



July 17, 2014 – 9:00am CT

# Earnings Conference Call Second Quarter 2014

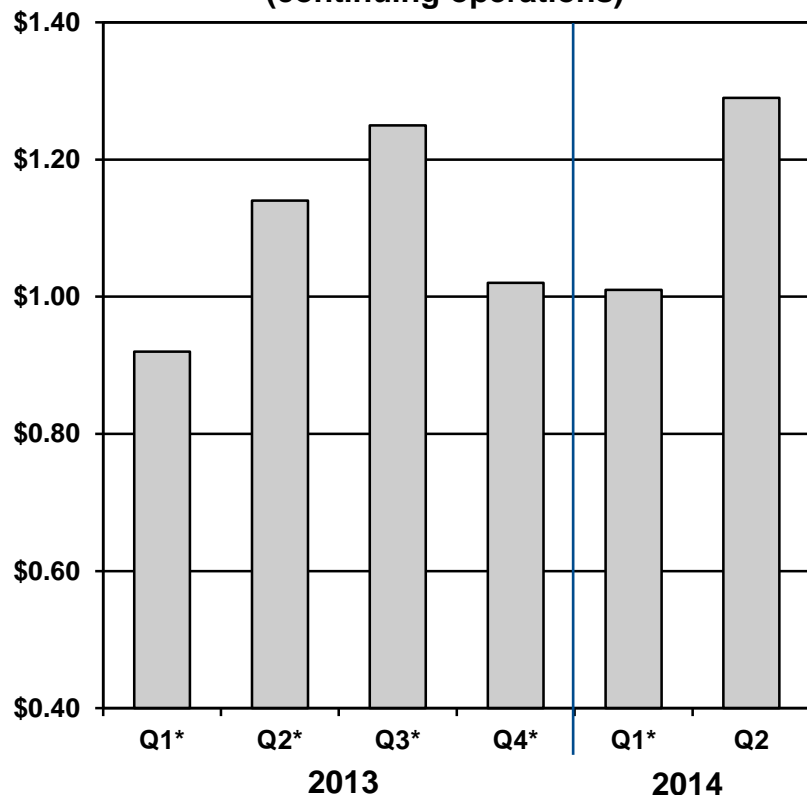
## Forward looking statements

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 2013 and our Form 10-Q for the second quarter of 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.

# Q2 2014 Performance

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



\* Excludes discrete & other tax benefits of \$0.02 in Q1 2013, \$0.36 in Q2 2013, \$0.04 in Q3 2013, \$0.04 in Q4 2013, and \$0.01 in Q1 2014; excludes other one-time gains of \$0.02 in Q3 2013

(a) See Press Release for free cash flow reconciliation

	Q2	Q2/Q2	1H	1H/1H
Revenue	\$2.0B	6%	\$3.9B	6%
Adj. EPS (cont.)	\$1.29	14%	\$2.30	12%
Bookings	\$2.1B	11%	\$4.1B	8%
Seg. Margins	18.3%	Flat	17.5%	-20 bps
Organic Rev.	3%		3%	
Acq. Growth	3%		3%	
FCF (a)	\$154M	-29%	\$160M	-36%

## Quarterly Comments

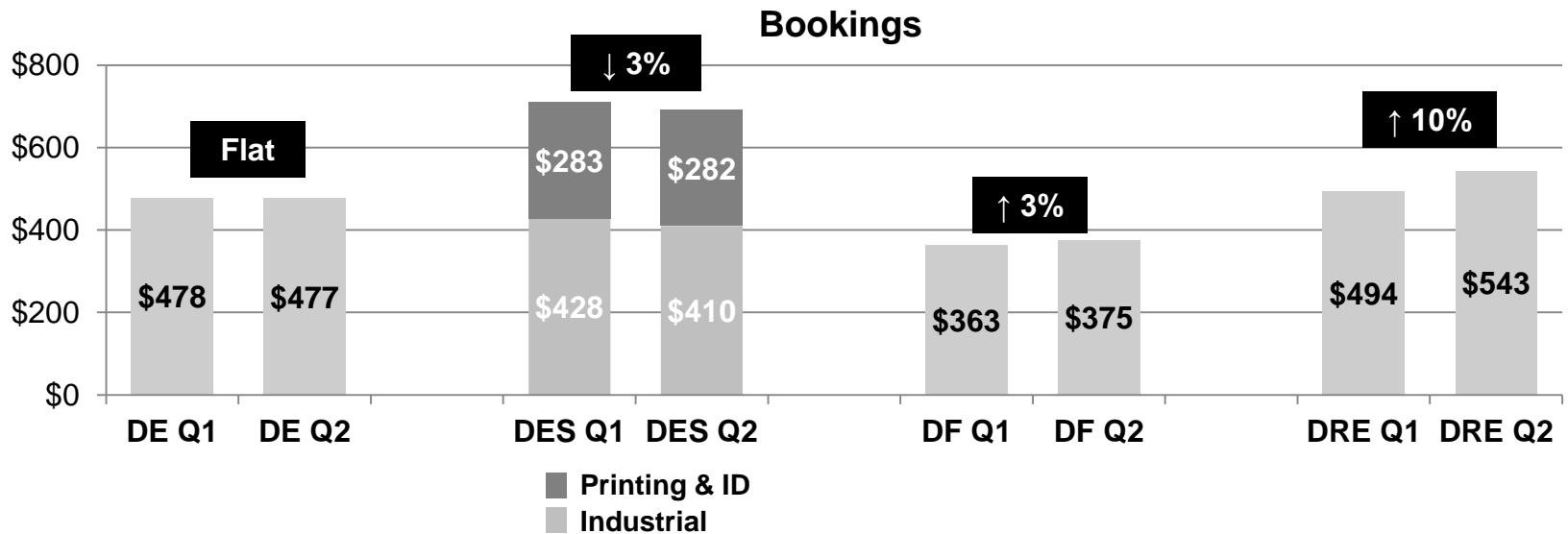
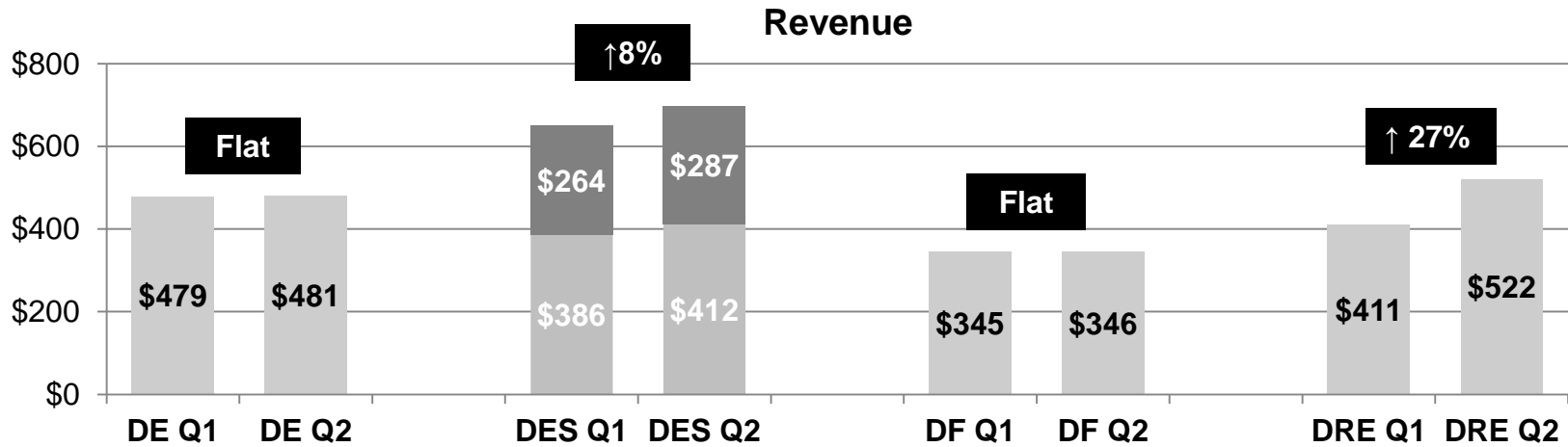
- Solid revenue growth is led by Fluids, Engineered Systems and Energy
- United States, Europe and Asia markets were strong; Latin America and Brazil were soft
- Segment margin of 18.3% as expected, impacted 40 bps by the impact of recent acquisitions
- Bookings growth of 11% is broad-based across all segments
- Book-to-bill of 1.02 is seasonally strong

# Revenue

Q2 2014	Energy	Engineered Systems	Fluids	Refrigeration & Food Equip	Total
Organic	3%	5%	2%	1%	3%
Acquisitions	1%	4%	9%	-	3%
Currency	-1%	-	1%	-	-
Total	3%	9%	12%	1%	6%

1H 2014	Energy	Engineered Systems	Fluids	Refrigeration & Food Equip	Total
Organic	3%	5%	7%	-1%	3%
Acquisitions	1%	3%	10%	-	3%
Currency	-1%	-	1%	-	-
Total	3%	8%	18%	-1%	6%

# Sequential Results – Q1 2014 → Q2 2014



# Energy

\$ in millions

- Drilling & Production revenue growth was strong in core U.S. markets; partially offset by tough comps related to Australian activity
- Bearings & Compression results impacted by softness in bearings relating to OEM build rates
- Overall margin remains strong and in-line with expectations at 23.9%
- Bookings growth of 15% was broad-based
- Book-to-bill at 0.99

	Q2 2014	Q2 2013	% Change
Revenue	\$481	\$466	3%
Earnings	\$115	\$110	5%
Margin	23.9%	23.5%	40 bps
Bookings	\$477	\$417	15%

Revenue by End-Market	% of Q2 Revenue	Y / Y Growth
Drilling & Production	82%	5%
Bearings & Compression	18%	-3%

## Engineered Systems

- Revenue growth is broad-based in Printing & Identification with very strong results in the US and Europe
- Revenue growth in Industrial is led by environmental solutions and vehicle services businesses
- Margin was steady at 16.1%; the benefits of productivity and volume leverage offset product mix and acquisition headwind
- Broad-based bookings growth
- Book-to-bill of 0.99

\$ in millions

	Q2 2014	Q2 2013	% Change
Revenue	\$699	\$639	9%
Earnings	\$112	\$103	9%
Margin	16.1%	16.1%	Flat
Bookings	\$692	\$656	5%

Revenue by End-Market	% of Q2 Revenue	Y / Y Growth
Printing & Identification	41%	15%
Industrial	59%	6%

# Fluids

- Revenue growth driven by solid demand across most end-markets and acquisitions; partially offset by tough comps related to project shipments in Q2 2013
- Pumps benefitting from strong demand in specialty chemical verticals; Fluid transfer benefitting from increased regulatory activity
- Excluding the impact of recent acquisitions, segment margin was about 20% on volume leverage and productivity
- Bookings activity remains strong across the segment
- Book-to-bill at 1.08

\$ in millions

	Q2 2014	Q2 2013	% Change
Revenue	\$346	\$310	12%
Earnings	\$ 63	\$ 59	7%
Margin	18.2%	18.9%	-70 bps
Bookings	\$375	\$299	26%

Revenue by End-Market	% of Q2 Revenue	Y / Y Growth
Pumps	45%	7%
Fluid Transfer	55%	15%



## Refrigeration & Food Equipment

\$ in millions

- Revenue growth driven by strong performance in Food Equipment markets; partially offset by the timing of shipments as we completed the transition to our new Atlanta manufacturing center, and soft Latin American markets
- Margin improvement driven by productivity gains and favorable product mix
- Bookings and backlog growth is seasonally strong
- Book-to-bill at a strong 1.04

	Q2 2014	Q2 2013	% Change
Revenue	\$522	\$518	1%
Earnings	\$ 85	\$ 82	3%
Margin	16.3%	15.9%	40 bps
Bookings	\$543	\$515	5%

Revenue by End-Market	% of Q2 Revenue	Y / Y Growth
Refrigeration	77%	-1%
Food Equipment	23%	8%

## Q2 2014 Overview

Q2 2014	
Net Interest Expense	\$32 million, up \$2 million from last year and in-line with expectations
Corporate Expense	\$29 million, down \$6 million from last year, roughly in-line with expectations
Effective Tax Rate (ETR)	Q2 rate was 30.8%, in-line with expectations
Capex	\$44 million, in-line with expectations
Share Repurchases	Repurchased 290K shares (\$25M) in quarter

## FY 2014 Guidance

- Revenue
  - Organic revenue: 3% - 4%
  - Completed acquisitions:  $\approx 3\%$
  - Total revenue:  $\frac{\quad}{6\% - 7\%}$
- Corporate expense:  $\approx \$125$  million
- Interest expense:  $\approx \$133$  million
- Full-year tax rate:  $\approx 31.0\%$
- Capital expenditures:  $\approx 2.5\%$  of revenue
- FY free cash flow:  $\approx 11\%$  of revenue

	2014 Organic growth rate
Energy	$\approx 5\%$
Engineered Systems	4% - 5%
Fluids	4% - 5%
Refrigeration & Food Equipment	1% - 2%
Total organic	3% - 4%
Acquisitions	$\approx 3\%$ (a)
Total growth	6% - 7%

(a) Reflects completed acquisitions

## 2014 EPS Guidance Bridge – Continuing Ops

■ 2013 EPS – Continuing Ops	\$ 4.81
– Less 2013 tax benefits <sup>(1)</sup> :	(0.46)
– Other one-times gains <sup>(2)</sup> :	(0.02)
■ 2013 Adjusted EPS	<u>\$ 4.33</u>
– Volume, mix, price (inc. FX):	0.26 - 0.33
– Net benefits of productivity:	0.17 - 0.21
– Acquisitions:	0.05 - 0.06
– Investment / Compensation:	(0.18 - 0.22)
– Corporate expenses:	0.03 - 0.04
– Interest / Shares / Tax rate (net):	0.09 - 0.10
■ 2014 EPS – Continuing Ops	<u><u>\$4.75 - \$4.85</u></u>

(1) \$0.02 in Q1 2013, \$0.36 in Q2 2013, \$0.04 in Q3 2013, \$0.04 in Q4 2013

(2) \$0.02 in Q3 2013

