



April 21, 2015 – 9:00am CT

# Earnings Conference Call First Quarter 2015

## Forward looking statements and non-GAAP measures

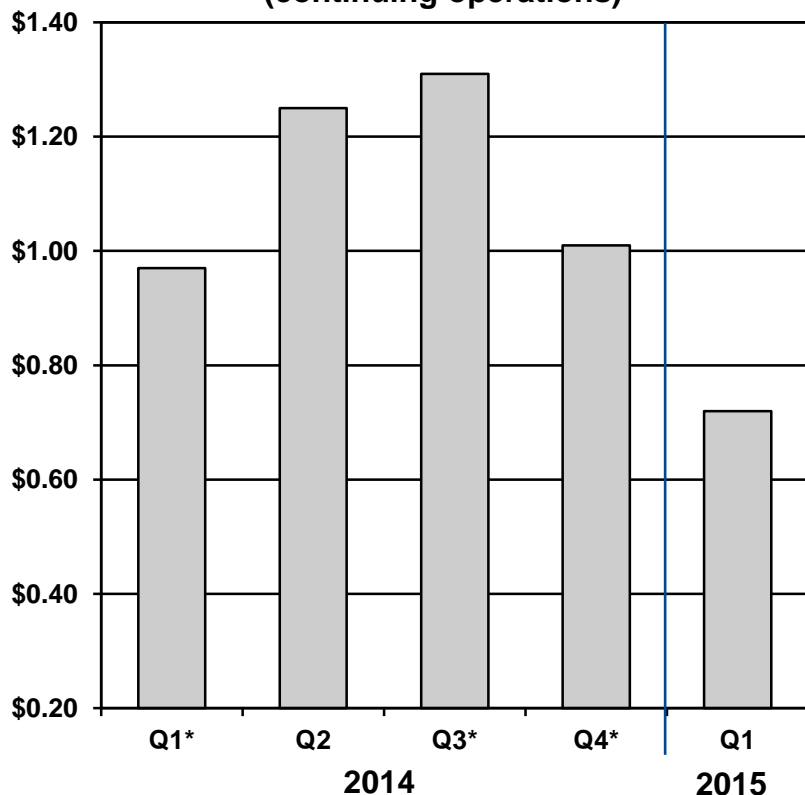
We want to remind everyone that our comments may contain forward-looking statements that are inherently subject to uncertainties and risks. We caution everyone to be guided in their analysis of Dover Corporation by referring to the documents we file from time to time with the SEC, including our Form 10-K for 2014, 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, [www.dovercorporation.com](http://www.dovercorporation.com), where considerably more information can be found.

This document contains non-GAAP financial information. Reconciliations of non-GAAP measures are included either in this presentation or Dover's earnings release and investor supplement for the first quarter 2015.

# Q1 2015 Performance

## Adjusted Earnings Per Share\* (continuing operations)



\* Excludes discrete & other tax benefits of \$0.01 in Q1 2014, \$0.03 in Q3 2014 and \$0.02 in Q4 2014

**Note:** Q4 2014 includes restructuring and other costs of \$0.17 and Q1 2015 includes \$0.10 of restructuring costs

	Q1	Q1/Q1
Revenue	\$1.7B	-5%
Adj. EPS (cont.)	\$0.72	-26%
Bookings	\$1.7B	-11%
Seg. Margins	13.5%	-340 bps
Organic Rev.	-6%	
Acq. Growth	5%	
FCF (a)	\$103M	↑

## Quarterly Comments

- Revenue impacted by North American Energy markets, FX headwinds and tough comps in Refrigeration and Food Equipment; partially offset by solid performance in Engineered Systems and Fluids
- US non-energy related markets moderated; Europe and Asia markets were solid
- Segment margin was impacted by lower volume, business mix, as well as restructuring and normal purchase price accounting costs
- Bookings decline was primarily driven by oil & gas markets within Energy and case and systems markets within Refrigeration & Food Equipment
- Book-to-bill of 1.02

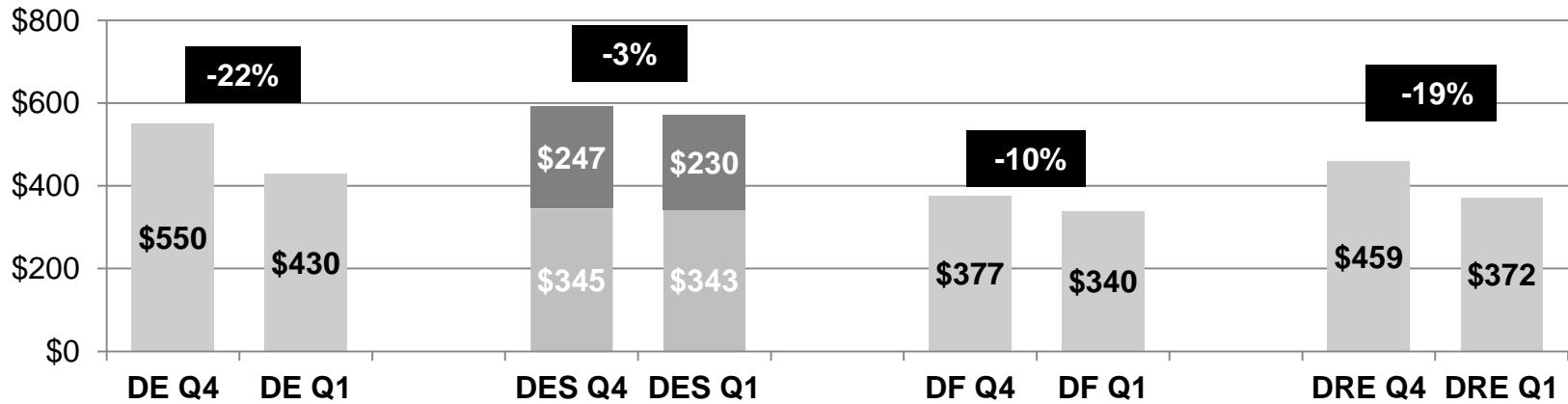
(a) See Press Release for free cash flow reconciliation

# Revenue

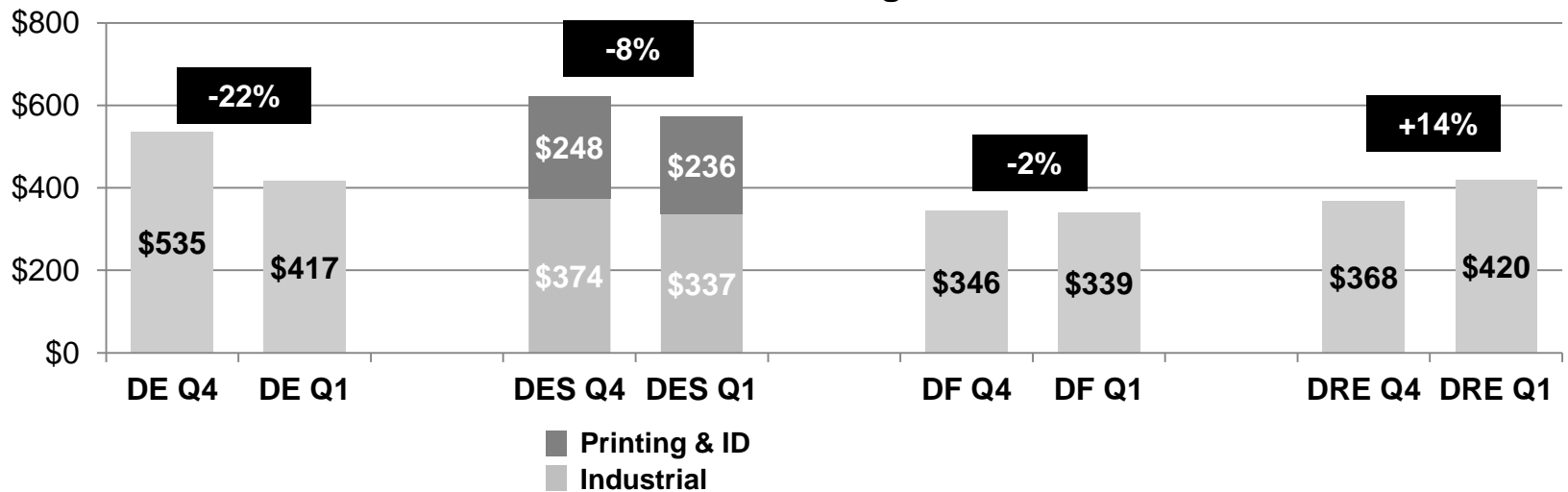
Q1 2015	Energy	Engineered Systems	Fluids	Refrigeration & Food Equip	Total
Organic	-24%	6%	2%	-7%	-6%
Acquisitions	15%	1%	2%	-	5%
Currency	-1%	-6%	-5%	-3%	-4%
Total	-10%	1%	-1%	-10%	-5%

# Sequential Results – Q4 2014 → Q1 2015

## Revenue



## Bookings



## Energy

- Revenue decline driven by steeper and broader deterioration in NA oil & gas markets resulting in destocking and reduced capex spending
  - Drilling and production most impacted
  - Bearings & Compression less impacted due to broader end-markets served
  - Automation benefitting from recent acquisitions
- Adjusted margin of 18.8% reflects negative product mix and modest price pressure
- Bookings decline of 13% largely driven by macro oil & gas trends
- Book-to-bill at 0.97

\$ in millions

	Q1 2015	Q1 2014	% Change
Revenue	\$430	\$479	-10%
Earnings	\$ 52	\$119	-56%
Margin	12.2%	24.8%	-1260 bps
Adj. Earnings*	\$ 81	\$119	-32%
Adj. Margin*	18.8%	24.8%	-600 bps
Bookings	\$417	\$478	-13%

Revenue by End-Market	% of Q1 Revenue	Y / Y
Drilling & Production	70%	-15%
Bearings & Compression	18%	-7%
Automation	12%	24%

\* Q1 2015 earnings adjusted for \$18M in restructuring costs and \$11M impact of purchase price accounting for Accelerated acquisition

# Engineered Systems

\$ in millions

- Revenue growth is broad-based
  - Printing & Identification grew 8% organically, driven by strong digital printing activity and solid global markets for core printing and coding products
  - Industrial’s organic growth of 4% was broad-based, led by waste handling and auto-related businesses
- Margin of 15.4% driven by the benefits of productivity and volume
- Bookings decline primarily reflects order timing in waste handling and softer hydraulic cylinder markets
- Book-to-bill of 1.00

	Q1 2015	Q1 2014	% Change
Revenue	\$573	\$568	1%
Earnings*	\$ 88	\$ 83	6%
Margin	15.4%	14.7%	70 bps
Bookings	\$573	\$621	-8%

Revenue by End-Market	% of Q1 Revenue	Y / Y Growth
Printing & Identification	40%	-1%
Industrial	60%	2%

\* Q1 2015 earnings include \$4M in restructuring costs and an insurance recovery of \$4M

## Fluids

- Organic revenue grew 2%, driven by continued strong activity in Fluid Transfer; Revenue impacted by 5% FX headwind
  - Fluid Transfer continues to benefit from increased safety and environmental regulations
  - Pumps impacted by timing of shipments to customers in plastics & polymers markets
- Segment margin of 16.1% reflects product mix
- Bookings decline primarily related to the timing of project-related orders in Pumps
- Book-to-bill at 1.00

\$ in millions

	Q1 2015	Q1 2014	% Change
Revenue	\$340	\$345	-1%
Earnings*	\$ 55	\$ 58	-6%
Margin	16.1%	16.8%	-70 bps
Bookings	\$339	\$363	-7%

Revenue by End-Market	% of Q1 Revenue	Y / Y Growth
Pumps	43%	-12%
Fluid Transfer	57%	9%

\* Q1 2015 earnings include \$2M in restructuring costs



## Refrigeration & Food Equipment

\$ in millions

- Revenue decline driven by softer spending on refrigeration cases and systems, and timing of shipments in food packaging equipment
  - Glass door, heat exchanger and commercial kitchen equipment markets continue to perform well
- Segment margin performance reflects lower volume and product mix
- Bookings impacted by the greater than anticipated decline in refrigeration orders and the timing of food equipment orders
- Book-to-bill at 1.13

	Q1 2015	Q1 2014	% Change
Revenue	\$372	\$411	-10%
Earnings	\$ 36	\$ 45	-19%
Margin	9.7%	10.9%	-120 bps
Bookings	\$420	\$494	-15%

Revenue by End-Market	% of Q1 Revenue	Y / Y Growth
Refrigeration	78%	-8%
Food Equipment	22%	-14%

## Q1 2015 Overview

Q1 2015	
Net Interest Expense	\$32 million, down \$1 million from last year and inline with expectations
Corporate Expense	\$35 million, up \$4 million from last year; largely consistent with expectations
Effective Tax Rate (ETR)	Q1 rate was 28.8%, essentially inline with revised forecast
Capex	\$28 million
Share Repurchases	Repurchased 2.8M shares (\$200M) in quarter

# Energy Update

Prior 2015 Forecast (1/27/15)

Market	Organic Growth	Acq. Growth	FX Impact	Total Growth
Drilling and Prod.	(19% - 17%)	≈ 7%	(≈ 1%)	(14% - 11%)
Bearings and Comp.	2% - 4%	-	(≈ 1%)	1% - 3%
Automation	(2%) - 3%	10% - 11%	-	9% - 13%
Total	(14% - 11%)	≈ 6%	(≈ 1%)	(9% - 6%)

Current 2015 Forecast

Organic Growth	Acq. Growth	FX Impact	Total Growth
(30% - 32%)	≈ 10%	(1%-2%)	(24% - 20%)
(2% - 4%)	-	(≈ 2%)	(6% - 4%)
(18% - 20%)	≈ 13%	-	(7% - 4%)
(24% - 26%)	≈ 9%	(1%-2%)	(16% - 18%)

## FY 2015 Guidance

- Revenue
  - Organic revenue: (2% - 4%)
  - Completed acquisitions:  $\approx 2\%$
  - FX impact: (4%)
  - Total revenue:  $\frac{\quad}{(4\% - 6\%)}$
- Corporate expense:  $\approx \$125$  million
- Interest expense:  $\approx \$127$  million
- Full-year tax rate:  $\approx 29.0\%$
- Capital expenditures:  $\approx 2.3\%$  of revenue
- FY free cash flow:  $\approx 11\%$  of revenue

	2015 Organic growth rate
Energy	(24% - 26%)
Engineered Systems	3% - 5%
Fluids	5% - 7%
Refrigeration & Food Equipment	(1% - 3%)
Total organic	(2% - 4%)
Acquisitions	$\approx 2\%$ (a)
FX Impact	(4%)
Total revenue	(4% - 6%)

(a) Reflects completed acquisitions

## 2015 EPS Guidance – Continuing Ops

■ 2014 EPS – Continuing Ops (GAAP)	\$ 4.61
– Less 2014 tax items <sup>(1)</sup> :	(0.07)
■ 2014 Adjusted EPS	<u>\$ 4.54</u>
– Net restructuring and one-time items <sup>(2)</sup> :	(0.01) - 0.02
– Performance including restructuring benefits <sup>(3)</sup> :	(0.58 - 0.47)
– Acquisitions <sup>(4)</sup> :	0.04 - 0.06
– Shares <sup>(5)</sup> :	0.23 - 0.24
– Interest / Corp. / Tax rate / Other (net):	<u>(0.02) - 0.01</u>
■ 2015 EPS – Continuing Ops	<u><u>\$4.20 - \$4.40</u></u>

(1) \$0.01 in Q1 2014 , \$0.03 in Q3 2014 and \$0.02 in Q4 2014

(2) Includes restructuring charges of \$0.16 in Q4 2014 and \$0.15 - \$0.18 in FY 2015, and pension settlement costs of \$0.01 in Q4 2014

(3) Includes restructuring benefits of \$0.31 - \$0.33

(4) Deals completed, principally Accelerated

(5) Based on 2015 estimated repurchases of \$600M

