



FIRST QUARTER EARNINGS CALL

April 27, 2023

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 26, 2023.

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)

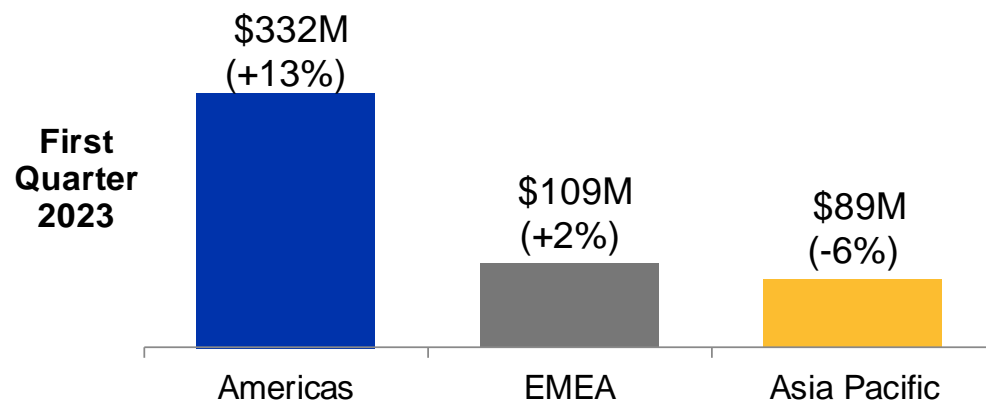
First Quarter		
2023	2022	Change
\$ 529.6	\$ 494.3	7 %
285.1	254.5	12 %
53.8%	51.5%	2.3 pts
156.7	128.4	22 %
30%	26%	3.6 pts
\$ 129.2	\$ 100.8	28 %
24%	20%	4.0 pts
\$ 0.75	\$ 0.58	29 %
171.7	174.7	(2)%
\$ 126.6	\$ 99.3	27 %
\$ 0.74	\$ 0.57	30 %

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

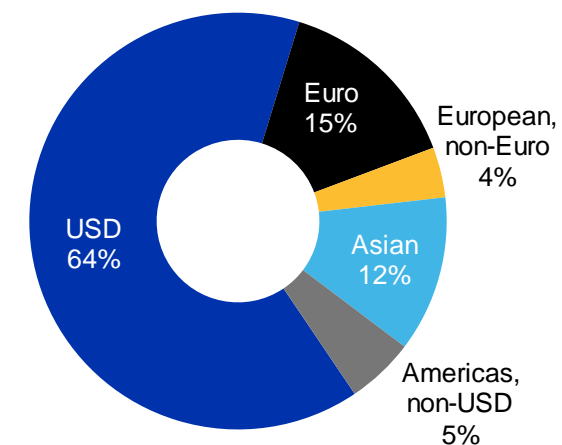
NET SALES

Components of Net Sales Change

	Segment			2023 First Quarter Region			Consolidated
	Contractor	Industrial	Process	Americas	EMEA	Asia Pacific	
Volume and Price	7 %	7 %	16 %	13 %	7 %	(1)%	10 %
Acquisitions	0 %	0 %	2 %	1 %	0 %	0 %	0 %
Currency	(2)%	(3)%	(2)%	(1)%	(5)%	(5)%	(3)%
Total	5 %	4 %	16 %	13 %	2 %	(6)%	7 %



First Quarter 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)

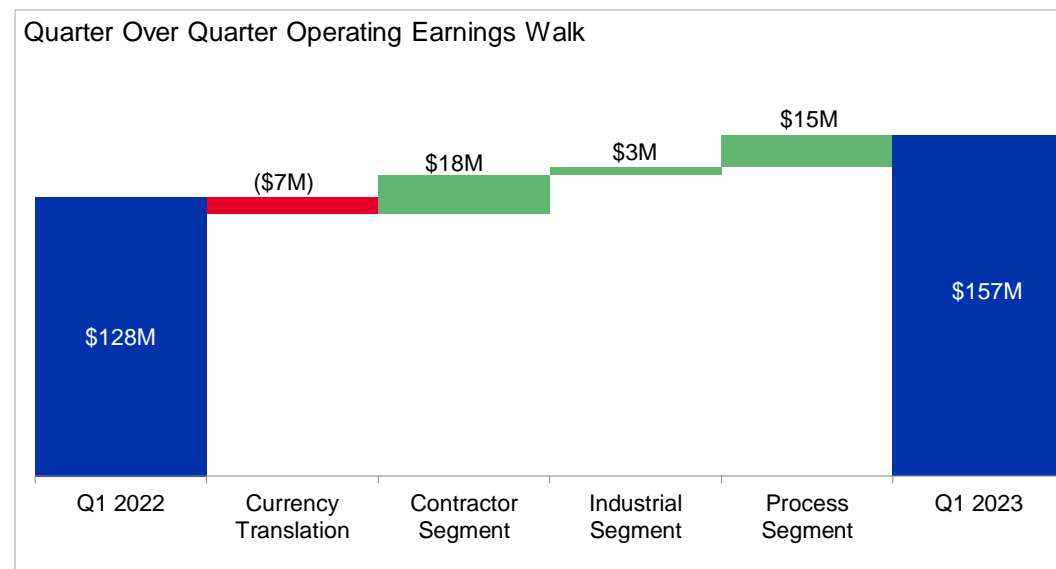
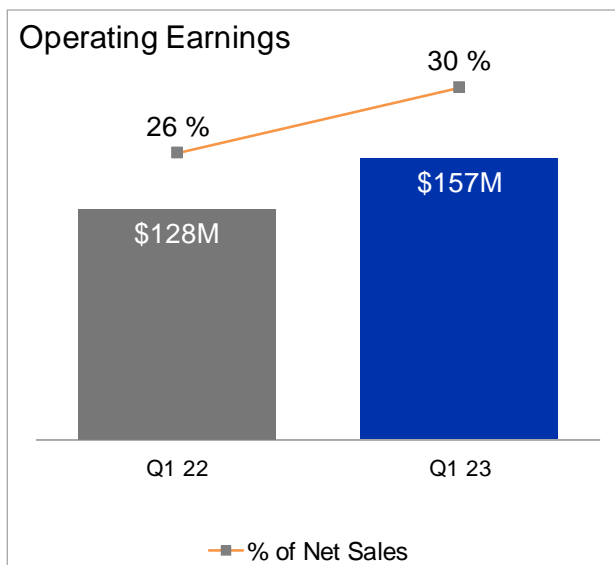
Translation effect

Pricing and favorable mix

Volume effect on expense leverage

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

	First Quarter	
	\$ 128	26 %
	(7)	(1)
	40	3
	(4)	2
	\$ 157	30 %












FIRST QUARTER 2023

Net Sales	<ul style="list-style-type: none"> Up 7 percent from 2022, up 10 percent at consistent translation rates
Gross Margin	<ul style="list-style-type: none"> Margin rate up 2.3 percentage points compared to first quarter 2022 <ul style="list-style-type: none"> > Realized pricing and favorable mix more than offset higher product cost and adverse impact of changes in currency translation rates
Operating Earnings	<ul style="list-style-type: none"> Up \$28 million compared to first quarter 2022 <ul style="list-style-type: none"> > Realized pricing, favorable mix and expense leverage driving higher operating earnings
Other Expense/ (Income)	<ul style="list-style-type: none"> Decreased \$2 million due to increased interest income and favorable market valuation changes on investments held to fund certain retirement benefits
Interest Expense	<ul style="list-style-type: none"> Decreased \$4 million as private placement debt was repaid in the first quarter of 2022
Taxes	<ul style="list-style-type: none"> Effective tax rate for the quarter was flat compared to first quarter 2022 <ul style="list-style-type: none"> > Effective rate adjusted to exclude the impacts of excess tax benefit from stock option exercises

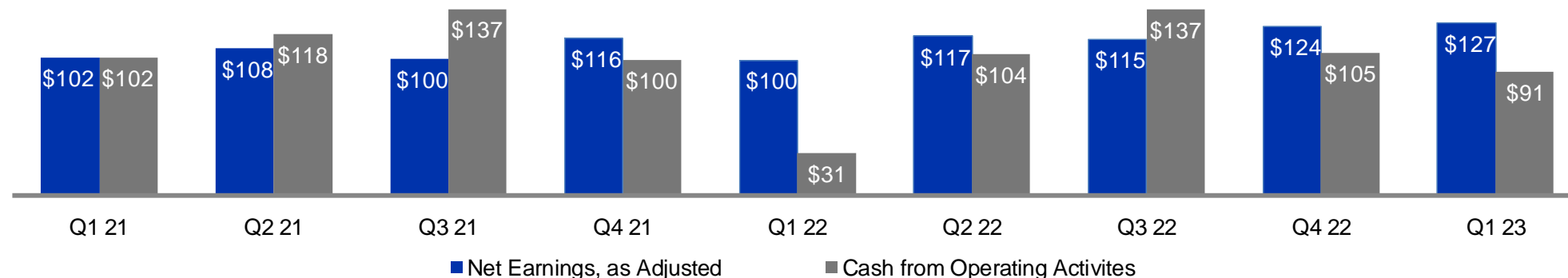
2023 OUTLOOK

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

	Americas	EMEA	Asia Pacific	Worldwide
Current Environment	Q1 2023 13%	Q1 2023 7%	Q1 2023 (1%)	Net Sales Change Q1 2023 10%
Contractor Segment	 Q1 2023 8%	 Q1 2023 7%	 Q1 2023 (8%)	Net Sales Change Q1 2023 7%
Industrial Segment	 Q1 2023 17%	 Q1 2023 5%	 Q1 2023 (3%)	Net Sales Change Q1 2023 7%
Process Segment	 Q1 2023 22%	 Q1 2023 12%	 Q1 2023 6%	Net Sales Change Q1 2023 16%
Full-Year 2023 Outlook				Low Single-Digit

CASH FLOW AND LIQUIDITY

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



Significant Uses of Cash (\$M)

	2023	2022
Dividends	\$ 39	\$ 36
Capital Expenditures	38	47
Share Repurchases, Net of Issued	-	89
Net Payments on Debt	-	78
Acquisitions	-	25

- Net cash from operating activities was \$91 million first quarter 2023 vs. \$31 million first quarter 2022
 - > Working capital items in line with volume. Higher incentive payout in 2022 reduced cash from operations
- Capital expenditures of \$38 million including \$25 million on expansion projects
- Debt, including notes payable, was \$117 million – up \$21 million from December 2022
 - > Interest expense \$1 million, down \$4 million from 2022. Repaid private placement debt in first quarter 2022

OTHER DISCUSSION ITEMS

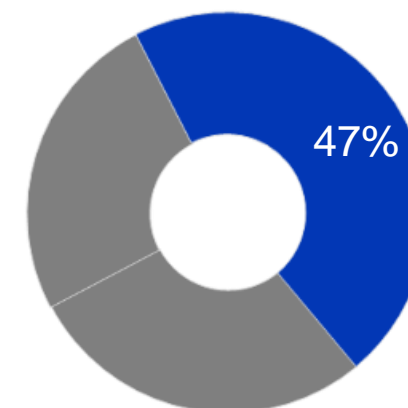
Cap Ex	<ul style="list-style-type: none"> Capital expenditure expectations of approximately \$200 million in 2023, including approximately \$130 million in facility expansion projects
Expenses	<ul style="list-style-type: none"> Unallocated corporate expenses in 2023 are expected to be approximately \$34 - \$37 million
Shares	<ul style="list-style-type: none"> Repurchased 115,000 shares during first quarter. We may make opportunistic purchases in 2023 via open market transactions or short-dated accelerated share repurchase (“ASR”) programs
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 2022, the movement in foreign currencies would have no impact on net sales or net earnings in 2023. Favorable impact of exchange in the second half of the year will offset unfavorable impact in the first half
Taxes	<ul style="list-style-type: none"> We anticipate the effective tax rate in for the second quarter and the full year 2023 to be between 19% - 20%, 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

	First Quarter		
	2023	2022	Change
Net Sales			
Americas	\$ 184	\$ 171	8 %
EMEA	42	41	2
Asia Pacific	20	22	(14)
Total	\$ 246	\$ 234	5 %
Operating Earnings	\$ 74	\$ 59	25%
% of sales	30 %	25 %	

Q1 2023 Contractor Segment
Net Sales as % of Graco



Components of Net Sales Change

	Q1 2023	Q1 2023
Americas		
Volume & Price	8 %	
Acquisitions	0 %	
Currency	0 %	
Total	8 %	
Asia Pacific		
Volume & Price		(8)%
Acquisitions		0 %
Currency		(6)%
Total		(14)%
EMEA		
Volume & Price	7 %	
Acquisitions	0 %	
Currency	(5)%	
Total	2 %	
Segment Total		
Volume & Price		7 %
Acquisitions		0 %
Currency		(2)%
Total		5 %

CONTRACTOR SEGMENT RESULTS

Change in % of net sales

2022 Operating Earnings

Currency translation

Price and favorable mix

Volume effect on expense leverage

2023 Operating Earnings

First Quarter

25 %

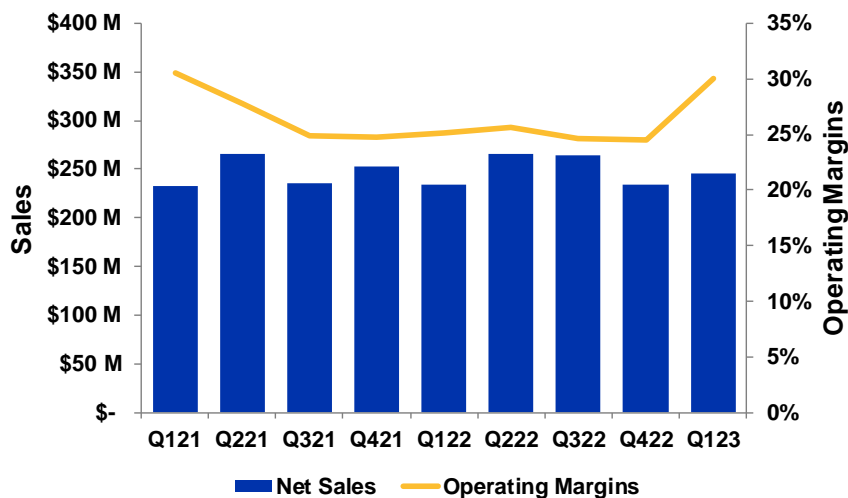
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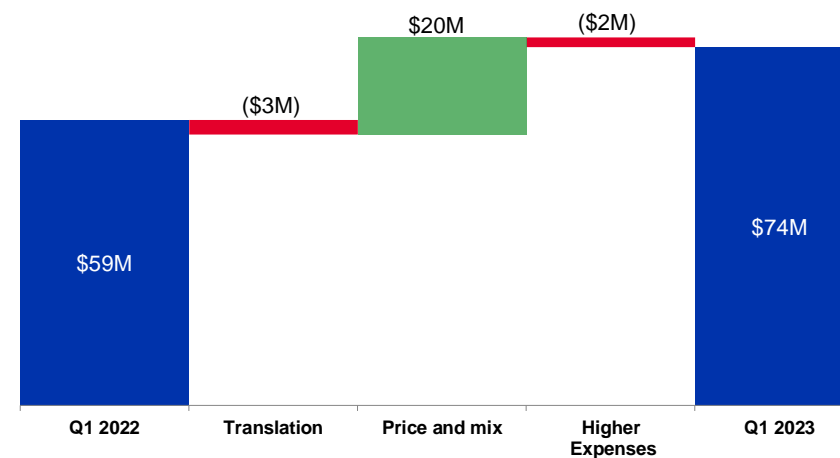
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30 %

Contractor Segment Net Sales and Operating Margins



Contractor Segment Operating Earnings QTD

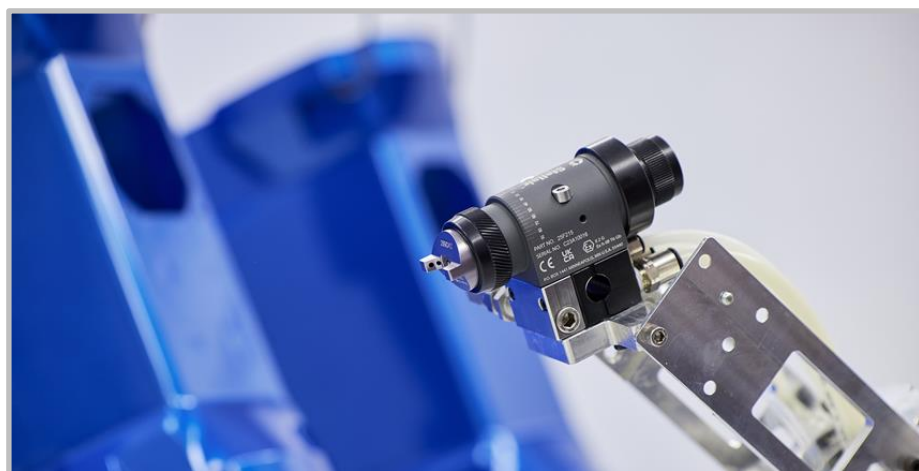
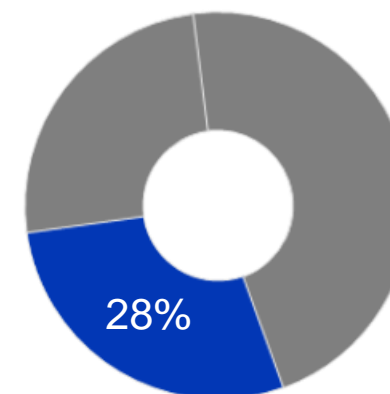


INDUSTRIAL SEGMENT RESULTS

\$ in millions

	First Quarter		
	2023	2022	Change
Net Sales			
Americas	\$ 63	\$ 54	17%
EMEA	48	48	0
Asia Pacific	39	43	(9)
Total	\$ 150	\$ 145	4%
Operating Earnings	\$ 53	\$ 53	0%
% of sales	35 %	36 %	

Q1 2023 Industrial Segment
Net Sales as % of Graco



Components of Net Sales Change

	Q1 2023	Q1 2023
Americas		
Volume & Price	17 %	
Acquisitions	0 %	
Currency	0 %	
Total	17 %	
Asia Pacific		
Volume & Price		(3)%
Acquisitions		0 %
Currency		(6)%
Total		(9)%
EMEA		
Volume & Price	5 %	
Acquisitions	0 %	
Currency	(5)%	
Total	0 %	
Segment Total		
Volume & Price		7 %
Acquisitions		0 %
Currency		(3)%
Total		4 %

INDUSTRIAL SEGMENT RESULTS

Change in % of net sales

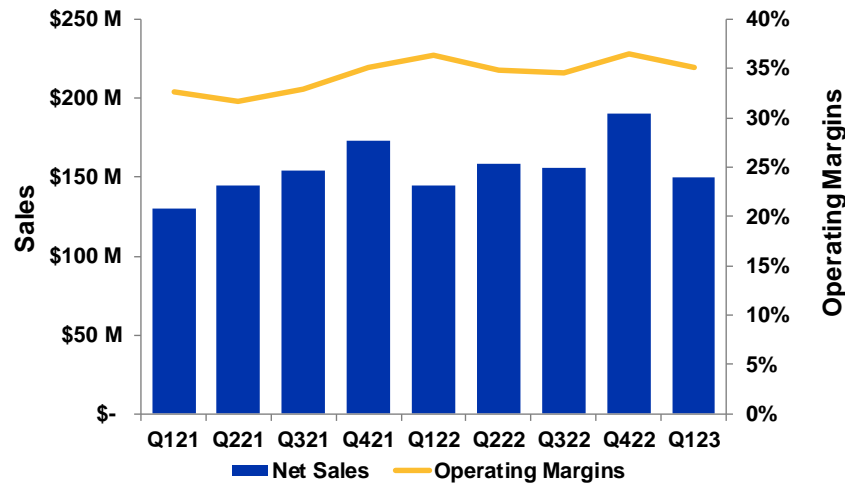
2022 Operating Earnings

Currency Translation

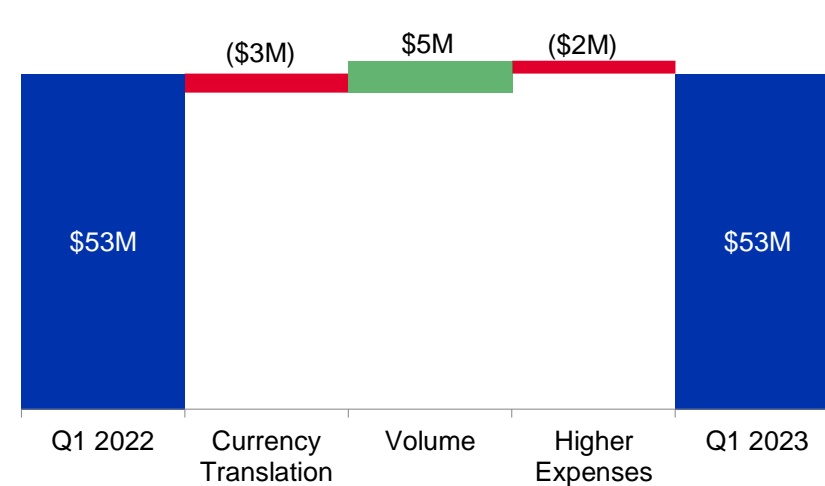
2023 Operating Earnings

First Quarter	
	36 %
	(1)
	35 %

Industrial Segment Net Sales and Operating Margins



Industrial Segment Operating Earnings QTD

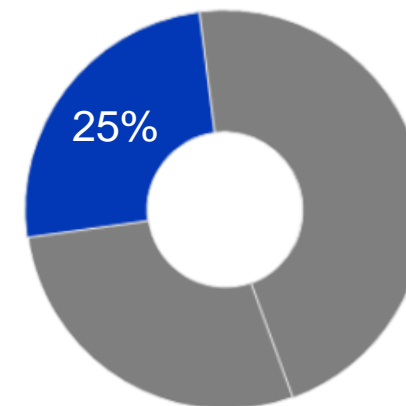


PROCESS SEGMENT RESULTS

\$ in millions

	First Quarter		
	2023	2022	Change
Net Sales			
Americas	\$ 85	\$ 68	24%
EMEA	19	17	9
Asia Pacific	30	30	3
Total	\$ 134	\$ 115	16%
Operating Earnings	\$ 41	\$ 27	48 %
% of sales	30 %	24 %	

Q1 2023 Process Segment
Net Sales as % of Graco



Components of Net Sales Change

	Q1 2023	Q1 2023	
Americas		Asia Pacific	
Volume & Price	22 %	Volume & Price	6 %
Acquisitions	2 %	Acquisitions	0 %
Currency	0 %	Currency	(3)%
Total	24 %	Total	3 %
EMEA		Segment Total	
Volume & Price	12 %	Volume & Price	16 %
Acquisitions	1 %	Acquisitions	2 %
Currency	(4)%	Currency	(2)%
Total	9 %	Total	16 %

PROCESS SEGMENT RESULTS

Change in % of net sales

2022 Operating Earnings

Currency translation

Price and cost

Volume effect on expense leverage

2023 Operating Earnings

First Quarter

24 %

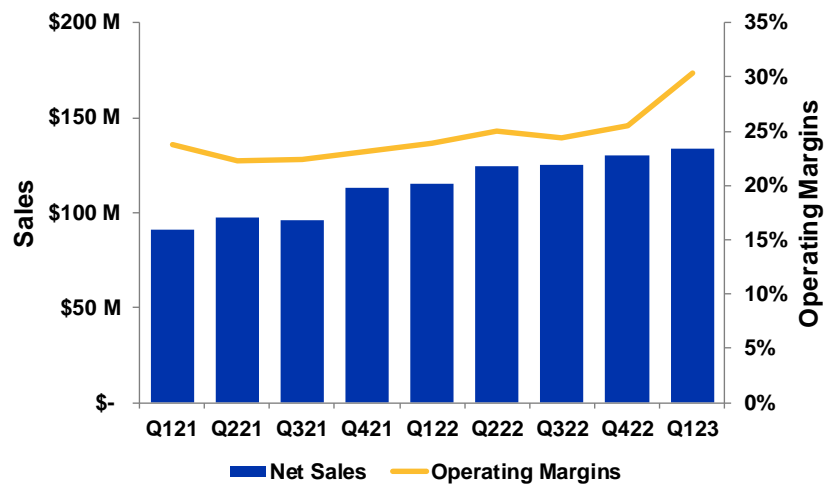
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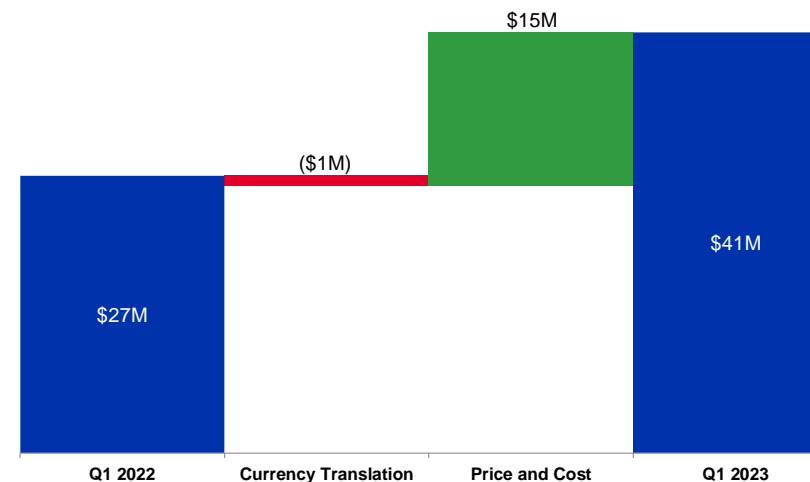
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30 %

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	First Quarter		
	2023	2022	Change
In millions except per share amounts			
Income taxes, as reported	\$ 28.2	\$ 22.1	28 %
Excess tax benefit from option exercises	2.6	1.5	
Income taxes, adjusted	<u>\$ 30.8</u>	<u>\$ 23.6</u>	<u>30 %</u>
Effective income tax rate			
As reported	17.9%	18.0%	
Adjusted	19.5%	19.2%	
Net earnings, as reported	\$ 129.2	\$ 100.8	28 %
Excess tax benefit from option exercises	(2.6)	(1.5)	
Net earnings, adjusted	<u>\$ 126.6</u>	<u>\$ 99.3</u>	<u>27 %</u>
Weighted average diluted shares	171.7	174.7	
Diluted earnings per share			
As reported	\$ 0.75	\$ 0.58	29 %
Adjusted	\$ 0.74	\$ 0.57	30 %



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