



October 20, 2020 – 8:00am CT

Earnings Conference Call Third Quarter 2020

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, including the impacts of the novel coronavirus (COVID-19) on the global economy and on our customers, suppliers, employees, operations, business, liquidity and cash flow. 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 Annual Report on Form 10-K for 2019 and Quarterly Reports on Form 10-Q, 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](https://www.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.

Summary Corporate Q3 Results and Highlights

Q3 2020

Highlights and Comments

Revenue change (Y-o-Y)	All-in	-4%	<ul style="list-style-type: none"> Continued sequential improvement across all segments FX impact: +1%; acquisitions offset dispositions
	Organic ⁽¹⁾	-5%	
Bookings change (Y-o-Y)	All-in	-1%	<ul style="list-style-type: none"> Book-to-bill⁽²⁾: 1.03; ~1/3rd of OpCos with positive Y-o-Y bookings Backlog⁽²⁾ remains strong (+14% Y-o-Y, driven by DRFE)
	Organic ⁽²⁾	-1%	
Segment EBIT margin improvement (Y-o-Y)	Reported ⁽³⁾	+50 bps	<ul style="list-style-type: none"> Improving volumes, mix, and ongoing cost actions drive outperformance vs. internal targets Absolute earnings improvement in DPPS and DRFE
	Adjusted ⁽¹⁾	+70 bps	
Earnings	Reported	\$200M	<ul style="list-style-type: none"> Reported Y-o-Y change: -3% Adjusted Y-o-Y change: -1%
	Adjusted ⁽¹⁾	\$232M	
Diluted EPS	Reported	\$1.38	<ul style="list-style-type: none"> Reported Y-o-Y change: -1% Adjusted Y-o-Y change: flat
	Adjusted ⁽¹⁾	\$1.60	
Free Cash Flow (% of)⁽¹⁾	Revenue	17%	<ul style="list-style-type: none"> Q3 FCF⁽¹⁾ down \$10M Y-o-Y YTD FCF⁽¹⁾ up \$117M Y-o-Y; liquidity position remains robust
	Adj. Earnings	127%	
Guidance and other activities			<ul style="list-style-type: none"> 2020 EPS guidance raised: <ul style="list-style-type: none"> GAAP: \$4.52 – \$4.57 Adjusted⁽¹⁾: \$5.40 - \$5.45

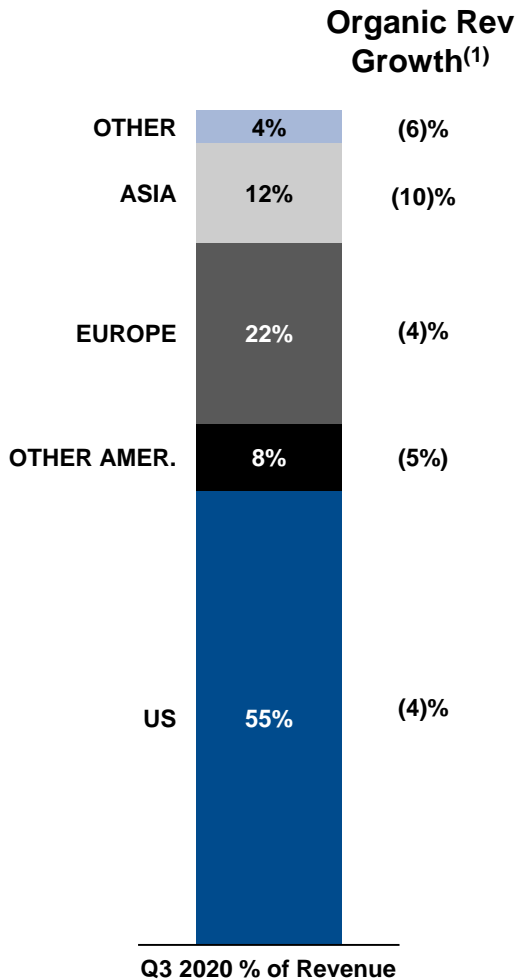
Q3 2020 Segment Results

Segment	Q3 2020 ⁽¹⁾		Comments
	Revenue (\$M) / Organic Change %	Adj. EBIT % / bps Δ Y-o-Y	
DEP	\$387 -10%	17.4% -20 bps	<ul style="list-style-type: none"> Strength in aerospace & defense and strong recovery in vehicle aftermarket. Weakness in industrial winches. Difficult Y-o-Y comp in waste handling vs. all-time record in Q3 '19 Modest margin decline as impact of lower volumes partially offset by productivity and mix
DFS	\$381 -8%	17.9% +120 bps	<ul style="list-style-type: none"> Sustained strong activity in above-ground retail fueling in North America (incl. EMV), expected lower demand in Asian markets and in fuel transport Margin up and adjusted earnings flat on productivity gains, pricing, and geo/product mix
DII	\$266 -8%	19.6% -290 bps	<ul style="list-style-type: none"> Marking & coding resilient on strong consumables and starting recovery in printers, particularly US and APAC. Textile printing capex remains impacted, consumables improving Digital print volume decline driving decremental margin. Strong margin performance in legacy marking & coding
DPPS	\$348 -1%	26.3% +330 bps	<ul style="list-style-type: none"> Continued growth in biopharma & hygienic; timing of large shipments from backlog in plastics & polymers. Ongoing subdued activity in compression and industrial pumps Continued margin strength on improved volumes, productivity gains and mix
DRFE	\$368 3%	10.8% +110 bps	<ul style="list-style-type: none"> Large project shipments from strong backlog in can making. Recovery in food retail and heat exchangers (ex-HVAC). Continued weakness in foodservice equipment Solid margin conversion on improved volumes

(1) Non-GAAP reconciliations in appendix

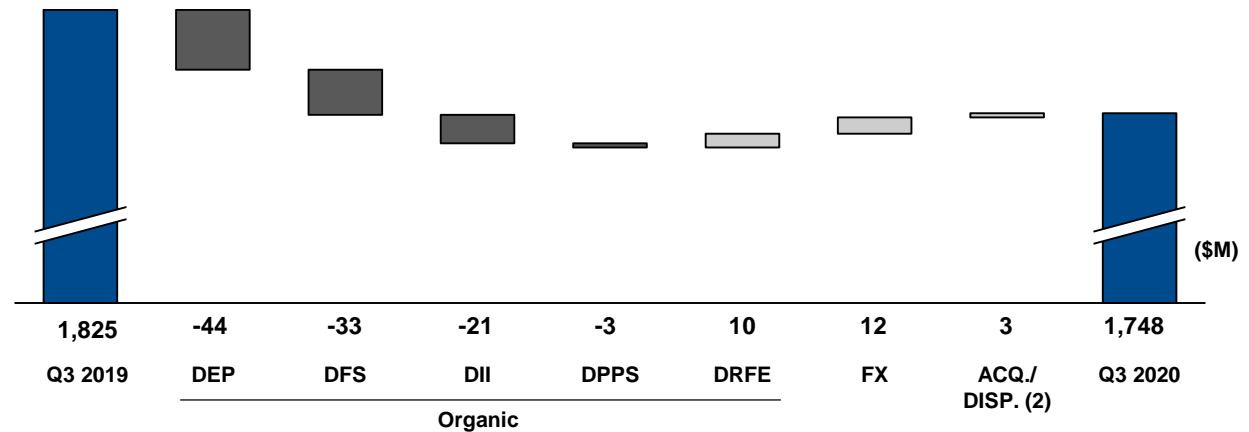
Q3 2020 Revenue & Bookings

Geographic Detail



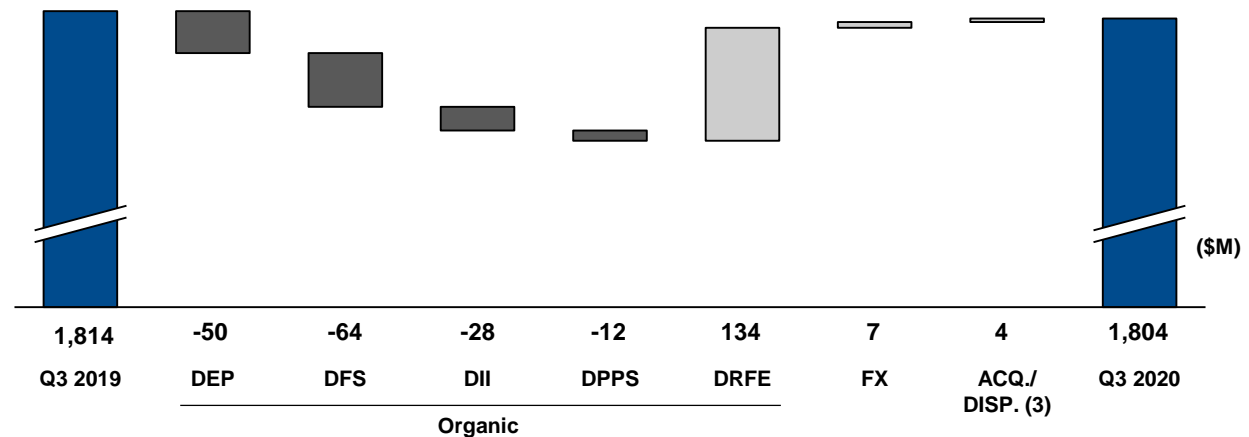
Revenue

Change in Organic Revenue⁽¹⁾: $-\$92\text{M}$, or -5.1%



Bookings⁽⁴⁾

Change in Organic Bookings⁽⁴⁾: $-\$21\text{M}$, or -1.1%



Note: \$ in millions. Numbers may not add due to rounding

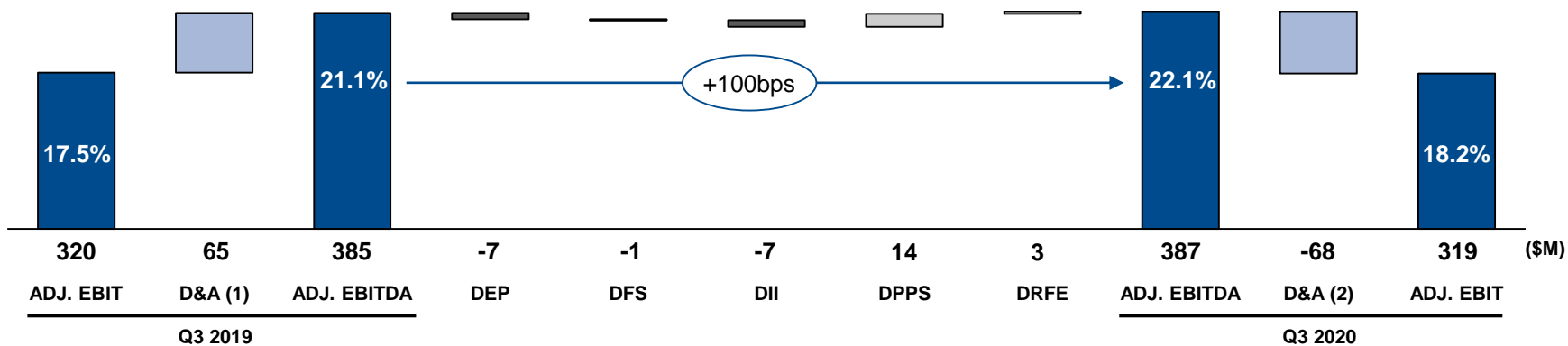
(1) Non-GAAP measure (definition and reconciliation in appendix)
 (2) Acquisitions: \$18M, dispositions: \$14M

(3) Acquisitions: \$14M, dispositions: \$10M
 (4) See performance measure definitions in appendix

Q3 2020 Adjusted Segment EBIT and Adjusted Net Earnings

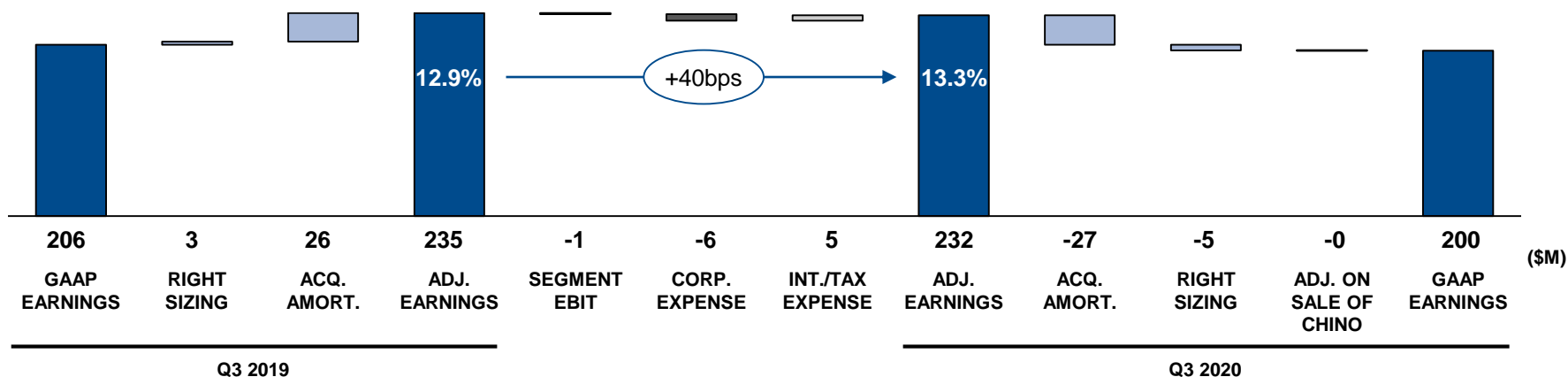
Change in Adjusted Segment EBIT ⁽³⁾

-\$1M



Change in Adjusted Net Earnings ⁽³⁾

-\$3M



(1) Depreciation: \$31M, Amortization: \$35M
 (2) Depreciation: \$32M, Amortization: \$35M
 (3) Non-GAAP measures (definitions and reconciliations in appendix)

Note: \$ in millions. Numbers may not add due to rounding

Year-to-Date Free Cash Flow

\$M	YTD '20	YTD '19	Δ
Net earnings	501	510	-8
Adjustments for (gains) losses ⁽¹⁾	(5)	47	-52
D&A	206	202	+4
Change in working capital	(80)	(146)	+66
Change in other ⁽²⁾	65	(29)	+94
Cash flow from operations	687	584	+103
Capex	(124)	(137)	+14
Free cash flow⁽³⁾	563	447	+117
FCF % of revenue⁽³⁾	11.5%	8.3%	+320 bps
FCF % of adj. earnings⁽³⁾	94.0%	69.1%	+2,490 bps

Note: Numbers may not add due to rounding

Trends and Business Outlook

Segment

Comments

DEP

- Trajectory stabilized but capital goods ex-auto remains subdued. Improving momentum in industrial automation and continued strength in defense & aerospace. Expect improved orders in waste handling after a market pause
- Good visibility with majority of Q4 revenue in backlog – limited upside/downside

DFS

- NA above-ground buoyed by EMV, but Q4 represents difficult Y-o-Y top line comparable; margin trajectory intact
- Decreased capital spend by “integrated oil” and expiration of China double-wall mandate to continue through Q4

DII

- Marking & coding steady on robust demand in FMCG and consumables as well as recovery in printers, parts and services
- Apparel/fashion markets showing sequential improvement but expected to remain soft Y-o-Y; sequential improvement in inks and select textile niches (e.g. home decor, sportswear)

DPSS

- Continued growth in biopharma, sequential improvement in industrial pumps
- Solid pace in plastics & polymers off the strong backlog, albeit below record Q3 2020 volume
- Precision components (compression) continues to be soft, mainly in O&G and power gen

DRFE

- Solid momentum in food retail, but entering seasonal slowdown due to holidays. Backlog building for 2021
- Strong outlook in aluminum can making for the foreseeable future; positive momentum/backlog in heat exchangers
- Foodservice (~10% of segment) to remain challenged on soft institutional demand through year end

FY2020 Guidance Update

EPS

- Raising FY 2020 EPS guidance:
 - GAAP: \$4.52 – \$4.57 (revised up from \$4.16 - \$4.41)
 - Adjusted⁽¹⁾: \$5.40 - \$5.45 (revised up from \$5.00 - \$5.25)

EBIT

- Expect full year Adjusted EBIT margin⁽²⁾ to be approximately flat year-over-year
 - Expect favorable FY decremental margin⁽²⁾ below 20-25% target range communicated previously
- ~\$75M full year permanent cost reduction well above \$50M goal at beginning of year
 - Approximately \$25M calendarization carryover benefit into 2021
 - Some temporary cost reductions become semi-permanent (e.g., lower travel budgets)

Cash Flow

- Free Cash Flow⁽²⁾ 11-12% of Revenue
- Capex: ~\$150M

(1) Non-GAAP measure (definition and reconciliation in appendix)

(2) Non-GAAP measure (definition in appendix)

Appendix

Q3 2019 to Q3 2020 Revenue and Bookings Bridges by Segment

Revenue Bridge by Segment

(\$ in millions)

	DEP	DFS	DII	DPPS	DRFE	Total
Q3 2019 Revenue	427	412	275	341	370	1,825
Organic Growth	(44)	(33)	(21)	(3)	10	(92)
FX	3	1	-	5	3	12
Acquisitions / Dispositions	1	-	12	4	(14)	3
Q3 2020 Revenue	387	381	266	348	368	1,748

Bookings Bridge by Segment

(\$ in millions)

	DEP	DFS	DII	DPPS	DRFE	Total
Q3 2019 Bookings	426	451	285	330	323	1,814
Organic Growth	(50)	(64)	(28)	(12)	134	(21)
FX	3	(3)	(1)	5	3	7
Acquisitions / Dispositions	2	-	11	2	(10)	4
Q3 2020 Bookings	381	384	266	324	450	1,804

Note: Numbers may not add due to rounding

Q3 2020 Organic Revenue and Bookings Bridges

Q3 2020 Segment Growth Factors		
	Revenue Growth	Bookings Growth
Organic		
Engineered Products	-10.4%	-11.6%
Fueling Solutions	-7.9%	-14.2%
Imaging & Identification	-7.6%	-9.9%
Pumps & Process Solutions	-0.9%	-3.7%
Refrigeration & Food Equipment	2.6%	41.3%
Total Organic	-5.1%	-1.1%
Acquisitions	1.0%	0.8%
Dispositions	-0.8%	-0.6%
Currency translation	0.7%	0.4%
Total	-4.2%	-0.5%

Q3 2020 Geographic Revenue Growth Factors	
	Revenue Growth
Organic	
US	-4.2%
Other Americas	-4.7%
Europe	-4.2%
Asia	-10.1%
Other	-5.8%
Total Organic	-5.1%
Acquisitions	1.0%
Dispositions	-0.8%
Currency translation	0.7%
Total	-4.2%

Note: Numbers may not add due to rounding

Reconciliation of Q3 2020 Net Earnings to Adj. EBIT and Adj. EBITDA and Calculation of Adj. EBIT Margin and Adj. EBITDA Margin by Segment

(\$ in millions)	Q3 2020					
	DEP	DFS	DII	DPPS	DRFE	Total
Revenue	387	381	266	348	368	1,748
Net earnings	-	-	-	-	-	200
Add back:						
Corporate expense	-	-	-	-	-	36
Interest expense, net	-	-	-	-	-	27
Income tax expense	-	-	-	-	-	51
Segment earnings (EBIT)	65	67	52	90	40	313
EBIT %	16.8%	17.5%	19.5%	25.8%	10.9%	17.9%
Adjustments:						
Rightsizing and other costs	2	2	0	2	(1)	5
Loss on disposition	-	-	-	-	1	1
Adjusted EBIT - Segment	67	68	52	92	40	319
Adjusted EBIT %	17.4%	17.9%	19.6%	26.3%	10.8%	18.2%
Adjusted depreciation and amortization expense ⁽¹⁾	11	18	10	17	12	68
Adjusted EBITDA - Segment	78	86	62	109	52	387
Adjusted EBITDA %	20.2%	22.7%	23.3%	31.3%	14.1%	22.1%

Note: Numbers may not add due to rounding

Reconciliation of Q3 2019 Net Earnings to Adj. EBIT and Adj. EBITDA and Calculation of Adj. EBIT Margin and Adj. EBITDA Margin by Segment

(\$ in millions)	Q3 2019					
	DEP	DFS	DII	DPPS	DRFE	Total
Revenue	427	412	275	341	370	1,825
Net earnings	-	-	-	-	-	206
Add back:						
Corporate expense	-	-	-	-	-	29
Interest expense, net	-	-	-	-	-	30
Income tax expense	-	-	-	-	-	52
Segment earnings (EBIT)	74	68	62	77	35	317
EBIT %	17.4%	16.5%	22.4%	22.7%	9.5%	17.4%
Adjustments:						
Rightsizing and other costs	1	1	0	1	1	3
Adjusted EBIT - Segment	75	69	62	78	36	320
Adjusted EBIT %	17.6%	16.7%	22.5%	23.0%	9.7%	17.5%
Adjusted depreciation and amortization expense ⁽¹⁾	10	19	7	16	13	65
Adjusted EBITDA - Segment	85	88	69	94	49	385
Adjusted EBITDA %	19.9%	21.3%	25.2%	27.7%	13.3%	21.1%

Note: Numbers may not add due to rounding

(1) Adjusted depreciation and amortization expense excludes depreciation and amortization included within rightsizing and other costs

Reconciliation of Free Cash Flow and Decremental Margin

(\$ millions)	Q3 2020	Q3 2019	Q3 YTD 2020	Q3 YTD 2019
Net Cash Provided by Operating Activities	339	351	687	584
Capital Expenditures	(44)	(46)	(124)	(137)
Free Cash Flow	295	305	563	447
Free Cash Flow as a % of Earnings	147.2%	147.9%	112.4%	87.6%
Free Cash Flow as a % of Adjusted Earnings	127.2%	129.9%	94.0%	69.1%
Free Cash Flow as a % of Revenue	16.9%	16.7%	11.5%	8.3%

(\$ in millions)	Decremental Margin		
	Q3 '20	Q3 '19	Δ
Revenue	1,748	1,825	(77)
Adjusted EBIT - Segment	319	320	(1)
Decremental Margin			2%

Note: Numbers may not add due to rounding

Reconciliation of Adjusted Net Earnings to Net Earnings and Calculation of Adjusted Diluted EPS under U.S. GAAP

(\$ in millions, except per share data)

	Q3 2020	Q3 2019	Q3 YTD 2020	Q3 YTD 2019
Net earnings (\$)	200	206	501	510
Acquisition-related amortization, pre tax	35	34	103	105
Acquisition-related amortization, tax impact	(9)	(9)	(26)	(26)
Rightsizing and other costs, pre tax	6	4	31	14
Rightsizing and other costs, tax impact	(1)	(1)	(6)	(3)
Loss (gain) on disposition, pre tax	1	-	(5)	-
Loss (gain) on disposition, tax impact	(0)	-	1	-
Loss on assets held for sale	-	-	-	47
Adjusted net earnings (\$)	232	235	599	646
Adjusted net earnings margin	13.3%	12.9%	12.2%	12.0%
Weighted average shares outstanding – diluted	145	147	145	147
Diluted EPS (\$)	1.38	1.40	3.45	3.47
Acquisition-related amortization, pre tax	0.24	0.23	0.71	0.71
Acquisition-related amortization, tax impact	(0.06)	(0.06)	(0.18)	(0.18)
Rightsizing and other costs, pre tax	0.04	0.03	0.21	0.10
Rightsizing and other costs, tax impact	(0.01)	(0.01)	(0.04)	(0.02)
Loss (gain) on disposition, pre tax	0.00	-	(0.04)	-
Loss (gain) on disposition, tax impact	(0.00)	-	0.01	-
Loss on assets held for sale	-	-	-	0.32
Adjusted diluted EPS (\$)	1.60	1.60	4.12	4.40

Note: Numbers may not add due to rounding

Reconciliation of EPS to Adjusted EPS

	Range	
2020 Guidance for Earnings per Share (GAAP)	\$4.52	\$4.57
Acquisition-related amortization, net		0.72
Rightsizing and other costs, net		0.19
Gain on disposition, net		(0.03)
2020 Guidance for Adjusted Earnings per Share (Non-GAAP)	\$5.40	\$5.45

Note: Numbers may not add due to rounding

Non-GAAP Definitions

Definitions of Non-GAAP Measures:

Adjusted Net Earnings: is defined as net earnings adjusted for the effect of acquisition-related amortization, rightsizing and other costs, a 2019 loss on assets held for sale and a 2020 gain on disposition.

Adjusted Net Earnings Margin: is defined as adjusted net earnings divided by revenue.

Adjusted Diluted Net Earnings Per Share: is defined as adjusted net earnings divided by average diluted shares.

Total Segment Earnings (EBIT): is defined as net earnings before income taxes, net interest expense and corporate expenses.

Total Segment Earnings (EBIT) Margin: is defined as total segment earnings (EBIT) divided by revenue.

Adjusted EBIT by Segment: is defined as net earnings before income taxes, net interest expense, corporate expenses, rightsizing and other costs, a 2019 loss on assets held for sale and a 2020 gain/loss on disposition.

Adjusted EBIT Margin by Segment: is defined as adjusted EBIT by segment divided by segment revenue. The bps change Y-o-Y is calculated as the difference between adjusted EBIT margin for the current period and the prior period.

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.

EBIT Conversion / Decremental Margin: is defined as the change in total adjusted segment earnings (EBIT) divided by the change in revenue.

Free Cash Flow: is defined as net cash provided by operating activities minus capital expenditures. Free cash flow as a percentage of revenue equals free cash flow divided by revenue. Free cash flow as a percentage of net earnings equals free cash flow divided by net earnings. Free cash flow as a percentage of adjusted net earnings equals free cash flow divided by adjusted net earnings.

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

Performance Measure Definitions

Definitions of Performance Measures:

Bookings represent total orders received from customers in the current reporting period. This metric is an important measure of performance and an indicator of revenue order trends.

Organic Bookings represent total orders received from customers in the current reporting period excluding the impact of foreign currency exchange rates and the impact of acquisitions and dispositions. This metric is an important measure of performance and an indicator of revenue order trends.

Backlog represents an estimate of the total remaining bookings at a point in time for which performance obligations have not yet been satisfied. This metric is useful as it represents the aggregate amount we expect to recognize as revenue in the future.

Book-to-Bill is a ratio of the amount of bookings received from customers during a period divided by the amount of revenue recorded during that same period. This metric is a useful indicator of demand.

We use the above operational metrics in monitoring the performance of the business. We believe the operational metrics are useful to investors and other users of our financial information in assessing the performance of our segments.

