
- Approximately 9.0 million shares remaining on repurchase authorization

# KEY INVESTMENT ATTRIBUTES



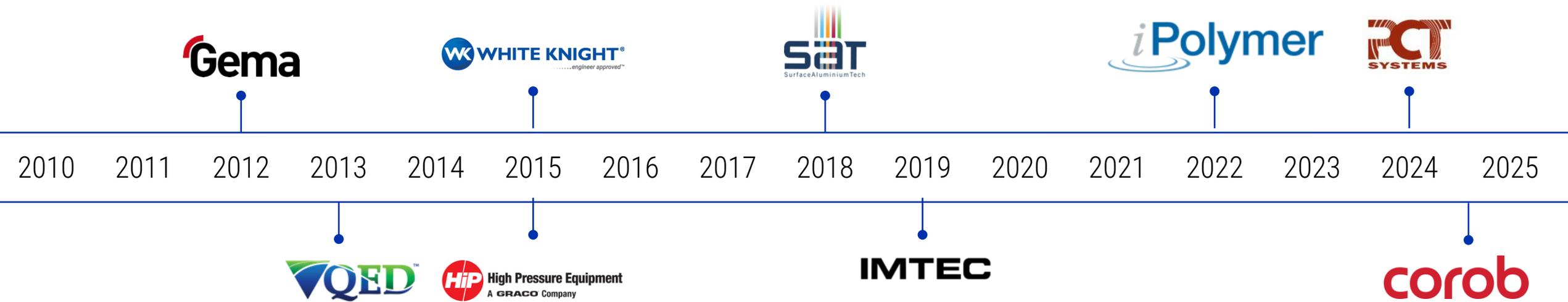
- Drive long-term, above-market growth
- Premium products that deliver strong ROI for end users
- Leading industry positions
- Serve niche markets where customers are willing to purchase quality, technology-based products
- Products perform mission-critical functions
- Recurring parts and accessories sales
- Shareholder-minded management
- Financial strength



# KEY ACQUISITIONS



# KEY ACQUISITIONS



# FINANCIAL RESULTS



# FIRST QUARTER 2025 FINANCIAL PERFORMANCE



**+7%**

**REVENUE  
GROWTH**

**52.6%**

**GROSS  
MARGIN**

**+2%**

**NET INCOME  
GROWTH**

**+1%**

**EPS  
GROWTH**

*(As Reported)*

# FINANCIAL RESULTS



## Statement of Earnings

\$ in millions except per share amounts

### Net Sales

First Quarter		
2025	2024	Change
\$ 528.3	\$ 492.2	7 %

### Gross Profit

% of Net Sales

277.7	266.2	4 %
52.6%	54.1%	(1.5) pts

### Operating Earnings

144.0	133.0	8 %
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### Net Earnings

\$ 124.1	\$ 122.2	2 %
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### Diluted Net Earnings Per Share

Diluted Shares in Millions

\$ 0.72	\$ 0.71	1 %
171.6	172.4	(1)%

Net Earnings, Adjusted (1)

Diluted Net Earnings Per Share, Adjusted (1)

\$ 120.5	\$ 112.6	7 %
\$ 0.70	\$ 0.65	8 %

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

# FINANCIAL RESULTS ADJUSTED FOR COMPARABILITY



## Non-GAAP Reconciliation

\$ in millions except per share amounts

### Income taxes, as reported

Excess tax benefit from option exercises

### Income taxes, adjusted

Effective income tax rate

As reported

Adjusted

### Net earnings, as reported

Excess tax benefit from option exercises

### Net earnings, adjusted

Weighted average diluted shares

### Diluted earnings per share

As reported

Adjusted

	First Quarter		
	2025	2024	Change
<b>Income taxes, as reported</b>	\$ 27.4	\$ 18.1	51 %
Excess tax benefit from option exercises	3.6	9.6	
<b>Income taxes, adjusted</b>	\$ 31.0	\$ 27.7	12 %
<b>Effective income tax rate</b>			
As reported	18.1%	12.9%	
Adjusted	20.5%	19.8%	
<b>Net earnings, as reported</b>	\$ 124.1	\$ 122.2	2 %
Excess tax benefit from option exercises	(3.6)	(9.6)	
<b>Net earnings, adjusted</b>	\$ 120.5	\$ 112.6	7 %
<b>Weighted average diluted shares</b>	171.6	172.4	
<b>Diluted earnings per share</b>			
As reported	\$ 0.72	\$ 0.71	1 %
Adjusted	\$ 0.70	\$ 0.65	8 %

Financial results have been adjusted for comparability and excludes impacts of excess tax benefits from stock option exercises. Excluding the impact of these items presents a more consistent basis for comparison of financial results.

# FIRST QUARTER 2025

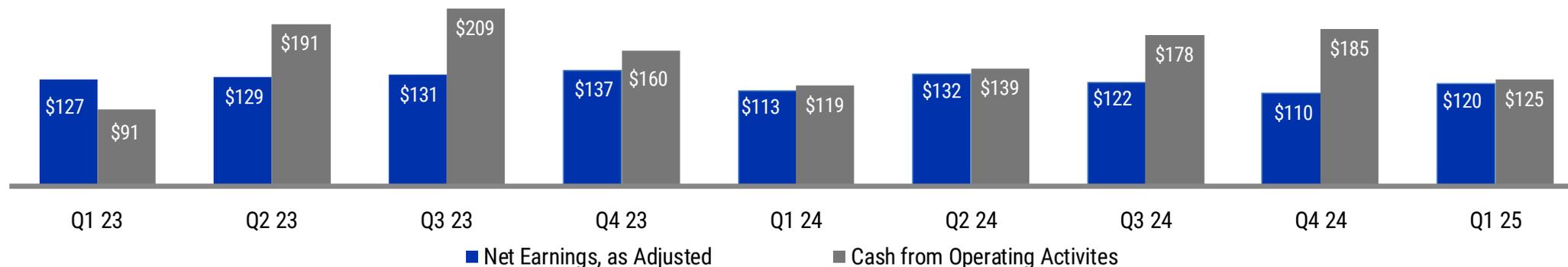


<b>Net Sales</b>	<ul style="list-style-type: none"><li>• Up 7 percent from first quarter 2024. Sales from acquired businesses contributed 6 percentage points of growth. Currency translation reduced net sales by 2 percentage points.</li></ul>
<b>Gross Margin</b>	<ul style="list-style-type: none"><li>• Margin rate down 2 percentage points compared to first quarter 2024<ul style="list-style-type: none"><li>&gt; Unfavorable effects of lower average margin rates of acquired operations and higher product cost.</li></ul></li></ul>
<b>Operating Earnings</b>	<ul style="list-style-type: none"><li>• Up \$11 million compared to first quarter 2024<ul style="list-style-type: none"><li>&gt; Higher sales and lower expenses. Acquired businesses contributed \$1 million of operating earnings.</li></ul></li></ul>
<b>Other (Income)</b>	<ul style="list-style-type: none"><li>• Comparable to first quarter 2024<ul style="list-style-type: none"><li>&gt; Gain on sale of building in Switzerland more than offset the unfavorable impact of exchange losses and lower interest income</li></ul></li></ul>
<b>Interest Expense</b>	<ul style="list-style-type: none"><li>• Comparable to first quarter 2024</li></ul>
<b>Taxes</b>	<ul style="list-style-type: none"><li>• Adjusted effective tax rate for the quarter was comparable to first quarter 2024.</li></ul>

# CASH FLOW AND LIQUIDITY



## Net Earnings, as Adjusted, and Cash from Operating Activities



### Other Significant (Uses) Sources of Cash (\$M)

	2025	2024
Net Share Issuances (Repurchases)	\$ (210)	\$ 41
Dividends	(47)	(43)
Capital Expenditures	(11)	(37)
Acquisitions	(10)	-
Sale of Building	11	-

- Net cash from operations was \$125 million up \$6 million from first quarter 2024.
- Capital expenditures of \$11 million
- Final purchase price payment for 2024 acquisition of Corob
- Proceeds from the sale of a manufacturing and distribution facility in Switzerland of \$11 million
- Subsequent to the end of the quarter, we repurchased 1.6 million shares of stock for \$123 million

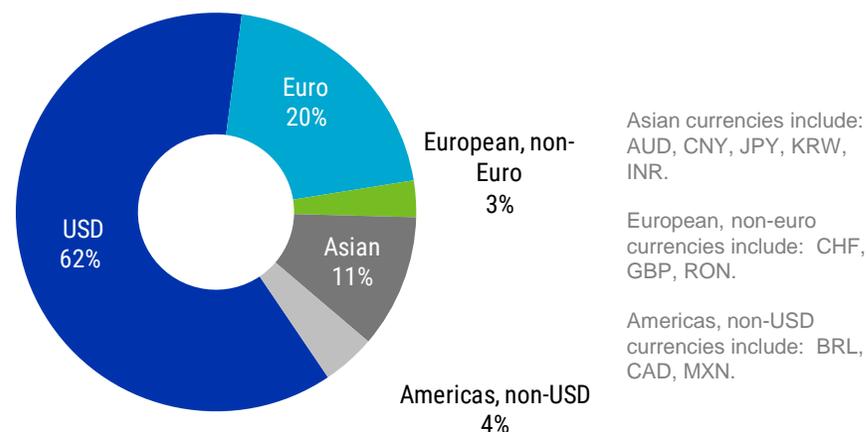
# NET SALES



## Components of Net Sales Change

2025 First Quarter	Segment			Region			Consolidated
	Contractor	Industrial	Expansion Markets	Americas	EMEA	Asia Pacific	
Volume and Price	(1)%	5 %	12 %	3 %	(1)%	6 %	3 %
Acquisitions	13 %	0 %	0 %	3 %	13 %	10 %	6 %
Currency	(1)%	(2)%	0 %	(1)%	(3)%	(3)%	(2)%
<b>Total</b>	<b>11 %</b>	<b>3 %</b>	<b>12 %</b>	<b>5 %</b>	<b>9 %</b>	<b>13 %</b>	<b>7 %</b>

### First Quarter 2025 Net Sales by Currency



# 2025 OUTLOOK



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

	Americas	EMEA	Asia Pacific	Worldwide
<b>Current Environment</b>	Q1 2025 3%	Q1 2025 (1%)	Q1 2025 6%	Net Sales Change Q1 2025 3%
<b>Contractor Segment</b>	 Q1 2025 1%	 Q1 2025 (9%)	 Q1 2025 1%	Net Sales Change Q1 2025 (1%)
<b>Industrial Segment</b>	 Q1 2025 5%	 Q1 2025 5%	 Q1 2025 5%	Net Sales Change Q1 2025 5%
<b>Expansion Markets Segment</b>	 Q1 2025 9%	 Q1 2025 5%	 Q1 2025 29%	Net Sales Change Q1 2025 12%
<b>2025 Outlook</b>				<b>Low Single-Digit Growth</b>

Potential negative impact of trade policies and tariffs with China of 1% to 2%.

# OTHER ITEMS



<b>Cap Ex</b>	<ul style="list-style-type: none"><li>• Capital expenditure expectations of approximately \$50 - \$60 million in 2025</li></ul>
<b>Expenses</b>	<ul style="list-style-type: none"><li>• Unallocated corporate expenses in 2025 are expected to be approximately \$39 - \$42 million</li></ul>
<b>Shares</b>	<ul style="list-style-type: none"><li>• During the first quarter, we repurchased 2.8 million shares. Subsequent to the end of the quarter, we repurchased an additional 1.6 million shares for year-to-date purchases of 4.4 million shares. We may make additional opportunistic share repurchases in 2025 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 2024, the movement in foreign currencies would have no impact on sales or net earnings for the full year 2025</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 2025 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>

# 2025 CHANGE IN FINANCIAL REPORTING SEGMENTS



As previously announced, effective January 1, 2025, the Company has classified its business into three reportable segments: Contractor, Industrial and Expansion Markets.

- The Industrial segment consists of the newly formed Industrial Division and the Powder Division. The Company's former Industrial and Lubrication Equipment Divisions, along with the Process Transfer Equipment business that was part of the Company's former Process Division, were combined to form the new global Industrial Division. The Powder Division remains unchanged.
- The Expansion Markets segment consists of the Expansion Markets Division. The Company's environmental, semiconductor, high-pressure valves and electric motors businesses, together with select future ventures and acquisitions, reside within this division.
- The Contractor segment, consisting of the Contractor Division, remains unchanged as a reporting segment relative to prior periods.

Prior year segment information has been recast to conform to the current organizational structure.

# FINANCIAL SUMMARY

2024 Appendix



# FINANCIAL PERFORMANCE



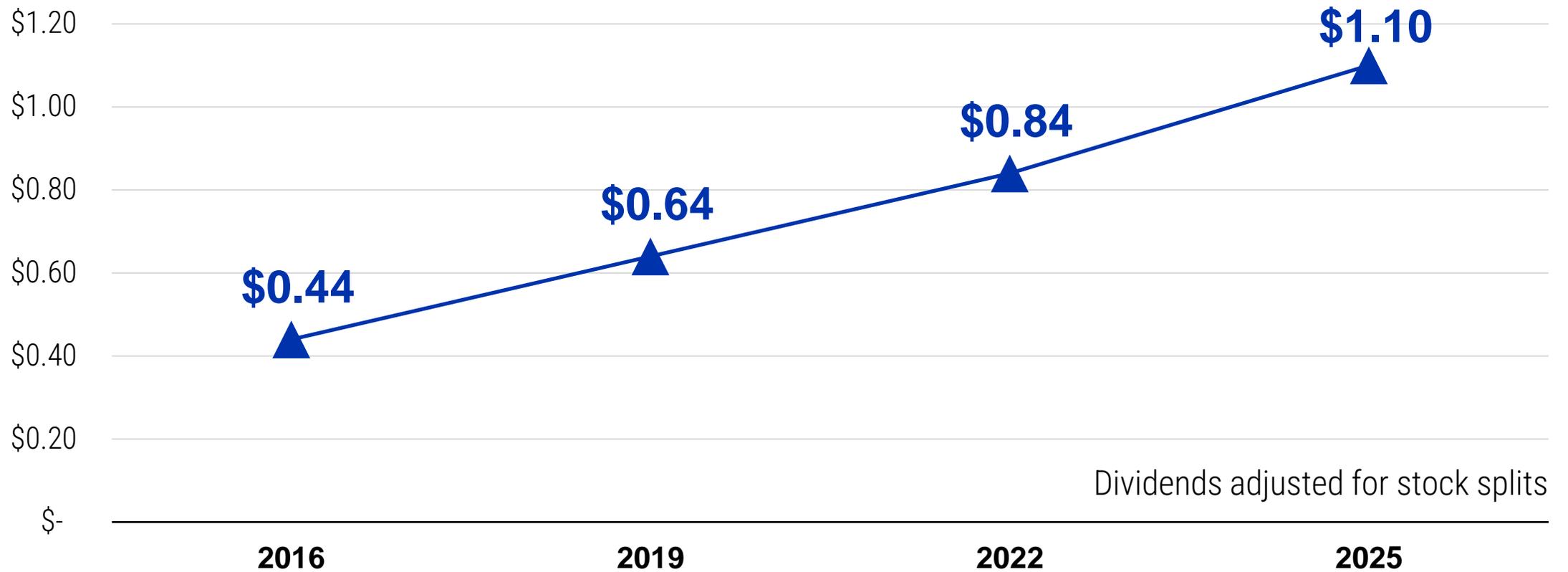
## AS REPORTED

Diluted EPS	\$0.56	\$0.77	\$0.81	\$1.12	\$1.22	\$1.95	\$0.24	\$1.45	\$1.97	\$2.00	\$1.92	\$2.52	\$2.66	\$2.94	\$2.82
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## AS ADJUSTED

Diluted EPS	\$0.56	\$0.77	\$0.81	\$1.12	\$1.22	\$1.15	\$1.18	\$1.43	\$1.88	\$1.90	\$1.95	\$2.44	\$2.63	\$3.04	\$2.77
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# STOCK DIVIDEND GROWTH



# STRONG CASH GENERATION

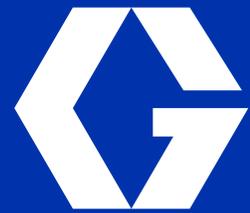


(\$ Millions)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating Cash Flows	\$ 622	\$ 651	\$ 377	\$ 457	\$ 394	\$ 419	\$ 368	\$ 338	\$ 269	\$ 190
% of Net Income	128%	129%	82%	104%	119%	122%	108%	134%	661%	55%
Capital Expenditures	107	185	201	134	71	128	54	40	42	42
<b>Free Cash Flow</b>	<b>\$ 515</b>	<b>\$ 466</b>	<b>\$ 176</b>	<b>\$ 323</b>	<b>\$ 323</b>	<b>\$ 291</b>	<b>\$ 314</b>	<b>\$ 298</b>	<b>\$ 227</b>	<b>\$ 148</b>

- > 2016 – Impairment of Intangibles, net of tax, charge of \$161 million was reflected in net income. \$192 million and related change in deferred taxes (\$31) million included in adjustments to reconcile net earnings.
- > 2015 – Divestiture of Liquid Finishing Held Separate assets net gain \$141 million reflected in net income; effect of taxes on the gain, transaction costs and Foundation contribution are included in operating cash flows.

(\$ Millions)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Dividends	\$ 172	\$ 158	\$ 142	\$ 127	\$ 117	\$ 106	\$ 89	\$ 80	\$ 73	\$ 69
Acquisitions	242	-	25	19	28	27	11	28	49	189
Share Repurchases *	(35)	43	198	(51)	21	(38)	236	54	18	256
	<b>\$ 379</b>	<b>\$ 201</b>	<b>\$ 365</b>	<b>\$ 95</b>	<b>\$ 166</b>	<b>\$ 95</b>	<b>\$ 336</b>	<b>\$ 162</b>	<b>\$ 140</b>	<b>\$ 514</b>

\* Net of shares issued



**GRACO**<sup>®</sup>  
MOVING MATERIALS THAT MATTER<sup>™</sup>