



Baird 2019 Global Industrials Conference

Tod Carpenter, Chairman, President and CEO | November 5



Donaldson.
FILTRATION SOLUTIONS

Statements in this presentation regarding future events and expectations, such as forecasts, plans, trends and projections relating to the Company's business and financial performance, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are identified by words or phrases such as "will likely result," "are expected to," "will continue," "will allow," "estimate," "project," "believe," "expect," "anticipate," "forecast," "plan," and similar expressions. These forward-looking statements speak only as of the date such statements are made and are subject to risks and uncertainties that could cause the Company's results to differ materially from these statements. These factors include, but are not limited to, economic and industrial market conditions worldwide; the Company's ability to maintain certain competitive advantages; threats from disruptive innovation; pricing pressures; the Company's ability to protect and enforce its intellectual property rights; the difficulties in operating globally; customer concentration in certain cyclical industries; unavailable raw materials or material cost inflation; inability of operations to meet customer demand; difficulties with information technology systems and security; foreign currency fluctuations; governmental laws and regulations; changes in tax laws and regulations and results of examinations; the Company's ability to attract and retain qualified personnel; changes in capital and credit markets; execution of the Company's acquisition strategy; the possibility of intangible asset impairment; the Company's ability to manage productivity improvements; unexpected events and the disruption on operations; the Company's ability to maintain an effective system of internal control over financial reporting. These and other risks and uncertainties are described in Item 1A of the Company's Annual Report on Form 10-K for the year ended July 31, 2019. The Company makes these statements as of the date of this disclosure and undertakes no obligation to update them unless otherwise required by law.

Reminder: Fiscal Year 2019 Ended July 31, 2019



Forward-looking statements made during today's presentation reflect the perspectives from the Company's fourth quarter earnings release and associated conference call on September 5, 2019.

Donaldson is scheduled to report first quarter 2020 earnings on Tuesday, December 3. The Company will provide an updated perspective at that time.

Strong Value Proposition for Our Stakeholders



1.

Technology-led filtration company with deep customer relationships

2.

Diversified portfolio of global businesses with recurring revenue and expanding addressable market opportunities

3.

Experienced management team and engaged board of directors committed to our long-term strategic goals

4.

Global sales, production and distribution footprint with personalized service of a local firm

5.

Culture of ownership aligns with shareholder interests; disciplined capital allocation strategy to drive strong shareholder returns

Donaldson at a Glance



KEY STATISTICS

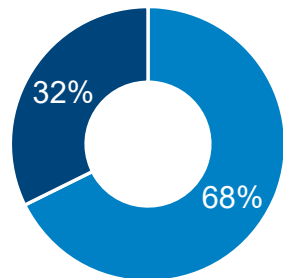
- Founded: 1915
- Employees: ~14,000
- Active Patents: 1,800+
- Technical Labs: 100+

FY19 RECORDS

- Revenue: \$2.85B
- Adjusted EPS: \$2.21*
- Investment: ~\$250M

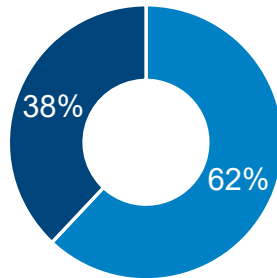
FY19 Revenue: \$2.85B

By Segment



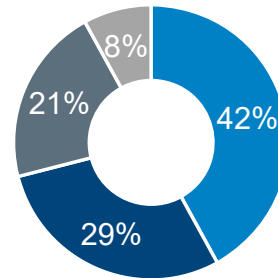
- Engine
- Industrial

By Product



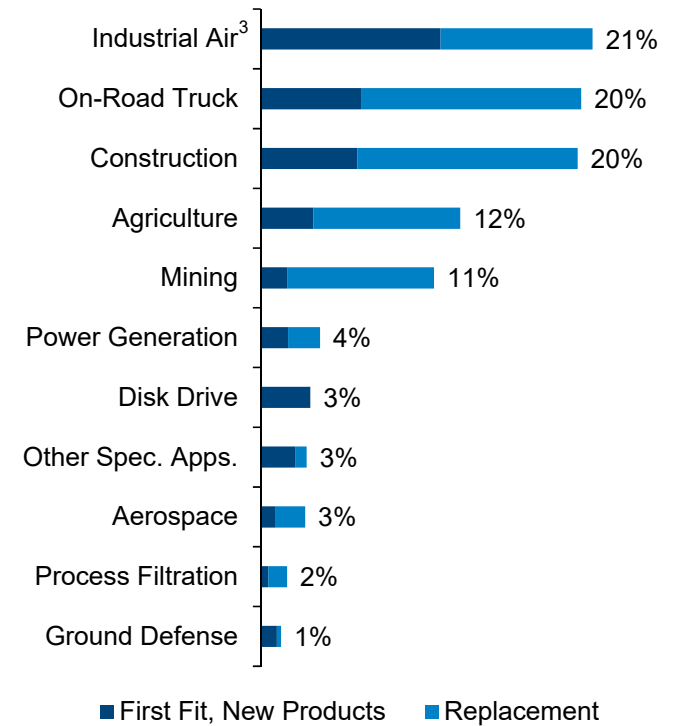
- Replacement
- First-Fit, New Products

By Region



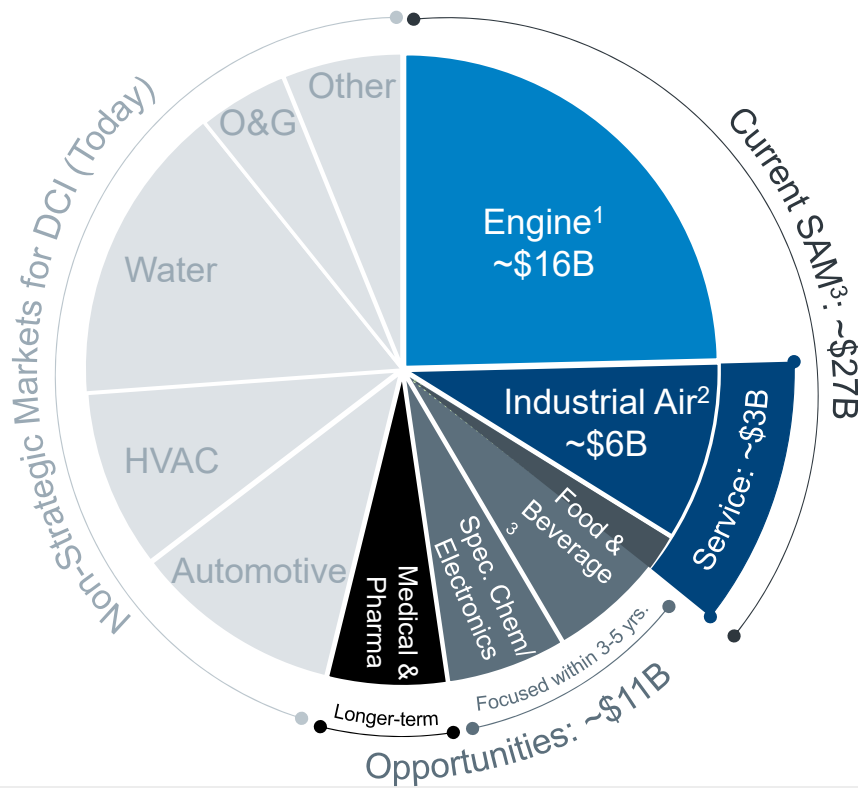
- U.S.
- EMEA
- APAC
- LatAm

End Markets/Applications Served²



¹ Appendix includes reconciliation of GAAP to non-GAAP metrics; ² Estimated percentage of FY19 Revenue; ³ Industrial Air sells into a variety of end markets.

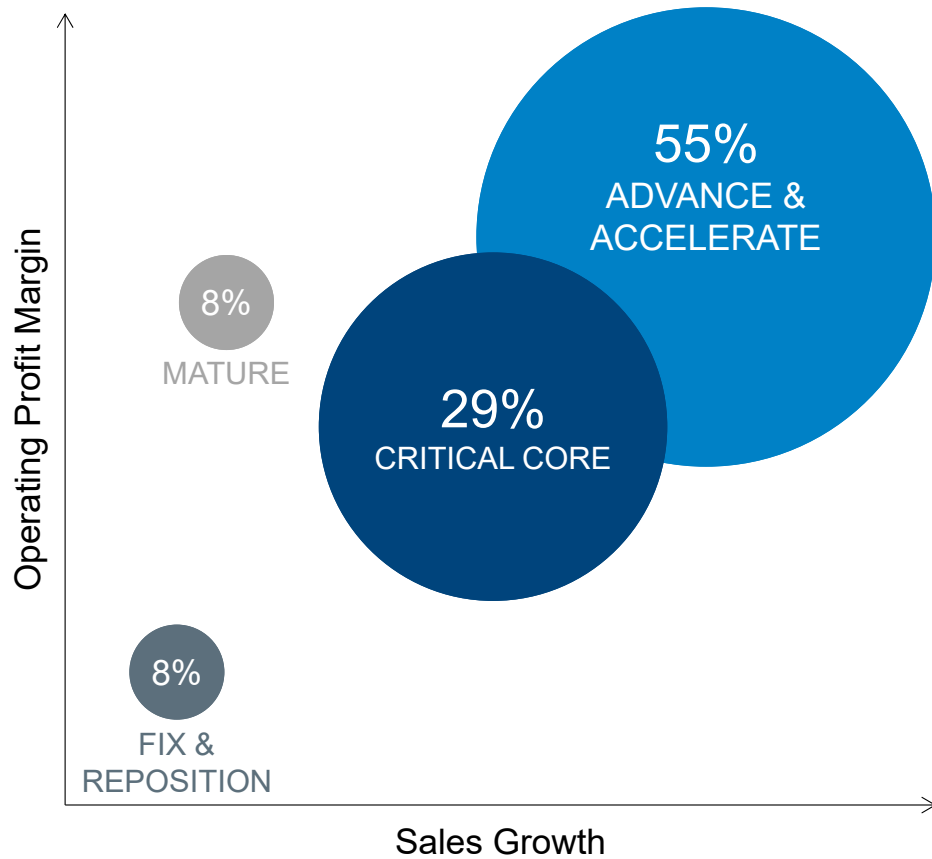
Strategic Growth Priorities for \$65B Filtration Products Market



Investment Agenda Aligned to Support Growth Priorities to Grow Market Share

¹ Includes Hydraulics, Fuel, Engine Air, A&D and Lube; ² Industrial Air Filtration, including industrial dust collection, inlet air filtration for gas turbines, and fume and mist extraction; ³ Served Addressable Market (SAM) including ~\$2B within Food & Beverage.

Portfolio Analysis and Roles



- **Advance & Accelerate**

- IAF Aftermarket
- Engine Aftermarket
- Venting Solutions
- Process Filtration
- Semiconductor
- Industrial Hydraulics

- **Critical Core**

- Off-Road First-fit
- On-Road First-fit
- IAF Equipment
- Compressed Air Filtration
- Aerospace

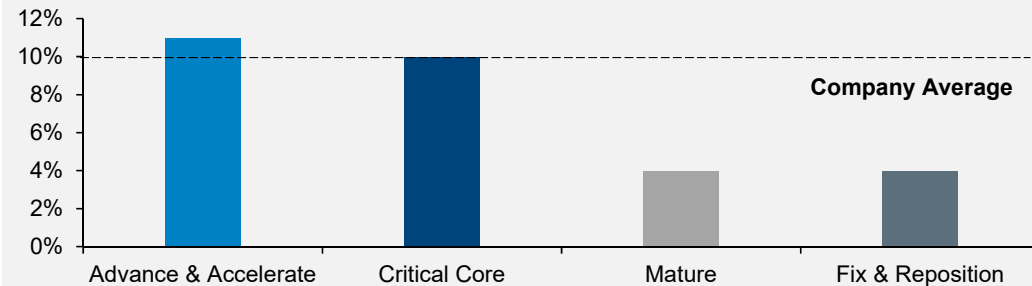
- **Mature**

- Disk Drive
- Defense
- On-Compressor
- PTFE Rolled Goods
- Functional and Support Groups

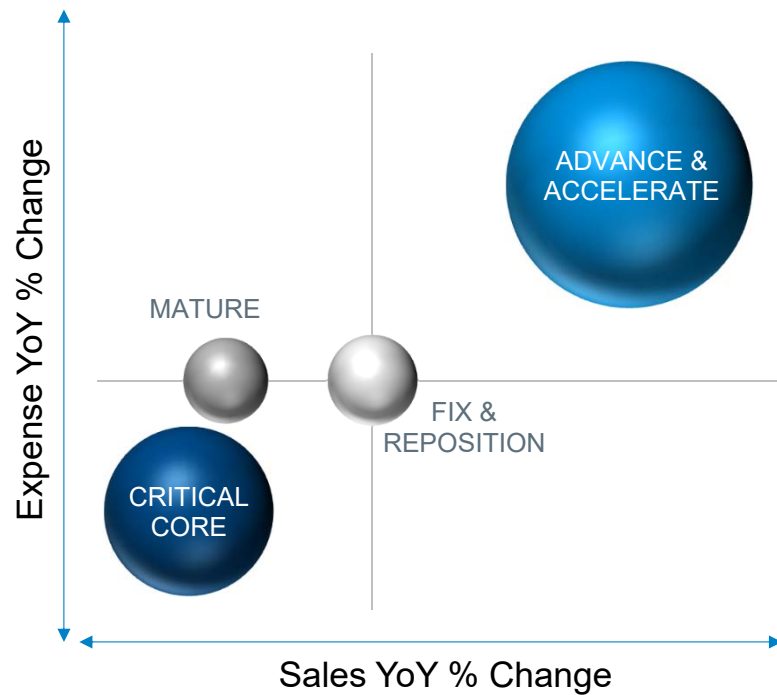
- **Fix & Reposition**

- Gas Turbine Systems
 - More selective in large projects
 - Growing aftermarket sales
- Exhaust and Emissions
 - Refining operations to enhance efficiency

FY17-FY19 Average % Revenue Change



Investing in FY20 for Long-Term Growth

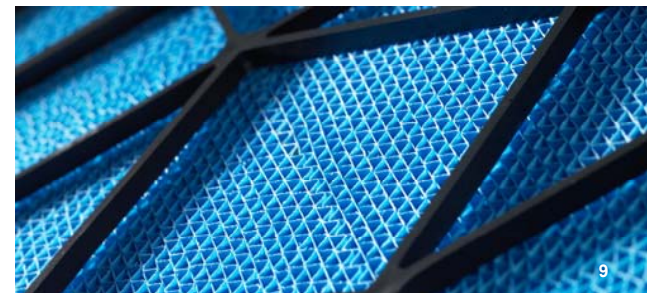
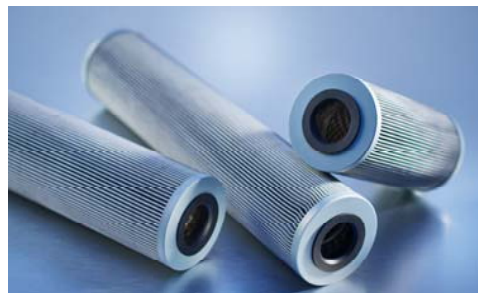


Targeting Specific Deliverables in FY20

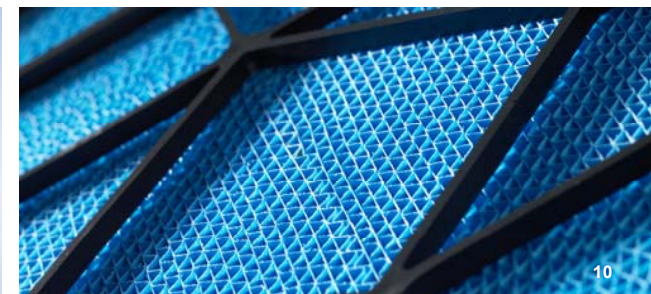
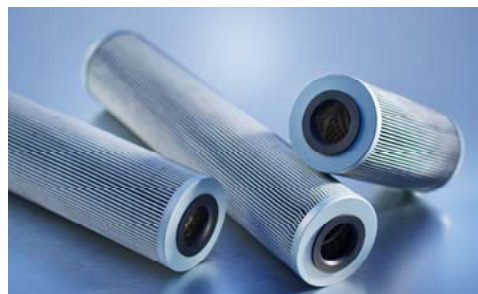
- ▶ Grow sales in the “Advance & Accelerate” portfolio
- ▶ Drive gross margin improvement
- ▶ Complete capacity expansion projects
- ▶ Maintain multi-decade trend of returning cash to shareholders via dividend + share repurchase

Note: Chart bubbles represent percent of total FY20 forecasted sales.

Thank You



Appendix



Reconciliation of GAAP to non-GAAP Metrics



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES				
(In millions, except per share amounts)				
(Unaudited)				
	Three Months Ended		Twelve Months Ended	
	July 31,		July 31,	
	2019	2018	2019	2018
Net earnings	\$ 58.0	\$ 102.4	\$ 267.2	\$ 180.3
Tax (benefit) expense for Federal Tax Cuts and Jobs Act	19.1	(26.0)	18.6	84.1
Restructuring	2.1	—	2.1	—
Adjusted Net Earnings	\$ 79.2	\$ 76.4	\$ 287.9	\$ 264.4
Diluted EPS	\$ 0.45	\$ 0.78	\$ 2.05	\$ 1.36
Tax (benefit) expense for Federal Tax Cuts and Jobs Act	0.14	(0.20)	0.14	0.64
Restructuring	0.02	—	0.02	—
Adjusted diluted EPS	\$ 0.61	\$ 0.58	\$ 2.21	\$ 2.00

Note: Although free cash flow, adjusted free cash flow, EBITDA, adjusted net earnings, adjusted diluted EPS and adjusted effective tax rate are not measures of financial performance under GAAP, the Company believes they are useful in understanding its financial results. The adjusted basis presentation excludes the impact of certain matters not related to the Company's ongoing operations. A shortcoming of these financial measures is that they do not reflect the Company's actual results under GAAP. Management does not intend these items to be considered in isolation or as a substitute for the related GAAP measures. Amounts may not foot due to rounding.