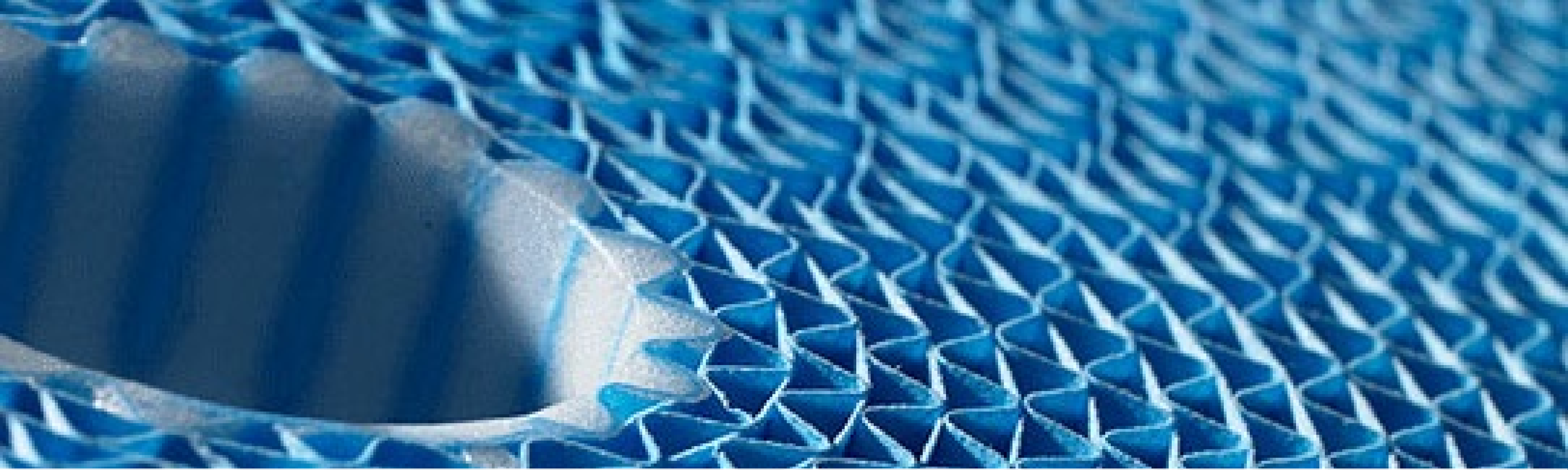


Investor Day 2019

April 9 | New York City

Donaldson
FILTRATION SOLUTIONS

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 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.

Agenda

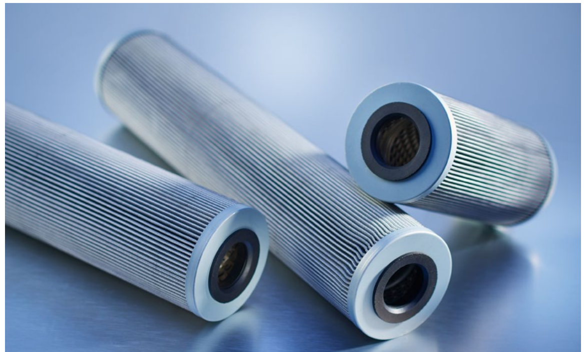
8:30 am	**Welcome & Opening Remarks** Brad Pogalz Director, Investor Relations & Corporate Communications
	Company Overview & Strategic Direction Tod Carpenter Chairman, President & CEO
	Leadership Through Innovation Michael Wynblatt VP, CTO
	Operational Excellence Rich Lewis SVP, Global Operations
9:50 am	**Q&A**
10:10 am	**Break**

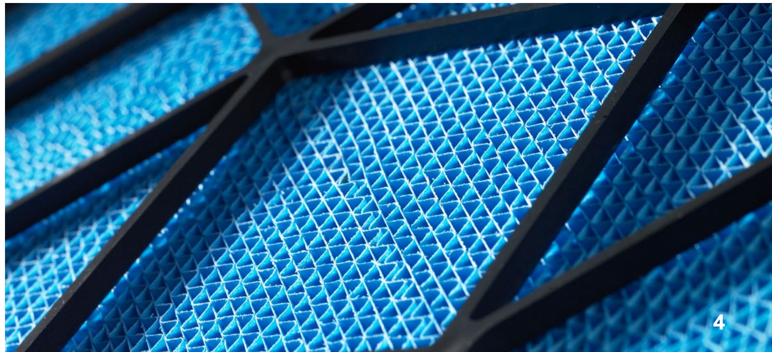
10:20 am	**Engine Products Overview** Tom Scalf SVP, Engine Products
	Industrial Products Overview Jeff Spethmann SVP, Industrial Products
	Financial Overview Scott Robinson SVP, CFO
	Closing Remarks Tod Carpenter Chairman, President & CEO
11:50 am	**Q&A**
12:30 pm	**Leadership Luncheon**

Company Overview & Strategic Direction

Tod Carpenter
Chairman, President & CEO

Donaldson
FILTRATION SOLUTIONS



Strong Value Proposition for Our Stakeholders

Donaldson FILTRATION SOLUTIONS

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 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

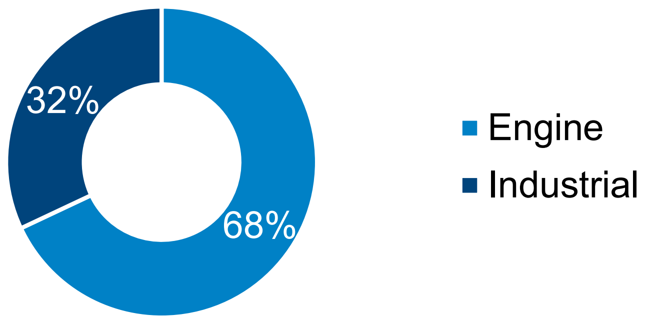
Donaldson FILTRATION SOLUTIONS

KEY STATISTICS

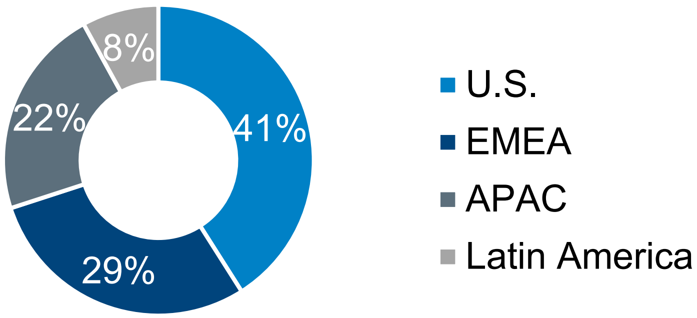
- Founded: 1915
- Market-Cap: ~$6.6B[1]
- Employees: ~14,000
- Mfg. Facilities: 43
- Dist. Centers: 20
- Joint Ventures: 3
- Active Patents: 1,800+
- Technical Labs: 100+

FY18 Revenue: $2.7B

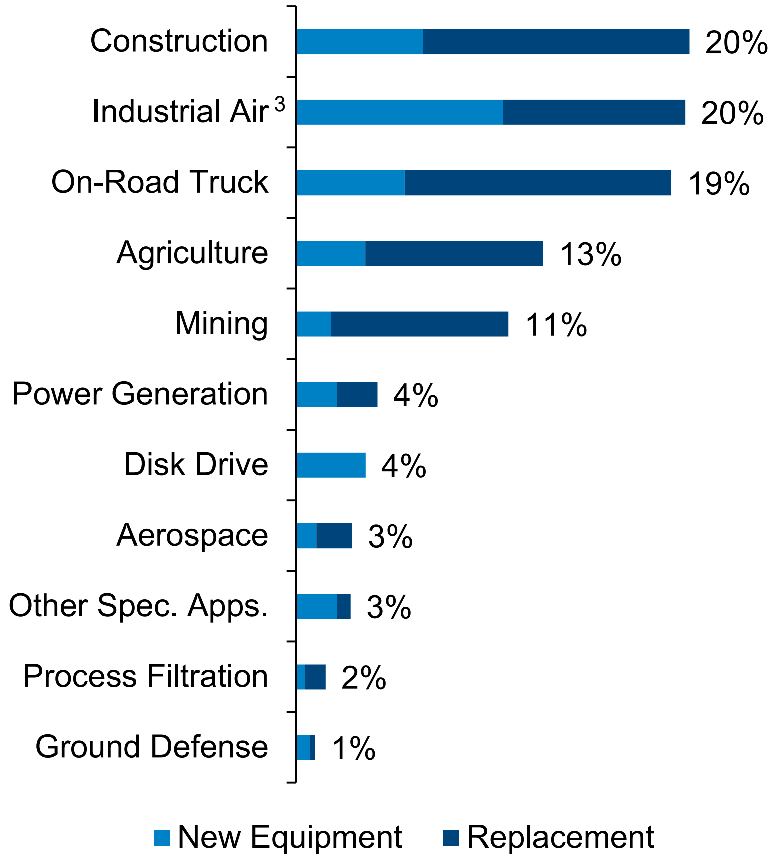
By Segment



By Geographic Region



End Markets/Applications Served[2]



[1] As of 4’2’19; Note fiscal year end is July 31; [2] Percentage of FY18 Revenue; [3] Industrial Air sells into a variety of end markets.

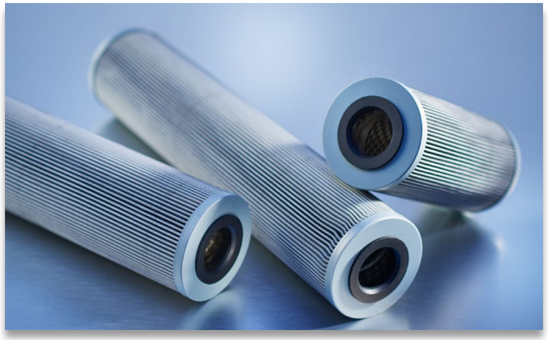
Our Recent Strategic Evolution

2015 – 2016

- Donaldson turned 100 years old
- Restructured business to gain efficiencies and address end-market pressures
- Continued to build upon resilient razor/razor blade business model

2017 – 2018

- Increased level of R&D to further strengthen material science capabilities and develop new solutions
- Invested $165M+ in technology development, distribution, capacity expansion, e-commerce and connectivity



Future

- Ongoing commitment to solve the world's most complex filtration challenges
- Accelerating strategic growth priorities
  - Expand technologies and solutions
  - Extend market access
  - Execute strategic acquisitions

Experienced and Aligned Leadership Team

Tod Carpenter
Chairman, President & CEO
Years with DCI: 22 years

Scott Robinson
SVP, CFO
3 years

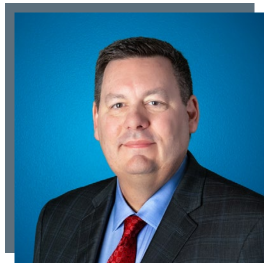
Amy Becker
VP, General Counsel & Sec.
21 years

Guillermo Briseño
VP, LATAM
15 years

Franklin Cardenas
VP, APAC
24 years

Sheila Kramer
VP, Human Resources
3 years

Rich Lewis
SVP, Global Operations
16 years



Tom Scalf
SVP, Engine Products
29 years

Jeff Spethmann
SVP, Industrial Products
18 years

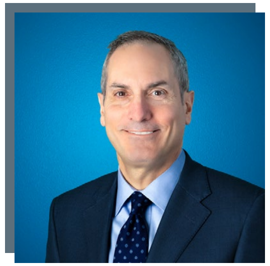
Wim Vermeersch
VP, EMEA
28 years

Michael Wynblatt
VP, CTO
2 years

Top 125 Leaders Meet Annually to Ensure Strategic Alignment Across Organization

Diverse Board of Directors Focused on Governance

Tod Carpenter
Donaldson
Chairman, President & CEO
Tenure on DCI Board: 5 years



Andrew Cecere
U.S. Bancorp
Chairman, President & CEO
6 years

Pilar Cruz
Cargill
Business Unit President
2 years

Mike Hoffman
The Toro Company
Former Chairman & CEO
14 years

Doug Milroy
G&K Services
Former Chairman & CEO
3 years

Will Oberton
Fastenal
Chairman
13 years

Jim Owens
H.B. Fuller
President & CEO
6 years

Ajita Rajendra
A.O. Smith
Executive Chairman
9 years

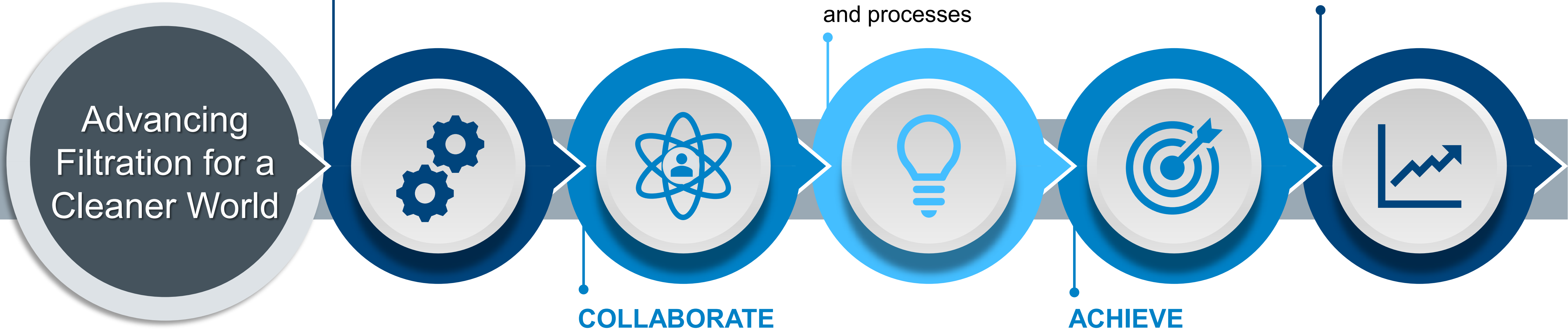
Trudy Rautio
Carlson
Former President & CEO
4 years

John Wiehoff
C.H. Robinson Worldwide
Chairman & CEO
16 years

Broad Business and Financial Expertise

Global Commitment to Excellence

Donaldson FILTRATION SOLUTIONS



DEVELOP
Develop and invest in talent to reach individual and collective potential

COLLABORATE
Build relationships across the organization to drive global alignment and operate as “One Donaldson”

INNOVATE
Anticipate needs, identify opportunities and generate breakthroughs to create solutions for our customers, businesses and processes

ACHIEVE
Create an environment of ownership and accountability focused on delivering strong financial performance and creating long-term value for stakeholders

GROW
Anticipate market opportunities and take bold actions to increase long-term value for our stakeholders

Commitment to Corporate Responsibility is Part of Our Culture

Environmental Health and Safety

Reducing environmental impact of operations while providing safe and compliant workplaces

- Launched EHS framework in U.S. in 2017 and began global implementation in 2018
- Critical framework policies include accountability, employee engagement and establishment of EHS targets
- Safety and GHG emissions reductions are near-term priorities with broader topics like water consumption rolled in over time

Employee and Community Engagement

Developing empowered employees while supporting the communities where we operate

- Launched new Leadership Expectations framework to guide employee development
- Promote a culture of diversity; in FY18 14% of U.S. employees were minorities and females accounted for 32% of our U.S. workforce and 25% of Corporate Officers
- Donaldson Foundation has a philanthropic focus on education; $1.2M in annual grants

Strong Governance

Informed, engaged and principle-driven corporate governance

- Seasoned and diverse board comprised of independent business leaders; 20% female and 20% minorities
- Tenure of independent directors is well-balanced with three directors serving <5 years and three >10 years
- Compensation of management and board aligned with shareholder interests

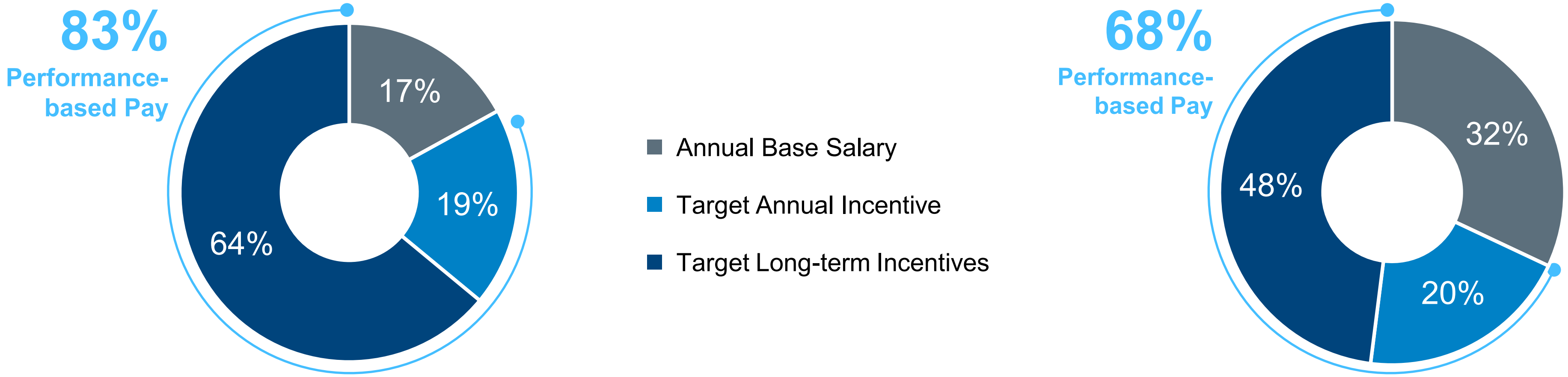
Strong Alignment with Shareholder Interests

STOCK OWNERSHIP REQUIREMENTS

	DCI	Common Market Practice[1]
CEO	10x Base Salary	5x Base Salary
CFO & SVPs	5x Base Salary	3x Base Salary
VPs	3x Base Salary	1x Base Salary

Target Total Direct Compensation Mix

CEO | **Other NEOs[2]**



Long-term Incentives | 50% Tied to ROI Target (Primary Requirement) and 50% to Sales

[1] Source: Willis Towers Watson and Company estimates. [2] Named Executive Officers (NEOs).

Diverse Product Groups Across Industries

Donaldson
FILTRATION SOLUTIONS

ENGINE AIR
39%

INDUSTRIAL DUST, FUME & MIST
14%

FUEL/ LUBE
14%

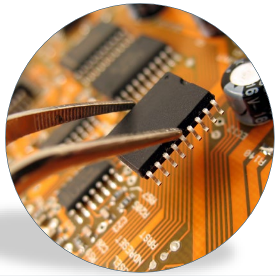
HYDRAULICS
11%

GAS TURBINE
4%

EXHAUST & EMISSIONS
4%

COMPRESSED AIR & GAS
4%

DISK DRIVE
4%



OTHER SPECIAL APPLICATIONS
2%

PROCESS FILTRATION
2%

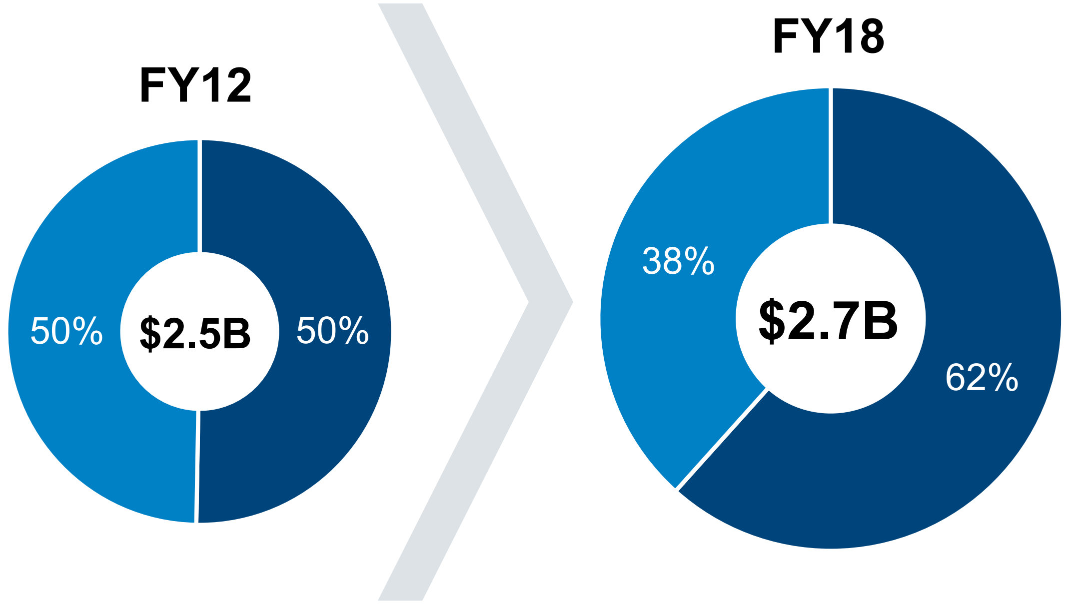
ON-COMPRESSOR
1%

VENTING SOLUTIONS
1%

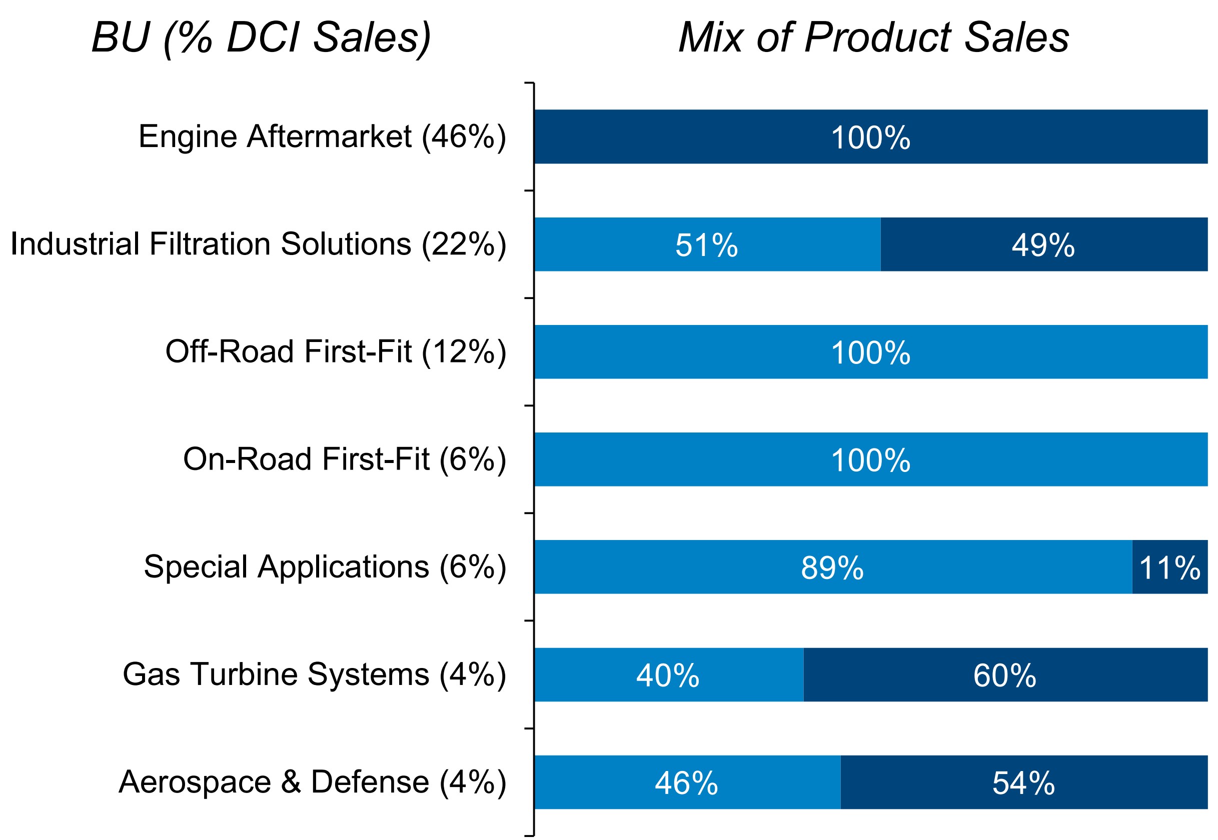
Note: Percentage of FY18 total revenue.

Growth in Recurring Revenue

First-Fit vs. Replacement



FY18 Revenue by Business Unit



■ First-Fit, New Products ■ Replacement Parts

Leadership Driven by Sustainable Competitive Advantages

OVER A CENTURY OF FILTRATION INNOVATION

- Invented the first engine air filter more than 100 years ago
- Continuous development of new and innovative products with focus on fundamental science (e.g., fibers and media)
- Innovative air and liquid products that add value to customers and drive recurring revenue
- Long-term focus on fuel filtration to accelerate growth, gain share

STRONG CUSTOMER RELATIONSHIPS

- Global footprint – we are where our customers need us
- Building new teams, making it easier to do business
  - Advanced R&D
  - E-commerce
  - Connected solutions
- Our engineers partner with customer teams to be early in solutions development
- Key plants are certified for customers' excellence programs

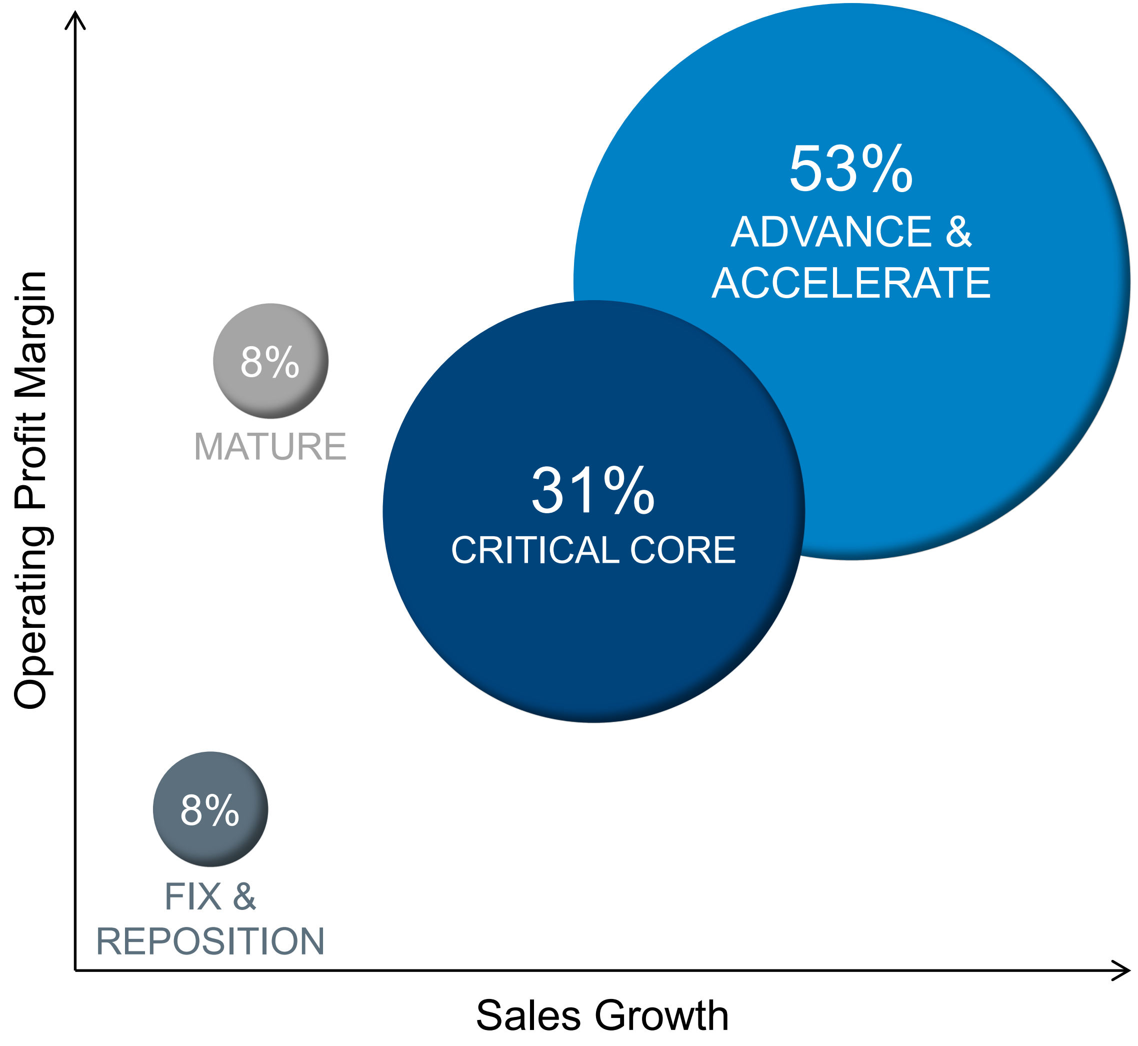
DIVERSIFIED GLOBAL BUSINESS

- Diversification enabled by leveraging a robust portfolio of technologies, products and filtration experience
- Investments in every major region to support production, distribution and R&D for high-growth, innovative products
- Local touch creates advantages as customers' needs are evolving
- Ability to locate capacity at most optimal location worldwide

HIGH AFTERMARKET RETENTION

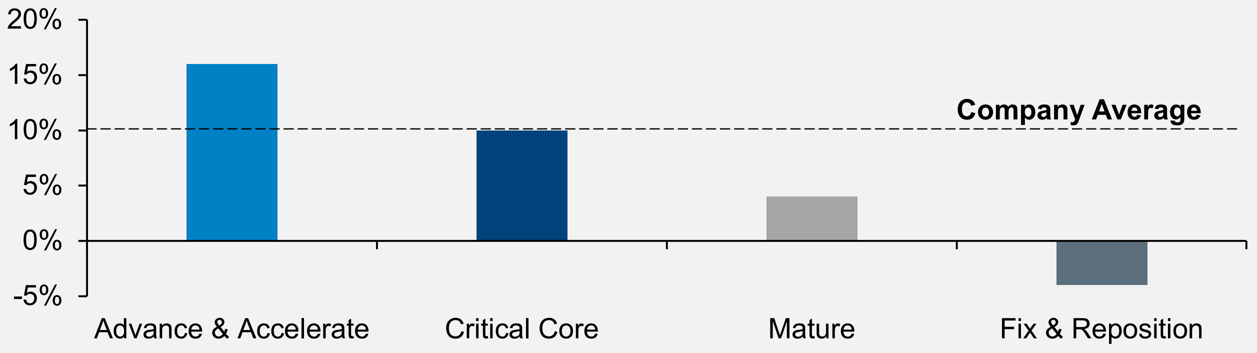
- Innovative products are in-demand as customers' performance and service standards increase
- Increasingly complex equipment and product designs deepen the OEM relationship
- Complete line of products allows full coverage to meet customer needs

Portfolio Analysis and Roles



- **Advance & Accelerate**
  - IAF[1] Aftermarket
  - Engine Aftermarket
  - Venting Solutions
  - Process Filtration
  - Semiconductor
  - Industrial Hydraulics
- **Critical Core**
  - Off-Road First-fit
  - On-Road First-fit
  - IAF[1] Equipment
  - Compressed Air Filtration
  - Aerospace
- **Mature**
  - Disk Drive
  - Defense
  - On-Compressor
  - PTFE[2] Roll Goods
- **Fix & Reposition**
  - Gas Turbine Systems
    - More selective in large projects
    - Growing aftermarket sales
  - Exhaust and Emissions
    - Refining operations to enhance efficiency

FY16-FY18 Average % Revenue Change



Note: Illustrative – chart not to scale. Percentage of FY18 total revenue; [1] Industrial Air Filtration (IAF); [2] Polytetrafluoroethylene (PTFE).

Putting Long-term Industry Headwinds in Perspective

Gas Power Generation

- Market shifting towards renewables at a slow pace
- Existing gas turbine systems will remain in-service for decades, and new ones still being added
- Shift from new projects towards replacement parts providing long horizon for gaining share and improving profitability

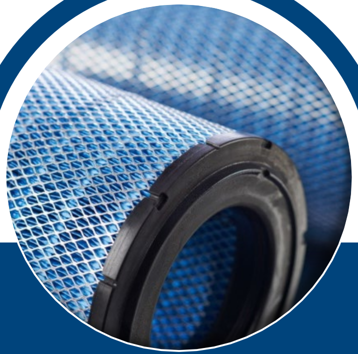
Disk Drive Market

- Industry projections for modest declines over a long horizon
- More significant pressure in personal devices, with cloud storage providing a partial offset
- Continued technology advancements can be leveraged in other applications

Electrification Adoption

- Minimal impact over the next decade+
- Medium-duty is likely to be fastest adoption (<2% of sales)
- Heavy-duty equipment used for decade(s), creating long aftermarket revenue stream

Industry Tailwinds and Opportunities



Increasing Technology Needs Across Industries

Higher-performing equipment and complex processes require advanced filtration

Increasing Value on Strategic Partnerships

Customers want problem-solvers with deep understanding of their needs and technical expertise

Increasing Demand for Connected Solutions

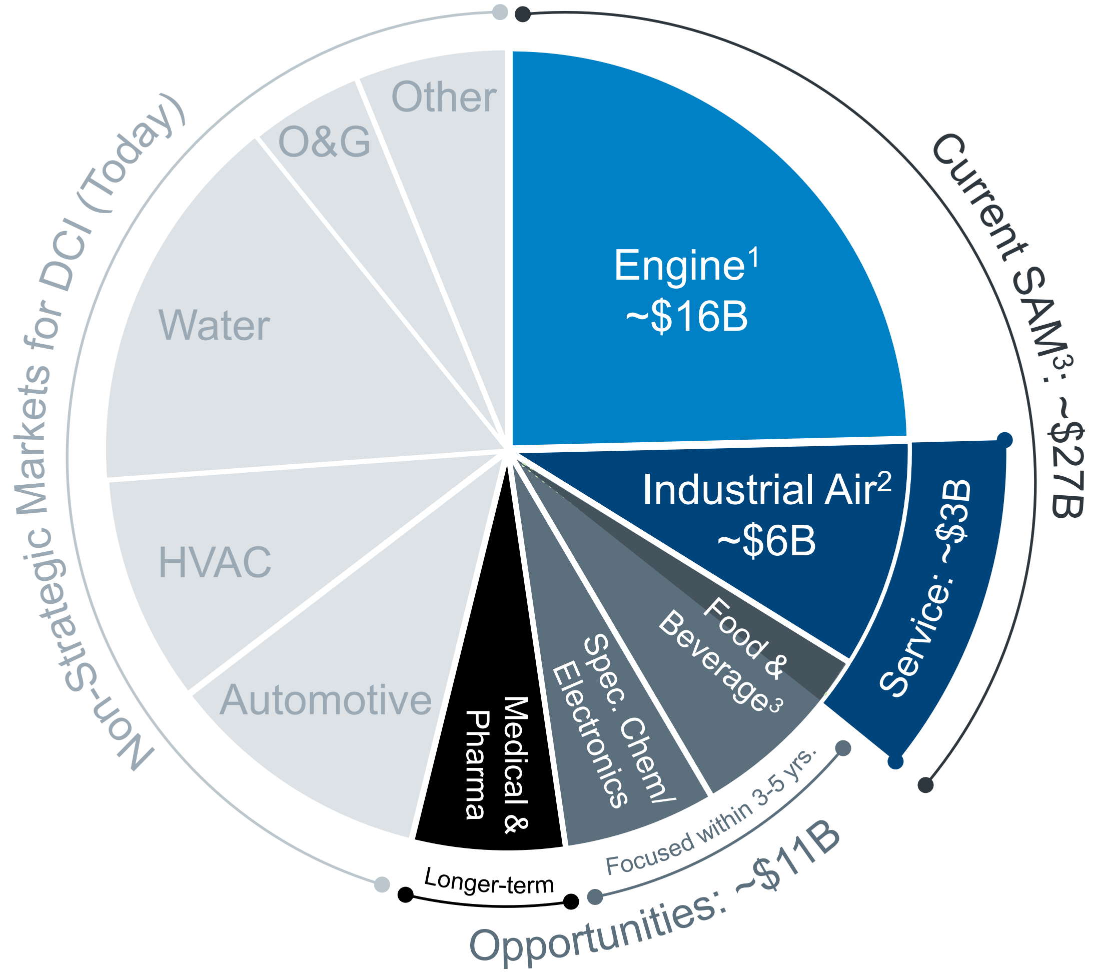
Customers want to reduce total cost of ownership, driving need for sensing and monitoring capabilities

Increasing Standards Around the World

Meeting performance, safety and cleanliness standards is increasingly important

Total Addressable Filtration Products Market: ~$65B

Donaldson FILTRATION SOLUTIONS



Opportunities Driven by Our Strategic Technology Evolution

[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.

Strategic Growth Priorities

Expand Technologies and Solutions

- **Widen our technology advantage and increase our addressable market opportunities**
  - R&D investments from 2-3% to 3-4% of sales over the long-term
  - R&D capex for new lab equipment, facilities and expansions

- **Deepen relationships with existing customers and reach new ones**
  - Expand product offering for air and liquid solutions in both segments
  - Develop and launch connected solutions to increase value-add for our customers
  - Leverage global e-commerce

Investment in R&D

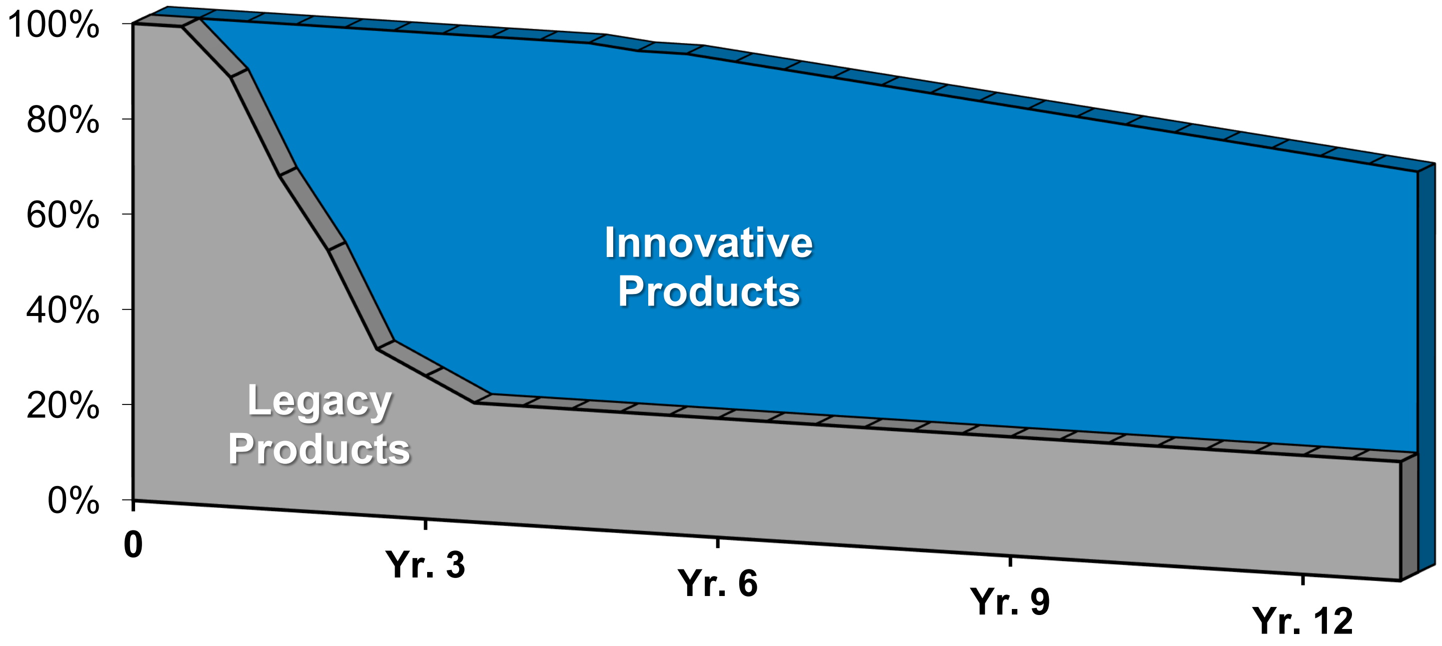
$15M for New State-of-the-Art Facility in Bloomington, MN

- Penetrate into new and adjacent markets
- Innovate with higher technology products
- Diversify with new technologies in wide variety of applications
- Target higher margin opportunities

Strengthening Our Material Science Capabilities

Retention Rates of Innovative vs. Legacy Products

Aftermarket Retention Rate of Innovative Products Is Higher than Legacy Products Over Time



Innovative Products Today

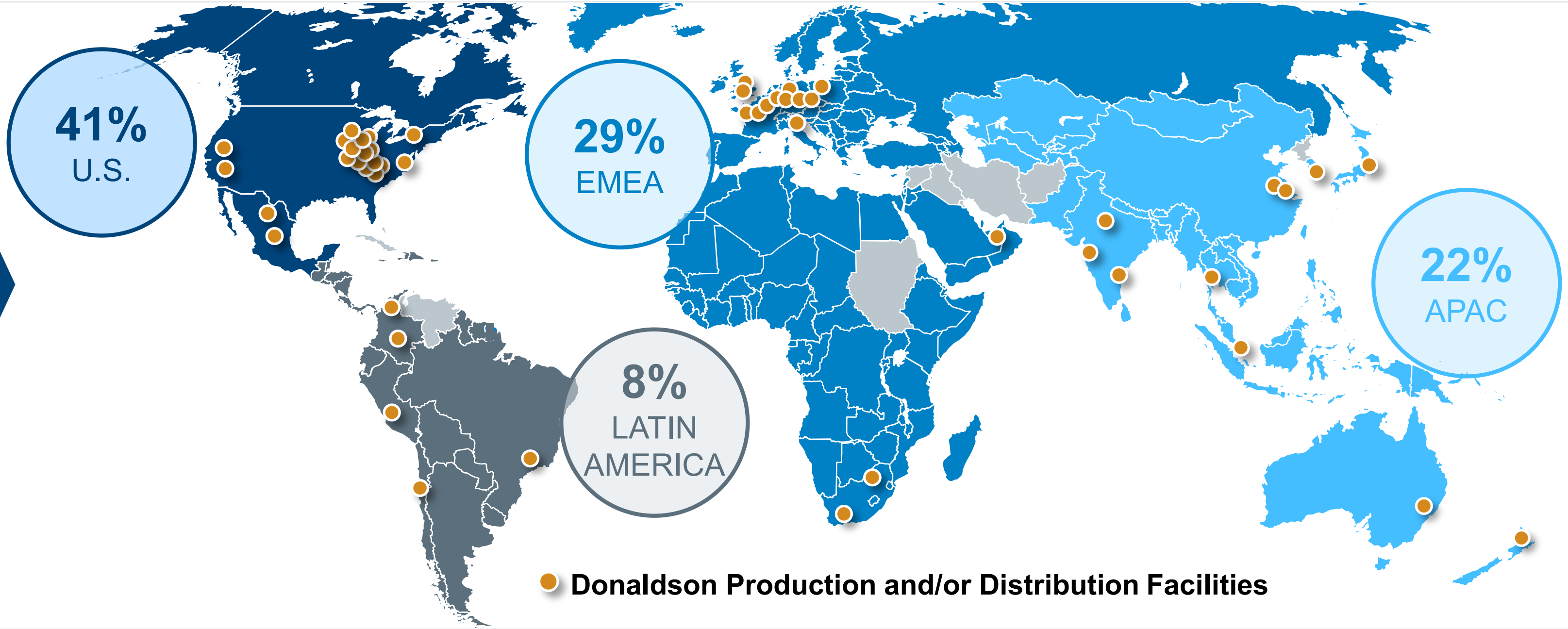
- Sales of PowerCore® products grew 2x in 5 years; new opportunities in China
- Torit® Downflo® Evolution and PowerCore® products increased to >10% of Industrial Air Filtration
- New proprietary-fit solutions are in development

Innovative Products Drive Aftermarket Retention

Diversified Global Presence

Global Sales Reach with Local Touch

Footprint & FY18 Revenue Mix by Region



Focused Growth Opportunities

China
- Engine Air
- Fuel
- Industrial Air
- Venting

U.S.
- Fuel
- Hydraulics
- Process
- Venting

Latin America
- First-fit Air
- Aftermarket
- Fuel
- Industrial Air

Europe
- Industrial Air
- First-fit Air
- Fuel
- Hydraulics
- Process

Disciplined and Strategic Approach to M&A

M&A STRATEGY

Stay within Our Core of Filtration

- New Technologies or Products
- New Customers
- New Geographies

IDEAL M&A CHARACTERISTICS TO SUPPORT STRATEGIC GROWTH PLANS

Technologies or products that support the filtration offering	Industrial (non-Engine) markets with different business cycles
Replacement part opportunities to grow recurring business	Expanded liquid capabilities
Existing relationship	Enhances services and/or connectivity capabilities

Invested ~$250M since FY15 on Six Acquisitions that Support Long-term, Profitable Growth

FY21 Financial Targets

	FY21 TARGETS	FY18 - FY21 FRAMEWORK
SALES	**$3.0B - $3.3B**	**3% - 7% CAGR**
OPERATING MARGIN[1]	**15.0% - 15.8%**	**+120 - 200 bps**
INCREMENTAL MARGIN[1]	**22% - 28%**	**20% - 25%**

Business Highlights

- Above-market growth in both segments driven by execution of strategic priorities
- Improvement in operational gross margin in both segments
- Focused investments to deliver positive operating leverage and advance strategic priorities

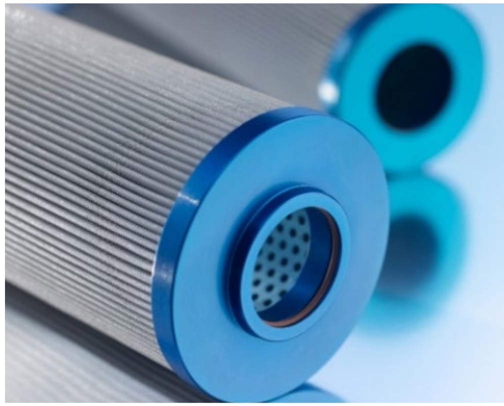
Committed to Increasing Levels of Profitability on Increasing Sales

[1] Excludes income from joint ventures and royalties, and other items that are allocated to the segments as well as any restructuring charges that may be incurred.

Key Takeaways

Technology-led filtration company with deep customer relationships

Experienced management team committed to our long-term strategic goals



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

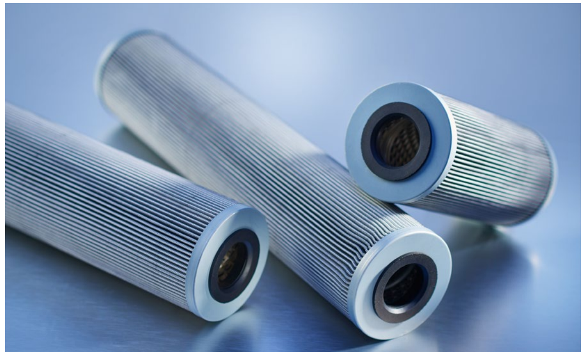
Diversified portfolio of global businesses with recurring revenue and expanding addressable market opportunities

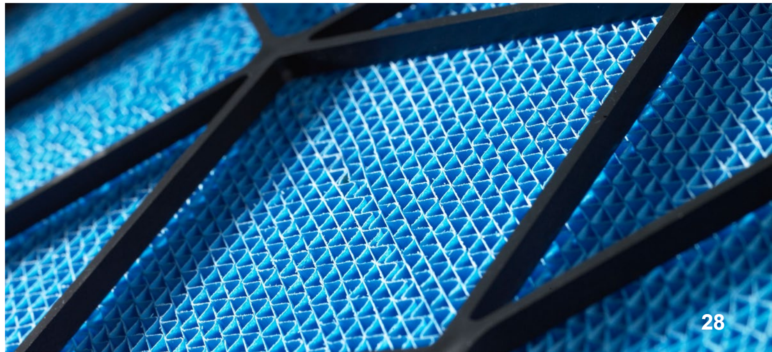
Global sales, production and distribution footprint with personalized service of a local firm

Leadership Through Innovation

Michael Wynblatt
VP, Chief Technology Officer

Donaldson
FILTRATION SOLUTIONS



Key Messages | Leadership Through Innovation

Donaldson FILTRATION SOLUTIONS

1. Our innovation leadership strategy is working; technology is crucial in the filtration industry

2. Our scientific strength manifests as differentiated filter media; our customer intimacy allows us to customize solutions

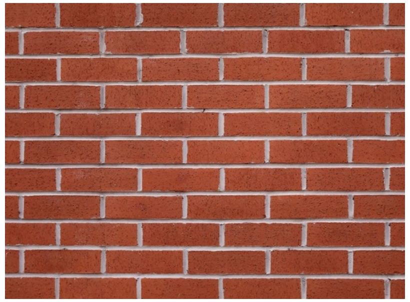
3. Intelligent and customized filtration are two key opportunities that leverage our technical edge to drive future profitable growth

4. We are accelerating investments and improving execution to maintain our innovation advantage

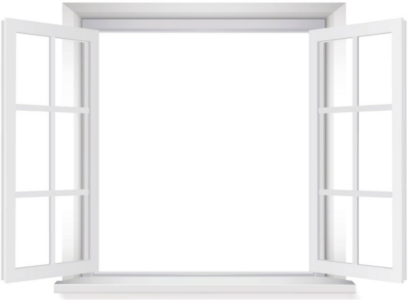
Technology Matters in Filtration

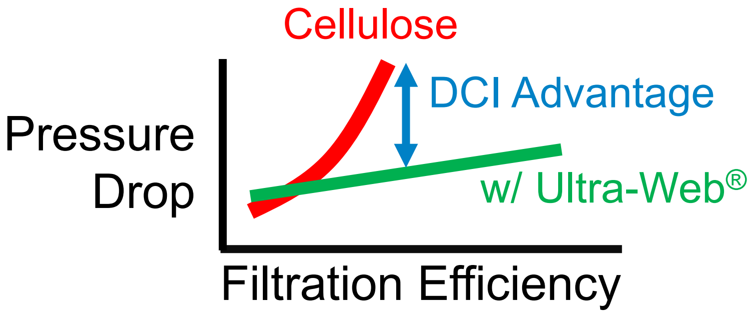
Let as little contaminant through as possible

Let the filtrate through with minimal pressure drop



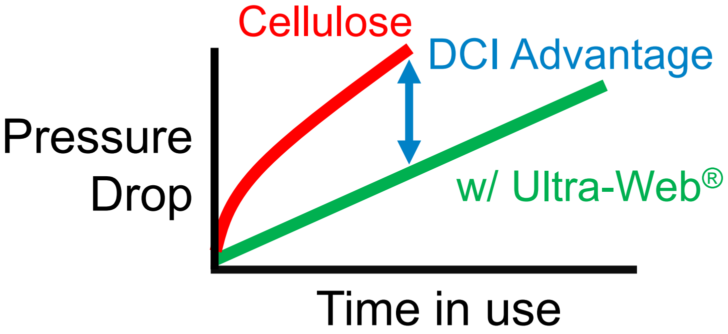
It's easy to do either, but harder to do both





Better technology provides a better trade-off

Filters should work a long time before becoming "plugged"



Better technology provides longer life

Contaminants have many different sizes and chemistries

Technology allows filter performance over the range

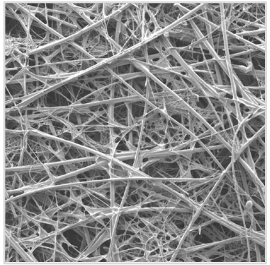
Donaldson Matches Science to Customer Needs

Donaldson FILTRATION SOLUTIONS

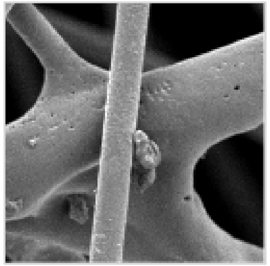
Increasing Understanding of What's Needed

Deep understanding of applications informs us of customer needs

The blades in the razor



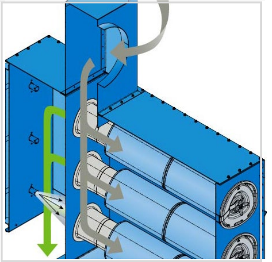
Media is the differentiator



Deep understanding of chemistry and materials is what enables differentiated media

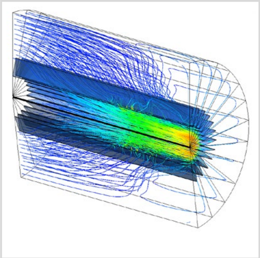
Solutions

Partner actively with customers, and provide full solutions

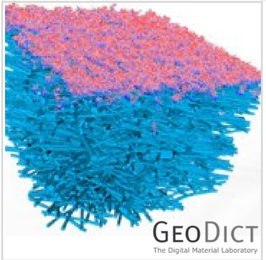


Elements

Use fixturing IP to drive aftermarket, for us and for OEs



Media



Design our own media, in house, and hold the technology IP

Chemistry & Materials

Design custom fibers, coatings, membranes and production techniques

Increasing Source of Differentiation

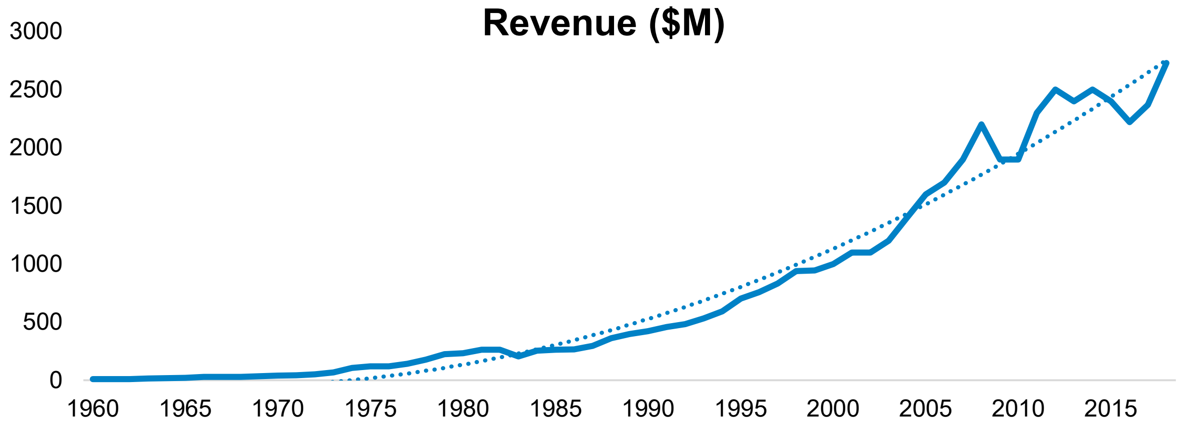
Great Science Gives Us Great Media – a Key Competitive Advantage in Solving Customer Problems

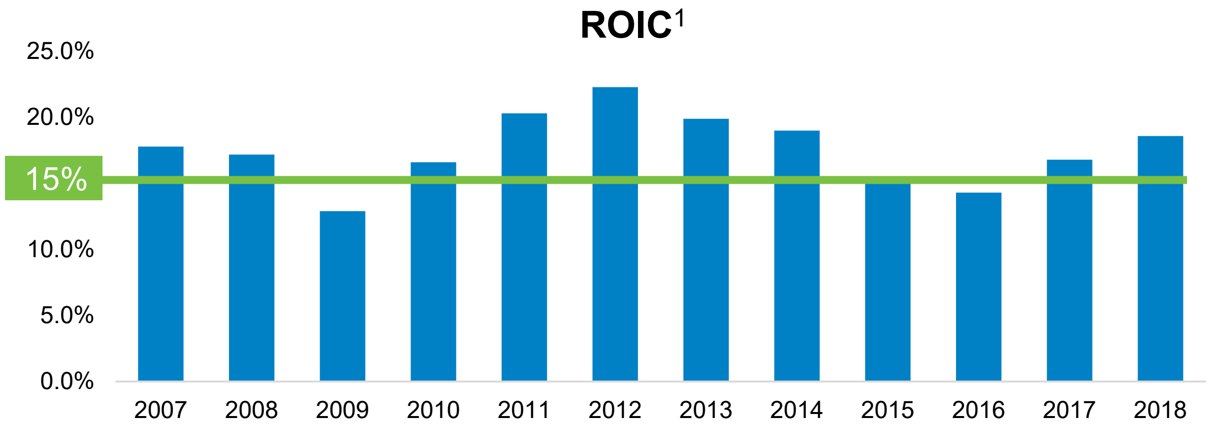
Technology Advantage Has Driven Growth and Strong Returns

Synteq™
TETRATEX®
ULTRA-WEB®
DOWNFLO®
PowerCore® A Donaldson Filtration Technology

Due to our differentiation, nearly all Donaldson products sell at a *premium*

WE GET PAID FOR OUR TECHNOLOGY





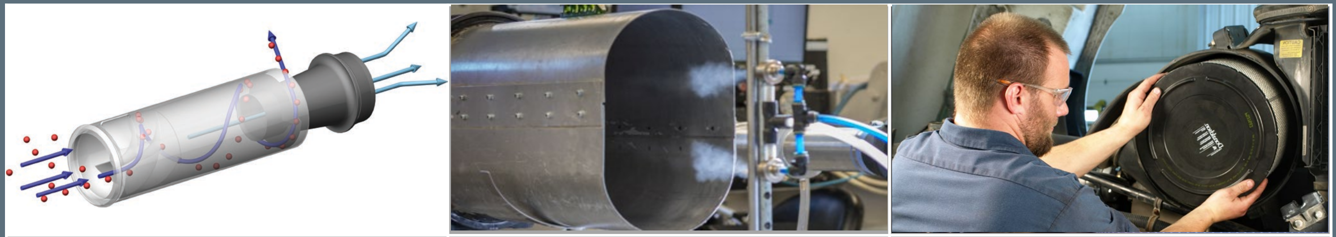
The Innovation Leadership Strategy Is Working

[1] ROIC: Net Earnings ÷ Average (Short-Term Borrowings and Long-Term Debt + Total Shareholders' Equity + Allowance for Doubtful Accounts - Net Deferred Tax Assets). FY18 ROI excludes the impact on net earnings from the Tax Reform.

From Best Effort to Intelligent Filtration

Donaldson. FILTRATION SOLUTIONS

Best Effort Filtration



Design | Test | Install

Designed for the Worst Case

Freightliner Cascadia is used on-road, and as a quarry dump truck; filter requirements are significantly different

Intelligent Filtration

Design | Test | Install | Monitor | Verify / Predict

Advancements in sensing and connectivity technology enable us to offer new solutions to remotely monitor and analyze our filter performance

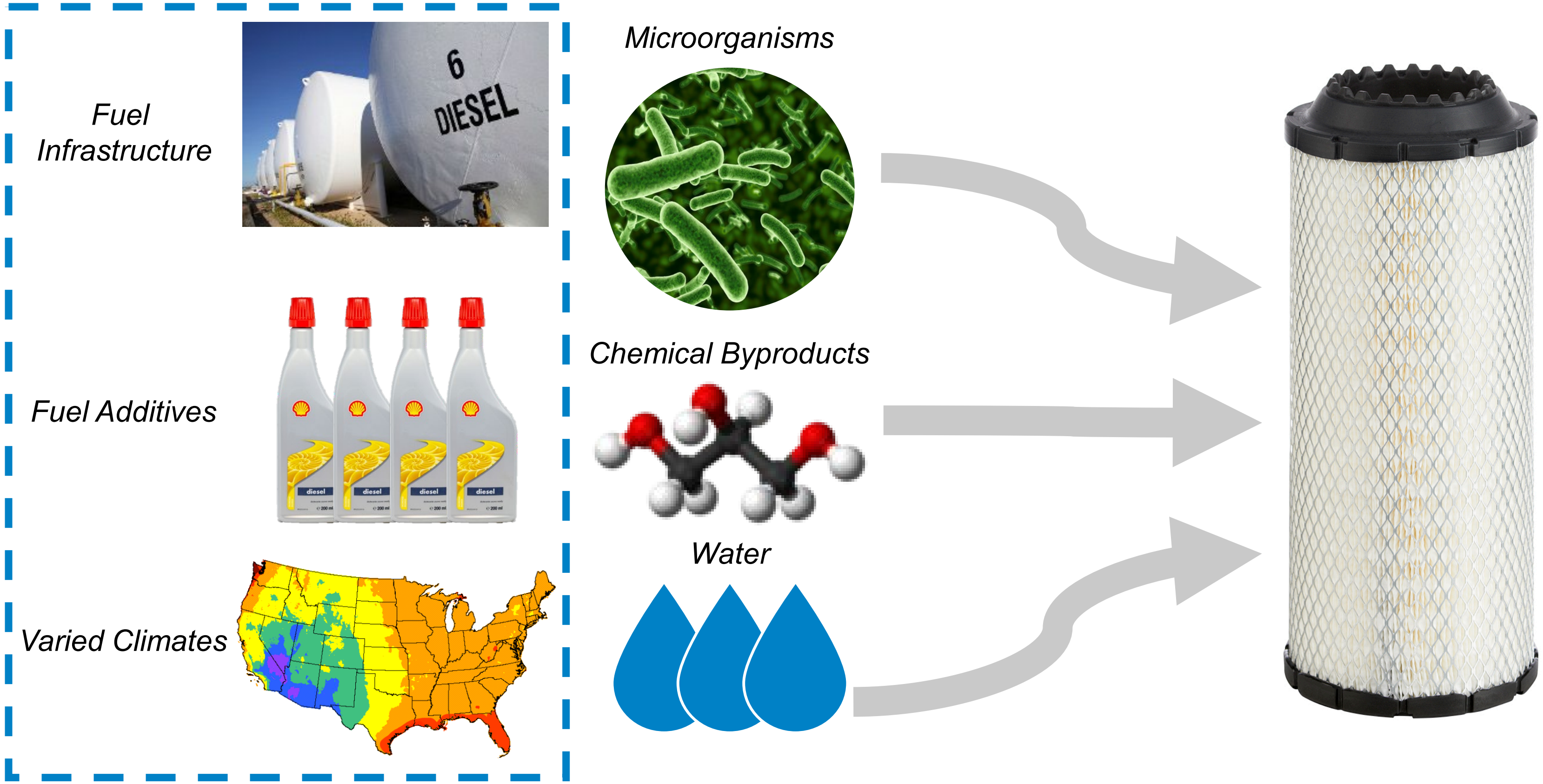
Designed for Actual Case

A right-sized filter with performance verification is worth more, and has optimized cost

Real-time Intelligence Offers More Value and Optimized Capability

From Generic to Customized Filtration

A fuel filter is traditionally tested with “Arizona Road Dust”



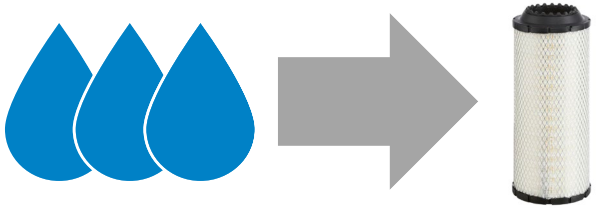
Real contaminants come from interactions between the fuel distribution infrastructure, the drive train, additives and climate

Real-World Contaminants Vary Widely by Application and Usage Scenario

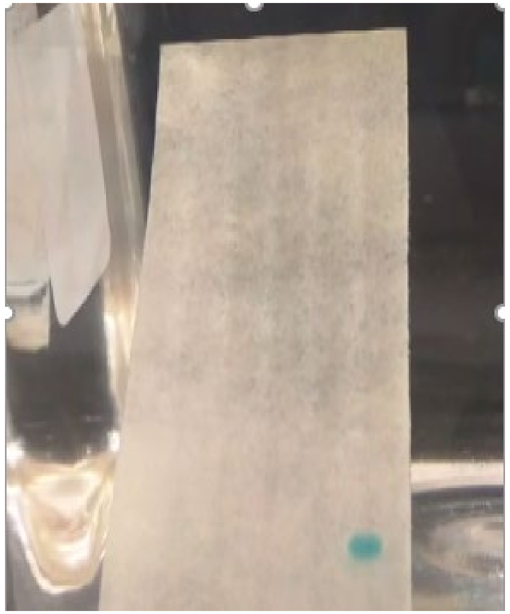
Donaldson's Technology Edge Shines with Custom Solutions

Donaldson FILTRATION SOLUTIONS

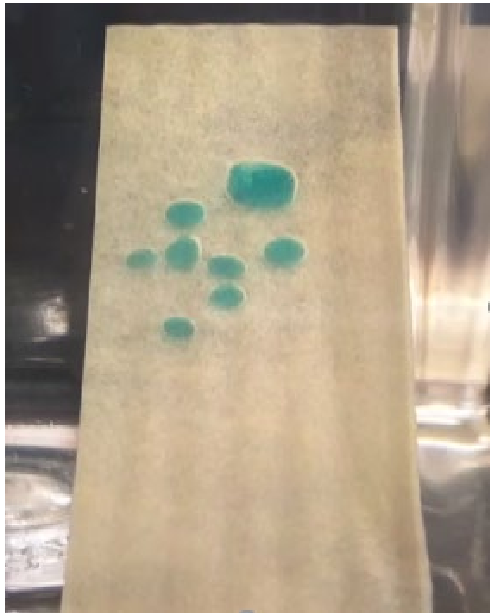
Our scientific capabilities allow us to design media optimized for real-world contaminants



Video: Water Absorbed by Media



Video: Water Repelled by Media



Video: Water Sticking to Media

Customized Filtration Offers Dramatically Improved Performance

Enhancing Our Innovation Capability

Donaldson FILTRATION SOLUTIONS

INCREASING R&D INVESTMENT

FY 2018: +10%
FY 2019E: +10%
FY 2020E: +10%

MORE FOCUS ON BREAKTHROUGHS

- Carved out dedicated teams for Advanced R&D and Innovation
- Incremental investments applied to specific programs with breakthrough potential

IMPROVING EXECUTION

New innovation process deployed

- Iterative testing of the commercial hypothesis
- Learn fast, focus on the customer

ATTRACTING TOP TALENT

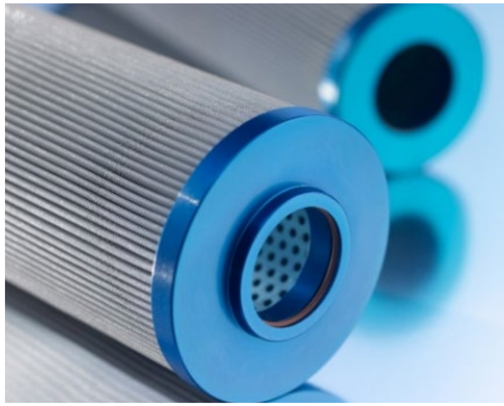
- Because we are innovation leaders, with dedicated R&D, focused on breakthroughs
- Added 11 new PhDs within last 18 months

Accelerating to Maintain our Innovation Advantage

Key Takeaways | Leadership Through Innovation

Great filter media requires great science – we have both

Custom filtration offers much higher performance than traditional approaches



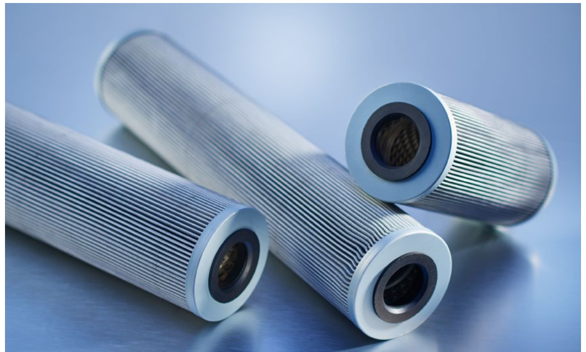
Increasing R&D investment with more focus on breakthroughs

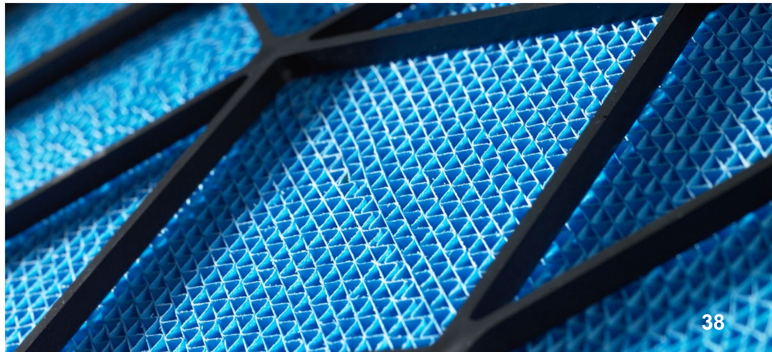
Intelligent filtration promises right-sized and verified performance

Innovation leadership drives growth and ROIC

Operational Excellence

Rich Lewis
SVP, Global Operations





Key Messages | Operational Excellence

1. Overarching goal is to deliver leading service and quality, which facilitates profitable growth

2. Global reach allows production in optimal location while leveraging new technologies around the world

3. Donaldson Production System (DPS) focuses on lean manufacturing and continuous cost reduction to enable profitable growth

4. Last two years characterized by unprecedented growth; investments in new capacity enable shift towards structural cost reductions

5. Continuous improvement is culturally ingrained and key to margin expansion as we further develop and leverage our operational excellence

Evolution of Strategic, Operational Focus

Donaldson FILTRATION SOLUTIONS

FY02 – FY07

- Globalization as we double in size (e.g., China, India, Brazil)
- Investments in lower cost countries (e.g., Eastern Europe and Mexico)
- Operational maturity with increased focus on operational excellence

FY08 – FY12

- Global recession and recovery
- DPS 1.0 to codify best practices from high performing plants

FY13 – FY16

- Deploy global ERP to standardize, globalize and optimize processes in the future
- Restructure and retrench globally

FY17 – FY21

- Rapid period of growth
- Inflation of input costs
- Period of deliberate customer investment, suboptimizing and reoptimizing supply chain to remain top tier partner – **now at operational inflection point**
- Opportunity to optimize supply chain and footprint with a focus on safety, on-time delivery and capacity

Strategic Objectives to Enable Profitable Growth

Focus Areas

- COSTS
- CAPACITY
- CAPABILITY

By FY21

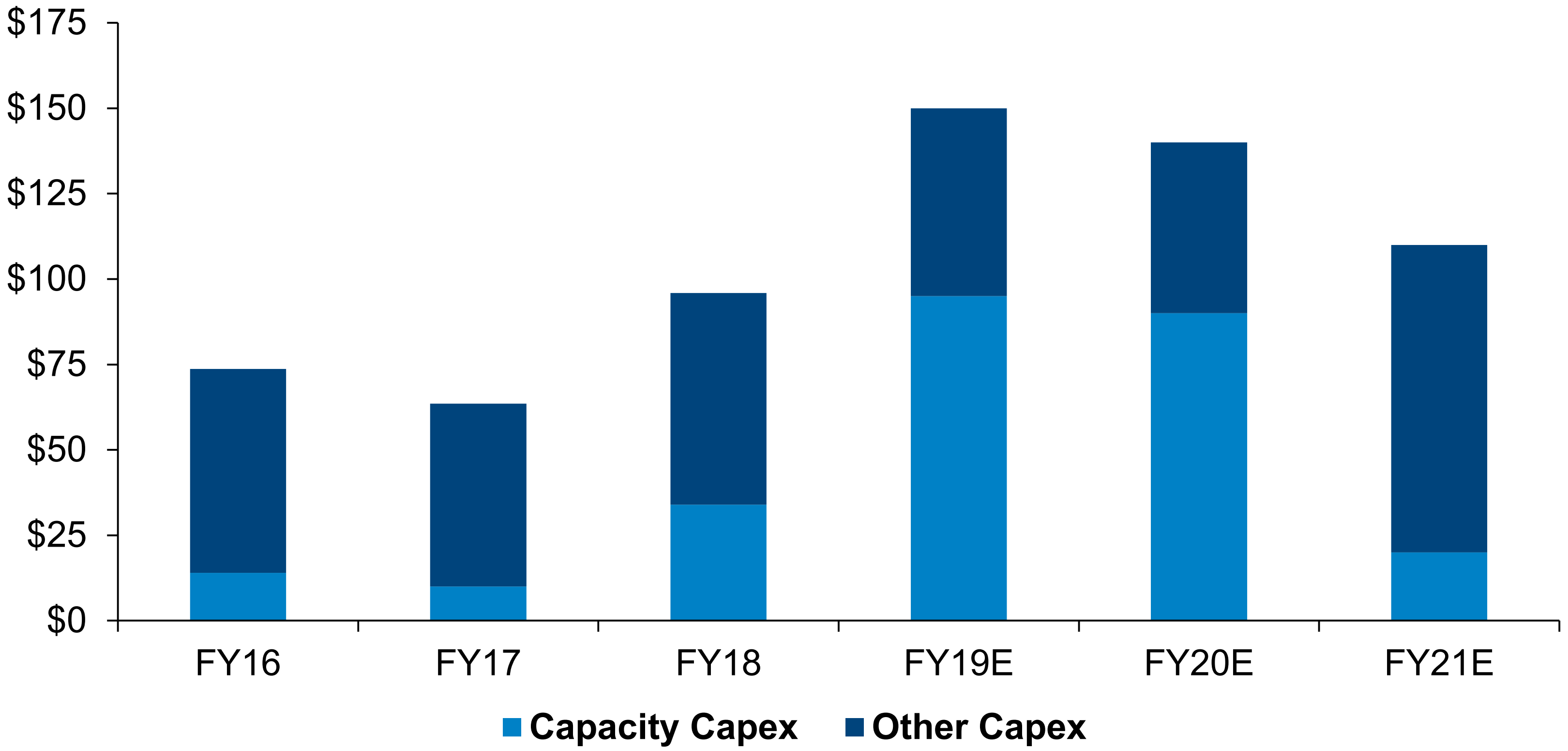
>$100M
COST REDUCTIONS[1]

5 to 10%
IMPROVEMENT IN INVENTORY TURNS[2]

[1] From FY19 to FY21. [2] Compared with 5.3 times as of January 31, 2019.

Increasing Capacity Investments in Near-term

Capacity Investments ($M)

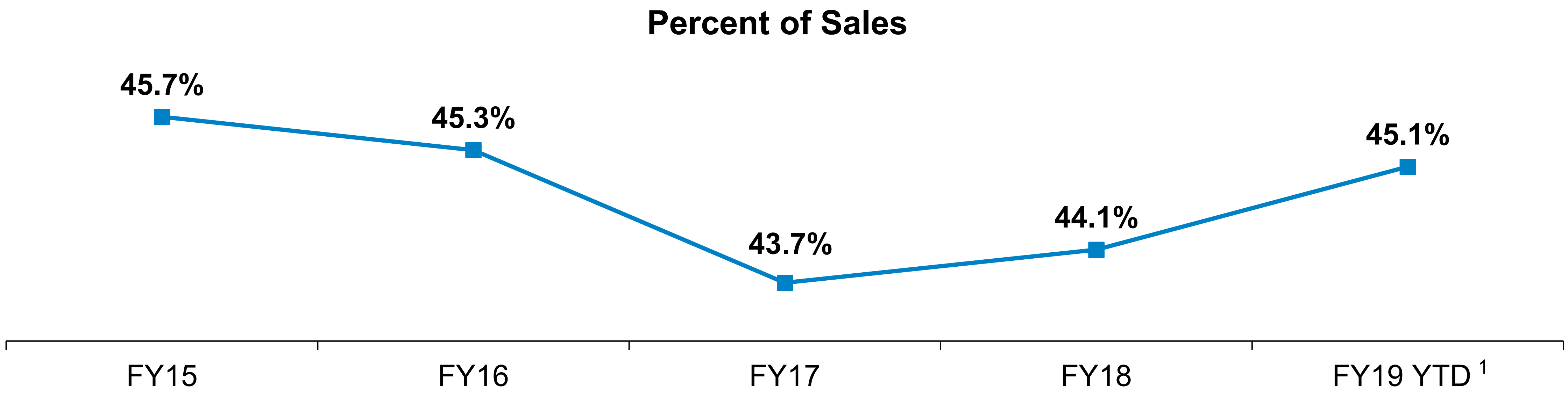


Highlights

- Building / expanding 7 plants
- 25 new production lines
- ~$120M in-flight projects
- New capacity to support customers and optimize costs

Expanding Key Capabilities Globally to Drive Profitable Growth and Incremental Margin

Material Costs

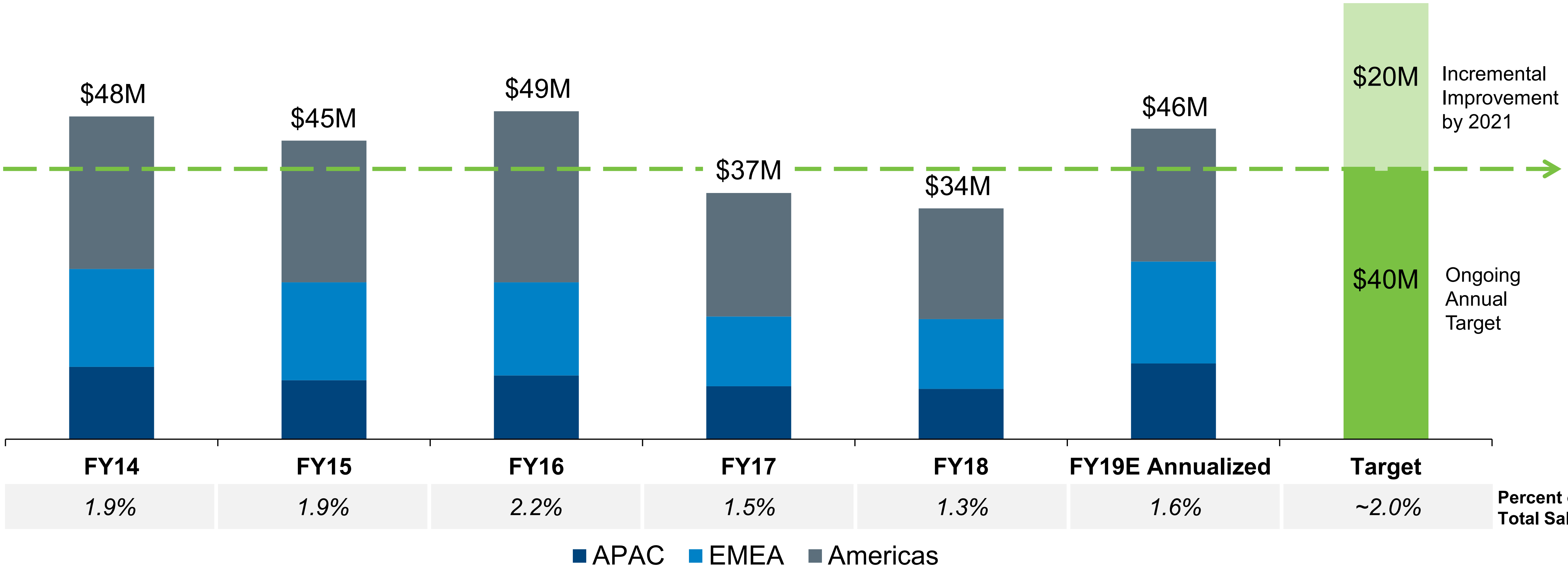


Disciplined Cost Management

- ✓ Material substitutions
- ✓ Design cost take-outs
- ✓ Global purchasing with ERP
- ✓ Expanded purchasing tools – E Auctions
- ✓ Long-term agreements on steel (3-6 months)
- ✓ Low-cost country sourcing
- ✓ Supplier localizations
- ✓ Dual sourcing

[1] Six months ended January 31, 2019.

Cost Reductions and Structural Cost Improvement



FY14	FY15	FY16	FY17	FY18	FY19E Annualized	Target	
1.9%	*1.9%*	*2.2%*	*1.5%*	*1.3%*	*1.6%*	*~2.0%*	**Percent of Total Sales**

Global Operations Strategic Objectives

- **Launch DPS 2.0 to drive workforce productivity enhancements and automation opportunities**
- **Footprint optimization efforts to support business model expansion in key markets and regions**
- **Connected Supply Chain initiative to strengthen demand planning and inventory management**
- **Enhance capabilities to support emerging technologies and regions (e.g., Process, China)**

Focused on Margin Expansion

Key Metrics for Service and Financial Performance

	KPIs	2021 Targets
FINANCIAL RESULTS	Cost Reductions	> $100M
	Operational Lift to Gross Margin	+ 50 - 75 bps
LEADING LEVELS OF SERVICE	On-Time Delivery	95%+ of Sites at Standard[1]
	Parts per Million Defects	95%+ of Sites at Standard[1]
ASSET TURNOVER	Inventory Turns	Increase 5% - 10%
	Utilization Rates	Normalize to 85% - 90%
PEOPLE / COMMUNITY	EHS Framework	Global Deployment
	DPS 2.0	Implement at 10 Largest Plants

[1] Standard varies by facility and relates to business/market-specific targets.

Case Study | Next Generation PowerCore

BACKGROUND

- Fast-growing products are monitored for continuous improvement initiatives
- Next generation created opportunity to enhance processes

DCI SOLUTION

- Developed new product design and manufacturing process for third generation of PowerCore
- Launched Value Analysis & Engineering On-Line Design to improve process speed

OUTCOME

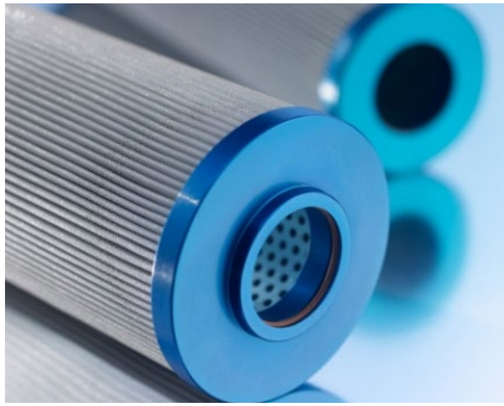
- 10% Material Reduction
- 16% Throughput Improvement
- 22% Capital Reduction

Continuous Improvement in Everything We Do = Margin Expansion

Key Takeaways | Operational Excellence

Overarching goal is to deliver leading service and quality, which facilitates profitable growth

DPS focuses on lean manufacturing and continuous cost reduction to enable profitable growth



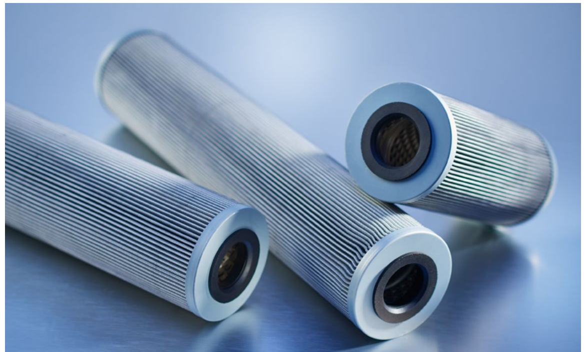
Continuous improvement is culturally ingrained and key to margin expansion as we further develop and leverage our operational excellence

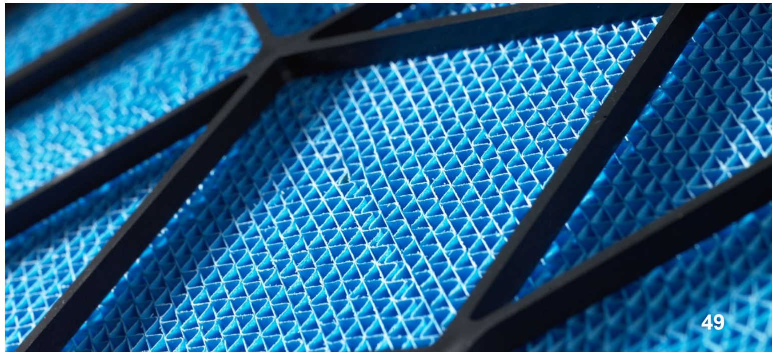
Global reach allows production in optimal location while leveraging new technologies around the world

Last two years characterized by unprecedented growth; investments in new capacity enable shift towards structural cost reductions

Q&A

Donaldson
FILTRATION SOLUTIONS

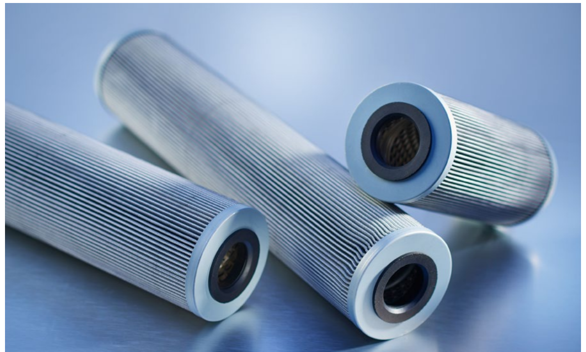



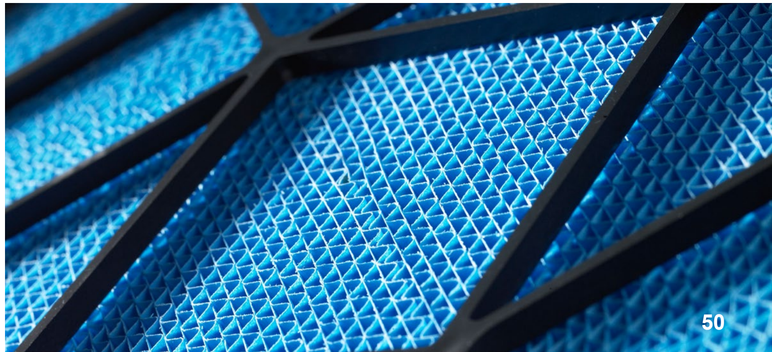


Engine Products

Tom Scalf
SVP, Engine Products

Donaldson
FILTRATION SOLUTIONS





Key Messages | Engine Products

Donaldson FILTRATION SOLUTIONS

1. Innovation leader with deep customer relationships across channels

2. Leveraging position as global leader in air filtration to maintain and accelerate strong growth in fuel and hydraulics

3. Strong track record of winning OEM share by solving complex problems with innovative solutions

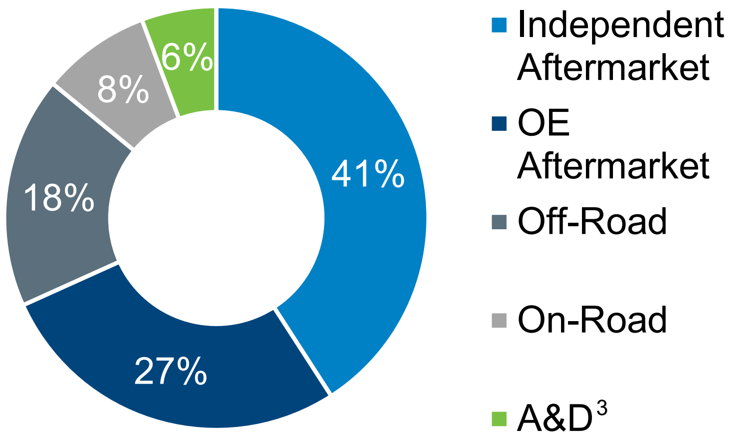
4. Broad product portfolio and deep understanding of customer needs to drive growth with distribution and large fleets

5. Gaining market share as improving engine and equipment performance drives need for advanced filtration, particularly in China and India

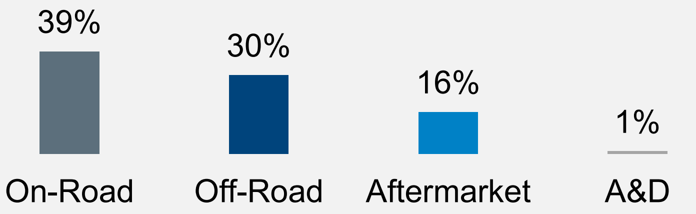
Engine Products Segment Snapshot

Key Metrics	FY18
Net Sales	$1,849M
Segment Margin[1]	13.9%

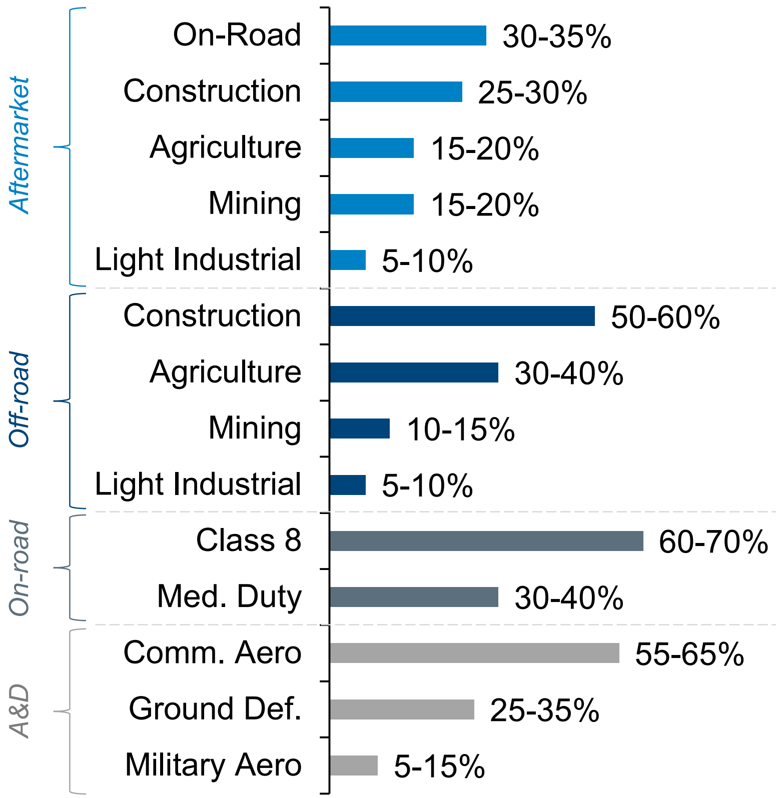
Sales by Product Type



FY18 Engine Growth: +19% YoY



End Markets Served[2]



[1] Reflects adoption of pension accounting standard beginning in FY19; [2] Percent of business unit; [3] Aerospace & Defense (A&D).

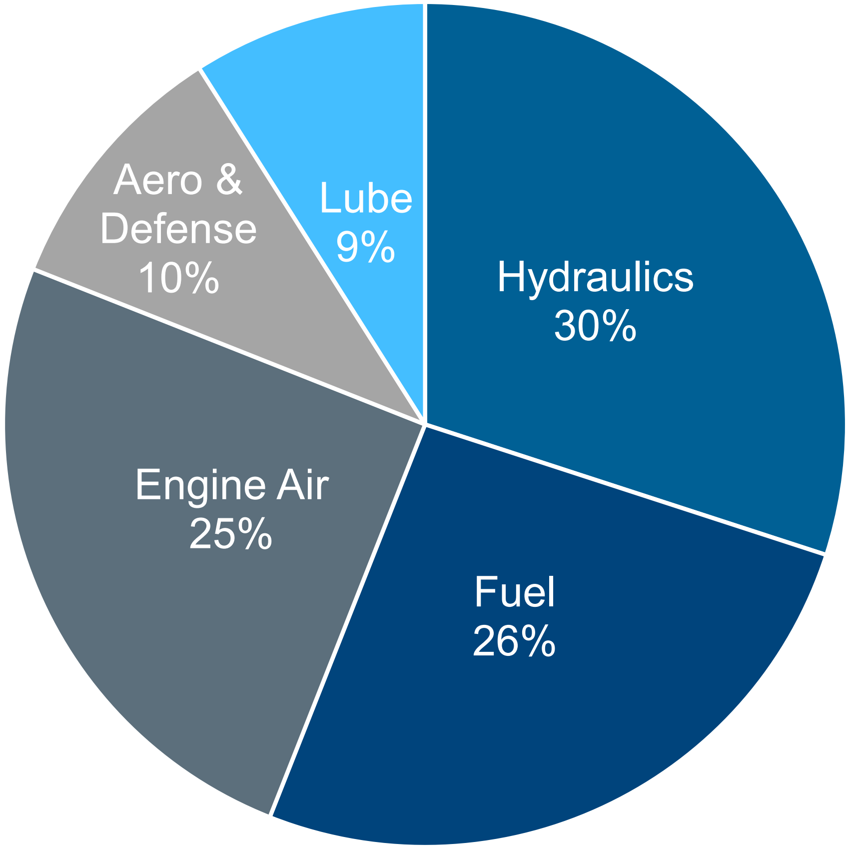
Well-Developed Strategies for Channel Management

	OE: ~60%[1]	Independent Channel: ~40%[1]
VALUE PROPOSITION FOR CUSTOMERS	• Performance advantage • Systems approach • Proprietary fit (aftermarket retention) • Reliability, availability • Global operations	• Reliability, availability • Broad product catalog • Premium product • Global strategic account support
VALUE DRIVERS FOR DCI	• Long-term agreements support growth capex • Volume leverage with efficient sales • Aftermarket retention with proprietary fit adoption	• High-volume business • Stable recurring revenue • Gain deeper understanding of conditions/needs from the field, which aids in new product development
PRICING STRATEGY	• Win the platform and the aftermarket	• Premium product with locally competitive pricing

Donaldson Strives to Maintain Our Position as a Provider of Premium Products and Solutions

[1] Percent of total FY18 Engine revenue.

Addressable Engine Market: ~$16B



- Investing in hydraulics filtration to globalize business
- Growing position as an OE player with fuel; strong focus on particulate filtration and water separation
- Market leader in mobile air across developed world with opportunities in developing countries
- Expansion in China and India is air-led and supported by fuel
- Introducing commercial technology into niche A&D markets (e.g., ground vehicle)

Strategic Growth Priorities: Engine Products

- 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

Significant Opportunities for New Program Wins

- **Winning new programs with proprietary products**
  - Unique fit and performance characteristics
  - High tech media enables better performance
- **Maintaining high market share in air with strong program win rate of 75%+; new markets give us opportunity to win globally**
- **Building share in first-fit fuel as each program win is incremental; new technologies create opportunity – 5-year total fuel growth of >70%**
- **Big opportunity in China, India and Brazil**
  - Participating in local OEM programs as technology requirements increase

Multiple Filtration Systems/Vehicle

Expanding Product Coverage with Collaborative Engineering and Management

Alternative Energy & Advanced Equipment Growth Opportunity

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FILTRATION SOLUTIONS

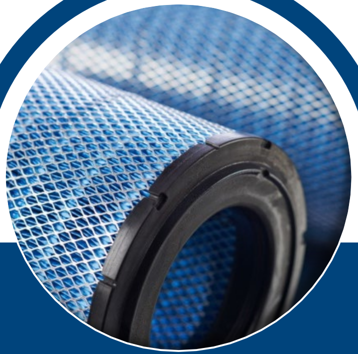
FILTER TYPE	DIESEL *OEs continue to drive for high performance and fuel economy*	HYBRID *Additional technology to lower total cost of ownership*	FUEL CELL *Alternative energy opportunity*
			
Air	✓	✓	✓
Fuel	✓	✓	
Hydraulic	✓	✓	

✓ **Growth Opportunities**

Portfolio of Products and Solutions to Support High-Tech Platforms and Advance Growth

Industry Tailwinds and Opportunities to Drive Engine Growth

Donaldson
FILTRATION SOLUTIONS



Increasing Technology Needs Across Industries

- Created unique solutions that offer smaller filter design to fit under-hood applications
- Leveraging Synteq® XP media to address needs related to tighter emissions standards and high-pressure fuel injectors

Increasing Value on Strategic Partnerships

- Engineers embedded with OE customers to design innovative products that drive aftermarket retention
- Strong relationships with dealers and distributors to provide broad product offering and top-tier service

Increasing Demand for Connected Solutions

- Leveraging Filter Minder® acquisition to develop and manufacture first-fit and retrofit connected filters
- Piloting new sensor technology with large OE customers, launched connected service for vehicles to fleet managers

Increasing Standards Around the World

- Winning programs with advanced fuel and air technology, particularly in China
- Designing proprietary test methods to drive differentiation of products

Leading in Intelligent Connected Filtration | Retrofit Solution

Problems Being Solved

- Time or distance-based service intervals can lead to unplanned equipment downtime
- Filtration Service:
  - ***Too early***: leads to higher servicing cost and operating expense
  - ***Too late***: leads to unplanned downtime and/or equipment damage
- Skilled technician workforce shortage

How We're Solving Problems

Leverage existing telematics infrastructure; easy to install, cost effective wireless filtration monitoring sensors

Analyze filtration performance data and provide insights into existing fleet management tools

Work with telematics partner cloud to manage data distribution

Low cost subscription fee with no upfront hardware investment

Value to Fleet Managers

- ✓ Optimized maintenance expense
- ✓ Lower total cost of ownership
- ✓ Avoid unplanned downtime
- ✓ Ensure the right replacement parts are on hand when needed
- ✓ Easy to adopt

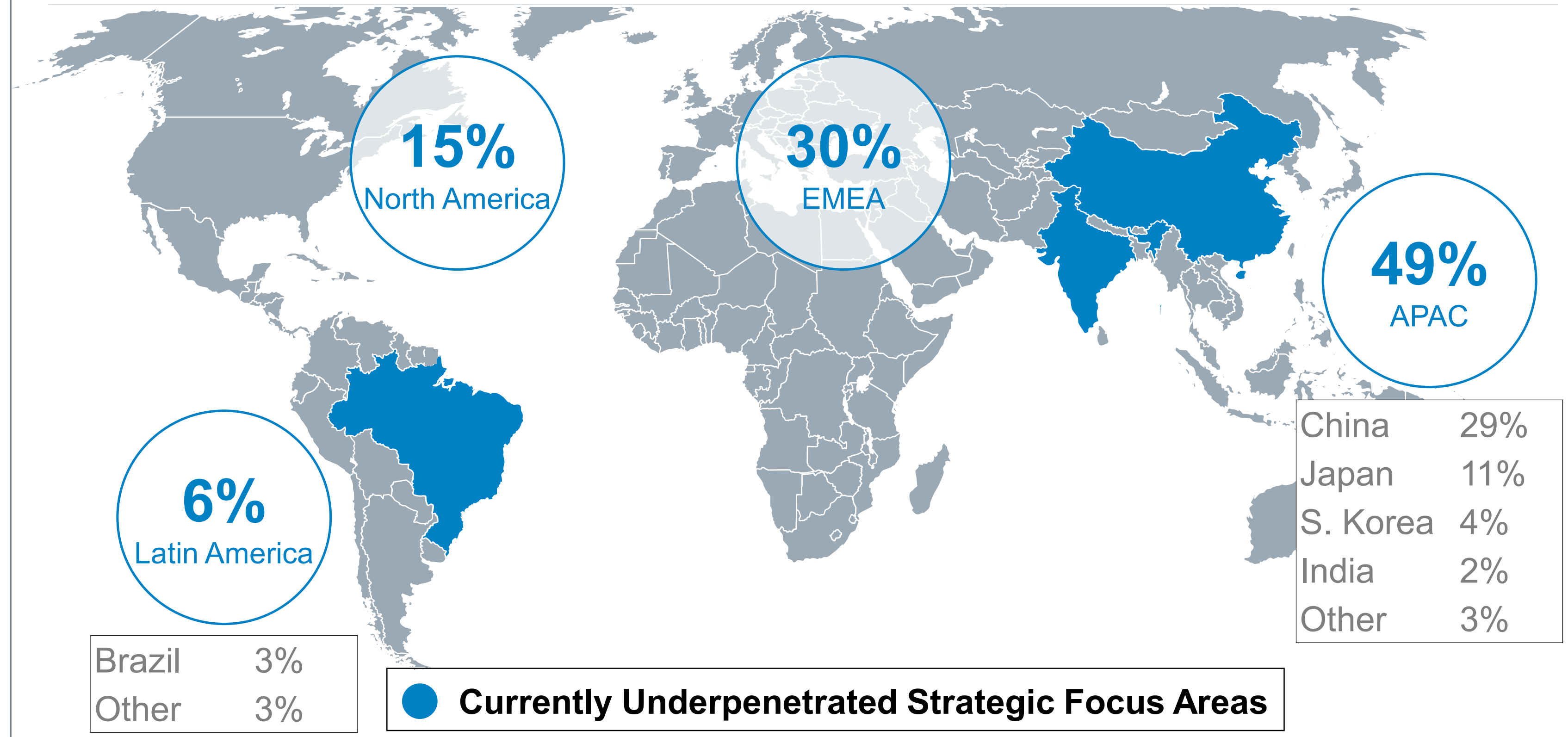
Future Expansion

- Launching air filtration monitoring first – fuel, lube and hydraulics coming soon
- Real-time oil condition monitoring
- Program wins in early stages with significant opportunity ahead
- Our Filter Minder® monitoring solution is unique

Extend Market Access with Further Geographic Penetration

- **Win in China, India**
  - Develop local resources, capabilities and channels
  - Rely on global expertise to enhance local capabilities
  - Establish deep partnerships with regional customers
- **Latin America**
  - Historically strong aftermarket region with established capabilities
  - OEM opportunities in Brazil

Percent of OEM Equipment Production by Region[1]



Brazil	3%
Other	3%

China	29%
Japan	11%
S. Korea	4%
India	2%
Other	3%

Utilize Global Processes and Tools to Drive Profitable Share Growth

[1] Source: Third-party data and Company estimates.

Case Study | Improving on Competitor’s Offering

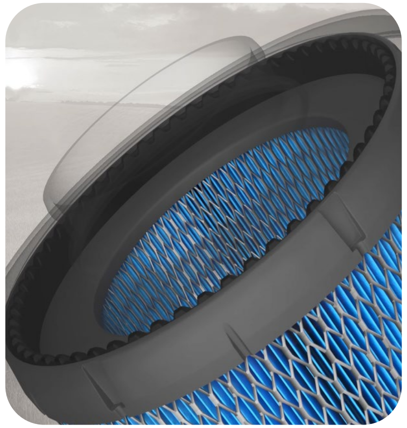
Donaldson.
FILTRATION SOLUTIONS

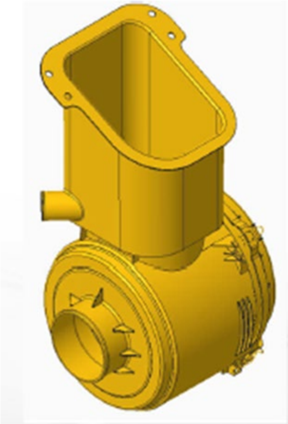
PROBLEM

- Customer’s end users experience short life and leak path with current competitor filter design

DCI SOLUTION

- Donaldson Aftermarket solution provides improved seal and media design to strengthen performance





OUTCOME

- Donaldson wins legacy filter supply with aftermarket product and new first-fit air cleaner with refreshed IP

Donaldson is the Filtration Solutions Partner

Case Study | Real-World Contaminant Challenge

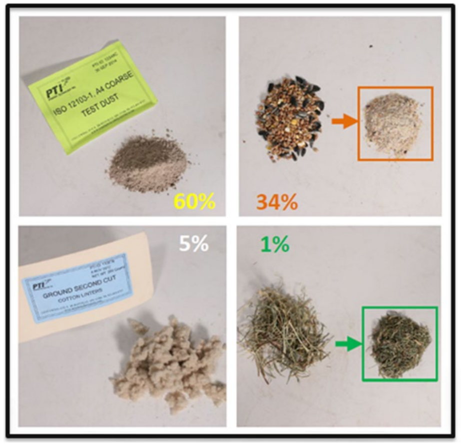
Donaldson
FILTRATION SOLUTIONS

PROBLEM

- Test dust is a consistent globally recognized standard but does not represent what a customer's equipment will see

DCI SOLUTION

- Improve air intake system design to eliminate face plugging



Mixture Composition

OUTCOME

- Deepens the technical partnership
- Donaldson strengthens test capabilities for future innovation

Donaldson Provides Unique Partnership that Customers Value

Case Study | Japanese OEM Relationship

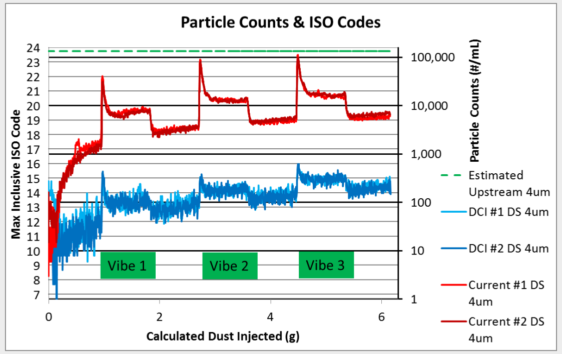
Original Program (Current Production Engine)

- Japanese OEM approached Donaldson looking for a solution to the high rate of injector failures in the U.S.
- Donaldson quickly developed a solution using our Synteq XP® filter media and communicated a strong value proposition
  - Root cause analysis showing that poor filter performance under “real-life” vibration conditions was the likely issue
  - Introduced a superior performing media to solve their issues
- Donaldson is now a Technology Partner

New Program (4.6L Engine)

- Japanese OEM will release their new 4.6L engine which is a ground up new design
- Japanese OEM specified our 3XP media and saw value in our preferred fit SELECT™ product to protect them in Aftermarket
- We will supply 80-Select™ for the Secondary Filter and will kick-off our 93-Select™ product line for the Primary Filter
- Expected Mature Engine Volume: 60,000 units

Filter is now supplied by Donaldson for Japanese OEM accounts and continues to be implemented across other Japanese OEM accounts globally



Data showed our filter outperformed their prior product

Engine Products FY21 Financial Goals

Donaldson
FILTRATION SOLUTIONS

REVENUE	$2.0B - $2.2B	*+2% - 6% CAGR from FY18*
SEGMENT MARGIN[1]	14.8% - 15.6%	*Up 90 - 170 bps from FY18[2]*

ASSUMPTIONS

- Global equipment production flat-to-up 3%, and equipment utilization following global GDP of 2% - 3%
- Above-market growth in first-fit and aftermarket from innovative products and strategic growth regions (e.g., China)
- Segment margin expansion from lower manufacturing costs, expense leverage and pricing

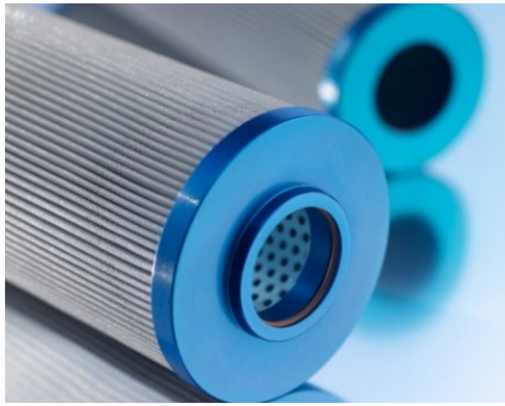
Continued Sales Momentum Combined with Normalized Demand Drives Margin Expansion

Source: Third-party data and Company estimates. [1] Includes income from joint ventures and royalties. [2] Reflects adoption of pension accounting standard beginning in FY19.

Key Takeaways | Engine Products

Innovation leader with deep customer relationships across channels

Strong track record of winning OEM share by solving complex problems with innovative solutions



Gaining market share as improving engine and equipment performance drives need for advanced filtration, particularly in China and India

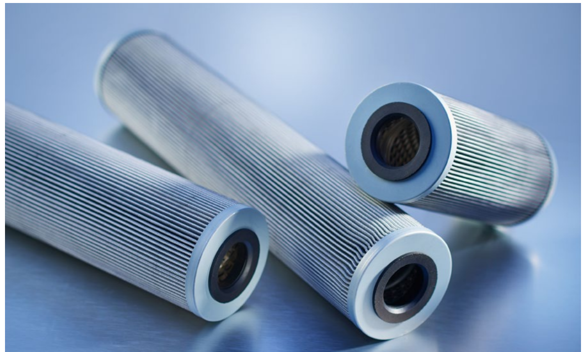
Leveraging position as global leader in air filtration to maintain and accelerate strong growth in fuel and hydraulics

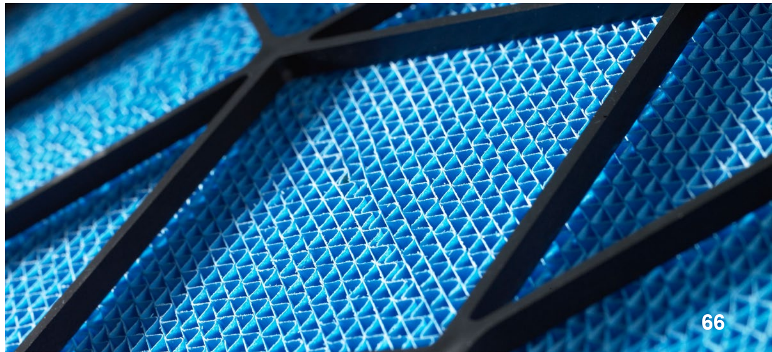
Broad product portfolio and deep understanding of customer needs to drive growth with distribution and large fleets

Industrial Products

Jeff Spethmann
SVP, Industrial Products

Donaldson
FILTRATION SOLUTIONS





Key Messages | Industrial Products

1\. GTS business restructured to match the market opportunities; performance improved and positioned for incremental growth

2\. Portfolio of best-in-class solutions with strong and growing installed base across multiple end markets

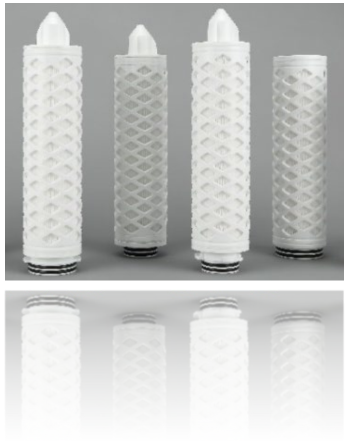
3\. Introduction of new products and services drives growth across installed base and entry into new end markets (e.g., LifeTec® process filters, BOFA® fume extraction products)

4\. Expanding channels and sales coverage drives penetration in end markets and geographies (e.g., e-commerce, sales staffing, strategic accounts)

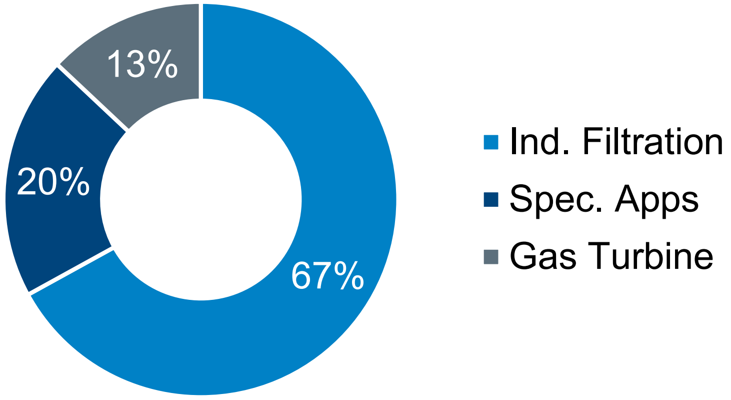
5\. Introduction of connected solutions creates new value and unlocks opportunity to grow services

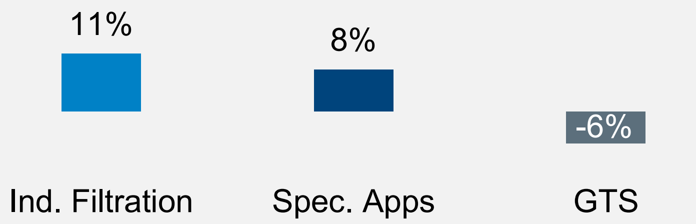
Industrial Products Segment Snapshot

Key Metrics	FY18
Net Sales	$885M
Segment Margin[1]	15.2%

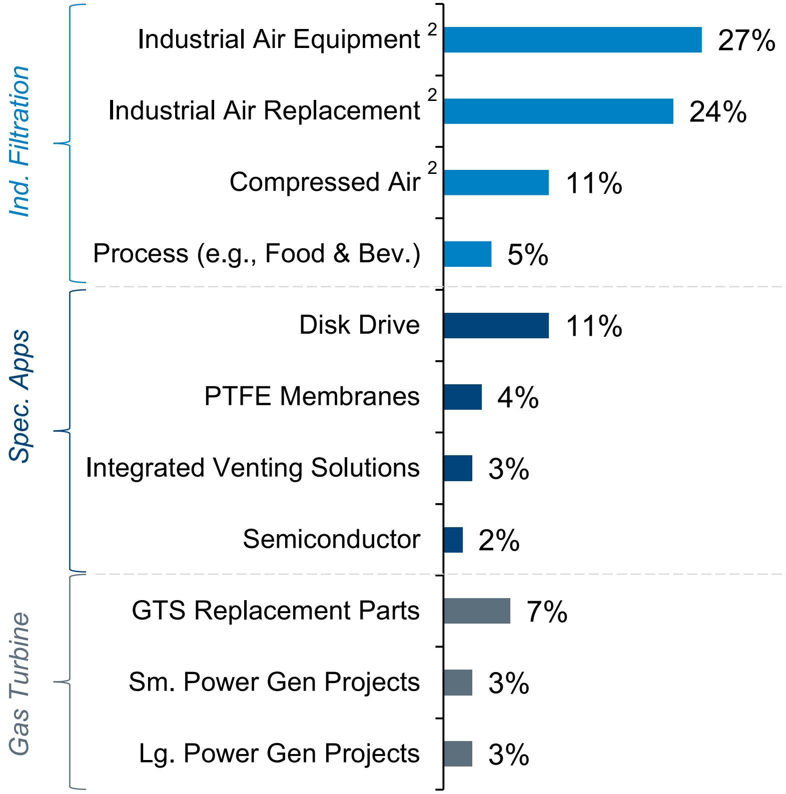


Sales by Product Type





Applications Served



[1] Reflects adoption of pension accounting standard beginning in FY19; [2] Industrial, Compressed Air serves many markets (e.g., metal fabrication, grain, nut, etc.).

Diverse Portfolio of Products and Technologies

Proprietary Filtration Technology, Broad Application Expertise and Global Reach

Deepen Customer Relationships	Leverage Product Technology	Apply Advanced Materials
INDUSTRIAL FILTRATION (IFS)	**GAS TURBINE SYSTEMS (GTS)**	**SPECIAL APPLICATIONS**
• Dust, mist and fume collection • Compressed air filtration • Process filtration – sterile air and liquid • BOFA – fume extraction	• Large turbine projects • Small turbine projects • Replacement Parts	• Disk drives • Integrated venting solutions • Semiconductor manufacturing • PTFE membranes

Technology, Breadth and Reach Provide Synergy Across the Portfolio

Industrial Products Competitive Differentiators

Full Suite of Filtration Solutions with Differentiated Product Performance

- Technology capabilities add value and lower total cost of ownership
- Application expertise to provide solutions for any need (e.g., metal fab., pharmaceutical, beverages, etc.)

Global Manufacturing, Distribution and Sales Network to Serve Across Channels

- Established network in all major regions to deliver local application expertise
- Operational support with close proximity to customers to deliver top-tier service
- Exceptional availability is a competitive advantage in our aftermarket

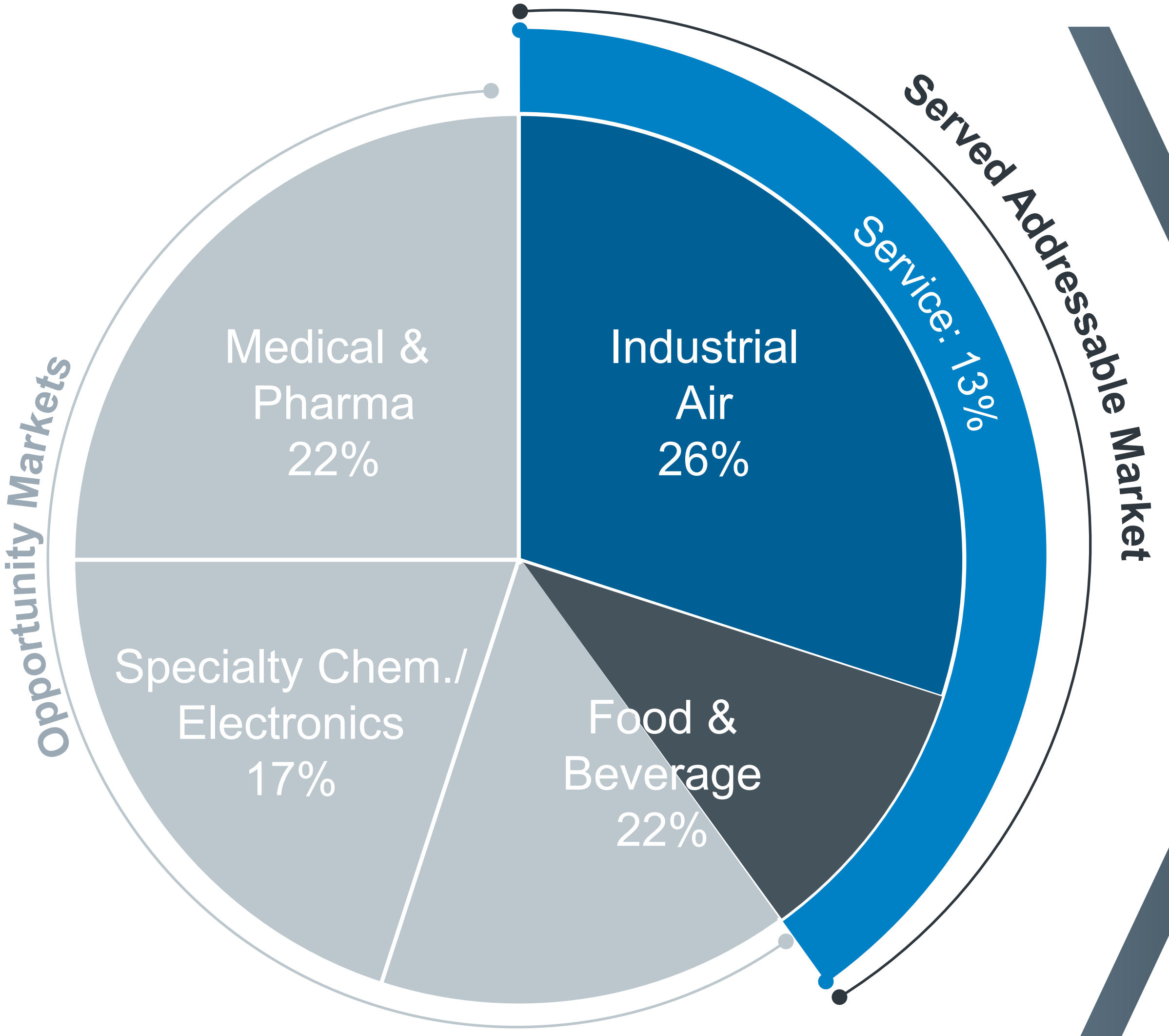
Broad and Increasing Customer Access

- Wide product portfolio to increase solutions selling across our large installed customer base
- Connected solutions and filtration expertise driving customer engagement
- Global e-commerce platform enhances experience for channel partners and end users

Technical Expertise to Participate in Niche Markets

- Ability to leverage high-technology solutions to participate in niche markets with scale (e.g., semiconductor, venting)
- Filtration technology advancements in certain markets (e.g., disk drive) are applied to new and adjacent markets (e.g., integrated venting)

Industrial Addressable and Opportunity Markets: ~$22B



- **We are expanding our served addressable market from ~$6B to ~$11B**
  - ~$6B Industrial Air
  - ~$3B Service
  - ~$2B addressable Food & Beverage
- **Growing market share in Food & Beverage process filtration with line of sight to adjacent segments**
- **Connected solutions enables us to grow our service business and supports aftermarket retention**

Industry Tailwinds and Opportunities to Drive Industrial Growth

Donaldson FILTRATION SOLUTIONS

Increasing Standards Around the World

- Differentiated product performance creates economic value and meets more stringent needs (e.g., EHS, FDA)
- Capabilities aligned to address regulatory changes (e.g., China Blue Sky Initiative) to grow market share

Increasing Technology Needs Across Industries

- Broad portfolio of technologies to participate in markets with scale
- Targeted investments to continue leadership and expand our offering
- Customers focus on performance and appreciate advanced solutions

Increasing Value on Strategic Partnerships

- Deepening access to customers by leveraging our application expertise to transition from OEM to solutions provider
- Expanding customer relationships to standardize and optimize performance across facilities

Increasing Demand for Connected Solutions

- Affordability of Connectivity
- Established infrastructure to deliver more insights and value with connected solutions, and currently piloting solutions
- Remote monitoring of production support equipment (e.g., dust collectors and compressed air filters)

Strategic Growth Priorities: Industrial Products

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

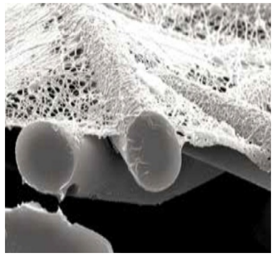
How We Win | Case Study: Torit® Downflo® Dust Collector

BACKGROUND

- Torit® Downflo® Evolution
  - 40% smaller footprint
  - 30% lower compressed air consumption
- Recent win at a major construction equipment manufacturer
  - Unseated incumbent competitor
  - $800k first-fit order plus $70k annual aftermarket

DCI SOLUTION

- Collector combined with Ultra-Web® media technology delivers differentiated performance and lower customer operating cost
- Application expertise and turnkey system deliver a full system solution
- Proprietary solutions drive the aftermarket model



OPPORTUNITY AHEAD

- ~160k Donaldson collectors installed and operating worldwide
- ~32k active aftermarket customers globally
- Provides opportunity to sell across to other applications (e.g., compressed air)

Product Performance Drives Profitable Growth in Industrial Air Filtration Installed Base

How We Win | Case Study: Turbo-Tek® Gas Turbine Filter Media

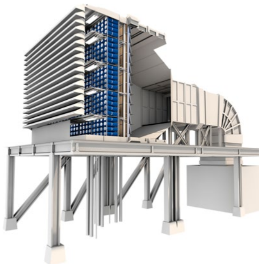
Donaldson FILTRATION SOLUTIONS

BACKGROUND

- Donaldson Turbo-Tek® gas turbine filter media
  - Improves compressor efficiency and power output
  - Increased uptime, reduced maintenance costs and improved output
- Recent win at a power generation installation in Southern California
  - Short and unpredictable life with competitor's filter
  - $125k of aftermarket revenue
  - Facilities are not Donaldson first-fit houses resulting in aftermarket share gain

DCI SOLUTION

- Performance improved and stabilized with Donaldson Turbo-Tek® filters in competitor's first-fit system
- Leverages Donaldson proprietary media technology
- Wide selection of media to match local conditions and optimize system performance



OPPORTUNITY AHEAD

- Gaining profitable share in competitive GTS aftermarket
- Improving mix and increasing margins in our GTS business
- Unlocks aftermarket opportunity beyond our own installed base

Proprietary Filter Media Drives Profitable Growth in GTS Aftermarket

How We Win | Case Study: LifeTec® Process Filters

BACKGROUND

- Brewery in United Kingdom
- Cold stabilization of beer
  - LifeTec® PES BN
  - LifeTec® PP100
  - LifeTec® PPTF-N
- Displaced competitor with improved product performance and ship-from-stock availability
- $200k annual aftermarket revenue

DCI SOLUTION

- Adjacent application to our Industrial compressed air business for food and beverage customers
- Differentiated design delivers improved performance
- Leveraging referrals into new customers in food and beverage

OPPORTUNITY AHEAD

- 20% annual growth in process liquid and gas applications since FY16
- Foothold in $2B addressable Food and Beverage market
- Investing in capacity and capabilities to support growth

Adjacent Applications Expand Opportunity for Profitable Growth

How We Win | Case Study: Global Reach, Local Touch

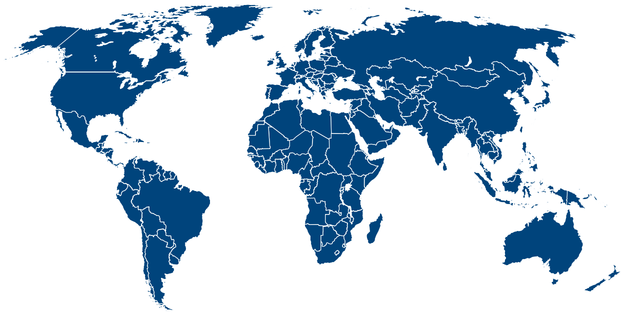
Donaldson FILTRATION SOLUTIONS

BACKGROUND

- Global manufacturer and marketer of seed and crop protection products
  - Employee safety and regulatory compliance are top priorities
  - Values proven performance and reliable, cost-efficient operation
  - Driving toward standard solutions across 40 facilities in 5 regions
- Current installations from various suppliers with inconsistent results
- Program consists of site-by-site assessment with recommended actions and proposals

DCI SOLUTION

- Unique combination of global reach with local expertise
- Deep application expertise and proven solutions provide confidence
- Broad infrastructure ensures availability of service parts and customer support



OPPORTUNITY AHEAD

- In early innings of program, delivered ~$3M in dust collection first-fit revenue; expected to grow as we deploy global solutions
- Estimated annual aftermarket revenue is $50k per facility; parent company operates an additional 500 facilities
- Cross-selling opportunities (e.g., compressed air)

Opportunity with Other Strategic Customers to Further Engage and Include Connected Solutions

How We Win | Case Study: Connected Solutions

BACKGROUND

- Connected dust collector – remote monitoring reduces downtime at power plant
  - Donaldson pilot system installed on a fly-ash collector at a coal-fired power plant
  - System identified unusual spike in filter pressure drop and sent an automated alert
  - Donaldson service tech advised operator to run an extended pulse-clean cycle and recovered system
  - Operator investigated and found a non-standard restart of the main boiler generated excessive ash load
  - Avoided 3 days of unplanned downtime and ~$5k of maintenance expense

WHERE WE ARE TODAY

- Two use cases developed for dust collection
  - Technology validated
  - Customer value verified
  - Profitable business models defined
- Subscription-based remote monitoring with self-service and full-service options
- Pilots launched last fall, first revenue recorded in March
- Adds value and reinforces our relationship with the customer
- Applicable (retrofit) to installed equipment (Donaldson & others)

OPPORTUNITY AHEAD

- Use cases in development for additional applications (e.g., compressed air treatment, gas turbine filtration)
- First-fit equipment will include connected capabilities beginning in 2019
- Enables enterprise-wide monitoring for strategic accounts; play deeper role in delivering full systems and ensuring performance

Connected Solutions Deliver New Value and Unlock Service Opportunity

Customer Engagement Model

Donaldson
FILTRATION SOLUTIONS

Our Current Focus

- Integrate best-in-class products into differentiated solutions
- Increase addressable market opportunity
- Introduce connected services
- Improve customer experience and intimacy

Industrial Filtration Solutions

Complete filtration systems

Connectivity-enabled services

Customer Valued Outcome

- Increased productivity
- Reduced total cost of ownership
- One source for filtration solutions
- Focus on their core business

Industrial Products FY21 Financial Goals

Donaldson
FILTRATION SOLUTIONS

REVENUE	$1.0B - $1.1B *+4% - 8% CAGR from FY18*
SEGMENT MARGIN	17.0% - 17.8% *Up 180 - 260 bps from FY18[1]*

ASSUMPTIONS

- Industrial market CAGR of 1% - 3% in developed regions, 4% - 6% in China/India; continued pressure in power generation and disk drives
- Above-market growth from innovative products and share gains in strategic focus areas (e.g., replacement parts, process filtration, connected solutions)
- Segment margin expansion from mix benefits, higher-margin products and expense leverage

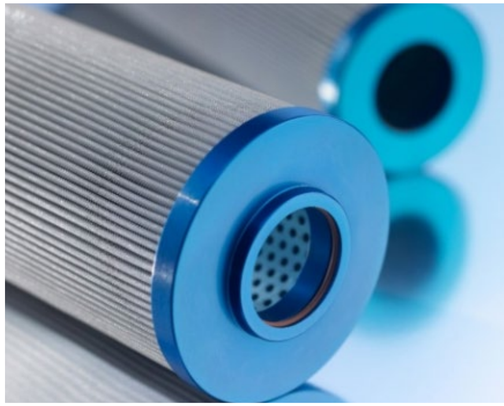
Expanding Market Access with New Technologies and Solutions Driving Profitable Growth

Source: Third-party data and Company estimates. [1] Reflects adoption of pension accounting standard beginning in FY19.

Key Takeaways | Industrial Products

Expanding our portfolio of best-in-class solutions with strong and growing installed base across multiple end markets

Expanding sales staff and strategic accounts in IFS, and the addition of e-commerce across our businesses drives penetration in end markets and geographies



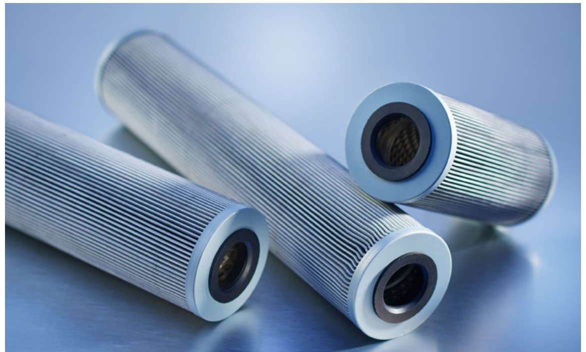
Transformational growth model built on foundation of leading technology, leveraging deep application expertise and connected solutions to deliver exceptional outcomes

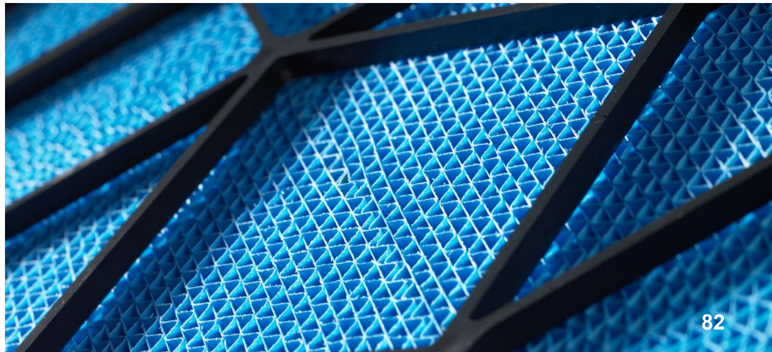
Introduction of connected solutions and services drives growth across customer base and launch of LifeTec® process filters brings us into new markets – expanding our addressable opportunity

Introduction of connected solutions creates new value, reinforces deep customer relationships and enables profitable growth in services

Financial Overview

Scott Robinson
SVP, Chief Financial Officer



Financial Key Messages

Donaldson FILTRATION SOLUTIONS

1. Diversified portfolio of businesses with recurring revenue stream provides solid foundation for sustainable, profitable growth

2. Investments in R&D can be leveraged across geographies and markets, allowing profitable share gains and strong ROI

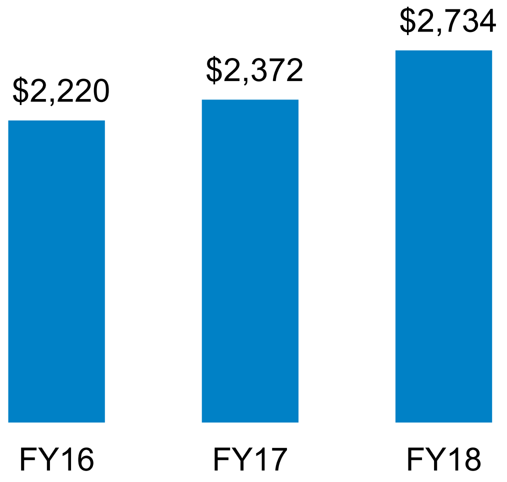
3. Global ERP enables improvement in working capital and margins by standardizing, globalizing and optimizing our processes

4. Targeted approach to expense planning and investments in higher-margin opportunities to drive long-term operating leverage

5. Committed to returning cash to shareholders, including 60-year history of paying dividends and multi-decade share buybacks

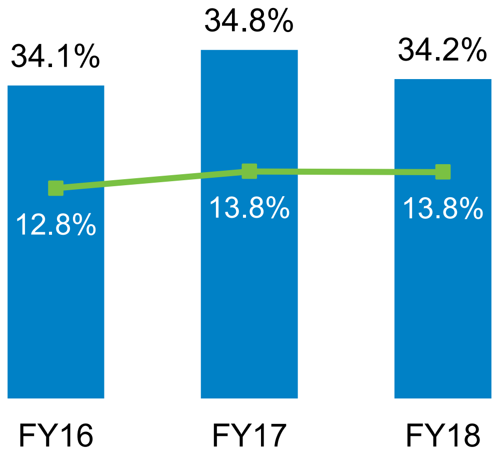
Recent Historical Financial Performance

Net Sales ($M)



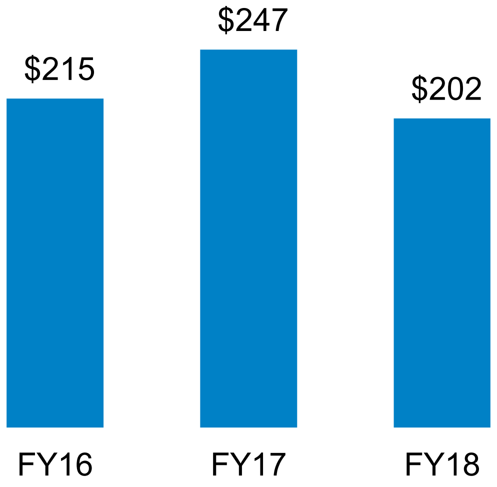
- End-market recovery was faster than expected, led by Engine
- Strong sales growth from strategic initiatives (e.g., innovative products, replacement parts, process filtration)

Gross Margin & Operating Margin[1]



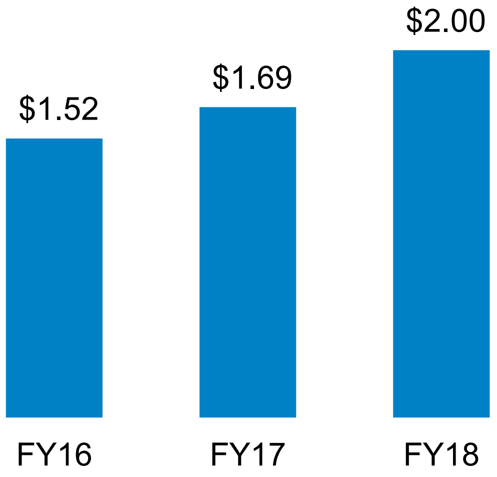
- Focused expense management offsetting gross margin impact from higher supply chain and manufacturing costs
- Strong and disciplined track record of proactive expense management

Free Cash Flow[2] ($M)



- Average annual FCF Conversion rate of 98% over last 3 years
- Working capital needs elevated with sales demand
- Increasing capex to support current and projected demand

Adjusted EPS[3]



- Record sales and EPS in FY18
- Continued support of share repurchase and reinvestment for future earnings growth
- FY18 ROIC of 18.6%

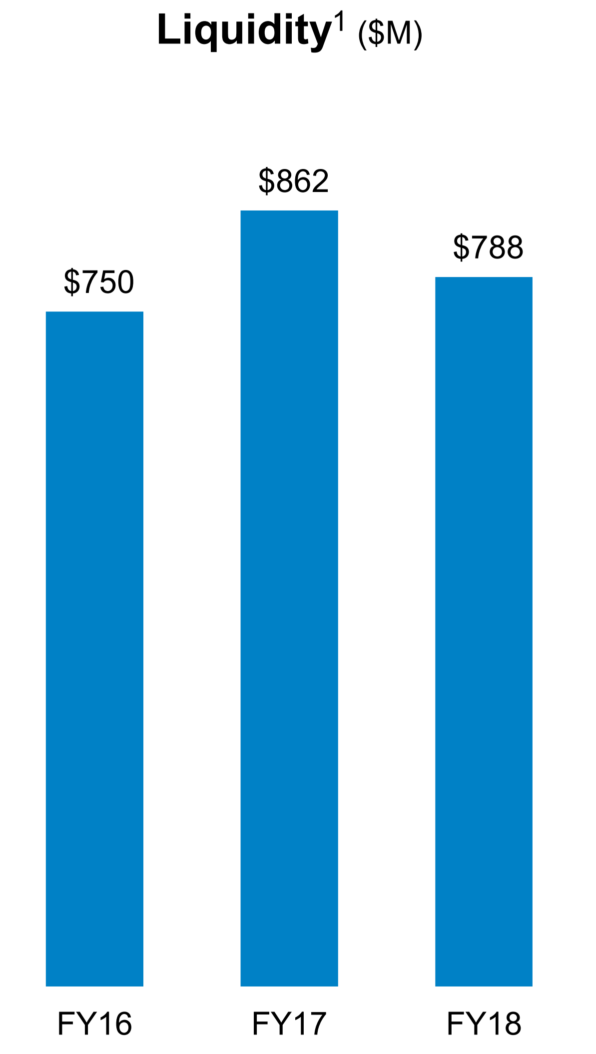
Successful Execution of Strategic Initiatives Driving Profitable Growth

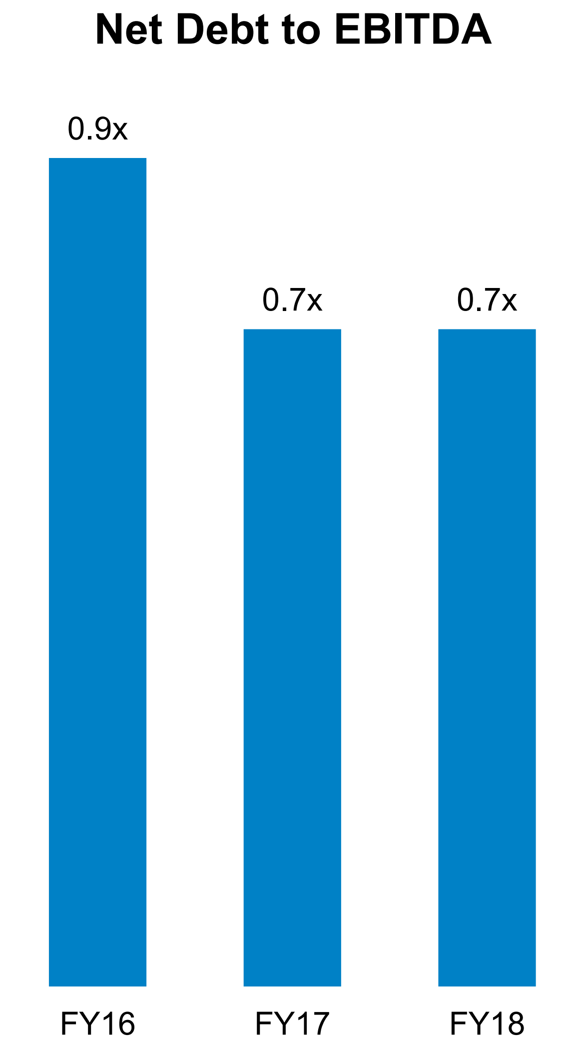
Note: Please see Appendix for reconciliation of Non-GAAP financial measures; [1] Reflects adoption of pension accounting standard in FY19; excludes impact of restructuring charges in FY16; [2] Excludes $35M discretionary pension contribution in FY18; [3] Excludes impact from non-recurring items, including restructuring charges and matters related to tax reform.

Balanced Approach to Managing Liquidity

Donaldson FILTRATION SOLUTIONS

- **Balance sheet priorities**
  - At 1/31/2019:
    - Cash balance: $191M
    - Liquidity: $618M
    - Net Debt to EBITDA: 1.1x
  - Long-term target ratio centered at ~1.0x Net Debt to EBITDA
  - Protect capacity to invest in company and be opportunistic with strategic acquisitions
  - Optimize global cash to better align our liquidity with business needs
- **Strategic liquidity balanced based on opportunities (e.g., China) and market attractiveness**
- **Working capital, operating cash**
  - Focus on global optimization
  - Leverage company-wide ERP to standardize, optimize and globalize processes
  - Improvement opportunities in working capital



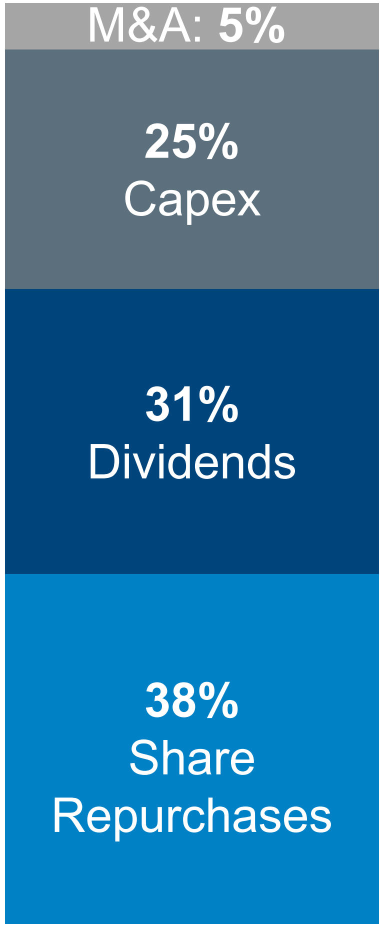


Note: Please see Appendix for reconciliation of Non-GAAP financial measures; [1] Defined as cash plus available borrowing capacity.

Disciplined Capital Deployment Framework

Use of Cash Over Last 3-Years[1]

~$900M



[1] Excludes $35M discretionary pension contribution in FY18.

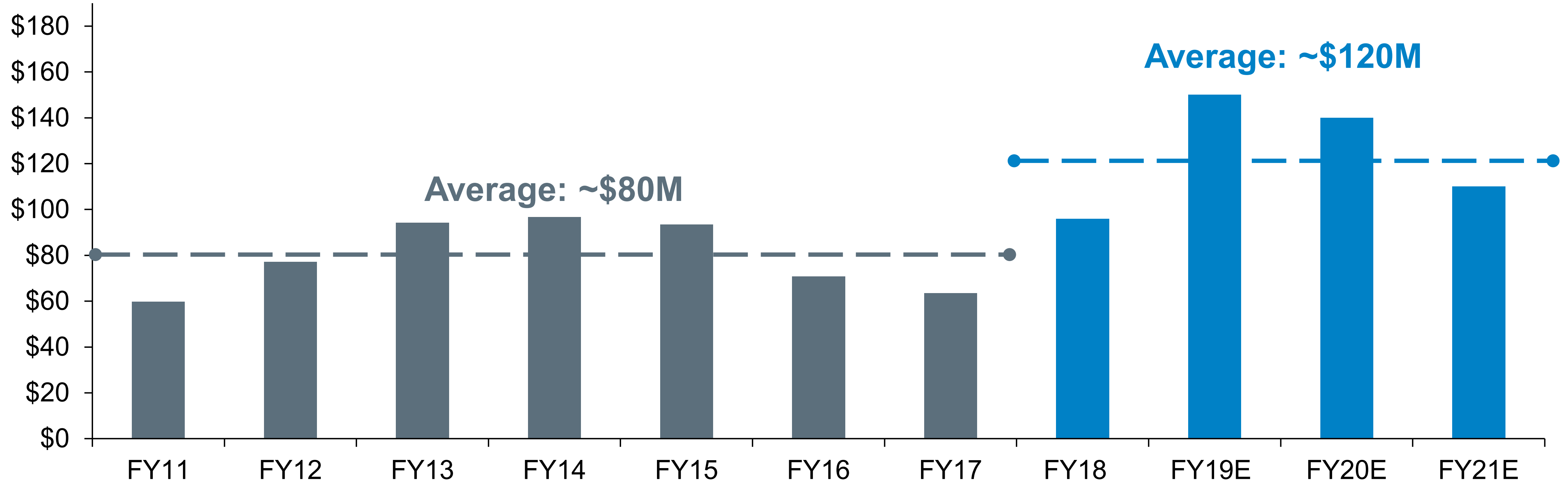
FUTURE PRIORITIES

- **Capex:** elevated through FY20, then moderates to +/-3% of sales as new facilities come online
- **Dividends:** long-standing commitment to dividend growth
- **Share Repurchases:** consistent share repurchase
- **M&A:** disciplined and strategic approach to M&A

Capital Expenditures Supportive of Future Profitable Growth

Donaldson FILTRATION SOLUTIONS

Elevated Levels in FY19E and FY20E Before Returning to Historical Levels



Global ERP Global distribution and manufacturing capacity R&D facility expansion	Global manufacturing capacity New R&D facility Business system upgrades

Disciplined and Strategic Approach to M&A

M&A STRATEGY

Stay within Our Core of Filtration

- New Technologies or Products
- New Customers
- New Geographies

IDEAL FINANCIAL M&A CHARACTERISTICS TO SUPPORT STRATEGIC GROWTH PLANS

- EPS Accretion in First Full Year
- ROI > Cost of Capital within 4 years
- EBITDA Margin > DCI Avg.[1] within 4 years

Invested ~$250M since FY15 on Six Acquisitions that Support Long-term, Profitable Growth

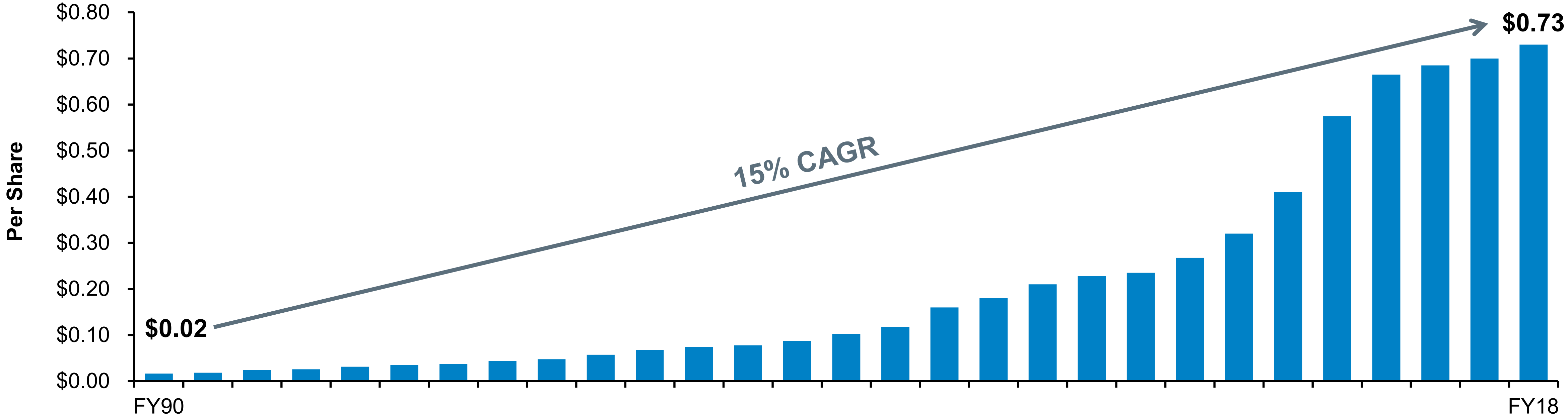
[1] Currently at ~17% as of FY18.

M&A Scorecard

		STRATEGIC			FINANCIAL		
		Core to Filtration	*Existing Relationship*	*Other Ideal Characteristics*	*EPS Accretion in First Full Year*	*ROI > Cost of Capital within 4 yrs.*	*EBITDA > DCI Avg. within 4 yrs.*
BOFA	FY19	✓	✓	✓	✓	✓	✓
HY-PRO	FY17	✓	✓	✓	✓	✓	✓
FILTROS Partmo FILTRACION POSITIVA CALIDAD • SERVICIO • ECONOMIA	FY17	✓	✓	✓	✓	✓	✓
FilterMinder®	FY16	✓	N/A	✓	✓	✓	✓
iF TECHNOLOGY	FY15	✓	✓	✓	✓	✓	✓
northern	FY15	✓	N/A	✓	✓	✓	✓

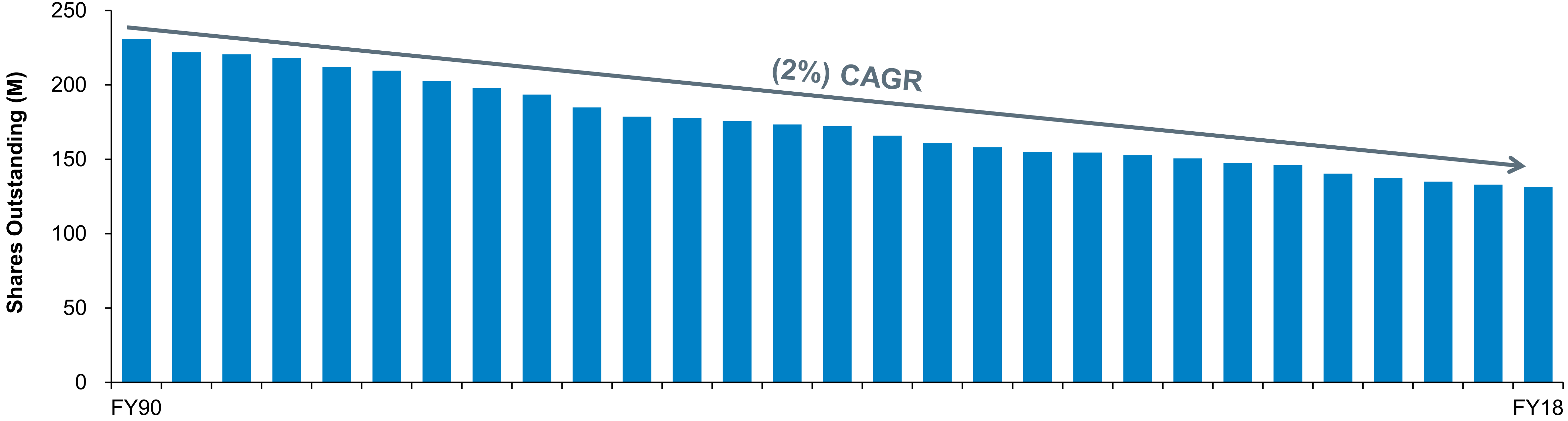
✓ Achieved ✓ On Track ✓ Not On Track

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**

Consistent Share Repurchase



- Long consistent history of repurchasing shares
- Committed to offset annual dilution of ~1%
- Level of incremental repurchase governed by balance sheet

FY19 Outlook

Sales[1]	Engine Sales	Industrial Sales	Operating Margin	EPS
↑ 5%-9%	↑ 6%-10%	↑ 4%-8%	↑ 40-80 bps	$2.27-$2.41

[1] Includes a currency headwind of ~3% and sales contribution from BOFA of ~1%.

FY21 Financial Targets

	FY21 TARGETS	FY18 - FY21 FRAMEWORK
SALES	**$3.0B - $3.3B**	**3% - 7% CAGR**
OPERATING MARGIN[1]	**15.0% - 15.8%**	**+120 - 200 bps**
INCREMENTAL MARGIN[1]	**22% - 28%**	**20% - 25%**

FY21 Business Assumptions

- "Advance and Accelerate" portfolio grows 1.5x - 2.0x the company average
- Meaningful improvement in gross margin from FY19
- Continued expense leverage

Macro Assumptions

- Total industry CAGR of 1% - 3%, with stronger growth in emerging markets
- Stable capital investment environment
- Stable commodity prices, neutral impact from currency

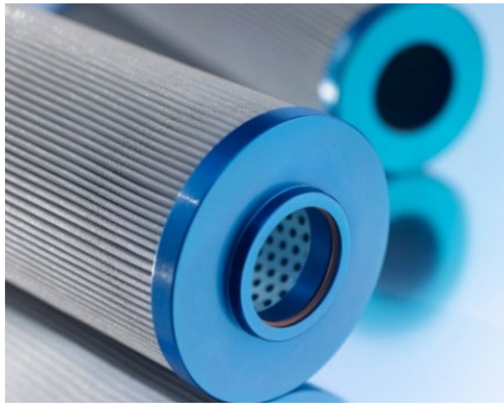
Committed to Increasing Levels of Profitability on Increasing Sales

[1] Excludes income from joint ventures and royalties, and other items that are allocated to the segments as well as any restructuring charges that may be incurred.

Financial Key Takeaways

Diversified portfolio of businesses with recurring revenue stream provides solid foundation for sustainable, profitable growth

Global ERP enables improvement in working capital and margins by standardizing, globalizing and optimizing our processes



Committed to returning cash to shareholders, including 60-year history of paying dividends and multi-decade share buybacks

Investments in R&D can be leveraged across geographies and markets, allowing profitable share gains and strong ROI

Targeted approach to expense planning and investments in higher-margin opportunities to drive long-term operating leverage

Closing Remarks

Tod Carpenter
Chairman, President & CEO

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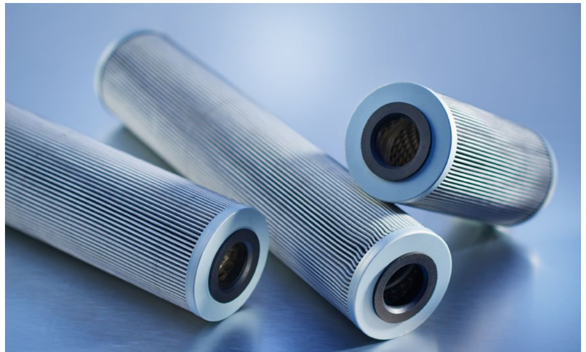
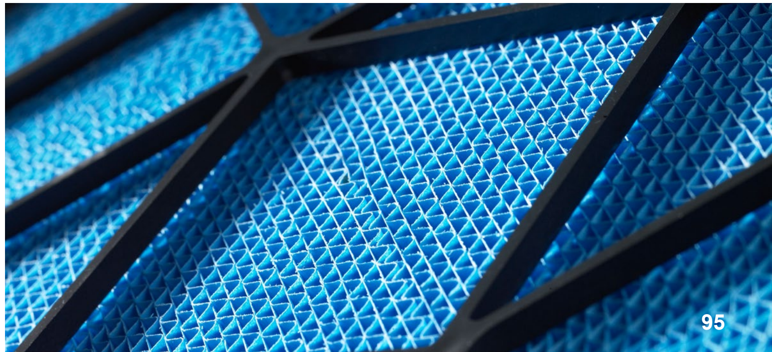




Investment Summary

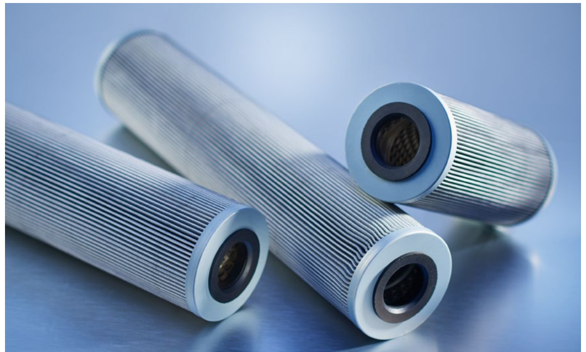
Donaldson. FILTRATION SOLUTIONS

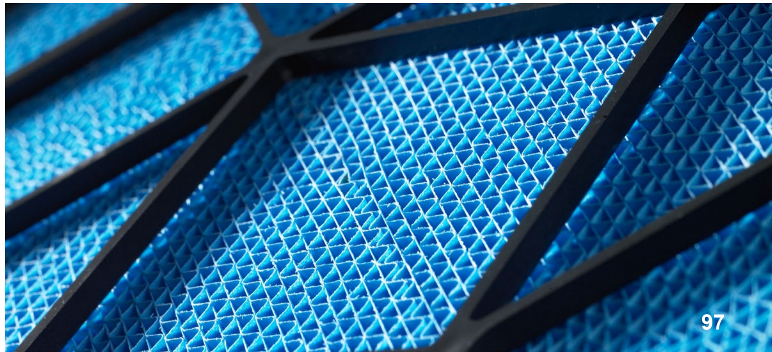
Solving the World's Most Complex Filtration Challenges

- Technology-led filtration company with deep customer relationships
- Diversified portfolio of global businesses with recurring revenue and expanding addressable market opportunities
- Experienced management team committed to our long-term strategic goals
- Global sales, production and distribution footprint with personalized service of a local firm
- Culture of ownership aligns with shareholder interests; disciplined capital allocation strategy to drive strong shareholder returns

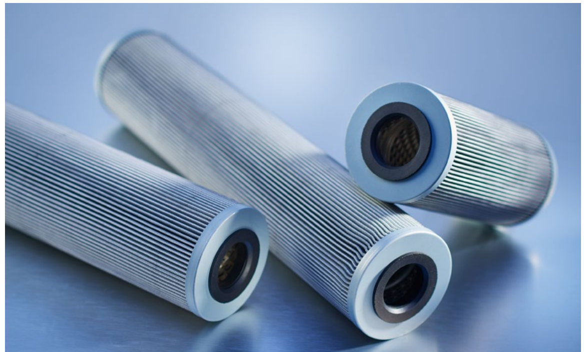
Q&A

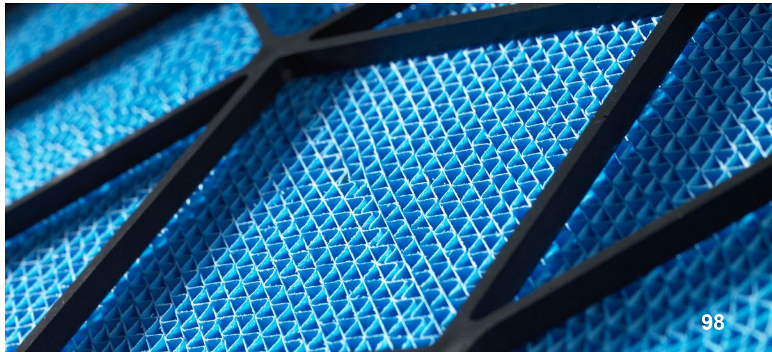
Donaldson
FILTRATION SOLUTIONS





Appendix



Adoption of Accounting Standards

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On August 1, 2018, Donaldson adopted the FASB standards ASU 2014-09, Revenue from Contracts with Customers (“revenue recognition”) and ASU 2017-07, Compensation – Retirement Benefits (“pension accounting”).

Donaldson elected to use the modified retrospective method in adopting the revenue recognition standard; therefore, fiscal 2019 and future results will be presented in conformity with the new standard, while results prior to August 1, 2018, will conform to the previous revenue recognition standard. Donaldson expects the new standard will increase sales without a commensurate change to gross profit, effectively reducing the Company’s gross margin and operating margin when compared to rates reported in prior fiscal years.

Under the new pension accounting standard, Donaldson will continue to report the service component of retirement costs in operating income and the non-service components will now be reported in other income. The new standard requires use of a retrospective method in accounting for the change; therefore, results in all periods presented will conform with the new standard. Restating fiscal 2018 results to conform with the new standard reduces operating income by approximately $3.0 million, or 0.1 percentage points as a rate of sales, offset by a corresponding increase in other income. Similarly, operating income in fiscal years 2017 and 2016 are reduced by $5.0 million and $0.6 million, respectively, with corresponding increases in other income.

Reconciliation of GAAP to Non-GAAP

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(In millions, except per share amounts)
(Unaudited)

	Three Months Ended July 31, 2018[1]	2017[2]	2016[3]
Net cash provided by operating activities	$ 262.9	$ 317.8	$ 286.1
Net capital expenditures	(95.9)	(63.5)	(70.7)
Free cash flow	$ 167.0	$ 254.3	$ 215.4
Net earnings	$ 180.3	$ 232.8	$ 190.8
Income taxes	183.3	89.2	66.6
Interest expense	21.3	19.5	20.7
Depreciation and amortization	76.7	75.2	74.9
EBITDA	$ 461.6	$ 416.7	$ 353.0
Net Earnings	$ 180.3	$ 232.8	$ 190.8
Restructuring charges, net of tax	—	—	11.5
Tax (benefit) expense for Federal Tax Cuts and Jobs Act	84.1	—	—
Settlement, net of tax	—	(6.8)	—
Investigation costs	—	—	2.0
Adjusted Net Earnings	$ 264.4	$ 226.0	$ 204.3
Diluted EPS	$ 1.36	$ 1.74	$ 1.42
Restructuring charges per share	—	—	0.08
Tax (benefit) expense for Federal Tax Cuts and Jobs Act	0.64	—	—
Settlement, net of tax	—	(0.05)	—
Investigation costs	—	—	0.02
Adjusted diluted EPS	$ 2.00	$ 1.69	$ 1.52

For more information, please see the Company's annual report on Form 10-K for FY16, FY17 and FY18. [1] Based on provisional estimates of the Tax Reform impact, Donaldson recorded a charge of $84.1M for the FY18; [2] In FY17, Donaldson recorded income of $6.8M related to the settlement of claims against an escrow account that had been established with the Company's acquisition of Northern Technical, L.L.C., which was completed in 1Q15; [3] During FY16, pre-tax charges related to restructuring reduced Donaldson's full-year operating income by $16.1M. The Company also incurred $3.1M of expenses in FY16 related to an independent investigation into its GTS business.

Tod Carpenter | Chairman, President & CEO

Donaldson FILTRATION SOLUTIONS

Tod Carpenter is Chairman, President and CEO of Donaldson Company. He joined the company in 1996 as Director of Operations in the Gas Turbine Systems business and went on to hold several operations, sales and management positions in the United States and Europe. Prior to Donaldson, Carpenter spent 13 years at Hughes Aircraft Company. He moved back to Minneapolis to join York & Associates as a consultant before being recruited to join Donaldson Company. He holds a bachelor's degree in manufacturing technology from Indiana State University and an MBA from Long Beach State University. He also completed the Minnesota Executive Program at the University of Minnesota's Carlson School of Management. In addition to his role on the Donaldson Board of Directors, he serves on the Minnesota Business Partnership Board of Directors and the Board of Overseers of the Carlson School of Management at the University of Minnesota.

Scott Robinson | SVP, CFO

Scott Robinson is Senior Vice President and Chief Financial Officer of Donaldson Company. He leads Donaldson's global IT and finance functions, including internal and external reporting, financial planning and analysis, treasury, tax, investor relations and corporate communications. He joined the company in December 2015 with a diverse set of public accounting and corporate finance experiences. Prior to joining Donaldson, Robinson spent 11 years with Imation, a data storage and security firm, with his last role being CFO. Before Imation, Robinson worked at Deluxe Corporation and PricewaterhouseCoopers (PWC). At PWC he earned his Certified Public Accountant and worked in their Minneapolis, New York and Düsseldorf, Germany offices. Robinson holds a bachelor's degree in accounting from St. Cloud State University. He serves on the Board of Directors for Gillette Children's Specialty Healthcare and sits on its Finance and Investment Committees.

Michael Wynblatt | VP, CTO

Michael Wynblatt, Vice President and Chief Technology Officer for Donaldson Company, has more than 20 years of experience in innovation and the commercialization of new technologies and ideas. He leads the technology strategy for the enterprise, as well as the centralized engineering teams. Prior to joining Donaldson, Wynblatt was Vice President of Innovation and Emerging Technology at Ingersoll Rand, where he developed and deployed a process for generating and developing innovative offerings and built the first corporate innovation team. Previously, he served as Vice President of the Innovation Center at Eaton Corporation, and as Vice President and Chief Technology Officer at Siemens Technology-to-Business Center, which he co-founded. He holds M.S. and Ph.D. degrees in computer science from the State University of New York and a B.S. in computer engineering from the University of Michigan.

Rich Lewis | SVP, Global Operations

Rich Lewis has been Senior Vice President, Global Operations, since 2018 and was previously Vice President, Global Operations, for Donaldson Company since 2015. He joined Donaldson in 2002 as Operations Manager in Frankfort, Ind., and later served the company as Plant Manager in both Frankfort, Ind., and Nicholasville, Ken. He was Director, Operations, before becoming General Manager, first of Liquid Filtration and later of Operations. Before joining the company, Lewis was Operations Manager for Seleco, Inc. and worked for Ventra Corporation as Quality Assurance Manager and then Operations Manager. He began his career as a Process Engineer for Thomson Consumer Electronics. Lewis holds a bachelor's degree in industrial engineering from the University of Louisville and an MBA from the University of Indiana, Purdue.

Tom Scalf | SVP, Engine Products

Tom Scalf, Senior Vice President, Engine Products, has been with Donaldson Company since 1989, when he joined the company as a Manufacturing Engineer. Since then, he has held positions of increasing responsibility, from Senior Manufacturing Engineer to Manufacturing Engineering Manager; Plant Manager in Dixon, IL; Manager, Site Integration in Leicester, U.K.; Director, Operations; General Manager of both Exhaust Emissions and IFS Americas; and Vice President, Global IAF. He was named to his present position in 2014. He holds a bachelor's degree in industrial engineering from Iowa State University and an MBA from St. Ambrose College in Iowa.

Jeff Spethmann | SVP, Industrial Products

Donaldson
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Jeff Spethmann, Senior Vice President, Industrial Products, first joined Donaldson Company in 1988 as Engineer, High Purity Products. He became Engineering Manager, Disk Drive, and then Director of Technology and Operations for Tetratec before leaving Donaldson in 1999 to become General Manager and later President of Blow Molded Specialties, where he led significant revenue growth and quality improvement. In 2011, he became President and CEO of Waltek, Inc., a contract manufacturing company. He returned to Donaldson in 2013 as Vice President, Exhaust and Emissions. In 2014, he was named Vice President, Global IAF, before assuming his current role in 2016. Spethmann holds a bachelor's degree in mechanical engineering and an MBA from the University of Minnesota.