



July 21, 2015 – 9:00am CT

# Earnings Conference Call Second Quarter 2015

## Forward looking statements and non-GAAP measures

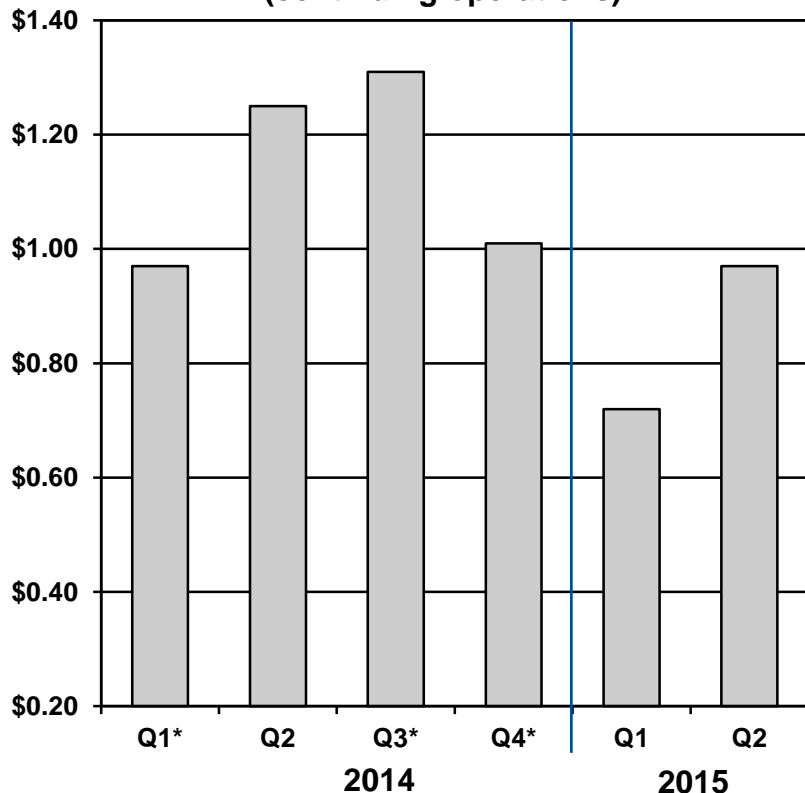
We want to remind everyone that our comments may contain forward-looking statements that are inherently subject to uncertainties and risks. We caution everyone to be guided in their analysis of Dover Corporation by referring to the documents we file from time to time with the SEC, including our Form 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 second quarter 2015.

# Q2 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; includes restructuring costs of \$0.10 in Q1 2015 and \$0.01 in Q2 2015

	Q2	Q2/Q2	1H	1H/1H
Revenue	\$1.8B	-10%	\$3.5B	-8%
Adj. EPS (cont.)	\$0.97	-22%	\$1.69	-24%
Bookings	\$1.7B	-14%	\$3.5B	-12%
Seg. Margins	15.6%	-300 bps	14.5%	-330 bps
Organic Rev.	-10%		-8%	
Acq. Growth	4%		4%	
FCF (a)	\$175M	23%	\$278M	102%

## Quarterly Comments

- Revenue impacted by tough NA energy markets, FX headwinds and reduced spending by retail refrigeration customers; partially offset by solid performance in Fluids and Engineered Systems
- US and Asian markets declined driven by NA energy, retail refrigeration and moderating China capex spend; Europe remained solid
- Segment margin was impacted by lower volume and business mix
- Bookings decline driven by NA energy markets, and reduced customer capital spending in retail refrigeration, oil & gas related pump markets and select industrial markets
- Book-to-bill of 0.98

(a) See Press Release for free cash flow reconciliation

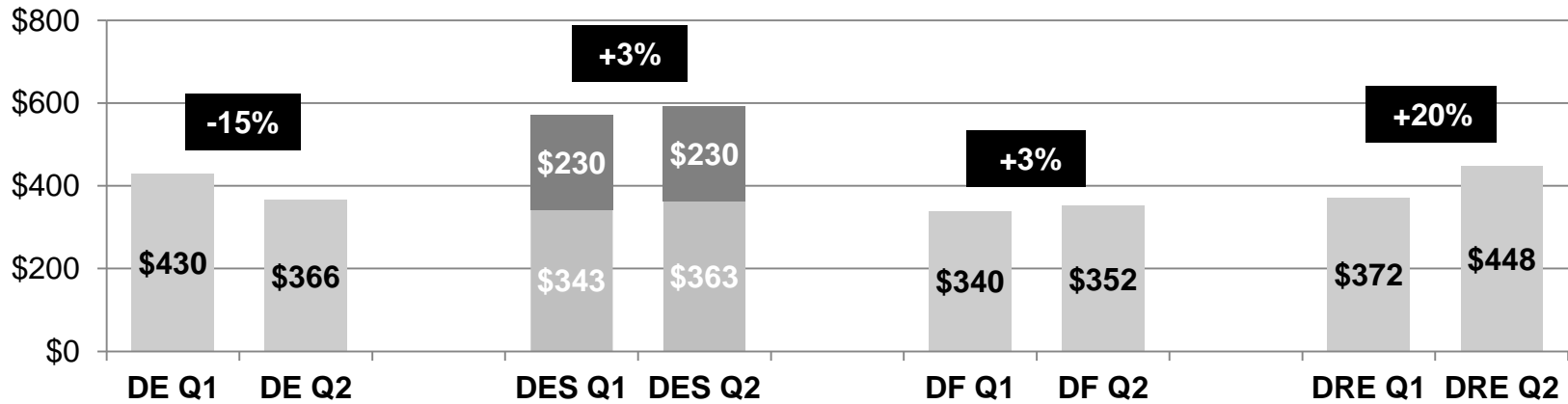
# Revenue

<b>Q2 2015</b>	<b>Energy</b>	<b>Engineered Systems</b>	<b>Fluids</b>	<b>Refrigeration &amp; Food Equip</b>	<b>Total</b>
Organic	-34%	3%	6%	-12%	-10%
Acquisitions	12%	-	2%	1%	4%
Currency	-2%	-6%	-6%	-3%	-4%
<b>Total</b>	<b>-24%</b>	<b>-3%</b>	<b>2%</b>	<b>-14%</b>	<b>-10%</b>

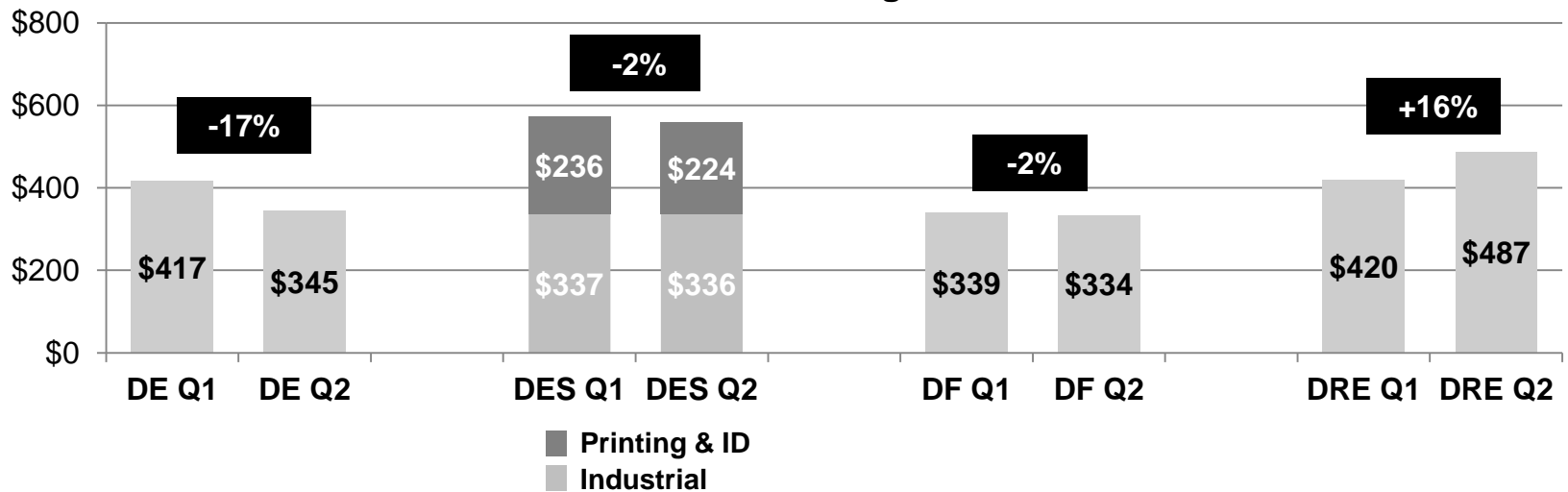
<b>1H 2015</b>	<b>Energy</b>	<b>Engineered Systems</b>	<b>Fluids</b>	<b>Refrigeration &amp; Food Equip</b>	<b>Total</b>
Organic	-29%	4%	4%	-10%	-8%
Acquisitions	14%	1%	2%	1%	4%
Currency	-2%	-6%	-6%	-3%	-4%
<b>Total</b>	<b>-17%</b>	<b>-1%</b>	<b>-</b>	<b>-12%</b>	<b>-8%</b>

# Sequential Results – Q1 2015 → Q2 2015

## Revenue



## Bookings



# Energy

- Revenue decline driven by steep deterioration in NA oil & gas markets resulting in destocking and diminished demand
  - International markets holding up well
- Adjusted margin of 12.0% reflects negative product mix and modest price pressure
  - Will reduce cost base nearly \$90 million this year
- Bookings decline of 28% largely driven by macro oil & gas trends
- Book-to-bill at 0.94

\$ in millions

	Q2 2015	Q2 2014	% Change
Revenue	\$366	\$481	-24%
Earnings	\$ 41	\$115	-64%
Margin	11.2%	23.9%	-1270 bps
Adj. Earnings*	\$ 44	\$115	-62%
Adj. Margin*	12.0%	23.9%	-1190 bps
Bookings	\$345	\$477	-28%

Revenue by End-Market	% of Q2 Revenue	Y / Y
Drilling & Production	68%	-30%
Bearings & Compression	22%	-5%
Automation	10%	-14%

\* Q2 2015 earnings adjusted for \$3M in restructuring costs

## Engineered Systems

- Organic revenue growth is solid in both platforms
  - Printing & Identification grew 4% organically, driven by solid global markets for core printing and coding products
  - Industrial's organic growth of 3% was led by waste handling and auto-related businesses
- Margin of 16.3% impacted by business mix
- Bookings decline primarily reflects impact of FX and softness in capital spending in Asian and European industrial markets
- Book-to-bill of 0.94

\$ in millions

	Q2 2015	Q2 2014	% Change
Revenue	\$593	\$614	-3%
Earnings	\$ 97	\$102	-5%
Margin	16.3%	16.6%	-30 bps
Bookings	\$560	\$609	-8%

Revenue by End-Market	% of Q2 Revenue	Y / Y Growth
Printing & Identification	39%	-9%
Industrial	61%	Flat

## Fluids

- Organic revenue grew 6%, driven by solid activity in Fluid Transfer and strong project-related shipments in pumps, partially offset by FX headwinds
- Segment margin of 20% reflects positive product mix and leverage on volume
- Bookings decline primarily related to oil & gas end-market exposure in Pumps, the impact of FX, and the timing of project related orders
- Book-to-bill at 0.95

\$ in millions

	Q2 2015	Q2 2014	% Change
Revenue	\$352	\$346	2%
Earnings	\$ 70	\$ 63	11%
Margin	20.0%	18.2%	180 bps
Bookings	\$334	\$375	-11%

Revenue by End-Market	% of Q2 Revenue	Y / Y Growth
Pumps	44%	Flat
Fluid Transfer	56%	3%



## Refrigeration & Food Equipment

\$ in millions

- Revenue results driven by weak customer spending in retail refrigeration and timing of shipments in can shaping equipment
  - Replacement activity for lost refrigeration volume has been slow to develop
- Segment margin performance reflects lower volume and product mix
- Bookings reflect slower than anticipated order activity in retail refrigeration, partially offset by solid food equipment orders
- Book-to-bill seasonally strong at 1.09

	Q2 2015	Q2 2014	% Change
Revenue	\$448	\$522	-14%
Earnings	\$ 66	\$ 85	-23%
Margin	14.7%	16.3%	-160 bps
Bookings	\$487	\$543	-10%

Revenue by End-Market	% of Q2 Revenue	Y / Y Growth
Refrigeration	78%	-13%
Food Equipment	22%	-19%

## Q2 2015 Overview

Q2 2015	
Net Interest Expense	\$32 million, flat with last year
Corporate Expense	\$20 million, down \$9 million from last year; reflecting cost management initiatives
Effective Tax Rate (ETR)	Q2 rate was 29.3%, essentially inline with forecast
Capex	\$44 million, inline with expectations
Share Repurchases	Repurchased 4M shares (\$300M) in quarter

## FY 2015 Guidance

- Revenue
  - Organic revenue: (8% - 7%)
  - Completed acquisitions:  $\approx 3\%$
  - FX impact: (4%)
  - Total revenue:  $\frac{\quad}{(9\% - 8\%)}$
- Corporate expense:  $\approx \$116$  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	(32% - 31%)
Engineered Systems	3% - 4%
Fluids	5% - 6%
Refrigeration & Food Equipment	(8% - 6%)
Total organic	(8% - 7%)
Acquisitions	$\approx 3\%$ (a)
FX Impact	(4%)
Total revenue	(9% - 8%)

(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> :	(0.02) - 0.00
– Performance including restructuring benefits <sup>(3)</sup> :	(1.00 - 0.92)
– Acquisitions <sup>(4)</sup> :	0.02 - 0.04
– Shares <sup>(5)</sup> :	0.20 - 0.21
– Interest / Corp. / Tax rate / Other (net):	<u>0.01 - 0.03</u>
■ 2015 EPS – Continuing Ops	<u><u>\$3.75 - \$3.90</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 \$0.17 - \$0.19 in FY 2015, and pension settlement costs of \$0.01 in Q4 2014

(3) Includes restructuring benefits of \$0.36 - \$0.38

(4) Deals completed, principally Accelerated

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

