



Investor Presentation

4th Quarter and Year-End 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

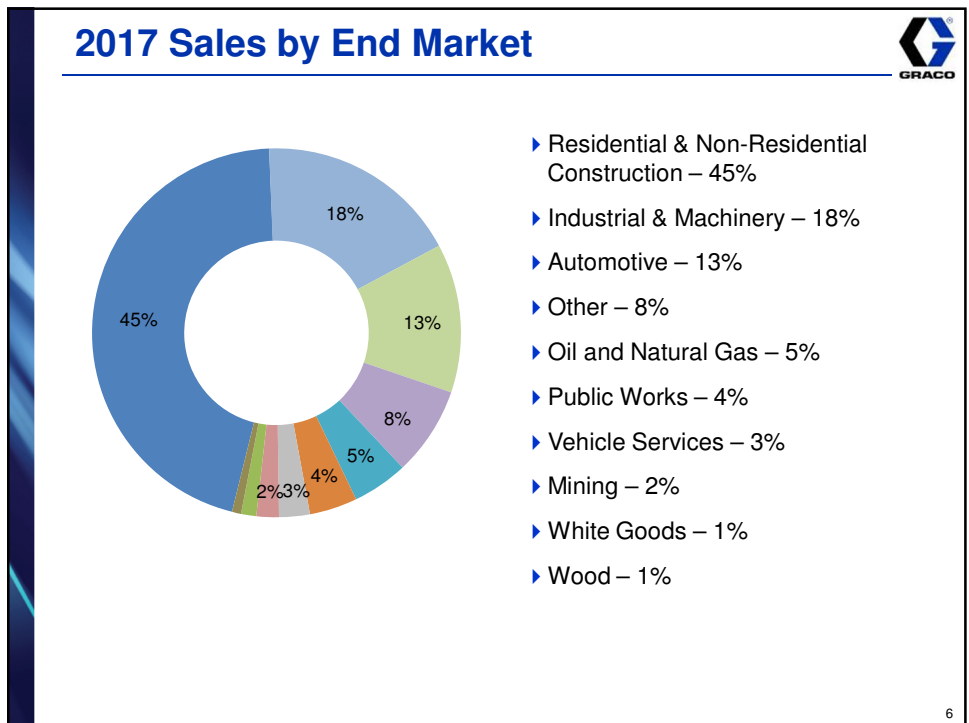
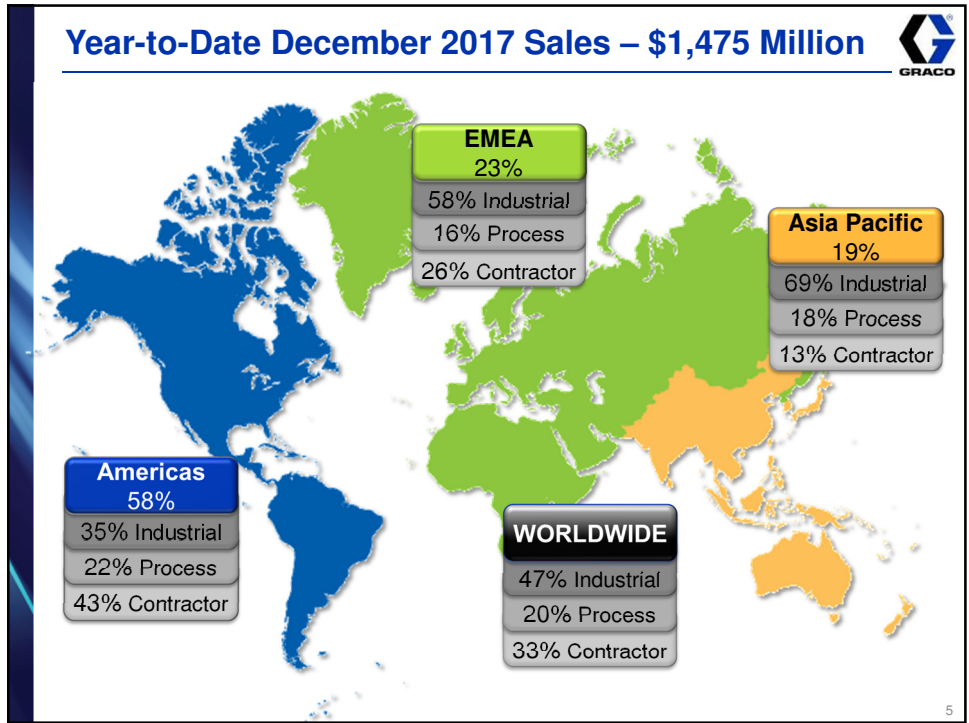
- ◆ Enduring Business Model
- ◆ Strategies for Long-Term Growth
 - Invest in New Products
 - Global Expansion
 - Target New Markets
 - Make Acquisitions
- ◆ Company Performance

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



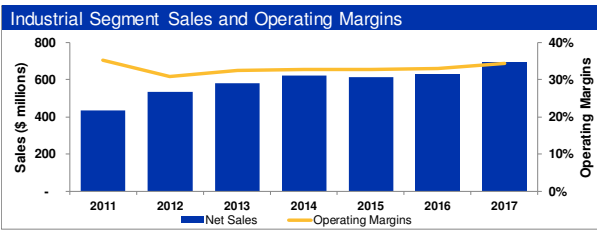


Industrial Equipment Segment

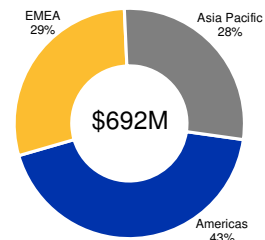


- ▶ Growth Drivers and Trends
 - Factory movements and upgrades
 - Integration of equipment with factory data and control systems
 - Reducing energy consumption
 - Material changes driving demand

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



2017 Sales



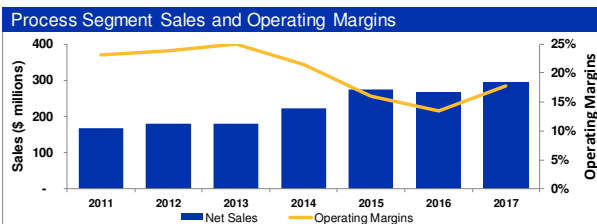
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Process Equipment Segment

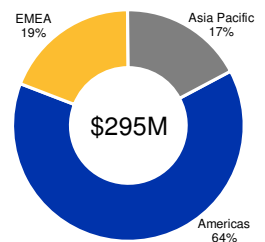


- ▶ Growth Drivers and Trends
 - Targeting new products and new markets
 - Fill product lines for a single source solution
 - Focus on spec'ing in product at large OEM's

- ▶ Other Representative Industry Participants
 - IDEX, Dover, IR, Lincoln, Vogel, Bijur, Hannay, Coxreels and regional players



2017 Sales



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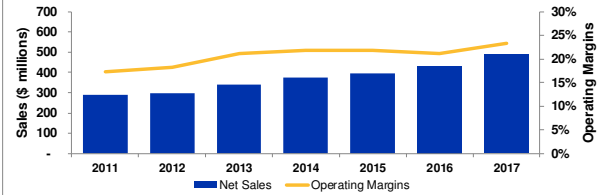
Contractor Equipment Segment



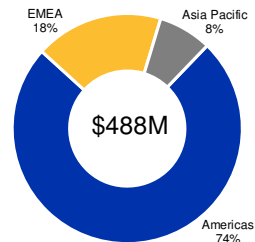
- ▶ Growth Drivers and Trends
 - Conversion of end users from manual application methods to equipment is a major focus outside North America
 - Application of texture & cementitious materials
 - Entry level product & channel expansion
 - Expanding pavement maintenance product line and channel
- ▶ Other Representative Industry Participants
 - Wagner, Titan, Campbell Hausfeld, Bedford, QTech and regional players



Contractor Segment Sales and Operating Margins



2017 Sales



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- ◆ Overview
- ✓ **Enduring Business Model**
- ◆ Strategies for Long-Term Growth
 - Invest in New Products
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 - Make Acquisitions
- ◆ Company Performance



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



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Low Volume, High Mix Delivers Customer ROI

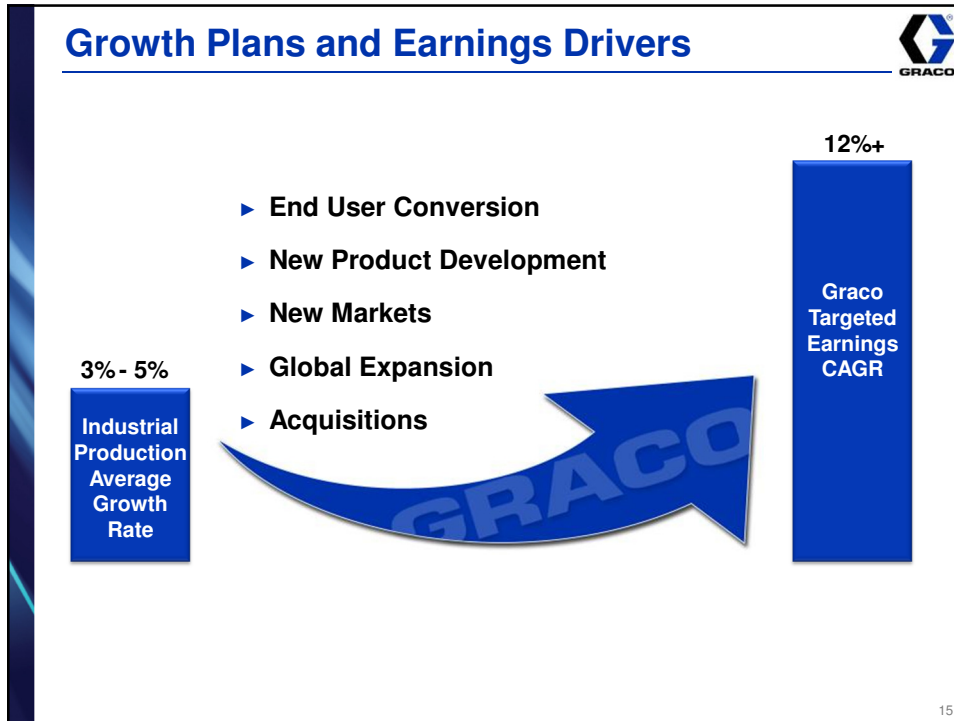


Average Number of Units Sold Per Day	# of SKUs		2016 Sales (\$ in millions)	
0 - 1	55,600	90%	\$ 614	46%
2 - 5	4,200	7%	\$ 282	21%
6 - 10	800	1%	\$ 112	8%
11 - 15	300	1%	\$ 49	4%
Greater than 15	700	1%	\$ 272	21%
Graco 2016 Sales			\$1,329	

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- ◆ Overview
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- ✓ **Strategies for Long-Term Growth**
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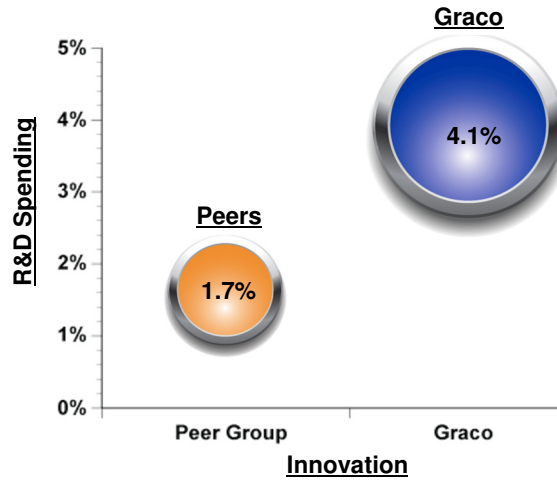


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Targeting Growth Through New Products & Markets



New Product Development Expense as a Percentage of Revenues – 2017*



* Peer average R&D spending as a percentage of revenues based on 2016 data

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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

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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.

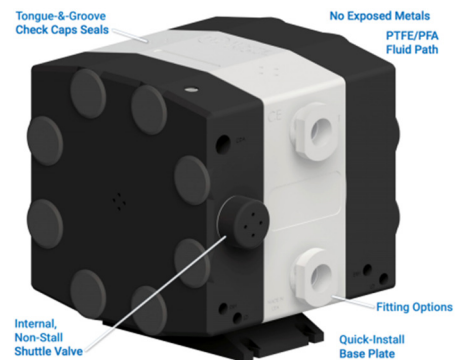
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Process – PSB Series



High-Purity AODD Chemical Pumps

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



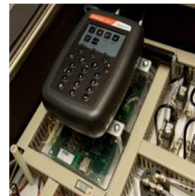
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Process – BIOGAS 3000



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

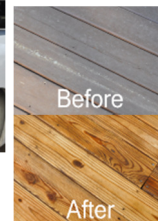


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Industrial – EcoQuip® 2 EQp



- ▶ 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



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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



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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



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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



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Contractor – 2017 New Products



Battery Powered Line Striper

- ▶ Industry's first professional electric striper
- ▶ Featuring ePower™ 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
















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Recent Acquisitions by Segment

<u>Industrial</u>	<u>Process</u>	<u>Contractor</u>
▶  EcoQuip <small>VAPOR ABRASIVE™ BLAST EQUIPMENT</small>	▶  QED ™ <small>Environmental Systems</small>	▶  SMITH <small>MANUFACTURING</small>
▶  Geo-BLASTER <small>WET-ABRASIVE BLASTING EQUIPMENT</small>	▶  ALCO ™ <small>VALVES GROUP</small>	
▶  MULTIMAQ <small>spray way</small>	▶  WHITE KNIGHT <small>...change others</small>	
▶  machine <small>TECHNOLOGIES</small>	▶  HiP ™ High Pressure Equipment Company	
▶  hildebrand <small>TECHNOLOGY</small>	▶  EPS <small>Environmental Pump Solutions</small>	
	▶  Geotech ™ & LANOTEC ®	
	▶  ATZ APPLIED <small>TECHNOLOGIES</small>	

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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

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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Smith Manufacturing – Acquired Dec 2017



- Established 1990
- Located in Pompano Beach, Florida
- US manufacturer of surface preparation and grinding equipment
- Popular applications include line removal for road construction, road maintenance, and concrete flooring/surfaces
- Broad product line



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Financial Results



Statement of Earnings	Fourth Quarter			Year		
	2017 13 Weeks	2016 14 Weeks	Change	2017 52 Weeks	2016 53 Weeks	Change
\$ in millions except per share amounts						
Sales	\$ 375	\$ 349	7 %	\$ 1,475	\$ 1,329	11 %
Gross Profit	200	185	8 %	793	708	12 %
% of Sales	53.5 %	52.9 %	0.6 pts	53.8 %	53.3 %	0.5 pts
Operating Earnings (Loss)	76	(107)	171 %	360	114	217 %
% of Sales	20.3 %	(30.6)%	50.9 pts	24.4 %	8.6 %	15.8 pts
Net Earnings (Loss)	\$ 36	\$ (104)	135 %	\$ 252	\$ 41	521 %
% of Sales	9.7 %	(29.8)%	39.5 pts	17.1 %	3.1 %	14.0 pts
Diluted Earnings (Loss) Per Share	\$ 0.21	\$ (0.61)	134 %	\$ 1.45	\$ 0.24	504 %
Diluted Shares in Millions	175.7	171.3		174.3	170.9	
Net Earnings, Adjusted (1)	\$ 59	\$ 57	4 %	\$ 249	\$ 202	23 %
Diluted Earnings Per Share, Adjusted (1)	\$ 0.34	\$ 0.33	3 %	\$ 1.43	\$ 1.18	21 %

(1) Net earnings and diluted earnings per share for 2017 and 2016 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 measures to GAAP

Non-GAAP Disclosure Reconciliation

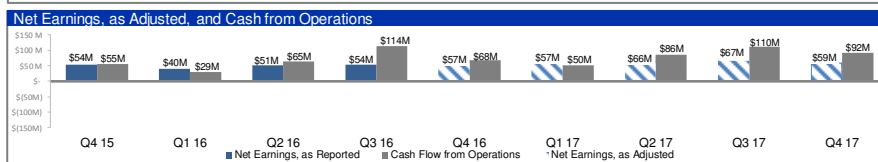
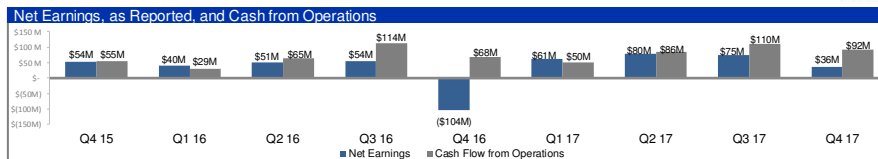


There were multiple events in the last two years that caused significant fluctuations in financial results, including impairment charges recorded in 2016, changes in accounting for tax benefits related to stock compensation, federal income tax reform and pension plan restructuring in 2017. Excluding the impacts of those events presents a more consistent basis for comparison of financial results. A calculation of the non-GAAP measurements of adjusted operating earnings, income taxes, effective income tax rates, net earnings and diluted earnings per share follows:

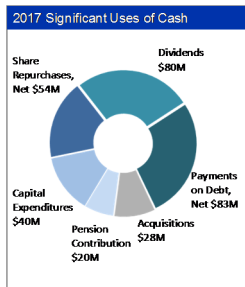
Non-GAAP Reconciliation \$ in millions except per share amounts	Fourth Quarter			Year-to-Date		
	2017	2016	Change	2017	2016	Change
Operating earnings (loss), as reported	\$ 76.2	\$ (106.9)	171 %	\$ 360.4	\$ 113.9	217 %
Pension settlement loss	12.1	-		12.1	-	
Impairment	-	192.0		-	192.0	
Operating earnings, adjusted	\$ 88.3	\$ 85.1	4 %	\$ 372.5	\$ 305.9	22 %
Income taxes, as reported	\$ 37.1	\$ (6.8)	646 %	\$ 94.7	\$ 56.0	69 %
Excess tax benefit from option exercises	15.8	-		36.3	-	
Income tax reform	(35.6)	-		(35.6)	-	
Other non-recurring tax changes	4.5	-		10.0	-	
Tax effects of adjustments	4.4	30.6		4.4	30.6	
Income taxes, adjusted	\$ 26.2	\$ 23.8	10 %	\$ 109.8	\$ 86.6	27 %
Effective income tax rate						
As reported	51%	6%		27%	58%	
Adjusted	31%	29%		31%	30%	
Net earnings (loss), as reported	\$ 36.4	\$ (104.2)	135 %	\$ 252.4	\$ 40.7	521 %
Pension settlement loss, net	7.7	-		7.7	-	
Impairment, net	-	161.4		-	161.4	
Excess tax benefit from option exercises	(15.8)	-		(36.3)	-	
Income tax reform	35.6	-		35.6	-	
Other non-recurring tax changes	(4.5)	-		(10.0)	-	
Net earnings, adjusted	\$ 59.4	\$ 57.2	4 %	\$ 249.4	\$ 202.1	23 %
Weighted Average Diluted Shares, in millions	175.7	171.3		174.3	170.9	
Diluted Earnings per Share						
As reported	\$ 0.21	\$ (0.61)	134 %	\$ 1.45	\$ 0.24	504 %
Adjusted	\$ 0.34	\$ 0.33	3 %	\$ 1.43	\$ 1.18	21 %

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Cash Flow and Liquidity



See Q4 17 non-GAAP reconciliation on page 33



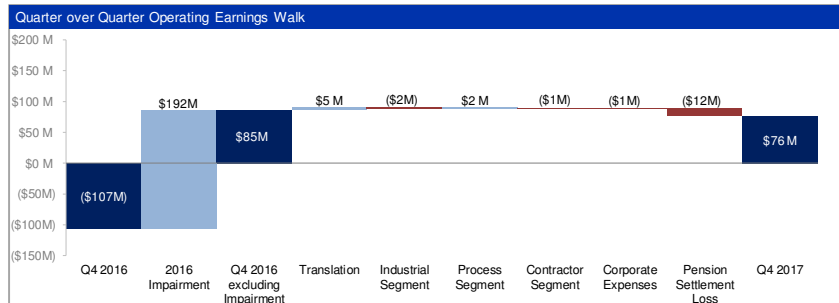
- ▶ Net cash provided by operating activities was \$338 million in 2017 vs. \$276 million in 2016
- ▶ Changes in working capital are in line with volume growth
- ▶ The Company contributed \$20 million to the U.S. pension plan during third quarter
- ▶ Notes payable of \$75 million were repaid during fourth quarter, debt at year end totaled \$233 million
 - Interest expense down \$1.4 million from 2016
- ▶ Share repurchases, net of shares issued, totaled \$54 million in 2017

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Operating Earnings



Change in Operating Earnings	Fourth Quarter		Year-to-Date	
	\$	%	\$	%
2016 Operating Earnings/(Loss) (\$M and % of sales)	(\$107)	(31)%	\$ 114	9 %
2016 Oil and Natural Gas impairment of intangible assets	192	55	192	14
2016 Operating Earnings - excluding impairment	\$ 85	24 %	\$ 306	23 %
Translation effect	5	2	2	0
Volume, price and cost	10	0	86	0
Volume and earnings based incentives	(5)	(1)	(13)	(1)
Investment in regional and product growth initiatives	(1)	0	(3)	0
Decrease in intangible amortization related to 2016 Oil and Natural Gas impairment	0	0	3	0
Unallocated corporate expenses	(1)	(1)	(3)	0
Volume effect on expense leverage	(5)	0	(6)	3
2017 Operating Earnings - Excluding Pension Settlement Loss	\$ 88	24 %	\$ 372	25 %
Pension settlement loss	(12)	(4)	(12)	(1)
2017 Operating Earnings (\$M and % of sales)	\$ 76	20 %	\$ 360	24 %



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Notable Info from Q4 2017 Earnings Release & Call



- ▶ 3-for-1 stock split completed on December 27, 2017
- ▶ Notes payable of \$75 million were repaid during the fourth quarter
- ▶ As discussed in the third quarter, the Company has restructured its U.S. pension plan, with the purchase of annuities for certain plan participants. The Company's U.S. pension liabilities and assets were reduced by \$42 million and a pension settlement charge of \$12 million (\$0.04 per diluted share) was recorded in general and administrative expenses during the fourth quarter
- ▶ U.S. federal income tax reform legislation passed at the end of 2017 (Tax Reform) required a revaluation of the net deferred tax assets of approximately \$29 million and instituted a toll charge on repatriated foreign earnings of approximately \$7 million that increased the tax provision by a total of \$36 million (\$0.20 per diluted share)
- ▶ 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 \$16 million (\$0.09 per diluted share) for the fourth quarter and \$36 million (\$0.21 per diluted share) for the year
- ▶ Capital expenditure expectations of approximately \$40 million in 2018, excluding bricks and mortar
 - Planning and design for several production and distribution facilities that are nearing capacity is underway
- ▶ Unallocated corporate expenses in 2018 are expected to be approximately \$32 - \$34 million
- ▶ Interest expense in 2018 is expected to be approximately \$13 - \$14 million
- ▶ The anticipated 2018 tax rate is expected to be approximately 21%-23%, taking into account the reduced U.S. corporate tax rate, the applicable international rates and our current income split between the various jurisdictions in which we do business
- ▶ At current exchange rates, assuming the same volumes, mix of products and mix of business by currency as in 2017, the favorable movement in foreign currencies would increase sales approximately 3% and increase earnings approximately 7%, with the greatest benefit in the first half

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Tax Items



- ▶ The effective tax rate for the fourth quarter 2017 was 51% compared to a rate of 29% last year, excluding the impact of the 2016 impairment which decreased the 2016 rate approximately 23 percentage points
 - 2017 Tax Reform increased the rate approximately 48 percentage points; revaluation of deferred taxes (\$29 million) 39 percentage points and repatriation toll charge (\$7 million) 9 percentage points
 - 2017 tax rate benefited approximately 21 percentage points from the adoption of a new accounting standard requiring excess tax benefits related to stock option exercises to be credited to the income tax provision, \$16 million
 - 2017 tax rate benefited approximately 6 percentage points from non-recurring tax benefits net of the tax effect of adjustments
- ▶ The effective tax rate for 2017 was 27% compared to 30% last year, excluding the impact of the 2016 impairment which increased the 2016 rate approximately 28 percentage points
 - 2017 Tax Reform increased the rate approximately 10 percentage points; revaluation of deferred taxes \$29 million, 8 percentage points and repatriation toll charge of \$7 million, 2 percentage points
 - 2017 tax rate benefited 10 percentage points from the adoption of a new accounting standard requiring excess tax benefits related to stock option exercises to be credited to the income tax provision, \$36 million
 - 2017 tax rate benefited approximately 3 percentage points from non-recurring tax benefits net of the tax effect of adjustments
- ▶ Under the Tax Reform legislation, for tax years beginning January 1, 2018, the U.S. corporate tax rate will be 21%. While the Company's future U.S. income will be taxed at the U.S. corporate rate, the Company's international income will be taxed at the applicable rates in the respective countries of domicile. Based on our current income split between the various jurisdictions in which we do business, we anticipate the 2018 tax rate will be approximately 21%- 23%

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Full Year 2017 Results



- ▶ Sales increase of 11%
 - Currency translation rates and acquired businesses had no significant impact on the year
 - Fourth quarter 2016 included an extra week compared to our normal fiscal calendar
- ▶ Gross margin rate up 0.5 percentage point from 2016
 - Higher factory volume and realized pricing partially offset by negative product and channel mix
- ▶ Operating earnings, as adjusted, are up \$67 million, or 22%, from 2016
 - Higher sales volume and expense leverage
 - Higher sales and earnings based incentives, \$13 million
 - Lower intangible amortization related to the 2016 Oil and Natural Gas impairment, \$3 million
- ▶ Tax rate for 2017, as adjusted, was 31%, up from 30% in 2016, as adjusted
 - 2016 rate included favorable impact from non-recurring tax planning benefits

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Current Environment and Outlook



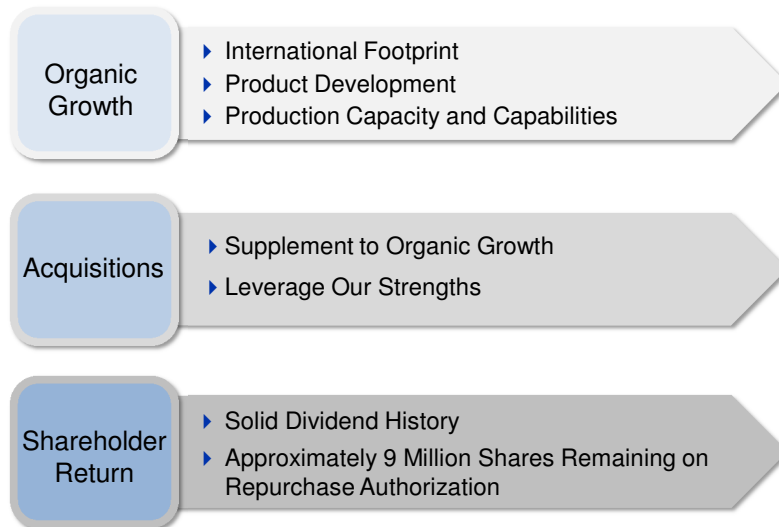
Constant currency basis and excluding acquisitions completed in the prior 12 months

	Americas	EMEA	Asia Pacific	Worldwide
Current Environment	Sales Growth Q4 2017 4% Full Year 2017 9%	Sales Growth Q4 2017 4% Full Year 2017 9%	Sales Growth Q4 2017 9% Full Year 2017 17%	Sales Growth Q4 2017 5% Full Year 2017 11%
Industrial Segment	Environment Unchanged Sales Growth Q4 2017 (1%) Full Year 2017 6%	Environment Unchanged Sales Growth Q4 2017 (2%) Full Year 2017 8%	Environment Unchanged Sales Growth Q4 2017 10% Full Year 2017 18%	Sales Growth Q4 2017 1% Full Year 2017 9%
Contractor Segment	Environment Unchanged Sales Growth Q4 2017 10% Full Year 2017 12%	Environment Unchanged Sales Growth Q4 2017 11% Full Year 2017 17%	Environment Unchanged Sales Growth Q4 2017 (2%) Full Year 2017 9%	Sales Growth Q4 2017 9% Full Year 2017 12%
Process Segment	Environment Unchanged Sales Growth Q4 2017 4% Full Year 2017 10%	Environment Unchanged Sales Growth Q4 2017 14% Full Year 2017 9%	Environment Unchanged Sales Growth Q4 2017 15% Full Year 2017 17%	Sales Growth Q4 2017 7% Full Year 2017 11%
Full Year 2018 Outlook	Mid-Single-digit	Mid-Single-digit	Mid-Single-digit	Mid-Single-digit

We are initiating an outlook for the full-year 2018 of mid-single-digit growth on an organic, constant currency basis, with growth expected in every region and reportable segment. Demand levels in the fourth quarter remained solid and provide a foundation for our full-year outlook. While Industrial segment sales growth in the fourth quarter was low, bookings were better than billings and indicative of a capital equipment environment that remains stable-to-improving.

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Long-Term Cash Deployment Priorities

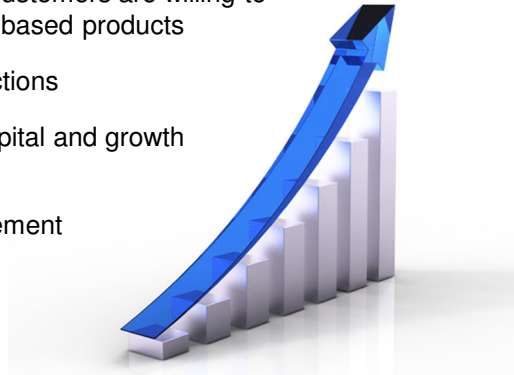


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Key Investment Attributes



- ▶ 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



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Financial Summary Q4 2017

Appendix

Financial Results – Fourth Quarter



Statement of Earnings		Fourth Quarter		
\$ in millions except per share amounts	2017	2016	Change	
	13 Weeks	14 Weeks		
Sales	\$ 375	\$ 349		7 %
Gross Profit	200	185		8 %
% of Sales	53.5 %	52.9 %		0.6 pts
Operating Earnings (Loss)	76	(107)		171 %
% of Sales	20.3 %	(30.6)%		50.9 pts
Net Earnings (Loss)	\$ 36	\$ (104)		135 %
% of Sales	9.7 %	(29.8)%		39.5 pts
Diluted Earnings (Loss) Per Share	\$ 0.21	\$ (0.61)		134 %
<i>Diluted Shares in Millions</i>	<i>175.7</i>	<i>171.3</i>		
<i>Net Earnings, Adjusted (1)</i>	<i>\$ 59</i>	<i>\$ 57</i>		<i>4 %</i>
<i>Diluted Earnings Per Share, Adjusted (1)</i>	<i>\$ 0.34</i>	<i>\$ 0.33</i>		<i>3 %</i>

(1) Net earnings and diluted earnings per share for 2017 and 2016 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 measures to GAAP

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Non-GAAP Disclosure Reconciliation



There were multiple events in the last two years that caused significant fluctuations in financial results, including impairment charges recorded in 2016, changes in accounting for tax benefits related to stock compensation, federal income tax reform and pension plan restructuring in 2017. Excluding the impacts of those events presents a more consistent basis for comparison of financial results. A calculation of the non-GAAP measurements of adjusted operating earnings, income taxes, effective income tax rates, net earnings and diluted earnings per share follows:

Non-GAAP Reconciliation		Fourth Quarter		
\$ in millions except per share amounts	2017	2016	Change	
	Operating earnings (loss), as reported	\$ 76.2		
Pension settlement loss	12.1	-		
Impairment	-	192.0		
Operating earnings, adjusted	\$ 88.3	\$ 85.1		4 %
Income taxes, as reported	\$ 37.1	\$ (6.8)		646 %
Excess tax benefit from option exercises	15.8	-		
Income tax reform	(35.6)	-		
Other non-recurring tax changes	4.5	-		
Tax effects of adjustments	4.4	30.6		
Income taxes, adjusted	\$ 26.2	\$ 23.8		10 %
Effective income tax rate				
As reported	51%	6%		
Adjusted	31%	29%		
Net earnings (loss), as reported	\$ 36.4	\$ (104.2)		135 %
Pension settlement loss, net	7.7	-		
Impairment, net	-	161.4		
Excess tax benefit from option exercises	(15.8)	-		
Income tax reform	35.6	-		
Other non-recurring tax changes	(4.5)	-		
Net earnings, adjusted	\$ 59.4	\$ 57.2		4 %
Weighted Average Diluted Shares, in millions	175.7	171.3		
Diluted Earnings per Share				
As reported	\$ 0.21	\$ (0.61)		134 %
Adjusted	\$ 0.34	\$ 0.33		3 %

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Fourth Quarter 2017 Results



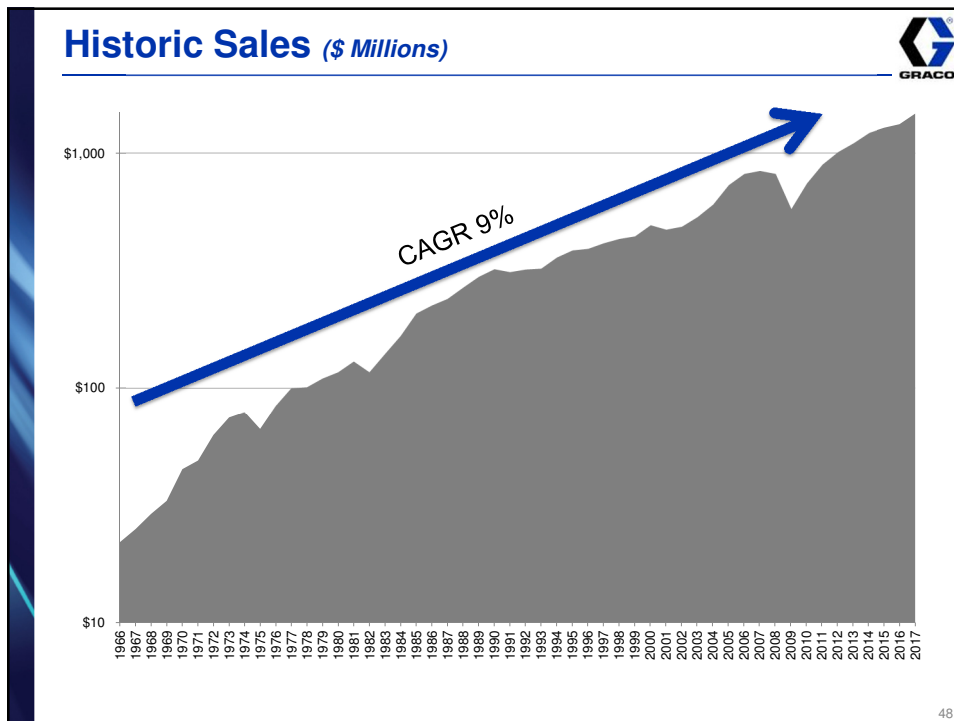
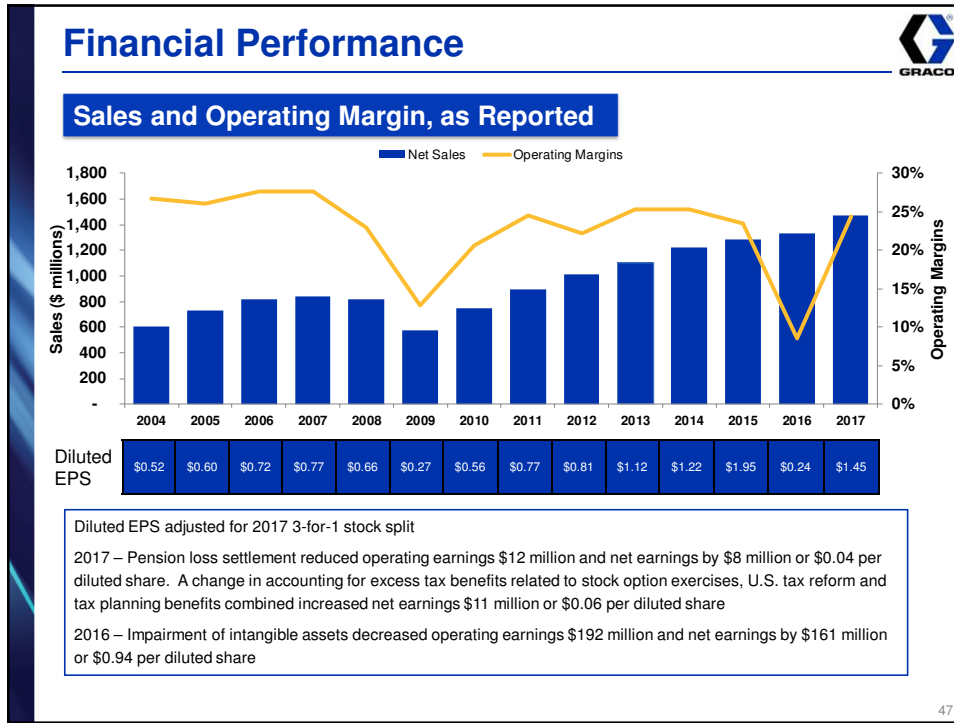
- ▶ Sales increase of 7%
 - Favorable effect of currency translation rates increased sales by approximately \$7 million, 2 percentage points
 - Acquired businesses had no significant impact on the quarter
 - Fourth quarter 2016 included an extra week compared to our normal fiscal calendar
- ▶ Gross margin rate up 0.6 percentage point from fourth quarter 2016
 - Higher margin rate due to currency translation
 - Favorable price and cost offset by unfavorable product and channel mix
- ▶ Operating earnings, as adjusted, are up \$3 million, or 4%, from fourth quarter 2016, excluding 2017 pension settlement loss and 2016 impairment charge
 - Higher sales volume and positive impact of currency translation
 - Higher volume and earnings based incentives, \$5 million
- ▶ The 2017 tax rate for the quarter, as adjusted, was 31%, up from 29%, as adjusted, in the fourth quarter last year
 - 2016 rate included favorable impact from non-recurring tax planning benefits

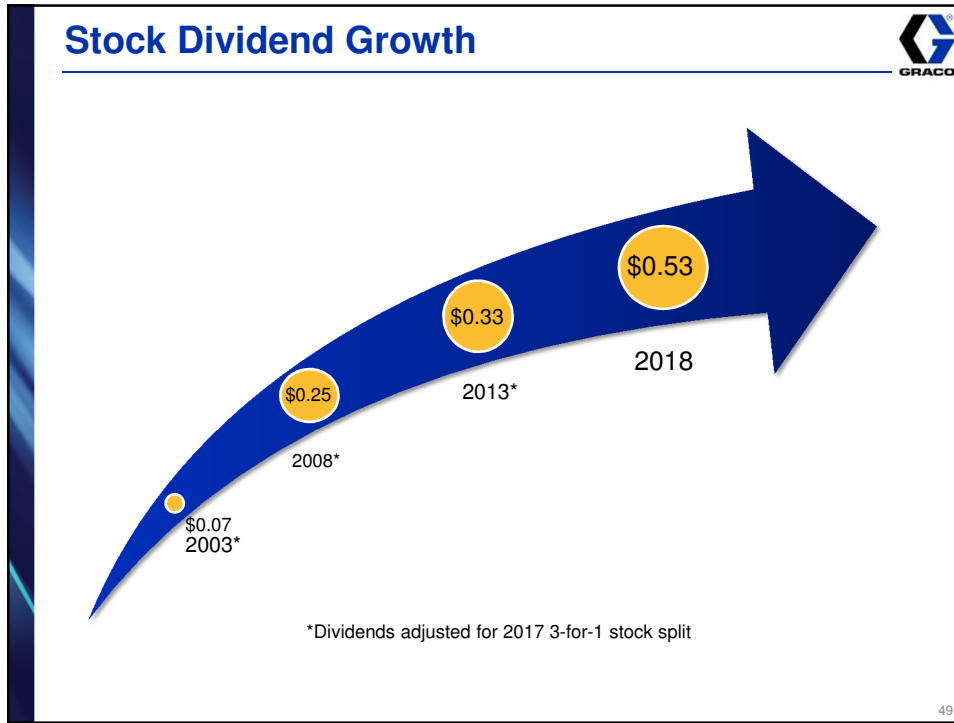
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Financial Summary 2017

Appendix





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Strong Cash Generation

(\$ Millions)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Cash Flows	\$ 338	\$ 276	\$ 190	\$ 241	\$ 243	\$ 190	\$ 162	\$ 101	\$ 147	\$ 162
% of Net Income	134%	679%	55%	107%	115%	127%	114%	98%	300%	134%
Capital Expenditures	40	42	42	31	23	18	24	17	11	29
Free Cash Flow	\$ 298	\$ 234	\$ 148	\$ 210	\$ 220	\$ 172	\$ 138	\$ 84	\$ 136	\$ 133

2017 - Operating cash flows adjusted in 2017 to reflect change in accounting for excess tax benefits related to stock option exercises

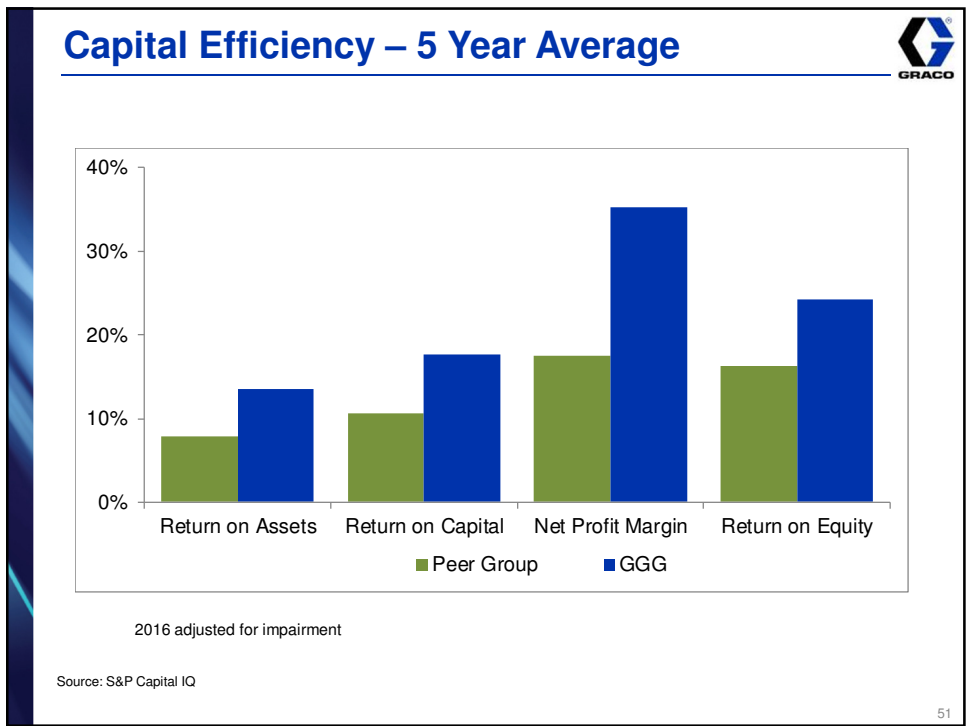
2016 - Impairment of Intangibles, net of tax, charge of \$161 million was reflected in net income, \$191 million and related change in deferred taxes (\$31) million included in adjustments to reconcile net earnings

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)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Dividends	\$ 80	\$ 73	\$ 69	\$ 66	\$ 61	\$ 54	\$ 51	\$ 48	\$ 45	\$ 45
Acquisitions	28	49	189	185	12	667	2	-	-	55
Share Repurchases *	54	18	256	165	26	(29)	21	11	(6)	101
	\$ 162	\$ 140	\$ 514	\$ 416	\$ 99	\$ 692	\$ 74	\$ 59	\$ 39	\$ 201

* Net of shares issued

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