



Investor Presentation

Third Quarter 2018

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
 - Target New Markets
 - Global Expansion
 - Make Acquisitions
- ◆ Company Performance

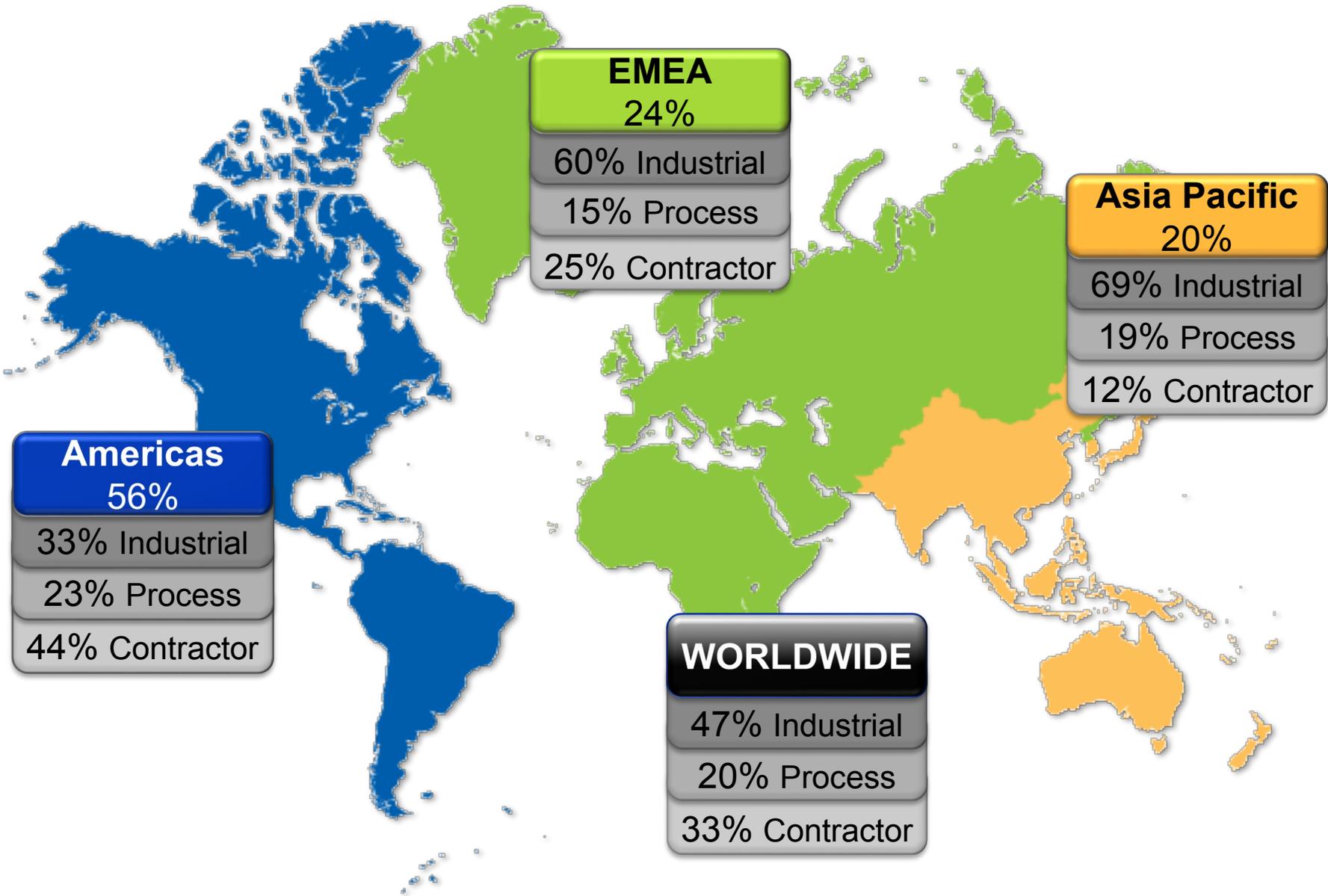
Business Overview



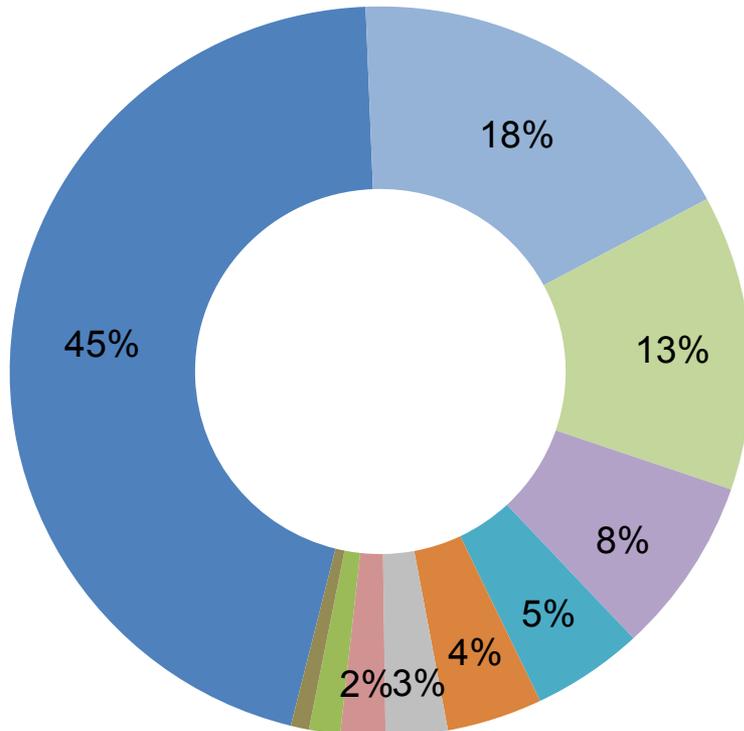
- ▶ Graco manufactures premium equipment to pump, move, meter, mix and dispense a wide variety of fluids and coatings
 - Difficult to handle materials with high viscosities
 - Abrasive and corrosive properties
 - Multiple component materials that require precise ratio control
 - Serving a broad number 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



Year-To-Date Sept. 2018 Sales – \$1,247 Million



2017 Sales by End Market



- ▶ Residential & Non-Residential Construction – 45%
- ▶ Industrial & Machinery – 18%
- ▶ Automotive – 13%
- ▶ Other – 8%
- ▶ Oil and Natural Gas – 5%
- ▶ Public Works – 4%
- ▶ Vehicle Services – 3%
- ▶ Mining – 2%
- ▶ White Goods – 1%
- ▶ Wood – 1%

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

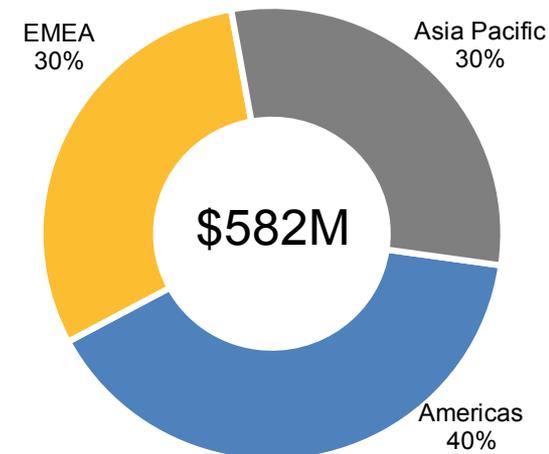
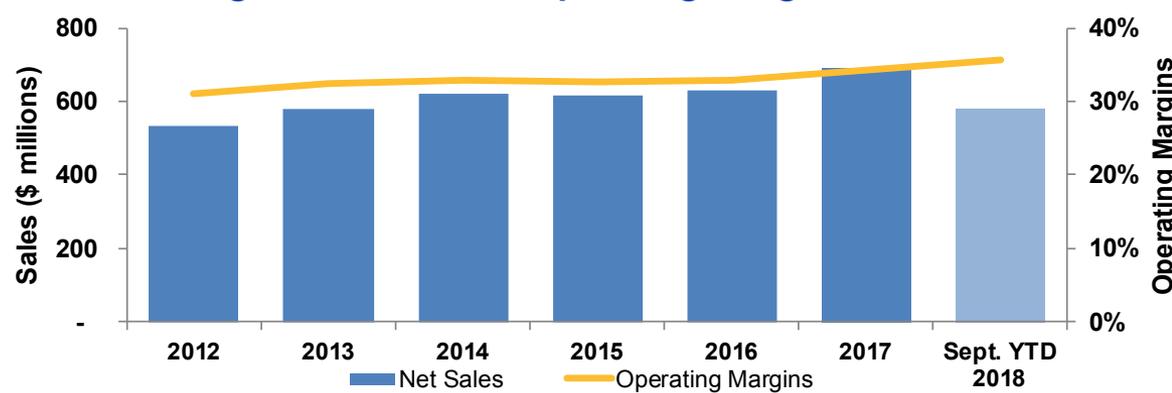
► Other Representative Industry Participants

- Exel, Wagner, Carlisle Companies, Nordson and regional players



Sept. YTD 2018 Sales

Industrial Segment Sales and Operating Margins



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

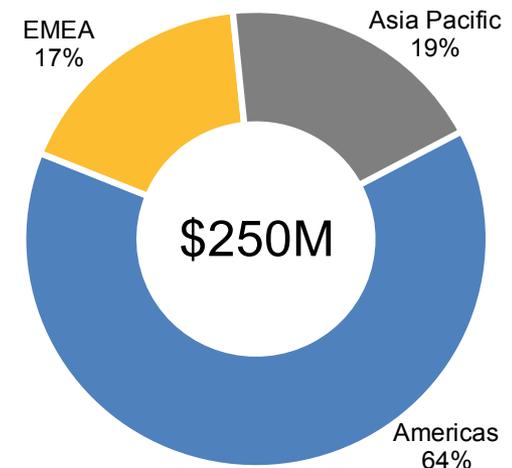
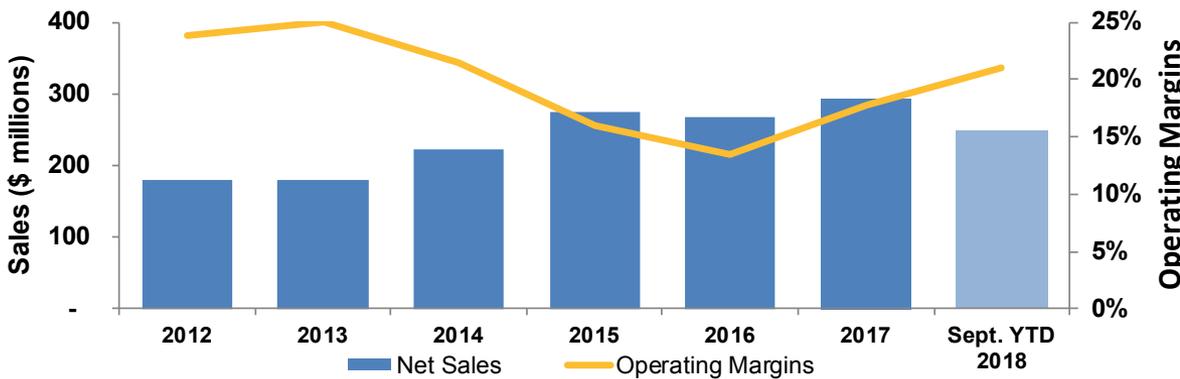
► Other Representative Industry Participants

- IDEX, Dover, IR, Lincoln, Vogel, Bijur, Hannay, Coxreels and regional players



Sept. YTD 2018 Sales

Process Segment Sales and Operating Margins



Contractor Equipment Segment



► Growth Drivers and Trends

- Conversion of end users from manual application methods to equipment
- Application of texture and cementitious materials
- Entry level product and channel expansion
- Expanding pavement maintenance product line and channel

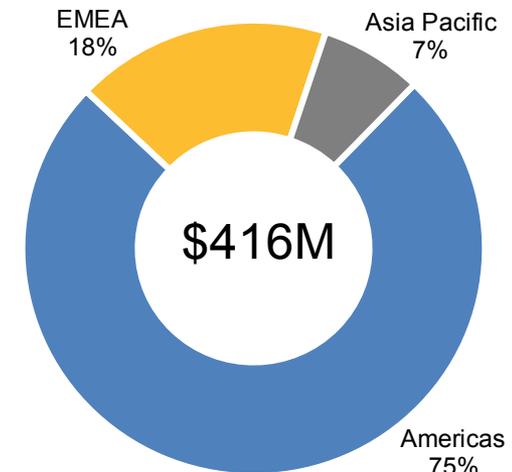
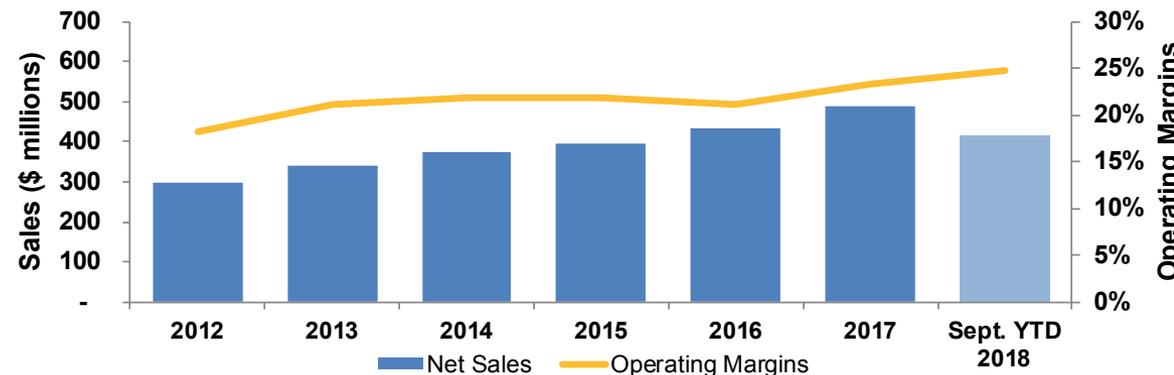
► Other Representative Industry Participants

- Wagner, Titan, Campbell Hausfeld, Bedford, QTech and regional players



Sept. YTD 2018 Sales

Contractor Segment Sales and Operating Margins



- ◆ Overview
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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



Low Volume, High Mix Delivers Customer ROI



Average Number of Units Sold Per Day	# of SKUs		2017 Sales (\$ in millions)	
0 - 1	58,000	93%	\$ 730	49%
2 - 5	2,900	5%	\$ 256	17%
6 - 10	700	1%	\$ 117	8%
11 - 15	300	0%	\$ 53	4%
Greater than 15	700	1%	\$ 319	22%
Graco 2017 Sales			\$1,475	

- ◆ Overview
- ◆ Enduring Business Model
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Growth Plans and Earnings Drivers



3% - 5%

**Industrial
Production
Average
Growth
Rate**

- ▶ **New Product Development**
- ▶ **New Markets**
- ▶ **Global Expansion**
- ▶ **Acquisitions**
- ▶ **End User Conversion**

12%+

**Graco
Targeted
Earnings
CAGR**

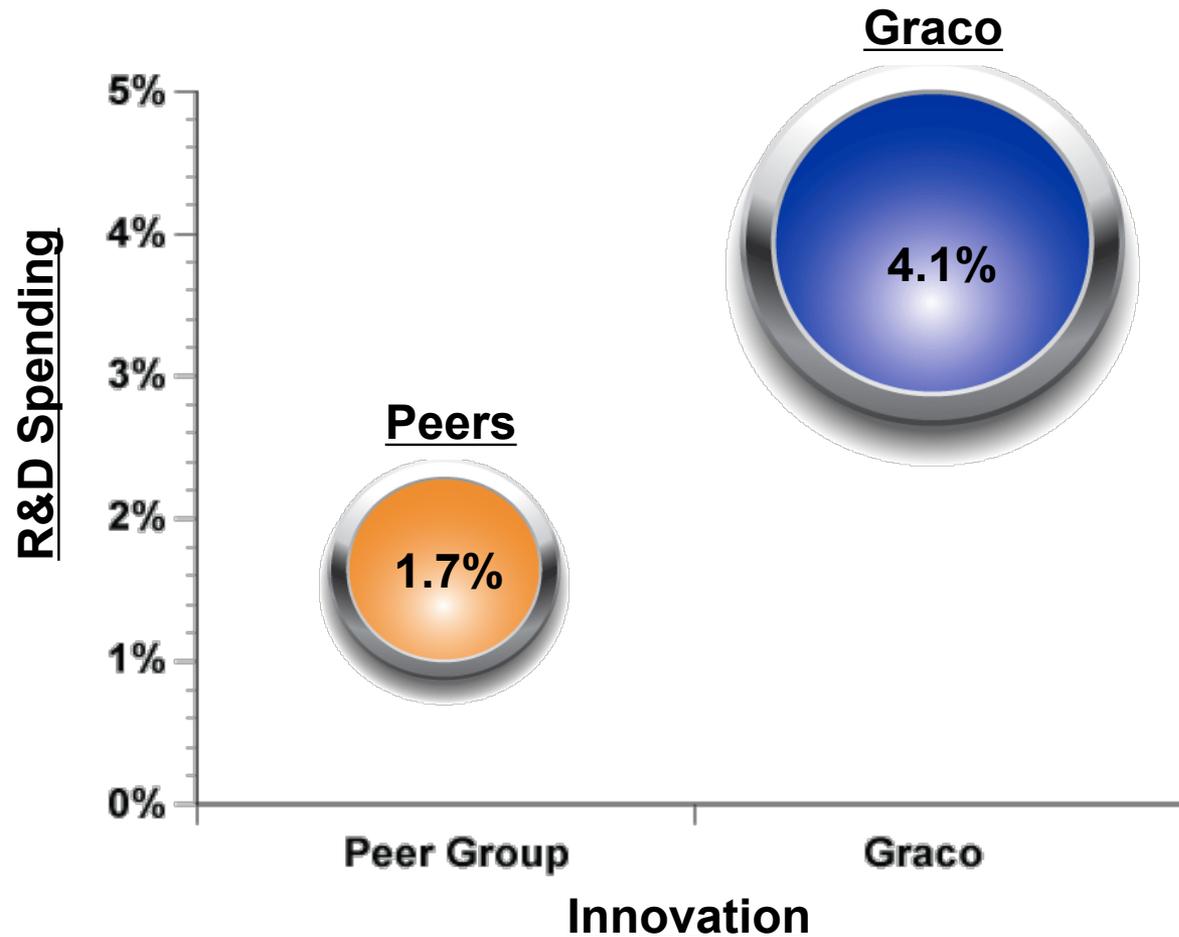


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Targeting Growth Through New Products & Markets



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



* Peer average R&D spending as a percentage of revenues based on 2017 data

Industrial – King® Sprayer Packages



New King pneumatic airless sprayers – powerful machines for the toughest protective coatings

- ▶ New air motor exceeds the performance of the industry-standard legacy King platform
- ▶ Designed for waterproofing, fireproofing and protective coating applications, even in harsh conditions
- ▶ Easily operates multiple guns from one sprayer, increasing productivity



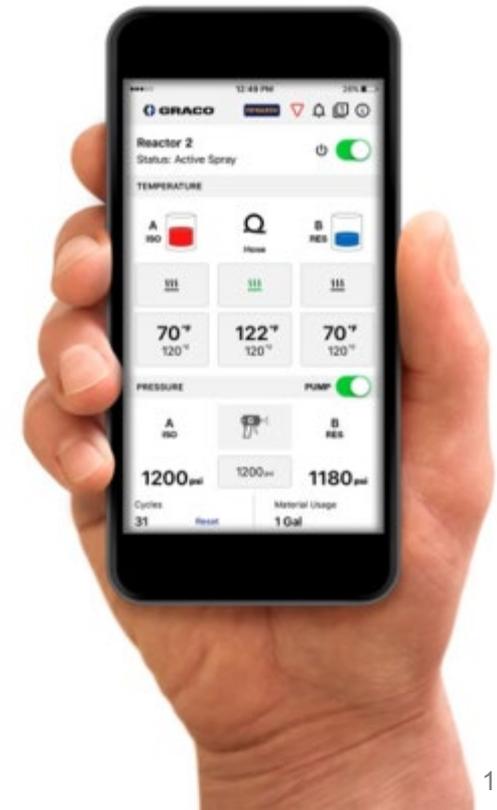
KING
RULES
IN ALL CONDITIONS

Industrial – Reactor 2™ Mobile App



Real-time status and remote control capability in the palm of the spray foam insulation contractor's hand

- ▶ Easy, efficient method to remotely monitor and adjust machine performance
- ▶ Key features
 - Turn machine and pump on/off remotely
 - Adjust temperatures and pressure (Electric Reactor)
 - Select between spray/park/jog modes
 - View material drum levels
 - Reset cycle count and material usage
 - Calculate chemical yield
 - Switch control between multiple systems
 - Plus view events and connect directly to help.graco.com



Industrial – ToughTek® F800e



A powerful pump for any size fireproofing job

- ▶ Small, lightweight design allows contractor to move quickly between floors
- ▶ Ideal for applications where portability is needed
- ▶ For coating structural steel with cementitious fireproofing materials
- ▶ Improves productivity by spraying up to 40 bags per hour
- ▶ Plugs into standard 240V, 30A outlet



The new standard for powder gun control

- ▶ Control crucial coating parameters
- ▶ Obtain excellent results and measurable system optimization
 - Accurate powder output control
 - Eliminate overcharging of sensitive powders
 - 250 customized programs available
- ▶ Web-connectivity with new Electrostatic App (E-App)
 - Access relevant coating data via mobile device



Fastest hopper gun texture spray system on the market

- ▶ Small-to-medium residential & non-residential applications
- ▶ Finish jobs 6X faster than traditional gravity-fed hopper gun systems
- ▶ Compact and portable system reduces operator fatigue
- ▶ Delivers the performance of a large spray rig in the palm of your hand

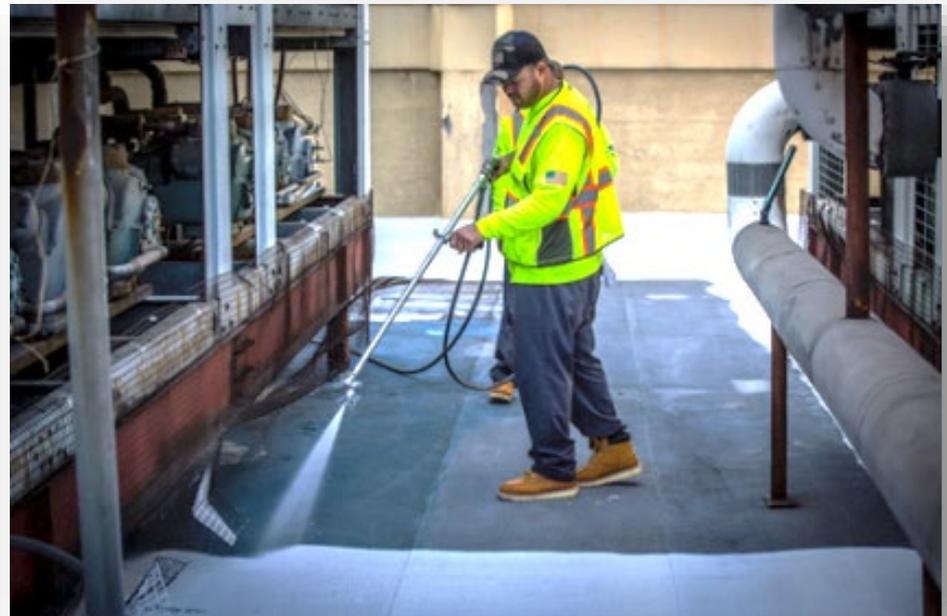


Contractor – DutyMax™ GH™ 675DI



Maximum power in a small package

- ▶ Commercial roofing applications
- ▶ Ideal for small-to-medium coating jobs traditionally completed by hand
- ▶ High-pressure sprayer delivers 6,750 psi in a small, compact and highly-portable package
- ▶ Perfect for hard-to-spray materials such as silicone, waterproofing and protective coatings



High-productivity striping machine

- ▶ Truck-mounted line striping system delivers 2X higher paint output than previous models
- ▶ 5-gun capability – completes airport striping jobs in a single pass
- ▶ Pre-programmed for airport stripe patterns for faster set up
- ▶ Rear operator seat and joystick carriage control



Electric diaphragm pumps configurable for many applications

- ▶ Expanding Graco's presence in the electric pump market with larger size offerings
- ▶ Helps customers lower energy consumption, increase control, and decrease ownership and operation costs
- ▶ Reduces energy consumption up to 80% compared to air-operated pumps
- ▶ Alternative to other pump technologies (i.e., rotary lobe, progressive cavity, centrifugal, peristaltic)



Aluminum | Cast Iron



Stainless Steel



Polypropylene | Conductive Poly | PVDF



FDA Stainless Steel

Process – Electric Grease Jockey®



On-road and mobile automatic lubrication system

- ▶ Increases fleet revenue
 - Lubricates while vehicle is moving
 - Eliminates need to wait for shop time to manually lubricate
- ▶ Decreases operating costs
 - Extends component life by 4X
 - Saves on grease usage
- ▶ Easy-to-order and use
 - OEM install option
 - System easily adapts to different vehicles
 - Alerts when out of lubricant
- ▶ Reliable construction
 - Protects itself from motor burnout
 - CE rated, UV, chemical and impact-resistant construction



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Recent Acquisitions by Segment



Industrial

- ▶  **EQ EcoQuip**
VAPOR ABRASIVE™ BLAST EQUIPMENT
- ▶  **GEO-BLASTER**
WET-ABRASIVE BLASTING EQUIPMENT
- ▶  **MULTIMAQ**
sprayway™
- ▶  **machine**
TECHNOLOGIES
- ▶  **hildebrand**
TECHNOLOGY
- ▶  **SAT**
Surface Aluminium Tech

Process

- ▶  **QED**™
Environmental Systems
- ▶  **ALCO**™
VALVES GROUP
- ▶  **WHITE KNIGHT**™
.....simply driven™
- ▶  **HiP**™
High Pressure Equipment Company
- ▶  **EPS**
Environmental Pump Solutions
- ▶  **Geotech**™ & **LANJTEC**®
A subsidiary of LANJTEC
- ▶  **ATZ** | **APPLIED**
TECHNOLOGIES
- ▶ *PROHYDRO, INC.* ▽

Contractor



ProHydro – Acquired March 2018



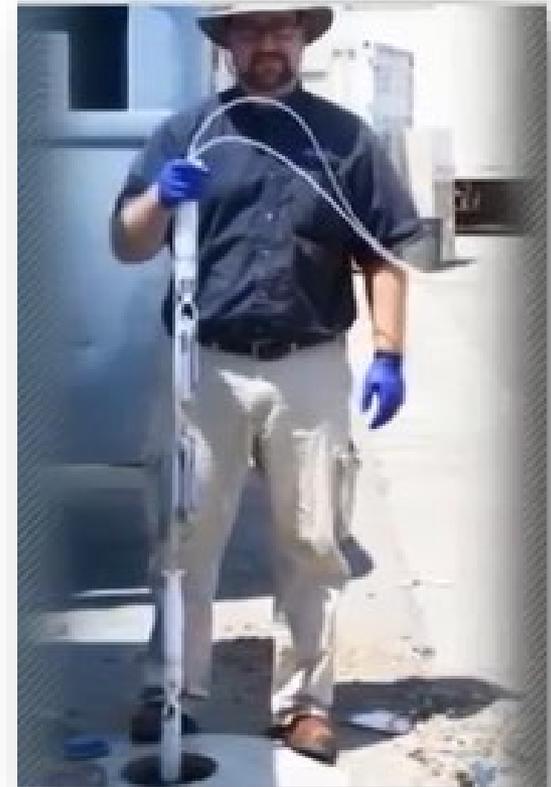
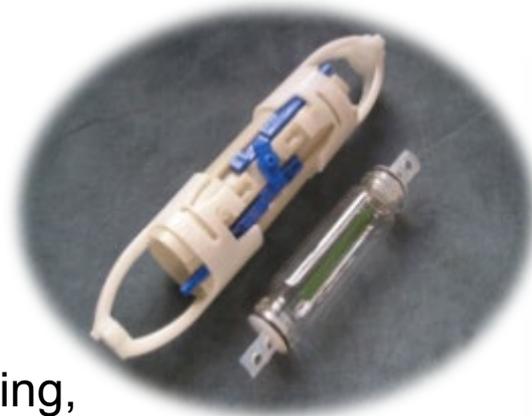
QED Environmental Systems acquired the assets of **ProHydro**, the developer and manufacturer of the **Snap Sampler**[®] passive groundwater sampling system

PROHYDRO, INC.

CONSULTING HYDROGEOLOGY

SAMPLING EQUIPMENT DEVELOPMENT

- ▶ Samples without purging for significant labor savings
- ▶ Designed for high sample accuracy and precision
- ▶ Eliminates collection, handling, disposal of purge water
- ▶ Preferred method for sampling low-yield wells
- ▶ Easy deployment in remote locations



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Graco Reported Q3 Results



Statement of Earnings	Third Quarter			Year-to-Date		
	2018	2017	Change	2018	2017	Change
\$ in millions except per share amounts						
Sales	\$ 416	\$ 380	10 %	\$ 1,247	\$ 1,100	13 %
Gross Profit	221	204	9 %	674	594	13 %
% of Sales	53.2 %	53.7 %	(0.5) pts	54.0 %	54.0 %	0.0 pts
Operating Earnings	115	101	13 %	340	289	17 %
% of Sales	27.6 %	26.7 %	0.9 pts	27.3 %	26.3 %	1.0 pts
Net Earnings	\$ 93	\$ 75	23 %	\$ 267	\$ 216	24 %
% of Sales	22.3 %	19.9 %	2.4 pts	21.4 %	19.6 %	1.8 pts
Diluted Earnings Per Share	\$ 0.54	\$ 0.43	26 %	\$ 1.54	\$ 1.24	24 %
<i>Diluted Shares in Millions</i>	173.0	174.6		174.0	173.8	
<i>Net Earnings, Adjusted (1)</i>	\$ 86	\$ 67	29 %	\$ 253	\$ 190	33 %
<i>Diluted Earnings Per Share, Adjusted (1)</i>	\$ 0.50	\$ 0.38	32 %	\$ 1.45	\$ 1.09	33 %

(1) Net earnings and diluted earnings per share for 2018 and 2017 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



Tax benefits related to stock option exercises and the effects of certain tax provision adjustments have caused fluctuation in the Company's effective tax rate. Excluding the impact of these items presents a more consistent basis for comparison of financial results. A calculation of the non-GAAP measurements of adjusted income taxes, effective tax rates, net earnings and diluted earnings per share follows:

Non-GAAP Reconciliation	Third Quarter			Year-to-Date		
	2018	2017	Change	2018	2017	Change
\$ in millions except per share amounts						
Income taxes, as reported	\$ 15.4	\$ 20.9	(27)%	\$ 53.4	\$ 57.6	(7)%
Excess tax benefit from option exercises	1.9	3.2	(42)%	9.8	20.5	(52)%
Tax provision adjustments	5.0	5.5		5.0	5.5	
Income taxes, adjusted	<u>\$ 22.3</u>	<u>\$ 29.6</u>	(25)%	<u>\$ 68.2</u>	<u>\$ 83.6</u>	(18)%
Effective income tax rate						
As reported	14.2%	21.7%		16.6%	21.0%	
Adjusted	20.6%	30.8%		21.2%	30.5%	
Net earnings, as reported	\$ 92.7	\$ 75.5	23 %	\$ 267.3	\$ 216.0	24 %
Excess tax benefit from option exercises	(1.9)	(3.2)	(42)%	(9.8)	(20.5)	(52)%
Tax provision adjustments	(5.0)	(5.5)		(5.0)	(5.5)	
Net earnings, adjusted	<u>\$ 85.8</u>	<u>\$ 66.8</u>	29 %	<u>\$ 252.5</u>	<u>\$ 190.0</u>	33 %
Weighted Average Diluted Shares, in millions	173.0	174.6		174.0	173.8	
Diluted Earnings per Share						
As reported	\$ 0.54	\$ 0.43	26 %	\$ 1.54	\$ 1.24	24 %
Adjusted	\$ 0.50	\$ 0.38	32 %	\$ 1.45	\$ 1.09	33 %

Financial Results



Components of Net Sales Change

Third Quarter September 2018

	Segment			Region			Consolidated
	Industrial	Process	Contractor	Americas	EMEA	Asia Pacific	
Volume and Price	5 %	15 %	5 %	8 %	3 %	10 %	7 %
Acquisitions	5 %	1 %	1 %	1 %	6 %	6 %	3 %
Currency	0 %	(1)%	0 %	(1)%	0 %	(2)%	0 %
Total	10 %	15 %	6 %	8 %	9 %	14 %	10 %

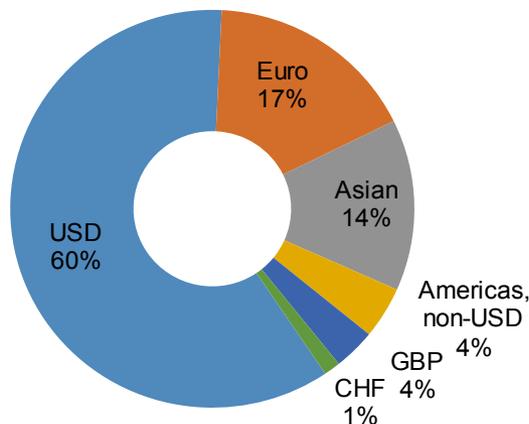
Year-to-Date September 2018

	Segment			Region			Consolidated
	Industrial	Process	Contractor	Americas	EMEA	Asia Pacific	
Volume and Price	6 %	12 %	9 %	9 %	3 %	13 %	8 %
Acquisitions	5 %	1 %	1 %	1 %	6 %	5 %	3 %
Currency	3 %	2 %	1 %	0 %	7 %	3 %	2 %
Total	14 %	15 %	11 %	10 %	16 %	21 %	13 %

2018 Sales by Currency

Asian currencies include:
AUD, CNY, KRW, JPY

Americas currencies include:
BRL, CAD, MXN

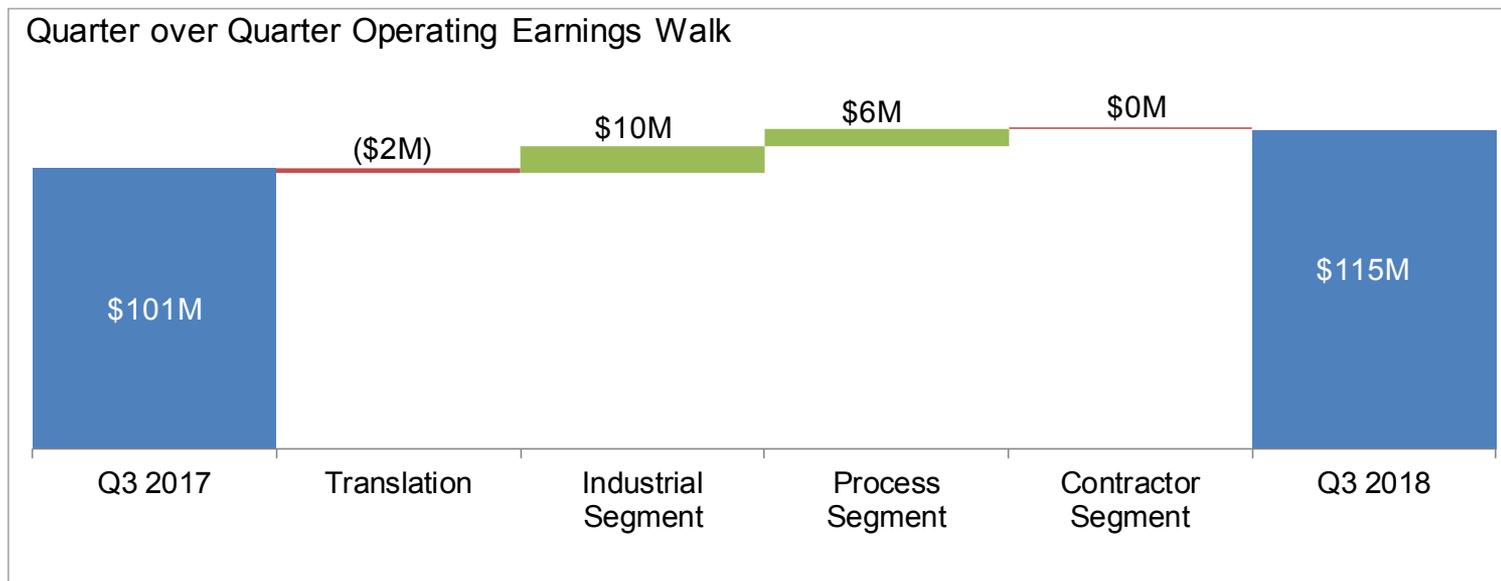


Operating Earnings



Change in Operating Earnings

	Third Quarter		Year-to-Date	
2017 Operating Earnings (\$M and % of sales)	\$ 101	27 %	\$ 289	26 %
Translation effect	(2)	0	12	1
Volume, product and channel mix, price and cost	17	0	58	0
Effect of acquired business operations and acquisition costs, net	2	0	4	0
Share-based compensation	0	0	(3)	0
Increase in sales and earnings-based costs	0	0	(6)	(1)
Volume effect on expense leverage	(3)	1	(14)	1
2018 Operating Earnings (\$M and % of sales)	<u>\$ 115</u>	<u>28 %</u>	<u>\$ 340</u>	<u>27 %</u>



Notable Info from Q3 2018 Earnings Release & Call



- ▶ Excluding bricks and mortar, capital expenditure expectations are approximately \$35 million in 2018. Current estimate of 2018 building projects to increase production and distribution capacity is approximately \$40 million. Additional building project investments of \$100-\$120 million expected over the next two years
- ▶ Unallocated corporate expenses in 2018 are expected to be approximately \$27 million
- ▶ Through September, we repurchased 3.5 million shares of stock and are making opportunistic repurchases going forward
- ▶ At current exchange rates, assuming the same volumes, mix of products and mix of business by currency as in 2017, the movement in foreign currencies would increase sales approximately 1% and increase earnings approximately 2% for the full year. We expect unfavorable currency translation in the second half of the year to nearly offset favorable impact in the first half
- ▶ The effective tax rates for fourth quarter and the full year are expected to be approximately 21% and 20%, respectively, excluding any impact from excess tax benefits related to stock option exercises
- ▶ Tariffs are currently estimated to have an unfavorable effect of as much as 50 to 75 basis points on the fourth quarter 2018 gross margin rate

Year-to-Date September 2018 Results



- ▶ Sales increase of 13%
 - Favorable effect of currency translation rates increased sales by approximately \$20 million, 2 percentage points
 - Acquired businesses sales of \$34 million account for 3 percentage points of growth
- ▶ Gross margin rate comparable to 2017
 - Realized pricing and the favorable effect of currency translation rates offset the effect of lower average gross margin rates of acquired operations (including \$2 million of purchase accounting related to inventory valuation), unfavorable product and channel mix and higher material costs
- ▶ Operating earnings are up \$51 million, or 17%, from 2017
 - Higher sales volume, positive impact of currency translation, acquired operations and a reduction in acquisition costs drove increase
 - Higher sales and earnings-based costs reduced operating earnings by \$6 million
 - Share-based compensation increased expenses \$3 million
 - Volume effect on expense leverage increased operating earnings as a percentage of sales by 1 percentage point
- ▶ Other expense increased \$5 million due primarily to exchange losses on net assets of foreign operations
- ▶ The effective tax rate for the year to date was 17%, down 4 percentage points from last year
 - 2018 rate benefited approximately 9 percentage points from U.S. federal income tax reform legislation compared to 2017
 - The income tax rate for the year to date was approximately 21% excluding excess tax benefits related to stock option exercises and the benefit from a \$40 million contribution to the pension plan

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 Q3 2018 8% YTD 2018 9%	Sales Growth Q3 2018 3% YTD 2018 3%	Sales Growth Q3 2018 10% YTD 2018 13%	Sales Growth Q3 2018 7% YTD 2018 8%
Industrial Segment	Environment Unchanged  Sales Growth Q3 2018 5% YTD 2018 5%	Environment Downgraded  Sales Growth Q3 2018 2% YTD 2018 2%	Environment Unchanged  Sales Growth Q3 2018 9% YTD 2018 11%	Sales Growth Q3 2018 5% YTD 2018 6%
Contractor Segment	Environment Unchanged  Sales Growth Q3 2018 8% YTD 2018 9%	Environment Downgraded  Sales Growth Q3 2018 1% YTD 2018 7%	Environment Unchanged  Sales Growth Q3 2018 (9%) YTD 2018 7%	Sales Growth Q3 2018 5% YTD 2018 9%
Process Segment	Environment Unchanged  Sales Growth Q3 2018 11% YTD 2018 13%	Environment Unchanged  Sales Growth Q3 2018 11% YTD 2018 (1%)	Environment Unchanged  Sales Growth Q3 2018 32% YTD 2018 25%	Sales Growth Q3 2018 15% YTD 2018 12%
Full Year 2018 Outlook	Outlook Unchanged Mid-to-High Single-digit	Outlook Unchanged Mid-single-digit	Outlook Raised High Single-digit to Low Double-digit	Outlook Unchanged Mid-to-High Single-digit

We are holding to our outlook of mid-to-high single-digit organic sales growth on a constant currency basis for the full year 2018.

Long-Term Cash Deployment Priorities



Organic Growth

- ▶ International Footprint
- ▶ Product Development
- ▶ Production Capacity and Capabilities

Acquisitions

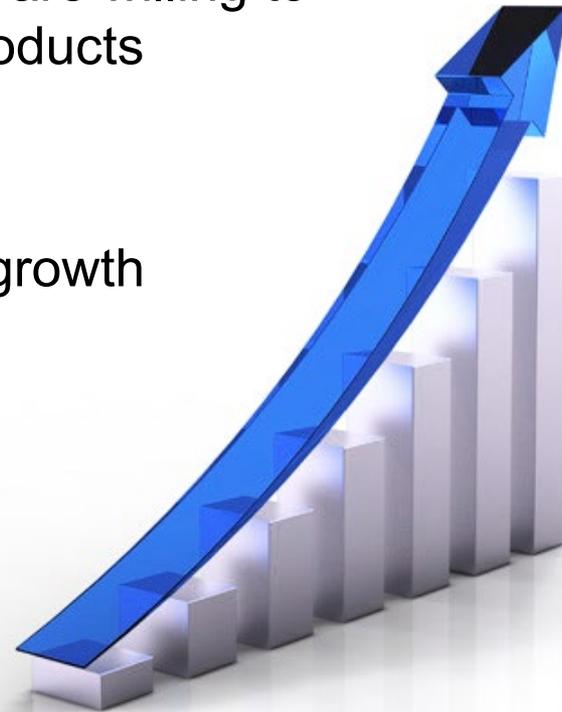
- ▶ Supplement to Organic Growth
- ▶ Leverage Our Strengths

Shareholder Return

- ▶ Solid Dividend History
- ▶ Approximately 5 Million Shares Remaining on Repurchase Authorization

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





Financial Summary Q3 2018

Appendix

Financial Results – Third Quarter



Statement of Earnings	Third Quarter		
\$ in millions except per share amounts	2018	2017	Change
Sales	\$ 416	\$ 380	10 %
Gross Profit	221	204	9 %
% of Sales	53.2 %	53.7 %	(0.5) pts
Operating Earnings	115	101	13 %
% of Sales	27.6 %	26.7 %	0.9 pts
Net Earnings	\$ 93	\$ 75	23 %
% of Sales	22.3 %	19.9 %	2.4 pts
Diluted Earnings Per Share	\$ 0.54	\$ 0.43	26 %
<i>Diluted Shares in Millions</i>	<i>173.0</i>	<i>174.6</i>	
<i>Net Earnings, Adjusted (1)</i>	<i>\$ 86</i>	<i>\$ 67</i>	<i>29 %</i>
<i>Diluted Earnings Per Share, Adjusted (1)</i>	<i>\$ 0.50</i>	<i>\$ 0.38</i>	<i>32 %</i>

(1) Net earnings and diluted earnings per share for 2018 and 2017 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



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Excess tax benefit from option exercises	1.9	3.2	(42)%
Tax provision adjustments	5.0	5.5	
Income taxes, adjusted	<u>\$ 22.3</u>	<u>\$ 29.6</u>	(25)%
Effective income tax rate			
As reported	14.2%	21.7%	
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Net earnings, as reported	\$ 92.7	\$ 75.5	23 %
Excess tax benefit from option exercises	(1.9)	(3.2)	(42)%
Tax provision adjustments	(5.0)	(5.5)	
Net earnings, adjusted	<u>\$ 85.8</u>	<u>\$ 66.8</u>	29 %
Weighted Average Diluted Shares, in millions	173.0	174.6	
Diluted Earnings per Share			
As reported	\$ 0.54	\$ 0.43	26 %
Adjusted	\$ 0.50	\$ 0.38	32 %

Third Quarter 2018 Results



- ▶ Sales increase of 10%
 - Currency translation rates did not have a significant effect on sales for the quarter
 - Acquired businesses sales of \$12 million account for 3 percentage points of growth
- ▶ Gross margin rate down 0.5 percentage point from third quarter 2017
 - Lower average gross margin rates of acquired operations reduced the gross margin rate. Realized pricing and favorable product and channel mix offset the impact of higher costs, including tariffs
- ▶ Operating earnings are up \$14 million, or 13%, from third quarter 2017
 - Higher sales volume and acquisitions, net of acquisition related costs, driving increase
 - Currency translation rates decreased operating earnings by approximately \$2 million
 - Volume effect on expense leverage increased operating earnings as a percentage of sales by 1 percentage point
- ▶ Other expense increased \$2 million mostly due to exchange losses on net assets of foreign operations
- ▶ The effective tax rate for the quarter was 14%, down 8 percentage points from third quarter last year
 - 2018 rate benefited approximately 10 percentage points from U.S. federal income tax reform legislation compared to 2017
 - The income tax rate for the quarter was approximately 21% excluding excess tax benefits related to stock option exercises and the benefit from a \$40 million contribution to the pension plan



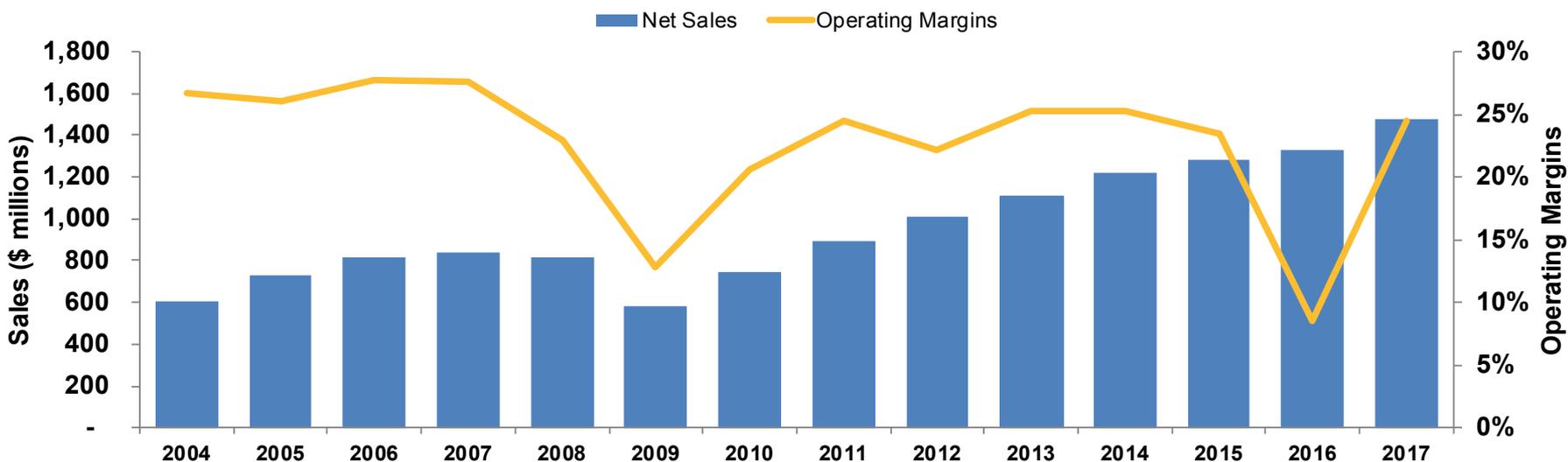
Financial Summary 2017

Appendix

Financial Performance



Sales and Operating Margin, as Reported



Diluted EPS

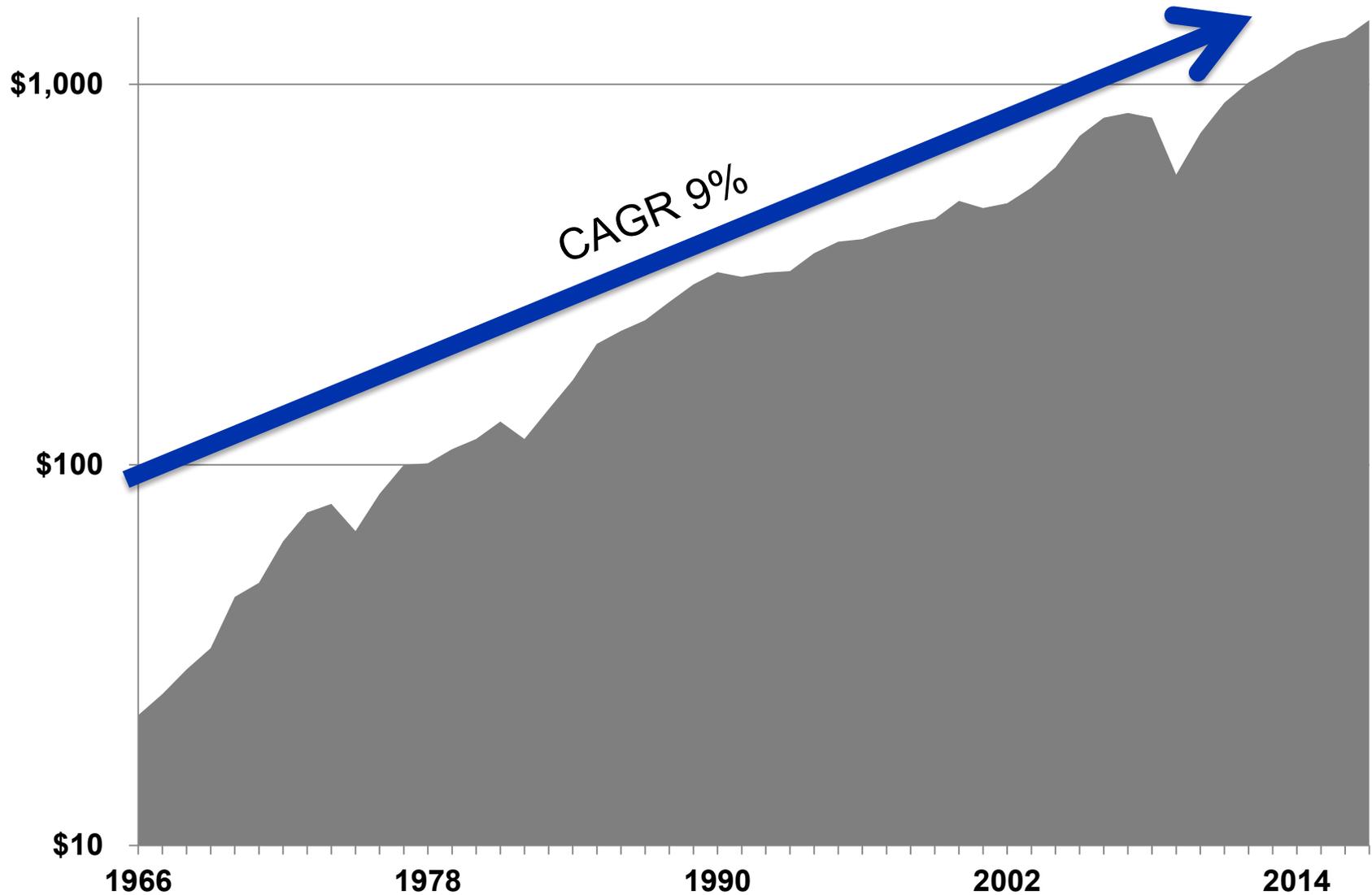
\$0.52	\$0.60	\$0.72	\$0.77	\$0.66	\$0.27	\$0.56	\$0.77	\$0.81	\$1.12	\$1.22	\$1.95	\$0.24	\$1.45
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Diluted EPS adjusted for 2017 3-for-1 stock split

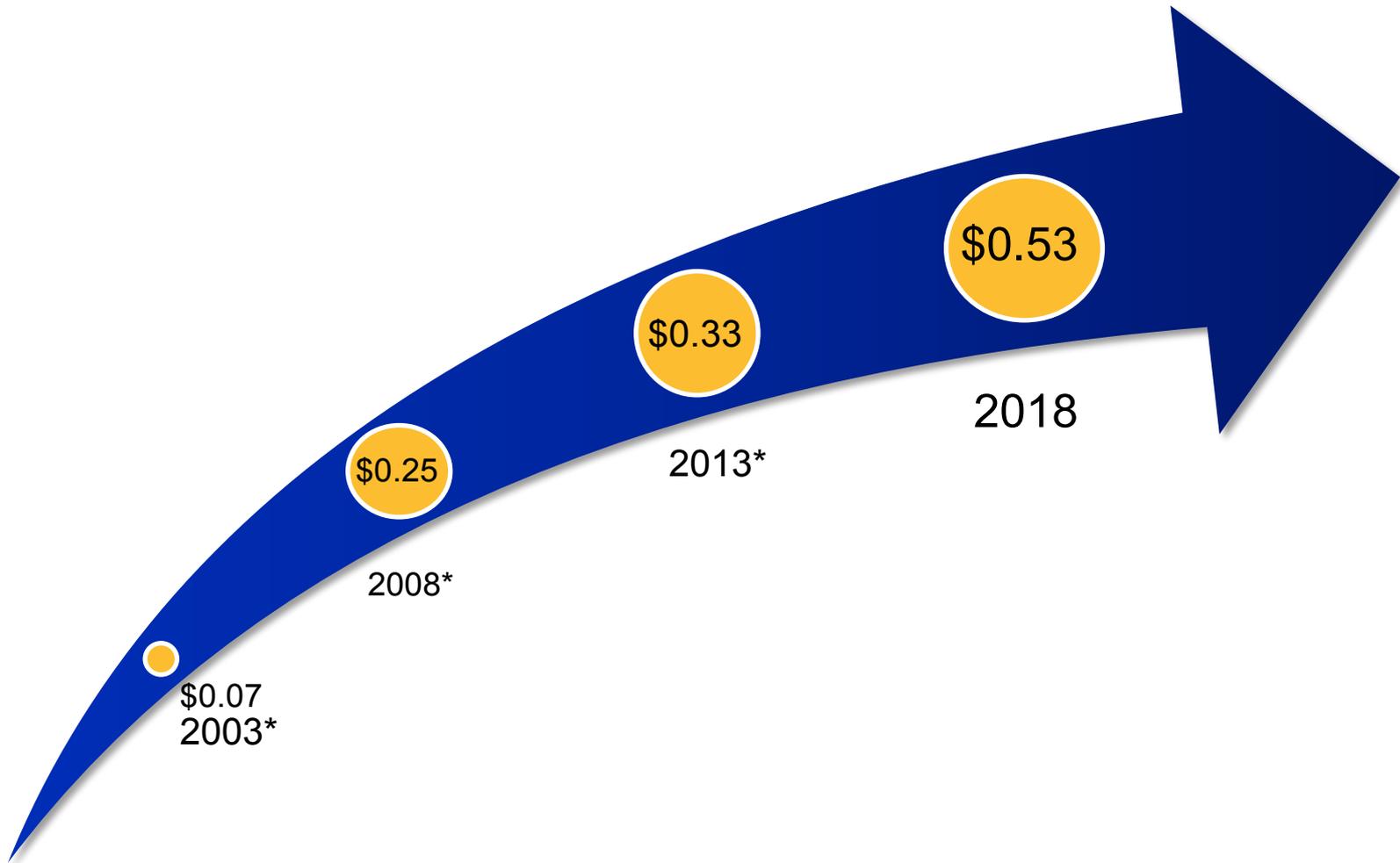
2017 – Pension loss settlement reduced operating earnings \$12 million and net earnings by \$8 million or \$0.04 per diluted share. A change in accounting for excess tax benefits related to stock option exercises, U.S. tax reform and tax planning benefits combined increased net earnings \$11 million or \$0.06 per diluted share

2016 – Impairment of intangible assets decreased operating earnings \$192 million and net earnings by \$161 million or \$0.94 per diluted share

Historic Sales (\$ Millions)



Stock Dividend Growth



*Dividends adjusted for 2017 3-for-1 stock split

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

2016 – Operating cash flows adjusted in 2017 to reflect change in accounting for excess tax benefits related to stock option exercises

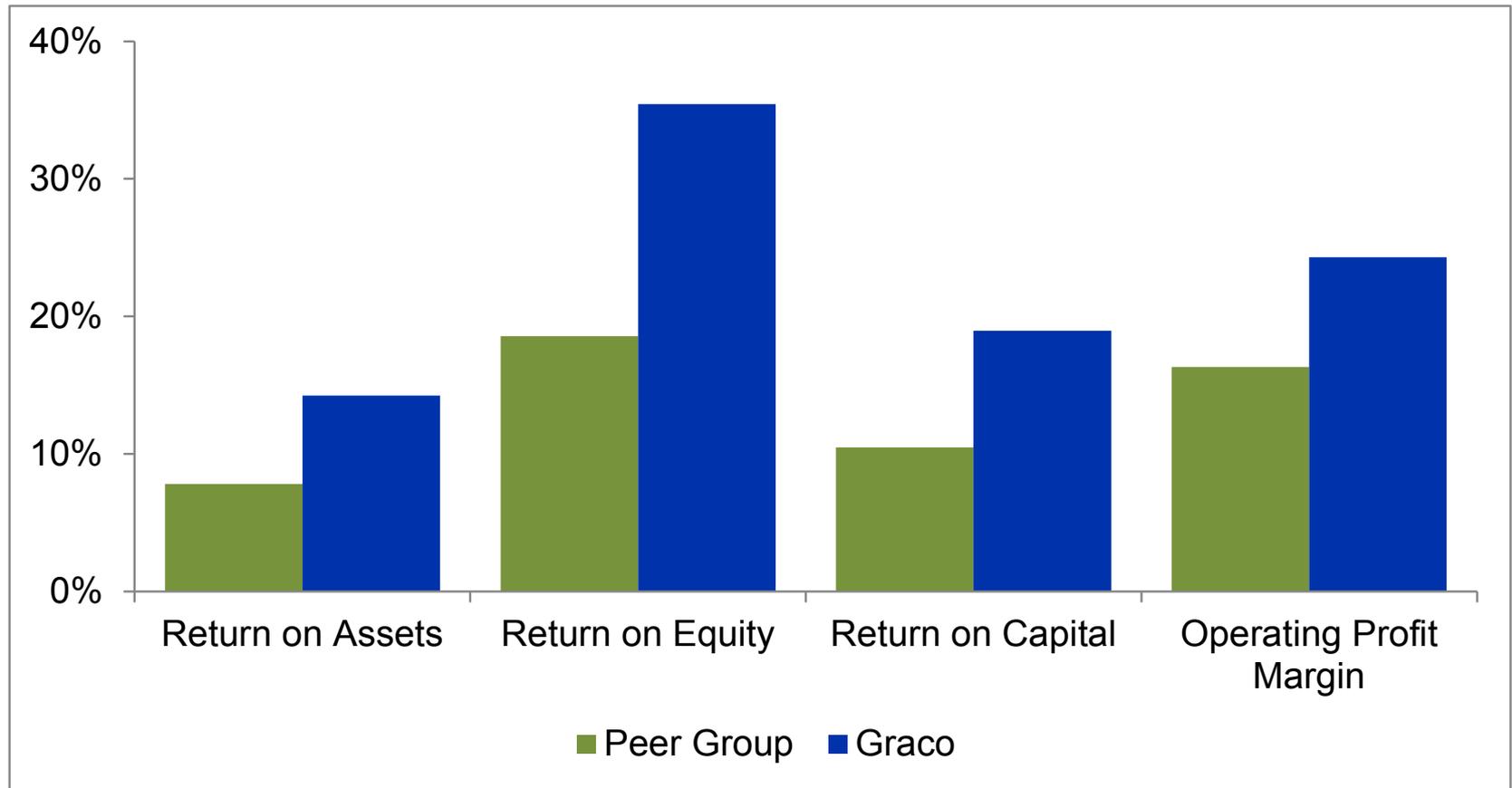
2016 – Impairment of Intangibles, net of tax, charge of \$161 million was reflected in net income, \$191 million and related change in deferred taxes (\$31) million included in adjustments to reconcile net earnings

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

Capital Efficiency – 5 Year Average



Note: The 5 year average includes adjustments for the 2016 for impairment

Source: S&P Capital IQ



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mix

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