



*PERFORMANCE***COUNTS**



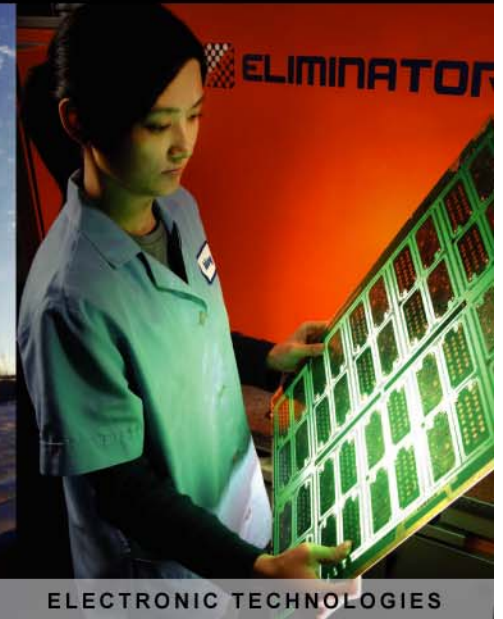
INDUSTRIAL PRODUCTS



ENGINEERED SYSTEMS



FLUID MANAGEMENT



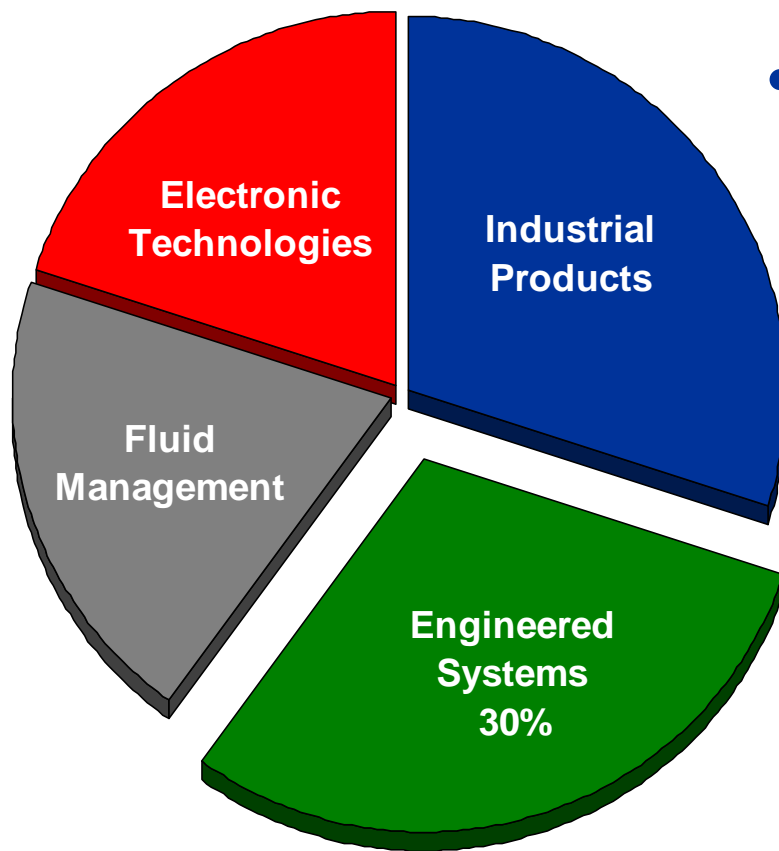
ELECTRONIC TECHNOLOGIES

# ENGINEERED SYSTEMS

BOB LIVINGSTON

NEW YORK CITY / NOVEMBER 9, 2007

# Engineered Systems



% of 2007 YTD Dover Revenue

- **Today's Discussion**

- Engineered Systems Overview
- Engineered Products Platform
  - Highlights
  - Two Company Stories
    - Hill PHOENIX
    - Triton
- Product Identification Platform
  - Highlights
  - Markem Acquisition & Integration
- Foundation for Future Growth

# Engineered Systems

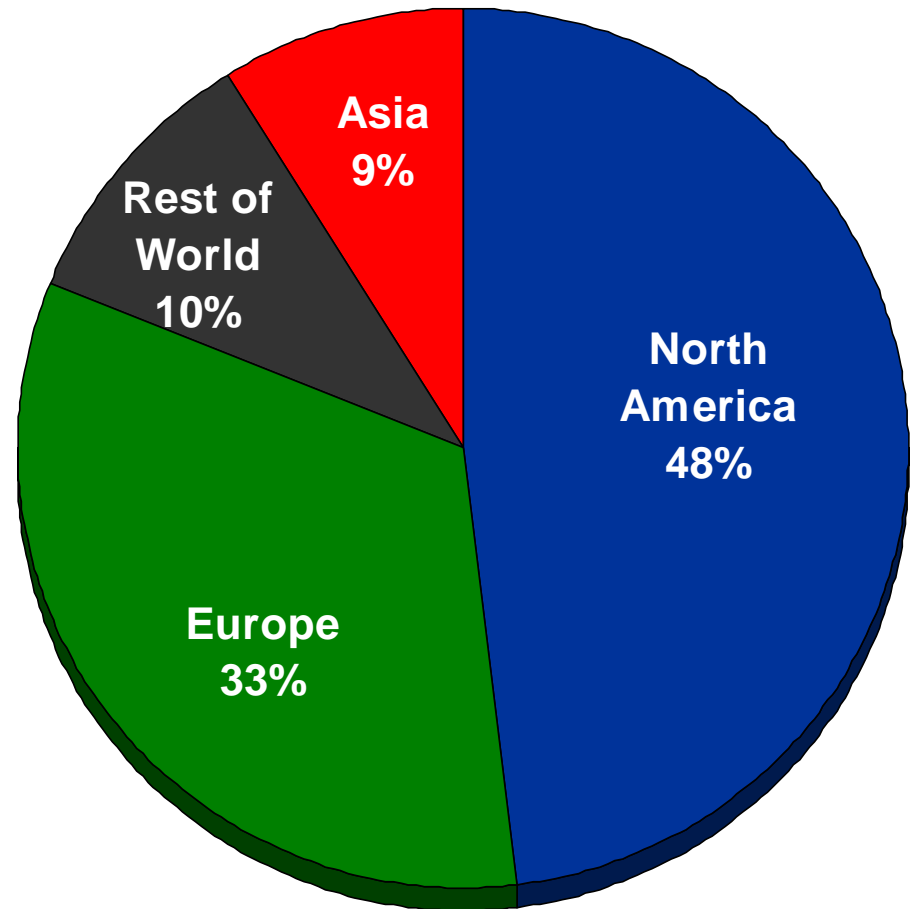
- Serving Consumer Packaged Goods, Pharmaceutical, Food Service / Display and Refrigeration / Cooling Applications.
- Multiple Growth Drivers

	Revenue	Operating Earnings	Operating Margins
2004	\$1,160.4	\$168.9	14.6%
2005	\$1,404.8	\$205.5	14.6%
2006	\$1,674.2	\$241.7	14.4%
YTD 2007	\$1,588.1	\$207.7	13.1%

Acquisition Growth	Organic Growth
0.5%	5.5%
6.1%	14.7%
4.9%	13.9%
21.2%	6.2%

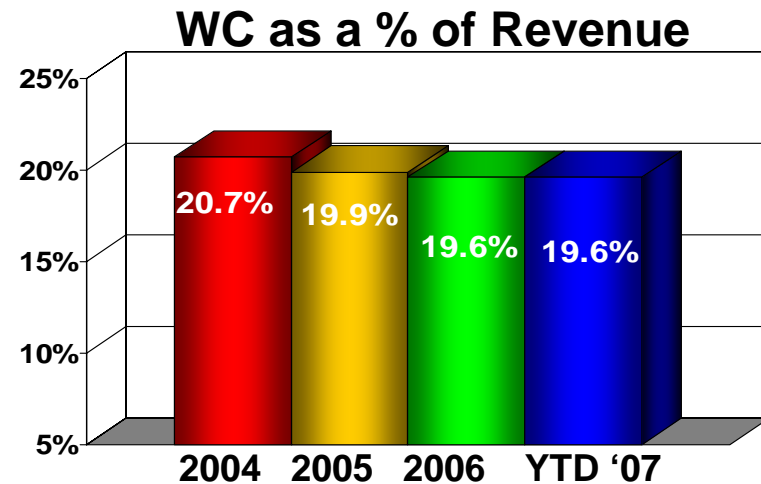
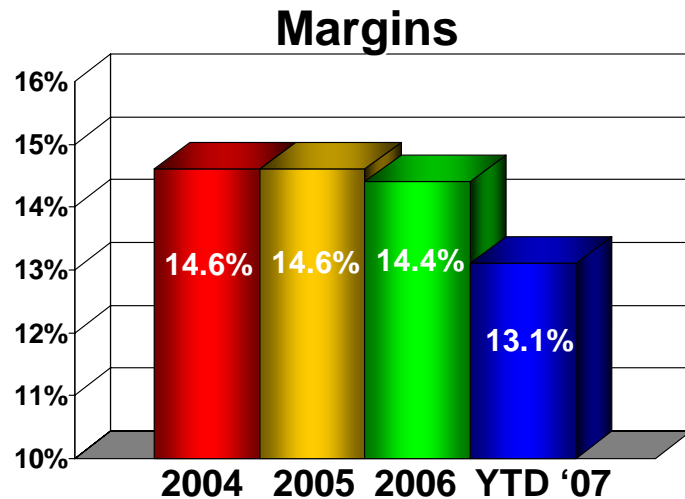
# Growth Drivers Over the Past 3 Years:

- **Market Growth**
  - Consumer spending, food and product traceability
- **Continuous Improvement**
  - Factory utilization
  - Sharing of best practices
- **Aggressive Product Development Programs**
- **Acquisitions**
  - Product ID Platform: Datamax, O'Neil, MARKEM
- **37% Recurring Revenue**
- **Global Footprint**



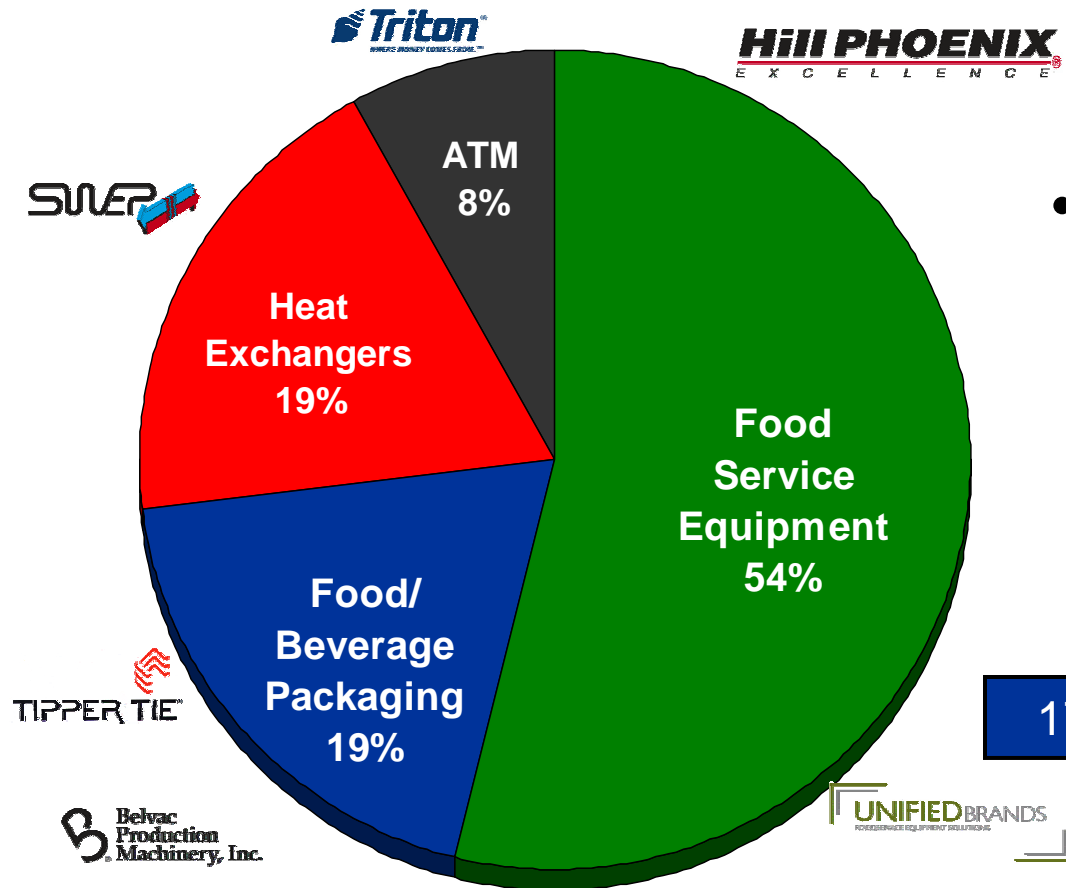
% of 2007 YTD ES Revenue

# Performance Counts



- Increase in acquisition charges
- Challenges at Triton
- Weak 1Q at PID = (130) bps
- Product management
- Supply chain management
- Factory speed

# Engineered Products Platform



## Platform Strategy:

- To be solution and value leaders in our market niches focused on:
  - Technology / innovation
  - Superior customer service
  - Business growth

17% of Dover's 2007 YTD Revenue



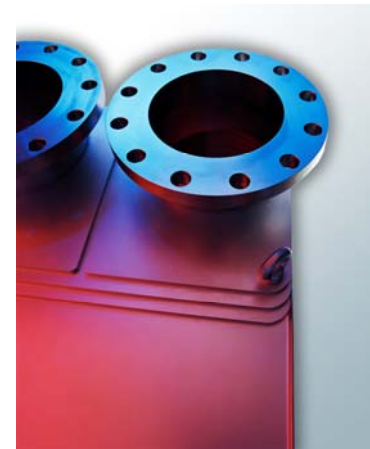
# Engineered Products - Highlights

	<u>Revenue</u>	<u>YR/YR Growth</u>
2004	\$827	+6%
2005	\$933	+13%
2006	\$1,106	+19%
YTD 2007	\$930	+12%



- **Drivers:**

- Investment / capacity expansion
- Expand beyond home markets
- Strong product development



# Hill PHOENIX ... A Strong Growth Story

- **Current Status**

- One of Top 5 largest companies in Dover
- Strong leadership team . . . Talent recruitment/development
- Technology/Innovation . . . Above market growth rates in the last 3 years
- Superior customer service

- **Results**

- 2007 will be the 3<sup>rd</sup> consecutive record year of sales & earnings
- Organic growth of 4% in '07 (WMT down YOY)
- Highest inventory turns in Engineered Systems (< 10X)



- **Tomorrow**

- *Green* Offering . . . Approaching 3-year payback on technology offerings
- Significant growth opportunities in Americas for next several years
- **Another record year in '08 (WMT down YOY)**

**This is NOT a WMT Story . . . This is The Hill PHOENIX Story!**



# Triton . . . A Major Challenge

- **Current Status**

- Lingering impact of Hurricane Katrina
  - Employee turnover and distraction
  - Significant delays in product development and launch
- Business development initiatives slow to materialize
  - China, banking
- Leadership position in NA is challenged

- **Results YTD**

- Sales down 10% YOY and significant decline in earnings

- **Actions**

- New leader, new CFO in place
- Conducted assessment of all aspects of business

- **Tomorrow**

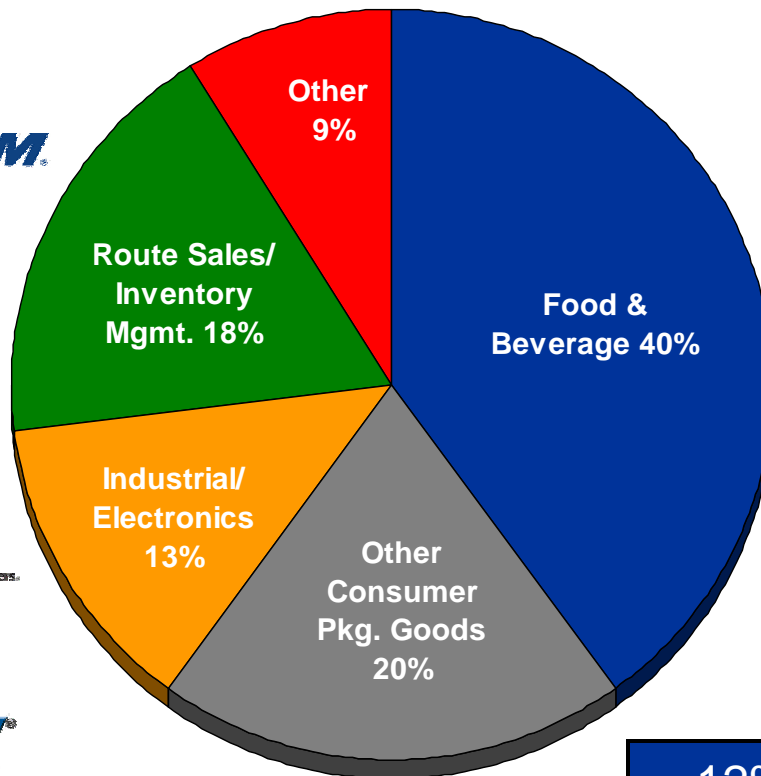
- 4Q07 / 1Q08 implement changes to return to profitability
- 4Q07 loss of \$3-5M
- 2008 → Triton will not be negative to Dover EPS

# Engineered Products – What We Like

- Hill PHOENIX: #1 Refrigeration and #2 Display Cases
  - Merchandising differentiation – we customize
  - Remodel / new store balance
- SWEP: #2 Brazed Heat Exchangers – Worldwide
  - Technology is a game-changer
- Leadership Positions in Food and Beverage Packaging
- Platform Outlook:
  - Innovative product offerings support customers' yield / cost control initiatives
  - Energy conservation / savings / green initiatives across businesses
    - Hill PHOENIX, Unified Brands, SWEP, Tipper Tie and Belvac
  - Recurring revenue of 26%
  - Our markets – low volatility, some seasonality, steady growth at 5-7%



# Product Identification Platform



## Platform Strategy

- Become #1 in Direct Marking and Coding
- Become #2 in Table Top / Mobile Printers
- Acquire / Develop Other Unique Technologies
- Aggressively Pursue Growth Applications

12% of Dover's 2007 YTD Revenue

# Product Identification - Overview

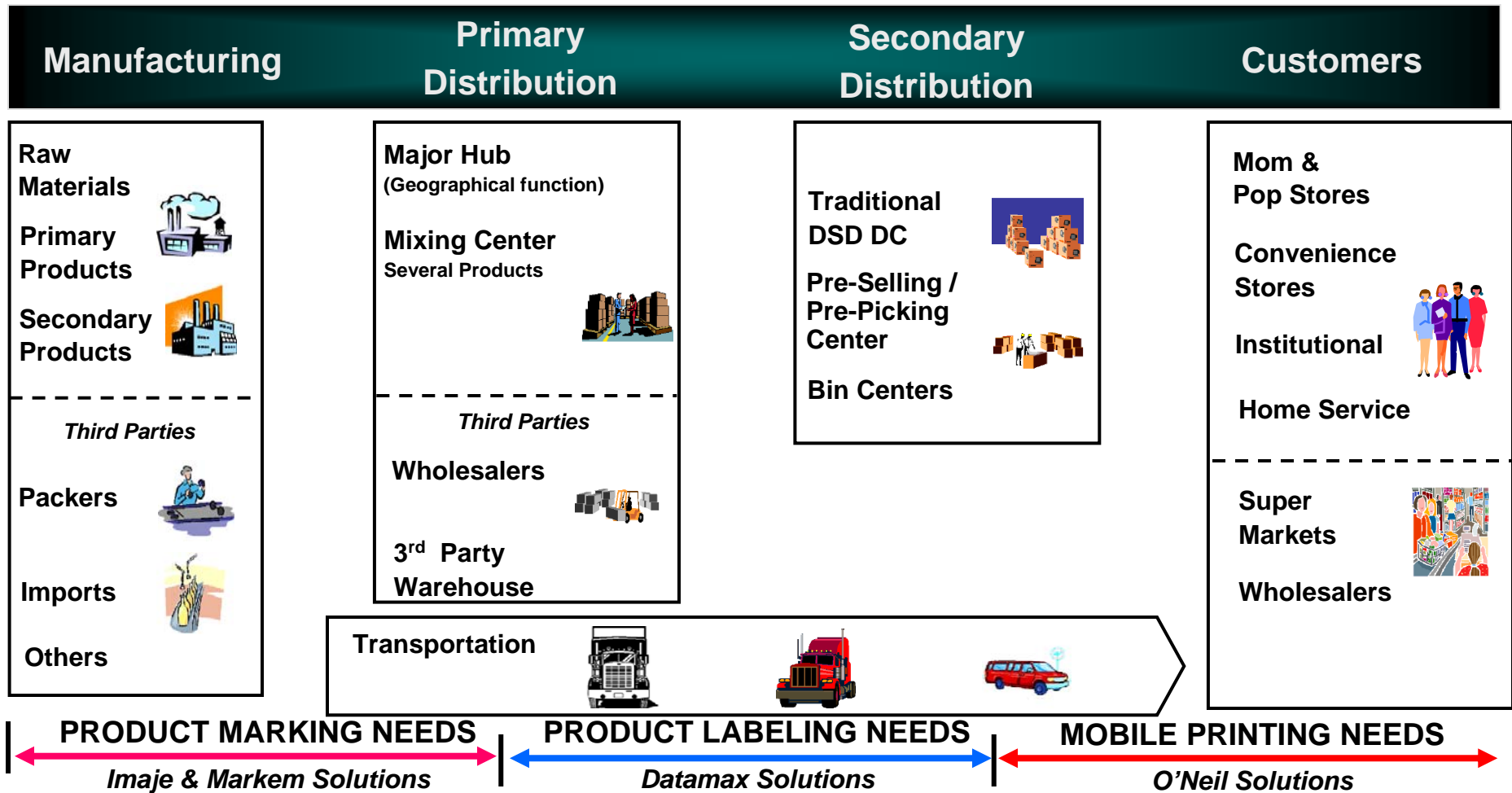
	<u>Revenue</u>	<u>YR/YR Growth</u>
2004	\$333	16%
2005	\$472	41%
2006	\$568	21%
YTD 2007	\$659	67%



- **Drivers:**
  - Mid single-digit market growth
  - Compliance / food safety trends
    - Regulations, traceability
  - Product development initiatives
    - New CIJ product platform since 2004
  - Strategic acquisitions



# Product ID – Application Coverage



INDUSTRIAL PRODUCTS

ENGINEERED SYSTEMS

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# Product ID – MARKEM Update

- **Acquired December 2006**
- **YTD Initiatives**
  - Preliminary product rationalization
  - Price management initiatives
  - Cost reductions
- **YTD Results**
  - Yr/Yr sales up 10%
  - Gross margin improvement ...400 bps
  - Working capital improvement ...200 bps



# Integration of Two Companies

	<u><b>MARKEM</b></u>	<u><b>Imaje</b></u>
<b>Employees:</b>	<b>1,090</b>	<b>1,780</b>
<b>Headquarters:</b>	<b>Keene, NH</b>	<b>Bourg Les Valence, France</b>
<b>Mfg. Locations:</b>	<b>USA, China, UK, Czech Rep.</b>	<b>France, Sweden, USA, China</b>
<b>R&amp;D Facilities:</b>	<b>USA, UK and Belgium</b>	<b>France, Sweden and India</b>
<b>Sales Offices:</b>	<b>17 countries</b>	<b>32 countries</b>
<b>Distributors:</b>	<b>50 countries</b>	<b>50+ countries</b>
<b>ERP System:</b>	<b>Oracle</b>	<b>SAP</b>

# MARKEM / Imaje: Creating One Company

## Integration Objectives – Focus, Unity and the Customer

- **Single Sales Organization:**
  - Multiple channel management
  - Integration of sales offices where appropriate
  - Retain distributor strengths
- **One ERP System**
  - Control, customer service, management
- **Global Supply / Logistics Platform:**
  - North America, Europe, Asia
  - Procurement synergies
  - Manufacturing efficiencies
- **Coordinated R&D Teams**
  - Focus and leverage

# MARKEM / Imaje: Creating One Company (continued)

- **Actions:**

- Task teams have been working for the past 6 months
- Executive / management team in place
- Organizational announcements initiated
- Customer / channel visits scheduled
- “Brand” project study completed

- **Expectations:**

- Increase organic growth
  - Improved global sales coverage
- Operations / supply chain leverage
  - Procurement synergies > \$5M/YR
  - Improved inventory turns
- Product development leverage
  - Eliminate project redundancies
  - More innovative projects with quicker launches
- Platform margins to high teens
  - Minimum 200 bps margin improvement

# Engineered Systems: Foundation for Future Growth

## ORGANIC GROWTH:

- Favorable Consumer Trends
- Sustainability / Green
- Market Growth of >5%
- Low Volatility
- Increasing Global Sales Activity
- Continued Product Innovation

## MARGIN EXPANSION:

- “Common Ownership” Benefits
- MARKEM / Image Integration
  - Benefit of \$15-20M/Yr Post Integration
- Triton Recovery / Resolution
- Facility Consolidation
  - \$3-5M/Yr Opportunity

**Operating Company Leaders**