



January 29, 2019 – 9:00am CT

Earnings Conference Call Fourth Quarter and Full Year 2018

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/A for 2017, 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, 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 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 fourth quarter, which are available on Dover's website.

Q4 2018 - Highlights

Revenue increases 3% to \$1.8B

Organic growth of 6%

Adjusted earnings from continuing operations⁽¹⁾ increases 17% to \$211M

Earnings from continuing operations on a GAAP basis down 45% to \$158M⁽³⁾

Segment performance

Adjusted EBIT⁽¹⁾ increases 9% to \$285M, with margin at 15.7%

Adjusted EBITDA⁽¹⁾ up 6% to \$352M

Bookings up 8% to \$1.9B

Organic growth of 10%

Adjusted diluted EPS from continuing operations⁽²⁾ at \$1.43, up 25%

\$0.08 benefit related to tax items⁽⁴⁾

Diluted EPS from continuing operations on a GAAP basis at \$1.07, down 42%⁽³⁾

Margin initiatives

SG&A rightsizing program largely completed; began first phase of footprint rationalization in Q4

- *\$30M total benefit in 2018 from rightsizing initiatives*
- *Announced footprint actions; expect ~\$18M annualized benefit, mostly post-2019*

Other activities

\$1B repurchase program completed. ~147.1M diluted shares outstanding at year end

Belanger acquisition closed on January 25, 2019

(1) Non-GAAP measures (definitions and reconciliations in appendix)

(2) Adjusted diluted EPS excludes acquisition-related amortization and rightsizing costs (reconciliation in appendix)

(3) GAAP measures in 2017 primarily impacted by net benefits from dispositions and a net benefit from the Tax Cuts and Jobs Act (reconciliation in appendix)

(4) Includes \$0.03 benefit from discrete taxes in the quarter

Q4 and FY 2018 – Financial Summary

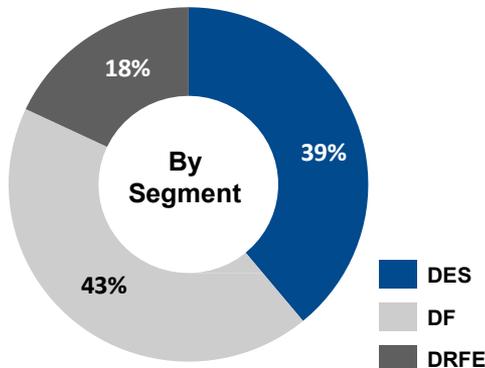
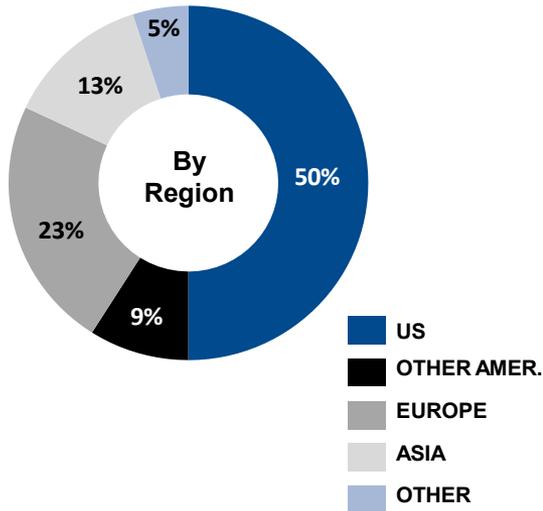
US GAAP from continuing operations	Q4 2018	Q4 2017	Δ	FY2018	FY2017	Δ
Revenue (\$M)	1,809	1,753	3%	6,992	6,821	3%
Earnings (\$M)	158	290	(45%)	591	747	(21%)
Diluted EPS (\$)	1.07	1.83	(42%)	3.89	4.73	(18%)
Non-GAAP ⁽¹⁾ from continuing operations						
Adjusted EBIT – Segment (\$M)	285	261	9%	1,036	992	4%
<i>margin percent</i>	<i>15.7%</i>	<i>14.9%</i>	<i>80 bps</i>	<i>14.8%</i>	<i>14.5%</i>	<i>30 bps</i>
Adjusted EBITDA – Segment (\$M)	352	331	6%	1,305	1,271	3%
<i>margin percent</i>	<i>19.5%</i>	<i>18.9%</i>	<i>60 bps</i>	<i>18.7%</i>	<i>18.6%</i>	<i>10 bps</i>
Adjusted Earnings (\$M)	211	180	17%	756	655	15%
Adjusted diluted EPS ⁽²⁾ (\$)	1.43	1.14	25%	4.97	4.15	20%

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

(2) Adjusted diluted EPS excludes the impact of acquisition-related amortization, the Tax Cuts and Jobs Act, gains on disposition of businesses, disposition costs, rightsizing and other costs, and a product recall reversal (reconciliation in appendix)

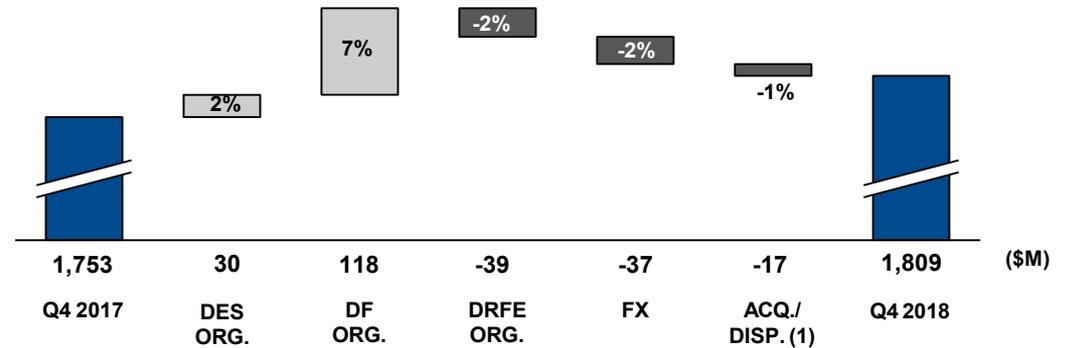
Q4 2018 - Revenue & Bookings

Revenue Split



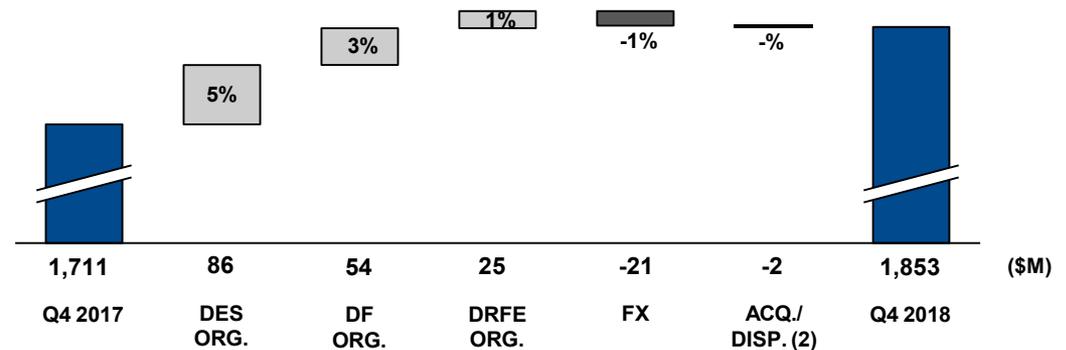
Revenue

Change in Organic Revenue: +\$109M, or 6.2%



Bookings

Change in Organic Bookings: +\$165M, or 9.6%

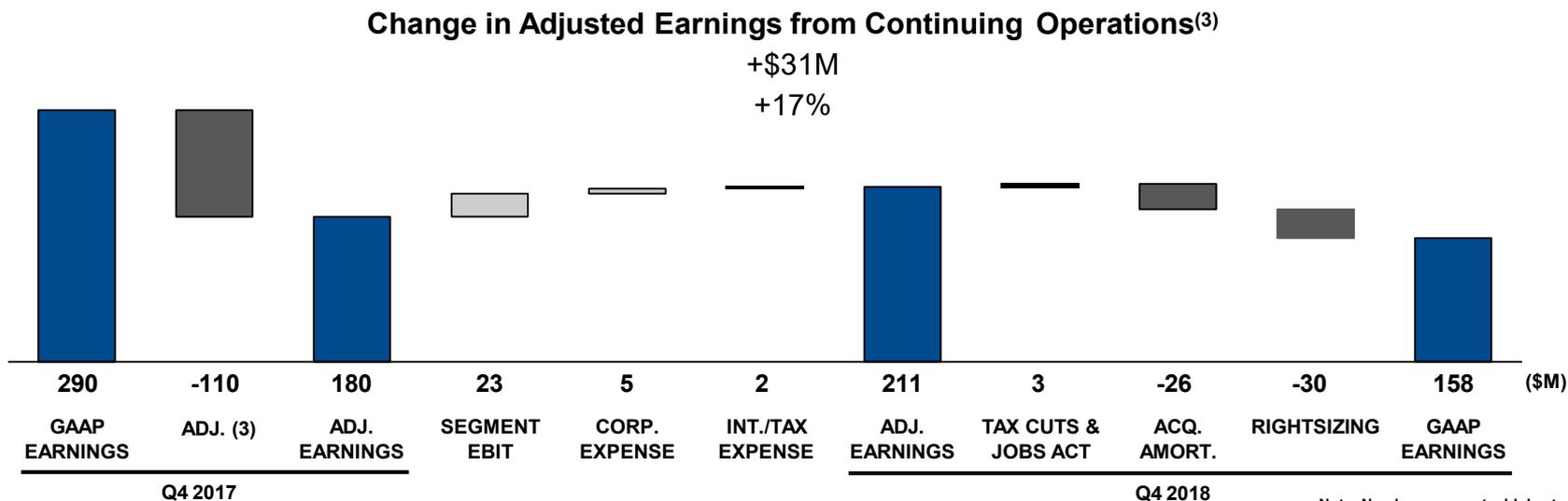
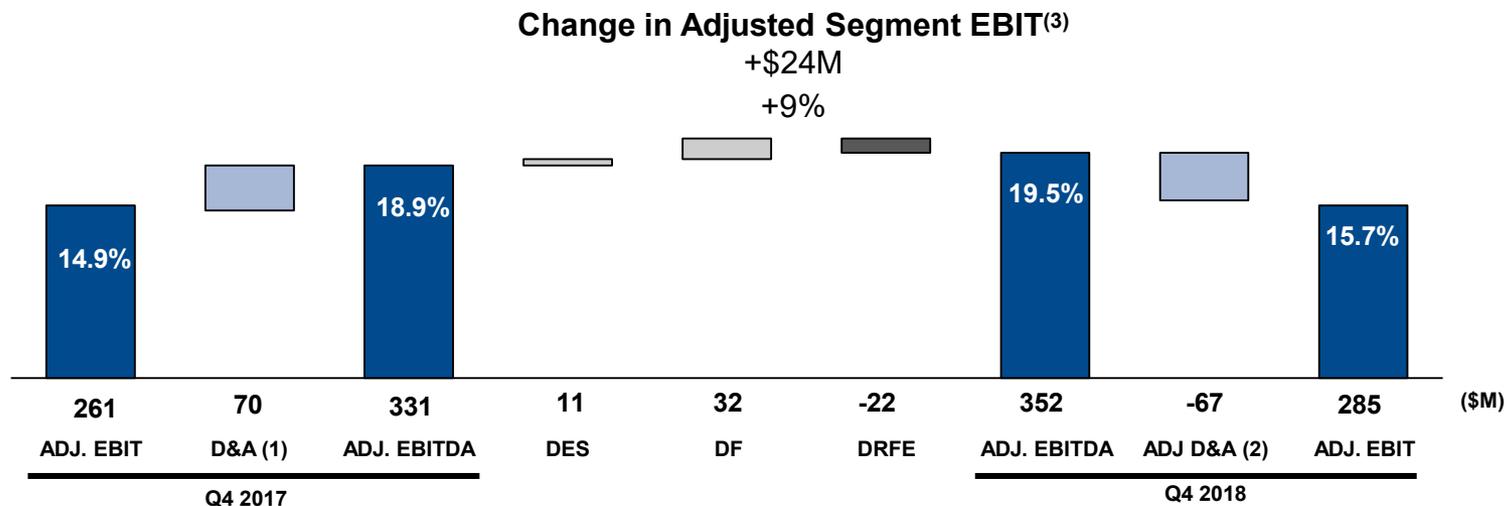


(1) Acquisitions: \$10M, dispositions: \$27M

(2) Acquisitions: \$9M, dispositions: \$11M

Note: Numbers may not add due to rounding

Q4 2018 – Adj. Segment EBIT & EBITDA Walk, and Earnings & Adj. Earnings Walk – (Continuing Operations basis)



Note: Numbers may not add due to rounding

(1) Depreciation: \$33M, Amortization: \$37M

(2) Depreciation: \$32M, Amortization: \$35M

(3) Non-GAAP measures (definition and reconciliation in appendix)

FY 2018 – Free Cash Flow

(\$ in millions)	FY 2018	FY 2017	Δ
Net earnings	570	812	(241)
Loss (earnings) from disc. ops.	21	(65)	86
D&A	283	283	(1)
Gain on disposition	0	(203)	203
Chg. in working capital	(62)	62	(124)
Chg. in other ⁽¹⁾	(23)	(150)	(12)
Cash flow from operations	789	739	50
Capex	(171)	(170)	(1)
Free cash flow⁽²⁾	618	569	49
FCF as a % of revenue	8.8%	8.3%	

- **Q4 2018 FCF 18.5% of revenue**
- **Q4 FCF restructuring impact: \$13M, YTD: \$52M**
- **2018 FCF 9.6% of revenue excluding cash restructuring costs**

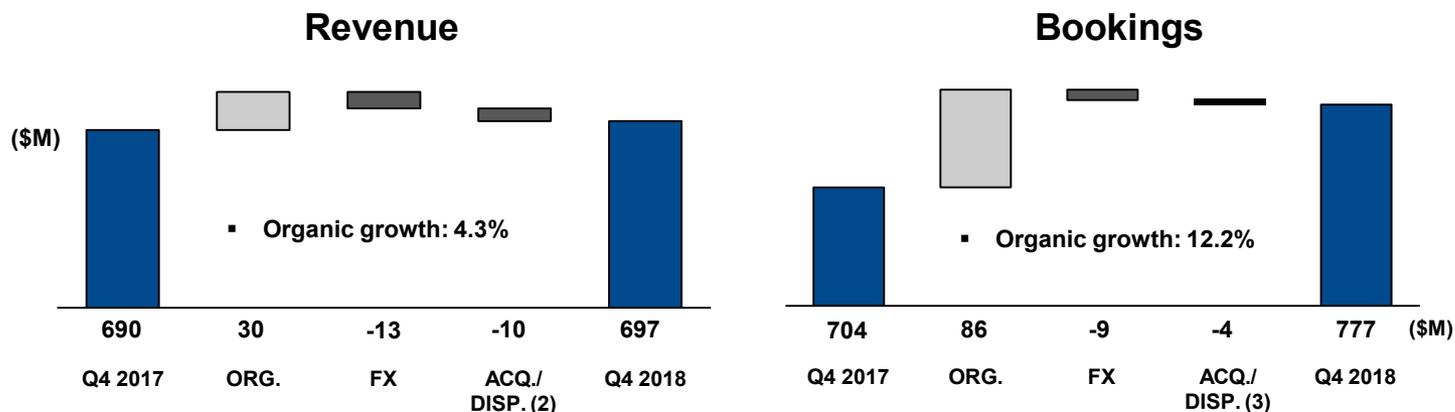
(1) Includes stock-based compensation, employee benefit plan expense, contributions to employee benefit plans and changes in other current and non-current assets and liabilities

(2) FY 2018 and 2017 free cash flow includes cash payments related to restructuring initiatives of \$52.0 million and \$22.6 million, respectively

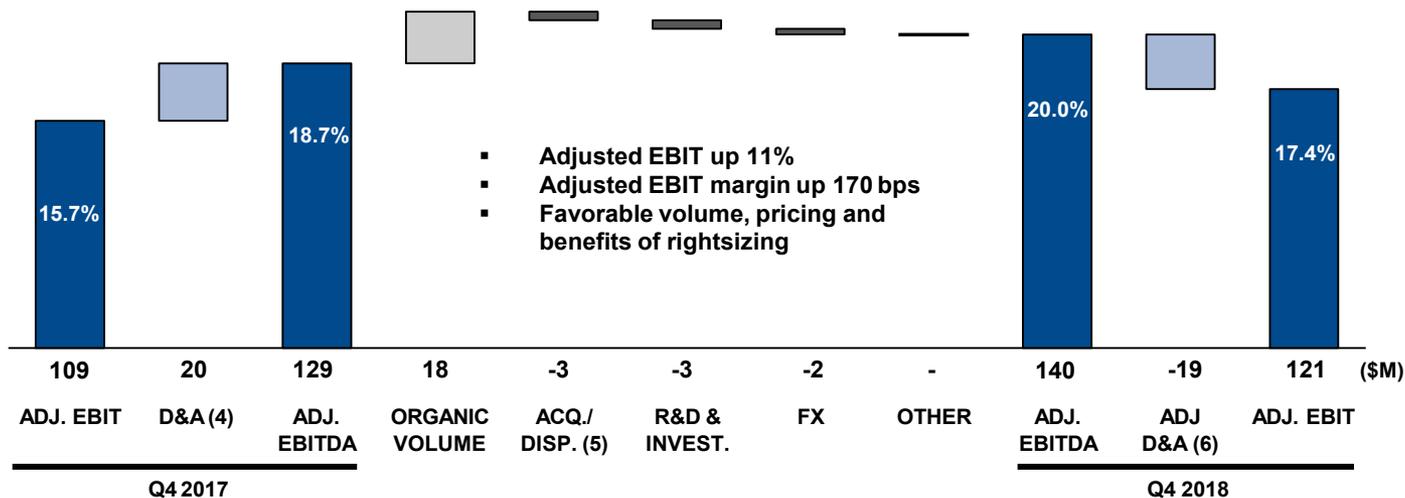
Note: Numbers may not add due to rounding

Segment Information

Engineered Systems – Financial Results



Adjusted EBIT, EBITDA & Margin⁽¹⁾



Printing & Identification



markem·image



OKinternational

Industrial



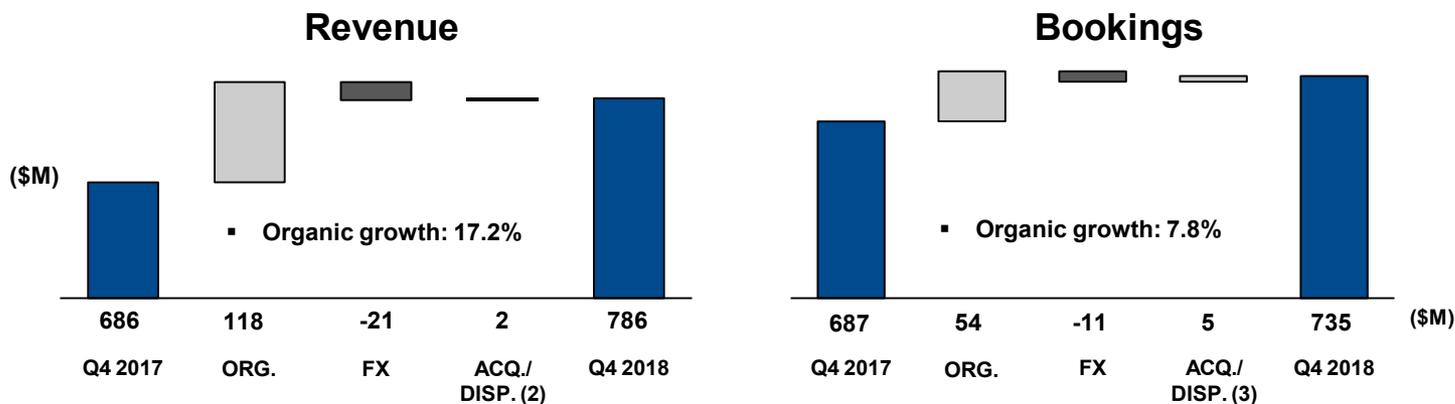
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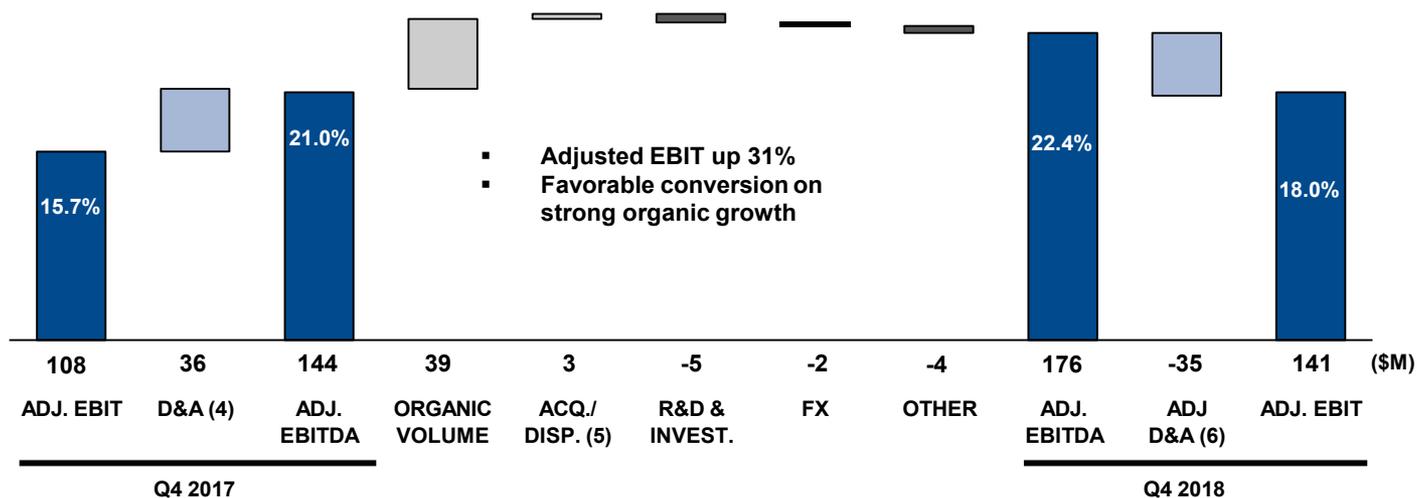
(1) Non-GAAP measures (definition and reconciliation in appendix)
 (2) Acquisitions: \$0M, Dispositions: \$10M
 (3) Acquisitions: \$0M, Dispositions: \$4M

(4) Depreciation: \$10M, Amortization: \$11M
 (5) Acquisitions: \$0M, Dispositions: \$3M
 (6) Depreciation: \$9M, Amortization: \$10M

Fluids – Financial Results



Adjusted EBIT, EBITDA & Margin⁽¹⁾



Fueling & Transport



Pumps



Process Solutions

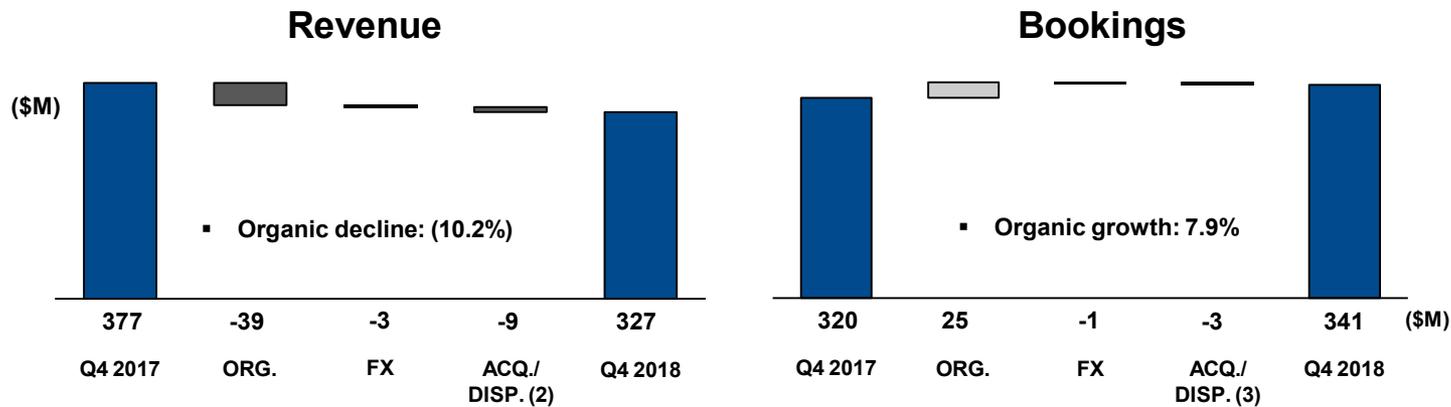


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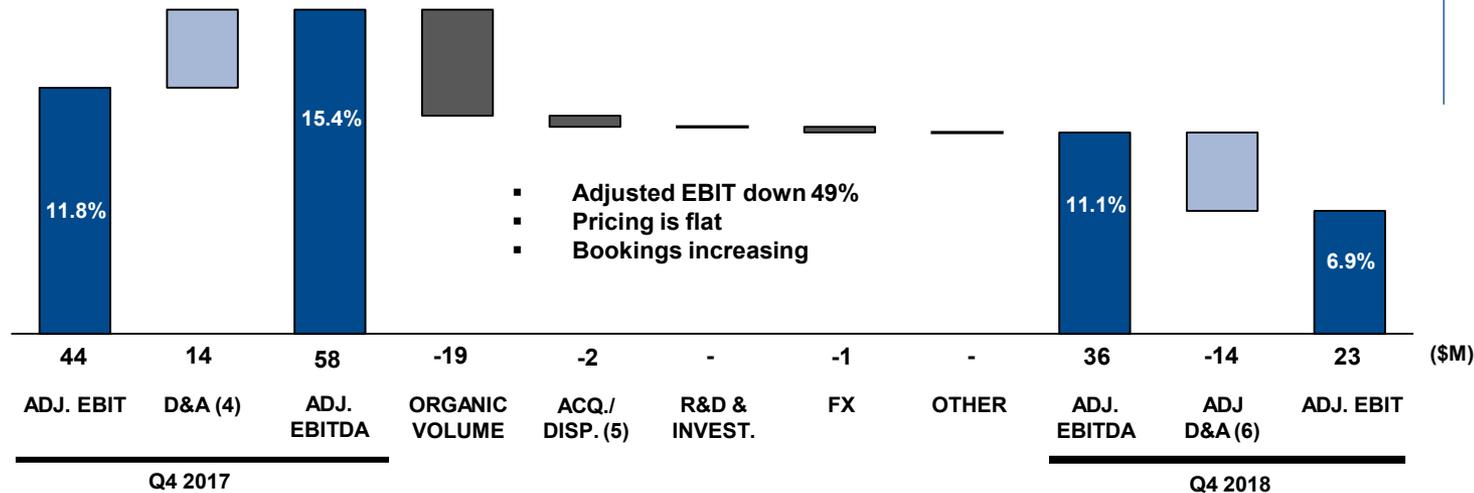
(1) Non-GAAP measures (definition and reconciliation in appendix)
 (2) Acquisitions: \$5M, Dispositions: \$3M
 (3) Acquisitions: \$8M, Dispositions: \$3M

(4) Depreciation: \$17M, Amortization: \$19M
 (5) Acquisitions: \$3M, Dispositions: \$0M
 (6) Depreciation: \$17M, Amortization: \$18M

Refrigeration & Food Equipment – Financial Results



Adjusted EBIT, EBITDA & Margin⁽¹⁾



Refrigeration



Food Equipment



Note: Numbers may not add due to rounding

(1) Non-GAAP measures (definition and reconciliation in appendix)
 (2) Acquisitions: \$5M, Dispositions: \$14M
 (3) Acquisitions: \$1M, Dispositions: \$4M

(4) Depreciation: \$6M, Amortization: \$7M
 (5) Acquisitions: \$0M, Dispositions: \$2M
 (6) Depreciation: \$6M, Amortization: \$7M

2019 FY Guidance

FY 2019F Guidance

2019	Engineered Systems	Fluids	Refrigeration & Food Equip	Total
Organic revenue	3% - 4%	3% - 4%	1% - 3%	2% - 4%
Acquisitions	-	2%	-	1%
Dispositions	-	-	-	-
Currency	(1%)	(2%)	(1%)	(2%)
Total revenue	2% - 3%	3% - 4%	0% - 2%	2% - 3%

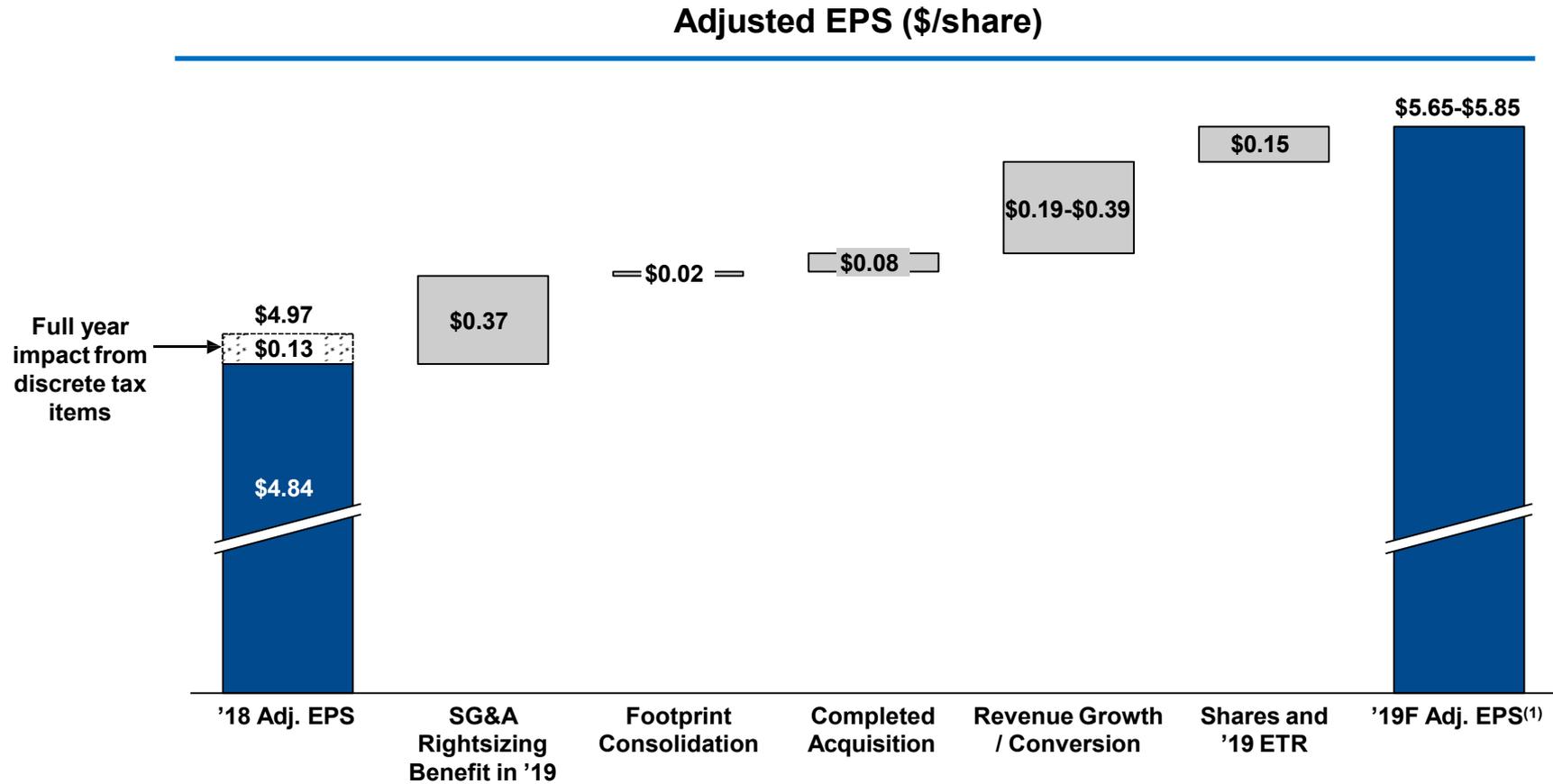
- **Net interest expense:** ≈ \$122 million
- **Tax rate:** ≈ 21% - 23%
- **Capital expenditures:** ≈ 3.1% - 3.4% of revenue
- **Free cash flow:** ≈ 8% - 12% of revenue

Adjusted EPS: \$5.65 - \$5.85⁽¹⁾

Dollar/Euro assumption: 1.14

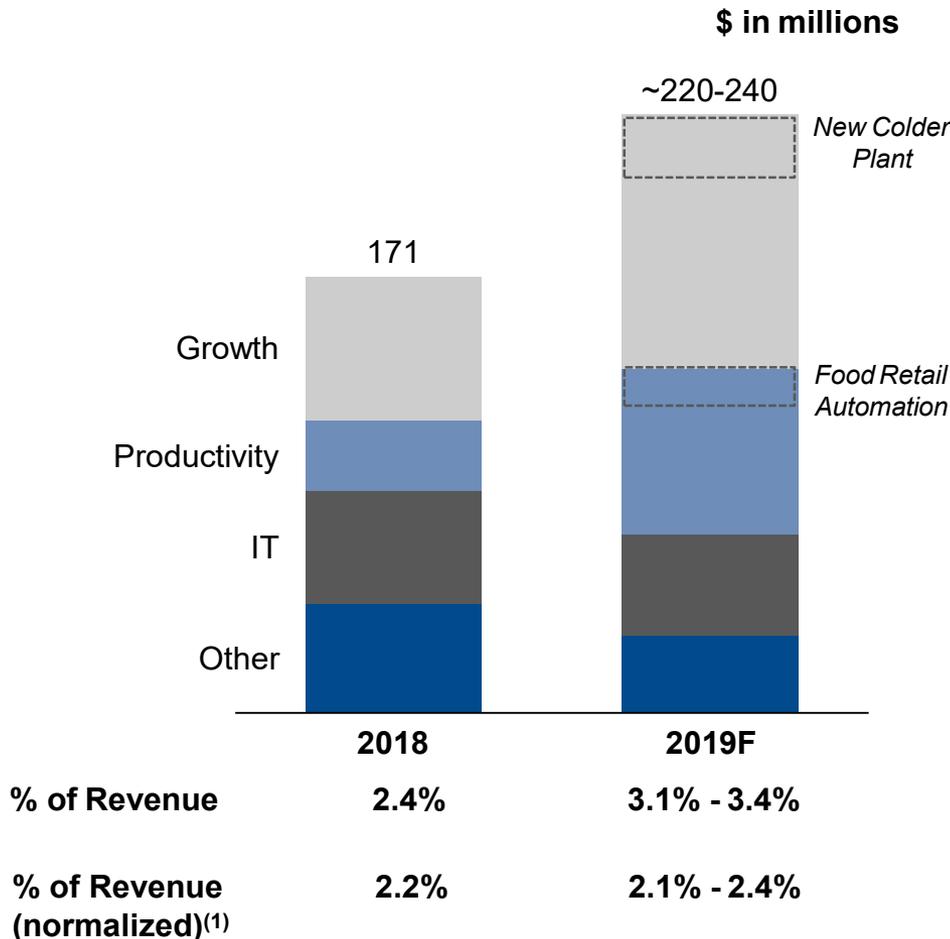
Note: Numbers may not add due to rounding

Guidance ~17-21% Growth in Adjusted EPS in 2019



2019 Capex Supports Growth and Productivity

2018 / 2019 Capex Comparison



Comments

- **Significant one-off organic investments drive 2019 increase**
 - \$26M greenfield facility at Colder Products to support organic growth
 - \$15M investments in Phase I automation at Food Retail to improve cost basis
 - Additional one-off investments in growth, productivity and facility consolidation across portfolio

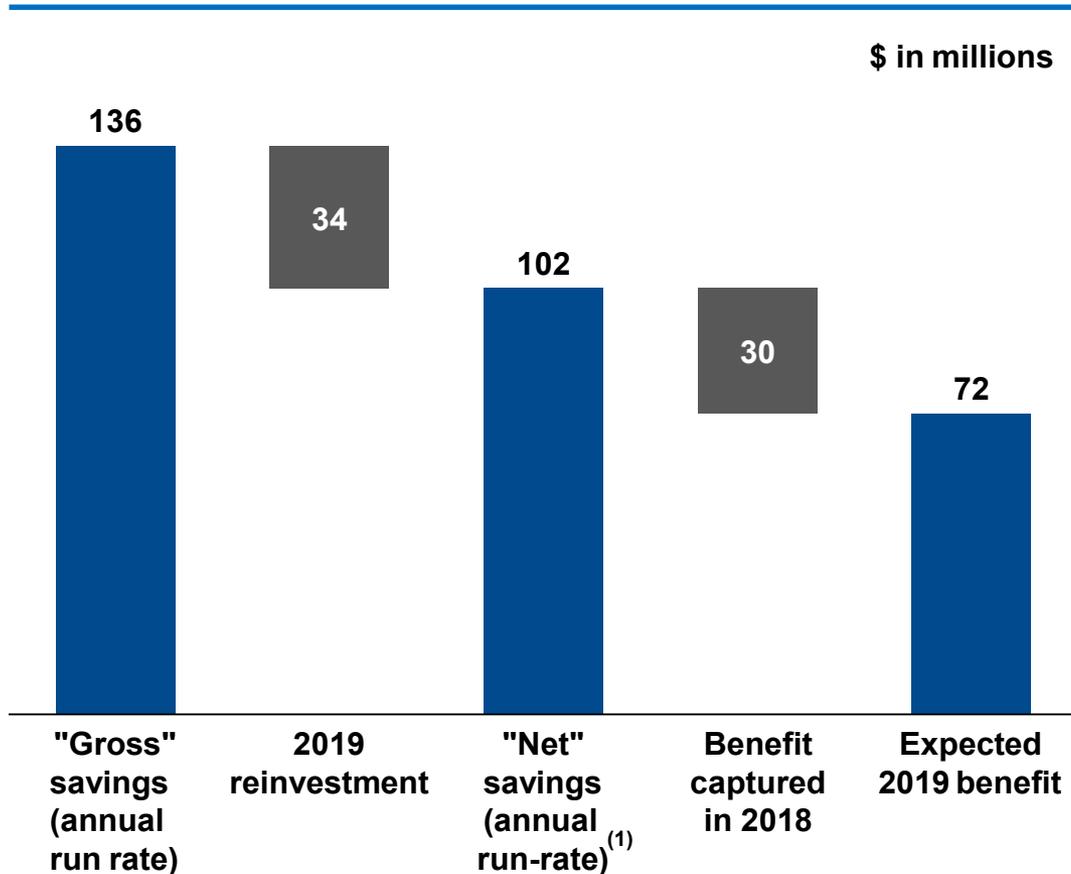
- **Continued investment in IT and Digital shifting from ERP/software toward Digital and E-commerce capabilities**

- **Excluding significant projects and footprint rationalization, 2019 capex would be in line with historical level**

Appendix

SG&A Rightsizing Largely Complete, on Track to Deliver Target Savings

SG&A rightsizing projected to yield incremental ~\$72M net benefit in 2019



SG&A update

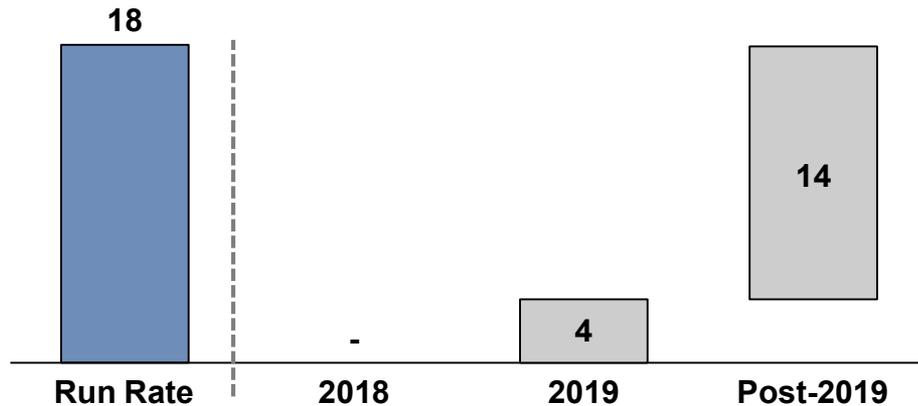
- **Execution largely complete**
 - Select actions remaining in Europe
- **Rightsizing savings ahead of target**
 - \$136M expected benefit vs. \$130M goal
- **\$30M benefit captured in 2018**
- **"Reinvesting" \$34M in 2019 to support growth and productivity**
 - Research & Development across several platforms
 - Digital and E-commerce capabilities
 - Operational talent bench
 - Sales

(1) Excludes approximately \$42M of one-time costs through 2019 to achieve

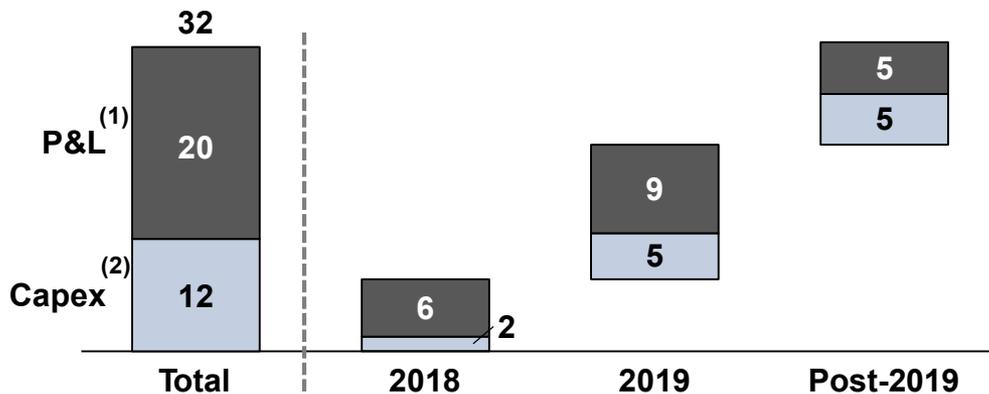
Near-Term Footprint Consolidation Actions Target ~\$18M in Benefit

Expected benefits

\$ in millions



Expected cost-to-achieve



Footprint program update

- **Near-term footprint actions**
 - High cash ROI projects across all segments

- **Expect majority of benefits to accrue after 2019**
 - Deliberate execution for success and business continuity
 - Select investments required (e.g. automation)

- **Footprint evaluation will continue in 2019-2020**
 - Over 200 manufacturing and warehouse facilities in the portfolio

Reconciliation of Q4 2018 Earnings from Continuing Operations to Adj. EBIT and Adj. EBITDA and calculation of Adj. EBIT margin and Adj. EBITDA margin by Segment (U.S. GAAP)

\$ in millions	Q4 2018			
	DES	DF	DRFE	Total
Revenue	697	786	327	1,809
Earnings from continuing operations	—	—	—	158
Add back:				
Corporate expense	—	—	—	39
Net Interest expense	—	—	—	30
Income tax expense	—	—	—	29
EBIT	114	128	13	255
EBIT %	16.3%	16.3%	4.0%	14.1%
Adjustments:				
Rightsizing and other costs	7	13	9	29
Adjusted EBIT - Segment	121	141	23	285
Adjusted EBIT %	17.4%	18.0%	6.9%	15.7%
Adjusted depreciation and amortization expense ⁽¹⁾	19	35	14	67
Adjusted EBITDA - Segment	140	176	36	352
Adjusted EBITDA %	20.0%	22.4%	11.1%	19.5%

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

Reconciliation of Q4 2017 Earnings from Continuing Operations to Adj. EBIT and Adj. EBITDA and calculation of Adj. EBIT margin and Adj. EBITDA margin by Segment (U.S. GAAP)

\$ in millions	Q4 2017			
	DES	DF	DRFE	Total
Revenue	690	686	377	1,753
Earnings from continuing operations	—	—	—	290
Add back:				
Corporate expense	—	—	—	52
Net Interest expense	—	—	—	35
Income tax benefit	—	—	—	(26)
EBIT	214	107	29	350
EBIT %	31.1%	15.6%	7.7%	20.0%
Adjustments:				
Gain on dispositions	(117)	—	—	(117)
Disposition costs	2	—	—	2
Rightsizing and other costs	9	8	15	33
Product recall reversal	—	(7)	—	(7)
Adjusted EBIT - Segment	109	108	44	261
Adjusted EBIT %	15.7%	15.7%	11.8%	14.9%
Depreciation and amortization expense	20	36	14	70
Adjusted EBITDA - Segment	129	144	58	331
Adjusted EBITDA %	18.7%	21.0%	15.4%	18.9%

Reconciliation of FY 2018 and 2017 Earnings from Continuing Operations to Adj. EBIT and Adj. EBITDA and calculation of Adj. EBIT margin and Adj. EBITDA margin by Segment (U.S. GAAP)

\$ in millions	FY 2018	FY 2017
Revenue	6,992	6,821
Earnings from continuing operations	591	747
Add back:		
Corporate expense	130	155
Net Interest expense	122	136
Income tax expense	134	129
EBIT	977	1,167
EBIT %	14.0%	17.1%
Adjustments:		
Gain on dispositions	—	(205)
Disposition costs	—	5
Rightsizing and other costs	59	33
Product recall reversal	—	(7)
Adjusted EBIT - Segment	1,036	992
Adjusted EBIT %	14.8%	14.5%
Adjusted depreciation and amortization expense ⁽¹⁾	269	278
Adjusted EBITDA - Segment	1,305	1,271
Adjusted EBITDA %	18.7%	18.6%

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

Reconciliation of Adjusted Earnings from Continuing Operations to Earnings from Continuing Operations and calculation of Adjusted diluted EPS under U.S. GAAP

\$ in millions

	Q4 2018	Q4 2017	FY 2018	FY 2017
Earnings from continuing operations	158	290	591	747
Acquisition-related amortization, pre-tax	35	37	146	151
Acquisition-related amortization, tax impact	(9)	(12)	(37)	(49)
Tax Cuts and Jobs Act	(3)	(55)	(3)	(55)
Gain on dispositions, pre-tax	—	(117)	—	(205)
Gain on dispositions, tax impact	—	6	—	33
Disposition costs, pre-tax	—	2	—	5
Disposition costs, tax impact	—	(1)	—	(2)
Rightsizing and other costs, pre-tax	37	49	73	49
Rightsizing and other costs, tax impact	(8)	(15)	(15)	(15)
Product recall reversal, pre-tax	—	(7)	—	(7)
Product recall reversal, tax impact	—	3	—	3
Adjusted earnings from continuing operations	211	180	756	655
Weighted average shares outstanding - diluted (thousand)	148	158	152	158
Diluted EPS (\$)	1.07	1.83	3.89	4.73
Acquisition-related amortization, pre-tax	0.24	0.23	0.96	0.96
Acquisition-related amortization, tax impact	(0.06)	(0.08)	(0.24)	(0.31)
Tax Cuts and Jobs Act	(0.02)	(0.35)	(0.02)	(0.35)
Gain on dispositions, pre-tax	—	(0.74)	—	(1.30)
Gain on dispositions, tax impact	—	0.04	—	0.21
Disposition costs, pre-tax	—	0.01	—	0.03
Disposition costs, tax impact	—	(0.01)	—	(0.02)
Rightsizing and other costs, pre-tax	0.25	0.31	0.48	0.31
Rightsizing and other costs, tax impact	(0.05)	(0.09)	(0.10)	(0.09)
Product recall reversal, pre-tax	—	(0.05)	—	(0.05)
Product recall reversal, tax impact	—	0.02	—	0.02
Adjusted diluted EPS (\$)	1.43	1.14	4.97	4.15

Reconciliation of Free Cash Flow; and EPS from Continuing Operations to Adjusted EPS from Continuing Operations Reconciliation

Free Cash Flow Reconciliation

\$ in millions

	December 31, 2018	December 31, 2017
Net Cash provided by Operating Activities	789	739
Capital Expenditures	(171)	(170)
Free Cash Flow	618	569

Adjusted EPS from Continuing Operations Reconciliation

	Range	
2019 Guidance for Earnings per Share from Continuing Operations, GAAP	\$ 4.81	\$ 5.01
Acquisition-related amortization, net		0.76
Rightsizing and other costs, net		0.08
2019 Guidance for Adjusted Earnings per Share from Continuing Operations	\$ 5.65	\$ 5.85

Non-GAAP Definitions

Definitions of Non-GAAP Measures:

Adjusted Earnings from Continuing Operations: is defined as earnings from continuing operations adjusted for the effect of acquisition-related amortization, the Tax Cuts and Jobs Act, gains on disposition of businesses, disposition costs, rightsizing and other costs, and a product recall reserve reversal.

Adjusted Diluted Earnings Per Share from Continuing Operations: is defined as adjusted net earnings from continuing operations divided by average diluted shares.

Adjusted EBIT by Segment: is defined as earnings from continuing operations before income taxes, net interest expense, corporate expenses, and rightsizing activities.

Adjusted EBIT Margin by Segment: is defined as adjusted EBIT by segment divided by segment revenue.

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.

Free Cash Flow: is defined as net cash provided by operating activities minus capital expenditures.

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

