



October 17, 2019 – 9:00am CT

Earnings Conference Call Third Quarter 2019

Forward-Looking Statements and Non-GAAP Measures

We want to remind everyone that our comments may contain forward-looking statements that are inherently subject to uncertainties and risks. We caution everyone to be guided in their analysis of Dover Corporation by referring to the documents we file from time to time with the SEC, including our Form 10-K for 2018, for a list of factors that could cause our results to differ from those anticipated in any such forward-looking statements.

We would also direct your attention to our website, dovercorporation.com, where considerably more information can be found.

In addition to financial measures based on U.S. GAAP, Dover provides supplemental non-GAAP financial information. Management uses non-GAAP measures in addition to GAAP measures to understand and compare operating results across periods, make resource allocation decisions, and for forecasting and other purposes. Management believes these non-GAAP measures reflect results in a manner that enables, in many instances, more meaningful analysis of trends and facilitates comparison of results across periods and to those of peer companies. These non-GAAP financial measures have no standardized meaning presented in U.S. GAAP and may not be comparable to other similarly titled measures used by other companies due to potential differences between the companies in calculations. The use of these non-GAAP measures has limitations and they should not be considered as substitutes for measures of financial performance and financial position as prepared in accordance with U.S. GAAP. Reconciliations and definitions are included either in this presentation or in Dover's earnings release and investor supplement for the third quarter, which are available on Dover's website.

Q3 2019 - Highlights

Organic revenue growth of 6%

Net of 2% unfavorable FX impact

Solid growth across DF and DES businesses

Adjusted earnings from continuing operations⁽¹⁾ up 15% to \$235M

Earnings from continuing operations on a GAAP basis up 31% to \$206M

Segment performance

Adjusted EBIT⁽¹⁾ up 17% to \$320M, at 17.5% margin (+180 bps year-over-year)

FCF 16.7% of revenue; strong FCF conversion across all segments

Organic bookings growth of 7%

Net of 2% unfavorable FX impact

DF and DES book-to-bill above 1

Adjusted diluted EPS from continuing operations⁽²⁾ at \$1.60, up 18%

\$0.04 benefit related to discrete tax items⁽³⁾

Diluted EPS from continuing operations on a GAAP basis at \$1.40, up 33%

Guidance & other activities

Narrowing 2019 Adj. EPS⁽²⁾ guidance to \$5.82 - \$5.85

On track to begin reporting new segment structure with Q4 '19 results

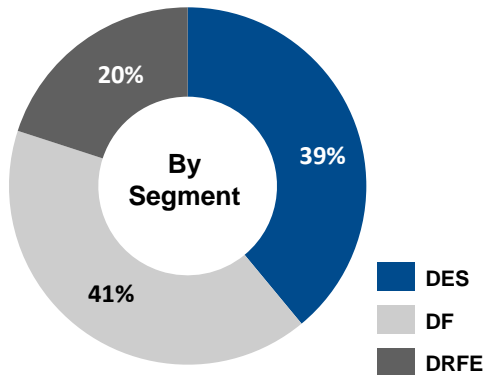
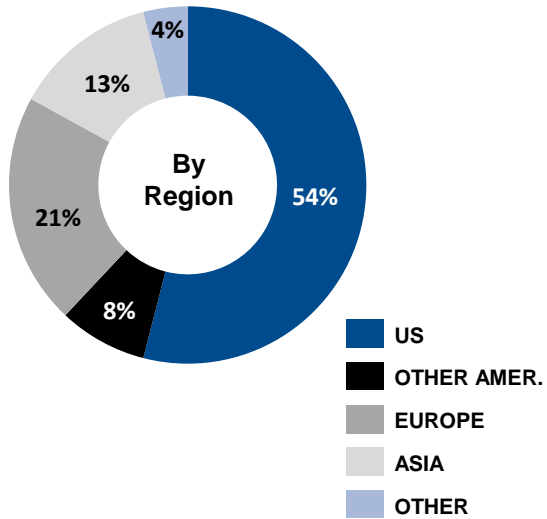
Q3 2019 – Financial Summary

US GAAP from continuing operations	Q3 2019	Q3 2018	Δ
Revenue (\$M)	1,825	1,747	+4%
Earnings (\$M)	206	157	+31%
Diluted EPS (\$)	1.40	1.05	+33%
Non-GAAP ⁽¹⁾ from continuing operations			
Adjusted EBIT – Segment (\$M)	320	274	+17%
<i>margin percent</i>	17.5%	15.7%	+180 bps
Adjusted EBITDA – Segment (\$M)	385	341	+13%
<i>margin percent</i>	21.1%	19.5%	+160 bps
Adjusted Earnings (\$M)	235	203	+15%
Adjusted diluted EPS ⁽²⁾ (\$)	1.60	1.36	+18%

Note: Numbers may not add due to rounding

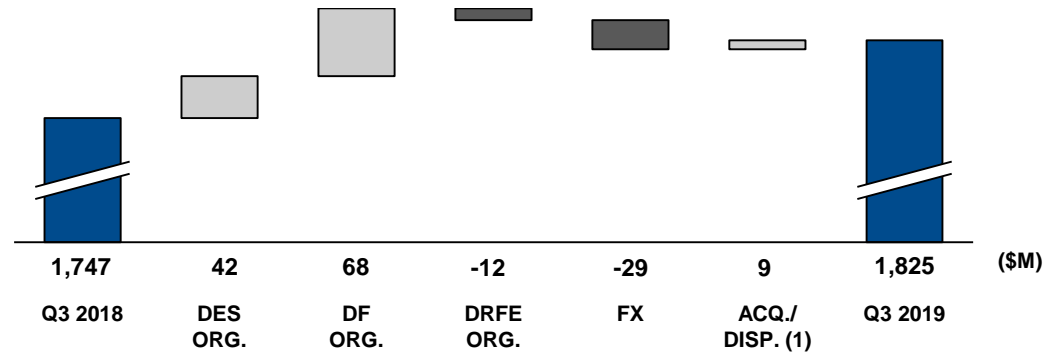
Q3 2019 - Revenue & Bookings

Revenue Split



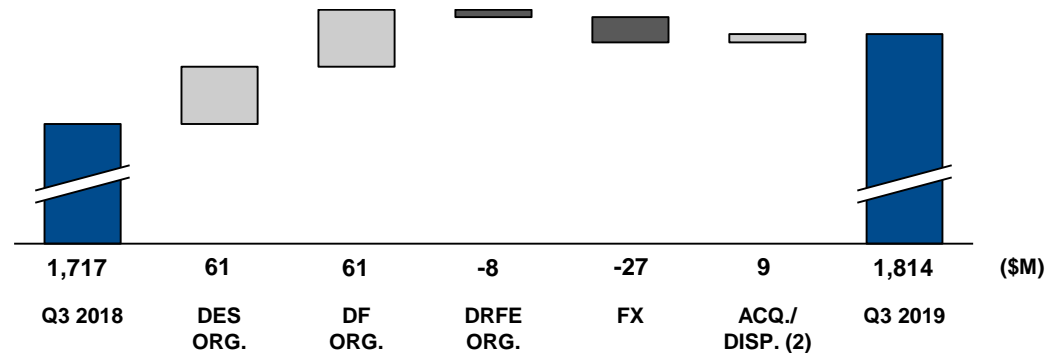
Revenue

Change in Organic Revenue: +\$98M, or 5.6%



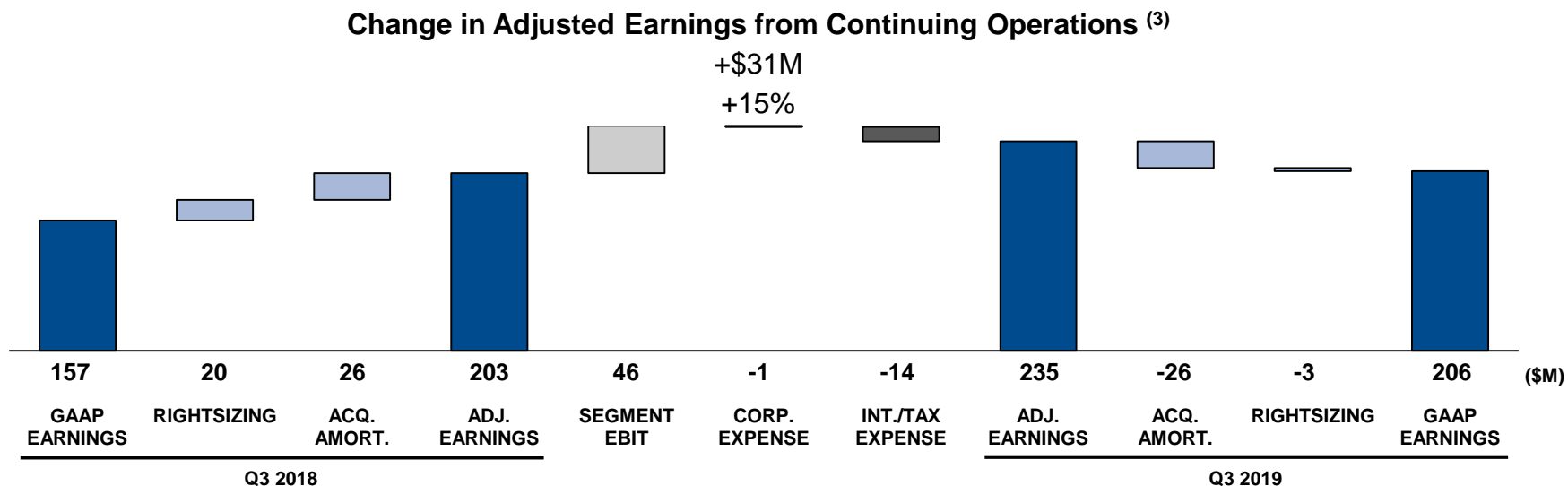
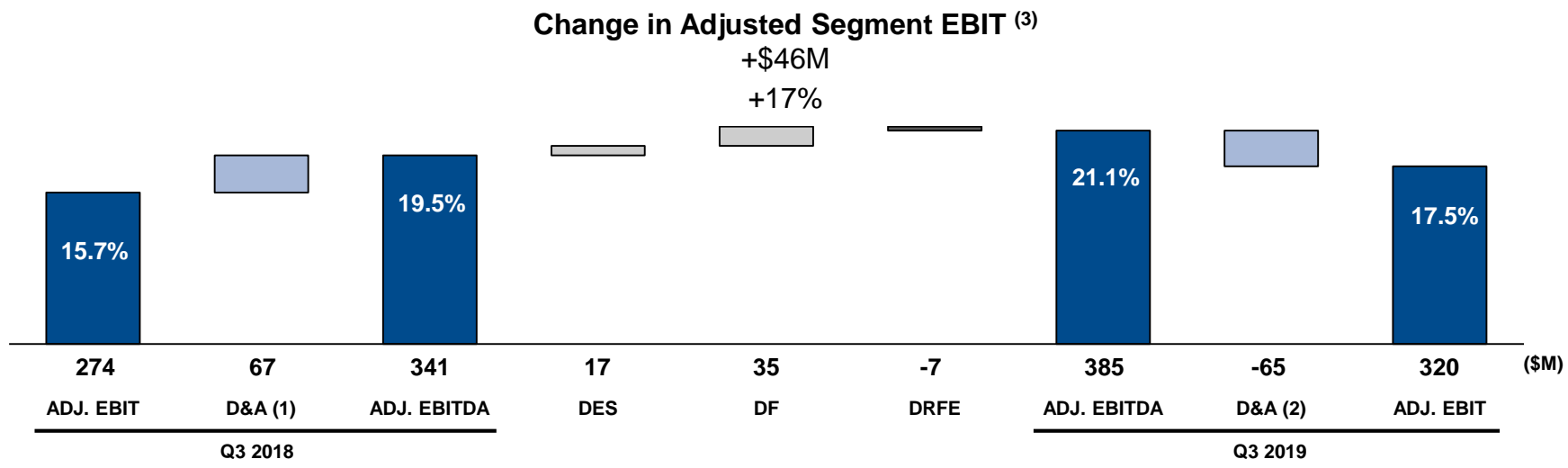
Bookings

Change in Organic Bookings: +\$114M, or 6.7%



Note: Numbers may not add due to rounding

Q3 2019 – Adj. Segment EBIT & EBITDA Walk, and Earnings & Adj. Earnings Walk – (Continuing Operations basis)



(1) Depreciation: \$31M, Amortization: \$36M
 (2) Depreciation: \$30M, Amortization: \$35M
 (3) Non-GAAP measures (definition and reconciliation in appendix)

Note: Numbers may not add due to rounding

9M 2019 – Free Cash Flow

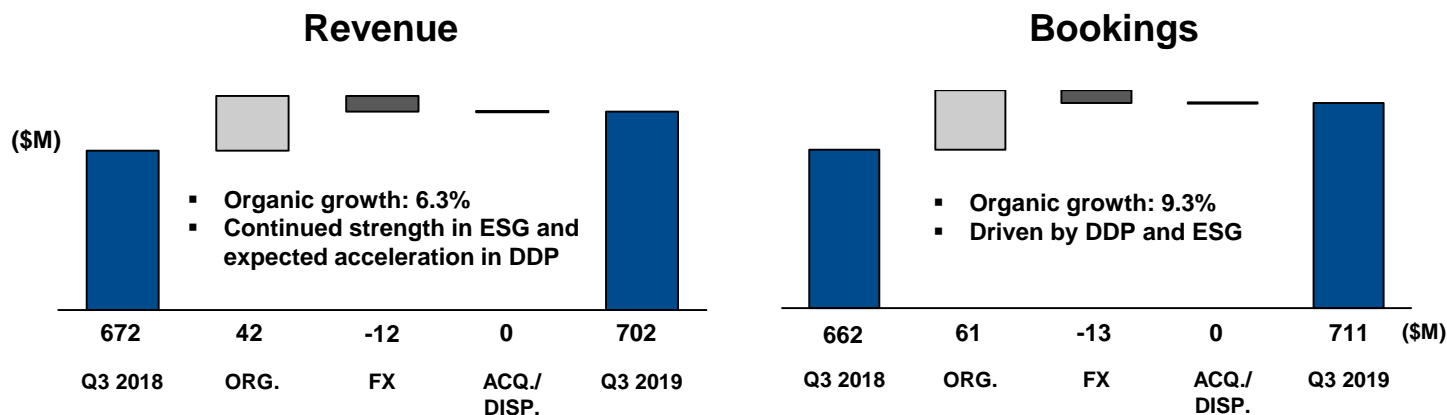
\$M	9M 2019	9M 2018	Δ
Net earnings	\$510	\$429	\$81
Loss from disc. ops.	0	4	(4)
Loss on assets held for sale	47	0	47
D&A	202	206	(4)
Chg. in working capital	(146)	(162)	16
Chg. in other ⁽¹⁾	<u>(29)</u>	<u>(58)</u>	<u>29</u>
Cash flow from operations	\$584	419	\$165
Capex	<u>(137)</u>	<u>(135)</u>	<u>(3)</u>
Free cash flow	\$447	\$284	\$163
FCF as a % of revenue	8.3%	5.5%	

- Q3 2019 FCF 16.7% of revenue (compared to 11.8% in Q3 2018)

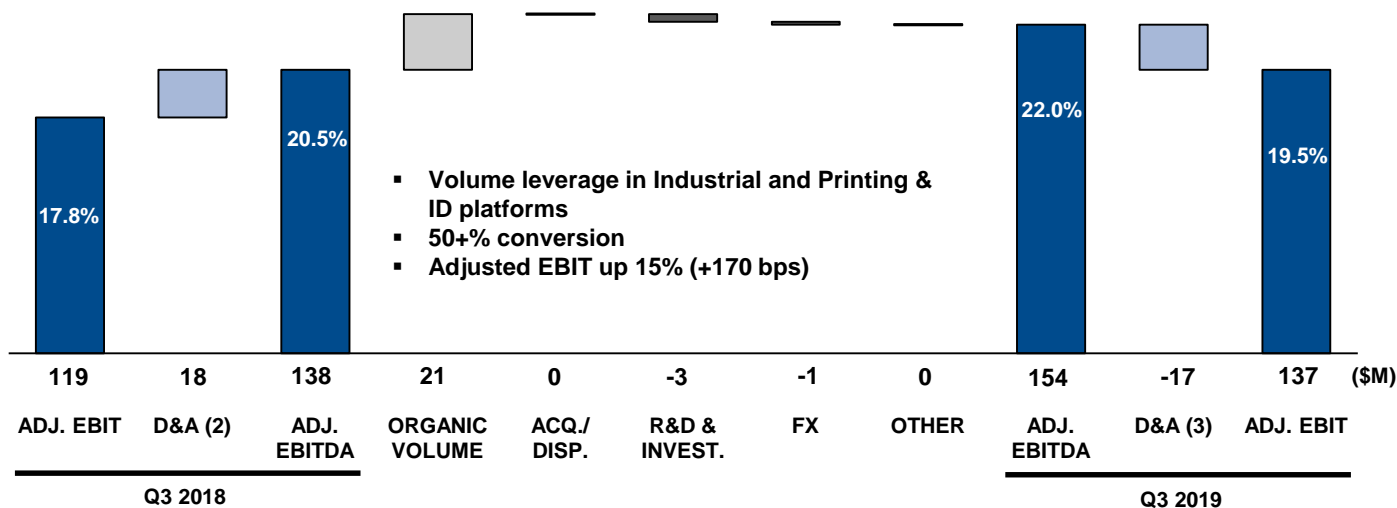
Note: Numbers may not add due to rounding

Segment Information

Engineered Systems – Financial Results



Adjusted EBIT, EBITDA & Margin⁽¹⁾



Printing & Identification



markem·imaje



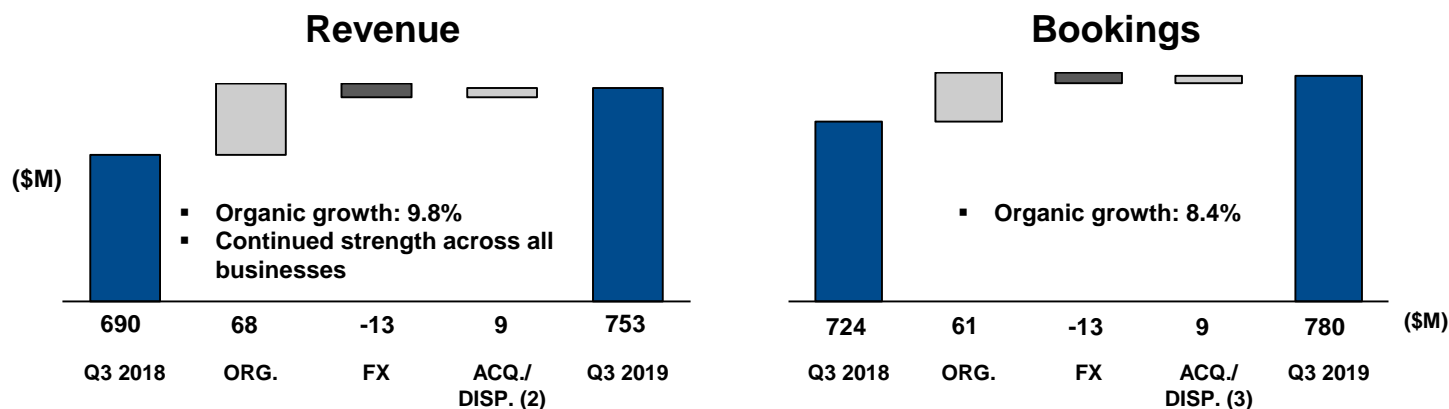
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Industrial

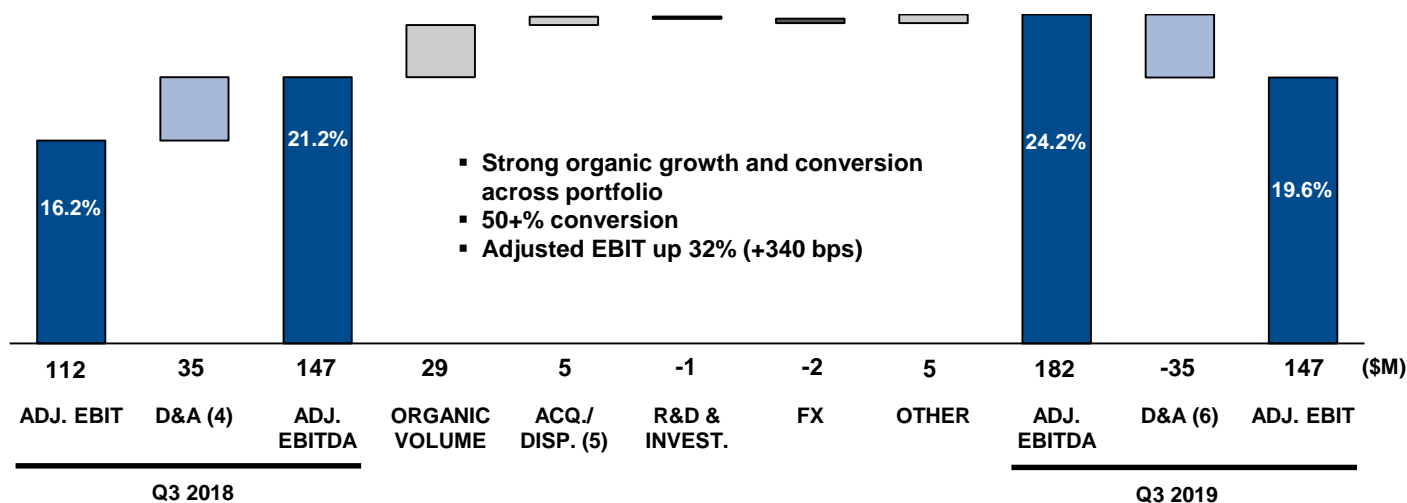


Note: Numbers may not add due to rounding

Fluids – Financial Results



Adjusted EBIT, EBITDA & Margin ⁽¹⁾



Fueling & Transport



Pumps



Process Solutions

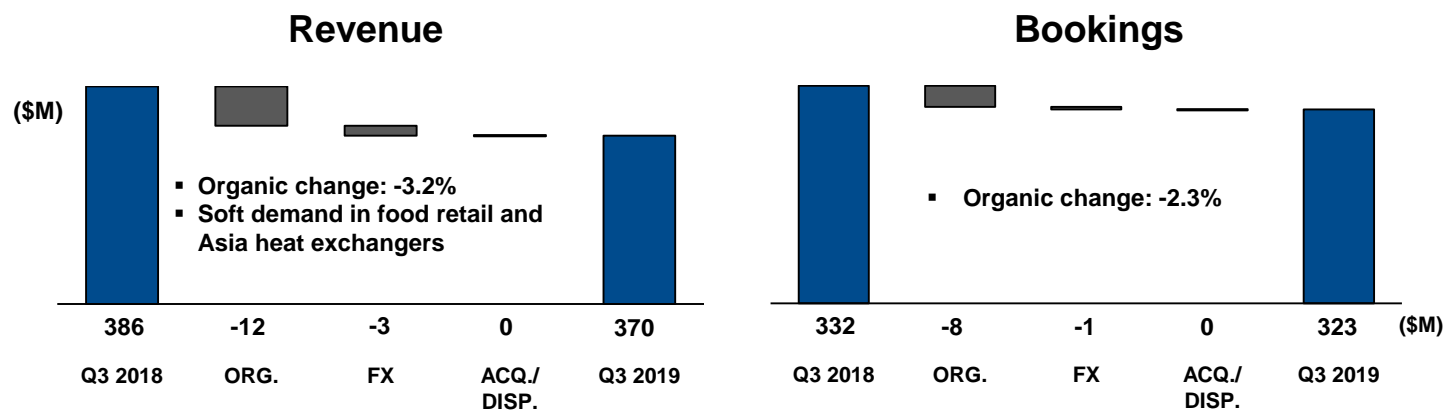


Note: Numbers may not add due to rounding

(1) Non-GAAP measures (definition and reconciliation in appendix) (4) Depreciation: \$16M, Amortization: \$19M
 (2) Acquisitions: \$18M, Dispositions: \$9M (5) Acquisitions: \$5M, Dispositions: \$1M
 (3) Acquisitions: \$16M, Dispositions: \$7M (6) Depreciation: \$16M, Amortization: \$19M



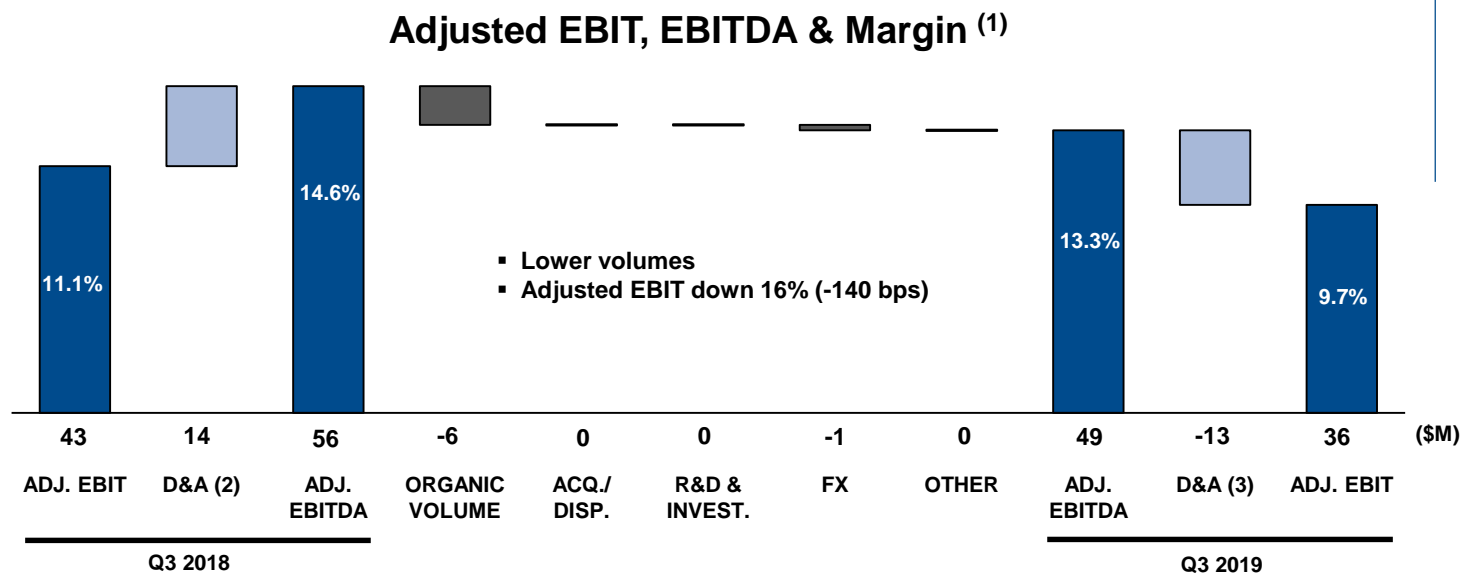
Refrigeration & Food Equipment – Financial Results



Refrigeration



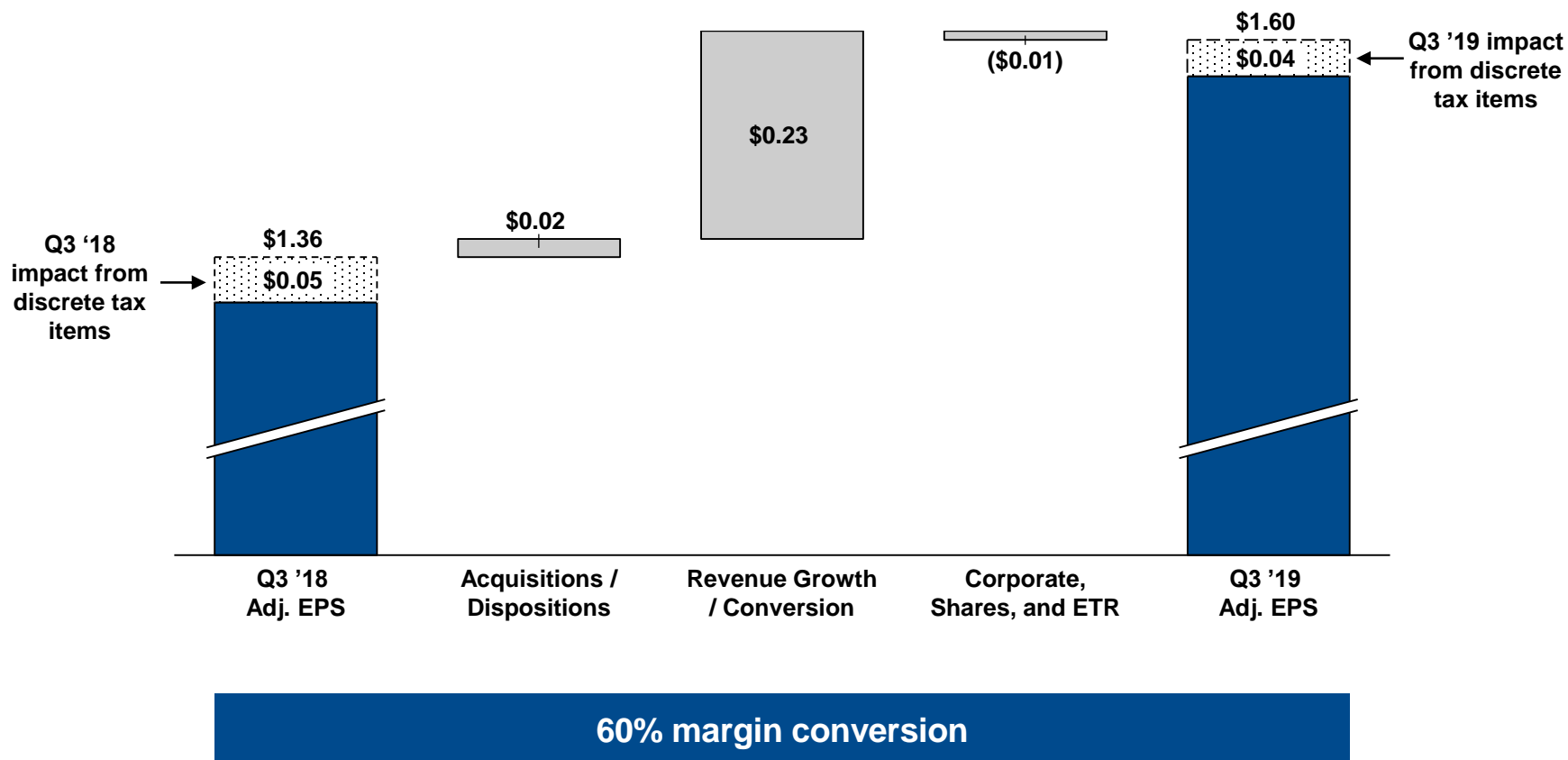
Food Equipment



Note: Numbers may not add due to rounding

Q3 Adjusted EPS up 18%

Adjusted EPS⁽¹⁾ (\$/share)



Note: Numbers may not add due to rounding

(1) Adjusted diluted EPS excludes acquisition-related amortization, rightsizing and other costs (reconciliation in appendix)

2019 FY Guidance

Updated FY 2019F Guidance

2019	Engineered Systems	Fluids	Refrigeration & Food Equip	Total
Organic revenue	4% - 5%	~5%	~Flat	3% - 5%
Acquisitions	-	2%	-	1%
Dispositions	-	(1%)	-	(0%)
Currency	(2%)	(3%)	(1%)	(2%)
Total revenue	2% - 3%	~4%	~(1%)	2% - 3%

Adjusted EPS: \$5.82 - \$5.85⁽¹⁾

Dollar/Euro assumption: 1.12

(1) Adjusted EPS excludes acquisition-related amortization costs, rightsizing and other costs, and a 2019 loss on assets held for sale; assumes 147.0 million weighted average shares

Note: Numbers may not add due to rounding

Appendix

Reconciliation of Q3 2019 Earnings from Continuing Operations to Adj. EBIT and Adj. EBITDA and calculation of Adj. EBIT margin and Adj. EBITDA margin by Segment (U.S. GAAP)

(\$ in millions)	Q3 2019			
	DES	DF	DRFE	Total
Revenue	702	753	370	1,825
Earnings from continuing operations	-	-	-	206
Add back:				
Corporate expense	-	-	-	29
Interest expense, net	-	-	-	30
Income tax expense	-	-	-	52
EBIT	136	146	35	317
EBIT %	19.4%	19.3%	9.5%	17.4%
Adjustments:				
Rightsizing and other costs	1	2	1	3
Adjusted EBIT - Segment	137	147	36	320
Adjusted EBIT %	19.5%	19.6%	9.7%	17.5%
Adjusted depreciation and amortization expense ⁽¹⁾	17	35	13	65
Adjusted EBITDA - Segment	154	182	49	385
Adjusted EBITDA %	22.0%	24.2%	13.3%	21.1%

Note: Numbers may not add due to rounding

Reconciliation of Q3 2018 Earnings from Continuing Operations to Adj. EBIT and Adj. EBITDA and calculation of Adj. EBIT margin and Adj. EBITDA margin by Segment (U.S. GAAP)

(\$ in millions)	Q3 2018			
	DES	DF	DRFE	Total
Revenue	672	690	386	1,748
Earnings from continuing operations	-	-	-	157
Add back:				
Corporate expense	-	-	-	30
Interest expense, net	-	-	-	29
Income tax expense	-	-	-	36
EBIT	109	101	42	252
EBIT %	16.2%	14.7%	11.0%	14.4%
Adjustments:				
Rightsizing and other costs	11	10	0	22
Adjusted EBIT - Segment	119	112	43	274
Adjusted EBIT %	17.8%	16.2%	11.1%	15.7%
Depreciation and amortization expense	18	35	14	67
Adjusted EBITDA - Segment	138	147	56	341
Adjusted EBITDA %	20.5%	21.2%	14.6%	19.5%

Note: Numbers may not add due to rounding

Reconciliation of Adjusted Earnings from Continuing Operations to Earnings from Continuing Operations and calculation of Adjusted diluted EPS under U.S. GAAP

(\$ in millions, except per share data)

	Q3 2019	Q3 2018
Earnings from continuing operations (\$)	206	157
Acquisition-related amortization, pre tax	34	35
Acquisition-related amortization, tax impact	(9)	(9)
Rightsizing and other costs, pre tax	4	24
Rightsizing and other costs, tax impact	(1)	(4)
Adjusted earnings from continuing operations (\$)	235	203
Weighted average shares outstanding – diluted	147	149
Diluted EPS (\$)	1.40	1.05
Acquisition-related amortization, pre tax	0.23	0.23
Acquisition-related amortization, tax impact	(0.06)	(0.06)
Rightsizing and other costs, pre tax	0.03	0.16
Rightsizing and other costs, tax impact	(0.01)	(0.03)
Adjusted diluted EPS (\$)	1.60	1.36

Note: Numbers may not add due to rounding

Reconciliation of Free Cash Flow; and EPS from Continuing Operations to Adjusted EPS from Continuing Operations Reconciliation

Free Cash Flow Reconciliation

(\$ millions)	Sep 30, 2019	Sep 30, 2018
Net Cash Provided by Operating Activities	584	419
Capital Expenditures	(137)	(135)
Free Cash Flow	447	284

Adjusted EPS from Continuing Operations Reconciliation

	Range	
2019 Guidance for Earnings per Share from Continuing Operations (GAAP)	\$4.69	\$4.72
Acquisition-related amortization, net	0.71	
Rightsizing and other costs, net	0.10	
Loss on assets held for sale	0.32	
2019 Guidance for Adjusted Earnings per Share from Continuing Operations	\$5.82	\$5.85

Note: Numbers may not add due to rounding

Non-GAAP Definitions

Definitions of Non-GAAP Measures:

Adjusted Earnings from Continuing Operations: is defined as earnings from continuing operations adjusted for the effect of acquisition-related amortization, rightsizing and other costs and a 2019 loss on assets held for sale.

Adjusted Diluted Earnings Per Share from Continuing Operations: is defined as adjusted earnings from continuing operations divided by average diluted shares.

Adjusted EBIT by Segment: is defined as earnings from continuing operations before income taxes, net interest expense, corporate expenses, rightsizing and other costs and a 2019 loss on assets held for sale.

Adjusted EBIT Margin by Segment: is defined as adjusted EBIT by segment divided by segment revenue.

Adjusted EBITDA by Segment: is defined as adjusted EBIT by segment plus depreciation and amortization, excluding depreciation and amortization included within rightsizing and other costs.

Adjusted EBITDA Margin by Segment: is defined as adjusted EBITDA by segment divided by segment revenue.

Free Cash Flow: is defined as net cash provided by operating activities minus capital expenditures.

Organic Revenue Growth: is defined as revenue growth excluding the impact of foreign currency exchange rates and the impact of acquisition and dispositions.

The tables included in this presentation provide reconciliations of the non-GAAP measures used in this presentation to the most directly comparable U.S. GAAP measures. Further information regarding management's use of these non-GAAP measures is included in Dover's earnings release and investor supplement for the third quarter.

