



October 20, 2015 – 9:00am CT

# Earnings Conference Call Third Quarter 2015

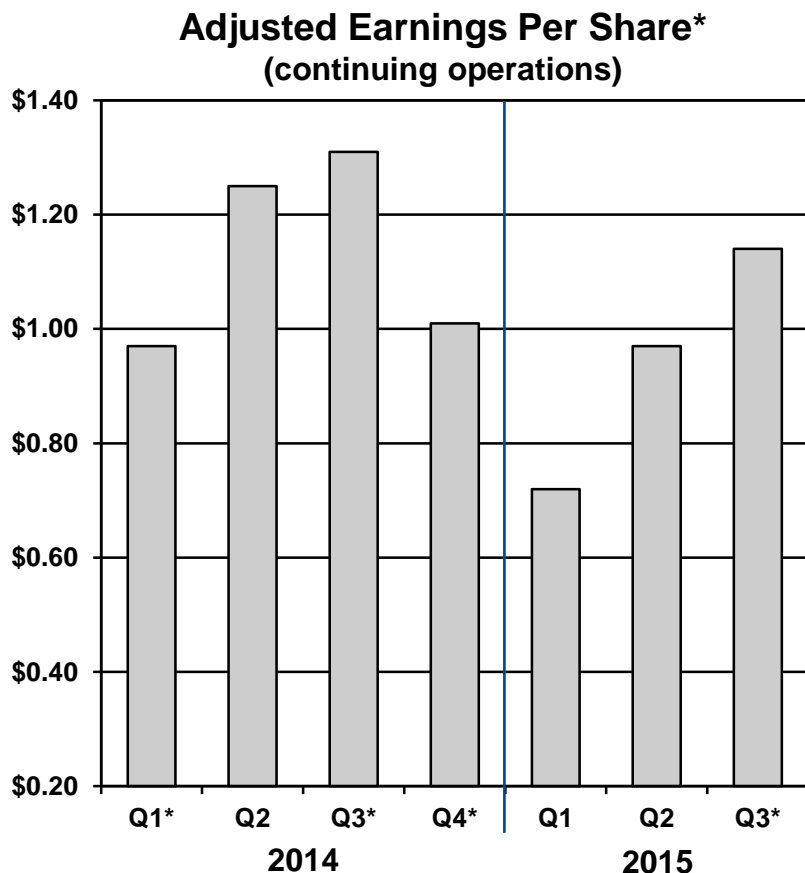
## Forward looking statements and non-GAAP measures

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 third quarter 2015.

# Q3 2015 Performance



\* Excludes discrete & other tax benefits of \$0.01 in Q1 2014, \$0.03 in Q3 2014, \$0.02 in Q4 2014, and \$0.05 in Q3 2015

Note: Q4 2014 includes restructuring and other costs of \$0.17; includes restructuring costs of \$0.10 in Q1 2015, \$0.01 in Q2 2015, and \$0.05 in Q3 2015

	Q3	Q3/Q3	9M	9M/9M
Revenue	\$1.8B	-11%	\$5.3B	-9%
Adj. EPS (cont.)	\$1.14	-13%	\$2.82	-20%
Bookings	\$1.7B	-12%	\$5.2B	-12%
Seg. Margin	17.0%	-180 bps	15.4%	-270 bps
Adj. Seg. Margin <sup>(a)</sup>	17.6%	-120 bps	16.1%	-200 bps
Organic Rev.	-10%		-9%	
Acq. Growth	3%		4%	
FCF <sup>(b)</sup>	\$243M	-6%	\$521M	31%

## Quarterly Comments

- Revenue impacted by weak global macro conditions, the impact of FX, and continued tough oil & gas markets, partially offset by acquisition growth
- US activity declined, largely driven by oil & gas markets and tough comps in retail refrigeration. Asian and European activity softened on reduced capex spending
- Segment margin benefitted from broad-based cost and productivity initiatives, partially offsetting the impact of lower volume and business mix
- Bookings decline largely driven by oil & gas markets and FX
- Book-to-bill of 0.95

(a) Adjusted for \$11.5 million of restructuring in Q3 2015 and \$ 38.7 million for 9m 2015

(b) See Press Release for free cash flow reconciliation

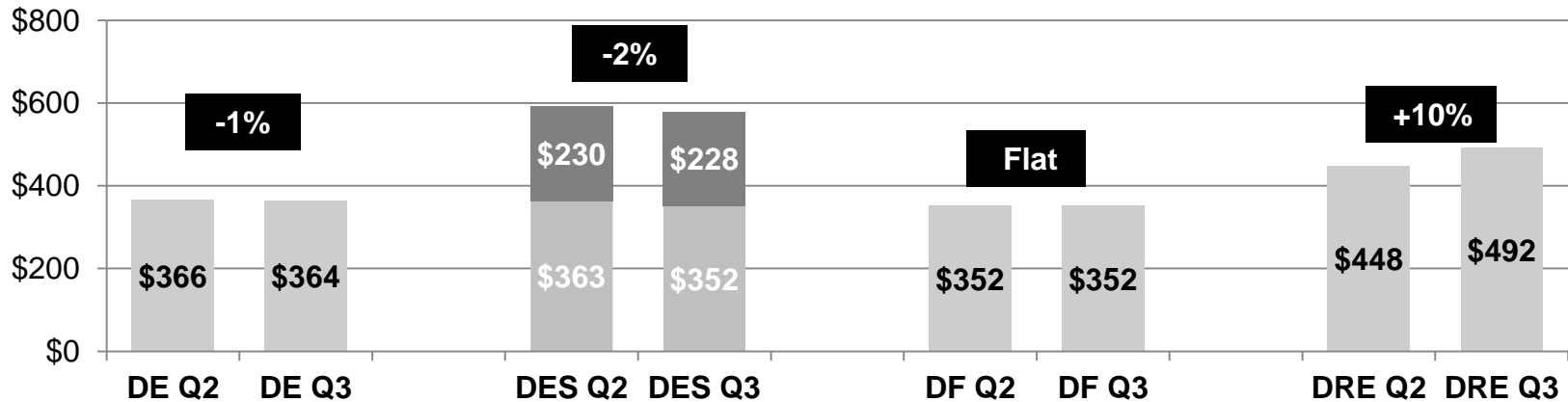
# Revenue

Q3 2015	Energy	Engineered Systems	Fluids	Refrigeration & Food Equip	Total
Organic	-37%	1%	1%	-6%	-10%
Acquisitions	11%	-	1%	1%	3%
Currency	-2%	-6%	-5%	-2%	-4%
Total	-28%	-5%	-3%	-7%	-11%

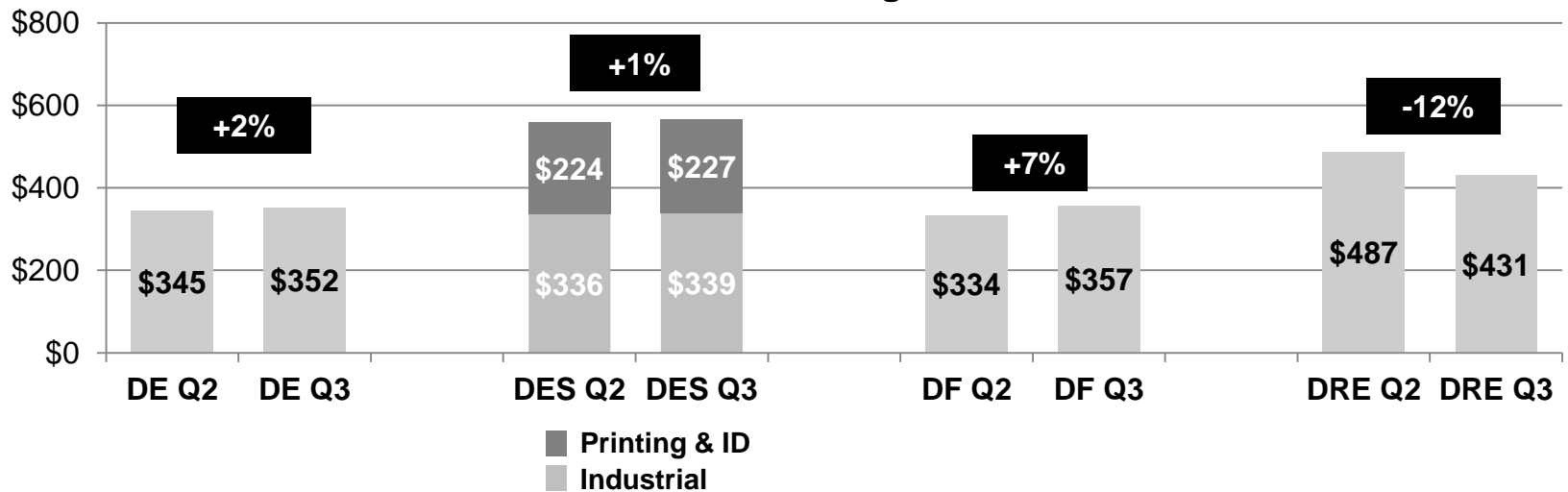
9M 2015	Energy	Engineered Systems	Fluids	Refrigeration & Food Equip	Total
Organic	-32%	3%	3%	-8%	-9%
Acquisitions	13%	-	2%	1%	4%
Currency	-2%	-6%	-6%	-3%	-4%
Total	-21%	-3%	-1%	-10%	-9%

# Sequential Results – Q2 2015 → Q3 2015

## Revenue



## Bookings



## Energy

- Revenue decline driven by persistent low demand and inventory adjustments in NA oil & gas markets
  - Middle East markets holding up well
  - Bearings & Compression's energy-related markets weakened on slower OEM build rates
- Adjusted margin of 15.1% reflects negative product mix and price pressure, partially offset by the benefits of restructuring
- Bookings decline of 33% driven by macro oil & gas trends
- Book-to-bill at 0.97

\$ in millions

	Q3 2015	Q3 2014	% Change
Revenue	\$364	\$507	-28%
Earnings	\$ 49	\$123	-60%
Margin	13.4%	24.2%	-1080 bps
Adj. Earnings*	\$ 55	\$123	-55%
Adj. Margin*	15.1%	24.2%	-910 bps
Bookings	\$352	\$526	-33%

Revenue by End-Market	% of Q3 Revenue	Y / Y
Drilling & Production	67%	-31%
Bearings & Compression	22%	-12%
Automation	11%	-35%

\* Q3 2015 earnings adjusted for \$6M in restructuring costs

## Engineered Systems

\$ in millions

- Modest organic revenue growth offset by impact of FX
  - Printing & Identification was flat organically, where solid North American results were offset by a softer Asia and order timing in Europe
  - Industrial's organic growth of 1% was led by waste handling and microwave components
- Adjusted margin of 18.5% reflects positive business mix and completed restructuring
- Bookings decline primarily reflects impact of FX, up 2% organically
- Book-to-bill of 0.98

	Q3 2015	Q3 2014	% Change
Revenue	\$579	\$612	-5%
Earnings	\$103	\$109	-5%
Margin	17.8%	17.8%	Flat
Adj. Earnings*	\$107	\$109	-2%
Adj. Margin*	18.5%	17.8%	70 bps
Bookings	\$565	\$592	-4%

Revenue by End-Market	% of Q3 Revenue	Y / Y Growth
Printing & Identification	39%	-11%
Industrial	61%	-1%

\* Q3 2015 earnings adjusted for \$4M in restructuring costs

# Fluids

\$ in millions

- Revenue decline driven by FX; organic growth of 1% reflects:
  - Solid Fluid Transfer businesses
  - Strong shipments of plastics-related projects in Pumps, offset by oil & gas market weakness
- Strong segment margin reflects positive product mix, leverage on volume and productivity
- Bookings growth primarily related to project related orders
- Book-to-bill at 1.01

	Q3 2015	Q3 2014	% Change
Revenue	\$352	\$362	-3%
Earnings	\$ 75	\$ 68	11%
Margin	21.3%	18.7%	260 bps
Bookings	\$357	\$351	2%

Revenue by End-Market	% of Q3 Revenue	Y / Y Growth
Pumps	42%	-7%
Fluid Transfer	58%	1%



## Refrigeration & Food Equipment

\$ in millions

- Revenue decline primarily reflects anticipated reduced volume from a key retail refrigeration customer
  - Within Food Equipment, can-shaping equipment results were improved, but were impacted by a delayed large shipment
- Margin improvement reflects reduced manufacturing and supply chain costs versus last year, and the benefits of restructuring
- Bookings reflect normal seasonality off a lower base
- Book-to-bill at 0.87

	Q3 2015	Q3 2014	% Change
Revenue	\$492	\$529	-7%
Earnings	\$ 77	\$ 78	-2%
Margin	15.6%	14.8%	80 bps
Bookings	\$431	\$459	-6%

Revenue by End-Market	% of Q3 Revenue	Y / Y Growth
Refrigeration	79%	-8%
Food Equipment	21%	-4%

## Q3 2015 Overview

Q3 2015	
Net Interest Expense	\$32 million, inline with forecast
Corporate Expense	\$26 million, down \$2 million from last year; reflecting continuing cost management initiatives
Effective Tax Rate (ETR)	Q3 rate was 27.3%, excluding discrete tax benefits of \$0.05 cents. Rate reflects the benefits from restructuring international operations
Capex	\$40 million, generally inline with expectations
Share Repurchases	Repurchased 1.5M shares (\$100M) in quarter

## FY 2015 Guidance

- Revenue
  - Organic revenue: (10% - 9%)
  - Completed acquisitions:  $\approx 3\%$
  - FX impact: (4%)
  - Total revenue:  $\frac{\quad}{(11\% - 10\%)}$
- Corporate expense:  $\approx \$107$  million
- Interest expense:  $\approx \$127$  million
- Full-year tax rate:  $\approx 28.5\%$
- Capital expenditures:  $\approx 2.3\%$  of revenue
- FY free cash flow:  $\approx 12\%$  of revenue

	2015 Organic growth rate
Energy	(34% - 33%)
Engineered Systems	$\approx 3\%$
Fluids	2% - 3%
Refrigeration & Food Equipment	(8% - 7%)
Total organic	(10% - 9%)
Acquisitions	$\approx 3\%$ <sup>(a)</sup>
FX Impact	(4%)
Total revenue	(11% - 10%)

(a) Reflects completed acquisitions. Does not include Tokheim, JK or Gala

## 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> :	(0.04 - 0.02)
– Performance including restructuring benefits & deal costs <sup>(3)</sup> :	(1.15 - 1.11)
– Acquisitions <sup>(4)</sup> :	≈ 0.04
– Shares <sup>(5)</sup> :	≈ 0.21
– Interest / Corp. / Tax rate / Other (net):	<u>0.08 - 0.09</u>
■ 2015 Adjusted EPS – Continuing Ops	\$3.68 - \$3.75
– Plus 2015 tax items <sup>(6)</sup> :	<u>\$0.05</u>
■ 2015 EPS – Continuing Ops (GAAP)	<u><u>\$3.73 - \$3.80</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 approximately \$0.20 in FY 2015, and pension settlement costs of \$0.01 in Q4 2014

(3) Includes restructuring benefits of \$0.40 - \$0.41, and deal costs of \$0.02 in Q3 2015

(4) Deals completed, principally Accelerated (does not include Tokheim, JK, or Gala)

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

(6) \$0.05 in Q3 2015

