
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 3, 2018

Dover Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-4018
(Commission
File Number)

53-0257888
(IRS Employer
Identification No.)

3005 Highland Parkway
Downers Grove, Illinois
(Address of principal executive offices)

60515
(Zip Code)

Registrant's telephone number, including area code: 630-541-1540

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

In anticipation of the previously announced proposed spin-off of Apergy Corporation (“Apergy”) from Dover Corporation (“Dover”), Apergy will host an investor conference in New York City on April 3, 2018. A copy of the investor presentation for that conference is included as Exhibit 99.1 hereto. This conference will be webcast, and a recording of the conference will be available for six months on Dover’s website, www.dovercorporation.com and Apergy’s website, www.apergy.com. The live webcast will begin at 1:00 p.m. Eastern time on April 3, 2018. Representatives of Apergy also expect to use the written presentation materials (or portions thereof) in various meetings with analysts and investors regarding Apergy and its businesses expected to be held prior to the completion of the spin-off.

The information in this report (including Exhibit 99.1), is being furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed by Dover under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is furnished as part of this report:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Presentation slides, issued by Apergy Corporation, dated April 3, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DOVER CORPORATION

Date: April 3, 2018

By: /s/ Ivonne M. Cabrera

Ivonne M. Cabrera

Senior Vice President, General Counsel & Secretary

Investor Day
April 3, 2018

Apergy® | Unlocking
energy.

Notices and Disclaimers

Forward-Looking Statements

This investor presentation, and the related discussion, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on the beliefs and assumptions of management of Apergy Corporation ("Apergy") and on information currently available to Apergy's management. Forward-looking statements include, but are not limited to, statements related to Apergy's expectations regarding the performance of the business, financial results, liquidity and capital resources of Apergy, the benefits resulting from Apergy's separation from Dover Corporation, the effects of competition and the effects of future legislation or regulations and other non-historical statements. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "approximately," "projects," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements in this presentation. Apergy does not have any intention or obligation to update forward-looking statements after Apergy distributes this presentation.

Apergy's outlook is provided for the purpose of providing information about our current expectations for 2018 and the general outlook for the business in the longer term. This information may not be appropriate for other purposes.

Factors that could cause Apergy's results to differ materially from those expressed in forward-looking statements are included in the section entitled "Risk Factors" in the Information Statement that is an exhibit to Apergy's Registration Statement on Form 10, originally filed with the Securities and Exchange Commission on March 5, 2018, as amended and supplemented. There may be other risks and uncertainties that Apergy is unable to predict at this time or that Apergy currently does not expect to have a material adverse effect on Apergy's business. Any such risks could cause Apergy's results to differ materially from those expressed in forward-looking statements. Neither Dover nor Apergy undertakes any obligation to update any forward-looking statements, except as required by applicable law.

Non-GAAP Measures

This investor presentation, and the related discussions, contains certain non-GAAP financial measures, which should be considered only as supplemental to, and not as superior to financial measures prepared in accordance with generally accepted accounting principles ("GAAP"). Please refer to the Appendix of this investor presentation for a reconciliation of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP and definitions and calculation methodologies of defined terms used in this investor presentation. For additional information about our non-GAAP financial measures, see our filings with the Securities and Exchange Commission.

This investor presentation is not an offer to sell or the solicitation of an offer to buy any securities of Apergy, nor will there be any sales of securities of Apergy in any jurisdiction in which the offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Presentation of Information

Unless otherwise stated, all facts, metrics and other information provided herein are presented as of December 4, 2017.

Today's Presenters



Soma
SOMASUNDARAM
CEO



Rob
GALLOWAY
President
Drilling Technologies



Paul
MAHONEY
President
Production & Automation
Technologies



Ali
RAZA
Chief Digital Officer



Jay
NUTT
CFO

Today's Agenda

Introducing Apergy	Soma Somasundaram
Drilling Technologies	Rob Galloway
Production and Automation Technologies	Paul Mahoney
Artificial Lift Technologies	
Automation Technologies	Ali Raza
Financial Overview	Jay Nutt
Summary and Q&A	Management Team



Introducing Apergy

Soma Somasundaram

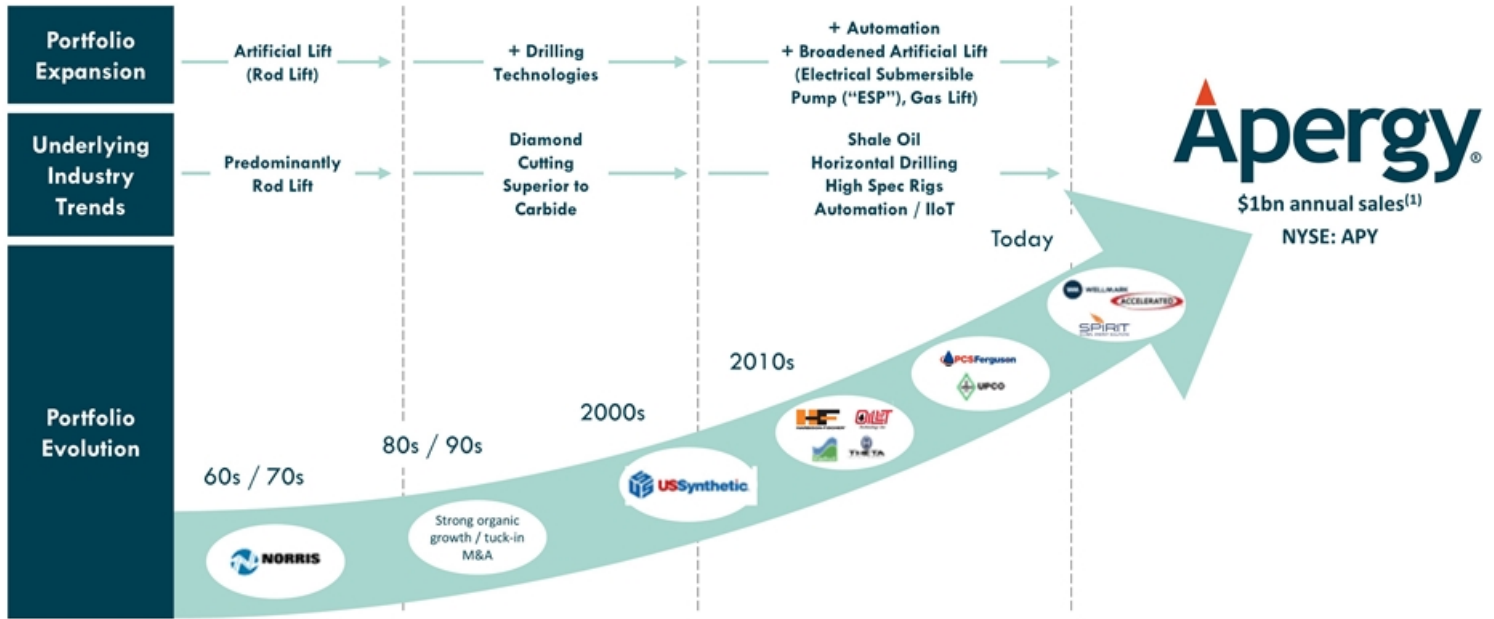
Who We Are

- Leading onshore-focused equipment and digital technology provider to the upstream oil and gas industry
- Most trusted brands recognized for quality, performance and customer-service
- Highly engineered products, innovative technologies and digital solutions
- Focused strategy and operating philosophy leveraging a customer-centric business model
- Strong financial results including robust free cash flow through business cycles
- Experienced and motivated team focused on collaborative approach to solving customer problems

WE ARE APERGY...

Unlocking energy to drive value for our customers, employees and shareholders

60 Year Heritage of the Most Trusted Brands in the Oil Field



(1) Represents 2017 Actual figure.

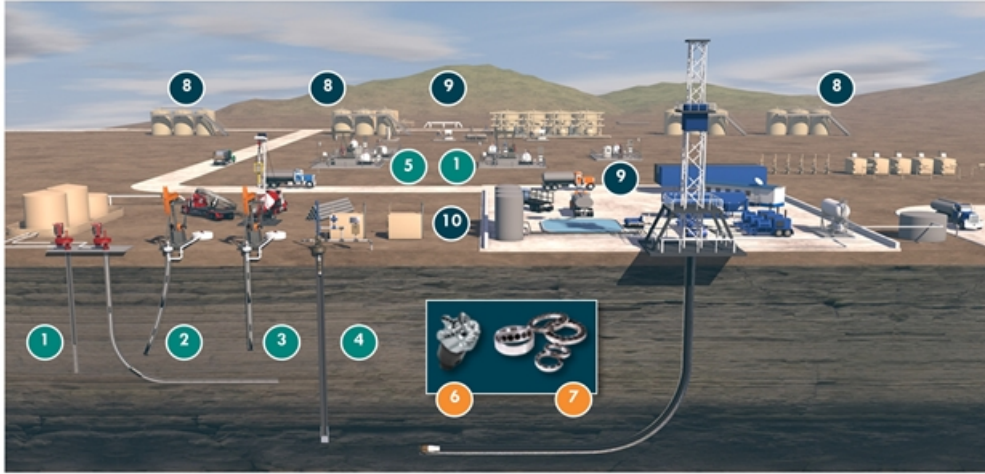
Increased Focus Drives Value as Apergy

As Part of Dover Portfolio	Apergy
<ul style="list-style-type: none">▪ Energy businesses within diversified industrial portfolio	<ul style="list-style-type: none">▪ Independent pure-play oil & gas equipment and technology company
<ul style="list-style-type: none">▪ Commitment to operational excellence and customer-driven innovation	<ul style="list-style-type: none">▪ Commitment to operational excellence and customer-driven innovation
<ul style="list-style-type: none">▪ Focused organic investments made during the downturn	<ul style="list-style-type: none">▪ Leveraging investments with substantial growth and share gain opportunity
<ul style="list-style-type: none">▪ Capital allocation decisions across entire portfolio	<ul style="list-style-type: none">▪ Focused to drive incremental return for Apergy
<ul style="list-style-type: none">▪ Management incentives balance business and corporate parent performance	<ul style="list-style-type: none">▪ Motivated team with aligned incentives to Apergy strategic and financial goals

Apergy is Present Across the Wellsite

Production & Automation Technologies:
Facilitating the efficient, safe and effective extraction of oil and gas through a suite of premier brands.

Drilling Technologies:
Providing highly specialized, innovative, and proprietary products used in drilling oil and gas wells.



ARTIFICIAL LIFT TECHNOLOGIES

- 1. Progressive Cavity Pumps
- 2. Rod Lift
- 3. Plunger Lift
- 4. ESP
- 5. Gas Lift

DRILLING TECHNOLOGIES

- 6. Diamond Drill Bit Insets
- 7. Diamond Bearings

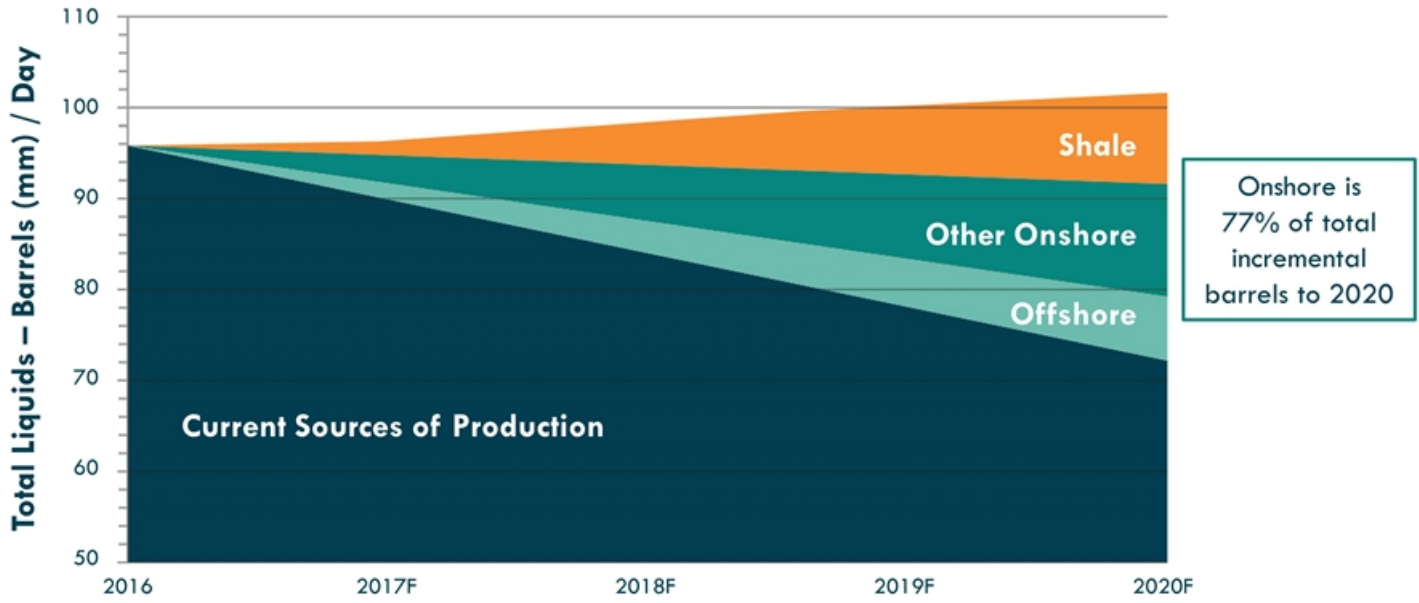
OTHER PRODUCTION EQUIPMENT

- 8. Well Head Production Equipment
- 9. Chemical Injection
- 10. Flow Control Valves

AUTOMATION TECHNOLOGIES

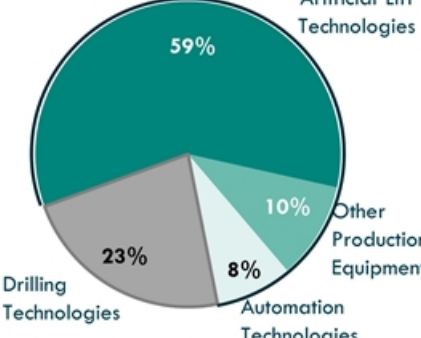
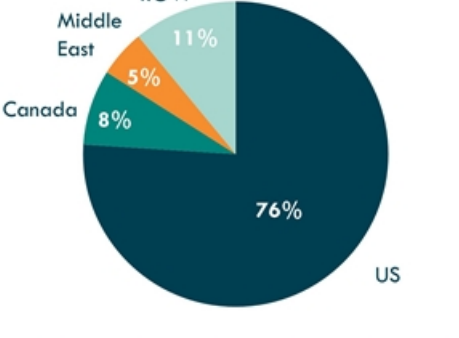
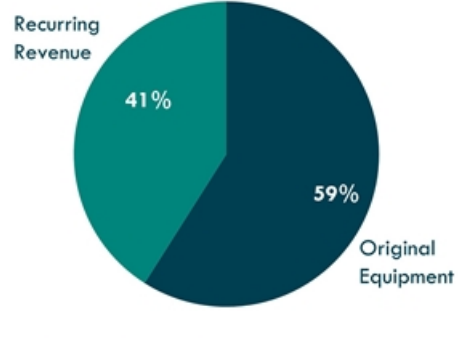
- 11. IIoT Enabled Technologies
- 12. Optimization Software
- 13. Remote Monitoring

Long Term: Onshore Production Remains Essential



Incremental production growth through 2020 requires significant investment in onshore

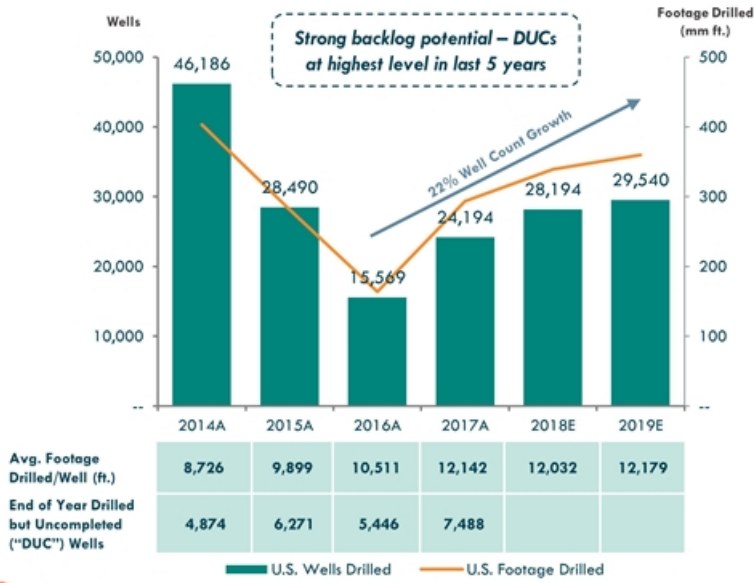
Portfolio Profile

Product Line	Geography	Product Mix
 <p>Artificial Lift Technologies: 59%</p> <p>Drilling Technologies: 23%</p> <p>Other Production Equipment: 10%</p> <p>Automation Technologies: 8%</p>	 <p>US: 76%</p> <p>ROW: 11%</p> <p>Canada: 8%</p> <p>Middle East: 5%</p>	 <p>Original Equipment: 59%</p> <p>Recurring Revenue: 41%</p>
<ul style="list-style-type: none"> Nearly all onshore 75% oil 	<ul style="list-style-type: none"> Strong presence in fast-growing Permian basin (~35% of Production and Automation Technologies revenue) 	<ul style="list-style-type: none"> Recurring revenue from replacement parts, software and after-market services

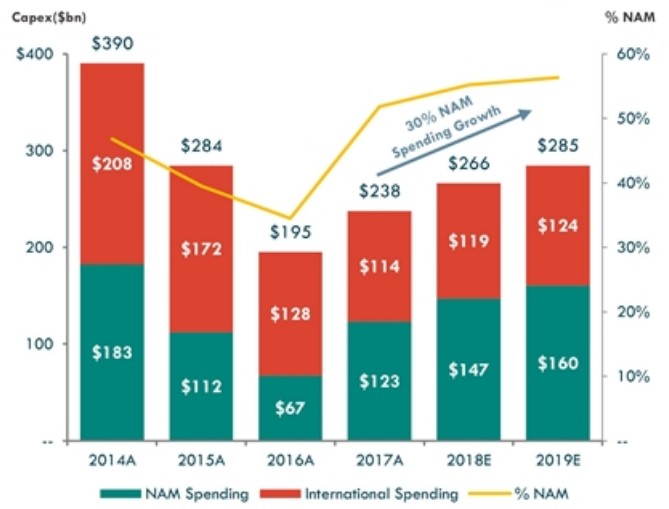
North American onshore production-focused portfolio with meaningful recurring revenue

Business Aligned and Correlated with Positive Market Drivers

U.S. Wells Drilled



Global & North America E&P CapEx



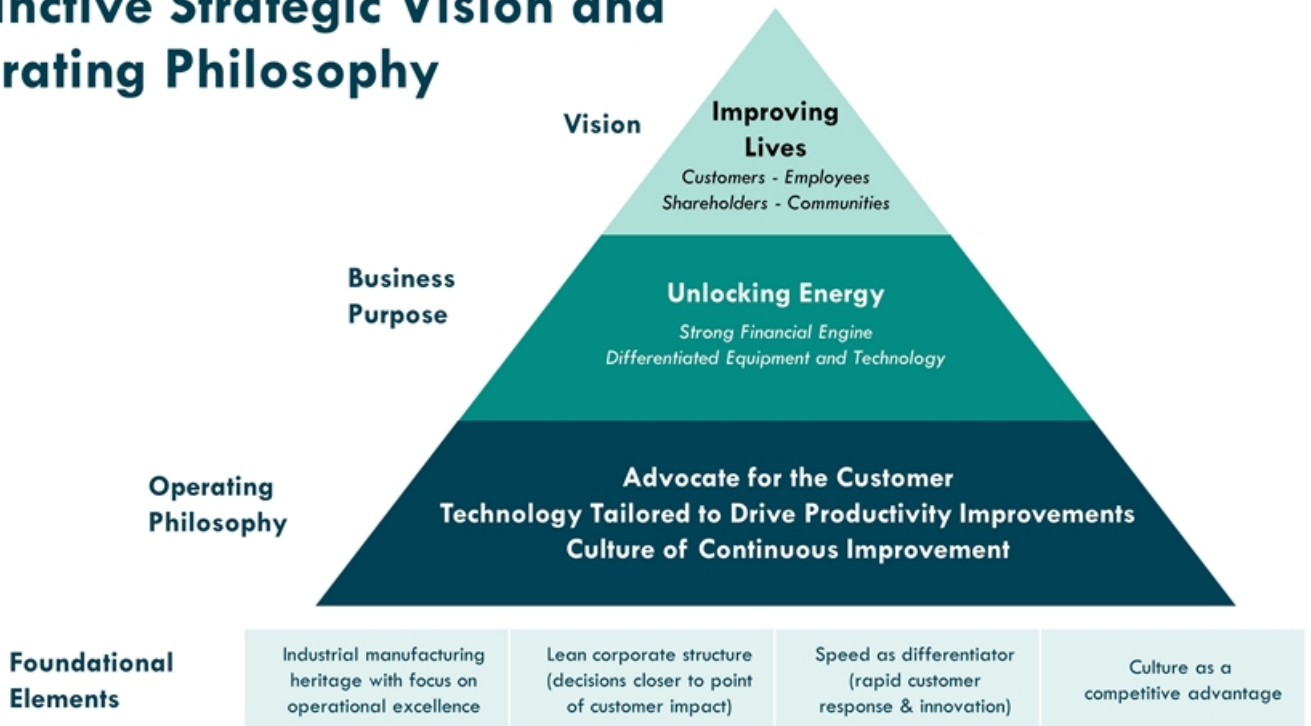
Diverse, Blue Chip Customer Base



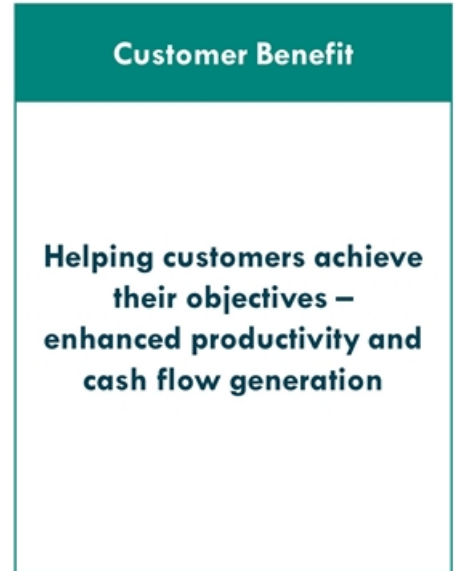
Limited customer concentration; relationships with broad set of customer types

(1) Represents % of revenue as of FY 2017.

Distinctive Strategic Vision and Operating Philosophy



How Apergy Wins



Business Highlights – What you Will Hear From our Business Leaders Today

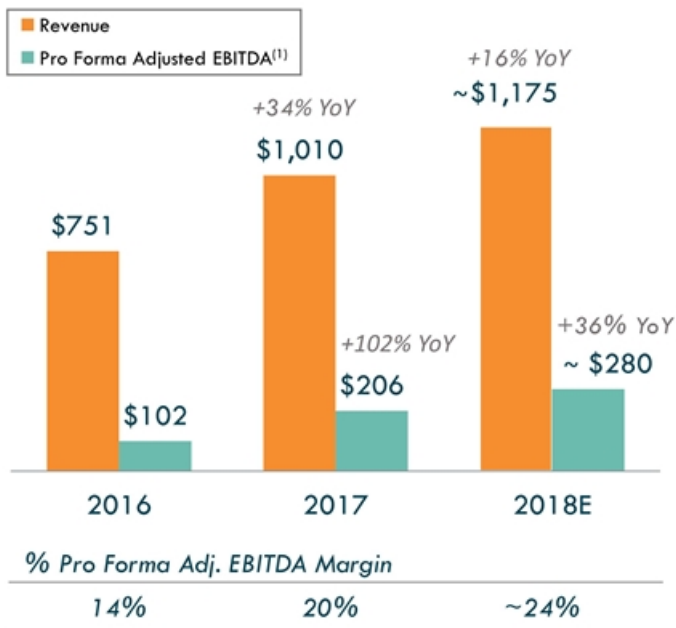
	Drilling Technologies	Key Production and Automation Technologies Discussed Today	
		Artificial Lift	Automation Technologies
Market Size	~\$1.3bn PDC & bearings market	\$8bn global market \$3.3bn U.S. market	\$6bn total addressable market (upstream automation)
Market Growth Expectation	<ul style="list-style-type: none"> Estimated 12% annual rig count growth 2017-2020E ~9.5% 2017-2019E CAGR Global E&P CapEx 	<ul style="list-style-type: none"> ~10-12% 2017-2020E CAGR (high-teens CAGR for ESP / Gas Lift) 	<ul style="list-style-type: none"> ~16% CAGR⁽¹⁾ through 2020 driven by increased customer adoption and technology evolution
Key Growth Drivers	<ul style="list-style-type: none"> Increasing number of wells drilled plus higher footage drilled per well Proven technology advancement track record driving growth above market Superior performance vs. peers' products 	<ul style="list-style-type: none"> Enhanced drilling & completion technologies driving ESP & Gas Lift demand ESP to Rod Lift lifecycle of the well opportunities increases revenue per producing well Well production declines driving Rod Lift & Plunger Lift demand 	<ul style="list-style-type: none"> Analytics increasingly important for maximizing production IIoT enabled "plug and play" products help drive adoption Effectiveness in reducing costs and predicting maintenance
Apergy Competitive Moats	<ul style="list-style-type: none"> High quality drives superior performance Fast customer response Innovative solutions Proprietary manufacturing process 	<ul style="list-style-type: none"> Only provider of full suite of artificial lift technologies Unsurpassed service excellence Proven expertise and application know-how Most trusted brands 	<ul style="list-style-type: none"> Best technology in end-to-end production automation platforms Leading domain expertise Highest installed base in wellsite monitoring technology Established long-term partnerships

Clear Growth Drivers Going Forward



Significant organic growth opportunity supplemented by select high value M&A

Strong Financial Profile



- **Strong growth and volume leverage**
- **Industry leading margins**
- **Low CapEx, strong FCF**
- **Disciplined capital allocation priorities**
 1. Organic growth investment
 2. Reducing debt and leverage
 3. Targeted M&A

Summary: Why Own Apergy?

Pure Play Onshore Equipment and Technology Leader

Aligned with Positive Market Trends

Best Products, Technologies, Brands and Response Time

Strong Financial Performance Including FCF through Cycles

Capitalizing on Strategic Investments

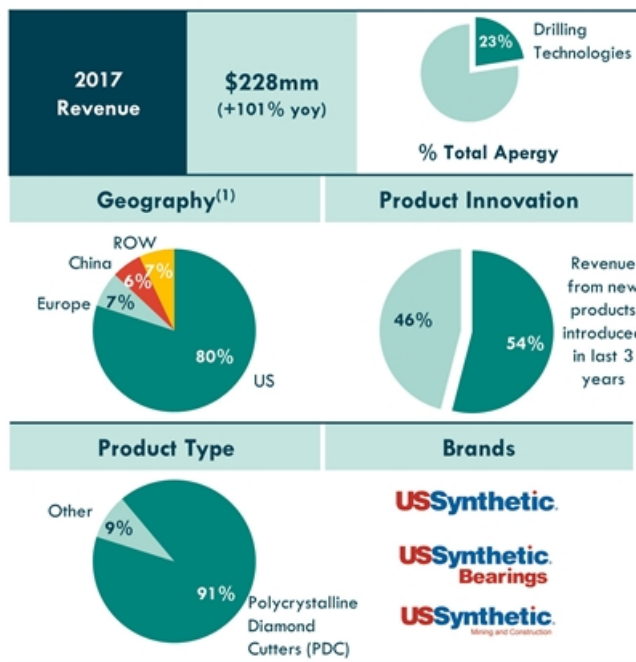
Experienced and Motivated Team with Aligned Incentives



Drilling Technologies

Rob Galloway

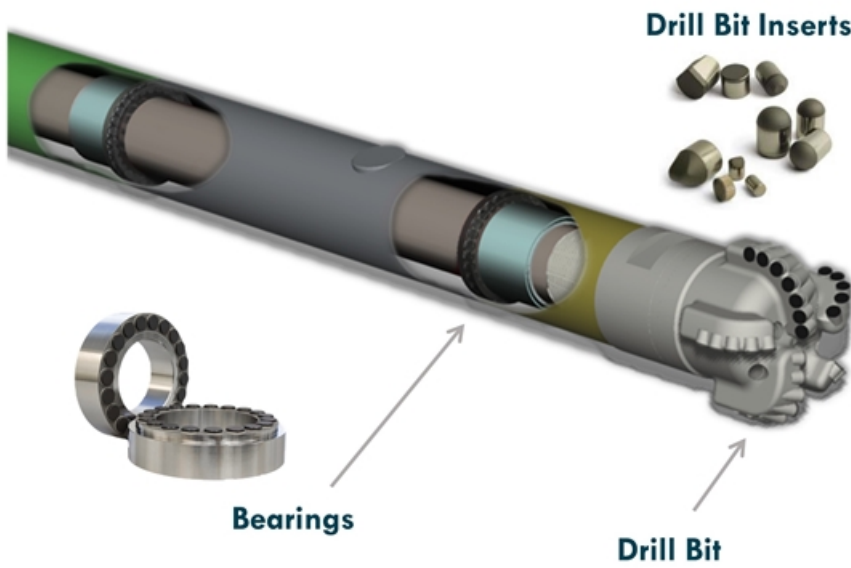
Drilling Technologies



- Undisputed industry leader in polycrystalline diamond cutters for oil & gas drilling
- Uniquely positioned to leverage long-term favorable industry trends – US shale, horizontal drilling, increasing laterals
- Critical partner to customers in achieving drilling productivity
 - 95%+ of cutters are designed to meet unique requirements and finished to exact customer specifications
 - Drill bit is mission-critical piece of equipment to avoid downtime and drilling failures
- Superior industry reputation for innovation, quality and customer service

[1] Represents geography by sales destination.

Polycrystalline Diamond Drill Bit Inserts & Bearings



Apergy Offering

- Custom designed and manufactured drill bit inserts
- Long-lasting diamond bearings for process-fluid-lubricated applications
- Uncompromising commitment to constant innovation, outstanding quality and superior customer service

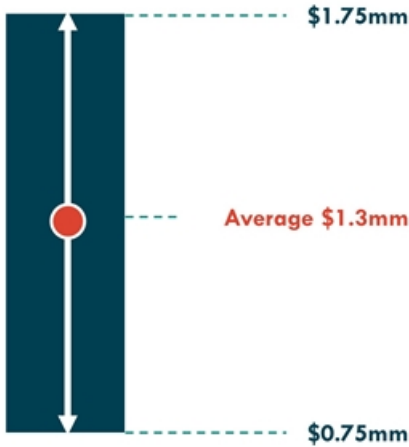
Mission-Critical Products with Outsized Economic Importance to Customers

Total Drilling Expense Variability

Significant Variance in Average Drilling Cost per Well

Speed of drilling is the key determinant of drilling cost

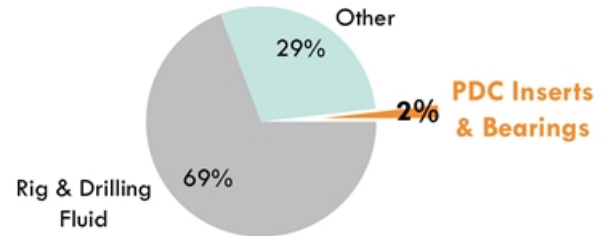
Ability to drill without the need to replace bits or bearings is critical to reduce drilling costs for customers



Drill Bit Inserts / Bearings Have Outsized Impact on Economics

- Choice of cutting structure (in bits) and bearings (in downhole tools) can significantly impact overall cost

Drilling Cost Breakdown of an Average Well⁽¹⁾



Buying quality drill bit inserts and bearings helps customers drill faster and reduce interruptions responsible for unprofitable downtime

Unique Attributes Driving Outperformance

Competitive Moats

Proprietary Technology Supported by Best-in-class Manufacturing

“Fast Learning” Cycles to Deliver Highly Engineered Solutions to Customers

Broad and Deep Customer Relationships

Rig Count Outperformance

- Growth in Apergy revenue per active rig outpacing global rig count recovery
- Estimated 12% annual rig count growth from 2017-2020



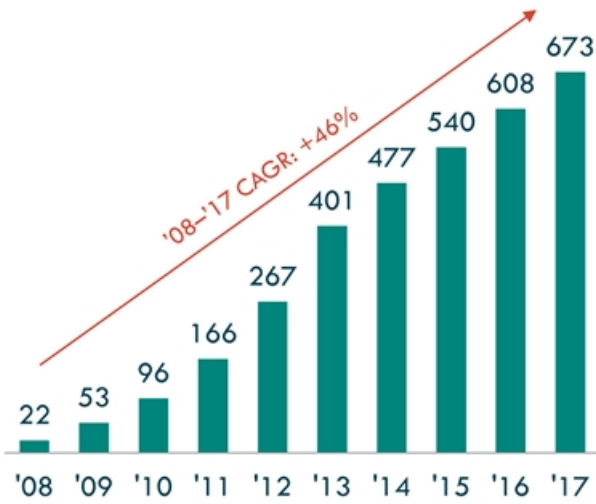
Clear Industry Leader

Competitor	Estimated Share of Drill Bit Insert Demand	Speed of Technology Development	Speed of Delivery	Product Customization
USSynthetic	Strong #1 position			
Competitor A	Modest #2			
Competitor B	Vertically integrated focus			
Chinese Suppliers	Focused on low-end			

Long history of winning with premium products that drive customer productivity

Track Record of Leading Innovation and Excellence in Manufacturing

Cumulative Patents Issued Since 2008



Excellence in Manufacturing

- World class manufacturing facility (Orem, Utah)
- Shingo Prize Award Winner – most prestigious award for operational excellence, considered “the Nobel Prize for manufacturing”



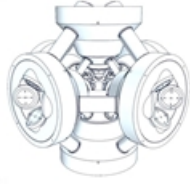
Industry-Leading PDC Technology

Powerful & Proprietary Manufacturing Process

- Diamond is the hardest known material but also exhibits low friction and high thermal conductivity
- Polycrystalline diamond is formed by bonding small diamond particles into a larger, coherent structure (sintering)
- Tougher and more uniform wear than single diamond crystal

2,600 Ton Cubic Press - Proprietary Apergy Technology

~9ft tall
Weighs
40 tons



1,000,000 psi

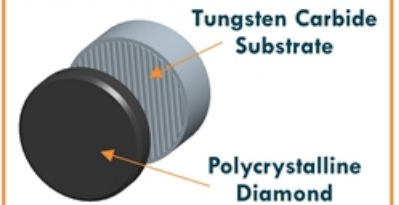
Same pressure
as Eiffel Tower
upside down on
5in. surface!



Polycrystalline Diamond Compact



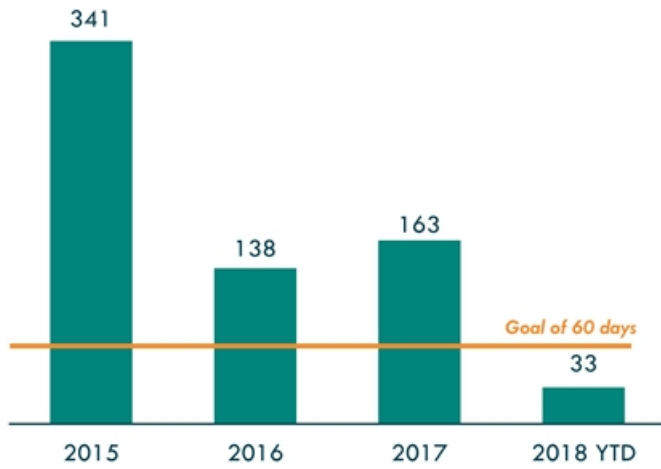
PDC Bit



Fast Learning Enables Improved Performance

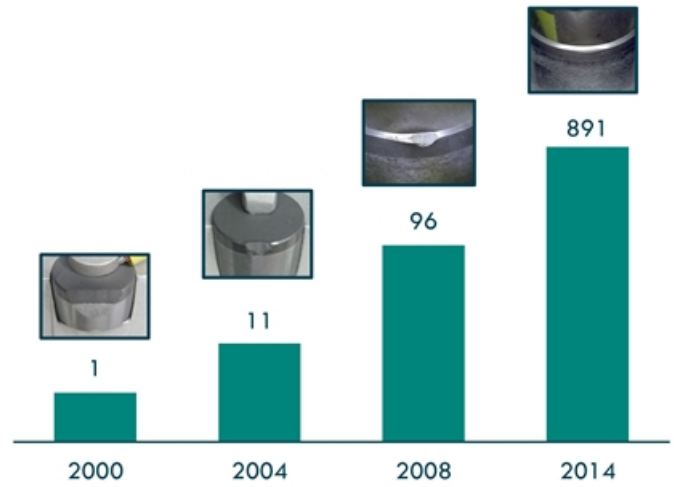
Time to Introduce a New Product

Problem Identification to Product Introduction
(Average Days)



Rapid Learning Cycles – Improving Performance

Rock Removed per Unit of Diamond

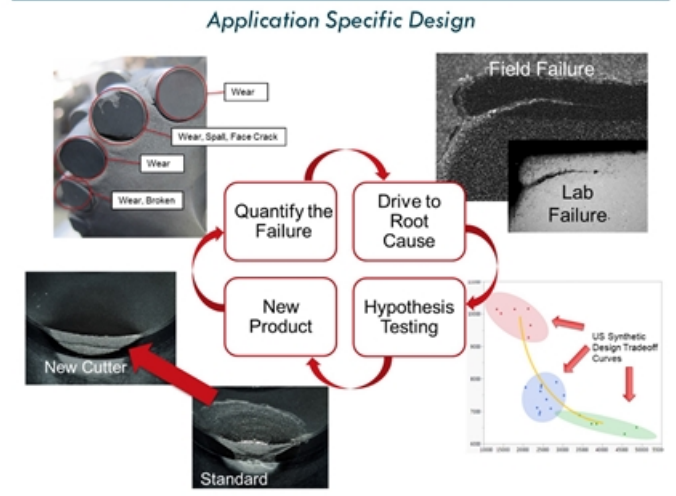


Winning With Customers

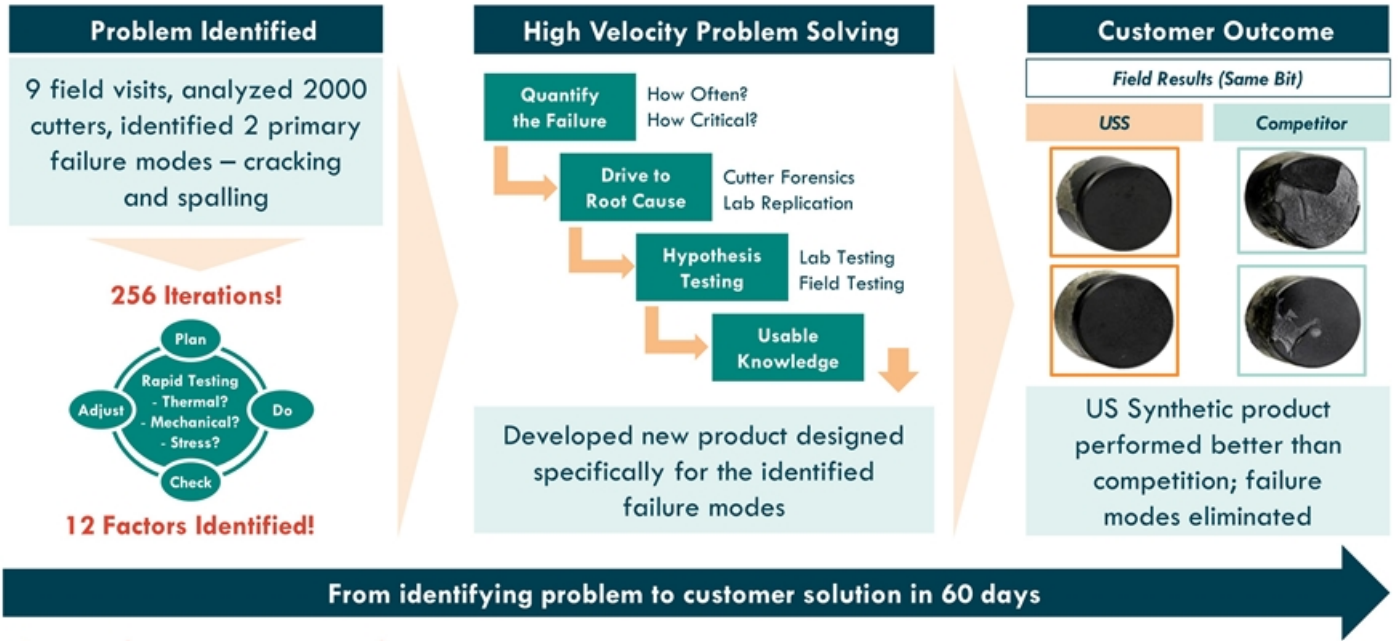
Innovation and Differentiated Product/Service Quality Define Apergy in the Marketplace

<p>Best Relationship</p>	<ul style="list-style-type: none"> ▪ Responsive to customer needs across all levels of leadership and functions ▪ Field relationships enable faster improvement of specific applications
<p>Superior Technology</p>	<ul style="list-style-type: none"> ▪ Superior technology and applications for superior performance ▪ Speed of learning advantage ▪ Top-notch quality every time
<p>Best Speed</p>	<ul style="list-style-type: none"> ▪ Same-day delivery of the right parts ▪ Introduce new products within 60 days of identifying an opportunity

Field / High Velocity Edge Commercialization Model



Case Study: How Apergy Wins – Innovation, Fast Learning and Customer Focus



Key Growth Initiatives

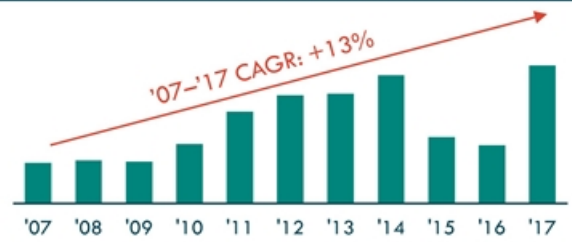
Continue to advance technology and performance leadership	Drive application specific share gain	Capture international growth opportunity	Expand applications
<ul style="list-style-type: none"> ▪ Increase the pressure gap ▪ Most advanced diamond shaping capability ▪ Enhanced thermal stability 	<ul style="list-style-type: none"> ▪ High velocity application-specific design ▪ Greater field presence 	<ul style="list-style-type: none"> ▪ Targeted collaboration with bit makers to win specific tenders ▪ Design for global applications and introduction of specific products to markets 	<ul style="list-style-type: none"> ▪ Increase adoption of bearings in downhole motors, rotary steerables and downhole power generation

US Synthetic: Growth Momentum – Diamond Bearings

- Leveraging diamond science in a natural adjacency
- Diamond bearings is a fast-growing product line
 - Provides higher load capability
 - Allows designs without seals, less prone to failure
 - Longer life with lower repair costs and longer repair intervals
- We lead the market in diamond bearings solutions through broad product line and patent portfolio
- We expect to see continued adoption in downhole applications, chemical mixing, and applications beyond oil & gas

Focus on driving growth and setting industry standard for diamond bearings

Diamond Bearings 10-Year Revenue Trend



Diamond Thrust and Radial Bearings



Drilling Technologies Summary

- Undisputed industry leader
- Leading market position based on best technology and best customer service
- Growth drivers tied to long-term favorable industry trends – US shale, horizontal drilling, increasing laterals
- Critical partner to customers in achieving drilling productivity
 - 95%+ of cutters are designed to meet unique requirements and finished to exact customer specifications
 - Apergy products perform better—customers pay for quality since cutter is integral to drilling performance

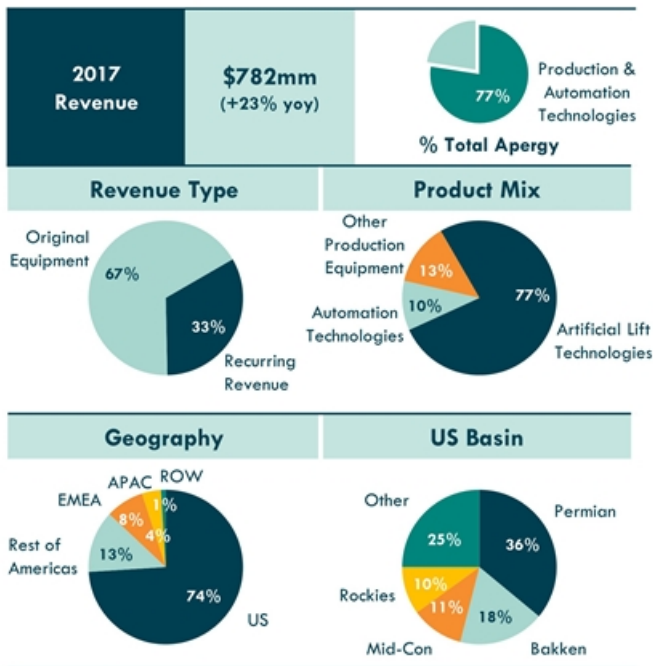
A unique, high quality business with strong market position and clear growth runway



**Production and
Automation Technologies**

Paul Mahoney

Production & Automation Technologies



- Leading provider of production and automation equipment and solutions in North America and targeted global basins
- Trusted brands known for superior technology, highest quality / reliability and strong aftermarket offering
- Broad portfolio facilitates the efficient, safe and cost effective extraction of oil and gas, resulting in revenue opportunities over life of well
- Enables lower production costs for operators and optimizes well efficiency
- Emerging leadership in new digital offerings

Leading Artificial Lift Technologies Provider

- Broad portfolio offering every type of Artificial Lift (“AL”) technology to provide “life-of-well” solutions and drive customer productivity through the lifecycle
- Strong market position in fastest growing US basins
- Largest dedicated AL service network differentiated by responsiveness plus best technical support/application knowledge for after-sale support
- Superior customer satisfaction ratings driven by strong engineering and customer service
- Well positioned with product, technology and brand recognition to drive significant international growth

Brands



Broad Product Offering

Electrical Submersible Pumping (ESP)

23% of Sales

- Centrifugal pumps
- Gas handling devices
- Sand/Gas separators
- Protectors and motors
- Controllers & electrical hardware
- Web-based monitoring system
- Surveillance & optimization



Hydraulic & Gas Lift

8% of Sales

- Downhole equipment: mandrels, valves, packers
- Gas lift automation hardware and optimization software
- Jet pumps
- Hydraulic reciprocating pumps
- Surface multiplex pumps
- Auto lift manager



Rod Lift

48% of Sales

- Sucker rods, drive rods
- Full range of downhole pumps to address all rod pumping applications
- Accessories including BOP, stuffing box, guides, couplings, stabilizer bars
- Gas & solids separators



Other

21% of Sales

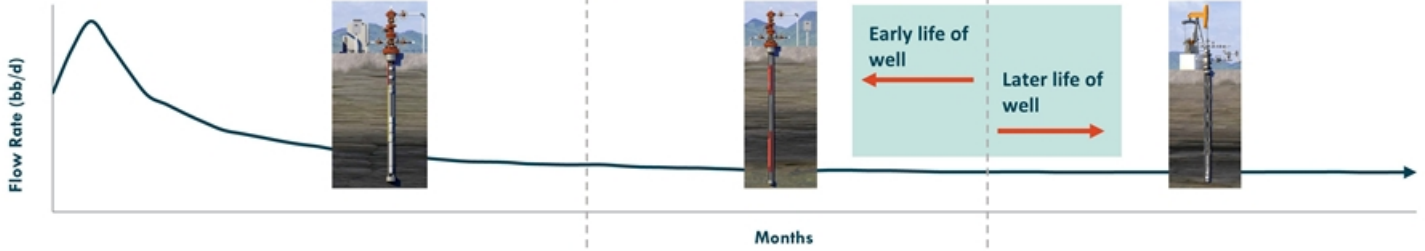
- Full range of plunger lift equipment & services
- Full range of PCP equipment – drive heads, pumps, guides, RPUs, services
- Wellhead process equipment – separators, treaters, knockout units, etc.



Product breadth across stages of well life

Positioned to Benefit from Industry Growth Trends

	ESP	Hydraulic & Gas Lift ⁽¹⁾	Rod Lift
'17 Mkt. Size; '17-20E CAGR	\$3.7bn +16% – +18%	\$0.5bn +16% – +18%	\$3.4bn +6% – +10%
Use Cases	<ul style="list-style-type: none"> Favored for handling initial production (IP) rates Most effective for dewatering 	<ul style="list-style-type: none"> Brought in as flow rate drops Fill lifting gap for deep and high rate horizontal wells 	<ul style="list-style-type: none"> Installation at later stage in well life for lower flow rate Low cost and maintenance requirements
Market Trends	<ul style="list-style-type: none"> Higher ESP demand from shifts in unconventional drilling practices Longer laterals, increased frac stages 	<ul style="list-style-type: none"> Applications in unconventional wells 	<ul style="list-style-type: none"> Strong Permian switching demand expected in '19-'20E Increased efficiency – smaller footprint pumps



Apergy offers the right equipment and the best application engineering knowledge at every stage in the well lifecycle to design optimal solutions for customers

Market Leader Offering Distinctive Portfolio Breadth

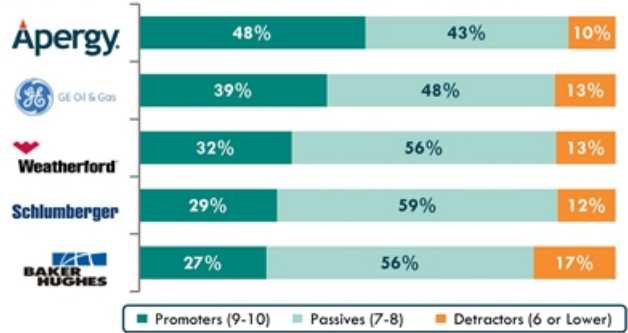
- Leading independent full-scale and integrated artificial lift platform with full portfolio of artificial lift solutions
- Ability to offer customers right solutions to drive productivity throughout the life of the well

	Rod Lift	ESP	PCP	Gas	Plunger	Hydraulic
Apergy						
Competitor A						
Competitor B						
Competitor C						
Competitor D						
Competitor E						

Unique Attributes Enabling Highest Customer Satisfaction

Competitive Moats
Full Portfolio of Differentiated Product Technology
Dedicated Service Network with Focus on Responsiveness, Technical Support & Application Knowledge
Problem Solving Approach to Optimize Outcomes for Customers Across the Well Lifecycle
Automation and Optimization Technology Leadership
Most Trusted Brands

2017 Supplier Performance & Competitive Positioning Survey



- #1 customer satisfaction rating over last three years
- Determined by 800+ global respondents
- #1 in 6 categories:
 - Artificial Lift
 - Performance and Reliability
 - Engineering & Design
 - Horizontal & Directional Wells
 - Onshore Applications
 - Special Applications



Source: "Worldwide Survey of Market for Artificial Lift - Supplier Performance and Competitive Positioning Report" June 2017, Kimberlite International Oilfield Research, EnergyPoint Research.

Dedicated Sales and Service Network Across Key North American Basins

- 90% of operating wells in key unconventional oil-rich basins are located within 2 miles of an Apergy service center

Largest Dedicated Artificial Lift Service Network



● 100 +Service Centers ■ Well Locations ★ Remote Monitoring Center

Focus on Customer Service

- Fastest response time; less than 24 hours
- Stock highest turn, critical parts for immediate replacement
- Ability to quickly customize products
- Focus on enabling customer productivity
- Remote monitoring centers provide real-time optimization

Dedicated AL service network ensures Apergy customers minimize downtime and maximize productivity

Winning With Customers

Artificial Lift Academy

- Expect over 2,000 participants in 2018 – driving product pull through
- Three modes of execution – in the field, in the classroom and online



Customer Focus Groups

- User exchanges
- Customer advisory board
- Key accounts

Customer Focus Points



Apergy Advisory Services

- Design consulting
- Failure analysis
- Onsite installation & support
- Audit & assessment services
- Lift transition assistance



Digital Technology Drives Differentiated Solutions

ESP LOOKOUT™ Monitoring

- 24/7 ESP monitoring by exception program to reduce failures
- Bi-weekly optimization program with operator, reviewing each well & providing operating recommendations
- Best-in-class service and response time



Gas Lift Automation

- Optimization pilot project with select operators
- Differentiated controller and market-leading artificial lift SCADA platform
- Enhanced production and compressor utilization
- Optimal injection rate analysis



Rod Lift – Long Stroke

- For one customer, 7+ months well run time (vs. previously failing every 90 days)
- Differentiated hardware providing enhanced speed control
- 3.4mm cycles per year saved when compared to conventional unit



Customer Example – Preferred Partner Across the Well Lifecycle

Apergy Customer History

- Customer since 2013; started with 100 ESPs
- Unconventional, horizontal wells with high initial production rates

Unique Problem Solving Approach

- Production Optimization consultants review wells daily
- Provide data for optimal conversion planning
- Bi-weekly optimization meetings
- Dedicated service technician
- Helped customer increase well run time more than 50%
- Customer achieves same production but with 20% less electrical costs

Expanding Apergy's TAM

- Provided Rod Lift systems to all converted ESPs → now servicing 30 ESPs & 70 Rod Lift systems
- Captured all rod lift automation, monitoring & downhole equipment as wells are converted

ESP



Preferred partner across lifecycle of well

Rod Lift



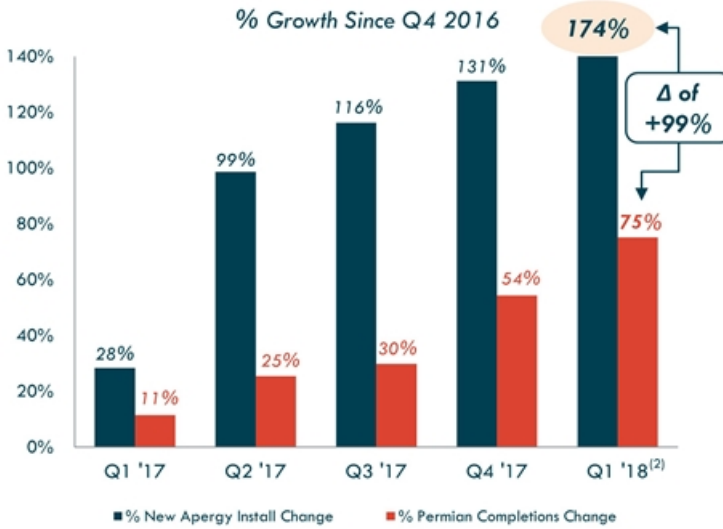
Key Strategies for Growth

Infrastructure Investment Required

		Infrastructure Investment Required	
1	Drive ESP Share Expansion	<ul style="list-style-type: none"> Leverage strong product / service offering with established relationships to drive ESP expansion 	Low
2	Maximize Growth in Fastest Growing Basins	<ul style="list-style-type: none"> Bring full portfolio to support sustained growth and leadership in fastest growing basins (e.g., Permian) 	Low
3	Capitalize on Rod Lift Conversions	<ul style="list-style-type: none"> Poised to capitalize on significant rod lift switching demand as ESP / Gas Lift terminal decline rate stabilizes 	Low
4	Drive International Growth	<ul style="list-style-type: none"> Focused growth in targeted international markets (e.g., those with large unconventional oil and gas opportunities) 	Targeted

1 ESP Momentum in the Permian Basin

Well Completion Growth vs. Apergy New Install Growth Permian Basin



ESP Growth Momentum Through 2017

- Apergy 2017 ESP growth: 75% growth across all regions
 - 131% growth in Permian, compared to 54% growth in completions⁽¹⁾
- 2017 actual ESP market growth: ~25% over 2016
- Leverage existing Apergy rod lift customer relationships to drive ESP growth
 - Strong pent-up demand with pilots underway that have potential to significantly impact top line growth

Source: EIA Drilling Productivity Report, March 2018.
 (1) Growth rate reflects growth in average installs and completions in Q4 '17 vs. average in Q4 '16.
 (2) Represents Q1 through February 2018.

1 Trusted Partner in Unconventional Learning Process

Multi-zone Stacked Completion Use Growing in Permian

- Allows operators to simultaneously produce numerous zones via single wellbore
- Improves well productivity: larger IPs, reduced drilling & completions costs and shorter time to put on production (POP)
- ESPs are preferred in effort to meet aggressive production models
- <4500 barrels per day (bpd) total fluid, >950 barrels of oil per day (bopd) 30-day IP

Apergy is the Partner of Choice with Select Operators

- Selected for strong service program
 - Best-in-class < 24 hour responsiveness & service availability
 - Inventory management to quickly meet well needs & reduce downtime
- Proactive operating practices to prolong equipment run times
- Strong application understanding

Premier Technology Set

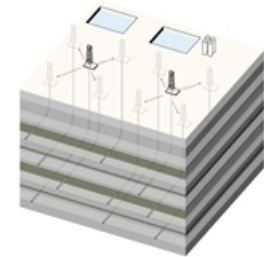
Advanced Automation & Monitoring






1750 and 3000 Abrasion Resistant (AR) Pumps






Gas Handling



2 Maximizing Growth in More Profitable Basins

PERMIAN	
Basin Basics	<ul style="list-style-type: none"> Highest growth 170k+ wells; 85% vertical, 15% horizontal
Current Artificial Lift Trends	<ul style="list-style-type: none"> Sucker rod pump (SRP) clear favorite High ESP usage, but Gas Lift (GL) taking some share Strong growth driven by lower break-evens, robust capital spending
Basin Drivers	 <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>New Drills</p>  </div> <div style="text-align: center;"> <p>R&M</p>  </div> </div>
Apergy Position	<ul style="list-style-type: none"> Increasing ESP market position Well positioned to participate in outsized growth in Permian

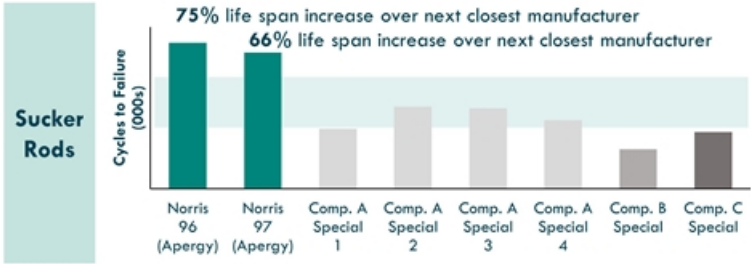
BAKKEN	
Basin Basics	<ul style="list-style-type: none"> Highly profitable 20k+ wells; 15% vertical, 85% horizontal
Current Artificial Lift Trends	<ul style="list-style-type: none"> SRP is dominant form of lift used Increased ESP, GL, Jet Pump with higher initial production rates
Basin Drivers	 <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>New Drills</p>  </div> <div style="text-align: center;"> <p>R&M</p>  </div> </div>
Apergy Position	<ul style="list-style-type: none"> Continuing to grow leading market position

3 Significant Growth Opportunity in Rod Lift

Significant Rod Lift Backlog

- Significant growth opportunity ahead as the high flowing wells on ESP and gas lift decline to lower flows – pent up demand expected to show in 2H 2018 and beyond
 - Partnering with operators for design guidelines and transition timing
- Long stroke pumping unit and full solutions partnership
 - Differentiated products enable full product pull through (rods, pump, automation, accessories)
 - Launched in 2017; high growth in 2018

Apergy's Superior Product Portfolio



Source: Kimberlite Oilfield Research, Evalserve and Management estimates.

4 International Growth

LATIN AMERICA

\$1.0bn market;
8-10% annual growth 2017-2021

- Argentina inorganic PCP investment followed by strong investment to grow additional product lines
- Colombia historical growth and investment
- Ecuador as future target

EMEA

\$1.0bn market;
3-5% annual growth 2017-2021

- Saudi Arabia opportunity: partner with large Middle East NOC to provide Artificial Lift
- Building local capabilities
- Continue to gain share in Oman, Kuwait, Egypt, etc.

APAC⁽¹⁾

\$0.3bn market;
3-4% annual growth 2017-2021

- Defend / grow Australia position and expand opportunistically in South East Asia and India
- Partner of choice for rod lift conversions

Targeting markets aligned with technology strengths and lower geopolitical risk

Production & Automation Technologies Summary

- Uniquely positioned with full portfolio of “best-in-class” artificial lift solutions – driving customer productivity throughout the life of the well
- Industry leading brands with outstanding reputation for quality, performance and service – Norris, Harbison Fischer, PCS Ferguson, OilLift
- Strong market positions in growing basins / geographies (US shale, Permian, Middle East, LatAm) and growing product categories (ESP, gas lift)
- Extensive sales and customer service footprint in key markets; help drive superior customer satisfaction ratings
- Leading digital IIoT technologies enable enhanced customer productivity
- Well positioned to maximize the recovery and beyond

Best in class portfolio with brands, technology and people to win

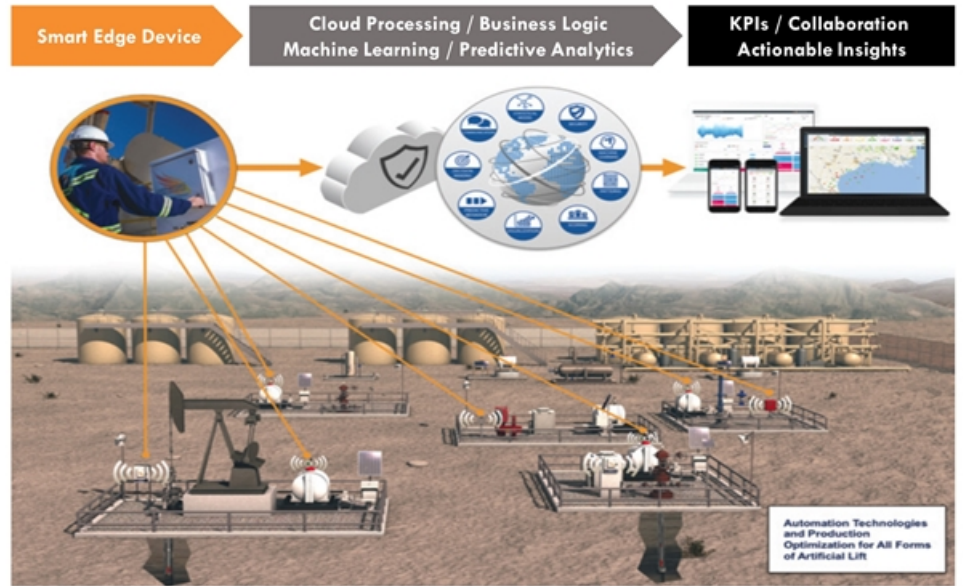


Automation Technologies

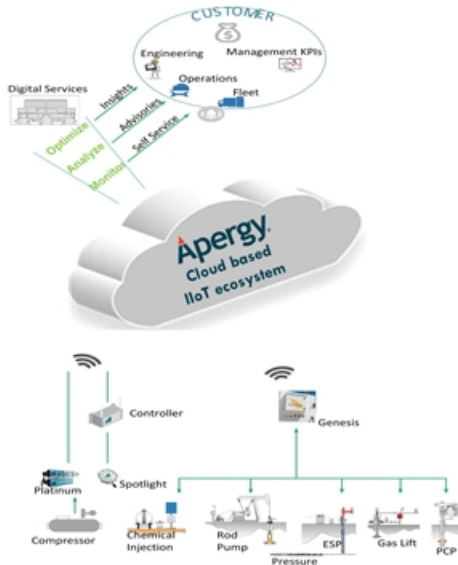
Ali Raza

Leader in Wellsite Automation Technologies: Monitor, Analyze, Optimize

- Recognized as innovative leader in digital IIoT solutions that support and integrate all of our customer's digital needs
- Offers full portfolio of connected devices, cloud based analytics and actionable insights
- Provide 'tiered services' to offer fit for purpose service packages to our customers through deep expertise and reliable analytical technologies
- Provides operational visibility and deep analytics using artificial intelligence engine for enhancing productivity



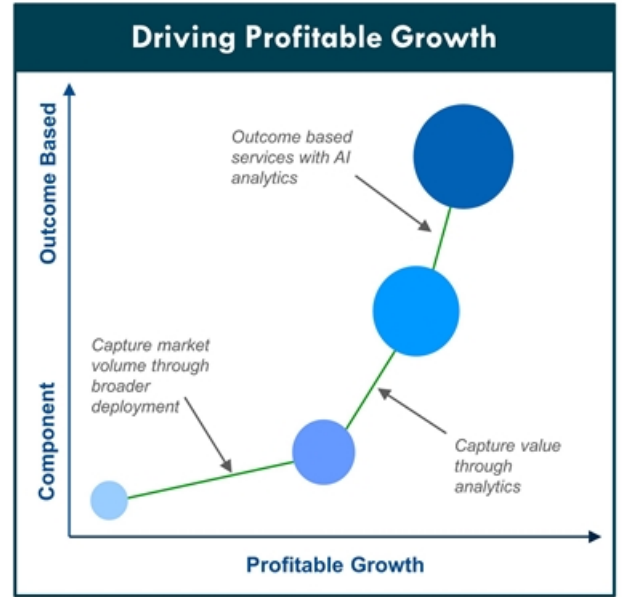
Apergy Integrated Digital Platform Offering



Production Optimization

Downhole Monitoring

Asset Integrity Management



Driving high profitability digital growth through a common IIoT platform

Production Optimization

Brand Portfolio



- Full spectrum of software solutions including:
 - Rod pumping optimization software
 - Field surveillance and analytics
 - Training courses and consulting services

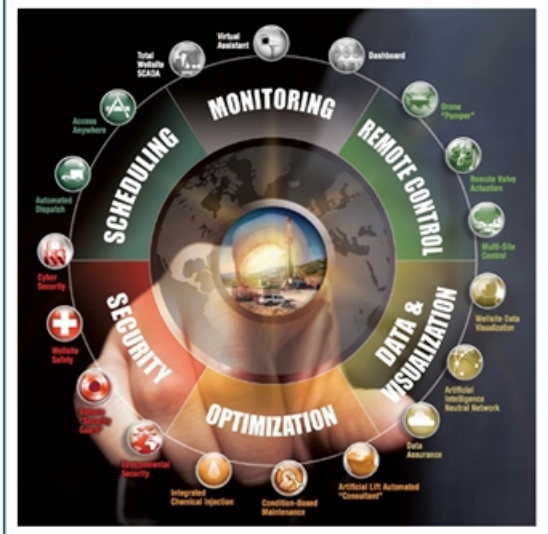


- Wellsite control and optimization solutions & software
 - Genesis controller for well operations on-site



- Chemical injection pumps
- AC and DC powered
- Positive-displacement design
- Designed for lower pressure applications to significantly reduce energy usage

"Wellsite at Your Fingertips"



Broadening the adoption rate of our IIoT solution – currently monitoring 110k+ wells and growing

Downhole Monitoring – Quartzdyne



Applications / Market Segments

1

Drilling

- Industry-standard resonating quartz pressure transducer
- Extremely accurate, low-drift and high-resolution data under extreme conditions

1



2

Production Logging

- Memory tools
- Repeat formation testers
- Production logging tools

2



3

Permanent Monitoring

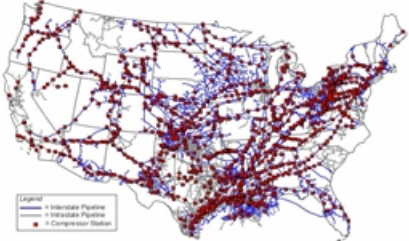


- Intelligent completions
- Permanent monitoring
- Flow measurements

3



Leveraging our differentiated technology position to expand into adjacent markets

Asset Integrity Management – Windrock

Value Proposition	Markets	Products
<ul style="list-style-type: none"> ▪ Reciprocating, rotating and vibrating equipment monitoring and analysis <ul style="list-style-type: none"> • Deep expertise in subject matter • Ability to capture data from critical assets ▪ Protect assets against catastrophic failures ▪ Measure performance and improve efficiency ▪ Mitigate safety risk to employees through remote visibility and analysis ▪ Reduce emissions 	<ul style="list-style-type: none"> ▪ Natural gas transportation & gathering ▪ Refineries – critical compression ▪ Any critical infrastructure with rotating and vibrating equipment <p style="text-align: center;">Midstream Opportunity Set</p> 	<ul style="list-style-type: none"> ▪ Portable analyzers and online monitoring ▪ Technical services and training ▪ Remote monitoring and analysis  <p style="text-align: center;">Windrock Enterprise – IIoT Solution</p>  <ul style="list-style-type: none"> ▪ Next-generation IIoT solution that provides intuitive infrastructure ▪ Presents insights and predictions to optimize output, minimize risks and reduce unplanned downtime

Significant opportunity to leverage IIoT to drive solution adoption across more than 100k machines just in O&G

Apergy Competitive Moats

Competitive Moats	
Subject Matter Expertise	<ul style="list-style-type: none"> Deep subject matter expertise in artificial lift and compressors Data collection / analytics to augment deep domain knowledge
Unique Channel Access	<ul style="list-style-type: none"> Integrated go-to-market approach with Artificial Lift business Partnership model to access untapped end markets
Technology & Development Partnerships	<ul style="list-style-type: none"> Partner with other ecosystem players to provide best in class solutions for customers
Customer Service	<ul style="list-style-type: none"> On-site with 24/7 service Ongoing monitoring, data analysis, predictive analytics and optimization solutions

Differentiated Position vs. Peers			
Key Peers	Production Optimization	Quart Based Downhole Monitoring	Asset Integrity Mgmt.
Apergy			
Competitor #1			
Competitor #2			
Competitor #3			
Competitor #4			
Competitor #5			

Leading provider of automation technologies to the oilfield

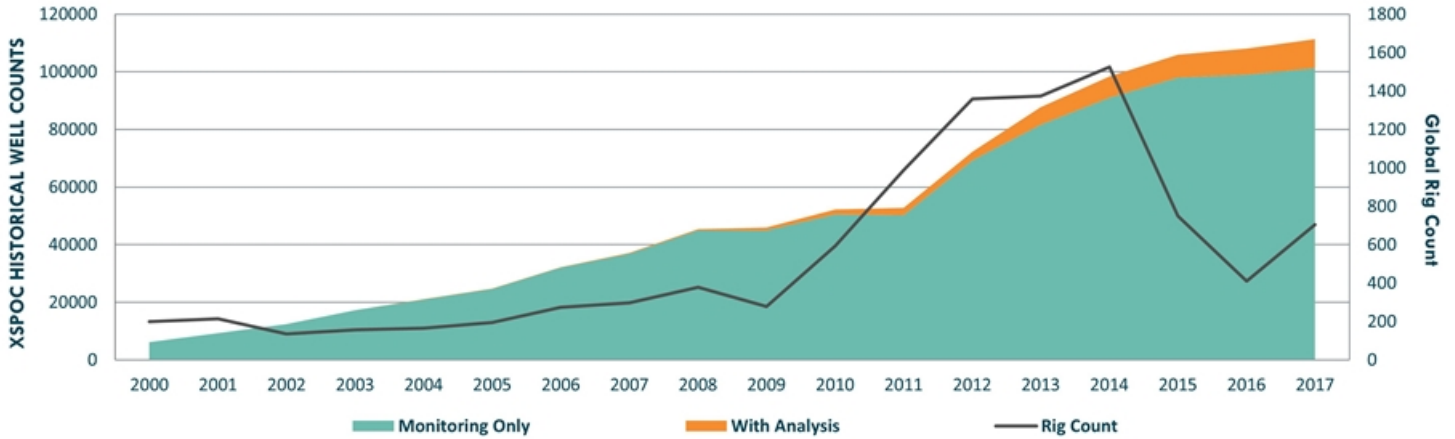
Strong Partnerships & Advisory Board Drive Market Access and Speed of Innovation



Automation Technology Growth Driven by Increased Adoption → Significant Upside Remains

Strong Growth in Monitoring Over Last 10 Years

- +11% Monitoring CAGR; 48% Analysis CAGR (Past 10 Years)
- Growing share, increasing penetration and adoption driving sustained growth even if rig count declines


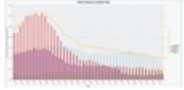



Technology Development & Customer Adoption

	IoT Wave 1	IoT Wave 2	IoT Wave 3
Smart Hardware	<p><i>Measuring & Tracking</i></p> <ul style="list-style-type: none"> Traditional data acquisition 	<p><i>Modeling & Predicting</i></p> <ul style="list-style-type: none"> Edge computing 	<p><i>Autonomous Assets & Operations</i></p> <ul style="list-style-type: none"> Smart sensing and transmission Richer fog environment
Smart Software	<ul style="list-style-type: none"> Portal technologies Enterprise solutions 	<ul style="list-style-type: none"> Multi tenant platform Web based hosted solution Mobility enabled 	<ul style="list-style-type: none"> Augmented/virtual reality Natural collaboration Industrial blockchain
Smart Analytics	<ul style="list-style-type: none"> SME (small and medium-sized businesses) Physics based modeling 	<ul style="list-style-type: none"> Supervised machine learning Pattern recognition and analysis 	<ul style="list-style-type: none"> Cognitive learning Deep learning



Solving Problems for Customers – Production Optimization Example

	Problems	Solutions	Results
Equipment Reliability	<ul style="list-style-type: none"> Failures at West Texas field 132 wells on rod pump artificial lift Over pumping causing pump failures Rod failures were on a rise 	<ul style="list-style-type: none"> Added Genesis Controllers to the wells XSPOC cloud software for analytics 	<ul style="list-style-type: none"> Failure reduction <ul style="list-style-type: none"> Reduced over pumping incidents by 85% by providing better monitoring and optimization Reduced rod and hole-in-tubing failures 
Deviated Wells	<ul style="list-style-type: none"> Failures every 2 to 3 months Wells experiencing deviation Wells had side loading 	<ul style="list-style-type: none"> Added Genesis Controllers to the wells Pumping unit was changed from conventional to long stroke 	<ul style="list-style-type: none"> Run life has now exceeded 6 months 

Unique differentiators proven through customer use cases driving share gain

Solving Problems for Customers – Asset Integrity Management Example

	Problems	Solutions	Results
Operational Efficiency	<ul style="list-style-type: none"> ▪ Compression loss on pipeline ▪ Alarm flooding on Leak Index 	<ul style="list-style-type: none"> ▪ Added 24/7 online monitoring on the compressor ▪ Real-time calculation of suction, discharge and ring leakage ▪ Provided P-V analysis 	<ul style="list-style-type: none"> ▪ 7.5% improvement in gas flow ▪ 5.6% less horse power needed to push the same volume ▪ \$150K saved annually on the operating costs <p>Leak Index (Before & After)</p> 
Safety	<ul style="list-style-type: none"> ▪ 35 million miles driven by field personnel ▪ 37 annual safety incidents ▪ Compressors sampled once per quarter 	<ul style="list-style-type: none"> ▪ Added 24/7 online monitoring on the compressor ▪ Changed operational planning and field service execution by software and automation ▪ Hourly visibility in the cloud 	<ul style="list-style-type: none"> ▪ 15% reduction in miles driven ▪ 3% reduction in safety incidents ▪ \$33mm annual compressor savings: <ul style="list-style-type: none"> • \$17mm on valves • \$16mm on cylinder liners

Highly differentiated offering gaining deep traction with industry leading customers

Automation Technologies Summary

- Leading provider of solutions aimed at creating end-to-end production automation platform
- One of the first movers in the emerging “digital wellsite” market with the right product suite and technology capabilities to win
- Provide critical equipment and software to monitor, predict and optimize well performance and drive enhanced operator returns
- Tiered services model allows tailored approach to customer needs
- Strong team with deep expertise and consultative/IT background to help support and integrate all of customers digital needs

Apergy positioned to be a long-term winner for a fully digital wellsite



Financial Overview

Jay Nutt

Financial Highlights

Levered to favorable oil & gas industry trends

Substantial recurring revenue base

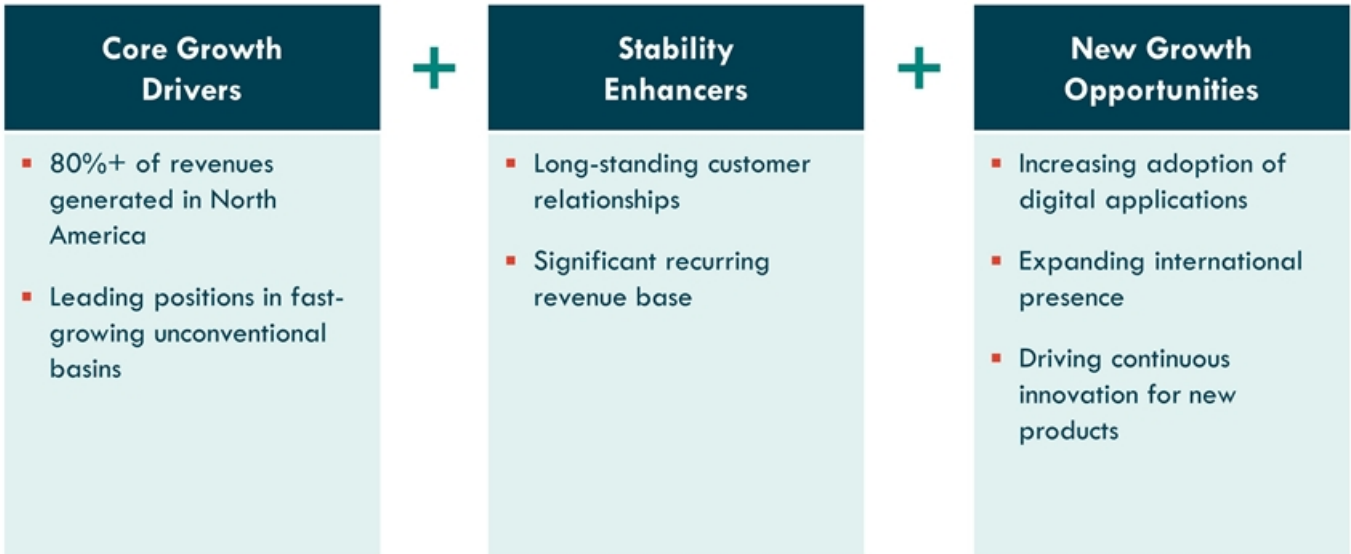
Industry-leading margins through the cycle

Low capital intensity

Superior free cash flow conversion

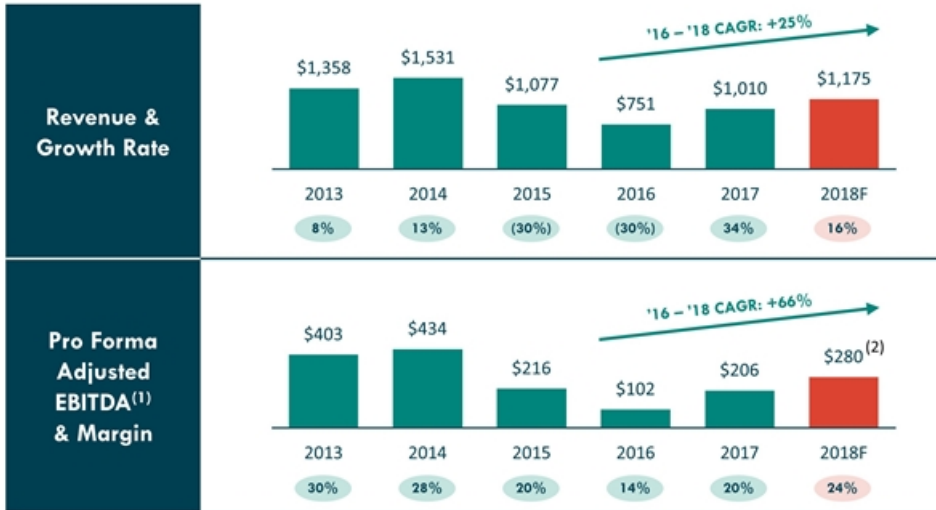
Efficient capital structure and capital allocation

Levered to Key Oil & Gas Industry Trends



Strong Performance Through The Cycle

(\$ in millions)



- 2014 – 2016 revenue decline lowest among peers

- Resilient industry-leading margins

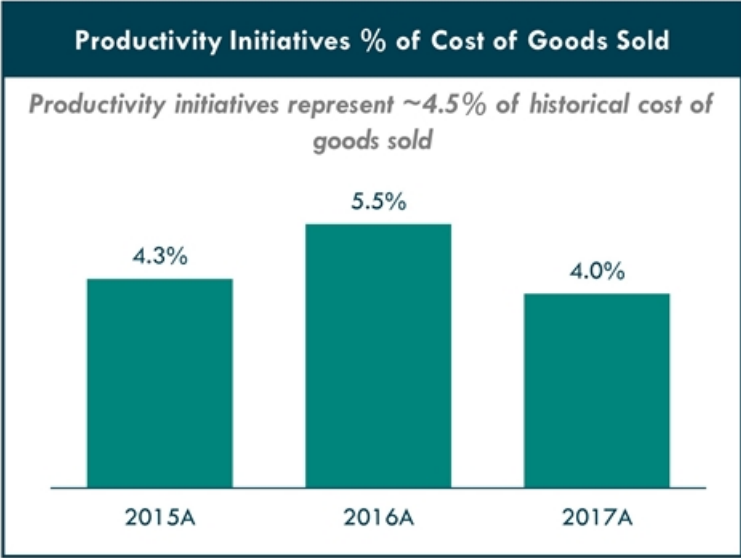
- 2013–2018 average margin of 23% vs. 16% peer median

Note: Adjusted EBITDA is a non-GAAP measure. Please see the appendix for reconciliations to the most directly comparable GAAP measure. Peers include Baker Hughes GE, Core Labs, Dril-Quip, Flotek, Forum Energy, Gardner Denver, Halliburton, Hunting, National Oilwell Varco, Oil States, Schlumberger, Schoeller-Bleckmann, Superior Energy Services, and Weatherford.

(1) Historical EBITDA adjusted to include ~\$35m standalone costs; 2018E EBITDA includes \$35m corporate costs.

(2) Apergy is unable, without unreasonable efforts, to provide a quantitative reconciliation of non-GAAP projections of 2018 adjusted EBITDA because net income or loss and income taxes cannot be estimated as a result of the level of unpredictability and uncertainty associated with these items. For these same reasons, Apergy is unable to assess the probable significance of these excluded items.

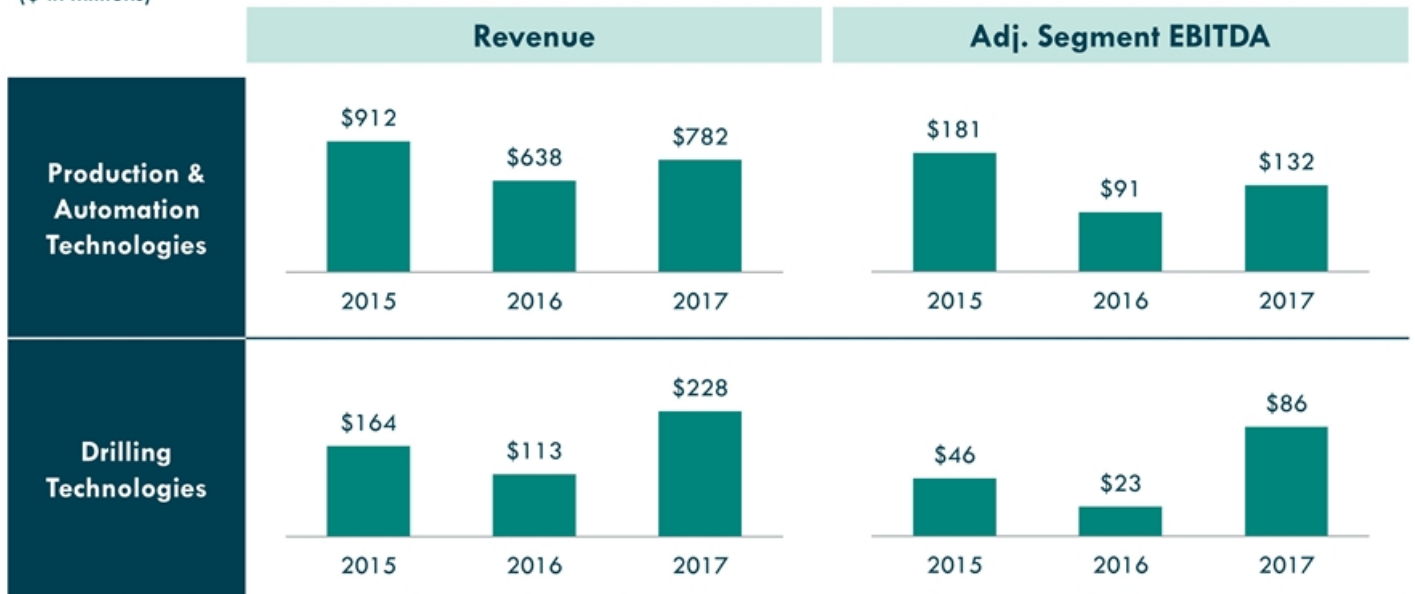
Track Record of Delivering Productivity Improvements



- Drivers of Productivity Initiatives**
- Direct Materials
 - Overhead & Other
 - SG&A
 - Wage & Benefits
 - Distribution & Transportation
 - Continuous improvement culture

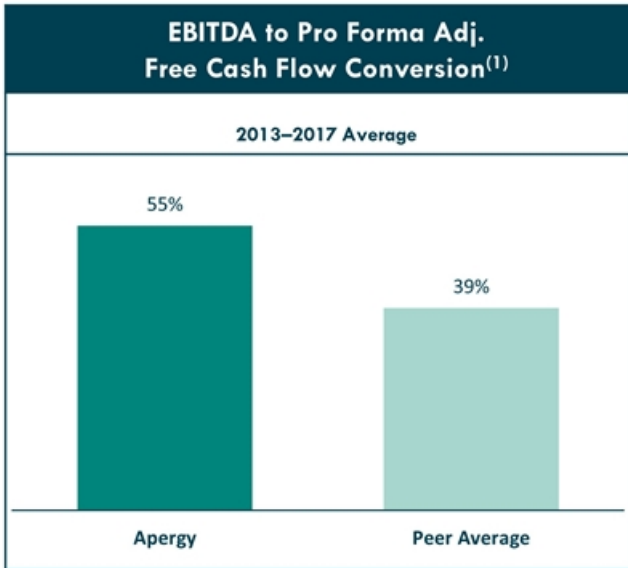
Summary Segment Financial Metrics

(\$ in millions)



Note: Adjusted Segment EBITDA is a non-GAAP measure calculated by adding back depreciation and amortization expense and restructuring charges to segment earnings. Please see appendix for reconciliation to the most directly comparable GAAP measure.

Industry-Leading Free Cash Flow Conversion



Commentary

- Low capital intensity allows EBITDA to largely convert to free cash flow
 - 2-3% annual CapEx as % of revenues plus investment in lease assets to drive ESP growth
- Significant unlevered free cash flow throughout the cycle
- Superior working capital management

Note: Peers include Baker Hughes GE, Core Labs, Drill-Quip, Flotek, Forum Energy, Gardner Denver, Halliburton, Hunting, National Oilwell Varco, Oil States, Schlumberger, Schoeller-Bleckmann, Superior Energy Services, and Weatherford.

1. Pro forma adjusted Free Cash Flow calculated as Cash Flow provided by Operating Activities less Capital Expenditures plus Change in Income Taxes Payable; EBITDA and Free Cash Flow pro forma to include \$35m total corporate costs and excludes royalty expense and restructuring charges. Pro forma adjusted Free Cash Flow conversion measured as 2013-2017 cumulative FCF as a percentage of 2013-2017 cumulative EBITDA.

Efficient Capital Structure and Capital Allocation

Strong Balance Sheet	
\$ in Millions	At Spin
Cash	~\$25
Total Debt	~\$700 ⁽¹⁾
Net Debt	~\$675
Total Debt / EBITDA ('18E)	2.5x
Net Debt / EBITDA ('18E)	2.4x

Disciplined Capital Allocation Priorities
<ul style="list-style-type: none"> ▪ Organic growth investments ▪ Continued funding of research and development ▪ Productivity improvements ▪ Reducing debt and leverage ▪ Selective acquisitions to expand our technology and product portfolio and broaden geographic reach

Strong balance sheet to support strategic objectives and maintain financial flexibility through the cycle

Strong Financial Performance to Continue in 2018

Revenue	<ul style="list-style-type: none">▪ Approximately 16% revenue growth vs. 2017
Adjusted EBITDA⁽¹⁾	<ul style="list-style-type: none">▪ Approximately \$315m, excluding public company costs (estimated to be around \$35m on an annualized basis)▪ Approximately 24% margin
Shares Outstanding	<ul style="list-style-type: none">▪ ~77.4 million
Effective Tax Rate	<ul style="list-style-type: none">▪ ~24%
CapEx	<ul style="list-style-type: none">▪ ~3% of revenue, plus required investment in leased assets to drive ESP growth

Note: Adjusted EBITDA is a non-GAAP measure. Please see the appendix for reconciliations to the most directly comparable GAAP measure.

(1) Apergy is unable, without unreasonable efforts, to provide a quantitative reconciliation of non-GAAP projections of 2018 adjusted EBITDA because net income or loss and income taxes cannot be estimated as a result of the level of unpredictability and uncertainty associated with these items. For these same reasons, Apergy is unable to assess the probable significance of these excluded items.

Summary: A Powerful Financial Model

Strong Growth Outlook	Proven Record Through the Cycle	Industry-leading Margins with Opportunity to Expand	Superior Free Cash Flow Conversion
<ul style="list-style-type: none"> ▪ Leading market positions in fast growing basins ▪ 40% of revenue recurring ▪ Expanding global reach and increasing automation penetration 	<ul style="list-style-type: none"> ▪ Ability to take advantage of upcycles ▪ Resilient margins and cash generation 	<ul style="list-style-type: none"> ▪ Differentiated products that deliver high value solutions to our customers ▪ Established operating philosophy with culture of continuous improvement 	<ul style="list-style-type: none"> ▪ Low capital intensity ▪ Cash generation to support investment, growth, debt reduction and shareholder returns

Driving long-term returns for our shareholders



Apergy: Unlocking Energy
SUMMARY

Soma Somasundaram

Strong Investment Thesis

- Leading equipment and digital technology provider to the upstream oil and gas industry
- Industry leadership with portfolio of trusted brands with reputation for quality, performance and service
- Substantial presence in growing basins, segments and regions with >80% of revenue in North America
- Capitalizing on increasing customer adoption of automation solutions to drive wellsite productivity
- Significant recurring revenue component enhances stability
- Proven business model and operating philosophy with strong relative performance across cycles, including industry leading margins and stable FCF generation
- Flexible starting balance sheet
- Returns-focused capital allocation strategy with track record of organic and inorganic growth
- Executive management team with proven track record of success

WE ARE APERGY...

Unlocking energy to drive value for our customers, employees and shareholders

The image features a decorative background. The top portion is filled with a repeating pattern of small orange triangles pointing upwards. A large, solid orange shape, resembling a stylized 'A' or a large triangle, is positioned on the right side, overlapping the patterned area. The text 'Q&A' is centered within this solid orange area.

Q&A

Apergy Team



Appendix

Reconciliation from Net Income to Pro Forma Adj. EBITDA

(\$ in millions)

	2013	2014	2015	2016	2017
Net earnings (loss)	\$217	\$223	\$52	(\$13)	\$111
+ Net earnings attributable to noncontrolling interest	1	1	1	2	1
+ Provision for (benefit from) income taxes	103	110	24	(8)	(22)
+ Depreciation and amortization	77	89	120	112	112
EBITDA	\$397	\$423	\$197	\$93	\$201
+ Restructuring	0	3	21	15	7
+ Other expense, net ¹	15	14	12	9	10
Adjusted EBITDA²	\$412	\$439	\$230	\$117	\$218
- Estimated standalone corporate costs	(35)	(35)	(35)	(35)	(35)
+ Existing corporate expense allocation	26	29	21	19	23
Pro Forma Adjusted EBITDA³	\$403	\$434	\$216	\$102	\$206

Note: Totals may not foot due to rounding.

1. Other expense, net primarily includes royalty expense paid to Dover.
2. Adjusted EBITDA, a non-GAAP measure, is defined as net earnings (loss) excluding, income taxes, depreciation and amortization, restructuring charges, and other expense, net.
3. Pro forma adjusted EBITDA, a non-GAAP measure, is defined as net earnings (loss) excluding, income taxes, depreciation and amortization, restructuring charges, and other expense, net; plus existing corporate expense allocation less estimated standalone corporate costs.

Reconciliation from Cash Flow provided by Operating Activities to Pro Forma Adj. Free Cash Flow

(\$ in millions)

	2013	2014	2015	2016	2017
Cash flow provided by operating activities	\$238	\$281	\$208	\$129	\$62
- Capital expenditures	(36)	(46)	(24)	(26)	(27)
+ Change in income taxes payable	7	19	(75)	(22)	27
Adjusted free cash flow¹	\$209	\$254	\$109	\$81	\$63
- Estimated standalone corporate costs	(35)	(35)	(35)	(35)	(35)
+ Existing corporate expense allocation	26	29	21	19	23
+ Restructuring	0	3	21	15	7
+ Other expense, net ²	15	14	12	9	10
- Tax impact ³	(2)	(4)	(7)	(3)	(2)
Pro forma adjusted free cash flow⁴	\$213	\$262	\$121	\$86	\$66

Note: Totals may not foot due to rounding.

- Adjusted free cash flow, a non-GAAP measure, represents net cash provided by operating activities minus capital expenditures plus the change in income tax payable computed under the standalone return basis.
- Other expense, net primary includes royalty expense paid to Dover.
- Assumes 35% tax rate.
- Pro forma adjusted free cash flow, a non-GAAP measure, is defined as adjusted free cash flow excluding restructuring and other expenses, net; plus existing corporate expense allocation less estimated standalone corporate costs as well as the tax impact of adjustments.

Reconciliation from Segment Earnings to Adj. Segment EBITDA

(\$ in millions)

Production & Automation Technologies

	2015	2016	2017
Segment earnings (loss)	\$58	(\$22)	\$25
+ Depreciation and amortization	104	100	100
Segment EBITDA	\$162	\$78	\$125
+ Restructuring	19	13	7
Adjusted segment EBITDA¹	\$181	\$91	\$132

Drilling Technologies

	2015	2016	2017
Segment earnings	\$27	\$8	\$74
+ Depreciation and amortization	16	12	12
Segment EBITDA	\$43	\$21	\$86
+ Restructuring	2	2	0
Adjusted segment EBITDA¹	\$46	\$23	\$86

Note: Totals may not foot due to rounding.

1. Adjusted segment EBITDA, a non-GAAP measure, is calculated by adding back depreciation and amortization expense and restructuring charges to segment earnings (loss).

Form 10 Income Statement

(\$ in millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenue	\$1,077	\$751	\$1,010
Cost of goods and services	694	511	648
Gross profit	\$383	\$240	\$361
Selling, general and administrative expenses	294	251	262
Operating earnings (loss)	\$89	(\$10)	\$99
Other expense, net	12	9	10
Earnings (loss) before provision for (benefit from) income taxes	\$77	(\$19)	\$89
Provision for (benefit from) income taxes	24	(8)	(22)
Net earnings (loss)	\$53	(\$11)	\$112
Less: Net earnings attributable to noncontrolling interest	1	2	1
Net earnings (loss) attributable to Company	\$52	(\$13)	\$111

Note: Totals may not foot due to rounding.

Form 10 Cash Flow Statement

(\$ in millions)

Operating Activities	2015	2016	2017
Net earnings (loss) attributable to Company	\$52	(\$13)	\$111
<u>Adjustments to reconcile net earnings (loss) attributable to Company to cash from operating activities:</u>			
Depreciation and amortization	120	112	112
Stock-based compensation	2	2	2
Loss (gain) on sale of fixed assets	1	(0)	(1)
Provision for losses on accounts receivable (net of recoveries)	2	3	1
Deferred income taxes	(20)	(20)	(73)
Employee benefit plan expense	1	1	1
Contributions to employee benefit plans	(3)	(3)	(2)
Other, net	(23)	(0)	(45)
<u>Cash effect of changes in assets and liabilities (excluding effects of foreign exchange):</u>			
Receivables	75	27	(61)
Inventories	59	33	(14)
Prepaid and other current assets	(2)	3	(5)
Accounts payable	(32)	(10)	30
Accrued compensation and employee benefits	(18)	(2)	6
Other accrued expenses and other liabilities	(6)	(5)	2
Accrued taxes	(0)	—	—
Net cash provided by operating activities	\$208	\$129	\$62

Note: Totals may not foot due to rounding.

Form 10 Cash Flow Statement (contd.)

(\$ in millions)

Investing Activities:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Additions to property, plant and equipment	(\$24)	(\$26)	(\$27)
Proceeds from sale of property, plant and equipment	8	3	4
Acquisition (net of cash and cash equivalents acquired)	—	—	(9)
Additions to intangible assets	(10)	(4)	—
Net cash used in investing activities	(\$26)	(\$27)	(\$32)

Financing Activities

Change in borrowings, net	—	—	(1)
Distribution to noncontrolling interest	—	(2)	(1)
Net transfers to Parent Company	(195)	(84)	(31)
Net cash used in financing activities	(\$195)	(\$86)	(\$33)
Effect of exchange rate changes on cash and cash equivalents	(1)	(0)	0
Net (decrease) increase in cash and cash equivalents	(\$14)	\$16	(\$2)
Cash and cash equivalents at beginning of year	24	10	26
Cash and cash equivalents at end of year	\$10	\$26	\$24
Supplemental information—cash paid during the year for:			
Income taxes	8	7	9

Note: Totals may not foot due to rounding.

Other Supplemental Information

(\$ in millions)

Adjusted EBITDA (Forecast Basis)

	2013	2014	2015	2016	2017
Earnings before tax (EBT) ¹	\$320	\$334	\$77	(\$19)	\$89
+ Depreciation & amortization ²	77	89	120	112	112
+ Restructuring ²	0	3	21	15	7
+ Allocated corporate costs ³	26	29	21	19	23
+ Separation and other costs ⁴	15	14	13	10	12
Adjusted EBITDA (forecast basis)	\$438	\$469	\$252	\$138	\$243
2017 Forecast per Dec. 7th press release					\$250
(Shortfall) of actual to forecast					(\$7)

Note: Totals may not foot due to rounding. The Wellsite forecast estimate of \$250mm was before restructuring and estimated public company expenses. Public company expenses were estimated at \$35mm.

1. Form 10, page 58 (all periods).

2. Form 10, page F-39 ('17, '16 & '15); '14 and '13 not disclosed in Form 10.

3. Form 10, page F-16 ('17, '16 & '15); '14 and '13 not disclosed in Form 10.

4. Includes separation costs included as part of "corporate expense/other" (not discretely disclosed) in the segment note on page F-39 ('17, '16 and '15). No "corporate expense/other" was presented for '14 and '13 in the Form 10. These costs were not included in the 2017 forecast announced on December 7, 2017. Also includes royalty expenses charged by Dover that will not recur post separation (Form 10 page 58 (all periods)).