Ingersoll Rand

Divestiture of High Pressure Solutions Segment

February 16, 2021

Forward-Looking Statements

This presentation contains “forward-looking statements” as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, including statements related to the proposed transaction between Ingersoll Rand Inc. (the “Company” or “Ingersoll Rand”) and American Industrial Partners. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “forecast,” “outlook,” “target,” “endeavor,” “seek,” “predict,” “intend,” “strategy,” “plan,” “may,” “could,” “should,” “will,” “would,” “will be,” “on track to” “will continue,” “will likely result,” or the negative thereof or variations thereon or similar terminology generally intended to identify forward-looking statements. All statements, other than historical facts, including, but not limited to, statements regarding the expected benefits of the transaction, including future financial and operating results and strategic benefits, and the Company’s plans, objectives, expectations and intentions, legal, economic and regulatory conditions and any assumptions underlying any of the foregoing, are forward-looking statements.

These forward-looking statements are based on Ingersoll Rand’s current expectations and are subject to risks and uncertainties, which may cause actual results to differ materially from these current expectations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) the impact on the Company’s business, suppliers and customers and global economic conditions of the COVID-19 pandemic; (2) the risk that the proposed transaction may not be completed on the terms or in the time frame expected by Ingersoll Rand, or at all; (3) unexpected costs, charges or expenses resulting from the proposed transaction; (4) uncertainty of the expected financial performance of the Company following completion of the proposed transaction; (5) failure to realize the anticipated benefits of the proposed transaction; (6) inability of the Company to implement its business strategy; (7) inability of the Company to retain and hire key personnel; (8) evolving legal, regulatory and tax regimes; (9) changes in general economic and/or industry specific conditions; (10) actions by third parties, including government agencies; (11) adverse impact on the Company’s operations and financial performance due to natural disaster, catastrophe, pandemic or other event events outside of its control; and (12) other risk factors detailed from time to time in Ingersoll Rand’s reports filed with the Securities and Exchange Commission (the “SEC”), including Ingersoll Rand’s annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the SEC, which are available on the SEC’s website at http://www.sec.gov. The foregoing list of important factors is not exclusive.

Any forward-looking statements speak only as of the date of this presentation. Ingersoll Rand undertakes no obligation to update any forward-looking statements, whether as a result of new information or developments, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

Non-GAAP Financial Measures
Included in this presentation are certain non-GAAP financial measures designed to supplement, and not substitute, the financial information provided in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors. The reconciliation of those measures to the most comparable GAAP measures is set forth in the appendix to this presentation.

Supplemental Financial Information
Certain information in this presentation presents the Company’s results of operations as if the divestiture of the High Pressure Solutions segment and the consummation of the Company’s transaction with Ingersoll-Rand plc had each occurred on October 1, 2019.

Ingersoll Rand Achieves Key Milestone in Portfolio Optimization

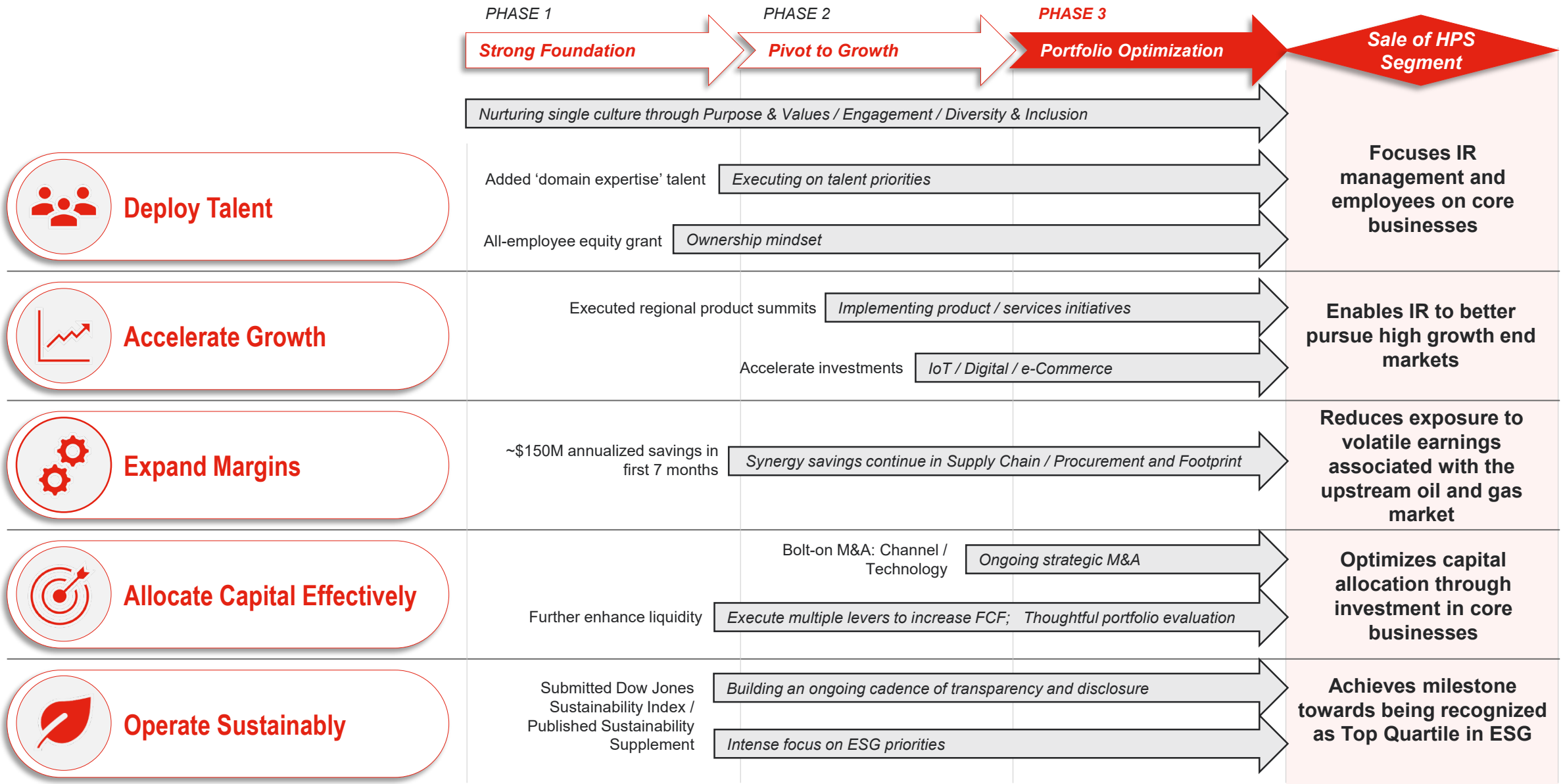
- Ingersoll Rand has entered into an agreement to sell a majority interest in its High Pressure Solutions (“HPS”) segment to American Industrial Partners (“AIP”) in a partnership structure with retained upside for Ingersoll Rand
- HPS segment represents substantially all of Ingersoll Rand’s exposure to upstream oil and gas, including drilling and frac exposure
- AIP is a leading private equity firm with a successful track record in corporate carve-outs, deep experience in the industrial economy, including HPS’ end markets, and an emphasis on engineering and operational excellence
- Ingersoll Rand will receive cash proceeds of approximately $300 million at closing for its majority interest and will retain a 45% common equity interest in the business
- Transaction is expected to close 1H 2021, subject to customary closing conditions

Favorable outcome for Ingersoll Rand given meaningful upfront cash and retained upside in business

Divestiture Achieves Key Goals for Ingersoll Rand

- Focuses Ingersoll Rand on core, high growth, sustainability-focused healthcare, life sciences and industrial markets
- Materially eliminates upstream oil and gas exposure in continued operations to align with ESG priorities
- Significantly reduces risk exposure and earnings volatility from oil and gas industry dynamics
- Supports accretive growth investments in core business lines
- Retains valuation upside through minority common equity
- Improves Ingersoll Rand's ROIC and capital efficiency
- Recognizes a premium valuation relative to recent comparable deals
- Reduces Ingersoll Rand's net leverage and further strengthens balance sheet

Sale of HPS Segment Is an Impactful Step Toward Portfolio Optimization



Sale of HPS Segment is Another Key Milestone in Ingersoll Rand's Evolution

2017
Gardner Denver executes initial public offering

2017 – 2020
Gardner Denver executes accretive bolt-on M&A program in sustainable, core industrial markets

2020
Gardner Denver acquires Ingersoll Rand's industrial segment and changes name to Ingersoll Rand

2020
Ingersoll Rand acquires Albin Pump

2021
Ingersoll Rand acquires Tuthill Vacuum and Blower Systems

2021
Ingersoll Rand agrees to divest High Pressure Solutions segment to American Industrial Partners

2021
Strong acquisition funnel focused on sustainable technologies and markets

Exposure to Upstream Oil and Gas[1]

2017	2018	2019	2020 LTM (9/30/2020)	2021
26%	26%	9%	6%	Non-Material Exposure (<2%)

[1] Defined as the % of total IR revenue generated by sales to upstream oil and gas end markets, based on management estimates.

Ingersoll Rand is Focused on Sustainable Technologies in High Growth End Markets[1]

Oil-Free Technology

Industrial Technologies and Services

- Oil-free air compressors have no oil present in the compression chamber and **eliminate risk of contamination, reduce environmental impact and lower energy usage**



Ingersoll Rand:
185-355 kW (E-Series)



Gardner Denver:
75-160 kW (Ultima)

Delivering Results in Demand Generation Leads
European Market Example

400+	180	$15M
Sales channel trainings	Units in the funnel; **40 are Demand Gen traceable**	**Funnel value created** all within Food and Pharma industry applications

$3B+ Addressable Market[4]

Water And Wastewater

Industrial Technologies and Services

HOFFMAN LAMSON
Aeration | Filter backwash
Gas boosting | Combustion Air

hibon
Dewatering | Air and gas boosting

ROBUSCH
Slurry liquid pumping | Sludge treatment
Biogas blower

Precision and Science Technologies Segment

MILTON ROY
Chemical injection | Polymer preparation
Mixing and agitation
Coagulant measurement
pH and water conditioning
Continuous injection

ARO
Chemical transfer

DOSATRON
Proportional injection

50+	>$30M	>32K
Sales channels identified with opportunities to increase wallet	**Immediate Funnel increase** by realigning resources and sharing opportunities	**Demand Generation** reachable contacts in addition to qualified leads and funnel targets

~$5B Addressable Market[3]

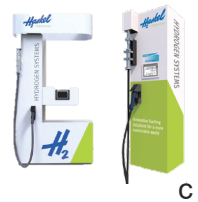
Hydrogen

Precision and Science Technologies Segment

- **Haskel is a market leader** with 70 years industry experience
- **Turnkey solutions** include high-volume, large-scale stations (a), small-scale, mobile, cost-effective stations (b) and hydrogen dispensing (c)


a


b


c

>$90M	>100	>30%
Funnel increase in 2020	Stations deployed globally powered by Haskel	Stations installed in China in last 2 years

MARKET EXPECTATION
~5,000 Installed Stations by 2027 = $2.5B Market Opportunity[2]

[1] All figures and estimates as shown in Ingersoll Rand's 3Q 2020 earnings presentation.
[2] Research commissioned by Precision and Science Technologies Segment of Ingersoll Rand Inc.
[3] Source: Frost and Sullivan, Markets and Markets, and GWI Global Water Report.
[4] Sources: CAGI, Frost & Sullivan, Oxford Economics, Management Estimates.

Sale of HPS Segment Improves Ingersoll Rand's Financial Profile

($M)

TTM 9/30/2020	Current IR	IR as Adjusted for the HPS Transaction	
Supplemental Adjusted Revenue	$5,458	$5,229	
Supplemental Adjusted EBITDA	$1,048	$1,022	Minimal earnings loss
Supplemental Adjusted EBITDA Margin	19.2%	19.5%	Improves 30 bps
Net Operating Working Capital (at 9/30/2020)[1]	$1,192	$1,016	
Net Operating Working Capital as a % of Revenue	21.8%	19.4%	Improves 240 bps
Net Debt / Adjusted EBITDA	2.5x	2.3x	Improves 0.2x

Transaction improves margins and strengthens balance sheet with minimal impact to Ingersoll Rand's earnings

[1] Net Operating Working Capital defined as Accounts Receivable, Contract Assets and Inventory (excluding LIFO) less Accounts Payable and Current Contract Liabilities (current).

IR Ingersoll Rand

Key Takeaways from Sale of HPS Segment

- Transaction accelerates Ingersoll Rand's strategic initiative to optimize the portfolio and focus on commitment to ESG principles
- Ingersoll Rand retains upside through passive minority ownership
- Transaction enhances balance sheet liquidity to pursue strategic investment in core business lines and focus on high growth end markets
- Ingersoll Rand selected AIP due to the firm's deep experience in the industrial economy, including the HPS segment's end markets, and its emphasis on engineering and operational excellence

Appendix

Supplemental Adjusted Revenue and Supplemental Adjusted EBITDA, Both Further Adjusted for HPS Transaction

INGERSOLL RAND INC. AND SUBSIDIARIES
SUPPLEMENTAL ADJUSTED REVENUE AND SUPPLEMENTAL ADJUSTED EBITDA
(Unaudited; in millions)

	For the Twelve Month Period Ended September 30, 2020[1]
Supplemental Adjusted Revenue	$ 5,457.8
Minus:	
High Pressure Solutions Revenue	228.6
Supplemental Adjusted Revenue, Further Adjusted for the HPS Transaction	$ 5,229.2
Supplemental Adjusted EBITDA	$ 1,047.7
Minus:	
High Pressure Solutions Supplemental Segment adjusted EBITDA	25.8
Supplemental Adjusted EBITDA, Further Adjusted for the HPS Transaction	$ 1,021.9

(1) See tables below for details on this calculation

	For the Three Month Period Ended	
	September 30, 2020	June 30, 2020
Revenue[1]	$ 1,335.2	$ 1,264.4
Minus:		
High Pressure Solutions Revenue[1]	31.7	21.5
Revenue, Adjusted for the HPS Transaction	$ 1,303.5	$ 1,242.9
Adjusted EBITDA[1]	$ 284.2	$ 241.2
Minus:		
High Pressure Solutions Segment adjusted EBITDA[1]	1.3	(15.2)
Adjusted EBITDA, Further Adjusted for the HPS Transaction	$ 282.9	$ 256.4

(1) See Table 1 for the three month periods ended September 30, 2020 and June 30, 2020.

	For the Three Month Period Ended	
	March 31, 2020	December 31, 2019
Supplemental Adjusted Revenue[1]	$ 1,269.8	$ 1,588.4
Minus:		
High Pressure Solutions Revenue[1]	96.4	79.0
Supplemental Adjusted Revenue, Further Adjusted for the HPS Transaction	$ 1,173.4	$ 1,509.4
Supplemental Adjusted EBITDA[2]	$ 208.1	$ 314.2
Minus:		
High Pressure Solutions Supplemental Segment adjusted EBITDA[1]	23.7	16.0
Supplemental Adjusted EBITDA, Further Adjusted for the HPS Transaction	$ 184.4	$ 298.2

(1) See Table 3 for the three month periods ended March 31, 2020 and December 31, 2019.
(2) See Table 2 for the three month periods ended March 31, 2020 and December 31, 2019.

Adjusted Operating Working Capital

INGERSOLL RAND INC. AND SUBSIDIARIES
ADJUSTED OPERATING WORKING CAPITAL
(Unaudited; in millions)

	As of September 30, 2020		
	Ingersoll Rand, As Reported	High Pressure Solutions	Ingersoll Rand, As Adjusted
Operating Working Capital			
Accounts receivable and contract assets	$ 987.6	$ 31.4	$ 956.2
Plus: Inventories (excluding LIFO)	994.4	163.2	831.2
Less: Accounts payable	624.7	17.7	607.0
Less: Contract liabilities	165.3	1.1	164.2
Operating working capital	$ 1,192.0	$ 175.8	$ 1,016.2

Table 1: Reconciliation of Net Income (Loss) to Adjusted EBITDA

INGERSOLL RAND INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA
(Unaudited; in millions)

	For the Three Month Period Ended	
	September 30, 2020	**June 30, 2020**
Revenue	$ 1,335.2	$ 1,264.4
High Pressure Solutions:		
Revenue	31.7	21.5
Segment Adjusted EBITDA	1.3	(15.2)

	For the Three Month Period Ended	
	September 30, 2020	**June 30, 2020**
Net Income (Loss)	$ 29.9	$ (176.5)
Plus:		
Interest expense	28.8	30.8
Provision for income taxes	18.2	95.8
Depreciation expense[(a)]	25.9	28.4
Amortization expense[(b)]	114.2	114.6
Impairment of intangible assets	19.9	—
Restructuring and related business transformation costs[(c)]	12.3	32.2
Acquisition related expenses and non-cash charges[(d)]	15.3	95.9
Stock-based compensation	12.8	12.7
Foreign currency transaction losses, net	6.2	5.2
Other adjustments[(e)]	0.7	2.1
Adjusted EBITDA	$ 284.2	$ 241.2

(a) Depreciation and amortization expense excludes $2.7 million and $1.5 million of depreciation of rental equipment for the three month periods ended September 30, 2020 and June 30, 2020, respectively.

(b) Represents $109.8 million and $109.4 million of amortization of intangible assets arising from the acquisition of Ingersoll Rand Industrial and other acquisitions (customer relationships, technology, tradenames and backlog) and $4.4 million and $5.2 million of amortization of non-acquisition related intangible assets, in each case for the three month periods ended September 30, 2020 and June 30, 2020, respectively.

(c) Restructuring and related business transformation costs consisted of $12.2 million of restructuring charges and $0.1 million of other, net for the three months ended September 30, 2020 and of $30.6 million of restructuring charges, $0.1 million of facility reorganization, relocation and other costs, and $1.5 million of other, net for the three months ended June 30, 2020.

(d) Represents costs associated with successful and/or abandoned acquisitions, including third-party expenses, post-closure integration costs (including certain incentive and non-incentive cash compensation costs), and non-cash charges and credits arising from fair value purchase accounting adjustments.

(e) Includes (i) effects of the amortization of prior service costs and amortization of losses in pension and other postemployment ("OPEB") expense, (ii) certain legal and compliance costs and (iii) other miscellaneous adjustments.

Table 2: Reconciliation of Net Income (Loss) to Adjusted EBITDA and Supplemental Adjusted EBITDA

INGERSOLL RAND INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA AND SUPPLEMENTAL ADJUSTED EBITDA
(Unaudited; in millions)

	For the Three Month Period Ended	
	March 31, 2020	December 31, 2019
Net Income (Loss)	$ (36.8)	$ 25.7
Plus:		
Interest expense	27.1	20.9
Provision (benefit) for income taxes	(58.9)	2.6
Depreciation expense[(a)]	15.9	13.5
Amortization expense[(b)]	55.2	31.7
Restructuring and related business transformation costs[(c)]	42.2	9.5
Acquisition related expenses and non-cash charges[(d)]	96.1	19.9
Stock-based compensation[(e)]	3.0	5.9
Foreign currency transaction losses, net	2.6	5.0
Loss on extinguishment of debt[(f)]	2.0	—
Establish public company financial reporting compliance[(g)]	—	0.6
Other adjustments[(h)]	(0.6)	(0.7)
Adjusted EBITDA[(1)]	147.8	134.6
Additional Segment Adjusted EBITDA Adjustments[(2)]:		
Industrial Technologies & Services	40.3	122.1
Precision & Science Technologies	20.4	36.7
Specialty Vehicle Technologies	4.3	32.9
High Pressure Solutions	0.2	—
Incremental corporate expenses not allocated to segments	(4.9)	(12.1)
Supplemental Adjusted EBITDA	$ 208.1	$ 314.2

(a) Depreciation and amortization expense excludes $1.2 million of depreciation of rental equipment for the three month period ended March 31, 2020.
(b) Represents $51.8 million and $28.0 million of amortization of intangible assets arising from the acquisition of Ingersoll Rand Industrial and other acquisitions (customer relationships, technology, tradenames and backlog) and $3.4 million and $3.7 million of amortization of non-acquisition related intangible assets, in each case for the three month periods ended March 31, 2020 and December 31, 2019, respectively.
(c) Restructuring and related business transformation costs consisted of $41.6 million of restructuring charges, $0.4 million of facility reorganization, relocation and other costs, and $0.2 million of other, net for the three months ended March 31, 2020 and of $6.2 million of restructuring charges, $0.5 million of facility reorganization, relocation and other costs, and $2.8 million of other, net for the three months ended December 31, 2019.
(d) Represents costs associated with successful and/or abandoned acquisitions, including third-party expenses, post-closure integration costs (including certain incentive and non-incentive cash compensation costs), and non-cash charges and credits arising from fair value purchase accounting adjustments.
(e) Represents stock-based compensation expense recognized for the three month period ended March 31, 2020 of $3.5 million decreased by $0.5 million due to the reduction of an accrual related to employer taxes. Represents stock-based compensation expense recognized for the three month period ended December 31, 2019 of $5.8 million decreased by $0.1 million due to due to costs associated with employer taxes.
(f) Represents losses on the extinguishment of our Original Dollar Term Loan and Original Euro Term Loan as a result of Amendment No. 5 to the Senior Secured Credit Facility.
(g) Represents third-party expenses to comply with the requirements of Sarbanes-Oxley.
(h) Includes (i) effects of the amortization of prior service costs and amortization of losses in pension and other postemployment ("OPEB") expense, (ii) certain legal and compliance costs and (iii) other miscellaneous adjustments.
(1) These amounts are reported in accordance with US GAAP and have not been adjusted to reflect the pro forma impact of a full quarter of the newly combined Ingersoll Rand in either period presented.
(2) These "Additional Segment Adjusted EBITDA Adjustments" represent the impact of two months (January and February of 2020) of standalone legacy Ingersoll Rand Industrial Segment activity in the three month period ended March 31, 2020 and a full quarter of standalone legacy Ingersoll Rand Industrial Segment activity in the three month period ended December 31, 2019. The incremental corporate expenses not allocated to segments represent additional corporate expenses incurred by the Company to operate the newly combined Ingersoll Rand.

Table 3: Reconciliation of GAAP Revenue to Supplemental Adjusted Revenue by Segment and for the Company and Segment Adjusted EBITDA to Supplemental Adjusted EBITDA

INGERSOLL RAND INC. AND SUBSIDIARIES
UNAUDITED SUPPLEMENTAL ADJUSTED COMBINED FINANCIAL INFORMATION RECONCILIATION OF GAAP REVENUE TO SUPPLEMENTAL ADJUSTED REVENUE BY SEGMENT AND FOR THE COMPANY AND SEGMENT ADJUSTED EBITDA TO SUPPLEMENTAL SEGMENT ADJUSTED EBITDA
(in millions)

	For the Three Month Period Ended March 30, 2020			For the Three Month Period Ended December 31, 2019		
	GAAP Revenue	Adjustments (1)	Supplemental Adjusted Revenue	GAAP Revenue	Adjustments (1)	Supplemental Adjusted Revenue
Segment						
Industrial Technologies & Services	$ 504.0	$ 291.8	$ 795.8	$ 452.9	$ 616.9	$ 1,069.8
Precision & Science Technologies	112.9	79.3	192.2	73.9	139.3	213.2
Specialty Vehicle Technologies	86.6	98.8	185.4	—	226.4	226.4
High Pressure Solutions	96.4	—	96.4	79.0	—	79.0
Total Company	$ 799.9	$ 469.9	$ 1,269.8	$ 605.8	$ 982.6	$ 1,588.4

	Adjusted EBITDA	Adjustments (1)	Supplemental Adjusted EBITDA	Adjusted EBITDA	Adjustments (1)	Supplemental Adjusted EBITDA
Segment						
Industrial Technologies & Services	$ 94.8	$ 40.3	$ 135.1	$ 113.9	$ 122.1	$ 236.0
Precision & Science Technologies	32.9	20.4	53.3	22.7	36.7	59.4
Specialty Vehicle Technologies	14.1	4.3	18.4	—	32.9	32.9
High Pressure Solutions	23.5	0.2	23.7	16.0	—	16.0
Total Segments	$ 165.3	$ 65.2	$ 230.5	$ 152.6	$ 191.7	$ 344.3

(1) The "Adjustments" represent the impact of two months (January and February of 2020) of standalone legacy Ingersoll Rand Industrial Segment activity in the three month period ended March 31, 2020 and a full quarter of standalone legacy Ingersoll Rand Industrial Segment activity in the three month period ended December 31, 2019. As it relates to adjustments to Segment Adjusted EBITDA, these amounts are impacted by the newly merged Company's corporate costs, a portion of which is allocated to the business segments.

Unaudited Supplemental Historical Financial Information

Ingersoll Rand is providing the above unaudited supplemental historical financial information of the Company on a non-GAAP adjusted basis for the quarterly periods ended March 31, 2020 and December 31, 2019 as if the transaction between Gardner Denver Holdings, Inc. and Ingersoll Rand plc was completed on January 1, 2018, to assist investors in assessing Ingersoll Rand's historical performance on a basis that includes the combined results of operations of both Gardner Denver Holdings, Inc. and Ingersoll-Rand plc's Industrial segment. Ingersoll Rand management believes this unaudited supplemental historical financial information helps investors understand the long-term profitability trends of its newly combined business giving effect to the Transaction and facilitates comparisons of our profitability to prior and future periods and to our peers. The supplemental historical financial information herein may not be comparable to similarly titled measures reported by other companies.