DONALDSON COMPANY

THIRD QUARTER FISCAL YEAR 2023

MAY 2023

Forward-Looking Statement Safe Harbor

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 affect the Company's performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed. These factors include, but are not limited to, challenges in global operations; impacts of global economic, industrial and political conditions on product demand, including the Russia and Ukraine conflict; impacts from unexpected events, including the COVID-19 pandemic; effects of unavailable raw materials or material cost inflation; inability to attract and retain qualified personnel; inability to meet customer demand; inability to maintain competitive advantages; threats from disruptive technologies; effects of highly competitive markets with pricing pressure; exposure to customer concentration in certain cyclical industries; inability to manage productivity improvements; results of execution of any acquisition, divestiture and other strategic transactions; vulnerabilities associated with information technology systems and security; inability to protect and enforce intellectual property rights; costs associated with governmental laws and regulations; impacts of foreign currency fluctuations; and effects of changes in capital and credit markets. These and other factors are described in Part I, Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law. The results presented herein are preliminary, unaudited and subject to revision until the Company files its results with the United States Securities and Exchange Commission on Form 10-Q.

Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures, such as adjusted diluted EPS, adjusted gross margin, adjusted operating expense, adjusted EBIT, adjusted operating income, adjusted operating margin, and free cash flow, which exclude the impact of certain matters not related to ongoing operations. See the Reconciliation of Non-GAAP Financial Measures schedules in the appendix for additional information.

Third Quarter Fiscal Year 2023 Update and Overview

Key Updates

Continued Shareholder Value Creation, Operational Improvements, and Strategic Investments

- ✓ **Returned $32M** in third quarter and **$203M** year-to-date to **shareholders** in dividends and share repurchases
- ✓ Improved fill-rates, on-time deliveries and late backlogs
- ✓ Continued **innovation** and product portfolio expansion
- ✓ Strategic **Life Sciences investments** focused on scaling

Third Quarter Financial Highlights

Achieved Double-Digit EPS Growth on Low-Single Digit Sales Increase

- ✓ **Sales of $876M up 3%** year over year and **up 5% on a constant currency basis**
  - Pricing of 8% partially offset by currency translation headwinds of 3%
- ✓ **EPS(1) of $0.76** represents **14%** year-over-year **growth**
  - Gross margin and operating margin improvement of 150 bps and 120 bps, respectively, year over year
- ✓ **Strong free cash flow conversion** of approximately 105%

Updated FY 2023 Guidance

Maintained Fiscal 2023 Guidance

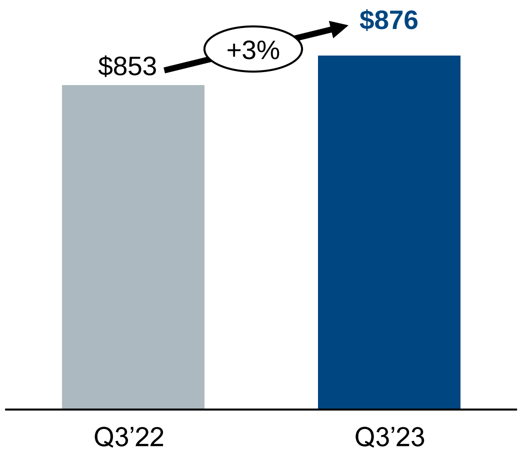
- ✓ **Adjusted EPS(2)** guidance within a range of **$3.00 - $3.06**
- ✓ **Sales outlook** maintained with **growth of 3% to 5%**
- ✓ Continued expectation of full-year **gross margin** and **operating margin expansion**

[1]All EPS figures refer to diluted EPS
[2]Adjusted for fiscal 1H'23 restructuring and other charges of $16.9M pre-tax.

Third Quarter FY23 Overview & Highlights

Sales ($M)

Up 5% YoY Constant Currency Basis

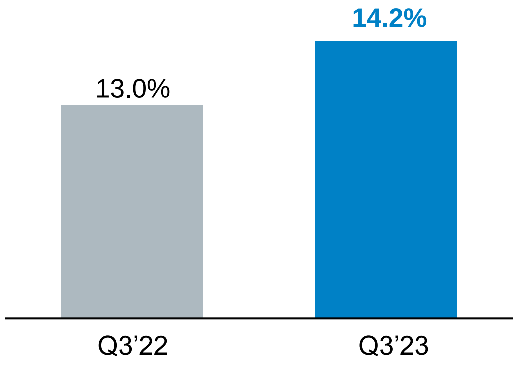


Highlights

- Positive YoY contribution from price (+8%), partially offset by FX (-3%)
- Industrial Solutions +14% YoY, Mobile Solutions flat YoY, and Life Sciences down 13% YoY

Operating Margin

Up 120 bps YoY

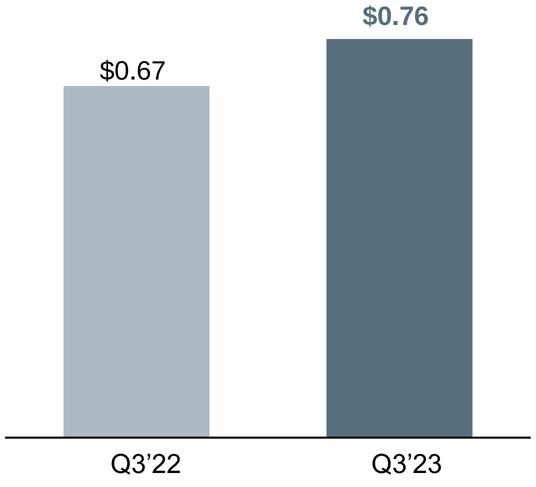


Highlights

- Gross margin increased 150 bps versus prior year driven by pricing and input cost stabilization
- Operating expenses as a percent of sales up 30 bps YoY, driven by post-COVID hiring and discretionary expenses

Diluted EPS

Up 14% YoY



Highlights

- Operating income increased 12% YoY
- Effective tax rate of 22.9% was 250 bps favorable YoY

Mobile Solutions Segment Third Quarter FY23 Results

	Q3'23	Q3'22	YoY
Sales	**$555**	$556	0%
EBT	**$83**	$80	+5%
% of sales	**15.0%**	14.3%	+70 bps

Third Quarter Overview

Sales

- Total sales flat compared to prior year and up 3% on a constant currency basis
- Performance by region: US/CA +2%, EMEA +1%, APAC +3%, LATAM -12%
- Sales in China increased 5% year over year and 14% on a constant currency basis
- Performance by end-market: Off-Road +11%, On-Road +5%, Aftermarket -3%
- Sales growth driven by pricing and notable Off-Road strength

Margins and Key Updates

- Segment EBT margin up 70 bps YoY, resulting from price realization and input cost stabilization

EBT = earnings before income taxes

Industrial Solutions Segment Third Quarter FY23 Results

	Q3'23	Q3'22	YoY
Sales	**$262**	$230	+14%
EBT	**$49**	$34	+43%
% of sales	**18.8%**	14.9%	+390 bps

Third Quarter Overview

Sales

- Total sales grew 14% compared to prior year and 16% on a constant currency basis
- Performance by region: US/CA +19%, EMEA +7%, APAC +14%, LATAM +3%
- Performance by end-market: Industrial Filtration Solutions (IFS) +13% and Aerospace & Defense +22%
- Sales growth driven by strong broad-based demand and price realization

Margins and Key Updates

- Segment EBT margin up 390 bps YoY driven by price realization and input cost stabilization

EBT = earnings before income taxes

Life Sciences Segment Third Quarter FY23 Results

	Q3'23	Q3'22	YoY
Sales	**$59**	$68	-13%
EBT	**$0**	$14	-99%
% of sales	**0.3%**	20.6%	-2,030 bps

Third Quarter Overview

Sales

- Total sales decreased 13% compared to prior year and declined 9% on a constant currency basis
- Performance by region: US/CA +15%, EMEA -6%, APAC -25%, LATAM -28%
- Lower sales driven by ongoing softness in Disk Drive market demand partially offset by an increase in Food and Beverage sales

Margins and Key Updates

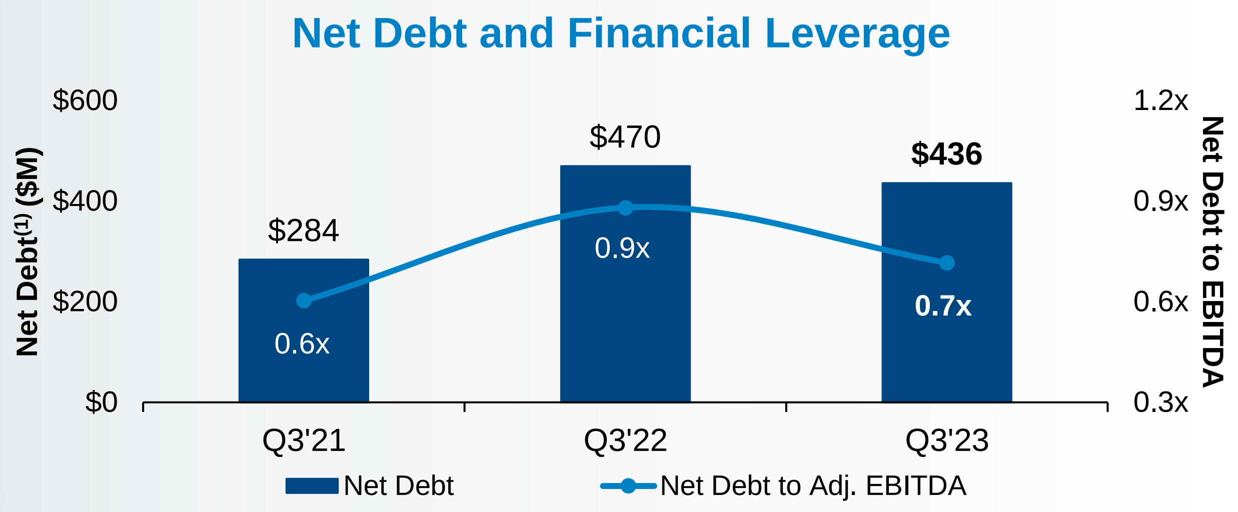
- Segment EBT YoY margin contraction due to lower Disk Drive volumes and incremental investments in pre-revenue acquisitions

EBT = earnings before income taxes

Balance Sheet and Cash Flow Overview

Highlights

- Adjusted free cash flow conversion of 105% in Q3’23, well above 49% in Q3’22 and 93% fiscal year to date compared to 38% in the prior year
- Year-to-date working capital a source of cash aided by improved inventory efficiency
- Strong balance sheet supports future growth and strategic investments



Consolidated Results ($M)

	Q3’23	Q3’22	YTD’23	YTD’22
Cash from Operations	$133	$64	$354	$144
Capital Expenditures	($35)	($23)	($93)	($57)
Free Cash Flow (FCF)[1]	$98	$41	$261	$87
Dividends	($28)	($27)	($84)	($82)
Share Buybacks	($4)	($38)	($119)	($154)

Free cash flow = cash from operations minus capital expenditures

[1]Adjusted for fiscal 1H’23 restructuring and other charges of $16.9M pre-tax. See the Reconciliation of Non-GAAP Financial Measures appendix for additional information.

Fiscal 2023 Financial Outlook

Total Company Sales Growth

Prior (Q2'23)	Current
+2% to 6%	**+3% to 5%**

Total Company Gross Margin

Prior (Q2'23)	Current
YoY expansion	**YoY expansion**

Total Company Operating Margin

Prior (Q2'23)	Current
14.6% to 15.0%	**14.4% to 14.8%**

Adjusted Diluted EPS

Prior (Q2'23)	Current
$2.99 to $3.07	**$3.00 to $3.06**

Capital Expenditures

Prior (Q2'23)	Current
$115M to $130M	**$115M to $130M**

FCF Conversion

Prior (Q2'23)	Current
110% to 120%	**105% to 115%**

Segment Outlook

Mobile Solutions

	Prior (Q2'23)	Current
Total Sales	+1% to 5%	**+2% to 4%**
Off-Road	+ High-single digits	**+ High-single digits**
On-Road	+ Mid-single digits	**+ Mid-single digits**
Aftermarket	+ Low-single digits	**+ Low-single digits**

Industrial Solutions

	Prior (Q2'23)	Current
Total Sales	+8% to 12%	**+11% to 13%**
Industrial Filtration Services	+ High-single digits	**+ Low-double digits**
Aerospace & Defense	+ Low-double digits	**+ Mid-teens**

Life Sciences

	Prior (Q2'23)	Current
Total Sales	-5% to -9%	**-10% to -12%**

Other Assumptions

- Tax rate of ~24% (24% to 26% prior)
- Pricing benefit of approximately ~8% (~6% prior)
- Currency translation expected to be a headwind of ~4%
- Sales growth stronger in 1H'23 driven by pricing benefits
- FY23 interest expense approximately $20M
- Other income between $6M to $10M

Appendix

Reconciliation of Non-GAAP Financial Measures

($ in millions, except per share amounts)
(Unaudited)

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(In millions)
(Unaudited)

	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022	Nine Months Ended April 30, 2023	Nine Months Ended April 30, 2022
Net cash provided by operating activities	$ 133.2	$ 64.2	$ 353.7	$ 143.9
Net capital expenditures	(35.2)	(23.2)	(92.8)	(56.8)
Free cash flow	$ 98.0	$ 41.0	$ 260.9	$ 87.1
Net earnings	$ 93.7	$ 83.0	$ 266.9	$ 231.8
Income taxes	27.8	28.3	84.5	78.0
Interest expense	5.1	3.8	14.3	10.8
Depreciation and amortization	22.5	23.5	67.3	71.0
EBITDA	$ 149.1	$ 138.6	$ 433.0	$ 391.6
Adjusted net earnings	$ 93.7	$ 83.0	$ 279.6	$ 231.8
Adjusted income taxes	27.8	28.3	88.7	78.0
Interest expense	5.1	3.8	14.3	10.8
Depreciation and amortization	22.5	23.5	67.3	71.0
Adjusted EBITDA	$ 149.1	$ 138.6	$ 449.9	$ 391.6
Gross profit	$ 288.8	$ 269.0	$ 860.5	$ 775.8
Restructuring and other charges	—	—	1.5	—
Adjusted gross profit	$ 288.8	$ 269.0	$ 862.0	$ 775.8
Operating expense	$ 164.8	$ 158.0	$ 500.9	$ 461.6
Restructuring and other charges	—	—	(15.4)	—
Adjusted operating expense	$ 164.8	$ 158.0	$ 485.4	$ 461.6
Operating income	$ 124.0	$ 111.0	$ 359.6	$ 314.2
Restructuring and other charges	—	—	16.9	—
Adjusted operating income	$ 124.0	$ 111.0	$ 376.6	$ 314.2
Net earnings	$ 93.7	$ 83.0	$ 266.9	$ 231.8
Restructuring and other charges, net of tax	—	—	12.7	—
Adjusted net earnings	$ 93.7	$ 83.0	$ 279.6	$ 231.8
Diluted EPS	$ 0.76	$ 0.67	$ 2.16	$ 1.85
Restructuring and other charges per share	—	—	0.10	—
Adjusted diluted EPS	$ 0.76	$ 0.67	$ 2.26	$ 1.85

Reconciliation of Non-GAAP Financial Measures

($ in millions, except per share amounts)
(Unaudited)

	April, 30		
	2023	2022	2021
Total debt	$ 622.1	$ 638.5	$ 499.1
Less: Cash and cash equivalents	(186.0)	(168.7)	(215.3)
Net debt	$ 436.1	$ 469.8	$ 283.8

	Twelve months ended April, 30		
	2023	2022	2021
Adjusted EBITDA	$ 609.0	$ 533.5	$ 470.3
Net debt to adjusted EBITDA	0.7x	0.9x	0.6x