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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good morning, and welcome to Dover's fourth quarter and full-ear 2024 earnings conference call. Speaking today are Richard Tobin, President and Chief Executive Officer; Brad Cerepak, Senior Vice President and Chief Financial Officer; and Jack Dickens, Vice President, Investor Relations. Also present today is Chris Winker, Dover's Segment Chief Financial Officer, who will succeed Mr. Cerepak upon his retirement at the end of the month.

(Operator Instructions) As a reminder, ladies and gentlemen, this conference call is being recorded, and your participation implies consent to our recording of this call. If you do not agree with these terms, please disconnect at this time. Thank you.

I would now like to turn the call over to Mr. Jack Dickens. Please go ahead, sir.

Jack Dickens - *Dover Corp - Senior Director of Investor Relations*

Thank you, Margo. Good morning, everyone, and thank you for joining our call. An audio version of this call will be available on our website through February 20, and a replay link of the webcast will be archived for 90 days. Our comments today will include forward-looking statements based on current expectations. Actual results and events could differ from those statements due to a number of risks and uncertainties, which are discussed in our SEC filings. We assume no obligation to update our forward-looking statements.

With that, I will turn the call over to Rich.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Thanks, Jack. Good morning, everyone. Let's start on page 3. Overall, we are encouraged by the fourth quarter. Top-line performance was broad-based with four out of five segments posting positive organic growth on solid underlying demand across the portfolio. Bookings were up 7% organically in the quarter, driven by robust order rates in our secular growth exposed markets as well as positive inflection in several end markets that had tough comps during the year. Our booking strength validates our previous demand outlook for 2025.

Segment margin performance for the quarter was solid at 22.2%, up 60 basis points over the prior year. We are quite encouraged by the product mix impact and prior-period fixed cost restructuring on segment margins during the quarter. We expect this to be a precursor of the strong incremental margin performance that we expect in 2025. Excluding the $0.25 of tax reorganization benefit to our effective tax rate in the fourth quarter of the prior year, Q4 adjusted EPS grew 14% in the quarter and was up 8% for the full year.

Our operational results were complemented by our ongoing portfolio actions. We recently closed two bolt-on acquisitions within our high-priority Pumps and Process Solutions segment, and our acquisition pipeline remains robust. We ended the year with a significant gas position that provides us flexibility as we pursue value-creating capital deployment to further expand our businesses in high-growth, high-margin priority platforms through organic investment and acquisitions.

We are optimistic about 2025. Underlying demand strength has continued across the portfolio into January. We have significant runway for margin improvement through organic growth, positive mix benefits, and numerous cost and performance levers. We have high confidence in Dover's attractive end market exposures, flexible business model, and proven execution playbook. With this backdrop, we are poised to deliver double-digit EPS growth in 2025 through a combination of accretive top-line growth, margin improvement, and value-creating capital allocation.

Let's skip to slide 5. Engineered Products was up 2% organically in the quarter on volume growth in vehicle service and fluid dispensing. Aerospace and Defense was lower in the period due to shipment timing but still posted a record year on growing global demand for signal intelligence and electronic warfare solutions. Clean Energy and Fueling was up 8% organically in the quarter, led by robust order rates and shipments within cryogenic and clean energy components as well as solid volume growth in retail fueling equipment.

Our North American above-ground fueling business is methodically building back the volumes from peak EMV cycle from several years ago. Importantly, there was notable growth inflection in mix-accretive vehicle wash and below-ground retail fueling in the quarter, which had faced tough market conditions over the last two years.

Margin was up 200 basis points in the quarter on positive volume leverage, attractive mix in operational execution. We expect these trends to continue to drive margins higher in 2025. Imaging and Identification posted another solid quarter with growth in core market encoding printers, consumables, services, and aftermarket parts. Margin performance was robust as management actions on cost to serve and structural cost controls continue to drive incremental margins.

Pumps and Process Solutions is up 3% organically and robust shipments in single-use biopharma components and thermal connectors, both of which posted year-over-year bookings growth in excess of 100% in the quarter. Precision Components and Industrial pumps have had solid results as well, as forecasted the long-cycle polymer processing equipment was down year over year in the period but was flat sequentially. Segment revenue mix drove 230 basis points of margin improvement on excellent production performance on volume growth in biopharma and thermal and margin mix benefits from the FW Murphy acquisition.

Revenue was down in the quarter and climate sustainability technologies and expected declines in European heat exchanges and beverage making can-making equipment, which more than offset the record quarterly volume in US CO2 refrigeration systems and growth in heat exchanges in the US and Asia. Our shipments of heat exchanges for heat pumps in Europe did improve sequentially in the quarter, a trend we expect to accelerate in the back half of 2025 as the end market recovers. Organic bookings were up 16% in the quarter, with positive total momentum across each operating business with particular strength in CO2 systems.

I'll pass it to Brad here.

Brad Cerepak - *Dover Corp - Chief Financial Officer, Senior Vice President*

Thanks, Rich. Good morning, everyone. Let's go to our cash flow statement on slide 6. Adjusting for taxes paid on the gains on dispositions, which are non-operational in nature, our free cash flow was $429 million in the quarter or 22% of revenue. Our fourth quarter was our highest cash flow quarter of the year, in line with historical trends.

We are pleased with our full-year adjusted free cash flow generation, which came in at 13.5% of revenue, within our guidance range, despite carrying large accounts receivable balances at the year end. That will be a credit to early 2025 cash generation. Our guidance for 2025 free cash flow is 14% to 16% of revenue on strong conversion of operating cash flow. We are forecasting slightly higher CapEx in 2025 on several growth investments. With that, I'll turn it back to Rich.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Thanks. I'm on slide 7. Here, we provide a little more detail on the bookings momentum in the fourth quarter. Q4 marked our fifth consecutive quarter of positive year-over-year bookings growth, posting a book-to-bill above 1. As shown in the segment detail on the right, the bookings rates were broad based with particular strength in our secular growth exposed markets, providing a strong foundation as we move into 2025.

Slide 8 highlights several end markets that were driving our consolidated organic growth forecast. Between end market data, our customer forecast, and our own booking rates, we are encouraged with the outlook in the broader industrial gas complex within clean energy and precision components, single-use biopharma components, CO2 refrigeration systems, and inputs into liquid cooling applications of data centers, which include our connectors as well as heat exchangers.

We have made significant organic and inorganic investment behind these end markets, which will continue to prioritize into 2025. In aggregate, these markets now account for 20% of our portfolio and drive attractive margin accretion on expected double-digit growth rates. Moving to slide 9, we expect Engineered Products to grow low single digits organically on sustained strong orders and shipments within Aerospace and Defense, which should be levered to the second half of the year due to the timing of government programs.

With the divestitures of DESTACO and Environmental Service Solutions Group in 2024, our Engineered Products segment now accounts for roughly 15% of our total portfolio, down 25% in the prior year. We are optimistic about the growth outlook in clean energy and fueling, which should return to positive volume growth due to strength in clean energy components, fluid transport, and above-ground fueling.

We expect this segment to be among the leaders in margin accretion in 2025 on volume leverage, positive mix from below ground fueling. Additionally, we can expect additional carryover of multi-year restructuring actions and acquisition integration benefits, which will primarily accrue in the second half of the year.

We expect Imaging and ID to continue its long-term steady growth trajectory given its significant reoccurring revenue based on solid demand profile across all geographies. Management has done yeoman's work to improve the margin here through productivity and structural cost controls, and we believe there are multiple years ahead of continued margin accretion.

Underlying demand trends across Pumps and Process Solutions remain solid. Shipments of single-use biopharma components should continue their double-digit growth rate driven by production growth in blockbuster drugs and the emergence of novel technologies such as cell and gene therapies and the continued secular shift towards single-use manufacturing.

The outlook for thermal connectors for liquid cooling data centers is robust. Our preemptive capacity expansion has allowed us to maintain industry-best lead times in what has turned out to be a short cycle business. Our Precision Components business is directly levered to energy complex investments, so we are quite interested to see how that market plays out in 2025.

Finally, climate and sustainability technology should recover well as difficult comps roll off in heat exchanges and beverage can making with the recent launch of our high-capacity platform and CO2 refrigeration systems. We have the broadest product offering in the industry. We are currently taking orders well into the second half of 2025 and should continue to grow at double-digit rate due to the broad-based adoption among national retailers.

Heat Exchanger is expected to grow as European heat home channel inventories have been largely depleted. We are forecasting sustained growth in North America at heat exchangers. We have completed a capacity expansion for large-format production, driven in part by liquid cooling applications in data centers.

Let me finish up on slide 10. Our guidance this year is a bit unique since we provided preliminary outlook for '25 during last quarter's earnings release, which we felt was necessary, given the significant portfolio moves completed in Q4. Our 2025 guidance is in line, that preliminary outlook from a quarter ago in terms of organic revenue and EPS growth with the underlying building blocks intact.

There's only been one noteworthy change from last quarter, which is heightened foreign exchange translation from the strengthening US dollar. While this incremental headwind, which is by no means unique to Dover, we are confident in holding our full-year guide due to the positive and broad-based bookings momentum we had during the year. So pretty much, we're going to eat everything that we saw when we ran from October to January in terms of FX, which is not a little bit.

We entered 2025 in an advantaged cash position. Our preference is to deploy capital towards organic growth investments and our inorganic growth for the pipeline, which has improved in both quantity and quality opportunities over the last several months. Rest assured, we will proceed with the capital discipline that we have demonstrated in the past.

Finally, before we move to Q&A, I'd like to take a moment to recognize and congratulate Brad on his retirement. Since joining Dover over 15 years ago, he has been an instrumental, strategic, and financial leader who has helped transform Dover to our current operating structure today. I'm sure Brad couldn't think of a better sendoff than to spend his last days preparing for this earnings call. On behalf of all of us, thank you, and we wish you all the best.

Brad Cerepak - *Dover Corp - Chief Financial Officer, Senior Vice President*

Thank you for that, Rich. Much appreciated. It's been absolutely a pleasure to work with you, the entire Dover team, our Board, and of course, the finance organization for so many years. Chris Wenker will take it from here, and I wish him the very best.

Okay. I think we can go to Q&A here, Jack.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Steve Tusa, JPMorgan.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

Hey, good morning. Brad, congrats, and thanks for all the help over the years. You've definitely seen a lot there, a lot of change, so congrats on the run. The slide last quarter talked about 40% conversion and $25 million of restructuring benefits. This slide says 40% plus. Are you still assuming the $25 million of restructuring benefits? And I don't know, there's a lot of up arrows on that margin slide. So just maybe help calibrate us a bit on the margin drivers and price cost?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Sure. The restructuring benefit hasn't changed. As I mentioned last quarter, we'll -- we've got some more in the pipe. And when we do it, we'll give you the roll-forward benefit of it, which is not embedded into our forecast presently. The balance of it is mix. So if you look at the margin accretion that we saw in Q4, I think it's a pretty good precursor of what we can expect.

And then we'll see from there. Then it's just a question of kind of the volume that we see. So right now, we're going to stick to the 40%. I think -- I don't see that going up on a percentage basis. It will be more tied to are we underestimating the revenue growth potential into 2025. Bookings look great, but let's see. Let's get through a quarter or two.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

Got it. And price cost, what do you guys assume for price in the year? And will that spread be positive?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

It will be positive, not a lot either way in terms of the benefit point 1.5 points. We'll see. It depends on the mix that we get, but it will be positive.

Steve Tusa - *JPMorgan Chase & Co. - Analyst*

Okay, great. Thanks a lot. Thanks again, Brad, congrats.

Operator

Nigel Coe, Wolfe Research.

Nigel Coe - *Wolfe Research LLC - Analyst*

Thanks. Good morning. Brad, I'm sure you're going to get a lot of congratulations and all that. But you've been at Dover for a long time. You've been the one sort of constant for the last like 15 years. It's quite a moment here, so congratulations.

Brad Cerepak - *Dover Corp - Chief Financial Officer, Senior Vice President*

Thank you so much.

Nigel Coe - *Wolfe Research LLC - Analyst*

So Rich, you mentioned January. And whenever you mentioned sort of within the current period, there's talks of tension. I'm just curious if you think the tariffs or the potential tariffs is causing any sort of unusual behavior around the supply chain that you touch?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

No, we don't see it. I mean, we're, generally speaking, a proximity manufacturer. So our backlogs are more influenced on the lead times of the individual products, which are kind of all over the place, between the short cycle and long cycle. But no, I don't -- we don't see any let's get in front of this because we think that there's going to be tariffs. We have a few businesses that are global in nature, but the vast majority of it is proximity.

Nigel Coe - *Wolfe Research LLC - Analyst*

Okay, okay. And then just a quick question on the margin outlook. You mentioned CEF is going to be the margin leader. I'm just curious if you could just maybe just -- if I could just ask if the 20% plus handle would be reasonable there just based on what we saw this quarter? And then similar being with DPPS just given the exit rate, will a [30%] handle be reasonable for this year?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Look, I think that the absolute change in margin, we would expect in DCEF, okay? We are driving at the segment level in excess of 20%, all right? You may not get it every quarter depending on the cyclicality of it, but clearly at an exit rate in excess of 20%. On DPPS, it's all about the mix. So if we're undercalling biopharma, and we get better results there, clearly, they will mix up. But if Precision Components does better, it's a little bit dilutive, but it's still at 25% margin. So we'll take it all day long. So it's more a question of we get in terms of mix going from here.

Nigel Coe - *Wolfe Research LLC - Analyst*

Okay, very nice. Thanks, Rich.

Operator

Andy Kaplowitz, Citigroup.

Andrew Kaplowitz - *Citigroup Inc. - Analyst*

Good morning, everyone. Brad, thanks for all your help. Congrats. Rich, book-to-bill over one again in Q4. Are you thinking '25 is another year where all or most of your quarters could achieve book-to-bill at or over 1? And I know you're expecting an inflection in CO2 orders. It looks like you've got that, and you mentioned double-digit expected growth in that business is expected to continue. But given recurring other DCST businesses, at least in terms of orders, it seems like you expect DCST bookings momentum to continue. Maybe you can comment on that.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Yes. I mean, I would expect, based on our growth rate, we'll hover around 1. I mean, I don't think we get all excited if it's 0.98 one quarter. But we should hover around 1 for the year, and then we'll make a call on Q4 as we exit. Yes, I mean, we did get some bookings in Q4 in CO2 systems. We've got a lot coming our way. So I would expect bookings to look good there, coupled with the fact maybe not in Q1, but as we go into Q2, we'll inflect positive bookings in heat exchanges. So that will help in terms of the fact.

Andrew Kaplowitz - *Citigroup Inc. - Analyst*

Got it. And then can you give us a little more color into how you think about earning -- earnings cadence through the year? It seems like we start out pretty slowly in terms of organic growth in Q1 given DCST and DP could start slowly in terms of growth, but more color on Q1 on the trajectory for the rest of the year would be helpful.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Yes. I mean, go back to -- now that we're beyond kind of all the COVID stuff, we'll go back to -- we'll start off a little slowly. We'll probably build a bunch of inventory in Q1, and we'll recognize those revenues in Q2 and Q3. And then Q4, like every other year, we'll decide on the outlook of '25 how we run production. But we'll make those decisions in the August-September timeframe. So yes, I mean, I think that -- I think quarter to quarter, we'll look okay. But I mean, it will be a ramp into Q2 and Q3.

Andrew Kaplowitz - *Citigroup Inc. - Analyst*

Appreciate the color.

Operator

Joe Ritchie, Goldman Sachs.

Joe Ritchie - *Goldman Sachs & Co. LLC - Analyst*

Hey, guys, good morning. And Brad, thanks so much. Wishing nothing but the best.

Brad Cerepak - *Dover Corp - Chief Financial Officer, Senior Vice President*

Thank you.

Joe Ritchie - *Goldman Sachs & Co. LLC - Analyst*

Maybe let's just -- I'll just hone my question on DCST. Rich, maybe talk a little bit about like what you're seeing in that European heat pump market now expecting growth in 2025. I think you maybe mentioned inventories have also stabilized there. Just give us some color on what you're seeing there.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Well, I mean the margin performance that you see for us in Q4 is us basically underproducing severely. So it was a willful attempt to force inventory clearing out of the channel. But having said that, orders inflected positively. Let's not get excited off of some pretty low levels. So I would say that we did our part to allow inventory to clear.

And just sequentially, orders are coming up. It's probably still got a bad comp in Q1. But then from there, we would expect to ramp over the balance of the year what that ramp looks our best estimates right now. As you know, getting good data out of our own customers has been quite difficult, but we would expect I think that we've got a prudent outlook for it. And hopefully, it gets coincidentally better over the year. But what we're confident about is we took some direct action to allow inventory to clear in the back half of the year.

Joe Ritchie - *Goldman Sachs & Co. LLC - Analyst*

Got it. That makes a lot of sense. So as you think about then kind of like the right starting point for margins for that segment, given that you got that big hit in the fourth quarter. How do you think about then the margin trajectory in 2025? It would seem like you should get some pretty good margin expansion in that business.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Yes. I mean once we lap Q1. Q1 is always a little bit messy because in traditional refrigeration equipment, we tend to build inventory there as opposed to shipping it. And as I said, swept on heat exchangers has probably got a tough comp there. Having said all that, that we are very pleased with the margin that we got, the exit margin that we got on refrigeration. So that's what we're booking in for the balance of the year and to the extent, we underproduced so severely in heat exchangers. We have like negative fixed cost absorption there. In Q4, we'd expect that to get better over time. So net-net, if you just look through the downturn in heat exchanges with all the progress that we made on Refrigeration, we would expect that we would be maybe not at record margins because I'd have to kind of triangulate for Belvac a little bit, but some very good margins in that segment if we were to benchmark it historically.

Operator

Our next question will come from Brett Linzey with Mizuho.

Brett Linzey - *Mizuho Securities USA LLC - Analyst*

And best of luck to Brad. I wanted to come back to the bio orders really strong. I guess any detail in the nature of the applications you're winning? And any concentration, is there one to two customers? Is it fairly broad-based? And then how should we think about that delivery schedule?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

It is broad-based. I mean, we cleared inventory in the back half -- or the front half of this year and then you started orders inflected and I think it more or less at the end of second quarter. We don't know a lot in terms of where it ends up because there's a big portion that's sell-through from our clients at the end of the day. But I think I would categorize it as -- we are a supplier to end-use production and that the inventory is cleared out of the system and that those units are operating now, and it's just pull through.

Brett Linzey - *Mizuho Securities USA LLC - Analyst*

It makes sense. And then just a follow-up on the liquid cooling, very strong demand, again, obviously, with everything that's going on. But maybe talk about that specification process with those partners. And how large has the total addressable market for Dover grown over the last couple of years? And where do you think your share of that can run?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Well, it's grown significantly because it was a traditional product of ours that have been supplied into supercomputing applications. what the TAM is, is anybody's guess right now. If you go back and look at the transcript, I think that we made the right decision in terms of having the product available, and we made the right decision to build out the capacity in advance of the demand because it has turned out what I would have thought to be a business that would have because of the build-out time for these data centers that you would know when the orders are coming. It's turned out to be a very short cycle business for us. So the data that we get on where the product is going, is almost at the last minute. Now we've been a market share winner here because we've got the capacity installed to the detriment of some of the working capital, I would say, in the fourth quarter of this year, but I can't even give you TAM numbers, quite frankly. I don't think anybody knows. We'll see how it plays out. But right now, super proud of the management team in terms of how they've managed an incredibly complex situation.

Operator

Our next question comes from Michael Halloran with Baird.

Michael Halloran - *Robert W. Baird & Co., Inc. - Analyst*

And Congrats, Brad. So just another high-level question here. Just to make sure I understand the cadence through the year. And in answer to the earlier question, the thought process then if I think about typical earnings by quarter, relatively normal or a little subdued in the first and then build it up in the back. But then related, are you basically assuming the underlying demand dynamics are relatively stable with current levels, not improving, not getting worse, but relatively stable in normal sequentials? Is that the thought process?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Yes. I think the sequential should be relatively stable and typically from a calendarization point of view. So there's nothing -- and the mix benefit should be relatively stable. But when we're talking about the incremental growth on the roll forward, then you're going to get the most of the growth in Q2 and Q3. So it doesn't leg down and then leg up. It kind of just sequentially rolls forward, the mix impact on the business should be relatively stable right? Because that's -- if you look at the order rates, that's what we're going to be shipping out of. And then the growth that we're getting, which we'll be producing in Q1 will be shipped out in Q2 and Q3. That's our estimates right now. .

Michael Halloran - *Robert W. Baird & Co., Inc. - Analyst*

Yes. That makes sense. And then just an update on the M&A side. Any change to what you're seeing from a backdrop, actionability and the amount of content that might be in the market at some point?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Yes, lots of stuff coming. We're really interested to see what the spirits are out there and what -- we'd like to see a couple of transactions to get done. There's quite a few in the pipe to see at what -- how aggressive everybody is going to be at valuation. But those are the ones everybody knows about. We've also got a handful of very interesting proprietary deals that we're working on. So we'll see. I mean we're very popular in multi-industrial world because of all the cash that we're sitting on. So we're seeing a lot time will tell about what multiples look like when we see a couple of transactions.

Brad Cerepak - *Dover Corp - Chief Financial Officer, Senior Vice President*

Yes. And keep in mind that, that cash on the balance sheet right now is not deployed in our forecast. It's generating nice interest income, so it doesn't earn a hole in our pocket, so to speak. And when you think about your models, just keep in mind that we're sticking to our year-over-year concept around interest income until we deploy that capital. And then you'll see a shift between the interest line and the segment performance line as we do deal flow.

Operator

We'll take our next question from Julian Mitchell with Barclays.

Julian Mitchell - *Barclays Capital, Inc. - Analyst*

Brad, thanks for all the help. If we think about just the segment level, I wanted to start with clean energy and fueling -- it seemed like you did see some very encouraging signs exiting the year in below ground and vehicle wash. And as we're thinking about the 2025 guidance, maybe help us understand kind of how much of the business now are you going to sort of come together fairly regrowth there differ this year versus the more traditional parts of DCEF.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Okay. I'm going to have to go back and look, but I would think in terms of absolute profit, it is the largest contributor year-over-year, that segment. And that's a combination of restructuring benefits, growth mix on growth and acquisitions that we had done in the prior period that actually calendarized at 12 months. Breaking it into pieces, I think that we'll let Jack take you through it, but we had -- in terms of the cryogenic component exposure, we are significantly larger than our nearest competitor.

Julian Mitchell - *Barclays Capital, Inc. - Analyst*

That's helpful. And then secondly, on engineered products, there's been a lot of change in the business mix there. Aerospace and Defense, a big old -- waiting now within DEP. And maybe remind us of kind of the main exposures there because it looks like the volumes there were down in the fourth quarter. but should grow this year as a whole in DEP. Maybe kind of remind us sort of what's moving around in that? And what's the visibility on that second half improvement in the A&D shipments okay?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

The comp was bad in Q4, and that drove the commentary, which is timing of shipments, which I think that we had some pretty big shipments in Q4 of 2023. Having said that, the business is -- it's big as it's ever been in terms of its absolute size because we've actually been an acquirer in there. In terms of the calendarization, I'd have to go and work with Jack to see what 2025 looks like, but it is posted to grow year-over-year. and having a positive margin mix benefit on that growth.

Operator

Our next question comes from Jeff Sprague with Vertical Research.

Jeff Sprague - *Vertical Research Partners LLC - Analyst*

Hey, thanks. Good morning, everyone. And congrats, Brad, hate to admit it, but we go back to American Standard, Honeywell Allied.

Brad Cerepak - *Dover Corp - Chief Financial Officer, Senior Vice President*

I know A lot of years, Jeff.

Jeff Sprague - *Vertical Research Partners LLC - Analyst*

Most the high school. Maybe a CFO question to start. Just on kind of interest income for that color. I assume rates are a little bit more favorable on sitting on cash than maybe you thought if you were thinking about the Fed maybe address it if that is, in fact, helpful. And then also, I just wanted to clarify, that guide that you're talking about is really only accounting for cash on hand. It doesn't look like you're giving yourself any credit for just a very solid free cash flow generation you're expecting in 2025?

Brad Cerepak - *Dover Corp - Chief Financial Officer, Senior Vice President*

No, I think it's inclusive. But we have uses of that cash flow like we normally do, right? So we'll have to see, it is volatile in the sense of how many rate cuts will there be next year? We model it out. And when I say we're sticking with our year-over-year that we guided back or gave insight into in the third quarter. It is all inclusive for sure. But capital deployment will impact it, Jeff, and there's a lot of variables. So I think at this stage, give us a quarter to sort it out and see how deals actually flow through, and then we'll be able to give you more insight into it.

Jeff Sprague - *Vertical Research Partners LLC - Analyst*

And then Rich, on DII, just maybe a little bit more color there, right? Demand trends are giving us a solid green pie, but we're growing low single digit. I'm guessing it's just sort of the fashion fabric or whatever you call that piece of the business is really still lagging and holding back the base. Is that what's going on? Maybe a little more color there.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

It's just de minimis in terms of the renewed earnings at this point. So we're not mug in any kind of snapback in terms of performance. Credit to the management team, the margin accretion and has even lapped that business declining over the last three years through improving the profitability of the core Marketing and Coating business. As I mentioned in my comments, we've got some other efficiency programs, if you will, laid in for 2025 that should help the accretion there. So let's just call it on the textile stuff, the bottoming has taken place, but it's de minimis now in terms of the earnings of the group.

Jeff Sprague - *Vertical Research Partners LLC - Analyst*

So the low single-digit growth just reflects then what's the normalization on the equipment side, after a little bit of a bump in ['20]?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

But this one has got a ton of ex in it, and it flops around between consumables. So we don't get all bent out of shape quarter-to-quarter. We look at this -- this business really on a full year basis. It grows 2% to 4% at the end of the day. So I wouldn't intra-quarter volatility is almost meaningless.

Jeff Sprague - *Vertical Research Partners LLC - Analyst*

Okay. I was talking about the outlook, but -- good to go. I'll leave it there. Thanks a lot.

Operator

Our next question will come from Andrew Obin with Bank of America. .

Andrew Obin - *BofA Securities, Inc. - Analyst*

Yes. We'll try and congrats Brad on his retirement. It was a pleasure. Thank you. .

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Still saying we when he answers the question.

Andrew Obin - *BofA Securities, Inc. - Analyst*

I know.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

It's encouraging.

Andrew Obin - *BofA Securities, Inc. - Analyst*

That's good.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

We're going to be here through capital deployment.

Andrew Obin - *BofA Securities, Inc. - Analyst*

I'm binge watching, Severance, these days. So just '25 outlook for growth in vehicle wash. is much better than the commentary from peers, and I would also say above ground is turning. Do you think you're gaining share? Or is it a real turn in the market right?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Well, I mean, I got to be careful with the peer commentary in vehicle wash because a lot of them own distribution and operate sites. We don't. We're purely equipment manufacturer. I think the commentary, but it's not inflected super better, but even a little bit better on a margin point of view, it's positive.I. Think the real material inflection that we're seeing there inside is the mix impact -- a couple of things. The mix impact below ground, which has been pretty depressed for two or three years now, which is highly margin accretive. That's good. A lot of the restructuring we did last year is in this particular segment. So that's where the flow-through comes in, which is good. And then the cryogenic piece, we talked about at length in the end of Q3 that we -- we're going to go through a big integration year here and expect to get the integration benefits of those prior period acquisitions, probably levered towards the second half of this year. So it's got a lot of kind of non-revenue benefit under number one and number two, mix is improving.

Andrew Obin - *BofA Securities, Inc. - Analyst*

Excellent. And just a simple question for Golder. Do you think that business can double this year given sort of the underlying growth in liquid cooling?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Well, I mean, double relative to what, right? Biopharma .

Andrew Obin - *BofA Securities, Inc. - Analyst*

Relative to '24. No, just sorry, just the liquid cooling part, sorry. Just the data center. Yes, the data center part, sorry.

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Could it? Yes. We'll see. As I mentioned before, it's just turned out to be such a short-cycle business that we've got -- we get a view of maybe 45 days in terms of of the demand cycle. So we'll see. But could it yes.

Operator

Our next question comes from Scott Davis with Melius Research. .

Scott Davis - *Melius Research LLC - Analyst*

Congrats. I'm sure you're going to miss that flight out on Monday morning or Sunday night or whatever in Chicago, but you spent some frequent or miles our way, I guess, probably have plenty. But anyways, I think you guys have covered most of the turn here. It's been a lot of minutia too. But if we back up a little bit is the refrigeration story just about CO2 in '25? Or is it really also just about pent-up demand that there was a it's been a pretty long period, I think, of underinvestment from your customers. Is that a correct assessment?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

I think that's a correct assessment. But recall, we have capped our capacity in that particular segment. So it's more for us margin performance plus CO2. We're not going to chase dilutive growth on the retail refrigeration side. So we'll take as much as we can get there. On the case business, we'll see. We're in early innings now about the CO2 transformation of whether you can bundle the CO2 system with the case and what does that mean for margins? I think that is something that will unfold during '25.

Scott Davis - *Melius Research LLC - Analyst*

Fair enough. And then just a small question. I guess I've never asked this before, but if you had to split up your CapEx between kind of maintenance and growth, how would you think about what kind of that base level of maintenance CapEx is in the numbers?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Not to give a little pie chart on that. I'm guessing that it's $40 million maintenance, but that does not include IT, and 60% growth. And if I had to carve out IT, I'd have to get back to you, Scott.

Operator

And our last question will come from Deane Dray with RBC Capital Markets.

Deane Dray - *RBC Capital Markets - Analyst*

I get to do the last. Congrats to Brad and wish you a family all the best. -- also go way back.

Brad Cerepak - *Dover Corp - Chief Financial Officer, Senior Vice President*

I know we do.

Deane Dray - *RBC Capital Markets - Analyst*

Maybe we just start, Rich, on the two bolt-on deals, how do those come about where do they fit? What's kind of the attraction there? And how much of that pipeline that you're looking at fits that category?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

They're both proprietary One is going in pumps and process solutions, and -- both of them are going to Oh yes, all right. And they're both proprietary. One is cryogenics, but it actually ends up in our pumps business. The other business is a product line expansion for plastics and polymers for MAG. And that one, I think we've been working on for three years or so.

Deane Dray - *RBC Capital Markets - Analyst*

All right. Good to hear on that. And then data center came up a whole lot in the Q&A prepared remarks in your slides, my guess is those were already written prior to the Monday sell-off. And Rich, you've already said your short-cycle business, it's 45 days, so you're probably not looking any for out than that. But just in terms of managing this business, do you feel like there's any sea change in terms of data center CapEx. And I know you can't size the TAM, but is the TAM potentially getting smaller and more competition? Just kind of how might the competitive dynamics have changed since Monday?

Richard Tobin - *Dover Corp - Chairman of the Board, President, Chief Executive Officer*

Deane, I don't know. I mean the fact of the matter is in terms of the total TAM, we're rounding error. We think that we've got a very good product that we have IP protected. I think that we were first in line in terms of building out the capacity, and that's pretty much what's driven the volume growth that we've seen. I think we've been pretty prudent in terms of sizing the business. So we're not looking at the billions and billions of dollars, and trying to do the mathematics of gigawatts to connectors. I mean, many have tried, all have failed. So I'm not overly worried about it at the end of the day. I think there's enough kind of shovels in the ground that makes us feel comfortable with our 2025 forecast.

Operator

That concludes our question-and-answer period of Dover's Fourth Quarter and Full Year 2024 Earnings Conference Call. You may now disconnect your line at this time, and have a wonderful day.