

Stifel 2019 Cross Sector Insight Conference

Scott Robinson, Senior Vice President and CFO | June 10



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, 2018. The Company makes these statements as of the date of this disclosure and undertakes no obligation to update them unless otherwise required by law.

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

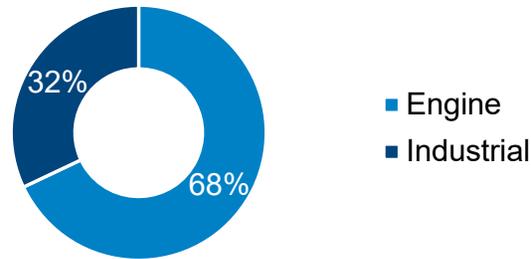


KEY STATISTICS

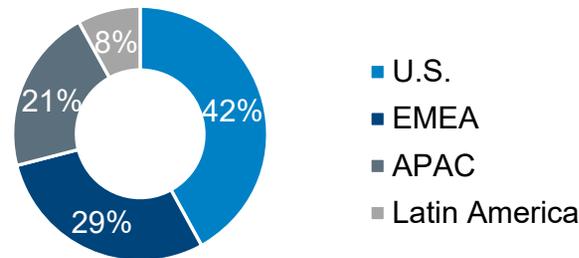
- Founded: 1915
- Employees: ~14,000
- Mfg. Facilities: 43
- Dist. Centers: 20
- Joint Ventures: 3
- Active Patents: 1,800+
- Technical Labs: 100+

FY19 YTD¹ Revenue: \$2.1B

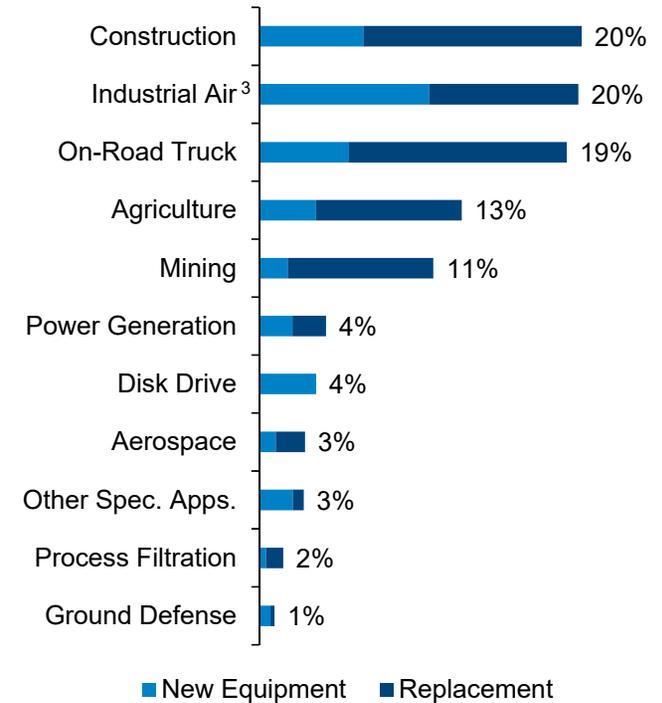
By Segment



By Geographic Region



End Markets/Applications Served²

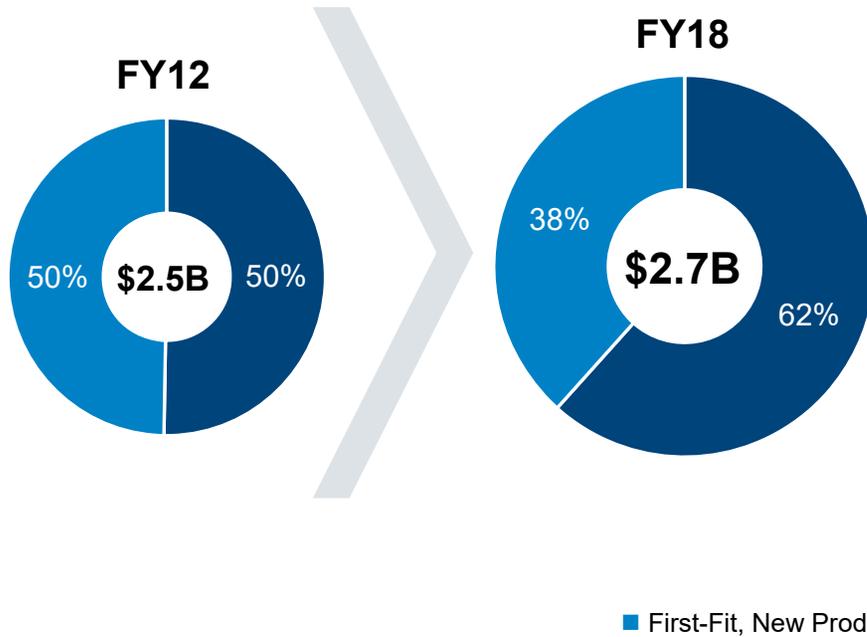


¹ Nine months ended April 30, 2019; ² Estimated percentage of FY18 Revenue; ³ Industrial Air sells into a variety of end markets.

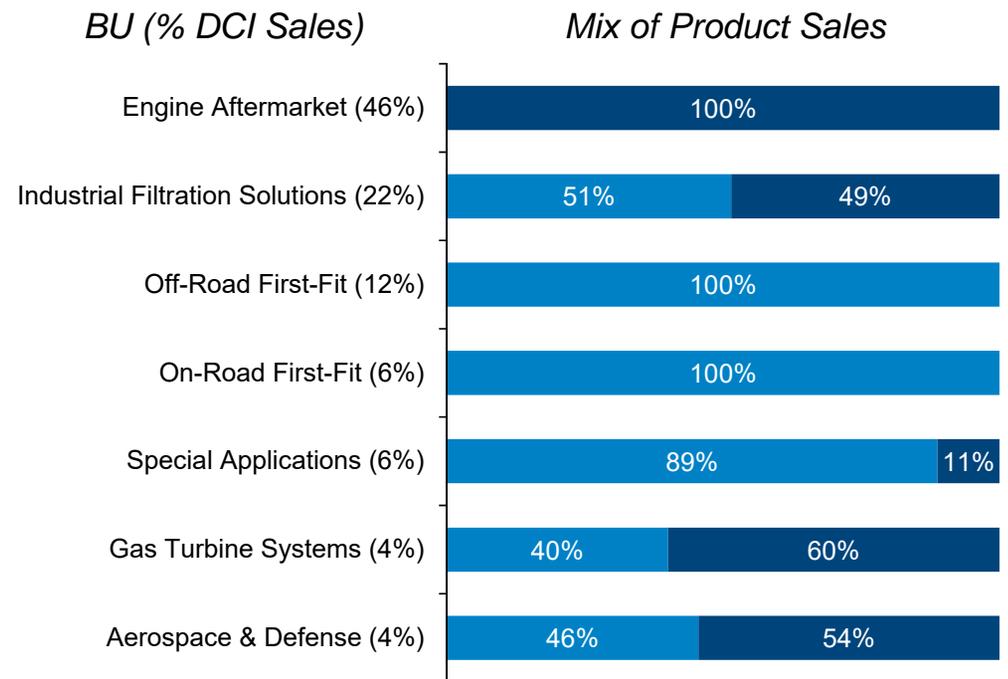
Growth in Recurring Revenue Creates Long-Term Stability



First-Fit vs. Replacement



FY18 Revenue by Business Unit



YTD Sales of Replacement Parts > 10% in FY19¹

¹ In local currency for nine months ended April 30, 2019.



Engine segment

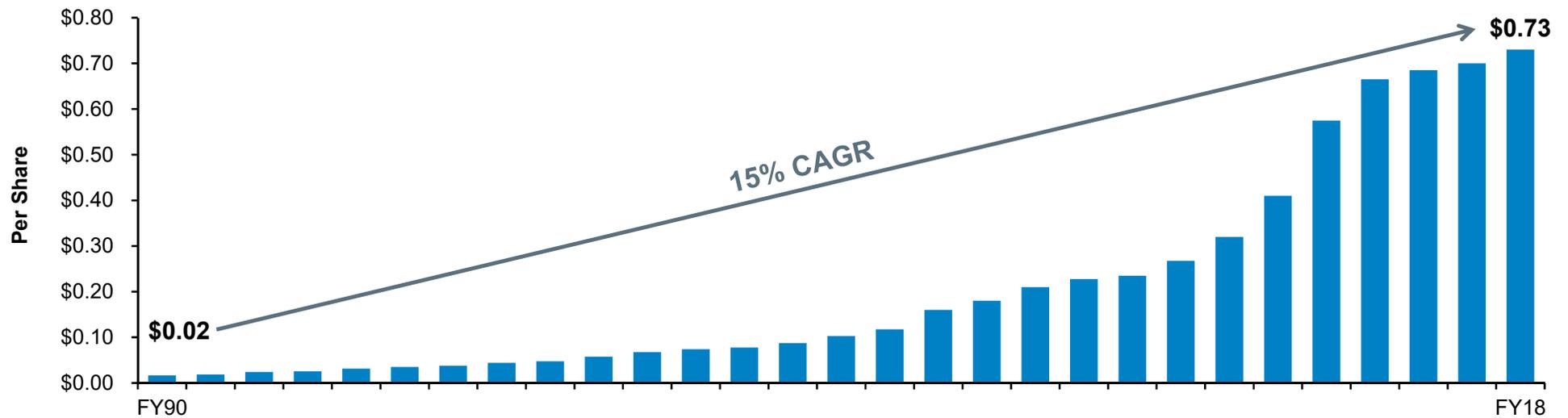
- Grow share with new program wins and new technology (e.g., connectivity, fuel, hydraulics)
- Grow in China and India as local demand for technology increases and users adhere to maintenance cycles
- Acquisitions are geography or capability focused

Industrial segment

- Growing portfolio of best-in-class technology, products and solutions
- Expand customer access with depth, breadth of capabilities
- Accelerate growth strategy with strategic acquisitions

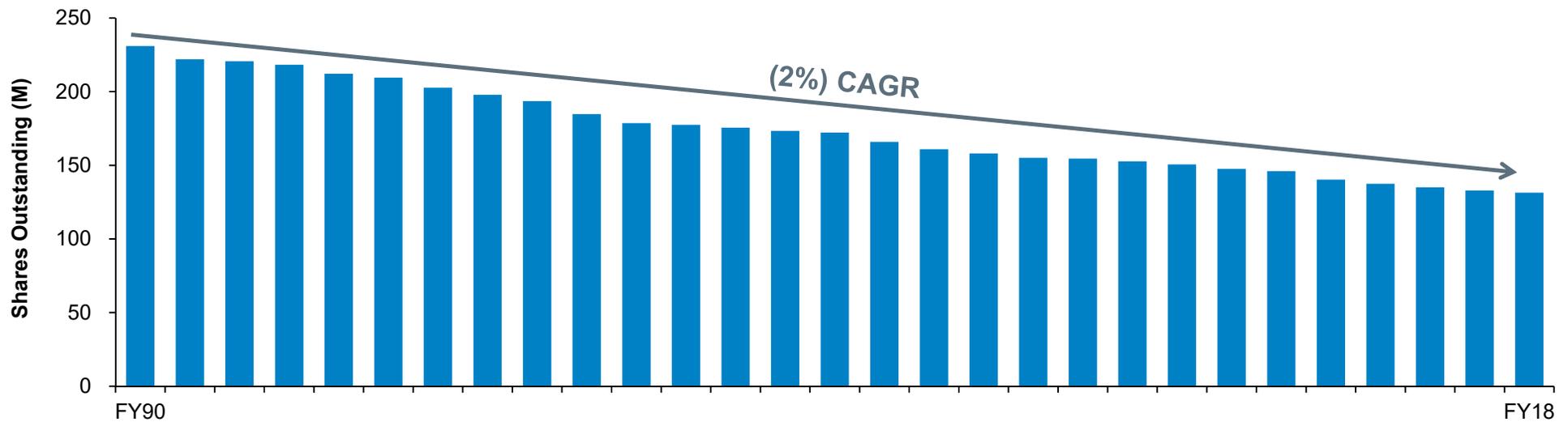
Investment Agenda Aligned to Support Growth Priorities in Both Segments

Longstanding Commitment to Consistent Dividend Growth



- Paid quarterly dividend for 60+ years
- Increased annually for 20+ years; added to S&P High-Yield Dividend Aristocrat Fund in Jan. 2016
- Announced 10.5% increase in quarterly dividend on May 31, 2019

Consistent Share Repurchase



- Long consistent history of repurchasing shares, announced new share repurchase authorization on May 31, 2019
- Committed to offset annual dilution of ~1%, on track to achieve that goal in FY19
- Level of incremental repurchase governed by balance sheet

Bull and Bear Case Discussion

