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DOV - Q3 2011 Dover Corp Earnings Conference Call

Event Date/Time: Oct. 21. 2011 / 2:30PM GMT

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PRESENTATION

Operator

Good morning and welcome to the Third Quarter 2011 Dover Corporation Earnings Conference Call. With us today are Bob Livingston, President and Chief Executive Officer of Dover Corporation, Brad Cerepak, Senior Vice President and CFO of Dover Corporation, and Paul Goldberg, Treasurer and Director of Investor Relations of Dover Corporation. After the speakers' opening remarks, there will be a question and answer period. (Operator Instructions) As a reminder, ladies and gentlemen, this conference call is being recorded and your participation implies consent to our recording of this call. If you do not agree with these terms, please disconnect at this time. Thank you. I would now like to turn the call over to Mr. Paul Goldberg. Mr. Goldberg, please go ahead, sir.

Paul Goldberg - *Dover Corporation - Treasurer & Director of IR*

Thank you, Melissa. Good morning and welcome to Dover's third quarter earnings call. With me today are Bob Livingston, Dover's President and Chief Executive Officer, and Brad Cerepak, our CFO. Today's call will begin with some comments from Bob and Brad on Dover's third quarter operating and financial performance and follow with our outlook for the remainder of 2011. We will then open the call up to questions. As a courtesy, we kindly ask you to limit yourself to one question with a follow-up. Please note that our current earnings release, investor supplement, Form 10-Q and associated presentation can be found on our website, www.dovercorporation.com.

This call will be available for playback through November 4 and the audio portion of this call will be archived on our website for 3 months. The replay telephone number is 855-859-2056. When accessing the playback, you'll need to supply the following reservation code -- 18657443. Before we get started, I'd like to remind everyone that our comments today, which are intended to supplement your understanding of Dover, may contain certain forward-looking statements that are inherently subject to uncertainties. We caution everyone to be guided in their analysis of Dover Corporation by referring to our Form 10-K for a list of factors that could cause our results to differ from those anticipated in any such forward-looking statement. Also, we undertake no obligation to publicly update or revise any forward-looking statements, except as required by law. We would also direct your attention to our website, where considerably more information can be found. And with that, I'd like to turn this call over to Bob.

Bob Livingston - *Dover Corporation - President and CEO*

Thanks, Paul. Good morning, everyone, and thank you for joining us this morning. Following a great first half of the year, we delivered strong growth in both revenue and earnings and a seasonably solid book-to-bill of 0.96 for the third quarter. These results were, once again, broad-based and led by the continued strong demand in our energy and handset markets. In total, I am very pleased with our third quarter performance. The majority of our businesses continued to see strong market activity, with organic bookings up 11%. As we discussed last quarter, we do anticipate revenue growth to moderate in the fourth quarter, due in part to [semicon] and silver markets.

However, for the full year, I remain quite confident we are on track to deliver 20% revenue growth. All segments achieved significant revenue and earnings growth in the quarter, absent the impact of one-time charges in connection with the acquisition of Sound Solutions. Segment margin was 16.9%, orders were up 23%, and revenue increased 22%. This strong performance enabled Dover to post adjusted earnings per share of $1.20, a 25% improvement over last year. Although it's too early to provide specific guidance, I fully expect our energy businesses and Knowles to continue to expand going into 2012. I also like our leading positions and expanding opportunities in refrigeration equipment, product ID and fluid solutions. We made several important strides in our strategic initiatives in the third quarter.

Sound Solutions is off to a great start and is performing at the high end of our expectations. We have been, and are still, adding significant capacity in China to support strong demand from new customers. As we said last quarter, we expect the pace of shipments to accelerate into the fourth quarter. Last quarter, we reported on our MEMS capacity expansion program in Malaysia. I'm happy to say we shipped over 8 million microphones in September; in only the second month of operation. This capacity expansion is a key part of the Knowles' customer service and growth initiatives for the second half of this year and the first half of next year.

We also continued with our investments in the energy space; part of which was the recently announced acquisition of Oil Lift. Oil Lift expands our presence in the progressive cavity pump market and enables us to increase our product offerings in the attractive artificial lift space. Late in the third quarter, we closed on the sale of Paladin and Crenlo. These divestitures are an important step in our continued efforts to focus on our higher-margin growth spaces. We received roughly $300 million in proceeds, which we intend to redeploy in acquisitions. Going forward, we will continue to review the portfolio and pursue opportunities that improve our business mix. Our pipeline continues to be very active as we work on a number of potential deals that provide synergies with existing businesses. I am confident we will announce additional acquisitions before year-end.

In summary, I was very pleased with our performance in the third quarter. We executed very well in engineered systems and saw strong growth in fluid management and industrial products. Electronic technologies continued to benefit from its strong position with smartphone and handset OEMs. Aside from normal seasonality, we expect these trends to continue into the fourth quarter. With that, let me turn it over to Brad.

Brad Cerepak - *Dover Corp - VP of Finance and CFO*

Thanks, Bob. Good morning, everyone. Let's start by turning to slide 3. Today, we reported third quarter revenue of $2.2 billion, an increase of 22%. Earnings per share increased 4% to $1.21. After adjusting for discrete tax benefits, EPS was $1.20, a 25% improvement over an adjusted prior year. Segment margin for the quarter was 16.9%, down 70 basis points from the prior year.

Adjusting for one-time costs associated with the Sound Solutions acquisition, segment margin was 17.5%. Our solid margin performance was again led by strong results at fluid management. Bookings increased 23% over last year to $2.1 billion, reflecting growth in all segments and platforms. Book-to-bill finished at a solid 0.96, which is in line with our seasonal pattern and historical trends. Backlog grew 27% to $1.6 billion. For the third quarter, we generated free cash flow of $316 million, or 14.4% of revenue. We remain on target for full-year free cash flow to be 10% to 11% of revenue.

Turning to slide 4, third quarter revenue growth of 22% was comprised of 10% organic growth, 9% from acquisitions, and 3% FX. Organic revenue growth remained strong at fluid management industrial products, achieving 23% and 16% growth, respectively. Engineered systems grew 4%. Electronic technologies posted modest growth of 2%, whereby solid communication components growth of 7% was largely offset by weakness in semicon markets. For the quarter, the majority of our acquisition growth was at electronic technologies and fluid management, where acquisitions contributed 24% and 15% respectively.

Turning to slide 5, which shows our sequential growth. Total revenue increased 7% over the second quarter. Electronic technologies grew 19% sequentially, driven by Sound Solutions. Fluid management grew sequentially revenue 9% on the strength of expanding energy markets. Engineered systems grew 4% while industrial products declined 1%. Bookings increased slightly from the second quarter of 2011. Of note, bookings were up 22% at electronic technologies on the addition of Sound Solutions. In industrial products, bookings moderated from an usually strong second quarter.

Turning to slide 6, industrial products posted revenue of $459 million and $64 million of earnings, an increase of 19% and 18%, respectively. Industrial products operating margin was 14%, a decrease of 20 basis points from the prior year. Benefits from volume increases were offset by product mix and, as expected, continued, lower volume in the refuse vehicle market. Bookings were $447 million, an increase of 20%, resulting in a book-to-bill of 0.97. This growth continues to be influenced by strong, downstream energy orders and steady growth in our infrastructure-related businesses.

Now, with respect to our material handling platform. Sales increased 34% to $182 million, while earnings increased 39%. Strong top line results continue to be driven by increased activity across the majority of end markets. In total, material handling margins improved 70 basis points, largely reflecting solid volume leverage. For the quarter, bookings were $171 million, an increase of 23%, yielding a book-to-bill of 0.94.

With respect to our mobile equipment platform, sales were $278 million, an increase of 11%. Earnings were up 4%. Margins decreased 100 basis points, primarily reflecting changes in product mix and continued softness in the refuse vehicle market. Bookings increased 17% to $274 million and book-to-bill finished at 0.99.

Turning to slide 7, at engineered systems, sales were $670 million, an increase of 8% year over year and earnings increased 12% to $103 million. These results were all-time records, eclipsing the records set last quarter. Operating margin was 15.3%, an increase of 60 basis points, reflecting strong performance in engineered products. Bookings were $617 million, an increase of 13% over the prior year. Book-to-bill ended at 0.92.

With respect to our product identification platform, second quarter sales were $246 million, an increase of 11%, which included 6% FX. Year over year earnings increased 6%. Although margin decreased 100 basis points year over year, they increased 60 basis points sequentially. This performance improvement is reflective of the positive response to the new product reduces at Markem-Imaje. Bookings increased 14% to $249 million, resulting in a book-to-bill of 1.01.

Moving to engineered products, sales were $423 million, an increase of 6%, and earnings increased 17% resulting in margin expansion of 150 basis points. This favorable margin performance was driven by very strong execution at Hill Phoenix and volume leverage. Engineered products bookings were $369 million, an increase of 12% over the prior year, resulting in a book-to-bill of 0.87. As previously shared, while we still anticipate normal seasonality in the refrigeration market in the fourth quarter, Hill Phoenix remains very well-positioned.

Moving to slide 8, fluid management produced another great quarter. Revenue increased 40% to $585 million, while earnings increased 42% to $144 million. Acquisitions accounted for 15 points of the growth. Operating margin was 24.7%, a 20 basis point improvement from last year. This positive margin performance was achieved while covering increased acquisition amortization and $4 million of deal costs in the quarter. Bookings were $582 million, an increase of 42% from the prior year, resulting in a book-to-bill of 0.99.

With respect to our energy platform, revenue increased 67% to $368 million, while earnings increased 70% on rising US rig counts, fairly stable energy prices and our recent acquisitions. Margin increased 40 basis points. We continue to see strong fundamentals in the served markets and anticipate continued strong results in this platform. Quarterly bookings increased 68% to $359 million. Book-to-bill ended at 0.98.

Now, moving to fluid solutions, revenue in this platform increased 10% to $217 million and earnings improved 6%. We continue to invest in international expansion initiatives and are making strong progress. These investments impacted margin, resulting in an 80 basis point decline. Bookings increased 14% year-over-year to $223 million and book-to-bill was 1.03.

Turning to slide 9, electronic technologies revenue was $492 million, an increase of 29%. Bookings were $479 million, up 19% from last year. Both results were largely driven by Sound Solutions and strong demand for MEMS microphones, partially offset by weaker sales and orders in the semicon markets. Sound Solutions accounted for 24 points of the revenue growth. Earnings decreased 14% to $60 million.

Operating margin declined 610 basis points to 12.2%, largely reflecting the impact of Sound Solutions, including one-time costs. Adjusting for these costs, earnings increased 8% and margin was 15.3%. Another way to look at it, the core electronics business, when fully excluding Sound Solutions, grew margin 20 basis points to 18.5%. Book-to-bill ended at 0.97. Our electronic assembly equipment and test group saw revenue decline 4% from the prior year.

Comparing this group's third quarter revenue with the prior-year, sales increased in solar as we continued to work through our backlog. Electronic assembly sales were stable and semicon-related revenue was down approximately 30%. Sequentially into the fourth quarter, we expect this group's solar sales to decline, due to weak order levels, and semicon revenue to remain stable to slightly down, albeit at a low level. Further, we anticipate the current dynamics in the solar and semicon markets to continue in the near term. Lastly, our communication components companies revenue increased 53% on the strength of Knowles and the addition of Sound Solutions. Sound Solutions sales of $92 million accounted for 41 points of the growth in communication components.

Now, going to slide 10, third quarter net interest expense was $30 million, an increase of $4 million over last year and in-line with expectations. Corporate expense was $34 million, essentially flat with the prior year and also in line with expectations. With respect to taxes, our third quarter tax rate was 25.6%. This rate was positively impacted by a $0.01 discrete tax benefit. Adjusting for this benefit, the third quarter rate would have been 26.4%. This lower rate was influenced by the sale of businesses in the quarter. We now expect the full-year, normalized effective rate to be approximately 27% going forward.

Turning to slide 11, our revenue growth forecast of 20% remains largely unchanged from last quarter, with some changes in business mix. Organic growth is estimated to be around 13% and acquisition growth is expected to contribute 7%. Breaking down organic growth by segment, we now expect electronic technologies to be in the range of 8% to 9%, down around 5 points from the previous forecast, driven by weak semi and solar order rates. Engineered systems remain largely unchanged from our previous forecast and should be in the range of 8% to 9%. Industrial products is now forecasted to be in the range of 15% to

16%, an increase of about 2 points from our prior forecast. Lastly, fluid management's revenue growth is now forecasted to be in the range of 20% to 21%, up about 5 points. This significant increase is driven by broad-based growth in their end markets.

With respect to acquisition growth, fluid management should increase 14%, a 1 point improvement from our prior forecast. In total, fluid management's revenue should increase 34% to 35%. Whereas electronic technologies acquisitions will add 15%, a 1 point improvement from our prior forecast for the full-year growth of 23% to 24%. Lastly, industrial products acquisitions should add around 1%. Corporate expense and interest expense are unchanged from our previous guidance. CapEx should now be at the high-end of our forecast; 3% of full-year revenue.

Now, let's go to the full-year earnings bridge on slide 12. Volume mix and price now stand at $0.60 to $0.65 for the full year, while net productivity is essentially unchanged at $0.26 to $0.28. We now expect completed acquisitions to deliver $0.07 to $0.08, an increase of $0.01 from our previous guidance. We continue to make investments in our growth spaces, with the impact of $0.14 to $0.17. Interest expense is unchanged at $0.03. Lastly, our improved normalized tax rate and discrete tax benefits will add $0.25 for the full year, up $0.02 from the last forecast. In total, we are now forecasting full-year EPS to be in the range of $4.45 to $4.50.

Let's turn to slide 13, which reconciles our current guidance with our prior guidance. On the last earnings call, we provided guidance of $4.50 to $4.60. After adjusting for $0.14, representing the full-year forecasted 2011 operating earnings of Paladin and Crenlo, our full-year adjusted guidance was $4.36 to $4.46. We then add $0.04 for performance and $0.02 for the third quarter tax benefit. The result is increased guidance of $0.06 at the midpoint and a new guidance range of $4.45, to $4.50, representing an increase of 20% from last year. With that, I'll turn the call back over to Bob.

Bob Livingston - *Dover Corporation - President and CEO*

Thanks, Brad. As you can see, we had a strong quarter, as well as an active year, so far, with acquisitions and divestitures. As we enter the fourth quarter, I am pleased by the strong market activity that most of our businesses are seeing. This activity, supported by our continuing investments in geographic expansion and product innovation, give me great confidence we will deliver full-year revenue growth of 20%. The portfolio changes we've made this year have resulted in a better group of companies than we've ever had before. We are very well-positioned in our 5 growth spaces and poised for further investment in growth. Accordingly, I expect Dover to perform better than before, in both strong and modest markets. In closing, I'd like to thank our employees, customers and suppliers around the world for all their efforts in making the third quarter a success. Now, Paul, let's take some questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Jeffrey Sprague, Vertical Research.

Jeffrey Sprague - *Vertical Research Partners - Analyst*

I was wondering if you could address a little bit more what you're seeing in the energy patch? Obviously, your results in the quarter are strong. There's been some indications that things are getting weaker in pressure pumping, which is not exactly your space. But around the edges, I wonder if artificial lift, given that a lot of that production is the marginal production with some weakness in WTI around the edges and the like, if you are in fact seeing any signs of activity there, feathering back a little bit?

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Bob Livingston - *Dover Corporation - President and CEO*

We are not seeing any slowdown, feathering around the edges or whatever phrase you used here, in artificial lift, specifically. We're not seeing any slowdown in any of our energy markets that we participate in. In fact, even if you look at our order trends during the quarter, our orders were stronger in September than they were in July for energy. So, that's not what we're seeing.

Jeffrey Sprague - *Vertical Research Partners - Analyst*

Very interesting. Then, on Sound Solutions, Bob, can you update us on where you're at on the customer migration there? Obviously, you've got a shift from Nokia fairly quickly. It sounds like that's underway, and how long does that take? Just an update on the process there?

Bob Livingston - *Dover Corporation - President and CEO*

You've picked on one of the major projects that we had here with Sound Solutions as we entered the first quarter of ownership, and that was managing, I would call, some rapid transition to some new customers. The Knowles team, the Sound Solutions team has done a very good job of transitioning to new customers. But, Jeff, I'll also share with you -- going into the quarter, going into that first month of ownership, we had some lower expectations with respect to volume from Nokia. Just because of what we've all been reading about and experiencing with their loss of market share, our business with Nokia in the third quarter was a little bit better than expected. I don't want to take 1 quarter and extend it for the next 8, but we felt the activity with Nokia in the third quarter was fairly promising.

Jeffrey Sprague - *Vertical Research Partners - Analyst*

Great, but you are in a fast shift elsewhere, right, leveraging off --?

Bob Livingston - *Dover Corporation - President and CEO*

Very fast. In fact, I don't remember how many folks we may have had in this little town out in California by the name of Cupertino 6 months ago, but I think now we have a sales and service team of about 8 people. And we have ramped reduction capability significantly during the quarter in the Beijing factory.

We'll get a further boost with some help on these transitions to new customers this quarter, as we start to introduce, in the Beijing factory, some fairly interesting automated lines. And that rollout over the next couple or 3 quarters of these automated lines in the Beijing factory are very, very key to our yield improvement and our gross margin improvement in this business for next year.

Jeffrey Sprague - *Vertical Research Partners - Analyst*

Great, thank you very much.

Operator

Jim Lucas, Janney Capital Markets.

Jim Lucas - *Janney Montgomery Scott - Analyst*

First question, on product ID, could you give us an update there of some of the changes that you put in place here initially, and how the transition is going within product ID?

Bob Livingston - *Dover Corporation - President and CEO*

Yes, be glad to. I don't remember now who asked the question, I think it was on the first quarter call in April, and my response probably expressed some frustration with how we had rolled out product development in some new product launches, et cetera. You couldn't see my face at the time, but I probably, not only expressed some frustration, I probably had a pretty serious frown on my face. I'm feeling much better about this today. We've experienced very nice traction in the marketplace over the last 3 to 4 months with the new products. We have followed the major product launch in March and April with several upgrades, mostly around feature sets and expanding the product launches, and it has been very well received. Pleased with the growth we've had in the past 3 or 4 months.

Let me see here, Jim, let me see if I have this data. The organic growth for Markem-Imaje, and I'm speaking specifically of Markem-Imaje, not product ID, but organic growth for Markem-Imaje in the first half was only 4%. And for us, we actually considered that -- it should have been better than that. The second half is going to be about double that. We're very pleased with the progress we're making.

Jim Lucas - *Janney Montgomery Scott - Analyst*

Okay, that's very helpful. And then, switching gears, you've already had a busy year on the M&A side in Oil Lift, a nice tuck-in here. In your commentary, you'd referred to some other activity before the end of the year. As you're looking at the pipeline, in terms of the size of deals, the multiples you're seeing out there, where potentially they could be, any color you could share with us on the M&A pipeline would be appreciated.

Bob Livingston - *Dover Corporation - President and CEO*

As I said in my prepared comments, I'm rather confident we're going to have 1 or 2 more acquisitions to announce before year-end. But if you want some color on the profile of the pipeline itself, I would tell you to look at the fact pattern on our acquisition activity over the last 2.5 years, and look at the size, and treat Sound Solutions as an outlier. That was our larger deal. But if you take Sound Solutions out of the fact pattern, then the size of deals we've done have been -- goodness, we've probably done 1 or 2 as low as $5 million, although that hasn't been the average; Harbison-Fischer being sort of the top end of that revised fact pattern, and the deals in our pipeline cover that fact pattern.

Jim Lucas - *Janney Montgomery Scott - Analyst*

With regards to the multiples you're seeing out there, have you seen any changes?

Bob Livingston - *Dover Corporation - President and CEO*

It depends on the business. It depends on the space. My general response would be that, for high quality assets, for high-quality businesses, the prices are staying healthy.

Jim Lucas - *Janney Montgomery Scott - Analyst*

Great. Thank you.

Operator

John Inch, Bank of America Merrill Lynch.

John Inch - *BofA Merrill Lynch - Analyst*

First, you called out semicon down 30%. Bob or Brad, what would be the relative annualized revenues of the semicon businesses that are tied to semicon? So maybe not tied to MEMs or whatever, but the true deep cyclical stuff that would foot to the 30%. How big is that? And as part of that question, really, the question is because you're calling for relative stability in the fourth quarter, are growth rates all else equal? Bob, I know you know these businesses well, given your history with them. Are growth rates set to actually improve from this trajectory heading into next year? Again, just partly because of comps or whatever else you want to look at?

Bob Livingston - *Dover Corporation - President and CEO*

I'm not sure I could sit here and give you comps on expected first-quarter growth rates, John. Let me back up. Let's take some confusion out of this group of companies here, and let me share some data with you. First off, 2010 revenue for these 3 equipment companies in electronics, 2010 revenue, almost $600 million in sales. Electronic assembly, there's really 3 parts of the market that we play in within this group -- electronic assembly, last year 2010, about 55% of the total. Semicon test was about 40% of the total, and solar was about 5% of the total.

Now let me bring it forward to 2011, and I'm going to try to do an apples and apples comparison here. So I'm going to give you numbers that we think we're going to end up with the year on; not through the third quarter, but for the year. 2011 revenue in this group, approximately $650 million. Electronic assembly has been rather stable; it's about 52% of our total this year. Semicon test has dropped a bit; it'll be about 31% of our total. Solar, we've had a good year. Let me put it this way, we've had a good first 3 quarters. And solar will end up being about 17% of the total. That gives you some size on the spaces.

And I think the other part of your question was our outlook going into 2012; is that right, John?

John Inch - *BofA Merrill Lynch - Analyst*

Really, also, given obviously what's going on in the macro as it pertains to semicon. Semicon, you're basing your numbers as 200. It's down 30, based on Brad's commentary. It's going to be similar in the fourth quarter. Does that growth, all else equal, get better just because of tough, or easy second-half comps? Or there is still kind of risk to the business, do you think?

Bob Livingston - *Dover Corporation - President and CEO*

Okay, so semicon test in the fourth quarter, we actually have it planned as being flat with the third quarter. I will tell you, as we enter the early part of planning for 2012, we don't believe there is going to be much of a change in our outlook on this space, for sure in the first quarter. We're probably being a little bit cautious in saying it's probably not going to be much of a change in the first half. But don't lose sight of the fact that the largest piece in this group of companies is actually our electronic assembly. And, John, it's not just been stable '10 to '11, actually -- it's actually rather amazing how stable this part of the business has been sequentially through 2011. And we see that fact pattern continuing into 2012 as well.

It's different dynamics. And we've got a strong recurring revenue in electronic assembly. And what we have noticed over the last couple of years that the fact patterns of market cycles and market dynamics are a bit different between semicon test and electronic assembly, at least for us. Because, today, the bulk -- and I'm not going to give you a percentage, but I'm going to tell you it's rather significant that the bulk of our activity in electronic assembly is around the smartphone and handset markets.

Maybe Brad wants to add something else?

Brad Cerepak - *Dover Corp - VP of Finance and CFO*

The only thing I would add on our solar side is that -- you know we talked about that last quarter that we saw that slowing significantly. As I commented on earlier, we're really working down backlog at this point, John, because the order rate intake is very, very slow. So sequentially, solar actually drops from third to fourth by almost 50% in terms of sales. And I would say the same thing with respect to what Bob said on the semi, is that we don't see solar recovery really, at this point, until maybe the back half of next year. So, one way to think about it is, we love the solar business, it's ramped up dramatically in the first half. Second half has been weak; that'll continue a little bit into early parts of '12, and hopefully recover after that as we start to see some of those businesses pop back.

John Inch - *BofA Merrill Lynch - Analyst*

Thank you for the answer. That's very helpful. Can I just ask, as a follow-up, the other point that people just have questions toward is really the energy business. It's obviously super-strong today, and, Bob, your comment suggests that you didn't really see much of a change. The question comes down to really just the trajectory, though. The trajectory seems to be somewhat unsustainable, based on rig count. That may not be true. I'm just curious as to your thoughts around the trajectory.

And then, really, the other part of this is -- as you mix internationally, like I know you opened a plant in the Middle East -- as you mix internationally over time, do those international revenues come at a lower profit margin? Because, obviously, energy has very high profit contribution.

Bob Livingston - *Dover Corporation - President and CEO*

Okay, you asked 1 follow-up question that had 4 parts to it, John. We've shared some data on our energy businesses in the past, that about 70% of our energy revenue, you can get a pretty high correlation with rig counts. We saw sequential rig count deployment growth in the third quarter of about 6%. We see rig count deployment continuing to grow here in the fourth quarter. And, John, I am going to tell you, all of the customers that we're talking to and all the data we're looking at, calls for further rig count deployment again, growth in it next year. And again, that correlates with about 70% of our business.

The 30% that's not highly correlated with rig count has more to do with downstream distribution and power gen, and the growth rates in that part of our business are actually expanding. I would label that as perhaps part of the late cycle part of our energy portfolio.

With respect to the international business, it is growing. It's becoming a bigger part of our business, and the profit margins are not less.

John Inch - *BofA Merrill Lynch - Analyst*

I'm sorry, they're not less?

Bob Livingston - *Dover Corporation - President and CEO*

They're not less.

John Inch - *BofA Merrill Lynch - Analyst*

Great. Okay. Thank you.

Operator

Terry Darling, Goldman Sachs.

Terry Darling - *Goldman Sachs - Analyst*

Bob, wondering if we could just continue on the back of the envelope math that you're doing there for folks on the 2012 outlook. The commentary on semicon would suggest your third quarter, you're down another 30% or so, and the comps say similarly tough through mid-year. I think you're suggesting if you move sideways from these levels, obviously the comps now in the second half of '12 become very easy. So down 30% in the first half, flat in the second half, if we want to assume that down 15% for the total. I think your run rate comments on solar would assume down 45% or 50% next year; you're talking about EA being pretty stable. If I back of the envelope that and run it together, it's down about 15% or 20% for EA altogether as a framework for '12. Does that sound reasonable? Or am I missing something there?

Bob Livingston - *Dover Corporation - President and CEO*

That sounds reasonable, but, Terry, I'm going to encourage you to show up at Dover Day here in a few weeks, and we will give you a little bit more detail on this then I'm giving you today.

Terry Darling - *Goldman Sachs - Analyst*

Well, I'd have shown up for that just because I know the food's so good there. That's helpful. And then, just to maybe square up the components dynamics that we're aware of there. Your comments this quarter point to about a 12% organic growth rate, I think, stripping out the acquisitions and FX, if I got that commentary from Brad correct.

Bob Livingston - *Dover Corporation - President and CEO*

Sounds about right.

Terry Darling - *Goldman Sachs - Analyst*

Take us through what the all-in thinking on Sound Solutions is now, and maybe an updated view on what the Knowles picture looks like given the expansion in capacity there?

Bob Livingston - *Dover Corporation - President and CEO*

Well, we wouldn't change our outlook or expectations for the balance of this year for Knowles. It's not any different than what we had here on our outlook and guidance on the July call. We continue to see handset and smartphone growth. We're going to capture our share of that, perhaps a bit more than our fair share. We are adding capacity for next year, Terry. I fully believe that by the time we get into the first quarter, we'll be looking at adding capacity again that'll be in support of our expectations for growth in the second half of 2012.

Sound Solutions, Brad said it, I've said it, I'm just going to repeat myself and I know it sounds like a broken record, but we are very, very pleased with the start we've had here with Sound Solutions. Our expectations for next year, I'm leaning towards Brad now, because I know we gave you some guidance on the July call.

Brad Cerepak - *Dover Corp - VP of Finance and CFO*

$0.18 to $0.20.

Bob Livingston - *Dover Corporation - President and CEO*

$0.18 to $0.20 for next year, and sitting here today, we don't see a headwind on that.

Terry Darling - *Goldman Sachs - Analyst*

Is that still from a revenue perspective for Sound Solutions next year, is that still on the $175 million to $200 million range implied in that, or have you raised that based on --?

Brad Cerepak - *Dover Corp - VP of Finance and CFO*

For this second half this year, since we've owned them only for half of this year, Terry, we expect sales to be slightly over $200 million for the second half of this year.

Terry Darling - *Goldman Sachs - Analyst*

Right, so I'm just thinking, if you assume no growth running into next year, you got another $200 million for half a year next year, right?

Brad Cerepak - *Dover Corp - VP of Finance and CFO*

If you assume no growth.

Bob Livingston - *Dover Corporation - President and CEO*

But that's not what our view is at this point. I wouldn't want to accept that plan.

Terry Darling - *Goldman Sachs - Analyst*

That's off of the 2011 base, that's growth for components of 10% or 15% just on acquisitions right there. Where are you thinking on the range of expectations on Knowles for next year on an organic basis? Is that still in the 8% to 12% range?

Bob Livingston - *Dover Corporation - President and CEO*

Yes, Terry, we're going to share a lot of this detail with you at Dover Day. We still are early in our planning stage. We need a few more weeks to finish this.

Terry Darling - *Goldman Sachs - Analyst*

Okay --.

Bob Livingston - *Dover Corporation - President and CEO*

(multiple speakers) high level of color, but you're trying to take me in some detail that, quite frankly, I'm not prepared to give.

Terry Darling - *Goldman Sachs - Analyst*

Well, you've given a lot of the important pieces and there's obviously a lot of concern about this business. It just seems to me like an opportunity for you to clear it on up. But I appreciate the help.

Bob Livingston - *Dover Corporation - President and CEO*

Knowles is quite healthy.

Operator

(Operator Instructions) Steve Tusa, JPMorgan.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

Just a quick follow-up on the tech business -- first of all, very helpful detail, I appreciate it. The consumer electronics piece of that portfolio, you call it the core, non-semi, non-solar business --?

Bob Livingston - *Dover Corporation - President and CEO*

I refer to it as the electronic assembly piece.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

Okay. The electronic assembly piece, right. So what did that business grow in 2010? Because you've got a segment here that grew 75% in 2010. Obviously, solar was picking up, so it was an incremental driver there.

Bob Livingston - *Dover Corporation - President and CEO*

You are asking me what the growth rate was for electronic assembly in 2010, and, Steve, I don't have that answer. I don't know.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

But I'm just curious, because you said that it's a little more stable, but the segment was up 75%, so there was obviously a business in there that was -- and it was actually up, I think 50%, in the first half of this year. I'm just curious, is that all semi? I'm just trying to get my hands around the degree of cyclicality here.

Bob Livingston - *Dover Corporation - President and CEO*

I'm not even sure what the question is, Steve?

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

You're parsing out the business in a very helpful way, and you're saying that the assembly businesses are more stable, and don't have the same cyclical --.

Bob Livingston - *Dover Corporation - President and CEO*

And have been this year and last year, yes.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

Okay, so that means that to get to a business in 2010 that's up 75% in total, which is what you've given us in the 10-Ks, there has to be a business in there that is pretty heavily cyclical. And what you're saying is that's all the semi.

Bob Livingston - *Dover Corporation - President and CEO*

It's semi and solar.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

That's all the semi, and that's all the solar.

Bob Livingston - *Dover Corporation - President and CEO*

Yes.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

Okay. That's helpful. How is the other components business outside of Knowles doing? Is that up in line with the components average organic that Terry referenced -- the up 12%?

Bob Livingston - *Dover Corporation - President and CEO*

Telcom, infrastructure, the second half is down a little bit versus the first half. But for us, telecom infrastructure tends to go in project waves anyway, so I don't view that as being abnormal. For our CMP business, I think first half is fairly consistent with the second half. We are seeing some order pressure, especially in the military part of the business. But earnings and margins continue to be quite healthy.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

Helpful. One more question, there's lots of moving parts here into the fourth quarter. You've got some businesses moving around -- Knowles, still doing well; Sound Solutions, beginning to contribute on a profit basis. You've given us great detail around the revenues; how should we think about the margin there for the fourth quarter?

Bob Livingston - *Dover Corporation - President and CEO*

I don't have that kind of detail.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

For electronic test, in total, sorry. In total, for the business.

Bob Livingston - *Dover Corporation - President and CEO*

For electronic technology segment?

Terry Darling - *Goldman Sachs - Analyst*

Electronic technologies, correct.

Bob Livingston - *Dover Corporation - President and CEO*

We'll have some margin pressure in the fourth quarter, but I'm sitting here right now, I'm drawing a blank. I really don't know what the margins forecast is for the fourth quarter for electronic technologies.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

Okay, I really, really appreciate the detail. Thanks for helping us out with that. Thank you.

Operator

Shannon O'Callaghan, Nomura Securities.

Shannon O'Callaghan - *Nomura Securities Intl - Analyst*

Bob, you've done a really nice job building these different platforms, and now you've done some pruning, too, on the 2 construction businesses. As we think about the electronic assembly and test business, with all the color you gave on it, how do you feel about that as part of the portfolio, because it's taking away from what you've built in the rest of the Company. The businesses you have in there, Everett Charles and the other ones, valuable assets, but you could basically give them away right now and the stock would probably go up. It used to be a bigger problem for Dover 10 years ago, it's a lot smaller now, but it still distracts, I think, from these core growth spaces that you've built. Is that still considered core to the portfolio, or how do you think about it? It seems like it would be very valuable to somebody else.

Bob Livingston - *Dover Corporation - President and CEO*

I'm going to point out something else for everyone that's here on the call. We have spent probably two-thirds of the time here this morning talking about 3% of our revenue. I just want to put that in perspective.

Shannon O'Callaghan - *Nomura Securities Intl - Analyst*

That's my point.

Bob Livingston - *Dover Corporation - President and CEO*

This has consumed about 60% of your attention this morning. On the 2 pieces that we are seeing some challenges with the rate now, semi and solar, my comment would be -- on semi, it's not any different than what I've been sharing over the last couple of years. This is not an area that I want to continue to grow in, and you will not see us deploy more capital in the semicon area.

Solar is something different, Shannon. We're going through a little bit of a gyration and a pause right now, but we happen to believe that solar is going to be a good market for us to play in. And as we move into 2012, actually more of our attention moves on solar to making sure we're prepared even better than we have been this past year to support solar production and consumption in China.

Shannon O'Callaghan - *Nomura Securities Intl - Analyst*

Okay.

Bob Livingston - *Dover Corporation - President and CEO*

The solar part of the business, you'll see us continue to make investments in people and product development.

Shannon O'Callaghan - *Nomura Securities Intl - Analyst*

Yes, I think the moves you made in construction have been positive, and I just think maybe there's more to do potentially in this space that would be a lot clearer for your store going forward, even though it's a small piece. That's what happens. Little pieces like this become bigger focus points just by, like what you said -- your 5 growth spaces are driving the Company, yet, for some reason not what we end up talking about, right? So that's all I was saying.

Can I get a question also, just in terms of Knowles, when you think about some of the timing, there's been a little noise, quarter to quarter on some things around timing of cell phone launches. Has that been impacting you guys with some of the big players that are out there?

Bob Livingston - *Dover Corporation - President and CEO*

We may see a little bit of noise month to month, but my answer would be, no, I don't think you're going to see much of a noise in looking at Knowles on a quarter-to-quarter comparison.

Shannon O'Callaghan - *Nomura Securities Intl - Analyst*

Okay. All right. Thanks a lot.

Operator

Julian Mitchell, Credit Suisse.

Julian Mitchell - *Credit Suisse - Analyst*

I had a question in engineered systems -- if you look at the engineered product piece of that, some of it has some, obviously, exposure to buildings-related segments, a little bit of consumer. Could you talk a bit about the order trends you're seeing in engineered products, and what your assumptions are for that for the rest of this year and into next?

Bob Livingston - *Dover Corporation - President and CEO*

Okay. Actually, with respect to engineered products, the big driver, obviously, no surprise, is Hill PHOENIX. And folks, I've got to tell you, Hill PHOENIX has had a remarkable year. In an overall market that's probably down 6% to 8%, they've actually grown top line 5 percentage points, and have expanded their margins for the year by about 100 basis points. They're quite well positioned.

But you're specifically asking about order rates, and let me give you a number, or let me help you with a little bit of color here. If you were to remove the Hill PHOENIX from the engineered systems numbers for the third quarter, book-to-bill for both engineered products, as well as product ID, would have been greater than 1. So, what we're seeing in the book-to-bill for engineered products end of third quarter is the impact of the seasonality that we've been talking about and sharing with you for 3 years now, of just the change between third quarter full production and fourth quarter slowdown seasonality and transition into the new year. But again, absent Hill PHOENIX, the entire segment and both individual platforms and engineered systems would've had a positive book-to-bill.

Julian Mitchell - *Credit Suisse - Analyst*

Okay, thanks. And then, just in terms of the growth outlook, obviously a number of conglomerates talking about pushing out that restructuring a little bit as we get towards the year-end. What is your view on the cost base whether it's the footprint or other things in terms of manufacturing? Are you planning on accelerating any kind of cost reduction programs, or it's more about steady as you are in looking for M&A opportunities?

Bob Livingston - *Dover Corporation - President and CEO*

Well, I would say for Dover, overall, you would probably make the comment that it's steady as we are, and it is still quite amazing that in several of our businesses, we are still investing for capacity expansion. We continue to do that in our energy businesses, and we continue to do that in Knowles and Sound Solutions. There are some spots where we've been taking cost out all year long. It's normal and ordinary activity, and we'll continue to do that. We don't have a specific announcement to share with you. We just do it normal and ordinary methods. With the exception of probably 3 or 4 of our businesses, I would tell you that the rest of the companies in Dover are sitting here today trying to figure out how they are going to grow next year, not shrink their business.

Julian Mitchell - *Credit Suisse - Analyst*

Okay, thanks.

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Operator

At this time, there are no further questions. I would now like to turn the call back over to Mr. Goldberg for closing remarks.

Paul Goldberg - *Dover Corporation - Treasurer & Director of IR*

Thanks, Melissa. This concludes our conference call. With that, we thank you for your continued interest in Dover, and we look forward to speaking to you again next quarter. Thanks a lot. Goodbye.

Operator

Thank you. That concludes today's Third-Quarter 2011 Dover Corporation Earnings Conference Call. You may now disconnect your lines at this time. Have a wonderful day.
