



July 18, 2019 – 9:00am CT

Earnings Conference Call Second Quarter 2019

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 for 2018, 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, 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 second quarter, which are available on Dover's website.

Q2 2019 - Highlights

Organic revenue growth of 3%

3% unfavorable FX impact

Solid growth in DF and DES Industrial

Wins in DRFE support growth outlook for the year

Adjusted earnings from continuing operations⁽¹⁾ increase 15% to \$229M

Earnings from continuing operations on a GAAP basis up 19% to \$198M

Segment performance

Adjusted EBIT⁽¹⁾ increases 13% to \$311M, with margin at 17.2%

Adjusted EBIT margin⁽¹⁾ up 190 bps year over year

Organic bookings decline 2%

2% unfavorable FX impact

DES bookings lower as expected

Adjusted diluted EPS from continuing operations⁽²⁾ at \$1.56, up 20%

\$0.02 benefit related to discrete tax items⁽³⁾

Diluted EPS from continuing operations on a GAAP basis at \$1.35, up 25%

Guidance & Other Activities

2019 Adj. EPS⁽²⁾ guidance narrowed to \$5.75 to \$5.85

Acquisition of All-Flo Pump Co. closed on May 7

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

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

(3) Includes \$3.6M of discrete tax benefits in the quarter

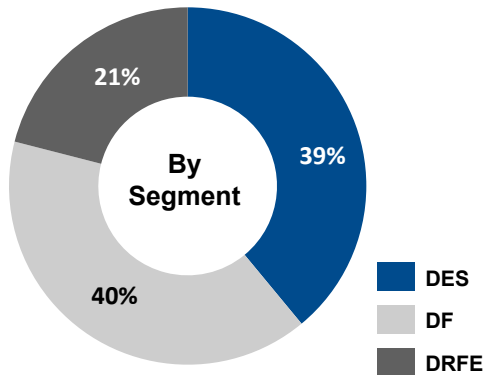
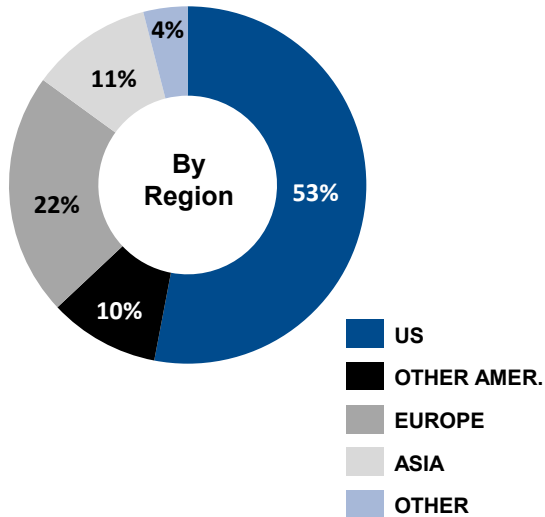
Q2 2019 – Financial Summary

US GAAP from continuing operations	Q2 2019	Q2 2018	Δ
Revenue (\$M)	1,811	1,798	1%
Earnings (\$M)	198	166	19%
Diluted EPS (\$)	1.35	1.08	25%
Non-GAAP ⁽¹⁾ from continuing operations			
Adjusted EBIT – Segment (\$M)	311	276	13%
<i>margin percent</i>	<i>17.2%</i>	<i>15.3%</i>	<i>190 bps</i>
Adjusted EBITDA – Segment (\$M)	376	343	10%
<i>margin percent</i>	<i>20.8%</i>	<i>19.1%</i>	<i>170 bps</i>
Adjusted Earnings (\$M)	229	200	15%
Adjusted diluted EPS ⁽²⁾ (\$)	1.56	1.30	20%

Note: Numbers may not add due to rounding

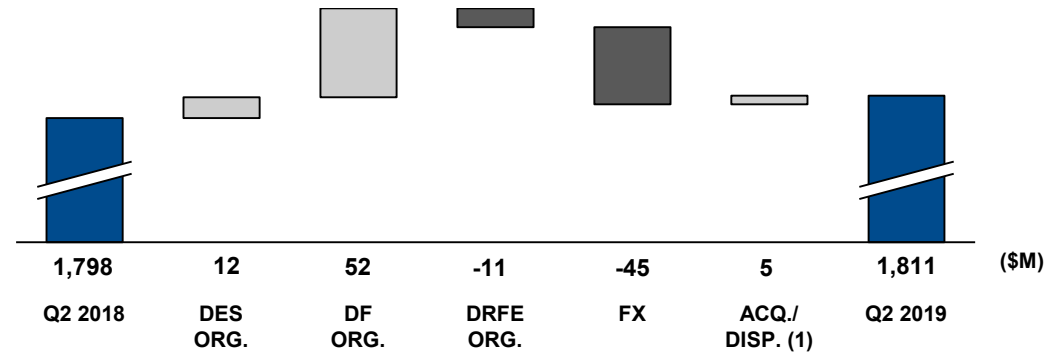
Q2 2019 - Revenue & Bookings

Revenue Split



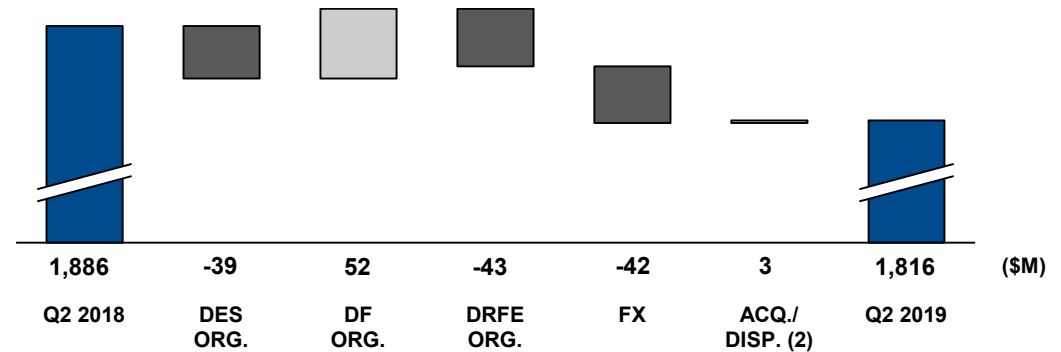
Revenue

Change in Organic Revenue: +\$52M, or 2.9%



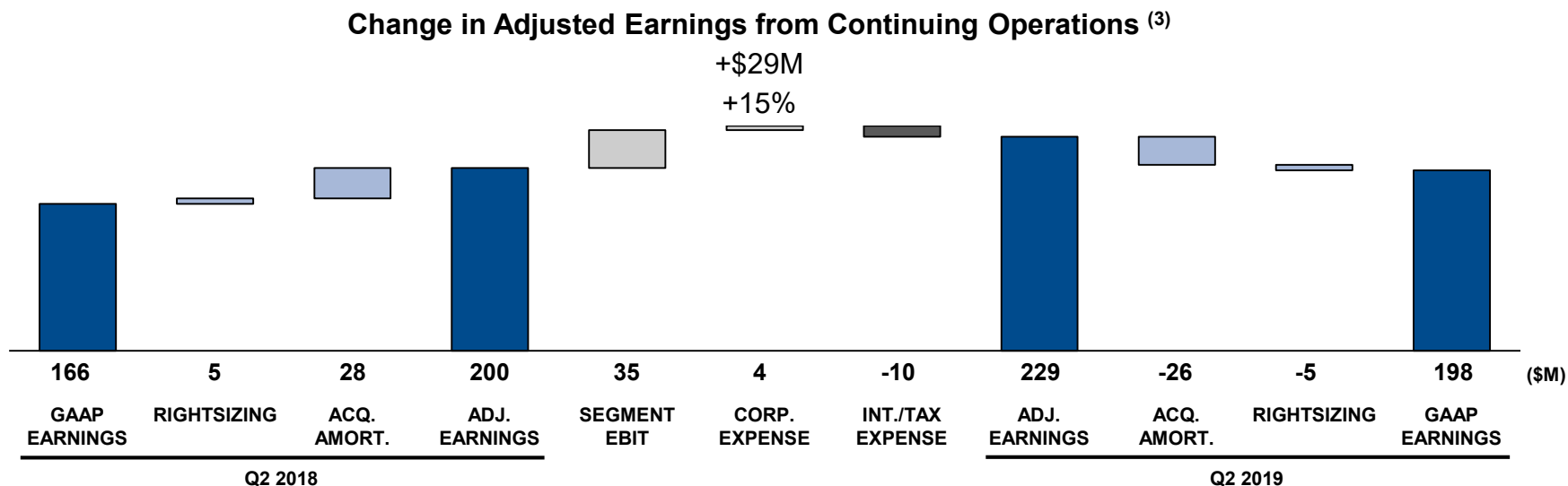
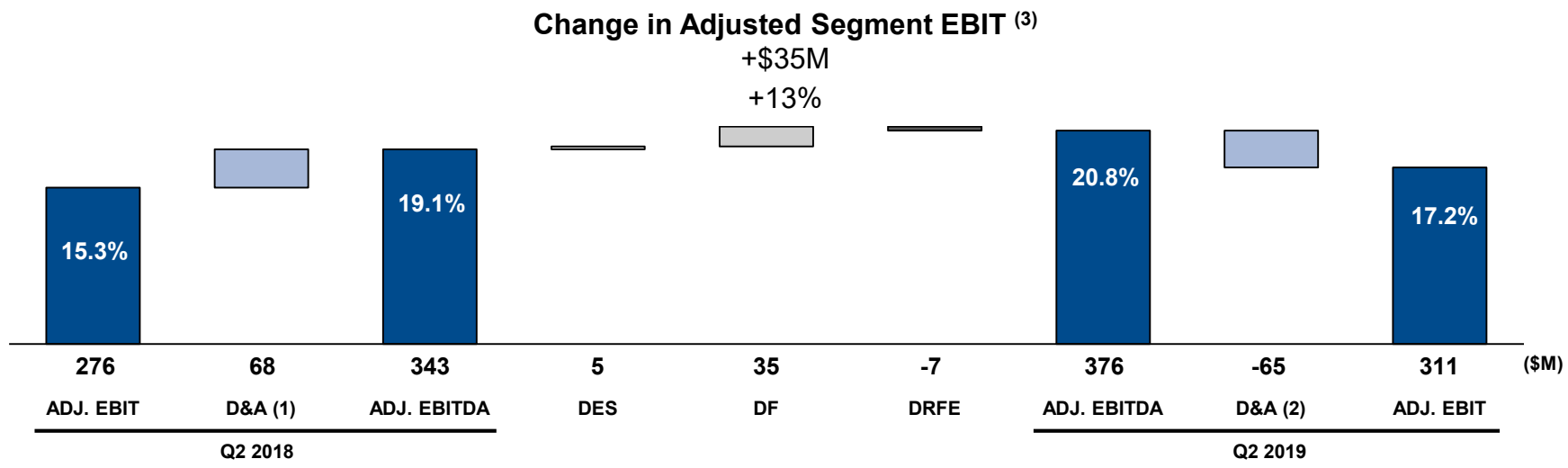
Bookings

Change in Organic Bookings: -\$31M, or -1.7%



Note: Numbers may not add due to rounding

Q2 2019 – Adj. Segment EBIT & EBITDA Walk, and Earnings & Adj. Earnings Walk – (Continuing Operations basis)



(1) Depreciation: \$31M, Amortization: \$36M
 (2) Depreciation: \$30M, Amortization: \$35M
 (3) Non-GAAP measures (definition and reconciliation in appendix)

Note: Numbers may not add due to rounding

H1 2019 – Free Cash Flow

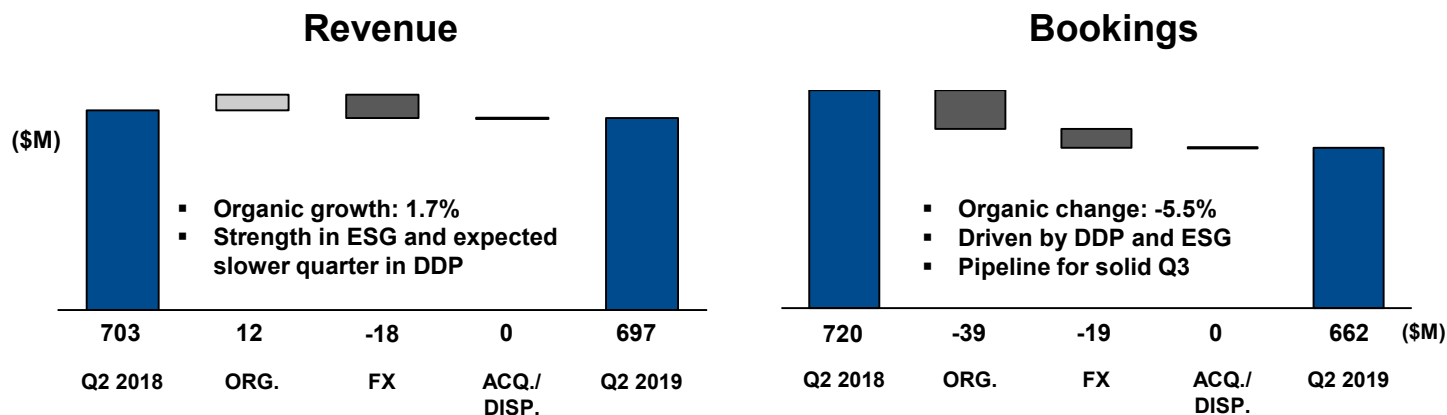
\$M	H1 2019	H1 2018	Δ
Net earnings	\$304	\$271	\$33
Loss from disc. ops.	0	4	(4)
Loss on assets held for sale	47	0	47
D&A	136	138	(2)
Chg. in working capital	(164)	(129)	(35)
Chg. in other ⁽¹⁾	<u>(90)</u>	<u>(109)</u>	<u>19</u>
Cash flow from operations	\$233	\$175	\$58
Capex	<u>(91)</u>	<u>(96)</u>	<u>5</u>
Free cash flow	\$142	\$79	\$63
FCF as a % of revenue	4.0%	2.3%	

- **Q2 2019 FCF 8.5% of revenue (compared to 6.0% in Q2 2018)**

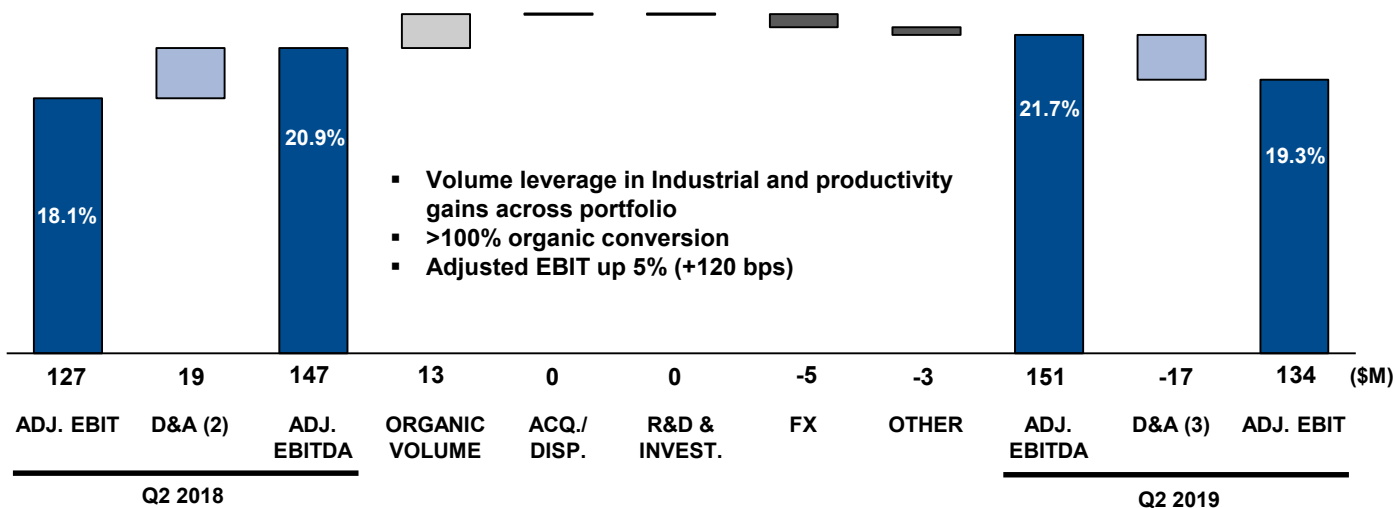
Note: Numbers may not add due to rounding

Segment Information

Engineered Systems – Financial Results



Adjusted EBIT, EBITDA & Margin⁽¹⁾



Printing & Identification



markem·imaje



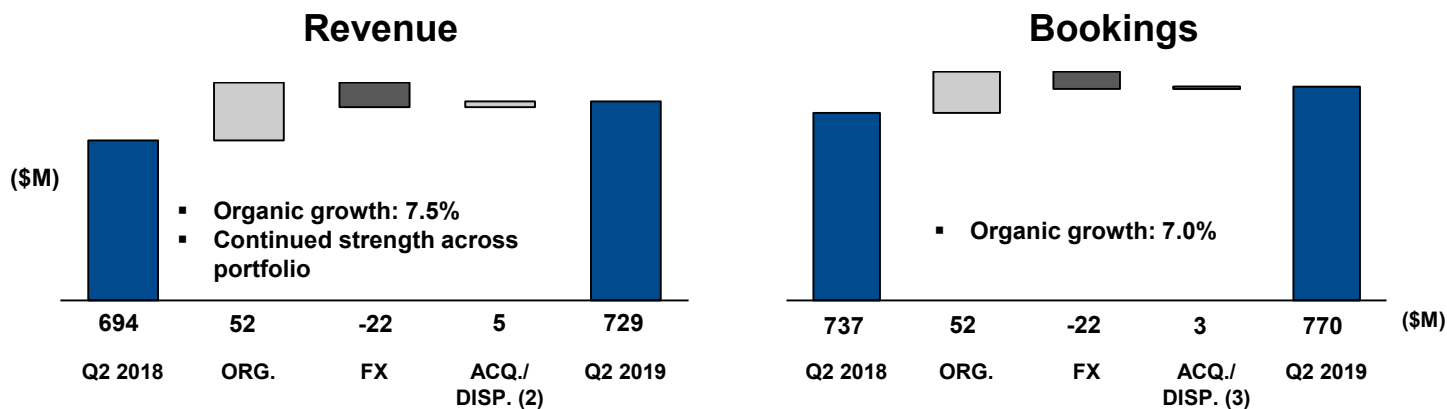
OKinternational

Industrial

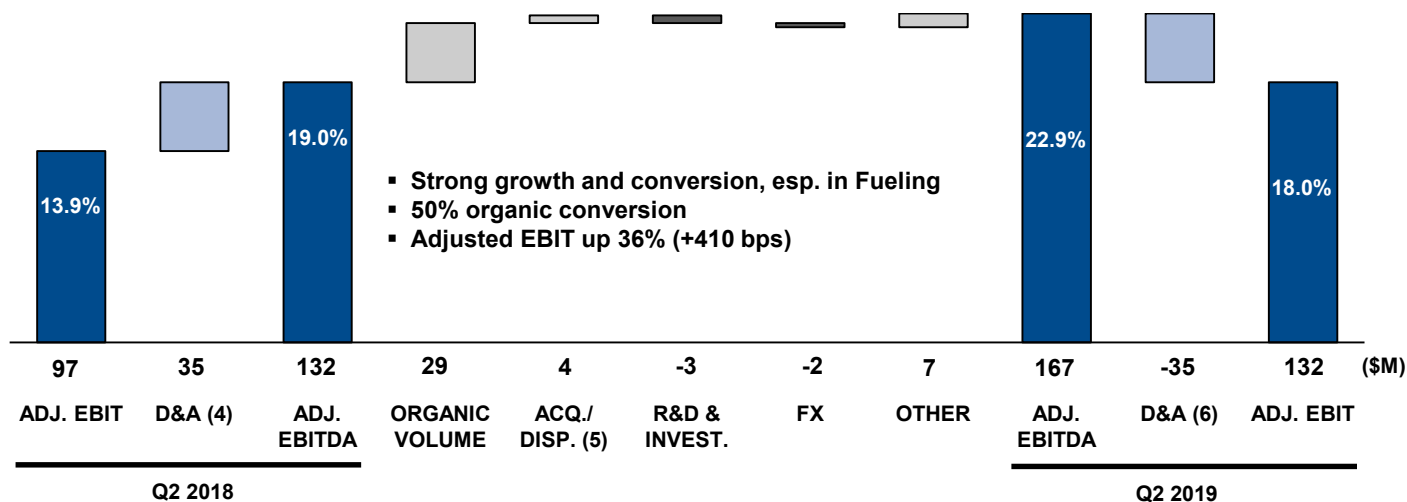


Note: Numbers may not add due to rounding

Fluids – Financial Results



Adjusted EBIT, EBITDA & Margin ⁽¹⁾



Fueling & Transport



Pumps



Process Solutions

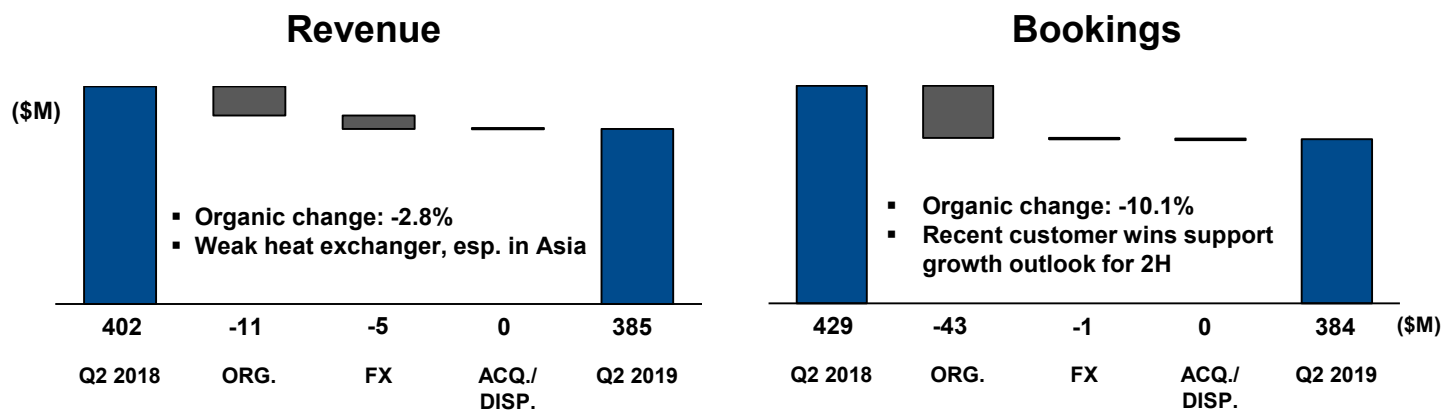


Note: Numbers may not add due to rounding

(1) Non-GAAP measures (definition and reconciliation in appendix)
 (2) Acquisitions: \$15M, Dispositions: \$10M
 (3) Acquisitions: \$12M, Dispositions: \$10M

(4) Depreciation: \$16M, Amortization: \$19M
 (5) Acquisitions: \$4M, Dispositions: \$0M
 (6) Depreciation: \$16M, Amortization: \$19M

Refrigeration & Food Equipment – Financial Results



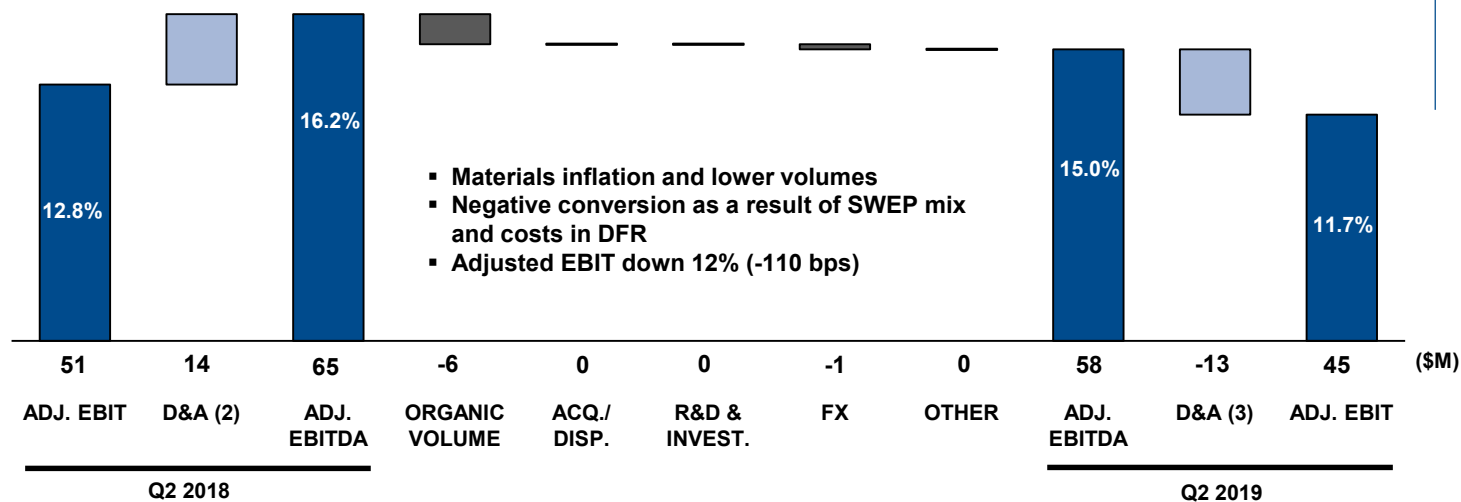
Refrigeration



Food Equipment

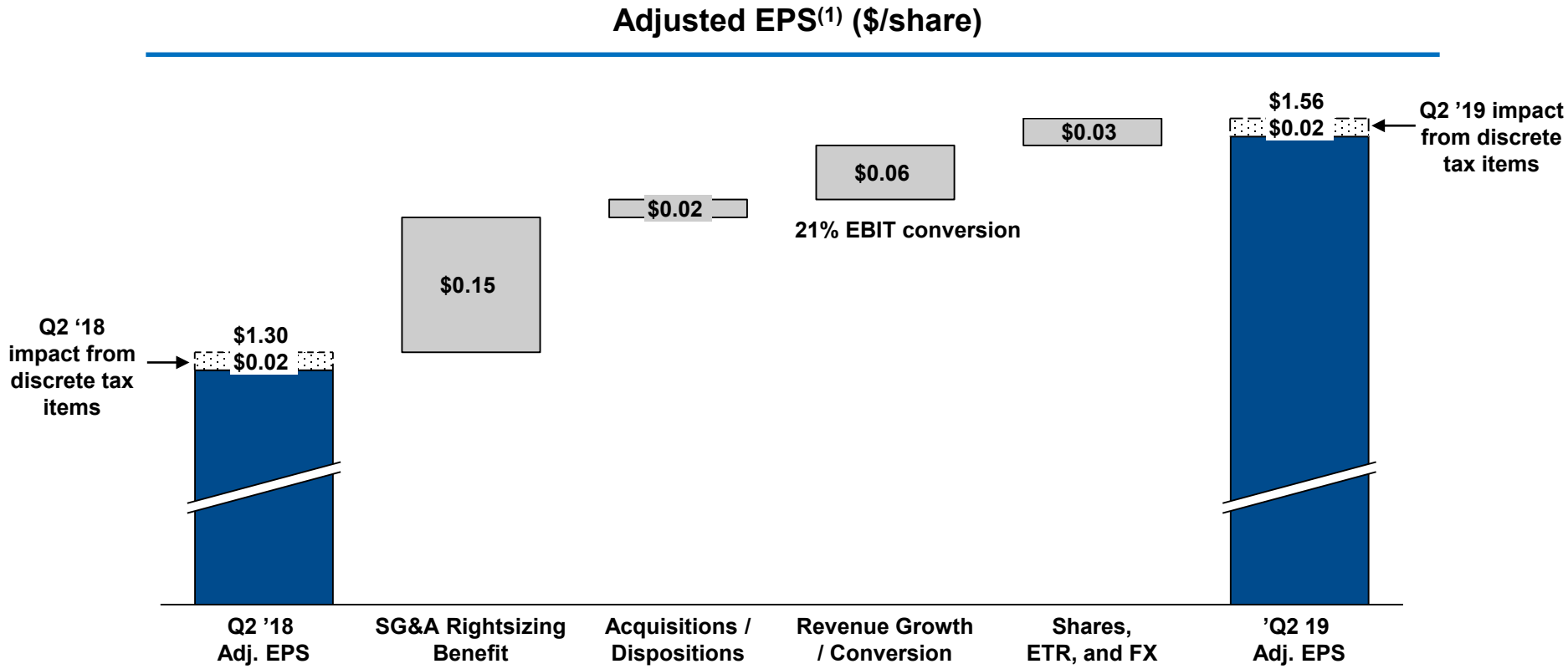


Adjusted EBIT, EBITDA & Margin ⁽¹⁾



Note: Numbers may not add due to rounding

Q2 Adjusted EPS grew by 20%



73% organic margin conversion including SG&A rightsizing benefit

Note: Numbers may not add due to rounding

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



2019 FY Guidance

Updated FY 2019F Guidance

2019	Engineered Systems	Fluids	Refrigeration & Food Equip	Total
Organic revenue	4% - 5%	4% - 5%	1% - 2%	3% - 5%
Acquisitions	-	2%	-	1%
Dispositions	-	(1%)	-	(0%)
Currency	(1%) - (2%)	(1%) - (2%)	(1%)	(1%) - (2%)
Total revenue	3% - 4%	4% - 5%	0% - 1%	3% - 4%

Adjusted EPS: \$5.75 - \$5.85⁽¹⁾

Dollar/Euro assumption: 1.13

Appendix

Reconciliation of Q2 2019 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)	Q2 2019			
	DES	DF	DRFE	Total
Revenue	697	729	385	1,811
Earnings from continuing operations	-	-	-	198
Add back:				
Corporate expense	-	-	-	25
Interest expense, net	-	-	-	31
Income tax expense	-	-	-	52
EBIT	132	129	44	305
EBIT %	18.9%	17.7%	11.5%	16.8%
Adjustments:				
Rightsizing and other costs	2	3	1	6
Adjusted EBIT - Segment	134	132	45	311
Adjusted EBIT %	19.3%	18.0%	11.7%	17.2%
Adjusted depreciation and amortization expense ⁽¹⁾	17	35	13	65
Adjusted EBITDA - Segment	151	167	58	376
Adjusted EBITDA %	21.7%	22.9%	15.0%	20.8%

Note: Numbers may not add due to rounding

Reconciliation of Q2 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)	Q2 2018			
	DES	DF	DRFE	Total
Revenue	703	694	402	1,798
Earnings from continuing operations	-	-	-	166
Add back:				
Corporate expense	-	-	-	30
Interest expense, net	-	-	-	30
Income tax expense	-	-	-	45
EBIT	127	93	51	271
EBIT %	18.0%	13.4%	12.8%	15.1%
Adjustments:				
Rightsizing and other costs	1	4	-	4
Adjusted EBIT - Segment	127	97	51	276
Adjusted EBIT %	18.1%	13.9%	12.8%	15.3%
Depreciation and amortization expense	19	35	14	68
Adjusted EBITDA - Segment	147	132	65	343
Adjusted EBITDA %	20.9%	19.0%	16.2%	19.1%

Note: Numbers may not add due to rounding

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

(\$ in millions, except per share data)

	Q2 2019	Q2 2018
Earnings from continuing operations (\$)	198	166
Acquisition-related amortization, pre tax	35	38
Acquisition-related amortization, tax impact	(9)	(10)
Rightsizing and other costs, pre tax	6	7
Rightsizing and other costs, tax impact	(1)	(1)
Adjusted earnings from continuing operations (\$)	229	200
Weighted average shares outstanding – diluted (thousand)	147	154
Diluted EPS (\$)	1.35	1.08
Acquisition-related amortization, pre tax	0.24	0.25
Acquisition-related amortization, tax impact	(0.06)	(0.06)
Rightsizing and other costs, pre tax	0.04	0.04
Rightsizing and other costs, tax impact	(0.01)	(0.01)
Adjusted diluted EPS (\$)	1.56	1.30

Note: Numbers may not add due to rounding

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

Free Cash Flow Reconciliation

(\$ millions)	Jun 30, 2019	Jun 30, 2018
Net Cash Provided by Operating Activities	233	175
Capital Expenditures	(91)	(96)
Free Cash Flow	142	79

Adjusted EPS from Continuing Operations Reconciliation

	Range	
2019 Guidance for Earnings per Share from Continuing Operations (GAAP)	\$4.63	\$4.73
Acquisition-related amortization, net	0.71	
Rightsizing and other costs, net	0.09	
Loss on assets held for sale	0.32	
2019 Guidance for Adjusted Earnings per Share from Continuing Operations	\$5.75	\$5.85

Note: Numbers may not add due to rounding

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, rightsizing and other costs and a 2019 loss on assets held for sale.

Adjusted Diluted Earnings Per Share from Continuing Operations: is defined as adjusted 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, rightsizing and other costs and a 2019 loss on assets held for sale.

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 second quarter.

