



# Fourth Quarter 2013 Earnings Conference Call

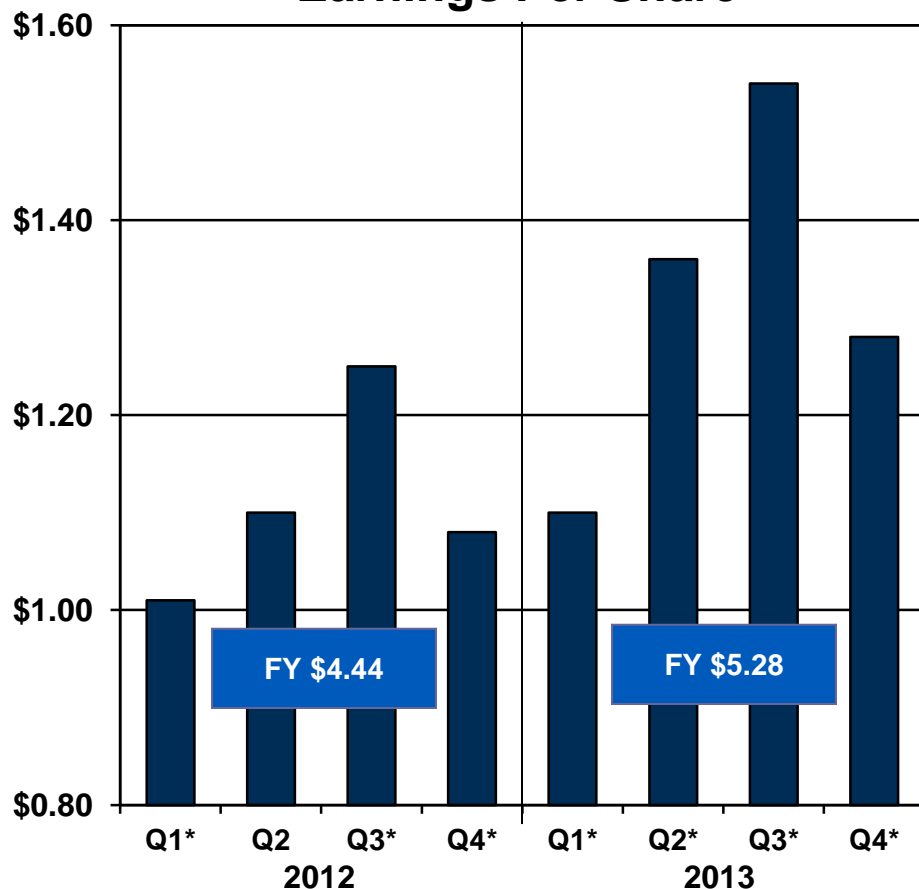
January 30, 2014 - 9:00am CT

**We want to remind everyone that our comments may contain forward-looking statements that are inherently subject to uncertainties. We caution everyone to be guided in their analysis of Dover by referring to our Forms 10-K and 10-Q for a list of factors that could cause our results to differ from those anticipated in any such forward-looking statements.**

**This presentation contains pro forma financial information that reflects the operations of Knowles as a discontinued operation. Upon completion of the spin, Knowles' results will be reclassified to discontinued operations for reporting purposes in accordance with GAAP. The unaudited pro forma consolidated financial information is presented for informational purposes only and is subject to a number of estimates, assumptions and uncertainties and does not purport to represent what our results of operations would have been if the spin-off of Knowles Corporation had occurred as of the dates indicated, what such results will be for any future periods, or what the historical results of Dover will be upon classifying Knowles as a discontinued operation as of the effective date of the spin-off of Knowles.**

**We would also direct your attention to our internet site, [www.dovercorporation.com](http://www.dovercorporation.com), where considerably more information can be found.**

## Adjusted Continuing Earnings Per Share\*



\* Excludes discrete & other tax benefits of -\$0.01 in Q1 2012, \$0.02 in Q3 2012, \$0.07 in Q4 2012, \$0.02 in Q1 2013, \$0.36 in Q2 2013, \$0.03 in Q3 2013 and \$0.03 in Q4 2013; includes spin off costs of \$0.02 in Q2 2013, \$0.06 in Q3 2013, and \$0.09 in Q4 2013; includes other one-time gains of \$0.02 in Q3 2013

	Q4	Q4/Q4	FY	FY/FY
Revenue	\$2.2B	10%	\$8.7B	8%
EPS (cont.)	\$1.22	5%	\$5.57	23%
Bookings	\$2.2B	9%	\$8.7B	8%
Seg. Margins	16.5%	-10 bps	17.4%	20 bps
Organic Rev.	5%		3%	
Acq. Growth	5%		5%	
FCF (a)	\$376M	-22%	\$942M	-2%

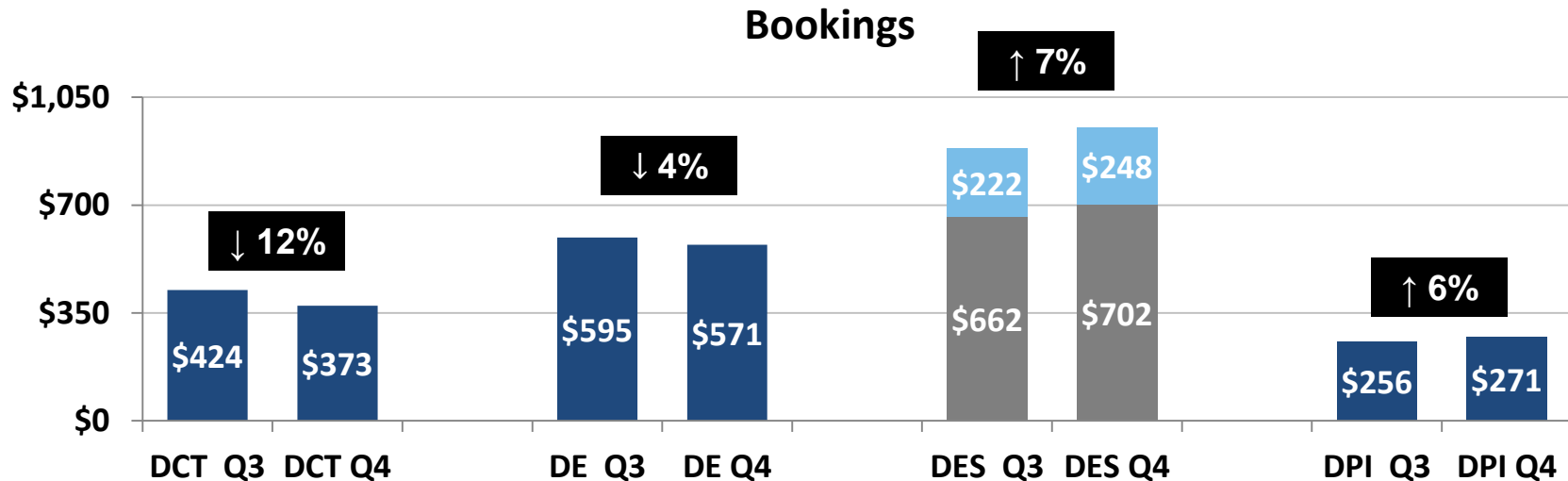
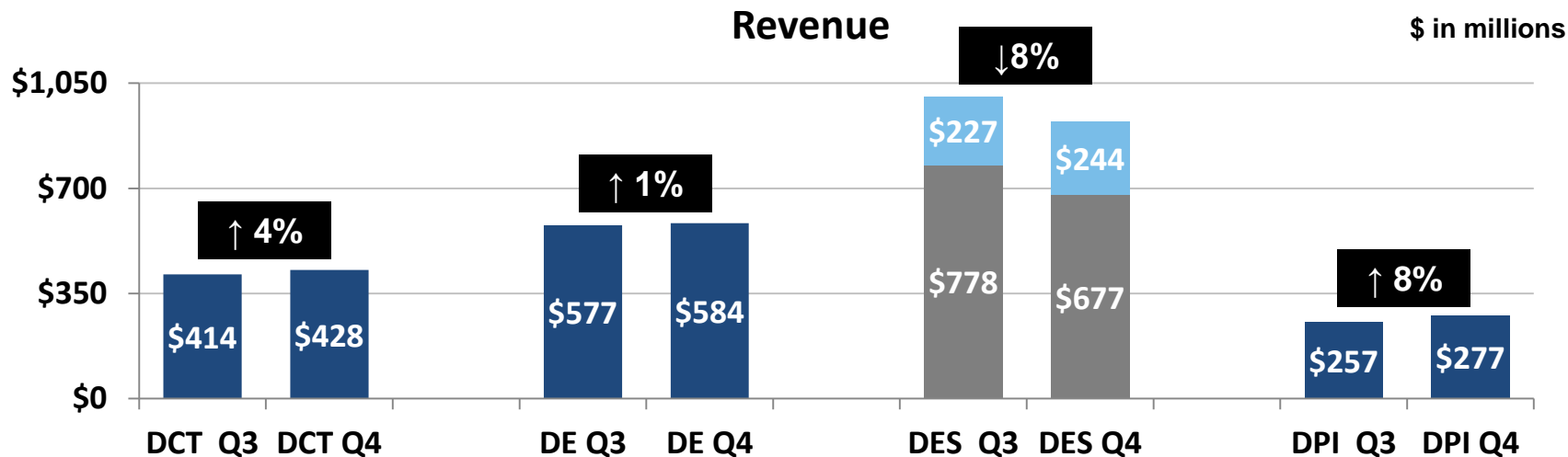
### Quarterly Comments

- Broad-based organic revenue growth, with strong results in the refrigeration, food equipment, fast moving consumer goods, fluids, drilling, downstream and consumer electronics markets
- North America markets were solid; Europe markets grew over 10%; China remained strong
- Segment margin of 16.5% in-line with last year, led by 23.1% in Energy
- Bookings growth of 9% is broad-based, with growth in all segments
- Overall book-to-bill of 0.98

(a) See Press Release filed under Form 8-K for free cash flow reconciliation

<b>Q4 2013</b>	<b>Communication Technologies</b>	<b>Energy</b>	<b>Engineered Systems</b>	<b>Printing &amp; Identification</b>	<b>Total Dover</b>
<b>Organic</b>	<b>7%</b>	<b>4%</b>	<b>3%</b>	<b>8%</b>	<b>5%</b>
<b>Acquisitions</b>	<b>-</b>	<b>5%</b>	<b>8%</b>	<b>1%</b>	<b>5%</b>
<b>Currency</b>	<b>-</b>	<b>-1%</b>	<b>1%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7%</b>	<b>8%</b>	<b>12%</b>	<b>9%</b>	<b>10%</b>

<b>FY 2013</b>	<b>Communication Technologies</b>	<b>Energy</b>	<b>Engineered Systems</b>	<b>Printing &amp; Identification</b>	<b>Total Dover</b>
<b>Organic</b>	<b>6%</b>	<b>3%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>
<b>Acquisitions</b>	<b>-</b>	<b>4%</b>	<b>9%</b>	<b>-</b>	<b>5%</b>
<b>Currency</b>	<b>&lt;1%</b>	<b>-1%</b>	<b>1%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7%</b>	<b>6%</b>	<b>11%</b>	<b>2%</b>	<b>8%</b>



■ Fluid Solutions  
■ Refrigeration & Industrial

## Quarterly Comments

- Strong growth in Consumer Electronics led by roll-out of OEM smartphone launch, despite declining volumes at other OEMs
- Telecom/Other markets continue to improve; Solid hearing health markets in Medical Technology offset by soft specialty acoustic markets; Aerospace/Defense impacted by weak military activity
- Margin driven by volume conversion, productivity, and the benefits of prior restructuring, offset by asset impairments of \$4 million
- Book-to-bill at seasonal 0.87

\$ in millions

	Q4 2013	Q4 2012	% Change
Revenue	\$428	\$401	7%
Earnings	\$ 66	\$ 58	12%
Margin	15.3%	14.6%	70 bps
Bookings	\$373	\$364	3%

Revenue by End-Market	% of Q4 Revenue	Y / Y Growth
Consumer Electronics	52%	15%
Medical Technology	15%	-6%
Aerospace / Defense	24%	-2%
Telecom / Other	9%	14%

## Quarterly Comments

- Strong drilling and downstream growth
- International markets remain robust in production, offsetting weak winch markets and softer U.S. sucker rod markets
- Margin in-line with expectations, costs associated with recent acquisitions had 150 basis point impact
- Bookings growth is particularly strong in the drilling and downstream end-markets
- Book-to-bill at 0.98

\$ in millions

	Q4 2013	Q4 2012	% Change
Revenue	\$584	\$540	8%
Earnings	\$135	\$134	1%
Margin	23.1%	24.7%	-160 bps
Bookings	\$571	\$550	4%

Revenue by End-Market	% of Q4 Revenue	Y / Y Growth
Drilling	18%	13%
Production	52%	1%
Downstream	30%	20%

## Quarterly Comments

- Revenue driven by recent acquisitions and strong results in refrigeration & food equipment, fluids and the auto-aftermarket
- Within refrigeration, regional activity improves
- Strong plastics and petro-chemical markets aiding Fluids
- Margin performance reflects continued strong execution
- Bookings growth reflects acquisitions and strong fluids and auto-aftermarket activity
- Book-to-bill at 1.03

\$ in millions

	Q4 2013	Q4 2012	% Change
Revenue	\$920	\$819	12%
Earnings	\$ 121	\$102	19%
Margin	13.2%	12.4%	80 bps
Bookings	\$950	\$816	16%

Revenue by End-Market	% of Q4 Revenue	Y / Y Growth
Fluids	27%	18%
Refrigeration & Food Equipment	40%	18%
Industrial	33%	3%



## Quarterly Comments

- Broad-based growth in both fast moving consumer goods and industrial end-markets
- Strong growth in Europe, across all product categories.
- Project-related shipments increase.
- Operating margin impacted by costs associated with completion of restructuring plan and deal costs
- Bookings growth is broad-based
- Book-to-bill at 0.98

\$ in millions

	Q4 2013	Q4 2012	% Change
Revenue	\$277	\$254	9%
Earnings	\$ 44	\$ 41	8%
Margin	15.9%	16.0%	-10 bps
Bookings	\$271	\$253	7%

Revenue by End-Market	% of Q4 Revenue	Y / Y Growth
Fast Moving Consumer Goods	61%	10%
Industrial	39%	7%

	Q4 2013
Net Interest Expense	\$30 million, down \$1 million from last year and in-line with expectations
Corporate Expense	\$45 million, up \$14 million from last year, reflecting Q4 spin off costs of \$16 million.
Effective Tax Rate (ETR)	Q4 normalized rate was 29.4%, excluding \$0.03 cents of discrete tax benefits, reflecting a slightly unfavorable mix of geographic earnings <sup>(a)</sup>
Capex	\$79 million, slightly below expectations
Share Repurchases	Repurchased 551K shares (\$50M) in quarter under the \$1 billion program. Completed 71% of \$1 billion program by year-end.

(a) See press release filed under form 8-K for reconciliation

## For full year ended December 31,

	<u>2012</u>	<u>2013</u>
▪ Revenue	\$ 6,994	\$ 7,521
▪ Operating Earnings <sup>(a)</sup>	1,113	1,215
▪ Net Interest	121	121
▪ Income Taxes	298	268
▪ Earnings from Con't Ops.	\$ 686	\$ 832

▪ Diluted Continuing EPS	\$ 3.73	\$ 4.79
▪ Adjusted Diluted Continuing EP S <sup>(b)</sup>	\$ 3.64	\$ 4.31

**18% Growth**

	<u>FY</u>	<u>1H</u>	<u>2H</u>	<u>FY</u>
▪ Organic revenue growth	5%	-	4%	2%
▪ Acquisition revenue growth	4%	6%	5%	6%
▪ Total revenue growth	9%	6%	9%	8%

(a): Includes corporate expense of \$135M in 2012 and \$130M in 2013

(b): Excludes discrete tax benefits of \$0.09 EPS in 2012; discrete tax benefits of \$0.46, other one-time gains of \$0.02 in 2013

Note: Refer to slide 2 for pro forma disclosure.

- **Revenue:**
  - Organic revenue :                    ≈        **3% - 4%**
  - Completed Acquisitions: ≈            **2%**
  - Total revenue:                        ≈        **5% - 6%**
  
- **Corporate expense:                    ≈    \$123 million\***
  
- **Interest expense:                      ≈    \$133 million**
  
- **Full-Year Tax Rate:                    ≈    31.0%**
  
- **Capital expenditures:                ≈    2.5% of revenue**
  
- **FCF for full year:                      ≈    11% of revenue**

\* Excludes remaining costs to complete spin-off of Knowles

Note: Refer to slide 2 for pro forma disclosure.

■	<b>2013 Pro Forma EPS – Continuing Ops (post-spin basis)</b>	<b>\$4.79</b>
	• Less 2013 tax benefits <sup>(1)</sup> :	(\$0.46)
	• Less 2013 one-time items <sup>(2)</sup> :	(\$0.02)
■	<b>2013 Pro Forma Adjusted EPS – Continuing Ops (post-spin)</b>	<b><u>\$4.31</u></b>
	• Volume, mix, price (inc. FX):	\$0.16 - \$0.28
	• Net benefits of productivity:	\$0.14 - \$0.22
	• Acquisitions:	\$0.05 - \$0.06
	• Investment / Compensation:	(\$0.18 - \$0.22)
	• Corporate expenses:	\$0.03 - \$0.05
	• Interest / Shares / Tax Rate (net):	\$0.09 - \$0.10
■	<b>2014 Pro Forma EPS – Continuing Ops</b>	<b><u><u>\$4.60 - \$4.80</u></u></b>

**9% Growth  
at mid-point**

(1) \$0.02 in Q1 2013, \$0.38 in Q2 2013, \$0.03 in Q3 2013, and \$0.03 in Q4 2013

(2) \$0.02 in Q3 2013

Note: Refer to slide 2 for pro forma disclosure.

<b><u>ADJUSTED EPS FROM CONTINUING OPERATIONS</u></b>	<b><u>Q4 2013</u></b>	<b><u>FY 2013</u></b>
■ <b>EPS – Continuing Ops</b>	<b><u>\$1.22</u></b>	<b><u>\$5.57</u></b>
• Discrete tax items:	(\$0.03)	(\$0.44)
• Knowles spin-off costs:	\$0.09	\$0.17
• Other one-time gains:	-	<u>(\$0.02)</u>
■ <b>Adjusted EPS – Continuing Ops</b>	<b><u><u>\$1.28</u></u></b>	<b><u><u>\$5.28</u></u></b>

Note: Per share data may not add due to rounding