



## Acquisitions Drive Sales Growth

April 22, 2026

MINNEAPOLIS--(BUSINESS WIRE)--Apr. 22, 2026-- Graco Inc. (NYSE: GGG) today announced results for the first quarter ended March 27, 2026.

### Summary

\$ in millions except per share amounts

|   | Three Months Ended |                 |             |
|---|--------------------|-----------------|-------------|
|   | Mar 27,<br>2026    | Mar 28,<br>2025 | %<br>Change |
| Net Sales                                       | \$ 540.1           | \$ 528.3        | 2%          |
| Operating Earnings                              | 137.8              | 144.0           | (4)%        |
| Net Earnings                                    | 118.5              | 124.1           | (5)%        |
| Diluted Net Earnings per Common Share           | \$ 0.70            | \$ 0.72         | (3)%        |
| Adjusted (non-GAAP): <sup>(1)</sup>             |                    |                 |             |
| Net Earnings, adjusted                          | \$ 111.8           | \$ 120.5        | (7)%        |
| Diluted Net Earnings per Common Share, adjusted | \$ 0.66            | \$ 0.70         | (6)%        |

(1) Excludes the impact of excess tax benefits from stock option exercises. See Financial Results Adjusted for Comparability below for a reconciliation of adjusted non-GAAP financial measures to GAAP.

- Net sales for the first quarter increased 2 percent, with 5 percentage points of sales growth from acquired operations and 3 percentage points of sales growth from the effects of changes in currency translation rates. Sales growth for the quarter was partially offset by a 6 percentage point organic decline.
- The gross margin rate was lower than the first quarter last year, primarily due to unfavorable product and channel mix and lower margin rates of acquired operations. Price realization was able to mostly offset the impact of incremental tariffs of \$7 million.
- Operating expenses increased 7 percent, including 4 percentage points from acquired operations and 3 percentage points from the effects of currency translation.
- Operating earnings decreased 4 percent, due to a lower gross margin rate and increased expenses.
- Net earnings decreased 5 percent for the first quarter. Adjusted net earnings decreased 7 percent, driven by lower operating earnings and a prior year gain from the sale of a former manufacturing and distribution facility in Switzerland that did not repeat.

"Sales increased 2 percent in the quarter, with contributions from acquired businesses offsetting organic revenue declines," said Mark Sheahan, Graco's President and Chief Executive Officer. "In the Contractor segment, demand in infrastructure-related markets continued to be strong and resilient while residential construction activity remained soft. Industrial segment results were impacted by the timing of completion of powder finishing systems and other project activity. Despite a slower start to the year, incoming order rates improved as we progressed throughout the quarter."

### Consolidated Results

Net sales for the first quarter increased 2 percent from the comparable period last year. First quarter net sales increased 3 percent in the Americas (3 percent at consistent translation rates), increased 4 percent in EMEA (decreased 5 percent at consistent translation rates), and decreased 5 percent in Asia Pacific (8 percent at consistent translation rates). Changes in currency translation rates increased net sales by approximately \$17 million for the first quarter. Acquired operations contributed \$26 million of sales growth for the first quarter.

The first quarter gross margin rate was lower than the first quarter last year, primarily due to unfavorable product and channel mix and lower margin rates of acquired operations. Price realization was able to mostly offset the impact of incremental tariffs of \$7 million.

Total operating expenses for the first quarter increased \$9 million (7 percent), including approximately \$5 million (4 percentage points) from acquired operations and \$4 million (3 percentage points) from the effects of currency translation.

Other non-operating income for the first quarter decreased \$5 million compared to the same period last year due to a prior year gain from the sale of a former manufacturing and distribution facility in Switzerland that did not repeat.

The effective income tax rate was 15 percent for the quarter, down approximately 3 percentage points from the first quarter last year. The decrease was due primarily to an increase in excess tax benefits related to stock option exercises. Adjusted to exclude the impacts of excess tax benefits from stock option exercises (see Financial Results Adjusted for Comparability below), the adjusted effective income tax rate of 20 percent was comparable to the same period last year.

## Segment Results

Management assesses performance of segments by reference to operating earnings excluding unallocated corporate expenses. For a reconciliation of segment operating earnings to consolidated operating earnings, refer to the segment information table included in the financial statement section of this release. Certain measurements of segment operations are summarized below:

|   | Three Months |            |                   |
|---|--------------|------------|-------------------|
|   | Contractor   | Industrial | Expansion Markets |
| Net Sales (in millions)                     | \$ 260.0     | \$ 240.4   | \$ 39.7           |
| Percentage change from last year            |              |            |                   |
| Sales                                       | 2%           | 4%         | (4)%              |
| Operating earnings                          | 0%           | (5)%       | (4)%              |
| Operating earnings as a percentage of sales |              |            |                   |
| 2026  | 24%          | 32%        | 24%               |
| 2025  | 24%          | 34%        | 24%               |

Components of net sales change by geographic region for the Contractor segment were as follows:

|              | Three Months     |              |          |       |
|--------------|------------------|--------------|----------|-------|
|              | Volume and Price | Acquisitions | Currency | Total |
| Americas     | (2)%             | 4%           | 1%       | 3%    |
| EMEA         | (6)%             | 0%           | 9%       | 3%    |
| Asia Pacific | (12)%            | 0%           | 5%       | (7)%  |
| Consolidated | (4)%             | 3%           | 3%       | 2%    |

Contractor segment net sales increased 2 percent for the first quarter compared to the same period last year. Incremental sales from acquired operations and favorable changes in currency translation rates were partially offset by continued weakness in the worldwide construction markets. The operating margin rate was flat as price realization offset higher product costs, including increased tariff costs of \$4 million.

Components of net sales change by geographic region for the Industrial segment were as follows:

|              | Three Months     |              |          |       |
|--------------|------------------|--------------|----------|-------|
|              | Volume and Price | Acquisitions | Currency | Total |
| Americas     | 1%               | 6%           | 1%       | 8%    |
| EMEA         | (22)%            | 18%          | 10%      | 6%    |
| Asia Pacific | (12)%            | 1%           | 2%       | (9)%  |
| Consolidated | (8)%             | 8%           | 4%       | 4%    |

Industrial segment sales growth for the first quarter included \$20 million (8 percentage points) from acquired operations, which more than offset the impact of the timing of finishing system sales and other project activity compared to the first quarter last year. Higher product costs, including increased tariff costs of \$3 million, and unfavorable product and channel mix drove a 2 percentage point decline in the operating margin rate for the quarter.

Components of net sales change by geographic region for the Expansion Markets segment were as follows:

|              | Three Months     |              |          |       |
|--------------|------------------|--------------|----------|-------|
|              | Volume and Price | Acquisitions | Currency | Total |
| Americas     | (15)%            | 0%           | 0%       | (15)% |
| EMEA         | (6)%             | 0%           | 2%       | (4)%  |
| Asia Pacific | 28%              | 0%           | 0%       | 28%   |
| Consolidated | (5)%             | 0%           | 1%       | (4)%  |

Net sales for the first quarter in the Expansion Markets segment decreased 4 percent, primarily due to lower semiconductor application sales in the Americas. The decline in sales volume was offset by lower expenses and an improved gross margin rate, resulting in an operating margin rate that was comparable to the same period last year.

## Outlook

"We are maintaining our 2026 revenue guidance of low single-digit organic growth on a constant-currency basis and mid-single-digit growth including the expected sales from acquisitions," said Sheahan. "Housing related markets remain challenged, especially in the Americas, but we are seeing pockets of growth across a range of industrial applications. While organic sales declined in the quarter due to timing of powder equipment project activity, organic order backlog increased 13% from the end of 2025, driven by strong order cadence as we exited the quarter. This momentum

reinforces our confidence in maintaining our full-year outlook."

### Financial Results Adjusted for Comparability

Excluding the impact of excess tax benefits from stock option exercises presents a more consistent basis for comparison of financial results. A calculation of the non-GAAP adjusted measurements of earnings before income taxes, income taxes, effective income tax rate, net earnings and diluted earnings per share follows (in millions except per share amounts):

|  | Three Months Ended |                 |
|--|--------------------|-----------------|
|  | Mar 27,<br>2026    | Mar 28,<br>2025 |
| Earnings before income taxes             | \$ 140.1           | \$ 151.5        |
| Income taxes, as reported                | \$ 21.6            | \$ 27.4         |
| Excess tax benefit from option exercises | 6.7                | 3.6             |
| Income taxes, adjusted                   | \$ 28.3            | \$ 31.0         |
| Effective income tax rate                |                    |                 |
| As reported                              | 15.4%              | 18.1%           |
| Adjusted                                 | 20.2%              | 20.5%           |
| Net Earnings, as reported                | \$ 118.5           | \$ 124.1        |
| Excess tax benefit from option exercises | (6.7)              | (3.6)           |
| Net Earnings, adjusted                   | \$ 111.8           | \$ 120.5        |
| Weighted Average Diluted Shares          | 168.3              | 171.6           |
| Diluted Earnings per Share               |                    |                 |
| As reported                              | \$ 0.70            | \$ 0.72         |
| Adjusted                                 | \$ 0.66            | \$ 0.70         |

### Cautionary Statement Regarding Forward-Looking Statements

The Company desires to take advantage of the "safe harbor" provisions regarding forward-looking statements of the Private Securities Litigation Reform Act of 1995 and is filing this Cautionary Statement in order to do so. From time to time various forms filed by our Company with the Securities and Exchange Commission, including our Form 10-K, Form 10-Qs and Form 8-Ks, and other disclosures, including our 2025 Overview report, press releases, earnings releases, analyst briefings, conference calls and other written documents or oral statements released by our Company, may contain forward-looking statements. Forward-looking statements generally use words such as "expect," "foresee," "anticipate," "believe," "project," "should," "estimate," "will," and similar expressions, and reflect our Company's expectations concerning the future. All forecasts and projections are forward-looking statements. Forward-looking statements are based upon currently available information, but various risks and uncertainties may cause our Company's actual results to differ materially from those expressed in these statements. The Company undertakes no obligation to update these statements in light of new information or future events.

Future results could differ materially from those expressed, due to the impact of changes in various factors. These risk factors include, but are not limited to, risks relating to the demand for our products and the level of commercial, industrial and construction activity worldwide; changes in currency translation rates; international and domestic instability; interest rate fluctuations and changes in credit markets; global sourcing of materials; inflationary cost pressures and our ability to raise prices without decreasing demand for our products; interruptions of or intrusions into our information systems; intellectual property rights; the use of generative artificial intelligence and other emerging technologies; conducting business internationally; catastrophic events; our ability to attract, develop and retain qualified personnel; public health crises; our growth strategies and acquisitions; potential goodwill impairment; our ability to compete effectively; our dependence on a few large customers; our dependence on cyclical industries; changes in laws and regulations; climate-related laws, regulations and accords; environmental, social and governance-related expectations and requirements; compliance with anti-corruption and trade laws; changes in tax or tariff rates or the adoption of new tax or tariff legislation; and costs associated with legal proceedings. Please refer to Item 1A of our Annual Report on Form 10-K for fiscal year 2025 (and the most recent Form 10-Q) for a more comprehensive discussion of these and other risk factors. These reports are available on the Company's website at [www.graco.com](http://www.graco.com) and the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). Shareholders, potential investors and other readers are urged to consider these factors in evaluating forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements.

Investors should realize that factors other than those identified above and in Item 1A of our Annual Report on Form 10-K for fiscal year 2025 might prove important to the Company's future results. It is not possible for management to identify each and every factor that may have an impact on the Company's operations in the future as new factors can develop from time to time.

### Conference Call

Graco management will hold a conference call, including slides via webcast, with analysts and institutional investors on Thursday, April 23, 2026, at 11 a.m. ET, 10 a.m. CT, to discuss Graco's first quarter results.

A real-time listen-only webcast of the conference call will be broadcast by Nasdaq. Individuals can access the call and view the slides on the Company's website at [www.graco.com](http://www.graco.com). Listeners should go to the website at least 15 minutes prior to the live conference call to install any necessary

audio software.

## About Graco

Graco Inc. supplies technology and expertise for the management of fluids and coatings in both industrial and commercial applications. It designs, manufactures and markets systems and equipment to move, measure, control, dispense and spray fluid and powder materials. A recognized leader in its specialties, Minneapolis-based Graco serves customers around the world in the manufacturing, processing, construction and maintenance industries. For additional information about Graco Inc., please visit us at [www.graco.com](http://www.graco.com).

### GRACO INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited) (In thousands except per share amounts)

|                                     | Three Months Ended |                   |
|-------------------------------------|--------------------|-------------------|
|                                     | Mar 27,<br>2026    | Mar 28,<br>2025   |
| Net Sales                           | \$ 540,144         | \$ 528,284        |
| Cost of products sold               | 259,503            | 250,551           |
| Gross Profit                        | 280,641            | 277,733           |
| Product development                 | 19,974             | 19,375            |
| Selling, marketing and distribution | 70,019             | 67,211            |
| General and administrative          | 52,873             | 47,134            |
| Operating Earnings                  | 137,775            | 144,013           |
| Interest expense                    | 836                | 713               |
| Other (income) expense, net         | (3,149)            | (8,174)           |
| Earnings Before Income Taxes        | 140,088            | 151,474           |
| Income taxes                        | 21,582             | 27,373            |
| Net Earnings                        | <u>\$ 118,506</u>  | <u>\$ 124,101</u> |
| Net Earnings per Common Share       |                    |                   |
| Basic                               | \$ 0.72            | \$ 0.74           |
| Diluted                             | \$ 0.70            | \$ 0.72           |
| Weighted Average Number of Shares   |                    |                   |
| Basic                               | 165,632            | 168,560           |
| Diluted                             | 168,334            | 171,581           |

### SEGMENT INFORMATION (Unaudited) (In thousands)

|                                 | Three Months Ended |                   |
|---------------------------------|--------------------|-------------------|
|                                 | Mar 27,<br>2026    | Mar 28,<br>2025   |
| Net Sales                       |                    |                   |
| Contractor                      | \$ 259,981         | \$ 255,032        |
| Industrial                      | 240,412            | 231,653           |
| Expansion Markets               | 39,751             | 41,599            |
| Total                           | <u>\$ 540,144</u>  | <u>\$ 528,284</u> |
| Operating Earnings              |                    |                   |
| Contractor                      | \$ 62,235          | \$ 61,930         |
| Industrial                      | 75,807             | 79,595            |
| Expansion Markets               | 9,644              | 10,065            |
| Unallocated corporate (expense) | (9,911)            | (7,577)           |
| Total                           | <u>\$ 137,775</u>  | <u>\$ 144,013</u> |

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