



October 18, 2018 – 9:00am CT

Earnings Conference Call Third Quarter 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, 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 third quarter, which are available on Dover's website.

Q3 2018 - Highlights

Revenue is flat at \$1.7B

Organic growth of 3%

Adjusted earnings from continuing operations⁽¹⁾

Increase of 9% to \$203M

Segment performance

Adjusted EBIT⁽¹⁾ at \$274M, with margin at 15.7%

Bookings up 3% to \$1.7B

Organic growth of 6%

Adjusted diluted EPS from continuing operations⁽²⁾

\$1.36 per share, up 14%

Diluted EPS from continuing operations on a GAAP basis at \$1.05, up 4%

Other Activities

\$148M in open market repurchases; existing \$1B repurchase program to be completed in Q4

Rightsizing program (Sept. 2018) commenced:

- *Q3 costs: \$24M (includes \$21M related to Sept. program)*
- *Q4 costs of approx. \$15M*

FY 2018 Guidance

Revenue growth of approximately 2% (organic growth ≈ 3%)

Adjusted diluted EPS⁽²⁾ of \$4.80 to \$4.85

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

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

Q3 2018 – Financial Summary

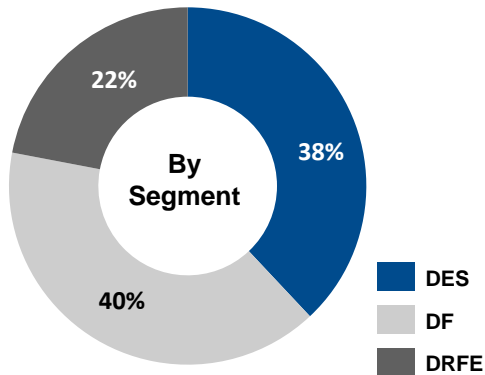
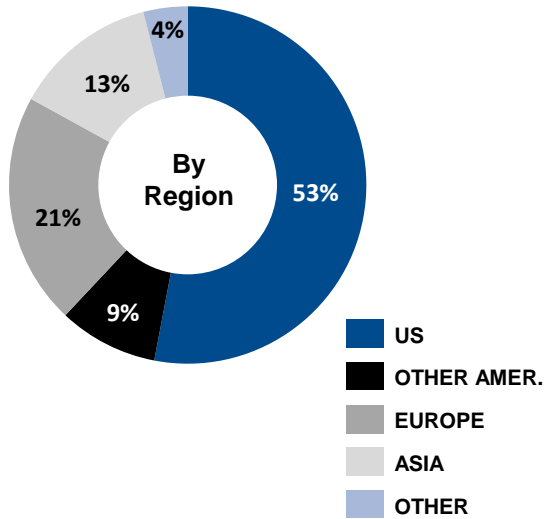
US GAAP from continuing operations	Q3 2018	Q3 2017	Δ
Revenue (\$M)	1,747	1,748	-
Earnings (\$M)	157	159	(1%)
Diluted EPS (\$)	1.05	1.01	4%
Non-GAAP ⁽¹⁾ from continuing operations			
Adjusted EBIT – Segment (\$M)	274	275	-
<i>margin percent</i>	15.7%	15.7%	-
Adjusted EBITDA – Segment (\$M)	341	346	(2%)
<i>margin percent</i>	19.5%	19.8%	(30 bps)
Adjusted Earnings (\$M)	203	187	9%
Adjusted diluted EPS ⁽²⁾ (\$)	1.36	1.19	14%

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

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

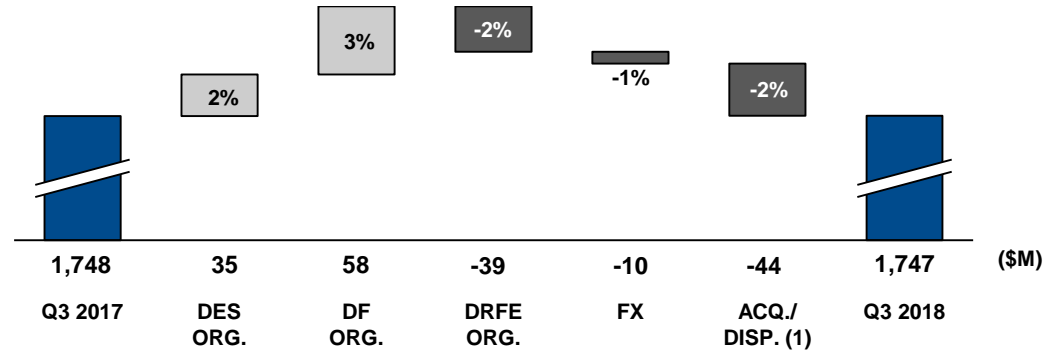
Q3 2018 - Revenue & Bookings

Revenue Split



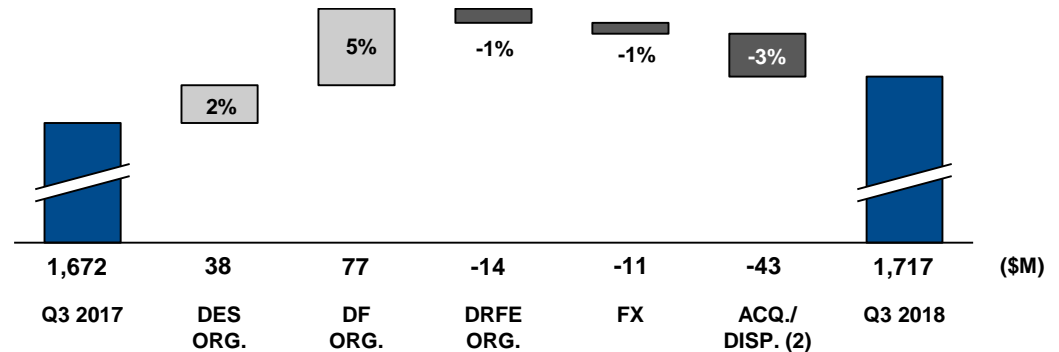
Revenue

Change in Organic Revenue: +\$54M, or 3.1%



Bookings

Change in Organic Bookings: +\$100M, or 6.0%



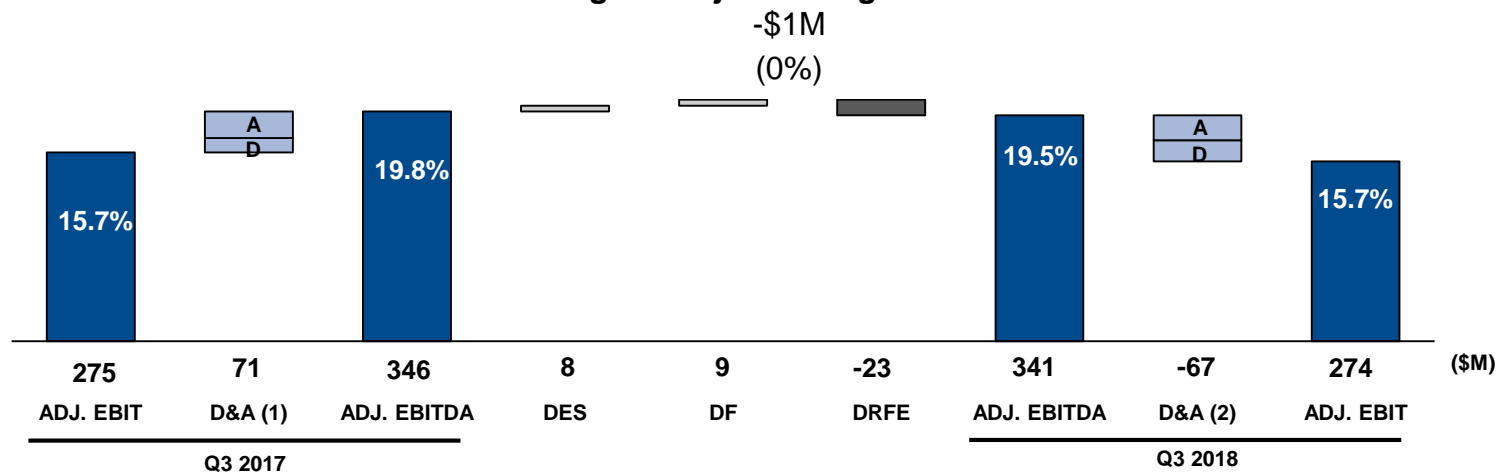
(1) Acquisitions: \$5M, dispositions: \$49M

(2) Acquisitions: \$4M, dispositions: \$47M

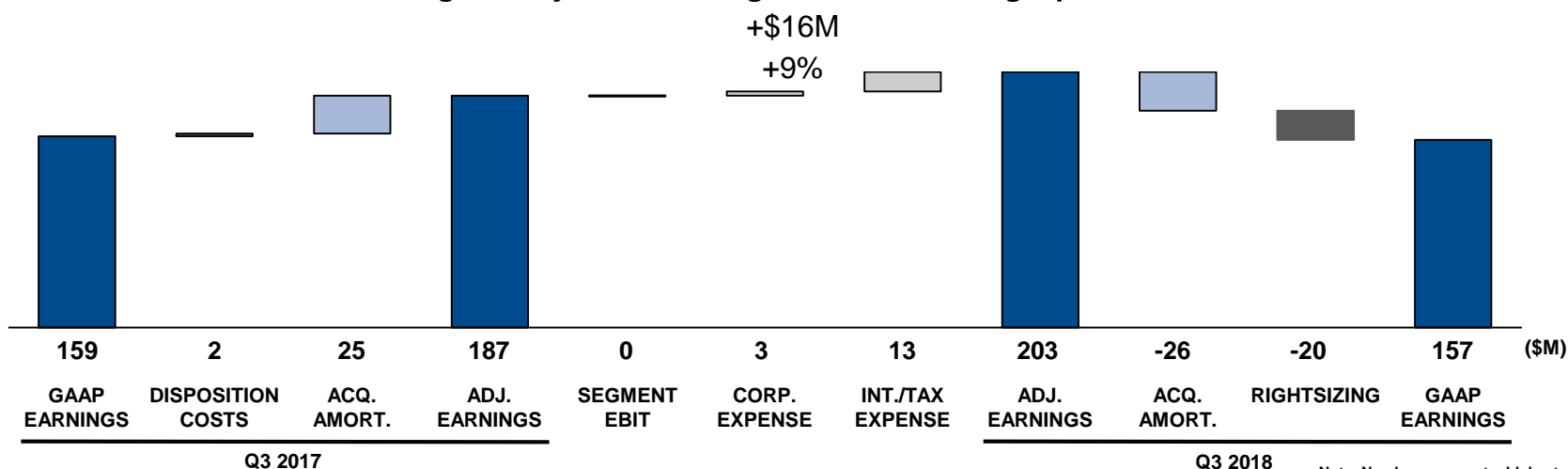
Note: Numbers may not add due to rounding

Q3 2018 – Adj. Segment EBIT & EBITDA Walk, and Earnings & Adj. Earnings Walk – (Continuing Operations basis)

Change in Adjusted Segment EBIT ⁽³⁾



Change in Adjusted Earnings from Continuing Operations ⁽³⁾



Note: Numbers may not add due to rounding

(1) Depreciation: \$33M, Amortization: \$38M

(2) Depreciation: \$31M, Amortization: \$36M

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

9M 2018 – Free Cash Flow

	9M 2018	9M 2017	Δ
Net earnings:	\$429	\$515	(\$86)
Loss (earnings) from disc. ops.:	4	(58)	63
D&A:	206	212	(6)
Gain on disposition:	0	(90)	90
Chg. in working capital:	(162)	(64)	(98)
Chg. in accrued & deferred taxes:	0	(38)	38
Chg. in other ⁽¹⁾ :	<u>(58)</u>	<u>(23)</u>	<u>(35)</u>
Cash flow from operations:	\$419	\$454	(35)
Capex:	<u>(135)</u>	<u>(130)</u>	<u>(4)</u>
Free cash flow:	\$284	\$324	(\$40)
FCF as a % of revenue:	5.5%	6.4%	
FCF Conversion ⁽²⁾:	65.6%	70.8%	

- Q3 2018 free cash flow at 11.8% of revenue
- Q3 restructuring impact on FCF was \$11M: YTD \$39M
- Q4 restructuring impact on FCF: approximately \$20M

(1) Includes stock-based compensation and changes in other current and non-current assets and liabilities
(2) Free cash flow divided by earnings from continuing operations (GAAP basis)

Note: Numbers may not add due to rounding

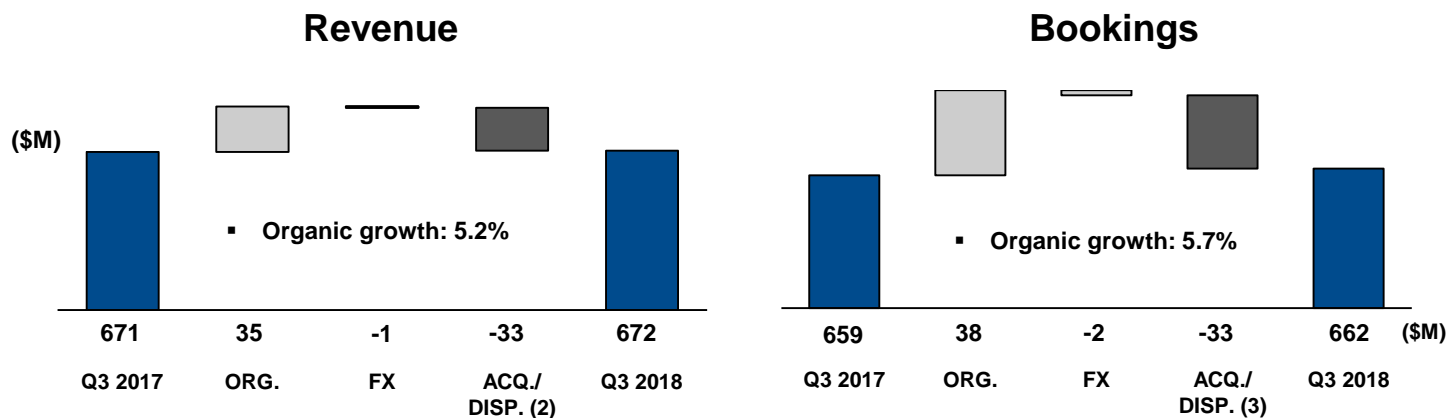
Share Repurchase Activity - \$1 billion plan

	Open Market \$ (\$ in millions)	ASR \$ (\$ in millions)	Ending Weighted Average Shares (Shares in 000's)
FY 2017	\$105	\$0	157,744
1H 2018	45	700	155,573
2H 2018F	150	0	≈152,300
Total Plan	\$300	\$700	

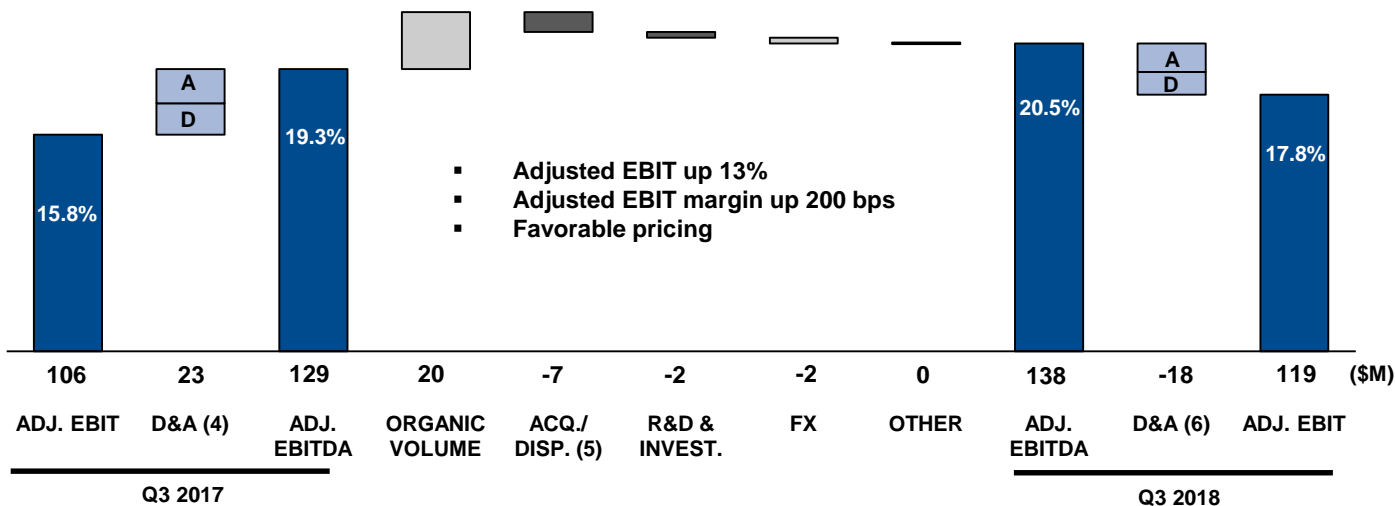
- \$1 billion repurchase plan will be completed in 2018

Segment Information

Engineered Systems – Financial Results



Adjusted EBIT, EBITDA & Margin ⁽¹⁾



Printing & Identification



markem·imaje



OKinternational

Industrial



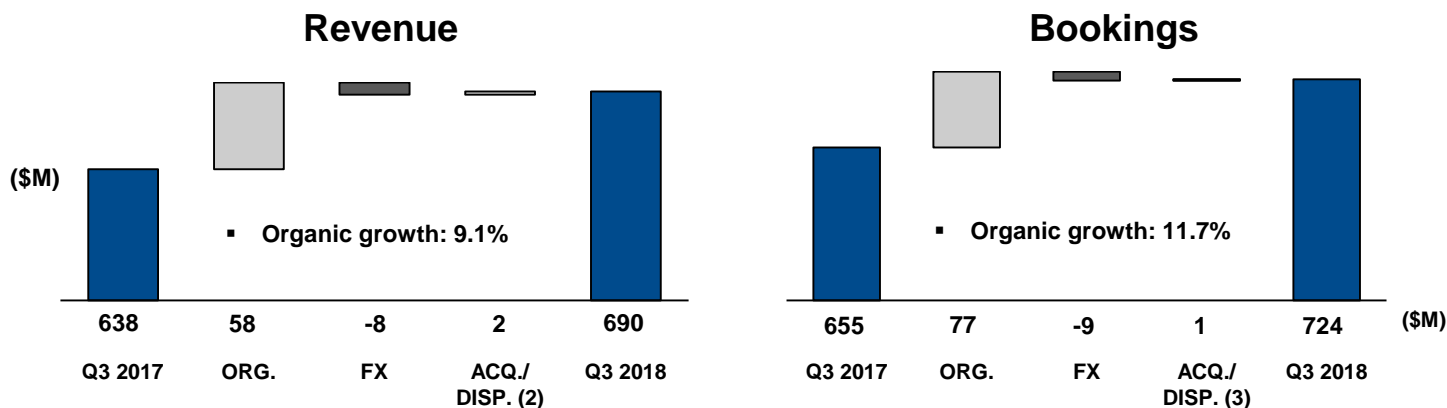
Note: Numbers may not add due to rounding

(1) Non-GAAP measures (definition and reconciliation in appendix)
(2) Acquisitions: \$0M, Dispositions: \$33M
(3) Acquisitions: \$0M, Dispositions: \$33M

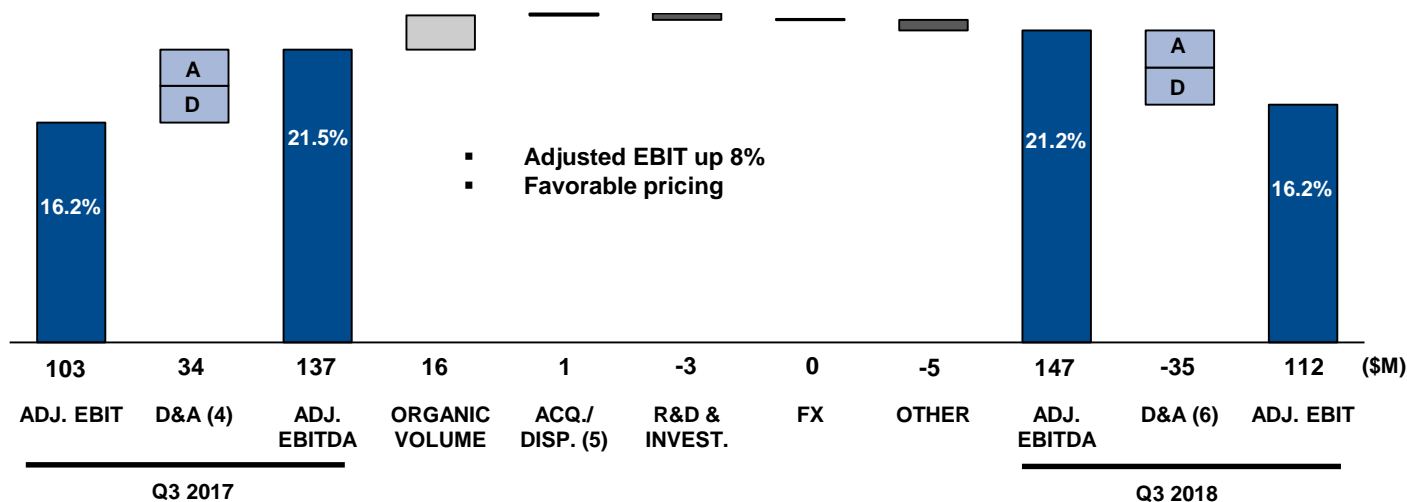
(4) Depreciation: \$11M, Amortization: \$12M
(5) Acquisitions: \$0M, Dispositions: \$8M
(6) Depreciation: \$8M, Amortization: \$10M



Fluids – Financial Results



Adjusted EBIT, EBITDA & Margin ⁽¹⁾



Fueling & Transport



Pumps



Process Solutions

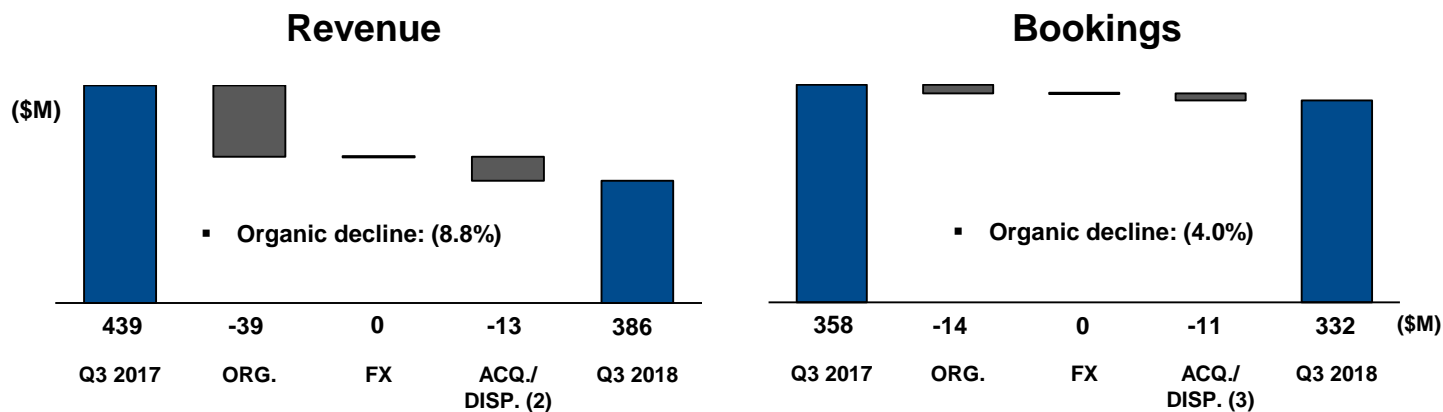


Note: Numbers may not add due to rounding

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

(4) Depreciation: \$15M, Amortization: \$19M
 (5) Acquisitions: \$1M, Dispositions: \$0M
 (6) Depreciation: \$16M, Amortization: \$19M

Refrigeration & Food Equipment – Financial Results



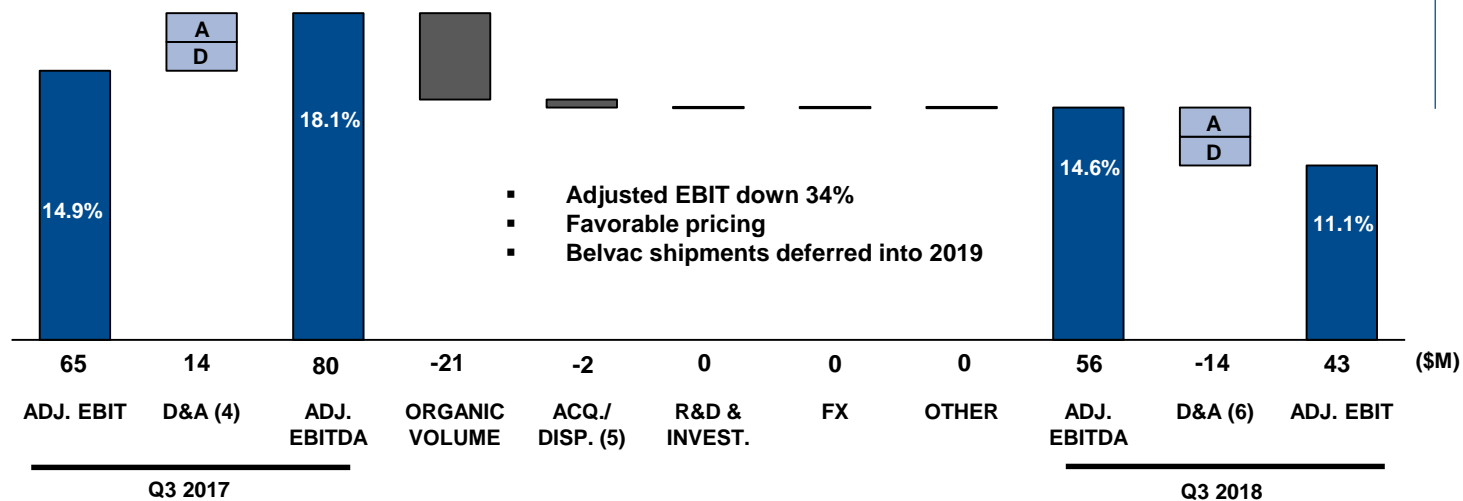
Refrigeration



Food Equipment



Adjusted EBIT, EBITDA & Margin ⁽¹⁾



Note: Numbers may not add due to rounding

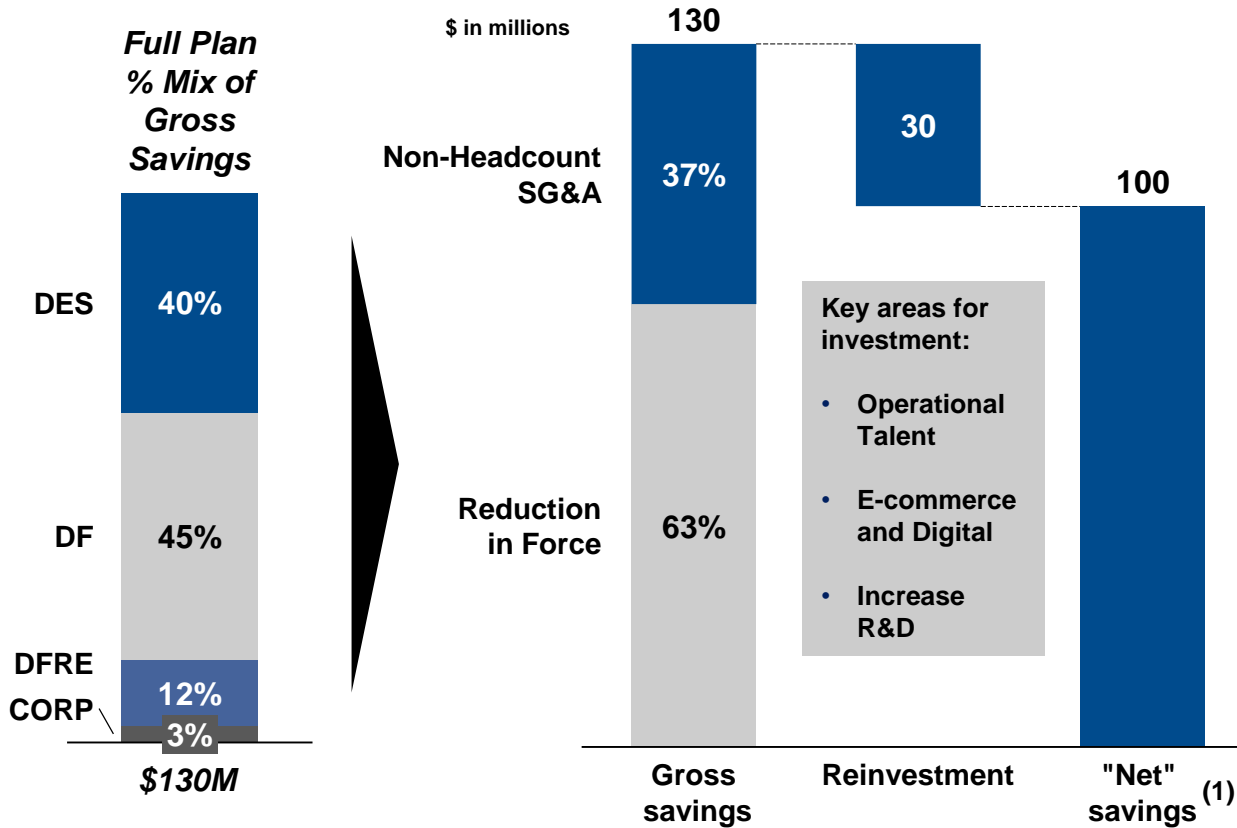
(1) Non-GAAP measures (definition and reconciliation in appendix)
 (2) Acquisitions: \$1M, Dispositions: \$15M
 (3) Acquisitions: \$1M, Dispositions: \$13M

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



SG&A Rightsizing update

Program Update



Q3 Update

- On track to plan
- \$8M in rightsizing benefits in Q3
 - \$16M of incremental benefits expected in Q4
- \$21M⁽²⁾ of rightsizing costs incurred in Q3
 - \$15M estimated in Q4
 - \$3M rightsizing costs estimated in 2019

(1) Excludes approximately \$40M of one-time costs through 2019 to achieve.

(2) Excludes \$3M of rightsizing costs associated with prior programs; total rightsizing costs in Q3 2018 were \$24M. Q3 costs associated with September SG&A rightsizing initiative were \$10M for DES, \$8M for DF, less than \$1M for DFRE, and \$2M for Corp.

2018 FY Guidance

Updated FY 2018F Guidance

2018	Engineered Systems	Fluids	Refrigeration & Food Equip	Total
Organic revenue	5% - 6%	6% - 7%	(8% - 7%)	≈ 3%
Acquisitions	-	1%	1%	1%
Dispositions	(5%)	-	(2%)	(3%)
Currency ⁽¹⁾	2%	1%	-	1%
Total revenue	2% - 3%	8% - 9%	(9% - 8%)	≈ 2%

Adjusted EPS: \$4.80 - \$4.85 ⁽¹⁾

Dollar/Euro assumption: 1.17

(1) Adjusted EPS excludes acquisition-related amortization costs and rightsizing and other costs; assumes 152.3 million weighted average shares

Appendix

Reconciliation of Q3 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)	Q3 2018			
	DES	DF	DRFE	Total
Revenue	672	690	386	1,748
Earnings from continuing operations	-	-	-	157
Add back:				
Corporate expense	-	-	-	30
Interest expense, net	-	-	-	29
Income tax expense	-	-	-	36
EBIT	109	101	42	252
EBIT %	16.2%	14.7%	11.0%	14.4%
Adjustments:				
Right-sizing expenses	11	10	0	22
Adjusted EBIT - Segment	119	112	43	274
Adjusted EBIT %	17.8%	16.2%	11.1%	15.7%
Depreciation and amortization expense	18	35	14	67
Adjusted EBITDA - Segment	138	147	56	341
Adjusted EBITDA %	20.5%	21.2%	14.6%	19.5%

Note: Numbers may not add due to rounding

Reconciliation of Q3 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)	Q3 2017			
	DES	DF	DRFE	Total
Revenue	671	638	439	1,748
Earnings from continuing operations	-	-	-	159
Add back:				
Corporate expense	-	-	-	31
Interest expense, net	-	-	-	34
Income tax expense	-	-	-	47
EBIT	103	103	65	271
EBIT %	15.3%	16.2%	14.9%	15.5%
Adjustments:				
Disposition costs	3	-	-	3
Adjusted EBIT - Segment	106	103	65	275
Adjusted EBIT %	15.8%	16.2%	14.9%	15.7%
Depreciation and amortization expense	23	34	14	71
Adjusted EBITDA - Segment	129	137	80	346
Adjusted EBITDA %	19.3%	21.5%	18.1%	19.8%

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)

	Q3 2018	Q3 2017
Earnings from continuing operations	157	159
Acquisition-related amortization, pre tax	35	38
Acquisition-related amortization, tax impact	(9)	(12)
Gain on dispositions, before tax	-	3
Gain on dispositions, after tax	-	(1)
Rightsizing and other costs, pre tax	24	-
Rightsizing and other costs, tax impact	(4)	-
Adjusted earnings from continuing operations	203	187
Weighted average shares outstanding – diluted (thousand)	149	158
Diluted EPS (\$)	1.05	1.01
Acquisition-related amortization, pre tax	0.23	0.24
Acquisition-related amortization, tax impact	(0.06)	(0.08)
Gain on dispositions, before tax	-	0.02
Gain on dispositions, after tax	-	(0.01)
Rightsizing and other costs, pre tax	0.16	-
Rightsizing and other costs, tax impact	(0.03)	-
Adjusted diluted EPS (\$)	1.36	1.19

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)	Sep 30, 2018	Sep 30, 2017
Net Cash Provided by Operating Activities	419	454
Capital Expenditures	(135)	(130)
Free Cash Flow	284	324

Adjusted EPS from Continuing Operations Reconciliation

	Range	
2018 Guidance for Earnings per Share from Continuing Operations (GAAP)	\$3.76	\$3.81
Acquisition-related amortization	0.73	
Rightsizing and other costs	0.29	
Pension settlement costs *	0.02	
2018 Guidance for Adjusted Earnings per Share from Continuing Operations	\$4.80	\$4.85

* Reflects settlement accounting for lump sum pension payouts triggered by the spin off of Apergy

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, gains on disposition of businesses, disposition costs, and rightsizing and other costs.

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.

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.

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.

